

Ref. No.: AUSFB/SEC/2018-19/284

Date: 07th August, 2018

To,

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| 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: Press release on the Unaudited Financial Results for the 01st Quarter ended on 30th June 2018.

In terms of Regulation 30 SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and other applicable regulation enclosed herein the Press Release of the Bank on the Unaudited Financial Results for the 01st Quarter ended on 30th June 2018.

The Press Release may also be accessed on the website of the bank at the link www.aubank.in

Kindly acknowledge the receipt and make available the same to public at large.

Thanking You,

Yours faithfully,

For AU SMALL FINANCE BANK LIMITED



**MANMOHAN PARNAMI
COMPANY SECRETARY AND 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**

AU BANK CLOCKS 94% GROWTH IN DISBURSEMENTS, TOTAL INCOME UP 69%; PAT UP 24% Y-o-Y

Highlights

- **Stellar 61% y-o-y growth in Gross Loan AUM led by Disbursements nearly doubling in Q1FY19.**
- **Marked improvement in Asset Quality; Gross NPA comes at 2.17% as compared to 2.98% in Q1FY18. Q1FY19 Net NPA were at 1.38% as against 2.15% in Q1FY18**
- **Deposits touched ~INR 10,000 Crs mark; Grew more than 10 times Y-o-Y and 26% sequentially. More than 75% of the incremental CASA Accounts opened in Q1FY19, were New to AU Bank.**
- **Profit After Tax (PAT) was INR 77 crore, Up 24% y-o-y**
- **Q1FY19 ROA & ROE at 1.55% & 13.2% respectively**
- **Equity Investment of INR ~1000 Crores from Temasek Holdings**

BUSINESS

Bank's Gross Loan AUM reached INR 17,322 crore; clocking a growth of 61% y-o-y. This was led by a strong all-round growth in disbursements which jumped nearly twofold at INR 2,885 Crores in Q1FY19 over same quarter last year, despite Q1 generally being a seasonally leaner quarter.

Retail Assets continue to dominate with ~82% of the overall Gross Loan AUM. Vehicle Loan disbursements were up more than 100%, likewise MSME Loans grew ~71% over Q1FY18. Moreover, Bank continued to gain strong traction in new segment of Agri SME Loans, Gold Loans, 2 Wheeler Loans and Housing Loans. Collectively, this caused the Retail Assets AUM to clock a growth of ~54% y-o-y.

Alike Retail Disbursements, Bank's SME & Mid Corporate Disbursements also grew ~90% led by a strong 119% disbursement growth in Business Banking Segment. Disbursements to NBFC segments grew by 91% over Q1FY18.

Total Deposits stood at INR 9,999 crore as at Jun 30, 2018 including Certificate of Deposits of INR 1,928 crore. Branch Deposits expanded more than 10 times over same period last year and over 26% from Q4FY18. CASA ratio (excluding Certificates of Deposits) came in at 28% as on Jun 30, 2018. Deposit to Advances Ratio further climbed up to ~66%.

Last quarter we tied up with CMS as their banking partner for 1000 ATMs proposed to set up at 992 Atal Seva Kendra and 8 Mobile ATMs across gram panchayats in Rajasthan. AU Bank also got empanelled with India's largest insurer LIC for offering its branch banking products at LIC's offices PAN India. Another important milestone was going live on Public Fund Management System (PFMS) application to manage public fund distribution.

DIGITAL BANK

AU Bank launched two key applications in the quarter gone by. The Bank launched AU ABHI (for Android users) – The New Age Instant Digital Savings Bank Account; The Bank also Launched AU Business App– A simple but POWERFUL app for employee lead referrals and fulfillment. Besides that, Corporate Internet Banking was made

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live for all the business segment customers. AU Bank implemented an API Gateway to allow digital integration and collaboration with external vendors and stakeholders.

INCOME, EXPENSE AND PROFITABILITY

Bank's **Total Income** in Q1FY19 grew over 2/3rd and stood at **INR 703 crore**. Net Interest Income for the quarter was INR 286 Crore, up 56% over Q1FY18. NII (%) came in at 5.8% and other income was 2.1%. Other income for the quarter was up ~87% in Q1FY19. Both collectively helped record a surge in Total Income to INR 703 Crore in Q1FY19.

Bank's Total Operating Expenses grew in line with strong growth in disbursement and came in at INR 237 Crores. Other Operating Expenses came in at INR 97 Crores and cost-to-income Ratio for the quarter came in at 60.9% for Q1FY19.

PROFITABILITY & RETURN RATIOS

The Bank's Pre-Provisioning Operating Profit (PPOP) and PAT was INR 152 crore and INR 77 crore respectively clocking in a growth of 22% and 24% Y-o-Y respectively. ROA and ROE for the Q1FY19 came in at 1.55% and 13.2% respectively. Current quarter ROA was marginally lower primarily on account of increased employee costs.

ASSET QUALITY

Bank reported a stable asset quality in Q1FY19 amidst the high disbursement growth and GNPA's, historically been a tad higher both in Q1 and 1H of past few financial years. Bank reported Gross NPA of 2.17% as against 2.98% in Q1FY18. Similarly, the Net NPA of the Bank stood at INR 211 crore i.e. 1.38% as against 2.15% as on Jun 30, 2018. Provision Coverage Ratio (PCR) was 36.8% for the June quarter.

INVESTMENT BY TEMASEK HOLDINGS

Towards the end of Q1FY19, Temasek Holdings Private Limited, via their indirect wholly-owned subsidiary Camas Investments Pte. Ltd, committed an equity investment of INR 1000 Crore in the Bank in a combination of Equity (30%) and Convertible Warrants (~70%). This investment happens to be the largest primary equity capital raise done by the bank. Out of this, in Q1FY19, Temasek has invested INR 475 crores in combination of straight equity of INR 300 crores and Warrant Application Money of INR 175 crores. The remaining 75% Warrants Money i.e. INR 525 crores will be paid on conversion of Warrants into equity on or before 18 months.

The Equity Shares & Warrants are subject to a lock-in of 12 months from the date of issuance of Equity Shares & from conversion of Warrants into Equity. Upon conversion of Warrants, Temasek Holdings will have hold ~4.81% Equity stake in the Bank. The aforesaid investment has capitalized the bank for its growth requirements for next 18-24 months.

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CAPITAL ADEQUACY

Post the aforesaid fresh capital infusion, Bank's Total Capital Adequacy Ratio came in at 20.7% and Tier – I CRAR of 20.1% for Q1FY19.

Commenting on the strong set of Q1FY19 results, Mr. Sanjay Agarwal, MD & CEO, AU Small Finance Bank, said, "We continue to differentiate and deliver a strong all round growth on the Banking Platform as seen through a robust growth of more than 60% in AUM, ~100% growth in Disbursements and Deposits touching 10000 Crore mark, with GNPA and NNPA tracking well and a 24% growth in PAT over the previous quarter. With the launch of AU ABHI A/c, AU Business App, PFMS Integration and roll out of Corporate Net Banking, we have further strengthened our digital capabilities and would continue to do so. In the medium term, we want to become Bank with Total Assets of USD 10 billion by FY22 and further reorient ourselves as a customer-centric Bank. The recent infusion of INR 1000 Crores from Temasek has got us well capitalized for the next two years and we remain motivated and excited to keep growing our banking franchise"

AWARDS:

AU Small Finance Bank was awarded as Rajasthan's Best Brand Award in the quarter gone by.

About AU Small Finance Bank:

AU Small Finance Bank Limited (AU Bank), a Fortune India 500 Company, is the only Scheduled Commercial Bank headquartered out of Jaipur, Rajasthan.

AU started its journey in the year 1996 as Au Financiers and, under the aegis of Reserve Bank of India, for the last two decades, it worked relentlessly as a retail focused, customer centric premier and trusted asset financing NBFC. It touched over a million plus underbanked and unbanked customers across 11 states of North, West and Central India, prior to becoming a bank in April 2017 to achieve the objective of Financial Inclusion which compliments AU Bank current business model and its position.

AU Bank is the only asset financing NBFC amongst 10 successful Small Finance Bank Licensees out of 72 applicants. Over the years, AU received investment from marquee investors such as Warburg Pincus, Temasek Holdings, Chrys Capital and Kedaara Capital.

AU Bank is listed at both the leading exchanges viz. NSE and BSE (Market Capitalization ~USD 3.0billion) and it features amongst the top 15 private sector banks by market capitalization. AU Bank's IPO (Rs.1912 Crores) was amongst the most successful IPOs of 2017; it received an overwhelming response with an oversubscription of ~ 54x.

Web: www.aubank.com | twitter: @aubankindia | facebook: <https://www.facebook.com/aubankindia/>

Disclaimer

Certain statements are included in this release which contain words or phrases such as "will," "aim," "will likely result," "believe," "expect," "will continue," "anticipate," "estimate," "intend," "plan," "contemplate," "seek to," "future," "objective," "goal," "project," "should," "will pursue" and similar expressions or variations of these

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expressions, that are “forward-looking statements.” Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to implement our strategy successfully, the market acceptance of and demand for various banking services, future levels of our non-performing loans, our growth and expansion, the adequacy of our allowance for credit and investment losses, technological changes, volatility in investment income, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to pay dividends, the impact of changes in banking regulations and other regulatory changes on us in India and other jurisdictions, our ability to roll over our short-term funding sources and our exposure to market and operational risks. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what may actually occur in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated. In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: general economic and political conditions, instability or uncertainty in India and the other countries which have an impact on our business activities or investments caused by any factor, including terrorist attacks in India, the United States or elsewhere, anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, tensions between India and Pakistan related to the Kashmir region or between India and China, military armament or social unrest in any part of India; the monetary and interest rate policies of the government of India, natural calamities, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices; the performance of the financial markets in India and globally, changes in Indian and foreign laws and regulations, including tax, accounting and banking regulations, changes in competition and the pricing environment in India, and regional or general changes in asset valuations.

For Further information, please contact

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