BADLAAV
HUMSE HAI

AU SMALL FINANCE BANK



The Bank for Aspiring भारत

Integrated Annual Report
2023-24

7 years of banking

Key Parameters	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
No. of States and UTs	11	12	12	17	20	24	**24**
No. of Touchpoints	474	558	647	744	919	1,027	**1,074**
No. of Employees	11,151	12,623	17,112	22,484	27,817	28,320	**29,738**
No. of Unique Customers (in Lakh)	7.5	12.3	17.2	20.2	27.5	38.6	**49.4**
CD ratio %	168	117	103	96	88	84	**84**
Balance Sheet Statistics							**₹ Crore**
Total Assets	18,833	32,623	42,143	51,591	69,078	90,216	**1,09,426**
Net Advances	13,312	22,819	26,992	34,609	46,095	58,422	**73,163**
Gross Advances	13,413	22,994	27,233	35,356	46,789	59,158	**73,999**
Investments	3,051	7,162	10,668	10,815	15,306	20,072	**27,133**
Shareholders' Fund	2,281	3,163	4,377	6,275	7,514	10,977	**12,560**
Deposits	7,923	19,422	26,164	35,979	52,585	69,365	**87,182**
Borrowings	7,639	8,613	10,335	7,030	5,991	6,299	**5,479**
Income Statement							**₹ Crore**
NII	940	1,343	1,909	2,365	3,234	4,425	**5,157**
Net Income (NII + Other income)	1,328	1,805	2,615	3,786	4,228	5,460	**6,903**
Operating Expenses	753	1,083	1,418	1,658	2,413	3,440	**4,465**
PPOP	575	722	1,197	2,128	1,815	2,019	**2,438**
Provisions	132	142	283	669	361	155	**439**
PBT	443	580	914	1,459	1,454	1,865	**1,999**
PAT (Reported)	292	382	675	1,171	1,130	1,428	**1,535**
PAT (Excluding Profit from stake sale in Aavas and other exceptional items)	292	382	596	600	1,130	1,428	**1,592**
KEY RATIOS							
Asset Quality							
Gross NPA %	2.0%	2.0%	1.7%	4.3%	2.0%	1.7%	**1.7%**
Net NPA %	1.3%	1.3%	0.8%	2.2%	0.5%	0.4%	**0.5%**
Provision coverage ratio (PCR)	37%	37%	53%	50%	75%	75%	**68%**
Provision coverage ratio (with Technical write-off)	37%	37%	53%	50%	77%	78%	**76%**
Net Credit Loss (as % of average assets)	0.0%	0.0%	0.1%	0.3%	0.3%	0.2%	**0.4%**
Profitability							
NII as % of Average Assets	6.6%	5.2%	5.1%	5.0%	5.4%	5.6%	**5.2%**
Cost of Funds	8.4%	7.9%	7.7%	6.8%	5.9%	6.0%	**6.8%**
CASA Mix (as % of Deposits)	27%	18%	14%	23%	37%	38%	**33%**
Operating Expense (as % of Average Assets)	5.3%	4.2%	3.8%	3.5%	4.0%	4.3%	**4.5%**
ROA	2.0%	1.5%	1.8%	2.5%	1.9%	1.8%	**1.5%**
ROA (Excluding Profit from stake sale in Aavas and other exceptional items)	2.0%	1.5%	1.6%	1.3%	1.9%	1.8%	**1.6%**
ROE	13.7%	14.0%	17.9%	23.4%	16.4%	15.4%	**13.0%**
ROE (Excluding Profit from stake sale in Aavas and other exceptional items)	13.7%	14.0%	15.8%	12.0%	16.4%	15.4%	**13.5%**
EPS (₹)	5	7	11	19	18	22	**23**
BVPS (₹)	40	54	72	100	119	165	**188**
Capital Adequacy							
Average Assets/Average Shareholders' Funds	6.7	9.5	9.9	8.8	8.8	8.6	**8.5**
CRAR - Total	19.3%	19.3%	22.0%	23.4%	21.0%	23.6%	**20.1%**
CRAR - Tier 1	18.4%	16.0%	18.4%	21.5%	19.7%	21.8%	**18.8%**

BADLAAV
HUMSE HAI

AU SMALL FINANCE BANK



THANK YOU 'भारत'

A heartfelt salute to the citizens of India and all the stakeholders for their continued support in our journey, marking **29 years** of unwavering trust and **7 years** of relentless 'Badlaav' in banking. Today, we stand as a **COMPLETE BANK**, offering all banking solutions across India.

#BuildingForever

CONTENTS

Strategic Report

Introduction

4 – About the Report

6 – Performance Highlights

8 – AU SFB's first M&A

14 – Chairman's Message

16 – AD-I services are now live

About Us

18 – Who We Are

20 – Where We Operate

22 – Our Business Groups

24 – Corporate Governance

26 – Board of Directors

28 – Leadership Team

Performance Review

30 – Message from MD & CEO

40 – Message from the Executive Director and Deputy CEO

Strategic Review

44 – How We Create Value

46 – Strategy

50 – Material Issues and Our Response

Stakeholder-Wise Value Creation

54 – Engaging with our Stakeholders

56 – Customers

58 – Industry leading innovations in credit cards

62 – Employees

68 – Regulators and Government

70 – Investors and Shareholders

74 – Partners and Associates

80 – Environment

84 – Society

Brand Recognition and Engagement

90 – Marketing

92 – Awards and Accolades



In our journey over the last seven years as a Bank, we have fortified our foundation and building a future-ready bank. With a comprehensive product suite, we empower the dreams of every citizen of aspiring भारत. We are committed to delivering sustainable and stable banking—Forever.

Sanjay Agarwal
Founder, MD & CEO





Statutory Reports

96 – Management Discussion and Analysis

128 – Board's Report

154 – Report on Corporate Governance

194 – Annual Report on CSR Activities For Financial Year 2023-24

204 – Business Responsibility and Sustainability Report

Financial Statements

240 – Independent Auditor's Report

332 – Basel II (Pillar 3) Disclosures

333 – Notice of Annual General Meeting

All data presented in the Integrated Annual Report is standalone, except specified otherwise.

The Bank for Aspiring भारत

We believe that every progressive aspiration deserves the right backing to become a reality. From the beginning, our mission has been clear: promote financial inclusion by serving the unreached and offering innovative solutions by challenging the status quo. We are committed to serving the length and breadth of भारत through our phygital banking approach, which combines the best of physical and digital banking to reach the grassroots.

Our growing presence and tailored financial solutions help us meet the diverse needs of our diverse nation. By focusing on sustainable banking, we aim to build a franchise that supports long-term economic growth and inclusion. We prioritise a customer-centric approach and our dedication to transparency, integrity, and responsible governance drives us forward.

As we continue our journey, we remain committed to empowering भारत and integrating more people into the economic mainstream, thereby contributing to India's inclusive development. This Integrated Annual Report highlights our efforts to serving the aspiring भारत as a Complete Bank.



How AU SFB has emerged as the Bank for aspiring भारत

Scaling Impact: AU SFB × Fincare Merger
↗ PAGE 8

Expanding Horizons: Cross-broder Solutions
↗ PAGE 16

Fit for Every Need: Credit Card Solutions
↗ PAGE 58

ABOUT THE REPORT

BUILDING ON OUR CAPITALS

F Financial Capital

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

M Manufactured Capital

Our extensive branch network, asset centres, MFI centres, ATMs, BC channels, digital assets and industry leading IT infrastructure provide a solid platform for us to conduct business and create value.

I Intellectual Capital

Our differentiated digital ecosystem across products and services, communication capabilities, applications, data analytics and cybersecurity.

H Human Capital

Our professional team, with their diverse skills and extensive experience, is driven by a commitment to develop, improve, and innovate processes, products, and services. We emphasise meritocracy, teamwork, leadership, and collaboration to achieve these goals.

S Social and Relationship Capital

This includes the value derived from our relationships and interactions with customers, communities, regulators, and other stakeholders, fostering trust and collaboration that underpin our operations and strategic objectives.

N Natural Capital

Our resource consumption pattern and impact on natural resources through our operations and business activities. Steps taken to ensure effective usage of carbon, energy, and waste management.

FOCUSING ON MATERIAL ISSUES

Environment

- Climate Risk
- Sustainable Operations
- Water Conservation
- Resource Efficiency
- Our Product Offerings – Social and Climate

Read more on **PAGE 50**

Social

- Diversity and Inclusion
- Corporate Social Responsibility
- Employee Health and Well-being
- Stakeholder Engagement
- Financial and Digital Inclusion
- Employee Training and Education

Governance

- Product Innovation
- Economic Performance of the Bank
- Cybersecurity
- Data Privacy
- Compliance
- Brand and Reputation Management
- Ethical Business Practices
- Customer Satisfaction

DELIVERING CONSISTENT VALUE FOR OUR STAKEHOLDERS

Customers **PAGE 56**

Employees **PAGE 62**

Regulators and Government **PAGE 68**

Investors and Shareholders **PAGE 70**

Partners and Associates **PAGE 74**

Environment **PAGE 80**

Society **PAGE 84**

Reporting Period

The Report covers the period between 1st April 2023 and 31st March 2024. This report provides essential information regarding 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 details of both financial and non-financial performance, strategic priorities, 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 have an impact on our ability to create value. These topics are influenced by the economic, social, and environmental context in which we operate. The information in this Report has been identified and consolidated after a detailed review of the issues most material to us.

Target Audience

This Report is primarily intended to address the information requirements of our providers of financial capital, i.e. investors (existing and prospective) and also covers information relevant to other key stakeholders.

Framework, Guidelines, and Standards

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

- <IR> framework of the IFRS Foundation
- The Companies Act, 2013 (and the rules made thereunder)
- 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

Our Management acknowledges the integrity of this Integrated Annual Report, which, in their opinion, addresses all the issues that are material to AU SFB's ability to create value, and presents integrated performance in a fair manner. Our Management confirms that this report presents a balanced and transparent account of Your Bank's value-creation story.

Transparency and Enhanced Disclosures

The Bank adopts a comprehensive and transparent reporting approach, underscoring our commitment to providing stakeholders with a clear and complete view of our performance and progress.

4th
Integrated Annual Report

3rd
Year of Sustainability Reporting



FY 2023-24 Progress

ROBUST BALANCE SHEET

20.1%
Capital Adequacy Ratio

75.9%
Provision Coverage Ratio with Technical Write-off

0.55%
Net NPA

INCREASING PROFITABILITY

₹12,301 Crore
Total Income
↑ 33%

₹5,157 Crore
Net Interest Income
↑ 16.5%

₹1,592# Crore
Profit after Tax (PAT)
↑ 11.5%

STRONG BUSINESS GROWTH

₹1,09,426 Crore
Total Assets
↑ 21%

₹87,182 Crore
Deposits
↑ 26%

₹82,175 Crore
Gross Loan Portfolio
↑ 28%

#excluding exceptional items
↑ *YoY growth*

STRONGER TOGETHER: AU SFB × FINCARE SFB

₹1,26,500 Crore+
Balance Sheet Size

2,383
Touchpoints across 25 States and Union Territories

46,000+
Employees

1 Crore+
Customers

Proforma Merged numbers as on 31st March 2024.

AU0101

Business App Launched

Designed to offer customised solutions for proprietorships and MSMEs

Key features of AU0101 Business App:

- Unified view of Banking & Store: Banking & Business together in one app
- Seamless current account opening*
- Real-time QR code onboarding*
- Pre-approved business loan & POS machines*.

**in progress.*

BUSINESS

WORKFORCE

29,738
Total Employees

31 years
Average Age of Employees

574
Employees with 10+ years Vintage

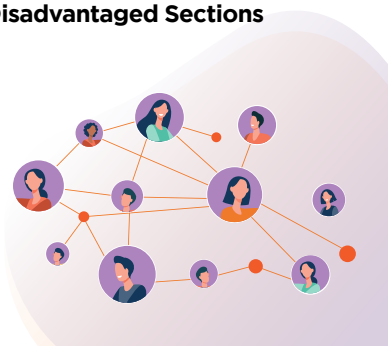


SOCIAL IMPACT

10.4 Lakh+
Customers provided with Financial Services under Jan Dhan Yojana

10,550+
Financial Literacy Camps at Rural Branches

21,200+
Youth trained from Financially Disadvantaged Sections



SUSTAINABILITY

AA
ESG Rating by MSCI

₹120 Crore+
Deployed in Green Asset Lending

Low Risk
ESG Rating by Sustainalytics



Scaling Impact: AU SFB x Fincare Merger

In a landmark development, AU Small Finance Bank (AU SFB) successfully completed the merger of Fincare SFB within AU SFB w.e.f. 1st April 2024. With a shared vision and commitment to Bharat's Aspirations, this strategic merger aims to create a larger, more diverse, and technologically advanced financial franchise with a pan-India presence, unlocking significant potential synergies.





Strategic Rationale

Complementary branch footprint building a truly pan-India Small Finance Bank.	Diversification of portfolio with access to rural and financial inclusion focused Microfinance business.	Significant opportunity to expand deposit and asset franchise in South India.	Shared values, common regulatory regime and experienced team providing deep domain expertise.	Compelling synergy potential especially in deposits, technology and scale-driven efficiencies over time.

Enhanced Scale and Reach

The merger has created an entity with increased scale and reach, providing several benefits to our customers and stakeholders.

Access to South India market

The merger with Fincare gives us an opportunity to accelerate our Bank's franchise in south India, both on assets as well as liabilities. We will soon start disbursing vehicle finance loans from some Fincare branches.

Expanded Microfinance Network

The merger also gives us an opportunity to expand our microfinance business in geographies like Rajasthan, Gujarat, Madhya Pradesh and Maharashtra - where AU SFB has a strong presence.

Cross-Selling Opportunities

With a combined customer base of over 1 Crore, the merged entity can leverage AU Small Finance Bank's diverse product portfolio, including vehicle loans, UPI QR/merchant lending, credit cards, insurance and wealth solutions. This cross-selling potential aims to provide a broader range of financial services to Fincare's urban customer base.

Accelerated Digital Transformation

The integration of approximately 200 IT professionals from Fincare SFB into AU SFB's team facilitates a rapid internal digitalisation process. This synergy aims to achieve cost efficiencies through scale-driven digital solutions, enhancing operational effectiveness and customer experience.

Strengthened Management Expertise

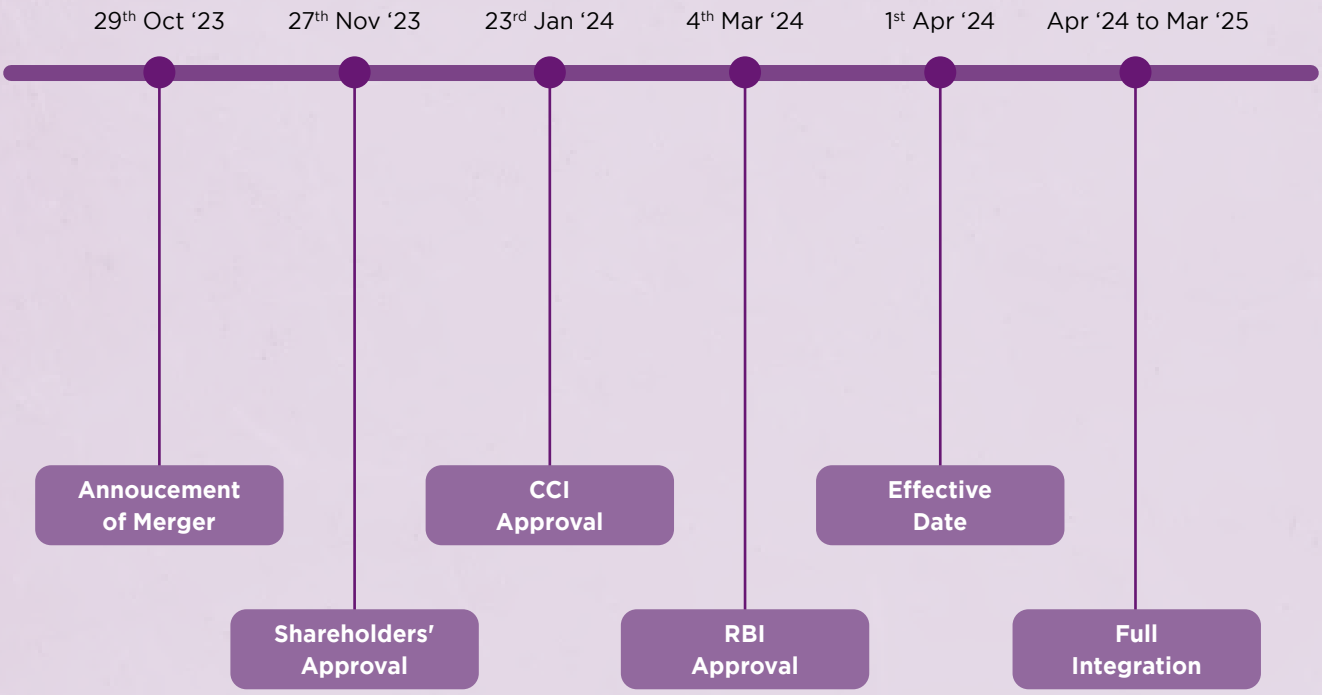
Our leadership team, with deep domain expertise and an average of 26 years of experience is well-equipped to drive strategic initiatives and execute complex projects. This experienced team ensures robust governance and innovative growth strategies.

Enhanced Agricultural Lending

We are committed to supporting small and marginal farmers through priority sector lending. With 44% of Fincare SFB's gross advances directed towards agriculture and allied activities, we aim to further sustainable growth and financial inclusion.

AU SFB'S FIRST M&A

Deal Timeline



Working behind the scenes





The merger document was officially signed on 29th October 2023

Merger announcement in a press meet in Mumbai on 30th October 2023





MD addressing Fincare SFB team in Bengaluru on 6th November 2023



Fincare SFB team visits AU SFB in Jaipur on 21st November 2023

AU SFB'S FIRST M&A

RBI gives approval to Fincare Small Finance Bank's merger with AU bank

Times News Network

Jaipur: The Reserve Bank on Monday gave its approval to the $720 million all-stock merger of AU Small Finance Bank and Fincare Small Finance Bank.

The effective date of amalgamation will be April 1 this year, and all the branches of Fincare SFB will function as branches of AU SFB from that day, the apex bank said in a release. The merger scheme, one of the first such moves in the relatively new SFB space, has been sanctioned in the exercise of the powers contained in sub-section (4) of Section 44A of the Banking Regulation Act of 1949, the central bank said.

The two lenders had announced the deal in late October 2023 and were aiming to close it by February after the mandatory clearances.



Under the deal, shareholders of the unlisted Fincare will get 379 shares of the listed AU bank for every 2,000 shares that they own.

Post-merger, shareholders of Fincare will own 9.9% equity in the **Sanjay Agarwal**-led AU bank. The promoters of Fincare also agreed to infuse Rs 700 crore of fresh capital into the entity after the deal gets a go-ahead from the RBI and Competition Commission of India. The deal will help the Jaipur-based lender gain a foothold in the Southern region and also make inroads into the high-margin microfinance assets business.

Fincare had announced that its plans for an initial public offering (IPO) that will now go on the back burner following the deal. The merger is set to increase AU bank's overall staff strength to over 15,000 employees, including 10,000 in the MFI vertical.

Merger approved by the Reserve Bank of India (RBI) on 4th March 2024





Independent Directors visited villages in rural Bengaluru and interacted with microfinance customers on 15th May 2024



Stronger Together

	Standalone	Fincare	Proforma Merged
Deposits	₹87,182 Crore	₹10,522 Crore	**₹97,704 Crore**
Gross Loan Portfolio	₹82,175 Crore	₹14,315 Crore	**₹96,490 Crore**
Balance Sheet	₹1,09,426 Crore	₹17,267 Crore	**₹1,26,693 Crore**
Net Worth	₹12,560 Crore	₹2,421 Crore	**₹14,981 Crore**
Customers	49.4 Lakh	60.5 Lakh	**1.1 Crore**
Employees	29,738	16,000+	**46,000+**
Touchpoints	1,074	1,309	**2,383**

Proforma Merged numbers as on 31st March 2024.

Progressing on 'Forever Bank' journey to build a new भारत, together!



Building a Stronger, More Resilient and Forever Bank

Dear Stakeholders,

I am pleased to address you in my inaugural letter since assuming the role of Chairman of the Board of Directors at AU Small Finance Bank. I wish to extend my gratitude to our esteemed Board of Directors, Shareholders, and the Reserve Bank of India (RBI) for entrusting me with the responsibility of guiding the Bank at a crucial juncture in its journey.

I would like to extend my utmost gratitude to Mr. Raj Vikash Verma, our esteemed former Chairman of the Bank. Amidst the challenges posed by the COVID-19 pandemic, inflation, liquidity issues, and volatility in interest rates, Mr. Verma adeptly steered the Bank in the right direction with his exceptional knowledge and skills. His strategic guidance and sagacious leadership have significantly strengthened the Bank's sustainable business model, ensuring its long-term success and preparedness for future opportunities.

Resilient Performance in a Challenging Environment

We are witnessing exciting times. As India progresses towards becoming the world's third-largest economy with its GDP projected to exceed $7 Trillion by the decade's end, the Banking, Financial Services and Insurance (BFSI) industry is poised to play a pivotal role in this achievement. This development presents significant growth opportunities for the BFSI sector.

However, it also introduces new and emerging challenges and risks, particularly in areas such as enhanced regulatory focus on customer protection, cybersecurity, operational risks, and compliance with Know Your Customer (KYC) and Anti-Money Laundering (AML) requirements. Additionally, retail inflation has proven to be more persistent than anticipated, remaining above the long-term target of 4%, and liquidity conditions have stayed tight. Despite intense competition for deposits and increased cost of funds, your Bank recorded 28% growth in loan portfolio and delivered ROA of 1.6% and ROE of 13.5% - excluding exceptional items.

A Complete, Pan-India Bank

FY 2023-24 was a year of milestones and many firsts. The most significant one was the merger of Fincare SFB with AU SFB. This strategic move is aimed at creating a stronger and more resilient institution, well-positioned to capitalise on emerging growth opportunities in complementary geographic areas and deliver enhanced value to our customers, employees and shareholders.

Banking Beyond Borders

Your Bank has now launched Trade Finance and Forex services which will facilitate cross-border trade of our customers by providing financing, document handling, and cross-border remittance solutions along with support in regulatory compliances. Your Bank is well-prepared with a robust risk management, transaction screening and monitoring framework to mitigate KYC/AML and sanctions-related risks associated with cross-border transactions.

Galvanising Growth in भारत (Bharat/India)

Aligned with our commitment to empowering underserved communities and fostering economic growth in rural and unserved areas, your Bank has launched Swadesh Banking during FY 2023-24. This unit has been designed to leverage our legacy of financial inclusion, and deep understanding of the rural and semi-urban markets combined with 360-degree comprehensive solution for the farmers, self-employed personnel, and micro enterprises.

Our initiatives at Unbanked Rural Centres further enhance access to financial services. In FY 2023-24, we organised 2,081 Financial Literacy Camps at rural branches. With a strong emphasis on digital literacy, our on-ground efforts are aimed at customers in the rural and

semi-urban areas overcome the digital divide and are well-equipped to utilise digital banking services, for their financial security and sustainable economic growth.

Empowering People and Communities

Through our commitment to Badlav Humse Hai, we strive to make a difference in the lives of our customers, particularly hitherto unbanked and underbanked, by fostering meaningful financial inclusion combining Hardware, Software, and Humanware. The success of our Bank is firmly rooted in the five pillars of *Trust, Technology, Teamwork, Talent, and Touch*. These key elements play a crucial role in driving our mission forward and ensuring symbiotic growth and development of the institution and the community.

Trust is fundamental to our relationships with depositors and other stakeholders, providing a solid foundation for our business operations in ethical manner. **Technology** enables us to implement innovative solutions for inclusive banking, reaching a wider customer base. **Teamwork** is essential for achieving success at all levels, ensuring that we work together seamlessly to meet our goals. Our employees' **Talent** is what sets us apart, enabling us to remain agile and competitive in a dynamic industry. While we embrace technology, we also recognise the importance of maintaining a human **Touch** in all our interactions, thus enabling us to impact the lives of our customers, employees, and stakeholders in a meaningful way.

Sustainability at the Core

Your Bank has been working on seamlessly integrating ESG principles into our business model and embed them in our products and processes, with formal guidelines and policies, guided and supported by the dedicated Sustainability Committee of the Board. Our Green Fixed Deposit programme is dedicated to financing renewable and green projects, such as solar power and electric mobility solutions.

Other key sustainability initiatives being driven by your Board are focused towards minimising environmental impact, promoting gender diversity, and empowering women.

Continuing Focus on Governance and Assurance

The Board of Directors of your Bank continue to focus its close attention on ensuring the highest standards of corporate governance and effectiveness of its assurance functions comprising risk management, internal audit and compliance. Your Bank will remain committed to continuous monitoring and management of credit, liquidity and operational risks alongside mitigation of cybersecurity threats. The Board and its committees always strive to comply with the supervisory observations and regulatory requirements in letter and spirit.

Talent Management and Succession Planning

Sustainability and development of the leadership are key focus areas in our journey of a Forever Bank. The Bank's structure by design supports succession planning and it is integrated into its Strategic Business Units (SBUs) via a hierarchical setup. This means that there are clear pathways for career advancement and leadership development within different divisions of the Bank. Moreover, to enhance leadership development, the Bank has engaged an advisory firm under the guidance of the Nomination & Remuneration Committee to further institutionalise this process with focus on identifying and preparing competent and high-potential candidates for leadership positions within the organisation. This will ensure that the succession planning initiatives are thorough, neutral, and in line with long-term strategic objectives of your Bank.

Future Outlook

We have established a long runway for propelling us on a calibrated growth path and creating sustained value for our stakeholders. We have articulated our three-year strategic plan as we take confident strides into the future. I strongly believe that our best-in-class product offerings, robust risk management practices, future-ready technological capabilities and incredible talent will continue to power our growth journey for many years to come.

Before concluding, I would like to take this opportunity to congratulate Mr. Sanjay Agarwal on his reappointment as the Managing Director & CEO, Mr. Uttam Tibrewal on being reappointed as the Whole Time Director. I would also like to congratulate Mr. Uttam Tibrewal and Mr. Rajeev Yadav on being designated as Deputy CEO of your Bank. Their leadership will continue to play an instrumental role in creating a sustainable future, in a similar way that it has been building a well-governed and risk-focused retail bank with a strong execution track record. As we pursue our vision of a Forever Bank, we are guided by the wise words of the Father of the Nation:

> ***"The future depends on what we do in the present".***
>
> ***- Mahatma Gandhi***

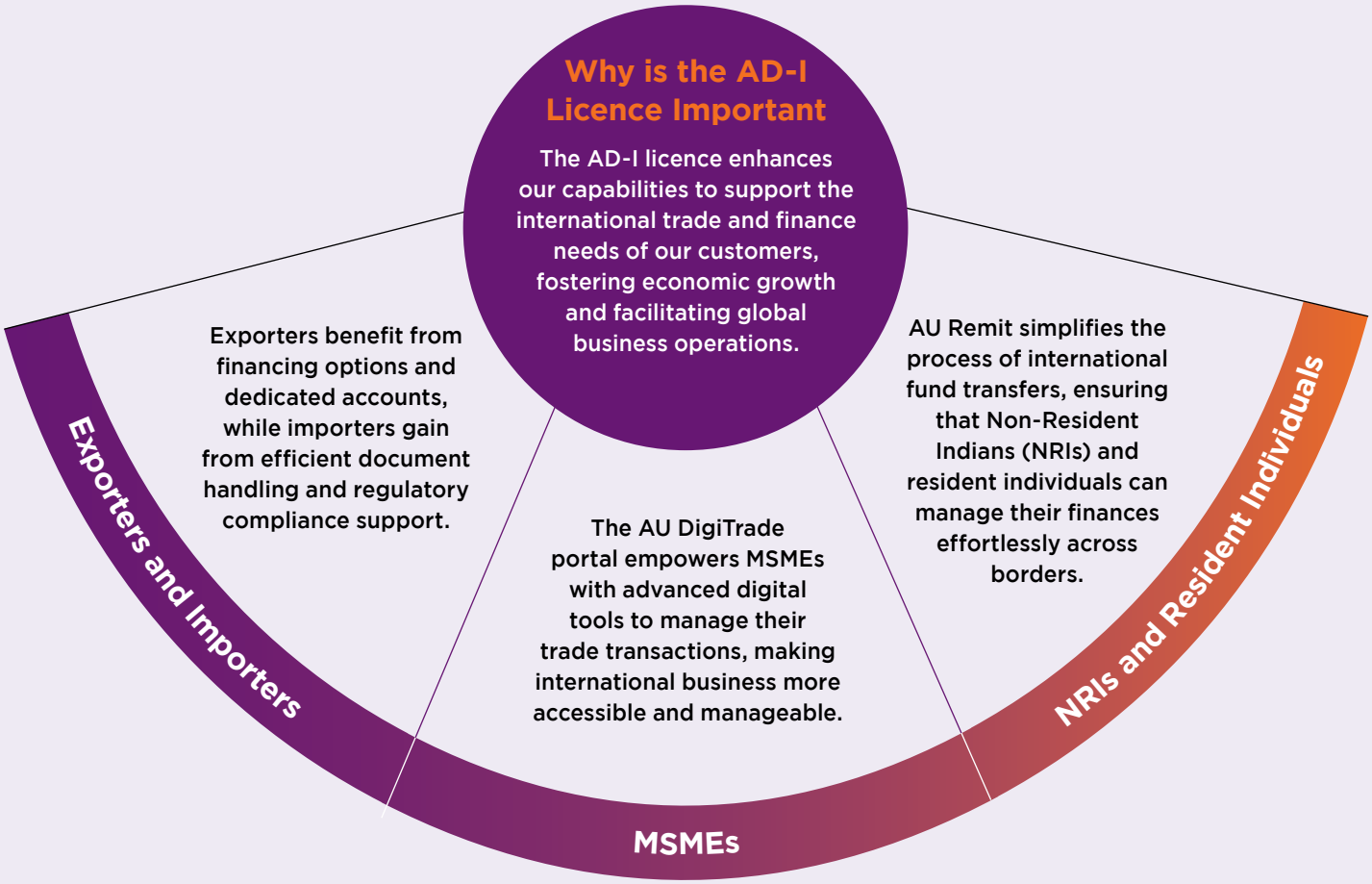
Warm regards and best wishes,

Harun Rasid Khan
Chairman

AD-I SERVICES ARE NOW LIVE

Expanding Horizons: Cross-Border Solutions

AU SFB has now gone live with cross-border trade and foreign exchange business post securing the Authorised Dealer Category I (AD-I) licence from the RBI in April 2023. This allows the Bank to operate in the foreign exchange market, enable forex transactions and support EXIM and retail customers by offering cross-border trade solutions and remittances.





AU DigiTrade

The AU DigiTrade portal is an online platform tailored for MSMEs. It enables them to initiate trade transactions, track their status, and access detailed reports online seamlessly and efficiently. **Currently, Issuance of Foreign Currency Letters of Credit (FCLC) is live across** major currencies such as USD, GBP, and EUR, enabling importers to manage their international trade transactions effectively and conveniently.

AU Trade Finance Services

Our Trade Finance and Forex Services for our Export and Import (EXIM) customers include,

Export and Import Financing: We offer pre- and post-shipment finance options, along with hedging facilities such as forward covers to mitigate currency risks.

Document Handling and Regulatory Compliance: The Bank ensures smooth processing of export and import documents, aligning with international rules and RBI guidelines.

Special Accounts for Exporters: The Bank offers specialised accounts like Exchange Earners Foreign Currency (EEFC) and Diamond Dollar Accounts (DDA) for export customers.

AU Remit

AU Remit is designed to streamline international fund transfers for NRIs, resident individuals and proprietorship firms under the Liberalised Remittance Scheme (LRS) for various purposes including education, family maintenance, and health services etc. This platform facilitates easy and efficient money transfers with features such as **Multiple Currency Options, High Transaction Limits, User-Friendly Interface, 24/7 real-time tracking services and Easy accessibility via web portal as well as 200+ trade-enabled branches.**

WHO WE ARE

OUR PURPOSE

Empowering India

Financially. Digitally. Socially.

VISION

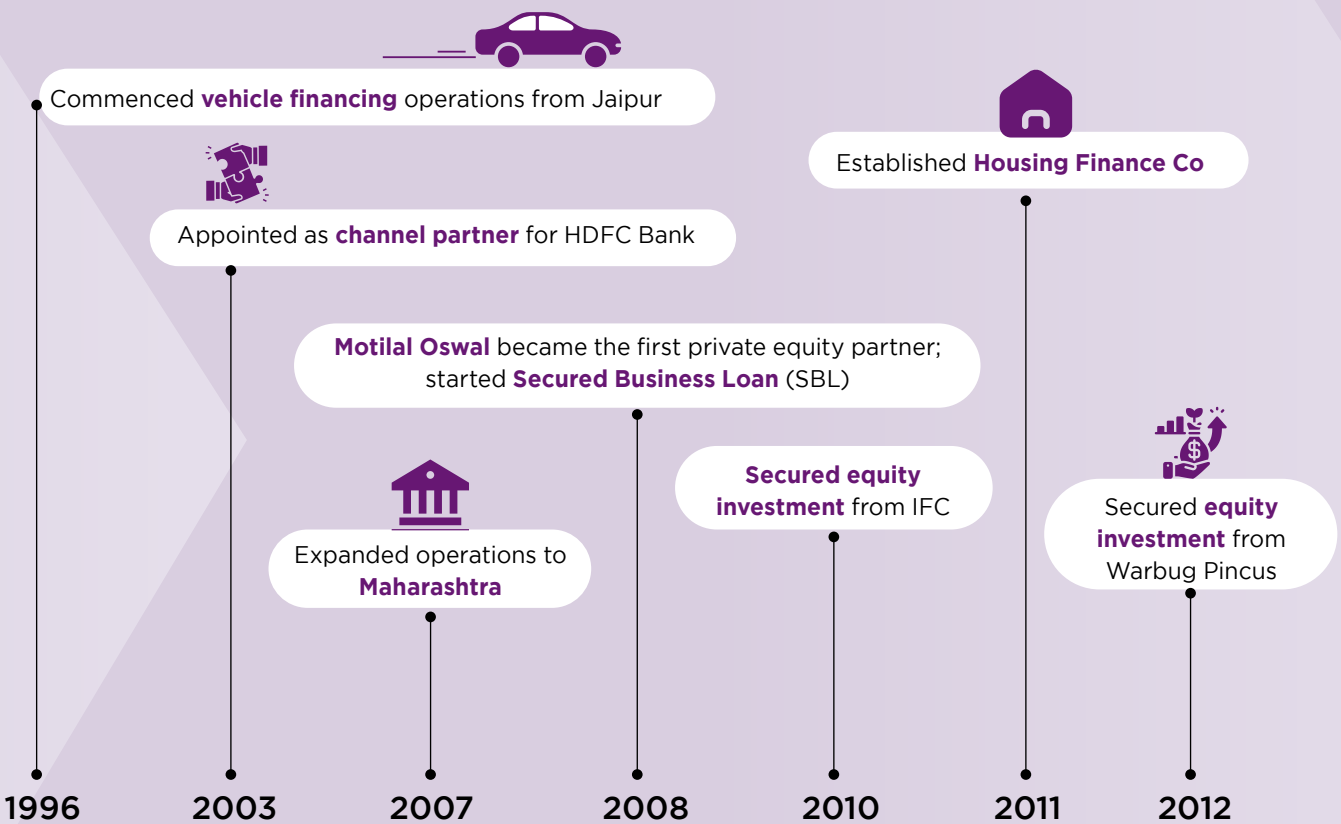
To be the world's most trusted retail bank and coveted employer that is admired as the epitome of financial inclusion and economic success, where ordinary people do extraordinary things to transform society at large, thereby guaranteeing trust, confidence, and customer delight.

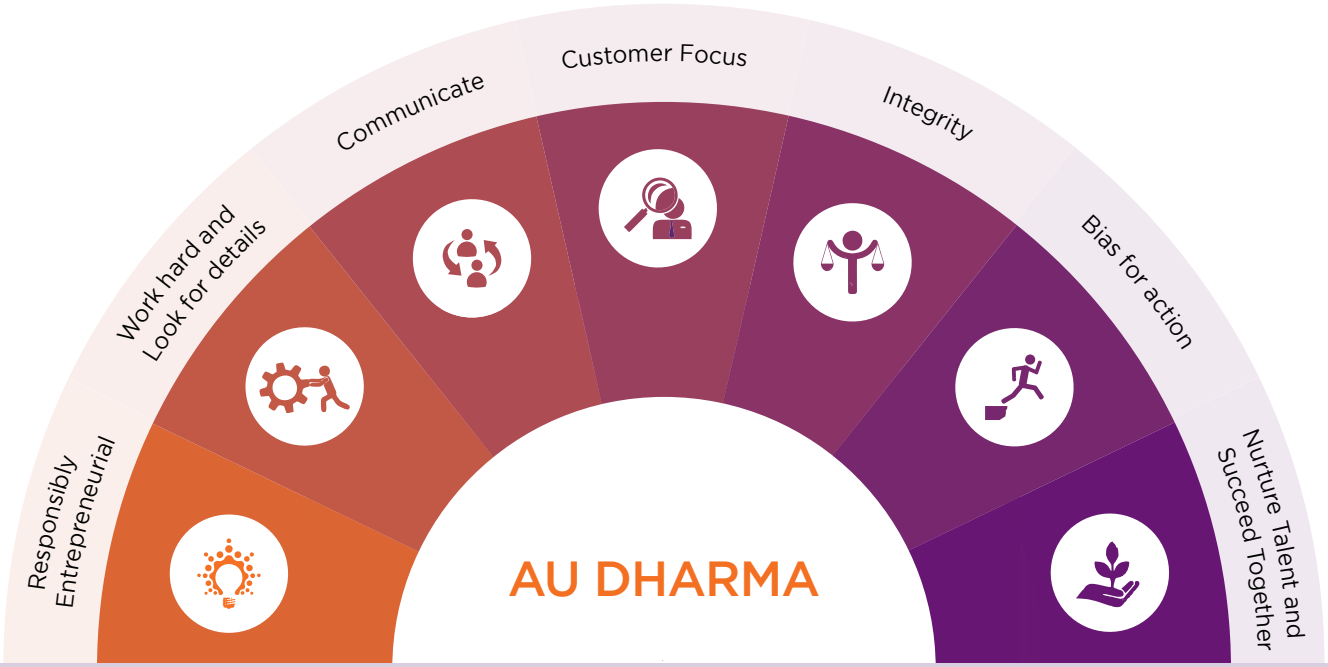
MISSION

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 and 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

Our Journey





2015
Received in principle approval for **SFB licence** from RBI

2017
Commenced operations as a Small Finance Bank; recognised as a Scheduled Commercial Bank; Listed on the NSE and the BSE

2018
Temasek acquired a **5% stake**

2021
Launched **Digital Bank, Video Banking, and Credit Cards;**
Raised capital of **₹625 Crore**

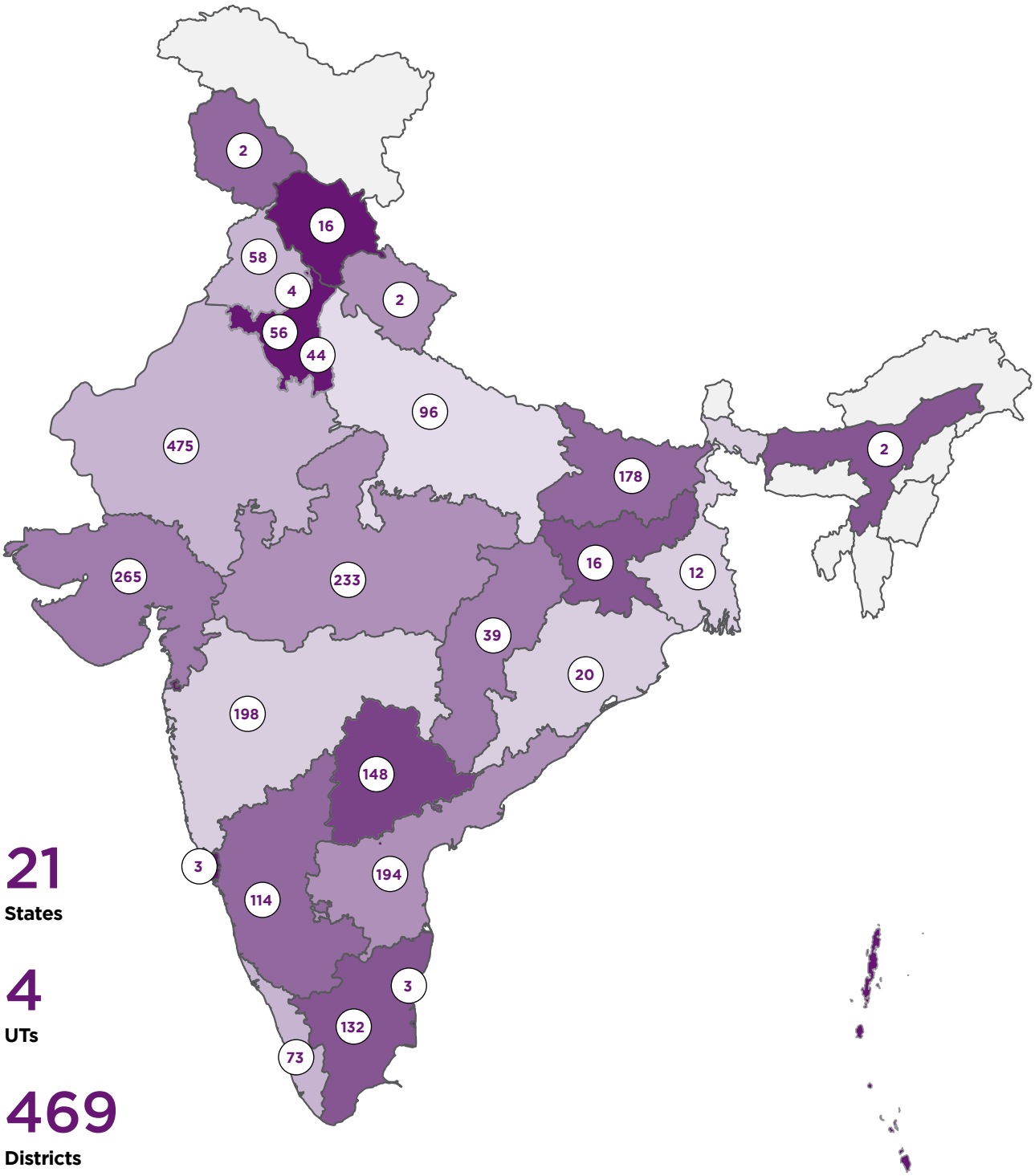
2022
Initiated industry-first credit card initiatives - **LIT and SwipeUp**
Raised equity capital of **₹2,000 Crore**

2023
Received **AD-I Licence** from RBI

2024
Fincare **SFB merged with AU SFB**

WHERE WE OPERATE

Our Presence



21
States

4
UTs

469
Districts

682
ATMs

Proforma Merged numbers as at 31st March 2024
No. on the Map represent Touchpoints in the State
Note: Map not to scale.
For representation purpose only

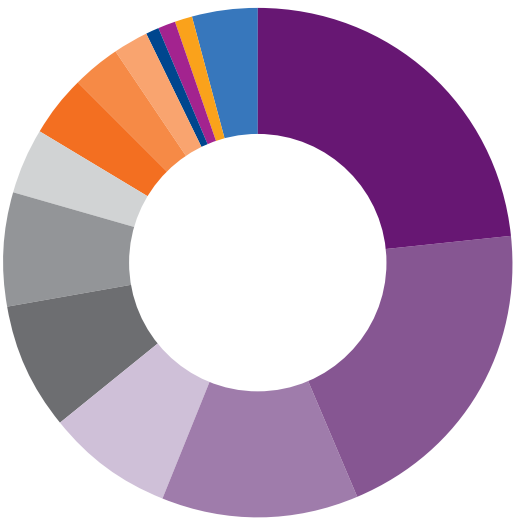
Touchpoints Break-up

2,383
Touchpoints

629 Branches	**239** Asset Centres	**777** MFI Centres
78 Unbanked Branches	**630** Banking Outlets (BO)	**30** Business Correspondence

Deposits Profile

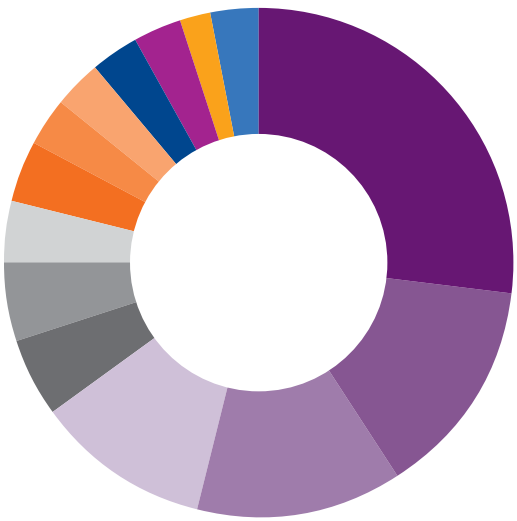
Proforma Deposits profile after considering Fincare merger



Rajasthan	23%
Maharashtra	20%
Delhi	12%
Punjab	8%
Gujarat	8%
Haryana	7%
Madhya Pradesh	4%
Uttar Pradesh	4%
Karnataka	3%
Himachal Pradesh	2%
Kerala	1%
Tamil Nadu	1%
Telangana	1%
Others	4%

Asset Book

Proforma Advances profile after considering Fincare merger



Rajasthan	27%
Madhya Pradesh	14%
Maharashtra	13%
Gujarat	11%
Haryana	5%
Punjab	5%
Delhi	4%
Andhra Pradesh	4%
Uttar Pradesh	3%
Tamil Nadu	3%
Telangana	3%
Karnataka	3%
Chhattisgarh	2%
Others	3%

Proforma Merged numbers as on 31st March 2024

Complete Banking Services, Unique Solutions

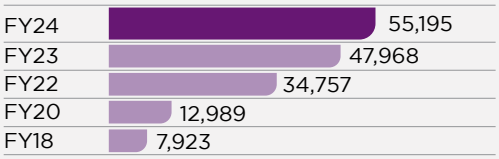
1 URBAN BRANCH BANKING

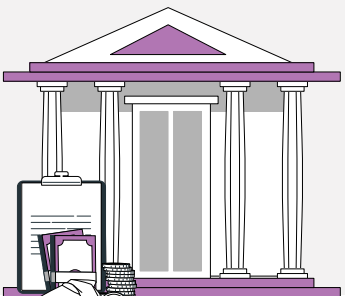
Products

- Savings Account
- Term Deposit
- Lockers
- Life and Health Insurance
- General and Fire Insurance
- Mutual Funds
- 3-in-1 Trading
- Current Account Asset Cross-sell

Urban Branch Banking Deposit Growth

(₹ in Crore)





2 SWADESH BANKING, GOVERNMENT, AND WHOLESALE DEPOSITS

Focus Areas

- Swadesh Branch Banking
- Financial and Digital inclusion
- Small and Marginal Farmer lending
- Distribution of social security products

Swadesh Banking launched in 2023
to focus on rural markets

₹8,405 Crore
Swadesh Banking Deposits

232
Core (Rural) Branches

4,67,400+
Basic Savings Bank Deposit Account (BSBDA)



3 RETAIL ASSETS

Wheels
Loans for 2W, Personal Car, Passenger Car, MUV, SCV/CV, CE, Tractor, Used Vehicles

Loan Portfolio
₹28,902 Crore
↑ 26% YoY

Micro Business Loan (MBL)
Business loan, Mudra loan, MSME loan for small businesses like grocery/ kirana stores, dairy/cattle rearing, FMCG/ Apparel and hotel/ restaurants etc).

Loan Portfolio
₹22,141 Crore
↑ 13% YoY

Home Loan
Housing Construction loan, Apartment/Flat Purchase loan, affordable Housing loan, Home Improvement loan

Loan Portfolio
₹6,045 Crore
↑ 41% YoY

4 COMMERCIAL BANKING

Products

- Business Banking
- Agri Banking
- Real Estate Group
- NBFC Lending
- Trade FX and AD-I
- Transaction Banking

Loan Portfolio

₹7,304 Crore
Business Banking
↑ 47% YoY

₹5,953 Crore
Agri Banking
↑ 49% YoY



5 DIGITAL BANK AU0101

Digital Products

- AU0101 + Video Banking
- Credit Card
- Personal Loan
- Merchant Lending
- UPI QR, POS, FASTag

Digital Services/Channels

- AU0101 Business App
- Chatbot
- WhatsApp Banking

AU 0101
DIGITAL BANK

7x Growth on AU0101 Since Launch

Registered Users (Lakh)

Mar'24	29.5
Jun'21	4.5

Monthly Active Users (Lakh)

Mar'24	15.9
Jun'21	2.3

6 FINCARE UNIT

Products

- Microfinance
- Secured Business Loan (SBL)
- Home Loan
- Gold Loan

₹8,007 Crore
Loan Portfolio in Microfinance

₹2,542 Crore
Loan Portfolio in SBL



Committed to Creating Value Responsibly

At AU SFB, our corporate governance philosophy—anchored to the principles of 'AU Dharma'—emphasises on core values such as customer focus, diligent work, attention to detail, entrepreneurial responsibility, nurturing talent, and fostering collaboration. This philosophy guides every facet of our operations, ensuring that integrity, transparency, and swift actions are embedded in our daily practices.

We are dedicated to enhancing our governance and compliance procedures to effectively navigate the regulatory and business environments in which we operate. Our focus on robust risk management and internal controls, guided by a balanced and diversified Board, empowers us to meet our responsibilities effectively. As we drive our business forward, our governance framework aims for operational excellence and sustainable profitability while contributing positively to our community.

Board Discussions

During FY 2023-24, Board meetings were conducted at regular intervals, with high engagement and a participation rate of over 98%. These meetings were crucial in guiding your Bank forward by providing strategic direction on critical issues. The discussions ranged from refining long-term goals to compliance with applicable regulations. Key topics included:

1. Approved amalgamation of Fincare Small Finance Bank Limited into and with AU Small Finance Bank Limited
2. Approved Green Deposit Policy and Framework for AU Green Fixed Deposit
3. Reviewed the Business Plan for FY 2023-24
4. Appointment of Mr. H. R. Khan as part-time Chairman of the Bank w.e.f. 30th January 2024

Board Architecture

Structured to balance expertise across various domains, the Board consists of a diverse mix of members - 7 Independent Directors, 1 Non-Executive and Non-Independent Director, and 2 Executive Directors - with a broad range of experience and skills. This composition ensures varied perspectives in decision-making processes, thereby enhancing the strategic direction and management of the Bank. The Board is supported by several specialised Board-level Committees and Board-delegated Committees, each tasked with focused oversight in their respective areas. This structure enables the Board to efficiently address complex challenges and opportunities, uphold transparency, and maintain regulatory compliance.

Board of Directors	Tasked with guiding the long-term strategic direction of the business, enhancing shareholder value, and safeguarding the interests of all stakeholders.
Board Committees	Supervise specific operational domains, offering insights and recommendations derived from specialised expertise.
Management	Enforces established policies and protocols, overseeing daily operational activities and management.

SDGs Impacted

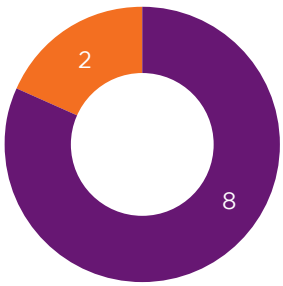


Governance Material Issues

- Product Innovation
- Economic Performance of the Bank
- Cybersecurity
- Data Privacy
- Compliance
- Brand and Reputation Management
- Ethical Business Practices
- Customer Satisfaction

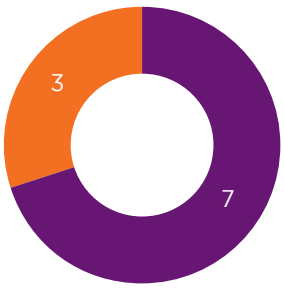
Board Demographics*

Board Diversity



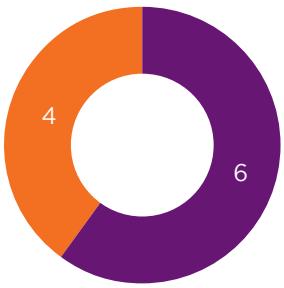
- Male
- Female

Board Independence



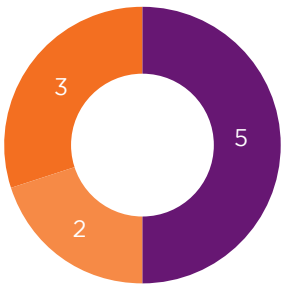
- Independent Directors
- Non-Independent Directors

Board Experience



- >35 years
- 25-35 years

Board Age Profile



- >65 years
- 61-65 years
- <60 years

Policies

The Bank is committed to the highest ethical standards in all its business dealings, guided by the foundational value system known as 'AU Dharma'. The Bank's governance policies provide a robust framework designed to realise its governance vision and ensure utmost transparency both internally and externally. These policies are reviewed and periodically updated by the Board of Directors to stay aligned with evolving regulatory requirements and best practices. This ongoing process ensures integrity and accountability across all levels of operation, ensuring that every business transaction reflects the Bank's strong ethical foundation. You can access and review the Secretarial Policies at https://www.aubank.in/investors/secretarial-policies and the Notice Board at https://www.aubank.in/notice-board.

Code of Conduct

The Bank is committed to the highest standards of ethical conduct and integrity in its business operations. The Code of Conduct for employees establishes the principles and expectations for behaviour and professionalism by all employees, officers, and partners associated with the Bank - serving as a guide to ensure that the Bank's activities are aligned with corporate values and legal obligations, promoting a culture of honesty, integrity, transparency and accountability. Read more about the Code of Conduct at https://t.ly/dC6cD.

Note: To know more about Corporate Governance Practices of Bank, please refer Report on Corporate Governance of this Annual Report.

**As on 1st April 2024*

BOARD OF DIRECTORS



Standing (left to right)

Mr. Uttam Tibrewal
Whole-Time Director and Deputy CEO

Mr. Kamlesh Shivji Vikamsey
Independent Director

Mr. Sanjay Agarwal
Founder, Managing Director and CEO

Sitting (left to right)

Mr. Pushpinder Singh
Independent Director

Mr. H. R. Khan
Chairman and Independent Director



Standing (left to right)

Mr. Divya Sehgal
Non-Executive
Non-Independent Director

Mr. V. G. Kannan
Independent Director

Ms. Malini Thadani
Independent Director

Sitting (left to right)

Professor M S Sriram
Independent Director

Ms. Kavita Venugopal
Independent Director

LEADERSHIP TEAM



Sanjay Agarwal
Founder, MD & CEO



Uttam Tibrewal
Executive Director &
Deputy CEO



Rajeev Yadav
Deputy CEO



Vimal Jain
Chief Financial Officer



Yogesh Jain
Chief Operating Officer



Deepak Jain
Chief Risk Officer



Ashok Kumar Khandelwal
Chief Compliance Officer



Vinay Vaish
Head of Internal Audit



Farhan Ahmed
Chief Vigilance Officer



Manmohan Parnami
Company Secretary



Bhaskar Vittal Karkera
Head of Retail Assets



Rishi Dhariwal
Business Strategy Officer



Manoj Tibrewal
Head of Customer Experience



Vivek Tripathi
Head of Commercial Banking



Mayank Markanday
Head of Digital Bank AU0101



Shoorveer Singh Shekhawat
Head of Urban & Swadesh Banking, Government Business and Wholesale Deposits



Amit Mathur
Head of Credit - Commercial Banking



Vaman Ramesh Kamat
Head of Credit - Retail



Ankur Tripathi
Chief Information Officer



Vivek Tripathi
Head of Human Resources

A Bank for Generations: Empowering Dreams of Aspiring भारत



Sanjay Agarwal
Founder, MD & CEO

Our Esteemed Stakeholders,

Namaskar!

As we celebrate the 7th anniversary of our Bank, I am really proud to reflect on our journey—a transformative saga that mirrors the relentless and nurturing flow of a mighty river, reshaping the landscape it traverses. Our seventh year has been particularly momentous, marked by strategic expansions and robust foundational growth that have prepared us to navigate the future with confidence and clarity.

Over these years, we have meticulously planned each step of our evolution, ensuring that our growth is not only sustained but also strong against the vagaries of socio-economic fluctuations. We are committed to being a sustainable and stable 'Forever Bank,' building a legacy that stands the test of time and significantly contributes to the nation's growth and prosperity of communities.

Over the last seven years, our journey has been nothing short of a roller coaster ride, filled with challenges and opportunities. The last fiscal year was no different, presenting its unique set of trials and prospects. As we continue to evolve, our experience and learnings have honed our ability to respond to challenges with firmness and agility. We are not just better at navigating obstacles; we are mastering them. Our approach to seizing and leveraging opportunities has also advanced, enabling us to maximise benefits for the Bank. With refined operations and strategically aligned

"क्या कहता है परिंदा
खोल दो मेरे पंख को
क्योंकि अभी तो मैंने
धरती नापी है
आसमां अभी बाकी है"

long-term objectives, we are well-positioned for sustainable growth and enduring success.

As we celebrate seven years of transformative banking at AU Small Finance Bank, we reflect on a journey marked by a consistent growth and progress. Embracing the idea that the journey matters as much as the destination, we have cherished every milestone of this journey—achieving success, overcoming challenges, and learning valuable lessons. Now, with sharpened strategies and a clear vision, we are ready to embark on AU@2027, the next crucial phase in our first foundational decade, continuing our commitment to Forever Banking.

Strengthening Foundations for a Future-Ready AU Small Finance Bank

As part of our strategic move, we achieved a landmark event this year with the acquisition of Fincare Small Finance Bank. Post-acquisition, as of April 1, 2024, our combined forces have created a powerhouse in financial services with a customer base of 1.10+ Crore and 46,000+ dedicated employees across 2,383+ touchpoints in 21 states and 4 union territories. Our reach and impact now extend to every corner of India, from north to south and west to east, solidifying our presence nationwide. With a combined net worth of our Bank approaching ₹15,000 Crore and asset and deposit base each nearing ₹1 Lakh Crore, these figures stand as testaments to our strengthened capabilities and our promise of inclusivity and diversity in service. This merger not only expanded our footprint but also solidified our financial foundation, with a balance sheet surpassing ₹1.25 Lakh Crore.

Our vision is to contribute to building a robust economy that empowers every individual and strengthens the fabric of our nation.

With a broader product range already in place, the acquisition has further enriched our product suite. We are equipped to cater to a diverse range of financial needs of customers right from the lowest strata (through products like Microfinance, Small and Marginal farmer financing, etc.) to the key segments driving India's growth specially MSMEs (through products like Micro Business loans, Business Banking, Emerging enterprise financing, NBFC funding, Real Estate project financing, etc.).

We provide complex financial solutions to our business customers for their business transactions (current account solutions), trade and forex requirements, cash management services, transaction banking, etc. For personal financial needs of our customers, we have a comprehensive offering comprising of vehicle financing, home loans, gold loans, personal loans, insurance (life, health, motor, general), wealth solutions (MF, ASBA/IPO, Broking services, PMS), forex etc. apart from the regular banking products for short term savings and term deposits. Our payment solution is complete with Debit and Credit cards, UPI QR, FASTag, BBPS, NEFT, RTGS, IMPS, etc.

We serve our customers through multiple channels which include not only our physical touchpoints and feet on street but also our well accepted digital channels viz. our mobile apps AU0101 and Business App, Video Banking, WhatsApp Banking, Chatbot and IVR. That is why our Bank is now a complete Bank.

FY 2023-24 marked a significant milestone in our history with the amalgamation of Fincare SFB, first in the SFB space and being viewed among the quickest mergers. This event stands as a testament to the confidence placed in us by both our regulators and the stakeholders of Fincare.

With an enhanced geographic footprint that ensures our presence in every corner of the country with both body and soul and a comprehensive suite of financial products, we have fortified our commitment to serving every segment of society. Additionally, our skilled and robust workforce propels us forward, truly defining what it means to be a Complete Bank.

Operational Excellence: Driven with Vision and Impact

Let me share our financial performance which is a testament to our strategic vision, and dedicated execution, showcasing our strong commitment to you, our valued stakeholders.

Last year as well, global headwinds, particularly in the form of inflation and high interest rates, posed significant challenges and impacted our cost of funds by ~85 basis points. We were not able to pass on the impact of higher cost of funds as our customer base comprise largely of the bottom of pyramid borrower and also, due to a major proportion of book being at fixed rate, repricing was limited, resulting in further pressure on our margins.

Further, in recent years, we also made strategic investments in technology enhancements, covering both essential operational activities and newer offerings such as our credit card products, video banking, QR codes, and the upgraded AU0101.

Last two years also witnessed unprecedented focus of regulators towards strengthening financial system resilience and stability,

Key Financial Indicators

Deposits	
6 years CAGR for total deposits (FY18 to FY24)	~50%
Deposits growth in last one year (FY24)	26%
Retail Deposits % (CASA + Retail TD/Total Deposits)	64%
Retail Deposits + Bulk Non-callable TD %	79%
Assets	
6 years CAGR for AUM	31%
AUM growth in last one year (FY24)	28%
GNPA %	1.67%
NNPA %	0.55%
PCR %	76%
Liquidity & Profitability	
CD Ratio	84%
Liquidity Coverage Ratio	115%
RoA	1.6%
RoE	13.5%

Figures are, as on 31 March 2024/for FY24; excluding exceptional item

leading to stringent compliance practices with rigorous supervision and enforcement, keeping the system alarmed.

All the above factors converged in the last year leading to a dip in our Return on Assets (RoA), which we still managed to maintain at 1.6% (excluding exceptional items). We believe this situation will improve over the next 2-3 years as the interest rate cycle eases and the benefits of our investments start to materialise. We are proud of and believe these are prudent investments and essential for our platform with a long-term vision.

In spite of these challenges, there have been several accomplishments visible in the above mentioned numbers. These are not just figures; they reflect our strategic planning, collective efforts, and the trust you have placed in us, underscoring our commitment to fostering long-term growth. We are not merely navigating the financial landscape; we are actively shaping it. Our focus remains on driving sustainable growth, fostering innovation, and delivering exceptional value to our stakeholders. Looking ahead, we are committed to maintaining our path of excellence, ensuring that AU continues to be a pillar of strength and a leader in the financial sector.

We want our stakeholders to recognise the significant trust and confidence that regulatory bodies have placed in us, even during challenging times. This trust is evident through several key achievements: the rapid approval of our merger within just 4.5 months,

the successful completion of three Annual Financial Inspections (AFI), the granting of the AD-1 licence, the extension of executive terms (for MD & CEO and ED) for consecutive periods, and our likely fitment with the recently released guidelines for transitioning to a Universal Bank. These milestones highlight the transparency and integrity of our operations, underscoring our commitment to building a Forever Bank.

Throughout our journey, we have meticulously refined every aspect of our operations. This includes enhancing product offerings, delivery mechanisms and, distribution channels. We understand the importance of risk management for a sustainable growth. We are equally focused on continuously strengthening our risk management practices and have put in place robust internal controls and review mechanisms. We have independent verticals for risk management, internal audit, compliance and vigilance. We are constantly upgrading our systems for cybersecurity and customer complaint handling and providing the best banking experience to our customers.

These efforts have resulted in a process-oriented, future-ready structure that positions us well for ongoing success. After years of dedication and hard work, we are now beginning to realise the benefits of our consistent efforts. Our strategic planning and decisive actions have set a solid foundation, and we are confident that we will continue to achieve outstanding results as we move forward.



Mr. Sanjay Agarwal at the Global Fintech Fest 2023, Mumbai

Leveraging Technology to Remain Future-ready

We have invested in building a strong, robust, and scalable technology stack, which has enabled us in our journey to build a deposit focused, low-cost retail franchise. We have been continuously executing on clearly defined tech priorities across digital stack, data stack, core tech and Infra, cybersecurity and people. It is very satisfying to see our strategic investment in tech over the years has made us a tech-led Bank.

- **Building a Full-stack Digital Bank -** Focused on building trust through Convenience, Speed, Security, Flexibility, Availability and Customer obsession, we have built a suite of digital offerings that leverage our highly scalable and robust tech stack. AU0101 – our flagship digital offering with more than 200 services for our retail customers is now being used by more than 3 Million customers. Adoption of AU0101 is further enhanced by wholistic offerings around Wealth, Insurance and Credit Card. This year, we rolled out AU0101 Business for our merchant customers. We are very confident that AU0101 business will turn out to be preferred digital platform for our current account customers. We take pride in being industry leaders in Video Banking space. Approximately 40% of the total customer acquisition now is done digitally through AU0101 and Video Banking
- **Digitisation and Automation to Build Operating Efficiency -** We have built digital apps for customer onboarding and servicing for our customers in assisted mode through our branches. This year, we migrated our Wheels onboarding journey to a completely digital, paperless

workflow platform built on Salesforce with entire business rule engine being powered by FICO. This has given us more than 15% operational efficiency on an immediate basis. FICO's decisioning platform is now helping us underwrite more than 30% two-wheeler loans in an STP mode.

- **Next-gen Data Lake to Drive Personalisation and Cross-sell -** We have worked extensively on building data capabilities, which are leveraged to drive customer delight, through enhanced product recommendations across asset and liability products.
- **Enhancing our Core Tech Capabilities -** We are constantly upgrading our tech stack to meet the Bank's digital aspirations. Last year, we upgraded our core banking system (Oracle - Flexcube) to the latest version. This year, we enhanced our data centre infrastructure by migrating physical DC and DR to a new location and consolidating various data centre infra. We also modernised our digital stack by making it cloud native and migrated AU0101 to cloud.
- **Enhancing Cybersecurity -** Cybersecurity remains our key focus area and we have been investing in best-in-class tools and services including implementation of defense in depth. We also achieved PCI – DSS certification this year which is a major testimony to various cybersecurity controls and processes that we have implemented.

We as a Bank are on the right track in terms of building one of the finest technology-driven bank in the country. Our merger with Fincare Bank has given significant boost to our overall tech capabilities. I believe our customer facing digital properties built on world-class platforms like Salesforce, Oracle, Fiserv, FICO, etc. merged with unique in-house talent built at Fincare will add complementing skillset and make a very strong technology unit.

Pioneering Governance with Seasoned Leadership

We are privileged to have a robust and stable Board guiding us. I am delighted to welcome H.R. Khan sir, as our Chairman of the Board and Mr. Divya Sehgal as a new Board member. Our governance framework has been further strengthened with an eight-member Board, seven of who are Independent Directors. I also want to express my sincere gratitude to RV Verma sir, our former Chairman for his extensive expertise and leadership, which greatly enhanced our governance. The baton of excellence and commitment he upheld will now be seamlessly passed on to H.R. Khan sir, ensuring the continued success and stability of our organisation.

We also extend a warm welcome to Mr. Rajeev Yadav as our Deputy CEO, who led Fincare SFB as MD & CEO. His leadership and expertise will be invaluable as he manages Fincare unit as part of integration of the Fincare unit with AU and spearheads IT and Tech initiatives at AU SFB. We are confident that his contributions will significantly bolster our journey towards becoming a premier technology-driven retail banking leader.

We, at AU, have always believed that good governance is the cornerstone to building trust with our investors, customers, employees, and regulators. Our strong governance framework is designed on having right culture, empathy, integrity, ethics and responsibility in our action that has helped us to become a credible Bank.

Investing in People: Progressive HR Practices at AU

We are committed to creating a Bank for all, a Bank that is built to endure through the ages, a beacon for all the generations. I personally believe that no institution can thrive without its people, as they are fundamental to success of the organisation. We unlock their potential by offering them challenging roles and implementing comprehensive plans for their training and development from the moment individuals apply for a position until their retirement or departure from the organisation.

Over the years, our commitment to prioritising people has not only enhanced our internal culture but also propelled our workforce growth significantly, from 8,000+ to 46,000+ employees by FY24. Our management team boasts an average tenure of approximately 10 years, showcasing the longevity and stability of our leadership. We take pride in nurturing homegrown talent, with many leaders who have been integral since our Bank's inception. We have established a distinctive organisational structure



Mr. Sanjay Agarwal interacting with the HR team

46,000+

Total workforce

designed to facilitate and support succession planning. The Bank has also formed several high potential employees groups to foster a targeted approach to succession planning and focused development of successors. Our Talent Management team has implemented focused initiatives to retain top talent and enhance longevity of employees.

Diversity is integral to our success, bringing varied perspectives and enhancing our collective journey forward. We cultivate and promote an inclusive environment that celebrates diversity in thoughts, regions, education, age, gender, and beyond, weaving our culture into a cohesive thread. Our workforce comprises of skilled professionals from prestigious institutions such as IIMs, IITs, NITs, CA, CS, and others. Through our industry-leading people practices, we consistently attract talent from a wide range of industries and multinational companies. Notably, our female employee representation has grown to around ~10% as of FY24, and we have also created opportunities for specially-abled employees within our workforce.

As MD & CEO, nurturing a culture of care and progressive HR practices is my foremost priority. The well-being and family welfare of our employees are paramount, and we remain steadfast in our dedication to this cause. We are dedicated to empowering our team members through innovative initiatives like menstrual leave; which offers additional leave to women employees, our PCS (Prevention, Cure, Security) Programme; providing assistance to employees and their families, AU Forever Pass; ensuring assurance of rejoining opportunities and many more initiatives. Our ESOP scheme has enabled employees at every level to build wealth. These industry-leading practices exemplify our commitment to our workforce's well-being and support.

Whatever initiatives we are taking for employees' well-being and development are being acknowledged by our people and industry. Testimony of this is that we are being recognised at Asia Pacific level three times in a row, and most recently, we have been recognised among India's Best Companies to Work in 2024 with 56th rank, surpassing 2,000 competitors.

The Bank is committed to keep evolving the people-centric initiatives and will stand as a beacon for future generations, committed to generating meaningful employment opportunities across the nation.

"True success is not defined by the scale of your business, but by the positive change you create in the lives of your employees and the broader community."

Sustainability at the Core, Eco-conscious Leadership

I personally believe that anything that is to go forever must be built on the principles of sustainability. We are sustainable by design and our journey as a Small Finance Bank (SFB) was conceived with the intent of driving financial inclusion for the unbanked and the underbanked section of the economy.

As a Bank, we believe in giving back to society which provide us resources and opportunity to build this institution. Hence, ESG is an integral part of our organisation. Our intent is to keep planet first in our thoughts and actions and to foster ethos of One Earth, One Family, One Future. Bank's efforts are 'incremental but sure' step to help bridging funding

gap to achieve India's Net Zero targets. Further, to mitigate the risk of scarcity of resources for our generations to come, we must pivot our finances towards green finance. We launched the 'Planet First – AU Green Fixed Deposit,' fully compliant with the new RBI framework that also supports climate risk mitigation. We got an overwhelming acceptance from our customers and society, and within four months of its launch, we have raised ~₹600 Crore Green Fixed Deposit. We have already allocated ~₹120 Crore towards projects focused on renewable energy, clean transportation, and related green initiatives. We are currently in the process of deploying the remaining funds into additional green initiatives.

Owing to key strategic focus on ESG, we have been rated by multiple sustainability rating platforms. Sustainalytics rated us 'Low ESG Risk' (one of few Indian banks to achieve a low ESG risk); MSCI ESG rated us as AA; and continuously improving on DJSI, CDP and other platforms. These ratings are conformity evidence of our continued focus on sustainability drive across the Bank. Sustainability will remain a key focus area for our business.

Stepping Ahead Towards Empowering भारत

In the tapestry of AU Small Finance Bank's ethos, a golden thread of social responsibility weaves through every fiber. Our institution stands not merely as a financial entity, but as a catalyst for community transformation. We envision our role as custodians of progress, dedicated to cultivating a landscape where every individual can flourish and contribute to our nation's vibrant mosaic.

In our efforts to consistently reach the unreachable, we spearhead transformative change through impactful flagship and strategic initiatives since 2018.

Our comprehensive approach illuminates paths to progress for underprivileged communities, fostering empowerment, equality, and sustainable development. By addressing crucial societal pillars - education, women's empowerment, sports, livelihood, healthcare and others - we catalyse holistic growth.

Our AU Ignite skill training programme marks a significant milestone, celebrating five years of dedicated efforts in empowering over 21,540 individuals, achieving a commendable 78% placement rate. By equipping youth with job-related skills, we have not only enhanced employability but also catalysed economic growth at the grassroots level, fostering a cycle of progress and prosperity of भारत.



21,540

Individuals empowered by AU Ignite skills training program

AU उद्योगिनी
आत्मनिर्भरता से बदलाव तक

AU Udyogini was recognised as the "Most Impactful Women Employment Initiative of the Year" at the Indian CSR Awards, 2023

Our commitment to women's empowerment is exemplified by AU Udyogini, recognised as the '**Most Impactful Women Employment Initiative of the Year**' at the Indian CSR Awards, 2023. This programme has equipped over 2,500 rural women with entrepreneurial skills, providing a robust foundation for their financial independence and families growth.

As a Bank, deeply committed to promoting sports, our AU Bano Champion programme passionately nurtures sports talent at grassroots. To date, we have trained over 8,100 athletes in their journey from **"मैदान से मंज़िल तक",** This initiative plays a pivotal role in preparing kids and youth for national and international acclaim, reflecting our enduring dedication to holistic community development.

These endeavours epitomise our resolute commitment to social responsibility and our firm belief in the transformative power of collaborative action. While our CSR initiatives were initially conceived in Rajasthan, they have now spread their roots across the country, embodying our vision of nationwide impact. Our trajectory, propelled by ardent dedication and guided by profound empathy, is focused on creating a more empowered and



equitable nation, touching lives far beyond our origin.

The Road Ahead for India: My Perspective

India's recent general elections, conducted seamlessly, have reinforced faith in our democracy and established a stable government that inspires market confidence. I strongly believe that India's growth trajectory will surprise the world, given the significant reforms undertaken over the past 30-35 years. With one of the highest projected GDP growth rates globally, India is on track to become a $5 Trillion economy by 2027 and a $30 Trillion economy by 2047, fuelling optimism among businesses, entrepreneurs, and citizens from all walks of life.

Over the past few decades, progressive reforms have transformed India into a land governed by the rule of law, with heightened compliance, governance, and transparency, bolstered by our growing digital capabilities. Institutions like RBI, SEBI, IRDA are playing a tremendous role in strengthening the overall financial system and the financial services industry. Key public institutions such as SIDBI, NABARD, MUDRA, NHB and LIC are playing pivotal roles in driving the nation's objectives.

India is in a robust position, with public resources and funds being deployed effectively and our rising tax collections are being productively deployed for the country's development. through Government initiatives like GST, RERA, and the PLI scheme have significantly streamlined business operations and accelerated economic development.

In the digital arena, India is a frontrunner, positioning itself as the tech leader of the world. Starting with proficiency in IT services a few decades ago, India took advantage of cheap data and mobile penetration, built India stack, start-up ecosystem, payment infra and have now reached a stage of data led credit disbursal, democratised digital public infra and are already using AI and ML applications for last-mile penetration.

Post-COVID, India has emerged as a critical component in the global supply chain. The MSME sector is carving out its niche, significantly contributing to the nation's growth. Measures taken by the Government to formalise the MSMEs and create an ecosystem for them has seen good success such as Udyam registration, GST, TReDS financing.

India's capital market is poised for long-term expansion, thereby enabling mobilisation of savings from households and institutions for capital formation. Rise of the capital markets is helping to allocate resources efficiently, improving corporate governance by enhancing transparency and accountability.

India has the largest youth population in the world which is increasingly contributing to the economic development of India. People have become aware about their own well-being which has created, lot of commitment and confidence towards our collective future.

Despite last year's global geopolitical and macroeconomic challenges, India effectively managed the high inflation and high-interest regime and at the



same time maintained its growth momentum. Real GDP growth in the past three years have averaged 8.3% annually, the highest in the world. The performance of the Indian economy in recent years highlights its historical resilience.

The Reserve Bank of India has made progress in lowering inflation after introducing its medium-term inflation target band in February 2015. Inflation has generally remained within the central bank's 2%-6% range in recent years, burnishing its record of inflation management. As of April 2024, inflation has also fallen back to within its target range, after a period of high price pressures in 2022. Sustained deceleration in price growth has allowed the central bank to conclude its monetary tightening campaign. We expect a moderately easier monetary policy stance before the end of fiscal 2025.

Strong revenue gains have helped India's fiscal consolidation. For the interim budget of fiscal 2025, the central government has planned for a deficit of 5.1% followed by 4.5% for fiscal 2026. After a wait of 14 years, global rating agency S&P Global, revised India's sovereign rating outlook to 'positive' from 'stable' in India's robust growth and rising quality of government spend.

The moderation in trade deficit alongside sustained buoyancy in services exports and remittances have led to current account surplus in Q4 FY24, for the first time since April-June 2021. Current account deficits are likely to remain small over the next few years while domestic demand stabilises and the weaker Rupee boosts competitiveness. The inclusion of Indian government securities in the JP Morgan Global Bond Index - Emerging Markets from June 2024 and in the Bloomberg Emerging Market Local Currency Government Index from January 2025 also augurs well for the outlook for debt capital flows to India.

Domestic regulatory initiatives continue to focus on the resilience of financial intermediaries, bolstering efficiency within financial markets, implementing global best practices, streamlining, regulatory compliance processes and enhancing customer protection measures. Regulators are consolidating the gains of the past while remaining vigilant in monitoring and adapting to the evolving financial landscape and making the financial system future-ready.

Crafting Way Forward

These developments invigorate us and our entire team, propelling us to contribute to India's growth through our exemplary banking platform. Our current market share is ~0.5% of total industry advances and 0.4% of total industry deposits thereby, providing us significant room for expansion. We are confident that our platform stands out as one of the most regulated, compliant, trusted, and powerful resource for the broader public good. Leveraging these strengths, our Bank is ideally positioned to take advantage of these opportunities. India's rise as a global leader perfectly aligns with our strategic vision, allowing us to build on these solid foundations and drive our future expansion. We foresee significant growth potential in our Balance Sheet, aiming for a CAGR of ~25% over the next three years.

Despite the challenges we faced last year, our performance was notably positive and optimistic.

We are focusing on making our liability franchise profitable at the branch level, particularly as branches mature in two to three years of vintage through a balanced mix of low-cost (Current Accounts and Savings Accounts) and bulk deposits, cross-selling and generating fee income from third-party products. We are recalibrating our portfolio mix towards higher-RoA assets



Bank branch at Koramangala, Bengaluru

(Wheels, MBL, etc.) to enhance profitability. Our strategic investments in technology and the credit card business have positioned us as a market leader and we will continue to optimise our core digital platform, ensuring that future investments further enhance its capabilities and improve cost-efficiency in customer acquisition. We remain committed to upholding high standards in our asset quality.

Most importantly, with your continued support and blessings, we are thoroughly assessing the guidelines for transitioning into a Universal Bank, with plans to apply under the guidance of our Board. This strategic evolution will pave the way for our future growth, enhance our brand presence, wider acceptance, reduce regulatory constraints, and improve operational efficiency.

In conclusion, I want to assure you that we are in a strong and stable position. We have meticulously built a robust foundation to create a Bank for generations—a 'Forever Bank'. Every decision and strategic move have been thoughtfully planned and executed by subject matter expert, always prioritising long-term business sustainability over short-term gains and we remain confident in our path forward.

"As the MD & CEO, and the custodian of your trust, I am committed to steering AU Small Finance Bank as the most reliable, well-governed, process-oriented, operationally proficient, and technologically advanced ethical organisation, supported by the best talent pool. We are striving for perfection in every field to achieve excellence. Let us be inspired by the words of Vince Lombardi: "Perfection is not attainable, but if we chase perfection, we can catch excellence." Together, we will reach remarkable milestones and build a legacy of lasting success for all our stakeholders."

Warm regards,

Sanjay Agarwal
Founder, MD & CEO

Banking on Aspirations



Uttam Tibrewal
Executive Director and Deputy CEO

Dear Stakeholders,

Namaskar!

"I am pleased to share our performance and achievements over a momentous year. We continue to march ahead in our forever journey by strengthening our commitment to building 'भारत' and expanding our world-class banking services internationally, solidifying our journey with an even stronger foundation."

More importantly, we remain true to our founding principles of providing security, building trust, compliance orientation, and maintaining strong governance ecosystems in India's evolving banking and financial services landscape.

With the global economy continuing to face multiple challenges such as rising commodity prices, geopolitical tensions and sustained inflation, Indian economy continues to stands tall - a symbol of strength. During FY 2023-24, India remained the fastest-growing major economy and well-positioned to become a $5 Trillion economy by 2027. Further, despite a higher interest rate environment, credit growth was at 16% while deposits growth was at 14%, which reflects an overall positive consumer and investor sentiment.

Banking on भारत

The banking system, being the bedrock of the economy, is poised to embrace tremendous growth opportunities over the next few years. Being a firm believer in the India growth story, we see potential upside coming from the largest youth demography and the fact that more than 60% of population resides in semi-urban and rural areas – where we see an ample scope for financial inclusion and expansion of banking services. By catering to these underserved and unserved segments of society, we are driving shared prosperity across the nation while paving our own growth path.

Merger with Fincare SFB

Our merger with Fincare Small Finance Bank underscores our commitment to financial inclusion across India, solidifying our position as a comprehensive bank. This merger enhances our presence in South India, resulting in a combined customer base of approximately 1.1 Crore and a dedicated workforce of over 46,000 employees. With 2,383 touchpoints across 21 states and 4 union territories, we now have a true pan-India footprint offering a full spectrum of products and services. The merger sharpens our focus on semi-urban and rural markets, which account for over 70% of our touchpoints, and strengthens our book value, margins, and Return on Assets (RoA).

Enabling Transactions Beyond Borders

The Bank obtained the Authorised Dealer Category I (AD-I) licence from the RBI, allowing us to conduct a wide range of foreign exchange transactions. The Bank launched 'AU Remit' and 'AU DigiTrade' platforms, tailored to serve the distinct needs

of Retail and MSME customers. 'AU Remit' redefines the process of performing international fund transfers under the Liberalised Remittance Scheme (LRS) for Non-Resident Indians and domestic clients. Similarly, 'AU DigiTrade' provides MSMEs with robust tools for managing trade finance and forex services, facilitating everything from export finance to digital transaction tracking.

Innovative, Industry-first Solutions

The Bank launched the AU SPONT Rupay Credit Card which enables users to seamlessly link the card to their preferred UPI application, thereby facilitating convenient payments. Our NOMO (No Missing Out) credit card is designed for users who may not meet the criteria for unsecured credit cards. Further, we launched ATM Insurance, which enables our customers to buy insurance through our ATMs with their debit card – an industry first innovation that we have patented. In addition, we launched WhatsApp Insurance where our customers can get a policy instantly using the platform.

AU@2027: A Vision for the Future

As we chart our course for the next three years, a central pillar of our strategy is to increase the disbursement share of high ROA, high-yielding assets, such as vehicle loans, micro business loans, and microfinance. These segments are expected to constitute approximately 75% of our portfolio by 2027, up from the current 70%. This expansion is supported by our increased distribution capabilities, enhanced branch banking profitability, calibrated investment and deeper penetration into geographies, enabling us to tap into a broader market base.

Concurrently, optimising branch profitability remains a primary focus. We aim to strengthen our current account base to atleast 7.5% of deposits from the present 5% and maximise all asset verticals, including credit cards, wealth management, and commercial banking, to boost branch-level profitability. This objective is pivotal as we target to achieve profitability in approximately 65% of our branches (as of December 2023) by 2027.

Further, our investment strategy is undergoing a calibration. With a solid digital platform already in place, future investments will concentrate on maximising its potential rather than expanding it. This approach extends to our credit card business where we plan to maintain issuance levels akin to FY 2023-24 to manage acquisition costs effectively, while increasing the proportion of cards sourced through branches. This, combined with the maintenance of a healthy CASA ratio and prudent credit disbursement, positions us well for sustainable growth.

In Conclusion

The Indian economy is estimated to grow by 7%, backed by above average monsoon and a revival in rural demand. The Indian financial sector, overall, has been stable and resilient, as reflected in the improved performance of banks, improved cost-deposit ratio and enhanced capital buffers. We are excited about the potential that lies ahead.

259

Urban branches as on March 2024, as compared to 98 as on March 2020

I extend my deepest gratitude to our employees, customers, shareholders, regulators, and other stakeholders for your continued trust and support.

Together, we are firmly on course in our forever journey.

"The only limit to your impact is your imagination and commitment."

– Tony Robbins

Warm regards,

Uttam Tibrewal
Executive Director and Deputy CEO

AU ivy

Redefining Exclusivity



AU SMALL FINANCE BANK

An ultra-premium **Savings Account** curated especially for you!

- No **Extra Charges#** on International Transactions with Debit Card
- Up to **7.25% p.a.*** Interest with Monthly Interest Payment
- Complimentary **Taj Epicure Preferred** Membership
- Artfully Crafted **Metal Card** with Exclusive Offers

AU ivy

To express interest for this 'invite-only' program, talk to us today.

*Applicable for select slabs. For latest rates visit www.aubank.in. Rates are subject to change at sole discretion of AU Small Finance Bank. #The exchange rate used will be the VISA Card wholesale exchange rate prevailing at the time of transaction. T&C apply.

Optimising Resources for Sustained Growth

Inputs

F Financial Capital

- Deposits **₹87,182 Crore**
- Equity **₹12,560 Crore**
- Advances **₹73,999 Crore**
- Investments **₹27,133 Crore**

M Manufactured Capital

- Touchpoints **1,074**
- No. of ATMs **511**

I Intellectual Capital

- Digital initiatives and systems
- Brand reputation
- Innovation in new business models
- Automation of processes
- AU0101 app

H Human Capital

- Employees **29,738**
- Women employees **2,779**
- Average training hours **31.62**

S Social and Relationship Capital

- CSR expenditure **₹23.12 Crore**
- Strategic CSR Projects **3** (AU Ignite, AU Udyogini and Bano Champion)
- No. of implementing partners **14**

N Natural Capital

- Energy consumed **90,809.54 GJ**
- Financing for renewable energy under PM-KUSUM Yojana **118MW**



Our Key Relationships

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

Our Value Enablers

- Strong Culture – Responsible Entrepreneurship, Integrity, and Governance
- Strong execution capability
- Deep knowledge and understanding of segments, customers and markets
- Empowered team
- Extensive direct distribution pan-India
- Growing deposit franchise
- Comprehensive digital solutions
- Access to growth capital

Our Objectives

Build a credible, trustworthy 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

Outputs

8.28 Lakh
New liability accounts opened in FY 2023-24

49.4 Lakh
Total customers

9.6 Lakh
Credit cards live

18,000+
Housing Loans financed in FY 2023-24

54,000+
Micro Business Loans (MBL) financed in FY 2023-24

Outcomes

F
- Revenue **₹12,301 Crore**
- ROE **13.5%***
- EPS **₹24 per share***
- NIM **5.4%**
- NII **5.2%**

**Excluding exceptional item for RoE and EPS*

M
- Expanded physical presence
- Pan-India presence post merger - total **2,383** touch points

I
- New customers acquired through digital products **2,84,358**
- Launched Merchant app
- Processes automation
- Financial literacy camps **2,081**

H
- Increase in women employees **18.10%**
- Employee Happiness Index **91%**

S
- CSR beneficiaries **3,95,196** (covering AU Ignite, AU Udyogini and Bano Champion)
- Women empowered and income generated **₹2.15 Crore**

N
- Scope 1 emissions **316.76 MT**
- Scope 2 emissions **16,840.9 MT**
- Total emission intensity **0.58 Tonnes per FTE** (Scope 1 and Scope 2)

Recalibrating for 2027

At AU Small Finance Bank, we have envisioned a strategic roadmap aimed at achieving higher profitability by establishing clear strategic objectives for the next three years.



Our Enablers

Vintaged Higher RoA Businesses

Our Wheels, MBL, and Fincare businesses have consistently delivered high Return on Assets (RoA). This robust performance instills confidence in our ability to sustain and further accelerate the growth of these businesses.

Pan-India Network and Cost Synergies

With 2,383 touchpoints across India post-merger, we have established a pan-India network. The merger will also lead to reduction in incremental cost of funds for the Fincare unit.

Through the Cycles Track Record

We have a consistent track record of maintaining underwriting standards with continued focus on strong financial practices through various business cycles.

Complete Product Suite for Cross-Sell

Our efforts are directed towards growing the share of Current Accounts supported by our AD-I licence and cross-selling more products to our existing customers - Insurance, Wealth Management, Credit Cards, Transaction Banking and Business Banking.

Newer Initiatives Have Scaled

Our newer initiatives have successfully scaled, allowing us to control variable costs in new businesses. Additionally, higher sourcing through branches will help in reducing acquisition costs.

Realigning Portfolio Mix

Focus Areas

We aim to focus our growth efforts on high Return on Assets (RoA) businesses such as Vehicle Financing (Wheels), Micro Business loans (MBL), and Microfinance.

Approach

We intend to increase the share of, high RoA businesses from ~70% to 72-75% over next 3 years. This strategic adjustment involves enhancing product offerings and leveraging technology to improve service delivery and customer satisfaction in these key areas.





Doorstep services to MBL customers



Focus on Branch Banking Profitability

Focus Areas

We aim to enhance the profitability of our branch banking by leveraging branches as the primary channel for origination and growing the current account business. We intend to make 65% of our branches that are live as on December 2023, profitable by March 2027.

Approach

The Bank aims to grow current account deposits to ~7.5% by March 2027. We will leverage our commercial banking and AD-I opportunities, particularly focusing on EXIM accounts.

We are also prioritising the cross-selling of wealth management, insurance, and credit card products to our branch banking customers. This is supported by aligning branch expansion plans with cost optimisation strategies, where no new branches are planned for FY 2024-25, and an addition of 80-100 branches is projected between FY 2025-26 and FY 2026-27. This controlled growth is set against the backdrop of building out higher balances from existing urban branches. This dual focus on customer deepening and operational efficiency is designed to sustainably grow branch profitability.

Leveraging Merger Benefits and Synergies

Focus Areas

The merger is strategically focused on leveraging synergies across assets, liabilities, and control functions. Key areas include:

- Extending AU's deposit and asset products to Fincare's branches.
- Centralising critical control functions like credit, audit, risk management, and compliance.
- Extending microfinance and other Fincare products at select AU's branches.

Approach

This merger aims to enhance our geographic reach into South India, promoting a seamless distribution network for our products over the next three years. It promises to be accretive to both RoA and book value, focusing on high-RoA businesses that are expected to increase disbursement yield. The merger aims to boost lending to the Small and Marginal Farmer (SMF) segment in particular.

Additionally, the Bank anticipates compelling synergy potential in deposits, asset cross sell, technology, and scale-driven efficiencies. Overall, cost synergies are anticipated post-complete integration, streamlining operations and enhancing profitability.

Investment Calibration

Focus Areas

We have identified several key areas for investment recalibration to enhance our profitability. These include Credit Cards, QR Codes, Video Banking and other digital initiatives.

Approach

The Bank has no significant new investments envisaged over the next 3 years. We are moderating the growth of credit card issuances to effectively manage acquisition costs. We are also aligning QR code merchant sourcing with branch banking strategies to deepen current account penetration, enhancing customer integration and service accessibility.

Furthermore, there is also a dedicated focus on optimising video banking - transforming it to act as a channel for liabilities and customer acquisition. Ongoing developments in digital initiatives continue as part of the business-as-usual (BAU) activities, aimed at strengthening digital penetration and enhancing customer acquisition.

Maintaining Best-in-Class Asset Quality

Focus Areas

We strive to preserve pristine asset quality for vintage businesses, ensuring high risk-adjusted returns. Additionally, there is a strong emphasis on maintaining credit card asset quality in line with industry standards.

Approach

To achieve these objectives, the Bank employs a rigorous risk management framework that includes continuous monitoring and assessment of asset quality. The Bank also utilises advanced analytical tools to identify potential risks early and implements proactive measures to mitigate them. Regular audits and reviews are conducted to ensure adherence to the highest standards of credit assessment and asset management.

Strengthening Resilience and Relevance

We maintain a transparent and responsible approach to addressing the issues that impact our stakeholders and, in turn, impact our ability to create value for them. We proactively identify, assess, and manage these issues, aligning our responses with the strategic objectives while delivering sustained growth against an ever-evolving financial backdrop. This approach strengthens our business resilience and enhances our reputation as a trustworthy and forward-thinking financial institution.

Addressing Material Issues

ENVIRONMENT

Climate Risk

Climate is a fast-emerging risk. For the Bank, addressing physical as well as transition risk is of significance. We are in the process of implementing a comprehensive climate risk management strategy that includes risk assessment models, regular environmental impact evaluations, and strategic investment in green technologies to mitigate adverse effects on our operations.

Sustainable Operations

We actively reduce our carbon footprint by optimising energy use across all facilities, implementing green building standards, and promoting digital transactions to minimise paper usage, thereby enhancing overall environmental stewardship.

Water Conservation

We have adopted water-saving technologies and engaged in community outreach programmes to promote water conservation practices both internally and within the communities we serve.

Resource Efficiency

We emphasise resource efficiency by utilising advanced technologies to reduce waste and enhance recycling efforts. Our operations prioritise on maximising resource efficiency, minimising environmental impact, and promoting sustainability across all aspects of our business.

Our Product Offerings – Social and Climate

We provide financing for green projects, support environmental friendly enterprises, and offer products that encourage sustainable practices among our clients, contributing to broader environmental and social well-being.



SOCIAL

Diversity and Inclusion

We actively recruit from diverse demographic workforce and implement policies that promote an inclusive culture, ensuring equal opportunities for growth and development for all employees.

Corporate Social Responsibility

We invest in community development, education, and health programmes, aiming to make a positive impact on society by enriching the communities we operate in.

Employee Health and Well-being

We offer comprehensive health programmes, including wellness workshops, mental health support, and fitness facilities. We ensure a supportive work environment that promotes mental health.

Stakeholder Engagement

We value the input of customers, employees, and community members and use their feedback to inform and shape our policies and practices.

Financial and Digital Inclusion

We develop products that facilitate access to financial resources and digital banking solutions. Our initiatives aim to promote financial literacy across diverse population segments.

Employee Training and Education

We focus on upskilling and reskilling, preparing our workforce for future challenges and ensuring they remain at the forefront of the banking industry.

GOVERNANCE

Product Innovation

We continuously focus on designing new financial products that meet the evolving needs of our customers, ensuring relevance and competitiveness in the financial sector.

Economic Performance of the Bank

We implement rigorous financial management, strategic planning, and efficiency drive to deliver sustainable returns.

Cybersecurity

We regularly update our security protocols and conduct comprehensive risk assessments to safeguard against evolving cyber threats.

Data Privacy

We ensure that customer data is handled with utmost confidentiality and in compliance with global privacy standards.

Compliance

We adhere to all regulatory requirements and continually update our practices in response to new laws and regulations.

Brand and Reputation Management

We engage in community relations, customer service excellence, and transparent reporting to maintain and enhance our public image.

Ethical Business Practices

We have established a code of conduct that emphasises integrity and accountability, ensuring that all business practices are conducted fairly and ethically.

Customer Satisfaction

We actively solicit customer feedback through multiple channels and adapt our services and products to better align with their needs.



Tree Plantation by Senior Management on World Environment Day

ALL WE HAVE IS **ONE PLANET**

LET'S INVEST WHERE IT MATTERS!



*on FD tenure of 18 Months. Rates are subject to change at sole

AU SMALL FINANCE BANK

Planet First

AU GREEN FIXED DEPOSIT

An investment opportunity that not only lets you earn good returns but also lets you do your eco-karma of saving our planet for future generations.

While you do your eco-karma, you also get to earn good returns on your investment

8.50% p.a.* INTEREST FOR SENIOR CITIZENS

To know more, call

1800 1200 1200

discretion of AU Small Finance Bank. For details, visit **aubank.in**

Responsive and Responsible Collaboration

We focus on forging meaningful partnerships with our stakeholders that drive sustainable growth. We recognise the diverse perspectives and unique contributions of each stakeholder group and actively seek their insights to shape our services and strategies.

Customers



We strive to understand and meet our customers' needs, ensuring their satisfaction and loyalty.

What Do They Tell Us?

Customers provide feedback on our services, highlighting areas for improvement and expressing their expectations.

- Satisfaction with our digital platforms.
- Requests for more personalised services.
- Desire for quicker response time.

How We Responded?

In response, we have fortified our digital infrastructure, enhanced our analytical capability to introduce infrastructure, enhanced our analytical capability to introduce personalised financial products, and streamlined service turnaround times. Our dedicated customer service team now employs advanced analytics to proactively address customer needs and expedite the resolutions.

Read more on **PAGE 56**

Employees



Our employees are the backbone of our operations, and their insights are invaluable to our progress.

What Do They Tell Us?

We encourage employees to share their perspectives on workplace culture, professional development, and internal processes.

- Keenness to know the progress of the organisation, upcoming products and new initiatives.
- Feedback on internal policies and new policies we can implement.

How We Responded?

Our leadership regularly visits branches, conducts open forums and connects via webcast and digital medium to answer employee queries, foster transparency and sustain engagement.

Read more on **PAGE 62**

Regulators and Government



Our engagement with regulatory bodies and government entities is pivotal to our compliance and operational excellence.

What Do They Tell Us?

Regulators emphasise the importance of compliance, operational resilience, and the need for robust risk management practices.

- Updates on regulatory changes.
- Recommendations for enhancing data security and customer protection.
- Feedback on our compliance framework.
- Suggestions for supporting financial inclusion initiatives.

How We Responded?

We have strengthened our compliance and risk management frameworks, updated our data security protocols, and enhanced initiatives and awareness campaigns around digital frauds and customer rights. Aimed at strengthening our financial inclusion initiatives, we amalgamated Fincare SFB into the Bank.

Read more on **PAGE 68**

Investors and Shareholders



Maintaining a transparent and productive relationship with our investors and shareholders is essential for mutual trust and sustained value creation.

What Do They Tell Us?

Investors and shareholders focus on long-term value, corporate governance, and financial performance.

- Expectations for sustainable growth.
- Concerns about governance practices.
- Queries about long-term strategy of the Bank.

How We Responded?

We improved our communication processes by being more proactive and holistic in our disclosures. Additionally, our 3-year outlook and strategy for long-term profitability and growth was duly communicated with investors and shareholders.

Read more on **PAGE 70**

Partners and Associates



Our partners and associates play a crucial role in extending our market reach and enhancing our service offerings.

What Do They Tell Us?

Feedback from partners focuses on integration processes, collaboration effectiveness, and mutual growth opportunities.

- Suggestions for streamlining integration.
- Requests for more regular strategic reviews.
- Feedback on contract and negotiation processes.

How We Responded?

We optimised our partnership integration processes, established regular strategic review sessions, and streamlined our contract processes to enhance collaboration efficiency.

Read more on **PAGE 74**

Environment



Environmental responsibility is integral to our operational philosophy.

What Do They Tell Us?

Stakeholders are increasingly concerned about environmental sustainability and our role in promoting it.

- Expectations for reduced carbon footprint.
- Suggestions for sustainable practices.
- Requests for transparency in environmental impact.
- Feedback on waste management and recycling.

How We Responded?

We adopted greener technologies, implemented waste reduction programmes, enhanced our recycling efforts, and published regular reports on our environmental impact including annual sustainability report, thereby strengthening our commitment to sustainability.

Read more on **PAGE 80**

Society



We are committed to being responsible corporate citizens, positively impacting the communities we serve.

What Do They Tell Us?

Community feedback often revolves around our impact on local development, corporate responsibility, and ethical conduct.

- Interest in community development programmes.
- Concerns about misselling.
- Suggestions for more local engagement.
- Requests for support in local education and health initiatives.

How We Responded?

We launched several community development programmes, increased our focus on sales practices and transparency, and engaged more deeply with local communities through education and health initiatives, reinforcing our commitment to societal betterment.

Read more on **PAGE 84**

Customers

AU SFB was established with a vision to finance the aspirations of India's unreached and unbanked masses. We place a strong emphasis on maintaining a holistic and customer-centric approach, ensuring that every facet of customer interaction and service delivery is optimised for satisfaction and engagement. By continuously adapting and responding to their needs, we aim to enhance their journey with us and reinforce our commitment to building enduring relationships.

How Do We Engage

- AU0101 App
- Call Centre
- Doorstep Banking
- Customer Chatbot and Video Banking
- Branches

Frequency

Continuous engagement



Dedicated relationship managers for our customers

Strategy

- Realigning Portfolio Mix
- Focus on Branch Banking Profitability
- Leveraging Merger Benefits and Synergies

Material Issues

- Our Product Offerings – Social and Climate
- Financial and Digital Inclusion
- Product Innovation
- Cybersecurity
- Data Privacy
- Customer Satisfaction

Capitals

S I

UN Sustainable Development Goals

Customer Segmentation

Your Bank employs a comprehensive customer segmentation strategy that categorises customers based on geographic location, profession, and income/affluency levels. The Bank operates in core, urban, and semi-urban areas, catering to a diverse demographic that includes salaried and self-employed individuals, as well as farmers. The segmentation by income includes marginal, affluent, and mass-affluent categories, allowing the Bank to tailor its products and services to meet the varied financial needs of each group effectively. Our product suite ranges from AU Ivy for HNI customers to microfinance for marginal borrowers. In our credit card offerings, we provide a comprehensive range of products, from the Zenith Plus credit card for the affluent segment to an FD-backed card for customers with limited credit history.

Customer Engagement Strategy

The Bank engages with its customers through a variety of channels to ensure accessibility and convenience. These methods include:

- **AU0101 App:** A central digital platform for most banking services.
- **Call Centre:** Provides personalised customer service and support.
- **Doorstep Banking:** Delivers banking services directly to customers' locations, ideal for those unable to visit branches.
- **Customer Chatbot and Video Banking:** Offers real-time assistance and complex banking services through digital platforms.
- **Established Network of Branches:** Traditional in-person service locations across diverse geographic areas.

Creating Value for Customers

We provide a range of innovative financial products for our customer base. This includes our industry-first credit cards, each designed with unique features that cater to various spending behaviours, accommodating the financial preferences and lifestyles of different customer segments. Some of our credit card introductions include: ixigo-AU Co-branded Credit Card, AU SPONT Rupay Credit Card, Secured Credit Card - NOMO (No Missing Out), and the likes.

Read more on **PAGE 58**

Additionally, the AU0101 Business app serves as a financial management tool for business customers. This integrated solution combines sales tracking, payments, and credit management into a single platform, enhancing the operational efficiency of businesses. Furthermore, we have excelled in regional banking services with our Video Banking offering. This service merges convenience with personalised customer care, enabling customers to conduct detailed banking transactions remotely.

Feedback Mechanisms

The Bank has established a comprehensive feedback mechanism to address customer grievances and improve service quality. We encourage customers to report complaints through various channels, including the AU0101 app, customer chatbot, and direct calls. Each complaint is tracked and resolved promptly, with statistics on complaint resolution regularly published to ensure transparency and build customer trust. Furthermore, customer feedback drives continuous service enhancements and overall efficiency.

Customer Service Meetings at Branches

6,577
Meetings conducted during FY 2023-24

59,492
Customers attendance during these meetings



Customer interaction at Swadesh Branch.

Fit for Every Need: Credit Card Solutions

Your Bank has taken the lead in delivering innovative and customer-centric financial solutions. With a mission to cater to diverse customer segments and their aspirations, including those who do not have a documented income and credit history, the Bank launched a suite of unique Credit Card products in FY 2023-24. Each card is designed to offer a blend of financial benefits and value-added services to enhance the banking experience for different customer profiles.

₹17,500+ Crore
Spends in FY24

₹3,000+ Crore
Credit Card receivables

9.60 Lakh
Cards live

90.2%
Customers with bureau score of 740+



SPONT RuPay Credit Card

- Seamlessly links to your favourite UPI application
- 1% cashback on all transactions
- Reward COINS for UPI transactions made through AU 0101 application
- Complementary domestic airport lounge access

Key Customer Segment
Digital savvy individuals across all income brackets



ixigo-AU Co-branded Credit Card



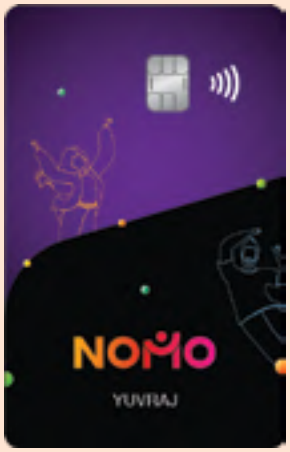
- Discounts on flights, bus & hotel bookings through the ixigo platform
- Complimentary domestic airport & railway lounge access
- Welcome Reward Points
- ixigo money on completing the 1st successful transaction

Key Customer Segment
Modern travellers

Secured Credit Card - NOMO (No Missing Out)

- Ideal for users who may not meet criteria for unsecured credit cards due to limited credit history or absence of income proof
- Reward points on card usage
- Airport lounge access
- Fuel surcharge waivers

Key Customer Segment
Individuals without a traditional credit profile



Zenith+ Super Premium Metal Credit Card

- Includes Premium Brand vouchers
- Lowest* Forex markup of 0.99%
- 30+ complimentary airport lounge visits
- 1-year Taj Epicure Membership
- Monthly Bonus Reward Points

Key Customer Segment
Individuals seeking luxury and convenience



T&C apply

Business Cashback RuPay Credit Card

- Up to 2% cashback
- Upto 48 days of interest-free credit
- Instant loan options
- Insurance coverage
- Discounts at 300+ restaurants

Key Customer Segment
Self-employed individuals and small businesses



BADLAAV
HUMSE HAI



Strengthened AU's Personalised Offerings With Our 1st Ever:



UPI Rewards Credit Card	FD-backed Secured Credit Card	Super Premium Metal Credit Card	Co-branded Credit Card

AU SMALL FINANCE BANK

A Step Closer Towards 'Sabke Liye Ek Khas Credit Card'

Being a tech-led Bank, product innovation has been our forté. This year, we've launched new products and developed innovative properties that take us one step closer to our goal. From exclusive benefits to tailored solutions, we are enhancing the experience of all our customers. Find out how AU Small Finance Bank is making Credit Cards truly special for everybody.

Refreshed Product & Introduced Engagement Touchpoints:

LIT

India's 1st customisable Credit Card

AU HEART TO CART SHOPPING FESTIVAL

Mega Offer Campaign during Festive Season

Click2Gift

Up to 40% Off on Popular Brand Vouchers

For more info, visit www.aubank.in

T&C Apply

Employees

Our approach to managing our biggest asset is rooted in nurturing potential, providing ample opportunities for learning and career growth. This is guided by insights gathered from our annual engagement survey and various communication channels, ensuring that the initiatives we implement are well-aligned with our employees' needs and preferences. To holistically support our employees, our wellness framework includes four key areas:

- Physical Wellness
- Mental and Emotional Wellness
- Financial Wellness
- Social Wellness

How Do We Engage

- Regular Training and Development Programmes
- Feedback and Suggestion Schemes
- Health and Well-being Activities
- Internal Newsletters and Communications
- Recognition and Rewards Programmes

Frequency

On-going/periodic



AU family at JPO Office, Jaipur

Strategy

- Realigning Portfolio Mix
- Focus on Branch Banking Profitability
- Leveraging Merger Benefits and Synergies
- Investment Calibration
- Maintaining Best-in-Class Asset Quality

Material Issues

- Employee Health and Well-being
- Diversity and Inclusion
- Employee Training and Education
- Ethical Business Practices

Capitals

H I S

UN Sustainable Development Goals

Physical Wellness

AU SFB believes in maintaining a healthy workforce. Our physical wellness programmes are designed to keep our employees fit and engaged, contributing to their overall productivity and well-being.

Fitness Initiatives and Events

To promote physical health and foster team spirit, we organise annual sports events that have become an eagerly anticipated highlights for our staff. To keep our employees physically active and promote healthy competition, we organise a sports festival, i.e. AU Khelotsav featuring cricket, badminton, table tennis and AU Marathon. Last year, these events saw a notable increase in engagement:

- **AU Khelotsav:** Over 3,000 employees participated, including two exclusive women's tournaments.
- **Fitness Challenges:** Activities like the 'Biggest Loser Challenge' and various running and cycling events keep our employees motivated to stay fit year-round.

Health and Wellness Support

Recognising that fitness extends beyond physical activity, we celebrate International Yoga Day with workshops across various locations, promoting mental and physical wellness. We understand that fitness is not a one-day activity but an everyday commitment, so we encourage employees to go for regular health checkups, donate blood, use stairs, etc.



Blood Donation Drive at AU office

To further support our employees, we provide:

- **Wellness App:** A wellness app available 24/7 in multiple languages, offering free medical consultations and facilitated medicine deliveries.
- **Medical Facilities:** We offer access to medical facilities, including tie-ups with renowned hospitals, ensuring comprehensive healthcare support. We have even addressed everyday needs like providing sanitary napkins in offices, providing medical rooms in offices, transportation facilities, etc.

Mental and Emotional Wellness

AU SFB recognises the unique emotional and mental needs of each employee. We aim to sufficiently support our employees' health and enhance our organisational culture.

Creating a Supportive Environment

We strive to create an atmosphere where employees feel comfortable in expressing themselves freely and openly. To this end, we:

- **Encourage** open dialogue to break stigma around mental health by conducting workshops on topics like 'Men Can Share' and 'Unconscious Bias'.
- **Regular Check-ins:** Employees are regularly contacted via email, calls, or forms to gauge their feelings about the workplace and provide an open platform for sharing concerns.



AU SFB as winners in Inter-Corporate Handball Match

Sabbatical Leaves and Flexible Working Arrangements

Understanding the importance of taking time-off, we offer

- **Sabbatical Leaves:** Employees can take time off for physical and mental well-being programmes, skill development courses, or urgent personal matters. This benefit is also extended to new mothers needing additional time-off.
- Employees can avail **pre-approved leaves on their birthdays and wedding anniversaries,** accompanied by personalised greetings.
- **Enhanced Paternity Leave:** Paternity leave is enhanced to 7 days beyond regular privilege leave to promote gender equality and enable male employees to support during childbirth.
- **Menstrual Leaves:** We provide additional pre-approved leave each month to women employees for menstrual care.



Women's Day Celebration

Promoting Well-being and Inclusivity

Our commitment to wellness and inclusivity includes:

- **World Happiness Day Celebrations:** We celebrate world happiness day by promoting employees to share joyous moments and thoughts, enhancing workplace positivity.
- **Flexible Working Hours:** Offered in select departments to provide employees with greater comfort and adaptability.
- **Celebration of Milestones:** We celebrate all occasions and achievements in the lives of our employees, whether personal or professional, such as celebrating the arrival of newborn/s, work anniversaries, etc.
- **AU Forever Pass:** High-potential employees who part ways with the Company receive this pass as a token of appreciation, symbolising our perpetual welcome.



Festive celebration at Jagatpura Office, Jaipur

Financial Wellness

AU SFB understands that financial wellness is crucial for the overall satisfaction and security of our employees. We are committed to fostering economic stability and helping our employees achieve their financial goals through comprehensive support programmes and benefits.

Compensation and Rewards

We believe that merit should be recognised and rewarded:

- **Stock Options:** We believe in acknowledging notable achievements of employees by rewarding them with stock options on milestone years and to top performers. This aligns employee growth with the Bank's success, encouraging long-term association and financial growth.
- **Annual Performance Appraisal Cycle:** We conduct thorough benchmarks against industry standards to ensure fair and competitive compensation, maintaining both external market competitiveness and internal parity.

Financial Support Programmes

To assist our employees in managing their financial needs and aspirations, we provide:

- **Special Rate Loans:** Employees have access to loans at special rates for various needs, including personal, home, and vehicle loans, ensuring they have the financial support needed without undue stress.
- **Education Assistance Programme:** We support the educational aspirations of our employees with fee reimbursements, facilitating continuous learning and career development.
- **Around 3,000 employees** took advantage of vehicle, home, and personal loans offered by AU in FY 2023-24.

Employee speak



Vikram Singh Chauhan
Sr. Credit Manager – Agri Banking Jodhpur

"I had a family medical crisis recently, and I was incredibly relieved by how quickly and smoothly the company's emergency loan came through. It was a huge relief during a stressful time, and I genuinely appreciated the straightforward and caring approach from everyone involved. It felt like the company had my back when I needed it the most."

Employee speak



Virendra Fageria
Regional Technical Manager-Mortgage Jodhpur

"I availed the personal loan under the employee benefit programme, and the experience was nothing short of exceptional. From start to finish, the process was simple. At every step, the team kept me posted about which stage my loan was at and guided the completion of the entire loan process.

It is a good initiative taken by the management. Their proactive approach not only simplified the application process but also ensured that the necessary information was readily available, making the entire experience hassle-free. Moreover, receiving the loan on time was incredibly beneficial for me personally. It provided financial support when I needed it the most."

Insurance and Emergency Support

We provide comprehensive insurance coverage for all our employees and their dependents. This includes medical, personal accident, and life insurance, ensuring that in the event of an emergency, our employees have the peace of mind knowing that they and their families are protected. This alleviates concerns about financial burdens that may arise from unexpected health issues or accidents, thereby allowing our employees to focus more on their personal and professional growth.

Social Wellness

AU SFB aims to create a supportive and inclusive environment where every employee feels valued and connected. We understand that social wellness is crucial for a healthy workplace, and we implement various initiatives to ensure our employees feel a strong sense of belonging and empowerment.

Engagement and Inclusion Programmes

We prioritise diversity and inclusion, ensuring that our workplace reflects the wide array of talents and backgrounds that our employees bring:

- **Engagement Programmes:** We conduct festival and birthday celebrations, town halls, 'Coffee with HOD' and 'Decaf' skip-level discussions, which enhance communication across all levels and foster a sense of community.
- **MD & CEO Connect Platform:** Our MD & CEO addresses the employee queries every quarter, highlighting performance of the Bank in the previous quarter and shares his vision of upcoming quarter via Reflection and Anticipation session.
- **Recognition Programmes:** We celebrate and acknowledge the hard work of our employees through SPOT awards, Value awards, and off-site events, especially recognising exceptional performances.

Talent Development and Diversity

Building a diverse and skilled workforce is a cornerstone of our strategy:

- **New Hires:** This year, we welcomed 14,000+ new employees, enhancing our capabilities across various functions and locations.



Independence Day Celebration



Milestone achievement celebration

- **Local Talent Engagement:** We emphasise on hiring local talent and provide equal opportunities regardless of gender, caste, creed, religion, or social background, ensuring a diverse and inclusive workplace.
- **Focus on Diversity:** Our Board committees guide our efforts to enhance focus on diversity, covering women, specially-abled employees, and educational backgrounds. We aspire to increase women representation to around 10% by 2025.
- **Educational Diversity:** To welcome young talented individuals, we have well-defined programmes like:
- **AURIFY:** Hiring talent from Tier-1/2 Colleges and giving them a holistic experience of department through on the job trainings and interactions with leadership team.
- **AURIC:** Giving internship opportunities to students around the globe. 120+ interns hired in the last FY.
- **AU Shine:** Making IT students Fintech ready through classroom coaching, TTT programmes and on the job projects. 50+ Students trained in the last FY.

Work-Life Balance and Well-being

We recognise the importance of balancing professional and personal life:

- **Maternity and Sabbatical Leaves:** We offer extended maternity leave and sabbatical options to women post maternity and for other medical reasons, supporting them in critical life stages.
- Our P.C.S, (Prevention, Cure, Security) initiative underscores our dedication to supporting employees during challenging times. Initially launched during the pandemic, this programme now extends to those facing terminal illness, with significant investment and coverage for affected employees and their families.

Beneficiaries

- 6 families supported in 2023-24 under P.C.S.
- 18 employees benefitted in 2023-24 under P.C.S.
- 26,000+ registrations on Medical App
- 32,000+ dependents added on Medical App



Twinning Week @AU Small Finance Bank

Safety and Accessibility

Ensuring a safe and accessible work environment is crucial for us:

- **Infrastructural Support for Specially-abled Employees:** We have enhanced our facilities with ramps, voice-activated lifts, and specialised headsets to ensure easy accessibility for all.
- **Strong Grievance Mechanism:** We have robust mechanism in line with HR compliance that allows employees especially women to raise any concerns.



Yoga Sessions at office premises

Learning and Development

Investing in our employees' growth and development is key to our success:

- **Training and Development:** With over 9,40,587 training hours logged this year, our learning programmes include e-learning, skill development workshops, and leadership development initiatives.
- **Partnerships for Development:** In collaboration with a renowned external agency, we have implemented a succession planning programme to prepare for future leadership needs.

Recognition and Certifications

Our efforts in creating an exceptional work environment have been widely recognised:

- **Employee Satisfaction and Engagement:** Our annual AU Vibes survey, conducted via an AI chatbot, scored a 91% satisfaction rate, reflecting high employee engagement and trust in leadership.

Regulators and Government

We ensure our compliance with all applicable laws and regulations and regularly engage with RBI, SEBI, other regulatory bodies and policy makers to uphold the highest standards of regulatory, legal and ethical conduct.

At AU SFB, we also facilitate a host of central, state and local government businesses, policy initiatives and implementation of various development agendas and schemes of the government. Further, we support their digital transformation by offering omni-banking channels for collections and payments, and cash management services, among others.

How Do We Engage

- Regular Meetings
- Policy Updates and Ministry Directives
- Mandatory Filings with Key Regulators

Frequency

Continuous engagement as per requirement



Launch of NCMC card for Haryana Transport, powered by AU SFB

Strategy

- Focus on Branch Banking Profitability
- Leveraging Merger Benefits and Synergies
- Maintaining Best-in-Class Asset Quality

Material Issues

- Compliance
- Cybersecurity
- Data Privacy
- Economic Performance of the Bank

Capitals

S M

UN Sustainable Development Goals

Regulatory Compliance and Oversight

The Bank is primarily regulated by the Reserve Bank of India, which oversees our banking operations, ensuring adherence to financial practices that protect customer interests and maintain market integrity. Additionally, as a publicly traded entity on the National Stock Exchange and Bombay Stock Exchange, the Bank is subject to the regulations of the Securities and Exchange Board of India (SEBI). The Bank follows the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, emphasising transparency through regular financial disclosures and reporting significant events that could impact stakeholders.

Adherence to Regulatory Requirements

We place a strong emphasis on rigorous financial disclosures and regular auditing processes to ensure transparency and accuracy in our financial reporting. Compliance extends to obtaining necessary approvals and licences for new financial products and services, including the AD-I licence for forex trading, which reflects the Bank's capability to meet regulatory requirements.

Contribution to Policy Formulation

Beyond compliance, we actively participate in the broader financial regulatory landscape by engaging with regulators and policymakers. We also contribute to policy formulation through discussions and forums that aim to shape the future of banking regulations. The Bank's efforts to train employees on compliance and regulatory matters create a culture of ethical banking and governance.

Expanding Financial Inclusion in Rural India

We engage in government initiatives that aim to provide financial services to underserved sectors of the economy. With a presence in 31% of Unbanked Rural Centres (URC), we aim to narrow the gap in financial services and fostering rural growth.

We have structured our outreach in 50 Special Focus Districts, covering 94 touchpoints in 23 Aspirational Districts, 13 Left Wing Extremist Affected Districts, 13 Hill State Districts, and 1 North Eastern Region District. By leveraging both physical and digital banking modes, we aim to enhance the financial well-being of rural communities. **Our network, comprising 81 rural branches and 253 banking outlets, serves area with populations below 10,000.**

PM Jan Dhan Yojana (PMJDY)

Under the PMJDY scheme, we have opened 4,67,400+ Basic Savings Bank Deposit Accounts (BSBDA). These accounts facilitate direct benefit transfers, ensuring timely and efficient disbursement of government benefits to beneficiaries. In FY 2023-24 alone, ₹15.5+ Crore was transferred to Aadhaar-seeded accounts.

PM SVANidhi

Supporting the livelihood of street vendors, we have facilitated microloans to over 1,200 vendors under the PM SVANidhi scheme. This initiative empowers vendors by providing them with necessary financial resources to sustain and grow their businesses.

We have also collaborated with the Reserve Bank Innovation Hub (RBiH) to digitise loan disbursements for street vendors. This digital and consent-based architecture enables seamless onboarding and quick disbursement of PM SVANidhi loans.

690
Micro-entrepreneurs

Pension Schemes

We actively promote pension schemes such as the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), and Atal Pension Yojana (APY). As of FY 2023-24, we have enrolled 1,00,800+ individuals in PMJJBY, 1,41,000+ in PMSBY, and 1,03,000+ in APY, providing crucial financial security to numerous families.

Investors and Shareholders

The Bank is backed by prominent investors who have brought invaluable financial expertise and market credibility. We regularly engage with our investors to understand their expectations while ensuring that they remain well-informed about our operational performance, strategic decisions and future direction. This ongoing engagement supports our vision of building enduring relationships with the investor community, enabling us to garner continued support in our forever journey.

How Do We Engage

- Quarterly Financial Reports, Press Releases, Results Conference Call and Investor Presentation
- Investor Conferences, Analyst Day, Investor Days, Interactions with Shareholders and Annual/ Extraordinary General Meetings

Frequency

Continuous engagements/ quarterly/annual



Investor & Analyst Meet on March 18, 2024, Mumbai

Strategy

- Realigning Portfolio Mix
- Focus on Branch Banking Profitability
- Leveraging Merger Benefits and Synergies
- Investment Calibration
- Maintaining Best-in-Class Asset Quality

Material Issues

- Economic Performance of the Bank
- Financial and Digital Inclusion
- Brand and Reputation Management

Capitals

F I

UN Sustainable Development Goals

Dividend Distribution Policy

Our dividend distribution policy is designed to ensure a balance between rewarding shareholders and retaining adequate funds for future growth, all while adhering strictly to the regulatory guidelines. The policy conforms to the stipulations of the Banking Regulation Act, 1949, RBI guidelines, and the Companies Act, 2013, alongside the SEBI regulations. This policy outlines the Bank's methodological approach to dividend declaration, placing significant emphasis on several critical factors. These include the Bank's financial performance, shareholder expectations, capital adequacy, and strategic funding requirements. This structured framework ensures a balanced and informed decision-making process concerning dividend distributions, aligning with the Bank's overarching financial objectives and shareholder commitments.

Read more about our Dividend Distribution Policy here.

Creating Long-term Investor Value

We have consistently prioritised creating value for our investors by focusing on robust financial performance and sustainable business practices. Our strategic priorities for AU@2027 outline a clear path towards achieving a higher Return on Assets (RoA). Further, the merger with Fincare SFB is a step towards enhancing our market penetration and asset base, expected to improve margins and overall return metrics.

We have also maintained a strong execution track record, which has seen a consistent growth in our deposits and advances. Our commitment to maintaining best-in-class asset quality and our strategy of focusing on secured and high-quality underwriting ensures lower credit costs and enhances earnings stability.

Investor Outreach and Engagement

Our approach to investor outreach and engagement is characterised by transparency, communication, and regulatory compliance. The Bank regularly communicates its financial results through detailed investor presentations aligned with the quarterly and annual disclosure schedules. These presentations are shared with major stock exchanges and are available on the Bank's website, ensuring wide accessibility and ongoing communication with the investor community. Additionally, we host conference calls where investors can directly engage with senior management to discuss the Bank's financial health and strategic direction. These sessions, along with their recordings and transcripts are made accessible on the Bank's website to maintain a transparent communication channel.

Through these efforts, we ensure a dynamic and informative engagement with our investors, fostering a climate of trust and transparency that is essential for nurturing long-term investor relationships and supporting the Bank's growth trajectory.





Q&A session with Investors & Analysts

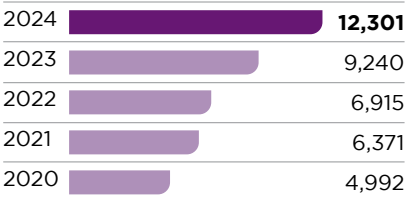
Financial Performance for FY 2023-24

We reported a strong financial performance in a challenging economic environment characterised by tight liquidity and higher interest rates. **The Bank's deposits grew by 26% YoY, with a gross advances increase of 25%, reflecting a solid growth momentum. Our focus on maintaining a high-quality loan portfolio is evident from a GNPA ratio of 1.67% and an NNPA ratio of 0.55%, with a provision coverage ratio (PCR) of 75.9%.**

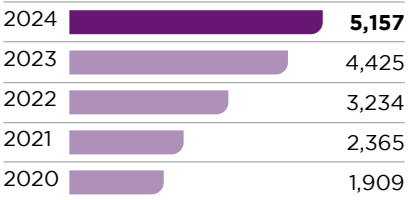
Profitability metrics remained strong with a reported Return on Assets (RoA) of 1.6% and a Return on Equity (RoE) of 13.5%, excluding exceptional items related to the merger. The Bank's Net Interest Income (NII) grew by 17% year-over-year, and earnings were supported by a 69% increase in other income, strengthened by fees from credit cards and third-party products.

Profit and Loss Metrics

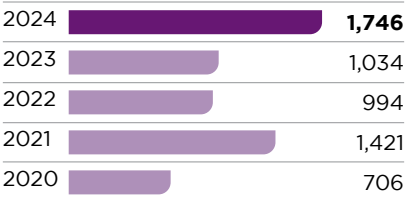
Total Income
(₹ in Crore)



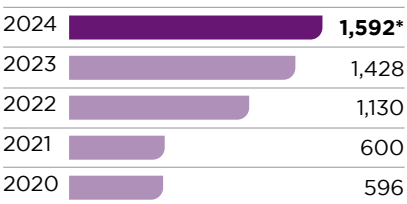
Net Interest Income
(₹ in Crore)



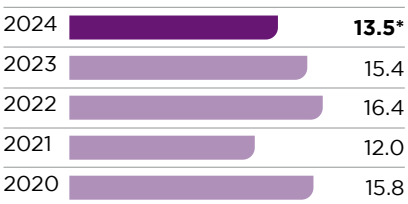
Other Income
(₹ in Crore)



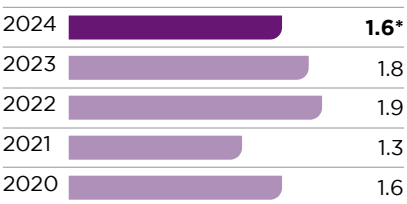
Profit after Tax#
(₹ in Crore)



Return on Equity (RoE)#
(%)



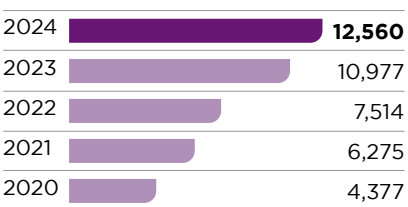
Return on Assets (RoA)#
(%)



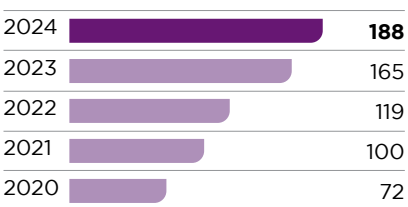
 # Figures are excluding profit from stake sale of Aavas in FY20/21 and exceptional items in FY24
** excluding exceptional item*

Growth Metrics

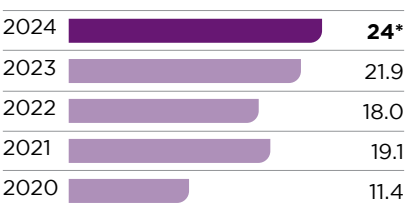
Shareholder's Fund
(₹ in Crore)



Book Value Per Share
(₹)



Earnings Per Share
(₹)



** excluding exceptional item*

Credit Rating

FD Rating

AA+/Stable

By CRISIL Ratings

Long-term Rating

AA/Stable

By CRISIL Ratings, CARE Ratings, ICRA Ltd and India Ratings

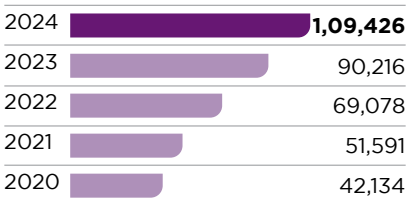
Short-term Rating

A1+

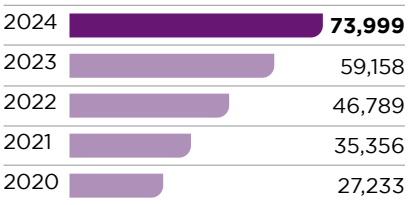
By CRISIL Ratings, CARE Ratings and India Ratings

Balance Sheet Metrics

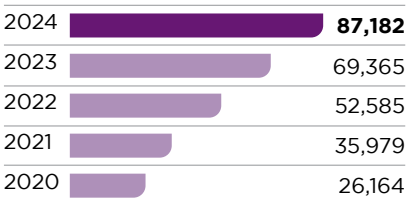
Total Balance Sheet Size
(₹ in Crore)



Gross Advances
(₹ in Crore)

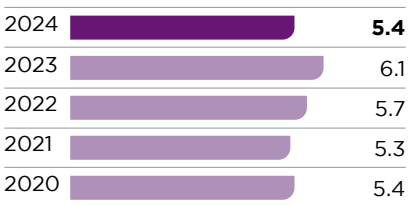


Deposits
(₹ in Crore)



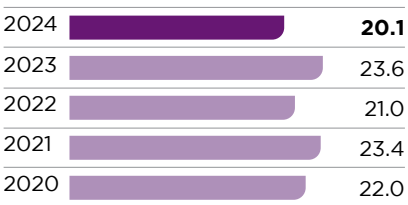
Key Ratios

Net Interest Margin*
(%)

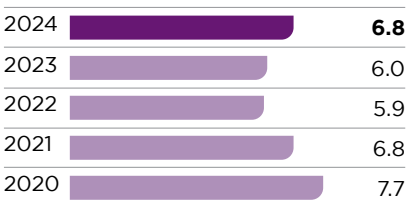


**NIM is on daily average and including off book assets from FY'23 onwards*

Capital Adequacy Ratio
(%)

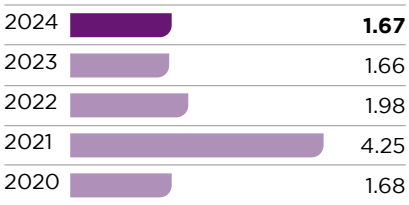


Average Cost of Funds
(%)

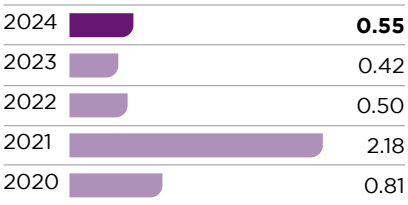


Asset Quality

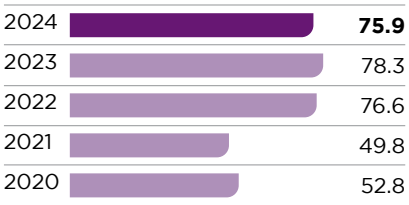
Gross NPA
(%)



Net NPA
(%)



Provision Coverage Ratio
(%)



PCR is including technical write-off

Partners and Associates

The Bank has cultivated a diverse network of partnerships that play a crucial role in improving service offerings and expanding market reach. These partnerships encompass various domains, such as banking relationships, technological alliances, and others. Each partnership is aligned with our mission to promote financial inclusion, utilise technology to enhance services and deliver comprehensive financial solutions that cater to diverse customer needs.

How Do We Engage

- Co-branded Platforms
- Joint Marketing Initiatives
- Investment and Governance
- Project based assignments

Frequency

Continuous engagement/ annual review



AU SFB branding at wheels dealership

Strategy

- Leveraging Merger Benefits and Synergies
- Investment Calibration

Material Issues

- Compliance
- Ethical Business Practices

Capitals

S I

UN Sustainable Development Goals

Strategic Partnerships

The Bank has established partnerships with leaders across industries including insurance, wealth management, and technology, among others.

Bancassurance Partnerships

The Bank has augmented strategic partnerships with 11 insurance companies across Life Insurance, General Insurance and stand alone Health Insurance companies over the past three years. We work closely with all our partners to co-create products and insurance solutions to cater to the requirement of our customers and offer enhanced operational efficiency, transparency and customer convenience. For FY24, we partnered with Bajaj Allianz Life Insurance and Star Health Insurance. We launched industry first innovative products like ATM insurance and Insurance through WhatsApp Banking.

Our partnership with various fintechs allows us to leverage newer technologies like Gen-AI to provide our customers with hyper interactive personalised video campaigns to increase customer trust and security.

Wealth Partnerships

In the wealth space, we have partnered with 32 leading Asset Management Companies (AMCs) that collectively manages 99% of the mutual fund industry's AUM. For differentiated strategies in Portfolio Management Services (PMS) and Alternative Investment Funds (AIF), our referral partners include Motilal Oswal AMC, ASK Investment Managers, SageOne Investment Managers, and Equirus PMS, among other top players. Furthermore, for customers seeking international investment opportunities, we collaborate with Phillip Ventures, headquartered in GIFT City. These partnerships enable us to provide a wide array of investment products and solutions customised to meet diverse customer needs and risk preferences.



Launch event of co-branded AU Ixigo Credit Card

Digital Bank Partnerships

Digital partnerships are crucial for us to create differentiated value propositions and scale our business seamlessly. The Bank has collaborated with numerous partners to enhance our tech stack.

We have launched innovative solutions such as the LIT Credit Card, the first customised credit card in the banking sector. Furthermore, our SwipeUp platform enables customers to upgrade their existing cards. These advancements, developed in collaboration with technology partners, positions the Bank as a leader in the digital banking revolution, enhancing customer engagement and streamlining operations.

Co-branded Credit Card Partnerships

Co-branded credit cards are vital for us to enhance distribution and acquire customers through third-party platforms, reducing the cost of acquisition and driving higher engagement. The Bank has established strategic co-branded card partnerships with Ixigo and Aditya Birla Capital and is actively acquiring customers from both. These partnerships facilitate customer acquisition and increase our brand visibility across these partners.



AU partnering with HDFC Life

PARTNERS AND ASSOCIATES



Customer interaction at dealership

Technology Partnerships

At the Bank, we prioritise enhancing customer experience through collaborations with vendor partners who provide specialised IT solutions using their extensive domain expertise and cutting-edge technology.

- **Core Technology:** Oracle enhances our operations through the Core Banking System (CBS), Data Integrator, and Fusion applications. Euronet manages our UPI and Debit Card services, while Finserve supports our Credit Card system. Mindgate powers BBPS, and both Tagit and AurionPro drive our Retail and Corporate Netbanking with comprehensive digital solutions that improves user experiences.
- **Infrastructure and Security:** Our multi-location data centres are expertly managed by NTT India, ensuring reliability, scalability, and security. We leverage cloud services from Amazon Web Services, Google, and Oracle to enhance agility and innovation. IBM oversees our Security Operations Centre, providing crucial monitoring and responses to cyber threats, supplemented by active dark web monitoring.
- **Customer Interaction and Management:** CRMNext offers a leading CRM solution, enhancing customer interactions and process efficiency. Decimal's application streamlines customer onboarding, and WorkApps enhances our service with Video Banking capabilities. Salesforce, integrated with FICO's Business Rules Engine (BRE), powers our retail Loan Origination System (LOS).
- **Financial and Compliance Partnerships:** Finastra provides best-in-class cross-asset treasury management system. With the AD-I licence from the RBI, Swift connects us to its network, and Fable facilitates cross-border remittances. Our compliance and infosec assessments are rigorously maintained with the help of RBI-empaneled auditors—EY, KPMG, PwC, Protivity, and Xiarch.

Case Study - Tech Partnership

Digital Transformation in Vehicle Loan Onboarding

AU Small Finance Bank has a strong legacy of serving rural and semi-urban markets since its inception in 1996. With a commitment to financial inclusion and technological innovation, the Bank aims to consistently enhance customer experience and operational efficiency. To further this mission, we partnered with Salesforce, a global leader in CRM solutions, to transform the digital customer onboarding process for vehicle loans.

Objectives

The primary objectives of this collaboration were to:

- Enhance the customer onboarding experience for vehicle loans.
- Streamline operations to improve efficiency.
- Reduce manual data entry and validation processes.
- Implement real-time dashboards and advanced reporting capabilities.
- Create a fully digitised solution for relationship officers and business managers.
- Expedite the Turnaround Time (TAT) for customer acquisition.

Implementation and Outcomes

Technology Integration

The Bank digitised the entire customer journey for vehicle loans by utilising Salesforce's API stack to integrate with AU SFB's existing systems. This reduced manual data entry through automated processes and streamlined data validation for faster and more accurate processing. Additionally, real-time dashboards were implemented for improved monitoring and reporting, creating a cohesive and efficient digital solution.

Operational Efficiency

The integration enhanced operational efficiency by integrating advanced reporting capabilities and streamlining the processes for underwriting credit decisions. Data and documents were verified digitally, facilitating a smooth transition to a paperless workflow. These efforts collectively improved the Bank's operational performance and reduced reliance on manual tasks.



Customer-centric Approach

New features and policies were introduced to address customer needs, ensuring an end-to-end digital onboarding process across various digital channels. This customer-centric approach prioritised convenience and efficiency, elevating the overall experience for vehicle loan customers.



PARTNERS AND ASSOCIATES

Case Study - Media Partnership

AU SMALL FINANCE BANK

Presents

BADLAAV HUMSE HAI

EVERY CHANGE MATTERS

in association with

NEWS18

AU Small Finance Bank and Network18 have launched the second season of 'Badlaav Humse Hai' to honour individuals driving positive societal change. Started in 2021, it showcases the efforts of India's lesser known changemakers who inspire countless others. The campaign features noted actor and former Miss India, Gul Panag, as the celebrity champion and voice of the initiative.



Our Founder, MD & CEO along with Shri Devendra Fadnavis, Deputy CM of Maharashtra, and the changemakers in the award ceremony, Mumbai.



Changemakers recognised and felicitated for bringing Badlaav in India

Environment

We actively embrace our role as stewards of the environment, embedding sustainability deeply within our business model and operations. Our initiatives encompass the implementation of green building standards, investment in renewable energy projects, and more. These efforts are driven by our commitment to achieving measurable environmental benefits and supporting India's goal to achieve net zero emissions by 2070.

How Do We Engage

- Community Outreach and Education
- Collaboration with Environmental NGOs
- Customer Feedback on Environmental Products
- Employee Involvement

Frequency

Continuous engagement

Continual Improvement on Sustainability Rating Platforms

Addressing key material issues strengthens our sustainability agenda. As a result, we have consistently enhanced our performance across multiple rating programmes. These ratings serve as tangible proof of our progress in terms of sustainability initiatives.

MORNINGSTAR® | SUSTAINALYTICS

Negligible	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

Risk level improved from "Medium" to "Low," placing us among the few Indian banks categorised as low risk

CDP

Improved Rating from "F" to "D" on Climate Disclosures

Continuous Improvement - Improved score from 33 to 39

MSCI

Rated AA

FTSE Russell

Featured in FTSE with 60+ Score

Strategy

- Realigning Portfolio Mix
- Focus on Branch Banking Profitability
- Leveraging Merger Benefits and Synergies
- Investment Calibration
- Maintaining Best-in-Class Asset Quality

Material Issues

- Climate Risk
- Water Conservation
- Resource Efficiency
- Sustainable Operations

Capitals

N M

UN Sustainable Development Goals

Energy Management

AU SFB's energy management strategy focuses on reducing consumption and enhancing efficiency across all operations. We have invested in energy-efficient infrastructure, including LED lighting, HVAC systems, and energy management systems to monitor and manage energy use effectively. Initiatives like solar panel installations at various branches and transitioning to green buildings have been implemented in the direction of sustainable energy use. These efforts reduce our carbon footprint while cutting operational costs and furthering corporate responsibility.

AU Digital Bank in Turbhe, Mumbai, has proudly earned a "Gold" rating in the Indian Green Building Council's (IGBC) Existing Green Interior Category. This prestigious certification reflects our utilisation of sustainable materials, enhancement of energy and water conservation, and incorporation of eco-design principles to ensure high-quality indoor environments.



AU SFB receiving CII IGBC award

Emission Management

Understanding the urgent need to address climate change, AU SFB has implemented emission management practices. We regularly assess and report our greenhouse gas emissions, setting science-based targets to reduce them. Through carbon offset programmes and stricter emission controls, we aim to move towards carbon neutrality, aligning with global standards and contributing to the fight against climate change.

In alignment with RBI's framework for GreenDeposits, AU SFB has launched the "Planet First – Green Fixed Deposit".

8,700+
Green FD Accounts

₹600 Crore+
Green FD Raised

The entire proceeds of these deposits will be dedicated to financing renewable and green projects such as solar power and electric mobility solutions.

This strategic move supports India's ambition to achieve Net Zero targets and embodies our ongoing commitment to sustainable development and climate action.

READ MORE IN **SUSTAINABILITY REPORT**

Sustainability Advocacy and Communication

We maintain active engagement with all stakeholders through targeted communication strategies and sustainability training for employees. This ensures widespread awareness and adoption of sustainability practices, internally and externally, enhancing our overall impact on environmental, social, and governance fronts.

100%
Sustainability training module created for our employees

AU JAIPUR MARATHON

Witness the magic of the 15th AU Jaipur Marathon, a stunning race set against the backdrop of Jaipur that brings people together and inspires positive change.

The AU Jaipur Marathon is a celebration of community, perseverance, and athletic excellence. Entering its 15th edition this year, the action-packed event saw over 1 lakh sports enthusiasts running to their hearts' content. As one of India's biggest running events, which took place both on-ground and virtually with the tagline "दौड़ बदलाव की, ज़िद्द जीत की", participants from all over the world displayed their sporting spirit. It also witnessed a world record being created for 'Most People Cheering for Marathon Runners'.

दौड़ बदलाव की, ज़िद जीत की



AU SMALL FINANCE BANK

AU JAIPUR MARATHON

Society

Our efforts are dedicated to fostering a more equitable, healthy, and sustainable society. Through targeted initiatives, we address the challenges faced by our communities, ensuring a positive impact on individuals' lives. Our holistic approach empowers individuals and contributes to the broader goals of societal advancement and sustainable development.

How Do We Engage

- Direct Intervention through Targeted Programmes
- Awareness Campaigns
- Volunteering

Frequency

Continuous engagement



Pillars of new Bharat - AU Ignite trainees

Strategy

- Realigning Portfolio Mix
- Focus on Branch Banking Profitability
- Leveraging Merger Benefits and Synergies
- Investment Calibration
- Maintaining Best-in-Class Asset Quality

Material Issues

- Corporate Social Responsibility
- Financial and Digital Inclusion

Capitals

S N

UN Sustainable Development Goals

Skill Development

We recognise the importance of empowering individuals and fostering sustainable economic growth. Our approach to skill development includes a range of innovative programmes and initiatives designed to enhance professional capabilities across various sectors.

AU IGNITE UNLOCKING YOU

Established in Jaipur in 2018 with modest beginnings, AU Skills Academy evolved into AU Ignite under the Centre of Excellence in September 2021. It aims to empower underprivileged youth across Rajasthan with skills for employment in BFSI, Healthcare, Hospitality & Tourism, and IT & ITeS sectors. By March 2025, AU Ignite plans to train over 28,000 individuals, emphasising both job-specific and life skills.
AU Ignite follows the Hub & Spoke model aligned with NCVET guidelines wherein Hub offers upskilling and reskilling courses such as Full Stack Development, Sales Force & Artificial Intelligence and the Spoke academies cater to initial-level skill development.

16
Academies

12
Districts

21,540
Youth Trained

16,779
Youth Placed

SKILLS SPECTRA

A dual-phase initiative, to promote skill development through diverse events:

- **AU Skills Marathon:** Expert-led online sessions across BFSI, IT, Health, and Hospitality drew 900+ participants.
- **AU Skillathon:** Featuring tests, group discussions, interviews, and skill demonstrations.

Several trainees from our hospitality and tourism programme have secured overseas placements, reflecting our programme's global employability.

Numbers since 2018

BANO CHAMPION

AU Bano Champion offers guided sports training to kids and youth across Rajasthan, fostering talent in athletics, football, volleyball, throwball, kabaddi, wushu and boxing through locally identified coaches. With over 8,100 beneficiaries, it aims to enhance technical standards and expand its reach, nurturing athletes from grassroots to international levels.

Last year, we organised village level tournament in August, with over 30,000 children participating. The district-level tournament saw over 5,800 participants. Furthermore, the State Level Sports Tournament took place at SMS Stadium in Jaipur where 1,500+ participants competed across seven sports.

22
Districts

8,100+
Kids and Youth Trained

60
Locations

Numbers since 2021



Coaches certified with D licence in football from All India Football Federation

Key initiatives under Bano Champion:

Weekend Leagues

This year, we initiated 16-week long leagues with over 5,000 children competing at various venues apart from their base locations.

Medals Tally

3
International Level

31
National Level

182
State Level

630
District Level

800
Total Positions Secured at District, State, National & International Level

Daughter of Shri Kailash Singh from Bansda, Kishangarh Bas, Muskaan overcame financial hurdles with AU Foundation's support. Guided by coach Shah Rukh, she secured a Gold Medal, setting a national record in the 1,000 metre race at the 19th National Youth Athletics Championship 2024 in Bilaspur, Chhattisgarh. She also bagged a silver medal in the 6th Khelo India Youth Games 2024. Her journey from labourer's daughter to national champion is a testament to perseverance and dreams turning to reality.

Muskaan
Bansda, Kishangarh Bas



Elevating Coaching Skills

- To uplift coaching standards and provide world-class facilities, Bano Champion coaches underwent training sessions at Poornima University (Jaipur), TransStadia University (Ahmedabad), Inspire Institute of Sports (Karnataka), and most recently, Sports School (Bengaluru).
- In a recent MOU signed with the Rajasthan Athletics Association, our athletes are offered another platform to participate in prestigious sports tournaments.



Bano Champion Athlete

Achievements of Bano Champion Athletes:

3
Athletes (girls) bagged medals in international Boxing and Wushu competitions

1
Athlete won silver medal at 6th Khelo India Youth Games

1
Athlete selected in Rajasthan Junior Football team to represent the state in Nationals

4
Athletes (girls) selected by Sports Authority of India's academy for advanced training and 7 athletes are being trained at Delhi Sports School, a completely funded government initiative

1
Athlete has qualified for World Athletics Championship to be held in Lima, Peru in August 2024

AU उद्योगिनी
आत्मनिर्भरता से बदलाव तक

The AU Udyogini Programme promotes community-based enterprises, focusing on self-help groups and aiding women entrepreneurs in establishing individual businesses. It empowers women from challenging backgrounds, enhancing family incomes through initiatives in masala production, crafts, and individual small-scale businesses. The programme provides essential technical support, including training in accounting for each woman, facilitating record-keeping of sales and profits crucial for accessing formal loans to expand their businesses.

2,580+
Women Nurtured (inclusive of below)

820
Individual Women Entrepreneurs

213
Group Livelihood Initiatives
Numbers since 2018

Honouring Excellence and Achievements:

- The women of Khejri Mahila Producer Company under AU Udyogini were recognised in "Badlaav Humse Hai" Season 2 for transforming traditional skills into sustainable livelihoods.
- AU Udyogini won **'Most Impactful Women Employment Initiative'** at the 2023 Indian CSR Awards.
- AU Udyogini Rajni Mordiya from Navrangpura, **has been awarded the prestigious Lakhpati Didi Award under the Rajasthan Aajeevika programme.**

After my husband left fifteen years ago, I faced hardships until last year when AU Foundation supported me. Now, running a fruit stall earns me ₹20,000 monthly, enabling me to support my son and assist my brother financially.

Kamla Devi
Shahpura





With help from the AU Udyogini Project last year, my family's financial struggles eased. Starting my handicraft shop changed our lives. By earning ₹10,000 monthly, I proudly send my daughter for banking studies in Jaipur.

Mamta Mishra
Manoharpur

Healthcare:

Promoting Wellness

- We have provided an ambulance to the ECHS Polyclinic, which serves ex-servicemen and their dependents, enhancing their access to critical health services.
- We established a Dialysis Unit at the District Hospital in Kotputli.

Education:

Facilitating Literacy

To support education in rural and backward geographies, we support basic school infrastructure by providing furniture, notebooks, and bags. Through collaboration with small NGOs such as Mountain Children's Foundation, Ranveer Sewa Samiti, Global Warming Control Organisation Trust, Vimukti Sansthan, Earthcare Foundation, Utkarash Sanastha and Pratyek Vyakti ki Ummeed ki Sansthan, we ensure access to education for students in need.



Enhancing hospital capabilities with a fully equipped Dialysis unit

AU FOUNDATION

Moments of बदलाव

1st convocation ceremony of AU Ignite Future Skills Academy.





5th Anniversary celebration of AU Ignite.



2nd Bano Champion State Level Tournament inaugurated by Col Rajyavardhan Singh Rathore, Minister of Youth Affairs & Sports Department of Rajasthan, our Founder, MD & CEO Sanjay Agarwal & World Champion MC Mary Kom.

International Women's Day celebrated with AU Udyoginis. Event graced by Ms. Jyoti Agarwal, Co-founder of Sanjay & Jyoti Agarwal Foundation.



Mobile Medical Unit donated to BAP Public Charitable Trust, Ahmedabad.



Four electric carts with **boarding and charging stations** donated to Shiromani Gurdwara Parbandhak Committee at Amritsar.



Installed **211 Jal Banks** across **'भारत'**

(FY 2021-2024)



Enhancing Brand Recall

We focused our marketing efforts on amplifying brand awareness, deepening stakeholder engagement, and scaling customer acquisition. Our initiatives, broadly categorised as ATL (Above-the-Line) and BTL (Below-the-Line), spanned various channels to ensure resonance with our intended audience. Leveraging digital platforms, influencer marketing, and on-ground activations, we created a holistic and impactful presence.

Building a Forever Brand

The year FY24 was a year of large-scale marketing initiatives that were both innovative and impactful, aimed at amplifying brand awareness, deepening engagement with our stakeholders, and scaling up customer acquisition. As a complete bank with a pan-India presence, we continue to build a 'Forever Bank' brand where accessibility, innovation, and customer convenience are at the forefront.

Driving Awareness through Brand Campaign

In October 2023, we launched the second edition of Badlaav Humse Hai, featuring leading actor and our brand ambassador, Kiara Advani. The primary objective of the campaign was to reinforce AU's brand identity and build recall for the Bank's key offerings, namely Savings Account, Current Account, and Video Banking. We launched #SochBadloAurBankBhi to reflect the ideology of making a Badlaav for better banking.

The campaign was planned meticulously considering our target audience and delivered through media vehicles like Television, Print, Radio, Digital & OOH. On social media, we created several posts that were shared in collaboration with Kiara herself and drove massive engagement for the campaign. Additionally, in line with the growing thought-leadership of women in financial decision-making, we collaborated with 11 women fin-fluencers to emphasise how women in finance are taking the lead in financial discourse as society evolves, creating an association of 'Badlaav' with empowerment.

Lending Muscle to Business

The team's strategic efforts have significantly strengthened business across multiple verticals, driving engagement, conversion, and growth.

In FY 2023-24, our major focus for Performance Marketing was to increase digital business for CASA & Credit Card through targeted campaigns across leading digital platforms. Our efforts resulted in an incredible 40% jump YoY in new Savings Accounts, while Credit Card disbursement from Digital Media Channels jumped 32% YoY.

For existing customer campaigns, we employ best-in-class Martech solutions that provide an omnichannel experience with real-time trigger capabilities. Our sophisticated campaign management system enables execution of customer communications while managing multiple data sources and audience segments. Through a mix of innovative strategies



A still from our recent campaign featuring Kiara Advani and Piyush Mishra

and data-driven insights, we are consistently driving cross-sell and customer engagement with healthy results.

Launching Diverse Liability Programmes

Our segmented product launches highlight our commitment to meeting evolving consumer needs. Through our digital platforms like AU0101 app, our website, or physical branches, we ensured customers could access relevant products conveniently and efficiently.

Visibility through Partnerships and On-ground Events

To strengthen business relationships and support the entrepreneurial ecosystem, we partner with events organised by CII, ICAI, ICSI, BCC&I, FICCI, among others. Among the year's biggest events was Global Fintech Festival 2023, where we showcased our digital offerings through an experience centre to give a glimpse of our superior digital customer journeys besides launching AU Zenith+ Credit Card and co-branded products with NPCI. Further, we sponsored 'Hackathon' which was organised by Rajasthan Police; we made our presence felt at 'JITO Connect 2023', 'Startup Xchange' and ICAI event 'Vedaa', among others, to forge strong connections with professionals, investors, and industry leaders.



AU SFB's pavilion at Global Fintech Festival, Mumbai



Promoting health and wellness on International Yoga Day



Our Founder, MD & CEO interacting with a customer at JITO Jaipur

As a community-engagement initiative, we provided local traffic police departments with booths and barricades for road safety. We were the title sponsors for the PGTI Jaipur Open Golf Tournament 2023 and AU Cyclothon, and banking partners for the 'Powai Run' marathon and 'Run for Health Udaipur.' To enhance brand visibility among the masses, we promoted cultural programmes such as Ganga Kinare and Meet Brothers' music concert. Special events like Ayodhya Temple event, Holi, Diwali, Women's Day, Mothers Day, and Republic Day were celebrated with customers, enhancing brand engagement, as well as branch visibility and business.

Trail of Triumphs

Corporate Excellence

- Recognised us as one of India's Growth Champions 2023 by the Economic Times and Statista
- Best Small Finance Bank award by FE India's Best Banks Awards 2023
- Financial Inclusion Award at the FICO Decision Awards 2024
- Best Customer Centric Culture in Bank at the Smart CX Summit & Awards 2023
- 'ICC Emerging Asia Banking Awards' in the following categories:
  - The Best Small Finance Bank of India
  - Best Performance in Risk Management
  - Best Performance in CASA
  - Best Performance in Profitability
  - Best Performance in Asset Quality
- Award of Excellence for achieving 100% target in the Atal Pension Yojana (APY) by Pension Fund Regulatory Development Authority (PFRDA)
- BSE StAR MF, BSE's Mutual Fund Platform recognised us as one of the top contributors in the Banking Industry
- Brand of the Year in the Regional Category at the e4m Pitch Top 50 Brands 2023
- Best Branded Campaign: Awarded at the afaqs! Brand Storyz Awards 2023 for the 'AU Small Finance Bank & Network18 present Badlaav Humse Hai' TV campaign
- Best Small Finance Bank at the Mint BFSI Awards 2023
- Award of Excellence for sourcing maximum number of APY accounts by Pension Fund Regulatory Development Authority (PFRDA)
- FPO Bank Credit Linkage award by NABARD
- India's Leading Small Finance Bank at BFSI & Fintech Summit 2024 by Dun & Bradstreet
- IGBC Green Interiors Certification under the Gold Rating by CII-IGBC Mumbai Chapter

Corporate Governance

- Masters of Risk in Risk Technology at the India Risk Management Awards 2023















CSR

- Most Impactful Women Employment Initiative of the Year award at the Indian CSR Awards 2023

Technology

- Indian Banks' Association (IBA) 19th Annual Banking Technology Awards 2023 in the categories:
  - Best Technology Talent-Winner
  - Best Financial Inclusion-Winner
  - Best Digital Engagement-Winner
  - Best IT Risk Management-Runner Up
  - Best Technology Bank-Special Mention
  - Best AI & ML Bank- Special Mention

People

- PeopleFirst HR Excellence Award 2023 in the Health & Well-being category
- Ranked among India's 25 best workplaces in BFSI 2023 by Great Place to Work
- Company with Great Managers 2023 Award
- Great Place to Work Certified January 2024 - January 2025
- Excellence in Cultivating a Culture of Trust and High Performance at ET Human Capital Awards 2024
- RBI Asia Trailblazer Awards 2024 in the categories:
  - Best Benefits, Wellness & Well-being programme
  - Excellence in Employee Engagement





AU उद्योगिनी
आत्मनिर्भरता से बदलाव तक



UPLIFTING RURAL WOMEN ENTREPRENEURIAL DREAMS

Ms. Jyoti Agarwal, co-founder Sanjay & Jyoti Agarwal Foundation handing over Udyam certificate to AU Udyogini.

1st **AU Udyogini Bazaar** was inaugurated in Navrangpura, Jaipur on May 18, 2024. This **first-of-its-kind Bazaar** empowers rural women as wholesalers, offering nine shops specializing in **spices, tailoring, beauty, groceries**, and **clothing**, providing convenient access to locals.



CORPORATE INFORMATION

Registered Office

19A, Dhuleshwar Garden, Ajmer Road,
Jaipur – 302001
Rajasthan, India
Contact: 0141 - 4110060

Head Office

Bank House, Mile 0, Ajmer Road,
Jaipur – 302001
Rajasthan, India
Contact: 0141-6660666

Corporate Office

5th Floor, E-Wing, Kanakia Zillion,
Junction of CST Road & LBS Marg,
Kurla (West),
Mumbai – 400 070, Maharashtra
Contact No: 022-62490600

Joint Statutory Auditors

Deloitte Haskins & Sells
19th Floor, Shapath – V,
S. G. Highway,
Ahmedabad – 380 015,
Gujarat, India

G. M. Kapadia & Co.
1007, Raheja Chambers,
213, Nariman Point,
Mumbai - 400 021,
Maharashtra, India

Secretarial Auditor

M/s V.M. & Associates
Company Secretaries
403, Royal World, S.C. Road,
Jaipur – 302001, Rajasthan
Website: www.aubank.in\
Mail: investorrelations@aubank.in



Management Discussion and Analysis



Economic and Industry Overview

Global Economy

The global economy has been resilient in spite of uneven growth among countries and various macroeconomic challenges. The world had to grapple with supply chain disruptions in the aftermath of the pandemic, followed by energy and food crises engendered by Russia-Ukraine conflict, and a significant rise in inflation leading to tightening in monetary policy by major central banks.

The growth outlook for upcoming years seems promising but characterised by disparity among countries. While low-income countries are still recovering from the pandemic effects, developed nations are back to near normal. There are persistent concerns regarding inflation and central banks' need to remain vigilant as it may impact growth prospects.

Geopolitical conflicts have also become more frequent and pose substantial challenge for the world economy.

According to the latest World Economic Outlook projections, growth this year and next will hold steady at 3.2%, with median headline inflation declining from 2.8% at the end of 2024 to 2.4% at the end of 2025.

World Economic Outlook (Real GDP, Annual % Change)

Growth Projections	2023	2024 (E)	2025 (E)
World Output	3.2	3.2	3.2
Advanced Economies	1.6	1.7	1.8
Emerging Market and Developing Economies	4.3	4.2	4.2



Indian Economy

The Indian economy registered a better-than-expected growth in FY 2023-24, beating estimates of economists and various organisations across the globe. Despite a challenging global environment and persistent inflationary pressure, the Indian economy showcased a remarkable resilience clocking a growth of 7.8%, 7.6%, 8.4%, 7.8% in Q1, Q2, Q3, and Q4 respectively.

Although GDP growth exceeded expectations, inflation remained a challenge throughout the year. To keep inflation in the target range, RBI kept the repo rate at 6.5% for the entire FY 2023-24.

The political stability over the last decade has enhanced the ease of doing business. This has helped attract foreign direct investments leading to more job creation and propelling economic growth.

Outlook for India

India remains a shining star in the global growth story for FY 2024-25. Inflation has been subsiding making room for easing of monetary tightening by the RBI. Rural demand has been catching up and the outlook for agriculture appears bright, with good rabi crop and improved prospects of kharif crops, due to expected normal monsoon. The IMF recently raised India's GDP growth forecast by 30 bps to 6.8% for FY 2024-25 citing continuing strength in domestic demand and a rising working-age population. Similarly, the World Bank has revised India's GDP growth figures by 20 bps to 6.6% for FY 2024-25. As per a report released by the Ministry of Finance, the Indian economy is set to achieve nearly 7% growth in FY 2024-25.

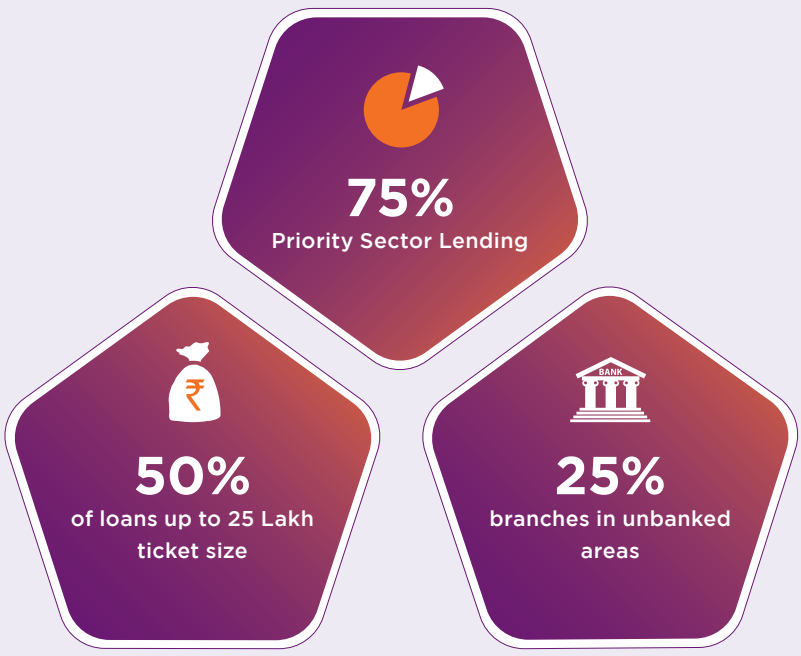
Small Finance Banks

Small Finance Banks (SFBs) were introduced to bring financial services to underserved parts of India. Despite facing hurdles like demonetisation, GST, the NBFC crisis, and the COVID-19 pandemic, SFBs have shown remarkable resilience. While they have established a presence in the banking sector, there is an immense potential for growth. Currently, SFBs hold a modest share of the market, at around 1% in both deposits and loans.

Small Finance Banks	Mar'21	Mar'22	Mar'23	Mar'24
Deposits (in ₹ Crore)	1,09,570	1,46,031	1,91,199	2,51,118
Market Share (Deposits)	0.70%	0.85%	1.00%	1.16%
Advances (in ₹ Crore)	1,12,969	1,42,486	1,90,506	2,39,666
Market Share (Advances)	1.05%	1.20%	1.38%	1.46%

Source: RBI

SFB Guidelines

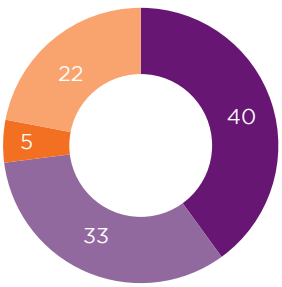


Loans and Advances

While microfinance formed the core business of most SFBs emerging from microfinance institutions (MFIs), they have undergone a significant shift in recent years. SFBs have diversified their loan portfolios, venturing into areas like MSME loans, home loans, and gold loans. This strategic move represents a transition from unsecured microfinance loans to more secured forms of lending. Consequently, the share of microfinance loans has been steadily declining, making way for a more balanced and robust Loan Portfolio.

SFBs Product Mix as on 31st March 2020

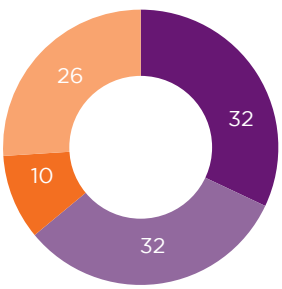
Product Mix



- MFI Loans
- MSME and Vehicle
- Mortgage Loans
- Corporate & Others

SFBs Product Mix as on 31st March 2023

Product Mix



- MFI Loans
- MSME and Vehicle
- Mortgage Loans
- Corporate & Others

Source: CareEdge Report

Asset Quality

SFBs cater to underserved customers, often with limited credit history. This exposes them to a relatively higher risk of loan defaults, especially during economic downturns. The COVID-19 pandemic significantly impacted these borrowers, leading to a temporary rise in NPAs (non-performing assets) for SFBs. However, the NPA levels began to decline as soon as the pandemic subsided. This swift recovery demonstrates the underlying strength of the SFB business model and has bolstered public confidence in these innovative financial institutions.

GNPA
(%)

Sep'23	**2.57**
Mar' 23	4.60
Mar' 22	7.32
Mar' 21	5.34
Mar' 20	1.88

Source: CareEdge Report

Opportunity

There is a positive correlation between GDP growth rate and credit demand. India being one of the fastest-growing economies of the world, there is enormous potential for banks to grow. The potential is even more for SFBs as they are the ones who are focused on serving the customers in the hinterlands. As financial literacy increases in rural India, SFBs are expected to get rewards for the hard work they have put in so far on both Liabilities (CASA, TD, etc.) and Asset (Loans) fronts.

The SFB lending opportunity will be largely supported by the rural and semi-urban segment, the presence of informal credit channels, geographic diversification, loan recovery mechanism, the ability to manage local stakeholders, access to low-cost funds and significant cross-selling opportunities. India offers a vast opportunity landscape for SFBs catering to the informal economy. Despite its larger contribution to GDP of 47%, the rural segment's share in credit remains low at approximately 9%-10% of the overall credit outstanding. Further, there are ~7 Crore MSMEs in India contributing ~30% of the country's GDP and ~48% of total exports.

Universal Bank

The RBI via a notification in April 2024, has allowed Small Finance Banks (SFBs) to voluntarily convert into Universal Banks.

This marks a progressive step in SFB regulations as it now opens doors for various SFBs to convert themselves into Universal Banks. This will allow them to offer a wider range of products and services without necessarily constrained by ticket size or higher PSL requirement.

To qualify, as per the RBI guidelines, SFBs need a five-year track record, strong financials, and a stock exchange listing among various other parameters.

This shift could foster a more competitive banking environment in India, potentially benefitting consumers with more options while graduating SFBs to a more sustainable platform of Universal Bank.



Passing on the baton to AU's newly appointed Chairman Mr. H.R. Khan

Our Business Overview

FY 2023-24 turned out to be another impressive year for the Bank as we moved with a calibrated growth approach. There were certain macro challenges as the repo rate remained at elevated levels and global uncertainty continued. However, we saw a robust credit demand and the operating metrics of the Bank remained very strong.

Key Activities

To build a Bank that sustains forever, our foundation mindset needs to go beyond stability and growth. It requires us to be more proactive and have a forward thinking and innovative approach. In pursuit of this objective, the Bank initiated various steps during FY 2023-24 and some of the key accomplishments/ initiatives includes:

AU SFB x Fincare Merger

Fincare Small Finance Bank (Fincare SFB) amalgamated with and into AU Small Finance Bank (AU SFB) w.e.f. 1st April 2024, marking the first such consolidation in the SFB space. The merger is expected to provide AU SFB with enhanced access to South India, significantly expanding its distribution network. This increased presence will facilitate the distribution of the Bank's diverse range of products and services to a wider customer base, strengthening its market position in the region.

With this, AU SFB has a franchise with a combined base of about 1.1 Crore customers, 46,000+ employees, and a network of 2,383 physical touchpoints across 25 states and union territories, having a deposit base of ₹97,704 Crore and a balance sheet size of ₹126,693 Crore.

Appointment of Mr. H.R. Khan as Part-Time Chairman

During the last quarter of FY 2023-24, the Bank appointed Mr. H.R. Khan as part-time Chairman. Mr. Khan is a former Deputy Governor of RBI and has over four decades of experience in Banking & Finance, Payment and Settlement systems, Economics and Financial Markets. His experience will be extremely critical in our forever journey of Banking.

AD-I Licence from RBI

AU received the much-awaited permission from RBI to act as an authorised dealer. This allowed us to deal in foreign exchange and offer cross-border trade and services, positioning us well to offer a complete suite of products to our customers.

Asset Quality

Building a sustainable business model for any lending institution, requires that asset quality be accorded the topmost priority. At AU SFB, credit underwriting, collections and strong asset quality have been key pillars of strength throughout our history. Our NPA recognition has been happening automatically from the system on a daily basis and in the last couple of years, this system has been tested and audited to maintain the highest levels of system integrity. As of March 2024, our Gross Non-Performing Assets (GNPA) ratio stands at 1.67%, which is among the lowest in the banking industry. Additionally, our Net Non-Performing Assets (NNPA) ratio is at 0.55% as of the same period. These figures highlight our commitment to sound asset management practices.

Technology-led Ecosystem

The integration of Salesforce's Loan Origination System (LOS) has significantly transformed our wheels division. By providing a seamless and efficient end-to-end customer journey, LOS has optimised the loan origination process, reducing operational workload by approximately 15-20%. This enhancement has led to improved customer satisfaction.

Additionally, the integration of FICO's Business Rules Engine (BRE) within the SFDC LOS streamlines decision-making

processes, enabling personalised financial solutions and enhancing response times and decision accuracy for loan applications.

We are also expanding Salesforce LOS and FICO integration to enhance the personal loan journey. This extension will further streamline processes, improve decision accuracy, and provide personalised financial solutions for our customers.

Data Warehouse and Analytical Workbench

Our recent expansion of the data platform has been instrumental in aggregating and analysing large datasets. The Data Lake, a central repository, allows us to collect structured and unstructured data from various sources, including customer transactions and market trends. Additionally, we have implemented a Business Logic Module that processes raw data into actionable insights, applying business rules and algorithms. As part of our data analytics initiative, the Credit Card Dashboard provides real-time insights into credit card usage, spending patterns, and fraud detection. These enhancements empower data-driven strategies and improve service offerings across all banking sectors.

Enhancing our Data Platforms

Branch-specific dashboards for real-time branch performance tracking and a comprehensive Customer 360 view from the data warehouse. This consolidated view empowers relationship managers to offer personalised services, identify cross-selling opportunities, and address customer needs effectively. These enhancements will drive operational efficiency, improve decision-making, and elevate customer satisfaction.

AD-I Applications

- **Implementation of Kondor Treasury Application**

  Enhances financial operations and global connectivity by streamlining interbank trading processes.

  Automates tasks, improves accuracy, and enhances risk assessment, significantly boosting treasury efficiency.

  Utilises real-time data integration and robust analytics to empower treasury teams.

  Enables teams to make informed decisions, optimise liquidity management, and mitigate financial risks.

- **SWIFT Network**

  Facilitates secure interbank transactions in USD, ensuring reliable and efficient cross-border financial transactions.

  Leverages SWIFT's standardised messaging system to venture into international trade, strengthening global position and facilitating seamless USD transactions.

Data Centre Migration

- **Successful Migration and Consolidation**

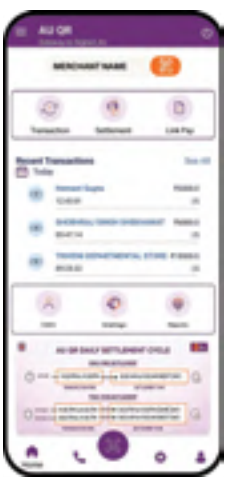
  Completed the migration and consolidation of the Mumbai Data Centre (Primary Site) with significant RACK capacity expansion.

  Achieved approximately 80% additional RACK capacity, enhancing scalability and accommodating future growth and technological advancements.

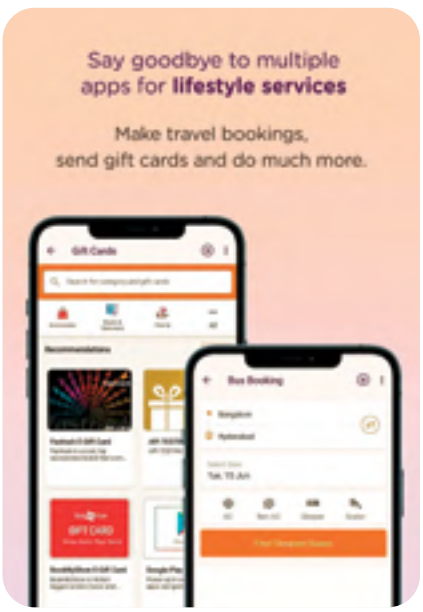
  Increase in rack unit capacity provides additional room for servers, switches, storage devices, and other critical components.

  Consolidation and optimisation have ensured seamless business continuity, crucial for uninterrupted operations during critical financial transactions.

  Enhancements in infrastructure resilience include more robust redundant systems, failover mechanisms, and disaster recovery protocols.







AU0101 Business App

AU0101 Cloud Upgrade

We have successfully migrated the 'AU0101' retail internet and mobile banking application and platform to AWS's private cloud ensuring high availability, scalability, and security. During peak traffic periods, the system remains responsive and reliable, meeting customer demands seamlessly.

Robotic Process Automation

Embracing the transformative power of robotics, we have significantly enhanced operational efficiency by automating over 100 processes through Robotic Process Automation (RPA). This strategic move not only reduces manual intervention but also underscores our dedication to technological excellence and continuous improvement.

Digital Current Account

We enabled digital current account opening in FY 2022-23. We have gained decent traction on that front as the proportion of Current Account opened digitally has increased over time. In FY 2023-34, we were able to open 2.86+ Lakh accounts through video KYC without any physical interaction.

AU0101 Business App

We have also launched the AU0101 Business app to keep up with the dynamic business environment. We realised that the MSME segment requires different products and communication to run their business effectively on a daily basis. We want to replicate the success of AU0101 retail app with the MSME segment.



HR Initiatives

We promote progressive HR practices to attract quality talent and build a long-lasting relationship with our employees. We have developed a comprehensive plan in which 360-degree wellness of the employees is ensured. Broadly, we focus on four types of wellness i.e. Physical Wellness, Mental Wellness, Financial Wellness and Social Wellness. We have been organising several activities to cater to the overall wellness of our employees.

Read more on **PAGE 62**

Sustainability

Sustainability is an inseparable part of our Bank's strategy and as an overarching goal, our efforts are circled around building a sustainable future for our planet through responsible business practices. Our initiatives to reduce carbon footprint through optimisation in consumption, carbon emission and proactive ways to reduce, reuse, recycle waste are some of the important activities and initiatives that will help us in achieving our goal. During FY 2023-24, we released our second Sustainability Report and formed a Sustainability Committee led by industry veteran Ms. Malini Thadani.

New Brand Campaign

Continuing with our 'Badlaav Humse Hai' philosophy, the Bank has launched its new Brand campaign, 'Soch Badlo aur Bank Bhi' with our brand ambassador Ms. Kiara Advani, covering all key communication medium to bolster our brand connect with our customers.

Securitisation

The efficient use of capital is a fundamental pillar in a bank's journey towards sustainability. Securitisation serves as an effective tool to churn assets on the portfolio and reach out to an increasing number of borrowers to help them achieve their dreams. During the year, we securitised assets worth approximately ₹6,278 Crore, strategically leveraging our capital to its potential. Our Securitisation book stands at ₹8,176 Crore.

Rural Banking

With a 31% presence in unbanked rural centres (URC) and ~90% achievement towards lending to the priority sector, we are committed to nurturing the development of the hinterlands of India. Additionally, we are working towards growing our engagement with Small and Marginal Farmers (SMF) and as a first step, we have initiated funding to Farmer Producers Organisations (FPOs).

Customer Centricity

Our experts are driven by a genuine desire to fulfil customers' needs seamlessly, available through face-to-face conversations via video banking or our user-friendly digital channels. This includes chatbots for quick inquiries, live chat for real-time assistance, and AI-based feedback surveys to constantly improve their experience. We also offer DIY solutions that empower them to manage their finances independently.

Unsecured Lending

Having a comprehensive range of products is an essential necessity for a bank to thrive in the long term. Keeping this in mind, we are expanding digital personal loans proposition and initiating business loans to small merchants basis their transaction data on our Bank's QR. We have disbursed ₹800+ Crore in Personal Loans and ₹200+ Crore in UPI QR transactions-based lending so far.

Fixed to Floating Rate Loans

To align with the cost of funds which is largely floating in nature, our Bank is focussing on building a right mix of fixed and floating rate assets. The proportion of floating rate loans has increased from 34% in FY 2022-23 to 38% in FY 2023-24.

Green Fixed Deposits

On World Sustainability Day, the Bank has launched its first "Green Fixed Deposits" called "Planet First" to cater and support renewable and green projects and address climate change risks and reduce emissions. This product is compliant with RBI's latest framework on Green Deposits and the proceeds will be used for green lending.

New Product Launches

- **Launch of 'AU Ivy' Programme:** Introduced an invite-only premium banking programme for High Net-Worth Individuals (HNIs), offering a completely paperless and signatureless integrated wealth management journey.
- **RuPay Business Credit Cards:** Launched RuPay Business Credit Cards tailored for Micro, Small, and Medium Enterprises (MSMEs).
- **Video Banking for Corporate Salary Accounts:** Implemented corporate salary account opening via our video banking platform, enhancing accessibility and convenience.
- **Introduction of "Zenith+ Credit Card":** Following the success of the Ivy Banking program, launched the "Zenith+ Credit Card," a super-premium Metal Credit Card offering luxury and convenience with exclusive benefits tailored to the modern premium lifestyle.

Financial Performance Highlights

- **Exceptional Performance:** Despite a challenging economic environment, our Bank excelled in FY 2023-24 by focusing on strategic priorities, robust risk and compliance management, and enhancing customer experience.
- **Merger with Fincare SFB:** Completed the amalgamation of Fincare SFB with the Bank, expanding our strategic presence in South India and enriching our customer offerings.
- **Deposit Growth:** Our deposits grew by 26% YoY to ₹87,182 Crore. The CASA ratio stood at 33% as of March 31, 2024, down from 38.4% the previous year, with a CASA + Retail TD mix at 64%.
- **Advance Growth:** Gross advances rose by 25% to ₹73,999 Crore, with a securitised book of ₹8,176 Crore.
- **Profitability Enhancement:** Delivered a 12% YoY growth in profitability, reaching ₹1,592 Crore (excluding exceptional items), with RoA at 1.6% and RoE at 13.5%.
- **Asset Quality Maintenance:** Maintained robust asset quality with a GNPA of 1.67% and a Net NPA of 0.55%.
- **Cost of Funds:** Full-year cost of funds stood at 6.80%, up from 5.96% in FY 2022-23.
- **Stable CD Ratio:** The CD ratio was consistently maintained at 84%, the same as the previous fiscal year.

Loan Portfolio = Gross Advances + Assigned/Securitised loans

Balance Sheet

(₹ in Crore)

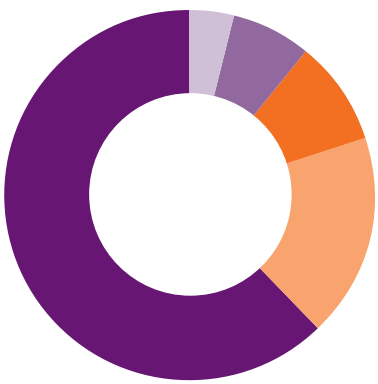
	FY 2023-24	FY 2022-23
Liabilities		
Capital and Reserves	12,560	10,977
Deposits	87,182	69,365
Borrowings	5,479	6,299
Other Liabilities and Provisions	4,205	3,575
Total Liabilities	**1,09,426**	**90,216**
Assets		
Cash and Bank Balances	6,376	9,425
Investments	27,133	20,072
Advances	73,163	58,422
Fixed Assets	852	740
Other Assets	1,902	1,557
Total Assets	**1,09,426**	**90,216**

Deposits

Our deposits base grew by 26% YoY and stood at ₹87,182 Crore as on March 31, 2024 with consistent granularity. Our focus continues to be on quality over quantity and the same is reflected in the contribution of retail deposits (CASA + retail TDs), which is maintained at around 64% of deposits.

We are in the middle of a 'Higher for Longer' interest rate cycle with repo rate at 6.5%. The competition for deposits has also heightened due to tight liquidity conditions, resulting in our higher cost of funds at 6.80% (against 5.96% in FY 2022-23).

Customer Profile
(%)



- TASC – 4%
- Government – 7%
- Banks – 9%
- Corporates – 18%
- Individual+HUF+Sole Proprietor+Partneship & Others – 62%

Total Deposits
(₹ in Crore)



- TD – 55,593
- SA – 23,788
- CA – 5,338
- Certificate of Deposits – 2,463

Capital Adequacy

Highlighting our Bank's financial strength, our capital adequacy ratio remained strong at 20.1% as on March 31, 2024. The Tier-I ratio is also maintained at 18.8% as on March 31, 2024.

The total net worth of the Bank stands at ₹12,560 Crore as on March 31, 2024 against ₹10,977 Crore as on March 31, 2023.

20.1%
Capital adequacy ratio

Asset Growth

Notably, within Retail Assets, Home Loans and Wheels businesses have registered an impressive growth. In Commercial Assets, all key businesses have delivered a strong performance. Share of Commercial Assets in overall assets has increased to about 25% from 22% last year. Gradually, we are also building Credit Cards and Personal Loan portfolio with a calibrated growth approach.

(₹ in Crore)

Segments	FY 2023-24		FY 2022-23	
	Gross Advances	Assigned Loans	Gross Advances	Assigned Loans
Retail Assets	**48,915**	**8,172**	**41,841**	**4,899**
Wheels	22,461	6,441	19,023	3,859
Mirco Business Loan	20,552	1,589	18,535	1,040
Home Loan	5,902	143	4,283	-
Commercial Assets	**18,162**	**-**	**12,759**	**3**
Business Banking	7,304	-	4,969	-
Agri Banking	5,953	-	3,998	-
NBFC	2,972	-	2,551	-
REG	1,934	-	1,240	3
Credit Card	**3,058**	**-**	**1,468**	**-**
Personal Loan	**866**	**-**	**642**	**-**
Others	**2,832**	**-**	**2,200**	**-**
SME (Run Down)	**165**	**3**	**248**	**11**
Total	**73,999**	**8,176**	**59,158**	**4,914**

Asset Quality Performance

Gross NPA and Net NPA stood at 1.67% and 0.55% respectively as on March 31, 2024 as compared to 1.66% and 0.42% respectively, as on March 31, 2023. The continued robustness in asset quality is mainly driven by 1) increased proportion of home loan and commercial banking assets, 2) the secured and small ticket nature of our asset book, 3) Consistent asset quality of our vintage businesses - vehicle finance and MBL.

The Bank maintained a conservative provisioning policy in FY 2023-24. Provision Coverage Ratio (PCR) stood at 75.9% as on March 31, 2024, in line with 78.3% as on March 31, 2023. Besides provision on standard assets, we were carrying ~16% provisioning against standard restructured loans and ₹41 Crore of floating provisions. Total provisions, including standard assets as % of gross advances stood at 1.55% as at the end of March 2024.

Provisioning and Contingency

Particulars	FY 2023-24			
	No. of Loans	Loan Amount	Provisions	Coverage
GNPA	59,827	1,237	795	64%
COVID-related restructuring (Standard)	4,627	426	70	16%
Contingency provisions			0	
Floating provisions			41	
Stressed and contingencies provisions		**1,663**	**907**	
Provisions towards Standard Assets			238	
Total Provisions			**1,145**	
Provisions as a % of gross advances			**1.55%**	

Profit and Loss Statement

(₹ in Crore)

	FY 2023-24	FY 2022-23
Net Interest Income	5,157	4,425
Other Income	1,746	1,034
Net Total Income	**6,903**	**5,460**
Employee Cost	2,104	1,793
Other Operating Expenses	2,284	1,647
Operating Expenditure	**4,388**	**3,440**
Operating Profit	**2,515**	**2,019**
Net Provisions and Contingencies	439	155
PBT	**2,076**	**1,865**
Provision for Tax	484	437
PAT (before exceptional items)	1,592	1,428
Exceptional Items	57	-
PAT	**1,535**	**1,428**

Non-interest income

(₹ in Crore)

	FY 2023-24	FY 2022-23
Loan Assets Processing and Other Fees	784	637
General Banking, Cross-sell and Deposit-related Fees	499	210
PSLC Fees	2	56
Credit Card-related Fees and Charges	299	112
Miscellaneous	110	64
Core Other income	**1,694**	**1,079**
Income from Treasury Operations	52	-44
Total Other Income	**1,746**	**1,034**

Earnings

Our net income increased by 26% to ₹6,903 Crore in FY 2023-24 from ₹5,460 Crore in FY 2022-23, driven by 29% growth in interest income and 69% growth in other income. Our net interest income increased by 17% to ₹5,157 Crore in FY 2023-24 from ₹4,425 Crore in FY 2022-23, driven by healthy loan portfolio growth of 28% and rising cost of funds.

Operational Expense

Cost-to-income ratio increased to 63.6% in FY 2023-24 from 63% in FY 2022-23, primarily due to investments in our digital franchise, building digital capabilities for the future (credit card, merchant solutions, video banking), expanding distribution and branch franchise, and investing in brand building.

Profitability

Profit After Tax (PAT) grew by 12% to ₹1,592 Crore (before exceptional items) in FY 2023-24 from ₹1,428 Crore in FY 2022-23, driven by consistent asset growth and stable asset quality.

The Bank delivered a RoA of 1.6% (before exceptional items) for FY 2023-24 as against 1.8% in FY 2022-23. In terms of RoE, the Bank delivered a RoE of 13.5% (before exceptional items) for FY 2023-24 as against 15.4% in FY 2022-23. The marginal fall in RoA and RoE is indicative of the shift in asset mix towards home loans and commercial banking-related assets. The Debt Equity Ratio for the Bank was 0.27 as on 31st March, 2024.

Liquidity

We prudently managed liquidity. The average LCR in FY 2023-24 was at 125% (vs. regulatory requirement of 100%). We also hold additional liquidity which is invested in highly rated corporate bonds.

Distribution

In FY 2023-24, we expanded our distribution and opened 17 new bank branches taking the total branch count to 629. Apart from expanding to new cities like Cuttack and Coimbatore, amalgamation of Fincare branches have provided us with pan-India distribution.

Priority Sector Lending

Informal lending at higher interest rates is still a prevalent practice in our country. It is attributed to

lack of formal banking services for a significant portion of the population and, therefore, financial inclusion of the deprived has always been the government's priority. Priority Sector Lending (PSL) has been one of the most popular and efficient channels for disseminating formal credit to the deprived.

PSL includes loans to farmers, agriculture and allied activities, food processing, MSME, housing, social infrastructure, education, and loans to certain weaker sections, with a minimum threshold to be mandatorily achieved under certain PSL categories. With an objective of financial inclusion and to ascertain formal credit flow to the bottom of the pyramid of the population, small finance banks have been entrusted to achieve at least 75% of their advances under PSL norms.

While achieving PSL is a regulatory requirement, AU SFB has taken it as an opportunity to serve the unbanked and underserved for fulfilling credit requirements and achieving PSL targets simultaneously.

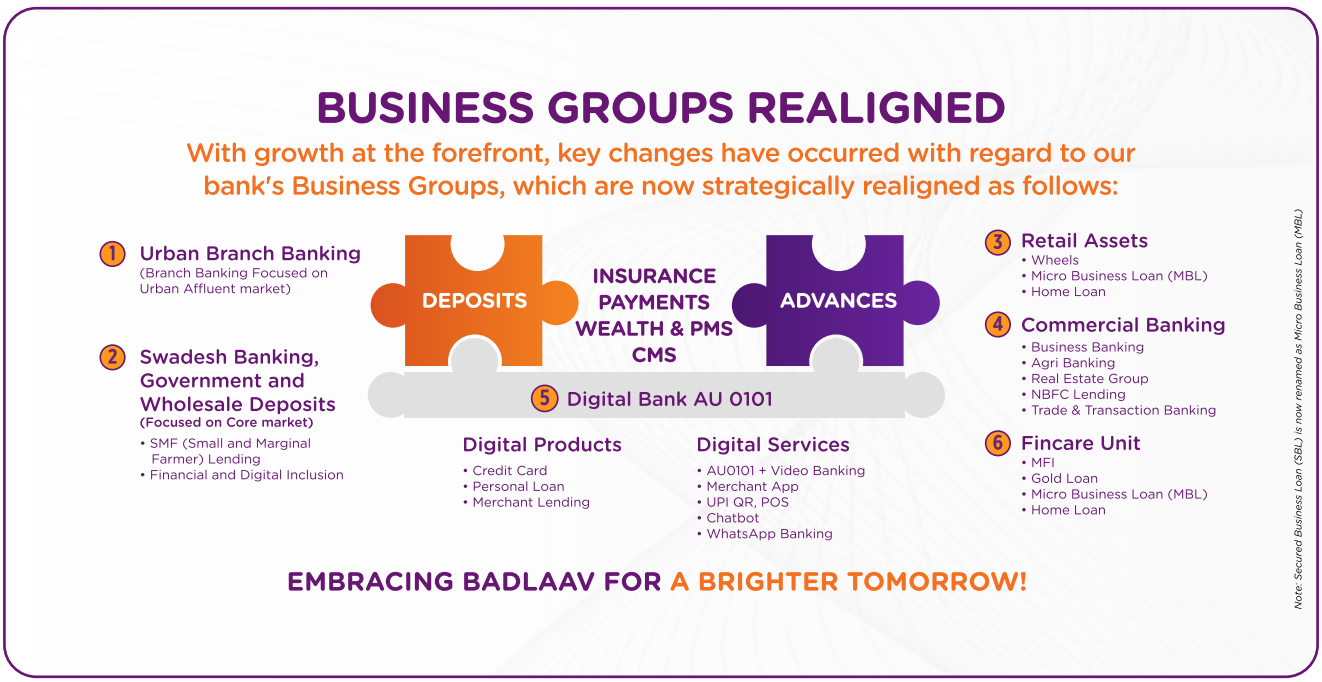
We are delighted to inform you that the Bank has been able to over-achieve regulatory PSL requirements YoY, and in FY 2023-24 too the Bank's PSL advance achievement was 90.5% against the mandatory requirement of 75%.

Small ticket-size loans in unbanked locations pose an inherent credit risk. With AU's extensive knowledge and insights gained while lending to various types of micro and small businesses over the years, we have been able to create and deliver product offerings, while mitigating the risks, and concurrently achieving the PSL target.

AU has also been playing a key role in helping micro-entrepreneurs get on their feet after the effects of the pandemic, with seamless services and delivery of products at affordable price points, and with quick turnaround time. The Bank continuously endeavours to serve the financial needs of the underserved, cater to their credit requirements, and partner with them in their growth, responsibly and sustainably on our forever journey.

Business Performance and Highlights

To manage the businesses in a more effective way and to move in the direction of Forever Banking, we have aligned the Bank in 5 Business Groups. After the merger of AU SFB with Fincare SFB on 1st April, 2024, one more business group namely "Fincare Unit" got added. Here are our 6 Business Groups:



1 Urban Branch Banking

In our journey towards building a Forever Bank, it was very clear to us early on that building a retail deposit liability franchise would be essential. This would give us a long-term customer base to whom we can offer a complete suite of banking products and build sustainable long-term relationships with them. Towards this objective, we have segregated our Liabilities business into Branch Banking, Cooperative Banks, Government Business & Wholesale Liabilities Segments.

Branch Banking is tasked with building a retail, low-cost, stable, deposit franchise. Building a retail franchise is enabled through acquisition of high-quality GIST (Granular, Individual & Small Business, Transacting) customers.

During the year, we added a total of 8+ Lakh customers in our retail deposit franchise. Our focus remains on onboarding of high-quality retail customers, deepening engagement with them, fulfilling entire banking needs of customers across Savings, Payments, Loans, Insurance, Investments, etc. This is enabled through an optimal mix of comprehensive bouquet of products - Credit Cards, Asset Businesses (e.g. PL, Auto Loans, Housing Loans, Business Banking, etc.), Investment and Insurance services, trade, and foreign exchange offerings backed by top-notch digital solutions - AU0101.

Distribution

Since March 2020, we had focused on expanding our presence in the urban market to rapidly scaling up our retail deposit franchise. With that in focus, we scaled up our branches in urban markets from 98 in March 2020 to 259 by March 2024, about 2.6x growth in urban market touchpoints.

Our urban branches have scaled rapidly with average deposit book of ₹167 Crore. Also, the branches that were launched in 2017 have already scaled average deposit book of about 300+ Crore. Our expansion in urban markets over the last few years have ensured our presence in all major urban markets including East, Uttar Pradesh, and the southern markets.

Customer Service and Engagement

Our focus is on high quality acquisition and deepening our engagement with the customers by fulfilling their comprehensive banking needs. During FY 2023-24, 42% of our customers sourced by Urban branch banking were IRP (Ivy, Royale and Platinum). Consequently, the transacting customers as the percentage of total customers have grown from 59.1% to 60.2% in FY 2023-24. Product per customer been sustained at 1.72 for the financial year.

Wealth

We have created 100% digital journey for Wealth on AU0101 app, enabling completely paperless investments which was further strengthened by introducing unique features. For instance, by using 'Wealth Check-up', customers can compare Mutual Fund schemes and make informed decisions. Already established IPO/ASBA platform was opened up to a wider use case by launching "Minor Accounts" to apply for IPO ASBA on our digital platforms. This has augmented the wealth experience of our liability customers.

In terms of scale, we continue to make robust progress on a YoY basis, wealth AUM stood at ₹674 Crore vs. ₹167 Crore, Number of live SIPs crossed 1 Lakh vs 57,000 and the number of customers with live SIPs reached 39,000+ vs. 24,000+. As of FY24, total number of Wealth customers has crossed 1.7 Lakh and we are now able to serve our clients across all segments better through our wealth proposition encompassing suitability-based solutions, digital execution & reporting platform AU0101 and coverage of key client relationships through our team of experienced wealth specialists.

Insurance

In Insurance and Protection, the focus remained on providing insurance solutions to bank customers digitally. The development of robust digital platform "AUBIMA" has helped sourcing policies for various insurance partners with 100% compliance. Development of Life, Health, Motor, SME, Wellness and Pocket insurance solutions has helped customer choose products through AU0101. We grew by 8% YoY from 193 Crore to 207 Crore in Life & Health insurance business. We maintained a healthy average ticket size of 1.13 Lakh in Life Insurance and 16,000 in health insurance. We are able to service our customers on retail, pocket & group products through our suitability and tech-enabled solutions.

Some of our initiatives facilitates differently-abled customers to conduct banking at ease. We have put in place appropriate mechanism with provisions for



meeting their needs so that they are able to avail services without difficulty including setting up dedicated service desks, ensuring prompt resolution of queries, minimising any potential delays in interactions, extending doorstep banking services at ease, ramp facility at all possible locations to provide ease of access at our branches, and dedicated Relationship Manager to facilitate direct communication channels allowing them to connect for any banking need.

As a result, we are emerging as a crucial conduit in the country's financial network. These network effects are subtly enhancing our presence with both familiar and new customers. With each transaction, our integration into the nation's financial network deepens.

Product

Segmentation and personalisation are key to creating a strong affinity and engagement with the brand. Consumers today have a wide pool of banking partners to choose from, and hence it is important to offer them curated products and services that cater specifically to their banking, transactional, business and lifestyle needs. This led us to focus this year to launch curated 'offerings' for specific segments.

AU Ivy, an exclusive premium banking proposition for Ultra HNI segment was a huge success. In the past year, the Bank acquired 3,800+ families comprising 11,000+ accounts and 6,000 Crore of Relationship Value. The AU Ivy Debit Card powered by VISA infinite programme offers zero cross-currency mark up on forex transactions, lounge access and is a powerful lifestyle debit card. In the first year itself, it has the best-in-Class activation across industry of 30%.

The Bank continued its focus on segmental offerings, targeting business persona like Contractors, Doctors, Agriculture businesses, Pharma segment under the **Segmental Royale Programme**. Each of the offering addressing the specific business needs of the segment creating a stronger engagement and relationship in that market.

India is the third-largest start-up ecosystem in the world and this segment has a whole set of different needs unlike established business houses. The start-ups, apart from seamless banking services, quick TAT, and superior banking experience also require guidance and comprehensive solutions for their business. Keeping this priciple in mind, a programme '**Zero to One**' was launched. 'Zero to One' simply means creating something out of nothing. It provides seamless, hassle-free banking and Beyond Banking solutions. Beyond Banking solutions cater to all the business needs of the start-up like setting up company; workplace requirements; legal & taxation advisory; marketing and brand services; admin and employee management services and so on.

Sustainability is a key building block in today's world. Building a Cleaner, Greener, and Sustainable future require investments in projects focused on Green Assets. While everyone wants to do something towards this cause, consumers are unable to do anything significant due to various reasons. Solving this Simply is what **'Planet First AU Green Fixed Deposit'** does! Built on fundamentals of Green Deposit framework released by the Regulator, this product offers consumers an Easy, Simple and Assured way to impact Environment and Sustainability. All deposits garnered under this product are deployed in 'Green Lending Projects' under the RBI framework and reviewed by independent third-party auditor.

AU Swadesh Savings and Current Accounts were launched with a focus on providing innovative solutions tailored to the unique needs of Swadesh geographies. By promoting digital transactions in everyday banking, AU Swadesh aims to make transactions simple and rewarding. The offering includes cashback on transactions, flexibility in maintaining balances, and consideration of the seasonality of business cycles in these regions.

We have onboarded Mastercard as a network provider for Debit Cards. The initial launch of this initiative is targeted at the Bank's enterprise salary customers and is presented under the theme '**Swipe&Save**'. The theme emphasises the tangible savings that accompany each swipe.

The **HAPPY Card scheme** was launched for the Haryana government with AU SFB as banking partner for the Open Loop Ticketing system in collaboration with Haryana State Transport. Aligned with the One Nation One Card scheme, this initiative marks a significant step towards contact-less, cashless and environment friendly transport system.



2 Swadesh Banking, Government, and Wholesale Deposits

To unlock the untapped potential in rural areas, the Bank introduced a new structure called 'Swadesh Banking.' This initiative aims to enhance our organisational effectiveness and focus on the semi-urban and rural segments. Under Swadesh Banking, most of the Core Branches, BO/BC units, the Financial & Digital Inclusion (FDI) Team, and Small Marginal Farmer (SMF) Finance have been integrated. We have also united Government Business, Wholesale Deposits and Swadesh Banking under a single umbrella to bring better synergy and coordination among these businesses.

Swadesh Branch Banking

It is an innovative initiative aimed at redefining the banking experience in rural and semi-urban India. This is an amalgamation of our decades of legacy in financial inclusion and a deep-rooted understanding of rural markets. Swadesh Banking is designed to offer comprehensive financial solutions to farmers, self-employed individuals, and micro-enterprises in rural and semi-urban India. Swadesh Banking consolidates various rural-centric services under one unified structure. This includes our rural branches, banking outlets, financial and digital inclusion units, and specialised lending units for small and marginal farmers. The consolidation aims to streamline operations and deliver more efficient and targeted services to our valued rural customers.

Four sub business units come under the Swadesh Banking umbrella

- Swadesh Branch Banking
- Small Marginal Farmers
- Financial and Digital Inclusion
- Distribution BO-BC Channel



Financial & Digital literacy camp at Bidara Village in Shahpura, Jaipur

Key Numbers

386
Swadesh Banking Touchpoints in numbers

54
Unbanked Touchpoints in numbers

₹8,405 Crore
Total Deposit

₹3,900+ Crore
CASA Deposit

₹3,000+ Crore
Saving Account Book

Highlights of the Years

- We have achieved 23% growth in deposits during the year and our deposits stands at ₹8,405 Crore.
- Customer base increased by 9% during the year.
- Our 74% CA customers are transacting where product per customer is 1.99.
- Our 61% SA customers are transacting where product per customer is 1.85.

New Initiatives

- Introduced new savings account product AU Kisan Saving account for Farmers & AU Swadesh Savings account to provide banking facility to rural villagers.
- Introduced new Current account product for AU Swadesh Current account to provide banking facility to rural small business accounts.

Strategy and Way Forward

Main aim of Swadesh Banking for the upcoming year will be to drive profits across all branches by focusing on retail deposits as well as asset products, customer acquisitions and employee productivity. We would expand to newer geographies in line with our overall objective. We have strengthened our branch network across India after a successful merger of Fincare. We will deliver enhanced banking services and empower every corner of rural India with tailored financial solutions. This initiative is more than just banking; it is a commitment to amplify opportunities, cultivate self-reliance, and pave the way for a brighter future in the hinterlands of India.

Financial & Digital Inclusion

Ensuring access to financial services beyond urban areas are crucial for achieving comprehensive financial inclusion in India. About 65% of the population resides in rural areas. With 31% of branches located in Unbanked Rural Centres (URC), our commitment lies in bridging the gap in financial services and fostering the growth of rural India. Recognising the potential of collective efforts and innovative strategies, we have structured our outreach (in 50 Special Focus Districts with 94 touchpoints covering 23 Aspirational Districts, 13 Left Wing Extremist Affected Districts, 13 Hill States Districts and 1 North Eastern Region District). Leveraging both physical and digital banking modes, we aim to bolster the financial well-being of rural communities.

Our physical distribution channels, including rural branches and banking outlets (BO), are strategically positioned to serve areas with populations below 9,999. Demonstrating our dedication, we expanded our network to 334 touchpoints in FY 2023-24, comprising 81 rural branches and 253 BOs.

Key Numbers

4,67,400+
BSBDA Accounts

1,00,800+
PMJJBY Policies

1,41,000+
PMSBY Policies

1,03,000+
APY Policies

₹15.5 Crore
DBT Received in BSBDA A/c during FY 2023-24

1,200+
PM SVANidhi Loans

690+
IGUCCY

10,550+
Financial and Digital Literacy Camps

All nos. are till date unless specified

New Initiatives

We leveraged the developments in the fin-tech space and working together with the Reserve Bank Innovation Hub (RBiH) to digitise loan disbursements for street vendors as another humble effort to empower the vulnerable sections. This digital and consent-based architecture has enabled seamless digital onboarding and disbursement of PM SVANidhi loans within a few hours.

The pilot is focused on empowering street vendors and helping them thrive and build a sustainable livelihood.

Strategy and Way Forward

- In FY 2024-25, we will place a stronger emphasis on enhancing financial and digital literacy in both rural and urban underserved areas.
- We will increase our focus on the PMJDY scheme, aiming to serve underprivileged individuals and improve their lives by offering PMJJBY, PMSBY, and APY schemes.
- Facilitate street vendors by offering PM SVANidhi micro loan scheme through digital journey.
- Promote the PM Vishwakarma scheme in microfinance to promote an inclusive Bharat.

Small and Marginal Farmer (SMF) Lending vertical

~₹123 Crore
Loan Portfolio

3,800+
Total number of customers

₹3.2 Lakh
Average ticket size

Individual Farmers
Constitution of customers

The SMF segment was set up in the Bank to fulfil the credit needs of small and marginal farmers. This dedicated vertical is involved in individual farmer financing in the Bank. Under SMF, we started with **'Farm Credit Term Loan'** catering to the term loan needs of the farmers involved in agri and agri-allied activities. Loans are provided with varying tenures depending on the nature of the activity and cashflow cycle of farmers.

We are currently operating in four states namely Rajasthan, Gujarat, Madhya Pradesh, and Maharashtra. The approach followed in building this book is based on identified clusters having good potential and presence of dairy farmers where funding is given for the purchase of cattle. This kind of financing to SMF farmers has resulted in an increase in livelihood incomes from agri-allied activities.

We financed farmers in Maharashtra's Beed district for sericulture activity under climate resilient agriculture financing initiatives. These fundings in the form of term loan led to the creation of sheds for raising silkworms under sericulture for farmers. With this intervention, the annual income of small and marginal farmers increased many folds leading to the diversification of sustainable sources of income.

The SMF team also conducted various farmer awareness and outreach programmes for making farmers aware of cattle loan offered by AU SFB.



AU's SMF customer showcasing his products

Distribution BO-BC Channel

A 'Banking Outlet' is a fixed-point service delivery unit staffed by either the bank's personnel or its Business Correspondents, providing services such as account opening, deposit acceptance, cash withdrawals via AEPS/Micro ATM, and lending.

In alignment with the RBI's Financial Inclusion guidelines, AU SFB is committed to addressing the needs of unbanked regions by establishing Business Correspondents/Banking Outlets.

Wholesale Deposit

Wholesale deposits (bulk deposits) refer to large-scale deposits made by institutional clients, such as Corporates, Financial Institution, Cooperative banks, Trust, Corporations, etc. Before opening any wholesale deposit account, we carry out due diligence as required under the Know Your Customer guidelines issued by RBI Anti Money Laundering rules and regulations and/or such other norms or procedures adopted by the Bank. We focus mainly on non-callable wholesale deposits, which gives the Bank long-term.

Government Business

The Government Banking Group caters to the banking requirements of central government departments, state government departments, central and state public sector undertakings (PSUs), boards, defence, urban local bodies and other government departments.

The Bank remains committed to delivering customised solutions, including payment processing, digital solutions, advisory services, reconciliation, and security/risk management to this segment. Our products include current accounts, savings accounts, and fixed deposits specially designed to cater to government departments' needs.

Our aim is to provide a digital ecosystem and IT infrastructure which can make government departments self-sufficient in terms of their banking experience, thereby transforming the department into a digitally empowered organisation. We want to be an integral part in the digital transformation journey of the government customers by providing omni-banking channel for collections and payments (POS/CMS/QR/PG, etc.), e-auction/e-tendering, reconciliation, cash management services, etc.

We are integrated with the following key platforms of GoI:

- Public Financial Management System (PFMS)
- Integrated Financial Management System (IFMS Rajasthan & Punjab)
- Central Nodal Accounts/ Single Nodal Account (Virtual/ Actual)
- National Common Mobility Card (NCMC Card)
- eRUPI (Issuance and Acquiring)
- Toll Acquiring and FASTag Issuance
- Mobile apps for Smart Cities



Meet and Greet with a government official

The mobile app developed by the AU Bank for Udaipur Smart City has been declared joint winner under Governance category at India Smart Cities Award Contest (ISAC) 2022, organised at Indore and graced by the Honourable President of India Smt. Droupadi Murmu.

Way Forward

- Solution-based approach to improve digitisation of govt departments
- Helping governments in their e-governance initiatives
- Focus on increasing the presence of government business team in other regions, such as the South and East
- Acquiring state/central mandates for undertaking Govt. business
- Focus on CASA acquisition
- Agency Banking Licence

3 Retail Assets (Wheels, Micro Business Loan, Home Loan)

Retail Assets represents the core DNA of AU SFB and is primarily focused on serving the low income households and primarily self-employed customers. The Retail Assets group consists of 3 business units namely Wheels, Micro Business Loan, and Home Loan. Wheels or vehicle financing is the oldest business segment of AU and has scaled incredible heights over the last three decades. Micro Business Loan unit provides lending to small merchants and micro-businesses and is among the most profitable businesses of the Bank. Home loan, is a relatively new business unit, operating since 2017 mainly provides affordable housing solutions to retail customers and carries strong growth potential.

Wheels

Vehicle loans, with a vintage of 29 years, has witnessed various cycles of highs and lows in the automobile sector, but with our deep expertise and experience, the vehicle loan portfolio has grown steadily and forms 35% of our total loan portfolio at the end of FY 2023-24.

We extend credit to the widest range of product offerings which are extended to customers looking to buy 2-wheeler to 22-wheeler for personal and commercial usage respectively. We offer loans for new and pre-owned vehicles across several categories including cars, multi-utility vehicle (MUV), sports utility vehicle (SUV), light commercial vehicle (LCV), medium and heavy commercial vehicle (MHCV), construction equipment (CE), tractors, two- and three-wheelers.

In the commercial space, we serve first-time buyers (FTBs), first-time users (FTUs), small road transport operators (SRTOs) and captive users. In personal segment, we serve salaried, self-employed professionals (SEP), self-employed non-professionals (SENP), agri and dairy farmers, etc. The average loan tenure is of ~3.5 years and is secured through hypothecation of the vehicle.

₹28,902 Crore
Loan Portfolio

2.0%
GNPA

Key Portfolio Highlights

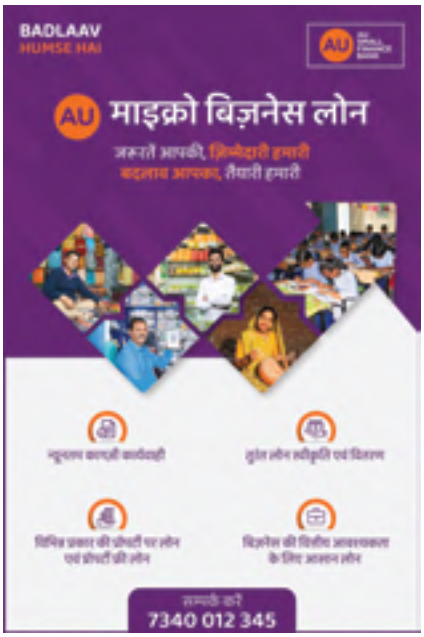
- The loan portfolio grew by 26%, reaching a total of ₹28,902 Crore.
- Total Live Loans are 9.72 Lakh and Unique Customers are 8.80 Lakh.
- ATS on the loan portfolio is 3.39 Lakh excluding 2-wheelers.
- 73% loan portfolio is in Core and 27% in Urban
- 59% of loan portfolio is in new vehicles, 41% in used and refinance,
- 71% NTB, 22% ETV, 7% ETB (others).
- 94% Portfolio is with CIBIL Score above 650+ and NTC is 18%.
- Top 5 Manufacturers (Maruti, Mahindra, Hyundai, Toyota and TATA) comprises 74% of Book.

Micro Business Loan

Micro Business Loan (MBL) is a flagship product within the retail assets segment. Our loans primarily serve micro MSMEs, having a few years of track record in such businesses, generating cashflows at high frequency, with limited formal documentation (for example grocery/kirana stores, dairy/cattle rearing and hotel/restaurants). Focused on financing of consumer driven unserved and underserved MSME businesses, MBL team takes effort to understand customers' business and their future requirements, their existing and projected cashflow, and on-ground feedback to arrive at the loan amount that can be offered to them. Such loans are then secured by immovable property with end use ranging from working capital needs to expansion of business, purchase of machines/equipment and infrastructure requirements, etc.

At AU SFB, our focus is to bring more and more micro enterprises into the fold of formalised credit, and we have emerged as one of the prominent bankers to micro MSMEs in the last decade in North, Central and Western India. Our target customer base includes traders, wholesalers, distributors, retailers, manufacturers and self-employed professionals, and these loans are meant to meet their needs for expansion, working capital and purchase of equipment.

In FY 2023-24, we have gained good ground in extending uncollateralised Mudra Loan to MSMEs which is secured by credit guarantee. Mudra loan helps micro business enterprises to get short term loans without offering any collateral but backed by credit guarantee of CGFMU. In FY 2023-24, we have disbursed ₹257 Crore under this programme.



Key Portfolio Highlights

- The loan portfolio grew by 13%, reaching a total of ₹22,141 Crore.
- Total Live Loans are 2.48 Lakh and active Customers are 2 Lakh.
- ATS of our MBL portfolio is ₹10.5 Lakh
- MBL business operates from 9 States and 2 UTs across 440+ branches
- 71% disbursement is in ticket size up to ₹15 Lakh.
- 73% loans extended to New to AU SFB (NTB) customers.
- 21% loans extended to New-to-Credit customers.

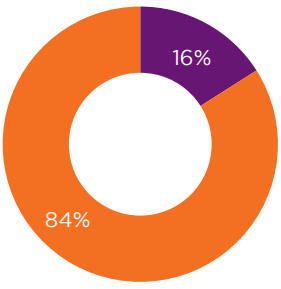
₹22,141 Crore
Loan Portfolio

2.7%
GNPA

Top 10 Customer Profiles

FMCG Retail	11%
Apparels & Accessories	9%
Small Service Providers	8%
Agri Allied & Ancillary	6%
Laghu Udyogs	6%
Building Material Traders	6%
Consumer Staple Traders	4%
Semi-Skilled B2C Services	4%
Education	4%
Traders of household	4%

Core* - Urban Mix



Core means Rural & Semi-Urban geographies

Home Loans

The real estate industry has benefited from the push for policy that has resulted in legislation like the Real Estate Regulatory Authority (RERA), the introduction of Real Estate Investment Trusts (REITs), and housing initiatives like PMAY (Pradhan Mantri Awas Yojana).

We provide a full suite of home loan products to cater to every home buyer's needs (be it home/flat purchase, take-over, self-construction, extension/ renovation, and top-up), with a focus on the lower ticket size housing segment majorly in tier 2, tier 3, and tier 4 cities. Our average ticket size of loans is just above ~₹11 Lakh with average EMI amount being ₹12,729. Loan offering ranges from ₹2 Lakh to ₹500 Lakh for a maximum 30-year tenure for salaried customers and 20 years for self-employed customers.

A wide variety of housing/non-housing products, 240+ branches for sourcing in 8 States, a wide gamut of properties being accepted as collateral, varied formal and informal income profiles assessed by best-in-class 'touch and feel' underwriting methodology with deep knowledge of target segments helps us in differentiating ourselves from the competition. Coupled with improved sourcing through alternate channels, right product mix and the aim to expand the product offering to all AU SFB's bank locations in the years to come, the book is poised to grow at a significant pace. We have consistently invested in digital technologies and streamlined various activities in customer onboarding and loan processing along with nurturing and promoting the right talent for building a strong team.

Despite the challenges of high-rate regime, the home loan book has grown by 41% YoY with higher manpower productivity and improved operational leverage. We have adopted and implemented right strategic steps in a dynamic market environment by using our expertise in core and urban markets. A high share of loans in Semi Urban/Rural areas and 58% loans to self-employed customers underlines your Bank's commitment to serve the under-served and support the entrepreneurial segment.

Key Portfolio Highlights

- The loan portfolio grew by 41%, reaching a total of ₹6,045 Crore.
- Total active Customers are 46,000+.
- ATS of our HL portfolio is ₹11 Lakh.
- HL business operates from 8 States across 240+ branches.
- 73% loan count in semi-urban/rural areas and 58% loan count to self-employed.
- Facilitated first homes for approx. 34,000+ customers.

₹6,045 Crore
Loan Portfolio

0.3%
GNPA



4 Commercial Banking (Business Banking, Agri Banking, Real Estate Group, NBFC Lending, Trade and FX, Transaction Banking Group)

Our Commercial Banking group caters to several types of small and medium-sized businesses, including MSMEs, asset finance companies, housing finance companies, MFIs and real estate developers. We categorise our commercial banking business into:

Business Banking

The Business Banking segment primarily revolves around the working capital requirements of MSMEs, offering a variety of fund-based and non-fund-based loans to meet their diverse financial needs. It provides working capital facilities (Overdraft, Cash Credit, Letter of Guarantee, Bank Guarantee) and long-term facilities (Term Loans) to wholesalers, retailers, traders, manufacturers, service providers, contractors, distributors, educational institutes, and healthcare enterprises in the market.

The Bank's focus in this segment is on programme-based lending, which is granular and well-collateralised, and delivers a wide spectrum of solutions addressing customers' evolving business needs such as customised offerings, faster turnaround time, and transaction convenience. Additionally, the segment has surrogate programme-based underwriting which considers non-financial documents such as Goods & Service Tax (GST) returns and bank statements for credit assessment.

The business recorded 47% YoY growth to ₹7,304 Crore, driven by improved operational efficiencies. The focus has been to grow this segment profitably in a manner that meets our risk and return expectations. A strong focus on cross sell has seen the successful built-out of liability relationship with our customers with growing contribution towards building the CASA book of the Bank.

We follow a stringent credit monitoring process which focusses on enhanced productivity, identification of EWS and timely exit of stress accounts. The segment constantly monitors and analyses cases to identify risks, thus ensuring a healthy portfolio quality. Well-trained team of relationship managers with a presence at 250+ branches covering over 520+ locations across various states in India enables us to reduce concentration risks by focusing on granular lending.

With the AD-I licence, we are exploring a new arena of opportunities to handle foreign exchange and export/import transactions of our existing as well as potential customers.

₹7,304 Crore
Loan Portfolio

0.5%
GNPA

Agri Banking

The Bank continues to focus on funding various agri value chain intermediaries like flour/dal/oil/rice mills, agri and food processors, dairy units, warehouses/cold storages, animal feed manufacturer, seed multipliers, poultry farms, nursery, and cotton ginning. It also finances Farmer Producer Organisations (FPO)/Farmer Producer Company (FPC), hi-tech agriculture activities, and undertakes green financing like solar projects. The Bank is totally committed to furthering the Government's agenda by supporting its various schemes – be it FPO/Agri infra (AIF)/Prime Minister formalisation of micro food processing enterprises (PMFME)/PM-KUSUM (Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhiyan Scheme for farmers).

The Agri Banking business has reached ₹5,953 Crore portfolio mark, demonstrating stable and granular asset quality with a 49% year-over-year growth. Additionally, the client base has significantly broadened. The focus is on growing the book profitably by enhancing productivity, improving operational efficiency, and containing risk by rigorous portfolio monitoring.

TAKE YOUR BUSINESS GLOBAL WITH AU SMALL FINANCE BANK

SERVICES AVAILABLE:

- **Forex Services:** Remittances,Treasury Services
- **Export Credit:** Pre-shipment & Post-shipment Finance, Interest Equalisation Scheme under EPC
- **Trade Instruments:** Letter of Credit, Bank Guarantees, Delivery Order, Import & Export services



Farmer Producer Organisations (FPOs): The Bank has aligned its business goal with national priority and is funding eligible FPOs for working capital and term loan requirements. Accordingly, to have sector-specific targeted approach, a dedicated team is working to cater to this segment. As on 31st March 2024, we have funded 476 FPOs with a total disbursement of ₹60+ Crore. We have touched more than 2,36,000 farmers through this FPO initiative. The Bank was awarded by NABARD (National Bank for Agriculture and Rural Development) for this initiative involving credit linkages of Farmer Producer Organisations (FPO).

Renewable Energy: The government, both at the Central and State levels, has been providing a strong impetus for harnessing renewable energy potential. Solar Energy occupies a critical place in India's power strategy due to its scalability, easy deployability, and availability of abundant sunlight. In line with the government's objective and mission, we have underwritten PM-KUSUM loans of ₹256 Crore for a cumulative capacity of 118 MW. As part of our Green Banking, fresh disbursement for the renewable energy sector in FY 2023-24 was ₹184 Crore for a cumulative capacity of 76.1 MW, which facilitates the dual purpose of mitigating carbon emissions and improving economic well-being of our customers.

Key Numbers

₹5,953 Crore
Loan Portfolio

0.3%
GNPA



Engagement with agri customers

Real Estate Group

The Real Estate Group (REG) caters to the credit needs of the developers who specifically operate in either small-scale projects (up to two towers) or affordable and mid-housing segments. Based on this understanding developed over the years, the business model is designed to fund for the completion of the project and avoid funding of growth capital for the developers.

Certain specific parameters, like financial closure and avoiding over or under-funding are key to our assessment. The disbursement pattern is designed as Activity-based Disbursement rather than on a percentage completion method.

The selection of the customer is based on the logic of the relationship, which is of high importance to both the developer and the Bank. In other words, we would prefer not to be a non-significant lender to a borrower. Moreover, the developers focusing on building limited number of projects in a specific concentrated sub-micro market are preferred over large and over-leveraged customers.

The REG operates in all metros, including Mumbai, Pune, Bengaluru, Delhi NCR, Ahmedabad, and Hyderabad along with Tier 2 cities such as Surat and Jaipur.

NBFC Lending

Over the past 10 years, AU SFB has established a strong presence in the NBFC lending industry through a customer-centric approach and robust underwriting capabilities. We have effectively served financial institutions at various stages of their business lifecycles. Our loan portfolio includes 194 NBFCs across more than 15 States and Union Territories. Despite significant macroeconomic challenges during the last decade, such as demonetisation, the NBFC crisis, and the COVID-19 pandemic, our portfolio quality has remained robust. Our resilience is supported by our proactive 'ears-to-the-ground' approach and infrastructure in areas where these NBFCs are active.

Our success extends beyond lending as we have cultivated deep liability relationships with these financial institutions. We aim to enhance these relationships by offering a comprehensive suite of banking products, including transaction banking, CMS, current and savings accounts (CA/SA), ACH/NACH and e-NACH, corporate credit cards, and corporate salary accounts.

Key portfolio highlights

- **Curated Client Portfolio:** Focused on clients with proven records of timely debt and equity raising and low leverage. The median leverage stands at approximately 2.3x, with an average of 2.4x, and our top 50 clients averaging at 2.3x.
- **Lending Strategy:** Current strategy emphasises investment-grade companies, with 78.2% of FY 2023-24 disbursals going to investment-grade entities.
- **Secured Borrower Profile:** Predominantly secured, with about 67% of funds allocated to asset-backed customers providing collateral such as commercial vehicles (CV), two-wheelers (2WLs), micro, small and medium enterprises (MSME), housing finance companies (HFC), and gold.
- **Expertise and Relationships:** Developed expertise in investing in companies with robust fundamentals, building strong relationships through a comprehensive range of lending and non-lending products.

Transaction Banking Group (including Trade and Fx)

The Transaction Banking Group caters to the unique requirements of the MSME and retail customers for their day-to-day banking needs. The primary objective of transaction banking is to capture the flow business of our corporate and MSME clients. We achieve this by enhancing operational efficiency through bespoke cash management solutions, reducing transition risks, and optimising cash flows and working capital. Our transaction banking solutions automates transactional processes, enabling better control and visibility over financial transactions.

The transaction banking offerings have been further augmented with the receipt of the Authorised Dealer Category – I (AD-I) licence from RBI, which has enabled the Bank to offer comprehensive suite of cross-border Trade Finance, Remittance and Forex offerings to its large customer base. The addition of Forex and Trade product offerings has also enabled the Bank to offer a holistic banking experience to its export-import (EXIM) customers. This, in turn, would also help the Bank in further diversifying and scaling up its customer base through acquisition of more EXIM customers.

The Transaction Banking Group primarily offers the following services to customers:



Cash Management Services: AU SFB provides a host of cash management services like payment processing (Corporate Net Banking), collections (NACH, VAM, Dynamic QR Code, Doorstep Banking Services), API Banking, Special Purpose Accounts viz. escrow, nodal and RERA accounts and other cash management solutions for businesses. API Banking solution helps the corporate/SMEs in automating their banking needs such as payments, collections, and account statement.

Trade Finance: Your Bank is currently catering to services related to foreign exchange and trade services (export/import) in five major currencies i.e. USD, EUR, GBP, CAD and AED through its vast network of 200+ trade enabled branches. We provide solution towards working capital need of exporters/importers as well as provide non-fund-based facilities to our borrowers through Letter of Credit (LC) and Bank Guarantees (BG). Some of the salient features, among others, of the accounts are preferential pricing for banking services including trade services, dedicated support across AU's branch network and higher transaction limits for Importers/ Exporters. EEFC and DDA accounts enable exporters to hold their export proceeds in foreign currency. This offering adds value to the corporate by potentially saving currency conversion costs. AU SFB offers forward hedging options to corporates having forex exposure to streamline and effectively predict their cashflow.

DigiTrade Portal is a dedicated online trade portal that enables corporates to initiate trade and forex transactions from anywhere/anytime. It adds value to corporates as it results in reduced paperwork, transparent and real-time transaction monitoring and availability of reports on tap. Secure access is provided to the portal via AU Corporate Internet Banking.

Retail Remittances under Liberalised Remittance Scheme: AU SFB's AU remit platform enables Non-Resident Indian (NRI) customers to effortlessly transfer funds digitally from their AU NRE Savings Account to their overseas accounts in foreign currency. Besides, it also extends its services to residential individuals and proprietorship firms, enabling them to send money abroad for purposes listed by the RBI under the LRS scheme through the web portal and AU SFB branches. Retail customers can make online remittances under the LRS scheme seamlessly, without cumbersome documentation. This substantially elevates the overall customer experience.

5 Digital Bank AU0101

'Digital Bank AU0101' is our Digital banking group primarily focused on providing best-in-class digital products and services to our customers. There are two sub-units under the Digital Bank group — Digital Products and Digital Services.

Digital Products:

Our digital products are gaining traction with users. Within a few years of launching credit cards, we are among the top 10 new card issuers with impressive activation and spends. We are also gaining traction in personal loan and merchant lending products.

Credit Cards

We issued approximately 10 Lakh cards with a consistent monthly run rate of 50,000. This included the launch of LIT, India's first customisable credit card, and SwipeUp, allowing users from any issuer to upgrade their card via a simple, three-step digital journey.

Our product launches include:

- Introduced the Rupay Credit Card to enhance UPI transactions.
- Launched a premium metal credit card and a Corporate Credit Card, catering to specific customer needs.
- Debuted the Ixigo AU Bank Credit Card, tailored for modern travellers with exclusive benefits across various transport modes.

To enhance our financing options, we have expanded our EMI offerings through strategic partnerships with key industry players, providing our customers with more flexible purchasing options. Additionally, we have enabled tap-and-pay features on India's leading payment apps, significantly enhancing user convenience. In terms of digital engagement and performance, we have fully leveraged our AU0101 app to offer a completely digital experience from onboarding to card management. This approach has yielded impressive results, achieving a 98% activation rate within a month of issuance. Our cards also show high usage, with average monthly spends of ₹20,000 and 58% of cardholders actively using them monthly, which far surpasses industry standards.



Personal Loan

Digitisation has given a new shape and size to the personal loan business. The advancements in online onboarding and underwriting personal loans have been stacked among top products on the Bank's Unsecured Loan product stack.

We at AU started giving personal loans two years back by extending the product to existing customers. Since then, we have seen significant success in the personal loan business by keeping the operating and credit cost low for Existing-To-Bank (ETB) customers. Most ETB customers come from the self-employed segment.

Merchant Lending

The lack of collateral should not hamper small business owner's ability to take a business loan. That's where our Merchant Lending solution comes into the picture. One can get a quick unsecured business loan without any hassle through our merchant lending business. We offer easy-to-get business loans (Unsecured Business Loan and Dropline Overdraft) without any collateral, based on banking and QR transactions.

Digital Services:

In order to deliver comprehensive digital solutions to our customers, we have a complete bouquet of digital services. Services like AU0101 mobile app and Video Banking have been a hit so far. We are also gaining momentum in Payments services, WhatsApp Banking, Chatbot, etc.

AU0101

We have continued to drive innovation and growth in our digital banking platform over the past year, now serving around 30 Lakh digital customers, a remarkable 40% increase in monthly active users in 2024. AU0101 facilitated an astonishing 4 Crore financial transactions and 70 Lakh non-financial transactions, reaffirming its pivotal role as a driver of digital adoption. Evolving beyond its initial service-centric model, AU0101 is now strategically focused on three key objectives: Acquiring, Engaging, and Cross-selling.

Additionally, our integration of FASTag services has streamlined vehicle toll payments for our customers. These enhancements are further bolstered by our cloud-ready architecture that promises faster performance, enhanced Scalability and Security. Our simple 3-click Account Upgrade journey has invited 5,000 upgrades in 6 months. We are confident that these improvements will not only encourage increased user engagement but also strengthen our relationship with our valued user base.

AU0101 now offers a full stack of offerings across cards, loans, insurance, wealth management, and accounts tailored for digitally native customers.



This differentiated product suite enables us to serve our customers' evolving needs more effectively. Along with our core achievements, we have facilitated 2.2 Lakh Xpress EMIs booked for credit card transactions and 2.8 Lakh fixed and recurring deposits.

Looking ahead, we are committed to delivering an unparalleled experience to our users through a comprehensive app overhaul with AU0101 2.0. This transformation will introduce exciting new features such as OneTrack – Account Aggregator Integration, AU Remit for seamless international money transfers, and a Refer-a-friend programme designed to amplify customer engagement. We have also revamped our UPI and Bill payment services to deliver an exceptional payment experience for cultivating lasting habits.

In addition, we will be leveraging advanced personalisation techniques, trigger-based nudges, and behavioural analysis for actively increasing balances, driving card spends, and expanding our unsecured loan book.

Together, these investments solidify our position as pioneers in the digital banking realm, committed to transforming AU0101 into a significant acquisition channel.

Video Banking

Our industry-leading video banking proposition has continued to redefine the banking experience, offering personalised, secure, and face-to-face video services at the click of a button.

In FY 2023-24, we achieved a remarkable 1.5-fold increase in digital account openings compared to the previous year. Moving forward, our focus will be on attracting high-quality customers. This aligns with our vision **'AU@2027'** of sustainable growth and profitability. We plan to achieve this by focusing more on organic channels, which will reduce our acquisition costs.

We have opened 5.7 Lakh full KYC savings account and accumulated ₹1,716 Crore+ in retail deposits through these customers. A significant 76% of our new customers are from urban geographies, and 52% are salaried professionals, reflecting our targeted approach to customer acquisition. Our digital engagement initiatives have led to 19% of digitally acquired savings

account customers availing at least one additional offering from us.

We have recently revamped video banking with a new user-centric approach to improve customer experience. Our dedication to convenience and innovation led us to handling 3.3 Lakh enquiry and service calls this year. In the coming year, we plan to reduce volumes on the high-cost video banking channel by redirecting generic customer inquiries to lower-cost channels such as WhatsApp banking, Auro chatbot, and our customer helpline number.

Merchant App

We have also launched a Merchant app to keep up with the dynamic business environment. We realise that the MSME segment requires different products and communication to run their business effectively. We intend to replicate the success of the AU0101 retail app with the MSME segment. Around 80% of Current Account customers are active on the AU0101 app, of which 60% are active each month with an average of one login per day.

This app is a one-stop shop for managing business and banking for merchants. They are able to seamlessly toggle between store and banking modules. The app has all core banking features, seamless current account onboarding, and pre-approved loans. Soon, we will also introduce value-added features such as GST/ITR filing, accounting & invoicing, and access to ONDC.

Payments (UPI, QR, POS, FASTag, eRUPI)

The Bank is witnessing greater traction across digital payment modes like UPI, QR codes, etc.



AU's 24x7 video banking set-up at Mumbai

and hence these payment modes remain the focus areas for us. All digital payment modes help the Bank to engage deeper with the customer and help achieve better primary banking relationship. We are committed to offer best-in-class seamless solutions across payment modes like UPI, QR codes and FASTag to our customers and our AU0101 app plays a pivotal role in extending and experiencing these products.

Chatbot and WhatsApp Banking

Further, the Bank has started building up a customer-centric stack on Chatbot and WhatsApp Banking. AU SFB offers more than 20+ services on both these channels to enable banking at customer finger tips. As we progress further, the Bank would be using these channels for innovative and seamless customer journey across its products.

6 Fincare Unit (MFI Loan, Secured Business Loan, Home Loan, Gold Loan)

After the successful merger with AU SFB, Fincare operates as one of the 6 business groups of AU. Continuing from their erstwhile business structure, there will be 4 sub-business units under the Fincare unit as mentioned below:

Microfinance Loan

₹8,007 Crore
Loan Portfolio

1.4%
GNPA

The rural banking unit of Fincare offers a platform to unbanked and underbanked masses to fulfil their financial aspirations. The success of the unit's financial inclusion efforts is evident from the fact that microloans constituted ~60% of the Gross Loan Portfolio of Fincare as on 31st March 2024. The unit's strategy involves leveraging its legacy in microloans while diversifying its asset portfolio. Leveraging customer relationship as well as analytics, the unit is focused on addressing the unmet credit need of target segments across different life stages through tailored offerings.

Secured Business Loan (SBL)

₹2,542 Crore
Loan Portfolio

2.2%
GNPA

SBL assists in fulfilling the funds requirement of small business owners by providing higher ticket sizes at a lower rate as compared to a personal or a business loan.

The customer is able to secure a loan for a longer tenure as it is backed by an asset.

Home Loan

₹2,198 Crore
Loan Portfolio

1%
GNPA

This product is tailored to meet the housing requirement of individuals from low to middle-income households. The unit plans to introduce the product across additional markets in a calibrated manner.

Gold Loan

₹1,350 Crore
Loan Portfolio

1.6%
GNPA

Gold loan is an opportunity to reach out to the new-to-bank customers as well as cross-sell to existing micro-loan consumers. The unit has built a state-of-the-art app to scale at ease across multiple channels. Agri Gold Loans and BC Channel introduced in FY 2021-22 witnessed robust growth in FY 2023-24. The key priority is to leverage digital channels such as mobile apps, website, and social media to promote the product and facilitate online applications. The objective is to establish a strong branch network in areas with high demand for gold loans, ensuring easy accessibility for customers.

Risk Management

Over time, the finance industry has witnessed significant transformations due to advancements in technologies, business model transformations, changing regulatory landscape, and many other macro, external and internal factors. Risk is the most critical element for a bank, considering it is the custodian of public deposits. There is a wide array of risks in the banking industry including Credit Risk, Market and Liquidity Risk, Operational Risk, IT and Cyber Security Risk, Compliance Risk and others. Your Bank has adopted a multi-layered risk management process to identify, assess, monitor, and manage risks through the effective use of processes, information, and technology.

The details of the Risk Management framework, monitoring and mitigants of various identified risk areas and its terms of reference are set out in the Directors' Report/ Corporate Governance Report annexed with the Board's Report as Annexure-I.

↗ Read more on **PAGE 154**



Educating and empowering women entrepreneurs

Human Resources

At AU, we have been redefining HR practices in the financial landscape, which has been recognised not only in India, but across the Asia Pacific as well. Over the past two decades, there has been a notable transformation in how organisations manage their workforce. Despite these shifts, our focus remains on investing in our people and taking a step towards balancing the changing needs of employees and the bank.

Our total employee strength as on31st March 2024, was 29,738 and investment in our employees aims to support their overall well-being, including that of their families, and provide them with learning and growth opportunities to build fulfilling careers with us. These initiatives are heavily informed by feedback from our annual engagement survey and other communication channels, ensuring that our benefits align with the needs and preferences of our workforce.

Read more on **PAGE 62**



Republic Day celebration at Fincare office

Credit Risk Management

The credit risk framework at the Bank is established through credit policies and product policies, which outlines the principles and control requirements for extending credit to customers across various business sectors. These policies and standards encompass all stages of the credit cycle, including origination, credit approval, documentation, administration, monitoring, and recovery.

To control the magnitude of credit risk, the Bank has implemented prudential limits and caps on various aspects. The organisation emphasises on regular and timely risk reporting accompanied by effective control mechanisms. Loan administration and monitoring are conducted through portfolio profiling, an early warning framework, and other credit risk activities that focus on asset quality trends and concentration.

The Bank's credit culture mandates lending decisions based on thorough credit analysis, with a comprehensive understanding of the loan's purpose and alignment with the customer's financial situation and the ability to repay from their business operations. Off-balance sheet transactions undergo the same rigorous credit analysis as on-balance sheet transactions. The Bank has credit approving authorities and committee structures that are linked to the risk levels associated with borrowers and transactions. The delegation of authority is reviewed periodically. The level of collateralisation is determined based on the nature of the transaction and the credit quality of the borrower.

The Bank's performance remains resilient in FY 2023-24 despite multifold challenges in the operating environment. It will continue to be robust, marked by a strong growth momentum and sustained returns.

Collections

Our collection process has always demonstrated remarkable resilience. We have strong mechanisms to effectively manage collections, including dedicated product-specific collection team, real-time tracking dashboards, data analytics-driven decision-making, specialised teams to handle all aspects of the recovery process, and insurance protection against collection defaults. These measures have played a crucial role in maintaining robust collection efficiencies throughout the years. It is worth

noting that our asset quality performance is, to some extent, a testament to the strength of our collection management system. Various external factors such as geography, delinquency, products, and customer repayment history, as well as internal factors like our collection strategy, collectively influence our collection outcomes.

We continuously enhance our collections methodology through regular audits, reinforcing compliance measures, and providing regular training to ensure that our teams and leadership are well-informed about important collection practices and protocols.

Internal Control Systems

Our internal audit function operates independently to assess the adequacy and effectiveness of internal controls, information security controls, risk management, governance systems, and processes. We have a dedicated information systems audit team that identifies and addresses technology and IT-related security issues aligned with the complexities of our operations. The internal audit department and compliance function conduct reviews to ensure business units adhere to internal processes, procedures, regulatory requirements, and legal obligations. They provide timely feedback to management for corrective action, including minimising any potential design risks. The Audit Committee of the Board plays a crucial role in evaluating the performance of the Audit and Compliance functions, as well as assessing the effectiveness of controls and compliance with regulatory guidelines.

Opportunities and Threats

For opportunities and threats,

Read more on **PAGE 30**



Esteemed Board of Directors at 'AU Sambandh' event held in Udaipur





AD I LICENCE

Our Bank received the prestigious Authorised Dealer Category - I (AD Cat I) licence, allowing us to offer a comprehensive suite of foreign exchange and trade finance services, making us a **'complete bank'**.

Board's Report

Dear Members,

Your Board of Directors (**"Board"**) are pleased to present the Twenty-Ninth Annual Report of the AU Small Finance Bank Limited (**"Bank"**) covering business and operations together with the Audited Financial Statements and Independent Auditors' Report for the financial year ended March 31, 2024.

A. Financial Summary & Highlights

The summary of the financial performance of the Bank for FY 2023-24 is presented below:

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Total Income	12,300.61	9,239.87
Interest Income	10,554.72	8,205.41
Other Income	1,745.89	1,034.46
Interest Expenditure	5,397.63	3,780.13
Operating Expenses (excluding depreciation)	4,239.36	3,254.84
Profit before Depreciation, Provisions and Tax	2,663.62	2,204.90
Depreciation	225.44	185.42
Provision for Income Tax	464.71	436.71
Other Provisions and Write-offs	438.75	154.84
Net Profit	1,534.72	1,427.93
Appropriations		
Transfer to Statutory Reserve	383.68	356.98
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	130.00	115.00
Transfer to Capital Reserve	7.32	2.52
Transfer to Investment Reserve Account	8.77	-
Transfer to Investment Fluctuation Reserve	52.50	17.20
Dividend pertaining to previous year paid during the year	66.70	31.51
Dividend (in ₹) (Per Equity Share)	1	1
Surplus carried over to Balance Sheet	5,172.88	4,287.14
Earnings Per Share (EPS) (in ₹) (After excluding Exceptional Items not annualised)		
Basic (in ₹)	22.98	21.86
Diluted (in ₹)	22.86	21.74

Key Performance Highlights

The Bank witnessed growth and consistent performance in FY 2023-24. The key financial performance indicators for the year are as follows:

- Net Interest Income (NII) grew to ₹5,157.09 Crore for FY-2023-24 vis-à-vis ₹4,425.28 Crore for FY 2022-23 registering YoY growth of 16.54%.
- Net Profit After Tax increased to ₹1,534.72 Crore for FY 2023-24 (post considering pre-tax exceptional impact of ₹76.80 Crore in Q4 FY2024 towards Fincare merger related expense) vis-à-vis ₹1,427.93 Crore for FY 2022-23 registering YoY growth of 7.48%.
- Balance sheet size grew to ₹1,09,425.67 Crore as on March 31, 2024 vis-à-vis ₹90,216.12 Crore as on March 31, 2023 registering YoY growth of 21.29%.
- Deposits grew to ₹87,182.12 Crore reflecting YoY growth of 25.69% and CASA ratio stood at 33.41% as on March 31, 2024 against 38.43% as on March 31, 2023.
- Gross Advance grew to ₹73,999.07 Crore reflecting YoY growth of 25.09% and Credit to Deposit ratio stood at 83.92% as on March 31, 2024 against 84.22% as on March 31, 2023.

- Gross NPA and Net NPA ratio stood at 1.67% and 0.55% as on March 31, 2024 vis-à-vis 1.66% and 0.42% as on March 31, 2023.

Analysis of Bank's performance is covered in Management Discussion & Analysis section of the Annual Report.

B. Business Overview

Amidst a challenging global macroeconomic environment, the Indian economy is exhibiting a quickening growth momentum, with resilience and financial stability. Despite facing certain headwinds such as inflationary pressures and geopolitical uncertainties, the Indian economy remains on a positive trajectory, positioning itself as a key player in the global economic landscape. With a prudent fiscal policy and a conducive business environment, India is poised to sustain its growth momentum and solidify its position as a major economic force in the years to come. The government's initiatives to boost manufacturing, infrastructure development, and digital transformation have propelled the economy forward, attracting both domestic and foreign investment.

The financial sector played a crucial role in supporting this growth, contributing to overall economic stability and development. The optimistic economic environment presents ample opportunities for small finance banks in India to contribute to financial inclusion and economic development.

With a stable GDP growth rate, controlled inflation, and a strong focus on infrastructural development, India remains a key player in the global economic landscape. The Indian economy demonstrated resilience, achieving 8.2% annual average real GDP growth rate in the past three years. Market expect growth dynamics to continue to play out in the medium term, with GDP expanding close to 7.0% annually over the next three years. GDP growth is supported by healthy demographics and competitive unit labor costs. Additionally, India's corporate and financial sectors have stronger balance sheets than before the pandemic. These figures highlight the Indian economy's resilience and positive trajectory during the specified period.

During the financial year 2023-24, the Bank demonstrated consistent resilience and steady growth amidst a challenging economic environment marked by persistent interest rate pressures, tight liquidity conditions, and uncertain global macro trends. The Bank exhibited robust performance across key metrics, including asset and deposit growth, profitability, and digital products for higher engagement with Customers. Noteworthy highlights include the successful launch of innovative banking products like 'AU IVY' and 'Planet First', along with strategic initiatives such as the 'Soch Badlo aur Bank Bhi' brand campaign and the merger with Fincare Small Finance Bank ("**Fincare SFB**"). The bank remained focused on sustainable growth, leveraging its strong regulatory compliance framework, technological investments, and strategic partnerships to fortify its position in the market and deliver consistent returns to stakeholders.

The Bank is delighted to inform that following the successful merger as on April 01, 2024, the Bank has evolved into a formidable banking franchise, greatly expanding its reach to over 1.10 Crore customers across 21 States & 4 Union Territories. With a network of 2,383 Banking touchpoints, the Bank is committed to provide top notch services through a dedicated workforce of 46,000+ employees. This merger has paved a way for the Bank to extend its presence into South India, significantly broadening its distribution network. This increased footprint of Branches and touchpoints will enhance Bank's ability to provide diverse range of products and services to a larger customer base, solidifying its market position and helping to realise its aspirations of PAN India Banking franchise.

The key business developments and segment-wise position of business and its operations are covered in detail under the Management Discussion & Analysis section of the Annual Report.

C. Update on the Amalgamation of Fincare Small Finance Bank Limited with the Bank

The scheme of amalgamation of Fincare Small Finance Bank Limited (**"Fincare SFB"**) (**"Transferor Bank"**) into and with the AU Small Finance Bank Limited (**"Transferee Bank"** or the **"Bank"**) (**"the Amalgamation Scheme"**) was approved by the Board of Directors of the Transferor Bank & Transferee Bank on October 29, 2023 in accordance with Section 44A of the Banking Regulation Act, 1949 and, Reserve Bank of India (Amalgamation of Private Sector Banks) Directions, 2016 subject to approval of shareholders of both the Transferor Bank and Transferee Bank, Reserve Bank of India (**"RBI"**) and Competition Commission of India (**"CCI"**).

The Amalgamation Scheme was approved by the shareholders of the Transferor Bank and Transferee Bank at their respective Extraordinary General Meetings held on November 24, 2023 and November 27, 2023.

Thereafter, the Amalgamation Scheme was subsequently approved by CCI on January 23, 2024 and the RBI through its press release and order dated March 04, 2024, granted its sanction to the same with effect from April 01, 2024 (**"Effective Date"**).

Further, the Board of the Bank declared the effectiveness of the Scheme of Amalgamation marking all Fincare SFB branches to operate as branches of the Bank with effect from April 01, 2024. The shareholders of Fincare SFB received 579 equity shares of the Bank in exchange for every 2,000 equity shares of ₹ 10 each, fully paid up in Fincare SFB (**"Share Exchange Ratio"**). Furthermore, all employees of Fincare SFB transitioned to the Bank's team seamlessly.

This Amalgamation is set to create a strong and diversified retail banking franchise with a wide reach across India and will enhance Bank's portfolio with microfinance, mortgages, and gold loans, while leveraging Fincare SFB's rural distribution network and Bank's digital capabilities. The combined entity aims to achieve synergies in deposits, technology, and efficiency, ultimately benefiting key financial metrics. Additionally, both Banks prioritise a positive workplace culture, seeing it as crucial to the success of the merger.

The Bank takes this opportunity to thank its shareholders for voting in favour of the said amalgamation and for reposing your trust in the Bank and its management.

Further details regarding the amalgamation are covered in Management Discussion & Analysis section of the Annual Report.

D. Dividend

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and RBI guidelines, the Bank has formulated and adopted a Dividend Distribution Policy. This policy aims to strike a balance between rewarding our shareholders by distributing a portion of profits whilst ensuring that adequate funds are retained for the sustainable growth of the Bank. The same can be viewed on the website of the Bank at https://www.aubank.in/investors/secretarial-policies.

In line with the aforementioned policy and considering the Bank's financial performance during the FY 2023-24, the Board at its meeting held on April 24, 2024 recommended a dividend of 10% (₹ 1 per fully paid-up Equity Share of ₹ 10 each) for the year ended March 31, 2024. This recommendation will be placed before the shareholders for approval at the upcoming Annual General Meeting (**"AGM"**) of the Bank.

In terms of the provisions of the Income Tax Act, 1961, the dividend income is taxable in the hands of the members and the dividend will be paid to the members by the Bank after deduction of tax at source ('TDS') at the applicable rates.

E. Credit Rating

The details of credit rating assigned to the Bank for debt instruments issued and outstanding as on March 31, 2024 along with outlook is given below:

Nature of Debt Instrument	Nature of Term	CRISIL	India Ratings	CARE
Fixed Deposits	Long-Term	CRISIL AA+/Stable	-	-
Long-Term/ Subordinated Debt/ Tier II Bond	Long-Term	CRISIL AA/Stable	IND AA/Stable	CARE AA/Stable
Certificate of Deposits	Short-Term	CRISIL A1+	IND A1+	CARE A1+

Note:

- *The CRISIL have reaffirmed the above credit ratings of the Bank on July 21, 2023 and Nov 7, 2023*
- *The India Ratings have reaffirmed the above credit ratings of the Bank on July 20, 2023, Mar 05, 2024 and Mar 19, 2024*
- *The CARE have reaffirmed the above credit ratings of the Bank on Apr 05, 2023, Oct 3, 2023 and Mar 15, 2024.*
- *The above rating details can be accessed on the website of the Bank at https://www.aubank.in/credit-rating*

Credit rating for debt instruments of Fincare SFB, transferred to the Bank pursuant to Amalgamation effective from April 01, 2024:

Nature of Debt Instrument	Nature of Term	India Ratings	CARE	ICRA
Long-Term/ Subordinated Debt/ Tier II Bond	Long-Term	IND AA/Stable	CARE AA/ Stable	[ICRA] AA/ Stable

**Post Amalgamation, all NCDs of Fincare Small Finance Bank have been transferred to AU Small Finance Bank, accordingly ratings have been upgraded by India Ratings and CARE on April 10, 2024 and by ICRA Limited on May 17, 2024.*

F. Change in Nature of Business

During the year under review, there were no changes in the nature of business of the Bank.

G. Transfer to Reserves

In consonance with the RBI regulations and other applicable regulations, the Bank has proposed to transfer the following amounts to various reserves for the financial year ended March 31, 2024 as mentioned below:

Amount transferred to	Amount (₹ in Crore)
Statutory Reserve	383.68
Transfer to Special Reserve U/s 36 (1) (viii)	130.00
Transfer to Capital Reserve	7.32
Transfer to Investment Reserve Account	8.77
Transfer to Investment Fluctuation Reserve	52.50

During the year under review, no amount was transferred to general reserves by the Bank.

H. Transfer to the Investor Education and Protection Fund ("IEPF")

In accordance with Section 124 and 125 of the Companies Act, 2013 (**"Act"**) read with the Investor Education and Protection Fund (**"IEPF"**) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), all the equity shares of the Bank in respect of which dividend amounts have not been paid or claimed by the shareholders for seven consecutive years or more are required to be transferred to demat account of IEPF Authority. There was no unclaimed/unpaid dividend or shares of the Bank liable to be transferred to the IEPF during the FY 2023-24.

Further, details of the unclaimed/un-encashed dividends lying in the unpaid dividend accounts as on end of the financial year are available on website of the Bank at https://www.aubank.in/reports/disclosures.

I. Deposits

As a Banking company, we are not subject to disclosures pertaining to deposits as required under Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014 read with Sections 73 and 74 of the Act and the Companies (Acceptance of Deposits) Rules, 2014. The details of the deposits received and accepted by the Bank as a Banking company have been disclosed in the financial statements for the financial year ended March 31, 2024 forming part of this Annual Report for FY 2023-24.

J. Capital Structure & Fund Raising

Authorised Share Capital

During the period under review, there was no change in the Authorised Share Capital of the Bank and as on March 31, 2024, the Authorised Share Capital of the Bank stood at ₹ 1,200 Crore comprising of 1,20,00,00,000 equity shares of ₹10 each.

Paid-up Capital

During the period under review, the Bank allotted 24,17,396 equity shares of face value of ₹10 each pursuant to exercise of Employee Stock Options (ESOPs) under different ESOP Schemes. Consequently, the total issued, subscribed and paid-up equity share capital of the Bank increased by ₹2.42 Crore to ₹669.16 Crore as on March 31, 2024 comprising of 66,91,62,451 equity shares of ₹10 each.

Allotment pursuant to the Scheme of Amalgamation of Fincare SFB with and into the Bank

In accordance with the Scheme of Amalgamation of Fincare SFB with and into the Bank, 7,35,25,352 equity shares of face value of ₹10 each were issued and allotted to the shareholders of erstwhile Fincare SFB on April 01, 2024. Following this allotment, the total issued, subscribed and paid-up equity share capital of the Bank stood at ₹742.69 Crore comprising of 74,26,87,803 equity shares of ₹10 each.

Non-convertible Debentures ("NCDs")

During the year, the Bank has not issued any capital under Tier II and total outstanding NCDs stood at ₹1,000 Crore as on March 31, 2024.

Details of outstanding NCDs as on March 31, 2024 are as follows:

Sr. No.	ISIN	Series	Amount (₹ in Crore)	Date of Issue	Date of Allotment	Date of Maturity
1.	INE949L08418	-	500	April 26, 2018	November 30, 2018	May 30, 2025
2.	INE949L08442	Series I Debentures	350	July 29, 2022	August 03, 2022	August 03, 2032
3.	INE949L08434	Series II Debentures	100	July 29, 2022	August 03, 2022	August 13, 2032
4.	INE949L08426	Series III Debentures	50	July 29, 2022	August 03, 2022	August 23, 2032

Details of Non-Convertible Debentures of Fincare SFB, transferred to the Bank pursuant to Amalgamation effective from April 01, 2024 are as follows:

Sr. No.	ISIN*	Amount (₹ in Crore)	Date of Issue**	Date of Allotment	Date of Maturity
1.	INE519Q08145	37	February 21, 2018	March 20, 2018	June 20, 2024
2.	INE519Q08137	38	February 21, 2018	March 22, 2018	June 22, 2024
3.	INE519Q08152	100	September 26, 2019	September 30, 2019	September 30, 2025
4.	INE519Q08160	49	February 20, 2023	June 15, 2023	December 15, 2028
5.	INE519Q08178	75	February 20, 2023	July 05, 2023	January 05, 2029
6.	INE519Q08186	50	June 23, 2023	August 09, 2023	February 09, 2029
7.	INE519Q08194	60	June 23, 2023	August 23, 2023	February 23, 2029

**Above ISINs are listed under the name of AU Small Finance Bank w.e.f. April 12, 2024 and the notification issued by BSE in this regard can be accessed at https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20240409-4*

***Date of issue is the date on which issue was approved by Board of Directors of Fincare Small Finance Bank.*

K. Employee Stock Option Schemes

The Bank has formulated different Employee Stock Option Schemes (**"Schemes"**), with the approval of shareholders of the Bank and these Schemes are designed in compliance with the SEBI (Share-Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time to allow the Bank's employees to have a share in the Bank's future growth and financial success.

At AU Small Finance Bank, employee engagement and loyalty is prioritised and it leads to increased productivity and overall job satisfaction. By offering the employees a sense of ownership and pride in their work, Bank aims to drive long-term success.

The grant of Options to employees under these Schemes is approved by the Nomination and Remuneration Committee ("**NRC**"), in alignment with the Bank's Compensation Policy. This process occurs during the Annual Performance Review and at the time of hiring, basis various factors such as scale, designation, performance, grades, period of service, role significance, and contribution to the Bank's overall performance when determining the number of options to be granted.

Presently, following are the Employee Stock Option Schemes in force:

- Employee Stock Option Scheme 2015 - Plan A (ESOP 2015 – Plan A)
- Employee Stock Option Scheme 2015 - Plan B (ESOP 2015 – Plan B)
- Employee Stock Option Scheme 2016 - (ESOP 2016)

- Employee Stock Option Scheme 2018 - (ESOP 2018)
- Employee Stock Option Scheme 2020 - (ESOP 2020)
- Employee Stock Option Scheme 2023 - (ESOP 2023)

The details of vesting of various schemes are as follows:

ESOP Scheme & Plan	Vesting Period	% of vesting of options
ESOP 2015 – Plan A	1 year from the date of grant or at the time of IPO whichever is later	20%
	Expiry of 1 year from 1st vesting	30%
	Expiry of 2 years from 1st vesting	50%
	Total	**100%**
ESOP 2015 – Plan B	1 year from the date of grant or at the time of IPO whichever is later	20%
	Expiry of 1 year from 1st vesting	30%
	Expiry of 2 years from 1st vesting	50%
	Total	**100%**
ESOP 2016	Options granted under this scheme would vest after one year but not later than six years from the date of grant of options	100%
ESOP 2018	Options granted under this scheme would vest after one year but not later than six years from the date of grant of options	100%
ESOP 2020	Options granted under this scheme would vest after one year but not later than six years from the date of grant of options	100%
ESOP 2023	Options granted under this scheme would vest after one year but not later than six years from the date of grant of options	100%

Note: *Options granted may be exercised within four years from the date of first vesting of the options under ESOP 2015 and six years from the date of first vesting of the options under ESOP 2016, ESOP 2018, ESOP 2020 and ESOP 2023. The term of vesting is also mentioned as per terms of grant approved by NRC in the grant letter issued to employees and NRC is empowered to change the vesting period in case of corporate action such as Amalgamation.*

The Brief Details of Existing ESOP Schemes as on March 31, 2024 is given below:

Particulars	ESOP 2015 – Plan A	ESOP 2015 – Plan B	ESOP 2016	ESOP 2018	ESOP 2020	ESOP 2023
Date of Shareholders Approval	31-Aug-15	31-Aug-15	10-Oct-16	07-Aug-18	23-Dec-20	30-Apr-23
Total Number of Options approved	38,75,483	50,93,437	31,71,733	80,60,529	99,96,200	2,00,00,000
Total Number of options outstanding at the Beginning of the period @	0	85,000	18,51,752	44,02,476	78,07,595	0
Total No. of Options granted (during FY 2023-24)	0	1,34,000	43,386	1,21,585	22,41,169	39,18,118
The Pricing Formula	₹10.11 per share	₹16.69 per share (₹33.37 per share prior to Bonus)	Market price linked#	Market price linked	Market price linked	Market price linked
Options Vested (during FY 2023-24)	0	20,200	5,63,590	17,25,484	15,63,062	0
Options Exercised & allotted (during FY 2023-24)	0	6,200	4,59,452	16,08,021	3,43,723	0
Total No of shares arising as a result of exercise of option	0	6,200	4,59,452	16,08,021	3,43,723	0
Options lapsed/ Forfeited (during FY 2023-24) (Available for re-issue)@	0	16,000	45,968	1,15,007	5,13,363	1,51,074
Total No. of options exercisable at the end of the year@	0	30,000	7,13,850	20,42,988	17,55,839	0

Particulars	ESOP 2015 – Plan A	ESOP 2015 – Plan B	ESOP 2016	ESOP 2018	ESOP 2020	ESOP 2023
Total No of options outstanding at the end of the year[@]	0	1,96,800	13,89,718	28,01,033	91,91,678	37,67,044
Variation in terms of options	There is no variation in terms of options during the year					
Money realised by exercise of Options during FY (in ₹)	0.00	1,03,478.00	12,00,01,755.50	52,71,71,345.50	19,10,75,619.00	0
Total No of Options granted to KMPs	Please refer Note 1					
Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during that year	Nil	Nil	Nil	Nil	Nil	Nil
Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil	Nil	Nil	Nil
Diluted Earnings Per Share (EPS) of the Company after considering the effect of potential equity shares on account of exercise of Options	Refer Note 2					
Impact of the difference between the Intrinsic Value of the Options and the Fair Value of the Options on Profits and on EPS	Refer Note 2					
Weighted average share/ exercise price of the shares exercised during the year (in ₹)	-	16.69	261.18	327.84	555.90	-
Weighted average fair values of the outstanding options (in ₹)	Please refer point no. 26 of B. Other Disclosures of Schedule 18 of Notes to accounts to Audited Financial Results for FY 2023-24					

[@] *In terms of SEBI circular dated June 15, 2021 regarding relaxation from the requirement of minimum vesting period in case of death of employee(s) and provisions of the SEBI (Share-Based Employee Benefit and Sweat Equity) Regulations, 2021, options granted to employees who have demised, have been vested in the legal heirs or nominees of the deceased employees immediately. The numbers given above include the options vested in legal heirs/nominees of deceased employees.*

[#] *Pricing for ESOP Scheme 2016 was changed from fixed price of ₹140 to market linked price with the approval of shareholders obtained in the Annual General Meeting held on July 19, 2019.*

Note 1

Sr. No.	Name of Official	Designation	Number of Options Granted in ESOP 2020
1	Uttam Tibrewal	Whole-Time Director	@
2	Vimal Jain	Chief Financial Officer	18,817
3	Manmohan Parnami	Company Secretary	11,668
	Grand Total		**30,485**

[@] *Variable Pay (Performance bonus) of Mr. Uttam Tibrewal, WTD in the form of ESOPs amounting to ₹ 1.21 Crore has been approved by RBI for FY 2022-23, in respect of which 38,387 ESOPs have been granted under ESOP 2023 by the Nomination & Remuneration Committee of the Bank on June 26, 2024.*

Note 2

The Securities and Exchange Board of India (**"SEBI"**) has prescribed two methods to account for stock grants: namely (i) the intrinsic value method; (ii) the fair value method. The Bank adopts the intrinsic value method to account for the stock options grants to the employees. Further, the Bank calculates the fair value of options at the time of grant using Black- Scholes pricing model for Whole-Time Directors, Chief Executive Officers/Material Risk Takers and Control Function staff as per RBI guidelines dated November 04, 2019 with the following assumptions:

Particulars	March 31, 2024
Risk free interest rate	7.06%-7.19%
Expected life	3 Year- 5.5 Year
Expected volatility	39.85%-41.61%
Expected dividends	0.09%-0.11%

Had the Bank used the fair value model to determine the compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

(₹ in Crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit after tax as reported	1,534.72	1,427.93
Add: ESOP Expense already booked (net of tax)	22.71	15.53
Less: ESOP cost using fair value method (net of tax)	111.93	77.62
Profit after tax (adjusted)	1,445.50	1,365.84
Earnings Per Share		
Basic		
- As reported	22.98	21.86
- Adjusted for ESOP cost using fair value method	21.64	20.91
Diluted		
- As reported	22.86	21.74
- Adjusted for ESOP cost using fair value method	21.53	20.79

(₹ in Crore)

Particulars	As on March 31, 2024	As on March 31, 2023
Stock options outstanding (gross)	274.06	229.16
Deferred compensation cost outstanding	45.17	30.67
Stock options outstanding (net)	228.89	198.49

In accordance with SEBI (Share-Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended, necessary disclosures are made in Schedule 18 - Notes forming part of the financial statements for FY 2023-24 and are included in the annual report and also disclosed on the website of the Bank at https://www.aubank.in/reports/disclosures.

L. Details of Board of Director's and Key Managerial Personnel

The composition of the Board is regulated by a combination of the provisions of the Act, the Banking Regulation Act, 1949 ("**BR Act**"), the Listing Regulations and other applicable laws, and the Articles of Association of the Bank. As of March 31, 2024, the Board consisted of 9 Directors, including 7 Independent Directors and 2 Executive Directors.

During the FY 2023-24 and after the end of financial year up to the date of this report, following changes took place in the Board of Directors and Key Managerial Personnel of the Bank:

Appointments

1. Ms. Kavita Venugopal (DIN: 07551521) was appointed as an Additional Director (Non-Executive Independent) of the Bank to hold office for a period of 3 years with effect from March 29, 2023 up to March 28, 2026 considering her vast experience, specialised knowledge and skill set. Further, shareholders vide resolution passed through postal ballot on April 30, 2023 approved her appointment as an Independent Director (Non-Executive) with effect from March 29, 2023.

2. Mr. Harun Rasid Khan, Independent Director (Non-Executive) (DIN:07456806) was appointed as Part-Time Chairman of the Bank, to hold office for a period of 3 years with effect from January 30, 2024 till December 27, 2024. Further, shareholders vide resolution passed through postal ballot on January 26, 2024 approved his appointment as Part Time Chairman with effect from January 30, 2024. RBI approved appointment of Mr. Harun Rasid Khan as Part-Time Chairman of the Bank.

3. Mr. Divya Sehgal (DIN: 01775308) was appointed as an Additional Director (Non-Executive Non-Independent) of the Bank to hold office for a period of 3 years with effect from April 01, 2024 up to March 31, 2027 and he shall not be liable to retire by rotation. Further, shareholders vide resolution passed through postal ballot dated May 30, 2024 approved his appointment as Non-Executive and Non-Independent Director with effect from April 01, 2024. This appointment has been made in accordance with the key terms & conditions of the Scheme of Amalgamation of Fincare SFB into and with the Bank.

4. Mr. Uttam Tibrewal (DIN: 01024940), Whole-Time Director was re-designated as "Whole-Time Director & Deputy CEO" of the Bank with effect from April 01, 2024 as a part of key terms & conditions of the Scheme of Amalgamation of Fincare SFB into and with the Bank.

Re-appointments

5. The RBI approved the re-appointment of Mr. Sanjay Agarwal (DIN: 00009526) as Managing Director & CEO ("MD & CEO") and Mr. Uttam Tibrewal (DIN: 01024940) as Whole-Time Director ("WTD") of the Bank for a further period of 3 years from April 19, 2023 to April 18, 2026.

6. In accordance with the provisions of Section 152 of the Act, Mr. Uttam Tibrewal, Whole-Time Director retired by rotation at the previous AGM and shareholders approved his re-appointment. Further, Mr. Sanjay Agarwal, Managing Director & CEO of the Bank shall retire by rotation at the ensuing AGM and being eligible for reappointment, offers himself for re-appointment.

Completion of Tenure

7. Mr. Raj Vikash Verma (DIN: 03546341) ceased to be the Part Time Chairman and Independent Director of the Bank from the close of business hours on January 29, 2024 on completion of his tenure. The Board extends its sincere appreciation to Mr. Raj Vikash Verma for his outstanding leadership and valuable insights during his tenure with the Bank and expresses gratitude for his guidance and wisdom and wish him continued success in all his future endeavours.

During the year, except as aforesaid, no other change took place in the Board of Directors or in Key Managerial Personnel of the Bank. The composition of the Board of Directors and Key Managerial Personnel of the Bank is in compliance with the applicable regulatory norms.

Further, none of the directors have been debarred from holding office as director by virtue of any order of the SEBI or any other authority.

Others

8. Mr. Rajeev Yadav was appointed as Deputy CEO and categorised as Senior Management Personnel (**"SMP"**) of the Bank w.e.f. April 01, 2024 as a part of key terms & conditions of the Scheme of Amalgamation of Fincare SFB into and with the Bank.

M. Code of Conduct for Directors and SMPs

Pursuant to Regulation 17(5) of Listing Regulations, the Bank has implemented a Code of Conduct for Directors and Senior Management Personnel (SMPs). This code outlines the fundamental principles for

ethical and transparent behaviour by the Directors and SMPs of the Bank to further promote fairness and orderliness within the organisation. All Directors and SMPs have affirmed their adherence to the code for the FY 2023-24 and a declaration by the MD & CEO to this effect forms part of Report on Corporate Governance annexed with Board's Report as **Annexure-I**. The Bank's Code of Conduct for Directors and SMPs can be accessed on the website of the Bank at https://www.aubank.in/investors/secretarial-policies.

N. Number of Meetings of Board

Throughout the period under review, a total of eleven (11) Board Meetings were convened, with none exceeding the mandated 120-day interval as per the provisions of the Act read with Rules made thereunder, Secretarial Standard-I issued by the Institute of Company Secretaries of India, and Listing Regulations. The dates of these meetings, along with attendance details for each Director, have been comprehensively disclosed in the Report on Corporate Governance annexed as **Annexure-I** to the Board's Report.

O. Committees of the Board

The Bank recognises the significance of Board Committees in fostering strong Corporate Governance practices. Accordingly, the Bank has constituted various Board Committees to enhance the effectiveness & efficiency of the Board and assist in decision-making processes. These Committees have been formed in compliance of provisions of the Act and relevant rules made thereunder, Listing Regulations, BR Act, RBI Circular & Guidelines, Articles of Association of the Bank and other pertinent guidelines issued from time to time.

In addition, as part of the Amalgamation process of Fincare SFB with and into the Bank, the Board of Directors approved constitution of Committee of Independent Directors on October 29, 2023. This Committee was tasked with reviewing various reports, including valuation reports, due diligence reports, and other relevant documents/certificates, in order to recommend a draft Scheme of Amalgamation. The primary goal of this Committee was to ensure that the proposed scheme is in the best interest of the Bank's shareholders.

Subsequently, the Committee was dissolved post submission of its report to the Board on October 29, 2023.

Additionally, in view of completion of tenure of Mr. Raj Vikash Verma as Part Time Chairman and Independent Directors on the Board from January 29, 2024 (closure of business hours) and appointment of Mr. Harun Rasid Khan as Part Time Chairman w.e.f. January 30, 2024, the Board of Directors at its meeting held on January 25, 2024 have approved the revised composition of Board Committees effective from January 30, 2024. The details of the Board Committees of the Bank including, re-constitution, their terms of reference, number & date of meetings held during FY 2023-24 and attendance thereof are disclosed in the Report on Corporate Governance annexed with Board's Report as **Annexure-I**.

P. Meeting of Independent Directors

As per the requirement of Section 149(8) read with Schedule IV of the Act and Regulation 25 of the Listing Regulations, a meeting of the Independent Directors of the Bank is required to be held at least once a year in absence of non-independent directors and members of the management.

During the year under review, 1 (one) meeting of Independent Directors of the Bank was convened on April 24, 2023 which was chaired by Mr. Raj Vikash Verma and attended by all the Independent Directors and various matters were discussed & reviewed at the meeting *inter alia* covering:

- Action taken report of previous meeting of Independent Directors.
- Performance of Non-Independent Directors, the Board of Directors as a whole, Chairperson of the Bank.
- The quality, quantity, and timeliness of flow of information between the management of the Bank and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.
- Whether adequate time is spent by the Board/Committees on discussions on important issues.
- Update on existing corporate governance practices.

Q. Familiarisation Programme for Independent Directors

In accordance with Regulation 25(7) of the Listing Regulations and RBI guidelines, the Bank conducted various familiarisation programmes during FY 2023-24 for the Independent Directors to enable them to familiarise with the Bank, its Management, Bank's Business, and its operations for better understanding of their responsibilities, roles, and rights for effective contribution in sustainable growth of the Bank.

The Details of familiarisation programme and other sessions organised for Independent Directors during FY 2023-24 is disclosed in the Report on Corporate Governance annexed with Board's Report as **Annexure-I** and on the website of the Bank under https://www.aubank.in/investors/secretarial-policies.

R. Declaration of Independence

In accordance with provisions of Sections 149(6) and 149(7) of the Act, Schedule IV and Regulation 16(1)(b) and 25(8) of the Listing Regulations, the Bank has received necessary declarations/disclosures from all the Independent Directors confirming that they meet and comply with the criteria of independence. The Independent Directors have also complied with the Code for Independent Directors as prescribed in Schedule IV to the Act.

Pursuant to the Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019 read in conjunction with the Companies (Appointment and Qualifications of Directors) Rules, 2014, the Independent Directors of the Bank have successfully registered their names in the online databank of Independent Directors maintained & administered by the Indian Institute of Corporate Affairs ("IICA"). The Independent Directors have also confirmed that they were not aware of any circumstance or situation which existed or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

In the opinion of Board, the Independent Directors possesses requisite domain knowledge, experience, expertise, integrity, and proficiency as required under the Code applicable for Independent Directors as stipulated under Schedule IV of the Act and in terms of policies of the Bank.

S. Compensation Policy for appointment and remuneration of Director's, Key Managerial Personnel, Senior Management Personnel, Material Risk Takers (MRTs) and Control Function Staff

The Bank has formulated and adopted a comprehensive Compensation Policy for appointment and remuneration of its Directors, Key Managerial Personnel (**"KMP"**), Senior Management Personnel (**"SMP"**), Material Risk Takers (**"MRT"**) and Control Function Staff on the recommendation of the NRC, in compliance with the provisions of Section 178(3) of the Act read with relevant rules made thereunder, Listing Regulations and RBI guidelines.

The policy governs the appointment and remuneration of Directors (including Independent Directors), KMP, SMP, MRTs and Control Function staff as applicable in accordance with the criteria established by the NRC of the Board as mandated by the Act and applicable Rules, Listing Regulations, and other relevant guidelines.

Key objectives of the policy include establishing standards for compensation, including fixed and variable pay, retaining and motivating talent, defining internal guidelines for reimbursement to Directors and KMPs, institutionalising a mechanism for appointment/removal/evaluation of performance of Directors, administering ESOP as per SEBI regulations and ensuring compliance with applicable laws, rules, and regulations as well as 'Fit and Proper criteria' of directors for their appointment.

The policy undergoes regular review by the Board of Directors in addition to the other amendments that may be required in the policy and is hosted on the Bank's website https://www.aubank.in/investors/secretarial-policies.

The terms of reference of the NRC and Compensation Policy are detailed in Report on Corporate Governance annexed with Board's Report as **Annexure-I**.

T. Evaluation of the Directors, the Board and Committees

The evaluation of Board performance is a crucial exercise for organisations to gauge the effectiveness of their governing bodies. By assessing both individual Board members and the Board as a whole, Bank can identify strengths, weaknesses, and areas for improvement. This evaluation is essential to ensure that the Board is operating effectively in alignment with the organisation's strategic objectives.

The provisions of Section 149(8) read with Schedule IV, Section 178(2) of the Act, Regulation 17 and other applicable Regulations of the Listing Regulations, and Guidance Note on Board Evaluation issued by the SEBI, mandates the performance evaluation of the Board, its committees, individual directors and the Chairperson of the Bank on the basis of various parameters with the aim to improve the effectiveness of the individual Director, Committees and the Board.

The Bank has established a structured process for Board performance evaluation which is conducted annually. The NRC reviews and approves the criteria and the mechanism for carrying out this exercise effectively.

Details regarding the Board performance evaluation carried out for FY 2023-24 including methodology used, its outcome and proposed recommendations for implementation in the upcoming financial year, are provided in the Report on Corporate Governance, forming part of this Board's report as **Annexure-I**.

U. Statutory Auditors and their Report

In consonance with the 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)' dated April 27, 2021 issued by RBI, Banks are required to appoint Statutory Auditors for a continuous period of three (3) years, subject to the audit firms meeting eligibility criteria annually and obtaining RBI approval on an annual basis.

At the 26th AGM of the Bank held on August 17, 2021, M/s. Deloitte Haskins and Sells, Chartered Accountants (Registration No. 117365W) and M/s. G. M. Kapadia & Co., Chartered Accountants (Registration No. 104767W) were appointed as Joint Statutory Auditors for a period of Three (3) years to hold office from the conclusion of the 26th AGM till the conclusion of the ensuing 29th AGM, subject to RBI approval on an annual basis.

M/s. Deloitte Haskins and Sells, Chartered Accountants and M/s. G. M. Kapadia & Co., Chartered Accountants, Joint Statutory Auditors of the Bank, have provided audit report on the financial statements for the FY 2023-24, with no qualifications, reservations, or adverse remarks. Further, in accordance with Section 143(12) of the Act, the auditors have not identified any instances of fraud within the bank by its officers or employees.

Further, as tenure of M/s. Deloitte Haskins and Sells, Chartered Accountants (Registration No. 117365W) and M/s. G. M. Kapadia & Co., Chartered Accountants (Registration No. 104767W) is completing at the conclusion of 29th AGM of the Bank, the Board of Directors at its meeting held on June 27, 2024 on the recommendation of the Audit Committee has proposed the appointment of M/s. M S K A & Associates, Chartered Accountants (FRN: 105047W) and M/s. Mukund M Chitale & Co., Chartered Accountants (FRN: 106655W) as the Joint Statutory Auditors of the Bank for a period of three (3) years from the conclusion of 29th AGM until the conclusion of 32nd AGM of the Bank to be held in the calendar year 2027, subject to the approval of the shareholders. The Reserve Bank of India has approved the appointment of the above Joint Statutory Auditors for FY 2024-25.

The SAs have confirmed their eligibility in adherence to Section 141 of the Act and the guidelines issued by RBI from time to time. Moreover, pursuant to the relevant provisions of Listing Regulations, the SAs have also confirmed their adherence to the peer review process as mandated by the Institute of Chartered Accountants of India ("ICAI"). The SAs also possess a valid certificate issued by the Peer Review Board of ICAI, ensuring their competence and professionalism in their field.

V. Secretarial Auditors and their Report

In compliance to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of Listing Regulations and upon

recommendation of the Audit Committee, the Bank has appointed M/s. V. M. & Associates, Company Secretaries (Registration No. P1984RJ039200) to conduct Secretarial Audit of the Bank for the financial year ended March 31, 2024.

The Secretarial Auditors have not reported any instance of fraud in accordance with Section 143(12) of the Act during the year under review and their report did not contain any observation or qualification for the FY 2023-24. The Secretarial Audit Report for FY 2023-24 in form MR-3 is annexed with Board's Report as **Annexure-IV**.

W. Particulars of Loans, Guarantees and Investments

Pursuant to the provisions of Section 186(11) of Act, the provisions of Section 186 of the Act except sub-section (1), do not apply to loans made, guarantees given or securities provided or acquisition of securities by a Banking company in the ordinary course of business and are exempted from disclosure requirement in the Annual Report.

However, the particulars of investments made by the Bank are disclosed in Schedule 8 of the Financial Statements for FY 2023-24, forming part of this Annual Report, as per the applicable provisions of BR Act.

X. Related Party Transactions

During the FY 2023-24, the Bank did not engage in any material significant transactions with related parties that could potentially create conflicts of interest between the Bank and these parties. All related party transactions conducted throughout the year were carried out at arm's length basis and in the normal course of business operations.

The Audit Committee has accorded an omnibus approval for related party transactions which are of repetitive nature and entered in the ordinary course of business. Further, the Audit Committee of the Bank reviewed details of all related party transactions entered by the Bank on quarterly basis.

As per Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions that are required to be reported in form AOC-2. The requisite disclosure has been made under Schedule 18 of the notes forming part of audited financial statements for the financial year ended March 31, 2024.

The Policy on Related Party Transactions and Materiality as approved by the Board can be accessed on the website of the Bank at https://www.aubank.in/investors/secretarial-policies.

Y. Material Changes and Commitments, if any, affecting the Financial Position of the Bank

As mentioned in the paragraph C of the Board Report, the amalgamation of Fincare Small Finance Bank with and into the Bank became effective from April 01, 2024. Further details regarding the same are covered in Management Discussion & Analysis section of the Annual Report.

Except as above, no material changes and commitments that affect the financial position of the Bank have occurred between the end of the financial year i.e. March 31, 2024 and up to the date of this Report.

Z. Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo

The Bank has consistently upheld a commitment to environment sustainability, and has proactively implemented various measures to reduce emissions footprint, including utilising digital technologies and implementing emission reduction initiatives throughout Banking operations.

(a) Conservation of Energy

Steps taken or impact on conservation of energy, utilising alternate sources of energy and capital investment on energy conservation equipments:

The Bank is committed to environmental sustainability and is actively reducing emissions through digital solutions and adopting low-carbon innovations, like exploring zero-carbon electricity for Banking operations. Bank has implemented a three-pronged strategy for energy conservation:-

1. **Energy Efficiency Measures**
   - Encouraging green plants and gardens on Bank's premises to lower air conditioning needs and keeping temperatures at 24°C or higher.
   - Engaging in performance-based contracts for energy savings.
   - Switching to LED lights instead of traditional ones to cut down on electricity usage.
   - Using timers for signage to optimise energy usage.
   - Installing power factor systems in electrical panels for efficient electricity use and implementing power factor corrections.

2. **Technology Upgrades**
   - Implementing an i-Touch manager for efficient monitoring and control of electricity usage, leading to reduced consumption.
   - Using Variable Refrigerant Volume (VRV) based Chillers to cut down on energy usage in ACs by 20% and prevent pilferage.
   - Employing insulation to minimise heat load in offices, reducing the need for excessive air conditioning.
   - Using UPS and inverters to reduce reliance on diesel generators.

3. **Renewable Energy**
   - Recognising the importance of renewable energy for a cleaner future, the Bank has installed a 1 MW solar plant.
   - The solar project is situated in Gajner Site, Bikaner district, Rajasthan, and serves Jagatpura (JPO-01), Malviya Nagar, and Tonk Road offices at Jaipur, Rajasthan.
   - This project is expected to generate 16 Lacs units annually, contributing significantly to reducing carbon footprint and supporting global sustainability goals.
   - **Recycling systems and supplies:** The Bank also practices highly efficient management methods to refurbish aging IT systems. This is carried out to avoid sending hazardous materials into huge landfills and scaling down the load on already overburdened junkyards. The Bank also employs a coherent system of recycling slightly older IT systems by assigning them to the staff that does not need to perform heavy data processing on their system. By doing so, the Bank successfully reduces the demand for new desktops and laptops even with the growing workforce.

Other Initiatives –

Green Building - Natural Sunlight is maximised through Green Building design in Offices to reduce reliance on artificial lighting to the extent possible.

Green building encompasses environmentally responsible and resource-efficient practices throughout a building's life cycle, from planning to demolition. It expands on traditional building concerns of economy, utility, durability, and comfort by prioritising energy, land, water, and material savings while reducing pollution and promoting harmony with nature. Bank's office at Sanpada, Mumbai, achieved a "Gold" rating in IGBC's Existing Green Interior Category, showcasing a commitment to indoor environment quality, sustainable materials, energy efficiency, water conservation, and eco-design principles. This achievement reflects the Bank's dedication to environmental responsibility and sets a standard for future branches nationwide.

(b) Technology Absorption

I) The efforts made towards Technology absorption:

1. **Digital Banking:** Banking is made convenient through the digital platform, doing away with all the paperwork like cheques, pay-in slips, Demand Drafts, and so on. ~90% of Bank's deposit accounts are opened through digital platforms, with the main one being Tab Banking. Expanding its capabilities, the Bank is gradually adding end-to-end customer

on-boarding journeys on this platform i.e. Micro Business Loan (MBL), Home Loan, 2-wheeler and 4-wheeler Loan, Credit Card, Insurance and Wealth Products.

Digital banking for asset products offers convenient Banking for Customers, eliminating the need for excessive paperwork and enhancing banking experience. This technological advancement allows the Bank to leverage its capabilities and streamline operations, ultimately leading to increased efficiency and faster service.

The Bank witnessed strong growth in the adoption of tab-based account opening, Android-based mobile banking, WhatsApp banking (24/7 banking solutions), and Net banking, thus minimising paper usage, reducing waste generation, and achieving improved waste management.

2. **AU 0101 App:** AU 0101 App feature enables the Customers to bank from anywhere and which contributes to reducing carbon footprint; and seamless video banking enables customers to avail Banking services virtually through a video-enabled chat with branch executives, eliminating the need to travel to the branch. The 'AU0101' retail Internet and mobile banking application and platform have been successfully migrated to AWS's private cloud, ensuring high availability, scalability, and security. Even during peak traffic periods, the system remains responsive and reliable, seamlessly meeting customer demands.

3. **Video Banking:** This service helps Customers to connect with Video Bankers on real time basis at Customer's convenience from home. Customer can open account, book FD, and much more. Bank provides video banking facility with a vision to offer all its services virtually through video-enabled chat with branch executives, eliminating the need for branch visits. This initiative helped the Bank twofold in promoting digital banking and inspiring its customers to adopt a more environmentally sustainable banking channel and saving of fuel by reducing commutation challenges.

4. **Embracing E-receipts Culture:** Bank encourage customers to choose electronic receipts at ATMs, then send them a detailed SMS on their most recent transaction and Bank balance to their registered mobile number to reduce paper usage. Bank also teamed up with the transport department of Haryana to automate the ticketing process, allowing for the conservation of natural resources.

5. **Automate Energy data collection:** This is an application of digital technologies for energy data collection. Bank has replaced manual way of data collection from its various sites and automated data collection through ERP software.

   Energy accounting and reduction have a major effect on emissions as an enabler in accelerating clean energy transitions. The system is helping the Bank to cut costs, improve efficiency and resilience, and reduce emissions.

6. **Cloud computing & storage:** Cloud computing & storage is helping in modernising infrastructure, scale operations, improve resiliency, load sharing and reduced costs for the Bank.

II) The benefits derived like product improvement, cost reduction, product development or import substitution:

The Bank delivers products and services that promote sustainable development and conduct its business in a fair and professional manner. A proper structure and process is available which facilitates incorporating risk criteria in the product development and approval process. The Bank is continuously taking various steps on the product improvement. The Bank has implemented an upgraded version of ITAM tool (IT asset management tool). This tool will manage all Bank's IT assets life cycle i.e. from procurement to scrap and disposal of asset, for pan India banking operations. Highly efficient use of technology through software helps in save time, improve efficiency, reduce costs, improve productivity, more agile and helps in information security.

Embracing the transformative power of robotics, the Bank has automated over 100 processes through Robotic Process Automation (RPA). This strategic move not only reduces manual

intervention but also underscores the Bank's dedication to technological excellence and continuous improvement.

In terms of AD-1 applications, the Bank has implemented the Kondor Treasury Application to enhance financial efficiency and global connectivity. This state-of-the-art solution streamlines interbank trading processes by automating tasks, improving accuracy, and enhancing risk assessment. Additionally, Bank has enabled secure interbank transactions in USD via SWIFT. The SWIFT network ensures reliable and efficient cross-border financial transactions. Leveraging SWIFT's standardised messaging system, we have fostered international trade and facilitated seamless USD transactions.

the Bank is investing in initiatives and innovations to build a digital gateway to a sustainable lifestyle. The Bank's investments in digital technologies have simplified banking and enabled a smoother customer journey. In addition, a robust technology platform has been created by the Bank as a part of the new-age digital banking ecosystem.

III) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

a) The details of technology imported: Nil

b) The year of import: Nil

c) Whether the technology been fully absorbed: Nil

d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Nil

IV) Expenditure incurred on Research and Development:

Since financial services is being primarily covered under Service Sector, the details of this clause are not applicable to the Bank.

(c) Foreign Exchange Earnings and Outgo

During the financial year ended March 31, 2024, the foreign exchange earnings was ₹ 12.44 Crore and the foreign exchange outgo was ₹ 19.52 Crore.

AA. Risk Management

The Bank operates in an environment which is characterised by multitude of risks and constantly identifying the emerging and evolving risks is critical to ensure stability, profitability and sustainability of the Bank. The Bank further aims to balance risk and return within approved boundaries, with a focus on refining risk measurement systems for optimal performance and to safeguard stakeholders' interests.

The Bank operates a robust Enterprise Risk Management Framework to address and manage various risks evolving around Credit Risk, Market & Liquidity Risk, Operational Risk, IT and Cyber Security Risk, Compliance Risk, and other risks through a multi-layered process overseen by experienced leadership, maintaining a proactive stance to address emerging threats.

A robust and independent risk management function is essential to ensure effective risk management within a Bank. The primary objective of the Bank's risk management function is to proactively anticipate vulnerabilities at all levels, and this is achieved through detailed quantitative and qualitative analysis of the risks associated with various activities. By adopting this preemptive approach, the Bank can stay ahead of potential risks and challenges in a constantly evolving industry and regulatory landscape. This proactive preparedness ensures that the Bank is well-equipped to tackle any unforeseen issues that may arise.

The three Lines of Defence - individual business units and support functions, Risk Management and Compliance departments, and Internal Audit function – governs the Bank's risk management and provide assurance to the Board that the risks assumed by the Bank are within the risk appetite approved by the Board and the adequacy and effectiveness of the governance framework around the risks for Bank's business.

The Risk Management policies play a crucial role in the Banking sector which helps in mitigating potential risks and safeguard the financial well-being of the institution. Effective risk management policies also help

to enhance the Bank's resilience in the face of unforeseen events and uncertainties and maintain long-term sustainability. The risk management framework of the Bank is guided by these policies for evaluating risks associated with the business, allowing Banks to make informed decisions and allocate resources effectively while maintaining the trust and confidence of stakeholders, as well as sustaining long-term growth and profitability. The Risk Management Policies undergo annual reviews and periodic updates in accordance with regulatory and internal guidelines.

The Board is benefitted by a seasoned executive management team, along with the support of Board Committees and Board Delegated Committees that form part of the Risk Governance Framework. Striking a balance between growth and prudent risk management, the Board is dedicated to creating value for stakeholders. In line with regulatory requirements, the Bank has also constituted a Risk Management Committee (**"RMC"**) tasked with overseeing the implementation of the risk governance framework and guiding principles. The Internal Capital Adequacy Assessment Process (ICAAP) evaluates the amount and distribution of capital needed to cover risks, including a forward-looking stress capital assessment. The RMC reviews the Risk Appetite framework, ICAAP, and stress testing results.

A Chief Risk Officer (**"CRO"**) has been appointed to lead various risk areas including Credit Risk, Market & Liquidity Risk, Operational Risk, Fraud Risk, Information Security Risk, and Compliance Risk, among others and operates in accordance with approved risk management policies and the delegation matrix, with direct access to the RMC. Playing a pivotal role in shaping risk management decisions that influence the Bank's strategic direction, the CRO diligently monitors the progress of risk management activities. Further details of the RMC and its terms of reference are set out in the Report on Corporate Governance annexed with Board's Report as **Annexure-I**.

The Risk Management framework is a layered structure and broadly consists of the following aspects for effective risk management across the Bank:

(a) Credit Risk Management

Risk: Credit risk arises from default by borrowers in their terms of contract with the Bank especially failure to make payments or repayments. Credit Risk is the possibility of losses which may arise due to outright default or due to inability or unwillingness of a customer or counterparty to meet commitments in relation to repayments, trading settlements, or any other financial transaction.

Mitigation: Credit Risk & NPA Management Committee (**"CRNPAC"**) overseas and reviews the credit risk and is responsible for prudential limits on large credit exposures, asset concentration, portfolio management, loan review mechanism, risk concentration, monitoring and evaluation, provisioning, regulatory and other issues around it. Credit Risk Management formulates credit risk policies and procedures for managing the credit risk and ensuring portfolio composition and quality.

The scope of the Credit Risk unit includes measuring, assessing, and monitoring credit risk within the Bank through strengthening underwriting norms, keeping close watch on asset quality trends and concentrations at individual exposures as well as at the portfolio level. It establishes risk limits and conducts periodic portfolio reviews. It exercises oversight on the strategy and underwriting functions of the Credit group. Portfolio monitoring is carried out through Portfolio Profiling, Early Warning Framework, Rapid Portfolio Review, and Monitoring of High Value Customers and other risk activities. All aspects of credit risk are governed by the Credit Risk Management Policy and other related Policies.

The Bank has laid down prudential limits and caps on various aspects to control the magnitude of credit risk. The defined risk limits are forward-looking and are reviewed in sync with future business plans. The Bank has a comprehensive credit risk architecture, policies, procedures, and systems for managing credit risk in its retail and commercial segments. Commercial lending is managed on an individual as well as portfolio basis. In contrast, given the granularity of individual exposures, retail lending is managed largely on a portfolio basis across various products and customer segments. Robust systems are in place to ensure credit quality and minimise default losses. The Bank ensures portfolio diversification, stringent credit approval processes, periodic post-disbursement monitoring,

and remedial measures. The Bank has ensured strong asset quality through volatile times in the lending environment by stringently adhering to prudent norms and institutionalised processes.

CRNPAC follow the guiding principles listed below and submit its updates to RMC of the Board at regular intervals:

- Ensure that a governance framework is established for an effective oversight, segregation of duties, monitoring and management of Credit Risk in the Bank.
- Ensure that the approval of credit proposals are as per the defined strategies, systems, and processes.
- Ensure that guiding principles shall be laid down for the setting up and monitoring of the credit and credit risk appetite and limits.
- Establish standards to facilitate effective identification and assessment of credit risk in the Bank.
- Establish standards for effective measurement and monitoring of credit risk and NPA.
- Ensure adherence to the guidelines/policies related to credit, credit risk and NPA management as issued by the RBI from time to time.

(b) Operational Risk Management

Risk: Operational Risk has been defined by the RBI as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes Legal Risk but excludes Strategic and Reputational Risk.

Mitigation: The Bank has a Board approved Operational Risk Management Policy which encompasses a comprehensive Operational Risk Management framework. The framework outlines the governance structure and processes for monitoring & managing various operational risks and controls linked to various processes across all business verticals. This structure consists of three lines of defence: the business line (including support and operations) is the first line, an independent Operational Risk Management Department (ORMD) is the second line, and Internal Audit is the third line. These units collaborate to manage, monitor, and mitigate operational risks effectively. The independent ORMD is responsible for implementation of this framework while the Board delegated Operational Risk Management Committee (ORMC) oversees the implementation of this framework across the Bank and advise on the implementation of measures for risk mitigation which further reports to the RMC.

The Bank's Fraud Monitoring and Control measures are robust with a dedicated Risk Containment Unit (RCU) guided by a Board approved Fraud Risk Management Policy. Fraud cases reported in the Bank are apprised to the Audit Committee and the Board and fraud cases over ₹1 Crore or more are specifically reported and dealt with by the Special Committee for Fraud Monitoring (SCFM) of the Board. The Bank is continuously enhancing its systems, practices, controls, and review mechanisms ensuring fraud-prone areas are continuously monitored and secured against internal and external threats.

In the realm of Digital Banking, with Digital Banking services, we have made significant advancements in both customer facing technologies and internal digitisation. To further enhance security and customer experience, we monitor transactions continuously. With confidence in our technological capabilities, we are poised to drive the next phase of growth in Digital Banking.

Outsourcing Risk Policy

The Bank also has in place a comprehensive Outsourcing Risk Policy in line with RBI guidelines with ultimate responsibility resting with the Board for the outsourced activity. However, for ease of functioning, the powers have been delegated to the Committee for Outsourcing of IT and Financial Services which further reports to RMC. The outsourcing policy of the Bank lays down the framework adopted by the Bank for reviewing and approving outsourcing of services that includes plans and procedures to evaluate, assess, approve, review, control and monitor the risks and materiality of all its vendor/ outsourcing activities and serve as a guide to adopt sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from outsourcing activities.

Business Continuity Management (BCM) plan

The Bank has a comprehensive Business Continuity Management (BCM) plan in place with policies, and procedures meticulously designed to align with regulatory guidelines, and it undergoes thorough reviews and audits to ensure effectiveness.

In terms of Governance and management, the ORMD is tasked with coordinating with various Units to identify the critical business functions and processes across the Bank, for which effective Business Continuity Plan (**"BCP"**) needs to be planned for.

Approach towards emergency, disaster & crisis management

Business continuity - Manage continuity of critical business operations and accelerated resumption of services after a disaster.

Emergency response - Deal with site-level emergency at an office or a branch involving life safety issues like fire, bomb threats, and so on.

IT disaster recovery - Quick recovery of critical business applications during hardware/ network/ power failure etc.

Pandemic response - Facilitate a well-structured and efficient response to any pandemic situation that threatens the safety of the Bank's employees and/or disrupts the Bank's critical business functions.

Crisis management - Comprehensive incident and crisis management framework tackles Bank wide incidents and crisis such as pandemic, terrorist attacks, ransomware attacks, fire, cyclone, earthquake, city level floods, cyber-attacks, and data centre outages, among others.

The Bank has a business continuity programme in place to ensure the continuity of critical operations of the Bank in the event of any disaster/incident affecting business continuity. This business continuity programme is developed considering the criticality of the functions performed and the systems have been designed to minimise the operational, financial, legal, and other material consequences arising from such a disaster and focus is on ensuring faster recovery and minimising the impact on the IT systems of the Bank. The Bank has dedicated Disaster recovery sites and there are periodic drills in place to validate the effectiveness of our BCPs. These controls help execute immediate action in case any business/application-level issue arises which is leading to an impact on banking services/ operations. The learning from the BCP drill exercises is used in refining the BCP framework.

(c) Market Risk, Liquidity and Asset Liability Management

Risk: Market Risk for the Bank originates from investment and trading in securities and forex exchange open positions, which are undertaken both for the customers and on a proprietary basis. The market risk management framework of the Bank sets benchmark and various limits to monitor the market risk exposures, the performance of portfolios vis-à-vis the market risk limits and comparable benchmarks, which provide guidance to optimise the risk-adjusted rate of return of the Bank's investment portfolio. Liquidity risk refers to Bank's inability to fund an increase in assets or withdrawal of liabilities and meet both expected and unexpected cash & collateral obligations at reasonable cost without adversely impacting its financial condition.

Mitigation: Market risk management is guided by well-defined policies, regulatory guidelines, processes, limits and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of the Bank. The Bank utilises the analytical tools for the market risk management of its trading/investment portfolios and forex positions.

The Asset Liability Management Policy of the Bank stipulates a comprehensive framework for managing liquidity risk, ensuring Bank's ability to meet its liquidity obligations and remain resilient during period of liquidity stress caused by Bank-level factors, market-wide factors, or a combination of both. The Board approved policy outlines the risk appetite around the liquidity and market risk while also establishes a governance structure in line with the Bank's overall Risk Appetite. The Asset Liability Management Committee of the Bank is responsible for overseeing the identification, measurement and management of market risk, forex risk, interest rate risk and liquidity risk within the

Bank, ensuring adherence to the established internal and regulatory prudential limits and operating within the Board approved risk appetite.

(d) IT Risk Management

Risk: The Bank is growing with digitisation and aimed at leveraging digital technology to provide a best-in-class experience for its customers while simultaneously enhancing productivity and improving IT risk management. Risk of cyber-attacks on the Bank's systems arises among others from computer viruses, malicious or destructive code, phishing attacks, denial of service or information, application vulnerability and other security breaches resulting in disruption of its services or theft or leak of sensitive internal data or customer information.

Mitigation: IT Risk management is a critical process aimed at identifying, assessing, mitigating and monitoring risks that could impact an organisation's information technology infrastructure and data assets. The Bank has established a robust information and cyber security framework for securing its IT infrastructure and systems. Management and Board level committees have been formed to review and monitor IT security infrastructure and compliance over IT related vulnerabilities against emerging cyber security risks. The Chief Information Security Officer (**"CISO"**) is responsible for monitoring the information security risks covering all aspects of data security for the Bank who reports to CRO. Cyber Security Operation Centre with qualified professionals is reporting to CISO for monitoring of real-time cyber security glitches. The Bank has adopted layered approach security deployment and continuously evaluating and investing in nextGen cyber security solutions to strengthen the cyber security posture of the Bank. Accordingly, appropriate advanced controls at various layers have been deployed to ensure that cyber security risk is minimised.

(e) Reputation Risk Management

Risk: Any adverse stakeholder and public perception about the Bank may negatively impact its ability to attract and retain customers and may expose the Bank to litigation and regulatory actions.

Mitigation: The Bank assesses and manages Reputation Risk on regular basis. Your Bank communicates with its stakeholders regularly through appropriate engagement mechanisms to address stakeholder expectations and assuage their concerns, if any. There is Zero tolerance for knowingly engaging in any activity that is not consistent with values, Code of Conduct, or policies of the Bank. The Bank identifies reputation risk in its ICAAP document and an assessment framework has been established to monitor the level of reputation risk.

(f) Compliance Risk Management

Risk: Compliance risk primarily involve the possibility of monetary penalties, regulatory sanctions, and reputational damage to the Bank. These risks can be effectively mitigated by ensuring continued compliance with the applicable laws and regulations governing Anti-Money Laundering (AML), Know Your Customer (KYC) requirements, data privacy, and other pertinent domains.

Mitigation: The following two major policies form the bedrock of the Bank's robust Compliance Risk Management framework –

1. **Compliance Policy –** The Compliance Policy defines compliance philosophy in the Bank. It outlines the Compliance structure, scope of compliance, compliance processes and procedures for managing risk. It has been formalised in accordance with the Reserve Bank of India's circular on 'Compliance functions in Banks and Role of Chief Compliance Officer'. The policy emphasises on independence of the Compliance function and fosters a uniform compliance culture across the Bank.

2. **Know your Customer/ Anti-Money Laundering Policy –** The KYC/ AML policy enables the Bank to know and understand its customers and their financial dealings, thereby facilitating prudent management of risks associated with money laundering and terrorist financing. It majorly encompasses Customer acceptance and identification procedures, Customer Due Diligence, transaction monitoring, Periodic updation of customers' risk and data privacy norms. The policy has been framed in line with the RBI's Master Direction – Know Your Customer (KYC) Direction,

2016 (as updated from time to time) and in terms of the provisions of the Prevention of Money Laundering Act, 2002 and rules thereof.

These policies are reviewed annually or more frequently (as and when there is any regulatory change) to keep them aligned with the evolving regulations and industry standards.

The Bank has a dedicated Compliance department that is adequately staffed with subject matter experts who diligently identify, assess, and control potential risks within their respective domains by carrying out regular reviews and monitoring of products, policies, and procedures. The Compliance department continuously monitors developments and updates the status of compliance to the senior management and Audit Committee of the Board, which enables the Board to advise on the implementation of measures for risk mitigation. Additionally, to keep themselves abreast with the latest regulations, these compliance officers participate in internal and external trainings periodically.

AB. Corporate Social Responsibility

The Bank is committed to supporting the entrepreneurial dreams of the underprivileged and unbanked population in India by providing financial assistance. The Bank firmly believes that every individual deserves equal opportunity regardless of their socio-economic background and is dedicated to empowering people by making them realise their true potential and become self-reliant. Additionally, the Bank has been actively involved in implementing impactful CSR projects aimed at enhancing the livelihoods of marginalised communities. These projects primarily focus on skills development, empowering women entrepreneurs, promoting rural sports, and other initiatives that bring positive change to the targeted communities. CSR activities and funds of the Bank are closely monitored by the Corporate Social Responsibility Committee (**"CSR Committee"**) formed by the Board of Directors. Further, impact assessment of these projects was also carried out for the FY 2023-24.

In compliance with the CSR provisions outlined in the Act read with the rules made thereunder, a total of ₹12.65 Crore has been allocated to the "Unspent Corporate Social Responsibility Account" for FY 2023-24 for the purpose of funding ongoing CSR Projects. This allocated amount will be used in alignment with the Company's CSR Policy and implementation schedule.

The terms of reference of CSR Committee are outlined in the Report on Corporate Governance annexed as **Annexure-I**. Further, a comprehensive breakdown of expenditures and other relevant details pertaining to CSR activities including executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out for FY 2023-24 have been disclosed in the Annual Report on Corporate Social Responsibility annexed as **Annexure-II** with Board's Report. The CSR Policy is also available for viewing on the Bank's website at https://www.aubank.in/investors/secretarial-policies.

AC. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank is dedicated to fostering a safe and healthy work environment for all employees, free from prejudice, gender bias, and sexual harassment. We uphold a zero-tolerance policy towards any form of sexual harassment and strive to promote a positive and productive workplace for everyone.

In alignment with the guidelines set forth in the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Bank ensures a safe and conducive work environment for all employees and associates by implementation of a Policy on Prevention and Redressal against Sexual Harassment at the workplace.

Detailed information regarding the Bank's commitment to preventing and addressing sexual harassment is provided in the Report on Corporate Governance as **Annexure-I** to the Board's Report.

AD. Subsidiary, Joint Ventures & Associate Companies

The Bank does not have any subsidiary, joint ventures & associate companies. Hence, the details of this clause are not applicable to the Bank. Accordingly, the Bank is also not required to formulate a specific policy on dealing with material subsidiaries.

AE. Material Orders Passed by Regulators or Courts or Tribunals

During the FY 2023-24, no material orders have been passed by the Regulators/ Courts/ Tribunals which would impact the going concern status of the Bank and its future operations.

AF. Internal Financial Control & their Adequacy

The Bank maintains a robust internal financial control system carefully tailored to its risk appetite and aligned with the size, scale, and complexity of the Banking operations. The scope and authority of the risk-based internal audit function is clearly outlined in the Board approved Internal Audit Policy of the Bank.

The audit function plays a pivotal role in ensuring that the Bank's processes and operations adhere to regulatory guidelines, accounting standards, and internal rules and guidelines of the Bank. This function offers an impartial evaluation on the quality and effectiveness of the Bank's internal control, risk management, and governance systems to provide assurance to the Board of Directors and Audit Committee.

During the period under review, the internal controls of the Bank were in place and operating effectively. Further, the Joint Statutory Auditors have issued an opinion on the adequacy of the internal controls over financial reporting of the Bank and operating effectiveness, as required under the Act. Details of this opinion can be referred to in the Auditor's Report attached to the audited financial statements for FY 2023-24.

AG. Cost Records

Being a Banking company, provisions of Section 148(1) of the Act, relating to maintenance of cost records is not applicable to the Bank.

AH. Corporate Governance

Corporate Governance is the cornerstone of the Bank's operations, underpinned by principles of transparency, accountability, integrity, fairness, and compliance while conducting business & making necessary disclosures. Corporate Governance has been an integral part of the way the Bank has been operating since inception. The Bank believes that good Corporate Governance emerges through the implementation of best management practices, strict adherence to laws and regulations, and a commitment to transparency and ethical conduct. Effective risk management is central to the governance framework, as the Bank prioritise maintaining strong risk management and internal controls to support sustainable business growth and build public trust.

The Bank is dedicated to constantly refining its governance and assurance practices by benchmarking itself against global best practices. The Bank is committed to having a top-notch Governance and assurance framework in place, and it constantly works to enhance its Risk Management, Compliance, and Audit practices. The Board of Directors, various committees and policies of the Bank play a pivotal role in overseeing the overall Governance & Assurance framework.

The Bank is continuously striving to enhance governance and assurance functions. Through the implementation of various practices and initiatives, we are dedicated to bolstering the risk and compliance culture.

Key aspects of these functions, along with recent initiatives, are integral to the Bank's commitment to excellence which include:

1. Risk Management:

The responsibility for executing key risk management activities has been entrusted to the Board Delegated Committees, including the Credit Risk & NPA Management Committee, Operational Risk Management Committee, Asset Liability Management Committee, IT Steering Committee, and Information Security Committee. Risk management is a top priority for the Bank, with a strong framework in place to address potential risks. The Bank's risk management philosophy and approach are centered on safeguarding the interests of customers and investors, as well as preserving the Bank's reputation and financial stability.

2. Compliance Function:

Corporate Governance in Banks emphasises compliance with laws, regulations and ethical standards as the Banks are subject to a complex regulatory environment. The primary focus of the Compliance function is to establish and maintain a strong culture of compliance within the Bank. In order to

cultivate the right tone for compliance, the function consistently seeks guidance from the Board of Directors and its committees. It engages with internal stakeholders through both structured and informal meetings to effectively communicate the necessary compliance standards.

In order to strengthen its efforts, the Compliance Function has introduced several new initiatives, including:

(i) Compliance Sustenance Framework

(ii) Compliance Self Certification

(iii) Enhancing the Product Approval Process

(iv) Quality Assurance and Improvement Programme (QAIP)

(v) Bringing in IT/IS resources with specialised domain knowledge.

3. Internal Audit Function:

The Internal Audit Department adheres to a risk-based audit approach outlined in the Bank's Risk Based Internal Audit Policy. The department prioritises audits of high-risk areas in coordination with the Risk Management and Compliance Functions. Additionally, the Bank has established an independent Quality Assurance function to enhance the effectiveness of the Internal Audit Department. This function conducts independent quality checks on audit activities performed by the various sub-verticals within the department.

The Report on Corporate Governance for FY 2023-24 along with certificate issued by M/s. V. M. & Associates, Company Secretaries confirming the compliance to applicable requirements related to corporate governance as stipulated under Chapter IV of the Listing Regulations, is annexed with Board's Report as **Annexure-I**.

AI. Business Responsibility and Sustainability Report & Sustainability Initiatives

At AU Small Finance Bank, sustainability is at the core of its business model and reflects in all its offerings. The Bank's commitment to environmental and social responsibility is deeply rooted in its values. The Bank believes in taking proactive measures rather than reactive responses to climate change, focusing on setting ambitious targets and robust governance to achieve them.

The Sustainability Committee of the Board of the Bank guides on this journey, while MD & CEO continually inspires to build a Bank that sustains for generations. Initiatives like AU's Green Deposit demonstrate Bank's dedication to mobilising funds for green projects and supporting India's Net Zero targets.

The Bank prioritise stakeholder awareness through training programmes covering sustainability and ESG topics for all employees. The Bank's communication efforts, both internally and externally, ensure that its sustainability message reaches everyone.

As a part of Banking operations, the Bank promotes digital banking, video banking, and e-receipts to reduce paper usage and waste. Its focus on clean mobility, including incentives for electric vehicle loans, and sustainable office practices further underline Bank's commitment to eco-friendly practices.

Additionally, the Bank empowers women through initiatives like AU Udyogini and promote sports through Bano Champion, fostering inclusivity and well-being in communities. Continual improvements in sustainability ratings validate its ongoing efforts in this area.

The Sustainability Report and Business Responsibility and Sustainability Report (**"BRSR"**) of the Bank demonstrate transparency and adherence to global standards, showcasing its commitment to sustainable growth and positive societal impact.

In addition, the BRSR of the Bank for the FY 2023-24 is included as **Annexure-V** to the Board's Report and can also be accessed on the Bank's website at https://www.aubank.in/other-reports, as required by Regulation 34(2)(f) of the Listing Regulations and relevant SEBI circulars.

AJ. Particulars of Employee Remuneration

As per Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, the ratio of the remuneration of each Director to the median employee's remuneration and other details is annexed with Board's Report as **Annexure-III**.

Additionally, the statement containing employee particulars required by Section 197(12) of the Act and Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is a part of this report. Pursuant to Section 136(1) of the Act, the annual report has been sent to Members without the aforementioned annexure, which can be inspected at the registered office of the Bank up to the date of the AGM. Members interested in obtaining a copy of the Annexure may request it from the Company Secretary of the Bank at investorrelations@aubank.in

AK. Management Discussion and Analysis

The Management Discussion and Analysis Report for the FY 2023-24 is included as a separate section within the Annual Report, as required under Regulation 34(2)(e) and Schedule V of the Listing Regulations.

AL. Annual Return

The draft Annual Return for the financial year ended on March 31, 2024 in the prescribed form MGT-7, as required under Section 134(3)(a) and Section 92(3) of the Act, can be accessed on the Bank's website at https://www.aubank.in/other-reports

AM. Whistle-Blower Policy & Vigil Mechanism

The Bank values reliability, fairness and equality which form foundation for all the decisions taken and believes in conducting its affairs in a fair manner to build customer trust and confidence and ensure customer delight. The Bank encourages its employees, all stakeholders and members of general public, who have concerns about suspected misconduct, to come forward and express these concerns without fear of retaliation or unfair treatment.

A Whistle-Blower Policy in Banking Institutions is crucial for fostering transparency, accountability, and ethical behaviour within the organisation. The Bank has implemented Whistle-Blower Policy & Vigil Mechanism in pursuance of the provisions of Section 177(9) of the Act read with the rules made thereunder and Regulation 4(2)(d) and Regulation 22 of the Listing Regulations, which aims at establishing an effective vigil mechanism in the Bank to quickly spot aberrations and deal with it at the earliest.

The Whistle-Blower Policy provides a safe and confidential avenue for employees to report any potential misconduct or fraudulent activities without fear of retaliation. This Policy includes adequate safeguards against the victimisation of individuals who avail this mechanism ensuring they have direct access to the Chairman of the Audit Committee. None of the Bank's personnel has been denied access to the Audit Committee of the Bank.

The policy can be accessed on the website of the Bank at https://www.aubank.in/investors/Secretarial-policies and further details have been provided in the Report on Corporate Governance forming part of this Board's Report as **Annexure-I**.

AN. Anti-Bribery and Anti-Corruption Policy

The Bank upholds a strict 'zero-tolerance approach' towards bribery, corruption, and unethical practices and is committed to conduct all its dealings and operations with professionalism, fairness, and integrity. In alignment with this commitment, the Bank has implemented an Anti-Bribery and Anti-Corruption Policy that has been approved by the Board of Directors. This policy outlines the fundamental principles for conducting Banking business in a transparent, honest, and ethical manner. The policy can be accessed on the website of the Bank at https://www.aubank.in/notice-board.

AO. Adherence to Secretarial Standard issued by the Institute of Company Secretaries of India

The Bank has adhered to the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of Board of Directors and General Meetings.

AP. Status of Ind AS Implementation

In accordance with RBI circular RBI/2015-16/315 DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11, 2016 for Implementation of Indian Accounting Standards (Ind AS), the Banks are advised to follow the Indian Accounting Standards outlined under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the RBI in this regard. Currently, Banks in India prepare their financial statements following the guidelines of the RBI, the Accounting Standards under Section 133

of the Act, and the generally accepted accounting principles in India (Indian GAAP). In January 2016, the Ministry of Corporate Affairs released a roadmap for the adoption of new Indian Accounting Standards (Ind AS), which were aligned with the International Financial Reporting Standards (IFRS) for scheduled commercial Banks, insurance companies, and non-banking financial companies (NBFCs). However, in March 2019, RBI postponed the implementation of Ind AS for Banks until further notice as the necessary legislative changes were being reviewed by the Government of India. The Bank has conducted an initial diagnostic analysis of the discrepancies between Indian GAAP and Ind AS and is committed to ensuring compliance with the relevant requirements and guidelines moving forward.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) read with Section 134(5) of the Act, the Board of Directors hereby confirm that:

1. In the preparation of the annual accounts for the year ended March 31, 2024, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. We have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2024 and of the profit of the Bank for the year ended on that date.
3. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the Bank's assets and for preventing and detecting fraud and other irregularities.
4. We have prepared the annual accounts on a going concern basis.
5. We have laid down internal financial controls to be followed by the Bank and ensured that such internal financial controls are adequate and were operating effectively.
6. We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement and Appreciation

The Board extends its sincere gratitude to the Government of India, various State Governments, regulatory bodies such as RBI, SEBI, MCA, IRDAI, IBA, UIDAI, CERSAI, as well as to all the shareholders, debenture holders, esteemed Bankers, Lenders, Credit Rating Agencies, and Debenture Trustees for their unwavering support and trust in the Bank.

The Board would further like to express appreciation to BSE Limited, National Stock Exchange of India Ltd., National Securities Depository Limited, Central Depository Services (India) Limited, Registrar & Share Transfer Agent, Vendors and Service Providers for their continued support & co-operation.

The Bank's valued customers deserve a special mention for their loyalty and continued patronage and the Board is truly grateful for the trust they have placed in the Bank.

The Board also expresses its heartfelt thanks and gratitude to each employee for their continued commitment towards the Bank and its customers. Through their commitment to strong work ethics, professionalism, teamwork, and initiatives, they have played a crucial role in enabling the Bank to continue serving its depositors and customers and maintaining Bank's customer-centric approach.

For and on behalf of the Board of Directors
AU SMALL FINANCE BANK LIMITED

Sd/-
Sanjay Agarwal
Managing Director & CEO
DIN: 00009526

Date: June 27, 2024
Place: Jaipur

Sd/-
Uttam Tibrewal
Whole-Time Director & Deputy CEO
DIN: 01024940

Date: June 27, 2024
Place: Mumbai

CIN: L36911RJ1996PLC011381
Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302 001, Rajasthan, India

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
AU Small Finance Bank Limited
19-A, Dhuleshwar Garden
Jaipur – 302001 (Rajasthan)

1. We have examined the compliance of conditions of Corporate Governance of AU Small Finance Bank Limited **("the Bank")** for the year ended on March 31, 2024 as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of Regulation 46 (2) and other applicable regulations of Chapter IV pertaining to Corporate Governance and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [collectively referred to as "SEBI Listing Regulations"].

Management's Responsibility for compliance with the conditions of SEBI Listing Regulations

2. The compliance with the conditions of Corporate Governance is the responsibility of the management of the Bank, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in SEBI Listing Regulations.

Our Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Bank for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

4. We have examined the relevant records and documents maintained by the Bank for the purposes of providing reasonable assurance on the compliance with the Corporate Governance requirements by the Bank.

5. We have conducted our examination in accordance with the Guidance Note on Corporate Governance Certificate and the Guidance Manual on Quality of Audit & Attestation Services issued by the Institute of Company Secretaries of India ("ICSI").

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and the representation made by the directors and the management, we hereby certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations.

7. We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Restriction on use

8. The certificate is addressed and provided to the members of the Bank solely for the purpose to enable the Bank to comply with the requirement of the SEBI Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Place: Jaipur
Date: April 24, 2024
UDIN: F003355F000229361

For **V. M. & Associates**
Company Secretaries
(ICSI Unique Code: P1984RJ039200)
PR: 5447/2024

CS Manoj Maheshwari
Partner
Membership No.: FCS3355
C P No.: 1971

Annexure I

Report on Corporate Governance

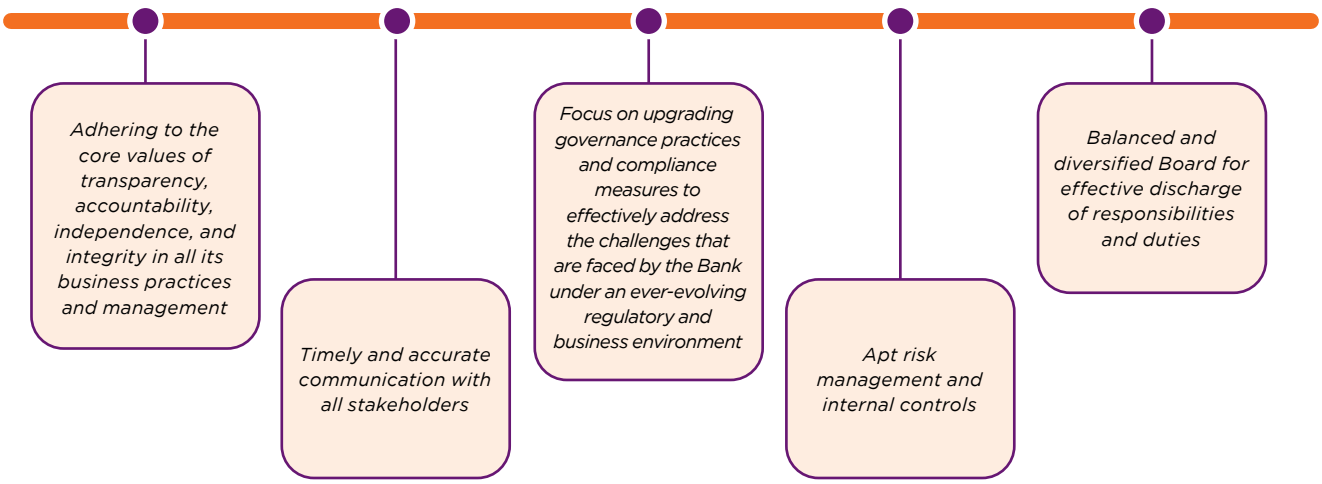
The Bank's philosophy on Corporate Governance

At AU, our Corporate Governance philosophy revolves around our value system i.e. 'AU Dharma', viz. Customer Focus, Work Hard and Look for Details, Responsibly Entrepreneurial, Nurture Talent & Succeed Together, Bias for Action, Integrity and Communication.



The Corporate Governance philosophy at AU guides our actions and ensure that we operate with the utmost integrity and responsibility. Our commitment is to maintain trust and transparency for ensuring orderly development and growth of the Bank.

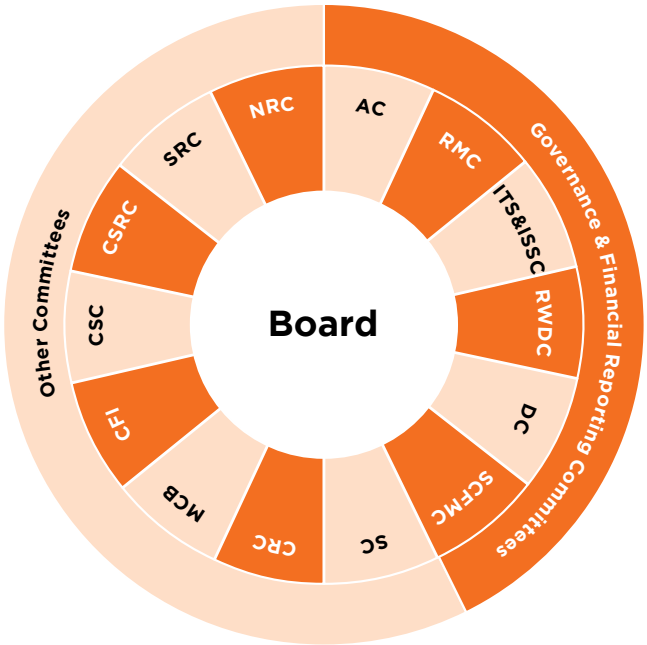
The Bank's Corporate Governance philosophy, *inter alia*, follows below key principals:



Our Corporate Governance philosophy is designed to create a robust framework that not only drives our business forward but also aligns with our core values. The Bank is committed to operating not just as a financial institution, but as a vital part of our community, contributing positively and constructively to society and the growing India story.

Bank's Governance Structure

Diagrammatic representation of the governance structure of the Bank:



Governance Structure at the Bank is spearheaded by the Board of Directors ("the Board") who are appointed by the shareholders of the Bank. The Board acts as trustee for the stakeholders of the Bank which includes shareholders, regulators, customers and employees etc.

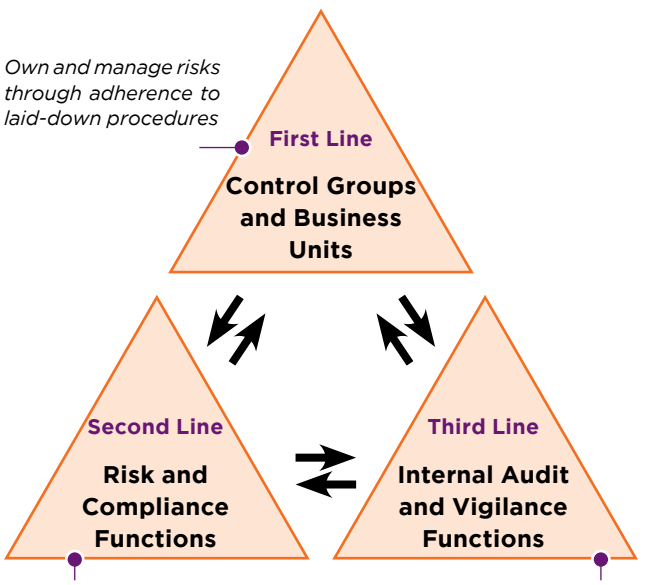
The Board is responsible for Bank's strategic direction and is well supported by Board Committees and Board Delegated Committees. The Board Committees and Board Delegated Committees act as per their respective charter documents.

The Managing Director & Chief Executive Officer ("MD & CEO") of the Bank under the superintendence and guidance of the Board is responsible for execution of the Bank's strategy and overall management. The Executive Director and the Senior Management Team, under the guidance of MD & CEO, is responsible for managing day-to-day operations and oversight over business and support functions.

AC - Audit Committee, RMC - Risk Management Committee, NRC - Nomination & Remuneration Committee, SRC - Stakeholders Relationship Committee, CSRC - Corporate Social Responsibility Committee, ITS&ISSC - IT Strategy and Information Systems Security Committee, CSC - Customer Service Committee, RWDC - Review of Classification of Wilful Defaulter Committee, DC - Disciplinary Committee, CFI - Committee for Financial Inclusion, MCB - Management Committee, CRC - Capital Raising Committee, SCFMC - Special Committee for Fraud Monitoring, SC -Sustainability Committee

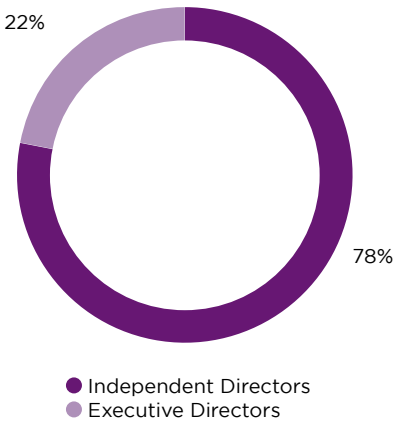
Three layers of defence

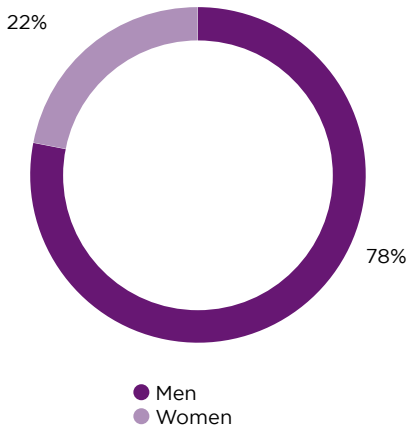
The Bank has three layers of defence for strong internal controls, wherein control groups and business units are the first layer of defence, supplemented by the Risk and Compliance function as the second layer of defence and Internal Audit and Vigilance function acting as the third line of defence, which is independent from the first and second lines of defence, and has the primary responsibility of conducting objective reviews and providing assurance on the quality and effectiveness of the Bank's internal control system.



Board of Directors ("the Board")

A. Composition of Board





Note: Board Composition is as on March 31, 2024.

As on March 31, 2024, the Board consists of 9 Directors with 2 Executive Directors and 7 Independent Directors including 2 Woman Independent Directors. The diverse and experienced Board contributes to better decision making, strategic planning and fosters long term sustainability. The Board comprising of majority of Independent Directors provide unbiased perspectives, best governance practices, ensures accountability and mitigate conflicts of interest.

B. Details of the Board of Directors as on March 31, 2024:



Mr. Harun Rasid Khan ("Mr. H. R. Khan")
Part-time Chairman & Independent Director
DIN: 07456806

Age 69 Years	**Shareholding** Nil
Qualification MA, M. Phil, Diploma in Business Management, CAIIB	**Board Membership – Other Listed Entities** Nil
Date of Appointment December 28, 2021 (As Independent Director) January 30, 2024 (As Chairman)	**No. of Directorships other Companies** Nil
Date of Re-appointment NA	**Member/Chairperson in Committee(s)** Nil
Term of Directorship 3 Years	



Mr. Kamlesh Shivji Vikamsey ("Mr. Kamlesh Vikamsey")
Independent Director
DIN: 00059620

Age 63 Years	**Shareholding** Nil
Qualification FCA, B.Com	**Board Membership – Other Listed Entities** 1. Navneet Education Limited - Non-Executive Director & Chairman 2. Nuvama Wealth Management Ltd.- Independent Director 3. Apcotex Industries Limited - Independent Director
Date of Appointment April 25, 2022	**No. of Directorships other Companies** 5
Date of Re-Appointment NA	**Member/Chairperson in Committee(s)** Member – 6 Chairperson - 5
Term of Directorship 3 Years	



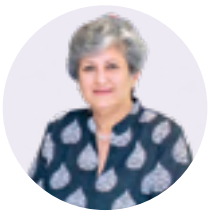
Mr. Kannan Gopalaraghavan Vellur ("Mr. V. G. Kannan")
Independent Director
DIN: 03443982

Age 67 Years	**Shareholding** 740 shares
Qualification MBA, CAIIB, Organisational Leadership Executive Programme, Wharton Business School	**Board Membership – Other Listed Entities** Aptus Value Housing Finance India Limited - Independent Director
Date of Appointment January 22, 2020	**No. of Directorships other Companies** Nil
Date of Re-Appointment January 22, 2023	**Member/Chairperson in Committee(s)** Member – 2 Chairperson - Nil
Term of Directorship 3 Years	



Ms. Kavita Venugopal
Independent Director
DIN: 07551521

Age 67 Years	**Shareholding** Nil
Qualification MBA, BA and Certificate Programme on Corporates Boards Membership by FICCI Women	**Board Membership – Other Listed Entities** Munjal Showa Limited – Independent Director
Date of Appointment March 29, 2023	**No. of Directorships other Companies** 4
Date of Re-appointment NA	**Member/Chairperson in Committee(s)** Member - 2 Chairperson - 1
Term of Directorship 3 Years	



Ms. Malini Thadani
Independent Director
DIN: 01516555

Age 66 Years	**Shareholding** Nil
Qualification MA, Ohio University, Master's in History, Hindu College, Certificate of Public Administration, Ohio University	**Board Membership – Other Listed Entities** Nil
Date of Appointment November 25, 2022	**No. of Directorships other Companies** Nil
Date of Re-Appointment NA	**Member/Chairperson in Committee(s)** Member – 1 Chairperson - Nil
Term of Directorship 3 Years	



Mr. Mankal Shankar Sriram ("Mr. M S Sriram")
Independent Director
DIN: 00588922

Age 61 Years	**Shareholding** Nil
Qualification Graduate from IRMA, Fellow – IIMB	**Board Membership – Other Listed Entities** Nil
Date of Appointment October 21, 2019	**No. of Directorships other Companies** 2
Date of Re-Appointment October 21, 2022	**Member/Chairperson in Committee(s)** Member – 2 Chairperson - 1
Term of Directorship 3 Years	



Mr. Pushpinder Singh
Independent Director
DIN: 08496066

Age 70 Years	**Shareholding** 500 shares
Qualification B.Sc., CAIIB	**Board Membership – Other Listed Entities** Nil
Date of Appointment October 21, 2019	**No. of Directorships other Companies** Nil
Date of Re-Appointment October 21, 2022	**Member/Chairperson in Committee(s)** Nil
Term of Directorship 3 Years	



Mr. Sanjay Agarwal
Managing Director &
CEO (Executive)
DIN: 00009526

Age 53 Years	**Shareholding** 11,71,91,360 Shares
Qualification CA, B. Com	**Board Membership – Other Listed Entities** Nil
Date of Appointment April 19, 2017 (Commencement of Banking Operations, on Board since January 22, 2003)	**No. of Directorships other Companies** Nil
Date of Re-Appointment April 19, 2023	**Member/Chairperson in Committee(s)** Member – 1 Chairperson - Nil
Term of Directorship 3 Years	



Mr. Uttam Tibrewal
Whole-time Director and
Deputy CEO (Executive)
DIN: 01024940

Age 53 Years	**Shareholding** 1,37,97,468 Shares
Qualification B.Com	**Board Membership – Other Listed Entities** Nil
Date of Appointment April 19, 2017 (Commencement of Banking Operations, on Board since January 22, 2005)	**No. of Directorships other Companies** Nil
Date of Re-Appointment April 19, 2023	**Member/Chairperson in Committee(s)** Nil
Term of Directorship 3 Years	

Notes:

1. *Committee details include details of membership(s) and chairpersonship(s) of only the Audit Committee and the Stakeholders Relationship Committee across all public companies including the Bank as per provisions of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").*
2. *Mr. Raj Vikash Verma ceased as Part-Time Chairman and Independent Director from the close of business hours on January 29, 2024 on completion of his tenure on the Board of the Bank. Mr. H. R. Khan, Independent Director took charge as Part-Time Chairman w.e.f. January 30, 2024 with the approval of Board, shareholders and RBI.*
3. *Detail profile of each director can be accessed at https://www.aubank.in/about-us/board-of-directors.*
4. *Necessary disclosures regarding Committee positions in other public companies as on March 31, 2024 have been made by the Directors.*
5. *None of the Directors on the Board hold directorship in more than 10 Public Limited Companies and not exceeding 20 companies in compliance with the requirement of the Companies Act, 2013.*
6. *None of the Directors on the Board are member of more than 10 committees (ACB and SRC) or acted as a chairman of more than 5 committees (ACB and SRC) across Public Limited Companies in which they hold directorship.*
7. *None of the Directors on the Board serves as a Director on more than Seven Listed Companies.*
8. *None of the Directors on the Board who are Independent Directors of the Bank have resigned before the expiry of their tenure during FY 2023-24.*
9. *None of the Director on the Board belong to promoter and promoter group except Mr. Sanjay Agarwal.*
10. *No inter se relationship exists between the Directors of the Bank.*

11. *The composition of the Board conforms to the Banking Regulation Act 1949, the Listing Regulations, the Companies Act, 2013 and the relevant rules made thereunder.*

12. *Mr. Uttam Tibrewal has been designated as Whole Time Director and Deputy CEO of the Bank w.e.f. April 1, 2024.*

The changes in the composition of the Board of Directors that took place during the FY 2023-24 were carried out in compliance of the provisions of the Companies Act, 2013 /RBI Guidelines and details of appointment/ re-appointment during the FY 2023-24 are covered in the Board's Report.

As on March 31, 2024, all non-executive directors on the Board were Independent Directors as defined under Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Companies Act, 2013 along with rules framed thereunder. In terms of Regulation 25(8) of Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. Independent Directors of the Bank have submitted their annual disclosures/declarations with respect to the criteria of independence as stipulated under the provisions of the Companies Act, 2013, Listing Regulations, the Banking Regulation Act, 1949, and the guidelines issued by the RBI from time to time and in the opinion of Board, the independent directors meet the criteria of independence laid down thereunder and are independent of the management.

C. Skill Matrix of Board

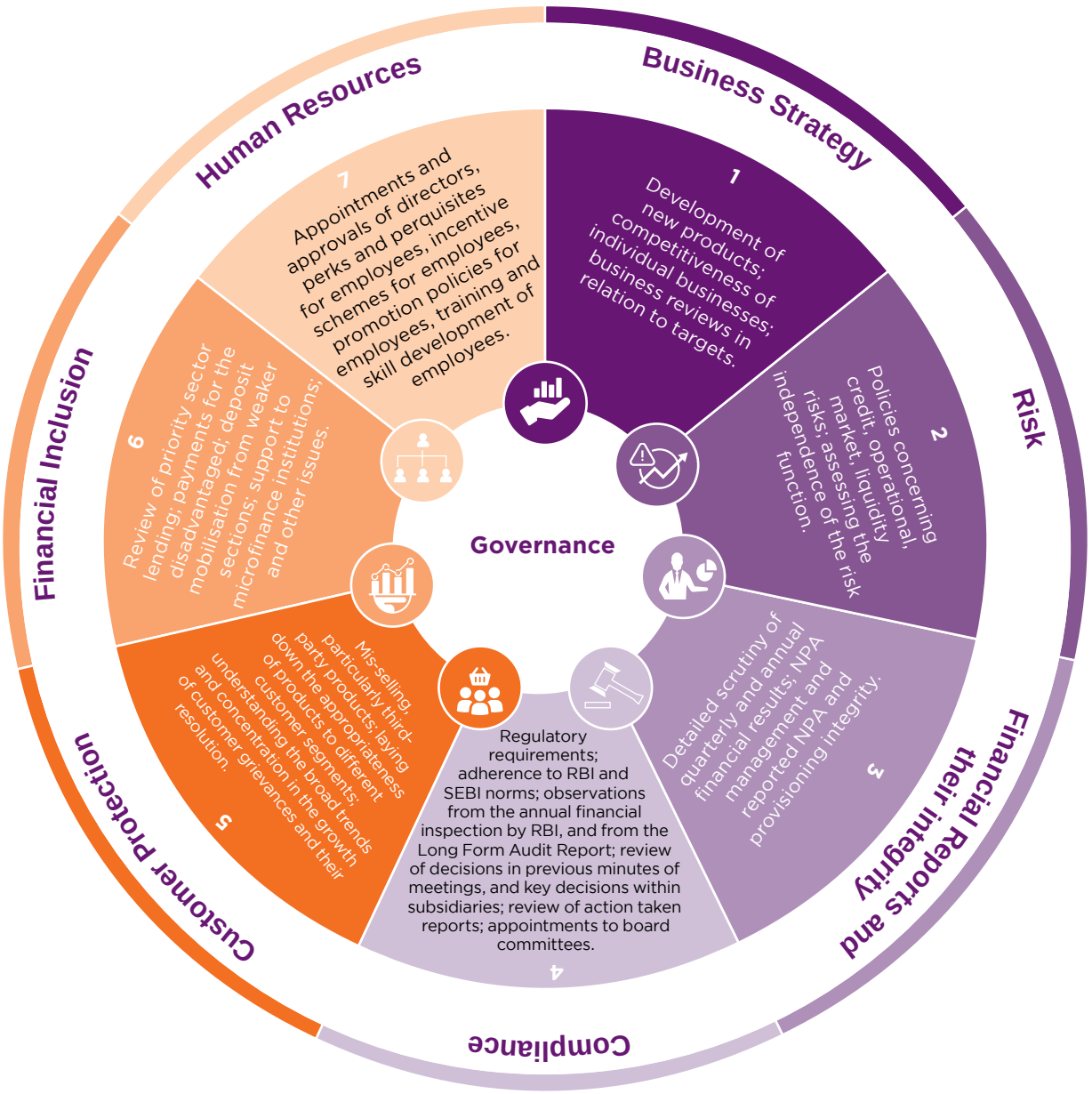
In the opinion of the Board and the Nomination and Remuneration Committee, the Directors of the Bank possess skills/expertise/competence relevant in the context of Bank's businesses and the sector in which the Bank functions, to ensure effective functioning of the Bank as per the matrix given below:

Skills/expertise/ competence	Mr. H. R. Khan	Mr. V. G. Kannan	Mr. M S Sriram	Mr. Pushpinder Singh	Mr. Kamlesh Vikamsey	Ms. Malini Thadani	Ms. Kavita Venugopal	Mr. Sanjay Agarwal	Mr. Uttam TIbrewal
Accountancy			✓		✓			✓	✓
Agriculture and Rural Economy		✓	✓					✓	✓
Banking	✓	✓	✓	✓		✓	✓	✓	✓
Business Management		✓	✓	✓	✓	✓	✓	✓	✓
Co-operation		✓	✓						
Economics	✓	✓	✓		✓		✓	✓	✓
Finance	✓	✓	✓		✓		✓	✓	✓
Financial Inclusion	✓		✓						
Human Resources	✓		✓				✓	✓	
Information Technology	✓			✓					
Payment and Settlement	✓			✓					
Risk Management	✓	✓				✓	✓	✓	✓
Small Scale Industry		✓					✓	✓	✓
Sustainability and ESG					✓	✓			
Treasury		✓						✓	

D. Board and Committee Meetings

The Board and Committee meetings are convened at regular intervals to deliberate on matters of strategic and financial importance and regulatory agendas covered under the Reserve Bank of India's Calendar of Reviews dated May 14, 2015 which is based on following seven critical themes:

Governance through focus on seven critical themes



Scheduling of the meetings

The dates of Quarterly meetings of the Board and the Committees are decided in well in advance to ensure Board members availability and effective participation in the Board and Committee meetings. However, in case of a special and urgent business need, the Bank convene meetings physically or through electronic means on shorter notice or place the matter for consideration/approval through circular resolution.

Matters in the nature of unpublished price sensitive information are circulated to the Board and Committee members, at a shorter notice, as per the general consent taken from the Board/Committee, from time to time.

Agenda of the meetings

The agendas of the Board meetings include matters prescribed by the RBI vide Calendar of Reviews dated May 14, 2015 and other matters required under the provisions of applicable laws. The agendas of Committee meetings are prepared on the basis of the calendar of reviews of respective committee which includes matters prescribed under applicable laws and as per business requirements.

The agenda notes are prepared and reviewed by concerned officials of the respective department in consultation with the Company Secretary.

In order to facilitate effective discussions at the meetings, the agendas are bifurcated into items requiring approval and noting/review to facilitate efficient time management, informed decision-making and active participation at meetings, leading to higher Board effectiveness.

Procedure

The agendas for the Board and Committee meetings along with the presentations are circulated to the Board/ Committee members in advance for well-informed decision-making. The Board members have unrestricted access to all the relevant and required information. The agenda notes and presentations are also shared through secured web-based portal for easy access of Board members.

Concerned officials are invited to Board and Committee meetings to provide insights related to the items being presented before the Board/Committee to enhance the depth of discussions and well-informed decision-making.

Post-meeting Action Tracker

Directions given by the Board/Committee are communicated to the relevant official/department for taking necessary action at their end. The important decisions taken at the Board and Committee meetings are tracked till their closure and an 'Action Taken Report' is placed before the Board and Committee at their meeting.

Minutes of the Meeting

Pursuant to the requirements of the Secretarial Standard on Meetings of the Board of Directors ("SS - I") issued by the Institute of Company Secretaries of India, the Bank sends draft minutes to the members of the Board/Committee within 15 days from the date of the conclusion of the meetings, for their comments. The minutes are placed at the next meeting of the Board/Committee after incorporating the comments, if any, received from the Board/Committee members for noting.

The resolution, if any, passed by circulation is placed at the next meeting of the Board/ Committee.

Number of Board meetings held during FY 2023-24

During the FY 2023-24, the Board of the Directors of the Bank met Eleven (11) times on following dates:

Q1	Q2	Q3	Q4
1. April 25, 2023	4. July 22, 2023	6. October 06, 2023	10. January 25, 2024
2. May 22, 2023	5. July 28, 2023	7. October 28, 2023	11. March 26, 2024
3. June 29, 2023		8. October 29, 2023	
		9. December 27, 2023	

The requisite quorum was present for all the meetings of the Board held during FY 2023-24.

The attendance details of directors at Board Meetings and last Annual General Meeting ("AGM") are as follows:

Name of the Director	Designation	No. of Board meetings entitled to attend	Board Meetings attended	Attendance at Twenty Eight AGM
Mr. Raj Vikash Verma*	Part-Time Chairman and Independent Director	10	10	✓
Mr. H. R. Khan*	Part-Time Chairman and Independent Director	11	10	✓
Mr. Kamlesh Vikamsey	Independent Director	11	11	✓
Mr. V. G. Kannan	Independent Director	11	11	×
Ms. Kavita Venugopal	Independent Director	11	11	✓
Ms. Malini Thadani	Independent Director	11	11	✓
Mr. M S Sriram	Independent Director	11	11	✓
Mr. Pushpinder Singh	Independent Director	11	11	✓
Mr. Sanjay Agarwal	MD & CEO	11	11	✓
Mr. Uttam Tibrewal	Whole Time Director#	11	10	✓

**Mr. Raj Vikash Verma ceased as Part-Time Chairman and Independent Director from the close of business hours on January 29, 2024 on completion of his tenure on the Board of the Bank. Mr. H. R. Khan, Independent Director took charge as Part-Time Chairman w.e.f. January 30, 2024 with the approval of Board, shareholders and RBI.*

#Mr. Uttam Tibrewal has been designated as Whole Time Director and Deputy CEO of the Bank w.e.f. April 1, 2024.

The role and the composition of Board committees as of March 31, 2024 is as follows:

1. Audit Committee

Terms of Reference

The terms of reference of the Audit Committee, inter-alia, include:

- Review and approve the remit, nature and scope of the internal audit function and ensure it has adequate resources, skills, qualifications, and appropriate access to information to enable it to perform its function effectively.
- Consider major findings of internal - quarterly, semi-annual, and annual audit reviews.
- Review of significant Audit Findings of the following audits along with the compliance thereof - (i) LFAR (ii) Concurrent Audit (iii) Internal Inspection (iv) I.S. Audit of Data Centre (v) Treasury and Derivatives (vi) Management Audit at Controlling Offices/Head Offices.
- Review management letter(s) and management response to the findings, recommendations of the external auditor(s).
- Oversee relationship with external auditors with respect to their remuneration for services, terms of engagement, assessment of their independence, rotation of auditors, resignation and dismissal of auditors, approval of audit plan in line with the scope of engagement.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance, including their policies, procedures, techniques, and other regulatory requirements.
- Obtain regular updates from management and Bank's legal counsel regarding compliance matters.
- Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank including approval of payment to auditors for any other services rendered.
- Appointment of Chief Financial Officer, Head of Internal Audit, Chief Compliance Officer, Chief Vigilance Officer after assessing the qualifications, experience, and background, etc. of the candidate and changes in their terms, if any.
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes

other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgement by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure & approvals of any related party transactions; and
  - modified opinion(s) in the draft audit report.
- Reviewing and overseeing the functioning of the whistle blower mechanism/vigil mechanism established by Bank and the Chairperson of audit committee shall directly hear grievances of victimisation of employees and directors, who use vigil mechanism to report genuine concerns.
- Approval or any subsequent modification of transactions of the Bank with related parties or grant of omnibus approval for related party transactions proposed to be entered into by the Bank subject to the conditions specified under Listing Regulations;
- Reviewing, with the management, the quarterly financial results before submission to the Board for approval.

During the year, Audit Committee met Fourteen (14) times on April 19, 2023 (adjourned to April 24, 2023), April 25, 2023, July 19, 2023, July 22, 2023, July 27, 2023, September 19, 2023, October 05, 2023, October 23, 2023, October 28, 2023, October 29, 2023, December 02, 2023, December 21, 2023, January 20, 2024 and January 25, 2024.

Details of the composition of the Audit Committee as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. Kamlesh Vikamsey	Independent Director	Chairperson
Mr. M S Sriram	Independent Director	Member
Mr. V. G. Kannan	Independent Director	Member
Ms. Kavita Venugopal	Independent Director	Member

2. Risk Management Committee

Terms of Reference

The terms of reference of the Risk Management Committee, inter-alia, include:

- Review Bank's risk management framework (i.e. principles, policies, strategies, process, and controls) and to ensure that the same is being communicated throughout review reports from management concerning changes in the factors relevant to the Bank's projected strategy, business performance and capital adequacy.
- To ensure that the procedures for identifying, measuring, monitoring, and controlling risks are in place.
- Ensure appropriate risk organisation structure with authority and responsibility clearly defined adequate staffing and the independence of the Risk Management function.
- To review report on fraudulent transactions relating to internet banking and pointing out the deficiencies in the existing system including steps taken to prevent such cases under Operational risk.
- Review reports from management concerning implications of new and emerging risks, legislative or regulatory initiatives and changes, organisational changes and all other major initiatives in order to monitor them.

- To continuously scan the environment for new and emerging risks coming up including changes in regulations/rules which could impact the performance of the Bank.
- To review, consider and recommend to Nomination & Remuneration Committee ("NRC") performance assessment of Chief Risk Officer ("CRO") of the Bank and set objectives for the CRO and ensure that the CRO has unfettered access to the Risk Management Committee and Board.
- Oversee statutory/regulatory reporting requirements related to risk management
- Monitor and review capital adequacy computation with an understanding of methodology, systems, and data.
- Approve the stress testing results/analysis and monitor the action plans and corrective measures in line with internal guidelines.
- Monitor and review non-compliance, limit breaches, audit/regulatory findings and policy exception of risk management as well as fraud and potential losses.
- Oversee the working of the Credit Risk & NPA Management Committee, Asset & Liability Management Committee, Investment Committee, Operational Risk Management Committee, Committee for Outsourcing of IT & Financial Services and IT Security Risk Management Committee.
- Review and ensure that all systems are being implemented in the Bank with adequate security controls.
- Provide appropriate and prompt reporting to the Board of Directors, in order to fulfil the oversight responsibilities of the Board of Directors.

During the year, the Risk Management Committee met Six (6) times on April 17, 2023 (adjourned to April 24, 2023), June 28, 2023, July 18, 2023, July 27, 2023, October 19, 2023 and January 19, 2024.

Details of the composition of the Risk Management Committee as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. V. G. Kannan	Independent Director	Chairperson
Mr. Pushpinder Singh	Independent Director	Member
Ms. Kavita Venugopal	Independent Director	Member
Mr. H. R. Khan	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member

3. Nomination and Remuneration Committee ("NRC")

Terms of Reference

The terms of reference of the NRC, inter-alia, include:

- Develop policies and lay down criteria for appointment/removal/reappointment of the Directors of the Board capturing the statutory and regulatory requirements.
- Formulate comprehensive criteria for appointment of directors in terms of qualifications, positive attributes, independence, professional experience, track record and integrity of the person.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Devise a policy on Board diversity based on diversity of thought, experience, knowledge, perspective, and gender.
- Conduct appropriate due diligence and scrutinise the declarations made by probable candidates at the time of appointment/re-appointment of directors.
- Ensure that the Bank has a detailed succession and management continuity plan for key positions.
- Assist in defining the performance evaluation criteria for directors and other Key Management Personnel ("KMPs"), Senior Managerial Personnel ("SMPs"), Material Risk Takers ("MRTs") and Control Function Staff and ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

- Ensure Bank's compensation policy provides a fair and consistent basis for motivating and rewarding employees appropriately according to their performance, job profile/role size, contribution, skill, and competence and review compensation levels of the Bank's employees vis-à-vis other Banks and the Banking industry in general.
- Ensure that the compensation for Directors, KMPs, SMPs, MRTs and Control Function Staff is in accordance with the RBI guidelines and other applicable regulatory requirements.
- Review and oversee the Employee Benefits' programme of the Bank, including deferred benefits plans and retirement plans.
- Perform such functions as are required to be performed by the compensation committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:
  - Administering the Employee Stock Option Plans ("ESOP");
  - Determining the eligibility of employees to participate under the ESOP;
  - Granting options to eligible employees and determining the date of grant;
  - Determining the number of options to be granted to an employee;
  - Determining the exercise price under the ESOP; and
  - Construing and interpreting the ESOP and any agreements defining the rights and obligations of the Bank and eligible employees under the ESOP, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP.

During the year, Nomination and Remuneration Committee met Seven (7) times on April 24, 2023, June 06, 2023, June 28, 2023, July 21, 2023, July 28, 2023, December 23, 2023 and March 26, 2024.

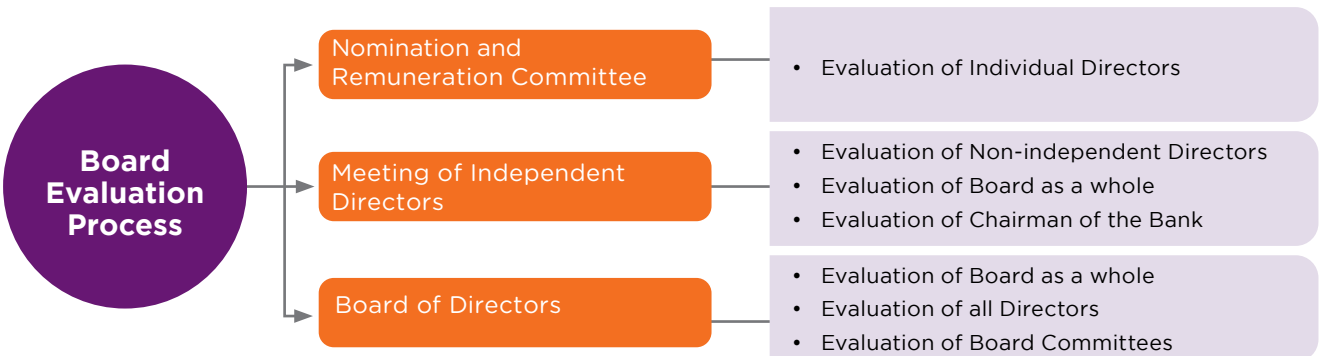
Details of the composition of the Nomination and Remuneration Committee as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. M S Sriram	Independent Director	Chairperson
Mr. Pushpinder Singh	Independent Director	Member
Ms. Malini Thadani	Independent Director	Member
Mr. H. R. Khan	Independent Director	Member

Performance Evaluation

The Board evaluation framework is designed in compliance with the requirements under the Section 149(8) read with Schedule IV, Section 178(2) of the Companies Act, 2013 and Regulation 17 and Regulation 25 of Listing Regulations, and in accordance with the Guidance Note on Board Evaluation issued by SEBI, the Board evaluation was conducted through online questionnaire containing Qualitative & Quantitative parameters.

The Bank has a structured assessment process for evaluation of the performance of the Board, Committees of the Board and individual performance of each Director including the Chairman. Further, the Independent Directors met separately, without the attendance of non-Independent Directors and members of the Management, and inter alia reviewed the performance of non-independent directors, and Board as a whole; and performance of the Chairman of the Bank.



Online questionnaires were circulated for performance evaluation of Board as a whole, Individual directors, Chairperson and Committees basis the below mentioned criteria and Director being evaluated did not participate in the process:

Criteria for Board	Criteria for Individual Executive Directors	Criteria for Individual independent Directors	Criteria for Chairman	Criteria for Board Committees
• Structure of the Board • Meetings of the Board • Functions of the Board • Board and Management Performance	• Qualifications, Experience, Knowledge and Fulfillment of Functions • Leadership • Performance • Value Creation • Governance and Compliance	• Qualifications, Experience, Knowledge and Fulfillment of Functions • Independence and Shareholders interest • Knowledge and participation	• Qualifications, Experience, Knowledge and Fulfilment of functions • Independence and Shareholders interest • Knowledge and Participation	• Process • Governance

Outcome of Performance Evaluation

The evaluation results have been positive where it was indicated that the Board is functioning well and actively engages for discussion on important strategic issues and spend considerable time on important subjects. Further, Board members possessed requisite combination of skills and demonstrated a collaborative and constructive mindset. This encouraged active participation and constructive questioning at the meetings leading to effective decision-making. The Committees have also been fulfilling their responsibilities effectively, addressing key issues and discussing matters of their designated areas of focus.

The outcome of the Board Evaluation for the FY 2023-24 was discussed at the meetings of Nomination and Remuneration Committee and Independent Directors held on June 26, 2024 and at the meeting of Board held on June 27, 2024.

Few of the focus areas which were discussed are as follows:

1. Knowledge Session for the Directors with particular focus on Cyber Security, Forex, ALM & MR, Emerging issues on Technology, and Corporate Governance may be organised.
2. Regular updates on Integration of Fincare be given for smooth transition.
3. Appointment of Directors in view of completion of Tenure of Independent Directors.

The action taken and the areas of improvement identified in the Board evaluation process are then communicated in the following manner:

1. To the Individual Directors by the Chairperson of the Board.
2. To the Chairman of the Board by the Chairperson of Nomination and Remuneration Committee.
3. To the Chairperson of respective committee by the Chairperson of Independent Directors meeting.
4. To the Board by the Chairperson of Independent Directors meeting.

Compensation Policy

The Bank has a Board approved Compensation Policy which deals with the compensation and benefits of the Executive and Non-Executive Directors, Key Managerial Personnel, Senior Management Personnel, Material Risk Takers and Control Function staff of the Bank. This Policy is in line with the Reserve Bank of India's circular/guideline dated November 4, 2019 bearing number DOR.Appt.BC.No.23/29.67.001/2019-20 on Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/Other Risk Takers and Control Function Staff, etc. and guidelines issued by the Reserve Bank of India from time to time, Section 178 of the Companies Act, 2013, the relevant Rules made thereunder, and the Listing Regulations, amended from time to time.

Compensation policy regulates the appointment and remuneration of Directors (including Independent Directors), Key Managerial Personnel, Senior Management Personnel, Material Risk Takers and Control Function staff.

The Compensation Policy is annually reviewed by the Board of Directors in addition to the other amendments that may be required during the year. The policy is hosted by the Bank on its website and can be accessed through the link at https://www.aubank.in/investors/secretarial-policies.

Remuneration to Directors

Remuneration to Non-Executive Directors

The Independent Directors are paid sitting fees for attending each meeting of the Board of Directors or any Committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, RBI Circulars no. RBI/2021-22/24DOR.GOV.REC.8/29.67.001/2021-22 on Corporate Governance in Banks – Appointment of Directors and Constitution of Committees of the Board dated April 26, 2021 and other regulatory guidelines, as amended from time to time.

The Independent Directors are entitled to receive the sitting fees of ₹ 80,000 per meeting for attending the Board meetings and ₹ 40,000 per meeting for attending the Committee meetings. The sitting fee is paid immediately after the respective Board and Committee meeting to those directors who have attended the meetings.

Considering the valuable contribution by the independent directors, fixed remuneration of ₹ 15,00,000 per annum is payable to each Independent Director of the Bank and ₹ 24,00,000 per annum to Part Time Chairman of the Bank.

The details of sitting fees for attending the Board & Committee meetings and Compensation paid to Independent Directors for the Financial Year ended March 31, 2024 are provided below:

(₹ in Lakh)

Name of Director	Sitting Fees	Compensation / Honorarium	Total
Mr. Raj Vikash Verma*	16.00	16.59	32.59
Mr. H. R. Khan*	19.20	16.57	35.77
Mr. Kamlesh Vikamsey	21.60	15.00	36.60
Mr. V. G. Kannan	22.40	15.00	37.40
Ms. Kavita Venugopal	20.80	15.00	35.80
Ms. Malini Thadani	18.00	15.00	33.00
Mr. M S Sriram	23.60	15.00	38.60
Mr. Pushpinder Singh	20.00	15.00	35.00

** Mr. Raj Vikash Verma ceased as Part-Time Chairman and Independent Director from the close of business hours on January 29, 2024 on completion of his tenure on the Board of the Bank. Mr. H. R. Khan, Independent Director took charge as Part-Time Chairman w.e.f. January 30, 2024 with the approval of Board, shareholders and RBI.*

Note: None of the Non-executive Directors have any pecuniary relationship or transaction with the Bank apart from receiving sitting fee and Compensation/Honorarium as applicable.

Remuneration of Executive Directors

On recommendation of the Nomination and Remuneration Committee, the Board of the Bank approves remuneration of Executive Directors subject to shareholders' and the RBI's approvals as applicable. Terms of appointment of Executive Directors is governed by the employment agreement executed between the Bank and Executive Director.

A proper balance between fixed pay and variable pay is ensured for remuneration of the Executive Directors, the variable pay is a mix of cash and non-cash instrument, which is paid under deferral arrangement. The Executive Directors are duly bound with Malus and claw back clause, which activates in the event of subdued or negative financial performance of the Bank.

The remuneration details of Executive Directors viz. Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, Whole-Time Director of the Bank are given below:

(₹ in Crore)

Name	Fixed Pay for FY 2023-24[1] (including perquisites)	Variable Pay of Previous Years paid during the FY 2023-24[2]
Mr. Sanjay Agarwal, MD & CEO	2.56	0.91
Mr. Uttam Tibrewal[4], Whole Time Director	2.22	0.33[3]

[1] *RBI vide its letter dated January 17, 2024 approved the Fixed pay for FY 2023-24 of ₹ 2.56 Crore and ₹ 2.22 Crore of Mr. Sanjay Agarwal and Mr. Uttam Tibrewal respectively.*

[2] *Variable Pay (Performance bonus) of ₹ 1.22 Crore for FY 2022-23 for Mr. Sanjay Agarwal, MD & CEO was approved by RBI on January 17, 2024 and out of which 50% i.e. ₹ 0.61 Crore was paid during the FY 2023-24 and 50% is deferred in next 3 years in equal instalments.*

[3] *Excluding perquisite amount of ₹ 24.30 Crore for ESOPs exercised during FY 2023-24 by Mr. Uttam Tibrewal. Further, during the FY 2023-24, Mr. Uttam Tibrewal exercised 9,098 options under ESOP Scheme 2020 at an exercise price of ₹ 603.50, 3,434 options Under ESOP Scheme 2020 at an exercise price of ₹ 547.50 and 6,00,000 options Under ESOP Scheme 2018 at an exercise price of ₹ 332.00 respectively.*

[4] *Variable Pay (Performance bonus) of Mr. Uttam Tibrewal, WTD in the form of ESOPs amounting to ₹ 1.21 Crore has been approved by RBI for FY 2022- 23, in respect of which 38,387 ESOPs have been granted under ESOP 2023 by the Nomination & Remuneration Committee of the Bank on June 26, 2024.*

The present tenure of the office of the Managing Director & CEO and Whole Time Director is three years w.e.f. April 19, 2023 and can be terminated by either party by giving one month's notice in writing. There is no provision for payment of severance fees.

4. Stakeholders Relationship Committee ("SRC")

The terms of reference of the SRC, inter-alia, include:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent ("RTA").
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank.
- Review and address all matters pertaining to Depositories for dematerialisation of shares of the Bank and other matters connected therewith.
- Review and address matters pertaining to RTA including appointment of new RTA in place of existing.
- Review status of investor complaints on a periodic basis and issue necessary instructions to expedite resolution of pending complaints.
- Oversee the performance of the RTA and to recommend measures for overall improvement in the quality of investor services.
- Carrying out any other function contained in the Listing Regulations.

During the year, the SRC met Four (4) times on April 20, 2023, July 21, 2023, October 19, 2023 and March 20, 2024.

Details of the composition of the SRC as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. Kavita Venugopal	Independent Director	Chairperson
Ms. Malini Thadani	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member

Investor Grievance Redressal

The Bank has appointed "Link Intime India Private Limited" as the RTA of the Bank to carry out the share transfer and other work associated thereto. Link Intime India Private Limited has appropriate systems to ensure that requisite service is provided to investors of the Bank in accordance with the corporate, securities and other applicable laws and within the adopted service standards. The SRC review/evaluate the performance of RTA in its quarterly meetings.

Members holding shares in physical form are requested to convert their holdings to dematerialised form to eliminate all risks associated with physical shares, to be able to transfer shares and for ease of portfolio management. Pursuant to SEBI Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 07, 2024, Investor Service Request Form (ISR)-1 along with other forms were shared with all the physical shareholders and also made available on the website of the Bank and RTA for updating their KYC details.

For any assistance, request or instruction regarding transfer or transmission of securities, dematerialisation of securities, change of address, non-receipt of annual report, dividend warrant and any other query relating to the securities of the Bank, the investors may contact the RTA, Link Intime India Private Limited at rnt.helpdesk@linkintime.co.in. For any escalations, shareholders may write to the Bank at investorrelations@aubank.in. The addresses and contact details of RTA are provided at General Shareholder Information section of Corporate Governance Report.

Details of Investor complaints received during the FY 2023-24:

Particulars	Shareholders	Debenture holders
No. of complaints pending as on April 1, 2023	0	0
No. of complaints received during FY 2023-24	0	0
No. of complaints resolved during FY 2023-24	0	0
No. of complaints pending as on March 31, 2024	0	0

In compliance with the Listing Regulations, the statement of investor grievances was submitted to stock exchange on a quarterly basis.

Name and Designation of Compliance Officer

Pursuant to Regulation 6(1) of Listing Regulations, Mr. Manmohan Parnami, Company Secretary is designated as Compliance Officer.

5. Corporate Social Responsibility ("CSR") Committee

Terms of Reference

The terms of reference of the CSR Committee, inter-alia, include:

- To formulate and recommend to the Board, a CSR policy which will indicate the activities to be undertaken by the Bank in accordance with Schedule VII of the Companies Act.
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Bank.
- To monitor and review the CSR policy of the Bank and its effective implementation from time to time.
- To formulate and recommend to the Board, an Annual Action Plan in pursuance of CSR policy.
- Monitor the implementation of the projects in pursuance to Annual Action Plan for smooth implementation of the project within the overall permissible time period and satisfy itself regarding the utilisation of the disbursed CSR funds.
- Ensure appropriate disclosures regarding CSR activities undertaken by the Bank are appropriately disclosed in the Annual Report.
- The CSR Committee shall also report annually:
  - Significant CSR activities and achievements in the Bank's Annual Report.
  - The impact assessment reports which shall be placed before the Board and shall be annexed to the annual report on CSR.

- Any other matter as the CSR Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

During the year, CSR Committee met Four (4) times on April 24, 2023, August 31, 2023, December 23, 2023 and March 26, 2024.

Details of the composition of the CSR Committee as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Ms. Malini Thadani	Independent Director	Chairperson
Mr. M S Sriram	Independent Director	Member
Mr. H. R. Khan	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member
Mr. Uttam Tibrewal	Whole Time Director	Member

6. IT Strategy and Information Systems Security Committee

Terms of Reference

The terms of reference of the IT Strategy and Information Systems Security Committee, inter-alia, include:

- Review the IT related strategy and policy and ensure that the same is approved by the Board.
- Oversee performance of the IT Steering Committee and IT Security Risk Management Committee and guide the management in implementing the IT strategy, maintaining a good balance between the Board and the Management across all IT related verticals.
- Implementation of an IT governance framework covering basic principles of value delivery, IT Risk Management, IT resource management, and performance management (including IT Security).
- Ensure that a governance structure is created for IT which will include technology and development, IT operations, IT assurance and supplier and resource management, each of which may be headed by suitably experienced and trained senior officials.
- Review IT performance measurement and contribution of IT to the Bank's business.
- Review the IT operational model and ensure it is effective and working as per set policies and processes.
- Review the investments made into IT infrastructure to sustain the Bank's growth and represent a balance of risks and benefits.
- Overseeing the aggregate funding of IT at Bank-level and ascertain if the management has resources to ensure the proper management of IT risks.
- Oversee and guide the process of:
  - Budgetary allocations for the IT function (including for IT security) aligned with the Bank's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives;
  - Maintain close oversight over the Business Continuity Planning and Disaster Recovery Management of the Bank consistent with the Regulatory and supervisory expectations on the one hand and the best industry standards and practices on the other hand, under the broad Digital Vision of the bank; and
  - Ensure the annual assessment of capacity vis-à-vis the expectations, with sufficient safety in terms of any capacity constraint based on past trend (peak usage), business activities (current as well as future plans) and address the issues effectively in order to ensure that there is always enough bandwidth available for any contingency.

During the year, the IT Strategy and Information Systems Security Committee met Four (4) times on May 30, 2023, September 18, 2023, December 19, 2023 and March 23, 2024.

Details of the composition of the IT Strategy and Information Systems Security Committee as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. Pushpinder Singh	Independent Director	Chairperson
Mr. M S Sriram	Independent Director	Member
Mr. V. G. Kannan	Independent Director	Member
Mr. H. R. Khan	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member

7. Customer Service Committee ("CSC")

Terms of Reference

The terms of reference of the CSC, inter-alia, include:

- To review and monitor the effective implementation of customer service-related policies, procedures, systems and processes.
- Review the statement of complaints along with an analysis of the complaints received with an objective to address the following: (i) to identify customer service areas in which the complaints are frequently received; (ii) to identify frequent sources of complaint; (iii) to identify systemic deficiencies; and (iv) for initiating appropriate action to make the grievance redressal mechanism more effective.
- Review, on a quarterly basis, the position of the complaints against the Bank with the Banking Ombudsman offices/Consumer Courts/Courts and analyse the reasons for these complaints not getting resolved by the Bank itself.
- Review the effectiveness of grievance redressal mechanism within the Bank for redressing complaints received about services rendered by Business Correspondents (BC).
- Evaluate the trend analysis of customer complaints by product categories/channels/BCs and monitor improvement plans.
- Ensure that the products and services are appropriate to the needs of the customers by analysing products and service and associated customer complaints for betterment in customer service quality and adhere to extant regulations.
- Assess Banking Ombudsman awards on a periodic basis, address systemic deficiencies brought out by these awards and report cases with delayed implementation of more than 3 months to the Board with reasons for delay to facilitate necessary remedial action on priority.
- Review the details of the number of claims received pertaining to deceased depositors/ locker-hirers/ depositors of safe custody article accounts and those pending beyond the stipulated period, giving reasons.
- Review the performance of 'Standing Committee for Customer Services' and other Sub Committees, if any.
- Benchmark review of turnaround time for key product offerings and monitoring improvement plans put in place.

During the year, the CSC met Four (4) times on April 19, 2023, September 11, 2023, December 20, 2023 and March 23, 2024.

Details of the composition of the CSC as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. M S Sriram	Independent Director	Chairperson
Ms. Kavita Venugopal	Independent Director	Member
Mr. Pushpinder Singh	Independent Director	Member
Mr. V. G. Kannan	Independent Director	Member
Mr. Uttam Tibrewal	Whole Time Director	Member

8. Review of Classification of Wilful Defaulters Committee

Terms of Reference

The terms of reference of the Review of Classification of Wilful Defaulters Committee, inter-alia, include:

- Review and examine the evidence of wilful default on the part of the borrower, and its director/whole time director.
- Ensure that the parties are given necessary opportunities to put forth their cases before classifying them as wilful defaulters.
- Review of the problematic areas leading to advancement of wilful defaulters in the Bank and develop control measures to mitigate the same.
- Cases where-in suggestions and advice of the Committee is required or cases having substantive progress requiring knowledge of Committee will be reviewed. All cases of Non-Cooperative Borrowers category will be reviewed every six months.
- Make recommendations and facilitate efficient and effective decisions on time to improve the quality of loan portfolio.
- Interface with legal department and recovery department to monitor the wilful default cases and their current position.

During the year, Review of Classification of Wilful Defaulters Committee met Four (4) times on April 17, 2023, July 21, 2023, October 19, 2023 and January 10, 2024.

Details of the composition of the Review of Classification of Wilful Defaulters Committee as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. H. R. Khan	Independent Director	Chairperson
Mr. V. G. Kannan	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member

9. Special Committee on Fraud Monitoring ("SFMC")

Terms of Reference

The terms of reference of the SFMC, inter-alia, include:

- Monitor and review all frauds of ₹ 1 Crore and above.
- Identify the system lacunae, if any, that facilitate perpetration of the fraud and put in place measures to plug the same.
- Evaluation of existing systems and procedures for fraud detection and prevention and reasons for delay in detection, if any, in reporting to top management of the Bank and RBI.
- Review the efficacy of the remedial action undertaken to prevent recurrence of frauds, such as strengthening of internal controls.
- Monitoring progress of police investigation and recovery position and ensure that staff accountability is examined at all levels in all fraud cases and staff side action, if required.
- Put in place other measures to strengthen preventive measures against frauds.

During the year, Special Committee on Fraud Monitoring met once on March 20, 2024.

Details of the composition of the Special Committee on Fraud Monitoring as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. H. R. Khan	Independent Director	Chairperson
Ms. Kavita Venugopal	Independent Director	Member
Mr. V. G. Kannan	Independent Director	Member
Mr. Pushpinder Singh	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member

10. Disciplinary Committee

Terms of Reference

The terms of reference of the Disciplinary Committee, inter-alia, include:

- To review the policy on Code of Conduct for employees, Whistle Blower Policy and Vigil Mechanism and Prevention and Redressal against Sexual Harassment Policy, recommend the same to the Board and appropriately review as and when required.
- Setting up of a transparent mechanism to decide and resolve complaints from employees and take appropriate corrective action plan.
- Resolution of complaints received by the Bank including sexual harassment and enforce disciplinary action in the matter.
- Taking appropriate remedial measures to respond to any substantiated allegations of a complaint (sexual harassment or disciplinary) against any employee.
- Promote appropriate working conditions and a safe environment for all employees.

During the year, the Disciplinary Committee met two (2) times on April 24, 2023 and December 20, 2023

Details of the composition of the Disciplinary Committee as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Ms. Kavita Venugopal	Independent Director	Chairperson
Mr. M S Sriram	Independent Director	Member
Mr. Pushpinder Singh	Independent Director	Member
Ms. Malini Thadani	Independent Director	Member
Mr. Uttam Tibrewal	Whole Time Director	Member

11. Committee For Financial Inclusion

Terms of Reference

The terms of reference of the Committee for Financial Inclusion, inter-alia, include:

- To review the channelisation of deposits in unserved and underserved sections of the society & availability of credit to small business units, small & marginal farmers; micro and small industries and other unorganised sector entities through high technology & low-cost operations.
- Review of the financial inclusion initiatives covering the targets, products, customer segment etc. and review the plan in this regard.
- To monitor achievements in priority sector lending including sub targets covering lending under Agriculture, Small & Marginal farmers, Micro Enterprises and to weaker sections of the society.
- To review and monitor the progress of enrolments under the pro-poor insurance and pension programmes and other government schemes.
- To look at effective ways of partnership (including government and non-government network) that provides the power of aggregation and bulk outreach without significant overheads for the Bank.
- To advise for the new initiatives for financial inclusion that can be undertaken by the Bank.
- To oversee the functioning of channels of financial inclusion including Banking Outlets, Business Correspondents and Unbanked Branch locations and to analyse the operational efficiency and sustainability.

During the year, the Committee for Financial Inclusion met Four (4) times on April 19, 2023, July 21, 2023, December 26, 2023 and January 20, 2024.

Details of the composition of the Committee for Financial Inclusion as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. H. R. Khan	Independent Director	Chairperson
Mr. M S Sriram	Independent Director	Member
Ms. Malini Thadani	Independent Director	Member
Mr. Uttam Tibrewal	Whole Time Director	Member

12. Management Committee

Terms of Reference

The terms of reference of the Management Committee, inter-alia, include:

- To approve credit facilities & investment exposure above certain threshold to new exposure/loan to existing customers along with existing facility.
- Reporting to Board about no officer or any Committee comprising, inter alia, an officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to his/ her relative.
- Reporting to Board about proposals for credit facilities to the relatives of senior officers of the Bank sanctioned by the appropriate authority through Management Committee.
- Reporting to Board about any company in which any of the relatives of any senior officer of the Bank holds substantial interest or is interested as a director or as a guarantor.
- To sanction proposals of loans and advances aggregating Rupees twenty-five lakhs and above to -
  - directors (including the Chairman/Managing Director) of other Banks
  - any firm in which any of the directors of other Banks is interested as a partner or guarantor; and
  - any company in which any of the directors of other Banks holds substantial interest or is interested as a director or as a guarantor.

However, for personal loans granted to any director of other Banks, the threshold of Rupees twenty-five lakh, as mentioned above shall be revised to Rupees five Crore.

- To sanction proposals of loans and advances aggregating Rupees five Crore and above to:
  - any relative other than spouse and minor/dependent children of their own Chairmen/Managing Directors or other Directors;
  - any relative other than spouse and minor/dependent children of the Chairman/Managing Director or other directors of other Banks;
  - any firm in which any of the relatives other than spouse and minor/dependent children as mentioned in (a) & (b) above is interested as a partner or guarantor; and;
  - any company in which any of the relatives other than spouse and minor/dependent children as mentioned in (a) & (b) above is interested as a major shareholder or as a director or as a guarantor or is in control;

Provided that a relative of a director shall also be deemed to be interested in a company, being the subsidiary or holding company, if he/she is a major shareholder or is in control of the respective holding or subsidiary company.

- Approval of Waiver in POS amount for amount above ₹ 1 Crore.

During the year, the Management Committee met Three (3) times on April 17, 2023, October 19, 2023 and January 10, 2024.

Details of the composition of the Management Committee as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. Pushpinder Singh	Independent Director	Chairperson
Mr. M S Sriram	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member
Mr. Uttam Tibrewal	Whole Time Director	Member

13. Capital Raising Committee

Terms of Reference

The terms of reference of the Capital Raising Committee, inter-alia, include:

- To analyse various options for infusion of capital and funds by offering various securities including equity shares, preference shares, debentures, bonds, BASEL compliant Tier I and Tier II Instruments and other debt securities, etc.
- To approve the issue of securities in one or more tranches to various potential Investors within the overall limit as approved by the Board/ Shareholders and determine price/price range for the securities.
- To approve and incur the necessary expenditure relating to capital and fund-raising exercise.
- To issue receipts/ allotment letters/ confirmations of allotment notes either in physical or electronic mode representing the underlying equity shares.
- To perform all activities with regard to fundraising by various methods/means/options under the authority of Board and Shareholders.
- To do all such acts, deeds as the Board may delegate in connection with the capital and fund-raising exercise.

During the year, no meeting of the Capital Raising Committee was held.

Details of the composition of the Capital Raising Committee as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. H. R. Khan	Independent Director	Chairperson
Ms. Malini Thadani	Independent Director	Member
Mr. V. G. Kannan	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member

14. Sustainability Committee

Terms of Reference

The terms of reference of the Sustainability Committee, inter-alia, include:

- Monitor and assess the adequacy of the Bank's sustainable development framework.
- Stakeholder identification & meaningful engagement to identify, strategise, address & report the material issues.
- Firm up a roadmap, fix sustainability targets in alignment with business targets & monitoring of the targets.
- Explore integration of Business objectives and their alignment with the ESG goals in consultation with all business verticals.
- Support in creation & support of climate resilient business models. Work towards positive ecosystem with carbon positive, water positive & waste neutral operations.
- Support in identifying climate related physical & systemic risks. Work out ESG financing strategy & risk mitigation plan in phase-wise manner in accordance with globally accepted frameworks.

- Collaborate and partner with industry peers to strengthen sustainability initiatives. This may include international peers/stakeholders as well.
- Develop lending and investment guidelines in alignment with climate resiliency.
- Ensure accountability, transparency, efficiency, equity, including Gender equality and inclusivity in the business.
- Creation of diverse & inclusive ecosystem presenting with equal opportunities.
- Education & communication of sustainable practices to all the stakeholders.

During the year, the Sustainability Committee met Three (3) times on April 17, 2023, August 31, 2023 and March 20, 2024

Details of the composition of the Sustainability Committee as on March 31, 2024 is as follows:

Name	Category of Directorship	Chairperson/ Member
Ms. Malini Thadani	Independent Director	Chairperson
Ms. Kavita Venugopal	Independent Director	Member
Mr. H. R. Khan	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member

15. Committee of Independent Directors

During the year under review, the Board on October 29, 2023, has constituted Committee of Independent Directors with below mentioned composition for consideration of necessary documents in relation to amalgamation of Fincare Small Finance Bank Limited into and with AU Small Finance Bank Limited through the Scheme of Amalgamation in accordance with the Section 44A of the Banking Regulation Act, 1949 and the Reserve Bank of India (Amalgamation of Private Sector Banks) Directions, 2016 and submit report of Independent Directors to the Board of Directors in this regard:

Name	Category of Directorship	Chairperson/ Member
Mr. Raj Vikash Verma	Independent Director	Chairperson
Mr. H. R. Khan	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. V. G. Kannan	Independent Director	Member
Ms. Kavita Venugopal	Independent Director	Member
Ms. Malini Thadani	Independent Director	Member
Mr. M S Sriram	Independent Director	Member
Mr. Pushpinder Singh	Independent Director	Member

During the year, the Committee of Independent Directors met once on October 29, 2023.

Thereafter, the Committee was dissolved post submission of its report to the Board of Directors on October 29, 2023.

Table- I – Details of Number of Committee Meetings and participation of the Members at the Meetings During FY 2023-24

Name of Committee Member	No. of Meetings attended/No. of Meetings														
	ACB	RMCB	NRC	SRC	CSRC	ITS&ISSC	CSC	RWDC	DC	CFI	MCB	CRC	SCFMC	SC	CID
Mr. Raj Vikash Verma[1]	-	-	-	3/3	-	3/3	-	4/4	-	4/4	3/3	-	-	2/2	1/1
Mr. H. R. Khan[2]	-	6/6	6/7	-	4/4	3/4	-	-	-	4/4	-	-	1/1	3/3	1/1
Mr. Kamlesh Vikamsey[3]	14/14	6/6	-	4/4	-	-	-	4/4	-	-	-	-	-	3/3	1/1
Mr. V. G. Kannan	14/14	6/6	-	-	-	4/4	4/4	4/4	-	-	-	-	1/1	-	1/1
Ms. Kavita Venugopal[4]	14/14	6/6	-	1/1	-	-	4/4	-	2/2	-	-	-	1/1	1/1	1/1
Ms. Malini Thadani[5]	-	-	7/7	4/4	4/4	-	-	-	-	4/4	-	-	-	3/3	1/1
Mr. M S Sriram[6]	14/14	-	7/7	-	4/4	1/1	4/4	-	2/2	4/4	-	-	-	-	1/1
Mr. Pushpinder Singh[7]	-	6/6	7/7	-	-	4/4	4/4	-	2/2	-	3/3	-	1/1	-	1/1
Mr. Sanjay Agarwal	-	-	-	3/4	4/4	3/4	-	3/4	-	-	2/3	-	1/1	3/3	-
Mr. Uttam Tibrewal[8]	-	-	-	2/3	3/4	-	3/4	-	2/2	3/4	3/3	-	-	-	-
Total No. of Meeting Held	**14**	**6**	**7**	**4**	**4**	**4**	**4**	**4**	**2**	**4**	**3**	**-**	**1**	**3**	**1**

ACB - Audit Committee, RMCB - Risk Management Committee, NRC - Nomination & Remuneration Committee, SRC - Stakeholders Relationship Committee, CSRC - Corporate Social Responsibility Committee, ITS&ISSC - IT Strategy and Information Systems Security Committee, CSC - Customer Service Committee, RWDC - Review of Classification of Wilful Defaulter Committee, DC - Disciplinary Committee, CFI - Committee for Financial Inclusion, MCB - Management Committee, CRC - Capital Raising Committee, SCFMC - Special Committee for Fraud Monitoring, SC -Sustainability Committee, CID - Committee of Independent Directors

1 *Mr. Raj Vikash Verma ceased to be Chairperson of the Stakeholders Relationship Committee, Capital Raising Committee, Review of Classification of Wilful Defaulter Committee, Management Committee, Special Committee for Fraud Monitoring, member of Committee for Financial Inclusion, Sustainability Committee and IT Strategy and Information Systems Security Committee w.e.f. January 30, 2024 on completion of his tenure on the Board.*

2 *Mr. H. R. Khan inducted as Chairperson of Review of Classification of Wilful Defaulter Committee, Capital Raising Committee and Special Committee for Fraud Monitoring w.e.f. January 30, 2024.*

3 *Mr. Kamlesh Vikamsey was inducted as member of Capital Raising Committee and ceased to be a member of Special Committee for Fraud Monitoring w.e.f. January 30, 2024.*

4 *Ms. Kavita Venugopal was inducted as Chairperson of Stakeholders Relationship Committee and member of Sustainability Committee w.e.f. January 30, 2024.*

5 *Ms. Malini Thadani was inducted as member of Disciplinary Committee w.e.f. January 30, 2024.*

6 *Mr. M S Sriram was inducted as member of IT Strategy and Information Systems Security Committee and Management Committee w.e.f. January 30, 2024.*

7 *Mr. Pushpinder Singh was inducted as a Chairperson of Management Committee and member of Special Committee for Fraud Monitoring w.e.f. January 30, 2024.*

8 *Mr. Uttam Tibrewal ceased to be a member of Stakeholders Relationship Committee w.e.f. January 30, 2024.*

Independent Director's Meeting

As per the requirement of the Section 149(8) read with Schedule IV of Companies Act 2013, and Regulation 25 of SEBI (LODR) Regulations, a meeting of the Independent Directors of the Bank is required to be held once a year in absence of non-independent directors.

During the FY 2023-24, the Independent Directors of the Bank met on April 24, 2023, chaired by Mr. Raj Vikash Verma and attended by all the Independent Directors of the Bank and discussed & reviewed the below matters:

- Action taken report of previous meeting of Independent Directors.
- Performance of Non-Independent Directors, the Board of Directors as a whole, Chairperson of the Bank.
- The quality, quantity, and timeliness of flow of information between the management of the Bank and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.
- Whether adequate time is spent by the Board/Committees on discussions on important issues.
- Update on existing corporate governance practices.

No sitting fees was paid to the Independent Directors of the Bank for attending the said meeting.

Familiarisation programme for Independent Directors

The Bank's independent directors are eminent professionals with several decades of experience in Banking and financial services industry, technology, finance, governance and management areas and are fully conversant with the business of the Bank. In compliance with Regulation 25(7) of the Listing Regulations, the Board familiarisation programme covers Induction programme for new Directors, familiarisation/ knowledge session on Banking Business and its functional issues, external training programmes with IDRBT, CAFRAL and other programmes relevant to banking industry, knowledge session with subject matters experts and update on recent regulatory changes at regular intervals.

During the induction programme, the Directors are apprised about their roles, rights, responsibilities covered under the Bank's codes and key policies approved by the Board including Code of Ethics & Conduct for Directors and Senior Management Personnel. An orientation kit is provided to the Directors during induction which includes annual reports of previous years, organisation chart, details of Directors, KMPs, SMPs, Board Committees, Quarterly Investor's Presentation etc. to give holistic view about the Bank. The newly inducted directors are also familiarised by the Managing Director & CEO and members of senior management team about Bank's vision & mission, business model, strategies, management structure, HR initiatives, compliance, risk management and audit framework.

Further, updates on key regulatory developments including RBI and other regulatory circulars/notifications/ guidelines etc. are provided to directors on regular basis at the Board and Committee meetings to keep the Directors informed about the dynamic regulatory environment and its impact.

The details of the familiarisation programme imparted to the Independent Directors during the FY 2023-24 are available on the website of the Bank at https://www.aubank.in/investors/secretarial-policies.

Director & Officer's Liability Insurance Policy

Pursuant to the Regulation 25(10) of Listing Regulations, the Bank had undertaken Directors and Officers insurance ('D & O insurance') for all its directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Bank from time to time.

Board Diversity Policy

The Board has framed a policy for Board Diversity which lays down the criteria for appointment of Directors on the Board of Bank and guides organisation's approach to Board Diversity.

The Bank believes that the inclusion of individuals from various geographic areas, cultures, genders, industry sectors, educational backgrounds, and skill sets will provide diverse perspectives, which are essential for the organisation's growth.

The Board of Directors is responsible for review of the Board Diversity policy from time to time. Board Diversity Policy is available at Bank's website at https://www.aubank.in/investors/secretarial-policies.

Succession Planning

Succession Planning is integrated into Bank's Strategic Business Units (SBUs) via a hierarchical setup and there are clear pathways for career advancement and leadership development within different divisions of the Bank. The Nomination and Remuneration Committee works under the aegis of the Board to ensure orderly succession in appointments to the Board and of Senior Management.

The Bank is working with an advisory firm under the guidance of the Nomination and Remuneration Committee to further institutionalise the process of succession planning to conduit the pipelines of leaders for making institution future ready.

The Bank has put in place the Policy for orderly succession for appointment to the Board and Senior Management and the same can be accessed through the link at https://www.aubank.in/investors/secretarial-policies.

Particulars of the Senior Management

Details of Senior Management Personnel (SMP) of the Bank as on March 31, 2024:

Sr. No.	Employee Name	Designation
1.	Mr. Sanjay Agarwal	MD & CEO
2.	Mr. Uttam Tibrewal	Whole Time Director (Currently, designated as Whole Time Director & Deputy CEO)
3.	Mr. Deepak Jain	Chief Risk Officer
4.	Mr. Vimal Jain	Chief Financial Officer
5.	Mr. Manmohan Parnami	Company Secretary
6.	Mr. Yogesh Jain	Chief Operating Officer
7.	Mr. Rishi Dhariwal	Group Head Liability (Currently, designated as Business Strategy Officer - MD Office)
8.	Mr. Vivek Tripathi	Head of Commercial Banking
9.	Mr. Ashok Kumar Khandelwal	Chief Compliance Officer
10.	Mr. Vinay Vaish	Head of Internal Audit
11.	Mr. Ankur Tripathi	Chief Information Officer
12.	Mr. Amit Mathur	Head of Credit - Commercial Banking
13.	Mr. Farhan Ahmed	Chief Vigilance Officer
14.	Mr. Manoj Tibrewal	Head of Customer Experience
15.	Mr. Mayank Markanday	Head of Digital Bank AU0101
16.	Mr. Vivek Tripathi	Head of Human Resources
17.	Mr. Bhaskar Karkera	Head of Retails Assets
18.	Mr. Vaman Ramesh Kamat	Head of Credit - Retail
19.	Mr. Shoorveer Singh Shekhawat	Head of Marketing, Video Banking & TFx Initiatives (Currently, designated as Head of Urban & Swadesh Banking, Govt Business & Wholesale Deposits)

Note: Mr. Rajeev Yadav was appointed as Deputy CEO and categorised as Senior Management Personnel w.e.f. April 1, 2024.

Mr. Amar Bahl, Head of Micro Business Loan, Mr. Aalekh Vijayvargiya, National Credit Manager Micro Business Loan and Mr. Shantanu Prasad, Head of Treasury were re-categorised from SMP to non-SMP on December 27, 2023.

General Body Meetings

A. Location and time of last three Annual General Meetings (AGMs) and details of special resolutions passed thereat:

Year	Particular of Meeting	Date & Time	Location	Special Resolution passed if any
2022-23	28th AGM	August 10, 2023 at 04:00 p.m.	Through Video Conferencing ("VC") and other audio-visual means ("OAVM")	1. To issue Non-convertible debt securities/ bonds/other permissible instruments, in one or more tranches. 2. To raise funds through issue of equity shares and/or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares including through Qualified Institutions Placement or such other permissible mode or combinations thereof. 3. To approve the Alteration of Article of Association of the Bank.
2021-22	27th AGM	August 23, 2022 at 04:00 p.m.	Through VC and OAVM	1. To re-appoint Mr. Mankal Shankar Sriram (DIN: 00588922) for second term of 3 years as an Independent Director. 2. To re-appoint Mr. Pushpinder Singh (DIN: 08496066) for second term of 3 years as an Independent Director. 3. To re-appoint Mr. Kannan Gopalaraghavan Vellur (DIN: 03443982) for second term of 3 years as an Independent Director. 4. To issue non-convertible debt securities/ bonds/ other permissible instruments, in one or more tranches. 5. To raise funds through issue of equity shares and/or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares including through Qualified Institutions Placement or such other permissible mode or combinations thereof.
2020-21	26th AGM	August 17, 2021 at 10:30 a.m.	Through VC and OAVM	1. To issue debt securities/bonds/other permissible instruments, in one or more tranches. 2. To raise funds through issue of equity shares and/or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares including through Qualified Institutions Placement or such other permissible mode or combinations thereof.

B. Postal Ballot during the FY 2023-24

Pursuant to provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of Listing Regulations, Secretarial Standard on General Meetings issued by Institute of Company Secretaries of India, General Circulars No.14/2020 dated April 8, 2020, No. 17/2020 dated April 13, 2020, No. 22/2020 dated June 15, 2020, No. 33/2020 dated September 28, 2020, No. 39/2020 dated December 31, 2020, No. 10/2021 dated June 23, 2021 and No. 20/2021 dated December 8, 2021, No. 03/2022 dated May 5, 2022, No. 11/2022 dated December 28, 2022 and No. 09/2023 dated September 25, 2023 issued by the Ministry of Corporate Affairs and other applicable rules/regulations/guidelines/circulars/notifications, the Bank has received shareholders' approval by passing following special resolutions on April 30, 2023 and ordinary resolution on January 26, 2024.

Date of Postal Ballot Notice	Agenda Heading	Nos. of Votes		Percentage (%) of votes	
		In Favour	Against	In Favour	Against
December 27, 2023	Appointment of Mr. Harun Rasid Khan, Independent Director (Non-executive) as part-time Chairman of the Bank	53,79,55,550	38,738	99.9928	0.0072
March 10, 2023	Approval for the Appointment of Ms. Kavita Venugopal (DIN: 07551521) as an Independent Director of the Bank	49,51,22,271	5,638	99.9989	0.0011
	Approval and adoption of 'AU Employees Stock Option Scheme 2023' ("AU ESOS 2023")	47,91,43,940	1,59,80,911	96.7723	3.2277

CS Manoj Maheshwari, Partner of M/s V. M. & Associates, Companies Secretaries was appointed as the scrutiniser for monitoring and scrutinising remote e-Voting and for conducting the Postal Ballot process in a fair and transparent manner.

None of the special business proposed to be transacted in the Annual General Meeting requires to be conducted through postal ballot.

Procedure of the Postal Ballot

The Postal Ballot procedure followed by the Bank is as per the provisions of Section 108 and Section 110 of the Companies Act, 2013 read with applicable Rules and the Listing Regulations and the SS-2 issued by the Institute of Company Secretaries of India.

Members are provided with the facility to cast their votes through e-Voting. The Board of Directors of the Bank has appointed Scrutiniser for conducting the postal ballot voting process fairly and transparently. The Scrutiniser submits his report to the Company Secretary & Compliance Officer as authorised by the Chairman of the Board after the completion of the scrutiny of the e-Voting results. Considering the results and report of the Scrutiniser of the Postal Ballot, the resolution is considered approved or rejected.

The necessary intimations as required under the applicable provisions of Listing Regulations are submitted to the Stock Exchanges and post declarations of the results the same are displayed on the website of the Bank and e-voting service provider.

C. Extraordinary General Meeting during the FY 2023-24

Pursuant to the provisions of Section 44A of the Banking Regulation Act, 1949 and Reserve Bank of India Master Direction - Amalgamation of Private Sector Banks, Directions, 2016, the Bank has received shareholders' approval with the requisite majority on November 27, 2023 at Extraordinary General Meeting ("EGM") of the Shareholders:

Date & Time of EGM	Venue of EGM	Agenda Heading	Nos. of Votes		Percentage (%) of votes	
			In Favour	Against	In Favour	Against
November 27, 2023 at 3:00 P.M.	AU Small Finance Bank Limited, CP3-235, Industrial Area, Apparel Park, Mahal Road, Jagatpura, Jaipur – 302022, Rajasthan, India	To consider and approve the Scheme of Amalgamation	489,242,735	466	99.9999	0.0001

General Shareholder Information

1	Date of Incorporation	January 10, 1996
2	Corporate Identification No.	L36911RJ1996PLC011381
3	Registered office Address	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001, Rajasthan, India.
4	Address for Correspondence and Contact Detail	The Company Secretary & Compliance Officer, AU Small Finance Bank Limited Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001 Tel: +91-141-4110060/61 | Fax: +91-141-4110090 Email: investorrelations@aubank.in

5	Name of depositories	• National Securities Depository Limited ("NSDL") • Central Depository Services (India) Limited ("CDSL")
6	Listing on Stock Exchange	**BSE Limited (BSE)** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001, Maharashtra, India **National Stock Exchange of India Ltd. (NSE)** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051, Maharashtra, India The Bank has deposited the annual listing fees to the stock exchange(s) where the securities of the Bank are listed. No securities were suspended for trading on any of the exchange viz. BSE and NSE during the financial year 2023-24.
7	Stock Code	BSE: 540611 NSE: AUBANK
8	ISIN of Equity Shares	INE949L01017
9	Dematerialisation of Shares & Liquidity	The Bank's shares are traded compulsorily in electronic form. The Bank has established connectivity with both the depositories in India –NSDL and CDSL. The requisite fees were duly paid to the depositories. The Bank has also appointed Link Intime India Pvt. Ltd. as the connectivity agent to provide electronic connectivity interface with NSDL and CDSL for securities of the Bank. Position of Shareholding (Demat/Physical) as on March 31, 2024 was as below:

Particulars		No. of Shares	Percentage
Dematerialisation Form	CDSL	6,84,26,093	10.2256
	NSDL	60,07,33,570	89.7740
Total Dematerialised shareholding		66,91,59,663	99.9996
Physical Form*		2,788	0.0004
Grand Total (A+B)		66,91,62,451	100.00

**13,638 shares were issued in physical form at the time of bonus issuance of securities due to non-credit of shares to few shareholders due to technical reasons and the outstanding number of shares held in physical form as on March 31, 2024 were 2,788.*

Further, as mandated by the Securities and Exchange Board of India, existing members of the Bank, who hold securities in physical form and intend to transfer their securities, can do so only in dematerialised form. Hence, shareholders who hold shares in physical form are requested to dematerialise these shares to ensure such shares are freely transferable.

No shares were held by Bank in the demat suspense account or unclaimed suspense account as on March 31, 2024.

10	Share Transfer System	In terms of amended Regulation 40 of Listing Regulations, transfer of securities shall not be processed unless the securities are held in the demat mode with a Depository Participant. Members holding shares in physical form are therefore requested to convert their holdings into dematerialised mode to avoid loss of shares and fraudulent transactions and avail better investor servicing. An annual certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations is obtained from a Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges within the prescribed time.
11	Registrar and Share Transfer Agent	**Link Intime India Private Limited** C-101, 1st Floor 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400083 Maharashtra, India Tel: (0) 8108116767, FAX: +91 022- 49186060 Website: www.linkintime.co.in Email ID: rnt.helpdesk@linkintime.co.in
12	Debenture Trustees	**Catalyst Trusteeship Limited** Regd. Office: GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Paud Road, Pune – 411038, Maharashtra, India Phone: +91 20 66807200/223/224 FAX: +91 020- 25280275 Email: dt@ctltrustee.com
13	29th Annual General Meeting	Date & Time: July 27, 2024 at 2:00 P.M. Venue: Through VC or OAVM
14	Financial Year	The Bank follows the financial year starting from April 1 to March 31, every year.

Other Disclosures

1. Code of Conduct

The Bank has adopted a Code of Conduct for Directors and Senior Management Personnel. The Bank through its Code of Conduct provides guiding principles of conduct to promote ethical conduct of business, confirms to equitable treatment of all stakeholders, and to avoid practices like bribery, corruption and anti-competitive practices. The Code is available on the website of the Bank https://www.aubank.in/investors/secretarial-policies.

All members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board and Senior Management for the financial year 2023-24. The declaration to this effect signed by Managing Director & CEO of the Bank is annexed to this report.

2. Code of Conduct for Prohibition of Insider Trading

The Board has adopted a Code of Conduct - Prohibition of Insider Trading to regulate, monitor and report trading by insiders/designated persons in securities of the Bank. The Code inter alia requires pre-clearance for trading in the securities and prohibits the purchase or sale of securities while in possession of unpublished price sensitive information and during the closure of trading window.

The Bank organised trainings for the Designated Persons on various occasions during the year to create & enhance awareness on various aspects of the Code of Conduct - Prohibition of Insider Trading and the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Bank periodically reviews the efficacy of its systems, controls and processes to ensure that access to unpublished price-sensitive information is on a need-to-know basis. The Code of Fair Disclosure and Conduct & Policy for determination and sharing of information for Legitimate purpose is available on the website https://www.aubank.in/investors/secretarial-policies.

3. Whistle Blower Policy & Vigil Mechanism

The Bank is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Bank has adopted a Whistle Blower policy & Vigil Mechanism in compliance with the relevant provisions of Section 177(9) of the Act, rules made thereunder and Regulation 4(2)(d) and Regulation 22 of the Listing Regulations to provide a formal mechanism to employees, customer and stakeholders of the Bank to voice concerns in a responsible and effective manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organisation and also provides for adequate safeguards against the victimisation of employees who avail the mechanism. Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy. No personnel were denied access to the Audit Committee of the Bank with regard to above.

The Whistle Blower Policy & Vigil Mechanism have been disclosed on the website https://www.aubank.in/investors/secretarial-policies.

4. Related Party Transactions

All related party transactions are placed before the Audit Committee for review and approval and omnibus approval is obtained annually for transactions which are of repetitive nature and/or entered in the Ordinary Course of Business. During the FY 2023-24, there were no materially significant related party transactions entered by the Bank with its related parties which may have potential conflict with the interest of the Bank at large. All the transactions entered into by the Bank with related parties during the FY 2023-24 were on arm's length and in ordinary course of business.

Bank's Policy on Related Party Transactions & Materiality is available on the website https://www.aubank.in/investors/secretarial-policies.

5. Credit Rating

The Bank's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies. The following table covers the Credit Ratings of the Bank as on March 31, 2024:

Nature of Debt Instrument	Nature of Term	CRISIL	India Ratings	CARE
Fixed Deposits	Long-Term	CRISIL AA+/Stable	-	-
Long-Term/ Subordinated Debt/ Tier II Bond	Long-Term	CRISIL AA/Stable	IND AA/Stable	CARE AA/Stable
Certificate of Deposits	Short-Term	CRISIL A1+	IND A1+	CARE A1+

Note:

- *The CRISIL has reaffirmed the above credit ratings of the Bank on July 21, 2023 and Nov 7, 2023*
- *The India Ratings has reaffirmed the above credit ratings of the Bank on July 20, 2023, Mar 05, 2024 and Mar 19, 2024*
- *The CARE has reaffirmed the above credit ratings of the Bank on Apr 05, 2023, Oct 3, 2023 and Mar 15, 2024.*

6. Penalties

No penalties, strictures have been imposed on the Bank by the Stock Exchange(s)/SEBI or any other statutory authorities on matters relating to capital market during the last three years.

7. CEO & CFO Certification

In Compliance of Regulation 17(8) of the Listing Regulations, Managing Director & CEO and CFO of the Bank have certified that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Bank's affairs. The said certificate is annexed with the Corporate Governance Report.

8. Subsidiary Company

The Bank does not have any Subsidiary Companies.

9. Declaration of Independence

All Independent Directors provided an annual confirmation that they meet the criteria of independence. Based on the confirmations/disclosures received from the Directors as per the Section 149(7) of the Companies Act, 2013 read with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25(8) of Listing Regulations, the Board hereby affirm that the Independent Directors fulfill the conditions as specified under Schedule V of the Listing Regulations and are independent of the management.

The Terms & Conditions of appointment of Independent Directors have been hosted on the Bank's website and can be accessed through link at https://www.aubank.in/about-us/Board-of-directors.

10. Accounting Treatment

The Bank has adopted accounting policies which are in line with the Accounting Standards. The Financial Statements of the Bank have been prepared in accordance with the Accounting Standards as per the Section 133 of the Companies Act, 2013, read with relevant Rules issued thereunder and Banking Regulation Act, Guidelines issued by Reserve Bank of India and Listing Regulations.

11. Means of Communication

The Bank has provided adequate and timely information to its member's inter-alia through the following means:

i) **Publication of Quarterly/Half Yearly/Annual Financial Results:** The quarterly/half yearly and annual financial results of the Bank are published in the English newspaper viz. Financial Express and newspaper of vernacular language viz. Nafa Nuksan and the newspaper advertisements are also submitted to the stock exchanges.

ii) **Update on Official Website:** The Bank's website www.aubank.in contains a separate 'Investor' Section wherein financial results, corporate announcement, reports and presentations, Annual Reports, Quarterly Corporate Governance Report, Shareholding Pattern and other disclosures are made available. Additionally, press release, corporate Governance coverage, corporate social responsibility, policies and procedures and other details are also displayed on the Bank's website.

iii) **Presentation to Institutional Investors or Analysts:** The Bank participates in various investor conferences and analyst meets. The presentations made to the institutional investors or analysts are uploaded on the website as well as informed to the Stock Exchanges for dissemination.

iv) **Email Communication:** The Bank send various communication such as notice calling general meeting/ postal ballot notice, quarterly financial results, audited financial statements, tax deduction at source intimation, credit of dividend intimation through emails to the email ids of the shareholders registered with the depositories.

v) **SMS Communication:** SMS were sent to shareholders for details relating to e-voting for General Meetings/Postal Ballot during the year.

vi) **Management's Discussion and Analysis Report** is annexed with this Annual Report.

vii) **Exclusive email ID for Investors:** The Bank has designated the email id investorrelations@aubank.in exclusively for Investor servicing and to resolve investor grievances, the same is displayed on the Bank's website.

viii) **NSE Electronic Application Processing System (NEAPS):** All periodical and other event-based compliance filings of the Bank are filed electronically on this web-based portal of NSE.

ix) **BSE Listing Centre (Listing Centre):** All periodical and other event-based compliance filings of the Bank are filed electronically on this web-based portal of BSE.

x) **SEBI Complaints Redress System (SCORES):** Investor complaints received by the Bank at SEBI Complaints Redress System (SCORES) are regularly monitored and resolved by the Bank. Investors can lodge complaints on the SCORES and also can check status of their complaints.

xi) **Online Dispute Resolution (ODR) Portal:** Investors can initiate dispute resolution through the ODR Portal after exhausting all available options for resolution of the grievance and the investor is still not satisfied with the outcome, Investor complaints received by the Bank at ODR portal are regularly monitored and resolved by the Bank.

xii) **Swayam:** Bank's RTA viz. Link Intime India Pvt. Ltd. through its platform 'SWAYAM' facilitates investors to access information through a dashboard and avail various services in digital mode. The same can be accessed at https://swayam.linkintime.co.in/#.

12. Dividend Payment

The Board of the Bank in its meeting dated April 24, 2024 has recommended final dividend of ₹ 1/- (Rupee One) per equity share of face value of ₹ 10 each fully paid up (i.e., 10% of face value) out of net profit for the financial year ended March 31, 2024, subject to approval of shareholders at the ensuing Annual General Meeting (AGM) of the Bank. The dividend on equity shares if approved by the shareholders, will be paid within 30 days from the date of AGM of the Bank.

Pursuant to provisions of Sections 124 and 125 of the Companies Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), wherein any dividend declared by the Bank, which remains unclaimed or unpaid for a period of seven years from the date of transfer to Unpaid Dividend Account of the Bank, is liable to be transferred to the Investor Education and Protection Fund ('IEPF').

Further, all the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall also be transferred to the IEPF Authority. The Bank has declared dividend in FY 2017-2018, FY 2018-2019, FY 2021-22 and FY 2022-23 respectively. Hence, the Bank is not required to transfer any unclaimed dividend amount to IEPF Authority. The details of unclaimed dividends are available on the Bank's website at https://www.aubank.in/reports/disclosures.

The following tables gives information relating to unclaimed dividends and the dates by which they can be claimed by the shareholders from the Bank:

Unclaimed Dividend	Amount (In ₹)	Status	Last Date for Claiming Dividend
FY 2017-18	23,970.50	Amount lying in respective Unpaid Dividend Accounts	September 11, 2025
FY 2018-19	1,17,405.75		August 28, 2026
FY 2021-22	46,848.97		September 22, 2029
FY 2022-23	76,697.26		September 15, 2030

Note: Bank has not paid dividend in 2019-20 and 2020-21.

13. Details in Relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank has adopted the Prevention and Redressal of Sexual Harassment Policy in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under. The Bank has zero tolerance towards sexual harassment at the workplace. The Bank believes that all employees, including other individuals who are dealing with the Bank have the right to be treated with dignity. The Bank has constituted Internal Complaints Committee to review, investigate and take suitable actions on complaint and Board level Disciplinary Committee reviews the decisions taken by Internal Complaints Committee.

The following is the summary of Sexual Harassment complaints received and disposed off by the Bank during the FY 2023-24:

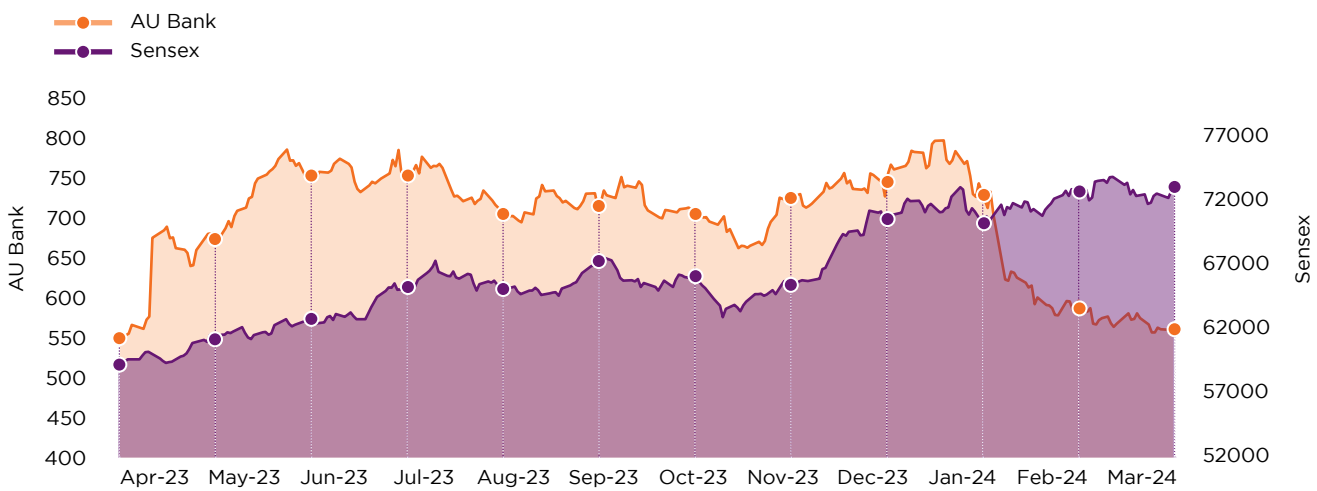
S. No	Particulars	Numbers
1.	Number of complaints filed during the financial year	5
2.	Number of complaints disposed of during the financial year	5
3.	Number of complaints pending as on the end of the financial year	0

14. Market Price Data

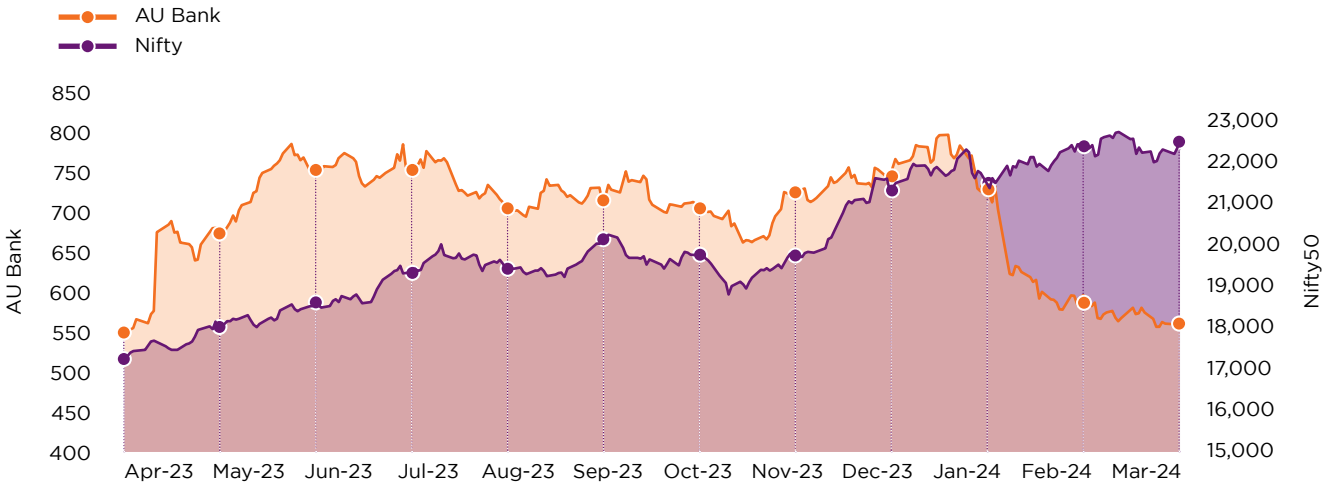
Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-23	699	554	7,39,51,702	699	554	37,65,842
May-23	795	664	4,29,03,129	795	665	9,32,209
Jun-23	784	732	3,20,06,495	785	733	7,52,506
Jul-23	792	716	3,54,77,247	792	716	7,48,343
Aug-23	752	696	3,94,47,454	752	696	8,90,129
Sep-23	764	708	3,40,76,902	763	707	7,60,131
Oct-23	723	630	3,39,64,066	723	631	9,62,958
Nov-23	755	657	4,03,78,886	754	657	11,93,833
Dec-23	799	729	4,09,41,155	799	729	18,67,751
Jan-24	813	614	8,37,54,172	813	614	24,93,349
Feb-24	646	564	6,96,06,131	645	565	30,89,891
Mar-24	591	554	5,59,13,373	591	554	20,65,544

Comparison to Broad-Based Indices

AUBANK relative to BSE SENSEX



AUBANK relative to NIFTY



Distribution of Shareholding

The distribution of shareholding of the Bank as on March 31, 2024, is detailed as under:

Sr. No.	Shareholding of Nominal Shares			Shareholder	Percentage of Total	Total Equity Shares	Percentage of Total
1	1	to	5,000	2,21,390	93.44	1,50,75,517	2.25
2	5,001	to	10,000	8,634	3.64	61,87,303	0.93
3	10,001	to	20,000	3,414	1.44	48,30,910	0.72
4	20,001	to	30,000	1,009	0.43	24,92,617	0.37
5	30,001	to	40,000	521	0.22	18,31,591	0.27
6	40,001	to	50,000	279	0.12	12,70,383	0.19
7	50,001	to	1,00,000	636	0.27	45,30,375	0.68
8	1,00,001	to	Above	1,059	0.44	63,29,43,755	94.59
Total				**2,36,942**	**100.00**	**66,91,62,451**	**100.00**

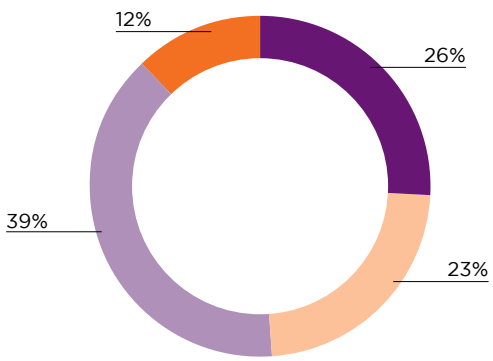
Categories of Shareholders as on March 31, 2024:

Category	No. of Equity Shares	% of Issued Capital
Sanjay Agarwal	11,71,91,360	17.51%
Jyoti Agarwal	2,36,37,120	3.53%
Shakuntala Agarwal	1,86,40,860	2.79%
MYS Holdings Private Limited	1,08,29,072	1.62%
Promoters & Promoter Group (A)	17,02,98,412	25.45%
Mutual Funds	9,72,28,731	14.53%
Alternate Investment Funds	3,70,70,959	5.54%
Bank	2,22,214	0.03%
Insurance Companies	1,78,85,829	2.67%
NBFCs registered with RBI	331	0.00%
Total Domestic Institutions (B)	15,24,08,064	22.78%
Foreign Portfolio Investors Category I	24,92,33,247	37.25%
Foreign Portfolio Investors Category II	1,41,26,883	2.11%
Foreign Inst. Investor	99,140	0.01%
Total Foreign Institutions (C)	26,34,59,270	39.37%

Category	No. of Equity Shares	% of Issued Capital
Central Government/President of India	2,294	0.00%
Total Central Government/ State Government(s) (D)	2,294	0.00%
Directors and their relatives (excluding independent directors and nominee directors)	1,39,08,742	2.08%
Key Managerial Personnel	2,49,387	0.04%
Relatives of promoters (other than "Immediate relatives" of promoters disclosed under Promoter and Promoter Group category)	48,449	0.01%
Resident Individuals holding nominal share capital up to ₹ 2 lakh	3,37,92,767	5.05%
Resident Individuals holding nominal share capital in excess of ₹ 2 lakh	1,70,22,788	2.54%
Non-Resident Indians (NRIs)	35,68,134	0.53%
Bodies Corporate	1,20,08,460	1.79%
Trusts	34,037	0.01%
Limited Liability Partnership	13,93,547	0.21%
HUF	8,01,376	0.12%
Clearing Members	1,66,724	0.02%
Total Non-Institutions (E)	**8,29,94,411**	**12.40%**
Total (A+B+C+D+E) *	**66,91,62,451**	**100.00%**

**Above number of shareholders is based upon PAN grouping.*

Shareholding Pattern as on March 31, 2024



- Promoters & Promoter Group (A)
- Total Foreign Institutions (C)
- Total Domestic Institutions (B)
- Total Non-Institutions (E)

List of Shareholders holding more than 1% share in the Bank as on March 31, 2024

Sr. No.	Name of the Shareholder	No. of Equity Shares	% of Shareholding
1	Sanjay Agarwal	11,71,91,360	17.51%
2	Wasatch Advisors, Inc. Along With PAC	3,76,53,189	5.65%
3	Kotak Flexicap Fund	2,98,58,516	4.46%
4	Smallcap World Fund, Inc	2,91,86,923	4.36%
5	New World Fund Inc	2,86,69,552	4.28%
6	Westbridge Aif I	2,83,85,485	4.24%
7	Camas Investments Pte. Ltd.	2,69,39,946	4.03%
8	Jyoti Agarwal	2,36,37,120	3.53%
9	Shakuntala Agarwal	1,86,40,860	2.79%
10	HDFC Mutual Fund - HDFC Mid-Cap Opportunities Fund	1,57,97,220	2.36%
11	Nomura India Investment Fund Mother Fund	1,46,31,618	2.19%
12	Uttam Tibrewal	1,37,97,468	2.06%
13	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Flexi Cap Fund	1,22,25,956	1.83%
14	Nippon Life India Trustee Ltd-A/C Nippon India Growth Fund	1,20,40,426	1.80%
15	DSP Midcap Fund	1,09,56,620	1.64%
16	MYS Holdings Private Limited	1,08,29,072	1.62%
17	HDFC Life Insurance Company Limited	1,05,67,169	1.58%
18	Janchor Partners Pan-Asian Master Fund	78,78,352	1.18%
19	UTI Flexi Cap Fund	73,22,187	1.09%

Shareholding of the Directors of the Bank as on March 31, 2024

Sr. No.	Name of Directors	No. of Equity Shares	% of Shareholding
1	Mr. H. R. Khan	-	-
2	Mr. Kamlesh Vikamsey	-	-
3	Mr. V. G. Kannan	740	0.00
4	Ms. Kavita Venugopal	-	-
5	Ms. Malini Thadani	-	-
6	Mr. M S Sriram	-	-
7	Mr. Pushpinder Singh	500	0.00
8	Mr. Sanjay Agarwal	11,71,91,360	17.51
9	Mr. Uttam Tibrewal	1,37,97,468	2.06%

Note: The Bank has not issued any convertible instruments.

15. Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity

During the FY 2023-24, the Bank does not have any outstanding GDRs/ADRs warrants that were due for conversion and does not have any other convertible instruments having an impact on the equity of the Bank.

16. Commodity price risk or foreign exchange risk and hedging activities

During the FY 2023-24, the Bank did not undertake trading in any commodity. However, the Bank may be exposed to commodity price risks of customers in its capacity as a lender. The Bank is operating in India and is not directly exposed to foreign exchange risk and hedging activities.

17. Plant Location

As the Bank is engaged in the business of Banking/financial services, there is no plant location.

18. Recommendations of the Committees

No instances have been observed where the Board has not accepted recommendations of any of the Board committees.

19. Fees paid to Statutory Auditors including all entities in the network firm of which the Statutory Auditors are a part

Total fees for services provided by Joint Statutory Auditors were ₹ 3.07 Crore including taxes, out of pocket expenses and fees for additional reporting on merger with Fincare Small Finance Bank Limited.

20. Certificate from Company Secretary in Practice

The Bank has received a certificate from M/s V. M. & Associates, Company Secretaries, Jaipur that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/ Ministry of Corporate Affairs or any such authority.

Further, the Secretarial Auditor has also certified on compliance of conditions of corporate governance of the Bank for the FY 2023-24. The abovesaid certificates are annexed with this Annual Report.

21. Compliance to Corporate Governance Provisions under Listing Regulations

During the FY 2023-24, the Bank has complied with all the mandatory requirements of Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and has also complied with the requirement of Schedule V of the Listing Regulations except for Regulation 24, which is not applicable as the Bank does not have any subsidiary.

Further, among discretionary requirements, as specified in Part E of Schedule II of LODR Regulations and other acts, rules, regulations, and guidelines as applicable, the Bank has adopted the following:

a) Separate Office of Non-Executive Part Time Chairman

The Bank has separated the role of Chairman and the Managing Director & CEO and Chairman is not related to the Managing Director and the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013.

Mr. Harun Rasid Khan is the Part Time Chairman (Non-Executive), and Mr. Sanjay Agarwal is Managing Director & CEO of the Bank. The expenses pertaining to the office of the Non-Executive Chairman is maintained by the Bank along with the reimbursement of all the expenses incurred by the Chairman while performing his duties.

b) Shareholder's Rights

The Bank publishes its financial results every quarter on its website at www.aubank.in which is accessible to the public at large. The same is also available on the websites of the Stock Exchanges i.e. BSE and NSE

The investors' presentations, call transcripts and Press releases are also posted on the Bank's website. Further, information pertaining to important developments of the Bank was bought to the knowledge of the public at large and to the shareholders through communications sent to the stock exchanges where the shares of the Company are listed.

c) Modified opinion(s) in audit report

For the FY 2023-24, there is no audit qualification on the Bank's financial statements.

d) Reporting of internal auditor

The internal auditor (Head of Internal Audit) of the Bank reports to and has direct access to the Audit Committee.

e) Utilisation of Funds

During the FY 2023-24, the Bank has not raised funds through preferential allotment or qualified institutions placement.

f) Disclosure of certain types of agreements binding listed entities

The Bank has not entered into any agreement as disclosed under clause 5A of paragraph A of Part A of Schedule III of the Listing Regulations.

CERTIFICATE ON COMPLIANCE WITH THE CODE OF CONDUCT & ETHICS

I confirm that for the year under review, all Directors and Senior Management Personnel have affirmed adherence to the provisions of the Code of Conduct of Directors and Senior Management.

Place: Jaipur
Date: April 24, 2024

Sanjay Agarwal
Managing Director & CEO

CEO & CFO Certification

To,
The Board of Directors
AU Small Finance Bank Limited

1. Pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we have reviewed financial statements and the cash flow statement for the year ended on March 31, 2024 and that to the best of our knowledge and belief:
   i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
   ii. these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Bank's during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
4. We have indicated, to the Auditors and the Audit Committee:
   i. significant changes in internal control over financial reporting during the year;
   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Sanjay Agarwal
Managing Director & CEO

Vimal Jain
Chief Financial Officer

Place: Jaipur
Date: April 24, 2024

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
AU Small Finance Bank Limited
19-A, Dhuleshwar Garden
Jaipur – 302001 (Rajasthan)

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **AU Small Finance Bank Limited** having **CIN: L36911RJ1996PLC011381** and having registered office at **19-A, Dhuleshwar Garden, Jaipur – 302001 (Rajasthan)** (hereinafter referred to as '**the Bank'**), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10 sub clause (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ended on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr. No.	Name of Director	DIN
1.	Mr. Harun Rasid Khan	07456806
2.	Mr. Sanjay Agarwal	00009526
3.	Mr. Uttam Tibrewal	01024940
4.	Mr. Mankal Shankar Sriram	00588922
5.	Mr. Kannan Gopalaraghavan Vellur	03443982
6.	Mr. Pushpinder Singh	08496066
7.	Mr. Kamlesh Shivji Vikamsey	00059620
8.	Ms. Malini Thadani	01516555
9.	Ms. Kavita Venugopal	07551521

Ensuring the eligibility of, for the appointment/continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Place: Jaipur
Date: April 24, 2024
UDIN: F003355F000229295

For **V. M. & Associates**
Company Secretaries
(ICSI Unique Code: P1984RJ039200)
PR: 5447/2024

CS Manoj Maheshwari
Partner
Membership No.: FCS 3355
C P No.: 1971

Annexure II

Annual Report on CSR Activities For Financial Year 2023-24

1. Brief outline of the CSR Policy of the Company:

The CSR Policy of the Bank guides the efforts, outlining the governance structure, operational framework, monitoring mechanisms, and strategic use of CSR resources. The policy sets out the Bank's commitment and approach towards CSR in accordance with Section 135 of the Companies Act, 2013 ("the Act") and rules made thereunder.

The Bank's commitment to social responsibility is at the forefront of positive change through our strategically designed projects and initiatives. With a vision of creating a lasting impact, the Bank continuously strived to empower communities, drive sustainability and enhance lives. Guided by a forward-thinking ethos, our sustainable initiatives, impactful interventions and ongoing monitoring & evaluation, foster holistic growth, thereby making a difference that lasts forever.

The Bank design programmes that enable individuals to thrive by equipping them with necessary tools. Skills development, fostering women's entrepreneurship, and promoting sports are few of the key impactful initiatives that empower our target communities. The Bank's dedication to social, economic, and environmental progress goes beyond capabilities. Further, the Bank actively collaborates with stakeholders both within and outside the Bank to assess the needs and foster a collaborative spirit to maximise impact.

Bank's CSR Activities & Projects

The Bank's CSR activities have consistently been focused in the areas of Skills Development, Women empowerment, Sports, Education, Health, and other activities. The CSR Committee and the Board may choose to select special projects to fulfil exigent community needs in times of crisis or special events in accordance with the Bank's CSR guidelines and CSR Policy.

The following are the key projects that have been undertaken by the Bank's CSR:

- AU IGNITE – Skills Training Program
- Bano Champion – AU Sports Initiative
- AU Udyogini – Women Entrepreneurship Program
- Healthcare, Education, Environment & Animal Welfare, and other projects

*For more details about the strategic projects, refer Society section, forming part of this Annual Report

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year (Entitled to attend)	Number of meetings of CSR Committee attended during the year
1	Ms. Malini Thadani	Chairperson	4	4
2	Mr. M S Sriram	Member	4	4
3	Mr. H. R. Khan	Member	4	4
4	Mr. Sanjay Agarwal	Member	4	4
5	Mr. Uttam Tibrewal	Member	4	3

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company:

Sr. No.	Particulars	Web Link
1.	Composition of CSR Committee	https://www.aubank.in/about-us/board-committee
2.	CSR Policy of the Bank	https://www.aubank.in/investors/secretarial-policies
3.	CSR Projects	https://www.aubank.in/csr

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8:

In pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the impact assessment of CSR Projects is to be carried out for CSR projects having outlays of one Crore rupees or more and have been completed not less than one year before undertaking the impact study.

Two projects qualified for Impact Assessment study in FY 2023-24 i.e. Financial & Digital Literacy and AU Skill Academy for which the impact assessment was conducted by an external agency during the year. A summary of the assessment is provided below, and report on the same has been provided on the Bank's website at https://www.aubank.in/csr.

Financial & Digital Literacy Project: The impact assessment of the project pertaining to the Bank's Financial and Digital Literacy program was carried out on villagers in rural India. The program was aimed at improving the villagers' understanding of digital financial services and encouraging their participation in formal banking services. This project has the following impact:

- Successfully raised awareness about digital financial tools and their benefits.
- 70% of the beneficiaries found the sessions highly relevant, and these sessions were delivered via street plays, camps, and mobile vans.
- The percentage of surveyed beneficiaries with a bank account increased significantly from 81% before the program to 95% after the program.
- 51% of beneficiaries have successfully increased their savings and invested in Fixed Deposits, Recurring Deposits and various other government schemes such as Atal Pension Yojana, Pradhan Mantri Suraksha Bima Yojana.
- This project aligns with UN Sustainable Development Goals for financial inclusion.

AU Skills Academy: The Bank's AU Skills Academy provides vocational skill training to unemployed youth, increasing their employability and making them financially independent. This project has the following impact:

- Increased earning capability and employability for graduates. The training program reports a placement rate exceeding 75% at all centres.
- The trainees witnessed an increase in their annual income ranging from 40% to 60% subsequent to participation in program.
- Bridged the gap between skilled workforce demand and unemployed youth.

Alignment of Sustainable Development Goals with AU Skills Academy Programme:

- **Quality Education:** Provides practical skills for employability.
- **Decent Work and Economic Growth:** Promotes economic productivity.
- **Reduced Inequalities:** Empowers youth for social and economic inclusion.

		(₹ in Crore)
5.	(a) Average net profit of the company as per sub-section (5) of section 135.	1,375.38
	(b) Two percent of average net profit of the company as per sub-section (5) of section 135.	27.51
	(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.	Nil
	(d) Amount required to be set-off for the financial year, if any.	Nil
	(e) Total CSR obligation for the financial year [(b)+(c)-(d)].	27.51

		(₹ in Crore)
6.	(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project	14.20
	(b) Amount spent in Administrative Overheads.	0.60
	(c) Amount spent on Impact Assessment, if applicable.	0.07
	(d) Total amount spent for the Financial Year [(a)+(b)+(c)].	14.87

(e) CSR amount spent or unspent for the Financial Year:

(₹ in Crore)

Total Amount Spent for the Financial Year (₹ in Crore)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
14.87	12.65	April 20, 2024	-	-	-

(f) Excess amount for set-off, if any: No

Sr. No.	Particular	(₹ in Crore)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	Not Applicable
(ii)	Total amount spent for the financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial Years, if any	
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

(₹ in Crore)

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years	Deficiency, if any
					Amount	Date of Transfer		
1	FY-2022-23	8.26	8.26	8.26	-	-	Nil	-
2	FY-2021-22	8.22	-	-	-	-	Nil	-
3	FY 2020-21	3.46	-	-	-	-	Nil	-

Note: The unspent amount pertaining to ongoing projects of the Bank for FY2022-23 has been fully spent by the Bank.

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

◯ Yes ● No

If Yes, enter the number of Capital assets created/acquired | NA

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

S. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR spent in ₹	Details of entity/ Authority, Beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered Address
Not Applicable							

(All the fields should be captured as appearing in the revenue record, flat no., house no. Municipal Office/Municipal Corporation/ Gram Panchayat are to be specified and also the area of the immovable property as well as boundaries.)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135:

The Bank has spent ₹23.12 Crore (inclusive of ₹8.26 Crore from unspent CSR amount of FY 2022-23) in the Financial Year 2023-24 for CSR initiatives. However, Bank was unable to fully meet the mandatory requirement of spending 2% due to the reasons described below:

While other CSR projects were completed as per plans, there were five ongoing projects, i.e., Centre of Excellence (**"COE"**), AU Udyogini Phase 2, AU Udyogini Individual entrepreneurship project, Healthcare, and Bano Champion - Giving Wings to Champions, where expenditure was not incurred fully in view of several points under consideration which are being deliberated for creating a sustainable, scalable platform for lasting impact of these community development programmes on the society as elaborated below:

- The Bank is planning to make infrastructural establishment for its COE HUB centre, for which the funds will eventually be utilised. The selection of strategic location for long-term project COE for HUB centre requires longer time and thought process to maximise its impact. Also, the Bank is considering an option of a physical vis-à-vis hybrid approach that should be implemented for best possible outcome of this flagship program.
- For AU Udyogini Phase 2 program, there were delays in finding a consultant agency for "Maa Annapurna Masala" due to which the funds remained unspent. However, one agency is expected to be appointed in FY 2024-25. Further, the training budget allocated for women artisans was not fully utilised as they opted for shorter programmes instead of longer duration programmes.
- In AU Udyogini Individual entrepreneurship project, the Bank was in the process of expanding to new geographies for which identification of new partners took more time than expected. Now that the partners have been identified, the funds will be used for the project and the geographical expansion of AU Udyogini will take place beyond Rajasthan.
- In the Healthcare project, dependence on external stakeholders for certain planned healthcare activities resulted in unspent funds. Certain activities related to the Healthcare project were under progress during the closure of financial year, due to which funds were not utilised in the previous financial year.

By learning from these experiences, the Bank is actively improving its planning and execution processes to optimise project timelines and resource allocation. This will ensure efficient utilisation of allocated funds and a stronger contribution to social development alongside Bank's financial success.

All unspent funds have been transferred to a designated "Unspent CSR Account" and will be used for these projects in FY 2024-25, ensuring compliance with CSR regulations and the same shall be utilised in remaining years of the CSR projects.

Sd/-
Mr. Sanjay Agarwal
(Managing Director & CEO)

Sd/-
Ms. Malini Thadani
(Chairperson - CSR Committee).

Annexure III

DISCLOSURE ON REMUNERATION

The ratio of the remuneration of each director to the median employee's remuneration and other details for financial year 2023-24 in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name & Designation of Directors & KMPs	Ratio of the remuneration[1] of each director to the median remuneration of the employees of the Company for the financial year	Percentage increase in remuneration[1] of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the financial year
Mr. Raj Vikash Verma, Part-Time Chairman & Independent Director[2]	5	Nil
Mr. Harun Rasid Khan, Part-Time Chairman & Independent Director[3]	6	Nil
Mr. Sanjay Agarwal, MD & CEO[4]	69	10.00%
Mr. Uttam Tibrewal, Whole-Time Director and Deputy CEO[4]	60	10.00%
Mr. M S Sriram, Independent Director[5]	4	Nil
Mr. Pushpinder Singh, Independent Director[5]	4	Nil
Mr. V. G. Kannan, Independent Director[5]	4	Nil
Mr. Kamlesh Shivji Vikamsey, Independent Director[5]	4	Nil
Ms. Malini Thadani, Independent Director[5]	4	Nil
Ms. Kavita Venugopal, Independent Director[5]	4	Nil
Mr. Vimal Jain, CFO	NA	9.75%
Mr. Manmohan Parnami, CS	NA	10.22%

Sr. No.	Requirements	Disclosure
1	The percentage increase in the median remuneration of employees in the financial year	There has been increase of 13.35% in median remuneration of employees. Further, there is increase in number of employees by 1,418 as on year ended March 31, 2024, vis-a-vis as on March 31, 2023. Median has been calculated by taking remuneration on annualised basis considering the employees as on year end.
2	The number of permanent employees on the rolls of Bank as on March 31, 2024	There were 29,738 employees as on March 31, 2024.
3	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average remuneration increase for non-managerial personnel of the Bank during FY 2023-24 was 12.93%. The average remuneration increase for the managerial personnel of the Bank during FY 2023-24 was 9.98%. The average increase is dependent on the individual's performance, promotions & overall Bank's performance.
4	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, remuneration is as per the Compensation policy of the Bank.

Notes:

1. In above calculation, remuneration i.e. Fixed Pay of employees including MD & CEO and Whole-Time Director as at the year-end have been considered for presenting data on comparable basis. Fixed Pay is exclusive of the variable pay, bonus, value of perquisites on ESOPs.
2. Mr. Raj Vikash Verma ceased to be Part-Time Chairman & Independent Director on January 29, 2024 on completion of his tenure on the Board and he was paid consolidated honorarium of ₹ 20 lakh per annum and such honorarium has been annualised for the whole year for presenting data on comparable basis.
3. Mr. Harun Rasid Khan, Independent Director has been appointed as Part-Time Chairman of the Bank w.e.f. January 30, 2024 and he is being paid honorarium of ₹ 24 lakh per annum as approved by the RBI and such honorarium has been annualised for the whole year for presenting data on comparable basis.
4. RBI vide its letter dated January 17, 2024 approved the revision in Fixed Pay for FY 2023-24 of Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, Whole-Time Director and Deputy CEO for ₹ 2.56 Crore and ₹ 2.22 Crore, respectively.
5. Compensation in form of fixed remuneration to each Independent Director [excluding the Part-Time Chairman (Independent Director)] of ₹ 15 lakh per annum is paid as approved by the Board of Directors and it is within the limits approved by shareholders.
6. The remuneration of Independent Directors including Part-time Chairman is exclusive of sitting fees and Executive Directors were not eligible to receive sitting fees for Board and Board Committee Meetings attended.

Annexure IV

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
AU Small Finance Bank Limited
19-A, Dhuleshwar Garden
Jaipur – 302 001 (Rajasthan)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AU Small Finance Bank Limited** (hereinafter called "**the Bank**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Bank has, during the audit period covering the Financial Year ended on March 31, 2024 ('**Audit Period**') complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the Financial Year ended on March 31, 2024 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Bank during the Audit Period)**;

  (d) The Securities and Exchange Board of India (Share-Based Employee Benefits and Sweat Equity) Regulations, 2021;

  (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable to the Bank during the Audit Period)**;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Bank during the Audit Period);**

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(j) The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994; and

(k) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993.

(vi) As confirmed, following other laws are specifically applicable to the Bank for which the Management has confirmed that the Bank has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively:

(a) The Reserve Bank of India Act, 1934;

(b) The Banking Regulation Act, 1949 and Notifications and Circulars issued by the Reserve Bank India ('RBI') from time to time; and

(c) Guidelines issued by RBI on Small Finance Bank dated November 27, 2014 and Operational Guidelines issued dated October 06, 2016.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreements entered into by the Bank with BSE Limited and National Stock Exchange of India Ltd.

During the period under review the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Further, the Bank has also maintained Structured Digital Database ("SDD") in compliance with Regulation 3(5) and 3(6) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

We further report that

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. Further, independent director(s) were present at Board Meetings which were called at shorter notice to transact business which were considered urgent by the management in compliance of Section 173(3) of the Act. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Bank has:

(a) Allotted 24,17,396 (Twenty-Four Lakhs Seventeen Thousand Three Hundred and Ninety Six) equity shares upon exercise of options by its eligible employees under its various Employee Stock Option Schemes/ plans;

(b) Duly passed the resolution pursuant to Section 42 of the Act for approving issue of non-convertible debentures/bonds for an amount up to ₹ 6,000 Crore (Rupees Six Thousand Crore Only) on a private placement basis in one or more tranches and/or series;

(c) Duly passed resolution to raise funds through issue of equity shares and/or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares including through Qualified Institutions Placement or such other permissible mode or combinations thereof pursuant to Sections 23, 41, 42, and 62(1)(c) of the Act for an aggregate amount not exceeding ₹ 5,000 Crore (Rupees Five Thousand Crore Only) or an equivalent amount thereof.

(d) Altered the Articles of Association of the Company.

(e) Approved the Scheme of Amalgamation of Fincare Small Finance Bank Limited into and with AU Small Finance Bank Limited pursuant to the provisions of Section 44A of the Banking Regulation Act, 1949 and RBI Master Direction - Amalgamation of Private Sector Banks, Directions, 2016.

Place: Jaipur
Date: April 24, 2024
UDIN: F003355F000229119

For **V. M. & Associates**
Company Secretaries
(ICSI Unique Code: P1984RJ039200)
PR: 5447/2024

CS Manoj Maheshwari
Partner
Membership No.: FCS 3355
C P No.: 1971

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,
The Members,
AU Small Finance Bank Limited
19-A, Dhuleshwar Garden
Jaipur – 302001 (Rajasthan)

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

Place: Jaipur
Date: April 24, 2024
UDIN: F003355F000229119

For **V. M. & Associates**
Company Secretaries
(ICSI Unique Code: P1984RJ039200)
PR: 5447/2024

CS Manoj Maheshwari
Partner
Membership No.: FCS 3355
C P No.: 1971

Annexure V

Business Responsibility and Sustainability Report FY 2023-24

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	**Corporate Identity Number (CIN) of the Listed Entity**	L36911RJ1996PLC011381
2.	**Name of the Listed Entity**	AU Small Finance Bank Limited
3.	**Year of incorporation**	1996
4.	**Registered office address**	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302 001, Rajasthan
5.	**Corporate Office Address**	5th Floor, E-Wing, Kanakia Zillion, Junction of CST Road & LBS Road, Kurla (West), Mumbai – 400 070, Maharashtra
6.	**E-mail**	investorrelations@aubank.in
7.	**Telephone**	0141-4110060/61
8.	**Website**	www.aubank.in
9.	**The financial year for which reporting is being done**	April 1, 2023 to March 31, 2024
10.	**Name of the Stock Exchange(s) where shares are listed**	1. BSE Limited 2. National Stock Exchange of India Ltd.
11.	**Paid-up capital**	₹ 6,69,16,24,510
12.	**Name and contact details (Telephone, email address) of the person who may be contacted in case of any queries on the BRSR report**	Mr. Rajesh Sharma Telephone: 0141-4110060/61 sustainability@aubank.in
13.	**Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity), or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)**	The Bank doesn't have any subsidiary or holding company and thus, this report has been made on standalone basis.
14.	**Name of assurance provider**	Not Applicable
15.	**Type of assurance obtained**	Not Applicable

II. Products/services

16. Details of business activities (accounting 90% of the turnover)

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Financial and Insurance Service	Banking activities by Central, Commercial and Saving banks	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Retail Banking, Treasury, Commercial Banking, and other Banking Operations	64191	100%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	-	1,074 touchpoints	1,074
International	-	None	None

Note: 2,383 touchpoints with effect from April 1, 2024 i.e, post amalgamation of the Fincare Small Finance Bank with the AU Small Finance Bank Ltd.

19. Markets served by the entity:

a) Number of locations

Locations	Number
National (No. of States)	21 states and 3 union territories
International (No. of Countries)	-

b) What is the contribution of exports as a percentage of the total turnover of the entity?

There is no export earnings for the Bank. Thus, Not Applicable.

c) A brief on types of customers:

AU Small Finance Bank Limited ("the Bank") is the largest small finance bank in India. The Bank operates a sustainable business model that facilitates financial products and services to the unserved and underserved retail, small and medium enterprises (SMEs) and micro-enterprises while providing complete banking solutions to its diverse range of customers including self-employed and salaried individuals, students, senior citizens, farmers, Non-resident Indians, corporates etc. The Bank's customer base encompasses both urban and rural areas, fostering inclusive growth and providing accessible banking services to a wide spectrum of customers.

Following the amalgamation of Fincare Small Finance Bank with the Bank, the Bank has become a formidable entity with over 1 Crore customer base and a pan-India banking franchise, with enhanced capacity and means to serve more customers across a wider national footprint. This further reinforces Bank's commitment to enhancing access to financial products for unbanked and underbanked individuals, enterprises and those in unorganised sector.

IV. Employees

20. Details as at the end of the financial year:

a) Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
		Employees				
1	Permanent (D)	29,738	26,959	90.66%	2,779	9.34%
2	Other than Permanent (E)	-	-	-	-	-
3	Total employees (D+E)	29,738	26,959	90.66%	2,779	9.34%
		Workers				
4	Permanent (F)	-	-	-	-	-
5	Other than Permanent (G)	-	-	-	-	-
6	Total workers (F+G)	-	-	-	-	-

b) Differently abled employees and workers:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	Differently abled employees					
1	Permanent (D)	29	26	89.66%	3	10.34%
2	Other than Permanent (E)	-	-	-	-	-
3	Total differently abled employees (D + E)	29	26	89.66%	3	10.34%
	Differently abled workers					
4	Permanent (F)	-	-	-	-	-
5	Other than permanent (G)	-	-	-	-	-
6	Total differently abled workers (F+ G)	-	-	-	-	-

21. Participation/ Inclusion/ Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	9	2	22.22%
Key Management Personnel*	4	0	0

**including Executive Directors*

22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

In line with the BRSR guidance note, the turnover rates have been calculated with the formula: (No. of persons who have left the employment of the entity in the FY *100/Average no. of persons employed in the category), where average number of persons employed in a category has been calculated as (Persons employed in the category at the beginning of FY + Persons employed in the category at the end of FY)/2.

Turnover percentage for employees also includes attrition on account of death, superannuation, disciplinary action and exit of employees on account of low performance.

Particulars	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees									
Senior level employees	7.3%	-	7.3%	4.9%	-	4.9%	9.6%	-	9.6%
Mid-level employees	15.8%	28.2%	16.6%	17.7%	19.4%	17.8%	14.8%	19.5%	15.0%
Junior employees	32.5%	39.1%	33.1%	35.6%	45.4%	36.4%	27.5%	41.4%	28.5%
Frontline employees	51.0%	51.5%	51.1%	53.2%	60.1%	53.8%	47.7%	57.1%	48.3%
Total	**43.6%**	**46.8%**	**43.9%**	**46.7%**	**54.4%**	**47.3%**	**41.6%**	**52.0%**	**42.3%**
Permanent workers	Not Applicable								

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. Names of holding/ subsidiary/ associate companies/ joint ventures

S. No.	Name of the holding/ Subsidiary/ associate companies/ joint ventures (A)	Indicate-whether holding/ subsidiary/ Associate/ Joint venture	% of shares held by the listed entity	Does the entity indicated at column A, participate in the Business-Responsibility initiatives of the listed entity? (Yes/No)
The Bank does not have any Holding, Subsidiary, Associate Company or Joint Venture. Thus, Not Applicable.				

VI. CSR Details

24.

(i)	Whether CSR is applicable as per Section 135 of Companies Act, 2013: (Yes/No)	Yes
(ii)	Turnover (in ₹)	1,23,00,60,58,867
(iii)	Net Worth (in ₹)	1,25,59,53,12,889

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom a complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide a web-link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks
Communities	Yes Covered under Bank's Whistle-Blower Policy and Vigil Mechanism https://www.aubank.in/investors/secretarial-policies	Nil	Nil	-	Nil	Nil	-
Investors (other than shareholders)	Yes Covered under Investor Grievance Redressal Policy https://www.aubank.in/investors/secretarial-policies	Nil	Nil	-	Nil	Nil	-
Shareholders	Yes Covered under Investor Grievance Redressal Policy https://www.aubank.in/investors/secretarial-policies	Nil	Nil	-	8	Nil	-
Employees and workers	Yes Covered under Bank's Whistle-Blower Policy and Vigil Mechanism https://www.aubank.in/investors/secretarial-policies	5	Nil	-	9	Nil	-
Customers	Yes Covered under Customer Grievance Redressal Policy https://www.aubank.in/notice-board	52,015*	6,007	-	35,322	1,491	-
Value Chain Partners	Yes, Covered under Bank's Whistle-Blower Policy and Vigil Mechanism https://www.aubank.in/investors/secretarial-policies	Nil	Nil	-	2	Nil	-
Others (Third Party/ Anonymous)	Yes Covered under Bank's Whistle-Blower Policy and Vigil Mechanism https://www.aubank.in/investors/secretarial-policies	9	Nil	-	9	Nil	-

**Excluding complaints redressed within the next working working day*

27. Overview of the entity's material responsible business conduct issues:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	The rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Financial and Digital Inclusion	Social Opportunity	Financial Inclusion is being recognised as a key driver of economic growth and poverty alleviation. Embracing financial and digital inclusion not only contributes to the social and economic development of India but also positions the Bank as a key enabler of inclusive growth. The Bank visualises immense opportunities in Financial and digital inclusion and by focusing on these initiatives, Bank can expand its customer base, increase customer loyalty, diversify revenue streams, reduce costs, leverage data analytics and foster collaborations for making positive impact.	-	Positive: Financial inclusion leads to the enhancement of the Bank's profitability through the expansion of the customer base, diversification of products and reducing costs.
2	Diversity and Inclusion	Social Opportunity	While the Bank continues to demonstrate progress in the diverse representation of its workforce, the Bank seeks to continuously improve in this area. The Bank can harness the power of diverse perspectives to make informed decisions, gain deeper insights into their customers' needs, attract and retain exceptional talent, foster a culture of innovation, enhance its reputation and brand image, effectively manage risks, and expand its presence in the market.	-	Positive: Diversity and inclusion bring diverse and fresh perspectives which helps the Bank in getting insights into customer needs. It also helps in attracting and retaining exceptional talent and expanding Banks presence in the market.
3	Corporate Social Responsibility	Social Opportunity	The CSR initiatives of the Bank are primarily focused on Skills Development, Women Entrepreneurship, Rural Sports, to have a profound impact on the target communities. The Bank through its CSR initiatives endeavours to make meaningful contribution by empowering socially, economically, financially, and physically excluded, disadvantaged and challenged communities and thereby helping them to become self-reliant for inclusive development.	-	Positive: CSR helps the Bank to contribute to community development, engage employees, building a positive image of institution, and comply with regulations.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	The rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Climate risk	Environmental Risk	Climate change is being recognised globally as a source of financial risk for banks. The uncertainty about the timing and severity of climate-related and environmental risk certainly threatens the safety, soundness and resilience of individual Regulated Entities and, in turn, the stability of the overall financial system. Bank through its green deposit program raised green deposits and the same is being lent for green assets to mitigate environmental risks during the year, thereby leading these initiatives as responsible Banking institution.	It is imperative for Bank to understand the impact of climate risk and taking prudent measures for addressing the same. The Bank is further deep diving on this aspect and exploring solutions to address climate risk. The Bank is taking measures to sensitise and create awareness among employees about ESG measures.	Negative: The unpredictable nature of climate-related and environmental risks poses a significant threat to the security, stability, and robustness of individual regulated entities, which, in turn, undermines the stability of the overall financial system.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies, and processes put in place towards adopting the National Guidelines on Responsible Business Conduct ("NGRBC") Principles and Core Elements. The nine NGRBC are as follows:

Principle 1	Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.
Principle 2	Businesses should provide goods and services in a manner that is sustainable and safe.
Principle 3	Businesses should respect and promote the well-being of all employees, including those in their value chain.
Principle 4	Businesses should respect the interests of and be responsive to all its stakeholders.
Principle 5	Businesses should respect and promote human rights.
Principle 6	Businesses should respect and make efforts to protect and restore the environment.
Principle 7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
Principle 8	Businesses should promote inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their consumers in a responsible manner.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a) Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b) Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c) Web-link of the Policies, if available	https://www.aubank.in/investors/secretarial-policies https://www.aubank.in/notice-board								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your Entity and mapped to each principle	The Bank has adopted and complies with the regulations as prescribed by Reserve Bank of India (RBI), Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI), and other regulators. The Bank has also been certified for its robust data privacy and cyber security capabilities in alignment with ISO 27001:2013 standards.								
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	No specific commitments, goals, targets were set in relation to above principles during the Financial Year.								
6. Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.	-	-	-	-	-	-	-	-	-
Governance, leadership, and oversight									
7. Statement by the director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)	At AU, we believe in giving back to the society that provides us with resources and opportunities to build this institution. Guided by the spirit of "One Earth, One Family, One Future," we prioritise the planet in every thought and action. We launched 'Planet First – AU Green Fixed Deposit,' fully compliant with the new RBI framework, which supports climate risk mitigation. The overwhelming acceptance from our customers and society enabled us to raise approximately ₹ 600 Cr in Green Fixed Deposits within four months of launch.								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	We have already allocated around ₹120 Cr towards projects focused on renewable energy, clean transportation, and related green initiatives, and are in the process of deploying the remaining funds into additional green initiatives. Our strategic focus on ESG has been recognised by multiple sustainability rating platforms. Sustainalytics rated us "low ESG risk," making us one of the few Indian banks to achieve this distinction; MSCI ESG rated us AA; and we are continuously improving on DJSI, CDP, and other platforms. These ratings confirm our deep commitment to sustainability, which is at the core of our mission.								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Name: Mr. Sanjay Agarwal Designation: MD & CEO DIN: 00009526								
9. Does the entity have a specified Committee of the Board/Director responsible for decision-making on sustainability-related issues? (Yes/No). If yes, provide details.	Yes, the Bank has Board level Sustainability Committee responsible for decision-making on sustainability related issues. The composition, terms of reference and meeting details of Sustainability Committee are included in Report on Corporate Governance.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether the review was undertaken by the Director/ Committee of the Board/ Any other Committee									Frequency (Annually/ Half-yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against the above policies and follow up action	Yes, by Board/respective committee of the Board									Annually								
Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliances	The Bank follows all the applicable statutory and regulatory guidelines. The status of compliance is presented to the Audit Committee of the Bank on quarterly basis.																	

11. Has the entity carried out an independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No								

12. If the answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topic/Principles covered under the training and its impact	% of a person in respective categories covered by the awareness programmes
Board of Directors	5	Principle 1 to 4 & 7 to 9	100%
Key Managerial Personnel	3	Principle 1 to 5, 8 & 9	100%
Employees other than BOD and KMPs	3,085	Principle 1 to 5 & 7 to 9	95%
Workers	NA	NA	NA

2. **Details of fines/ penalties/ punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the FY 2023-24, in the following format** (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Particulars	Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies judicial institutions	Amount (in INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty fine					
Settlement			Nil		
Compounding fee					

	Non-Monetary			
	NGRBC Principle	Name of the regulatory/ enforcement agencies judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment				
Punishment		Nil		

3. **Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed**

Case Details	Name of the regulatory/ enforcement agencies judicial institutions
NA	NA

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

The Bank has a robust Anti-Bribery and Anti-Corruption Policy that applies to all stakeholders, including customers, vendors, investors, regulators and governmental agencies. The Bank maintains a zero-tolerance approach towards instances of bribery and corruption. The policy addresses measures to combat corruption within the Bank and falls under the purview of the Disciplinary and Audit Committee. The Disciplinary Committee is responsible for investigating any acts of misconduct committed by employees within the Bank's control and taking appropriate punitive action. Additionally, the Disciplinary Committee keeps an oversight for implementing preventive measures to deter misconduct among employees. As part of Bank's training programmes, employees are imparted vigilance awareness trainings.

Web-link of the Policy: https://www.aubank.in/notice-board.

5. Number of Directors/ KMPs/ employees/ workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Complaints	FY 2023-24	FY 2022-23
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	NA	NA

6. Details of complaints with regard to conflict of interest:

	FY 2023-24		FY 2022-23	
	Numbers	Remarks	Numbers	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of conflicts of interest of the KMPs	Nil	NA	Nil	NA

7. Provide details of any corrective action taken or underway on issues related to fines/ penalties/ action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

There were no cases or incidents related to fines/ penalties/ action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

8. Number of days of accounts payables ((Accounts payable *365)/ Cost of goods/ services procured) in the following format:

Particulars	FY 2023-24	FY 2022-23
Number of days of accounts payables	5.32	4.37

9. Openness of business:

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a) Purchases from trading houses as % of total purchases	Nil	Nil
	b) Number of trading houses where purchases are made from	Nil	Nil
	c) Purchases from top 10 trading houses as % of total purchases from trading houses	Nil	Nil
Concentration of Sales	a) Sales to dealers/distributors as % of total sales	NA	NA
	b) Number of dealers/distributors to whom sales are made	NA	NA
	c) Sales to top 10 dealers/ distributors as % of total sales to dealers/ distributors	NA	NA
Share of RPTs in	a) Purchases (Purchases with related parties/Total Purchases)	Nil	Nil
	b) Sales (Sales to related parties/Total Sales)	Nil	Nil
	c) Loans & advances (Loans & advances given to related parties/Total loans & advances)	0.03%	0.04%
	d) Investments (Investments in related parties/Total Investments made)	Nil	Nil

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

Total numbers of awareness programmes held	Topic/principles covered under training	% of value chain partners covered (by the value of business done with such partners) under the awareness programmes
Nil	Nil	Nil

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.**

Yes, the Bank has a Code of Conduct for Directors and Senior Management Personnel and Policy on Related Party Transactions and Materiality which specifies that the Directors shall not involve in a situation that directly or indirectly involves conflict with the interest of the Bank.

Web-link of the above Policies: https://www.aubank.in/investors/secretarial-policies

During FY 2023-24, the Bank has not entered into any materially significant transactions with its Directors or Relatives of the Directors, which could lead to potential conflict of interest between the Bank and these parties, other than transactions entered into in the ordinary course of its business.

All the Directors of the Bank have affirmed compliance with the said Codes as applicable to them for FY 2023-24.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investments made by the entity, respectively.**

Particulars	FY 2023-24	FY 2022-23	Details of improvement in environmental and social impact
R&D	Not applicable given the nature of the business and being a financial service sector entity.		
Capex			

2. a) **Does the entity have procedures in place for sustainable sourcing? (Yes/No):**

Yes, the Bank has Sustainable Procurement Guidelines ("SPG") with the expectation that the Bank's supply chain partners will integrate sustainability into their core values and adhere to Environmental, Social, and Governance (ESG) principles. The SPG initiative aims to foster and propagate sustainability practices throughout the supply chain, encompassing suppliers of goods and services, contractors, and third-party collaborators.

Web-link of the SPG: https://www.aubank.in/sustainability-awareness

2. b) **If yes, what percentage of inputs were sourced sustainably?**

Percentage of inputs sourced sustainably could not be ascertained due to insufficient data availability or lack of comprehensive reporting mechanisms.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste**

Considering the inherent characteristics of the Bank's business operations, its products and services primarily consist of intangible assets. As such, there are limited opportunities to incorporate recycled materials as inputs in its operations. The Bank responsibly manages its waste, including paper and e-waste, by engaging state municipal authorities and authorised vendors for disposal. Moreover, the Bank actively reduces its consumption of plastics within its offices and branches by adopting alternative materials. Additionally, the Bank procures furniture exclusively from authorised suppliers, ensuring that they are crafted from recyclable materials.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   No, given the nature of the Bank's operations, Extended Producers Responsibility (EPR) is not applicable on the Bank.

Leadership indicators

1. **Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

   The Life Cycle of the Bank's services are as follows:

   Loans: The Bank's loan life cycle process involves sourcing loan files, conducting credit assessments, making loan decisions, executing loan documents, disbursing funds, monitoring compliance, and closing of loan accounts. Loan applications are sourced by branches or dedicated teams, and credit managers scrutinise documents and assess loan requirements. After loan sanction, relationship managers assist borrowers in executing loan documents, and the Central Operations Department ensures proper scrutiny and disburses funds. Ongoing monitoring and compliance are conducted, including tracking covenants and conducting risk assessments. Loan accounts are closed upon maturity or on borrower request and security is released after full payment and account closure. Overall, the process ensures a systematic approach to loan management, from origination of application to its closure.

   Deposits: The deposit lifecycle begins with customer acquisition through branches, digital channels, offices, business correspondent, or walk-in customers. The Bank collects and reviews the necessary Know Your Customer (KYC) information to ensure compliance with applicable laws. Once the KYC process is completed, customers can open deposits through digital channels like mobile banking or internet banking, or at the branches.

   For Fixed Deposits, customers receive deposit advice and can also view the details through digital channels, regardless of the opening method. Upon maturity, fixed deposits are either closed, and the proceeds are transferred to the operative account, or they can be renewed for another term.

   Customers also have the option to open operative accounts such as Savings Bank or Current Accounts. These accounts offer various facilities, including cheque books and debit cards. If a customer wishes to close their operative account, they can submit a request to the Bank.

NIC Code	Name of Product/ Service	% of total turnover contributed	Boundary for which the life cycle perspective /assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link
The Bank has not conducted Life Cycle Assessment of its services.					

2. **If there are any significant social or environmental concerns and/ or risks arising from production or disposal of your products/ services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product/Service	Description of the risk/concern	Action taken
Not Applicable		

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24	FY 2022-23
Not applicable given the nature of the business and being a financial service sector entity.		

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and disposed, as per the following format:

	FY 2023-24			FY 2022-23		
	Reused	Recycled	Safely Disposed	Reused	Recycled	Safely Disposed
Plastic including packaging	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	8.435	NA	NA	4.420
Hazardous Waste	Nil	Nil	Nil	Nil	Nil	Nil
Other Waste	NA	NA	NA	NA	NA	NA

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not applicable given the nature of the business and being a financial service sector entity.	

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chain

Essential Indicators

1. a) Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	26,959	26,959	100%	26,959	100%	-	-	26,959	100%	-	-
Female	2,779	2,779	100%	2,779	100%	2,779	100%	-	-	-	-
Total	**29,738**	**29,738**	**100%**	**29,738**	**100%**	**2,779**	**100%**	**26,959**	**100%**	**-**	**-**
Other than Permanent employees											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

1. b) Details of measures for the well-being of workers:

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Other than Permanent workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

c) **Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:**

Particulars	FY 2023-24	FY 2022-23
Cost incurred on well-being measures as a % of total revenue of the Company	0.22%	0.24%

2. **Details of retirement benefits, for Current financial year and Previous financial year:**

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	95%	NA	Yes	93.90%	NA	Yes
Gratuity	95%	NA	Yes	93.90%	NA	Yes
ESI	NA	NA	NA	NA	NA	NA
Others	NA	NA	NA	NA	NA	NA

3. **Accessibility of workplaces:**

Are the premises/offices of the entity accessible to differently-abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the Bank has put in place various initiatives and provisions across the Bank's offices and branches wherever possible for its specially abled employees as per the requirements of the Rights of Persons with Disabilities Act, 2016 for easy access to the premises/offices of the Bank.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

The Bank has established a recruitment and selection policy to ensure fair treatment of all employees and to provide equal opportunities to all candidates. Additionally, there is a dedicated Diversity & Inclusion (D&I) Committee aimed at promoting diversity and inclusion within the organisation, thereby fostering a diverse talent pool. The primary objective of the D&I Committee is to cultivate a culture of diversity and inclusion, fostering a sense of camaraderie among employees. The Committee regularly monitors the Bank's initiatives to promote a diverse workplace culture and ensure equal employment opportunities for all. Detailed D&I guidelines can be accessed on the Bank's website at https://www.aubank.in/investors/secretarial-policies

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	98.84%	59.31%	NA	NA
Female	98.14%	57.14%	NA	NA
Total	**98.67%**	**59.20%**	**NA**	**NA**

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief. (If yes, then give details of the mechanism in brief)**

Permanent Workers	NA
Other than Permanent Workers	NA
Permanent Employees	Yes
Other than Permanent Employees	NA

The Bank has Prevention of Sexual Harassment ("POSH") Committee and Disciplinary Committee to address the grievances of the employees. Each Committee is constituted with members who are proficient to manage varied problems of all employees. Any issue or concern can be reported on email ids mentioned in the policy. The Bank also have 'raise a complaint' section on intranet where employees can file a complaint under POSH and/or whistle-blower. The Bank ensures the confidentiality of the matter and supports the employee in best possible manner. The Bank promote an open-door culture where employees are encouraged to communicate about their concerns without hesitation.

The Bank also have a consequence management policy which deals with employee's unacceptable actions and non-compliance to code of conduct. This policy defines necessary actions on violation of behavioural issues and other operational lapses.

The Bank encourages its employees to voice their concerns, if any, related to suspected or occurrence of illegal, unethical inappropriate actions, serious conduct risk, potential misconduct and related concerns, fraudulent transactions, suspicions, etc. without fear of retribution or fear of reprisal or victimisation the employee raising the concern through its whistle-blower policy.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2023-24			FY 2022-23		
	Total employees/ workers in the respective category (A)	No. of employees/ workers in respective category, who are part of the association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ Workers in respective category, who are part of the association(s) or Union (D)	% (D/C)
Total Permanent Employees	Not Applicable					
Male						
Female						
Total Permanent Workers						
Male						
Female						

8. Details of training given to employees and workers:

Category	FY 2023-24					FY 2022-23				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B /A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	26,959	25,681	95.26%	25,677	95.24%	25,967	25,431	97.94%	25,220	97.12%
Female	2,779	2,581	92.88%	2,562	92.19%	2,353	2,294	97.49%	2,248	95.54%
Total	**29,738**	**28,262**	**95.04%**	**28,239**	**94.96%**	**28,320**	**27,725**	**97.90%**	**27,468**	**96.99%**
Workers										
Male	Not Applicable									
Female										
Total										

9. Details of performance and career development reviews of employees and workers:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
			Employees			
Male	26,959	26,959	100%	25,967	25,967	100%
Female	2,779	2,779	100%	2,353	2,353	100%
Total	**29,738**	**29,738**	**100%**	**28,320**	**28,320**	**100%**
			Workers			
Male	Not Applicable					
Female						
Total						

10. Health and safety management system:

a) Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage of such a system?

Yes, all branches equipped with ATMs and cash facilities in asset offices (excluding Unbanked Category branches) are secured with either an E-Surveillance System or a CMS System. These systems not only detect but also generate real-time alerts. Additionally, all offices are under CCTV surveillance and have fire alarm systems, including fire extinguishers for ensuring the confidence and safety of Bank's workforce. Regular mock drills are conducted to raise awareness among employees about safety protocols.

b) What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Bank places paramount importance on the well-being of its employees, prioritising both their physical and mental health. Through ongoing assessments, the Bank identifies and assesses occupational health and safety risks, promptly implementing necessary measures to mitigate these risks. Regular training sessions, including simulated fire drills, bolster preparedness for emergencies. The Bank's proactive approach not only ensures compliance with regulations but also cultivates a safe work environment. By effectively addressing risks, implementing controls, and providing comprehensive training, the Bank underscores its dedication to employee well-being, thereby creating a secure and healthy workplace and reaffirming its reputation as a caring and responsible employer.

c) Whether you have processes for workers to report work-related hazards and to remove themselves from such risks. (Yes/No)

Not applicable given the nature of the business and being a financial service sector entity.

d) Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes, the Bank has taken various initiatives to ensure medical coverage for its employees, safeguarding them against medical emergencies. These initiatives include a Group Medical Policy covering employees and their families, Group Term Life Insurance, and Group Personal Accident Cover. Additionally, the Bank has partnered with a wellness app, offering unlimited online consultations across specialties to employees and their families. The Bank has collaborations with multiple hospitals providing employees with additional discounts and benefits, along with annual health check-ups, blood donation camps, and eye camps are conducted throughout the year.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	Not Applicable	
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	Not Applicable	
No. of fatalities	Employees	Nil	Nil
	Workers	Not Applicable	
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Not Applicable	

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Bank places a strong emphasis on the physical and mental well-being of its employees, offering a comprehensive range of activities and programmes to support them. These initiatives encompass wellness programmes, mental health assistance, work-life balance initiatives, skill enhancement programmes, employee engagement activities, and recognition and rewards. With meticulous planning, the Bank regularly conducts various activities and programmes to maximise support for employee well-being. Key initiatives include:

- Discouraging employees from working beyond regular hours.
- Maintaining clean and hygienic workspaces.
- Ensuring emergency preparedness with fire alarms, sprinklers, and extinguishers installed in offices.
- Promoting awareness of workplace regulations through POSH posters and through training programmes. Offering canteen facilities with healthy meal options.
- Employee queries are addressed through the HR Sahayak portal.
- Encouraging active physical engagement and fostering camaraderie among employees events like the Annual AU Marathon and AU Khelotsav.
- Partnering with wellness apps and hospitals to provide employees with unlimited online consultations, discounts, and benefits, along with annual health check-ups, blood donation camps, eye camps.
- Conducting live yoga and Zumba sessions.

Furthermore, the Bank is committed to enhancing gender diversity and inclusivity, striving to create a positive and inclusive work environment that promotes the overall well-being of its employees.

13. Number of Complaints on the following made by employees and workers:

Particulars	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health & Safety	Nil	Nil	Nil	Nil	Nil	Nil

14. Assessments for the year:

Particulars	% of your plants and offices that were assessed (by the entity or statutory authorities or third parties)
Health and safety practices	NA
Working Conditions	NA

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.**

Not applicable given the nature of the business and being a financial service sector entity.

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?**

(A) Employees - Yes

(B) Workers – Not Applicable

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Bank ensures the deduction and deposition of statutory dues for strict adherence to prevailing regulations. Additionally, the Bank establishes unequivocal standards with vendors and suppliers through contractual agreements, mandating compliance with labour laws, human rights, and regional regulations governing their business operations including deduction and deposition of statutory dues.

3. **Provide the number of employees/ workers having suffered high consequence work-related injury/ ill-health/ fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

Particulars	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	Not applicable given the nature of the business and being a financial service sector entity.			
Workers				

4. **Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes, the Bank has implemented multiple programmes to help its employees in their career progression, some of them are:

Saksham – A programme which helps employees in getting the right skills for delivering their KRAs, and for enabling their growth.

AU Dharma – A programme to build synergy and to reiterate the Banks' work principles. These programmes help employees to gel with the organisational culture.

Capacity Building – A unique policy which intends to put in place system and strategies to understand the capacity of an employee and undertake capacity building efforts by providing training and skill development sessions.

Behavioural Workshops – The Bank has developed and delivered multiple behavioural programmes to help its employees in building and improving competency.

First Time Managers – A programme to help Bank's employees in their transition from officers to managers, and managers to leaders.

5. **Details on assessment of value chain partners:**

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Not Applicable
Working Conditions	

6. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

Not Applicable

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

The Bank has a structured mechanism in place for identification and prioritisation of stakeholder groups who are impacted by the Bank and has an impact on Bank's business. This is carried out considering various factors viz. the dependency of business, regulatory authorities, shareholders & investors, value chain partners supporting in key areas like IT & other allied services, community where the Bank operates, media platforms through which the Bank does its advertising/communication to public and customers. These groups consisting of customers, investors/shareholders, employees, partners and associates, ecosystem & society, government & regulatory authorities and, are being recognised as Bank's key stakeholder groups.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/NO)	Channels of communication (E-mail, SMS, Newspaper, Pamphlets, advertisements, Community meetings, Notice Board Website) Other	Frequency of engagement (Annually/ Half-yearly/ Quarterly/ others- please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	• Over the counter- Branch & Offices, ATMs, BOs and BCs • Tele Banking- Phone Banking, IVR and Customer care • Digital Channels - Mobile Banking, Net banking, SMS WhatsApp, Social media platform, E-mail, Auro chatbot and Video Banking • Advertisements including print media • Customer satisfaction surveys and feedback	Continuous engagement	• Access to safe, non-discriminatory, and responsible banking services with transparent pricing • Products and services that meet customer needs • Seamless transactions across different platforms • Convenient access to banking
Investors and Shareholders	No	• Quarterly financial updates • Investor meetings, presentation and investors call transcripts • Public disclosures • Shareholders Meetings • Analyst Meets • Annual Report	Continuous engagement as per requirement	• Sound risk management and compliance • Sustainable shareholder value • Strong governance and transparency • Responsible business practices • Effective and timely communication

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/NO)	Channels of communication (E-mail, SMS, Newspaper, Pamphlets, advertisements, Community meetings, Notice Board Website) Other	Frequency of engagement (Annually/ Half-yearly/ Quarterly/ others- please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Regulatory Authorities and Government	No	• Regular meetings - onsite and offsites • Policy updates, circulars, guidelines, and directives • Mandatory filings of information – regulatory and need based • Various Government schemes and policies	Continuous engagement as per requirement	• Facilitating financial and digital inclusion • Implementation of various social security schemes • Compliance with all relevant laws and regulations • Responsiveness towards regulatory changes • Customer privacy and data security • Contribution to national priorities
Employees	No	• Internal meetings and town halls • Performance discussions and periodic reviews • Training and development workshops • Employees connect initiatives like - Anticipation & Reflection platform sessions with MD&CEO + Head of HR, Coffee with CIO, Seedhi baat MD ke Saath. • Feedback and surveys	Continuous engagement	• Employee health, safety, and well-being • Create a culture that encourages ethical practices, promotes meritocracy, and rewards high performance • Professional development of Bank's employees through nurturing and providing growth opportunities • Diverse and inclusive workplace
Partners, vendors and associates	No	• Regular online and offline meetings • Phone calls, • Surveys • Workshops, conferences	Continuous engagement	• Ensure effective communication for quality and efficient service • High governance standards with policies around corruption, child labour, human rights. • Maintain transparency in all the disclosures and interactions. • Resolution mechanisms and frameworks for handling of differences and disputes
Society	Yes	• CSR initiatives at multiple locations. • Social activities through AU Foundation • Print Media and Social media communication • Regular meetings and interventions • Financial Literacy Programme • Project monitoring and reviews	Continuous engagement	• Contribution towards various causes/ programmes for skill development, financial and digital literacy, safe and drinking water, education, healthcare. • Proactive involvement in community development and upliftment of unbanked rural regions

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics, or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   The Bank communicates with its stakeholders through the communication channels referred at sr. no. 2 of essential indicators on continuous basis and the feedback received through those communication is apprised to the Board and its Committees.

   Feedback received from customers is directed to the Customer Service Committee for appropriate consideration and action. Investors and shareholders' feedback is channelled to the Stakeholders Relationship Committee to ensure that their concerns and interests are addressed. The Audit Committee handles regulatory directions and advice to ensure compliance and effective governance. Matters related to employees are directed to the Nomination and Remuneration Committee, which focuses on employee-related issues and policies. Lastly, feedback and matters related to society, environmental impact & sustainability related measures are directed to the Corporate Social Responsibility Committee and Sustainability Committee respectively. By assigning these responsibilities to specialised committees and thereafter review of important issues by the Board of the Bank, it is ensured that dedicated attention and appropriate handling of feedback of stakeholders for different areas of concern is carried out.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, the commitment to achieving net zero emissions by our nation, along with the United Nations Sustainable Development Goals (SDGs), has significantly heightened the emphasis on green finance. The banking sector, acting as a catalyst, is pivotal in reshaping traditional business practices and guiding the transition towards a sustainable future.

   On April 11, 2023, the Reserve Bank of India (RBI) introduced a framework for the acceptance of Green Deposits. This initiative encourages lenders to offer green deposits to customers, facilitating their sustainability objectives and bolstering the flow of credit towards green initiatives.

   Lenders are mandated to allocate the funds raised through green deposits exclusively towards activities and projects that promote energy efficiency, reduce carbon emissions and greenhouse gases, foster climate resilience and adaptation, and enhance natural ecosystems and biodiversity.

   Recognising the financial risks associated with an unsustainable economy, the Bank acknowledges the imperative to channel finances towards a transition to a low-carbon, sustainable economy. In alignment with the RBI's framework, the bank has developed a Green Deposit Policy and Financing Framework. As of March 31, 2024, the Bank has raised ₹ 652.63 Crore through green deposits, with ₹ 127.72 Crore allocated towards permissible green activities and projects during the FY 2023-24.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.**

   Engagement with and addressing the concerns of vulnerable/marginalised stakeholder groups is a crucial aspect of responsible business practices. Here are some of the instances of engagement and actions taken to address the concerns of such groups:

   Community Outreach: The Bank engages in proactive community outreach programmes to understand the needs and concerns of marginalised communities. This includes organising meetings with focus groups or partnering with local NGOs to conduct needs assessments.

   Financial Inclusion Initiatives: The foundation of the Bank was laid to provide access to financial services and build an inclusive banking ecosystem for all. Bank's special focus on Unbanked Rural Centres (URC), Special Focus Districts (SFD), Aspirational Districts (AD), and Northern Eastern Region (NER) allows it to serve the unserved and underserved population that has long been excluded from the formal financial system. The Bank's comprehensive Banking Outlet (BO) channel enables a strong presence in the rural markets and streamlines last-mile intervention as custodians of financial inclusion. Therefore, Financial Inclusion is furthering Bank's purpose of empowering India financially, socially, and digitally.

Financial Literacy: The Bank's focus on conducting good quality financial literacy programmes acts as an impetus to real-time financial awareness and prevents the underserved population from financial distress, debt, and poverty. The Bank continue to disseminate financial information responsibly as the Bank firmly believe that financial literacy is an unparalleled enabler of financial inclusion.

Priority Sector Lending: The Bank through its Priority Sector Lending creates social impact that address the needs of marginalised communities, such as small and marginal farmers, affordable housing, Self Help Groups, and sustainable livelihood programmes etc. These measures are aimed to create positive social change and uplift vulnerable groups.

By engaging with marginalised stakeholder groups and taking specific actions to address their concerns, the Bank demonstrates its commitment to inclusivity, social responsibility, and sustainable development.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers, who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. employees/ workers covered (B)	% (B/A)	Total (C)	No. employees/ workers covered (D)	% (D/C)
			Employees			
Permanent	29,738	28,466	95.72%	28,320	27,828	98.26%
Other than permanent	NA	NA	NA	NA	NA	NA
Total Employees	**29,738**	**28,466**	**95.72%**	**28,320**	**27,828**	**98.26%**
			Workers			
Permanent						
Other than permanent			NA			
Total Workers						

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	29,738	30	0.10%	29,708	99.90%	28,320	59	0.21%	28,261	99.79%
Male	26,959	27	0.10%	26,932	99.90%	25,967	57	0.22%	25,910	99.78%
Female	2,779	3	0.11%	2,776	99.89%	2,353	2	0.08%	2,351	99.92%
Other than Permanent				Not Applicable						
Male										
Female										
Workers										
Permanent										
Male										
Female										
Other than Permanent				Not Applicable						
Male										
Female										

3. Details of remuneration/ salary/ wages:

a) Median remuneration/wages:

Particulars	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (In ₹ in Lakh)	Number	Median remuneration salary/ wages of the respective category (In ₹ in Lakh)
Board of Directors (BoD)	6	15.00	2	15.00
Key Managerial Personnel (KMP)	4	171.46	-	-
Employees other than BoD and KMP	26,955	3.63	2,779	4.16
Workers	NA	NA	NA	NA

Notes:

1. Remuneration of Executive Directors has been considered under KMP category and Non-Executive Directors under Board of Directors category.
2. Remuneration of Non-executive Directors doesn't include sitting fees and Remuneration of KMPs and Employees is excluding perquisites on exercise of ESOPs.
3. Mr. Raj Vikash Verma (Non-Executive Independent Director), ceased to be on the Board of the Bank on completion of his tenure from the close of business hours on January 29, 2024.

b) Gross wages paid to females as % of total wages paid by the entity, in the following format:

Particulars	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	8.21%	7.38%

Note: The total nos. of female staff constituted to 9.34% and 8.31% as on March 31, 2024 and March 31, 2023 respectively.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the Bank has constituted a Disciplinary Committee to handle various employee-related issues, including those concerning human rights. Alongside this committee, the Bank has proactively implemented policies such as prevention and redressal against sexual harassment, a whistle-blower policy, and a vigil mechanism policy. These initiatives are designed to detect and address misconduct or unethical behaviour promptly. By providing employees with avenues to report wrongdoing, these policies act as safeguards, ensuring swift and efficient corrective actions.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Bank's dedication to upholding human rights is ingrained in its organisational ethos, as demonstrated by the presence of a specialised Disciplinary Committee tasked with resolving stakeholder grievances. Recognising the paramount significance of human rights, the Bank deeply values the dignity of all individuals linked to the organisation. This commitment is evident in the Bank's robust policies and code of conduct, which not only articulate its guiding values but also underscore the principle of prioritising human rights above all else.

6. Number of Complaints on the following made by employees and workers:

Particulars	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	5	Nil	-	5	Nil	-
Discrimination at Workplace	Nil	Nil	-	Nil	Nil	-
Child Labour	Nil	Nil	-	Nil	Nil	-
Forced Labour/ Involuntary Labour	Nil	Nil	-	Nil	Nil	-
Wages	Nil	Nil	-	Nil	Nil	-
Other human rights related issues	Nil	Nil	-	Nil	Nil	-

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

Particulars	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	5	5
Complaints on POSH as a % of female employees/workers	0.17%	0.21%
Complaints on POSH upheld	2	2

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The Bank upholds strict confidentiality regarding all information pertaining to received complaints and provide comprehensive support to the complainant. The Bank is committed to providing a work environment that fosters cooperation, professionalism and teamwork among co-workers. The Bank requires that every employee will respect the rights and dignity of all employees without any prejudice to any race, colour, religion, national origin, sex, disability or other characteristics protected by law. The Bank has established a Policy for Prevention and Redressal against Sexual Harassment, demonstrating zero tolerance towards such behaviour. The primary aim of this policy is to ensure the safety and security of all employees by preventing sexual harassment in the workplace. In compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, the Bank has formed an Internal Complaints Committee responsible for reviewing, investigating, and taking appropriate actions on complaints. Additionally, there is a Board-level Disciplinary Committee tasked with reviewing decisions made by the Internal Complaints Committee.

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes, the relevant business agreements which the Bank enters contains the clause for complying with the laws governing environment, health and safety and laws affecting the work force.

10. **Assessments for the year:**

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	NA
Forced/involuntary labour	NA
Sexual harassment	NA
Discrimination at workplace	NA
Wages	NA
Others – please specify	NA

11. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 10 above.**

Not Applicable.

Leadership Indicators

1. **Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.**

During the year, there have been no instances of human rights grievances requiring modification of processes.

2. **Details of the scope and coverage of any human rights due diligence conducted.**

There was no due diligence conducted relating to human rights during the year.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

The Bank has implemented several measures and made provisions across its offices and branches to enhance accessibility for visitors with disabilities. Many of these locations are situated in commercial premises with ground-floor accessibility or equipped with elevators and infrastructure tailored for differently abled visitors. Additionally, ramps have been installed at branches and ATMs wherever possible to accommodate senior citizens and individuals with disabilities.

4. **Details on assessment of value chain partners:**

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	The Bank has not conducted any such assessment of value chain partners. The Bank through its Sustainability Procurement Guidelines always requires that suppliers comply with all applicable laws, regulations and standards within the geographies in which they operate as part of the Supply Chain Sustainability initiative.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.**

Not Applicable

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format**

Parameter	FY 2023-24	FY 2022-23
From renewable sources		
Total electricity consumption (A) (in GJ)	1,859.88	-
Total fuel consumption (B) (in GJ)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumption from renewable sources (A+B+C) (in GJ)	1,859.88	-
From non-renewable sources		
Total electricity consumption (D)	84,674.90	77,911.70
Total fuel consumption (E)	4,274.76	3,766.63
Energy consumption through other sources (F)		-
Total energy consumed from non-renewable sources (D+E+F)	88,949.66	81,678.33
Total energy consumed (A+B+C+D+E+F)	90,809.54	81,678.33
Energy intensity per rupee of turnover (Total energy consumption/ revenue from operations)	Negligible	Negligible
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP)	-	
Energy intensity in terms of physical output	-	-
Energy intensity (optional) – the relevant metric may be selected by the entity	2.991 GJ/FTE	-

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

2. **Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	Given the nature of the Bank's business operations, water consumption and discharge not material to the business. Water consumption is limited to drinking and domestic consumption.	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater/desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (total water consumption/revenue from operations)		
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP)		
Water intensity in terms of physical output		
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: Not Applicable

4. Provide the following details related to water discharged:

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)	Given the nature of the Bank's business operations, water consumption and discharge not material to the business. Water consumption is limited to drinking and domestic consumption.	
i) To Surface water		
- No treatment		
- With treatment – please specify level of treatment		
ii) To Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
iii) To Seawater		
- No treatment		
- With treatment – please specify level of treatment		
iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Not Applicable

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Not Applicable

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023-24	FY 2022-23
NOx			
Sox			
Particulate matter (PM)			
Persistent organic pollutants (POP)		Not Applicable	
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: Not Applicable

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	316.76	279.11
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	16,840.9	15,365.92
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/ Revenue from operations)		Negligible	Negligible
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations adjusted for PPP)		-	-
Total Scope 1 and Scope 2 emission intensity in terms of physical output		-	-
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		0.58 Ton Per FTE	-

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

The Bank is firmly committed to establishing and sustaining environment friendly working conditions for its personnel across all operational domains. Recognising the significance of energy efficiency and the imperative to mitigate climate change, these principles are deeply embedded within the Bank's operational framework.

With a steadfast long-term vision of attaining sustainability, the Bank aims to eradicate direct CO_2 emissions from its activities and advocate for the utilisation of renewable energy sources, thereby mitigating its impact on climate change.

In alignment with global Sustainable Development Goals (SDGs) and our national pledge to achieve net-zero emissions by 2070, the Bank has undertaken tangible measures to curtail its carbon footprint. These measures encompass widespread adoption of digital banking platforms, deployment of energy-efficient protocols, and championing paper conservation practices organisation-wide. These initiatives underscore the Bank's unwavering commitment to addressing the repercussions of climate change and managing its environmental impact. Moreover, the Bank remains resolute in its pursuit of reducing energy consumption and emissions across all operational facets.

Through continuous emphasis on energy efficiency initiatives and emission mitigation strategies, the Bank endeavours to contribute to a sustainable future and fulfill its role in combatting climate change.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		
Plastic waste (A)	Nil	Nil
E-waste (B)	8.43	4.42
Bio-medical waste (C)	Nil	Nil
Construction and demolition waste (D)	Nil	Nil
Battery waste (E)	Nil	Nil
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any. (G)	Nil	Nil
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	Nil	Nil
Total (A+B + C + D + E + F + G + H)	**8.43**	**4.42**
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)	0.0000686	0.0000478
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP)		
Waste intensity in terms of physical output	Nil	Nil
Waste intensity (optional) – the relevant metric may be selected by the entity	Nil	Nil
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	Nil	Nil
(ii) Re-used	Nil	Nil
(iii) Other recovery operations	Nil	Nil
Total	**Nil**	**Nil**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	Nil	Nil
(ii) Landfilling	Nil	Nil
(iii) Other disposal operations	Nil	Nil
Total	**Nil**	**Nil**

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Bank disposes of its waste, such as paper, dustbin bags through state's municipal authorities and disposing e-waste through authorised vendors. The Bank is reducing the usage of plastics in its offices and branches with the alternatives. Being a Bank, there is no usage of hazardous and toxic chemicals in its operations.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones, etc.) where environmental approvals/clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and Corrective action taken, if any.
Not Applicable			

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web-link
Not Applicable					

13. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

S. No.	Specify the law/ regulation/ guidelines which were not complied with	Provide details of the non- compliance	Any fines/ penalties/ action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
Not Applicable				

Leadership Indicators

1. **Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):**

For each facility/plant located in areas of water stress, provide the following information:

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption, and discharge in the following format:

Being a financial services institution, the Bank do not use water for any industrial purpose and its water usage is limited to drinking and domestic usage. The Bank is making efforts to ensure that water is consumed judiciously in the office premises. Most of its water consumption is through municipal water supply or third-party potable water suppliers.

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water		
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater/desalinated water		
(v) Others	Not Applicable	
Total volume of water withdrawal (in kilolitres)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed/turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment	Not Applicable	
(iv) Sent to third parties		
No treatment		
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: Not Applicable

2. Please provide details of total Scope 3 emissions and its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	Not Applicable	
Total Scope 3 emissions per rupee of turnover	-		
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	-		

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: Not Applicable

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct and indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

As an institution providing financial services, the Bank does not cause any significant, direct impact on biodiversity. The Bank's offices and Branches are not operated in and around the ecologically sensitive areas.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/ effluent discharge/ waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No.	Initiative undertaken	Details of the initiative (web-link, if any, may be provided along-with summary)	Outcome of the initiative
The Bank has implemented several strategies to enhance its positive impact and reduce emissions, effluent discharge, and waste generation. These strategies include promoting digital banking services, video banking, and the use of the AU 0101 App for streamlined transactions which minimises the need of visiting physical branches and paper documentation. The Bank also focus on energy efficiency through LED lighting, insulation to reduce air conditioning usage, and the use of UPS and inverters instead of diesel generators. The Bank prioritises energy-efficient equipment with higher star ratings, utilises power supervision technology, and has adopted cloud-based technology and virtualised information centres. Additionally, the Bank refurbishes aging IT systems and responsibly disposes of e-waste through authorised vendors. Overall, these efforts demonstrate the Bank's continued commitment to sustainability and reducing its environmental impact of its operations.			

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web-link.

Yes, the Bank has developed and implemented business continuity plan and has recovery strategies and infrastructure to address the risks associated with its operating environment and to ensure the timely recovery and uninterrupted continuity of critical banking operations while maintaining acceptable service levels.

The Business Continuity Plan aims to ensure the uninterrupted provision of banking services and safeguard the interests of customers and stakeholders during significant disruptions. It encompasses recovery strategies, infrastructure, and predefined recovery time objectives (RTOs) for critical banking operations. In the event of disruptions, customers are provided with alternative communication channels such as customer care numbers, online contact links, and mobile applications to ensure seamless access to services and support. Further, customers are informed about the scheduled down time well in advance to keep them informed.

The plan is periodically tested, reviewed, and adjusted to incorporate changes in processes, technology, and resources. It adheres to regulatory guidelines and undergoes internal, external, and regulatory reviews.

Weblink: https://www.aubank.in/Notice-Slider-1-10-Business-Continuity-Plan.pdf

6. Disclose any significant adverse impact on the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

As a responsible corporate citizen, the Bank believes that it can improve environmental management not only in its premises but also partner with supply chain to ensure that they adopt similar environmental management strategies.

Through the Sustainability Procurement Guidelines, the suppliers of the Bank commits to integrate environmental attributes in business processes and practices with specific consideration to substitution of hazardous chemicals, strengthening the greening of their supply chain, innovating to improve environmental compatibility, comply with all applicable environmental legislation as per the laws, institutionalise resource conservation in the areas of oil, water, energy & chemicals and enhance environmental awareness of their employees and stakeholders during the year.

7. Percentage of value chain partners (by the value of business done with such partners) that were assessed for environmental impacts.

The Bank as per its Sustainability Procurement Guidelines expects its supply chain partners to demonstrate commitment on sustainability and align on environmental aspects. The Bank has not assessed its value chain partners for environmental impacts.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a) Number of affiliations with trade and industry chambers/ associations: 8

b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1	Indian Banks' Association	National
2	Association of Small Finance Banks of India	National
3	Confederation of Indian Industry	National
4	Federation of Indian Chambers of Commerce and Industry	National
5	Fixed Income Money Market and Derivatives Association of India	National
6	Foreign Exchange Dealer's' Association of India	National
7	Association of Mutual Funds of India	National
8	Data Security Council of India	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of Authority	Brief of the case	Corrective action taken
The Bank has not received any adverse order from any regulatory authorities regarding any issues related to anti-competitive conduct by the Bank.		

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No	Public policy advocated	Method resorted for such advocacy	Whether information is available in the public domain? (Yes/No)	Frequency of review by board (Annually/ Half-yearly/ Quarterly/ other please specify)	Web-link if available
The Bank actively collaborates with key industry associations in India, including the Indian Banks' Association, the Association of Small Finance Banks of India, the Confederation of Indian Industry, and the Federation of Indian Chambers of Commerce and Industry. Through these engagements, the Bank focuses on agendas targeted at societal upliftment and regulatory changes envisaged. By working closely with these associations, the Bank actively participates in initiatives and discussions to contribute for betterment of the society and promote positive changes in the regulatory landscape.					

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief detail of project	SIA Notification No.	Date of Notification	Whether conducted by independent external agency (Yes/No)	Results communicated in the public domain (Yes/No)	Relevant Web-link
Considering the nature of the business of the Bank, the same is not applicable.					

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No	Name of the project for which R&R is ongoing	State	District	No. of projects Affected Families (PAFs)	% of PAFs covered by R&R	Amount paid to PAFs in the FY (In INR)
Considering the nature of the business of the Bank, the same is not applicable.						

3. **Describe the mechanisms to receive and redress the grievances of the community.**

The Bank continues to maintain robust channels for receiving and resolving community concerns. Grievances can be submitted directly to Bank's registered office or by email to a dedicated address. The Bank also welcome grievances through phone calls, SMS, video Banking, and AU0101 mobile app for customers convenience. Additionally, Bank's Whistle-blower Policy allows to report concerns in person, by mail, email, or through phone. These measures ensure secure and timely receipt of grievances, enabling the Bank to address them appropriately and swiftly. The Bank prioritises feedback and aims to address all community concerns through transparent processes, ensuring fairness and equity.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Particulars	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/small producers	88%	80%
Directly from within India	67%	40%

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost:**

Location	FY 2023-24	FY 2022-23
Rural (Population of up to 9,999)*	1.00%	1.09%
Semi-urban (Population from 10,000 to 99,999)*	13.20%	14.68%
Urban (Population from 1,00,000 to 9,99,999)*	21.42%	23.03%
Metropolitan (Population of 10,00,000 and above)*	64.38%	61.21%

**(Place categorised as per RBI Classification System - rural/ semi-urban/ urban/ metropolitan)*

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No.	State	Aspirational District	Amount Spent (in ₹)
1	Rajasthan	Baran	20,72,895
2		Karauli	16,44,436
3		Jaisalmer	6,19,980
4		Sirohi	3,90,000
Total			**47,27,311**

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No)** No

   (b) **From which marginalised vulnerable groups do you procure?** Not Applicable

   (c) **What percentage of total procurement (by value) does it constitute?** Not Applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

S. No.	Intellectual Property Based on Traditional Knowledge	Owned Acquired (Yes/NO)	Benefit Shared (Yes/No)	Basis of Calculating Benefit Share
Not Applicable				

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property-related disputes wherein usage of traditional knowledge is involved.**

Name of Authority	Brief of the Case	Corrective action taken
Not Applicable		

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalised groups
	Centre of Excellence	7,916	62
	AU Udyogini - Phase 2	573	
	AU Sports Initiative – Bano Champion	8,100	
	Healthcare	1,550	
	Sports - Community Sports Initiative	2,36,800	
	Sports - Setting up of Fitness Centre	12,500	The beneficiaries of these CSR projects encompass diverse communities and segments, including vulnerable and marginalised groups and thus, the percentage of beneficiary from any particular group could not be determined. The Bank recognise the importance of inclusivity and strive to ensure that its initiatives reach and benefit all segments of society, particularly those facing vulnerability and marginalisation.
	Education	38,137	
	Community Education initiative	2,629	
	Career guidance and Education awareness	28,000	
	AU Jal Bank	16,800	
	Road Safety Initiative	1,000	
	Research & Development	250	
	Gender Equality	30,080	
	Environment & Animal Welfare	10,250	
	Indian Culture and Values	500	
	Benefit of armed forces veterans	111	

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   The Bank has implemented a comprehensive policy on Customer Grievance Redressal, which outlines the proper procedure for addressing and resolving customer complaints. This policy has been carefully designed to adhere to all relevant regulatory requirements and is applicable across the entire Bank.

   Customers have multiple channels available to them for registering their complaints:

   i. Telephonic Channel: Customers can register complaints by contacting the Bank's 24X7 customer care through the contact numbers provided on the Bank's website and displayed at its branches and other offices.

ii. Branch: Customers have the option to lodge their complaints with the branch officials or by entering their concerns in the complaint book/register during the working hours of the branch. The names and contact details of the officers responsible for handling complaints are prominently displayed at the branches.

Electronic Channel: The Bank provides an online complaint form on its website (www.aubank.in), which customers can use to register their complaints. Alternatively, customers can also send an email to customercare@aubank.in or utilise the specific service-related email IDs available on the Bank's website.

In addition, the Bank's website provides details regarding the business heads, regional nodal officers, and principal nodal officer. Customers can reach out to these individuals for assistance if their grievance is not resolved within defined timelines.

If a customer does not receive a response from the Bank within 30 days of lodging a complaint or if their complaint is rejected, or if they are unsatisfied with the Bank's reply, they have the option to file a complaint with the Banking Ombudsman.

To ensure effective customer grievance redressal, the Bank has established a 4-tiered governance framework, which includes:

i. Branch Level Customer Service Committee: This committee is responsible for addressing customer complaints at the branch level.

ii. Standing Committee on Customer Service: This committee oversees customer service matters across the entire Bank.

iii. Customer Service Committee of the Board: This committee, formed at the Board level, ensures that effective customer service and grievance redressal practices are in place.

iv. Customer Service Department & Nodal Officers: The Bank has designated a dedicated Customer Service Department along with appointed nodal officers, who are responsible for handling customer complaints and ensuring their resolution.

Overall, the Bank's policy and governance framework are designed to prioritise customer satisfaction and provide a structured approach to resolving customer grievances.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

Particulars	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

3. Number of consumer complaints in respect of the following:

Particulars	FY 2023-24		Remarks	FY 2022-23		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	-	Nil	Nil	-
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other	52,015*	6,007		35,322	1,491	-

**Excluding complaints redressed within the next working working day*

4. **Details of instances of product recalls on account of safety issues:**

Particulars	Number	Reasons for recall
Voluntary recalls	Not Applicable	
Forced recalls		

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Yes, the same is available on https://www.aubank.in/privacy-policy.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/ action taken by regulatory authorities on safety of products/ services.**

   During the reporting period, there were no instances of issues relating to advertising, cyber security and data privacy.

7. **Provide the following information relating to data breaches:**

   a) Number of instances of data breaches: None

   b) Percentage of data breaches involving personally identifiable information of customers: None

   c) Impact, if any, of the data breaches: Not Applicable

Leadership Indicators

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web-link, if available).**

   The information about the products/services of the Bank can be accessed on https://www.aubank.in.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   The Bank is spreading awareness to safeguard customers from potential risks and consequences of frauds. The customers are informed through:

   - SMS to not to divulge sensitive information to anyone including bank officials and that bank does not request for such information,
   - E-mail tips for safe banking,
   - Social media post on safe banking tips,

   Knowledge centre on website of the Bank at https://www.aubank.in/safe-banking to share awareness about frauds and have also posted tips for safe banking.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   The Bank informs the customers about disruption of services along with period of disruption via SMS, push notifications of Banks app and placing communication banners on the website of the Bank. The restoration of services are also communicated to customer via SMS and push notifications on Banks app.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/ No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

The Bank's products are intangible in nature and thus, product labelling is not applicable. However, the Bank complies with the disclosure requirements relevant for its products and services in all its communication.

Additionally, details of the Bank's products, services offered are disclosed through various modes viz. brochures, website, advertisements, print media and social media etc. for information of the customers and other stakeholders.

The Bank carries out survey regarding customer satisfaction and the Bank is using customer experience measurement tools for conducting customer surveys through AU0101 Mobile App, Phone Banking, Branch Servicing, Service Request Resolution Feedback, and ATM Services etc. The feedback received from customers through different surveys is analysed, collated, and shared with respective teams for incorporation of suggestions to improve Bank's products and services.

Independent Auditors' Report

To The Members of AU SMALL FINANCE BANK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **AU SMALL FINANCE BANK LIMITED** ("the Bank"), which comprise the Balance Sheet as at March 31, 2024, Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 and the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act ("Accounting Standards") as applicable to banks, the relevant circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2024, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	Auditor's Response
1	**Identification of Non-Performing Advances and Provisioning for Advances** (Refer Schedule 9 to the financial statements) Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank has gross advances amounting to ₹ 73,999.07 Crore (Previous Year ₹ 59,157.70 Crore) and the gross NPA ratio of Bank is 1.67 % (Previous Year 1.66%) as at March 31, 2024. RBI guidelines on income recognition, asset classification and provisioning ('IRAC norms') (herein after referred as "RBI guidelines") prescribes the norms for identification and classification of NPAs and the minimum provision required for such assets.	Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances. In particular: • We have evaluated and understood the Bank's internal control system in adhering to the RBI guidelines; • We have analysed and understood key IT systems/ applications used and tested the design and implementation as well as operational effectiveness of relevant controls in relation to income recognition, asset classification, viz., standard, sub-standard, doubtful and loss with reference to RBI guidelines and provisioning pertaining to advances;

Sl. No.	Key Audit Matter	Auditor's Response
	Since the identification of NPAs and provisioning for advances is significant to the overall audit due to stakeholder and regulatory focus, we have ascertained this as a key audit matter.	• We test checked advances to examine the validity of the recorded amounts, impairment provision for NPAs, and compliance with IRAC norms;
2	**Key Information technology (IT) systems used in financial reporting process:** As a Scheduled Commercial Bank that operates on core banking solution ("CBS") across its branches and asset centres, the reliability and security of IT systems plays a key role in the business operations. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. The IT infrastructure is critical for smooth functioning and accurate financial accounting and reporting. Due to the pervasive nature and complexity of the IT environment we have ascertained Key Information technology ("IT") systems used in financial reporting process as a key audit matter.	We involved our IT specialists to obtain an understanding of the Bank's IT related control environment. Furthermore, we conducted an assessment and identified key IT applications, databases and operating systems that are relevant for our audit. For the key IT systems used to prepare accounting and financial information, our areas of audit focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular: • We obtained an understanding of the Bank's IT control environment and key changes during the audit period that may be relevant to the audit; • We tested the design, implementation and operating effectiveness of the Bank's General IT controls over the key IT systems that are critical to financial reporting. This included evaluation of Bank's controls to evaluate segregation of duties and access rights being provisioned/ modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit; • We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

- The Bank's Board of Directors is responsible for the preparation of the other information. The other information comprises the Chairman's Statement, the Directors Report including annexures to the Directors report and Corporate Governance Report included in the Annual Report, but does not include the financial statements and our auditors report thereon and the Basel II Disclosures under New Capital Adequacy Framework (Basel II Disclosures).
- Our opinion on the financial statements does not cover the other information and Basel II Disclosures and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards and other accounting principles generally accepted in India and the circulars, guidelines and the directions issued by RBI, from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Bank's Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act and Section 30(3) of the Banking Regulation Act, 1949, based on our Audit, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the bank.

   c) As explained in the paragraph 2 below, the financial accounting system of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches.

   d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.

   e) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   f) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act as applicable to the Banks.

   g) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

   h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls with reference to financial statements.

   i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the entity being a banking company, section 197 of the Act related to the managerial remuneration is not applicable by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.

j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Bank has disclosed the impact of pending litigations on its financial position as at year end in its financial statements - Refer Schedule 12 to the financial statements;

ii. The Bank did not have any long-term contracts including derivative contracts as at year end for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 18.B(12) to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 18.B(12) to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The final dividend proposed in the previous year, declared and paid by the Bank during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 18.B(10) to the financial statements, the Board of Directors of the Bank has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Based on our examination, which included test checks, the Bank has used an accounting softwares for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

2. We report that during the course of our audit we have visited and performed select relevant procedures at 55 branches. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the Core Banking System, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at Head Office based on the records and data required for the purpose of Audit being made available to us.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)

G. K. Subramaniam
Partner
Membership No. 109839
UDIN: 24109839BKFTFK4824
Place: Jaipur
Date: April 24, 2024

For **D. M. Kapadia & Co.**
Chartered Accountants
(Firm Registration No. 104767W)

Atul Shah
Partner
Membership No. 039569
UDIN: 24039569BKAUHY5997
Place: Jaipur
Date: April 24, 2024

Annexure "A" to the Independent Auditors' Report

(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the" Act")

We have audited the internal financial controls with reference to financial statements of **AU SMALL FINANCE BANK LIMITED** (the "Bank") as of March 31, 2024 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls with reference to Financial Statements

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India.

Auditors' Responsibility for Internal Financial Controls with reference to Financial Statements

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Bank based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. the procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls with reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely

detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of internal financial control with reference to Financial Statements

Because of the inherent limitations of internal financial control with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Bank has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)

G. K. Subramaniam
Partner
Membership No. 109839
UDIN: 24109839BKFTFK4824
Place: Jaipur
Date: April 24, 2024

For **D. M. Kapadia & Co.**
Chartered Accountants
(Firm Registration No. 104767W)

Atul Shah
Partner
Membership No. 039569
UDIN: 24039569BKAUHY5997
Place: Jaipur
Date: April 24, 2024

Balance Sheet

as at March 31, 2024

(₹ in '000)

Particulars	Schedule	As at March 31, 2024	As at March 31, 2023
CAPITAL & LIABILITIES			
Capital	1	6,691,625	6,667,450
Employees stock options outstanding		627,256	440,252
Reserves & Surplus	2	118,276,434	102,665,735
Deposits	3	871,821,164	693,649,864
Borrowings	4	54,793,721	62,986,521
Other Liabilities and Provisions	5	42,046,499	35,751,362
Total		**1,094,256,699**	**902,161,184**
ASSETS			
Cash and Balances with Reserve Bank of India	6	46,380,094	89,160,930
Balances with banks and Money at Call and Short Notice	7	17,383,249	5,090,793
Investments	8	271,333,653	200,720,099
Advances	9	731,626,547	584,215,441
Fixed Assets	10	8,515,924	7,401,394
Other Assets	11	19,017,232	15,572,527
Total		**1,094,256,699**	**902,161,184**
Contingent Liabilities	12	48,062,523	34,985,941
Bills for Collection		129,114	-
Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The Schedules referred to above form an integral part of the Balance Sheet.
As per our attached Report of even date.

For **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Firm Registration No.: 117365W

G. K. Subramaniam
Partner
Membership No. 109839
Place: Jaipur

For **G.M. Kapadia & Co.**
Chartered Accountants
ICAI Firm Registration No.: 104767W

Atul Shah
Partner
Membership No. 039569
Place: Jaipur

Date: April 24, 2024

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Harun Rasid Khan
(Non-Executive Independent Part Time Chairman)
DIN: 07456806
Place: Jaipur

Uttam Tibrewal
(Whole Time Director and Deputy CEO)
DIN: 01024940
Place: Jaipur

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place: Jaipur

Date: April 24, 2024

Sanjay Agarwal
(Managing Director and CEO)

DIN: 00009526
Place: Jaipur

Vimal Jain
(Chief Financial Officer)

Place: Jaipur

Profit and Loss Account

for the Year ended March 31, 2024

(₹ in '000)

Particulars		Schedule	Year Ended March 31, 2024	Year Ended March 31, 2023
I.	**INCOME**			
	Interest earned	13	105,547,131	82,054,083
	Other income	14	17,458,928	10,344,642
	Total Income		**123,006,059**	**92,398,725**
II.	**EXPENDITURE**			
	Interest expended	15	53,976,293	37,801,264
	Operating expenses	16	44,648,036	34,402,699
	Provisions & contingencies {refer note 15 (e) - schedule 18A}		9,034,540	5,915,509
	Total Expenditure		**107,658,869**	**78,119,472**
III.	**PROFIT/LOSS**			
	Net profit for the year		15,347,190	14,279,253
	Add: Balance in Profit Account brought forward from previous year		42,871,366	33,824,206
	Total		**58,218,556**	**48,103,459**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserves		3,836,797	3,569,813
	Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		1,300,000	1,150,000
	Transfer to Capital Reserve		73,209	25,223
	Transfer to Investment Reserve Account		87,674	-
	Transfer to Investment Fluctuation Reserve		525,027	171,964
	Dividend paid		667,015	315,093
	Balance carried over to Balance Sheet		51,728,834	42,871,366
	Total		**58,218,556**	**48,103,459**
V.	**EARNING PER SHARE (refer note 24- schedule 18B)**			
	Basic (₹)		22.98	21.86
	Diluted (₹)		22.86	21.74
	Nominal value per share (₹)		10.00	10.00
	Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The Schedules referred to above form an integral part of the Profit and Loss Account.
As per our attached Report of even date.

For **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Firm Registration No.: 117365W

G. K. Subramaniam
Partner
Membership No. 109839
Place: Jaipur

For **G.M. Kapadia & Co.**
Chartered Accountants
ICAI Firm Registration No.: 104767W

Atul Shah
Partner
Membership No. 039569
Place: Jaipur

Date: April 24, 2024

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Harun Rasid Khan
(Non-Executive Independent Part Time Chairman)
DIN: 07456806
Place: Jaipur

Uttam Tibrewal
(Whole Time Director and Deputy CEO)
DIN: 01024940
Place: Jaipur

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place: Jaipur

Date: April 24, 2024

Sanjay Agarwal
(Managing Director and CEO)

DIN: 00009526
Place: Jaipur

Vimal Jain
(Chief Financial Officer)

Place: Jaipur

Cash Flow Statement

for the year ended on March 31, 2024

(₹ in '000)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Cash Flow From Operating Activities		
Profit after tax	**15,347,190**	**14,279,253**
Add: Provision for tax	4,647,101	4,367,115
Net Profit Before Taxes	**19,994,291**	**18,646,368**
Adjustments for:-		
Employee Stock Options Expense	303,350	207,581
Depreciation on Bank's Property	2,254,439	1,854,177
Amortisation of Premium on HTM Investments	958,701	916,921
Provision for Employee Expenses	158,332	(255,650)
Provision for Non Performing Assets, Standard Assets and Other Provisions	4,220,601	1,743,157
Loss on sale of Fixed Assets	13,957	6,631
Operating profit before working capital changes	**27,903,671**	**23,119,185**
Movement in working capital		
Decrease/(Increase) in Investments (other than HTM Investments)	(26,251,349)	(8,613,953)
Decrease/(Increase) in Advances	(148,413,722)	(123,689,150)
Decrease/(Increase) in Other Assets	(3,212,155)	(4,816,449)
(Decrease)/Increase in Deposits	178,171,300	167,803,659
(Decrease)/Increase in Other Liabilities and Provisions	2,767,214	4,832,447
Cash Flow from Operating Activities	**30,964,959**	**58,635,739**
Direct Taxes Paid (Net of refunds)	(4,884,261)	(3,699,341)
Net Cash Flow from Operating Activities (A)	**26,080,698**	**54,936,398**
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(3,464,174)	(3,059,355)
Proceeds from Sale of Fixed Assets	81,250	22,864
Investments in HTM securities (Net)	(45,164,691)	(40,158,532)
Net cash flow (used) in Investing Activities (B)	**(48,547,615)**	**(43,195,023)**

Cash Flow Statement

for the year ended on March 31, 2024

(₹ in '000)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Cash Flow from Financing Activities		
Proceeds from /(Repayment of) borrowings	(8,192,800)	3,078,735
Money received on exercise of Stock Options/Issue of Shares	838,352	20,693,735
Share Issue Expenses	-	(232,179)
Dividend paid	(667,015)	(315,093)
Net cash flow (used in)/ from Financing Activities (C)	**(8,021,463)**	**23,225,198**
Net Increase in Cash and Cash Equivalents (A + B + C)	**(30,488,380)**	**34,966,573**
Cash and Cash Equivalents at the beginning of the year (Refer Note Below)	94,251,723	59,285,150
Cash and Cash Equivalents at the end of the year (Refer Note Below)	**63,763,343**	**94,251,723**
Note:		
Balance with Banks in India in Fixed Deposit (As per Sch 7 I (i) (b))	3,012,015	3,245,705
Balance with Banks in India in Current Account (As per Sch 7 I (i) (a))	953,011	1,845,088
Money at Call and Short Notice in India (as per Sch 7 I (ii))	13,409,982	-
Balance with Banks Outside India in Current Account (As per Sch 7 II (i))	8,241	-
Cash in hand (including foreign currency notes) (As per Sch 6 I)	5,358,529	5,268,885
Balance with RBI in Current Accounts (As per Sch 6 II)	41,021,565	83,892,045
Cash and Cash Equivalents at the end of the year	63,763,343	94,251,723

As per our attached Report of even date.

For **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Firm Registration No.: 117365W

G. K. Subramaniam
Partner
Membership No. 109839
Place: Jaipur

For **G.M. Kapadia & Co.**
Chartered Accountants
ICAI Firm Registration No.: 104767W

Atul Shah
Partner
Membership No. 039569
Place: Jaipur

Date: April 24, 2024

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Harun Rasid Khan
(Non-Executive Independent Part Time Chairman)
DIN: 07456806
Place: Jaipur

Uttam Tibrewal
(Whole Time Director and Deputy CEO)
DIN: 01024940
Place: Jaipur

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place: Jaipur

Date: April 24, 2024

Sanjay Agarwal
(Managing Director and CEO)

DIN: 00009526
Place: Jaipur

Vimal Jain
(Chief Financial Officer)

Place: Jaipur

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 1: Capital

(₹ in '000)

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised shares		
1,20,00,00,000 (March 31, 2023: 1,20,00,00,000) equity shares of ₹ 10/- each	12,000,000	12,000,000
Issued Subscribed and paid up capital		
I. 66,67,45,055 equity shares of ₹ 10/- each (March 31, 2023: 31,49,00,031 equity shares)	6,667,450	3,149,000
II. Add: 24,17,396 equity shares of ₹ 10/- each (March 31, 2023: 22,69,033 equity share) in pursuant to exercise of employee stock option	24,175	22,690
III. Add: Nil equity shares of ₹ 10/- each (March 31, 2023: 3,44,82,758 equity shares) in pursuant to QIP allotment	-	344,828
IV. Add: Nil equity shares of ₹ 10/- each (March 31, 2023: 31,50,93,233 equity shares) in pursuant to Bonus Share issue	-	3,150,932
Total	**6,691,625**	**6,667,450**

Schedule 2: Reserves & Surplus

(₹ in '000)

Particulars	As at March 31, 2024	As at March 31, 2023
I. Statutory Reserve		
Opening Balance*	15,611,574	12,041,761
Additions during the year under the Banking Regulation Act, 1949	3,836,797	3,569,813
Deductions during the year	-	-
Sub- Total	**19,448,371**	**15,611,574**
*Opening balance of Statutory Reserve includes ₹ 291.89 Crore represents transfer of twenty percent of net profit after tax in accordance with the provision of Section 45-IC of Reserve Bank of India Act, 1934 pursuant to NBFC Regulations.		
II. Share Premium		
Opening Balance	38,057,324	20,933,573
Add: Allotment of equity shares	930,524	20,506,862
Less: Utilised for share issue expenses	-	232,179
Less: Utilised for issue of bonus shares	-	3,150,932
Sub- Total	**38,987,848**	**38,057,324**
III. Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	4,345,992	3,195,992
Additions during the year	1,300,000	1,150,000
Deductions during the year	-	-
Sub- Total	**5,645,992**	**4,345,992**
IV. Capital Reserve		
Opening Balance	596,028	570,805
Additions during the year	73,209	25,223
Deductions during the year	-	-
Sub- Total	**669,237**	**596,028**

Schedules

forming part of the Balance Sheet as at March 31, 2024

(₹ in '000)

Particulars	As at March 31, 2024	As at March 31, 2023
V. Investment Fluctuation Reserve		
Opening Balance	1,183,451	1,011,487
Additions during the year	525,027	171,964
Deductions during the year	-	-
Sub- Total	**1,708,478**	**1,183,451**
VI. Investment Reserve Account		
Opening Balance	-	-
Additions during the year	87,674	-
Deductions during the year	-	-
Sub- Total	**87,674**	**-**
VII. Balance in Profit and Loss Account		
Balance in Profit and Loss Account	51,728,834	42,871,366
Sub- Total	**51,728,834**	**42,871,366**
Total	**118,276,434**	**102,665,735**

Schedule 3: Deposits

(₹ in '000)

Particulars	As at March 31, 2024	As at March 31, 2023
A.I Demand Deposits		
(i) From Banks	319,566	345,767
(ii) From Others	53,061,749	36,451,745
Sub- Total	**53,381,315**	**36,797,512**
A.II Savings Bank Deposits	237,881,496	229,802,792
A.III Term Deposits		
(i) From Banks	75,728,820	74,609,653
(ii) From Others	504,829,533	352,439,907
Sub- Total	**580,558,353**	**427,049,560**
Total	**871,821,164**	**693,649,864**
B.I Deposits of branches in India	871,821,164	693,649,864
B.II Deposits of branches outside India	-	-
Total	**871,821,164**	**693,649,864**

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 4: Borrowings

(₹ in '000)

Particulars	As at March 31, 2024	As at March 31, 2023
I. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other Banks	3,130,090	3,044,959
(iii) Other Institutions and Agencies	51,663,631	59,941,562
Sub Total	**54,793,721**	**62,986,521**
II. Borrowings outside India	-	-
Total	**54,793,721**	**62,986,521**
Secured Borrowings/Refinance other than CBLO, Tri-Party Repo, Repo and LAF Borrowings included in I above	42,413,631	50,691,562
Tier II Debt included in I above	10,000,000	10,000,000
Tier II Debt included in II above	-	-

Schedule 5: Other Liabilities and Provisions

(₹ in '000)

Particulars	As at March 31, 2024	As at March 31, 2023
I. Bills Payable	1,966,188	1,927,736
II. Interest Accrued	4,956,049	3,667,754
III. Provision for Taxation (net of advance tax and tax deducted at source)	182,776	187,385
IV. Standard Asset provision	2,877,734	2,709,615
V. Others (including Provisions)*	32,063,752	27,258,872
Total	**42,046,499**	**35,751,362**

**Includes an additional contingency provision of ₹ 21.18 Crore as at March 31, 2024 (previous year: 125.73 Crore), of which the additional provision for the accounts restructured under RBI Resolution framework is at ₹ 21.18 Crore as at March 31, 2024 (previous year: 35.71 Crore).*

Schedule 6: Cash and Balances with Reserve Bank of India

(₹ in '000)

Particulars	As at March 31, 2024	As at March 31, 2023
I. Cash in Hand	5,358,529	5,268,885
(including Foreign Currency Notes - NIL)		
II. Balances with Reserve Bank of India		
a. in Current Account	38,021,565	30,202,045
b. in Other Account	3,000,000	53,690,000
Total	**46,380,094**	**89,160,930**

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 7: Balances With Banks & Money At Call & Short Notice

(₹ in '000)

Particulars		As at March 31, 2024	As at March 31, 2023
I.	**In India**		
	i) Balances with banks in		
	(a) Current Accounts	953,011	1,845,088
	(b) Other Deposit Accounts	3,012,015	3,245,705
	ii) Money at call and short Notice		
	(a) with Banks	-	-
	(b) with Other Institutions	13,409,982	-
	Sub- Total	**17,375,008**	**5,090,793**
II.	**Outside India**		
	i) in Current Accounts	8,241	-
	ii) in Other Deposit Accounts	-	-
	iii) in Money at Call and Short Notice	-	-
	Sub- Total	**8,241**	**-**
	Total	**17,383,249**	**5,090,793**

Schedule 8: Investments

(₹ in '000)

Particulars		As at March 31, 2024	As at March 31, 2023
I.	**Investments in India (net of Provision)**		
	i) Government Securities	212,212,139	161,553,788
	ii) Other Approved Securities	-	-
	iii) Shares	87,530	88,106
	iv) Debentures and Bonds	12,018,769	13,847,380
	v) Subsidiaries and /or Joint Venture	-	-
	vi) Others [Certificate of Deposits (CD), Commercial Paper (CP), Pass Through Certificates (PTC), Security Receipts (SR)]	47,015,215	25,230,825
	Sub- Total	**271,333,653**	**200,720,099**
II.	**Investments outside India (net of provision)**	-	-
	Total	**271,333,653**	**200,720,099**

Schedule 9: Advances

(₹ in '000)

Particulars		As at March 31, 2024	As at March 31, 2023
A	i) Bills Purchased and Discounted	433,188	94,155
	ii) Cash Credits Overdrafts and Loans repayable on Demand	163,595,244	105,523,215
	iii) Term loans	567,598,115	478,598,071
	Total	**731,626,547**	**584,215,441**
B	i) Secured by Tangible Assets (includes advances against Book debts)	642,842,852	528,842,665
	ii) Covered by Bank/Government Guarantees (includes Advance to Banks)	7,919,009	7,981,181
	iii) Unsecured	80,864,686	47,391,595
	Total	**731,626,547**	**584,215,441**

Schedules

forming part of the Balance Sheet as at March 31, 2024

(₹ in '000)

Particulars	As at March 31, 2024	As at March 31, 2023
C. I Advances in India		
i) Priority Sectors*	455,558,390	347,322,194
ii) Public Sector	2,500,000	2,500,000
iii) Banks	699,157	710,015
iv) Others	272,869,000	233,683,232
Total	**731,626,547**	**584,215,441**
C. II Advances outside India	-	-
Total	**731,626,547**	**584,215,441**

**Priority sector outstanding total advances includes ₹ 2,890.00 Crore (previous year: ₹ 19,604.00 Crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC) and does not includes purchase of Priority Sector Lending Certificates (PSLC) ₹ 1,860.00 Crore (previous year: Nil).*

Above Advances are net of provisions.

Schedule 10: Fixed Assets

(₹ in '000)

Particulars	As at March 31, 2024	As at March 31, 2023
I. Premises (including Land)		
Gross Block		
At Cost as on 31st March of the preceding year	630,090	630,090
Additions during the year	338	-
Deductions during the year	-	-
Sub- Total	**630,428**	**630,090**
Depreciation		
As at 31st March of the preceding year	40,090	33,396
Add: charge during the year	6,694	6,694
Deductions during the year	-	-
Sub- Total	**46,784**	**40,090**
Net Block	583,644	590,000
II. Other Fixed Assets (including Furniture & Fixtures)		
Gross Block		
At Cost as on 31st March of the preceding year	12,774,709	9,980,122
Additions during the year	3,117,766	2,869,843
Deductions during the year	652,280	75,256
Sub- Total	**15,240,195**	**12,774,709**
Depreciation		
As at 31st March of the preceding year	6,291,832	4,490,109
Add: charge during the year	2,247,745	1,847,484
Deductions during the year	557,073	45,761
Sub- Total	**7,982,504**	**6,291,832**
Net Block	7,257,691	6,482,877
III. Capital Work in Progress	674,589	328,517
Total	**8,515,924**	**7,401,394**

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 11: Other Assets

(₹ in '000)

Particulars	As at March 31, 2024	As at March 31, 2023
i) Interest Accrued	9,203,102	7,101,110
ii) Deferred Tax Assets (Net)	1,160,676	928,101
iii) Advance for expenses	344,509	109,317
iv) Security Deposits	648,735	529,379
v) Others	7,660,210	6,904,620
Total	**19,017,232**	**15,572,527**

Schedule 12: Contingent Liabilities

(₹ in '000)

Particulars	As at March 31, 2024	As at March 31, 2023
I. Claims against the Bank not acknowledged as Debts	708,036	505,202
II. Guarantees given on behalf of Constituents		
a) In India	32,754,066	25,445,403
b) Outside India	-	-
III. Acceptances Endorsements and Other Obligation	835,973	896,859
IV. Liability on account of outstanding forward exchange contracts	49,245	-
V. Liability on account of outstanding derivative contracts	-	-
VI. Other items for which the Bank is Contingently Liable		
(a) Credit enhancements provided by the Bank towards assets securitisation	9,431,996	6,279,050
(b) Capital commitments not provided	2,727,683	1,417,914
(c) Other Guarantees	1,555,216	441,513
(d) Unclaimed customer balances*	308	-
Total	**48,062,523**	**34,985,941**

**Represent amount transferred to RBI DEA Fund Scheme*

Schedule 13: Interest Earned

(₹ in '000)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
I. Interest/ Discount on Advances/ Bills	84,421,476	68,470,183
II. Income on Investments	16,323,875	11,898,843
III. Interest on Balances with RBI and Other Inter-Bank Funds	668,798	582,772
IV. Others	4,132,982	1,102,285
Total	**105,547,131**	**82,054,083**

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 14: Other Income

(₹ in '000)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
I. Commission, Exchange and Brokerage	16,225,396	9,851,003
II. Profit/(Loss) on sale of Investments (net)	517,489	(442,789)
III. Profit/(loss) on exchange transactions (net)	893	-
III. Profit/(Loss) on sale of Land Building & Other Assets (net)	(13,957)	(6,631)
IV. Miscellaneous Income (refer note 17- schedule 18B)	729,107	943,059
Total	**17,458,928**	**10,344,642**

Schedule 15: Interest Expended

(₹ in '000)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
I. Interest on Deposits	49,322,083	33,389,423
II. Interest on Reserve Bank of India /Inter Bank Borrowings	154,395	126,107
III. Others	4,499,815	4,285,734
Total	**53,976,293**	**37,801,264**

Schedule 16: Operating Expenses

(₹ in '000)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
I. Payments to and Provision for Employees	21,036,806	17,930,283
II. Rent, Taxes and Lighting	2,049,384	1,873,180
III. Printing and Stationery	538,410	425,700
IV. Advertisement and Publicity	3,338,380	1,747,204
V. Depreciation on Bank's Property	2,254,439	1,854,177
VI. Directors' fees- allowances and expenses	30,902	34,079
VII. Auditors' Fee and expenses	26,861	19,118
VIII. Law charges (includes Professional Fees)	806,836	689,239
IX. Postages, Telegrams, Telephones etc.	994,653	836,366
X. Repairs and Maintenance (includes AMC)	2,326,644	1,689,220
XI. Insurance	880,284	669,103
XII. Direct marketing expenses (Payout expenses)	3,834,976	2,862,813
XIII. Travelling & Conveyance	953,311	986,959
XIV. Other Expenditure (refer note 9- schedule 18B)	5,576,150	2,785,258
Total	**44,648,036**	**34,402,699**

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies

1. Background

AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited) ("AUSFBL" or "the Company" or "the Bank") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

The Company had originally obtained its license from Reserve Bank of India ('RBI') to operate as a non-deposit accepting Non-Banking Financial Company (NBFC-ND). on November 7, 2000 vide certificate of registration no. B-10-00139.

The Company has commenced its operations as a Small Finance Bank from April 19, 2017 pursuant to the approval received from the RBI dated December 20, 2016.

The Bank is engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations and other services. The Bank operates in India only and does not have presence in any foreign country.

The Bank is governed by the Banking Regulation Act, 1949, banking guidelines issued by the RBI on Small Finance Bank 2016, and the Companies Act, 2013.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and complying with the requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank which is used in the preparation of financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013 as amended in so far as they apply to banks. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

3. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP as applicable to Banks requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses for the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

4. Significant accounting policies

A. Advances

(i) Classification

Advances are classified as performing assets and non-performing assets ('NPAs') in accordance with the RBI guideline on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. The advances are stated net of specific provisions made towards NPAs and unrealised interest on NPAs. Interest on NPAs is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies (Contd.)

(ii) Provisioning

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made at a minimum in accordance with the RBI guidelines. In addition, the Bank considers accelerated specific provisioning that is based on past experience, evaluation of security and other related factors. Specific loan loss provision in respect of non-performing advances are charged to the Profit and Loss Account. Any recoveries made by the Bank in case of NPAs written off are recognised in the Profit and Loss Account. Provisions in respect of credit card receivables classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI.

The floating provisions are made in conformity with RBI guidelines and is netted off against advances and not disclosed separately under Other liabilities.

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advances/ securities, which would generally include, among others, alteration of repayment period/ repayable amount/ the amount of instalments/ rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines.

In accordance with the RBI guidelines on the prudential framework for resolution of stressed assets and the resolution framework for COVID-19 related stress, the Bank in accordance with its Board approved policy, carried out one-time restructuring of eligible borrowers. The asset classification and necessary provisions thereon are done in accordance with the said RBI guidelines.

In accordance with RBI guidelines, the Bank has provided general provision on standard assets at levels stipulated by RBI from time to time. - direct advances to sectors agricultural and SME at 0.25%, commercial real estate at 1.00%, restructured standard advance at 5.00%, commercial real estate-residential housing at 0.75%, housing loans (which have adequate Loan to Value (LTV) ratio as prescribed by RBI) at 0.25% and for other sectors at 0.40%. Provision made against standard assets in accordance with RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

Provision for unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines.

B. Securitisation and transfer of assets

The Bank securitises out its receivables to Special Purpose Vehicles ('SPVs') in securitisation transactions. Such securitised-out receivables are de-recognised in the Balance Sheet when they are transferred (conditions as prescribed in the Reserve Bank of India (Securitisation of Standard Assets) Directions 2021 being fully met with) and consideration is received by the Bank. In respect of receivable pools securitised-out, the Bank provides liquidity facility and credit enhancements, as specified by the rating agencies, in the form of cash collaterals/ guarantees and/ or by subordination of cash flows in line with the RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

The Bank enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTCs').

In accordance with the Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, the Bank does not provide liquidity facility or credit enhancements on the direct assignment

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies (Contd.)

transactions undertaken subsequent to these guidelines. The Bank amortises any profit received for every individual securitisation or direct assignment transaction based on the method prescribed in these guidelines.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

In accordance with RBI guidelines on sale of nonperforming advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances. Advances exclude derecognised securitised advances, inter-bank participation certificates issued.

C. Priority Sector Lending Certificates (PSLCs)

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as 'Miscellaneous Income' and the fee paid for purchase of the PSLCs is recorded as 'Other Expenditure' in the Profit and Loss Account.

D. Investments

Classification and valuation of the Bank's Investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') guidelines issued in this regard from time to time.

(i) Classification

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories (hereinafter called "categories").

Investments, which the Bank intends to hold till maturity, are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments.

For the purpose of disclosure in the financial statements, the investments are classified under six groups (hereinafter called "groups"):

a) Government Securities;

b) Other Approved Securities;

c) Shares;

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies (Contd.)

d) Debentures and Bonds;

e) Subsidiaries/Joint Ventures; and

f) Other Investments.

All investments purchase and sale including equity shares are recorded under "Settlement Date" Accounting.

(ii) Acquisition cost

The cost of investments is determined on weighted average basis. Broken period interest on debt instruments and government securities are considered as a revenue item. The transaction costs including brokerage, commission, transaction/settlement charges etc. paid at the time of acquisition of investments are recognised in Profit and Loss Account.

(iii) Transfer between categories

Transfer of investments between categories, if any are considered in accordance with the extant RBI guidelines as follows:

a) Transfer from AFS /HFT to HTM is made at the lower of book value or market value at the time of transfer;

b) Transfer from HTM to AFS/HFT is made at acquisition price/book value if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium;

c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

(iv) Valuation

Investments classified under HTM need not be marked to market and are carried at acquisition cost, unless it is more than face value, in which case the premium is amortised over the period remaining maturity by applying constant price method (Straight Line Method). Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines.

Bank recognises any diminution, other than temporary, in the value of their investment under HTM category for each investment individually.

Investments classified as AFS and HFT are marked to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise, and any depreciation/appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded/quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Financial Benchmark India Pvt. Ltd ('FBIL') jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), yields/mark-up rates (reflecting associate credit risk) published by the FIMMDA is used. The market value of unquoted government

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies (Contd.)

securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is valued as per rates published by FBIL/FIMMDA.

Security receipts are valued as per the net asset value provided by the issuing Asset Reconstruction Company from time to time.

In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e., not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA)/Financial Benchmark India Pvt. Ltd ('FBIL') and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity published by FIMMDA is adopted for this purpose.

Equity shares for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering 'revaluation reserves', if any) which is ascertained from the company's latest balance sheet (which should not be more than 18 months prior to the date of valuation). In case the latest balance sheet is not available the shares are valued at ₹ 1 per company, as per relevant RBI guidelines.

Investment in mutual fund units are valued at latest available re-purchase price or Net Asset Value (where re-purchase price is not available) as declared by the mutual fund is respect of each particular scheme.

In case of funds with a lock-in period, where repurchase price/market quote is not available, Units could be valued at Net Asset Value (NAV). If NAV is not available, then these could be valued at cost, till the end of the locking period. Wherever the re-purchase price is not available, the Units is valued at the NAV of the respective scheme.

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the aforesaid six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions. The book value of individual securities is not changed after the valuation of investments.

Non-performing investments are identified and depreciation/provision are made thereon based on the RBI guidelines. The depreciation/provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

(v) Disposal of investments

Profit/Loss on sale of investments under AFS and HFT categories are recognised in the Profit and Loss Account. Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account as per RBI guidelines. Loss on sale from HTM is recognised in the Profit and Loss account.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies (Contd.)

(vi) Investment Fluctuation Reserve

As per the RBI circular RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, to build up adequate reserves to protect against increase in yields in future, the Bank has created an Investment Fluctuation Reserve (IFR) to the extent of the lower of following:

a) net profit on sale of investments during the year;

b) net profit for the year less mandatory appropriations.

As per the RBI circular, this reserve will be created until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

(vii) Repo and reverse repo transactions

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including liquidity adjustment facility (with RBI) accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them are held under the investments of the Bank and the Bank is accruing the coupon/discount on such securities during the repo period.

Also, the Bank value the securities sold under repo transactions as per the investment classification of the securities. The difference between the clean price of the first leg and clean price of the second leg is recognised as interest income/expense over the period of the transaction in the Profit and Loss Account.

E. Transactions involving foreign exchange

Initial recognition

Transactions in foreign currencies entered into by the Bank are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date

Foreign currency monetary items, if any, of the Bank, outstanding at the balance sheet date are restated at the rates prevailing at the year-end as notified by Foreign Exchange Dealers Association of India('FEDAI'). Non-monetary items of the Bank are carried at historical cost.

Contingent liabilities on account of foreign exchange contracts, currency future contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

Treatment of Exchange differences

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Bank are recognised as income or expense in the Profit and Loss Account.

Foreign exchange and derivative contracts

Derivative transactions comprise foreign exchange contracts, forward rate agreements, swaps and option contracts. The Bank undertakes derivative transactions for market making/trading and Bank book transactions on-balance sheet assets and liabilities. All market making/trading transactions are marked to market on daily basis and the resultant unrealised gains/losses are recognised in the profit and loss account.

Derivatives are classified as assets when the fair value is positive (positive marked to market) or as liabilities when the fair value is negative (negative marked to market).

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies (Contd.)

Notional amounts of derivative transactions comprising of swaps, futures and options are disclosed as off-Balance Sheet exposures.

Premium/discount on Bank book transactions is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Outstanding forward exchange contracts (including funding swaps which are not revalued) are revalued daily basis on Present Value basis by discounting the forward value till present date.

Pursuant to RBI guidelines, any overdue receivables representing positive mark-to-market value under derivative contracts which remain unpaid for a period of 90 days or more from the specified due date for payment is a Non-Performing Asset. The mark-to-market unrealised gains on all derivative contracts already taken in the profit and loss account with the same counterparties are reversed.

F. Employee Benefits

Employee benefits include Provident Fund, National Pension Scheme, Gratuity and Compensated Absences.

Defined contribution plan:

Provident Fund

The Bank's contributions to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made when the services are rendered by the employees.

National Pension Scheme (NPS)

In respect of employees who opt for contribution to the NPS, the Bank contributes certain percentage of the basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

Defined Benefits Plan

Gratuity

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Profit and Loss Account in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested while otherwise, it is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Compensated absences - Long term Employee benefits

The Bank accrues the liability for compensated absences based on actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date. Actuarial gains/losses are recognised in the Profit and Loss Account in the year in which they arise.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies (Contd.)

Other Employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive.

Share based payments

The Employee Stock Option Schemes (ESOSs) of the Bank are in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Schemes provide for grant of options on equity shares to employees of the Bank to acquire the equity shares of the Bank that vest in a cliff vesting or in a graded manner and that are to be exercised within a specified period.

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic value method. The intrinsic value being the excess, if any, of the fair market price of the share under ESOSs over the exercise price of the option is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account. The deferred employee compensation cost is amortised on a straight-line basis over the vesting period of the option. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that are outstanding. The fair market price is the latest available closing price preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

In accordance with the RBI circular RBI/2021-22/95 DOR.GOV.REC.44/29.67.001/2021-22 "Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff – Clarification" dated August 30, 2021, Share-linked instruments granted to Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff after the accounting period ending March 31, 2021, is fair valued on the date of grant using Black-Scholes model.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding accounts is transferred to Profit & Loss Account.

G. Revenue recognition

i) Interest Income is recognised on a time proportion accrual basis taking into account the amount outstanding and the interest rate implicit in the underlying agreements. Income or any other charges on non-performing assets or on assets taken in custody for recovery of loan through disposal of such assets during the period are recognised only when realised as per the IRAC norms of RBI. Any such income recognised and remaining unrealised, before the asset became non-performing or before disposal of assets in custody of the company, is reversed. Overdue interest is recognised on realisation basis. Overdue interest is treated to accrue on realisation, due to the uncertainty of their realisation other than on running accounts where it is recognised when due.

ii) in case of CCOD and Credit card, Service charges, fees and commission income are recognised when due . Commission income on guarantee and letter of credit is recognised over the period of contract.

iii) Income on discounted instruments are recognised over the tenure of the instrument on a constant yield basis.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies (Contd.)

iv) Loan origination income i.e. processing fee and other charges are collected upfront and recognised at the inception of the loan.

v) All other charges such as EMI bounce charges, Cheque return charges, Legal charges, Seizing charges, etc. are recognised on realisation basis. These charges are treated to accrue on realisation, due to the uncertainty of their realisation.

vi) Dividend income is recognised on an accrual basis when the right to receive the dividend is established.

vii) Interest income on deposits with banks and other financial institutions are recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

viii) Interest income on investments is recognised on accrual basis.

ix) Gains arising on securitisation of assets is recognised over the tenure of securities issued by SPV as per guidelines on securitisation of standard assets issued by RBI. Income from excess interest spread is accounted for net of losses when redeemed in cash. Expenditure in respect of securitisation (except bank guarantee fees for credit enhancement) is recognised upfront. Bank guarantee fees for credit enhancement is amortised over the tenure of the agreements. Income arising on direct assignment is recognised over the tenure of agreement on accrual basis.

x) Amounts recovered against debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the Profit and Loss Account.

xi) Fees received on sale of Priority Sector Lending Certificates is recognised on proportionate basis during the financial year and considered as Miscellaneous Income, in accordance with the guidelines issued by the RBI and amortised on quarterly basis.

H. Reward Points

The Bank estimates the probable redemption of reward points and cost per point using an actuarial method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends etc.

I. Accounting for leases

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term is classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period in accordance with the AS 19, Leases.

J. Taxation

Tax expenses comprises of current income tax and deferred tax.

Income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in Profit and Loss Account.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies (Contd.)

Deferred taxes

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Profit and Loss Account.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Bank writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

K. Accounting for provisions, contingent liabilities and contingent assets

A provision is recognised when the Bank has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provisions for liabilities on the outstanding reward points on credit card are made based on an independent actuarial valuation as at the Balance Sheet date and included in other liabilities and provisions.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises where there is a liability that cannot be recognised because it cannot be measured reliably. The Bank does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

L. Earnings Per Share (EPS)

Basic and diluted earnings per share is computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the period.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies (Contd.)

For the purpose of calculating diluted earnings per share, the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

M. Cash and Cash Equivalents

Cash and Cash equivalents include cash in hand, foreign currency notes, rupee digital currency, balances with RBI, balances with other banks and institutions, money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

N. Fixed Assets

(i) Property, Plant and Equipment (PPE) and software

Property, Plant and Equipment and software are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

Gains or losses arising from derecognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Profit and Loss Account when the asset is derecognised.

(ii) Depreciation on Property, Plant and Equipment (PPE) and software:

Leasehold land is amortised on a straight-line basis over the period of lease.

Depreciation on Property, Plant, Equipment and software is charged on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management as given below. The useful lives have been estimated by the management based on technical advice obtained. Determination of useful life of an asset is a matter of judgement and based on various factors such as type and make of an item, its place and pattern of usage, nature of technology, obsolescence factors, availability of spares, etc. and makes a significant impact on the useful life of an asset.

Particulars	Useful Life (years)
Premises owned by the Bank	60
Furniture and Fixtures	10
Vehicles	8
Software	4-7
Computers, Printers, servers and other office equipment	3-6
ATMs	10
Safe, Locker and locker gate	15

Addition to lease hold premises are charged off over the remaining period of lease subject to maximum of 10 years.

Items individually costing up to ₹ 5,000 /- are fully depreciated in the year of installation/purchase. as the management estimates the useful life of such assets as one year.

Depreciation on assets acquired/sold during the period is recognised on a pro-rata basis to the Profit and Loss Account from/upto the date of acquisition/sale.

Profit on sale of immovable property net of taxes and transfer to statutory reserve, are transferred to capital reserve account.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies (Contd.)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

(iii) Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(iv) Capital work-in-progress/Software under development

Costs incurred towards acquisition of assets, including expenses incurred prior to those assets being put to use and directly attributable to bringing them to their working condition are included under "Capital Work in Progress". Capital Work in Progress including Software under development are stated at the amount incurred up to the date of Balance Sheet.

O. Segment Reporting

Part A: Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and accordance with guidelines issued by RBI vide DBOD.No.BP. BC.81/21.01.018/2006-07 dated April 18, 2007 and in compliance with the Accounting Standard 17 – "Segment Reporting". The Bank operates in the following segments:

(a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending and gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts.

(b) Retail banking

The retail banking segment serves retail customers through a branch network and other delivery channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are derived from interest earned on retail loans, fees from services rendered and income from credit card operation etc. expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 17: Basis of preparation and significant accounting policies (Contd.)

(c) Wholesale banking

The wholesale banking segment provides loans and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers etc. The principal expenses of the segment consist of interest expense on funds borrowed from external sources, interest on deposits, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(d) Other banking business

This segment includes income from para banking activities such as third party product distribution and the associated costs.

(e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from customers. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Segment capital employed represents the net assets in that segment.

Part B: Geographic segments

The Bank operates in a single geographic segment i.e. domestic.

P. Share Issue Expenses

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013.

Q. Accounting for Proposed Dividend

Dividend proposed/declared after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is approved by the shareholders as per revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March 2016.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024

Amounts in notes forming part of the financial statements for the year ended March 31, 2024 are denominated in rupee crore to conform to extant RBI guidelines.

A. Disclosures as Laid Down by RBI Circulars

1 Regulatory Capital

a) Composition of Regulatory Capital

The Capital adequacy ratio ("CAR") has been computed as per operating guideline for Small Finance Bank in accordance with RBI Circular No. RBI/2016-17/81DBR. NBD.No.26/16.13.218/2016-17 dated October 6, 2016.

The Bank has followed Basel II standardised approach for credit risk in accordance with the Operating Guideline issued by the Reserve Bank of India for Small Finance banks. Further, the RBI vide its circular No. DBR.NBD.No. 4502/16.13.218/2017-18 dated November 8, 2017 has provided an exemption to all small Finance banks whereby no separate capital charge is prescribed for market risk and operational risk.

The total Capital Adequacy ratio of the Bank as at March 31, 2024 is 20.06% (previous year: 23.59%) against the regulatory requirement of 15.00% as prescribed by RBI.

No Capital Conservation Buffer and Counter - Cyclical Capital Buffer is applicable on Small Finance Bank (SFB) as per operating guidelines issued on SFB by RBI.

The following table set forth, for the year indicated, computation of Capital adequacy:

(₹ in Crore)

Sr. No.	Particulars	March 31, 2024	March 31, 2023
(i)	Common Equity Tier 1 capital (net of deductions, if any)	11,972.37	10,568.91
(ii)	Additional Tier 1 capital	-	-
(iii)	Tier 1 capital (i + ii)	11,972.37	10,568.91
(iv)	Tier 2 capital	800.80	878.62
(v)	Total capital (Tier 1+Tier 2)	12,773.17	11,447.53
(vi)	Total Risk Weighted Assets (RWAs)	63,684.83	48,519.30
(vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	18.80%	21.78%
(viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	18.80%	21.78%
(ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	1.26%	1.81%
(x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	20.06%	23.59%
(xi)	Leverage Ratio	10.28%	11.10%
(xii)	Percentage of the shareholding of Government of India	0.00%	-
(xiii)	Amount of paid-up equity capital raised during the year*	2.42	36.75
(xiv)	Amount of non-equity Tier 1 capital raised during the year, of which:		
	a) Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
	b) Perpetual Debt Instruments (PDI)	-	-
(xv)	Amount of Tier 2 capital raised during the year, of which		
	a) Debt capital instruments	-	500.00
	b) Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
	c) Perpetual Debt Instruments (PDI)	-	-

**During the year ended March 31, 2024, the Bank allotted 24,17,396 equity shares (previous year: 22,69,033 equity shares) aggregating to paid up share capital of ₹ 2.42 Crore (previous year: ₹ 2.27 Crore). Further the reserves of the Bank have increased by ₹ 81.42 Crore (previous year: ₹ 67.10 Crore) in respect of stock options exercised.*

During the year ended March 31, 2023, the Bank has issued equity shares 3,44,82,758 equity shares of a face value ₹ 10 each at a price of ₹ 580 per equity share including a premium of ₹ 570 per equity share aggregating to ₹ 2,000 Crore pursuant to Qualified Institutional Placement.

b) Draw down from reserves

There has been no draw down from reserves during the year ended March 31, 2024 and March 31, 2023 other than those disclosed under Schedule 2.

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

2 Asset Liability Management

a) Maturity pattern of certain items of assets and liabilities

As at March 31, 2024

(₹ in Crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	1,417.20	4,958.58	1,123.40	3,087.18	3,582.73	2,430.86	8,057.65	18,535.48	43,036.57	679.90	272.57	87,182.12
Advances	20.26	239.42	759.18	653.63	1,859.70	2,018.48	4,414.14	8,391.75	32,610.67	11,407.33	10,788.09	73,162.65
Investments	7,714.16	1,100.88	224.99	959.61	1,598.45	1,048.72	2,138.48	4,412.11	7,406.12	317.07	212.78	27,133.37
Borrowings	0.01	-	37.29	38.00	360.19	156.34	493.54	1,015.86	2,386.02	271.88	720.24	5,479.37
Foreign Currency assets	0.82	-	-	-	-	-	-	-	-	-	-	0.82
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

As at March 31, 2023

(₹ in Crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	1,649.11	2,528.22	1,178.90	1,593.31	3,121.44	2,196.98	5,250.01	12,253.60	38,002.26	1,351.63	239.53	69,364.99
Advances	8.71	269.90	633.59	650.95	1,435.43	1,687.39	3,617.38	7,132.74	24,231.70	9,010.26	9,743.48	58,421.54
Investments	5,943.43	275.86	342.42	1,018.80	1,040.62	695.28	2,308.18	2,003.91	5,940.18	256.11	247.22	20,072.01
Borrowings	0.22	-	60.65	109.50	153.80	184.70	621.23	1,391.67	2,595.66	317.53	863.69	6,298.65
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Classification of non-maturing assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

b) Liquidity Coverage Ratio (LCR)

i) Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2024:

(₹ in Crore)

Particulars		Quarter ended March 31, 2024		Quarter ended December 31, 2023		Quarter ended September 30, 2023		Quarter ended June 30, 2023	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		20,311.29		18,753.42		16,742.22		17,614.01
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	1,792.89	89.64	8,543.87	427.19	7,929.63	396.48	7,397.85	369.89
(ii)	Less stable deposits	45,691.50	4,569.15	36,078.94	3,607.89	34,634.16	3,463.42	33,776.60	3,377.66
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non operational deposits (all counterparties)	17,654.08	11,957.08	15,856.59	10,512.10	13,996.91	9,110.82	14,298.92	8,688.32
(iii)	Unsecured debt	190.65	190.65	167.46	167.46	179.44	179.44	169.95	169.95
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which:								
(i)	Outflows related to derivative exposures and other collateral requirements	1.34	1.34	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	1,957.60	1,957.60	1,817.17	1,817.17	1,554.48	1,554.48	1,490.66	1,490.66
7	Other contingent funding obligations	24,152.73	1,132.26	20,408.82	954.53	18,200.54	843.06	15,952.49	734.93
8	**Total Cash Outflows**		**19,897.72**		**17,486.34**		**15,547.70**		**14,831.41**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	137.51	-	113.76	-	66.27	-	359.99	-
10	Inflows from fully performing exposures	2,548.19	2,000.27	2,236.20	1,696.41	2,099.08	1,631.24	2,147.56	1,659.44
11	Other cash inflows	1,184.03	592.02	1,113.43	556.72	1,016.61	508.31	940.96	470.48
12	**Total Cash Inflows**		**2,592.29**		**2,253.13**		**2,139.55**		**2,129.92**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	Total HQLA		20,311.29		18,753.42		16,742.22		17,614.01
14	Total Net Cash Outflows		17,305.43		15,233.21		13,408.15		12,701.49
15	Liquidity Coverage Ratio (%)		117.37%		123.11%		124.87%		138.68%

** The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.*

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

b) Liquidity Coverage Ratio (LCR)

i) Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2023:

(₹ in Crore)

Particulars		Quarter ended March 31, 2023		Quarter ended December 31, 2022		Quarter ended September 30, 2022		Quarter ended June 30, 2022	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		15,352.68		13,862.80		13,674.19		13,850.18
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	7,038.24	351.91	6,601.38	330.07	6,077.14	303.86	5,418.67	270.93
(ii)	Less stable deposits	32,084.46	3,208.45	29,137.21	2,913.72	26,983.55	2,698.36	23,590.18	2,359.02
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non operational deposits (all counterparties)	12,176.69	7,938.02	12,188.06	7,721.39	12,367.45	7,497.10	12,997.63	7,908.19
(iii)	Unsecured debt	172.24	172.24	131.75	131.75	235.72	235.72	178.87	178.87
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which:								
(i)	Outflows related to derivative exposures and other collateral requirements								
(ii)	Outflows related to loss of funding on debt products								
(iii)	Credit and liquidity facilities								
6	Other contractual funding obligations	1,336.46	1,336.46	1,139.54	1,139.54	1,066.98	1,066.98	1,091.57	1,091.57
7	Other contingent funding obligations	12,875.32	588.52	10,697.86	488.86	9,566.77	433.68	7,898.73	355.89
8	**Total Cash Outflows**		**13,595.59**		**12,725.33**		**12,235.69**		**12,164.48**
	Cash Inflows								
9	Secured lending (e.g. reverse repos)	37.10	-	10.32	-	82.39	-	1,353.35	-
10	Inflows from fully performing exposures	1,563.57	1,113.85	1,487.59	1,044.09	1,678.42	1,271.39	1,485.24	1,052.85
11	Other cash inflows	882.09	441.05	814.53	407.26	704.99	352.49	695.05	347.53
12	**Total Cash Inflows**		**1,554.89**		**1,451.35**		**1,623.89**		**1,400.38**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	Total HQLA		15,352.68		13,862.80		13,674.19		13,850.18
14	Total Net Cash Outflows		12,040.70		11,273.97		10,611.80		10,764.10
15	Liquidity Coverage Ratio (%)		127.51%		122.96%		128.86%		128.67%

** The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.*

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

ii) Qualitative disclosure on Liquidity Coverage Ratio (LCR):

To assess Bank's resilience in liquidity stress scenario of 30 days with its high-quality liquid assets, Banks is computing Liquidity Coverage Ratio (LCR) as per RBI - Basel III Framework on Liquidity Standards. High Ratio signifies Bank has enough liquid assets which it can use to fulfil its liquidity obligations in acute stress scenario. Ratio to compute as below:

$$\text{LCR} = \frac{\text{Stock of High Quality Liquid Assets (HQLA)}}{\text{Net Cash Outflows over a 30 days period}}$$

Stock of High Quality Liquid Asset is total funds liquid assets could generate in stress scenario. Net Cash outflows is the difference as derived by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

The Minimum LCR Requirement for Small Finance Banks (as per operating guidelines for Small Finance Banks RBI/2016-17/81 DBR.NBD.No.26/16.13.218/2016-17 dated Oct 06, 2016 & RBI circular RBI/2019-20/217 DOR.BP.BC.No.65/21.04.098/2019-20 dated Apr 17,2020) is 100%

The Bank has consistently maintained the LCR percentage well above the regulatory threshold limit. The average LCR for the quarter ended March 31, 2024 was 117% which is above the regulatory limit of 100%. For the quarter ended March 31, 2024 average HQLA stood at ₹ 20,311 Crores.

Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management, Treasury is entrusted with the responsibility of liquidity management within the Bank under the guidance of the ALCO. ALM Risk unit independently measures, monitors & report Liquidity Risk as per regulatory & internal guidelines.

In computing the above information, certain estimates and assumptions have been made by the Bank's Management which have been relied upon by the auditors.

c) Net Stable Funding Ratio (NSFR)

i) Quantitative disclosure on Net Stable Funding Ratio (NSFR) as on March 31, 2024:

(₹ in Crore)

Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	12,485.26	-	-	1,000.00	13,485.26
2	Regulatory capital	12,305.65	-	-	-	12,305.65
3	Other capital instruments	179.62	-	-	1,000.00	1,179.62
4	Retail deposits and deposits from small business customers: (5+6)	24,894.32	6,090.91	7,296.50	13,540.29	46,741.61
5	Stable deposits	899.61	135.24	127.32	222.78	1,315.70
6	Less stable deposits	23,994.71	5,955.67	7,169.18	13,317.51	45,425.90
7	Wholesale funding: (8+9)	4,231.97	14,985.06	12,369.62	8,252.82	14,857.60
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	4,231.97	14,985.06	12,369.62	8,252.82	14,857.60

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
10	Other liabilities: (11+12)	4,278.92	-	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	4,278.92	-	-	-	-
13	**Total ASF (1+4+7+10)**					**75,084.47**
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					1,080.38
15	Deposits held at other financial institutions for operational purposes	96.13	-	-	-	48.06
16	Performing loans and securities: (17+18+19+21+23)	-	12,548.00	8,496.22	59,425.74	58,575.17
17	Performing loans to financial institutions secured by Level 1 HQLA	-	1,641.00	-	-	134.10
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	891.28	888.03	1,795.76	2,373.47
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	6,957.91	5,879.51	51,941.18	50,643.53
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	121.78	56.10	80.72	141.41
21	Performing residential mortgages, of which:	-	55.49	59.53	4,594.17	3,207.41
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	48.50	52.12	3,775.73	2,504.53
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	3,002.33	1,669.14	1,094.62	2,216.66
24	Other assets: (sum of rows 25 to 29)	7,143.04	-	-	400.99	3,197.19
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	58.92	-	-	-	50.08
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	7,084.12	-	-	400.99	3,147.11
30	Off-balance sheet items			27,766.86		1,305.17
31	**Total RSF**					**64,205.97**
32	Net Stable Funding Ratio (%)					116.94%

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

i) Quantitative disclosure on Net Stable Funding Ratio (NSFR) as on December 31, 2023:

(₹ in Crore)

	Particulars	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	12,167.33	-	-	1,000.00	13,167.33
2	Regulatory capital	11,664.76	-	-	-	11,664.76
3	Other capital instruments	502.57	-	-	1,000.00	1,502.57
4	Retail deposits and deposits from small business customers: (5+6)	23,258.61	5,262.75	7,252.31	13,445.00	44,787.43
5	Stable deposits	8,659.89	122.11	112.70	211.72	8,651.09
6	Less stable deposits	14,598.72	5,140.64	7,139.61	13,233.28	36,136.34
7	Wholesale funding: (8+9)	3,187.76	15,227.41	9,950.02	6,950.26	14,001.55
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	3,187.76	15,227.41	9,950.02	6,950.26	14,001.55
10	Other liabilities: (11+12)	3,474.27	-	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	3,474.27	-	-	-	-
13	**Total ASF (1+4+7+10)**					**71,956.31**
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					1,009.39
15	Deposits held at other financial institutions for operational purposes	176.05				88.03
16	Performing loans and securities: (17+18+19+21+23)		12,994.18	7,323.36	53,785.65	53,212.78
17	Performing loans to financial institutions secured by Level 1 HQLA	-	859.73	-	-	58.17
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	945.41	647.74	1,535.72	2,001.40
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	6,632.20	5,575.30	46,978.22	46,113.65
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	140.90	83.72	111.01	184.46
21	Performing residential mortgages, of which:	-	49.03	52.65	4,153.78	2,888.00
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	43.44	46.74	3,467.76	2,299.13
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	4,507.80	1,047.67	1,117.93	2,151.56
24	Other assets: (sum of rows 25 to 29)	6,451.15	-	-	456.16	3,066.16
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	54.51	-	-	-	46.34
27	NSFR derivative assets	-	-	-	-	-

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

	Particulars	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	6,396.64	-	-	456.16	3,019.82
30	Off-balance sheet items		22,805.89			1,069.89
31	**Total RSF**					**58,446.25**
32	Net Stable Funding Ratio (%)					123.12%

i) Quantitative disclosure on Net Stable Funding Ratio (NSFR) as on September 30, 2023:

(₹ in Crore)

	Particulars	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	11,762.68	-	-	1,000.00	12,762.68
2	Regulatory capital	11,644.34	-	-	-	11,644.34
3	Other capital instruments	118.35	-	-	1,000.00	1,118.35
4	Retail deposits and deposits from small business customers: (5+6)	21,321.82	4,555.66	5,841.16	14,075.69	41,672.38
5	Stable deposits	8,032.22	115.82	101.22	214.13	8,040.23
6	Less stable deposits	13,289.60	4,439.84	5,739.93	13,861.56	33,632.15
7	Wholesale funding: (8+9)	4,344.59	15,316.04	8,735.48	5,896.59	11,862.60
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	4,344.59	15,316.04	8,735.48	5,896.59	11,862.60
10	Other liabilities: (11+12)	3,127.71	-	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	3,127.71	-	-	-	-
13	**Total ASF (1+4+7+10)**					**66,297.66**
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					903.04
15	Deposits held at other financial institutions for operational purposes	164.73	-	-	-	82.36
16	Performing loans and securities: (17+18+19+21+23)	-	12,177.64	7,725.72	51,358.11	51,012.81
17	Performing loans to financial institutions secured by Level 1 HQLA	-	2,123.74	-	-	169.87
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	1,110.51	664.19	1,645.93	2,144.60
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	6,144.75	5,467.91	44,872.97	44,029.64

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	171.97	134.92	167.35	262.22
21	Performing residential mortgages, of which:	-	46.13	49.37	4,029.88	2,794.45
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	41.11	44.06	3,393.49	2,248.36
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	2,752.52	1,544.25	809.33	1,874.25
24	Other assets: (sum of rows 25 to 29)	6,105.81	-	-	384.72	2,761.01
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	56.93	-	-	-	48.39
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	6,048.89	-	-	384.72	2,712.62
30	Off-balance sheet items		19,826.07			925.19
31	**Total RSF**					**55,684.41**
32	Net Stable Funding Ratio (%)					119.06%

i) Quantitative disclosure on Net Stable Funding Ratio (NSFR) as on June 30, 2023:

(₹ in Crore)

Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	11,312.00	-	-	1,000.00	12,312.00
2	Regulatory capital	10,801.33	-	-	-	10,801.33
3	Other capital instruments	510.67	-	-	1,000.00	1,510.67
4	Retail deposits and deposits from small business customers: (5+6)	20,591.52	3,905.00	5,018.05	14,091.93	39,669.38
5	Stable deposits	7,627.90	44.05	36.30	75.38	7,394.45
6	Less stable deposits	12,963.62	3,860.95	4,981.74	14,016.54	32,274.92
7	Wholesale funding: (8+9)	3,694.55	13,355.36	9,862.98	5,432.78	11,980.47
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	3,694.55	13,355.36	9,862.98	5,432.78	11,980.47
10	Other liabilities: (11+12)	3,318.61	-	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	3,318.61	-	-	-	-
13	**Total ASF (1+4+7+10)**					**63,961.85**

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					751.36
15	Deposits held at other financial institutions for operational purposes	195.88	-	-	-	97.94
16	Performing loans and securities: (17+18+19+21+23)	-	12,550.78	6,488.41	51,183.60	50,033.39
17	Performing loans to financial institutions secured by Level 1 HQLA	-	480.00	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	1,225.06	489.99	1,113.63	1,542.38
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	5,837.99	4,975.57	45,713.77	44,334.97
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	232.63	209.91	293.63	412.13
21	Performing residential mortgages, of which:	-	40.93	44.02	3,753.24	2,595.22
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	36.72	39.51	3,187.58	2,110.05
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	4,966.80	978.84	602.96	1,560.81
24	Other assets: (sum of rows 25 to 29)	5,748.81	-	-	388.15	2,589.80
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	54.33	-	-	-	46.18
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	5,694.49	-	-	388.15	2,543.62
30	Off-balance sheet items		17,365.81			802.57
31	**Total RSF**					**54,275.05**
32	Net Stable Funding Ratio (%)					117.85%

i) Quantitative disclosure on Net Stable Funding Ratio (NSFR) as on March 31, 2023:

(₹ in Crore)

Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	10,910.67	-	-	1,000.00	11,910.67
2	Regulatory capital	10,792.32	-	-	-	10,792.32
3	Other capital instruments	118.35	-	-	1,000.00	1,118.35
4	Retail deposits and deposits from small business customers: (5+6)	19,911.50	4,460.87	4,344.78	12,057.64	37,105.45

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
5	Stable deposits	7,261.73	43.82	37.34	69.31	7,041.58
6	Less stable deposits	12,649.77	4,417.05	4,307.44	11,988.33	30,063.86
7	Wholesale funding: (8+9)	6,748.48	10,888.34	9,331.94	6,920.10	14,577.21
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	6,748.48	10,888.34	9,331.94	6,920.10	14,577.21
10	Other liabilities: (11+12)	3,641.81	-	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	3,641.81	-	-	-	-
13	**Total ASF (1+4+7+10)**					**63,593.32**
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					805.19
15	Deposits held at other financial institutions for operational purposes	184.51	-	-	-	92.25
16	Performing loans and securities: (17+18+19+21+23)	-	14,311.07	5,613.06	47,821.46	46,362.16
17	Performing loans to financial institutions secured by Level 1 HQLA	-	5,369.00	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	754.50	482.82	1,327.89	1,682.48
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	5,354.51	4,641.23	42,390.62	41,099.92
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	230.42	239.20	405.55	498.42
21	Performing residential mortgages, of which:	-	35.75	38.72	3,433.91	2,365.03
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	32.36	35.07	2,955.14	1,954.56
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	2,797.30	450.29	669.04	1,214.73
24	Other assets: (sum of rows 25 to 29)	5,896.07	-	-	286.16	2,626.93
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	54.73	-	-	-	46.52
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	5,841.35	-	-	286.16	2,580.41
30	Off-balance sheet items		15,517.08			714.20
31	**Total RSF**					**50,600.73**
32	Net Stable Funding Ratio (%)					125.68%

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

i) Quantitative disclosure on Net Stable Funding Ratio (NSFR) as on December 31, 2022:

(₹ in Crore)

Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	10,540.44	-	-	1,000.00	11,540.44
2	Regulatory capital	9,420.71	-	-	-	9,420.71
3	Other capital instruments	1,119.74	-	-	1,000.00	2,119.74
4	Retail deposits and deposits from small business customers: (5+6)	20,126.79	4,747.22	3,732.31	10,133.26	35,249.80
5	Stable deposits	6,865.01	43.67	35.75	60.32	6,654.52
6	Less stable deposits	13,261.77	4,703.55	3,696.56	10,072.94	28,595.28
7	Wholesale funding: (8+9)	3,344.48	11,914.75	6,832.94	5,460.11	10,678.08
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	3,344.48	11,914.75	6,832.94	5,460.11	10,678.08
10	Other liabilities: (11+12)	2,871.05	-	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	2,871.05	-	-	-	-
13	**Total ASF (1+4+7+10)**					**57,468.32**
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					737.80
15	Deposits held at other financial institutions for operational purposes	187.18	-	-	-	93.59
16	Performing loans and securities: (17+18+19+21+23)	-	9,083.15	6,521.53	44,917.54	44,282.04
17	Performing loans to financial institutions secured by Level 1 HQLA	-	520.00	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	707.26	451.84	1,080.44	1,412.45
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	5,341.51	4,663.57	40,159.34	39,215.08
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	188.64	213.25	467.95	505.11
21	Performing residential mortgages, of which:	-	30.98	33.71	2,972.83	2,039.09
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	28.39	30.92	2,600.80	1,720.18
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	2,483.39	1,372.41	704.92	1,615.41
24	Other assets: (sum of rows 25 to 29)	5,010.83	-	-	325.56	2,376.82
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	54.78	-	-	-	46.56
27	NSFR derivative assets	-	-	-	-	-

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

	Particulars	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	4,956.06	-	-	325.56	2,330.26
30	Off-balance sheet items		12,151.50			552.55
31	**Total RSF**					**48,042.79**
32	Net Stable Funding Ratio (%)					119.62%

i) Quantitative disclosure on Net Stable Funding Ratio (NSFR) as on September 30, 2022:

(₹ in Crore)

	Particulars	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	10,114.18	-	-	1,000.00	11,114.18
2	Regulatory capital	9,533.95	-	-	-	9,533.95
3	Other capital instruments	580.22	-	-	1,000.00	1,580.22
4	Retail deposits and deposits from small business customers: (5+6)	19,338.82	3,677.18	4,413.44	7,782.09	32,048.30
5	Stable deposits	6,375.37	44.56	36.95	51.39	6,183.09
6	Less stable deposits	12,963.45	3,632.62	4,376.49	7,730.70	25,865.20
7	Wholesale funding: (8+9)	5,334.58	11,921.48	6,854.33	4,702.10	10,658.86
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	5,334.58	11,921.48	6,854.33	4,702.10	10,658.86
10	Other liabilities: (11+12)	2,733.21	-	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	2,733.21	-	-	-	-
13	**Total ASF (1+4+7+10)**					**53,821.33**
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					714.03
15	Deposits held at other financial institutions for operational purposes	181.98	-	-	-	90.99
16	Performing loans and securities: (17+18+19+21+23)	-	10,191.36	6,518.62	41,757.80	41,630.03
17	Performing loans to financial institutions secured by Level 1 HQLA	-	720.00	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	509.25	395.65	749.42	1,023.63
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	5,207.82	4,472.20	37,301.91	36,638.03
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	190.46	193.46	528.46	535.46
21	Performing residential mortgages, of which:	-	30.70	33.11	2,760.28	1,904.66
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	27.75	29.95	2,367.42	1,567.68

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	3,723.58	1,617.66	946.18	2,063.71
24	Other assets: (sum of rows 25 to 29)	5,018.02	-	-	329.22	2,338.93
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	54.89	-	-	-	46.65
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	4,963.13	-	-	329.22	2,292.28
30	Off-balance sheet items		10,397.80			475.57
31	**Total RSF**					**45,249.55**
32	Net Stable Funding Ratio (%)					118.94%

i) Quantitative disclosure on Net Stable Funding Ratio (NSFR) as on June 30, 2022:

(₹ in Crore)

Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	7,788.85	-	-	500.00	8,288.85
2	Regulatory capital	7,384.11	-	-	-	7,384.11
3	Other capital instruments	404.74	-	-	500.00	904.74
4	Retail deposits and deposits from small business customers: (5+6)	17,409.02	3,078.60	4,623.01	6,958.18	29,182.14
5	Stable deposits	5,732.55	41.81	37.85	48.33	5,567.51
6	Less stable deposits	11,676.47	3,036.78	4,585.17	6,909.86	23,614.63
7	Wholesale funding: (8+9)	3,807.15	9,622.72	8,636.16	6,107.63	12,455.60
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	3,807.15	9,622.72	8,636.16	6,107.63	12,455.60
10	Other liabilities: (11+12)	2,507.54	-	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	2,507.54	-	-	-	-
13	**Total ASF (1+4+7+10)**					**49,926.59**
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					647.26
15	Deposits held at other financial institutions for operational purposes	164.11	-	-	-	82.06
16	Performing loans and securities: (17+18+19+21+23)	-	8,129.46	5,746.31	39,404.89	39,073.39
17	Performing loans to financial institutions secured by Level 1 HQLA	-	390.00	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	605.95	395.53	712.20	1,000.86
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	4,914.59	4,197.92	35,034.81	34,460.13

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	130.10	138.24	518.19	471.00
21	Performing residential mortgages, of which:	-	29.94	32.05	2,438.15	1,685.53
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	26.83	28.76	2,089.45	1,385.94
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	2,188.98	1,120.81	1,219.73	1,926.87
24	Other assets: (sum of rows 25 to 29)	4,634.45	-	-	315.83	2,192.67
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	55.15	-	-	-	46.88
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	4,579.30	-	-	315.83	2,145.79
30	Off-balance sheet items		8,751.67			393.38
31	**Total RSF**					**42,388.76**
32	Net Stable Funding Ratio (%)					117.78%

ii) Qualitative disclosure on Net Stable Funding Ratio (NSFR):

The Bank, as per the RBI guideline on NSFR dated May 17, 2018, is required to maintain the NSFR on an ongoing basis. The minimum NSFR requirement set out in the RBI guideline effective October 1, 2021, is 100%. The Basel Committee on Banking Supervision (BCBS) had introduced the Net Stable Funding Ratio (NSFR) to ensure resilience over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding. NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

The NSFR as on March 31, 2024 was at 116.94% (at 125.68% as on March 31, 2023).

In computing the above information, certain estimates and assumptions have been made by the Bank's Management which have been relied upon by the auditors.

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

3 Investments

a) Composition of Investment Portfolio

As at March 31, 2024

(₹ in Crore)

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government Securities	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	18,595.41	-	-	-	-	-	18,595.41	-	-	-	-	18,595.41
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	**18,595.41**	**-**	**-**	**-**	**-**	**-**	**18,595.41**	**-**	**-**	**-**	**-**	**18,595.41**
Available for Sale												
Gross	2,439.37	-	8.75	1,205.80	-	4,701.52	8,355.45	-	-	-	-	8,355.45
Less: Provision for depreciation and NPI	0.28	-	-	3.93	-	-	4.21	-	-	-	-	4.21
Net	**2,439.09**	**-**	**8.75**	**1,201.88**	**-**	**4,701.52**	**8,351.24**	**-**	**-**	**-**	**-**	**8,351.24**
Held for Trading												
Gross	186.94	-	-	-	-	-	186.94	-	-	-	-	186.94
Less: Provision for depreciation and NPI	0.22	-	-	-	-	-	0.22	-	-	-	-	0.22
Net	**186.72**	**-**	**-**	**-**	**-**	**-**	**186.72**	**-**	**-**	**-**	**-**	**186.72**
Total Investments	21,221.72	-	8.75	1,205.80	-	4,701.52	27,137.79	-	-	-	-	27,137.79
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	0.50	-	-	3.93	-	-	4.43	-	-	-	-	4.43
Net	**21,221.21**	**-**	**8.75**	**1,201.88**	**-**	**4,701.52**	**27,133.37**	**-**	**-**	**-**	**-**	**27,133.37**

Other investments includes Certificate of Deposits (CD), Commercial Paper (CP) and Pass Through Certificates (PTC).

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

As at March 31, 2023

(₹ in Crore)

	Investments in India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government Securities	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity												
Gross	14,174.81	-	-	-	-	-	14,174.81	-	-	-	-	14,174.81
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	**14,174.81**	**-**	**-**	**-**	**-**	**-**	**14,174.81**	**-**	**-**	**-**	**-**	**14,174.81**
Available for Sale												
Gross	1,970.50	-	8.81	1,404.79	-	2,523.08	5,907.18	-	-	-	-	5,907.18
Less: Provision for depreciation and NPI	-	-	-	20.05	-	-	20.05	-	-	-	-	20.05
Net	**1,970.50**	**-**	**8.81**	**1,384.74**	**-**	**2,523.08**	**5,887.13**	**-**	**-**	**-**	**-**	**5,887.13**
Held for Trading												
Gross	10.07	-	-	-	-	-	10.07	-	-	-	-	10.07
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	**10.07**	**-**	**-**	**-**	**-**	**-**	**10.07**	**-**	**-**	**-**	**-**	**10.07**
Total Investments	**16,155.38**	**-**	**8.81**	**1,404.79**	**-**	**2,523.08**	**20,092.06**	**-**	**-**	**-**	**-**	**20,092.06**
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	20.05	-	-	20.05	-	-	-	-	20.05
Net	**16,155.38**	**-**	**8.81**	**1,384.74**	**-**	**2,523.08**	**20,072.01**	**-**	**-**	**-**	**-**	**20,072.01**

Other investments includes Certificate of Deposits (CD), Commercial Paper (CP) and Pass Through Certificates (PTC).

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
(i) Movement of provisions held towards depreciation on investments		
(i) Opening balance	20.05	1.57
(ii) Add: Provisions made during the year	30.05	104.98
(iii) Less: Write off/write back of excess provisions during the year	45.67	86.50
(iv) Closing balance	4.43	20.05
(ii) Movement of Investment Fluctuation Reserve		
(i) Opening balance	118.35	101.15
(ii) Add: Amount transferred during the year	52.50	17.20
(iii) Less: Drawdown	-	-
(iv) Closing balance	170.85	118.35
(iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	2.00%	2.01%

c) Sale and Transfers to/from HTM Category

During the year ended March 31, 2024 and the previous year ended March 31, 2023 the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS/HFT consequent to the reduction of ceiling on SLR securities under HTM, Repurchase of Government Securities by Government of India from banks under buyback/switch operations, Repurchase of State Development Loans by respective state governments under buyback/switch operations and Additional shifting of securities explicitly permitted by the Reserve Bank of India as the case may be.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

d) Non-SLR investment portfolio

i) Non-performing non-SLR investments

The Bank does not have any Non performing Non-SLR investment as on March 31, 2024 and March 31, 2023.

ii) Issuer composition of non-SLR investments

Issuer-wise composition of non-SLR investments as at March 31, 2024:

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities**
1	2	3	4	5	6	7
(i)	Public sector undertakings	271.01	96.55	-	-	-
(ii)	Financial institutions$	2,699.95	1,943.29	-	-	-
(iii)	Banks	2,286.00	1,612.37	-	-	-
(iv)	Private corporates	149.51	100.00	-	-	-
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others#	509.61	509.61	-	-	-
(vii)	Provision held towards depreciation	3.93	-	-	-	-
	Total	**5,912.15**	**4,261.82**	**-**	**-**	**-**

Amounts reported under column 4, 5, 6 and 7 above are not mutually exclusive.

**Excludes investments in equity shares in line with extant RBI guidelines.*

***Excludes investments in equity shares, Pass Through Certificates (PTC), Certificate of Deposit (CD), Security Receipts (SR) and Commercial Paper (CP) in line with extant RBI guidelines.*

$NBFC is included in Financial Institutions.

#Others includes PTC, Security Receipts (Net) and Equity Investment.

Issuer-wise composition of non-SLR investments as at March 31, 2023:

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities**
1	2	3	4	5	6	7
(i)	Public sector undertakings	152.72	-	-	-	-
(ii)	Financial institutions$	2,273.11	1,139.13	-	-	-
(iii)	Banks	1,107.31	664.42	-	-	-
(iv)	Private corporates	100.00	100.00	-	-	-
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others#	303.54	303.54	-	-	-
(vii)	Provision held towards depreciation	20.05	-	-	-	-
	Total	**3,916.63**	**2,207.09**	**-**	**-**	**-**

Amounts reported under column 4, 5, 6 and 7 above are not mutually exclusive.

**Excludes investments in equity shares in line with extant RBI guidelines.*

***Excludes investments in equity shares, Pass Through Certificates (PTC), Certificate of Deposit (CD), Security Receipts (SR) and Commercial Paper (CP) in line with extant RBI guidelines.*

$NBFC is included in Financial Institutions.

#Others includes PTC, Security Receipts (Net) and Equity Investment.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

e) Repo Transactions

Details of repo/reverse repo deals (in face value terms) (Including LAF and TREPS) entered during the year ended March 31, 2024

(₹ in Crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2024
Securities sold under repo:				
i. Government securities				
a. LAF Repo	-	1,300.00	72.70	-
b. Triparty Repo (TREPS)	-	2,999.48	900.23	-
c. Govt Securities Repo	-	204.35	8.35	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repo:				
i. Government securities				
a. LAF Repo	-	1,500.00	72.40	-
b. Triparty Repo (TREPS)	-	1,698.74	96.54	1,341.00
c. Govt Securities Repo	-	93.37	1.15	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

Details of repo/reverse repo deals (in face value terms) (Including LAF and TREPS) entered during the year ended March 31, 2023

(₹ in Crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2023
Securities sold under repo:				
i. Government securities				
a. LAF Repo	-	-	-	-
b. Triparty Repo (TREPS)	-	2,798.62	1,136.41	-
c. Govt Securities Repo	-	-	-	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repo:				
i. Government securities				
a. LAF Repo	-	4,900.00	351.79	-
b. Triparty Repo (TREPS)	-	1,869.72	18.13	-
c. Govt Securities Repo	-	-	-	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

f) Government Security Lending (GSL) transactions

In reference to the RBI Notification No: FMRD.DIRD.No.06/14.03.061/2023-2024 dated December 27, 2023 the disclosure related to Government securities lending and borrowing transactions undertaken Over-the-Counter markets. During the FY 2023-24, the bank has not entered into any such type of transactions.

4. Asset quality

a) Classification of advances and provisions held

For the year ended March 31, 2024

(₹ in Crore)

Particulars	Standard	Non-Performing				Total*
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	58,176.39	560.14	416.68	4.49	981.31	59,157.70
Add: Additions during the year					1,698.19	1,698.19
Less: Reductions during the year**					1,442.10	1,442.10
Closing balance	72,761.67	844.53	387.77	5.10	1,237.40	73,999.07
**Reductions in Gross NPAs due to:						
(i) Upgradation					816.94	816.94
(ii) Recoveries (excluding recoveries from upgraded accounts)					220.15	220.15
(iii) Technical/ Prudential Write-offs					326.50	326.50
(iv) Write-offs other than those under (iii) above					78.51	78.51
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	270.96	274.01	416.65	4.49	695.15	966.12
Add: Fresh provisions made during the year					964.98	964.98
Less: Excess provision reversed/Write-off loans					864.72	864.72
Closing balance of provisions held	287.77	424.33	365.98	5.10	795.41	1083.18
Net NPAs						
Opening Balance		286.13	0.03	-	286.16	
Add: Fresh additions during the year					733.21	
Less: Reductions during the year					577.38	
Closing Balance		420.20	21.79	-	441.99	
Floating Provisions						
Opening Balance						41.00
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						41.00

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

Particulars	Standard	Non-Performing				Total*
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						149.11
Add: Technical/Prudential write-offs during the year						326.50
Less: Recoveries made from previously technical/prudential written-off accounts during the year						48.92
Closing balance						**426.69**

** Total column does not contain movement of standard advances and provision thereof*

For the year ended March 31, 2023

(₹ in Crore)

Particulars	Standard	Non-Performing				Total*
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	45,864.41	463.74	458.57	2.07	924.38	46,788.79
Add: Additions during the year					1,239.88	1,239.88
Less: Reductions during the year**					1,182.95	1,182.95
Closing balance	58,176.39	560.14	416.68	4.49	981.31	59,157.70
**Reductions in Gross NPAs due to:						
(i) Upgradation					931.57	931.57
(ii) Recoveries (excluding recoveries from upgraded accounts)					60.89	60.89
(iii) Technical/Prudential Write-offs					100.99	100.99
(iv) Write-offs other than those under (iii) above					89.50	89.50
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	277.27	191.89	458.57	2.07	652.53	929.80
Add: Fresh provisions made during the year					683.33	683.33
Less: Excess provision reversed/Write-off loans					640.71	640.71
Closing balance of provisions held	270.96	274.01	416.65	4.49	695.15	966.11
Net NPAs						
Opening Balance		271.85	-	-	271.85	
Add: Fresh additions during the year					556.55	
Less: Reductions during the year					542.24	
Closing Balance		286.13	0.03	-	286.16	

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

Particulars	Standard	Non-Performing				Total*
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Floating Provisions						
Opening Balance						41.00
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						41.00
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						62.94
Add: Technical/Prudential write-offs during the year						100.99
Less: Recoveries made from previously technical/prudential written-off accounts during the year						14.82
Closing balance						**149.11**

** Total column does not contain movement of standard advances and provision thereof*

Ratios

Particulars	March 31, 2024	March 31, 2023
Gross NPA to Gross Advances	1.67%	1.66%
Net NPA to Net Advances	0.55%	0.42%
Provision coverage ratio (including Technical write offs and Floating Provision)	75.90%	78.31%

b) Sector-wise advances and Gross NPAs

(₹ in Crore)

Sr. No.	Sector	March 31, 2024		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector***			
1	Agriculture and allied activities	9,671.71	186.63	1.93%
2	Advances to industries sector eligible as priority sector lending	5,162.69	65.37	1.27%
	All Engineering	948.19	12.91	1.36%
	Gems and Jewellery	591.24	9.17	1.55%
3	Services	28,611.75	377.54	1.32%
	Transport Operators	4,614.83	40.59	0.88%
	Trade	13,186.28	212.23	1.61%
4	Personal loans	2,503.33	14.98	0.60%
	Housing Loan	2,503.32	14.98	0.60%
	Sub total (A)	**45,949.49**	**644.53**	**1.40%**

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

Sr. No.	Sector	March 31, 2024		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
B	**Non Priority Sector**			
1	Agriculture and allied activities	-	-	0.00%
2	Industry	819.55	31.35	3.82%
	All Engineering	138.25	6.19	4.48%
	Gems and Jewellery	117.89	3.80	3.22%
3	Services	11,723.27	329.19	2.81%
	Transport Operators	1,340.72	47.75	3.56%
	Trade	3,066.32	170.64	5.57%
4	Personal loans	15,506.76	232.33	1.50%
	Housing Loan	2,233.11	5.82	0.26%
	Vehicle Loans	4,957.91	97.89	1.97%
	Credit Card	3,038.27	61.61	2.03%
	Advances against Fixed Deposits	2,308.81	-	0.00%
	Sub-total (B)	**28,049.58**	**592.87**	**2.11%**
	Total (A+B)	**73,999.07**	**1,237.40**	**1.67%**

**Priority sector outstanding total advances includes ₹ 2,890.00 Crore (Previous year: ₹ 19,604.00 Crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC) and does not includes purchase of Priority Sector Lending Certificates (PSLC) ₹ 1,860.00 Crore (Previous year: Nil).*

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports which has been relied upon by the auditors.

(₹ in Crore)

Sr. No.	Sector	March 31, 2023		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector***			
1	Agriculture and allied activities	8,635.86	172.56	2.00%
2	Advances to industries sector eligible as priority sector lending	3,935.30	53.85	1.37%
	All Engineering	680.53	14.24	2.09%
	Gems and Jewellery	556.35	7.20	1.29%
3	Services	20,438.46	271.45	1.33%
	Transport Operators	2,165.34	25.84	1.19%
	Trade	9,247.63	141.96	1.54%
4	Personal loans	2,048.24	7.26	0.35%
	Housing Loan	2,048.20	7.26	0.35%
	Sub total (A)	**35,057.86**	**505.12**	**1.44%**

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

Sr. No.	Sector	March 31, 2023		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
B	**Non Priority Sector**			
1	Agriculture and allied activities	-	-	0.00%
2	Industry	818.26	25.33	3.10%
	All Engineering	134.16	5.01	3.73%
	Gems and Jewellery	119.20	2.30	1.93%
3	Services	11,590.27	350.15	3.02%
	Transport Operators	1,822.70	103.62	5.69%
	Trade	3,519.50	163.51	4.65%
4	Personal loans	11,691.31	100.71	0.86%
	Housing Loan	1,573.47	2.88	0.18%
	Vehicle Loans	5,299.50	53.57	1.01%
	Credit Card	1,468.26	19.68	1.34%
	Advances against Fixed Deposits	1,589.85	-	0.00%
	Sub-total (B)	**24,099.84**	**476.19**	**1.98%**
	Total (A+B)	**59,157.70**	**981.31**	**1.66%**

c) Overseas assets, NPAs and revenue

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable (Previous Year: Nil).

d) Resolution of Stressed Assets – Revised Framework

The Bank is having Nil loan account for resolution of Stressed Assets (Revised Framework) as on March 31, 2024 (Previous year: Nil) as per RBI Circular RBI/2017-18/131DBR.No.BP.BC.101/21.04.048/2017-18 and RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 as amended.

e) Divergence in the asset classification and provisioning

RBI vide its Master Direction Ref. RBI/DOR/2021-22/83 DOR.ACC.REC.No.45/21.04.018/2021-22 dated August 30, 2021 and various amendments thereto (latest updated on February 20, 2023), has directed banks to make suitable disclosures, if either or both of the following conditions are satisfied:-

(a) the additional provisioning for NPAs assessed by RBI as part of its supervisory process, exceeds 5 per cent of the reported profit before provisions and contingencies for the reference period, and

(b) the additional Gross NPAs identified by RBI as part of its supervisory process, exceed 5 per cent of the reported incremental Gross NPAs for the reference period.

The Bank was subjected to Annual Financial Inspection (AFI) by the RBI during the financial year 2023-24 and the Inspection and Risk Assessment Report (IRAR) as of March 31, 2023 was issued by RBI. No divergence in the asset classification and provisioning was identified and reported in IRAR.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

f) Disclosure of transfer of loan exposures

i) Loans not in default:

1. The bank has not acquired any "loans not in deafult" during the Current and Previous year.
2. The bank has transferred "loans not in default" through assignment as given below.

(₹ in Crore unless specifically mentioned)

Particulars	March 31, 2024	March 31, 2023
Aggregate amount of loans transferred	168.67	-
Aggregate consideration received	151.81	-
Weighted average residual maturity (in Months)	212.03	-
Weighted average holding period (in Months)	16.72	-
Retention of beneficial economic interest (%)	10%	-
Coverage of tangible security coverage(%)	100%	-
Rating-wise distribution of rated loans	Retail Loans-NA	-

ii) Stressed loans transferred or acquired: The Bank has not transferred stressed Loans during the Current and Previous year.

The Credit Rating assigned to SR is RR2 - (75% - 100%) which is similar to previous rating.

Details of loans acquired: The Bank has not acquired any stressed loan during the Current and Previous year.

g) Provision pertaining to fraud accounts

(₹ in Crore except number of accounts)

Particulars	March 31, 2024	March 31, 2023
Number of frauds reported during the year	114	74
Amount involved in fraud	7.29	6.33
Amount of provision made for such frauds*	2.86	2.99
Amount of unamortised provision debited from "other reserves" as at the end of the year	-	-

**Amount of recoveries/write-off during the current year is ₹ 4.43 Crore (previous year: ₹ 3.34 Crore) and balance amount of fraud as at the year end of ₹ 2.86 Crore (previous year: ₹ 2.99 Crore) is fully provided.*

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

h) Disclosures under Resolution Framework for COVID-19-related Stress

Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 6, 2020(Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at Mar 31, 2024 are given below.

(₹ in Crore except number of accounts)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year i.e. September 30, 2023 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2024	Of (A), amount written off during the half year ended March 31, 2024#	Of (A) amount paid by the borrowers during the half-year ended March 31, 2024*	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year i.e. March 31, 2024
Personal Loans	33.95	1.58	0.20	10.80	21.57
Corporate persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	161.04	4.83	0.28	29.90	126.30
Total	**194.99**	**6.41**	**0.48**	**40.70**	**147.87**

**Amount paid by the borrower during the half year is net of additions in the borrower amount including additions due to interest capitalisation and includes cases which have been upgraded from Restructuring as on March 31, 2024.*

#Represents debt that slipped into NPA and was subsequently written off during the half year ended March 31, 2024.

5 Exposures

a) Exposure to real estate sector

(₹ in Crore)

Category	March 31, 2024	March 31, 2023
(a) Direct exposure		
(i) Residential Mortgages–	6,487.38	4,915.69
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Includes Individual housing loans eligible for inclusion in priority sector advances as at March 31, 2024 ₹ 2,602.83 Crore and as at March 31, 2023 ₹ 2,188.41 Crore)		
(ii) Commercial Real Estate–	4,450.60	2,666.91
Lending secured by mortgages on commercial real estate (office buildings, retail space, multi purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based (NFB) limits		
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures–		
(a) Residential	6.63	-
(b) Commercial Real Estate	-	-
Total (A)	**10,944.60**	**7,582.60**

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

Category	March 31, 2024	March 31, 2023
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	626.35	912.72
Total (B)	**626.35**	**912.72**
Total Exposure to Real Estate Sector (A+B)	**11,570.95**	**8,495.32**

Out of the total loans given against the mortgage of any real estate, only those loans have been classified as an exposure to commercial real estate, the prospects for repayment in respect of which depend primarily on the cash flows generated by such mortgaged asset.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports has been relied upon by the auditors.

b) Exposure to Capital Market

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	8.75	8.81
(ii) Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds.	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds does not fully cover the advances.	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	324.99	345.95
(vi) Loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
(vii) Bridge loans to companies against expected equity flows/issues.	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	-	-
(ix) Financing to stockbrokers for margin trading.	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered).	-	-
Total Exposure to Capital Market	**333.74**	**354.76**

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports has been relied upon by the auditors.

c) Details of risk category wise country exposure

The Bank does not have any country risk exposure other than "home country exposures" and accordingly, no provision is maintained with regard to country risk exposure (previous year Nil).

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

d) Unsecured Advances

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Total unsecured advances of the bank	8,086.47	4,739.16
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
Estimated value of such intangible securities	-	-

e) Details of factoring exposure:

The factoring exposure of the Bank as at March 31, 2024 is Nil.(Previous year: Nil).

f) Intra-Group exposure

The Bank does not have any exposure (advances/investments) within the group (Previous year: Nil).

g) Unhedged foreign currency exposure

The RBI, through its master direction dated October 11, 2022, had advised banks to create incremental provision on standard loans and advances to entities with unhedged foreign currency exposure (UFCE). The Bank assesses the UFCEs of the borrowers through its credit appraisal and internal ratings process. The Bank also undertakes reviews of such exposures through thematic reviews evaluating the impact of exchange rate fluctuations on the Bank's portfolio on a yearly basis.

Incremental provisioning (over and above provision applicable for standard assets) is made in Bank's Profit and Loss Account, on borrower counter parties having UFCE, depending on the likely loss/EBID ratio, in line with stipulations by RBI. Incremental capital is maintained in respect of borrower counter parties in the highest risk category, in line with stipulations by RBI. These requirements are given below:

Likely Loss/EBID ratio	Incremental Provisioning Requirement (computed on the total credit exposures reckoned for standard asset provisioning)	Incremental Capital Requirement
Up to 15%	0%	0%
More than 15% to 30%	0.20%	0%
More than 30% to 50%	0.40%	0%
More than 50% to 75%	0.60%	0%
More than 75% (Most risky)	0.80%	25%

The Bank held provision amounting to ₹ 2.04 Crore on advances to entities with UFCE on March 31, 2024 (previous year: ₹ 1.97 Crore). The Bank considered incremental risk weighted assets of ₹ 68.07 Crore for the purpose of CRAR calculation in respect of borrower with UFCE as on March 31, 2024 (previous year: ₹ 40.18 Crore).

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

6 Concentration of deposits, advances, exposures and NPAs

a) Concentration of Deposits

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Total deposits of the twenty largest depositors*	9,450.35	10,036.66
Percentage of deposits of twenty largest depositors to total deposits of the bank	10.84%	14.47%

**Includes certificate of deposits*

b) Concentration of Advances

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Total advances to the twenty largest borrowers	1,588.46	1,669.94
Percentage of advances to twenty largest borrowers to total advances of the bank	1.65%	2.32%

Advances comprise of credit exposure (funded and non-funded credit limits) excluding other exposure of security placed with CCIL on account of limit for TREPS transaction of ₹ 59 Crore (Previous year: ₹ 53 Crore).

c) Concentration of Exposures

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Total exposure to the twenty largest borrowers/customers	3,702.50	3,084.09
Percentage of exposures to the twenty largest borrowers/ customers to the total exposure of the bank on borrowers/ customers	3.63%	4.07%

Exposures comprise of credit exposure (funded and non-funded credit limits) and investment exposure excluding other exposure of security placed with CCIL on account of limit for TREPS transaction of ₹ 59 Crore (Previous year: ₹ 53 Crore).

d) Concentration of NPAs

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Total Exposure to top twenty NPA accounts	52.05	36.82
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs	4.21%	3.75%

7 Derivatives

a) Forward rate agreement/Interest rate swap

The bank has not entered into any Forward Rate Agreement or Interest rate swaps during the year ended March 31, 2024 and March 31, 2023.

b) Exchange traded interest rate derivatives

The bank has not entered into any exchange traded interest rate derivatives during the year ended March 31, 2024 and March 31, 2023.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

c) Disclosures on risk exposure in derivatives

The bank has not entered into any derivative instruments for trading/speculative purposes either in Foreign Exchange or domestic treasury operations during the year ended March 31, 2024 and March 31, 2023.

d) Credit default swaps

The bank has not transacted in credit default swaps during the year ended March 31, 2024 and March 31, 2023.

8 Disclosures relating to Securitisation

Disclosure as per RBI guidelines for securitisation transactions:

(₹ in Crore except numbers)

Particulars	As at March 31, 2024	As at March 31, 2023
No. of SPEs holding assets for securitisation transactions originated by the bank	14	12
Total amount of securitised assets as per books of the SPEs (outstanding as on balance sheet date)	8,261.21	4,858.13
Total amount of exposures retained by the Bank to comply with minimum retention requirement (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
First Loss	276.07	143.94
Others	-	-
b) On balance sheet exposures		
First Loss	158.35	117.27
Others	501.91	295.84
Amount of exposures to securitisation transaction other than MRR		
a) Off balance sheet exposures		
I) Exposure to own securitisations		
First Loss	-	-
Others (Guarantees provided by banks on behalf of the Bank)	291.45	213.19
II) Exposure to Third party securitisations		
First Loss	-	-
Others	-	-
b) On balance sheet exposures		
I) Exposure to own securitisations		
First Loss	-	-
Others (Cash collateral placed in lieu of bank guarantee)	139.97	105.37
II) Exposure to Third party securitisations		
First Loss	-	-
Others	-	-

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore except numbers)

Particulars		As at March 31, 2024		As at March 31, 2023	
Sale consideration received for the securitised assets and		6,109.19		4,943.31	
gain/loss on sale on account of securitisation		NIL		NIL	
Form and quantum (outstanding value) of services provided by way of liquidity support, post securitisation asset servicing etc.					
Services Provided	**Form of facility**	**No. of Transaction**	**Value of Facility***	**No. of Transaction**	**Value of Facility***
Liquidity Support	Fixed Deposits	1	0.82	2	1.17
	Bank Guarantees	10	72.39	9	46.96
Services Provided	**Type of service**	**No. of Transaction**	**Outstanding Value**	**No. of Transaction**	**Outstanding Value**
Post Securitisation Assets Servicing	Servicing Agent	14	8,261.21	12	4,858.13
Performance of facility provided viz. Credit enhancement, liquidity support, servicing agent etc.		**Credit Enhancement**	**Liquidity Support**	**Credit Enhancement**	**Liquidity Support**
(a) Schedule Amount		579.77	62.18	372.47	38.25
(b) Opening Balance		579.77(100%)	48.13(77.41%)	372.47(100%)	5.9(15.44%)
(c) Cumulative Amount paid During the year		0.00(0.00%)	19.04(30.63%)	0.07(0.02%)	3.38(8.84%)
(d) Cumulative Repayment received during the year		0.00(0.00%)	3.27(5.26%)	0.07(0.02%)	9.84(25.74%)
(e) Amount increase due to new Pool		473.16(81.61%)	50.23(80.78%)	392.68(105.43%)	44.6(116.62%)
(f) Amount reduce due to pool Maturity		187.10(32.27%)	9.37(15.07%)	185.37(49.77%)	8.84(23.11%)
(g) Outstanding amount		865.84(149.34%)	73.22(117.76%)	579.77(155.66%)	48.13(125.84%)
Average default rate of portfolios observed in the past**		2.10%		2.26%	
Wheels		2.68%		2.82%	
MBL		2.79%		2.78%	
Others		0.86%		1.00%	
Amount and number of additional/top up loan given on same underlying asset.		**No. of Loans**	**Amount**	**No. of Loans**	**Amount**
Wheels		17,877	341.57	10,485	159.64
MBL		1,541	161.09	294	42.07
Others		3	0.62	598	0.99
Investor complaints					
(a) Directly/Indirectly received and;		Nil		Nil	
(b) Complaints outstanding					

** Value of facility is outstanding amount of the facility on the reporting date.*

*** Default rate % is calculated on the basis of reporting date NPA on Gross advance.*

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

9 Off Balance Sheet SPVs sponsored

There are no Off-Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms.

10 Transfers to Depositor Education and Awareness Fund (DEAF)

The following table sets forth the movement of amount transferred to the Fund:

(₹ in Crore)

S. No.	Particular	March 31, 2024	March 31, 2023
1	Opening balance of amounts transferred to DEA Fund	-	-
2	Add: Amounts transferred to DEA Fund during the year	0.03	-
3	Less: Amounts reimbursed by DEA Fund towards claims	-	-
4	Closing balance of amounts transferred to DEA Fund	0.03	-

Closing balance of the amount transferred to DEA Fund, as disclosed above, are also included under 'Schedule 12 - Contingent Liabilities - Other items for which the bank is contingently liable'.

11 Disclosure for Customer Complaints

a) Complaints received by the bank from its customers

(i) Customer complaints other than ATM transaction disputes:

S. No.	Particular	March 31, 2024	March 31, 2023
1	No. of complaints pending at the beginning of the year	1,348	404
2	No. of complaints received during the year	41,430	24,332
3	No. of complaints disposed during the year	36,843	23,388
3.1	No. of complaints rejected by the bank (out of point 3)	4,953	406
4	No. of complaints pending at the end of the year	5,935	1,348

(ii) ATM transaction disputes relating to the Bank's customers on bank's ATMs:

S. No.	Particular	March 31, 2024	March 31, 2023
1	No. of complaints pending at the beginning of the year	34	19
2	No. of complaints received during the year	6,110	5,063
3	No. of complaints disposed during the year	6,099	5,048
3.1	No. of complaints rejected by the bank (out of point 3)	293	271
4	No. of complaints pending at the end of the year	45	34

(iii) ATM transaction disputes relating to the Bank's customers on other bank's ATMs:

S. No.	Particular	March 31, 2024	March 31, 2023
1	No. of complaints pending at the beginning of the year	109	62
2	No. of complaints received during the year	4,475	5,927
3	No. of complaints disposed during the year	4,557	5,880
3.1	No. of complaints rejected by the bank (out of point 3)	414	-
4	No. of complaints pending at the end of the year	27	109

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(iv) Total customer complaints and ATM transaction disputes [total of tables (i), (ii) and (iii) above]:

S. No.	Particular	March 31, 2024	March 31, 2023
1	No. of complaints pending at the beginning of the year	1,491	485
2	No. of complaints received during the year*	52,015	35,322
3	No. of complaints disposed during the year	47,499	34,316
3.1	No. of complaints rejected by the bank (out of point 3)	5,660	677
4	No. of complaints pending at the end of the year	6,007	1,491

Includes complaints received from RBI Ombudsman and out of 6,007 (previous year: 1,491) pending complaints, all redressed before Board meeting except 1,695 (previous year: 201) complaints.

b) Maintainable complaints received by the Bank from OBOs under Integrated Ombudsman Scheme, 2021

S. No.	Particular	March 31, 2024	March 31, 2023
1	Number of maintainable complaints received by the bank from Office of Ombudsman	1,251	671
1.1	Of 1 above, number of complaints resolved in favour of the bank by Office of Ombudsman	645	366
1.2	Of 1 above, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman	606	305
1.3	Of 1 above, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	Nil	Nil
2	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

c) Top five grounds of complaints received by the bank from customers

For the year ended March 31, 2024

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
ATM/Debit Cards	244	14,780	8%	307	15
Internet/ Mobile/ Electronic Banking	26	1,914	45%	71	16
Account opening/difficulty in operation of accounts	29	2,233	24%	326	101
Credit Cards	678	20,857	146%	4,617	2,495
Staff behaviour	5	482	(19%)	68	35
Others	509	11,749	24%	618	150
Total	**1,491**	**52,015**	**47%**	**6,007**	**2,812**

Excluding complaints redressed within the next working day.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

For the year ended March 31, 2023

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
ATM/Debit Cards	150	13,680	(41%)	244	3
Internet/ Mobile/ Electronic Banking	7	1,320	(21%)	26	-
Account opening/difficulty in operation of accounts	20	1,805	36%	29	-
Credit Cards	162	8,472	662%	678	133
Staff behaviour	9	592	67%	5	-
Others	137	9,453	19%	509	46
Total	**485**	**35,322**	**0%**	**1,491**	**182**

The above details are as furnished by the Management and relied upon by the Auditors.

12 Penalties imposed by the RBI

During the year ended March 31, 2024 in terms of the provisions contained in the RBI circular Ref. DCM (RMMT) No.S153/11.01.01/2021-22 dated August 10, 2021 on "Monitoring of Availability of Cash in ATMs" and the subsequent addendum thereto, RBI has imposed penalties of ₹ 0.001 Crore on the Bank on account of Cash out in an ATM for more than 10 hours in a month (previous year: ₹ 0.048 Crore).

13 Disclosures on remuneration

Qualitative Disclosures:

(a) Information relating to the composition and mandate of the Nomination and Remuneration Committee:

In compliance of Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Banking Regulation Act, 1949 and other guidelines as applicable, the Board of Directors has constituted Nomination and Remuneration Committee (NRC) to oversee the framing, review, and implementation of the Compensation Policy of the Bank. This Committee works in coordination with Risk Management Committee & Audit Committee of the Board, for achieving effective alignment between risk and remuneration.

As on March 31, 2024, the Nomination and Remuneration Committee consist of Non-Executive (Independent) Directors and the said composition is in line with the applicable guidelines.

The Composition of NRC committee is as follows:

- Mr. M S Sriram - Independent Director (Chairman)
- Mr. H. R. Khan - Independent Director
- Mr. Pushpinder Singh - Independent Director
- Ms. Malini Thadani - Independent Director

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

The roles and responsibilities of the Nomination and Remuneration Committee (NRC) are as under:

(i) Assist the Board in formulation and implementation of compensation policy and lay down the criteria for remuneration of Directors, Key Management Personnel (KMPs) and Senior Management Personnel (SMPs), Material Risk Takers (MRTs), Control Function Staff and other employees.

(ii) Take inputs from the Risk Management Committee of the Board to ensure balance between remuneration and risks as required. The Committee shall ensure that the mix of Fixed and Variable forms of compensation is consistent with risk alignment and objectives of the Bank.

(iii) Lay down the comprehensive criteria for assessment in terms of qualifications, positive attributes, independence, professional experience, track record, integrity and considering other parameters for appointment of Directors, KMPs and SMPs.

(iv) Develop policies and lay down criteria for appointment/ removal/ reappointment of the Directors on the Board capturing the statutory and regulatory requirements.

(v) Assist in defining the performance evaluation criteria for Directors, KMPs, SMPs, MRTs and Control Functions and ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

(vi) Ensure that the compensation policy formulated for remuneration of Directors, KMPs and SMPs is reasonable sufficient to attract, retain and motivate quality talent required to run the Bank.

(vii) Ensure that the compensation for Directors, KMPs, SMPs is a mix of fixed and variable pay and such compensation reflects short and long-term performance objectives appropriate to the working and the goals of the Bank.

(viii) Ensure that appropriate procedures are in place to assess Board effectiveness and also provide the suggestions on governance to the Board of Directors.

(ix) Review and oversee the Employee Benefits program of the Bank including deferred benefits and retirement plans.

(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

The Bank has formulated a Compensation Policy in alignment with the RBI guidelines, covering all components of compensation including fixed pay, perquisites, performance bonus, guaranteed bonus (joining/sign-on bonus), share-linked instruments such as Employee Stock Option Plan (ESOPs), retirement benefits such as Provident Fund and Gratuity, and below are the key features and objectives of the policy:

- Establish standards on compensation/remuneration including fixed and variable pay covering share-linked instruments, which are in alignment with the applicable rules and regulations and is based on the trends and practices of remuneration prevailing in the industry.
- Retain, motivate, and promote talent and to ensure long term sustainability of talented Director, KMP, SMP, MRT, Control Function Staff and other employees as applicable.
- Define internal guidelines for payment of other reimbursement to the Directors and KMPs.
- Institutionalise a mechanism for the appointment/ removal/ resignation/ evaluation of performance of Directors.
- Perform such functions as are required to be performed by the Nomination and Remuneration committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(a) administering the ESOP plans;

(b) determining the eligibility of employees to participate under the ESOP plans;

(c) granting options to eligible employees and determining the date of grant;

(d) determining the number of options to be granted to an employee;

(e) determining the exercise price under the ESOP plans and

- Ensure compliance with applicable laws, rules, and regulations as well as 'Fit and Proper criteria' of directors before their appointment.

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

The Key parameters taken into account for the structuring of remuneration covering fixed pay and variable pay are mentioned below:

(i) Risk factors that are significant to the Banking operations of the Bank are taken into consideration in devising the remuneration structure and it is symmetric to the risk outcomes.

(ii) Compensation payout is scheduled in manner where sensitivity to time horizon of risks is taken into consideration in the review process.

(iii) Individual performance is reviewed on the basis of Key Responsibility Areas (KRAs) and the review is carried out under the Annual Performance Review (APR) of the Bank.

(iv) Industry Benchmarking, inflation and increase of cost of living.

In addition, it includes a 'malus' and 'clawback' option to take care of any disciplinary issue or future drop in performance of individual/ business/ Bank.

(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Individual performances are assessed in line with business/individual delivery of the Key responsibility Areas (KRAs), top priorities of business, budgets, and overall contribution to the organisation etc.

In linking the performance and level of remuneration, the job roles, levels, business budgets, risk factors, achievement of individual KRAs are taken into consideration for taking decision in this regard.

(e) A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:

In compliance of RBI Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated November 04, 2019, the Bank has formulated Compensation Policy that covers all aspects of the compensation structure such as Fixed pay, Variable Pay and Deferral pay.

The Variable Pay of senior executives, including WTDs, and other employees who are MRTs shall be deferred over the period so that compensation is adjusted for all types of risks that organisation may be exposed to.

The deferral period shall be a minimum of three years. This would be applicable for both the cash and non-cash components of the variable pay:

a) A minimum of 60% of the total variable pay must invariably be under deferral arrangements.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

b) If cash component is part of variable pay, at least 50% of the cash bonus shall also be deferred and where the cash component of variable pay is under ₹ 25 lakhs in a year, deferral requirements shall not be applicable.

c) Deferred remuneration should either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting should be not before one year from the commencement of the deferral period and shall not take place more frequently than on a yearly basis.

d) The vesting should be no faster than on a pro rata basis.

The adjustment of Variable Pay before and after the vesting shall be considered in the event of subdued or negative financial performance of the bank and/or the relevant line of business in any year and the malus/clawback arrangements shall be invoked subject to due assessment.

(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilises and the rationale for using these different forms:

The Variable pay consist of Cash, Share linked Instrument and same is decided considering risk factors, job profile, level of performance and industry norms to ensure that employee morale is high and to promote consistency in performance over the time horizon.

The breakup of variable remuneration is the follows:

Variable Pay: Variable pay compensation is paid depending upon the performance of the Employees against set key responsibility areas (KRAs) and it is ensured that there is a proper balance between fixed pay and variable pay while devising the remuneration structure.

(a) A substantial proportion of compensation i.e., at least 50%, should be variable and paid on the basis of individual, business performance & other parameters and this shall not be applicable on risk control function staff.

(b) In case variable pay is:

- Up to 200% of the fixed pay, a minimum of 50% of the variable pay should be via non-cash instruments.
- Above 200%, a minimum of 67% of the variable pay should be via non-cash instruments.
- shall be limited to a maximum of 300% of the fixed pay; (for the relative performance measurement period).

(c) In the event that an executive is barred by statute or regulation from grant of share-linked instruments, his/her variable pay will be capped at 150% of the fixed pay but shall not be less than 50% of the fixed pay.

(d) The deterioration in the financial performance of the Bank shall generally lead to a contraction in the total amount of variable compensation, which can even be reduced to zero and the proportion of variable pay shall be higher depending on the higher responsibility at higher level.

Share-linked Instruments: Share-linked Instruments consisting of ESOPs or other linked instruments which shall be forming part of variable pay.

Quantitative Disclosures:

Sr. No.	Subject	March 31, 2024	March 31, 2023
(g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members	Number of meetings: 7	Number of meetings: 11
		Remuneration paid: Sitting fee of ₹ 40,000 for each meeting attended.	Remuneration paid: Sitting fee of ₹ 40,000 for each meeting attended.
(h)	Number of employees having received a variable remuneration award during the financial year	12 Employees	12 Employees
	Number and total amount of sign-on/joining bonus made during the financial year	Nil	Nil
	Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
(i)	Total amount of outstanding deferred remuneration, split into cash, types of share-linked instruments and other forms	**Cash:** • Variable Pay (Performance bonus) of ₹ 1.22 Crore for FY 2022-23 for Mr. Sanjay Agarwal, MD & CEO has been approved by RBI on January 17, 2024 out of which 50% is deferred in next 3 years in equal installments. Accordingly, total outstanding deferred remuneration of MD & CEO as on March 31, 2024 was ₹ 1.21 Crore including deferred remuneration of ₹ 0.28 Crore, ₹ 0.31 Crore & ₹ 0.61 Crore for FY 2020-21, 2021-22 & 2022-23 respectively. • Variable Pay (Performance bonus) of ₹ 0.40 Crore for FY 2022-23 for Mr. Uttam Tibrewal, WTD has been approved by RBI on January 17, 2024 out of which 50% is deferred in next 3 years in equal installments. Accordingly, total outstanding deferred remuneration of WTD as on March 31, 2024 was ₹ 0.45 Crore including deferred remuneration of ₹ 0.13 Crore, ₹ 0.12 Crore & ₹ 0.20 Crore for FY 2020-21, 2021-22 & 2022-23 respectively. • Variable Pay (Performance bonus) of other MRTs of ₹ 2.77 Crore is deferred including deferred remuneration of ₹ 0.35 Crore, ₹ 1.17 Crore & ₹ 1.25 Crore for FY 2020-21, 2021-22 & 2022-23 respectively. **ESOP:** Outstanding ESOPs (Unvested): 7,60,043 ESOPs	**Cash:** • Variable Pay (Performance bonus) of ₹ 0.85 Crore for FY 2020-21 & ₹ 0.94 Crore for FY 2021-22 for Mr. Sanjay Agarwal, MD & CEO has been approved by RBI on April 08, 2022 & November 18, 2022, respectively and out of which 50% is deferred in next 3 years in equal installments i.e. ₹ 0.89 Crore. • Variable Pay (Performance bonus) of ₹ 0.40 Crore for FY 2020-21 & ₹ 0.37 Crore for FY 2021-22 for Mr. Uttam Tibrewal, WTD has been approved by RBI on April 08, 2022 & November 18, 2022, respectively and out of which 50% is deferred in next 3 years in equal installments i.e. ₹ 0.38 Crore. • Variable Pay (Performance bonus) of other MRTs of ₹ 1.04 Crore & ₹ 1.90 Crore pertaining to FY 2020-21 & FY 2021-22 is deferred and shall be payable in next 3 years in equal installments. **ESOP:** Outstanding ESOPs (Unvested): 15,11,753 ESOPs
	Total amount of deferred remuneration paid out in the financial year	**Cash:** Deferred variable pay of all MRTs (including MD & CEO and WTD) of ₹ 1.36 Crore was paid. **ESOP:** Number of stock options exercised during the year: 6,53,896 Number of stock options vested during the year: 9,14,802	**Cash:** Deferred variable pay of MRTs of ₹ 0.35 Crore was paid. **ESOP:** Number of stock options exercised during the year: 7,17,854 Number of stock options vested during the year: 9,02,128

Sr. No.	Subject	March 31, 2024	March 31, 2023
(J)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	**Total fixed salary:** • ₹ 18.13 Crore (represents total cost to the Bank) **Deferred Variable Pay:** **Cash:** • Variable Pay (Performance bonus) of ₹ 1.22 Crore for FY 2022-23 for Mr. Sanjay Agarwal, MD & CEO has been approved by RBI on January 17, 2024 out of which 50% is deferred in next 3 years in equal installments. • Variable Pay (Performance bonus) of ₹ 0.40 Crore for FY 2022-23 for Mr. Uttam Tibrewal, WTD has been approved by RBI on January 17, 2024 out of which 50% is deferred in next 3 years in equal installments • The Variable Pay (performance bonus) of other MRTs of ₹ 1.25 Crore pertaining to FY 2022-23 is deferred and shall be payable in next 3 years in equal installments. **Non-Cash:** • 2,63,803 ESOPs amounting to ₹ 10.48 Crore were granted to MRTs other than WTD during the financial year. Variable Pay (Performance bonus) of Mr. Uttam Tibrewal, WTD in the form of ESOPs amounting to ₹ 1.21 Crore has been approved by RBI on January 17, 2024 for FY 2022-23, in respect of which ESOPs is to be granted by the Nomination & Remuneration Committee of the Bank.	**Total fixed salary:** • ₹ 17.97 Crore (represents total cost to the Bank) **Deferred Variable Pay:** **Cash:** • Variable Pay (Performance bonus) of ₹ 0.94 Crore for FY 2021-22 for Mr. Sanjay Agarwal, MD & CEO has been approved by RBI on November 18, 2022 and out of which 50% is deferred in next 3 years in equal installments. • Variable Pay (Performance bonus) of ₹ 0.37 Crore for FY 2021-22 for Mr. Uttam Tibrewal, WTD has been approved by RBI on November 18, 2022 and out of which 50% is deferred in next 3 years in equal installments. • The Variable Pay (performance bonus) of other MRTs of ₹ 1.90 Crore pertaining to FY 2021-22 is deferred and shall be payable in next 3 years in equal installments. **Non-Cash:** • ESOPs granted during the financial year: 3,61,953 ESOPs amounting to ₹ 11.95 Crore inclusive of 27,296 ESOPs (Post Bonus) amounting to ₹ 0.95 Crore and 40,488 ESOPs amounting to ₹ 1.11 corore granted to Mr. Uttam Tibrewal for performance of FY 2020-21 and FY 2021-22 approved by RBI on April 08, 2022 and November 18, 2022.
		Non - Deferred Variable Pay: • Remuneration award of Mr. Sanjay Agarwal, MD & CEO of ₹ 0.61 Crore paid during FY 2023-24 related to performance of FY 2022-23. • Remuneration award of Mr. Uttam Tibrewal, WTD of ₹ 0.20 Crore paid during FY 2023-24 related to performance of FY 2022-23. • Remuneration award of other MRTs of ₹ 2.23 Crore paid during FY 2023-24 related to performance of FY 2022-23.	**Non - Deferred Variable Pay:** • Remuneration award of Mr. Sanjay Agarwal, MD & CEO of ₹ 0.47 Crore paid during FY 2022-23 related to performance of FY 2021-22. • Remuneration award of Mr. Uttam Tibrewal, WTD of ₹ 0.19 Crore paid during FY 2022-23 related to performance of FY 2021-22. • Remuneration award of other MRTs of ₹ 2.29 Crore paid during FY 2022-23 related to performance of FY 2021-22. Note: The Variable pay of MRTs pertaining to FY 2022-23 is yet to be considered and approved by the NRC.

Sr. No.	Subject	March 31, 2024	March 31, 2023
(k)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil	Nil
	Total amount of reductions during the financial year due to ex- post explicit adjustments.	Nil	Nil
	Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil	Nil
(l)	Number of MRTs identified	12 (Including MD & CEO and WTD) as on the financial year end	14 Employees
(m)	Number of cases where malus has been exercised.	Nil	Nil
	Number of cases where clawback has been exercised.	Nil	Nil
	Number of cases where both malus and clawback have been exercised.	Nil	Nil

General Quantitative Disclosures:

Sr. No.	Subject	March 31, 2024	March 31, 2023
(n)	The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	• Total Mean pay of the Bank as a whole (Excluding Sub- Staff) is: ₹ 0.061 Crore calculated on annualised basis. • Deviation in the fixed Pay for Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, WTD from the mean pay is 42 and 36 times respectively for FY 2023-24 as on March 31, 2024.	• Total Mean pay of the Bank as a whole (Excluding Sub- Staff) is: ₹ 0.054 Crore calculated on annualised basis. • Deviation in the fixed Pay for Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, WTD from the mean pay is 43 and 37 times respectively for FY 2022-23.

Note: the above information comprises of MRTs as at the year end.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

14 Disclosure on remuneration to Non-Executive Directors

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees	1.75	2.05
Compensation to all Non-Executive Directors	1.34	1.41

15 Other Disclosures

a) Business Ratios

Particulars	March 31, 2024	March 31, 2023
i. Interest Income as a percentage to Working Funds	10.98%	10.66%
ii. Non interest income as a percentage to Working Funds	1.82%	1.34%
iii. Cost of Deposits	6.74%	5.93%
iv. Net Interest Margin	5.52%	5.93%
v. Operating Profit as a percentage to Working Funds	2.54%	2.62%
vi. Return on Assets	1.54%	1.79%
vii. "Business" (deposits plus advances) per employee (₹ in Crore)	4.65	3.68
viii. Profit per employee (₹ in Crore)	0.05	0.05

Definitions of certain items in Business ratios/information:

1. Working funds to be reckoned as monthly average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.
2. Operating profit = (Interest Income + Other Income – Interest expenses – Operating expenses).
3. Return on Assets has been calculated on yearly average of total assets.
4. “Business” is the total of monthly average of net advances and deposits (net of inter-bank deposits).
5. Productivity ratios (Business per employee and Profit per employee) are based on monthly average of employees count.
6. Net Interest Margin is Net Interest Income/Average Earning Assets. Net Interest Income = Interest Income – Interest Expense and Average Earning Assets is yearly average of total of net advances, invetments, balance with banks and money at call and short notice and Balances with Reserve Bank of India in Other Account.
7. Cost of Deposit is calculated based on weighted average interest rate of deposits.

   The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports and has been relied upon by the auditors.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

b) Bancassurance Business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

(₹ in Crore)

Nature of Income	March 31, 2024	March 31, 2023
Towards selling of life insurance policies	184.31	49.27
Towards selling of non life insurance policies	125.41	26.62
Towards selling of mutual fund and other products*	7.32	4.60

**Includes income earned from Atal Pension yojana (APY) of ₹ 0.38 Crore (Previous Year: ₹ 0.35 Crore) and National pension scheme (NPS) of ₹ 0.12 Crore (Previous Year: ₹ 0.01 Crore).*

c) Marketing and distribution

The Bank does not received any fees/remuneration in respect of Marketing and Distribution function (excluding bancassurance business) during the year ended March 31, 2024 (Previous year: Nil).

d) Details of Priority Sector Lending Certificates (PSLCs)

(₹ in Crore)

Type of PSLCs	For the year ended March 31, 2024		For the year ended March 31, 2023	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	-	2,890.00	-	900.00
Small and Marginal farmers	1,860.00	-	-	1,350.00
Micro Enterprises	-	-	-	17,354.00
General	-	-	-	-
Total	**1,860.00**	**2,890.00**	**-**	**19,604.00**

e) Breakup of "Provisions and Contingencies" recognised in the Profit and Loss Account comprise:

(₹ in Crore)

Sr No.	Particulars	March 31, 2024	March 31, 2023
(i)	Provisions for Non performing investment	-	-
(ii)	Provision for Non performing assets (including write off)	521.74	249.72
(iii)	Floating Provision	-	-
(iv)	Provision for Current Tax	487.97	387.37
(v)	Provision for Deferred Tax	(23.26)	49.35
(vi)	Provision for Standard assets	16.81	(6.30)
(vii)	Other Provision and Contingencies	(99.81)	(88.59)
Total Provisions and Contingencies		**903.45**	**591.55**

f) Implementation of IFRS converged Indian Accounting Standards (Ind AS)

As per the RBI circular RBI/2015-16/315 DBR.BP.BC. No.76/21.07.001/2015-16 dated February 11, 2016 Implementation of Indian Accounting Standards (Ind AS), The banks are advised to follow the Indian

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the the Reserve Bank in this regard. The Banks in India currently prepare their financial statements as per the guidelines issued by the RBI, the Accounting Standards notified under section 133 of the Companies Act, 2013 and generally accepted accounting principles in India (Indian GAAP). In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), which were based on convergence with the International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). In March 2019, RBI deferred the implementation of Ind AS for banks till further notice as the recommended legislative amendments were under consideration of Government of India. The Bank had undertaken preliminary diagnostic analysis of the GAAP differences between Indian GAAP vis-a-vis Ind AS and shall proceed for ensuring the compliance as per applicable requirements and directions in this regard.

g) Payment of DICGC insurance premium

(₹ in Crore)

Sr No.	Particulars	March 31, 2024	March 31, 2023
i)	Payment of DICGC Insurance Premium	93.11	70.46
ii)	Arrears in payment of DICGC Premium	-	-

h) Disclosure on Green Deposit

In reference to the RBI Master Direction "RBI/2023-24/14 DOR.SFG.REC.10/30.01.021/2023-24" the disclosure on portfolio-level information regarding the use of the green deposit funds with effect from June 1, 2023 is as below:

Portfolio-level information on the use of funds raised from green deposits

(₹ in Crore)

Particulars	March 31, 2024	Cumulative
Total green deposits raised (A)	**652.63**	**652.63**
Use of green deposit funds		
(1) Renewable Energy	95.94	95.94
(2) Energy Efficiency	-	-
(3) Clean Transportation	31.78	31.78
(4) Climate Change Adaptation	-	-
(5) Sustainable Water and Waste Management	-	-
(6) Pollution Prevention and Control	-	-
(7) Green Buildings	-	-
(8) Sustainable Management of Living Natural Resources and Land Use	-	-
(9) Terrestrial and Aquatic Biodiversity Conservation	-	-
Total Green Deposit funds allocated (B = Sum of 1 to 9)	**127.72**	**127.72**
Amount of Green Deposit funds not allocated (C = A - B)	**524.91**	**524.91**
Details of the temporary allocation of green deposit proceeds pending their allocation to the eligible green activities/projects	**524.91**	**524.91**

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

B. Other Disclosures

1 Disclosure of Letters of Comfort (LoC) issued by the Bank

The Bank has not issued any Letter of Comfort during the year ended March 31, 2024 and March 31, 2023.

2 Provisions on Standard Assets

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Provision towards Standard Assets*	287.77	270.96

**Excludes an additional contingency provision of ₹ 21.18 Crore as at March 31, 2024 (Previous year: ₹ 125.73 Crore), of which the additional provision for the accounts restructured under RBI Resolution framework is at ₹ 21.18 Crore as at March 31, 2024 (Previous year: ₹ 35.71 Crore).*

3 Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the bank

During the year ended March 31, 2024 and March 31, 2023, the Bank has not exceeded the prudential credit exposure limit as prescribed by the Reserve Bank of India in respect of Single Borrower and Group Borrowers.

4 Provision for reward points

The following table sets forth, for the period indicated, movement in provision for rewards points:

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Opening provision for reward points	15.86	3.48
Provision for reward points made during the year	69.66	33.45
Utilisation/write off of provision for reward points	53.36	21.07
Closing provision for reward points	32.16	15.86

5 Description of contingent liabilities

Sr. No.	Contingent liability*	Brief description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2	Guarantees on behalf of constituents	As a part of its Banking activities, the Bank issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of customer failing to fulfill its financial or performance obligations.
3	Acceptances, endorsements and other obligations	These includes: Documentary credit such as letters of obligations to enhance the credit standing of the customers of the Bank. Bill rediscounted by the Bank and cash collateral provided by the Bank on assets which have been securitised.
4	Liability on account of outstanding forward exchange and derivative contracts	The Bank engages in Foreign Exchange forward contracts as part of its regular operations to support nostro account funding and offset merchant transactions in the Interbank market to exchange currencies at a predetermined price on a future date. The notional principal of such contracts is disclosed here. These contracts are classified under the Banking Book portfolio, exempt from daily mark to market revaluations. The Swap gain/ Loss arising from these swaps will be amortised over the contract durations therefore the market risk is lower.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

Sr. No.	Contingent liability*	Brief description
5	Other items for which the Bank is contingently liable	These includes: a) Credit enhancements in respect of securitised-out loans b) Contractual payments for Capital commitments c) Other Guarantees d) Amount Transferred to the RBI under the Depositor Education and Awareness Fund (DEAF)

**Also refer Schedule 12 - Contingent Liabilities*

6 Corporate social responsibility

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
(a) Gross amount required to be spent by the Bank during the year (including deficit of previous year)	*35.764	29.132
(b) Amount spent during the year		
(i) Construction/acquisition of any asset		
(ii) Other Projects	**23.119	20.88
Total	**23.119**	**20.88**
(c) Shortfall at year end	***12.645	8.256
(d) Previous year shortfall	-	-
(e) Reasons for shortfall	Pertains to ongoing projects	Pertains to ongoing projects
(f) Nature of CSR activities (i) Skills Development (COE) (ii) AU Sports Initiative "Bano Champion" (Sports) (iii) Women Empowerment (AU Udyogini) (iv) Making available safe drinking water (AU Jal Bank) (v) Enviroment, Education, & Healthcare among others		

**Gross amount required to be spent by the Bank during the year includes the unspent amount of ₹ 8.256 Crore for the financial year ended March 31, 2023.*

*** Amount spent during the year includes ₹ 8.256 Crores related to the financial year ended March 31, 2023.*

****Pursuant to Section 135 (5) & (6) of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (Amended), Bank needs to transfer ₹ 12.645 Crore in "Unspent CSR Account FY2023-24" within period of 30 days from the end of the financial year for the CSR Ongoing projects for spending over the following 3 years period on ongoing CSR sub Committe projects and accordingly bank has transferred ₹ 12.645 Crore in "Unspent CSR Account FY2023-24" subsequent to balance sheet date.*

7 Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

8 Merger with Fincare Small Finance Bank Limited

The Board of Directors at its meetings held on October 29, 2023, approved the scheme of amalgamation ("Scheme") for the amalgamation of Fincare Small Finance Bank Limited ("Transferor Company") with the Bank ("Transferee Company"), in accordance with Section 44A of the Banking Regulation Act, 1949 and the Reserve Bank of India Master Direction - Amalgamation of Private Sector Banks Directions, 2016.

The Scheme has been approved by the shareholders of the Transferor Company and the Transferee Company on November 24, 2023 and November 27, 2023 respectively at their extra ordinary general meeting and by the Competition Commission of India (the "CCI") and the Reserve Bank of India (the "RBI") on January 23, 2024 and Mach 4, 2024 respectively.

At the request of the Transferor Company and the Transferee Company, RBI has approved for modification of appointed date as April 1, 2024 as against the appointed date proposed in the Scheme i.e. February 1, 2024.

In terms of the Scheme, the Bank has issued and allotted 7,35,25,352 equity shares to the share holders of the Fincare Small Finance Bank Limited on April 1, 2024 in accordance with share exchange ratio specified in the Scheme i.e. 579 (Five Hundred Seventy Nine) equity shares of face value of ₹10/- each of the Transferee Company for every 2,000 (Two Thousand) equity shares of face value of ₹10/- each of the Transferor Company. In addition, the Bank is required to issue its shares on exercise of options which have been granted to the employees of the Transferor Company in terms of its ESOP plan.

Accordingly, the paid-up share capital has increased from ₹ 669.16 Crore consisting of 66,91,62,451 equity shares of ₹10/- each to ₹ 742.69 Crore consisting of 74,26,87,803 equity shares of ₹10/- each on April 1, 2024.

9 Exceptional Items

The expenses amounting to ₹ 76.80 Crore, including stamp duty, has been incurred/provided for during the year in relation to the acquisition and merger of Fincare Small Finance Bank Limited. Considering the size, nature or incidence of these expenses, the same has been disclosed as exceptional item.

10 Proposed dividend

The Board of Directors at their meeting held on April 24, 2024, proposed a dividend of ₹ 1 per share at 10% of face value for the year ended March 31, 2024 (previous year: ₹ 1 per share at 10% of face value (pre-bonus issue) or ₹ 0.50 per share at 5% of face value (post-bonus issue)) subject to the approval of the shareholders at the ensuing Annual General Meeting. The effect of the proposed dividend has been considered in determination of Capital adequacy ratio (CAR) as at March 31, 2024 and March 31, 2023 respectively.

11 Bonus shares

The Bank had allotted 31,50,93,233 fully paid up equity shares of face value ₹ 10/- each, in ratio of one equity share for every equity share held, during the year ended March 31, 2023, pursuant to a bonus issue approved by the shareholders vide Postal Ballot on May 29, 2022, by capitalisation of share premium.

12 As part of the normal banking business, the Bank grants loans and advances to its borrowers with permission to lend/invest or provide guarantee/security in other entities identified by such borrowers or on the basis of security/guarantee provided by the co-borrower. Similarly, the Bank may accept funds from its customers, who may instruct the Bank to lend/invest/provide guarantee or security or the like against such deposit in other entities identified by such customers. These transactions are part of Bank's normal banking business, which is conducted after exercising proper due diligence including adherence to "Know Your Customer" guidelines.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

Other than the nature of transactions described above:

- No funds have been advanced or loaned or invested by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries).
- The Bank has not received any fund from any party(s), including foreign entties (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

13 Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

The Bank has restructured the account as per RBI Circular DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018, DBR.No.BP.BC.108/21.04.048/2017-18 dated June 06, 2018, DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020.

(₹ in Crore except numbers)

Particulars	March 31, 2024	March 31, 2023
No. of Account Restructured	3,537	4,607
Amount	277.96	423.87

14 Disclosures on Change in Ownership of Projects Under Implementation:

The Bank does not have any account which are currently under the scheme of Change in Ownership of Projects Under Implementation as on March 31, 2024 (Previous year: Nil).

15 Inter-bank Participation with risk sharing:

During the year the Bank has not entered into any inter-bank participation with risk sharing (Previous year: Nil).

16 Investor education and protection fund

There is no amount required to be transferred to Investor Education and Protection Fund by the Bank (Previous year: Nil).

17 Other income includes processing fee, profit/loss on sale of investments (including provision for depreciation), non-fund based income such as commission earned from guarantees, selling of third party products, recovery from loans written off, income from dealing in PSLC, etc.

18 Details of payments of Audit Fees

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Statutory Audit fees and other related services	2.68	1.91
Other Matters	*0.39	#1.98
Total	**3.07**	**3.89**

Includes out of pocket expenses.

**Includes fees for additional reporting on merger with Fincare Small Finance Bank Limited.*

#*towards professional fees pursuant to Qualified Institutional Placement (QIP) paid to joint statutory auditor and previous statutory auditors of ₹ 1.98 Crore.*

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

19 The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

20 Fixed Assets (as disclosed under schedule 10) which relates to purchase of software and system development expenditure which are as follows:

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Gross Block		
At cost on 31st March of the preceding year	334.42	248.50
Additions during the year	141.81	85.92
Deductions during the year	48.24	-
Total (a)	**427.99**	**334.42**
Depreciation/Amortisation		
As at 31st March of the preceding year	170.00	116.28
Charge for the year	80.25	53.72
Deductions during the year	43.29	-
Total (b)	**206.96**	**170.00**
Net Value (a-b)	**221.03**	**164.42**

21 Segment reporting

Part A: Business segments:

Segment reporting for the year ended March 31, 2024 and March 31, 2023 is given below:

(₹ in Crore)

S. No.	Particulars	March 31, 2024	March 31, 2023
1	**Segment revenue**		
(a)	Treasury	1,703.97	1,208.60
(b)	Retail banking	9,118.15	7,234.12
(c)	Wholesale banking	1,161.44	717.57
(d)	Other banking operations	317.05	79.58
(e)	Unallocated	-	-
	Income from operations	**12,300.61**	**9,239.87**
2	**Segment results**		
(a)	Treasury	101.01	60.70
(b)	Retail banking	1,345.23	1,559.76
(c)	Wholesale banking	339.19	187.34

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

(₹ in Crore)

S. No.	Particulars	March 31, 2024	March 31, 2023
(d)	Other banking operations	290.80	56.84
	Total Segment results	**2,076.23**	**1,864.64**
	Less: Unallocated expenses	76.80	-
	Total Profit Before Tax	**1,999.43**	**1,864.64**
	Provision for Tax (Including deferred tax)	464.71	436.71
	Total Profit After Tax	**1,534.72**	**1,427.93**
3	**Segment Assets**		
(a)	Treasury	29,193.98	25,839.55
(b)	Retail banking	64,455.04	52,604.23
(c)	Wholesale banking	11,719.40	8,610.17
(d)	Other banking operations	85.27	14.96
(e)	Unallocated	3,971.98	3,147.21
	Total Assets	**109,425.67**	**90,216.12**
4	**Segment Liabilities**		
(a)	Treasury	4,090.06	2,543.19
(b)	Retail banking	49,704.40	40,439.78
(c)	Wholesale banking	42,977.60	36,153.95
(d)	Other banking operations	6.87	4.22
(e)	Unallocated	87.21	97.64
	Capital and Other Reserves	**12,559.53**	**10,977.34**
	Total Liabilities including Capital and Other Reserves	**109,425.67**	**90,216.12**

Part B: Geographic segments

The business of the Bank is in India only. Accordingly, geographical segment is not applicable.

Business Segments have been identified and reported taking into account the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and guidelines prescribed by the RBI and in compliance with the Accounting Standard 17 – "Segment Reporting". The RBI vide its circular dated April 7, 2022 on establishment of Digital Banking Units (DBUs), has prescribed reporting of Digital Banking Segment as a sub-segment of Retail Banking Segment. The Bank is in the process of setting up DBUs and hence no Digital Banking Segment disclosure have been made. The business operations of the Bank are in India and for the purpose of segment reporting as per Accounting Standard-17 (Segment reporting) the bank is considered to operate only in domestic segment.

22 Related Party Disclosures:

A. Related Parties:

Key management personnel (KMP)	Mr. Sanjay Agarwal, Managing Director and CEO
	Mr. Uttam Tibrewal, Whole Time Director
	Mr. Vimal Jain, Chief Financial Officer

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

	Mr. Manmohan Parnami, Company Secretary
Enterprises over which KMP/ relatives of KMP have control/ significant influence	Abhiyan Bharat Foundation
	AU Bank Employees Group Gratuity Trust (upto March 31, 2023)
	AU Small Finance Bank Employees Welfare Trust (upto March 31, 2023)
	AU Foundation
	DS Speciality Product LLP
	Durga Automation & Control Private Limited
	Durga Mechatronics Private Limited (Formerly Known as - Durga Bearings (Mumbai) Private Limited)
	Jyoti Sanjay Family Trust
	Kalinga Agencies
	Kalinga Mercantile Private Limited
	Kalinga Extrusions India Private Limited
	Manmohan Parnami HUF
	MYS Holdings Private Limited
	Pradeep Kumar Jain HUF (upto March 31, 2023)
	Sanjay And Jyoti Agarwal Foundation
	Shivgyan Mines and Minerals Private Limited
	Shree Dham Mining Industries LLP
	Teamwork Arts Private Limited (w.e.f. January 23, 2024)
	Speciality Stones Private Limited (upto July 04, 2022)
	Universal Quartz & Natural Stone Private Limited
	Universal Galaxy Granite LLP (upto March 31, 2023)
	Universal Rocks India LLP (upto March 31, 2023)
	Universal Gold Granite LLP (upto March 31, 2023)
	Universal Black Granite LLP (upto March 31, 2023)
	Universal Granimarmo Pvt Ltd (upto March 31, 2023)
	VS and Sons HUF
Relatives of KMP	Ms. Jyoti Agarwal
	Ms. Shakuntala Agarwal
	Mr. Yuvraj Agarwal
	Ms. Mallika Agarwal
	Mr. Ajay Agarwal
	Ms. Pinki Agarwal
	Ms. Pooja Tibrewala
	Mr. Devi Prasad Tibrewala
	Late Ms. Geeta Devi Tibrewala (Demised on November 21, 2023)
	Mr. Vaibhav Tibrewala
	Mr. Subhash Tibrewala
	Ms. Manju Agarwal
	Ms. Uma Bagaria
	Ms. Suman Sultania
	Ms. Bhawna Parnami
	Ms. Rajkumari Sukhija
	Ms. Asmita Parnami

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

Ms. Jaisvi Parnami
Mr. Mahinder Parnami
Ms. Kavita Sukhija
Ms. Shikha Taneja
Ms. Ladh Devi Jain
Ms. Sinku Jain
Mr. Dhairya Jain
Mr. Pradeep Kumar Jain
Mr. Dilip Kumar Jain
Ms. Suman Lata Jain
Ms. Renu Kataria
Ms. Rekha Jain

B. The Bank's related parties balances and transactions for the year ended are summarised as follows:

1. Deposits

(₹ in Crore)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year
Key Management Personnel (KMP)	20.61	26.26	9.98	37.14
Relatives of KMP	44.71	71.63	71.34	473.92
Enterprise over which KMP/ Relative of KMP have control/ significant influence	36.39	135.93	136.63	322.39

2. Interest Paid on Deposits

(₹ in Crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Key Management Personnel (KMP)	1.17	1.11
Relatives of KMP	3.30	4.41
Enterprise over which KMP/Relative of KMP have control/significant influence	4.74	3.84

3. Remuneration

(₹ in Crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Mr. Sanjay Agarwal, Managing Director and CEO	3.14	3.09
Mr. Uttam Tibrewal, Executive Director	2.35	2.37
Mr. Vimal Jain, Chief Financial Officer	1.25	1.14
Mr. Manmohan Parnami, Company Secretary	0.84	0.82
Total	**7.58**	**7.42**

1.Remuneration paid excludes value of employee stock options exercised during the year.

2.The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Bank as a whole.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

4. Advances

(₹ in Crore)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year
Key Management Personnel (KMP)	0.11	11.06	0.48	0.75
Relatives of KMP	0.08	22.13	20.15	20.66
Enterprise over which KMP/ Relative of KMP have control/ significant influence	19.92	21.86	0.31	0.93

Related to credit card facility and ODFD Facility.

5. Other transaction

(₹ in Crore)

Name of related party	Nature of transactions	Year ended March 31, 2024	Year ended March 31, 2023
Mr. Uttam Tibrewal	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	20.66	20.11
Mr. Vimal Jain	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	0.08	-
Mr. Manmohan Parnami	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	0.04	-
AU Bank Employees Group Gratuity Trust	Contribution to Fund	-	9.55
AU Foundation	Donation	9.66	8.59

6. Interest income

(₹ in Crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Key Management Personnel (KMP)	0.05	0.00
Relatives of KMP	0.48	0.13
Enterprise over which KMP/ Relative of KMP have control/ significant influence	0.88	0.04

7. Other income

(₹ in Crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Key Management Personnel (KMP)	0.01	0.03
Relatives of KMP	0.01	0.01
Enterprise over which KMP/ Relative of KMP have control/ significant influence	0.00	0.00

8. Dividend Paid

(₹ in Crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Key Management Personnel (KMP)	13.06	6.33
Relatives of KMP	4.23	2.55
Enterprise over which KMP/ Relative of KMP have control/ significant influence	1.11	0.69

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

23 Leases

The Bank has taken various premises and other office equipments under operating lease. The future minimum lease payments are given below:

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Not later than one year	172.78	151.42
Later than one year and not later than five years	463.15	456.93
Later than five years	165.50	159.38
Total	**801.43**	**767.73**
The total of minimum lease payments recognised in the Profit and Loss Account for the year	168.37	155.40
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	-	-
Sub-lease amounts recognised in the Profit and Loss Account for the year	-	-
Contingent (usage based) lease payments recognised in the Profit and Loss Account for the year	-	-

24 Earnings per equity share (AS 20)

(₹ in Crore, except numbers)

Particulars	March 31, 2024	March 31, 2023
Profit/(loss) after tax (A)	1,534.72	1,427.93
Less: Exceptional item (after tax)	(57.47)	-
Net profit excluding exceptional item (B)	1,592.19	1,427.93
Weighted average number of equity shares in calculating basic EPS (C)	667,949,068	653,175,247
Add: Effect of dilution - Stock option granted to employees	3,510,029	3,733,764
Weighted average number of equity shares in calculating diluted EPS (D)	671,459,097	656,909,011
Earning per share including exceptional item		
Basic (In ₹) (A/C)	22.98	21.86
Diluted (In ₹) (A/D)	22.86	21.74
Nominal value per share (In ₹)	10.00	10.00
Earning per share excluding exceptional item		
Basic (In ₹) (B/C)	23.84	21.86
Diluted (In ₹) (B/D)	23.71	21.74
Nominal value per share (In ₹)	10.00	10.00

The dilutive impact is due to stock options granted to employees.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

The Bank has allotted 31,50,93,233 fully paid up equity shares of face value ₹ 10/- each, in ratio of one equity share for every equity share held, during the year ended March 31, 2023, pursuant to a bonus issue approved by the shareholders vide Postal Ballot on May 29, 2022, by capitalisation of share premium. Consequently, the earnings per share have been adjusted for previous periods/year presented in accordance with Accounting Standard 20 - Earnings per share.

25 Deferred taxes

Other assets include deferred tax asset (net). The break-up of the same is as follows:

(₹ in Crore)

Particulars of Asset/(Liability)	March 31, 2024	March 31, 2023
Provision for NPA, floating provision, contingency and general provision, standard assets and other assets provision	211.89	189.04
Expenditure charged to the profit and loss account in the current year but allowed for tax purpose on payment basis	6.68	2.24
Depreciation	2.09	(3.41)
Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961	(132.46)	(103.78)
Others	27.87	8.72
Net Deferred Tax Asset	**116.07**	**92.81**

The current year's tax provision includes current year tax, deferred tax and net impact of ₹ 30.13 Crore of earlier years.

26 Accounting for employee share based payments

Stock options

The Bank has granted employee stock options to its Director and Employees under various Employee Stock Option Plans/Schemes. The plans in operation are Plan (A) - 2015(A), Plan (B) - 2015(B), Plan (C) - 2016, Plan (D) - 2018, Plan (E) - 2020 and Plan (F) - 2023. The numerical series A1-A3, B1-B13, C1 -C15, D1-D13, E1-E19 and F1-F3 represents grants made on different dates under these plans. During the year ended March 31, 2024, the following series were in operation:

Particulars	Plan A1 to A3	Plan B1 to B13	Plan C1 to C15	Plan D1 to D13	Plan E1 to E19^	Plan F1 to F3
Date of grant	Aug 31, 2015 to Oct 27, 2017	Aug 31, 2015 to Jul 28, 2023	Nov 11, 2016 to Jul 28, 2023	Aug 30, 2018 to Jul 28, 2023	Jan 27, 2021 to Jul 28, 2023	Jul 28, 2023 to Mar 26, 2024
Date of Board/ Compensation Committee approval	Aug 31, 2015 to Oct 27, 2017	Aug 31, 2015 to Jul 28, 2023	Nov 11, 2016 to Jul 28, 2023	Aug 30, 2018 to Jul 28, 2023	Jan 27, 2021 to Jul 28, 2023	Jul 28, 2023 to Mar 26, 2024
Number of Options granted*	4,156,632	5,244,914	3,067,429	5,897,670	9,061,782	3,918,118
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity
Graded vesting period:						
1st vesting on the date of initial public offer (July 10, 2017) of Bank's equity shares (If grant date is before date of IPO) or 1st vesting 12 months from the date of grant (If grant date is after date of IPO)	20%	20%	NA	NA	NA	NA

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

Particulars	Plan A1 to A3	Plan B1 to B13	Plan C1 to C15	Plan D1 to D13	Plan E1 to E19^	Plan F1 to F3
1st vesting 12 months from the date of grant	NA	NA	20%	20%	20%	20%
2nd vesting "On expiry of one year from the 1st vesting date"	30%	30%	20%	20%	20%	20%
3rd vesting "On expiry of two years from the 1st vesting date"	50%	50%	30%	30%	30%	30%
4th vesting "On expiry of 3 years from the 1st vesting date"	NA	NA	30%	30%	30%	30%
Exercise period	4 years from the 1st vesting date	4 years from the 1st vesting date	6 years from the 1st vesting date	6 years from the 1st vesting date	6 years from the 1st vesting date	6 years from the 1st vesting date
Vesting conditions	Continuous service	Continuous service	Continuous service	Continuous service	Continuous service	Continuous service
Weighted average remaining contractual life (years)	-	0 - 4.33	0.28 - 6.33	1.42 - 6.33	3.83 - 6.33	6.33 - 6.99
Weighted average exercise price per option (₹)	10.11	16.69	70 - 681	294.50 - 681	395.50 - 681	681 - 728

** Denotes actual options granted.*

^54,136 ESOP granted with vesting over next 3 years in 3 equal instalments of 33.33% each.

The Bank has allotted 31,50,93,233 fully paid up equity shares of face value ₹ 10/- each, in ratio of one equity share for every equity share held, during the year ended March 31, 2023, pursuant to a bonus issue approved by the shareholders vide Postal Ballot on May 29, 2022, by capitalisation of share premium. Consequently, excercise price and number of options are adjusted.

Particulars	March 31, 2024				
	Plan 2015 (B)	Plan 2016	Plan 2018	Plan 2020	Plan 2023
Options outstanding at the beginning of the year	85,000	1,851,752	4,402,476	7,807,595	-
Granted during the year	134,000	43,386	121,585	2,241,169	3,918,118
Forfeited during the year	-	-	-	-	-
Exercised during the year	(6,200)	(459,452)	(1,608,021)	(343,723)	-
Expired/Lapsed during the year	(16,000)	(45,968)	(115,007)	(513,363)	(151,074)
Outstanding at the end of the year	196,800	1,389,718	2,801,033	9,191,678	3,767,044
Exercisable at the end of the year	30,000	713,850	2,042,988	1,755,839	-

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

Particulars	March 31, 2023				
	Plan 2015 (A)	Plan 2015 (B)	Plan 2016	Plan 2018	Plan 2020
Options outstanding at the beginning of the year	118,000	22,000	1,101,744	2,877,893	1,622,533
Granted during the year	-	41,000	37,468	611,828	5,098,223
Adjustment for Bonus issue	-	22,000	1,054,575	2,835,939	1,622,925
Forfeited during the year	-	-	-	-	-
Exercised during the year	(118,000)	-	(300,397)	(1,784,285)	(66,351)
Expired/Lapsed during the year	-	-	(41,638)	(138,899)	(469,735)
Outstanding at the end of the year	-	85,000	1,851,752	4,402,476	7,807,595
Exercisable at the end of the year	-	16,000	617,020	1,956,556	576,857

Details of stock options granted during the year:

Plan B, C, D, E and F: The weighted average fair value of stock options granted during the year was ₹ 650.80 (Plan B12), ₹ 713.84 (Plan B13), ₹ 350.94 (plan C15), ₹ 350.94 (plan D13), ₹ 376.52 (plan E17), ₹ 387.63 (plan E18) and ₹ 350.94 (plan E19) ₹ 350.94 (plan F1) ₹ 359.87 (plan F2) ₹ 215.97 (plan F3).

Particulars	Plan B12	Plan B13	Plan C15	Plan D13
	Tranche vesting in FY 2024-25 to 2026-27	Tranche vesting in FY 2024-25 to 2026-27	Tranche vesting in FY 2024-25 to 2027-28	Tranche vesting in FY 2024-25 to 2027-28
Share price on the date of grant (₹)	665.95	729.20	729.20	729.20
Exercise price (₹)	16.69	16.69	681.00	681.00
Expected volatility (%)	41.61%	40.96%	40.96%	40.96%
Life of the options granted (years)	3 - 4	3 - 4	4 - 5.50	4 - 5.50
Risk-free interest rate (%)	7.11%	7.12%	7.12%	7.12%
Expected dividend rate (%)	0.09%	0.09%	0.09%	0.09%
Fair value of the option (₹)	650.60 to 650.91	713.68 to 713.93	320.52 to 373.16	320.52 to 373.16

Particulars	Plan E17	Plan E18	Plan E19
	Tranche vesting in FY 2024-25 to 2027-28	Tranche vesting in FY 2024-25 to 2027-28	Tranche vesting in FY 2024-25 to 2027-28
Share price on the date of grant (₹)	749.80	772.35	729.20
Exercise price (₹)	658.00	677.00	681.00
Expected volatility (%)	41.13%	40.99%	40.96%
Life of the options granted (years)	4 - 5.50	4 - 5.50	4 - 5.50
Risk-free interest rate (%)	7.06%	7.09%	7.12%
Expected dividend rate (%)	0.09%	0.09%	0.09%
Fair value of the option (₹)	346.16 to 398.18	356.67 to 410.25	320.52 to 373.16

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

Particulars	Plan F1	Plan F2	Plan F3
	Tranche vesting in FY 2024-25 to 2027-28	Tranche vesting in FY 2024-25 to 2027-28	Tranche vesting in FY 2024-25 to 2027-28
Share price on the date of grant (₹)	729.20	765.45	564.25
Exercise price (₹)	681.00	728.00	689.00
Expected volatility (%)	40.96%	40.01%	39.85%
Life of the options granted (years)	4 - 5.50	4 - 5.50	4 - 5.50
Risk-free interest rate (%)	7.12%	7.19%	7.09%
Expected dividend rate (%)	0.09%	0.11%	0.11%
Fair value of the option (₹)	320.52 to 373.16	327.74 to 383.37	189.65 to 235.26

Had the Bank used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

(₹ in Crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit after tax as reported	1,534.72	1,427.93
Add: ESOP expense already booked (net of tax)	22.71	15.53
Less: ESOP cost using fair value method (net of tax)	111.93	77.62
Profit after tax (adjusted)	**1,445.50**	**1,365.84**
Earnings Per Share		
Basic		
- As reported	22.98	21.86
- Adjusted for ESOP cost using fair value method	21.64	20.91
Diluted		
- As reported	22.86	21.74
- Adjusted for ESOP cost using fair value method	21.53	20.79

(₹ in Crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Stock options outstanding (gross)	274.06	229.16
Deferred compensation cost outstanding	45.17	30.67
Stock options outstanding (net)	**228.89**	**198.49**

27 Employee benefits

(a) Defined benefit plans

Gratuity

The gratuity plan provides a lumpsum payment to vested employees at retirement or on termination of employment based on respective employee's salary and years of employment with the Bank considering the ceiling of gratuity amount of ₹ 0.20 Crore.

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

Reconciliation of opening and closing balance of present value of defined benefit obligation for gratuity benefits as per AS-15 "Employee Benefits" is given below.

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Liability at the beginning of the year	61.34	56.88
Interest cost	4.56	4.09
Current service cost	13.54	19.78
Benefits paid/payable during the year	(5.60)	(4.28)
Actuarial (gain)/loss on obligation		
Experience adjustment	7.95	0.17
Assumption change	0.16	(15.30)
Liability at the end of the year	**81.95**	**61.34**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets at the beginning of the year	55.65	47.34
Expected return on plan assets	4.15	3.41
Contributions	5.69	9.54
Benefits paid	(5.60)	(4.28)
Actuarial gain/(loss) on plan assets		
Experience adjustment	1.56	(0.36)
Assumption change	-	-
Fair value of plan assets at the end of the year	**61.44**	**55.65**
Amount recognised in Balance Sheet		
Fair value of plan assets at the end of the year	61.44	55.65
Liability at the end of the year	(81.95)	(61.34)
Net Asset (included under Schedule 11.VI)/(Liability) (included under Schedule 5.V)	**(20.51)**	**(5.69)**
Expenses recognised in Profit and Loss Account		
Interest cost	4.56	4.10
Current service cost	13.54	19.78
Expected return on plan assets	(4.15)	(3.41)
Net actuarial (gain)/loss recognised in the year	6.56	(14.78)
Net cost	**20.51**	**5.69**
Actual return on plan assets	5.70	3.05
Estimated contribution for the next year	20.51	5.69
Assumptions		
Discount rate	7.25% per annum	7.30% per annum
Expected return on plan assets	7.25% per annum	7.30% per annum
Salary escalation rate	7.50% per annum	7.50% per annum

Schedules

forming part of the Balance Sheet as at March 31, 2024

Schedule 18 - Notes forming part of the financial statements for the Year ended March 31, 2024 (Contd.)

Experience adjustment

Particulars	Years ended March 31,				
	2024	2023	2022	2021	2020
Plan assets	61.44	55.65	47.34	33.74	15.87
Defined benefit obligation	81.95	61.34	56.88	46.99	33.07
Surplus/(deficit)	(20.51)	(5.69)	(9.54)	(13.25)	(17.20)
Experience adjustment gain/(loss) on plan assets	1.56	(0.36)	(0.02)	1.09	0.93
Experience adjustment (gain)/loss on plan liabilities	8.11	(15.13)	(9.82)	(2.07)	5.96

(b) Defined contribution plans

Provident fund

The Bank makes Provident Fund contributions to a defined contribution retirement benefit plans for qualifying employees. Under the schemes, the bank is required to contribute a specified percentage of the payroll costs to the Provident Fund Commissioner to fund the benefits.

The Bank recognised ₹ 75.90 Crore (previous year ₹ 68.09 Crore) for provident fund contributions in the Profit and Loss Account. The contributions payable to these plans by the Bank are at rates specified in the rules of the schemes.

(c) Compensated absences

The Bank has provided for compensatory leaves which can be availed and not encashed as per policy of the Bank as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation. The Bank has accordingly booked ₹ 1.01 Crore (previous year reversed ₹ 21.71 Crore) in the books of accounts for the year.

28 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

As per our attached Report of even date.

For **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Firm Registration No.: 117365W

G. K. Subramaniam
Partner
Membership No. 109839
Place: Jaipur

For **G.M. Kapadia & Co.**
Chartered Accountants
ICAI Firm Registration No.: 104767W

Atul Shah
Partner
Membership No. 039569
Place: Jaipur

Date: April 24, 2024

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Harun Rasid Khan
(Non-Executive Independent Part Time Chairman)
DIN : 07456806
Place : Jaipur

Uttam Tibrewal
(Whole Time Director and Deputy CEO)
DIN: 01024940
Place: Jaipur

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place: Jaipur

Date: April 24, 2024

Sanjay Agarwal
(Managing Director and CEO)

DIN: 00009526
Place: Jaipur

Vimal Jain
(Chief Financial Officer)

Place: Jaipur

Basel II (Pillar 3) Disclosures

As at 31st March 2024

RBI circular DBR.No.BP.BC.4/21.06.001/2015-16 dated 1st July, 2015 on 'Prudential guideline on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF)' requires banks to make applicable Pillar 3 disclosures. These disclosures have not been subjected to audit or limited review. These disclosures are available on the Bank's website at: https://www.aubank.in/reports/regulatory-disclosures

AU SMALL FINANCE BANK LIMITED

CIN: L36911RJ1996PLC011381

Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302 001, Rajasthan, India
Corporate Office: 5th Floor, E-Wing, Kanakia Zillion, Junction of CST Road and LBS Road, Kurla (West), Mumbai – 400 070, Maharashtra, India
Tel: +91-141 4110060 | E-mail: investorrelations@aubank.in | Website: www.aubank.in

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE TWENTY NINTH (29th) ANNUAL GENERAL MEETING ("AGM") OF THE MEMBERS OF AU SMALL FINANCE BANK LIMITED ("BANK") WILL BE HELD ON FRIDAY, JULY 26, 2024 AT 02:00 P.M. (IST) THROUGH VIDEO CONFERENCING ("VC") OR OTHER AUDIO-VISUAL MEANS ("OAVM") TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

Item No. 1:

To adopt the Audited Financial Statements of the Bank for the Financial Year ended on March 31, 2024 and the reports of the Board of Directors and the Auditors thereon.

Item No. 2:

To declare Dividend of ₹1.00 per equity share of ₹10 each for the FY 2023-24.

Item No. 3:

To appoint a Director in place of Mr. Sanjay Agarwal (DIN: 00009526) who retires by rotation and being eligible, has offered himself for re-appointment.

Item No. 4:

To appoint Joint Statutory Auditors of the Bank and fix their remuneration.

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and applicable provisions of the Banking Regulation Act, 1949 [including any statutory modification(s), amendment(s) thereto or re-enactment(s) thereof for the time being in force] and the rules, guidelines and circulars issued by Reserve Bank of India (**"RBI"**), in this regard, from time to time, MSKA & Associates, Chartered Accountants (Registration No. 105047W) and Mukund M Chitale & Co., Chartered Accountants (Registration No. 106655W) be and are hereby appointed as the Joint Statutory Auditors of the Bank (**"Auditors"**) to hold office for a period of three (3) years from the conclusion of 29th Annual General Meeting until the conclusion of 32nd Annual General Meeting of the Bank to be held in the calendar year 2027, subject to the prior approval of the RBI for their appointment in every year, at an annual remuneration/fees of ₹2,65,00,000 (Rupees Two Crore Sixty Five Lakhs only) plus taxes at the applicable rates and outlays, for the purpose of audit of the Bank's accounts for the FY 2024-25 with the power to the Board of Directors to alter and vary the terms and conditions of appointment, revision including upward revision in the remuneration for the remaining tenure, arising out of increase/change in scope of work, including by reason of necessity on account of such conditions as may be stipulated by the RBI and/or any other authority, in such manner and to such extent as may be mutually agreed with the Auditors.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to give effect to the above resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard."

SPECIAL BUSINESS

Item No. 5:

To issue non-convertible debt securities/bonds/other permissible instruments, in one or more tranches.

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71, 180 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made thereunder (the "**Act**"), applicable regulations of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("**SEBI ILNCS Regulations**") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and other applicable rules, regulations, guidelines, circulars and directions issued by the Securities and Exchange Board of India ("**SEBI**"), the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1934, Foreign Exchange Management Act, 1999, the rules, regulations, circulars, directions and guidelines issued by the Reserve Bank of India ("**RBI**") from time to time and all other relevant provisions of applicable law(s) [including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force] and pursuant to the Memorandum and Articles of Association of the Bank and subject to such other approval(s), consent(s),permission(s) and sanction(s) as may be necessary from the concerned statutory or regulatory authority(ies) and subject to such conditions as may be prescribed by any of the concerned authorities (if any) while granting such approval(s), consent(s), permission(s) and sanction(s) as may be applicable, the approval of the Members of the Bank be and is hereby accorded to the Board of Directors ("hereinafter referred to as the "**Board**", which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons") for borrowing/raising funds denominated in Indian rupees or any other permitted foreign currency by issue of non-convertible debt securities, including but not limited to long-term bonds, perpetual debt instruments, Tier I/Tier II Capital Bonds or such other debt securities as may be permitted under RBI guidelines from time to time, on a private placement basis and/or for making offers and/or invitations thereof and/or issue(s)/ issuances thereof, for a period of one year from the date hereof, in one or more tranches and/or series and under one or more shelf disclosure documents and/or one or more letters of offer or such other documents or amendments/revisions thereof and on such terms and conditions for each series/tranche, including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board, as per the structure and within the limits permitted by RBI, as applicable of an amount not exceeding ₹6,000 Crore (Rupees Six Thousand Crore Only) over and above the outstanding debt securities issued by the Bank in domestic and/or overseas market within the overall borrowing limits of the Bank and on such terms and conditions as may be approved by the Board, from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise, in this regard and do all such acts, deeds and things as may be considered necessary or desirable in connection with or incidental thereto to give effect to the above resolution, including but not limited to disclosures with stock exchanges and to comply with all other requirements in this regard."

Item No. 6:

To raise funds through issue of equity shares and/or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares including through Qualified Institutions Placement or such other permissible mode or combinations thereof:

To consider, and if thought fit to, pass the following Resolution, as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 23, 41, 42 and 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable Rules made thereunder, including the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "**Act**"), the relevant provisions of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the Reserve Bank of India (the "**RBI**") in this regard from time to time [including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force], the provisions of the Foreign Exchange Management Act,

1999 and rules and regulations framed thereunder, as amended, from time to time (the "**FEMA**"), the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended, the current Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (the "**GOI**") as amended, from time to time, the Master Direction – Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023, the rules, the regulations, guidelines, notifications and circulars, if any, prescribed by the GOI, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**SEBI ICDR Regulations**"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the "**Listing Regulations**"), as amended, from time to time and subject to such other applicable rules, regulations, circulars, notifications, clarifications and guidelines issued thereon, from time to time, by the GOI, the Ministry of Corporate Affairs (the "**MCA**"), the Securities and Exchange Board of India (the "**SEBI**") and the Stock Exchanges where the Equity Shares of the Bank are listed and the enabling provisions of the Memorandum of Association and Articles of Association of the Bank and subject to the receipt of requisite approvals, consents, permissions and/or sanctions, if any, from any other appropriate statutory/regulatory authorities and subject to such other conditions and modifications as may be prescribed, stipulated or imposed by any of the said statutory/regulatory authorities, while granting such approvals, consents, permissions, and/or sanctions, which may be agreed to by the Board of Directors of the Bank ("hereinafter referred to as the "**Board**", which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons"), the approval of the Members of the Bank be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and/or on competitive basis, of such part of issue and for such categories of persons as may be permitted), such number of Equity Shares, and/or Equity Shares through depository receipts, and/or securities convertible into Equity Shares at the option of the Bank and/or the holders of such securities, and/or securities linked to Equity Shares, and/or any other instrument or securities representing Equity Shares and/or convertible securities linked to Equity Shares (all of which are hereinafter collectively referred to as "**Securities**") or any combination of Securities, in one or more tranches, in the course of international and/or domestic offering(s) in one or more foreign markets and/or domestic market, of private offerings and/or preferential allotment and/or qualified institutions placement or any combination thereof, through issue of placement document or other permissible/requisite offer document to any eligible person, including Qualified Institutional Buyers, in accordance with Chapter VI of the SEBI ICDR Regulations, foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternate investment funds, foreign portfolio investors, qualified foreign investors, Indian and/or multilateral financial institutions, mutual funds, non-resident Indians, pension funds and/or any other categories of investors, whether they be holders of Equity Shares of the Bank or not (collectively called the "**Investors**") as may be decided by the Board, in its sole and absolute discretion and permitted under applicable laws and regulations, in one or more tranches for an aggregate amount not exceeding ₹5,000 Crore (Rupees Five Thousand Crore Only) or an equivalent amount thereof (inclusive of such premium as may be fixed on such Securities) (the "**Offering**") by offering the Securities at such time or times, at such price or prices permitted under applicable laws in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board in its sole and absolute discretion including the discretion, to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment of Equity Shares of ₹10 each of the Bank considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) as the Board in its sole and absolute discretion may deem fit and appropriate.

RESOLVED FURTHER THAT in case of issuance of Securities by way of a Qualified Institutions Placements ("**QIP**"), under Chapter VI of the SEBI ICDR Regulations (the "**Eligible Securities**"):

a) the price of the Eligible Securities shall not be less than the price as may be determined, in accordance with the pricing formula prescribed under Chapter VI of the SEBI ICDR Regulations.

b) the Board may at its sole and absolute discretion, issue Eligible Securities at a discount of not more than five percent (5%) or such other discount as may be permitted to the 'floor price' as may be determined in accordance with the pricing formula prescribed under Chapter VI of the SEBI ICDR Regulations.

c) the Relevant Date for determination of the price of the Equity Shares shall be the date of the meeting at which the Board decides to open the proposed QIP in terms of the provisions of the Act, the SEBI ICDR Regulations and other applicable laws, rules, regulations.

d) in case convertible securities are issued to Qualified Institutional Buyers ("**QIB**") under Chapter VI of the SEBI ICDR Regulations, the Relevant Date for the purpose of pricing of such securities shall be either the date of the meeting at which the Board decides to open the proposed QIP of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares, in terms of the provisions of the Act, the SEBI ICDR Regulations and other applicable laws, rules, regulations.

e) the allotment of Equity Shares to each QIB in the proposed QIP issue shall not exceed five per cent (5%) of the post issued and paid-up capital of the Bank or such other limit(s) as may be prescribed under applicable laws or as approved by Reserve Bank of India.

f) the allotment of Eligible Securities or any combination of Eligible Securities as may be decided by the Board to the each QIBs shall be fully paid-up and the allotment of such Eligible Securities shall be completed within a period of 365 days, from the date of passing of this Special Resolution by the Members of the Bank and that all such Equity Shares shall rank *pari passu inter se* and with the then existing Equity Shares of the Bank, in all respects, including dividend and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Bank.

g) The eligible securities shall not be sold for a period of one (1) year from the date of its allotment, except on the floor of recognised Stock Exchange(s).

RESOLVED FURTHER THAT without prejudice to the generality of the above, subject to applicable laws and receipt of requisite approvals, consents, permissions and/or sanctions, if any, from any other appropriate statutory/regulatory authorities and subject to such other conditions and modifications as may be prescribed, stipulated or imposed by any of the said statutory/regulatory authorities in granting such approvals or permissions, the aforesaid issue of Securities may have all or any terms or combination of terms, in accordance with prevalent market practices or as the Board may in its sole and absolute discretion deem fit, including but not limited to the terms and conditions, relating to premium on redemption at the option of the Bank and/or holders of any securities, or variation of the price or period of conversion of Securities into equity shares or issue of equity shares during the period of the Securities or terms pertaining to voting rights or option(s) for early redemption of Securities.

RESOLVED FURTHER THAT for the purpose of giving effect to the resolutions described above the Board or a duly authorised Committee thereof be and is hereby authorised for and on behalf of the Bank to do all such acts, deeds, matters and things including but not limited to finalisation and approval of the relevant offering documents, determining the form and manner of the issue, the nature and number of Securities to be allotted, timing of the issuance/Offering, determination of person(s) to whom the Securities will be offered and allotted, in accordance with applicable law, issue price, face value, discounts permitted under applicable law (now or hereafter), premium amount on issue/conversion of the Securities, if any, rate of interest, execution of various agreements, deeds, instruments and other documents, as it may in its sole and absolute discretion deem fit, necessary, proper or appropriate, and to give instructions or directions and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities (including in relation to issue of such Securities in one or more tranches from time to time) and utilisation of the issue proceeds and to accept and to give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions as may be required by the SEBI, the Registrar of Companies, the book running lead manager(s), or other authorities or agencies involved in or concerned with the issue of Securities and as the Board or a duly authorised committee thereof may in its sole and absolute discretion deem fit and appropriate in the best interest of the Bank, without being required to seek any further consent or approval of the Members or otherwise, and that all or any of the powers conferred on the Bank and the Board pursuant to this resolution may be exercised by the Board or a duly authorised committee thereof as the Board has constituted or may constitute in this behalf, to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Special Resolution, and all actions taken by the Board or a duly authorised Committee thereof, to exercise its powers, in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed, in all respects.

RESOLVED FURTHER THAT the Board or a duly authorised Committee thereof be and is hereby authorised to engage/appoint Book Running Lead Managers, Underwriters, Depositories, Custodians, Registrars, Stabilising Agents, Trustees, Bankers, Lawyers, Advisors and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to reimburse them out of pocket expenses and also to enter into and execute all such arrangements, agreements, memoranda, documents etc. with such agencies and to seek the listing of the Securities on the Stock Exchanges.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board or a duly authorised Committee thereof be and is hereby authorised for and on behalf of the Bank to negotiate, modify, sign, execute, register, deliver including sign any declarations or notice required in connection with the private placement offer letter, information memorandum, the draft offer document, offer letter, offer document, offer circular or placement document for issue of the Securities, term sheet, issue agreement, registrar agreement, escrow agreement, underwriting agreement, placement agreement, consortium agreement, trustee agreement, trust deed, subscription agreement, purchase agreement, agency agreement, agreements with the depositories, security documents, and other necessary agreements, memorandum of understanding, deeds, general undertaking/indemnity, certificates, consents, communications, affidavits, applications (including those to be filed with the Regulatory Authorities, if any) (the "**Transaction Documents**") (whether before or after execution of the Transaction Documents) together with all other documents, agreements, instruments, letters and writings required in connection with, or ancillary to, the Transaction Documents (the "**Ancillary Documents**") as may be necessary or required for the aforesaid purpose including to sign and/or dispatch all forms, filings, documents and notices to be signed, submitted and/or dispatched by it under or in connection with the documents to which it is a party as well as to accept and execute any amendments to the Transaction Documents and the Ancillary Documents and further to do all such other acts, deeds, matters and things, mentioned herein as they may deem necessary in connection with the issue of the Securities in one or more tranches from time to time and matters connected therewith.

RESOLVED FURTHER THAT in respect of the Offering, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its sole and absolute discretion consider necessary, desirable or appropriate, including submitting the relevant application to the Stock Exchange(s) for obtaining in-principle approval for listing of Equity Shares, filing of requisite documents/making declarations with the MCA, RBI, SEBI and any other Statutory/Regulatory Authority(ies), including filing of form FC-GPR, and any other deed(s), document(s), declaration(s) as may be required under the applicable laws.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of the Board, *inter alia*, the power to determine the form, terms and timing of the issue(s)/offering(s), issue price (including discount, if any), the quantum of Securities to be issued, including selection of Investors to whom Securities are proposed to be offered, issued and allotted and matters related thereto, as it may, in its sole and absolute discretion, deem fit and appropriate.

RESOLVED FURTHER THAT the Board or a duly authorised Committee thereof be and is hereby authorised to delegate all or any of the powers herein conferred to any Director(s) or Officer(s) of the Bank and to generally do all such acts, deeds, matters and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the Stock Exchange(s) and Statutory/Regulatory Authorities and execution of any deeds and documents for and on behalf of the Bank and to represent the Bank before any Governmental Authorities, to give effect to this resolution."

Place: Jaipur
Date: June 27, 2024

By Order of the Board of Directors
For AU Small Finance Bank Limited

Sd/-
Manmohan Parnami
Company Secretary
Membership No.: F9999

Registered Office:
19-A, Dhuleshwar Garden,
Ajmer Road, Jaipur – 302 001, Rajasthan
Website: www.aubank.in
Tel: +91 141 4110060
E-mail: investorrelations@aubank.in

Notes:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (the "**Act**") read with the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), setting out all the material facts relating to the Businesses as set out in Item No. 4 to 6 of this Notice, is annexed herewith.

2. The Ministry of Corporate Affairs ("**MCA**") vide its Circular Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by COVID-19", 20/2020 dated May 05, 2020, 02/2021 dated January 13, 2021, 19/2021 dated December 08, 2021, 21/2021 dated December 14, 2021, 02/2022 dated May 05, 2022 ,10/2022 dated December 28, 2022 and 09/2023 dated September 25, 2023 respectively in relation to "Clarification on holding of Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM)" (these circulars collectively to be referred as "**MCA Circulars**") and Securities and Exchange Board of India ("**SEBI**") vide its Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023, Circular No. SEBI/HO/DDHS/P/CIR/2023/0164 dated October 06, 2023 and Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 (these circulars collectively to be referred as "**SEBI Circulars**"), has permitted the holding of the AGM through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the aforesaid MCA Circulars & SEBI Circulars, the AGM of the Bank will be held through VC and physical attendance of the Members to the AGM venue is not required. The registered office of the Bank shall be deemed to be the venue for the AGM.

3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since the AGM will be held through VC in accordance with the MCA & SEBI Circulars, the requirement of physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxy by the member will not be applicable and hence the Proxy Form, Attendance Slips and Route map are not annexed to this Notice. However, the Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.

4. The Bank has provided two-way facility of video conferencing (VC)/other audio-visual means (OAVM) and live webcast of the proceedings of the AGM shall be available on Friday, July 26, 2024 from 02:00 p.m. (IST) onwards at the weblink https://www.evoting.nsdl.com. Members are requested to join the 29th AGM from 01:30 p.m. (IST) i.e. 30 minutes before the time scheduled to start the AGM and the Bank may close the window for joining the VC Facility, 30 minutes after the scheduled time to start the AGM. Attendance of members will be counted as the members who have successfully logged in through VC or OAVM and shall be counted for the purpose of reckoning of the quorum under Section 103 of the Act. Please refer the detailed instructions for attending the AGM through VC covered under this Notice.

5. In line with the MCA Circulars, the Annual Report for the Financial Year 2023-24 and AGM Notice has been uploaded on the website of the Bank at www.aubank.in. The same can also be accessed on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Ltd. at www.bseindia.com and www.nseindia.com respectively and on the website of National Securities Depository Limited ("**NSDL**") (agency for providing the facility of conducting AGM through VC and Remote e-Voting facility) i.e. www.evoting.nsdl.com.

6. The physical copies of all the documents referred to in this Notice and the Statement setting out the material facts in respect of Item nos. 4 to 6 thereof, a certificate from Secretarial Auditor certifying that the employee stock option scheme of the Bank is being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the Statutory Registers will be made available at the Bank's registered office for inspection during the normal business hours between 10:00 a.m. to 5:00 p.m. on working days up to the date of the AGM. Members having any queries, may please write to Company Secretary at investorrelations@aubank.in mentioning their name, Folio No./Client ID and DP ID. The same will be replied by the Bank suitably. Further, during the 29th AGM, members may access the required documents upon Log-in to NSDL e-Voting system at www.evoting.nsdl.com.

7. In case of joint holders attending the Meeting, only such joint holder whose name appears as the first holder in the order of names as per the Register of Members of the Bank will be entitled to vote, provided the votes are not already cast by remote e-voting by the first holder.

8. As per the provisions of Section 72 of the Act and SEBI Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 07, 2024, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Bank's website https://www.aubank.in/investors/investor-services. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialised form and to the Bank in case the shares are held in physical form.

9. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the 29th AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID and mobile number, to reach the Bank's e-mail address at investorrelations@aubank.in from Friday, July 19, 2024 to Tuesday, July 23, 2024. Such questions by the Members shall be taken up during the meeting and replied by the Bank suitably.

   Further, Members who would like to ask questions during the AGM with regards to the financial statements or any other matter to be placed at the AGM, need to register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID and mobile number, to reach the Bank's e-mail address at investorrelations@aubank.in from Friday, July 19, 2024 to Tuesday, July 23, 2024.

   Those Members who have registered themselves as a speaker shall only be allowed to speak/ask questions during the AGM, depending upon the availability of time.

10. In terms of the MCA Circulars & SEBI Circulars, the Annual report and AGM notice are being electronically sent to all the members of the Bank, whose name appear on the Register of Members/List of Beneficial Owners, as received from NSDL/Central Depository Services (India) Limited ("**CDSL**") on Friday, June 28, 2024 and who have registered their e-mail addresses with the Depositories/Depository Participants unless any member has requested for a physical copy of the same. It is however, clarified that all the persons who are members of the Bank as on Friday, July 19, 2024 (including those members who may not have received this Notice due to non – registration of their e-mail IDs) shall be entitled to vote in relation to the resolutions specified in this Notice.

11. Members are requested to address all correspondence, including dividend-related matters, to Registrar and Transfer Agent ("**RTA**") of the Bank i.e. Link Intime India Pvt. Ltd., at their e-mail ID rnt.helpdesk@linkintime.co.in or at their address C-101, 1st Floor, 247 Park, L.B.S. Marg Vikhroli (West) Mumbai – 400 083, Maharashtra.

12. SEBI vide its notification dated SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated July 31, 2023 (as amended) has established a common Online Dispute Resolution Portal ('ODR Portal') for resolution of disputes arising in the Indian Securities Market. Pursuant to this, post exhausting the option to resolve their grievance with the RTA/Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal at https://smartodr.in/login and the same can also be accessed through the Bank's website https://www.aubank.in/investor-grievance.

13. Members wishing to claim unclaimed dividends are requested to correspond with the RTA of the Bank as mentioned above or the Company Secretary of the Bank. The Bank has uploaded the details of unclaimed dividend amounts lying with the Bank on the website of the Bank at https://www.aubank.in/reports/disclosures

14. Members are requested to note that dividends, which are not claimed within seven years from the date of transfer to the Bank's Unpaid Dividend Account, will as per the provisions of Section 124 of the Act read with the rules made thereunder, be transferred to the Investor Education and Protection Fund. Further, pursuant to the provisions of Section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ("**IEPF Rules**"), all shares in respect of which dividend has not been claimed for seven consecutive years

shall also be transferred to the demat account of the Investor Education and Protection Fund authority (IEPF Authority). In view of this, Members are requested to claim their dividends from the Bank, within the stipulated timeline.

15. The Board at its meeting held on April 24, 2024 has recommended dividend of ₹1/- per equity share of face value of ₹10/- each for the financial year ended March 31, 2024, subject to approval of shareholders at the ensuing AGM.

16. The Bank has fixed Friday, July 12, 2024 as the "**Record Date**" for determining entitlement of Members to final dividend for the financial year ended March 31, 2024, if approved at the AGM.

17. The final dividend once approved at the AGM, will be paid on or before August 25, 2024, by way of electronic mode to members who have updated their bank account details. In case of members who have not updated their bank account details, the Bank shall dispatch the dividend warrant to such shareholder by post at their registered addresses. To avoid delay in receiving dividend, we request members to update their KYC details including address with pin code, e-mail address, mandates, nominations, power of attorney, bank details covering name of the bank and branch details, bank account number, MICR code, IFSC code, etc. with their depository participants (where shares are held in dematerialised form) and with the Bank's RTA (where shares are held in physical mode).

    Below process shall be followed to update the e-mail ID and bank account details to receive dividend directly into the Bank account on payout date:

Type of holding	Process to be followed*	
Physical	For availing the following investor services, send a written request in the prescribed forms to the RTA of the Bank.	
	• Form for availing investor services to register PAN, e-mail address, bank details and other KYC details or changes/update thereof for securities held in physical mode	Form ISR-1
	• Update of signature of securities holder	Form ISR-1/ISR-2 (As applicable)
	• Form for requesting issue of Duplicate Certificate and other service requests for shares/debentures/bonds, etc., held in physical form	Form ISR-4
	• Form for Transmission request	Form ISR-5
	The forms for updating the above details are available at https://www.aubank.in/investors/investor-services	
Demat	By contacting Depository Participant ("DP") and registering e-mail ID and bank account details in demat account, as per the process advised by the DP.	

** Please refer SEBI Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 07, 2024.*

18. As per the provisions of Regulation 40 of Listing Regulations all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialised form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. For this purpose, Members can contact the Bank for assistance in this regard.

19. Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 01, 2020 and the Bank is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, please refer to the Finance Act, 2020 and the amendments thereof.

    For Resident Individual shareholder: A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by e-mail to Bank at investorrelations@aubank.in. Shareholders are requested to note that in case their PAN is not registered or having invalid PAN or Specified Person as defined under Section

206AB of the Income-tax Act (**"the Act"**), the tax will be deducted at a higher rate prescribed under Section 206AA or 206AB of the Act, as applicable. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower/nil withholding of tax.

For Non-Resident shareholder: Non-resident shareholders [including Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs)] can avail beneficial rates under tax treaty between India and their country of tax residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. For this purpose, the shareholder may submit the above documents (PDF/JPG Format) by e-mail to Bank at investorrelations@aubank.in.

The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 P.M. IST by or before Friday, July 19, 2024.

20. Non-Resident Indian Members are requested to contact their respective Depository Participants/RTA (in case of physical shares) for any change in their residential status on return to India for permanent settlement, particulars of their bank account maintained in India with complete name, branch account type, account number and address of Bank with pin code number, if not furnished earlier.

21. Brief profile and other additional information pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, in respect of the Director seeking re-appointment, is furnished as an **Annexure** to the Notice.

DETAILS OF E-VOTING AND JOINING AGM THROUGH VC:

Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the MCA Circulars & SEBI Circulars the Bank is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM.

For this purpose, the Bank has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-Voting system as well as e-voting on the date of the AGM will be provided by NSDL.

The remote e-voting period begins on Monday, July 22, 2024, at 9:00 a.m.(IST) and ends on Thursday, July 25, 2024 at 5:00 p.m. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners, as received from NSDL/CDSL, as on the cut-off date i.e. Friday, July 19, 2024 may cast their vote electronically.

The voting right of members shall be in proportion to their share in the paid-up equity share capital of the Bank as on the cut-off date, being Friday, July 19, 2024.

A person who is not a member as on the cut-off date should treat this notice for information purpose only.

As the E-voting does not require a person to attend to a meeting physically, the Members are strongly advised to use the E-voting procedure by themselves and not through any other person except Institutional/ Corporate Shareholders who may cast their votes through their authorised representatives.

The Board of Directors have appointed CS Manoj Maheshwari, Practicing Company Secretary (Membership No. FCS: 3355) as Scrutiniser and failing him CS Priyanka Agarwal, Practicing Company Secretary (Membership No. FCS: 11138) as the Alternate Scrutiniser to scrutinise the polling/e-voting at the AGM and remote e-Voting process in a fair and transparent manner.

The details of the process and manner for remote e-Voting and joining AGM through VC are as under:

The way to vote electronically on NSDL e-voting system consists of below mentioned "2 steps":

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and e-mail ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner**" icon under "**Login**" which is available under '**IDeAS**' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "**Access to e-Voting**" under e-Voting services and you will be able to see e-Voting page. Click on Bank name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "**Register Online for IDeAS Portal**" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "**Login**" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Bank name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play 
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Bank. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.

Type of shareholders	Login Method
	4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	1. You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. 2. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. 3. Click on Bank name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above-mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 – 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Bank For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password

   c) How to retrieve your 'initial password'?

      (i) If your e-mail ID is registered in your demat account or with the Bank, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your e-mail ID is not registered, please follow steps mentioned below in **process for those shareholders whose e-mail IDs are not registered**.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select **EVEN** of AU Small Finance Bank Limited for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to cs.vmanda@gmail.com with a copy marked to evoting@nsdl.com . Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/Power of Attorney/ Authority Letter etc. by clicking on "Upload Board Resolution/Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on 022 – 4886 7000 or send a request to Ms. Pallavi Mhatre – Senior Manager, National Securities Depository Limited, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 or at evoting@nsdl.com.

Process for those shareholders whose e-mail IDs are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by e-mail to investorrelations@aubank.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self -attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investorrelations@aubank.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.
3. Alternatively, shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above-mentioned documents.
4. In terms of SEBI circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and e-mail ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join meeting**" menu against Bank name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Bank will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number/folio number, e-mail ID, mobile number at investorrelations@aubank.in. The same will be replied by the Bank suitably.

22. Any person, who acquires shares of the Bank and becomes member of the Bank after dispatch of the notice and holding shares as on the cut-off i.e. Friday, June 28, 2024 may obtain the login ID and password by sending a request at evoting@nsdl.com or contact Bank's RTA.
23. The Scrutiniser shall after the conclusion of voting at the AGM, will submit consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare results (consolidated) within two working days from the conclusion of the meeting.
24. The results of voting will be declared and the same along with the Scrutiniser's Report will be published on the website of the Bank (www.aubank.in) and the website of NSDL (www.evoting.nsdl.com) immediately after the declaration of result by the Chairman and the same will also be communicated to BSE Limited and the National Stock Exchange of India Ltd. within two working days from the conclusion of the AGM.

Place: Jaipur
Date: June 27, 2024

By Order of the Board of Directors
For AU Small Finance Bank Limited

Sd/-
Manmohan Parnami
Company Secretary
Membership No.: F9999

Registered Office:
19-A, Dhuleshwar Garden,
Ajmer Road, Jaipur – 302 001, Rajasthan
Website: www.aubank.in
Tel: +91 141 4110060
E-mail: investorrelations@aubank.in

Explanatory Statement pursuant to the provisions of Section 102(1) of Companies Act, 2013

The following Statement sets out all material facts relating to the Ordinary Business & Special Businesses as set out in Item no(s). 4 to 6 mentioned in the above Notice:

Item No. 4

The members of the Bank at the 26th Annual General Meeting held on August 17, 2021 have appointed Deloitte Haskins and Sells, Chartered Accountants (Registration No. 117365W) and G. M. Kapadia & Co., Chartered Accountants (Registration No. 104767W) as the Joint Statutory Auditors of the Bank to hold office, from the conclusion of 26th Annual General Meeting until the conclusion of ensuing 29th Annual General Meeting of the Bank in line with the approvals received from the Reserve Bank of India ("**RBI**").

RBI on April 27, 2021 has issued guidelines for appointment of Statutory Central Auditors/Statutory Auditors of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). As per the said guidelines statutory audit of entities with asset size of ₹15,000 Crore and above as at the end of previous year, should be conducted under joint audit of a minimum of two audit firms. The audit firms can continue as the Statutory Auditors ("**SA**") of the Bank for a continuous period of three (3) years only and thereafter the said firms will be compulsorily rested for six (6) years after completion of full or part of one term of the audit tenure. Further, prior approval of RBI for appointment/reappointment of SCAs on an annual basis is required in terms of the above guidelines.

In view of the above, the Board of Directors at its meeting held on June 27, 2024 on the recommendation of the Audit Committee has proposed the appointment of MSKA & Associates, Chartered Accountants (Registration No. 105047W) and Mukund M Chitale & Co., Chartered Accountants (Registration No. 106655W) as the Joint Statutory Auditors of the Bank for a period of three (3) years from the conclusion of 29th Annual General Meeting until the conclusion of 32nd Annual General Meeting of the Bank to be held in the calendar year 2027, subject to the prior approval of the Reserve Bank of India for their appointment in every subsequent year.

As per the requirement of the Act, the proposed SAs have confirmed that the appointment, if made would be within the limits specified under Section 141(3) (g) of the Act and they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act, the provisions of the Companies (Audit and Auditors) Rules, 2014 and complies with all eligibility norms prescribed by RBI.

The Bank has received approval of the RBI for appointment of MSKA & Associates, Chartered Accountants and Mukund M Chitale & Co., Chartered Accountants as the Joint Statutory Auditors of the Bank for the financial year 2024-25.

Brief profile of Joint Statutory Auditors

A – M S K A & Associates, established in 1978, M S K A & Associates is an Indian partnership firm registered with the Institute of Chartered Accountants of India (ICAI) and the PCAOB (US Public Company Accountancy Oversight Board) having offices across 12 key cities in India at Mumbai, Gurugram, Kolkata, Ahmedabad, Pune, Goa, Chennai, Bangaluru, Kochi, Chandigarh, Hyderabad and Coimbatore. M S K A & Associates offers a wide range of services in Audit Assurance, Tax and Advisory domain led by industry experts with deep knowledge pockets and driven by a commitment, to deliver – quality services to all clients.

B – M/s. Mukund M Chitale & Co. is a firm of chartered accountants with professional standing of more than 50 years. It was established in 1973. The Firm is engaged in providing auditing, taxation and advisory services. It has experience in auditing listed companies, public sector undertakings, Banks, insurance companies, mutual funds, private equity funds and other entities in the financial and non-financial sectors. The Firm has been awarded the Peer Review Certificate issued by The Institute of Chartered Accountants of India. It has offices in Mumbai and Pune and serves clients across India.

MSKA & Associates, Chartered Accountants and Mukund M Chitale & Co., Chartered Accountants as Joint Statutory Auditors will be paid an annual remuneration/fees of ₹2,65,00,000 (Rupees Two Crore Sixty Five Lakhs only) plus taxes at the applicable rates and outlays, for the purpose of audit of the Bank's accounts for the FY 2024-25 with the power to the Board to alter and vary the terms and conditions, revision including

upward revision in the remuneration for the remaining tenure, arising out of increase/change in scope of work, including by reason of necessity on account of such conditions as may be stipulated by the RBI and/or any other authority, in such manner and to such extent as may be mutually agreed with the Joint Statutory Auditors. The remuneration of new statutory auditors for FY 2024-25 have been determined taking into account the enhanced scope of work due to amalgamation of Fincare SFB with the Bank, increase in normal business volume of the Bank and increased regulatory compliances.

None of the Director/Key Managerial Personnel of the Bank or their relatives are, directly or indirectly, financially or otherwise, concerned or interested in the Resolution set out at Item No. 4.

Considering the profile, experience in statutory audit of banks & financial service sector entities, professional qualified team and staff strength of the proposed Joint Statutory Auditors, the Board of Directors recommends the passing of the Ordinary Resolution at Item No. 4 of the Notice to the members of the Bank.

Item No. 5:

Pursuant to the provisions of Section 42 of the Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Bank can issue securities including Non-Convertible Debentures ("**NCDs**")/Bonds on a private placement basis subject to the condition that the proposed offer of securities or invitation to subscribe to the securities has been previously approved by the members of the Bank, by means of a special resolution, for each of the offers or invitations. In case of an offer or invitation for NCDs, it shall be sufficient if the Bank passes a special resolution only once in a year for all the offer(s) or invitation(s) to subscribe to such NCDs on a private placement basis, during a period of one year from the date of passing of the special resolution even if the amount to be borrowed/raised exceeds/will exceed the limit as specified in Section 180(1)(c) of the Act.

In view of the above requirement, the members of the Bank at the last AGM held on August 10, 2023 had approved the borrowing/raising of funds by issue of non-convertible debt securities on private placement basis in pursuance of the relevant provisions of the applicable laws and circulars or guidelines issued by the RBI, up to an amount not exceeding ₹6,000 Crore (Rupees Six Thousand Crore Only), during a period of one year from the date of passing of the special resolution in one or more tranches. However, no non-convertible debt securities were issued against the said approval during FY 2023-24.

Further, considering the consistent growth in business & operations and after assessing existing and future projections of the Bank and to facilitate the Bank to evaluate a potential fund raising at an appropriate time in one or more tranches in Indian as well as overseas market by issue of non-convertible debt securities, the Board of Directors of the Bank at its meeting held on June 27, 2024 has proposed to obtain the consent of the members of the Bank for borrowing/raising funds in Indian currency/foreign currency by issue of non–convertible debt securities including but not limited to long-term bonds, perpetual debt instruments, Tier I/Tier II Capital Bonds or such other debt securities as may be permitted under RBI guidelines from time to time) in domestic and/or overseas market, in one or more tranches and/or series as per the structure and within the limits permitted by the RBI and other regulatory authorities to eligible investors of an amount not exceeding ₹6,000 Crore (Rupees Six Thousand Crore Only) on a private placement basis during a period of one year from the date of passing of this special resolution.

The said non-convertible debt securities would be issued by the Bank in accordance with the applicable statutory guidelines, for cash either at par or premium to face value depending upon the prevailing market conditions and the pricing of such securities depends upon various factors which may include prevailing risk-free rates, competitor rates of similar rating and prevailing regulations.

Furthermore, the offer shall be made to such persons as identified under Section 42(2) of the Act on such terms and conditions including the price, coupon, par/premium/discount, tenor etc., as may be determined by the Board (includes a duly authorised Committee), in the prevailing market conditions as permitted by the relevant applicable regulations.

None of the Director/Key Managerial Personnel of the Bank or their relatives are, in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5 of the Notice.

The Board of Directors recommends the passing of Special Resolution set out at Item No. 5 of the Notice for approval by the members of the Bank.

Item No. 6:

The Bank has exhibited steady growth and resilience in the banking sector over the last 7 years despite the macro headwinds, COVID-19 pandemic, Geopolitical disruptions and high inflation environment etc.

Despite the uncertainties surrounding inflation, tight liquidity conditions and higher for longer' interest rates in FY 2023-24 in India, the Bank navigated through this complex macro-environment by leveraging strong credit demand and maintaining roboust asset quality. With focus on building sustainable business model, the Bank has consistently delivered long-term performance while concurrently enhancing its capacity for future endeavours. Further, the Bank remained optimistic yet cautious, demonstrating stable and well-rounded performance in FY2023-24 across various metrics including asset quality, profitability, customer base expansion, customer satisfaction, digital initiatives, network expansion, progress in financial and digital inclusion.

Further, healthy capitalisation helps the Bank in meeting its growing business requirements, investment in advanced systems and processes, and in complying with the RBI stipulated Capital requirements. A Bank risks falling behind the curve with restraints on asset expansion, outdated systems, and regulatory roadblocks without availability of adequate capital.

Hence, to meet the growing capital requirement for ensuring unhindered growth and business expansion, the Bank in the last 7 years has raised equity capital under Preferential and Qualified Institutional Placement routes. The said capital raise were carried out in accordance with the provisions of the SEBI ICDR Regulations and the Act. This was driven mainly by the Bank's long-term strategy wherein the Bank has always ensured that it remains well capitalised while delivering consistent growth in balance sheet and healthy profitability.

The members of the Bank at the last AGM held on August 10, 2023 have approved raising of funds through Qualified Institutions Placement/preferential allotment or such other permissible mode or combinations thereof under Section 23, 41, 42 and 62(1)(c) of the Act respectively up to an amount aggregating to not more than ₹5,000 Crore (Rupees Five Thousand Crore Only). However, there was no capital raise done against the said approval.

Pursuant to Section 62(1)(c) of the Act, further equity shares may be issued to persons other than the existing Members of the Bank, provided that the Members of the Bank approve the issue of such equity shares, by means of a Special Resolution.

In terms of Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make a private placement of its securities under the Act, only after receipt of prior approval of its members by way of a Special Resolution. The consent of the Members would therefore be necessary pursuant to the provisions of Sections 42 and 62(1)(c) of the Act, read with applicable provisions of the SEBI ICDR Regulations and Listing Regulations, for issuance of Securities.

Purpose/objects of the fund raise:

As on March 31, 2024, our Bank's Capital to Risk Weighted Asset Ratio ("**CRAR**") and Tier I ratio stood at 18.8% and 20.1% respectively. This is significantly above the minimum requirement of 15%, and is sufficient for the Bank to meet the near-term growth needs of the Bank in FY 2024-25. However, the CRAR needs to be maintained by Bank on a daily basis and as per the stipulated guidelines, interim unaudited profits cannot be used while calculating CRAR ratio for compliance purposes.

To meet strong capital adequacy to further strengthen the Bank's ability to deal with unforeseen contingencies, to support the future growth aspirations of the Bank, to prepare for future business opportunities in the growing economy and to meet all regulatory requirements, it is essential that the Bank remains well-capitalised by enhancing its Tier 1 capital base. Hence, in accordance with the growing size of the Bank and to cater to our growth plans, we seek approval of members as an enabling resolution to raise additional equity capital up to ₹5,000 Crore (Rupees Five Thousand Crore Only).

The Special Resolution as set out in Item No. 6 of this Notice is an enabling resolution to raise capital by way of a private placement, including by way of a QIP in accordance with Chapter VI of the SEBI ICDR Regulations

and therefore, the proposal seeks to confer upon the Board or a duly authorised Committee thereof, the sole and absolute discretion to determine the terms and conditions of the said issue of securities, including the exact price, proportion and timing of such issue, mode of offer based on an analysis of market conditions and the specific requirements in accordance with the relevant provisions of the Act, the SEBI ICDR Regulations and any other applicable laws.

The Securities to be so offered, issued, and allotted shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Bank and the Equity Shares that may be issued and allotted by the Bank shall rank *pari passu inter se* and with the then existing Equity Shares of the Bank, in all respects, and shall be subject to the Memorandum of Association and Articles of Association of the Bank.

None of the Director/Key Managerial Personnel of the Bank or their relatives are, in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 6 of the Notice.

The Board of Directors recommends the passing of Special Resolution set out at Item No. 6 of the Notice for approval by the members of the Bank.

Place: Jaipur
Date: June 27, 2024

By Order of the Board of Directors
For AU Small Finance Bank Limited

Sd/-
Manmohan Parnami
Company Secretary
Membership No.: F9999

Registered Office:
19-A, Dhuleshwar Garden,
Ajmer Road, Jaipur – 302 001, Rajasthan
Website: www.aubank.in
Tel: +91 141 4110060
E-mail: investorrelations@aubank.in

Annexure

BRIEF PROFILE AND OTHER INFORMATION OF DIRECTOR BEING RE-APPOINTED, AS SET OUT IN THIS NOTICE, IN TERMS OF THE REGULATION 36 (3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND THE SECRETARIAL STANDARD ON GENERAL MEETINGS (SS 2) ISSUED BY THE INSTITUTE OF THE COMPANY SECRETARIES OF INDIA.

Particulars	Mr. Sanjay Agarwal
Age	53 Years
Date of first appointment on Board	January 22, 2003
Qualification	C.A., B.Com.
Brief Resume including experience	Mr. Sanjay Agarwal is promoter and Managing Director & CEO of the Bank and has 29 years of strategic executive experience. He is a Commerce graduate from Government College, Ajmer and all-India rank holder Chartered Accountant. He possesses extensive experience in areas of Finance, Treasury, Accountancy, Agriculture & Rural Economy, Banking, Human Resource, Economics, Small Scale Industry, Risk and Business Management. He spearheads several initiatives that helped to create a nimble and agile organisation. He is credited with creating a culture of business excellence and delivering superior benchmark performance through his vision and execution-oriented approach. He has led the Bank's evolution to the highest standards of corporate governance with enhanced disclosures and high-level engagement with key stakeholders. He has received many awards and recognitions including EY Entrepreneur of the Year 2018, Innovative Leader of the Year by ET Now, Business Leader of the Year' award by ICAI, Personality of the year (Finance Category) at Rajasthan Entrepreneur and the Excellence Award, and ET Game-changer of India – 2019.
Nature of his expertise in specific functional areas	• Accountancy • Agriculture and Rural economy • Banking • Economics • Finance & Treasury • Small scale Industry • Human Resource • Risk Management • Business Management
Other Directorship	Nil
Name of listed entities from which the person has resigned in the past three years	Nil
Chairmanship/Membership of Committees in other companies in which position of Director is held[#]	Nil
Relationship with other Directors, Managers, and other Key Managerial Personnel of the Company	None
No. of equity shares held in the Company	11,71,91,360
No. of Board meetings attended during the year (FY 2023-24)	11/11
Terms and conditions of appointment	Liable to retire by rotation and other existing terms and conditions as approved by shareholders and as stipulated by RBI.

Particulars	Mr. Sanjay Agarwal
In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	Not Applicable
Remuneration last drawn	₹3.47 Crore
Remuneration sought to be paid	As may be approved by Board of Directors on the recommendation of Nomination and Remuneration Committee, subject to approval of Shareholders and RBI

 # Membership/Chairmanship of Audit Committee & Stakeholders Relationship Committee.

Place: Jaipur
Date: June 27, 2024

By Order of the Board of Directors
For AU Small Finance Bank Limited

Sd/-
Manmohan Parnami
Company Secretary
Membership No.: F9999

Registered Office:
19-A, Dhuleshwar Garden,
Ajmer Road, Jaipur – 302 001, Rajasthan
Website: www.aubank.in
Tel: +91 141 4110060
E-mail: investorrelations@aubank.in

Shareholder's Satisfaction Survey
FY 2024-25

Empowering
Farmer Producer Organisations

Strengthening India's agricultural sector, our Bank has constantly been a driving force in supporting **Farmer Producer Organisations (FPOs).**

Disbursing more than Rs. 60 crores, we have provided credit linkages to over 475 FPOs, improving agricultural productivity. By establishing credit linkages, we have positively impacted the lives of lakhs of farmers.



Financing FPOs to drive rural and agricultural prosperity!

*Data as on 31/03/2024

AU SMALL FINANCE BANK

INDIA'S LARGEST SMALL FINANCE BANK*

AU SMALL FINANCE BANK LIMITED

Corporate Office: 5th Floor, E-Wing, Kanakia Zillion, Junction Of CST And LBS Road, Kurla West, Mumbai - 400070

Head Office: Bank House, Mile 0, Ajmer Road, Jaipur, Rajasthan - 302001

www.aubank.in /aubankindia /aubankindia

AU 0101
For Video Banking
Download

WhatsApp Banking
83 83 83 83 99

auro
Chatbot
To chat with us
visit **www.aubank.in**

Reach us on
1800 1200 1200 (Toll-free)
customercare@aubank.in

Missed Call Banking
For Account Balance: **1800 120 2586**
For Mini-Statement: **1800 121 2586**

*Basis deposits and assets

Concept, content and design at stirrup | whatsup@stirrup.works