

**Independent Auditor's Review Report on the Quarter and nine months ended December 31, 2019 on the Unaudited Financial Results of the AU Small Finance Bank Limited Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended****Review Report to  
The Board of Directors  
AU Small Finance Bank Limited**

1. We have reviewed the accompanying statement of unaudited financial results of AU Small Finance Bank Limited (the "Bank") for the quarter ended December 31, 2019 and year to date from April 1, 2019 to December 31, 2019 (the "Statement") attached herewith, being submitted by the Bank pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Bank's Management and approved by the Bank's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25, (AS 25) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder, the relevant guidelines issued by Reserve Bank of India (the "RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standards specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder, the RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

*Sarvesh Warty*

per Sarvesh Warty

Partner

Membership No.: 121411

UDIN: 20121411AAAAAJ7054



Jaipur

January 22, 2020

## AU Small Finance Bank Limited

(CIN: L36911RJ1996PLC011381)

Registered Office:- 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur 302001, Rajasthan (INDIA)  
Tel : +91-141-4110060, Fax No : +91- 141-4110090 Website : www.aubank.in

### Statement of Unaudited Financial Results for the quarter and nine months ended December 31, 2019

S. No.	Particulars	(₹ in lacs)					
		Quarter ended 31.12.2019	Quarter ended 30.09.2019	Quarter ended 31.12.2018	Nine months ended 31.12.2019	Nine months ended 31.12.2018	Year ended 31.03.2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Interest Earned (a)+(b)+(c)+(d)	111,161.75	103,342.68	78,845.87	310,243.36	207,223.97	294,912.88
	a) Interest / discount on advances / bills	88,325.07	81,012.56	63,796.01	246,211.52	165,776.32	237,418.65
	b) Income on Investments	15,459.38	15,567.29	8,971.63	45,351.01	22,443.15	33,386.24
	c) Interest on balances with Reserve Bank of India and other inter bank funds	566.89	461.25	1,004.39	1,449.29	2,578.44	3,138.29
	d) Others	6,810.41	6,301.58	5,073.84	17,231.54	16,426.06	20,969.70
2	Other income (refer note 4)	16,121.53	15,078.65	10,583.94	52,294.56	33,136.00	46,191.10
<b>3</b>	<b>Total Income (1)+(2)</b>	<b>127,283.28</b>	<b>118,421.33</b>	<b>89,429.81</b>	<b>362,537.92</b>	<b>240,359.97</b>	<b>341,103.98</b>
4	Interest Expended	60,478.26	58,183.70	44,043.05	174,843.46	111,653.02	160,652.64
5	Operating Expenses (i)+(ii)	35,520.15	32,467.81	27,519.78	99,555.64	78,083.97	108,260.75
	i) Employees cost	18,710.61	18,213.26	15,122.86	55,513.28	44,153.96	60,111.07
	ii) Other operating expenses	16,809.54	14,254.55	12,396.92	44,042.36	33,930.01	48,149.68
<b>6</b>	<b>Total Expenditure (4)+(5)</b>	<b>95,998.41</b>	<b>90,651.51</b>	<b>71,562.83</b>	<b>274,399.10</b>	<b>189,736.99</b>	<b>268,913.39</b>
<b>7</b>	<b>Operating Profit before Provisions and Contingencies (3)-(6)</b>	<b>31,284.87</b>	<b>27,769.82</b>	<b>17,866.98</b>	<b>88,138.82</b>	<b>50,622.98</b>	<b>72,190.59</b>
8	Provisions (other than tax) and Contingencies	4,010.60	6,100.66	3,245.54	13,262.75	10,254.46	14,177.59
9	Exceptional Items	-	-	-	-	-	-
<b>10</b>	<b>Profit from Ordinary Activities before tax (7)-(8)-(9)</b>	<b>27,274.27</b>	<b>21,669.16</b>	<b>14,621.44</b>	<b>74,876.07</b>	<b>40,368.52</b>	<b>58,013.00</b>
11	Tax Expense	8,254.49	4,474.97	5,088.31	19,630.00	14,011.46	19,832.32
<b>12</b>	<b>Net Profit from Ordinary Activities after tax (10)-(11)</b>	<b>19,019.78</b>	<b>17,194.19</b>	<b>9,533.13</b>	<b>55,246.07</b>	<b>26,357.06</b>	<b>38,180.68</b>
13	Extraordinary items (net of tax expense)	-	-	-	-	-	-
<b>14</b>	<b>Net Profit for the period (12)-(13)</b>	<b>19,019.78</b>	<b>17,194.19</b>	<b>9,533.13</b>	<b>55,246.07</b>	<b>26,357.06</b>	<b>38,180.68</b>
15	Paid up equity share capital (Face Value of ₹ 10/- each)	30,368.77	29,342.69	29,222.91	30,368.77	29,222.91	29,235.75
16	Reserves excluding revaluation reserves						287,053.34
<b>17</b>	<b>Analytical Ratios</b>						
	(i) Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
	(ii) Capital Adequacy Ratio - Basel II (refer note 5)	19.28%	17.87%	19.02%	19.28%	19.02%	19.31%
	(iii) Earnings per share (before and after extraordinary items, net of tax expenses) - not annualized						
	Basic EPS (Rs.)	6.43	5.87	3.26	18.82	9.11	13.16
	Diluted EPS (Rs.)	6.35	5.79	3.21	18.53	8.92	12.90
	(iv) NPA Ratios						
	(a) Gross NPAs	50,399.50	50,384.21	42,072.84	50,399.50	42,072.84	47,013.89
	(b) Net NPAs	26,813.71	28,285.00	26,264.56	26,813.71	26,264.56	29,450.34
	(c) % of Gross NPAs to Gross Advances	1.88%	2.01%	2.09%	1.88%	2.09%	2.04%
	(d) % of Net NPAs to Net Advances	1.01%	1.14%	1.31%	1.01%	1.31%	1.29%
	(v) Return on assets (average) - not annualized	0.51%	0.49%	0.36%	1.56%	1.13%	1.48%




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Segment information in accordance with the Accounting standard on Segment Reporting (AS-17) of the operating segment of the Bank is as under :

(₹ in lacs)

S. No.	Particulars	Quarter ended	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Year ended
		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1</b>	<b>Segment revenue</b>						
a)	Treasury	18,020.38	18,859.02	10,964.83	62,198.47	27,190.66	40,328.78
b)	Retail banking	95,482.38	84,656.07	68,507.06	257,767.18	182,891.75	255,045.54
c)	Wholesale banking	13,071.58	14,046.59	9,482.81	40,518.17	28,849.52	43,072.12
d)	Other banking operations	708.94	859.65	475.11	2,054.10	1,428.04	2,657.54
e)	Unallocated	-	-	-	-	-	-
	Less: Inter-segment revenue	-	-	-	-	-	-
	<b>Income from operations</b>	<b>127,283.28</b>	<b>118,421.33</b>	<b>89,429.81</b>	<b>362,537.92</b>	<b>240,359.97</b>	<b>341,103.98</b>
<b>2</b>	<b>Segment results</b>						
a)	Treasury	1,058.64	2,204.68	(436.62)	13,253.82	(663.27)	1,139.49
b)	Retail banking	21,524.19	15,571.04	11,297.40	48,202.52	30,491.04	41,033.67
c)	Wholesale banking	3,982.50	3,033.79	3,285.55	11,365.63	9,112.71	13,182.30
d)	Other banking operations	708.94	859.65	475.11	2,054.10	1,428.04	2,657.54
e)	Unallocated	-	-	-	-	-	-
	<b>Total Profit before Tax</b>	<b>27,274.27</b>	<b>21,669.16</b>	<b>14,621.44</b>	<b>74,876.07</b>	<b>40,368.52</b>	<b>58,013.00</b>
<b>3</b>	<b>Segment assets</b>						
a)	Treasury	1,029,313.01	925,016.93	655,115.26	1,029,313.01	655,115.26	838,481.56
b)	Retail banking	2,316,578.55	2,099,401.78	1,680,049.94	2,316,578.55	1,680,049.94	1,916,739.79
c)	Wholesale banking	400,634.14	441,365.52	375,875.71	400,634.14	375,875.71	434,186.68
d)	Other banking operations	267.96	285.02	197.30	267.96	197.30	439.59
e)	Unallocated	92,586.97	116,537.51	68,923.32	92,586.97	68,923.32	72,432.03
	<b>Total assets</b>	<b>3,839,380.63</b>	<b>3,582,606.76</b>	<b>2,780,161.53</b>	<b>3,839,380.63</b>	<b>2,780,161.53</b>	<b>3,262,279.65</b>
<b>4</b>	<b>Segment liabilities</b>						
a)	Treasury	418,111.77	390,369.23	427,048.25	418,111.77	427,048.25	447,172.56
b)	Retail banking	1,412,568.58	1,332,278.23	1,056,835.59	1,412,568.58	1,056,835.59	1,180,776.63
c)	Wholesale banking	1,580,210.48	1,506,574.42	991,426.22	1,580,210.48	991,426.22	1,315,664.40
d)	Other banking operations	6.91	0.09	-	6.91	-	0.09
e)	Unallocated liabilities	4,757.25	1,789.81	1,344.34	4,757.25	1,344.34	2,376.88
	Capital and Other Reserves	423,725.64	351,594.98	303,507.13	423,725.64	303,507.13	316,289.09
	<b>Total liabilities</b>	<b>3,839,380.63</b>	<b>3,582,606.76</b>	<b>2,780,161.53</b>	<b>3,839,380.63</b>	<b>2,780,161.53</b>	<b>3,262,279.65</b>

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, and guidelines prescribed by RBI and in compliance with the Accounting Standard 17 – "Segment Reporting". The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.




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### Notes:

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors of AU Small Finance Bank Limited (the "Bank") at their respective meetings held on January 22, 2020, in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The results have been subjected to a limited review by the statutory auditors of the Bank.
- 2 These unaudited financial results of the Bank have been prepared in accordance with the Banking Regulations Act, 1949, generally accepted accounting principles in India, including Accounting Standards as prescribed under Section 133 of the Companies Act 2013, Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, as amended and the guidelines issued by the Reserve Bank of India (RBI).
- 3 During the year ended March 31, 2019, the Bank has allotted 10,104,364 convertible warrants, each convertible into one equity share of the Bank of face value Rs.10 each, at an issue price of Rs.692.77 per share aggregating to Rs.70,000 lacs out of which Rs.17,500 lacs (the "Upfront Consideration") has been received during the previous year against allotment of warrant and the balance of Rs.52,500 lacs (the "Balance Consideration") was to be received upon allotment of equity shares against such warrants pursuant to exercise of option by the warrant holder.  
During the quarter ended December 31, 2019, the Bank has received the balance consideration Rs.52,500 lacs and allotted equity shares against aforesaid warrants.
- 4 Other income includes processing fee and other charges including marketing support fees, profit on sale of investments, recovery from loans written off, income from dealing in PSLC, etc.  
During the nine months ended December 31, 2019, Profit on sale of investment includes Rs.7,708 lacs (Rs.7,085 lacs, net of tax) pertaining to profit earned during quarter ended June 30, 2019 on sale of equity shares (part stake) held in Aavas Financiers Ltd.
- 5 The Capital adequacy ratio ("CAR") has been computed as per operating guidelines for Small Finance Banks in accordance with RBI Circular No. RBI/2016-17/81 DBR.NBD.No.26/16.13.218/2016-17 dated October 6, 2016.  
The Bank has followed Basel II standardized approach for credit risk in accordance with the operating guidelines 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 Bank has considered the Upfront Consideration (as described in note 3 above) received for share warrants during the quarter ended June 30, 2018 issued and the funds raised from the issuance of share capital as part of Tier I Capital for the purposes of computation of the Capital Adequacy Ratio till the date of conversion.
- 6 Previous periods / year figures have been regrouped where necessary to conform to current period presentation.

Place : Jaipur  
Date: January 22, 2020



For and on behalf of the Board of Directors  
AU Small Finance Bank Limited



Sanjay Agarwal  
(Managing Director and CEO)

