

Ref. No.: AUSFB/SEC/2020-21/409
Date: 8th March 2021

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001 Maharashtra Scrip Code: 540611	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 Maharashtra Symbol: AUBANK
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Dear Sir/Madam,

Sub: Interim Condensed Financial Statements

In continuation to the disclosure filed by the Bank vide Ref No. AUSFB/SEC/2020-21/366 dated January 28, 2021, please find enclosed the unaudited interim condensed financial statements of the Bank for the nine months ended on December 31, 2020 and unaudited interim condensed financial statements of the Bank for the nine months ended December 31, 2019 ("**Unaudited Interim Condensed Financial Statements**"), along with the respective review reports on such Unaudited Interim Condensed Financial Statements issued by the Statutory Auditor of the Bank.

The Unaudited Interim Condensed Financial Statements along with review report are also being uploaded on the Bank's website at <https://www.aubank.in>.

The meeting of the Capital Raising Committee commenced at 03:45 p.m. and concluded at 8:00 p.m.

We are attaching herewith searchable copy of said Condensed Financial Statements for ease of reference.

We request you to take the above on record in compliance of the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Thanking you,

Your Sincerely

For AU SMALL FINANCE BANK LIMITED

Manmohan Parnami

Company Secretary & Compliance Officer

Membership No.: F9999



Encl: As above

Review Report to
The Board of Directors
AU Small Finance Bank Limited

8 March 2021

**Independent Auditor's Review Report on the nine months ended
Unaudited Interim Condensed Financial Statements of AU Small Finance
Bank Limited**

Dear Sirs:

1. We have reviewed the accompanying unaudited interim condensed financial statements of AU Small Finance Bank Limited (the "Bank") which comprise the unaudited interim condensed balance sheet as at December 31, 2020, the related unaudited interim condensed profit and loss account, the unaudited interim condensed cash flow statement for nine months ended December 31, 2020 and a summary of selected explanatory notes (collectively, referred to as the "Unaudited Interim Condensed Financial Statements").
2. This Unaudited Interim Condensed Financial Statements, which is the responsibility of the Bank's Management and approved by the Bank's Capital Raising Committee, has been prepared and presented in accordance with the principles laid down in Accounting Standard 25, (AS 25) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, the relevant provisions of the Banking Regulation Act, 1949, 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 (collectively referred as "Generally Accepted Accounting Principles"). Our responsibility is to express a conclusion on the Unaudited Interim Condensed Financial Statements based on our review.
3. We conducted our review of the Unaudited Interim Condensed Financial Statements 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 interim financial information 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 Unaudited Interim Condensed Financial Statements are not prepared, in all material respect, in accordance with the Generally Accepted Accounting Principles.

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

5. We draw attention to Note 10 to the Unaudited Interim Condensed Financial Statements, which describes the economic and social disruption as a result of COVID-19 pandemic on the Bank's operations and Unaudited Interim Condensed Financial Statements including the Bank's estimates of impairment of loans to customers which is highly dependent on uncertain future developments and the treatment given to certain loans as a consequence of the Interim Order of the Honourable Supreme Court of India dated September 3, 2020. Our conclusion is not modified in respect of this matter.
6. These Unaudited Interim Condensed Financial Statements has been prepared for the purpose of fund raising by the Bank. We do not accept or assume responsibility for any other purpose except as expressly agreed by our prior consent in writing.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty

Partner

Membership No.: 121411

UDIN: 21121411AAAABV1444

Mumbai

Unaudited Interim Condensed Balance Sheet as at December 31, 2020

Particulars	[₹ in Lacs]		
	As at December 31, 2020 (Unaudited)	As at March 31, 2020 (Audited)	As at December 31, 2019 (Unaudited)
CAPITAL & LIABILITIES			
Capital	30,675.86	30,412.33	30,308.77
Employees stock options outstanding	4,938.85	5,212.40	5,214.46
Reserves & Surplus	5,04,706.23	4,02,056.38	3,87,641.11
Deposits	29,70,758.04	26,16,392.85	23,86,515.01
Borrowings	9,17,058.27	10,33,532.36	8,66,841.43
Other Liabilities and Provisions	2,32,358.03	1,26,700.78	1,62,295.46
TOTAL	46,60,495.28	42,14,307.10	38,39,380.63
ASSETS			
Cash and Balances with Reserve Bank of India	1,11,605.49	1,04,963.68	1,01,894.67
Balances with Banks and Money at Call and Short Notice	2,22,284.42	2,32,004.17	1,10,987.61
Investments	11,56,221.61	10,66,821.53	8,58,823.96
Advances	30,29,273.98	36,89,241.64	26,57,187.91
Fixed Assets	46,861.13	44,799.83	41,896.87
Other Assets	94,245.68	66,476.37	65,594.93
TOTAL	46,60,495.28	42,14,307.10	38,39,380.63
Contingent Liabilities	1,54,493.01	1,36,004.92	98,710.68
Bills for Collection			

The above Unaudited Interim Condensed Balance sheet should be read in conjunction with the accompanying selected explanatory notes.
As per our attached Report of even date.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty

Partner

Membership No. 121411

Place - Mumbai



For AU Small Finance Bank Limited

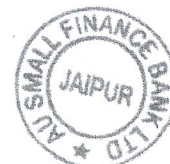
Raj Vikash Verma
(Non Executive Independent
Part Time Chairman)
DIN-03546341
Place - Gurugram

Uttam Tibrewal
(Whole Time Director)
DIN-01024940
Place - Mumbai

Manoj Chandra Parnami
(Company Secretary)
Membership No. 199996
Place - Jaipur

Sanjay Agarwal
(Managing Director and CEO)
DIN-00009500
Place - Jaipur

Vimal Jain
(Chief Financial Officer)
Place - Jaipur



Date 18/03/2021

Unaudited Interim Condensed Profit and Loss account for nine months ended December 31, 2020

Particulars	(₹ in Lacs)	
	For nine months ended December 31, 2020 (Unaudited)	For nine months ended December 31, 2019 (Unaudited)
INCOME		
Interest Earned	3,65,768.25	3,10,243.30
Other income	1,17,490.16	52,294.55
Total Income (A)	4,83,258.41	3,62,537.92
EXPENDITURE		
Interest expended	1,94,807.12	1,74,843.16
Operating expenses	1,09,976.27	99,551.64
Provisions & Contingencies	78,304.43	34,892.75
Total Expenditure (B)	3,83,087.82	3,07,291.85
Net profit/ (loss) for the period (A- B)	1,00,170.59	55,246.07
Add: Balance in Profit/Loss Account brought forward from previous year	1,98,731.81	1,17,702.71
Total (C)	2,88,902.40	2,12,448.82
APPROPRIATIONS		
Transfer to Statutory Reserves		
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Transfer to Capital Reserve	1,827.47	692.12
Transfer to Investment Fluctuation Reserve		
Dividend paid (includes tax on dividend)		2,141.76
Balance carried over to Balance Sheet	1,66,014.93	2,09,112.54
Total (D)	2,88,902.40	2,12,448.82
Basic Earnings Per share (₹) (not annualised)	32.71	18.67
Diluted Earnings Per share (₹) (not annualised)	32.57	18.49
Nominal value per share (₹)	10.00	10.00

The above Unaudited Interim Condensed Profit and Loss account should be read in conjunction with the accompanying selected explanatory notes. As per our attached Report of even date.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty

Partner

Membership No. 1214

Place Mumbai



For AU Small Finance Bank Limited

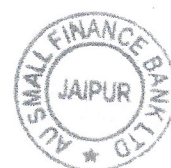
Raj Vikash Verma
(Non Executive Independent
Part Time Chairman)
DIN-03546341
Place Gurugram

Uttam Tibrewal
(Whole Time Director)
DIN-01024940
Place Mumbai

Manmohan Pargami
(Company Secretary)
Membership No. 19994
Place Jaipur

Sanjay Agarwal
(Managing Director and CEO)
DIN-00009526
Place Jaipur

Vimal Jain
(Chief Financial Officer)
Place Jaipur



Date 8/03/2021

AU Small Finance Bank Limited

Unaudited Interim Condensed Cash Flow Statement for nine months ended December 31, 2020

Particulars	[₹ in Lacs]	
	For nine months ended December 31, 2020 (Unaudited)	For nine months ended December 31, 2019 (Unaudited)
Cash flow from Operating Activities	2,05,981.15	19,279.79
Cash used in Investing Activities	(93,745.91)	(16,212.70)
Cash flow from / (used in) Financing Activities	(1,15,315.19)	25,795.60
Net Increase / (Decrease) in Cash and Cash Equivalents	(3,077.95)	38,862.69
Cash and Cash Equivalents - Opening Balance	3,36,967.86	1,14,019.44
Cash and Cash Equivalents - Closing Balance	2,33,889.91	2,12,882.02

As per our attached Report of even date.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No. 127411
Place - Mumbai



For AU Small Finance Bank Limited

Raj Vikash Verma
(Non-Executive Independent
Part Time Chairman)
DIN-03546341
Place - Gurgaon

Uttam Tibrewal

(Whole Time Director)
DIN-01024940
Place - Mumbai

Manmohan Pariani

(Company Secretary)
Membership No. F9994
Place - Jaipur

Sanjay Agarwal
(Managing Director and CEO)
DIN-00059526
Place - Jaipur

Vimal Jain
(Chief Financial Officer)
Place - Jaipur

Date: 8/03/2021



Selected explanatory notes to the Unaudited Interim Condensed Financial Statements.

1 Basis of preparation for Unaudited Interim condensed Financial Statements

The Unaudited Interim Condensed Financial Statements (Condensed Financial Statements) for the nine months ended December 31, 2020 consisting of Unaudited Interim Condensed Balance Sheet as at December 31, 2020, Unaudited Interim Condensed Profit & Loss Account, Unaudited Interim Condensed Cash Flow Statement for the nine months then ended and selected explanatory notes to the Condensed Financial Statements have been prepared in accordance with requirements of Accounting Standard 25 "Interim Financial Reporting" as prescribed under Section 133 of Companies Act, 2013 ("Act") (as amended), read with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as amended, in so far as they apply to Banks, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) as applicable from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. The Bank follows historical cost convention and accrual basis of accounting in the preparation of the Condensed Financial Statements, unless otherwise stated and complying with the requirements prescribed under the Third Schedule of the Banking Regulations Act, 1949.

The Condensed Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's Audited Financial Statements as at March 31, 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the last Audited Financial Statements. Also the Bank appropriates net profit towards various reserves except capital reserve only at the year end.

These Condensed Financial Statements has been prepared only for the purpose of inclusion in the Preliminary Placement Document and the Placement Document to be filed with the Securities and Exchange Board of India, Registrar of Companies and the Stock Exchanges for the purpose of fund raising by the Bank.

2 These Condensed Financial Statements have been approved by the Bank's Capital Raising Committee and have been subjected to limited review by the statutory auditors of the Bank.

3 Uses of Estimates

The preparation of the Condensed Financial Statements in conformity with the generally accepted accounting principles 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 Condensed 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 Accounting policies

The accounting policies applied by the Bank for preparation of these Condensed Financial Statements are consistent with those adopted for preparation of the financial statements as at and for the year ended March 31, 2020.

5 Details of issuance of equity and potential equity shares during the period:

(a) April 01, 2020 to December 31, 2020

Issue of equity shares

The Company issued 26,35,231 equity shares of ₹ 10 each pursuant to exercise of stock options granted to the employees.

Issue of potential equity shares:

The Company granted 14,44,098 stock options to employees.

(b) April 01, 2019 to December 31, 2019

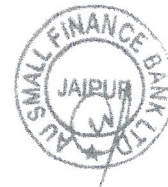
Issue of equity shares

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 ₹ 10 each, at an issue price of ₹ 692.77 per share aggregating to ₹ 70,000 lacs out of which ₹ 17,500 lacs (the "Upfront Consideration") has been received during the previous year against allotment of warrant and the balance of ₹ 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 nine months ended December 31, 2019, the Bank has received the balance consideration of ₹ 52,500 lacs and allotted equity shares against aforesaid warrants.

The Company issued 12,25,835 equity shares of ₹ 10 each pursuant to exercise of stock options granted to the employees.

Issue of potential equity shares:

The Company granted 26,48,191 stock options to employees.



Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

- 6 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 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 3, 2017 has provided an exemption to all Small Finance Banks whereby no separate capital charge is prescribed for market risk and operational risk.
- The Capital Adequacy Ratio of the Bank as at December 31, 2020, calculated as per the RBI guidelines is set out below:

Particulars	As at December 31, 2020	As at March 31, 2020	As at December 31, 2019
Capital Adequacy Ratio	18.84%	21.99%	19.28%
Tier I CRAR	16.29%	18.36%	16.47%
Tier II CRAR	2.55%	3.63%	2.81%

7 Segment reporting

		(& in lacs)	
Particulars		For nine months ended December 31, 2020	For nine months ended December 31, 2019
		Unaudited	Unaudited
1. Segment Revenue			
a. Treasury		2,49,998.70	62,755.27
b. Retail banking		2,57,611.67	2,57,611.67
c. Wholesale banking		78,960.54	74,318.17
d. Other banking operations		1,687.97	1,054.30
e. Unallocated			
Total		4,83,258.41	3,62,537.92
Less: Inter-segment revenue			
Income from Operations		4,83,258.41	3,62,537.92
2. Segment results			
a. Treasury		43,975.48	13,251.87
b. Retail banking		33,241.97	18,792.30
c. Wholesale banking		7,149.53	11,265.63
d. Other banking operations		1,687.97	1,054.30
e. Unallocated			
Total Profit Before Tax		1,26,247.45	74,876.07
Less: Provision for Tax (including deferred tax)		26,076.86	19,630.00
Total Profit After Tax		1,00,170.59	55,246.07

		(& in lacs)		
Particulars		As at December 31, 2020	As at March 31, 2020	As at December 31, 2019
		(Unaudited)	(Audited)	(Unaudited)
1. Segment Assets				
a. Treasury		14,00,791.99	13,04,064.51	10,29,313.01
b. Retail banking		28,60,375.22	24,56,194.97	23,16,578.59
c. Wholesale banking		3,05,324.84	4,75,173.09	4,00,644.74
d. Other banking operations		726.55	227.39	26,756.00
e. Unallocated		93,327.68	78,307.17	97,586.97
Total Assets		46,60,495.28	42,14,307.10	38,39,380.63
2. Segment Liabilities				
a. Treasury		4,83,326.39	5,15,111.67	4,18,111.77
b. Retail banking		19,48,406.09	15,75,557.49	14,12,568.58
c. Wholesale banking		16,74,734.43	16,83,933.25	15,80,210.48
d. Other banking operations		6.19	0.18	5.81
e. Unallocated		13,701.25	2,023.40	4,251.72
Capital and Other Reserves		5,40,320.93	4,12,881.11	4,13,272.94
Total Liabilities		46,60,495.28	42,14,307.10	38,39,380.63

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. The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.



Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

8 Ratios

Particulars	(` in lacs, except otherwise stated)	
	As at December 31, 2020	As at December 31, 2019
(a) Gross Advances	30,52,278.45	26,80,733.04
(b) NPA Provision	13,004.50	21,585.73
(c) Net Advances	30,29,273.95	26,59,147.31
(d) Gross NPAs	30,273.81	50,399.48
(e) Net NPAs	7,280.31	9,812.75
(f) % of Gross NPAs to Gross Advances	3.49%	1.87%
(g) % of Net NPAs to Net Advances	2.41%	0.37%
(h) Return on assets (average) - not annualized	2.26%	1.54%

- 9 Other income includes processing fee, profit on sale of investments, recovery from loans written off, income from dealing in PSFC, etc. Profit on sale of investment includes profit earned on sale of equity shares (part stake) held in Aavas Financiers Limited as under:

Particulars	(` in lacs)	
	For nine months ended December 31, 2020	For nine months ended December 31, 2019
Profit (before tax) on sale of investment in Aavas Financiers Limited	62,147.36	2,268.11
Profit (net of tax) on sale of investment in Aavas Financiers Limited	57,345.37	7,096.11

- 10 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown the economic activities. The RBI on March 27, 2020, April 17, 2020, and May 23, 2020, announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of these RBI guidelines, the Bank has granted a moratorium of six months on payment of all instalments / interest as applicable, falling due between March 01, 2020, and August 31, 2020, moratorium interest. As per RBI, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, if agreed, shall be excluded by the lending institutions from the number of days past due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms.

The Hon'ble Supreme Court of India (Hon'ble SC), in a public interest litigation (Gopendra Sharma Vs. Union of India & Anr.) vide an interim order dated September 03, 2020 ('Interim Order'), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Bank has not classified any account which was not NPA as at August 31, 2020 as per the RBI RAC norms, as NPA after August 31, 2020.

Accordingly, in adherence to the Hon'ble SC interim order, Gross NPA is ₹ 30,274 lacs, on which, the bank is having NPA provision of ₹ 23,004 lacs as at December 31, 2020. However, if the Bank had classified borrower accounts which were more than 90 days overdue at December 31, 2020 as NPA, the proforma Gross NPA would have been ₹ 1,01,655 lacs as at December 31, 2020. Till September 30, 2020, the Bank had made provision of ₹ 27,838 lacs as per COVID Regulatory Package and contingent provision of ₹ 424 lacs for the accounts which had not been declared as NPA as on September 30, 2020 due to Hon'ble SC order. During the quarter ended December 31, 2020, the Bank made additional provision against borrower's which would have been classified as NPA of ₹ 11,234 lacs (aggregate to ₹ 39,496 lacs as at December 31, 2020). After considering the aforesaid specific NPA provision of ₹ 23,004 lacs and provisions of ₹ 39,496 lacs, the Bank held total provision of ₹ 62,900 lacs as at December 31, 2020. Accordingly, the Proforma Net NPA would be ₹ 39,155 lacs as at December 31, 2020.

Additionally, as a matter of prudence, during the quarter ended December 31, 2020, the Bank made additional contingent provisions of ₹ 12,158 lacs (aggregate to ₹ 14,278 lacs) for the accounts restructured under RBI Restructuring framework and against any further potential impact of COVID-19.

As at December 31, 2020, the Bank held an aggregate provision of ₹ 76,778 lacs (Other than standard provision of ₹ 14,585 lacs which is in excess of the RBI Prescribed Norms).

The extent to which the COVID-19 pandemic will impact the Bank's provision on assets and future results will depend on future developments, including the final decision of the Hon'ble SC in relation to aforesaid matter which is awaited as also, among other things, the development related to the spread and severity of the COVID-19 pandemic.



Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

11 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, 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	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.

Sr. No.	Particulars	As at December 31, 2020	As at March 31, 2020	As at December 31, 2019
i.	Claims against the bank not acknowledged as Debts	1,775.34	1,645.5	1,538.79
ii.	Guarantees given on behalf of constituents			
a)	in India	1,01,206.18	75,388.43	41,897.34
b)	Outside India			
iii.	Acceptances Endorsements and Other Obligation	1,631.14	1,165.17	1,594.81
iv.	Other items for which the Bank is Contingently Liable			
(a)	Credit enhancements provided by the Bank towards assets assignment/securitisation	34,743.43	34,723.94	4,008.04
(b)	Capital commitments not provided	5,039.05	6,021.76	5,765.11
(c)	Other Guarantees	1,040.88	1,025.34	1,211.76
	Total	1,54,493.01	1,36,004.97	98,718.63

12 Proposed dividend for the year ended March 31, 2020

The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on May 2, 2020, has not proposed any dividend for the year ended March 31, 2020.

Proposed dividend for the year ended March 31, 2019

During the year ended March 31, 2019, the Board of Directors at their meeting proposed a dividend of ₹ 0.75 per share and the same has been approved by members in Annual General Meeting. In terms of 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, the Bank has appropriated proposed dividend (including tax) from Profit and Loss Account and paid during the nine months ended December 31, 2019.

13 Previous periods / year figures have been regrouped wherever necessary to conform to current period presentation



Review Report to
The Board of Directors
AU Small Finance Bank Limited

8 March 2021

**Independent Auditor's Review Report on the nine months ended
Unaudited Interim Condensed Financial Statements of AU Small Finance
Bank Limited**

Dear Sirs:

1. We have reviewed the accompanying unaudited interim condensed financial statements of AU Small Finance Bank Limited (the "Bank") which comprise the unaudited interim condensed balance sheet as at December 31, 2019, the related unaudited interim condensed profit and loss account, the unaudited interim condensed cash flow statement for nine months ended December 31, 2019 and a summary of selected explanatory notes (collectively, referred to as the "Unaudited Interim Condensed Financial Statements").
2. This Unaudited Interim Condensed Financial Statements, which is the responsibility of the Bank's Management and approved by the Bank's Capital Raising Committee, has been prepared and presented in accordance with the principles laid down in Accounting Standard 25, (AS 25) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, the relevant provisions of the Banking Regulation Act, 1949, 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 (collectively referred as "Generally Accepted Accounting Principles"). Our responsibility is to express a conclusion on the Unaudited Interim Condensed Financial Statements based on our review.
3. We conducted our review of the Unaudited Interim Condensed Financial Statements 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 interim financial information 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 Unaudited Interim Condensed Financial Statements are not prepared, in all material respect, in accordance with the Generally Accepted Accounting Principles.

5. We draw attention to Note 10 to the Unaudited Interim Condensed Financial Statements, which describes the economic and social disruption as a result of COVID-19 pandemic on the Bank's operations and Unaudited Interim Condensed Financial Statements including the Bank's estimates of impairment of loans to customers which is highly dependent on uncertain future developments. Our conclusion is not modified in respect of this matter.
6. These Unaudited Interim Condensed Financial Statements has been prepared for the purpose of fund raising by the Bank. We do not accept or assume responsibility for any other purpose except as expressly agreed by our prior consent in writing.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty

Partner

Membership No.: 121411

UDIN: 21121411AAAABU1912

Mumbai

AU Small Finance Bank Limited

Unaudited Interim Condensed Balance Sheet as at December 31, 2019

(₹ in Lacs)			
Particulars	As at December 31, 2019 (Unaudited)	As at March 31, 2019 (Audited)	As at December 31, 2018 (Unaudited)
<u>CAPITAL & LIABILITIES</u>			
Capital	30,368.77	29,235.75	29,222.81
Money received against share warrants		17,500.00	17,500.00
Employees stock options outstanding	5,714.46	4,294.36	4,121.91
Reserves & Surplus	3,87,642.41	2,65,258.99	2,52,867.31
Deposits	23,86,515.01	19,42,243.56	14,68,551.74
Borrowings	8,66,344.42	8,61,335.87	8,82,799.12
Other Liabilities and Provisions	1,62,295.56	1,42,411.13	1,25,303.49
TOTAL	38,39,380.63	32,62,279.65	27,80,161.53
<u>ASSETS</u>			
Cash and Balances with Reserve Bank of India	1,01,894.67	81,114.24	72,961.11
Balances with Banks and Money at Call and Short Notice	1,10,957.35	92,905.10	98,761.11
Investments	8,58,823.96	7,16,157.11	5,49,758.21
Advances	25,57,182.91	22,81,873.08	19,39,308.86
Fixed Assets	44,896.82	44,703.00	43,821.01
Other Assets	65,594.92	45,517.12	44,915.07
TOTAL	38,39,380.63	32,62,279.65	27,80,161.53
Contingent Liabilities	98,710.63	50,214.47	54,738.91
Bills for Collection			

The above Unaudited Interim Condensed Balance Sheet should be read in conjunction with the accompanying selected explanatory notes.
As per our attached Report of even date.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E3000004

Sarvesh Warty,

per Sarvesh Warty
Partner
Membership No. 121411
Place - Mumbai



For AU Small Finance Bank Limited

Raj Vikash Verma
(Non Executive Independent
Part Time Chairman)
DIN 03546341
Place - Gurugram

Uttam Tibrewal
(Whole Time Director)
DIN-01024940
Place - Mumbai

Mannohan Parnami
(Company Secretary)
Membership No. 19999
Place - Jaipur

Sanjay Agarwal
(Managing Director and CEO)
DIN 00009576
Place - Jaipur

Vimal Jain
(Joint Financial Officer)
Place - Jaipur



Date 8/03/2021

Unaudited Interim Condensed Profit and Loss account for nine months ended December 31, 2019

Particulars	[₹ in Lacs]	
	For nine months ended December 31, 2019 (Unaudited)	For nine months ended December 31, 2018 (Unaudited)
INCOME		
Interest Earned	3,10,443.36	2,01,223.97
Other income	52,294.56	33,136.00
Total Income (A)	3,62,537.92	2,40,359.97
EXPENDITURE		
Interest expended	1,34,843.46	1,11,654.02
Operating expenses	98,575.64	78,083.97
Provisions & Contingencies	32,892.75	24,262.97
Total Expenditure (B)	3,07,291.85	2,14,000.96
Net profit/ (loss) for the period (A- B)	55,246.07	26,357.06
Add: Balance in Profit/Loss Account brought forward from previous year	1,57,204.75	1,32,552.04
Total (C)	2,12,448.82	1,62,940.72
APPROPRIATIONS		
Transfer to Statutory Reserve		
Transfer to Special Reserve u/s 35(1)(viii) of Income Tax Act, 1961		
Transfer to Capital Reserve	552.57	29.27
Transfer to Investment Fluctuation Reserve		
Dividend paid (includes tax on dividend)	2,843.36	1,418.26
Balance carried over to Balance Sheet	2,09,052.89	1,61,093.19
Total (D)	2,12,448.82	1,62,940.72
Basic Earnings Per share (₹) (not annualised)	18.82	8.31
Diluted Earnings Per share (₹) (not annualised)	18.53	8.18
Nominal value per share (₹)	10.00	10.00

The above Unaudited Interim Condensed Profit and Loss account should be read in conjunction with the accompanying selected explanatory notes. As per our attached Report of even date.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty

Partner

Membership No. 121411

Place: Mumbai



For AU Small Finance Bank Limited

Raj Vikash Verma

(Non Executive Independent

Part Time Chairman)

DIN-03546241

Place: Gurugram

Uttam Tibrewa

(Whole Time Director)

DIN-01024940

Place: Mumbai

Manmohan Barnani

(Company Secretary)

Membership No. 14939

Place: Jaipur

Sanjay Agarwal

(Managing Director and CEO)

DIN-00009576

Place: Jaipur

Vimal Jain

(Ch. of Financial Officer)

Place: Jaipur



Date: 8/03/2021

AU Small Finance Bank Limited

Unaudited Interim Condensed Cash Flow Statement for nine months ended December 31, 2019

Particulars	(₹ in Lacs)	
	For nine months ended December 31, 2019 (Unaudited)	For nine months ended December 31, 2018 (Unaudited)
Cash flow from / (Used in) Operating Activities	49,279.79	173,603.47
Cash used in Investing Activities	(66,712.71)	(1,39,708.07)
Cash flow from Financing Activities	55,795.60	1,04,881.20
Net Increase / (Decrease) in Cash and Cash Equivalents	38,862.68	(44,429.74)
Cash and Cash Equivalents - Opening Balance	1,74,013.31	1,76,121.88
Cash and Cash Equivalents - Closing Balance	2,12,882.02	1,31,692.14

As per our attached Report of even date

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty

Partner

Membership No. 17141

Place: Mumbai



Date: 8/03/2021

For AU Small Finance Bank Limited

Raj Vikash Verma
(Non Executive Independent
Part Time Chairman)
DIN: 83546341
Place: Gurugram

Uttam Tibrewala
(Whole Time Director)
DIN: 01024940
Place: Mumbai

Manmohan Parnami
(Company Secretary)
Membership No. 14959
Place: Jaipur

Santay Agarwal
(Managing Director and CEO)
DIN: 00005570
Place: Jaipur

Vinod Jain
(Joint Managing Director)
Place: Jaipur



Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

1 Basis of preparation for Unaudited Interim condensed Financial Statements

The Unaudited Interim Condensed Financial Statements (Condensed Financial Statements) for the nine months ended December 31, 2019, consisting of Unaudited Interim Condensed Balance Sheet as at December 31, 2019, Unaudited Interim Condensed Profit & Loss, Account, Unaudited Interim Condensed Cash Flow Statement for the nine months then ended and selected explanatory notes to the Condensed Financial Statements have been prepared in accordance with requirements of Accounting Standard 25 "Interim Financial Reporting" as prescribed under Section 133 of Companies Act, 2013 ("Act") (as amended), read with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) amendment Rules, 2016, as amended, in so far as they apply to Banks, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) as applicable from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. The Bank follows historical cost convention and accrual basis of accounting in the preparation of the Condensed Financial Statements, unless otherwise stated and complying with the requirements prescribed under the Third Schedule of the Banking Regulations Act, 1949.

The Condensed Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's Audited Financial Statements as at March 31, 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the last Audited Financial Statements. Also the Bank appropriates net profit towards various reserves except capital reserve only at the year end.

These Condensed Financial Statements has been prepared only for the purpose of inclusion in the Preliminary Placement Document and the Placement Document to be filed with the Securities and Exchange Board of India, Registrar of Companies and the Stock Exchanges for the purpose of fund raising by the Bank.

- 2 These Condensed Financial Statements have been approved by the Bank's Capital Raising Committee and have been subjected to limited review by the statutory auditors of the Bank.

3 Uses of Estimates

The preparation of the Condensed Financial Statements in conformity with the generally accepted accounting principles, as applicable to Bank, 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 Condensed Financial Statements are prudent and reasonable. Actual results could differ due to these estimates only to the extent in the subsequent estimates is recognised prospectively in the current and future periods.

4 Accounting policies

The accounting policies applied by the Bank for preparation of these Condensed Financial statements are consistent with those adopted for preparation of the financial statements as at and for the year ended March 31, 2019.

5 Details of issuance of equity and potential equity shares during the period:

(a) April 01, 2019 to December 31, 2019

Issue of equity shares

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 ₹10 each, at an issue price of ₹692.77 per share aggregating to ₹7,01,000 lacs out of which ₹11,500 lacs (the " upfront Consideration") has been received during the previous year against allotment of warrant and the balance of ₹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 nine months ended December 31, 2019, the Bank has received the balance consideration ₹52,500 lacs and allotted equity shares against aforesaid warrants.

The Company issued 12,25,835 equity shares of ₹ 10 each pursuant to exercise of stock options granted to the employees.

Issue of potential equity shares:

The Company granted 26,48,191 stock options to employees.

(b) April 01, 2018 to December 31, 2018

During the nine months ended December 31, 2018, the Bank has allotted 10,104,364 convertible warrants, each convertible into one equity share of the Bank of face value ₹10 each, at an issue price of ₹692.77 per share aggregating to ₹7,01,000 lacs out of which ₹11,500 lacs (the " upfront Consideration") has been received against allotment of warrant and the balance of ₹52,500 lacs (the "Balance Consideration") is to be received upon allotment of equity shares against such warrants pursuant to exercise of option by the warrant holder.

Issue of equity shares

The Company issued 21,95,088 equity shares of ₹ 10 each pursuant to exercise of stock options granted to the employees.

Issue of potential equity shares:

The Company granted 20,99,501 stock options to employees.



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Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

- 6 The Capital adequacy ratio ("CAR") has been computed as per operating guidelines for Small Finance Banks in accordance with RBI Circular No. RB/2016-17/81 DBR/NBD No.26/16.12.218/2016-17 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.4502/16.12.218/2017-18 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 5) 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.

The Capital Adequacy Ratio of the Bank as at December 31, 2019, calculated as per the RBI guidelines is set out below:

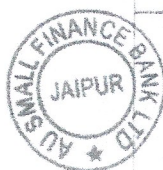
Particulars	As at December 31, 2019	As at March 31, 2019	As at December 31, 2018
Capital Adequacy Ratio	19.28%	19.31%	19.02%
Tier I CRAR	16.47%	15.96%	15.52%
Tier II CRAR	2.81%	3.35%	3.50%

7 Segment reporting

		(₹ in lacs)	
Particulars		For nine months ended December 31, 2019 Unaudited	For nine months ended December 31, 2018 Unaudited
1 Segment Revenue			
a Treasury		12,198.37	7,196.16
b Retail banking		25,757.18	1,30,891.79
c Wholesale banking		36,518.17	28,549.57
d Other banking operations		2,054.10	1,478.04
e Unallocated			
Total		3,62,537.92	2,40,359.97
Less: Inter segment revenue			
Income from Operations		3,62,537.92	2,40,359.97
2 Segment results			
a Treasury		13,753.52	162.77
b Retail banking		13,202.57	30,491.04
c Wholesale banking		11,365.63	9,117.73
d Other banking operations		2,054.10	1,428.04
e Unallocated			
Total Profit Before Tax		74,876.07	40,368.52
Less: Provision for Tax (including deferred tax)		15,630.00	14,011.15
Total Profit After Tax		59,246.07	26,357.06

		(₹ in lacs)		
Particulars		As at December 31, 2019 (Unaudited)	As at March 31, 2019 (Audited)	As at December 31, 2018 (Unaudited)
1	Segment Assets			
a	Treasury	10,79,313.01	8,58,181.56	5,95,115.76
b	Retail banking	73,16,578.55	19,16,739.79	16,30,030.94
c	Wholesale banking	1,00,674.14	4,34,186.63	3,75,878.71
d	Other banking operations	767.96	439.59	192.32
e	Unallocated	92,536.92	73,132.03	68,923.27
	Total Assets	38,39,380.63	32,62,779.65	27,80,161.51
2	Segment Liabilities			
a	Treasury	4,13,111.77	4,17,172.56	4,27,048.78
b	Retail banking	14,12,968.58	11,80,776.12	10,56,338.56
c	Wholesale banking	15,80,210.18	13,15,664.40	9,91,476.77
d	Other banking operations	6.31	0.00	0.00
e	Unallocated	4,757.21	5,76.51	11.34
	Capital and Other Reserves	4,73,725.64	11,10,789.07	4,25,301.17
	Total Liabilities	38,39,380.63	32,62,779.65	27,80,161.51

Segments have been identified and reported taking into account the target customer profile, the nature of products and services offered, risks and returns, and guidelines prescribed by RBI and in compliance with the Accounting Standard 18 - Segment Reporting. The methods adopted in compiling and reporting the above information has been relied upon by the auditors.



Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:
8 Ratios

(₹ in lacs, except otherwise stated)

Particulars	As at December 31, 2019	As at December 31, 2018
(a) Gross Advances	26,80,768.69	20,15,776.42
(b) NPA Provision	23,585.78	13,508.77
(c) Net Advances	26,57,182.91	19,99,963.16
(d) Gross NPAs	50,399.50	42,071.84
(e) Net NPAs	26,813.71	26,264.99
(f) % of Gross NPAs to Gross Advances	1.88%	2.09%
(g) % of Net NPAs to Net Advances	1.01%	1.31%
(h) Return on assets (average) - not annualized	1.56%	1.33%

9 Other income includes processing fee and other charges including marketing support fees, profit on sale of investment, recovery from loans written off, income from dealing in PSIC, etc.

During the nine months ended December 31, 2019, Profit on sale of investment includes ₹ 7,708 lacs (₹ 7,083 lacs, net of tax) (previous nine months-NIL) pertaining to profit earned on sale of equity shares (part stake) held in Aavas Financiers Ltd.

10 The impact of COVID-19 pandemic, including changes in customer behaviour and pandemic fees, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are lifted.

The extent to which the COVID-19 pandemic will impact the Bank's provision on assets and future results will depend on future developments, among other things the development related to the spread and severity of the COVID-19 pandemic.

11 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 condition, 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 receivable assurance from the Bank's customers in the event of customer failing to fulfil its financial or performance obligations.
3	Acceptances, endorsements and other obligations	These include: Documentary credit such as letters of obligations, 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	Other items for which the Bank is contingently liable	These include: a) Credit enhancements in respect of securitised obligations. b) Contractual payments for Capital commitments. c) Other Guarantees.

(₹ in lacs)

Sr. No.	Particulars	As at December 31, 2019	As at March 31, 2019	As at December 31, 2018
I.	Claims against the Bank not acknowledged as Debt,	4,326.98	1,554.90	3,509.15
II.	Guarantees given on behalf of Constituents			
	a) In India	47,497.21	10,751.57	18,569.17
	b) Outside India			
III.	Acceptances Endorsements and Other Obligation	1,594.82	2,423.12	1,341.38
IV.	Other items for which the Bank is Contingently Liable			
	(a) Credit enhancements provided by the Bank towards assets	41,008.75	23,965.30	18,335.23
	(b) Capital commitments not provided	2,265.13	1,469.09	1,331.34
	(c) Other Guarantees	1,017.76	1,040.36	1,040.60
	Total	98,710.63	30,714.37	34,324.94



Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

12 Proposed dividend for the year ended March 31, 2019

During the year ended March 31, 2019, the Board of Directors at their meeting proposed a dividend of ₹ 0.75 per share and the same has been approved by members in Annual General Meeting. In terms of 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, the Bank has appropriated proposed dividend (including tax) from Profit and Loss Account and paid during the nine months ended December 31, 2019.

Proposed dividend for the year ended March 31, 2018

During the year ended March 31, 2018, the Board of Directors at their meeting proposed a dividend of ₹ 0.40 per share and the same has been approved by members in Annual General Meeting. In terms of 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, the Bank has appropriated proposed dividend (including tax) from Profit and Loss Account and paid during the nine months ended December 31, 2018.

13 Previous periods / year figures have been regrouped wherever necessary to conform to current period presentation.



SEARCHABLE FORMAT

Ref. No.: AUSFB/SEC/2020-21/409

Date: 8th March 2021

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001 Maharashtra Scrip Code: 540611	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 Maharashtra Symbol: AUBANK
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Dear Sir/Madam,

Sub: Interim Condensed Financial Statements

In continuation to the disclosure filed by the Bank vide Ref No. AUSFB/SEC/2020-21/366 dated January 28, 2021, please find enclosed the unaudited interim condensed financial statements of the Bank for the nine months ended on December 31, 2020 and unaudited interim condensed financial statements of the Bank for the nine months ended December 31, 2019 ("**Unaudited Interim Condensed Financial Statements**"), along with the respective review reports on such Unaudited Interim Condensed Financial Statements issued by the Statutory Auditor of the Bank.

The Unaudited Interim Condensed Financial Statements along with review report are also being uploaded on the Bank's website at <https://www.aubank.in>.

The meeting of the Capital Raising Committee commenced at 03:45 p.m. and concluded at 8:00 p.m.

We are attaching herewith searchable copy of said the Condensed Financial Statements for ease of reference.

We request you to take the above on record in compliance of the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Thanking you,

Your Sincerely

For AU SMALL FINANCE BANK LIMITED

Manmohan Parnami
Company Secretary & Compliance Officer
Membership No.: F9999

Encl: As above

AU Small Finance Bank Limited

Unaudited Interim Condensed Balance Sheet as at December 31, 2020

(₹ in Lacs)			
Particulars	As at December 31, 2020 (Unaudited)	As at March 31, 2020 (Audited)	As at December 31, 2019 (Unaudited)
<u>CAPITAL & LIABILITIES</u>			
Capital	30,675.86	30,412.33	30,368.77
Employees stock options outstanding	4,938.85	5,212.40	5,714.46
Reserves & Surplus	5,04,706.23	4,02,056.38	3,87,642.41
Deposits	29,70,758.04	26,16,392.85	23,86,515.01
Borrowings	9,17,058.27	10,33,532.36	8,66,844.42
Other Liabilities and Provisions	2,32,358.03	1,26,700.78	1,62,295.56
TOTAL	46,60,495.28	42,14,307.10	38,39,380.63
<u>ASSETS</u>			
Cash and Balances with Reserve Bank of India	1,11,605.49	1,04,963.69	1,01,894.67
Balances with Banks and Money at Call and Short Notice	2,22,284.42	2,32,004.17	1,10,987.35
Investments	11,56,224.61	10,66,821.53	8,58,823.96
Advances	30,29,273.95	26,99,241.54	26,57,182.91
Fixed Assets	46,861.13	44,799.83	44,896.82
Other Assets	94,245.68	66,476.34	65,594.92
TOTAL	46,60,495.28	42,14,307.10	38,39,380.63
Contingent Liabilities	1,54,493.01	1,36,004.92	98,710.63
Bills for Collection	-	-	-

The above Unaudited Interim Condensed Balance Sheet should be read in conjunction with the accompanying selected explanatory notes.
As per our attached Report of even date.

For S. R. Batliboi & Associates LLP

For AU Small Finance Bank Limited

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty

Partner

Membership No. 121411

Place : Mumbai

Raj Vikash Verma

(Non Executive Independent
Part Time Chairman)

DIN-03546341

Place : Gurugram

Sanjay Agarwal

(Managing Director and CEO)

DIN-00009526

Place : Jaipur

Uttam Tibrewal

(Whole Time Director)

DIN-01024940

Place : Mumbai

Vimal Jain

(Chief Financial Officer)

Place : Jaipur

Manmohan Parnami

(Company Secretary)

Membership No. F9999

Place : Jaipur

Date : March 08, 2021

AU Small Finance Bank Limited

Unaudited Interim Condensed Profit and Loss account for nine months ended December 31, 2020

(₹ in Lacs)

Particulars	For nine months ended December 31, 2020 (Unaudited)	For nine months ended December 31, 2019 (Unaudited)
INCOME		
Interest Earned	3,65,768.25	3,10,243.36
Other income	1,17,490.16	52,294.56
Total Income (A)	4,83,258.41	3,62,537.92
EXPENDITURE		
Interest expended	1,94,807.12	1,74,843.46
Operating expenses	1,09,976.27	99,555.64
Provisions & Contingencies	78,304.43	32,892.75
Total Expenditure (B)	3,83,087.82	3,07,291.85
Net profit/ (loss) for the period (A- B)	1,00,170.59	55,246.07
Add: Balance in Profit/Loss Account brought forward from previous year	1,88,731.81	1,57,202.75
Total (C)	2,88,902.40	2,12,448.82
APPROPRIATIONS		
Transfer to Statutory Reserves	-	-
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	-	-
Transfer to Capital Reserve	2,887.47	692.52
Transfer to Investment Fluctuation Reserve	-	-
Dividend paid (includes tax on dividend)	-	2,643.76
Balance carried over to Balance Sheet	2,86,014.93	2,09,112.54
Total (D)	2,88,902.40	2,12,448.82
Basic Earnings Per share (₹) (not annualised)	32.73	18.82
Diluted Earnings Per share (₹) (not annualised)	32.52	18.53
Nominal value per share (₹)	10.00	10.00

The above Unaudited Interim Condensed Profit and Loss account should be read in conjunction with the accompanying selected explanatory notes.
As per our attached Report of even date.

For S. R. Batliboi & Associates LLP

For AU Small Finance Bank Limited

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty

Partner

Membership No. 121411

Place : Mumbai

Raj Vikash Verma

(Non Executive Independent

Part Time Chairman)

DIN-03546341

Place : Gurugram

Sanjay Agarwal

(Managing Director and CEO)

DIN-00009526

Place : Jaipur

Uttam Tibrewal

(Whole Time Director)

DIN-01024940

Place : Mumbai

Vimal Jain

(Chief Financial Officer)

Place : Jaipur

Manmohan Parnami

(Company Secretary)

Membership No. F9999

Place : Jaipur

Date : March 08, 2021

AU Small Finance Bank Limited

Unaudited Interim Condensed Cash Flow Statement for nine months ended December 31, 2020

(₹ in Lacs)

Particulars	For nine months ended December 31, 2020 (Unaudited)	For nine months ended December 31, 2019 (Unaudited)
Cash flow from Operating Activities	2,05,984.15	49,279.79
Cash used in Investing Activities	(93,745.91)	(66,212.71)
Cash flow from / (used in) Financing Activities	(1,15,316.19)	55,795.60
Net Increase / (Decrease) In Cash and Cash Equivalents	(3,077.95)	38,862.68
Cash and Cash Equivalents - Opening Balance	3,36,967.86	1,74,019.34
Cash and Cash Equivalents - Closing Balance	3,33,889.91	2,12,882.02

As per our attached Report of even date.

For S. R. Batliboi & Associates LLP

For AU Small Finance Bank Limited

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty

Partner

Membership No. 121411

Place : Mumbai

Raj Vikash Verma

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Vimal Jain

(Chief Financial Officer)

Place : Jaipur

Manmohan Parnami

(Company Secretary)

Membership No. F9999

Place : Jaipur

Date : March 08, 2021

Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

1 Basis of preparation for Unaudited Interim condensed Financial Statements

The Unaudited Interim Condensed Financial Statements (Condensed Financial Statements) for the nine months ended December 31, 2020 consisting of Unaudited Interim Condensed Balance Sheet as at December 31, 2020, Unaudited Interim Condensed Profit & Loss Account, Unaudited Interim Condensed Cash Flow Statement for the nine months then ended and selected explanatory notes to the Condensed Financial Statements have been prepared in accordance with requirements of Accounting Standard 25 "Interim Financial Reporting" as prescribed under Section 133 of Companies Act, 2013 ('Act') (as amended), read with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) amendment Rules, 2016, as amended, in so far as they apply to Banks, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) as applicable from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. The Bank follows historical cost convention and accrual basis of accounting in the preparation of the Condensed Financial Statements, unless otherwise stated and complying with the requirements prescribed under the Third Schedule of the Banking Regulations Act, 1949.

The Condensed Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's Audited Financial Statements as at March 31, 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the last Audited Financial Statements. Also the Bank appropriates net profit towards various reserves except capital reserve only at the year end.

These Condensed Financial Statements has been prepared only for the purpose of inclusion in the Preliminary Placement Document and the Placement Document to be filed with the Securities and Exchange Board of India, Registrar of Companies and the Stock Exchanges for the purpose of fund raising by the Bank.

- 2 These Condensed Financial Statements have been approved by the Bank's Capital Raising Committee and have been subjected to limited review by the statutory auditors of the Bank.

3 Uses of Estimates

The preparation of the Condensed Financial Statements in conformity with the generally accepted accounting principles 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 Condensed 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 Accounting policies

The accounting policies applied by the Bank for preparation of these Condensed Financial Statements are consistent with those adopted for preparation of the financial statements as at and for the year ended March 31, 2020.

5 Details of issuance of equity and potential equity shares during the period:

(a) April 01, 2020 to December 31, 2020

Issue of equity shares

The Company issued 26,35,231 equity shares of ₹ 10 each pursuant to exercise of stock options granted to the employees.

Issue of potential equity shares:

The Company granted 14,44,098 stock options to employees.

(b) April 01, 2019 to December 31, 2019

Issue of equity shares

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 ₹ 10 each, at an issue price of ₹ 692.77 per share aggregating to ₹ 70,000 lacs out of which ₹ 17,500 lacs (the "Upfront Consideration") has been received during the previous year against allotment of warrant and the balance of ₹ 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 nine months ended December 31, 2019, the Bank has received the balance consideration ₹ 52,500 lacs and allotted equity shares against aforesaid warrants.

The Company issued 12,25,835 equity shares of ₹ 10 each pursuant to exercise of stock options granted to the employees.

Issue of potential equity shares:

The Company granted 26,48,191 stock options to employees.

Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

- 6 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 Capital Adequacy Ratio of the Bank as at December 31, 2020, calculated as per the RBI guidelines is set out below:

Particulars	As at December 31, 2020	As at March 31, 2020	As at December 31, 2019
Capital Adequacy Ratio	18.84%	21.99%	19.28%
Tier I CRAR	16.29%	18.36%	16.47%
Tier II CRAR	2.55%	3.63%	2.81%

7 Segment reporting

		(₹ in lacs)	
Particulars		For nine months ended December 31, 2020	For nine months ended December 31, 2019
		Unaudited	Unaudited
1 Segment Revenue			
a Treasury		1,54,998.29	62,198.47
b Retail banking		2,97,611.62	2,57,767.18
c Wholesale banking		28,960.53	40,518.17
d Other banking operations		1,687.97	2,054.10
e Unallocated		-	-
Total		4,83,258.41	3,62,537.92
Less: Inter-segment revenue		-	-
Income from Operations		4,83,258.41	3,62,537.92
2 Segment results			
a Treasury		83,925.48	13,253.82
b Retail banking		33,241.97	48,202.52
c Wholesale banking		7,392.03	11,365.63
d Other banking operations		1,687.97	2,054.10
e Unallocated		-	-
Total Profit Before Tax		1,26,247.45	74,876.07
Less: Provision for Tax (Including deferred tax)		26,076.86	19,630.00
Total Profit After Tax		1,00,170.59	55,246.07

		(₹ in lacs)		
Particulars		As at December 31, 2020	As at March 31, 2020	As at December 31, 2019
		(Unaudited)	(Audited)	(Unaudited)
1 Segment Assets				
a Treasury		14,00,791.99	13,04,064.53	10,29,313.01
b Retail banking		28,60,329.22	24,56,494.97	23,16,578.55
c Wholesale banking		3,05,324.84	3,75,173.09	4,00,634.14
d Other banking operations		726.55	272.39	267.96
e Unallocated		93,322.68	78,302.12	92,586.97
Total Assets		46,60,495.28	42,14,307.10	38,39,380.63
2 Segment Liabilities				
a Treasury		4,83,326.39	5,15,111.67	4,18,111.77
b Retail banking		19,48,406.09	15,75,557.49	14,12,568.58
c Wholesale banking		16,74,734.43	16,83,933.25	15,80,210.48
d Other banking operations		6.19	0.18	6.91
e Unallocated		13,701.25	2,023.40	4,757.25
Capital and Other Reserves		5,40,320.93	4,37,681.11	4,23,725.64
Total Liabilities		46,60,495.28	42,14,307.10	38,39,380.63

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.

Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

8 Ratios

Particulars	(₹ in lacs, except otherwise stated)	
	As at December 31, 2020	As at December 31, 2019
(a) Gross Advances	30,52,278.45	26,80,768.69
(b) NPA Provision	23,004.50	23,585.78
(c) Net Advances	30,29,273.95	26,57,182.91
(d) Gross NPAs	30,273.82	50,399.50
(e) Net NPAs	7,269.32	26,813.71
(f) % of Gross NPAs to Gross Advances	0.99%	1.88%
(g) % of Net NPAs to Net Advances	0.24%	1.01%
(h) Return on assets (average) - not annualized	2.26%	1.56%

- 9 Other income includes processing fee, profit on sale of investments, recovery from loans written off, income from dealing in PSLC, etc. Profit on sale of investment includes profit earned on sale of equity shares (part stake) held in Aavas Financiers Limited as under:

Particulars	(₹ in lacs)	
	For nine months ended December 31, 2020	For nine months ended December 31, 2019
Profit (before tax) on sale of investment in Aavas Financiers Limited	65,142.56	7,708.37
Profit (net of tax) on sale of investment in Aavas Financiers Limited	57,045.92	7,096.11

- 10 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown the economic activities. The RBI on March 27, 2020, April 17, 2020, and May 23, 2020, announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of these RBI guidelines, the Bank has granted a moratorium of six months on payment of all instalments / interest as applicable, falling due between March 01, 2020 and August 31, 2020 ('moratorium period'). As such, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms.

The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order"), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Bank has not classified any account which was not NPA as at August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020.

Accordingly, in adherence to the Hon'ble SC interim order, Gross NPA is ₹ 30,274 lacs, on which, the bank is having NPA provision of ₹ 23,004 lacs as at December 31, 2020. However, if the Bank had classified borrower accounts which were more than 90 days overdue at December 31, 2020 as NPA, the proforma Gross NPA would have been ₹ 1,01,655 lacs as at December 31, 2020. Till September 30, 2020, the Bank had made provision of ₹ 27,838 lacs as per COVID Regulatory Package and contingent provision of ₹ 424 lacs for the accounts which had not been declared as NPA as on September 30, 2020 due to Hon'ble SC order. During the quarter ended December 31, 2020, the Bank made additional provision against borrowers which would have been classified as NPA of ₹ 11,234 lacs (aggregate to ₹ 39,496 lacs as at December 31, 2020). After considering the aforesaid specific NPA provision of ₹ 23,004 lacs and provisions of ₹ 39,496 lacs, the Bank held total provision of ₹ 62,500 lacs as at December 31, 2020. Accordingly, the Proforma Net NPA would be ₹ 39,155 lacs as at December 31, 2020.

Additionally, as a matter of prudence, during the quarter ended December 31, 2020; the Bank made additional contingent provisions of ₹ 14,152 lacs (aggregate to ₹ 14,278 lacs) for the accounts restructured under RBI Resolution framework and against any further potential impact of COVID-19.

As at December 31, 2020, the Bank held an aggregate provision of ₹ 76,778 lacs (Other than standard provision of ₹ 14,589 lacs) which is in excess of the RBI Prescribed Norms.

The extent to which the COVID-19 pandemic will impact the Bank's provision on assets and future results will depend on future developments including the final decision of the Hon'ble SC in relation to aforesaid matter which is awaited as also, among other things the development related to the spread and severity of the COVID-19 pandemic.

Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

11 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, 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	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

(₹ in lacs)				
Sr. No.	Particulars	As at December 31, 2020	As at March 31, 2020	As at December 31, 2019
I.	Claims against the Bank not acknowledged as Debts	1,772.34	1,649.82	4,326.98
II.	Guarantees given on behalf of Constituents			
	a) In India	1,04,266.18	75,388.33	47,497.21
	b) Outside India		-	-
III.	Acceptances Endorsements and Other Obligation	1,631.14	1,165.77	1,594.82
IV.	Other items for which the Bank is Contingently Liable			
	(a) Credit enhancements provided by the Bank towards assets assignment/securitisation	39,743.42	50,773.90	41,008.75
	(b) Capital commitments not provided	6,039.05	6,001.26	3,265.11
	(c) Other Guarantees	1,040.88	1,025.84	1,017.76
	Total	1,54,493.01	1,36,004.92	98,710.63

12 Proposed dividend for the year ended March 31, 2020

The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on May 2, 2020, has not proposed any dividend for the year ended March 31, 2020.

Proposed dividend for the year ended March 31, 2019

During the year ended March 31, 2019, the Board of Directors at their meeting proposed a dividend of ₹ 0.75 per share and the same has been approved by members in Annual General Meeting. In terms of 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, the Bank has appropriated proposed dividend (including tax) from Profit and Loss Account and paid during the nine months ended December 31, 2019.

13 Previous periods / year figures have been regrouped wherever necessary to conform to current period presentation.

AU Small Finance Bank Limited

Unaudited Interim Condensed Balance Sheet as at December 31, 2019

(₹ in Lacs)

Particulars	As at December 31, 2019 (Unaudited)	As at March 31, 2019 (Audited)	As at December 31, 2018 (Unaudited)
<u>CAPITAL & LIABILITIES</u>			
Capital	30,368.77	29,235.75	29,222.91
Money received against share warrants	-	17,500.00	17,500.00
Employees stock options outstanding	5,714.46	4,294.35	4,121.91
Reserves & Surplus	3,87,642.41	2,65,258.99	2,52,662.31
Deposits	23,86,515.01	19,42,243.56	14,68,551.79
Borrowings	8,66,844.42	8,61,335.87	8,82,799.12
Other Liabilities and Provisions	1,62,295.56	1,42,411.13	1,25,303.49
TOTAL	38,39,380.63	32,62,279.65	27,80,161.53
<u>ASSETS</u>			
Cash and Balances with Reserve Bank of India	1,01,894.67	81,114.24	72,944.71
Balances with Banks and Money at Call and Short Notice	1,10,987.35	92,905.10	58,747.43
Investments	8,58,823.96	7,16,167.11	5,59,758.81
Advances	26,57,182.91	22,81,873.08	19,99,968.16
Fixed Assets	44,896.82	44,703.00	43,823.40
Other Assets	65,594.92	45,517.12	44,919.02
TOTAL	38,39,380.63	32,62,279.65	27,80,161.53
Contingent Liabilities	98,710.63	50,214.37	54,324.94
Bills for Collection	-	-	-

The above Unaudited Interim Condensed Balance Sheet should be read in conjunction with the accompanying selected explanatory notes.
As per our attached Report of even date.

For S. R. Batliboi & Associates LLP

For AU Small Finance Bank Limited

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty

Partner

Membership No. 121411

Place : Mumbai

Raj Vikash Verma

(Non Executive Independent

Part Time Chairman)

DIN-03546341

Place : Gurugram

Sanjay Agarwal

(Managing Director and CEO)

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Vimal Jain

(Chief Financial Officer)

Place : Jaipur

Manmohan Parnami

(Company Secretary)

Membership No. F9999

Place : Jaipur

Date : March 08, 2021

Unaudited Interim Condensed Profit and Loss account for nine months ended December 31, 2019

(₹ in Lacs)

Particulars	For nine months ended December 31, 2019 (Unaudited)	For nine months ended December 31, 2018 (Unaudited)
INCOME		
Interest Earned	3,10,243.36	2,07,223.97
Other income	52,294.56	33,136.00
Total Income (A)	3,62,537.92	2,40,359.97
EXPENDITURE		
Interest expended	1,74,843.46	1,11,653.02
Operating expenses	99,555.64	78,083.97
Provisions & Contingencies	32,892.75	24,265.92
Total Expenditure (B)	3,07,291.85	2,14,002.91
Net profit/ (loss) for the period (A- B)	55,246.07	26,357.06
Add: Balance in Profit/Loss Account brought forward from previous year	1,57,202.75	1,36,583.66
Total (C)	2,12,448.82	1,62,940.72
APPROPRIATIONS		
Transfer to Statutory Reserves	-	-
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	-	-
Transfer to Capital Reserve	692.52	99.29
Transfer to Investment Fluctuation Reserve	-	-
Dividend paid (includes tax on dividend)	2,643.76	1,748.26
Balance carried over to Balance Sheet	2,09,112.54	1,61,093.17
Total (D)	2,12,448.82	1,62,940.72
Basic Earnings Per share (₹) (not annualised)	18.82	9.11
Diluted Earnings Per share (₹) (not annualised)	18.53	8.92
Nominal value per share (₹)	10.00	10.00

The above Unaudited Interim Condensed Profit and Loss account should be read in conjunction with the accompanying selected explanatory notes. As per our attached Report of even date.

For S. R. Batliboi & Associates LLP

For AU Small Finance Bank Limited

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty

Partner

Membership No. 121411

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Vimal Jain

(Chief Financial Officer)

Place : Jaipur

Manmohan Parnami

(Company Secretary)

Membership No. F9999

Place : Jaipur

Date : March 08, 2021

AU Small Finance Bank Limited

Unaudited Interim Condensed Cash Flow Statement for nine months ended December 31, 2019

(₹ in Lacs)

Particulars	For nine months ended December 31, 2019 (Unaudited)	For nine months ended December 31, 2018 (Unaudited)
Cash flow from / (Used in) Operating Activities	49,279.79	(73,603.37)
Cash used in Investing Activities	(66,212.71)	(1,35,708.07)
Cash flow from Financing Activities	55,795.60	1,64,881.70
Net Increase / (Decrease) In Cash and Cash Equivalents	38,862.68	(44,429.74)
Cash and Cash Equivalents - Opening Balance	1,74,019.34	1,76,121.88
Cash and Cash Equivalents - Closing Balance	2,12,882.02	1,31,692.14

As per our attached Report of even date.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

per Sarvesh Warty

Partner

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Place : Mumbai

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These Condensed Financial Statements has been prepared only for the purpose of inclusion in the Preliminary Placement Document and the Placement Document to be filed with the Securities and Exchange Board of India, Registrar of Companies and the Stock Exchanges for the purpose of fund raising by the Bank.

- 2 These Condensed Financial Statements have been approved by the Bank's Capital Raising Committee and have been subjected to limited review by the statutory auditors of the Bank.

3 Uses of Estimates

The preparation of the Condensed Financial Statements in conformity with the generally accepted accounting principles 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 Condensed 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 Accounting policies

The accounting policies applied by the Bank for preparation of these Condensed Financial Statements are consistent with those adopted for preparation of the financial statements as at and for the year ended March 31, 2019.

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Issue of equity shares

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Issue of potential equity shares:

The Company granted 26,48,191 stock options to employees.

(b) April 01, 2018 to December 31, 2018

During the nine months ended December 31, 2018, the Bank has allotted 10,104,364 convertible warrants, each convertible into one equity share of the Bank of face value ₹10 each, at an issue price of ₹692.77 per share aggregating to ₹70,000 lacs out of which ₹17,500 lacs (the "Upfront Consideration") has been received against allotment of warrant and the balance of ₹52,500 lacs (the "Balance Consideration") is to be received upon allotment of equity shares against such warrants pursuant to exercise of option by the warrant holder.

Issue of equity shares

The Company issued 21,95,088 equity shares of ₹ 10 each pursuant to exercise of stock options granted to the employees.

Issue of potential equity shares:

The Company granted 20,99,501 stock options to employees.

Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

- 6 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 5) 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.

The Capital Adequacy Ratio of the Bank as at December 31, 2019, calculated as per the RBI guidelines is set out below:

Particulars	As at December 31, 2019	As at March 31, 2019	As at December 31, 2018
Capital Adequacy Ratio	19.28%	19.31%	19.02%
Tier I CRAR	16.47%	15.96%	15.52%
Tier II CRAR	2.81%	3.35%	3.50%

7 Segment reporting

(₹ in lacs)			
	Particulars	For nine months ended December 31, 2019	For nine months ended December 31, 2018
		Unaudited	Unaudited
1	<u>Segment Revenue</u>		
a	Treasury	62,198.47	27,190.66
b	Retail banking	2,57,767.18	1,82,891.75
c	Wholesale banking	40,518.17	28,849.52
d	Other banking operations	2,054.10	1,428.04
e	Unallocated	-	-
	Total	3,62,537.92	2,40,359.97
	Less: Inter-segment revenue	-	-
	Income from Operations	3,62,537.92	2,40,359.97
2	<u>Segment results</u>		
a	Treasury	13,253.82	-663.27
b	Retail banking	48,202.52	30,491.04
c	Wholesale banking	11,365.63	9,112.71
d	Other banking operations	2,054.10	1,428.04
e	Unallocated	-	-
	Total Profit Before Tax	74,876.07	40,368.52
	Less: Provision for Tax (Including deferred tax)	19,630.00	14,011.46
	Total Profit After Tax	55,246.07	26,357.06

(₹ in lacs)				
	Particulars	As at December 31, 2019	As at March 31, 2019	As at December 31, 2018
		(Unaudited)	(Audited)	(Unaudited)
1	<u>Segment Assets</u>			
a	Treasury	10,29,313.01	8,38,481.56	6,55,115.26
b	Retail banking	23,16,578.55	19,16,739.79	16,80,049.94
c	Wholesale banking	4,00,634.14	4,34,186.68	3,75,875.71
d	Other banking operations	267.96	439.59	197.30
e	Unallocated	92,586.97	72,432.03	68,923.32
	Total Assets	38,39,380.63	32,62,279.65	27,80,161.53
2	<u>Segment Liabilities</u>			
a	Treasury	4,18,111.77	4,47,172.56	4,27,048.25
b	Retail banking	14,12,568.58	11,80,776.63	10,56,835.59
c	Wholesale banking	15,80,210.48	13,15,664.40	9,91,426.22
d	Other banking operations	6.91	0.09	0.00
e	Unallocated	4,757.25	2,376.88	1,344.34
	Capital and Other Reserves	4,23,725.64	3,16,289.09	3,03,507.13
	Total Liabilities	38,39,380.63	32,62,279.65	27,80,161.53

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.

Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

8 Ratios

Particulars	(₹ in lacs, except otherwise stated)	
	As at December 31, 2019	As at December 31, 2018
(a) Gross Advances	26,80,768.69	20,15,776.43
(b) NPA Provision	23,585.78	15,808.27
(c) Net Advances	26,57,182.91	19,99,968.16
(d) Gross NPAs	50,399.50	42,072.84
(e) Net NPAs	26,813.71	26,264.56
(f) % of Gross NPAs to Gross Advances	1.88%	2.09%
(g) % of Net NPAs to Net Advances	1.01%	1.31%
(h) Return on assets (average) - not annualized	1.56%	1.13%

- 9 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 ₹ 7,708 lacs (₹ 7,085 lacs, net of tax) (previous nine months-NIL) pertaining to profit earned on sale of equity shares (part stake) held in Aavas Financiers Ltd.

- 10 The impact of COVID-19 pandemic, including changes in customer behaviour and pandemic fees, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are lifted.

The extent to which the COVID-19 pandemic will impact the Bank's provision on assets and future results will depend on future developments, among other things the development related to the spread and severity of the COVID-19 pandemic.

11 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 fulfil its financial or performance obligations
3	Acceptances, endorsements and other obligations	These includes: Documentary credit such as letters of obligations, 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	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

Sr. No.	Particulars	(₹ in lacs)		
		As at December 31, 2019	As at March 31, 2019	As at December 31, 2018
I.	Claims against the Bank not acknowledged as Debts	4,326.98	4,564.90	3,509.33
II.	Guarantees given on behalf of Constituents			
	a) In India	47,497.21	16,751.57	18,565.23
	b) Outside India	-	-	-
III.	Acceptances Endorsements and Other Obligation	1,594.82	2,423.12	1,342.38
IV.	Other items for which the Bank is Contingently Liable			
	(a) Credit enhancements provided by the Bank towards assets	41,008.75	23,965.30	28,358.23
	(b) Capital commitments not provided	3,265.11	1,469.09	1,512.14
	(c) Other Guarantees	1,017.76	1,040.39	1,037.64
	Total	98,710.63	50,214.37	54,324.94

Selected explanatory notes to the Unaudited Interim Condensed Financial Statements:

12 Proposed dividend for the year ended March 31, 2019

During the year ended March 31, 2019, the Board of Directors at their meeting proposed a dividend of ₹ 0.75 per share and the same has been approved by members in Annual General Meeting. In terms of 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, the Bank has appropriated proposed dividend (including tax) from Profit and Loss Account and paid during the nine months ended December 31, 2019.

Proposed dividend for the year ended March 31, 2018

During the year ended March 31, 2018, the Board of Directors at their meeting proposed a dividend of ₹ 0.50 per share and the same has been approved by members in Annual General Meeting. In terms of 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, the Bank has appropriated proposed dividend (including tax) from Profit and Loss Account and paid during the nine months ended December 31, 2018.

13 Previous periods / year figures have been regrouped wherever necessary to conform to current period presentation.