AU SMALL FINANCE BANK
A SCHEDULED COMMERCIAL BANK

Ref. No.: AUSFB/SEC/2023-24/216
Date: October 30, 2023

To,

National Stock Exchange of India Ltd.	BSE Limited
Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra.	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001, Maharashtra.
NSE Symbol: AUBANK	**Scrip Code: 540611, 958400, 974093, 974094 & 974095**

Dear Sir/Madam,

Sub: Press Release on Amalgamation of Fincare Small Finance Bank Limited into and with AU Small Finance Bank Limited

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In continuation to our letter dated October 29, 2023 informing about Board of Directors' approval of Scheme of Amalgamation by AU Small Finance Bank Limited for the Amalgamation of Fincare Small Finance Bank Limited ("**Transferor Company**") into and with AU Small Finance Bank Limited ("**Transferee Company**") subject to approval of shareholders, RBI & CCI, we submit herewith the Press Release on the same.

The Press Release may also be accessed on the website of the Bank at the link: https://www.aubank.in/investors/quarterly-reports.

This is for your information and records.

Thanking You,

Yours faithfully,
For AU SMALL FINANCE BANK LIMITED

Manmohan Parnami

Digitally signed by Manmohan Parnami
Date: 2023.10.30 12:03:11 +05'30'

Manmohan Parnami
Company Secretary and Compliance Officer
Membership No.: F9999
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Encl: As above

AU Small Finance Bank and Fincare Small Finance Bank announce merger: Financial Inclusion powerhouse in the making

- Strategic, growth-oriented merger of two strong, well-run SFBs
- Merger to capitalize on the complementary geographic footprint and product basket of the two banks to create a truly pan India retail banking franchise
- Compelling synergies especially in deposits, technology, and scale driven efficiencies over time
- All-stock merger with shareholders of Fincare SFB receiving 579 shares in AU SFB for every 2,000 shares held in Fincare SFB

Mumbai, 30th October 2023: The Board of Directors of AU Small Finance Bank Ltd ("AU SFB") and the Board of Directors of Fincare Small Finance Bank Ltd ("Fincare SFB"), at their respective meetings held earlier yesterday, approved an all-stock merger of AU SFB and Fincare SFB.

The scheme of amalgamation, under Section 44A of the Banking Regulation Act, 1949, is subject to the approval of shareholders of AU SFB and Fincare SFB respectively, Reserve Bank of India under the Banking Regulation Act and the Competition Commission of India.

Upon obtaining the required approvals, Fincare SFB shall merge into AU SFB and Shareholders of Fincare SFB shall receive shares of AU SFB in exchange for their shares in Fincare SFB at the approved share swap ratio. All employees of Fincare SFB shall become part of the AU SFB family.

Merger Terms

The Boards of AU SFB and Fincare SFB respectively considered the results of due diligence of key aspects of each other's business operations.

According to terms, Fincare Business Services Ltd ("FBSL"), promoter of Fincare SFB, shall infuse INR 700 Cr into Fincare SFB prior to the completion of the merger.

Bansi S. Mehta Valuers LLP, and RBSA Valuation Advisors LLP, the independent valuers appointed by AU SFB and Fincare SFB respectively, have recommended a share exchange ratio, which has been accepted by the respective Boards. JM Financial Limited provided a Fairness Opinion to AU SFB on the share exchange ratio and IIFL Securities Ltd. provided a Fairness Opinion to Fincare SFB. Accordingly, Fincare SFB shareholders shall receive 579 shares in AU SFB for 2,000 shares of Fincare SFB. Post merger, existing shareholders of Fincare SFB shall hold ~9.9% in AU SFB.

ICICI Securities Limited and Arpwood Capital Pvt Ltd acted as Financial Advisors to Fincare SFB on the transaction and Ambit Pvt Ltd and Mirae Asset Capital Markets (India) Pvt. Ltd. Acted as Financial Advisors to AU SFB. AZB & Partners acted as Legal Advisors to AU SFB and Anagram Partners acted as Legal Advisors to Fincare SFB. KPMG and PwC acted as Diligence Advisors to AU SFB and Fincare SFB respectively.

Mr. Rajeev Yadav, the MD & CEO of Fincare SFB, will be appointed Deputy CEO of AU SFB post-merger. He will report to Mr. Sanjay Agarwal, MD&CEO of AU SFB. Mr. Yadav will continue to lead the Fincare unit of AU SFB, which will house most of the businesses of Fincare SFB. Additionally, he will jointly lead the IT & Digital unit of AU SFB with the MD & CEO of AU SFB, to ensure smooth IT integration post-merger. In his new role, Mr Yadav will be an invitee to Board meetings of AU SFB.

Mr. Divya Sehgal, Nominee Director on Fincare SFB's Board will join the Board of AU SFB to ensure smooth integration and continuity post-merger.

Mr. Uttam Tibrewal, Executive Director at AU SFB at present, will be elevated to Executive Director & Deputy CEO of AU SFB in the merged entity.

Strategic Rationale

This is a strategic, growth-oriented merger of two strong SFBs with common charter, shared values, complementary geographic footprint, and product basket to create a truly pan India retail banking franchise. The merged entity will have more than 98 lac customers, more than 43,000 employees, and 2,334 touchpoints across 25 states and union territories.

The merger aids diversification of AU SFB's portfolio with addition of rural, inclusion focused microfinance, mortgages, and gold loan businesses of Fincare SFB, bolstering its financial inclusion charter with a focus on micro entrepreneurs and small enterprises. The merged entity will leverage Fincare SFB's distribution network in rural and semi-urban and AU SFB's strong product and digital capabilities to grow its deposits and lending franchise.

The merger will deliver significant synergies especially in deposits, technology and scale driven efficiencies and over time will be accretive to key financial metrics. Besides, both banks have received the 'Great Place to Work' certification from GPTW Institute continuously from 2021 to 2023 and see people & culture alignment as core to the success of the merger.

Commenting on the proposed merger, Mr. Sanjay Agarwal, MD & CEO, AU SFB, said, "I am delighted on the coming together of two successful and well-governed SFB franchises with common charter of promoting financial inclusion. This is not just a merger of two entities, its a union of shared values, common goals, and a vision for the future. Rajeev and team are one of the most experienced and seasoned MFI teams in the country who have over the years, built the business ground up despite multiple challenges and also a strong tech-enabled SFB franchise. We welcome all Fincare employees as part of the AU SFB family and are excited about the journey ahead of us".

Mr. Rajeev Yadav, MD & CEO, Fincare SFB, said, "Our foundation is that of a leading financial inclusion franchise, customer-friendly products, and strong digital backbone. The proposed merger of two successful institutions will create a lot of synergies. Our customers stand to gain from the merger, with expanded presence and a full suite of products that cater to their specific requirements. This merger is a defining milestone in our journey towards facilitating financial inclusion in India, and by joining hands with AU SFB's strong franchise led by Sanjay and his team, we are confident of building a world-class bank with a robust balance sheet and a truly national franchise".

Mr R V Verma, Chairman, AU SFB said, "We are excited to announce the merger of AU Small Finance Bank and Fincare Small Finance Bank, which brings together two strong, well-run and well-governed

SFBs. This strategic merger capitalizes on our complementary geographic footprint and product offerings, enabling us to create a truly pan-India retail banking franchise. We anticipate compelling synergies, particularly in deposits, technology, and scale-driven efficiencies over time, which will benefit our customers and shareholders".

Mr. Pramod Kabra, Non-Executive Director and former Chairman, Fincare Small Finance Bank, said "It represents a transformative merger between two exceptional banks, both known for their industry-leading growth and profitability. With an expanded scale, a diverse portfolio, broader market coverage, and a distinctive blend of professional expertise and entrepreneurial spirit, the merged entity is poised to deliver exceptional value to its customers while providing a fulfilling and rewarding careers for all its employees."

True North, a key investor at Fincare SFB shared the enthusiasm for the merger. Expressing his excitement at the potential synergies, Mr Divya Sehgal, also Partner, True North said "It has been a pleasure to see the journey of Fincare since 2010, starting from merger of two MFIs, receipt of small finance bank license and then the building of a bank. The future will allow the merged entity to become a stronger, larger and even more admired institution".

Mr. Uttam Tibrewal, Executive Director, AU Small Finance Bank, "The merger between AU Small Finance Bank and Fincare Small Finance Bank is a significant step towards strengthening our presence and delivering enhanced financial services to our customers. By combining the strengths of both banks, we are well-positioned to diversify our portfolio and expand our reach, especially in rural and semi-urban areas. This merger underscores our commitment to financial inclusion and creating a more robust and efficient banking ecosystem".

Brief Profile of Mr. Sanjay Agarwal

Mr. Sanjay Agarwal is the Promoter, Managing Director & CEO of AU Small Finance Bank and has over 28 years of strategic executive experience. He is a Commerce graduate from Government College, Ajmer and all-India rank holder Chartered Accountant. He possesses extensive experience in Accountancy, Agriculture and Rural Economy, Banking, Economics, Finance & Treasury, Small Scale Industry, Human Resources, Risk Management and Business Management.

He spearheads several initiatives that helped create a nimble and agile organization at AU. He is credited with creating a culture of business excellence and delivering superior benchmark performance through his vision and execution-oriented approach. He has led the Bank's evolution to the highest standards of corporate governance with enhanced disclosures and high-level engagement with key stakeholders.

He has received many awards and recognitions including EY Entrepreneur of the Year 2018, Innovative Leader of the Year by ET Now, Business Leader of the Year award by ICAI, Personality of the year (Finance Category) at Rajasthan Entrepreneur and the Excellence Award, ET Gamechanger of India – 2019.

Brief Profile of Mr. Rajeev Yadav

Mr. Yadav joined the Fincare Group in May 2012 and has been the MD & CEO of Fincare Small Finance Bank (Fincare SFB) since its inception in July 2017. He is an alumnus of IIT Kanpur and IIM Ahmedabad with 30 years of professional experience. He began his financial services career with

GE Capital spending nearly 13 years wherein he served as the CEO of GE Money from 2008 till 2012.

As MD & CEO of Fincare Small Finance Bank, he has shaped the institution's journey of becoming best-in-class small finance bank, with a diversified loan portfolio, pan-India branch network, cutting-edge technology and digital capabilities, people-centric meritocratic organization, highest standards of governance and compliance as well as well-rounded financial and operating performance. The Bank has received numerous awards, including Celent Award, IBA Award, FE Best Bank, ET Excellence Award among others.

About AU Small Finance Bank

AU Small Finance Bank Limited is a scheduled commercial bank and a Fortune India 500 Company. Starting its journey from the hinterlands of Rajasthan, today AU SFB is the largest Small Finance Bank with a deep understanding of the rural and semi-urban markets that has enabled it to build a robust business model facilitating inclusive growth.

With 28 years legacy of being a retail focused and customer-centric institution, AU SFB started its banking operations in April 2017 and as on 30th Sep 2023, it has established operations across 1,042 banking touchpoints while serving 44.3 Lac+ customers in 21 States & 3 Union Territories with an employee base of 28,523 employees.

As on 30th Sep 2023, the Bank has a net worth of ₹ 11,763 Crore, deposit base of ₹ 75,743 Crore, Gross Advance of ₹ 65,029 Crore and a Balance sheet size of ₹ 95,977 Crore. AU SFB enjoys the trust of marquee investors and is listed at both the leading stock exchanges viz. NSE and BSE. It has consistently maintained high external credit Rating from all major rating agencies like CRISIL, CARE Ratings and India Ratings.

For more information, please visit the company's website at aubank.in

About Fincare Small Finance Bank

Fincare Small Finance Bank is a scheduled commercial bank with a 'digital-first' approach. It caters to, on one hand, the banking needs of micro entrepreneurs and micro enterprises enabling their financial inclusion, and on the other, providing innovative banking services along with digital solutions to metro and urban customers. Fincare commenced banking operations on 21st July 2017. As on 30th September 2023, its gross advances stood at INR 10,541 Crore with a mix of microloans, business loans, housing loans, gold loans and other loan products. It has 53 Lac+ customers serviced by a strong team of 14,800+ employees. Fincare SFB has 1,292 touchpoints spread across 23 States and Union Territories. The bank is backed by several high-quality PE funds, namely, True North, TA Associates, Leapfrog Investments, Tata Opportunities and Motilal Oswal.

For more information, please visit the company's website at www.fincarebank.com.

About True North

Founded in 1999, True North is one of India's most respected home-grown private equity firms with a focus on investing in and transforming mid-sized profitable businesses into large, well-established businesses that are valuable, enduring and socially responsible. In Private Equity, True North has successfully launched six separate investment funds with a combined corpus of ~ USD 3 billion, including co investments. True North's deep insights and understanding of India has added value to more than 50 businesses over the last 24 years across sectors such as consumer, financial services, healthcare, and technology.

For more information, please visit the company's website at www.truenorth.co.in.

For Media Inquiries, please contact:

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