



**AU Small Finance Bank Limited**  
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**For Immediate Release**

## **AU Small Finance Bank reports 100% y-o-y growth in Q3FY20 PAT, Asset quality improves, Appoints a new Independent Director**

Jaipur, Jan 22, 2020: The Board of Directors of AU Small Finance Bank Limited at its meeting held today, approved the unaudited financial results for quarter and nine months ended December 31, 2019. The results have been subjected to a limited review by the statutory auditors of the bank.

### **First 11 quarters of AU Bank - Building a Technology led, Customer-centric, 'Retail Banking' franchise**

- Acquired nearly 1.4 Lac new customers; Customer base now expands to ~1.6 million
- Powered more than 76,000 vehicles, more than 13,000 small businesses; funded nearly 1,400 homes and funded more than 12,000 consumer durable and personal loans in Dec'19 quarter.
- Continued strong customer engagement - First ever Digital Brand campaign #BharosaApnoJaisa (on Hotstar); generated 3.3 Crore+ ad impressions; more than 1.4 Crore video views
- More than 1.6 Crore social media engagements; Website traffic and lead management at 1.2x and 1.9x with the new website
- Live with E-Mandate, ASBA, Bharat Bill Payment System (on Website); Premier Contactless Debit Card offering 'AU Royale'
- Added 16 new branches in third quarter
- Investment of INR 525 Crore from Camas Holdings (Temasek) for warrants conversion

### **Advances growth continued to be driven by Retail Assets; Asset quality improves further; Deposits coming steady**

- Loan AUM grew 37% y-o-y to INR 29,867 Crore; share of Retail AUM rose to 81% via-vis ~77% at Dec'18
- Loan disbursement growth for YTD 9M FY20 at 23% y-o-y; Share of Retail loans in loans disbursed increased by ~11% from 71% in 9MFY19 to ~82% in 9MFY20
- Exposure to NBFC shrinks further and now at around ~7% of AUM
- Improvement in spread; Portfolio IRR maintained at 14.7%; Cost of Fund improves to 7.8% for 9MFY20 vs 7.9% in 1HFY20
- Despite slowdown and Daily NPA tagging; GNPA and NNPA at 31-Dec-19 further improves to 1.9% and 1.0% respectively as against 2.0% and 1.1% on 30-Sep-19. Manifestation of our small ticket, secured lending, strong underwriting, and firm focus on collections.
- PCR increases to 47%
- Total Deposits book at Rs 23,865 Crore vs Rs 14,686 Cr. in Dec'18, up 63% YoY and up 8% Q-o-Q; CASA Ratio (excluding Certificate of Deposits) maintained at ~17%.
- YTD AUM growth funded primarily by YTD Deposit accretion

### **Enhanced Governance; Appointed a new Independent Director; Board strength expands to 10 members**

- Mr. V. G. Kannan joins as an Independent Director. Earlier served as MD – State Bank of India – Associates & Subsidiaries, he has more than 38 years of experience in banking, credit and risk management, insurance, capital markets, treasury and fund management. He also headed Indian Banks’ Association as Chief Executive.

### **In compliance with Regulatory requirements - no pendency**

- PSL achieved 135% (average for Q1-Q3 FY20) as on 31-Dec-19, as against requirement of maintaining average PSL of 75%
- Unbanked rural centers form 29% total bank branches as against requirement of 25%
- 59% of loan portfolio up to INR 25 lakhs as against requirement of 50%

### **Impact of operating leverage**

- Cost to Income continues to decline with improving operational efficiency of branches – 55.3% in 9MFY20 vis-à-vis 60.7% in 9MFY19;
- Marked improvement in ROA and ROE at 1.8% and 17.4% respectively (excluding gains from partial stake sale in Aavas Financiers Ltd.) for 9MFY20 vis-à-vis 1.5% and 13.2% respectively for 9MFY19<sup>1</sup>

### **Adequately Capitalized**

- CRAR of 19.3% & Tier I Ratio at 16.5%
- Net worth grew ~40% Y-o-Y to INR 4,237 Crore; Besides that, available capital pools include equity stake in Aavas Financiers worth INR ~970 crore based on current market price

### **Comfortable Liquidity position; Focus on reducing Cost of funds through judicious mix of available resources**

- Maintained a higher LCR at ~95% for Q3FY20 as against regulatory requirement of 80% for SFBs

### **Awards & Accolades**

- Golden Peacock Award for Excellence in Risk Management for the year 2019.
- Special Commendation for Golden Peacock Award for Excellence in Corporate Governance for the year 2019

<sup>1</sup> 9M FY20 ROE computed at Average Net Worth (at End of Period basis) If Temasek Investment is considered only for 19 days (Date of Investment – 12 Dec 2019), the corresponding ROE would be 18.5%

## Key Financials:

(All Figures in INR Crore)	Q3FY20	Q3FY19	Y-o-Y	9MFY20	9MFY19	Y-o-Y	Q2FY20	Q-o-Q
Net Interest Income	507	348	46%	1,354	956	42%	452	12%
Other Income *	161	106	52%	446	331	35%	151	7%
Income from sale of Equity Shares of Aavas Financiers Ltd.	-	-	-	77	-	-	-	-
Profit Before Tax	273	146	87%	749	404	85%	217	26%
Tax expenses	83	51	62%	196	140	40%	45	84%
Profit After Tax	190	95	100%	552	264	110%	172	11%
Profit After Tax*	190	95	100%	482	264	83%	172	11%

\*(Excl Profit on Sale of 0.8% equity stake in Aavas Financier Ltd)

(All Figures in INR Crore)	31-Dec-19	31-Dec-18	Y-o-Y	30-Sep-19	Q-o-Q
Net Worth	4,237	3,035	40%	3,516	21%
Deposits	23,865	14,686	63%	22,149	8%
Advances	26,572	20,000	33%	24,809	7%

## Key Ratios

(All Figures in INR Crore)	31-Dec-19	31-Dec-18	30-Sep-19
Gross NPA (%)	1.9%	2.1%	2.0%
Net NPA (%)	1.0%	1.3%	1.1%
Capital Adequacy Ratio (%) CRAR*	19.3%	19.0%	17.9%

\*(Excl Profit on Sale of 0.8% equity stake in Aavas Financier Ltd)

(All Figures in INR Crore)	9MFY20	9MFY19	Q3FY20
Return on Average Assets (%)*	1.8%	1.5%	2.1%
Return on Average Equity (%)*	17.4%	13.2%	19.6%

\*(Excl Profit on Sale of 0.8% equity stake in Aavas Financier Ltd)

<sup>1</sup> 9M FY20 ROE computed at Average Net Worth (at End of Period basis) If Temasek Investment is considered only for 19 days (Date of Investment – 12 Dec 2019), the corresponding ROE would be 18.5.%

Commenting on the performance, Mr. Sanjay Agarwal, MD & CEO of AU Small Finance Bank said, “Amidst slowing macro, our steady growth and improving asset quality is an outcome of our secured lending vintage, diversified product mix, growth opportunities in our core markets and Bank Pull. For Deposits, we are replicating our asset model and endeavoring to build a low cost, granular, and sticky retail deposit franchise in due course of time. Also, incrementally we are investing in customer engagement, branding, distribution, product and technology. We are carrying adequate liquidity. We will keep modulating our pace of growth in line with market environment and associated risks.”

## Details of Disbursements, ATS, AUM, Yields, Disbursements Yields, Gross NPAs

Amount in INR Crores

Particulars	Period	Retail Assets								Small and Mid Corporate Assets					Term Lending	Total AUM
		New Wheels	Used & CoW	Wheels Total	SBL-MSME	HL	GL+CD+PL	OD Agnst FD	Total Retail Assets	REG	BB	Agri SME	NBFC	SMC Assets		
Disb (YTD)	9M FY20	2,829	2,744	5,834	3,619	354	220	1,146	11,172	294	957	427	784	2,461		13,634
	9M FY19	3,232	1,505	4,816	2,484	39	57	488	7,885	312	667	324	1,859	3,162		11,047
Disb Growth (YTD)	Y-o-Y	-12.5%	82.3%	21.1%	45.7%	805.8%	287.1%	134.6%	41.7%	-5.9%	43.4%	31.7%	-57.8%	-22.2%	23.4%	
# of New Cases	9M FY20	54,703	97,587	182,330	35,527	3,677	37,756	4,157	n.d.	143	1,418	967	80	2,608		
Disb ATS (INR Mn)	Q3 FY20	0.52	0.28	0.31	1.02	1.06	n.d.	n.d.	n.d.	13.74	n.d.	4.88	72.0	n.d.		
Disb Yield (%)	Q3 FY20	12.8%	18.4%	15.5%	15.7%	13.3%	n.d.	n.d.	15.6%	n.d.	n.d.	n.d.	n.d.	n.d.	15.3%	
	Q2 FY20	13.3%	18.9%	16.5%	15.7%	13.1%	n.d.	n.d.	16.1%	n.d.	n.d.	n.d.	n.d.	n.d.	15.5%	
	Q3 FY19	12.5%	18.8%	14.6%	15.0%	12.8%	n.d.	n.d.	14.7%	n.d.	n.d.	n.d.	n.d.	n.d.	14.2%	
Gross AUM	Q3 FY20	7,859	4,246	12,411	10,473	462	189	766	24,302	820	960	1,125	2,085	4,990	575	29,867
	Q2 FY20	7,414	3,779	11,430	9,530	328	125	635	22,047	821	897	1,072	2,513	5,304	525	27,876
	Q3 FY19	6,754	2,522	9,354	6,926	40	51	300	16,671	762	661	858	2,357	4,639	455	21,765
AUM Growth	Y-o-Y	16.4%	68.4%	32.7%	51.2%	n.m.	274.1%	155.5%	45.8%	7.5%	45.1%	31.1%	-11.5%	7.6%	26.4%	37.2%
	Q-o-Q	6.0%	12.4%	8.6%	9.9%	41.2%	50.9%	20.7%	10.2%	-0.2%	7.0%	5.0%	-17.0%	-5.9%	9.5%	7.1%
% AUM	Q3 FY20	26.3%	14.2%	41.6%	35.1%	1.5%	0.6%	2.6%	81.4%	2.7%	3.2%	3.8%	7.0%	16.7%	1.9%	100.0%
	Q3 FY19	31.0%	11.6%	43.0%	31.8%	0.2%	0.2%	1.4%	76.6%	3.5%	3.0%	3.9%	10.8%	21.3%	2.1%	100.0%
AUM IRR	Q3 FY20	12.8%	18.8%	15.0%	15.3%	12.9%	n.d.	n.d.	15.1%	15.1%	11.3%	12.1%	12.2%	12.5%		14.7%
	Q2 FY20	12.9%	18.9%	15.0%	15.3%	12.9%	n.d.	n.d.	15.1%	15.3%	12.1%	12.4%	12.4%	12.8%		14.7%
	Q3 FY19	13.0%	18.6%	14.6%	15.3%	12.9%	n.d.	n.d.	14.9%	15.2%	11.5%	12.7%	11.8%	12.5%		14.3%
GNPA	Q3 FY20	2.2%	2.0%	2.1%	2.1%	0.2%	0.8%	0%	2.0%	3.0%	n.d.	4.5%	0.4%	1.7%		1.9%
	Q2 FY20	2.4%	2.2%	2.3%	2.3%	0.2%	0.7%	0%	2.2%	3.1%	n.d.	5.6%	0.0%	1.6%		2.0%