



AU Small Finance Bank Limited
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For Immediate Release

AU Bank reports 48% y-o-y increase in Q1FY21 Operating PAT, 17% y-o-y growth in AUM

Jaipur, July 23, 2020: The Board of Directors of AU Small Finance Bank Limited at its meeting held today, approved the unaudited financial results for quarter ended June 30, 2020.

Operating Highlights

- AUM Growth of 17% Y-o-Y, Retail AUM remains dominant at ~84%
- The bank disbursed INR 1,181 Cr which includes disbursements under TLTRO 2.0 of INR 246 Cr
- Operating expenses declined by 6% Y-o-Y and 30% Q-o-Q due to low growth momentum
- Q1FY21 PAT (excluding gains on partial divestment of Aavas Financiers Ltd.) grew by 48% YoY to INR 177 Cr
- Q1FY21 ROA and ROE at 1.6% and 15.8% (excluding gains on partial divestment of Aavas Financiers Ltd.)

Update on Moratorium & Provisioning

- **Complete Moratorium has been availed by 11% of our borrowers by value on Gross Advances** as on 30th June 2020.
- SMA pool, which was INR 2,768 Cr (including securitized portfolio of INR 298 Cr) as on 29th Feb 2020 has now reduced to INR 1,133 Cr (including securitized portfolio of ₹ 113 Cr) as on 30th June 2020.
- During the quarter, Bank made provisions of INR 181 Cr including additional provision of ₹ 140 Cr for potential impact of COVID-19 in addition to ₹ 138 Cr COVID-19 provision created in last quarter (other than standard and NPA Provisions).
- The bank now carries **INR 278 Cr of COVID-19 related provisions which constitutes ~1% of our total Gross Advances & ~10% of Complete Moratorium book.**

Collection Trends

- **Full EMI recovery has also improved** to 67% in the month of June from 53% in the month of April, which indicates that more and more customers are opting out of moratorium with each successive month. On an average 80% customers pays in full and another 5% in part in normal times, therefore gap in activation is only 13% which expect further narrow down in July and August.
- **Overall Collection efficiency* improved to 90%** in the month of June from 54% in April; based on our ground reports we expect further improvement in July. Average monthly collection efficiency from April 2019 to February 2020 was at ~98%.

Update on Branch Banking

- Since the beginning of the lockdown, all branches were operational with no shutdowns
- Share of Retail Deposits continued to increase, rising to 45% vs 43% in Q4FY20 and 42% in Q1FY21 led by dedicated verticals focused on CASA and collective effort of all bank employees
- Gaining Market Share - 26 branches above 5% market share; 4 branches above 10% market share
- Savings Account deposits grew by 14% q-o-q, led by retail depositors
- SA deposits grew by ~INR 370 Cr in Q1 vs an average growth of INR 41 Cr in the previous 4 quarters
- Evolving our business approach in “Urban Market Banking” and “Core Market Banking” with differentiated approach.
- Core Market Banking covers semi urban and rural markets where bank will capitalize vintage of 25 years. Urban Market Banking covers metropolitan areas which has huge potential to grow along profile-based segmentation of customers.

Treasury Updates

- Overall CoF declined to ~7.2% in Q1FY21 from ~7.9% in Q1FY20 (For FY20 Average CoF was 7.7%)
- Incremental CoF also declined to ~6.0% in Q1FY21 from ~7.6% in Q1FY20 (For FY20 Incremental CoF was 7.3%)
- As on 30th June'20, LCR further improved to ~150% (LCR at 133% as at 31st March 2020) against regulatory requirement of 80% to create adequate liquidity cushion in this uncertain scenario
- Participated in RBI's TLTRO 2.0 program for amount of INR 300 Cr
- Issued PSLC of ₹ 5,275 Cr earning a premium of ₹ 32.8 Cr in Q1FY21 (INR 8.2 Cr recognized in Q1FY21)

Digital Outlook

- To further strengthen our presence in digital payments, UPI QR went live. Going forward, we will be giving a major thrust on QR payments to capture payments data and enable analytics-based lending.
- Savings Account and Fixed Deposit Account Onboarding through Video KYC for self and assisted went live which helps onboard customers remotely
- We plan to release new net banking application for all bank customers in Q2FY21 which will enhance user experience in terms of improved user interface and enhanced functionalities

HR updates

- ~93% of AU Team was back on field / branches /office in beginning of Jun'20
- Till 17th July 2020, 41 AU employees have been tested positive for Covid-19, of which 14 have fully recovered and the remaining 27 are recovering
- Notably, ~93% of AU employees are <31 years of age

Regulatory Compliances

- In compliance with all SFB regulatory requirements with 85% loans being PSL compliant (vs requirement of 75%)
- Carrying Comfortable Capital with Total CRAR at ~21.7% and Tier-I CRAR of ~18.5%; Well above minimum regulatory requirements of 15% and 7.5%
- CD ratio has improved to 98% in Q1FY21 from 103% in Q4FY20 and 116% in Q1FY20, **and our endeavor is to take it to 90% by March 2023.**

Commenting on the performance, Mr. Sanjay Agarwal, MD & CEO, AU Small Finance Bank said,

“Bank continues to perform well enough on all metrics such as Deposit Growth, Extra Liquidity Buffers, Assets Quality, Digital Banking, Inclusive Banking, Customer Engagements and Employee Safety & Well-being resulting into a satisfactory quarter. In Q1FY21, our PAT grew by 48% with continuous declining trend in cost of funds.

Being in a very uncertain environment, bank made additional provisions to create extra buffer to build resilience, financial stability and to strengthen its Balance-sheet. During pandemic times, the bank wishes everyone very good health and better times ahead. Being into essential services, we are extremely committed to serve the nation and society with utmost dedication and agility.

Key Financials:

(All Figures in INR Crore)	Q1FY21	Q1FY20	Y-o-Y	Q4FY20	Q-o-Q
	Unaudited	Unaudited		Audited	
Income					
Net Interest Income	516	396	30%	555	-7%
Other Income	199	134	48%	174	14%
Income from sale of Equity Shares of Aavas Financiers Ltd.	27	77	-	9	-
Total Net Income	742	607	22%	738	0%
Provisions (other than tax) and Contingencies	41	32	30%	13	226%
Covid-19 Provisions	140	-	-	138	1%
Exceptional Items	-	-	-	-	-
Profit Before Tax	264	259	2%	165	60%
Tax expenses	64	69	-8%	43	48%
Profit After Tax	201	190	6%	122	64%
Profit After Tax*	177	119	48%	115	54%

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

(All figures in INR Crore)	30-Jun-20	30-Jun-19	Y-o-Y	31-Mar-20	Q-o-Q
Net Worth	4,588	3,361	37%	4,377	5%
Deposits	26,734	19,849	35%	26,164	2%
Advances	26,250	23,102	14%	26,992	-3%

Key Ratios

(All Figures in INR Crore)	30-Jun-20	31-Mar-20	30-Jun-19
Gross NPA (%)	1.7%	1.7%	2.1%
Net NPA (%)	0.6%	0.8%	1.3%
Capital Adequacy Ratio (%) CRAR	21.7%	22.0%	18.6%

(All Figures in INR Crore)	Q1FY21	Q4FY20	Q1FY20
Return on Average Assets (%)*	1.6%	1.1%	1.4%
Return on Average Equity (%)*	15.8%	10.7%	14.7%

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