



AU Small Finance Bank Limited

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For Immediate Release

AU Bank reports 56% jump in FY20 Operating PAT, Improves its Asset Quality

Jaipur, May 2, 2020: The Board of Directors of AU Small Finance Bank Limited at its meeting held today, approved the audited financial results for quarter and year ended March 31, 2020.

AU Bank completes 3 years as a bank and 25 years as an institution

- AU Bank completes another humbling milestone of completing 25 Years of continuous and reliable service and 3 Years as a Bank.

Enhanced Governance; Appointed a new Part-Time Chairman

- Appointed Mr. V.G. Kannan as Independent Director. Mr. Kannan has 38 years of Financial services sector experience. Previously, he headed Indian Bank's Association as Chief Executive, was MD of State Bank of India and was MD & CEO of SBI Capital Markets.
- Appointed of Mr. Raj Vikash Verma as Part-time Chairman of the Bank.
- Reappointment of Mr. Sanjay Agarwal as Managing Director & CEO and Mr. Uttam Tibrewal as Whole Time Director of the Bank for a period of 3 years.

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

- Amidst challenging macro, Disbursements for full year FY 2019-20 rose ~16% over FY 2018-19 led by ~27% growth in retail disbursements, offset by a de-growth in NBFC book during FY2019-20. Non-Fund based disbursements at ₹917 Crore grew by ~155%. Amongst new products, Home Loan continues to gain stronger traction.
- Loan Assets Under Management (AUM) increased by ~27% y-o-y from ₹24,246 Crore to ₹30,893 Crore driven primarily by bank's continued focus on growing Retail AUM, Up ~38% Y-o-Y. Share of Retail AUM further consolidates to 84%. ~98% AUM Secured.
- Aggregate Deposits grew 35% Y-o-Y; stood at ₹26,164 Crore as on Mar'20. Deposits grew ~10% over Dec'19 quarter. Retail deposits now 43%.
- As at 31st March 2020, Gross NPA decreased by ~30 bps to 1.7% and Net NPA decreased by ~50 bps to ~0.8%, vis-à-vis 2.0% and 1.3% as on 31st March 2019.
- COVID-19 provisioning of ₹ 138 Crore created in Q4FY20 other than Standard Asset and NPA provisioning.

Adequately Capitalized

- Total CRAR at ~22.0% and Tier-I CRAR of ~18.4%; Well above minimum regulatory requirements of 15% and 7.5%.
- Additional buffer of ~6.34% shareholding in Aavas Financiers Limited.
- Significant headroom to raise tier II Capital.

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

- Bank maintained extremely comfortable liquidity over & above regulatory requirement of SLR, CRR and LCR. LCR was 133% against the regulatory minimum of 90%.
- Completed a PTC securitization transaction amounting ₹ 958 Crore inflow from wheels pool rated AAA(SO) in fourth quarter.
- Moreover, Bank additionally mobilized ₹ 1,000 Crore through refinance from NABARD and SIDBI in the Month of March'20.

In compliance with Regulatory requirements - no pendency

- Average PSL of ~85% for FY 2019-20 against regulatory requirement of 75%.

Robust profitability despite additional COVID related provisions, yields improve further

- Net Interest Income increased by 42% from ₹ 1,343 Crore in FY 2018-19 to ₹ 1,909 Crore in FY 2019-20 driven by healthy AUM growth of ~27%.
- Yield for FY 2019-20, disbursement yield increased by 124 bps to ~15.4%. Full-year AUM Yield was at 14.7% (up by ~40 bps).
- For FY2019-20, our overall average cost of funds improved by ~20 basis points to 7.7%.
- Correspondingly full year spreads improved by ~60 bps Y-o-Y.
- Other Income (excluding gains on partial divestment of shares of Aavas Financiers Ltd.) grew from ₹ 462 Crore to ₹ 620 Crore; up by 34%.
- Driven by operating leverage, our Cost-to-Income ratio declined to 56.1% in FY 2019-20 from 60.0% in FY 2018-19.
- FY20 PAT (excluding gains on partial divestment of shares of Aavas Financiers Ltd.) grew by 56% to ₹ 596 Crore from ₹382 Crore in FY19, driven by robust growth, cost improvement and stable asset quality. PAT including gains on partial divestment of shares of Aavas Financiers Ltd. grew 77% to ₹ 675 Crore.
- FY2019-20 Return on Average Assets (RoAA) clocked an improvement of ~11 bps to ~1.6% from 1.5% in FY 2018-19.
- Return on Average Equity (RoAE) for FY2019-20 came in at ~15.8% vis-à-vis 14.0% in FY2018-19.

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

“In April 2020, we completed 3 years as a bank and 25 years as a trusted institution. We are thankful to our customers, employees, investors and regulator for their unwavering support. Regarding our performance, despite the economic headwinds in FY20, AU Bank witnessed a healthy growth of 56% in our operating profits. We continue to maintain extremely comfortable capital adequacy and enough liquidity. Our asset quality improved further as reduced our Gross and Net NPAs. The bank holds ample provisions against the potential impact of COVID-19 and our provisions are in excess of the prescribed regulatory norms. Our granular approach, strong underwriting, robust collections and higher collateral levels always helped us keeping our NCLs in check and we are sure that these core strengths will help us emerge stronger. Retail Deposits continues to be forthcoming and remain core to our liability strategy.

We have been learning from the ongoing adversity and striving to emerge stronger as an organization. Today I personally opted to forgo my salary for the financial year 2020-21 and pledged to donate 25 Lac company shares from my personal ownership with an intent to support employees, customers and the community at large for fighting the Coronavirus pandemic” he said.

Key Financials:

(All Figures in INR Crore)	Q4FY20	Q4FY19	Y-o-Y	FY20	FY19	Y-o-Y	Q3FY20	Q-o-Q
Net Interest Income	555	387	43%	1,909	1,343	42%	507	9%
Other Income	174	131	33%	620	462	34%	161	8%
Income from sale of Equity Shares of Aavas Financiers Ltd.	9	-	-	86	-	-	-	-
Total Net Income	738	517	43%	2,615	1,805	45%	668	10%
Provisions (other than tax) and Contingencies	13	39	-68%	145	142	2%	40	-69%
Covid-19 Provisions	138	-	-	138	-	-	-	-
Profit Before Tax	165	176	-6%	914	580	58%	273	-39%
Tax expenses	43	58	-26%	239	198	21%	83	-48%
Profit After Tax	122	118	3%	675	382	77%	190	-36%
Profit After Tax*	115	118	-3%	596	382	56%	190	-40%

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

(All Figures in INR Crore)	31-Mar-20	31-Mar-19	Y-o-Y	31-Dec-19	Q-o-Q
Net Worth	4,377	3,163	38%	4,237	3%
Deposits	26,164	19,422	35%	23,865	10%
Advances	26,992	22,819	18%	26,572	2%

Key Ratios

(All Figures in INR Crore)	31-Mar-20	31-Mar-19	31-Dec-19
Gross NPA (%)	1.7%	2.0%	1.9%
Net NPA (%)	0.8%	1.3%	1.0%
Capital Adequacy Ratio (%) CRAR	22.0%	19.3%	19.3%

(All Figures in INR Crore)	FY20	FY19	Q4FY20
Return on Average Assets (%)*	1.6%	1.5%	1.1%
Return on Average Equity (%)*	15.8%	14.0%	10.7%

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

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)	FY20	3,793	3,657	7,799	4,865	490	331	1555	15,040	406	1,641	608	940	3,595		18,634
	FY19	4,330	2,249	6,725	3,698	115	83	1178	11,800	440	927	512	2,399	4,277		16,077
Disb Growth (YTD)	Y-o-Y	-12%	63%	16%	32%	326%	299%	32%	27%	-8%	77%	19%	-61%	-16%		16%
# of New Cases	FY20	72,960	136,511	249,769	49,943	5,331	n.d.	n.d.	n.d.	170	n.d.	1,256	92	n.d.		
Disb ATS (INR Lakh)	Q4 FY20	5.2	2.7	3.1	10.5	10.7	n.d.	n.d.	n.d.	262.9	n.d.	49.7	995.7	n.d.		
Disb Yield (%)	Q4 FY20	12.7%	18.2%	15.7%	15.5%	13.2%	n.d.	n.d.	15.6%	n.d.	n.d.	n.d.	n.d.	n.d.		15.2%
	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.		15.2%
	Q4 FY19	13.2%	19.3%	15.8%	15.0%	12.7%	n.d.	n.d.	15.4%	n.d.	n.d.	n.d.	n.d.	n.d.		14.7%
Gross AUM	Q4 FY20	8,034	4,607	12,985	11,287	567	257	796	25,892	826	1,081	1,213	1,856	4,976	25	30,893
	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
	Q4 FY19	7,212	2,882	10,224	7,865	116	57	551	18,814	801	811	984	2,511	5,107	325	24,246
AUM Growth	Y-o-Y	11.4%	59.9%	27.0%	43.5%	388.0%	347.6%	44.4%	37.6%	3.2%	33.3%	23.2%	-26.1%	-2.6%	-92.3%	27.4%
	Q-o-Q	2.2%	8.5%	4.6%	7.8%	22.6%	35.8%	3.9%	6.5%	0.8%	12.6%	7.8%	-11.0%	-0.3%	-95.7%	3.4%
% AUM	Q4 FY20	26.0%	14.9%	42.0%	36.5%	1.8%	0.8%	2.6%	83.8%	2.7%	3.5%	3.9%	6.0%	16.1%	0.1%	100.0%
	Q4 FY19	29.7%	11.9%	42.2%	32.4%	0.5%	0.2%	2.3%	77.6%	3.3%	3.3%	4.1%	10.4%	21.1%	1.3%	100.0%
AUM IRR	Q4 FY20	12.8%	18.7%	15.1%	15.3%	12.9%	n.d.	n.d.	15.2%	15.1%	11.2%	12.0%	12.1%	12.4%		14.7%
	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%
	Q4 FY19	12.8%	18.8%	14.6%	15.2%	12.8%	n.d.	n.d.	14.8%	15.2%	11.5%	12.5%	12.1%	12.6%		14.3%
GNPA	Q4 FY20	2.1%	1.6%	1.8%	1.7%	0.2%	0.6%	0%	1.7%	2.5%	n.d.	4.5%	0.5%	1.8%		1.7%
	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%