

Ref. No. : AUSFB/SEC/2019-20/457

Date: 23rd January, 2020

To,

Listing Department National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra. Symbol: AUBANK	Department of Corporate Services, The BSE Limited, Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai 400001, Maharashtra. Scrip Code: 540611
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Dear Sir(s),

Sub: Presentation to Investors on Unaudited Financial Results for the Quarter and Nine Months ended on 31st December 2019

In terms of Regulation 30 SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, enclosed the Investors Presentation of the Bank on the Unaudited Financial Results for the Quarter and Nine Months ended on 31st December 2019.

The Press Release and Investors Presentation may also be accessed on the website of the Bank at the link www.aubank.in

Kindly acknowledge the receipt and make available the same to public at large.

Thanking You,

For AU Small Finance Bank Limited



Manmohan Parnami

Company Secretary & Compliance Officer

investorrelations@aubank.in

Registered Office

AU SMALL FINANCE BANK LIMITED

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Jaipur - 302001, Rajasthan, India

Phone: +91 141 4110060/61, Fax: +91 141 4110090

CIN: L36911RJ1996PLC011381

Formerly known as **Au Financiers (India) Limited**



चलो आगे बढ़ें

A SCHEDULED BANK | FORTUNE INDIA 500 COMPANY

Investor Presentation

9M / Q3FY20

Retail Focused | Differentiated | Well Capitalized | Fast Growing | Customer Centric

January 2020

AU Bank – Leveraging Best of Both The Worlds

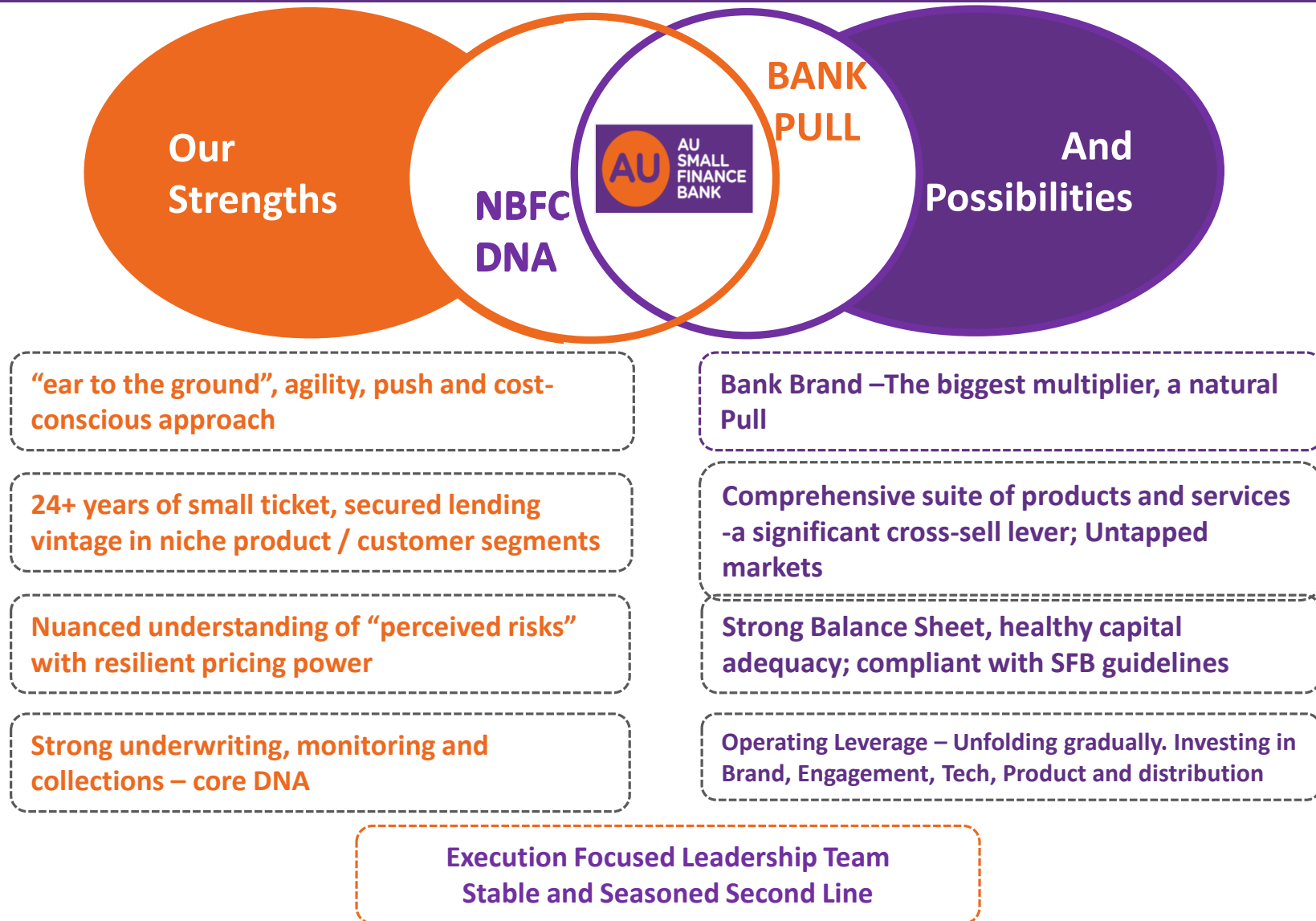


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1. 9M / Q3FY20 Performance Summary and Key Updates



9M / Q3FY20 Key Highlights

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 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 on 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 growth 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

9M / Q3FY20 Key Highlights

Enhanced Governance; Appointed another 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 Bank's Association as Chief Executive

In compliance with regulatory requirements - no pendency

- ❑ PSL achieved 135% (average for Q1-Q3 FY20) as on 31st 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%

Operating leverage benefits continue to improve profitability

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

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 and Accolades

- ❑ Golden Peacock Award for 2019 for Excellence in Risk Management; Special Commendation for Excellence in Corporate Governance

¹ 9M FY20 ROE computed at Average Net Worth (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%

9M / Q3FY20 Key Highlights

11 States



624 Touchpoints



15.9 lakh Customers

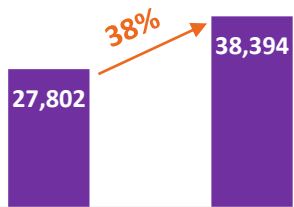


15,308 employees



Total B/S Assets

INR Crore

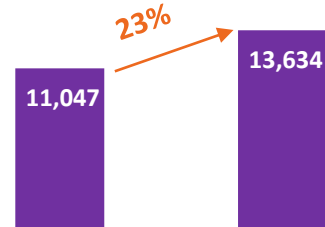


31-Dec-18

31-Dec-19

Disbursements¹

INR Crore

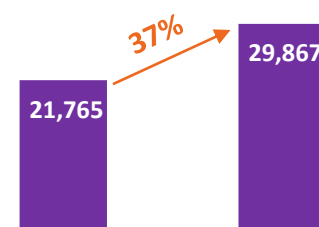


9MFY19

9MFY20

Loan Assets Under Management²

INR Crore

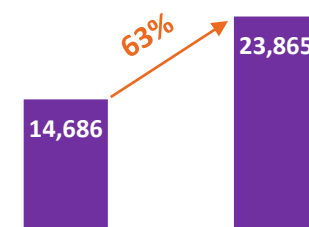


31-Dec-18

31-Dec-19

Deposits³

INR Crore



31-Dec-18

31-Dec-19

CASA Ratio⁴

17%

¹Disbursements include Non-Fund based credit facilities sanctioned

²Money Market Term Lending by Treasury of INR 575 Crore as on 31st Dec 19 is also added in Loan Assets Under Management. Corresponding figures for past periods added in Loan Assets Under Management

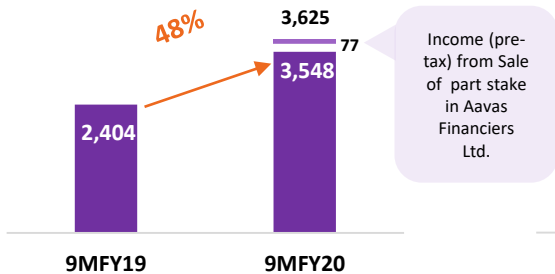
³ Deposit Base of INR 23,865 Crore includes Certificate of Deposit of INR 1,813 Crore

⁴CASA Ratio is computed excluding the Certificate of Deposits from Total Deposits

9M / Q3FY20 Key Highlights

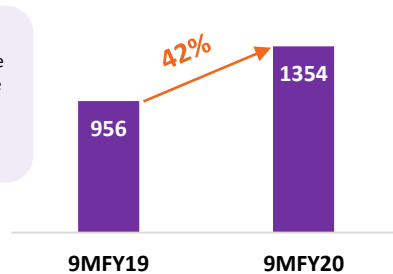
Total Income

INR Crore



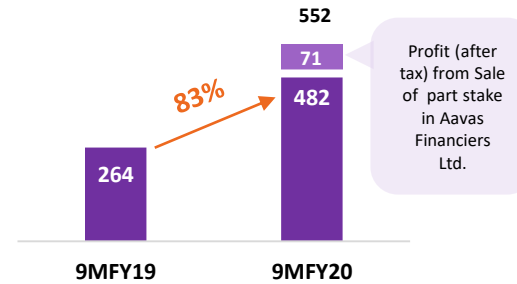
Net Interest Income

INR Crore



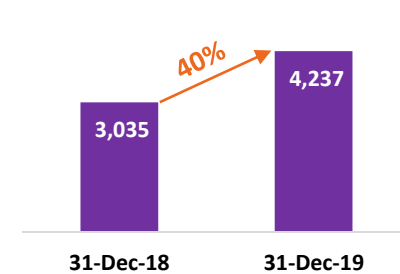
PAT

INR Crore



Net-worth

INR Crore



Yield¹ on AUM

14.7%

Vs.

14.3%
(31-Dec-18)

Cost of Funds

7.8%

Vs.

7.9%
(9MFY19)

Net Interest Margin²

5.4%

Vs.

5.8%
(9MFY19)

ROA³ / incl Aavas Profit

1.8% / 2.1%

Vs.

1.5%
(9MFY19)

ROE⁴ / incl Aavas Profit

17.4% / 19.9%

Vs.

13.2%
(9MFY19)

GNPA

1.9%

Vs.

2.1%
(31-Dec-18)

NNPA

1.0%

Vs.

1.3%
(31-Dec-18)

Provision Coverage Ratio*

46.8%

Vs.

37.6%
(31-Dec-18)

CRAR / incl 9MFY20 PAT

19.3% / 21.8%

Vs.

19%
(31-Dec-18)

Tier-I CRAR / incl 9MFY20 PAT

16.5% / 19.3%

Vs.

15.5%
(31-Dec-18)

¹Total Loan Assets AUM Yield is calculated excluding the Money Market Lending by Treasury;

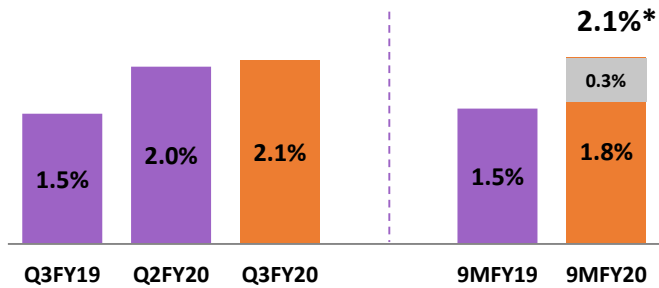
²Net Interest Margin represents Net Interest Income as % of Average Interest Earning Assets; Annualized.

³ROA represents PAT as % of Average Total Assets; Annualized.

⁴ROE represents PAT as % Net worth; Annualized.

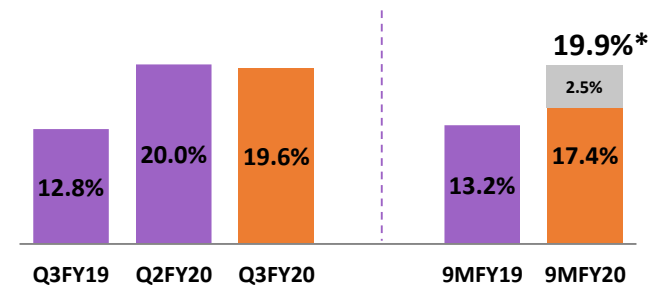
Consistent Profitability

RoA¹ (%)



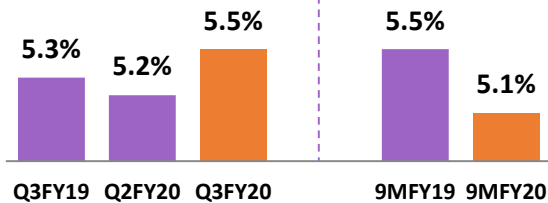
* Including Profit from Sale of part stake in Aavas Financiers Ltd.

RoE² (%)

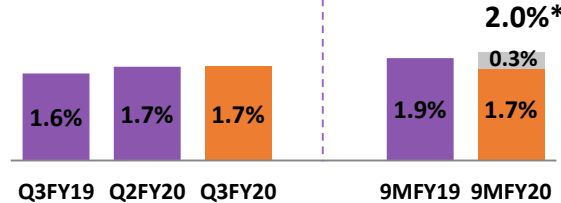


ROA / ROE – Components

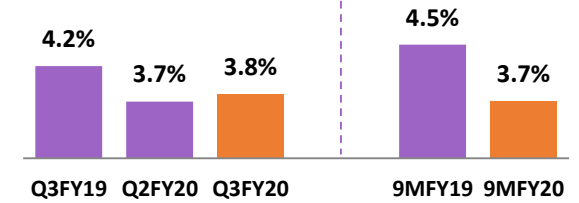
NII¹ (%)



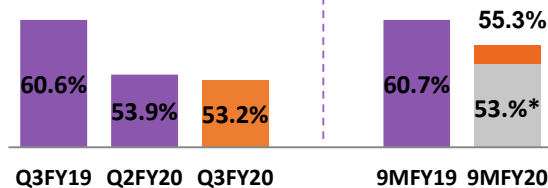
Other Income³ (%)



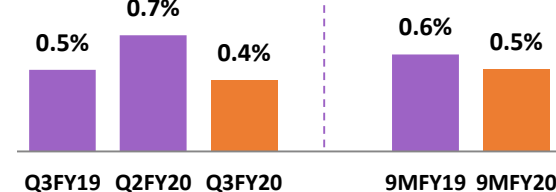
Opex¹ (%)



Cost to Income Ratio⁴ (%)



Provisions & Contingencies¹ (%)



¹ ROA, NII, Opex, Provisions & Contingencies is represented as % of Avg. Total Asset; For ROA of 9M/Q3FY20 PAT excludes Profit from Sale of Investments in Aavas Financiers Ltd.; Annualized for quarterly figures

² ROE represents PAT as % of Avg. Net worth; For ROE of 9M/Q3FY20 PAT excludes Profit from Sale of Investments in Aavas Financiers Ltd.; Annualized for quarterly figures

³ As % of sum of Avg. Total Assets; For 9MFY20, Other Income excludes Profit from Sale of Investments in Aavas Financiers Ltd.; Annualized for quarterly figures

⁴ Cost to Income Ratio represents Operating Cost to sum of NII and Other Income; For 9M/Q3FY20, Cost to Income ratio excludes Profit from Sale of Investments in Aavas Financiers Ltd.

Other Income

(All Figures in INR Crore)	Q3FY19	Q2FY20	Q3FY20
Break-up of Other Income	Unaudited	Unaudited	Unaudited
Loan Assets Processing & Other fees	64	81	87
General Banking & Deposits related fees	12	15	18
Cross Sell, Distribution related fees & others	8	11	10
PSLC Premium / Fees	12	10	25
Income from Treasury Operations	6	28	16
Bad Debt recovery	4	6	5
Other Income Total	106	151	161

Vertical-wise ROA for 9MFY20

Business Segments	Retail Assets	Small & Mid Corporate Assets	Total Loan Assets	Total Assets	Branch Banking	Treasury	Regulatory Cost (CRR, SLR & LCR)	Overall
Loan AUM proportion	81%	17%	100%	100%	-	-	-	-
Loan AUM Growth y-o-y	46%	8%	37%	37%	-	-	-	-
PAT (INR Crore)	494	64	558	558	(69)	45	(52)	482
Return on Assets (ROA)	3.1%	1.7%	2.8%	2.1%	-0.3%	0.2%	-0.2%	1.8%
ROA based on	Average AUM			Average Total B/S Assets				

Note:

- 1) Retail includes wheels, 2-Wheeler, SBL – MSME, Home Loan, Gold Loan, Personal Loan, OD against FD and Consumer Durable Loan
- 2) Small and mid-corporate includes Business Banking, NBFC Lending, Real Estate Group & Agri-SME
- 3) Deposit franchisee form part of Branch Banking

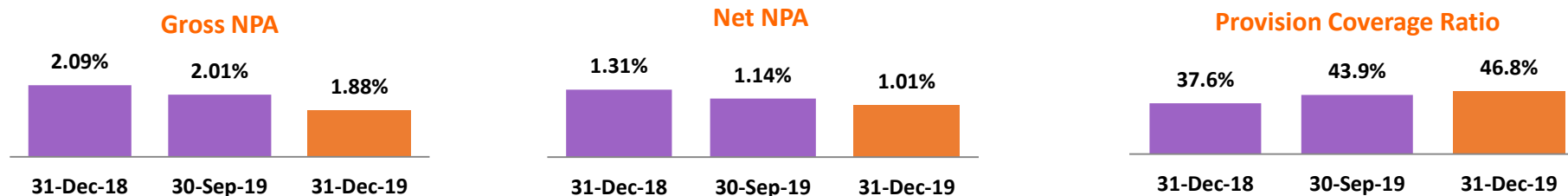
□ Early Phase for Branch Banking vertical – around 2.5 years of Banking operations; Resultantly Cost to Income is high, though improving gradually; Branch Banking have drag of -0.3% on Overall ROA; Gradual improvement in Operational Efficiency to drive break even in next 12 to 18 months.

³ROA represents PAT excluding Profit from Sale of Investments (part-stake) in Aavas Financiers Ltd. as % of Average Total Assets; Annualized.

Stable Asset Quality

Credit Cost - Net Impact on P/L	Q3FY19	Q2FY20	Q3FY20
(All Figures in INR Crore)	Unaudited	Unaudited	Unaudited
Repossession Loss	5	7	11
POS Loss	2	2	4
Write off	-	-	2
Less: Bad Debt Recovery	-4	-6	-5
Net Credit Loss	3	4	12
Net Credit Loss (as % of Avg. Total Assets)	0.04%	0.04%	0.13%
Provision on NPA	19	24	15
Credit Cost – Net Impact on P/L	21	28	27
Credit Cost – Net Impact on P/L (as % of Avg. Total Assets)	0.3%	0.3%	0.3%
Movement of Gross NPA	Q3FY19	Q2FY20	Q3FY20
(All Figures in INR Crore)	Unaudited	Unaudited	Unaudited
Opening Gross NPA	371	486	504
Additions during the period	103	142	130
Reductions during the period	54	124	130
Gross NPA (closing)	421	504	504

- Gross NPA of INR 504 Crore as on 31st Dec 19 includes “Below 90 Days Overdue” cases worth INR 51 Crore



¹ Despite slowdown and Daily NPA tagging and stricter provisioning policy

(INR Crore)	Dec-18 [^]	Sep-19 [^]	Dec-19 [^]
	Unaudited	Unaudited	Unaudited
Total Risk Weighted Assets	17,141	20,310	21,561
Tier I Capital	2,660	3,027	3,551
Tier II Capital	599	602	605
Total Capital	3,260	3,629	4,156
CRAR	19.0%	17.9%	19.3%
Tier I CRAR	15.5%	14.9%	16.5%
Tier II CRAR	3.5%	3.0%	2.8%

[^]**Note :** CRAR and Tier I Capital Funds for interim financial periods has been computed without adding interim profit; If we include the PAT for 9MFY20, the CRAR and Tier I Capital shall be **21.8%** and **19.0%** respectively, as on 31st Dec 19.

1. Includes INR 525 Crores received from Temasek for conversion of 1,01,04,364 Warrants

2. Additional buffer - Investment in Aavas Financiers Ltd. at current market valuation is ~INR 970 Crore (50,14,746 equity shares at closing price of ~INR 1940 per share as on 21st Jan 2020 at NSE)

Profit & Loss Statement – 9MFY20 PAT grew 83% y-o-y

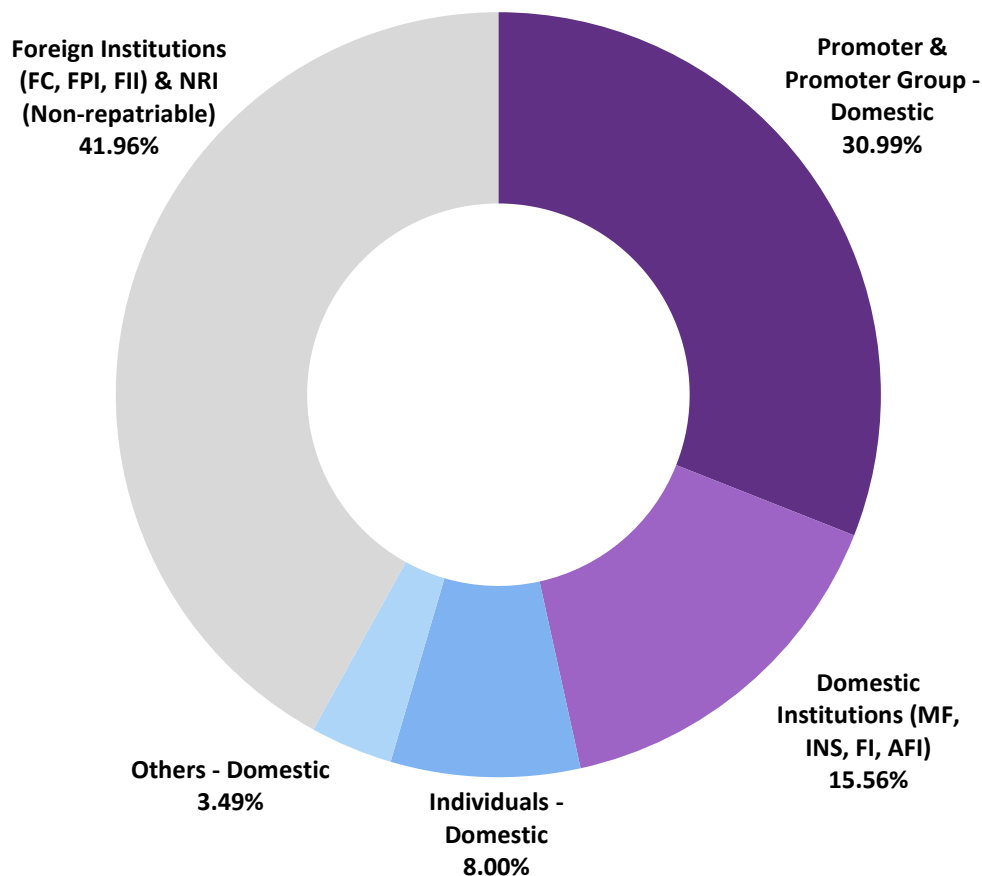
(All Figures in INR Crore)	Q3FY20	Q3FY19	Y-o-Y	9MFY20	9MFY19	Y-o-Y	Q2FY20	Q-o-Q
	Unaudited	Unaudited		Unaudited	Unaudited		Unaudited	
<u>Income</u>								
Interest Earned	1,112	788	41%	3,102	2,072	50%	1,033	8%
Interest Expended	605	440	37%	1,748	1,117	57%	582	4%
Net Interest Income	507	348	46%	1,354	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	-	-	-	-
Total Net Income	668	454	47%	1,877	1,287	46%	602	11%
<u>Expenses</u>								
Operating Expenses								
Employee Cost	187	151	24%	555	442	26%	182	3%
Other Operating Expenses	168	124	36%	440	339	30%	143	18%
Operating Profit before Provisions and Contingencies	313	179	75%	881	506	74%	278	13%
Provisions (other than tax) and Contingencies	40	32	24%	133	103	29%	61	-34%
Exceptional Items	-	-	-	-	-	-	-	-
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 (excluding Profit from sale of Equity Shares of Aavas Financiers Ltd.)	190	95	100%	482	264	83%	172	11%

Balance Sheet – Total Assets grew 38% y-o-y

(All Figures in INR Crore)	Dec 31, 2019	Dec 31, 2018	Y-o-Y	Sep 30, 2019	Q-o-Q
	Unaudited	Unaudited		Unaudited	
<u>Liabilities</u>					
Capital	304	292	-	293	3%
Money received against Share Warrants	-	175	-	175	-
Employees stock options outstanding	57	41	39%	52	9%
Reserves and Surplus	3,876	2,527	53%	2,995	29%
Deposits	23,865	14,686	63%	22,149	8%
Borrowings	8,668	8,828	-2%	8,583	1%
Other Liabilities and Provisions	1,623	1,253	29%	1,578	3%
Total Liabilities	38,394	27,802	38%	35,826	7%
<u>Assets</u>					
Cash and Balances with R B I	1,019	729	40%	1,244	-18%
Balances with banks and Money at Call and Short Notice	1,110	587	89%	283	293%
Investments	8,588	5,598	53%	8,434	2%
Advances	26,572	20,000	33%	24,809	7%
Fixed Assets	449	438	2%	442	2%
Other Assets	656	449	46%	615	7%
Total Assets	38,394	27,802	38%	35,826	7%

Marquee Shareholders Base – As on 31st Dec 2019

Shareholding Pattern



Total No. of Shareholders

78,948

Domestic : Foreign

58:42

Key Non-Promoter Shareholders (Holding above 1%)

Holding

Redwood Investment (Warburg Pincus)	6.9%
Temasek Holdings	4.8%
Kotak Mahindra MF (through its various MF schemes)	4.0%
Nomura	3.9%
Motilal Oswal MF	2.4%
Wasatch (along with its other Inv. Vehicles)	2.3%
Amansa Holdings	2.2%
Steadview Capital (along with its other Inv. Vehicles)	1.9%
SBI MF (through its various MF schemes)	1.8%
UTI MF (through its various MF schemes & Offshore funds)	1.8%
Labh Investments (incl. ChryCapital VI LLC)	1.7%
Ourea Holdings (incl. Kedaara Capital I)	1.6%
VANGUARD (through its various funds)	1.6%
Kotak's Offshore Funds (through its various funds)	1.6%
International Finance Corporation	1.5%
HDFC Standard Life Insurance Co. Ltd.	1.5%
Uttam Tibrewal	1.2%
Motilal Oswal Financial Services Ltd	1.1%

2. Retail Assets and Small & Mid-Corporate Assets - Snapshot



Disbursements grew 23% Y-o-Y led by ~42% Y-o-Y growth in RAs

Strong growth in granular small ticket loans including in Used, MSME Disbursement, Business Banking and Agri SME

(Amount in INR Crores except ATS)

		Retail Assets								Small and Mid Corporate Assets					Total
Particulars	Period	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%	82%	21%	46%	806%	287%	135%	42%	-6%	43%	32%	-58%	-22%	23.4%
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# of New Cases	9M FY20	54,703	97,587	182,330	35,527	3,677	n.d.	n.d.	n.d.	143	n.d.	967	80	n.d.
Disb ATS (INR Mn)	Q3FY20	0.52	0.28	0.31	1.02	0.11	n.d.	n.d.	n.d.	13.74	n.d.	4.88	72	n.d.

ATS GL = INR 112K, ATS CD = INR 13.3 K, ATS PL=INR 169K

ATS for BB (Fund Based) – INR 5.1 Mn
ATS for BB (Non-Fund Based) – INR 10.32Mn

Disbursement yields marginally impacted by lower yields in vehicle loans and higher % of new vehicle loans disbursed

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%

Note – “Disbursement” and “# of New Cases” includes Two-Wheeler Disbursements including Loan on Phone.

n.d. denotes Not Disclosed

BB denotes Business Banking. Business banking offering includes Fund Based (Cash Credit, WC) and Non-Fund Based limits including BG,LC limits

AUM Trends – Retail Continues to Scale; NBFC continues to shrink

AUM grew 37% Y-o-Y led by 46% Y-o-Y AUM growth in Retail Assets

(Amount in INR Crores)		Retail Assets								Small and Mid Corporate Assets					Term Lending by Treasury	Total AUM
Particulars	Period	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		
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%

Retail Assets share jumps to ~81%

% of AUM	Period	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	Term Lending by Treasury	Total 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%	2.0%	100.0%

Note – Total Wheels AUM includes AUM of Two-Wheeler and Vehicle Pool buyout. For Q3FY20, the same is INR 121 Crores and INR 42 Crores respectively
n.d. denotes Not Disclosed

BB denotes Business Banking. Business banking offering includes Fund Based (Cash Credit, WC) and Non-Fund Based limits including BG,LC limits

Continuous Improvement in Spreads and Asset Quality

Maintained AUM IRR Coupled with drop in Cost of Funds leading to improved spreads

Retail Assets										Small and Mid Corporate Assets					On Total AUM	Cost of Funds	Spread
Particulars	Period	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			
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%	7.6%	7.1%
	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%	7.8%	6.9%
	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%	7.9%	6.4%

Marked improvement in Asset Quality Despite an Overall Challenging Macro Conditions

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%	NET NPA	1.00%
	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%	NET NPA	1.10%

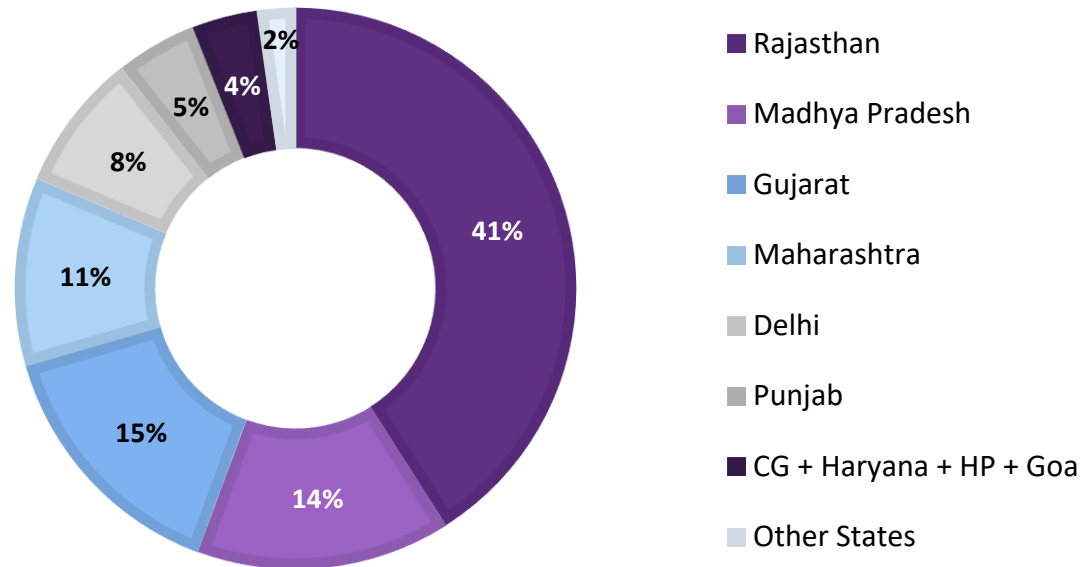
Total Wheels AUM IRR and GNPA inclusive of Two-Wheeler Loans including Loan on Phone

Loan Assets Cuts

Retail Assets – Growth Trajectory Outside of Rajasthan

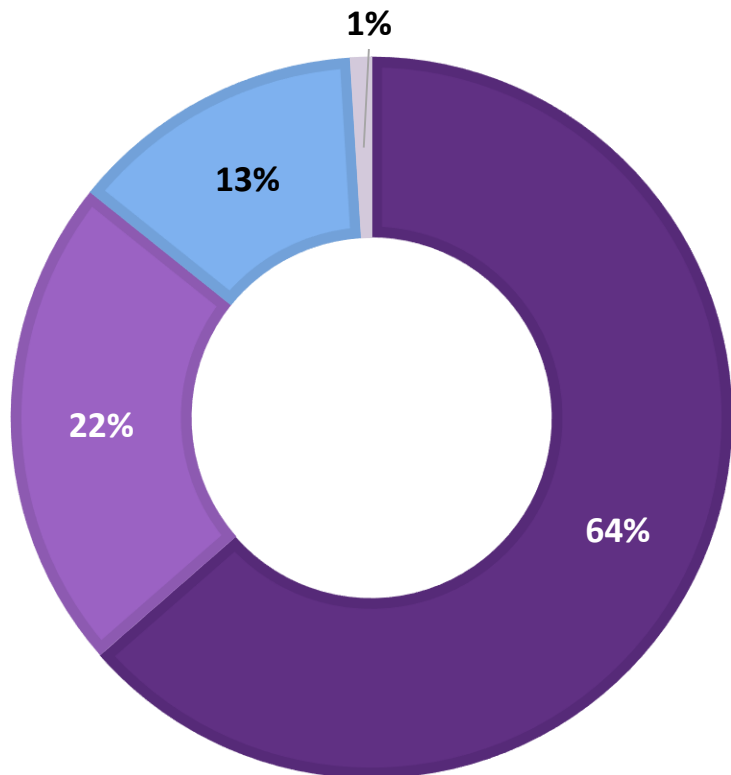
Amount in INR Crores	9MFY20	9MFY19	Y-o-Y
Total Retail Assets Disbursements	11,172	7,885	42%
Rajasthan Disbursements	4,424	3,243	36%
Outside Rajasthan Disbursements	6,748	4,642	45%

Overall Loan AUM - Geographically well diversified



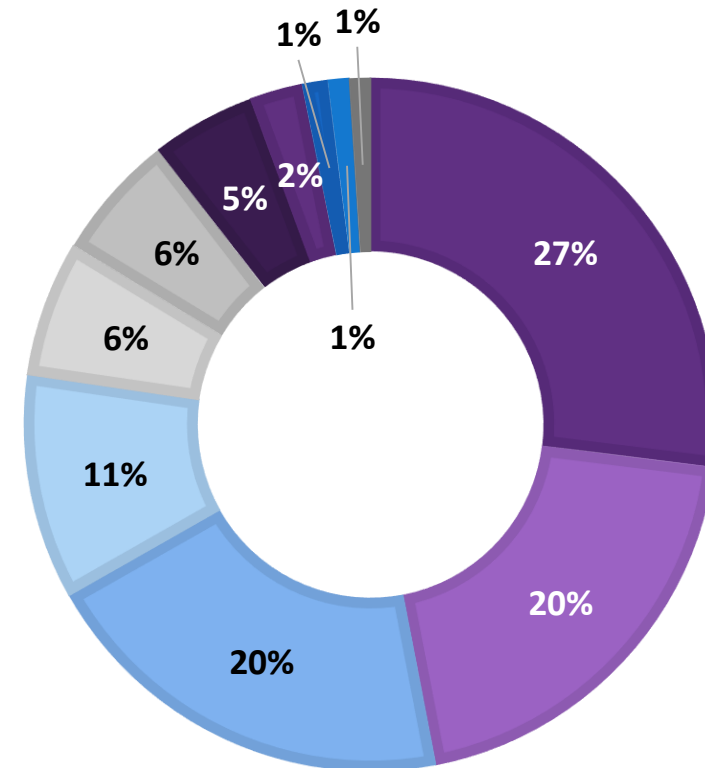
Wheels Book – Cuts

Wheels AUM Break-up



■ New ■ Used
■ Cash on Wheels ■ Trade Advance

Wheels AUM Break-up – Vehicle Types



■ Cars ■ MUVs ■ SCVs
■ SUVs ■ LCVs ■ Tractor
■ HCVs ■ Cons Equipment ■ 3Ws
■ 2Ws ■ TA to Dealers

Successful Vintage of 6 Years of funding more than 31,000 units

Year Started	Cumulative # of Facilities given / Projects Funded	Total Units Funded Across Projects	Cumulative NOCs Given Across All Projects	Cumulative Disbursements (INR Crore)	Cumulative Repayment (INR Crore)	O/S POS
2011-12	1,394	31,581	17,867	2,676	1,856	820

~81% of Current POS of INR 820 Crores lent for Smaller Ticket Construction Finance

Type	No of Clients	No of Facilities	O/S POS (INR Crore)	ATS / Facility (INR Crore)*	Gross NPA	Net NPA	Gross NPA (%)	Net NPA (%)
Construction Finance	216	271	667	2.46	12.1	7.2	1.8%	1.1%
Builder LAP	45	53	152	2.88	12.2	8.3	7.9%	5.5%
Total	261	324	820	2.53	24.3	15.5	3.0%	1.9%

Strong Project Underwriting and Monitoring

- Strictly very selective sourcing
- Financing primarily fast-moving small units
- Projects Cash Flows – Escrowed with AU Bank
- Feeder for housing loan book
- Ongoing legal Proceedings on all NPA Cases
- Muted growth in last few quarters; REG AUM hovering around INR 800 Crores levels
- Have completed stopped Builder Lap for last 10 quarters

NBFC Book – Seasoned and Diversified

NBFC Lending spread across varied asset classes – substantially Asset Finance Co’s

NBFC Type	No. of Clients	POS (INR Crore)	% Mix	Deposits (INR Crore)
Asset Lending	93	1,219	58.5%	1,880
MFI	28	311	14.9%	
HFC	21	360	17.3%	
Fintech	15	131	6.3%	
Gold	4	63	3.0%	
Others	1	0.2	-	
Total	162	2,085	100%	

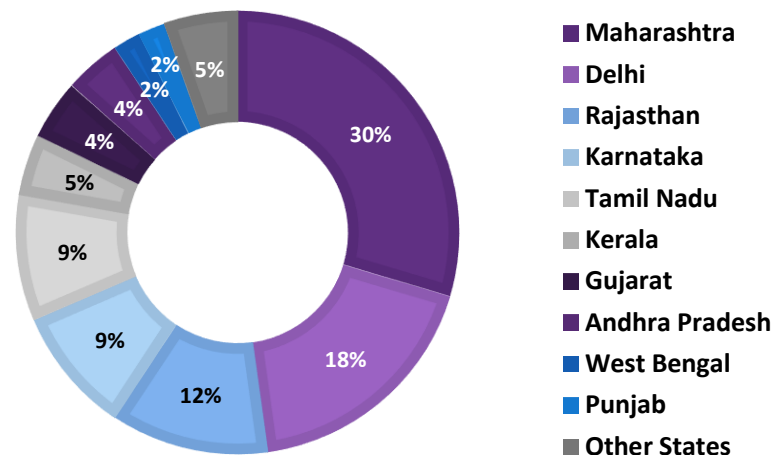
Cautious Approach – Constant Book, Asset Quality Maintained

- ❑ NBFCs having RE book have a POS of ~INR 100 Crore i.e. ~1.3% of the loan AUM; it includes exposure of ~INR 50 Crore to the RE lender recently in the news against which we have a FD of ~INR 36 Crore, which shall be utilised for scheduled repayment
- ❑ Bank has deposits worth ~INR 1,880 Crore from these NBFCs
- ❑ Except one case; Zero GNPA in all remaining 161 NBFC cases
- ❑ Stricter standard asset provisioning at 1% vs required 0.4%.

87.5% of the NBFC exposure is in Investment Grade

Credit Rating	POS (INR Crore)	Exposure (%)
Investment Grade	1,824	87.5%
“AA”	41	1.9%
“A”	841	40.4%
“BBB”	942	45.2%
Non-Investment Grade	85	4.1%
Unrated	176	8.5%
Total	2,085	100.0%

Geographically Well – Diversified across 14 States



As on 31st Dec 19

Note – The above business vertical details have been given for last few quarters. We will discontinue disclosing this starting FY21

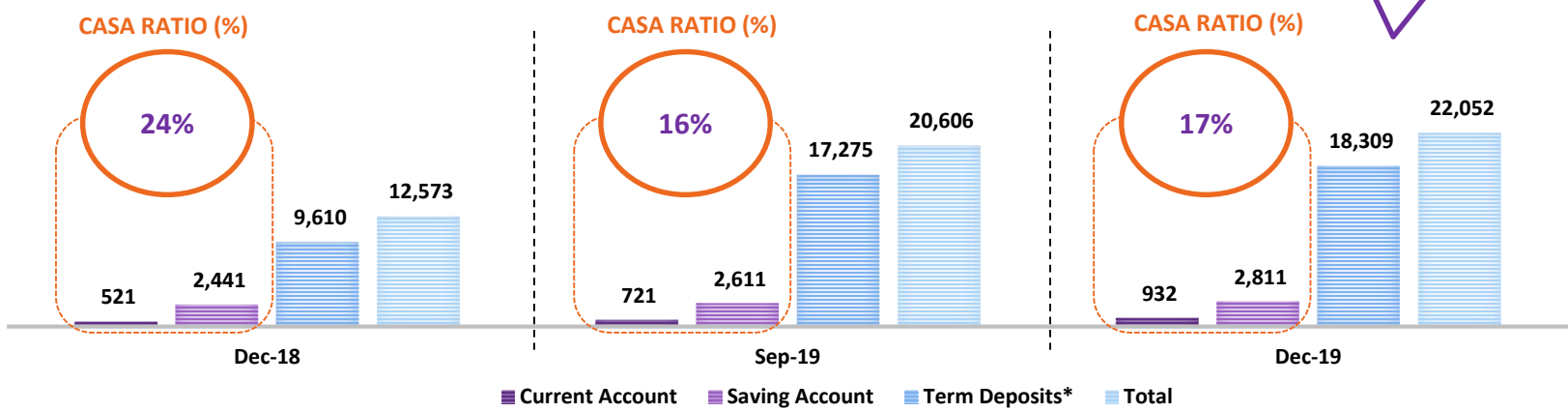
3. Branch Banking - Snapshot



Branch Banking - Snapshot

Growing Deposit Franchise; CASA Ratio of 17%

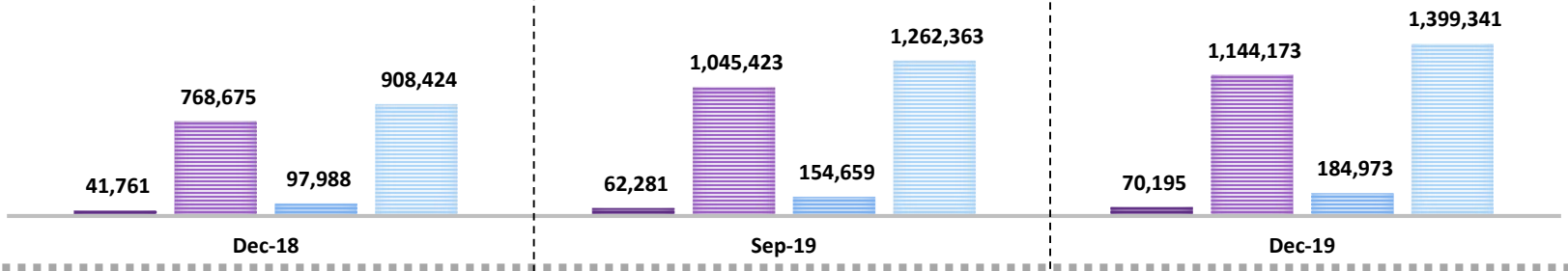
40% of the Term Deposits are non-callable [Bulk TD – 61% non-callable]



Total Deposit Growth

Y-o-Y	Q-o-Q
75.4%	7.0%

Focus on building granular retail deposit base - No of Accounts



Deposit Accounts Growth

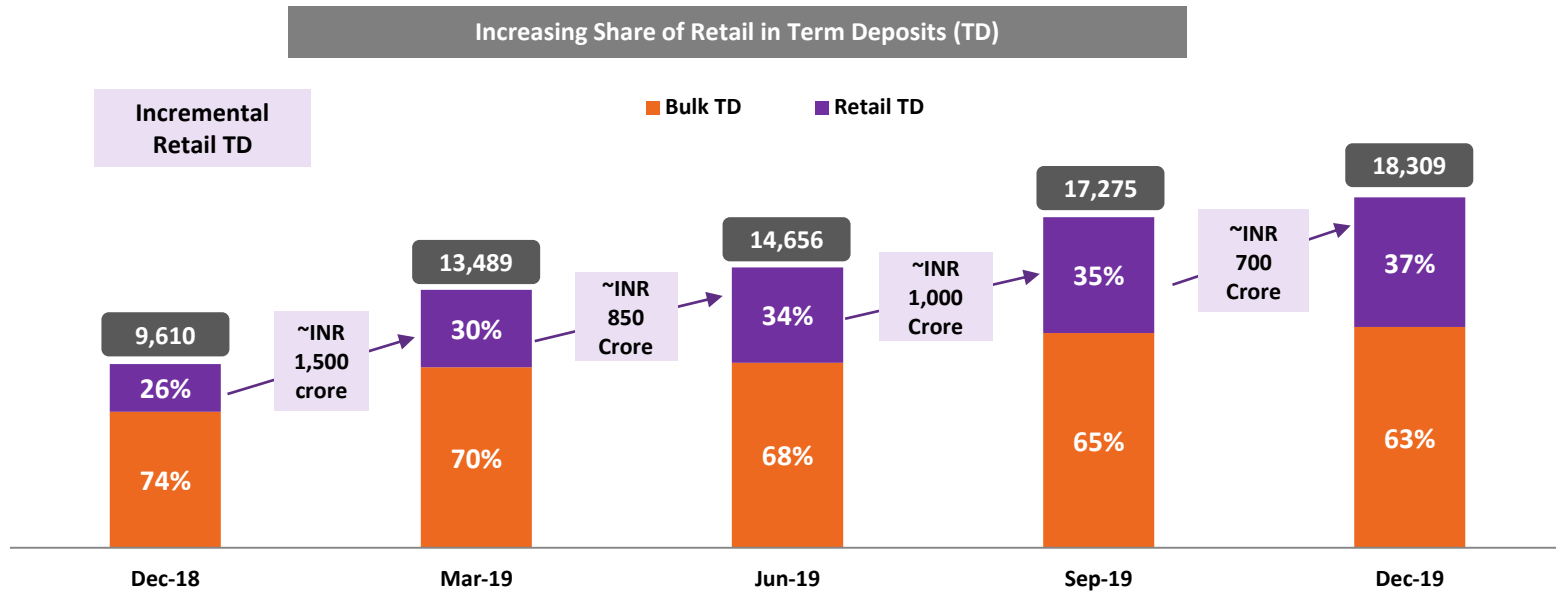
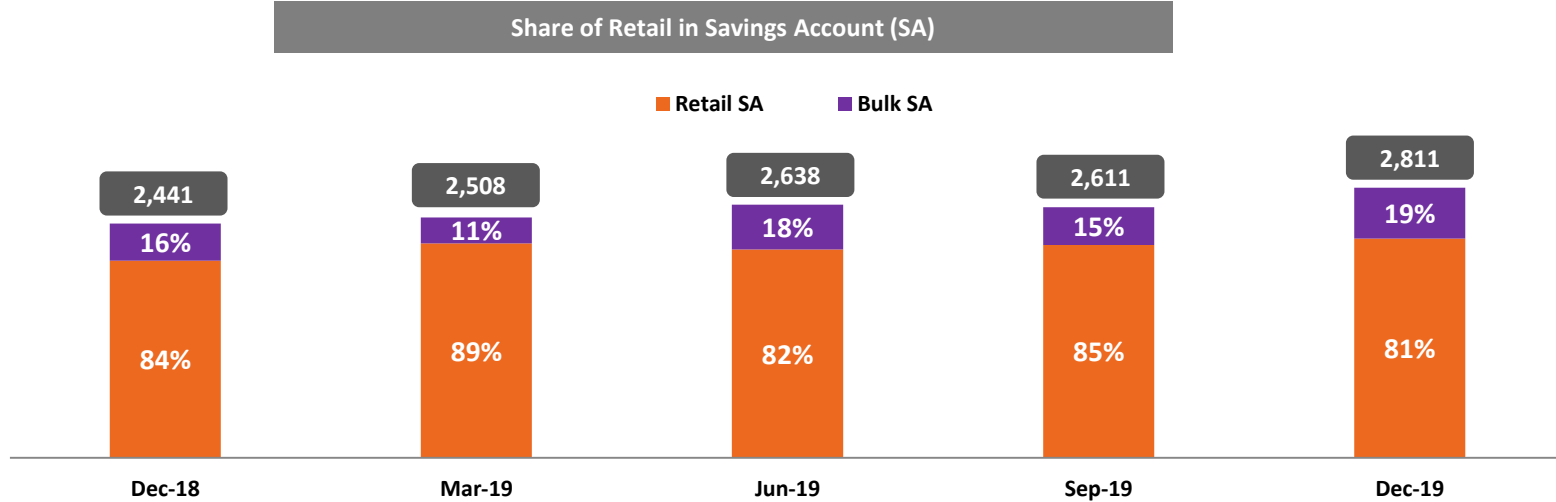
Y-o-Y	Q-o-Q
54.0%	10.9%

ATS as on 31st Dec 19

Current Account	Savings Account	Term Deposits	Total Deposits
1.3 Lacs	0.25 Lacs	10.9 Lacs	1.7 Lacs

*Note – Term Deposits excludes Certificate of Deposits of INR 2,113 Cr as on 31st Dec 2018, INR 1,543 Crore as on 30th Sep 2019 and INR 1,813 Crore as on 31st Dec 2019

Focused on Building A Granular Retail Deposit Franchise

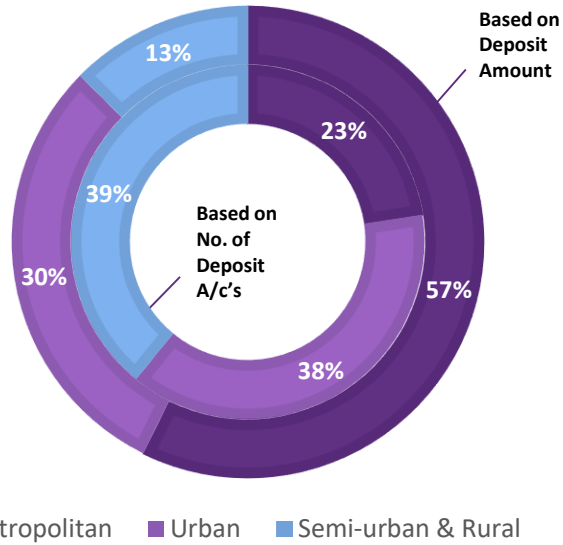


¹ Retail SA refers to all SA of Individuals (including Salaried), HUF and SA of Government & TASC having balance of less than INR 5 Crore while Bulk SA refers to SA of Government & TASC with balances of INR 5 Crore & above

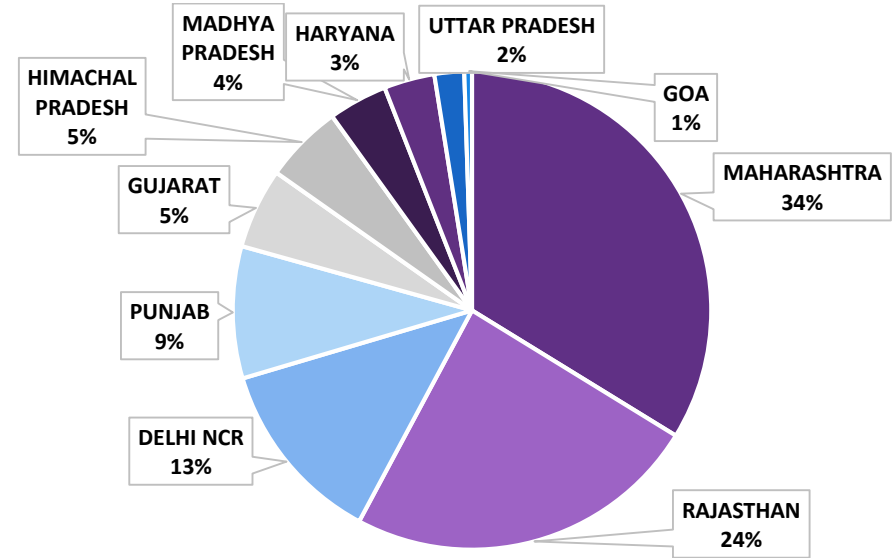
² Retail TD refers to all TD of Individuals (including Salaried), HUF and TD of Corporates, Government & TASC having balance of less than INR 1 Crore till 31st Dec 18 and less than INR 2 Crore from 31st Mar 19 while Bulk TD refers to all TD of Banks and TD of Corporates, Government & TASC with balances of INR 1 Crore & above Crore till 31st Dec 18 and INR 2 Crore & above from 31st Mar 19

Branch Banking – Deposit profile

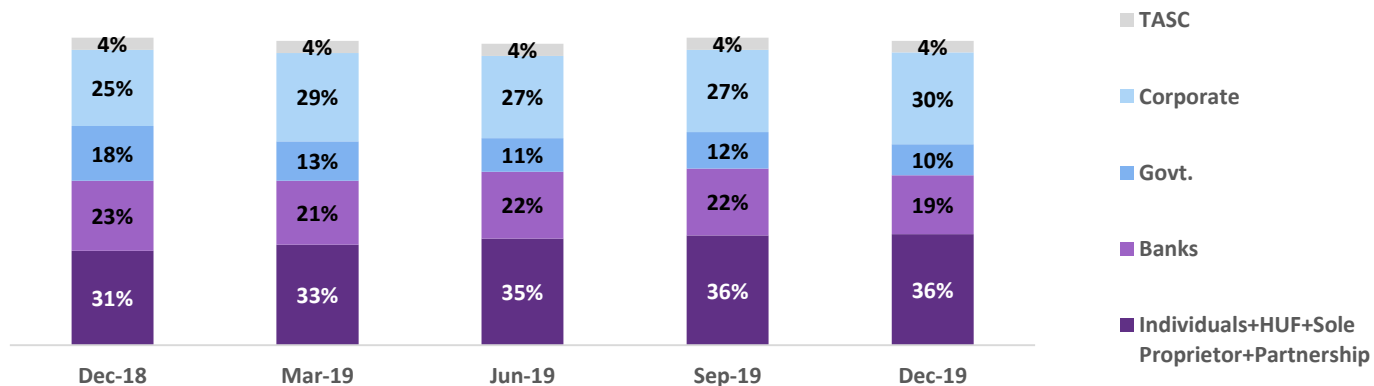
Area-wise Deposit¹ Distribution



Diversified Deposit¹ Build-up across States



Profile of Deposits¹ spread across segments – Focus on building “Individual” base



As on 31st Dec 19

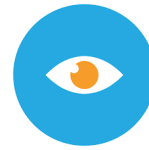
¹ Deposits excludes Certificate of Deposits of INR 2,113 Cr as on 31st Dec 2018, INR 1,543 Crore as on 30th Sep 2019 and INR 1,813 Crore as on 31st Dec 2019

Deepening Customer Engagements – #BharosaApnoJaisa



Digital Advertising Platforms

hotstar

3.3Cr.+
Ad Impressions



85Lacs+
Users Reached



1.4Cr.+
Video Views



#4
Trending topic on
Twitter



2.7Lacs+
Users engaged

Customer Engagements & Superior Value Propositions

2.7Lacs+

All time high monthly website traffic (users) on AU Bank Website

39,337

All time high daily website traffic on December 11, 2019

1.2X↑

Increased website traffic session Q-o-Q

1.9X Improvement in Website Leads Q-o-Q

DRIVING CUSTOMER ENGAGEMENT

216
SMS Campaigns

68
Email Campaigns

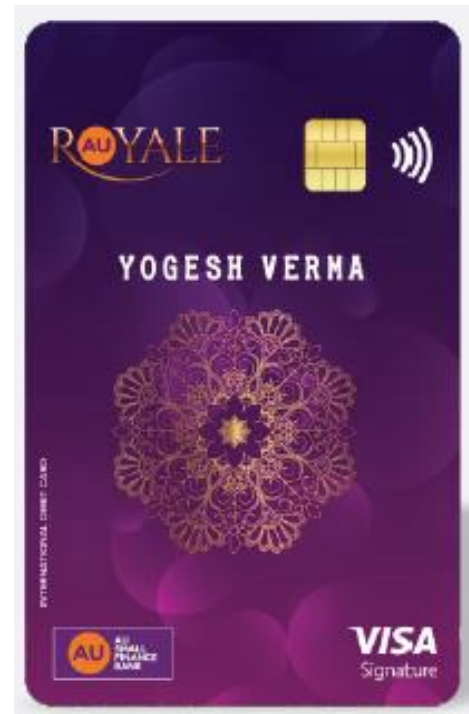
Trust strengthened by a relationship of 24 years

#BharosaApnoJaisa

NEW BENCHMARKS FOR NEW WEBSITE

80+ Hyper local offers added from partners across Rajasthan

OFFER PROMOTIONS ACROSS CHANNELS



4. Treasury - Snapshot



Diversified Liabilities Portfolio

Increasing proportion of Deposits further diversifying the funding profile

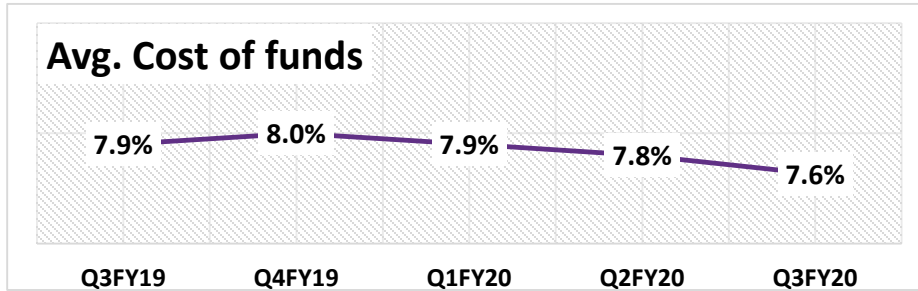
Funding Source	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Deposits + Borrowings (INR Crore)	23,513	28,036	28,856	30,732	32,534
Deposits	62.4%	69.3%	68.8%	72.1%	73.4%
Refinance from FIs	22.7%	18.6%	20.0%	19.7%	18.7%
NCD	8.5%	6.1%	5.0%	3.7%	3.4%
Loans from Banks & NBFC	1.2%	0.8%	0.7%	0.5%	0.4%
Tier II Capital	3.1%	2.6%	2.5%	2.3%	2.1%
CBLO / Line of Credit / Inter-Bank / Others	2.1%	2.7%	3.0%	1.8%	2.1%
Total	100%	100%	100%	100%	100%

Off-book Source of Fund	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Sec. & Assign O/s AUM [@] (INR Crore)	1,618	1,297	2,266	2,795	3,019

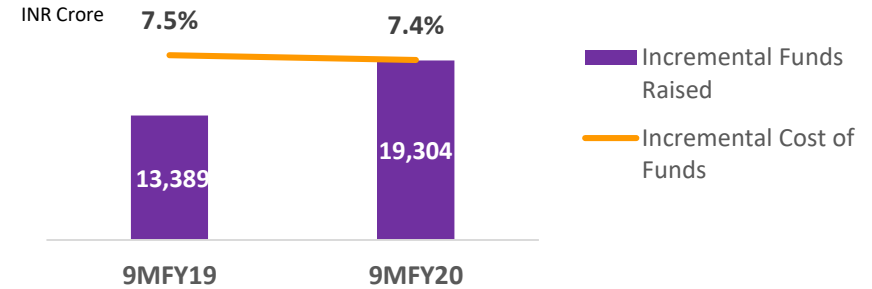
[@]Outstanding AUM of loan assets sold through Securitisation and Assignment as reduced by Outstanding AUM of Assets retained to meet Minimum Retention Requirement (MRR) in Securitisation and Assignment transaction and appearing in Balance Sheet.

Cost of Funds and Treasury Updates

Stable cost of funds¹



Incremental Funds² raised & its Cost



Treasury Update

- Continued focus on reducing cost of Funds; Cost of Funds declined by 20 bps to ~7.6% in Q3FY20 from ~7.8% in Q2FY20. Incremental cost of funds improved to ~7.3% in Q3FY20 compared to ~7.5% in Q2FY20.
- Focus on repayment / prepayment of high cost grandfathered borrowing; remaining high cost borrowings to be majorly repaid over next 18 months.
- Availed Long term Refinance amounting INR Rs 2,315 Crores @7.25% during 9MFY20 without CRR & SLR cost.
- Securitized / Assigned portfolio amounting INR 3,029 Crores (Net Cash Inflow INR 2,811 Crores) @~7% during 9MFY20
- Certificate of Deposits outstanding to total external liabilities stood ~5% as on Dec'19 vs ~8% as on Mar'19.
- Maintained average Liquidity Coverage Ratio (LCR) of ~95% for Q3FY20 (~96% for 1HFY20) as against regulatory requirement of 80% for SFBs. Regulatory LCR has been increased to 90% w.e.f. January 1, 2020
- Well managed ALM across all buckets; within Regulatory and Board determined limits
- SLR portfolio of INR 5,586 Crore (as against requirement of INR 4,764 Crore) in form of Govt. Securities
- Continued to maintain adequate liquidity buffer of around ~8% of external liabilities in form of excess SLR & high-quality liquid Non SLR investment book (over & above regulatory LCR)
- High quality liquid Non-SLR investment book of ~INR Rs 4302 Crore comprising ~84% in AAA & AA+ category
- Issued PSLC amounting ~INR 4,100 Crores; earned Fee Income of ~INR 30 Cr in Q3FY20 (issued total PSLC of ~INR 9,800 Cr and earned Fee Income of ~INR 72 Cr in 9MFY20); recognized Income of ~ INR 26 Cr in Q3FY20;
- Availability of excess PSL portfolio over and above regulatory requirement with optionality to capitalize on the same through right mix of Securitization and PSLC
- Profitable & stabilized Treasury operations during 9MFY20 by undertaking treasury activities in both SLR and Non-SLR portfolio**

¹Average Cost of Funds represents weighted average interest cost on deposits & borrowings and cost of securitization and assignment, weights being daily average deposits & borrowings and principal outstanding of securitisation and assignment transaction during the period

²Including Securitizations / Assignments

5. Distribution Network and Tech Initiatives



Well entrenched contiguous distribution franchise

11 States

624 Touchpoints

310 ATMs

15.9 lakh Customers

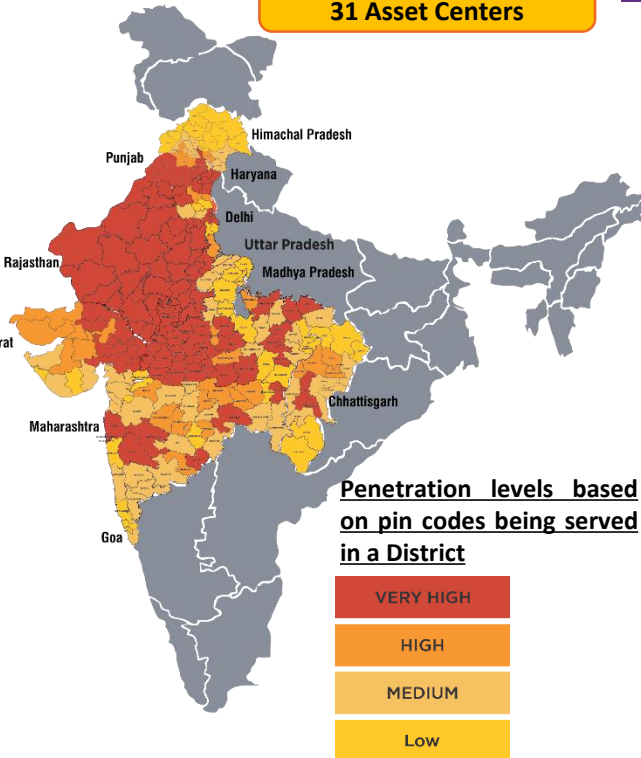
6,59,904 Active Loan A/c's & 13,99,341 Deposit A/c's

15,308 employees

17% CASA Ratio²

496 Branches¹, 97 BCs, 31 Asset Centers

Deep Penetration into Core States and Expansion into other States



States & UT	Metro-Politan	Urban		Semi-urban			Rural		Rural Un-banked ¹		Total Branches	Asset Centres
	Tier 1	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 5	Tier 6			
Rajasthan	24	31	21	45	21	3	3	7	94	249	11	
Madhya Pradesh	7	19	7	9				1	25	68	3	
Gujarat	12	23	5	6	3				5	54	2	
Maharashtra	18	17	7	3	1				3	49	4	
Punjab	2	12	4	2					4	24	4	
Haryana	2	14	2	1					7	26	1	
Chhattishgarh	2	4								6	1	
Delhi / NCR	10	1								11	5	
Himachal Pradesh		2		2	1					5		
Uttar Pradesh	1	1								2		
Chandigarh		1								1		
Goa			1							1		
Total	78	125	47	68	26	3	3	8	138	496	31	
Branch Distribution (%)	16%	25%	28%			31%				100%		

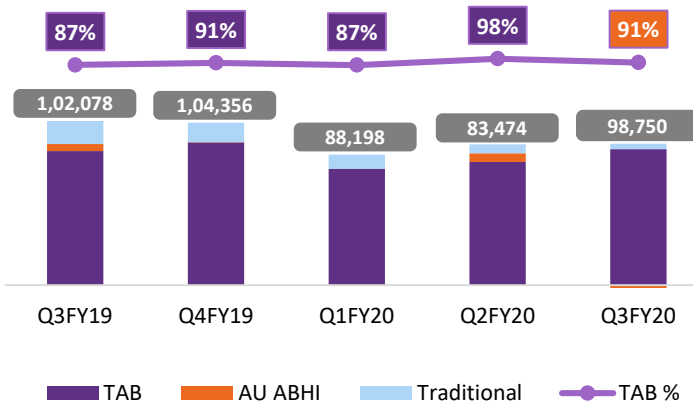
- ❑ Distribution Network spread across 11 states; 59% of our branches are in Rural & Semi Urban Areas (Tier 2 to Tier 6)
- ❑ Opened 16 Bank Branches in Delhi, Haryana, Punjab, Maharashtra, Madhya Pradesh and Rajasthan in Q3FY20;

¹ 390 Bank Branches and 106 Business Correspondent Banking Outlets.

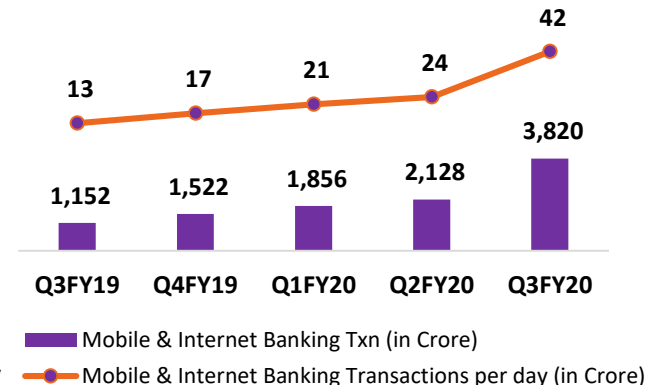
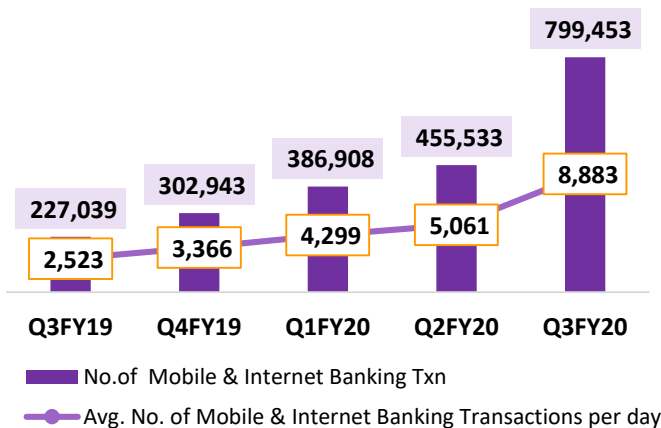
² Calculated based on Deposits excluding Certificate of Deposits of INR 1,813 Crore

Digital Channels

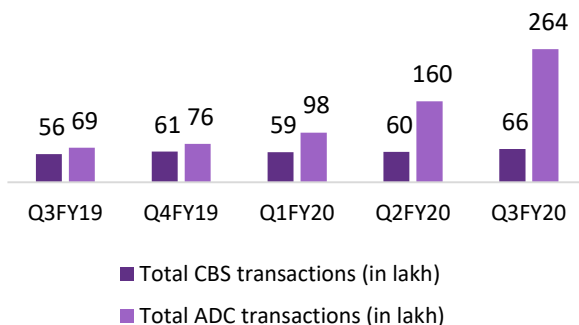
Above 90% TAB based paperless onboarding



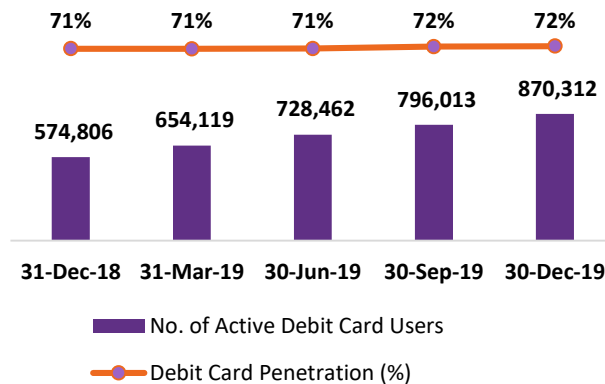
Increasing Digital Channel Usage; More than 1.7 lakh Internet & Mobile Banking Users



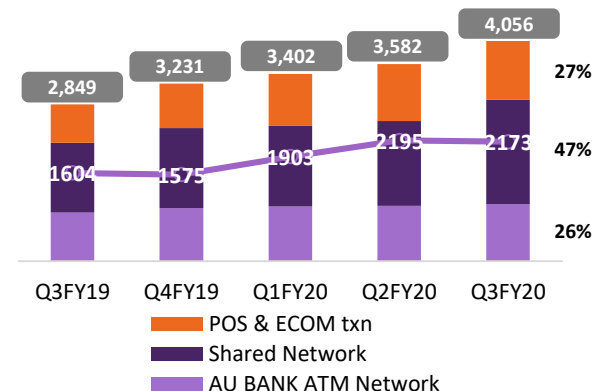
ADC transactions crossed 2.6 Cr in Q3FY20



Increasing Debit Card user base with stable penetration



Debit Card transaction Volume (in '000's)



~1310 POS Machines installed in Q3FY20 taking total Live POS installed to 5640
 ~6.7 Lakh transactions worth INR 79 Crore in Q3FY20 vs. 2.3 Lakh transactions worth INR 36 Crore in Q3FY19

Tech Initiatives during the quarter



Live with New Website 1.2x increase in website traffic & 1.9x improvement in Website lead
 Bharat Bill Payment System went live on website to enable customers to online make bill payment



Analytics model to estimate disposable income of Customer went live.



Paperless onboarding for Deposit customer with live digital account opening flows for CA, SA, FD



Contactless debit card issuance started with



ASBA branch module went live



Live with E-mandate

6. About AU Small Finance Bank



AU BANK – tapping the unreached and unbanked segments

Overview

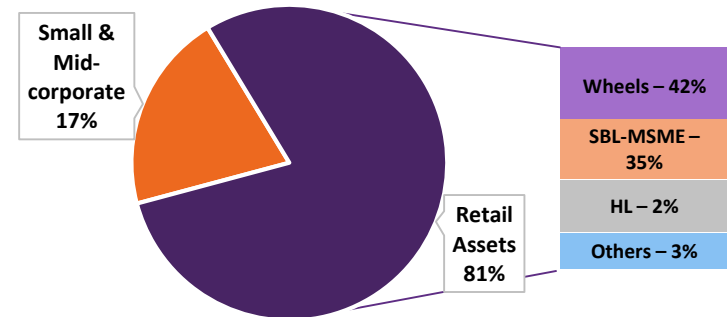
- AU SMALL FINANCE BANK (“AU BANK” or “Company”) is a **scheduled commercial bank** which successfully transitioned from an Asset Financing NBFC to an SFB; started in 1996; commenced banking operations in Apr 19, 2017;
- A **retail focused bank** with diversified bouquet of products and services
- Target customers include **low and middle income individuals** and **micro / small businesses** which are credit worthy having business potential but unable to avail financing from formal channels; 15.9 lakh active customers;
- **Contiguous geographical distribution** across 11 states and a UT with 496 branches¹, 31 asset centers, 52 business correspondent agents, 12 offices, 310 ATMs;
- Created a niche by focusing on segments of high growth potential and high margins while ensuring lower risk through **robust risk management and governance practises**: GNPA of 1.9% and NNPA of 1.0% as on 31st Dec 2019;
- Promoted by **first generation entrepreneur**, Sanjay Agarwal, a merit holder CA, holding ~31% stake; ably supported by **experienced team of professionals**; young and passionate team of 15,308 employees;
- **Marquee Investor base** which includes institutions like Temasek Holdings, Nomura, Warburg Pincus, IFC, SBI MF, Chrys Capital, Kedaara Capital, etc;
- Long-term credit rating of “**AA- / Stable**” by **CRISIL Ratings, ICRA Ratings, India Ratings & CARE Ratings**; Highest Short-term credit rating of “**A1+**”

¹ 390 Bank Branches and 106 Business Correspondent Banking Outlets.

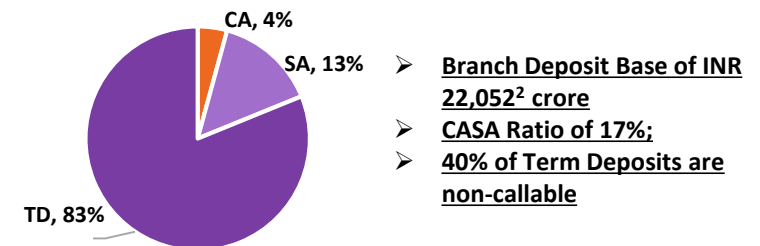
² Calculated based on Deposits excluding Certificate of Deposits of INR 1,813 Crore

Focused on Retail Financing with Diversified Portfolio

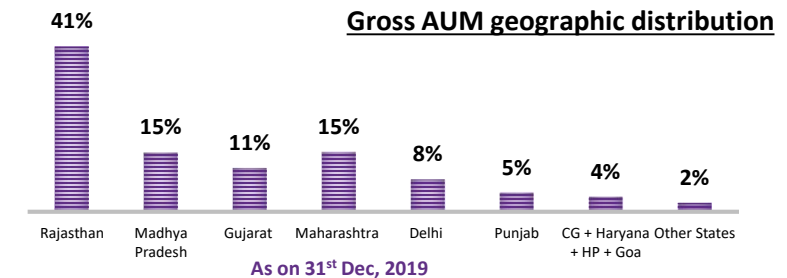
Gross AUM of INR 29,867 crore



Strong Build up of Deposits



Contiguous Geographic presence



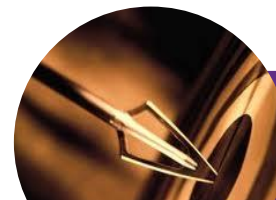


**Golden Peacock Award for Excellence in Risk Management and Special
Commendation for Excellence in Corporate Governance**



AU Vision

- To be the world's most trusted retail bank and coveted employer
- That is admired as the epitome of financial inclusion and economic success,
- Where ordinary people do extraordinary things to transform society at large,
- Thereby guaranteeing trust, confidence and customer delight.



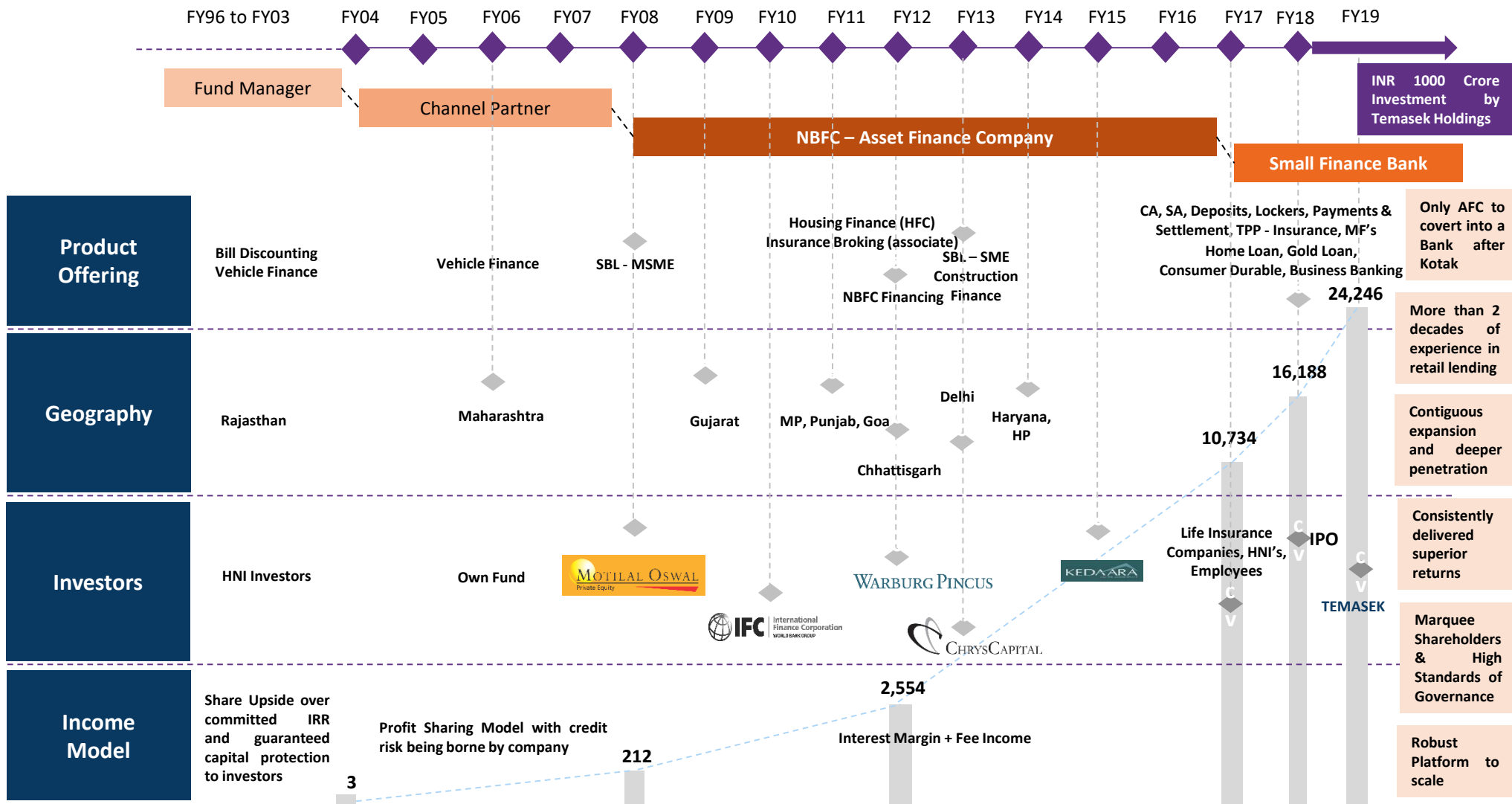
AU Mission

To build one of India's largest retail franchise that is admired for:

- Making every customer feel supreme while being served
- Aspiring that no Indian is deprived of banking
- Bias for action, dynamism, detail orientation and product and process innovation
- Globally respected standards of integrity, governance and ethics
- Being an equal opportunity employer, providing a collaborative and rewarding platform to all its employees

Fastest growth to INR 1 trillion book size and a client base of 10 million+ delighted customers

AU Journey - natural progression to Bank



*Column bar denotes Gross AUM as at end of that particular FY; In INR Crores

Experienced Board of Directors



Mr. Mannil Venugopalan

Chairman and Independent Director

47+ years of experience

B. Com (Gold Medal)

Ex-CMD, Bank of India
Ex-MD & CEO, Federal Bank



Mr. Krishan Kant Rathi

Independent Director

29+ years of experience

CA, CS

Ex-CEO, Future Consumer Limited
Ex-CFO, Future Group



Ms. Jyoti Narang

Independent Director

37+ years of experience

MBA

Ex-COO, Indian Hotels Company Limited



Mr. Raj Vikash Verma

Independent Director

35+ years of experience

Masters in Economics,
MBA (FMS), CAIIB

Leadership positions at NHB, IMGIC, CERSAI, PFRDA, etc.



Mr. V.G. Kannan

Independent Director

38+ years of experience
in Banking

MBA

Ex MD - State Bank of India
Ex CEO & COO – SBI Capital Markets
Ex Chief Executive – Indian Bank Asso



Prof. M.S. Sriram

Independent Director

35+ years of experience
in fin inclusion

MBA, PHD (IIM B)

Visiting Faculty at IIM, Bangalore
Distinguished Fellow, IDRBT
On Board of IDMC, NDDB, NIBM, etc



Mr. Pushpinder Singh

Independent Director

33+ years of experience in
IT and Payment Systems

BSc, CAIIB

Ex-CIO, Bank of India
Ex Advisor, NPCI (FI & new business)



Mr. Narendra Ostawal

Non-executive Director

18+ years of experience

CA, MBA (IIM B)

MD, Warburg Pincus India Private Limited



Mr. Sanjay Agarwal

MD & CEO

24+ years of experience

CA (Rank holder)

EY Entrepreneur of the Year Award 2018; Business Leader of the Year, ICAI Awards, 2017



Mr. Uttam Tibrewal

Whole-time Director

22+ years of experience

B. Com

Associated with the Bank for more than 15 years

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THANK YOU

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Abbreviations

ADC	Alternate Delivery Channels	NII	Net Interest Income
AFS	Available for Sale	NPA	Non Performing Assets
ALM	Asset Liability Management	NSE	National Stock Exchange
AUM	Asset Under Management	OPEX	Operating Expenses
BSBDA	Basic Savings Bank Deposit A/C	P/L	Profit & Loss Statement
BSE	Bombay Stock Exchange	PAT	Profit After Tax
CASA	Current Account Deposits and Savings Account Deposit	PPOP	Pre-Provisioning Operating Profit
CBS	Core Banking Solution	Q-o-Q	Quarter on Quarter
CRAR	Capital Adequacy Ratio	ROA	Return on Average Assets
CRR	Cash Reserve Ratio	ROE	Return on Average Shareholder's Fund
DPD	Days Past Due	RTGS	Real Time Gross Settlement
EPS	Earning Price Per Share	SFB	Small Finance Bank
HTM	Held Till Maturity	SLR	Statutory Liquidity Ratio
IPO	Initial Public Offer	STP	Straight Through Processing
LCR	Liquidity Coverage Ratio	TAB	Tablet Mobile Device
NBFC	Non-Banking Finance Company	Y-o-Y	Year on Year