Ref. No.: AUSFB/SEC/2019-20/535
Date: 26th March, 2020

The BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001 Maharashtra **Scrip Code: 540611**	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 Maharashtra **Symbol: AUBANK**

Dear Sir/Madam,

Sub: Revised Press release on "AU Bank Statement on Key Indicators"

In reference to the Press Release submitted vide letter Ref. AUSFB/SEC/2019-20/533 dated 25th March 2020, we hereby submit a revised press release also covering the Deposit amount including the accrued interest on the outstanding deposit, under point 3.

This is for your information and record.

For AU SMALL FINANCE BANK LIMITED

AU Small Finance Bank Limited
JAIPUR

Manmohan Parnami
Company Secretary & Compliance Officer

Encl: A/a

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For Immediate Release

AU BANK – Statement on Key Indicators

Mumbai, March 25, 2020: Last week the management team of AU Bank had a call with investors and other stakeholders and had shared an update on our business, asset quality, and other key metrics. The bank's management team had also mentioned that we are continuously monitoring the situation and may disclose additional details and views as things evolve.

As India prepares itself for a strong defense against the novel coronavirus and assumes a required temporary lockdown, AU Bank wishes to place following information on record with regards to its comfortable capital adequacy, strong liquidity position, stable asset quality, etc. for the consumption of its investors, customers and other stakeholders. Additionally, we have also shared a brief note on how AU Bank had navigated through past cycles and a brief on the impact of Covid-19 on our current operations.

It is our belief that the responsibility of protection against this likely epidemic needs to be collectively shared by Corporates, Banks, FI under the guidance of RBI & Govt. of India to avoid any long term negative impact on the Indian economy that COVID-19 may have if the resolute steps are not being undertaken.

Summary of Key Indicators

1. **AU Bank's Capital Adequacy continues to be very healthy; We continue to have additional buffers:**

   As on 31st December 2019, AU Bank had maintained a very healthy capital adequacy of 19.3% and Tier 1 capital adequacy of at 16.5% which was significantly higher than the prescribed regulatory requirement at 15.0% and 7.5% respectively.

   *The above capital adequacy and Tier I Capital Funds 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.*

   Our current capital adequacy level continues to be healthier and is hovering in the range of 20-21% levels, against regulatory requirement of 15%. Similarly Tier 1 capital adequacy level would also be in the range of 17-18% against regulatory requirement of 7.5%.

   Additional buffers
   - **~6.4% Investment in Aavas Financiers Ltd which could be monetized, as and when required**
   - **Headroom to raise more Tier 2 Capital – subject to requirement and management discretion.**
   - **Strong ability to augment Tier 1 Capital through primary issuance of equity shares**

2. Comfortable Liquidity Position

- AU Bank is currently maintaining strong surplus liquidity of ~INR 3000 Crores. Current Liquidity Coverage Ratio is ~106% as against the regulatory requirement of 90%.

  Moreover, adopting a rather conservative approach, AU Bank has been maintaining substantial surplus liquidity for the last 18 months and since the beginning of crisis in the NBFC sector.

- Additionally, there are other ready liquidity pools including refinance facility, securitization, interbank lines, IBPC and PSLC, etc.

3. Deposits holding steady amidst challenging times

1. As of 24th March 2020, the aggregate deposit position is INR 22550+ Crore (excluding accrued interest on deposit) and INR 23,119 Crores (including accrued interest on deposits)
2. The periodic movement of deposits since 31st December 2019 is as below.

(Amount in INR Crs)

Particulars	31-03-2019	30-09-2019	31-12-2019	24-03-2020	Mar YTD / Mar'19
Deposits Excl Certificate of Deposits *	16,780	20,177	21,528	22,553	34%
CASA Ratio Excluding Cert of Deposits (%)*	21%	16%	17%	15%	

*Without including the accrued interest on deposit.

The deposit including the accrued interest on deposits is as under.

(Amount in INR Crs)

Particulars	31-03-2019	30-09-2019	31-12-2019	24-03-2020	Mar YTD / Mar'19
Deposits Excl Certificate of Deposits	17,079	20,606	22,502	23,119	35%
CASA Ratio Excluding Cert of Deposits (%)	21%	16%	17%	14%	

Other highlights

- Retail Branch Banking (BB) Deposits (CASA + Retail TD) share has considerably gone up as compared to levels seen in Dec 31, 2019 and March 31, 2019
- BB SA balances are upwards of 88% of overall SA balances in Dec19
- BB CA balances are 71.8% of overall CA balances in Dec19

3. As seen recently, AU Bank has managed several events in the recent past efficiently including the situation created by the moratorium imposed on PMC Bank in Q3FY20, followed by the moratorium on YES Bank in March 2020.
4. In fact, earlier in FY20, the bank had split its liabilities vertical into 2 parts - B2B (Comprising of NBFC, Cooperative Banks, Govt and Wholesale) and B2C (Retail Branch Banking) mainly with a view to build

a strong and sustainable retail liability franchise. These decisions to grow the branch banking book the right way, which is characteristic of how we have always conducted our businesses, has held us in good stead and enabled us to manage these trust led liquidity events in a better way.

5. As we tread through this impact period, we have already channelized greater focus on deeper customer engagement initiatives and employee training though our digital learning portal.

4. **Stable Asset Quality, No material deterioration since Last Reported Quarter:** As of 31st December 2019, we had Gross NPA and Net NPA of INR 504 Crores (across ~30,000 Customers) and Net NPA of 268 Crores. GNPA and NNPA ratio was 1.9% and 1.0% respectively.
In continuation of our earlier communication done on March 18th, 2020, we would like to restate that as of today there has been absolutely no material deterioration in our aggregate asset quality against the levels as at 31st December 2019.

Moreover, nearly 98% of our advances are secured by collateral and for each of our key verticals we have a vintage of 8-10 years+ with strong underwriting and collection mechanisms in place.

In terms of collection trends, for almost 100% of our customers we have enabled electronic forms of collection including ECS, Post Dated Cheques, NACH, etc.

Last year in April 2019, we had moved to daily NPA reporting hence we do follow cycle wise closings

6. 6 cycles in Wheels on following days of the Month - 3rd, 5th, 10th, 15th, 18th and 23rd
7. 4 cycles in MSME – 3rd, 5th, 10th and 15th

For both the above key business, our collection flows so far have same as in Jan 2020 and Feb 2020, and as enumerated above as of today there has been no material adverse change in our asset quality.

It is to be noted here again that in the last 3.5 years, there have been a few disruptions which could've had potential impact on our portfolio in Wheels and MSME SBL – Demonetization in Q3FY17 before we became a bank, implementation of GST in July 2017, movement to "Bank" NPA norms and lastly movement to Daily NPA recognition.

However, our Bank's portfolio, being closely linked to the consumption led economy of the country and based on strong underwriting and portfolio management practices has weathered these situations (more details below).

5. <u>**Experience through past cycles – A look at data**</u>

The present times are uncertain and unprecedented; at this stage it is difficult for us to quantify the exact impact on the business including growth and asset quality.

However, a lookback in the past suggest that earlier also AU has been through difficult and unprecedented times and in those periods of disruptions, crisis and challenging times, both growth, asset quality did go through a cycle.

However, we have invariably successfully navigated through these cycles and been able to maintain a strong and stable asset quality over these cycles while capitalizing on market opportunities.

Particulars	Global Financial Crisis			Post Currency Crisis Lows - > Crude >$100/barrel			During Demonetization	
Amount in INR Crs	**Sep'08**	**Mar'09**	**Dec'09**	**Mar' 14**	**Sep'14**	**Mar'15**	**Dec'2016**	**Mar-17**
Overall AUM	216.2	243.1	373.1	4449.0	4636.3	5567.7	9748.6	10733.9
90 DPD	5.4	4.3	6.4	115.3	185.2	107.5	234.0	134.2
90 DPD (%)	**2.5%**	**1.8%**	**1.7%**	**2.6%**	**4.0%**	**1.9%**	**2.4%**	**1.3%**
Wheels AUM	214.1	241.4	368.6	3163.8	3069.7	3149.6	5001.8	5395.7
90 DPD	5.4	4.2	6.2	108.3	170.2	94.8	124.8	66.8
90 DPD (%)	**2.5%**	**1.8%**	**1.7%**	**3.4%**	**5.5%**	**3.0%**	**2.5%**	**1.2%**
MSME AUM	2.1	1.7	4.6	907.8	1019.6	1372.4	2725.8	3300.3
90 DPD	0.0	0.1	0.2	7.0	15.1	12.8	54.4	38.0
90 DPS (%)	**2.16%**	**4.83%**	**4.25%**	**0.77%**	**1.48%**	**0.93%**	**2.00%**	**1.15%**

6. <u>Impact of lockdown on operations</u>

The partial lockdown had got imposed towards the 3rd week of March and beginning yesterday our Hon'ble Prime Minister has enforced a complete lockdown for next 21 days (until 14th April 2020) for all except for certain essential services including Banking.

Since last week we had already invoked our Business Continuity Plan. In order to balance the safety of our customer and employees and continuity of banking services we have already reduced our branch timings from 10:00AM -2:00PM for public transaction and requesting our customers to visit our branches only for critical requirements.

For other functions also, an appropriate BCP plan including work from home has been invoked.

7. <u>Details on Promoter and Promoter Group Shareholding</u>

As of 25th March 2020, the total number of equity shares issued are 304,123,327

As on 25th March 2020, Promoter and Promoter Group holds 94,118,392 equity shares (30.95%) shareholding in AU Bank.

Moreover, SFB Licensing guidelines prescribe a mandatory lock-in of 26% of promoter and promoter group holding for a period of five years from the date of the commencement of banking operations (19th April 2017). Therefore, of the above 30.95% equity holding, 26% is unencumbered and subject to lock-in.

<u>Conclusion</u>

We feel that these are unprecedented times and during these times today the 'health and safety' of everyone around is the most important for 'continuity' of tomorrow.

Times like these will call more greater caution and greater hard work, but we are hopeful that as an economy and nation we will come out stronger. There could be a slowdown in the shorter term but structurally we have a several right things going for us as a nation and hopefully we will come out as a winner.

Banking the backbone of the any economy and we expect that sooner banks will get the due support from RBI and Govt. of India for them to be able to better handle this phase.

As regards AU Bank, we feel that we are motivated by everlasting possibilities on the banking platform, we are fortunate to have the strengths of an NBFC in our roots. These times will make us stronger, prepare us to be more vigilant, and handle the risk better and come out as a winner.

#IndiaFightsCoronaVirus

AU Bank Team