



AU Small Finance Bank Limited

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For Immediate Release

AU Bank delivers impressive overall performance- PAT grows 32% YoY, Core PPOP grows 28% YoY, Deposits grow 48% YoY, CASA ratio improved further to 39%, GNPA improved to 1.96% amidst rising inflation and upward movement of interest rate cycle; Physical presence expanded to 950+ touchpoints across 20 states and 2 UTs

- **Q1FY23 was one of the best Q1 in the last 5 years** in terms of business momentum and collections - **disbursement** at ₹ 8,445 Crore (+345% YoY), **collection efficiency** at 105% for Q1
- **Deposits** up 48% YoY to ₹ 54,631 Cr; CASA ratio improved to 39% vs 26% in Q1'FY22
- **Balance sheet** grows by 38% to ₹ 71,041 Cr
- **Profitability** – Net profit for Q1'FY23 up 32% YoY at ₹ 268 Cr; RoA for Q1'FY23 at 1.5% and RoE at 14.0%
- **Asset quality** improved further as Gross NPA declined marginally to 1.96% QoQ; net NPA at 0.56%; Standard restructured assets declined to 2.1% from 2.5% sequentially
- **Provisioning Coverage Ratio (PCR)** continues to remain north of 70%; Additional provisioning in the form of **Contingency provision** of ₹ 144Cr and **Floating provision** of ₹ 41 Crore
- **Launched LiT (Live it Today) Credit Card** – India's First customizable credit card which provides freedom to the customer to dynamically choose card benefits
- **Bank added 34** new touchpoints taking its physical network to 953 touchpoints across 20 states and 2 Union Territories (UTs)
- **CRISIL Ratings upgraded** the Bank's Long-term rating to AA/Stable and retained our short-term rating at highest level of A1+

Mumbai/Jaipur 20th July 2022: The Board of Directors of AU Small Finance Bank Limited at its meeting held today, approved the financial results for the quarter ended June 30, 2022.

Executive Summary

Deposits grew 48% YoY to ₹ 54,631 Crore from ₹ 37,014 Crore, with further improvement in CASA ratio to 39% compared to 26% a year ago. In Q1'FY23, fund-based disbursements were up 345% YoY at ₹ 8,445 Crore as compared to ₹ 1,897 Crore in the same quarter of the previous year which had a low base due to Covid 2.0. Non-fund disbursements for Q1'FY23 were up 5x at ₹ 481 Crore as compared to ₹ 79 Crore in the same quarter of the previous year because of Covid 2.0.

The Bank witnessed a growth of 37% YoY in its AUM to ₹50,161 Crore from ₹ 36,635 Crore. This was coupled with consistent collection efficiency of 105% for the quarter, resulting in sustained improvement in asset quality ratios. Bank maintains a strong position in Digital services with

properties like AU 0101, Video Banking, Credit cards, UPI QR etc. all of which continue to see strong momentum.

1. Financial Highlights

Q1'FY23 highlights

Business

- Bank's total balance sheet grow by 38% YoY to ₹ 71,041 Crore
- Deposits grow by 48% YoY to ₹ 54,631 Cr; CASA at 39% as against 26% as on 30-Jun'21
- Cost of Funds stable QoQ and declined by 57 bps YoY to 5.7%
- Loan AUM grew by 37% YoY to ₹ 50,161 Cr; CD ratio at 89%
- 90% of loan book is retail in nature and 94% is Secured

Profitability

- Total income stood at ₹ 1,979 Crore, up 26% YoY; NII at ₹ 976 Crore, up 35% YoY
- Net profit stood at ₹ 268 Cr for Q1'FY23, up 32% YoY
- ROA stood at 1.5% and ROE at 14.0% even as we invest significantly in people, digital, branding, products and distribution to build a future ready bank
- Net Interest Margin (NIM) at 5.9%
- Incremental spreads remained stable at 6.9% as the increase in disbursement yields offset the increase in incremental borrowing cost

Asset quality

- Bank's Asset quality improved significantly on YoY basis with GNPA at 1.96% vs 4.31% as on 30-Jun'21
- Net NPA stood at 0.56% of net advances as against 2.26% as on 30-Jun'21
- Provision coverage ratio at 72% against 49% as on 30-Jun'21; Including technical write-offs, the PCR was at 74%
- Collection efficiency averaged 105% for Q1'FY23
- Apart from provision of ₹ 654 Crore against GNPA pool, Bank has, additionally, maintained following provision buffer
 - Provision against restructured book at ₹ 170 Crore (16% of restructured book)
 - Contingency provision of ₹ 144 Crore (0.30% of advances)
 - Floating provision of ₹ 41 Crore (0.08% of advances)
 - Standard provisions of ₹ 147 Crore (0.30% of advances)

Capital Adequacy

- Bank remains well capitalized with
 - Total CRAR at 19.4% against minimum requirement 15%; adding the interim profits, CRAR would be 20.0%
 - Tier-I capital ratio of 18.4% against minimum requirement 7.5%; adding the interim profits, Tier-I capital adequacy would be 19.1%

2. Digital and Payment business

- The Bank's digital properties like AU 0101, Video Banking, Credit cards, UPI QR etc. continue to see strong momentum
- During the quarter the Bank has issued 80k+ credit cards and installed 1.7 Lac+ QR codes
- In all, we have 2.4 Lac+ credit cards outstanding of which over 42% of the customers are first time credit card users in more than 150+ districts of the country
- 1.5 Lac+ Savings Account opened digitally via Video Banking since launch earlier this year and total relationship value of these accounts now at ₹ 700+ Cr

3. Other key updates

- The Bank has expanded its presence to 34 new touchpoints and its physical network is now spread across 953 touchpoints as on June 30, 2022 across 20 states and 2 UTs
- CRISIL Ratings has upgraded the long-term rating of the Bank to 'CRISIL AA/Stable' from 'CRISIL AA-/Positive'. The rating on Short-term Instruments (Certificate of Deposits) of the Bank has been reaffirmed at CRISIL A1+
- AU Bank received "Golden Peacock Award" for CSR
- AU Bank won as 'Best Small Finance Bank' at the MSME Banking Excellence Awards 2021 by CIMSME
- AU Bank was recognized at the Retail Banker International Asia Trailblazer Awards 2022 by:
 - Excellence in Employee Engagement
 - Best Fintech Partnership
- AU Bank is rated as "Technology Innovator of the Year" at 3rd BFSI Technology Excellence Awards 2022.
- PFRDA awarded AU bank with:
 - APY Annual Award
 - Recognized Game Changers
 - Leadership Capital Award 3.0
- Badlaav Humse Hai – an integrated marketing communications campaign - to highlight the innovation-centricity of the Bank has gained viewership and is helping to establish the Brand identity of the Bank



Commenting on the performance, Mr. Sanjay Agarwal, MD & CEO, AU Small Finance Bank said, *"I am very happy with the progress we have made as a Bank in the last 21 quarters despite working in an unusually challenging environment. Our business model is becoming increasingly sustainable with each passing quarter driven by our retail-focused branch banking franchise, well positioned asset verticals with consistently resilient asset quality, traction in our digital initiatives, and continued focus on high governance standards. I really want to thank our customers for servicing their obligations as their businesses normalized after the pandemic and wish them success in their endeavors.*

Q1FY23 was one of the best Q1 for us in the last several years as we saw healthy performance across key parameters - improvement in CASA ratio and retail deposits mix, reduction in our GNPA ratio supported by collections remaining north of 100%, growth in each of the asset business, stable spreads and asset quality, and overall healthy profitability. We are expanding our distribution and continue to invest in digital initiatives, branding and distribution to capture the significant opportunities available to us and be future ready. We made our debut in north-east this quarter and have been getting good acceptance in the newer markets of South India and East India.

The macro-economic environment and geo-political challenges have kept inflation levels elevated and interest rates are hardening. While these impact costs, our endeavor remains on maintaining our return ratios. With good monsoon and expected support from festive season in second half of the year, we remain cautiously optimistic for the year as a whole".

About AU Small Finance Bank:

AU Small Finance Bank Limited (AU Bank) is a scheduled commercial bank, a Fortune India 500 Company and the largest Small Finance Bank in the country. Starting its journey from the hinterlands of Rajasthan, today AU Bank is the largest Small Finance Bank with a deep understanding of the rural and semi-urban markets that has enabled it build robust business model facilitating inclusive growth. With 27+ years legacy of being a retail focused and customer-centric institution, AU started its banking operations in April 2017 and as on 30th June 2022, it has established operations across 953 banking touchpoints while serving 30.7 Lakh customers in 20 States & 2 Union Territories with an employee base of 29,883 employees. The Bank has a net worth of ₹ 7,789 Cr, deposit base of ₹ 54,631 Cr and Assets Under Management (AUM) of ₹ 50,161 Cr. AU Bank enjoys the trust of marquee investors and is listed at both the leading stock exchanges viz. NSE and BSE. It has consistently maintained a high external credit rating from all major rating agencies like CRISIL, CARE Ratings and India Ratings.