



## AU Small Finance Bank Limited

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For Immediate Release

### **AU Bank delivers strong operating performance - Net profit grows by 44% YoY to ₹ 387 Crore; Advances grow by 29% YoY and Deposits grows 27% YoY; RoA and RoE stood at 1.7% and 13.8% respectively**

- Bank acquired 3.75 lakh customers in Q1'FY24 of which **45% was via digital products and channels**
- Total **Credit cards reached 6.1 Lacs** whereas deposits sourced via Video Banking crosses ₹ 1,300 Crore
- **Pre-provisioning Operating profit** up 39% YoY to ₹ 546 Crore; **Net interest income up by 28%** to ₹ 1,246 Crore and **Net Interest Margin** at 5.7%
- **Gross advances** up by 29% YoY to ₹ 63,635 Crore
- **Total deposits** up by 27% YoY to ₹ 69,315 Crore; **CASA ratio** stands at 35% while **CASA+ Retail Term Deposit** stood at 68%
- **Total Capital Adequacy Ratio** was 21.5% and Tier-1 ratio was 19.9%, excluding profits for the quarter
- **GNPA%** at 1.76% decreased by 20 basis points YoY, **NNPA%** at 0.55%
- **Provision coverage ratio** stands at 73%; Bank is carrying additional provisions of ₹128 Crore against contingency and against standard restructured assets
- **Opened** 11 new physical touchpoints taking total touchpoints to 1,038 across 21 states and 3 UTs

**Mumbai/Jaipur | 22<sup>nd</sup> July 2023:** 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, 2023.

#### **Executive Summary**

Q1'FY24 saw gradual improvement in inflationary pressures amidst resilient macro-economic indicators. While domestic liquidity saw marginal improvement, the interest rates continued to remain elevated. Against this backdrop, Bank delivered consistent performance across business parameters leading to a steady start for the financial year 2023-24. Despite Q1 being a seasonally weak quarter for banking, the Bank saw growth across its assets and deposits with profitability growing by 44% on a YoY basis supported by a strong NII growth of 28% YoY.

Bank launched several products during the quarter – most notable was '**AU IVY**', an-invite only premium banking program for our HNI customers, offering an **integrated wealth management journey that is completely paperless and signatureless**. Additionally, we launched **RuPay Business Credit cards for our MSME customers** and also went live with Corporate Salary account opening journey on our video banking.

#### **Performance at a glance:**

##### **Profitability**

- The Bank's pre-provisioning operating profit (PPoP) for Q1'FY24 grew 39% YoY to ₹ 546 Crore compared to ₹ 394 Crore in Q1'FY23. The net profit at ₹ 387 Crore in Q1'FY24 grew 44% YoY compared to ₹ 268 Crore in Q1'FY23

- The Bank's Net Interest Income (NII) grew 28% YoY to ₹ 1,246 Crore compared to ₹ 976 Crore during Q1'FY23.
- Net Interest Margin (NIM) for Q1'FY24 stood at 5.7% compared to 5.9% in Q1'FY23
- The Return on Asset (ROA) and Return on Equity (ROE) stood at 1.7% and 13.8% respectively even as we continue to invest significantly in people, digital, branding, products and distribution to build a future ready bank

### Deposits

- The total deposits grew 27% YoY to ₹ 69,315 Crore compared to ₹ 54,631 Crore in Q1'FY23
- The current account deposits increased by 47% YoY in Q1'FY24 whereas savings account deposits saw an increase of 11% YoY
- The Bank had a Liquidity Coverage Ratio (LCR) of 151% as on March 31, 2023, and thus the focus in Q1'FY24 was to consume this excess liquidity instead of growing high-cost deposits. Accordingly, in June'23, the Bank reduced its peak deposit rates by 25 basis points across savings and retail term deposits. The retail term deposits saw a growth of 8% on QoQ basis

### Advances

- The Bank's Gross advances grew by 29% YoY to ₹ 63,635 Crore in Q1'FY24 compared to ₹ 49,349 Crore in Q1'FY23
- Of the total advances, Vehicle Loan contributes 33% and Secured Business Loans (SBL), Home Loan as well as Commercial Banking Loans contribute 30%, 7% and 21% respectively

### Asset Quality

- Bank's asset quality improved on YoY basis with GNPA at 1.76% in Q1'FY24 vs 1.96% in Q1'FY23. On a QoQ basis, GNPA increased 10bps from 1.66% as on Q4'FY23.
- The QoQ growth in GNPA is seasonal in nature with Q1 being a sluggish quarter historically
- Net NPA stood at 0.55% of the Net advances in Q1'FY24 vs 0.56% in Q1'FY23
- Provision coverage ratio remain at 73% including technical write off and floating provision

### Payments and Digital

- *Credit Card:*
  - Crossed a milestone of 6 Lac+ live credit cards
  - Monthly spend now at ₹ 1,250 Crore in June 2023
  - Out of the total live credit cards, 69% cards have been issued to New to Bank (NTB) customers

### Video Banking :

- Total deposits of customers onboarded via video banking channel stands at ₹ 1,310 Crore+
- 82K service and engagement video calls received in Q1'FY24
- Facilitated in opening 3.5 Lac+ CASA account and 1.7 Lac+ credit cards, since the launch
- *AU 0101:*
  - Share of digital transaction by our CASA customers increased to 99% in Q1'FY24 from 98% in Q1'FY23. The consistently improving digital adoption has helped improve the Monthly Active Users (MAU) on our AU 0101 digital banking app

- The customer base using our digital properties like AU 0101 increased to 21.6 Lac in Q1'FY24 from 11.9 Lac in Q1'FY23. Of these, 12.2 Lac customers have been availing services actively on monthly basis
- **AU UPI QR :**
  - 1 Mn+ UPI QRs installed till Q1'FY24
  - Over ₹ 250 Crore worth of loans disbursed to the merchants using AU UPI QR by monitoring the transactions on the platform. Average ticket size of this loan has been ~₹ 2 Lacs

### **Network**

- Keeping in line with our strategy to grow our distribution network, we have added 11 touchpoints and branches during the quarter and for the full year, Bank plans to open 50+ branches and touchpoints additionally
- We are now present in 21 states and 3 UTs with 1,038 physical touchpoints

### **Credit Rating**

- CRISIL AA+/Stable for Fixed deposit program
- CRISIL AA/Stable for Tier 2 Bonds
- CRISIL A1+ for certificate of deposit program

**Commenting on the performance, Mr. Sanjay Agarwal, MD & CEO, AU Small Finance Bank said, “The first quarter of FY24 saw improved macro environment with moderating inflation, narrowing current account deficit and rising foreign exchange reserves. The rural economy also continued to recover and the monsoon is likely to support the credit demand in rural and semi-urban areas. I am quite optimistic about the Indian economy and the banking sector looks poised for sustained period of growth.**

*Amidst this macro backdrop, AU SFB delivered another quarter of consistent performance across parameters with sustainable growth in our assets, deposits and profitability despite some impact on our margins due to deposit repricing and negative carry from excess liquidity buffers. The strong performance in this quarter is a testimony to our highly competent and empowered team and our business model which allows us to capture customer imagination, which in turn allows us to service our customers in an innovative manner.*

*Like every other quarter, we have continued to strive to improve the digital adoption by our customers and 45% of our new customer acquisition has been via digital products and channels like 'AU 0101', which is among the top-rated banking apps in the country.*

*Going forward, we will continue to focus on sustainable growth, aiming to improve our balance sheet size while penetrating deeper into rural India, where a significant unbanked population resides.”*



## 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 SFB 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 28 years legacy of being a retail focused and customer-centric institution, AU started its banking operations in April 2017 and as on 30th June 2023, it has established operations across 1,038 banking touchpoints while serving 41.3 Lac+ customers in 21 States & 3 Union Territories with an employee base of 28,446 employees. The Bank has a net worth of ₹ 11,379 Crore, deposit base of ₹ 69,315 Crore, Gross Advance of ₹ 63,635 Crore and a Balance sheet size of ₹ 91,583 Crore. 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 high external credit Rating from all major rating agencies like CRISIL, CARE Ratings and India Ratings.

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