



## AU Small Finance Bank Limited

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For Immediate Release

**AU Bank delivers a consistent operating performance in Q2'FY24 amidst challenging macro environment with tighter liquidity and persistent inflation - Deposit grows by 30% YOY, Advances grows by 24% YOY and Net profit grows by 17% YoY; RoA and RoE stood at 1.7% and 13.9% respectively.**

- **Pre-provisioning Operating profit** up 30% YoY to ₹ 648 Crore; **Net interest income** up 15% to ₹ 1,249 Crore and **Net Interest Margin** for Q2'FY24 is at 5.5%
- **Overall Deposits** has now crossed **75,000 Cr** mark in this quarter growing **30% YoY** and **9% QoQ**
- **CASA Deposit** grew by **6% QoQ** to ₹ **25,666 Cr**; **CASA ratio** stand at **34%** and **CASA + Retail TD mix** at **66%**
- Bank has now crossed **1,00,000 Cr** mark of **balance sheet including securitized book**
- Bank acquired 3.65 lakh customers in Q2'FY24 of which **45% was via digital products and channels**
- Total **Credit cards** crossed **7 Lacs** whereas deposits sourced via Video Banking crosses ₹ 1,400 Crore
- **Gross Advance** up 24% YOY and 2% QoQ to ₹ 65,029 Cr - a growth of 10% since March'23; The Bank securitised asset portfolio worth ₹ 2,922 Cr during Q2'FY24
- **GNPA%** at 1.91% increased by 1 bps YoY, **NNPA%** at 0.60%; Standard restructured advances declined to 0.8% from 1.0% sequentially
- **Provisioning Coverage Ratio (PCR)** remain stable at 69% (73% including technical write-off); Bank is carrying additional provision of ₹96 Cr against contingency and standard restructured assets
- Bank has **hiked FD rates** and **SA rates** up by **25 basis points in selective buckets** during the quarter
- Bank launched "**Zenith+ Credit Card**", a super-premium Metal Credit Card
- Bank has added **Max Life Insurance, Bajaj Alliance Life Insurance** and **Star Health Insurance** as Bancassurance partner to further strengthen Bank's third-party product offering to its customers

**Mumbai/Jaipur | 28<sup>th</sup> October 2023:** The Board of Directors of AU Small Finance Bank Limited at its meeting held today, approved the financial results for the quarter ended September 30, 2023.

### Executive Summary

Q2'FY24 domestic inflationary pressure was persistent, and the monsoon progress remained below the historical average for the month of August. This coupled with uncertain global macro situation ensured that the interest rates remained elevated, and the systemic liquidity continued to remain tight. Amidst this backdrop, the Bank once again delivered a stable quarter with growth seen across business parameters be it deposit mobilization, credit growth, acquisition and engagement in digital products and others. The Bank delivered a consistent performance and saw sustained growth in each of these metrics.

Bank has launched its **new brand campaign "Soch Badlo aur Bank Bhi"** continuing our "**Badlaav Humse Hai**" philosophy to bolster our brand and connect with our customers.

On World Sustainability Day, Bank had launched its first “Green Fixed Deposits” called “Planet First” to cater and support **renewable** and **green projects** and address **climate change risks** and **reduce emissions**. This product, **rated by CRISIL**, is compliant with RBI’s latest framework.

### **Performance at a glance (Q2’FY24):**

#### **Profitability**

- Pre-provisioning operating profit (PPoP) for Q2’FY24 grew 30% YoY to ₹ 648 Crore compared to ₹ 499 Crore in Q2’FY23
- Net profit at ₹ 402 Crore in Q2’FY24 grew 17% YoY compared to ₹ 343 Crore in Q2’FY23
- Net Interest Income (NII) grew 15% YoY to ₹ 1,249 Crore compared to ₹ 1,083 Crore in Q2’FY23.
- Net Interest Margin (NIM) for Q2’FY24 stood at 5.5%
- The Return on Asset (ROA) and Return on Equity (ROE) stood at 1.7% and 13.9% respectively even as we continue to invest in digital, branding, products and distribution to build a future ready bank.
- Cost of funds rose by 12bps QoQ to 6.70% with average CoF for H1’FY24 at 6.64%
- CRAR was 22.4% and Tier I at 21.0% as on 30<sup>th</sup> Sep’23

#### **Deposits**

- The total deposits crossed ₹ 75,000 Crore mark to reach ₹ 75,743 Crore compared to ₹ 58,335 Crore in Q2’FY23; Growth of 30% YoY and 9% QoQ
- CASA deposits increased by 4% YoY to ₹ 25,666 Crore compared to ₹ 24,674 Crore in Q2’FY23; CASA ratio stand at 34%
- Bank has hiked FD rates and SA rates up by 25 basis points in selective buckets during the quarter

#### **Advances**

- The Bank’s Gross advances grew by 24% YoY to ₹ 65,029 Crore in Q2’FY24 compared to ₹ 52,452 Crore in Q2’FY23; CD ratio at 85%
- Of the total advances, Vehicle Loan contributes 32% and Micro Business Loans (MBL), Home Loan as well as Commercial Banking Loans contribute 29%, 8% and 23% respectively
- Wheels and MBL (erstwhile SBL) portfolio (incl. securitized) crossed landmark of ₹25,000 Cr and ₹20,000 Cr respectively
- 88% of loan book is retail in nature and 91% remains secured

#### **Asset Quality**

- Bank’s asset quality stand (GNPA) at 1.91% in Q2’FY24 vs 1.90% in Q2’FY23. On a QoQ basis, GNPA increased 15 bps from 1.76% as on Q1’FY24. ~8bps of GNPA increase can be attributed to low base effect as we have securitised ₹2,922 Cr of loan assets in this quarter
- Net NPA stood at 0.60% of the Net advances in Q2’FY24
- Provisioning Coverage Ratio (PCR) remain stable at 69% (73% including technical write-off and floating provision)
- Bank is carrying ₹96 Cr of provisions against contingency and standard restructured book. Additionally, bank has Floating provision of 41 Cr

## Payments and Digital Bank AU 0101

- **Credit Card:**
  - Crossed a milestone of 7 Lac live credit cards
  - Monthly spend now at ₹ 1,350 Crore in Sep 2023
  - Out of the total live credit cards, 72% cards have been issued to New to Bank (NTB) customers
- **Video Banking:**
  - Total deposits of customers onboarded via video banking channel stands at ₹ 1,400 Crore+
  - 90K service and engagement video calls received in Q2'FY24
  - Facilitated in opening 3.7 Lac+ CASA account and 2.3 Lac+ credit cards, since the launch
- **AU 0101:**
  - Share of digital transaction by our CASA customers remain stable at 98% in Q2'FY24. 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 24.2 Lac in Q2'FY24 from 14.3 Lac in Q2'FY23. Of these, 13.1 Lac customers have been availing services actively on monthly basis
- **AU UPI QR:**
  - ~1.1 Mn UPI QRs installed till Q2'FY24
  - Over ₹ 320 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 4 touchpoints during the quarter and for the full year, Bank plans to open 50+ touchpoints additionally
- We are now present in 21 states and 3 UTs with 1,042 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

## H1'FY24 highlights

### Profitability

- The Bank's pre-provisioning operating profit (PPoP) for H1'FY24 grew 34% YoY to ₹ 1194 Crore compared to ₹ 893 Crore in H1'FY23. The net profit at ₹ 789 Crore in H1'FY24 grew 29% YoY compared to ₹ 610 Crore in H1'FY23
- The Bank's Net Interest Income (NII) grew 21% YoY to ₹ 2,495 Crore compared to ₹ 2,059 Crore during H1'FY23.
- Net Interest Margin (NIM) for H1'FY24 stood at 5.6% compared to 6.0% in H1'FY23
- The Return on Asset (ROA) and Return on Equity (ROE) stood at 1.7% and 13.9% respectively

### Other key updates

- **Net worth** of the Bank has now **surpassed ₹ 11,750 Cr, a growth of 5x in ~5 years**
- The Bank has expanded its presence and its physical network is now spread across 1,042 touchpoints as on September 30, 2023 across 21 states and 3 UTs
- All 3 rating agencies, CRISIL Ratings, CARE Ratings and India Ratings have rated the Bank as “AA/Stable”
- The Bank has tied-up with **Max Life Insurance, Bajaj Alliance and Star Health Insurance** as Bancassurance partner with a view to expand the Bank’s third-party product offering to our customers.
- On the CSR front, AU Ignite, the bank's skills training academy, celebrated its fifth year of success, having imparted skills training to over 15,800 candidates with an impressive 78% record in providing placement assistance.

### Awards and Recognitions

- AU Bank received “**India’s Best Small Finance Bank 2021-22**” by **Financial Express Awards 2023**.
- AU Bank won “**Award of Excellence**” by **PFRDA** for achieving 100% target in Atal Pension Yojana (APY).
- AU Bank was awarded “**Most Impactful Women Employment Initiative of the Year**” by **Indian CSR Awards 2023** for “AU Udyogini” initiative.

Commenting on the performance, **Mr. Sanjay Agarwal, MD & CEO, AU Small Finance Bank** said, “*The global environment remains challenging with uncertainties around geo-politics, supply chain disruptions and inflation continuing to put persistent pressure on interest rates. The Indian economic environment looks strong and resilient and continues to provide a multitude of growth opportunities across various sectors. However, challenges around inflation, liquidity and disruptions in weather patterns remain, warranting caution as a lender and we remain watchful and responsive in calibrating our strategy.*”

*In this backdrop, our performance in Q2'FY24 was resilient and sustainable with growth across deposits, digital and advances. This resilience is further complemented by the positive outlook in AU markets, where there are promising prospects for growth and market penetration. Our key strategic focus is on building low-cost retail deposits, even in the current environment of elevated costs and intense competition. Our newly created 'Swadesh Banking' group is focused on furthering our financial inclusion strategy by penetrating deeper in rural India, where a significant unbanked population resides. Additionally, our new brand campaign “Soch Badlo aur Bank Bhi” will continue to establish a robust brand presence and fostering top-of-mind recall.*

*While being watchful, I am quite optimistic about the Indian economy in the long term and the banking sector looks poised for sustained period of growth. The business is excelling on all fronts, instilling great confidence in us to affirm our FY24 guidance set forth at the start of this fiscal year and we continue to focus on sustainable growth, aiming to further fortify our balance sheet.”*



### **About AU Small Finance Bank:**

AU Small Finance Bank Limited is a scheduled commercial bank and a Fortune India 500 Company. 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 SFB started its banking operations in April 2017 and as on 30th Sep 2023, it has established operations across 1,042 banking touchpoints while serving 44.3 Lac+ customers in 21 States & 3 Union Territories with an employee base of 28,523 employees. As on 30th Sep 2023, the Bank has a net worth of ₹ 11,763 Crore, deposit base of ₹ 75,743 Crore, Gross Advance of ₹ 65,029 Crore and a Balance sheet size of ₹ 95,977 Crore. AU SFB 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.

**Website:** [www.aubank.in](http://www.aubank.in) | **Twitter:** [@aubankindia](https://twitter.com/aubankindia) | **Facebook:** [AU Small Finance Bank](https://www.facebook.com/AU-Small-Finance-Bank) | **LinkedIn:** [AU Bank](https://www.linkedin.com/company/au-bank)