



## AU Small Finance Bank Limited

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For Immediate Release

**AU Small Finance Bank ('AU SFB'/'AU') once again delivers strong and consistent performance across parameters in Q3'FY23 amidst challenging macro environment – Delivers highest ever quarterly profit of ₹ 393 Cr, PAT grows by 30% YoY and 15% QoQ, Asset quality continues to improve sequentially with Gross NPA at 1.81% and Net NPA at 0.51%, Balance sheet crosses ₹ 80,000 Cr**

- **Profitability** – Net profit for Q3'FY23 up 30% YoY to ₹ 393 Cr (highest ever profit from operating activities); Profitability remains resilient with RoE at 15.2% / 14.8% for Q3'FY23 / 9M'FY23
- **Deposits** traction continued, up 5% QoQ and 16% since March'22 to ₹ 61,101 Cr
- **CASA deposit grows by 35% YoY to reach ₹ 23,471 Cr**; CASA ratio at 38% and CASA + Retail TD mix at 70%
- **Gross Advances** were up 7% QoQ to ₹ 56,335 Cr – a growth of 20% since March'22; The Bank securitised asset portfolio worth ₹ 1,164 Cr during Q3'FY23
- **Asset quality** improved further driven by sustained business momentum with GNPA declining further to 1.81% QoQ and NNPA to 0.51%; Standard restructured advances declined to 1.4%
- **Provisioning Coverage Ratio (PCR)** improved to 72% (75% including technical write-off); Additional provisioning in the form of Contingency provision of ₹98 Cr and Restructured provision of ₹ 127 Cr
- The Bank has added HDFC Life and ICICI Lombard as Bancassurance partners with a view to expand the Bank's third-party product offering to its customers
- Bank introduces **progressive HR practices** to make organization more supportive and inclusive for everyone; Policies like leaves for special occasions, **Menstrual leave for women employees, paid sabbatical leave, 'AU Forever Pass'** for our Alumni, education assistance, subsidized PL and HL scheme for our employees are some key initiatives so far
- Appointed Ms. Malini Thadani as an Independent Director on the Board taking the total strength of the Board to **11 Directors of which 9 are Independent Directors**
- Bank released its **first Sustainability Report basis GRI framework with independent external assurance from PwC**

**Mumbai/Jaipur 19<sup>th</sup> January 2023:** The Board of Directors of AU Small Finance Bank Limited at its meeting held today, approved the financial results for the quarter ended December 31, 2022.

## Executive Summary

Q3'FY23 was another quarter of strong and consistent performance across parameters delivering healthy & calibrated loans and deposits growth, stable margins and asset quality, and sustained traction across credit cards and other digital initiatives amidst a challenging macro environment.

The Balance sheet size crossed ₹ 80,000 Cr mark and the Net worth of the Bank has reached ₹ 10,540 Cr, a growth of 5x in ~5 years (since start of the Bank in April'2017). The quarter also saw collection efficiencies sustaining at 107%, resulting in further improvement in asset quality. During the quarter, the Bank opened 42 new touchpoints (net addition 35) and its physical network now spread across 1,015 touchpoints across 21 states and 3 UTs. The Bank also established its presence in 2 newer states this quarter namely Andhra Pradesh and Kerala.

### 1. Q3'FY23 Financial Highlights

#### Business

- Bank's total balance sheet grow by 4% QoQ and 17% YTD to ₹ 80,703 Cr
- Deposits grew by 5% QoQ and 16% YTD to ₹ 61,101 Cr
- CASA at 38% as against 42% as on 30-Sep'22 and 37% as on 31-Mar'22
- Gross Advances grew by 7% QoQ and 20% YTD to ₹ 56,335 Cr; CD ratio at 91%
- 90% of loan book is retail in nature and 93% of the loan book is Secured
- Averaged Cost of Funds for Q3'FY23 is at 6.0%
- CRAR at 22.0% and Tier I at 20.0% as on 31<sup>st</sup> Dec'22; including interim profits, CRAR was at 24.2% and Tier 1 at 22.2% as on 31<sup>st</sup> Dec'22

#### Profitability

- Total income for the quarter stood at ₹ 2,413 Cr, up 8% QoQ and 36% YoY
- NII at ₹1,153 Cr, up 6% QoQ and 41% YoY
- Net profit stood at ₹ 393 Cr for Q3'FY23, up 15% QoQ and 30% YoY
- Net Interest Margin (NIM) for the quarter was stable at 6.2%
- RoA stood at 2.0% and RoE at 15.2% even as we invest significantly in people, digital, branding, products and distribution to build a future ready bank

#### Asset quality

- Bank's Asset quality improved on QoQ basis with GNPA at 1.81% vs 1.90% as on 30<sup>th</sup> Sep'22
- Net NPA was stable at 0.51%; Restructured advances declined to 1.4%
- Provision coverage ratio at 72% against 71% as on 30<sup>th</sup> Sep'22; Including technical write-offs, the PCR was at 75%
- Apart from provision of ₹ 693 Cr against GNPA pool, Bank has, additionally, maintained following provision buffer
  - Provision against restructured book at ₹ 127 Cr (16% of restructured book)

- Contingency provision of ₹ 98 Cr (0.2% of advances)
- Floating provision of ₹ 41 Cr (0.1% of advances)
- Standard provisions of ₹ 176 Cr (0.3% of advances)

### 9M'FY23 Profitability highlights

- NII at ₹3,212 Cr, up 40% YoY
- Total income for 9M'FY23 stood at ₹ 6,632 Cr up 34% YoY
- Net profit for 9M'FY23 stood at ₹ 1,003 Cr, up 28% YoY
- RoA stood at 1.8%, RoE at 14.8% for 9M'FY23; RoE impacted due to capital raise in Aug'22

### **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
- Bank issued ~90K credit cards during the quarter taking the total live credit cards to 3.9 lacs; total installed UPI QR reach 8.7 Lac+
- 2.4 Lac+ Savings Account opened digitally via Video Banking since launch last year and total relationship value of these accounts now at ₹ 1,000+ Cr

### **3. Awards and Recognitions**

- Certified 'Great place To Work' for 3<sup>rd</sup> consecutive year
- Awarded with 'Company with Great Managers 2022 Award'
- Indian Banks' Association (IBA) at its 18th Annual Banking Technology Conference, Expo and Awards 2022 under the category of "Payment and SFBs" awarded AU SFB with:
  - Best Technology Bank
  - Best Digital Engagement
  - Best Financial Inclusion
- AU SFB was awarded certificate of recognition for 'Excellence in Corporate Governance' under the 'mid-sized listed corporate' category by Institute of Company Secretaries of India (ICSI) at their 22<sup>nd</sup> National awards
- Adjuded 'Best Small Finance Bank' by BT-KPMG for 2022

*Commenting on the performance, Mr. Sanjay Agarwal, MD & CEO, AU Small Finance Bank said, "Q3'FY23 was another quarter of strong and consistent performance across all key parameters supported by sustained underlying business momentum and strong capital base. Despite the challenging environment around inflation and liquidity, we were able to maintain margins, deliver growth in loan market share, improve asset quality, focus on productivity while achieving our highest ever quarterly profits.*



*Our constant endeavor is to be an increasingly sustainable Bank and we have recently announced a plethora of progressive HR policies, some of which are among the industry first like “Menstrual leave for women employees” and an “AU Forever Pass” for our outgoing employees. I am also pleased to share that AU has been recognized as a Great Place to Work for the 3<sup>rd</sup> consecutive year in a row and has been recognized for ‘Excellence in Corporate Governance’ by Institute of Company Secretaries of India (ICSI). We recently released our first Sustainability Report which is externally assured by PwC and marks another step in our sustainability journey.*

*I believe India is well placed in the post pandemic world. Our favorable demographics, stable democratic set up, and increasing impact of technological innovations like India Stack coupled with structural reforms are helping India emerge as a knowledge and technology leader in the world. Overall, our Bank is well positioned to capitalize on the emerging opportunities, and the recent acknowledgment as ‘Best Small Finance Bank’ by BT-KPMG will inspire us further”.*

**About AU Small Finance Bank:**

AU Small Finance Bank Limited (AU SFB/AU) 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 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 31<sup>st</sup> Dec’22, it has established operations across 1,015 banking touchpoints while serving 35.7 Lakh customers in 21 States & 3 Union Territories with an employee base of 27,753 employees. As on 31<sup>st</sup> Dec’22, it has a balance sheet size of ₹ 80,703 Cr, net worth of ₹ 10,540 Cr, deposit base of ₹ 61,101 Cr and Gross Advances of ₹ 56,335 Cr. 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 a high external credit rating from major rating agencies CRISIL, CARE Ratings and India Ratings.