



AU Small Finance Bank Limited

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For Immediate Release

AU Bank delivers strong result on all parameters – Deposits grow 32% YoY, Advances grows 26% YoY and full year Profit grows 26% YoY to ₹ 1,428 Cr supported by strong growth of 37% YoY in Net Interest Income; Highest ever quarterly profit of ₹ 425 Cr in Q4'FY23; Asset quality robust with GNPA reduced to 1.66% and net NPA at 0.42%;

Bank declares Dividend of Rs. 1/- per equity share (10% of face value) for FY23

- **Profitability** – Net profit for Q4'FY23 was up 23% YoY at ₹ 425 Cr; full year FY23 PAT at ₹ 1,428 Cr; RoA for Q4'FY23/FY23 at 2.0%/1.8% and RoE at 15.8%/15.4%
- **RBI approves re-appointment of**
 - Chairman Mr. R V Verma for his residual tenure till Jan'24
 - MD & CEO Mr. Sanjay Agarwal for the period of 3 years
 - ED, Mr. Uttam Tibrewal for the period of 3 years
- **RBI grants the Bank Authorised Dealer Category – I (AD Cat-I) license** for offering Forex and cross-border trade related services
- **Dividend** - The Board has further recommended a dividend of Rs. 1/- per equity share (10% of face value) for the year ended March 2023
- **Addition of Independent Directors** - Bank further strengthened and expanded its Board with the addition of 3 independent directors during the year taking the total Board strength to 10 directors with 8 of them being independent directors including 2 women directors
- **Deposits** grows 32% YoY to ₹ 69,365 Cr; CASA deposits grow by 36% YoY to reach ₹ 26,660 Cr; CASA ratio at 38.4% and CASA + Retail deposit at 69%
- **Balance Sheet crosses ₹ 90,000 Cr**
- **Asset quality** improved further Gross NPA reduced by 15 bps to 1.66% and net NPA at 0.42%
- **Provisioning** strengthened further with Provision Coverage Ratio (PCR) at 75%; PCR including technical write-off at 78%
- **Contingency provision** now at ₹ 90 Cr; floating provision maintained at ₹ 41 Cr and provisions for standard restructured assets at ₹ 116 Cr
- **Bank opened** 108 new touchpoints in FY23, taking the total physical network to 1,027 touchpoints across 21 States and 3 Union Territories

Mumbai/Jaipur 25th April 2023: The Board of Directors of AU Small Finance Bank Limited at its meeting held today, approved the financial results for the quarter and year ended March 31, 2023.

Executive Summary

The Bank has navigated the first 6 years of its Banking operations relatively well despite the macro headwinds like Demonetization, GST implementation, NBFC & private Banking events and COVID-19 pandemic and during this period, the Bank has delivered a consistent performance with Deposits growing at a CAGR of 54%, Advances growing at a CAGR of 35% and Balance Sheet growing at a CAGR of 37% respectively for the period from FY18 to FY23.

FY23 was a year of uncertain macro and global headwinds with tighter liquidity and higher inflation leading to significant increase in interest rates and stronger competition for deposits. Amidst this challenging and unsettled environment, the **Bank continued to deliver a consistent and strong performance across parameters** while continuing to progress on the journey of building a **standardized, scalable and sustainable** banking franchise across deposits, assets and digital banking.

1. Financial Highlights

Full year FY2023 highlights

Business

- Bank's total balance sheet grew by 31% YoY to ₹ 90,216 Crore
- Deposits grew by 32% YoY to ₹ 69,365 Cr; CASA at 38.4% as against 37.3% as on 31st Mar'22
- Cost of Funds increased by 1 bps YoY to 5.96%
- 88% of loan book is retail in nature and 92% of loan book is secured
- Ratio of fixed rate to floating rate loans has decreased to 66:34, from 74:26 as on Mar'22

Profitability

- Total income stood at ₹ 9,240 Crore, up 34% YoY; NII at ₹ 4,425 Crore, up 37% YoY
- Net profit for the full year FY23 is at ₹ 1,428 Crore, up 26% YoY
- NIM for FY23 was maintained at 6.1% (including assigned/securitized book)
- ROA stood at 1.8% and ROE at 15.4% even as we continue to invest significantly in people, digital, branding, products and distribution to build a future ready bank

Asset quality

- Bank's Asset quality improved significantly with GNPA at 1.66% in Mar'23 vs 1.98% in Mar'22
- Net NPA stood at 0.42% of net advances in Mar'23 vs 0.50% in Mar'22
- Provision coverage ratio remain at 75% whereas PCR inclusive of technical write-off is at 78%
- Apart from provision of ₹ 695 Crore against GNPA pool, Bank has, additionally, maintained following provision buffer
 - Provision against restructured book at ₹ 116 Crore (17% of restructured book)
 - Contingency provision of ₹ 90 Crore (0.15% of advances)
 - Floating provision of ₹ 41 Crore (0.07% of advances)
 - Standard provisions of ₹ 191 Crore (0.33% of advances)

Capital Adequacy

- Bank remains well capitalized with
 - Total CRAR at 23.6% as against minimum requirement 15%
 - Tier-I capital ratio of 21.8% as against minimum requirement 7.5%

Q4'FY23 financial results

- Net profit for the quarter rose by 23% YoY to ₹ 425 Crore
- Net Interest Margin (NIM) for Q4'FY23 at 6.1% vs. 6.3% in Q4'FY22
- ROA for Q4'FY23 stood at 2.0% and ROE at 15.8%
- Cost of funds for Q4'FY23 increased by 32 bps to 6.29% vs. 5.97% in Q3'FY23

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
- The Bank has 5 Lacs+ live Credit cards and installed ~10 Lacs QR codes till 31-March'23
- Of the total credit card issued, over 26% of customers are first time users of Credit card and 64% of the customers are new to Bank
- 2.9 Lac+ Savings Account opened digitally via Video Banking till date with total deposit relationship of ₹1,150+ Cr

3. Dividend for FY23

The Board of Directors of the Bank recommended dividend of Rs. 1/- per equity shares (10% of face value) from the net profit for the year ended 31st March 2023, subject to approval of shareholders. The dividend on equity shares will be paid/dispatched after the same is approved by the shareholders at the ensuing Annual General Meeting (AGM) of the Bank.

4. Addition to the Board

Our focus on governance remains our key priority and the Bank appointed 3 independent directors during the year with Ms. Kavita Venugopal joining as an independent director in Q4'FY23 taking the total Board strength to 10 directors with 8 of them being Independent Directors including 2 women directors

5. Other key updates

- The Bank has expanded its presence to 108 new touchpoints in the form of Asset Centres, Bank Branches, Bank Outlet (BO) and Smart BC and its network is spread across 1,027 touchpoints as on Mar 31, 2023
- CARE Ratings has re-affirmed long-term credit rating of the Bank to CARE AA/Stable. The rating on Short-term Instruments (Certificate of Deposits) of the Bank has been reaffirmed at CARE A1+

Key awards during the quarter:

- AU Bank is adjudged as a “Great Place To Work” for the 3rd consecutive year; among the Top 25 BFSI Brands by “Great Place To Work” (GPTW)
- AU Bank won “India’s Best Small Finance Bank” award at BFSI & FinTech Awards 2023 by Dun & Bradstreet
- AU Bank won “Retail Banker International Asia Trailblazer Award” for 2022-23 in the category of “Excellence in Talent Management”
- AU Bank received “Silver Shield for Excellence in Financial Reporting” at the ICAI awards 2021-22 in the private sector Bank category
- AU Bank rated “AA” by MSCI ESG Ratings for our ESG initiatives

Commenting on the performance, Mr. Sanjay Agarwal, MD & CEO, AU Small Finance Bank said, *"The Bank has delivered another quarter and another year of consistent performance across all parameters despite the challenges around inflation, liquidity leading to higher interest rates. Amidst a difficult market, we have managed to grow our deposit book while keeping our CASA ratio stable and making our deposits more granular and retail. Our asset quality has also improved further this year with net NPA coming down to 0.4%. Our focus on governance remains our top priority and with the addition of 3 new independent directors during the year, the total Board strength has now reached to 10 directors with 8 of them being Independent Directors including 2 women directors. As a Bank, we are positioning ourselves to take advantage of the India opportunity over the next decade – be it products, technology, distribution or manpower. We continue to lay foundation of building a sustainable and well governed, pan-India Bank with a generational mindset having practices and processes which are Standardised, Scalable and Sustainable.*

As AU Bank completes 6th year as a Small Finance Bank and 28 years as an Institution, it gives me immense satisfaction and pride as a founder and an entrepreneur and receiving the Authorized Dealer Category – I license (AD-I) on our anniversary date of 19th April was the perfect gift that any Institution could have wished for. I would like to express my gratitude to the Government, RBI and other regulators for their support and guidance and to our Investors, customers, employees, and other stakeholders for their unwavering trust in AU. To express gratitude to our shareholders the Board has recommended a dividend of Rs. 1/- per equity share (10% of face value) for FY23".



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 28 years legacy of being a retail focused and customer-centric institution, AU started its banking operations in April 2017 and as on 31st March 2023, it has established operations across 1,027 banking touchpoints while serving 38.6 Lakh+ customers in 21 States & 3 Union Territories with an employee base of 28,320 employees. The Bank has a net worth of ₹ 10,977 Cr, deposit base of ₹ 69,365 Cr, Gross Advance of ₹ 59,158 Cr and a Balance sheet size of ₹ 90,216 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 high external credit Rating from all major rating agencies like CRISIL, CARE Ratings and India Ratings.