



AU Small Finance Bank Limited

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For Immediate Release

AU Small Finance Bank Announces Q2'FY25/H1'FY25 Financial Results

Profit grows by 42% YoY to ₹571 Cr for Q2'FY25 and RoA at 1.7% and RoE at 14.5% for Q2'FY25;

PAT for H1'FY25 grows by 36% YoY at ₹1,074 Cr

- Bank filed application with RBI for voluntary transition to Universal Bank on 3rd September 2024
- Crossed ₹1 lac Cr balance in Deposits and Loan portfolio this quarter
- Deposits grow 12.7% QoQ to reach ₹109,693 Cr

Key Financial highlights for Q2'FY25

- Net Interest Margin increased by 5bps bps to 6.1% in Q2'FY25 from 6.0% in Q1'FY25
- Cost of Funds increased by 1 bps during the quarter to 7.04% in Q2'FY25
- Disbursement share of High RoA assets stood at 81% of total disbursement during the quarter
- Net Interest Income (NII) grew 58% YoY to ₹1,974 Crore compared to ₹1,249 Crore during Q2'FY24
- Other Income grows by 57% YoY driven by fee income, third-party product distribution and credit cards
- PPop grows 80% YoY to ₹1,132 Cr supported by Other income, **expanded NIM** and calibrated Opex
- **PAT grew 42% YoY to ₹571 Cr for Q2'FY25 with annualized RoA of 1.7% and RoE of 14.5%**
- **Cost to Income ratio reduced by 535 bps YoY to 56.7% for Q2'FY25**
- CD ratio as on 30th September 2024 stood at 86% as compared to 92% as on Q1'FY25
- Gross loan portfolio crossed milestone of one lakh crore to stand at ₹105,031 Cr, registering a QoQ growth of 5.3% and YTD growth of 8.9%
- Total deposits crossed milestone of one lakh crore to stand at ₹109,693 Cr, registering a QoQ growth of 12.7% and YTD growth of 12.3%
- CASA for the quarter stood at 32%; CASA + Retail term deposit at 67%; and CASA + Retail TD + non-callable bulk deposit at 81%
- PCR at 82% including technical write-off; GNPA ratio as on 30th Sep'24 is 1.98% and NNPA ratio at 0.75%
- Bank now has total 109 lac+ customers; serves them through a total 2,408 touchpoints across 21 states and 4 UTs with total strength of ~48K employees

FY25 numbers are on merged basis and previous periods numbers may not be comparable

Mumbai/ Jaipur | 23rd Oct 2024: The Board of Directors of AU Small Finance Bank Limited at its meeting held today, approved the financial results for the quarter and half year ended September 30, 2024.

Executive Summary

Operating environment has been challenging in the last 6 months with prolonged elections (both national and state), intense heat wave in Q1, and unusually heavy rains in Q2 affecting continuity of policy making and underlying businesses activity. There are early signs of pickup in economic activity and bank is cautiously optimistic of stronger operating environment in H2

Q2'FY25 saw bank growing its deposit base to ₹109,693 Cr, registering a QoQ growth of 12.7% and YTD growth of 12.3% with focus on optimizing cost of funds. Banks CoF increased by 1 bps QoQ to 7.04%. Bank's NIM increased by 5 bps to 6.1% for Q2'FY25 from 6.0% in Q1'FY25. Yield remain stable at 14.4% and loan portfolio grew by 5.3% QoQ with YTD growth of 8.9%

Performance at a glance (Q2'FY25):

Profitability

- The Bank's Net Interest Income (NII) grew 58% YoY to ₹1,974 Crore compared to ₹1,249 Crore during Q2'FY24
- Other Income growth for Q2'FY25 grew by 57% YoY to ₹638 Crore, driven by fee income, third-party product distribution and credit cards
- The Bank's pre-provisioning operating profit (PPoP) for Q2'FY25 grew 80% YoY to ₹1,132 Crore compared to ₹629 Crore in Q2'FY24.
- The net profit at ₹571 Crore in Q2'FY25 grew 42% YoY compared to ₹402 Crore in Q2'FY24
- Net Interest Margin (NIM) for Q2'FY25 stood at 6.1%
- Cost to Income declined by 535 bps YoY to 56.7% in Q2'FY25
- The Return on Asset (ROA) and Return on Equity (ROE) for Q2'FY25 stood at 1.7% and 14.5% respectively

Balance Sheet

- Bank Deposits stood at ₹1,09,693 Cr compared to ₹97,290 Cr as on 30th Jun 2024 registering a growth of 12.7% QoQ and 12.3% YTD
- CASA deposits grew by 11% sequentially to ₹35,521 Cr with **CASA ratio at 32%**
- CASA + Retail TD as on 30th Sep'24 stands at 67% and **CASA + Retail TD + Non-callable Bulk TD being 81%** of total deposits
- The current account deposits increased by 26% QoQ in Q2'FY25 and savings account deposits saw an increase of 8% QoQ
- CoF for Q2'FY25 was broadly stable at 7.04% compared to 7.03% in Q1'FY25
- Advances growth remained strong with Loan portfolio at ₹1,05,031 Cr, growing by **5.3% QoQ**
- CD ratio as on 30th September 2024 stood at 86% as compared to 92% as on Q1'FY25
- The Bank had a Liquidity Coverage Ratio (LCR) of 112% for Q2'FY25 and continues to maintain additional liquidity buffers in the form of high-quality, liquid, non-SLR investments, which are not part of LCR computation
- **Shareholder's fund** of the Bank has now **surpassed ₹16,000 Cr**
- The Gross advances yield remained flat QoQ at 14.4%

Asset Quality

- GNPA increased to 1.98% (vs 1.78% in Q1) and NNPA increased to 0.75% (vs. 0.63% in Q1)
- Banks credit cost for Q2'FY25 stood at 0.28% of total average assets owing to stress in unsecured (MFI and Credit Card) where the current environment remains challenging with customer overleveraging being an industry wide issue. This has been exacerbated by lower disbursement / base effect
- Provision coverage ratio stood at 82% including technical write off

Distribution

- We are now present in 21 states and 4 UTs with 2,408 physical touchpoints
- We now cater to 109 Lac+ customers with a total strength of 47k+ employees

Credit Rating

- AA+/ Stable for Fixed deposit program by CRISIL
- AA/ Stable for Tier 2 Bonds by CRISIL, ICRA, India Ratings and CARE
- A1+ for certificate of deposit program by CRISIL, India Ratings and CARE

H1'FY25 highlights

Profitability

- The Bank's pre-provisioning operating profit (PPOP) for H1'FY25 grew 79% YoY to ₹2,084 Crore compared to ₹1,167 Crore in H1'FY24. The net profit at ₹1,074 Crore in H1'FY25 grew 36% YoY compared to ₹789 Crore in H1'FY24
- The Bank's Net Interest Income (NII) grew 56% YoY to ₹3,895 Crore compared to ₹2,495 Crore during H1'FY24
- Net Interest Margin (NIM) for H1'FY25 stood at 6.1% compared to 5.6% in H1'FY24
- The Return on Asset (ROA) and Return on Equity (ROE) stood at 1.7% and 13.8% respectively for H1'FY25

Other key updates

- The Bank has partnered with **Kotak Mahindra Life Insurance, United India Insurance and Niva Bupa Health Insurance** as Bancassurance partner with a view to expand the Bank's third-party product offering to our customers.
- The Bank launched the RUPAY variant of the Ixigo Travel Card
- On the CSR front, AU SFB conducted a donation drive for flood affected families in Karnataka and UP.
- AU Ignite - Bank's skills training academy, till date has trained 23,560 youths, of which 77% were linked to employment across 16 centers of Rajasthan.
- AU Bano Champion is live across 62 locations with 8,100+ children benefited across 7 sports
- Till date in AU Udyogini, our flagship Women Entrepreneurship program, has engaged 2,920+ women and 1,215 are nurtured under Individual Women Entrepreneurship



Commenting on the performance, Mr. Sanjay Agarwal, MD & CEO, AU Small Finance Bank said, *“First half of this financial year saw some discontinuity in business momentum with persistent inflation, general elections and various state elections as well as heat wave and unusual heavy rain in August. We have started to see early signs of pickup in economic activity over the last 3-4 weeks and remain optimistic of an improved operating environment in H2 as consumer confidence, rural demand and private investment picks up.*

Amidst this macro backdrop, AU SFB delivered another quarter of consistent performance across most of the parameters with sustainable growth in our assets and profitability. Our double-digit deposit growth on QoQ basis with stable Cost of Funds remains the highlight of the quarter. We aim to deliver all our articulated strategy of AU@2027 by focusing on our margins, sustained fee income growth and calibrating operating expenses of the book. This quarter, we applied to RBI for voluntary transition to universal bank which will further improve our brand acceptance with higher perception of safety and trust and thereby enable us for the next phase of growth and buildout of a “forever bank”.

About AU Small Finance Bank

AU Small Finance Bank Limited (AU SFB) is a scheduled commercial bank and has established itself as the largest SFB in India since starting its banking journey in April 2017. Established in 1996 by Mr. Sanjay Agarwal, a first-generation entrepreneur, AU SFB boasts a 29 years-legacy with deep understanding of the rural and semi-urban markets and customer segments. The Bank operates a sustainable business model that facilitates credit to the unserved and underserved retail and MSME customer segments while providing complete banking solutions to its deposit and branch banking customers. As a tech-led Bank, AU has a strong digital presence with innovative products and services like 24X7 video banking, credit cards, personal loans, UPI QRs, payments, merchant lending, WhatsApp Banking, Chatbots etc. and its digital bank application AU0101 remains among the higher rated banking apps in India.

The Bank operates from 2,408 banking touchpoints across 21 States & 4 Union Territories serving 1.09 Cr+ customers with an employee base of 47,900+ employees. As on 30th September’24, Bank has a Shareholders Funds of ₹16,041 Cr, Deposit base of ₹1,09,693 Cr, Total Loan Portfolio of ₹1,05,031 Cr and a Balance sheet size of ₹1.38 Lac Cr+. AU SFB enjoys the trust of marquee investors and is listed at both NSE and BSE. It has consistently maintained high external credit Rating and is presently rated ‘AA/Stable’ by CRISIL Ratings, ICRA Ltd., CARE Ratings and India Ratings, while the Bank’s FD is rated ‘AA+/Stable’ from CRISIL Ratings.

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