



## AU Small Finance Bank Limited

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For Immediate Release

### 1. AU Small Finance Bank (AU SFB) to apply for Universal Banking license

- *Obtains Board approval for filing application for transition to a Universal Bank*
- *Board appoints Committee of Directors under Chairmanship of Shri H. R. Khan, to vet the application for Universal Banking license*

### 2. AU SFB delivers strong operating performance for Q1'FY25 – Profit grows by 30% YoY to ₹503 Cr supported by NII growth of 54% YoY; RoA at 1.6% and RoE at 13.2% for Q1'FY25. Progressing well on AU@2027 strategy

- Board has considered and approved making an application to RBI for **transition to a Universal Bank** pursuant to the RBI Guidelines. Board has constituted a **Committee of Directors to vet the application** for submission with RBI. Committee comprises of **Sh. H. R. Khan (Part time Chairman & Independent Director and Ex-Deputy Governor of RBI), Sh. Pushpinder Singh (Independent Director), Sh. M S Sriram (Independent Director) and Sh. Sanjay Agarwal (MD & CEO)**

#### Key Financial highlights for Q1'FY25

- Net Interest Margin **increases to 6% in Q1'FY25 from 5.7% in Q1'FY24**
- **Cost of Funds reduced by 7 bps during the quarter** to 7.03% in Q1'FY25
- Disbursement share of High RoA assets increased to 82% of total disbursement during the quarter
- Net Interest Income (NII) grew 54% YoY to ₹1,921 Crore compared to ₹1,246 Crore during Q1'FY24
- Core Other Income grew by 77% YoY driven by Fee income, third party products and credit cards
- PPop grew by 81% YoY to ₹988 Cr
- **PAT grew 30% YoY to ₹503 Cr for Q1'FY25 with annualized RoA of 1.6% and RoE of 13.2%**
- **Cost to Income ratio reduced by 509 bps YoY to 59.9%**
- Gross advances and total deposits stood at **₹90,702 Cr and ₹97,290 Cr** respectively
- CASA for the quarter stood at 33%; CASA plus Retail term deposit at 70%; and CASA plus Retail term deposit plus non-callable bulk deposit at 85%
- PCR at 84% including technical write-off; **GNPA ratio as on 30<sup>th</sup> Jun'24 is 1.78% with no specific pockets of stress or any EWS in the portfolio**
- Created a contingency buffer of ₹17 Cr on the Microfinance portfolio, in line with the guidance of taking Microfinance credit cost at 3%
- Bank now has total 108 lac+ customers; serves them through a total 2,414 touchpoints across 21 states and 4 UTs with total strength of 46K+ employees
- Calibrated credit card issuance to 75,000, in line with AU@2027 strategy
- **Fincare SFB merged into AU SFB w.e.f. 1<sup>st</sup> April 2024 and the integration continues to progress well and remains on schedule without any disruption or surprises;**

FY25 numbers are on merged basis and throughout the release, prior period numbers may not be comparable.

**Mumbai/ Jaipur | 25<sup>th</sup> July 2024:** 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, 2024.

### **Executive Summary**

Q1'FY25 saw continued elevated competition among banks for deposit mobilization, while liquidity remained in deficit for most part of the quarter and inflation was rangebound. Domestic growth and inflation dynamics are expected to keep the interest rates elevated for longer.

Quarter 1 has seasonally been a weak quarter which got further impacted due to some break in continuity due to general elections and a strong heat wave in some parts of the country. Despite these challenges, Bank in this quarter delivered a consistent performance across business parameters with a steady start to the financial year. Bank has also made noticeable progress on various parameters highlighted in the AU@2027 strategy.

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

#### **Profitability**

- The Bank's Net Interest Income (NII) grew 54% YoY to ₹1,921 Crore compared to ₹1,246 Crore during Q1'FY24
- Other Income growth for Q1'FY25 grew by 73% YoY to ₹546 Crore, driven by fee income, third-party product distribution and credit cards
- The Bank's pre-provisioning operating profit (PPoP) for Q1'FY25 grew 81% YoY to ₹ 988 Crore compared to ₹546 Crore in Q1'FY24.
- The net profit at ₹503 Crore in Q1'FY25 grew 30% YoY compared to ₹ 387 Crore in Q1'FY24
- Net Interest Margin (NIM) for Q1'FY25 stood at 6.0%
- Cost to Income declined by 509 bps YoY to 59.9% in Q1'FY25
- The Return on Asset (ROA) and Return on Equity (ROE) stood at 1.6% and 13.2% respectively

#### **Deposits**

- Bank Deposits stood at ₹97,290 Cr compared to ₹97,704 Cr as on 31<sup>st</sup> Mar 2024 on a proforma basis and ₹69,315 Cr as on 30<sup>th</sup> June 2023
- Bank decided to utilize excess liquidity built up in the previous quarter (QoQ growth was 9% in Q4FY24).
- Bank focused on growing retail deposits while retiring high-cost deposits. This led to 7 bps reduction in CoF in Q1'FY25 from proforma merged CoF in Q4'FY24
- CASA deposits grew by 2% sequentially to ₹32,035 Cr with **CASA ratio at 33%**
- CASA + Retail TD as on 30<sup>th</sup> Jun'24 stands at 70%
- The current account deposits increased by 46% YoY in Q1'FY25 and savings account deposits saw an increase of 30% YoY
- The Bank had a Liquidity Coverage Ratio (LCR) of 117% for Q1'FY25
- In April'24, Bank reduced interest rates in certain buckets of savings deposits by up to 100bps keeping peak savings deposit rate at 7.25%

### Advances

- Advances growth remained strong with Loan portfolio at ₹99,792 Cr, growing by **3.4% QoQ on proforma merged basis**
- Incremental **spreads increased from 5.8% in Q4'FY24 to 8.7% in Q1'FY25**, supported by higher disbursement yields across asset classes and addition of high yielding microfinance assets
- The Gross advances yield at 14.4%, increased 3 bps QoQ on proforma merged book
- Bank securitized loans/ Issued IBPC certificates worth ₹725 Cr during Q1'FY25 taking the Bank's total securitized/ IBPC book to ₹9,089 Cr

### Asset Quality

- GNPA increased by 12 bps to 1.78% and NNPA increased by 7bps to 0.63% as against GNPA of 1.66% and NNPA of 0.56% as on 31st March'24 on proforma merged basis
- **There are no specific pockets of stress or any EWS in the portfolio**
- Provision coverage ratio stood at 84% including technical write off and floating provision after creating 17 Cr of contingency buffer for microfinance portfolio

### Distribution

- We are now present in 21 states and 4 UTs with 2,414 physical touchpoints
- We now cater to 108 Lac+ customers with a total strength of 46k+ 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

### New Credit Card Launches:

**NOMO credit card** - Empowering new-to-credit & individuals with limited bureau history by providing FD based Secured Credit Card & expanding reach in Tier 2 & 3 cities

**SPONT Credit Card** - A RuPay Card designed to capture small ticket transactions leveraging existing UPI/ QR infrastructure with unique value proposition to reward customers on UPI transactions

**Aditya Birla Finance Ltd Co-brand launch** - Partnership to drive acquisition on Aditya Birla Finance customer base & strengthen our co-brand distribution & Branch cognizance

**Commenting on the performance, Mr. Sanjay Agarwal, MD & CEO, AU Small Finance Bank said, "India's economy continued to show robust growth in the first quarter of the current fiscal year. This was driven by strong private consumption and government spending, particularly in infrastructure. Overall, the Indian economy displayed resilience and outperformed many of its peers.**

*Amidst this macro backdrop, AU SFB delivered another quarter of consistent performance across parameters with sustainable growth in our assets, disbursement yields and profitability. Our team's dedication and our customer-centric approach have contributed to our positive performance this quarter. I am excited that the board has given approval for making our application to the RBI, for transitioning to a universal bank, opening new avenues for our growth and expansion.*



*Going forward, we will continue to focus on sustainable growth, aiming to improve our balance sheet and making progress on our articulated strategy for AU@2027”.*

### **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 2,414 banking touchpoints across 21 States & 4 Union Territories serving 1.08 Cr customers with an employee base of 46,000+ employees. As on 30<sup>th</sup> June’24, Bank has a Shareholders Funds of ₹15,516 Cr, Deposit base of ₹97,290 Cr, Total Loan Portfolio of ₹99,792 Cr and a Balance sheet size of ~₹1.26 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.

**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/aubank)

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