

**Ref. No.: AUSFB/SEC/2022-23/371****Date: 19<sup>th</sup> October, 2022**

To,

<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra. <b>NSE Symbol: AUBANK</b>	<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001, Maharashtra. <b>Scrip Code: 540611</b>
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Dear Sir/Madam,

**Sub: Unaudited Financial Results of the Bank for Quarter & Half Year ended on 30<sup>th</sup> September, 2022 - Disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**

This has reference to our letter dated 04<sup>th</sup> October, 2022 intimating about the Board Meeting to be held on 19<sup>th</sup> October, 2022.

Pursuant to Regulation 33 and 52(4) of Listing Regulations, we submit herewith a copy of Unaudited Financial Results for the Quarter and Half Year ended on 30<sup>th</sup> September, 2022, approved by the Board of Directors at its Meeting held on 19<sup>th</sup> October, 2022, along with copy of Limited Review Report issued by the joint statutory auditors of the Bank.

A copy of the Press Release of the Bank on the Unaudited Financial Results for the Quarter and Half Year ended on 30<sup>th</sup> September, 2022 is also enclosed.

The Financial Results and Press Release may also be accessed on the Website of the Bank at the link <https://www.aubank.in/investors/quarterly-reports>.


The meeting of Board of Directors commenced at 01:45 P.M. and concluded at 3:30 P.M.

This is for your information and records.

Thanking You,

Yours faithfully,

**For AU SMALL FINANCE BANK LIMITED**

  
**Manmohan Parnami**  
**Company Secretary and Compliance Officer**  
**Membership No.: F9999**  
**[investorrelations@aubank.in](mailto:investorrelations@aubank.in)**

**Encl: As above****Registered Office****AU SMALL FINANCE BANK LIMITED**

19-A Dhuleshwar Garden, Ajmer Road,

Jaipur - 302001, Rajasthan, India

**Phone: +91 141 4110060/61, Fax: +91 141 4110090****CIN: L36911RJ1996PLCO11381**

Formerly known as Au Financiers (India) Limited

**451765**

# AU Small Finance Bank Limited

(CIN: L36911RJ1996PLC011381)

Registered Office:- 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur 302001, Rajasthan (INDIA)

Tel : +91-141-4110060, Fax No : +91- 141-4110090 Website : www.aubank.in

## Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2022

S. No.	Particulars	(₹ in lakh)					
		Quarter ended 30.09.2022	Quarter ended 30.06.2022	Quarter ended 30.09.2021	Half year ended 30.09.2022	Half year ended 30.09.2021	Year ended 31.03.2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Interest Earned (a)+(b)+(c)+(d)	199,228.76	182,019.72	140,475.22	381,248.48	275,824.62	592,173.07
	a) Interest / discount on advances / bills	164,886.20	149,808.62	114,277.11	314,694.82	227,817.81	488,155.23
	b) Income on Investments	29,585.12	25,455.51	18,373.53	55,040.63	35,621.65	78,053.20
	c) Interest on balances with Reserve Bank of India and other inter bank funds	1,033.48	2,717.29	2,429.37	3,750.77	3,896.68	8,708.12
	d) Others	3,723.96	4,038.30	5,395.21	7,762.26	8,488.48	17,256.52
2	Other income (refer note 7)	24,735.87	15,915.26	19,192.41	40,651.13	40,667.67	99,369.42
3	<b>Total Income (1)+(2)</b>	<b>223,964.63</b>	<b>197,934.98</b>	<b>159,667.63</b>	<b>421,899.61</b>	<b>316,492.29</b>	<b>691,542.49</b>
4	Interest Expended	90,894.34	84,419.60	65,162.37	175,313.94	128,110.42	268,760.58
5	Operating Expenses (i)+(ii)	83,192.24	74,108.41	55,258.34	157,300.65	100,953.65	241,277.43
	i) Employees cost	45,129.93	39,401.96	32,675.92	84,531.89	60,937.68	137,892.17
	ii) Other operating expenses	38,062.31	34,706.45	22,582.42	72,768.76	40,015.97	103,385.26
6	<b>Total Expenditure (4)+(5)</b>	<b>174,086.58</b>	<b>158,528.01</b>	<b>120,420.71</b>	<b>332,614.59</b>	<b>229,064.07</b>	<b>510,038.01</b>
	(excluding Provisions & Contingencies)						
7	<b>Operating Profit before Provisions and Contingencies (3)-(6)</b>	<b>49,878.05</b>	<b>39,406.97</b>	<b>39,246.92</b>	<b>89,285.02</b>	<b>87,428.22</b>	<b>181,504.48</b>
8	Provisions (other than tax) and Contingencies	4,295.51	3,836.94	462.71	8,132.45	21,178.30	36,097.43
9	Exceptional Items	-	-	-	-	-	-
10	<b>Profit from Ordinary Activities before tax (7)-(8)-(9)</b>	<b>45,582.54</b>	<b>35,570.03</b>	<b>38,784.21</b>	<b>81,152.57</b>	<b>66,249.92</b>	<b>145,407.05</b>
11	Tax Expense	11,322.67	8,783.40	10,932.84	20,106.07	18,078.76	32,423.62
12	<b>Net Profit from Ordinary Activities after tax (10)-(11)</b>	<b>34,259.87</b>	<b>26,786.63</b>	<b>27,851.37</b>	<b>61,046.50</b>	<b>48,171.16</b>	<b>112,983.42</b>
13	Extraordinary items (net of tax expense)	-	-	-	-	-	-
14	<b>Net Profit (12)-(13)</b>	<b>34,259.87</b>	<b>26,786.63</b>	<b>27,851.37</b>	<b>61,046.50</b>	<b>48,171.16</b>	<b>112,983.42</b>
15	Paid up equity share capital (Face Value of ₹ 10/- each)	66,566.67	63,018.65	31,311.04	66,566.67	31,311.04	31,490.00
16	Reserves excluding revaluation reserves	-	-	-	-	-	719,911.40
17	<b>Analytical Ratios and other disclosures:</b>						
	(i) Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
	(ii) Capital Adequacy Ratio - Basel II (refer note 13)	23.36%	19.36%	21.95%	23.36%	21.95%	20.99%
	(iii) Earnings per share (before and after extraordinary items, net of tax expenses)* (refer note 6)						
	Basic EPS (₹)	5.27	4.25	4.45	9.54	7.70	18.03
	Diluted EPS (₹)	5.24	4.22	4.40	9.47	7.61	17.85
	(iv) NPA Ratios						
	(a) Gross NPAs	99,670.26	96,961.87	115,144.78	99,670.26	115,144.78	92,437.82
	(b) Net NPAs	28,822.37	27,483.30	59,147.73	28,822.37	59,147.73	23,084.55
	(c) % of Gross NPAs to Gross Advances	1.90%	1.96%	3.16%	1.90%	3.16%	1.98%
	(d) % of Net NPAs to Net Advances	0.56%	0.56%	1.65%	0.56%	1.65%	0.50%
	(v) Return on assets (average)*	0.46%	0.38%	0.53%	0.83%	0.92%	1.87%
	(vi) Net worth	1,011,417.87	778,884.89	678,080.68	1,011,417.87	678,080.68	751,401.40
	(vii) Outstanding redeemable preference shares	-	-	-	-	-	-
	(viii) Capital redemption reserve / Debenture redemption reserve	-	-	-	-	-	-
	(ix) Debt-equity ratio	0.35	0.41	0.34	0.35	0.34	0.47
	(x) Total debts to total assets	8.60%	8.61%	9.33%	8.60%	9.33%	8.67%

\* Figures for the quarter / half year ended are not annualized.

Net worth represents sum of Capital and Reserves & Surplus.

Debt represents borrowings with residual maturity of more than one year. Total debt represents total borrowings of the Bank.




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Segment information in accordance with the Accounting Standard on Segment Reporting (AS-17) of the operating segment of the Bank is as under :

S. No.	Particulars	Quarter ended 30.09.2022	Quarter ended 30.06.2022	Quarter ended 30.09.2021	Half year ended 30.09.2022	Half year ended 30.09.2021	Year ended 31.03.2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	<b>Segment revenue</b>						
a)	Treasury	31,054.18	23,090.79	21,770.78	54,144.97	53,692.88	101,596.28
b)	Retail banking	174,254.14	160,699.20	128,692.87	334,953.34	244,775.69	545,428.95
c)	Wholesale banking	17,120.53	12,966.48	8,270.03	30,087.01	16,498.58	39,671.61
d)	Other banking operations	1,535.78	1,178.51	933.95	2,714.29	1,525.14	4,845.65
e)	Unallocated	-	-	-	-	-	-
	Less: Inter-segment revenue	-	-	-	-	-	-
	<b>Income from operations</b>	<b>223,964.63</b>	<b>197,934.98</b>	<b>159,667.63</b>	<b>421,899.61</b>	<b>316,492.29</b>	<b>691,542.49</b>
2	<b>Segment results</b>						
a)	Treasury	1,996.84	(2,402.42)	519.93	(405.58)	14,169.34	16,787.89
b)	Retail banking	36,287.27	33,370.99	34,839.64	69,658.26	46,642.56	112,756.16
c)	Wholesale banking	6,260.35	3,875.45	2,849.51	10,135.80	4,989.33	12,571.75
d)	Other banking operations	1,038.08	726.01	575.13	1,764.09	448.69	3,291.25
e)	Unallocated	-	-	-	-	-	-
	<b>Total Profit before Tax</b>	<b>45,582.54</b>	<b>35,570.03</b>	<b>38,784.21</b>	<b>81,152.57</b>	<b>66,249.92</b>	<b>145,407.05</b>
3	<b>Segment assets</b>						
a)	Treasury	2,120,519.75	1,751,655.09	1,497,401.82	2,120,519.75	1,497,401.82	1,963,178.97
b)	Retail banking	4,779,280.98	4,559,147.08	3,349,329.75	4,779,280.98	3,349,329.75	4,175,240.60
c)	Wholesale banking	620,475.41	547,713.31	322,285.55	620,475.41	322,285.55	550,866.42
d)	Other banking operations	509.58	622.41	256.97	509.58	256.97	1,026.01
e)	Unallocated	267,007.84	244,914.74	154,315.06	267,007.84	154,315.06	217,468.04
	<b>Total assets</b>	<b>7,787,793.56</b>	<b>7,104,052.63</b>	<b>5,323,589.15</b>	<b>7,787,793.56</b>	<b>5,323,589.15</b>	<b>6,907,780.04</b>
4	<b>Segment liabilities</b>						
a)	Treasury	265,341.39	309,047.28	262,399.87	265,341.39	262,399.87	338,458.91
b)	Retail banking	3,556,250.73	3,264,327.99	2,364,715.43	3,556,250.73	2,364,715.43	2,960,289.47
c)	Wholesale banking	2,944,146.27	2,744,863.91	2,006,614.68	2,944,146.27	2,006,614.68	2,853,752.77
d)	Other banking operations	3,339.15	311.33	21.75	3,339.15	21.75	395.89
e)	Unallocated liabilities	7,298.15	6,617.23	11,756.75	7,298.15	11,756.75	3,481.61
	Capital and Other Reserves	1,011,417.87	778,884.89	678,080.67	1,011,417.87	678,080.67	751,401.39
	<b>Total liabilities</b>	<b>7,787,793.56</b>	<b>7,104,052.63</b>	<b>5,323,589.15</b>	<b>7,787,793.56</b>	<b>5,323,589.15</b>	<b>6,907,780.04</b>

Business Segments have been identified and reported taking into account the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and guidelines prescribed by the RBI and in compliance with the Accounting Standard 17 – "Segment Reporting". The RBI vide its circular dated April 7, 2022 on establishment of Digital Banking Units (DBUs), has prescribed reporting of Digital Banking Segment as a sub-segment of Retail Banking Segment. Indian Banks' Association (IBA) has formed DBU Working Group which include representatives of banks and RBI. The reporting of Digital Banking as a separate sub-segment of Retail Banking Segment will be implemented by the Bank based on the decision of the DBU Working Group.

### Notes:

1 Statement of Assets and Liabilities is given below:

Particulars	As at 30.09.2022	As at 30.09.2021	As at 31.03.2022
	Unaudited	Unaudited	Audited
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	66,566.67	31,311.04	31,490.00
Employees stock options outstanding	3,825.90	7,601.09	4,133.16
Reserves & Surplus	941,025.30	639,168.54	715,778.24
Deposits	5,833,544.70	3,903,401.29	5,258,462.06
Borrowings	669,510.37	496,775.11	599,077.86
Other Liabilities and Provisions	273,320.62	245,332.08	298,838.72
<b>Total</b>	<b>7,787,793.56</b>	<b>5,323,589.15</b>	<b>6,907,780.04</b>
<b>ASSETS</b>			
Cash and Balances with RBI	372,008.20	402,496.26	575,340.72
Balances with banks and Money at Call and Short Notice	22,845.90	16,653.40	17,510.78
Investments	2,022,020.80	1,167,906.39	1,530,650.43
Advances	5,174,309.46	3,584,508.18	4,609,525.64
Fixed Assets	68,143.31	50,769.72	62,257.13
Other Assets	128,465.89	101,255.20	112,495.34
<b>Total</b>	<b>7,787,793.56</b>	<b>5,323,589.15</b>	<b>6,907,780.04</b>



*(Signature)*



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### 2 Statement of Cash Flow is given below:

Particulars	(₹ in lakh)		
	Half year ended 30.09.2022	Half year ended 30.09.2021	Year ended 31.03.2022
	Unaudited	Unaudited	Audited
<b>Cash Flow From Operating Activities</b>			
Profit after tax	61,046.50	48,171.16	112,983.42
Add: Provision for tax	20,106.07	18,078.76	32,423.62
<b>Profit Before Taxes</b>	<b>81,152.57</b>	<b>66,249.92</b>	<b>145,407.05</b>
<b>Adjustments for :-</b>			
Employee Stock Options Expense	960.30	920.48	1,848.34
Depreciation on Bank's Property	8,506.63	6,128.81	14,016.66
Amortization of Premium on HTM (Held to maturity) Investments	4,554.69	3,529.39	7,663.11
Provision for Employee Benefits	(3,343.35)	1,934.04	912.81
Provision for Non Performing Assets, Standard Assets and Other Provisions	11,119.89	11,928.22	36,050.11
Loss on sale of Fixed Assets	16.65	57.00	63.66
<b>Operating profit before working capital changes</b>	<b>102,967.38</b>	<b>90,747.86</b>	<b>205,961.75</b>
<b>Movement in working capital</b>			
Decrease / (Increase) in Investments (other than HTM Investments)	(258,812.30)	129,544.00	(9,536.18)
Decrease / (Increase) in Advances	(566,278.86)	(104,871.35)	(1,143,251.07)
Decrease / (Increase) in Other Assets	(16,086.90)	(6,358.64)	(18,009.89)
(Decrease) / Increase in Deposits	575,082.64	305,469.87	1,660,530.64
(Decrease) / Increase in Other Liabilities and Provisions	(30,598.63)	(25,916.49)	27,688.58
<b>Cash Flow from Operating Activities</b>	<b>(193,726.67)</b>	<b>388,615.25</b>	<b>723,383.83</b>
Direct Taxes Paid (Net of refunds)	(18,188.70)	(17,778.05)	(38,485.64)
<b>Net Cash Flow from/ (used in) Operating Activities (A)</b>	<b>(211,915.37)</b>	<b>370,837.20</b>	<b>684,898.19</b>
<b>Cash Flow used in Investing Activities</b>			
Purchase of Fixed Assets	(14,487.54)	(8,784.77)	(28,248.92)
Proceeds from Sale of Fixed Assets	78.06	66.09	148.32
Investments in HTM securities (Net)	(240,114.74)	(216,375.40)	(447,235.97)
<b>Net cash flow used in Investing Activities (B)</b>	<b>(254,524.22)</b>	<b>(225,094.08)</b>	<b>(475,336.57)</b>
<b>Cash Flow used in Financing Activities</b>			
Proceeds from /(Repayment of) borrowings (Net)	70,432.51	(206,194.46)	(103,891.71)
Money received on exercise of Stock Options / Issue of Shares (refer note 12)	203,482.40	1,467.45	9,048.04
Share Issue Expenses	(2,321.79)	-	-
Dividend paid	(3,150.93)	-	-
<b>Net cash flow from/ (used in) in Financing Activities (C)</b>	<b>268,442.19</b>	<b>(204,727.01)</b>	<b>(94,843.67)</b>
<b>Net Increase / (Decrease) in Cash And Cash Equivalents (A + B + C)</b>	<b>(197,997.40)</b>	<b>(58,983.89)</b>	<b>114,717.95</b>
Cash And Cash Equivalents as at April 1st	592,851.50	478,133.55	478,133.55
<b>Cash And Cash Equivalents as at the period end</b>	<b>394,854.10</b>	<b>419,149.66</b>	<b>592,851.50</b>



*[Handwritten Signature]*



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- 3 The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors of AU Small Finance Bank Limited (the "Bank") at their meetings held on October 19, 2022, in accordance with the requirement of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The results have been subjected to a limited review by the statutory auditors (Deloitte Haskins & Sells, Chartered Accountants and G.M. Kapadia & Co., Chartered Accountants) of the Bank. An unqualified review report has been issued by them thereon.
- 4 These financial results of the Bank have been prepared in accordance with the Banking Regulations Act, 1949, generally accepted accounting principles in India, including Accounting Standards as prescribed under Section 133 of the Companies Act 2013 read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") as applicable to the banks, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, as amended and the guidelines issued by the Reserve Bank of India (RBI).
- 5 The Bank has applied its significant accounting policies in the preparation of these financial results consistent with those followed in the annual financial statements for the year ended March 31, 2022. Any circular / direction issued by RBI is implemented prospectively when it becomes applicable.
- 6 The Bank has allotted 31,50,93,233 fully paid up equity shares of face value ₹ 10/- each, in ratio of one equity share for every equity share held, during the quarter ended June 30, 2022, pursuant to a bonus issue approved by the shareholders vide Postal Ballot on May 29, 2022, by capitalisation of share premium. Consequently, the earnings per share have been adjusted for previous periods / year presented in accordance with Accounting Standard 20 - Earnings per share.
- 7 Other income includes processing fee, profit / loss on sale of investments (including provision for depreciation), recovery from loans written off, income from dealing in PSLC, etc.
- 8 The Bank continues to monitor the developments / impact including those arising from COVID-19 pandemic. As at September 30, 2022, the Bank carries a floating provision of ₹ 4,100 lakh and additional contingency provision of ₹ 17,002 lakh which includes the additional provision for the accounts restructured under RBI COVID Resolution framework. The Bank holds an aggregate provision of ₹ 87,849 lakh against advances (Other than standard assets provision of ₹ 26,941 lakh).
- 9 Details of resolution plan implemented under the Resolution Framework for covid-19 related stress as per RBI circular dated August 6, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at September 30, 2022 are given below :

(₹ in lakh)					
Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year i.e Mar 31, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half-year#	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year*	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year^
Personal Loans	14,602.66	2,392.43	323.92	2,884.93	9,325.30
Corporate persons	-	-	-	-	-
of which MSMEs	-	-	-	-	-
Others	39,230.91	5,175.96	595.39	4,574.28	29,480.67
<b>Total</b>	<b>53,833.57</b>	<b>7,568.39</b>	<b>919.31</b>	<b>7,459.21</b>	<b>38,805.97</b>

\*Amount paid by the borrower during the half year is net of additions in the borrower amount including additions due to interest capitalisation and includes cases which have been upgraded from Restructuring as on September 30, 2022.

#Represents debt that slipped into NPA and has been subsequently written off during the half year ended September 30, 2022

^Excludes cases which have been upgraded from Restructuring as on September 30, 2022.

- 10 Details of loans transferred / acquired during the quarter ended September 30, 2022 as per RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

- (i) During the quarter ended September 30, 2022, the bank has not acquired / transferred any "loans not in default" through assignment of loans.
- (ii) During the quarter ended September 30, 2022, the bank has not acquired / transferred any stressed loans Non-performing asset and Special Mention Accounts (SMA).





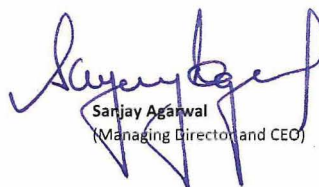
## AU Small Finance Bank Limited

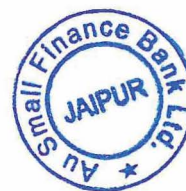
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- 11 The Capital adequacy ratio ("CAR") has been computed as per operating guidelines for Small Finance Banks in accordance with RBI Circular No. RBI/2016-17/81 DBR.NBD.No.26/16.13.218/2016-17 dated October 6, 2016.  
The Bank has followed Basel II standardized approach for credit risk in accordance with the operating guidelines issued by the Reserve Bank of India for Small Finance Banks. Further, the RBI vide its circular No. DBR.NBD.No.4502/16.13.218/2017-18 dated November 8, 2017 has provided an exemption to all Small Finance Banks whereby no separate capital charge is prescribed for market risk and operational risk.
- 12 During the quarter and half year ended September 30, 2022, the Bank allotted 9,97,436 and 11,90,638 equity shares respectively pursuant to the exercise of options under the approved employee stock option schemes.  
During the quarter ended September 30, 2022, the Bank has issued 3,44,82,758 equity shares of a face value ₹ 10 each at a price of ₹ 580 per equity share including a premium of ₹ 570 per equity share aggregating to ₹ 2,00,000 lakh pursuant to Qualified Institutional Placement (QIP). The expenses incurred on the issue of these equity shares have been debited to Share Premium in accordance with the provisions of Section 52(2) of the Companies Act 2013.  
During the quarter ended September 30, 2022, the Bank raised Tier II Capital of ₹ 50,000 lakh .
- 13 Previous periods / year figures have been regrouped where necessary to conform to current period presentation.

For and on behalf of the Board of Directors  
AU Small Finance Bank Limited

  
Sanjay Agarwal  
(Managing Director and CEO)



Place : Jaipur  
Date: October 19, 2022



**Deloitte Haskins & Sells**

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**INDEPENDENT AUDITORS' REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS****TO THE BOARD OF DIRECTORS OF  
AU SMALL FINANCE BANK LIMITED**

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **AU SMALL FINANCE BANK LIMITED** (the "Bank") for the quarter and half year ended September 30, 2022 (the "Statement"), being submitted by the Bank pursuant to the requirement of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Bank's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 for "Interim Financial Reporting" ("AS 25"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, in so far as they apply to banks, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time (the "RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of the Bank's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standard, the RBI Guidelines and other accounting principles generally accepted in India, in so far as they apply to banks, has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 read with Regulation 63(2) of the



**Deloitte Haskins & Sells**

**G.M. Kapadia & Co.**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration No. 117365W)



**G. K. Subramaniam**

Partner  
Membership No. 109839  
UDIN: 22109839BAGDMJ2443  
Place: Jaipur  
Date: October 19, 2022

For **G.M. Kapadia & Co.**

Chartered Accountants  
(Firm Registration No. 104767W)



**Atul Shah**

Partner  
Membership No. 039569  
UDIN: 22039569BAFTFS5189  
Place: Jaipur  
Date: October 19, 2022



## AU Small Finance Bank Limited

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Ajmer Road, Jaipur, Rajasthan, 302001

Corporate Office - 5th Floor, E-Wing, Kanakia Zillion  
LBS road, Kurla West, Mumbai, Maharashtra, 400070

Website - [www.aubank.in](http://www.aubank.in)

For Immediate Release

**AU Bank delivers a strong all-round performance in Q2'FY23 amidst challenging macro environment with tighter liquidity and high inflation - PAT grows by 28% QoQ to ₹ 343 Cr, CASA ratio improves to 42%, Gross NPA improves to 1.90% and Net NPA stable at 0.56%; Bank raises capital of ₹ 2,500 Cr to take CRAR at 23.4%**

- **Bank raised capital** of ₹ 2,500 Cr during Q2'FY23 with Tier I equity capital of ₹ 2,000 Cr and Tier II capital of ₹ 500 Cr; both the issuances saw overwhelming demand from investors
- **Profitability** – Net profit for Q2'FY23 up 28% QoQ to ₹ 343 Cr; RoA for Q2'FY23 was at 1.8% and RoE at 15.3%
- **Deposits** was up 7% QoQ to ₹ 58,335 Cr – a growth of 11% since March'22;
- **CASA ratio** improved to 42% vs 37% as on March'22 and CASA + Retail TD mix improved to 73% compared to 67% as on March'22
- **Gross Advance** was up 6% QoQ to ₹ 52,452 Cr – a growth of 12% since March'22; The Bank securitised asset portfolio worth ₹ 715 Cr during Q2'FY23
- **Collection efficiency** for the quarter was at 108%
- **Asset quality** improved further as Gross NPA declined slightly to 1.90% QoQ; net NPA at 0.56%; Standard restructured advances declined to 1.7% from 2.1% sequentially
- **Provisioning Coverage Ratio (PCR)** continues to remain stable at 71% (74% including technical write-off); Additional provisioning in the form of **Contingency provision** of ₹129 Cr and **Restructured provision** of ₹ 148 Cr
- **Bank has hiked the FD rates by up to 60 basis points on 10<sup>th</sup> Oct'22** for retail deposits from 6.9% to 7.5% w.e.f. 10<sup>th</sup> October'22 for retail customers and 7.4% to 8% for senior citizens
- Bank has added **ICICI Lombard General Insurance** as Bancassurance partner to further strengthen Bank's third-party product offering to its customers

**Mumbai/Jaipur 19<sup>th</sup> October 2022:** 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, 2022.

### Executive Summary

Q2FY'23 saw a challenging macro environment where the outlook remained uncertain with risks arising from geo-politics, persistent inflation and hardening of interest rates globally. Domestically as well, liquidity tightened significantly, and inflationary pressures continued leading to hardening of interest rates. However, the domestic demand held up well and the overall credit environment in the Indian banking sector was resilient during the quarter.

Amidst this backdrop, AU Bank delivered a strong quarter where the Bank continued to make progress on all key parameters be it CASA deposit mobilization, credit growth, acquisition and engagement in digital products, increase in profitability and margins or collection efficiencies and asset quality. The Bank delivered a strong all-round performance and saw sustained growth in each of these metrics.

Deposits grew 7% QoQ to ₹ 58,335 Cr from ₹ 54,631 Cr, with further improvement in CASA ratio to 42% and CASA + Retail Term deposit mix to 73%. Fund-based disbursements were up 2% QoQ at ₹ 8,605 Cr as compared to ₹ 8,445 Cr Q1'FY23 and the Bank witnessed a growth of 6% QoQ in its Gross Advances to ₹ 52,452 Cr in Q2'FY23 as against ₹ 49,349 Cr in Q1'FY23. This was coupled with consistent collection efficiency of 108% for the quarter, resulting in sustained improvement in asset quality ratios. Bank maintains a strong position in Digital services with properties like AU 0101, Video Banking, Credit cards, UPI QR, etc. all of which continue to see strong momentum.

## 1. Financial Highlights

### Business

- Bank's total balance sheet grow by 10% QoQ and 13% YTD to ₹ 77,878 Cr
- Deposits grew by 7% QoQ and 11% YTD to ₹ 58,335 Cr
- CASA at 42% as against 39% as on 30-Jun'22 and 37% as on 31-Mar'22
- Gross Advances grew by 6% QoQ and 12% YTD to ₹ 52,452 Cr; CD ratio at 89%
- 90% of loan book is retail in nature and 93% remains Secured
- Averaged Cost of Funds decreased 17 bps points in H1'FY23 over FY22

### Profitability

- Total income for the quarter stood at ₹ 2,240 Cr, up 13% QoQ;
- NII at ₹1,083 Cr, up 11% QoQ
- Net profit stood at ₹ 343 Cr for Q2'FY23, up 28% QoQ
- Average Cost of funds increased by 10 bps QoQ
- Incremental spread on advances remained stable at 7.0% as the increase in disbursement yields offset the increase in incremental borrowing cost
- Net Interest Margin (NIM) for the quarter was at 6.2% compared to 5.9% in Q1'FY23
- For Q2'FY23, RoA stood at 1.8% and RoE at 15.3% 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 1.90% vs 1.96% as on 30-Jun'22
- Net NPA was stable at 0.56% of net advances
- Provision coverage ratio at 71% against 72% as on 30-Jun'22; Including technical write-offs, the PCR was at 74%
- Collection efficiency averaged 108% for Q2'FY23

- Apart from provision of ₹ 667 Cr against GNPA pool, Bank has, additionally, maintained following provision buffer
  - Provision against restructured book at ₹ 148 Cr (17% of restructured book)
  - Contingency provision of ₹ 129 (0.2% of advances)
  - Floating provision of ₹ 41 Cr (0.1% of advances)
  - Standard provisions of ₹ 162 Cr (0.3% of advances)

### H1'FY23 highlights

#### Profitability

- Total income for H1'FY23 stood at ₹ 4,219 Cr up 33% YoY
- NII at ₹2,059 Cr, up 39% YoY
- Net profit stood at ₹ 610 Cr for H1'FY23, up 27% YoY
- RoA stood at 1.7% and RoE at 13.9% for H1'FY23; RoE impacted due to capital raise in Aug'22
- Net Interest Margin (NIM) for H1'FY23 at 6.0%
- CRAR was 23.4% and Tier I at 21.3% as on 30<sup>th</sup> Sep'22; including interim profits, CRAR was at 24.7% and Tier 1 at 22.6% as on 30<sup>th</sup> Sep'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
- Till date the Bank has issued 3.1 lac+ credit cards and installed 8.1 Lac+ QR codes
- For the total credit cards outstanding in more than 150+ districts of the country, 37% of the customers are first time credit card users
- 2 Lac+ Savings Account opened digitally via Video Banking since launch last year and total relationship value of these accounts now at ₹ 850+ Cr

#### **Other key updates**

- Bank fortified its balance sheet, ahead of any possible macro headwinds, by raising capital of ₹ 2,500 Cr (Tier 1 of ₹ 2,000 Cr and Tier 2 of ₹ 500 Cr) in Aug'22 amidst difficult market condition and received an overwhelming response to the issues; **Net worth of the Bank has now surpassed ₹ 10,000 Cr, a growth of 5x in ~5 years**
- The Bank has expanded its presence to 27 new touchpoints and its physical network is now spread across 980 touchpoints as on September 30, 2022 across 20 states and 2 UTs
- India Ratings has upgraded the long-term rating of the Bank to 'IND AA/Stable' and now all 3 rating agencies, CRISIL Ratings, CARE Ratings and India Ratings have rated the Bank as "AA/Stable"
- The Bank has also initiated tie-up ICICI Lombard general insurance as Bancassurance partner with a view to expand the Bank's third-party product offering to our customers

### 3. Awards and Recognitions

- AU Bank received “India’s Best Small Finance Bank 2020-21” by Financial Express
- AU Bank won ‘Numero Uno Exemplary Award’ by PFRDA
- AU Bank was awarded “The Economic Times Employee Excellence Award 2022”
- AU Bank was recognized by the Asian banking and Finance Retail banking Award 2022 for:
  - Financial Inclusion Initiative of the year
  - Digital Consumer Banking initiative of the year
- Bank was the first runner up and received “Front benchers Award 2022” for Badlaav Humse Hai – an integrated marketing communications campaign

*Commenting on the performance, Mr. Sanjay Agarwal, MD & CEO, AU Small Finance Bank said, ““The operating environment in Q2’FY23 saw uncertainty over inflation, liquidity and rates intensify significantly which continues to be the case. While the domestic outlook is encouraging, the possibility of a lagged impact of these factors on demand and activity levels can’t be ignored and we are watchful. Within this context, the Bank delivered a strong operating performance for Q2FY’22 and made progress on all key parameters - retail deposit mobilization, credit growth across all lending verticals, and sustained acquisition and engagement in digital products. Collection efficiencies remained strong resulting in robust asset quality performance. Further, the balance sheet was fortified by raising capital of ₹ 2,500 Cr in the form of ₹ 2,000 Cr of equity capital and ₹ 500 Cr in Tier 2 capital which makes us even more resilient amid this uncertainty, and well prepared to capture growth opportunities.*

*The opportunity for India in this decade is immense and our banking foundation has been well stitched in the first 5 years as a Bank. We have laid the framework for a sustainable banking franchise, and the endeavour over the medium term is to deepen and consolidate this foundation to build a highly sustainable Bank which can capture these opportunities for decades to come.”*

#### **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 27+ years legacy of being a retail-focused and customer-centric institution, AU started its banking operations in April 2017 and as on 30th Sept 2022, it has established operations across 980 banking touchpoints while serving 33.3 Lakh customers in 20 States & 2 Union Territories with an employee base of 28,677 employees. With a balance sheet size of ₹ 77,878 Cr, the Bank has a net worth of ₹ 10,114 Cr, a deposit base of ₹ 58,335 Cr and Gross Advance of ₹ 52,452 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 a high external credit rating from all major rating agencies like CRISIL, CARE Ratings and India Ratings.