AU Small Finance Bank Limited
Head Office - CP3-232, Industrial Area, Apparel Park, Jagatpura, Jaipur, Rajasthan, 302022
Corporate Office - 5th Floor, E-Wing, Kanakia Zillion, LBS road, Kurla West, Mumbai, Maharashtra, 400070
Website – www.au.bank.in

For Immediate Release

AU Small Finance Bank Announces Q2'FY27 & H1'FY27 Financial Results

Strong all-round performance: Profit up 53%, Deposits grow 29%, Loans grow 25%

Q2'FY27: Core PPoP grew 31% YoY to ₹1,480 cr and PAT grew 53% YoY to ₹858 cr
RoA stood at 1.7% and RoE at 16.1%
H1'FY27: Core PPoP grew 36% YoY to ₹2,906 cr and PAT grew 45% YoY to ₹1,654 cr
RoA stood at 1.7% and RoE at 15.8%

Key financial highlights for Q2'FY27

- Net Interest Margin increased by 33 bps YoY to 5.8% in Q2'FY27 from 5.5% in Q2'FY26
- Cost of Funds (CoF) declined by 43 bps YoY to 6.41% in Q2'FY27 from 6.83% in Q2'FY26
- Net Interest Income (NII) grew by 32% YoY to ₹2,820 cr compared to ₹2,144 cr in Q2'FY26
- Core other income grew by 16% YoY to ₹736 cr compared to ₹634 cr in Q2'FY26 driven by fees from credit card and transaction banking
- Credit cost (Including guarantee premium) declined by 45 bps YoY from 1.2% to 0.8%
- PAT grew 53% YoY to ₹858 cr, with annualised RoA of 1.7% and RoE of 16.1%
- Deposit book stands at ₹1,70,460 cr registering YoY growth of 28.6% which was nearly 1.6x of the system growth
- CASA deposits stand at ₹50,289 cr, up 29% YoY and 11% QoQ; CASA ratio at 29.5%
- Gross loan portfolio (GLP) stands at ₹1,53,769 cr, registering a YoY growth of 25.1% which was nearly 1.3x of the system growth; Gross advances at ₹1,50,291 cr, up 27.9% YoY
- GNPA ratio improved by 42 bps YoY to 1.99%; NNPA ratio improved by 7 bps to 0.81%; PCR at 83% including technical write-off
- Strengthened leadership team further with the appointment of Mr. Anil Agarwal as Senior Executive Group Head – Commercial & Institutional Banking. He will lead Commercial and Institutional Banking, encompassing lending, transaction banking and funding solutions across key institutional and commercial segments
- Mr. Amol Padhye formally assumed role of Chief Risk Officer, and will help to further strengthen enterprise-wide risk governance, regulatory readiness and risk management frameworks
- During the quarter, bank added net 183 touchpoints including 45 new liability branches and 100+ asset centres across the country
- Bank now has total 128 lac+ customers; serves them through a total 3,103 touchpoints across 21 states and 4 UTs with total strength of ~61K employees
- ICRA Ratings upgraded Bank's long-term credit rating outlook to Positive from Stable, while re-affirming our long-term rating at AA

Jaipur/Mumbai | 24th Oct 2026: 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, 2026.

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Executive Summary

Q2'FY27 unfolded against a dynamic geopolitical and macroeconomic backdrop, supported by resilient domestic demand, improving consumption and sustained economic activity. The operating environment continued to evolve, shaped by changing monetary and liquidity conditions, even as competitive intensity across lending and deposits remained elevated.

Consumer sentiment remained constructive, supported by onset of festive season, while business activity stayed healthy across key markets. Regulatory focus remained centred on governance, customer protection, responsible lending and operational resilience. Meanwhile, accelerating digital adoption and advancements in technology and AI continued to reshape customer engagement and operating model, opening new avenues for efficiency, innovation and sustainable growth.

In this environment, AU Small Finance Bank delivered a strong performance while remaining focused on deepening customer relationships, strengthening its deposit and liability franchise, building technology-led capabilities and leveraging AI. The Bank maintained a disciplined approach to growth, profitability and asset quality while delivering consistent performance across key business parameters, as highlighted below:

Performance at a glance (Q2'FY27):

Profitability

- NII grew by 32% YoY to ₹2,820 cr from ₹2,144 cr in Q2'FY26
- NIM, calculated on daily avg. of interest earning assets incl. off book, improved by 33 bps to 5.8% (vs. 5.5% in Q2'FY26) led by
  - Cost of funds improvement of 43 bps YoY to 6.41% (vs. 6.83% in Q2'FY26)
  - 27 bps YoY decline in gross Advance yields due to change in mix
- Core other income grew by 16% YoY to ₹736 cr compared to ₹634 cr in Q2'FY26 driven by business growth, higher issuances in credit cards and fee from transaction banking
- Total Opex at ₹2,077 cr grew by 26% YoY from ₹1,647 cr in Q2'FY26 tracking business growth
- Cost to assets (excluding guarantee premium) declined by 10 bps to 3.9% in Q2'FY27 from 4.0% in Q2'FY26
- The Bank's core pre-provisioning operating profit (PPoP) for Q2'FY27 grew by 31% YoY to ₹1,480 crore compared to ₹1,131 crore in Q2'FY26
- Net Provisions for the quarter declined by 25% YoY to ₹359 cr from ₹481 cr in Q2'FY26
- Annualised credit cost (including guarantee premium) improved by 45 bps to 0.8% in Q2'FY27 from 1.2% in Q2'FY26
- PAT at ₹858 cr was up 53% YoY compared to ₹561 cr in Q2'FY26
- Return on Asset (ROA) and Return on Equity (ROE) for Q2'FY27 stood at 1.7% and 16.1% respectively compared to 1.4% and 12.4% in Q2'FY26

Balance Sheet

- Total deposits grew 28.6% YoY and 8.1% QoQ to ₹1,70,460 cr, from ₹1,32,509 cr in Q2'FY26 and ₹1,57,727 cr in Q1'FY27
  - CASA deposits grew 29.1% YoY and 10.8% QoQ to ₹50,289 Cr, from ₹38,963 cr in Q2'FY26 and ₹45,399 cr in Q1'FY27
  - Current account deposits have grown by 55% YoY to ₹11,693 cr from ₹7,562 cr in Q2'FY26 whereas Savings deposits have grown by 23% YoY to ₹38,595 cr from ₹31,401 cr in Q2'FY26
  - Stable deposits (CASA + Retail TD + Non-callable Bulk TD) form 79% of total deposits
- Gross loan portfolio stood at ₹1,53,769 cr, registering a YoY growth of 25.1% from ₹1,22,877 cr and QoQ growth of 6.6% from ₹1,44,250 cr in Jun'26
  - Gross advances stood at ₹1,50,291 cr, up 27.9% YoY from ₹1,17,525 cr and 7.0% QoQ from ₹1,40,461 cr
  - Secured loan portfolio (Retail + Commercial) grew by 25.9% YoY in Q2'FY27

- Unsecured businesses (MFI, Credit Card and PL) grew by 22.9% YoY

- CD ratio after adjusting for loans against which refinance was availed from domestic Development Finance Institutions (DFIs), stands at 80% (vs. 81% in Q2'FY26)
- Average LCR for the quarter was at 116% compared to 119% in Q1'FY27 and Q2'FY26

Asset Quality

- GNPA ratio declined to 1.99% vs 2.41% in Q2'FY26 and Net NPA improved to 0.81% compared to 0.88% in Q2'FY26
- Annualised credit cost (including guarantee premium) as a percentage of average assets was at 0.8% in Q2'FY27 vs 1.2% in Q2'FY26
  - Collection efficiency in non-overdue MFI loans was 99.6% in Q2'FY27 (vs. 99.5% in Q1'FY27)

H1'FY27 highlights

Profitability

- Net Interest Income (NII) grew 32% YoY to ₹5,516 cr in H1'FY27 compared to ₹4,189 cr during H1'FY26; Net Interest Margin (NIM) for H1'FY27 stood at 5.8% compared to 5.4% in H1'FY26
- The Bank's Core Pre-Provisioning Operating Profit (PPoP) for H1'FY27 grew 36% YoY to ₹2,906 cr compared to ₹2,143 cr in H1'FY26
- PAT grew by 45% YoY to ₹1,654 cr compared to ₹1,142 cr during H1'FY26
- Return on Asset (ROA) and Return on Equity (ROE) stood at 1.7% and 15.8% for H1'FY27 compared to 1.4% and 12.9% for H1'FY26 respectively

AI/Tech update

- **Digital Adoption**: 46+ lac registered users on AU 0101 with 19.4 lac MAUs (Monthly Active Users)
  - >95% of transactions done digitally

- **Employee Tech**: 25K+ sales management app users
  - 60%+ straight-through customer onboarding
  - ~5% of the Q2 disbursements via cross-sell lead platform

- **AI-Native Bank:** Gold Loan Agentic LOS live across 40 branches with more than 2.5 k loans disbursed; application to be rolled out to 100 branches in a phased manner

- **Data & AI Impact:**
  - ₹500+ cr of unsecured loans disbursed in Q2 through scorecard led model
  - >50% AML alerts are auto resolved by the system
  - 19+ voice bots deployed with ₹500cr+ loans disbursed YTD at 50% lower opex

Distribution

- Present in 21 states and 4 UTs with 3,103 physical touchpoints - increased presence by adding a net of 183 touchpoints, including 45 new liability branches, 100+ asset centres and 39 BO/BC and unbanked centres during the quarter
- Bank caters to 128 Lac+ customers with a total strength of ~61 k employees

Credit Rating

- ICRA upgraded the long-term credit rating outlook to 'AA/Positive' from 'AA/Stable'
- Fixed deposit programme is rated AA+/Stable by CRISIL Ratings
- Long-term credit/subordinated debt/Tier II Bonds rated 'AA/Stable' by CRISIL and CARE
- Certificate of deposit programme rated 'A1+' by CRISIL, CARE and India Ratings

Key Milestones

- Bank received SEBI approval for providing UPI Sponsorship Services under the ASBA framework for IPOs and Public Issues
- Wheels vehicle-finance business crossed ₹50,000 Cr in GLP in August 2026 and now accounts for approximately one-third of the Bank's Gross Loan Portfolio
- AU's Inclusive banking vertical crossed 1,000 branches, serving over 20 lakh customers across 59,000+ villages, further strengthening the Bank's financial inclusion footprint
- AU SFB won the 'Overall Performance – Bank' award in the SFB category at ASSOCHAM's 21st Annual Summit & Awards on Banking & Financial Sector Lending Companies
- AU SFB was recognised among Asia's Best Workplaces™ 2026 by Great Place to Work®, ranking #54 in Asia in the Large Category
- AU SFB received the BFSI Guild Award for Excellence in Voice AI-Powered Customer Acquisition in Banking, **recognising its use of Voice AI in customer acquisition**

Leadership Update

- Mr. Anil Agarwal joined as Senior Executive Group Head – Commercial & Institutional Banking, bringing nearly three decades of experience across commercial and institutional banking, transaction banking and capital markets. He will lead Wholesale Liabilities, Transaction Banking, Financial Institutions & Capital Markets, Government Banking and Sustainability initiatives

- Mr. Amol Padhye formally assumed office as Chief Risk Officer this quarter, to strengthen enterprise-wide risk governance, regulatory readiness and risk management frameworks

CSR & Sustainability:

- AU launched its Sustainable Finance Framework, validated by Moody's through a Second Party Opinion with an SQS2 score, strengthening the Bank's sustainability and ESG positioning

- AU Foundation's Udyogini initiative was recognised by the Government of Rajasthan for its contribution to women's entrepreneurship, highlighting its efforts towards grassroots economic empowerment

Commenting on the performance, **Mr. Sanjay Agarwal, Founder, MD & CEO** of AU Small Finance Bank said, *"Even as the global environment navigates heightened geopolitical and macroeconomic uncertainties, India continues to stand out for its resilience and sustained domestic momentum. This reinforces my conviction in the strength of India's economic fundamentals and the immense opportunity that its long-term growth journey presents. Equally, I draw confidence from the strength we are building at AU. Strong institutions are built not merely for favourable conditions, but to navigate cycles while remaining firmly focused on the long term.*

This quarter's performance is a reflection of the institution we are steadily building, one that combines growth with profitability, and ambition with prudence. The balanced growth of our franchise, improving profitability and stable asset quality reinforce our confidence that the foundations for sustained, long-term performance are firmly in place.

As we scale, our priorities remain clear: protect our customers' interests, strengthen governance and continue investing in the capabilities that will shape our future. We remain watchful of the evolving environment, but the strength of our balance sheet and franchise gives us confidence to navigate uncertainties, sustain our momentum and continue building AU as a resilient, sustainable and trusted institution."

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Summary of Financials

Profit & Loss Statement

(All Figures in ₹ crore)	H1'FY27	H1'FY26	YoY	Q2'FY27	Q2'FY26	YoY	Q1'FY27	QoQ	FY26
Income									
Interest Earned	10,915	8,890	23%	5,612	4,511	24%	5,303	6%	18,636
Interest Expended	5,399	4,701	15%	2,792	2,367	18%	2,607	7%	9,524
Net Interest Income	**5,516**	**4,189**	**32%**	**2,820**	**2,144**	**32%**	**2,695**	**5%**	**9,113**
Other Income	1,459	1,523	-4%	770	713	8%	689	12%	2,978
Net Total Income	**6,975**	**5,712**	**22%**	**3,590**	**2,857**	**26%**	**3,385**	**6%**	**12,091**
Expenses									
Employee Cost	2,158	1,784	21%	1,094	919	19%	1,064	3%	3,828
Other Operating Expenses	1,868	1,406	33%	983	729	35%	885	11%	3,154
Operating Expenses	**4,026**	**3,190**	**26%**	**2,077**	**1,647**	**26%**	**1,949**	**7%**	**6,982**
Core PPoP	2,906	2,143	36%	1,480	1,131	31%	1,426	4%	4,720
PPoP	**2,949**	**2,522**	**17%**	**1,514**	**1,210**	**25%**	**1,435**	**5%**	**5,109**
Provisions	731	1,014	-28%	359	481	-25%	371	-3%	1,615
Profit Before Tax	**2,218**	**1,508**	**47%**	**1,154**	**729**	**58%**	**1,064**	**8%**	**3,494**
Tax expenses	565	366	54%	297	168	77%	268	11%	838
Profit After Tax before exceptional items	**1,654**	**1,142**	**45%**	**858**	**561**	**53%**	**796**	**8%**	**2,656**
Exceptional Items*	-	-	N.A	-	-	N.A	-	N.A	15
Profit After Tax	**1,654**	**1,142**	**45%**	**858**	**561**	**53%**	**796**	**8%**	**2,641**

*FY26 Exceptional Items includes ₹20 cr (pre-tax) provision arising from the implementation of the New Labour Code

Balance Sheet

(All Figures in ₹ Crore)	30th Sep'26	30th Sep'25	YoY	30th Jun'26	QoQ
Liabilities					
Shareholders Fund	21,810	18,316	19%	20,885	4%
Deposits	1,70,460	1,32,509	29%	1,57,727	8%
Borrowings	14,239	10,319	38%	13,419	6%
Other Liabilities and Provisions	5,295	4,397	20%	5,093	4%
Total Liabilities	**2,11,804**	**1,65,542**	**28%**	**1,97,125**	**7%**
Assets					
Cash and Bank Balances	10,865	7,305	49%	8,483	28%
Investments	47,530	38,382	24%	45,793	4%
Advances	1,48,508	1,15,705	28%	1,38,572	7%
Fixed Assets	1,543	1,322	17%	1,473	5%
Other Assets	3,358	2,828	19%	2,803	20%
Total Assets	**2,11,804**	**1,65,542**	**28%**	**1,97,125**	**7%**
Securitised Assets	**3,478**	**5,352**	**-35%**	**3,789**	**-8%**

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About AU Small Finance Bank

AU Small Finance Bank Limited (AU SFB) is a Scheduled Commercial Bank and has established itself as India's largest Small Finance Bank since commencing its banking operations in April 2017. Founded in 1996 by Mr. Sanjay Agarwal, a first-generation entrepreneur, AU is in its 10th year as a Bank, guided by a deep rooted "Dharma" of customer centric service.

Over three decades, AU has built a sustainable and inclusive financial institution that empowers underserved and under reached communities through a robust retail led banking model. The Bank has received an *in-principle* approval from the Reserve Bank of India (RBI) to transition into a Universal Bank. AU SFB's wide network of over 3,100 banking touchpoints across 21 States and 4 Union Territories enables service to more than 1.28 crore customers, powered by a workforce of ~61K employees.

As on 30th September 2026, the Bank had a deposit base of ₹1,70,460 cr, gross loan portfolio of ₹1,53,769 cr and a total assets size of ₹2,11,804 cr. AU SFB is listed on NSE and BSE. AU SFB's fixed deposits are rated AA+/Stable by CRISIL Ratings.

For more details, visit: www.au.bank.in | LinkedIn | Facebook | X | Instagram

For Media Inquiries, please contact:

AU Small Finance Bank Ankit Happy ankit.happy@aubank.in	**Adfactors PR** Suhanee Shah Email: suhanee.shah@adfactorspr.com