

For Immediate Release

AU Small Finance Bank Announces Q2'FY26/H1'FY26 Financial Results

**Deposits grow 21% YoY; Loans (excl. unsecured) grow 22% YoY
PPoP grows by 21% YoY to ₹2,522 Cr in H1'FY26
Profit grows by 6% YoY to ₹1,142 Cr for H1'FY26 and RoA at 1.4% and RoE
at 12.9% for H1'FY26**

- Bank received 'in-principle' approval from RBI for transition to Universal Bank on 7th August 2025 becoming the first institution in more than a decade to receive the approval
- Bank fortified governance and execution with addition of distinguished Board members and seasoned executive leaders
- Bank during the quarter added 121 touchpoints including 46 branches across the country, expanding its footprint

Key Financial highlights for Q2'FY25

- Net Interest Margin increased by 5bps QoQ to 5.5% in Q2'FY26 from 5.4% in Q1'FY26
- Cost of Funds (CoF) declined by 25 bps QoQ to 6.83% in Q2'FY26 from 7.08% in Q1'FY26
- Net Interest Income (NII) grew by 9% YoY to ₹2,144 Cr compared to ₹1,974 Cr in Q2'FY25
- Other income up 12% YoY driven by higher fee income and third-party product distribution
- Credit cost increased 29% YoY but declined 10% QoQ to ₹481 Cr
- PAT stands at ₹561 Cr for Q2'FY26, down 2% YoY with annualized RoA of 1.4% and RoE of 12.4%
- Deposit book stands at ₹1,32,509 Cr, registering YoY growth of ~21% which was nearly 2x of the system growth rate
- Gross loan portfolio (excl. unsecured businesses) grew by 22% YoY; Including unsecured, GLP stands at ₹1,22,877 Cr, registering a YoY growth of 17% which is ~1.7x of the system credit growth
- GNPA ratio at 2.41% and NNPA ratio at 0.88%; PCR at 84% including technical write-off
- Bank now has total 120 lac+ customers; serves them through a total 2,626 touchpoints across 21 states and 4 UTs with total strength of ~58K employees

Mumbai/ Jaipur | 17th Oct 2025: 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, 2025.

Executive Summary

The banking sector continues to navigate a complex macroeconomic environment marked by global headwinds from trade and tariff realignments. Domestically, the policy environment is becoming more constructive and accommodative with recent announcements on capital market lending reforms, proposed risk weight (RWA) reductions on MSME and housing and draft ECL implementation plan in a staggered manner. These announcements supplement the earlier announced cuts in policy Repo rates and CRR by RBI and Income tax and GST rate cuts by the Government.

On the operating environment, the transmission of earlier announced repo rate cuts is leading to compression in lending yields. Additionally, Q2 also saw postponement of certain consumer spendings post the announcement of GST rate cuts in mid-august.

Amidst this backdrop, AU Small Finance Bank (AU SFB) delivered a consistent performance across business parameters with key highlights being

- **Growth** in Deposits was 21% YoY whereas Loan assets (ex-unsecured) grew by 22% YoY
 - Adjusting for 23% de-growth in unsecured loans, overall loan growth was at 17% YoY
- **Margins** started expanding from Q2 with sequential Net Interest Margins (NIM) growing by 5bps QoQ to 5.5% vs. 5.4% in Q1'FY26.
 - NIM expansion was primarily led by a sharp reduction of 25 bps in cost of funds in Q2 vs. Q1
- **Slippages** were down by 12% QoQ. The decline in slippages was led by lower fresh NPA formation in credit cards, mortgages and commercial banking
 - Consequently, Credit cost or provisioning against stressed assets reduced by 10% QoQ to ₹481 Cr in Q2 vs ₹533 Cr in Q1
- **PAT** dropped sequentially by just 3% to ₹561 Cr vs. ₹581 Cr in Q1'FY26 despite a substantial drop of more than ₹221 Cr in treasury income during Q2 as compared to Q1
- Annualized Return on Asset (**ROA**) and Return on Equity (**ROE**) stood at 1.4% and 12.4% respectively

We expect the broader economic environment to improve in the second half of the year supported by revival in consumer demand led by GST cuts, above average monsoons supporting rural revival, and Government's continued thrust on capex.

Performance at a glance (Q2'FY26):

Profitability

- NII grew by 9% YoY to ₹2,144 Cr from ₹1,974 Cr in Q2'FY25
- NIM, calculated on daily avg. of interest earning assets incl off book, improved by ~5 bps to 5.5% (vs. 5.4% in Q1) led by
 - + Higher than expected improvement in CoF by 25 bps QoQ to 6.83% (vs. 7.08% in Q1'FY26)
 - + Reversal of negative impact from excess liquidity and MF investments in Q1
 - 19 bps decline in loan yields (majorly due to repo book repricing and change in asset mix)
- Other income stood at ₹713 Cr up 12% YoY from ₹638 Cr in Q2'FY25 aided by fee income from business growth and higher distribution fee from third party products.
- Total opex at ₹1,647 Cr grew 11% YoY from ₹1,481 Cr in Q2'FY25 led by higher business volumes and Investment in manpower as we expand distribution to pan-India with special focus on 6 big states of Andhra Pradesh, Karnataka, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal
- The Bank's pre-provisioning operating profit (PPoP) for Q2'FY26 grew by 7% YoY to ₹1,210 Crore compared to ₹1,132 Crore in Q2'FY25.
- Net Provisions for the quarter was at ₹481 Cr, up 29% YoY from ₹373 Cr in Q2'FY25 but down 10% QoQ from ₹533 Cr in Q1'FY26
- PAT at ₹561 Cr was down 2% YoY compared to ₹571 Cr in Q2'FY25
- The Return on Asset (ROA) and Return on Equity (ROE) for Q2'FY26 stood at 1.4% and 12.4% respectively

Balance Sheet

- Total Deposits stands at ₹1,32,509 Cr with 20.8% YoY growth over deposits of ₹1,09,693 Cr in Q2'FY25
- Current account deposits have grown by 26.4% YoY to ₹7,562 Cr from ₹5,981 Cr in Sep'24 whereas Savings deposits have grown by 6.3% YoY to ₹31,401 Cr from ₹29,540 Cr in Sep'24; CASA ratio at ~29.4%
- Stable deposits (CASA + Retail TD + Non-callable Bulk TD) form 79% of total deposits
- Bank reduced w.e.f. 3rd Oct peak SA rates by another 25 bps to 6.50% now vs 7.25% in March'25
 - for ₹10 lacs and lower balances, our max SA rates is now down to 3.5%
- Overall Gross loan portfolio stood at ₹1,22,877 Cr, registering a YoY growth of 17.0% from ₹1,05,031 Cr
 - Gross loan portfolio (GLP) excl unsecured businesses registered a growth of 22% YoY
 - Unsecured businesses (MFI, Credit Card and PL) de-grew by 23.3% YoY
- CD ratio after adjusting for loans against which refinance was availed from domestic Development Finance Institutions (DFIs), stands at 81% (vs. 79% in Q1'FY26)
- Average LCR for the quarter was at 119% compared to 123% in Q1'FY26 and 112% in Q2'FY25

Asset Quality

- GNPA declined marginally to 2.41% vs 2.47% in Q1'FY26 whereas Net NPA was stable at 0.88%
- Slippages reduced by 12% QoQ to ₹908 Cr from ₹1,027 Cr in Q1'FY26. This was led by lower slippages in cards, mortgages and commercial banking
- Credit cost / Avg assets at 0.30% in Q2'FY26 vs 0.28% in Q2'FY25 (non-annualized); 0.64% in H1'FY26 vs 0.50% in H1'FY25 (non-annualized)
 - CE in non-overdue MFI loans improved to 98.95% in Q2 (Vs. 98.33% in Q1)
 - SMA book for MFI declined to 2.9% in Q2 (Vs. 4.3% in Q1)

Distribution

- We are now present in 21 states and 4 UTs with 2,626 physical touchpoints
- We cater to 120 Lac+ customers with a total strength of ~58k employees
- Bank increased its presence by adding a net of 121 touchpoints, including 46 bank branches, during the quarter taking the total number of touchpoints to 2,626

Credit Rating

- AA+/ Stable for Fixed deposit program by CRISIL
- AA/ Stable for Tier 2 Bonds (long-term rating) by CRISIL, ICRA, India Ratings and CARE
- A1+ for certificate of deposit program (short-term rating) by CRISIL, India Ratings and CARE

H1'FY26 highlights

Profitability

- Net Interest Income (NII) grew 8% YoY to ₹4,189 Crore compared to ₹3,895 Crore during H1'FY25; Net Interest Margin (NIM) for H1'FY26 stood at 5.4%
- The Bank's pre-provisioning operating profit (PPoP) for H1'FY26 grew 21% YoY to ₹2,522 Crore compared to ₹2,084 Crore in H1'FY25.
- PAT grew 6% YoY to ₹1,142 Crore compared to ₹1,074 Crore during H1'FY25
- Return on Asset (ROA) and Return on Equity (ROE) stood at 1.4% and 12.9% respectively for H1'FY26

Other key updates

- Bank reinforced its leadership depth with the induction of two accomplished professionals, i.e. Mr. Nandkumar Saravade and Jagajit Mangal Prasad, to its Board of Directors and the appointment of senior executives into critical business and functional roles
- Bank has entered a strategic partnership with **Zaggle Prepaid Ocean Services** Limited, India's leading spend management company, to launch co-branded retail credit & prepaid cards
- Bank partnered with **SBI Life Insurance** as Bancassurance partner to make comprehensive insurance solutions accessible across India and to expand the Bank's third-party product offering to our customers
- Branch banking launched MSME focused branches in Jaipur (Vishwakarma Industrial Area) Mumbai (Kalbadevi & Chakala – Andheri), Bengaluru (Avenue Road), Delhi NCR (Karlo Bagh, Chandani Chowk and Gurgaon), Ahmedabad & Surat to support commercial banking MSME clients comprehensively
- Bank rolled out UPI for NRE/NRO Accounts with international mobile numbers

CSR initiatives

- During Q2, on the CSR front
 - Bank built classrooms in Kishanpura, Dudu, inaugurated by Shri. Prem Chand Bairwa, Hon'ble Deputy Chief Minister, Government of Rajasthan.
 - Supported the critical care unit at Christian Medical College Vellore and donated Ventilator to Ujjain Charitable Trust Hospital & Research Centre
 - Supported Indore and Bhubaneswar Traffic Police with fully equipped booths to facilitate better traffic management
 - Van Mahotsav Week Celebrated with Nationwide Tree Plantation Drive
- AU Ignite - Bank's skills training academy, till date has trained 31,000+ youths, of which 23,000+ were linked to employment across 15+ centers of Rajasthan.
- AU Bano Champion is live across 75+ locations with 6,000 children benefited across 7 sports
- 5,250+ rural women are engaged and 3,130+ are nurtured under Individual Women Entrepreneurship initiative under AU Udyogini
- Bank Conducted 1,100+ health camps across 12 states serving 70,749 beneficiaries Educated 1400+ students through AU study centers through AU Kartavya

Awards & recognition

- Bank received Silver Award in People Matters Infini-T Awards 2025 At Asia's Largest HR & Work Tech Expo – TechHR India 2025
- Bank was recognized by Great Place to Work as Top 50 India's Best Workplaces for Millennials 2025, Large Category
- At FinCrimeExpert Conclave & Awards 2025 bank was recognised as “BFSI Team Adopting Emerging Technologies”
- Bank at ICC Emerging Asia Banking Conclave - SFB category received
 - Best Bank
 - Best Performance on Growth
 - Best Performance on Profitability
 - Best Performance on Asset Quality
- Government of India, Ministry of Finance & Department of Financial Services awarded the bank – “Digital Payments Awards 2023-24”

Commenting on the performance, Mr. Sanjay Agarwal, MD & CEO, AU Small Finance Bank said, “Despite global uncertainties arising from trade, tariffs, and geopolitics, India’s economy continues to display resilience. The RBI’s accommodative policies—through liquidity support, CRR cuts, and a calibrated LCR framework—have sustained the momentum of our consumption-led growth. Proposed regulatory changes, such as risk-based DICGC premiums, Expected Credit Loss (ECL) norms, and lower RWA for MSME and housing sectors, along with government measures on tax rationalization, GST reduction, various credit guarantee schemes, and infrastructure led capex, are strengthening the foundations of a more competitive and future-ready economy.

At AU, we are well positioned to leverage these opportunities with our strong fundamentals, disciplined execution, and prudent risk management. The RBI’s in-principle approval for our transition to a universal bank reaffirms our purpose and governance standards. We remain deeply grateful to the Government of India and the RBI for fostering an enabling environment, and sincerely thank our customers, investors, Board members, employees and all stakeholders for their continued trust and support in our journey.”

Summary of Financials

Profit & Loss Statement

(All Figures in ₹ Crores)	H1'FY26	H1'FY25	YoY	Q2'FY26	Q2'FY25	YoY	Q1'FY26	QoQ
Income								
Interest Earned	8,890	7,680	16%	4,511	3,911	15%	4,378	3%
Interest Expended	4,701	3,785	24%	2,367	1,936	22%	2,334	1%
Net Interest Income	4,189	3,895	8%	2,144	1,974	9%	2,045	5%
Other Income	1,523	1,147	33%	713	638	12%	811	-12%
Net Total Income	5,712	5,042	13%	2,857	2,612	9%	2,855	0%
Expenses								
Employee Cost	1,784	1,576	13%	919	785	17%	866	6%
Other Operating Expenses	1,406	1,383	2%	729	695	5%	678	8%
Operating Expenses	3,190	2,959	8%	1,647	1,481	11%	1,543	7%
PPoP	2,522	2,084	21%	1,210	1,132	7%	1,312	-8%
Provisions	1,014	656	55%	481	373	29%	533	-10%
Profit Before Tax	1,508	1,428	6%	729	759	-4%	779	-6%
Tax expenses	366	354	3%	168	188	-10%	198	-15%
Profit After Tax	1,142	1,074	6%	561	571	-2%	581	-3%

Other Income

(All Figures in ₹ Crore)	H1'FY26	H1'FY25	YoY	Q2'FY26	Q2'FY25	YoY	Q1'FY26	QoQ
Loan Assets Processing & Other Fees	581	502	16%	319	272	17%	262	22%
General Banking, Cross Sell & Deposits related fees	380	314	21%	223	172	29%	157	42%
PSLC Fees	0	2	N.A	0	2	N.A	0	N.A
Credit Card	113	199	-43%	56	98	-43%	57	-1%
Miscellaneous	71	43	65%	36	25	42%	35	2%
Core Other Income	1,145	1,061	8%	634	570	11%	511	24%
Income from Treasury Operations	379	86	338%	79	68	16%	300	-74%
Total Other Income	1,523	1,147	33%	713	638	12%	811	-12%
Other Income as % of Net Interest Income	36%	29%	N.A	33%	32%	N.A	40%	N.A

Balance Sheet

(All Figures in ₹ Crores)	30 th Sep'25	30 th Sep'24	YoY	30 th Jun'25	QoQ
Liabilities					
Shareholders Fund	18,316	16,041	14%	17,800	3%
Deposits	1,32,509	1,09,693	21%	1,27,696	4%
Borrowings	10,319	8,777	18%	10,649	-3%
Other Liabilities and Provisions	4,397	4,318	2%	4,668	-6%
Total Liabilities	1,65,542	1,38,829	19%	1,60,813	3%
Assets					
Cash and Balances	7,305	8,506	-14%	8,510	-14%
Investments	38,382	31,861	20%	38,344	0%
Advances	1,15,705	94,838	22%	1,09,834	5%
Fixed Assets	1,322	920	44%	1,276	4%
Other Assets	2,828	2,704	5%	2,850	-1%
Total Assets	1,65,542	1,38,829	19%	1,60,813	3%
Securitised Assets	5,352	8,998	-41%	6,010	-11%

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 journey in April 2017. Founded in 1996 by Mr. Sanjay Agarwal, a first-generation entrepreneur, AU enters its 30th year of operations with a legacy of deep-rooted "Dharma" of customer centric service—having built, over three decades including more than eight years as a bank, a sustainable and inclusive financial institution that empowers underserved and under-reached communities through a robust retail banking model. AU has received an in-principle approval from the Reserve Bank of India (RBI) to transition to a Universal Bank.

With deep customer insight across India, AU provides comprehensive banking solutions across deposits, loans, credit cards, premium banking, remittance services, merchant solutions, insurance, and investments. As a tech-led bank, AU offers differentiated digital experiences through innovations like 24x7 video banking, WhatsApp Banking, Chatbots, UPI QRs, merchant lending, and its award-winning AU 0101 app.



AU SFB's wide network of over 2,626 banking touchpoints across 21 States and 4 Union Territories enables service to more than 1.2 crore customers, powered by a workforce of 57,800+ employees. As on 30th September'25, Bank has a Shareholders Funds of ₹18,316 Cr, Deposit base of ₹1,32,509 Cr, Total Loan Portfolio of ₹1,22,877 Cr and a Balance sheet size of ₹1.65 Lac Cr+.

AU SFB is listed on NSE and BSE and is rated 'AA/Stable' by CRISIL Ratings, ICRA Ltd., CARE Ratings, and India Ratings. Its Fixed Deposits carry a 'AA+/Stable' rating from CRISIL Ratings, reflecting its financial strength and investor trust.

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