Ref. No.: AUSFB/SEC/2026-27/184
Date: August 13, 2026

To,

National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra. **NSE Symbol: AUBANK**	**BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001, Maharashtra. **BSE Scrip Code: 540611, 974093, 974094, 974095, 974914, 974963, 975017, 975038 & 976580**

Dear Sir/Madam,

Sub: Notice of 31st Annual General Meeting and Integrated Annual Report for FY 2025-26 of AU Small Finance Bank Limited

Ref: Regulation 34 and 53 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

In continuation to our letter dated July 25, 2026 informing about 31st Annual General Meeting **("AGM")** of AU Small Finance Bank Limited ("**Bank**") to be held on Saturday, September 5, 2026 through video conferencing or other audio visual means, we submit herewith a copy of the Integrated Annual Report for FY 2025-26 including Notice convening the 31st AGM of the Bank and Business Responsibility and Sustainability Report.

The Annual Report may also be accessed on website of the Bank at following link: https://www.au.bank.in/investors/annual-reports.

The Notice of AGM and Integrated Annual Report for FY 2025-26 are being sent by e-mail to the members and debenture holders of the Bank who have registered their e-mail address with the Depositories/RTA. A letter providing the web-link, including the exact path, for accessing the Notice of AGM and Integrated Annual Report would be sent to those shareholders and debenture holders who have not registered their email address. A copy of the said letter is enclosed for your record.

This is for your information and appropriate dissemination.

Thanking You,

Yours faithfully,
For AU SMALL FINANCE BANK LIMITED

Manmohan Parnami
Digitally signed by Manmohan Parnami
Date: 2026.08.13 20:09:56 +05'30'

Manmohan Parnami
Company Secretary and Compliance Officer
Membership No.: F9999

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: L36911RJ1996PLC011381
investorrelations@aubank.in
www.au.bank.in

AU SMALL FINANCE BANK

Scaling with Intelligence. Governed by Trust.



Integrated Annual Report 2025-26

9 Years of Banking

Key Parameters	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
No. of States and UTs	11	12	12	17	20	24	24	25	25
No. of Touchpoints	474	558	647	744	919	1,027	1,074	2,456	2,790
No. of Employees	11,151	12,623	17,112	22,484	27,817	28,320	29,738	50,946	59,207
No. of Unique Customers (in Lakh)	7.5	12.3	17.2	20.2	27.5	38.6	49.4	113.4	122.4
Balance Sheet ₹ (in Crore)									
Total Assets	18,833	32,623	42,143	51,591	69,078	90,216	1,09,426	1,57,846	1,91,797
Deposits	7,923	19,422	26,164	35,979	52,585	69,365	87,182	1,24,269	1,52,661
Gross Advances	13,413	22,994	27,233	35,356	46,789	59,158	73,999	1,08,778	1,36,041
Net Advances	13,312	22,819	26,992	34,609	46,095	58,422	73,163	1,07,092	1,34,276
Investments	3,051	7,162	10,668	10,815	15,306	20,072	27,133	37,848	44,794
Shareholders' funds	2,281	3,163	4,377	6,275	7,514	10,977	12,560	17,166	19,974
Borrowings	7,639	8,613	10,335	7,030	5,991	6,299	5,479	11,660	13,872
Income Statement ₹ (in Crore)									
NII	940	1,343	1,909	2,365	3,234	4,425	5,157	8,012	9,113
Net Income (NII + Other income)*	1,328	1,805	2,615	3,786	4,228	5,460	6,854	10,538	12,091
Operating Expenses	753	1,083	1,418	1,658	2,413	3,440	4,465	5,957	7,002
PPOP*	575	722	1,197	2,128	1,815	2,019	2,389	4,581	5,089
Provisions (other than tax) and contingencies*	132	142	283	669	361	155	390	1,793	1,615
PBT	443	580	914	1,459	1,454	1,865	1,999	2,788	3,474
PAT (Reported)	292	382	675	1,171	1,130	1,428	1,535	2,106	2,641
PAT (Excluding Profit from stake sale in Aavas and other exceptional items)	292	382	596	600	1,130	1,428	1,592	2,106	2,656
Key Ratios									
Profitability									
NII as % of Average Assets#	6.6%	5.2%	5.1%	5.0%	5.4%	5.6%	5.2%	5.8%	5.4%
Cost of Funds	8.4%	7.9%	7.7%	6.8%	5.9%	6.0%	6.8%	7.1%	6.7%
CASA Mix (as % of Deposits)	27%	18%	14%	23%	37%	38%	33%	29%	28%
Operating Expenses (as % of Average Assets)#	5.3%	4.2%	3.8%	3.5%	4.0%	4.3%	4.5%	4.3%	4.2%
ROA#	2.0%	1.5%	1.8%	2.5%	1.9%	1.8%	1.5%	1.5%	1.6%
ROA (Excluding Profit from stake sale in Aavas and other exceptional items)#	2.0%	1.5%	1.6%	1.3%	1.9%	1.8%	1.6%	1.5%	1.6%
ROE	13.7%	14.0%	17.9%	23.4%	16.4%	15.4%	13.0%	13.1%	14.2%
ROE (Excluding Profit from stake sale in Aavas and other exceptional items)	13.7%	14.0%	15.8%	12.0%	16.4%	15.4%	13.5%	13.1%	14.3%
EPS (₹)	5	7	11	19	18	22	23	28	35
BVPS (₹)	40	54	72	100	119	165	188	231	267
Asset Quality									
Gross NPA (%)	2.0%	2.0%	1.7%	4.3%	2.0%	1.7%	1.7%	2.3%	2.0%
Net NPA (%)	1.3%	1.3%	0.8%	2.2%	0.5%	0.4%	0.5%	0.7%	0.7%
Provision coverage ratio (PCR) (%)	37%	37%	53%	50%	75%	75%	68%	68%	64%
Provision coverage ratio (with technical write-off)	37%	37%	53%	50%	77%	78%	76%	84%	85%
Capital Adequacy									
Average Asset/Average Shareholders' Funds^	6.7	9.5	9.9	8.8	8.8	8.6	8.5	8.6	9.0
CRAR - Total	19.3%	19.3%	22.0%	23.4%	21.0%	23.6%	20.1%	20.1%	18.7%
CRAR - Tier 1	18.4%	16.0%	18.4%	21.5%	19.7%	21.8%	18.8%	18.1%	16.9%

**Recovery of bad debts has been reclassified from 'Other Income' to 'Provisions and contingencies'. Accordingly, the figures for FY 2023-24 have been reclassified.*
^For FY 2024-25, average shareholders' funds is calculated on the basis of April 1, 2024 merged shareholders' funds.
#Average asset calculation from FY 2024-25 is on a monthly basis.

A Year of Milestones and Momentum

FY 2025-26 was a year of meaningful progress across our business, technology, customer, people and community agendas. The highlights that follow offer a snapshot of the milestones, innovations, partnerships, and impact initiatives that shaped our growth story and created value for stakeholders throughout the year.

THANK YOU

for your trust in our journey towards becoming a

Universal Bank*

*As per RBI notification dated August 7, 2025.

- AU Small Finance Bank received the Reserve Bank of India's in-principle approval to transition into a Universal Bank



- Leadership continuity reinforced with RBI approval for a further three-year term for Founder, MD & CEO, Mr. Sanjay Agarwal
- Strategic focus on succession planning and leadership development—new Executive Director and Deputy CEO appointed
- Rolled out first Agentic AI platform with embedded guardrails and controls; launched the Gold Loan LOS on this AI-native platform
- Merger with erstwhile Fincare SFB completed post unification of core banking systems
- Strengthened our presence in Mumbai with the acquisition of a new building for our corporate headquarters



» Launched 360-degree pan-India media campaign with our new brand ambassadors, Ranbir Kapoor and Rashmika Mandanna



» Partnered with ICAI to introduce a complete banking programme tailored to Chartered Accountants' banking needs

» AU SFB and the Institute of Company Secretaries of India signed an MoU for exclusive banking solutions for Company Secretaries

» An industry-first proposition launched with India's first co-branded LED Credit Card in partnership with CheQ



» 'M' circle, offering tailored banking solutions for women

» Strengthened Trade & Forex offerings with NRI outreach programmes and launch of zero-margin international remittances

Scaling with Intelligence. Governed by Trust.

Over the years, we have grown from a focused vehicle finance institution into India's largest Small Finance Bank, with a diversified banking franchise, a growing national presence, and customer relationships shaped by credibility, consistency, and service.

FY 2025-26 marks an important phase in our evolution. As we move towards becoming a Universal Bank, we are entering a new chapter with wider capabilities, a stronger presence across markets, and a more diversified banking platform. Through every stage of this journey, our approach has remained grounded in prudent risk management, thoughtful decision making, and the belief that sustainable progress is built on trust.

For us, intelligence extends beyond technology. It is reflected in thoughtful underwriting, disciplined capital allocation, data-led decision-making, and customer-centric innovation. Trust continues to guide how we lead and grow as an institution.

Our theme, 'Scaling with Intelligence. Governed by Trust', reflects the philosophy guiding our next phase of growth.

As India's financial landscape continues to evolve, we remain focused on building a future-ready Bank that stays connected to people, relationships, and long-term value creation. This Integrated Annual Report reflects how we are scaling with purpose, and creating long-term value through intelligent growth and trusted governance.



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About the Report



Overview and reporting philosophy

This is the sixth edition of AU Small Finance Bank (AU SFB)'s Integrated Annual Report, prepared in alignment with the International Integrated Reporting Framework issued by the International Financial Reporting Standards Foundation.

The report provides a holistic and balanced view of the Bank's ability to create, preserve, and sustain value over the short, medium, and long-term. It reflects how AU SFB uses its business model, strategy, governance practices, and capital allocation to deliver stakeholder outcomes while operating in a dynamic economic, regulatory, and social environment.

The reporting approach integrates financial and non-financial information into a cohesive narrative on strategy, performance, risks, opportunities, and outlook.

Reporting period and boundary

This Report covers the financial year April 1, 2025 to March 31, 2026. The non-financial information in the integrated report largely covers the operations of AU Small Finance Bank Limited.

The scope includes:

- All primary business segments, operating geographies, and key support functions of the Bank
- Financial performance in line with applicable accounting standards
- Non-financial disclosures covering operational, environmental, and social performance

Comparative information, where relevant, pertains to the previous reporting period (April 1, 2024 to March 31, 2025). The FY 2024-25 Integrated Report is available on the Bank's website.

Financial and Non-financial disclosures

The Report presents an integrated view of:

- Financial performance and position
- Strategic priorities and growth drivers
- Risk landscape and mitigation strategies
- Stakeholder relationships and outcomes

These disclosures reflect interdependencies across capitals and show how the Bank's activities translate into measurable outputs and long-term value creation.

Target audience

This Report is intended for providers of financial capital, including existing and prospective investors. It also serves regulators, customers, employees, partners, and the broader community.

Statutory and regulatory frameworks

The financial information presented in this report is in line with the requirements of:

- The Companies Act, 2013 and rules thereunder
- The Companies (Accounting Standards) Rules, 2021
- The Banking Regulation Act, 1949 and other relevant RBI regulations
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other SEBI Regulations

Voluntary frameworks and guidelines

- International Integrated Reporting (<IR>) Framework (IFRS Foundation)
- Global Reporting Initiative (GRI) Standards, 2021
- United Nations Sustainable Development Goals (UN SDGs)

There have been no restatements of previously reported information during the reporting year.

Governance, assurance and responsibility

The Bank's management affirms the integrity and completeness of this Integrated Report. The Report presents a fair, balanced, and transparent account of AU SFB's performance, risks, and value creation journey.

The preparation of this Report involves:

- Cross-functional data collection and validation processes
- Review by senior management
- Oversight and approval by the Board of Directors
- Independent Assurance Statement

This governance framework ensures that the disclosures are accurate, consistent, and aligned with the principles of transparency, reliability, and comparability as prescribed under the Integrated Reporting Framework.

Transparency and continuous improvement

AU SFB remains committed to strengthening reporting through enhanced disclosures, improved data systems, and alignment with evolving global standards. The Bank continues to refine its integrated reporting approach to provide deeper insight into strategy, performance, and long-term value creation.

Forward-looking statement

This Integrated Report may contain forward-looking statements on strategy, performance, and outlook based on current expectations and underlying premises. These are subject to various risks and uncertainties, including changes in economic conditions, regulations, and market dynamics, which may cause actual results to differ materially. The Bank undertakes no obligation to update these statements except as required by applicable laws and regulations.

Our capitals



Financial Capital



Human Capital



Manufactured Capital



Social and Relationship Capital



Intellectual Capital



Natural Capital

Our stakeholders



Customers



Employees



Investors and Shareholders



Regulators



Partners



Communities



Environment

Integrated Thinking at AU Small Finance Bank

Our Purpose

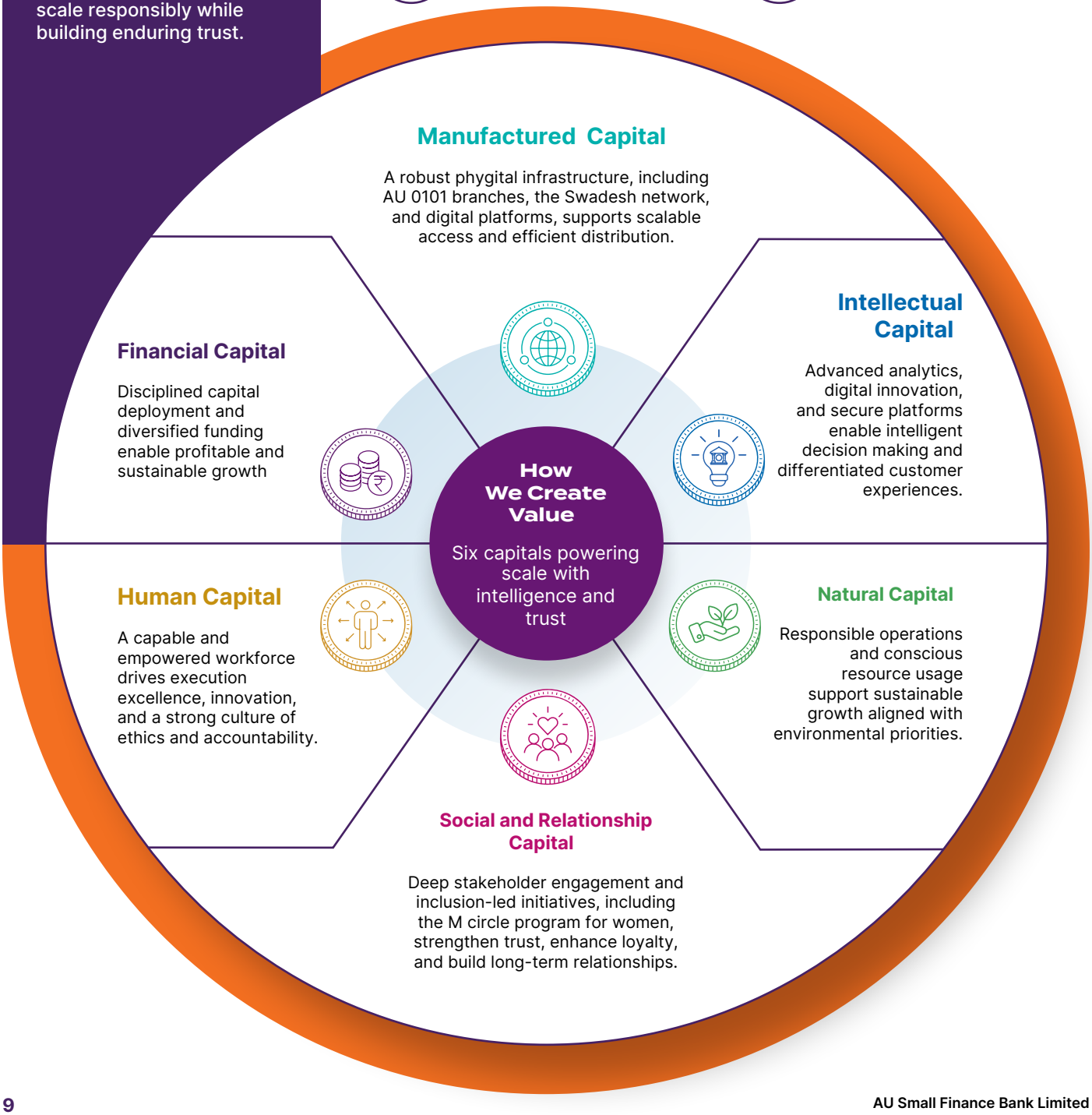
Empowering India Financially. Digitally. Socially.

At AU Small Finance Bank, integrated thinking brings together growth, governance, and sustainability into a unified approach, enabling the Bank to scale responsibly while building enduring trust.

Integrated Thinking in Action

We connect strategy, risk, customer engagement, and sustainability to ensure that every decision:

- Enables intelligent, data-led scaling
- Enhances customer-centric innovation and brand experience
- Strengthens governance, compliance, and risk discipline
- Delivers long-term, multi-capital value



What Shapes Our Value Creation

Stakeholder-centric approach

Customers, Employees, Investors and Shareholders, Regulators, Partners, Communities, and Environment. Their expectations guide how we scale responsibly and govern effectively.

Enabled by strategy

Scaling with intelligence

Scaling a granular and stable deposit franchise

Driving sustainable retail and MSME asset growth

Building a scalable digital and technology ecosystem

Developing an empowered and capable team

Governed by trust

Strengthening risk management and asset quality discipline

Embedding robust governance and compliance frameworks

Upholding transparency, ethics, and customer-first practices

Anchored in sustainability

Environmental responsibility

Climate awareness, resource efficiency, and sustainable operations

Social impact

Financial inclusion, diversity and inclusion, employee well-being, and community engagement

Governance excellence

Ethical practices, cybersecurity, data privacy, and regulatory compliance

Integrated outcomes

- Resilient financial performance with disciplined growth
- Expanded access to inclusive and personalised banking
- Digitally enabled and scalable operations
- Strong governance and stakeholder trust
- Sustainable long-term value creation

The big picture

Integrated thinking ensures that as AU Small Finance Bank grows, it does so intelligently through digital capabilities and disciplined execution, responsibly through strong governance, risk management, and sustainability.

This enables the Bank to deliver on its purpose of empowering India while scaling with intelligence and being governed with trust.

Performance Highlights

Balance sheet and network

₹1,91,797 Crore
Balance sheet size
↑ +22% Y-o-Y

₹1,52,661 Crore
Deposits
↑ +23% Y-o-Y

₹1,40,327 Crore
Gross loan portfolio
↑ +21% Y-o-Y

₹43,357 Crore
CASA deposits
↑ +20% Y-o-Y

₹19,974 Crore
Shareholders' funds

28%
CASA ratio

2,790
Branch network
(Touchpoints)



Profitability

₹2,641 Crore
Profit After Tax
↑ +25% Y-o-Y

5.65%
Net Interest Margin
↓ FY 2024-25: 5.94%

6.75%
Cost of Funds
↓ FY 2024-25: 7.07%

4.1%
Cost-to-assets ratio
(excluding CGFMU premium)
↓ FY 2024-25: 4.3%

1.6%
RoA
↑ FY 2024-25: 1.5%

14.2%
RoE
↑ FY 2024-25: 13.1%

Ratios

2.03%
Gross NPA ratio
↓ March 31, 2025: 2.28%

0.74%
Net NPA ratio
March 31, 2025: 0.74%

~85%
Provision coverage ratio
(Including technical write-off)

1.0%
Credit cost as a percentage of assets
↓ FY 2024-25: 1.3%

119%
LCR (average for Q4 FY 2025-26)

18.7%
Capital adequacy ratio
(Tier I: 16.9%)

Who We Are



AU Small Finance Bank celebrates 'The HeArt of India', India's rich artistry and living traditions - art work displayed at Mumbai-Corporate office and Jaipur office.

A Journey of Purpose

For millions of Indians, banking was not always accessible. Today, over 1.2 Crore customers are part of AU Small Finance Bank's journey, many of whom are taking their first step into the formal financial system with us. That transformation is at the heart of who we are.

Today, we stand as India's largest Small Finance Bank. But more than scale, what defines us is a belief we have held consistently over time. When we started in 1996, it was simple: every Indian, regardless of background or geography, deserves world-class banking delivered with a personal touch.

Over the past decade, this belief has guided our growth. We have built a financial institution that stays close to its customers through a strong, retail-led banking model that is both inclusive and resilient.

Purpose

Empowering India Financially.
Digitally. Socially.

Vision

To be the world's most trusted retail Bank and coveted employer that is admired as the epitome of financial inclusion and economic success, where ordinary people do extraordinary things to transform society at large, thereby guaranteeing trust, confidence, and customer delight.

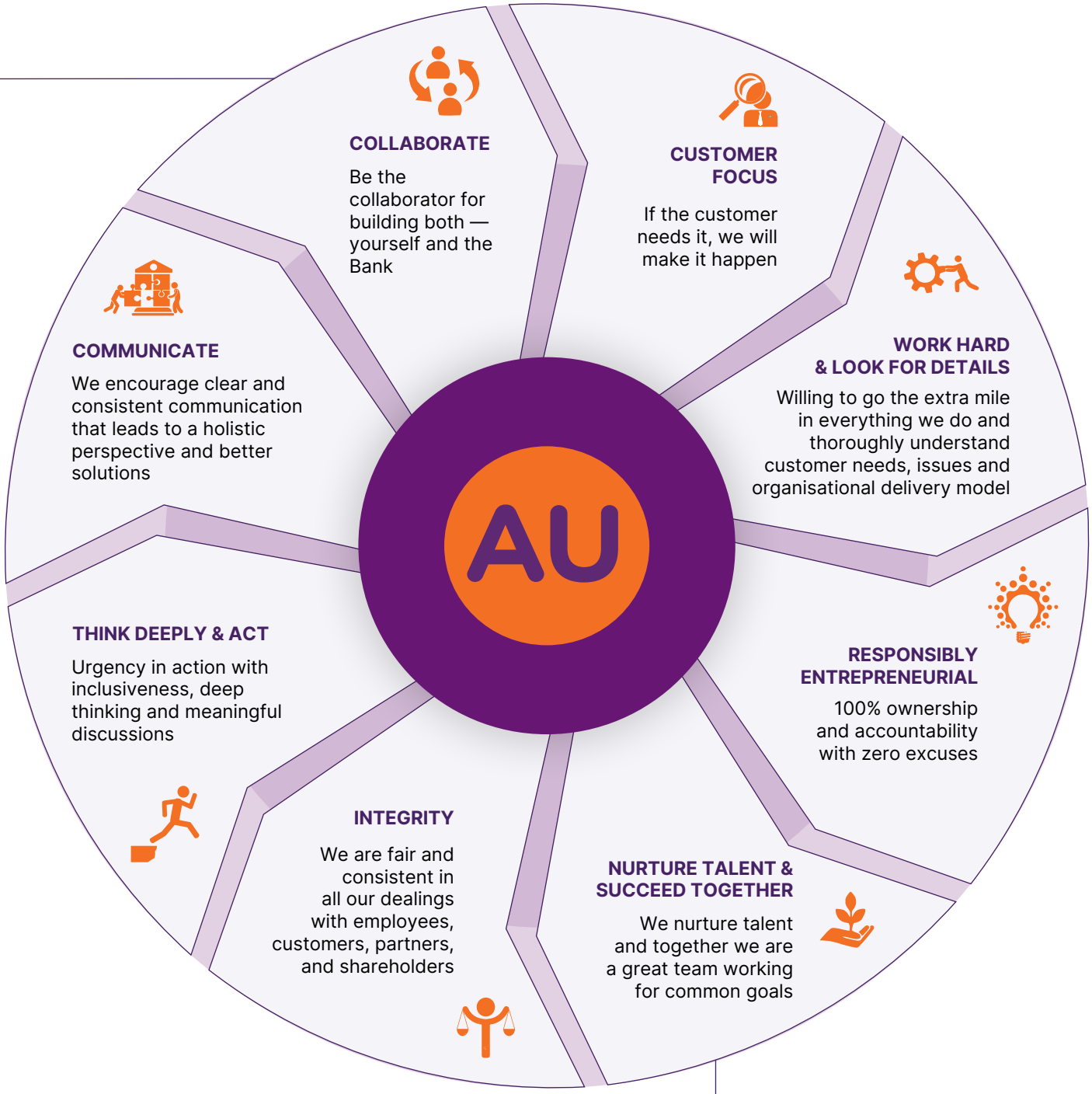
Mission

To build one of India's largest retail franchises that is admired for:

- Making every customer feel supreme while being served
- Aspiring that no Indian is deprived of banking
- Bias for action, dynamism, detail orientation, and product and process innovation
- Globally respected standards of integrity, governance, and ethics
- Being an equal opportunity employer, providing a collaborative and rewarding platform to all employees

AU Dharmas

AU Dharmas are the cultural cornerstone of who we are. Codified through eight guiding pillars, they are more than a statement of intent; they are a way of life that shapes everyday decisions, guiding employees to consistently do the right thing in the right way, while building a culture rooted in trust, ownership, and purpose, one we are proud to share with you.



Forever Banking Journey

Our story began with a purpose: to back the dreams of those left behind. Every mile on this road added speed and stability to our legacy.



1996
The Journey Began

We started in Jaipur as a young NBFC, hitting the road to fund first-time commercial vehicle buyers across India's heartland.



2008
A Shared Vision

Our institutional growth found its first major milestone when Motilal Oswal partnered us as our first domestic private equity investor.



2012
Fuelling the Scale

Global investment giant Warburg Pincus invested in us, providing the structural fuel needed to prepare us for the ultimate banking frontier.



2017
A New Era of Banking

We launched commercial banking operations and completed a successful IPO. Simultaneously, we established the AU Foundation to uplift our communities.



2022
Disrupting the Norm

Fuelled momentum with a ₹2,000 Crore capital raise via QIP.

Launched industry's first credit card initiative - LIT & Swipe Up.



2025
A Historic Milestone

We made history by receiving in-principle approval from the RBI for the Universal Bank transition.

2003
Learning the Ropes

Becoming a channel partner for HDFC Bank gave us an invaluable early exposure to the strict discipline of large-bank governance.



2010
Expanding Horizons

Global validation arrived with capital from the IFC, followed by the launch of our Housing Finance subsidiary to bring homeownership closer to families.



2015
The Banking Door Opened

Years of disciplined grit culminated in a defining milestone when the RBI granted us in-principle approval for a Small Finance Bank license.



2021
The Digital Leap

Launched Digital Bank, Video Banking and Credit Cards.

Equity Capital of ₹625 Crore was raised.



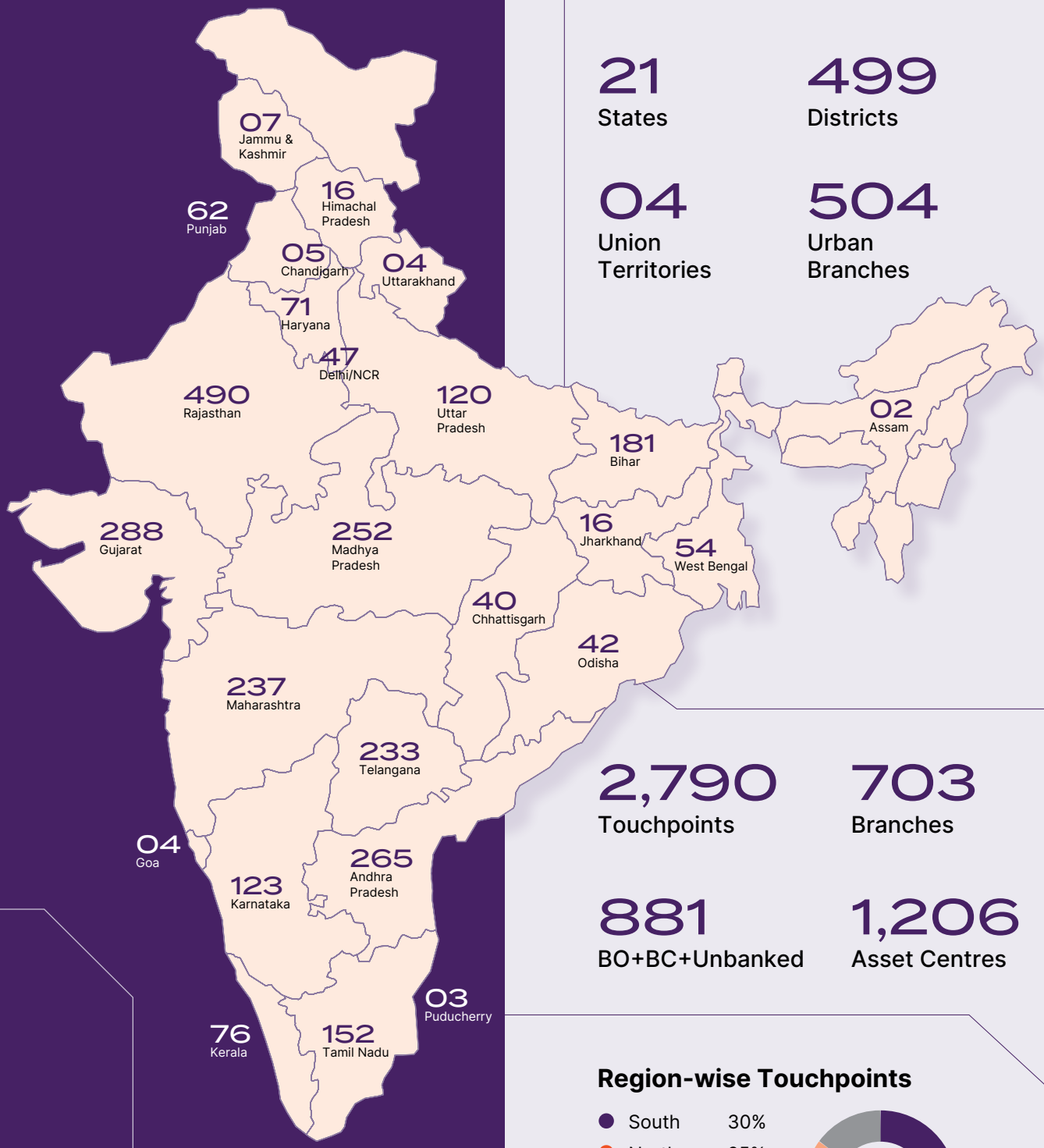
2023
Preparing for the Merger

Secured AD-I Forex license from the RBI.

Announced strategic merger of Fincare SFB in and with AU SFB.



Our Presence



21
States

499
Districts

04
Union Territories

504
Urban Branches

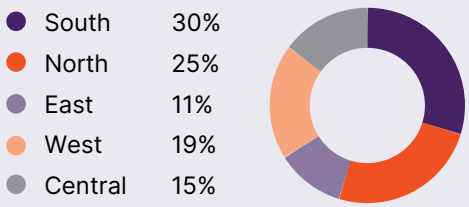
2,790
Touchpoints

703
Branches

881
BO+BC+Unbanked

1,206
Asset Centres

Region-wise Touchpoints



Safeguarding Your Trust, Every Day

As we continue to expand our reach and serve a diverse and growing customer base, trust remains the foundation of our franchise. We reinforce this trust by maintaining the highest standards of governance, operational discipline, and transparency, ensuring responsible and sustainable growth for all stakeholders. Our strong credit ratings are a reflection of our prudent risk management, robust capital position, and consistent financial performance. During FY 2025-26, CRISIL reaffirmed its ratings for the Bank, including AA+/Stable for Fixed Deposits and A1+ for Certificates of Deposits, underscoring our financial strength and stability.

Key Credit Ratings (as of April 2026)

Fixed Deposits	Tier II Bonds	Certificates of Deposits
Crisil a company of S&P Global	Crisil a company of S&P Global	Crisil a company of S&P Global
AA+/Stable	AA/Stable	A1+

Stable Outlook: The ratings indicate a very low risk of default, supported by a growing retail asset franchise and robust capitalisation.

Asset Quality: AU SFB has maintained controlled asset quality, with GNPA at 2.03% and NNPA at 0.74% as of March 31, 2026.

Growth: AU SFB continues to maintain strong momentum, with its gross loan portfolio growing 21% Y-o-Y in FY 2025-26.

For detailed reports, refer to the official rating rationales issued by the respective agencies.

Global ESG Leadership

Our dedication to responsible business practices continues to strengthen our sustainability performance. This is evidenced by the improvement in our Sustainalytics Risk Score to 16.6 (Low Risk), highlighting our disciplined approach to long-term value creation.

SUSTAINALYTICS	S&P Global	CSRHUB®
16.6 (low risk)	47 (Medium)	74%
SES Stakeholders Empowerment Services Analyze Educate Empower	ESG Risk Assessments & Insights	FTSE4Good
80.4 (High)	69 (Strong)	Included in Emerging Indices
NSE	climate risk horizons	
73 (Strong)	6	

Product Suite

Our Business: Built Around You

Behind these numbers lies a simple idea, 'How we serve our customers matter more than how we grow'. Our business is built around a clear focus, 'Support customers at every stage of their financial journey'. We do this through three interconnected segments that create a balanced, resilient, and scalable model.

Retail Banking

Focusing on customer acquisition and engagement

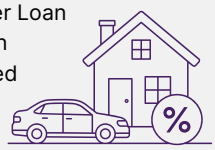
Accounts

- Savings Account
- NRI Banking
- Corporate Salary Account
- Premium Banking *(ivy, Eternity & Royale)*
- Sr. Citizen Account
- Women Banking *('M' circle)*
- Family Banking
- Minor Account
- Lockers



Loans

- Loan Against FD
- Loan Against Property
- Home Loan
- Car Loan *(New & Used)*
- Commercial Vehicle Loan
- Commercial Equipment Loan
- Gold Loan
- Personal Loan
- Two Wheeler Loan
- Tractor Loan
- Loan Secured by Vehicle



Cards & Payments

- Debit Cards
- Credit Cards
- ATM / Micro ATM
- UPI / Scan & Pay
- Fund Transfer *(IMPS, NEFT, RTGS)*
- Doorstep Banking
- International Payments *(LRS, Remittance)*
- Bill Pay
- Mobile Recharge
- FASTag
- Tax Payments



Deposits

- Fixed Deposit
- Recurring Deposit
- FCNR (B) Deposit
- Green Fixed Deposit



Wealth

- Mutual Funds
- 3-in-1 Trading and Demat account
- ASBA / IPO
- PMS / AIF / Bonds*

**selected products offered under referral arrangement*

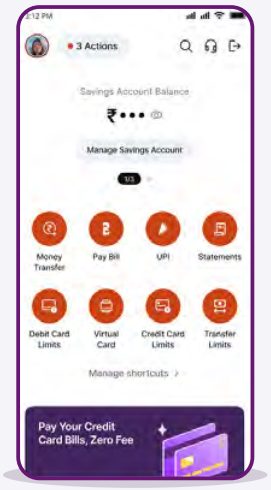


Insurance

- Life Insurance
- Health Insurance
- General Insurance



AU 0101 App



Payments & Spends

- UPI Payments *(send & receive money)*
- Money Transfer & Spending *(IMPS, NEFT, RTGS)*
- AU Remit: *Send money abroad*
- Bill payments and recharges
- Multiple Payments and Schedule Payments

Banking & Account Management

- Account Management *(Savings and Current)*
- FD / RD creation & management
- OD against FD
- Apply & Track service requests

Investments & Wealth Management

- Grow, track & protect wealth
- OneTrack *Track all finances in one place (Link external CASA, FD, MF, Stocks, EPF, Credit score)*
- Mutual fund investments
- Insurance
- NPS
- Stocks and IPO

Cards & Loans

- All borrowing and card-based products
- Credit Cards *(apply, manage, repay, convert to EMI, redeem rewards)*
- Debit Cards *(apply, block/unblock)*
- Apply for Loans *(Personal Loan, Home Loan, Car Loan, Gold Loan)*



Banking Solutions for Business

Supporting enterprise growth with integrated financial solutions

Non-individual accounts

- Current Account
- Premium Banking *(Eternity, Royale)*
- Special Offerings Chartered Accountants (CA), Company Secretary (CS), Doctors, Contractors, Agri Traders, Textile Industry Retailers, 'M' circle - Women
- Grouping of Business and Personal Accounts
- RERA/Escrow Account
- Collection Account
- Share Capital / Dividend Account
- EXIM Account
- Institution Current Account *(Trusts, Association, Society, Clubs & Non-Profit Motive Entities)*
- Government Banking Account
- Forex Account-EEFC *(USD, EUR, GBP, CAD, AED)*
- SNRR Account *(Special Non-Resident Rupee)*

Deposits

- Fixed Deposit
- Recurring Deposit
- FCNR (B) Deposit
- Green Fixed Deposit



Lending Solutions

- ODFD *(Overdraft Against Fixed Deposits)*
- Micro Business Loan
- Working Capital Loan - Cashflow based, GST based, CGTMSE backed
- Term Loan / Loan Against Property
- Supply Chain Finance
- Renewables Funding
- Real Estate Funding / Project Finance
- NBFC Funding
- Startup Funding
- Commercial Vehicle Loan
- Tractor Loan
- Loan Secured by Vehicle

Trade Finance

- Letter of Credit
- Bank Guarantees
- Buyer's Credit
- Export Credit
- Forex & Hedging Solutions



Payment & Collections

- NEFT / RTGS / IMPS / Fund Transfer
- UPI QR (Static, Dynamic) & Sound Box
- POS & Payment Gateway*
- Doorstep Cash / Cheque / Documents Pickup
- Bill & Tax Payments
- Debit Card
- Commercial Credit Card
- Connected Banking ERP Solution
- Bulk Payments
- Virtual Account - Collections
- Cheque Printing
- Fee Management Solutions
- Tally Plugin
- API / H2H Banking
- EMI/ Bill Collection - via BBPS
- Corporate Net Banking
- Digi Trade (Digital Trade platform)
- NACH / eNACH



**selected products offered under referral arrangement*

AU 0101 Business App

Payments

- Money Transfer & spending *(IMPS, RTGS, NEFT)*
- Bill Pay *(BBPS Billers)*
- Transaction Limits and Controls
- Direct Tax & GST Payments
- Multiple Payments & Schedule Payments

Collections

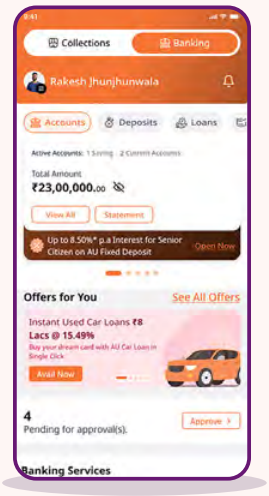
- Instant QR generation through AU 0101 Business App
- QR Collections / Settlement Dashboard and reports download
- Generate and share Dynamic QR
- Text and Voice Notifications for collection transactions
- One-click apply for Soundbox, QR Standee and Additional VPAs

Role-based access

- Sub Merchant creation for QR collection view
- Add & Manage Staff - *Role based Access*

Banking

- Single Login for Business and Banking services
- Accounts, Deposits, Overdraft
- Debit Card Management
- Account Services & Cheque Services
- Loan Management
- Apply and Track Services
- Insurance and Investment
- Business Insurance
- Cheque pickup



Board of Directors

Standing (left to right): **Mr. Phani Shankar, Mr. Vivek Tripathi and Mr. Sanjay Agarwal**
Seated (left to right): **Mr. N. S. Venkatesh, Mr. Kamlesh Vikamsey and Mr. H. R. Khan**

Standing (left to right): **Mr. Satyajit Dwivedi, Mr. J. M. Prasad and Mr. Uttam Tibrewal**
Seated (left to right): **Ms. Malini Thadani and Mr. Nandkumar Saravade**

Welcoming New Board Members



Mr. N. S. Venkatesh
Independent Director

Mr. N. S. Venkatesh is a Chartered Accountant and a Science graduate from Kerala University. He holds Diplomas in Management and Financial Services and is a Certified Associate of the Indian Institute of Bankers (CAIIB) and the Indian Institute of Banking and Finance (IIBF).

He possesses specialised knowledge and practical expertise in Risk Management, Treasury operations, Accountancy, Banking, Business Management, Economics, Finance and International Banking.

With a distinguished career spanning over four decades in the banking and financial services sector, including more than 20 years in Treasury and International Banking, he has held several pivotal leadership positions. His tenure at the Industrial Development Bank of India (IDBI) extended for over 19 years, during which he served in senior leadership roles such as Chief Financial Officer and Executive Director. Additionally, he has held positions as Chief Executive Officer of the Association of Mutual Funds in India (AMFI) and Executive Director at Lakshmi Vilas Bank.

He has been an active member of various committees and working groups of the Reserve Bank of India (RBI). He has chaired the Fixed Income, Money Markets & Derivatives Association (FIMMDA) and served as a Committee Member of the Foreign Exchange Dealers' Association of India (FEDAI). He was also an ex officio member to SEBI's Mutual Funds Advisory Committee and a member of SEBI's Corporate Bonds and Securitization Advisory Committee (CoBoSAC).



Mr. Satyajit Dwivedi
Independent Director

Mr. Satyajit Dwivedi holds a Bachelor of Science in Physics and a Master of Science with specialisation in Semiconductor Physics from Utkal University. He is a Certified Associate of the Indian Institute of Bankers (CAIIB) and holds a Diploma in Microfinance from the Indian Institute of Banking and Finance.

He is an eminent and highly accomplished development finance professional with an illustrious career spanning over 35 years in the domains of Agriculture and Rural Economy, Microfinance, Co-operation, Banking, Business Management, Finance, Financial Inclusion and Risk Management.

He started his career with Bank of India and then held several senior cadre positions in NABARD. He has been an acclaimed faculty member at the prestigious College of Agricultural Banking (CAB) of the Reserve Bank of India (RBI).

He has held the position of Managing Director & Chief Executive Officer of Nabkisan Finance Ltd. He also served as the Chief Executive Officer of the National Centre for Financial Education (NCFE).

His exceptional leadership and contributions earned him recognition among the "100 Most Influential Leaders in Banking and Financial Services Institutions" by The Economic Times in the year 2017.



Mr. Phani Shankar
Independent Director

Mr. Phani Shankar holds a Bachelor of Engineering degree from NIT Allahabad and has completed the Post Graduate Programme in Management from IIM Ahmedabad.

He possesses specialised knowledge and practical experience in the fields of Banking, Business Management, Economics, Finance, Risk Management, Small-scale Industry and Treasury.

He is a seasoned Financial Services professional with over three decades of experience. Within his Financial Markets career of more than 26 years, he has managed ALM, Trading, and Sales functions across diverse asset classes, including Foreign Exchange, Fixed Income, Derivatives, and Equities. His contributions include formulating and implementing ALM and FTP frameworks through various organisational and market transitions, building exceptional client franchises, and consistently delivering profitable trading books across asset classes. In his roles in credit and risk, he led an underwriting team of over 2,500 professionals, driving scale with rigor and resilience, and was instrumental in developing some of the most advanced technology and data platforms in the industry.

He has served as Chief Credit Officer at Kotak Mahindra Bank, where he also held key leadership positions. Prior to this, he was Co-Head of Treasury at Kotak Mahindra Bank and earlier headed Financial Markets at ING Vysya Bank for approximately eight years. His prior experience includes senior roles in Financial Markets at Standard Chartered Bank and IDBI Bank.



Mr. Vivek Tripathi
Whole-Time Director

Mr. Vivek Tripathi is an alumnus of IIM Lucknow with executive education from ESCP Business School, Paris and an M.Tech from VJTI, University of Mumbai.

He possesses specialised knowledge and practical expertise in Banking, Business Management, Risk Management, Accountancy, Finance, Agriculture and Rural Economy and Small-scale Industry.

Mr. Vivek Tripathi joined the Bank in 2014 and has played a defining leadership role in multiple assignments with the Bank. Under his leadership, the Commercial Banking portfolio has demonstrated sustained growth, with strong momentum, supported by robust on-ground execution and rising customer confidence. He has overseen the development of a well-balanced and scalable loan book, complemented by meaningful deposit mobilisation, strengthening the Bank's liability franchise. His focus on innovation-led growth channels, including digital trade and remittance solutions, has further expanded AU SFB's engagement with MSMEs and emerging enterprises, laying the foundation for long-term, technology-enabled growth, strengthening the Bank's competitive position in commercial banking. He previously served as Chief Credit Officer, providing enterprise-wide oversight of AU SFB's credit architecture by integrating credit, underwriting, portfolio management, collections, legal, vigilance, and fraud control under one framework, anchored in prudent risk-taking and early-warning discipline.

Prior to joining AU SFB, he was associated with ICICI Bank, Reliance Capital, and the Aditya Birla Group.

Leadership Team



Mr. Sanjay Agarwal
Founder, Managing Director and CEO



Mr. Vivek Tripathi
Executive Director



Mr. Vinay Vaish
Head of Internal Audit



Mr. Shoorveer Singh Shekhawat
Group Head—Liabilities & Wealth



Mr. Manoj Tibrewal
Group Head—Human Resources, Admin, Infra & Marketing



Mr. Uttam Tibrewal
Deputy CEO—Retail Banking



Mr. Yogesh Jain
Deputy CEO



Mr. Kapil Gupta
Head—Treasury & Financial Markets



Mr. Manmohan Parnami
Company Secretary



Mr. Yogesh Soni
Head of Operations & Service



Mr. Gaurav Jain
Chief Financial Officer



Mr. Deepak Jain
Chief Risk Officer



Mr. Ashok Kumar Khandelwal
Chief Compliance Officer



Remembering Mr. Vimal Jain

During the financial year, we experienced a profound loss with the passing of our esteemed Chief Financial Officer, Mr. Vimal Jain, on September 10, 2025.

Mr. Jain was a highly respected member of AU Small Finance Bank's leadership team, admired for his exceptional financial acumen and outstanding leadership. He played a pivotal role in shaping the Bank's financial strategy and strengthening the institution during a significant phase of its growth. His wisdom, dedication, and unwavering commitment left a lasting impact on the Bank and on everyone who had the privilege of knowing and working with him.

We remain grateful for his invaluable contributions, which will continue to inspire us for years to come.

Grateful for the Recognition

While customer trust remains our most valued measure of success, we are deeply honoured to receive industry recognition this year.

Our Founder, MD & CEO named Business Transformation Leader of The Year

The Business Today - KPMG Best Banks Award, recognising excellence across India's banking and BFSI sector.



AU SFB honoured as 'India's Leading Small Finance Bank', listed among India's Top 500 BFSI Companies 2026

India's Leading Small Finance Bank, Dun & Bradstreet, 18th BFSI & Fintech Summit 2026 (February 2026).





AU Small Finance Bank was ranked 10th among India's Best Companies to Work For 2026 by Great Place To Work® and recognised as one of India's Best Workplaces™ in Small Finance Banks 2026.

The recognition reflects our strong workplace culture built on trust, pride and camaraderie, reinforcing our position among India's most admired employers.

Mr. Manoj Tibrewal, Group Head – HR, Admin, Infrastructure & Marketing, received the recognition on the Bank's behalf.



FE India's Best Banks Award

Winner of 'India's Best Small Finance Bank 2026'

(June 2026)



TransUnion CIBIL Credit Conference

Silver Award for Data Quality

(SFB category, 2025)



PFRDA Atal Pension Yojana (APY) Annual Award

Ultimate Achiever Award

(FY 2025-26)



TransUnion CIBIL Credit Conference 2026

Best Data Quality Award & SFB Consumer: Won Silver

(July 2026)



4th IBA CISO Summit & Citations Awards

Cyber Security Incident Response Maturity

(June 2025)



FinCrimeExpert Conclave & Awards 2025

BFSI Team Adopting Emerging Technologies

(August 2025)



Message from the Chairman

A Year of Responsible Growth for Progress with Purpose

Dear Stakeholders,

As I reflect on FY 2025-26, I do so with a deep sense of pride in the way AU Small Finance Bank has continued its remarkable journey. In a year marked by geopolitical uncertainties, trade disruptions, evolving regulatory expectations and rapid technological changes, our approach remained clear: pursue growth with discipline, strengthen the institution for the Long Term, and stay anchored to our core values. The Board remained guided by the overarching principle: growth must be supported by sound judgement, and sustainable practices focusing on ensuring resilience, building trust, and responsible conduct.

Our vision of building a 'Forever Bank' continues to be guided by the 5-S Framework:

- Sound financial parameters
- Sustainability of long-term value
- Service excellence for customers
- Scalable and secured digital infrastructure powered by AI
- Strong governance, risk & compliance guardrails

Sound Financial Parameters

FY 2025-26 was another year of disciplined execution and broad-based growth. Deposits grew 23% Y-o-Y to ₹1.52 Lakh Crore, while the gross loan portfolio increased 21% Y-o-Y to ₹1.40 Lakh Crore, supported by growth across business segments. Profit after tax rose 25% Y-o-Y to ₹2,641 Crore, reflecting operating discipline and improved credit quality.

Despite continued investments, cost-to-assets improved to 4.1% from 4.3% in FY 2024-25, while credit cost reduced to 0.96% of average assets from 1.3% a year ago. Asset quality strengthened, with gross NPA improving to 2.03% and net NPA stable at 0.74%. Return ratios also improved, with RoA rising to 1.6% and RoE to 14.2%, reflecting the quality and sustainability of growth.

The Bank remains well capitalised, with a capital adequacy ratio of 18.7%, comfortably above regulatory requirements. The Board has recommended a dividend of ₹1 per share, representing 10% of face value, reflecting confidence in the franchise's long-term earnings potential.

Sustainability of Long-Term Value

At AU SFB, we believe that institutions endure not because of a single strategy, but because culture, values and leadership are reinforced consistently over time. For this reason, succession planning, leadership development and organisational continuity remain important priorities for the Board.

During the year, leadership continuity was further strengthened through the RBI's approval of Mr. Sanjay Agarwal's re-appointment as Managing Director & CEO, the elevation of Mr. Vivek Tripathi as Executive Director and the continuation of Mr. Uttam Tibrewal as Deputy CEO, supporting the Bank's long-term institution-building journey.

Financial and digital inclusion remain central to our mandate. Guided by Availability, Accessibility, Affordability and Assurance, the Bank continues to expand responsible banking through branches, banking outlets and digital platforms. During the year, over 22,100 financial literacy and outreach programmes were conducted, reinforcing financial awareness and economic resilience.

Through AU Foundation initiatives such as AU Ignite, AU Udyogini and AU Bano Champion, the Bank supports youth skilling, women's empowerment and sports education, creating meaningful social impact alongside financial progress.

As of March 31, 2026, the Bank had mobilised ₹2,950 Crore in Green Fixed Deposits, fully deployed into green assets, mainly renewable energy projects and electric vehicles. With IFC support, we have also strengthened climate risk assessment capabilities for more resilient decision-making.

Service Excellence for Customers

Customer centricity has been integral to the Bank since inception. Early innovations such as monthly interest payouts, deposit slip-free banking and true anywhere banking reflected a simple belief: banking should be easy, accessible and designed around customer needs.

This philosophy has now evolved into a digital-first service ecosystem for the Bank's diverse customer base. The AU 0101 app serves as a key engagement platform, supported by digital onboarding, omnichannel servicing and more consistent customer communication through Quadient, a leading global customer communication management platform. Video-based onboarding further helps familiarise customers with product features, loan terms and key disclosures before branch visits.

Customers can raise grievances through voice, email, website, mobile app and 24×7 Video Banking. QR-enabled complaint registration with multilingual voice-note capability has improved access, especially in rural and semi-urban markets. Journey mapping, feedback mechanisms and data-driven insights continue to help address service gaps proactively.

Reflecting this focus, complaints escalated to the RBI Ombudsman declined by 9% Y-o-Y.

Scalable and Secured Digital Infrastructure powered by AI

Technology is central to customer experience, operational efficiency and risk management. The Bank continues to invest with discipline across digital platforms, data capabilities and cybersecurity, while strengthening a reliable, secure and scalable core IT infrastructure.

Our focus is on building seamless user experiences and transforming operations to make AU SFB a future-ready Bank powered by AI, data intelligence and cyber resilience. AI-led capabilities are being deployed across customer engagement, service delivery, underwriting, fraud detection and internal workflows, supported by a stronger enterprise data and analytics ecosystem focused on data quality, real-time insights and scalable infrastructure.

As innovation accelerates, responsible adoption remains critical. The IT Strategy Committee and Information Systems Security Committee continue to strengthen oversight on AI governance, including data privacy, model risk, explainability, bias mitigation, cybersecurity, generative AI risks and adversarial threats.

Strong Governance, Risk & Compliance Guardrails

The Board, supported by Directors with diverse domain expertise and focused Committees, remains committed to responsible growth and the highest standards of corporate governance. As the operating environment becomes more complex, traditional risks such as credit, market, liquidity and operational risks are increasingly accompanied by emerging risks, including technology and cybersecurity, climate, model risk, money-mule activities, digital frauds and data protection challenges. Monitoring and mitigating these risks remains a key priority for the Risk Management Committee and the Board.

The Board maintains a zero-tolerance approach to governance lapses and accords the highest priority to a compliance-plus approach as a strategic imperative. It continues to define the Bank's risk appetite, ensure strict regulatory adherence and embed accountability across the organisation through a three-lines-of-defence model, which is essential to building a 'forever institution'.

In Closing

With such strong foundations in place, we await the Reserve Bank of India's final approval for our transition to a Universal Bank. While our operating scope will certainly expand, our philosophy will remain unchanged: a retail-focused, customer-centric and digital-first institution committed to long-term value creation.

I take this opportunity to extend my sincere gratitude to my fellow Board members for their guidance, our employees for their dedication and discipline, our customers for their trust, our regulators for their stewardship, and our shareholders and other stakeholders for their continued confidence in the momentous journey of the Bank.

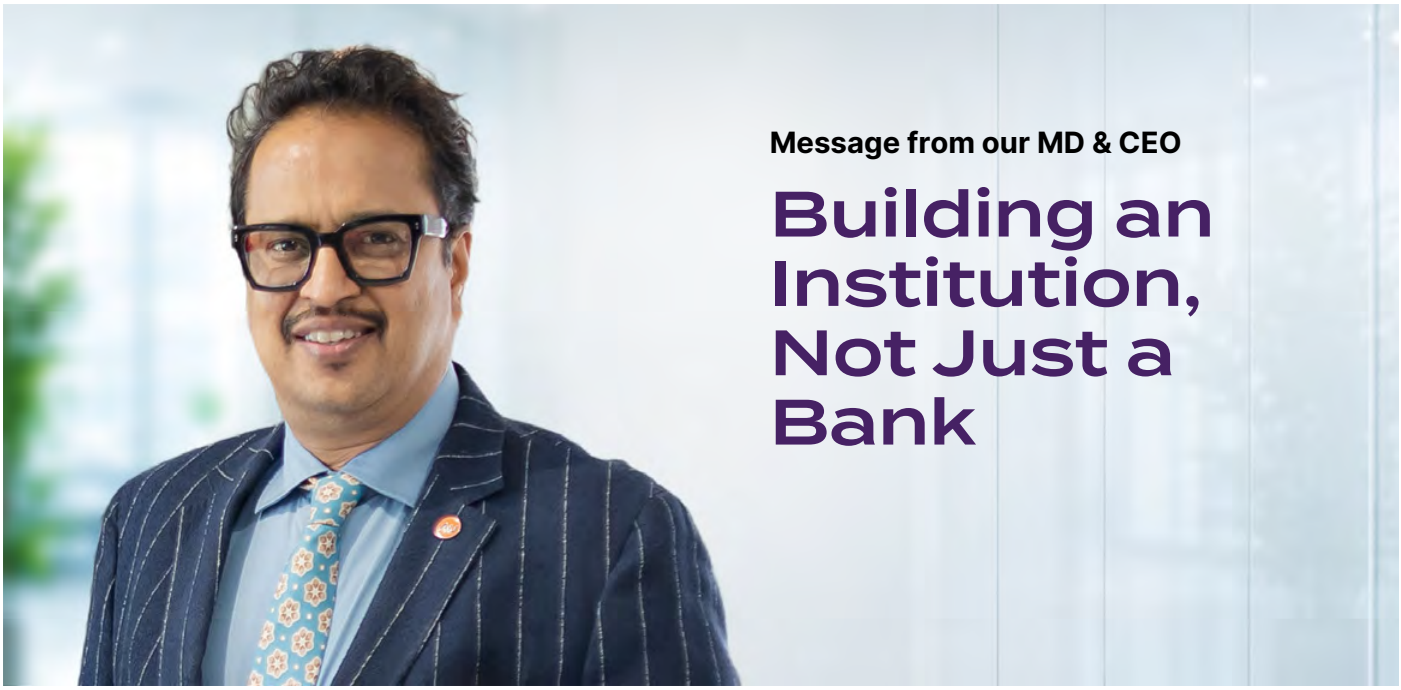
As we look ahead, we remain confident that AU SFB will continue to strengthen its capabilities, deepen its relationships and build an institution that stands the test of time while remaining firmly anchored to its values.

I complete my message with the profound words from Mahatma Gandhi that feel so relevant for our journey as a Forever Bank:

Your beliefs become your thoughts.
Your thoughts become your words.
Your words become your actions.
Your actions become your habits.
Your habits become your values.
Your values become your destiny.

Warm regards,

Harun Rasid Khan
Chairman



Message from our MD & CEO

Building an Institution, Not Just a Bank

Dear AU Bank Family,

Namaskar.

FY 2025-26 has been a defining year in AU SFB's journey. On April 19, 2026, we completed nine years as a Bank, while also marking three decades since the founding of the institution. These milestones reflect not only the passage of time, but the strength of a vision that has steadily evolved from a vehicle finance company into one of India's most admired financial institutions. The year was further distinguished by a landmark achievement—your Bank receiving the Reserve Bank of India's in-principle approval to transition into a Universal Bank. This is a moment of immense significance, not only for AU SFB, but for every stakeholder who has been part of our journey.

The RBI's in-principle approval is far more than a regulatory milestone. It is a recognition of the institution we have built with Purpose, Prudence and Patience over the last three decades. It reflects confidence in our business model, governance standards, financial resilience and our unwavering commitment to serving customers responsibly. Most importantly, it validates our belief that financial inclusion and sustainable growth are not competing objectives, but complementary goals that reinforce each other.

> ***Banking is fundamentally a business of trust. Customers entrust us with their savings, their businesses, their aspirations and often a lifetime of hard work.***

I have always believed in the above lines. Every decision we take must honour that trust. Products will evolve, technology will change and markets will fluctuate, but trust remains timeless.

To me, AU SFB has always been more than a Bank; it is a mission to build a more inclusive and enterprising India, one customer at a time and this milestone belongs as much to our customers and employees as it does to the institution. We mark this momentous occasion with gratitude, not simply for how far we have travelled, but also for the discipline and consistency that got us here, and that will carry us into our next chapter of growth.

Growing the Right Way

FY 2025-26 was a year of disciplined execution against a backdrop of evolving market conditions. While our financial performance remained strong, our focus extends beyond annual results. We are investing in the franchise capabilities that will define AU SFB's next decade of growth. Across our deposit franchise, asset distribution, technology platforms, leadership bench and governance infrastructure, we continue to invest heavily with a long-term perspective of preparing the institution for a larger scale and opportunities ahead.

Your Bank delivered a Profit After Tax of ₹2,641 Crore in FY 2025-26, with Return on Assets improving to 1.6% and Return on Equity at 14.2%, outcomes that reflect both the resilience of our franchise and the quality of our execution.

If there is one area that will shape the strength of AU SFB's next phase, it is our deposit franchise. Building a high-quality deposit franchise remains our most important strategic priority. Deposits are not merely a source of funding; they are the foundation of a resilient and scalable banking institution.

During the year, deposits grew 23%, with CASA deposits increasing 20%, and stable deposits constituting 79% of our overall deposit base. Equally encouraging was the improvement in our cost of funds, which declined from 7.07% to 6.75% over the course of the year.

We have organised our deposit franchise across four verticals: Branch Banking, Commercial Banking and Wholesale Deposits, Government and Interbank Deposits and Financial Institutions Group. Each of these groups has existing leadership with identified target market and a clear

ownership to ensure sharper focus and deeper customer engagement. We continued to invest in distribution, adding approximately 80 liability branches as well as additional asset branches to increase the net touchpoints by ~330 this year. While our physical network remains central to relationship building, we are investing just as heavily in digital channels as well to ensure customers can engage with AU SFB in the manner most convenient to them.

On the asset side, our gross loan portfolio grew 21%, while our balance sheet crossed ₹1.9 Lakh Crore, a milestone that reflects how far AU SFB has come from its early days as a single-product business in Jaipur. While we expand and invest in newer products like Gold Loans and Microfinance, it is Wheels, Mortgages and Commercial Banking that remain the core pillars of our portfolio, and ~90% of our portfolio continues to be secured and asset-backed.

Growth in lending matters only when accompanied by prudent risk management. Over three decades, AU SFB has built its franchise on disciplined underwriting and secured lending, and these principles continue to guide our expansion. This is reflected in our asset quality performance, with net NPA remaining stable at 0.74% and credit costs moderating to 96 basis points during the year.

As we deepen our presence across newer markets, including Uttar Pradesh, West Bengal, Andhra Pradesh, Telangana, Karnataka and Tamil Nadu, we continue to scale with the same customer-centric approach and risk discipline that have shaped AU SFB's journey so far. Markets may differ and opportunities may evolve, but the foundations on which we lend remain unchanged.

Customer centricity and customer focus have been at the heart of AU SFB's philosophy since inception and remains the foundation of our growth strategy. We are committed to delivering simple, transparent and seamless banking experiences by combining deep customer insights with an integrated omnichannel approach. We remain focused on offering customer-appropriate, responsible and need-based financial solutions, strengthening grievance redressal, leveraging AI-led service capabilities to enhance customer fairness and transparency, and continuously improving customer experience metrics to build deeper trust and enduring relationships.

Cross-Sell: Banking the Whole Relationship

As our franchise matures, one of the most meaningful opportunities before us is to deepen relationships we have already built. With over 1.2 Crore customers, Cross-sell remains a key strategic priority for the Bank as we seek to deepen existing customer relationships and increase the share of financial needs addressed within the AU SFB ecosystem.

As our data, analytics and engagement capabilities mature, we are increasingly positioned to serve a broader range of customer needs across deposits, lending, payments, insurance and investments. This not only improves customer relevance but also creates a capital-efficient avenue for growth.

During the year, we launched dedicated lending programmes offering preferential rates on Home Loans and car loans for our existing liability customers, recognising the trust they have reposed in us and rewarding long-standing banking relationships. At the same time, we are investing in a fully digital cross-sell model supported by an integrated lead-management platform, data analytics and pre-approved customer journeys. To accelerate this opportunity, our cross-sell team has end-to-end ownership of customer engagement across products. Over time, this will help us transition from product-led interactions to deeper, relationship-led banking, strengthening customer loyalty while driving sustainable and capital-efficient growth.

Driving Productivity at Scale

As we continue to scale, productivity and efficiency remain central to our operating philosophy. The benefits of operating leverage are increasingly visible, with our cost-to-assets ratio, ex-CGFMU guarantee cost, improving from 4.4% in FY 2023-24 to 4.1% in FY 2025-26. During the year, we simplified organisational structures, consolidated support functions across businesses and leveraged technology to automate routine processes. At the same time, improved data visibility has enabled leaner management layers and broader spans of control. Collectively, these initiatives are creating a more agile institution - one that can serve a larger customer base while maintaining cost discipline and investing for future growth.

Technology, AI and the Future of Banking

One of the most significant transformations underway today is the convergence of technology, data and Artificial Intelligence.

Technology is no longer a support function in banking; it is increasingly becoming the operating system of the institution. Yet our philosophy remains clear: technology should not distance us from customers, it should help us serve them better.

We are building AU SFB as a technology-first institution while remaining deeply relationship-led in our approach. Our investments in AI, data architecture and digital platforms are aimed at improving customer experience, strengthening risk management, enhancing productivity and enabling better decision-making across the organisation.

In FY 2025-26, we launched our proprietary Agentic AI platform, built specifically for the complexity of banking. Its first deployment has been within our Gold Loans business, where we have developed an AI-led loan origination system. Over time, we expect similar capabilities to expand across other customer journeys and lending businesses.

Alongside this, we have built a unified enterprise data platform that serves as a single source of truth across the Bank. We are embedding AI capabilities across underwriting, fraud management, AML, collections and customer servicing.

FY 2025-26 also marked the successful completion of the migration of erstwhile Fincare SFB's Core Banking System onto AU SFB's technology platform. All customer accounts, transactions and core processes now operate on a single technology backbone.

Technology is no longer the responsibility of only the technology function. It is now everybody's responsibility. To become a truly future-ready institution, we have organised our tech strategy under three pillars of Run, Build and Transform with defined KPIs and independent leadership.

My aspiration for AU SFB is to transition from being a Bank that uses technology to becoming a technology-first Bank that delivers banking.

Every business, every support function and every leader must think about how technology can improve customer experience, strengthen productivity, improve control and unlock new opportunities.

As we look ahead, our aspiration extends beyond technology adoption. We want to build an institution that continuously adapts, learns and reinvents itself. We want to create a Bank that remains relevant, resilient and admired not only for the next decade, but for the next hundred years and beyond.



Strengthening the Institution from Within

"Growth builds a franchise; governance builds an institution."

As institutions scale, governance must evolve ahead of complexity rather than react to it. I increasingly believe that the strength of an institution is measured by the quality of the systems, culture and governance that endure beyond individuals. Our focus is therefore on ensuring that the Bank's foundations rest on robust processes, clear accountability, strong Board oversight and a culture that encourages accountability and transparency along with entrepreneurship.

This year we strengthened our Board with four important additions and changes, including three Independent Directors and the elevation of our Chief Credit Officer (CCO), Mr. Vivek Tripathi, to the Board as Executive Director. Credit judgement is the single most important discipline in a lending institution, and it is fitting that current CCO incumbent has been elevated to the Board level.

As part of our leadership development, we elevated Mr. Yogesh Jain as Deputy CEO of the Bank whereas Mr. Uttam Tibrewal, upon completion of his tenure as Whole-Time Director, continues in his capacity as Deputy CEO and remains responsible for leading our key business verticals including Retail Assets and Liabilities.

Our risk management framework has also been strengthened this year, with a sharper focus on early-warning systems, portfolio-level stress testing, and clearer escalation to the Board on matters of consequence. Committees of the Board continue to meet with the rigour this scale of institution demands, and I take real comfort from the quality of debate and challenge that happens in those rooms.

Our People, Our Culture

As AU SFB enters a new phase of growth, our culture remains one of AU SFB's greatest competitive advantages.

Technology can be replicated. Products can be replicated. Capital can be raised. Culture cannot.

Over three decades, we have built a culture rooted in humility, entrepreneurship, ownership and a deep commitment to customers. Preserving these values while strengthening our leadership bench and institutional capabilities remains a key priority.

We continue to invest in leadership development, succession planning and talent acquisition to ensure AU SFB is prepared for the opportunities ahead. As we evolve into a larger and more diversified institution, we are broadening our leadership pipeline, enhancing diversity across teams and attracting specialised talent while remaining true to the entrepreneurial spirit that defines us. We are honoured to be recognised once again as a Great Place to Work in 2026, for sixth year running.

Our true measure of success lies in building an institution where people can grow, contribute and create lasting impact. Ultimately, culture will determine whether AU SFB remains not just a successful Bank, but an enduring institution.

As announced last year, our decision to relocate the Bank's headquarters and senior leadership team to Mumbai is progressing well with the acquisition of a new office space and transition of several senior leaders from Jaipur to Mumbai along with their families. We expect to complete this process during the current financial year. Jaipur will always remain integral to AU SFB's identity and values, while Mumbai positions us closer to India's financial ecosystem and talent pool.

Expanding with Purpose

Financial inclusion has been central to AU SFB's purpose since inception, and it continues to shape how we define growth - extending access to formal financial services for individuals, entrepreneurs and communities that have historically remained underserved.

Nearly a third of our branches are located in unbanked rural centres, reflecting a long-standing commitment to taking banking closer to where it is needed most. Through

savings accounts, small-ticket credit, financial literacy initiatives and on-ground engagement, we continue to bring more people into the formal financial system and create pathways for greater financial inclusion.

As AU SFB grows, we are also expanding the ways in which we create impact. Through initiatives such as the Planet First - AU Green Fixed Deposit programme, we are channelling capital towards renewable energy, clean transportation and green buildings, helping support India's transition to a more sustainable economy. Our growing focus on areas such as renewable energy and EV financing is enabling customers and businesses to adopt more sustainable and future-ready livelihoods, while reinforcing our commitment to responsible growth.

Beyond banking, AU Foundation continues to create meaningful impact across entrepreneurship, education, skill development and sports. Through AU Udyogini, AU Ignite and AU Bano Champion, we continue to create pathways for opportunity, livelihoods and aspiration.

Behind these efforts is a simple belief: when growth is anchored in purpose and opportunity reaches those who need it most, value created for society and value created for shareholders reinforce each other.

Thirty years of institution building have taught us a few enduring lessons.

- Trust compounds faster than capital.
- Sustainable growth is always superior to rapid growth.
- Culture becomes more important as institutions become larger.
- Leadership is not about creating followers; it is about creating future leaders.
- And finally, no institution becomes enduring unless it remains relevant to customers, communities and society.

These lessons have shaped AU SFB over the last three decades and will continue to guide us in the decades ahead.

What Lies Ahead

India's banking industry is entering a period of profound transformation driven by formalisation, digital adoption, infrastructure creation and rising financial savings. We believe AU Small Finance Bank is uniquely positioned at the intersection of these trends.

The question before us is no longer what license we aspire to hold. The question is what kind of institution we aspire to become. Our ambition is not merely to build a larger Bank, but to build one of India's most respected financial institutions, known for trust, governance, innovation, customer centricity and long-term value creation.

Increasingly, I find myself thinking about institution building rather than business building.

- Growth creates scale. Governance creates resilience.
- Culture creates continuity. Trust creates longevity.
- Together, they create an institution.

The next chapter of AU SFB will not be defined by a single leader. It will be defined by the strength of the institution, the depth of its leadership bench and the values that continue to guide it across generations.

While the road ahead will not be without challenges, we remain confident in our ability to navigate them. Intense deposit competition, geopolitical uncertainties and evolving interest-rate and inflation cycles will continue to test the industry. Yet, AU SFB has been built through such environments, and each cycle has left us stronger and more resilient.

I remain deeply grateful to our customers, shareholders, Board members, regulators, partners and every AUite for their trust, partnership and unwavering support.

I am also humbled by the renewal of my mandate as Managing Director & CEO effective April 19, 2026, and remain committed to serving this institution with the same purpose, passion and responsibility that have guided our journey from the very beginning.

As we enter this next chapter, I do so with confidence in our direction, pride in what we have built together and excitement about what lies ahead. Together, let us continue building an institution that future generations will be proud to inherit.

"A Bank is not built through its balance sheet alone. It is built through the trust it earns, the values it protects, the people it nurtures and the impact it creates. Our journey has never been about becoming bigger; it has always been about becoming better."

"हम केवल एक बैंक नहीं बना रहे हैं, हम विश्वास, अवसर और मूल्यों की ऐसी विरासत बना रहे हैं जो आने वाली पीढ़ियों के सपनों को शक्ति दे और भारत की प्रगति में योगदान करती रहे।"

I look forward to sharing this journey with all of you, one year at a time.

Warm regards,

Sanjay Agarwal
Founder, MD & CEO



Message from the Executive Director

The Next Chapter of Intelligent Banking

Dear Stakeholders,

At AU Small Finance Bank, our growth journey continues to be guided by a strong belief that sustainable banking is built on prudent risk management, customer-centricity, disciplined execution and long-term value creation.

Over the years, we have built a diversified and resilient lending franchise anchored in secured retail assets, granular portfolios and calibrated sectoral exposure. Our Wheels and Mortgage businesses continue to demonstrate structural strength, supported by deep customer understanding, collateral-backed underwriting, extensive distribution reach and proven collection capabilities. These businesses remain important pillars of stability, profitability and long-term franchise value.

In Commercial Banking, we continue to follow a focused sectoral approach centred on businesses where we possess strong underwriting expertise, ecosystem understanding and relationship depth. Our approach remains anchored on cash-flow assessment, risk-calibrated growth and granular exposure management, enabling us to support entrepreneurship while maintaining portfolio resilience.

The past year witnessed stress across select unsecured retail segments, including Microfinance, Credit Cards and Personal Loans. Encouragingly, we are now seeing signs of stabilisation and improving credit behaviour across these portfolios. With tighter underwriting, stronger risk segmentation, portfolio seasoning and improving macroeconomic conditions, we believe growth momentum is likely to strengthen progressively while remaining aligned with prudent risk management principles.

Technology and analytics are becoming increasingly central to our credit architecture. We are investing in AI-led Loan Origination Systems, automated decision engines, advanced underwriting models and early warning frameworks to improve scalability, consistency and customer experience. Beyond traditional scorecards, we are building capabilities that leverage data intelligence, behavioural insights, ecosystem data and AI-driven assessment frameworks to develop a sharper and more contextual understanding of customer risk.

Our objective is not merely faster credit delivery, but smarter and more responsible credit decisions. We believe the future of banking will belong to institutions that can combine technology-led agility with strong credit discipline and governance standards.

While the domestic economy continues to demonstrate remarkable resilience, we remain mindful of evolving global developments, particularly geopolitical uncertainties in West Asia. Any prolonged disruption could potentially impact energy prices, supply chains, and petrochemical-linked industries, creating inflationary pressures across the economy. Such developments may have second-order and third-order effects on certain customer segments and portfolios through higher operating costs, pressure on disposable incomes, and moderation in business cash flows.

At AU SFB, we closely monitor these emerging risks through robust portfolio surveillance, stress-testing frameworks, and early warning mechanisms. Our diversified portfolio composition, strong secured asset franchise, and disciplined risk management approach position us well to navigate potential volatility. Importantly, based on the trends observed thus far, customer behaviour, portfolio performance, and asset quality indicators continue to remain stable and within our expected risk parameters. While we remain watchful and prepared for multiple scenarios, the operating environment today continues to support healthy credit growth and portfolio performance.

As India enters a new phase of economic expansion, the opportunity to deepen financial inclusion and support emerging Bharat remains immense. The consistency of our asset quality, the strength of our underwriting culture and the commitment of our teams continue to reinforce our confidence in the long-term opportunity ahead.

Together, we remain focused on building a trusted, resilient and differentiated banking franchise for all our stakeholders.

Warm regards,

Vivek Tripathi
Executive Director



Message from the Deputy CEO—Retail Banking

Scaling a Stronger Retail Franchise

Dear Stakeholders,

FY 2025-26 marked an important milestone in AU SFB's journey as we expanded our retail banking franchise and progressed towards becoming a Universal Bank.

Despite a competitive operating environment during the first half of the year, your Bank delivered strong performance, with deposits growing 23% Y-o-Y to ~₹1.52 Lakh Crore and Gross Loan Portfolio growing 21% Y-o-Y to ~₹1.40 Lakh Crore, significantly ahead of broader industry trends.

Building a Stronger Retail Franchise

Building a diversified and scalable retail franchise remained central to the Bank's strategy during FY 2025-26. The Bank further strengthened the granularity of its deposit and asset portfolio, deepened customer relationships, and improved its funding profile, with cost of funds declining by 32 basis points to 6.75%. To support growth, your Bank expanded its distribution footprint by adding 334 touchpoints, including 78 liability branches, bringing its total network to 2,790 touchpoints across existing and new markets.

Urban banking expanded its presence in larger markets. Brand visibility improved through a nationwide marketing campaign and the onboarding of Ranbir Kapoor and Rashmika Mandanna as brand ambassadors. Customer acquisition remained strong, with the Bank opening an average of one Lakh CASA accounts per month. Customer engagement remained healthy, with 65% of Savings Account customers and 61% of Current Account customers actively transacting each month. Increased products-per-customer reflect success in deepening relationships and enhancing cross-sell opportunities.

The Bank's retail asset businesses delivered robust performance. Wheels remained the largest secured retail portfolio, growing 27% Y-o-Y, while Gold Loans recorded exceptional growth of 108% Y-o-Y. Micro Business Loans continued their steady expansion and remained an important contributor to the retail asset portfolio. Distribution of Wheels, Mortgages, and Gold Loans nearly doubled over the last two years, reaching more than 900 touchpoints each.

In microfinance, the Bank focused on strengthening portfolio quality through tighter underwriting standards, enhanced collections infrastructure, greater coverage, and stricter risk controls. These initiatives improved asset quality and collection efficiency, reinforcing confidence in building a resilient and sustainable microfinance franchise.

Technology-Led Transformation

Technology and AI continue to be powerful enablers of our future growth. During the year, we enhanced our digital capabilities to deploy our first AI-native Loan Origination System. These initiatives are helping build intelligent operating capabilities that enhance customer experience, improve productivity, and reinforce risk management while supporting growth.

Looking Ahead

At AU SFB, we believe the future of banking will be defined by institutions that combine customer trust, superior experience, and technology-led execution. As part of this vision, your Bank will continue to expand its urban banking franchise, deepen household relationships, acquire customers, and enhance cross-sell opportunities.

A key initiative for the coming year is to cross-sell competitively priced retail asset products like Wheels and Home Loans to our existing retail liability customers.

"As we enter the next phase of our journey, we remain committed to building an institution admired not only for its performance but also for its values, innovation, and positive impact on society. The opportunities before us are significant, and we are confident in our ability to create enduring value for customers, communities, employees, and shareholders."

Warm regards,

Uttam Tibrewal
Deputy CEO—Retail Banking

Our Shared Journey: Engaging with Our Stakeholders

Stakeholder engagement is fundamental to how we build and strengthen our institution. Our ability to create long-term value is shaped not only by our financial performance but also by the trust, aspirations and expectations of the stakeholders we serve. Customers, employees, investors, regulators, communities, partners and environment have each played an important role in our journey, and their perspectives help us make better decisions every day.

Guided by our purpose of enabling progress and fostering inclusive growth, we engage with each stakeholder group through structured and relevant channels. The insights gained through these interactions help shape our strategy, strengthen our governance and support responsible decision-making. In doing so, we strive to create sustainable value for all our stakeholders while staying true to the relationship-led philosophy that has defined us since the beginning.



Customers

Key Focus Areas

- Access to safe, non-discriminatory and responsible banking services
- Customer service and grievance redressal, fairness and transparency
- Products and services that meet customer needs
- Seamless transactions across different platforms
- Convenient access to banking (channel of choice)

Mode of Engagement

- Branches & Offices, ATMs, BOs & BCs
- Phone Banking, IVR, Customer Care, AI Chatbot
- Mobile Banking, Net Banking, WhatsApp, Social Media, AURO Chatbot, Video Banking
- Customer satisfaction surveys
- Written and verbal communication

Frequency

Continuous engagement as per requirement

Regulators and Government

Key Focus Areas

- Facilitating financial and digital inclusion
- Implementation of various social security schemes
- Facilitation of various government programmes and objectives
- Compliance with relevant laws and regulations
- Responsiveness towards regulatory changes
- Customer privacy and data security

Mode of Engagement

- Regular on-site and off-site meetings
- Policy updates, circulars, guidelines and directives
- Mandatory filings
- Various government schemes and policies

Frequency

Continuous engagement as per requirement

Employees

Key Focus Areas

- Employee health, safety and well-being
- Culture of high performance
- Professional development
- Inclusive workplace

Mode of Engagement

- Safety drills
- Wellness incentives
- Training and development
- Goal setting and feedback sessions

Frequency

Continuous engagement

Community

Key Focus Areas

- Skill development
- Financial and digital literacy
- Drinking water, education, healthcare
- Women entrepreneurship, youth sports
- Community development and upliftment

Mode of Engagement

- CSR initiatives
- Social activities
- Social media communication
- Meetings and interventions
- Financial literacy programme
- Monitoring and reviews

Frequency

Continuous engagement

Partners, Vendors & Associates

Key Focus Areas

- Effective communication
- High governance standards
- Transparency in disclosures
- Efficient resolution mechanisms

Mode of Engagement

- Hybrid interactions and surveys
- Conferences and workshops

Frequency

Continuous engagement

Investors & Shareholders

Key Focus Areas

- Robust risk management and compliance
- Sustainable shareholder value
- Strong governance and transparency
- Responsible business conduct and ethical practices
- Effective and timely communication

Mode of Engagement

- Quarterly financial updates
- Investor meetings and presentations
- Public disclosures
- Annual General Meetings (AGM)
- Analyst meets
- Annual Report

Frequency

Continuous engagement

Environment

Key Focus Areas

- Integration of ESG into business decisions
- Promoting social and environmental priorities
- Responsible end-use of products

Mode of Engagement

- Social media
- Town hall meetings
- Campaigns and roadshows
- Reports and publications
- National and international forums

Frequency

Continuous engagement

Materiality Assessment



Identification of Material Topics

At AU Small Finance Bank, we recognise that understanding what truly matters is fundamental to creating long-term value. Our materiality assessment is guided by the Global Reporting Initiative (GRI) Universal Standards, helping us remain aligned with global best practices while strengthening transparency and accountability.

During FY 2025-26, we undertook a comprehensive review to identify the economic, environmental, social, and governance topics most relevant to our business and stakeholders. This exercise was carried out in the context of an evolving banking landscape and growing expectations around responsible and sustainable practices.

Our approach is anchored in the GRI impact materiality lens, which considers both the impact of our operations on society and the environment, and the implications of these impacts on our long-term resilience. This perspective allows us to focus on areas that are meaningful not only to our stakeholders but also to the strength and sustainability of our business.

To build a well-rounded view, we engaged closely with both internal and external stakeholders across our value chain. These interactions helped us gather diverse perspectives and deepen our understanding of emerging priorities. Each topic was then assessed based on its strategic relevance, associated risks, and potential opportunities, ensuring that our priorities remain balanced and forward-looking.

The outcomes of this assessment have been published on our website (https://www.au.bank.in/sustainability-disclosures), with all stakeholder inputs received up to the defined cut-off date incorporated into the Materiality Response Matrix. We continue to keep this process open, encouraging stakeholders to share their perspectives and contribute to future assessments.

Evaluation of Impact and Reprioritisation

We believe that a meaningful materiality process must remain dynamic and inclusive. To strengthen our assessment, we drew insights from ongoing interactions with our Board, key management personnel, employees, partners, and customers. This helped us evaluate both positive and negative impacts across our operations, value chain, financed activities, workforce, and communities.

By bringing these perspectives together, we are able to refine our priorities in a way that reflects both current realities and emerging trends, while supporting more informed decision-making.

Integration into Risk Management Framework

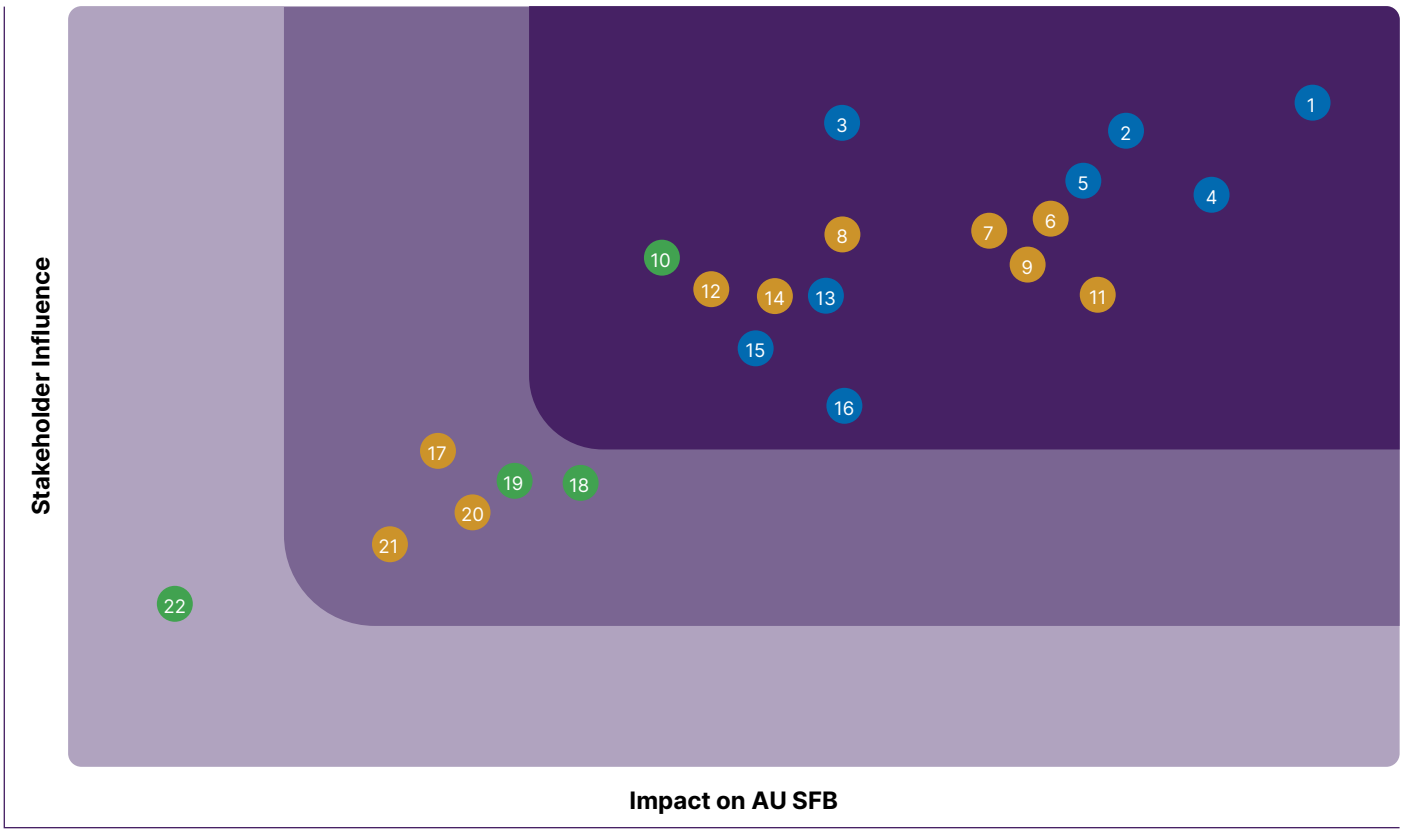
We have integrated our material topics into our risk management framework to better understand their implications for the business. Through this process, we identified a set of key opportunities alongside potential risks, informed by evolving impact trends and stakeholder expectations, including ESG priorities highlighted by investors.

This integration enables us to align sustainability considerations more closely with risk oversight and strategic planning, strengthening our ability to respond to change while pursuing responsible growth.

Materiality Matrix Sign-off

By prioritising topics based on their relative importance, we ensure that our actions remain focused on what matters most. This structured approach supports effective decision-making, strengthens stakeholder trust, and reinforces our commitment to building a business that is both resilient and sustainable.

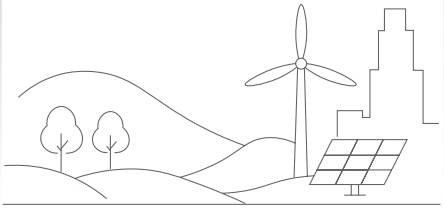
Materiality Matrix



Low Priority Medium Priority High Priority

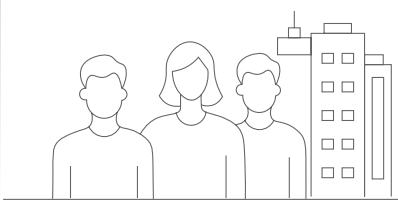
Environment

- 10 Efficient Natural Resource Management
- 18 Sustainable Operations
- 19 GHG Emissions
- 22 Climate Risk



Social

- 6 Corporate Social Responsibility
- 7 Green Finance
- 8 Human Rights
- 9 Value Chain Responsibility
- 11 Stakeholder Engagement
- 12 Employee Health & Well-being
- 14 Employees Training and Education
- 17 Diversity, Equity, and Inclusion
- 20 Financial & Digital Inclusion
- 21 Sustainable Investment and Lending



Governance

- 1 Data Privacy and Security
- 2 Customer Satisfaction
- 3 Ethical Business Practices
- 4 Brand & Reputation
- 5 Tax Transparency
- 13 Risk Management
- 15 Product Innovation
- 16 Policy Advocacy



Management of Material Topics

Material Topics	Strategic Impact on the Bank	Risk / Opportunity	Response/ Mitigation
10 Efficient Natural Resource Management	Lowers operating costs and reduces environmental impact.	Risk + Opportunity	Promote resource efficiency through conservation and digitalisation.
18 Sustainable Operations	Enhances sustainability, operational resilience and ESG performance.	Opportunity	Embed sustainability considerations across operations and infrastructure.
19 GHG Emissions	Reduces environmental footprint while improving operational efficiency.	Risk + Opportunity	Improve energy efficiency and support the transition to cleaner energy sources.
22 Climate Risk	Protects portfolio quality and business continuity from climate-related risks.	Risk + Opportunity	Integrate climate risk assessment into governance, lending and risk management frameworks.
6 Corporate Social Responsibility	Builds community trust and strengthens social and franchise sustainability.	Opportunity	Deliver impactful and accountable CSR programmes aligned with community priorities.
7 Green Finance	Creates growth opportunities while supporting climate transition objectives.	Opportunity	Expand sustainable financing solutions across eligible sectors.
8 Human Rights	Strengthens stakeholder trust and reduces social and reputational risks.	Risk + Opportunity	Uphold human rights through inclusive policies and grievance mechanisms.
9 Value Chain Responsibility	Strengthens supply chain resilience and reduces third-party risks.	Risk + Opportunity	Enhance supplier due diligence, ESG assessment and oversight.
11 Stakeholder Engagement	Enables informed decision-making and long-term value creation.	Opportunity	Maintain structured stakeholder dialogue and feedback mechanisms.
12 Employee Health & Well-being	Improves productivity, engagement and talent retention.	Risk + Opportunity	Promote holistic well-being through healthcare and employee support programmes.
14 Employees Training and Education	Enhances capability, productivity and future readiness.	Opportunity	Invest in continuous learning, leadership development and regulatory training.

Material Topics	Strategic Impact on the Bank	Risk / Opportunity	Response/ Mitigation
17 Diversity, Equity, and Inclusion	Strengthens talent quality, innovation and employee engagement.	Opportunity	Foster an inclusive workplace through equitable hiring and development practices.
20 Financial & Digital Inclusion	Expands market reach and supports sustainable business growth.	Opportunity	Extend access through inclusive products and assisted digital solutions.
21 Sustainable Investment and Lending	Enhances portfolio resilience and supports responsible growth.	Opportunity	Integrate ESG considerations into lending and investment decisions.
1 Data Privacy and Security	Protects customer trust, business continuity and regulatory compliance.	Risk	Strengthen cyber resilience through robust security controls, monitoring and incident response.
2 Customer Satisfaction	Improves customer retention, cross-sell opportunities and long-term profitability.	Opportunity	Deliver superior customer experience through service excellence and effective grievance redressal.
3 Ethical Business Practices	Reinforces stakeholder trust and supports sustainable growth.	Opportunity	Promote a strong culture of ethics, compliance and accountability.
4 Brand & Reputation	Enhances customer acquisition, stakeholder confidence and franchise value.	Risk + Opportunity	Drive transparent communication, responsible conduct and proactive reputation management.
5 Tax Transparency	Strengthens governance credibility and reduces regulatory and reputational risks.	Risk + Opportunity	Ensure timely compliance, accurate reporting and transparent tax disclosures.
13 Risk Management	Protects capital, asset quality and earnings resilience. Keeps franchise sustainable.	Opportunity	Maintain robust risk governance, oversight and control frameworks.
15 Product Innovation	Supports growth, competitiveness and evolving customer needs.	Opportunity	Drive customer-centric innovation supported by strong governance controls.
16 Policy Advocacy	Supports a resilient and inclusive financial ecosystem.	Opportunity	Engage responsibly with policymakers and industry forums.

Business Model and Strategy

Scaled by Intelligence. Sustained by Trust.

We started with a question most Banks were not asking: What would it take to Bank India's underserved – responsibly, sustainably, and at scale?

The answer became our business model. And a decade later, it continues to define how we grow.

Our model has always balanced ambition with discipline. As we have scaled, we have deepened our capabilities in underwriting, risk management and data analytics, while remaining close to the customers and markets that define our franchise. Intelligence at AU SFB is not just embedded in technology; it is embedded in how we think, lend and grow.

At its core, AU SFB is a deposit-funded lending franchise – one that mobilises savings from individuals, households and institutions, and deploys them into productive credit across retail, MSME, commercial and inclusive banking. Beyond lending, we offer a growing suite of financial services, payments, wealth management, insurance, transaction banking, treasury and foreign exchange, that deepen customer relationships and create multiple, durable income streams.



Business Strategy

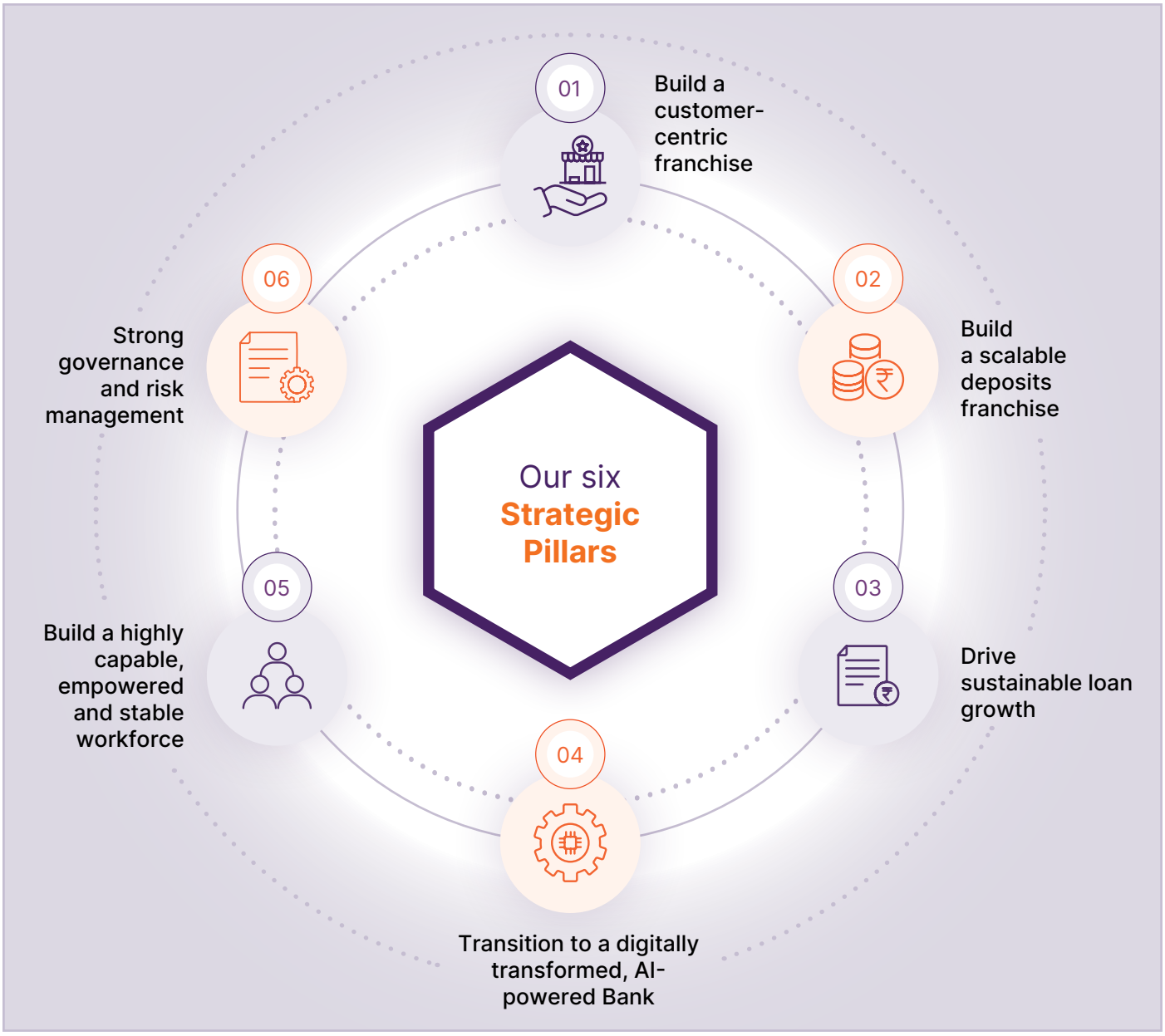
Built for India's Momentum

At AU Small Finance Bank (AU SFB), our strategy is firmly grounded in the philosophy of 'Scaled with Intelligence, Governed by Trust'. We focus on building a future-ready, customer-centric institution that consistently delivers sustainable growth while navigating a dynamic operating environment with discipline and prudence. Our commitment remains centred on deepening financial inclusion, empowering underserved communities, and supporting the evolving aspirations of a rapidly transforming economy.

Our growth journey remains anchored by six key pillars: Customer-Centricity, Scalability, Sustainability, Technology, People, and Strong Governance.

Our approach to scaling is deliberate and disciplined, rooted in customer insight, data-led decision-making, technology enablement, and prudent execution. We continue to expand our presence across products, geographies, and partnerships, ensuring that growth remains calibrated, risk-aware, and capital-efficient. At every stage, our actions are underpinned by strong governance practices, robust risk management frameworks, and a culture of accountability, reinforcing the trust placed in us by all stakeholders.

As India's economy becomes more diverse, connected, and consumption-led, we are well positioned to grow alongside our customers and the opportunities they create.



Build a Customer-centric Franchise

Customer centricity has been integral to AU SFB's operating philosophy since inception and continues to be our foremost strategic priority. As we scale into a larger, more diversified and future-ready banking institution, our strategy remains anchored in a simple belief: sustainable growth is built on deep customer trust, consistent service delivery, and the ability to understand and serve evolving financial needs across every segment of society. For us, customer centricity is not a service initiative alone. It is the foundation of franchise building, influencing how we design products, build channels, deploy technology, manage risk, communicate with customers, and measure organisational performance.

We remain committed to delivering banking experiences that are accessible, seamless, transparent, fair and responsive. Customers span urban, semi-urban, and rural markets, salaried and self-employed individuals, small businesses, merchants, women entrepreneurs, farmers, micro-enterprises, and emerging affluent households. Each segment has distinct aspirations, financial behaviours and servicing needs. Our strategy is therefore to build a customer-centric ecosystem that allows us to serve customers with greater relevance, empathy and consistency across their financial journeys. We believe that the future of banking will belong to institutions that can combine scale with personalisation, digital convenience with human support, and innovation with responsibility.

A central pillar of this strategy is the creation of a comprehensive 360-degree view of the customer.

We are investing in data analytics and technology capabilities that provide a deeper understanding of customer needs, preferences, behaviours, lifecycle events, and financial aspirations. This approach enables us to move beyond product-led engagement towards relationship-led banking. A holistic view of the customer allows our teams to offer more relevant solutions, anticipate service needs, identify opportunities for responsible cross-sell, and provide timely assistance. It also helps reduce fragmentation in customer engagement, ensuring that customers experience AU SFB as one unified Bank rather than a collection of products or channels.

Our customer-centric strategy is also focused on delivering a differentiated omnichannel experience.

Customers today expect convenience, speed, and consistency, but they also value trust, advice, and assurance, particularly in important financial decisions. Our approach is therefore digital-first, but not digital-only. We integrate physical, assisted and digital channels so that customers can engage with us through the channel of their choice. Branches, banking outlets, relationship teams, contact centres, video banking, mobile platforms, and assisted digital channels all have an important role to play in delivering a seamless customer experience. The aim is to ensure that when a customer starts a journey digitally, seeks support through an assisted channel or completes a transaction at a branch, the experience remains consistent, convenient and reliable.

Innovation in products and solutions will remain an important driver of customer engagement.

We will continue to design segment-focused offerings that address specific financial needs and deepen customer relationships. This includes solutions that support savings, deposits, payments, credit, business banking, insurance, wealth, and other financial requirements across the customer lifecycle. By tailoring offerings to customer segments and use cases, we seek to enhance relevance and improve outcomes. Our focus is not merely on acquiring customers, but on building enduring relationships by becoming a trusted financial partner across life stages, business cycles, and evolving aspirations.

End-to-end journey automation is another key priority.

We are focused on simplifying onboarding, servicing, and closure processes to reduce customer effort and improve turnaround times. Automation across customer journeys will help eliminate avoidable friction, improve process consistency, and strengthen service delivery across channels. It will also enable faster resolution of service requests, better tracking of customer interactions, and improved accountability within the organisation. As we grow, such automation will be critical to maintaining service quality at scale while ensuring that our frontline teams can spend more time on meaningful customer engagement.

Technology, data and artificial intelligence will play a central role in the next phase of customer experience transformation.

We are building an AI-enabled service model that can improve responsiveness, accuracy and consistency across customer touchpoints. Capabilities such as voice bots, virtual assistants, AI-driven complaint management, knowledge engines, and agent-assist tools can help us deliver faster and more informed support to customers. These tools can also help our employees serve customers better by providing relevant information, guiding resolution, and reducing dependency on manual processes. Our objective is to use technology to make banking simpler and more responsive, while ensuring that customers continue to experience care, transparency and accountability.

At the same time, we recognise that responsible use of technology is essential to preserving trust. As digital adoption expands and AI-led capabilities become more embedded in banking operations, customer protection, privacy, fairness, and transparency will remain central to our approach. Customer data must be used responsibly, with appropriate governance, security, and consent

frameworks. Our technology-led service transformation will therefore be guided by strong risk management, regulatory alignment, and ethical adoption of data-driven tools. For us, innovation must always strengthen customer trust, not dilute it.

Customer grievance redressal is a critical pillar of customer trust, governance and franchise building.

We view every complaint as an opportunity to listen, learn, and improve. Our objective is to ensure that grievances are addressed fairly, transparently, and effectively, while making external escalation an exception rather than the norm. A strong redressal framework reinforces customer confidence and provides valuable insight into service gaps, process issues, and emerging customer expectations. It also strengthens accountability across the organisation by ensuring that customer concerns are not treated as isolated events, but as signals for continuous improvement.

Our emphasis is increasingly shifting from complaint handling to complaint prevention.

This requires disciplined root-cause analysis, proactive remediation, and continuous monitoring of grievance trends. By identifying recurring issues and addressing them at the source, we can improve customer experience structurally rather than only resolving concerns after they arise. This approach will be supported by data-driven insights, journey mapping, feedback loops, and stronger ownership across business, operations, technology, and service teams. Embedding customer-centric accountability across the organisation will be essential to building a consistently high-quality service culture.

To institutionalise this strategy, we are strengthening our customer excellence framework around measurable outcomes.

Key indicators such as Net Promoter Score, Customer Satisfaction Score, First Contact Resolution, complaint ratios, digital adoption, and service quality metrics will help us measure progress more objectively. These metrics will enable us to track customer experience across journeys, channels, segments, identify improvement areas, and align teams around a common service agenda. A strong measurement framework is important because customer centricity must be managed with the same discipline as growth, productivity, risk, and profitability.

Building a customer-centric franchise is therefore our topmost strategic priority because it directly supports every dimension of long-term value creation. It strengthens trust, improves retention, deepens relationships, supports responsible growth, and enhances the quality of the franchise. As we continue to grow, our ability to remain close to customers, understand their needs, and respond with speed and fairness will define the strength of our institution.

Our ambition is to build a Bank that customers choose not only for products, but for confidence, convenience and care. By combining customer insight, omnichannel reach, responsible innovation, proactive service, and strong governance, we aim to create a differentiated banking experience that is simple, inclusive, and future-ready. This customer-first mindset will continue to guide our transformation journey and support our aspiration to build an enduring institution that serves generations with trust, transparency and responsibility.



Build a Scalable Deposits Franchise

As a team, our journey towards becoming a 'Forever Bank' is anchored in building a resilient, granular, and retail-led deposit franchise. We remain focused on creating a stable and diversified liability base that supports sustainable growth, enhances funding resilience, and deepens long-term customer relationships.

As of March 31, 2026, our deposit base stood at over ₹1,52,661 Crore, reflecting a robust 23% Y-o-Y growth, with a market share of ~0.6%. This growth was achieved despite a competitive and tight liquidity environment, underscoring the strength of our liability franchise and consistent execution.

Pillars of Deposit Strategy

Granularity

~28%
CASA ratio

~60%
of deposits sourced through branch banking, reflecting the strength of the retail franchise and steady customer acquisition momentum.

Stability

~79%
of total deposits

Stable deposits (CASA + Retail Term Deposits + non-callable bulk deposits), providing resilience in a competitive funding environment.

Cost of Funds

~6.75%
↓ 32 bps Y-o-Y

Cost of funds in FY 2025-26, supported by improving mix and granular mobilisation.

The liability franchise is structured across four focused verticals, each playing a distinct yet complementary role in strengthening the funding profile and broadening the deposit base: Branch Banking, Wholesale Banking, Government Banking, and Financial Institutions Group (FIG)

- **Branch Banking**

  Branch Banking remains the cornerstone of the franchise, contributing ~60% of total deposits. We continue to deepen our retail presence through a well-distributed branch network, driving CASA growth, customer acquisition, and granular deposit mobilisation. We follow a segment driven approach with differentiated teams and solutions for adding value to senior citizens, Women and homemakers, self-employed professionals and non-professionals, NRI banking, enterprise salary, current account as well as Trusts, Associations, Society and Clubs (TASC).

  This diversified architecture is supported by our pan-India distribution, strong product suite, digital capabilities, and disciplined execution, enabling scalability across cycles.

- **Commercial Banking and Wholesale Deposits**

  Deeply engrained with our Commercial Banking asset franchise, this team is tasked with building a self-funded model for our Commercial Banking vertical. Responsible for deepening liability relationships with MSMEs and institutional clients, they implement solution-led offerings such as cash management and transaction banking for enhancing operating float and engagement, supporting funding self-sufficiency.

  Additionally, they are also focused on mobilising diversified Wholesale deposits from non-lending corporate relationships with a strong emphasis on non-callable deposits to improve funding stability and asset-liability management. This is supported by a solution-led engagement model, including bundled offerings and deeper transaction banking integration across cash management, payments and collections, treasury management, foreign exchange etc, enabling stronger client stickiness and higher wallet share. In parallel, coverage is also being expanded to build liability relationships with large corporations and emerging enterprises through a sector-led approach, while leveraging fintech collaborations and digital capabilities to improve transaction flows and operating balances.

- **Government and Interbank Deposits**

  Government Banking provides stable and diversified balances through relationships with central and state governments, public sector undertakings, local municipal bodies, and interbank deposits from cooperative banks, forming a key anchor for our liability franchise. The segment also supports the scaling of transaction banking, cash management, and fee-based income streams, while strengthening engagement across institutional ecosystems.

  The franchise is being further strengthened through a structured approach to expanding government and institutional relationships, supported by access to a wider set of entities and mandates. Dedicated teams are focused on pursuing centrally driven opportunities and specialised segments, while also deepening relationships with existing customers through enhanced engagement and coverage.

  We are also adopting a phased geographic expansion strategy, prioritising states based on deposit potential, thereby improving the quality and diversification of

balances. In parallel, a continued focus on integration with government systems and treasury frameworks is enabling stronger transaction flows and improving the stickiness of deposits.

As we transition towards a Universal Bank, the ability to access a broader set of government mandates and institutional opportunities is expected to further strengthen this segment, supporting scalable and stable liability growth.

- **Financial Institutions Group (FIG)**

  FIG acts as a strategic interface with the broader financial ecosystem, driving relationships across commercial banks, insurance companies, mutual funds, capital market intermediaries and other financial institutions, while supporting liability mobilisation and balance sheet optimisation. The segment enables AU SFB's participation in capital markets and structured financing opportunities, while also facilitating interbank placements and institutional flows. Through a solution-led approach and deep institutional engagement, FIG strengthens access to diversified funding sources, enhances market-linked opportunities and supports efficient capital and liquidity management, contributing to a more balanced and resilient funding profile.

Building on the Bank's strong liability foundation, our deposit growth is driven through a clearly defined set of strategic levers:

1. Calibrated distribution expansion.
2. A comprehensive and segment-led product suite.
3. Strengthened sales management and cross-sell capabilities.
4. Brand-led customer acquisition.
5. Continued investment in digital and data-driven platforms.

Together, these levers enable us to move towards a more granular, stable and relationship-led deposit franchise, supporting sustainable growth while improving the quality and resilience of its liability base.

01 Pan-India distribution

We continue to strengthen our pan-India distribution as a core driver of granular deposit growth, with a calibrated focus on high-potential Tier I and metro markets, where a large share of deposit pools resides. This targeted expansion enables us to access higher-value customer segments and transaction balances, supporting sustained growth in CASA and retail deposits.

Our approach is anchored in selective and market-led expansion, with branch additions in top 10 cities in the country that offer strong liability potential, favourable demographics, and higher income density. The branch expansion plays a critical role in enhancing our local presence and customer trust, particularly in newer geographies. Physical proximity enables deeper engagement with customers, improved onboarding, and stronger relationship building, all of which are essential for mobilising stable and granular deposits.

We also ensure that expansion is accompanied by a strong focus on branch-level productivity, with each branch aligned to clear liability targets and operating with a sharper focus on deposit mobilisation. This dual approach of growth with discipline allows us to scale our network without diluting franchise quality.

As of FY 2025-26, our network stood at 703 branches, providing a strong foundation for deposit mobilisation across geographies. Going forward, we plan to add 80–100 branches annually in a calibrated manner, with a continued emphasis on markets with higher deposit intensity.

Over time, this disciplined expansion strategy is expected to drive higher deposit granularity, improve CASA share, and strengthen the stability of our liability franchise, while ensuring that growth remains sustainable and productivity-led.

80–100 Liability Branches
Planned to be added annually

02 Complete product suite and diversified channels

We have built a comprehensive, segment-led product architecture designed to address the full lifecycle of customer banking requirements spanning across retail, MSME, corporate, and institutional segments. Complementing this, our premium banking proposition for affluent and emerging affluent customers offers personalised services, tailored solutions, and exclusive benefits, supporting deeper relationships and helping attract and retain higher-value deposits.

The focus goes beyond product breadth to ensuring relevance, segmentation, and deeper customer engagement, supported by:

- Differentiated products across salary, savings, current accounts, and term deposits, enabling strong liability-led customer acquisition.
- Tailored propositions for affluent, emerging affluent, professionals, NRIs, and MSMEs, aligned to segment-specific needs and behaviours.
- Integration of payments, wealth, insurance, remittances and transaction banking solutions, driving a higher share of wallet and relationship depth.

This approach enables a shift from product-led acquisition to relationship-led banking, improving customer stickiness, enhancing deposit quality, and strengthening long-term franchise value.

Our digital-first yet branch-backed ('phygital') model ensures seamless engagement across channels. Platforms such as AU 0101, along with internet banking, video banking, and assisted channels, enable consistent and convenient customer journeys, while maintaining the strength of relationship-led engagement through branches.

In addition, we have strengthened our service proposition for premium customers through a differentiated and accountability-driven approach. The Service Response Guarantee Program, introduced for AU Ivy, Eternity, and Royale customers, ensures priority handling and resolution of select service requests within a defined 24-hour turnaround time. In the event of any delay beyond the committed timeline, we offer a complimentary service gesture, reinforcing our commitment to responsiveness and customer-first service.

We are building a focused NRI franchise centred on delivering seamless global banking, differentiated remittance offerings, and integrated wealth solutions tailored for international customers. The strategy is anchored in deepening relationships across key corridors, strengthening partnerships, and enhancing digital-led access, supported by dedicated NRI coverage. The transition to a Universal Bank is expected to further accelerate this segment, enabling broader product access, improved customer acceptance, and stronger participation in global banking opportunities.

Customer experience remains a key differentiator. Initiatives such as extended banking hours, 'no home branch' banking, and simplified digital journeys enhance accessibility and convenience, supporting higher engagement and retention.

Segmented Solutions

AU ivy

Ultra-premium banking programme

AU ETERNITY

Lifestyle banking programme for HNI professionals and businesses

AU ROYALE

Premium banking programme for affluent families

PLATINUM

Family banking programme for mass affluent customers

Digital Channels

- AU 0101 App
- AU 0101 Business App
- Video Banking
- WhatsApp Banking
- Chatbot
- IVR
- AU DigiTrade
- AI bots

03 Sales management, partnerships and cross-sell

We continue to strengthen our sales management capabilities through a targeted go-to-market approach, driven by catchment-specific marketing initiatives to enable focused customer acquisition across geographies. This localised strategy helps us effectively identify high-potential segments and improve conversion efficiency.

It is supported by a structured sales capability framework across the entire resource lifecycle, encompassing onboarding, continuous training, supervisory development, and career progression. Focused initiatives ensure that frontline teams are equipped with strong product knowledge, customer engagement skills, and process understanding, enabling consistent execution and improved productivity.

In parallel, we have built robust central enablers to support sales effectiveness, including analytics-led lead generation, targeted marketing campaigns, and standardised sales collateral. These tools help improve lead quality, enhance pitch effectiveness, and drive higher conversion outcomes across products.

The sales framework is further strengthened through performance-linked incentive structures, recognition programmes, and periodic review mechanisms, ensuring strong alignment between business objectives and frontline behaviour. This fosters a high-performance culture, driving accountability, productivity, and a sustained focus on cross-sell.

Over the years, we have invested in building a best-in-class product suite that caters to the needs of various customer segments. There was a focus on building propositions for

specific customer segments like women. In accordance, 'M' circle: Women Segment Solution was launched, which is a specially crafted product that caters to the day-to-day needs of our women customers. The proposition offers a complimentary health and wellness package, lifestyle benefits, discounts on lockers, and a curated financial independence program.

Strategic partnerships with premier institutions such as the Institute of Chartered Accountants of India (ICAI) and the Institute of Company Secretaries of India (ICSI) further enhance acquisition efforts by enabling early engagement with high-income professional segments and building long-term customer relationship value.

'M' circle: A dedicated banking proposition designed around the financial, health and lifestyle needs of women

ICAI: A dedicated banking proposition designed around the professional banking needs of Chartered Accountants

We are also expanding our cross-sell ecosystem across products such as payments and QR solutions, insurance, wealth management, transaction banking, trade finance, and forex services, supporting higher customer engagement, improving fee income, and strengthening the overall franchise. Our digital sales ecosystem, anchored by platforms such as 'Sampark', enables a more data-driven and actionable approach to relationship management. By integrating lead management, task tracking, customer mapping, and review mechanisms, the platform provides a 360-degree view of the customer and translates insights into clear actions for relationship managers, improving engagement and cross-sell opportunities.

Sampark: 360° Customer Intelligence Platform Integrating leads, tasks and customer insights to enable smarter relationship management and cross-selling.

04 Building brand for a 'Forever Bank'

Enhancing our brand presence remains a key driver for deposit buildout. Our new brand campaign *'Soch Badlo, Aur Bank Bhi'*, has helped enhance brand visibility and connect with a broader customer base by increasing brand awareness and strengthening our positioning across customer segments. The campaign achieved strong outreach, with presence across television channels, newspapers and social media. Further, the campaign was amplified through a strong push on vernacular content, enabling deeper regional engagement and improved brand recall across markets.

We continue to leverage structured ecosystem partnerships with institutions such as ICAI, ICSI, FICCI, and other trade forums, enabling consistent on-ground engagement and access to professional and affluent customer segments. We also expanded our presence through curated marquee events and engagement platforms, aimed at strengthening relationships with affluent and emerging affluent customers. These initiatives facilitate direct customer interaction, enhanced engagement across new-to-bank and existing customer segments, and provide a platform to showcase our offerings, capabilities, and performance. In addition, community-led engagements through the branch network further supports localised outreach and customer connect. As we continue our transition towards becoming a Universal Bank, brand building remains a key priority to support customer acquisition, deeper market penetration, and stronger customer confidence. We will continue to invest in building a strong, trusted, and future-ready brand franchise, aligned with our long-term growth strategy.



05 Continued investment in tech/digital enablement

Leveraging tech platforms, data analytics and AI-led innovations to drive customer acquisition and deepen existing relationships remains a critical tool for our deposit franchise.

We have rolled out an improved onboarding platform, ACE, for onboarding savings and current account customers. The new platform for assisted onboarding gives customers the option to get onboarded at the time of account opening with bundled products, and it also features predictive risk-based models that deter mule account opening. The new journey ensures faster turnaround time, immediate account opening, and reduces the overhead cost of scrutiny.

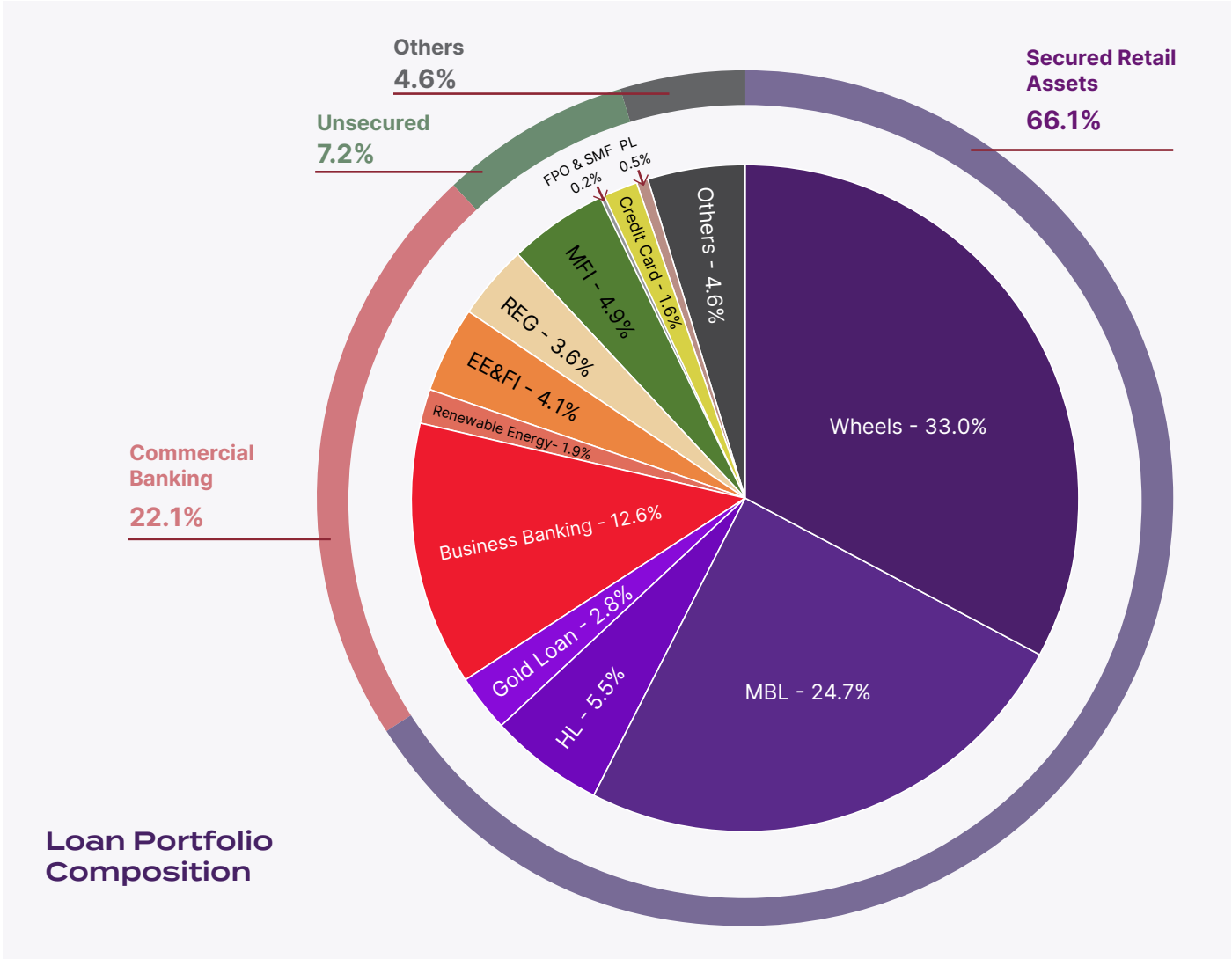
Initiatives such as 'One Bank One Number' enhance customer convenience by ensuring a consistent communication touchpoint. With a phygital and omnichannel approach, we integrate physical and digital channels to enhance customer convenience, improve service delivery, and build deeper relationships.

Drive Sustainable Loan Growth

Our lending franchise has demonstrated strong and consistent performance, with Gross Loan Portfolio growing at ~30% CAGR in the last five years while maintaining industry-leading asset quality. This robust growth has been supported by our well-diversified product suite, steadily built across retail and MSME segments, catering to both formal and informal customer segments.

Beginning with Wheels business, we expanded into Mortgages, MSME financing, and unsecured lending.

We have organised our lending business across four verticals: Retail Secured Assets, Commercial Banking, Inclusive Banking, and Digital Unsecured Loans, providing a balanced and resilient growth architecture.



Loan Portfolio Composition

Strategic levers for growth in loan portfolio

Over the last three decades, we have scaled from a focused vehicle financier into one of India's most diversified retail-led franchises. As we enter the next phase of our journey, anchored by our potential transition to a universal bank, our approach to growing our loan portfolio rests on four mutually reinforcing levers: disciplined, segment-led growth; deepened distribution; the structural advantages of a universal banking license; and technology and AI-led enablement across the value chain. Together, these levers are designed to deliver growth that is calibrated, granular, and resilient through cycles.

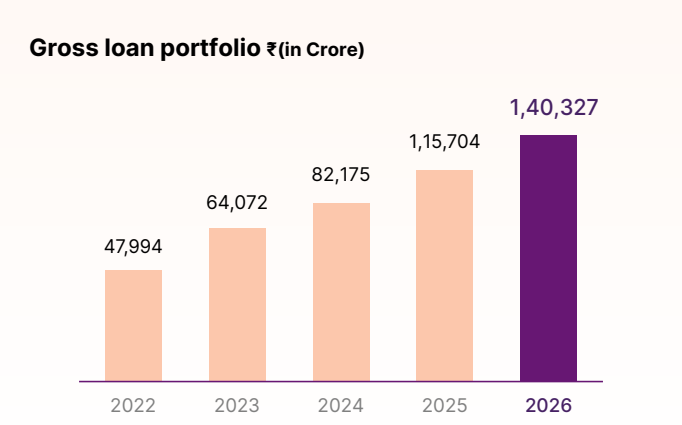
01 Disciplined, segment-led growth

As we have grown and scaled, our growth trajectory has increasingly become more closely interwoven with the broader economic cycle. In our formative years, a smaller base enabled rapid expansion largely independent of broader system growth. Today, with a meaningfully large book, our growth must be more deliberately calibrated to the economic cycle.

We anchor our medium-term growth to a multiple of nominal GDP (NGDP), targeting growth of 2 to 2.5 times of NGDP. This calibration is deliberate: sustained growth far ahead of the economy raises the risk of adverse selection

in underwriting and asset-quality stress when the macro cycle turns. By anchoring growth to the economy while continuing to outpace it, we seek to compound profitably and prudently, without assuming disproportionate cyclical risks.

In FY 2025-26, our gross loan portfolio grew 21% Y-o-Y to ₹1,40,327 Crore, growing roughly 1.6 times the ~13% growth estimated for the private banking sector and around 2.5 times nominal GDP, demonstrating that our strategy of out-growing the system while staying within a calibrated band is working in practice.



Growth will continue to be led predominantly by secured assets, with segment-specific approaches:

Wheels:

The wheels portfolio emphasises diversification across geographies, customer segments and asset categories, along with a calibrated mix of new, used, and refinance exposures. This is the oldest franchise of the Bank and still a core growth engine, increasingly benefiting from distribution expansion to the southern market, deep OEM and dealer relationships and a presence across personal and commercial vehicles across new and used categories. This portfolio has grown at a healthy pace and remains one of the key segments that the Bank expects to compound faster than the overall book.

Mortgages:

Split between Micro Business Loans (MBL) and Affordable Housing Loans (AHL), our Mortgages Business is steadily scaling secured book benefiting from the expansion in the southern region of India and rising penetration in semi-urban and rural markets. While facing intense market competition from newer and entrenched players alike, this business benefits from a deep on-ground presence, enabling strong sourcing capabilities and consistent customer engagement. This, combined with long-standing expertise in the segment with in-house team for credit, legal and technical assessment of properties, allows the Bank to underwrite borrowers with limited formal documentation while maintaining control over credit outcomes. The focus remains on steady portfolio expansion with calibrated risk, supported by prudent underwriting, granular portfolio build-up, and continuous monitoring of borrower performance across geographies and business segments.

Gold Loans:

Positioned for a faster growth trajectory within the overall loan segments, given its relatively small base, sustained consumer demand, favourable gold prices and regulatorily a more level playing field across lenders. As regulatory norms become more harmonised across banks and NBFCs, the opportunity is increasingly determined by execution capabilities rather than structural regulatory advantages. This shifts the favour to our strong distribution, faster processing, disciplined collateral management and superior customer experience, areas where we are building a differentiated, technology-enabled proposition.

Sr. No.	Particulars	ATS (in Lakh)	Vintage (in Years)	Active Loans (in Lakh)	Amount (₹ in Crore)	Mix in Total Book (%)
1	Wheels	~4.4	30	~14.2	46,363	33%
2	Micro Business Loans	~17	19	~3.6	34,691	25%
3	Home Loan	~17	9	~0.7	7,748	6%
4	Gold Loan	~2.6	8	~1.5	3,941	3%
	Retail Secured Assets Total			**20.0**	**92,742**	**66%**

Note: Average Ticket Size (ATS) is on disbursement and other numbers are on Gross Loan Portfolio

Commercial Banking:

Providing working capital and term lending solutions to formal, balance sheet driven enterprises benefiting from the rapid growth in MSME segment. This business is expected to scale through a diversified, granular and relationship-led portfolio, supported by disciplined underwriting and programme-led lending. This business focuses on adding value to customers by building segment expertise and specialisation across government linked contractors, renewable energy ecosystem, NBFCs and startups, real estate and construction linked financing, where growth is driven by deeper customer engagement, non-fund based solutions, transaction banking, liability solutions and cross-sell opportunities. Digital onboarding, AI-led processes and sharper portfolio monitoring will improve turnaround time, consistency and scalability, while maintaining strong control over asset quality.

Sr. No.	Gross Loan Portfolio	ATS (in Lakh)	Vintage (in Years)	Active Loans (in Thousands)	Amount (₹ in Crore)	Mix in Total Book (%)
1	Business Banking	~138	9	~20	17,641	13%
2	Renewables	~514	1*	~0.6	2,603	2%
3	EE&FI	~1,807	12	~0.6	5,713	4%
4	REG	~2,655	13	~0.6	5,011	4%
	Commercial Banking Total			**22**	**30,968**	**22%**

*Note: *In FY 2025-26, Bank carved out Renewables vertical from Agri Banking; ATS is on disbursement*

Inclusive Banking:

Primarily led by Microfinance Business, this segment is coming out of an industry-wide cyclical slowdown, and the book is now turning around. Additionally, we have aligned the build-up of our microfinance portfolio with the availability of credit guarantee cover under the CGFMU scheme of the government, with a significant portion of our book benefiting from such coverage. Our incremental disbursements have been largely under CGFMU guarantee cover, ensuring that our portfolio growth is supported by built-in risk mitigation. We expect the growth in this vertical to be in line with the overall growth of the industry.

Gross Loan Portfolio	ATS (in Lakh)	Vintage (in years)	Active Loans (in Lakh)	No of Villages (In Thousands)	Amount (₹ in Crore)	Mix
Microfinance	~0.6	16	~20	~58	6,879	~5%

Digital Unsecured Loans (Personal Loans and Credit Cards):

This represents a smaller but strategically important base for us, growing on the back of straight-through-processing journeys and cross-selling to our existing liability and asset customers. We are taking calibrated steps towards building our credit card portfolio post the recent calibration in underwriting, while we expect Personal Loans to scale steadily from a low base.

Sr. No.	Gross Loan Portfolio	ATS (in Lakh)	Vintage (in years)	Number of Loans (in Lakh)	Amount (₹ in Crore)	Mix
1	PL & BL	~1.7	6	~0.8	753	0.5%
2	Credit Card		4	~10.7	2,196	1.6%
	Total			**11.5**	**2,949**	**~2.1%**

Taken together, secured assets – Wheels, Mortgages, Gold and Commercial Banking – form ~90% of our business and will continue to anchor the book's stability and asset quality, while the calibrated revival of unsecured and digital lending adds incremental yield and diversification without introducing concentration risk.

02 Deepened distribution

Expanded distribution footprint in past two years

Over the past two years, we have significantly deepened our distribution franchise, supported by the integration of the acquired branches of erstwhile Fincare. This has materially expanded our reach and strengthened product penetration across key retail secured asset classes. Our network now provides 1,000+ loan origination branches for each of our core businesses, including Wheels, Mortgages and Gold Loans, creating a broader and more granular growth platform. Importantly, a large part of the additional distribution is in newer geographies across Southern states of Andhra Pradesh, Karnataka, Telangana and Tamil Nadu as well as in Eastern and northern Indian states of West Bengal and Uttar Pradesh, where our retail asset presence was historically limited. This gives us a meaningful opportunity to sustain growth over the next three to five years through continued deepening in existing markets and market share gains in new markets. With a wider pan-India footprint, enriched product suite and stronger local presence, we are well positioned to drive diversified, inclusive and resilient growth at scale.

03 Universal Banking and ease of business

We expect our potential transition to a universal Bank to be a structural step-change, rather than a mere change in nomenclature. It expands our addressable opportunity and unlocks several levers that can directly support our loan portfolio growth:

- **Lower Priority Sector Lending (PSL) commitment:**

  As per regulatory norms, Small Finance Banks are currently required to allocate 60% of their Adjusted Net Bank Credit (ANBC) to Priority Sector Lending (PSL) with focus on farmer financing, agriculture ecosystem, housing, education and MSME etc. This PSL requirement reduces meaningfully to 40% of ANBC upon our transition to a universal bank. This will reduce our operating intensity around PSL classification, documentation, and monitoring, allowing our underwriting and business teams to deploy bandwidth more productively towards growing the business. While our underlying customer segment and business segments are not expected to change much, focus will shift from more compliance driven lending to a more opportunity and credit driven decision making.

- **Removal of ticket-size restrictions:**

  In compliance with Reserve Bank of India (RBI) guidelines applicable to Small Finance Banks, we deploy a minimum of 50% of our loan portfolio in ticket sizes of up to ₹25 Lakh. On transition to a universal bank, while we will continue to cater to the small ticket size loans, the removal of this regulatory constraint will enable us to participate more fully in larger-ticket opportunities across Mortgages, Commercial Banking, and Corporate Relationships, areas where our current participation has been shaped by regulatory ceilings rather than a lack of capability.

- **Enhanced brand and counterparty acceptance:**

  Once the transition to a universal Bank is complete, it is expected to improve our counterparty comfort, institutional credibility, and eligibility for government, public-sector, and large-corporate relationships. Over time, this can support both sides of our balance sheet-improving our ability to source quality assets as well as deepening our liability relationships.

Importantly, this transition arrives after our core foundations have already been built. Our governance architecture, leadership depth, a unified core banking platform (post the erstwhile Fincare integration), and a distribution network that has nearly doubled over two years, are all firmly in place. The universal banking milestone therefore becomes an accelerator of our already-strengthened franchise, rather than the starting point for capability-building.

04 Technology and AI-led enablement

Technology and AI are increasingly becoming the operating layer through which AU SFB intends to scale growth, strengthen distribution and manage the complexity associated with its potential transition to a Universal Bank. During FY 2025-26, the Bank accelerated its investments in Agentic AI with a clear focus on enhancing productivity, improving customer experience and creating sustainable operating leverage.

- **Improving productivity and credit efficiency:**

  The Bank launched its first AI-native Loan Origination System (LOS) for Gold Loans, enabling approvals within 5–10 minutes through automated workflows and AI-led decisioning. The platform is now being extended to Mortgages and other loan businesses, while wheel finance and unsecured lending journeys are being redesigned to leverage AI for faster processing, improved file throughput and more consistent underwriting outcomes. In Commercial Banking, a dedicated Agentic AI platform is under development to strengthen credit assessment and improve processing efficiency in a rapidly growing segment.

- **Enhancing customer and frontline effectiveness:**

  The Bank is embedding AI across customer acquisition, servicing and engagement through multilingual AI-led inbound calling and outbound campaigns, AI-generated communications and intelligent email classification. These capabilities are helping improve responsiveness, reduce turnaround times and enable frontline teams to devote greater time to customer acquisition, relationship management and advisory-led interactions, thereby improving sales productivity.

- **Building a unified technology backbone:**

  These capabilities are underpinned by a strengthened technology foundation. During the year, the Bank completed the integration of Fincare's core banking system into AU SFB's platform, creating a unified operating and data architecture that enables AI capabilities to be deployed consistently across products and customer journeys. The revamp of the AU0101 app and corporate website further enhanced digital acquisition, customer engagement and self-service capabilities.

Collectively, these investments are helping build a more intelligent and scalable operating model that improves productivity, enhances customer experience and supports higher business volumes and broader product offerings, while maintaining cost discipline and risk controls.

Transition to a Digitally Transformed, AI-Powered Bank

At the current stage of the Bank's lifecycle, improving efficiency, enhancing productivity and strengthening operating leverage are strategic priorities. As the Bank scales across products, channels, geographies and customer segments, technology is a critical lever to simplify operations, reduce manual effort, improve turnaround times and deliver consistent outcomes at scale. The Bank's technology strategy is therefore focused on two connected objectives: driving near-term productivity and efficiency, while building the foundation of a future-ready, tech-first organisation.

Artificial Intelligence will be an important enabler of this transformation. AI-led automation, intelligent workflows, real-time decisioning and data-driven insights can help improve customer experience, strengthen risk management, enhance employee productivity and reduce cost-to-serve. The objective is not only to digitise existing processes, but to redesign them for speed, accuracy, scalability and control.

To execute this agenda with focus and accountability, the Bank has built a strong technology foundation and is now scaling its strategy across three pillars: Run, Build and Transform with independent leadership, defined priorities and measurable KPIs for each team. This framework allows us to balance near-term reliability and execution discipline with long-term innovation and future readiness.

01 Run: Strengthen the Foundation

The Run pillar is focused on keeping the Bank's core technology environment reliable, secure and efficient. As transaction volumes grow, the Bank will continue to strengthen resilience, scalability and availability across its infrastructure. Priorities include modernising core banking and payment systems, expanding cloud and hybrid infrastructure, strengthening API gateway and integration platforms, enhancing disaster recovery, upgrading identity and access management and deepening cyber resilience.

The Bank will also use AI-led IT operations, automated monitoring, observability frameworks, predictive incident management and centralised command centres to improve reliability and reduce disruption. The focus under Run is to maintain a stable, secure and scalable technology backbone, while improving efficiency across infrastructure, applications and support processes.

02 Build: Deliver a Digital-First and Data-Driven Bank

The Build pillar is focused on creating differentiated digital experiences for customers, employees and partners. The Bank will continue to enhance AU 0101 and AU 0101 Business, while strengthening digital onboarding, employee workflows, commercial banking automation, digital CMS solutions and partner and fintech ecosystem APIs. The emphasis is on seamless, intuitive and consistent journeys across retail, commercial and corporate banking.

A strong data foundation is central to this pillar. Investments in real-time data pipelines, Customer 360 capabilities, advanced analytics, enterprise dashboards and workflow automation will support deeper customer understanding, improved cross-sell, faster decision-making, stronger risk controls and higher operating efficiency. Build will help reduce customer effort, improve turnaround times and create scalable platforms for future growth.

03 Transform: Build an AI-Powered, Future-Ready Bank

The Transform pillar represents the Bank's ambition to become an AI-powered and intelligence-led institution. The Bank will progressively embed AI across onboarding, lending, underwriting, servicing, collections, fraud monitoring, compliance, engineering and internal operations. A dedicated AI Centre of Excellence will drive identification, prioritisation and scaling of high-impact use cases across the enterprise.

The Bank is also developing Agentic AI capabilities across voice, onboarding, lending, customer service, compliance and employee productivity, supported by robust data governance, model risk controls, cybersecurity safeguards, explainability, bias mitigation and responsible AI principles. Over time, the objective is to move towards an AI-native operating model where data, intelligence and automation are embedded across key business and operational processes.

At the same time, the Bank recognises that innovation must be accompanied by responsibility. As technology, data and AI become more deeply embedded in banking, the Bank will continue to prioritise cybersecurity, data privacy, model governance, explainability, bias mitigation and ethical adoption. Strong oversight, resilient architecture and responsible AI governance will be essential to maintaining customer trust and regulatory confidence.

Together, these initiatives position the Bank to scale with greater efficiency, resilience and intelligence. By strengthening the core, building digital and data-led platforms, and embedding AI responsibly, technology will remain a decisive enabler of productivity, customer experience and long-term franchise strength as AU SFB advances towards a future-ready operating model sustainably.

A critical enabler of this strategy will be disciplined technology governance and sharper alignment between business priorities and technology execution. The Bank will focus on portfolio prioritisation, stronger program management, architecture standardisation, vendor accountability and benefits tracking to ensure that technology investments translate into measurable outcomes. This will include clearer ownership of initiatives, faster decision cycles, improved delivery discipline and stronger linkage between spend, risk, productivity and customer impact. By combining innovation with execution rigor, the Bank can ensure that technology remains not just a support function, but a strategic multiplier for growth, efficiency, control and enterprise-wide value creation.

Build a Highly Capable, Empowered and Stable Workforce

As we prepare to transition into a full service universal banking franchise, the demands on our workforce are fundamentally changing. We are no longer building for a single customer segment or defined geography, but for greater breadth across products, markets and capabilities. This creates a strategic imperative that technology or capital alone cannot fulfil. We need talent that is skilled for today's banking and nurtured for tomorrow's scale.

Our workforce of over 59,200 colleagues is our greatest asset and a long term strategic investment. With ~44% of employees aged 18 to 30 and ~90% below 40 years, we have a rare opportunity to develop future leaders alongside the institution. This is not by chance, but by design.

01 Leadership development: Build deep, hire right, grow from within

Nurturing talent and leadership development remain a key pillar of AU SFB's growth and sustainability. This is built on three key foundations:

- **First:** Meritocracy as the operating system. At AU SFB, advancement is determined by performance, capability and values; it is a governance commitment that shapes how we hire, promote, and recognise our people at every level.
- **Second:** Bias toward internal talent development. Rather than relying on lateral hiring to fill leadership gaps, we have made a strategic choice to invest in growing leaders from within. Our flagship campus programme AURIFY, complemented by other initiatives like 'I am Auric', 'AU Shine', and 'MPowered', creates a pipeline that brings young, qualified talent into the AU SFB ecosystem early allowing the Bank to nurture them carefully over time.
- **Third:** Capability architecture that mirrors our business ambition. As the franchise grows in scale and complexity, we continue to align our learning investments to support evolving business and risk requirements. Through structured programmes spanning the 'Future Leadership Development Programme', 'Manager Excellence Programme', 'Executive Development Programme or Certified Credit Professional Programme' and 'AI & Generative AI Learning Modules' we have ensured that our workforce was equipped not just for today's demands, but for the complexity ahead.

02 How we are executing: The Triple E architecture

Our capability-building strategy is anchored in the Triple E Model: Experience, Exposure and Education.

We believe real capability is built on the job, in the field, through assignments and real accountability, not primarily in classrooms. This architecture spans the full career lifecycle. New joiners engage with AI-enabled induction videos seven days before their start date, ensuring cultural and functional immersion begins before Day One. Mid-career colleagues access Career Aspiration Discussions, internal mobility opportunities, and cross-functional moves. Senior leaders are developed through Executive Coaching, Leadership Training and structured succession planning.

The result is a capability system that is continuous, one that treats development as a daily practice rather than an annual intervention.

03 What this unlocks: Strategy enabled by people

A people strategy is only as valuable as the business outcomes it enables. For AU SFB, this investment in capability and empowerment directly unlocks four strategic outcomes:

- **Franchise scalability** - As we add geographies, products, and customer segments, a deep internal talent pipeline means growth is not constrained by hiring cycles or external talent availability.
- **Leadership continuity and institutional resilience** - With key managerial personnel averaging over 14 years with the Bank and a combined senior management vintage of 20+ years, our leadership stability is a competitive moat. Succession planning and bench strength development ensure this continuity is structural.
- **Cultural consistency at scale** - Articulating and embedding our culture through structured onboarding, targeted learning interventions and consistent everyday practices is a key area of focus to build and maintain organisational culture which is so well defined in our AU Dharmas. For example, being responsibly entrepreneurial with a strong bias for action is a core DNA of AU SFB's culture.

  The successful integration of erstwhile Fincare Small Finance Bank into AU SFB is a prime example of maintaining cultural consistency despite the complexity risen from confluence of teams from diverse regions, cultures and operating contexts. As an integrated one bank, we have retained a cohesive and recognisable institutional identity, ensuring that our values, ways of working and customer orientation remain consistent across geographies and scale.
- **Customer outcomes** - At its core, when colleagues understand their craft, feel supported, and see a future with the Bank, it reflects in how they engage with customers, with greater care, ownership and consistency. This directly shapes customer trust, experience and long-term relationships and in turn underpins sustainable business performance.

Strong Governance and Risk Management

01 Governance as a strategic foundation

Governance, Risk and Compliance (GRC) remains a critical cornerstone of the Bank given its role as a custodian of public deposits, supported by a well-established and institutionalised framework that upholds high standards of governance, transparency, and accountability. Strong governance and disciplined risk management provide the stability and confidence required to scale sustainably. As we progress towards becoming a universal banking franchise, our governance and risk management framework has been deliberately strengthened to keep pace with the increasing scale, complexity and responsibility of the institution.

The Reserve Bank of India's in-principle approval for our transition to a Universal Bank in August 2025 is more than a regulatory milestone; it reflects the trust and confidence the Bank has built through years of consistent, transparent and accountable conduct.

02 Independence of Board and control functions

The governance framework is further strengthened by a balanced and diversified Board with a strong independent presence, enabling effective oversight, objective decision-making, and prudent risk stewardship. Importantly, governance, risk, compliance, and audit functions operate as independent oversight mechanisms and are not driven by business targets, thereby minimising potential conflicts of interest and ensuring unbiased risk assessment and regulatory compliance.

Independence extends beyond the Board to the control functions that sit beneath it. Risk, Compliance and Internal Audit operate independent of business lines each with clearly defined mandates, direct access to Board committees, and the authority to escalate without interference. The Head of Internal Audit reports directly to the Audit Committee, ensuring that assurance is objective and autonomous. Similarly, Chief Risk Officer (CRO) reports to the Risk Management Committee of the Board.

The Bank follows a well-defined Three Lines of Defence framework comprising business and control functions as the first line, independent Risk and Compliance functions as the second line, and Internal Audit as the third line, ensuring robust internal controls and multiple layers of oversight. Dedicated functions across Risk, Compliance, Internal Audit, Secretarial, and Vigilance continuously strengthen governance standards through comprehensive risk management, policy oversight, and control monitoring. The Bank will continue to enhance its enterprise-wide risk assessment framework, including credit, operational, market, liquidity, conduct, and emerging risks, supported by technology-enabled monitoring and advanced analytics.

» **Credit governance**

Sound credit governance remains central to our credit risk management philosophy. The Credit Risk Committee, supported by clearly defined risk appetite frameworks and underwriting standards, oversees credit risk across our lending portfolio. Enhancing our credit decisioning capabilities through the adoption of AI-first platforms, enabling more consistent, data-driven credit assessments and early risk detection remain key focus areas for the Bank.

Our ICAAP and periodic stress-testing exercises ensure that capital buffers remain adequate under adverse scenarios, and that credit risk concentrations are monitored proactively. The outcome of these processes are reported regularly to the Risk Management Committee and the Board.

» **Fraud prevention and vigilance**

We maintain a structured and multi-layered approach to fraud prevention and vigilance. The Special Committee of the Board for Monitoring and Follow-up of Cases provides Board-level oversight of fraud risk, reviewing root-cause analyses, monitoring recovery positions, and ensuring that systemic weaknesses are addressed through strengthened controls.

The Whistle Blower and Vigil Mechanism provide a formal channel for employees, customers, and stakeholders to report concerns with direct access to the Audit Committee Chairperson for escalation. No legitimate concern is left without a pathway to resolution.

» **Expanding risk management to emerging areas**

Expanding our Enterprise Risk Management framework to address emerging risk categories alongside traditional financial risks remains a key priority. A partnership with the International Finance Corporation (IFC) to integrate climate risk into core banking strategy is a significant project which will help embedding physical and transition risk considerations into lending decisions and portfolio management.



Strategy in Action

Key Initiatives of the Year

During the year, the Bank executed various initiatives to put our strategy in motion. In line with our strategic priorities, the Bank undertook a number of key initiatives wherein we deepened customer relationships, expanded the reach of our products and services, strengthened our distribution network while maintaining a clear focus on growth and asset quality. By investing in technology, we made it easier for customers to access and use our services conveniently, enhanced our underwriting capabilities and improved decision-making. At the same time, we improved efficiency, maintained cost discipline, reinforced governance and risk controls alongside strengthening our leadership capabilities.

Key Initiatives FY 2025-26

01 Building a Pan-India Franchise

02 Scaling with Intelligence - Building an AI-Native Bank

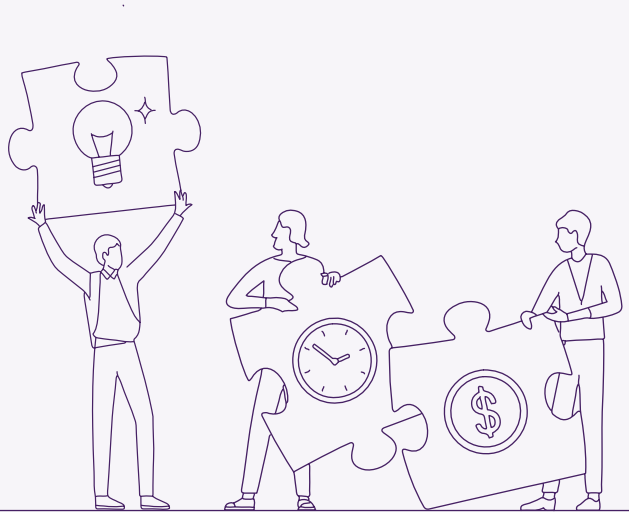
03 Building a more efficient and productive Bank

04 Succession Planning and Leadership Continuity

05 Enhancing Portfolio Resilience Through Rethinking Credit Governance Architecture

06 Scalable Growth Through Cross-Sell and Digital Acquisition

07 Progressing Towards Universal Banking



Building a Pan-India Franchise

During FY 2025-26, we continued to strengthen our distribution franchise as a key enabler of our long-term strategy to build a granular, pan-India retail banking platform. Our focus remained on expanding customer reach, deepening product-specific sourcing capabilities, and enhancing execution across markets and business segments.

Over the past two years, we have significantly expanded our distribution architecture through a combination of organic growth and the integration of the erstwhile Fincare network. This has strengthened our ability to acquire customers, mobilise deposits, grow retail assets, and deepen engagement across the customer lifecycle.

Strengthening the liability franchise

We continued to scale our liability-led distribution model by expanding in metro and urban markets and selectively upgrading asset centres into full-service branches. This has enhanced customer engagement, improved cross-sell opportunities, and strengthened relationship coverage in key markets.

Over the last two years, our urban branch network expanded by 208 branches, while the Swadesh network grew by 85 branches. During FY 2025-26, we added 78 liability-focused branches, primarily in metro and urban centres. Going forward, we plan to add 80–100 liability branches annually to further strengthen our deposit franchise in high-potential catchments.

Expanding retail asset reach

We also continued to broaden our secured retail asset distribution network, which now spans nearly 1,000 touchpoints across key product segments.

Over the past two years, the Wheels Business increased its touchpoints by around 100%+, while the Mortgage franchise expanded by over 100%. The Gold Loans business recorded 200%+ growth in touchpoints, emerging as an important contributor to the Bank's retail asset strategy.

During the year, we introduced dedicated Gold Loans Branches beginning with locations such as Jamnagar, Junagadh and Huzurabad. These specialised outlets are designed to provide faster turnaround times, transparent valuation, and a differentiated customer experience, combining the agility of specialised Gold Loan operators with the trust and strength of a regulated banking platform.

We also expanded our microfinance presence through the addition of over 170 branches over the last two years across key states. The portfolio remains well diversified, with 99% of district-level exposures below 1.5% of Gross Loan Portfolio each and operations spanning over 58,000 villages, underscoring the granularity and resilience of the franchise.

Building execution capacity

To support future growth, we added approximately 8,200 employees during the year across Liabilities, Secured Retail Assets, MSME Banking, Microfinance, Gold Loans, Credit Cards and Relationship Management Functions. These investments are aimed at strengthening specialised capabilities, improving sourcing productivity and enhancing execution at scale.

Our distribution model is evolving into a more integrated ecosystem that brings together branches, field teams, digital channels and partnerships. This coordinated approach is improving customer acquisition, deepening relationships and creating a stronger platform for sustainable growth across businesses.

208
Urban branches added, over past two years, strengthening presence across key markets.

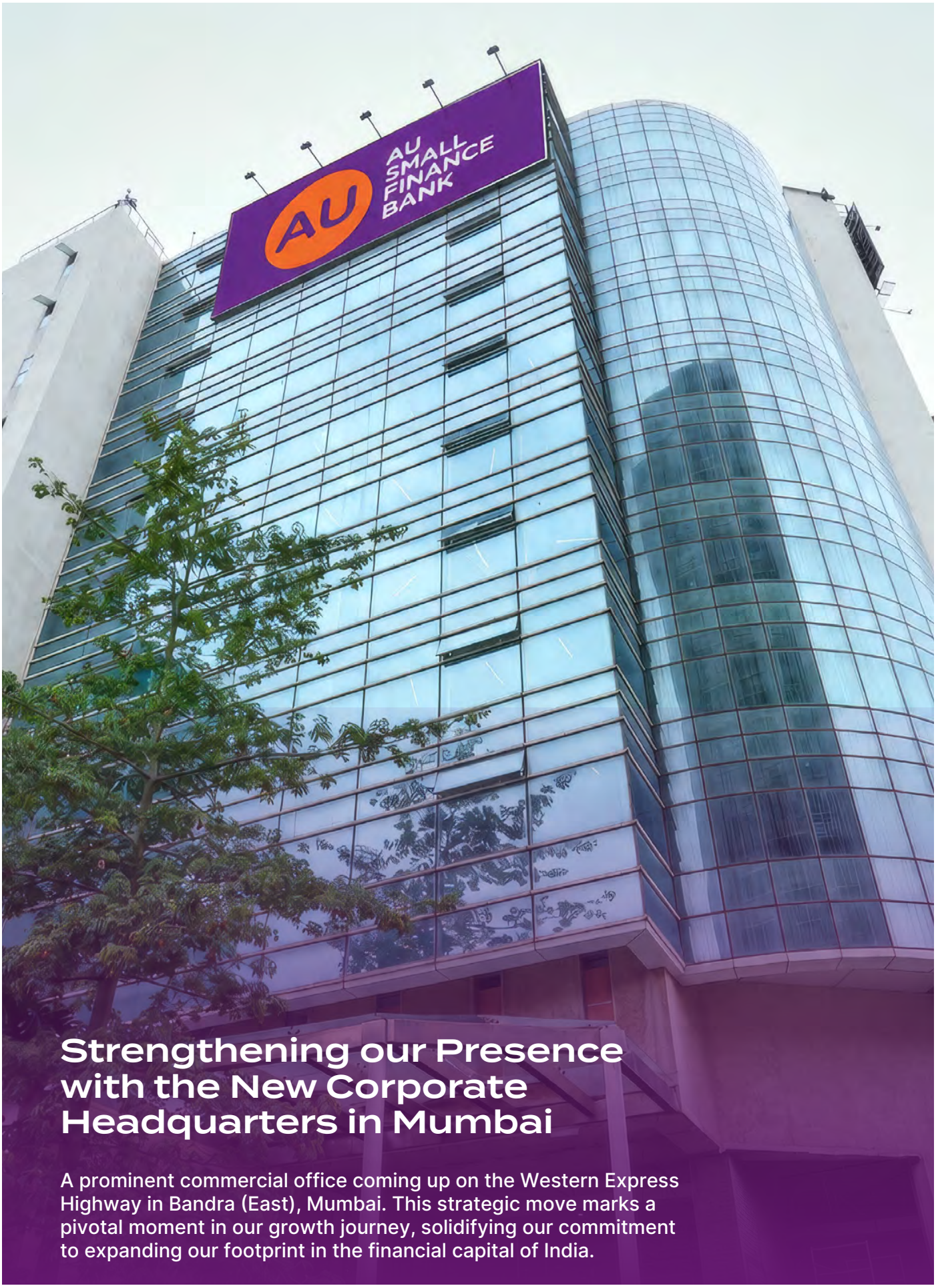
85
Swadesh branches added, over past two years expanding reach in rural and semi-urban markets.

78
New liability branches opened during the year, primarily in metro and urban centres.

100%+
Increase in Wheels Business touchpoints over the past two years.

100%+
Expansion in the Mortgages network.

200%+
Increase in Gold Loan touchpoints, emerging as a key growth driver.



Strengthening our Presence with the New Corporate Headquarters in Mumbai

A prominent commercial office coming up on the Western Express Highway in Bandra (East), Mumbai. This strategic move marks a pivotal moment in our growth journey, solidifying our commitment to expanding our footprint in the financial capital of India.

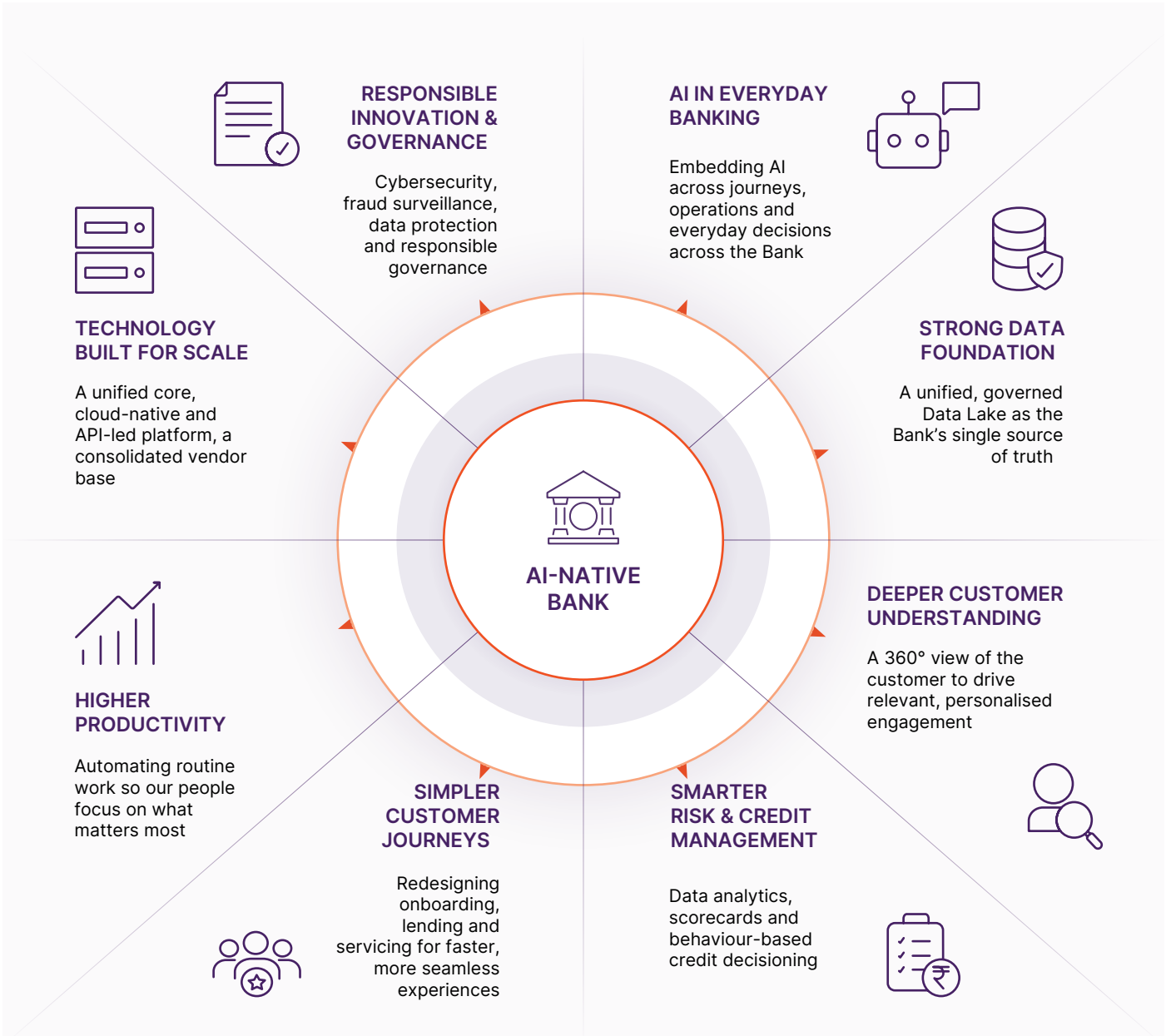
Scaling with Intelligence – Building an AI-Native Bank

Technology has shaped AU Small Finance Bank's growth not as an end, but as the means to scale with discipline while staying close to the customer. Since its transition from a vehicle financier to a licensed Small Finance Bank in 2017, AU SFB has used technology to simplify operations, strengthen risk management and deepen customer engagement building a franchise that combines digital efficiency with relationship-led banking.

This evolution has been deliberate. Each phase of our journey, from its origins in microfinance to a diversified banking institution, has been supported by targeted technology investments anchored in clear business needs. Systems have been deployed to solve real operational challenges, not to pursue technological novelty. This approach has ensured that as we scaled, our technology architecture remained aligned with customer outcomes, employee productivity and regulatory expectations.

The conversion to a Bank in 2017 marked a structural shift. Regulatory requirements around governance, reporting and risk management provided the impetus to strengthen core systems, standardised processes and build a more integrated data architecture. What emerged was a technology foundation capable of supporting both the rigour of a regulated institution and the agility required for growth.

Today, we are building on this foundation to become an AI-native Bank by embedding intelligence into customer journeys, decision-making and operations. The objective is not to replace human judgement, but to enhance it ensuring that scale does not come at the cost-of-service quality, responsiveness or trust.



01 AI in everyday banking

Building an AI-native bank

Artificial intelligence is becoming central to how AU SFB operates. Our approach is to embed intelligence across journeys and workflows, rather than layering it on selectively so that decision-making becomes more consistent, contextual and scalable across the organisation.

During the year, we launched our enterprise-wide Agentic AI platform, built on Dailoqa and Intellect, to support both internal teams and customer-facing use cases. This provides a common foundation for intelligent automation, contextual decisioning and multilingual engagement, enabling faster deployment of new journeys at scale.

To operationalise this, we are establishing an AI Centre of Excellence that integrates business teams, technology specialists and partners to prioritise and scale high-impact use cases. Early deployment of the AI-native Gold Loan Origination System has demonstrated materially faster and more consistent turnaround at pilot locations, and similar capabilities are now being extended across Mortgages, Wheels Finance, Commercial Banking, Personal Loans and Credit Cards.

02 Simpler customer journeys

Taking friction out of banking

Employee Tech

Technology creates value only when it translates into tangible improvements in customer outcomes. AU SFB continues to simplify onboarding, lending and servicing journeys with a clear objective to reduce friction, improve turnaround times and make banking more intuitive without weakening the relationship-led model.

A key enabler has been the modernisation of underlying platforms beneath these journeys. Origination processes migrated onto Salesforce with FICO as the business-rules engine, providing the flexibility to adapt journeys quickly and apply credit policies consistently. On this modernised stack, pre-approved existing-to-bank personal loans are now disbursed in as little as two minutes, fully digital from application to disbursal. Our Wheels Business already runs on the same salesforce-based platform and is simpler to use, while Credit Cards and Personal Loans are being made completely paperless - giving major retail lending products a common, modern technology spine.

Customer Tech

Customer interfaces have also been strengthened through the upgraded AU 0101 mobile application and launched a new AU 0101 Business app, alongside a refreshed website of the Bank built for a more intuitive and personalised experience.

The UPI stack has been revamped with a range of new features, including UPI Number, Send Money, UPI Intent, UPI Circle, UPI Lite and UPI Autopay. On the liabilities side, account-opening journeys are now largely straight-through, with close to an 80% STP rate, supported by digital onboarding, embedded cross-sell and the ACE platform.

03 A strong data foundation

Building a data-led organisation

Data infrastructure is the backbone of our technology strategy. Over several years, we have invested heavily in a centralised data lake that now serves as a single source of truth across businesses and functions. More than 50 source systems have been integrated into this governed platform, enabling real-time reporting, monitoring and decision-making, and removing the fragmented, siloed reporting of the past.

Today, most management dashboards, business reviews and reporting operate through the data lake, improving data consistency, reducing manual effort and freeing teams to focus on insight and action rather than on preparing data. Building on this foundation, we are enhancing our analytics through conversational business intelligence and a centralised Business Command Centre, with natural-language querying that widens access to data-driven insights across the organisation.

Dedicated dashboards across Credit Cards, Personal Loans, Branch Banking and the Asset-Liability Committee (ALCO) further support monitoring and decision-making across key businesses. As the data ecosystem expands, the focus remains on data quality, governance and accessibility, building a data-led organisation where decisions are faster, more consistent, insight-driven and have the capacity for innovation.

04 Deeper customer understanding

Understanding customers better

Data Engineering

With a unified data foundation, one of the greatest opportunities technology creates is the ability to understand customers more deeply and respond more effectively. AU SFB is moving towards a more customer-centric operating model, viewing each customer as a single relationship rather than a set of products.

Central to this is the Customer 360-degree view, built on the unified data foundation. It brings together customers' deposits, loans, cards, payments and service history into one consistent picture, available to every team that serves them; whether in a branch, the contact centre or through a relationship manager. Because everyone works from the same complete view, it ensures more informed engagement and reduces fragmentation in service delivery.

Data Analytics

Customer profiling helps us understand customers by need, life-stage, behaviour and value. Customer-profitability models across Retail and Commercial Banking segments add a further layer, giving a more holistic understanding of customer value and relationship potential. With this richer understanding, we are able to anticipate needs earlier and put the right solution in front of the right customer at the right time. This improves the relevance of offerings, strengthens relationships and supports more efficient cross-sell.

05 Smarter risk and credit management

Usage of data analytics

Data analytics now sits at the core of how AU SFB acquires customers, underwrites credit and manages risk across its lending businesses. We have built a growing library of in-house models, including classification models that help segment customers and assess eligibility, application and underwriting scorecards that support origination, and dedicated risk scorecards for unsecured loan segments.

We have invested particularly in behavioural scorecards that read repayment and transaction behaviour to refine how existing customers are assessed and managed. These models support decisions across the credit lifecycle - from acquisition and origination to limit assignment, risk-based pricing and portfolio monitoring. With FICO running as the business-rules engine, credit policy is applied consistently and automatically, enabling real-time, straight-through decisions with less manual intervention.

Multiple underwriting scorecards are already live across Personal Loans and Credit Cards, and behaviour-based decisioning is being extended into Vehicle Finance and Commercial Banking portfolios. As more data accrues, these models are continuously recalibrated, helping detect changes in risk earlier and respond more precisely.

06 Higher productivity

Improving productivity across the bank

Our objective is not simply to automate processes; the approach to productivity is to use technology to shift effort from routine tasks to judgement-led and relationship-driven work. There is increasingly more emphasis on spending more time on work that creates real value while building a more agile and scalable operating model.

During the year, AU SFB migrated to Darwinbox, creating a unified platform for HR operations, employee self-service, helpdesk and internal communication, with the assistant AURA providing always-available support. Drishti, the governance workflow platform, is helping departments such as Compliance, Audit, Secretarial, Vigilance and Risk move from email-driven processes to structured, auditable workflows.

Several further initiatives support productivity across the Bank. OneDeskIQ, an AI-powered helpdesk, and AU Knowledge SLM, a multilingual assistant trained on internal policies, make it easier for employees to find answers and get work done. The Cross-Sell and Cross-Lead platform consolidates opportunities from across channels and uses propensity models and scorecards to prioritise and route each lead to the most appropriate team.

AI-powered voice bots now handle over 20% of inbound customer interactions. Around 25% of CASA and Micro Business Loan outbound campaigns are AI-driven. In collections, the REZOLV platform brings together automated portfolio allocation, strategy management, field intelligence and AI-assisted engagement to improve recovery. Other use cases include email and PSL classification, VKYC audit automation, AI-enabled internal audits and automated employment verification. Together, these initiatives are creating a more scalable operating model without increasing complexity.

07 Technology built for scale

Foundations for a larger bank

As we prepare for our next phase of growth, building scalable and resilient technology infrastructure has been a priority. The headline achievement of FY 2025-26 was completing the core banking system migration of erstwhile Fincare SFB with the Bank's core banking system to give a single, unified core banking platform across the bank. This ranks as one of the most significant integration programmes in the Bank's history, it established a single source of information for customer and operational data, streamlined reporting and provided a far stronger foundation for future growth.

Alongside core modernisation, we are consolidating our vendor and platform landscape to reduce complexity and scale more predictably. Salesforce now anchors Personal Loans and Credit Cards, and FICO serves as the common business-rules engine across functions. We continue to invest in cloud-native infrastructure and API-led architecture, and the API Developer Portal gives customers, partners and fintechs self-service access to banking APIs, sandbox environments and integration tools.

We are also beginning to extend this capability outward through a start-up initiative, which offers support to new businesses with essential capabilities around website development and registration, bringing emerging entrepreneurs into the AU SFB ecosystem early in their journey. Together, these investments position us to scale efficiently while maintaining the reliability, security and operational resilience customers expect.

08 Responsible innovation and governance

Responsible innovation and governance

As artificial intelligence becomes more deeply embedded in banking, sound governance becomes more important, not less. Our approach rests on five core principles - ethics, transparency, accountability, security and compliance. Human judgement remains central to every critical decision, and AI models are subject to validation, monitoring and periodic review.

Protecting customers from financial crime is a central part of this responsibility. We currently have eight scorecards live across Anti-Money Laundering (AML) and mule-account monitoring, and more than 60% of transaction-monitoring alerts are now reviewed and resolved through automated decisioning within defined risk thresholds. Solutions such as Amlytics and MuleHunter.ai strengthen surveillance, while AI-powered fraud engines continue to improve monitoring accuracy, alert prioritisation and investigative effectiveness.

Cyber resilience remains a board-level priority. During the year, we strengthened our Security Operations Centre with advanced capabilities including threat modelling, purple teaming and breach-and-attack simulation, supported by automated disaster recovery and a multi-cloud resilient architecture. Together, these help maintain roughly 99.9% uptime while processing more than 3.5 Million UPI transactions and over 10 Million API calls every day.

Security also extends to the working environment. Bank-issued devices run within a centrally governed IT environment, where software is provisioned and controlled centrally, endpoints are continuously monitored and changes outside policy are blocked. We are actively working towards full compliance with the Digital Personal Data Protection (DPDP) Act, 2023, so that as the Bank innovates, it remains firmly aligned with regulatory expectations.

Conclusion

As we scale our customer franchise, deepen our distribution footprint and widen our product suite, technology, data and artificial intelligence remain the core enablers of our growth, driving greater velocity, consistency and operating leverage across the franchise.

Our technology philosophy is anchored in a clear value proposition: simplify banking for customers while building a more scalable, resilient institution. For customers, this translates into near-instant onboarding, real-time credit decisioning, hyper-personalised engagement and frictionless digital journeys. For the Bank, it translates into higher cost-to-income efficiency, sharper decision-making, robust risk management, and the ability to scale without proportionate increases in cost or headcount.

Every customer interaction generates a data footprint, and we are converting that footprint into a durable competitive advantage. Through advanced analytics and AI-led decisioning, we are strengthening credit underwriting, sharpening fraud and mule-account detection, optimising collections strategies, improving customer acquisition economics, and enabling more precise cross-sell and product personalisation. Data is no longer a by-product of banking; it is the engine powering more intelligent, proactive and customer-centric outcomes.

As digital adoption accelerates, safeguarding customer data, ensuring transaction integrity, and maintaining system resilience remain non-negotiable priorities. We continue to strengthen our cybersecurity posture, data governance architecture, and enterprise risk management frameworks, while advancing readiness and compliance with the Digital Personal Data Protection (DPDP) Act.

By converging technology, data, artificial intelligence and robust governance, we are building the foundational infrastructure for sustainable, profitable growth deepening customer relationships, reinforcing institutional resilience, and securing our long-term competitive moat.

RUN	BUILD	TRANSFORM
Keep The lights on – reliably, securely, efficiently	Build differentiated experiences for customers and partners	With AI, data intelligence and cyber resilience
» API Gateway & APIGee Integration Platform including API Cataloging and service levels » IT Operations, AI Ops, Service Management » Identity & Access Management Upgrade » Payments System Modernisation » Cloud & Hybrid Infrastructure – Continuous refresh » Cyber Resilience	» AU 0101 App and AU 0101 Business App » Digital Customer Onboarding & Employee Workflows » Commercial Banking automation, digital CMS solutions » Partner & Fintech Ecosystem APIs	» Data Engineering & Analytics » AI COE: Agentic AI — Voice, Onboarding, Lending » Cyber Security (AI-powered & AI-protected) » AI Governance, Risk & Ethics

Read more on page 55

Building a More Efficient and Productive Bank

A key area of focus during the year was improving organisational effectiveness and workforce productivity. Targeted interventions were undertaken to strengthen span of control, align manpower with evolving business requirements, and enhance operating efficiency. This included function consolidation and organisational restructuring, enabling sharper accountability, streamlined decision-making, and improved managerial oversight. The approach remained forward-looking, with a well-defined pipeline spanning process re-engineering, automation, and productivity enhancement, many of which have been executed, with others progressing steadily. Some noteworthy highlights were as below:

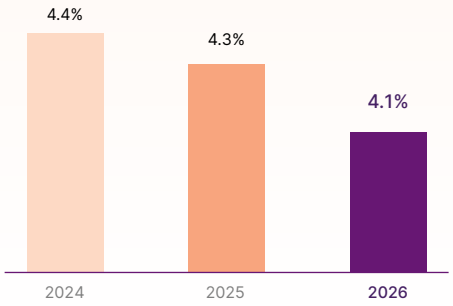
- **Structural integration across business verticals:** The consolidation of Agri Business with Business Banking, along with the integration of Mortgage-related legal, technical, and credit functions across the Micro Business Loan (MBL) and Home Loan (HL) segments, resulted in a more unified operating model. This has driven greater standardisation, improved coordination, and more efficient utilisation of resources, while ensuring consistent service delivery.
- **Digitisation continued to be a central lever in driving efficiency:** We accelerated the adoption of automated workflows, virtual collaboration platforms, and flexible operating models for select teams, significantly enhancing agility while optimising infrastructure costs. The transition towards paperless operations was further strengthened through the scaling up of digital learning and training platforms, replacing traditional classroom formats and improving both reach and cost efficiency.
- **Investment in advanced technology capabilities:** Investments in systems including Gen AI and Agentic AI platforms, underpinned by strong governance and control frameworks were undertaken to support productivity growth. At the same time, the technology landscape was rationalised through the decommissioning of underutilised applications and simplification of IT architecture, leading to improved system efficiency and lower avoidable costs.
- **Operational efficiency initiatives:** Several initiatives were also executed at a granular level. Energy-efficiency measures were implemented across branches and offices, supporting both cost savings and our broader sustainability agenda. Workflow re-engineering helped reduce printing and postage expenses by enabling greater adoption of digital communication channels. Vendor management was strengthened through the review and renegotiation of key contracts, delivering improved pricing and service standards, while telecom costs were optimised through better usage governance and streamlined communication practices.

Tangible gains and sustainability

To ensure sustainability of these gains, we reinforced control checkpoints, undertook periodic policy reviews, and introduced structural refinements across expense lines. Operating practices were continuously evaluated to eliminate inefficiencies, drive standardisation, and embed a culture of disciplined spending across the organisation.

These efforts translated into tangible operating leverage during the year. The Cost-to-Assets ratio (excluding CGFMU expenses) improved Y-o-Y, declining by 19 basis points to 4.1% in FY 2025-26 from 4.3% in FY 2024-25.

Trend in cost-to-assets ratio



FY 2023-24 numbers on standalone basis; ratio excludes CGFMU premium

This improvement was achieved despite continued investments in growth, including the addition of approximately 8,200 employees, expansion of the distribution network with around 78 new deposit branches, and the addition of about 164 new asset centres. Adjusted for these growth-oriented investments, the decline in cost intensity reflects strengthening scale efficiencies, tighter cost controls, and improved productivity across the franchise.

~8,200
Increase in employees

78 new liability branches
Distribution network expanded

Going forward, we remain committed to maintaining disciplined cost management while continuing to invest in distribution, technology, talent, and brand. The focus will be on sustaining operating leverage through calibrated efficiency initiatives, ensuring that growth is underpinned by a structurally stronger and more agile operating model, and delivering long-term value for stakeholders.

Succession Planning and Leadership Continuity

As AU SFB enters its next phase of growth, strengthening institutional leadership and ensuring continuity of purpose have become strategic priorities. Succession planning is embedded within the Bank's long-term strategy, with a focus on developing future leaders, enhancing executive depth and reinforcing institution's ability to sustain growth across cycles.

Key leadership developments during the year:

- RBI approved re-appointment of Mr. Sanjay Agarwal as Managing Director & CEO for a further period of three years with effect from April 19, 2026.
- RBI also approved the appointment of Mr. Vivek Tripathi as Executive Director of the Bank for a period of three years.
- Mr. Uttam Tibrewal completed his current tenure as Whole-Time Director and continues in his role as Deputy CEO.
- The Board of Directors approved elevation of Mr. Yogesh Jain, Chief Operating Officer, as the Deputy CEO of the Bank.
- The Board of Directors approved the appointment of Mr. Gaurav Jain as the Chief Financial Officer.



During the year, we inducted three independent directors to the Board - Mr. N. S. Venkatesh, Mr. Satyajit Dwivedi and Mr. Phani Shankar, enhancing governance breadth and diversity. The expanded Board now brings expertise spanning banking regulation, technology, risk management, legal, and ESG, well-suited to the complexity of managing a universal banking transition and overseeing an increasingly technology-intensive institution. The strengthened Board composition is in line with our commitment to governance excellence as a core pillar of the Forever Bank philosophy.

These developments reflect a calibrated approach to leadership transition, retaining institutional experience while expanding the leadership bandwidth required to manage a larger and more complex organisation. Over the year, responsibilities across key business and functional areas were further aligned to sharpen accountability, improve execution and enhance customer responsiveness.

Head office migration to Mumbai

Aligned with this strengthening of internal capabilities, we also undertook a significant step towards enhancing our institutional presence through the establishment of our Head Office and Corporate Office in the city of Mumbai. The new premises will be fully ready this year and will operate as our designated Head office from 2027 onwards.

As our organisation has grown in scale, geographic reach and complexity, a stronger presence in Mumbai had become important to support more effective engagement with regulators, investors, financial institutions and strategic partners. It also enables us to attract specialised talent and supports faster, more informed decision-making in an increasingly dynamic operating environment.

This transition complements our efforts to deepen management bandwidth and strengthen organisational agility as we operate at a national scale. The move has been welcomed by the commitment of our leadership team and employees, many of whom have relocated to Mumbai along with their families, reflecting the strength of our culture and a shared commitment to our long-term vision.

Importantly, this expansion strengthens our strategic reach without altering our core identity. Jaipur continues to remain the operational and cultural anchor of our Bank, shaping our values, customer philosophy and entrepreneurial approach.

As we bring together a strengthened leadership framework and an expanded strategic presence, we continue to build an institution that is well-positioned for long-term growth, combining continuity with evolution, and strong foundations with future readiness.

Enhancing Portfolio Resilience Through Rethinking Credit Governance Architecture

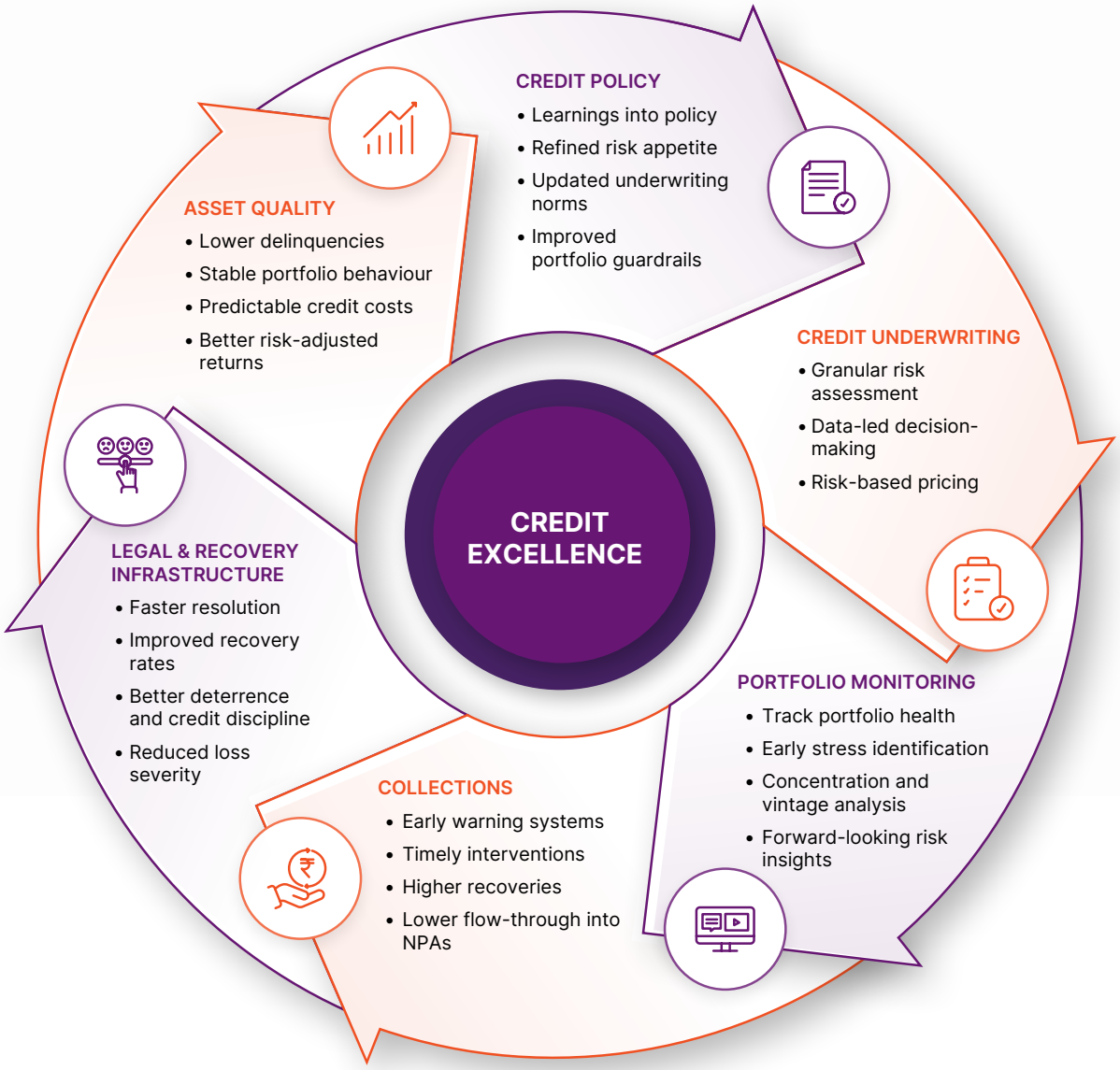
India's economic momentum is ushering in a new phase of sustained credit expansion, but one that is unfolding in a far more complex and rapidly evolving environment than seen before. Rising borrower leverage, the growing influence of digital lending, tighter regulatory expectations, frequent macroeconomic and geopolitical disruptions are collectively reshaping the risk landscape.

At AU Small Finance Bank (AU SFB), we recognise that the focus cannot simply be on growing the balance sheet, but on scaling in a manner that preserves asset quality and delivers predictable, risk-adjusted returns. This belief forms the foundation of our credit governance approach, where precision underwriting, disciplined risk alignment, and forward-looking monitoring are embedded at every stage of the credit lifecycle.

Recognising this shift, we aligned the entire credit governance function under one umbrella and created the post of Chief Credit Officer (CCO) of the Bank. Under the CCO department, we have consolidated underwriting, portfolio monitoring, asset quality, security enforcement, legal and collection architectures as well as credit policy.

Our effort has been to build a credit model that is both sustainable and scalable. Sustainability is ensuring that portfolio behaviour remains stable across cycles, credit costs are predictable, and underwriting practices are fully aligned with regulatory and audit expectations. A key shift we have made is moving from a purely deal-level lens to a portfolio-centric view of risk, allowing us to assess not just individual exposures but also concentrations, correlations, and systemic vulnerabilities. At the same time, by being consistent across geographies and segments and adaptable to new products, scalability is being driven through data-led and digitally enabled decision-making.

We are consciously moving away from a one-size-fits-all approach to underwriting and adopting a more granular, segment-specific risk approach, recognising that each



borrower segment, across secured retail, micro, small and medium enterprises (MSME), commercial banking, microfinance, and unsecured lending, has distinct risk drivers. Traditional inputs such as bureau behaviour, banking analysis, and financial statements are being complemented with alternate data like Goods and Services Tax (GST) trends, transaction analytics, and digital footprints. In cases where formal data is limited, alternate methods, including geographic risk profiling, industry cluster behaviour, and vintage performance trends are helping us to strengthen decision-making and improve coverage across customer segments.

Data-Led Underwriting: Combining bureau insights with GST trends, transaction analytics and digital footprints for sharper credit decisions.

We are building in risk-based pricing and more flexible limit setting into our processes, so that both pricing and exposure reflect the real risk of the borrower. Instead of applying a standard rate across customers, the approach is to adjust pricing based on the borrower's risk profile, ensuring that returns remain appropriate for the level of risk being taken. Similarly, lending limits, especially in commercial banking, are increasingly aligned to the strength and stability of the borrower's cash flows, rather than relying only on collateral.

Risk-Based Pricing: Aligning pricing and lending limits with each borrower's risk profile to optimise risk-adjusted returns.

Technology underpins this entire approach, with a focus on building an end-to-end credit decision engine that integrates rules, scorecards, and analytics. This supports a segmented underwriting flow, where low-risk cases are processed through Straight Through Processing (STP), moderate-risk through assisted underwriting, and higher-risk exposures through detailed evaluation. Expanding STP, particularly in retail portfolios, is improving turnaround times and cost efficiency while maintaining consistency. We are also strengthening pre-approved and pre-qualified funnels, which help improve conversion and reduce acquisition and underwriting costs.

Technology-Led Credit Decision: Integrating rules, scorecards, analytics and segmented underwriting for faster, more consistent credit decisions.

Recognising that risk evolves continuously, we are strengthening our early warning and monitoring capabilities using data and analytics, tracking real-time indicators such as banking behaviour changes, GST movements, credit bureau triggers, and EMI repayment patterns. These are linked to structured action frameworks that enable timely interventions, including customer engagement, limit recalibration, and targeted collections. In parallel, we are enhancing our focus on portfolio-level governance. Through internal monitoring frameworks, we track key indicators such as vintage performance, delinquency flow rates across buckets, segment-wise stress build-up, and geographic concentrations. This provides a forward-looking view of portfolio health and enables dynamic decision-making, including tightening credit filters or recalibrating exposures in segments where early signs of stress emerge.

Real-Time Risk Monitoring: Tracking behavioural, GST, bureau and repayment indicators to enable proactive portfolio management.

Moreover, we believe that credit culture is equally critical. We place strong emphasis on embedding risk ownership within business teams, supported by maker-checker discipline and clear communication of risk appetite. Decision-making is encouraged to be balanced and prudent, including the ability to decline opportunities that do not meet risk standards. This is reinforced through aligned performance metrics, where growth is evaluated alongside portfolio quality, early delinquency indicators, slippages, and credit costs, ensuring that accountability is built across the credit lifecycle.

The key principle guiding our approach is the need to balance credit cost with the cost of doing credit. Excessively conservative underwriting can result in missed opportunities and lower growth, while overly complex processes can increase operating costs and reduce efficiency. Our focus is on optimising the total cost of risk, which includes credit cost, origination cost, collection cost, and opportunity cost.



Scalable Growth Through Cross-Sell and Digital Acquisition



Cross-selling to our existing customer base (ETB) and unlocking the full potential of our lead ecosystem represents one of the most capital-efficient growth levers at our disposal. With over 1.2 Crore customers across our deposit, asset and digital franchises, the opportunity to deepen relationships through additional products and services is both significant and largely untapped. We have adopted a resilient and focused approach on building a comprehensive, technology-enabled Cross-sell, Up-sell and Digital lead acquisition framework that brings together co-origination, referral and external lead streams of NTB customers into a single, analytics and AI-driven engine.

Building a scalable cross-sell and digital lead acquisition engine

Cross-sell and digital lead acquisition architecture framework is designed around three complementary opportunity pools: cross-sell, up-sell and digital lead acquisition, each supported by metadata, analytics and technology-led execution.

- **Cross-sell** opportunities are identified at the point of co-origination, enabling relevant product discovery when customer engagement is at its highest. These journeys are being embedded across our retail loan systems and liability platforms, allowing customers to receive a more holistic view of our offerings and enabling referrals across core journeys.

  Our lead management application for the sales team serves as the primary execution layer for self-sourcing, cross-sell and lead assignment. Relationship managers can receive, manage and action leads through the platform, connect with customers directly from the interface and update customer interactions and dispositions.

- **Up-sell** focuses on deepening existing relationships within the same product vertical, such as encouraging savings account customers to open fixed deposits or offering enhanced loan eligibility to existing borrowers. Integration with Account Aggregator and other data sources provides real-time financial insights, helping us identify more relevant and timelier up-sell triggers for each customer.

- **Digital Lead Acquisition** consolidates a wider funnel of externally sourced, referral-based and internally generated opportunities for NTB customers. Consolidation of all lead sources into a single platform allows us to monitor the engagement with each source in terms of lead flow and business conversion.

To support this framework of cross-sell and digital lead acquisition, we are building a centralised lead management and routing architecture. Leads from various sources are aggregated on a central data platform, qualified through analytics-based propensity models and scorecards and routed based on internal and external customer, lead quality, urgency and customer context.

Progressing Towards Universal Banking

The Reserve Bank of India's in-principle approval for AU SFB's transition to a Universal Bank on August 7, 2025 marked a defining milestone in our journey, reflecting nearly three decades of disciplined institution building. The Bank became the first Small Finance Bank in India to receive an in-principle Universal Banking license.

The RBI recognised the Bank's satisfactory track record and fulfilment of the eligibility criteria under the voluntary transition framework issued in April 2024. Pursuant to the Bank's request, RBI replaced the requirement relating to the establishment of a Non-Operative Financial Holding Company (NOFHC). Under the revised condition, the requirement would arise only if the Bank or its promoter group seeks to establish a group entity in the future, thereby streamlining the transition pathway. In March 2026, the Bank submitted its final license application to the RBI, marking another significant step towards becoming a Universal Bank.

Expanding our opportunity

The potential transition to a Universal Bank significantly expands our strategic canvas. It broadens our addressable market, enhances operating flexibility and enables us to participate more comprehensively across our customers' financial journeys. This creates opportunities to serve a wider spectrum of customer segments - including salaried professionals, affluent households, senior citizens, NRIs and larger commercial enterprises through an expanded suite of banking, payments, treasury, wealth management and transaction banking solutions.

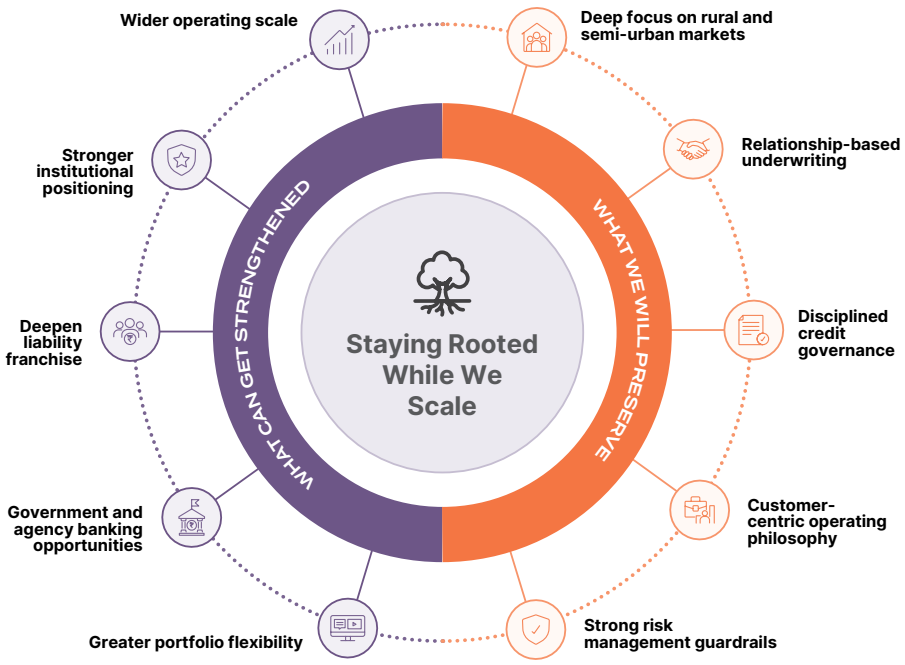
The transition will remove several regulatory requirements associated with the Small Finance Bank framework, providing greater flexibility in portfolio construction, liability mobilisation and capital allocation, while enabling deeper and longer-lasting customer relationships.

Strengthening long-term foundations

Beyond expanding business opportunities, universal banking license will enhance the structural strengths of the franchise. A broader deposit-gathering capability, increased participation in government and institutional banking opportunities, wider market acceptance and greater refinancing flexibility collectively improve the resilience, diversification and scalability of the Bank.

The transition will also create additional avenues to drive operating leverage through greater flexibility across securitisation, co-lending and other strategic initiatives.

Importantly, we enter this phase from a position of strength. Over the years, we have consistently invested in technology, governance, risk management and operational capabilities aligned with Universal Banking standards. This transition will enable us to unlock the full potential of capabilities that have already been built and tested at scale.



Nineteen
96



OUR FOUNDER, MD & CEO, MR. SANJAY AGARWAL IN HIS YOUTH

Sanjay, a young Chartered Accountant, took the leap and founded AU Financiers (India) Pvt. Ltd., erstwhile L.N. Finco Gems Pvt. Ltd.

Started commercial vehicle financing in and around Jaipur.



CLOSE FRIEND UTTAM TIBREWAL JOINS AU FAMILY

Two Thousand
03

Close friend Uttam Tibrewal onboarded in the business journey.

Developed a strategic relationship with HDFC Bank and became the only 'Channel Business Partner' in Rajasthan.

Two Thousand
05



AU NEEV BUILDING: A CLOSER LOOK

Started maiden office at Dhuleshwar Garden in Jaipur, named 'AU Neev'.

Two Thousand
08



Paving the way towards an emerging corporate.



Two Thousand
09

Ventured into Secured Business Loan vertical.

Two Thousand
10



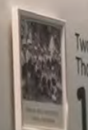
Received equity infusion from International Finance Corporation (IFC), a member of the World Bank Group.



Two Thousand
11

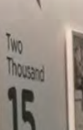
Launched our subsidiary AU Housing Finance Limited to provide dream homes.

Two Thousand
12





Two Thousand
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Two Thousand
15



Two Thousand
17





Two Thousand
20





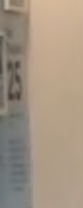
Two Thousand
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24





Two Thousand
25





Staying rooted while we scale

While our opportunities expand, our core identity remains unchanged. Our roots in rural and semi-urban India continue to define our franchise. Our relationship-led approach, deep understanding of local markets, disciplined underwriting practices and trust built over decades will remain central to how we grow and create value in the years ahead.

Our Value Creation Model

Capitals

Financial Capital

- Shareholders' funds: ₹19,974 Crore
- Total deposits: ₹1,52,661 Crore
- Gross loan portfolio: ₹1,40,327 Crore
- Investments: ₹44,794 Crore

Intellectual Capital

- Nationwide brand campaign
- AU 0101 and AU 0101 Business app
- Multilingual, non-sequential, non-linear, deterministic Agentic AI platform

Manufactured Capital

- Geographic presence: 21 States & 4 UTs
- Customer touchpoints: 2,790
- No. of ATMs: 762

Human Capital

- Employees: 59,200+
- Workforce <40 years: 90%
- Average training hours: 51.9 per person/year

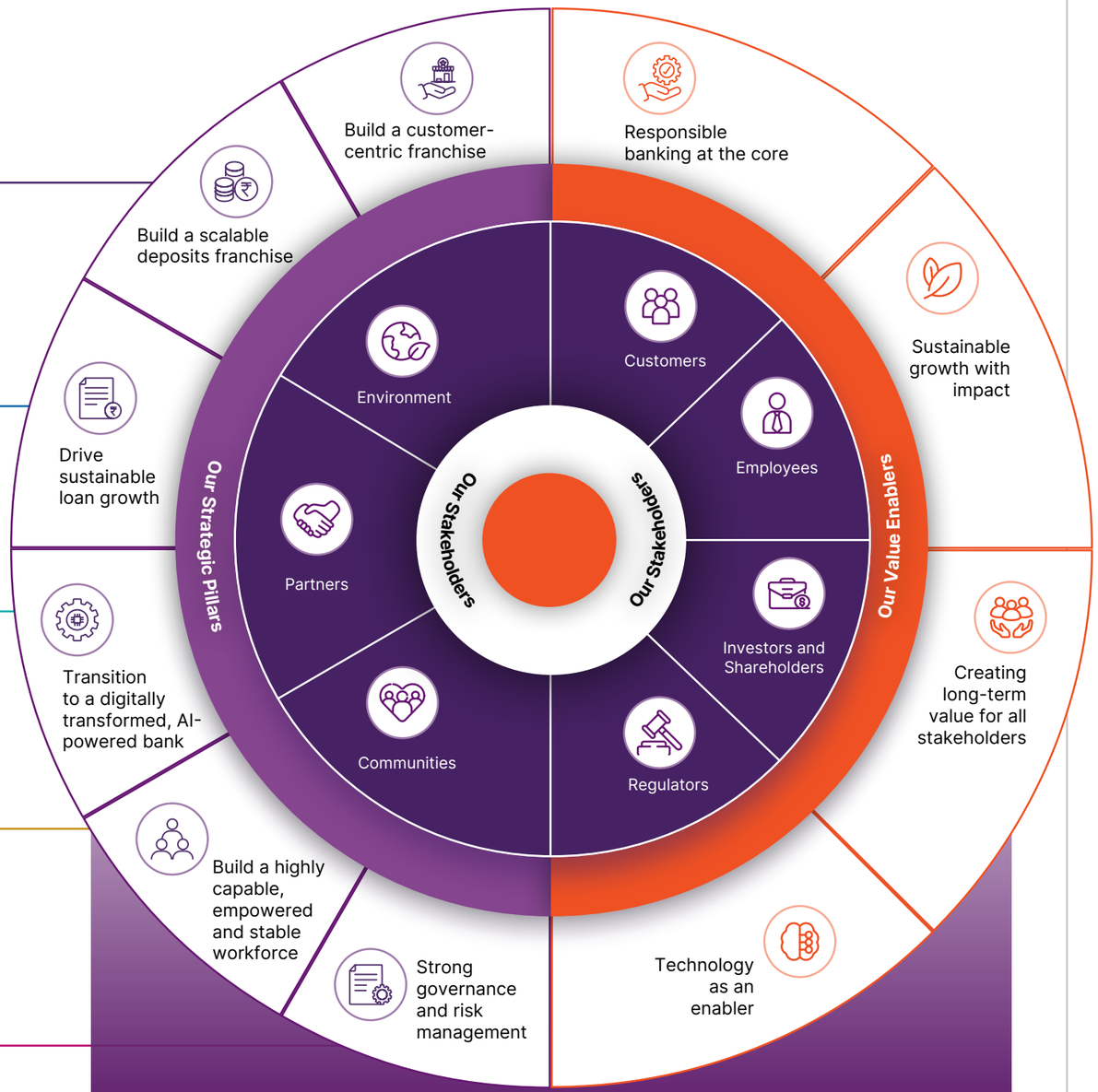
Social & Relationship Capital

- CSR expenditure: ₹35.4 Crore
- Implementing partners: 35
- Financial literacy camps : 3,834 (FY 2025-26)

Natural Capital

- Energy consumed: 1,22,500+ (GJ)
- Renewable energy consumed: 4,100+ (GJ)
- Water consumed: 6,58,000+ (Kl/gross)
- Green FDs mobilised: ₹2,900+ Crore

Our Business Model



Our Strategic Context

Stakeholder Engagement	Material Topics	External Environment	Risk Management
+ Read on page 37	+ Read on page 41	+ Read on page 124	+ Read on page 113

Our Strategic Context

How We Create Value

Output

Retail Banking

Branch Banking, Wholesale Liabilities, Government Banking, Wheels, MBL, Home Loan and Mortgages, Gold Loans

Read on page 138

Commercial Banking

Business Banking, Emerging Enterprises & Financial Institutions (EE&FI), Real Estate Group (REG), Renewable Energy, Transaction Banking Group (including Trade and FX Services)

Read on page 144

Inclusive Banking

Microfinance, SMF Loans, FPO Financing, DBT & AePS Services

Digital Banking

Personal Loans, Credit Cards, Co-branded Cards, Credit on UPI

Bancassurance

Life, Health, Motor, SME, Wellness, Digital Insurance Solutions

Read on page 148

Outcomes

For FY 2025-26

- Profit After Tax: ₹2,641 Crore (25% Y-o-Y)
- Return on assets: 1.6%
- Return on equity: 14.2%

- Financial transactions: 3+ Crore on both apps (FY 2025-26)
- UPI transactions: 87+ Lakh on AU 0101 app (FY 2025-26)
- 100+ Processes automated through RPA & AI
- Monthly AML Alerts auto-closed via AI: 60%

- Active digital customers: 38+ Lakh
- Villages served through microfinance: 58,000+
- New liability branches added in FY 2025-26: 78

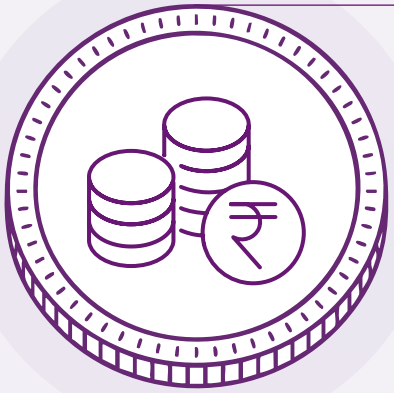
- Employee Trust Index: 88%
- Average vintage of Senior Management with Bank: 20 years
- GPTW Ranking: Top 10-India's Best Companies to Work

- Customers served: 122+ Lakh
- CSR beneficiaries: 3.6 Lakh (AU Ignite, AU Udyogini, AU Bano Champion, AU Kartavya & AU Green)
- Women entrepreneurs empowered: 1,841
- Financial literacy beneficiaries (FY 2025-26): 80,500+

- Scope 1 emissions: 186+ (tCO_2e)
- Scope 2 emissions: 22,800+ (tCO_2e)
- Deployed across green assets: ₹2,500+ Crore

Financial Capital

Strengthening Capital, Scaling Responsibly.



Balancing growth, capital efficiency and risk discipline to create long-term value.

At AU Small Finance Bank, Financial Capital is the foundation that enables responsible growth, resilience and sustainable stakeholder value creation. During FY 2025-26, we focused our financial resources on areas that we believe will define our future competitiveness and relevance. This included accelerating technology and innovation led transformation, deepening our distribution footprint and customer relationships and pursuing growth opportunities through our prudent, risk-calibrated approach. It allows us to strengthen our franchise, enhance stakeholder confidence and build an institution that is well-positioned to create enduring value in the years ahead.



Key Focus Areas

- Strong and Diversified Funding Base
- Drive efficiency and productivity using Technology and Innovation
- Prudent Risk and Capital Management
- Growth-Oriented Asset Allocation
- Inclusion and Sustainable Finance

Material Topics

M1	Data Privacy and Security
M2	Customer Satisfaction
M3	Ethical Business Practices
M4	Brand and Reputation
M5	Tax Transparency
M7	Green Finance
M11	Stakeholder Engagement
M13	Risk Management
M15	Product Innovation
M20	Financial and Digital Inclusion
M21	Sustainable Investment and Lending

Linkage to SDGs





Key Indicators

₹1,91,797 Crore
Total Assets

₹19,974 Crore
Shareholders' Funds

₹1,52,661 Crore
Total Deposits

₹1,40,327 Crore
Gross Loan Portfolio

₹9,113 Crore
Net Interest Income

₹2,641 Crore
Profit After Tax

1.6%
Return on Assets

14.2%
Return on Equity

₹35
Earnings Per Share

₹267
Book Value Per Share

18.7%
Capital to Risk Weighted Assets Ratio (CRAR)

0.74%
Net NPA

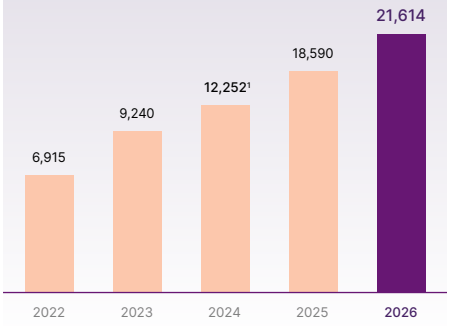
85%
Provision Coverage Ratio Including Technical Write-Off

0.96%
Credit Cost

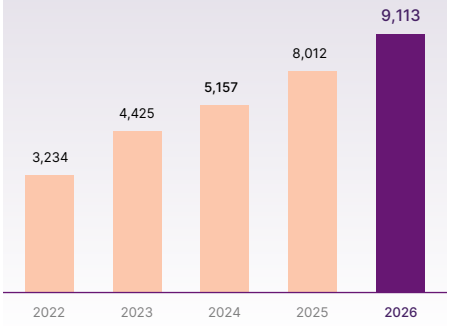
Financial Performance for FY 2025-26

Profit and Loss Metrics

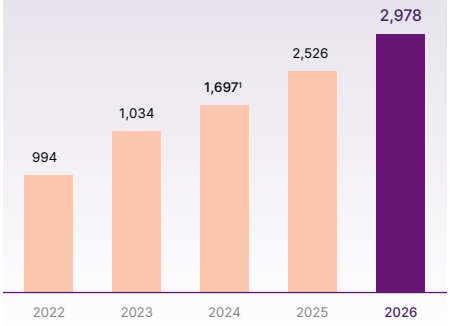
TOTAL INCOME
₹ (in Crore)



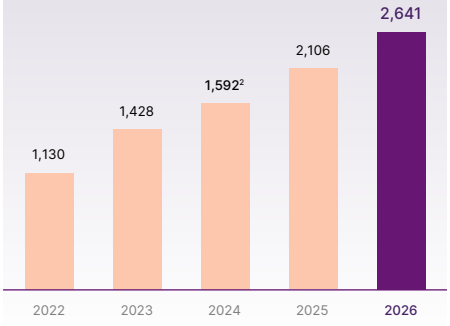
NET INTEREST INCOME
₹ (in Crore)



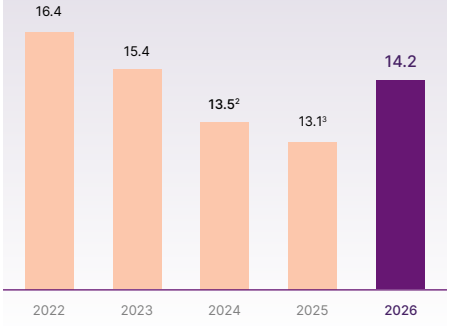
OTHER INCOME
₹ (in Crore)



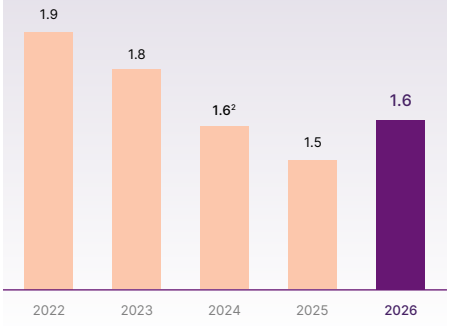
PROFIT AFTER TAX
₹ (in Crore)



RETURN ON EQUITY (RoE)
(%)

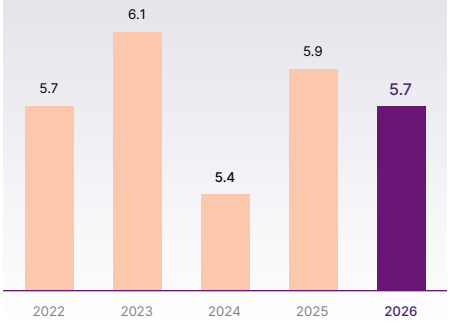


RETURN ON ASSETS (RoA)
(%)

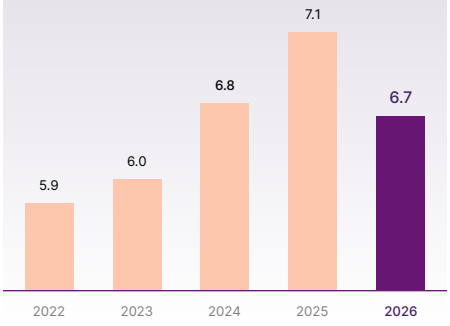


Key Ratios

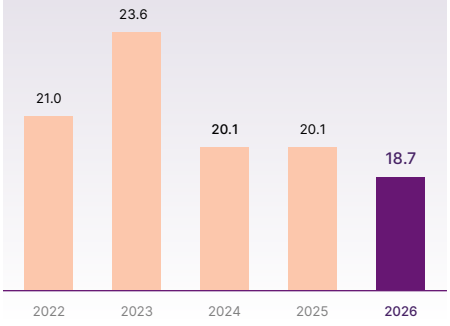
NET INTEREST MARGIN[4]
(%)



AVERAGE COST OF FUNDS
(%)



CAPITAL ADEQUACY RATIO
(%)



[4]NIM is calculated on a daily-average basis and includes off-book assets from FY 2022-23 onwards.

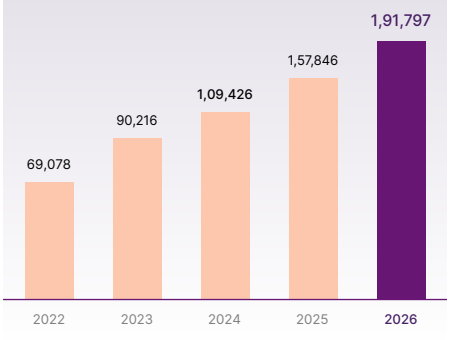
[2]Excluding exceptional items.

[3]For FY 2024-25, average shareholders' funds is calculated on the basis of April 1,2024 merged shareholders' funds.

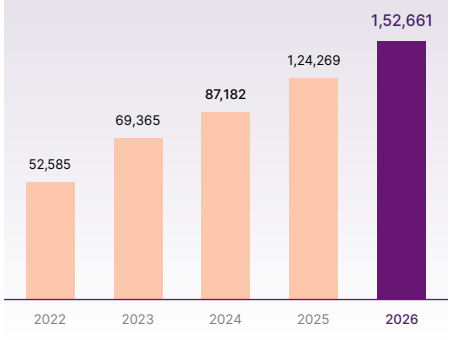
[1]Recovery of bad debts has been reclassified from 'Other Income' to 'Provisions and Contingencies'.
Accordingly, the figures for FY 2023-24 have been reclassified.

Balance Sheet Metrics

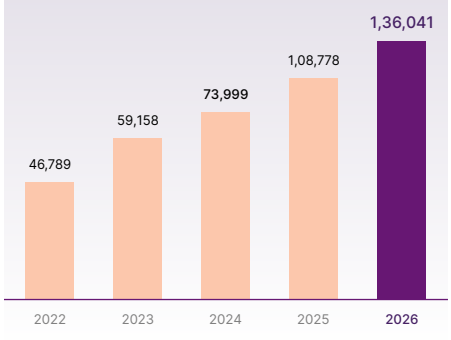
TOTAL BALANCE SHEET SIZE
₹ (in Crore)



DEPOSITS
₹ (in Crore)

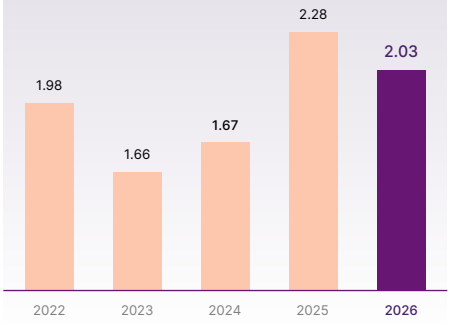


GROSS ADVANCES
₹ (in Crore)

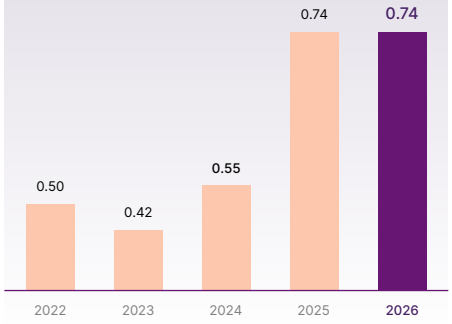


Asset Quality

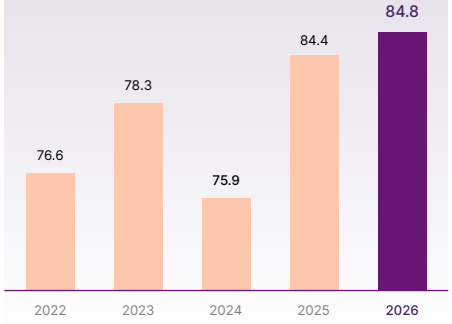
GROSS NPA
(%)



NET NPA
(%)

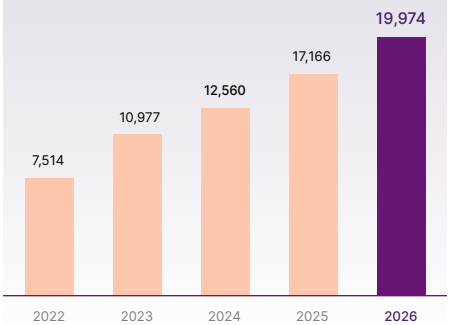


PROVISION COVERAGE RATIO^
(%)

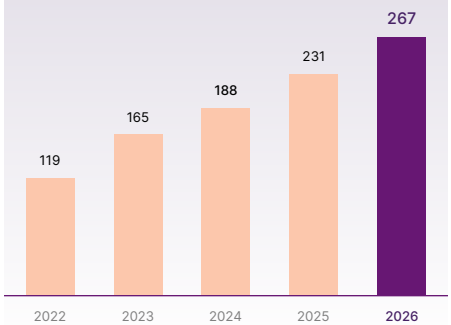


Growth Metrics

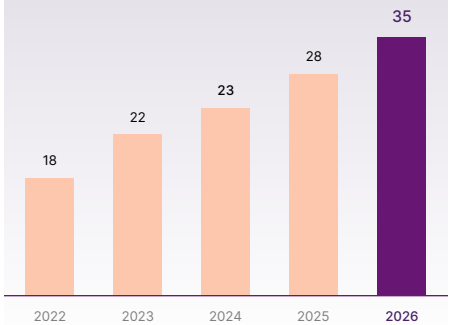
SHAREHOLDERS' FUNDS
₹ (in Crore)



BOOK VALUE PER SHARE
(₹)



EARNINGS PER SHARE
(₹)



^*PCR includes technical write-offs*

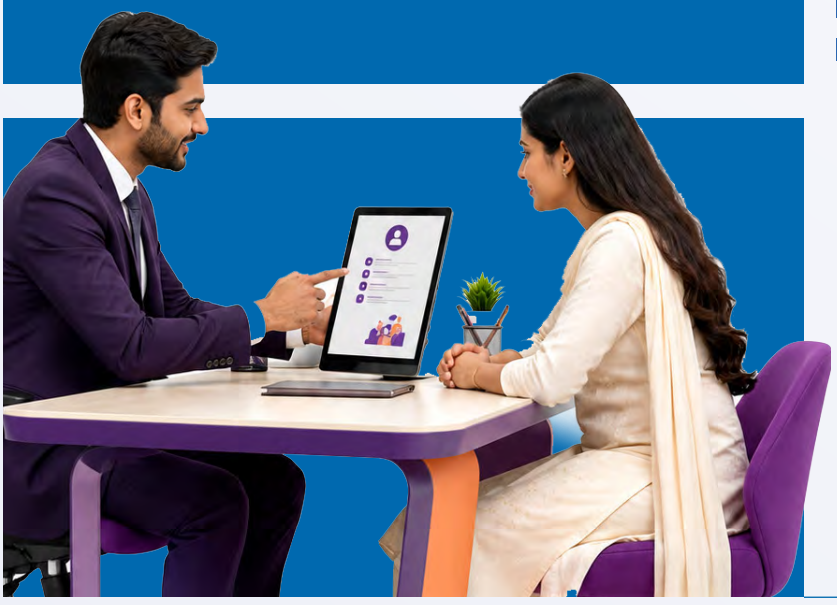
Intellectual Capital

Scaling Intelligence, Shaping Experiences.

Our intellectual capital comprises the technology, data capabilities, brand equity and knowledge platforms that strengthen the strategic capabilities we have built over time. For us, this manifests in two distinct yet deeply interconnected pillars: technology infrastructure and brand. Together, these assets form the foundation of our long-term franchise value and distinguish us as a modern, purpose-driven financial institution.

Technology infrastructure has been designed to make banking simpler, faster, and more accessible. In FY 2025-26, we advanced our digital ecosystem, embedded advanced analytics capabilities, accelerated our cloud and cybersecurity transformation, and expanded automated workflows to deliver a seamless, future-ready experience for our customers.

In parallel, our brand reflects the trust we have earned and the relationships we have built. Through national campaigns, customer-focused platforms, and consistent delivery on our promises, we continued to strengthen AU SFB's identity as a Bank that is not only modern and accessible, but genuinely invested in the financial well-being of those it serves.



Key Focus Areas

- AI-Native Digital Architecture
- API-Led Ecosystems to Deliver Connected Banking
- Strengthening Cybersecurity through AI-Enabled Threat Protection
- Real-Time Analytics to Improve Customer Outcomes
- End-to-End Automation across Processes
- Responsible AI Governance, Risk and Compliance

Material Topics

M1	Data Privacy and Security
M2	Customer Satisfaction
M4	Brand and Reputation
M13	Risk Management
M15	Product Innovation
M20	Financial and Digital Inclusion

Linkage to SDGs





Key Indicators

Cybersecurity and Resilience

Achieved PCI DSS and ISO 27001:2022 standards, advancing towards Zero Trust and AI-driven cyber defence

Digital Resilience and Business Continuity

High availability of digital systems through a multi-cloud strategy integrating cyber defence and disaster recovery

Brand and Knowledge Platforms

Boosted corporate thought leadership via AU Select Scoop and national campaigns

AI Centre of Excellence (CoE)

Established a bank-wide AI operating model and dedicated Centre of Excellence for enterprise governance

Data and Intelligence

Enterprise data lakehouse powers real-time analytics and dashboard-driven operational decision-making across all business units

Rural Digital Inclusion

Strengthened rural credit via Agri Loan LOS, Sericulture, and Banana Projects through ecosystem collaboration

Enterprise Architecture and Platform Modernisation

Unified CBS for deposits, retail and commercial lending on a single platform. Modular, scalable payments and digital-first onboarding, integrated through microservices

Customer-Centric Innovation

Delivered hyper-personalisation via CleverTap, analytics, seamless omnichannel onboarding, and real-time Video KYC journeys



Building an AI-Native, Future-Ready Digital Infrastructure

Artificial Intelligence and Machine Learning

Our Bank-wide AI operating model, underpinned by a dedicated AI Centre of Excellence (CoE), is driving enterprise-wide adoption while ensuring robust governance. Machine learning models and advanced scorecards are being leveraged across both secured and unsecured lending to strengthen credit underwriting, enhance risk monitoring, and improve portfolio performance.
AI-driven fraud detection and Anti-Money Laundering (AML) capabilities, including Amlytics everywhere and MuleHunter.ai, have been scaled to enable real-time monitoring and improve detection accuracy. At the same time, we are driving AI-led productivity transformation across our technology, operations and support functions through AIOps, AI-powered developer tools and workflow automation.

Connected banking and smart lending

We expanded our API-led connected banking ecosystem, facilitating seamless onboarding, real-time banking connectivity, and rapid account validation for fintech partners and corporate clients.

In digital lending, we integrated the Salesforce Loan Origination System (LOS) and FICO decision engines across multiple businesses. These integrations helped reduce operational workloads, created a fully digitised journey for Personal Loans and introduced an automated underwriting engine for Gold Loans powered by Agentic AI. For rural credit, our Agri Loan LOS helped to improve the agricultural financing.

On digital platforms (FY 2025-26)

3+ Crore
Financial transactions processed

1+ Crore
Non-financial transactions processed

1.5+ Lakh
Xpress EMI bookings for credit card transactions

3.4 Lakh
Fixed and recurring deposits booked

87+ Lakh
UPI transactions routed through upgraded, high-speed payment rails

Digital transformation across core platforms

Website and digital sign-up enhancements

During the year, we modernised our public website, optimising user journeys, accessibility, and product discovery to serve as a more intuitive, accessible and conversion-focused digital interface for customers.
Our instant Video KYC process for account opening help customers in digital account opening, supported by live face verification and automated interest calculators.
By leveraging tools such as CleverTap, we integrated behavioural insights directly into our web and app interfaces to offer more relevant and personalised customer engagement.

The AU 0101 Business App

To support self-employed customers and merchants, our dedicated business application streamlines commercial workflows in one secure place. The platform enables instant QR code generation, Virtual Payment Address (VPA) management, and multi-user access. It also coordinates bulk transactions, schedules recurring payments, and provides value-added services like GST/ITR filing assistance, digital invoicing and automated ledger entries. This continued growth in digital commercial volumes directly improved client convenience while boosting our operational efficiency.



Digital Infrastructure, Cloud and Analytics

Robust payment infrastructure

We deployed the Oracle Banking Payments Module, creating a single, highly resilient payments framework across IMPS, NEFT, RTGS, and SWIFT. To modernise our treasury operations, we implemented the Kondor Treasury Application, facilitating secure USD interbank transactions across global networks.

Multi-cloud modernisation and security

Our core retail and business applications run on AWS private cloud infrastructure to support high uptime during peak loads, while our API gateway has been modernised using Google Apigee. We fortified our data protection frameworks by upgrading our security infrastructure, achieving PCI DSS compliance, and migrating to the stringent ISO 27001:2022 standard.

Enterprise data and analytics ecosystem

Our enterprise Data Lake and Business Logic Module compile rich data into actionable intelligence. This centralised data repository powers real-time dashboards for portfolio health, spend patterns, and fraud mitigation, effectively eliminating manual reporting during internal forums like ALCO.

Advanced risk models like Amlytics automatically resolved up to 60% of monthly anti-money laundering alerts through automated risk profiling. Concurrently, we rolled out MuleHunter.ai in partnership with the Reserve Bank Innovation Hub (RBIH) to actively identify and neutralise fraudulent mule accounts across our network.

Strengthening Brand Salience and Customer Engagement

In FY 2025-26, AU SFB's marketing journey evolved alongside our strategic transition towards becoming a future-ready Universal Bank. While the scale of ambition expanded, the core philosophy remained unchanged: marketing must deepen trust, strengthen relationships and create meaningful relevance in customers' lives.



Building a pan-India brand for a new phase of banking

A defining milestone during the year was the launch of our new pan-India brand campaign featuring Ranbir Kapoor and Rashmika Mandanna as brand ambassadors. The campaign carried forward our clarion call to 'Soch Badlo, aur Bank Bhi', reinforcing the belief that banking relationships should evolve alongside changing customer expectations.

Executed across television, digital, print and social media, the campaign strengthened visibility and awareness of our digital capabilities. Brand-track studies by Kantar reflected gains in awareness, trust and consideration.

Creating community-led brand expression at scale

AU Jaipur Marathon continued to strengthen our emotional connection with communities and emerged as one of India's most recognised people-led sporting movements. The 17th edition witnessed participation from over 1 Lakh runners, including international participants from across 24 countries, reinforcing the platform's scale, inclusivity, and cultural significance. More than a sporting event, it represented resilience, shared progress, collective purpose and values deeply aligned with our own journey.

Building relevance through segment-focused engagement

FY 2025-26 also saw us deepen engagement with high-potential customer communities through tailored propositions and knowledge-led interactions. The launch of 'M' circle marked a focused step towards strengthening relationships with women customers through curated financial, lifestyle and wellness privileges designed around their evolving aspirations.

The AU Chartered Accountants Program strengthened engagement within one of India's most trusted professional

ecosystems. It also increased the programme's visibility among a highly influential community of finance professionals.

Experience-led engagement

We continued investing in premium, experience-led engagements that strengthened long-term customer relationships beyond transactional banking.

Expresso, developed in collaboration with Taj Hotels and The Indian Express, evolved into a distinctive cultural platform bringing together personalities from entertainment, literature, art and public life. The initiative strengthened our association with culture and contemporary India.

Our association with the Business Today Golf Tournament 2025-26 strengthened visibility among business leaders, CXOs and high-net-worth customers, reinforcing our positioning within India's evolving wealth and business ecosystem.

The CXO Leadership Forum emerged as a flagship initiative for CFOs, CHROs and business leaders across industries. Through curated interactions across key cities, the forum strengthened our positioning as a trusted knowledge partner.

Engaging global Indian communities

AU Rendezvous in Singapore, Hong Kong and London strengthened relationships with NRI customers and global Indian communities through wealth, networking and cultural engagements, reinforcing our positioning among globally connected Indian audiences.

Building confidence through seamless digital experiences

Alongside brand-building initiatives, we continued strengthening confidence in our digital-first banking ecosystem through a redesigned website built around a faster, more intuitive and customer-first digital experience. With simplified navigation, multilingual accessibility and improved product journeys, the new website enables customers to access services with greater clarity and convenience.

Strengthening purpose and relevance

As we progress towards our next phase of growth, we will continue to focus on building deeper relevance through compelling storytelling, meaningful experiences, and community-led engagement. In an increasingly competitive landscape, we will build trust through greater visibility, consistency, and an unwavering commitment to excellence.

Our Brand Campaign

'Soch Badlo, aur Bank Bhi'

with **Ranbir Kapoor** and **Rashmika Mandanna**



National Brand Reach:
Executed across television, digital, print and social media, the campaign strengthened visibility and awareness of our digital capabilities.

Manufactured Capital

Building a Scalable Distribution and Service Ecosystem.

Our manufactured capital represents the integrated physical, digital and operating infrastructure that enables us to serve customers with consistency, reliability and scale. Over the past nine years, we have transformed from a regional branch-led institution into a national 'phygital' banking franchise, with our physical network expanding nearly ninefold since we commenced banking operations in 2017. This growth has been deliberate and disciplined, focused on strengthening our deposit franchise, deepening customer relationships, improving productivity and extending access across urban, semi-urban and rural India.

Today, our branches, ATMs, specialised sourcing centres, payment systems, assisted channels and digital platforms operate as one integrated ecosystem. Together, they combine the trust and familiarity of relationship-led banking with the speed, convenience and efficiency of digital services.



Key Focus Areas

- National Distribution Franchise
- Driving Higher Productivity Across Existing Infrastructure
- Building a Seamless Phygital Banking Experience
- Strengthening the Digital Infrastructure Backbone
- Enhancing Operational Efficiency and Sustainability

Material Topics

M1	Data Privacy and Security
M2	Customer Satisfaction
M3	Ethical Business Practices
M9	Value Chain Responsibility
M15	Product Innovation
M18	Sustainable Operations
M20	Financial and Digital Inclusion

Linkage to SDGs





Key Indicators

499
District Presence

2,790
Customer Touchpoints

762
ATMs

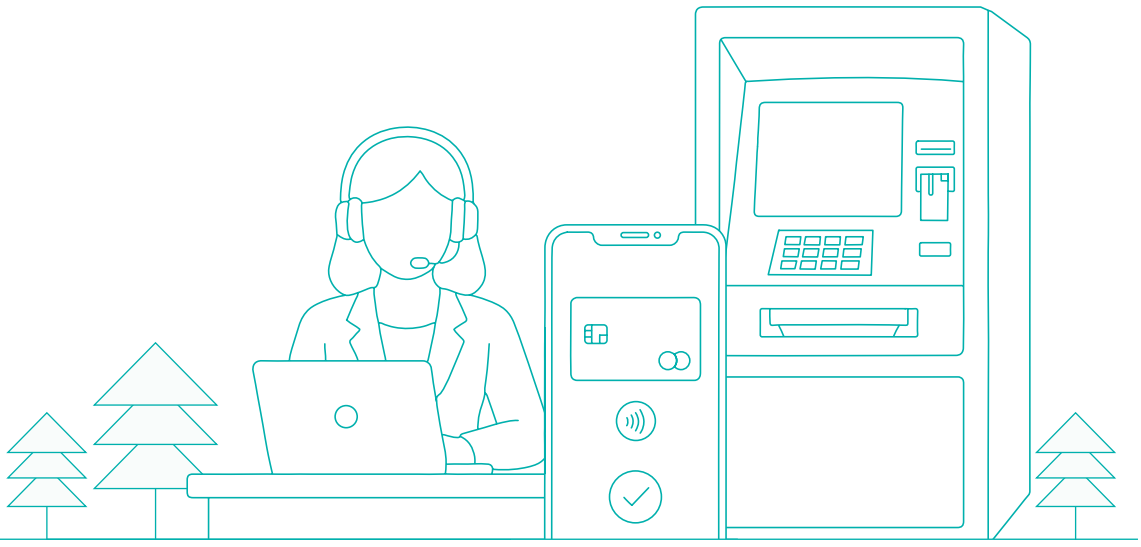
38+ Lakh
Active Digital Customers

2.5+ Lakh
Active UPI QR Merchants

49+ Lakh
Rural Savings Accounts

703
branches excluding Business Outlets (BOs), Business Correspondents (BCs) and Unbanked Branches

1.3 Lakh
Full Know Your Customer (KYC) accounts opened through Video Banking



Building a Wider, More Accessible Network



Our physical distribution network plays a critical role in connecting customers across geographies with formal banking services.

Over the past six years, we have steadily expanded our geographic reach. From 12 States in FY 2019-20, the Bank now operates across 21 States and 4 Union Territories, spanning 499 districts. Customer touchpoints increased from 647 to 2,790 during this period, supported by branches, asset centres, MFI centres, ATMs and BC channels.

This expansion reflects a strategic approach to growth, built around long-term customer relationships, stronger local presence and thoughtful expansion across markets.

By strengthening our physical presence across urban and rural areas, we are expanding access to formal banking and driving financial inclusion at the grassroots.

The addition of 115 Samriddhi branches strengthened our footprint in underpenetrated markets and elevated our liability franchise. Offering a wide suite of liability products, these branches deepen customer engagement and accelerate deposit mobilisation in newer markets, reinforcing our focus on inclusive, relationship-led banking.

Our phygital operating model helps us balance branch expansion with stronger digital servicing capabilities. This approach improves reach, increases efficiency, and enables better long-term resource utilisation.

Building a Seamless Phygital Banking Experience

Technology is reshaping how customers access, manage and experience banking services at AU SFB. With Video Banking, Chatbot, WhatsApp Banking, and the AU 0101 platform, customers can Bank securely anytime, anywhere. These tools connect people to faster, more reliable banking, through secure remote access across channels.

Video Banking

Video Banking enables customers to connect directly with video bankers from remote locations, combining convenience with a personal banking experience. This approach also makes onboarding new customers more efficient.

Conversational banking platforms

We expanded our chatbot and WhatsApp Banking capabilities to enable customers to access more than 30 services instantly, providing fast, round-the-clock support.

11 Languages
AU SFB's Voice-AI platform communicates in

Case Study

Hearing Is Believing: How Sound Unlocked a Merchant's Trust

The challenge

A merchant in a busy Rajasthan market was hesitant to adopt digital payments because he could not independently verify SMS confirmations. It was not distrust of technology that held him back. He simply could not read the SMS alerts that confirmed a payment had come through. Every digital transaction ended in a moment of uncertainty he had no way to resolve, and so he stayed with cash.

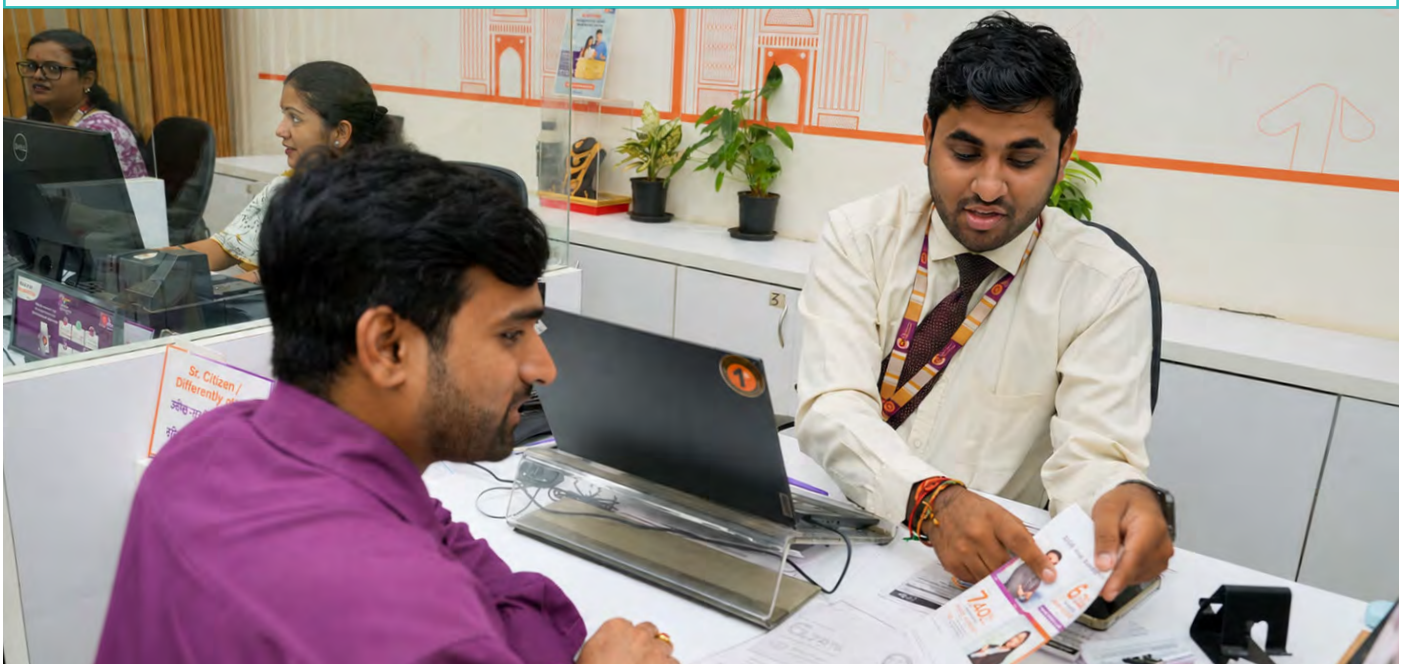
The solution

We installed an AU QR Sound Box at his shop. The audio confirmation removed the need to interpret SMS alerts and reduced uncertainty at the point of payment.

The impact

The instant audio confirmation improved the merchant's confidence in digital transactions and encouraged regular usage. Today, the merchant is active within the formal digital payments ecosystem, with a transaction record that has improved his access to credit. It allowed him to expand his stock, and helped him grow his shop in ways he could not have imagined before. This illustrates how accessible technology can convert trust into measurable business outcomes.





Human Capital

Scaling Capability, Strengthening Culture.

Building a future-ready workforce through care, inclusion and performance.

We believe that great banking begins with great people. Our people bring the Bank's competitive edge to life, form its cultural backbone and remain our most enduring investment. They understand our customers, share our values, and are genuinely invested in AU SFB's purpose.

Our human capital philosophy rests on a simple but profound conviction: pride in heart, humility in action. Together, we have built something remarkable, a Bank that has grown from the ground up, earning the trust of customers across urban, semi-urban, and rural India. Yet we carry that success lightly, always conscious that it is our people who make it possible.

Today, with over 59,200 colleagues across our pan-India footprint, we are deliberate and thoughtful about how we build our organisation. We attract talented individuals who share our values, identify those with the spark of leadership, and nurture them relentlessly.

Key Focus Areas

- Employee Well-being
- Identifying and Nurturing Talent
- Transparent Processes and Collaboration

Material Topics

- M8 Human Rights
- M12 Employee Health & Well-being
- M14 Employee Training and Education
- M17 Diversity, Equity, and Inclusion

Linkage to SDGs







AU Convergence - Vision 2030 our leadership meet bringing together our Bank's leaders for strategic dialogue, shared conviction and direction-setting

Key Indicators

59,200+
Employees

29
Specially Abled Employees

~10%
Women Workforce Representation

88%
Employee Trust Index

~90%
Employees aged below 40 years

100%
Code of Conduct and Ethics Training Coverage

51.9 Hours
Average Employee Training

~8,000
Employees benefiting from 'House of Growth' staff accommodation



Empowering Our Workforce

At AU SFB, our ability to serve customers with consistency and care is rooted in how we support our people. Employee well-being is not viewed as a benefit programme alone, but as a core people philosophy that shapes our approach to flexibility, recognition, care and growth. We recognise our colleagues as individuals with aspirations, responsibilities and life-stage needs, and our people practices are designed to help them perform, grow and thrive with confidence.



Committed to our people: Employee well-being

Banking is a high-responsibility, demanding profession. Our colleagues carry significant accountability every single day, whether they are serving a customer at a branch, processing a critical transaction, or managing collections in the field. We invest meaningfully in the physical, emotional, and financial well-being of our people so that they can sustain that performance over the long term.

Our well-being initiatives during FY 2025-26:

- Mental wellness workshops and structured emotional support programmes
- Female health screening programmes and targeted wellness interventions
- Education assistance programmes to support employees and their families
- Flexible leave structures that respect different life stages and personal needs
- Family-inclusive benefits that extend care beyond the individual employee
- 'Synergy Building — We Care' interventions connecting colleagues across functions
- One-on-one employee connects, new-joiner check-ins and separation interviews

We also maintain robust listening mechanisms such as AU Vibes, our employee engagement survey, regular townhalls, branch visits, leadership connects to ensure that our people always have a voice. In FY 2025-26, we recorded an Employee Trust Index of 88%, reflecting the strong sense of belonging we have built together.

Standing with families: Caring for the bereaved

One of the most meaningful ways an organisation can support its people is by standing by them during difficult moments. At AU SFB, our commitment to our employees does not end with their employment. As a mark of remembrance for our colleagues, 'Shraddhanjali' is observed across the Bank every month, pausing for two minutes of silence to honour their memory. In standing by their families, the Bank extends compassionate employment opportunities to eligible family members, helping them continue their association with the organisation with dignity and support.

Our MD & CEO, through his foundation, further ensures continuity in the education of the children of our departed colleagues, so that their education and aspirations can continue uninterrupted. Every effort is made to ensure that all life insurance benefits are processed with care and timeliness, avoiding delays and easing the burden during difficult times.

At AU SFB, even in loss, we stand strong together, supporting the loved ones of our colleagues with empathy, responsibility, and a deep sense of belonging. The people who worked alongside us and contributed to this institution deserve to know that their loved ones will continue to receive support from the Bank. This commitment is deeply

personal. It reflects who we are as an organisation, and it is one of the things our people cite when they speak about what makes AU SFB different. We are not simply an employer; we are a community.

Supporting women at every stage

AU SFB is committed to building a workplace where women not only join us but stay, thrive, and lead. We understand that women employees often navigate a unique set of professional and personal responsibilities. Our policies are therefore designed to reflect that understanding, not as a compliance exercise but as a deliberate expression of our values.

Our targeted initiatives for women

- Menstrual leave policy, recognising a basic aspect of women's health
- Sabbatical leave policy, enabling career pauses without career penalties
- Return-to-work support and pulse surveys for new mothers rejoining us
- A thoughtful welcome note is shared with returning mothers, reassuring that we are here to support them every step of the way as they ease back into work
- Late sitting avoidance guidelines to protect personal time and family commitments
- Female health screening programmes as part of our broader wellness commitment
- Women's leadership capability workshops to accelerate career progression
- MPowered hiring initiative to bring more talented women into the organisation
- Women-focused wellness interventions designed around specific health needs

Platforms such as AU Prerna, Embracing Fatherhood, and diversity leadership blogs help shift mindsets, challenge unconscious bias, and foster a culture where everyone, regardless of gender, feels fully included and valued.

Our DEI Committee, chaired by the MD & CEO with representation from business leaders and women employees, reviews representation metrics, tracks progress, and drives accountability. Diversity priorities are embedded directly into leadership KRAs, because measurement strengthens accountability.

Inclusion of persons with disabilities

We believe that true inclusion goes beyond policies—it is about recognising the unique strengths, perspectives, and journeys of every individual. Persons with disabilities are an integral part of our workforce and community. Their stories of resilience, innovation, and contribution deserve to be heard, celebrated, and amplified. 'Echoes of Ability' is a storytelling platform that honours the lived experiences of our specially abled colleagues. Through this initiative, we aim to foster empathy, challenge stereotypes, and build a culture of respect and belonging.

We have also partnered with institutions including the National Career Service Centre for Differently Abled, Sarthak Educational Trust, and the Dr. Reddy Foundation to build meaningful career pathways. As on March 31, 2026, 29 specially abled individuals were part of the AU SFB family, each one a valued member of our team.

A culture of recognition

Recognition is one of the most powerful levers of engagement, and at AU SFB, it is practised deliberately. Our reward and recognition framework combines monetary and non-monetary appreciation through:

- Performance-linked rewards tied to clear and transparent goals
- Leadership recognition platforms that celebrate exceptional contributions
- Employee of the Month and Employee of the Quarter programmes at local and national levels
- Milestone rewards for long-serving colleagues who have grown with us
- Family appreciation initiatives that acknowledge the support systems behind our people
- National and international performance campaigns for top performers

The AU Forever Pass initiative reflects another dimension of our empathy, allowing high-performing former employees the opportunity to reconnect with AU SFB in the future, because we continue to value the people who have contributed to our journey.

Identifying and Nurturing Talent

Our people philosophy is built on a simple yet powerful belief: every individual deserves the opportunity to grow, lead, and thrive. This is embedded in AU Dharma, particularly in Nurture Talent and Succeed Together, driven with clear communication and strong collaboration.

Employee value proposition: A wealth of opportunity

In a world of constant change, AU SFB stands as a beacon of possibility. Our Employee Value Proposition (EVP), 'A Wealth of Opportunity', reflects our commitment to empowering our employees to act quickly, creating opportunities for continuous learning, building strong relationships and doing even ordinary things extraordinarily well.

The hard work and ideas of employees go a long way towards realising the dreams and aspirations of everyone connected to us. Their work helps realise the aspirations of our stakeholders, from bringing prosperity to the unbanked to improving lives in the communities we serve. Employees are not just doing a job; they are transforming the nation. Because there is no greater joy than creating a wealth of opportunities for everyone.

It reflects our commitment to creating an environment where:

Growth is limitless
Whether just starting out or scaling new heights, AU SFB offers pathways for personal and professional development.

Purpose meets passion
Individual aspirations are aligned with organisational goals, enabling meaningful work that drives impact.

Diversity fuels innovation
Diverse voices, backgrounds, and ideas are celebrated because inclusion is not just a value, it is our strength.

Leadership is nurtured
From frontline teams to future leaders, we invest in building capabilities that shape tomorrow's banking.

Ideas are valued
Every employee is empowered to contribute, challenge, and co-create the future of AU SFB.

At AU SFB, opportunity is not just a promise, it is a practice. We do not just offer jobs; we offer journeys. We do not just build careers; we build legacies.

Talent is everywhere. The task is to find it, develop it, and give it every opportunity to flourish. At AU SFB, we approach talent with rigour and warmth, we are disciplined in identifying potential, structured in developing it, and genuinely invested in helping every individual realise their highest capability.

We promote on the basis of merit. Advancement at AU SFB is not determined by tenure alone, by relationships, or by proximity to power. It is determined by performance, capability, and the consistent demonstration of our values. This meritocratic culture is something we guard fiercely, because it strengthens the trust on which banking relationships are built.



Attracting the right talent

Building a future-ready workforce begins with bringing the right people in. Our talent acquisition strategy is multi-dimensional recruiting from campuses, from industry, and increasingly from our own communities.

Key initiatives driving our talent pipeline include:

AURIFY
Our flagship campus hiring programme that brings young, highly qualified talent into the AU SFB ecosystem

I am AUric
Building a community of people who embody our culture and values from day one

AU Shine
Supporting young talent in discovering and developing their potential

MPowered
Targeted hiring to bring more women professionals into our organisation

Our workforce reflects the young, dynamic India we serve. 90% of our employees are below 40 years of age, and 44% are between 18 and 30. We are not simply building a Bank for the future, we are building it with the future.

AI-enabled onboarding: Starting before day one

One of the most exciting innovations in our talent approach is the way induction has been reimagined. We believe that the best time to begin building capability is before an employee walks through the door on their first day. That is why we make AI-based induction videos available to new joiners seven days before their start date.

These are not generic orientation clips. They are thoughtfully crafted journeys into AU SFB's heritage, culture, values, and ways of working, giving new colleagues the time and space to absorb our story, understand what we stand for, and arrive on day one already feeling like part of the family. By the time they meet their team, they are not strangers to our organisation; they are already connected to AU SFB's culture, purpose and ways of working.

This approach reflects our belief that great onboarding is an act of respect. It signals to new joiners that we value their time, take their start seriously and want them to succeed from the outset.

Capacity building: Growing the impact of our people

As we expand our franchise across geographies, products, customer segments and capabilities, we need to grow the capacity of our organisation in step with that expansion. This means hiring the right people at the right pace, deploying talent strategically across functions and locations, and ensuring that our workforce composition supports our business model.

The successful integration of Fincare brought together colleagues from diverse regional backgrounds and business segments, enriching our collective capability and strengthening our understanding of different markets. Programmes such as AURIFY, I am AUric, and AU Shine have continued to build a pipeline of young, qualified talent ready to take on the challenges of a universal banking environment.

Capability building: Growing the potential of our people



Scale must be matched by capability. We invest as much energy in making our people better as we do in increasing our strength of employees. Our learning and development philosophy is anchored in the Triple E Model:

- **Experience**
  Real-world assignments, stretch roles, and on-the-job challenges
- **Exposure**
  Mentorship, cross-functional moves, leadership interactions, and external partnerships
- **Education**
  Formal learning, certifications, and structured programmes

This model ensures that our learning remains practical, connected to real work, and directly applicable to our colleagues' roles and career aspirations.

Our workforce composition at March 31, 2026:

Workforce by age

Age Group	Employees	Share
18-30	26,213	44%
31-40	27,142	46%
41-50	5,511	9%
51 Years and above	341	1%
Total	59,207	100%

Workforce by qualification

Qualification	Employees	Share
Graduates	30,726	52%
Postgraduates	18,917	32%
Undergraduate	7,930	13%
Diploma	945	1%
Chartered Accountants	593	1%
Company Secretaries	54	0.10%
Other Professional Qualifications	42	0.10%
Total	59,207	100%

Our structured capability development programmes span the full range of what a modern, universal Bank requires:



Future Leadership Development Programme

Build the leaders who will take AU SFB forward



Manager Excellence Programme

Strengthen managerial capability and team leadership



Executive Development Programme

Develop functional depth and behavioural competencies



Executive Coaching

Sharpen leadership effectiveness for senior leaders



Certified Credit Professional Programme

Build advanced credit and underwriting expertise



Wealth Management & NISM Certifications

Strengthen advisory and compliance capability



Gold Appraisal Certification

Enhance secured lending and valuation skills



Cyber Resilience Programmes

Build IT risk and cyber resilience awareness



AI & Generative AI Learning Modules

Prepare employees for AI-enabled banking



ESG & Green Finance Capability

Embed sustainability thinking into banking practice

Learning partnerships have also been deepened with institutions of repute, including the Indian Institute of Banking & Finance (IIBF), National Institute of Securities Markets (NISM), Data Security Council of India (DSCI), FIMMDA, IIM Udaipur, Jaipuria Institute of Management, and Dale Carnegie.

During FY 2025-26, investment in leadership capability continued through:

- Career Aspiration Discussions — structured conversations where leaders and colleagues explore growth ambitions together
- Internal mobility opportunities that allow talented individuals to move across functions and geographies
- MFIB Leadership Training, bringing rigour and depth to our most senior leaders
- Executive Coaching interventions providing personalised development for leadership effectiveness
- Succession planning and bench strength development across critical roles

Leadership development and succession

Our leadership development approach combines formal programmes, experiential learning, coaching, and purposeful career conversations.

The Bank's philosophy on succession planning is grounded in a deeply held belief articulated by our Founder, MD & CEO: "Leadership is not about staying forever, it is about building a system that thrives beyond you. Banks are built for centuries, not decades, and our responsibility is to nurture the next generation of leaders who will carry the institution forward."

Guided by this philosophy, the Bank has built a resilient and forward-looking leadership framework. The appointment of our Executive Director, a seasoned professional with extensive experience in building and stewarding large-scale credit institutions, and a non-promoter Executive Director, has been thoughtfully approved by both the Board and our regulator, reflecting strong governance and credibility. At the core of this approach is a robust leadership pipeline that prioritises continuity, capability, and readiness. It enables seamless transitions and empowers individuals to step into larger, more responsible roles, ensuring that the organisation continues to evolve with strength, stability, and purpose.

The average tenure of AU SFB's top leadership team remains strong and is a reflection of deep cultural alignment, genuine career satisfaction, and the long-term value proposition that AU SFB offers. Ours is not an organisation where talented people come for a stint and leave; it is one where they come, find purpose, and stay to build something lasting.

Transparency and Collaboration



Collaboration that transforms everyday interactions into collective success

Trust is built through transparency. When people understand how decisions are made, how performance is assessed, how opportunities are allocated, and how the organisation is doing, they feel respected, included, and genuinely part of something larger than themselves. Transparency is not just a governance principle at AU SFB; it is a cultural commitment.

And transparency alone is not enough. It must be paired with genuine collaboration, a spirit of working across boundaries, sharing knowledge, and supporting one another in ways that make the whole stronger than the sum of its parts.

Ethics and governance: The foundation of trust

We uphold the highest standards of ethics and governance, ensuring integrity, transparency, and accountability in everything we do.

During FY 2025-26, mandatory training programmes included:

- KYC and Anti-Money Laundering (AML)
- Vigilance awareness and operational risk management
- Information security and cyber resilience
- Employee Code of Conduct
- POSH awareness and responsible selling practices
- Corporate Social Responsibility

These are not procedural exercises; they are investments in the integrity expected by our customers, regulators and communities. When every colleague understands what good conduct looks like and feels empowered to uphold it, trust becomes systemic rather than dependent on any individual.

A culture where every voice is valued

A healthy organisation is one where people feel safe to raise concerns, share ideas, and challenge assumptions, without fear of consequence. Formal mechanisms have been built for this: our grievance redressal channels, our Whistle-Blower framework, and our POSH reporting structures all exist to ensure that no legitimate concern ever goes unheard.

But beyond the formal, we also invest in informal listening channels. Our AU Vibes survey, townhalls, branch visits, and one-on-one leadership connections create a steady cadence of dialogue that keeps our finger on the pulse of the organisation.

The quarterly connect of our MD & CEO with all AUites — 'Reflection & Anticipation' — is designed to create a meaningful platform where employees engage directly with our MD & CEO in a reflective and forward-looking conversation, celebrating achievements, acknowledging learning, and aligning on the path ahead.

Every piece of feedback is treated as an opportunity to listen, learn and strengthen the organisation.

Transparent performance and career management

One of the most important dimensions of transparency is how performance and careers are managed. At AU SFB, our performance framework is built on clear goals, transparent evaluation criteria, and fair outcomes. Employees know what is expected of them, how they will be assessed, and what success looks like. The framework is designed to be transparent, with clearly communicated expectations and evaluation criteria. This transparency extends to career development. Through Career Aspiration Discussions, internal mobility opportunities, and structured development plans, our people have visibility into potential career pathways at AU SFB, and the support required to pursue them. The Bank offers a strong platform for growth, with clear and meaningful career pathways that inspire individuals to perform, learn, and progress. Our Internal Job Opportunities further enable employees to explore diverse experiences, supporting the holistic development of their professional journey and empowering them to take ownership of their growth within the organisation.

Collaboration across the organisation

As we continue to evolve into a universal banking franchise, the ability to collaborate seamlessly across functions, geographies, and business lines has become more critical than ever. At AU SFB, a culture is being consciously nurtured that breaks down silos and brings people together because lasting growth is built on shared purpose and collective strength.

Our AU Dharma has been at the heart of AU SFB since our inception. Over time, it has evolved to reflect our commitment to making a meaningful difference in the lives we touch and to creating sustainable value for all our stakeholders. Yet, at its core, the spirit of our Dharma — who we are and what we stand for — remains unchanged. What truly defines us is not just what we believe in, but how consistently and authentically we live these beliefs every day. Rooted in our journey and shaped by the experiences of our people, the AU Dharma pillars reflect the stories that have built AU SFB into what it is today, and what it will continue to become.

They carry forward the wisdom of our past while guiding our aspirations for the future. Our eight Dharmas are not merely statements; they embody the principles that have guided us for over three decades. They define our actions, influence our decisions, and shape the way we conduct ourselves. Each Dharma is anchored in real experiences and learnings, and together, they form the foundation of a purpose-driven organisation committed to enduring impact and responsible growth.

Initiatives such as 'Synergy Building — We Care', cross-functional capability programmes, and our DEI platforms create spaces where colleagues from different parts of the organisation connect, learn from one another, and solve problems together. Our internal mobility framework supports this further, allowing talented individuals to bring fresh perspectives to different roles and businesses within AU SFB.



'Engaging. Listening. Leading forward' — our Founder, MD & CEO's regional connect with employees

Inclusion as a governance priority

Regional and social inclusion continues to be driven through local hiring, the integration of diverse talent from the Fincare merger, and programmes that support underrepresented communities in building banking careers.



Talent Acquisition

AURIFY, I am AUric, MPowered, AU Shine



Learning & Development

AU Connect, Triple E Learning Model, Leadership Programmes



DEI & Inclusion

DEI Committee, AU Prerna, Echoes of Ability, Celebrating Geographic Diversity — All regional festivities are celebrated through communication in 11 languages



Employee Well-being

AU Vibes, Wellness Workshops, Flexible Policies



Leadership Development

Executive Coaching, Future Leadership Development Programme



Ethics & Governance

KYC/AML, Vigilance, Code of Conduct, POSH



Onboarding Innovation

AI-based induction videos, seven-day pre-joining engagement



Family & Community Care

Bereaved family support, AU Forever Pass, family appreciation, Academic achievement recognition for employees' children



Going beyond professional achievements

Beyond the Desk — Personal achievements of employees are celebrated

Our employee value proposition

AU SFB's distinctiveness as an employer lies in the strength of its people proposition as a whole.

It is the meritocracy that means your background does not limit your ceiling. It is a learning culture that enables colleagues to grow year after year. It is the empathy that means you will never face a difficult moment alone. It is the transparency that means you always know where you stand. And it is the purpose 'Good People to Bank With' that means the work you do has genuine meaning for millions of Indians who depend on us.

From a long-term perspective, AU SFB is not just a place to build a career. It is a place to build a legacy. Having grown from a small finance Bank into one of India's most promising banking franchises, the people who are with us today are the architects of that future.

What is offered:

- Genuine meritocracy, with advancement based on performance, values and capability
- Accelerated growth for young, qualified talent who are ready to step up
- Deep investment in learning and capability development at every level
- A culture of empathy that supports the whole person, not just the professional
- Transparency and fairness in every people process
- A collaborative environment that connects people across the entire organisation
- Pride in being part of an institution that is doing something meaningful for India

We carry all of this with humility. We know that everything we have achieved has been built together. And we know that our best chapter is still ahead of us.

At AU SFB, 'A Wealth of Opportunity' reflects our commitment to empowering employees with speed, learning and meaningful relationships, and doing even ordinary things extraordinarily every day. The hard work and ideas of our people go a long way in realising the dreams and aspirations of everyone connected to AU SFB, whether by bringing prosperity to the unbanked or touching lives in the communities in which the Bank operates. At AU SFB, there is no greater joy than creating a wealth of opportunities for everyone.

Social and Relationship Capital

Scaling Inclusion, Strengthening Trust.

For AU Small Finance Bank, trust is the foundation on which enduring banking relationships are built. We boost our social and relationship capital through every interaction with customers, communities, regulators, and partners. It is strengthened by listening with intent, responding with care and designing services that customers can use with confidence in their everyday lives.

The Bank strengthens social capital by extending inclusive banking solutions to underserved and remote communities. We focus on enabling access to formal financial services, fostering financial inclusion, and empowering individuals and enterprises, contributing to sustainable livelihoods and equitable growth. This commitment reflects its larger purpose of creating long-term societal value while supporting India's vision of a Viksit Bharat.

Key Focus Areas

- Financial Inclusion
- AU Foundation

Material Topics

M1	Data Privacy and Security
M2	Customer Satisfaction
M6	Corporate Social Responsibility
M9	Value Chain Responsibility
M21	Sustainable Investment and Lending

Linkage to SDGs







AU Udyoginis at the Maa Annapurna spices centre in Jobner, Rajasthan

Key Indicators

122+ Lakh
unique customers

20+ Lakh
microfinance customers

₹35.4 Crore
CSR expenditure for FY 2025-26

~32%
of touchpoints in Unbanked Rural Centres; above the 25% regulatory requirement

100%
ESG screening for partners contributing 2% or more of business

76%
of the total portfolio directed towards priority sectors



Engaging with Purpose

Our social capital is shaped by four key groups: our customers, our communities, our regulators, and our partners. Their expectations help us remain relevant, accountable, and rooted in the places where we operate.

We engage with them through 24×7 Video Banking, the 'AU 0101' app, townhalls, and branch-level conversations. These channels help us gather feedback, improve service delivery, and reduce barriers across the banking journey.

Financial Inclusion



With a commitment to inclusion, our Bank conducts Financial and Digital Literacy sessions across India

We see financial inclusion as both an economic imperative and a relationship commitment. We expand formal banking access because access to formal finance can improve financial security, enterprise growth and long-term resilience.

Under the Pradhan Mantri Jan Dhan Yojana (PMJDY) framework, we serve over 5.5 Lakh accounts. For many customers, this was their first formal banking relationship. A Bank account is more than an entry-level product; it is often the starting point for savings discipline, access to government schemes and greater financial resilience over time.

Our group-based lending model extends credit to underserved segments, including small farmers, artisans, and women entrepreneurs. With 76% of our portfolio flowing to priority sectors and 32% of our touchpoints located in Unbanked Rural Centres, we continued to go beyond compliance to meet real demand where access remains limited.

49+ Lakh
rural savings accounts

20+ Lakh
Microfinance customers

58,000+
villages served

‘M’ circle: Banking designed for women

Financial inclusion is most meaningful when banking is designed around the people it serves. With ‘M’ circle, we have created a proposition that recognises the diverse aspirations, life stages, and financial journeys of women, rather than expecting them to fit their needs into conventional banking products. Instead of introducing another standalone account, we built ‘M’ circle as a layer of curated benefits across AU SFB account variants, bringing together personalised banking, wealth advisory, wellness, lifestyle privileges, and business support within a single relationship framework. We designed it to serve homemakers, professionals, and entrepreneurs with greater sensitivity and practical relevance.



AU Foundation

Through AU Foundation, our community engagement extends beyond banking access into long-term social investment. We focus on areas where sustained support can widen opportunity, strengthen capability, and improve everyday quality of life. Our programmes in education, livelihoods, sports, healthcare, and community welfare are shaped by local needs of communities across the country.

AU Ignite: Education and skill development

Launched in 2018 with a single classroom in Jaipur, Rajasthan, AU Ignite is currently present in 10 districts with 15+ skill centres supporting marginalised youth aged 18-30 across the state of Rajasthan and preparing them for employment in BFSI, healthcare, tourism and hospitality, and IT-ITeS.

It operates through a hub-and-spoke model aligned with NCVET guidelines. Hub academies offer advanced training for STEM graduates in Full Stack Development, MERN Stack, Salesforce, Core Java, Artificial Intelligence and Data Science. Spoke academies focus on vocational pathways for school leavers. Alongside technical training, we strengthen communication skills, financial literacy and workplace confidence through industry visits, expert sessions and on-the-job training.

In FY 2025-26, we trained 6,537 young people across 15 academies in ten districts, and 4,169 secured stable jobs.

More than 42% of trainees were women. During the year, we introduced Commis chef certification in tourism and hospitality, facilitated four international placements, and supported the placement of nine specially abled trainees in reputed organisations. Selected trainees were felicitated by Rajasthan Chief Minister Shri Bhajan Lal Sharma. Since the launch of our Future Skills courses in September 2023, more than 1,662 STEM graduates have been certified in advanced technologies, with the majority now employed at leading IT companies.

36,000+
youth trained cumulatively

6,537
trained in FY 2025-26



Future Skills trainees gain hands-on exposure to robotics and automation technology during an exposure visit in Jaipur

Case Study

Cooking Up a Global Career: From Daily Wages to High Seas



The challenge

Abhishek Kumar from Siddharthnagar, Uttar Pradesh, grew up in a family supported by his father's earnings as a daily wage labourer. With limited local opportunities, he had to become a primary earner while seeking to improve his family's financial prospects.

The solution

He enrolled in our Commis chef certification course at the AU Ignite academy in Jaipur. Through structured vocational training, practical culinary exposure, and workplace readiness support, we helped him build both competence and confidence.

The impact

Abhishek secured an international placement in February 2026, as a Commis II chef with Royal Caribbean Cruise Line, with an annual salary of approximately $17,736, equivalent to ~₹16 Lakh. His journey reflects what employability programmes can achieve when training is linked to real market opportunity.



AU Ignite continues to provide best-in-class support to youth, eventually helping them earn a livelihood

AU Bano Champion: Grassroots sports development

We started the AU Bano Champion programme to create a culture of sports - to help build discipline, confidence, aspiration and community pride beyond physical ability. In many rural and semi-urban locations, however, structured coaching remains out of reach. The programme was designed to bridge this access gap for children and young people aged 8-17 years.

The programme delivers systematic training in athletics, football, volleyball, throwball, kabaddi, wushu, and boxing. We strengthen the local sporting ecosystem by training coaches, hosting tournaments, and improving the quality of sports at grassroot level through Coaches Development Programmes, Exposure Camps, Weekend Leagues etc., especially among girls and first-generation athletes.

Today, the programme covers 75+ locations across 15 districts of Rajasthan and supports more than 6,000 young athletes. So far we have hosted three state-level, four district-level and five village-level tournaments. Village-level competitions engaged more than 30,000 participants, with over 6,400 progressing to district championships. More than 3,000 athletes represented their regions at district, state, national, and international levels, securing over 2,340 podium finishes. Girls account for 35% of beneficiaries, and we launched our first dedicated girls' football team during the year. We also sent more than 160 top beneficiaries to six high-performance exposure camps at leading institutes, including Haryana Steelers, Madhya Pradesh Martial Arts Academy, Tata Football Academy, Bengaluru Torpedoes, and Jio Institute.



AU Bano Champion 3rd State Level Sports Tournament held at Jodhpur and Jhunjhunu

Case Study

From Jalore to Georgia: Striking Gold Against All Odds



The challenge

We met Sunita Chaudhary, a young athlete from rural Jalore, Rajasthan, where access to sports facilities and professional training was extremely limited. Despite these challenges, her passion for Wushu never wavered, and she remained determined to pursue her dream against the odds.

The solution

Through our AU Bano Champion Programme, have supported Sunita with structured coaching, mentorship and opportunities to compete in tournaments since 2022. Backed by consistent training and determination, she steadily improved her performance and progressed in the sport.

The impact

In 2025, Sunita was selected to represent India at the Batumi International Open Wushu Competition in Georgia, becoming the only athlete from Rajasthan chosen for the event. She delivered an outstanding performance, winning a gold medal and bringing pride to both her state and the nation.

AU Udyogini: Women's entrepreneurship

We initiated AU Udyogini because entrepreneurial mindset alone does not transform women development. Ownership does. We wanted to help women translate capability into sustainable enterprise by addressing three connected gaps: knowledge, capital, and confidence.

The programme provides entrepreneurship development training, non-refundable seed capital, financial and digital literacy, and tailored mentoring approach. The Individual Women Entrepreneurship model, launched in October 2020 during the COVID-19 pandemic, enabled home-based enterprises when formal work opportunities had narrowed sharply. Today, we support 55 enterprise types, identified through local need and market relevance.

Our collective entrepreneurship model includes Khejri Mahila Producer Company, delivering quality spices, besan and mustard oil and Nirjhari Women Artisan Producer Company creating home furnishings, apparel and recycled paper products. These platforms help women move towards stronger market linkages, income security and greater dignity. This year, individual women entrepreneurs (IWE) supported by the programme were honoured by the Hon'ble Chief Minister of Rajasthan, Shri Bhajan Lal Sharma. AU Udyoginis also exhibited at the Jaipur Literature Festival & Jaipur Heritage Festival among others and were introduced to an AI chatbot now integrated within IWE to provide real-time guidance.



Ms. Jyoti Agarwal, co-founder Sanjay & Jyoti Agarwal Foundation interacting with AU Udyoginis at Maa Annapurna oil centre, Jobner, Rajasthan

~6,000
women entrepreneurs and artisans

3,926+
individual women entrepreneurs

25
districts across three states

5
aspirational districts

Case Study

Seeds of Enterprise: How Home-Grown Commerce Strengthened a Household



The challenge

Avanti Bai from Karawan village in Jhalawar lived with her family on modest agricultural income. She wanted to strengthen household finances and better education for children but lacked access to capital and a viable path to enterprise.

The solution

On identifying a local need for a grocery shop, we helped her through business development training, provided non-refundable seed capital, and supported her in setting-up their enterprise.

The impact

Today, Avanti runs a grocery store from home and earns ₹8,000-₹9,000 a month. Her income has helped her gain self-identity and strengthened household stability, addressed a local community need, and increased her confidence as a business owner.



Conducted eye check-up camp in Gandhinagar, Andhra Pradesh

AU Kartavya: Community development

AU Kartavya is guided by a practical question: where is the need most urgent, and how can we respond with meaningful and timely support? The answer is our need-based initiative across 21 states and four union territories, designed to address practical gaps in healthcare, education, water access, environmental action, and public infrastructure.



Supported Mountain Children's Foundation, Dehradun, Uttarakhand for promoting health, hygiene, nutrition and child rights

Water and crisis relief

150
mobile water tankers deployed in Rajasthan

74
permanent Jal Banks installed

1,680
dry ration packs distributed

Healthcare

347
community health camps

12
states

21,151
citizens reached

We supported hospitals with ventilators, patient monitors, dialysis machine, diagnostic equipment, and pathology laboratory set-up.

Education and digital literacy

We established a specialised Nipunshala in Rohtak, built computer labs in government schools in Punjab, distributed 56,400 notebooks and 8,000 school bags, and supported institutions serving specially abled learners. Over 1,400 underprivileged children are provided education through 60 AU study centres across 4 states.

Community infrastructure

We carried out road maintenance, plantation drives, park upkeep, open-air gyms, while also supporting electric mobility, sanitation vehicles, and environmental awareness campaigns.



In our efforts to strengthen road safety, police booth installed in Indore.

Across these efforts, our objective remained consistent: to respond to local needs in ways that improve dignity, safety, access, and quality of life.

Natural Capital

Scaling Green Finance, Strengthening Resilience.

Scaling green finance through disciplined action, efficient operations and transparent disclosures.

In FY 2025-26, our Natural Capital approach advanced across three priorities: channelling finance towards climate-positive assets, reducing the environmental footprint of our operations, and strengthening community resilience to ecological pressures.

The 4S Framework — Sustainable Finance, Sustainable Operations, Sustainable Communities, and Sustainability Reporting provides the structure through which these commitments are planned, measured, and disclosed.



Key Focus Areas

- Green finance
- Green operations
- Green communities

Material Topics

- M7 Green Finance
- M10 Efficient Natural Resource Management
- M18 Sustainable Operations
- M19 GHG Emissions
- M21 Sustainable Investment and Lending
- M22 Climate Risk

Linkage to SDGs



Our Chairman, Mr. H.R. Khan, participating in plantation drive during the Van Mahotsava Celebrations

Key Indicators

₹2,950+
Crore
Planet First – AU Green Fixed Deposit Corpus

24,520
Green Fixed Deposit Accounts Opened

16.6
Low Risk
Sustainalytics Risk Score

Renewable Energy Financing

Dedicated vertical within Commercial Banking

ESG Governance

Environment and Social Due Diligence on key projects

Paperless Banking

Fully digital onboarding for deposit customers



Sustainable Finance



AU SFB continues to support renewable energy through the financing of solar power projects, including this solar plant in Bikaner

At AU SFB, green finance sits at the heart of our sustainable finance strategy. We believe that financial products can do much more than generate returns. They can regenerate ecosystems, reduce emissions, and broaden access to a cleaner economy. Through these lending flows and deposit-linked deployments, the Bank translates climate ambition into measurable financial action: not through mere statements, but through lending flows and deposit funds.

Planet First – AU Green Fixed Deposit

Launched in line with the RBI's Green Deposit Guidelines, Planet First – AU Green Fixed Deposit enables customers to align their savings with environmentally responsible projects, contributing to environmental conservation while earning assured returns. The product is supported by transparent reporting on the deployment of funds and the outcomes achieved through green investments.

Governed by a Board-approved Green Deposit Policy and aligned with RBI guidelines, the programme integrates ESG considerations into lending practices and is supported by independent third-party validation to ensure credibility and accountability.

Planet First
AU GREEN FIXED DEPOSIT

As of March 31, 2026, the programme has mobilised over ₹2,950 Crore via 24,520 accounts. The funds flow exclusively into three categories:

Renewable energy — solar and agri-renewable projects, including under PM-KUSUM, reducing diesel dependence for farmers and expanding clean generation capacity in line with India's 500 GW target by 2030.

Clean transportation — specialised EV loans for two-wheelers, passenger vehicles, and commercial vehicles, supporting gender-inclusive access to clean mobility.

Green buildings — projects certified under ASSOCHAM (GEM 4), IGBC (Gold), and comparable standards.

ESG risk and climate risk integration

Managing ESG risks is integral to building a resilient and responsible banking system. We have initiated the integration of ESG considerations into our credit assessment and decision-making processes through structured evaluation frameworks. We assess green projects for environmental and social compliance to evaluate potential risks and impacts, enabling us to make more informed and responsible lending decisions.

During FY 2025-26, AU SFB became the first Indian Bank to partner with the International Finance Corporation (IFC) on Climate Risk Advisory. This enables the Bank to incorporate physical risks, such as flooding, heat stress and water scarcity, as well as transition risks, including policy shifts, technology disruption and asset stranding, into lending and risk processes.

Sustainable Operations



eki
STEERING THE PLANET TO NET ZERO

Certificate No
CN/EKI/2008/2025/016

CARBON NEUTRAL CERTIFICATE

PROUDLY PRESENTED TO

AU Small Finance Bank Limited

This certificate is presented to AU Small Finance Bank Limited in recognition of its commitment to achieving carbon neutrality for the GHG emissions generated from the AGM meeting held on August 08, 2025. This accomplishment showcases a strong leadership in environmental responsibility and a commitment to addressing climate change.

Carbon Neutral Achievement Period	August 08, 2025
Total GHG Emissions	0.023 t-CO_2e (covering Scope 1 & 2)
Carbon Neutral Achievement Process	The above-mentioned GHG emissions have been verified by EKI. To achieve carbon neutrality, AU Small Finance Bank Ltd. has retired the certified emission reductions (CERs) carbon offsets against the residual emissions amounting to 01 tons of carbon dioxide equivalent. These offsets are from CDM 4576, a Hydropower Project in India. https://offset.climateneutralnow.org/vchistory/details?orderId=38386
Date of Issue	20/08/2025

Presented by

Ramkrishna Patil
President-Climate Change
EKI Energy Services Ltd.

* This certificate is issued by EKI Energy Services Limited based on the information provided by AU Small Finance Bank Limited The achievement of carbon neutrality has been recognized based on the standards and methodologies applicable at the time of certification. This certificate does not imply any legal liability or warranty of future performance

Carbon Neutralisation for AU SFB's AGM

For a Bank with over 2,790 touchpoints and 59,200+ employees, even incremental improvements in operational efficiency compound into meaningful environmental impact. Green operations reflect our commitment to managing the energy, resources, paper consumption and emissions generated across our day-to-day banking activities. Across branches, offices and digital infrastructure, we are reducing environmental intensity through better measurement, transparent emissions disclosure and targeted efficiency investments.

Energy, Solar, and Emissions

Branches and offices across the network are transitioning to more efficient infrastructure: natural lighting wherever feasible, LED fixtures replacing older fittings, and energy-saving appliances reducing consumption at each touchpoint. Scope 1, 2, and 3 emissions are measured and reported in line with the Greenhouse Gas Protocol, providing a consistent baseline from which to reduce our carbon intensity over time.

Emissions Category

186.81
Scope 1 (tCO_2e)

7,792.18
Scope 3 (tCO_2e)

22,854.39
Scope 2 (tCO_2e)

30,834
Total GHG emissions (tCO_2e)

For the FY 2024-25 Annual General Meeting (AGM), electricity-related emissions were offset through the Vanala Small Scale Hydropower Project, registered under the Kyoto Protocol's Clean Development Mechanism. While limited in scale, the initiative reflects the Bank's intent to account for event-related emissions and embed climate responsibility into institutional practices.

Paperless and digital banking

During FY 2025-26, fully automated digital onboarding for liabilities customers, lending processes run through digital workflows, e-statements, and the revamped AU 0101 platform collectively reduced our reliance on paper, while improving access for customers in remote and smaller urban areas where branch visits carry real costs.

Mission LiFE

Aligned with the Government of India's Mission LiFE initiative, AU SFB focused on seven core themes: energy, water, plastics, food systems, waste, lifestyle, and e-waste. Through internal communication channels, employees were engaged via real-life stories, awareness messages, and practical tips. The initiative encouraged individuals to adopt simple, sustainable habits in their daily lives, reinforcing that small, consistent actions can collectively create meaningful environmental impact and support a more sustainable future.

LiFE
Lifestyle for Environment

Sustainable Communities

As a financial institution, we recognise that environmental sustainability requires active investment in the ecological health of the communities and geographies we serve. The communities where we operate, many of them rural, water-stressed, or ecologically vulnerable, bear a disproportionate share of climate risk despite having a comparatively lower direct contribution to climate-related impacts. Our responsibility, therefore, extends beyond responsible lending and cleaner operations to direct stewardship: conserving water bodies, restoring green cover, and building environmental awareness at the grassroots. When communities are ecologically resilient, they are also economically resilient, and that connection between natural capital and human progress is one we take seriously in everything we do.

Water conservation



Freshwater is perhaps the most critical natural capital asset in the Indian context. As part of World Water Day initiatives during FY 2025-26, the Bank supported the restoration of Medavakkam Lake and Pazhathotta Pond in Chennai, contributing to urban water body conservation, biodiversity, groundwater recharge, and community resilience in ecologically stressed environments.

Plantation drives and Green Lit Fest

Nationwide plantation campaigns spanning a full month were conducted during FY 2025-26, aligned with the Government's 'Ek Ped Maa Ke Naam 2.0' initiative and Van Mahotsava, contributing to carbon sequestration and biodiversity support across our footprint. Our support for the Green Lit Fest extended the Bank's environmental voice beyond operations, creating a platform for sustainability education, storytelling, and stakeholder engagement. These initiatives create platforms for sustainability education, stakeholder engagement and environmental awareness.

By expanding green finance, improving operational efficiency, investing in ecological resilience and strengthening sustainability disclosures, we are building an institution whose long-term prosperity is aligned with the health of the environment in which it operates.

Sustainability Reporting

Transparent disclosure is central to accountability. As climate risk becomes increasingly material to financial decision-making, robust reporting enables stakeholders to assess the progress and credibility of our commitments.

ESG governance

Our ESG disclosures are aligned with globally recognised frameworks, including BRSR and GRI, while ensuring compliance with SEBI's reporting guidelines and adhering to the principles of the National Guidelines on Responsible Business Conduct (NGRBC). The Bank has established a robust three-tier governance structure that embeds ESG principles across strategy, operations, and reporting, with strong Board oversight and organisation-wide integration. Governance is operationalised through strategic decision-making, regular performance monitoring by the Committee, and comprehensive BRSR disclosures backed by third-party assurance. This approach strengthens transparency, credibility, and resilience, enabling effective tracking of climate and social impact while reinforcing stakeholder trust and supporting India's sustainable development agenda and long-term stakeholder value creation.

Sustainability ratings

ESG ratings provide an external benchmark of the Bank's sustainability performance, enabling stakeholders to assess progress against peer practices, disclosure standards and evolving expectations. Across key platforms, AU SFB holds an S&P Global (CSA) score of 47, a Sustainalytics score of 16.6 (Low Risk), an NSE score of 73 (Strong) and an ESG Risk Assessments & Insights score of 69 (Strong). For the Bank, these ratings represent a reference point for continuous improvement, with ongoing focus on strengthening performance, disclosures and governance standards.



Our Bank supported Green Lit Fest 2025, a festival celebrating green literature and climate dialogue

ESG Ratings

SUSTAINALYTICS	S&P Global	CSRHUB®	SES Stakeholders Empowerment Services Analyze Educate Empower
16.6 (Low Risk)	47 (Medium)	74%	80.4 (High)
ESG Risk Assessments & Insights	**FTSE4Good**	**NSE**	**climate risk horizons**
69 (Strong)	Included in Emerging Indices	73 (Strong)	6

Case Study

Financing Badlaav: Empowering a Shift to Green Mobility



The challenge

At AU Small Finance Bank (AU SFB), we believe banking should move with the ambitions of those we serve. Mr. Suresh Choudhary, a customer of our Bagru branch, was balancing agricultural activities alongside his property dealing business, requiring him to travel 150-200 km each day in his diesel Swift. As a result, he incurred monthly fuel expenses of ₹20,000-25,000, which steadily eroded his margins.

The solution

When Mr. Choudhary decided to switch to a Tata Nexon EV, we structured a tailored credit facility aligned with his cash flows, enabling a smooth and affordable transition. The equated monthly instalments (EMIs) were designed to closely match his previous fuel expenditure, transforming his move to clean mobility into a self-funding decision rather than an additional financial burden.

The impact

Today, Mr. Choudhary travels further, spends less, and manages his business with renewed confidence. His journey exemplifies our commitment to financing meaningful change that creates value for our customers while contributing to a more sustainable future.

Compliance & Risk Management



Risk Management

Preserving Institutional Strength in a Changing Environment

As AU Small Finance Bank continues to evolve within an increasingly interconnected financial ecosystem, resilience remains central to preserving stability, trust and long-term value. Economic cycles, changing interest rate conditions, digitisation, evolving regulations, cybersecurity threats and climate-related vulnerabilities continue reshaping the banking landscape. In this environment, our focus remains on strengthening institutional preparedness through disciplined governance, portfolio oversight, operational resilience and cybersecurity readiness. Our Enterprise Risk Management (ERM) framework integrates financial and non-financial risks within a unified structure that supports proactive monitoring, informed decision-making and timely response mechanisms across the organisation.

This section should be read together with:

- Financial Capital section
- Corporate Governance Report
- Sustainability Report
- Sustainability Annexures
- Basel Pillar 3 disclosures

Together, these disclosures provide a broader view of how we govern risks, preserve resilience and prepare for a changing operating environment.

Governance & Risk Management Framework

We believe resilience begins with discipline, accountability and clarity in decision-making. As we continue to scale, our focus remains on strengthening governance structures that support prudent oversight while allowing the organisation to respond thoughtfully to evolving risks. We have institutionalised a multi-layered governance model with three lines of defence to balance growth with prudent risk management.

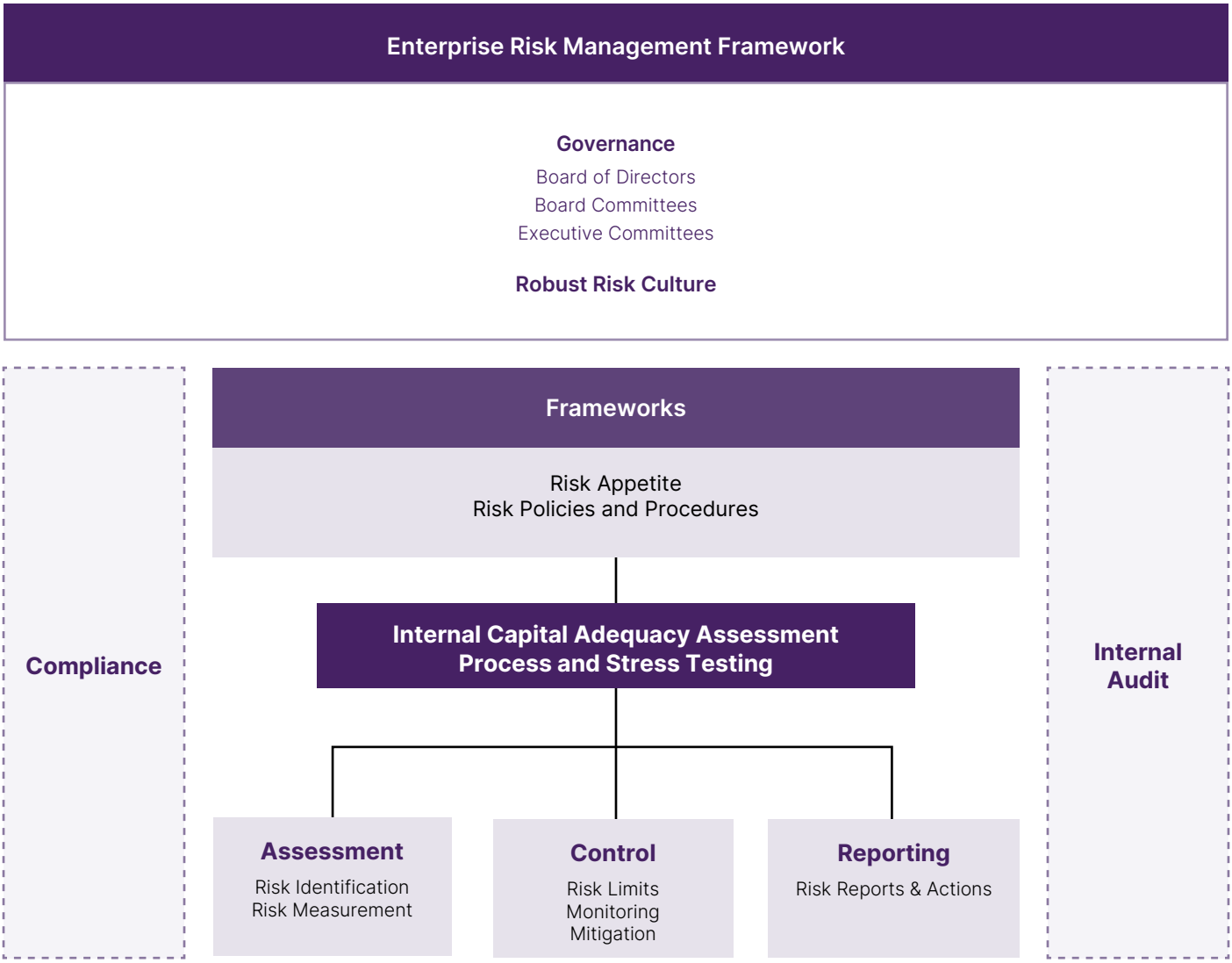
- Our business and operational units serve as the first line of defence
- Our independent Risk and Compliance functions serve as the second line
- Our Internal Audit function serves as the third line, providing independent assurance

This structure supports stronger accountability, disciplined ownership and effective control mechanisms across the organisation.

We have established a robust governance structure and risk culture to ensure seamless alignment of the risk management framework with the business model.

Risk governance is driven by a risk appetite statement, well-articulated policies and a robust risk management structure. Continuous risk assessment ensures compliance with internal and regulatory limits, supported by periodic reviews and reporting to relevant Executive and Board Committees.





The Bank's risk structure is supported by specialised Executive Committees, including:

- Credit Risk Management Committee (CRMC)
- Asset and Liability Management Committee (ALCO)
- Operational Risk Management Committee (ORMC)
- Investment Committee (IC)
- Committee for Outsourcing of IT & Financial Services (COIFS)

These committees operate through clearly-defined mandates, review mechanisms and escalation protocols supporting effective oversight across the organisation.

The Chief Risk Officer (CRO) leads the Risk Function and has a direct reporting line to the Risk Management Committee (RMC), with an administrative reporting line to the Managing Director & CEO. This structure ensures unrestricted access to the Board for escalation of material risk concerns without any management influence. The CRO operates with complete functional independence from business and revenue-generating units and is not assigned any profit centre responsibilities, thereby avoiding any conflict of interest.

Our Board of Directors retains overall responsibility for oversight of the Bank's risk profile and resilience framework. The RMC provides focused oversight across enterprise-wide risks and reviews alignment between the Bank's strategic priorities, capital position, liquidity profile and approved risk appetite.

Enterprise risk management framework

As part of a prudent approach towards managing organisation-wide risks, we have designed an elaborate Enterprise Risk Management (ERM) framework to protect the organisation as well as the interests of all major stakeholders, i.e., depositors, customers, employees and shareholders.

Our ERM Framework consists of a well-articulated risk appetite statement and comprehensive risk policies, systems and processes for effective risk management. It ensures continuous risk assessment and compliance with internal/regulatory limits along with periodic monitoring, submission and review of key reports to relevant management and Board committees. It is further reinforced by the Compliance and Internal Audit Function.

We actively manage all risks in alignment with our risk appetite, that includes:

- Credit Risk
- Operational Risk and Fraud Risk
- Market & Liquidity Risk
- Information & Cyber Security Risk
- Reputational Risk
- Compliance Risk

Advanced technology, data-driven monitoring and a deeply embedded risk culture ensure proactive identification and mitigation. Continuous policy refinement and regulatory alignment position us to manage emerging risks while building lasting stakeholder trust and long-term value.

We are cognisant of emerging risks, including climate risk and are enhancing our capabilities and strategies to manage and mitigate them effectively.

Risk appetite framework

At AU Small Finance Bank, our Risk Appetite Framework (RAF) provides the foundation for balancing growth opportunities with financial resilience, governance discipline and stakeholder trust. The framework defines the nature and level of risk we are willing to undertake in pursuit of our strategic objectives, while operating within the boundaries of capital strength, liquidity, operational capability and regulatory requirements. It supports responsible decision-making and sustainable long-term value creation across financial, operational, customer, human and governance-related capitals.

As we progress towards becoming a Universal Bank, the RAF continues to support calibrated growth across our granular retail franchise, MSME and Business Banking ecosystem, digital banking platforms and sustainable financing initiatives while maintaining focus on portfolio quality, customer confidence and institutional resilience.

The framework is integrated with our ERM architecture and aligned with Board-approved policies, RBI guidelines and internal governance standards. It covers all material risk categories, including credit, market, liquidity, operational, fraud, information security and emerging ESG and climate-related risks.

Our risk appetite is translated into measurable thresholds, limits and monitoring mechanisms across the organisation. These are supported through portfolio concentration limits, stress testing frameworks, early warning indicators, liquidity and capital monitoring, operational controls and escalation protocols.

Our Board of Directors have overall responsibility for approving and overseeing the Risk Appetite Framework. Oversight is exercised through the RMC, which periodically reviews our risk profile, stress-testing outcomes, emerging risks and utilisation of approved limits.

At AU Small Finance Bank, our risk appetite is both a control mechanism and an enabler of sustainable growth and responsible banking. It strengthens our ability to navigate evolving risks while building a resilient institution anchored in trust, transparency and long-term stability.

We have approved internal limits that are more stringent than the regulatory limits to maintain a buffer for unforeseen circumstances, enabling prudent risk management. We have rigorously ensured adherence to internal limits set across various liquidity and regulatory ratios, etc. without any breaches or RBI observations regarding the same.

Key Risk Indicators (KRIs), internal thresholds and exposure concentrations are monitored through dashboards and governance reviews. The Risk Appetite Statement and key risk policies are reviewed periodically to reflect changes in the business environment, regulatory expectations and emerging risk considerations.



The Board and Senior Management at Strategy Meeting, reinforcing our commitment to sustainable growth and robust governance

Our capital management framework includes a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) that is conducted annually to determine an adequate level of capitalisation for the Bank.

We also conduct bi-annual stress testing of credit risk, market risk, liquidity risk, interest rate risk & all other material risks and discuss the key findings in the RMC meeting. The output of stress tests helps in the decision-making process in terms of potential actions like risk mitigation techniques, contingency plans, capital and liquidity management in stressed conditions, etc. Maintaining adequate capital and liquidity buffers remains central to preserving financial resilience and balance sheet stability across changing operating conditions. The ICAAP and periodic stress testing are regularly reviewed by the RMC.

Adherence to the framework ensures a structured and systematic approach to risk management that is crucial for our planned growth and long-term objectives. This provides the confidence that our risk management systems are not only robust but also scalable, effectively supporting our growth ambition going forward.

Risk governance policies and frameworks

Our risk function operates within the ambit of Board-approved risk management policies that establish clear principles, standards and accountability mechanisms across the organisation. These policies are aligned with applicable regulatory guidelines and are designed to ensure consistency, transparency and effectiveness in our risk management practices.

Robust processes and internal controls have been established for monitoring policy effectiveness, compliance adherence and operational efficiency. Our risk policies and frameworks are reviewed annually, or earlier in the event of significant regulatory, business or environmental changes.

The framework is further supported by:

- Defined governance structures and delegated authorities
- Risk appetite thresholds and internal limits
- Early warning and escalation mechanisms
- Independent review and assurance processes
- Continuous monitoring through dashboards and management reporting

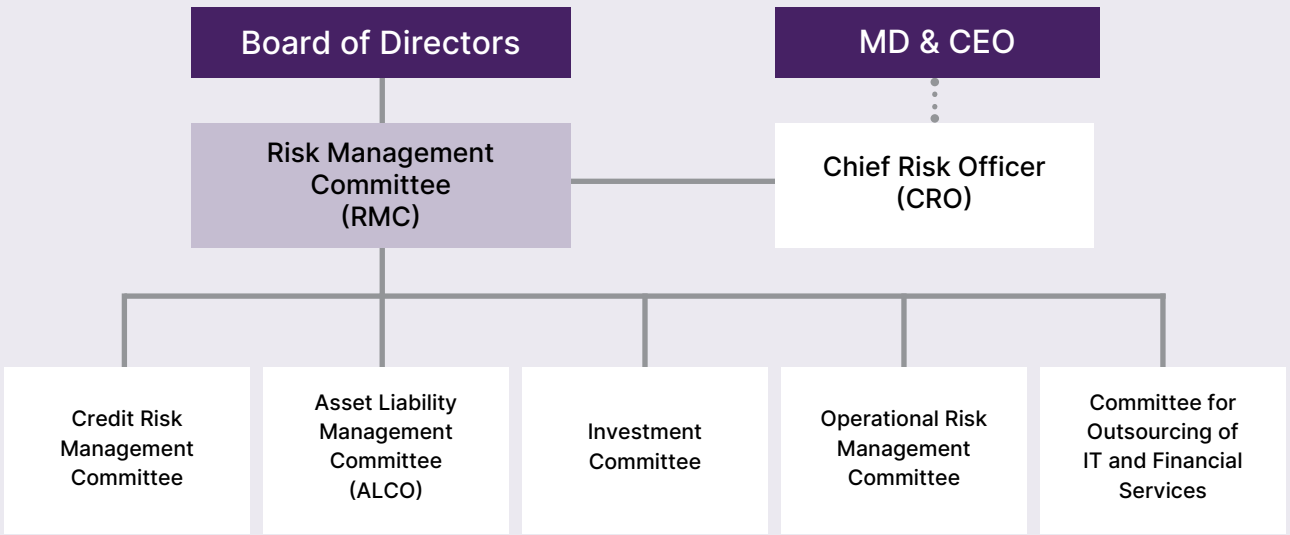
Integration of Environmental, Social and Governance and climate risks

The increasing interconnection between environmental, social and governance considerations and long-term business resilience is well recognised. ESG and climate-related risks are progressively integrated into our broader risk management framework, including assessment of climate-related impacts on borrower cash flows, portfolio quality and operational continuity, particularly across agriculture-linked and vulnerable customer segments.

Our governance around sustainability, ethical conduct, cybersecurity, data privacy and responsible business practices continues to be strengthened through robust controls, regulatory compliance frameworks and Board-level oversight of emerging ESG risks.

These principles are embedded into our operating model to support sustainable growth, institutional resilience and stakeholder trust. For more details, refer to AU Small Finance Bank-Sustainability Report.

Risk Governance and Framework



Key Risks and Mitigation

We have established a strong risk culture and risk governance framework to enable risk assessment, identification, measurement, mitigation and reporting of risks within the Bank.

Key risks and their mitigation framework are as follows:

Credit risk management

Credit risk refers to the potential loss arising from a borrower's or counterparty's failure to meet their contractual obligations, including repayments, settlements, or other financial commitments.

Mitigation

The Credit Risk unit is responsible for assessing and monitoring credit risk via setting up thresholds, risk limits and closely tracking asset quality. It conducts periodic portfolio reviews, aligned with our evolving risk appetite and business plans. Oversight extends to credit strategy, underwriting and risk frameworks like early warning systems, portfolio triggers, risk classifications and high-value exposure monitoring. By adopting a forward-looking approach and leveraging data analytics, the Credit Risk function ensures resilience in a dynamic economic and regulatory environment, supporting our long-term sustainability.

We follow a robust credit risk architecture with defined policies and systems for both retail and commercial lending. While commercial loans are managed on a standalone basis as well as on portfolio basis, retail lending, due to its granularity, is largely managed on a portfolio basis. Emphasis is placed on diversification, prudent credit approvals, post-disbursement monitoring and corrective actions.

The Credit Risk Management Committee (CRMC) monitors large exposures, asset quality, and portfolio concentration. The CRMC reviews portfolio trends, sector-level exposures, and emerging stress indicators, ensuring timely and calibrated risk mitigation. Its findings are submitted to the Board-level Risk Management Committee every quarter.

Operational risk management

Operational risk, as defined by the Reserve Bank of India (RBI), refers to the risk of loss arising from inadequate or failed internal processes, people, systems, or external events. It includes legal risk but excludes strategic and reputational risks.

Mitigation

We manage operational risk through a Board-approved Operational Risk Management Policy supported by a robust framework covering governance, processes, and controls across all business verticals. The framework follows the three lines of defence model:

1. First Line: Business units, support functions, and operations
2. Second Line: Independent Operational Risk Management Department (ORMD)
3. Third Line: Internal Audit

The ORMD is responsible for implementing the operational risk framework across the Bank. Oversight is provided by the ORMC, which monitors effectiveness, reviews key risk issues, and recommends mitigation measures. The ORMC reports to the RMC, ensuring effective Board-level supervision and governance.

Fraud risk management

Fraud risks are managed through a dedicated Fraud Control Unit (FCU) operating under a Board-approved Fraud Risk Management Policy. The FCU is responsible for identification, investigation, and containment of fraud incidents across the Bank. Oversight of significant fraud cases is provided by the Special Committee of the Board for Monitoring and Follow-up of Cases of Fraud (SCBMF), which reviews root cause analyses and monitors the implementation of corrective and preventive actions.

We continuously strengthen our systems and monitoring capabilities through real-time transaction surveillance, enhanced internal controls, and increased

staff vigilance. Regular training and awareness programmes are conducted to sensitise employees to emerging fraud risks and reinforce a culture of accountability and prevention.

Outsourcing risk management

We follow comprehensive IT and Financial Services Outsourcing Policies aligned with RBI guidelines. While the Board retains ultimate responsibility for outsourcing arrangements, operational oversight is delegated to the Committee for Outsourcing of IT and Financial Services, which reports to the RMC. The framework ensures structured due diligence, risk assessment, monitoring, and governance of all outsourced activities.

Business continuity management

We have a well-defined Business Continuity Management (BCM) framework, which is periodically reviewed to remain aligned with regulatory requirements and evolving risk scenarios. The framework includes dedicated Disaster Recovery sites, periodic business continuity drills, and emergency response plans covering IT disruptions and pandemic scenarios. Learnings from simulations and drills are used to continuously strengthen resilience and ensure continuity of critical operations during disruptions.

Digital risk mitigation

With the rapid expansion of digital channels, we have reinforced our monitoring and control framework across all platforms. Enhanced system controls, continuous risk assessments, and advanced surveillance mechanisms ensure a secure and seamless customer experience while aligning with our digital growth strategy.

Market risk, liquidity and asset liability management

Market risk arises from adverse movements in interest rates, foreign exchange rates and market prices impacting the Bank's trading and investment activities, including customer-driven and proprietary transactions. With the expansion of treasury activities and derivative transactions, the risk profile continues to evolve in line with market developments and business requirements. Liquidity risk arises from the inability to meet cash flow and collateral obligations, both expected and unexpected, without adversely impacting the Bank's financial position. Market risk and liquidity risk remain key areas of focus under the Bank's balance sheet management framework.

Mitigation

Market and liquidity risks are managed through a comprehensive framework comprising Board-approved policies, risk limits, regulatory guidelines, and robust monitoring mechanisms. Risk measurement methodologies, analytical tools and periodic stress testing are employed for continuous assessment of exposures across investment portfolios, foreign exchange positions, and derivative transactions. The framework also includes regular monitoring of liquidity positions, funding concentrations, and maturity profiles to ensure adequate liquidity and balance sheet resilience under both normal and stressed conditions. The ALCO provides oversight on market, liquidity, foreign exchange, and interest rate risks through periodic review of risk exposures, market developments, and compliance with internal and regulatory thresholds. The overall risk management approach remains aligned with our risk appetite and strategic objectives while supporting prudent balance sheet and treasury management practices.

Information and cybersecurity management

As we advance our digital journey to enhance customer experience and operational efficiency, we remain vigilant against cyber risks. Threats such as malware, phishing, denial-of-service attacks and data breaches pose potential risks to systems, services and sensitive information.

Mitigation

We have a robust information and cybersecurity framework to safeguard our IT infrastructure and data assets. Risks are identified, assessed, mitigated and monitored through dedicated governance structures, including Board and management-level committees. The Chief Information Security Officer (CISO), reporting to the MD & CEO, oversees our information security posture, supported by a 24×7 Cyber Security Operations Centre (C-SOC) for real-time threat monitoring.

Robust IT risk management practices are in place to safeguard against these evolving threats and ensure secure banking operations.	Adopting a layered security approach, we continue to invest in next-generation cyber security solutions. We follow the People, Process & Technology (PPT) framework to build a resilient security ecosystem: **People:** Continuous employee training and awareness programmes. **Process:** Well-defined, Board-approved policies (Information Security, Cyber Security, Cyber Crisis Management, Cloud Security) with regular updates, Bank is ISO 27001:2022 & PCI-DSS certified. **Technology:** Deployment of advanced controls and tools to proactively strengthen defences. To protect customers, we run continuous awareness campaigns across emails, SMS, social media and branches, educating them on cyber hygiene, safe digital practices, and reporting frauds through official government channels (cybercrime.gov.in/1930).

Reputation risk

Reputation Risk Management is a crucial aspect of overall risk management, as any adverse impact on reputation can lead to loss of customer and other stakeholder's confidence and may expose us to litigation and regulatory actions.	**Mitigation** The Board, MD & CEO and senior management ensure that the level of reputational risk we assume is managed effectively. Our reputation is extremely valuable and it is every employee's responsibility to safeguard and enhance its goodwill by adopting high governance standards, ethical practices and transparency while dealing with customers. We have taken steps to monitor reputation risk on an ongoing basis. We identify reputation risk in our ICAAP document and an assessment framework (Reputation Risk Index-RRI) has been established to monitor the level of reputation risk. We communicate with our stakeholders regularly through appropriate engagement mechanisms to address stakeholder expectations and assuage their concerns, if any. There is zero tolerance for knowingly engaging in any activity that is not consistent with values, Code of Conduct or policies of the Bank.

Emerging risks

As the operating environment evolves, we continue to monitor emerging risks that may influence the banking sector over the medium to long-term, including:

- Increased frequency of geopolitical disruptions and prolonged interest rate volatility
- Digital ecosystem concentration risks
- Increasing cyber threat sophistication
- Climate transition and physical risks
- Third-party and outsourcing dependencies
- Regulatory convergence and compliance complexity
- Technology driven fraud and AI-enabled threats
- Model risk emanating from statistical/machine learning models

These risks are periodically reviewed through governance forums and incorporated into monitoring, stress assessment and resilience planning processes.

Data privacy

Data is central to our retail-focused business, driving strategy and enabling responsiveness to customer needs and market shifts. As data volumes and access points grow, protecting it while ensuring usability and privacy is increasingly complex. Upholding the highest standards of data privacy remains a key priority for us.

Climate risk

Climate risk is an emerging focus area for stakeholders, primarily driven by physical risks (e.g., extreme weather events) and transition risks (e.g., decarbonisation). While our retail-focused social financing model has lower exposure to such risks, it remains an area of increased scrutiny. To address this, we have established a robust ESG policy framework.

Cybersecurity and fraud risk

With increasing digitalisation in banking, cyber-attacks targeting sensitive financial data are on the rise. Cybersecurity is critical to maintaining stakeholder trust and we remain committed to adopting best practices to strengthen our defences and stay ahead of emerging threats.

Social media risk

Social media is a vital engagement and marketing tool for us. However, it also poses risks such as reputational, compliance and operational risks. To manage these, we have robust Public Relations strategies and monitoring controls in place.

Capital Adequacy Snapshot

Maintaining adequate capital and liquidity buffers remains central to preserving financial resilience and balance sheet stability across changing operating conditions.

Our capital management approach remains focused on:

- Maintaining prudent buffers against stress events
- Supporting sustainable portfolio expansion
- Preserving liquidity resilience
- Protecting depositor confidence
- Maintaining long-term institutional stability

Detailed disclosures, including capital composition, and risk-weighted asset calculations, are presented separately within the Pillar 3 disclosures and Notes to Accounts.

Key resilience indicators monitored include:

- Capital to Risk Weighted Assets Ratio (CRAR)
- Common Equity Tier 1 (CET 1)
- Liquidity Coverage Ratio (LCR)
- Risk Weighted Assets (RWA)
- Funding and concentration indicators

Stress Testing and Scenario Analysis

Stress testing forms an important part of our resilience and capital planning framework. Our periodic stress assessments help evaluate our ability to absorb adverse yet plausible scenarios across credit, liquidity, market, operational and emerging risk dimensions.

These exercises support:

- Capital planning and resilience assessment
- Portfolio vulnerability analysis
- Liquidity preparedness
- Risk appetite calibration
- Management decision-making
- Recovery and contingency planning

Credit and asset quality stress

Periodic assessments are conducted to evaluate the potential impact of adverse macroeconomic conditions on:

- Portfolio quality
- Delinquencies and collection trends
- Sectoral vulnerabilities
- Provisioning requirements
- Earnings resilience
- Capital adequacy

Interest rate and liquidity stress

Stress assessments are conducted to evaluate the impact of:

- Interest rate shocks
- Liquidity tightening conditions
- Funding concentration pressures
- Deposit outflows
- Market volatility scenarios

These exercises support our balance sheet preparedness and liquidity resilience under changing market conditions.

Operational and cyber resilience testing

Periodic resilience testing activities undertaken include:

- Business continuity exercises
- Disaster recovery testing
- Cybersecurity drills

These measures support our operational continuity and strengthen our preparedness against evolving technology and cyber-related threats.

Climate scenario assessment

Climate-related risks are progressively being integrated into our broader resilience and risk assessment frameworks.

Our understanding continues to be strengthened across:

- Physical climate vulnerabilities
- Sectoral climate sensitivities
- Climate-linked borrower stress
- Geographic exposure concentrations
- Transition-related regulatory developments

Climate-related considerations are increasingly incorporated into our governance discussions, portfolio reviews and emerging risk assessments as our climate risk management capabilities continue to deepen.

Compliance Risk Management

As a regulated financial institution, maintaining the highest standards of compliance is fundamental to how we operate. Compliance supports stakeholder trust, reinforces our governance standards and enables sustainable growth.

Our compliance framework promotes adherence to applicable laws, regulations and regulatory expectations while fostering a culture of integrity, accountability and ethical conduct across the Bank. As regulatory expectations continue to evolve, we remain focused on strengthening our compliance capabilities, enhancing oversight and integrating compliance considerations into everyday business decisions.

Governance and oversight

The Compliance Function operates independently under the oversight of the Board of Directors and the Audit Committee of the Board. The Chief Compliance Officer (CCO) provides regular updates on regulatory developments, compliance risks, key observations and progress on remediation initiatives.

The Board and its Committees periodically review compliance with applicable RBI, and other regulatory requirements, observations arising from the Reserve Bank of India's Annual Financial Inspection and the Long Form Audit Report, implementation of regulatory directions, action taken reports and compliance with decisions taken by governance forums. These reviews strengthen internal controls, enhance governance practices and support timely resolution of identified issues.

Managing compliance risk

Our approach to compliance risk management is guided by Board-approved policies and a risk-based methodology that enables us to identify, assess, monitor and mitigate compliance risks across products, processes and business activities.

The Compliance Function works closely with business and support teams to interpret regulatory requirements.

Key responsibilities of the compliance function

Regulatory Compliance
Monitoring adherence to RBI guidelines, FEMA regulations, and other applicable statutory and regulatory requirements.

Policy Framework
Reviewing internal policies and procedures to align with evolving regulatory expectations.

Advisory Support
Providing ongoing guidance to business units on regulatory interpretation and implementation.

Compliance Risk Management
Identifying, assessing, and mitigating compliance risks across products, processes, and systems.

Regulatory Reporting
Ensuring accuracy, completeness, and timely submission of regulatory returns and disclosures.

Monitoring and Testing
Conducting compliance reviews, thematic assessments, and process validations to evaluate adherence to regulatory and internal requirements.

Regulatory Engagement
Acting as the nodal point for coordination with regulators, including submission of responses, data, and clarifications.

Strengthening compliance through technology

Technology continues to play an important role in enhancing our compliance and financial crime risk management capabilities. During the year, the Compliance Function focused on:

- Strengthening the Anti-Money Laundering (AML) framework through implementation of Amlytics, an advanced machine learning-based analytics platform.
- Integrating MuleHunter.ai, an AI/ML-based solution developed by the Reserve Bank Innovation Hub (RBIH) for identification of potential money mule accounts.
- Enhancing dissemination, tracking and compliance monitoring of regulatory guidelines through a technology-enabled Compliance Monitoring tool, i.e., DRISHTI.
- Strengthening controls around foreign exchange transactions and trade-related compliance

Building a culture of compliance

We believe that a strong compliance culture is built through awareness, accountability and continuous engagement. Through structured training programmes, periodic communications and awareness initiatives, we continue to strengthen understanding of regulatory obligations and reinforce compliance as a shared responsibility across the organisation.

By combining strong governance, proactive regulatory engagement, technology-enabled monitoring and a culture of accountability, we uphold high standards of regulatory discipline and responsible banking.

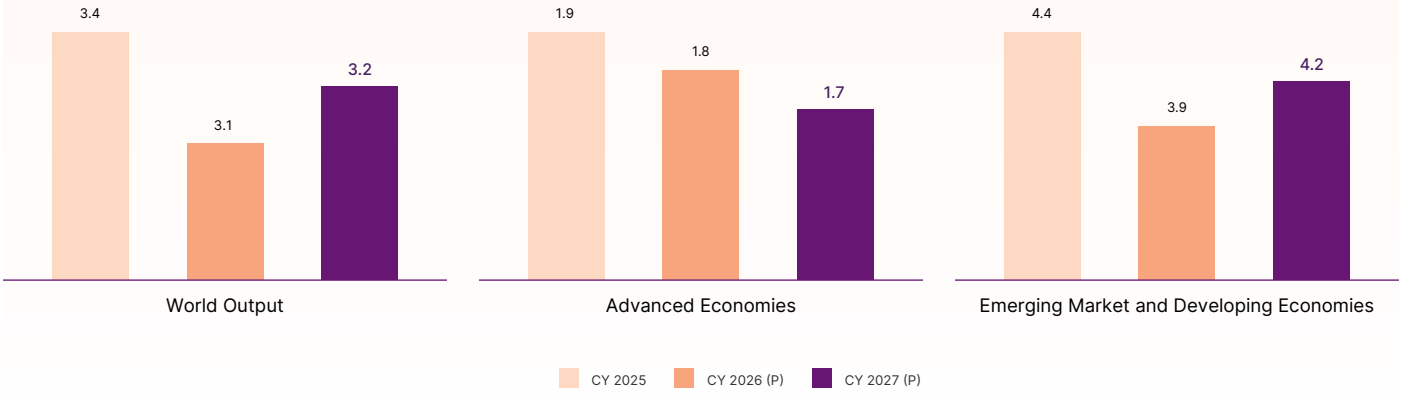
Management Discussion and Analysis



Global Economy on Edge

The world economy, which was broadly resilient in 2025, is facing renewed headwinds, primarily due to geopolitical tensions, particularly the ongoing conflict in the Middle East. As a baseline scenario, the IMF's April 2026 World Economic Outlook has projected global growth at 3.1% in 2026 and 3.2% in 2027, which is below the long-term historical average growth of 3.7%. However, in a more adverse scenario involving prolonged conflict, growth could fall to approximately 2.5%. In a severe scenario with significant disruption to global energy supplies or trade routes, growth could even drop to 2%, approaching recessionary conditions.

World output growth projections (%)



Source: WEO, April 2026, IMF.

Inflation has re-emerged as a key concern, with global inflation projected to rise to about 4.4% in 2026 before moderating to around 3.7% in 2027. The uptick in inflation is largely attributed to higher energy prices and supply chain disruptions, especially those affecting critical trade routes. This has complicated the task of central banks, which now face an intense trade-off between maintaining tight monetary policy to control inflation and easing policy rates to support weakening growth.

As regards the growth outlook, risks are skewed to the downside. Key risks include further escalation of geopolitical tensions, persistently high oil prices, increasing trade fragmentation and protectionist measures, tightening global financial conditions, and high levels of public debt that limit fiscal space. There are some upside possibilities, such as stronger-than-expected gains from artificial intelligence or a faster easing of geopolitical tensions. Signing of MoU between the US and Iran for a ceasefire is considered to be a positive development, which is expected to normalise crude oil prices to the pre-war level if sanctions are removed against Iran on an enduring basis.

From a policy perspective, maintaining a credible monetary policy to anchor inflation expectations, even as growth slows, assumes importance. Globally, there is also a need to rebuild fiscal buffers, given elevated debt levels, and strengthen international cooperation to address shared challenges such as trade disruptions and energy security. Structural reforms aimed at boosting productivity, including through digitalisation and innovation, are also critical for medium-term growth.

Emerging market and developing economies are expected to be particularly vulnerable due to their dependence on imported commodities and exposure to volatile capital flows. Within this group, India stands out, with growth projected at around 6.5% in 2026, supported by strong domestic demand and robust services exports, making it the fastest-growing major economy.

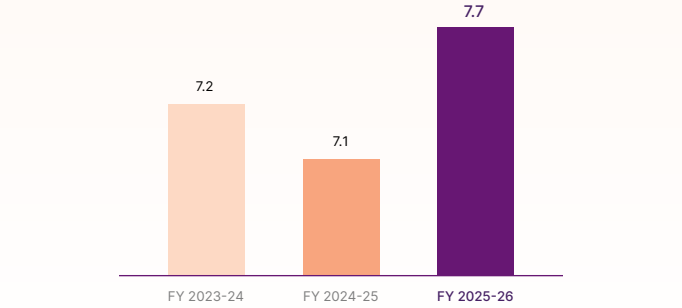
Broadly, the global economy is navigating a fragile phase marked by slowing growth, persistent inflation pressures, and elevated uncertainty. Geopolitical developments have become the dominant influence on the economic outlook, and the balance of risks remains tilted to the downside, requiring cautious and coordinated policy responses.



India Holds Steady

India's macroeconomic performance in FY 2025-26 remained robust. According to the provisional estimates by the NSO, India's real GDP growth was 7.7% in FY 2025-26, supported by strong domestic demand, resilient activity in the services sector, and sustained public capital expenditure. The economy demonstrated resilience despite global headwinds such as elevated global uncertainties, geopolitical tensions, reciprocal tariffs by the US, and commodity price volatility.

India's Real GDP Growth (%)



Source: NSO, MoSPI.

Private consumption showed steady improvement during the year, aided by easing inflation, rising rural incomes, and stable urban demand. Government capital expenditure continued to play a critical role in sustaining growth momentum, particularly through infrastructure development in transport, logistics, and energy sectors. Investment activity remained mixed, with public investment strong while private corporate investment showed gradual but uneven recovery, reflecting cautious business sentiment amid global uncertainties.

Inflation dynamics improved in FY 2025-26, with headline CPI inflation moderating to 2.1% compared to 4.6% in the previous year, mainly due to deflation in food prices in Q2 and Q3 of FY 2025-26. Core inflation showed signs of stickiness due to metal prices. The underlying inflation was weak as core inflation without gold and silver prices was extremely benign at 2.1%. The RBI maintained a neutral monetary policy stance since June 2025.

On the external front, India's position remained manageable. While merchandise trade balance faced headwinds from the US tariff, higher crude oil prices, weak global demand and supply disruptions, services exports, especially in IT and business services, and remittances continued to provide strong support to the external current account. The Current Account Deficit (CAD) remained comfortable at 0.6% of GDP in FY 2025-26 aided by resilient remittances and IT-enabled services. As capital flows were insufficient to finance the CAD, the exchange rate was under pressure, particularly towards the end of the year. Foreign exchange reserves remained comfortable, providing an adequate buffer against external shocks.

Fiscal policy continued to focus on consolidation while supporting growth. The central government adhered to its medium-term fiscal consolidation path, reducing the fiscal deficit gradually while maintaining high-quality expenditure, particularly on infrastructure. Tax revenues performed well, supported by strong economic activity and improved compliance, while subsidy burdens remained contained despite volatility in global commodity prices.



Indian Banking Sector

Financial sector conditions remained stable in FY 2025-26, with banks maintaining healthy balance sheets. Non-performing assets of scheduled commercial banks (SCBs) declined further, and credit growth remained strong, particularly in retail and services segments. Capital adequacy ratios improved, although there was some moderation in profitability as compared to last year. Liquidity coverage ratio at 124.2% was above the regulatory requirement, although slightly lower than 132.5% a year ago. Net interest margin was under pressure (3.3% in March 2026 as compared to 3.5% in March 2025). Both return on assets and return on equity of SCBs slightly moderated.

Financial markets, however, experienced intermittent volatility due to global factors, including shifts in risk sentiment and capital flows. The rupee was under pressure, primarily due to portfolio outflows and surge in crude oil prices. India's 10-year benchmark yield remained elevated, particularly in Q4 2025-26 (around 7%). However, gap between India's benchmark yield and the US 10-year yield narrowed in FY 2025-26. Since the US-Iran MoU, the financial market conditions have been normalising globally with its impact felt in India too.

124.2%

Banking Sector Liquidity Coverage Ratio

Maintained comfortably above the regulatory requirement of 100%.

1.8%

Banking Sector Gross NPA Ratio

Multi-decade historic low

Outlook for FY 2026-27

The outlook for FY 2026-27 is clouded by external headwinds. Although India's GDP growth is projected lower in the range of 6.5-6.7%, India will continue to be the fastest growing major economy in the world. Domestic demand is expected to remain the primary growth driver, supported by continued public investment, gradual strengthening in private investment, and sustained consumption demand.

However, risks to the outlook persist. Key external risks include prolonged geopolitical tensions, elevated global energy prices, and tighter global financial conditions, which could impact capital flows and the external balance. Domestically, inflation risks, particularly from food and fuel, remain a concern and could influence public policy responses. The RBI, in its June monetary policy, has projected retail Inflation higher at 5.1% in FY 2026-27. The current account deficit (CAD) is expected to widen in FY 2026-27.

Both the government and RBI have taken several steps to minimise the adverse effects of the West Asia conflict. Short-term measures by the government include, *inter alia*, increase in import duties on precious metals, limited pass-through of petroleum prices to consumers, temporary ban on sugar exports, credit guarantee scheme for MSME lending, waiving withholding tax and capital gain tax on investment by FIIs/BIS in G-secs, besides encouraging domestic production of pulses and oilseeds etc., through a steep hike in MSP of farm products that are imported. Medium-term initiatives by the government relate to coal gasification, oil and gas exploration involving multi-national corporations, push for electric and flex-fuel vehicles, creation of strategic oil reserves involving investment from the UAE, interest subvention scheme for production of e-buses and e-trucks, promotion of bio-refineries, and expediting FTAs with multiple countries.

The RBI has also taken several regulatory measures to relieve pressure on the rupee. Notable among them are relaxation of external commercial borrowings, providing concessional forex swap for External Commercial Borrowings (ECB) by PSUs and Overseas Foreign Currency Borrowings by authorised dealers (ADs) till December 31, 2026, absorbing hedging cost of NRI deposits mobilised under FCNR route by ADs for three to five years up to September 30, 2026, besides widening the scope of portfolio investments in equity and debt by overseas investors.

Policy priorities for the period ahead include maintaining macroeconomic stability while fostering inclusive growth. Continued fiscal consolidation, alongside targeted capital expenditure, will be essential. On the monetary side, the focus remains on achieving durable price stability while ensuring adequate liquidity to support growth. Structural reforms aimed at enhancing productivity, promoting manufacturing competitiveness, boosting exports, and leveraging digitalisation will be key to sustaining high growth over the medium term.

India enters 2026-27 from a position of relative strength, with solid growth fundamentals, stable macroeconomic conditions, and a resilient financial system. While external uncertainties pose challenges, the domestic growth engine remains strong, underpinning India's status as a leading driver of global economic growth.

Our Business and Performance

Key Initiatives and Strategic Advancements in FY 2025-26

Our ambition is not merely to grow larger, but to build an institution that remains relevant, resilient and trusted across cycles. Guided by this belief, FY 2025-26 was marked by a number of purposeful initiatives aimed at strengthening the Bank's operating architecture, expanding capabilities and enhancing organisational readiness for the future. Each of the initiatives reflects our commitment to creating a scalable and enduring franchise as we progress on our journey towards becoming a Universal Bank.

01 Progress towards transition to Universal Bank

The fiscal year 2026 marked a significant milestone in the Bank's journey, with the RBI granting in-principle approval on August 7, 2025 for the transition from a Small Finance Bank to a Universal Bank. This approval reflects the Bank's strong track record of prudent governance, sustainable growth, robust risk management, and regulatory compliance.

Read more on page 70

02 Strengthening the Bank's leadership

As we enter our next phase of growth, the composition of the Board of Directors was further strengthened through the induction of Independent Directors – Mr. N. S. Venkatesh, Mr. Satyajit Dwivedi and Mr. Phani Shankar, bringing complementary expertise that further strengthens the Board's oversight and strategic guidance across treasury and financial markets, development finance, risk management, governance, and banking operations. RBI approved the reappointment of Mr. Sanjay Agarwal as MD & CEO of the Bank for a further three-year term, effective April 19, 2026. The Board approved Mr. Vivek Tripathi as Whole-Time Director, adding significant executive leadership depth, drawing on his extensive experience in credit, risk and commercial banking. The Board approved elevation of Mr. Yogesh Jain, Chief Operating Officer as Deputy CEO of the Bank. These measures not only broaden the diversity of experience available to the Board, but also strengthen strategic oversight, and reinforce our governance architecture as the Bank prepares for a larger and more diversified operating landscape.

Read more on page 66

03 Product propositions

AU Chartered Accountants Banking Program in collaboration with ICAI

AU Small Finance Bank, in partnership with the Institute of Chartered Accountants of India (ICAI), launched the AU Chartered Accountants Banking Program, a specialised banking proposition designed to address the professional, business and personal banking needs of Chartered Accountants.

The offering combines the AU Royale Business Current Account, AU Royale Savings Account and AU CA Metal Credit Card into a unified banking solution, supported by features such as zero minimum balance accounts, personalised account numbers linked to ICAI membership, preferential pricing on loans and remittances, overdraft facilities against fixed deposits, and exclusive ERP and accounting partnerships. The initiative reflects our focus on developing targeted, relationship-led propositions for key professional segments.

AU SFB & ICSI sign MoU for exclusive banking solutions for Company Secretaries

We have entered into a strategic partnership with the Institute of Company Secretaries of India (ICSI) through a Memorandum of Understanding to deliver a specialised banking proposition for Company Secretaries (CS) across the country. The initiative aims to provide a comprehensive suite of current and savings account offerings along with a tailored credit card, designed to address the professional, business and personal financial needs of both practising and employed CS members. The offering includes features such as zero minimum balance requirements, personalised account numbers linked to ICSI membership, dedicated relationship management, doorstep banking and preferential benefits including locker discounts and travel privileges. In addition, we have committed to supporting the profession through employment and training opportunities for Company Secretaries, reinforcing a broader engagement beyond banking services. Overall, the partnership reflects our focus on building profession-specific ecosystems, combining customised financial solutions with career enablement to strengthen its presence within India's knowledge-driven professional segments.

Credit Card partnerships

AU SFB and CheQ launch India's first co-branded LED Credit Card

AU SFB, in partnership with CheQ, launched India's first co-branded LED-enabled Credit Card, introducing a differentiated and design-led approach to the Credit Card experience. The card features a first-of-its-kind LED-powered tap-to-pay functionality, where an embedded light activates during contactless transactions, providing instant visual confirmation without requiring a battery.

Beyond this innovation, the proposition offers a simplified rewards ecosystem that addresses the fragmentation of traditional credit card rewards, enabling seamless accrual and redemption across spending categories. The card also incorporates dual-network functionality (Visa and RuPay), supporting both global acceptance and UPI-linked payments. Integrated credit management, seamless onboarding through the CheQ platform, and access to a curated travel and lifestyle ecosystem further enhance customer convenience.

Partnership with Zaggle to launch co-branded retail credit and prepaid cards



During the year, we entered into a strategic partnership with Zaggle Prepaid Ocean Services Ltd. to launch co-branded retail credit and prepaid card programmes equipped with a unique Third-Party Application Provider (TPAP) integration and a personalised recommendation engine. The partnership combines our banking and underwriting capabilities with Zaggle's spend management platform and enterprise network to deliver enhanced payment solutions for both retail and corporate customers. In addition to the retail credit card offering, the collaboration will support the development of a commercial credit card portfolio and co-branded prepaid card programme, providing corporate customers with real-time visibility, control and insights into business spending, expense management and reimbursement tracking through Zaggle's digital platform.

04 Serving and engaging with the NRI community

During FY 2025-26, we introduced a zero forex markup and zero Bank charges proposition on international remittances, addressing a key friction in cross-border transactions by eliminating hidden forex mark-ups and offering fully transparent pricing.

The offering covers outward remittances under the Liberalised Remittance Scheme (LRS) for purposes such as overseas education, family maintenance and investments, as well as inward and outward remittances for NRI customers through AU NRE and NRO accounts. All transactions are processed at our Interbank Reference Rate (IBR), ensuring transparent pricing without hidden charges. The initiative strengthens our proposition in the NRI and cross-border banking segment while reinforcing its commitment to simple, transparent and customer-centric banking solutions.

Complementing this, we offer FCNR(B) deposits in USD, GBP, EUR and CAD with returns of up to 7.10% per annum and NRE Fixed Deposits at up to 7.40% per annum reflecting our deepening commitment to serving the NRI banking franchise as part of its universal banking evolution. Additionally, the recent RBI circular and operational guidelines provided a comprehensive framework for FCNR(B) deposits, covering eligibility, interest rates, repatriation and risk management. This announcement creates an opportunity for us to strengthen our NRI deposit franchise and attract incremental foreign currency deposits.

Engagement programme with NRIs

As part of our commitment to strengthening relationships with the global NRI community, we hosted a series of marquee engagement events across key international markets during the year. These included 'AU Rendezvous' in Singapore, where the Founder, MD & CEO, Mr. Sanjay Agarwal, engaged in an open conversation with the NRI community; 'India By The Bay' in Hong Kong, featuring the acclaimed chat show 'Excellence in Celluloid' with renowned writer and lyricist Javed Akhtar; and the Jaipur Literature Festival which was held at the British Library, London, celebrating Indian culture, ideas and heritage on a global stage.

These thoughtfully curated engagements provided an opportunity to connect meaningfully with customers beyond banking relationships, fostering deeper trust, stronger affinity and long-term engagement. They also served as a platform for leadership to share the Bank's strategic vision, listen to customer perspectives and strengthen its connection with the global NRI community. The enthusiastic participation and positive response reinforced our commitment to delivering personalised experiences and building enduring relationships with Indians across the world.



05 Deepening customer relationships

Preferential loan pricing for liability customers

One of our most tangible cross-sell propositions during the year was the introduction of relationship-linked preferential pricing on secured and unsecured loans for existing Bank account customers. Eligible customers may avail Home Loans starting at 8.25% per annum and vehicle loans starting at 7.99% per annum, with rates calibrated against competition to reflect the depth and tenure of the banking relationship. It is also designed to deepen asset-side relationships with customers who already trust us on the liability side, creating a compelling reason for customers to consolidate their banking needs with us and strengthen both sides of the balance sheet simultaneously. This is pivotal to the overall positioning of AU SFB amidst leading banking players and creates a sense of affirmative differentiation from the rest.

Bancassurance tie-up

During FY 2025-26, AU Small Finance Bank strengthened its insurance franchise through strategic bancassurance partnerships with SBI Life Insurance and Life Insurance Corporation of India (LIC). These alliances broaden the Bank's suite of protection, savings, investment and retirement offerings, enabling customers to access comprehensive life insurance solutions through our extensive physical and digital distribution network. Leveraging the complementary strengths of both insurers, the partnerships are expected to deepen insurance penetration across urban, semi-urban and rural markets, while supporting the national vision of 'Insurance for All by 2047'. The initiatives also enhance our ability to meet customers' evolving financial protection and long-term planning needs through a more comprehensive relationship-led proposition.

06 Customer service

Service Response Guarantee Program

We continually strive to deliver best-in-class customer experience, especially for the affluent customers. As part of this endeavour, we have introduced the Service Response Guarantee Program, designed exclusively for our premium account holders, i.e AU Ivy, Eternity, and Royale customers. A defined set of service requests, when raised, are accorded priority handling and assured resolution within a 24-hour turnaround time (TAT). In the unlikely event of a delay beyond the committed TAT, we extend a complimentary voucher as a service gesture, reaffirming our promise of accountability and customer-first service. This initiative reflects our continued focus on delivering differentiated, responsive, and reliable banking experiences that match the expectations of our valued premium customers.

One Bank One Number

To address customer concerns about frequent changes in contact numbers whenever a Relationship Manager (RM) changes, we introduced One Bank One Number for both outbound and inbound communication.

07 Brand campaign featuring Ranbir Kapoor and Rashmika Mandanna

We launched a new brand campaign centred on our core proposition, 'Soch Badlo, aur Bank Bhi', featuring brand ambassadors Ranbir Kapoor and Rashmika Mandanna. Through relatable storytelling, the campaign encourages customers to reassess their banking choices while highlighting our differentiated offerings across savings, business banking and digital banking. The initiative strengthens brand visibility, deepens customer engagement and reinforces our positioning as a modern, customer-centric banking franchise.

08 Government of India approval to increase FDI limit to 74%

During FY 2025-26, we received approval from the Department of Financial Services, Ministry of Finance, Government of India, to increase our foreign investment limit from 49% to 74%, aligning us with the broader foreign investment framework applicable to private sector banks. The approval provides greater flexibility to access a wider pool of international capital, supporting liquidity, capital management and long-term growth requirements. The approval is subject to compliance with the prevailing FDI Policy and the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, while ensuring continued regulatory oversight. This development strengthens the Bank's ability to engage with global investors and supports its evolving growth aspirations.

24 Hours
Priority Service Resolution

Applicable to defined service requests for AU Ivy, Eternity and Royale customers

74%
Foreign Investment Cap Increased

Aligning AU SFB with the foreign investment framework for private sector banks

09 Technology initiatives

Launch of Gold Loan LOS on agentic AI platform

We have developed a deterministic, rule-driven Agentic AI platform to enable high-speed, personalised customer engagement with full end-to-end traceability and auditability. By moving beyond rigid digital workflows, the platform enhances flexibility in customer interactions while supporting efficient product delivery at scale and lower

cost. As an early application, we have successfully gone live with our first AI-native Loan Origination System (LOS) for the Gold Loans business, marking a key milestone in our technology transformation. Building on this foundation, we are now scaling the Agentic AI platform across multiple lending journeys, including Mortgages, Commercial Banking, Wheels, Personal Loans and Credit Cards, with the objective of creating a more agile, consistent and intelligent origination ecosystem across businesses.

AI-Native Loan Origination System (LOS): Successfully deployed for Gold Loans, enabling faster, more intelligent and scalable lending journeys.

Intellect's Purple Fabric adopted to accelerate AU SFB's AI-first banking journey

We partnered with Intellect Design Arena to establish a scalable enterprise AI foundation through the Purple Fabric platform. The initiative supports our vision of embedding intelligence across customer journeys, operations and decision-making through domain-specific AI applications, multi-model AI capabilities and enterprise-scale data processing. We also plan to leverage AI-powered credit assessment tools to enhance decision-making, strengthen risk evaluation and improve turnaround times. This partnership represents an important step in our journey towards building a technology-led, AI-first banking franchise.

Core banking system migration of erstwhile Fincare Small Finance Bank

We successfully completed the core banking system migration of the earlier-acquired Fincare Small Finance Bank into our core banking system, marking a significant milestone in the technology transformation journey. Executed through a controlled, single cutover approach, the migration covered all customer channels and downstream systems in one integrated move, with downtime restricted to off-peak hours to ensure minimal customer disruption. Notably, the transition was delivered ahead of schedule, supported by rigorous planning, multiple mock rehearsals and strong cross-functional governance, ensuring high data integrity and operational stability at go-live.

Onboarding platform ACE

During the year, we rolled out an improved onboarding platform, ACE, for onboarding of Savings and Current Account customers. The new platform for assisted onboarding comes with predictive risk-based models that deter mule account opening, it also gives customers the option to get onboarded at time of account opening with bundled investment, fixed deposit and insurance product at the time of account opening. We have also built assisted onboarding journeys for minors and joint account holders. The new journey ensures faster TAT, immediate account opening and reduces overhead cost of scrutiny.

ACE Platform: Transforming customer onboarding through faster account opening, predictive risk controls and integrated product journeys.

AU 0101 App revamp

The AU 0101 mobile app has been refreshed with a modern, intuitive and customer-centric interface, featuring a personalised home screen, unified payments hub, centralised service requests and enhanced security through live face verification, driving improved usability and seamless customer experience.

AU 0101 Business App

The AU 0101 Business app continues to scale with ~1.3 Lakh registered users, offering an integrated banking and payments ecosystem, including a full-stack QR solution with real-time settlements and comprehensive merchant management for small businesses.



AU SFB website relaunch

The redesigned AU SFB website adopts a mobile-first, modular design with intuitive navigation and smart search capabilities, enhanced by multilingual support (11 Indian languages), improving accessibility, customer engagement and seamless discovery of products and services.

Financial Performance Analysis

In FY 2025-26, AU Small Finance Bank continued to build on its operating momentum, delivering steady growth across its core business segments and maintaining stable profitability. The Bank's performance reflects a balanced approach to growth and risk, even as it invested in expanding its distribution footprint, strengthening its workforce and advancing its technology and brand platforms.

Deposit Growth

~ ₹1.52 Lakh Crore
at March 31, 2026
↑ 23% Y-o-Y

Advances Expansion

₹1.40 Lakh Crore
at March 31, 2026
↑ 21% Y-o-Y

Strong Profitability

₹2,641 Crore
for FY 2025-26
↑ 25% Y-o-Y

Net Interest Margin Movement

5.65%
for FY 2025-26
↓ 28 bps Y-o-Y

Cost of Funds

6.75%
for FY 2025-26
↓ 32 bps Y-o-Y

Strong Capital Buffers

18.7% / 16.9%
FY 2025-26 CRAR / Tier I
FY 2024-25: 20.1% / 18.1%

Enhanced Profitability Metrics

1.6%
Return on Assets (RoA): FY 2025-26
FY 2024-25: 1.5%

14.2%
Return on Equity (RoE): FY 2025-26
FY 2024-25: 13.1%

Stable Asset Quality Metrics

2.03%
Gross NPA ratio as on March 31, 2026
March 31, 2025: 2.28%

0.74%
Net NPA ratio March 31, 2026
March 31, 2025: 0.74%

Cost-to-Assets

4.2%
for FY 2025-26
FY 2024-25: 4.3%



Financial Performance Review

Our performance in FY 2025-26 demonstrates broad-based strengthening across key financial indicators, with expansion in the balance sheet, improved profitability and a reduction in provisioning, both on an absolute and Y-o-Y basis. The year was marked by robust growth in deposits and advances, supported by higher earnings and continued scale-up of the distribution network.

Balance Sheet

₹ (in Crore)

	March 31, 2026	March 31, 2025	Y-o-Y
LIABILITIES			
Shareholders' Funds	19,974	17,166	16%
Deposits	1,52,661	1,24,269	23%
Borrowings	13,872	11,660	19%
Other Liabilities and Provisions	5,291	4,751	11%
Total Liabilities	**1,91,797**	**1,57,846**	**22%**
ASSETS			
Cash and Balances with Bank and RBI	8,523	9,466	-10%
Investments	44,794	37,848	18%
Advances	1,34,276	1,07,092	25%
Fixed Assets	1,436	912	57%
Other Assets	2,768	2,527	10%
Total Assets	**1,91,797**	**1,57,846**	**22%**
Securitised/assigned portfolio/IBPC	**4,286**	**6,926**	**-38%**

Deposits

Our deposit base grew by 23% Y-o-Y to ₹1,52,661 Crore as on March 31, 2026, while CASA ratio stood at 28%, reflecting a granular and stable liability profile. Stable deposits (comprising CASA, retail term deposits and non-callable bulk term deposits) accounted for 79% of total deposits, showing our continued emphasis on quality over scale. Our cost of funds declined by 32 basis points to 6.75% Y-o-Y in FY 2025-26, from 7.07% in FY 2024-25.

₹ (in Crore)

	March 31, 2026	March 31, 2025	Y-o-Y
Current Account (CA)	9,359	6,997	34%
Savings Account (SA)	33,998	29,256	16%
CASA	43,357	36,253	20%
Term Deposit (TD)	1,03,236	83,186	24%
Certificate of Deposit (CD)	6,067	4,829	26%
Total Deposits	**1,52,661**	**1,24,269**	**23%**
CASA %	**28%**	**29%**	**NA.**
Stable Ratio %	**79%**	**78%**	**NA.**

Advances

Gross Loan Portfolio stood at ₹1,40,327 Crore, registering growth of 21% Y-o-Y. Growth remained broad-based, with our secured businesses comprising Retail and Commercial Banking growing 23% Y-o-Y. The unsecured portfolio, comprising Microfinance, Credit Cards and Personal Loans, was marginally lower by 1% compared to the previous year. Within Retail Assets, we recorded robust growth led by Wheels (27%), Gold Loans (108%). Commercial Banking business grew by 29% Y-o-Y, delivering a strong performance across all its key business lines. We are building our MFI and Credit Card businesses through a calibrated strategy that balances growth with portfolio quality.

₹ (in Crore)

	March 31, 2026	March 31, 2025	Y-o-Y
Retail Secured Assets	**92,742**	**76,616**	**21%**
Wheels	46,363	36,623	27%
Mortgages	42,438	38,097	11%
- MBL	34,691	30,676	13%
- HL	7,748	7,421	4%
Gold Loan	3,941	1,896	108%
Commercial Banking	**30,968**	**23,952**	**29%**
Business Banking	17,641	15,398	15%
Renewables	2,603	1,197	118%
EE&FI	5,713	4,145	38%
REG	5,011	3,212	56%
Inclusive Banking	**7,150**	**6,937**	**3%**
MFI	6,879	6,670	3%
FPO & SMF	271	267	2%
Digital Unsecured	**2,949**	**3,290**	**-10%**
Credit Card	2,196	2,464	-11%
Personal Loans	753	826	-9%
Other & SME	**6,518**	**4,909**	**33%**
Total	**1,40,327**	**1,15,704**	**21%**

Note: Agri banking portfolio integrated into the Business Banking vertical; Renewable Energy segment carved out as a separate business unit

As on March 31, 2026 ~68% of the portfolio is fixed rate, ~4% of the loans are flexi rate, most of which is currently in fixed interest period.

Asset Quality Performance

Through our growth journey, we have remained anchored in prudent underwriting standards, disciplined collection practices and a robust risk management framework. Our asset classification process is fully system-driven, with NPAs identified on a daily basis through automated controls that have been tested and audit-validated for accuracy and reliability. Gross NPA and Net NPA stood at 2.03% and 0.74% respectively, as on March 31, 2026, as compared to 2.28% and 0.74%, respectively, as on March 31, 2025 showing significant improvement.

Provisioning and Contingency

₹ (in Crore)

	Loan Amount	Provisions	Coverage (%)
GNPA	2,756	1,725	63
COVID-related restructuring (Standard)	231	38	16
Contingency provisions		38	
Floating provisions		41	
Stressed and contingencies provisions	**2,987**	**1,842**	
Provisions towards Standard Assets		457	
Total provisions		**2,299**	
Provisions as a % of gross advances		**1.69%**	

We maintain a conservative provisioning policy. Our Provision Coverage Ratio (PCR) including technical write-off stood at 85% as on March 31, 2026 against 84% as on March 31, 2025. Besides provision on standard assets, the Bank carries ₹117 Crore of provisions in the form of provisions against COVID-restructured assets, floating provisions and contingency buffers. Total provisions, including standard assets as percentage of gross advances stood at 1.69% as at the end of March 2026.

Liquidity

We prudently managed our liquidity position throughout FY 2025-26. We maintained an average Liquidity Coverage Ratio (LCR) of 120%, well above the regulatory requirement of 100%. We continue to carry additional liquidity in the form of high-quality, liquid, non-SLR investments, which are not part of LCR computation; such liquidity forms an additional 10-15% of LCR.

120%
Average Liquidity Coverage Ratio (LCR) for FY 2025-26

Capitalisation

Highlighting our financial strength, we maintained a robust capital adequacy ratio of 18.7% as on March 31, 2026. The Tier I capital ratio stood at 16.9% on the same date. The shareholders' funds was ₹19,974 Crore as on March 31, 2026, compared to ₹17,166 Crore as on March 31, 2025, a growth of 16% Y-o-Y.

18.7%
Capital Adequacy Ratio as on March 31, 2026

Borrowings

We strategically diversified long-term borrowings across various sources including Tier II bonds, money market instruments, refinancing from financial institutions and other structured instruments, to ensure cost-effective funding while maintaining robust asset-liability alignment. Total borrowings stood at ₹13,872 Crore as of March 31, 2026, an increase of 19% from ₹11,660 Crore in the previous year. The Bank availed refinancing of ₹8,690 Crore from institutions such as NABARD, SIDBI, MUDRA and NHB during the year.

Securitisation

During FY 2025-26, we did not undertake any securitised transactions or PTC transactions. Lower securitisation volume reflects a strategic shift toward balance sheet-driven growth and higher on-book retention. Total securitised/assigned portfolio stood at ₹4,286 Crore as of March 31, 2026, a decrease of 38% from ₹6,926 Crore in the previous year.

Total securitised book includes interbank participatory certificates (IBPC) at March 31, 2026, of ₹600 Crore which was Nil at March 31, 2025.



Profit & Loss Statement

₹ (in Crore)

Particulars	FY 2025-26	FY 2024-25	Y-o-Y
INCOME			
Interest Earned	18,636	16,064	16%
Interest Expended	9,524	8,052	18%
Net Interest Income	**9,113**	**8,012**	**14%**
Other Income	2,978	2,526	18%
Net Total Income	**12,091**	**10,538**	**15%**
EXPENSES			
Employee Cost	3,828	3,148	22%
Other Operating Expenses	3,154	2,809	12%
Operating Expenses	**6,982**	**5,957**	**17%**
PPoP	**5,109**	**4,581**	**12%**
Provisions	1,615	1,793	-10%
Profit Before Tax	**3,494**	**2,788**	**25%**
Tax Expenses	838	682	23%
Profit After Tax before Exceptional Items	**2,656**	**2,106**	**26%**
Exceptional Items*	15	NA.	NA.
Profit After Tax (Reported)	**2,641**	**2,106**	**25%**

Note: Exceptional Items include ₹20 Crore (pre-tax) provisioning arising from the implementation of the New Labour Code

Net Interest Income

During FY 2025-26, the interest rate environment was heading downwards with RBI cutting benchmark repo rate by 125 bps between February 2025 and March 2026. This resulted in a decline in yields on ~28% of the variable-rate loan book as most of this book was linked to the repo rate. Additionally, there was also a shift in asset mix with a degrowth in the high-yield unsecured book. Together, this led to moderation in loan yields of ~50 bps to 13.9% in FY 2025-26 as compared to 14.4% in FY 2024-25.

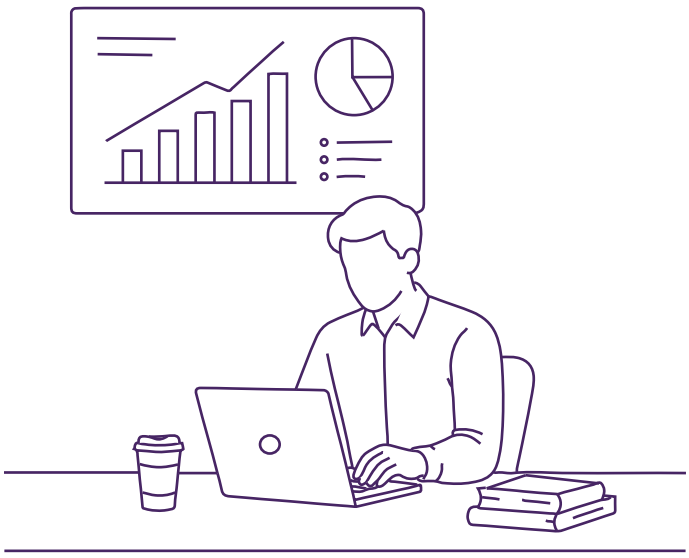
Lower yields on loans were partially offset by a reduction in term deposit rates. Timely deposit rate reductions helped lower the average cost of funds by 32 basis points to 6.75% in FY 2025-26, as compared with 7.07% in the previous year.

Consequently, Net Interest Margin (NIM) for FY 2025-26 stood at 5.65% as against 5.94% in FY 2024-25. While margins moderated due to repricing of assets, we continued to benefit from strong balance sheet growth and as a result, NII increased by 14% Y-o-Y to ₹9,113 Crore in FY 2025-26, as compared with ₹8,012 Crore in FY 2024-25.

Other Income

Our total other income increased by 18% Y-o-Y to ₹2,978 Crore in FY 2025-26, supported by broad-based growth across fee and treasury streams. General Banking and cross-sell related fees grew strongly by 25% to ₹871 Crore. Transaction Banking and Forex income also witnessed healthy momentum, rising 47% to ₹149 Crore, albeit on a low base. Reflecting the declining interest rate environment, income from Treasury operations recorded robust growth of 65% to ₹389 Crore, contributing meaningfully to overall non-interest income. While Credit Card income remained subdued during FY 2025-26, a revival in credit card growth is expected to elevate the credit card fees going forward.

As a result, other income improved to 33% of Net Interest Income, reflecting continued diversification of our revenue mix and strengthening of fee-based income streams.



₹ (in Crore)

Particulars	FY 2025-26	FY 2024-25	Y-o-Y
Loan Assets Processing & Other Fees	1,299	1,126	15%
General Banking, Cross-Sell & Deposits-related fees	871	696	25%
Credit Cards	263	351	-25%
Transaction Banking & Forex Income	149	101	47%
Miscellaneous	7	17	-60%
Core Other Income	**2,589**	**2,291**	**13%**
Income from Treasury Operations	389	235	65%
Total Other Income	**2,978**	**2,526**	**18%**
Other Income as % of Net Interest Income	**33%**	**32%**	**NA.**

Total Income

₹12,091 Crore
Net Total Income in FY 2025-26

15%
Y-o-Y Growth

Operational Expenses

Our employee strength increased by 16%, from 50,946 in FY 2024-25 to 59,207 in FY 2025-26, in line with continued distribution expansion. During the year, we also maintained our strategic focus on technology investments and AI-led initiatives. Additionally, we launched a new brand campaign, 'Soch Badlo, aur Bank Bhi', onboarding Ranbir Kapoor and Rashmika Mandanna as brand ambassadors.

Despite these ongoing investments in people, technology, and brand building, operating expenses remained well-controlled. Total operating expenses including New Labour code impact of ₹20 Crore grew by 18% Y-o-Y to ₹7,002 Crore in FY 2025-26, compared to ₹5,957 Crore in FY 2024-25. This disciplined growth was supported by multiple initiatives aimed at driving efficiency and productivity, including Agentic AI-led process re-engineering and automation, organisational realignment, and an expanded span of control.

As a result, we achieved an improvement in key efficiency metrics. The Cost-to-Assets ratio excluding CGFMU premium declined by 19 bps to 4.1% in FY 2025-26 from 4.3% in FY 2024-25.

Read more on page 65

Provisioning Expenses

Our provisioning expenses declined by 10% Y-o-Y to ₹1,615 Crore in FY 2025-26 from ₹1,793 Crore in FY 2024-25 driven by improvement in unsecured business of MFI and Credit Cards and broadly stable asset quality in secured assets. Credit cost on average total assets improved to 1.0% for FY 2025-26 from 1.3% for FY 2024-25. PCR, ex of technical write-off, stood at ~64% as on March 31, 2026 and including technical write-off at 85%.

Profitability

Pre-Provisioning Operating Profit (PPoP) including New Labour code impact of ₹20 Crore increased by 11% Y-o-Y, reaching ₹5,089 Crore in FY 2025-26 as against ₹4,581 Crore in FY 2024-25. We maintained healthy profitability metrics in FY 2025-26. Profit After Tax (PAT) grew by 25% Y-o-Y to ₹2,641 Crore in FY 2025-26 from ₹2,106 Crore in FY 2024-25. Return on Assets (RoA) and Return on Equity (RoE) stood at 1.6% and 14.2% respectively for FY 2025-26 vs 1.5% and 13.1% respectively for FY 2024-25.



RoA Tree (in %)	FY 2025-26	FY 2024-25
Net Interest Income	5.4	5.8
Other Income	1.8	1.8
Operating Expense	4.2	4.3
Pre-Provision Operating Profit (PPoP)	3.0	3.3
Provision and Contingency	1.0	1.3
Return on Assets (RoA)	1.6	1.5
Return on Equity (RoE)	14.2	13.1

Earnings and Book Value

	FY 2025-26	FY 2024-25	Growth
Earnings per Share (EPS)	35	28	25%
Book Value per Share (BVPS)	267	231	16%

Earnings per share increased by 25% Y-o-Y to ₹35 per fully paid-up equity share whereas the book value of each fully paid-up equity share improved from ₹231 per share as on FY 2024-25 to ₹267 as on FY 2025-26, an increase of 16% Y-o-Y.

Distribution

We have structurally expanded our physical and digital distribution footprint, reinforcing our transition into a well-diversified pan-India banking franchise.

As part of our network optimisation strategy, we have converted select asset centres into full-service branches and added new banking outlets.

During the year, we added 334 net touchpoints, including 78 new liability branches, with a strategic focus on urban markets to further strengthen our deposit franchise and improve liability granularity. In FY 2025-26, excluding banking outlets/business correspondents/unbanked branches, the urban branch network was 504 and the Swadesh branch network was 199.

Read more on page 59

Priority Sector Lending

Priority Sector Lending (PSL) continues to play a pivotal role in expanding access to formal credit across underserved segments of the economy. Despite significant progress in financial inclusion, certain sections particularly micro enterprises, small farmers and informal businesses — continue to face gaps in timely and affordable institutional finance. In this context, PSL acts as a key enabler for channelising credit towards sectors critical for inclusive growth, including agriculture, MSMEs, housing, education and weaker sections.

RBI has mandated a revised PSL target for Small Finance Banks (SFBs) at 60% of Adjusted Net Bank Credit effective FY 2025-26, as compared to the earlier threshold of 75%. This recalibration provides greater flexibility for portfolio diversification while continuing to ensure adequate credit flow to priority segments.

PSL remains integral to our core purpose of enabling financial inclusion and supporting underserved communities, rather than being viewed solely as a regulatory obligation. We have consistently maintained a strong PSL performance, remaining comfortably above the revised regulatory threshold during FY 2025-26, supported by a well-diversified portfolio across key segments.

We continue to play a catalytic role in supporting entrepreneurship, improving livelihood opportunities, and fostering financial resilience among micro entrepreneurs, self-employed individuals, and rural households.

Going forward, we will continue to expand our PSL franchise through a calibrated approach that balances growth, risk, and impact, while contributing meaningfully to the broader objectives of inclusive and sustainable economic development.

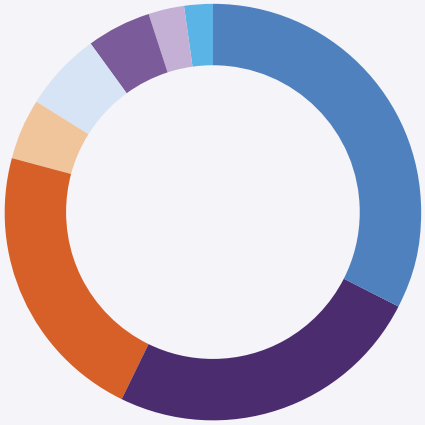


Segment Performance

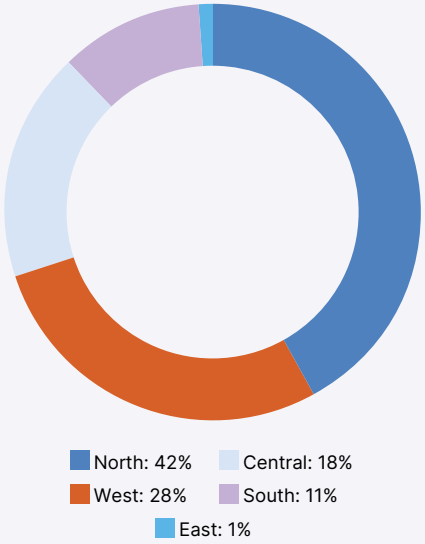
Building a Diversified and Granular Banking Franchise

FY 2025-26 marked continued strengthening of our core operating engine, reflected in the steady expansion of both advances and deposits. Growth across the balance sheet was underpinned by a calibrated strategy focused on deepening core segments, improving mix and enhancing operating efficiency. On the assets side, we maintained a granular and diversified loan portfolio, while on the liabilities side, we continued to scale a stable and well-distributed deposit franchise. This dual focus enabled us to reinforce funding resilience, support sustained credit growth and improve overall balance sheet quality, with each business vertical contributing to a more balanced and robust operating profile.

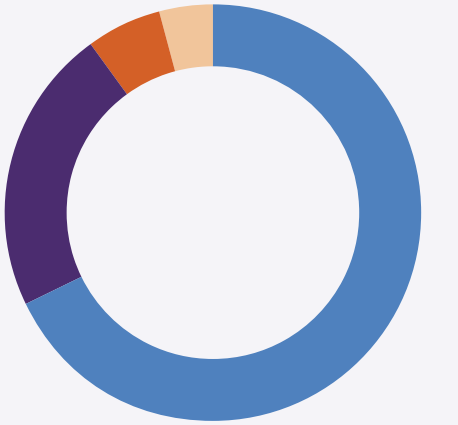
Loan portfolio — By Product



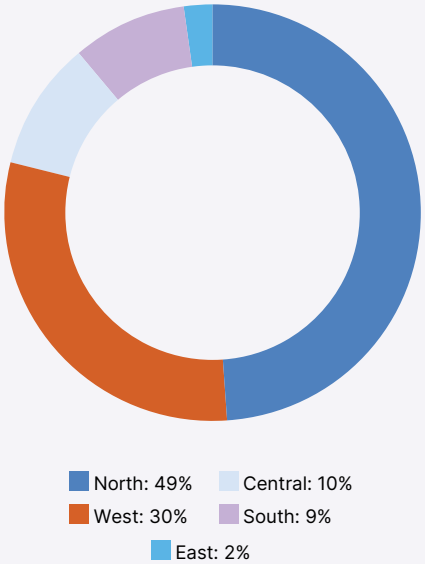
Loan portfolio — By Geography



Deposits — By Product

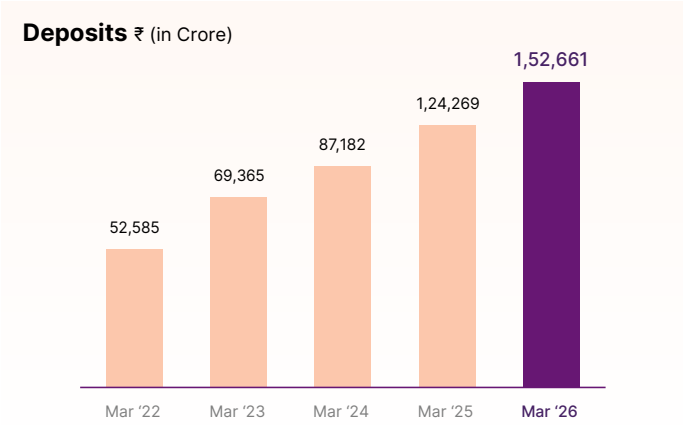


Deposits — By Geography



Deposits

Deposits remain a core pillar of our balance sheet, underpinning both growth and stability of the franchise. Over the past five years, we have delivered a strong deposit CAGR of ~34%, reflecting consistent execution and a well-diversified liability strategy. In FY 2025-26, this momentum continued with ~23% Y-o-Y growth in deposits at March 31, 2026. Our deposit franchise is anchored on four focused segments: Branch Banking, Commercial Banking & Wholesale Deposits, Government Banking & Inter-Bank Deposits, and Financial Institutions Group (FIG); each supported by stable leadership and deep domain expertise.



This is complemented by a fully digital, paperless and STP-enabled liabilities journey, increasingly augmented through AI-led capabilities to enhance customer experience and operational efficiency. A well-entrenched distribution network spanning urban, semi-urban and rural markets enables balanced and inclusive growth, while a comprehensive product suite with competitive pricing and differentiated features caters to a wide spectrum of customer needs. The strategic focus remains firmly on enhancing granularity, strengthening stability and optimising the cost of funds, thereby building a resilient and scalable deposit franchise.

Key Metrics (FY 2025-26)

~₹1.52 Lakh Crore
Total Deposits

23% Y-o-Y
Deposit Growth

34%
5-Year Deposit CAGR

28%
CASA Ratio

79%
Stable Ratio (CASA, Retail TD and Non-callable Bulk TD)

703
Total Liability Bank Branches

78
New Liability Branches Added

01 Branch Banking

Branch Banking serves as the Bank's front-end distribution engine, driving customer acquisition and creating a robust funnel for deepening customer relationships across urban and rural markets. Focused on expanding reach and penetration across geographies, the business continues to build a granular and diversified liability franchise through technology-enabled sales management, enhanced customer experience, and a superior product proposition spanning banking, payments, wealth, insurance, and transaction banking solutions. Through relationship-led engagement and effective distribution, Branch Banking plays a critical role in strengthening funding stability and now contributes nearly 60% of the Bank's total deposits.

The Bank has continued to strengthen its liability franchise by building a comprehensive and differentiated product suite tailored to the evolving needs of diverse customer segments. During the year, the Bank sharpened its focus on segment-led propositions, with targeted offerings such as the 'M' circle designed for women customers. Similarly, the AU Chartered Accountants Banking Program, developed in collaboration with ICAI, delivers a curated banking experience for professionals through an integrated suite of business solutions, personalised savings benefits and lifestyle privileges. The Bank also introduced a dedicated banking proposition for Company Secretaries in association with ICSI, offering specialised banking solutions and value-added benefits tailored to their professional needs. These initiatives reflect the Bank's strategy of deepening engagement through sharply defined need-based propositions across customer cohorts.

This approach is complemented by continued investments in technology, data analytics and customer experience. We have transitioned to a fully digital, paperless and STP-enabled onboarding journey, supported by platforms such as ACE, which enable quick account opening, bundled product offerings and embedded risk controls to enhance onboarding quality and efficiency. At the same time, customer engagement and servicing capabilities have been strengthened through initiatives such as the 'One Bank, One Number' platform for seamless access, and

AU Sampark, an in-house engagement application enabling a 360-degree customer view and data-led cross-sell. For premium customers, service differentiation has been further enhanced through the Service Response Guarantee Program, reinforcing a commitment to responsiveness and accountability. Together, these initiatives have strengthened acquisition, deepened relationships and improved overall customer experience across the Bank's deposit franchise.

Urban Banking

We continued to strengthen our urban banking franchise by adding over 7.4 Lakh new CASA customers to our retail deposit base in FY 2025-26. We have made significant strides in expanding our presence across key urban markets, the number of urban branches were 504 at March 31, 2026, reflecting an addition of ~300 urban touchpoints over five years. The footprint now spans all major urban centres, including metro and Tier-I cities across eastern India, and southern markets. Our targeted urban strategy is further reflected in our customer profile — 30% of new savings account customers acquired through urban branches during FY 2025-26 belonged to the premium IERP segments (Ivy, Eternity, Royale and Platinum).

Swadesh Banking

Swadesh Banking continued to strengthen the rural banking and financial inclusion franchise through an integrated model spanning rural branches, financial inclusion units and business correspondent channels aimed at redefining the financial experience for underserved and unbanked populations across rural and semi-urban India. It caters to farmers, self-employed individuals and micro-enterprises, combining various service channels such as rural branches, banking outlets, financial and digital inclusion units and specialised lending teams for small and marginal farmers. The objective is to streamline delivery, improve outreach and provide 360-degree solutions that address the unique financial needs of Bharat. As of FY 2025-26, Swadesh Banking operates through 199 branches. Through Swadesh Banking, we continue to reinforce our commitment to empowering Bharat through accessible, inclusive and digitally-enabled financial services.

02 Commercial Banking and Wholesale Deposits

The Wholesale Deposits segment serves large corporates, new and emerging enterprises, and mid-sized businesses, with a balanced mix of lending, liabilities and transaction banking solutions. This segment supports mobilisation of deposits for the asset businesses within Commercial Banking as the businesses target to progressively transition towards a more self-funded and fee-driven model.

Increasingly, Wholesale Deposits not only supports banking requirements of existing lending clients of the commercial businesses but has also adopted a solutions-led approach to capture the banking flows of non-lending customers. As the banking need evolves for businesses, Wholesale Deposits team is tasked with providing diversified as well as bespoke solutions towards capturing transactional flows of customers across payments and collections, salary banking, promoter banking, transaction banking, forex, trade and cash management, with a clear focus on scaling cross-border fee opportunities. Within Wholesale Deposits, the focus is on improving the stability with a higher share of non-callable balances to strengthen liquidity and asset-liability management.

03 Government Banking and Inter-Bank Deposits

Government Banking strengthened our liabilities franchise during FY 2025-26 through deeper engagement with government institutions, PSUs and urban local bodies, supporting institutional CASA mobilisation and transaction banking growth. We implemented a PFMS-integrated DBT solution under the Government of India's Interest Subvention Scheme, expanded state government empanelments and enhanced digital capabilities across fund management and payment solutions. Inter-Bank Deposits primarily caters to the co-operative banking segment of the country helping them to manage their liquidity better.

During the year, we strengthened our capabilities through a range of targeted, solution-led initiatives:

Key Initiatives

- DBT integration — Automated DBT solution under the Interest Subvention Scheme, integrated with PFMS for seamless validation and end-to-end disbursement.
- Integrated fund management — Unified platform for collections and payments, enabling real-time reconciliation and improved fund flow control.
- Urban and civic solutions — Digital systems for tax collection, billing and grievance redressal, improving revenue efficiency and citizen services.
- Education and welfare platforms — Scholarship processing and Education ERP solutions supporting digital onboarding, disbursement and academic administration.
- Transaction and reconciliation infrastructure — Virtual Account Management solutions and mobile interfaces enabling accurate, high-volume collections and payments.
- Large-scale dividend and bond interest distribution for PSUs with timely and compliant execution.

During FY 2025-26, we expanded our institutional footprint through empanelment with the Governments of Maharashtra, Madhya Pradesh, West Bengal and Andhra Pradesh, and supported large-scale programmes such as Jal Jeevan Mission and state-level NEET counselling.

During FY 2025-26, there were some outflows from the accounts of Government of Haryana, towards the end of the year, following the operational matter that remains sub-judice and is under investigation. As a customer redressal measure, the Bank made a payment of ₹25 Crore to the Government of Haryana and has been fully cooperating with the authorities while enhancing operational controls and monitoring frameworks.

Going forward, positioning the Bank as a trusted partner for government departments, we will leverage technology-led solutions to strengthen e-Governance and enable efficient last-mile service delivery. We will continue to expand our presence across states through deep institutional partnerships, supporting governments in modernising their financial and citizen service ecosystems.

04 Financial Institutions Group

The Financial Institutions Group (FIG) is a strategic vertical of the Bank that builds and manages relationships across the financial sector players like Insurance, Funds, AIF, Capital markets and various financial market intermediaries while mobilising deposits, provide borrowing support for balance sheet optimisation and capturing market-linked opportunities.

Key areas of focus include enhancing institutional deposits and liability flows, structuring credit facilities and capital market exposures, facilitating treasury and investment opportunities, and supporting our participation in domestic financial markets. FIG also strengthens our market positioning through active engagement with rating agencies, development finance institutions, multilateral development banks and other key market intermediaries.

FIG engages with DFIs such as NABARD, SIDBI, MUDRA and NHB and managed low-cost refinance of ~ ₹12,300 Crore as on March 31, 2026.

Correspondent Banking (AD – Cat I) is another integral part of FIG, enabling the Bank to address the international banking and forex needs of its corporate clients through compliant and efficient solutions that support India's growing cross-border trade and capital flows.

FY 2025-26 saw the opening of newer nostro accounts, expanding our presence across currencies like USD, SGD and CNY while expanding the trade finance reach to China, Europe and Middle East.

Loan Portfolio

Gross loan portfolio grew 21% Y-o-Y to ₹1,40,327 Crore as of March 31, 2026. Secured businesses comprising Retail Secured Assets and Commercial Banking grew at 23% Y-o-Y, outpacing estimated system credit growth of approximately 13%.

₹ (in Crore)

	March 31, 2026			March 31, 2025			Y-o-Y GLP Growth
	Gross Loan Portfolio	GA Yield[1] (%)	Gross NPA[2] (%)	Gross Loan Portfolio	GA Yield[1] (%)	Gross NPA[2] (%)	
Retail Secured Assets	92,742	14.2	2.4	76,616	14.5	2.5	21.0%
Commercial Banking	30,968	10.4	0.8	23,952	11.1	0.8	29.3%
Inclusive Banking	7,150	25.2	3.8	6,937	25.1	4.4	3.1%
Digital Unsecured	2,949	14.2	4.2	3,290	17.1	6.9	-10.4%
Others & SME	6,518	8.0	0.3	4,909	8.3	0.4	32.8%
Total	**1,40,327**	**13.8**	**2.03**	**1,15,704**	**14.4**	**2.28**	**21.3%**

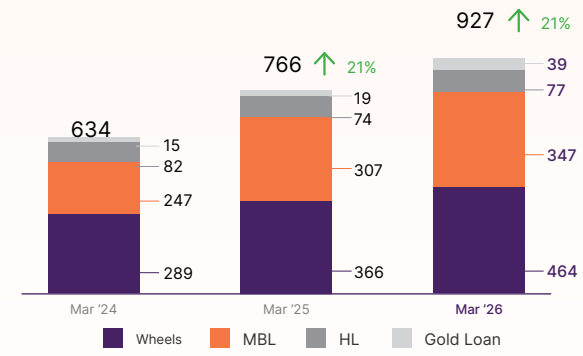
1. GA Yield based on avg for Q4; 2. GNPA is reported on Gross Advances

Retail Secured Businesses

The retail secured businesses mainly comprise of Wheels, Microbusiness Loans, Home Loans, and Gold Loans. As of March 31, 2026, the retail secured businesses portfolio grew by 21% Y-o-Y to ₹92,742 Crore; in the last six years, this book has grown at a CAGR of 24%+.

The retail secured asset franchise is underpinned by deep distribution reach and strong underwriting capabilities in granular lending, particularly across informal, semi-urban and rural segments, enabling effective customer acquisition and risk assessment. This is complemented by a robust operating model and disciplined collections framework, ensuring consistency in credit performance and portfolio quality across cycles. We also benefit from stable, vintaged and experienced leadership across businesses and geographies, providing continuity in strategy and execution, and supporting sustained, risk-calibrated growth.

Retail Secured Assets ₹ (Billion)



Note - March 2024 numbers are on proforma merged basis

% Share in GLP	GA Yield	GNPA
~66%	14.2%	2.4%

01 Wheels

The Wheels business has been our flagship franchise since inception in 1996 and continues to be the largest contributor within the retail secured portfolio, with the portfolio growing 27% Y-o-Y to ₹46,363 Crore as of March 31, 2026. The business is anchored in financing income-generating assets across rural and semi-urban markets, catering to customers engaged in transportation, agriculture and small business activities.

The portfolio spans a diversified set of segments including personal vehicles, commercial vehicles (across SCVs, LCVs, M&HCVs, three-wheelers and construction equipment) and tractors, enabling participation across multiple use-cases while maintaining a balanced product mix. The customer base primarily comprises small and marginal farmers, self-employed individuals, MSMEs and transport operators, many of whom operate with limited formal income documentation.

A key strength of the franchise lies in its underwriting framework, which combines detailed field-level assessment with household cash flow analysis and business activity evaluation, supplemented by bureau data where available. This enables us to serve both formal and informal customer segments while maintaining strong credit discipline. Loans are structured against productive assets, with repayment capacity closely linked to asset utilisation and income generation.

The business is supported by a granular distribution network built on deep local presence and relationship-led sourcing, enabling high-quality origination, strong customer engagement and effective collections.

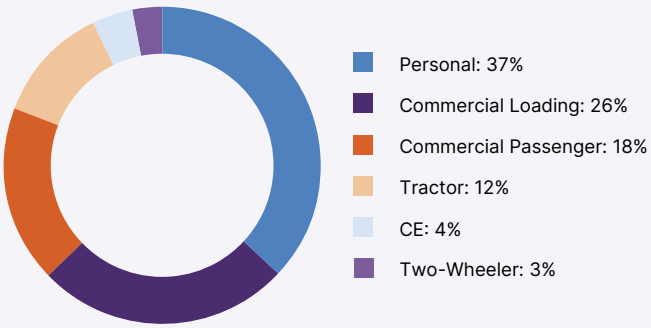
Portfolio construction remains diversified across geographies, customer segments and asset classes, with a calibrated mix of new vehicles, used vehicles and refinance exposures to manage cyclicality and ensure resilience across economic cycles.

Distribution expansion remained the primary initiative during FY 2025-26, with touchpoints nearly doubling over the last two years to around 1,000 locations. At the same time, the origination workflow has been fully migrated to Salesforce-based Loan Origination Systems and a FICO-driven Business Rule Engine, enabling end-to-end straight-through processing and improved underwriting consistency. AI-enabled enhancements are currently being developed to further reduce turnaround times and strengthen decisioning frameworks.

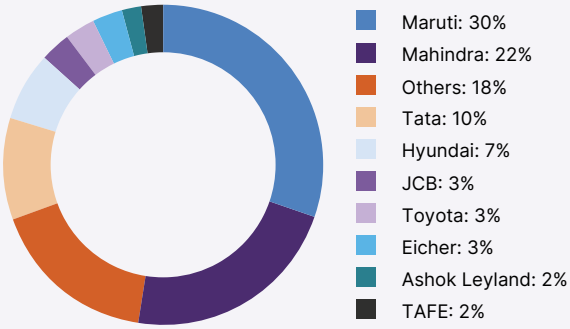
Progressing with industry trends, we have also introduced electric vehicle financing during the year, expanding its presence in emerging segments. Overall, the Wheels business continues to scale with a focus on disciplined underwriting, granular portfolio build-up and stable asset quality, supported by strong operating controls and continuous monitoring.

Going forward, this business will continue to deepen rural distribution while extending reach into South and East India markets, leveraging the geographic footprint gained through the erstwhile Fincare integration. Volume growth remains the primary objective, with active management of the product and customer mix to sustain yields and portfolio quality. The AI origination journey underway is anticipated to improve sourcing efficiency and reduce per-loan operating costs.

Segment-wise GLP March '26



OEM-wise GLP March '26



02 Micro Business Loans

Our Micro Business Loans (MBL) business continued to deliver resilient growth during FY 2025-26 amidst a highly competitive environment, supported by deep underwriting expertise across informal and emerging micro enterprises in rural and semi-urban markets. The portfolio caters to a diversified MSME customer base comprising traders, wholesalers, distributors, retailers, manufacturers, food and agri-processors, service providers, educational institutions, self-employed professionals and agri-allied businesses with multiple income streams.

Credit appraisal is anchored in a detailed assessment of customer profile, business cash flows, funding requirements and end-use, with loan structures aligned to the nature and scale of business activity. The secured lending model, with collateral-backed exposures, provides an additional layer of discipline and supports portfolio resilience.

The business benefits from a strong on-ground presence and deep local market understanding, enabling relationship-led sourcing and effective underwriting of borrowers with limited formal documentation. This, combined with

accumulated experience across credit cycles, allows for better assessment of informal cash-flow ecosystems while maintaining control over credit outcomes.

The focus remains on steady and disciplined portfolio expansion, supported by granular build-up, prudent underwriting and continuous monitoring of borrower performance across geographies and segments, ensuring alignment with our risk appetite.

MBL portfolio grew 13% Y-o-Y to ₹34,691 Crore as of March 31, 2026. During the year, we further strengthened customer reach and engagement through 1,000+ touchpoints across our operating geographies, enabling deeper penetration across semi-urban and Bharat markets. The newer distribution in southern India and states of UP and West Bengal are likely to support growth in coming years.

03 Home Loans

Our product suite is designed to address varied housing requirements across serving the economically weaker sections, lower and mid-income segments with offerings spanning the purchase of ready and under-construction properties, self-construction and renovation financing. The business benefits from a customer-centric approach supported by flexible product structures and disciplined underwriting anchored on the four pillars of Character, Capacity, Collateral and Capital.

Distribution is driven through dedicated Home Loan officers, branch banking teams and regulated sourcing channels, enabling strong customer reach across 500+ touchpoints. The Home Loan portfolio grew 4% Y-o-Y to ₹7,748 Crore as of March 31, 2026.



The integration of erstwhile Fincare's Mortgage book, completed in terms of people, processes, and technology, accelerated our presence in South Indian markets, particularly Karnataka, Tamil Nadu, Telangana and Andhra Pradesh markets where demand for Home Loans is robust and we had historically limited presence. We also deepened our focus on the self-employed and informal income segment, leveraging its cash-flow based assessment capabilities that have been honed in the MBL business to serve Home Loan borrowers without clean ITR-linked income documentation.

The Home Loan business is expected to scale going forward supported by the maturing of southern distribution. Affordable and mid-housing segments will remain the strategic focus; exposure to higher-ticket urban markets will be selectively grown where customer profiles meet underwriting standards.

04 Gold Loans

The Gold Loan business provides secured credit to individuals against the pledge of gold jewellery, with in-house valuation, digitised origination, and branch-led disbursement. The product serves a wide customer base primarily in rural and semi-urban markets for whom gold is the most liquid and widely held financial asset and is a fast, transparent, means of meeting immediate liquidity requirements. We have scaled up our Gold Loan business, leveraging capabilities acquired through the erstwhile Fincare merger.

Our Gold Loans business continued to emerge as one of our fastest-growing retail secured lending businesses during FY 2025-26 with the portfolio more than doubled to ₹3,941 Crore. Distribution and appreciation of gold prices were primary drivers of Gold Loan growth in FY 2025-26. Touchpoints expanded from 353 in March 2024 to 1,040 by March 2026, a nearly three-fold increase in two years enabling deeper market penetration and improved customer access. In addition, the Bank established dedicated Gold Loan branches to deepen customer engagement, accelerate portfolio growth, and position Gold Loans as an entry point for broader financial inclusion.

An AI-native Loan Origination System for Gold Loans was piloted in FY 2025-26, enabling automated decisioning, workflow orchestration, and scalable operations with reduced manual intervention. This makes us among the first in the industry to operate an agentic AI-driven origination journey for a physical collateral product.

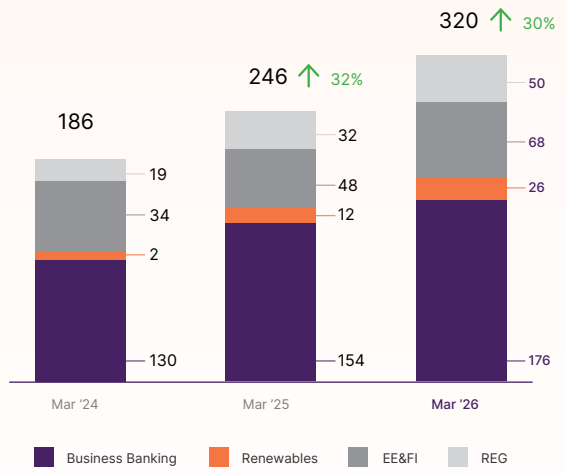
Going forward, we plan to expand our Gold Loans franchise through the addition of 370-400 touchpoints across high-potential micro-markets, along with the launch of 10-15 dedicated Gold Loan branches. This calibrated distribution expansion is complemented by a continued focus on secured lending structures, granular customer diversification and strong operating controls, ensuring stability in asset quality and consistency in risk-adjusted returns. Leveraging its deep understanding of local markets and customer behaviour, the business continues to build a granular portfolio, supporting sustainable growth with disciplined execution.

Commercial Banking

Our Commercial Banking vertical caters to the funding needs of MSMEs, emerging corporates, agri-linked enterprises, financial institutions, renewable energy participants and real estate developers through working capital facilities, term loans, transaction banking and other relationship-led solutions. The segment supports economic activity across rural, semi-urban, emerging and established business hubs, with a continued focus on granular, diversified and risk-calibrated growth.

The Commercial Banking business now encompasses four key segments: Business Banking, Renewable Energy, Emerging Enterprises & Financial Institutions (EE&FI), and Real Estate Group (REG). During the year, we consolidated our Business Banking and Agriculture businesses into a unified vertical, enabling greater synergies, improved operating efficiency and a more integrated approach to customer engagement across segments. Further, the renewable energy segment was carved out for enhanced focus and building specialisation.

Commercial Banking ₹ (Billion)



Note - EE&FI includes credit substitute
Mar '24 numbers are on proforma merged basis

~22%
% Share in GLP

10.4%
GA YIELD

0.8%
GNPA

₹11,000+ Crore
Non-Fund Exposure

01 Business Banking

Our Business Banking vertical, launched in 2017, caters to the diverse financing needs of MSMEs and related segments through a comprehensive suite of working capital and term lending solutions. The offering spans both fund-based and non-fund-based facilities, including overdrafts, cash credit, letters of credit and the Bank guarantees serving a wide spectrum of customers such as traders, manufacturers, service providers, contractors, distributors and institutions across sectors. During the year, the merger of Agri Banking into Business Banking further strengthened the platform, enabling an integrated value proposition across MSMEs and the broader agri value chain.

The business continues to focus on programme-based lending, supported by collateralised structures, surrogate assessment frameworks and alternate data-led underwriting using GST returns, Bank statements and business cash flows. This approach enables sharper credit assessment while expanding coverage across formalising businesses. During FY 2025-26, we also introduced the Assignment of Receivables product to support capital expenditure requirements, complementing its existing suite of working capital solutions.

Technology-led transformation remains a key enabler which is expected to streamline customer acquisition, reduce manual intervention, enhance turnaround times and strengthen consistency in decision-making, thereby improving overall customer experience. In May 2026, we announced a strategic collaboration with Intellect Design Arena to adopt its Purple Fabric platform, among the leading Open Business Impact AI platforms. We aim to automate credit assessment, build domain-specific AI agents and seamlessly process unstructured data through this partnership. Adopting this AI-led platform will help in modernising the product offerings, drive cost efficiencies and achieve outcome driven digital transformation at scale.

The Business Banking portfolio grew 15% Y-o-Y to ₹17,641 Crore as of March 31, 2026.

02 Emerging Enterprises & Financial Institutions (EE&FI)

Having operated as an NBFC for more than two decades, we have developed a deep understanding of the financial institution lending ecosystem. To strengthen credit access to this segment, we initiated lending to Emerging Enterprises and Financial Institutions in 2014. The EE&FI portfolio is predominantly secured, with exposure largely to asset-backed lenders operating across commercial vehicles, two-wheelers, MSME finance, housing finance, gold loans and other collateral-backed segments. We follow a selective underwriting approach, focusing on institutions with demonstrated repayment track record, prudent leverage, sound governance and resilient business models. We also continue to deepen our relationship with these customers by offering transaction banking, CMS, CA/SA, ACH/NACH, e-NACH, corporate cards and salary account solutions, thereby providing a comprehensive suite of lending and non-lending offerings. This integrated approach enables us to build a more holistic, sticky, and scalable customer franchise across the financial institution's ecosystem.

The EE&FI lending portfolio saw a robust growth of 38% Y-o-Y to ₹5,713 Crore as of March 31, 2026.

03 Real Estate Group (REG)

The Real Estate Group leverages our longstanding experience from the erstwhile AU Housing Finance Limited, enabling deep sector understanding and strong relationships with developers in the affordable and mid-

income housing segments. Established in 2013, the business follows a selective, relationship-led approach, partnering with developers who demonstrate a proven track record, low leverage and strong positioning within their respective markets.

The business model is centred on funding project completion, with emphasis on financial closure, execution capability and visibility of cash flows, rather than early-stage development. Disbursements are structured around defined construction milestones, enabling close monitoring of project progress and disciplined utilisation of funds, thereby strengthening risk control.

The portfolio remains focused on small-scale developers operating in affordable and mid-housing projects across select geographies. A disciplined customer selection framework underpins the business, with preference for developers with established execution capabilities and avoidance of over-leveraged borrowers or non-significant lender positions. This approach supports stable portfolio build-up while maintaining asset quality and alignment with our risk thresholds.

The REG vertical also saw a strong growth of 56% Y-o-Y to ₹5,011 Crore as of March 31, 2026.

04 Renewable Energy

We continue to support renewable energy and sustainable financing opportunities, aligned with the growing focus on clean energy adoption and environmentally responsible lending. In line with this strategic focus, we have established Renewable Energy as a separate vertical, which was earlier part of the Agri Banking segment. The segment primarily caters to financing requirements for solar and other renewable energy projects, including opportunities linked to commercial customers.

Renewable Energy financing supports customers in minimising energy costs, improving operational sustainability, and participating in the transition towards cleaner energy solutions. Our approach remains focused on prudent underwriting, project viability, and risk-calibrated growth in this emerging sector.

Starting from a low base, the renewable energy portfolio doubled with a Y-o-Y growth of 118% to ₹2,603 Crore as of March 31, 2026.

Transaction Banking Group (including Trade and FX Services)

We are focusing on building our position as a trusted partner for India's trade ecosystem by delivering comprehensive Trade Finance, Foreign Exchange and Cross-Border Banking solutions. Leveraging our Authorised Dealer Category-I (AD-I) license and growing transaction banking capabilities, we expanded our reach across MSME and Commercial Banking segments, supporting customers throughout their cross-border transaction journey.

During the year, we focused on deepening relationships with existing clients and acquired new clients by providing integrated trade and forex solutions, competitive pricing and advisory support.

The business witnessed healthy growth driven by increasing customer adoption, enhanced digital capabilities and improved turnaround times across trade transactions. We further strengthened our capital account transaction capabilities, facilitating FDI, ODI, ECB and other cross-border investment transactions through dedicated specialist teams and centralised transaction unit.

Technology remains a key growth enabler — continued enhancements to our digital trade platform, digital document submission, online tracking of trade requests and faster settlement of import and export payments were some key initiatives which significantly improved customer experience while enhancing operational efficiency and risk management.

Cash Management Services

Our Cash Management Services, offered under our Transaction Banking Group, provides a comprehensive suite of solutions designed to meet the evolving needs of corporates and institutions. We offer payment processing capabilities through Corporate Net Banking, along with collections solutions such as NACH, Virtual Account Management, Dynamic QR Codes, Bharat Bill Payment System, and Doorstep Banking services.

Key Highlights

- Integration with SWIFT MX messaging standards
- Enhanced customer dashboards on AU DigiTrade providing real-time transaction visibility and tracking
- AU SFB live on National E-Governance Services Ltd (NeSL) for e-BG

We also facilitate advanced API Banking solutions and manage a wide range of special-purpose accounts, including Escrow Accounts, RERA Accounts, and Capital Market Accounts. Our API Banking platform enables businesses, particularly corporates and SMEs, to automate payments, collections, and account reconciliation processes, thereby enhancing operational efficiency, transparency, and financial control.



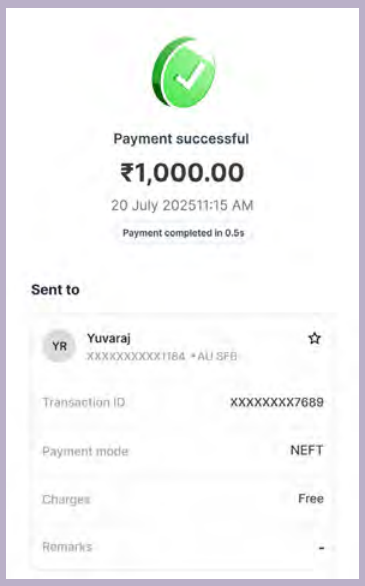
Key Highlights

API and Connected Banking Enhancements
We continue to strengthen our digital capabilities through the introduction of multiple APIs for corporate clients. Key developments include:

- UPI Payout API
- API Developer Portal
- Tally Plugin Solution via Connected Banking

NACH Host-to-Host Solution
A robust Host-to-Host integration has been enabled, allowing corporates to seamlessly register mandates and present transactions directly through automated channels.

Corporate Net Banking/CMS Technology Upgrade
The Corporate Net Banking platform has been upgraded to efficiently handle significantly higher transaction volumes, improving overall system scalability and performance.



Inclusive Banking

We are committed to fostering financial inclusion by empowering the unbanked and underbanked individuals including small and marginal farmers, dairy farmers, small and micro animal husbandry enterprises, micro businesses, informal sector players, unrecognised entities especially in rural India. The Inclusive Finance portfolio comprises of Microfinance, Farmer Producer Organisations, and Small and Marginal Farmer loans, aimed at bridging the gap between underserved communities and formal banking segments through a comprehensive suite of tailored financial solutions and services such as microfinance loans, savings accounts, deposit accounts, insurance products, direct benefit transfer linkages, AePS service and ATMs.

By combining innovative technology with efficient operations, we deliver accessible and affordable financial services, enabling individuals and businesses to build stability, resilience, and long-term prosperity. With over 15 years of expertise in microloans, we have gained deep insights into the financial needs and aspirations of microloan borrowers and have built a strong presence in rural markets. As of March 31, 2026, we have established a widespread reach across 18 states, 347 districts, 58,000+ villages, serving 20 Lakh+ base-of-pyramid households and managing 49 Lakh+ rural savings accounts.

We follow a joint-liability group-based lending model, ensuring accessible credit solutions for rural communities. It facilitates loan disbursals and monthly collections while also conducting doorstep financial literacy camps. These initiatives reinforce our commitment to empowering rural borrowers through structured micro-lending and financial education. In rural areas, our key competitive advantage lies in providing comprehensive loan products throughout the lifecycle of rural customers, facilitated by our best-in-class digital tools.

FY 2025-26 was a year of recovery for the microfinance industry as it emerged from the overleverage crisis of FY 2024-25. It was a tale of two halves with H1-FY 2025-26 seeing a 17% de-growth in the business with some recovery seen in H2-FY 2025-26. Overall, the MFI portfolio grew by a mere 3% during the year to close ₹6,879 Crore as of March 31, 2026.

The collection efficiency for non-overdue loans improved to 99.7% in Q4 FY 2025-26 and 92% of the overall book on March 31, 2026 was covered under the Credit Guarantee for Micro Units (CGFMU) scheme of the Government of India.

Our strategic emphasis on rural and microloan segments reinforces our commitment to financial inclusion while providing distinct competitive advantages, such as lower credit penetration, limited competition, strong customer loyalty, disciplined credit behaviour, and lower delinquency rates. With a proven track record in loan origination and servicing, supported by an extensive network of banking outlets and business correspondents, we are well-positioned to capitalise on growth opportunities and strengthen our presence in these underserved markets.

Our robust presence, customer-centric approach, best-in-class digital technology tools, evolved risk and credit framework, superior collections track record and focus on rural microloan segments contribute to our competitive advantage and position the Bank for continued growth in these areas. We have adopted and implemented the right strategic steps in a dynamic market environment by using our expertise and vintage team in rural markets.

Digital Unsecured Loans

Credit Cards

The Credit Cards business remains strategically important in strengthening customer engagement and expanding the Bank's digitally active and credit-tested customer base. It serves as a key pillar in deepening customer relationships across our retail ecosystem while supporting the development of a broader unsecured lending franchise. The business continues to be scaled in a measured and risk-calibrated manner, with a strong focus on partnership-led sourcing and customer acquisition through digital payment ecosystems.

During the year, the Bank undertook a comprehensive recalibration of its credit scorecards and underwriting frameworks to further strengthen credit quality across the unsecured portfolio. These risk and credit interventions have enabled the Bank to prudently increase unsecured lending penetration among both existing customers and newly acquired New-to-Bank (NTB) customers, while maintaining a disciplined approach to portfolio quality.

The Bank remains focused on increasing unsecured product penetration within its existing customer base and strengthening its credit card franchise through strategic partnership-led initiatives. Multiple co-brand card launches during the year enhanced our presence across digitally active, affluent, and emerging customer segments, while increasing our participation in India's rapidly evolving digital payments ecosystem.

Further strengthening our product portfolio, the Bank launched a dedicated Credit Card for Chartered Accountant professionals, designed to address both their personal and business spending needs. In addition, Account Aggregator-based underwriting capabilities were integrated into the credit card origination journey, enabling surrogate income assessment frameworks, improving credit decisioning, and enhancing the efficiency of digital sourcing.



Key Metrics

9.9+ Lakh
Live Cards

~₹2,200 Crore
Portfolio Size

Looking ahead, we remain focused on scaling the credit card portfolio through meaningful partnerships, differentiated customer propositions, and digitally integrated service experiences, while maintaining disciplined risk selection and strong portfolio quality.

The Credit Cards business delivered steady growth during FY 2025-26, with the onboarding of ~0.2 Million new cards, taking the Bank's overall credit card customer base to ~1.0 Million customers. Customer engagement remained strong, with average monthly spends of ~₹12,000 per active card, reflecting healthy portfolio utilisation and sustained customer adoption.

Personal Loans

The Personal Loans portfolio declined by 9% Y-o-Y to ₹753 Crore as of March 31, 2026, reflecting a calibrated moderation in growth during the year. On a sequential basis, however, the portfolio has been witnessing a gradual and measured build-up, anchored in a sustained focus on deepening relationships with existing Bank customers, alongside selective pilot into new-to-Bank segments.

The Personal Loans business is being built on a digital-first operating model, underpinned by data-led underwriting and automated decisioning to enhance speed, consistency and customer experience. The transition to a Salesforce-based Loan Origination System (SFDC LOS) has streamlined application processing and improved workflow visibility, while a FICO-driven Business Rule Engine (BRE) enables policy-aligned, automated credit decisions using bureau and internal customer data reducing manual intervention and strengthening turnaround times.

The portfolio is being scaled through a disciplined and selective approach to customer acquisition, with a strong emphasis on repeat and existing Bank customers to ensure outcomes remain aligned with the Bank's risk appetite. This is supported by ongoing refinement of scorecards, calibrated underwriting thresholds and risk-based pricing

frameworks, enabling tighter control over exposures while sustaining portfolio quality.

The business is oriented towards pre-approved and pre-qualified segments, leveraging internal data and bureau insights to improve conversion efficiency while maintaining credit discipline. Accordingly, the next phase of growth is structured across three priority tracks:

- Deepening the pre-approved customer programme by systematically identifying and converting eligible existing customers with established repayment behaviour
- Building the pre-qualified channel using Account Aggregator data and analytics to extend seamless offers to a broader customer base
- Launching new-to-Bank acquisition through scorecard and bureau-led origination, with clearly defined risk filters

Bancassurance

We continued to strengthen our digital-first approach in delivering insurance solutions to customers. The Bancassurance business delivered strong growth in FY 2025-26, supported by improved product mix, ticket sizes, and focused execution. On the technology front, our proprietary AU BIMA platform and AU 0101 App have strengthened the insurance journey, enabling access to transparent, compliant, and personalised solutions. Digital capabilities such as lead management, compare-and-buy journeys, product suitability frameworks, campaign management, and dialler integration have enhanced distribution efficiency and customer engagement, supporting scale with strong governance and compliance standards.

With 15 strategic insurance partnerships, we offer a comprehensive suite spanning Life, Health, Motor, SME, Wellness, and Cyber Insurance. The total number of policies grew by 24% Y-o-Y from 36+ Lakh in FY 2024-25 to 45+ Lakh in FY 2025-26, with premium mobilisation increasing by 63% Y-o-Y from ₹1,100+ Crore in FY 2024-25 to ₹1,800+ Crore in FY 2025-26 reflecting higher volumes and enhanced ticket sizes.

As awareness around protection and financial security continues to increase, Bancassurance will remain an important contributor to fee-income diversification, customer engagement and long-term franchise strength.

Human Resources

At AU SFB, people are the cornerstone of our growth and transformation journey. We are committed to creating a workplace that empowers employees to excel, innovate, and build meaningful careers while remaining aligned with our strategic priorities.

As of March 31, 2026, our total workforce was 59,207 across the country. Our focus remains on attracting, developing, and retaining talent through continuous learning, leadership development, career mobility, and future-ready skill enhancement. We continue to invest in building an agile workforce equipped to succeed in an evolving banking and technology-driven environment.

Read more on page 89

Credit and Collection Management

We follow a comprehensive credit risk management framework that balances growth with prudent risk management. Through robust underwriting standards, portfolio diversification, risk-based monitoring, early warning mechanisms, and proactive collection practices, we continuously monitor asset quality and emerging risks across our lending portfolio.

The Credit Risk function independently oversees portfolio performance, risk concentrations, and policy adherence, while the Credit Risk Management Committee reviews key credit risk metrics, asset quality trends, provisioning, and regulatory matters. We have strengthened our governance framework through a dedicated Chief Credit Officer function, ensuring enhanced oversight, accountability, and effective segregation of credit underwriting and risk management responsibilities.

Read more on page 67

Risk Management and Internal Control Systems

We have established a robust internal control framework supported by independent audit, compliance, and risk oversight functions. A risk-based internal audit programme, complemented by a dedicated Information Systems Audit team, regularly evaluates business processes, governance practices, technology controls, and cybersecurity preparedness.

Periodic reviews across functions help ensure adherence to internal policies, regulatory requirements, and established operating standards, while driving continuous process enhancement. The Audit Committee of the Board provides oversight of our control environment, ensuring effective governance, compliance, and risk management across the organisation.

Read more on page 113

BANO CH☆MPION

With plans to mentor over 25,000 children by March 2029, AU Bano Champion continues to support international, national and state-level athletes. The programme helps in securing scholarships and aids with essential sports gear. AU Foundation's affiliation with Rajasthan Athletics Associations, enables well-organised competitions, providing platforms for young champions to achieve their Olympic dreams and bring glory to India.

Board's Report

Dear Members,

The Board of Directors ('the Board') is pleased to present the 31st Annual Report of AU Small Finance Bank Limited ('the Bank'), encompassing an overview of the Bank's operations, key financial highlights, along with the Audited Financial Statements and the Independent Auditors' Report for the financial year ended March 31, 2026.

A. Financial summary and highlights

The summary of the financial performance of the Bank for FY 2025-26 is presented below:

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Deposits and Borrowings	1,66,532.70	1,35,928.44
Advances	1,34,275.63	1,07,092.48
Total Assets/Liabilities	1,91,797.47	1,57,845.67
Total Income	21,614.28	18,590.04
Interest Income	18,636.34	16,063.73
Other Income	2,977.94	2,526.31
Interest Expenditure	9,523.66	8,052.15
Operating Expenses	7,001.86	5,957.21
Provisions (other than tax) and Contingencies	1,614.72	1,792.62
Provision for Income Tax	832.79	682.13
Net Profit	2,641.25	2,105.93
Dividend pertaining to the previous year paid during the year	74.52	74.31
Dividend (Per Equity Share) (in ₹)	1.00	1.00
Basic Earnings Per Share ('EPS') (in ₹)	35.40	28.32
Diluted Earnings Per Share ('EPS') (in ₹)	35.01	28.24

Key performance highlights

The Bank witnessed growth and consistent performance in FY 2025-26. The key financial performance indicators for the year are as follows:

- Deposits stood at ₹1,52,661 Crore as of March 31, 2026, as against ₹1,24,269 Crore as of March 31, 2025, registering a growth of 23%.
- CASA ratio stood at 28% as of March 31, 2026, as compared to 29% as of March 31, 2025.
- Gross Advances stood at ₹1,36,041 Crore as of March 31, 2026, as against ₹1,08,778 Crore as of March 31, 2025, registering a growth of 25%.
- Credit to Deposit Ratio stood at 88% as of March 31, 2026, as compared to 86% as of March 31, 2025. Credit to Deposit ratio (excluding Refinance) stood at 80% as of March 31, 2026, against 78% as of March 31, 2025.
- Net Interest Income stood at ₹9,113 Crore for FY 2025-26, as against ₹8,012 Crore for FY 2024-25, registering a growth of 14%.
- Net Profit after Tax stood at ₹2,641 Crore for FY 2025-26, as against ₹2,106 Crore for FY 2024-25, registering a growth of 25%.
- The balance sheet size stood at ₹1,91,797 Crore as of March 31, 2026, as against ₹1,57,846 Crore as of March 31, 2025, reflecting a growth of 22%.
- Gross NPA stood at 2.03% as of March 31, 2026, as against 2.28% as of March 31, 2025.
- Net NPA stood at 0.74% as of March 31, 2026, at the same level as of March 31, 2025.
- Provision Coverage Ratio ('PCR'), including technical write off, stood at 85% as of March 31, 2026, as compared to 84% as of March 31, 2025.

B. Business overview

The FY 2025-26 reflected a year of sustained macroeconomic strength, with India's growth supported by resilient domestic fundamentals despite an increasingly uncertain global environment. The most consequential shift of the year was on inflation where the headline consumer price inflation moderated sharply, easing the burden on household budgets and creating space for improved real purchasing power across income groups. The Reserve Bank of India ('RBI') responded by delivering a series of policy rate cuts and injecting substantial durable liquidity into the system.

On the fiscal side, the Union Budget introduced direct tax relief for the middle class while sustaining the government's public capital expenditure programme, together providing a dual boost to both consumption and investment. Rural demand emerged as a bright spot, supported by a favourable monsoon, stable agricultural incomes and rising real wages, while urban consumption also recovered on the back of tax rationalisation measures. The banking sector ended the year in its strongest condition in over a decade, with non-performing assets declining to multi-decade lows and profitability improving across the system. India's improving macro credibility was also recognised internationally, with the country receiving a sovereign credit rating upgrade during the year reflecting confidence in its fiscal discipline and structural reform momentum.

While global uncertainties, including geopolitical developments and energy price volatility, persisted, India's stable financial system and continued policy support enabled it to maintain a steady growth momentum.

Against this backdrop, the Bank delivered resilient and broad-based growth across its franchise, with deposits increasing by 23% year-on-year to ₹1,52,661 Crore and gross loan portfolio growing by 21% year-on-year to ₹1,40,327 Crore. The liability franchise continued to strengthen, with stable deposits constituting 79% of total deposits and cost of funds declining by 32 bps during FY 2025-26 to 6.75%, reflecting the Bank's continued focus on granularity, stability and funding efficiency.

Profitability improved meaningfully during the year, with profit after tax rising by 25% year-on-year to ₹2,641 Crore, return on assets improving to 1.6%, and return on equity to 14.2%.

Asset quality strengthened over the course of the year as stress in unsecured portfolios normalised and secured businesses saw seasonal recovery. Gross NPA improved to 2.03%, net NPA stood at 0.74%, and credit cost for FY 2025-26 moderated to 1.0% of average assets as compared with 1.3% in FY 2024-25. The Bank's asset book remained well diversified and predominantly secured, with secured retail and commercial portfolios continuing to drive growth.

A major strategic milestone during the year was the Bank's progress towards transition into a Universal Bank. The Bank became the first Small Finance Bank to receive in-principle approval from the RBI for such transition, and subsequently, pursuant to the Bank's request, the condition relating to the promoter holding structure was revised so that the Non Operative Financial Holding Company ('NOHFC') requirement would apply only if the Bank or its promoter group proposes to establish any group entity in the future. Following this, the Bank filed its application with the RBI in March 2026 for grant of the final licence for Universal Bank transition which is subject to regulatory approvals.

The year also saw notable progress in technology-led transformation. The Bank rolled out its first agentic AI platform with embedded guardrails and control frameworks, launched the gold loan origination journey on this AI-native platform, and continued to embed AI across customer engagement, underwriting, collections, internal productivity and workflow automation. The Bank also completed the migration of the core banking system of erstwhile Fincare Small Finance Bank into AU Small Finance Bank, resulting in a unified CBS, while revamping the AU0101 app and refreshing its website to improve customer experience and scalability.

During FY 2025-26, the Bank continued to deepen and diversify its distribution footprint by adding new branches and touchpoints across geographies, with a focus on deepening presence in key markets including South India and expanded product distribution significantly across key businesses such as Wheels, Mortgages and Gold Loans. As at March 31, 2026, the Bank served over 1.20 Crore customers through 2,790 touchpoints across 21 states and 4 union territories, supported by a workforce of 59,207 dedicated employees and a technology-led operating model built for scale, the Bank stands at the threshold of its most consequential chapter yet poised to grow not just in size, but in purpose and impact.

C. Dividend and dividend distribution policy

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and RBI guidelines, the Bank has formulated and adopted a Dividend Distribution Policy. The Policy is designed to achieve an optimal balance between rewarding shareholders through distribution of profits and retaining sufficient earnings to support the Bank's sustainable growth and capital requirements.

In line with the aforementioned policy and considering the Bank's financial performance during the FY 2025-26, the Board at its meeting held on April 27, 2026 recommended a dividend of 10% (₹1 per fully paid-up Equity Share of ₹10 each) for the year ended March 31, 2026. This recommendation will be placed before the shareholders for approval at the upcoming Annual General Meeting ('AGM') of the Bank.

Pursuant to RBI (Small Finance Banks-Prudential Norms for Declaration of Dividend) Directions, 2026, applicable from FY 2026-27, the Policy was reviewed and amended by the Board. The same can be viewed on the Bank's website at https://www.au.bank.in/investors/secretarial-policies.

In terms of the provisions of the Finance Act, 2020, dividend income is taxable in the hands of the members, and the dividend will be paid to the members by the Bank after deduction of tax at source ('TDS') at the applicable rates.

D. Credit rating

The details of the credit rating assigned to the Bank for debt instruments issued and outstanding as of March 31, 2026, along with the outlook, are given below:

Nature of Debt Instrument	Nature of Term	CRISIL Ratings	India Ratings	CARE Ratings	ICRA Limited
Fixed Deposits	Long-Term	CRISIL AA+/Stable	-	-	-
Long-Term/ Subordinated Debt/Tier II Bond	Long-Term	CRISIL AA/Stable	-	CARE AA/Stable	ICRA AA/ Stable
Certificate of Deposits	Short-Term	CRISIL A1+	IND A1+	CARE A1+	-

Note:

- *CRISIL reaffirmed the above credit ratings of the Bank on April 2, 2025 and April 2, 2026.*
- *India Ratings reaffirmed the above credit ratings of the Bank on November 21, 2025.*
- *CARE reaffirmed the above credit ratings of the Bank on October 16, 2025 and December 1, 2025.*
- *ICRA reaffirmed the above credit ratings of the Bank on February 26, 2026.*
- *CRISIL and India Ratings withdrew the ratings assigned to the Long-Term Debt Instrument ('ISIN: INE949L08418'), and CARE and ICRA withdrew the ratings of the Long-Term Debt Instrument ('ISIN: INE519Q08152'), consequent to full repayment of the respective instruments.*
- *The above rating details can be accessed on the website of the Bank at https://www.au.bank.in/credit-rating.*

E. Change in nature of business

During the year under review, there were no changes in the nature of business of the Bank.

F. Transfer to reserves

In consonance with the RBI regulations and other applicable regulations, the Bank has proposed transferring the following amounts to various reserves for the Financial Year ended March 31, 2026, as mentioned below:

Amount transferred to	Amount (₹ in Crore)
Statutory Reserve	660.31
Transfer to Special Reserve U/s 36 (1) (viii)	255.00
Transfer to Capital Reserve	131.77
Transfer to Investment Fluctuation Reserve	55.61

G. Transfer to the Investor Education and Protection Fund ('IEPF')

In accordance with Section 124 and 125 of the Companies Act, 2013 ('Act') read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), all the equity shares of the Bank in respect of which dividend amounts have not been paid or claimed by the shareholders for seven consecutive years or more are required to be transferred to the demat account of the IEPF Authority.

During the year, the Bank transferred the unclaimed dividend pertaining to FY 2017-18 of ₹20,511.50 to the IEPF. Further, 463 corresponding shares on which dividends had been unclaimed for seven consecutive years were transferred to the IEPF.

Details of the amount relating to unclaimed dividends and the dates by which such dividends can be claimed by the shareholders from the Bank are mentioned in the Report on Corporate Governance appended with the Board's Report as **Annexure-I.**

Details of unclaimed dividends held in unpaid dividend accounts as at the end of the financial year are available on the Bank's website at https://sr.au.bank.in/unclaimed-dividend.

Details of shares/dividend transferred to the IEPF are available on Bank's website at https://sr.au.bank.in/unclaimed-share.

H. Deposits

Being a Banking company, the disclosure requirements pertaining to deposits as required under Rule 8(5)(v) and (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 are not applicable to the Bank. The details of the deposits received and accepted by the Bank as a Banking company have been disclosed in the financial statements for the financial year ended March 31, 2026, forming part of this Annual Report for FY 2025-26.

I. Capital structure and fund-raising

Authorised share capital

During the period under review, there was no change in the authorised share capital of the Bank, and as of March 31, 2026, it stood at ₹1,200 Crore, comprising 1,20,00,00,000 equity shares of ₹10 each.

Paid-up capital

During the period under review, the Bank issued and allotted 37,36,590 equity shares with a face value of ₹10 each pursuant to the exercise of Employee Stock Options ('ESOPs') under various ESOP Schemes. Consequently, the total issued, subscribed, and paid-up equity share capital of the Bank has increased by ₹3.74 Crore, and the same stood at ₹748.27 Crore as of March 31, 2026, comprising 74,82,67,121 equity shares of ₹10 each.

Non-convertible debentures ('NCDs')

During the year, the Bank has not issued any Tier II capital, and total outstanding NCDs stood at ₹1,504 Crore as of March 31, 2026.

Also, the Bank has redeemed total NCDs of ₹600 Crore during the year under review.

Details of outstanding NCDs as on March 31, 2026 are as follows:

Sr. No.	ISIN	Series	Amount (₹ in Crore)	Date of Allotment	Date of Maturity
1	INE949L08442	Series I	350	August 3, 2022	August 3, 2032
2	INE949L08434	Series II	100	August 3, 2022	August 13, 2032
3	INE949L08426	Series III	50	August 3, 2022	August 23, 2032
4	INE519Q08160	-	49	June 15, 2023	December 15, 2028
5	INE519Q08178	-	75	July 5, 2023	January 5, 2029
6	INE519Q08186	-	50	August 9, 2023	February 9, 2029
7	INE519Q08194	-	60	August 23, 2023	February 23, 2029
8	INE949L08459	-	770	March 28, 2025	March 28, 2035
	Total		**1,504**		

Capital adequacy ratio

The Bank's Capital to Risk Weighted Assets Ratio ('CRAR') under Basel III stood at 18.68% as of March 31, 2026, which is above the RBI's minimum regulatory requirement of 15%. The Tier I Capital Ratio stood at 16.86% against the minimum requirement of 7.50%. The Tier II Capital Ratio under Basel III stood at 1.82%.

J. Employee stock option schemes

The Bank has instituted multiple Employee Stock Option Schemes, all of which have been duly approved by the shareholders. These Schemes are structured in accordance with the SEBI ('Share-Based Employee Benefits and Sweat Equity') Regulations, 2021, as amended from time to time, to enable employees to participate in the Bank's long-term growth and financial success.

The Bank recognises employee engagement and retention as key strategic priorities. It believes that fostering a sense of ownership among employees enhances commitment and job satisfaction, while also contributing to improved productivity and sustained organisational performance. Through these initiatives, the Bank seeks to promote a culture of shared success and long-term value creation.

The grant of Employee Stock Options under the approved Schemes is subject to the review and approval of the Nomination and Remuneration Committee ('NRC'), in accordance with the Bank's Compensation Policy. Options are awarded as part of the Annual Performance Review cycle and at the time of hiring, based on a comprehensive evaluation of several parameters, including the employee's scale, designation, performance ratings, grade, tenure of service, strategic importance of the role, and overall contribution to the Bank's performance, etc. This structured and merit-based approach has helped align employees with the Bank's long-term objectives, thereby reinforcing a culture of performance and accountability.

Following are the Employee Stock Option Schemes in force as on March 31, 2026:

- Employee Stock Option Scheme 2015 - Plan A ('ESOP 2015 - Plan A')
- Employee Stock Option Scheme 2015 - Plan B ('ESOP 2015 - Plan B')

- Employee Stock Option Scheme 2016 ('ESOP 2016')
- Employee Stock Option Scheme 2018 ('ESOP 2018')
- Employee Stock Option Scheme 2020 ('ESOP 2020')
- Employee Stock Option Scheme 2023 ('ESOP 2023')

The details of vesting of various schemes are as follows:

ESOP Scheme & Plan	Vesting Period	% of vesting of options
ESOP 2015 - Plan A	1 year from the date of grant or at the time of IPO whichever is later	20%
	Expiry of 1 year from 1st vesting	30%
	Expiry of 2 years from 1st vesting	50%
	Total	**100%**
ESOP 2015 - Plan B	1 year from the date of grant or at the time of IPO whichever is later	20%
	Expiry of 1 year from 1st vesting	30%
	Expiry of 2 years from 1st vesting	50%
	Total	**100%**
ESOP 2016	Options granted under this scheme would vest after one year but not later than six years from the date of grant of options	100%
ESOP 2018	Options granted under this scheme would vest after one year but not later than six years from the date of grant of options	100%
ESOP 2020	Options granted under this scheme would vest after one year but not later than six years from the date of grant of options	100%
ESOP 2023	Options granted under this scheme would vest after one year but not later than six years from the date of grant of options	100%

Note: *Options granted may be exercised within four years from the date of first vesting of the options under ESOP 2015 and six years from the date of first vesting of the options under ESOP 2016, ESOP 2018, ESOP 2020 and ESOP 2023. The term of vesting is also mentioned as per terms of grant approved by NRC in the grant letter issued to employees and NRC is empowered to change the vesting period in case of corporate action such as amalgamation.*

The brief details of existing ESOP schemes as on March 31, 2026 are given below:

Particulars	ESOP 2015 - Plan A	ESOP 2015 - Plan B	ESOP 2016	ESOP 2018	ESOP 2020	ESOP 2023
Date of shareholders approval	31-Aug-15	31-Aug-15	10-Oct-16	07-Aug-18	23-Dec-20	30-Apr-23
Total number of options approved	38,75,483	50,93,437	31,71,733	80,60,529	99,96,200	5,00,00,000 (Refer Note 1)
Total number of options outstanding at the beginning of the period@	50,000	1,73,000	9,49,061	21,64,780	90,36,970	81,05,250
Total number of options granted (during FY 2025-26)	0	1,18,000	1,13,728	1,47,552	6,64,177	77,88,699
Pricing formula	₹10.11 per share	₹16.69 per share (₹33.37 per share prior to bonus)	Market price-linked#	Market price-linked	Market price-linked	Market price-linked
Options vested (during FY 2025-26)@	10,000	56,300	42,782	1,67,099	24,62,431	16,59,461
Options exercised and allotted (during FY 2025-26)	10,000	40,600	3,12,317	7,29,697	16,48,178	9,95,798

Particulars	ESOP 2015 - Plan A	ESOP 2015 - Plan B	ESOP 2016	ESOP 2018	ESOP 2020	ESOP 2023
Total number of shares arising as a result of the exercise of options	10,000	40,600	3,12,317	7,29,697	16,48,178	9,95,798
Options lapsed/forfeited (during FY 2025-26) (Available for re-issue)[@]	40,000	36,000	41,278	1,02,220	7,01,129	11,25,263
Total number of options exercisable at the end of the year[@]	0	49,500	5,25,923	10,56,624	41,15,699	17,56,120
Total number of options outstanding at the end of the year[@]	0	2,14,400	7,09,194	14,80,415	73,51,840	1,37,72,888
Variation in terms of options	Nil	Nil	Nil	Nil	Nil	Refer Note 1
Source of shares (primary, secondary or combination)	Primary, as the Bank issues new equity shares upon exercise of options					
Money realized by exercise of options during FY (in ₹)	1,01,100.00	6,77,614.00	11,04,67,561.50	25,91,80,833.50	98,16,40,358.00	46,00,17,248
Total number of options granted to KMPs	Refer Note 2					
Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during that year	Nil					
Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	Nil					
Diluted Earnings Per Share ('EPS') of the Company after considering the effect of potential equity shares on account of exercise of options	Refer Note 3					
Impact of the difference between the Intrinsic Value of the Options and the Fair Value of the Options on Profits and on EPS	Refer Note 3					
Weighted average share/ exercise price of the shares exercised during the year (in ₹)	10.11	16.69	353.70	355.19	595.59	461.96

[@]In terms of the SEBI circular dated June 15, 2021, regarding relaxation from the requirement of minimum vesting period in case of death of employee(s) and provisions of the SEBI ('Share-Based Employee Benefit and Sweat Equity') Regulations, 2021, options granted to employees who are deceased, have been vested in the legal heirs or nominees of the deceased employees immediately. The numbers given above include the options vested in legal heirs/nominees of deceased employees.

[#]Pricing for the ESOP Scheme 2016 was changed from a fixed price of ₹140 to a market-linked price, with the approval of shareholders obtained at the AGM held on July 19, 2019.

Note 1

The Shareholders, through a postal ballot on February 28, 2026, approved amendments to the AU ESOS 2023, inter alia, to increase the number of employee stock options by 3 Crore, thereby enhancing the total options pool to 5 Crore. Further, certain provisions were amended relating to the exercise of options by nominees in the event of permanent disability and by legal heirs/nominees in the event of death after retirement or superannuation.

Note 2

Sr. No.	Name of Official	Designation (As on March 31, 2026)	Number of Options Granted during FY 2025-26				Total
			ESOP 2015 Plan-B	ESOP 2016	ESOP 2020	ESOP 2023	
1	Mr. Uttam Tibrewal	Whole-Time Director	-	-	-	43,006	43,006
2	Late Mr. Vimal Jain	Chief Financial Officer	10,000	-	69,000	-	79,000
3	Mr. Manmohan Parnami	Company Secretary	-	-	-	30,000	30,000
4	Mr. Gaurav Jain	Interim Chief Financial Officer	-	30,728	-	-	30,728
	Grand Total		**10,000**	**30,728**	**69,000**	**73,006**	**1,82,734**

Note 3

The SEBI has prescribed two methods to account for stock grants: namely (i) the intrinsic value method; (ii) the fair-value method. Further, in accordance with the RBI (Small Finance Banks-Governance) Directions, 2025 [earlier RBI circular on Guidelines on Compensation of Whole Time Directors ('WTD')/Chief Executive Officers ('CEO')/Material Risk Takers ('MRTs') and Control Function staff-Clarification dated August 30, 2021], Share-linked instruments granted to WTD/ CEO/ MRTs and Control Function staff after the accounting period ending March 31, 2021, are fair-valued on the date of grant using the Black-Scholes model.

The Bank had previously adopted the intrinsic value method for valuation of employee stock options granted to all employees except WTD, MRTs, and the Control Function, for whom the fair-value method was followed. With effect from April 1, 2024, the Bank adopted the fair-value method for valuation of employee stock options granted to all employees.

Particulars	March 31, 2026
Risk-free interest rate	5.96% to 6.82%
Expected life of the options (years)	3.00 to 5.50
Expected volatility	30.98% to 39.19%
Expected dividend yield	0.12% to 0.14%

Had the Bank used the fair-value model to determine the compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

(₹ in Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Profit after tax as reported	2,641.25	2,105.93
Add: ESOP Expense already booked (net of tax)	111.80	43.25
Less: ESOP cost using fair-value method (net of tax)	132.98	94.93
Profit after tax (adjusted)	2,620.07	2,054.25
Earnings Per Share		
Basic		
- As reported (₹)	35.40	28.32
- Adjusted for ESOP cost using fair-value method (₹)	35.11	27.63

(₹ in Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Diluted		
- As reported (₹)	35.01	28.24
- Adjusted for ESOP cost using fair-value method (₹)	34.73	27.54

In accordance with SEBI ('Share-Based Employee Benefits and Sweat Equity') Regulations, 2021, as amended, necessary disclosures are made in Schedule 18-Notes forming part of the financial statements for FY 2025-26 and are included in the annual report and also disclosed on the website of the Bank at https://www.au.bank.in/reports/disclosures.

K. The Details of the Board and Key Managerial Personnel ('KMP')

The composition of the Board is regulated by a combination of the provisions of the Act, the Banking Regulation Act, 1949 ('BR Act'), the Listing Regulations and other applicable laws, and the Articles of Association of the Bank. As of March 31, 2026, the Board consisted of ten Directors, including eight Independent Directors and two Executive Directors.

During FY 2025-26, the Board of Directors of the Bank underwent a structured and well-planned transition, reflecting the Bank's continued focus on strong governance, regulatory compliance and leadership continuity.

During FY 2025-26 and up to the date of this report, the following changes occurred in the Board and KMP of the Bank.

Board of Directors

The FY 2025-26 marked an important phase of transition in the composition of the Board of Directors of the Bank, through the appointment of new Directors, re-appointment of continuing members and cessation of certain Directors during the year. This calibrated and orderly transition was undertaken through a structured process, with due emphasis on governance continuity, relevant expertise, experience, diversity of thought and alignment with the Bank's evolving strategic priorities.

Based on the recommendations of the NRC and subject to requisite approvals, the Board inducted and re-appointed Directors having regard to their integrity, specialised knowledge, practical experience, expertise and alignment with the Board skill matrix. These changes also reflected the Bank's structured approach to Board succession planning, while preserving institutional strength, continuity of oversight and effective governance.

I. Appointments

Based on the recommendation of the NRC and after due consideration of skills, expertise and experience, the Board and the shareholders approved the appointment of the following Directors, having regard to their specialised knowledge, practical experience, integrity and in alignment with the Board Skill Matrix, as set out in the Report on Corporate Governance annexed as **Annexure-I.**

Name of Director	Date of Board Approval for appointment as an Additional Director	Date of Shareholders Approval	Tenure / Term
Non-Executive Independent Director			
Mr. Nandkumar Saravade DIN: 07601861	April 22, 2025	AGM August 8, 2025	3 years from May 31, 2025
Mr. Jagajit Mangal Prasad (Mr. J. M. Prasad) DIN: 11146660	June 28, 2025	AGM August 8, 2025	3 years from July 1, 2025
Mr. Satyajit Dwivedi DIN: 08118455	November 24, 2025	Postal Ballot December 25, 2025	3 years from November 25, 2025
Mr. Narasinganallore Venkatesh Srinivasan (Mr. N. S. Venkatesh) DIN: 01893686	November 24, 2025	Postal Ballot December 25, 2025	3 years from November 25, 2025
Mr. Phani Shankar DIN: 09663183	January 20, 2026	Postal Ballot February 28, 2026	3 years from January 20, 2026

Name of Director	Date of Board Approval for appointment as an Additional Director	Date of Shareholders Approval	Tenure / Term
Executive Director			
Mr. Vivek Tripathi* DIN: 11510604	January 20, 2026	Postal Ballot June 14, 2026	3 years from April 24, 2026

*Appointment approved by RBI vide its letter dated April 23, 2026

II. Re-appointments

Based on the recommendation of the NRC and performance evaluation, the Board and the shareholders approved the re-appointment of the following Directors, considering their integrity, expertise, experience and sustained contribution to the Board.

Name of Director	Date of Board Approval	Date of Shareholders Approval	Tenure / Term
Non-Executive Independent Director			
Mr. Kamlesh Shivji Vikamsey DIN: 00059620	March 7, 2025	Postal Ballot April 10, 2025	Second term of 5 years from April 25, 2025
Ms. Malini Thadani DIN: 01516555	November 24, 2025	Postal Ballot December 25, 2025	Second term of 3 years from November 25, 2025
Executive Director			
Mr. Sanjay Agarwal* Managing Director and CEO DIN: 00009526	October 17, 2025	Postal Ballot December 25, 2025	3 years from April 19, 2026

*Appointment approved by RBI vide its letter dated February 12, 2026

III. Cessation

Name of Director	Date of Cessation	Reason
Non-Executive Independent Director		
Mr. Mankal Shankar Sriram (Mr. M. S. Sriram) DIN: 00588922	October 20, 2025	Completion of tenure
Mr. Pushpinder Singh DIN: 08496066	October 20, 2025	Completion of tenure
Mr. Kannan Gopalaraghavan Vellur (Mr. V. G. Kannan) DIN: 03443982	January 21, 2026	Completion of tenure
Ms. Kavita Venugopal DIN: 07551521	March 28, 2026	Completion of tenure
Non-Executive Non-Independent Director		
Mr. Divya Sehgal DIN: 01775308	January 20, 2026	Completion of the integration process post amalgamation of Fincare SFB with the Bank and other professional commitments
Executive Director		
Mr. Uttam Tibrewal DIN: 01024940	April 18, 2026	Completion of tenure

The Board of Directors and the management place on record their sincere appreciation for the valuable guidance, contribution and services rendered by the aforesaid Directors during their association with the Bank.

Key Managerial Personnel

- Mr. Vimal Jain ceased to be the CFO of the Bank with effect from September 10, 2025, due to his untimely demise.
- Mr. Gaurav Jain was appointed as the Interim Chief Financial Officer with effect from September 26, 2025 and was later appointed as the Chief Financial Officer with effect from April 27, 2026.

IV. Directors retiring by rotation

In accordance with the provisions of Section 152 of the Act, Mr. Uttam Tibrewal, the then Whole Time Director & Deputy CEO, retired by rotation at the previous AGM and shareholders approved his re-appointment. Mr. Sanjay Agarwal, Managing Director & CEO, shall retire by rotation at the ensuing AGM and, being eligible for re-appointment, offers himself for re-appointment.

Except as aforesaid, no other change took place in the Board of Directors or in the KMP of the Bank. The composition of the Bank's Board of Directors and KMP is in compliance with the applicable regulatory norms.

All the Directors of the Bank have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Act. Further, none of the directors has been debarred from holding office as a director by virtue of any order of SEBI or any other authority.

V. Directors and Officers Liability Insurance Policy

The Bank has a Directors and Officers Liability Insurance Policy which protects its Directors and Officers against any breach of fiduciary duty. Further, the Board is apprised of the insurance coverage under the said policy annually.

L. Code of Conduct for Directors and Senior Management Personnel ('SMPs')

In accordance with Regulation 17(5) of the Listing Regulations, the Bank has in place a Code of Conduct ('Code') for Directors and SMPs, duly approved by the Board. The Code delineates the core principles governing ethical, transparent and responsible conduct expected from the Directors and SMPs, including KMPs and underscores the Bank's commitment to fostering a culture of integrity, fairness and accountability across the organisation.

All Directors and SMPs have affirmed compliance with the Code for FY 2025-26. A declaration to this effect, signed by the Managing Director and CEO, forms part of the Report on Corporate Governance, annexed to the Board's Report as **Annexure-I**. The Code of Conduct is available on the Bank's website at https://www.au.bank.in/investors/secretarial-policies.

M. Number of Meetings of the Board

During the period under review, a total of 11 Board meetings were convened, with none exceeding the 120-day interval as mandated under the provisions of the Act, read with the rules made thereunder, Secretarial Standard-I issued by the Institute of Company Secretaries of India ('ICSI'), and the Listing Regulations. The dates of these meetings, along with attendance details for each Director, have been comprehensively disclosed in the Report on Corporate Governance annexed as **Annexure-I** to the Board's Report.

N. Committees of the Board

The Bank recognises the significance of Board Committees in fostering strong Corporate Governance practices. Accordingly, the Bank has constituted various Board Committees to enhance the effectiveness and efficiency of the Board and to support informed decision-making. These Committees have been formed in compliance with provisions of the Act and relevant rules made thereunder, Listing Regulations, BR Act, RBI Circular and Guidelines, Articles of Association of the Bank and other pertinent guidelines/circulars issued from time to time.

The details of the Board Committees of the Bank, including reconstitution, their terms of reference, number and date of meetings held during FY 2025-26 and attendance thereof, are disclosed in the Report on Corporate Governance annexed to the Board's Report as **Annexure-I**.

O. Meeting of Independent Directors

As per the requirement of Section 149(8) read with Schedule IV of the Act and Regulation 25 of the Listing Regulations, a meeting of the Independent Directors of the Bank is required to be held at least once a year in the absence of Non-Independent Directors and members of the Management.

During the year under review, one meeting of the Independent Directors of the Bank was convened on June 28, 2025, which was chaired by Mr. H. R. Khan. The meeting was attended exclusively by all the Independent Directors and was conducted without the presence of any other members of the Board or management. The meeting involved detailed deliberations on various matters, including the following:

- Action taken report of the previous meeting of Independent Directors.

- The quality, quantity, and timeliness of the flow of information between the management of the Bank and the Board of Directors is necessary for the Board of Directors to perform their duties effectively and reasonably.
- Adequacy of time allocated by the Board/Committees for deliberation on key and significant matters.
- Performance of Non-Independent Directors, the Board as a whole, and the Chairperson of the Bank.
- Training and knowledge-enhancement sessions required for the Directors.

P. Familiarisation Programme for Independent Directors

In accordance with Regulation 25(7) of the Listing Regulations and RBI guidelines, the Bank conducts familiarisation programmes for all its directors, including Independent Directors.

These familiarisation programmes are conducted through a structured mix of internal functional experts and/or external subject-matter specialists, taking into consideration the Bank's business requirements and the existing skill sets of the Directors. The programmes are designed to provide Directors with insights into the Bank's operations, key developments and evolving regulatory and industry landscape.

The details of the familiarisation programme and other sessions organised for Independent Directors during FY 2025-26 are disclosed in the Report on Corporate Governance annexed to the Board's Report as **Annexure-I** and on the website of the Bank at https://www.au.bank.in/stock-exchange-disclosures.

Q. Declaration of Independence

In accordance with provisions of Sections 149(6) and 149(7) read with Schedule IV of the Act and Regulation 16(1)(b) and 25(8) of the Listing Regulations, the Bank has received necessary declarations/disclosures from all the Independent Directors confirming that they meet and comply with the criteria of independence.

Pursuant to the Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019, read in conjunction with the Companies (Appointment and Qualifications of Directors) Rules, 2014, the Independent Directors of the Bank are duly registered in the online databank of Independent Directors maintained and administered by the Indian Institute of Corporate Affairs ('IICA'). The Independent Directors have also confirmed that they were not aware of any circumstance or situation which existed or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective, independent judgement, and without any external influence.

In the opinion of Board, the Independent Directors possess the requisite domain knowledge, experience, expertise, integrity, and proficiency, as required under the Code applicable for Independent Directors as stipulated under Schedule IV of the Act and in terms of the policy of the Bank.

R. Compensation Policy for appointment and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel, Material Risk Takers and Control Function Staff

The Bank has formulated and adopted a comprehensive Compensation Policy for appointment and remuneration of its Directors, KMP, SMP, Material Risk Takers ('MRT') and Control Function Staff on the recommendation of the NRC, in compliance with the provisions of Section 178(3) of the Act read with relevant rules made thereunder, the Listing Regulations and RBI guidelines.

The Policy establishes a clear framework for the appointment and remuneration of Directors (including Independent Directors), KMP, SMP, MRTs and Control Function Staff, in accordance with the criteria approved by the NRC of the Board as mandated by the Act and applicable Rules, Listing Regulations, and other relevant guidelines.

The Policy aims to provide a structured compensation approach comprising fixed and variable components, support the attraction, retention and motivation of talent, outline guidelines for reimbursement to Directors and KMPs, define the process for appointment, removal and performance evaluation of Directors, facilitate administration of Employee Stock Option Schemes in compliance with SEBI regulations, and ensure adherence to applicable laws, rules and regulations as well as 'Fit and Proper Criteria' of directors for their appointment.

The Policy undergoes regular review by the Board, in addition to any other amendments that may be required, and is hosted on the Bank's website at https://www.au.bank.in/investors/secretarial-policies.

The terms of reference of the NRC and Compensation Policy are detailed in the Report on Corporate Governance annexed to Board's Report as **Annexure-I.**

S. Evaluation of the Directors, the Board, and Committees

Pursuant to Section 149(8) read with Schedule IV, Section 178(2) of the Act, Regulation 17 and other applicable Regulations of the Listing Regulations, and Guidance Note on Board Evaluation issued by the SEBI, the Bank undertakes annual evaluation of the performance of the Board, its Committees, individual Directors and the Chairperson. The evaluation is conducted based on a comprehensive framework reviewed and approved by the NRC.

Details of Board performance evaluation carried out for FY 2025-26 including methodology used, its outcome and proposed recommendations for implementation in the upcoming financial year, action taken on previous year's observations are covered under Report on Corporate Governance, forming part of this Board's report as **Annexure-I**.

T. Statutory Auditors and their Report

In consonance with the Guidelines for Appointment of Statutory Central Auditors ('SCAs')/Statutory Auditors ('SAs') of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by RBI, Banks are required to appoint Statutory Auditors for a continuous period of three years, subject to the audit firms meeting eligibility criteria annually and obtaining RBI approval on an annual basis.

At the 29th AGM of the Bank held on July 26, 2024, M/s. M S K A & Associates LLP, Chartered Accountants (formerly known as M S K A & Associates, Chartered Accountants) (FRN: 105047W/W101187) and M/s. Mukund M Chitale & Co., Chartered Accountants (FRN: 106655W) were appointed as Joint Statutory Auditors for a period of three years to hold office from the conclusion of the 29th AGM till the conclusion of the 32nd AGM, subject to RBI approval on an annual basis.

M/s. M S K A & Associates LLP, Chartered Accountants and M/s. Mukund M Chitale & Co., Chartered Accountants, Joint Statutory Auditors of the Bank, have provided an audit report on the financial statements for the FY 2025-26, with no qualifications, reservations, or adverse remarks.

Further, pursuant to Section 143(12) of the Act, the Statutory Auditors reported 14 instances of fraud involving an aggregate amount of ₹1.09 crore relating to misappropriation of funds and falsification of records, to the Audit Committee during the year. In this regard, the Bank has submitted the requisite Fraud Monitoring Reports (FMRs) and initiated appropriate legal actions. Details of the provision pertaining to fraud accounts are disclosed in Note 5(f) of Schedule 18 to the Financial Statements for FY 2025-26, forming part of this Annual Report.

The SAs have confirmed their eligibility in accordance with Section 141 of the Act and RBI guidelines issued from time to time. Moreover, pursuant to the relevant provisions of the Listing Regulations, the SAs have confirmed their adherence to the peer review process mandated by the Institute of Chartered Accountants of India ('ICAI'). The SAs also hold a valid certificate issued by the Peer Review Board of ICAI, demonstrating their competence and professionalism in their field.

U. Secretarial Auditors and their Report

In compliance with the provisions of Section 204 of the Act, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Regulation 24A of Listing Regulations, read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024 and pursuant to the recommendation of the Audit Committee and the Board of Directors, the shareholders at the AGM held on August 8, 2025 appointed M/s. Mehta & Mehta, Company Secretaries (Firm Registration No. P1996MH007500 and Peer Review Certificate No.: 7281/2025), as the Secretarial Auditors of the Bank, to conduct the Secretarial Audit for a term of five consecutive years from FY 2025-26 till FY 2029-30.

The Secretarial Auditors have not reported any instance of fraud in accordance with Section 143(12) of the Act during the year under review, and their report does not contain any qualification, reservation, or adverse remark for the FY 2025-26. The Secretarial Audit Report for the FY 2025-26 in form MR-3 is annexed to the Board's Report as **Annexure-IV**.

V. Particulars of Loans, Guarantees and Investments

Pursuant to the provisions of Section 186(11) of the Act, the provisions of Section 186 of the Act, except sub-section (1), do not apply to loans made, guarantees given, or securities provided or acquisition of securities by a banking company in the ordinary course of business and are exempted from disclosure requirements in the Annual Report.

However, the particulars of investments made by the Bank are disclosed in Schedule 8 of the Financial Statements for FY 2025-26, forming part of this Annual Report, as per the applicable provisions of the BR Act.

W. Related Party Transactions

During FY 2025-26, the Bank did not engage in any material or significant transactions with related parties that could potentially create conflicts of interest between the Bank and these parties. All related party transactions conducted throughout the year were carried out on an arm's length basis and in the normal course of business operations.

The Audit Committee has accorded omnibus approval for related party transactions that are repetitive and entered into in the ordinary course of business. Further, the Audit Committee of the Bank reviewed details of all related party transactions entered by the Bank on a quarterly basis.

As per Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions that are required to be reported in form AOC-2. The requisite disclosure has been made under Schedule 18 of the notes forming part of audited financial statements for the financial year ended March 31, 2026.

The Policy on Related Party Transactions and Materiality as approved by the Board can be accessed on the website of the Bank at https://www.au.bank.in/investors/secretarial-policies.

X. Material Changes and Commitments, if any, affecting the Financial Position of the Bank

There were no material developments/changes/commitments affecting the financial position of the Bank which have occurred after March 31, 2026, till the date of this report.

Y. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The Bank remains deeply committed to environmental sustainability, consistently advancing initiatives aimed at reducing its carbon footprint. By leveraging digital technologies and implementing targeted emission-reduction strategies across its operations, the Bank continues to foster eco-conscious practices and contribute meaningfully to a greener future.

(a) Conservation of energy

Energy conservation at the Bank is approached through a combination of operational discipline, technology-led optimisation, and a progressive transition towards cleaner energy sources. Across offices and branches, initiatives are designed to minimise avoidable electricity consumption, enhance the efficiency of cooling and lighting systems, and strengthen monitoring mechanisms for informed decision-making.

In parallel, the Bank remained committed to sustainability through investments in renewable energy infrastructure and the promotion of sustainable finance solutions. These initiatives extend the Bank's impact beyond internal operations, supporting the broader transition towards a low-carbon economy. Such efforts are aligned with the objectives of SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action), while also contributing to national priorities relating to renewable energy expansion and clean mobility.

1. Steps taken and impact on conservation of energy

The Bank's approach is anchored in practical, site-level interventions that directly influence day-to-day energy consumption:

- **Optimisation of cooling demand**

  Indoor green cover and plants have been promoted across premises to improve microclimate conditions and reduce heat load. This is complemented by maintaining air-conditioning temperatures at 25°C or higher, encouraging responsible energy use. These combined nature-based and behavioural interventions contribute to overall energy efficiency.

- **Lighting efficiency improvements**

  Conventional lighting systems are being progressively replaced with energy-efficient LED fixtures, resulting in lower electricity consumption and improved lighting performance.

- **Automation and control measures**

  Timers and automated controls have been deployed for signage and non-essential lighting to ensure that energy usage is linked to operational need, thereby reducing avoidable energy consumption.

- **Power factor optimisation**

  Power factor correction systems have been implemented across electrical panels to improve electricity utilisation, reduce technical losses, and enhance overall energy efficiency and grid performance.

2. Technology upgrades for energy optimisation

The Bank has strengthened its energy management capabilities through the deployment of advanced monitoring and efficient infrastructure:

- **Smart energy monitoring systems**

  iTouch Manager systems have been deployed across selected locations to enable real-time monitoring, control, and optimisation of electricity consumption. This intervention has improved visibility into energy usage patterns and contributed to the optimisation of consumption.

- **Efficient cooling systems**

  Adoption of Variable Refrigerant Volume-based chiller systems has enhanced air-conditioning efficiency, delivering energy savings of up to 20% compared to conventional systems.

- **Reduction in diesel dependency**

  Strengthening of backup power infrastructure through UPS systems and inverters has reduced reliance on diesel generators, thereby lowering fossil fuel consumption and associated emissions while improving energy reliability.

3. Renewable energy and resource optimisation

Recognising the importance of clean energy, the Bank has made strategic investments in renewable power generation:

- A 1 MW solar power plant has been commissioned at Bikaner (Rajasthan), contributing to renewable energy generation. The plant supplies green electricity to key offices, including:
  - Jagatpura Office (JPO 01)
  - Malviya Nagar Office, and
  - Tonk Road Office, Jaipur

This initiative enables partial substitution of grid electricity with renewable energy, supporting the Bank's transition to a lower-carbon energy mix and aligning with national missions such as the National Solar Mission.

4. Green infrastructure and resource efficiency

- **Green building considerations:** Natural daylight is maximised through building design to reduce reliance on artificial lighting. The Bank continues to adopt resource-efficient and environmentally responsible practices across its infrastructure lifecycle.
- **Resource optimisation and circularity:** The Bank follows the principles of Reduce, Reuse, and Recycle, including:
  - Minimising single-use plastics
  - Extending the lifecycle of IT equipment
  - Disposal of e-waste through authorised vendors
- **Awareness and behavioural change:** Regular initiatives are undertaken to promote energy-conscious behaviour among employees, encouraging efficient use of energy and responsible workplace practices.

5. Scrap disposal

Given the Bank's service-oriented operations, the scope for scrap generation is limited. Disposal of IT assets is undertaken through authorised e-waste vendors, with detailed disclosures provided in the BRSR for FY 2025-26.

6. Extending impact beyond operations (Sustainable finance)

The Bank also drives energy conservation and emissions reduction through its financing activities:

- Under the Planet First AU Green Fixed Deposit programme, aligned with RBI Green Deposit Guidelines, the Bank has mobilised over ₹2,952.29 Crore (as of March 31, 2026 on cumulative basis).
- Funds are deployed towards renewable energy, clean mobility, and green buildings, enabling:
  - Improved energy efficiency
  - Reduced fossil fuel dependence
  - Lower greenhouse gas emissions

This directly supports India's ambition of 500 GW renewable capacity by 2030 and advances the National Electric Mobility Mission Plan, strengthening the linkage between finance and the energy transition.

7. Capital investment in energy conservation

During the year, the Bank has made sustained investments in energy conservation and clean energy infrastructure, including solar power generation systems, smart energy monitoring and management solutions, energy-efficient lighting systems, UPS and inverter infrastructure, green landscaping and microclimate management initiatives, etc.

(b) Technology Absorption

I) The efforts made towards Technology absorption

During FY 2025-26, the Bank continued to strengthen its technology capabilities in line with its strategic objective of building a technology-led, customer-centric and scalable operating model. The focus remained on leveraging digital platforms, advanced analytics, and artificial intelligence ('AI') to enhance the customer experience, drive operational efficiency, and enable sustainable growth.

Key initiatives undertaken during the year include:

- **Digital banking and platform expansion:** The Bank continued to strengthen its digital ecosystem across AU 0101 and AU 0101 Business platforms, driving improvements in customer acquisition, cross sell, engagement, and servicing.

  The Bank launched a refreshed AU 0101 mobile app, delivering a simpler, faster, and personalised experience. Key enhancements include a modern, clutter-free UI, personalised home screen, unified payments hub, centralised service requests, pre-approved offers, and live face verification for secure journeys — aimed at improving customer experience, engagement, feature discovery, and cross-sell.

The Bank also introduced a redesigned website with improved navigation, smart search, and 11-language support to strengthen digital acquisition and self-service. The AU 0101 Business App was expanded with new features and enhancements focused on improving customer experience, service capabilities, and supporting evolving business needs.

- **AI, data and AI-native transformation:** The Bank has made significant progress in institutionalising AI as a core capability, aligned with its strategic objective of becoming an AI-native, data-driven organisation. A centralised AI platform integrated with the Bank's data lake enables scalable model development, deployment and lifecycle management, while agentic AI frameworks are being adopted for end-to-end journey orchestration and context-aware decisioning.

  In customer interactions, the Bank has deployed AI-powered voice bots for inbound servicing, providing 24×7 automated support with improved consistency and reduced manual dependency, and has also rolled out a Credit Card Voice Bot for specialised use cases. Conversational AI capabilities have been strengthened through multilingual support, Indic language optimisation, dynamic knowledge base enhancements and context-aware interactions, resulting in improved first-call resolution, reduced handling time and enhanced customer experience.

- **Digital lending stack transformation:** The Bank continued to transform its end-to-end digital lending stack, covering sourcing, underwriting, disbursement and servicing. Technology interventions enabled faster turnaround times, improved risk assessment and seamless customer journeys across lending products.

  In lending and risk decisioning, the Bank has deployed AI-native Loan Origination Systems starting with Gold Loans, with progressive rollout across products. AI models are leveraged for automated underwriting, eligibility assessment, fraud detection and risk-based pricing. Integration with alternative data and advanced analytics has improved the accuracy of credit risk assessment, reduced turnaround time for loan processing, and strengthened portfolio quality monitoring.

- **Automation and intelligent workflow digitisation:** Automation was further expanded across functions through Robotic Process Automation ('RPA') and AI-enabled workflows. The focus was on reducing manual intervention, improving process standardisation and enhancing auditability and control through system-driven processes.
- **Core technology and scalable infrastructure:** Investments continued towards modernising core banking systems and migrating towards scalable and cloud-aligned infrastructure. This supports business growth, enhances system resilience and enables faster rollout of digital capabilities.
- **Cybersecurity and technology risk management:** The Bank strengthened its cybersecurity posture through enhanced monitoring, detection and response mechanisms, including upgraded Security Operations Centre ('SOC') capabilities, to manage evolving cyber risks and ensure secure digital operations.

II) The benefits derived like product improvement, cost reduction, product development or import substitution

Technology absorption initiatives resulted in multiple strategic and operational benefits, including:

- **Enhanced customer experience and product capabilities:** Improved digital journeys, customer self-service and digital servicing penetration and AI-driven processes, omni-channel customer journeys and self-service tools enabled faster onboarding, seamless servicing and enhanced product capabilities, driving higher digital adoption.
- **Scalable growth with cost efficiency:** Adoption of AI-led automation and digital platforms has enabled the Bank to achieve scalable growth without proportionate increase in operating costs, through optimised resource utilisation and reduced manual intervention.
- **Improved operational efficiency and turnaround times:** Automation and digital workflows, Cloud-aligned / scalable infrastructure upgrades resulted in improved processing accuracy, faster turnaround times with gradual automation of credit underwriting and enhanced operational controls.
- **Data-driven decision-making and risk management:** Advanced analytics, data governance and enterprise data platforms and AI capabilities enabled better underwriting, targeted customer engagement, enhanced cross-sell and improved risk monitoring through real-time insights.
- **Accelerated product development and innovation:** Technology platforms and AI-native systems supported rapid rollout of new products and enhancements, improving responsiveness to market needs.
- **Strengthened technology resilience and security:** Continued investments in infrastructure and cybersecurity enhanced system availability, resilience and protection against evolving cyber threats.
- **Reduced paper usage and sustainability benefits:** Increased digital adoption and paperless processes contributed to a reduction in paper consumption and supported the Bank's sustainability objectives.

III) In case of imported technology (imported during the last three years, reckoned from the beginning of the financial year)

a) The details of technology imported: Nil

b) The year of import: Nil

c) Whether the technology has been fully absorbed: Nil

d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Nil

IV) Expenditure incurred on Research and Development

Since financial services are primarily covered under service sector, the details of this clause do not apply to the Bank.

(c) Foreign Exchange Earnings and Outgo

During the financial year ended March 31, 2026, the foreign exchange earnings was ₹98 Crore and the foreign exchange outgo was ₹108 Crore.

Z. Risk Management

The Bank has invested significantly in elevating every dimension of its risk architecture from governance and Board oversight to technology-enabled risk surveillance, culture, and regulatory alignment.

There is a well-institutionalised 'Three Lines of Defence model' Business units own risk management and internal controls, the Risk and Compliance function provides independent oversight and policy frameworks, and Internal Audit delivers objective assurance to the Board.

The Bank has instituted a comprehensive Enterprise Risk Management Framework ('ERM') that includes a strong governance structure, with the Board of Directors at its helm, Board Committees (including the Risk Management Committee of the Board), and executive committees of management for specialised risk-related aspects.

Risk governance at the Bank is driven by the Board of Directors, which oversees the risk management framework and reviews the effectiveness of the material risk management systems. The Board is supported by the Risk Management Committee of the Board and other executive management-level committees constituted for specific risk areas.

The Chief Risk Officer ('CRO') functions independently and reports directly to the Risk Management Committee of the Board ('RMC'), with no reporting lines to business verticals and without any dual responsibilities. This independent reporting structure ensures objective oversight and effective challenge of risk-management activities across the Bank. The Bank's risk management function is supported by a dedicated team of professionals, who supervise and manage risk across the organisation.

The ERM Framework further comprises the Risk Appetite Statement ('RAS'), covering various risk limits, risk policies and procedures, risk reports, Internal Capital Adequacy Assessment Process ('ICAAP'), and stress testing. This framework is designed to enhance the Bank's ability to identify, monitor, mitigate, and report all types of risks in a timely and holistic manner. This ERM model encapsulates both financial and non-financial risk categories, including Credit Risk, Market and Liquidity Risk, Compliance Risk, Operational and Fraud Risk, People Risk, and Information Technology and Information Security Risk

Risk Appetite and Strategic Alignment

The Risk Appetite Statement serves as an important governance tool for aligning strategic decision-making with prudent risk-taking. The Risk Appetite Statement ('RAS'), as approved and periodically reviewed by the Board, sets out the nature and extent of risk that the Bank is willing to assume in pursuit of its strategic and business objectives. It is integrated with business planning and capital management and is operationalised through defined limits, escalation thresholds and key risk indicators across relevant portfolios and functions.

Capital adequacy framework and stress testing

The Bank has adopted a Board-approved ICAAP and Stress Testing Policy as part of its capital management and risk governance framework. The RAS governs the Bank's capital adequacy approach, and periodic stress-testing is undertaken to assess the resilience of capital adequacy, earnings and risk thresholds under base, adverse and severe stress scenarios. The outcomes of such assessments are reviewed through the Bank's governance framework and are used to support prudent capital planning and risk mitigation measures.

In addition, while the regulatory capital charge requirements for market risk and operational risk are not applicable to Small Finance Banks, the Bank has, as a matter of prudent risk management, incorporated these risk categories within its ICAAP and stress-testing framework. The Bank continues to remain adequately capitalised under all relevant scenarios pertaining to its scale and nature of operations.

Risk categories, limits, thresholds and monitoring

The Bank's comprehensive risk management framework ensures prudent identification, monitoring, mitigation, and reporting of risks across the organisation. The framework covers key risk domains, including Credit Risk, Asset Liability Management ('ALM'), Market Risk, Operational Risk, Cyber Security Risk, and Information Technology Risk. The RAS prescribes the Bank's appetite/limits for various metrics for these risk categories. These limits are duly reviewed and presented to the Risk Management Committee of the Board on a quarterly basis.

The Bank has put in place detailed Board-approved risk management policies, frameworks, and internal risk limits for the key risks as detailed below. These internal thresholds are more stringent than the applicable regulatory requirements. Adherence to these limits, along with liquidity, deposit, and key regulatory ratios, is regularly monitored and reported to the RMC.

- **Credit Risk:** The Bank manages credit risk through portfolio-level and obligor-level controls, including internal limits relating to borrower, product and geographic concentrations, ticket-size mix, exposure limits to sensitive sectors, unsecured exposures (overall and product-wise), asset quality metrics and with limits on consumer credit exposures.

  The Bank has a well-developed, strong framework for Early Warning Signals ('EWS') for early identification of credit weakness in the portfolio across all ticket sizes through various risk checks like early delinquency, bouncing in repayments, external rating downgrade etc. through an automated EWS system for identification of weak/red-flagged accounts.
- **Asset Liability Management and Market Risk:** The Bank monitors the set internal limits and thresholds relating to liquidity and market risk, including liquidity coverage ratio, net stable funding ratio, earnings at risk, market value of equity, value at risk, PV01 for investment portfolios, modified duration, net overnight open position and stop-loss limits for the investment and foreign exchange books, as applicable.
- **Operational Risk:** Operational risk is managed through an established framework addressing the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. The Bank monitors operational loss events and fraud-related incidents arising from digital or physical channels through defined thresholds, control mechanisms and periodic review processes. The framework has been implemented covering third-party risk management, including financial and information technology outsourcing arrangements.
- **Operational Resilience and Business Continuity:** The Bank has a Board-approved Business Continuity Plan Policy aimed at preserving continuity of critical operations in the event of disruptions arising from system outages, infrastructure failures, process breakdowns or external events. Periodic business continuity testing is undertaken, and the results thereof are reviewed through the governance framework to strengthen operational resilience and preparedness.
- **Technology Risk:** During the year, the Bank continues to strengthen its technology risk management framework to address risks relating to technology infrastructure, critical systems and applications, business continuity and disaster recovery, information technology vendor management, change and project implementation, and associated people and process dependencies. Monitoring mechanisms include oversight of system availability, critical access controls and other key technology risk indicators.
- **Information Security Risk:** Information security risk management is led by the Chief Information Security Officer ('CISO') who reports directly to the Managing Director and CEO, thereby ensuring independence and robust oversight of information security risks. The CISO is supported by a dedicated team and an established cyber and information security framework. The Bank continues to strengthen its control environment, technology safeguards, monitoring processes, and response capabilities to protect its information assets, systems, and digital infrastructure against unauthorised access, cyber threats, and service disruptions.

  The Bank has consistently invested in advanced security tools and skilled manpower, commensurate with its scale of operations and evolving risk environment. The Bank has not faced or encountered any major cybersecurity incidents during the last financial year, reflecting the effectiveness and maturity of its information security controls and governance framework.
- **Environmental, Social and Governance ('ESG') Risks:** As the Bank prepares itself for transition to a Universal Bank, responsible growth remains central to its strategy. The Bank continued to strengthen its framework for the identification, assessment, and management of ESG risks, including climate-related physical and transition risks, recognising their potential impact on asset quality, operational resilience, and long-term sustainability. ESG considerations are being progressively integrated into credit appraisal, risk assessment, and portfolio monitoring processes, guided by the SEBI BRSR framework, the GRI Standards, the RBI's Master Direction on Climate Finance, 2025, and the Bank's 4S Sustainability Framework, i.e., Sustainable Finance, Sustainable Operations, Sustainable Communities, and Sustainability Reporting.

AA. Corporate Social Responsibility

During FY 2025-26, the Bank continued its commitment to driving inclusive and sustainable community development through focused and impactful Corporate Social Responsibility ('CSR') initiatives. Through AU Foundation, Bank's CSR Arm, the Bank has evolved from being a benefactor to becoming a catalyst of self-reliant growth, building bridges to a more equitable future not merely by filling gaps, but by unlocking potential and exploring new possibilities. Guided by its mission to reach the unreachable and empower underserved communities, the Bank's CSR efforts remained anchored in the belief that empowerment begins with access to education, healthcare, and sustainable livelihoods. The Bank's initiatives are designed not with rigid blueprints, but with dynamic strokes that honour the unique aspirations and potential of every individual and the community it serves, embodying the spirit of Atmanirbhar Bharat and strengthening the foundation of community resilience.

During the year, these initiatives were primarily aligned around the following strategic focus areas:

- Education and Job-Oriented Skill Development
- Sports Training and Talent Development
- Women Empowerment through Entrepreneurship

These focus areas were implemented through the flagship initiative AU Ignite, and strategic initiatives, Bano Champion and AU Udyogini, which collectively seek to strengthen employability, nurture grassroots sporting talent, and enable women to build sustainable enterprises.

In addition to the above, under AU Kartavya, the Bank supported various need-based projects aligned with Schedule VII of the Act, covering areas such as healthcare, safe drinking water, environmental conservation, water resource management, road safety, and promotion of art and culture.

The terms of reference of the CSR and Sustainability Committee are outlined in the Report on Corporate Governance annexed as **Annexure-I.** The disclosures required to be given under Section 135 of the Act read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, in the prescribed format had been appended herewith as **Annexure-II**. The CSR Policy is also available for viewing on the Bank's website at https://www.au.bank.in/investors/secretarial-policies.

AB. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank maintains a strict zero-tolerance approach towards any form of harassment, underscoring its commitment to fostering a workplace culture grounded in respect, dignity and inclusivity. The Bank strives to ensure a safe and equitable work environment where employees can perform their responsibilities free from bias, discrimination or misconduct.

In accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Bank's internal policy, a three-tier Internal Committee framework (Branch, Regional and Central) has been constituted to address complaints expeditiously and impartially. These Committees are duly empowered to conduct fair, objective and comprehensive inquiries, ensuring effective redressal and accountability.

The Bank further reinforces its commitment through regular, mandatory training and awareness initiatives, aimed at sensitising employees to appropriate workplace conduct and strengthening awareness of grievance reporting and redressal mechanisms.

Detailed information regarding the Bank's commitment to prevent and address sexual harassment along with summary of cases is provided in the Report on Corporate Governance as **Annexure-I** to the Board's Report.

AC. Compliance with the Maternity Benefit Act, 1961

The Bank affirms its adherence to all applicable provisions of the Maternity Benefit Act, 1961, ensuring full compliance with statutory requirements.

AD. Subsidiaries, Joint Ventures and Associate Companies

The Bank does not have any subsidiary, joint ventures, or associate companies. Hence, the details of this clause are not applicable to the Bank. Accordingly, the Bank is also not required to formulate a specific policy on dealing with material subsidiaries.

AE. Material Orders Passed by Regulators, Courts, or Tribunals

During FY 2025-26, no material orders have been passed by the Regulators/Courts/Tribunals that would impact the going concern status of the Bank and its future operations.

AF. Internal Financial Controls and Their Adequacy

The Bank has established a robust internal financial control framework that is closely aligned with its risk appetite and thoughtfully tailored to the organisation's size, scope, and operational complexity. The responsibilities and authority of the risk-based internal audit function are clearly defined within the Board-approved Internal Audit Policy.

The audit function is instrumental in ensuring that all processes and operations consistently comply with regulatory requirements, accounting standards, and the Bank's internal policies. By providing an objective assessment of the quality and effectiveness of the Bank's internal controls, risk management, and governance processes, the audit function delivers valuable assurance to both the Board and the Audit Committee.

For the year under consideration, a comprehensive review confirmed that the Bank's internal control systems are adequate and operating effectively. In addition, the Joint Statutory Auditors expressed their opinion on the adequacy and operational effectiveness of the Bank's internal controls over financial reporting, as required under the applicable provisions of the Act. This opinion can be referred to in the Auditor's Report attached to the audited financial statements for FY 2025-26, forming part of this Annual Report.

AG. Cost Records

Being a Banking company, provisions of Section 148(1) of the Act, relating to the maintenance of cost records, are not applicable to the Bank.

AH. Corporate Governance

Corporate governance is the cornerstone of the Bank's operations and is deeply embedded in its organisational ethos. The Bank's governance framework is designed to ensure that its affairs are conducted with integrity, transparency and accountability, safeguarding the interests of all stakeholders, i.e., regulators, depositors, customers, employees and shareholders, among others, while ensuring full compliance with applicable laws and regulatory requirements.

The Bank remains committed to upholding the highest standards of governance through sound management practices, ethical conduct and a strong compliance culture, continuously aligning with evolving regulatory expectations and benchmarking against global best practices.

The Bank's commitment to governance excellence is reinforced through three core assurance functions:

Risk Management: The Bank operates a comprehensive Enterprise Risk Management framework anchored in a well-defined risk appetite, robust policies and a structured governance architecture. Risk assessments are conducted continuously, with adherence to internal and regulatory thresholds and periodic reporting to Board-level committees, including the Executive Committees, i.e., Credit Risk Management, Operational Risk Management, Asset Liability Management, and Information Security Committees. This disciplined approach safeguards customer, depositor and investor interests while preserving financial soundness and reputation.

Compliance Function: A key pillar of the governance framework, the Compliance Function ensures adherence to regulatory requirements in both letter and spirit. Leveraging the Bank's technology-driven model, regulatory requirements are embedded into digitised workflows and strengthened through structured initiatives with a focus on accurate, timely and transparent reporting to all regulators, authorities, Audit Committee and Board.

Internal Audit Function: Following a risk-based audit approach, the function provides independent assurance on the adequacy and effectiveness of internal controls, risk management and governance mechanisms, reporting periodically to the Audit Committee of Board, Board, senior management and regulators.

The Report on Corporate Governance for FY 2025-26, along with the certificate issued by M/s. Mehta & Mehta, Company Secretaries, confirming compliance with Chapter IV of the Listing Regulations, is annexed as **Annexure-I.**

AI. Business Responsibility and Sustainability Report and Sustainability Initiatives

In terms of Regulation 34(2)(f) of the Listing Regulations, top 1000 listed entities based on their market capitalisation as of December 31, every year, are required to submit Business Responsibility and Sustainability Report ('BRSR'), as a part of their annual report. In the BRSR disclosures on performance against the nine principles of the National Guidelines on Responsible Business Conduct ('NGRBCs') are reported wherein each principle is divided into essential and leadership indicators.

SEBI has further mandated the top 500 listed companies (by market capitalisation) to undertake an assessment or assurance of the BRSR Core for FY 2025-26. The BRSR Core is a sub-set of the BRSR, consisting of a set of Key Performance Indicators ('KPIs')/metrics under nine ESG attributes. Considering market capitalisation of the Bank, the requirement of BRSR and assessment or assurance of the BRSR Core for FY 2025-26 is applicable to the Bank.

The Bank's BRSR for FY 2025-26 along with the Independent reasonable assurance statement on BRSR Core disclosures and Limited assurance statement on selected Sustainability Disclosures from Intertek India Private Limited, is annexed to the Board's Report.

The Bank has a Board-level CSR and Sustainability Committee chaired by Independent Director, which is responsible for overseeing and guiding matters related to sustainability and CSR. The composition, terms of reference and meeting details of the CSR and Sustainability Committee are included in Report on Corporate Governance annexed to the Board's Report as **Annexure-I**. The Bank has also undertaken several need-based environmental and social initiatives for the benefit of its stakeholders.

AJ. Particulars of Employee Remuneration

As per Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the ratio of the remuneration of each Director to the median employee's remuneration and other details is annexed to the Board's Report as **Annexure-III**.

Additionally, the statement containing employee particulars required by Section 197(12) of the Act and Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is a part of this Report. Pursuant to Section 136(1) of the Act, the Annual Report is sent to Members without the aforementioned annexure, which can be inspected at the registered office of the Bank up to the date of the AGM. Members interested in obtaining a copy of the Annexure may request it from the Company Secretary of the Bank at investorrelations@aubank.in.

AK. Management Discussion and Analysis

The Management Discussion and Analysis Report for FY 2025-26 is included as a separate section within the Annual Report, as required under Regulation 34(2)(e) and Schedule V of the Listing Regulations.

AL. Annual Return

The draft Annual Return for the Financial Year ended on March 31, 2026 in the prescribed form MGT-7, as required under Section 134(3)(a) and Section 92(3) of the Act, can be accessed on the Bank's website at https://www.au.bank.in/other-reports .

AM. Whistle-Blower Policy and Vigil Mechanism

The Bank upholds the core values of reliability, fairness and equality, which form the foundation of its decision-making processes. It is committed to conducting its affairs with integrity and fairness, thereby fostering customer trust, strengthening stakeholder confidence, and delivering superior customer experience. The Bank encourages its employees, stakeholders and members of the public to report any concerns relating to suspected misconduct without fear of retaliation or discrimination.

In line with the provisions of Section 177(9) of the Act, read with the rules thereunder, and Regulation 4(2)(d) and Regulation 22 of the Listing Regulations, the Bank has implemented a Whistle-Blower Policy and Vigil Mechanism. The framework is designed to promote transparency, accountability, and ethical conduct, and to enable timely identification and redressal of any irregularities.

The Policy provides a secure and confidential mechanism for reporting concerns relating to unethical behaviour, fraud or misconduct, with adequate safeguards against victimisation. It also ensures direct access to the Chairman of the Audit Committee, and no personnel have been denied such access during the year.

The Policy can be accessed on the website of the Bank at https://www.au.bank.in/investors/secretarial-policies and further details have been provided in the Report on Corporate Governance forming part of this Board's Report as **Annexure-I**.

AN. Anti-Bribery and Anti-Corruption Policy

The Bank maintains a zero-tolerance stance towards bribery, corruption and unethical practices, and is committed to conducting its affairs with the highest standards of professionalism, integrity and fairness.

In furtherance of this commitment, the Bank has adopted a Board-approved Anti-Bribery and Anti-Corruption Policy, which sets out the guiding principles and standards for ensuring that all business activities are carried out in a transparent, ethical and accountable manner. The policy can be accessed on the website of the Bank at https://www.au.bank.in/notice-board.

AO. Adherence to Secretarial Standard Issued by the Institute of Company Secretaries of India

The Bank has adhered to the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of Board of Directors and General Meetings.

AP. Status of Ind AS Implementation

As per the RBI circular no. RBI/2015-16/315 DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11, 2016 on the implementation of Indian Accounting Standards ('Ind AS'), banks are advised to follow Ind AS, as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to guidelines or directions issued by the RBI in this regard.

Banks in India currently prepare their financial statements in accordance with the guidelines issued by the RBI, the Accounting Standards notified under Section 133 of the Companies Act, 2013, and generally accepted accounting principles in India ('Indian GAAP'). In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of Ind AS, which are converged with International Financial Reporting Standards ('IFRS'), for scheduled commercial banks, insurance companies and non-banking financial companies. In March 2019, the RBI deferred the implementation of Ind AS for banks until further notice, as the recommended legislative amendments were under consideration by the Government of India. The Bank has undertaken a preliminary diagnostic assessment of differences between Indian GAAP and Ind AS and will progress implementation in line with applicable requirements and regulatory directions.

Subsequently, the RBI, through its discussion paper on the introduction of the Expected Credit Loss ('ECL') framework for provisioning by banks, proposed a shift from the incurred loss approach to an ECL-based framework aligned broadly with Ind AS 109, supplemented by regulatory backstops where necessary. Further, the RBI issued the Master Direction on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks, 2023, which became effective from April 1, 2024. These directions bring the accounting and classification of investments closer to Ind AS principles and have been implemented by the Bank with effect from April 1, 2024.

The RBI has also issued draft guidelines for implementation of the ECL approach to replace the existing incurred loss-based provisioning framework. As per the draft guidelines, the ECL framework is proposed to be effective from April 1, 2027, with a transition period of five years, subject to issuance of the final guidelines.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) read with Section 134(5) of the Act, the Board of Directors hereby confirms that:

1. In the preparation of the annual accounts for the year ended March 31, 2026, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. We have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Bank as of March 31, 2026 and of the profit of the Bank for the year ended on that date.
3. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the Bank's assets and preventing and detecting fraud and other irregularities.
4. We have prepared the annual accounts on a going concern basis.
5. We have laid down internal financial controls to be followed by the Bank and ensured that such internal financial controls are adequate and are operating effectively.
6. We have devised proper systems to ensure compliance with the provisions of all applicable laws, and such systems are adequate and operate effectively.

Acknowledgement and Appreciation

The Board places on record its sincere appreciation and gratitude to the Government of India, various State Governments, and regulatory authorities, including the RBI, SEBI, Ministry of Corporate Affairs, Insurance Regulatory and Development Authority of India, Indian Banks' Association, Unique Identification Authority of India, and Central Registry of Securitisation Asset Reconstruction and Security Interest of India, for their continued guidance, support, and encouragement. The Board also expresses its gratitude to the shareholders, debenture holders, bankers, lenders, credit rating agencies, and debenture trustees for their continued trust and confidence in the Bank.

The Board further acknowledges the valuable support and cooperation received from BSE Limited, National Stock Exchange of India Limited, National Securities Depository Limited, Central Depository Services (India) Limited, the Registrar and Share Transfer Agent, as well as the Bank's vendors and service providers.

The Board places on record its deep appreciation for the continued patronage and trust of the Bank's valued customers, which remain fundamental to its growth and success.

The Board also conveys its heartfelt appreciation to all employees for their dedication, commitment and teamwork. Their professionalism, strong work ethic and customer-centric approach have been instrumental in driving the Bank's performance and enabling it to consistently serve its customers and stakeholders with excellence.

For and on behalf of the Board
AU SMALL FINANCE BANK LIMITED

Sd/-

Sanjay Agarwal
Managing Director and CEO
DIN: 00009526

Date: July 25, 2026
Place: Mumbai

Sd/-

Vivek Tripathi
Whole Time Director
DIN: 11510604

Date: July 25, 2026
Place: Mumbai

CIN: L36911RJ1996PLC011381

Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302 001, Rajasthan, India.

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
AU SMALL FINANCE BANK LIMITED

We have examined the compliance of conditions of Corporate Governance by AU Small Finance Bank Limited (hereinafter referred to as "the Bank") for the financial year ended March 31, 2026 as prescribed under Regulations 17 to 27 and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

We state that compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as prescribed under Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is issued solely for the purposes of complying with Listing Regulations and may not be suitable for any other purpose.

Place: Mumbai
Date: April 27, 2026
UDIN: F003667H000214451

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

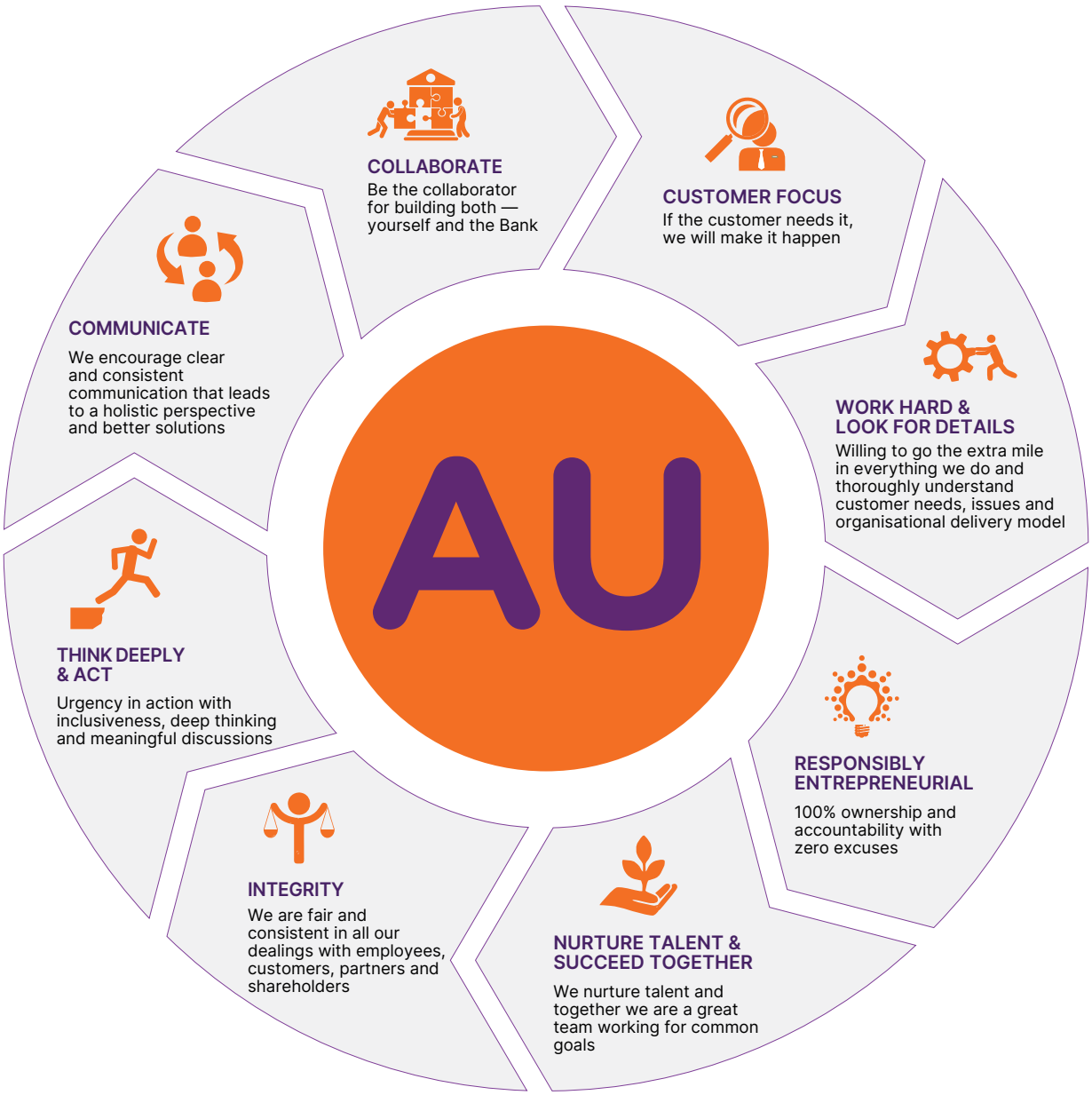
Dipti Mehta
Partner
FCS No.: F3667
CP No.: 23905
PR No.: 7281/2025

Annexure I

Report On Corporate Governance

The Bank's Philosophy on Corporate Governance

At AU Small Finance Bank, corporate governance is deeply rooted in our core value system, '**AU Dharma**', embodies integrity, customer focus, hard work, collaboration, communication, accountability, deep thinking, and nurturing of talent. These values guide our decision-making, business practices, and interaction with stakeholders, fostering a culture where governance is embraced in both spirit and practice.



The Bank is committed to maintaining the highest standards of ethical conduct, transparency, accountability, and regulatory compliance. We strive for timely and accurate communication with stakeholders while continuously enhancing our governance and compliance framework to keep pace with the evolving regulatory and business environment. The Bank's Code of Conduct for Directors, Senior Management, employees, and other stakeholders is aligned with this philosophy.

Our governance framework is supported by a majority-independent Board, independent control functions, robust internal controls based on the Three Lines of Defence model, sound risk management practices, and strong credit and fraud governance mechanisms. Guided by the principles of integrity, independence, effective oversight, and prudent risk management, we remain committed to creating sustainable long-term value for all stakeholders and contributing responsibly to India's growth journey.

Bank's governance structure

Consistent with the Reserve Bank of India's ('RBI') expectations of Board-driven governance, enhanced fiduciary responsibility towards depositors, and strong oversight of risk, compliance and conduct, the Bank's governance framework emphasises outcome-oriented supervision, robust assurance functions, and a culture of accountability led from the top.

Diagrammatic representation of the governance structure of the Bank:



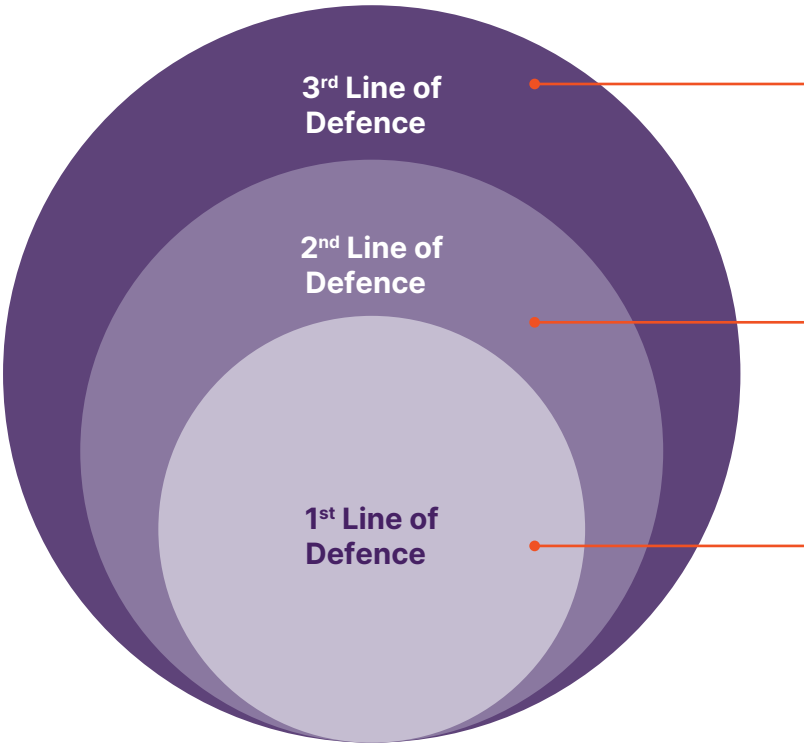
The Bank's governance framework is led by the Board of Directors ('the Board'), appointed by the shareholders. The Board serves as a trustee for all stakeholders, including shareholders, regulators, customers, employees, and the broader community.

The Board is responsible for the Bank's strategic direction and is supported by various Board Committees and Executive Committees. These Committees operate under clearly defined charters, ensuring focused oversight and effective decision-making in their respective domains.

The Managing Director and Chief Executive Officer ('Managing Director and CEO'), under the Board's overall supervision and guidance, is responsible for implementing the Bank's strategy and overseeing its operations. The Executive Director and Deputy CEO, along with the Senior Management Team, support the Managing Director and CEO in managing the Bank's day-to-day functions and ensure effective oversight across business and support areas.

Three Lines of Defence framework

The Bank follows a robust internal control framework based on the Three Lines of Defence model, ensuring effective risk management, regulatory compliance, and independent assurance across all levels.



3rd Line of Defence

Internal Audit and Vigilance functions operate independently to provide objective assurance on the effectiveness of internal controls, governance, and risk management processes.

2nd Line of Defence

Risk and Compliance functions provide oversight, guidance, and ensure alignment with regulatory and internal frameworks.

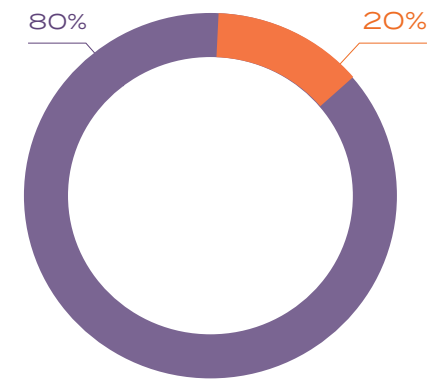
1st Line of Defence

Business units and control functions manage risks within day-to-day operations and ensure adherence to defined processes.

Board of Directors

A. Composition of the Board

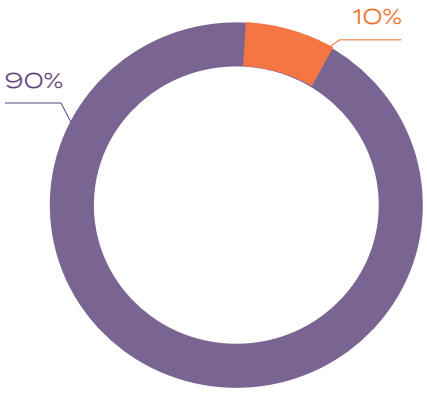
Board Composition by role



Executive Directors - 20%(2)

Independent Directors - 80%(8)

Gender Distribution



Women Directors - 10%(1)

Men Directors - 90%(9)

As on March 31, 2026, the Board consisted of 10 Directors with 2 Executive Directors and 8 Independent Directors including 1 Woman Independent Director. A diverse and experienced Board enhances decision-making, strengthens strategic planning and promotes long-term sustainability. Comprising a majority of Independent Directors, the Board brings unbiased perspectives, upholds best governance practices, ensures accountability and mitigates conflicts of interest.

B. Details of the Board of Directors as on March 31, 2026



Mr. Harun Rasid Khan (Mr. H. R. Khan)
Part Time Chairman and Independent Director
DIN: 07456806

Age 71 Years	**Shareholding** Nil
Qualification M.A., M. Phil, Diploma in Business Management, CAIIB	**Board Membership – Other Listed Entities** Nil
Date of Appointment December 28, 2021 (As Independent Director) January 30, 2024 (As Part Time Chairman)	**No. of Directorships in Other Companies[1]** Nil
Date of Re-Appointment December 28, 2024 (As Independent Director and Chairman)	**Member/Chairperson in Committee(s)[2]** Nil
End Date of Current Term December 27, 2027	



Mr. Jagajit Mangal Prasad (Mr. J. M. Prasad)
Independent Director
DIN: 11146660

Age 65 Years	**Shareholding** Nil
Qualification Honours Diploma in Personnel Management and Industrial Relations, Master's in Mass Communication, B.Com.	**Board Membership – Other Listed Entities** Nil
Date of Appointment July 1, 2025	**No. of Directorships in Other Companies[1]** Nil
Date of Re-Appointment NA	**Member/Chairperson in Committee(s)[2]** Member - 1 Chairman - Nil
End Date of Current Term June 30, 2028	



Mr. Kamlesh Shivji Vikamsey
Independent Director
DIN: 00059620

Age 65 Years	**Shareholding** Nil
Qualification C.A., B.Com	**Board Membership – Other Listed Entities** 1. Navneet Education Limited – Non-Executive Director & Chairperson 2. Nuvama Wealth Management Limited – Independent Director
Date of Appointment April 25, 2022	**No. of Directorships in Other Companies[1]** 6
Date of Re-Appointment April 25, 2025	**Member/Chairperson in Committee(s)[2]** Member – 6 Chairperson – 5
End Date of Current Term April 24, 2030	



Ms. Malini Thadani
Independent Director
DIN: 01516555

Age 68 Years	**Shareholding** Nil
Qualification M.A., Ohio University, Master's in History, Hindu College, Certificate in Public Administration, Ohio University	**Board Membership – Other Listed Entities** 1. Max Estates Limited – Independent Director 2. Max Financial Services Limited – Independent Director
Date of Appointment November 25, 2022	**No. of Directorships in Other Companies[1]** 2
Date of Re-Appointment November 25, 2025	**Member/Chairperson in Committee(s)[2]** Member – 3 Chairperson – Nil
End Date of Current Term November 24, 2028	



Mr. Nandkumar Saravade
Independent Director
DIN: 07601861

Age 64 Years	**Shareholding** Nil
Qualification Master's Degree from the Indian Institute of Technology, Bachelor's of Engineering	**Board Membership – Other Listed Entities** Nil
Date of Appointment May 31, 2025	**No. of Directorships in Other Companies[1]** Nil
Date of Re-Appointment NA	**Member/Chairperson in Committee(s)[2]** Member – Nil Chairperson – Nil
End Date of Current Term May 30, 2028	



Mr. Narasinganallore Venkatesh Srinivasan (Mr. N. S. Venkatesh)
Independent Director
DIN: 01893686

Age 69 Years	**Shareholding** Nil
Qualification C.A., B.Sc., CAIIB, Diploma in Management, Diploma in Financial Services	**Board Membership – Other Listed Entities** Nil
Date of Appointment November 25, 2025	**No. of Directorships in Other Companies[1]** 6
Date of Re-Appointment NA	**Member/Chairperson in Committee(s)[2]** Member – 5 Chairperson – 2
End Date of Current Term November 24, 2028	



Mr. Phani Shankar
Independent Director
DIN: 09663183

Age 55 Years	**Shareholding** Nil
Qualification Post Graduate Programme in Management from IIM, Bachelor of Engineering from NIT	**Board Membership – Other Listed Entities** Nil
Date of Appointment January 20, 2026	**No. of Directorships in Other Companies[1]** Nil
Date of Re-Appointment NA	**Member/Chairperson in Committee(s)[2]** Member – 2 Chairperson – 1
End Date of Current Term January 19, 2029	



Mr. Satyajit Dwivedi
Independent Director
DIN: 08118455

Age 66 Years	**Shareholding** Nil
Qualification M.Sc., B.Sc., CAIIB, Diploma in Micro-Finance from IIBF	**Board Membership – Other Listed Entities** Nil
Date of Appointment November 25, 2025	**No. of Directorships in Other Companies[1]** Nil
Date of Re-Appointment NA	**Member/Chairperson in Committee(s)[2]** Member – 1 Chairperson – Nil
End Date of Current Term November 24, 2028	



Mr. Sanjay Agarwal
Managing Director and CEO (Executive)
DIN: 00009526

Age 55 Years	**Shareholding** 11,71,91,360 Shares
Qualification C.A., B.Com.	**Board Membership – Other Listed Entities** Nil
Date of Appointment April 19, 2017 (Commencement of Banking Operations, on Board since January 22, 2003)	**No. of Directorships in Other Companies[1]** Nil
Date of Re-Appointment Re-appointed for a period of 3 years (w.e.f. April 19, 2026)	**Member/Chairperson in Committee(s)[2]** Member – 1 Chairperson – Nil
End Date of Current Term April 18, 2029	



Mr. Uttam Tibrewal [12]
Whole Time Director and Deputy CEO (Executive)
DIN: 01024940

Age 55 Years	**Shareholding** 1,33,93,556 Shares
Qualification B.Com.	**Board Membership – Other Listed Entities** Nil
Date of Appointment April 19, 2017 (Commencement of Banking Operations, on Board since January 22, 2005)	**No. of Directorships in Other Companies**[1] Nil
Date of Re-Appointment Re-appointed for a period of 3 years (w.e.f. April 19, 2023)	**Member/Chairperson in Committee(s)**[2] Nil
End Date of Current Term April 18, 2026	

Notes:

1. *No. of directorships in other Companies includes Equity Listed Companies and Public Limited Companies.*
2. *Committee details include details of membership(s) and chairpersonship(s) of only Audit Committee and Stakeholders Relationship Committee across all public companies including the Bank as per the provisions of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').*
3. *Detailed profile of each Director can be accessed at https://www.au.bank.in/about-us/board-of-directors.*
4. *Necessary disclosures regarding Committee positions in other Public Limited Companies as on March 31, 2026, were made by the Directors.*
5. *None of the Directors on the Board hold directorship in more than 10 Public Limited Companies and in more than 20 companies in aggregate, in compliance with the requirement of the Companies Act, 2013 ('the Act').*
6. *None of the Directors on the Board was a member of more than 10 committees (Audit Committee and Stakeholders Relationship Committee) or acted as a Chairperson of more than 5 committees (Audit Committee and Stakeholders Relationship Committee) across Public Limited Companies in which they hold directorship.*
7. *None of the Directors on the Board served as a Director in more than seven listed companies.*
8. *None of the Directors on the Board who are Independent Directors of the Bank has resigned before the expiry of their tenure during the FY 2025-26.*
9. *None of the Directors on the Board belonged to the promoter and promoter group, except Mr. Sanjay Agarwal, Managing Director and CEO.*
10. *No inter se relationship existed between the Directors of the Bank.*
11. *The composition of the Board conformed to the Banking Regulation Act 1949, the Listing Regulations, the Act, and the relevant rules made thereunder.*
12. *Mr. Uttam Tibrewal completed his term as Whole Time Director from close of business hours on April 18, 2026 and he is continuing in his capacity as Deputy CEO of the Bank.*

The changes in the composition of the Board of Directors that took place during the FY 2025-26 were carried out in compliance with the provisions of the Act/RBI Guidelines, and details of appointment/re-appointment during the FY 2025-26 are covered in the Board's Report.

As on March 31, 2026, all Non-Executive Directors on the Board were Independent Directors as defined under Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Act, along with rules framed thereunder. In terms of Regulation 25(8) of Listing Regulations, Independent Directors have confirmed that they were not aware of any circumstance or situation which existed or could be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective, independent judgement and without any external influence.

Independent Directors of the Bank submitted their annual disclosures/declarations with respect to the criteria of independence as stipulated under the provisions of the Act, Listing Regulations, the Banking Regulation Act, 1949, and the guidelines issued by the RBI from time to time. In the opinion of the Board, the Independent Directors met the criteria of independence laid down thereunder and were independent of the management.

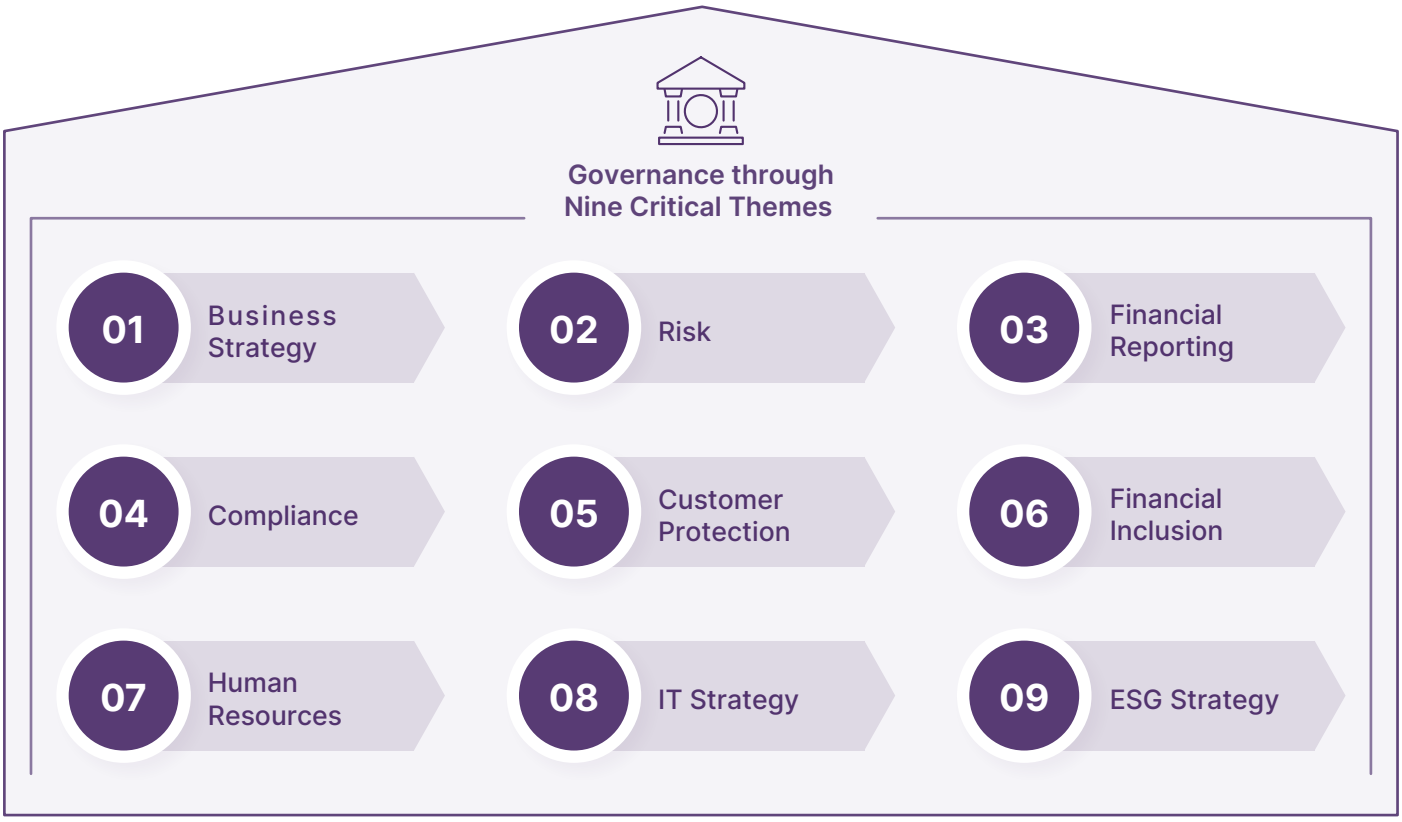
C. Skill matrix of the Board

In the opinion of the Board and the Nomination and Remuneration Committee ('NRC'), the Directors of the Bank possess skills, expertise, and competence relevant in the context of the Bank's businesses and the sector in which it operates, enabling its effective functioning, as per the matrix given below:

Area of Expertise	Mr. H. R. Khan	Mr. J. M. Prasad	Mr. Kamlesh Vikamsey	Ms. Malini Thadani	Mr. Nandkumar Saravade	Mr. N. S. Venkatesh	Mr. Phani Shankar	Mr. Satyajit Dwivedi	Mr. Sanjay Agarwal	Mr. Uttam Tibrewal
Accountancy										
Agriculture and Rural Economy										
Banking										
International Banking										
Business Management										
Co-operation										
Cyber Security										
Economics										
Finance										
Financial Inclusion										
Human Resources										
Information Technology										
Payment and Settlement										
Risk Management										
Small-Scale Industry										
Sustainability and ESG										
Treasury Operations										
Current Committee Chairmanship	CSC CRC CD	NRC	AC	CSR & SC	SCBMF ITS & ISSC	RMC	SRC MC	CFI	RWDC	–

D. Board and Committee meetings

The Board and Committee meetings were convened at regular intervals to deliberate on matters of strategic and financial importance, as well as on regulatory agendas covered under the Calendar of Reviews based on seven critical themes prescribed by RBI. In line with the principles of robust governance, the Bank has adopted two additional themes to the Calendar of Reviews, namely, IT Strategy and ESG Strategy.



Scheduling the meetings

The schedule for quarterly meetings of the Board and its Committees is finalised well in advance to ensure the availability and effective participation of Directors. In cases of exigent business requirements, meetings are convened at shorter notice, either in person or via electronic means, or matters are approved through circulation.

Items involving unpublished price-sensitive information are circulated to the Board and Committee members at shorter notice, in accordance with the general consent obtained pursuant to the applicable Secretarial Standards from time to time.

Agenda of the meetings

The agenda for Board and Board Committee meetings are prepared in accordance with the Calendar of Reviews, applicable laws, and business requirements. Agenda notes are prepared and reviewed by officials of the respective departments in consultation with the Functional Head/Company Secretary.

To facilitate effective discussions at the meetings, the agendas are bifurcated into three categories, namely approval, policies, and noting/review, to facilitate efficient time management, informed decision-making and active participation, leading to higher Board effectiveness.

Procedure

Agendas and presentations for Board and Committee meetings are circulated to Board and Committee members in advance via a secure application, with members having unrestricted access to relevant information. The respective senior officials are invited to present the agenda items and provide insights to support well-informed decision-making.

Post-meeting action tracker

Directions given by the Board/Committee are communicated to the relevant officials/departments to take necessary action. Important decisions taken at the Board and Committee meetings are tracked till their closure, and an Action Taken Report is placed before the Board and Committees at their respective meetings.

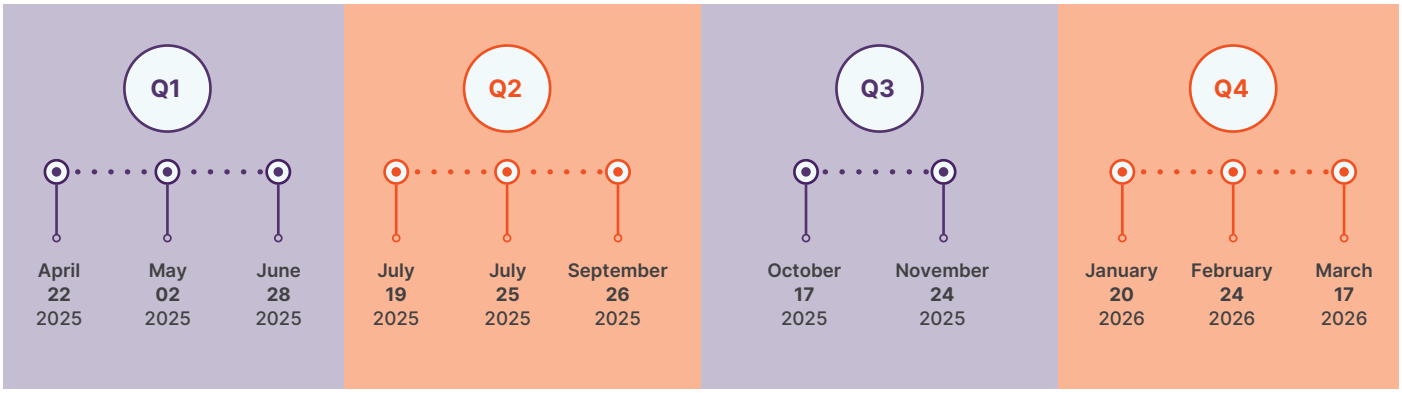
Minutes of the meeting

Pursuant to the requirements of the Secretarial Standard on Meetings of the Board of Directors ('SS-1') issued by the Institute of Company Secretaries of India, the draft minutes are circulated to the members of the Board/Committee within 15 days from the date of the conclusion of the meetings for their comments. The Comments received from the members on minutes are duly incorporated before the minutes are entered in the minutes book. The minutes are subsequently noted at the next meeting.

The resolution, if any, passed by circulation is placed at the next meeting of the Board/ Committee.

Number of Board meetings held during the FY 2025-26

During the FY 2025-26, the Board of Directors of the Bank met Eleven (11) times on the following dates:



The requisite quorum was present for all the meetings of the Board held during the FY 2025-26.

The attendance details of Directors at Board meetings and the last Annual General Meeting are as follows:

Name of Director	Designation	No. of Board meetings entitled to attend	Board meetings attended	Attendance at 30th AGM
Mr. H. R. Khan	Part-Time Chairman and Independent Director	11	11	Yes
Mr. Kamlesh Vikamsey	Independent Director	11	11	Yes
Mr. Kannan Gopalaraghavan Vellur[1] (Mr. V. G. Kannan)	Independent Director	9	9	Yes
Ms. Kavita Venugopal[2]	Independent Director	11	11	Yes
Mr. J. M. Prasad[3]	Independent Director	8	8	Yes
Ms. Malini Thadani	Independent Director	11	11	Yes
Mr. Mankal Shankar Sriram[4] (Mr. M S Sriram)	Independent Director	7	7	Yes
Mr. N. S. Venkatesh[5]	Independent Director	3	3	NA
Mr. Nandkumar Saravade[6]	Independent Director	9	9	No
Mr. Phani Shankar[7]	Independent Director	3	3	NA
Mr. Pushpinder Singh[4]	Independent Director	7	7	Yes

Name of Director	Designation	No. of Board meetings entitled to attend	Board meetings attended	Attendance at 30th AGM
Mr. Satyajit Dwivedi[8]	Independent Director	3	3	NA
Mr. Divya Sehgal[9]	Non-Executive Non-Independent Director	9	6	Yes
Mr. Sanjay Agarwal	Managing Director and CEO	11	11	Yes
Mr. Uttam Tibrewal	Whole Time Director and Deputy CEO	11	10	Yes

Notes:

1. *Mr. V. G. Kannan ceased to be Independent Director of the Bank on January 21, 2026 (close of business hours) on completion of tenure on the Board.*
2. *Ms. Kavita Venugopal ceased to be Independent Director of the Bank on March 28, 2026 (close of business hours) on completion of tenure on the Board.*
3. *Mr. J. M. Prasad was appointed as an Additional Director (Non-Executive Independent) w.e.f. July 01, 2025, and his appointment was approved by the shareholders as an Independent Director for a term of 3 years pursuant to resolution passed at the AGM on August 08, 2025.*
4. *Mr. M. S. Sriram and Mr. Pushpinder Singh ceased to be Independent Directors of the Bank on October 20, 2025 (close of business hours) upon completion of their tenure on the Board.*
5. *Mr. N. S. Venkatesh was appointed as an Additional Director (Non-Executive Independent) w.e.f. November 25, 2025, and his appointment was approved by the shareholders as an Independent Director for a term of 3 years pursuant to resolution passed through postal ballot on December 25, 2025.*
6. *Mr. Nandkumar Saravade was appointed as an Additional Director (Non-Executive Independent) w.e.f. May 31, 2025, and his appointment was approved by the shareholders as an Independent Director for a term of 3 years pursuant to resolution passed at the AGM on August 08, 2025.*
7. *Mr. Phani Shankar was appointed as an Additional Director (Non-Executive Independent) w.e.f. January 20, 2026, and his appointment was approved by the shareholders as an Independent Director for a term of 3 years pursuant to resolution passed through postal ballot on February 28, 2026.*
8. *Mr. Satyajit Dwivedi was appointed as an Additional Director (Non-Executive Independent) w.e.f. November 25, 2025, and his appointment was approved by the shareholders as an Independent Director for a term of 3 years pursuant to resolution passed through postal ballot on December 25, 2025.*
9. *Mr. Divya Sehgal stepped down from the Board as Non-Executive Non-Independent Director on January 20, 2026 (close of business hours) following the completion of the amalgamation of Fincare Small Finance Bank Limited into and with AU Small Finance Bank Limited and in view of his other professional commitments.*

The role and the composition of Board Committees as of March 31, 2026 is as follows:

1. Audit Committee

Terms of Reference

The terms of reference of the Audit Committee, inter-alia, include:

- Review and approve the remit, nature and scope of the internal audit function and ensure it has adequate resources, skills, qualifications, and appropriate access to information to enable it to perform its function effectively.
- Consider major findings of internal - quarterly, semi-annual, and annual audit reviews.
- Review of significant Audit Findings of the following audits along with the compliance thereof - (i) LFAR (ii) Concurrent Audit (iii) Internal Inspection (iv) I.S. Audit of Data Centre (v) Treasury and Derivatives (vi) Management Audit at Controlling Offices/Head Offices.
- Review management letter(s) and management response to the findings, recommendations of the external auditor(s).
- Oversee relationship with external auditors with respect to their remuneration for services, terms of engagement, assessment of their independence, rotation of auditors, resignation and dismissal of auditors, approval of audit plan in line with the scope of engagement.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance, including their policies, procedures, techniques, and other regulatory requirements.
- Obtain regular updates from management and Bank's legal counsel regarding compliance matters.
- Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank including approval of payment to auditors for any other services rendered.
- Appointment of Chief Financial Officer, Head of Internal Audit, Chief Compliance Officer, Head of Internal Vigilance after assessing the qualifications, experience, and background, etc. of the candidate and changes in their terms, if any.

- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgement by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure and approvals of any related party transactions.
  - modified opinion(s) in the draft audit report.
- Reviewing and overseeing the functioning of the Whistleblower mechanism/vigil mechanism established by the Bank and the Chairperson of audit committee shall directly hear grievances of victimisation of employees and directors, who use vigil mechanism to report genuine concerns.
- Approval or any subsequent modification of transactions of the Bank with related parties or grant of omnibus approval for related party transactions proposed to be entered into by the Bank subject to the conditions specified under Listing Regulations;
- Reviewing, with the management, the quarterly financial results before submission to the Board for approval.
- Monitors the work performed by the concurrent auditors, internal auditors, statutory auditors and compliance with directives issued by the Board and the RBI. Further, the Committee assesses the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the officials heading the department, reporting structure, coverage and frequency of internal audit.
- Critical information such as compliance with observations arising out of the RBI Annual Financial Inspection, review of the audit plan and status or its achievement, review of adequacy of internal control systems, review of frauds, inspection report of poorly rated branches, review of revenue leakages, penalties imposed/penal action taken against the Bank etc., are also reviewed by the Audit Committee.

During the year, Audit Committee met Eleven (11) times on April 17, 2025, April 22, 2025, June 27, 2025, July 16, 2025, July 19, 2025, September 26, 2025, October 10, 2025, October 17, 2025, January 12, 2026, January 20, 2026, and February 25, 2026.

Details of the composition of the Audit Committee as on March 31, 2026, is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. Kamlesh Vikamsey	Independent Director	Chairperson
Mr. J. M. Prasad	Independent Director	Member
Mr. N. S. Venkatesh	Independent Director	Member
Mr. Phani Shankar	Independent Director	Member
Mr. Satyajit Dwivedi	Independent Director	Member

2. Risk Management Committee ('RMC')

Terms of Reference

The terms of reference of the RMC, *inter-alia*, include:

- Review Bank's risk management framework (i.e. principles, policies, strategies, process, and controls) and to ensure that the same is being communicated throughout review reports from management concerning changes in the factors relevant to the Bank's projected strategy, business performance and capital adequacy.
- To ensure that the procedures for identifying, measuring, monitoring, and controlling risks are in place.
- Ensure appropriate risk organisation structure with authority and responsibility clearly defined, adequate staffing and the independence of the Risk Management function.

- To review report on fraudulent transactions relating to internet banking and pointing out the deficiencies in the existing system including steps taken to prevent such cases under Operational risk.
- Review reports from management concerning implications of new and emerging risks, legislative or regulatory initiatives and changes, organisational changes and all other major initiatives in order to monitor them.
- To continuously scan the environment for new and emerging risks coming up including changes in regulations/rules which could impact the performance of the Bank.
- To review, consider and recommend to Nomination and Remuneration Committee ('NRC') performance assessment of Chief Risk Officer ('CRO') of the Bank and set objectives for the CRO and ensure that the CRO has unfettered access to the Risk Management Committee and Board.
- Oversee statutory/ regulatory reporting requirements related to risk management.
- Monitor and review capital adequacy computation with an understanding of methodology, systems, and data.
- Approve the stress testing results/analysis and monitor the action plans and corrective measures in line with internal guidelines.
- Monitor and review non-compliance, limit breaches, audit/regulatory findings and policy exception of risk management as well as fraud and potential losses.
- Oversee the working of the Credit Risk Management Committee, Asset & Liability Management Committee, Investment Committee, Operational Risk Management Committee, Committee for Outsourcing of IT & Financial Services and Information Security Committee.
- Review and ensure that all systems are being implemented in the Bank with adequate security controls.
- Provide appropriate and prompt reporting to the Board of Directors, in order to fulfil the oversight responsibilities of the Board of Directors.

During the year, RMC met Nine (9) times on April 18, 2025, April 21, 2025, June 27, 2025, July 15, 2025, July 18, 2025, October 09, 2025, October 16, 2025, January 13, 2026, and January 19, 2026.

Details of the composition of the RMC as on March 31, 2026 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. N. S. Venkatesh	Independent Director	Chairperson
Mr. H. R. Khan	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. Nandkumar Saravade	Independent Director	Member
Mr. Phani Shankar	Independent Director	Member
Mr. Uttam Tibrewal	Whole Time Director and Deputy CEO	Member

3. Nomination and Remuneration Committee ('NRC')

Terms of Reference

The terms of reference of the NRC, *inter-alia*, include:

- Develop policies and lay down criteria for appointment/removal/reappointment of the Directors of the Board capturing the statutory and regulatory requirements.
- Formulate comprehensive criteria for appointment of directors in terms of qualifications, positive. attributes, independence, professional experience, track record and integrity of the person.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Devise a policy on Board diversity based on diversity of thought, experience, knowledge, perspective, and gender.
- Conduct appropriate due diligence and scrutinise the declarations made by probable candidates at the time of appointment/ re-appointment of directors.
- Ensure that the Bank has a detailed succession and management continuity plan for key positions.
- Assist in defining the performance evaluation criteria for directors and other Key Management Personnel ('KMPs'), Senior Managerial Personnel ('SMPs'), Material Risk Takers ('MRTs') and Control Function Staff and ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

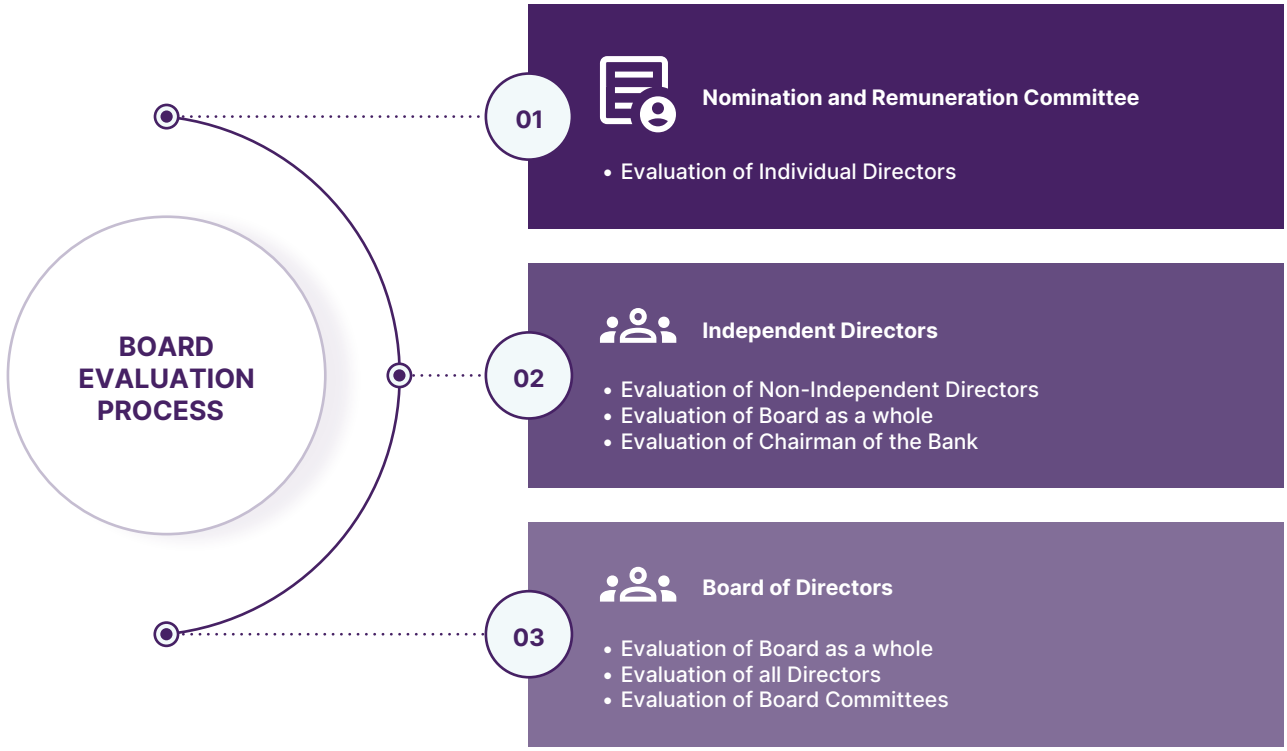
- Ensure Bank's compensation policy provides a fair and consistent basis for motivating and rewarding employees appropriately according to their performance, job profile/role size, contribution, skill, and competence and review compensation levels of the Bank's employees vis-à-vis other Banks and the Banking industry in general.
- Ensure that the compensation for Directors, KMPs, SMPs, MRTs and Control Function Staff is in accordance with the RBI guidelines and other applicable regulatory requirements.
- Review and oversee the Employee Benefits programme of the Bank, including deferred benefits plans and retirement plans.
- Perform such functions as are required to be performed by the compensation committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:
  - Administering the Employee Stock Option Plans ('ESOP').
  - Determining the eligibility of employees to participate under the ESOP.
  - Granting options to eligible employees and determining the date of grant.
  - Determining the number of options to be granted to an employee.
  - Determining the exercise price under the ESOP.
  - Construing and interpreting the ESOP and any agreements defining the rights and obligations of the Bank and eligible employees under the ESOP, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP.

During the year, NRC met Nine (9) times on April 08, 2025, April 21, 2025, June 14, 2025, July 25, 2025, September 26, 2025, October 16, 2025, November 24, 2025, January 19, 2026, and March 26, 2026.

Details of the composition of the NRC as on March 31, 2026 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. J. M. Prasad	Independent Director	Chairperson
Mr. H. R. Khan	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member
Ms. Malini Thadani	Independent Director	Member

Performance Evaluation

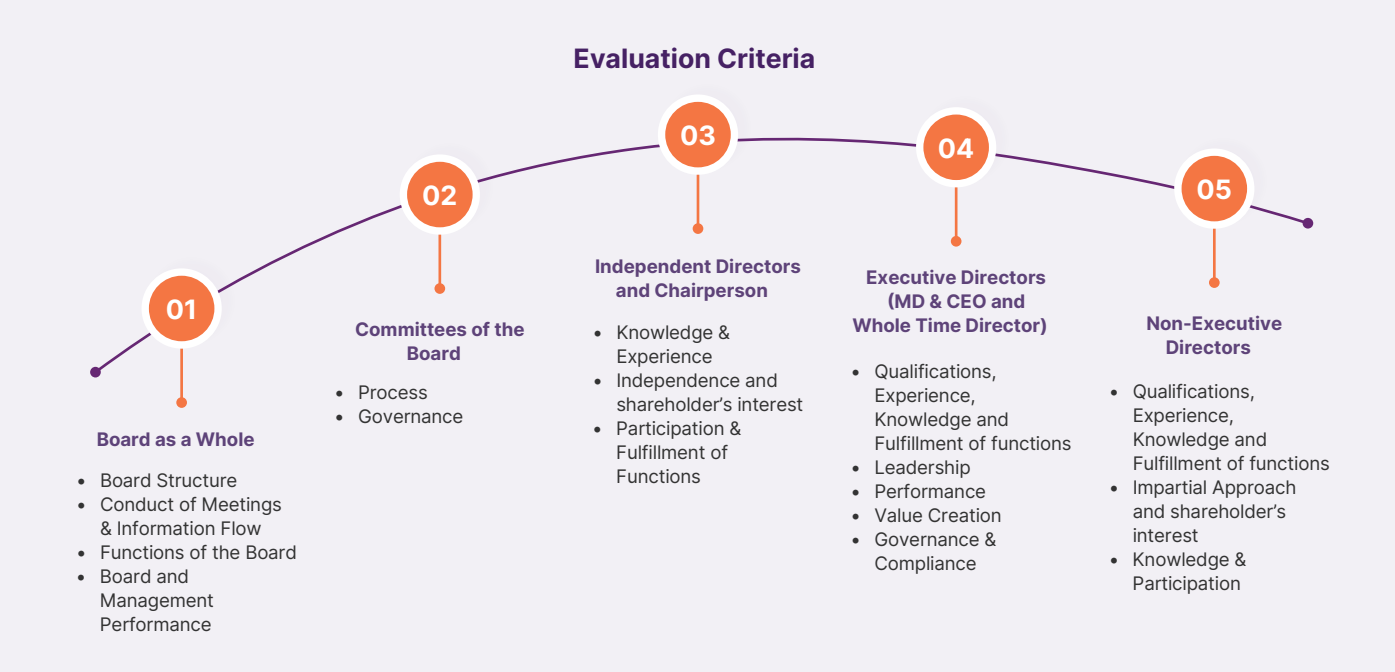


Process of Board Evaluation

The Bank's Board evaluation framework is structured in alignment with the provisions of Section 149(8) read with Schedule IV and Section 178(2) of the Act, as well as Regulations 17 and 25 of the Listing Regulations and also adhered to the Guidance Note on Board Evaluation issued by Securities and Exchange Board of India ('SEBI'). The evaluation was conducted using a structured online questionnaire encapsulating both qualitative and quantitative parameters, to ensure a comprehensive and objective assessment of the Board's performance.

The Bank has established a structured and comprehensive process for evaluating the performance of the Board, its Committees, and individual Directors, including the Chairperson. This evaluation is designed to promote transparency, accountability, and continuous improvement in governance.

The performance evaluation of the Board as a whole, Individual Directors, the Chairperson, and Committees was conducted through online questionnaires comprising qualitative and quantitative assessment parameters based on the criteria outlined below. The Director being evaluated abstained from participating in their own evaluation process.



Outcome & Summary of Evaluation

The annual performance evaluation of the Board, its Committees and individual Directors for the financial year 2025–26 was carried out in accordance with the provisions of the Companies Act, 2013, SEBI (LODR) Regulations. The evaluation reflected active participation and insightful feedback from all Board members.

The Board Evaluation exercise reflected that the Board functions effectively, independently and cohesively, with active participation, diverse expertise and collective wisdom of its members. The evaluation affirmed the Board's continued effectiveness in providing strategic direction, overseeing execution of key initiatives and ensuring robust governance oversight. It also highlighted strong and constructive engagement between the Board and Management, while maintaining the Board's independence in discharging its stewardship and oversight responsibilities.

Action Taken on Previous Year's Observations

During the year, the Bank undertook several initiatives to implement the actionable outcomes arising from the previous year's evaluation:

- **Strategy Meeting of Board:** A dedicated strategy meeting was convened wherein the Board engaged in detailed deliberations on the Bank's long-term strategic direction. The Board also devoted enhanced time to matters of strategic importance, including business outlook, market dynamics, competitive environment and relevant macro and micro-economic developments.
- **Knowledge Enhancement Sessions:** Various knowledge sessions were organised for the Board, covering key areas such as corporate governance, information technology, cyber security, and forex & treasury risks among others, thereby strengthening the Board's oversight capabilities.
- **Engagement with External Expert:** Economic expert has been onboarded to provide insights on macroeconomic developments and their implications for the economy and the banking industry.

Key Observations and Recommendations

Based on the evaluation, the following suggestions were noted for further strengthening of Board effectiveness:

- **AI Adoption and Cyber Resilience:** The Board emphasized the strategic importance of AI in driving innovation, enhancing customer experience, and improving operational efficiency, while encouraging a balanced approach supported by robust governance, risk management, and enhance cyber resilience to ensure the safe, secure, and sustainable deployment of AI-driven solutions across the Bank.
- **IT Expertise:** Onboarding of an external IT Expert / IT Director is to be undertaken under the oversight of the Nomination & Remuneration Committee (NRC).
- **Leadership Development Programme:** A leadership development programme may be conducted by the Bank in consultation with the NRC Chair.

Compensation Policy

The Bank has a Board-approved Compensation Policy in place that governs the appointment, compensation, and benefits of Executive and Non-Executive Directors, KMP, SMP, Material Risk Takers, and Control Function Staff. This policy is aligned with the Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025 on the compensation of Whole Time Directors, Chief Executive Officers, Risk Takers, and Control Function Staff, as well as subsequent RBI directives. It also complies with Section 178 of the Act, the applicable Rules thereunder, and the Listing Regulations, as amended from time to time.

The Compensation Policy is reviewed annually by the Board of Directors, in addition to other amendments that may be required during the year. The policy is hosted on the Bank's website and can be accessed via the link https://www.au.bank.in/investors/secretarial-policies.

Remuneration to Directors

Remuneration of Non-Executive Directors

Independent Directors are paid sitting fees for attending meetings of the Board and its Committees. The sitting fees paid are within the permissible limits as prescribed under the Act, Reserve Bank of India ('Small Finance Banks – Governance') Directions, 2025, and other regulatory guidelines, as amended from time to time.

Independent Directors are entitled to receive the sitting fees of ₹90,000 per meeting for attending the Board meetings and ₹55,000 per meeting for attending the Committee meetings. The sitting fee was paid immediately after the respective Board and Committee meeting to those directors who have attended the meetings.

Considering the significant contributions of the Independent Directors, fixed remuneration of ₹18,00,000 per annum is payable to each Independent Director of the Bank and ₹27,00,000 per annum to Part Time Chairman of the Bank.

The details of sitting fees for attending the Board and Committee meetings and Compensation paid to Independent Directors for the Financial Year ended March 31, 2026 are provided below:

(₹ in Lakh)

Name of Independent Director	Sitting Fees	Compensation/ Honorarium	Total
Mr. H. R. Khan	29.70	27.00	56.70
Mr. Kamlesh Vikamsey	25.85	18.00	43.85
Mr. V. G. Kannan[1]	24.60	14.60	39.20
Ms. Kavita Venugopal[2]	25.85	17.85	43.70
Mr. J. M. Prasad[3]	11.60	13.51	25.11
Ms. Malini Thadani	20.90	18.00	38.90
Mr. M. S. Sriram[4]	20.05	10.01	30.06
Mr. N. S. Venkatesh[5]	4.35	6.26	10.61
Mr. Nandkumar Saravade[6]	16.90	15.04	31.94
Mr. Pushpinder Singh[4]	19.50	10.01	29.51

(₹ in Lakh)

Name of Independent Director	Sitting Fees	Compensation/ Honorarium	Total
Mr. Phani Shankar[7]	4.35	3.50	7.85
Mr. Satyajit Dwivedi[8]	5.45	6.26	11.71

Note: *None of the Non-executive Directors have any pecuniary relationship or transaction with the Bank apart from receiving sitting fee and Compensation/ Honorarium as applicable.*

1. *Tenure completed on January 21, 2026*
2. *Tenure completed on March 28, 2026*
3. *Appointed w.e.f. July 1, 2025*
4. *Tenure completed on October 20, 2025*
5. *Appointed w.e.f. November 25, 2025*
6. *Appointed w.e.f. May 31, 2025*
7. *Appointed w.e.f. January 20, 2026*
8. *Appointed w.e.f. November 25, 2025*

During the FY 2025-26, as per the terms and conditions of appointment of Mr. Divya Sehgal, Non-Executive Non-Independent Director, no sitting fees/fixed remuneration was paid to him.

Remuneration of Executive Directors

On recommendation of the Nomination and Remuneration Committee, the Board of the Bank approves the remuneration of Executive Directors subject to shareholders' and the RBI's approvals, as applicable. Terms of appointment of Executive Directors is governed by the employment agreement executed between the Bank and Executive Director and agreement can be terminated by either party by giving one month's notice in writing.

A proper balance between fixed pay and variable pay is ensured for remuneration of the Executive Directors, the variable pay is a mix of cash and non-cash instrument, which is paid under deferral arrangement. The Executive Directors are duly bound with Malus and Clawback clause, which activates in the event of subdued or negative financial performance of the Bank and there is no provision for payment of severance fees.

Remuneration details of Executive Directors, namely Mr. Sanjay Agarwal, Managing Director and CEO, and Mr. Uttam Tibrewal, Whole Time Director and Deputy CEO of the Bank, are given below:

(₹ in Crore)

Name	Fixed Pay for FY 2025-26 (Including perquisites)	Variable Pay of Previous Years (Paid during FY 2025-26)
Mr. Sanjay Agarwal, Managing Director and CEO	3.32*	2.20#
Mr. Uttam Tibrewal, Whole Time Director and Deputy CEO@	2.87*	0.67^

**As approved by RBI vide its letter dated December 2, 2025.*

#Variable Pay (Performance bonus) of ₹2.45 Crore for FY 2024-25 for Mr. Sanjay Agarwal was approved by RBI on December 2, 2025 and out of which ₹1.23 Crore was paid during the FY 2025-26 and remaining is deferred for the next 3 years in equal instalments. Further, ₹0.47 Crore, ₹0.20 Crore, ₹0.16 Crore and ₹0.14 Crore were paid during the FY 2025-26 pertaining to deferred variable pay for the FY 2023-24, 2022-23, 2021-22 and 2020-21, respectively.

^Variable Pay (Performance bonus) of ₹2.75 Crore (₹0.69 Crore Cash and employee stock options valuing ₹2.06 Crore) for FY 2024-25 for Mr. Uttam Tibrewal was approved by RBI on December 2, 2025 and out of cash variable pay ₹0.34 Crore was paid during the FY 2025-26 and remaining is deferred for the next 3 years in equal instalments. Further, ₹0.13 Crore, ₹0.07 Crore, ₹0.06 Crore and ₹0.07 Crore were paid during the FY 2025-26 pertaining to deferred variable pay for the FY 2023-24, 2022-23, 2021-22 and 2020-21, respectively. 43,006 employee stock options amounting to ₹2.06 Crore have been granted under ESOP 2023 by the Nomination and Remuneration Committee of the Bank on March 26, 2026.

@ Mr. Uttam Tibrewal completed his term as Whole Time Director from close of business hours on April 18, 2026 and he is continuing in his capacity as Deputy CEO of the Bank. During the FY 2025-26, Mr. Uttam Tibrewal exercised 68,344 options under ESOP 2020 and 2023 (5,152 at an exercise price of ₹547.50, 9,100 options at an exercise price of ₹603.50, 26,992 options at an exercise price of ₹617, 19,423 options at an exercise price of ₹623 and 7,677 options at an exercise price of ₹642). Remuneration of Mr. Uttam Tibrewal is excluding perquisite amount of ₹1.52 Crore for employee stock options exercised during the FY 2025-26. Further details of ESOPs are covered in Board's Report.

4. Stakeholders Relationship Committee ('SRC')

Terms of Reference

The terms of reference of the SRC, inter-alia, include:

- Resolving the grievances of the security holders of the Bank including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar and Share Transfer Agent ('RTA').
- Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank.
- Carrying out any other function contained in the Listing Regulations.

During the year, the SRC met Two (2) times on June 28, 2025 and February 13, 2026.

Details of the composition of the SRC as on March 31, 2026 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. Phani Shankar	Independent Director	Chairperson
Mr. Kamlesh Vikamsey	Independent Director	Member
Ms. Malini Thadani	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director and CEO	Member

Investor Grievance Redressal

The Bank has appointed MUFG Intime India Private Limited as its RTA to undertake share transfer activities and other related work. MUFG Intime India Private Limited had appropriate systems and processes in place to ensure that requisite services were provided to the Bank's investors in accordance with applicable laws and the prescribed service standards. The SRC reviews/evaluates the performance of RTA on periodic basis.

For any assistance, request or instruction regarding the transfer or transmission of securities, dematerialisation of securities, change of address, non-receipt of the annual report, dividend and any other query relating to the securities of the Bank, investors may contact the RTA, MUFG Intime India Private Limited, at rnt.helpdesk@in.mpms.mufg.com.

For any escalations, shareholders can write to the Bank at investorrelations@aubank.in. The addresses and contact details of RTA are provided in the General Shareholder Information section of Corporate Governance Report.

Details of Investor complaints:

Particulars	Shareholders	Debenture holders
No. of complaints pending as on April 1, 2025	0	0
No. of complaints received during the FY 2025-26	6	1
No. of complaints resolved during the FY 2025-26	6	1
No. of complaints pending as on March 31, 2026	0	0

In compliance with the Listing Regulations, the statement of investor grievances was submitted to stock exchanges every quarter.

Members holding shares in physical form were requested to convert their holdings to dematerialised form to eliminate risks associated with physical shares, enable transfer, and facilitate portfolio management. Pursuant to SEBI Master Circular for Registrars to Issue and Share Transfer Agents dated February 6, 2026, Investor Service Request Form ISR-1, along with other forms, were shared with shareholders holding shares in physical form and made available on the website of the Bank and the RTA for updating KYC details.

Name and Designation of Compliance Officer

Pursuant to Regulation 6(1) of Listing Regulations, Mr. Manmohan Parnami, Company Secretary, is designated as Compliance Officer.

5. Corporate Social Responsibility and Sustainability Committee ('CSR & SC')

As part of the Bank's continued focus on strengthening governance and adopting an integrated approach to enhance stakeholder engagement and reporting, reduce duplication of efforts, and improve co-ordination across initiatives, the Board, at its meeting held on November 24, 2025, approved the integration of Corporate Social Responsibility ('CSR') Committee and Sustainability Committee into a unified Corporate Social Responsibility & Sustainability Committee ('CSR & SC') along with the Committee's charter covering its roles and responsibilities, quorum requirements, and meeting frequency.

Terms of Reference

The terms of reference of the CSR & SC, inter-alia, include:

For CSR

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII.
- Recommend the amount of expenditure to be incurred on the activities referred to in clause(a).
- Monitor the Corporate Social Responsibility Policy of the company from time to time.
- CSR projects & Activities specified in the CSR policy of the Bank shall be undertaken by using appropriate procedures and frameworks.
- Identify areas of CSR activities and review of CSR plans to ensure it is in compliance of CSR Policy and Bank's CSR strategy. It will also recommend the amount of expenditure to be incurred on such activities.
- To review and recommend to Board for Classification of existing CSR activities/projects of FY into ongoing projects and/or other activities and making suitable changes thereto as per the applicable provisions of the Act and rules made thereunder.
- Monitor the implementation of the projects in pursuance to Annual Action Plan for smooth implementation of the project within the overall permissible time period and satisfy itself regarding the utilisation of the disbursed CSR funds.
- Ensure that all payments to implementing agencies as specified under Companies ('CSR Policy') Rules, 2014 or otherwise, are properly accounted for and institute a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/activities proposed to be undertaken by the Bank.
- Encourage the staff to participate in CSR activities.
- Ensure that CSR activities undertaken by the Bank are appropriately disclosed in the Annual Report.
- Ensure that any surplus arising out of CSR activities does not form a part of business profits of the Bank.
- The CSR Committee shall also report annually:
  - Significant CSR activities and achievements in the Bank's Annual Report.
  - The impact assessment reports which shall be placed before the Board as applicable and shall be annexed to the annual report on CSR.

For Sustainability

- Align lending and investment decisions with sustainability goals.
- Monitor compliance with sustainability frameworks for financial products.
- Ensure operational resilience and resource efficiency.
- Drive strategies for reducing energy, emissions, and water intensity across operations.
- Support community-level climate resilience initiatives through partnerships.
- Advocate and communicate sustainability practices internally and externally.
- Maintain governance frameworks and roadmap for sustainability reporting.
- Engage stakeholders to identify material issues impacting communities.
- Publish disclosures on climate risks and sustainability performance as per global standards.

During the year, CSR Committee & Sustainability Committee met on May 14, 2025 and CSR & SC met on February 13, 2026.

Details of the composition of the CSR & SC as on March 31, 2026 is as follows:

Name	Category of Directorship	Chairperson/ Member
Ms. Malini Thadani	Independent Director	Chairperson
Mr. H. R. Khan	Independent Director	Member
Mr. Nandkumar Saravade	Independent Director	Member
Mr. Satyajit Dwivedi	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director and CEO	Member

6. IT Strategy and Information Systems Security Committee

Terms of Reference

The terms of reference of the IT Strategy and Information Systems Security Committee, inter-alia, include:

- Review the IT related strategy and policy and ensure that the same is approved by the Board.
- Oversee performance of the IT Steering Committee and IT Security Risk Management Committee and guide the management in implementing the IT strategy, maintaining a good balance between the Board and the Management across all IT related verticals.
- Implementation of an IT governance framework covering basic principles of value delivery, IT Risk Management, IT resource management, and performance management (including IT Security).
- Ensure that a governance structure is created for IT which will include technology and development, IT operations, IT assurance and supplier and resource management, each of which may be headed by suitably experienced and trained senior officials.
- Review IT performance measurement and contribution of IT to the Bank's business.
- Review the IT operational model and ensure it is effective and working as per set policies and processes.
- Review the investments made into IT infrastructure to sustain the Bank's growth and represent a balance of risks and benefits.
- Overseeing the aggregate funding of IT at Bank-level and ascertain if the management has resources to ensure the proper management of IT risks.

  Oversee and guide the process of:

  - Budgetary allocations for the IT function (including for IT security) aligned with the Bank's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives.
  - Maintain close oversight over the Business Continuity Planning and Disaster Recovery Management of the Bank consistent with the Regulatory and supervisory expectations on the one hand and the best industry standards and practices on the other hand, under the broad Digital Vision of the bank.
  - Ensure the annual assessment of capacity vis-à-vis the expectations, with sufficient safety in terms of any capacity constraint based on past trend (peak usage), business activities (current as well as future plans) and address the issues effectively in order to ensure that there is always enough bandwidth available for any contingency.

During the year, IT Strategy and Information Systems Security Committee met Eight (8) times on May 20, 2025, May 21, 2025, August 21, 2025, August 22, 2025, November 27, 2025, November 28, 2025, February 20, 2026, and February 21, 2026.

Details of the composition of the IT Strategy and Information Systems Security Committee as on March 31, 2026 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. Nandkumar Saravade	Independent Director	Chairperson
Mr. H. R. Khan	Independent Director	Member
Mr. Phani Shankar	Independent Director	Member
Mr. Satyajit Dwivedi	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director and CEO	Member

7. Customer Service Committee ('CSC')

Terms of Reference

The terms of reference of the CSC, inter-alia, include:

- To review and monitor the effective implementation of customer service-related policies, procedures, systems and processes.
- Review the statement of complaints along with an analysis of the complaints received with an objective to address the following: (i) to identify customer service areas in which the complaints are frequently received; (ii) to identify frequent sources of complaint; (iii) to identify systemic deficiencies; and (iv) for initiating appropriate action to make the grievance redressal mechanism more effective.
- Review, on a quarterly basis, the position of the complaints against the Bank with the Banking Ombudsman offices/ Consumer Courts/Courts and analyse the reasons for these complaints not getting resolved by the Bank itself.

- Review the effectiveness of grievance redressal mechanism within the Bank for redressing complaints received about services rendered by Business Correspondents (BC).
- Evaluate the trend analysis of customer complaints by product categories/channels/BCs and monitor improvement plans.
- Ensure that the products and services are appropriate to the needs of the customers by analysing products and service and associated customer complaints for betterment in customer service quality and adhere to extant regulations.
- Assess Banking Ombudsman awards on a periodic basis, address systemic deficiencies brought out by these awards and report cases with delayed implementation of more than 3 months to the Board with reasons for delay to facilitate necessary remedial action on priority.
- Review the details of the number of claims received pertaining to deceased depositors/ locker-hirers/ depositors of safe custody article accounts and those pending beyond the stipulated period, giving reasons.
- Review the performance of 'Standing Committee for Customer Services' and other Sub Committees, if any.
- Benchmark review of turnaround time for key product offerings and monitoring improvement plans put in place.

During the year, CSC met Four (4) times on April 21, 2025, August 22, 2025, November 15, 2025, and February 7, 2026.

Details of the composition of the CSC as on March 31, 2026 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. H. R. Khan	Independent Director	Chairperson
Mr. J. M. Prasad	Independent Director	Member
Ms. Malini Thadani	Independent Director	Member
Mr. N. S. Venkatesh	Independent Director	Member
Mr. Uttam Tibrewal	Whole Time Director and Deputy CEO	Member

8. Management Committee

Terms of Reference

The terms of reference of the Management Committee, inter-alia, include:

- To approve credit facilities & investment exposure above certain threshold to new exposure/loan to existing customers along with existing facility.
- Reporting to Board about no officer or any Committee comprising, inter-alia, an officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to his/her relative.
- Reporting to Board about proposals for credit facilities to the relatives of senior officers of the Bank sanctioned by the appropriate authority through Management Committee.
- Reporting to Board about any company in which any of the relatives of any senior officer of the Bank holds substantial interest or is interested as a director or as a guarantor.
- To sanction proposals of loans and advances aggregating Rupees Twenty Five Lakhs and above to -
  - directors (including the Chairman/Managing Director) of other Banks
  - any firm in which any of the directors of other Banks is interested as a partner or guarantor; and
  - any company in which any of the directors of other Banks holds substantial interest or is interested as a director or as a guarantor.

  However, for personal loans granted to any director of other Banks, the threshold shall be Rupees Five Crore.
- To sanction proposals of loans and advances aggregating Rupees Five Crore and above to:
  - any relative other than spouse and minor/dependent children of their own Chairman/Managing Directors or other Directors.
  - any relative other than spouse and minor/dependent children of the Chairman/Managing Director or other directors of other Banks, including directors of Scheduled Co-operative Banks, directors of subsidiaries/trustees of mutual funds/venture capital funds.
  - any firm in which any of the relatives other than spouse and minor/dependent children as mentioned in (a) & (b) above is interested as a partner or guarantor.
  - any company in which any of the relatives other than spouse and minor/dependent children as mentioned in (a) & (b) above is interested as a major shareholder or as a director or as a guarantor or is in control.

Provided that a relative of a director shall also be deemed to be interested in a company, being the subsidiary or holding company, if he/she is a major shareholder or is in control of the respective holding or subsidiary company.

- Approval of Waiver in POS amount for amount above ₹1 Crore.

During the year, the Management Committee met Six (6) times on May 28, 2025, June 24, 2025, July 22, 2025, September 28, 2025, October 30, 2025, and November 29, 2025.

Details of the composition of the Management Committee as on March 31, 2026 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. Phani Shankar	Independent Director	Chairperson
Mr. Satyajit Dwivedi	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director and CEO	Member
Mr. Uttam Tibrewal	Whole Time Director and Deputy CEO	Member

9. Review of Classification of Wilful Defaulters Committee ('RWDC')

Terms of Reference

The terms of reference of the RWDC, inter alia, include:

- Review and examine the evidence of wilful default on the part of the borrower, and its director/whole time director.
- Ensure that the parties are given necessary opportunities to put forth their cases before classifying them as wilful defaulters.
- Review of the problematic areas leading to advancement of wilful defaulters in the Bank and develop control measures to mitigate the same.
- Cases wherein suggestions and advice of the Committee is required or cases having substantive progress requiring knowledge of Committee will be reviewed. All cases of Non-Cooperative Borrowers category will be reviewed every six months.
- Make recommendations and facilitate efficient and effective decisions on time to improve the quality of loan portfolio.
- Interface with legal department and recovery department to monitor the wilful default cases and their current position.

During the year, RWDC met Two (2) times on June 28, 2025, and August 6, 2025.

Details of the composition of the RWDC as on March 31, 2026 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. Sanjay Agarwal	Managing Director and CEO	Chairperson
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. Nandkumar Saravade	Independent Director	Member
Mr. Phani Shankar	Independent Director	Member

10. Special Committee of the Board for Monitoring and Follow-up of Cases of Fraud ('SCBMF')

Terms of Reference

The terms of reference of the SCBMF, inter-alia, include:

- SCBMF shall oversee the effectiveness of the fraud risk management in the bank.
- SCBMF shall review and monitor cases of frauds, including root cause analysis, and suggest mitigating measures for strengthening the internal controls, risk management framework and minimising the incidence of frauds.
- The coverage of the reviews shall include, among others:
  - Categories of Frauds
  - Trends of Frauds
  - Industry concentration of frauds
  - Sectoral concentration of frauds

- Geographical concentration of frauds
- Delay in detection of frauds if any
- Classification of frauds

- Identify the system lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same.
- Evaluation of existing systems and procedures for fraud detection and prevention.
- Identify the reasons for delay in detection, if any, in reporting to top management of the bank and RBI.
- Delay in examination or conclusion of staff accountability.
- Cases involving very senior executives of the bank (Managing Director and CEO / Executive Director / Executives of equivalent rank), the ACB shall initiate examination of their accountability and place it before the Board. Such executive shall not participate in the meeting of the Board / ACB / SCBMF in which their accountability is to be considered.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- Monitoring progress of CBI / Police investigation and recovery position and ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- Put in place other measures to strengthen preventive measures against frauds.

During the year, SCBMF met once on March 28, 2026.

Details of the composition of the SCBMF as on March 31, 2026 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. Nandkumar Saravade	Independent Director	Chairperson
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. J. M. Prasad	Independent Director	Member
Mr. N. S. Venkatesh	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director and CEO	Member

11. Committee For Financial Inclusion ('CFI')

Terms of Reference

The terms of reference of the CFI, inter-alia, include:

- To review the channelisation of deposits in unserved and underserved sections of the society & availability of credit to small business units, small & marginal farmers; micro and small industries and other unorganised sector entities through high technology & low-cost operations.
- Review of the financial inclusion initiatives covering the targets, products, customer segment etc. and review the plan in this regard.
- To monitor achievements in priority sector lending including sub targets covering lending under Agriculture, Small & Marginal farmers, Micro Enterprises and to weaker sections of the society.
- To review and monitor the progress of enrolments under the pro-poor insurance and pension programmes and other government schemes.
- To look at effective ways of partnership (including government and non-government network) that provides the power of aggregation and bulk outreach without significant overheads for the Bank.
- To advise for the new initiatives for financial inclusion that can be undertaken by the Bank.
- To oversee the functioning of channels of financial inclusion including Banking Outlets, Business Correspondents and Unbanked Branch locations and to analyse the operational efficiency and sustainability.

During the year, CFI met Four (4) times on June 14, 2025, August 19, 2025, November 15, 2025, and February 7, 2026.

Details of the composition of the CFI as on March 31, 2026, is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. Satyajit Dwivedi	Independent Director	Chairperson
Mr. H. R. Khan	Independent Director	Member
Mr. J. M. Prasad	Independent Director	Member
Ms. Malini Thadani	Independent Director	Member
Mr. Uttam Tibrewal	Whole Time Director and Deputy CEO	Member

12. Capital Raising Committee ('CRC')

Terms of Reference

The terms of reference of the CRC, inter-alia, include:

- To analyse various options for infusion of capital and funds by offering various securities including equity shares, preference shares, debentures, bonds, BASEL compliant Tier I and Tier II Instruments and other debt securities, etc.
- To approve the issue of securities in one or more tranches to various potential Investors within the overall limit as approved by the Board/ Shareholders and determine price/price range for the securities.
- To approve and incur the necessary expenditure relating to capital and fund-raising exercise.
- To issue receipts/ allotment letters/ confirmations of allotment notes either in physical or electronic mode representing the underlying equity shares.
- To perform all activities with regard to fundraising by various methods/means/options under the authority of Board and Shareholders.
- To do all such acts, deeds as the Board may delegate in connection with the capital and fund-raising exercise.

During the year, no meeting of the Capital Raising Committee was held.

Details of the composition of the Capital Raising Committee as on March 31, 2026 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. H. R. Khan	Independent Director	Chairperson
Mr. Kamlesh Vikamsey	Independent Director	Member
Ms. Malini Thadani	Independent Director	Member
Mr. N. S. Venkatesh	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director and CEO	Member

13. Committee of Directors

Terms of Reference

The terms of reference of Committee of Directors, inter-alia, include to vet the application for transition to Universal Bank and guide on the same.

During the year, no meeting of the Committee of Directors was held.

Details of the composition of the Committee of Directors as on March 31, 2026 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. H. R. Khan	Independent Director	Chairperson
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director and CEO	Member

Table I – Details of Number of Committee Meetings and Members Participation During the FY 2025-26

Name of Committee Member	AC	RMC	NRC	SRC	CSR & SC	ITS & ISSC	CSC	RWDC	CFI	MC	SCBMF	DC[16]	SC[16]
Mr. H. R. Khan[1]	-	9/9	9/9	-	2/2	8/8	1/1	-	4/4	2/2	0/0	-	1/1
Mr. J. M. Prasad[2]	1/1	-	3/3	-	-	-	2/2	-	1/1	-	1/1	-	-
Mr. Kamlesh Vikamsey[3]	11/11	9/9	3/3	2/2	0/0	-	-	2/2	-	-	1/1	-	1/1
Mr. V. G. Kannan[4]	10/10	9/9	-	-	-	6/6	3/3	2/2	-	-	0/0	-	-
Ms. Kavita Venugopal[5]	11/11	9/9	-	2/2	1/1	-	4/4	-	-	-	0/0	1/1	1/1
Ms. Malini Thadani[6]	-	-	9/9	2/2	2/2	-	1/1	-	4/4	-	-	1/1	1/1
Mr. M. S. Sriram[7]	7/8	-	6/6	-	-	4/4	2/2	-	2/2	4/4	-	0/1	-
Mr. Nandkumar Saravade[8]	-	6/6	-	-	1/1	6/6	-	0/0	-	2/2	1/1	-	-
Mr. N. S. Venkatesh[9]	1/1	0/0	-	-	-	-	1/1	-	-	-	1/1	-	-
Mr. Phani Shankar[10]	1/1	0/0	-	0/0	-	2/2	-	0/0	-	0/0	-	-	-
Mr. Pushpinder Singh[11]	-	7/7	6/6	-	-	4/4	2/2	-	-	4/4	0/0	1/1	-
Mr. Satyajit Dwivedi[12]	1/1	-	-	-	1/1	2/2	-	-	1/1	0/0	-	-	-
Mr. Divya Sehgal[13]	-	-	-	0/1	1/1	-	-	1/2	-	-	-	-	-
Mr. Sanjay Agarwal[14]	-	-	-	1/2	2/2	2/2	-	2/2	-	5/6	1/1	-	1/1
Mr. Uttam Tibrewal[15]	-	0/0	-	-	0/1	-	4/4	-	4/4	2/6	-	1/1	-

AC – Audit Committee, RMC – Risk Management Committee, NRC – Nomination & Remuneration Committee, SRC – Stakeholders Relationship Committee, CSR & SC – Corporate Social Responsibility & Sustainability Committee, ITS & ISSC – IT Strategy and Information Systems Security Committee, CSC – Customer Service Committee, RWDC – Review of Classification of Wilful Defaulters Committee, DC – Disciplinary Committee, CFI – Committee for Financial Inclusion, MC – Management Committee, CRC – Capital Raising Committee, SCBMF – Special Committee of the Board for Monitoring and Follow-up of Cases of Fraud, SC – Sustainability Committee and CD – Committee of Directors.

1. *Mr. H. R. Khan: Chairperson – MC (October 21, 2025–January 21, 2026), Member – CSC (w.e.f. January 21, 2026), Chairperson – CSC (w.e.f. March 31, 2026), ceased as a Member – SCBMF (w.e.f. January 21, 2026).*
2. *Mr. J. M. Prasad: Chairperson – NRC, Member – CSC (w.e.f. October 21, 2025); Member – AC, CFI, SCBMF (w.e.f. January 21, 2026).*
3. *Mr. Kamlesh Vikamsey: Member – NRC (w.e.f. October 21, 2025), Member – CSR & SC (November 24, 2025–January 21, 2026), Member – SCBMF and CD (w.e.f. January 21, 2026).*
4. *Mr. V. G. Kannan: Ceased as Member – AC, ITS & ISSC, CSC, CRC, RWDC, SCBMF, and as Chairperson – RMC, upon completion of tenure on Board, w.e.f. January 21, 2026.*
5. *Ms. Kavita Venugopal: Member – CSC designated as Chairperson – CSC (w.e.f. October 21, 2025), Member – CSR & SC (w.e.f. November 24, 2025), ceased as Member – SCBMF (w.e.f. January 21, 2026), and upon completion of tenure on the Board, ceased as Member – AC, RMC, CSR & SC and as Chairperson – CSC and SRC (w.e.f. March 28, 2026).*
6. *Ms. Malini Thadani: Member – CSC and CRC (w.e.f. January 21, 2026).*
7. *Mr. M. S. Sriram: Ceased as Member – AC, MC, ITS & ISSC, CFI, DC & CD and as Chairperson – NRC and CSC, upon completion of tenure on Board, w.e.f. October 20, 2025.*
8. *Mr. Nandkumar Saravade: Member – RMC, ITS & ISSC (w.e.f. June 28, 2025), Chairperson – ITS & ISSC and Member – MC (w.e.f. October 21, 2025), ceased as Member – MC and inducted as Member – CSR & SC, RWDC and Chairperson – SCBMF (w.e.f. January 21, 2026).*
9. *Mr. N. S. Venkatesh: Chairperson – RMC and Member – AC, CSC, CRC, SCBMF (w.e.f. January 21, 2026).*
10. *Mr. Phani Shankar: Member – AC, RMC, ITS & ISSC, RWDC and Chairperson – MC (w.e.f. Jan 21, 2026), Chairperson–SRC (w.e.f. March 31, 2026).*
11. *Mr. Pushpinder Singh: Chairperson – ITS & ISSC and MC, ceased as Member – RMC, NRC, CSC, SCBMF, DC and CD, upon completion of tenure on Board w.e.f. October 20, 2025.*
12. *Mr. Satyajit Dwivedi: Chairperson – CFI, Member – AC, ITS & ISSC, MC, CSR & SC (w.e.f. January 21, 2026).*
13. *Mr. Divya Sehgal: Ceased as Member – CSR Committee (w.e.f. November 24, 2025) and Member – SRC, CRC, RWDC, upon cessation of directorship (w.e.f. January 21, 2026).*
14. *Mr. Sanjay Agarwal: Member – ITS & ISSC (w.e.f. January 21, 2026).*
15. *Mr. Uttam Tibrewal: Member – RMC and ceased as Member – CSR & SC (w.e.f. January 21, 2026).*
16. *Disciplinary Committee – Dissolved by the Board and Sustainability Committee – Merged with CSR Committee (w.e.f. November 24, 2025).*
17. *No meetings of the CRC and CD were held.*
18. *'0/0' indicates that the concerned Committee Member was on the Committee, however, no meetings were held during their tenure as a member.*

Independent Director's Meeting

As per the requirement of Section 149(8) read with Schedule IV of the Act, and Regulation 25 of Listing Regulations, a meeting of the Independent Directors of the Bank is required to be held once a year in the absence of Non-Independent Directors.

During the FY 2025-26, the Independent Directors of the Bank met on June 28, 2025, chaired by Mr. H. R. Khan and attended by all the Independent Directors of the Bank and discussed the below matters:

- Action Taken Report from the previous meeting of Independent Directors
- Performance of Non-Independent Directors, the Board as a whole and the Chairperson
- Assessed the quality, quantity, and timeliness of information flow between management and the Board

No sitting fees were paid to the Independent Directors for attending the meeting.

Familiarisation programme for Independent Directors

The Bank's Independent Directors are distinguished professionals possessing several decades of experience across banking and financial services, technology, finance, governance, risk management, cyber security, human resources and ESG. In compliance with Regulation 25(7) of the Listing Regulations, the Board Familiarisation Programme includes an induction programme for new Directors, familiarisation and knowledge sessions on the banking business and its functional aspects, participation in external training programmes conducted by IDRBT, CAFRAL and other relevant institutions, interactions with subject matter experts, and regular updates on recent regulatory developments.

During the induction programme, the Directors are apprised of their roles, rights, and responsibilities under the Bank's codes and key policies approved by the Board, including the Code of ethics & conduct for Directors and Senior Management Personnel. An orientation kit is provided to the Directors during induction, including Annual Reports from previous years, the organisation chart, details of the Director, KMP, SMP, and Board Committees, the Quarterly Investors' Presentation etc., to provide a holistic view of the Bank. The newly inducted Directors are also familiarised by the Managing Director and CEO and members of the senior management team with the Bank's vision and mission, business model, strategies, management structure, HR initiatives, compliance, risk management, and audit framework.

Further, updates on key regulatory developments including circulars/notifications and guidelines issued by RBI and other regulators, are provided to directors regularly at Board and Committee meetings to keep them informed about the dynamic regulatory environment and its impact.

Details of the familiarisation programme for Independent Directors during the FY 2025-26 are available on the Bank's website at https://www.au.bank.in/stock-exchange-disclosures.

Directors' and Officers' Liability Insurance Policy

Pursuant to Regulation 25(10) of Listing Regulations, the Bank undertook Directors' and Officers' insurance ('D & O insurance') for all its directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Bank from time to time.

Board Diversity Policy

The Board has adopted a policy on Board Diversity, which sets out the criteria for appointing Directors to the Bank's Board and guides the organisation's approach to Board Diversity.

The Bank believes that the inclusion of individuals from various geographic areas, cultures, genders, industry sectors, educational backgrounds, and skill sets will provide diverse perspectives, which are essential for the organisation's growth.

The Board of Directors is responsible for periodically reviewing the Board Diversity policy, which is available on the Bank's website at https://www.au.bank.in/investors/secretarial-policies.

Succession Planning

Succession planning is integrated into the Bank's long-term strategy, with a clear focus on developing future leaders, enhancing executive depth and reinforcing the institution's ability to sustain growth across cycles. The NRC works under the aegis of the Board to ensure orderly succession in appointments to the Board and of Senior Management Personnel ('SMPs').

In compliance with Regulation 17(4) of the Listing Regulations, the Bank has instituted a Board-approved Succession Planning Policy to ensure the orderly appointment of the Board and SMPs. The Policy can be accessed on the Bank's Website at https://www.au.bank.in/investors/secretarial-policies.

Particulars of SMPs

Names and Designations of SMPs of the Bank as on March 31, 2026:

Sr. No.	Employee Name	Designation
1	Mr. Sanjay Agarwal	Managing Director & CEO
2	Mr. Uttam Tibrewal	Whole Time Director & Deputy CEO[1]
3	Mr. Vivek Tripathi	Chief Credit Officer[2]
4	Mr. Yogesh Jain	Chief Operating Officer[2]
5	Mr. Deepak Jain	Chief Risk Officer
6	Mr. Bhaskar Vittal Karkera	Head of Retail Assets
7	Mr. Manoj Tibrewal	Group Head Human Resources, Admin & Infra[3]
8	Mr. Gaurav Jain	Interim Chief Financial Officer[4]
9	Mr. Ankur Tripathi	Chief Information Officer[3]
10	Mr. Shoorveer Singh Shekhawat	Group Head - Retail Liabilities[5]
11	Mr. Dhavan Natvarlal Shah	Head of Commercial Banking[3]
12	Mr. Kapil Gupta	Head - Treasury & Financial Markets[3]
13	Mr. Ashok Kumar Khandelwal	Chief Compliance Officer
14	Mr. Vinay Vaish	Head of Internal Audit
15	Mr. Vaman Ramesh Kamat	Head of Credit - Retail
16	Mr. Vivek Rathi	Head of Credit - Commercial Banking
17	Mr. Manmohan Parnami	Company Secretary

Notes:

1. *Mr. Uttam Tibrewal completed his term as Whole Time Director from close of business hours on April 18, 2026 and he is continuing in his capacity as Deputy CEO of the Bank.*
2. *Mr. Vivek Tripathi was appointed as the Executive Director (designated as Whole Time Director) of the Bank w.e.f. April 24, 2026 on receipt of RBI approval. Mr. Yogesh Jain was elevated to Deputy CEO of the Bank w.e.f. July 25, 2026.*
3. *Mr. Manoj Tibrewal, Mr. Ankur Tripathi, Mr. Dhavan Natvarlal Shah and Mr. Kapil Gupta were categorised as SMP w.e.f. July 26, 2025. Further, after March 31, 2026, the designation of Mr. Manoj Tibrewal was changed to Group Head Human Resources, Admin, Infra and Marketing.*
4. *Mr. Vimal Jain, Chief Financial Officer of the Bank, passed away on September 10, 2025. Mr. Gaurav Jain was designated as Interim Chief Financial Officer and was categorised as SMP w.e.f. September 26, 2025. Mr. Gaurav Jain was later appointed as the Chief Financial Officer of the Bank w.e.f. April 27, 2026.*
5. *During the FY 2025-26, designation of Mr. Shoorveer Singh Shekhawat changed to Group Head Liabilities.*
6. *Mr. Rajeev Yadav, Former Deputy CEO, categorised as SMP relieved from services on October 31, 2025.*

General Meetings

A. Location and time of last three Annual General Meetings ('AGMs') and details of special resolutions passed thereat:

Year	Particular of Meeting	Date & Time	Location	Special Resolution passed
2024-25	30th AGM	August 8, 2025 at 04:00 P.M.	Through Video Conferencing ('VC') and other audio-visual means ('OAVM')	1. To issue non-convertible debt securities/bonds/ other permissible instruments, in one or more tranches. 2. To raise funds through issue of equity shares and/or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares including through Qualified Institutions Placement or such other permissible mode or combinations thereof. 3. To approve the appointment of Mr. Nandkumar Saravade (DIN: 07601861) as an Independent Director of the Bank. 4. To approve the appointment of Mr. Jagajit Mangal Prasad (DIN: 11146660) as an Independent Director of the Bank.

Year	Particular of Meeting	Date & Time	Location	Special Resolution passed
2023-24	29th AGM	July 26, 2024 at 02:00 P.M.	Through VC and OAVM	1. To issue non-convertible debt securities/bonds/other permissible instruments, in one or more tranches. 2. To raise funds through issue of equity shares and/ or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares, including through Qualified Institutions Placement or such other permissible mode or combinations thereof.
2022-23	28th AGM	August 10, 2023 at 04:00 P.M.	Through VC and OAVM	1. To issue non-convertible debt securities/bonds/other permissible instruments, in one or more tranches. 2. To raise funds through issue of equity shares and/ or any other instruments or securities representing either equity shares and/or convertible securities linked to equityshares including through Qualified Institutions Placement or such other permissible mode or combinations thereof. 3. To approve the alteration in the Article of Association of the Bank.

B. Procedure of the Postal Ballot

The postal ballot procedure followed by the Bank is as per the provisions of Section 108, 110 and other applicable provisions, if any, of the Act, read with Rule 20 and 22 of the Companies ('Management and Administration') Rules, 2014, Secretarial Standards-2 issued by the Institute of Company Secretaries of India. Regulation 44 of Listing Regulations, Secretarial Standard on General Meetings issued by Institute of Company Secretaries of India, General Circulars No.14/2020 dated April 8, 2020, No. 17/2020 dated April 13, 2020 and subsequent circulars issued from time to time, the latest being Circular No. 03/2025 dated September 22, 2025, issued by the Ministry of Corporate Affairs. Members are provided with the facility to cast their votes on agenda items of postal ballot through e-voting.

The Board of Directors has appointed a scrutiniser for conducting the postal ballot voting process fairly and transparently. The scrutiniser submits his report to the Company Secretary and Compliance Officer as authorised by the Chairman of the Board, upon completion of the scrutiny of e-voting results. Based on the results and the scrutiniser's report on the postal ballot, the resolution is considered approved or rejected.

The necessary intimations required under the applicable provisions of Listing Regulations are submitted to the stock exchanges and post declaration of results are displayed on the Bank and e-voting service provider's websites.

Details of Special Resolution passed through Postal Ballot During the FY 2025-26

Date of Postal Ballot Notice	Approval Date	Agenda Heading	No. of Votes		% of votes	
			In Favour	Against	In Favour	Against
March 7, 2025	April 10, 2025	Re-appointment of Mr. Kamlesh Shivji Vikamsey (DIN: 00059620) for second term of 5 years as an Independent Director	56,35,39,328	47,99,145	99.1556	0.8444
November 24, 2025	December 25, 2025	To approve the Appointment of Mr. Narasinganallore Venkatesh Srinivasan ('Mr. N. S. Venkatesh') (DIN: 01893686) as an Independent Director of the Bank	57,39,32,673	9,82,886	99.8290	0.1710
		To approve the Appointment of Mr. Satyajit Dwivedi (DIN: 08118455) as an Independent Director of the Bank	57,39,32,719	9,82,922	99.8290	0.1710
		To approve the re-appointment of Ms. Malini Thadani (DIN: 01516555) for second term of 3 years as an Independent Director of the Bank	54,18,43,116	3,30,69,288	94.2479	5.7521

Date of Postal Ballot Notice	Approval Date	Agenda Heading	No. of Votes		% of votes	
			In Favour	Against	In Favour	Against
January 20, 2026	February 28, 2026	To approve the appointment of Mr. Phani Shankar (DIN: 09663183) as an Independent Director of the Bank	58,42,07,521	1,388	99.9998	0.0002
		To approve the amendments in AU Employees Stock Option Scheme 2023 ('AU ESOS 2023')	48,66,11,167	9,75,79,413	83.2966	16.7034

CS Manoj Maheshwari, Partner of M/s V M & Associates, Company Secretaries was appointed as the scrutiniser for monitoring and scrutinising remote e-Voting and for conducting the Postal Ballot process in a fair and transparent manner.

General Shareholder Information

Sr. No.	Particulars	Details
1	Date of Incorporation	January 10, 1996
2	Corporate Identification No.	L36911RJ1996PLC011381
3	Registered Office Address	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India
4	Address for Correspondence and Contact Details	The Company Secretary & Compliance Officer AU Small Finance Bank Limited Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001, Rajasthan, India. Tel: +91-141-4110060/61 | Fax: +91-141-4110090 Email: investorrelations@aubank.in
5	Name of Depositories	National Securities Depository Limited ('NSDL') Central Depository Services (India) Limited ('CDSL')
6	Listing on Stock Exchanges	**BSE Limited ('BSE')** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001, Maharashtra, India **National Stock Exchange of India Ltd. ('NSE')** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 Maharashtra, India The Bank has deposited the annual listing fees to the stock exchange(s) where the securities of the Bank are listed. No securities were suspended for trading on any of the exchanges, viz. BSE and NSE during the FY 2025-26.
7	ISIN of Equity Shares	INE949L01017
8	Dematerialisation of Shares & Liquidity	The Bank's shares are traded compulsorily in electronic form. The Bank has established connectivity with both the depositories in India - NSDL and CDSL. The requisite fees were duly paid to the depositories. The Bank has also appointed MUFG Intime India Private Limited as the Registrar and Share Transfer Agent to provide an electronic connectivity interface with NSDL and CDSL for the Bank's securities.

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Details</th></tr>
<tr><td></td><td></td><td>Position of Shareholding (Demat/Physical) as on March 31, 2026 is as follows:
<table>
<tr><th>Particulars</th><th></th><th>No. of Shares</th><th>Percentage</th></tr>
<tr><td rowspan="2">Dematerialisation Form</td><td>CDSL</td><td>6,98,36,164</td><td>9.33</td></tr>
<tr><td>NSDL</td><td>67,84,28,516</td><td>90.67</td></tr>
<tr><td colspan="2">Total Dematerialised shareholding</td><td>74,82,64,680</td><td>100.00</td></tr>
<tr><td colspan="2">Physical Form</td><td>2,441</td><td>0.00</td></tr>
<tr><td colspan="2">Grand Total (A+B)</td><td>74,82,67,121</td><td>100.00</td></tr>
</table>
No shares were held by the Bank in the demat suspense account or unclaimed suspense account as on March 31, 2026.</td></tr>
<tr><td>9</td><td>Share Transfer System</td><td>In terms of amended Regulation 40 of Listing Regulations, transfer of securities in physical form shall not be processed unless the securities are held in the demat mode with a Depository Participant. Members holding shares in physical form are therefore requested to convert their holdings into dematerialised form to avoid loss of shares and fraudulent transactions and to avail better investor servicing.</td></tr>
<tr><td>10</td><td>Registrar and Share Transfer Agent</td><td>MUFG Intime India Private Limited
C-101, 1st Floor 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400083, Maharashtra, India
Tel: (0) 8108116767, FAX: +91 022-49186060
Website: www.in.mpms.mufg.com
Email ID: rnt.helpdesk@in.mpms.mufg.com</td></tr>
<tr><td>11</td><td>Debenture Trustees</td><td>Catalyst Trusteeship Limited
(For ISIN INE949L08442, INE949L08434, INE949L08426, INE519Q08160, INE519Q08178, INE519Q08186 and INE519Q08194)
Regd. Office: GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Paud Road, Pune - 411038, Maharashtra, India
Phone: +91 20 66807200 / 223 / 224 FAX: +91 020-25280275
Email: dt@ctltrustee.com

IDBI Trusteeship Services Limited
(For ISIN: INE949L08459)
Regd. Office: Universal Insurance Building, Ground Floor, Sir P.M. Road, Fort, Mumbai - 400 001, Maharashtra, India
Phone: +91 022 40807008
Email: itsl@idbitrustee.com</td></tr>
<tr><td>12</td><td>31st Annual General Meeting</td><td>Date & Time: September 5, 2026 at 03:00 P.M.
Venue: Through VC or OAVM</td></tr>
<tr><td>13</td><td>Financial Year</td><td>The Bank follows the financial year from April 01 to March 31 every year</td></tr>
</table>

Other Disclosures

1. Code of Conduct

The Bank has adopted a Code of Conduct for Directors and Senior Management Personnel. The Bank through its Code of Conduct provides guiding principles of conduct to promote ethical conduct of business, confirms equitable treatment of all stakeholders and to avoid practices such as bribery, corruption and anti-competitive practices. The Code is available on the Bank's website at https://www.au.bank.in/investors/secretarial-policies.

All Members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board and Senior Management for the FY 2025-26. The declaration to this effect signed by the Managing Director and CEO of the Bank is annexed to this report.

2. Code of Conduct for Prohibition of Insider Trading

The Board has adopted a Code of Conduct - Prohibition of Insider Trading to regulate, monitor and report trading by insiders/designated persons in the Bank's securities. The Code inter-alia requires pre-clearance for trading in securities and prohibits the purchase or sale of securities while in possession of unpublished price-sensitive information and during the trading window closure.

The Bank organised training sessions for designated persons on various occasions during the year to create and enhance awareness on various aspects of the Code of Conduct - Prohibition of Insider Trading and the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Bank periodically reviews the efficacy of its systems, controls and processes to ensure that access to unpublished price-sensitive information is on a need-to-know basis. The Code of Fair Disclosure and Conduct & Policy for determination and sharing of information for legitimate purposes is available on the website https://www.au.bank.in/investors/secretarial-policies.

3. Whistle Blower Policy & Vigil Mechanism

The Bank is committed to the highest standards of ethical, moral and legal business conduct. Accordingly, the Bank has adopted a Whistle Blower Policy & Vigil Mechanism in compliance with the relevant provisions of Section 177(9) of the Act, rules made thereunder and Regulation 4(2)(d) and Regulation 22 of the Listing Regulations to provide a formal mechanism to employees, customers and stakeholders of the Bank to voice concerns in a responsible and effective manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organisation and also provides for adequate safeguards against the victimisation of employees who avail the mechanism. Any reported incidents are investigated and appropriate action is taken in accordance with the Whistle Blower Policy. No personnel were denied access to the Audit Committee of the Bank with regard to above.

The Whistle Blower Policy & Vigil Mechanism is disclosed at: https://www.au.bank.in/investors/secretarial-policies.

4. Related Party Transactions

All related party transactions are placed before the Audit Committee for review and approval, and omnibus approval is obtained annually for transactions which are repetitive in nature and/or entered into the ordinary course of business. During the FY 2025-26, there were no materially significant related party transactions entered by the Bank with its related parties which may have potential conflict with the interest of the Bank at large. All transactions entered into by the Bank with related parties during the FY 2025-26 were on arm's length and in ordinary course of business.

Bank's Policy on Related Party Transactions & Materiality is available at: https://www.au.bank.in/investors/secretarial-policies.

5. Credit Rating

The details of credit rating assigned to the Bank for debt instruments issued and outstanding as on March 31, 2026, along with the outlook are given below:

Nature of Debt Instrument	Nature of Term	CRISIL Ratings	India Ratings	CARE Ratings	ICRA Limited
Fixed Deposits	Long-Term	CRISIL AA+/ Stable	-	-	-
Long-Term/ Subordinated Debt/ Tier II Bond	Long-Term	CRISIL AA/ Stable	-	CARE AA/ Stable	ICRA AA/ Stable
Certificate of Deposits	Short-Term	CRISIL A1+	IND A1+	CARE A1+	-

Note:

- *CRISIL reaffirmed the above credit ratings of the Bank on April 2, 2025 and April 2, 2026.*
- *India Ratings have reaffirmed the above credit ratings of the Bank on November 21, 2025.*
- *CARE reaffirmed the above credit ratings of the Bank on October 16, 2025 and December 1, 2025.*
- *ICRA has reaffirmed the above credit ratings of the Bank on February 26, 2026.*
- *CRISIL and India Ratings withdrew the ratings assigned to the Long-Term Debt Instrument (ISIN: INE949L08418), and CARE and ICRA withdrew the ratings of the Long-Term Debt Instrument (ISIN: INE519Q08152), consequent to full repayment of the respective instruments.*
- *The rating details can be accessed at https://www.au.bank.in/credit-rating.*

6. Penalties

No penalties or strictures have been imposed on the Bank by the Stock Exchange(s)/SEBI or any other statutory authorities on matters relating to the capital market during the last three years.

7. CEO & CFO Certification

In compliance with Regulation 17(8) of the Listing Regulations, the Managing Director & CEO and CFO of the Bank have certified that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Bank's affairs. The certificate is annexed to the Corporate Governance Report.

8. Subsidiary Company

The Bank does not have any Subsidiary Companies.

9. Declaration of Independence

All Independent Directors provided an annual confirmation that they meet the criteria of independence. Based on the confirmations/disclosures received from the Directors as per Section 149(7) of the Act read with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25(8) of Listing Regulations, the Board hereby affirms that Independent Directors fulfill the conditions as specified under Schedule V of the Listing Regulations and are independent of the management.

The Terms & Conditions of appointment of Independent Directors have been hosted on the Bank's website at https://www.au.bank.in/stock-exchange-disclosures.

10. Accounting Treatment

The Bank has adopted accounting policies which are in line with the Accounting Standards. The Financial Statements of the Bank have been prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act, read with relevant Rules issued thereunder, the Banking Regulation Act, Guidelines issued by RBI and the Listing Regulations.

11. Means of Communication

The Bank has provided adequate and timely information to its Members, inter-alia, through the following means:

i. **Publication of Quarterly/Half Yearly/ Annual Financial Results:** The quarterly/ half yearly and annual financial results of the Bank are published in the English newspaper viz. Financial Express and newspaper of vernacular language viz. Nafa Nuksan and the newspaper advertisements are also submitted to the stock exchanges.

ii. **Update on Official Website:** The Bank's website contains a separate 'Investor' Section (https://www.au.bank.in/investors) wherein financial results, corporate announcements, reports and presentations, annual reports, quarterly corporate governance report, shareholding pattern and other disclosures are made available. Additionally, press releases, corporate governance coverage, corporate social responsibility, policies, procedures and other details are also displayed on the Bank's website.

iii. **Presentation to Institutional Investors or Analysts:** The Bank participates in various investor conferences and analyst meets. The presentations made to the institutional investors or analysts are uploaded on the website as well as informed to the Stock Exchanges for dissemination.

iv. **Email Communication:** The Bank sends various communications such as notice calling general meeting/ postal ballot notice, quarterly financial results, audited financial statements, tax deduction at source intimation, credit of dividend intimation through emails to the email ids of the shareholders registered with the depositories.

v. **SMS Communication:** SMS were sent to shareholders with details on e-voting for General Meetings/Postal Ballot during the year.

vi. **Management's Discussion and Analysis Report** is annexed with this Annual Report.

vii. **Exclusive email ID for Investors:** The Bank has designated the email ID investorrelations@aubank.in exclusively for investor servicing and to resolve investor grievances. The same is displayed on the Bank's website.

viii. **NSE Electronic Application Processing System (NEAPS):** All periodic and other event-based compliance filings of the Bank are filed electronically through this web-based portal of the National Stock Exchange.

ix. **BSE Listing Centre (Listing Centre):** All periodic and other event-based compliance filings of the Bank are filed electronically on this web-based portal of BSE.

x. **SEBI Complaints Redress System (SCORES):** Investors can lodge complaints on the SCORES and also can check the status of their complaints. Investor complaints received at SCORES are regularly monitored and resolved by the Bank.

xi. **Online Dispute Resolution (ODR) Portal:** Investors can initiate dispute resolution through the ODR portal after exhausting all available options for resolution of the grievance and the investor is still not satisfied with the outcome, Investor complaints received by the Bank at ODR portal are regularly monitored and resolved by the Bank.

xii. **Swayam:** The Bank's RTA viz. MUFG Intime India Private Limited through its platform 'SWAYAM' facilitates investors to access information through a dashboard and avail various services in digital mode. The same can be accessed at https://swayam.in.mpms.mufg.com/.

12. Dividend Payment

The Board, at its meeting held on April 27, 2026, recommended a final dividend of ₹1/- (Rupee One Only) per equity share of face value of ₹10 (Rupees Ten Only) each fully paid up (i.e., 10% of face value) out of net profit for the financial year ended March 31, 2026, subject to shareholder's approval at the ensuing Annual General Meeting. If approved, the dividend will be paid within 30 days of the Annual General Meeting.

SEBI, vide its master circular dated February 6, 2026, has mandated that holders of physical securities, whose folio(s) are not updated with any of the KYC details such as PAN, choice of nomination, contact details (postal address with pin code and mobile number), bank account details and specimen signature, shall be eligible for any payment including

dividend, interest or redemption in respect of such folios, only through electronic mode with effect from April 1, 2024. Accordingly, dividends payable to such members, shall be withheld by the Bank. All members holding shares in physical form are advised to update their KYC details on priority.

Unclaimed Dividend

Pursuant to Section 125 read with Section 124(5) of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the 'IEPF Rules'), the Bank is required to transfer the amount of dividend remaining unclaimed/ unpaid for a period of seven consecutive financial years from the date of its transfer to the unpaid dividend account to the Investor Education and Protection Fund.

During the year, the Bank transferred the unclaimed dividend for FY 2017-18, amounting to ₹20,511.50, to the IEPF. The details of unclaimed dividends are available on the Bank's website at http://sr.au.bank.in/unclaimed-dividend.

Details of the amount lying in the respective Unpaid Dividend Accounts along with the dates by which shareholders can claim from the Bank are as under:

Unclaimed Dividend for FY	Amount (in ₹)	Last Date for Claiming dividend
2018-19	1,05,802.50	August 28, 2026
2021-22	21,956.91	September 22, 2029
2022-23	47,809.63	September 14, 2030
2023-24	58,914.24	August 29, 2031
2024-25	3,34,997.49	September 11, 2032

Note: *Bank has not declared dividend in 2019-20 and 2020-21.*

Transfer of underlying equity shares to IEPF

Pursuant to the provisions of Sections 124 and 125 of the Act and the relevant provisions of the IEPF Rules, the equity shares of the Bank on which dividend has not been claimed for seven consecutive years are liable to be transferred by the Bank to the IEPF.

Reminder letters to claim dividend were sent in July 2025 to members whose dividend and corresponding shares were due for transfer to the IEPF in FY 2025-26, and a newspaper advertisement in this regard was published on July 11, 2025. Thereafter, 463 corresponding shares on which dividends had been unclaimed for seven consecutive years were transferred to IEPF.

13. Details in Relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank has adopted the Prevention and Redressal of Sexual Harassment Policy in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the rules framed thereunder. The Bank has zero tolerance towards sexual harassment at the workplace. The Bank believes that all employees, including other individuals who are dealing with the Bank have the right to be treated with dignity. The Bank has constituted an Internal Complaints Committee to review, investigate and take appropriate disciplinary action against the employee(s) who is found to have violated the norms prescribed under the said policy.

The following is the summary of sexual harassment complaints received and disposed off by the Bank during the FY 2025-26:

Sr. No.	Particulars	Numbers
1	Number of complaints pending as on the end of the previous financial year	3
2	Number of complaints filed during the financial year	12
3	Number of complaints disposed of during the financial year	12
4	Number of complaints pending as on the end of the financial year	3

Note: All cases were disposed of within the timelines prescribed under the POSH Act, and no complaint was pending for more than 90 days.

14. Distribution of Shareholding

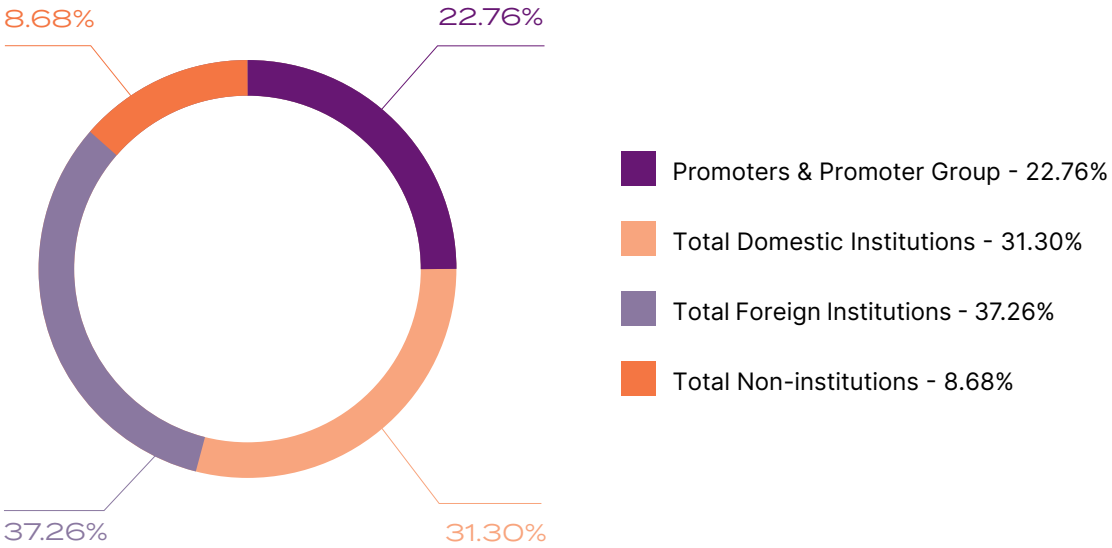
Sr. No.	Nominal Shareholding (in ₹)	Number of Shareholders	% of Total Shareholders	Total Shares	% of Total Shares
1	1 to 5,000	1,64,136	96.27	81,97,867	1.10
2	5,001 to 10,000	2,681	1.57	19,54,312	0.26
3	10,001 to 20,000	1,268	0.75	18,18,648	0.24
4	20,001 to 30,000	475	0.28	11,84,684	0.16
5	30,001 to 40,000	225	0.13	7,95,607	0.11
6	40,001 to 50,000	136	0.08	6,21,517	0.08
7	50,001 to 1,00,000	394	0.23	28,46,374	0.38
8	1,00,001 and Above	1,179	0.69	73,08,48,112	97.67
	Total	**1,70,494**	**100**	**74,82,67,121**	**100**

Shareholding Pattern as on March 31, 2026 (As per Regulation 31 of Listing Regulations)

Category	No. of Shares	% of Issued Capital
Sanjay Agarwal	11,71,91,360	15.66
Jyoti Agarwal	2,36,37,120	3.16
Shakuntala Agarwal	1,86,40,860	2.49
MYS Holdings Private Limited	1,08,29,072	1.45
Promoters & Promoter Group (A)	**17,02,98,412**	**22.76**
Mutual Funds	17,37,32,183	23.22
Alternate Investment Funds	81,56,823	1.09
Bank	3,814	0.00
Insurance Companies	4,73,45,307	6.33
Provident Fund	32,37,205	0.43
NBFCs registered with RBI	11,408	0.00
Other Financial Institutions	17,36,002	0.23
Total Domestic Institutions (B)	**23,42,22,742**	**31.30**
Foreign Portfolio Investors Category I	26,20,10,454	35.02
Foreign Portfolio Investors Category II	1,68,21,778	2.25
Total Foreign Institutions (C)	**27,88,32,232**	**37.26**
Total Central Government/State Government(s) (D)	**0.00**	**0.00**
Directors and their relatives (excluding Independent Directors and Nominee Directors)	1,35,02,738	1.80
Key Managerial Personnel	1,59,949	0.02
Relatives of promoters (other than 'Immediate relatives' of promoters disclosed under Promoter and Promoter Group category)	50,704	0.01
IEPF	463	0.00
Resident individuals holding nominal share capital up to ₹2 Lakh	1,60,93,855	2.15
Resident individuals holding nominal share capital in excess of ₹2 Lakh	1,71,73,304	2.30
Non-Resident Indians (NRIs)	20,89,773	0.28
Foreign Companies	25,04,300	0.33

Category	No. of Shares	% of Issued Capital
Bodies Corporate	49,42,350	0.66
Trusts	136	0.00
Limited Liability Partnership	11,60,571	0.16
HUF	5,69,618	0.08
Clearing Members	66,65,974	0.89
Total Non-Institutions (E)	**6,49,13,735**	**8.68**
Total (A+B+C+D+E)	**74,82,67,121**	**100.00**

Note: The number of shareholders is based on PAN grouping



List of Shareholders holding more than 1% share in the Bank as on March 31, 2026

Sr. No.	Name of the Shareholder	No. of Shares	% of Shareholding
1	Sanjay Agarwal	11,71,91,360	15.66
2	HDFC Mutual Funds	5,32,62,724	7.12
3	Camas Investments Pte. Ltd.	2,69,39,946	3.60
4	Jyoti Agarwal	2,36,37,120	3.16
5	Nippon Life India Trustee Ltd.	2,01,40,054	2.69
6	Shakuntala Agarwal	1,86,40,860	2.49
7	Smallcap World Fund, Inc.	1,76,54,720	2.36
8	New World Fund Inc	1,55,85,999	2.08
9	Invesco India Midcap Fund	1,45,08,201	1.94
10	Aditya Birla Sun Life Trustee Private Limited	1,40,47,046	1.88
11	Uttam Tibrewal	1,33,93,556	1.79
12	SBI Life Insurance Co. Ltd.	1,32,46,045	1.77
13	DSP Midcap Fund	1,20,05,203	1.60
14	Kotak Flexicap Fund	1,19,97,824	1.60
15	HDFC Life Insurance Co. Ltd.	1,19,89,354	1.60

Sr. No.	Name of the Shareholder	No. of Shares	% of Shareholding
16	Nomura India Investment Fund Mother Fund	1,17,20,071	1.57
17	MYS Holdings Private Limited	1,08,29,072	1.45
18	UTI Flexi Cap Fund	1,03,88,708	1.39
19	Zulia Investments Pte. Ltd.	1,01,61,655	1.36
20	Government Pension Fund Global	94,58,758	1.26
21	Janchor Partners Pan-Asian Master Fund	80,12,058	1.07
22	Vanguard Total International Stock Index Fund	76,57,711	1.02

15. Outstanding Global Depository Receipts ('GDRs') or American Depository Receipts ('ADRs') or warrants or any convertible instruments, conversion date and likely impact on equity

During the FY 2025-26, the Bank has not issued any GDRs/ADRs or warrants that were due for conversion and has no outstanding convertible instruments affecting the Bank's equity.

16. Commodity price risk or foreign exchange risk and hedging activities

During the FY 2025-26, the Bank did not engage in commodity trading. However, the Bank may be exposed to customer's commodity price risk in its capacity as a lender. The Bank operates in India and is not directly exposed to foreign exchange risk or hedging activities.

17. Plant Location

As the Bank is engaged in the business of Banking/ financial services, there is no plant location.

18. Recommendations of Committees

No instances have been observed in which the Board has not accepted the recommendations of any of its committees.

19. Fees paid to Statutory Auditors, including all entities in the network firm of which the Statutory Auditors are a part

Total fees for services provided by Joint Statutory Auditors were ₹3.42 Crore, including taxes and out-of-pocket expenses.

20. Certificate from the Company Secretary in Practice

The Bank has received a certificate from M/s Mehta & Mehta, Company Secretaries, that none of the Directors on the Bank's Board were debarred or disqualified from being appointed or continuing as Directors of companies by SEBI, the Ministry of Corporate Affairs, or any such authority.

Further, the Secretarial Auditor has certified the Bank's compliance with the corporate governance conditions for FY 2025-26. The certificates are annexed to this Annual Report.

21. Utilisation of funds

During the FY 2025-26, the Bank has not raised funds through preferential allotment or qualified institutions placement.

22. Disclosure of certain types of agreements binding listed entities

The Bank has not entered into any agreement as disclosed under Clause 5A of Paragraph A of Part A of Schedule III of the Listing Regulations.

23. Compliance with Corporate Governance Provisions under Listing Regulations

During the FY 2025-26, the Bank has complied with all the mandatory requirements of Regulations 17 to 27 and clauses (b) to (i) & (t) of Regulation 46(2) and has also complied with all the requirements of Schedule V of the Listing Regulations except for Regulation 24, which is not applicable as the Bank does not have any subsidiary.

Further, among discretionary requirements, as specified in Part E of Schedule II of Listing Regulations and other acts, rules, regulations, and guidelines as applicable, the Bank has adopted the following:

a. Separate Office of Non-Executive Part Time Chairman

The Bank has separated the roles of Chairman and Managing Director and CEO, and the Chairman is not related to the Managing Director and CEO as per the definition of 'relative' under the Act.

Mr. H. R. Khan is the Part Time Chairman (Non-Executive), and Mr. Sanjay Agarwal is Managing Director and CEO of

the Bank. The expenses pertaining to the office of the Non-Executive Chairman are maintained by the Bank, along with reimbursement of all expenses incurred by the Chairman in performing his duties.

b. Shareholder's Rights

The Bank publishes its financial results every quarter on its website at https://www.au.bank.in/investors/quarterly-reports and sends them to all shareholders via email. The financial results are also available on the websites of the stock exchanges, i.e., BSE and NSE.

The investor's presentations, call transcripts and press releases are also posted on the Bank's website. Further, information pertaining to important developments of the Bank was brought to the knowledge of the public at large and the shareholders through communications sent to the stock exchanges where the Company's shares are listed.

c. Modified opinion(s) in Audit Report

For the FY 2025-26, there are no audit qualifications on the Bank's financial statements.

d. Reporting of the Internal Auditor

The internal auditor (Head of Internal Audit) of the Bank reports to and has direct access to the Audit Committee.

CERTIFICATE ON COMPLIANCE WITH THE CODE OF CONDUCT & ETHICS

I confirm that for the year under review, all Directors and Senior Management Personnel have affirmed adherence to the provisions of the Code of Conduct of Directors and Senior Management.

Place: Mumbai
Date: April 27, 2026

Sanjay Agarwal
Managing Director and CEO

CEO/CFO Certification

To,
The Board of Directors
AU SMALL FINANCE BANK LIMITED

1. Pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we have reviewed financial statements and the cash flow statement for the year ended on March 31, 2026 and that to the best of our knowledge and belief:
   i. These statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
   ii. These statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
4. We have indicated, to the Auditors and the Audit Committee:
   i. significant changes in internal control over financial reporting during the year;
   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Sanjay Agarwal
Managing Director and CEO

Gaurav Jain
Chief Financial Officer

Place: Mumbai
Date: April 27, 2026

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
AU SMALL FINANCE BANK LIMITED
19-A, Dhuleshwar Garden
Jaipur – 302001 (Rajasthan)

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **AU Small Finance Bank Limited** having **CIN: L36911RJ1996PLC011381** and having registered office at 19-A, Dhuleshwar Garden, Jaipur -302001(Rajasthan) ('hereinafter referred to as the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number ('DIN') status at the portal www.mca.gov.in] as considered necessary and explanations furnished to me / us by the Bank & its officers, We hereby certify that none of the Directors on the Board of the Bank as stated below for the financial year ending on March 31, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Directors	DIN	Date of appointment in Bank
1	Mr. Harun Rasid Khan	07456806	28-12-2021
2	Mr. Kamlesh Shivji Vikamsey	00059620	25-04-2022
3	Ms. Malini Thadani	01516555	25-11-2022
4	Mr. Nandkumar Saravade	07601861	31-05-2025
5	Mr. Jagajit Mangal Prasad	11146660	01-07-2025
6	Mr. Narasinganallore Venkatesh Srinivasan	01893686	25-11-2025
7	Mr. Satyajit Dwivedi	08118455	25-11-2025
8	Mr. Phani Shankar	09663183	20-01-2026
9	Mr. Sanjay Agarwal	00009526	22-01-2003
10	Mr. Uttam Tibrewal	01024940	22-01-2005

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Place: Mumbai
Date: April 27, 2026
UDIN: F003667H000214438

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)
PR No: 7281/2025

Dipti Mehta
Partner
FCS No.: F3667
CP No.: 23905

Annexure II

Annual Report on CSR Activities for Financial Year 2025-26

1. Brief outline of the CSR Policy of the company:

The Bank's Corporate Social Responsibility ('CSR') Policy provides the guiding framework for all CSR initiatives and is aligned with the provisions of Section 135 of the Companies Act, 2013, read with the rules framed thereunder, as well as the Bank's CSR Policy. The CSR initiatives are strategically designed to promote holistic community development across key focus areas, including financial and digital literacy, education, and skill development, sports, healthcare and well-being, women's empowerment and livelihood generation, and environmental sustainability. In parallel, the Bank's sustainability initiatives are thoughtfully structured to drive long-term environmental and social well-being by addressing material priorities such as carbon footprint reduction, promotion of sustainable finance, water conservation, resource efficiency, inclusive growth, and ethical governance. Through these concerted efforts, the Bank reaffirms its commitment to building a sustainable future and strengthening its role as a catalyst for equitable and responsible development.

(a) CSR philosophy and approach

- The CSR philosophy of AU Small Finance Bank Limited ('AU SFB') was rooted in its core belief that equitable access to opportunities is essential for inclusive and sustainable growth, irrespective of social or economic background.
- CSR initiatives are primarily implemented through AU Foundation, the Bank's dedicated CSR arm, which acted as a catalyst for community-led development and enduring social impact.
- The Bank remained committed to empowering individuals and communities through sustainable livelihood creation, self-reliance, and long-term socio-economic transformation.
- The Bank's approach emphasised outcome-oriented, scalable and sustainable interventions, ensuring that CSR efforts created meaningful and measurable change across geographies.

(b) Regulatory framework and policy alignment

- The Bank's CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.
- The CSR Policy provides a clear governance and implementation framework for identification, execution, monitoring and reporting of CSR programmes undertaken by the Bank as per Annual Action plan.

(c) Key CSR interventions

The Bank's CSR initiatives were strategically designed to promote holistic community development, with focus on the following priority areas:

- Education and Skill Development, including employability-oriented training and youth empowerment.
- Women Empowerment and Livelihood Generation, with emphasis on entrepreneurship and income security.
- Sports Development, fostering grassroots talent and holistic youth development.
- Environment Sustainability, including water conservation, environmental protection and climate-positive initiatives.
- Community Infrastructure and Public Amenities, including drinking water facilities, healthcare infrastructure, sanitation, and other need-based public infrastructure projects benefiting the community.

(d) CSR implementation and stakeholder collaboration

- During FY 2025-26, the Bank continued to implement purpose-driven CSR programmes through AU Foundation, which aimed at strengthening livelihoods and improving access to education.
- The Bank actively collaborated with implementing agencies, non-governmental organisations, community institutions, and local stakeholders to ensure effective programme delivery and community ownership.
- CSR interventions were designed to remain locally relevant, inclusive and impact-oriented, with an emphasis on long-term sustainability rather than one-time support.

(e) Governance structure - CSR and Sustainability Committee

- With a view to enhancing governance, improving coordination and avoiding duplication of efforts, the Board of Directors, at its meeting held on November 24, 2025, approved the integration of the CSR Committee and the Sustainability Committee.

- A unified Corporate Social Responsibility & Sustainability Committee aimed at providing strategic direction, oversight and alignment across CSR and sustainability initiatives.
- The Integrated Committee strengthened decision-making, stakeholder engagement, monitoring and reporting, enabling long-term social value creation in an evolving regulatory and global CSR & sustainability landscape.

(f) Monitoring, evaluation and transparency

- The Bank instituted a robust monitoring and evaluation framework to track the progress, effectiveness, and impact of CSR programmes.
- Periodic reviews ensured financial prudence, operational efficiency, transparency and accountability in CSR expenditure and outcomes.
- Through structured reporting and disclosures, the Bank remained committed to high standards of governance and transparency, reinforcing stakeholder trust and regulatory compliance.

For more details about the strategic projects, refer 'Social and Relationship Capital' of Annual Report.

2. Composition of the CSR and Sustainability Committee

Sr. No.	Name of director	Designation/ Nature of Directorship	Number of meetings of CSR and Sustainability Committee held during the year (Entitled to attend)	Number of meetings of CSR and Sustainability Committee attended during the year
1	Ms. Malini Thadani	Chairperson	2	2
2	Mr. H. R. Khan	Member	2	2
3	Mr. Divya Sehgal*	Member	1	1
4	Mr. Sanjay Agarwal	Member	2	2
5	Mr. Uttam Tibrewal	Member	1	0
6	Ms. Kavita Venugopal**	Member	1	1
7	Mr. Nandkumar Saravade#	Member	1	1
8	Mr. Satyajit Dwivedi#	Member	1	1

Note:

**Mr. Divya Sehgal ceased to be a member of the Committee w.e.f. November 24, 2025.*

***Ms. Kavita Venugopal was inducted as a member of the CSR and Sustainability Committee w.e.f. November 24, 2025 and ceased to be a member of the CSR and Sustainability Committee from the close of business hours on March 28, 2026 on completion of her tenure as Independent Director.*

#Mr. Nandkumar Saravade and Mr. Satyajit Dwivedi were inducted as members of the CSR and Sustainability Committee w.e.f. January 20, 2026.

3. Provide the web link(s) where Composition of CSR & Sustainability Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company.

Sr. No.	Particulars	Web link
1	Composition of CSR & Sustainability Committee	https://www.au.bank.in/about-us/board-committee
2	CSR Policy of the Bank	https://www.au.bank.in/investors/secretarial-policies
3	CSR Projects	https://www.au.bank.in/csr

4. Provide the Executive Summary along with web link(s) of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8, if applicable.

In pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the impact assessment of CSR Projects is to be carried out for CSR projects with outlays of ₹1 Crore or more and which have been completed not less than one year before undertaking the impact study.

- **Bano Champion —** During FY 2025-26, one project qualified for an Impact Assessment study, namely the Bano Champion initiative. Accordingly, an independent impact assessment was conducted by 'SGS', an external agency.

  Aligned with AU SFB's CSR goals, the Bano Champion initiative was designed to embed sports into the early years of children's learning and development. By integrating structured play and training across multiple sports within schools and communities, the programme ensures that access to sporting opportunities is not constrained by geography or socio-economic privilege. The initiative placed particular emphasis on encouraging girls' participation by creating safe spaces, providing female mentorship, and adopting culturally-sensitive engagement approaches, thereby addressing structural and social barriers that traditionally limit their inclusion.

  Through this initiative, Bano Champion went beyond the promotion of physical activity, contributing to the development of a healthier, more confident, and empowered generation of young citizens.

- **Assessment Methodology —** For the purpose of the impact assessment, the data collection exercise was conducted across nine districts of Rajasthan (Ajmer, Alwar, Jodhpur, Jaipur, Jalore, Jhunjhunu, Sikar, Tonk, and Pali), where the AU Bano Champion programme has been implemented. The sampling approach was designed to capture both direct and indirect beneficiaries of the AU Bano Champion initiative, representing a balanced mix of geographies, stakeholder groups, and levels of engagement.

  A summary of the assessment is provided below, and a detailed assessment report is available on the Bank's website at https://www.au.bank.in/csr.

- **Key Findings (Impact and Outcomes)-**The following is the impact of the Bano Champion project:
  - Communities were increasingly supportive of girls in sports, though residual conservatism persisted. Continued engagement and consistent coach presence were essential to sustain trust.
  - 66.5% of beneficiaries competed at district or state levels, with 29.4% participating at the village level, reflecting the programme's strong reach and its effectiveness in enabling competitive exposure for children.
  - Beneficiaries reported high satisfaction with the programme, which provided structured, coach-led training and, for many participants, their first exposure to organised sports.
  - Tournament exposure (district, state, AU cup, and inter-zone) has enhanced competitiveness and confidence.
  - Beneficiaries collectively won 48 gold, 40 silver, and 36 bronze medals, translating training inputs into measurable success and community pride.

This initiative aligned with the UN Sustainable Development Goals on Good Health and Wellbeing, Quality Education, Gender Equality, Reduced Inequalities (SDG 3, 4, 5, 8 and 10).

(₹ in Crore)

5.	(a)	Average net profit of the company as per Sub-Section (5) of Section 135.	2,217
	(b)	2% of average net profit of the company as per Sub-Section (5) of Section 135.	44.35
	(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.	-
	(d)	Amount required to be set-off for the financial year, if any	-
	(e)	Total CSR obligation for the financial year [(b)+(c)-(d)].	44.35*

**An additional budget of ₹0.65 Crore, over and above the CSR obligation for FY 2025-26, was approved by the CSR Committee and the Board. Accordingly, total CSR budget for FY 2025-26 was ₹45 Crore.*

(₹ in Crore)

6.	(a)	Amount spent on CSR projects (both ongoing project and other than ongoing project)	29.39
	(b)	Amount spent in administrative overheads	1.45
	(c)	Amount spent on impact assessment, if applicable	0.05
	(d)	Total amount spent for the financial year [(a)+(b)+(c)]	30.89
	(e)	CSR amount spent or unspent for the financial year:	

(₹ in Crore)

Total amount spent for the financial year (₹ in Crore)	Amount unspent				
	Total amount transferred to unspent CSR account as per Sub-Section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
30.89	14.11	29th April 2026	-	-	-

(f) Excess amount for set-off, if any: Nil

Sr. No.	Particular	Amount (₹ in Crore)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per Sub-Section (5) of Section 135	Not Applicable
(ii)	Total amount spent for the financial year	
(iii)	Excess amount spent for the financial year [(i)-(ii)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

7. Details of unspent Corporate Social Responsibility amount for the preceding three financial years:

(₹ in Crore)

Sr. No.	Preceding financial year(s)	Amount transferred to unspent CSR account under Sub-Section(6) of Section 135	Balance Amount in Unspent CSR Account under Sub-Section(6) of Section 135	Amount Spent in the financial year (₹ in Crore)	Amount transferred to a fund as specified under Schedule VII as per second proviso to Sub-Section(5) of Section 135, if any		Amount remaining to be spent in succeeding financial years	Deficiency, if any
					Amount	Date of transfer		
1	FY 2024-25	4.50	4.50	4.50	-	-	Nil	-
2	FY 2023-24	12.65	-	-	-	-	Nil	-
3	FY 2022-23	8.26	-	-	-	-	Nil	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:

○ Yes ● NO

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year:

(₹ in Crore)

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR spent (₹ in Crore)	Details of entity/authority, beneficiary of the registered owner		
					6		
1	2	3	4	5	CSR registration number, if applicable	Name	Registered address
	-	-	-	3.60*	-	-	-

Note: *During FY 2024-25, the Bank acquired a building located at RIICO Industrial Area, Malviya Nagar, Jaipur, for establishing a Centre of Excellence Hub. The total cost of the asset was ₹16.32 Crore, of which ₹12.72 Crore was incurred and disclosed as CSR capital expenditure in Annual CSR Report FY 2024-25. Thereafter, the balance amount of ₹3.60 Crore was incurred in FY 2025-26.*

9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Sub-Section(5) of Section 135.

During FY 2025-26, the Bank spent ₹35.39 Crore towards CSR initiatives, including ₹4.50 Crore from the unspent CSR amount of FY 2024-25. However, the Bank could not fully utilise the prescribed 2% of average net profit as required under Section 135(5) of the Companies Act, 2013.

The unspent amount was primarily attributable to the phased implementation of approved ongoing projects, which involve multi-year programmes executed in a stage-wise and milestone-based manner. These projects require completion of pre-implementation activities, including need assessments, feasibility evaluation, ground-level requirements, partner readiness and onboarding of implementing partners, execution capacity and alignment with operational timelines, before complete deployment of funds.

While projects across key thematic areas had been approved and implementation had commenced, CSR contributions were linked to defined milestones to ensure effective utilisation, governance oversight and outcome-driven impact. Accordingly, a portion of the approved CSR outlay remained committed but unspent as at the end of the financial year.

The unspent amount pertained exclusively to ongoing projects and had been duly transferred in accordance with the applicable provisions of the Companies Act, 2013 and CSR Rules. The same was expected to be utilised within the prescribed timelines in subsequent financial years.

Sd/-
Sanjay Agarwal
(Managing Director and CEO)

Sd/-
Malini Thadani
(Chairperson-CSR & SC)

Annexure III

DISCLOSURE ON REMUNERATION

The ratio of the remuneration of each director to the median employee's remuneration and other details for financial year 2025-26 in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Name and Designation	Ratio of the remuneration[1] of each director to the median remuneration of the employees of the Bank for the financial year
1	Mr. Harun Rasid Khan, Part-Time Chairman and Independent Director	7
2	Mr. Sanjay Agarwal, MD and CEO[2]	91
3	Mr. Uttam Tibrewal, Whole-Time Director and Deputy CEO[3]	78
4	Mr. Kamlesh Shivji Vikamsey, Independent Director[4]	5
5	Ms. Malini Thadani, Independent Director[4]	5
6	Mr. Nandkumar Saravade, Independent Director[4]	5
7	Mr. J. M. Prasad, Independent Director[4]	5
8	Mr. N. S. Venkatesh, Independent Director[4]	5
9	Mr. Satyajit Dwivedi, Independent Director[4]	5
10	Mr. Phani Shankar, Independent Director[4]	5
11	Mr. M. S. Sriram, Independent Director[4]	5
12	Mr. Pushpinder Singh, Independent Director[4]	5
13	Mr. V. G. Kannan, Independent Director[4]	5
14	Ms. Kavita Venugopal, Independent Director[4]	5
15	Mr. Divya Sehgal, Non-Executive Non-Independent Director[5]	NA

Sr. No.	Name and Designation	Percentage increase in remuneration[1] of each Director, Chief Financial Officer ('CFO'), Chief Executive Officer ('CEO'), Company Secretary ('CS'), if any, in the financial year
1	Mr. Harun Rasid Khan, Part-Time Chairman and Independent Director	Nil
2	Mr. Sanjay Agarwal, MD and CEO[2]	15.00%
3	Mr. Uttam Tibrewal, Whole-Time Director and Deputy CEO[3]	15.00%
4	Mr. Kamlesh Shivji Vikamsey, Independent Director[4]	Nil
5	Ms. Malini Thadani, Independent Director[4]	Nil
6	Mr. Nandkumar Saravade, Independent Director[4]	Nil
7	Mr. J. M. Prasad, Independent Director[4]	Nil
8	Mr. N. S. Venkatesh, Independent Director[4]	Nil
9	Mr. Satyajit Dwivedi, Independent Director[4]	Nil
10	Mr. Phani Shankar, Independent Director[4]	Nil
11	Mr. M. S. Sriram, Independent Director[4]	Nil

Sr. No.	Name and Designation	Percentage increase in remuneration[1] of each Director, Chief Financial Officer ('CFO'), Chief Executive Officer ('CEO'), Company Secretary ('CS'), if any, in the financial year
12	Mr. Pushpinder Singh, Independent Director[4]	Nil
13	Mr. V. G. Kannan, Independent Director[4]	Nil
14	Ms. Kavita Venugopal, Independent Director[4]	Nil
15	Mr. Divya Sehgal, Non-Executive Non-Independent Director[5]	NA
16	Mr. Gaurav Jain, Interim CFO[6]	8.00%
17	Mr. Manmohan Parnami, CS	9.80%

Sr. No.	Requirements	Disclosure
1	The percentage increase in the median remuneration of employees in the financial year	There has been increase of 7.40% in median remuneration of employees. Median has been calculated by taking remuneration on annualised basis considering the employees as on year end.
2	The number of permanent employees on the rolls of Bank as on March 31, 2026	There were 59,207 employees as on March 31, 2026.
3	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average percentile remuneration of non-managerial personnel of the Bank during FY 2025-26 was increased by 6.50%. The average percentile remuneration for the managerial personnel of the Bank during FY 2025-26 was increased by 10.12%. The average increase is dependent on the individual's performance, promotions and overall Bank's performance.
4	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes, remuneration is as per the Compensation policy of the Bank.

Notes:

1. Remuneration i.e. fixed pay of employees including MD and CEO and Whole-Time Director and Deputy CEO as at the year-end have been considered for presenting data on comparable basis. Fixed pay is exclusive of the variable pay, bonus and value of perquisites on ESOPs. The remuneration of Independent Directors including Part-time Chairman is exclusive of sitting fees. Executive Directors were not eligible to receive sitting fees.
2. RBI vide its letter dated December 2, 2025 has approved Fixed Pay of ₹3.32 Crore for Mr. Sanjay Agarwal, MD and CEO.
3. RBI vide its letter dated December 2, 2025 has approved Fixed Pay of ₹2.87 Crore for Mr. Uttam Tibrewal. Mr. Uttam Tibrewal has completed his term as Whole-Time Director from close of business hours on April 18, 2026 and he is continuing in his capacity as Deputy CEO of the Bank.
4. Compensation in form of fixed remuneration of ₹18 Lakh per annum is paid to each Independent Director [excluding the Part-time Chairman (Independent Director)], as approved by the Board of Directors and within the limits approved by the shareholders. For Independent Directors who were appointed or ceased to hold office during FY 2025-26, such compensation has been annualised for the purpose of presenting the information on a comparable basis.
5. Mr. Divya Sehgal was appointed as Non-Executive and Non-Independent Director pursuant to the scheme of amalgamation of Fincare Small Finance Bank Limited into and with the Bank. He was neither entitled to compensation in the form of fixed pay nor any sitting fees.
6. Mr. Gaurav Jain was appointed as Interim CFO with effect from September 26, 2025, and was subsequently appointed as CFO with effect from April 27, 2026. The percentage increase in Fixed Pay, as shown above is considering his Fixed Pay for FY 2024-25 and FY 2025-26.
7. During the financial year 2025–26, Mr. M. S. Sriram, Mr. Pushpinder Singh, Mr. V. G. Kannan and Ms. Kavita Venugopal completed their respective tenures on the Board of the Bank. Further, Mr. Divya Sehgal, who joined the Board upon the amalgamation of Fincare SFB into and with the Bank, resigned upon completion of the integration process post the said amalgamation and other professional commitments. Additionally, Mr. Nandkumar Saravade, Mr. J. M. Prasad, Mr. N. S. Venkatesh, Mr. Satyajit Dwivedi and Mr. Phani Shankar were inducted onto the Board.

Annexure IV

FORM No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

{Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,
The Members,
AU SMALL FINANCE BANK LIMITED
19-A, Dhuleshwar Garden
Jaipur – 302001 (Rajasthan)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AU SMALL FINANCE BANK LIMITED** (hereinafter called **"the Company or the Bank"**). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliance and expressing our opinion thereon.

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by the Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of the **AU SMALL FINANCE BANK LIMITED** books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial year ended on **March 31, 2026**, (hereinafter called the Audit "Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2026**, according to the provisions of:

i. The Companies Act, 2013 (**'the Act'**) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the rules made there under;

iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Bank during audit period);**

   d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

   e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable to the Bank during audit period);**

   h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 **(Not applicable to the Bank during audit period);**

   i. The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994;

   j. The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereunder (Hereinafter referred as "Listing Regulations").

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following laws applicable specifically to the Company:

a. The Reserve Bank of India Act,1934

b. The Banking Regulation Act,1949 and Notifications and circulars issued by Reserve Bank of India ('RBI') from time to time;

c. The Reserve Bank of India (Small Finance Banks–Licensing) Guidelines, 2025, read together with the applicable Master Directions and Directions issued by the RBI to Small Finance Banks from time to time, as applicable.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review, were carried out in compliance with the provisions of the Act and the Listing Regulations.

Adequate notices are given to all Directors to schedule the Board/Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except in cases where meeting is convened at a shorter notice for which necessary approvals obtained as per applicable provisions), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company had the following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

a. The Shareholders at the Annual General Meeting held on August 8, 2025 approved the declaration of dividend of ₹1 per equity share of ₹10 each fully paid-up for the financial year ended March 31, 2025.

b. The Board of Directors at its meeting held on June 28, 2025 approved annual renewal of fund-raising limits by way of issue of equity shares for an aggregate amount not exceeding ₹5,000 Crore (Rupees Five Thousand Crore Only) through private placement or qualified institutions placement ('QIP') or preferential allotment or through a combination thereof or any other alternative mode, as may be considered appropriate, which was subsequently approved by the shareholders at the Annual General Meeting held on August 8, 2025.

c. The Board of Directors at its meeting held on June 28, 2025 approved annual renewal of borrowing/fundraising limits by way of issue of debt instruments including but not limited to Bonds and Non-Convertible Debentures or such other debt securities as may be permitted by RBI from time to time for an amount not exceeding ₹6,000 Crore (Rupees Six Thousand Crore Only), in one or more tranches, which was subsequently approved by the shareholders at the Annual General Meeting held on August 8, 2025.

d. The Board of Directors at its meeting held on April 22, 2025 approved the appointment of Mr. Nandkumar Saravade (DIN: 07601861) as an Additional Director (Non-Executive Independent) with effect from May 31, 2025, which was subsequently approved by the shareholders at the Annual General Meeting held on August 8, 2025.

e. The Board of Directors at its meeting held on June 28, 2025 approved the appointment of Mr. Jagajit Mangal Prasad (DIN: 11146660) as an Additional Director (Non-Executive Independent) with effect from July 1, 2025 which was subsequently approved by shareholders at the Annual General Meeting held on August 8, 2025.

f. The Board of Directors at its meeting held on November 24, 2025 approved the appointment of Mr. Narasinganallore Venkatesh Srinivasan (DIN: 01893686) as an Additional Director (Non-Executive Independent) with effect from November 25, 2025 which was subsequently approved by shareholders through Postal Ballot held on December 25, 2025.

g. The Board of Directors at its meeting held on November 24, 2025, approved the Appointment of Mr. Satyajit Dwivedi (DIN: 08118455) as an Additional Director (Non-Executive Independent) with effect from November 25, 2025 which was subsequently approved by the shareholders through Postal Ballot held on December 25, 2025.

h. The Board of Directors at its meeting held on November 24, 2025, approved the re-appointment of Ms. Malini Thadani (DIN: 01516555), Non-Executive Independent Director with effect from November 25, 2025 which was subsequently approved by the shareholders through Postal Ballot held on December 25, 2025.

i. The Board of Directors at its meeting held on January 20, 2026 approved the appointment of Mr. Phani Shankar (DIN: 09663183) as an Additional Director (Non-Executive Independent) with effect from January 20, 2026, which was subsequently approved by the shareholders through Postal Ballot held on February 28, 2026.

j. The Board of Directors at its meeting held on January 20, 2026 approved the appointment of Mr. Vivek Tripathi, Chief Credit Officer of the Bank, as Whole-Time Director (Executive Director), subject to necessary approvals from regulators and shareholders.

k. The Board of Directors at its meeting held on September 26, 2025 had approved the appointment of Mr. Gaurav Jain as Interim Chief Financial Officer and Key Managerial Personnel of the Bank.

l. The Nomination and Remuneration Committee had approved the allotment of 37,36,590 Equity Shares pursuant to exercise of Employees Stock Options during the audit period.

Place: Mumbai
Date: April 27, 2026
UDIN: F003667H000214416

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Dipti Mehta
Partner
FCS No.: F3667
CP No.: 23905
PR No.: 7281/2025

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

Annexure A

To,
The Members,
AU SMALL FINANCE BANK LIMITED
19-A, Dhuleshwar Garden
Jaipur – 302001 (Rajasthan)

Our Secretarial Audit Report for the financial year ended March 31, 2026 of even date is to be read along with this letter;

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. As regard the books, papers, forms, reports and returns filed by the Bank under the provisions referred in Secretarial Audit Report in Form MR-3, the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Bank with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.
7. The secretarial audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

Place: Mumbai
Date: April 27, 2026
UDIN: F003667H000214416

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Dipti Mehta
Partner
FCS No.: F3667
CP No.: 23905
PR No.: 7281/2025

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT FY 2025-26

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L36911RJ1996PLC011381
2.	Name of the Listed Entity	AU Small Finance Bank Limited
3.	Year of incorporation	1996
4.	Registered office address	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan
5.	Corporate office address	5th Floor, E-Wing, Kanakia Zillion, Junction of CST Road & LBS Road, Kurla (West), Mumbai – 400070, Maharashtra
6.	E-mail	investorrelations@aubank.in
7.	Telephone	0141-4110060/61
8.	Website	www.au.bank.in
9.	The financial year for which reporting is being done	April 1, 2025 to March 31, 2026
10.	Name of the Stock Exchange(s) where shares are listed	1. BSE Limited 2. National Stock Exchange of India Ltd.
11.	Paid-up capital (In INR)	7,48,26,71,210
12.	Name and contact details (Telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Ms. Sunanda Sharma (Head of Sustainability) Telephone: 0141-4110060/61 sustainability@aubank.in
13.	Reporting boundary — Are the disclosures under this report made on a standalone basis (i.e., only for the entity), or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)	The Bank does not have any subsidiary or holding company and thus, this report has been made on a standalone basis.
14.	Name of assessment or assurance provider	Intertek India Pvt. Ltd.
15.	Type of assessment or assurance obtained	Reasonable Assurance for BRSR Core Disclosures Limited Assurance for select non-core BRSR Disclosures

II. Products/services

16. Details of business activities (accounting 90% of the turnover)

Sr. No.	Description of main activity	Description of business activity	% of Turnover of the entity
1.	Financial and Insurance Service	• Retail Secured assets: Wheels, Mortgages, and Gold Loans • Commercial Banking: Business Banking (including Agri Banking), EEFI, REG, and Renewable Energy • Inclusive Banking: MFI, FPO financing and SMF • Digital Unsecured assets: Credit Cards and Personal Loans • Branch Banking: Urban Banking, Swadesh Banking, Govt. & Wholesale Banking • Digital Banking: AU 0101 app, Video Banking, chatbot	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's turnover):

Sr. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Retail Banking, Treasury, Commercial Banking, and other Banking Operations	64191	100%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	0	2,819	2,819*
International	0	0	0

**2,819 touchpoints include 29 offices which do not cater to customers directly.*

19. Markets served by the entity:

a. Number of locations

Location	Number
National (No. of States)	21 states and 4 union territories
International (No. of Countries)	0

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not Applicable

c. A brief on types of customers:

AU Small Finance Bank ("AU SFB" or "the Bank") serves a diverse and inclusive customer base, reflecting its core mission of delivering financial services to underserved and unbanked segments while also catering to the evolving needs of urban and emerging India. The Bank has carefully structured its offerings and outreach to ensure relevance across different customer profiles. Broadly, AU SFB's customers can be classified into three key categories:

1. Urban Customers

Urban customers form a significant part of AU SFB's growing customer base, especially as the Bank continues to expand its presence across metropolitan cities and urban centres.

Profile: This segment includes salaried professionals, entrepreneurs, business owners, high-net-worth individuals (HNIs), and digitally-savvy youth who seek modern banking solutions.

Banking Needs: They typically look for convenience, speed, innovation, and a broad range of financial products including savings accounts, credit cards, personal and business loans, investment options, and digital banking services.

AU SFB's Offering:

- AU 0101 Digital Banking for seamless online access
- Competitive interest rates on savings and fixed deposits
- Premium and lifestyle credit card offerings
- Customised wealth management services
- Relationship-based banking experience through AU Royale and AU Gold programs

2. **Swadesh Banking Customers**

Swadesh Banking is AU SFB's flagship initiative designed to serve customers from rural and semi-urban areas who represent the backbone of India's real economy.

Profile: These customers are typically from smaller towns, Tier 2 and Tier 3 cities, and rural communities. They include farmers, small traders, local entrepreneurs, daily wage earners, and self-employed individuals.

Banking Needs: Their primary requirements revolve around accessible, trustworthy banking that helps them save securely, avail of credit for livelihood, and make simple financial transactions.

AU SFB's Offering:

- Easy-to-operate savings accounts with no/minimum balance
- Doorstep banking and branch outreach in remote locations
- Inclusive financial literacy and customer awareness initiatives
- Tailored loan products for agriculture, two-wheelers, and small businesses
- Support for Direct Benefit Transfer (DBT) and government schemes

3. **Microfinance Customers**

AU SFB's Microfinance customers represent one of its most purpose-driven segments, aligned with the Bank's founding vision of empowering those at the bottom of the financial pyramid.

Profile: Primarily women borrowers from low-income households who are part of self-help groups or joint liability groups in rural and semi-urban areas.

Banking Needs: Access to small-ticket loans to support livelihood activities such as livestock rearing, tailoring, *kirana* shops, and other micro-enterprises.

AU SFB's Offering:

- Group-based microloans with minimal documentation
- Financial literacy training and credit counselling
- Timely, repeat credit for scaling small businesses
- Strong community engagement and on-ground relationship teams
- Support for entrepreneurship and income generation

AU Small Finance Bank's customer strategy is built on deep-rooted trust, inclusion, and innovation. Whether it's the digitally native urban professional, the aspiring rural entrepreneur under Swadesh Banking, or the resilient woman supported through microfinance, AU SFB is committed to being a partner in their financial journeys. By tailoring its services to suit the aspirations and challenges of each segment, AU SFB continues to build a financially empowered and inclusive India.

IV. Employees

20. Details as at the end of the financial year:

a. Employees and workers (including differently abled):

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1	Permanent (D)	59,207	53,513	90.38%	5,694	9.62%
2	Other than Permanent (E)	-	-	-	-	-
3	**Total employees (D+E)**	**59,207**	**53,513**	**90.38%**	**5,694**	**9.62%**
Workers						
4	Permanent (F)	Nil	Nil	Nil	Nil	Nil
5	Other than Permanent (G)	Nil	Nil	Nil	Nil	Nil
6	**Total workers (F+G)**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

b. Differently abled employees and workers:

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Differently abled employees						
1	Permanent (D)	29	26	89.66%	3	10.34%
2	Other than Permanent (E)	-	-	-	-	-
3	**Total differently abled employees (D + E)**	**29**	**26**	**89.66%**	**3**	**10.34%**
Differently abled workers						
4	Permanent (F)	Nil	Nil	Nil	Nil	Nil
5	Other than permanent (G)	Nil	Nil	Nil	Nil	Nil
6	**Total differently abled workers (F+ G)**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

21. Participation/inclusion/representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	10	1	10
Key Management Personnel*	4	0	0

**Including CS, CFO, and Executive Directors*

22. Turnover rate for permanent employees and workers (Disclose trends for the past three years)

Particulars	FY 2025-26			FY 2024-25			FY 2023-24*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	55.98%	55.83%	**55.97%**	52.93%	62.07%	**53.72%**	43.63%	46.81%	**43.91%**
Permanent Workers	Not Applicable			Not Applicable					

**The figures presented are on a pre-merger basis, prior to the amalgamation of Fincare SFB with and into AU SFB*

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. Names of holding/subsidiary/associate companies/joint ventures

Sr. No.	Name of the holding/ subsidiary/associate companies/joint ventures (A)	Indicate whether holding/subsidiary/ Associate/Joint ventures	% of shares held by the listed entity	Does the entity indicated in column A, participate in the Business-Responsibility initiatives of the listed entity? (Yes/No)
Not Applicable				

VI. CSR Details

24.

(i)	Whether CSR is applicable as per Section 135 of Companies Act, 2013: (Yes/No)	Yes
(ii)	Turnover (in INR)	2,16,14,27,76,301
(iii)	Net Worth (in INR)	1,96,26,94,85,112

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom a complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide a web link for grievance redress policy)	FY 2025-26			FY 2024-25		
		Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks
Communities	Yes Any queries or complaints can be shared by sending an email to hello@aufoundation.in or customercare@aubank.in	Nil	Nil	-	Nil	Nil	-
Investors (other than shareholders)	Yes Covered under Investor Grievance Redressal Policy https://www.au.bank.in/investors/secretarial-policies	1	0	-	Nil	Nil	-
Shareholders	Yes Covered under Investor Grievance Redressal Policy https://www.au.bank.in/investors/secretarial-policies	6	0	-	Nil	Nil	-
Employees	Yes Addressed through internal portal named 'HR Sahayak' for employees to report their grievance. Covered under Bank's Whistle Blower Policy and Vigil Mechanism https://www.au.bank.in/investors/secretarial-policies	287	0	-	899	8	-

Stakeholder group from whom a complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide a web link for grievance redress policy)	FY 2025-26			FY 2024-25		
		Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks
Customers	Yes Covered under Customer Grievance Redressal Mechanism https://www.au.bank.in/notice-board/notice-board-folder-3/gr-file.pdf	58,652*	2,950	-	46,254*	1,956	-
Value Chain Partners	Yes Covered under Bank's Sustainability Procurement Guideline, Whistle Blower Policy and Vigil Mechanism https://www.au.bank.in/investors/secretarial-policies	Nil	Nil	-	Nil	Nil	-
Others (Third Party/ Anonymous)	Yes Covered under Whistle Blower Policy of the bank related to bribery and corruption https://www.au.bank.in/investors/secretarial-policies	15	Nil	-	5	Nil	-

*Number of complaints reported above are recorded complaints at the Bank and not the sustainable complaints.
*Excluding complaints redressed within the next working day. as per the Master Circular DBODNo.Leg.BC.22/09.07.006/2013-14.

26. Overview of the entity's material responsible business conduct issues:

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	The rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Financial & Digital Inclusion	Social Opportunity	Expanding access to affordable financial and digital services enables economic participation, supports underserved communities, and advances inclusive growth.	-	Positive: Increased customer acquisition, expanded market reach, diversified revenue streams, improved customer retention, and

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	The rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
			It also presents opportunities to broaden the customer base, deepen customer engagement, improve financial literacy, and strengthen the Bank's presence in emerging markets.	-	long-term franchise growth.
2.	Diversity, Equity & Inclusion (DE&I)	Social Opportunity	A diverse and inclusive workforce enhances innovation, decision-making, employee engagement, and organizational resilience. It strengthens the Bank's ability to attract and retain talent while fostering a culture that reflects the diverse needs of customers and communities.	-	Positive: Improved talent attraction and retention, enhanced productivity and innovation, stronger employer brand, and reduced recruitment costs.
3.	Corporate Social Responsibility (CSR)	Social Opportunity	Strategic CSR initiatives in skill development, women entrepreneurship, rural development, and community welfare contribute to socio-economic progress and strengthen the Bank's social impact. These initiatives help build stronger relationships with communities and reinforce the Bank's purpose-driven brand.	-	Positive: Enhanced reputation and stakeholder trust, stronger community relationships, improved brand equity, and long-term business sustainability.
4.	Green Finance	Environment Opportunity	Growing demand for sustainable finance solutions presents opportunities to support the low-carbon transition while creating new business avenues. Green finance products enable the Bank to meet evolving customer needs, strengthen portfolio resilience, and align with emerging regulatory and investor expectations.	-	Positive: Portfolio growth, access to new markets and customer segments, enhanced investor confidence, and reduced exposure to climate-related risks.
5.	Climate Risk	Environment Risk	Physical and transition impacts of climate change may adversely affect borrowers, asset quality, business continuity, and operational resilience. Increasing regulatory expectations and stakeholder scrutiny further amplify the significance of climate-related financial risks.	It is imperative for Bank to understand the impact of climate risk and taking prudent measures for addressing the same. During FY 2025-26, AU SFB became the first Indian bank to partner with the International Finance Corporation (IFC) on Climate Risk Advisory strengthening its ability	Negative: Potential increase in credit losses, operational disruptions, compliance costs, asset impairment.

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	The rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				to integrate physical and transition climate risks, including flooding, heat stress, water scarcity, policy changes, technology disruption, and asset stranding, into lending and risk management processes.	

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies, and processes put in place towards adopting the National Guidelines on Responsible Business Conduct ('**NGRBC**') Principles and Core Elements. The nine NGRBC are as follows:

Principle 1:	**Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.**
Principle 2:	**Businesses should provide goods and services in a manner that is sustainable and safe.**
Principle 3:	**Businesses should respect and promote the well-being of all employees, including those in their value chain.**
Principle 4:	**Businesses should respect the interests of and be responsive to all their stakeholders.**
Principle 5:	**Businesses should respect and promote human rights.**
Principle 6:	**Businesses should respect and make efforts to protect and restore the environment.**
Principle 7:	**Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.**
Principle 8:	**Businesses should promote inclusive growth and equitable development.**
Principle 9:	**Businesses should engage with and provide value to their consumers in a responsible manner.**

Disclosure Questions			P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes											
1.	a.	Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b.	Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c.	Web Link of the policies, if available	https://www.au.bank.in/investors/secretarial-policies https://www.au.bank.in/notice-board								
2.		Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.		Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.		Name of the national and international codes/ certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your Entity and mapped to each principle.	The Bank has adopted and complies with the regulations as prescribed by Reserve Bank of India (RBI), Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI), and other regulators. The Bank is ISO 27001:2022 certified. This demonstrates the robust processes adopted by the Bank. In addition to this, Bank is PCI DSS certified for card ecosystem and operation.								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	No specific commitments, goals, targets were set in relation to above principles during the Financial Year.								
6. Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.	-	-	-	-	-	-	-	-	-
Governance, leadership, and oversight									
7. Statement by the director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)	At AU Small Finance Bank, our purpose extends beyond banking to creating opportunities for individuals, businesses, and communities that have historically remained outside the formal financial system. As stakeholder expectations evolve, we recognise that long-term success depends not only on financial performance but also on responsible environmental, social, and governance practices. FY 2025-26 marked an important step in our sustainability journey as we further integrated ESG principles into our strategy, risk management, and decision-making processes. With climate risks, regulatory developments, and stakeholder expectations reshaping the banking sector, we view sustainability as a key driver of resilience, responsible growth, innovation, and long-term stakeholder value. **Sustainable Finance:** Through our Planet First – AU Green Fixed Deposit programme, we mobilised over ₹2,952.29 Cr. towards renewable energy, clean transportation, and green building projects, supporting India's transition to a lower-carbon economy. In partnership with the International Finance Corporation (IFC), we further strengthened our climate risk assessment capabilities and environmental and social due diligence processes, laying the foundation for informed and future-ready credit decisions. **Sustainable Operations:** Within our operations, we continued to improve resource efficiency, reduce our Scope 1 and Scope 2 emissions, and advance circular economy practices. Our efforts focused on enhancing energy efficiency, promoting digital adoption, reducing waste generation, and strengthening environmental data management. During the year, we also initiated key steps towards understanding the broader climate impact of our business by progressing work on Scope 3 financed emissions and enhancing environmental disclosures. **Sustainable Communities:** Our commitment to people and communities remains central to our growth story. Through financial inclusion initiatives, community development programmes, and flagship CSR interventions such as AU Ignite, AU Udyogini, and AU Bano Champion, we continued creating pathways for entrepreneurship, skill development, youth empowerment, and social progress. Guided by our Diversity, Equity and Inclusion (DE&I) Charter, we foster an equitable workplace where every individual feels valued, respected, and empowered, while leveraging diverse perspectives to strengthen innovation and drive sustainable growth. **Sustainable Reporting:** On the governance front, we enhanced the rigour and credibility of our sustainability disclosures through strengthened ESG governance mechanisms, a comprehensive materiality assessment, independent assurance of BRSR disclosures, and limited assurance on GRI disclosures. These efforts contributed to stronger ESG performance and improved external ratings, reflected in an NSE ESG Rating of 73 (Strong category) and an improved Sustainalytics ESG Risk Rating of 16.6, down from 17.1, indicating lower ESG risk exposure.									

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	While encouraged by our progress, we recognise that sustainability is a long-term journey. Our focus remains on scaling sustainable finance, strengthening climate resilience, enhancing ESG reporting systems, deepening stakeholder engagement, and creating enduring value for stakeholders, communities, and future generations. Refer to the Message from MD & CEO in the Integrated Annual Report on page no. 31.								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies)	Name: Mr. Sanjay Agarwal Designation: MD & CEO DIN: 00009526								
9. Does the entity have a specified Committee of the Board/Director responsible for decision-making on sustainability-related issues? (Yes/No). If yes, provide details.	Yes, the Bank has Board-level Corporate Social Responsibility & Sustainability Committee responsible for decision making on sustainability related issues. The composition, terms of reference and meeting details of Corporate Social Responsibility & Sustainability Committee are included in Corporate Governance Report.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether the review was undertaken by the Director/Committee of the Board/Any other Committee									Frequency (Annually/Half-yearly/ Quarterly/Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against the above policies and follow up action	Yes, by Board/respective committee of the Board									Annually								
Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliances	The Bank follows all the applicable statutory and regulatory guidelines. The status of compliance is presented to the Audit Committee of the Bank on quarterly basis.																	

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No								

12. If the answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable

Essential Indicators

1. Percentage coverage by training and awareness programs on any of the principles during the financial year:

Segment	Total number of training and awareness programs held	Topic/Principles covered under the training and its impact	% of a person in respective categories covered by the awareness programs
Board of Directors	7	Training covered key areas such as Corporate Governance, Cybersecurity, Banking Regulations, Gen AI, Risk Awareness, and Financial Stability updates (including RBI insights). **Impact:** These initiatives enabled the Board to stay updated on emerging risks, regulatory developments, and strategic governance practices, strengthening oversight and decision-making effectiveness.	100%
Key Managerial Personnel	6	Programs focused on Risk & Compliance Awareness, Corporate Governance, Cybersecurity, Leadership Development, and emerging areas like Gen AI. **Impact:** Enhanced functional expertise, regulatory alignment, and leadership capability, ensuring effective execution of governance, risk, and compliance frameworks across the organisation.	100%
Employees other than BOD and KMPs	441	Training delivered across Product, Policy & Process, Risk & Compliance, Digital & Technology, Sales & Customer Service, and Leadership & Behavioural development through classroom, digital, and blended modes. Coverage includes Product & Process trainings, Digital & Systems learning, Risk, Compliance & Regulatory modules, Application-based trainings, and Leadership & Behavioural interventions such as Communication Skills, Customer Service, Leadership Programs (EDP, Manager Excellence), Emotional Intelligence, and Decision Making, along with Refresher Trainings and Certifications (IIBF, NISM, FEDAI and Bloomberg). **Impact:** Strengthened role-based capability and productivity, ensured regulatory compliance and risk awareness, enabled digital adoption and system effectiveness, improved customer experience and sales outcomes, and built a future-ready workforce through continuous learning and certifications.	99.40%
Workers	Not Applicable	Not Applicable	Not Applicable

2. **Details of fines/penalties /punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):**

Particulars	Monetary				
	NGRBC Principle	Name of the regulatory/enforcement agencies judicial institutions	Amount (in INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty fine					
Settlement		Nil			
Compounding fee					

Particulars	Non-Monetary			
	NGRBC Principle	Name of the regulatory/enforcement agencies judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment		Nil		
Punishment				

3. **Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/enforcement agencies judicial institutions
Not Applicable	

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web link to the policy**

The Bank has an Anti-Bribery and Anti-Corruption Policy that applies to all stakeholders, including customers, vendors, investors, regulators, and governmental agencies. The Bank adopts a zero-tolerance approach towards instances of bribery and corruption, or any act of misconduct committed by employees within the Bank's control and taking appropriate punitive action. The policy addresses measures to combat corruption within the Bank and implements preventive measures to deter misconduct on the employees. Employees are imparted with vigilance awareness trainings as part of Bank's annual mandatory training programs.

Web link of the Policy: https://www.au.bank.in/notice-board.

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:**

Complaints	FY 2025-26	FY 2024-25
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	NA	NA

6. Details of complaints with regard to conflict of interest:

Complaints	FY 2025-26		FY 2024-25	
	Numbers	Remarks	Numbers	Remarks
Number of complaints received in relation to issues of conflict of interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of conflicts of interest of the KMPs	Nil	NA	Nil	NA

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

There were no cases or incidents related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

8. Number of days of accounts payables [(Accounts payable *365)/Cost of goods/services procured] in the following format:

Particulars	FY 2025-26	FY 2024-25
Number of days of accounts payables	24.09	33.66

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

9. Open-ness of business:
Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2025-26	FY 2024-25
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA
Concentration of Sales	a. Sales to dealers/distributors as % of total sales	NA	NA
	b. Number of dealers/distributors to whom sales are made	NA	NA
	c. Sales to top 10 dealers/distributors as % of total sales to dealers /distributors	NA	NA
Share of RPTs in	a. Purchases (Purchases with related parties/ Total purchases)	0.09%	0.08%
	b. Sales (Sales to related parties/Total sales)	0.00%	0.01%
	c. Loans & advances (Loans & advances given to related parties/Total loans & advances)	0.00%	0.01%
	d. Investments (Investments in related parties/ Total investments made)	Nil	Nil

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

Leadership indicators

1. Awareness programs conducted for value chain partners on any of the principles during the financial year:

Total numbers of awareness programs held	Topic/principles covered under training	% of value chain partners covered (by the value of business done with such partners) under the awareness programs
1	• Understanding sustainability principles, ESG fundamentals, and responsible business practices that support long-term value creation and sustainable growth. • Environmental sustainability, including climate change awareness, energy efficiency, resource conservation, waste management, water stewardship, and biodiversity protection to minimize environmental impacts. • Social sustainability, covering employee well-being, workplace health and safety, diversity and inclusion, human rights, labour standards, employee engagement, and community development initiatives. • Ethical governance, focusing on compliance, risk management, transparency, accountability, ethical conduct, anti-corruption measures, and responsible value chain practices across business operations and stakeholder relationships	75%

Note: Based on purchase by value

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes, the Bank has a Code of Conduct for Directors and Senior Management Personnel and Policy on Related Party Transaction and Materiality which specifies that Directors shall not be involved in any situation that directly or indirectly conflicts with the interests of the Bank.

Web-link of the above Policies: https://www.au.bank.in/investors/secretarial-policies

During FY 2025-26, the Bank has not entered into any materially significant transaction with its Directors or Relatives of Directors, which could lead to potential conflict of interest between the Bank and these parties, other than transactions entered into in the ordinary course of its business.

All the Directors of the Bank have affirmed compliance with the said code as applicable to them for FY 2025-26.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investments made by the entity, respectively.

Particulars	FY 2025-26	FY 2024-25	Details of improvement in environmental and social impact
R&D	Nil	Nil	NA
Capex	Nil	Nil	NA

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No):

Yes, the Bank has established Sustainable Procurement Guidelines (SPG), which set clear expectations for supply chain partners to integrate sustainability into their core values and adhere to Environmental, Social, and Governance (ESG) principles. The SPG initiative aims to promote and embed sustainable practices across the supply chain.

b. If yes, what percentage of inputs were sourced sustainably?

The Bank is committed to procuring materials and services from suppliers who follow environmentally and socially responsible practices. However, the overall share of sustainable sourcing has not yet been calculated at a consolidated level.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) Other waste

Given the Bank's service-oriented operations, which primarily involve intangible products, the use of recycled materials as direct inputs is limited. However, the Bank has established processes to ensure responsible and sustainable management of waste generated through its activities. Key practices include:

Plastic & Packaging: The Bank actively works to minimise plastic consumption through conscious procurement decisions and the adoption of sustainable alternatives across offices and branches, reducing overall packaging waste.

E-waste Management: Disposal is carried out through a registered, government-authorised vendor. All items are handed over for safe recycling and disposal in compliance with regulatory requirements. The vendor also provides annual compliance reports for audit and record purposes.

Reuse & Recycling: Electronic equipment such as laptops, desktops, and printers are first assessed by the IT team for reuse, repair, or refurbishment, maximising their lifecycle before disposal, in line with internal policies.

General Waste: Paper and other general waste are disposed of through authorised vendors, ensuring adherence to environmental norms and responsible waste handling practices.

Overall, these processes reflect the Bank's commitment to minimising its environmental impact and contributing positively to environmental sustainability.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

No, Given the nature of the Bank's operations, Extended Producers Responsibility (EPR) is Not Applicable on the Bank.

Leadership indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

The Life Cycle of the Bank's services are as follows:

Loans: The Bank's loan life cycle process involves sourcing loan files, conducting credit assessments, making loan decisions, executing loan documents, disbursing funds, monitoring compliance, and closing of loan accounts. Loan applications are sourced by branches or dedicated teams, and credit managers scrutinise documents and assess loan requirements. After loan sanction, relationship managers assist borrowers in executing loan documents, and the Central Operations Department ensures proper scrutiny and disburses funds. Ongoing monitoring and compliance are conducted, including tracking covenants and conducting risk assessments. Loan accounts are closed upon maturity or on borrower request and security is released after full payment and account closure. Overall, the process ensures a systematic approach to loan management, from application to closure.

Deposits: The deposit lifecycle begins with customer acquisition through branches, offices, business correspondent, or walk-in customers. The bank collects and reviews the necessary Know Your Customer ('KYC') information to ensure compliance with applicable laws. Once the KYC process is completed, customers can open deposits through digital channels like mobile banking or internet banking, or by submitting an application form at the branches.

Fixed Deposit: Customers receive deposit advice and can also view the details through digital channels, regardless of the opening method. Upon maturity, fixed deposits are either closed, and the proceeds are transferred to the operative account, or they can be renewed for another term.

Customers also have the option to open operative accounts such as Savings Bank or Current Accounts. These accounts offer various facilities, including cheque books and debit cards. If a customer wishes to close their operative account, they can submit a request to the Bank.

NIC Code	Name of Product / Service	% of total turnover contributed	Boundary for which the life cycle perspective / assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link
The Bank has not conducted Life Cycle Assessment of its services.					

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product/Service	Description of the risk/concern	Action taken
Not Applicable		

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2025-26	FY 2024-25
IT Asset	77.07%	76.16%
Non-IT Asset	22.93%	23.84%
Total	**44.90%**	**40.77%**

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2025-26			FY 2024-25		
	Reused	Recycled	Safely disposed	Reused	Recycled	Safely disposed
Plastic (including packaging)	Nil	Nil	Nil	Nil	Nil	Nil
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	Nil	Nil	Nil	Nil	Nil	Nil

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable	

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of Employees Covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Daycare facilities	
		NO. (B)	% (B/A)	NO. (C)	% (C/A)	NO. (D)	% (D/A)	NO. (E)	% (E/A)	NO. (F)	% (F/A)
Permanent employees											
Male	53,513	53,513	100%	53,513	100%	0	0%	53,513	100%	0	0%
Female	5,694	5,694	100%	5,694	100%	5,694	100%	0	0%	0	0%
Total	**59,207**	**59,207**	**100%**	**59,207**	**100%**	**5,694**	**9.62%**	**53,513**	**90.38%**	**0**	**0%**
Other than permanent employees											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

b. Details of measures for the well-being of workers:

Category	Total (A)	% of Workers Covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Daycare facilities	
		NO. (B)	% (B/A)	NO. (C)	% (C/A)	NO. (D)	% (D/A)	NO. (E)	% (E/A)	NO. (F)	% (F/A)
Permanent workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Other than permanent workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:

Particulars	FY 2025-26	FY 2024-25
Cost incurred on wellbeing measures as a % of total revenue of the company	0.23%	0.22%

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

2. **Details of retirement benefits, for current financial year and previous financial year.**

Benefits	FY 2025-26			FY 2024-25		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Yes/No/ N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Yes/No/ N.A.)
PF*	96.40%	NA	Yes	96.05%	NA	Yes
Gratuity*	96.40%	NA	Yes	96.05%	NA	Yes
ESI	NA	NA	NA	NA	NA	NA
Others	NA	NA	NA	NA	NA	NA

** Remaining 3.6% employees are Management Trainee (MT)*

3. **Accessibility of workplaces:**
Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

In alignment with the Rights of Persons with Disabilities Act, 2016 (RPwD Act), and the Harmonised Guidelines for Standards of Accessibility, the Bank is committed to fostering an inclusive and accessible workplace for all employees, including those with disabilities. As of the reporting period, the Bank employs 29 differently abled individuals across various locations. The Bank has taken proactive steps to ensure its premises are increasingly accessible, particularly in its larger offices, where inclusive restroom signage has been introduced. These signages incorporate braille to aid navigation for visually impaired individuals. The Bank's ATM machines for visually challenged customers operate on a voice guided system with braille-enabled keys which guide in transacting at the ATM. Additionally, wheelchair-accessible paths have been implemented at branch offices to facilitate ease of access for customers with physical disabilities. These measures reflect the Bank's ongoing efforts to comply with statutory accessibility norms and promote a barrier-free environment, as mandated under Sections 40 to 46 of the RPwD Act.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web link to the policy.**

The Bank upholds its commitment to equal opportunity and non-discrimination in accordance with the Rights of Persons with Disabilities Act, 2016. A formal Recruitment and Selection Policy is in place to ensure fair treatment and equal access to employment opportunities for all candidates. In addition, the Bank has constituted a Diversity and Inclusion (D&I) Committee that actively promotes inclusive practices across the organisation. The Committee's mandate includes fostering a workplace culture that values diversity, monitors the implementation of inclusive initiatives, and ensures that employment decisions are free from bias. These efforts are aimed at building a cohesive and representative workforce that reflects the Bank's core values of fairness and respect. The detailed D&I guidelines are publicly accessible on its website at: https://www.au.bank.in/investors/secretarial-policies.

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	99.90%	70.08%	NA	NA
Female	98.41%	38.81%	NA	NA
Total	**99.66%**	**64.30%**	**NA**	**NA**

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.**

Permanent Workers	NA
Other than Permanent Workers	NA
Permanent Employees	Yes
Other than Permanent Employees	NA

The Bank has established formal grievance redressal mechanisms for its permanent employees in line with its commitment to fostering a transparent, ethical, and inclusive workplace. Grievances are addressed through dedicated internal committees, including the Prevention of Sexual Harassment (POSH) Committee. This Committee is composed of trained members equipped to handle a wide range of employee concerns. Employees can report grievances via designated email addresses outlined in the relevant policies. Additionally, the Bank's intranet hosts a 'Raise a Complaint' section, enabling employees to submit concerns under the POSH framework or the Whistle-Blower Policy. Confidentiality is strictly maintained throughout the process, and the Bank ensures appropriate support is extended to the complainant. An open-door culture is actively encouraged, allowing employees to voice concerns freely and without hesitation.

The Bank also has a Consequence Management Policy in place to address instances of non-compliance with the Code of Conduct, behavioural violations, and operational lapses. This policy outlines the disciplinary actions applicable in such cases. Furthermore, through its Whistle-Blower Policy, the Bank encourages employees to report suspected misconduct, unethical behaviour, fraudulent activities, or serious conduct risks without fear of retaliation or victimisation. These mechanisms collectively reinforce the Bank's commitment to accountability, fairness, and employee well-being.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2025-26			FY 2024-25		
	Total employees/ workers in the respective category (A)	No. of employees/ workers in respective category, who are part of the association(s) or union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of the association(s) or union (D)	% (D/C)
Total Permanent Employees	Not Applicable			Not Applicable		
Male						
Female						
Total Permanent Workers						
Male						
Female						

8. Details of training given to employees and workers:

Category	FY 2025-26					FY 2024-25				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	53,513	52,365	97.85%	52,849	98.76%	46,508	43,798	94.17%	45,055	96.88%
Female	5,694	5,519	96.93%	5,570	97.82%	4,438	4,178	94.14%	4,284	96.53%
Total	**59,207**	**57,884**	**97.77%**	**58,419**	**98.67%**	**50,946**	**47,976**	**94.17%**	**49,339**	**96.85%**
Workers										
Male	Not Applicable					Not Applicable				
Female										
Total										

9. Details of performance and career development reviews of employees and workers:

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	53,513	53,513	100%	46,508	46,508	100%
Female	5,694	5,694	100%	4,438	4,438	100%
Total	**59,207**	**59,207**	**100%**	**50,946**	**50,946**	**100%**
Workers						
Male	Not Applicable			Not Applicable		
Female						
Total						

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such a system?

Yes, the Bank has implemented an occupational health and safety management system across its operational premises. All branches that house ATMs and cash-handling facilities-excluding those classified under the Unbanked Category are secured through either an E-Surveillance System or a Cash Management Services (CMS) System. These systems are designed to detect irregularities and generate real-time alerts, thereby enhancing security and operational safety. Furthermore, all offices are equipped with CCTV surveillance, fire alarm systems, and fire extinguishers to ensure a safe working environment for employees. To reinforce preparedness, the Bank conducts regular mock drills aimed at familiarising staff with emergency response protocols and promoting a culture of safety awareness. Bank's Branches are designed in a way so that natural light can be utilised.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The entity follows a structured Health and Safety Management System (HSMS) to identify work-related hazards and assess risks for both routine and non-routine activities. Routine practices include periodic safety inspections, workplace audits, and Hazard Identification and Risk Assessment (HIRA), along with continuous monitoring of operations and review of past incidents.

In alignment with sustainability principles, the organisation integrates environmentally responsible practices into its risk assessment processes, including evaluation of energy usage, safe handling and disposal of materials (including e-waste), and adoption of resource-efficient and low-impact operational methods.

For non-routine activities, the entity conducts pre-job risk assessments, implements permit-to-work systems for high-risk tasks, and follows change management procedures for new processes, equipment, or emergency scenarios. These measures ensure that both safety and environmental risks are proactively identified and effectively controlled.

c. Whether you have processes for workers to report work-related hazards and to remove themselves from such risks. (Yes/No)

Yes, the organisation has established robust processes that enable workers to report work-related hazards and unsafe conditions through formal reporting systems, supervisors, and safety committees.

Additionally, in line with sustainability and employee well-being commitments, the organisation fosters a safety-first and environmentally responsible culture, encouraging employees to promptly report hazards, including those related to environmental impact. Workers are empowered to stop work and remove themselves from unsafe situations without fear of retaliation, supported by a strong non-retaliation policy and timely corrective and preventive actions.

These practices ensure not only workplace safety but also contribute to a sustainable, responsible, and compliant work environment.

d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2025-26	FY 2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	NA	NA
Total recordable work-related injuries	Employees	0	0
	Workers	NA	NA
No. of fatalities	Employees	0	0
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	NA	NA

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Bank is deeply committed to fostering a safe, healthy, and inclusive workplace that prioritises both the physical and mental well-being of its employees. A structured framework of initiatives has been implemented to promote holistic wellness, professional growth, and a positive work environment. These measures include wellness programs, mental health support, work-life balance initiatives, skill development opportunities, employee engagement activities, and recognition platforms.

Key actions undertaken are as follows:

- Actively discouraging extended working hours beyond regular schedules.
- Maintaining hygienic and well-sanitised office premises.
- Ensuring robust emergency preparedness through the installation of fire alarms, sprinklers, and extinguishers.
- Enhancing awareness of workplace safety and conduct regulations via POSH (Prevention of Sexual Harassment) displays.
- Providing access to nutritious meals through in-house canteen services.
- Facilitating resolution of employee concerns through the HR Sahayak portal.
- Promoting physical activity and team spirit through events such as the Annual AU Marathon and AU Khelotsav.
- Collaborating with wellness platforms and healthcare providers to offer unlimited online consultations, preferential discounts, annual health screenings, and medical camps including blood donation and eye check-ups.
- Organising live sessions for yoga and Zumba to encourage regular fitness practices.

In addition, the Bank remains focused on advancing gender diversity and inclusivity, thereby cultivating a workplace culture that supports the overall well-being and professional fulfilment of all employees.

13. Number of complaints on the following made by employees and workers:

Particulars	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health and safety	Nil	Nil	Nil	Nil	Nil	Nil

14. Assessments for the year:

Particulars	% of your plants and offices that were assessed (by the entity or statutory authorities or third parties)
Health and safety practices	We have internal capacity to assess our offices and we do assessment of our 100% offices on the said parameters.
Working conditions	

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health and safety practices and working conditions.**

Not Applicable

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Yes/No) (B) Workers (Yes/No)?**

   A. **Employees-**Yes

   B. **Workers –** Not Applicable

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

   The Bank maintains rigorous oversight to ensure that statutory dues are duly deducted and deposited in accordance with applicable laws and regulations. To uphold compliance across its value chain, the Bank incorporates clear and binding provisions within contractual agreements with vendors and service providers. These contracts explicitly mandate adherence to labour laws, human rights standards, and regional statutory requirements, including the proper deduction and timely deposition of all relevant dues. Through this structured approach, the Bank reinforces accountability and regulatory compliance among its partners.

3. **Provide the number of employees/workers having suffered high consequence work- related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

Particulars	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
Employees	Not Applicable			
Workers				

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)**

   The Bank has instituted a range of structured programs to support employees in their career development and to facilitate smooth transitions during role changes. These include:

   - **Saksham** – A skill-building initiative that enables employees to acquire relevant competencies aligned with their Key Responsibility Areas (KRAs), fostering professional growth.
   - **AU Dharma** – A cultural orientation program that reinforces the Bank's core values and work principles, promoting alignment with organisational ethos.
   - **Capacity Building** – A policy framework designed to assess employee potential and implement targeted training and development strategies to enhance capabilities.
   - **Behavioural Workshops** – A series of competency-focused sessions aimed at strengthening behavioural and interpersonal skills essential for career advancement.
   - **First Time Managers** – A transition support program that prepares employees for leadership roles by guiding them through the shift from operational to managerial responsibilities.

   These initiatives reflect the Bank's commitment to continued employability, career progression, and responsible workforce transition management.

5. Details on assessment of value chain partners:

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	4
Working Conditions	4

Calculation methodology has been revised for the current year.

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

The Bank expects its value chain partners to provide safe and healthy working conditions and comply with all applicable health, safety, and labour regulations. These expectations are communicated through relevant policies and engagement mechanisms. However, the Bank does not currently conduct a formal assessment of occupational health and safety practices across its entire value chain and supplier base.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all their stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The Bank follows a structured and systematic approach to identify and prioritise stakeholder groups that are either impacted by its operations or have a significant influence on its business. This process considers multiple dimensions, including business dependency, regulatory obligations, shareholder interests, value chain contributions (particularly in IT and allied services), community presence, media engagement, and customer interface. Based on these factors, the Bank recognises its key stakeholder groups as customers, investors/shareholders, employees, partners and associates, ecosystem and society, and government and regulatory authorities.

Please refer to the 'Stakeholder Engagement' section on page no. 37 of the Annual Report.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, advertisements, Community meetings, Notice Board Website) Other	Frequency of engagement (Annually/Half-yearly/Quarterly/ others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Partners, vendors and associates	No	• Conferences and forums • One-to-one meetings • Telephonic and email communication	Continuous engagement	• Assignment and closure of jobs • Discussion on scope of work and other details • Taking No Due confirmations • Encouraging e-invoicing • **Other engagements:** Educating them on Business Ethics, integrity and Sustainability
Customers	No	• **Over-the-Counter (OTC) Services:** In-person assistance available across all branch locations. • **Tele-Banking:** Includes Phone Banking, IVR (Interactive Voice Response), and Customer Care services	Continuous engagement	• **Safe & Fair Services:** Provides secure, non-discriminatory banking services with transparent pricing and fair disclosures.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, advertisements, Community meetings, Notice Board Website) Other	Frequency of engagement (Annually/Half-yearly/Quarterly/ others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
		• **Digital Channels:** Mobile Banking, Net Banking, SMS Banking, WhatsApp Banking, Social Media, E-mail, Auro Chatbot, and Video Banking. • **Bank Website:** Platform for product/service information, service requests, and lodging complaints. • **Customer Awareness & Communication:** Outreach through advertisements and print media. • **Feedback Mechanisms:** Regular customer satisfaction surveys and feedback systems to assess service quality.		• **Customer-Centric Offerings:** Offers a wide range of products and services catering to diverse customer needs. • **Robust Infrastructure:** Supported by strong systems and technology to enable seamless transactions. • **Multi-Channel Access:** Ensures easy access through an integrated network of physical branches and digital banking platforms.
Investors and Shareholders	No	• Quarterly financial updates • Quarterly Financial Results and Press releases • Regulatory, statutory disclosures • Public disclosures, including stock exchange disclosures • Analyst Meets • Annual Report • Investor/Analyst Day • Meetings, roadshows and conferences • Emails or one-to-one interactions • Annual General Meetings (AGM)	Continuous engagement as per requirement, minimum quarterly	• Strategy • Financial and non-financial performance • Sustainable shareholder value • Sound risk management • Strong governance and transparency • Compliance & ethical practices • Responsible business practices • Disclosure on non-financial metrics like ESG, CSR • Effective and timely communication
Regulatory Authorities and Government	No	• Regular meetings-onsite and offsites • Policy updates, circulars, guidelines, and directives • Mandatory filings of information – regulatory and need based • Various Government schemes and policies	Continuous engagement as per requirement	• Facilitating financial and digital inclusion • Implementation of various social security schemes • Compliance with all relevant laws and regulations • Responsiveness towards regulatory changes • Customer privacy and data security • Contribution to national priorities

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, advertisements, Community meetings, Notice Board Website) Other	Frequency of engagement (Annually/Half-yearly/Quarterly/ others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	Yes (Women Employees)	• Internal meetings and town halls • Performance discussions and periodic reviews • Training and development workshops	Continuous engagement	• Industry First Initiative — Menstrual Leave • Specific day's celebration — Women's day celebration • Create a culture that encourages ethical practices, promotes meritocracy, and rewards high performance.
Society	Yes	• Community outreach programs and field interactions • Regular site visits, monitoring and impact assessment activities • Awareness campaigns through print, digital and social media platforms • Stakeholder consultations, workshops and community meetings • Engagement through AU Foundation initiatives and local partnerships • Feedback collection through direct beneficiary interactions and surveys • Inperson meeting with current and prospective beneficiaries.	Ongoing and need-based engagement throughout the year	• Creating awareness regarding the Bank's CSR and community development initiatives • Understanding local community needs, challenges and developmental priorities • Conducting skill development, sports, livelihood and financial literacy interventions • Strengthening community participation and stakeholder collaboration for sustainable impact • Addressing grievances, feedback and suggestions from beneficiaries and local stakeholders • Reviewing project effectiveness, transparency and long-term social outcomes

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics, or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The Bank communicates with its stakeholders through the communication channels referred at Sr. No. 2 of essential indicators on continuous basis and the feedback received through that communication is apprised to the Board and its Committees.

Feedback received from customers is directed to the Customer Service Committee for appropriate consideration and action. Investors and shareholders' feedback is channelled to the Stakeholders Relationship Committee to ensure that their concerns and interests are addressed. The Audit Committee handles regulatory directions and advice to ensure compliance and effective governance. Matters related to employees are directed to the Nomination and Remuneration Committee, which focuses on employee-related issues and policies. Lastly, feedback and matters related to society, environmental impact & sustainability related measures are directed to the Corporate Social Responsibility & Sustainability Committee. By assigning these responsibilities to specialised committees and thereafter review of important issues by the Board of the Bank, it is ensured that dedicated attention and appropriate handling of feedback of stakeholders for different areas of concern is carried out.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes.

The Bank actively leverages stakeholder consultations to inform its approach to environmental and social issues. In light of India's commitment to achieving net zero emissions and the global focus on the United Nations Sustainable Development Goals (SDGs), the role of green finance has become increasingly significant. The banking sector, as a financial intermediary, plays a critical role in enabling the transition to a sustainable economy.

In response to the Reserve Bank of India's Green Deposit Framework introduced, the Bank engaged with key stakeholders, including customers, investors, and regulatory bodies, to align its practices with evolving expectations. This framework encourages banks to mobilise green deposits, thereby supporting customers' sustainability goals and directing credit towards environmentally beneficial projects.

As per regulatory guidance, funds raised through green deposits must be allocated exclusively to initiatives that promote energy efficiency, reduce greenhouse gas emissions, enhance climate resilience, and protect biodiversity. Based on stakeholder feedback and in alignment with this framework, the Bank has formulated a Green Deposit Policy and Financing Framework. This initiative reflects the Bank's recognition of the financial risks posed by environmental degradation and its commitment to supporting a low-carbon, sustainable future.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

The Bank recognises the importance of engaging with vulnerable and marginalised communities as part of its inclusive and responsible banking practices. Through targeted interventions, the Bank has undertaken several initiatives to address the specific needs of these groups.

During FY 2025-26, the Bank strengthened its commitment to advancing financial literacy as a key pillar of sustainable and inclusive development through structured outreach initiatives across diverse geographies and underserved communities. A total of 3,800+ financial literacy camps were conducted across 16 states, reaching 80,500+ beneficiaries, including women, farmers, students, small entrepreneurs, and senior citizens. These camps focused on promoting responsible financial behaviour, digital banking adoption, social security schemes, savings practices, cyber-fraud prevention, and access to formal credit systems. To improve effectiveness at the grassroots level, awareness content was delivered in nine regional languages using interactive and infotainment-based learning formats, ensuring better comprehension among first-time users of formal financial services.

As part of the RBI Financial Literacy Week campaign, the Bank organised 630+ targeted camps, covering 7,250+ beneficiaries, with a focused emphasis on KYC awareness to promote secure and compliant banking participation. Further strengthening collaboration with state initiatives, the Bank actively supported the Smart & Safe Banking Initiative of the Government of Rajasthan, under which 850+ camps were conducted across 36 districts, benefiting 15,000+ participants and enhancing awareness on secure digital transactions at the grassroots level.

Recognising social participation gaps in rural areas where women often hesitate to participate in mixed-group sessions when men are mobilised first the Bank conducted exclusive women-centric financial literacy camps with Self-Help Groups and Anganwadi workers, creating safe and inclusive learning environments that encouraged higher participation and confidence among women. These targeted interventions strengthened women's financial awareness, improved access to banking services, and supported their role in household financial decision-making.

In addition, the Bank actively participated in national and state-level flagship campaigns such as the DFS Saturation Drive (Pan-India), RBI Digital Payments Awareness Week, Gramin Seva Shivir, and Shahri Seva Shivir in Rajasthan, reinforcing alignment with the national financial inclusion agenda. Through these sustained efforts, the Bank continues to enhance financial capability, promote responsible digital adoption, and strengthen trust in formal banking systems among vulnerable communities, thereby contributing meaningfully to equitable access, livelihood resilience, and inclusive socio-economic growth across rural India.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers, who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	59,207	57,908	97.81%	50,946	48,204	94.62%
Other than permanent	NA	NA	NA	NA	NA	NA
Total employees	**59,207**	**57,908**	**97.81%**	**50,946**	**48,204**	**94.62%**
Workers						
Permanent	Not Applicable					
Other than permanent						
Total workers						

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2025-26					FY 2024-25				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	59,207	12	0.02%	59,195	99.98%	50,946	7	0.01%	50,939	99.99%
Male	53,513	12	0.02%	53,501	99.98%	46,508	6	0.01%	46,502	99.99%
Female	5,694	0	0.00%	5,694	100.00%	4,438	1	0.02%	4,437	99.98%
Other than permanent	Not Applicable									
Male										
Female										
Workers										
Permanent	Not Applicable									
Male										
Female										
Other than permanent										
Male										
Female										

3. Details of remuneration/salary/wages:

a. Median remuneration/wages:

Particulars	Male		Female	
	Number	Median remuneration/salary/ wages of respective category (In ₹ in Lakh)	Number	Median remuneration salary/wages of the respective category (In ₹ in Lakh)
Board of Directors (BoD)	7	18	1	18
Key Managerial Personnel	4	202.64	0	0
Employees other than BoD and KMP	53,509	3.65	5,694	3.80
Workers	0	0	0	0

Notes:

1. *Remuneration of Executive Directors has been considered under KMP category and Non-Executive Directors under Board of Directors category.*
2. *Remuneration of Non-Executive Directors doesn't include sitting fees and Remuneration of KMPs and Employees is excluding perquisites on exercise of ESOPs.*

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

Particulars	FY 2025-26	FY 2024-25
Gross wages paid to females as % of total wages	8.42%	8.34%

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

The Bank has established a Nomination and Remuneration Committee responsible for addressing employee-related matters, including those involving human rights. Complementing this, the Bank has implemented key governance policies such as the Whistle-Blower Policy, Vigil Mechanism, and the Policy for Prevention and Redressal of Sexual Harassment.

These frameworks provide structured, channels for reporting misconduct and unethical behavior, ensuring timely investigation and resolution. Collectively, these mechanisms reinforce the Bank's commitment to ethical conduct, and the protection, of human rights across its operations.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Bank's commitment to human rights is reflected in its internal governance and operational practices. A dedicated Nomination and Remuneration Committee is tasked with addressing grievances related to human rights, ensuring impartial and timely resolution. The Bank's Code of Conduct and supporting policies articulate its core values, placing emphasis on dignity, fairness, and respect for all individuals. These mechanisms are designed to uphold the rights of employees and stakeholders, fostering a workplace culture rooted in inclusivity and ethical responsibility.

6. Number of complaints on the following made by employees and workers:

Particulars	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual harassment	12	3	-	19	3	Pending complaints have been resolved within statutory timelines under the POSH Act

Particulars	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Discrimination at workplace	Nil	Nil			Nil	-
Child labour	Nil	Nil			Nil	-
Forced labour/ Involuntary labour	Nil	Nil			Nil	-
Wages	Nil	Nil			Nil	-
Other human rights-related issues	Nil	Nil			Nil	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Particulars	FY 2025-26	FY 2024-25
Total complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	12	19
Complaints on POSH as a % of female employees/workers	0.21%	0.42%
Complaints on POSH upheld	6 Proved, 3 in progress	11

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Bank ensures strict confidentiality in handling complaints related to discrimination and harassment. It has adopted a zero-tolerance approach through its Policy for Prevention and Redressal of Sexual Harassment.

In compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, an Internal Complaints Committee has been constituted to investigate and act on complaints, ensuring fairness and accountability, and thereby safeguarding complainants from retaliation or adverse consequences.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. In line with its Sustainable Procurement Guidelines and broader governance frameworks, significant service providers and vendors are required, through contractual provisions and/or formal compliance confirmations, to adhere to applicable laws, including labour laws and statutory requirements. This approach is further supported by the Bank's Sustainability Policy, which emphasises responsible and ethical business conduct across operations and the value chain.

10. Assessments for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	NA
Forced/involuntary labour	NA
Sexual harassment	NA
Discrimination at workplace	NA
Wages	NA
Others – please specify	NA

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 10 above.

Not Applicable

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

During the year, there have been no instances of human rights grievances requiring modification of processes.

2. Details of the scope and coverage of any human rights due diligence conducted.

There was no due diligence conducted relating to human rights during the year.

3. Is the premise/office of the entity accessible to differently-abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

The premises/offices of the entity have been designed to ensure accessibility for differently-abled visitors, in compliance with the provisions of the Rights of Persons with Disabilities Act, 2016.

In addition to essential accessibility features such as ramps, accessible entry and exit points, designated parking spaces, elevators with appropriate signage, and required facilities for ease of movement and safety, the entity also aligns its infrastructure with sustainability principles. These include the development of barrier-free environments integrated with energy-efficient lighting, optimised space utilisation, and environmentally conscious design practices.

These combined measures reflect the organisation's commitment to creating an inclusive, accessible, and sustainable environment for all visitors.

4. Details on assessment of value chain partners:

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	The Bank has not conducted any such assessment of value chain partners.
Discrimination at workplace	
Child labour	
Forced labour/Involuntary labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

Not Applicable

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format

Parameter	FY 2025-26	FY 2024-25
From renewable sources		
Total electricity consumption (A) (in GJ)	4,135.84	3,911.18
Total fuel consumption (B) (in GJ)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumption from renewable sources (A+B+C) (in GJ)	**4,135.84**	**3,911.18**
From non-renewable sources		
Total electricity consumption (D)	1,15,883.74	1,41,163.60

Parameter	FY 2025-26	FY 2024-25
Total fuel consumption (E)	2,522.14	4,276.54
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	**1,18,405.88**	**1,45,440.14**
Total energy consumed (A+B+C+D+E+F)	**1,22,541.72**	**1,49,351.31**
Energy intensity per rupee of turnover (Total energy consumption/revenue (Mn. INR) from operations)	0.56	0.80
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue (Mn. INR) from operations adjusted for PPP)	11.53	16.41
Energy intensity in terms of physical output	-	-
Energy intensity (optional) – the relevant metric may be selected by the entity	2.07 GJ/FTE	2.93 GJ/FTE

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Yes/No) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2025-26	FY 2024-25
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Ground water	-	-
(iii) Third-party water	6,58,085.81	5,66,264.79
(iv) Sea water/desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	6,58,085.81	5,66,264.79
Total volume of water consumption (in kilolitres)	6,58,085.81	5,66,264.79
Water intensity per rupee of turnover (Mn. INR) (total water consumption/revenue from operations)	0.30	0.33
Water intensity per rupee of turnover (Mn. INR) adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP)	61.93	62.23
Water intensity in terms of physical output	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	45 Lt/Day/FTE	45 Lt/Day/FTE

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

4. Provide the following details related to water discharged:

Parameter		FY 2025-26	FY 2024-25
Water discharge by destination and level of treatment (in kilolitres)			
i)	To Surface water	2,92,482.58 KL water discharged in the municipal drainage after first level treatment	2,51,673.24 KL water discharged in the municipal drainage after first level treatment
	- No treatment		
	- With treatment – please specify level of treatment		
ii)	To Ground water		
	- No treatment		
	- With treatment – please specify level of treatment		
iii)	To Sea water		
	- No treatment		
	- With treatment – please specify level of treatment		
iv)	Sent to third-parties		
	- No treatment		
	- With treatment – please specify level of treatment		
v)	Others		
	- No treatment		
	- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)			

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Not Applicable

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2025-26	FY 2024-25
NOx		Not Applicable	
SOx			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency: Not Applicable

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	186.81	316.89
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)		22,854.39	28,075.87
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/Revenue (Mn. INR) from operations)		0.10	0.15
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/Revenue (Mn. INR) from operations adjusted for PPP)		2.17	3.12
Total Scope 1 and Scope 2 emission intensity in terms of physical output		-	-
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		0.38 tCO_2 Eq/FTE	0.56 tCO_2 Eq/FTE

Note: Scope 1 emissions decreased during the year due to reduced diesel consumption in DG sets across offices, reflecting lower dependence on backup power

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

8. Does the entity have any project related to reducing greenhouse gas emission? If yes, then provide details.

Environmental Stewardship and Climate Action

Strategic Commitment

Environmental stewardship is a fundamental pillar of the Bank's operating philosophy. Recognising the growing risks of climate change, sustainability and energy efficiency are embedded into both long-term strategy and day-to-day operations.

Climate and Emissions Approach

The Bank is guided by a long-term objective to reduce direct CO_2 emissions through renewable energy and low-carbon solutions aligned with the SDGs and India's net-zero 2070 commitment. Its 1 MW solar power plant at Gajner, Bikaner supplies clean energy and helps lower the Bank's carbon footprint.

Operational Sustainability Initiatives

Key measures to reduce environmental impact include:

- Increased adoption of digital banking to minimise resource use
- Deployment of energy-efficient systems across facilities
- Organisation-wide paper conservation and reduction practices
- Adoption of Sustainability Procurement Guidelines to promote responsible environmental practices, resource efficiency, and supplier compliance.

Electricity Metering Initiative

To strengthen energy management, the Bank has implemented an AI-enabled Electricity Metering Initiative in collaboration with a technology partner. The platform:

- Centralises electricity billing data, including thermal paper bills
- Ensures data accuracy and traceability

- Provides dashboards and analytics on consumption and costs
- Supports proactive management of Maximum Demand and Power Factor

Ongoing Focus

Through continued investments in energy optimisation and emissions reduction, the Bank demonstrates its commitment to climate responsibility, operational efficiency, and sustainable growth.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2025-26	FY 2024-25
Total Waste generated (in metric tonnes)		
Plastic waste (A)	0.06	3.48
E-waste (B)	27.69	80.18
Bio-medical waste (C)	Nil	Nil
Construction and demolition waste (D)	Nil	Nil
Battery waste (E)	52.75	70.51
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any (G)	Nil	Nil
Other Non-hazardous waste generated (H). Please specify, if any (Break-up by composition i.e., by materials relevant to the sector)	-	Miscellaneous (4.69), Paper (4)
Total (A + B + C + D + E + F + G + H)	**80.51**	**162.87**
Waste intensity per rupee of turnover (Mn. INR) (Total waste generated/Revenue from operations)	0.000372	0.000871
Waste intensity per rupee of turnover (Mn. INR) adjusted for Purchasing Power Parity (PPP) (Total waste generated/ Revenue from operations adjusted for PPP)	0.008	0.018
Waste intensity in terms of physical output	-	-
Waste intensity (optional) – the relevant metric may be selected by the entity	0.0014 t/FTE	0.0032 t/FTE
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled (Battery)	-	70.174
(ii) Re-used (e-waste)	64.73	64.29
(iii) Other recovery options (Battery)	-	0.336
Total	**64.73**	**134.80**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	Nil	Nil
(ii) Landfilling	Nil	Nil
(iii) Other disposal operations (Handed over to authorised recycler)	35.17	28.06
Total	**35.17**	**28.06**

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The organisation adheres to structured and compliant waste management practices aimed at minimising environmental impact. These practices include systematic segregation, collection, recycling, and safe disposal of waste generated across its establishments. Waste is segregated at source into dry and wet categories, with recyclable materials such as paper, plastic, and metals being channelled to authorised recycling agencies. Hazardous waste, including e-waste, batteries, and chemical waste, is handled and disposed of through certified vendors in strict compliance with applicable environmental regulations.

To further mitigate environmental risk, the organisation follows a preventive approach toward reducing the use of hazardous and toxic chemicals by promoting eco-friendly alternatives, optimising operational processes to minimise chemical consumption, and ensuring proper storage, handling, and usage in accordance with prescribed safety standards. These efforts are supported by regular monitoring mechanisms, employee awareness initiatives, and strict adherence to regulatory requirements, enabling continuous improvement in environmental performance and reinforcing the organisation's commitment to sustainability.

11. If the entity has operations/offices in/around ecologically-sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones, etc.) where environmental approvals/clearances are required, please specify details in the following format:

Sr. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Yes/No) If no, the reasons thereof and corrective action taken, if any
Not Applicable			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web link
Not Applicable					

13. Is the entity compliant with the applicable environmental law/regulations/guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder (Yes/No). If not, provide details of all such non-compliances, in the following format:

Sr. No.	Specify the law/regulation/ guidelines which were not complied with	Provide details of the non-compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not Applicable				

Leadership Indicators

1. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

For each facility/plant located in areas of water stress, provide the following information:

i. Name of the area

ii. Nature of operations

iii. Water withdrawal, consumption, and discharge in the following format:

Being a financial services institution, the Bank does not use water for any industrial purpose and its water usage is limited to drinking and domestic usage. The Bank is making efforts to ensure that water is consumed judiciously in the office premises. Most of its water consumption is through municipal water supply or third-party potable water suppliers.

Parameter		FY 2025-26	FY 2024-25
Water withdrawal by source (in kilolitres)			
(i)	Surface water		
(ii)	Ground water		
(iii)	Third-party water		
(iv)	Sea water/desalinated water		
(v)	Others		
	Total volume of water withdrawal (in kilolitres)		
	Total volume of water consumption (in kilolitres)		
	Water intensity per rupee of turnover (Water consumed/ turnover)		
	Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)			
(i)	Into Surface water		
	- No treatment	Not Applicable	
	- With treatment – please specify level of treatment		
(ii)	Into Ground water		
	- No treatment		
	- With treatment – please specify level of treatment		
(iii)	Into Sea water		
	- No treatment		
	- With treatment – please specify level of treatment		
(iv)	Sent to third-parties		
	No treatment		
	With treatment – please specify level of treatment		
(v)	Others		
	No treatment		
	With treatment – please specify level of treatment		
Total water discharged (in kilolitres)			

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency: Not Applicable

2. Please provide details of total Scope 3 emissions and its intensity, in the following format:

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO2 equivalent	7,792.18	-
Total Scope 3 emissions per rupee of turnover	NA	0.0361 tCO_2e	-
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency: Not Applicable

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct and indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

As a financial services institution, the Bank's operations do not involve activities that result in significant direct impacts on biodiversity. Additionally, the Bank's offices and branches are located away from ecologically sensitive or protected areas, thereby minimising any potential environmental disturbance.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No.	Initiative undertaken	Details of the initiative (web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Energy-efficient equipment installation	Replacement of outdated electrical equipment (ACs, UPS, lighting) with energy-efficient/star-rated models across branches.	Reduced electricity consumption, lower operational costs, and enhanced equipment lifespan.
2	Waste management & recycling	Implementation of waste segregation at source with tie-ups with authorised recyclers for e-waste and scrap disposal.	Minimisation of environmental impact, promotion of circular economy practices, and full compliance with statutory waste management regulations.
3	Digital documentation process	Adoption of digital documentation, e-approval workflows, and system-driven processes to eliminate manual paperwork.	Substantial reduction in paper consumption, improved operational efficiency, faster turnaround time, and reduced environmental footprint.
4	Preventive maintenance (AMC)	Regular AMC and preventive servicing of assets like ACs, UPS, DG sets to ensure optimal performance.	Enhanced energy efficiency, minimised resource wastage, extended asset lifespan, and prevention of environmental losses due to breakdowns.
5	Water conservation initiatives	Deployment of controlled RO systems and awareness initiatives promoting responsible water usage across all locations.	Optimised water consumption, reduction in wastage, and strengthened water stewardship practices.
6	Vendor optimisation and compliance	Engagement with certified and compliant vendors ensuring environmentally responsible practices in emissions control, refrigerant handling, and material disposal.	Strengthened environmental compliance, reduced emission-related risks, and alignment with sustainable procurement standards.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

AU Small Finance Bank has a robust Business Continuity and Disaster Management framework to ensure uninterrupted banking services and protection of stakeholder interests during disruptions. The Bank has implemented a comprehensive Business Continuity Plan (BCP) detailing recovery strategies, roles, and infrastructure to sustain critical operations within defined Recovery Time Objectives (RTOs). The plan covers multiple disaster scenarios, including city wide disruptions, and is periodically tested to identify gaps and strengthen preparedness. The BCP is reviewed and updated regularly to align with changes in technology, processes, and regulatory requirements.

6. Disclose any significant adverse impact on the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Yes. The Bank expects its value chain partners to comply with all applicable laws and regulatory requirements, including labour-related obligations and workplace standards. These expectations are communicated through contractual agreements, vendor onboarding processes, and relevant policy frameworks. The Bank's Sustainability Policy and Sustainable Procurement Guidelines further encourage responsible, ethical, and sustainable business practices across the value chain. Through these measures, the Bank seeks to promote compliance, accountability, and sound governance among its value chain partners while fostering long-term sustainable relationships and supporting responsible business conduct throughout the supplier ecosystem.

7. **Percentage of value chain partners (by the value of business done with such partners) that were assessed for environmental impacts.**

   In accordance with its Sustainability Procurement Guidelines, the Bank encourages value chain partners to adopt environmentally responsible practices. However, the Bank has not yet undertaken formal assessments of environmental impacts across its value chain.

8. **How many Green Credits have been generated or procured:**

   a. By the listed entity: Nil

   b. By the top 10 (in terms of value of purchases and sales, respectively) value chain partners: Nil

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. **a. Number of affiliations with trade and industry chambers/associations:** 16

   b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/associations (State/National)
1	Association of Small Finance Banks of India (ASFBI)	National
2	Microfinance Institutions Network (MFIN)	National
3	Indian Banks' Association (IBA)	National
4	Federation of Indian Chambers of Commerce and Industry (FICCI)	National
5	Confederation of Indian Industry (CII)	National
6	Indian Institute of Banking and Finance (IIBF)	National
7	Data Security Council of India (DSCI)	National
8	Financial Benchmarks India Private Limited (FBIL)	National
9	Association of Karnataka Microfinance Institutions (AKMI)	National
10	Fixed Income Money Market and Derivatives Association of India (FIMMDA)	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of Authority	Brief of the case	Corrective action taken
Not Applicable		

Leadership Indicators

1. Details of public policy positions advocated by the entity:

Sr. No.	Public policy advocated	Method resorted for such advocacy	Whether information is available in the public domain? (Yes/No)	Frequency of review by board (Annually/Half-yearly/Quarterly/ Other: Please specify)	Web-link if available
1.	The Bank actively engages with key industry associations such as the Indian Banks' Association (IBA), the Association of Small Finance Banks of India (AISFB), the Federation of Indian Chambers of Commerce and Industry (FICCI), the Confederation of Indian Industry (CII), and a few more. Through these platforms, the Bank participates in policy discussions and regulatory consultations that support financial inclusion, digital transformation, sustainable economic development, and the evolution of the banking sector. These engagements enable the Bank to contribute constructively to reforms aligned with national priorities and sectoral advancements, while promoting responsible, well governed banking practices. The Bank's participation reflects its commitment to supporting a resilient, inclusive, and future ready financial ecosystem, in line with its long term institutional vision.	Participation through recognised industry associations, engagement in regulatory and policy consultations, and structured institutional dialogue forums.	Yes	Reviewed periodically under the oversight of the Board and relevant Board Committees.	-

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief detail of project	SIA Notification No.	Date of Notification	Whether conducted by independent external agency (Yes/No)	Results communicated in the public domain (Yes/No)	Relevant Web-link
Considering the nature of the business of the Bank, the same is Not Applicable.					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sr. No.	Name of the project for which R&R is ongoing	State	District	No. of projects Affected Families (PAFs)	% of PAFs covered by R&R	Amount paid to PAFs in the FY (In INR)
Considering the nature of the business of the Bank, the same is Not Applicable.						

3. Describe the mechanisms to receive and redress the grievances of the community:

Regular on-ground visits by teams and implementation partners to monitor progress and address issues. Feedback collected through NGO partners, trainers, coaches, field coordinators, and community mobilisers. Focus on group discussions and need-assessment meetings held to understand community requirements. Social media and digital platforms used for awareness, updates, queries, and feedback gathering. Feedback reviewed periodically for course correction, timely issue resolution, and improved project delivery. Direct beneficiary interactions conducted through field visits, meetings, training sessions, and project reviews. 'Talk to Us' boards displayed at project sites with contact details for feedback and concerns.

Any queries or complaints can be shared by sending an email to hello@aufoundation.in or customercare@aubank.in.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Particulars	FY 2025-26	FY 2024-25
Directly sourced from MSMEs/small producers	20.88%	28.19%
Directly from within India	100%	100%

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost:

Location	FY 2025-26	FY 2024-25
Rural	2.28%	2.20%
Semi-urban	19.19%	18.88%
Urban	22.93%	22.31%
Metropolitan	55.60%	56.61%

(Place categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sr. No.	State	Aspirational District	Amount spent (In INR)
1	Uttarakhand	Haridwar	1,00,000
2	Uttar Pradesh	Chandauli	98,192
3	Uttar Pradesh	Muzaffarnagar	29,850
4	Rajasthan	Dholpur	67,260
5	Rajasthan	Pokhran	2,38,200
6	Rajasthan	Sirohi	24,44,568
7	Rajasthan	Baran	39,000
8	Punjab	Moga	61,000
9	Odisha	Dhenkanal	77,810
10	Madhya Pradesh	Khandwa	1,55,620
11	Madhya Pradesh	Rajgarh	29,75,255
12	Madhya Pradesh	Barwani	6,500
13	Madhya Pradesh	Vidisha	15,55,760
14	Maharashtra	Washim	8,700
15	Maharashtra	Dharashiv	8,700
16	Chhattisgarh	Rajnandgaon	6,500
17	Gujarat	Dahod	15,562
18	Bihar	Araria	93,372
19	Bihar	Aurangabad	62,248
20	Bihar	Begusarai	62,248
21	Bihar	Gaya	46,686
22	Bihar	Khagaria	31,124
23	Bihar	Muzaffarpur	1,26,934
24	Bihar	Purnia	1,24,496
25	Bihar	Sitamarhi	77,810
26	Andhra Pradesh	Vizianagaram	15,562
27	Andhra Pradesh	YSR Kadapa	15,562
	Total		**85,44,519**

3. **a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)**

Yes, The Bank has implemented a preferential procurement policy to encourage inclusive growth and support marginalised and underrepresented groups. Under this policy, priority is given to procurement from:

- Micro, Small & Medium Enterprises (MSMEs)
- Women-led enterprises
- Businesses owned by persons with disabilities
- Social enterprises focused on environmental sustainability
- Enterprises from economically disadvantaged and rural communities

Suppliers seeking consideration under this policy are required to provide verifiable documentation such as third-party certifications, impact reports, or other relevant credentials. This approach aligns with the Bank's broader sustainability and social equity objectives, ensuring that procurement practices contribute to inclusive economic development and responsible sourcing

b. From which marginalised/vulnerable groups do you procure? Not Applicable

c. What percentage of total procurement (by value) does it constitute? Not Applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Sr. No.	Intellectual property based on traditional knowledge	Owned acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
Not Applicable				

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property-related disputes wherein usage of traditional knowledge is involved.**

Name of Authority	Brief of the Case	Corrective action taken
Not Applicable		

6. **Details of beneficiaries of CSR Projects:**

Sr. No.	CSR Project	No. of persons who have benefitted from CSR projects	% of beneficiaries from vulnerable and marginalised groups
1	AU Ignite — Education & Job Oriented Skills Development	2,05,862	100%
2	AU Bano Champion — Sports Initiative	10,346	100%
3	AU Udyogini — Expansion of Individual Entrepreneurship program	1,841	100%
4	AU Kartavya — Healthcare & Social Development Initiatives	1,11,598	100%
5	AU Green Initiatives	36,680	100%

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback

AU SFB has a structured and customer-centric grievance redressal framework aligned with regulatory guidelines to ensure timely, transparent, and fair resolution of complaints. The framework reflects the Bank's commitment to service excellence, transparency, and customer trust. Customers can lodge grievances through multiple channels including:

- **Telephonic Support:** A 24×7 customer care helpline is available. The contact details are prominently displayed on the Bank's website and at all branch locations.
- **Branch Interface:** Customers may lodge complaints directly with branch officials or record them in the complaint register maintained at branches during working hours. Details of designated grievance officers are displayed at each branch.
- **Digital Channels:** Complaints can be submitted through:
  - The online grievance forms are available on the Bank's website (www.au.bank.in)
  - Dedicated service email IDs
  - Email communication at customercare@aubank.in

These digital modes ensure convenience and accessibility for customers across geographies.

In addition, the Bank's website provides contact information of business heads, regional nodal officers, and the Principal Nodal Officer for escalation in cases where grievances remain unresolved within prescribed timelines.

Complaint Handling and Escalation

Each customer complaint is acknowledged with a unique reference number and is resolved within defined turnaround times. If a customer does not receive a satisfactory response within 30 days, or if the complaint is rejected, the customer may escalate the matter to the Banking Ombudsman under the Reserve Bank of India's Integrated Ombudsman Scheme.

Governance structure for grievance redressal

To strengthen accountability and oversight, the Bank has implemented a four-tier grievance redressal structure:

1. **Branch Level Customer Service Committee:** Addresses customer complaints and service-related issues at the branch level.
2. **Standing Committee on Customer Service:** Monitors service quality, grievance trends, and systemic issues across the Bank.
3. **Customer Service Committee of the Board:** Provides strategic oversight and ensures alignment with regulatory and governance expectations.
4. **Customer Service Department and Nodal Officers:** A dedicated department supported by nodal officers ensures centralised monitoring, escalation, and resolution of customer grievances.

Policy framework and internal oversight

The Bank has adopted a formal Customer Grievance Redressal Policy, which clearly outlines procedures for complaint registration, escalation, and resolution. The policy is reviewed periodically to incorporate regulatory changes and evolving customer needs.

Further, complaints closed as 'not in favour of the customer' or 'partially in favour of the customer' undergo an additional level of review by the Internal Ombudsman, ensuring fairness, objectivity, and independent oversight.

Continuous improvement

The Bank conducts regular root cause analyses of customer complaints to identify systemic gaps and implement corrective and preventive actions. Insights from these analyses are utilised to strengthen internal processes, enhance staff training, and improve service delivery standards.

Through this robust and structured grievance redressal mechanism, the Bank remains committed to safeguarding customer interests, delivering service excellence, and fostering long term relationships built on trust and transparency.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

Particulars	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	100%
Recycling and/or safe disposal	Not Applicable

3. Number of consumer complaints in respect of the following:

Particulars	FY 2025-26			FY 2024-25		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	40	8	-	5	2	-
Advertising	0	0		0	0	-
Cybersecurity	0	0		0	0	-
Delivery of essential services	0	0		0	0	
Restrictive Trade Practices	0	0		0	0	
Unfair Trade Practices	0	0		0	0	-
Other	58,612*	2,942		46,249*	1,954	-

**Excluding complaints redressed within the next working day. as per the Master Circular DBOD No.Leg.BC.22/09.07.006/2013-14. Independent reasonable assurance for the above disclosure has been obtained from Intertek India Private Limited. Please refer to the Independent Assurance Statement on page no. 269.*

4. Details of instances of product recalls on account of safety issues:

Particulars	Number	Reasons for recall
Voluntary recalls	Not Applicable	
Forced recalls		

5. Does the entity have a framework/policy on Cybersecurity and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes. The Bank has a Board-approved Cybersecurity Policy. However, in view of the sensitive and confidential nature of the policy contents, the same is not published on web. Bank has published privacy policy on web and link for the same is https://www.au.bank.in/privacy-policy

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; Cybersecurity and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

During the reporting period, there were no instances.

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches: None

b. Percentage of data breaches involving personally identifiable information of customers: Not Applicable

c. Impact, if any, of the data breaches: Not Applicable

Leadership Indicators

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   AU SFB provides comprehensive information on its products and services through multiple customer touchpoints. Customers can access details via the Bank's official website (www.au.bank.in), the AU0101 Mobile Banking App (available on Android and iOS platforms), and by visiting any of the Bank's branches.

   In addition, product and service information is available through customer support centres and dedicated relationship managers. The Bank also leverages digital communication channels such as email, SMS, and WhatsApp to share timely updates, product information, and service-related communications, thereby ensuring transparency and easy accessibility across all customer touchpoints.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   AU SFB undertakes multiple initiatives to promote the safe, secure, and responsible usage of its products and services. The Bank maintains a dedicated Safe Banking section on its website to educate customers on cybersecurity awareness, safe digital practices, and secure transaction protocols.
   In addition, the Bank conducts financial literacy and awareness camps, with focused outreach in rural and semi urban areas. During these camps, customers are provided with QR coded leaflets aimed at promoting responsible banking behaviour and fraud prevention.

   Customers are also regularly sensitised through email communications, SMS alerts, and in app notifications, which highlight fraud risks, precautionary measures, and best practices for responsible product usage. Further, a dedicated customer support helpline and grievance redressal mechanism is available to promptly address customer queries and concerns.

   These initiatives collectively reinforce the Bank's commitment to ensuring secure, informed, and inclusive banking for all customers.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   AU SFB places customers at the center of its communication approach by proactively sharing service disruptions and expected restoration timelines through SMS alerts, push notifications on the AU 0101 mobile app, and banners on its official website. By keeping customers informed in advance and in real time, the Bank helps them plan their banking activities with ease, reduces inconvenience, and strengthens trust through transparent and reliable service communication.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/NA) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Yes, AU SFB provides information on its products and services through multiple channels, including its official website www.au.bank.in, mobile banking app. Additionally, customers can access product details and services through branch visits, customer support centre, and dedicated relationship managers. The bank also leverages digital marketing channels, including email, SMS, and WhatsApp communications, to disseminate relevant information. Some of the avenues include:

   1. Leaflet/brochures - Utilised by Sales representatives to explain product benefits to the customer
   2. Website - Consists of product benefits, FAQs, schedule of charges and key terms and conditions related to the product
   3. Welcome kit - Sent to the customer post account activation and details the key product features & schedule of charges
   4. Post-onboarding communication - Product information shared via emailers sent post account activation
   5. Regular customer campaigns - Relevant product communication shared via platforms like emails/social media, etc.

   Yes, AU SFB conducts regular customer satisfaction surveys to assess and improve customer experience throughout the banking journey. These surveys gather feedback at key stages such as product onboarding, service interactions, and issue resolution.

   Surveys across multiple channels (Mobile App, AURO Chat, WhatsApp, Email, IVR, SMS, Branch Banking, etc.,) to measure customer experience. Customers rate their satisfaction using star ratings, thumbs up/down, or descriptive options. The feedback is analysed to identify service gaps, improve processes, and enhance customer engagement.

   Key performance indicators for FY 2025-26 include:

   - **Transactional Net Promoter Score (TNPS) for branch banking:** 94%, up from 93% in FY 2024-25.
   - **Customer Satisfaction Score (CSAT) for mobile banking:** 89%, up from 88% in FY 2024-25.

   These metrics reflect the Bank's commitment to delivering high-quality, customer-focused services and continuously improving the banking experience.

Total Quality. Assured.

Independent Reasonable Assurance Statement to AU Small Finance Bank Limited on Business Responsibility and Sustainability Report (BRSR) Core Disclosures presented within its Annual Report FY 2025-26.

To the Management of AU Small Finance Bank Limited, Jaipur, India

Introduction

Intertek India Private Limited ('Intertek') was engaged by AU Small Finance Bank Limited ('AU Bank') to provide an independent reasonable assurance on its Business Responsibility and Sustainability Report ('BRSR') core disclosures (sustainability disclosures) presented within its Annual Report ('the Report') for the reporting periods of FY 2025-26. The Report is prepared by AU Bank based on Securities and Exchange Board of India's ('SEBI') BRSR guidelines ('reporting guideline').
The assurance was performed in accordance with the requirements of International Federation of Accountants ('IFAC') International Standard on Assurance Engagement (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Objective

The objectives of this reasonable assurance engagement were, by review of objective evidence, to confirm whether the sustainability disclosures in the Report are in alignment with the reporting guidelines and were accurate, complete, consistent, transparent and free of material errors or omission in accordance with the criteria outlined below.

Intended Users

This Assurance Statement is intended to be a part of AU Bank's Annual Report FY 2025-26.

Responsibilities

The management of AU Bank is solely responsible for the development of the Report and its presentation. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report so that it is free from material misstatement, whether due to fraud or error.

Intertek's responsibility, as agreed with the management of AU Bank, is to provide assurance and express an opinion on the data and assertions in the Report based on our verification following the assurance scope and criteria given below. Intertek does not accept or assume any responsibility for any other purpose or to any other person or organization. This document represents Intertek's independent and balanced opinion on the content and accuracy of the information and data held within.

Assurance Scope

The assurance has been provided for BRSR core disclosures with reference to SEBI Master Circular no. SEBI/HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026, presented in the Report. The assurance boundary included data and information of 2790 offices across different states of India.

Our scope of assurance included verification of internal control systems, data and information on core disclosures reported as summarized below:

BRSR Core KPIs	Description
Principle 1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable: • Number of days of accounts payable. • Concentration of purchases & sales done with trading houses, dealers, and related parties. • Loans and advances & investments with related parties.
Principle 3	Businesses should respect and promote the well-being of all employees, including those in their value chains: • Cost incurred on well-being measures as a % of total revenue of the company. • Safety related incidents (LTIFR, Fatality, Permanent Disabilities) for employees and workers (including contract-workforce).
Principle 5	Businesses should respect and promote human rights: • Gross wages paid to females as percentage of wages paid. • Complaints on POSH.
Principle 6	Businesses should respect and make efforts to protect and restore the environment • Total Scope 1 and Scope 2 emissions. • GHG emissions intensity (scope 1 and 2). • Total water consumption, water consumption Intensity and water discharge by destination and levels of treatment. • Total energy consumed, % of energy consumed from renewable sources and energy intensity. • Total waste generated (category-wise); waste intensity; Total waste recovered through recycling, re-using or other recovery operations; Total waste disposed by nature of disposal method; waste diverted from landfill.
Principle 8	Businesses should promote inclusive growth and equitable development • Input material sourced (from MSMEs/ small producers and from within India) as a % of total purchase. • Job creation in smaller towns– Wages paid to persons employed in smaller towns (permanent or non- permanent /on contract) as % of total wage cost.
Principle 9	Businesses should engage with and provide value to their consumers in a responsible manner: • Instances involving loss / breach of data of customers as % of total data breaches or cyber security events.

Assurance Criteria

Intertek conducted the assurance work in accordance with the requirements of 'Reasonable Assurance' procedures as per the following standard:

- International Standard on Assurance Engagements (ISAE) 3000 (revised) for 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'.
- International Standard on Assurance Engagements (ISAE) 3410 for 'Assurance Engagements on Greenhouse Gas Statement

A reasonable assurance engagement involved assessing the risks of material misstatement of the agreed indicators/parameters whether due to fraud or error, responding to the assessed risks as necessary in the circumtances. A materiality threshold level of 5% was applied. Assessment of compliance and materiality was undertaken against the stated calculation methodology and criteria.

Limitations

We have relied on the information, documents, records, data, and explanations provided to us by AU Bank for the purpose of our review.
The assurance scope excludes:

- Any disclosures beyond those specified in the Scope section above.
- Data and information falling outside the defined reporting period.
- Data pertaining to the Company's financial performance, strategy, and associated linkages are articulated in the Report.
- Assertions made by the Company encompassing expressions of opinion, belief, aspiration, expectation, forward-looking statements, and claims related to Intellectual Property Rights and other competitive issues.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

The procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within software/IT systems.

Methodology

Intertek performed assurance work using a risk-based approach to obtaining information, explanations and evidence that was considered necessary to provide a reasonable level of assurance. Our assurance task was planned and carried out during June'2026. The assessment included the following:

- Assessment of the sustainability disclosures in accordance with SEBI's BRSR Core guidelines.
- Review of processes and systems used to gather and consolidate data.
- Examined and reviewed documents, data and other information made available at AU Bank Corporate Office and digitally.
- Conducted physical interviews with key personnel responsible for data management at AU Bank Corporate Offices at Jaipur.
- Assessment of appropriateness of various assumptions, estimations and thresholds used by AU Bank for data analysis.
- Review of BRSR core disclosures for the period from April 1, 2025 to March 31, 2026 for AU Bank was carried out onsite at selected business locations.
- Appropriate documentary evidence was obtained to support our conclusions on the information and data reviewed and details were provided in a separate report.

Conclusions

Intertek reviewed the BRSR Core Indicators in the Report for the reporting period from April 1, 2025 to March 31, 2026. Based on the scope of our review, we conclude with reasonable assurance that the sustainability data and information is fairly presented in all material aspects as per reporting guidelines.

Intertek's Competence and Independence

Intertek is a global provider of assurance services with a presence in more than 100 countries employing approximately 43,500 people. The Intertek assurance team included competent sustainability assurance professionals, who were not involved in the collection and collation of any data except for this assurance opinion. Intertek maintains complete impartiality towards any people interviewed.

For Intertek India Pvt. Ltd.

Poonam Sinha

Poonam Sinha, Verifier
Manager-Sustainability

2026/07/25

Beth Mielbrecht

Elizabeth Mielbrecht, Reviewer
Project Director

2026/07/25

No member of the verification team (stated above) has a business relationship with AU Small Finance Bank Limited, stakeholders beyond that is required of this assignment. No form of bribe has been accepted before, throughout and after performing the verification. The verification team has not been intimidated to agree to do this work, change and/or alter the results of the verification. The verification team has not participated in any form of nepotism, self-dealing and/or tampering. If any concerns or conflicts were identified, appropriate mitigation measures were put in place, documented and presented with the final report. The process followed during the verification is based on the principles of impartiality, evidence, fair presentation and documentation. The documentation received and reviewed supports the conclusion reached and stated in this opinion.

intertek
assuris
Science Based Assurance in
Quality, Safety & Sustainability.

Independent Limited Assurance Statement to AU Small Finance Bank Limited on Business Responsibility and Sustainability Report (BRSR) on Selected Sustainability Disclosures presented within its Annual Report FY2025-26.

To the Management of AU Small Finance Bank Limited, Jaipur, India

Introduction

Intertek India Private Limited ('Intertek') was engaged by AU Small Finance Bank Limited ('AU Bank' to provide an independent limited assurance on its Business Responsibility & Sustainability Report ('BRSR') selected sustainability disclosures ('sustainability disclosures') presented within its Annual Report ('the Report') for the reporting periods of FY 2025-26. The Report is prepared by AU Bank based on Securities and Exchange Board of India's (SEBI) BRSR guidelines ('reporting guideline').

The assurance was performed in accordance with the requirements of International Federation of Accountants (IFAC'), International Standard on Assurance Engagement (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information

Objective

The objectives of this limited assurance exercise were, by review of objective evidence, to confirm whether any evidence existed that the sustainability disclosures in alignment with reporting guidelines, as declared in the Report, were not accurate, complete, consistent, transparent and free of material error or omission in accordance with the criteria outlined below.

Intended Users

This Assurance Statement is intended to be a part of AU Small Finance Bank Limited Annual Report FY 2025-26.

Responsibilities

The management of AU Bank is solely responsible for the development of the Report and its presentation. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report so that it is free from material misstatement, whether due to fraud or error.

Intertek's responsibility, as agreed with the management of AU Bank, is to provide assurance and express an opinion on the data and assertions in the Report based on our verification following the assurance scope and criteria given below. Intertek does not accept or assume any responsibility for any other purpose or to any other person or organization. This document represents Intertek's independent and balanced opinion on the content and accuracy of the information and data held within.

Assurance Scope

The assurance has been provided for sustainability disclosures as per reporting guidelines presented by AU Bank in the Report. The assurance boundary included data and information of 2790 offices across different states of India.

Our scope of assurance included verification of data and information on selected disclosures reported as summarized below:

Section A: General Disclosures
• Corporate details (CIN, name, registered office, operations) • Reporting boundary • Financial year for which reporting is being done • Details of business activities • Products/Services sold by the entity • Number of locations where plants and/or operations/offices of the entity are situated • Total number of permanent and other than permanent employees. • Total number of permanent and other than permanent workers. • Total number of differently abled employees and workers (permanent and other than permanent). • Turnover rate for permanent employees and permanent workers.
Section B: Management and Process Disclosures
• Policy and management processes • Governance, leadership and oversight
Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable
• Details of complaints with regard to conflict of interest
Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains
• Details of retirement benefits • Return to work and retention rates of permanent employees and workers that took parental leave. • Performance and career development reviews of employees and workers. • Health and safety management system
Principle 5: Businesses should respect and promote human rights
• Details of remuneration salary/wages: BOD, KMP, Employees other than BOD and KMP, workers • Minimum wage paid to employees and workers. • Number of Complaints on discrimination at workplace, Child Labour, Forced Labour/Involuntary Labour, Wages, Other human rights related issues

Assurance Criteria

Intertek conducted the assurance work in accordance with the requirements of 'Limited Assurance' procedures as per the following standard:

- International Standard on Assurance Engagements (ISAE) 3000 (revised) for 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'.

A limited assurance engagement comprises of limited depth of evidence gathering including inquiry and analytical procedures and limited sampling as per professional judgement of assurance provider. A materiality threshold level of 5% was applied. Assessment of compliance and materiality was undertaken against the stated calculation methodology and criteria.

Methodology

Intertek performed assurance work using a risk-based approach to obtain information, explanations and evidence that was considered necessary to provide a limited level of assurance. The assurance was conducted by desk reviews, a visit to AU Bank's offices at Jaipur and stakeholder interviews with regards to the reporting and supporting records for FY 2025-26. Our assurance task was planned and carried out during June-July'2026. The assessment included the

following:

- Assessed the sustainability disclosures in accordance with SEBI's BRSR reporting guidelines.
- Reviewed processes and systems used to gather and consolidate data.
- Examined and reviewed documents, data and other information made available at AU Bank Corporate Office and digitally.
- Conducted physical interviews with key personnel responsible for data management at AU Bank Corporate Offices in Jaipur.
- Assessed appropriateness of various assumptions, estimations and thresholds used by AU Bank for data analysis.
- Reviewed BRSR sustainability disclosures for the period of April 1, 2025, to March 31, 2026 for AU Bank and conducted onsite at selected business locations.

Obtained appropriate documentary evidence to support our conclusions on the information and data reviewed and details were provided in a separate report.

Conclusions

Intertek reviewed selected disclosures in the Report for the reporting period from April 1, 2025, to March 31, 2026. Based on the scope of our review, we conclude with limited assurance that there is no evidence that the sustainability data and information presented in the Report is not materially correct as with the reporting guidelines.

Intertek's Competence and Independence

Intertek is a global provider of assurance services with a presence in more than 100 countries employing approximately 43,500 people. The Intertek assurance team included competent sustainability assurance professionals, who were not involved in the collection and collation of any data except for this assurance opinion. Intertek maintains complete impartiality towards any people interviewed.

For Intertek India Pvt. Ltd.

Poonam Sinha

Poonam Sinha, Verifier
Manager-Sustainability

2026/07/25

Beth Mielbrecht

Elizabeth Mielbrecht, Reviewer
Project Director

2026/07/25

No member of the verification team (stated above) has a business relationship with AU Small Finance Bank Limited stakeholders beyond that is required of this assignment. No form of bribe has been accepted before, throughout and after performing the verification. The verification team has not been intimidated to agree to do this work, change and/or alter the results of the verification. The verification team has not participated in any form of nepotism, self-dealing and/or tampering. If any concerns or conflicts were identified, appropriate mitigation measures were put in place, documented and presented with the final report. The process followed during the verification is based on the principles of impartiality, evidence, fair presentation and documentation. The documentation received and reviewed supports the conclusion reached and stated in this opinion.

INDEPENDENT AUDITOR'S REPORT

To the Members of AU Small Finance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of AU Small Finance Bank Limited ('the Bank'), which comprise the Balance Sheet as at March 31, 2026, the Profit and Loss Account, and Cash Flow Statement for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Banking Regulation Act, 1949, the guidelines issued by the Reserve Bank of India ('RBI') from time to time ('RBI Guidelines') and the Companies Act, 2013 ('the Act') in the manner so required for banking companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2026, its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the year ended March 31, 2026. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Identification and provisioning of non-performing advances (NPA): Total Loans and Advances (Net of Provision) as at March 31, 2026: Rs. 2,75,56,406 (in '000s) Provision for NPA as at March 31, 2026: Rs. 1,76,57,419 (in '000s) (Refer Schedule 9, Schedule 17(4A) and Schedule 18(5(a))	
The Reserve Bank of India's guidelines on Income recognition and asset classification & Provisioning ('IRAC') and other circulars and directives issued by the RBI from time to time, which prescribe the prudential norms for identification and classification of performing & non-performing assets ('NPA') and the minimum provision required for such assets. The Bank is required to have Board approved policy as per IRAC guidelines for NPA identification & classification of advances and provision thereon. The provision on NPA is estimated based on ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI and approved policy of the Bank in this regard.	**Our audit procedures with respect to this matter included:** Tested the design and operating effectiveness of key controls over approval, recording, monitoring and recovery of loans, monitoring overdue accounts, identification of NPA, provision for NPA and valuation of security and collateral on a test check basis. Obtained an understanding of the additional provision carried by the Bank and verified the underlying assumptions used by the Bank for such estimate. Tested application controls included test of automated controls, reports and system reconciliations. Reviewed existence and effectiveness of monitoring mechanisms such as Internal Audit, Systems Audit, and Concurrent Audit as per the policies and procedures of the Bank.

Key Audit Matter	How our audit addressed the Key Audit Matter
The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. Additionally, the Bank makes additional provisions on Retail Unsecured Portfolio, including Microfinance, Credit Card and Personal Loan. Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the Financial Statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	Evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board approved policy. Selected a sample of borrowers based on quantitative and qualitative risk factors for their assessment of appropriate identification & classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRAC norms and the Bank policy. **Performed other substantive procedures included and not limited to the following:** • Selected samples of performing loans and assessed independently as to whether those should be classified as NPA • For samples selected, reviewed the collateral valuations, Financial Statements and other qualitative information • Considered the accounts reported by the Bank and other Banks as Special Mention Accounts ('SMA') in RBI's Central Repository of Information on Large Credits (CRILC)/ Centralised Information Management System (CIMS) to identify stress. • For selected samples, assessed independently, the accounts that can potentially be classified as NPA. • Inquired with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA. • Examined the accounts under watchlist report provided by the risk department. • Discussed with the management of the Bank on sectors where there is a perceived credit risk and the steps taken to mitigate the risks to identified sectors. • Selected and tested samples for accounts which are restructured as per RBI Direction on Income Recognition, Asset Classification and Provisioning pertaining to Advances; and • Assessed appropriateness & the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.
Information Technology ('IT') systems and controls impacting financial reporting	
The Bank has a complex IT architecture to support its day-to-day business operations. Large volume of transactions are processed and recorded on single or multiple applications. The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.	Our Audit procedures with respect to this matter included: For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The IT team also assisted in testing the accuracy of the information produced by the Bank's IT systems. Obtained a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.

Key Audit Matter	How our audit addressed the Key Audit Matter
Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high-level automation, significant number of systems being used by the Bank and the complexity of the IT architecture and its impact on the financial reporting system.	Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, batch processing (including interface testing), incident management and data centre security), system interface controls. This included testing that requests for access to systems were appropriately logged, reviewed, and authorized. In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. We also tested few controls using negative testing technique. Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant changes made to the IT landscape during the audit period.

Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Financial Statements that give a true and fair view of the financial position, financial performance, and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars & directions and the RBI Guidelines. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, Banking Regulation Act, 1949 and circulars & directions and RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the current Year and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.

2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

   a. We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

   b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

   c. Since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. During the course of our audit we have visited 35 branches including asset centres.

3. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books, except for the matters stated in paragraph 3(h)(vi) below on reporting under Rule 11(g).

   c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the guidelines prescribed by RBI.

e. The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 3(b) above on reporting under Section 143(3)(b) and paragraph 3(h)(vi) below on reporting under Rule 11(g).

f. On the basis of the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.

g. With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Bank has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Schedule 12 to the Financial Statements.

   ii. The Bank did not have any long-term contracts as at year end for which there were any material foreseeable losses. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on derivative contracts – Refer Schedule 12 and Note A(8) of Schedule 18 to the Financial Statements.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

   iv. a. The Management has represented that, to the best of it's knowledge and belief, as disclosed in Note B(8) of Schedule 18 to the Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   b. The Management has represented, that, to the best of it's knowledge and belief, as disclosed in Note B(8) of Schedule 18 to the Financial Statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Bank shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   c. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

   v. The Bank has declared and paid dividend during the year which is in compliance with section 123 of the Act and the Banking Regulation Act, 1949.

   vi. Based on our examination which included test checks, the Bank has used certain accounting software(s) for maintaining its books of account, which has a feature of recording the audit trail (edit log) facility, except that audit trail feature was enabled from May 20, 2025 for certain masters in respect of one software to log any changes as explained in Note B(23) of Schedule 18 to the financial statements. Further, where enabled, the audit trail feature has operated for the relevant transactions recorded in the accounting software(s). Also, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with in respect of such accounting software(s). Additionally, the audit trail feature of prior year(s) has been preserved by the Bank as per the statutory requirements for record retention to the extent it was enabled and recorded in respective years.

i. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, the Bank is a banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 read with Schedule V of the Act do not apply.

For M S K A & Associates LLP
(Formerly Known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No.: 105047W/W101187

Tushar Kurani
Partner
Membership No.: 118580
UDIN: 26118580PDDTYM7461

Mumbai
April 27, 2026

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 106655W

Abhay Kamat
Partner
Membership No.: 039585
UDIN: 26039585XYPSJN3230

Mumbai
April 27, 2026

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AU SMALL FINANCE BANK LIMITED FOR THE YEAR ENDED MARCH 31, 2026

[Referred to in paragraph '3(g)' under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

Report on the Internal Financial Controls with reference to the aforesaid Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

Opinion

We have audited the internal financial controls with reference to Financial Statements of AU Small Finance Bank Limited ('the Bank') as of March 31, 2026 in conjunction with our audit of the Financial Statements of the Bank for the year ended on that date.

In our opinion, the Bank has, in all material respects, an adequate internal financial controls with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2026, based on the internal control with reference to Financial Statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the ICAI') (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Financial Statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for Internal Financial Controls

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference to Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to Financial Statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A Bank's internal financial control with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M S K A & Associates LLP
(Formerly Known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No.: 105047W/W101187

Tushar Kurani
Partner
Membership No.: 118580
UDIN: 26118580PDDTYM7461

Mumbai
April 27, 2026

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 106655W

Abhay Kamat
Partner
Membership No.: 039585
UDIN: 26039585XYPSJN3230

Mumbai
April 27, 2026

BALANCE SHEET

as at March 31, 2026

(₹ in '000)

Particulars	Schedule	As at March 31, 2026	As at March 31, 2025
CAPITAL & LIABILITIES			
Capital	1	74,82,671	74,45,305
Employees stock options outstanding		24,07,582	12,42,350
Reserves & Surplus	2	18,98,44,967	16,29,75,162
Deposits	3	1,52,66,11,635	1,24,26,85,438
Borrowings	4	13,87,15,447	11,65,99,024
Other Liabilities and Provisions	5	5,29,12,379	4,75,09,383
Total		**1,91,79,74,681**	**1,57,84,56,662**
ASSETS			
Cash and Balances with Reserve Bank of India	6	6,97,32,602	8,60,46,221
Balances with banks and Money at Call and Short Notice	7	1,55,01,495	86,17,397
Investments	8	44,79,36,513	37,84,75,235
Advances	9	1,34,27,56,310	1,07,09,24,845
Fixed Assets	10	1,43,63,820	91,24,652
Other Assets	11	2,76,83,941	2,52,68,312
Total		**1,91,79,74,681**	**1,57,84,56,662**
Contingent Liabilities	12	13,04,73,431	7,36,96,012
Bills for Collection		20,01,493	11,46,183
Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The Schedules referred to above form an integral part of the Balance Sheet.
As per our attached Report of even date.

For M S K A & Associates LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No.: 105047W/W101187

Tushar Kurani
Partner
Membership No. 118580
Place : Mumbai

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 106655W

Abhay Kamat
Partner
Membership No. 039585
Place : Mumbai

Date : April 27, 2026

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

Harun Rasid Khan
(Non-Executive Independent Part Time Chairman)
DIN : 07456806
Place : Mumbai

Vivek Tripathi
(Whole Time Director)
DIN : 11510604
Place : Mumbai

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place : Mumbai

Date : April 27, 2026

Sanjay Agarwal
(Managing Director and CEO)

DIN : 00009526
Place : Mumbai

Gaurav Jain
(Chief Financial Officer)

Place : Mumbai

PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2026

(₹ in '000)

Particulars		Schedule	Year Ended March 31, 2026	Year Ended March 31, 2025
I.	**INCOME**			
	Interest earned	13	18,63,63,390	16,06,37,309
	Other income	14	2,97,79,386	2,52,63,111
	Total Income		**21,61,42,776**	**18,59,00,420**
II.	**EXPENDITURE**			
	Interest expended	15	9,52,36,562	8,05,21,494
	Operating expenses	16	7,00,18,615	5,95,72,153
	Provisions & contingencies {refer note 16 (e)-schedule 18A}		2,44,75,056	2,47,47,507
	Total Expenditure		**18,97,30,233**	**16,48,41,154**
III.	**PROFIT/LOSS**			
	Net profit for the year		2,64,12,543	2,10,59,266
	Add: Balance in Profit & Loss Account brought forward from previous year		6,93,87,060	5,17,28,834
	Add: Additions on Amalgamation {refer note 1-schedule 18A}		-	53,81,406
	Total		**9,57,99,603**	**7,81,69,506**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserves		66,03,136	52,64,816
	Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		25,50,000	18,00,000
	Transfer to Capital Reserve		13,17,717	5,34,388
	Transfer to Investment Fluctuation Reserve		5,56,131	3,90,115
	Deduction due to Amalgamation adjustments		-	49,968
	Dividend pertaining to previous year paid during the year		7,45,193	7,43,159
	Balance carried over to Balance Sheet		8,40,27,426	6,93,87,060
	Total		**9,57,99,603**	**7,81,69,506**
V.	**EARNING PER SHARE (refer note 19- schedule 18B)**			
	Basic (₹)		35.40	28.32
	Diluted (₹)		35.01	28.24
	Face value per share (₹)		10.00	10.00
	Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The Schedules referred to above form an integral part of the Profit and Loss Account.
As per our attached Report of even date.

For M S K A & Associates LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No.: 105047W/W101187

Tushar Kurani
Partner
Membership No. 118580
Place : Mumbai

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 106655W

Abhay Kamat
Partner
Membership No. 039585
Place : Mumbai

Date : April 27, 2026

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

Harun Rasid Khan
(Non-Executive Independent Part Time Chairman)
DIN : 07456806
Place : Mumbai

Vivek Tripathi
(Whole Time Director)
DIN : 11510604
Place : Mumbai

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place : Mumbai

Date : April 27, 2026

Sanjay Agarwal
(Managing Director and CEO)

DIN : 00009526
Place : Mumbai

Gaurav Jain
(Chief Financial Officer)

Place : Mumbai

CASH FLOW STATEMENT

for the year ended March 31, 2026

(₹ in '000)

Particulars	Year Ended March 31, 2026	Year Ended March 31, 2025
Cash Flow from / (used in) Operating Activities		
Profit after tax	2,64,12,543	2,10,59,266
Add: Provision for tax	83,27,913	68,21,275
Net Profit Before Taxes	3,47,40,456	2,78,80,541
Adjustments for :-		
Expense on Employee Stock Options	14,93,962	5,77,925
Depreciation on Bank's Property	27,15,072	25,85,137
Amortization of Premium/ (Discount) on Investments	13,77,627	10,55,138
Provision for Non Performing Assets, Standard Assets and Other Provisions	1,93,93,455	2,00,02,697
(Profit) / Loss on revaluation of Investments	39,738	(59,328)
(Profit) / Loss on sale of Fixed Assets	63,538	36,075
	5,98,23,848	**5,20,78,185**
Adjustments for:		
Decrease / (Increase) in Investments (other than HTM Investments)	(2,88,95,920)	(1,91,31,115)
Decrease / (Increase) in Advances	(29,01,04,283)	(23,51,04,957)
Decrease / (Increase) in Other Assets	(14,37,959)	(10,20,457)
Increase / (Decrease) in Deposits	28,39,26,197	26,56,47,264
Increase / (Decrease) in Other Liabilities and Provisions	47,16,843	(11,68,118)
	2,80,28,726	**6,13,00,802**
Direct Taxes Paid	(97,40,066)	(66,76,684)
Net Cash Flow from / (used in) Operating Activities (A)	**1,82,88,660**	5,46,24,118
Cash Flow from / (used in) Investing Activities		
Purchase of Fixed Assets	(80,85,882)	(26,43,614)
Proceeds from Sale of Fixed Assets	68,104	73,287
(Increase) / Decrease Investments in HTM securities (Net)	(4,28,83,718)	(5,67,44,379)
Net cash flow from / (used in) Investing Activities (B)	**(5,09,01,496)**	**(5,93,14,706)**
Cash Flow from / (used in) Financing Activities		
Proceeds from /(Repayment of) borrowings (Net)	2,21,16,423	2,42,02,574
Money received on exercise of Stock Options / Issue of Shares	18,12,085	6,13,090
Dividend paid	(7,45,193)	(7,43,159)
Net cash flow from / (used in) Financing Activities (C)	**2,31,83,315**	**2,40,72,505**
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**(94,29,521)**	**1,93,81,917**

CASH FLOW STATEMENT

for the year ended March 31, 2026

(₹ in '000)

Particulars	Year Ended March 31, 2026	Year Ended March 31, 2025
Cash and Cash Equivalents at the beginning of the year (Refer Note Below)	9,46,63,618	6,37,63,343
Cash and Cash Equivalents taken over on Amalgamation	-	1,15,18,358
Cash and Cash Equivalents at the end of the year (Refer Note Below)	**8,52,34,097**	**9,46,63,618**
Note:		
Cash in hand (including foreign currency notes) (As per Sch 6 I)	72,11,973	46,49,586
Balance with RBI in Current Accounts (As per Sch 6 II)	6,25,20,629	8,13,96,635
Balance with Banks in India in Current Account (As per Sch 7 I (i) (a))	2,88,400	8,97,624
Balance with Banks in India in Fixed Deposit (As per Sch 7 I (i) (b))	55,79,362	47,19,214
Balance with Banks Outside India in Current Account (As per Sch 7 II (i))	6,24,408	5,21,784
Money at Call and Short Notice outside India (As per Sch 7 II (iii))	90,09,325	24,78,775
Cash and Cash Equivalents at the end of the year	**8,52,34,097**	**9,46,63,618**

As per our attached Report of even date.

For M S K A & Associates LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No.: 105047W/W101187

Tushar Kurani
Partner
Membership No. 118580
Place : Mumbai

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 106655W

Abhay Kamat
Partner
Membership No. 039585
Place : Mumbai

Date : April 27, 2026

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

Harun Rasid Khan
(Non-Executive Independent Part Time Chairman)
DIN : 07456806
Place : Mumbai

Vivek Tripathi
(Whole Time Director)
DIN : 11510604
Place : Mumbai

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place : Mumbai

Date : April 27, 2026

Sanjay Agarwal
(Managing Director and CEO)

DIN : 00009526
Place : Mumbai

Gaurav Jain
(Chief Financial Officer)

Place : Mumbai

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 1: Capital

(₹ in '000)

Particulars		As at March 31, 2026	As at March 31, 2025
Authorized shares			
1,20,00,00,000 (March 31, 2025: 1,20,00,00,000) equity shares of ₹ 10/- each		1,20,00,000	1,20,00,000
Issued Subscribed and paid up capital			
i.	74,45,30,531 equity shares of ₹ 10/- each (March 31, 2025: 66,91,62,451 equity shares)	74,45,305	66,91,625
ii.	Add: 37,36,590 equity shares of ₹ 10/- each (March 31, 2025: 18,42,728 equity share) in pursuant to exercise of employee stock option	37,366	18,427
iii.	Add: Nil equity shares of ₹ 10/- each (March 31, 2025: 7,35,25,352 equity shares) in pursuant to merger with Fincare Small Finance Bank Limited	-	7,35,253
	Total	**74,82,671**	**74,45,305**

Schedule 2: Reserves & Surplus

(₹ in '000)

Particulars		As at March 31, 2026	As at March 31, 2025
I.	**Statutory Reserve**		
	Opening Balance	2,69,23,451	1,94,48,371
	Additions on Amalgamation*	-	22,10,264
	Additions during the year under the Banking Regulation Act, 1949	66,03,136	52,64,816
	Deductions during the year	-	-
	Sub-Total	**3,35,26,587**	**2,69,23,451**
II.	**Capital Reserve**		
	Opening Balance	12,03,625	6,69,237
	Additions during the year	13,17,717	5,34,388
	Deductions during the year	-	-
	Sub-Total	**25,21,342**	**12,03,625**
III.	**Share Premium**		
	Opening Balance	5,33,00,370	3,89,87,848
	Additions on Amalgamation*	-	1,35,18,332
	Additions during the year	21,03,087	7,94,190
	Deductions during the year	-	-
	Sub-Total	**5,54,03,457**	**5,33,00,370**
IV.	**Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961**		
	Opening Balance	74,45,992	56,45,992
	Additions during the year	25,50,000	18,00,000
	Deductions during the year	-	-
	Sub-Total	**99,95,992**	**74,45,992**

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

(₹ in '000)

Particulars		As at March 31, 2026	As at March 31, 2025
V.	**Investment Fluctuation Reserve**		
	Opening Balance	24,17,055	17,08,478
	Additions on Amalgamation*	-	3,18,462
	Additions during the year	5,56,131	3,90,115
	Deductions during the year	-	-
	Sub-Total	**29,73,186**	**24,17,055**
VI.	**Investment Reserve Account**		
	Opening Balance	-	87,674
	Additions during the year	-	-
	Deductions during the year#	-	87,674
	Sub-Total	**-**	**-**
VII.	**General Reserve**		
	Opening Balance	1,87,607	-
	Additions on Amalgamation*	-	52
	Additions during the year	363	1,87,555#
	Deductions during the year	-	-
	Sub-Total	**1,87,970**	**1,87,607**
VIII.	**AFS Reserve**		
	Opening Balance	3,05,520	-
	Additions during the year	(9,00,995)	3,05,520
	Deductions during the year	-	-
	Sub-Total	**(5,95,475)**	**3,05,520**
IX.	**Amalgamation Reserve**		
	Opening Balance	18,04,482	-
	Additions on Amalgamation*	-	18,04,482
	Deductions during the year	-	-
	Sub-Total	**18,04,482**	**18,04,482**
X.	**Balance in Profit and Loss Account**		
	Balance in Profit and Loss Account	8,40,27,426	6,93,87,060
	Sub-Total	**8,40,27,426**	**6,93,87,060**
	Total	**18,98,44,967**	**16,29,75,162**

**refer note 1 of schedule 18A.*
#refer note 4(j) of schedule 18A.

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 3: Deposits

(₹ in '000)

Particulars		As at March 31, 2026	As at March 31, 2025
A.I	**Demand Deposits**		
	(i) From Banks	6,53,206	6,41,334
	(ii) From Others	9,29,38,608	6,93,30,452
	Sub-Total	**9,35,91,814**	**6,99,71,786**
A.II	**Savings Bank Deposits**	33,99,82,208	29,25,57,856
A.III	**Term Deposits**		
	(i) From Banks	16,49,64,106	13,21,81,489
	(ii) From Others	92,80,73,507	74,79,74,307
	Sub-Total	**1,09,30,37,613**	**88,01,55,796**
	Total	**1,52,66,11,635**	**1,24,26,85,438**
B.I	**Deposits of branches in India**	1,52,66,11,635	1,24,26,85,438
B.II	**Deposits of branches outside India**	-	-
	Total	**1,52,66,11,635**	**1,24,26,85,438**

Out of total deposits of ₹ 1,52,661.16 crore (previous year : ₹ 1,24,268.54 crore), deposits against which lien marked is ₹ 23,304.93 crore (previous year : ₹ 21,124.27 crore).

Schedule 4: Borrowings

(₹ in '000)

Particulars		As at March 31, 2026	As at March 31, 2025
I.	**Borrowings in India**		
	(i) Reserve Bank of India	-	-
	(ii) Other Banks	28,54,506	40,04,404
	(iii) Other Institutions and Agencies	13,58,60,941	11,25,94,620
	Sub-Total	**13,87,15,447**	**11,65,99,024**
II.	**Borrowings outside India**	–	–
	Total	**13,87,15,447**	**11,65,99,024**
	Secured Borrowings / Refinance other than CBLO, Tri-Party Repo, Repo and LAF Borrowings included in I above	12,36,38,941	9,55,58,620
	Tier II Debt included in I above	1,50,40,000	2,10,40,000
	Tier II Debt included in II above	-	-

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 5: Other Liabilities and Provisions

(₹ in '000)

Particulars	As at March 31, 2026	As at March 31, 2025
I. Bills Payable	31,45,125	21,08,401
II. Inter-office adjustments (net)	-	-
III. Interest Accrued	86,86,143	74,34,778
IV. Provision for Taxation (net of advance tax and tax deducted at source)	1,44,703	6,21,615
V Standard Asset provision	48,28,620	38,46,825
VI. Others (including Provisions)*	3,61,07,788	3,34,97,764
Total	**5,29,12,379**	**4,75,09,383**

**Includes an additional contingency provision of ₹ 50.46 crores as at March 31, 2026 (previous year: ₹ 32.33 crore), of which the additional provision for the accounts restructured under RBI Resolution framework is at ₹ 12.02 crore as at March 31, 2026 (previous year: ₹ 15.33 crore)*

Schedule 6: Cash and Balances with Reserve Bank of India

(₹ in '000)

Particulars	As at March 31, 2026	As at March 31, 2025
I. Cash in Hand (including Foreign Currency Notes)	72,11,973	46,49,586
II. Balances with Reserve Bank of India		
a. in Current Account	4,48,40,629	4,68,96,635
b. in Other Account	1,76,80,000	3,45,00,000
Total	**6,97,32,602**	**8,60,46,221**

Schedule 7: Balances with Banks & Money at Call & Short Notice

(₹ in '000)

Particulars	As at March 31, 2026	As at March 31, 2025
I. In India		
i) Balances with banks		
(a) in Current Accounts	2,88,400	8,97,624
(b) in Other Deposit Accounts	55,79,362	47,19,214
ii) Money at call and short Notice		
(a) with Banks	-	-
(b) with Other Institutions	-	-
Sub-Total	**58,67,762**	**56,16,838**
II. Outside India		
i) in Current Accounts	6,24,408	5,21,784
ii) in Other Deposit Accounts	-	-
iii) Money at Call and Short Notice	90,09,325	24,78,775
Sub-Total	**96,33,733**	**30,00,559**
Total	**1,55,01,495**	**86,17,397**

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forming part of the Balance Sheet as at March 31, 2026

Schedule 8: Investments

(₹ in '000)

Particulars			As at March 31, 2026	As at March 31, 2025
I.	**Investments in India in:**			
	i)	Government Securities	32,34,27,575	28,88,97,292
	ii)	Other Approved Securities	-	-
	iii)	Shares	2,64,885	2,05,805
	iv)	Debentures and Bonds	3,98,54,577	3,22,35,689
	v)	Subsidiaries and /or Joint Venture	-	-
	vi)	Others [Certificate of Deposits (CD), Commercial Paper (CP), Pass Through Certificates (PTC) and Security Receipts (SR)]	8,43,89,476	5,71,36,449
	Sub-Total		**44,79,36,513**	**37,84,75,235**
II.	**Investments outside India**		-	-
	Total		**44,79,36,513**	**37,84,75,235**

Schedule 9: Advances

(₹ in '000)

Particulars			As at March 31, 2026	As at March 31, 2025
A	i)	Bills Purchased and Discounted	3,02,001	1,91,553
	ii)	Cash Credits, Overdrafts and Loans repayable on Demand	28,13,91,023	22,41,71,485
	iii)	Term loans	1,06,10,63,286	84,65,61,807
	Total		**1,34,27,56,310**	**1,07,09,24,845**
B	i)	Secured by Tangible Assets (includes advances against Book debts)	1,18,60,93,255	92,81,24,191
	ii)	Covered by Bank / Government Guarantees (includes Advance to Banks)	1,83,25,526	1,17,46,466
	iii)	Unsecured	13,83,37,529	13,10,54,188
	Total		**1,34,27,56,310**	**1,07,09,24,845**
C. I	Advances in India			
	i)	Priority Sectors	79,18,61,546	65,06,26,204
	ii)	Public Sector	21,51,477	24,31,233
	iii)	Banks	15,85,410	54,28,515
	iv)	Others	54,71,57,877	41,24,38,893
	Total		**1,34,27,56,310**	**1,07,09,24,845**
C. II	Advances outside India		–	–
	Total		**1,34,27,56,310**	**1,07,09,24,845**

Above Advances are net of provisions.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 10: Fixed Assets

(₹ in '000)

Particulars		As at March 31, 2026	As at March 31, 2025
I.	**Premises (including Land)**		
	Gross Block		
	At Cost as on 31st March of the preceding year	6,30,428	6,30,428
	Additions during the year	-	-
	Deductions during the year	-	-
	Sub-Total	**6,30,428**	**6,30,428**
	Depreciation		
	As at 31st March of the preceding year	53,481	46,784
	Add: charge during the year	6,697	6,697
	Deductions during the year	-	-
	Sub-Total	**60,178**	**53,481**
	Net Block	**5,70,250**	**5,76,947**
II.	**Other Fixed Assets (including Furniture & Fixtures)**		
	Gross Block		
	At Cost as on 31st March of the preceding year	1,88,53,319	1,52,40,195
	Additions on Amalgamation*	-	17,82,511
	Additions during the year	34,11,297	24,43,810
	Deductions during the year	11,64,565	6,13,197
	Sub-Total	**2,11,00,051**	**1,88,53,319**
	Depreciation		
	As at 31st March of the preceding year	1,11,80,007	79,82,504
	Additions on Amalgamation*	-	11,21,447
	Add: charge during the year	27,08,375	25,78,440
	Deductions during the year	10,32,923	5,02,384
	Sub-Total	**1,28,55,459**	**1,11,80,007**
	Net Block	**82,44,592**	**76,73,312**
III.	**Capital Work in Progress**	55,48,978	8,74,393
	Total	**1,43,63,820**	**91,24,652**

**refer note 1 of schedule 18A.*

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forming part of the Balance Sheet as at March 31, 2026

Schedule 11: Other Assets

(₹ in '000)

Particulars		As at March 31, 2026	As at March 31, 2025
I.	Inter-Office Adjustment (Net)	-	-
II.	Interest Accrued	1,85,70,764	1,57,62,928
III.	Deferred Tax Assets (Net) (refer note 20-schedule 18B)	34,65,735	23,59,589
IV.	Advance for expenses	6,24,898	2,37,189
V.	Non-banking assets acquired in satisfaction of claims	-	-
VI.	Security Deposits	13,25,892	10,14,366
VII.	Others	36,96,652	58,94,240
	Total	**2,76,83,941**	**2,52,68,312**

Schedule 12: Contingent Liabilities

(₹ in '000)

Particulars		As at March 31, 2026	As at March 31, 2025
I.	Claims against the Bank not acknowledged as Debts	3,86,450	2,82,287
II.	Guarantees given on behalf of Constituents		
	(a) In India	5,40,10,707	4,13,63,420
	(b) Outside India	-	-
III.	Acceptances Endorsements and Other Obligation	12,25,477	24,08,753
IV.	Liability on account of outstanding forward exchange contracts	5,64,37,715	1,59,48,456
V.	Liability on account of outstanding derivative contracts	51,89,670	-
VI.	Other items for which the Bank is Contingently Liable		
	(a) Credit enhancements provided by the Bank towards assets securitisation	1,04,61,366	1,11,28,826
	(b) Capital commitments not provided	22,42,297	16,96,824
	(c) Other Guarantees	5,16,921	8,66,561
	(d) Unclaimed customer balances[$]	2,828	885
	Total	**13,04,73,431**	**7,36,96,012**

[$]*Represent amount transferred to RBI DEA Fund Scheme.*

Schedule 13: Interest Earned

(₹ in '000)

Particulars		Year Ended March 31, 2026	Year Ended March 31, 2025
I.	Interest / Discount on Advances / Bills	15,71,11,093	13,36,83,471
II.	Income on Investments	2,64,72,074	2,23,81,760
III.	Interest on Balances with RBI and Other Inter-Bank Funds	9,25,533	6,91,482
IV.	Others	18,54,690	38,80,596
	Total	**18,63,63,390**	**16,06,37,309**

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forming part of the Balance Sheet as at March 31, 2026

Schedule 14: Other Income

(₹ in '000)

Particulars		Year Ended March 31, 2026	Year Ended March 31, 2025
I.	Commission, Exchange and Brokerage	2,49,77,519	2,22,19,412
II.	Profit / (Loss) on sale of Investments (net)	39,26,676	22,92,574
III.	Profit / (Loss) on revaluation of Investments (net)	(39,738)	59,328
IV.	Profit / (Loss) on exchange / derivatives transactions (net)	7,00,890	3,63,802
V.	Profit / (Loss) on sale of Land Building & Other Assets (net)	(63,538)	(36,075)
VI.	Miscellaneous Income (refer note 13-schedule 18B)	2,77,577	3,64,070
	Total	**2,97,79,386**	**2,52,63,111**

Schedule 15: Interest Expended

(₹ in '000)

Particulars		Year Ended March 31, 2026	Year Ended March 31, 2025
I.	Interest on Deposits	8,55,73,143	7,21,87,221
II.	Interest on Reserve Bank of India /Inter Bank Borrowings	5,11,218	3,70,712
III.	Others	91,52,201	79,63,561
	Total	**9,52,36,562**	**8,05,21,494**

Schedule 16: Operating Expenses

(₹ in '000)

Particulars		Year Ended March 31, 2026	Year Ended March 31, 2025
I.	Payments to and Provision for Employees	3,84,81,619	3,14,77,604
II.	Rent, Taxes and Lighting	33,86,876	30,38,465
III.	Printing and Stationery	5,77,531	5,83,337
IV.	Advertisement and Publicity	24,07,237	24,22,417
V.	Depreciation on Bank's Property	27,15,072	25,85,137
VI.	Directors' fees- allowances and expenses	40,254	33,583
VII.	Auditors' Fee and expenses	34,201	35,687
VIII.	Law charges (includes Professional Fees)	9,32,068	9,85,809
IX.	Postages, Telegrams, Telephones etc.	9,92,778	10,75,094
X.	Repairs and Maintenance (includes AMC)	37,60,186	32,19,991
XI.	Insurance	15,53,978	12,75,050
XII.	Direct marketing expenses (Payout expenses)	59,63,475	50,58,670
XIII.	Travelling & Conveyance	16,55,583	11,94,968
XIV.	Other Expenditure	75,17,757	65,86,341
	Total	**7,00,18,615**	**5,95,72,153**

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 17: Basis of preparation and significant Accounting Policies

1. Background

AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited) ("AUSFBL" or "the Company" or "the Bank") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

The Company had originally obtained its license from Reserve Bank of India ('RBI') to operate as a non-deposit accepting Non-Banking Financial Company (NBFC-ND) on November 7, 2000 vide certificate of registration no. B-10-00139.

The Company has commenced its operations as a Small Finance Bank from April 19, 2017 pursuant to the approval received from the RBI dated December 20, 2016.

The Bank is engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations and other services. The Bank operates in India only and does not have presence in any foreign country.

The Bank is governed by the Banking Regulation Act, 1949, the Guidelines and Master Directions issued by the Reserve Bank of India for Small Finance Banks, and the Companies Act, 2013, each as amended from time to time.

The scheme for amalgamation of erstwhile Fincare Small Finance Bank ("eFincare SFB") into the Bank became effective from April 01, 2024, upon receipt of all requisite approvals and accordingly the financial statements include the operations of eFincare SFB from April 01, 2024 onwards.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and complying with the requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank which is used in the preparation of financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the RBI from time to time, the accounting standards notified under section 133 and the relevant provisions of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Rules, 2021 to the extent applicable and practices generally prevalent in the banking industry in India. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except as stated in the significant accounting policies.

3. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP as applicable to Banks requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as at reporting date and the reported income and expenses for the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future periods.

4. Significant accounting policies

A. Advances

i. Classification

Advances are classified as performing assets and non-performing assets ('NPAs') in accordance with the RBI guideline on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. The advances are stated net of specific provisions made towards NPAs and unrealised interest on NPAs. Interest on NPAs is transferred to an interest suspended account and not recognised in the Profit and Loss Account until received.

ii. Provisioning

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made at a minimum in accordance with the RBI guidelines. In addition, the Bank considers accelerated specific provisioning that is based on past experience, evaluation of security and other related factors. Specific loan loss provision in respect of non-performing advances are charged to the Profit and Loss Account. Any recoveries made by the Bank in case of NPAs written off are recognised in the Profit and Loss Account. Provisions in respect of credit

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 17: Basis of preparation and significant Accounting Policies

card receivables classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI.

The floating provisions are made in conformity with RBI guidelines and is netted off against advances and not disclosed separately under Other liabilities.

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advances / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of instalments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines.

In accordance with the RBI guidelines on the prudential framework for resolution of stressed assets and the resolution framework for COVID-19 related stress, the Bank in accordance with its Board approved policy, carried out one-time restructuring of eligible borrowers. The asset classification and necessary provisions thereon are done in accordance with the said RBI guidelines.

In accordance with RBI guidelines, the Bank has provided general provision on standard assets at levels stipulated by RBI from time to time, direct advances to sectors agricultural and SME at 0.25%, commercial real estate at 1.00%, restructured standard advance at 5.00%, commercial real estate-residential housing at 0.75%, housing loans (which have adequate Loan to Value (LTV) ratio as prescribed by RBI) at 0.25%, for projects under construction, 1.25% for Commercial Real Estate & 1.00% for others, however in the operational phase to 0.40% for non-CRE projects, 0.75% for CRE-RH and 1.00% for CRE exposures. Additionally, where the Date of Commencement of Commercial Operations (DCCO) is deferred but the asset continues to be classified as standard, lenders are required to maintain incremental provisioning for each quarter of delay at 0.375% for infrastructure projects and 0.5625% for non infrastructure projects, over and above the base standard asset provision and for other sectors at 0.40%. Provision made against standard assets in accordance with RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

The Bank maintains general provision for standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, in accordance with the guidelines and at levels stipulated by RBI from time to time.

Provision for unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines.

B. Securitisation and transfer of assets

The Bank securitises out its receivables to Special Purpose Vehicles ('SPVs') in securitisation transactions. Such securitised-out receivables are de-recognised in the Balance Sheet when they are transferred (conditions as prescribed in the Reserve Bank of India (Small Finance Banks-Securitisation Transactions) Directions, 2025 being fully met with) and consideration is received by the Bank. In respect of receivable pools securitised-out, the Bank provides liquidity facility and credit enhancements, as specified by the rating agencies, in the form of cash collaterals / guarantees and / or by subordination of cash flows in line with the RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

The Bank enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTCs').

In accordance with the Master Direction – Reserve Bank of India (Small Finance Banks-Transfer and Distribution of Credit Risk) Directions, 2025, the Bank does not provide liquidity facility or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The Bank amortises any profit received for every individual securitisation or direct assignment transaction based on the method prescribed in these guidelines.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

In accordance with RBI guidelines on sale of nonperforming advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale

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forming part of the Balance Sheet as at March 31, 2026

Schedule 17: Basis of preparation and significant Accounting Policies

is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances. Advances exclude derecognised securitised advances, inter-bank participation certificates issued.

C. Priority Sector Lending Certificates (PSLCs)

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as 'Miscellaneous Income' and the fee paid for purchase of the PSLCs is recorded as 'Other Expenditure' in the Profit and Loss Account.These are amortised on quarterly basis.

D. Investments

Classification and valuation of the Bank's Investments is carried out in accordance with RBI Master Direction "Reserve Bank of India (Small Finance Banks – Classification, Valuation and Operation of Investment Portfolio) Directions, 2025" as applicable and Fixed Income Money Market and Derivatives Association ('FIMMDA') guidelines issued in this regard from time to time.

i. Classification

In accordance with the RBI guidelines on investment classification and valuation, investments (except investments in own subsidiaries, joint ventures and associates) are classified on the date of purchase into under three categories, viz., Held to Maturity (HTM), Available for Sale (AFS) and Fair Value through Profit and Loss (FVTPL). Held for Trading (HFT) is a separate investment subcategory within FVTPL which is called as FVTPL-HFT.

The security, i.e., the financial assets which are held with an objective to collect the contractual cash flows; and the contractual terms of the security give rise to cash flows that are solely payments of principal and interest on principal outstanding ('SPPI criterion') on specified dates and are held with intention to hold till maturity are classified as HTM investments.

The security is acquired with an objective that is achieved by both collecting contractual cash flows (the contractual terms of the security meet the SPPI criterion) and selling securities are classified as AFS investments. Bank may make an irrevocable election to classify an equity instrument that is not held with the objective of trading under AFS.

Securities that do not qualify for inclusion in HTM or AFS are classified under FVTPL. These are inter-alia include:

i. Equity shares, other than
   - equity shares of subsidiaries, associates or joint ventures;
   - equity shares where, at initial recognition, the irrevocable option to classify at AFS has been exercised.

ii. Investments in Mutual Funds, Alternative Investment Funds, Real Estate Investment Trusts, Infrastructure Investment Trusts, etc.

iii. Investment in securitisation notes which represent the equity tranche of a securitisation transaction.

iv. Bonds, debentures, etc. where the payment is linked to the movement in a particular index such as an equity index rather than an interest rate benchmark.

v. Instruments with compulsorily, optionally or contingently convertible features.

vi. Instruments with contractual loss absorbency features such as those qualifying for Additional Tier 1 and Tier 2 under Basel 3 Capital Regulations.

vii. Instruments whose coupons are not in the nature of interest as defined in the applicable RBI Directions.

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Schedule 17: Basis of preparation and significant Accounting Policies

Further, Bank classify the investments in HFT category as a sub-category of FVTPL.

Any instrument that a bank holds for one or more of the following purposes, when it is first recognised on its books, is designated as a HFT instrument:

a. short-term resale;

b. profiting from short-term price movements;

c. locking in arbitrage profits; or

d. hedging risks that arise from instruments meeting (a), (b) or (c) above.

Unlisted equities and equity investments in subsidiaries, associates and joint ventures are not included in HFT category.

Investments in subsidiaries, associates and joint ventures is held in a distinct category. Such investments are held separate from the other investment categories (viz. HTM, AFS and FVTPL).

For disclosure in the financial statements, the investments are classified under six groups (hereinafter called "groups"):

i. Government Securities;

ii. Other Approved Securities;

iii. Shares;

iv. Debentures & Bonds;

v. Subsidiaries and / or Joint Ventures; and

vi. Other Investments.

Bank categorizes the investment portfolio under AFS and FVTPL into three fair value hierarchies viz. Level 1, Level 2, and Level 3 as defined in the Reserve Bank of India (Small Finance Banks – Classification, Valuation and Operation of Investment Portfolio) Directions, 2025.

Level 1: Those inputs which are quoted prices in active markets for identical instruments that the bank can access at the measurement date.

Level 2: Those inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs.

All investments purchase and sale including equity shares are recorded under "Settlement Date" Accounting.

ii. Acquisition cost

The cost of investments is determined at the time of initial recognition at fair value. Carrying cost is arrived on weighted average basis. Broken period interest on debt instruments and government securities are considered as a revenue item. The transaction costs including brokerage, commission, transaction/settlement charges etc. paid at the time of acquisition of investments are recognised in Profit and Loss Account.

Where the securities are quoted or the fair value can be determined based on market observable inputs (such as yield curve, credit spread, etc.) any Day 1 gain/ loss is recognised in the Profit and Loss Account, under Schedule 14 : 'Other Income' within the subhead 'Profit / (Loss) on revaluation of investments (net)', as the case may be.

Any Day 1 loss arising from Level 3 investments is recognised immediately.

Any Day 1 gains arising from Level 3 investments are deferred. In the case of debt instruments, the Day 1 gain is amortized on a straight-line basis upto the maturity date (or earliest call date for perpetual instruments), while for unquoted equity instruments, the gain is set aside as a liability until the security is listed or derecognised.

iii. Reclassifications between categories

Reclassifications of investments between categories, if any are considered in accordance with the extant RBI guidelines with the approval of the Board of Directors and prior approval of the Department of Supervision (DoS), RBI:

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forming part of the Balance Sheet as at March 31, 2026

Schedule 17: Basis of preparation and significant Accounting Policies

If Bank is permitted to reclassify its investment portfolio, it applies the reclassification prospectively from the reclassification date. The reclassification date is the first day of the first reporting period following the supervisory permission allowing reclassification of financial asset.

Following is the accounting treatment given at the time of reclassification of investments from one category to another category:

a. Reclassification from HTM to AFS is made at fair value. The fair value measured at the reclassification date is the revised carrying value. Any gain or loss arising from a difference between the revised carrying value and the previous carrying value is recognised in AFS-Reserve.

b. Reclassification from HTM to FVTPL is made at fair value. The fair value measured at the reclassification date is the revised carrying value. Any gain or loss arising from a difference between the revised carrying value and previous carrying value of the investments are recognised in the Profit and Loss Account under sub head: 'Profit / (Loss) on revaluation of investments (net)' under Schedule 14: 'Other Income'.

c. Reclassification from AFS to HTM is made at its fair value at the reclassification date. However, the cumulative gain/loss previously recognised in the AFS-Reserve is withdrawn therefrom and adjusted against the fair value of the investments at the reclassification date to arrive at the revised carrying value. Thus, the revised carrying value is the same as if the bank had classified the investment in HTM ab initio itself.

d. Transfer from AFS to FVTPL is made at fair value and the cumulative gain or loss previously recognised in AFS-Reserve is withdrawn therefrom and recognized in the Profit and Loss Account, under sub head: 'Profit / (Loss) on revaluation of investments (net)' under Schedule 14: 'Other Income'.

e. Transfer from FVTPL to HTM/AFS is made at carrying value which represents fair value at the reclassification date. Difference between the book value after amortization and Fair value on the reclassification date is booked under Profit and Loss Account on Portfolio Shifting revaluation.

iv. Subsequent Measurement & Fair Value of Investments

Investments classified under HTM is carried at cost and is not marked to market ('MTM') after initial recognition. Any discount or premium on the securities under HTM is amortised over the remaining life of the instrument. The amortised amount is reflected in the financial statements under sub head 'Income on Investments' of Schedule 13: 'Interest Earned' with a contra in Schedule 8: 'Investments'.

Investments classified as AFS is fair valued on daily basis. The valuation gains and losses across all performing investments, irrespective of classification, held under AFS is aggregated. The net appreciation or depreciation is directly credited or debited to a reserve named AFS-Reserve (net of Taxes) without routing through the Profit & Loss Account. Any discount or premium on the acquisition of debt securities under AFS is amortised over the remaining life of the instrument. The amortised amount is reflected in the financial statements under sub head 'Income on Investments' of Schedule 13: 'Interest Earned' with a contra in Schedule 8:'Investments'.

Amortisation of discount/premium is applicable only for investments and not for short positions.

The AFS-Reserve is reckoned as Common Equity Tier (CET) 1 subject to applicable clauses of the said Directions. The unrealised gains transferred to AFS-Reserve are not available for any distribution such as dividend and coupon on Additional Tier 1.

In the case of equity instruments designated under AFS at the time of initial recognition, any gain or loss on sale of such investments is not transferred from AFS-Reserve to the Profit and Loss Account. Instead, such gain or loss is transferred from AFS-Reserve to the Capital Reserve.

The securities held in FVTPL are fair valued and the net gain or loss arising on such valuation are directly credited or debited to the Profit and Loss Account. Securities that are classified under the FVTPL are fair valued on a daily basis.

Any discount or premium on the acquisition of debt securities (securities that meet the SPPI criterion) under FVTPL is amortised over the remaining life of the instrument. The amortised amount is reflected in the financial statements under sub head 'Income on Investments' of Schedule 13: 'Interest Earned' with a contra in Schedule 8: 'Investments'.

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Schedule 17: Basis of preparation and significant Accounting Policies

For the purpose of the valuation of Investment and its related accounting in the system Bank uses the last available observable inputs on the day of valuation i.e. prices, yield curves, spreads, NAV, etc. which are published by FBIL, FIMMDA, NSE & BSE, AMFI, ARC etc.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

On sale of stressed assets, if the sale is at a price below the net book value, the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess is credited as profit to the Profit and Loss Account in the year when the initial consideration received in cash and / or redemption or transfer of security receipts issued by Securitisation company ('SC') / Reconstruction Company ('RC') is higher than the net book value of the loan at the time of transfer.

In respect of stressed assets sold under an asset securitisation, where the investment by the bank in security receipts ('SRs') backed by the assets sold by it is more than 10 percent of such SRs, provisions held on the SRs are higher of the provisions required in terms of net asset value declared by the SC / RC and provisions as per the extant norms applicable to the underlying loans, notionally treating the book value of these SRs as the corresponding stressed loans assuming the loans remained in the books of the Bank.

The fair value for the quoted securities is the prices declared by the Financial Benchmarks India Private Ltd. (FBIL). For securities whose prices are not published by FBIL, the fair value of the quoted security is based upon quoted price as available from the trades/ quotes on recognised stock exchanges, reporting platforms or trading platforms authorized by RBI/SEBI or prices declared by the Fixed Income Money Market and Derivatives Association of India (FIMMDA). Unquoted Central / State Government securities is valued on the basis of the prices/ YTM rates published by the FBIL.

Unquoted debentures and bonds are valued by applying the appropriate mark-up over the YTM rates for Central Government Securities as put out by FBIL/FIMMDA.

Equity shares for which current quotations are not available i.e., which are classified as illiquid or which are not listed on a recognised exchange, the fair value is the break-up value (without considering 'revaluation reserves', if any) which is ascertained from the company's latest audited balance sheet. The date as on which the latest balance sheet is drawn up is not precede the date of valuation by more than 18 months. In case the latest audited balance sheet is not available or is more than 18 months old, the shares are valued at ₹ 1 per company.

Investment in un-quoted mutual fund units are valued at latest available re-purchase price as declared by the mutual fund is respect of each scheme.

In case of funds with a lock-in period or any other Mutual Fund, where repurchase price/ market quote is not available, Units are valued at Net Asset Value (NAV). If NAV is not available, these are valued at cost, till the end of the lock-in period.

The valuation of investments includes securities under repo transactions.

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Further, any MTM appreciation in the security is ignored. Interest on non-performing investments is not recognised in the Profit and Loss Account until received. Provision on NPI is higher of the following amounts:

i. The amount of provision required as per IRAC norms computed on the carrying value of the investment immediately before it was classified as NPI; and

ii. The depreciation on the investment with reference to its carrying value on the date of classification as NPI.

v. Transition date accounting

Transition to the new guidelines of RBI as at April 01, 2024

As on the date of transition, the Bank followed:

i. The securities under the earlier categories, viz HTM, AFS and HFT were classified under new categories HTM, AFS and FVTPL (including FVTPL-HFT).

ii. The balance in provision for depreciation, as at March 31, 2024, was reversed into the General Reserve.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 17: Basis of preparation and significant Accounting Policies

iii. Amortisation of discounted securities of HTM Portfolio (from last purchase date to March 31, 2024) was accounted through debit the Investment ledger and credit the General Reserve ledger.

iv. Securities in AFS and FVTPL portfolio were transferred at market value. Also, the difference between the book value as on March 31, 2024 and the market value was accounted in General Reserve.

vi. Disposal of investments

Profit / Loss on sale of investments under AFS (other than Equity) and FVTPL category are recognised in the Profit and Loss Account on sale or maturity of security in AFS category, the accumulated gain/ loss for that security in the AFS-Reserve is transferred from the AFS-Reserve and recognized in the Profit and Loss Account under sub head Profit / (Loss) on sale of investments (net) under Schedule 14-Other Income.

In any financial year, the carrying value of investments sold out of HTM does not exceed five percent of the opening carrying value of the HTM portfolio (Except exclusions given in the applicable provisions of the Reserve Bank of India (Small Finance Banks – Classification, Valuation and Operation of Investment Portfolio) Directions, 2025). Any sale beyond this threshold requires prior approval from DoS, RBI.

Any profit or loss on the sale of investments in HTM is recognized in the Profit and Loss Account under sub head Profit / (Loss) on sale of investments (net) of Schedule 14 : 'Other Income'. The profit on sale of an investments in HTM is appropriated below the line from the Profit and Loss Account to the 'Capital Reserve Account'. The amount so appropriated is net of taxes and the amount required to be transferred to Statutory Reserve.

vii. Investment Fluctuation Reserve

To build up adequate reserves to protect against increase in yields in future, the Bank has created an Investment Fluctuation Reserve (IFR) to the extent of the lower of following:

a. net profit on sale of investments during the year;
b. net profit for the year less mandatory appropriations.

As per the RBI Directions, this reserve is to be created until the amount of IFR is at least 2 percent of the FVTPL (including FVTPL-HFT) and AFS portfolio, on a continuing basis.

Bank is permitted to draw down the balance available in IFR in excess of two percent of its AFS and FVTPL (including FVTPL-HFT) portfolio, for credit to the balance of profit/loss as disclosed in the Profit and Loss account at the end of any accounting year.

viii. Repo and reverse repo transactions

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including liquidity adjustment facility (with RBI) accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them are held under the investments of the Bank and the Bank is accruing the coupon/discount on such securities during the repo period.

The Bank value the securities sold under repo transactions as per the investment classification of the securities. The difference between the clean price of the first leg and clean price of the second leg is recognised as interest income/expense over the period of the transaction in the Profit and Loss Account.

E. Transactions involving foreign exchange and derivative contracts

Initial recognition

Transactions in foreign currencies entered into by the Bank are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date

Foreign currency monetary items, if any, of the Bank, outstanding at the balance sheet date are restated at the rates prevailing as at Balance sheet date as notified by Foreign Exchange Dealers Association of India ('FEDAI'). Non-monetary items of the Bank are carried at historical cost.

Contingent liabilities on account of foreign exchange and Derivative contracts, guarantees, letters of credit, acceptances, endorsements and other obligations denominated in foreign currencies are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

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Schedule 17: Basis of preparation and significant Accounting Policies

Treatment of Exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Bank are recognised as income or expense in the Profit and Loss Account.

Foreign exchange and derivative contracts

Derivative transactions comprise foreign exchange contracts, forward rate agreements, swaps and option contracts. The Bank undertakes derivative transactions for market making/trading and Bank book transactions on-balance sheet assets and liabilities. All market making/trading transactions are mark to market on daily basis and the resultant unrealized gains/losses are recognized in the profit and loss account.

The gain or loss arising on cancellation/termination of the contracts is accounted for in the profit and loss account.

Outstanding forward exchange contracts (including funding swaps which are not revalued) are revalued on a daily basis on Present Value basis by discounting the forward value till present date. The contracts of longer maturities where exchange rates are not notified by FEDAI are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the profit and loss account.

Premium/discount on Bank book transactions is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Derivatives are classified as assets when the fair value is positive (positive marked to market) or as liabilities when the fair value is negative (negative marked to market).

Notional amounts of derivative transactions comprising of swaps, futures and options are disclosed as off-Balance Sheet exposures.

Pursuant to RBI guidelines, any overdue receivables representing positive mark-to-market value under derivative contracts which remain unpaid for a period of 90 days or more from the specified due date for payment is a Non-Performing Asset and the mark-to-market unrealised gains on all derivative contracts already taken in the profit and loss account with the same counterparties are reversed and held in Suspense Account-Crystallised Receivables.

F. Employee Benefits

Employee benefits include Provident Fund, National Pension Scheme (NPS), Gratuity and Compensated Absences.

Defined contribution plan:

Provident Fund

The Bank's contributions to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made when the services are rendered by the employees.

National Pension Scheme (NPS)

In respect of employees who opt for contribution to the NPS, the Bank contributes certain percentage of the basic salary of employees to the aforesaid scheme, which is a defined contribution plan, and is managed and administered by pension fund management companies. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

Defined Benefits Plan

Gratuity

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out by an independent actuary as at the Balance Sheet date. Actuarial gains and losses are recognised in the Profit and Loss Account in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested while otherwise, it is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 17: Basis of preparation and significant Accounting Policies

Compensated absences-Long term Employee benefits

The Bank accrues the liability for compensated absences based on actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Bank's obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date. Actuarial gains/losses are recognised in the Profit and Loss Account in the year in which they arise.

Other Employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive.

Share based payments

The Employee Stock Option Schemes (ESOSs) of the Bank are in accordance with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and RBI guidelines to the extent applicable. The Schemes provide for grant of options on equity shares to employees of the Bank to acquire the equity shares of the Bank that vest in a cliff vesting or in a graded manner and that are to be exercised within a specified period.

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic value method. The intrinsic value being the excess, if any, of the fair market price of the share under ESOSs over the exercise price of the option is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account. The deferred employee compensation cost is amortised on a straight-line basis over the vesting period of the option. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that are outstanding. The fair market price is the latest available closing price preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

In accordance with the Reserve Bank of India (Small Finance Banks – Governance) Directions, 2025 (including provisions relating to remuneration of Whole Time Directors/MD&CEO, Material Risk Takers and Control Function staff) and RBI circular RBI/2021-22/95 DOR.GOV.REC.44/29.67.001/2021-22 "Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff – Clarification" dated August 30, 2021, Share-linked instruments granted to Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff after the accounting period ending March 31, 2021, is fair valued on the date of grant using Black-Scholes model.

The fair value method is followed for all share-linked instruments granted after March 31, 2024. The fair value of the option is estimated on the date of grant using Black-Scholes model and is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding accounts is transferred to General Reserve.

G. Revenue recognition

i. Interest Income is recognized on a time proportion accrual basis taking into account the amount outstanding and the interest rate implicit in the underlying agreements. Income or any other charges on non-performing assets or on assets taken in custody for recovery of loan through disposal of such assets during the period are recognized only when realized, in accordance with the Reserve Bank of India (Small Finance Banks – Income Recognition, Asset Classification and Provisioning) Directions, 2025. Any such income recognized and remaining unrealized, before the asset became non-performing or before disposal of assets in custody of the company, is reversed. Penal interest (which was accrued till implementation of "fair lending practice – penal charges in loan accounts") is recognized on realization basis due to the uncertainty of their realization.

ii. In case of CCOD and Credit card, Service charges, fees and commission income are recognised when due. Commission income on guarantee and letter of credit is recognised over the period of contract.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 17: Basis of preparation and significant Accounting Policies

iii. Income on discounted instruments are recognised over the tenure of the instrument on a constant yield basis.

iv. Loan origination income i.e. processing fee and other charges are collected upfront and recognised at the inception of the loan.

v. All other charges such as EMI bounce charges, cheque return charges, penal charges, legal charges, seizing charges, etc. are recognised on realisation basis, due to the uncertainty of their realisation.

vi. Dividend income is recognized on an accrual basis when the right to receive the dividend is established.

vii. Interest income on deposits with banks and other financial institutions are recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

viii. Interest income on investments and other instruments is recognised on accrual basis.

ix. Gains arising on securitisation of assets is recognised over the tenure of securities issued by SPV in accordance with the Reserve Bank of India (Small Finance Banks-Securitisation Transactions) Directions, 2025. Income from excess interest spread is accounted for net of losses when redeemed in cash. Expenditure in respect of securitisation (except bank guarantee fees for credit enhancement) is recognised upfront. Bank guarantee fees for credit enhancement is amortised over the tenure of the agreements. Income arising on direct assignment / other permitted transfer arrangements is recognised over the tenure of agreement on accrual basis in accordance with the applicable RBI framework, including the Reserve Bank of India (Small Finance Banks – Transfer and Distribution of Credit Risk) Directions, 2025.

x. Amounts recovered against debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the Profit and Loss Account.

xi. Fees received on sale of Priority Sector Lending Certificates is recognised on proportionate basis during the financial year and considered as Miscellaneous Income, in accordance with the guidelines issued by the RBI and amortised on quarterly basis.

H. Reward Points

The Bank estimates the probable redemption of reward points and cost per point using an actuarial method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends etc.

I. Accounting for leases

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term is classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period in accordance with the AS 19, Leases.

J. Taxation

Tax expenses comprises of current income tax and deferred tax.

Income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in Profit and Loss Account.

Deferred taxes

Deferred taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised directly in equity is recognised in equity and not in the Profit and Loss Account.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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Schedule 17: Basis of preparation and significant Accounting Policies

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Bank writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

K. Accounting for provisions, contingent liabilities and contingent assets

In accordance with Accounting Standard (AS) 29-Provisions, Contingent Liabilities and Contingent Assets a provision is recognised when the Bank has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provisions for liabilities on the outstanding reward points on credit card are made based on an independent actuarial valuation as at the Balance Sheet date and included in other liabilities and provisions.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements.

L. Earnings Per Share (EPS)

Basic and diluted earnings per share is computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the period.

For the purpose of calculating diluted earnings per share, the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

M. Cash and Cash Equivalents

Cash and Cash equivalents include cash in hand, foreign currency notes, rupee digital currency, balances with RBI, balances with other banks and institutions, money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

N. Fixed Assets

i. Property, Plant and Equipment (PPE) and software

Property, Plant and Equipment and software are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit/functioning capability from / of such assets.

Gains or losses arising from derecognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Profit and Loss Account when the asset is derecognized.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 17: Basis of preparation and significant Accounting Policies

ii. Depreciation on Property, Plant and Equipment (PPE) and software:

Leasehold land is amortised on a straight-line basis over the period of lease.

Depreciation on Property, Plant, Equipment and software is charged on a straight-line basis over the useful lives estimated by the management as given below. The useful lives have been estimated by the management based on technical advice obtained. Determination of useful life of an asset is a matter of judgment and based on various factors such as type and make of an item, its place and pattern of usage, nature of technology, obsolescence factors, availability of spares, etc. and makes a significant impact on the useful life of an asset.

Particulars	Useful Life (years)
Premises owned by the Bank	60
Furniture and Fixtures	10
Vehicles	8
Software*	3–7
Computers, Printers, Servers and other office equipment	3–7
ATMs	10
Safe, Locker and locker gate	15
Solar Plant	25

**Excludes software, which are procured based on licensing arrangements and depreciated over the period of licence.*

Addition to lease hold premises are amortised over the remaining period of lease subject to maximum of 10 years. Items individually costing up to ₹ 5,000 /- are fully depreciated in the year of installation/purchase.

Depreciation on assets acquired/sold during the period is recognised on a pro-rata basis to the Profit and Loss Account from/upto the date of acquisition/sale.

Profit on sale of immovable property net of taxes and transfer to statutory reserve, are transferred to capital reserve account.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

iii. Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

iv. Capital work-in-progress/ Software under development

Costs incurred towards acquisition of assets, including expenses incurred prior to those assets being put to use and directly attributable to bringing them to their working condition are included under “Capital Work in Progress”. Capital Work in Progress including Software under development are stated at the amount incurred up to the date of Balance Sheet.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 17: Basis of preparation and significant Accounting Policies

O. Segment Reporting

Part A: Business segments

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 in accordance with guidelines issued by RBI and in compliance with the Accounting Standard 17 – "Segment Reporting". The Bank operates in the following segments:

a. Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending and gains or losses on investment operations and income / expenses on account of trading in foreign exchange and derivative contracts.

b. Retail banking

Digital Banking

The digital banking segment represents business by Digital Banking Units (DBUs). The said DBUs serves retail customers through the Bank's digital network and other online channels. This segment raises deposits from customers and provides loans and other services to customers. Revenues of the DBUs are derived from interest earned on retail loans, fees from services rendered, etc. Expenses of this segment primarily comprise of interest expense on deposits, infrastructure and premises expenses for operating the DBUs, other direct overheads and allocated expenses of specialist product groups.

Other Retail Banking

The retail banking segment serves retail customers through a branch network and other delivery channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are derived from interest earned on retail loans, fees from services rendered and income from credit card operation etc. expenses of this segment primarily comprise interest expense on fund borrowed from external sources, interest on deposits, personnel costs, infrastructure and premises expenses for operating the branch network and other delivery channels, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

c. Wholesale banking

The wholesale banking segment provides loans and transaction services to large corporates, emerging corporates, public sector undertakings, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers, fees and other income etc. The principal expenses of the segment consist of interest expense on funds borrowed from external sources, interest on deposits, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

d. Other banking business

This segment includes income from para banking activities such as third party product distribution and the associated costs.

e. Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from customers. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations based on reasonable assumptions. Segment capital employed represents the net assets in that segment.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 17: Basis of preparation and significant Accounting Policies

Part B: Geographic segments

The Bank operates in a single geographic segment i.e. domestic.

P. Share Issue Expenses

Share issue expenses are adjusted from Share Premium Account as permitted by Section 52 of the Companies Act, 2013.

Q. Accounting for Proposed Dividend

Dividend proposed/ declared after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is approved by the shareholders as per revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs.

R. Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, is recognised in the Profit and Loss Account.

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

Amounts in notes forming part of the financial statements for the year ended March 31, 2026 are denominated in rupee crore to conform to extant RBI guidelines, except where stated otherwise.

A. Disclosures as Laid Down by RBI Circulars

1. Amalgamation of Fincare Small Finance Bank

The Board of Directors at its respective meetings held on October 29, 2023, approved the scheme of amalgamation ("Scheme") for the amalgamation of Fincare Small Finance Bank Limited ("Transferor Company") with AU Small Finance Bank Limited ("Transferee Company"), in accordance with Section 44A of the Banking Regulation Act, 1949 and the Reserve Bank of India Master Direction-Amalgamation of Private Sector Banks Directions, 2016.

The Scheme was approved by the shareholders of Transferor Company and Transferee Company on November 24, 2023 and November 27, 2023 respectively at their extra ordinary general meeting and by the Competition Commission of India (the "CCI") and the Reserve Bank of India (the "RBI") on January 23, 2024 and March 4, 2024 respectively.

At the request of the Transferor Company and the Transferee Company, RBI approved the appointed date as April 1, 2024.

As per the Scheme, upon its coming into effect from the effective date i.e. April 1, 2024, the entire undertaking of eFincare SFB including all its assets, liabilities and reserves and surplus stood transferred / deemed to be transferred to and vest in AUSFBL. Further, in consideration of the transfer of and vesting of the undertaking of Fincare, 579 (Five Hundred Seventy Nine) equity shares of face value of ₹ 10/- each of AUSFBL for every 2,000 (Two Thousand) equity shares of face value of ₹ 10/- each of eFincare SFB were issued to shareholders of eFincare SFB on the record date i.e. March 22, 2024. Accordingly 7,35,25,352 equity shares of ₹ 10/- each of AUSFBL were allotted at par to the shareholders of eFincare SFB vide board resolution dated April 1, 2024. In addition, the Bank is required to issue its shares on exercise of options which have been granted to the employees of the Transferor Company in terms of its ESOP plan.

Accordingly, the paid-up share capital has increased from ₹ 669.16 crore consisting of 66,91,62,451 equity shares of ₹ 10/- each to ₹ 742.69 crore consisting of 74,26,87,803 equity shares of ₹ 10/- each on April 1, 2024 .

The excess of the paid up value of equity shares of Transferor Company over the paid up value of equity shares issued as consideration amounting to ₹ 180.45 crore has been transferred to Amalgamation Reserve as per the Scheme of Amalgamation.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

The amalgamation has been accounted using the pooling of interest method under Accounting Standard 14 prescribed under Section 133 of the Companies Act, 2013 (AS-14), "Accounting for amalgamation" and the principles laid down in Clause 20 (b) to (g) of the approved Scheme of Amalgamation.

The assets, liabilities and reserves and surplus of eFincare SFB were recorded by the Bank at their carrying amounts as on April 1, 2024 except for necessary adjustments which were made to bring uniformity of accounting policies as required under AS-14. The net impact of these adjustments has been adjusted in the balance of Profit and Loss Account.

2. Regulatory Capital

a. Composition of Regulatory Capital

The Capital adequacy ratio ("CAR") is computed in accordance with the RBI Master Direction DOR.CAP.REC.101/21-01-002/2025-26 dated November 28, 2025, as amended, and the CAR for the corresponding previous period is computed on the basis of the applicable RBI guideline on the relevant reporting dates. No separate capital charge is prescribed for market risk and operational risk for Small Finance Banks as per above mentioned master directions.

Further, No Capital Conservation Buffer and Counter-Cyclical Capital Buffer is applicable on Small Finance Bank (SFB) as per operating guidelines issued on SFB by the RBI.

The Total Capital Adequacy ratio of the Bank as at March 31, 2026 is 18.68% (previous year: 20.06%) against the regulatory requirement of 15.00% as prescribed by the RBI.

The Bank's capital adequacy ratio computation is given below:

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
(i)	Common Equity Tier 1 capital (net of deductions, if any)	19,590.83	16,339.28
(ii)	Additional Tier 1 capital	-	-
(iii)	Tier 1 capital (i + ii)	19,590.83	16,339.28
(iv)	Tier 2 capital	2,117.74	1,726.26
(v)	Total capital (Tier 1+Tier 2)	21,708.57	18,065.54
(vi)	Total Risk Weighted Assets (RWAs)	1,16,233.98	90,072.23
(vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	16.86%	18.14%
(viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	16.86%	18.14%
(ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	1.82%	1.92%
(x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	18.68%	20.06%
(xi)	Leverage Ratio	9.68%	9.85%
(xii)	Amount of paid-up equity capital raised during the year*	3.74	75.37
(xiii)	Amount of non-equity Tier 1 capital raised during the year, of which:		
	a) Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
	b) Perpetual Debt Instruments (PDI)	-	-

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
(xiv)	Amount of Tier 2 capital raised during the year, of which		
	a) Debt capital instruments^	-	770.00
	b) Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
	c) Perpetual Debt Instruments (PDI)	-	-

**During the year ended March 31, 2026, the Bank has allotted 37,36,590 equity shares in respect of stock options (previous year: 7,53,68,080 equity shares out of which 7,35,25,352 shares were issued due to merger of Fincare unit and 18,42,728 equity shares in respect of stock options), aggregating to paid up share capital of ₹ 3.74 crore (previous year: ₹ 75.37 crore). Further, the reserves (Share premium) of the Bank have increased by ₹ 177.47 crore (previous year: ₹ 59.47 crore) in respect of stock options exercised. ^During the year ended March 31, 2026, Bank has allotted Nil Tier 2 Bonds for an amount aggregating up to ₹ Nil on a private placement basis (Previous year : 77,000 Unsecured, Rated, Listed, Redeemable, Subordinated, Non-Convertible Lower Tier II Bonds in the nature of Non-Convertible Debentures categorized as Tier II Capital of face value of ₹ 1,00,000/- each aggregating up to ₹ 770.00 crore on a private placement basis).*

b. Draw down from reserves

There has been no draw down from reserves during the year ended March 31, 2026 and March 31, 2025 other than those disclosed under Schedule 2.

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

3. Asset Liability Management

a. Maturity pattern of certain items of assets and liabilities

As at March 31, 2026

(₹ in Crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	2,696.13	8,142.25	4,002.97	5,205.38	7,707.19	6,284.98	17,397.19	39,509.32	60,762.51	682.54	270.70	1,52,661.16
Advances	642.40	1,489.95	2,833.73	1,773.63	3,425.96	3,500.90	8,471.32	19,731.22	56,971.01	17,949.89	17,485.62	1,34,275.63
Investments	9,611.12	2,472.31	1,558.95	5,016.18	2,522.49	1,341.15	3,156.89	6,105.34	12,299.82	478.85	230.55	44,793.65
Borrowings	3.65	-	12.50	240.75	897.33	189.37	2,549.48	2,216.75	6,708.26	1,048.93	4.52	13,871.54
Foreign Currency assets	62.79	762.12	144.55	8.20	19.03	27.34	14.61	-	-	-	-	1,038.64
Foreign Currency liabilities	0.07	13.32	0.17	2.02	35.61	35.64	128.30	342.59	621.51	-	-	1,179.23

As at March 31, 2025

(₹ in Crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	1,377.45	9,109.24	2,464.86	3,763.87	6,738.91	2,690.05	13,481.53	34,151.55	49,768.96	448.73	273.39	1,24,268.54
Advances	93.45	580.36	1,587.12	2,328.64	3,027.83	3,017.87	7,688.34	13,662.59	43,018.76	16,567.62	15,519.90	1,07,092.48
Investments	10,573.76	2,076.13	791.99	3,847.39	1,074.36	919.35	1,854.58	6,071.46	8,843.60	1,443.91	350.99	37,847.52
Borrowings	0.04	102.65	28.21	25.00	1,170.39	246.22	2,480.02	2,025.19	4,131.93	1,345.86	104.39	11,659.90
Foreign Currency assets	56.44	247.88	-	3.12	0.28	5.21	0.89	-	-	-	-	313.82
Foreign Currency liabilities	-	-	-	-	-	7.48	64.75	53.59	286.70	0.16	-	412.68

Classification of assets and liabilities under the maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

b. Liquidity Coverage Ratio (LCR)

i. Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2026:

(₹ in Crore)

Particulars		Quarter ended March 31, 2026		Quarter ended December 31, 2025		Quarter ended September 30, 2025		Quarter ended June 30, 2025	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		31,578.20		29,556.68		30,385.58		27,661.92
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
	(i) Stable deposits	12,582.88	629.14	2,127.23	106.36	2,076.76	103.84	1,983.21	99.16
	(ii) Less stable deposits	58,697.89	5,869.79	65,995.80	6,599.58	64,892.49	6,489.25	61,733.21	6,173.32
3	Unsecured wholesale funding, of which:								
	(i) Operational deposits (all counterparties)	-	-			-	-	-	-
	(ii) Non operational deposits (all counterparties)	32,225.68	23,442.98	29,702.91	21,833.41	30,342.86	22,396.25	28,709.14	20,814.94
	(iii) Unsecured debt	267.38	267.38	489.65	489.65	787.38	787.38	552.44	552.44
4	Secured wholesale funding	-	-						
5	Additional requirements, of which :								
	(i) Outflows related to derivative exposures and other collateral requirements	1,081.17	1,081.17	784.47	784.47	401.83	401.83	422.35	422.35
	(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
	(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	2,806.93	2,806.93	2,542.33	2,542.33	2,572.79	2,572.79	2,562.61	2,562.61

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Particulars		Quarter ended March 31, 2026		Quarter ended December 31, 2025		Quarter ended September 30, 2025		Quarter ended June 30, 2025	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
7	Other contingent funding obligations	33,140.54	1,536.95	31,642.74	1,471.33	31,392.46	1,464.07	30,676.23	1,431.14
8	**Total Cash Outflows**		**35,634.34**		**33,827.13**		**34,215.41**		**32,055.96**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	4.16	-	22.09	-	914.98	-	14.08	-
10	Inflows from fully performing exposures	9,309.73	8,248.17	9,039.80	8,005.80	8,905.36	7,934.40	9,812.62	8,773.04
11	Other cash inflows	1,706.75	853.37	1,590.39	795.20	1,641.60	820.80	1,616.52	808.26
12	**Total Cash Inflows**		**9,101.54**		**8,801.00**		**8,755.20**		**9,581.30**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	Total HQLA		31,578.20		29,556.68		30,385.58		27,661.92
14	Total Net Cash Outflows		26,532.80		25,026.13		25,460.21		22,474.66
15	**Liquidity Coverage Ratio (%)**		**119.02%**		**118.10%**		**119.35%**		**123.08%**

** The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.*

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

b. Liquidity Coverage Ratio (LCR)

i. Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2025:

(₹ in Crore)

Particulars		Quarter ended March 31, 2025		Quarter ended December 31, 2024		Quarter ended September 30, 2024		Quarter ended June 30, 2024	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		27,811.20		26,109.55		23,366.61		22,632.47
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
	(i) Stable deposits	1,965.90	98.30	2,034.95	101.75	2,033.08	101.65	1,803.63	90.18
	(ii) Less stable deposits	59,565.07	5,956.51	57,446.94	5,744.69	55,464.86	5,546.49	53,547.10	5,354.71
3	Unsecured wholesale funding, of which:								
	(i) Operational deposits (all counterparties)					-	-	-	-
	(ii) Non operational deposits (all counterparties)	27,039.72	19,803.62	25,729.68	18,655.69	21,838.66	15,692.54	19,099.15	13,190.82
	(iii) Unsecured debt	363.75	363.75	334.34	334.34	309.03	309.03	258.59	258.59
4	Secured wholesale funding				55.43		207.83		271.34
5	Additional requirements, of which :								
	(i) Outflows related to derivative exposures and other collateral requirements	270.79	270.79	266.36	266.36	0.23	0.23	0.03	0.03
	(ii) Outflows related to loss of funding on debt products								

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Particulars		Quarter ended March 31, 2025		Quarter ended December 31, 2024		Quarter ended September 30, 2024		Quarter ended June 30, 2024	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
	(iii) Credit and liquidity facilities								
6	Other contractual funding obligations	2,787.53	2,787.53	2,432.33	2,432.33	2,298.13	2,298.13	2,173.43	2,173.43
7	Other contingent funding obligations	29,554.39	1,382.16	29,267.32	1,372.62	29,116.09	1,369.06	28,410.69	1,336.54
8	**Total Cash Outflows**		**30,662.66**		**28,963.21**		**25,524.96**		**22,675.64**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	181.13	-	74.20	-	170.80	-	69.23	-
10	Inflows from fully performing exposures	6,772.45	5,773.85	6,292.69	5,303.20	4,763.43	3,851.59	3,472.81	2,513.28
11	Other cash inflows	1,837.96	918.98	1,731.28	865.64	1,572.90	786.45	1,570.91	785.45
12	**Total Cash Inflows**		**6,692.83**		**6,168.84**		**4,638.04**		**3,298.73**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	Total HQLA		27,811.20		26,109.55		23,366.61		22,632.47
14	Total Net Cash Outflows		23,969.83		22,794.37		20,886.92		19,376.91
15	**Liquidity Coverage Ratio (%)**		**116.03%**		**114.54%**		**111.87%**		**116.80%**

** The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.*

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

ii) Qualitative disclosure on Liquidity Coverage Ratio (LCR):

To assess Bank's resilience in liquidity stress scenario of 30 days with its high-quality liquid assets, Banks is computing Liquidity Coverage Ratio (LCR) as per RBI-Basel 3 Framework on Liquidity Standards. High Ratio signifies Bank has enough liquid assets which it can use to fulfil its liquidity obligations in acute stress scenario. Ratio to compute as below:

$$\text{LCR} = \frac{\text{Stock of High Quality Liquid Assets (HQLA)}}{\text{Net Cash Outflows over a 30 days period}}$$

Stock of High Quality Liquid Asset is total funds liquid assets could generate in stress scenario. Net Cash outflows is the difference as derived by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

The Minimum LCR Requirement for Small Finance Banks is 100% as per RBI guidelines.

The Bank has consistently maintained the LCR percentage well above the regulatory threshold limit. The average LCR for the quarter ended March 31, 2026 was 119.02% which is above the regulatory limit of 100%. For the quarter ended March 31, 2026 average HQLA stood at ₹ 31,578.20 Crores.

Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management, Treasury is entrusted with the responsibility of liquidity management within the Bank under the guidance of the ALCO. ALM Risk unit independently measures, monitors & reports Liquidity Risk as per regulatory & internal guidelines.

In computing the above information, certain estimates and assumptions have been made by the Bank's Management which have been relied upon by the auditors.

c. Net Stable Funding Ratio (NSFR)

As per the extant RBI guidelines, Banks are required to make Pillar III disclosures including Leverage ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio (NSFR) under the Basel 3 Capital regulations. These disclosures would be available on the Bank's website at "https://www.au.bank.in/reports/regulatory-disclosures". These disclosures have not been subjected to audit by the Joint Statutory Auditors.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

4. Investments

a. Composition of Investment Portfolio

As at March 31, 2026 (₹ in Crore)

Particulars	HTM		AFS#	FVTPL#		Associates & JVs	
	At cost*	Fair Value		HFT	Non-HFT	At cost	Fair Value
I. Investments in India							
(i) Government securities	29,927.72	29,283.01	2,146.70	268.33	-	-	-
(ii) Other approved securities	-	-	-	-	-	-	-
(iii) Shares	-	-	-	-	26.49	-	-
(iv) Debentures and Bonds	-	-	3,740.02	98.32	147.12	-	-
(v) Associates and joint ventures	-	-	-	-	-	-	-
(vi) Others^	-	-	8,432.65	-	6.30	-	-
Total	**29,927.72**	**29,283.01**	**14,319.37**	**366.65**	**179.91**	**-**	**-**
Less: Provisions for impairment / NPI	-	-	-	-	-	-	-
Net	**29,927.72**	**29,283.01**	**14,319.37**	**366.65**	**179.91**	**-**	**-**
II. Investments outside India							
(i) Government securities (including local authorities)	-	-	-	-	-	-	-
(ii) Associates and joint ventures	-	-	-	-	-	-	-
(iii) Other investments	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Less: Provisions for impairment / NPI	-	-	-	-	-	-	-
Net	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total investments (I+II)	**29,927.72**	**29,283.01**	**14,319.37**	**366.65**	**179.91**	**-**	**-**

^Others includes Certificate of Deposits (CD), Commercial Paper (CP), Security Receipts and Pass Through Certificates (PTC).
**at carrying value*
#AFS & FVTPL portfolio at carrrying value i.e. Fair Value

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

As at March 31, 2025 (₹ in Crore)

Particulars	HTM		AFS#	FVTPL#		Associates & JVs	
	At cost*	Fair Value		HFT	Non-HFT	At cost	Fair Value
I. Investments in India							
(i) Government securities	25,762.25	26,062.66	2,771.60	355.88	-	-	-
(ii) Other approved securities	-	-	-	-	-	-	-
(iii) Shares	-	-	-	-	20.58	-	-
(iv) Debentures and Bonds	-	-	3,122.59	-	100.98	-	-
(v) Associates and joint ventures	-	-	-	-	-	-	-
(vi) Others^	-	-	5,706.98	-	6.66	-	-
Total	**25,762.25**	**26,062.66**	**11,601.17**	**355.88**	**128.22**	**-**	**-**
Less: Provisions for impairment / NPI	-	-	-	-	-	-	-
Net	**25,762.25**	**26,062.66**	**11,601.17**	**355.88**	**128.22**	**-**	**-**
II. Investments outside India							
(i) Government securities (including local authorities)	-	-	-	-	-	-	-
(ii) Associates and joint ventures	-	-	-	-	-	-	-
(iii) Other investments	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Less: Provisions for impairment / NPI	-	-	-	-	-	-	-
Net	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total investments (I+II)	**25,762.25**	**26,062.66**	**11,601.17**	**355.88**	**128.22**	**-**	**-**

^Others includes Certificate of Deposits (CD), Commercial Paper (CP), Security Receipts and Pass Through Certificates (PTC).
**at carrying value*
#AFS & FVTPL portfolio at carrrying value i.e. Fair Value

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

b. Fair value hierarchy of investment portfolio measured at fair value on balance sheet

As at March 31, 2026 (₹ in Crore)

Particulars	AFS				FVTPL			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
I. Investments in India								
(i) Government securities	2,146.70	-	-	2,146.70	268.33	-	-	268.33
(ii) Other approved securities	-	-	-	-	-	-	-	-
(iii) Shares	-	-	-	-	-	-	26.49	26.49
(iv) Debentures and Bonds	2,767.86	972.16	-	3,740.02	98.32	147.12	-	245.44
(v) Associates and Joint Ventures	-	-	-	-	-	-	-	-
(vi) Others	8,225.26	-	207.39	8,432.65	-	-	6.30	6.30
Total	**13,139.82**	**972.16**	**207.39**	**14,319.37**	**366.65**	**147.12**	**32.79**	**546.56**
II. Investments outside India								
(i) Government securities (including local authorities)	-	-	-	-	-	-	-	-
(ii) Other investments	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total investments (I+II)	**13,139.82**	**972.16**	**207.39**	**14,319.37**	**366.65**	**147.12**	**32.79**	**546.56**

Classification under Level I, II, and III is in accordance with the classification reported to the Reserve Bank of India.

As at March 31, 2025 (₹ in Crore)

Particulars	AFS				FVTPL			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
I. Investments in India								
(i) Government securities	2,771.60	-	-	2,771.60	355.88	-	-	355.88
(ii) Other approved securities	-	-	-	-	-	-	-	-
(iii) Shares	-	-	-	-	-	-	20.58	20.58
(iv) Debentures and Bonds	2,681.76	440.83	-	3,122.59	48.74	52.24	-	100.98
(v) Associates and Joint Ventures	-	-	-	-	-	-	-	-
(vi) Others	5,308.56	-	398.42	5,706.98	-	-	6.66	6.66
Total	**10,761.92**	**440.83**	**398.42**	**11,601.17**	**404.62**	**52.24**	**27.24**	**484.10**

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

As at March 31, 2025 (₹ in Crore)

Particulars	AFS				FVTPL			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
II. Investments outside India								
(i) Government securities (including local authorities)	-	-	-	-	-	-	-	-
(ii) Other investments	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Total investments (I+II)	10,761.92	440.83	398.42	11,601.17	404.62	52.24	27.24	484.10

Classification under Level I, II, and III is in accordance with the classification reported to the Reserve Bank of India.

c. Net gains / (losses) on Level 3 financial instruments recognised in AFS-Reserve and Profit and Loss Account*:

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Recognised in AFS-Reserve	-	-
Recognised in Profit and Loss Account	5.55	3.82

**represents unrealised profit*

d. Details of sales made out of HTM

During the year ended Mar 31, 2026 and the previous year ended March 31, 2025 the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include transfer of securities to/from HTM category with the approval of Board of Directors and RBI undertaken by Banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / FVTPL consequent to the reduction of ceiling on SLR securities under HTM, Repurchase of Government Securities by Government of India from banks under buyback / switch operations, Repurchase of State Government Securities by respective state governments under buyback / switch operations and Additional shifting of securities explicitly permitted by the Reserve Bank of India as the case may be.

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
A	Opening carrying value of securities in HTM	25,762.25	20,194.46*
B	Carrying value of all HTM securities sold during the year	10,416.77	4,643.14
C	Less: Carrying values of securities sold under situations exempted from regulatory limit	9,133.10	3,720.12
D	Carrying value of securities sold (D=B-C)	1,283.67	923.02
E	Securities sold as a percentage of opening carrying value of securities in HTM (E=D÷A)	4.98%	4.57%
F	Amount transferred to Capital Reserve in respect of HTM securities which were sold at a gain	131.77	53.44

**The opening carrying value for FY 2024-25 at merged level post taking transition impact of RBI circular on Master Direction- Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023' dated September 12, 2023.*

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

e. Reclassification between categories of investments

During the period, the Bank has not carried out reclassification of investments between categories in accordance with the RBI Master Direction on Classification, Valuation and Operation of Investment Portfolio by Banks in FY 2025-26 and FY 2024-25 (Except reclassification on transition date as per extant RBI Directions).

f. Movement of provisions for non-performing investments (NPIs) and investment fluctuation reserve

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
I. Movement of provisions held towards NPIs		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write off / write back of excess provisions during the year	-	-
(iv) Closing balance	-	-
II. Movement of Investment Fluctuation Reserve		
(i) Opening balance	241.71	170.85
(ii) Add: Addition on amalgamation	-	31.85
(iii) Add: Amount transferred during the year	55.61	39.01
(iv) Less: Drawdown	-	-
(v) Closing balance	297.32	241.71
III. Closing balance in IFR as a percentage of closing balance of investments in AFS and FVTPL category	2.00%	2.00%*

**restated at fair value*

g. Non-SLR investment portfolio

i. Non-performing non-SLR investments

The Bank does not have any Non performing Non-SLR investment as on March 31, 2026 and March 31, 2025.

ii. Issuer composition of non-SLR investments

Issuer-wise composition of non-SLR investments as at March 31, 2026:

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities*
1	2	3	4	5	6	7
(i)	Public sector undertakings	296.03	-	-	-	-
(ii)	Financial institutions[$]	5,666.59	1,866.83	-	-	-
(iii)	Banks	5,901.63	2,465.66	-	-	-
(iv)	Private corporates	347.07	177.08	-	-	-

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities*
(v)	Joint Ventures	-	-	-	-	-
(vi)	Others#	239.58	239.58	-	-	-
(vii)	Provision held towards NPI	-	-	-	-	-
	Total	**12,450.90**	**4,749.15**	**-**	**-**	**-**

Amounts reported under column 4, 5, 6 and 7 above are not mutually exclusive.
**Excludes Investment in equity shares, units of equity-oriented mutual fund, pass through certificates, security receipts, commercial papers, certificates of deposit.*
$NBFC is included in Financial Institutions.
#Others includes PTC, Security Receipts (Net) and Equity Investment.

Issuer-wise composition of non-SLR investments as at March 31, 2025:

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities*
1	2	3	4	5	6	7
(i)	Public sector undertakings	475.08	299.96	-	-	-
(ii)	Financial institutions$	3,548.41	1,095.87	-	-	-
(iii)	Banks	4,283.46	1,526.03	-	-	-
(iv)	Private corporates	225.85	201.06	-	-	-
(v)	Joint Ventures	-	-	-	-	-
(vi)	Others#	424.99	424.99	-	-	-
(vii)	Provision held towards NPI	-	-	-	-	-
	Total	**8,957.79**	**3,547.91**	**-**	**-**	**-**

figures have been restated at fair value.
Amounts reported under column 4, 5, 6 and 7 above are not mutually exclusive.
**Excludes Investment in equity shares, units of equity-oriented mutual fund, pass through certificates, security receipts, commercial papers, certificates of deposit.*
$NBFC is included in Financial Institutions.
#Others includes PTC, Security Receipts (Net) and Equity Investment.

h. Repo Transactions

Details of repo / reverse repo deals (in face value and market value terms) (Including LAF and TREPS) entered during the year ended March 31, 2026

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Particulars	Minimum outstanding during the year		Maximum outstanding during the year		Daily Average outstanding during the year		Outstanding as on March 31, 2026	
	Face Value	Market Value	Face Value	Market Value	Face Value	Market Value	Face Value	Market Value
Securities sold under repo :								
i. Government securities								
a. LAF Repo	-	-	1,460.82	1,500.00	54.62	55.87	-	-
b. Triparty Repo (TREPS)*	-	-	4,155.39	4,155.39	1,167.84	1,167.84	-	-
c. Govt Securities Repo	-	-	1,400.00	1,469.69	206.56	215.09	-	-
ii. Corporate debt securities	-	-	200.00	189.53	0.96	0.91	-	-
iii. Any other securities	-	-	-	-	-	-	-	-
Securities purchased under reverse repo :								
i. Government securities								
a. LAF Repo	-	-	2,513.76	2,500.00	223.01	223.93	-	-
b. Triparty Repo (TREPS)*	-	-	399.94	399.94	16.27	16.27	-	-
c. Govt Securities Repo	-	-	855.24	888.97	22.34	23.30	-	-
ii. Corporate debt securities	-	-	-	-	-	-	-	-
iii. Any other securities	-	-	-	-	-	-	-	-

**Treps FV and MV presented on the basis of Outstanding amount.*

Details of repo / reverse repo deals (in face value and market value terms) (Including LAF and TREPS) entered during the year ended March 31, 2025

(₹ in Crore)

Particulars	Minimum outstanding during the year		Maximum outstanding during the year		Daily Average outstanding during the year		Outstanding as on March 31, 2025	
	Face Value	Market Value	Face Value	Market Value	Face Value	Market Value	Face Value	Market Value
Securities sold under repo :								
i. Government securities								
a. LAF Repo	-	-	2,451.47	2,525.00	375.36	388.19	-	-
b. Triparty Repo (TREPS)*	-	-	4,414.93	4,414.93	1,129.13	1,129.13	-	-
c. Govt Securities Repo	-	-	550.00	555.08	40.57	41.51	-	-
ii. Corporate debt securities	-	-	-	-	-	-	-	-
iii. Any other securities	-	-	-	-	-	-	-	-

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Particulars	Minimum outstanding during the year		Maximum outstanding during the year		Daily Average outstanding during the year		Outstanding as on March 31, 2025	
	Face Value	Market Value	Face Value	Market Value	Face Value	Market Value	Face Value	Market Value
Securities purchased under reverse repo :								
i. Government securities								
a. LAF Repo	-	-	1,597.61	1,600.00	51.00	50.54	-	-
b. Triparty Repo (TREPS)*	-	-	1,751.37	1,751.37	73.23	73.23	-	-
c. Govt Securities Repo	-	-	1,155.00	1,192.69	13.30	13.74	-	-
ii. Corporate debt securities	-	-	-	-	-	-	-	-
iii. Any other securities	-	-	-	-	-	-	-	-

**Treps FV and MV presented on the basis of Outstanding amount.*

i. Government Security Lending (GSL) transactions

In reference to the RBI Notification No: FMRD.DIRD.No.06/14.03.061/2023-2024 dated December 27, 2023 the disclosure related to Government securities lending and borrowing transactions undertaken Over-the-Counter markets. During the Financial Year 2025-26 and Previous Year 2024-25, the bank has not entered into any such type of transactions.

j. Disclosure for transitional adjustments as at April 01, 2024

Following is the disclosure as per RBI circular on Master Direction- Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023' dated September 12, 2023, for transitional adjustments.

In compliance with the RBI Investment Master Directions dated September 12, 2023, the Bank implemented changes relating to classification, measurement and valuation of investments with effect from April 1, 2024. Consequently, the net fair value gain of ₹ 997.71 lakh (net of taxes) was accounted for in General Reserve as per the transition provision in the aforesaid Directions.

In addition, the Bank has transferred balance in Investment Reserve amounting to ₹ 876.74 lakh on the date of the transition to General Reserve in compliance with these Directions.

Subsequent changes in fair value of performing investments under Available for Sale (AFS) and Fair Value Through Profit and Loss ('FVTPL') (including sub category Held For Trading ('HFT')) categories was recognised through AFS reserve and Profit and Loss Account respectively.

(₹ in Crore)

Particulars	Classification as per March 31,2024	Classification as per new circular	Book value Mar-24			Impact due to new circular		Revised Book Value
			AU	erstwhile Fincare*	Total	Discount impact	MTM impact	
			1	2	3 = (1+2)	4	5	6= (3+4+5)
Government Securities	AFS	AFS	2,439.37	1,586.65	4,026.02	-	(5.02)	4,021.00
Government Securities	HFT	FVTPL-HFT	186.94	-	186.94	-	(0.22)	186.72
Government Securities	HTM	HTM	18,595.41	1,592.91	20,188.32	6.14	-	20,194.46

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Particulars	Classification as per March 31,2024	Classification as per new circular	Book value Mar-24			Impact due to new circular		Revised Book Value
			AU	erstwhile Fincare*	Total	Discount impact	MTM impact	
Shares	AFS	FVTPL	8.75	-	8.75	-	7.19	15.94
Debentures and Bonds	AFS	AFS	1,105.80	-	1,105.80	-	(4.94)	1,100.86
Debentures and Bonds	AFS	FVTPL	100.00	-	100.00	-	1.02	101.02
Others (CD/ CP/PTC)	AFS	AFS	4,701.52	-	4,701.52	-	-	4,701.52
Others (PTC/SR)	AFS	FVTPL	-	26.38	26.38	-	(18.90)	7.48
Grand Total			**27,137.79**	**3,205.94**	**30,343.73**	**6.14**	**(20.87)**	**30,329.00**

**refer note 1 of schedule 18A.*

k. Securities kept as margin (in Face value terms)

The details of securities that are kept as margin are as under:

(₹ in Crore)

Sr. No.	Particulars	Face value as at	
		March 31, 2026	March 31, 2025
I.	**Securities kept as margin with Clearing Corporation of India towards:**		
	a) Collateral and funds management – Member Common Collateral	125.00	90.00
	b) Collateral and funds management – Tri-party Repo	500.00	1,165.00
	c) Default fund – Forex Forward segment	3.00	2.00
	d) Default fund – Forex Settlement segment	3.00	2.00
	e) Default fund – Rupee Derivatives (Guaranteed Settlement) segment-MIBOR	2.00	-
	f) Default fund – Rupee Derivatives (Guaranteed Settlement) segment-MIFOR	1.00	-
	g) Default fund – Securities segment	3.00	2.00
	h) Default fund – Tri-party repo segment	3.00	2.00
II.	**Securities kept as margin/pledge with the RBI towards:**		
	a) IDL-Real Time Gross Settlement (RTGS)	1,010.00	1,010.00
	b) Repo transactions	2,425.00	2,155.00

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

5. Asset quality

a. Classification of advances and provisions held

For the year ended March 31, 2026

(₹ in Crore)

Particulars	Standard	Non-Performing				Total*
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	1,06,301.14	1,922.93	540.33	13.77	2,477.03	1,08,778.17
Add: Additions during the year					4,050.77	4,050.77
Less: Reductions during the year**					3,772.16	3,772.16
Closing balance	1,33,285.73	1,953.28	757.24	45.12	2,755.64	1,36,041.37
**Reductions in Gross NPAs due to:						
(i) Upgradation					1,509.27	1,509.27
(ii) Recoveries (excluding recoveries from upgraded accounts)					572.95	572.95
(iii) Technical/ Prudential Write-offs					1,478.96	1,478.96
(iv) Write-offs other than those under (iii) above					210.99	210.99
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	384.68	1,112.41	518.50	13.77	1,644.68	2,029.36
Add: Fresh provisions made during the year					2,543.33	2,543.33
Less: Excess provision reversed/ Write-off loans					2,463.28	2,463.28
Closing balance of provisions held	482.41	943.69	735.93	45.12	1,724.74	2,207.15
Net NPAs						
Opening Balance		810.52	21.83	0.00	832.35	
Add: Fresh additions during the year					1,507.44	
Less: Reductions during the year					1,308.89	
Closing Balance		1,009.59	21.31	-	1,030.90	1,030.90
Floating Provisions						
Opening Balance						41.00
Add: Additional provisions made during the year						-

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Particulars	Standard	Non-Performing				Total*
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Less: Amount drawn down during the year						-
Closing balance of floating provisions						41.00
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						2,594.21
Add: Technical/ Prudential write-offs during the year						1,478.96
Less: Recoveries/reduction made from previously technical/ prudential written-off accounts during the year						319.29
Closing balance						3,753.88

** Total column does not contain movement of standard advances and provision thereof*

For the year ended March 31, 2025

(₹ in Crore)

Particulars	Standard	Non-Performing				Total*
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	72,761.67	844.53	387.77	5.10	1,237.40	73,999.07
Add: Addition on amalgamation					199.54	199.54
Add: Additions during the year					3,796.07	3,796.07
Less: Reductions during the year**					2,755.98	2,755.98
Closing balance	1,06,301.14	1,922.93	540.33	13.77	2,477.04	1,08,778.18
**Reductions in Gross NPAs due to:						
(i) Upgradation					1,252.07	1252.07
(ii) Recoveries (excluding recoveries from upgraded accounts)					332.74	332.74
(iii) Technical/ Prudential Write-offs					1,056.63	1056.63
(iv) Write-offs other than those under (iii) above					114.54	114.54
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	287.77	424.33	365.98	5.10	795.41	1083.18
Add: Addition on amalgamation					121.12	121.12

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Particulars	Standard	Non-Performing				Total*
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Add: Fresh provisions made during the year					2,437.01	2437.01
Less: Excess provision reversed/ Write-off loans					1,708.86	1708.86
Closing balance of provisions held	384.68	1,112.41	518.50	13.77	1,644.68	2,029.36
Net NPAs						
Opening Balance		420.20	21.79	0.00	441.99	
Add: Addition on amalgamation					78.42	
Add: Fresh additions during the year					1,359.06	
Less: Reductions during the year					1,047.12	
Closing Balance		810.52	21.83	0.00	832.35	832.35
Floating Provisions						
Opening Balance						41
Add: Addition on amalgamation						-
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						41
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						426.69
Add: Addition on amalgamation						1,299.41
Add: Technical/ Prudential write-offs during the year						1,056.63
Less: Recoveries/reduction made from previously technical/ prudential written-off accounts during the year						188.52
Closing balance						2,594.21

**Total column does not contain movement of standard advances and provision thereof*

Ratios

Particulars	March 31, 2026	March 31, 2025
Gross NPA to Gross Advances	2.03%	2.28%
Net NPA to Net Advances	0.74%	0.74%
Provision coverage ratio (including Floating Provision)	64.08%	68.05%
Provision coverage ratio (including Technical write offs and Floating Provision)	84.79%	84.40%

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

b. Sector-wise advances and Gross NPAs

(₹ in Crore)

Sr. No.	Sector	March 31, 2026		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector**			
1	Agriculture and allied activities	20,718.46	546.71	2.64%
2	Advances to industries sector eligible as priority sector lending	8,284.52	180.17	2.17%
	All Engineering	1,369.10	27.93	2.04%
	Infrastructure	1,523.38	1.04	0.07%
3	Services	47,080.09	975.16	2.07%
	Transport Operators	12,622.80	203.02	1.61%
	Trade	19,356.57	502.32	2.60%
	Financial Intermediation	-	-	0.00%
4	Personal loans	4,173.06	110.45	2.65%
	Housing Loan	4,159.83	100.87	2.42%
	Sub total (A)	**80,256.13**	**1,812.49**	**2.26%**
B	**Non Priority Sector**			
1	Agriculture and allied activities	-	-	0.00%
2	Industry	2,097.24	97.38	4.64%
	All Engineering	335.30	8.06	2.40%
	Infrastructure	56.90	4.94	8.69%
3	Services	30,697.76	368.13	1.20%
	Transport Operators	3,592.60	51.09	1.42%
	Trade	7,246.74	199.28	2.75%
	Financial Intermediation	7,952.28	-	0.00%
4	Personal loans	22,990.24	477.64	2.08%
	Housing Loan	3,970.56	89.35	2.25%
	Vehicle Loans	9,107.77	194.03	2.13%
	Advances against Fixed Deposits	3,732.45	0.10	0.00%
	Sub-total (B)	**55,785.24**	**943.15**	**1.69%**
	Total (A+B)	**1,36,041.37**	**2,755.64**	**2.03%**

Sub-sectors have been disclosed where outstanding advances exceed 10% of total advances in that sector.

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Sr. No.	Sector	March 31, 2025		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector**			
1	Agriculture and allied activities	15,937.03	516.20	3.24%
2	Advances to industries sector eligible as priority sector lending	7,655.40	123.06	1.61%
	All Engineering	1,143.57	13.95	1.22%
	Infrastructure	1,181.28	0.85	0.07%
3	Services	38,617.85	679.00	1.76%
	Transport Operators	8,342.50	120.24	1.44%
	Trade	17,225.69	370.00	2.15%
4	Personal loans	3,725.24	84.95	2.28%
	Housing Loan	3,350.48	53.26	1.59%
	Sub total (A)	**65,935.52**	**1,403.21**	**2.13%**
B	**Non Priority Sector**			
1	Agriculture and allied activities	-	-	0.00%
2	Industry	1,641.61	66.37	4.04%
	All Engineering	260.20	10.88	4.18%
	Infrastructure	56.09	6.30	11.24%
3	Services	19,827.85	470.32	2.37%
	Transport Operators	1,399.77	62.50	4.46%
	Trade	4,957.97	243.69	4.92%
4	Personal loans	21,373.19	537.13	2.51%
	Housing Loan	4,421.56	59.73	1.35%
	Vehicle Loans	8,436.30	168.44	2.00%
	Advances against Fixed Deposits	2,885.16	-	0.00%
	Sub-total (B)	**42,842.65**	**1,073.82**	**2.51%**
	Total (A+B)	**1,08,778.17**	**2,477.03**	**2.28%**

Sub-sectors have been disclosed where outstanding advances exceed 10% of total advances in that sector.

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

c. Resolution of Stressed Assets – Revised Framework

As at March 31, 2026, the Bank does not have any loan accounts under resolution under the Revised Framework for Resolution of Stressed Assets, in terms of RBI Circular dated November 28, 2025 – RBI/DOR/2025-26/196 (Small Finance Banks – Resolution of Stressed Assets Directions, 2025). (Previous year: Nil).

d. Divergence in the asset classification and provisioning

In terms of the RBI guidelines, banks are required to disclose the divergence in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever the additional provisioning assessed / additional gross NPAs identified by RBI exceeds the threshold specified by RBI. The threshold for provisioning is 5 per cent of the reported profit before provisions and contingencies for the reference period and that for additional gross NPAs is 5 per cent of the published incremental Gross NPAs for the reference period.

There was no reportable divergence in asset classification and provisioning for NPAs for the year ended March 31, 2025 and RBI did not conducted the Annual Financial Inspection for FY-2023-2024.

e. Disclosure of transfer of loan exposures

i. Loans not in default :

1. During the year ended March 31, 2026 and March 31, 2025 the bank has not acquired "loans not in default" through assignment of loans.
2. Details of "loans not in default" transferred during the year as given below:

(₹ in crore unless specifically mentioned)

Particulars*	March 31, 2026	March 31, 2025
Aggregate amount of loans transferred	13.44	8.08
Aggregate consideration received^	13.63	8.18
Weighted average residual maturity (in Months)	7.48	9.51
Weighted average holding period (in Months)	17.09	15.05
Retention of beneficial economic interest (%)	Nil	Nil
Coverage of tangible security coverage(%)	Nil	Nil
Rating-wise distribution of rated loans	Nil	Nil

**MFI "loans not in default" transferred to NBFCs under Business Correspondent arrangement*
^including interest

ii. Stressed loans transferred or acquired :

1. During the year ended March 31, 2026 and March 31, 2025, the bank has not acquired any stressed loans (Non-performing asset and Special Mention Account).
2. Details of MFI Non-Performing Assets (NPAs) and Special Mention Accounts (SMAs) transferred to NBFCs under Business Correspondent arrangement during the year as given below:

(₹ in crore unless specifically mentioned)

Particulars	March 31, 2026	March 31, 2025
No. of accounts	5,844	14,950
Aggregate principal outstanding of loans transferred	10.92	23.27
Weighted average residual tenor of the loans transferred (In Months)	5.40	5.47
Net book value of loans transferred (at the time of transfer)	2.96	4.75
Aggregate consideration (including interest)	11.07	25.92
Additional consideration realized in respect of accounts transferred in earlier years	NA	NA

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

iii. Details of the recovery ratings assigned to Security Receipts outstanding :

As at March 31, 2026

(₹ in Crore)

Recovery Rating	Rating Agency	Anticipated Recovery as per Recovery Rating	Value of outstanding SRs (net of provisions)
RR3	Crisil Ratings	More than 50% and upto 75%	0.52
RR3	India Ratings	More than 50% and upto 75%	-

As at March 31, 2025

(₹ in Crore)

Recovery Rating	Rating Agency	Anticipated Recovery as per Recovery Rating	Value of outstanding SRs (net of provisions)
RR2	Crisil Ratings	More than 75% and upto 100%	0.88
RR3	India Ratings	More than 50% and upto 75%	-

f. Provision pertaining to fraud accounts

(₹ in crore except number of accounts)

Particulars	March 31, 2026	March 31, 2025
Number of frauds reported during the year	33	86
Amount involved in fraud	43.45	1.94
Amount of provision made for such frauds*	42.15	0.30
Amount of unamortised provision debited from "other reserves" as at the end of the year	-	-

**Amount of recoveries/write-off during the current year is ₹1.30 Crore (previous year : ₹1.64 crore) and balance amount of fraud as at the year end of ₹42.14 crore (previous year : ₹0.30 crore) is fully provided.*

g. Disclosure related to project finance

Disclosure as per 'Reserve Bank of India (Small Finance Banks-Financial Statements : Presentation and Disclosures) Directions, 2025' dated November 28, 2025 and as amended thereafter, on project under Implementation.

i. For the quarter ended March 31, 2026 is given below:

(₹ in Crore)

Sr. No.	Item Description	Number of accounts	Total Outstanding*
1	Projects under implementation accounts at the beginning of the quarter.	577	4,806.72
2	Projects under implementation accounts sanctioned during the quarter.	248	933.56
3	Projects under implementation accounts where DCCO has been achieved during the quarter.	140	438.71
4	Projects under implementation accounts at the end of the quarter. (1+2-3)	685	5,301.57

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Sr. No.	Item Description	Number of accounts	Total Outstanding*
5	Out of '4' – accounts in respect of which resolution process involving extension in original / extended DCCO, as the case may be, has been invoked.	117	460.98
5.1	Out of '5' – accounts in respect of which Resolution plan has been implemented.	117	460.98
5.2	Out of '5' – accounts in respect of which Resolution plan is under implementation.	-	-
5.3	Out of '5' – accounts in respect of which Resolution plan has failed.	-	-
6	Out of '5', accounts in respect of which resolution process involving extension in original / extended DCCO, as the case may be, has been invoked due to change in scope and size of the project.	-	-
7	Out of '5', account in respect of which cost overrun associated with extension in original / extended DCCO, as the case may be, was funded	-	-
7.1	Out of '7', accounts where SBCF was sanctioned during financial closure and renewed continuously	-	-
7.2	Out of '7', accounts where SBCF was not pre sanctioned or renewed continuously	-	-
8	Out of '4' – accounts in respect of which resolution process not involving extension in original / extended DCCO, as the case may be, has been invoked.	-	-
8.1	Out of '8' – accounts in respect of which Resolution plan has been implemented.	-	-
8.2	Out of '8' – accounts in respect of which Resolution plan is under implementation.	-	-
8.3	Out of '8' – accounts in respect of which Resolution plan has failed.	-	-

** represents gross advances as on March 31, 2026.*

ii. For the quarter ended December 31, 2025 is given below:

(₹ in Crore)

Sr. No.	Item Description	Number of accounts	Total Outstanding*
1	Projects under implementation accounts at the beginning of the quarter.	518	4,109.03
2	Projects under implementation accounts sanctioned during the quarter.	142	471.00
3	Projects under implementation accounts where DCCO has been achieved during the quarter.	83	385.40

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Sr. No.	Item Description	Number of accounts	Total Outstanding*
4	Projects under implementation accounts at the end of the quarter. (1+2-3)	577	4,194.63
5	Out of '4' – accounts in respect of which resolution process involving extension in original / extended DCCO, as the case may be, has been invoked.	39	111.50
5.1	Out of '5' – accounts in respect of which Resolution plan has been implemented.	39	111.50
5.2	Out of '5' – accounts in respect of which Resolution plan is under implementation.	-	-
5.3	Out of '5' – accounts in respect of which Resolution plan has failed.	-	-
6	Out of '5', accounts in respect of which resolution process involving extension in original / extended DCCO, as the case may be, has been invoked due to change in scope and size of the project.	-	-
7	Out of '5', account in respect of which cost overrun associated with extension in original / extended DCCO, as the case may be, was funded	-	-
7.1	Out of '7', accounts where SBCF was sanctioned during financial closure and renewed continuously	-	-
7.2	Out of '7', accounts where SBCF was not pre sanctioned or renewed continuously	-	-
8	Out of '4' – accounts in respect of which resolution process not involving extension in original / extended DCCO, as the case may be, has been invoked.	-	-
8.1	Out of '8' – accounts in respect of which Resolution plan has been implemented.	-	-
8.2	Out of '8' – accounts in respect of which Resolution plan is under implementation.	-	-
8.3	Out of '8' – accounts in respect of which Resolution plan has failed.	-	-

** represents gross advances as on December 31, 2025.*

h. Disclosures under Resolution Framework for COVID-19-related Stress

Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress, as per 'Reserve Bank of India (Small Finance Banks-Financial Statements : Presentation and Disclosures) Directions, 2025' dated November 28, 2025, are given below:

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

As at March 31, 2026:

(₹ in Crore except number of accounts)

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. September 30, 2025 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2026^	Of (A), amount written off during the half year ended March 31, 2026#	Of (A) amount paid by the borrowers during the half-year ended March 31, 2026*	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year i.e. March 31, 2026
Personal Loans	10.71	0.82	0.05	0.97	8.91
Corporate persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	79.88	(1.50)	0.04	9.13	72.24
Total	**90.59**	**(0.68)**	**0.09**	**10.10**	**81.15**

^includes accounts which were classified as NPA earlier and subsequently upgraded to Standard during the half year ended March 31, 2026.
**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 during the half year ended March 31, 2026.*
#Represents debt that slipped into NPA and was subsequently written off during the half year ended March 31, 2026.

As at September 30, 2025:

(₹ in Crore except number of accounts)

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. March 31, 2025 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended September 30, 2025^	Of (A), amount written off during the half year ended September 30, 2025#	Of (A) amount paid by the borrowers during the half-year ended September 30, 2025*	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year i.e. September 30, 2025
Personal Loans	13.02	0.64	0.00	1.68	10.71
Corporate persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	92.35	2.08	0.04	10.39	79.88
Total	**105.37**	**2.72**	**0.04**	**12.07**	**90.59**

^includes accounts which were classified as NPA earlier and subsequently upgraded to Standard during the half year ended September 30, 2025.
**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 during the half year ended September 30, 2025.*
#Represents debt that slipped into NPA and was subsequently written off during the half year ended September 30, 2025.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

As at March 31, 2025:

(₹ in Crore except number of accounts)

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. September 30, 2024 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2025^	Of (A), amount written off during the half year ended March 31, 2025#	Of (A) amount paid by the borrowers during the half-year ended March 31, 2025*	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year i.e. March 31, 2025
Personal Loans	14.70	0.03	0.01	1.66	13.02
Corporate persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	108.25	1.68	0.02	14.21	92.35
Total	**122.95**	**1.71**	**0.03**	**15.87**	**105.37**

^includes accounts which were classified as NPA earlier and subsequently upgraded to Standard during the half year ended March 31, 2025.
**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 during the half year ended March 31, 2025.*
#Represents debt that slipped into NPA and was subsequently written off during the half year ended March 31, 2025.

As at September 30, 2024:

(₹ in Crore except number of accounts)

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. March 31, 2024 (A)^	Of (A), aggregate debt that slipped into NPA during the half-year ended September 30, 2024$	Of (A), amount written off during the half year ended September 30, 2024#	Of (A) amount paid by the borrowers during the half-year ended September 30, 2024*	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year i.e. September 30, 2024
Personal Loans	21.57	2.78	0.08	4.09	14.70
Corporate persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	128.39	6.22	0.12	13.92	108.25
Total	**149.96**	**9.00**	**0.20**	**18.01**	**122.95**

^includes exposure of ₹ 208.24 lakh of erstwhile Fincare Small Finance Bank Limited.
$includes accounts which were classified as NPA earlier and subsequently upgraded to Standard during the half year ended September 30, 2024.
**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 during the half year ended September 30, 2024.*
#Represents debt that slipped into NPA and was subsequently written off during the half year ended September 30, 2024.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

6. Exposures

a. Exposure to real estate sector

(₹ in Crore)

Category	March 31, 2026	March 31, 2025
(a) Direct exposure		
(i) Residential Mortgages–	11,899.57	10,519.27
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Includes Individual housing loans eligible for inclusion in priority sector advances as at March 31, 2026 ₹ 4,279.44 crore and as at March 31, 2025 ₹ 3,451.94 crore)		
(ii) Commercial Real Estate–	12,873.16	7,677.44
Lending secured by mortgages on commercial real estate (office buildings, retail space, multi purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based (NFB) limits	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures–		
(a) Residential	3.89	5.10
(b) Commercial Real Estate	-	-
Total (A)	**24,776.62**	**18,201.81**
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	893.95	777.29
Total (B)	**893.95**	**777.29**
Total Exposure to Real Estate Sector (A+B)	**25,670.57**	**18,979.10**

Out of the total loans given against the mortgage of any real estate, only those loans have been classified as an exposure to commercial real estate, the prospects for repayment in respect of which depend primarily on the cash flows generated by such mortgaged asset.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports has been relied upon by the auditors.

b. Exposure to Capital Market

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	15.94	15.94
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds.	-	-

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances.	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	641.41	519.04
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
(vii) Bridge loans to companies against expected equity flows / issues.	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	-	-
(ix) Financing to stockbrokers for margin trading.	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered).	-	-
Total Exposure to Capital Market	**657.35**	**534.98**

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports has been relied upon by the auditors.

c. Details of risk category wise country exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. As the net funded exposure did not exceeded 1% of total funded assets, the Bank has not made any provision on country exposure based on RBI guidelines.

(₹ in Crore)

Risk Category	ECGC Classification	March 31, 2026		March 31, 2025	
		Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	A1	496.31	-	173.70	-
Low	A2	9.62	-	9.85	-
Moderately Low	B1	1.89	-	-	-
Moderate	B2	-	-	-	-
Moderately High	C1	-	-	-	-
High	C2	-	-	-	-
Very High	D	-	-	-	-
Total		**507.82**	**-**	**183.55**	**-**

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

d. Unsecured Advances

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Total unsecured advances of the bank	13,833.75	13,105.42
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
Estimated value of such intangible securities	-	-

e. Details of factoring exposure:

The factoring exposure of the Bank as at March 31, 2026 is Nil.(Previous year: Nil).

f. Intra-Group exposure

The Bank does not have any intra-group entities and, accordingly, does not have any intra-group exposure (Previous year: Nil).

g. Unhedged foreign currency exposure

The RBI, through its Master Direction DOR.CRE.REC.107/07-02-002/2025-26 on Reserve Bank of India (Small Finance Banks – Credit Risk Management) Directions, 2025 dated November 28, 2025, had advised banks to create incremental provision on standard loans and advances to entities with unhedged foreign currency exposure (UFCE). The Bank assesses the UFCEs of the borrowers through its credit appraisal and internal ratings process. The Bank also undertakes reviews of such exposures through thematic reviews evaluating the impact of exchange rate fluctuations on the Bank's portfolio on a yearly basis.

Incremental provisioning (over and above provision applicable for standard assets) is made in Bank's Profit and Loss Account, on borrower counter parties having UFCE, depending on the likely loss / EBID ratio, in line with stipulations by RBI. Incremental capital is maintained in respect of borrower counter parties in the highest risk category, in line with stipulations by RBI. These requirements are given below:

Likely Loss / EBID ratio	Incremental Provisioning Requirement (computed on the total credit exposures reckoned for standard asset provisioning)	Incremental Capital Requirement
Up to 15%	0%	0%
More than 15% to 30%	0.20%	0%
More than 30% to 50%	0.40%	0%
More than 50% to 75%	0.60%	0%
More than 75% (Most risky)	0.80%	25%

The Bank held provision amounting to ₹ 1.82 crore on advances to entities with UFCE on March 31, 2026 (previous year: ₹ 1.42 crore). The Bank considered incremental risk weighted assets of ₹ 32.05 crore for the purpose of CRAR calculation in respect of borrower with UFCE as on March 31, 2026 (previous year: ₹ 32.45 crore).

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

7. Concentration of deposits, advances, exposures and NPAs

a. Concentration of Deposits

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Total deposits of the twenty largest depositors*	20,343.85	14,597.95
Percentage of deposits of twenty largest depositors to total deposits of the bank	13.33%	11.75%

**Includes certificate of deposits*

b. Concentration of Advances

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Total advances to the twenty largest borrowers	4,078.75	3,297.52
Percentage of advances to twenty largest borrowers to total advances of the bank	2.44%	2.44%

Advances comprise of credit exposure (funded and non-funded credit limits) including Derivative exposure but excluding other exposure of security placed with CCIL on account of limit for TREPS transaction of ₹ 157 crores (Previous year: ₹ 110 crores).

c. Concentration of Exposures

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Total exposure to the twenty largest borrowers / customers	10,872.89	7,384.19
Percentage of exposures to the twenty largest borrowers / customers to the total exposure of the bank on borrowers / customers	6.05%	5.13%

Exposures comprise of credit exposure (funded and non-funded credit limits) and investment exposure excluding other exposure of security placed with CCIL on account of limit for TREPS transaction of ₹ 157 crores (Previous year: ₹ 110 crores).

d. Concentration of NPAs

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Total Exposure to top twenty NPA accounts	179.28	139.63
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs	6.48%	5.64%

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

8. Derivatives

a. Details of Derivative Portfolio

(₹ in Crore)

Particulars	March 31, 2026			March 31, 2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Interest Rate Derivatives *						
a) MTM-Assets	-	3.09	-	-	-	-
b) MTM-Liabilities	-	(5.02)	-	-	-	-
Net Gain/ Loss recognised in Profit & Loss Account **	-	(1.93)	-	-	-	-
Exchange Rate Derivatives ^						
a) MTM-Assets	78.70	-	-	4.19	-	-
b) MTM-Liabilities	(79.92)	-	-	(4.02)	-	-
Net Gain/ Loss recognised in Profit & Loss Account **	(1.22)	-	-	0.17	-	-
Other Derivatives (specify)						
a) MTM-Assets	-	-	-	-	-	-
b) MTM-Liabilities	-	-	-	-	-	-
Net Gain/ Loss recognised in Profit & Loss Account**	-	-	-	-	-	-

** Interest Rate Derivatives include Interest Rate Swaps.*
*** Net Gain/ (Loss) recognised in Profit & Loss Account is net MTM on outstanding deals as on March 31, 2026.*
^ Exchange Rate Derivatives include FX Forwards and FX Swaps, but exclude Cash, Tom , Spot & Funding Swaps i.e Bank book.
Mark-to market & accrued interest has been considered for MTM on Derivatives.
The mark-to-market (MTM) of Interest rate derivatives is classified under Level 2, as the valuation is derived using Level 1 inputs such as market curves; however, the MTM value is not directly quoted in the market.

b. Forward rate agreement/Interest rate swap (IRS)

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
1	The notional principal of swap agreements	518.97	-
2	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	5.39	-
3	Collateral required by the bank upon entering into swaps	-	-
4	Concentration of credit risk arising from the swaps (%) *	100%	-
5	Concentration of credit risk arising from the swaps (Amount) *	5.39	-
6	The fair value of the swap book	(1.93)	-

** Concentration of credit risk based on Current Exposure Method (CEM) arising from IRS with Banks & Financial Institutions (i.e. CEM for IRS as % of total CEM as applicable for Bank & FI) as at March 31, 2026.*
Fair value represents mark- to-market including accrued interest.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

The nature and terms of the IRS as on March 31, 2026 are set out below:

(₹ in Crore)

Nature	No. of deals	Notional Principal	Benchmark	Terms
Trading	7	275.00	INROIS	Pay Float/ Receive Fixed
Trading	4	175.00	INROIS	Receive Float/ Pay Fixed
Trading	1	50.00	MOD MIFOR	Pay Float/ Receive Fixed
Trading	1	9.48	SOFR	Receive Float/ Pay Fixed
Trading	1	9.49	SOFR	Pay Float/ Receive Fixed
Total	**14**	**518.97**		

There were no outstanding deals of the IRS as on March 31, 2025.

c. Exchange traded interest rate derivatives

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
1	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	-	-
2	Notional principal amount of exchange traded interest rate derivatives outstanding	-	-
3	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-
4	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-

d. Disclosures on risk exposure in derivatives

Qualitative disclosures

a. Structure and organization for management of risk in derivatives trading, the scope and nature of risk measurement,riskreporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

i. The Bank undertakes transactions in FX and derivatives for the purpose of Balance Sheet management, support customer FX and derivatives hedging / business requirements and takes proprietary positions. The Bank deals in various kinds of products viz. FX spot and forwards, INR and CCY swaps.

ii. All the derivative transactions are governed by the FX & Derivative policy, Market Risk Management policy of the Bank as well as by RBI guidelines. Various operational/risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. Value at Risk (VaR), Net loss, deal size and Price Value of a Basis Point (PVBP). Actual positions are monitored against these limits on a daily basis and breaches if any are reported promptly. Risk assessment of the portfolio is undertaken periodically.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

iii. The Treasury front office enters into derivative transaction with customers and interbank counterparties. The Bank has an independent back office and mid office as per regulatory guidelines. The MTM position of the derivative portfolio is monitored on a regular basis. The impact on derivative portfolio on account of the probable market movements are assessed on regular basis. The risk profile of the outstanding portfolio is reviewed by the Board at regular intervals.

b. Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts, provisioning, collateral and credit risk mitigation:

The Bank undertakes derivative transactions for market making/trading and Bank book transactions on balance sheet assets and liabilities. All market making/trading transactions are marked to market on daily basis and the resultant unrealized gains/losses are recognized in the profit and loss account. Premium/discount on Bank book transactions is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

Pursuant to RBI guidelines, any overdue receivables representing positive mark-to market value under derivative contracts which remain unpaid for a period of 90 days or more from the specified due date for payment is a Non-Performing Asset & the mark-to-market unrealised gains on all derivative contracts already taken in the profit and loss account with the same counterparties are reversed and held in Suspense Account-Crystalised Receivable.

The Bank maintains adequate collateral arrangements with central counterparties and exchanges, wherever applicable. In accordance with prevailing market practices, transactions with inter-bank counterparties such as Banks and Primary Dealers do not ordinarily require collateral; however, where a Credit Support Annex (CSA) has been executed, collateral is obtained strictly in line with the stipulated terms.

In the Interbank segment, the Bank's exposure is primarily to major and well-established banks, where the perceived default risk is relatively low. Wherever a CSA is in place, exposures are appropriately collateralised in accordance with contractual provisions and managed within the Bank's approved limit framework.

Quantitative disclosures

The Following table set forth, for the periods indicated, the details of derivative positions.

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026		March 31, 2025	
		Currency Derivatives	Interest Rate Derivatives *	Currency Derivatives	Interest Rate Derivatives *
1	Derivatives (Notional Principal Amount)				
	a) For hedging	-	-	-	-
	b) For trading	-	518.97	-	-
2	Market to Market positions (net) ^				
	a) Asset (+)	-	3.09	-	-
	b) Liability (-)	-	(5.02)	-	-
3	Credit Exposure	-	5.39	-	-
4	Likely impact of one percentage change in interest rate (100*PV01)				
	a) On hedging derivatives	-	-	-	-
	b) On trading derivatives	-	4.96	-	-
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) On hedging				

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026		March 31, 2025	
		Currency Derivatives	Interest Rate Derivatives *	Currency Derivatives	Interest Rate Derivatives *
	Max	-	-	-	-
	Min	-	-	-	-
b)	On trading				
	Max	-	5.23	-	-
	Min	-	0.00	-	-

*i. *Interest Rate Derivatives include Interest Rate Swaps.*
ii. ^ Marked-to-market positions represent mark- to-market including accrued interest.
iii.The notional principal amount of derivatives reflect the volume of transactions outstanding as at the Balance Sheet date and do not represent the amounts at risk.
iv. In respect of derivative contracts, the Bank evaluates the credit exposure arising therefrom. Credit exposure has been computed using the Current Exposure Method (CEM) which is the sum of :
a. the current replacement cost (marked to market value including accrued interest) of the contract or zero whichever is higher; and
b. the Potential Future Exposure (PFE) is a product of the notional principal amount of the contract and credit conversion factors derived basis the type / residual maturity of the contract, in line with the extant RBI guidelines.

The Following table set forth, for the periods indicated, the details of foreign exchange contracts.

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026		March 31, 2025	
		Trading	Non-trading #	Trading	Non-trading #
1	Foreign Exchange Contracts (Notional Principal Amount)	4,709.18	934.59	697.29	897.56
2	Market to Market positions (net) *				
	a) Asset (+)	78.70	-	4.19	-
	b) Liability (-)	(79.92)	-	(4.02)	-
3	Credit Exposure ^	129.30	58.59	18.13	30.86
4	Likely impact of one percentage change in interest rate (100*PV01)	-	-	-	-

 # Non-trading represents deals on behalf of Bank i.e. Funding Swaps i.e. Bank Book.
** Marked to Market positions include MTM for FX Forwards, FX Swaps and excludes FX Cash, Tom and Spot deals.*
^ Credit Exposure includes credit exposure for FX Forwards, FX Swaps and excludes FX Cash, Tom and Spot deals.

9. Disclosures relating to Securitisation

Disclosure as per RBI guidelines for securitisation transactions:

(₹ in Crore except numbers)

Particulars	March 31, 2026	March 31, 2025
No. of SPEs holding assets for securitisation transactions originated by the bank	19	21
Total amount of securitised assets as per books of the SPEs (outstanding as on balance sheet date)	3,434.71	6,719.50

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore except numbers)

Particulars		March 31, 2026		March 31, 2025	
Total amount of exposures retained by the Bank to comply with minimum retention requirement (MRR) as on the date of balance sheet					
a) Off-balance sheet exposures					
First Loss			276.06		276.07
Others			-		-
b) On balance sheet exposures					
First Loss			203.34		267.47
Others			213.18		404.20
Amount of exposures to securitisation transaction other than MRR					
a) Off balance sheet exposures					
I) Exposure to own securitisations					
First Loss			-		-
Others (Guarantees provided by banks on behalf of the Bank)			320.54		320.54
II) Exposure to Third party securitisations					
First Loss					-
Others					-
b) On balance sheet exposures					
I) Exposure to own securitisations					
First Loss			-		-
Others			182.83		200.01
II) Exposure to Third party securitisations					
First Loss			-		-
Others			-		-
Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation			NIL		2,262.13 NIL
Form and quantum (outstanding value) of services provided by way of liquidity support, post securitisation asset servicing etc.					
Services Provided	**Form of facility**	**No. of Transaction**	**Value of Facility***	**No. of Transaction**	**Value of Facility***
Liquidity Support	Fixed Deposits	1	0.85	1	0.80
	Bank Guarantees	9	62.50	10	58.85

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore except numbers)

Particulars		March 31, 2026		March 31, 2025	
Services Provided	**Type of service**	**No. of Transaction**	**Outstanding Value**	**No. of Transaction**	**Outstanding Value**
Post Securitization Assets Servicing	Servicing Agent	19	3,434.71	21	6,719.50
Performance of facility provided viz. Credit enhancement, liquidity support, servicing agent etc.		**Credit Enhancement**	**Liquidity Support**	**Credit Enhancement**	**Liquidity Support**
(a) Schedule Amount		1,046.92	94.83	920.17	94.83
(b) Opening Balance		1,046.92 (100%)	59.64 (63%)	920.17 (100%)	73.22 (77%)
(c) Cumulative Amount paid During the year		0.20 (0%)	2.42(3%)	-	17.18 (18%)
(d) Cumulative Repayment received during the year		0.19 (0%)	11.13 (12%)	-	3.60 (4%)
(e) Amount increase due to new Pool		0 (0%)	0 (0%)	163.46 (18%)	-
(f) Amount reduce due to pool Maturity/ CE Reset		64.13 (6%)	5.00(5%)	36.71 (4%)	-
(g) Outstanding amount		982.78 (94%)	63.35 (67%)	1,046.92 (114%)	59.64 (63%)
Average default rate of portfolios observed in the past**		**1.97%**		**2.20%**	
Wheels		2.12%		2.61%	
MBL		2.97%		3.05%	
Others		1.24%		1.21%	
Amount and number of additional/top up loan given on same underlying asset.		**No. of Loans**	**Amount**	**No. of Loans**	**Amount**
Wheels		12,817	334.56	21,860	476.26
MBL		884	128.56	1,276	146.60
Others		1	0.06	1	0.07
Investor complaints					
(a) Directly/Indirectly received and;			Nil		Nil
(b) Complaints outstanding					

** Value of facility is outstanding amount of the facility on the reporting date.*
*** Default rate is calculated on the basis of 5 years weighted average of reporting date NPA of on Gross advance.*
Bank is not having 'Simple, Transparent and Comparable' (STC) transaction.

10. Off Balance Sheet SPVs sponsored

There are no Off-Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms (previous year Nil).

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

11. Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
1	Opening balance of amounts transferred to DEA Fund	0.09	0.03
2	Add: Amounts transferred to DEA Fund during the year	0.19	0.06
3	Less: Amounts reimbursed by DEA Fund towards claims	-	-
4	Closing balance of amounts transferred to DEA Fund	0.28	0.09

Closing balance of the amount transferred to DEA Fund, as disclosed above, are also included under 'Schedule 12-Contingent Liabilities-Other items for which the bank is contingently liable'.

12. Disclosure for Customer Complaints

a. Complaints received by the bank from its customers

Sr.No.	Particulars	March 31, 2026	March 31, 2025
1	No. of complaints pending at the beginning of the year	1,956	6,007
1.1	Addition on amalgamation	-	15
2	No. of complaints received during the year	58,652	46,254
3	No. of complaints disposed during the year	57,658	50,320
3.1	No. of complaints rejected by the bank (out of point 3)	19,191	25,204
4	No. of complaints pending at the end of the year	2,950	1,956

Excluding complaints redressed within the next working day.

b. Maintainable complaints received by the Bank from OBOs under Integrated Ombudsman Scheme, 2021

Sr.No.	Particulars	March 31, 2026	March 31, 2025
1	Number of maintainable complaints received by the bank from Office of Ombudsman	1,716	2,023
1.1	Of 1 above, number of complaints resolved in favour of the bank by Office of Ombudsman	922	1,191
1.2	Of 1 above, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	794	832
1.3	Of 1 above, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	Nil	Nil
2	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

c. Top five grounds of complaints received by the bank from customers

For the year ended March 31, 2026

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ (decrease) in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Credit Cards	678	13,895	(30%)	1,153	88
Account opening/ difficulty in operation of accounts	175	8,606	240%	494	-
ATM/Debit Cards	122	8,332	(12%)	283	37
Loans and advances	185	3,873	257%	326	-
Internet/Mobile/ Electronic Banking	7	3,312	1,204%	69	-
Others	789	20,634	56%	625	2
Total	**1,956**	**58,652**	**27%**	**2,950**	**127**

For the year ended March 31, 2025

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Addition on amalgamation	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 6, number of complaints pending beyond 30 days
1	2	3	4	5	6	7
Credit Cards	4,617	-	19,735	(6%)	678	154
ATM/Debit Cards	307	-	9,456	(56%)	122	1
Account opening/ difficulty in operation of accounts	326	-	2,528	12%	175	-
Loans and advances	47	4	1,085	(10%)	185	16
Recovery Agents/ Direct Sales Agents	97	-	583	41%	129	19
Others	613	11	12,867	2%	667	96
Total	**6,007**	**15**	**46,254**	**(12%)**	**1,956**	**286**

The above details are as furnished by the Management and relied upon by the Auditors.

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

13. Penalties imposed by the RBI

During the year ended March 31, 2026, in terms of the provisions contained in the RBI circular Ref. DCM (RMMT) No.S153/11.01.01/2021-22 dated August 10, 2021 on "Monitoring of Availability of Cash in ATMs" and the subsequent addendum thereto, RBI has imposed penalties of ₹ 20,000 (2 instances) on the Bank on account of Cash out in an ATM for more than 10 hours in a month (previous year: ₹ 40,000, 4 instances). Previous year, RBI had imposed penalty of ₹ 5,000 (1 instance) on the Bank on account of deficiencies observed during incognito visit at Bank Branch.

14. Disclosures on remuneration

Qualitative Disclosures:

a. Information relating to the composition and mandate of the Nomination and Remuneration Committee:

In compliance of Companies Act 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Banking Regulation Act, 1949 and other guidelines as applicable, the Board of Directors has constituted Nomination and Remuneration Committee (NRC) to oversee the framing, review, and implementation of the Compensation Policy of the Bank. This Committee works in coordination with Risk Management Committee & Audit Committee of the Board, for achieving effective alignment between risk and remuneration.

As on March 31, 2026, the Nomination and Remuneration Committee consist of Non-Executive (Independent) Directors and the said composition is in line with the applicable guidelines.

The Composition of NRC is as follows:

- Mr. J M Prasad-Independent Director (Chairman)
- Mr. Kamlesh Vikamsey-Independent Director
- Ms. Malini Thadani-Independent Director
- Mr. H R Khan-Independent Director

The roles and responsibilities of the NRC are as under:

i. Assist the Board in formulation and implementation of compensation policy and lay down the criteria for remuneration of Directors, Key Management Personnel (KMPs) and Senior Management Personnel (SMPs), Material Risk Takers (MRTs), Control Function Staff and other employees.

ii. Take inputs from the Risk Management Committee of the Board to ensure balance between remuneration and risks as required. The Committee shall ensure that the mix of Fixed and Variable forms of compensation is consistent with risk alignment and objectives of the Bank.

iii. Lay down the comprehensive criteria for assessment in terms of qualifications, positive attributes, independence, professional experience, track record, integrity and considering other parameters for appointment of Directors, KMPs and SMPs.

iv. Develop policies and lay down criteria for appointment/removal/reappointment of the Directors on the Board capturing the statutory and regulatory requirements.

v. Assist in defining the performance evaluation criteria for Directors, KMPs, SMPs, MRTs and Control Functions and ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks

vi. Ensure that the compensation policy formulated for remuneration of Directors, KMPs and SMPs is reasonable sufficient to attract, retain and motivate quality talent required to run the Bank.

vii. Ensure that the compensation for Directors, KMPs, SMPs is a mix of fixed and variable pay and such compensation reflects short and long-term performance objectives appropriate to the working and the goals of the Bank.

viii. Ensure that appropriate procedures are in place to assess Board effectiveness and also provide the suggestions on governance to the Board of Directors.

ix. Review and oversee the Employee Benefits program of the Bank including deferred benefits and retirement plans.

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

b. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

The Bank has formulated a Compensation Policy in alignment with the RBI guidelines, covering all components of compensation including fixed pay, perquisites, performance bonus, guaranteed bonus (joining / sign-on bonus), share-linked instruments such as Employee Stock Option Plan (ESOPs), retirement benefits such as Provident Fund and Gratuity, and below are the key features and objectives of the policy :

- Establish standards on compensation/ remuneration including fixed and variable pay covering share-linked instruments, which are in alignment with the applicable rules and regulations and is based on the trends and practices of remuneration prevailing in the industry.
- Retain, motivate, and promote talent and to ensure long term sustainability of Director, KMP, SMP, MRT, Control Function Staff and other employees as applicable.
- Define internal guidelines for payment of other reimbursement to the Directors and KMPs.
- Institutionalize a mechanism for the appointment/ removal/ resignation/evaluation of performance of Directors.
- Perform such functions as are required to be performed by the NRC under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:
  - administering the ESOP plans;
  - determining the eligibility of employees to participate under the ESOP plans;
  - granting options to eligible employees and determining the date of grant;
  - determining the number of options to be granted to an employee;
  - determining the exercise price under the ESOP plans and
- Ensure compliance with applicable laws, rules, and regulations as well as 'Fit and Proper criteria' of directors before their appointment.

c. Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

The Key parameters taken into account for the structuring of remuneration covering fixed pay and variable pay are mentioned below:

i. Risk factors that are significant to the Banking operations of the Bank are taken into consideration in devising the remuneration structure and it is symmetric to the risk outcomes.

ii. Compensation payout is scheduled in manner where sensitivity to time horizon of risks is taken into consideration in the review process.

iii. Individual performance is reviewed on the basis of Key Responsibility Areas (KRAs) and the review is carried out under the Annual Performance Review (APR) of the Bank.

iv. Industry Benchmarking, inflation and increase of cost of living.

In addition, it includes a 'malus' and 'clawback' option to take care of any disciplinary issue or future drop in performance of individual/ business/ Bank.

d. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Individual performances are assessed in line with business/ individual delivery of the Key responsibility Areas (KRAs), top priorities of business, budgets, and overall contribution to the organisation etc.

In linking the performance and level of remuneration, the job roles, levels, business budgets, risk factors, achievement of individual KRAs are taken into consideration for taking decision in this regard

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

e. A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:

In compliance of Reserve Bank of India (Small Finance Banks-Governance) Directions, 2025, the Bank has a Compensation Policy that covers all aspects of the compensation structure such as Fixed pay, Variable Pay and Deferral pay.

The Variable Pay of senior executives, including WTDs, and other employees who are MRTs shall be deferred over the period so that compensation is adjusted for all types of risks that organisation may be exposed to.

The deferral period shall be a minimum of three years. This would be applicable for both the cash and non-cash components of the variable pay :

i. A minimum of 60% of the total variable pay must invariably be under deferral arrangements.

ii. If cash component is part of variable pay, at least 50% of the cash bonus shall also be deferred and where the cash component of variable pay is under ₹ 25 lakhs in a year, deferral requirements shall not be applicable.

iii. Deferred remuneration should either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting should be not before one year from the commencement of the deferral period and shall not take place more frequently than on a yearly basis.

iv. The vesting should be no faster than on a pro rata basis.

The adjustment of Variable Pay before and after the vesting shall be considered in the event of subdued or negative financial performance of the bank and/or the relevant line of business in any year and the malus/clawback arrangements shall be invoked subject to due assessment.

f. Description of the different forms of variable remuneration (i.e., cash and types of share-linked instruments) that the bank utilizes and the rationale for using these different forms:

The Variable pay consist of Cash, Share linked Instrument and same is decided considering risk factors, job profile, level of performance and industry norms to ensure that employee morale is high and to promote consistency in performance over the time horizon.

The breakup of variable remuneration is the follows:

Variable Pay: Variable pay compensation is paid depending upon the performance of the Employees against set key responsibility areas (KRAs) and it is ensured that there is a proper balance between fixed pay and variable pay while devising the remuneration structure.

i. A substantial proportion of compensation i.e., at least 50%, should be variable and paid on the basis of individual, business performance & other parameters and this shall not be applicable on risk control and compliance staff.

ii. In case variable pay is:

- Up to 200% of the fixed pay, a minimum of 50% of the variable pay should be via non-cash instruments.
- Above 200%, a minimum of 67% of the variable pay should be via non-cash instruments.
- shall be limited to a maximum of 300% of the fixed pay; (for the relative performance measurement period).

iii. In the event that an executive is barred by statute or regulation from grant of share-linked instruments, his/her variable pay will be capped at 150% of the fixed pay but shall not be less than 50% of the fixed pay.

iv. The deterioration in the financial performance of the Bank shall generally lead to a contraction in the total amount of variable compensation, which can even be reduced to zero and the proportion of variable pay shall be higher depending on the higher responsibility at higher level.

Share-linked Instruments: Share-linked Instruments consisting of ESOPs or other linked instruments shall be forming part of variable pay.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

Quantitative Disclosures:

Sr. No.	Subject	March 31, 2026	March 31, 2025
(g)	Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members	Number of meetings: 9 Remuneration paid:Sitting fee of ₹ 55,000 for each meeting attended.	Number of meetings: 6 Remuneration paid: For period from April 01, 2024 till June 30, 2024, sitting fee of ₹ 40,000 for each meeting attended. For period from July 01, 2024 till March 31, 2025, sitting fee of ₹ 55,000 for each meeting attended.
(h)	Number of employees having received a variable remuneration award during the financial year	11 Employees	10 Employees
	Number and total amount of sign-on/joining bonus made during the financial year	Nil	Nil
	Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
(i)	Total amount of outstanding deferred remuneration, split into cash, types of share-linked instruments and other forms	**Cash:** • Variable Pay (Performance bonus) of ₹ 2.45 crore for FY 2024-25 for Mr. Sanjay Agarwal, MD & CEO has been approved by RBI on December 02, 2025 out of which ₹ 1.23 crores is deferred in next 3 years in equal installments. Accordingly, total outstanding deferred remuneration of MD & CEO as on March 31, 2026 was ₹ 2.37 crores including deferred remuneration of ₹ 0.20 crores, ₹ 0.94 crores & ₹ 1.23 crores for FY 2022-23, 2023-24 and 2024-25 respectively. • Variable Pay (Performance bonus) of ₹ 0.69 crore for FY 2024-25 for Mr. Uttam Tibrewal, WTD & Deputy CEO has been approved by RBI on December 02, 2025 out of which ₹ 0.34 crores is deferred in next 3 years in equal installments. Accordingly, total outstanding deferred remuneration of WTD & Deputy CEO as on March 31, 2026 ₹ 0.66 crores including deferred remuneration of ₹ 0.07 crores, ₹ 0.25 crores & ₹ 0.34 crores for FY 2022-23, 2023-24 and 2024-25 respectively.	**Cash:** • Variable Pay (Performance bonus) of ₹ 2.05 crore for FY 2023-24 for Mr. Sanjay Agarwal, MD & CEO has been approved by RBI on December 10, 2024 out of which ₹ 1.41 crores is deferred in next 3 years in equal installments. Accordingly, total outstanding deferred remuneration of MD & CEO as on March 31, 2025 was ₹ 2.12 crores including deferred remuneration of ₹ 0.14 crores, ₹ 0.16 crores ₹ 0.41 crores & ₹ 1.41 Crores for FY 2020-21, 2021-22, 2022-23 and 2023-24 respectively. • Variable Pay (Performance bonus) of ₹ 0.59 crore for FY 2023-24 for Mr. Uttam Tibrewal, WTD & Deputy CEO has been approved by RBI on December 10, 2024 out of which ₹ 0.38 crores is deferred in next 3 years in equal installments. Accordingly, total outstanding deferred remuneration of WTD & Deputy CEO as on March 31, 2025 was ₹ 0.64 crores including deferred remuneration of ₹ 0.07 crores, ₹ 0.06 crores, ₹ 0.13 crores & ₹ 0.38 crores for FY 2020-21, 2021-22, 2022-23 & 2023-24 respectively.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

Quantitative Disclosures:

Sr. No.	Subject	March 31, 2026	March 31, 2025
		• Variable Pay (Performance bonus) of other MRTs of ₹ 2.73 crore is deferred including deferred remuneration of ₹ 0.29 crores, ₹ 0.83 crores & ₹ 1.60 crores for FY 2022-23, 2023-24 & 2024-25 respectively. **ESOP:** Outstanding ESOPs (Unvested) : 15,81,949 ESOPs	• Variable Pay (Performance bonus) of other MRTs of ₹ 2.55 crore is deferred including deferred remuneration of ₹ 0.32 crores, ₹ 0.57 crores & ₹ 1.67 crores for FY 2021-22, 2022-23 & 2023-24 respectively. **ESOP:** Outstanding ESOPs (Unvested) : 10,72,241 ESOPs
	Total amount of deferred remuneration paid out in the financial year	**Cash:** Deferred variable pay of all MRTs (including MD & CEO and WTD & Deputy CEO) of ₹ 2.36 crore was paid. **ESOP:** Number of stock options exercised during the year: 1,93,534 Number of stock options vested during the year: 3,72,013	**Cash:** Deferred variable pay of all MRTs (including MD & CEO and WTD & Deputy CEO) of ₹ 1.42 crore was paid. **ESOP:** Number of stock options exercised during the year: 98,841 Number of stock options vested during the year: 1,96,187
(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	**Total fixed salary:** • ₹ 22.38 crore (represents total cost to the Bank) **Deferred Variable Pay:** **Cash:** • Variable Pay (Performance bonus) of ₹ 2.45 crore for FY 2024-25 for Mr. Sanjay Agarwal, MD & CEO has been approved by RBI on December 02, 2025 out of which ₹ 1.23 crores is deferred in next 3 years in equal installments. • Variable Pay (Performance bonus) of ₹ 0.69 crore for FY 2024-25 for Mr. Uttam Tibrewal, WTD & Deputy CEO has been approved by RBI on December 02, 2025 of which ₹ 0.34 crores is deferred in next 3 years in equal installments. • The Variable Pay (performance bonus) of other MRTs of ₹ 1.60 crore pertaining to FY 2024-25 is deferred and shall be payable in next 3 years in equal installments.	**Total fixed salary:** • ₹ 19.20 crore (represents total cost to the Bank) **Deferred Variable Pay:** **Cash:** • Variable Pay (Performance bonus) of ₹ 2.05 crore for FY 2023-24 for Mr. Sanjay Agarwal, MD & CEO has been approved by RBI on December 10, 2024 out of which ₹ 1.41 crores is deferred in next 3 years in equal installments. • Variable Pay (Performance bonus) of ₹ 0.59 crore for FY 2023-24 for Mr. Uttam Tibrewal, WTD & Deputy CEO has been approved by RBI on December 10, 2024 of which ₹ 0.38 crores is deferred in next 3 years in equal installments. • The Variable Pay (performance bonus) of other MRTs of ₹ 1.67 crore pertaining to FY 2023-24 is deferred and shall be payable in next 3 years in equal installments.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

Sr. No.	Subject	March 31, 2026	March 31, 2025
		Non Cash: • 6,68,826 ESOPs amounting to ₹ 26.10 crore were granted to MRTs other than WTD during the financial year. Variable Pay (Performance bonus) of Mr. Uttam Tibrewal, WTD & Deputy CEO in the form of ESOPs amounting to ₹ 2.06 crores has been approved by RBI on December 02, 2025 for FY 2024-25, in respect of which 43,006 ESOPs has been granted by the Nomination & Remuneration Committee of the Bank.	**Non Cash:** • 6,94,662 ESOPs amounting to ₹ 20.73 crore were granted to MRTs other than WTD during the financial year. Variable Pay (Performance bonus) of Mr. Uttam Tibrewal, WTD & Deputy CEO in the form of ESOPs amounting to ₹ 1.78 crores has been approved by RBI on December 10, 2024 for FY 2023-24, in respect of which 97,116 ESOPs has been granted by the Nomination & Remuneration Committee of the Bank. Further, 38,387 ESOPs has been granted to Mr. Uttam Tibrewal for FY 2022-23 during the year for which approval from RBI was received on January 17, 2024.
		Non-Deferred Variable Pay: • Remuneration award of Mr. Sanjay Agarwal, MD & CEO of ₹ 1.22 crore paid during FY 2025-26 related to performance of FY 2024-25. • Remuneration award of Mr. Uttam Tibrewal, WTD & Deputy CEO of ₹0.35 crore paid during FY 2025-26 related to performance of FY 2024-25. • Remuneration award of other MRTs of ₹ 2.96 crore paid during FY 2025-26.	**Non-Deferred Variable Pay:** • Remuneration award of Mr. Sanjay Agarwal, MD & CEO of ₹ 0.64 crore paid during FY 2024-25 related to performance of FY 2023-24. • Remuneration award of Mr. Uttam Tibrewal, WTD & Deputy CEO of ₹ 0.21 crore paid during FY 2024-25 related to performance of FY 2023-24. • Remuneration award of other MRTs of ₹ 2.26 crore paid during FY 2024-25 related to performance of FY 2023-24.
(k)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments.	Nil	Nil
	Total amount of reductions during the financial year due to ex-post explicit adjustments.	Nil	Nil
	Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil	Nil
(l)	Number of MRTs identified	12 (Including MD & CEO and WTD & Deputy CEO) as on the March 31, 2026	10 (Including MD & CEO and WTD & Deputy CEO) as on the March 31, 2025
(m)	Number of cases where malus has been exercised.	Nil	Nil

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

Quantitative Disclosures:

Sr. No.	Subject	March 31, 2026	March 31, 2025
	Number of cases where clawback has been exercised.	Nil	Nil
	Number of cases where both malus and clawback have been exercised.	Nil	Nil

General Quantitative Disclosures:

Sr. No.	Subject	March 31, 2026	March 31, 2025
(n)	The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	• Total Mean pay of the Bank as a whole (Excluding Sub- Staff) is: ₹ 0.058 crore calculated on annualized basis. • Deviation in the fixed Pay for Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, WTD & Deputy CEO from the mean pay is 57 and 50 times respectively for FY 2025-26 as on March 31, 2026.	• Total Mean pay of the Bank as a whole (Excluding Sub-Staff) is: ₹ 0.054 crore calculated on annualized basis. • Deviation in the fixed Pay for Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, WTD & Deputy CEO from the mean pay is 53 and 46 times respectively for FY 2024-25 as on March 31, 2025.

Note: The above information comprises of MRTs as at the year end and excluding erstwhile Fincare SFB MRT's deferral cash and Non cash pay for FY 2024-25.

15. Disclosure on remuneration to Non-Executive Directors

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees	2.28	1.91
Compensation to all Non-Executive Directors	1.74	1.45

16. Other Disclosures

a. Business Ratios

Particulars	March 31, 2026	March 31, 2025
i. Interest income as a percentage to Working Funds	11.10%	11.68%
ii. Non-interest income as a percentage to Working Funds	1.77%	1.84%
iii. Cost of Deposits	6.67%	6.96%
iv. Net interest Margin	5.50%	5.98%
v. Operating Profit as a percentage to Working Funds	3.03%	3.33%
vi. Return on Assets as percentage to working funds	1.57%	1.53%
vii. "Business" (deposits plus advances) per employee (₹ in Crore)	4.17	4.02
viii. Profit per employee (₹ in Crore)	0.05	0.04

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

Definitions of certain items in Business ratios / information:

1. Working funds to be reckoned as monthly average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.
2. Operating profit = (Interest Income + Other Income – Interest expenses – Operating expenses).
3. "Business" is the total of monthly average of net advances and deposits (net of inter-bank deposits).
4. Productivity ratios (Business per employee and Profit per employee) are based on monthly average of employees count.
5. Net Interest Margin is Net Interest Income/ Average Earning Assets. Net Interest Income = Interest Income – Interest Expense and Average Earning Assets is yearly average of total of net advances, investments, balance with banks and money at call and short notice and Balances with Reserve Bank of India in Other Account.
6. Cost of Deposit is calculated based on weighted average interest rate of deposits.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports and has been relied upon by the auditors.

b. Bancassurance Business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

(₹ in Crore)

Nature of Income	March 31, 2026	March 31, 2025
Towards selling of life insurance policies	257.94	210.87
Towards selling of non-life insurance policies	238.23	156.85
Towards selling of mutual fund, ASBA, PMS and other products*	22.03	17.07

**Includes income earned from Atal Pension yojana (APY) of ₹ 0.64 crore (Previous Year: ₹ 0.42 crore) and National pension scheme (NPS) of ₹ 0.22 crore (Previous Year: ₹ 0.26 crore).*

c. Marketing and distribution

The Bank does not receive any fees/remuneration in respect of Marketing and Distribution function (excluding bancassurance business) during the year ended March 31, 2026 (Previous year: Nil).

d. Details of Priority Sector Lending Certificates (PSLCs)

(₹ in Crore)

Type of PSLCs	For the year ended March 31, 2026		For the year ended March 31, 2025	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	-	-	-	1,200.00
Small and Marginal farmers	-	-	-	-
Micro Enterprises	-	-	-	-
General	-	-	-	-
Total	**-**	**-**	**-**	**1,200.00**

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

e. Breakup of "Provisions and Contingencies" recognised in the Profit and Loss Account comprise:

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
(i)	Provisions for Non performing investment	-	-
(ii)	Provision for Non performing assets (including write offs of ₹ 1,747.22 Crore (PY ₹ 1,210.60 Crore) and net recoveries of ₹ 325.44 Crore (PY ₹ 208.83 Crore))	1,501.85	1,723.23
(iii)	Provision for Current Tax	926.32	704.76
(iv)	Provision for Deferred Tax	(93.52)	(22.63)
(v)	Provision for Standard assets	98.18	57.76
(vi)	Other Provision and Contingencies	14.69	11.63
Total Provisions and Contingencies		**2,447.51**	**2,474.75**

f. Implementation of IFRS converged Indian Accounting Standards (Ind AS)

As per the Reserve Bank of India (RBI) circular no. RBI/2015-16/315 DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11, 2016 on the implementation of Indian Accounting Standards (Ind AS), banks are advised to follow Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guidelines or directions issued by the Reserve Bank of India in this regard.

Banks in India currently prepare their financial statements in accordance with the guidelines issued by the RBI, the Accounting Standards notified under Section 133 of the Companies Act, 2013, and generally accepted accounting principles in India (Indian GAAP). In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of Ind AS, which are converged with International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies. In March 2019, the RBI deferred the implementation of Ind AS for banks until further notice, as the recommended legislative amendments were under consideration by the Government of India. The Bank has undertaken a preliminary diagnostic assessment of differences between Indian GAAP and Ind AS and will progress implementation in line with applicable requirements and regulatory directions.

Subsequently, the RBI, through its discussion paper on the introduction of the Expected Credit Loss (ECL) framework for provisioning by banks, proposed a shift from the incurred loss approach to an ECL-based framework aligned broadly with Ind AS 109, supplemented by regulatory backstops where necessary. Further, the RBI issued the Master Direction on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks, 2023, which became effective from April 1, 2024. These directions bring the accounting and classification of investments closer to Ind AS principles and have been implemented by the Bank with effect from April 1, 2024.

The RBI has also issued draft guidelines for implementation of the Expected Credit Loss (ECL) approach to replace the existing incurred-loss-based provisioning framework. As per the draft guidelines, the ECL framework is proposed to be effective from April 1, 2027, with a transition period of five years, subject to issuance of the final guidelines.

g. Payment of DICGC insurance premium

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
(i)	Payment of DICGC Insurance Premium	163.50	132.38
(ii)	Arrears in payment of DICGC Premium	–	–

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

h. Disclosure on Green Deposit

The disclosure on portfolio-level information regarding the use of the green deposit funds with effect from June 1, 2023 as per 'Reserve Bank of India (Small Finance Banks-Financial Statements : Presentation and Disclosures) Directions, 2025' dated November 28, 2025 and as amended thereafter, are given below:

Portfolio-level information on the use of funds raised from green deposits

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025	Cumulative
Total green deposits raised (A)	**1,773.76**	**525.89**	**2,952.29**
Use of green deposit funds			
(1) Renewable Energy	1,465.82	958.56	2,520.57
(2) Energy Efficiency	-	-	-
(3) Clean Transportation	184.45	90.76	306.74
(4) Climate Change Adaptation	-	-	-
(5) Sustainable Water and Waste Management	-	-	-
(6) Pollution Prevention and Control	-	-	-
(7) Green Buildings	123.50	1.48	124.98
(8) Sustainable Management of Living Natural Resources and Land Use	-	-	-
(9) Terrestrial and Aquatic Biodiversity Conservation	-	-	-
Total Green Deposit funds allocated (B = sum of 1 to 9)	**1,773.77**	**1,050.80**	**2,952.29**
Amount of Green Deposit funds not allocated (C = A-B)	**-**	**-**	**-**
Details of the temporary allocation of green deposit proceeds pending their allocation to the eligible green activities/projects	**-**	**-**	**-**

B. OTHER DISCLOSURES

1. Disclosure of Letters of Comfort (LoC) issued by the Bank

The Bank has not issued any Letter of Comfort during the year ended March 31, 2026 and March 31, 2025.

2. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the bank

During the year ended March 31, 2026 and March 31, 2025, the Bank has not exceeded the prudential credit exposure limit as prescribed by the Reserve Bank of India in respect of Single Borrower and Group Borrowers.

3. Provision for reward points

The following table sets forth, for the period indicated, movement in provision for rewards points :

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Opening provision for reward points	33.73	32.16
Provision for reward points made during the year	35.95	56.33
Utilisation/write off of provision for reward points	39.23	54.76
Closing provision for reward points	30.45	33.73

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

4. Description of contingent liabilities

Sr. No.	Contingent liability*	Brief description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2	Guarantees on behalf of constituents	As a part of its Banking activities, the Bank issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of customer failing to fulfill its financial or performance obligations.
3	Acceptances, endorsements and other obligations	These includes: Documentary credit such as letters of obligations to enhance the credit standing of the customers of the Bank. Bill rediscounted by the Bank and cash collateral provided by the Bank on assets which have been securitised.
4	Liability on account of outstanding forward exchange and derivative contracts	The Bank undertakes Foreign Exchange & INR derivatives as part of its regular operations for Merchant covering as well as trading purposes in the Interbank market. The notional principal of such contracts is disclosed here. These contracts are classified under the Banking Book and Trading book, and the accounting treatment of these contracts is carried out in accordance with the board approved accounting policy.
5	Other items for which the Bank is contingently liable	These includes: a) Credit enhancements in respect of securitised-out loans b) Contractual payments for Capital commitments c) Other Guarantees d) Amount Transferred to the RBI under the Depositor Education and Awareness Fund (DEAF)

**Also refer Schedule 12-Contingent Liabilities*

5. Corporate social responsibility

(₹ in Crore)

Particulars			March 31, 2026	March 31,2025
(a)	Gross amount required to be spent by the Bank during the year (including deficit of previous year)*		49.50	48.10
(b)	Amount spent during the year			
	(i)	Construction/acquisition of any asset**	3.60	12.72
	(ii)	Other Projects	31.79	30.88
Total			**35.39**	**43.60**
(c)	Shortfall at year end		14.11^	4.50
(d)	Previous year shortfall		-	-
(e)	Reasons for shortfall		Pertains to ongoing projects	Pertains to ongoing projects

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Particulars	March 31, 2026	March 31,2025
(f) **Nature of CSR activities**		
(i) Education & Skills Development (AU Ignite)		
(ii) Sports Development (Bano Champion)		
(iii) Women Empowerment (AU Udyogini)		
(iv) Healthcare, Green initiative, Art & Culture, Jal Bank and among others		

**Gross amount required to be spent by the Bank includes the unspent amount of ₹ 4.50 crores for the financial year ended March 31, 2025 (previous year ₹ 12.65 crores for the financial year ended March 31, 2024).*
The gross amount required to be spent by the Bank on Corporate Social Responsibility (CSR) related activities during the year ended March 31, 2026, was ₹ 45 crores which includes ₹ 0.65 crores additonal budget allocated by board for FY 25-26.
***Spent for acquisition of Land and Building for AU Foundation Hub centre which is held in the books of AU Foundation (implementing agency).*
^Pursuant to the provisions of Section 135(5) & 135(6) of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended), the Bank needs to transfer an amount of ₹ 14.11 crores to the "Unspent CSR Account FY 2025-26" within 30 days from the end of the financial year, in respect of ongoing CSR projects, to be spent during the respective project periods.
Bank has transferred an amount of ₹ 16.81 crores (previous year ₹ 26.74 crores) to related party (AU Foundation).

Movement in the provision towards unspent CSR amount

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Opening balance at the beginning of the year	4.50	12.65
Additions during the year	14.11	4.50
Reduction during the year	(4.50)	(12.65)
Closing balance at the end of the year	14.11	4.50

6. Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported case of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the year ended March 31, 2026 and March 31, 2025. The above is based on the information available with the Bank which has been relied upon by the auditors.

7. Proposed dividend

The Board of Directors at their meeting held on April 27, 2026, proposed a dividend of ₹ 1 per equity share at 10% of face value for the year ended March 31, 2026 (previous year: ₹ 1 per equity share at 10% of face value) subject to the approval of the shareholders at the ensuing Annual General Meeting. The effect of the proposed dividend has been considered in determination of Capital adequacy ratio (CAR) as at March 31, 2026 and March 31, 2025 respectively.

8. Disclosure under Rule 11 (e) of the Companies (Audit and Auditors) Rules, 2014

As part of the normal banking business, the Bank grants loans and advances to its borrowers with permission to lend/ invest or provide guarantee/security in other entities identified by such borrowers or on the basis of the basis of security/ guarantee provided by the co-borrower. Similarly, the Bank may accept funds from its customers, who may instruct the Bank to lend/invest/provide guarantee or security or the like against such deposit in other entities identified by such customers. These transactions are part of Bank's normal banking business, which is conducted after exercising proper due diligence including adherence to "Know Your Customer" guidelines.

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

Other than the nature of transactions described above:

- No funds have been advanced or loaned or invested by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries).
- The Bank has not received any fund from any party(s), including foreign entities (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

9. Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

The Bank has restructured the account as per RBI Circular DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020 and DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021.

(₹ in crore except numbers)

Particulars	March 31, 2026	March 31, 2025
Number of Accounts Restructured	1,837	2,546
Amount Outstanding	149.73	200.84

10. Disclosures on Change in Ownership of Projects Under Implementation:

The Bank does not have any account which are currently under the scheme of Change in Ownership of Projects Under Implementation as on March 31, 2026 (Previous year: Nil).

11. Inter-bank Participation with risk sharing:

The outstanding amount of participation issued by the Bank is reduced from the advances as per regulatory guidelines. Outstanding participation amount as at March 31, 2026 is ₹600.00 Crore and as at March 31, 2025 was Nil.

12. Investor education and protection fund

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank during the year ended March 31, 2026 (Previous year: Nil).

13. Other income includes processing fee, profit / loss on sale and revaluation of investments, non-fund based income such as commission earned from guarantees, selling of third party products, income from dealing in PSLC, etc.

14. Details of payments of Audit Fees

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Statutory Audit fees and other related services*	3.42	3.57
Total	**3.42**	**3.57**

** Includes out of pocket expenses.*

15. Fixed Assets (as disclosed under schedule 10) which relates to purchase of software and system development expenditure which are as follows :

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Gross Block		
At cost on 31st March of the preceding year	569.17	427.99
Additions on amalgamation	-	19.2
Additions during the year	121.19	141.47

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Deductions during the year	65.88	19.49
Total (a)	**624.48**	**569.17**
Depreciation / Amortisation		
As at 31st March of the preceding year	289.13	206.96
Additions on amalgamation	-	11.71
Charge for the year	124.72	89.88
Deductions during the year	63.65	19.42
Total (b)	**350.20**	**289.13**
Net Value (a-b)	**274.28**	**280.04**

16. Segment reporting

Part A: Business segments:

Segment reporting for the year ended March 31, 2026 and March 31, 2025 is given below:

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026	March 31,2025
1	**Segment revenue**		
(a)	Treasury	3,208.23	2,564.93
(b)	Retail banking	15,779.74	14,001.21
	(i) Digital Banking*	0.00	0.00
	(ii) Other Retail Banking	15,779.74	14,001.21
(c)	Wholesale banking	2,111.66	1,643.19
(d)	Other banking operations	514.65	380.71
(e)	Unallocated	-	-
	Income from operations	**21,614.28**	**18,590.04**
2	**Segment results**		
(a)	Treasury	479.32	295.32
(b)	Retail banking	1,930.38	1,674.24
	(i) Digital Banking*	(0.37)	(0.22)
	(ii) Other Retail Banking	1,930.75	1,674.46
(c)	Wholesale banking	589.44	469.51
(d)	Other banking operations	474.9	348.99
	Total Segment results	**3,474.04**	**2,788.06**
	Less: Unallocated expenses	-	-
	Total Profit Before Tax	**3,474.04**	**2,788.06**

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Sr. No.	Particulars	March 31, 2026	March 31,2025
	Provision for Tax (including deferred tax)	832.79	682.13
	Total Profit After Tax	**2,641.25**	**2,105.93**
3	**Segment Assets**		
(a)	Treasury	50,440.16	43,867.45
(b)	Retail banking	1,14,260.75	92,837.81
	(i) Digital Banking*	0.08	0.16
	(ii) Other Retail Banking	1,14,260.67	92,837.65
(c)	Wholesale banking	22,253.04	16,078.46
(d)	Other banking operations	82.79	74.92
(e)	Unallocated	4,760.73	4,987.03
	Total Assets	**1,91,797.47**	**1,57,845.67**
4	**Segment Liabilities**		
(a)	Treasury	10,046.29	8,115.05
(b)	Retail banking	73,484.59	65,257.20
	(i) Digital Banking*	0.14	0.22
	(ii) Other Retail Banking	73,484.45	65,256.98
(c)	Wholesale banking	88,204.55	67,154.66
(d)	Other banking operations	7.23	10.24
(e)	Unallocated	81.29	142.24
	Capital and Other Reserves	**19,973.52**	**17,166.28**
	Total Liabilities including Capital and Other Reserves	**1,91,797.47**	**1,57,845.67**

Part B: Geographic segments

The business of the Bank is in India only. Accordingly, geographical segment is not applicable.

*Digital Banking Segment reported as a sub-segment of Retail Banking Segment is related to Digital Banking Units (DBUs) of the bank. As at March 31, 2026, the Bank has two DBU's.

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 business operations of the Bank are in India and for the purpose of segment reporting as per Accounting Standard-17 (Segment reporting) the bank is considered to operate only in domestic segment.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

17. Related Party Disclosures:

A. Related Parties :

Key management personnel (KMP)	Mr. Sanjay Agarwal, Managing Director and CEO
	Mr. Uttam Tibrewal, Whole Time Director & Deputy CEO*
	Late Mr. Vimal Jain, Chief Financial Officer (till September 10, 2025)
	Mr. Gaurav Jain, Interim Chief Financial Officer (w.e.f. September 26, 2025)*
	Mr. Manmohan Parnami, Company Secretary
Enterprises over which KMP / relatives of KMP have control / significant influence	Abhiyan Bharat Foundation
	AU Foundation
	DS Speciality Product LLP
	Durga Automation & Control Private Limited
	Durga Mechatronics Private Limited
	Jyoti Sanjay Family Trust (till November 24, 2025)
	Kalinga Agencies
	Kalinga Mercantile Private Limited
	Kalinga Extrusions India Private Limited
	Manmohan Parnami HUF
	MYS Holdings Private Limited (till November 20, 2025)
	Sanjay And Jyoti Agarwal Foundation
	Shivgyan Mines and Minerals Private Limited (till September 20, 2025)
	Shree Dham Mining Industries LLP
	Teamwork Arts Private Limited (till October 15, 2025)
	Universal Granimarmo Pvt. Ltd. (till September 26, 2025)
	Universal Quartz & Natural Stone Private Limited (till September 26, 2025)
	VS and Sons HUF (till September 10, 2025)
	Prakash Chand Jain Saraogi HUF (w.e.f. September 26, 2025)
	MP Greenergies Pvt. Ltd. (w.e.f. September 26, 2025)
Relatives of KMP	Ms. Jyoti Agarwal
	Ms. Shakuntala Agarwal
	Mr. Yuvraj Agarwal
	Ms. Mallika Agarwal
	Mr. Ajay Agarwal
	Ms. Pinki Agarwal
	Ms. Pooja Tibrewala
	Mr. Devi Prasad Tibrewala
	Mr. Vaibhav Tibrewala
	Mr. Subhash Tibrewala

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

	Ms. Manju Agarwal
	Ms. Uma Bagaria
	Ms. Suman Sultania
	Ms. Bhawna Parnami
	Ms. Rajkumari Sukhija
	Ms. Asmita Parnami
	Ms. Jaisvi Parnami
	Mr. Mahinder Parnami
	Ms. Kavita Sukhija
	Ms. Shikha Taneja
	Ms. Ladh Devi Jain (till September 10, 2025)
	Ms. Sinku Jain (till September 10, 2025)
	Mr. Dhairya Jain (till September 10, 2025)
	Mr. Pradeep Kumar Jain (till September 10, 2025)
	Mr. Dilip Kumar Jain (till September 10, 2025)
	Ms. Suman Lata Jain (till September 10, 2025)
	Ms. Renu Kataria (till September 10, 2025)
	Ms. Rekha Jain (till September 10, 2025)
	Ms. Mahima Jain (w.e.f. September 26, 2025)
	Ms. Neelu Jain (w.e.f. September 26, 2025)
	Ms. Rekha Jain (w.e.f. September 26, 2025)
	Ms. Eva Jain (w.e.f. September 26, 2025)

**refer note 24-schedule 18B.*

B. The Bank's related parties balances and transactions for the year ended are summarised as follows:

1. Deposits

(₹ in Crore)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year
Key Management Personnel (KMP)	17.46	39.71	7.00	32.00
Relatives of KMP	101.50	147.76	63.21	102.52
Enterprise over which KMP/Relative of KMP have control / significant influence	0.73	46.42	37.34	50.66

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

2. Interest Paid on Deposits

(₹ in Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Key Management Personnel (KMP)	0.98	1.25
Relatives of KMP	6.28	2.82
Enterprise over which KMP/Relative of KMP have control / significant influence	1.72	2.24

3. Remuneration

(₹ in Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Mr. Sanjay Agarwal, Managing Director and CEO	5.09	3.66
Mr. Uttam Tibrewal, Executive Director	3.29	2.69
Late Mr. Vimal Jain, Chief Financial Officer	1.10	1.51
Mr. Gaurav Jain, Interim Chief Financial Officer	0.58	-
Mr. Manmohan Parnami, Company Secretary	1.08	0.97
Total	**11.14**	**8.83**

1. Remuneration paid excludes value of employee stock options exercised during the year.
2. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Bank as a whole.

4. Advances

(₹ in Crore)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year
Key Management Personnel (KMP)	0.10	7.65	3.54	9.63
Relatives of KMP	2.95	5.45	0.39	3.60
Enterprise over which KMP/Relative of KMP have control / significant influence	0.22	7.91	5.71	23.26

Related to credit card facility, Staff Home Loan and ODFD Facility.

5. Non Fund Commitments

(₹ in Crore)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year
Enterprise over which KMP/Relative of KMP have control / significant influence	0.09	0.09	0.31	0.31

Related to Bank Guarantees.

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forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

6. Other transaction

(₹ in Crore)

Name of related party	Nature of transactions	Year ended March 31, 2026	Year ended March 31, 2025
Mr. Uttam Tibrewal	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	4.20	1.66
Late Mr. Vimal Jain	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	0.28	0.09
Mr. Gaurav Jain	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	0.02	-
Mr. Manmohan Parnami	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	0.09	-
AU Foundation	CSR Grant	16.81	26.74

7. Interest income

(₹ in Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Key Management Personnel (KMP)	0.15	0.20
Relative of KMP	0.24	0.08
Enterprise over which KMP / Relative of KMP have control / significant influence	0.19	1.30

8. Income from Banking services rendered

(₹ in Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Key Management Personnel (KMP)	0.01	0.01
Relative of KMP	0.02	0.01
Enterprise over which KMP / Relative of KMP have control / significant influence	0.00	0.00

9. Dividend Paid

(₹ in Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Key Management Personnel (KMP)	13.13	13.12
Relative of KMP	4.23	4.24
Enterprise over which KMP / Relative of KMP have control / significant influence	1.11	1.11

All related party transactions mentioned above are in the ordinary course of business.

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

10. Material transactions with related parties

The following table sets forth, for the periods indicated, the material transactions between the Bank and its related parties. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

(₹ in Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Interest Paid on Deposits		
1 Mr. Ajay Agarwal	2.11	-
2 MYS Holdings Private Limited	1.42	1.95
3 Mr. Devi Prasad Tibrewala	1.32	1.26
4 Mr. Uttam Tibrewal	-	1.02
Interest income		
1 Ms. Suman Sultania	0.17	-
2 MYS Holdings Private Limited	0.16	1.26
3 Mr. Uttam Tibrewal	0.10	-
4 Ms. Uma Bagaria	0.06	-
Income from Banking services rendered		
1 Mr. Sanjay Agarwal	0.01	0.01
2 Ms. Mallika Agarwal	0.01	0.00
3 Ms. Jyoti Agarwal	0.01	-
4 Mr. Uttam Tibrewal	-	0.01
Dividend Paid		
1 Mr. Sanjay Agarwal	11.72	11.72
2 Ms. Jyoti Agarwal	2.36	2.36
3 Ms. Shakuntala Agarwal	1.86	1.86

**Parties which have less than 10% transaction in respective categories for related year are not included in this list.*

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

18. Leases

The Bank has taken various premises under operating lease. The future minimum lease payments are given below:

(₹ in Crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Not later than one year	248.04	225.81
Later than one year and not later than five years	722.84	553.78
Later than five years	339.95	174.59
Total	**1,310.83**	**954.18**
The total of minimum lease payments recognized in the Profit and Loss Account for the year	287.21	253.08
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	-	-
Sub-lease amounts recognized in the Profit and Loss Account for the year	-	-
Contingent (usage based) lease payments recognized in the Profit and Loss Account for the year	-	-

19. Earnings per equity share (AS 20)

(₹ in crore, except number)

Particulars	March 31, 2026	March 31, 2025
Profit / (Loss) after tax (A)	2,641.25	2,105.93
Less: Exceptional item (after tax)	-	-
Net profit excluding exceptional item (B)	2,641.25	2,105.93
Weighted average number of equity shares in calculating basic EPS (C)	74,61,63,498	74,35,79,911
Add: Effect of dilution – Stock option granted to employees	82,37,689	22,17,911
Weighted average number of equity shares in calculating diluted EPS (D)	75,44,01,187	74,57,97,822
Earnings per equity share including exceptional item		
Basic (in ₹) (A / C)	35.40	28.32
Diluted (in ₹) (A / D)	35.01	28.24
Nominal value per share (in ₹)	10.00	10.00
Earnings per share excluding exceptional item		
Basic (in ₹) (B / C)	35.40	28.32
Diluted (in ₹) (B / D)	35.01	28.24
Nominal value per share (in ₹)	10.00	10.00

The dilutive impact is due to stock options granted to employees.

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

20. Deferred taxes

Other assets include deferred tax asset (net). The break-up of the same is as follows:

(₹ in Crore)

Particulars of Asset / (Liability)	March 31, 2026	March 31, 2025
Provision for NPA, floating provision, contingency and general provision, standard assets and other assets provision	511.24	349.91
Expenditure charged to the profit and loss account in the current year but allowed for tax purpose on payment basis	8.28	16.23
Depreciation	19.42	15.52
Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961	(240.84)	(176.77)
Others	48.47	31.07
Net Deferred Tax Asset	**346.57**	**235.96**

The Ministry of Corporate Affairs vide G.S.R. 169(E) dated 10th March 2026 has amended AS 22 to incorporate provisions relating to OECD Pillar Two Model Rules. The Bank operates exclusively within India and does not have any foreign subsidiary or joint venture. Accordingly, the Pillar Two framework is not applicable to the Bank and has no impact on its financial statements.

21. Accounting for employee share based payments

Stock options

The Bank has granted employee stock options to its Employees which are equity settled under various Employee Stock Option Plans / Schemes. The plans in operation are 2015(A), 2015(B), 2016, 2018, 2020 and 2023.

Particulars	2015A	2015B	2016	2018	2020	2023
Date of Shareholders Approval	31-Aug-15	31-Aug-15	10-Oct-16	7-Aug-18	23-Dec-20	30-Apr-23
Total Number of Options granted	38,75,483	50,93,437	31,71,733	80,60,529	99,96,200	5,00,00,000
The Pricing Formula	10.11	16.69	Market price linked#	Market price linked	Market price linked	Market price linked
Vesting Schedule*	1 year from the date of grant or at the time of IPO whichever is later-20%		1 year from the date of grant-20%			
	Expiry of 1 year from 1st vesting-30%		Expiry of 1 year from 1st vesting-20%			
	Expiry of 2 year from 1st vesting-50%		Expiry of 2 year from 1st vesting-30%			
			Expiry of 3 year from 1st vesting-30%			

**Options granted may be exercised within four years from the date of first vesting of the options under ESOP 2015 and six years from the date of first vesting of the options under ESOP 2016, ESOP 2018, ESOP 2020 and ESOP 2023. The term of vesting is also mentioned as per terms of grant approved by NRC in the grant letter issued to employees.*
#Pricing for ESOP Scheme 2016 was changed from fixed price of ₹140 to market linked price with the approval of shareholders obtained in the Annual General Meeting held on July 19, 2019.

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

Movement in the options outstanding under the Employee Stock Option Plans as at March 31, 2026 and March 31, 2025:

Particulars	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
	March 31, 2026	March 31, 2026	March 31, 2025	March 31, 2025
Options outstanding at the beginning of the year	2,04,79,061	584.17	1,73,46,273	568.03
Addition on amalgamation	-	-	18,24,358	343.82
Granted during the year	88,32,156	646.45	51,18,648	633.76
Exercised during the year	(37,36,590)	484.96	(18,42,728)	332.71
Expired/Lapsed during the year	(20,45,890)	601.44	(19,67,490)	583.55
Options outstanding at the end of the year	2,35,28,737	621.80	2,04,79,061	584.17
Options Exercisable at the end of the year	75,03,866	567.52	71,98,747	501.16

The following table summarizes the information about stock options outstanding as at March 31, 2026:

Particulars	Number of shares arising out of options	Range of exercise price (₹)	Average remaining life of options (in years)	Weighted average exercise price (₹)
Plan 2015 (A)	-	-	-	-
Plan 2015 (B)	2,14,400	16.69	3.48	16.69
Plan 2016	7,09,194	307.00 to 681.00	2.81	428.00
Plan 2018	14,80,415	307.00 to 681.00	2.41	469.55
Plan 2020	73,51,840	395.50 to 681.00	3.86	630.83
Plan 2023	1,37,72,888	303.00 to 840.00	5.68	652.75

The following table summarizes the information about stock options outstanding as at March 31, 2025:

Particulars	Number of shares arising out of options	Range of exercise price (₹)	Average remaining life of options (in years)	Weighted average exercise price (₹)
Plan 2015 (A)	50,000	10.11	4.01	10.11
Plan 2015 (B)	1,73,000	16.69	3.00	16.69
Plan 2016	9,49,061	307.00 to 681.00	3.14	383.77
Plan 2018	21,64,780	307.00 to 681.00	2.50	421.32
Plan 2020	90,36,970	395.50 to 681.00	4.54	623.24
Plan 2023	81,05,250	302.00 to 728.00	5.84	623.23

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

Details of stock options granted during the year:

The following table sets forth, for the periods indicated, the key assumptions used to estimate the fair value and information of options granted.

Particulars	March 31, 2026	March 31, 2025
Expected volatility	30.98% to 39.19%	38.52% to 39.00%
Expected life of the options (years)	3.00- 5.50	3.00- 5.50
Risk-free interest rate	5.96% to 6.82%	6.79% to 7.05%
Expected dividend yield	0.12% to 0.14%	0.11% to 0.12%
Share price on the date of grant (₹)	745.45 to 1,025.40	502.40 to 731.10
Exercise price (₹)	16.69 to 840.00	10.11 to 651.00
Fair value of the option (₹)	327.59 to 751.96	160.57 to 715.02
Weighted average fair value (₹)	363.54	328.81

22. Employee benefits

a. Defined benefit plans

Gratuity

The gratuity plan provides a lumpsum payment to vested employees at retirement, death or on termination of employment based on respective employee's salary and years of employment with the Bank.

Reconciliation of opening and closing balance of present value of defined benefit obligation for gratuity benefits as per AS-15 "Employee Benefits" is given below.

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Liability at the beginning of the year	135.26	81.95
Additional Liabilities on amalgamation (refer note 1 of schedule 18A)	-	23.98
Interest cost	8.98	7.76
Current service cost	58.16	30.10
Benefits paid	(15.77)	(12.72)
Actuarial (gain) / loss on obligation:		
Experience adjustment	14.36	0.56
Assumption change	(1.88)	3.63
Liability at the end of the year	**199.11**	**135.26**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets at the beginning of the year	99.15	61.44
Additional Assets on amalgamation (refer note 1 of schedule 18A)	-	12.72

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

(₹ in Crore)

Particulars	March 31, 2026	March 31, 2025
Expected return on plan assets	6.61	5.45
Contributions	86.53	31.77
Benefits paid	(15.77)	(12.21)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	(6.04)	(0.02)
Assumption change	-	-
Fair value of plan assets at the end of the year	**170.48**	**99.15**
Amount recognised in Balance Sheet		
Fair value of plan assets at the end of the year	170.48	99.15
Liability at the end of the year	(199.11)	(135.26)
Unvested past service cost	5.97	-
Net Asset/(Liability) (included under Schedule 11-Other Assets / Schedule 5-Other Liabilities)	**(22.66)**	**(36.11)**
Expenses recognised in Profit and Loss Account		
Interest cost	8.98	7.76
Current service cost	31.45	25.41
Past service cost	20.73	4.69
Expected return on plan assets	(6.61)	(5.45)
Net actuarial (gain) / loss recognised in the year	18.52	4.21
Net cost	**73.07**	**36.62**
Actual return on plan assets	0.57	5.44
Estimated contribution for the next year	22.66	36.11
Assumptions		
Discount rate	6.81% per annum	6.58% per annum
Expected return on plan assets	6.81% per annum	6.58% per annum
Salary escalation rate	7.50% per annum	7.50% per annum

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

The Expected rate of return on plan assets is based on the prevailing yields of Government of India securities (G-Sec) for the future period as same is considered appropriate for the nature of assets under consideration.

Major Categories of Plan Assets

The Bank has invested 100% of the plan assets of its Gratuity Fund in insurer managed funds administered by the respective insurers.

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

Experience adjustment

Particulars	Years ended March 31,				
	2026	2025	2024	2023	2022
Plan assets	170.48	99.15	61.44	55.65	47.34
Defined benefit obligation	199.11	135.26	81.95	61.34	56.88
Surplus / (deficit)	(22.66)	(36.11)	(20.51)	(5.69)	(9.54)
Experience adjustment gain / (loss) on plan assets	(6.04)	(0.02)	1.56	(0.36)	(0.02)
Experience adjustment (gain) / loss on plan liabilities	12.48	4.19	8.11	(15.13)	(9.82)

Impact of the New Labour Code

The Government of India notified four Labour Codes — the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 (collectively referred to as the "New Labour Codes") on November 21, 2025, thereby consolidating and replacing 29 existing labour laws. Subsequently, on December 30, 2025, the Ministry of Labour & Employment issued the draft Central Rules along with Frequently Asked Questions (FAQs), to facilitate assessment of the financial impact arising from these regulatory changes.

Accordingly, the Bank has recognised an estimated incremental impact of ₹ 19.81 Crore under "Employees Cost" in the Statement of Profit and Loss for Financial year ended March 31, 2026. This impact primarily relates to the expected changes in employee benefits and other statutory obligations pursuant to the New Labour Codes.

The Bank continues to monitor developments relating to the implementation of the New Labour Codes and will review its estimates on ongoing basis. The amounts recognised are based on management's best estimates derived from the currently available information and are subject to revision upon issuance of the final rules or further clarification by the relevant authorities.

b. Defined contribution plans

Provident fund

The Bank makes Provident Fund contributions to a defined contribution retirement benefit plans for qualifying employees. Under the schemes, the bank is required to contribute a specified percentage of the payroll costs to the Provident Fund Commissioner to fund the benefits.

The Bank recognized ₹ 143.84 Crore (previous year ₹ 121.04 Crore) for provident fund contributions in the Profit and Loss Account. The contributions paid to these plans by the Bank are at rates specified in the rules of the schemes.

c. Compensated absences

The Bank has provided for compensatory leaves which can be availed and not encashed as per policy of the Bank as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation. The Bank has accordingly booked ₹ 1.87 Crore (previous year booked ₹ 0.21 Crore) in the books of accounts for the year.

23. Audit Trail

The Bank has used certain accounting software(s) for maintaining its books of account, which has a feature of recording the audit trail (edit log) facility, except that audit trail feature was enabled from May 20, 2025 for certain relevant masters in respect of one software at application level.

SCHEDULES

forming part of the Balance Sheet as at March 31, 2026

Schedule 18: Notes forming part of the financial statements for the year ended March 31, 2026

Further, to the extent enabled, the audit trail feature has been operated for the relevant transactions recorded in the accounting software(s) and was not tampered with. Additionally, the audit trail feature of prior year(s) has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in respective years. The Bank has established and maintained an adequate internal control framework and based on its assessment, believes that this was effective throughout the period.

24. Update on Change in Key Managerial Personnel (KMP)

The Board of Directors and the Reserve Bank of India have approved the appointment of Mr. Vivek Tripathi as Whole-Time Director (Executive Director) of the Bank. Consequent to approval, Mr. Vivek Tripathi assumed charge as Executive Director with effect from April 24, 2026.

Mr. Uttam Tibrewal completed his tenure as a Director on the Board of the Bank on April 18, 2026 and continue with the Bank in the capacity as Deputy CEO.

Further, the appointment of Mr. Gaurav Jain, Interim Chief Financial Officer, as Chief Financial Officer of the Bank has been approved by the Board of Directors on April 27, 2026.

25. Update on voluntary transition to Universal Bank

The Bank had made an application to RBI on September 03, 2024 for voluntary transition to Universal Bank as per the extant guidelines of the RBI. The RBI has intimated its in-principle approval to Bank on August 7, 2025. The in-principle approval is valid for 18 months from the issue of the letter and stipulates that the shares held by promoters / promoter group shall be transferred to a Non-Operating Financial Holding Company (NOFHC).

Pursuant to the Bank's request, RBI, vide its letter dated March 6, 2026, has replaced the aforesaid stipulation. This requirement for NOFHC will now be applicable on the transitioned Universal Bank, if the Bank or its promoter (including promoter group) proposes to establish any group entity in the future. Grant of the final license shall remain subject to RBI's assessment of the Bank's compliance with applicable regulatory guidelines and instructions. Further the Bank has submitted its application for the final Universal Banking license during March 2026, in line with RBI's letter dated August 7, 2025.

26. Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

As per our attached Report of even date.

For M S K A & Associates LLP
(Formerly known as M S K A & Associates)
Chartered Accountants
ICAI Firm Registration No.: 105047W/W101187

Tushar Kurani
Partner
Membership No. 118580
Place : Mumbai

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No.: 106655W

Abhay Kamat
Partner
Membership No. 039585
Place : Mumbai

Date : April 27, 2026

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

Harun Rasid Khan
(Non-Executive Independent Part Time Chairman)
DIN : 07456806
Place : Mumbai

Sanjay Agarwal
(Managing Director and CEO)
DIN : 00009526
Place : Mumbai

Vivek Tripathi
(Whole Time Director)
DIN : 11510604
Place : Mumbai

Gaurav Jain
(Chief Financial Officer)
Place : Mumbai

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place : Mumbai

Date : April 27, 2026

BASEL II (PILLAR 3) DISCLOSURES

As at March 31, 2026

RBI circular DOR.CAP.REC.101/21-01-002/2025-26 dated 28th November 2025 on 'Prudential Norms on Capital Adequacy Directions, 2025' requires banks to make applicable Pillar 3 disclosures. These disclosures have not been subjected to audit or limited review. These disclosures are available on the Bank's website at: https://www.au.bank.in/reports/regulatory-disclosures.

AU SMALL FINANCE BANK LIMITED

CIN: L36911RJ1996PLC011381
Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India
Corporate Office: 5th Floor, E-Wing, Kanakia Zillion, Junction of CST Road and LBS Road, Kurla (West), Mumbai – 400 070, Maharashtra, India
Tel: +91-141 4110060 | E-mail: investorrelations@aubank.in | Website: www.au.bank.in

Notice of Annual General Meeting

Notice is hereby given that the thirty-first (31st) Annual General Meeting ('AGM') of the Members of AU Small Finance Bank Limited ('the Bank') will be held on Saturday, September 5, 2026 at 03:00 p.m. (IST) through Video Conferencing ('VC') or Other Audio-Visual Means ('OAVM') to transact the following business:

Ordinary Business

Item No. 1:

To adopt the Audited Financial Statements of the Bank for the Financial Year ended on March 31, 2026, and the reports of the Board of Directors and the Auditors thereon

Item No. 2:

To declare dividend of ₹1 per equity share of ₹10 each for the FY 2025-26

Item No. 3:

To appoint a Director in place of Mr. Sanjay Agarwal (DIN: 00009526), who retires by rotation and being eligible, has offered himself for re-appointment

Special Business

Item No. 4:

To approve remuneration of Mr. Sanjay Agarwal (DIN: 00009526), Managing Director & CEO of the Bank

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and 203, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (the 'Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and provisions of Section 35B and other applicable provisions, if any, of the Banking Regulation Act, 1949 and the rules, guidelines and circulars issued by the Reserve Bank of India (the 'RBI') in this regard, from time to time, and any other applicable Laws, Rules and Acts [including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force] and subject to all other requisite approvals, permissions and sanctions as may be required and subject to such conditions as may be prescribed by any statutory authority while granting such approvals and in consonance with the provisions of Articles of Association of the Bank and pursuant to the recommendation of the Nomination and Remuneration Committee ('NRC') and Board of Directors of the Bank ("hereinafter referred to as the 'Board' which term shall be deemed to include any committees constituted / to be constituted by the Board to exercise its powers including the powers conferred by this resolution"), approval of the members of the Bank be and is hereby accorded for payment of remuneration to Mr. Sanjay Agarwal (DIN:00009526), Managing Director & CEO, as detailed below with effect from April 01, 2026 and the same shall continue till any further revision, on the terms and conditions as may be approved by RBI:

Fixed Pay w.e.f. April 01, 2026:

Particulars	Amount in (₹ Per annum)
Salary	1,35,39,611
Allowances	2,03,00,336
Total Salary & Allowances (A)	3,38,39,947
(a) Provident Fund	23,400
(b) Gratuity	6,50,973
Total Retiral/Superannuation benefits (B)	6,74,373
Perquisites and other benefits(C)	36,85,761
Total Fixed Pay (A+B+C)	3,82,00,081

Managing Director & CEO is entitled for free use of Company's two cars for conveyance / tour-travel.

Variable Pay for FY 2025-26: Upto 100% of total Fixed pay of FY 2025-26 (i.e. ₹ 3,31,58,821) in view of his performance review for said financial year by NRC and Board of Directors and subject to approval of RBI in this regard.

RESOLVED FURTHER THAT pursuant to Chapter IX – Remuneration of NEDs, WTDs, MD&CEO, Material Risk Takers, and Control Function staff of the Reserve Bank of India (Small Finance Banks – Governance) Directions, 2025, as amended from time to time, the Board be and is hereby authorised to make suitable adjustments, if any, in components of Fixed Pay while keeping the overall remuneration within limits given hereinabove in compliance of RBI circular and in compliance of changes that the RBI may instruct in this regard.

RESOLVED FURTHER THAT in case the Bank has no profit, or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Mr. Sanjay Agarwal, Managing Director & CEO in accordance with the Schedule V and applicable provisions of the Act.

RESOLVED FURTHER THAT to give effect to this resolution, the Board be and is hereby authorized to do all deeds, matters, things, acts, and to execute any agreements, documents and writings, as may be deemed necessary, including but not limited to making correspondences with RBI or any other regulatory authority and/or to settle all questions, difficulties or doubts that may arise in this regard, and to delegate all or any of its powers herein conferred to any Committee/Director(s)/ Officer(s) of the Bank."

Item No. 5:

To approve variable pay of Mr. Uttam Tibrewal (DIN: 01024940), erstwhile Whole Time Director and Deputy CEO (Currently designated as Deputy CEO) of the Bank for the Financial Year 2025-26

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and 203, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (the 'Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and provisions of Section 35B and other applicable provisions, if any, of the Banking Regulation Act, 1949 and the rules, guidelines and circulars issued by the Reserve Bank of India (the 'RBI') in this regard, from time to time, and any other applicable Laws, Rules and Acts [including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force] and subject to all other requisite approvals, permissions and sanctions as may be required and subject to such conditions as may be prescribed by any statutory authority while granting such approvals and in consonance with the provisions of Articles of Association of the Bank and pursuant to the recommendation of the Nomination and Remuneration Committee ('NRC') and Board of Directors of the Bank ("hereinafter referred to as the 'Board' which term shall be deemed to include any committees constituted / to be constituted by the Board to exercise its powers including the powers conferred by this resolution"), approval of the members of the Bank be and is hereby accorded for payment of up to 115% of total Fixed pay of FY 2025-26 (i.e. ₹ 3,30,59,200) as variable pay for FY 2025-26 to Mr. Uttam Tibrewal (DIN:01024940), erstwhile Whole Time Director & Deputy CEO (Currently designated as Deputy CEO), in view of his performance review for said financial year by NRC and Board of Directors and subject to approval of RBI in this regard.

RESOLVED FURTHER THAT to give effect to this resolution, the Board be and is hereby authorized to do all deeds, matters, things, acts, and to execute any agreements, documents and writings, as may be deemed necessary, including but not limited to making correspondences with RBI or any other regulatory authority and/or to settle all questions, difficulties or doubts that may arise in this regard, and to delegate all or any of its powers herein conferred to any Committee/Director(s)/ Officer(s) of the Bank."

Item No. 6:

To approve enhancement of borrowing limit of the Bank up to ₹30,000 Crore under Section 180(1)(c) of the Companies Act, 2013

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution:**

"**RESOLVED THAT** in supersession of the earlier resolution passed by the Members of the Bank at the Annual General Meeting held on July 26, 2019 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and as per the applicable provisions of Banking Regulation Act, 1949 and rules, guidelines and circulars issued by the Reserve Bank of India ('RBI') from time to time and the relevant provisions of the Memorandum and Articles of Association of the Bank, the approval of the Members of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter referred to as the 'Board', which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) to borrow for the purpose of business of the Bank, such sum or sums of monies as they may deem necessary, notwithstanding the fact that the monies so borrowed and the monies to be borrowed from time to time [apart from (i) temporary loans obtained from the Bank's bankers in the ordinary course of business and (ii) acceptance of deposits of money from public repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise and/or temporary loans obtained in the ordinary course of business from banks, whether in India or outside India] will exceed the aggregate of the paid-up capital of the Bank, its free reserves and securities premium, provided that the total amount so borrowed including the money already borrowed and the money to be borrowed by the Board in any manner permissible at any time shall not exceed **₹30,000 Crore (Rupees Thirty Thousand Crore).**

RESOLVED FURTHER THAT to give effect to this resolution, the Board be and is hereby authorised to do all deeds, matters, things, acts, and to sign and execute any agreements, documents and writings, as may be deemed necessary, and/or to settle all questions, difficulties or doubts that may arise in this regard."

Item No. 7:

To issue non-convertible debt securities/bonds/other permissible instruments, in one or more tranches

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71, 180 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made thereunder ('Act'), applicable regulations of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ('SEBI ILNCS Regulations') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and other applicable rules, regulations, guidelines, circulars and directions issued by the Securities and Exchange Board of India ('SEBI'), the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1934, Foreign Exchange Management Act, 1999, the rules, regulations, circulars, directions and guidelines issued by the Reserve Bank of India ('RBI') from time to time and all other relevant provisions of applicable law(s) [including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force] and pursuant to the Memorandum and Articles of Association of the Bank and subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned statutory or regulatory authority(ies) and subject to such conditions as may be prescribed by any of the concerned authorities (if any) while granting such approval(s), consent(s), permission(s) and sanction(s) as may be applicable, the approval of the Members of the Bank be and is hereby accorded to the Board of Directors ("hereinafter referred to as the 'Board', which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons") for borrowing/raising funds denominated in Indian rupees or any other permitted foreign currency by issue of non-convertible debt securities, including but not limited to long-term bonds, perpetual debt instruments, Tier I/Tier II Capital Bonds, Social Bonds, Sustainability Bonds, Sustainability-Linked Bonds, Green Bonds or such other debt securities as may be permitted under RBI guidelines from time to time, on a private placement basis and/or for making offers and/or invitations thereof and/or issue(s) /issuances thereof, for a period of one year from the date hereof, in one or more tranches and/or series and under one or more shelf disclosure documents and/or one or more letters of offer or such other documents or amendments/revisions thereof and on such terms and conditions for each series/tranche, including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board, as per the structure and within the limits permitted by RBI, as applicable of an amount not exceeding **₹6,000 Crore (Rupees Six Thousand Crore Only),** out of which ₹2,500 Crore (Rupees Two Thousand Five Hundred Crore Only) may be raised through Tier II Capital Bonds, over and above the outstanding debt securities issued by the Bank in domestic and/or overseas market within the overall borrowing limits of the Bank and on such terms and conditions as may be approved by the Board, from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise, in this regard and do all such acts, deeds and things as may be considered necessary or desirable in connection with or incidental thereto to give effect to the above resolution, including but not limited to disclosures with stock exchanges and to comply with all other requirements in this regard."

Item No. 8:

To raise funds through issue of equity shares and/or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares including through Qualified Institutions Placement or such other permissible mode or combinations thereof

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 23, 41, 42 and 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable Rules made thereunder, including the Companies (Prospectus and Allotment of Securities) Rules, 2014 ('Act'), the relevant provisions of the Banking Regulation Act, 1949, the Master Direction – Reserve Bank of India (Small Finance Banks – Acquisition and Holding of Shares or Voting Rights) Directions, 2025, as amended, and the rules, guidelines, circulars and other directions issued by the Reserve Bank of India ('RBI') in this regard from time to time [including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force], the provisions of the Foreign Exchange Management Act, 1999 and rules and regulations framed thereunder, as amended, from time to time ('FEMA'), the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended, the current Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ('GOI') as amended, from time to time, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ('SEBI ICDR Regulations'), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'), as amended, from time to time and subject to such other applicable rules, regulations, circulars, notifications, clarifications and guidelines issued thereon, from time to time, by the GOI, the Ministry of Corporate Affairs ('MCA)', the Securities and Exchange Board of India ('SEBI') and the Stock Exchanges where the equity shares of the Bank are listed and the enabling provisions of the Memorandum of Association and Articles of Association of the Bank and subject to the receipt of requisite approvals, consents, permissions and/or sanctions, if any, from any other appropriate statutory/regulatory authorities and subject to such other conditions and modifications as may be prescribed, stipulated or imposed by any of the said statutory/regulatory authorities, while granting such approvals, consents, permissions, and/or sanctions, which may be agreed to by the Board of Directors of the Bank ("hereinafter referred to as the 'Board', which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons"), the approval of the Members of the Bank be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and/or on competitive basis, of such part of issue and for such categories of persons as may be permitted), such number of equity shares, and/or equity shares through Depository receipts, and/or securities convertible into equity shares at the option of the Bank and/or the holders of such securities, and/or securities linked to equity shares, and/or any other instrument or securities representing equity shares and/or convertible securities linked to equity shares (all of which are hereinafter collectively referred to as 'Securities') or any combination of Securities, in one or more tranches, in the course of international and/or domestic offering(s) in one or more foreign markets and/or domestic market, of private offerings and/or preferential allotment and/or Qualified Institutions Placement ('QIP') or any combination thereof, through issue of placement document or other permissible/requisite offer document to any eligible person, including Qualified Institutional Buyers ('QIB'), in accordance with Chapter VI of the SEBI ICDR Regulations, foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternate investment funds, foreign portfolio investors, qualified foreign investors, Indian and/or multilateral financial institutions, mutual funds, Non-Resident Indian, pension funds and/or any other categories of investors, whether they be holders of equity shares of the Bank or not (collectively called the 'Investors') as may be decided by the Board, in its sole and absolute discretion and permitted under applicable laws and regulations, in one or more tranches for an aggregate amount not exceeding **₹7,500 Crore (Rupees Seven Thousand Five Hundred Crore Only)** or an equivalent amount thereof (inclusive of such premium as may be fixed on such Securities) (the 'Offering') by offering the Securities at such time or times, at such price or prices permitted under applicable laws in such manner and on such terms and conditions including security, rate of interest etc., as may be deemed appropriate by the Board in its sole and absolute discretion including the discretion, to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment of equity shares of face value of ₹10 each of the Bank considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) as the Board in its sole and absolute discretion may deem fit and appropriate.

RESOLVED FURTHER THAT in case of issuance of Securities by way of a QIP, under Chapter VI of the SEBI ICDR Regulations (the 'Eligible Securities'):

a. The issue price of the Eligible Securities shall not be less than the price as may be determined, in accordance with the pricing formula prescribed under Chapter VI of the SEBI ICDR Regulations.

b. The Board may, at its sole and absolute discretion, issue Eligible Securities at a discount of not more than five per cent (5%) or such other discount as may be permitted to the 'floor price' as may be determined in accordance with the pricing formula prescribed under Chapter VI of the SEBI ICDR Regulations.

c. The Relevant Date for determination of the price of the equity shares shall be the date of the meeting at which the Board decides to open the proposed QIP in terms of the provisions of the Act, the SEBI ICDR Regulations and other applicable laws, rules, regulations.

d. In case convertible securities are issued to QIB under Chapter VI of the SEBI ICDR Regulations, the Relevant Date for the purpose of pricing of such securities shall be either the date of the meeting at which the Board decides to open the proposed QIP of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares, in terms of the provisions of the Act, the SEBI ICDR Regulations and other applicable laws, rules, regulations.

e. The allotment of equity shares to each QIB in the proposed QIP issue shall not exceed five per cent (5%) of the post issued and paid-up capital of the Bank or such other limit(s) as may be prescribed under applicable laws or as approved by RBI.

f. The allotment of Eligible Securities or any combination of Eligible Securities as may be decided by the Board to the each QIBs shall be fully paid-up and the allotment of such Eligible Securities shall be completed within a period of 365 days from the date of passing of this Special Resolution by the Members of the Bank and that all such equity shares shall rank pari passu inter se and with the then existing equity shares of the Bank, in all respects, including dividend and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Bank.

g. The Eligible Securities shall not be sold for a period of one year from the date of its allotment, except on the recognised Stock Exchange(s).

RESOLVED FURTHER THAT without prejudice to the generality of the above, subject to applicable laws and receipt of requisite approvals, consents, permissions and/or sanctions, if any, from any other appropriate statutory/regulatory authorities and subject to such other conditions and modifications as may be prescribed, stipulated or imposed by any of the said statutory/ regulatory authorities in granting such approvals or permissions, the aforesaid issue of Securities may have all or any terms or combination of terms, in accordance with prevalent market practices or as the Board may in its sole and absolute discretion deem fit, including but not limited to the terms and conditions, relating to premium on redemption at the option of the Bank and/ or holders of any securities, or variation of the price or period of conversion of Securities into equity shares or issue of equity shares during the period of the Securities or terms pertaining to voting rights or option(s) for early redemption of Securities.

RESOLVED FURTHER THAT for the purpose of giving effect to the resolutions described above, the Board or a duly authorised Committee thereof be and is hereby authorised for and on behalf of the Bank to do all such acts, deeds, matters and things including but not limited to finalisation and approval of the relevant offering documents, determining the form and manner of the issue, the nature and number of Securities to be allotted, timing of the issuance/offering, determination of person(s) to whom the Securities will be offered and allotted, in accordance with applicable law, issue price, face value, discounts permitted under applicable law (now or hereafter), premium amount on issue/conversion of the Securities, if any, rate of interest, execution of various agreements, deeds, instruments and other documents, as it may in its sole and absolute discretion deem fit, necessary, proper or appropriate, and to give instructions or directions and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities (including in relation to issue of such Securities in one or more tranches from time to time) and utilisation of the issue proceeds and to accept and to give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions as may be required by the SEBI, the Registrar of Companies, the book running lead manager(s), or other authorities or agencies involved in or concerned with the issue of Securities and as the Board or a duly authorised committee thereof may in its sole and absolute discretion deem fit and appropriate in the best interest of the Bank, without being required to seek any further consent or approval of the Members or otherwise, and that all or any of the powers conferred on the Bank and the Board pursuant to this resolution may be exercised by the Board or a duly authorised committee thereof as the Board has constituted or may constitute in this behalf, to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Special Resolution, and all actions taken by the Board or a duly authorised Committee thereof, to exercise its powers, in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed, in all respects.

RESOLVED FURTHER THAT the Board or a duly authorised Committee thereof be and is hereby authorised to engage/appoint Book Running Lead Managers, Underwriters, Depositories, Custodians, Registrars, Stabilising Agents, Trustees, Bankers, Lawyers, Advisors and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to reimburse them out of pocket expenses and also to enter into and execute all such arrangements, agreements, memoranda, documents etc. with such agencies and to seek the listing of the Securities on the Stock Exchanges.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board or a duly authorised Committee thereof be and is hereby authorised for and on behalf of the Bank to negotiate, modify, sign, execute, register, deliver including sign any declarations or notice required in connection with the private placement offer letter, information memorandum, the draft offer document, offer letter, offer document, offer circular or placement document for issue of the Securities, term sheet, issue agreement, registrar agreement, escrow agreement, underwriting agreement, placement agreement, consortium agreement, trustee agreement, trust deed, subscription agreement, purchase agreement, agency agreement, agreements with the Depositories, security documents, and other necessary agreements, memorandum of understanding, deeds, general undertaking/indemnity, certificates, consents, communications, affidavits, applications (including those to be filed with the Regulatory Authorities, if any) (the 'Transaction Documents') (whether before or after execution of the Transaction Documents) together with all other documents, agreements, instruments, letters and writings required in connection with, or ancillary to, the Transaction Documents (the 'Ancillary Documents') as may be necessary or required for the aforesaid purpose including to sign and/or dispatch all forms, filings, documents and notices to be signed, submitted and/or dispatched by it under or in connection with the documents to which it is a party as well as to accept and execute any amendments to the Transaction

Documents and the Ancillary Documents and further to do all such other acts, deeds, matters and things, mentioned herein as they may deem necessary in connection with the issue of the Securities in one or more tranches from time to time and matters connected therewith.

RESOLVED FURTHER THAT in respect of the Offering, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its sole and absolute discretion consider necessary, desirable or appropriate, including submitting the relevant application to the Stock Exchange(s) for obtaining in-principle approval for listing of equity shares, filing of requisite documents/making declarations with the MCA, RBI, SEBI and any other Statutory/Regulatory Authority(ies), including filing of form FC-GPR, and any other deed(s), document(s), declaration(s) as may be required under the applicable laws.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of the Board, inter alia, the power to determine the form, terms and timing of the issue(s)/offering(s), issue price (including discount, if any), the quantum of Securities to be issued, including selection of Investors to whom Securities are proposed to be offered, issued and allotted and matters related thereto, as it may, in its sole and absolute discretion, deem fit and appropriate.

RESOLVED FURTHER THAT the Board or a duly authorised Committee thereof be and is hereby authorised to delegate all or any of the powers herein conferred to any Director(s) or Officer(s) of the Bank and to generally do all such acts, deeds, matters and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the Stock Exchange(s) and Statutory/Regulatory Authorities and execution of any deeds and documents for and on behalf of the Bank and to represent the Bank before any Governmental Authorities, to give effect to this resolution."

Notes:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ('Act') read with the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), setting out all the material facts relating to the Businesses as set out in Item No.4 to 8 of this Notice, is annexed herewith. Brief profile and other additional information pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, in respect of the Directors being re-appointed/whose remuneration is being revised, is furnished as an Annexure to the Notice.
2. The Ministry of Corporate Affairs ('MCA'), vide its Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 09/2024 dated September 19, 2024, and subsequent circulars issued from time to time in relation to 'Clarification on holding of Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM), the latest being Circular No. 03/2025 dated September 22, 2025 ('MCA Circulars') and Listing Regulations and other applicable circulars and notifications issued (including any statutory modifications or re-enactment thereof for the time being in force and as amended from time to time), has permitted the holding of the AGM through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the aforesaid MCA Circulars, the AGM of the Bank will be held through VC and physical attendance of the Members to the AGM venue is not required. The registered office of the Bank shall be deemed to be the venue for the AGM.
3. Pursuant to the MCA Circulars and Regulation 44(4) of the Listing Regulations, the facility to appoint proxy to attend and cast vote for the Members is not available for this AGM. Accordingly, the facility for appointment of proxy by the member will not be applicable and hence, the Proxy Form, Attendance Slips and Route map are not annexed to this Notice. However, the Institutional/Corporate shareholders (i.e., other than individuals/HUF, NRI, etc.,) are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
4. The Bank has provided two-way facility of video conferencing (VC)/other audio-visual means (OAVM) and live webcast of the proceedings of the AGM shall be available on Saturday, September 5, 2026 from 3:00 p.m. (IST) onwards at the https://www.evoting.nsdl.com/. **Members are requested to join the 31st AGM from 2:30 p.m. (IST)** i.e., 30 minutes before the time scheduled to start the AGM and the Bank may close the window for joining the VC Facility, 30 minutes after the scheduled time to start the AGM. The attendance of Members will be counted as the Members who have successfully logged in through VC or OAVM, and shall be counted for the purpose of reckoning of the quorum under Section 103 of the Act. Please refer the detailed instructions for attending the AGM through VC covered under this Notice.
5. In line with the MCA Circulars, the Annual Report for the Financial Year 2025-26 and AGM Notice has been uploaded on the website of the Bank at www.au.bank.in. The same can also be accessed on the website of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Ltd. at www.bseindia.com and www.nseindia.com respectively and on the website of National Securities Depository Limited ('NSDL') (agency for providing the facility of conducting AGM through VC and Remote e-voting facility) i.e., www.evoting.nsdl.com.
6. The statutory registers maintained under the Act, and all other documents referred to in this Notice and the Statement setting out the material facts in respect of Item Nos. 4 to 8 thereof, will be available for inspection in electronic mode. A certificate from the Secretarial Auditor, certifying that the Employee Stock Option Scheme of the Bank is being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, will be available for inspection by the Members in electronic mode during the AGM. Members seeking to inspect such documents are requested to write to the Bank by sending an e-mail to investorrelations@aubank.in. Members having any queries, may please write to the Company Secretary at investorrelations@aubank.in mentioning their name, Folio No./Client ID and DP ID. The same will be replied to by the Bank suitably.
7. In case of joint holders attending the meeting, only such joint holders whose name appears as the first holder in the order of names as per the Register of Members of the Bank will be entitled to vote, provided the votes are not already cast by remote e-voting by the first holder.
8. As per the provisions of Section 72 of the Act and SEBI Master Circular No. HO/38/13/(4)2026-MIRSD-POD/I/4298/2026 dated February 6, 2026, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Bank's website https://www.au.bank.in/reports/disclosures. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialised form and to the Bank in case the shares are held in physical form.
9. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the 31st AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID and mobile number, to reach the Bank's e-mail address at investorrelations@aubank.in from Saturday, August 29, 2026 to Tuesday, September 1, 2026. Such questions by the Members shall be taken up during the meeting and replied to by the Bank suitably.

   Further, Members who would like to ask questions during the AGM with regard to the financial statements or any other matter to be placed at the AGM, need to register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID and mobile number, to reach

the Bank's e-mail address at investorrelations@aubank.in from Saturday, August 29, 2026 to Tuesday, September 1, 2026. Those members who have registered themselves as a speaker shall only be allowed to speak/ask questions during the AGM, depending upon the availability of time.

10. In terms of the MCA Circulars, the Annual Report and AGM Notice are being electronically sent to all the Members of the Bank, whose names appear on the Register of Members/List of Beneficial Owners, as received from NSDL/Central Depository Services (India) Limited ('CDSL') on Friday, August 7, 2026 and who have registered their e-mail addresses with the Depositories/Depository Participants, unless any member has requested for a physical copy of the same. A letter providing the weblink, including the exact path for accessing the Integrated Annual Report, will be sent to those Members who have not registered their email address. It is, however, clarified that all the persons who are Members of the Bank as on Saturday, August 29, 2026 (including those Members who may not have received this Notice due to non-registration of their e-mail IDs) shall be entitled to vote in relation to the resolutions specified in this Notice.
11. Members are requested to address all correspondence, including dividend-related matters, to Registrar and Transfer Agent ('RTA') of the Bank i.e., MUFG Intime India Private Limited (Formerly Link Intime India Private Limited), at their e-mail ID investor.helpdesk@in.mpms.mufg.com or at their address: C-101, Embassy 247, LBS Marg, Vikhroli West, Mumbai 400 083, Maharashtra.
12. SEBI vide Master Circular for Online Dispute Resolution dated July 31, 2023 (as amended) has established a common Online Dispute Resolution Portal ('ODR Portal') for resolution of disputes arising in the Indian Securities Market. Pursuant to this, post exhausting the option to resolve their grievance with the RTA/Company directly and through the SCORES platform, the investors can initiate dispute resolution through the ODR Portal at https://smartodr.in/login. This can also be accessed through the Bank's website https://www.au.bank.in/investor-grievance.
13. Members wishing to claim unclaimed dividends are requested to correspond with the RTA of the Bank as mentioned above or the Company Secretary of the Bank. The Bank has uploaded the details of unclaimed dividend amounts lying with the Bank on the website of the Bank at https://sr.au.bank.in/unclaimed-dividend.
14. Members are requested to note that dividends, which are not claimed within seven years from the date of transfer to the Bank's Unpaid Dividend Account, will, as per the provisions of Section 124 of the Act read with the rules made thereunder, be transferred to the Investor Education and Protection Fund. Further, pursuant to the provisions of Section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all shares in respect of which dividend has not been claimed for seven consecutive years shall also be transferred to the demat account of the Investor Education and Protection Fund Authority ('IEPF Authority'). In view of this, Members are requested to claim their dividends from the Bank, within the stipulated timeline.
15. The Board at its meeting held on April 27, 2026, recommended a dividend of ₹1 per equity share of face value of ₹10 each for the financial year ended March 31, 2026, subject to approval of shareholders at the ensuing AGM.
16. The Bank has fixed **Friday, July 31, 2026** as the **'Record Date'** for determining entitlement of members to final dividend for the financial year ended March 31, 2026, if approved at the AGM.
17. The final dividend once approved at the AGM, will be paid on or before Sunday, October 4, 2026 by way of electronic mode to members who have updated their bank account details. Pursuant to clause 20 of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated February 6, 2026, the shareholders, who hold shares in physical mode and whose folios are not updated with any of the KYC details [viz. (i) PAN (ii) Contact Details (iii) Mobile Number (iv) Bank Account Details and (v) Signature], shall be eligible to get dividend only in electronic mode. Accordingly, payment of final dividend, subject to approval at the AGM, shall be paid to physical holders only after the above details are updated in their folios. To avoid delay in receiving dividend, we request Members to update their KYC details including address with pin code, e-mail address, mandates, nominations, power of attorney, bank details covering name of the bank and branch details, bank account number, MICR code, IFSC code, etc. with their Depository participants (where shares are held in dematerialised form) and with the Bank's RTA (where shares are held in physical mode).

    The below process shall be followed to update the email ID and bank account details to receive dividend directly into the Bank account on payout date:

Type of holding	Process to be followed*	
Physical	For availing the following investor services, send a written request in the prescribed forms to the RTA of the Bank.	
	• Form for availing investor services to register PAN, email address, bank details and other KYC details or changes/update thereof for securities held in physical mode	Form ISR-1
	• Update of signature of securities holder	Form ISR-1/ISR-2 (As applicable)
	• Form for requesting issue of Duplicate Certificate and other service requests for shares/debentures/bonds, etc., held in physical form	Form ISR-4
	• Form for Transmission request	Form ISR-5

Type of holding	Process to be followed*
	• The forms for updating the above details are available at https://www.au.bank.in/reports/disclosures
Demat	By contacting Depository Participant ('DP') and registering e-mail ID and bank account details in demat account, as per the process advised by the DP

** Please refer SEBI Master Circular No. HO/38/13/(4)2026-MIRSDPOD/I/4298/2026 dated February 6, 2026.*

18. Pursuant to the provisions of Regulation 40 of Listing Regulations all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialised form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. For this purpose, Members can contact the Bank for assistance in this regard.

19. Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Bank is required to deduct tax at source from dividend paid to shareholders at the prescribed rates.

    For Resident Individual shareholder: A resident Individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 121 (earlier Form No. 15G/15H), to avail the benefit of non-deduction of tax at source by e-mail to the Bank at investorrelations@aubank.in. Shareholders are requested to note that in case their PAN is not registered or having invalid PAN or inoperative PAN, the tax will be deducted at a higher rate prescribed under Section 397(2) of the Income Tax Act, as applicable. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower/nil withholding of tax.

    For Non-Resident shareholder: Non-resident shareholders [including Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs)] can avail beneficial rates under tax treaty between India and their country of tax residence, subject to providing necessary documents i.e., No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 41 (earlier Form No. 10F), any other document which may be required to avail the tax treaty benefits. For this purpose, the shareholder may submit the above documents (PDF/JPG format) by e-mail to the Bank at investorrelations@aubank.in.

    The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST by or before Friday, August 21, 2026.

20. Non-resident Indian Members are requested to contact their respective Depository Participants/RTA (in case of physical shares) for any change in their residential status on return to India for permanent settlement, particulars of their bank account maintained in India with complete name, branch account type, account number and address of Bank with pin code number, if not furnished earlier.

    Details of e-voting and joining AGM through VC

    Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations, and the MCA Circulars the Bank is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM.

    For this purpose, the Bank has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a Member using remote e-voting system as well as e-voting on the date of the AGM will be provided by NSDL.

    The remote e-voting period begins on Tuesday, September 1, 2026, at 9:00 a.m.(IST) and ends on Friday, September 4, 2026 at 5:00 p.m. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners, as received from NSDL/CDSL, as on the **cut-off date i.e., Saturday, August 29, 2026,** may cast their vote electronically.

    The voting right of Members shall be in proportion to their share in the paid-up equity share capital of the Bank as on the cut-off date, being Saturday, August 29, 2026.

    A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

    As the e-voting does not require a person to attend a meeting physically, the members are strongly advised to use the e-voting procedure by themselves and not through any other person except Institutional/Corporate shareholders who may cast their votes through their authorised representatives.

    The Board of Directors have appointed CS Manoj Maheshwari, Practising Company Secretary (Membership No. FCS: 3355) as Scrutiniser and failing him, CS Priyanka Agarwal, Practising Company Secretary (Membership No. FCS: 11138) as the Alternate Scrutiniser to scrutinise the polling/e-voting at the AGM and remote e-voting process in a fair and transparent manner.

    The details of the process and manner for remote e-voting and joining AGM through VC are as under:

    The way to vote electronically on NSDL e-voting system consists of below-mentioned '2 steps':

Step 1: Access to NSDL e-voting system

A. Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-voting facility provided by listed companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access the e-voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of holding	Login Method
Individual shareholders holding securities in demat mode with NSDL	1. For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID, 8-digit Client ID, PAN No., Verification code and generate OTP. Enter the OTP received on registered email ID/mobile number and click on 'Login'. After successful authentication, you will be redirected to the NSDL Depository site wherein you can see the e-voting page. Click on Company name or e-voting service provider, i.e., NSDL, and you will be redirected to the e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meetings and voting during the meeting. 2. Existing IDeAS users can visit the e-Services website of NSDL, viz. https://eservices.nsdl.com either on a personal computer or on a mobile. On the e-Services home page click on the 'Beneficial Owner' icon under 'Login', which is available under 'IDeAS' section. This will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under value-added services. Click on 'Access to e-voting' under e-voting services and you will be able to see the e-voting page. Click on Company name or e-voting service provider, i.e., NSDL, and you will be re-directed to the e-voting website of NSDL for casting your vote during the remote e-voting period or joining the virtual meeting and voting during the meeting. 3. If you are not registered for IDeAS e-Services, the option to register is available at https://eservices.nsdl.com. Select 'Register Online for IDeAS Portal' or click on https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 4. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon 'Login', which is available under the 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e., your 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to the NSDL Depository site wherein you can see the e-voting page. Click on the Company name or e-voting service provider, i.e., NSDL, and you will be redirected to the e-voting website of NSDL for casting your vote during the remote e-voting period or joining the virtual meeting and voting during the meeting. 5. Shareholders/Members can also download the NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for a seamless voting experience. 

Type of holding	Login Method
Individual shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user ID and password. Option will be made available to reach e-voting page without any further authentication. The users who log in to Easi/Easiest are requested to visit the CDSL website, www.cdslindia.com, and click on 'Login' icon and 'New System Myeasi' tab, and then use their existing My Easi username and password. 2. After successful login, the Easi/Easiest user will be able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by the Company. On clicking the e-voting option, the user will be able to see the e-voting page of the e-voting service provider for casting their vote during the remote e-voting period or joining the virtual meeting and voting during the meeting. Additionally, there are also links provided to access the system of all e-voting service providers, so that the user can visit the e-voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com. Click on 'Login' and 'New System Myeasi Tab' and then click on the 'Registration' option. 4. Alternatively, the user can directly access e-voting page by providing the Demat Account Number and PAN No. from an e-voting link available on the www.cdslindia.com home page. The system will authenticate the user by sending OTP on the registered mobile and email as recorded in the demat account. After successful authentication, users will be able to see the e-voting option where the e-voting is in progress and also be able to directly access the system of all e-voting Service Providers.
Individual shareholders (holding securities in demat mode) login through their Depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. Upon logging in, you will be able to see the e-voting option. Click on the 'e-voting option', you will be redirected to the NSDL/CDSL Depository site after successful authentication, wherein you can see the 'e-voting' feature. Click on the Company name or e-voting service provider, i.e., NSDL, and you will be redirected to the e-voting website of NSDL for casting your vote during the remote e-voting period or joining the virtual meeting and voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual shareholders holding securities in demat mode for any technical issues related to login through the Depository, i.e., NSDL and CDSL

Login type	Helpdesk details
Individual shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact the NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022-4886 7000
Individual shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact the CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800-21-09911

B. Login method for e-voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode

How to Log-in to NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon 'Login', which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your user ID, your password/OTP and a verification code as shown on the screen. Alternatively, if you are registered for NSDL e-services i.e., IDEAS, you can log in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2, i.e., Cast your vote electronically.

4. Your user ID details are given below:

Manner of holding shares, i.e., Demat (NSDL or CDSL) or Physical	Your user ID is:
a. For Members who hold shares in a demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b. For Members who hold shares in demat account with CDSL	16-digit Beneficiary ID For example, if your Beneficiary ID is 12********** then your user ID is 12**********
c. For Members holding shares in Physical Form	EVEN Number followed by folio number registered with the Company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
    a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
    b. If you are using the NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
    c. How to retrieve your 'initial password'?
        i. If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment, i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account, or folio number for shares held in physical form. The .pdf file contains your user ID and your 'initial password'.
        ii. If your email ID is not registered, please follow steps mentioned below:
6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
    a. Click on '**Forgot User Details/Password?**'(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
    b. "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
    c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
    d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
7. After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.
8. Now, you will have to click on the 'Login' button.
9. After you click on the 'Login' button, Home page of e-voting will open.

Step 2: Cast your vote electronically and join the General Meeting on the NSDL e-voting system

How to cast your vote electronically and join the General Meeting on the NSDL e-voting system?

1. After successful login at Step 1, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle and 'General Meeting' is in active status.
2. Select 'EVEN' (AU Small Finance Bank) of the Company to cast your vote during the remote e-voting period and cast your vote during the General Meeting. For joining virtual meeting, you need to click on 'VC/OAVM' link under 'Join Meeting'.
3. Now you are ready for e-voting as the voting page opens.
4. Cast your vote by selecting the appropriate options, i.e., assent or dissent, verify/modify the number of shares for which you wish to cast your vote, and click on 'Submit' and also 'Confirm' when prompted.
5. Upon confirmation, the message, 'Vote cast successfully' will be displayed.
6. You can also take a printout of the votes cast by you by clicking on the 'Print' option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General guidelines for shareholders

1. Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/ JPG format) of the relevant Board Resolution/Authority letter, etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail to cs.vmanda@gmail.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) can also upload their Board Resolution/Power of Attorney/Authority Letter, etc. by clicking on 'Upload Board Resolution/ Authority Letter' displayed under the 'e-voting' tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or "Physical User Reset Password?" option available on www.evoting.nsdl.com, to reset the password.
3. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for shareholders and the e-voting user manual for shareholders available at the download section of www.evoting.nsdl.com, or call on: 022-4886 7000 or send a request to Ms. Prajakta Pawle, Deputy Manager at evoting@nsdl.com.

Process for those shareholders whose email IDs are not registered with the Depositories for procuring user ID and password and registration of email IDs for e-voting for the resolutions set out in this Notice:

1. In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self- attested scanned copy of Aadhar Card) by email to investorrelations@aubank.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investorrelations@aubank.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e., Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/Members may send a request to evoting@nsdl.com for procuring user ID and password for e-voting by providing the abovementioned documents.
4. In terms of the SEBI circular dated December 9, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-voting on the day of the AGM is the same as the instructions mentioned above for remote e-voting.
2. Only those Members/shareholders who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
3. Members who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access by following the steps mentioned above for Access to NSDL e-voting system. After successful login, you can see the link of 'VC/OAVM' placed under the 'Join Meeting' menu against the Company name. You are requested to click on the VC/OAVM link placed under the 'Join Meeting' menu. The link for VC/OAVM will be available in the Shareholder/Member login where the EVEN of the Company will be displayed. Please note that Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice to avoid last-minute rush.
2. Members are encouraged to join the meeting through laptops for a better experience.
3. Further, Members will be required to allow cameras and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from mobile devices or tablets or through laptop via Mobile Hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email ID, mobile number at investorrelations@aubank.in. The same will be replied by the Company suitably.

21. Any person, who acquires shares of the Bank and becomes member of the Bank after dispatch of the Notice and holding shares as on the cut-off i.e., Saturday, August 29, 2026 may obtain the login ID and password by sending a request at evoting@nsdl.com or contact Bank's RTA.

22. The Scrutiniser shall, after conclusion of voting at the AGM, will submit the consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare results (consolidated) within two working days from the conclusion of the meeting.

23. The results of voting will be declared and the same along with the Scrutiniser's Report will be published on the website of the Bank www.au.bank.in and the website of NSDL www.evoting.nsdl.com immediately after the declaration of results by the Chairman and the same will also be communicated to BSE Limited and National Stock Exchange of India Ltd. within two working days from the conclusion of the AGM.

Place: Mumbai
Date: July 25, 2026

By Order of the Board of Directors
For AU Small Finance Bank Limited

Registered Office:
19-A, Dhuleshwar Garden,
Ajmer Road, Jaipur – 302 001, Rajasthan
Website: www.au.bank.in
Tel: +91 141 4110060
E-mail: investorrelations@aubank.in

Sd/-
Manmohan Parnami
Company Secretary
Membership No: F9999

Explanatory Statement pursuant to the provisions of Section 102(1) of Companies Act, 2013

The following Statement sets out all material facts relating to the Special Businesses as set out in Item no(s). 4 to 8 mentioned in the above Notice:

Item No. 4:

Mr. Sanjay Agarwal is the Founder, MD & CEO of AU Small Finance Bank. A first-generation entrepreneur and a merit-ranking Chartered Accountant, Mr. Agarwal brings over three decades of strategic leadership and executive experience to the financial sector. He is a commerce graduate and all-India Rank Holder Chartered Accountant with commendable and extensive experience in the areas of Accountancy, Agriculture & Rural Economy, Banking, Economics, Finance & Treasury, Small Scale Industry, Human Resource, Risk Management, and Business Management.

Mr. Sanjay Agarwal has played a pivotal role in driving the Bank's growth, strengthening its business franchise, and enhancing its market position through his strategic leadership and deep understanding of the banking sector. Under his stewardship, the Bank has continued to focus on sustainable growth, customer-centric innovation, operational excellence, and prudent risk management.

He has been instrumental in fostering a performance led culture, strengthening governance standards, and ensuring transparency and accountability across the organisation. His commitment to sound corporate governance, stakeholder engagement, regulatory compliance, and sustainable value creation has contributed significantly to the Bank's reputation and long-term success. His leadership continues to support the Bank's strategic objectives, organisational resilience, and future readiness in a dynamic operating environment. In Feb 2026, he was also conferred the Special Jury Award for Individual Excellence at the Business Today KPMG India's Best Banks Awards as the 'Business Transformation Leader of the Year (Private and SFBs)'.

During FY 2025-26, under the strategic leadership of Mr. Sanjay Agarwal, Founder, MD & CEO, the Bank achieved significant financial, operational and institutional milestones. Most notably, the Bank received the Reserve Bank of India's in-principle approval for transition from a Small Finance Bank to a Universal Bank, marking a defining milestone in its three decade institutional journey.

The Bank delivered a strong financial performance under his leadership, reporting a Profit After Tax of ₹2,641 crore, with Return on Assets improving to 1.6% and Return on Equity at 14.2%. The Bank's balance sheet crossed ₹1.9 lakh crore, gross loans grew by 21%, and deposits increased by 23%, including a 20% growth in CASA deposits. Stable deposits constituted 79% of the total deposit base, while the cost of funds declined from 7.07% to 6.75%. The Bank maintained prudent asset quality, with net NPA remaining stable at 0.74% and credit costs moderating to 96 basis points of average assets. The Bank also continued to invest in productivity, organisational simplification and automation, contributing to an improvement in its cost-to-assets ratio, excluding CGFMU guarantee cost, from 4.4% in FY 2023-24 to 4.1% in FY 2025-26. The Bank also remained committed to financial inclusion and responsible growth, with nearly one-third of its branches located in unbanked rural centres.

The Bank made substantial progress in its technology and digital transformation agenda. It launched a proprietary Agentic AI platform, developed a unified enterprise data platform and advanced the deployment of AI across underwriting, fraud management, anti-money laundering, collections and customer servicing. The successful migration of the erstwhile Fincare Small Finance Bank's Core Banking System onto the Bank's technology platform was a major integration milestone, enabling the combined institution to operate on a common technology backbone.

Under the leadership of MD & CEO, the Bank undertook significant initiatives during FY 2025-26 to strengthen its leadership architecture, succession pipeline and governance framework. These initiatives included continued investment in leadership development, succession planning and the onboarding of specialist talent. The Board was also strengthened through the induction of three Independent Directors and the appointment of Mr. Vivek Tripathi, Chief Credit Officer, as an Executive Director. Collectively, these initiatives have enhanced leadership depth, reinforced credit and risk oversight, strengthened institutional accountability, and positioned the Bank to effectively navigate its next phase of growth and manage the increasing scale of its operations.

Based on the evaluation of performance across quantitative and qualitative parameters, and considering his key achievements during FY 2025–26, the Bank's growing scale of operations and higher responsibilities, the Board, at its meeting held on July 25, 2026, upon the recommendation of the Nomination and Remuneration Committee ("NRC"), approved the variable pay for FY 2025–26 and the revision in the fixed pay of Mr. Sanjay Agarwal, MD & CEO, with effect from April 1, 2026, subject to approval of the RBI and the members of the Bank.

The Bank has the provisions with respect to Malus and / or Clawback in place in respect of remuneration of MD and CEO as per the applicable guidelines stipulated by the RBI.

None of the Directors or any of the Key Managerial Personnel of the Bank and their relatives other than Mr. Sanjay Agarwal himself and/or his relatives, are directly or indirectly, concerned or interested in the resolution set out at Item No. 4.

His brief profile and other additional information pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India is furnished as annexure to the Notice.

The Board recommends passing of Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

Item No. 5:

Mr. Uttam Tibrewal former Whole Time Director and Deputy CEO (Currently designated as Deputy CEO) completed his term on the Board of the Bank on April 18, 2026 after completing 9 years as a Whole Time Director of the Bank.

In accordance with the Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025, the maximum permissible tenure for a Whole Time Director is fifteen years. With a view to maintaining regulatory flexibility for future organizational requirements and preserving eligibility for any future appointment to the Board, the Board had approved that Mr. Tibrewal would conclude his then current term as Whole Time Director upon its expiry on April 18, 2026. After conclusion of his term as Whole Time Director, he continues to serve as Deputy CEO of the Bank and remains responsible for leading key business verticals, including Retail Assets and Liabilities.

He continues to play a pivotal role in driving business growth, strengthening customer relationships and supporting the Bank's expansion across newer geographies. Distinguished by his ability to accurately evaluate customer expectations, he has continuously focused on the simplification of processes and customer-centricity as foundational pillars for the organization's long-term success and sustainability.

He is a commerce graduate from the University of Delhi. He brings around 3 decades of distinguished experience in the financial services sector, marked by strategic leadership and deep domain expertise. His foresight and executional excellence have been instrumental in architecting and scaling the Bank's retail and branch banking operations. He has played a significant role in strengthening the Bank's resilient, relationship-led and customer-centric retail franchise through prudent risk management, disciplined underwriting, expansion of urban banking, and adoption of technology and artificial intelligence.

Under his leadership, the Bank deepened its focus on relationship-led banking by enhancing household relationships, driving customer acquisition, and expanding opportunities across its product suite. The Bank also witnessed encouraging improvement in its microfinance (MFI), supported by better collection efficiencies and disciplined underwriting practices. Further, the refreshed brand campaign, "Soch Badlo, aur Bank Bhi," reinforced the Bank's positioning as a modern, customer-centric retail banking franchise and supported its efforts to broaden customer appeal.

During the FY 2025-26, under his leadership and guidance, the Bank significantly strengthened its retail banking franchise across deposits, secured lending, distribution, customer engagement and technology-enabled operations. Deposits grew by 23% year-on-year to ~₹1.52 lakh crore and the cost of funds declined by 32 basis points to 6.75%. The Bank added 334 net touchpoints, including 78 new liability branches, taking its network to 2,790 touchpoints, while the distribution presence of its Wheels, Mortgages and Gold Loan businesses nearly doubled over the preceding two years to more than 900 touchpoints for each business.

Based on the evaluation of performance across quantitative and qualitative parameters, and considering his key achievements for FY 2025–26, enhanced responsibilities and contribution towards strengthening the retail banking franchise, the Board, at its meeting held on July 25, 2026, upon the recommendation of the Nomination and Remuneration Committee ("NRC"), approved the variable pay for FY 2025–26 for Mr. Uttam Tibrewal, erstwhile WTD & Deputy CEO of the Bank (Currently designated as Deputy CEO), subject to approval of the RBI and the members of the Bank.

Mr. Uttam Tibrewal served as the Whole Time Director and Deputy CEO of the Bank during FY 2025-26 and completed his tenure as Whole Time Director on April 18, 2026. The variable pay proposed herein relates to his performance during FY 2025-26 while serving in the capacity of Whole Time Director and Deputy CEO. Hence, approval of the members is being sought for payment of the said variable pay for FY 2025-26.

The Bank has the provisions with respect to Malus and/or Clawback in place in respect of remuneration of WTD & Deputy CEO as per the applicable guidelines stipulated by the RBI.

None of the Directors or any of the Key Managerial Personnel of the Bank and their relatives other than Mr. Uttam Tibrewal himself and/or his relatives, are directly or indirectly, concerned or interested in the resolution set out at Item No. 5.

His brief profile and other additional information pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India is furnished as annexure to the Notice.

The Board recommends passing of Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

Item No. 6:

Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors is permitted to borrow monies in excess of the aggregate of the Bank's paid-up share capital, free reserves and securities premium only with the approval of the Members by way of a Special Resolution, excluding (i) temporary loans obtained from the Bank's bankers in the ordinary course of business and (ii) acceptances, in the ordinary course of business, of deposits of money from public repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise. The total amount so borrowed including the money already borrowed and the money to be borrowed by the Board at any time, in any manner permissible, shall not exceed the limit approved by the members.

At the Annual General Meeting held on July 26, 2019, Members approved an overall borrowing limit of ₹22,000 Crore, considering the Bank's scale of operations and balance sheet size of ₹32,623 Crore as on March 31, 2019. Subsequently,

the Bank has witnessed significant growth in its business and scale of operations. As on March 31, 2026, the Bank's balance sheet size has increased to ₹1,91,797 Crore, with a capital adequacy ratio of 18.7%.

The existing approved borrowing limit represents a relatively modest proportion of the Bank's current balance sheet size. Further, as on March 31, 2026, the Bank had already availed borrowings aggregating to ₹13,872 Crore under the said limit. The Bank's refinance borrowings have also increased during FY 2025-26 and are expected to grow in line with business requirements.

In view of the Bank's expanded scale of operations, evolving funding requirements and future growth strategy, it is considered appropriate to enhance the overall borrowing limit to ensure adequate financial flexibility for meeting business requirements, maintaining liquidity buffers, complying with regulatory norms, and supporting investments in technology and infrastructure.

Accordingly, the Board of Directors of the Bank, at its meeting held on April 27, 2026, has, subject to the approval of the Members, approved the enhancement of the overall borrowing limit from ₹22,000 Crore to ₹30,000 Crore.

It is clarified that the proposed resolution is enabling in nature and will not, by itself, result in any immediate increase in borrowings. All borrowings will continue to be undertaken strictly in accordance with applicable RBI regulations, the Bank's internal policies, approved risk management frameworks and appropriate Board-level oversight.

None of the Director/Key Managerial Personnel of the Bank or their relatives are, in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 6 of the Notice.

The Board of Directors recommends the passing of the Special Resolution set out at Item No. 6 of the Notice for approval by the Members of the Bank.

Item No. 7:

Pursuant to the provisions of Section 42 of the Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Bank can issue securities including Non-Convertible Debentures ('NCDs')/Bonds on a private placement basis subject to the condition that the proposed offer of securities or invitation to subscribe to the securities has been previously approved by the Members of the Bank, by means of a Special Resolution, for each of the offers or invitations. In case of an offer or invitation for NCDs, it shall be sufficient, if the Bank passes a Special Resolution only once in a year for all the offer(s) or invitation(s) to subscribe to such NCDs on a private placement basis, during a period of one year from the date of passing of the Special Resolution even if the amount to be borrowed/raised exceeds/will exceed the limit as specified in Section 180(1)(c) of the Act.

In view of the above requirement, the Members of the Bank at the last Annual General Meeting held on August 8, 2025 had approved the borrowing/raising of funds by issue of non-convertible debt securities on private placement basis in pursuance of the relevant provisions of the applicable laws and circulars or guidelines issued by the RBI, up to an amount not exceeding ₹6,000 Crore (Rupees Six Thousand Crore Only), during a period of one year from the date of passing of the Special Resolution in one or more tranches. However, no non-convertible debt securities were issued against the said approval during FY 2025-26.

In view of the Bank's consistent growth in business and operations, and after assessing the existing and projected financial requirements, and to facilitate the Bank to evaluate a potential fund-raising at an appropriate time in one or more tranches in Indian as well as overseas market by issue of non-convertible debt securities, the Board of Directors of the Bank at its meeting held on April 27, 2026 has recommended to obtain the consent of the Members of the Bank for borrowing/raising funds in Indian currency/foreign currency by issue of non-convertible debt securities including but not limited to long-term bonds, perpetual debt instruments, Tier I/Tier II Capital Bonds, Social Bonds, Sustainability Bonds, sustainability-linked bonds, Green Bonds or such other debt securities as may be permitted under RBI guidelines from time to time in domestic and/or overseas market, in one or more tranches and/or series as per the structure and within the limits permitted by the RBI and other regulatory authorities to eligible investors of an amount not exceeding ₹6,000 Crore (Rupees Six Thousand Crore Only), in one or more tranches, out of which upto ₹2,500 Crore (Rupees Two Thousand Five Hundred Crore Only) may be raised through Tier II Capital Bonds on a private placement basis during a period of one year from the date of passing of this Special Resolution.

The said non-convertible debt securities would be issued by the Bank in accordance with the applicable statutory guidelines, for cash either at par or premium to face value depending upon the prevailing market conditions and the pricing of such securities depends upon various factors which may include prevailing risk-free rates, competitor rates of similar rating and prevailing regulations.

Furthermore, the offer shall be made to such persons as identified under Section 42(2) of the Act on such terms and conditions including the price, coupon, par/premium/discount, tenor etc., as may be determined by the Board (including a duly-authorised Committee), in the prevailing market conditions as permitted under the relevant applicable regulations.

None of the Director/Key Managerial Personnel of the Bank or their relatives are, in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 7 of the Notice.

The Board of Directors recommends the passing of the Special Resolution set out at Item No. 7 of the Notice for approval by the Members of the Bank.

Item no. 8:

The Members of the Bank, at the last Annual General Meeting held on August 8, 2025, had approved an enabling resolution authorising the Bank to raise funds up to ₹5,000 Crore through Qualified Institutions Placement ('QIP'), preferential allotment, or such other permissible modes or combinations thereof, in accordance with Sections 23, 41, 42 and 62(1)(c) of the Companies Act, 2013 ('Act') and other applicable regulatory provisions.

Over the past nine years since commencing its Banking Operations, the Bank has demonstrated steady growth and operational resilience despite a challenging macroeconomic environment. During FY 2025-26, the Bank's balance sheet witnessed strong growth, supported by disciplined execution, robust credit underwriting standards, strong asset quality metrics across segments, a diversified and stable deposit franchise, and a comfortable liquidity position. As a result, the Bank maintained a strong capital adequacy position during the said financial year and was able to adequately meet its funding requirements through deposits and borrowings. Accordingly, the Bank did not undertake any equity issuance during the last financial year. This approach was also influenced by evolving capital market conditions, intermittent volatility, and cautious investor sentiment. The Bank's capital adequacy position as on March 31, 2026 is as under:

Particulars	Regulatory Minimum	Year ended March 31, 2025	Year ended March 31, 2026
Tier I Capital Ratio	7.5%	18.1%	16.9%
Capital to Risk Weighted Assets Ratio (CRAR)	15.0%	20.1%	18.7%

To further strengthen the Bank's ability to manage unforeseen contingencies, support future growth aspirations, capitalise on emerging opportunities in a growing economy, and ensure continued regulatory compliance, it is imperative that the Bank remains well-capitalised by augmenting its Tier I capital base.

Accordingly, the Bank seeks an enabling resolution from shareholders to raise additional equity capital up to ₹7,500 Crore (Rupees Seven Thousand Five Hundred Crore Only), as and when required, to support the Bank's strategic objectives and for long-term value creation.

Pursuant to Section 62(1)(c) of the Act, further equity shares may be issued to persons other than the existing Members of the Bank, provided that the Members of the Bank approve the issue of such equity shares, by means of a Special Resolution.

In terms of Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company can make a private placement of its securities under the Act, only after receipt of prior approval of its Members by way of a Special Resolution. The consent of the Members would therefore be necessary pursuant to the provisions of Sections 42 and 62(1) (c) of the Act, read with applicable provisions of the SEBI ICDR Regulations and Listing Regulations, for issuance of Securities.

The Special Resolution as set out in Item No. 8 of this Notice is an enabling resolution to raise equity capital by way of a private placement, including by way of a QIP in accordance with Chapter VI of the SEBI ICDR Regulations and therefore, under this proposal, Bank seeks to confer upon the Board or a duly-authorised Committee thereof, the sole and absolute discretion to determine the terms and conditions of the said issue of securities, including the exact price, proportion and timing of such issue, mode of offer based on an analysis of market conditions and the specific requirements in accordance with the relevant provisions of the Act, the SEBI ICDR Regulations and any other applicable laws.

The Securities to be so offered, issued, and allotted shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Bank and the equity shares that may be issued and allotted by the Bank shall rank pari passu inter se and with the then existing Equity Shares of the Bank, in all respects.

None of the Director/Key Managerial Personnel of the Bank or their relatives are, in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 8 of the Notice.

The Board of Directors recommends the passing of the Special Resolution set out at Item No. 8 of the Notice for approval by the Members of the Bank.

Place: Mumbai
Date: July 25, 2026

By Order of the Board of Directors
For AU Small Finance Bank Limited

Registered Office:
19-A, Dhuleshwar Garden,
Ajmer Road, Jaipur – 302 001, Rajasthan
Website: www.au.bank.in
Tel: +91 141 4110060
E-mail: investorrelations@aubank.in

Sd/-
Manmohan Parnami
Company Secretary
Membership No: F9999

Annexure

Brief profile and other information of Directors being re-appointed/whose remuneration is being revised, as set out in this Notice, in terms of the Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India:

Name	Mr. Sanjay Agarwal (DIN: 00009526)	Mr. Uttam Tibrewal (DIN: 01024940)
Age	55 Years	55 Years
Date of first appointment on Board	January 22, 2003	January 22, 2005
Qualification	C.A., B. Com.	B. Com.
Brief Resume including experience	Mr. Sanjay Agarwal is the Founder, MD & CEO of AU Small Finance Bank. A first-generation entrepreneur and a merit-ranking Chartered Accountant, Mr. Agarwal brings over three decades of strategic leadership and executive experience to the financial sector. He holds a Bachelor of Commerce degree from Government College, Ajmer, and possesses deep domain expertise across Banking, Finance, Risk Management, Rural Economics, and Business Strategy. In 1996, Mr. Agarwal founded AU Financiers with a mission to bridge the credit gap for small-scale entrepreneurs and underserved populations in rural and semi-urban India. Under his visionary leadership, the institution underwent a historic transformation in 2017 to become AU Small Finance Bank. Today, it stands as India's largest small finance bank, recognised for setting industry benchmarks in financial inclusion and operational agility. Renowned for his execution-oriented approach, Mr. Agarwal has fostered a corporate culture rooted in business excellence and high performance. He has been instrumental in elevating the Bank's standards of corporate governance, ensuring robust transparency and strong engagement with global stakeholders. His contributions to the industry have earned him numerous prestigious accolades, including EY Entrepreneur of the Year (2018), ET Now's Innovative Leader of the Year, and the Business Leader of the Year award from ICAI. He has also been honoured as the ET Gamechanger of India (2019) and recognised as the Personality of the Year (Finance) at the Rajasthan Entrepreneur and Excellence Awards. In Feb 2026, he was also conferred the Special Jury Award for Individual Excellence at the Business Today KPMG India's Best Banks Awards as the 'Business Transformation Leader of the Year (Private and SFBs)'.	Mr. Uttam Tibrewal, Deputy CEO is a seasoned executive who has served on the Company's Board from January 2005 to April 2026 as Whole Time Director. A Commerce graduate from the University of Delhi, he brings over three decades of extensive experience in the financial services sector, with deep domain expertise in Agriculture and Rural Economy, Small Scale Industry, Banking, Risk Management, and Business Strategy. Mr. Tibrewal's profound operational knowledge and strategic foresight have been instrumental in the rapid scaling of the Bank's retail business. He holds supervisory responsibility for a diverse portfolio, including Retail Assets—comprising Wheels, Secured Business Loans, Home Loans, and Agri-SME Loans—as well as Branch Banking, Marketing, Video Banking, and Personal Banking. Distinguished by his ability to accurately evaluate customer expectations, he has consistently championed the simplification of processes and customer-centricity as foundational pillars for the organization's long-term success and sustainability.

Nature of expertise in specific functional areas	• Accountancy • Agriculture and Rural economy • Banking • Economics • Finance & Treasury • Small scale Industry • Human Resource • Risk Management • Business Management	• Accountancy • Agriculture and Rural Economy • Banking • Economics • Finance • Small Scale Industry • Risk Management • Business Management
Other Directorship	Nil	Nil
Name of listed entities from which the person has resigned in the past three years	Nil	Nil
Chairmanship/Membership of Committee(s) in other companies in which position of Director is held	Nil	Nil
Relationship with other Directors, Managers, and other Key Managerial Personnel of the Bank	None	None
No. of equity shares held in the Bank#	11,71,91,360	1,33,93,556
No. of Board meetings attended during the year (FY2025-26)	11/11	10/11
Terms and conditions of appointment or re-appointment	Liable to retire by rotation and other existing terms and conditions as approved by shareholders and as stipulated by RBI.	Not Applicable
Remuneration last drawn FY 2025-26	Rs. 5.52 Crore [Fixed Pay for FY 2025-26 (including perquisites) and Variable Pay of Previous Years paid during the FY 2025-26]	Rs. 3.54 Crore [Fixed Pay for FY 2025-26 (including perquisites) and Variable Pay of Previous Years paid during the FY 2025-26]
Remuneration sought to be paid	As may be approved by Board of Directors on the recommendation of Nomination and Remuneration Committee, subject to approval of the shareholders and RBI.	As may be approved by Board of Directors on the recommendation of Nomination and Remuneration Committee, subject to approval of the shareholders and RBI.

#Shareholding as on June 30, 2026

Notes

Stakeholder Satisfaction Survey

Corporate Information

Registered Office
19A, Dhuleshwar Garden,
Ajmer Road,
Jaipur – 302001
Rajasthan, India
Contact: 0141-4110060

Head Office
CP3-235, Industrial Area,
Apparel Park, Jagatpura,
Jaipur – 302022
Rajasthan, India

Corporate Office
5th Floor, E-Wing, Kanakia Zillion,
LBS Road, Kurla (West),
Mumbai – 400070,
Maharashtra, India
Contact No: 022-62490600

Joint Statutory Auditors
M S K A & Associates
602 Floor 6, Raheja Titanium,
Western Express Highway,
Geetanjali, Railway Colony,
Ram Nagar, Goregaon (E),
Mumbai 400063
Maharashtra, India

Mukund M Chitale & Co.
2nd Floor, Kapur House,
Paranjape Scheme B Road No. 1,
Vile Parle (E), Mumbai 400057
Maharashtra, India

Secretarial Auditor
M/s. Mehta & Mehta,
Company Secretaries
201-206, Shiv Smriti Chamber, 2nd Floor,
49/A, Dr. Annie Besant Road, Worli,
Mumbai - 400018
Maharashtra, India





AU SMALL FINANCE BANK LIMITED

Corporate office: 5th Floor,
E-Wing, Kanakia Zillion, LBS Road,
Kurla (West), Mumbai – 400070
Maharashtra, India

Head Office: CP3-235, Industrial Area, Apparel Park, Jagatpura,
Jaipur – 302022
Rajasthan, India

www.au.bank.in

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AU SMALL FINANCE BANK LIMITED

CIN: L36911RJ1996PLC011381
Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India
Corporate Office: 5th Floor, E-Wing, Kanakia Zillion, Junction of CST Road & LBS Marg Kurla (West), Mumbai – 400070, Maharashtra, India
Tel: +91-141 4110060 | **E-mail**: investorrelations@aubank.in | **Website:** www.au.bank.in

To,

The Shareholder

Subject: AU Small Finance Bank Limited - Integrated Annual Report for the Financial Year 2025-26

Dear Shareholder,

Pursuant to Regulation 36(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, we wish to inform you that the Integrated Annual Report of the AU Small Finance Bank Limited **("the Bank")** for the financial year 2025–26, along with the Notice of the 31st Annual General Meeting (AGM), is available on website of the Bank at www.au.bank.in and at the website of Stock Exchanges i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Ltd. at www.nseindia.com and on the website of National Securities Depository Limited ("NSDL") at www.evoting.nsdl.com.

As per Depository/Bank's records, your email address is not registered. Accordingly, we are providing the web-link, including the exact path, where the Annual Report of the Bank is available for your ease of viewing:

Web-Link to Annual Report:https://www.au.bank.in/pdf/annual-report-fy26.pdf

Path: Home > Investors > Reports & Presentation > Annual Reports

You may access/download the Annual Report from the above link/path or by scanning the QR Code. If you wish to receive a physical copy of the Annual Report, you may request the same by writing to Bank's Registrar and Share Transfer Agent (RTA) as per details mentioned below:

Name: MUFG Intime India Private Limited
Address:C-101, Embassy 247, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083.
Email id: Investor.helpdesk@in.mpms.mufg.com

The Members are requested to register the email address with their respective Depository Participant (in case of demat holdings) or with RTA (in case of physical holders) to receive all future communications electronically, thereby contributing to a greener environment.

Thank you for your continued support.

Yours faithfully,
For AU Small Finance Bank Limited

Sd/-
Manmohan Parnami
Company Secretary

AU SMALL FINANCE BANK LIMITED

CIN: L36911RJ1996PLC011381
Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India
Corporate Office: 5th Floor, E-Wing, Kanakia Zillion, Junction of CST Road & LBS Marg Kurla (West), Mumbai – 400070, Maharashtra, India
Tel: +91-141 4110060 | **E-mail**: investorrelations@aubank.in | **Website:** www.au.bank.in

To,
The Debenture Holder

Subject: AU Small Finance Bank Limited - Integrated Annual Report for the Financial Year 2025-26

Dear Debenture Holder,

Pursuant to Regulation 58(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, we wish to inform you that the Integrated Annual Report of the AU Small Finance Bank Limited **("the Bank")** for the financial year 2025–26, along with the Notice of the 31st Annual General Meeting (AGM), is available on website of the Bank at www.au.bank.in and at the website of Stock Exchanges i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Ltd. at www.nseindia.com and on the website of National Securities Depository Limited ("NSDL") at www.evoting.nsdl.com.

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The Debenture Holderare requested to register the email address with their respective Depository Participant (in case of demat holdings) or with RTA (in case of physical holders) to receive all future communications electronically, thereby contributing to a greener environment.

Thank you for your continued support.
Yours faithfully,
For AU Small Finance Bank Limited

Sd/-
Manmohan Parnami
Company Secretary