

Unity Bank Delivers a Strong Financial Performance For H1 FY2024

- **Net Income rises 115% YoY to ₹ 515 crores with a Stellar Net Profit of ₹ 186 crores**
 - **Deposits grows by 147% YoY; Net Advances grow 89% YoY**
 - **The Bank's Networth remains steady at ₹ 1,792 crores**
- **Capital Adequacy Ratio (CRAR) stands at 37%, significantly higher than the regulatory requirement**

Mumbai, November 03, 2023 – Unity Small Finance Bank Limited (Unity Bank), a new age, digital first bank, today announced its financial results for the half year ending 30th September, 2023 (6 Months). The bank has continued its focused growth trajectory, demonstrating resilience and sound financial management amidst a challenging economic environment.

The Bank reported a healthy growth with **Net Income rising by 115% YoY which stands at ₹ 515 crores**, driven by an increased outreach to customers across products and geographies. The **Pre-provisioning operating profit rose to ₹ 137 crores marking an increase of 103%**, when compared to the corresponding period last year. In spite of a competitive interest rate regime, the Bank's **Net Interest Margin (NIM) stands at 11%**, which is amongst the highest in the industry.

Net Advances showed a strong growth of 89% YoY and stood at ₹ 5,947 crores, effectively distributed between Business Banking (60%), Inclusive Banking (32%) and SME & Venture Debt (4%). The Business Banking book grew 21% QoQ and Inclusive Banking book grew 14% QoQ. Despite a staggering increase in Net Advances, the Bank demonstrated a resilient performance by maintaining **Net NPA (NNPA) levels at an impressively low rate of 0.4%**. However, given the dynamic macro environment, the Bank continues to adopt a conservative approach and maintained its **Provision Coverage Ratio at 99%**.

The Bank's sharp focus on Garnering Deposits by adopting a granular and retail focused liability franchise resulted in the Bank's **Deposit base growing 147% YoY and stood at ₹ 3,918 crores**. The encouraging statistic being - **75% of these deposits came from new to bank customers**.

Unity Bank maintained a well-funded Balance Sheet with best-in-class **Capital Adequacy Ratio (CRAR) of 37%**, well above the regulatory requirement and signifies our strong commitment to regulatory compliance and risk management.

As on 30th September 2023, Unity Bank operates from 137 branches and has a team of over 4,500 members. The Bank is focused to grow its retail presence during H2 FY2024 and is on track to open 54 additional branches, entering new markets like Kolkata, Hyderabad, Chennai, Kerala and Punjab.

Unity Bank remains committed to increasing investments in technology and will roll out several digital offerings during H2 FY2024, to further drive its outreach and enhance customer experience. These include a robust Mobile Banking App, Credit Cards, Personal Loans and a Banking as a Service (BaaS) platform for

Fintechs. Some of these products will be introduced in collaboration with Fintech partners including BharatPe.

** All numbers are for 6 months ending 30th September 2023. Financial results have been prepared in accordance with the Banking Regulations Act 1949, generally accepted accounting principles In India, Including Accounting Standards as prescribed under Section 133 of the Companies Act 2013. Regulation 52 or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements). 2015, as amended and the guidelines Issued by the Reserve Bank of India (RBI) from time to time.*

About Unity Small Finance Bank Limited

Unity Small Finance Bank Limited is a Scheduled Commercial Bank, promoted by Centrum Financial Services Ltd. **(Subsidiary of BSE & NSE listed – Centrum Capital Ltd.)** with Resilient Innovations Pvt Ltd as a joint investor. It strives to be a Digital First Bank with a business model of collaboration and open architecture, uniting all its stakeholders to deliver a seamless digital banking experience. Driven by its mission to have the highest standards of Corporate Governance, Unity Bank has in place a strong Board comprising of industry veterans. It offers services across Branch Banking, Business Banking, Inclusive Banking, Digital Banking and Treasury Services. For more information about Unity Bank and its services, please visit www.theunitybank.com

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Unity Small Finance Bank Limited
CIN: U65990DL2021PLC385568
Registered Office: 40, Basant Lok, Vasant Vihar, New Delhi 110057
Corporate office: Centrum House, CST Road, Vidyavanagar Marg, Santacruz (E), Mumbai - 400098.
Website: www.theunitybank.com

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2023

Particulars	Quarter ended			Half year ended		Year ended
	30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Interest Earned (a)+(b)+(c)+(d)	32,262	27,824	17,060	60,086	32,399	73,470
a) Interest / discount on advances / bills	26,704	22,938	11,959	49,643	21,214	53,201
b) Income on investments	5,277	4,529	4,722	9,806	9,060	17,467
c) Interest on balances with Reserve Bank of India and other inter bank funds	280	351	379	631	2,125	2,739
d) Others	-	6	-	6	-	63
2 Other Income	3,789	3,422	3,986	7,210	1,198	6,861
3 Total Income (1)+(2)	36,050	31,246	21,046	67,296	33,597	80,331
4 Interest Expended	9,106	6,717	3,618	15,824	9,607	17,491
5 Operating Expenses (i)+(ii)	18,549	19,256	9,217	37,804	17,249	47,660
i) Employees cost	8,242	8,340	4,609	16,581	8,415	21,199
ii) Other operating expenses	10,307	10,916	4,608	21,223	8,834	26,461
6 Total Expenditure (4)+(5) (excluding Provisions and Contingencies)	27,655	25,973	12,835	53,628	26,857	65,151
7 Operating Profit before Provisions and Contingencies (3)-(6)	8,395	5,273	8,211	13,668	6,740	15,180
8 Provisions (other than tax) and Contingencies	(7,950)	547	2,632	(7,404)	4,390	13,929
9 Exceptional Items	-	-	-	-	-	-
10 Profit / (Loss) from Ordinary Activities before tax (7)-(8)-(9)	16,345	4,726	5,579	21,071	2,350	1,251
11 Tax Expense	2,571	(83)	182	2,489	(216)	(2,211)
12 Net Profit / (Loss) from Ordinary Activities after tax (10)-(11)	13,773	4,809	5,397	18,583	2,566	3,462
13 Extraordinary items (net of tax expense)	-	-	-	-	-	-
14 Net Profit / (Loss) for the period (12)-(13)	13,773	4,809	5,397	18,583	2,566	3,462
15 Paid up equity share capital (Face value ₹ 10 each)	70,490	70,490	70,490	70,490	70,490	70,490
16 Reserves excluding revaluation reserves	-	-	-	-	-	35,179
17 Analytical Ratios						
(i) Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
(ii) Capital Adequacy Ratio	37.28%	42.63%	62.75%	37.28%	62.75%	49.40%
(iii) Earnings per share (EPS)(Face Value of ₹10/-each)						
(a) Basic EPS before & after extraordinary items (net of tax expense) - not annualized	1.87	0.60	0.69	2.48	0.20	0.17
(b) Diluted EPS before & after extraordinary items (net of tax expense) - not annualized	0.77	0.25	0.28	1.02	0.08	0.07
(iv) NPA Ratios						
(a) Gross NPAs	34,462	3,75,352	3,81,216	34,462	3,81,216	3,76,736
(b) Net NPAs	2,543	2,253	18,729	2,543	18,729	1,531
(c) % of Gross NPAs to Gross Advances	5.50%	42.02%	56.29%	5.50%	56.29%	45.83%
(d) % of Net NPAs to Net Advances	0.43%	0.43%	5.95%	0.43%	5.95%	0.34%
(v) Return on assets (average) - not annualized	1.39%	0.51%	-0.08%	1.87%	-1.13%	0.40%
(vi) Net worth	1,41,315	1,34,571	1,79,692	1,41,315	1,79,692	1,37,889
(vii) Outstanding redeemable preference shares	Nil	Nil	Nil	Nil	Nil	Nil
(viii) Capital redemption reserve/debenture redemption reserve	Nil	Nil	Nil	Nil	Nil	Nil
(ix) Debt equity ratio	0.73	0.47	0.15	0.73	0.15	0.25
(x) Total debts to total assets	0.12	0.08	0.04	0.12	0.04	0.05

1. Net worth comprises Paid-up capital plus Free Reserves including Share Premium less debit balance in Profit and Loss account, Accumulated Losses and Intangible Assets excluding deferred tax asset. Accordingly, Networth has been computed for the current period and previous period.

2. For the purpose of computation of Debt Equity Ratio, Debt represents Total borrowings of the Bank and Equity represents total of Share Capital and Reserves.

3. As per regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, the debt listed entities are required to disclose certain ratios, however ratios which are not relevant to Banking sector are not disclosed above.



Segment information in accordance with the Accounting Standard 17 - Segment Reporting of the operating segments of the Bank is as under:

(₹ in lakhs)

Particulars	Quarter ended			Half year ended		Year ended
	30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Segment Revenue						
a) Treasury	5,050	5,571	4,914	10,621	7,002	16,060
b) Retail Banking	28,774	23,672	14,331	52,446	23,046	54,427
c) Corporate	2,190	1,961	1,764	4,151	3,476	9,613
d) Other Banking Operations	-	-	-	-	-	-
e) Unallocated	36	42	37	78	73	231
Total	36,050	31,246	21,046	67,296	33,597	80,331
Less: Inter Segment Revenue						
Income from Operations	36,050	31,246	21,046	67,296	33,597	80,331
2 Segment Results						
a) Treasury	1,979	2,835	3,232	4,814	2,085	7,570
b) Retail Banking	15,108	895	1,778	16,003	(1,012)	(3,132)
c) Corporate	(778)	954	533	176	1,205	(3,418)
d) Other Banking Operations	-	-	-	-	-	-
e) Unallocated	36	42	36	78	73	231
Total Profit Before Tax	16,345	4,726	5,579	21,071	2,350	1,251
3 Segment Assets						
a) Treasury	3,90,873	3,54,577	2,91,607	3,90,873	2,91,607	3,05,508
b) Retail Banking	5,55,052	4,92,233	3,29,853	5,55,052	3,29,852	4,18,682
c) Corporate	82,993	66,046	60,092	82,993	60,092	70,622
d) Other Banking Operations	-	-	-	-	-	-
e) Unallocated	79,684	81,889	78,776	79,684	78,777	81,321
Total	11,08,602	9,94,745	7,60,328	11,08,602	7,60,328	8,76,133
4 Segment Liabilities						
a) Treasury	1,64,768	1,05,079	1,36,923	1,64,768	1,36,923	37,141
b) Retail Banking	7,31,602	7,08,134	4,15,085	7,31,602	4,15,085	6,60,197
c) Corporate	31,858	7,952	26,041	31,858	26,041	3,249
d) Other Banking Operations	-	-	-	-	-	-
e) Unallocated	1,205	1,229	989	1,205	989	1,123
Total	9,29,433	8,22,394	5,79,038	9,29,433	5,79,038	7,01,710
5 Capital and Reserve	1,79,169	1,72,351	1,81,290	1,79,169	1,81,290	1,74,423
Total	11,08,602	9,94,745	7,60,328	11,08,602	7,60,328	8,76,133

Business Segments have been identified and reported taking into account the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and guidelines prescribed by the RBI and in compliance with the Accounting Standard 17 - "Segment Reporting". The RBI vide its circular dated April 7, 2022 on establishment of Digital Banking Units (DBUs), has prescribed reporting of Digital Banking Segment as a subsegment of Retail Banking Segment. The Bank is in the process of setting up DBUs and hence no Digital Banking Segment disclosure have been made. 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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Notes :

1 Statement of Assets and Liabilities is given below:

Particulars	As at 30.09.2023	As at 30.09.2022	As at 31.03.2023
	Unaudited	Unaudited	Audited
CAPITAL AND LIABILITIES			
Capital			
Reserves and Surplus	1,39,244	1,39,255	1,39,244
Deposits	39,925	42,035	35,179
Borrowings	3,91,759	1,58,578	2,68,463
Other Liabilities and Provisions	1,30,886	27,236	42,860
Total	4,06,790	3,93,224	3,90,388
ASSETS	11,08,602	7,60,328	8,76,133
Cash and Balances with Reserve Bank of India			
Balances with Banks and Money at Call and Short notice	31,907	26,718	34,138
Investments	17,076	25,606	21,361
Advances	3,30,304	2,70,477	2,43,580
Fixed Assets	5,94,712	3,14,753	4,46,819
Other Assets	33,747	31,742	31,847
Total	1,00,856	91,032	98,388
	11,08,602	7,60,328	8,76,133

2 Statement of Cash flow is as follows:-

Particulars	As at 30.09.2023	As at 30.09.2022	As at 31.03.2023
	Unaudited	Unaudited	Audited
Cash flows (used in)/from operating activities			
Profit/(Loss) before Income tax	21,071	2,350	1,251
Adjustments for:			
Depreciation on fixed assets	1,033	764	1,635
Amortisation of premium on held till maturity (HTM) investments	86	81	163
Provision/Charge for Non performing assets	(3,895)	4,847	13,245
General Provision for standard assets	777	(458)	674
Provision on investment	264	340	392
Provision for contingencies and others	(4,287)	-	11
Operating profit/(loss) before working capital changes	15,051	7,925	17,371
Adjustments for:			
(Increase)/decrease in investments (Other than HTM Investments)	(46,546)	57,460	84,222
(Increase)/decrease in Advances	(1,43,998)	(77,688)	(2,17,270)
Increase/(decrease) in Deposits	1,23,296	(2,23,659)	(1,13,774)
(Increase)/decrease in Others Assets	(4,677)	603	(4,744)
Increase/(decrease) in Other Liabilities and Provisions	6,074	(13,601)	(23,110)
Direct taxes paid (Net of refunds)	(65,851)	(2,56,884)	(2,74,675)
Net cash flow from/(used in) operating activities (A)	(51,080)	(2,48,960)	(2,57,319)
Cash flow from/(used in) Investing activities			
(Purchase) of fixed assets	(2,933)	(2,286)	(3,261)
(Purchase)/Sale of held-till-maturity (HTM) Securities(net)	(40,528)	(51,253)	(51,253)
Net cash flow from/(used in) investing activities (B)	(43,461)	(53,539)	(54,514)
Cash flow from/(used in) Financing activities			
Increase/(Decrease) in borrowings (net)	88,026	(85,604)	(69,980)
Dividend on PNCPS paid during the year	-	-	(2,222)
Net cash flow from/(used in) financing activities (C)	88,026	(85,604)	(72,202)
Net (decrease)/Increase in cash and cash equivalents (A)+(B)+(C)	(6,515)	(3,88,103)	(3,84,928)
Cash and cash equivalents at the beginning of the period	55,499	4,40,427	4,40,426.98
Cash and cash equivalents at the end of the year	48,984	52,324	55,499

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.



Notes :

- 3 The above financial results have been reviewed by the Audit committee of the Board on November 02, 2023 and approved by the Board of Directors at its meeting held on November 03, 2023. The financial results for the half-year ended September 30, 2023 have been subjected to "Limited Review" by the statutory auditors of the Bank.
- 4 These financial results have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 - 'Interim Financial Reporting' ("AS-25") as prescribed under the Companies Act, 2013, relevant provisions of the Banking Regulations Act 1949, the circulars, guidelines and directions issued by Reserve Bank ("the RBI") from time to time ("RBI Guidelines") and other accounting principles generally accepted in India, and in compliance with presentation and disclosure requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements), 2015, as amended including relevant circulars issued by the SEBI from time to time.
- 5 The Capital adequacy ratio ("CAR") has been computed as per operating guidelines for Small Finance Banks in accordance with RBI Circular No. RBI/2016-17/81 DBR.NBD.No. 26/16.13.218/2016-17 dated October 6, 2016.
The Bank has followed Basel II standardized approach for credit risk in accordance with the operating guidelines issued by the Reserve Bank of India for Small Finance Banks. Further, the RBI vide its circular No. DBR.NBD.No. 4502/16.13.218/2017-18 dated November 8, 2017 has provided an exemption to all Small Finance Banks whereby no separate capital charge is prescribed for market risk and operational risk.
In accordance with the RBI guidelines, Banks are required to make consolidated Pillar 3 disclosures including leverage ratio, liquidity coverage ratio and Net Stable Funding Ratio (NSFR) under the Basel III Framework. These disclosures are available on the Bank's website at the following link: <https://theunitybank.com/regulatory-disclosures.html>. These disclosures have not been subjected to audit or limited review.
- 6 Bank has not issued any Principal Protected Market linked debentures ("MLDs"). However, Bank has grandfathered MLDs from Centrum Financial Services Limited (CPSL) as a result of slump sale.
- 7 The Principal protected, Secured, Rated, Listed, Redeemable, Non-convertible, Market Linked debentures (MLDs) are fully secured by a first pari-pasu charge over the specified immovable property wherever applicable and receivables (present and future), investments and book debts of the Bank.
- 8 During the quarter, the bank has carried out technical write off of certain PMC loans aggregating to Rs. 3,391 crores which were mostly provided for in previous periods. This has resulted in additional unabsorbed business losses of Rs. 3,255 crores under Income Tax Act which are available for set off as at September 30, 2023. The bank has considered only current level of Income earning assets, interest bearing liabilities, current capital position and operating expenses on prudent basis and recognized deferred tax assets of only Rs. 694 crores on the total unabsorbed business losses of Rs. 2,757 crores as at 30 Sep 2023 under AS 22.
- 9 Based on the advice of an independent firm of chartered accountants, in the absence of guidance in the Accounting standards which are applicable to the bank namely Indian Generally accepted Accounting Principles, the fair value changes relating to restructured liabilities arising on account of amalgamation are recognized by debiting the profit and loss appropriation account and crediting the respective restructured liabilities accounts.
- 10 Details of resolution plans implemented under the Resolution Framework for Covid-19 related stress as per RBI circular dated August 6, 2020 (Resolution Framework 1.0) and May 5, 2021 (Resolution Framework 2.0) at September 30, 2023 are given below:

Type of Borrower	Exposure Accounts Classified as Standard consequent to implementation of resolution plan- Position as at end of the previous half year i.e. March 31, 2023 (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount write off during the half year	Of (A) amount paid by the borrower during the half year	₹ in crore	
					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, 2023	
Personal Loans	9.61	0.59	-	1.48	7.54	
Corporate persons	5.89	0.11	-	3.72	2.07	
Of which, MSMEs	2.50	0.11	-	0.32	2.07	
Others	-	-	-	-	-	
Total	15.51	0.70	-	5.21	9.60	

- 11 Details of loans transferred/acquired during the quarter ended September 30, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

a) Details of loans not in default transferred to other entities:			₹ in Crore
Sr.No.	Particulars		September 30, 2023
1	Aggregate amount of loans transferred		15.19
2	Aggregate consideration received		15.19
3	Weighted average residual maturity		N.A
4	Weighted average holding period of originator		7.18 Years
5	Retention of beneficial economic interest by originator		N.A
6	Coverage of tangible security coverage (%)		100%
7	Rating-wise distribution of rated loans		Not Rated

- b) During the quarter ended September 30, 2023, the bank has not acquired any "loans not in default" through assignment of loans.
- c) During the quarter ended September 30, 2023, the bank has not acquired/transferred any stressed loans (Non-performing asset and Special mention Account).
- d) During the quarter ended September 30, 2023, the Bank has not made any investment in Security Receipts.
- 12 Security cover for principal and interest as at September 30, 2023 is 4001.5 times and same is adequate as per the terms of issue of MLDs.
- 13 Other income includes processing fees, profit/loss on sale of investments (including provision on depreciation) and recoveries from accounts previously written off etc.
- 14 Other operating expenses include commission paid to sales agents of ₹45.5 crore for the half-year ended September 30, 2023 (Previous period: ₹15 crore)
- 15 The figures for the quarter ended September 30, 2023 and September 30, 2022 are the balancing figures between reviewed half yearly figures and published year to date reviewed figures for quarter ended June 30, 2023 and June 30, 2022 respectively.
- 16 Previous period figures have been reclassified/regrouped, wherever necessary, to conform to the current period classification/ regrouping.

For and on behalf of the Board of Directors

(Signature)

Inderjit Camotra
 Managing Director & Chief Executive Officer
 DIN: 09602543
 Place: Mumbai

Date: November 03, 2023

