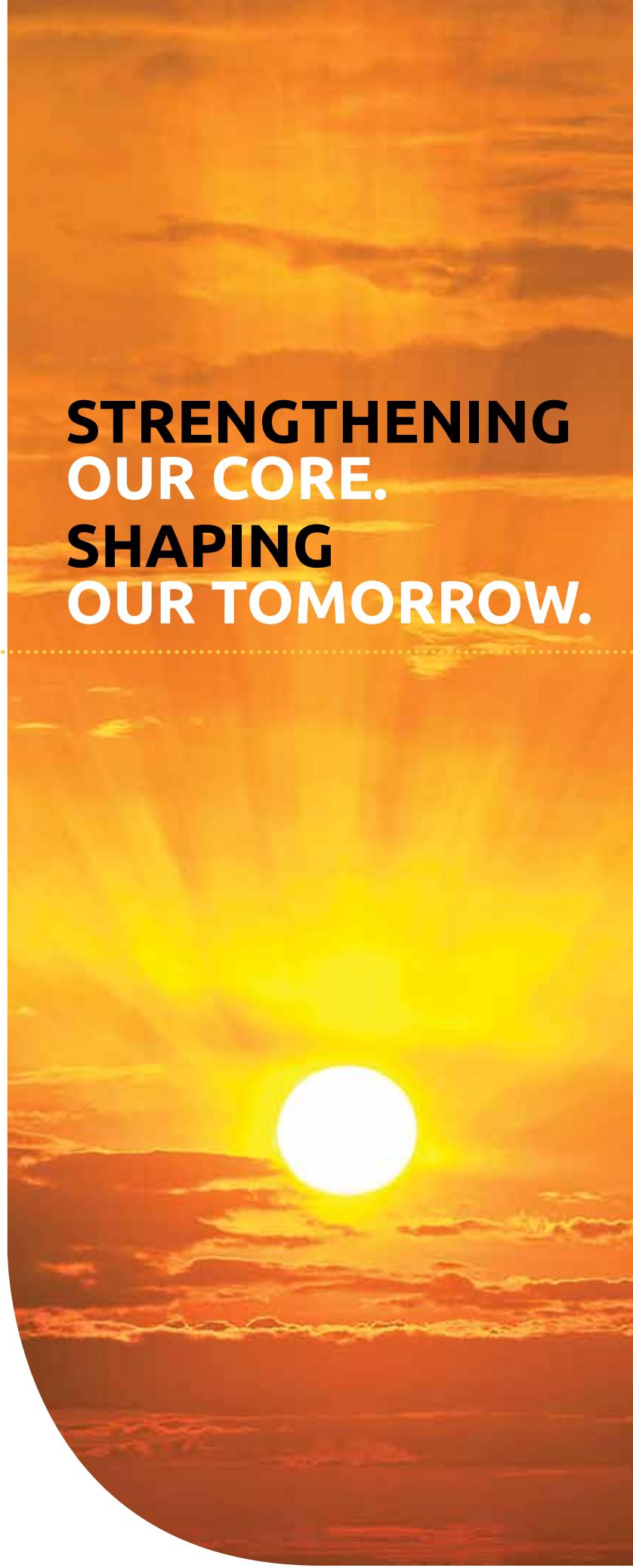
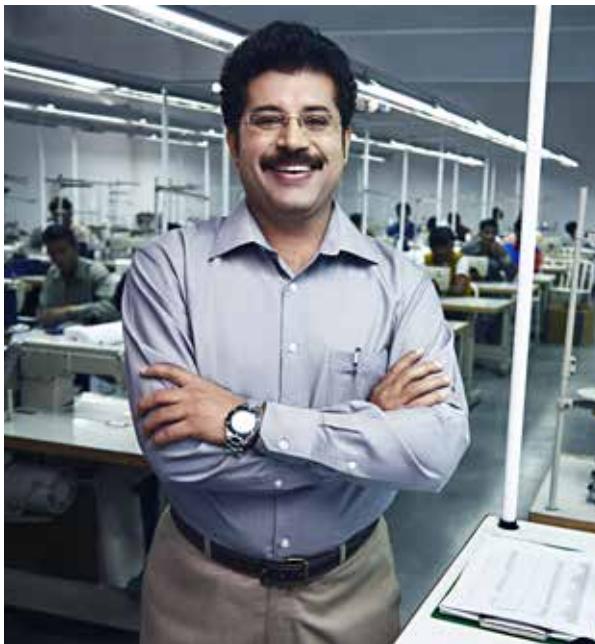


STRENGTHENING OUR CORE. SHAPING OUR TOMORROW.





Fostering
Relationship-
Driven Growth

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Sharpening Our
Service Edge

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ACROSS THE REPORT

WORLD OF UJJIVAN

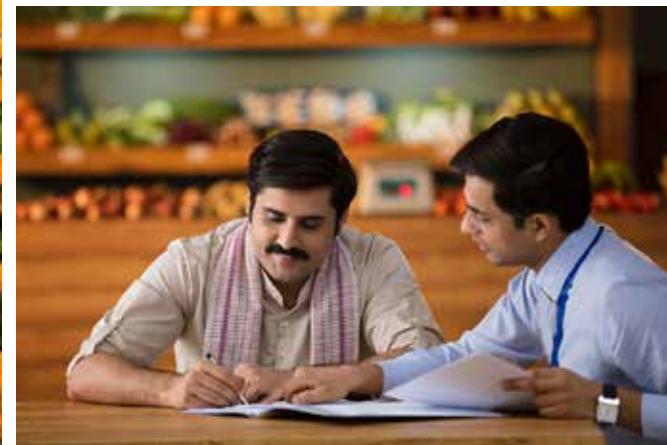
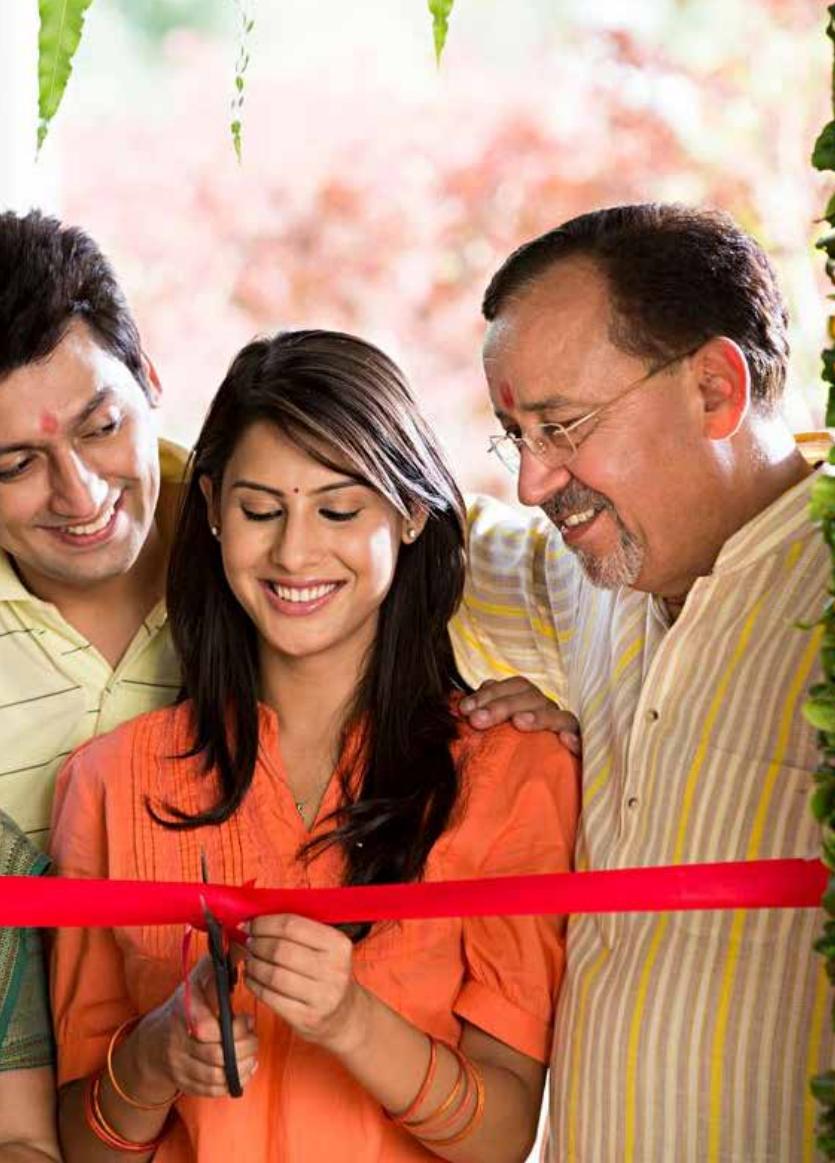
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Inspiring Work
Environment to
Achieve More

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At Ujjivan Small Finance Bank, our dedication over the years to reinforcing our fundamental principles has played a crucial role in our transformation and advancement.

We have placed great importance on nurturing the skills and abilities of our workforce, acknowledging their invaluable contributions to propelling our progress. Additionally, we have designed bespoke products and solutions to cater to diverse customer segments, aligning with our customer-centric approach. Embracing the digital age, we have broadened our array of digital platforms to engage with customers through various channels, thereby enhancing their experiences and optimising our overall operational efficiency.

We have implemented advanced technological platforms to accommodate increased business volumes, streamline processes, and maintain exceptional asset quality. In order to ensure broader accessibility, we have also fortified our physical infrastructure by establishing new banking outlets, forming partnerships with payment fintech companies, and expanding our alternative channels.

Our commitment and determination to invest in growth platforms are shaping a stable, expandable, and sustainable future.

Key Highlights of FY 2022-23

Financial

₹ 4,754 Crores

Total Income

↑ 50% yoy

₹ 1,485 Crores

Pre Provision Operating Profit

↑ 133% yoy

₹ 1,100 Crores

Profit After Tax (PAT)

₹ 5.88

Earnings Per Share (EPS)

↑ Growth in FY 2022-23 over FY 2021-22

Operational**100%**

Collection Efficiency*

12.1 Lakhs

New Customers Added

6,900

Leads Generated Per Month (Phone Banking)

People and Community**975**

New Employees Added

29.5

Person Hours of Training Per Employee

₹ 0.81 Crores

CSR Expenditure

* In March 2023





Report Card FY 2022-23

Achievements of the Year Under Review

Financial

₹ 33,317 Crores

Balance Sheet Size
(₹ 23,612 Crores in FY 2021-22)

41% yoy

₹ 20,037 Crores

Disbursements
(₹ 14,113 Crores in FY 2021-22)

42% yoy

₹ 24,085 Crores

Gross Loan Book
(₹ 18,162 Crores in FY 2021-22)

33% yoy

₹ 25,538 Crores

Total Deposits
(₹ 18,292 Crores in FY 2021-22)

40% yoy

₹ 10,118 Crores

Retail Term Deposits
(₹ 5,993 Crores in FY 2021-22)

69% yoy

₹ 2,698 Crores

Net Interest Income
(₹ 1,774 Crores in FY 2021-22)

52% yoy

2.6%

Gross NPA
(7.1% in FY 2021-22)

0.04%

Net NPA
(0.6% IN FY 2021-22)

98%

Provision Coverage Ratio
(92% in FY 2021-22)

55%

Cost Income Ratio
(70% in FY 2021-22)

9.5%

Net Interest Margin (NIM)
(8.8% in FY 2021-22)

25.81%

Capital Adequacy Ratio (CAR)
(18.99% in FY 2021-22)

3.9%

Return on Assets (ROA)
(-1.9% in FY 2021-22)

31.4%

Return on Average Net Worth (RONW)
(-13.8% in FY 2021-22)



Growth in FY 2022-23 over FY 2021-22

Operational

- Disbursements reached a significant milestone, surpassing ₹ 20,000 Crores, and amounted to ₹ 20,037 Crores for FY 2022-23.
- Achieved a remarkable milestone in our deposits, crossing ₹ 25,000 Crores and closing the year with a total of ₹ 25,538 Crores in deposits.
- Among the top 200 listed profitable companies in India based on absolute profits. Additionally, all major verticals showed profitability for the year.
- Displayed robust growth in retail deposit base, CASA deposits, and customer acquisition, which remained encouraging.
- Expanded our branch network with the addition of 54 new branches, bringing the total to 629 branches. Notably, we also have expanded into a new state (Telangana), further extending our reach.
- Raised ₹ 5,813 Crores through various sources, including IBPC (₹ 4,043 Crores), Refinance (₹ 1,000 Crores), Term Loans (₹ 250 Crores), Sub-debt (₹ 300 Crores), and Securitisation (₹ 219 Crores).

Digital

- Showed consistent growth in digital penetration, with over 23.92 Lakhs unique customers registered on our mobile banking and UPI platforms as of March 31, 2023. In FY 2022-23, we successfully onboarded an additional 7.47 Lakhs+ unique customers.
- Distributed more than 2.96 Lakhs+ Ujjivan Pay QR solutions to merchants, resulting in a deposit mobilisation of over ₹ 300 Crores.
- Achieved a remarkable increase of 105.26% in terms of digital repayment compared to FY 2021-22 for our MicroBanking customers. Notably, in FY 2022-23, 15.72% of the total collections made by MicroBanking customers were conducted digitally through the Bharat Bill Payment System platform.

People

- Emerged as the Great Place to Work Institute for FY 2022-23 and also featured in the Top 50 'Great Place to Work' in the general category and BFSI Industry.
- Organised various forums and events like 'Chai pe Charcha', which allowed employees to meet and engage with the leadership team at the corporate office. We also had 'Lunch with the Captain', allowing employees to engage in meaningful discussions with the MD and CEO over a meal.
- Our board and management rewarded employees who contributed to our Bank's turnaround in FY 2021-22

**Corporate Identity**

Building a Bank for All

Ujjivan Small Finance Bank Limited ('Ujjivan SFB' or 'We' or 'Our Bank') is one of India's leading small finance banks. We are committed to serving the unserved and underserved segments of the population through financial and digital inclusion. As an aspiring mass-market bank, we offer our large customer base a wide range of financial services and a personalised customer experience.

With technology as a key enabler, we have continually expanded our reach and enhanced the customer experience. Our robust digital interfaces are available in various languages and regions, empowering customers to access finance easily and timely, enabling us to strengthen customer engagement across diverse locations. With alternative channels and a strong digital footprint across internet banking, mobile banking, and phone banking, we offer 24x7 access to banking services. Digital banking encourages and empowers customers to conduct their banking operations through optimal touchpoints, providing access to a wide range of products and services. Our digital banking is committed to creating a safe, secure, and convenient banking ecosystem by automating operational processes, adopting robotic platforms, leveraging data analytics, and creating targeted offerings tailored to customer requirements.

As a responsible bank, we firmly believe in creating a sustainable social impact, and as we continue to stay invested in community development and financial literacy initiatives through our community outreach programmes and partners.



About Ujjivan Financial Services Limited (UFSL)

UFSL is the promoter of Ujjivan Small Finance Bank, which started operations as a Non-Banking Financial Company (NBFC) in 2005. UFSL's mission is to provide a complete range of financial services to the 'economically active poor', who are underserved by financial institutions.

In October 2015, UFSL received in-principle approval from the Reserve Bank of India (RBI) to establish a Small Finance Bank (SFB). As a result, Ujjivan Small Finance Bank Limited was incorporated as a wholly-owned subsidiary. In November 2016, after obtaining the RBI's final approval, UFSL transferred its lending and financing business to Ujjivan Small Finance Bank, which began operations in February 2017.

Our Mission



To provide financial services to unserved and underserved customers as a responsible mass market bank, focused on building a sustainable tomorrow.

Our Values



We have the scale, capability and the commitment to emerge as a best-in-class institution with deeply embedded values and culture, which shape all our actions.

- Customer's choice of institution
- Integrity in all dealings
- Provide responsible finance
- Fair with suppliers and service partners
- Professionalism and teamwork
- Respected in the community
- Compliance with laws, regulations and code of conduct
- Best place to work

Our Differentiators



Growing reach



Diversified product mix



Robust digital backbone



Well-equipped and energised team



Strong positioning as a bank that positively impacts society



Sound risk management



Experienced leadership team



Good governance

Key Facts

629

Banking outlets
(575 in FY 2021-22)

517

ATMs
(492 in FY 2021-22)

76.9 Lakhs

Customer base
(64.8 Lakhs in FY 2021-22)

271

District presence across
25 states and UTs
(248 in FY 2021-22)

17,870

Workforce
(16,895 in FY 2021-22)



Milestones

Growing from Strength to Strength

► 2016

- ⦿ Ujjivan Financial Services Limited (UFSL) received SFB license from the RBI.
- ⦿ Pre-IPO of ₹ 292 Crores, followed by an IPO of ₹ 883 Crores, including an Offer for Sale (OFS) of UFSL.

► 2013

UFSL was granted NBFC–MFI status by the RBI.

► 2014

UFSL became the largest Micro-Finance institution spread over 24 states and 273 districts across India.

► 2005

Ujjivan Financial Services Limited (UFSL) started operations as a Non-Banking Financial Company (NBFC) in Bengaluru.

► 2011

UFSL posted profits even in the wake of the MFI crisis.

► 2004

Ujjivan Financial Services Private Limited (now UFSL) was incorporated. The MoA and AoA of the Company were put in place and the initial board was formed.

► 2019

Ujjivan Small Finance Bank (USFB) IPO was oversubscribed 170 times, becoming the most successful IPO in 2019 and the Best BFSI IPO in the last 4 years.

► 2022

Ujjivan SFB recorded the highest growth in deposits and loan portfolio.

► 2017

- Ujjivan SFB commenced banking operations. Handheld devices were launched in the field, thus harnessing the power of technology.
- UFSL transferred its business undertaking to Ujjivan SFB on January 31, 2017.

► 2020

Expanded the network to 575 banking branches, and the customer base grew to over 54 Lakhs.

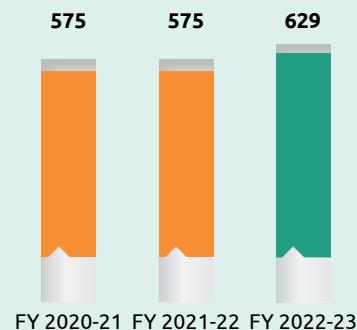
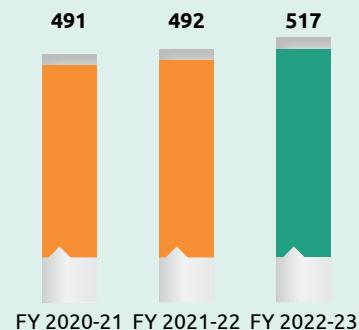
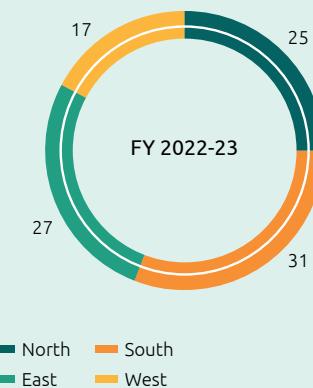
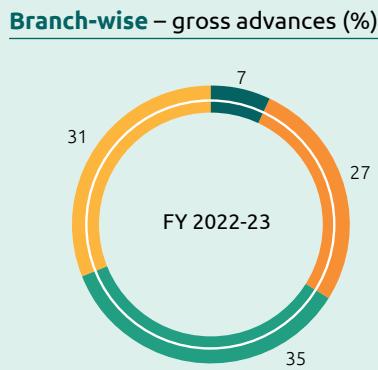
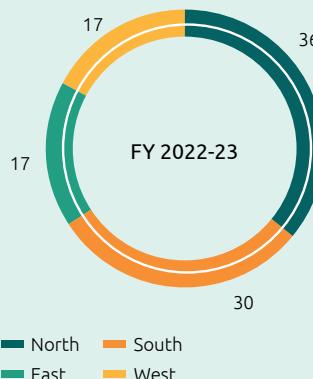
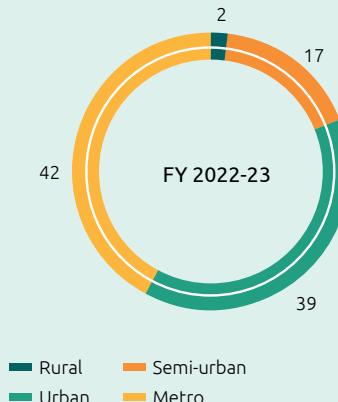
► 2023

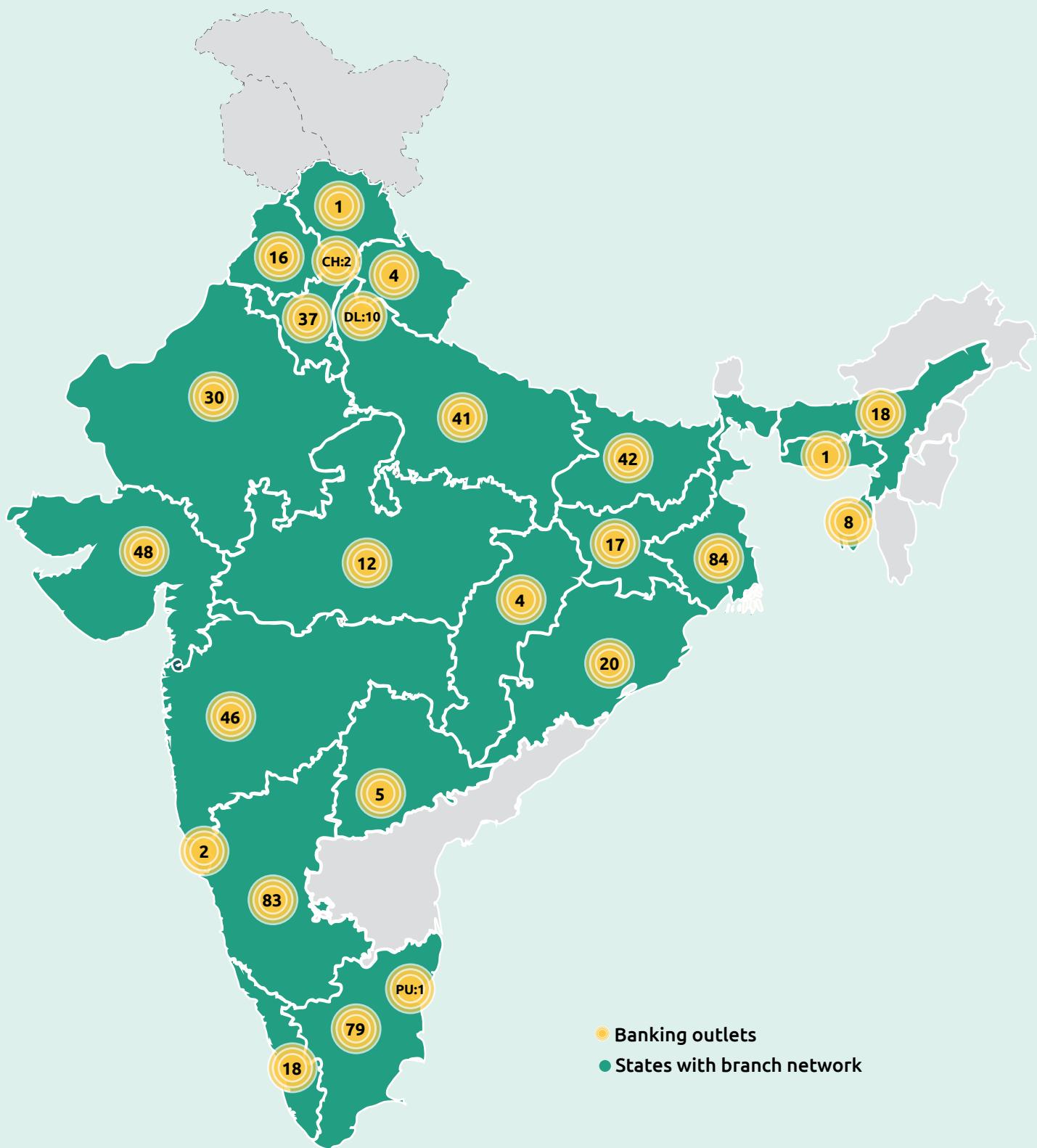
- Commenced operations in Telangana.
- Launched India's 1st Voice-Visual-Vernacular banking app - Hello Ujjivan.
- Achieved ₹ 1,100 Crores net profit for FY 2022-23.

**Physical Reach**

Deepening our Outreach Across India

Our focus is to provide financial services to unserved and underserved customers and to transform into a mass-market bank. With a pan-India presence, including some of the most remote parts of the country, we have become a one-stop destination for financial services and personalised customer offers, with the digital platform as the key enabler.

Expanding Physical Presence**Banking outlets****ATMs****Region-wise – gross advances (%)****Branch-wise – gross advances (%)****Branch-wise – deposits (%)****Branch-wise – deposits (%)**



Map Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection to its accuracy or completeness.



Digital Banking Ecosystems

Accelerating a Seamless Banking Experience

We have developed a strong and dependable digital ecosystem to cater to different customer segments with speed, accuracy, and security. Our digital approach aims to create a bank ready for the future, providing customers with omnichannel, convenient, and affordable solutions while automating most current business processes.

End-to-end Digital Value Chain

Prospecting

- Advanced data modelling: look-alike targeting
- Digital lead generation: capture referrals

Onboarding

- Smart automated messaging to guide clients at all points of the onboarding journey

Servicing

- Seamless payments to people and merchants through UPI and IMPS
- Ease of collection enabled through the BBPS platform

Cross-selling

- Tie-ups and partnerships: platform play to cross-sell via Ujjivan SFB

Our primary focus is achieving financial and digital inclusion for unserved and underserved customers. We have established a robust digital presence by providing a comprehensive range of products and services that cater to various customer segments. We now offer products and services through multiple digital channels, allowing customers to bank at their convenience.

Personal & Business Internet Banking



- Offer web-based platform(s) that can be accessed from any system
- Provide high-volume bulk upload facility
- Provide Aadhaar OTP authentication for setting and resetting passwords in personal net banking
- Facilitate customisable client-centric approval matrix for business customers

1.45 Lakhs*

Personal internet banking
customers[^]

4,405+*

Business internet banking
customers[^]

*As of March 31, 2023

[^]Inception till date



Mobile Banking Application

- Available on Android and iOS operating systems
- Available in 9 languages – English, Hindi, Kannada, Tamil, Bengali, Marathi, Gujarati, Punjabi, and Oriya
- Provides Aadhaar OTP authentication for setting and resetting MPIN in mobile banking

14.45 Lakhs+*

Mobile banking application users^

4/5*

Rating on the Google Play Store



'Hello Ujjivan' Mobile Banking Application

- First-of-its-kind voice and visual-assisted vernacular banking app
- Available in the Android operating system with Voice Search and Voice Assistance
- Available in 8 regional languages and English - Hindi, Marathi, Bengali, Tamil, Gujarati, Kannada, Oriya, and Assamese

0.97 Lakhs+*

'Hello Ujjivan' mobile banking application users^

4.1/5*

Rating on the Google Play Store



Phone Banking

- Provides 24x7 assisted banking services to customers in-house
- Services customers in 9 languages through the Interactive Voice Response (IVR) system (English, Hindi, Kannada, Tamil, Bengali, Malayalam, Marathi, Gujarati, and Punjabi) and additionally in 5 Languages through human interaction (Telugu, Oriya, Assamese, Nepali, and Bhojpuri)
- Offers 200+ services on phone banking
- Over 130 in-house phone bankers, two units, one unit in Bengaluru, and the other one in Pune, to support as backup

89%

Of over 1 Million customers registered for access to Indian languages

26%

Customers registered for languages other than Hindi and English

9.35 Lakhs

Customer calls were answered during FY 2022-23

*As of March 31, 2023

^ Inception till date



Transaction Enablers

ATMs and ACRs

We have made significant strides in expanding our touchpoints, including ATMs and Auto Cash Recyclers (ACRs). Currently, our Bank operates 457 ATMs and 60 ACRs, providing convenient access to our services. We maintained our position as the top-performing bank among all SFBs in terms of ATM transaction volume. To enhance the customer experience, we have introduced state-of-the-art touchscreen ATMs with multilingual language screens. Additionally, our ATMs feature braille keypads to cater to the needs of visually challenged customers.

98%+

ATM uptime

~41%

Share of the ATM transactions among our peer banks

Money Mitra (Partner Touchpoints)

Money Mitra serves as our Business Correspondent, offering assisted banking transaction services to our customers. These face-to-face interactions with Money Mitra help build our brand, promote cross-selling opportunities, and enhance overall transaction experiences. Money Mitra is equipped to provide services enabled through mobile technology and digital authentication modes, ensuring convenient and secure banking transactions for our customers. Their role as intermediaries strengthens our reach and enables us to serve a wider customer base effectively.

159

Money Mitra active branches

639

Money Mitra agents

7%

Overall contribution to cashless repayment

Debit Card

We continue to lead in card usage among all SFBs, particularly in ATM channels, where card transactions have grown by 3% while the industry has experienced a decline of 2%. As the largest Debit Card issuer in its industry, we have a card base of 86 Lakhs users. Furthermore, we excelled in card transactions at point-of-sale (POS) terminals, surpassing other SFBs. In terms of card issuance, we achieved a growth rate of 4%, compared to 1% growth in the banking industry and 2% growth in other SFBs.

45 Millions

Debit cards transactions in FY 2022-23

#1

Contribution to card usage among all SFBs

#1

Card transactions (across POS) among all SFBs

#1

Card issuance among all SFBs

Expanding the Scale and Scope of Phone Banking

In FY 2022-23, our Phone Banking unit demonstrated strength through realignment and the development of a new roadmap for our strategy. Our Bank's ongoing collaboration with various business units and functions resulted in advancing service standards and enhancing customer acquisition.

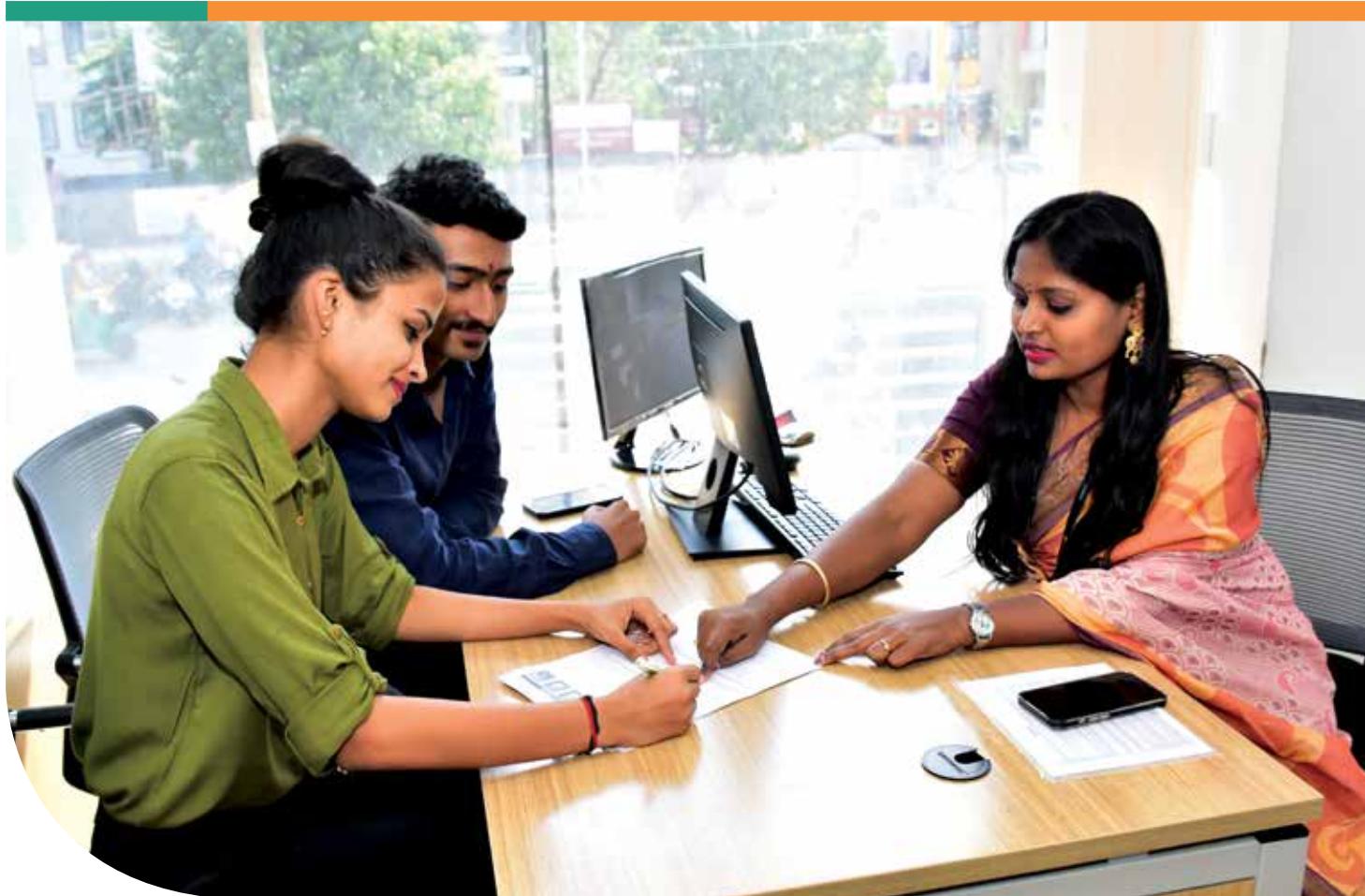
We continue to uphold the 'Universal Phone Banker' approach, where all officers are trained to handle any incoming call from our customers. Moreover, the Phone Banking team maintains a gender balance with a 50:50 ratio of employees who possess multi-lingual abilities to assist our customers effectively.

Safe and Convenient Banking

The implementation of 'Straight Through Processes' facilitated our customers' crucial account-related transactions through phone calls. This encompassed services such as account freezing, UPI services blocking and unblocking, cheque stop payment, internet banking activation and deactivation, mobile banking registration and deactivation, debit card hot-listing, as well as updating email IDs and mobile numbers. These services were made available even during non-banking hours and holidays, resulting in reduced turnaround time (TAT) and enhanced accessibility for our customers.

78%

'First Call Resolution' through 'Straight Through Processes' rate achieved, providing customers with high satisfaction when banking with us





New Initiatives for FY 2022-23

Throughout the year, our unit conducted successful pilot programmes for lead qualification of new customers seeking housing, agricultural products, and Two-wheeler Loans. We also have effectively piloted Video KYC services, enabling seamless digital onboarding of customers for savings accounts and fixed deposits. Additionally, our phone banking resources have been prepared with IRDA certification for the sale of third-party products, which will be implemented in FY 2023-24.

Furthermore, our phone banking services now include the convenience of booking term deposits over phone calls, for existing customers. Leveraging the missed-call channel, our Phone Banking team collaborated with Branch Banking and the Marketing Team to effectively manage special campaigns for deposits, starting from the Independence Day through the festival season. Between August and September 2022, a total of 1,385 leads were converted from the Missed Call Campaign, resulting in a value of ₹ 45 Crores. Additionally, a print media campaign launched in November 2022, which led to the conversion of 1,350 leads, generating ₹ 40 Crores in deposits.

Customer Connect

To ensure continuous customer engagement, the Phone Banking unit conducted various Customer Connect campaigns, such as Customer Satisfaction Surveys and Welcome Calls for Liability and Asset products. These campaigns aimed to gather valuable customer feedback and requirements, which the Business/Products team utilised to develop suitable products and services.

~34,000

Customers reached out, and 53% of them responded to our calls and willingly shared their feedback

As we remain committed to delivering an excellent customer experience, we are determined to introduce services that enable customers to conveniently bank with us, positioning Phone Banking as a primary business unit. These upcoming initiatives include:

- Video Banking services to facilitate branch-less banking
- Enhanced and user-friendly IVR system
- Dedicated virtual relationship teams catering to specific customer segments
- Implementation of straight-through processes
- Loan-on-phone services
- Introduction of a voice-bot for simplified and repetitive communications

Contribution to Business

Phone Banking consistently strives to support business teams and generate value for our Bank by acquiring all products (Assets and Liabilities) through our Inbound and Outbound channels. During this financial year, Phone Banking channel has generated 82,446 Leads which includes both deposits and asset products with a conversion rate of 25%. This cumulative effort amounted to a total value of ₹ 538 Crores for FY 2022-23.

In December 2022, Phone Banking successfully launched the ability to book Term Deposits over phone calls for existing customers. During the pilot phase, a total of 361 Term Deposits were booked with a value of ₹ 81 Lakhs. As we progress, this project will gain momentum and expand further.

Growing API Banking and Fintech Ecosystem Engagement

Our collaboration with the Indian Fintech ecosystem is growing significantly year on year, and we have partnered with various Fintech partners. In FY 2022-23, our primary objective was to stabilise our partnerships and co-create innovative products and business opportunities for our Bank's liability growth.

To grow in this ecosystem, we are collaborating with various Wealth-tech, Personal finance, and other new-age fintechs in the space of Neobanking and TSPs to establish a strong digital presence in the market.

To accommodate a wider range of use cases from the fintech industry, we have a dedicated portal for API **banking: www.ujjivansfb.in/apibanking**. This portal provides documentation for the entire stack of Bank APIs, allowing fintechs to build prototypes.

In line with our commitment to the fintech ecosystem, we have intensified our focus on liability, specifically targeting the Retail segment through our trusted partners. The portal offers a wide variety of APIs catering to KYC, Lending, Digital onboarding, Regulatory, Liability, and Cards.

We are creating an API sandbox environment for seamless testing of our APIs by fintechs, ensuring adherence to our API stack before onboarding.

Additionally, we have placed emphasis on improving collection efficiencies for our existing customers. To achieve this, we are collaborating with our fintech partners to offer digital modes of collection. Thereby providing greater convenience and ease of transactions for our customers.

Roadmap for FY 2023-24

- Development of digital-specific products (Asset and Liability)
- API stack to offer business banking APIs to current account customers

Outreach Strategies for FY 2023-24

Digital Innovation Summits:
Organise meet-ups with startups in the BFSI domain to explore new ideas and innovative solutions to existing problems.

Industry | Ecosystem Partnerships: Partner with industry-leading tech ecosystem providers such as IBM, AWS, Microsoft, and other Accelerators to increase fintech reach through their network.

Building Incubator Centres Through Academia
Partnerships: Partner with the incubation cells of leading academic institutions. Leverage intellectual capital at no cost through live use cases and ground-level entry for the potential unicorns of tomorrow.



**Products and Services**

Offering a Comprehensive Product Suite for All Customers

To cater to our customers' diverse and ever-changing needs, we have developed a comprehensive range of products and services. We have also established a robust asset-liability franchise and offer third-party products through multiple delivery channels. This enables us to provide our customers with a seamless and convenient banking experience while ensuring that their financial requirements are met with agility and efficiency.



Asset

MicroBanking

Offerings

- Group Loans (GL)
- Individual Loans (IL)
- Top-up Loans - GL, IL
- Pre-Approved Loans - GL, IL Water and Sanitation Loan (WATSAN) Loan, Guaranteed Emergency Credit Line (GECL), National Urban Livelihoods Mission (NULM)
- Gold Loan

Unique deposit products for MicroBanking customers

- Sampoorna Nidhi
- Sampoorna Lakshya

₹ 17,401 Crores

Asset book

60.79 Lakhs

Customer base

Micro, Small and Medium Enterprises (MSME)

Offerings

- Business EDGE Loan and Overdraft Facility
- Secured Enterprise and Business Loan
- OD against Property
- Loan against Property
- Loan against Rent Receivables
- Supply Chain Finance through Fintech Partnerships
- Credit Guarantee Trust for MSME Scheme
- Navnirman Loans (GECL)

₹ 1,593 Crores

Asset book

16,334

Customer base

Affordable Housing

Offerings

- Construction and Purchase
- Home Improvement
- Composite Home
- Home Equity Loan
- Commercial Purchase Loan
- Micro-LAP

₹ 3,401 Crores

Asset book

37,041

Customer base

Vehicle Loans

Offerings

- Two-wheeler Loan

₹ 128 Crores

Asset book

27,480

Customer base



Financial Institutions and Government Banking Group

Offerings

- Term Deposits/Certificate of Deposits/Current Accounts
- Term Loans to NBFCs and MFIs
- Working Capital Products (CC/OD/WCDL)
- Bank Guarantee

₹ 1,128 Crores

Asset book

41

Total customer base

Agriculture & Rural Banking

Offerings

- One-stop shop for all the banking needs of the customers through unbanked rural centres, offering the entire range of products offered by our Bank
- Secured Agriculture Loan
 - > KPC-Crop Loan
 - > KPC-Poultry Loan
 - > KPC-Pisciculture Loan

Liability

Retail

Offerings

- Current Account – QR Facility
- High-net-worth individuals (HNIs)
- Savings Account
- Term Deposit
- Non-Resident Account – OD against FD
- Digital Savings and Fixed Deposits

₹ 25,538 Crores

Total Deposits

Institutional

Offerings

- Fixed Deposit
- Term Money
- Current Account
- Certificate of Deposit
- Call Money Products
- G-Sec Trading

₹ 10,118 Crores

Retail TD

₹ 8,458 Crores

Bulk TD

₹ 6,744 Crores

CASA

75 Lakhs+

Total customer base

Third-party Products

Life Insurance

Partners

- ICICI Prudential Life Insurance
- Bajaj Allianz Life Insurance
- Aditya Birla Sun Life Insurance
- HDFC Life Insurance
- Max Life Insurance

Offerings

- Credit Life Insurance
- Term Insurance, Endowment and PAR Products
- POS and ULIP

52.55 Lakhs

Lives insured

General Insurance

Partners

- ICICI Lombard General Insurance
- Bajaj Allianz General Insurance

Offerings

- Motor, Property, Home Content
- Personal Accident

42,000

Assets/Lives secured

Health Insurance

Partners

- ICICI Lombard General Insurance
- Bajaj Allianz General Insurance
- Care Health Insurance

Offerings

- Hospital Daily Cash
- Health Indemnity/Family Floater

1,87,500

Lives secured



**Customer Service**

Sharpening our Service Edge

Delivering outstanding services is our top priority, essential to retaining our competitive edge in the market and attracting and retaining customers. We continuously advance our technological capabilities and broaden our portfolio to provide our customers with a wider array of products and services.



At the heart of our values lies a strong commitment to prioritising our customers above all else. Our unwavering focus is to deliver exceptional service to our valued customers, and we accomplish this by cultivating a culture that revolves around service excellence, continuous investment in our talented workforce, streamlining our processes to ensure efficiency, and adopting innovative policies, supported by state-of-the-art technology.

We have established a dedicated Service Quality (SQ) department to ensure that our commitment to exceptional service translates into action. This department plays a vital role in coordinating various programmes focussed on customer experience management, quality assurance, customer care, grievance resolution, and compliance with customer service standards. Through these efforts, we strive to continuously improve and meet the evolving needs of our valued customers.

Enhanced Service Quality

This comprehensive programme has undergone significant refinement over the past five years. We have diligently developed and implemented a service index to gauge the quality of service delivery and customer satisfaction. The service index objectives and targets are collaboratively defined and agreed upon by each vertical within our Bank and at the overall bank level. These targets are part of the key performance measures of the MD and CEO, heads of business/functions, frontline managers, and sales/service staff.

To ensure continuous progress towards service quality goals, our board and management forums regularly review and oversee the advancements made.

Strengthening Team Capabilities

We recognised the crucial role of training our staff to deliver exceptional customer service. We introduced the 'Service Quality Friday School' initiative during the year to fulfil this objective. The initiative aimed to educate branch staff on efficient customer service, including handling customer requests and complaints, providing life event-related services, and analysing case studies. The selection of topics for these sessions was based on observations on service quality at branches, customer feedback, complaints, and identified knowledge gaps among frontline staff. We continue to strive to provide superior customer service to all our valued customers by addressing these areas.

Advancing through Empathy

During events in life, whether positive or negative, customers encounter unique and complex banking service needs that necessitate empathetic, professional, and efficient care and support. We have successfully implemented the 'Aajeevan' campaign, a specialised banking service tailored to life events. This initiative provides hassle-free and empathetic services for various aspects such as nomination facilities, joint accounts, settlement of claims for deceased account holders, insurance claim settlements, priority services for senior citizens, and assistance for specially-abled customers.

Bettering our Service Standards

We achieved remarkable success in FY 2022-23 through the substantial improvement of our service index, which rose from 66 points (on a 100-point scale) in March 2022 to an impressive 85 points in March 2023 - a noteworthy increase of 19 points over the previous fiscal year.



During FY 2022-23, our dedicated efforts yielded positive outcomes. The resolution of service requests within specified timelines significantly improved, with 94% of requests in FY 2022-23 being addressed promptly, compared to 86% in the previous year. Furthermore, by emphasising the importance of nominations through rigorous staff training and enhancing customer engagement, we successfully reduced the number of accounts opened without nominations from 18% in FY 2021-22 to 8% in FY 2022-23.

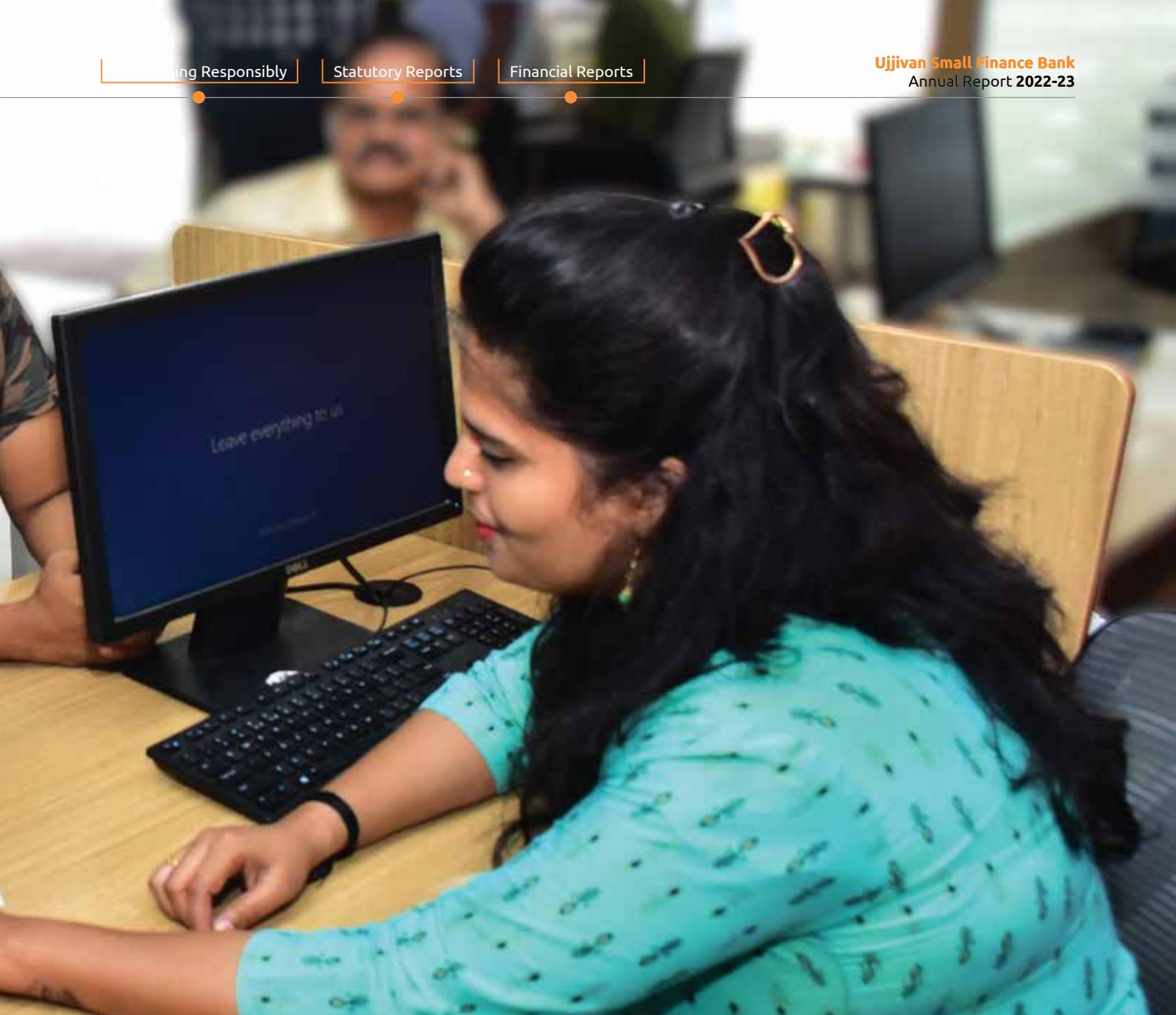
Elevating Customer Satisfaction

Customer care and problem resolution have been given the utmost importance within our Bank. We have established a robust grievance redressal mechanism to

address customers' concerns effectively. This mechanism aims to provide timely and satisfactory resolutions to customer complaints and focuses on identifying the root causes of service deficiencies. By doing so, we can take corrective actions to eliminate or minimise instances of customer dissatisfaction.

Despite significant growth in customer acquisition and digital transactions, the number of complaints in FY 2022-23 remained consistent with FY 2021-22 levels. Moreover, we made notable progress in providing faster resolutions for service requests and complaints throughout the year.

Alongside our internal mechanism for monitoring service standards provided to customers, an external evaluation was undertaken during FY 2022-23. A research agency was commissioned to independently assess customer



satisfaction levels across six major business verticals. This assessment was aimed at gaining insights into customers' perceptions and feedback on our services, evaluate our competitive performance across various touchpoints, and assess our brand image. This external evaluation was aimed at further enhancing our understanding of customer satisfaction and identify areas for improvement.

96%

Resolution rate for customer complaints within the standard turnaround time, showing a notable improvement from the previous year's rate of 90%

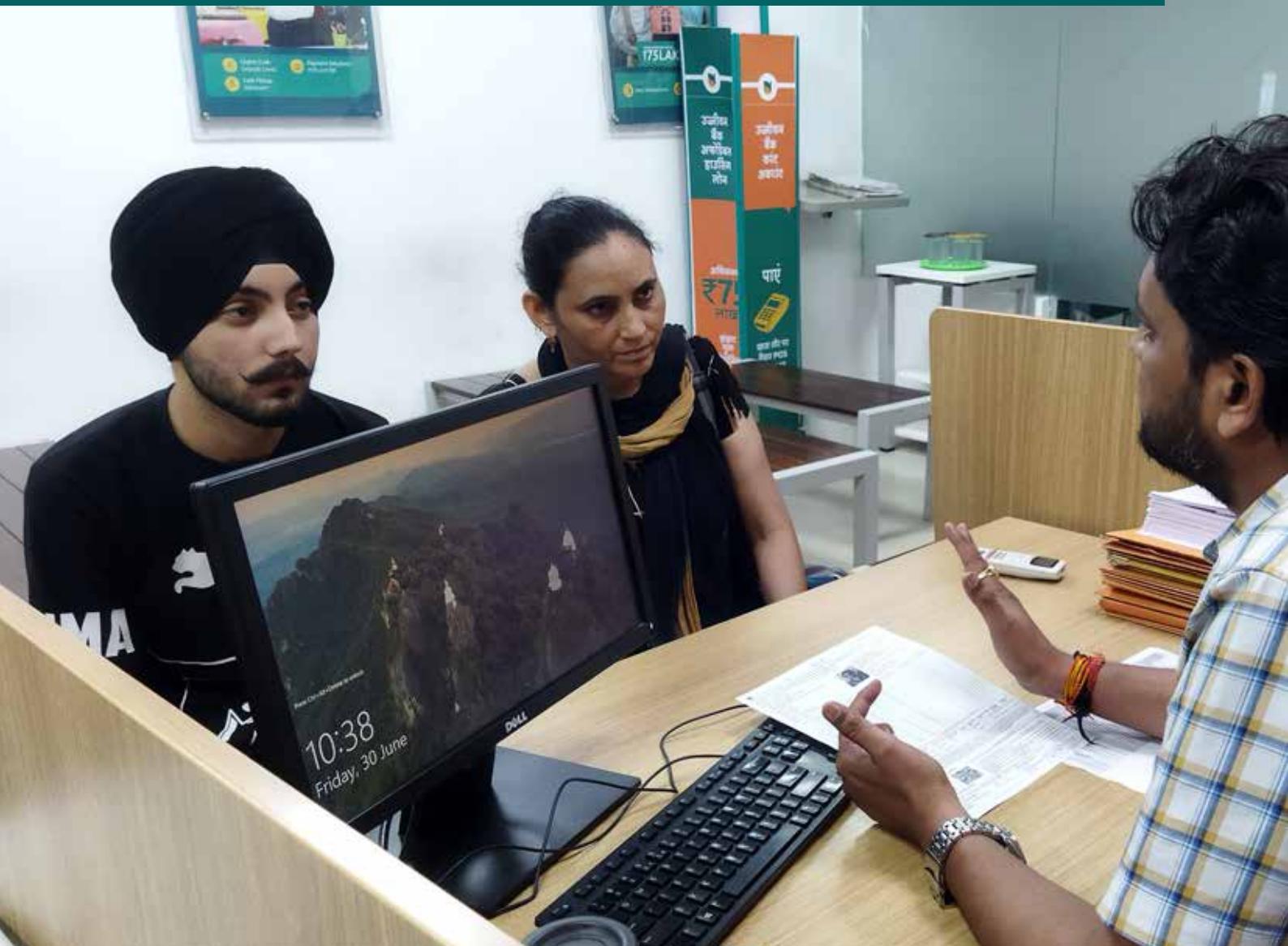
More Convenience for Customers

In FY 2022-23, we introduced Video KYC services, allowing customers to complete KYC for digitally opened accounts without the need to visit a branch. This initiative aimed to enhance convenience and streamline the KYC process. We plan to expand its services by introducing video banking facilities in the upcoming year. This measure aligns with our goal of promoting branchless banking and offering customers the convenience of accessing banking services through video interactions.

**Marketing engagements**

Fostering Relationship-Driven Growth

At Ujjivan SFB, we strive to reach the relevant strata of society through our branding and outreach initiatives. The marketing efforts are designed to connect with individuals and communities and resonate with their aspirations. Through our brand, we reach out to our target audience by leveraging insights, experience, and support infrastructure to enable and engage our customers to realise their dreams and aspirations.





We have undergone a remarkable journey of growth and relationship-building in the past two fiscal years. We focussed on fostering stronger relationships while adapting to the challenges brought about by the pandemic. Through a series of initiatives, we effectively engaged with both our current and potential customers, leveraging synergies across different business areas to strengthen our brand presence and market value. Our unwavering commitment to a customer-centric approach allowed us to better understand and empathise with their needs. By communicating relevant and meaningful banking solutions, we assisted them in their recovery, sustainability, and overall improvement of their lives at every stage.

Catalysing Business

We offered highly competitive interest rates on Fixed Deposits and Savings Accounts, positioning ourselves among the top players in the industry. Throughout the year, we made sure that our existing and potential customers were well-informed about the attractive interest rates available on our FDs across tenures. Our impactful advertisements in regional languages, spanning TV, digital, outdoor, and hyperlocal activities, effectively connected with the audience emotionally. These endeavours were meticulously designed to leave a lasting impression and enhance brand engagement.

To commemorate the 75th year of our Independence, we launched a special campaign offering FD rates at 7.5% p.a. and a 0.75% additional rate for senior citizens on tenures of 75 weeks and 75 months. This Independence Day initiative garnered immense attention among millions through widespread promotion on TV, print, and outdoor



platforms. On Republic Day, we proudly advertised during the Honourable Prime Minister and Honourable President's speeches on popular Hindi and English news channels, joining the nation in its celebrations.

In addition, we capitalised on the 1st edition of the Women's Premier League (WPL) series through TV and OTT advertisements, further reinforcing our brand message.



Scan or click
for more details

We conducted an extensive outdoor and radio campaign targeting Tier II and Tier III markets for affordable housing. We prioritised rural initiatives by increasing visibility in branch catchments and engaging with key influencers and decision-makers. This approach enabled us to offer the right solutions tailored to the needs of rural communities.



New Launches

As part of our expansion efforts, we recognised the importance of connecting with local audiences when launching new branches. To achieve this, we developed hyperlocal and topical messaging. By understanding each region's cultural nuances and preferences deeply, we could tailor our messages to resonate with the target audience. This approach effectively conveyed the benefits and services provided by our new branches, creating a sense of relevance and personalisation.

One initiative we took pride in was the launch of 'Hello Ujjivan', India's first voice, visual, vernacular banking app*. This innovative application was designed specifically for customers with limited reading and writing skills to instil banking habits in our MicroBanking and rural customers. Hello Ujjivan reinforces our commitment to promote financial and digital inclusion throughout the nation.

Brand and Customer Engagement

During FY 2022-23, we collaborated with businesses and support teams to engage our customers on initiatives relevant to their lifestyles. We celebrated with them through thematic and festive campaigns like Diwali, Sawan Mela, Christmas, Bengali New Year, Durga Puja, Chath Puja, Bihu, Rath Yatra, Makar Sankranti, Ganesh Chaturthi, Navratri, Dussehra, Eid, Onam, Pongal, World Health Day, Yoga Day, Women's Day, World Environment Day, and World Earth Day. Cyclothon and marathon events were also organised to promote awareness on health and fitness.

To leverage the excitement surrounding the IPL, we introduced a unique VR CRICKET initiative in select branches. The in-stadium branding during the India vs. New Zealand T20 matches helped create high visibility for the brand.

In close collaboration with traffic police and tourism departments in select states, we emphasised the message of Safety for All, underscoring the importance of safety practices.

*Offers voice, visual and vernacular feature under one mobile banking app. Based on the research conducted by AGR Knowledge Services Private Limited as on January 24, 2023.

Awards and Recognition

Our initiative 'Shagun Ka Lifafa', in partnership with McCann World Group, earned global recognition by winning the prestigious Gold Lion in the Creative Commerce Category at the Cannes International Festival of Creativity in 2022.



Scan or click
for more details

The Next Mile

Fostering financial and digital inclusion is critical for the growth of a resurgent India. Personalising customer communication through the intersection of social, demographic, psychographic, and financial behaviour remains central to our communication strategy. This, we believe, will enable our customers to choose meaningful, simple, safe, and convenient banking.



**Customer testimonials**

Few Words from our Patrons

MSME

► I am incredibly thankful to Ujjivan Small Finance Bank for their support in making my dream of opening a new showroom a reality. The Bank's decision to grant me a loan of ₹ 52 Lakhs has been a complete game-changer for my business. Thanks to this financial assistance, my turnover has experienced a remarkable surge from ₹ 50 Lakhs to an impressive ₹ 1.5 Crores.

Throughout the loan process, the Bank exhibited the utmost professionalism and efficiency. Their team took the time to truly understand the vision behind my showroom and wholeheartedly believed in its potential, providing me with the necessary financial backing. The level of service I have received was exceptional, and I am delighted to be associated with such a commendable institution.

Sanvaariya Sanitary Hardware and Paints

► I would like to express my heartfelt gratitude to Ujjivan Small Finance Bank for their exceptional support and trust in our metal scrap business. Before their involvement, our turnover was ₹ 56 Lakhs. However, with the Overdraft facility provided by the Bank, our turnover significantly increased to an impressive ₹ 12 Crores, resulting in substantial business growth.

In 2023, we were granted an additional top-up of ₹ 84 Lakhs, which further fueled our expansion and allowed us to invest in stock and explore new markets. This financial assistance has been instrumental in the success of our business, enabling us to seize new opportunities and reach new heights.

I am truly grateful for the amazing support and services provided by Ujjivan Small Finance Bank. Their belief in our vision and their continuous support have played a crucial role in the flourishing of our business.

ASP Enterprise

Individual Loans

► Mrs. Vandana Jadhav has been a valued customer of Ujjivan since 2015. She resides in her own house in the Pachagaon area of Kolhapur City with her mother-in-law, Shantabai Jadhav, and her daughters, Sakshi Jadhav (21 years old) and Sveta (18 years old). Vandana and her husband originally belonged to Girgaon village, near Kolhapur City. They relocated to Kolhapur City in 2010 due to her husband's job. At that time, they both worked as workers in a goldsmith shop and faced financial struggles as they relied on a single income.

In 2014, Vandana's husband passed away due to a heart attack. She faced significant challenges as she had no source of income or support. However, 14 days after her husband's death, she decided to start her tailoring business. Despite the financial hardships, Vandana remained dedicated and worked hard to support her entire family.

She approached local banks and relatives for financial support but was helpless. It was then that she became aware of Ujjivan and approached their staff to process a GL Loan in 2015. She was overjoyed to receive financial support from Ujjivan, which became a crucial lifeline for her.

Currently, Vandana owns five tailoring machines and conducts tailoring classes during half-sessions. She purchases cloth materials from the market, makes clothes, and sells them to other cloth merchants and regular customers. Additionally, she runs a tiffin business with the help of her daughter and mother-in-law. She earns an income of around ₹ 35,000 to ₹ 40,000 per month.



Vandana is a hardworking and dedicated customer. During this period, she managed to construct her own house and support her daughter's education. Even during the COVID-19 pandemic, she diligently paid her EMI. She considers Ujjivan her saviour and remains loyal to them.

Currently, she is content and delighted that her daughter is doing well and her business is running smoothly. She plans to expand her business in the future. As she says, "One has to fight their own battles in life."

Vandana Jadhav



Kisan Pragati Card Customer

► For generations, agriculture has been our primary livelihood. I take great pride in owning 10 acres of fertile farmland where I cultivate a diverse range of cereals and vegetables year-round. However, one of our biggest challenges is ensuring sufficient working capital to cover essential expenses like purchasing improved seed varieties, irrigation, and labour costs. Fortunately, the Kisan Pragati Card Loan facility has been a lifesaver, allowing me to meet these crucial farming needs. I am grateful for the seamless loan process and the doorstep service provided by the Ujjivan team. Their assistance has been truly commendable, making my farming journey much smoother and more efficient.

- Mr. Pradeep, Farmer, Jind, Haryana



► Five years ago, I embarked on a fish farming venture with the initial capital funding provided by my father. However, I soon realised that expanding the business posed significant challenges due to the high costs involved in pond development and maintenance. Thankfully, my existing banking relationship with Ujjivan through my savings account proved beneficial. When I discovered that Ujjivan had introduced the KPC-Pisciculture Loan, I became intrigued and eager to explore further. The Bank's representative was immensely helpful, addressing all my concerns and guiding me through the loan application process. They also facilitated the necessary credit exposure, enabling me to secure the financial support required. With this assistance, I successfully expanded my business and established a new fish breeding unit. I firmly believe that this expansion will not only reduce input costs but also enhance the overall quality of my fish produce.

- Mr. S. K. Sani Ali, Pisciculture Farming, North 24 Parganas, West Bengal



- With over 15 years dedicated to poultry farming, I encountered a significant challenge in expanding my business due to limited funds. However, Ujjivan played a pivotal role in fulfilling my credit requirements, enabling me to overcome this hurdle.
- Initially, I had only one shed housing 2,000 chickens. However, thanks to the financial assistance provided through the Ujjivan's Kisan Pragati Card-Poultry Loan, I swiftly installed two additional sheds and accommodated a total of 12,000 chickens within two months. This credit facility played a crucial role in turning my dream of scaling up my poultry business into a commercial reality.

**Mr. Arumugam Rajagopal Muthaliyar, Poultry Farming,
Dharamapuri, Tamil Nadu**



- At Ujjivan SFB, we are proud to be a part of the journey of individuals and families, ensuring their essential needs are met. Recently, Maimood, the son of one of our long-standing customers, realised the importance of reliable transportation for his daily office commute. Recognising our commitment to supporting our customers, Maimood turned to Ujjivan SFB for the financial assistance needed to purchase a vehicle.

We are delighted to have been able to assist Maimood promptly, providing the necessary loan without hesitation. His heartfelt gratitude towards our Bank is a testament to the unwavering dedication we have towards our customers.

This experience reaffirms our commitment to serving our customers and making a positive impact in their lives, improving their quality of life.

- Mr. Maimood





Fixed Deposit

► As the proprietor of a chartered accountant firm, I have been utilising the banking services of Ujjivan Small Finance Bank since 2019. I am really satisfied with the efficient service delivered by the branch team and the effortless banking experience provided by the Bank. I have even opened family accounts with them and truly commend their appealing fixed deposit (FD) rates. In my view, Ujjivan Bank is an excellent choice for investment purposes.

- Mr. Anil D'Souza



Savings Account

► I hold a Privilege Savings account with Ujjivan Small Finance Bank. The services rendered by the Bank have been highly beneficial, and the branch assistance is prompt and efficient. The staff members have been exceptionally supportive and accommodating, contributing significantly to my overall contentment with the Bank. I am extremely pleased with the range of services provided and the overall banking experience they offer.

- Mr. Bhanu Kumar G.



Housing Loan

► Mr. Manohar Krishna Kadam and his late wife, Smt. Meghana Manohar Kadam, were delighted to become homeowners with the assistance of Ujjivan Small Finance Bank. However, tragedy struck in June 2020 when Mr. Manohar Krishna Kadam lost his beloved wife. Unfortunately, the insurance vendor's unresponsiveness caused a significant delay in settling the death claim.

With the prompt support and guidance of dedicated officers at our Bank, Mr. Kadam finally received his insurance claim settlement. As a result, his home is now free of mortgage obligations.

While he deeply mourns the loss of his wife, Mr. Kadam takes solace in the fact that the home they built together continues to provide shelter and comfort to him and their children. He expresses his heartfelt appreciation for the exceptional customer service provided by our Bank during this challenging time.

- Mr. Manohar Krishna Kadam, Kalyan Branch, Mumbai, Maharashtra



► Nitin Bhika Mali, an aspiring homeowner, found himself in urgent need of a home loan. He applied for a home loan at Ujjivan Small Finance Bank and another financial institution. Despite the fact that the builder of his desired property did not have the project approved by Ujjivan Small Finance Bank, an employee of the Bank went above and beyond to engage with the builder. Through their efforts, the required home loan was disbursed promptly to fulfil the customer's needs.

Nitin Bhika Mali expresses his heartfelt appreciation for our employee's swift and efficient response. Their proactive approach and dedication helped him achieve his dream of owning a home.

- Mr. Nitin Bhika Mali, Jalgaon Branch, Maharashtra



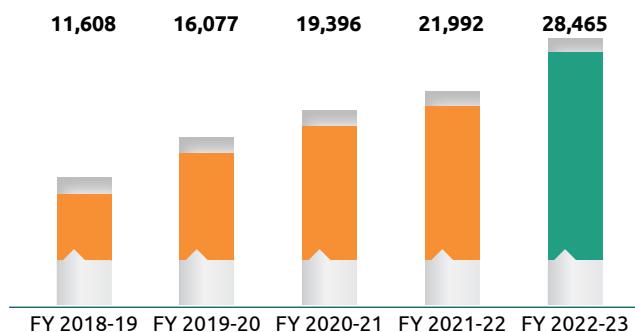


Key Performance Indicators

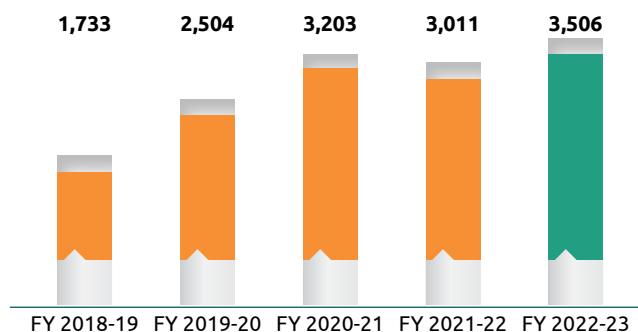
Our Five-year Performance

Balance Sheet Parameters

Average Total Assets (₹ in Crores)

▲
29%
yoY

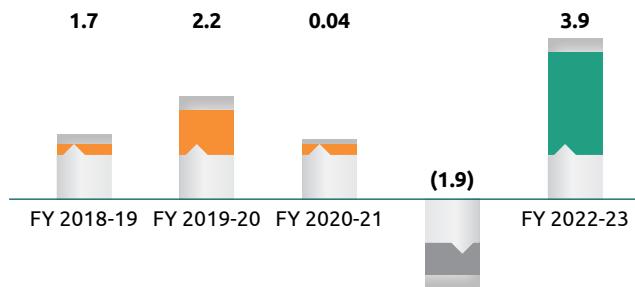
Average Net Worth (₹ in Crores)

▲
16%
yoY

Return on Average Assets (ROA) (%)

1.7 2.2 0.04

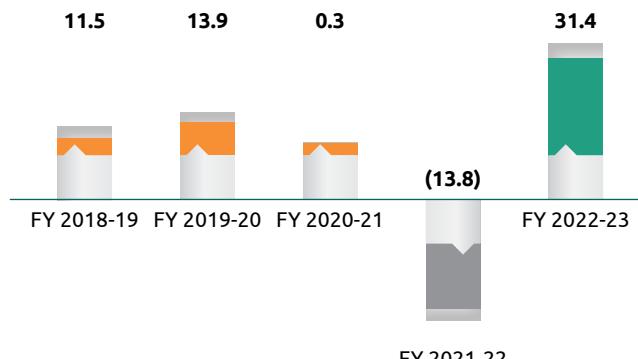
3.9



Return on Average Shareholder's Fund/Equity (ROE) (%)

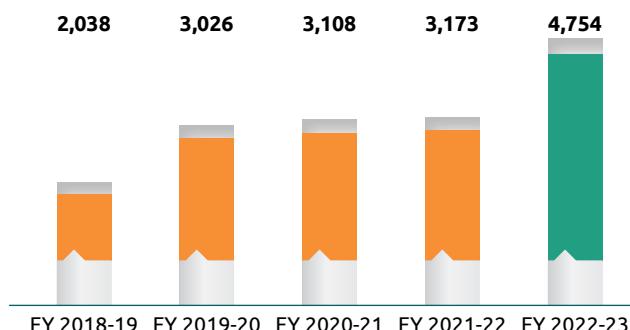
11.5 13.9 0.3

31.4

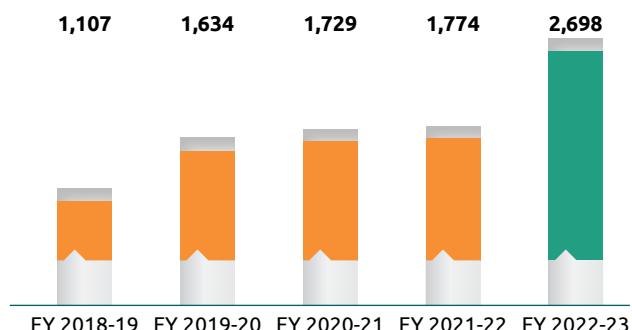


Profit and Loss Parameters

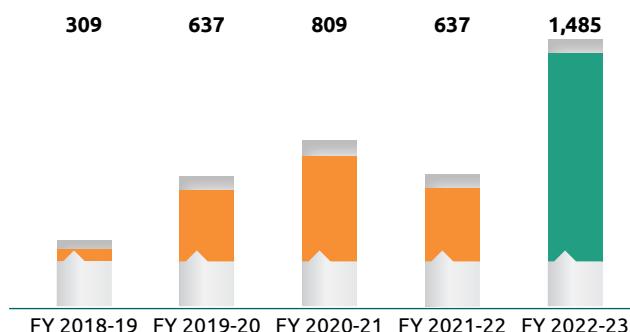
Total Income (₹ in Crores)

▲
50%
yoY

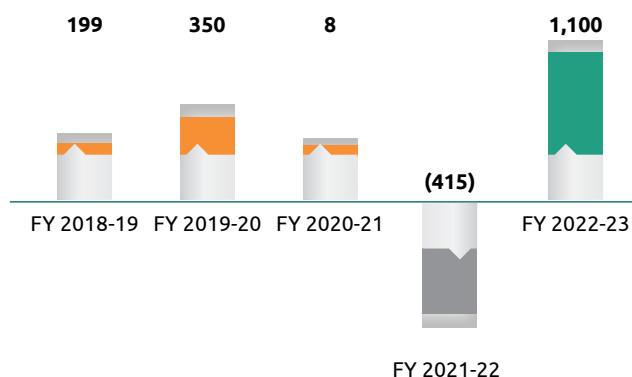
Net Interest Income (NII) (₹ in Crores)

▲
52%
yoY

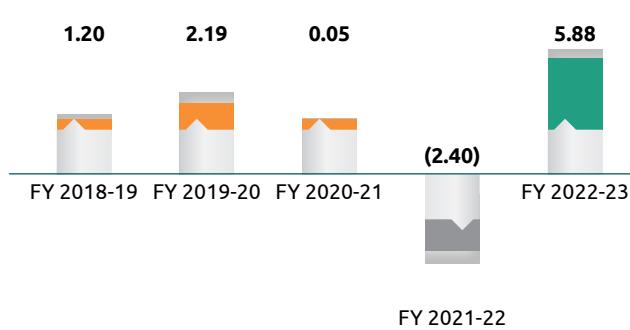
Pre Provision Operating Profit (PPOP) (₹ in Crores)

▲
133%
yoY

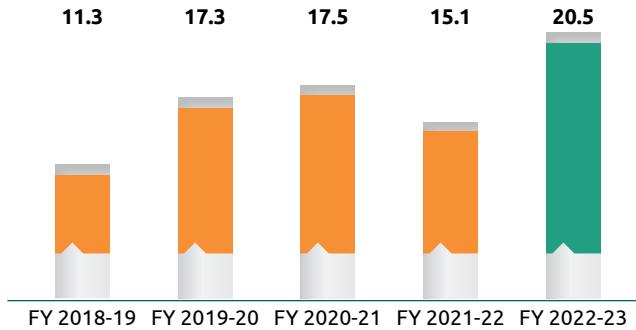
Profit After Tax (₹ in Crores)



Earnings per Share (₹)



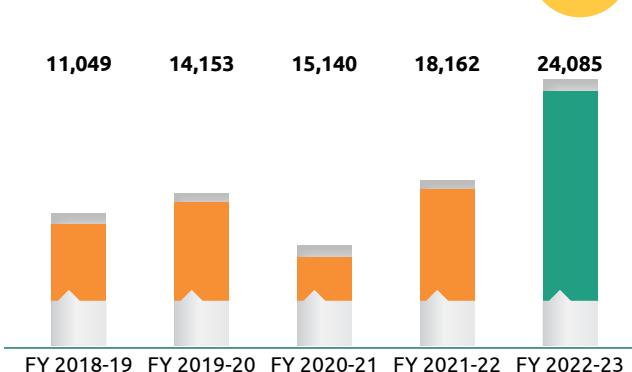
Book Value per Share (₹)

▲
36%
yoY

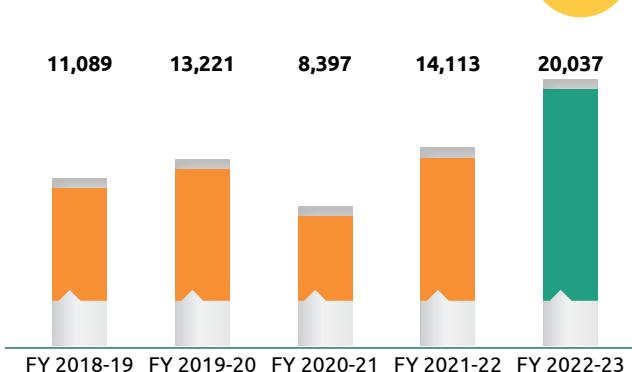


Business Parameters

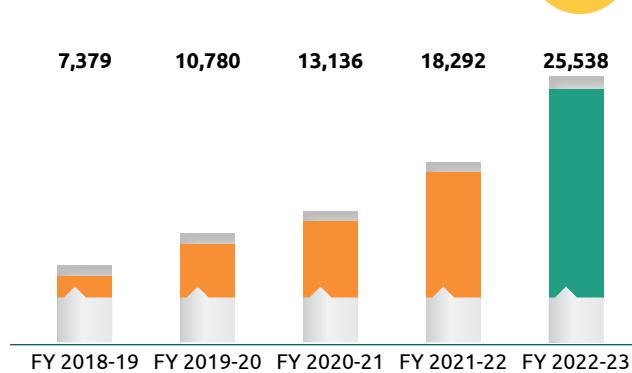
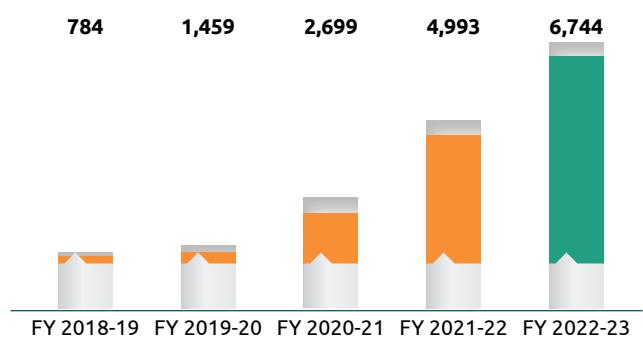
Gross Loan Book (₹ in Crores)



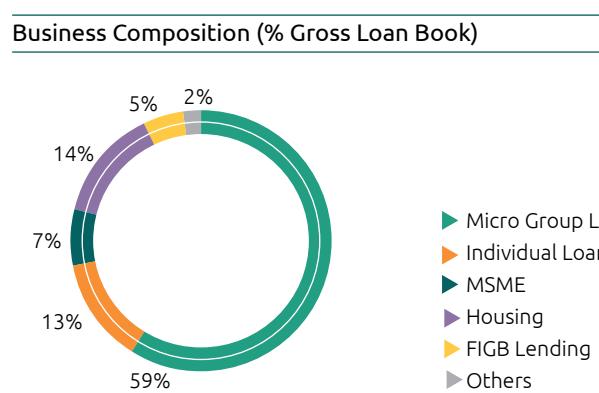
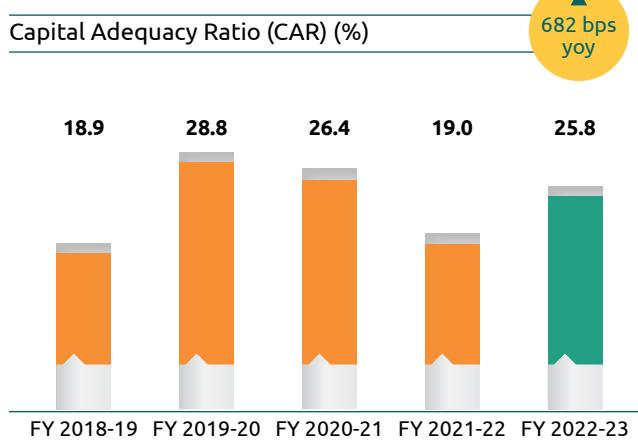
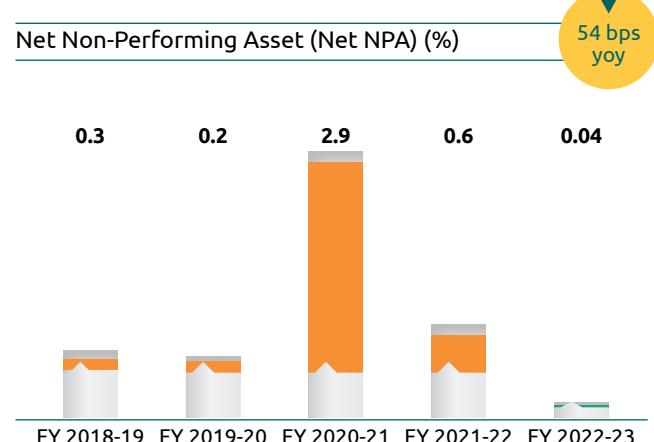
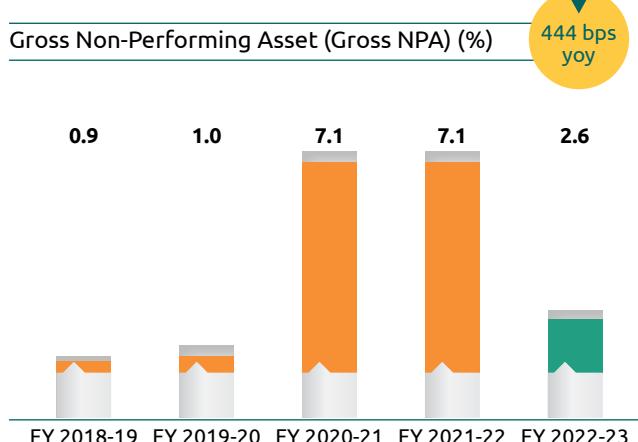
Disbursements (₹ in Crores)



Deposits (₹ in Crores)

Current Account and Savings Account (CASA)
(₹ in Crores)

Operational Parameters



**Chairman's Statement**

Ready for Stronger Tomorrow...

**Dear Shareholders,**

In FY 2021-22, Ujjivan Small Finance Bank embarked on a journey of recovery with a four-fold objective of strengthening the leadership team, growing business volumes, increasing collections, and improving asset quality. Our focus has been to consolidate our businesses, make them profitable, and invest in new avenues of growth. In FY 2022-23, we achieved positive outcomes on all four fronts and completed the year with spectacular profitability.

We closed the year with an outstanding net profit of ₹ 1,100 Crores, unprecedented in the history of Ujjivan SFB. To adequately reward the shareholders for their continued credence in our Bank, the Board declared and paid the first-ever interim equity dividend of 7.5% i.e. ₹ 0.75 per equity share in the FY 2022-23 and further recommended a final equity dividend to our shareholders for the year. We also met our commitment to the preference shareholder by declaring and paying an 11% preference dividend for FY 2022-23.



We have a strong and diverse Board, with three women independent directors and professionals and leaders from varied areas of expertise and experience such as Banking, Finance, Micro-Finance, Accounts, Human Resources, Risk Management, and Information Technology, among others.

On the business front, we were able to achieve new benchmarks in all the parameters of disbursements, deposits, asset book, and profitability.

The disbursements grew quarter on quarter and crossed the mark of ₹ 20,000 Crores by the end of the year, and we also witnessed 40% year-on-year growth in our deposits. Our collections and asset quality continued to improve, placing us among the industry's best, and the restructured book also maintained its healthy collections. Our dynamic collection strategy, which encompasses balanced usage of on- and off-road collection teams, multiple agencies, and data analytics, led to a significant increase in collections and improved asset quality during the year. The remarkable business growth and record-breaking profitability have set a strong foundation for our FY 2023-24 business plans and encouraged us to excel further. We will continue focussing on investments in technology and digital platforms to further increase productivity and enrich our customer experience.

While Micro-Finance has been the fortress of our business, we also concentrated on diversifying and expanding our other business products, such as affordable housing, MSME, FIGB, and Branch Banking, among others. The growth in these businesses has played a lucrative role in building the pillars for the expansion of our Bank's business beyond Micro-Finance. In the upcoming year, we will further strive to improve the business of our non-MFI products and explore introducing new products with the overall objective of increasing our secured books, which is our immediate priority. Further, we have also been focussing on strengthening our alternate service channels like phone banking, video banking, and digital banking, as this is the way forward in our ever-upgrading industry. These investments would start bearing fruit in the current financial year and henceforth.

We have a strong and diverse Board, with three women independent directors and professionals and leaders from varied areas of expertise and experience such as Banking, Finance, Micro-Finance, Accounts, Human Resources, Risk Management, and Information Technology, among others. During the fiscal year, the Board met numerous times through various Board and Board Committees to supervise the functions of Ujjivan SFB and provide necessary guidance and support as our Bank paved the way toward growth and profitability.

Further, on the talent front, we were able to stabilise the attrition and retain and attract talent at all levels of the organisation. We have a resilient Senior Management Team

comprising well-qualified, experienced, and passionate leaders whose contribution and consistency have helped us achieve new heights of success. We are confident that Ujjivan SFB is set to achieve significant new milestones.

During FY 2022-23, we made evident progress in the process of our Reverse Merger with our Holding Bank, Ujjivan Financial Services Limited (UFSL) in accordance with applicable laws and guidelines. In this regard, as mandated by SEBI, we achieved our Minimum Public Shareholding (MPS) through our Qualified Institutions Placement in September 2022. Based on the achievement of MPS, necessary applications with the regulatory authorities were filed, and we have already received the NOCs from the RBI, NSE and BSE for the said Reverse Merger. During the year, we also raised subordinated debt capital of ₹ 300 Crores (Tier II capital) by way of the issue of Non-Convertible Debentures. This helped further improve our capital adequacy ratio, which at the end of the fiscal year was at 25.8%, with Tier I capital at 22.7%.

I would also like to highlight that we have always believed in giving back to society. To this end, we have taken up various initiatives, such as the Chote Kadam project in partnership with the Parinaam Foundation, skill development programmes and other community development programmes to benefit the underprivileged communities. This year we started making conscious efforts to improve on the overall Environmental, Social, and Governance front.

Last year, I expressed my optimism that Ujjivan SFB has the potential to grow exponentially, and we were hopeful that the long-standing shareholders would appreciate the overall performance and be rewarded in the years to come. I take pride that we have delivered beyond our expectations, and all our optimism has become a reality. With stellar business and financial performance, well-defined long-term objectives, strong values, shareholders' trust, and a zealous Ujjivan Team, I remain optimistic that Ujjivan SFB is on track to create a leading mass market bank, serving the fast-growing aspiring middle class of Indian society. I would like to take this opportunity to thank all our shareholders, regulators, customers, and employees, who continue to trust us through our ongoing journey towards strengthening our core and shaping our future.

Yours truly,

B. A. Prabhakar

Chairman

**Message from the Managing Director and CEO**

Consolidating the Core. Building the New.

**Dear Stakeholders,**

FY 2022-23 marked a remarkable year for Ujjivan SFB, as we not only solidified the turnaround reported in FY 2021-22 but also accelerated it, leading to substantial growth. We surpassed milestones in business performance, with deposits exceeding ₹ 25,000 Crores and disbursements reaching ₹ 20,000 Crores. Additionally, our customer base surpassed 77 Lakhs, crossing the significant threshold of 75 Lakhs. Our profitability soared, achieving a net profit of ₹ 1,100 Crores, positioning us among India's top 200 listed companies in terms of absolute net profit.



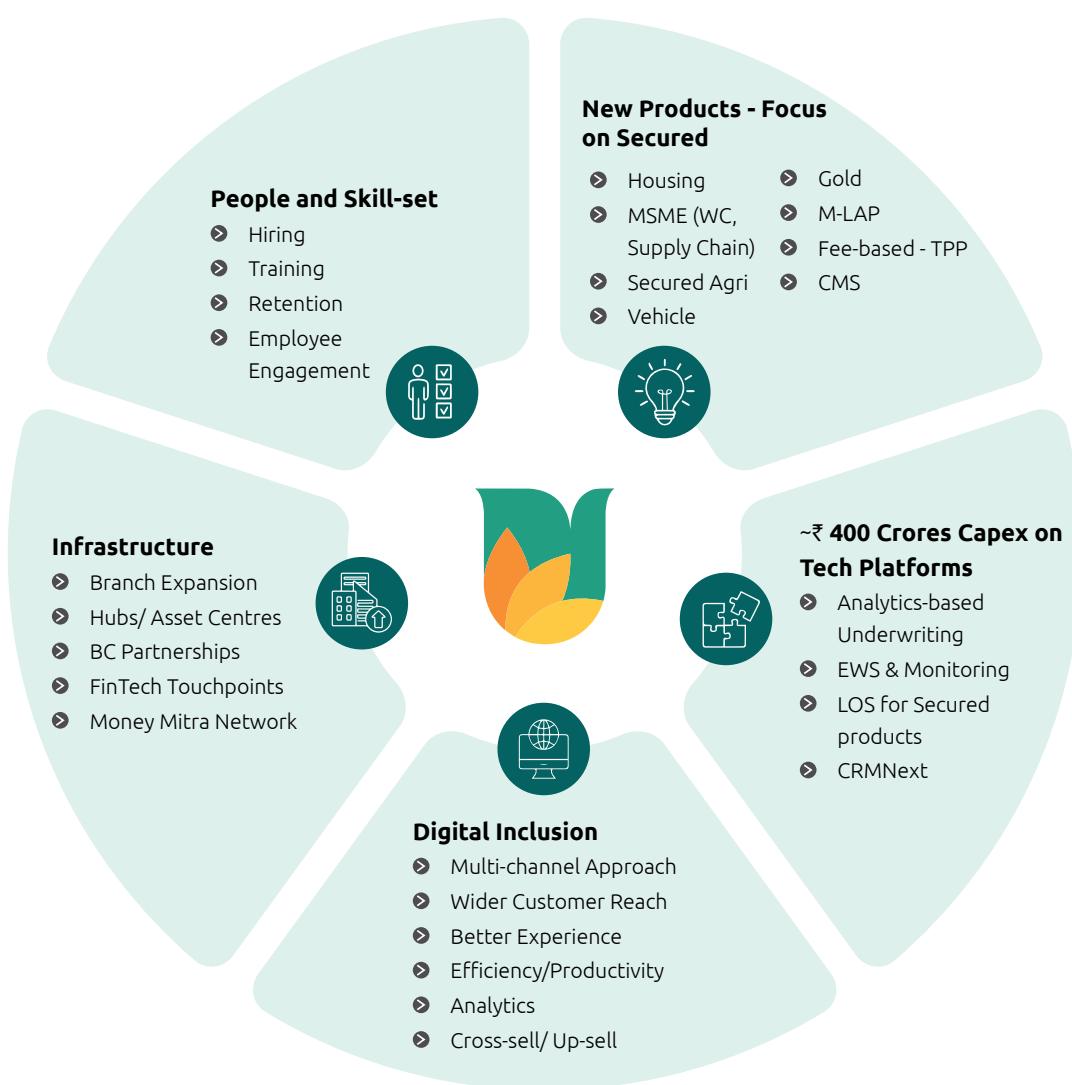
At the onset of FY 2022-23, we committed to achieving stability, growth, improved asset quality, and increased profitability. I am delighted to announce that we have successfully delivered on all fronts. Our senior leadership remained steadfast throughout the year, and we expanded our workforce by nearly 1,000 employees, reaching a total of 17,870 by March 31, 2023, compared to 16,895 on March 31, 2022.

We remained committed to investing in growth platforms that strengthened our core throughout the fiscal year.

This included focusing on the following areas:

- (a) Enhancing our human resources capabilities
- (b) Developing new products and solutions tailored to our customer segment, particularly in the realm of secured asset products
- (c) Expanding our digital platforms to reach customers through various channels, enhance their experience, and improve operational efficiency

- (d) Implementing technology platforms to handle increased business volumes and enhance business efficiencies while maintaining asset quality
- (e) Expanding our physical infrastructure by adding 54 new banking outlets, increasing our customer touchpoints through partnerships with payment fintechs, and introducing Money Mitra services



Hello Ujjivan: A Path-Breaking Initiative Towards Digital Inclusion

We have successfully launched a ground-breaking mobile banking application, Hello Ujjivan, utilising visual, voice, and vernacular elements. This innovative app aims to enhance digital adoption among semi-tech-savvy customers by providing them with convenient access to

mobile banking services without extensive assistance. The application offers essential features such as EMI payments, balance checks, and money transfers. However, our ongoing efforts focus on expanding the range of services to include loan applications, with these additions expected to be implemented during FY 2023-24.



Our mobile banking application is a first-of-its-kind, and its introduction represents a significant milestone in increasing digital penetration and transforming the banking experience of the masses in our country. The app has already garnered widespread recognition, including the prestigious Aegis Graham Bell Awards 2022 for Innovation in Consumer Tech and the Skoch Award for Mobile Banking Solution. Within a few months of its launch, the application has witnessed an impressive total download count surpassing 97,000+. We are delighted to see customers utilising the app for tasks like booking fixed deposits and making EMI payments, showcasing its growing popularity and utility.



FY 2022-23: Delivering on our Promises

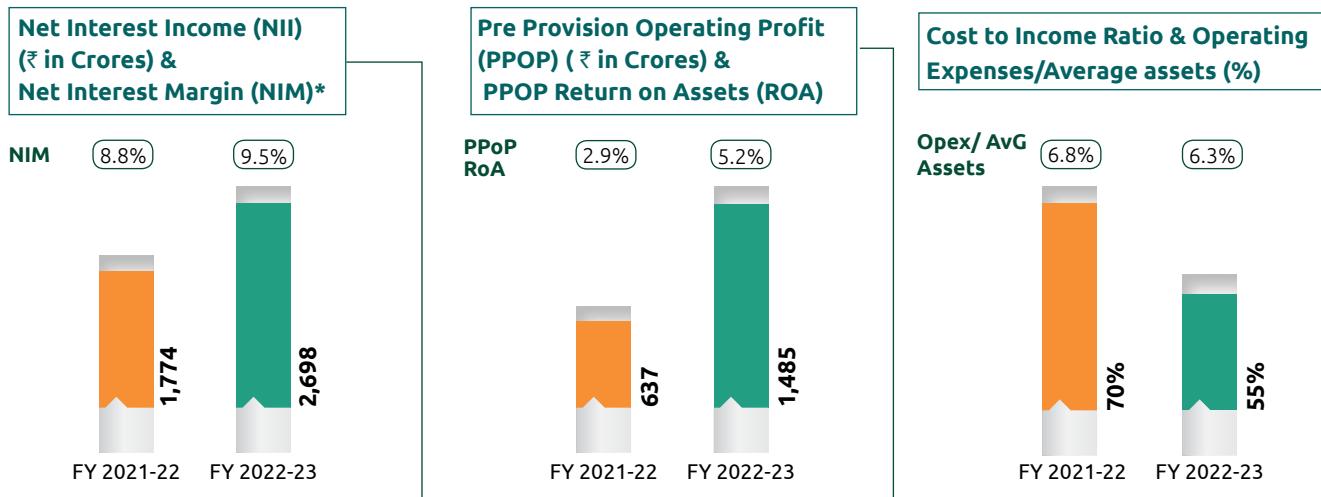
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As previously mentioned, our business volumes achieved remarkable milestones. One of our key achievements was the significant reduction in our Gross Non-Performing Assets (GNPA) from 7.1% at the beginning of the year to 2.6% at the end of the fiscal. Additionally, our Net Non-Performing Assets (NNPAs) remained at remarkably low levels, ranging from 0.04% to 0.05% over the last three consecutive quarters. Our restructured loan book continued to exhibit healthy collections, now constituting less than 1% of our total gross loan book, with a robust provision cover. Throughout the fiscal year, we experienced only ₹ 335 Crores in fresh GNPA additions, accompanied by upgrades and recoveries amounting to ₹ 506 Crores. We maintained a high provision

coverage ratio of 92%, including a floating provision of ₹ 250 Crores, which provided a solid cushion for future earnings. The success of our dynamic collection strategy, incorporating a balanced utilisation of on-roll and off-roll collection teams, multiple agencies, and data analytics, was evident in the improved collection and asset quality during the fiscal year. While slippages began to normalise towards the end of FY 2022-23, we anticipate ongoing bad debt recoveries in FY 2023-24.

Our Net Interest Margins (NIMs) for the year stood at 9.5%, aligning with our guidance. This achievement was the result of a combination of a rising cost of funds, partially offset by yield expansion. The rise in the cost of funds was driven by increasing REPO rates and aggressive pricing in wholesale deposits. Although we anticipate the rate curve to plateau in FY 2023-24, it may take time for the cost of funds to stabilise as old funding gradually gets replaced at current rates. Our yield expansion can be attributed to a reduction in NPAs, leading to a higher income-generating loan book, and some rate hikes implemented in our asset businesses. Our Pre Provision Operating Profit (PPOP) for the fiscal year amounted to ₹ 1,485 Crores. With minimal credit provisioning, our Profit After Tax (PAT) stood at ₹ 1,100 Crores.





* NIM based on total loan book including IBPC & Securitisation

During the fiscal year, we successfully raised ₹ 475 Crores of fresh equity through a Qualified Institutional Placement, along with ₹ 300 Crores of quasi-equity in two tranches of sub-debt. These fund-raises and internal accruals significantly bolstered our equity net worth, resulting in a highly favourable capitalisation position as of March 2023. Our capital adequacy ratio stood at 25.8%, with a Tier I capital ratio of 22.7%. Our liquidity coverage ratio (LCR) also stood at 180% as of March 31, 2023.

Outlook

We have established a solid foundation for the future and remain dedicated to further building upon this base. Our focus moving forward will encompass investments in technology and digital platforms to enhance productivity, elevate the customer experience, and drive business growth. Additionally, we plan to allocate increased resources towards branding and marketing efforts to augment brand visibility and reinforce the positive work accomplished over the past six quarters following the COVID-19 pandemic.

In terms of our branch network, we have ambitious plans to add 100 branches during FY 2023-24, including our entry into the state of Andhra Pradesh. We aim to achieve a gross loan book growth rate of 25% or higher. Our strategy involves customer acquisition in the MicroBanking segment and growth in our secured book. While our Housing segment showed robust growth, we anticipate a pickup in the MSME and vehicle sectors during the current fiscal year. In FY 2022-23, the MSME segment underwent a strategic transition towards

achieving a more balanced portfolio mix. We have now introduced our first set of products in this segment, with customer log-ins commencing in Q1 FY24. We will also focus on expanding our Micro-LAP (Loan Against Property) book, primarily by promoting the progression of our micro borrowers. Furthermore, a key priority is crossselling Vehicle and Gold Loans to micro borrowers.

We anticipate deposit growth of 30% or more, with a particular emphasis on Current Account and Savings Account (CASA) and the expansion of our granular book. We are also focussing on digital deposits, which will be commercially launched early in the current fiscal year. We have made significant investments to make alternative service channels such as Phone Banking, Video Banking, and IBMB (Internet Banking and Mobile Banking) more relevant and productive. These initiatives are expected to yield positive outcomes during the current fiscal year. We aim to maintain credit costs below 100 basis points and achieve a Return on Equity (RoE) of around 22% or higher for FY 2023-24.

The year under review was exceptional in terms of business performance and profitability, providing us with a strong foundation for the years ahead. We are well-positioned to become a leading mass-market bank, serving the rapidly growing aspirational middle class of Indian society.

Sincerely,

Ittira Davis

Managing Director & CEO

**MicroBanking**

Taking Banking to the Last Mile

The core focus of our initiatives in the MicroBanking vertical is to improve the lives of individuals in the underserved sector. We are deeply committed to our objective of ensuring financial inclusion for the unserved and underserved sectors by granting them access to comprehensive banking facilities. We have a nationwide customer base of over 6 Million, and we cater to their specific needs by offering thoughtfully crafted products that address their requirements for financial security, liquidity, and convenient banking services.



We are creating immense value throughout the ecosystem through the unwavering dedication of our field staff, constant innovation, rapid digital adoption, and the continuous growth of our deposit base. With a strong foundation in the lending business and an extensive range of technology enabled banking services, we are seizing vast opportunities and capitalising on them effectively.



₹ 17,401 Crores

Gross loan book

₹ 16,084 Crores

Disbursements

51% yoy

₹ 2,129 Crores

Deposit

45% yoy

11.3 Lakhs

New customers on-boarded

101%

Collection Efficiency
(1 EMI+OD)

Growth in FY 2022-23
over FY 2021-22

In Group Loan offerings, the primary focus during the last financial year was on being compliant with the latest regulatory framework. This involved implementing RBI guidelines on Micro-Finance, as well as making changes to the Household Bureau and Household Income Model. Additionally, we introduced the GLOW single flow to streamline the process and ensure data uniformity across systems. We also implemented a process to extend the benefits of advance EMI payments to customers and introduced individual processing of loans through separate product codes. To address the customers' needs regarding sanitation and hygiene, we introduced Water and Sanitation (WATSAN) Loans, enabling customers to construct necessary sanitation facilities in alignment with the Swachh Bharat mission of the Indian government.

In our Individual Loan offerings, we provide various types of loans to cater to the evolving needs of our customers. These include Business Loans (working capital for retailers), Livestock Loans (for purchase and maintenance), and Home Improvement Loans (for renovation and repair work). The focus in FY 2022-23 was to strengthen the transition of Group Loan customers to Individual Loan customers, offering them better growth opportunities and prospects. We utilised data analytics and insights to create distinct gateways and treatments for repeat loan customers and introduced Pre-approved Loans. These initiatives ensured customer



retention, streamlined processes, and provided hassle-free loans as a reward to loyal customers. Additionally, we introduced Top-up Loans for repeat customers to provide additional working capital. In the open market segment, our primary target was clusters and branches in urban and semi-urban areas, aiming to tap into the vast potential of business assets and income generation.

We have adopted seamless digitisation and cutting-edge technologies to stay ahead of the curve. We have even introduced numerous digital-driven products and encouraged our customers to migrate towards digital banking channels. One such innovation is Hello Ujjivan, India's first Voice-Visual-Vernacular mobile banking application. With its guided journeys, this application enables customers, especially those less familiar with technology, to fulfil their banking needs and enhance their digital banking experience. Hello Ujjivan is available in eight regional languages and English - Hindi, Marathi, Bengali, Tamil, Gujarati, Kannada, Oriya & Assamese. Leveraging artificial intelligence and machine learning, the application efficiently understands different dialects within a specific language. In FY 2022-23, Hello Ujjivan had already benefited over 97,000+ customers.

Our UPI-based payment acceptance solution, Ujjivan-Pay QR, gained significant traction with a distribution of more than 2.96 Lakhs+, empowering our customers to digitise their incomes. Around 21% of our customers opted for cashless channels to repay their loans this year. Our real-time mobile number update facility witnessed substantial growth, with approximately 7 Lakhs customers updating their mobile numbers. Moreover, our external cash points were also successfully utilised, accounting for 52% of repayments collected. We met the increasing credit needs of our customers by providing hassle-free loans in a timely manner, ensuring fulfilment of their financial requirements.



Key Achievements of FY 2022-23

- We disbursed loans to over 24+ lakhs customers, contributing to a total disbursement of ₹ 14,959 Crores. Notably, we achieved the highest-ever Group Loan disbursement in a single month, reaching ₹ 1,753.17 Crores, including a record-breaking top-up loan disbursement of ₹ 271 Crores.
- Our unwavering focus on the Sampoorna Family Banking portfolio, encompassing Group Loans, Individual Loans, Savings and Deposit, Insurance, and Payment Solutions, resulted in significant cross-selling gains. Our term deposit book size increased by ₹ 283 Crores during this fiscal year.
- We introduced WATSAN Loans to ensure affordable access to drinking water, adequate sanitation facilities, and improved hygiene among our customer base.
- We implemented Virtual Relationship Managers to enhance customer service and address their financial needs more efficiently. This innovative approach reduced the efforts and time spent by field staff physically visiting customers, thereby improving operational efficiency.
- In accordance with the latest Micro-Finance guidelines issued by the Reserve Bank of India (RBI), several changes were introduced, including the implementation of the Household Income Assessment Model (HHI). The HHI incorporates the following key aspects:
 - > Credit Bureau check of all household members who are 18 years of age and above.

- > The household annual income limit has been raised to ₹ 3 Lakhs.
- > The Fixed Obligation to Income Ratio (FOIR) has been capped at 50%.
- We launched pre-approved loans on Individual Loans (IL), a convenient offering that identifies eligible customers, and processes loans with reduced customer interactions. This eliminates the need for credit officer visits, streamlining the normal loan approval process. A total of 330 customers have already benefited from these Pre-approved Loans. We introduced IL Top-up Loans to cater to the additional

Road Ahead

Moving ahead in MicroBanking, our focus is on achieving a completely paperless and signature-less loan sourcing process. This involves implementing pre-approved loans for Group Loans, e-signatures, and loan acknowledgments through the Hello Ujjivan app. We prioritise business control through Geofencing, One-Customer, One-Mobile, and Customer Authentication, during disbursement. We have plans to revamp the Aakarshan policy to attract better customers. Our goal is to enhance the functionalities of Hello Ujjivan and digitise the entire customer banking journey. The expansion of Ujjivan Pay QR is a top priority, enabling the digitisation of merchants' income and introducing additional features to meet customer demands. We also plan to offer value-added services alongside QR transactions to ensure customer satisfaction. Additionally, we are exploring loan offerings based on QR transaction behaviour. The Money Mitra network is expanding to bring banking services to village neighbourhoods, covering services like account opening and recurring deposit sourcing. Our overall objective is to embrace digitisation, improve control, and provide innovative solutions for an enhanced customer experience.

liquidity requirements of our existing loan customers. These interim loans are provided within the existing loan tenure, ensuring quick access to additional funds.

- We implemented a dormancy removal process, empowering our branch staff to raise paperless service requests. This enables the removal of dormant flags from customers' savings accounts, enhancing account activity and functionality.
- We introduced the process of Direct Benefit Transfer in which, through a 4-minute paperless process, the staff can seed customers' savings accounts for receiving the government-initiated subsidies.
- We streamlined our operations by introducing a single flow process, enabling our staff to seamlessly handle customer loan applications and open savings accounts within the same flow.
- Our Group Loan customers with strong savings behaviour now have the opportunity to access higher loan amounts from their second loan cycle and onwards, thanks to the introduction of loan enhancement.
- We introduced the Government scheme, Atal Pension Yojana, which operates on the NPS framework. Subscribers of Atal Pension Yojana can choose from fixed monthly pension amounts ranging from ₹ 1,000 to ₹ 5,000 by paying monthly subscriptions.



**Agriculture & Rural Banking**

Serving the Unbanked Ecosystem

Our Agriculture & Rural Banking vertical remains dedicated to serving the unserved and underserved population. The unbanked rural centre (URC) branches are committed to enhancing the lives of customers by granting them access to a comprehensive range of financial services. The Rural Banking staff goes the extra mile by providing doorstep services, making it more convenient for customers and further improving their overall experience.



Secured agriculture lending offered through the Kisan Pragati Card is a crucial product that addresses the credit requirements of the farming community. To specifically support farmers engaged in poultry and freshwater fish farming, the Kisan Pragati Card Loan introduces two variants: KPC-Poultry and KPC-Pisciculture. These variants are designed to meet the unique needs of farmers involved in poultry and freshwater fish farming.

Key Achievements of FY 2022-23

- Launched nine new branches in Uttar Pradesh and Gujarat, expanding our presence in these regions. We also have extended our Secured Agricultural Loan offerings to Haryana, West Bengal, and Rajasthan.

Road Ahead

Going ahead, we have a well-planned strategy to expand our geographical footprint across the country by tapping into the real potential of rural India, known as 'Bharat.' This strategy is supported by a strong, secured agriculture portfolio and a focus on building a self-sufficient liability book.



**Micro, Small & Medium Enterprises (MSME)**

Supercharging the Businesses of Bharat

In line with India's aspiration of becoming an economic superpower, MSMEs have emerged as a driving force, contributing close to 50% of the country's exports, one-third of its GDP, and employing nearly one-fifth of the workforce. This remarkable impact results from Government initiatives and schemes designed specifically for micro, small, and medium enterprises, complemented by entrepreneurship-focussed drives, financial inclusion efforts, and the growing adoption of digital technologies, all of which have created a favourable ecosystem.



We have been actively expanding our product portfolio for the MSME sector, ensuring steady growth and enhancing both the reach and quality of our services. Our offerings have evolved beyond conventional loans, catering to the dynamic needs of our business customers and positioning us to effectively adapt to their changing requirements.

Key Achievements of FY 2022-23

- We achieved our highest-ever monthly disbursement (in September 2022) for this segment.
- We implemented a comprehensive strategy revamp for our vertical during the second half of the fiscal year, outlining four distinct business lines: Loan Against Property (LAP), working capital, supply chain finance, and fintech.
- We established robust systems, people, and processes to meet the technology and compliance requirements of the new business lines.
- We added regional processing hubs across the country to enhance our regional presence and cater to major markets such as Ahmedabad, Coimbatore, Patna, and Jaipur. Additionally, we launched Asset Centres dedicated to serving MSME customers, with the first centre opening in Mysuru.
- We implemented various digital enablers, such as enhanced business net banking, QR solutions, and physical propositions like customer relationship management (CMS), to improve customer experiences. These initiatives have made our customer journeys more meaningful and engaging.



Road Ahead

We have devised a strategic roadmap for the next 2-3 years, anticipating sustained growth in our MSME portfolio. Our focus will be on serving semi-formal and formal MSME businesses, offering a combination of short-tenure (ST) facilities for working capital requirements and longer-tenure (LT) Loans Against Property (LAP) to meet their diverse needs. Additionally, our supply chain finance practice and strategic fintech partnerships will drive incremental growth in business metrics. This strategy is driven by technology, as we are investing in the development of new API-ready systems. These systems will simplify critical underwriting, due diligence, and monitoring workflows, reinforcing our commitment to delivering world-class business banking services to our customers. We will leverage key digital enablers that are scalable, ensuring cost leadership in our unit economics.

We anticipate that these efforts will yield positive results in the coming quarters. Our existing portfolio will be strengthened through the addition of quality customers, while the introduction of new lines of business will diversify growth opportunities within the vertical.

**Affordable Housing**

Fulfilling Dreams of Owning Homes

We are a trusted player in India's affordable home loan market, particularly among low-income households that aspire to own their dream homes. We specialise in providing loans primarily to unserved and underserved segments, within the segments of Economically Weaker Section (EWS), Low-Income Group (LIG), and Middle-Income Group (MIG) customers. These loans play a crucial role in fulfilling customers' aspirations of owning their home.



With a primary focus on assisting first-time homebuyers, our Bank has achieved remarkable success in facilitating subsidy credits of ₹ 244 Crores to over 11,000 customers since inception (₹ 155 Crores to 7,000+ customers in FY 2022-23) through the Pradhan Mantri Awas Yojana Credit Linked Subsidy Scheme (PMAY CLSS) from the National Housing Bank (NHB).

₹ 1,391 Crores

Disbursements

 **31% yoy**

₹ 3,401 Crores

Gross loan book

 **24% yoy**

97%

Collection efficiency

37,041+

Total borrower base

 **22% yoy**

 Growth in FY 2022-23 over FY 2021-22

Road Ahead

Moving forward, we are focussing on harnessing the potential of the existing customer base by utilising in-house digital and analytics tools. Additionally, we are making optimal use of digital customer onboarding and servicing platforms, which are currently in the pilot phase for our Bank. As we move forward, one of our key areas of growth will be Micro Mortgages, a product introduced in FY 2022-23, that enables channel diversification.

Our guiding principle is centred around providing best-in-class services to our customers, achieved through the expertise of our skilled workforce. We are committed to enhancing our retail asset centre operations, launched in FY 2022-23, by offering tailor-made products to meet the ever-growing demand in the housing market.

Key Achievements of FY 2022-23

- Despite starting with challenges related to productivity, portfolio quality, and profitability, we ended the year as a profitable business with one of the most highly productive teams in the industry while also reducing Non-Performing Assets (NPA) and Portfolio at Risk (PAR) by almost 50%.
- During the first half of the fiscal year, we implemented numerous initiatives across product, process, policy, and manpower aspects. The positive outcomes of these efforts became evident in the second half of the fiscal year, with record-high disbursements in March 2023, Nil OD in the 0-12 MOB category, and a significant reduction in NPA levels (4.7% as of March 2022 to 2.6% as of March 2023).
- Regular communication with teams across different regions played a pivotal role in identifying issues, while management's support was crucial in promptly addressing them. Furthermore, our business focus has gradually shifted towards Tier II and III markets due to their advantages, including better yield, lower loan-to-value (LTV) ratios, and higher customer retention rates.



Vehicle Finance

Catering to Aspirations

The Indian two-wheeler industry is projected to maintain its growth momentum in the upcoming financial year, and we are well-positioned to capitalise on this trend by offering hassle-free Two-wheeler Loans. Our simplified documentation process and speedy loan decisioning ensure that customers can quickly and easily access financing for their two-wheeler purchases.





₹ 53.54 Crores

Disbursements

27,480

Total borrower base

Key Achievements of FY 2022-23

- The year under review marked the first full year without any COVID-19 impact in the past two years, resulting in significant growth for the industry. Retail sales in the sector experienced a remarkable double-digit increase of 21%.
- We have adopted a concentrated approach, catering to the needs of our existing customers who are looking to finance their two-wheelers.
- We have been steadily expanding our customer base by establishing partnerships with dealerships. This strategic move allows us to tap into the majority of customers who visit these dealerships to purchase a two-wheeler.

Road Ahead

In our continuous efforts to improve the customer experience, we are constantly enhancing our digital mechanisms to streamline the onboarding process for our customers. Our commitment lies in expanding our reach and capitalising on emerging opportunities in the market. To achieve this, we strategically forged alliances with leading two-wheeler manufacturers and dealerships, enabling us to provide better customer service.

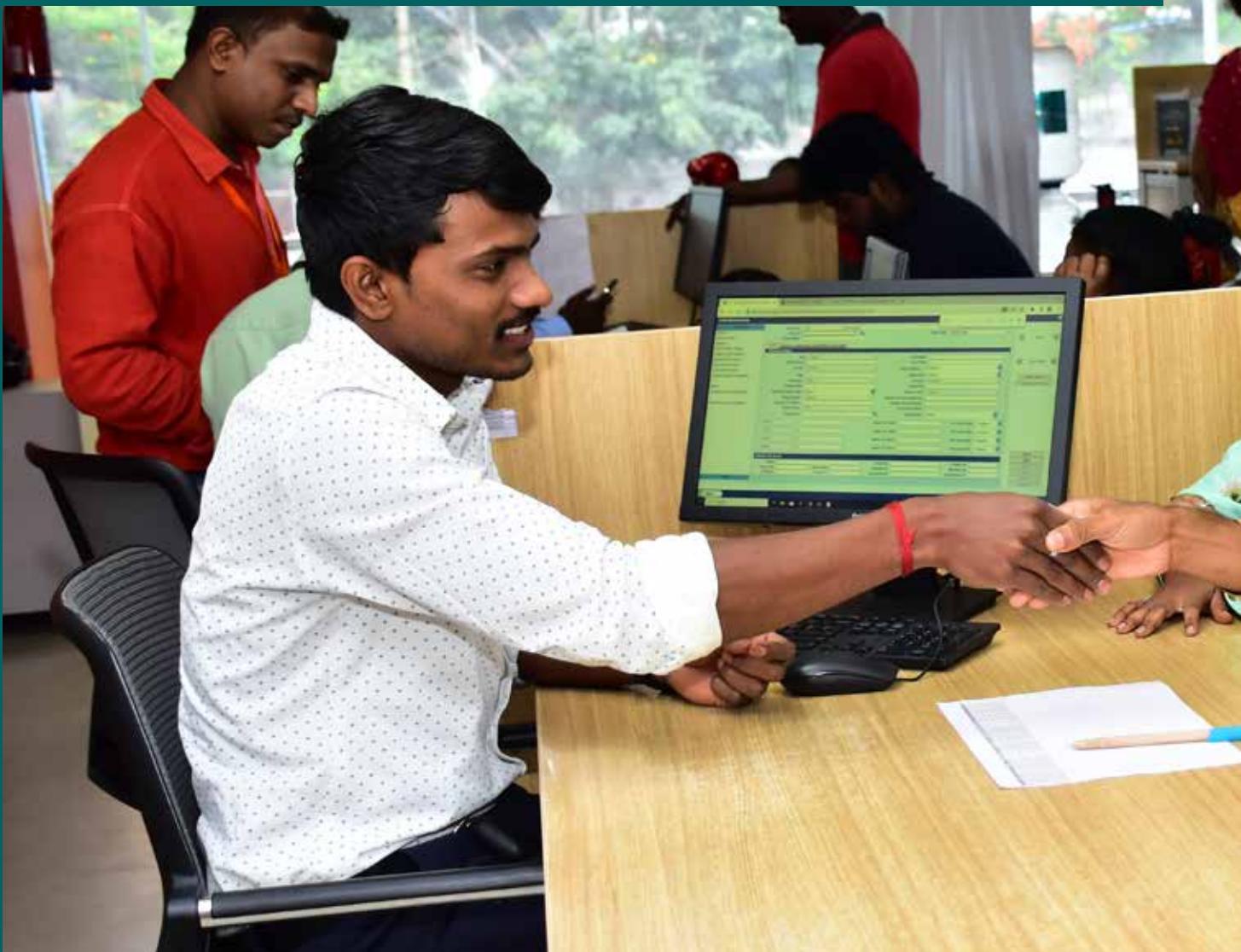
Furthermore, we embraced technological advancements to stay ahead, to offer innovative solutions. By focusing on rural and semi-urban markets, we recognise the potential for growth in these areas and aim to cater to the specific needs of customers in these regions.



Branch Banking and Trust, Association, Society, and Club (TASC)

Enabling Accessibility to Banking Services

Our branch banking strategy is centred on attracting new-to-bank customers and offering them a range of banking solutions by leveraging products from various business verticals. Our branches are designed to serve as a customer's home branch, providing a personalised experience at every touchpoint. Additionally, our TASC team specialises in meeting the banking requirements of government departments, their Affiliated Entities, Institutions, Corporations, Educational Institutions, Hospitals, NGOs, Housing Societies, and Religious bodies through customised collection and payment solutions with the support of a dedicated team and state-of-the-art digital collection and payment solutions.



**Branch Banking****₹ 13,343 Crores**Liabilities book of
branch banking **61% yoy****₹ 4,600 Crores**

CASA book

22% yoy**₹ 2,052 Crores**

Privilege SA book

15 Lakhs+

Customer base

23% yoy**TASC****₹ 2,368 Crores**

Book size

171% yoy**32%**

CASA ratio

18% yoy

Growth in FY 2022-23 over FY 2021-22



Key Achievements of FY 2022-23 (TASC)

- We introduced a charge free product specifically designed for our TASC customers.
- We strengthened our teams across key positions and have established a dedicated channel. Further, we have identified 230 TASC focused branches to cater to our customer needs and enhance the business further.
- We have streamlined the account opening process making it easier for the customers to start their banking relationship with us.
- An entire ecosystem has been created for our TASC customers such as Point of Sale (POS), Quick response (QR) code, Payment Gateway and other Digital Solutions to enhance customer experience and satisfaction.

Key Achievements of FY 2022-23 (Branch Banking)

- We adopted a strategic approach to providing segment-specific offerings through new initiatives and programmes to strengthen our customer relationships. By tailoring our services to meet the specific needs of dominant customer segments, we aim to enhance customer relationships and engagement.
- We strongly emphasised sourcing quality and product offerings with a higher Average Ticket Size (ATS). This focussed approach has yielded substantial benefits for our Bank.



Road Ahead

Going forward in branch banking, we will launch a range of new product and service offerings aimed at enhancing our banking solutions. These offerings will include higher variants of Current and Savings Accounts and Bank Guarantees, among others. By introducing these new options, we aim to provide our customers with even more comprehensive and tailored financial solutions. Furthermore, as consumer behaviour shifts towards digital channels, we recognise the importance of bolstering our technological capabilities and digital solutions. We are committed to leveraging this trend to its fullest potential, ensuring that our customers can benefit from convenient and innovative banking services. We are also planning to set up new branches in strategic locations to support our expansion goals. This initiative will enable us to extend our reach and strengthen our presence in key markets, better serving the needs of our customers.

Moving ahead, to enhance our services for the institutional segment, we have decided to revamp our current TASC offering to align it with industry standards and ensure competitiveness. Our primary objective is to attract significant deposits by strengthening our existing relationships and welcoming esteemed clients, including local government bodies, municipal committees, and others, with the help of our dedicated TASC team.

**Third-Party Products**

Growing our Portfolio and Scaling Up Competencies

Our goal is to offer our customers a comprehensive solution for their insurance and investment needs. We constantly expanded our product portfolio and improved our people and processes to serve customers.





₹ 533.82 Crores

Gross premium collected

↑ **50% yoy**

₹ 42.44 Crores

Revenue

↑ **56% yoy**

During the year under review, we partnered with two new life insurance providers, Max Life Insurance and ICICI Prudential, to extend our product offerings across various segments. Additionally, we introduced comprehensive health insurance plans to cater to different segments and provide complete coverage. Both the life insurance and health insurance verticals have experienced strong year-on-year growth, with an increase in average ticket size for life insurance and a significant surge in health insurance sales due to successful cross-selling efforts.

As we expand our portfolio of third-party offerings, we are also enhancing our own capabilities. This includes intensifying our efforts to ensure employee IRDA certification, streamlining internal processes to eliminate operational bottlenecks, and digitising customer onboarding and servicing procedures. Alongside scaling up our service capabilities, we are placing a strong emphasis on acquiring quality customers across all business verticals to ensure sustainable growth.

↑ Growth in FY 2022-23 over FY 2021-22



Corporate Agency Arrangement

For insurance distribution, we currently have corporate agency arrangements with:

Life Insurance

- Bajaj Allianz Life Insurance Co. Ltd.
- HDFC Life Insurance Co. Ltd.
- Aditya Birla Sun Life Insurance Co. Ltd.
- Max Life Insurance Co. Ltd.
- ICICI Prudential Life Insurance Co. Ltd.

General & Health Insurance

- Bajaj Allianz General Insurance Co. Ltd.
- ICICI Lombard General Insurance Co. Ltd.
- Care Health Insurance Ltd.

Road Ahead

We plan to introduce investment services as a new line of business for our customers. Our target market consists of underserved customers who have limited knowledge and experience in financial management. By catering to this unmet need, we anticipate creating value for our customers. Our strategy involves selling third-party investment products through various physical and digital channels. Additionally, we will launch insurance offerings through our telesales channel and digitally distribute insurance through an InsurTech platform integrated with our branches.

To enhance customer satisfaction, we will implement end-to-end digital solutions for claim intimation and settlement. These solutions will be available for both our asset and liability customers. Furthermore, we intend to overhaul our internal customer management systems and introduce improved workflows based on data science. These initiatives will enhance overall business productivity. Alongside these efforts, we remain committed to building teams across our branches that are certified by the Insurance Regulatory and Development Authority (IRDA) and the National Institute of Securities Markets (NISM).



**Financial Institutions & Government Banking Group (FIGB)**

Deepening Presence Across the Financial Sector, Corporate, and Government Sectors

The Financial Institutions & Government Banking Group (FIGB) plays a pivotal role in our Bank, encompassing a wide range of operations that contribute to institutional lending growth and accumulate liabilities from large institutional clients. This group manages the pan-India liability businesses of various institutions, including Banks, Cooperative Banks, Regional Rural Banks, Small Finance Banks, Payment Banks, Mutual Funds, Insurance entities, Government departments, Central & State Government Public Sector Undertakings, Quasi-Government bodies, Mid & Large Corporate entities, and similar entities.



Additionally, FIGB handles wholesale lending to Micro-Finance institutions, non-banking financial companies (NBFCs), and housing finance companies (HFCs) within well-defined credit parameters. The group also significantly arranges alternate or secondary funding sources, such as refinance, inter-bank participation certificates (IBPC), securitisation, contingency lines, and other financing modes. This ensures the availability of diverse funding options to meet clients' financial needs.



₹ 918 Crores

Total disbursement

37% yoy

₹ 1,128 Crores

Gross loan book

32% yoy

₹ 6,916 Crores

Deposit, Current Account, Term Money as of March 31, 2023

₹ 115 Crores

Current account EOP as of March 31, 2023

100%

Month on month collection efficiency

0.40%

GNPA for institutional lending clients

Growth in FY 2022-23 over FY 2021-22



As of FY 2022-23, our lending portfolio encompassed 41 clients spanning multiple industries, ensuring a diverse spread of risk. We have implemented robust credit appraisal and monitoring processes to ensure the quality of our lending exposures. As a result, our collection efficiency in this segment is nearly 100%.

Encouraged by the revival in the market environment, we introduced Trade Finance Bank Guarantee for wholesale borrowers. We successfully activated this product with a large Capital Market client, further expanding our service offerings. Additionally, we are working towards launching demand loans specifically designed to meet working capital needs. These initiatives aim to provide our clients with flexible financing options that align with their operational requirements. We also introduced fee-based trade finance products, such as bank guarantees.

Over FY 2022-23, the FIGB unit accumulated deposits of more than ₹ 7,500 Crores, and played a significant role in contributing funds to our Bank. These deposits include Fixed Deposits, Certificate of Deposits, Current Accounts, and Term Money, providing a stable and reliable funding source. Moreover, our diversified wholesale liability book has allowed us to achieve better spreads by reducing the cost of deposits and mitigating concentration and dependency risks.

Active Client Relationships

298	41
Liabilities	Assets

Key Achievements of FY 2022-23

- We successfully sourced substantial deposits from existing and new clients, and we have established strong relationships with several notable Government segment clients.
- We actively engaged with highly rated NBFCs, HFCs, and MFIs to establish lending relationships, resulting in a remarkable year-on-year growth of approximately 32% in our lending book.

- Our portfolio predominantly comprises AA and A-rated assets, demonstrating our commitment to maintaining a high-quality credit portfolio.
- We launched trade finance - Bank Guarantee for FIGB segment clients to boost fee income.
- We activated four mutual funds to re-initiate investment transactions with our Bank.
- We successfully raised wholesale funds at competitive rates, despite challenging market conditions.
- We raised more than ₹ 5,500 Crores through alternate funding sources to further strengthen our funding base. These funds were obtained through IBPC transactions, securitisation, term loans/overdrafts, and refinance transactions from various banks and financial institutions.

Road Ahead

We will focus on diversifying deposits and strengthening Current Account (CA) balances from FIGB segment clients, while expanding relationships with higher-rated borrowers to grow its asset base.

To achieve this, we will aim to grow its deposit book by targeting regular segments of Banking and Financial Institutional clients, including Cooperative Banks, Regional Rural Banks, Mutual Funds, Insurance Companies, NBFCs/HFCs/MFIs, Capital and Commodity Market clients, and large financial vertical clients. Additionally, there will be a strong emphasis on developing alternate wholesale verticals such as Government banking and Mid/Large Corporate segments.

The team will introduce new product initiatives to attract CA floats and generate fee income from FIGB clients. One of the key objectives is to increase fee-based income through products like Bank Guarantees.

Furthermore, our team will actively work towards creating/enhancing interbank limits, securing increased exposure limits from various mutual funds, insurance companies, and cooperative banks. They will also prioritise seeking empanelment with different State Governments in locations where our Bank is present.

To meet our Bank's funding requirements, the team will continue to leverage alternate funding sources as needed.



**Human Resource**

Inspiring Work Environment to Achieve More

Our people have always been a critical pillar in achieving our purpose. FY 2022-23 demonstrated the effectiveness of our 'Employee First' approach as we surpassed our goals quarter after quarter, resulting in the most profitable year in our history. This accomplishment was further validated when our employees ranked us as the 'Best SFB' in a survey conducted by the Great Place to Work Institute for FY 2022-23. We were also featured in the Top 50 'Great Place to Work' in the general category and BFSI industry.

During FY 2022-23, we focussed on comprehensive people development and enhancing organisational capabilities to provide a 360-degree growth journey for employees. To facilitate career growth, we implemented a new grade structure that offers advancement opportunities based on consistent performance. We also introduced succession planning programme at the senior management level.

Learning and Development

Skill enhancement was a key area of focus, with 17,870 employees participating in various training and skill enhancement programmes (average of 29 hours of training). We also successfully conducted flagship programmes for branch managers in Branch Banking and Rural Banking and re-skilling programmes for employees in Affordable Housing, MSME, and Credit function. To improve the customer experience, a programme on customer centricity was initiated for branch-level

employees. Furthermore, efforts were made to enhance supervisory capabilities within the organisation, including reintroducing first-time supervisory skills training with pre- and post-training impact assessment programmes. Programmes on risk ownership and 'First Line of Defence' were also carried out to empower branch supervisors. Additionally, we organised annual programmes aimed at enhancing skills and obtaining certifications for teams involved in credit underwriting, vigilance, and auditing.



Special emphasis was placed on providing technical training for IT, Digital Banking, and Human Resources teams, with the introduction of online training platforms such as Tech-Academy and SHRM. A blended training approach was also adopted, making extensive use of the e-learning platform, where we successfully launched several courses, including essential subjects like Code of Conduct, POSH, KYC and AML, and Information Security.

Employee Well-being

We prioritised the well-being of our employees and their families through a comprehensive wellness programme. We introduced Emotional Wellness programmes for employees and their families and reinstated free annual health check-ups for all employees, with a discounted option for staff families. Over 300 branches participated in these health initiatives. We also enhanced employee insurance benefits, increased maternity benefits by 50%, introduced robotic and advanced benefits for cancer treatment, and raised the accidental medical expense limit by 67% for all employees. Online health awareness programmes on topics such as road safety, cardiovascular disease, yoga, and cervical cancer were organised. A year-long campaign on road safety awareness was conducted to address the high number of accidents among employees.

Rewards and Recognition

We value and reward diligence and industriousness. As a testament to this, our Board and Management rewarded employees who contributed to our Bank's turnaround in FY 2021-22. We announced a special annual payout (RLSP), generating great employee excitement. In line with the focus on wealth creation, we also released a round of performance-based ESOP in the third quarter of FY 2022-23.

Employee Engagement

Acknowledging the crucial significance of attentive and open communication in successful personnel administration, our Bank implemented an AI-Chatbot named Amber to facilitate this. Amber collects employee feedback and suggestions in real-time, and this invaluable input is diligently monitored by the Head of HR to enable swift corrective actions when necessary.

To further promote open communication, we organised various forums and events like 'Chai pe Charcha' which allowed employees to meet and engage with the leadership team at the corporate office. We also had 'Lunch with the Captain', allowing employees to engage in meaningful discussions, with the MD & CEO, over a meal. Town hall meetings were conducted throughout the year to facilitate dialogue and address concerns. The flagship Branch Representative Meetings were also held at ground level, enabling us to listen to our employees and take necessary corrective actions actively.

Furthermore, the year under review witnessed the revival of a vibrant culture of celebrations at Ujjivan SFB. Numerous milestones were achieved, and various occasions were celebrated, reflecting the organisation's and our country's diversity. This uplifting atmosphere fostered a sense of unity and pride among Ujjivanites.

Overall, our unwavering commitment to listening, transparent communication and a renewed spirit of celebration contributed to our success during FY 2022-23.



**Community Commitments**

Shaping Holistic Community Well-being

We strongly believe in making a sustainable social impact. We remain committed to community development and financial literacy initiatives through our outreach programmes and partnerships.



We have taken significant strides in our CSR efforts, with presence in 24 states across India. Since our inception, we have successfully implemented over 141 projects, positively impacting more than 49 Lakhs beneficiaries. In FY 2022-23, we have executed 21 projects, benefitting around 7.30 Lakhs individuals. Moving forward, our Bank is committed to significantly impacting the states of Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh (BIMARU), in FY 2023-24.



141

Projects successfully implemented so far

49,45,290

Lives positively impacted so far

21

Projects successfully implemented during the year under review

7,30,520

Lives were positively impacted during the year under review

Infrastructural Support Through Chote Kadam

Our flagship CSR programme, Chote Kadam, has been instrumental in addressing the grievances of the vulnerable and marginalised communities in which we operate. Through Chote Kadam, we aim to improve the environment and quality of life, these communities while fostering a deeper connection and understanding between corporations and the community. We gather feedback from our regional teams at the ground level and select projects based on their criticality and potential impact.

Recognising that lack of access to basic infrastructure is one of the many challenges faced by unserved and underserved communities, Ujjivan SFB has designed its community development programme to focus on several categories of public infrastructure facilities, such as:

- Infrastructural support for educational institutions
- Renovation of healthcare facilities
- Construction of community centres and bus stands
- Catering to the safe drinking water needs of the communities
- Provision of sanitation in the community
- Provision of solar-powered street lighting, among others.

Chote Kadam. Big Impact.

Successfully completed 17 projects in 18 states and union territories, benefitting approximately 7,30,170 beneficiaries.



In FY 2022-23, our CSR efforts were focussed on strengthening healthcare systems across India. For example, the Bhadarabad Primary Health Centre (PHC) in Haridwar was not functional for eight to nine months due to a fire that broke out, which resulted in the closure of the maternity ward. Through our CSR initiative, Chote Kadam, we renovated the maternity ward, benefitting approximately 10,000 maternity patients in the neighbourhood.

In addition to infrastructure development for the underprivileged, the Chote Kadam programme also focusses on providing environmental solutions. For instance, we installed a plastic baling machine for the Gobichettipalayam municipality, enabling the compression of huge amounts of scattered plastic waste that were causing inconvenience to 1.5 Lakhs people residing in the municipality. This intervention has helped the municipality collect around 7.2 tonnes of plastic waste every day.

Livelihood Training and Employability

In partnership with the Divya Nur Foundation, an NGO in Bhubaneswar, we offered livelihood training to 100 unemployed youth affected by the Fani and Yaas cyclones in FY 2021-22. We successfully placed 70 of them in the retail sector, including Khadims, HDB Finance, Hunger Box, Monginis, and Veggiekart, with an average monthly income of ₹ 10,000.

We recognise the challenges faced by persons with disabilities (PWDs), especially the youth community, in finding employment due to poverty, lack of exposure to education and opportunities, stigma, and discrimination. To enable PWDs to have equal employment opportunity, we partnered with Cheshire Disability Trust to identify, counsel, train, and place them in appropriate companies and industries in line with their interests.

Through our CSR initiative and partnership with Cheshire Disability Trust, we trained 200 candidates in Jamshedpur and Mumbai. Of these, 124 were placed with Square Meal Foods, Quess Corp, Bellona Hospitality Services, DHL Logistics, and other companies, with an average monthly income of ₹ 12,000.

Our CSR initiatives also focus on empowering rural women entrepreneurs through our association with Savera

Society. We have been enabling these women to make their own sustainable products, adding more and more beneficiaries' year-on-year to the existing list of 50.

Disaster Relief

We have consistently extended our support to the victims of disasters across the country. Having already benefitted more than 1,27,000 beneficiaries, we went above and beyond by organising healthcare camps in Kamrup, Nagaon Mirza, and Baihata regions that were severely affected by floods in September 2023. This initiative impacted about 700 beneficiaries, even though the CSR liability was nil for the year.

Project Swachh Neighbourhood

We initiated the Swachh Bharat Abhiyan to clean up our neighbourhoods. The project began as a pilot campaign for cleanliness in the areas near our Koramangala branch in Bengaluru. It was later scaled up to cover 112 locations across India in FY 2022-23, with active participation from our employees and local communities. Our objective was to build a sustainable model by educating community members on the importance of maintaining a clean neighbourhood.

Financial Literacy and Inclusion

Diksha+ Financial Literacy Programme (MicroBanking)

Financial education is a fundamental part of our mission, aiming to provide low-income families with access to the necessary financial tools for security and prosperity. The bank has focused on empowering women from low-income households by equipping them with knowledge and tools for safe savings, minimising financial risk, and making informed financial decisions. In FY 2022-23, our financial literacy programme, Diksha+, trained over 1,19,222 customers across 278 branches.

Chillar Bank Financial Literacy Programme (Children of MicroBanking Customers)

The Chillar Bank programme primarily focusses on providing financial literacy to children between the ages of 11 and 17 who are customers of our MicroBanking services. By instilling savings habits at an early age, the programme has positively impacted the children and their parents. It enlightens parents about the advantages of

early saving and long-term investments for their children's future. Moreover, as these children are technologically adept and quick learners, they assist their parents in using digital platforms such as UPI apps and mobile banking applications, as well as educate them about potential digital fraud. In FY 2022-23, we successfully educated approximately 40,525 parents and their children. Through the combined efforts of the Diksha+ and Chillar Bank programmes, more than 31,823 customers gained access to a range of financial products offered by our Bank.

Financial Literacy for MSME Customers

In addition to our ongoing Financial Literacy Programme for MicroBanking customers, we are now planning to extend the programme to our MSME (Micro, Small and Medium Enterprises) customers, following the directives of the Reserve Bank of India (RBI). To support this initiative, we have partnered with Haqdarshak, the first Indian social enterprise to digitalise welfare programmes on a single platform.

Recently, we conducted a pilot run of the programme for our MSME customers in Coimbatore (Tamil Nadu), and Aligarh (Uttar Pradesh). The programme covered a wide range of topics, including financing options for their business needs, information on central registrations, and awareness about various government welfare and financing schemes available to them. During the pilot run, the programme was implemented in two states/Union Territories, and a total of 64 beneficiaries were trained.

Financial Literacy Camps for Rural Banking Customers

We introduced Financial Literacy Camps in collaboration with the Reserve Bank of India (RBI). These camps have been established at 132 URC branches across 11 states with the purpose of providing financial education. The educational materials utilised in these camps were designed by the RBI, ensuring their credibility and relevance. To enhance the impact of these camps, we have partnered with the Parinaam Foundation. Through this collaboration, a savings initiative has been integrated into the camps. Families have the opportunity to open savings accounts and gain access to essential banking and financial services, empowering them to manage their finances effectively. The Diksha programme implemented by us has garnered recognition from the Reserve Bank of India (RBI) as a pioneering initiative in the field of financial literacy. The total number of beneficiaries from these Financial Literacy Camps exceeds 11,609, with a coverage of 132 URCs.

Financial Literacy Programme - Beyond Ujjivan

We are expanding our flagship financial literacy programme to reach beneficiaries beyond its own customer base. This programme has been specifically tailored to cater to their unique needs. In FY 2022-23, we conducted a pilot training programme in collaboration with Marwari Hospital, Anahat Clinic, Mantri Society, and TNS India Foundation. The total number of beneficiaries reached through this pilot programme was 128.

Environmental, Social, and Governance (ESG) Commitment

ESG aspects are a fundamental part of our bank's core principles. With a strong social orientation, we have voluntarily taken the initiative to implement ESG practices. Our focus is on developing a visionary roadmap that will enable us to make a meaningful impact in the ESG space.

Our Risk Management Committee has been assigned the responsibility of approving and overseeing the implementation of the bank-level policy on ESG parameters. In compliance with regulatory requirements, we published our maiden Business Responsibility and Sustainability Report (BRSR) this year. Furthermore, we plan to voluntarily disclose our sustainability report during this financial year.

We place significant emphasis on optimal resource utilisation in our operations and the digitalisation of our products and services to address environmental concerns. We have carefully analysed the major contributors to our carbon footprint and have formulated a strategy to gradually reduce it. As an initial step, we have discontinued the use of paper cups and plastic water bottles, replacing them with glass and ceramic alternatives. A decarbonisation strategy is being developed and is expected to be rolled out in the first quarter of this financial year.

As a financial institution, we are exploring the opportunities of green finance, which aims to reduce negative environmental impacts. We are committed to generating positive environmental and social impact through our persistence, passion, and progress in adopting and evolving ESG practices.



Risk Management

Advancing with Resilience and Process Enhancement

We have a robust risk management framework in place to identify, measure, mitigate, and monitor material risks across all our functions. Directed by the Risk Management Committee of the Board (RMCB), we have a well-staffed risk management team led by our Chief Risk Officer (CRO) to implement the directions of the RMCB and the Board. Dedicated teams within our Bank assess and monitor credit, operational, market, liquidity, and information security risks. The risk management team primarily operates from our corporate office and also has a presence in each of the regional offices to facilitate the implementation of the operational risk framework at a granular level. The hallmark of our Risk Management function is its independence from business sourcing units, with convergence occurring only at the Board level.

The RMCB fulfils its roles and duties through various management-level risk committees, such as the Credit Risk Management Committee (CRMC), Operational Risk

Management Committee (ORMC), Asset Liability and Market Risk Committee (ALCO), and the Information Security and Business Continuity Management Committee. These committees identify, measure, mitigate, and monitor specific risks. Additionally, a management-level Risk Management Committee provides general oversight on risk and compliance-related matters.

Our Risk Management framework is based on a clear understanding of our material risks, disciplined and well-defined risk assessment and measurement procedures, and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked against best practices. We oversee all material risks through regularly monitoring risk indicators, policy management, and control testing for design and effectiveness. Breaches and gaps identified are thoroughly analysed to determine the associated root causes and initiate corrective actions.

Risk Management in the Post-COVID-19 Pandemic Environment

Post-COVID-19 pandemic stress was largely alleviated through book replacement, collections, including technical write off recovery at our Bank level, and write-offs. The presence of floating provisions has provided assurance against systemic risks.

During the year, global economic activity weakened due to the prolonged conflict in Ukraine and aggressive monetary policy actions worldwide. These events, coupled with a general increase in global commodity prices, extended disruptions in the supply chain caused by China's Zero-Covid policy, trade and capital flow dislocations, divergent global monetary policy responses, and volatility in global financial markets, continued to impact inflation and depress global and domestic growth. The consecutive rate hikes by the US Federal Reserve in the past 12-15 months to combat US inflation exposed vulnerabilities in segments that had benefitted from ultra-low rates and surplus liquidity over the past decade. Closer to home, the Reserve Bank of India has also begun withdrawing its accommodative stance to curb inflation



by raising policy interest rates by a cumulative 250 basis points, which adversely affects funding costs and interest rate risks in longer-term portfolios. The World Bank has revised its FY 2023-24 GDP forecast to 6.3% from 6.6% (December 2022). Growth is expected to be constrained by slower consumption growth and challenging external conditions. Rising borrowing costs and slower income growth can weigh on private consumption, and government consumption is projected to grow at a slower pace due to the withdrawal of the COVID-19 pandemic-related fiscal support measures. As measured by the Consumer Price Index (CPI), retail inflation eased to 5.66% by March 2023 and is expected to further decline to an average of 5.2% in FY 2023-24, amid easing global

commodity prices and some moderation in domestic demand. Although the Monetary Policy Committee decided to keep the repo rate unchanged at 6.50% in its meeting in April 2023, the decision was primarily made to assess the impact of previous rate hikes on the inflation trend. While recent indicators suggest a decline in inflation and the peak of policy rates, the sustainability of these trends can only be confirmed by the second half of FY 2023-24.

We acknowledge the uncertainties in our operating environment and have devised the necessary course corrections and mitigation measures to address them.

Risk Management Framework and Implementation - Key Enhancements

Credit Risk

Area	Treatment Measures
Early Warning Systems (EWS)	<p>At a macro level, we closely monitor industry trends, news feeds, policy changes, and other factors that may impact the quality of our portfolio. This analysis is part of our Level 1 Early Warning System (EWS) framework, which focusses on macroeconomic risk analysis and is reported internally at regular intervals.</p> <p>We define Detailed Key Risk Indicators (Level 2 triggers) to assess performance on various parameters such as Incremental Overdue, PAR30+, PAR90+, Early Delinquencies, Quick Mortality, Non-Starters and Collection Performance. These metrics are analysed at different levels such as branch, state, and product, enabling us to identify underperforming segments and areas that require corrective actions.</p> <p>At the borrower level, as part of our Level 3 EWS triggers, we have utilised our internal capabilities to automate early warning signals based on unique behavioural patterns exhibited by borrowers. These triggers and exception lists are developed in compliance with RBI guidelines on EWS. The automated exception reports enable real-time monitoring of problematic accounts, allowing us to take corrective action early on. We plan to enhance our monitoring mechanism for these triggers through a system-based solution. This mechanism will help us classify borrowers as 'Accounts Under Watch (AUW)' or 'Red Flagged Accounts (RFA)' and assist in the identification of fraud cases.</p> <p>For our institutional lending portfolio, we have implemented an EWS framework incorporating data from financial statements, compliance with loan covenants, external rating reports, newsfeeds, and other relevant sources. During the year, we have further improved our approach by separating the EWS and AUW frameworks. We also intend to put in place a software platform for conducting EWS assessments for our institutional lending portfolio.</p>

**Area****Treatment Measures****Credit Rating Scorecards**

Since our inception, our rating model and scorecard landscape have evolved significantly. We have invested considerable effort in analysing historical data to identify patterns and trends that can inform our business decisions. As a result, we have developed application scorecards and behavioural models that aid in decision-making and the calculation of default probabilities. The priority given to deploying these scorecards and models is based on the relative vintage and materiality of the credit segment.

Currently, we are enhancing the existing regression-based scorecard for our Group Loan portfolio to incorporate post-COVID-19 pandemic behaviour. While our ultimate goal is to replace the existing Business Rule Engine (BRE) with score-based decision-making, we plan to conduct a parallel run and undertake the transition only after multiple rounds of out-of-sample validation. Once validated, these scorecards will be integrated into our Loan Origination System for usage.

Similarly, we have designed a rating model for our Individual Loans portfolio using internal data that encompasses attributes such as demographic information, repayment trends, and bureau-related variables. The variables were selected based on Weight of Evidence and Variance Inflation Factor analysis. The Risk team has independently validated this scorecard and found it satisfactory. It is now embedded in our Loan Origination System (LOS) platform and is used in credit decision-making. Risk-based pricing is also implemented based on the output of the scorecard.

Given that the MSME and Housing loan variants are relatively new in our Bank and have limited data points for statistical modelling, we have deployed credit rating scorecards at the product level for MSME Loans and at the customer segment level for Housing Loans. These scorecards were deployed to build data based on critical parameters that can be used for statistical modelling. The selection of parameters in demographics, such as personal information, income, repayment track record, and collateral, was based on expert judgment. Weights are assigned to each parameter, and based on the total score, customers are categorised on a rating scale in increasing order of risk. Due to the impact of the COVID-19 pandemic, the existing data is expected to reflect higher default rates compared to a normal period. However, our Risk team has performed a qualitative validation, and based on the outputs, the credit rating results are now linked to decision-making and pricing.

Expected Credit Loss

We have implemented a comprehensive framework for calculating Expected Credit Loss (ECL) in accordance with the Ind-AS requirements and for internal reporting purposes. Our framework includes models to compute key risk factors such as forward-looking Probability of Default (PD) Estimates, Loss Given Default (LGD), and Exposure at Default (EAD). While we are currently not mandated by the Regulator to adopt ECL-based provisioning, we are prepared to transition into the new regime as and when it is made mandatory by the Regulator.

We significantly changed the PD pooling logics in our Retail Loans during the year and introduced work-out LGDs for the MSME and Housing segments. Additionally, the RBI issued a Discussion Paper on the transition to the ECL based Approach, and we have ensured that our existing models comply with the minimum requirements set by the Regulator.

Area	Treatment Measures
Collection Productivity Trackers	<p>The COVID-19 pandemic had intensified default risk, particularly in our unsecured book. To mitigate this impact, we scaled up our collection infrastructure and increased personnel by onboarding off-roll employees. As an ongoing monitoring mechanism, we have now introduced productivity trackers at the officer level, aligned with predefined benchmarks. These trackers are vital for tracking low performance across different levels, including officer, district, state, and loan quantum. In the coming year, we plan to leverage our internal capabilities to automate exception reporting for real-time tracking.</p>
Credit Risk Monitoring Unit (CRMU)	<p>Our risk team has established an independent Credit Risk Monitoring Unit (CRMU) to enhance risk oversight and identify any lapses in credit appraisal standards. This sub-unit analyses Quick Mortality cases in-depth and identifies their root causes. The CRMU collaborates with the Health Council (HC) to implement corrective actions and make recommendations for initiating Staff Accountability as needed.</p>
Industry Insights and Portfolio Analysis	<p>We continuously analyse all loan portfolios to identify potential areas of stress based on factors such as geography, ticket size, branches and clusters, among others. This analysis enables us to implement mitigating measures, such as setting limits and caps on exposure. Additionally, we have subscribed to various industry dashboards to benchmark our portfolio performance against industry standards.</p>
Stress Testing	<p>We thoroughly test all loan portfolios using sensitivity and scenario analysis. This allows us to assess the impact of adverse events on parameters such as PAR%, NPA%, provisions, and capital adequacy. We regularly evaluate these impacts to ensure effective risk management.</p> <p>In line with growing concerns over climate change, we have also started incorporating assessments of climate-induced physical risks into our stress testing framework. These assessments are benchmarked against scenarios provided by the Network for Greening the Financial System (NGFS). Initially, the focus is on short-term horizon assessments. As climate risk is still evolving, we are committed to ongoing incremental enhancements to our framework based on emerging best practices.</p>
Capital Management	<p>We compute our Risk-Weighted Assets in accordance with the guidelines provided by the Reserve Bank of India (RBI). We assess the impact on the Capital to Risk Assets Ratio (CRAR) and provide forward guidance on capital adequacy through our Internal Capital Adequacy and Assessment Process (ICAAP).</p>



Operational Risk

Area	Treatment Measures
Product and Process Reviews	All new products and processes, including enhancements, undergo mandatory comprehensive reviews. We continuously review and enhance our key processes to align with industry best practices.
User Acceptance Testing	We conduct User Acceptance Testing (UAT) to identify any gaps between the actual deliverable and the proposed specifications outlined in the Business Requirement Document (BRD). These gaps are addressed and resolved during the Functional Specification Documentation (FSD) stage before the system moves into production.
Risk and Control Self-Assessment	We have implemented Risk and Control Self-Assessment (RCSA) across all our business processes to identify both inherent and residual risks. These tools also assist in evaluating the design and effectiveness of the controls that have been implemented. In the past year, we successfully transitioned ownership of RCSA to the First Line of Defence (FLOD) in five departments.
Key Risk Indicators (KRI)	During the year under review, we made significant improvements to our Key Risk Indicators (KRIs) reporting standards. We have now internally defined and regularly monitor 40 KRIs at an organisational level as part of our Operational Risk Management Framework. Additionally, we have established functional KRIs specifically for the Branch Banking vertical. Furthermore, customised KRI dashboards have been implemented in the Housing, MicroBanking, and Digital Banking verticals. These KRIs are analysed monthly, and a comprehensive report is submitted to the management and board every quarter. The report includes an action plan for addressing any open issues identified.
Loss Data Management	We have implemented a Loss Data Management system to effectively capture and learn from material incidents, errors, and strengthen existing controls. Incidents are categorised as operational losses or near-miss events, and a Root Cause Analysis (RCA) is conducted for critical incidents. These instances are recorded in line with the operational risk events defined by the RBI, and process enhancements are proposed and discussed at various committees for further action. As part of our efforts to improve this process, we have engaged a vendor to implement a system that will facilitate the capture, reporting, and analysis of incidents and associated losses.
Outsourcing Risk	We conducted regular risk assessments of our key outsourced vendors throughout the year to verify their compliance with the minimum requirements set by the RBI and to assess their adherence to our internal business continuity norms. Any identified gaps were thoroughly analysed as part of the Risk Assessment (RA) process, and detailed notes on each vendor were documented through site visits. These findings were presented at various forums and committees to determine appropriate actions.

Area	Treatment Measures
Internal Financial Control (IFC) Testing	The team and stakeholders prepare and enhance Risk and Control Matrices (RCMs). The design, implementation, and operating effectiveness of all controls mentioned in the RCMs, including financial and operational controls, are annually tested by the Operational Risk Team. They select samples based on risk categories, covering different regions and the review period. Any critical gaps identified during testing are discussed with the relevant functions to upgrade controls, potentially through automation.
<h2>Liquidity and Market Risk</h2>	
Area	Treatment Measures
Trading Book Management	We regularly monitor various risk and loss limits, including duration, PV01, stop loss, counterparty exposure, and borrowing and lending limits. In the event of any isolated breach of these limits, we promptly notify the relevant stakeholders and take necessary remedial measures.
Behavioural Analysis	We updated our behavioural analysis of maturity and pre-maturity trends in Retail and Bulk deposits. Based on the outcome, tolerance levels were revised for pre-maturity rates. Breaches in thresholds are analysed for corrective measures.
Funding Mismatches under Stressed Scenarios	During the year, we conducted a comprehensive stress test on our cash flow statements, considering various stress scenarios. The results of this analysis were evaluated to assess the adequacy of liquidity buffers within our Bank and they were suitably incorporated into our Contingency Funding Plan.
Liquidity Management	We calculate and monitor important ratios, including the Liquidity Coverage Ratio, Net Stable Funding Ratio, Structural Liquidity Statement, and cash/funding gap analysis. We regularly review these ratios against established thresholds, either daily or fortnightly as appropriate. In the event of any breaches, we follow our internal policy norms to escalate the issue and take the necessary corrective actions.



We have implemented a structured management framework, the Internal Capital Adequacy Assessment Process (ICAAP). This framework enables us to identify, assess, and manage all risks that could significantly negatively impact our business, financial position, and capital adequacy. Our ICAAP framework is guided by a board-approved policy that aligns with regulatory expectations.

We have improved our Enterprise Risk Management (ERM) framework to enhance our risk management practices further. The transition to integrated risk management enables us to move away from a silo-based approach to risk management and adopt a more comprehensive and holistic approach. Additionally, we have enhanced our enterprise-wide dashboard, which now includes a Bank Performance Index (BPI). The BPI provides a 360-degree performance assessment, covering aspects such as strategy, financials, risk and compliance, and internal controls. The performance measured by the BPI is linked to our risk appetite framework, ensuring alignment between performance and risk management objectives.

Information Security

With the ever-increasing global threat landscape, we, as an organisation, recognise the significance of a robust information security structure and have implemented defence-in-depth technologies to safeguard the interests of our customers. Our bank has meticulously orchestrated the deployment of each tool to ensure that no acts by malicious intruders go undetected. The key elements and the teams working in a chain fashion for managing information security risks are as follows:

- **Risk Assessment and Management:** We conduct regular risk assessments to identify potential vulnerabilities and threats to our Bank.
- **Policies and Procedures:** We have implemented robust information security policies and procedures that guide every individual working in the organisation towards secure practices.

➤ **Security Awareness and Training:**

Recognising employees' crucial role in maintaining information security, we invest in regular training and awareness programmes. These initiatives educate our workforce about emerging threats, such as phishing attacks and social engineering techniques, and promote security best practices.

- **Red Team:** We maintain an independent group of experts who simulate real-world attacks to identify vulnerabilities. Through this approach, we gain valuable insights that help enhance the organisation's security posture.

- **Blue Team:** Our 24/7 Security Operations Centre (SOC) team is responsible for detecting and analysing potential incidents and taking the necessary actions to respond effectively.

- **GRC Team:** We have a dedicated Governance, Risk, and Compliance (GRC) team to ensure the effective management of regulatory requirements, risks, and operational controls.

As an organisation, we understand that information security is an ongoing requirement that necessitates continuous involvement, improvement, and adaptation in the face of an ever-increasing threat landscape.

To stay prepared, we actively participated in cyber drills organised by the Institute of Development and Research on Banking Technology (IDRBT). Additionally, periodic disaster recovery drills are conducted for our technology infrastructure to ensure the availability of critical services in the event of a disaster.

Rather than taking a reactive approach, we adopted a proactive stance towards information security.

**Governance**

Progressing with a Stronger Governance Approach



We recognise our role as a responsible corporate citizen and are committed to upholding the highest standards of Corporate Governance. We conduct our activities in accordance with sound corporate practices and continually seek to improve and adopt the best practices in the industry. We believe timely reporting, transparent accounting policies, and a strong Independent Board are vital to maintaining shareholders' trust and maximising long-term corporate value.



We place the utmost importance on compliance and adherence to Corporate Governance principles. The bank ensures a clear distinction between the 1st, 2nd, and 3rd lines of defence, with independent departments under the 2nd line, such as Risk, Compliance, and Vigilance, reporting to the Board Committee without any business targets. The Internal Audit Department, serving as the 3rd line of defence, provides independent assurance to the Management and Board on risk management, governance, and internal control processes, reporting to the Audit Committee of the Board.

We have implemented all mandatory and necessary policies to promote transparent and efficient functioning, supported by a robust governance structure through the Board of Directors, Board and Management Committees. We firmly believe that the Board and Board Committees are the pillars of Corporate Governance and ensure that a majority of the Directors are Independent Directors with diverse and rich expertise in areas such as Banking, Finance, IT, Risk, Law, and Financial Inclusion. This composition of the board with independent directors from various backgrounds reinforces the commitment to upholding Corporate Governance standards.

We have established all mandatory Board Committees as prescribed under the Companies Act 2013, SEBI LODR 2015, and RBI guidelines. These committees include the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Shareholder Relationship Committee, Customer Service Committee, Fraud Committee (Special Committee of the Board for Monitoring High-Value Frauds), Corporate and Social Responsibility Committee, Committee of Directors, and more.

We have developed and implemented a comprehensive Code of Conduct applicable to all employees, including Directors, to ensure ethical behaviour. Additionally, an Insider Trading Policy has been put in place to prohibit insider trading. We recognise our role as responsible corporate citizens and strive to adopt the best practices while maintaining the highest standards of Corporate Governance. Transparency in business operations, ethical conduct, and accountability to shareholders, customers, the Government, and all stakeholders remain top priorities for our Bank.



Board of Directors

Ittira Davis

Managing Director & Chief Executive Officer



Mr. Ittira Davis is the Managing Director & Chief Executive Officer of the Bank. He is an international banker with over four decades of banking experience, having worked extensively in India, the Middle East, and Europe. He was with the Europe Arab Bank from July 2008 to October 2012 initially as the Managing Director – Corporate and Institutional Banking, and then as an Executive Director. He previously worked with Citibank in India and the Arab Bank Group in the Middle East. He has been associated with Ujjivan since 2015 and has played a pivotal role in our transition into a Small Finance Bank. Later, he was the Chief Operating Officer of the Bank until June 2018, after which he took charge as the MD & CEO of Ujjivan Financial Services Limited from July 2018 to March 2021. He was also an Additional Director (Non-Executive, Non-Independent) of the Bank from March 13, 2021, till July 23, 2021. Mr. Ittira Davis is a graduate of the Indian Institute of Management, Ahmedabad (1976).

Banavar Anantharamaiah Prabhakar

Part-Time Chairman and Independent Director



Mr. Banavar Anantharamaiah Prabhakar is a Part-Time Chairman and an Independent Director of the Bank. He holds a Bachelor's degree in Commerce from the University of Mysore and is a Chartered Accountant with the Institute of Chartered Accountants of India. He has about four decades of experience serving various banks. He has experience in various positions at banks such as Bank of India, Andhra Bank, and Bank of Baroda. He retired as Chairman and Managing Director of Andhra Bank in August 2013. He has also served as the Executive Director of the Bank of India. He served on various boards, representing the banks he had worked with. He was on the Board of Karnataka Bank Ltd. as an Independent Director for five years and on the Board of Canara HSBC OBC Life Insurance Co. Ltd. for 6 years, from 2015 to 2021.

Samit Kumar Ghosh

Non-Executive, Non-Independent Director



Mr. Samit Kumar Ghosh is a Non-Executive, Non-Independent Director of the Bank. He has completed his MBA from the Wharton School of Business at the University of Pennsylvania, USA. He is the Non-Executive Director and Chairman of Ujjivan Financial Services Limited ('UFSL'). He founded UFSL in 2004 and served as its MD and CEO until January 31, 2017. With the approval of the Reserve Bank of India, he was designated and took charge as the MD and CEO of Ujjivan Small Finance Bank Limited effective February 1, 2017, and retired on November 30, 2019, from this position on attaining the age of 70 years. He is a career banker with over three decades of experience in India and overseas, with a specialisation in retail banking. He was part of the management team that launched retail banking with Citibank in 1985, Standard Chartered Bank in 1993, and HDFC Bank in 1996, and his last employment prior to founding UFSL was at Bank Muscat.



Sudha Suresh

Independent Director

Ms. Sudha Suresh is an Independent Director of the Bank. She is a qualified Chartered Accountant with the Institute of Chartered Accountants of India and a Company Secretary with the Institute of Company Secretaries of India. She is also a graduate of ICWA from the Institute of Cost and Work Accountants of India. She is a finance professional with a rich experience of more than two decades in private and public companies and a decade as a practising chartered accountant. She is the founding partner of S. Rao & Associates, Chartered Accountants, Bangalore. She is also the founder of Mani Capital. She was the Managing Director and CEO (2017-2018) and Chief Financial Officer (2008-2017) of Ujjivan Financial Services Limited. Prior to this, she served as the CFO and Finance Head for many companies.



Rajesh Jogi

Independent Director

Mr. Rajesh Jogi is an Independent Director at the Bank. He brings rich work experience of almost three decades in the banking industry, with a focus on risk management. He last worked with the Natwest Group (erstwhile RBS Group), where he led key strategic projects and transformation. He was the Chief Risk Officer, India of the Royal Bank of Scotland and subsequently the Country Head of Risk, India, for the Group. He is also a Non-Executive Director on the Board of a few other companies. Mr. Rajesh Jogi holds a Bachelor of Arts degree in Economics and is a fellow member of the Institute of Chartered Accountants of India. He also attended the Advanced Management Programme at the Harvard Business School in Boston.



Rajni Mishra

Independent Director

Ms. Rajni Mishra is an Independent Director of the Bank. She holds a Master's Degree in Commerce (Gold Medallist) from M S University, Vadodara. She has been a career banker for nearly four decades, with the State Bank of India as well as its associate banks, where she has handled varied assignments and diverse portfolios, gaining exposure in Branch Administration, Corporate Credit, Forex Treasury, Vigilance, Audit and Inspection.



Ravichandran Venkataraman

Independent Director

Mr. Ravichandran Venkataraman is an Independent Director of the Bank. He has passed the FCCA and ACMA exams in the United Kingdom. He has also completed a programme for CFOs at Wharton Business School, USA. He is a global leader with a track record spanning more than three decades, having worked in India, London, and Bahrain. He brings a strong business background and has worked with top business leaders in over 100 countries. He is the Chairperson of the eVidyaloka Trust. Earlier, in his role as Senior Vice President of HP's Global Business Services, he was responsible for developing the Company's shared services strategy and its global operating model. He joined Hewlett-Packard from ANZ Bank's global back office, where he was the Managing Director, responsible for managing a team of over 5,000, in technology and operations. Prior to that, he was Vice President, Corporate and Investment Banking, at Bank Muscat and was part of the leadership group that set up the Bank in India.



Anita Ramachandran

Independent Director

Ms. Anita Ramachandran is an Independent Director of the Bank. She is a well-known HR expert in the country and has over four decades of experience as a management consultant. She began her career in the Management Consulting division of AF Ferguson & Co. (the KPMG network company in India then) in Mumbai in 1976 as the first woman consultant in the firm. Ms. Anita founded Cerebrus Consultants in 1995 to focus on HR advisory services. She is known as an authority in reward management in the country for her work in compensation and rewards. She also works with several PE firms and startups to mentor them through their growth journeys. She has been an Independent Director on company boards for over two decades and, in this capacity, has been associated with a wide range of industries.



Satyaki Rastogi

Non-Executive Nominee Director

Mr. Satyaki Rastogi is a Non-Executive Nominee Director on the board of our Bank. He currently holds the position of General Manager and Regional Head at the Bengaluru Regional Office of SIDBI and has served in various capacities at SIDBI during his service spanning almost three decades. His major experience is in the fields of direct lending to MSMEs, Stressed Assets, and NPA management. He has spearheaded the policy initiatives taken by SIDBI to re-energise its Direct Credit Business and has worked in the areas of end-to-end digital lending platforms, the introduction of new products, and new technology initiatives. He was also the Chief Vigilance Officer of the State Bank of Travancore. He holds nominee directorships on the boards of Kerala Financial Corporation and Fincare Business Services Limited and has held nominee directorships on the board of Tamil Nadu Industrial Investment Corporation Limited. Mr. Rastogi is an engineering graduate from NIT Kozhikode.



Leadership team

Ittira Davis

Managing Director and CEO

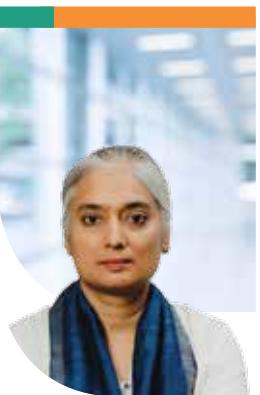


Qualification: A Graduate from the Indian Institute of Management, Ahmedabad (1976).

He is an international banker with over 40 years of corporate and investment banking experience and has worked extensively in the Middle East and Europe. During his stint in Europe, he was with the Arab Bank from July 2008 to October 2012, initially as the managing director – Corporate and Institutional Banking and then as an Executive Director of the Europe Arab Bank. He has previously worked with Citibank in India, the Arab Bank Group in the Middle East, and the European Union, and has been the Chief Operating Officer of Ujjivan SFB (the wholly owned subsidiary of the Company) until June 30, 2018.

Carol Kripanayana Furtado

Chief Business Officer



Qualification: A Post Graduate from Mount Carmel Institute of Management, Bangalore, and has been part of strategic leadership programmes conducted by the Indian Institute of Management, Ahmedabad, and Harvard Business School, Boston.

She comes with 27+ years of banking experience in the domain of retail banking and NBFCs, with expertise in leading business, banking operations, credit, and people functions. Carol is a key member of the leadership team that laid the foundation and built Ujjivan. She was instrumental in Ujjivan getting recognition as a certified 'Great Place to Work'. She has previously worked with the ANZ Group, Bank Muscat, and Centurion Bank Ltd. In 2009, Carol was the recipient of the Financial Women's Association award by Women's World Banking in recognition of her demonstrated professional commitment.

Martin Pampilly S.

Chief Operating Officer



Qualification: Holds a Graduate degree in Computer Science and completed his Strategic Leadership Development programme at Harvard University.

He comes with over 26 years of experience covering retail banking operations, retail assets, and Micro-Finance operations, with expertise in the set-up and implementation of new processes. More importantly, he is known for leveraging technology for operational innovation to create delightful customer experiences. After early stints with ANZ Grindlays Bank and Bank Muscat, he worked extensively in the areas of operations and customer service at the Centurion Bank of Punjab and Centillion Solutions & Services. He joined Ujjivan Financial Services Limited in 2009 as the Regional Operations Manager, prior to taking charge as the Head of Operations, a post he held till January 2017. Subsequently, he was appointed as the Head of Operations of Ujjivan SFB in February 2017, where he channelled his vast experience into setting up the operations vertical for our Bank.



Ashish Goel

Chief Credit Officer

Qualification: Bachelor of Technology degree in Mechanical Engineering from Regional Engineering College, Kurukshetra, and postgraduate degree in Marketing and Finance from Xavier Institute of Management, Bhubaneswar.

Ashish Goel was previously employed at Godrej & Boyce, Marico Industries, and ICICI Bank. He joined Ujjivan as Chief Credit Officer in February 2021.



Mocherla Durga Ramesh Murthy

Chief Financial Officer

Qualification: A Chartered Accountant (Articled with A. F. Ferguson & Co., Hyderabad) and has also completed the General Management Programme at Harvard Business School, Boston, USA.

He has 31 years of experience in business, risk management, and finance. In his long tenure, he has held the positions of Managing Director and Head-Project & Structured Finance Division, Corporate & Investment Banking Group; Senior Vice President and Head – Credit Analysis & Portfolio Management, Senior Vice President and Head - Corporate Restructuring Division; Senior Vice President – Risk Management and Head of Wholesale Risk, amongst others. Previous organisations worked with include ANZ Grindlays Bank, Mashreqbank Dubai, and Commercial Bank International, Dubai, U.A.E. He was last associated with Karur Vysya Bank as its Chief Financial Officer (from November 2020 to February 2022) and also held the position of Chief Risk Officer (since April 2018).



Arunava Banerjee

Chief Risk Officer

Qualification: Holds a Master's degree in Arts (Economics) from Calcutta University and is an associate of the Indian Institute of Bankers

Arunava Banerjee joined our bank on February 1, 2017. He has previously worked with the State Bank of India, Standard Chartered Bank, and Bahraini Saudi Bank. He was also the Chief Financial Officer of Remza Investment Company, WLL.



Brajesh Joseph Cherian

Chief Compliance Officer

Qualification: Holds a Bachelor's degree in pharmacy from Dr. MGR Medical University and a master's degree in Business Administration from Sikkim Manipal University. He is a certified associate of the Indian Institute of Bankers.

Brajesh Joseph Cherian is a banking and financial services professional with over 21 years of experience in compliance, operational risk, corporate banking, retail banking, and treasury. Starting his career with the South Indian Bank. Later, he worked with Axis Bank in India and the UAE, where he handled various roles, including serving as the Deputy CEO for Dubai Operations. Before joining Ujjivan in 2016, his last assignment was as Vice President, Compliance and Risk, with Axis Bank, Mumbai.



Rajeev Padmanabh Pawar

Head of Treasury

Qualification: An MBA from the Jamnalal Bajaj Institute of Management Studies, Mumbai, and a Physics Major from the University of Mumbai.

Rajeev Pawar joined as the Head of Treasury on January 20, 2020. He has previously worked with American Express Bank, Standard Chartered Bank, Kotak Mahindra Bank, and Edelweiss Finance in India, Singapore, and Dubai.



Sanjeev Barnwal

Company Secretary & Head of Regulatory Framework

Qualification: A qualified company secretary from the Institute of Company Secretaries of India and holds a bachelor's degree in law and a diploma in Business Management. He also received the NSE's Certification in Financial Markets (NCFM) for the Compliance Officer (Corporate) Module.

He has a corporate experience spanning over 19 years and his last employment was with Ujjivan Financial Services Limited where he was last designated as the CEO & Company Secretary.

He has played pivotal roles in several key milestones in Ujjivan including private equity raise, IPO & listing, banking licence application and processing, formation of the Bank, restructuring through slump sale, and listing of the Bank. He has earlier worked with SMC Capitals Limited, CMC Ltd. and SBEC Sugar Ltd.





Abdul Hameed Chaman

Deputy – Chief Technology Officer

Qualification:

Diploma in E&C

He has been associated with Ujjivan since May 2008 and has played a pivotal role in constructing the organisation's application and infrastructure landscape. Through his leadership, he spearheaded significant banking transformations, such as the successful implementation of 18 software solutions within a span of just 6 months. These included CRM, core banking solutions, and mobile banking/internet banking applications. Additionally, he led the design and implementation of the Datacenter for the Bank. Prior to joining Ujjivan, Abdul had valuable experience working with Citibank and Informix System Private Ltd.



Sriram Srinivasan

Chief Digital Officer

Qualification:

An MBA (PGDM) from the Indian Institute of Management, Bangalore, and a BE (Hons) in Electrical and Electronics Engineering from BITS, Pilani. He is also certified in Scaled Agile, Machine Learning, and Tensorflow.

He has over 23 years of experience in the banking industry. He was associated with Citibank for over 18 years in regional and global digital roles and has worked in various regions like Japan, Singapore, and Vietnam. He has also worked with Standard Chartered Bank as Global Head, Digital Servicing and HSBC as Regional Head, Digital Channels & Platform Operations. He joins Ujjivan from Digital14, a UAE-based Cyber Security and Digital Transformation company. He was Vice President – Market Service Centre Head, and built up the financial services industry segment there. He also has a track record of building and leading cross-cultural, cross-functional teams of talented global professionals.



Chandrakanta Chaudhuri

Head of Human Resources

Qualification:

Holds a Law degree from the Symbiosis School of Law and a PG certificate in Human Resources from XLRI, Jamshedpur.

She joined Ujjivan in April 2008 as part of the organisation's first batch of management trainees. She has been instrumental in setting up and handling various positions across the organisation. She was responsible for setting up the credit function in the eastern region of the organisation. She then worked in the Western Region in the Credit MicroBanking team as the Regional Credit Manager before moving on as the Regional HR Manager for the same region. Since then, she has managed the role of National Manager for Talent Acquisition and Integration in HR.



Vibhas Chandra



Business Head - MicroBanking

Qualification: Vibhas is an MBA graduate (PGDM-RM) from Xavier Institute of Management Bhubaneswar (XIMB).

Vibhas Chandra is an experienced hand in Ujjivan with a career spanning 15 years in multiple roles and managing various geographies. Joining as part of the first Management Trainees batch, Vibhas was entrusted with responsibilities to launch our micro-finance footprint in multiple states in its initial years. He was later hand-picked to establish their individual lending programme, where he successfully built up a sizable portfolio. He led our East region and played a key role in Ujjivan's transition to a Small Finance Bank. Before being appointed as the Business Head of Micro-banking, he was leading the Asset Products for MicroBanking and Rural Banking.

Sumit Thomas



Head- Branch Banking, TASC and TPP

Qualification: He is a post-graduate in marketing from Symbiosis Institute of management studies, Pune, and has his graduation in hotel management from IHM Hyderabad.

He holds 16+ years of experience, and his expertise lies in retail branch banking, wealth management and liability products. He was earlier associated with HDFC Bank and ING Vysya Bank (Now Kotak), managing various roles, starting from being a personal banker and handling various leadership roles at the branch and regional levels. He has been with Ujjivan since December 2016, when he started as a Regional Sales Manager for building liabilities business in Delhi, Haryana, and Punjab. Later, he was promoted to Regional Business Manager and was leading the entire branch banking for North by establishing 116 branches. He then moved to HO to head the liabilities product and from February 2022, has headed the Branch Banking, TASC, and TPP businesses.

Parag Kumar Srivastava



Head-Financial Institutions & Government Banking Group (FIGB)

Qualification: He has an MBA, with a specialisation in Marketing & Finance from the Motilal Nehru Institute of Research & Business Administration (MONIRBA), University of Allahabad.

He has 30 years of rich experience in segments of Banking and Financial Institutions verticals, including roles involving Clearing & Settlement, Custody, Depository and Exchange functions across different organisations. He has managed various roles, including managing business vertical P&L as well as other critical aspects like product development, portfolio quality, and risk management. Prior to Ujjivan, he had an 11-year stint with Kotak Mahindra Bank where his last position was Senior Vice President and National Manager. His role in spearheading the Capital Market and NBFC business segments of the Banking and Financial Institutions Group, saw him establish strong business relationships in the industry. In his role as Associate Vice President at MCX Ltd., He was heading business development for Maharashtra, Uttar Pradesh, and Bihar. He has also worked with SHCIL (Stock Holding Corporation of India Ltd.) for 12 years in various roles including managing business development and product development designed for Capital Market Intermediaries.

Pradeep B



Head – Housing Loans & Micro mortgages

Qualification: Holds a Master's in Social Work from SDM Institute, Mangalore University.

Experienced professional with experience spanning over 17 years in the BFSI sector. Grown through the ranks at Ujjivan from a Branch Head to heading the Affordable Housing & Micro Mortgages business vertical in the Bank. He is proficient in building viable businesses. He has previously served as Head of the Regional Leadership Team and guided cross-functional teams during various crisis situations. He has also served on the Boards of the Association of Karnataka Micro-Finance Institutions & Kerala Association of Micro-Finance Institutions.

His journey started with the Micro-Finance business, and later he has been instrumental in starting three business verticals successfully: Individual Lending, Housing Loans, and Micro Mortgages which are the "Next Big Thing" for the Bank.

Abhijit Ghosh



Head of Emerging Business

Qualification: Graduation from St. Xavier's College, Kolkata, and completed leadership courses from XLRI and Kellogg Universities

Abhijit Ghosh has more than 30 years of nationwide experience across the dynamic and evolving domains of Banking & Financial Services, Consumer Appliances, Hospitality, Telecom & Healthcare. His last role was that of CEO and full-time Director at Ugro Capital. Prior to this, he has worked in various challenging roles in Banking, Consumer, Hospitality & NBFC industries to name a few. He was President and Chief Business Officer of MSME Loans at Religare Finvest Limited, Siesta Hospitality, Bangalore as Group Director – Sales & Marketing, Future Capital as Zonal Head North & East, ICICI Securities as Sr. VP & Zonal Head, ABN AMRO Bank as VP & Regional Head, Reliance Infocom as Head DSA and ICICI Bank as RSM – Cards.

Murali Chari



Business Head – Rural Banking

Qualification: Commerce Graduate with Postgraduate Diploma in Management and a Certified Associate of IIB.

He is a banker with over 25 years of experience covering sales and product management across rural banking, agriculture, Rural SMEs, and Vehicle Finance.

He has worked with HDFC Bank for 17 years, where his last position was Regional Head for South, Retail Agri Leading, and managing the Supply Chain Finance product. His various roles and responsibilities involved scaling up rural lending businesses, managing liabilities and assets, generating business through business correspondents in unbanked geographies, and managing retail assets. He commenced his career with Sundaram Finance, where he grew to manage a branch location as a profit centre for the company, with a focus on Commercial Vehicle, Auto, Equipment Loans and the generation of Fixed Deposits.



Ashim Sarkar



Business Head – Micro Small and Medium Enterprise

Qualification: MBA (General Management) from the Indian Institute of Management, Ahmedabad, B.Tech (Manufacturing Engineering) from the Indian Institute of Technology, Kharagpur.

He joined Ujjivan in 2018 as National Product Manager – MSME. He has been instrumental in establishing the vertical since its initial phase and was subsequently elevated to a business leadership role. During his tenure, Ujjivan's offerings to MSMEs expanded beyond Term Loans and this helped cement a strong working capital franchise through internal channels & strategic alliances with reputed fintech partners.

Prior to joining Ujjivan, he had a 5+ years tenure with Kotak Mahindra Bank working with the MSME Product Function. He was also a member of the strategic integration team created for the merger between KMB and ING Vysya Bank in 2014-15.

Rajaneesh Hosakoppa Rudresha



Head of Operations

Qualification: MA in English from the University of Mysore

A career banker with over 25 years of experience; worked for India's premier MNC and private sector banks prior to joining Ujjivan.

He has managed diverse roles, having had stints in credit cards, collections, retail branch banking, retail operations, trade finance, operational risk management, audit, process re-engineering, operations control, training, etc. He joined Ujjivan in July 2016 and held the positions of Regional Manager- Branch Operations and National Manager – Regional Processing Units earlier, prior to taking up the key responsibility of Head of Operations.

An avid reader and an inveterate Google addict who is curious about anything and everything

Sathyananda Prabhu

Head of Internal Audit

Qualification: He is a B. Com. LLB Graduate with a range of certifications in Information Technology, Information Security, and Auditing.

Sathyananda Prabhu comes with over four decades of experience in Internal Audit, Banking Operations, and Information Technology, in addition to Risk Management and IS Audit. He started his career with Canara Bank in 1983 and eventually went on to head the IT Department and Information Security Auditing, a position he held until 2007. He later joined AUDITime Information Systems (I) Ltd. as Vice President, heading IT Governance, from 2007 to 2009. Soon after, he headed the Internal Audit, Fraud Reporting, and Vigilance Functions as a Senior Vice President at Lakshmi Vilas Bank from 2009 to 2016. This was followed by a key stint as the Executive Vice President at Equitas Small Finance Bank, before taking charge as the Head of Audit at Ujjivan SFB.



John Christy

Chief Vigilance Officer

Qualification: Bachelor's degree in arts from CVR University and completed certification in Micro-Finance from IIBF.

John Christy joined the Bank on November 2, 2005. He was working with Bank Muscat and Centurion Bank Ltd. He has been associated with Ujjivan for over 18 years, managing different roles in business, operations, collection, and RCU.



Premkumar Govindappa

Head (Admin, Infrastructure and Social Services)

Qualification: A Commerce graduate and a member of IFMA (International Facility Management Association).

He has over 26 years of experience spread over varied fields, including law, clinical research, and banking. He has held senior administration positions at One World Hospital and M/s. Paul D'Souza & Associates, a leading law firm. He joined Ujjivan in 2006 and led the administration department. He was instrumental in building the vigilance department and led it with a focus on preventive vigilance. Parallelly, he also set up the legal unit and managed an active collections team. He briefly served as the head of Human Resources during Ujjivan's transition from an NBFC to a SFB. Prem played a vital role during the transitional phase as Head of Administration and Infrastructure. He continues to head this function along with the Social Services department, which is responsible for Corporate Social Responsibilities at our Bank.



Lakshman Velayutham

Chief Marketing Officer

Qualification: He is a postgraduate in Management from IMDR, Pune.

He has over 27 years of experience, with the last 14 years in the banking industry. He was counted among the Top 70 CMO's in India, by StartupLanes in June 2023. His contribution at Ujjivan earned the brand a Gold Lion at the Cannes International Festival of Creativity in the Creative Commerce category in June 2022.



Srikumar Vadake Varieth

Head of Legal

Qualification: BSC. LLB, Web Centric Computing from NIIT Mumbai



Srikumar has more than 30 years of experience handling Legal affairs. He has considerable experience in civil and criminal courts as well as the High Court. He has worked with the Bank of Baroda for 17 years. He was instrumental in setting up the first Debt Recovery Tribunal and also served as a Committee Member in the RBI for amending the RDDB Act. His stint with ING Vysya Bank saw him play a key role in completing the Legal Integration between ING Vysya Bank and Kotak Mahindra Bank. In his stint with Bandhan Bank, as Head of Legal, he was actively involved in the transformation of Bandhan Financial Services into a Bank. He has proficiency in Documentation pertaining to wholesale/Retail/SME/ Infrastructure Projects and Litigation aspects of banks and has negotiated contracts with large conglomerates. He joined Ujjivan in 2016 and was instrumental in Ujjivan's transformation into a Small Finance Bank.

Arnabjeet Banerjee

Head of Alliances and Electronic Payments

Qualification: He has an MBA (PGDM) from Pondicherry University and also holds a diploma in Marketing from IIMT, Delhi.



He has over 23 years of experience in the service industry and worked as an SBU Head in one of India's leading TSPs prior to joining Ujjivan SFB. He has managed diverse roles in various capacities with a focus on strategic project implementation, business development, channel setup, etc., with unequalled success. He joined Ujjivan in July 2016 and held the positions of National Manager-Business Correspondence and National Manager-Cards & Digital Payments before taking up the role of Head-Alliances & Electronic Payments. In his role, he has set up channels and products like ATMs, debit cards, and business correspondence for the bank. He is currently managing vendor management tracking in addition to ATMs, cards, and the delivery unit of the bank. He is a cricket lover and always looks out for new challenges.

Suresha C



Head of Customer Experience

Qualification: He holds a Master's Degree in Economics from Kuvempu University – Karnataka.

He has over 21 years of experience, including more than 15 years in the NFBC/Banking sector. He initially worked in the health and social development sectors, starting his career as a Research Officer at the National Institute of Mental Health and Neurosciences (NIMHANS). In 2007, he joined Ujjivan Financial Services Ltd. as a Branch Head and held various sales positions in the Bangalore Zone. He played a key role in establishing the Service Quality department and was involved in designing and implementing programs focused on customer experience, customer care/grievance redressal mechanisms, and client protection. He also led CSR and Social Services initiatives at Ujjivan in the past. In 2022, he took on the additional responsibility of leading Phone Banking, which is being transformed into a business centre.

**Awards and Accolades**

Recognised for Excellence



Best Transaction Fraud Monitoring and Decisioning at Synnex Fraud Risk Management Summit & Award 2023



CISO of the year at Quantic 3rd Annual BFSI Technology Excellence Awards 2022



Best Security Initiative Banking at Quantic 3rd Annual BFSI Technology Excellence Awards 2022



Best Customer Engagement Strategy Banking at Quantic CX Excellence Awards 2022



Cybersecurity Innovation of the Year (Banking) at Quantic Technology Excellence Awards 2022 (Bangalore Edition)



Best Initiative for Threat Management-Bank at Quantic Cyber Security Excellence Awards 2022



- ⦿ CISO of the year Banking at Krypton BFSI Leadership Awards 2022
- ⦿ Best Cyber Security Initiative-Banking at Krypton BFSI Leadership Awards 2022



Unique Credit Product for MSMEs' Category at FICCI MSME Ecosystem Awards



➤ Received Special Prize – Best Fintech Collaboration in Payment and Small Finance Bank Category at the 18th IBA Technology Conference, Expo, and Awards 2022.

➤ Received Best IT - Risk Management in the Payment and Small Finance Bank Category at the 18th IBA Technology Conference, Expo, and Awards 2022.

➤ Received Special Prize – Best AI&ML Adoption in payment and Small Finance Bank category Bank at 18th IBA Technology Conference, Expo & Awards 2022



Awarded for Best Project Implementation at the IBSi Global FinTech Innovation Awards 2022



Most Impactful Project at the IBSi Global FinTech Innovation Awards 2022



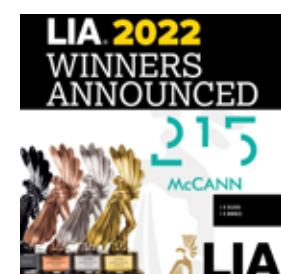
"Best Project Implementation & Most Impactful Project" at the IBSi Global FinTech Innovation Awards 2022



Awarded in 'Innovation in Consumer Tech' category at the 13th edition of the Aegis Graham Bell Award for the Hello Ujjivan Mobile Banking Application



Gold at the Cannes Lions International Festival of Creativity in the Creative Commerce category for the "Shagun ka Lifafa" initiative



- Bronze – Non-Traditional – Direct Marketing for Ujjivan Small Finance Bank titled "Shagun Ka Lifafa" at the London International Awards 2022
- Silver – Non-Traditional: Creativity in Commerce for Ujjivan Small Finance Bank, titled "Shagun Ka Lifafa," at the London International Awards 2022



MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC INDICATORS

Beginning FY 2022-23, the global setback that was accentuated due to the COVID-19-induced pandemic had finally subsided. Across the globe, economies targeted to recover aimed to propel stalled growth northward, emerging out of the global contraction. However, this euphoria was short-lived as the Eurozone entered a crisis due to the Russia-Ukraine conflict, resulting in inflated commodity prices that shocked all major developed economies. Due to this double whammy, policymakers worldwide encountered a predicament, with the latest one being liquidity concerns. To counter these issues, Central banks across economies are synchronously adhering to rate hikes led by the Federal Reserve. These rate hikes in US markets incentivised the US dollar to appreciate against most currencies across the globe. This further led to slow global growth, owing to higher interest rates marred by the effects of inflation. On the contrary, the Indian economy was much more resilient due to its strong fiscal policies and robust banking system. This developing economy staged a full recovery in FY 2022-23 well beyond many countries, and ascended the growth path. During the year, the Indian economy witnessed robust GDP growth estimated to be 6.9% for the full year, with real GDP growing 7.7% year-on-year during the first three quarters of fiscal year FY22-23. This handsome growth was corroborated by the Government's strong capex expenditure and buoyant private consumption. Inflation remained high, averaging around 6.7% in FY 2022-23 but the current-account deficit narrowed in Q3 on the back of healthy growth in service exports and easing global commodity prices.

INDIAN BANKING INDUSTRY SCENARIO

The Reserve Bank of India (RBI) started tightening its monetary policy at the commencement of FY 2022-23, limiting the damages caused by foreign capital outflows, rising inflation, and a weakening currency. The RBI hiked policy rates by 250 bps to 6.5% during the year.

Despite that, the banking sector in India has responded in equal measure to the demand for credit. On a year-on-year (y-o-y) basis, non-food bank credit registered a growth of 15.4% in March 2023 compared to 9.7% a year ago. Credit to agriculture and allied activities rose by 15.4% (y-o-y) in March 2023 vs. 9.9% a year ago. However, credit to industry registered a growth of 5.7% (y-o-y) in March 2023, declining from 7.5% in March 2022. Size-wise, credit to large industries rose by 3.0% compared to 2.0% a year ago. The Credit growth of medium industries was 19.6% as against 54.4% a year ago. Credit to micro and small industries registered a growth rate of 12.3%

in March 2023 (23.0% a year ago). Within the industry, credit growth to 'basic metal and metal products', 'chemical and chemical products, and 'petroleum, coal products and nuclear fuels' accelerated in March 2023 as compared with the corresponding month of the previous year while that to 'food processing', 'infrastructure' and 'textiles' decelerated. Credit growth in the services sector accelerated to 19.8% (y-o-y) in March 2023 from 8.7% a year ago. This can be attributed to the improved credit offtake by 'Non-Banking Financial Companies (NBFCs)' and 'trade'. Personal Loans registered a growth of 20.6% (y-o-y) in March 2023 compared to 12.6% a year ago, primarily driven by Housing Loans. Not only was the credit demand strong, but banks also intensified their focus on deposits. A sharp increase in deposit rates is currently seen in the industry, leading to a higher inflow of fresh deposits. Owing to the rising interest rate scenario, fresh deposit rates for Public Sector Banks (PSBs), Private Sector Banks (PVBs) and Scheduled Commercial Banks (SCBs) increased m-o-m by 18 bps, 17 bps, and 23 bps, respectively, in the quarter ended March 2023, surpassing pre-pandemic levels. PSBs have been comparatively more aggressive when compared with PVBs, as not only has the increase been higher, but PSBs absolute rates also continue to be higher than PVBs. As interest rates are expected to remain elevated in the near term, concerns over NIM compression remains.

As mentioned earlier, India's GDP recorded growth of 6.9% in FY 2022-23. This indicates that economic activity in the country has remained strong. The total GST collections for FY 2022-23 closed at ₹ 18.10 Lakhs Crores and the average gross monthly collection for the full year was ₹ 1.51 Lakh Crores. The gross revenues in FY 2022-23 were 22% higher than last year. The Purchasing Managers Index (PMI) manufacturing remained robust at 56.4 in March 2023, recording expansion for the 21st consecutive month due to favourable domestic demand. The service sector's activity exhibited buoyancy. These services remained in the expansion zone in March, driven by favourable demand conditions and new business gains. Aggregate demand conditions were resilient in Q4FY 2022-23, even as private consumption showed some signs of a slowdown. Urban demand indicators like passenger vehicle sales and credit card spending registered robust growth in February 2023, while consumer durables contracted in January 2023. Rural demand indicators such as consumer non-durables, tractor and two-wheeler sales, registered healthy growth. Investment activity exhibited buoyancy on the back of the Government's thrust on infrastructure spending, high-capacity utilisation and a revival in corporate investment

in certain key sectors. The steady growth in contact-intensive services is expected to remain positive for urban demand. The Government's focus on capital expenditure, capacity utilisation above the long-period average, and moderating commodity prices are also anticipated to bolster manufacturing and investment activity.

The RBI continued to closely monitor the global economic situation in light of increased inflation levels, turmoil in the banking systems of certain advanced economies, tense geopolitical relations, and the challenges posed by tight financial conditions. As per data released by the National Statistical Office (NSO), private consumption and public investment were the major drivers of growth for the Indian economy. Furthermore, the CPI headline inflation persisted above 6%, surpassing the tolerance limit set by the RBI, making it a crucial factor to be closely observed in the upcoming year. Global financial market volatility has surged, which can affect imported inflation risks. Based on RBI surveys, it is expected that the upcoming financial year will see a decline in production costs, along with crude prices being maintained below USD 85 per barrel and a normal monsoon, all of which are likely to help curb inflation. The average daily absorption under the Liquidity Adjustment Facility moderated to ₹ 1.4 Lakhs Crores during February-March from an average of ₹ 1.6 Lakhs Crores in December-January. During FY 2022-23, the money supply expanded by 9.0%, and India's foreign exchange reserves stood at USD 578.4 Billion as of March 31, 2023.

To further strengthen the Indian banking system, the RBI introduced various initiatives to enhance its robustness and credibility, viz., developing an Onshore Non-deliverable Derivative Market. This measure will further deepen the forex market in India and provide improved flexibility to residents in meeting their hedging requirements; enhance the efficiency of regulatory processes, streamlining and simplifying processes for entities to make applications seeking license/authorisation or regulatory approvals from the RBI under various statutes/regulations from a web-based centralised portal named 'PRAVAAH'; and expand the scope of UPI by permitting the operation of pre-sanctioned credit lines at banks through the UPI. In addition, this initiative will foster innovation and facilitate the development of a centralised web portal, enabling the public to search for and claim their unclaimed deposits easily.

Outlook: FY 2023-24

Despite the lingering effects of inflationary pressures, India has strongly recovered from the pandemic. Growth in FY 2023-24 is expected to be aided by robust domestic demand and a rise in capital investment. The financial sector's significantly strengthened balance sheets and reduced bad loan pool compared to the previous year will contribute to India's macroeconomic stability. This will be

further reinforced by the expansion of economic activities, moderation in inflation, narrowing of the Current Account deficit to sustainable levels, and a comfortable level of forex reserves.

OUR STRATEGY

The Bank envisions building a technologically-driven and customer-focused leading 'mass-market' bank. The Indian economy is currently experiencing a significant rise from the bottom of the pyramid, with numerous families transitioning into the middle class. These emerging middle-class families are evolving and creating a demand for financial solutions. The Bank aims to capitalise on this opportunity by targeting this segment, which is not deeply penetrated by its larger peers. Also, in the process, the Bank aims to help the Indian socio-economic environment move towards growth and upliftment.

Over the past years, the Bank has strengthened its position, especially by capitalising on positive initiatives implemented after the pandemic. As a result, the Bank has established a robust platform that is well-prepared to seize upcoming opportunities.

Diversified Bouquet of Products

The Bank offers a comprehensive suite of products and services and a personalised customer experience. Over the years, the bank has built a strong base of customers across asset and liability verticals. The Bank is focused on creating need-based products for each of its segments. The Bank intends to enhance its services to MSME customers by introducing products tailored for the semi-formal and formal segments while also transitioning towards relationship banking. This strategic shift involves a focus on providing shorter term products such as supply-chain finance, working capital funding, bill discounting, and other non-fund-based facilities. In housing, the Bank is increasingly moving towards customised offerings targeted at local requirements in various regions. During the fiscal year, the Bank launched a state-level collateral policy catering to diversity in the real-estate market and legal regulations in different states. The Bank also introduced a micro-LAP (Loan Against Property) product designed for small borrowers requiring funding. This product aims to assist small borrowers and their families with a solid repayment history and the capacity to manage higher-ticket loans. By enhancing its fintech alliances, the Bank will further broaden its channels, enabling enhanced customer reach and providing them with superior services. For institutional segments, new products, such as bank guarantees, have been launched, and the working capital product is being worked on. The Bank is working towards expanding its bulk deposit avenues and looking to enhance exposure limits from various mutual funds, insurance companies, and various co-operative banks. On the liability front, its emphasis



will be on implementing digital solutions for Government and Institutional businesses, such as the Public Funds Management System (PFMS). Strengthening fintech alliances will further expand the Bank's channels to reach its customers. POS and QR-led acquisition will be key areas of focus as the Bank expands its reach among small and medium retailers. The Bank is continuously enhancing its offerings for the aspiring middle-class segment by offering more value-add products to strengthen the Bank's position as a mass-market bank.

Focus on Digital Banking and Analytics

The Bank has established a dedicated digital banking team to improve customer experience, optimise technology investments, and minimise operational costs. This initiative's key components include digital innovation, API banking, fintech collaborations and partnerships, robotic process automation, artificial intelligence, digital lending, payments, digital marketing, and data analytics and insights. The aim is to leverage these factors to enhance overall efficiency and effectiveness within the Bank's digital ecosystem. The Bank is actively implementing an end-to-end digitisation process to enhance contactless disbursements and repayments. Leveraging data analytics, the Bank will gain actionable insights to facilitate well-informed decision-making. By harnessing its full-stack API banking platform, the Bank intends to collaborate with the fintech ecosystem to offer its customers innovative products and solutions. Additionally, digital channels will play a pivotal role in acquiring new customers and delivering services efficiently.

The Bank leverages technology to provide a better customer experience to the mass-market and aims to expand its digital reach within the country. In line with this objective, the Bank has introduced a novel mobile app called 'Hello Ujjivan'. The primary focus of this app is to cater to the needs of semi-literate or less tech-savvy customers who encounter obstacles like language barriers and difficulty comprehending banking terminology. These challenges often hinder their use of mobile banking services. Being the first of its kind, the app combines various advantages, such as a user-friendly interface, support for vernacular languages, visual communication through pictures, and voice interactions. This unique amalgamation offers customers an experience that fosters deeper digital penetration. In fiscal year 2024, the Bank plans to enhance the app by expanding its range of services, including the addition of loan application functionality.

Increased Customer Penetration Through Multi-Channel Approach

The Bank leverages a strategic blend of physical and digital channels and partnerships to extend its reach and provide added value to customers. The Bank consistently enhances its customer outreach through technology-

enabled channels such as Video Banking, Phone Banking, and Business Net Banking. A diverse array of services is currently available, with plans for further expansion throughout the year.

The Bank operates two in-house phone banking facilities that operate round the clock with a team of over 150 phone bankers. These facilities offer comprehensive support in nine languages, serve customers, and generate or convert business leads. Among over one million registered customers, 89% access the services in Indian languages. Presently, more than 200 services are available through Phone Banking, with ongoing efforts to further enhance the offerings. Notable features of the Bank's Phone Banking include a reduced IVR wait time, quicker access to phone bankers, a Straight-Through-Process for certain service requests, and the ability to book term deposits over the phone. The Bank is actively working on transforming this channel into a significant sales platform that would lead to further improvement in field-staff productivity. Furthermore, various initiatives are being implemented to enhance the overall customer experience.

The Bank is committed to offering customers a branch-like experience at their convenience by providing seamless banking services through branchless solutions. In fiscal year 2024, the Bank will introduce Video Banking services to cater to tech-savvy customers who prefer branchless banking. This service aims to enhance trust and confidence in the Bank by enabling face-to-face interactions through video calls. The Video Banking offerings will feature robust multi-layer authentication for security and will be accessible in multiple languages throughout.

To promote its products and services, the Bank extensively utilises the digital platform, employing dedicated programmes that leverage analytics and customise messages to cater to specific target audiences. In addition, the Bank prioritises expanding its customer reach through neighbourhood transaction points, ensuring seamless service for customers who reside at a distance from the branches.

Strengthening Liability Franchise, and Increasing Our Retail Base

The Bank's primary emphasis has been establishing a strong and sticky foundation of retail deposits to support its asset expansion. The Bank has observed promising and robust growth in its retail deposit base, including CASA (Current Account and Savings Account) Deposits and customer acquisition. Anticipating the increase in interest rates, the Bank proactively implemented rate hikes earlier than its competitors. This strategic decision not only bolstered deposit momentum but also contributed to substantial growth in retail deposits for the Bank. Towards the second half of FY 2022-23, the Bank aimed at reducing interest rate premiums over

larger peers and successfully reduced the same to a large extent. Consequently, the Bank managed to keep the cost of funds under control despite multiple REPO hikes. The Bank has established a robust foundation among traditional customer segments such as senior citizens, women, enterprises, and TASC (Trusts, Associations, Societies, and Clubs). Additionally, by prioritising digital products and employing a multi-channel approach, the Bank is actively expanding its customer base among new-age segments, including young professionals, established investors, and tech-savvy entrepreneurs.

With a strong emphasis on customer service, the Bank strives to uphold high standards to enhance customer satisfaction and foster long-term retention. To achieve this goal, the Bank consistently invests in technology and provides comprehensive training to its staff, ensuring that the quality of service remains at the forefront of the industry.

The Bank's primary focus will be on enhancing the sourcing mix of customer segments and product offerings. The Bank aims to fulfil a significant portion of its funding needs through Current Account and Savings Account (CASA) Recurring Deposits, and Fixed Deposits while simultaneously establishing a reliable and enduring deposit base and attracting new customers. The Bank will encourage account utilisation by capitalising on its dedicated customer service and user-friendly digital channels to achieve this.

Responsible Banking For the Unserved and Underserved Segments

With a strong commitment to promoting financial inclusion for unserved and underserved segments, the Bank's focus is on fostering financial discipline among its customers. The bank will continue to educate and train them about the risks associated with excessive debt and multiple borrowings, and the advantages of savings in a bank and obtaining insurance products. Through the Bank's partnership with the Parinaam Foundation, it will offer financial literacy programmes to enhance financial awareness. Furthermore, the Bank is developing an AI platform to assist customers in fulfilling service requests and conducting basic transactions in their preferred language and channel. The Bank aims to encourage its customers to embrace digital channels, providing them with a cost-effective, convenient, secure, and seamless transaction experience.

DIVERSIFY REVENUE STREAMS, CONTROL COSTS

The Bank's primary focus is expanding its portfolio of financial solutions to augment its revenue streams, encompassing fee and non-fund-based revenues. Leveraging its extensive banking outlet network, digital channels, diverse product and service portfolio, and large customer base, The Bank aims to enhance its fee

and commission-based business. The Bank's treasury team adeptly trades and manages funds, capitalising on market opportunities. Additionally, the introduction of new products for institutional clients will contribute to fee income growth. The RBI's relief measures have categorised lending by SFBs to MFIs and various other segments as priority sector lending, enabling the Bank to exceed the mandated targets for priority sector advances. Furthermore, the trading of priority sector lending certificates will continue to serve as a significant source of fee income.

GROWING CUSTOMER BASE

As of March 31, 2023, the Bank had 77 Lakhs customers, a growth of around 20% over 65 Lakhs a year ago. This growth was driven by both asset and liability customer growth. On the asset side, The Bank acquired around 10 Lakhs customers during the year, primarily driven by MicroBanking and Housing. On the liability side, the Bank's retail branch banking has been adding around 70,000-75,000 customers every quarter.

FINANCIAL AND OPERATIONAL PERFORMANCE

The financial year started with the ongoing momentum from the second half of FY 2022-23. The business traction continued in the first quarter of fiscal 2023, and with the same trend sustaining throughout the fiscal, the Bank achieved multiple milestones. On the asset side, the Bank crossed the milestone of ₹ 20,000 Crores of disbursement during the year, with Q4FY23 disbursement achieving ₹ 6,000 Crores. The liability franchise continued to race ahead of the asset side, with the CD ratio falling to 94% (including the Bank's IBPC & Securitisation exposure of ₹ 2,174 Crores as of March 31, 2023) and the total deposit book reached ₹ 25,538 Crores – crossing the ₹ 25,000 Crores mark.

The good work done under the Bank's two '100-day' plans continued to yield results in FY 2022-23 with the Bank achieving a major milestone and its highest ever yearly profit of ₹ 1,100 Crores and Q4FY23 having the highest ever quarterly profit of ₹ 310 Crores. The turnaround in the profitability for the bank from (₹) (415) Crores in FY 2021-22 to (₹) 1,100 Crores was aided by multiple aspects in FY 2022-23. The major factors leading to this turnaround were NPA levels going down drastically, supported by improved collections, an increase in yield, an enhancement in productivity, and streamlining the processes helped rationalise personnel costs as well as business-related expenses. The continued effort on the collections front and focus on legal activities resulted in a minimal credit cost of ₹ 18 Crores and a Bad-Debt Recovery Income of ₹ 135 Crores for FY 2022-23. The pre-provision operating profit stood at ₹ 1,485 Crores in FY 2022-23 against ₹ 637 Crores in the previous year.



Overall, total income grew by 50% over the last financial year on the back of strong loan book growth of 33% and an increase in yield on advances and other income. Interest income on advances amounted to ₹ 3,708 Crores, constituting 78% of our total revenue. The yield on the gross loan book in FY 2022-23 stood at 18.4%, compared to 16.6% in the previous year. The high NPA levels in FY 2021-22 led to income derecognition, impacting the yield on the book. In FY 2022-23, the interest income on advances for the Bank increased by 44% over the previous year, which was combined with significantly lower NPA levels throughout the year with (GNPA of 2.6% as of March 31, 2023) and very strong book growth from the previous year. Income on statutory and other investments amounted to ₹ 429 Crores, growing by 81% during the year on account of the higher deposit base and higher SLR maintained for a sufficient liquidity buffer. It constituted 9% of the total income.

Fees and other income, comprising processing fees, profits on the sale of Priority Sector Lending Certificates (PSLC), commission income on the distribution of third-party products, interest or gain on investments, bad debt recovery, and other miscellaneous income, saw a growth of 64% over the last financial year and constituted 12% of the total income against 11% in the previous year. Bad debt recovery saw a growth of 187% over the previous year to ₹ 135 Crores in FY 2022-23 from ₹ 47 Crores in the previous year on the back of strong collections for all the business verticals supported by legal actions.

Commission income on distribution of third-party products increased to ₹ 44 Crores against ₹ 26 Crores, as a result of increasing distribution of retail insurance by cross-selling across businesses, which saw a growth of 63% over the previous year, activation of the distribution channels, and higher credit life commission as a result of higher disbursement volume. Miscellaneous income, comprising annual card maintenance fee income, income from banking operations, foreclosure and late payment charges, and profit on the sale of investments, amounted to ₹ 122 Crores, constituting 21% of fee and other income, and 3% of total income. Income from banking operations grew to ₹ 66 Crores, against ₹ 50 Crores in the previous financial year, on account of increased digital transactions, reflecting greater usage of the accounts.

On the liability side, the Bank saw a scale-up of deposit franchises driven by CASA and retail term deposits. Total CASA grew 35% over March 2022 to ₹ 6,744 Crores in a market where most peers are struggling to add CASA. The Bank anticipated the rate curve and was ahead of the industry in taking rate hikes and building a strong deposit base. The Bank further diversified its liability base by taking sub-debt of ₹ 300 Crores. The year saw multiple REPO hikes, followed by a liquidity crunch in the system. This led to an increase in interest rates across all liability

products. As a result of these rate hikes, the on-book cost of funds increased to 6.5% from 6.3% in the previous year. The Bank increased its exposure to IBPC/Securitisation from ₹ 674 Crores as of March 2022 to ₹ 2,174 Crores as of March 2023, which helped the Bank restrict the rise in cost of funds to 25 bps despite sharp REPO rate hikes. Finance Costs increased by 41% compared to the previous year. The bank maintained a healthy LCR of 180% as of March 31, 2023.

NIMs for the fiscal year stood at 9.5%, against 8.8% in the previous fiscal. The increase in yield in FY 2022-23 aided the increase in NIM despite the increase in the cost of funds. Every business vertical reported a better NIM in the current fiscal year for the same reason.

On the expense front, the total operating cost increased by 20% compared to FY 2021-22. This was a combined effect of an increase in headcount, the number of banking outlets, growth in business volume, and upgrades made to the IT infrastructure. The employee expense increased by 15% over the previous financial year as there was an increase in the employee strength of ~1,000 staff, an increase in the average salary, variable pay, and expenditure on employee training and skill enhancement. Other operating costs, comprising occupancy, technology and connectivity, travel and conveyance, cash handling and management, marketing, direct business-related expenses, and other expenses, increased by 27% from the previous year. The increase in expenses from the previous financial year can be attributed to much higher business volume and an increase in occupancy-related expenses due to the addition of 54 new branches. IT expenses also saw an increase as there were upgrades made to the IT infrastructure, both hardware and software, as the bank completed 5-years of operations, thus expanding capacity. The collections expense remained at similar levels as the previous financial year, though it started declining sequentially through the quarters as the portfolio quality improved. With improvements in staff productivity and process-related changes backed by higher income, the cost-to-income ratio for FY 2022-23 reduced significantly to 54.8% against 70.1% in the previous fiscal.

Credit expenses for the year were at abysmally low levels. The total credit cost was ₹ 18 Crores compared to ₹ 1,164 Crores in the previous year. The Bank made an incremental provision of ₹ (32) Crores on standard assets, and ₹ (433) Crores on NPA, and write-offs worth ₹ 483 Crores. The floating provision of ₹ 250 Crores continues to remain on the books, with ₹ 100 Crores being moved to other provisions and ₹ 30 Crores utilised towards Tier-II Capital. The entire floating provision of ₹ 250 Crores is available to make specific NPA provisioning in the future in case of external exigencies, with RBI approval. Provision coverage on the total gross loan book stood at 3.1% as of March 31, 2023, against 7.1% on March 31, 2022. The

total cumulative provision on the portfolio stood at ₹ 735 Crores as of March 31, 2023, consisting of ₹ 113 Crores on standard assets and ₹ 621 Crores on NPA (this includes only ₹ 120 Crores of the floating provision). The Provision Coverage Ratio (PCR) for the Bank stood at 98% at the end of the year, while net NPA (NNPA) stood at 0.04% against 92% and 0.6%, respectively, in March 2022.

The Bank's Return on Asset (RoA) on Pre-provision operating profit stood at 5.2% against 2.9% in the previous year, with Return on Equity (RoE) at 31.4% against (13.8)% for FY 2021-22.

Income Statement

As of March 31, 2023, the Bank's balance sheet size stood at ₹ 33,317 Crores, an increase of 41% over ₹ 23,612 Crores at the end of March 31, 2022. The Bank's net worth increased from ₹ 2,803 Crores as of March 31, 2022 to ₹ 4,209 Crores as of March 31, 2023. The Capital to Risk Weighted Asset Ratio (CRAR) stood comfortably at 25.8% as of March 2023, compared to 19.0% as of March 2022, as a result of higher profits and a capital raise done in September 2022.

The Bank's gross loan book closed at ₹ 24,085 Crores, registering a 33% growth over the preceding year. While the Bank's deposit base closed at ₹ 25,538 Crores, growing 40% y-o-y, it was largely driven by healthy growth in CASA or retail term deposits.

DIGITAL INITIATIVES

FY 2022-23 sets the direction of travel for the Bank to dramatically scale the business sustainably while achieving greater efficiency.

The Bank launched 'Hello Ujjivan', a banking app for semi-literate customers with Voice Prompts, voice recognition in 9 languages and 8 dialects, and visual prompts. The Bank has witnessed significant adoption of the app from its customers, with the Bank recording over 97,514 downloads and 4,800 active users (with a minimum of 1 transaction) as of March 2023. This achievement led to the Bank's recognition for innovation at the esteemed Aegis Graham Bell Awards.

In its pursuit to establish a comprehensive remote banking solution that combines the benefits of digital technology with a compassionate human experience, the Bank introduced Video KYC. This groundbreaking initiative also marks the Bank's first foray into cloud-based services, setting the stage for accelerated cloud adoption in the future.

The Bank successfully transformed into a data-driven organisation, implementing decision support systems across various business lines. Extensive analytics and insights were generated and shared throughout the organisation via interactive dashboards, enabling data-driven decision-making at every level.

The Bank has taken a pioneering step in the industry by offering customers the convenience of signing up for digital banking using Aadhaar. This ground-breaking feature significantly reduces barriers for non-tech-savvy customers while ensuring a secure and seamless onboarding process.

The Bank has experienced tremendous growth in UPI adoption, securing the second position among Small Finance Banks (SFBs) and the 32nd position nationwide. Furthermore, it is noteworthy that the Bank ranks 12th nationwide for technical declines on UPI transactions, even as the Bank hits all-time high transaction volumes (as of March 31, 2023).

Digital channels have facilitated self-service deposits amounting to over ₹ 1,090 Crores, showcasing a remarkable growth of over 2 times compared to the previous fiscal year. Additionally, digital repayments received through BBPS - enabled apps surpassed ₹ 2,028 Crores, witnessing a significant increase of 130% from the previous fiscal year.

The Bank has distributed over 2.9 Lakhs UPI QR codes to customers, resulting in credit receipts of over ₹ 300 Crores through these QR codes. Additionally, in FY 2022-23, the Bank introduced 22 new and enhanced Robotic Process Automation (RPA) processes, leading to savings of over ₹ 6 Crores in the reconciliation process and approximately 20,000 person hours across all processes.

Alliance and Electronic Payments

The Bank recently restructured its Channels team, dividing it into two departments: Alliance & Electronic Banking and Phone & Video Banking. The Alliance & Electronic Banking team's primary focus is on enhancing Phygitech points, ensuring the delivery of Secured items like Debit Cards and Cheque Books, and tracking Vendor Management.

Phygitech Points

Besides implementing various other digital initiatives, the Bank has successfully boosted its phygitech points through ATMs, ACRs, and Money Mitra. The Bank has notably expanded its touchpoints through a substantial increase in the number of ATMs and ACRs available to customers. The Bank has:

- 457 ATMs and 60 ACRs (Auto Cash Recyclers) currently.
- Remained at the top among all SFB banks, in the volume of ATM transactions, with a high ATM uptime of over ~98%.
- Started deploying state-of-the-art touchscreen ATMs with multilingual language screens to enhance the customer experience. Braille keypads continue to be part of the ATM features for visually challenged customers.
- ~41% of the ATM transactions among the peer banks.



- Revamped Lollipop for ACRs for general awareness to increase the usage of ACRs for deposits. ATM WIN 10 activity has been completed.

Money Mitra refers to business correspondents who offer assisted banking transaction services to customers. These touchpoints facilitate face-to-face interactions, which contribute to brand building, cross-selling opportunities, and enhanced transaction experiences. Money Mitra will provide services enabled through mobile technology and digital authentication modes.

- 159 branches are active, with 639 Money Mitra agents.
- The overall contribution to cashless repayment is 7%.

The Bank's Card remains the leader among all Small Finance Banks (SFBs) in terms of card usage at ATM channels. There has been a 3% growth in card transactions at ATMs for the Bank, while the industry as a whole has experienced a 2% decline in this regard.

- The Bank is the largest Debit Card issuer among its industry peers, with a card base totalling 8.6 Million users.
- The Bank is the leader among all SFBs in card transactions at the point of sale (POS).
- The Bank has experienced 4% growth in card issuance, surpassing the banking industry's growth of 1% and SFBs' growth of 2%.
- The Bank has introduced contactless cards by issuing all staff the first set of DU Platinum cards.

Vendor Management and Tracking

The Alliance unit within the AEP Department at the Bank is responsible for overseeing the outsourcing activities of the Bank. Its main objective is to ensure that vendors associated with Ujjivan comply with the Bank's established policies and practises, which are aligned with the regulations and guidelines set by governing authorities.

- The Alliance unit serves as the gateway for vendor onboarding, streamlining all vendors' processes.
- This unit diligently tracks and ensures the timely renewal of all vendor agreements to mitigate any risk exposure resulting from the expiration of agreements.

Delivering Customer's Secured items

The fulfillment unit at the Bank plays a crucial role in enhancing the customer experience by delivering various essential items such as debit cards, cheque books, statements of accounts, SMS, or email notifications to customers. This unit places a priority on delivering premium products to further elevate the overall customer experience.

Internal Control Systems and Adequacy Risk Management

The Bank has a strong risk management framework in place to identify, mitigate, and monitor material risks across all its functions. Directed by the Risk Management Committee of the Board (RMCB), the Bank has an adequately staffed risk management team led by its Chief Risk Officer (CRO) to implement the directions of the Board. The team is mainly placed in the Bank's corporate office and also has a presence in each of the regional offices, primarily to aid in cascading the operational risk framework at a granular level. The hallmark of the Bank's Risk Management function is its independence from business sourcing units, with convergence only at the Board level.

Through continuous monitoring and enhancement, the Bank has established a distinct risk architecture with detailed policies and procedures for managing its credit risk. To that effect, key areas in risk identification (Early Warning Systems), risk measurement (ECL-based provisioning framework), risk mitigation (independent oversight by the risk monitoring team), and risk monitoring (High-Risk Branch and Collection productivity trackers) were significantly overhauled and improved upon. During the year, the Bank also validated its internal rating systems/scorecards to aid in objective-based lending with post-pandemic data. Furthermore, the Bank had also put in place a framework to better understand the inherent risk exposure on account of climate-induced physical risks.

Stress Testing continued to form an integral part of credit risk monitoring, wherein sensitivity and scenario-based analysis were regularly performed on the collection rates to compute the incremental default rates and associated credit costs. The Bank had also leveraged Network for Greening the Financial System (NGFS)-prescribed stress scenarios to better understand the interrelationships between default risk and physical risks over a short-term horizon. These models will be subject to continuous enhancements. These tests continue to serve as an important guiding tool for strategic decision-making and assessing overall resilience.

The Credit Risk Management Committee (CRMC) of the Bank meets at least at bi-monthly intervals to review the credit portfolio's performance and provide oversight for credit risk management.

Market risk arises largely from the Bank's statutory reserve management and trading activity in the interest rate market. The risks are managed through real-time monitoring by the Bank's Treasury Mid Office, which works within a well-defined Limit Management Framework that caps risk in various securities through limits/triggers. The risk measures include sensitivity limits, namely PV01, Modified Duration of HFT/HTM Portfolio, Value-at-Risk

(VaR) Limits, and Stop Loss Trigger Levels (SLTL) to name a few.

The Bank has established various limits on **Liquidity risk** management to mitigate funding mismatches and interest rate risks. While the caps on the mismatches to maturity buckets and stock ratio limits help manage liquidity risk, the sensitivity analysis of Net Interest Income (NII) and Market Value on Equity (MVE) helped mitigate interest rate risks. The Bank also maintained a comfortable Liquidity Coverage Ratio (LCR), well above the regulatory limits during the year. During the year, the Bank introduced IRR Value at Risk (IRRVaR) and SLS-based stress tests linked to a contingency funding plan. The Bank regularly undertakes various internal assessments on the behavioural patterns exhibited by depositors with respect to pre-mature withdrawal, utilisation, and tenure of deposits. Tolerance levels are now defined internally as part of the Liquidity Risk Management Framework.

The Asset Liability and Market Risk Committee (ALCO) of the Bank meets on a monthly basis or at more frequent intervals, if warranted, to evaluate the liquidity situation.

Operational risk management is a top-down approach driven by strong and sound operating policies/procedures and an internal control culture, with well-defined reporting and contingency planning. Manuals, an important spin-off from the various operational risk policies, are now documented for key activities such as Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRI) and Loss Data Management. Operational risk within the Bank is managed through a combination of qualitative and quantitative approaches. It additionally includes stringent product and process reviews, diligent User Acceptance Testing (UAT) of changes to systems, thematic reviews, risk scorecards, outsourcing risk reviews, Internal Financial Control (IFC) testing, and Business Continuity Planning/Management (BCP/M).

During the year, RCSA was successfully operationalised and handed over to the First Line of Defence (FLOD) in five business units. The RCSA results will enable the Bank to assess the control testing effectiveness and management of residual risks. The Bank also introduced customised KRI dashboards in three business units for better supervision and oversight. The branch-level gaps were followed up for closure, resulting in an improvement in branch audit scores.

For the effective management of operational risks, the Bank has constituted an Operational Risk Management Committee (ORMC) chaired by the MD & CEO. The Committee, convened by the Chief Risk Officer, meets at least at quarterly intervals to provide oversight on key operational risk issues, a summary of which is presented to the Risk Management Committee of the Board.

On account of **Cyber risks/Information security Risks** and with the ever-increasing global threat landscape, we as an organisation recognise the significance of a robust information security structure and have implemented defence in-depth technologies in order to safeguard customers' interests vested in us as an organisation. The Bank has orchestrated each and every tool in such a manner that none of the acts of a malicious intruder can go undetected. The key elements and the teams working in a chain fashion for managing information security risks are as follows:

1. **Risk assessment and Management:** We conduct regular risk assessments to identify potential vulnerabilities and threats to the Bank.
2. **Policies and procedures:** The Bank has a set of robust information security policies and procedures that set out the path for each and every individual working in the organisation in a secure manner.
3. **Security awareness and training:** - We as an organisation understand that employees play a critical role in maintaining information security. Therefore, as an organisation, we invest in regular training and awareness programmes to educate our workforce about emerging threats, phishing attacks, social engineering techniques, and other security best practises.
4. **Red team:** The Bank has an independent group of experts who simulate real-world attacks and attempt to exploit vulnerabilities. As a result, as an organisation we get valuable insights to enhance the security posture of the organisation.
5. **Blue team:** The Bank has established a 24*7 SOC (Security operation centre) team that detects, analyses, and takes the requisite actions to respond to the incidents.
6. **GRC team:** The Bank has a dedicated GRC (Governance risk and compliance) team to ensure effective management of regulatory requirements, risks, and operational controls.

We, as an organisation, recognise that information security is an ongoing requirement and requires continuous involvement, improvement, and adaptation to the ever-increasing threat landscape.

The Bank regularly participates in Cyber drills conducted by the Institute of Development and Research on Banking Technology (IDRBT) and conducts periodic Disaster Recovery Drills for its technology infrastructure to ensure the availability of critical services in the event of a disaster. The Bank follows a proactive approach instead of a reactive one.



LEGAL

The Bank's Legal team renders its services in the areas of legal advisory and documentation, contract management, support to the infra and admin departments, support to branch banking, employment law, corporate affairs, litigation management, and recovery assistance.

During the year, the team consistently provided timely advice and assistance to support the Bank's business operations, management, and other functions.

During the year, as an initiative towards digitisation of legal processes, the Bank's Legal team onboarded SpotDraft and C1India. Spotdraft, a contract management software, reduces the turnaround time in the execution of agreements and streamlines the contract management system. On the other hand, C1India is an e-auction platform that helps in the disposal of assets taken into possession under SARFAESI in a fair and transparent manner.

In reference to the Bank's recovery and resolution activity, the Legal team collaborated closely with the Collections team to successfully resolve a significant portion of non-performing assets (NPA) utilising various legal tools. These tools include Legal Demand Notices, S.138 notices, Lok Adalats, and actions under the SARFAESI Act, among others. The team organised and executed a notable number of Lok Adalats across different regions, leading to substantial collections within a relatively short timeframe.

The Legal team has been diligently offering timely assistance to address emerging legal requirements and challenges encountered by the Bank. In terms of customer service, the team has played a crucial role in preparing concise documents and agreements across various domains, prioritising customer-centricity and enhancing readability.

Moving forward, the Legal team remains committed to providing comprehensive guidance, striking a balance between business facilitation and compliance with relevant legal and regulatory frameworks. The Legal Team's focus will be on ensuring adherence to applicable guidelines while fostering a favourable environment for business operations.

COMPLIANCE

The Bank is fully committed to the financial inclusion mission of the Reserve Bank of India (RBI). The Bank has complied positively and adhered to the Small Finance Bank Licensing guidelines dated November 27, 2014, i.e., lending 75% of its Adjusted Net Bank Credit (ANBC) to priority sectors. The Bank further ensures that more than 50% of its loan portfolio is comprised of loans and advances up to ₹ 25 Lakhs. The Bank also ensures that at least 25% of its total branches operate in Unbanked Rural Centres (URCs). The Bank also complies with the

norms that the maximum loan size and investment limit exposure to a single and group obligor is limited within prescribed limits of 10% and 15% of its capital funds, respectively.

The Bank maintains a high level of corporate governance and compliance culture, deep-rooted from the field functionaries to the top management. The compliance framework is well-strengthened with Risk Assessment, certifications, monitoring, and testing. The compliance unit is committed to building a strong adherence culture in the Bank, and the Bank has a zero-tolerance policy on regulatory compliance breaches and non-adherence to statutory compliances in both, letter and spirit. The compliance department further performs a compliance risk assessment of the business, support and controls functions, departmentally, and ensures the quality of compliance through continuous evaluations as part of the monitoring and testing framework. The Bank ensures adherence to the regulatory guidelines on KYC, and the Bank's AML monitoring mechanism is automated with a stringent transaction monitoring framework in place. The Bank has also complied with the listing requirements within three years from the date of commencement of operations and is compliant with the regulatory reporting framework for timely submission of data and Risk Based Supervision (RBS) tranches, as mandated by the RBI.

INTERNAL AUDIT

The Bank has an independent internal audit department led by the Head of Internal Audit, who reports functionally to the Audit Committee of the Board (ACB). The primary objective of the Internal Audit Department is to deliver independent assurance to the Board of Directors and senior management regarding the quality and effectiveness of the Bank's internal control, risk management, and governance framework.

The Internal Audit Department is appropriately staffed with qualified and competent personnel and has five audit verticals: branch audit, Central Functions, IS Audit, Credit Audit, and Concurrent Audit. An annual audit plan is prepared using a risk-based approach encompassing all the audit areas. The plan was submitted to the ACB for approval. The internal Audit Department reports all significant observations along with the management action plan to the ACB. The ACB assesses the adequacy and effectiveness of the internal audit function, including the structure of the internal audit department, the progress of the annual audit plan, and staffing. It ensures effective and independent review procedures.

VIGILANCE

During the year under review, the Bank focused on the prevention and early detection of fraud. To achieve this, an enterprise-wide Fraud Risk Management System (e-FRMS) was implemented. This system is designed to monitor and

identify any abnormal or suspicious activities, thereby enhancing overall security measures and mitigating transaction-related fraud across all customer channels, including core banking, mobile banking, internet banking, debit cards, and UPI. The number of fraud scenarios being monitored was increased by 40%, and a 'prevention mode' was implemented, requiring transactions to undergo scrutiny before being debited from customer accounts.

Furthermore, efforts were made to strengthen the Whistle blower system throughout the financial year. Recognition and rewards, such as the 'Warriors of Vigilance' programme, was introduced to appreciate employees who reported instances of fraud, leading to concrete measures being implemented for prevention and mitigation.

During the review period, the Channels team successfully implemented process improvements suggested by the Vigilance department, specifically in the ATM processes.

The Bank is reporting of digital frauds (CPFIR) through the Reserve Bank's Advanced Supervisory Monitoring System (DAKSH) portal from the existing CPFIR portal as per RBI directions. This aligns with the new regulatory guidelines on fraud re-reporting. RBI has advised the Banks that the digital frauds reported in DAKSH also need to be re-reported as fraud through the XBRL platform. During the year, 261 out of 618 skimming/vishing/phishing-related offences totalling ₹ 59.37 Lakhs had no financial impact on the Bank.

Below is a summary of the frauds reported during the reviewed Financial Year:

Particulars	As on March 31, 2023	As on March 31, 2022
Number of frauds reported	618	383
Amount involved in fraud {₹ in Thousands}	97,364	53,053
Amount of provision made for such frauds * {₹ in Thousands}	67,554	26,091
Amount of unamortised provision debit-ed from 'other reserves' as at the end of the year	NA	NA

* Note: The provision amount is net of recovery/write off as at the end of the year

CREDIT

FY 2022-23 has been a year of remarkable turnaround and growth for the Bank as well as for the banking sector in India. The economy remained resilient in spite of inflationary pressure, rate hikes, unemployment rates, and geo-political risk, including global wars and their aftermath effects on supply chain constraints and the economy.

The Credit industry has registered a healthy growth of 18% during FY 2022-23 after a steep reduction for

consecutive two financial years (FY) due to the COVID-19-induced economic slowdown. The fiscal year earmarked a significant milestone in credit growth in banking sector with Retail credit registering a growth of 18%, the MSME sector 15%, and the MFI sector seeing an annual growth of 22%.

The learnings from COVID-19 have helped the bank strengthen underwriting policies, processes, portfolio and collection management. Focused efforts were made on implementing key regulatory guidelines and building a strong collection infrastructure, which helped us support existing customers, develop and offer new products, and work on rebuilding customer credit behaviour, while keeping credit costs in check. The continued connection with customers helped us appropriately respond to their needs in a timely manner. This resulted in stabilisation and a return to all-round growth in the credit business during the year.

The ongoing efforts have resulted in a continuous improvement in collections, driven by the implementation of an analytics-based dynamic collection plan by our field teams. This approach is further bolstered by intensified legal actions across various product categories. These efforts have yielded multiple benefits for the Bank, including: (a) Tight control on slippages, ensuring a reduced number of accounts turning into non-performing assets with higher upgrades (b) Provision write-backs, due to improved collections across the buckets and especially in restructured accounts, lead to a reassessment of the required provisions (c) Income earned from the recovery of bad debts, further strengthening the Bank's financial position.

Overall, the combination of a favourable economic environment and effective strategies has contributed to the Bank's strong performance and positive outcomes in terms of asset quality and financial results.

Policy/Process changes during FY 2022-23: The Bank is committed to ensuring high asset quality and the best customer experience for its stakeholders and is continually upgrading its underwriting process to ensure the same.

MicroBanking and Rural Banking

The segment emerged strong in the fiscal year, registering its highest growth in the last 5 years, and the segment was the quickest to return to normalcy after absorbing COVID-19-related disruptions. The year has also witnessed key regulatory changes in the microfinance sector, which have created a level playing field for all lenders with an increased focus on risk management and customer protection.

Credit strategy: With the promising growth in the credit industry, a gradual shift was made towards increasing the



new-to-bank customer acquisition during the year, while in the previous fiscal the focus was on serving its existing customers. Overall, the YoY portfolio growth was 41% and Micro Individual Loans witnessed a growth of 67% during the year. Underwriting policies were strengthened with the use of market intelligence insights and state-of-the-art technology for underwriting to arrest the inherent credit risks and ensure efficiency in the aftermath of the pandemic and the year of resurgence. Two new products, Gold Loan and Micro-LAP, were introduced during the year to serve the aspiring middle class.

Portfolio management: The Bank significantly strengthened the collection infrastructure to improve recovery from NPA accounts. This included strengthening the team for regular collection follow-ups. The Bank had also increased customer touch points by way of tie-ups to ensure that customers get easy access to deposit their EMIs at partner outlets. A special focus was made on the initial bucket and vintage of accounts, to reduce PAR flow to higher buckets.

The combined measures taken, resulted in collection efficiency remaining stable at over 100% throughout the year. GNPA reduced from 7.6% as of March 31, 2022 to 2.1% as of March 31, 2023 and PAR reduced from 9.2% as of March 31, 2022 to 2.7% as of March 31, 2023.

15 MOB delinquency for MicroBanking and Rural Banking as of March 2023 was at 0.7%, showing a strong credit performance of the post-COVID book.

Housing and MSME

The GNPA for Housing Loans stood at 2.6% and PAR at 5.7% as of March 31, 2023, while the NNPA stood at 0.8% as of March 31, 2023. The incremental credit cost for Housing is less than 0.5% for FY 23. The PCR for the Housing book as of March 31, 2023, is 69.6%. The housing book has a very minimal Resolution Framework (RF) book, which is 26.4 Cr (RF1 & 2), which is 0.7%.

housing book portfolio Quality is in line with the industry. The housing book is well diversified, with an average ticket size of ₹ 12 Lakhs and 39,000+ active borrowers, and 45% of our borrowers in housing are in the bank credit salaried segment. The bank is closely monitoring its portfolio month-on-month and ensuring necessary policy changes are made from time to time and the necessary restrictions are placed in segments/clusters where we are seeing delinquencies. Best in the industry portfolio quality post-COVID-19 with strong monitoring and a dedicated collection team.

The GNPA for MSME Loans stood at 8.80% and PAR at 13.8%, while the NNPA stood at 1.9% as of March 31, 2023. PCR for MSME Loans stood at 80.2% as of March 31, 2023.

On the product policy front, the MSME segment has seen an evolution of clearly defined products based on market segments with skilled teams to take the growth forward in the secured lending space.

Financial Institutions Group (FIGB)

FIGB continued lending to MFI, MSME, Vehicle Finance, and Affordable Housing segment customers. The bank focused on disbursements to externally higher-rated entities, while maintaining portfolio NIM. At the end of the year, the book size was ₹ 1,127 Crores, registering a 32% y-o-y growth over the last year. All accounts except one MFI account were in the standard category. Credit policy is regularly updated to enhance the quality of underwriting. Rigorous monitoring of the portfolio is conducted regularly.

Conclusion

The Bank's efforts during FY 2021-22 and FY 2022-23 are bearing fruit in the form of significant improvement in all credit parameters – (a) asset quality – lower PAR, GNPA, and slippages (b) collections – nearing 100% collections in non-delinquent buckets, and (c) improved TAT.

The Bank aims to proactively source quality borrowers and manage repayments that were well-tested during FY 2022-23 and the bank continues to monitor the existing portfolio quality. With a focus on innovation, leveraging technology, and a customer-centric approach, the bank is well poised for the next level of banking growth in the aspiring middle-income segment.

TECHNOLOGY

The transformation from financial inclusion to digital inclusion requires a robust IT infrastructure with stable, secure and scalable systems. In FY 2022-23, the Bank's IT team engaged in major upgrades across the core infrastructure in Finacle CBS and BR.Net, Branch links, phone banking, and the enterprise service bus (ESB). 283 new Intel servers and 22 SPARC servers were procured for CBS, creating a total of 252 new environments across the application stack for ₹ 896 cores and 800 TB of storage space. Additional purchase was initiated for were initiated for ₹ 3,000 cores and 1500 TB of storage space. 308 projects and enhancements went live during the year, covering regulatory, new product lines, services for revenue generation, enhancing the customer experience, improving operational efficiency, and cost savings. The projects initiated include CRM Upgrade from Gold 3 to Gold 7, Loan Origination System (LOS) across 6 major products, Application monitoring tool (App Dynamics), New AML software, Collection Solution, POSIDEX Upgrade, IMPS Switch Migration to comply with NPCI Guidelines, NPI Module for Treasury and Syslog Implementation. The Bank undertook a major IT infrastructure revamp of its DC & DR, which included a refresh of Networking and Security equipment. Sizeable server capacities were added to fuel the creation of Integrated UAT environments and the deployment of production application environments.

Projects initiated that bring further strength to the current landscape include Active-Active DC & DR, Private

cloud implementation enabling server provisioning under 30 minutes and auto scalable infrastructure, a Hyper-converged infrastructure (HCI) platform, a backup solution with ransomware protection, System Reliability Engineering (SRE) implementation, test automation, and a Finacle CBS upgrade.

As a result of these robust changes, the Bank achieved stable systems and witnessed a significant reduction in major issues throughout the year. The number of major issues decreased from 28 in the previous financial year to just 1. Furthermore, there has been an impressive channel availability rate of 99.8%. The UPI (Unified Payments Interface) technical declines have been successfully reduced to less than 1%, surpassing the regulatory benchmark, compared to the previous range of 3% to 5% since November 2022. Notably, The Bank reached a record-high of processing 12 Lakhs UPI transactions in a single day on March 31, 2023. In compliance with the RBI's Master Direction on Outsourcing IT Services, the Bank has already initiated a multi-vendor project that addresses the concentration risk by splitting an existing single vendor contract into 5 towers with multiple vendors. This brings in best-in-class vendors with specialised skillsets to deliver critical and material services for running the Bank's activities.

The Bank continues to invest in new applications and technology for its secured business lines of MSME & Housing. This includes a new Loan Management System (LMS), Early warning system, LOS, Charges module, PFMS, Cash management and Supply chain management.

A new project delivery methodology was embraced to efficiently execute these complex projects, leading to faster delivery due to enhanced resource utilisation, improved collaboration, prioritisation, and flexible deployment.

TREASURY

The Bank has its Treasury office located in the country's financial capital, Mumbai, with a state-of-the-art dealing room. The dealing room infrastructure was upgraded and enhanced with the view of imminently scaling up operations, entering new markets, and launching new products as and when permitted by the RBI and approved by the Bank's board. Treasury also has a full-fledged BCP located in Bangalore with dedicated infrastructure ensuring seamless, uninterrupted Treasury functionality.

The primary responsibility of the Treasury includes compliance with statutory reserve requirements, ALM, liquidity management, trading, PSLC, and client services.

The Bank has Subsidiary General Ledger (SGL) account with the RBI, and is a direct member of Clearing Corporation of India Limited (CCIL), which enables the Treasury to operate on various platforms, such as Negotiated Dealing System-Order Matching (NDSOM), NDS-Call, Triparty

Repo Dealing and Settlement (TREPS), FIMMDA Trade Reporting and Confirmation System (FTRAC), Clearcorp Repo Order Matching System (CROMS), Corporate Bond Reporting and Integrated Clearing System (CBRICS), and e-Kuber. The Bank has bilateral limits in place with most major interbank participants.

The Treasury team is guided by the long-term business plan and objectives set by management. The treasury team consists of experienced professionals with a proven track record in balance sheet management and trading. The team manages the Bank's regulatory reserves, including CRR and SLR. Judicious and efficient management of the SLR Portfolio has ensured consistent above-market returns. The portfolio consists of central and state government bonds and treasury bills invested at high yields and lower durations, to absorb shocks in adverse market conditions. There is also an active trading desk, which deals in SLR and non-SLR securities and contributes to the Bank's bottom line, by capitalising on trading opportunities presented by the market. The treasury is focused on reducing the cost of funds, enhancing returns, and contributing positively to the Bank's bottom line.

SERVICE QUALITY

The Bank, believes in a 'Customer-First' approach, as part of its core values, whereby the Bank strives to deliver exceptional service to its customers, by embedding a service culture in its People, Process and Policy enabled by Technology. To put this intent into practice, the Bank has established a dedicated Service Quality department to channel the programmes around customer experience management, quality assurance, customer care and grievance resolution, and customer service compliance.

Over the years, the Bank has defined and established a service index, both at the Bank level and for each of the businesses and key support functions, incorporating key service aspects that impact quality-of-service delivery and customer satisfaction. The Bank's Service Index programme has evolved over the past 5 years. The Service Index goals and targets are defined and agreed upon by each vertical and at the overall bank level, which forms part of the Key Performance Measures of MD & CEO, Heads of each business/function, frontline managers, and sales/service staff. The Bank did exceptionally well during the FY 2022-23, as various initiatives helped improve the Bank level Service Index from 66 points (out of a 100 points scale) in March 2022 to 85 points in March 2023, 19 points jump from the FY 2021-22. The Bank's board and management forums periodically review the progress made on the service quality goals and provide oversight.

The Bank believes that providing the necessary and relevant training to its staff is imperative to ensure superior customer service is offered to all its customers. As a step towards this intent, an initiative called 'Service



'Quality Friday School' was implemented during the year for educating branch staff on efficient customer service/handling customer requests and complaints/life events related services, and case studies. The topics are chosen based on observations on the quality of services delivered by branches, customer feedback, complaints, and the prevailing knowledge gap among front-end staff.

When customers go through certain life events, both good and bad their banking service needs are unique and complex, requiring empathetic, professional, and efficient care and support. The Bank has successfully been running a campaign, 'Aajeevan,' a life events-based banking service, that includes hassle-free and empathetic services towards nomination facilities, joint accounts, settlement of claims of deceased account holders, settlements of insurance claims, priority services to senior citizens, and specially-abled customers. During the year, due to the focused efforts, 94% of service requests were resolved within specified timelines – an improvement from 86% compared to the previous year. Further, through rigorous training on the importance of nomination to staff and higher customer connection, the Bank reduced the number of accounts opened without a nomination from 18% in FY 2021-22 to 8% in FY 2022-23.

Customer care and problem resolution have been areas of special focus. To ensure customers' concerns are addressed, the Bank has established a robust grievance redressal mechanism not only for providing satisfactory resolutions to customer complaints in a time-bound manner but also to identify the root causes of service deficiencies and take corrective measures to eliminate or minimise the instances of customer dissatisfaction. While customer acquisition and digital transaction volumes have grown significantly, the number of complaints in FY 2022-23 remained at similar levels as FY 2021-22. Further, the customers were provided faster resolutions for their service requests and complaints during the year. The resolution of customer complaints within standard turn-around time improved from 90% in the previous year to 96%.

While the Bank has an internal mechanism to measure and track customer service standards, an independent assessment by a research agency was commissioned during FY 2022-23 to assess the current levels of customer satisfaction with the products of 6 major business verticals. The independent assessment shall also help understand customers' perceptions and feedback towards the Bank's services, competitive performance at each touch point, and brand imagery.

During the year, the Bank launched Video KYC services to provide customers with an avenue to complete the KYC for digitally opened accounts, without visiting a

Branch. Further, in the upcoming year, the Bank envisions providing video banking facilities, as a measure to promote branch-less banking.

HUMAN RESOURCES

Human resources have consistently served as one of the fundamental pillars of the Bank in the pursuit of its mission and vision. The FY 2022-23 once again demonstrated the significant advantages an organisation can reap by adopting an 'Employee First' approach.

The Bank's unwavering trust in its employees was evident as it consistently surpassed its own quarterly goals, resulting in the most profitable year in the Bank's history. This success was further validated when the Bank was recognised as the 'Best SFB' by its employees in a survey conducted by the Great Place to Work Institute for FY 2022-23. The Bank also achieved the rank of the 45th 'Great Place To Work' in India for FY 2022-23.

In FY 2022-23, the Bank dedicated its efforts to enhancing holistic people development and strengthening organisational capabilities, aiming to provide a comprehensive growth experience for its employees. With a focus on progress, the organisation introduced a new grade structure that offers career growth opportunities based on consistent performance. Additionally, the implementation of a succession policy at the senior management level ensured smooth transitions and effective leadership within the Bank.

Skill enhancement was another important area, and a total of 17,870 employees were taken through various kinds of training and skill enhancement programmes. Flagship programmes for Branch managers in Branch (Learning hour per employee being at 29.8 hours) Banking and Rural Banking and re-skilling programmes for people in Affordable housing, MSME departments, and Credit departments were carried out. On the behavioural training, Customer centricity was a programme that was initiated for branch level employees to improve their skills in providing a better customer experience.

Additionally, improving the supervisory capabilities of the organisation has always been a critical task for the Bank. To address this, the Bank reintroduced first-time supervisory skills training, accompanied by impact assessment programmes conducted before and after the training sessions. In order to instill risk ownership among branch supervisors, programmes on 'First Line of Defence from risk' were conducted for branch-level employees. The credit underwriting, vigilance, and audit teams also underwent annual re-skilling and certification programmes to ensure their proficiency and expertise. In the current year, significant attention was given to technical training for the IT, Digital Banking, and Human

Resources teams. To enhance the technical skills of these departments, online training platforms such as Tech-academy and SHRM partners, were introduced. A blended approach to training was adopted, making extensive use of the E-learning platform within the Bank. Several e-learning courses were launched, including essential courses on the Code of Conduct, POSH (Prevention of Sexual Harassment), KYC (Know Your Customer), AML (Anti-Money Laundering), and Information Security.

A well-rounded wellness programme for employees and their families was also an essential area for the Bank. The Bank introduced Emotional Wellness programmes for employees and their families. The re-introduction of free annual health check-ups for all employees and a discounted one for the staff families was done, and 300+ branches participated in the same. The Bank also ensured better employee insurance benefits and enhanced maternity benefits by 50%, introduced robotic and advanced benefits for cancer treatment, and increased the accidental medical expense limit by 67% for all employees. Apart from this, several online health awareness programmes on matters like road safety, cardiovascular disease, yoga awareness and benefits, and cervical cancer were done. A campaign on road safety awareness was carried out throughout the year, looking at road accidents contributing to a large number of accidents among employees.

The Bank strongly upholds the principle of recognising

hard work and dedication. In recognition of the employee's contributions to the Bank's turnaround in FY 2021-22, the Small Finance Bank Board and management made the decision to reward them. This announcement of a special annual pay-out (RLSP) generated significant excitement among the employees. Furthermore, in alignment with the core management value of wealth creation for employees, the bank issued a performance-based Employee Stock Ownership Plan (ESOP) in the third quarter.

The Bank placed significant emphasis on a crucial aspect of people management, which is Listening and Transparent Communication. To facilitate this, an AI-Chatbot named Amber was introduced to collect real-time employee feedback and suggestions. The feedback is closely monitored at the Head of HR level, and appropriate corrective actions are taken. Forums like Chai-pe-Charcha (meetings with the leadership team in the corporate office), 'Lunch with the Captain', (an opportunity for employees to share lunch with the MD and CEO and have a discourse with him), townhalls throughout the year, and the flagship Branch Representative Meetings at the ground level provided an opportunity for the Bank to listen to its employees and take corrective actions. Finally, FY 2022-23 turned out to be a year where Ujjivanites were able to bring back the culture of celebrations with the various milestones being created and celebrating a variety of occasions in an organisation as diverse as our country is.



Pillar III Disclosures for year ended March 31, 2023

FY 2022-23

[Ujjivan Small Finance Bank (hereinafter called "the Bank") is primarily subject to the BASEL II {New Capital Adequacy Framework (NCAF)} framework with some elements of Basel III regulations made applicable and has prepared this disclosure document in compliance with the directions of Reserve Bank of India (hereinafter referred to as "the Regulator" or "RBI") vide its circular RBI/2015-16/58; DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015. The document provides a review of key observations pertaining to the Bank's capital adequacy, credit quality, key business highlights and a review of its key risks as at March 31, 2023.]

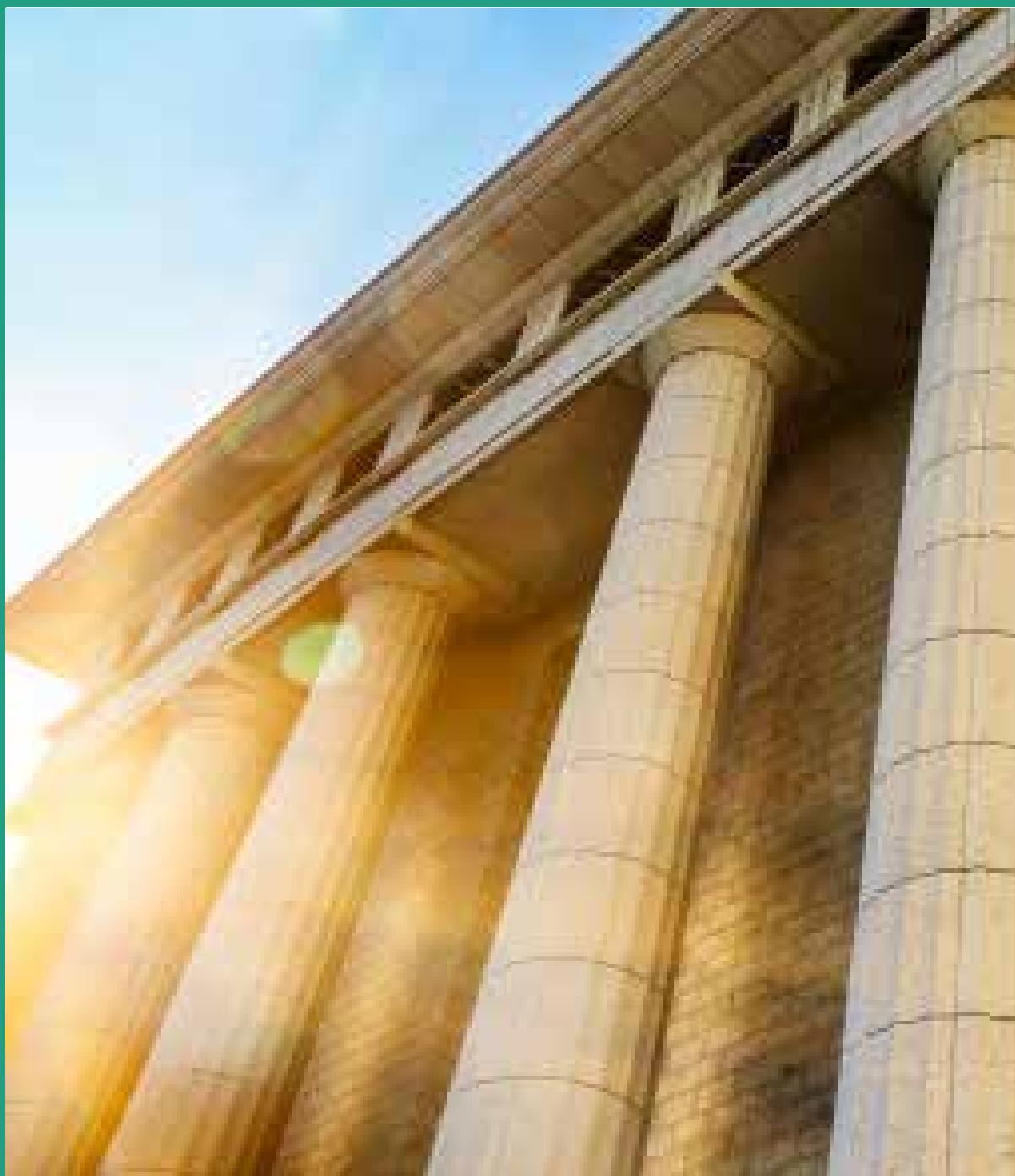


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1. LIST OF KEY ABBREVIATIONS

Abbreviation	Full form
ACR	Automated Cash Recycler
AFS	Available For Sale
ALCO	Asset Liability Committee
ANBC	Adjusted Net Bank Credit
ATM	Automated Teller Machine
AIF	Alternate Investment Fund
BC	Business Correspondent
BIA	Basic Indicator Approach
BRACO	Business Risk and Compliance Officer
BSE	Bombay Stock Exchange
BV	Book Value
CC	Cash Credit
CASA	Current Account Savings Account
CBDR	Common But Differentiated Responsibilities (CBDR) and respective capabilities
CERSAI	Central Registry of Securitisation Asset Reconstruction and Security Interest of India
CET1	Common Equity Tier 1 Capital
CFO	Chief Financial Officer
CFP	Contingency Funding Plan
CIC	Core Investment Company
CRAR	Capital to Risk-weighted Assets Ratio
CRMC	Credit Risk Management Committee
CRO	Chief Risk Officer
DPD	Days Past Due
DSA	Direct Selling Agent
DSCB	Domestic Scheduled Commercial Bank
ECL	Expected Credit Loss
ECLGS	Emergency Credit Line and Guarantee Scheme
ECRA	External Credit Rating Agency
ESG	Environment, Social and Governance
EWS	Early Warning Signal
FIG	Financial Institutions Group
FOIR	Fixed Obligation to Income Ratio
FLOD	First line of Defence
FP	Floating provision
FPI	Foreign Portfolio Investor
GDP	Gross Domestic Product
GA	Gross Advances
GLB	Gross Loan Book
GLC	General Ledger Code
GNPA	Gross Non-Performing Asset
GVA	Gross Value Added
HFT	Held for Trading
HHI	Household Income
HTM	Held to Maturity
HQLA	High Quality Liquid Assets
HUF	Hindu Undivided Family
IBPC	Inter Bank Participation Certificate

Abbreviation	Full form
ICAAP	Internal Capital Adequacy Assessment Process
ICAI	Institute of Chartered Accountants of India
ICE	Internal Combustion Engine
IFSC	Indian Financial System Code
IGAAP	Indian Generally Accepted Accounting Principles
IMPS	Immediate Payment Service
IPDI	Innovative Perpetual Debt Instrument
IPO	Initial Public Offer
IRAC	Income Recognition and Asset Classification
IRRBB	Interest Rate Risk in Banking Book
IWG	Internal Working Group
KRI	Key Risk Indicator
LAP-SENP-SEP	Loan Against Property- Self Employed Nonprofessional- Self Employed Professional
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LMS	Loan Management System
LR	Leverage Ratio
LWE	Left Wing Extremism
MB	MicroBanking
MCA	Ministry of Corporate Affairs
MD	Modified Duration
MD & CEO	Managing Director and Chief Executive Officer
MDG	Modified Duration Gap
MSE	Micro and Small Enterprises
MVE	Market value of Equity
MV	Market Value
NBFC-ND-SI-CIC	Non-Banking Financial Company-Non-Deposit-taking-Systemically Important-Core Investment Company
NE	North Eastern
NEFT	National Electronic Funds Transfer
NGFS	Network for Greening the Financial System
NPA	Non-Performing Asset
NNPA	Net Non-Performing Asset
NPI	Non-Performing Investment
NSE	National Stock Exchange
NSFR	Net Stable Funding Ratio
Non-URC	Non-Unbanked Rural Centre
OD	Overdraft
ORMC	Operational Risk Management Committee
OSP	Outstanding Principal
PAT	Profit After Tax
PAR	Portfolio at Risk
PB	Payments Bank

Abbreviation	Full form
PD	Probability of Default
PNCPs	Perpetual Non-Cumulative Preference Shares
PPOP	Pre – provision operating profit
PSL	Priority Sector Lending
QIP	Qualified Institutional Placement
QR Code	Quick Response Code
QRT	Quick Response Team
RB	Rural Banking
RBI	Reserve Bank of India
RCA	Root Cause Analysis
RCSA	Risk Control and Self-Assessment
RMCB	Risk Management Committee of the Board
ROA	Return on Asset
ROE	Return on Equity
RSA	Risk Sensitive Assets
RSL	Risk Sensitive Liabilities

Abbreviation	Full form
RWA	Risk Weighted Assets
SA	Standardised Approach
SDA	Standardised Duration Approach
SEBI	Securities and Exchange Board of India
SEL	Secured Enterprise Loan
SFB	Small Finance Bank
SLOD	Second Line of Defence
SLR	Statutory Liquidity Ratio
SMA	Special Mention Accounts
TVR	Tele verification report
UAT	User Acceptance Testing
UFSL	Ujjivan Financial Services Limited
UPI	Unified Payments Interface
URC	Unbanked Rural Centre
USD	United States Dollar
VaR	Value at Risk
YTD	Year till Date

2. KEY PERFORMANCE HIGHLIGHTS OF THE BANK

Ujjivan Small Finance Bank (hereinafter referred to as "the Bank") is required to publish disclosures under the Pillar III framework as required in terms of RBI guidelines on New Capital Adequacy Framework issued vide RBI/2015-16/58; DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015. This document provides a review of key observations pertaining to the Bank's capital adequacy, credit quality, key business highlights and a review of its key risks as at March 31, 2023. All exposure related figures quoted in the document are '₹ in Lakhs', unless otherwise specifically stated.

A. Branch network and distribution reach

The branch position of the Bank as at March 31, 2023 was as follows:

Particulars	Count
Total Banking outlets, of which	629
Banking outlets (Non-URC)	468
Banking outlets (URC) , of which	161
i Qualifying URC Branches (Branches situated in tier 3-6 locations in NE states and LWE ⁴ districts)	35
ii Business Correspondents (BC)	7

During the quarter ended Q4FY23, the Bank had opened 31 new branches across regions (South- 9, North -8, East – 8 and West- 6). With 25.60% of Banking outlets in URC, the Bank is fully compliant with RBI guidelines in this regard.

¹ A 'Banking Outlet' for a Domestic Scheduled Commercial Bank (DSCB), a Small Finance Bank (SFB) and a Payments Bank (PB) is a fixed-point service delivery unit, manned by either bank's staff or its Business Correspondent where services of acceptance of deposits, encashment of cheques/cash withdrawal or lending of money are provided for a minimum of 4 hours per day for at least five days a week. It carries uniform signage with name of the bank and authorisation from it, contact details of the controlling authorities and complaint escalation mechanism. The bank should have a regular off-site and on-site monitoring of the 'Banking Outlet' to ensure proper supervision, 'uninterrupted service' except temporary interruptions due to telecom connectivity, etc. and timely addressing of customer grievances. The working hours/days need to be displayed prominently.

² An unbanked rural centre (URC) is defined as a rural (Tier 5 and 6) centre that does not have a CBS-enabled 'Banking Outlet' of a Scheduled Commercial Bank, a Payment Banks or an SFB or a Regional Rural Bank nor a branch of a Local Area Bank or licensed Co-operative Bank for carrying out customer-based banking transactions.

³ North eastern states

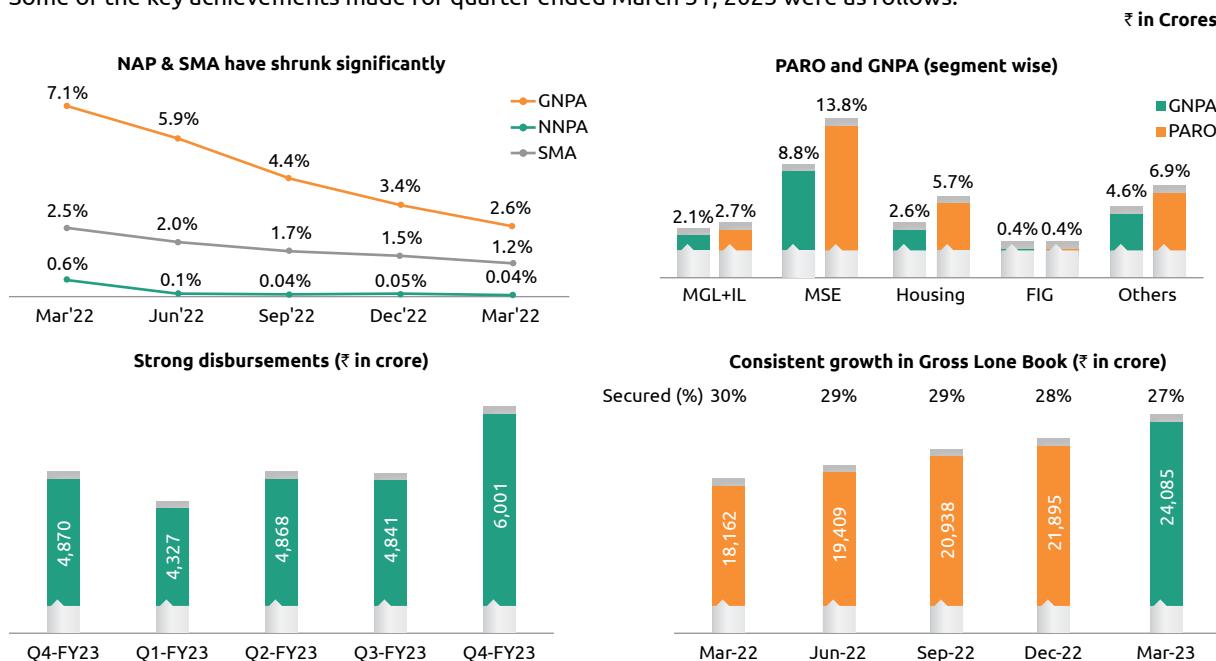
⁴ Districts with active Left-Wing Extremism (LWE)



The post pandemic growth in the Banking sector has been robust with system-level non-food credit growth at 15.3% on y-o-y basis which continued to outpace deposit growth of 9.5%⁵. While the growth rates within the Bank were significantly higher at 33% (Credit) and 40% (deposits) as at March 31, 2023 on y-o-y basis, the Bank intends on further expanding its physical presence across the country to augment business volumes to keep in line with the pre-pandemic strategic imperatives. To this effect, the Bank has reviewed and chalked out a detailed branch expansion plan with 104 branches proposed for launch in FY 2023-24 out of which 28 branches will be MicroBanking led branches. The physical reach would also be supplemented by a strong and focused investment in digital platforms to aid in business development, on both asset and the liabilities side. The Bank operated 517 Automated Teller Machines (ATM) including 60 Automated Cash Recycler (ACR) machines across the country as on March 31, 2023.

B. Financial highlights for Q4 and FY 2022-23

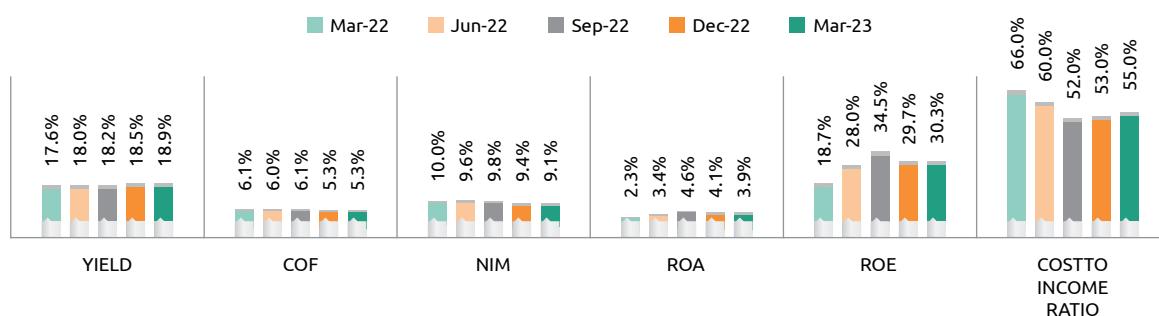
Some of the key achievements made for quarter ended March 31, 2023 were as follows:



Key Highlights	Description
Customer base	<ul style="list-style-type: none"> Total customer outreach was 77 Lakhs as at March 31, 2023 (73 Lakhs as at December 31, 2022; 64.8 Lakhs as at March 31, 2022)
Loan Portfolio	<ul style="list-style-type: none"> Gross Loan Book (GLB) (without netting off IBPC/Securitisation/Direct Assignment): ₹ 2,408,501 Lakhs as at March 31, 2023 (₹ 2,189,542 Lakhs as at December 31, 2022; ₹ 1,816,197 Lakhs as at March 31, 2022). Gross Advances (GA) (after netting off IBPC/Securitisation/Direct Assignment): ₹ 2,191,083 Lakhs⁶ as at March 31, 2023 (₹ 2,027,588 Lakhs⁷ as at December 31, 2022; ₹ 1,748,765 Lakhs as at March 31, 2022). Non-Microfinance book was 29.16% as at March 31, 2023 on Gross Advances (27.92% as at December 31, 2022; 32.03 % as at March 31, 2022)
Deposit Portfolio	<ul style="list-style-type: none"> Total Deposits (Retail plus Institutional): ₹ 2,553,800 Lakhs as at March 2023 (₹ 2,320,300 Lakhs as on December 31, 2022; 1,829,222 Lakhs as at March 31, 2022). CASA: 26.4% as at March 31, 2023 (26.2% as at December 31, 2022; 27% as at March 31, 2022)
Asset Quality	<ul style="list-style-type: none"> Gross Non-Performing Assets (GNPA): 2.88% as at March 31, 2023⁸ (3.64% as at December 31, 2022; 7.1% as at March 31, 2022) Net Non-Performing Assets (NNPA): 0.042% as at March 31, 2023⁹ (0.049% as at December 31, 2022; 0.6% as at March 31, 2022)

Key Highlights	Description
Capital Adequacy	<ul style="list-style-type: none"> CRAR ratio of the Bank as at March 31, 2023 was 25.81%; well above the RBI prescribed CRAR (26.02% as at December 31, 2022; 18.99% as at March 31, 2022)
Employee strength	<ul style="list-style-type: none"> 17,870 as at March 31, 2023 (16,764 as at December 30, 2022; 16,895 as at March 31, 2022)
Provisions and Credit costs	<ul style="list-style-type: none"> Total provisions including Floating Provision as at March 31, 2023 was ₹ 73,530 Lakhs (₹ 83,383 Lakhs as December 31, 2022; 133,044 Lakhs as at March 31, 2022) Total NPA provision (excluding floating provision) held was ₹ 50,157 Lakhs as at March 31, 2023 (₹ 57,807 Lakhs as at December 31, 2022; 93,448 Lakhs as at March 31, 2022). Total NPA provision reduced by ₹ 7,650 Lakhs during quarter ended March 31, 2023. The NPA provision reduced by 43,288 Lakhs as compared to March 2022. Y-O-Y reduction in NPA provision of 46.32%.

The key performance ratios (quarterly positions) of the Bank were as follows:



The Bank recorded its best ever performance across all parameters during the year. A summary of the key highlights of the Bank in Q4 and year – on-year growth is given below:

- Q4 PPoP at ₹ 41,100 Lakhs up 70% Y-o-Y; PAT of ₹ 31,000 Lakhs up 145% Y-o-Y; FY23 PPoP at ₹ 148,500 Lakhs up 133% Y-o-Y; PAT of ₹ 1,10,000 Lakhs versus loss of ₹ 41,500 Lakhs in FY22.
- Disbursements were at ₹ 600,100 Lakhs / ₹ 2,003,700 Lakhs for Q4FY23/ FY23; crossing major milestones. Gross loan book at ₹ 2,408,500¹⁰ Lakhs up 33%/10% Y-o-Y/Q-o-Q.
- The Bank maintained a steady NIM in excess of nine percent on a YTD basis, with a marginal decline in Q4FY23 which could be attributed to increase in the treasury investments due to good inflows in the liability book.

- Continued traction achieved on collections with ~100% efficiency in Mar'23; NDA collection consistently at ~100%; share of restructured loans was below 1% (0.9%) of gross loan book with a provision cover of ~100% and collection efficiency of 111% in Mar'23. The collection efficiency is computed after factoring advance EMI collections.
- Retail Term Deposit registered a growth of 69%/10% on Q-o-Q/Y-o-Y basis. CASA deposits registered a growth of 35%/11% on Q-o-Q/Y-o-Y basis with share of CASA ratio at 26.4% as on March 31, 2023.

B. Macro-Economic Outlook and way forward:

Global challenges on account of the ongoing war, debt fragility, inflationary trends, currency volatility and capital outflows continued to affect the performance of the global economy. The following are some of the key developments during the quarter.

⁵ CMIE Economic Outlook report dated January 23, 2023

⁶ Outstanding balance in IBPC/Securitisation/ Direct Assignment as on March 31, 2023 was Rs 2,17,417.90 Lakhs

⁷ Outstanding balance in IBPC/Securitisation/ Direct Assignment as on December 31, 2022 was Rs 1,61,953.39 Lakhs

⁸ Computed as a percentage to Gross advances. GNPA% on GLB basis was 2.63%

⁹ Computed as a percentage to Net advances. NNPA% as a ratio to Net GLB was 0.0429%

¹⁰ Without adjusting IBPC & Securitisation of ₹ 2,174/₹ 1,619/₹ 2,580 Crores as on Mar 2023/ Dec 2022 / Sep 2022



Global Economic Outlook¹¹

- Resilience in global economic activity has been partially restored amidst the persistence of inflation at elevated levels, turmoil in the banking system in some advanced economies (AEs), tight financial conditions and lingering geopolitical hostilities. Recent financial stability concerns have triggered risk aversion, flights to safety and heightened financial market volatility.
- Weakening external demand, spill overs from the banking crisis in some AEs, volatile capital flows and debt distress in certain vulnerable economies weigh on growth prospects.
- Global inflation is expected to decrease, although more slowly than initially anticipated, from 8.7% in 2022 to 7.0% this year and 4.9% in 2024.
- As of early 2023, however, financial markets anticipated that less policy tightening would be needed than central banks suggested, leading to a divergence that raised the risks for a significant market repricing.
- Most commodity prices have eased, to varying degrees, largely due to the slowdown in global growth and concerns about the possibility of a global recession. By historical standards, however, they remain elevated, prolonging challenges associated with energy and food insecurity. Crude oil prices have steadily declined from their mid 2022 peak; meanwhile, natural gas prices in Europe soared to an all-time high in August but have since fallen back toward pre-invasion levels.
- Reaching net zero emissions by 2050 will require an 80% reduction in global fossil fuel extraction compared with 2021 levels, according to the International Energy Agency (2022).
- The shock of Russia's invasion of Ukraine in February 2022 continues to reverberate

around the world. Economic activity in Europe in FY 2022 was more resilient than expected given the large negative terms-of-trade fallout from the war and associated economic sanctions.

- Global financial conditions have tightened sharply, with risk appetite damped by slowing global growth, persistently elevated inflation, and faster-than-expected monetary tightening.
- The sharp rise in interest rates has exposed fragilities in segments that had benefitted from ultra-low rates and surplus liquidity in the past decade. Any crises in these segments can hit global risk sentiment and capital flows. There have been several such instances in the past six months, such as the UK pension fund crisis in October 2022, collapse of Silicon Valley Bank and Signature Bank, along with takeovers of Credit Suisse and First Republic Bank in 2023.

Indian Economic Outlook¹²

- **The World Bank has revised its FY23/24 GDP forecast to 6.3%** from 6.6% (December 2022). Growth is expected to be constrained by slower consumption growth and challenging external conditions. Rising borrowing costs and slower income growth will weigh on private consumption growth, and government consumption is projected to grow at a slower pace due to the withdrawal of pandemic-related fiscal support measures.
- **Although headline inflation is elevated, it is projected to decline** to an average of 5.2% in FY23/24, amid easing global commodity prices and some moderation in domestic demand.
- The Reserve Bank of India has withdrawn accommodative measures to rein in inflation by hiking the policy interest rate. India's financial sector also remains strong, buoyed by improvements in asset quality and robust private-sector credit growth.

¹¹ Source : <https://www.imf.org/> & <https://www.oecd.org>

1) <https://pib.gov.in/PressReleasePage.aspx?PRID=1894932>
2) OECD ECONOMIC OUTLOOK
3) Crisil Insight report May 2023
4) World bank website
5) IMF World economic outlook April 2023

¹² Source :

1) <https://pib.gov.in/PressReleasePage.aspx?PRID=1894932>
2) OECD ECONOMIC OUTLOOK
3) Crisil Insight report May 2023
4) World bank website
5) IMF World economic outlook April 2023

- The central government is likely to meet its fiscal deficit target of 5.9% of GDP in FY23/24 and combined with consolidation in state government deficits, the general government deficit is also projected to decline. As a result, the debt-to-GDP ratio is projected to stabilise. On the external front, the Current Account deficit is projected to narrow to 2.1% of GDP from an estimated 3% in FY22/23 on the back of robust service exports and a narrowing merchandise trade deficit.**
- On April 6, 2023, RBI's six-member Monetary Policy Committee decided to keep the repo rate unchanged at 6.5%. This came as a surprise to market participants, who were anticipating a hike of 25 basis points. While the Monetary Policy Committee has decided to keep the repo rate unchanged at 6.50% in its meeting in April 2023, the decision was largely taken to assess the percolation levels of previous rate hikes on the inflation trend. While recent readings on economic parameters indicate ease in inflation and peaking of policy rates, sustenance of the same can only be evidenced by HY23-24.
- The urban unemployment rate has fallen from its peak of 20.8% in 2020 to below pre-pandemic level.
- Since September 2022, the bourses have bounced back, driven by better-than-expected corporate earnings in the first half of FY22/23, moderation in domestic inflation and easing global commodity prices, and a reversal in foreign portfolio flows back into India
- Investment activity in India is exhibiting buoyancy on the back of strong composite purchasing managers indices (PMIs) – India has the highest PMI among comparators – the fiscal thrust on infrastructure spending, and revival in corporate investment in certain key sectors. The total flow of resources to the commercial sector, including bank credit, has increased by 37% up to March 2023.

Indian Banking industry Outlook:

- Asset quality of commercial banks continued to improve over the first half of FY22/23 and capital adequacy remained well above regulatory requirement.
- Credit growth accelerated to 17.5% in September 2022 compared to 6.7% in September 2021, mainly driven by retail credit.
- During the year, the Central bank issued guidelines on digital lending, applicable to all banks and non-banking companies, to improve transparency and privacy in fintech engagements. Other sector

regulations focused on strengthening and addressing vulnerabilities in the financial sector by improving resilience, easing compliance, and reducing the cost of financial intermediaries.

- During the year, the Central bank had also issued draft guidelines on outsourcing of Information Technology services and also a discussion paper on climate risk and sustainable finance. It is expected that the Regulator will issue specific guidelines on these subjects in the ensuing year and on an ongoing basis. .
- Impact of US banking turmoil on India's banking and lending conditions is expected to be limited. India's dependence on external loans remains low. The domestic banking system is better positioned to tackle rising interest rates.

Way forward for the Bank

- With the impact of the pandemic waning, the Bank intends on ramping up its business mix in line with its pre-pandemic strategic imperatives. While digital and digital enabled banking services encompassing paperless banking, repayments, leveraging analytical tools and deployment of best-in-industry payment solutions shall remain a mainstay, the Bank, as part of its intent on spreading its geographical coverage and aid in brand recognition and recall, had opened 31 branches in Q4 FY23. The Bank also intends on opening 104 branches in the ensuing financial year.
- The Bank continues to remain steadfast in improving in technological environment in a bid to improve customer service. To this effect, "Hello Ujjivan", a mobile based application was launched in Q3 FY 2022-23, has garnered more than 97,000+ downloads within 6 months. The app has already received several industry accolades including Aegis Graham Bell Awards 2022 for Innovation in Consumer Tech. The app will navigate the customer through voice, visuals and made available in vernacular languages to aid unserved and underserved customer segments on digital platform.
- The Bank has started "Chalta Phirta Bank" a door step banking service through its 13,000+ field staff.
- The Bank is building a stable and granular liability base by adopting multi-channel approach, expanding branch-reach, relationship banking, digital offerings, video banking, enhancements in Phone Banking services, state-of-the-art IBMB, BNB, Hello Ujjivan.
- The Bank aims at strengthening its analytics infrastructure encompassing



systems, processes, skill-set, advanced data modelling, look alike targeting and digital lead generation. These steps are increasingly being taken in line with evolving technological advancements to leverage in business development and process improvements.

- The Bank has around 29% customers repaying their credit dues through digital mode; an improvement by 3% as compared to December 2022.
- To provide seamless integration in retail loans and to augment turnaround time, the Bank has partnered with a vendor in providing a state-of-the-art Loan Origination System (LOS). This new LOS, an upgraded version of the current software is intended to provide enhanced flexibility and customisation options to meet the ever-changing business requirements.
- The Bank envisages a deposit mobilisation growth of ~30% with focus on CASA to support the ~25% growth target in Gross Loan book for FY 2023-24. These business plans and strategies are drawn after detailed internal deliberations and future macro-economic environment.
- The Bank is poised to make its entry in Andhra Pradesh for FY 2024 which will mark the 26th state of operation.
- Digital strategies like video banking, phone banking and digital deposits will continue to support business development in FY 2024.

Climate Risk Management - a precursor to TCFD compliant disclosures:

As a first of its kind, the Bank has analysed the impact of climate change and associated financial losses in its portfolio. Historically, natural disasters or physical risks have affected portfolio performance. Various reports from the scientific community indicate that the frequency and severity of such physical events is expected to increase with climate change and increase in Green House Gas (GHG) emissions. The Bank has relied on the expectations laid out in the Discussion Paper released by RBI which directs banks to put in place an appropriate risk management framework and comply with the disclosure requirements.

Given that climate risk is an emerging topic, the best practices are yet to emerge. The Bank had developed an assessment framework as a 'Proof of Concept' with continuous plans for

improvement. These assessment frameworks are developed under the principle of Common But Differentiated Responsibilities (CBDR) and respective capabilities. By virtue of being a new bank and focused on retail segment, transition risks by way of changes in policy, technology, legal and consumer sentiments are low due to negligible exposure in the top three polluting sectors namely power generation, transportation and steel. It was therefore imperative to identify the exposure at risk/exposure at default (EAD) subject to physical risks such as floods, cyclones, droughts and heatwaves. In an attempt to map the exposure subject to physical risks, the Bank has plotted its distribution of exposure to a Climate Vulnerability Index (CVI).

One of the requirements of the Discussion Paper was to develop scenario and stress test analysis for climate risk assessment by benchmarking to scenarios prescribed by Network for Greening the Financial System (NGFS). The Bank has developed simple stress tests to assess the likely impact on credit quality in the event of short-term physical risk events. These risk outcomes will be continuously evaluated and improved upon in line with industry best practices.

As an immediate imperative, from governance standpoint, the charter to the Bank's Risk Management Committee of the Board (RMCB) is enhanced to include climate risk and ESG risks. Likewise, the charter to the Risk Management-management level is also enhanced to act as the nodal point for any decisioning/endorsement to climate change/risk related actions.

On capacity building, the Bank has dedicated a small team of risk personnel who would now focus on assessing these new risks. The Bank has also prepared a roadmap on the data requirements in assessing and monitoring physical and transition risks.

Environment, Social and Governance (ESG) and ESG risks:

As one of India's newest entrant to the Banking industry, the Bank has, since inception integrated Responsible Banking as one of its key differentiators. This Credo has seen considerable traction in the space of financial inclusion and economic justice. Thought leadership on sustainability issues has been one of the key philosophies which includes research culminating into policy advocacy. While much of the Bank's business operations is skewed towards meeting and enhancing social goals and justice today, it is imperative that the Bank

¹³ https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54097

also makes its small contribution in the areas of environment management and climate change adaptation/mitigation. To that effect, the Bank welcomes India's commitment to Panchamrit for climate action and also adopts the mantra of LIFE- Lifestyle for Environment to combat climate change. The Bank is internally deliberating on ways to make meaningful contribution to these marathon goals through its products, policies and processes within the contours of the triple bottom line. Here again, the Bank shall be guided under the CBDR principle in its ESG journey.

The Bank has onboarded a knowledge partner in assisting the Bank with the ESG project. The partner will assist in Materiality/ gap assessment, ESG strategy and roadmap, data management, reporting and disclosures and communication strategy.

ESG risks will increase over the medium term with direct impact on the Bank's cost of funds, ability to raise capital, increasing pressure from regulatory bodies and reputational risks. The Bank's ESG journey is plotted as short term, mid-term and long term. In the short term, needs are identified to formulate baseline ESG policy packs highlighting the current social impact of the Bank. Other areas under

consideration include a policy on carpooling for employees (environment), banning plastic water cups in offices (for environment) and a dedicated section on the Bank's website to communicate sustainability led efforts of the Bank to all stakeholders. In the medium term, the Bank may explore introduction of green deposits (RBI guidelines published) and increase green financing initiatives in Microbanking, Housing and MSME segments. In the long term, creation of a Sustainable Banking Unit (SBU) in an imperative to provide maximum synergy between ESG goals and the current business model. Opportunity to transform into an ESG leader may be explored by leveraging existing capabilities.

3. TABLE DF- 1: SCOPE OF APPLICATION

3.1 Qualitative Disclosures

Parent Organisation/Holding Company: Ujjivan Financial Services Limited (UFLS)

The disclosures in this document pertain to the Bank as a stand-alone and independent entity. The Bank does not have any subsidiary (the operating guidelines for Small Finance Banks (SFBs) do not permit SFBs to have subsidiaries) nor does the Bank have any interest in any insurance entity.

3.1.1 List of group entities considered for consolidation

Name of the entity / country of incorporation	Principal activity of the entity	Total balance sheet equity	Total balance sheet assets
NIL	NIL	NIL	NIL

3.1.2 Aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation

Name of the subsidiaries/ country of incorporation	Principal activity of the entity	Total balance sheet equity	% of the Bank's holding in the total equity	Capital deficiencies
NIL	NIL	NIL	NIL	NIL

3.1.3 Aggregate amounts (e.g. current book value) of the Bank's total interests in insurance entities, which are risk-weighted

Name of the insurance entities/ country of incorporation	Principal activity of the entity	Total balance sheet equity	% of the Bank's holding in the total equity / proportion of voting power	Quantitative impact of regulatory capital using risk weighting methods versus using the full deduction method
Nil	Nil	Nil	Nil	Nil

4. Table DF-2: Capital Structure

4.1 Qualitative Disclosures

4.1.1 Tier I capital

The Bank has an authorised capital of ₹ 250,000 Lakhs in the form of Common Equity of ₹ 2,30,000 Lakhs qualifying as Tier 1 capital and Perpetual Non-Cumulative Preference Shares (PNCPS) of ₹ 20,000 Lakhs qualifying as Additional Tier 1 Capital under the guidelines of RBI. As on March 31, 2023, the Bank had an issued, subscribed and paid up equity capital of ₹ 195,470.66 Lakhs, having 19,547,06,625 shares of face value ₹ 10 each and 20,000 Lakhs PNCPS having 200,000,000 preference shares of face value of ₹ 10 each.



The licensing guidelines for SFBs permit the aggregate foreign investment in a private sector bank from all sources up to a maximum of 74% of the paid-up capital (automatic up to 49% and approval route beyond 49% to 74%). As foreign shareholding in the Bank was 2.85% comprising of (a) Foreign Portfolio investors (FPI), (b) Non-Residential Indians (NRI) and (c) Non-Resident Indian Non Repatriable as at March 31, 2023, the Bank was compliant with RBI guidelines on SFBs. Further, in compliance with the licensing guidelines, UFSL, the Holding Company, is registered as an NBFC-Non-Deposit-Taking Systemically Important - Core Investment Company – (NBFC-ND-SI-CIC) with RBI and is the non-operating holding company.

4.1.1.1. Promoter contribution¹⁴:

As at March 31, 2023, the promoter contribution in the Bank was 73.67% with the holding company being the largest shareholder. As per licensing guidelines to SFBs, the promoter shareholding was required to be brought down to 40% within a period of five years from the date of commencement of business. However, as per the recommendations of an Internal Working Group (IWG) which was mandated to review extant ownership guidelines and corporate Structure for Indian Private Sector Banks dated November 26, 2021, the RBI has accepted the IWG recommendation of 'No intermediate sub-targets between 5-15 years may be required' without any modification, except subject to a submission of the dilution schedule by the Bank. The Bank understands that the RBI has dispensed with this immediate dilution of promoter shareholding in the Bank to 40%.

Further, the promoter's minimum contribution which was subject to a lock-in for a period of five years starting from February 01, 2017 (date of commencement of business operations) stands complied and as on March 31, 2023, no lock-in exists on the promoter shareholding in the Bank.

The Bank has initiated the process of reverse-merger with its Holding Company, Ujjivan Financial Services Limited to meet the above-mentioned criteria. As directed by SEBI, the Bank has achieved its minimum public shareholding of 25%, through allotment of additional equity shares vide Qualified Institutions Placement (QIP) on September 15, 2022. Subsequently, the Boards of both the Bank and Holding Company have approved the scheme for amalgamation in its meeting dated October 14, 2022. Further the scheme of amalgamation has been filed with the stock exchanges and RBI for their respective approvals/ sanctions. RBI vide its letter dated February 01, 2023, has conveyed its "no-objection" to the proposal for voluntary amalgamation of Holding Company with the Bank subject to the fulfilment of certain conditions as stipulated by RBI which includes inter alia obtaining approval from the NCLT, requisite majority of shareholders and creditors of both transferor and transferee companies and in ensuring compliance with all applicable statutory and regulatory requirements.

The Bank on March 09, 2023 has received the no-objection letters from the Stock Exchanges, basis which a joint application has been filed with the National Company Law Tribunal (NCLT) on March 29, 2023, by the Bank and the Holding Company. The Bank is now awaiting the orders from the NCLT on convening the meetings of the shareholders and creditors. Post receipt of all regulatory approvals, the Bank will initiate processes relating to finalisation of record date, approval from Registrar of Companies (ROC), issue of shares etc. to affect the reverse - merger. The entire process is expected to be completed within a time-frame of 7-8 months i.e. by October-November 2023.

The shareholding pattern of the Bank as at March 31, 2023 was as follows:

Category of the Shareholder	No. of shares held	%age of shareholding
Promoter	1,440,036,800	73.67
Mutual Funds	32,070,102	1.64
Alternate Investment Funds (AIF)	36,700,350	1.88
Foreign Portfolio Investors (FPI)	38,480,445	1.97
Resident Individuals/Hindu Undivided Family (HUF)	285,723,392	14.62
Others	121,695,536	6.23
Total	1,954,706,625	100.00

The Capital Structure of the Bank under Basel II norms is provided below:

Capital Structure- Summary of Tier I & Tier II Capital

Sl. No.	Instrument	Whether Tier I or II	Amount (₹ in Lakhs)
1	Equity ¹⁵	Common Equity Tier 1 (CET 1)	195,470.66
2	PNCPS ¹⁶	Additional Tier I	20,000
3	Subordinated Debt Instruments	Tier II	30,000
	Total		245,470.66

¹⁴ Refer RBI on Guidelines for Licensing of "Small Finance Banks" in the Private Sector dated November 27, 2014.

¹⁵ Issued and Paid up equity capital

¹⁶ Perpetual Non-Cumulative Preference Shares (PNCPS)

4.1.1.2. Additional Details on PNCPS instruments

Perpetual Non-Cumulative Preference Shares (PNCPS) can be issued by Indian banks, subject to the legal provisions, in Indian rupees and in compliance with the terms and conditions issued by RBI for qualification. The Bank's PNCPS complies with the requirements prescribed under Basel III capital regulation¹⁷. A key characteristic of PNCPS is that there can be no maturity date and no step ups or other incentives to redeem with an exception to call option exercisable by the Bank not earlier than the fifth anniversary of the date of allotment which was completed on February 10, 2022. The rate of dividend as agreed with the investor is 11% per annum or at a rate as specified in terms of Basel Master Circular and / or any other applicable law.

The claims of the investors in the instruments are:

- a Superior to the claims of investors in equity shares;
- b Subordinated to the claims of Perpetual Debt Instruments (PDIs), all Tier 2 regulatory capital instruments, depositors and general creditors of the Bank; and
- c Is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis Bank creditors.

Tier I Series name	Issue Amount (₹ in Lakhs)	Issue date	Date of Redemption	Basel III compliant (Y/N)	Contractual Dividend rate (% p.a.) (on a fixed rate basis)
PNCPS	20,000	February 9, 2017	Perpetual	Yes	11% p.a.

4.1.2. Subordinated Debt Instrument

As per specific directions received from the Regulator¹⁸, the Bank can issue Tier II capital instruments in compliance to either NCAF or Basel III guidelines of RBI. As on March 31, 2023 following are the Tier II Instruments raised by the Bank.

Capital	Description of the Security	Issue Amount (₹ in Lakhs)	Issue date	Date of Redemption	Contractual Dividend rate (% p.a.) (on a fixed rate basis)
Tier II – Subordinated Debt	Subordinated, rated, unlisted, unsecured, transferable, redeemable, fully paid up, non-convertible debentures	22,500	August 26, 2022	April 26, 2028	11.95% p.a.
		7,500	September 09, 2022 ¹⁹	April 26, 2028	11.95% p.a.
	Total	30,000	-	-	-

4.1.3. Dividend policy

The Bank has formulated the Dividend Distribution Policy in compliance with the provisions of Banking Regulation Act, 1949 and Guidelines/circulars issued by Reserve Bank of India ("RBI") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The objective of the Policy is to appropriately reward shareholders through dividends for reposing their confidence in Bank while retaining the capital required for supporting future growth. The payment of dividend to equity and PNCPS shareholders is also subject to conditions as prescribed by RBI issued vide RBI/2004-05/451 DBOD.NO.BP.BC. 88 / 21.02.067 / 2004-05 dated May 4, 2005.

Due to the setbacks from the second wave and potential threats from other unusual external events, the Bank had not declared any equity dividend until FY 2021-22 to conserve capital. However, on account of improving business and economic environment, the Bank had shown remarkable profit of ₹ 790 Crores during the nine months ended December 31, 2022. The Board in its meeting held on February 21, 2023, considered the management recommendation and declared an Interim Dividend at 7.5% (₹ 0.75) on its equity shares and 5.5% (₹ 0.55) on its preference shares. For year ended March 31, 2023, the Bank's Board had recommended a final dividend of 5% over and above the interim dividend. This is pending for approval at the Annual General Meeting.

¹⁷ RBI/2022-23/12 DOR.CAP.REC.3/21.06.201/2022-23 dated April 1, 2022

¹⁸ RBI communication to the Bank vide email dated December 13, 2017

¹⁹ Deemed Allotment Date: August 26, 2022



5. Table DF- 3: Capital Adequacy

5.1 Qualitative Disclosures

The Bank has been well capitalised since inception and its capital position has been further augmented after equity raise through a QIP in Q2 FY 2022-23. As required by RBI in its operating guidelines to SFBs²⁰, the Bank is required to adopt the Standardised approach for Credit Risk and maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 15% segregated as under:

Requirement	Threshold
Minimum Capital Requirement	15%
Minimum Common Equity Tier 1	6%
Additional Tier I	1.5%
Minimum Tier I capital	7.5%
Tier II Capital	7.5%
Capital Conservation Buffer	Not applicable
Counter-cyclical capital buffer	Not Applicable
Pre-specified Trigger for conversion of AT I	CET1 at 7%

While SFBs are required to comply with Basel II norms for Capital Adequacy calculation purposes, the structure and nature of capital instruments such as Common Equity, Additional Tier 1 instruments are required to be compliant with the Basel III guidelines. In essence therefore, in the case of SFBs, the Regulator has adopted a hybrid model.

SFBs are not required to have a separate capital charge for Market Risk and Operational Risk for the time being in terms of an RBI communication dated November 8, 2017 (DBR. NBD. No. 4502/16.13.218/2017-18). However, as a good governance practice, and as directed by its Board, the Bank separately computes capital charge for all the Pillar 1 risks viz. Credit, Market and Operational Risk following the Standardised Approach (SA) for Credit Risk, Standardised Duration Approach (SDA) for Market Risk and the New Standardised Approach (NSA) for Operational Risk. It is pertinent to note that the Regulator has now dispensed with the existing approaches of Operational Risk capital charge with the revised New Standardised Approach (NSA) vide Reserve Bank of India (Minimum Capital Requirements for Operational Risk) Directions, 2021 which is applicable to universal banks with effect from April 1, 2023.

In addition to the hybrid model for complying with capital adequacy requirement, for its internal and regulatory reporting, the Bank also complies with certain aspects of Basel III requirement, such as computation and maintenance of RBI prescribed minimum Liquidity Coverage Ratio (LCR) at 100%, NSFR at 100% and Leverage Ratio at 4.5%.

The disclosures pertaining to capital adequacy are as per the Generally Accepted Accounting Practices (GAAP). Preparation of Financial statements under Ind-AS regime by banks have been deferred by RBI until further notice and hence a comparison of capital adequacy under both the regimes will be made part of disclosures after the same is made applicable to banks. There are indications from the recent Monetary Policy announcements, that the Regulator may consider adopting ECL framework for provisioning in Banks. To this effect, a Discussion Paper was released by the Regulator on January 16, 2023 and formal guidelines in the matter are awaited. From the readiness standpoint, the Bank has put in place the necessary systems and processes to compute Expected Credit Loss (ECL) and Ind-AS compliant financial statements.

The Bank has a comprehensive Internal Capital Adequacy Assessment Process ('ICAAP'). The Bank's ICAAP covers the capital management policy of the Bank, sets the process for assessment of the adequacy of capital to support current and future activities / risks and a report on the capital projections. The Bank has a structured ICAAP framework for the identification and evaluation of the material risks that the Bank faces, which may have a bearing on its business and financial position. The Bank considers the following as material risks it is exposed to in the course of its business and therefore, factors these while assessing / planning capital:

Credit Risk	Underestimation of Credit Risk (Under ICAAP framework)
Operational Risk	Reputational Risk
Market Risk	Strategic Risk
Interest Rate Risk in Banking Book (IRRBB)	Compliance Risk
Liquidity Risk	People Risk
Concentration Risk	Information Technology and Information Security Risk
Outsourcing Risk	Group Risk ²¹
Securitisation Risk	Fintech Risks

²⁰ Refer RBI guidelines on Operating Guidelines for Small Finance Banks issued vide DBR.NBD. No.26/16.13.218/2016-17 dated October 6, 2016.

²¹ As per RBI guidelines on Guidelines on Management of Intra-Group Transactions and Exposures issued vide RBI/2013-14/487DBOD.No.BP.BC.96/21.06.102/2013-14 dated February 11, 2014

The Bank has implemented a Board approved Stress Testing policy and framework which forms an integral part of the Bank's ICAAP. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions. The changes in the levels of credit risk, market risk, liquidity risk, IRRBB, operational risk and reputational risk are assessed under assumed "stress" scenarios and sensitivity factors. Typically, these relate, inter alia, to the impact on the Bank's profitability and capital adequacy. The stress tests are conducted and the results are placed to the Risk Management Committee of the Board (RMCB) on a quarterly basis, for their review and guidance. The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of business environment conditions. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP.

5.2 Quantitative Disclosures

5.2.1. Basel II capital calculation

The break-up of Basel II capital funds as at March 31, 2023 was as follows:

		₹ in Lakhs
	Description	Amount
	Core Equity Tier 1 Capital - Instruments and Reserves	
	Directly issued qualifying common share capital plus related stock surplus (share premium)	195,470.66
	Retained earnings	198,676.18
A	CET1 capital before regulatory adjustments	394,146.84
	Core Equity Tier 1 Capital - Regulatory Adjustments	
	Deferred tax assets arising from temporary differences	26,967.55
	Intangibles (Prepaid Expenses & Computer Software)	12,081.08
	Credit Enhancements	3,959.03
	Regulatory Adjustments applied to CET1 Capital due to insufficient funds in Tier 2 to cover deductions	0.00
B	Total regulatory adjustments to CET1 Capital	43,007.66
C	CET1 capital (A-B)	351,139.18
	Additional Tier 1 Capital - Instruments and Reserves	
	Preference Shares	20,000.00
E	AT1 capital before regulatory adjustments	20,000.00
	Additional Tier 1 Capital - Regulatory Adjustments	
F	Total regulatory adjustments to AT1 Capital	-
G	AT1 Capital	20,000.00
H	Tier 1 Capital (C + G)	371,139.18
	Tier 2 Capital - Instruments and Provisions	
	Sub - debt eligible as Tier 2 capital	30,000.00
	General Provisions on Std. Assets admissible as Tier 2	14,372.56
	Investment Fluctuation Reserve	6,729.83
	Investment Reserve Account	34.04
I	Tier 2 Capital before regulatory adjustments	51,136.43
	Tier 2 Capital - Regulatory Adjustments	
J	Total Regulatory Adjustments to Tier 2 Capital	-
K	Tier 2 Capital (I - J)	51,136.43
L	Total Regulatory Capital (H + K)	422,275.61

5.2.2. Credit Risk RWA

The detailed break up of Credit RWA is as follows:

Asset Description	₹ in Lakhs
Cash and Balances with Reserve Bank of India	0.00
Balances with Banks and Money at Call and Short Notice	3,168.47
Investments	1,452.28
Advances	1,546,379.58
Fixed Assets	16,206.90
Other Assets	45,865.87
Off Balance Sheet	23,020.81
Total Credit RWA	1,636,093.91



5.2.3. Operational Risk RWA

The Regulator has issued Master Directions on Minimum Capital Requirements for Operational Risk under the New Standardised Approach (NSA) which will be applicable with effect from April 1, 2023 for Universal Banks. While the Regulator is yet to take a decision on its applicability for SFBs, the Bank has already commenced computation of Operational RWA under this new approach for internal reporting purposes.

The detailed computation is as follows:

Particulars	₹ in Lakhs		
	T	T-1	T-2
	FY'23	FY'22	FY' 21
Total amount of operational losses net of recoveries (no exclusion)	527.35	906.96	657.28
Total number of operational risk losses	1416	1,253	1,247
Total amount of excluded operational risk losses#	474.69	807.83	566.09
Total number of exclusions	1255	990	986
Total amount of operational losses net of recoveries and net of excluded losses	52.66	99.13	91.19

Sr. No.	Business Indicator (BI) and its sub components	₹ in Lakhs		
		T	T-1	T-2
1	Interest, lease, and dividend component			
1a	Interest and lease income	416,499.47	281,279.91	,80,606.56
1b	Interest and lease expenses	146,709.26	103,920.70	107,751.40
1c	Interest earning assets	3,042,153.98	2,164,058.57	1,765,639.88
1d	Dividend Income	0.00	0.00	0.00
2	Services component			
2a	Fee and commission income	31,737.78	21,874.86	13,640.34
2b	Fee and commission expense	1,417.61	1,932.24	1,289.10
2c	Other operating income	22,822.14	9,894.91	9,938.88
2d	Other operating expense	51,036.29	39,523.94	24,606.37
3	Financial Component			
3a	Net P&L on the trading book	178.40	1,575.63	1,716.17
3b	Net P&L on the banking book	0.00	185.34	3,878.45
4	BI	115,606.75	92,414.17	-
5	Business Indicator Components (BIC)	13,872.81	11,089.70	-
6a	BI gross of excluded divested activities			115,606.75
6b	Reduction in BI due to excluded divested activities			-

Disclosure on the BI

	₹ in Lakhs
1 Business indicator component (BIC)	13,872.81
2 Internal loss multiplier (ILM)	0.58
3 Minimum required operational risk capital (ORC)	13872.81
4 Operational risk RWA	173,410.13

5.2.4. Market Risk RWA

As at March 31, 2023, the AFS²² book consisted of Government of India Securities, Treasury Bills and unquoted equity and the HFT²³ book consisted of Government Securities only. On the basis of SDA²⁴, the capital requirement for market risk reported to the Board from a governance perspective was as under:

Capital Requirement for Market Risk	Amount
Interest Rate Risk	1,025.41
Equity Position Risk	2.72
Foreign Exchange Risk	--
Total	1,028.12
Total Market Risk RWA	12,851.53

²² Available for Sale

²³ Held for Trading

²⁴ Standardised Duration Approach

5.2.5. Basel II CRAR (with only Credit RWA)

Particulars	RBI thresholds	Amount/Ratio (Only Credit RWA) ₹ in Lakhs
Tier I Capital	--	371,139.18
Tier II Capital	--	51,136.43
Total Capital	--	422,275.61
Total RWA	--	1,636,093.92
CET Ratio	Minimum 6%	21.46% (Complied)
Tier I Ratio	Minimum 7.5%	22.68% (Complied)
Tier II Ratio	Maximum cap at 7.5% of CRWA	3.13% (Complied)
CRAR	Minimum 15%	25.81% (Complied)

Presently, the operating guidelines for SFBs mandate that the minimum CRAR be computed in relation to only the Credit Risk Weighted Assets (CRWA). The CRAR of the Bank at 25.81% is well above the minimum ratio of 15% as applicable for SFBs.

5.2.6. Capital Adequacy under Pillar I Risk (Credit, Market and Operational risks)

Particulars	Amount/ Ratio (all Pillar 1 risks)
Tier I Capital	371,139.18
Tier II Capital	51,136.43
Total Capital	422,275.61
Total RWA	1,822,511.21
CET Ratio	19.27%
Tier I Ratio	20.36%
Tier II Ratio	2.81%
CRAR	23.17%

It may be noted that the Bank's CRAR is assessed at 23.17% after inclusion of Credit RWA, Operational RWA and Market Risk RWA. The capital adequacy, is higher than the mandated SFB requirement of 15%, which is solely on the basis of CRWA. While the Regulator is yet to notify the applicability of the other two pillar 1 risks, there is a possibility to align the minimum capital adequacy norms with that of Universal Commercial Banks for SFBs. Hence, not only from a governance perspective but also to meet its future projections in growth, the Bank has always been well capitalised, when taking into consideration capital charges for Credit Risk, Market Risk and Operational Risk.

6. Table DF- 4: Credit Risk: General Disclosures

6.1. Qualitative disclosures

Credit risk arises as a result of failure or unwillingness on part of customer or counterparties to fulfil their contractual obligations. The Bank is exposed to credit risk in its lending operations. Credit risk is the risk of loss that may occur from the failure of any counterparty to abide by the terms and conditions of any financial contract with the Bank, principally the failure to make required payments as per the terms and conditions of the contracts.

The Bank has implemented an extensive credit risk management architecture. The Board of Directors of the Bank endorses the credit risk strategy and approves the credit risk policies. This is done taking into consideration the Bank's risk appetite, derived from perceived risks in the business and balanced by the targeted profitability level for the risks taken up. The Board oversees the credit risk management functions of the Bank. The Risk Management Committee of the Board (RMCB) is entrusted with the development of policies, procedures and systems for managing credit risk and towards implementing a robust credit risk strategy of the Bank. The RMCB reviews the credit risk profile and keeps an eye on both internal and external contexts, their impact on the Bank's portfolio and devises management strategies

accordingly. The RMCB regularly reviews the Bank's portfolio composition and the status of impaired assets.

The Bank's Risk Management department drives credit risk management centrally in the Bank. It is primarily responsible for implementing the risk strategy approved by the Board, developing procedures and systems for managing risk, carrying out an independent assessment of various risks, providing guidance in individual credit exposures for accepting deviations and monitoring portfolio composition and quality. With regard to the Institutional Lending business, the Bank's Risk Management functions are centralised. In respect to the Bank's retail assets business, while the various functions relating to policy, portfolio management and analytics are centralised, the underwriting function is distributed across various geographies within the country. The Risk Management function in the Bank is clearly demarcated and independent from the operations and business units of the Bank. The Risk Management department is not assigned with any business targets.

The Credit Risk Management Committee (CRMC) is responsible for overseeing implementation of the credit risk management framework across the Bank and providing recommendations to the RMCB. CRMC ensures monitoring of credit risks on Bank wide basis



and in ensuring compliance with the Board approved risk parameters/prudential limits and monitor risk concentrations. It also reviews the status of portfolio management, loan review mechanism, risk monitoring and evaluation, regulatory/legal compliance, adequacy of provision, risk concentrations, industry reviews, and suggests corrective measures and activity reviews for credit management. It reviews and approves the use of credit scorecards for business and risk management purposes, tests its performance and effectiveness and places recommendations before the RMCB.

The Bank's Credit Policy, Credit Risk Management Policy, Credit Manuals, Product Programs, NPA Management Policy, Collateral Management Policy and Interest Rate Policy, form the core set of internal guidelines for management of credit risk in various activities and products. These articulate the credit risk strategy of the Bank and thereby the approach for credit origination, approval and maintenance. These policies define the Bank's overall credit granting criteria, including the general terms and conditions. The policies / programs typically address areas such as target markets / customer segmentation, qualitative and quantitative assessment parameters, portfolio mix, prudential exposure ceilings, concentration limits, price and non-price terms, structure of limits, approval authorities, exception reporting system, prudential accounting and provisioning norms. They take cognizance of prudent and prevalent banking practices, relevant regulatory requirements, nature and complexity of the Bank's activities, market dynamics etc. Credit concentration risk arises mainly on account of concentration of exposures under various categories including industry, products, geography, underlying collateral nature and single / group borrower exposures. To ensure adequate diversification of risk, concentration ceilings have been set up by the Bank on different risk dimensions, in terms of borrower/ business group, geographic state, unsecured lending ratio and risk grading (for institutional lending).

The Board sets concentration ceilings which are monitored by the respective credit verticals and by the independent credit risk department. The Risk Management department reviews the exposure level under each dimension and ensures that the portfolio profile meets the approved concentration limits. Any breaches to these limits are periodically reported to CRMC and the RMCB. The regulatory prudential norms with respect to ceilings on credit exposure to individual borrowers or group of borrowers also ensure that the Bank avoids concentration of exposure.

Definitions of past due and impaired loans

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. A Non-Performing Asset (NPA), as defined by the RBI, shall be a loan or an advance where-

- Interest and/or instalment remains overdue for a period of more than 90 days in respect of a Term Loan;
- The account remains out of order with respect to CC/ OD for 90 days on a continuous basis;
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
- In case of advances granted for Agricultural purposes
 - The instalment or interest thereon remains overdue for two crop seasons for short duration crops;
 - The instalment or interest thereon remains overdue for one crop season for long duration crops;
- The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.
- In respect of derivative transactions, the overdue receivables representing positive mark to- market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment. The Bank had no derivative transaction on its books.

The Bank is guided by the provisions laid down in Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated April 1, 2023 as amended from time to time.

Provisioning norms of the Bank

- 1) The Board reviews the provisioning norms of the Bank at regular intervals to determine if any enhanced provisioning is required based on credit performance. Despite a history of low Portfolio at Risk (PAR) and delinquencies, the microfinance portfolio of the Bank (the Bank's flagship offering) is unsecured where adverse and acute events (such as demonetisation and the Pandemic) can impact the portfolio quality. To enhance the coverage on MB-RB portfolio, the Bank continuously identifies incipient stress in specific accounts and geographies where accelerated provisions may be required on an ongoing basis.
- 2) The Bank's NPA Management Policy, on the directions of the Board, has adopted an accelerated provisioning regime which is higher than the RBI mandated provisioning norms since inception. The Bank's Risk Management Department undertakes a proactive assessment of the likely GNPA, NNPA, Provision Coverage Ratio (PCR) and incremental credit/provisioning costs by studying historical delinquency trends and external developments which can have a bearing on the asset quality and

credit costs. During the last financial year (FY 2021-22), as a one-time measure, the Bank had created a Floating Provision amounting to ₹ 25,000 Lakhs to address the risk of any recurrence of pandemic associated mobility restrictions. The decision to create a floating provision was made as there was no scientific consensus on the severity and frequency of future pandemic waves. While the chances of a fresh wave with similar levels of severity are low, the presence of the floating provision acts as a strong bulwark to protect against unexpected losses of any kind.

- 3) As on March 31, 2023, out of ₹ 25,000 Lakhs, ₹ 12,000 Lakhs are allocated for netting off Gross NPA for the purpose of computing NNPA/ PCR, while the ₹ 3,000 Lakhs has been factored as part of Tier II capital. The residual balance of ₹ 10,000 Lakhs has been grouped as part of other provisions without utilising the same towards Tier II capital, this amount continues

to be earmarked for netting off GNPA as and when warranted.

- 4) RBI released a discussion paper on **Expected Credit Loss (Loss) framework for provisioning** by banks. Currently, banks are mandated to set aside provisions as per the IRAC guidelines which follows the '**incurred loss**' approach. The proposed approach aims to recognise Significant Increase in Credit Risk (SICR) on a forward-looking basis which is expected to strengthen the banking system. The discussion paper has provided the following directions:
- ECL amount is expected to be over and above IGAAP.
 - To avoid the capital shocks in banks, incremental provision required under ECL (ECL minus IGAAP) can be added back to Common Equity (Tier 1). This benefit to be phased out in 5 years.
 - A bank may choose to phase it out on a shorter period as per their own plan.

Credit Risk Portfolio review and Monitoring:

Micro finance Portfolio:

A comprehensive review of the MBRB Portfolio for past 3 quarters is given below:

MBRB	Amt in ₹ Crores.			
	Jun-22	Sep-22	Dec-22	March-23
Gross Advances*	12433.34	12800.27	14614.09	15,520.66
GNPA(Value)	797.51	632.97	441.49	370.28
GNPA%	6.41%	4.94%	3.02%	2.39%

*Excluding IBPC/ Securitisation/DA transactions.

The MicroBanking (GL + IL) vertical registered total disbursements of ₹ 4,92,900 Lakhs in Q4 FY 2022-23 which is a 30% growth on Quarter-on-Quarter basis. The Bank undertakes portfolio monitoring on a periodic basis with specific focus on key portfolio triggers. Continuous review of portfolio enables the Bank to identify incipient stress at cluster/region/state/branch level. Breach in the internal thresholds for default is the starting point for identifying risk in the portfolio. Risk indicators such as PAR30+, PAR90+, early delinquencies, quick mortality, non-starters, On Time Repayment Rates (OTRR), Collection Efficiency (CoE), Stressed assets percentage and lagged PAR estimates provide useful insights in risk identification.

The Bank monitors collection trends at a bucket level on a daily basis and findings are reported to top management. Collection monitoring is aided by a strong and dedicated collection team at ground level with extensive use of analytics and digital tools. Digital collection continues to scale up through existing and new channels like Fintech, Payment Banks, Money Mitra outlets (BC outlets) and the Hello Ujjivan Mobile application.

The composite collection efficiency (CE%) had reached nearly 100% in the month of March 2023. The efforts of enhanced monitoring and collections enabled the Bank to arrest fresh slippages (incremental overdues) and also increase the recovery rates in delinquency buckets.

Effective April 1, 2022 the Bank has adopted Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022. To this effect, the Bank has revised its existing policies to ensure adherence to the same. During H1 FY 2022-23, the Bank continued to implement further enhancements to its policy to enable standardisation in key appraisal parameters such as Fixed Obligation to Income Ratio (FOIR) and Household Income (HHI). Further the Bank is also reviewing its business expansion strategy by exploring opportunities to provide unsecured loans to those customers who do not fit into the contours of the aforesaid directions.

Given that the microfinance portfolio is subject to adverse event risks, the Bank also monitors area specific communal issues, protests, sub-lending/ring leader issues, snatching attempts and others. In addition to the above, industry level information is also collected from the credit bureau/s to compare the performance in states or districts.

For the ensuing financial year, specifically in GL (Group Loan) vertical there would be increased focus on staff productivity. The vertical will also review existing processes for digital adoption –paperless/signatureless. In the IL (Individual Lending)



vertical, the Bank is exploring to revamp its open market segment for retailers and also providing gateways to scale up pre-approved loans of IL and repeat loans. On the digital front, the MicroBanking vertical is exploring possibilities in increasing cashless repayments via personalised payment link to customers, mapping of partner kiosk points etc.

Affordable Housing Loans

A comprehensive review of the Housing Portfolio for past 3 quarters is given below:

HL	Amt in ₹ Crores.			
	Jun-22	Sep-22	Dec-22	March-23
Gross Advances*	2153.78	2257.50	2435.99	3113.98
GNPA(Value)	127.96	107.59	101.34	88.78
GNPA%	5.94%	4.77%	4.16%	2.85%

*Excluding IBPC/ Securitisation/DA transactions

Credit risk monitoring of Secured Housing loans is broadly done at two levels – account level and portfolio level. While regular portfolio reviews are undertaken to assess the health of the portfolio, the Bank also assesses inter-linkages of risks especially legal risk induced credit risk. Collateral related processes and procedures are reviewed to ascertain various gaps in the process. The Bank has designed monitoring mechanisms at process level encompassing credit deviations, collateral management, documentation etc. Regular reports are placed to the CRMC for further direction and actionable.

Rising interest rates are a head wind for the portfolio over the next few quarters. To address this, the Bank has undertaken a detailed review of its impact thereof. To this effect, the Bank will explore to increase the EMI for identified borrowers in a bid to normalise loan tenor post receipt of consent. As a policy measure, the Bank has introduced additional safeguards on income assessment which will provide the necessary headroom in absorbing such volatility.

During Q4 FY 2022-23, Housing vertical crossed a milestone of ₹ 40,000 Lakhs quarterly disbursement disbursing ₹ 43,900 Lakhs in value. In Q4 FY 2022-23, there was increased focus on recoveries in NPAs through legal mechanisms. SARFAESI initiations were accelerated which led to faster recoveries from NPA accounts. The housing book also recorded 31% reduction in GNPA value in March 2023 as compared to March 2022.

The Housing segment will continue to focus on Profitability, Productivity and Portfolio quality (PPP) by leveraging phone banking, DSA (Direct Selling Agent) channels, introduction of tab-based mobility solution to replace any existing manual login process and enhanced monitoring for portfolio quality on proactive and reactive basis.

In line with the industry practice, the housing vertical is now progressing towards a hub and spoke model for processing of loan application at an asset centre in Non-branch locations. The vertical is also exploring customised marketing activities and a cluster profitability model.

MSME (Micro and Small and Medium Enterprise)

A comprehensive review of the MSME Portfolio for FY 2022-23 is given below:

MSME	Amt in ₹ Crores.			
	Jun-22	Sep-22	Dec-22	March-2023
Gross Advances*	1,653.75	1,819.47	1,705.41	1,593.36
GNPA(Value)	191.45	154.31	163.11	140.14
GNPA%	11.58%	8.48%	9.56%	8.80%

*Excluding IBPC/ Securitisation/DA transactions

During Q4 of FY 2022-23, the Bank's MSME vertical was subject to a comprehensive business process re-engineering in the wake of the closure of a fintech engagement. As a part of the strategy, the customer segment will now focus exclusively on secured loans targeted at semi-formal and formal set of customers. To this effect, a new product "Prime LAP" (Loan against property) was launched during Q3 FY 2022-23 on a pilot basis aimed at targeting High net worth borrowers against acceptable property collateral and is availed by Self-employed Professionals (SEP), Self-employed Non-Professionals (SENP) and Business owners to meet their credit needs. The MSME vertical has also undertaken comprehensive revisions to its existing products/schemes and is in the process of introducing a new LOS for working capital variants. The MSME vertical is also exploring new Fintech Partnerships while being compliant to RBI guidelines on Digital Lending. This vertical also intends to leverage digital analytics for MIS/reporting automation.

During the Q2 of FY 2022-23, the Bank set up a **Health council** under the ambit **Crédit Risk Monitoring Unit (CRMU)**. The Health Council is mandated to specifically review delinquency cases and deliberate on ways to improve the asset quality of the MSME portfolio. The Health Council is convened at monthly intervals with representation from Credit, Risk, Collections and Business teams who are empowered to take decisions against erring borrowers.

Institutional Lending

A comprehensive review of the Institutional Lending Portfolio for FY 2022-23 is given below:

FIG	Amt in ₹ Crores.			
	Jun-22	Sep-22	Dec-22	March-2023
Gross Advances	871.58	938.82	1,009.62	1,127.53
GNPA(Value)	4.42	4.42	4.42	4.42
GNPA%	0.51%	0.47%	0.44%	0.39%

During Q4 FY 2022-23, FIG vertical crossed the milestone of ₹ 30,000 Lakhs quarterly disbursement by disbursing ₹ 31,800 Lakhs disbursement which is the highest ever disbursement in this vertical. In Q4, FY 22-23, the Institutional lending book of the Bank continued to be ~5 % of the overall lending book and registered a collection rate at 100%. As part of monitoring, the Bank regularly reviews compliance to financial covenants (Capital Adequacy Ratio, GNPA, NNPA, Debt/Equity ratio as stipulated in sanction letter), collection of CA certified receivables statement and potential Early Warning Signals (EWS) alerts. During the Q3 FY 2022-23, the Bank has enhanced its EWS²⁵, AUW²⁶ and RFA²⁷ framework and workflow. RBI issued Circular - Review of Prudential Norms – Risk Weights for Exposures to Corporates and NBFCs which draws reference regarding publication of bank loan ratings by External Credit Assessment Institutions (ECAs). RBI observed that on the Press Releases (PRs) issued by ECAs are devoid of the lenders ₹ details, wherein RBI had advised ECAs to disclose the name of the banks and the corresponding credit facilities rated by them in the PRs issued on rating actions. Considering the above fact, all the FIG borrowers of the Bank have rating from ECAI which discloses the Bank's name.

Vehicle Loans

A comprehensive review of the Vehicle loan Portfolio for FY 2022-23 given below:

VF	Amt in ₹ Crores.			
	Jun-22	Sep-22	Dec-22	March-23
Gross Advances*	152.75	153.16	147.80	140.33
GNPA(Value)	12.58	14.40	10.06	8.75
GNPA%	8.24%	9.40%	6.81%	6.24%

*Excluding IBPC/ Securitisation/DA transactions

During Q2 FY 22-23, the Bank restarted its lending in the two-wheeler segment, albeit on a cautious note. Functionality to collect repayments through third party payment aggregators and other online portals was also enabled to provide ease of transaction. The Bank has engaged with a vendor for introducing a Loan Origination System (LOS) to aid in digital onboarding. The project has gone live though on a pilot basis pending all India launch. The business unit is progressing towards sourcing of new loans through direct dealership model and also implement a trade advance model for its dealers.

Personal loans:

The Bank has temporarily put on hold any lending to this segment as part of its strategic plan to reduce potential concentration in unsecured loans for FY 2022-23.

Credit Risk Monitoring Unit (CRMU)

As per management directives, CRMU was created within the Credit Risk Department under the supervision of the Bank's CRO. He has direct control and monitoring over the unit and under his supervision the unit has been able to vastly enhance its scope of work over the last 3 quarters. Initially CRMU was created with the primary objective to

review loans having ticket size of ₹ 1 Crores. and above to ensure that special loan terms and conditions mentioned during the sanction were adhered to. As at reporting date, the scope has been widened to include the following, but not limited to:

- In-depth loan file review of retail loans like MSME and Housing to detect inconsistencies and highlight lapses in the credit underwriting mechanism on case-level as well as portfolio-level
- To track deviations as well as check whether the approval has been taken as per respective product and credit policy
- Conducting Health Council every month with CRO, CBO and CCRO as council members. The idea of these health councils was to provide an insight of ongoing concerns in the MSME portfolio and get case specific feedbacks directly from the field which includes Regional Credit Managers, Business as well Collection Team. Based on the received feedbacks, case-specific actionable are provided to the council to improve the portfolio quality. Since inception of CRMU, a total of 11 MSME Health Councils were conducted during FY 2023

²⁵ Early Warning Signals

²⁶ Account under watch

²⁷ Red Flagged Accounts



- Portfolio monitoring and provide updates to the senior management at regular intervals.

Based on the analysis conducted by CRMU, the Bank declared its first RFA case in the month of January 2023. Also, members of CRMU conduct periodic visits to different regions to understand business practices, conduct file review on a sample basis and submit their findings to the top management for better portfolio quality and monitoring.

Risk Score cards:

Risk scorecards are developed and implemented for introducing objective based lending. These application scorecards have been integrated with Loan Operating Systems (LOS) where every application will have a score generated from LOS which shall be reviewed as part of credit appraisal. For non- LOS variants, the scoring is undertaken manually through spreadsheets. The scores generated for IL Housing and MSME are being used in decision making delegation and linked to Risk Based Pricing with effect from October 1, 2021. The IL and MSME scorecards were validated during the year and were observed to be acceptable for objective based decisioning. The Bank has however adopted a transition approach wherein, credit gating norms and scorecard inputs will be jointly be factored in credit decisioning. In an endeavour for continuous improvement, the Bank is in process of revamping Housing and MSME Scorecards and also in development of a GL scorecard which is in the initial stages.

Identification of High-Risk branches:

The Credit risk unit has developed a framework for identification of High-Risk branches. The objective behind the analysis was to identify branches that are disbursing higher than Pan India average despite having higher NPAs. Methodology used is as follows:

- Branches disbursing more than Pan India average;
- Branches having NPA % more than Pan India average;

Such branches are further reviewed in terms of collection infrastructure, presence of quick mortality cases and concentration risk thereof.

ECL (Expected Credit Loss):

As part of risk measurement, the Bank has designed behavioural models to compute Probability of Default (PD) and Loss Given Default (LGD) estimates. The Bank measures ECL as the product of PD, LGD and EAD (Exposure at default) estimates for its Ind AS 109 specified financial obligations.

Probability of default (PD): The PD is an estimate of the likelihood of default over a given time horizon (12 Month). It is estimated as at a point in time. To compute Expected Credit Loss (ECL) the portfolio is segregated into 3 stages viz. Stage 1, Stage 2 and Stage 3 on the basis

of Days Past Dues. The Bank uses 12-month PD for the stage 1 borrowers and lifetime PD for stage 2 and 3 to compute the ECL. The Bank has used differentiated PD computation techniques in each portfolio with respect to nature, size and complexity.

• Probability of Default: MSME Loans

When the Bank had commenced the MSME portfolio, the Bank had bifurcated the portfolio into two pools i.e. Secured and Unsecured, for estimation of Expected Credit Loss (ECL) as per Ind AS 109. However, as the business has expanded with diverse set of offerings and diverse set of borrower base, the Bank has now segmented the MSME portfolio into a total of 16 pools. The MSME pools were then analysed to arrive at the default rates for each of the pools. To arrive at pool-wise PD, 'Roll Rate Analysis' was done.

• Probability of Default: Housing Loans

When the Bank had commenced its housing business, the Bank had considered the entire portfolio as a single pool for estimation of Expected Credit Loss (ECL). However, as the business has grown with diverse set of offerings and diverse set of borrower base, the Bank has segmented the portfolio into a total of 18 pools. The Housing pools were then analysed to arrive at the default rates for each of the pools. To arrive at pool-wise PD, 'Roll Rate Analysis' was done.

• Probability of Default: MicroBanking Loans

MicroBanking Loans cover about 85% of the Bank's loan portfolio. The Bank has redeveloped a statistical segmentation for GL and IL. Given the average ticket size and tenor of each loan in this segment, and the resultant large number of individual borrowers in this portfolio, the portfolio was segregated into 20 pools based on State, Product (Scheme level) and Loan cycle of the customers; the borrowers in each pool are homogeneous based on inherent risks. The MicroBanking pools were then analysed to arrive at the default rates for each of the pools. To arrive at pool-wise PD, 'Vintage Analysis' was done.

• Probability of Default: Personal Loans, Two-Wheeler Loans, Staff Loans, Agri Loans and FIG Loans

The Bank has computed Default Rate (DR) based on migration analysis for Personal loans, Two-Wheeler Loans and Agri Loans. The DR is higher than RBI suggested PD on account of long-term historical time series data. For the purpose of ECL computation, the Bank has taken an average of RBI suggested PDs, and the historical DR rates in the portfolio. PD for FIG loans is benchmarked to CRISIL Default Study paper based on the rating of the corporate. Minimum PD of 0.03% was factored for Staff Loans Gold Loan.

Loss Given Default: MicroBanking Loans, MSME Loans and Housing Loans

LGD was calculated using monthly NPA data and recovery from the same. Recovery data was mapped to the subsequent months from the respective default month. The recovery made over a period of time was discounted to reflect the present value of recovery. Marginal Recovery rates were computed for each month. Subsequently, the cumulated recovery rates were calculated. Loss Given Default was computed as 1 minus recovery rate. This exercise has been undertaken in all microfinance pools.

Loss Given Default: Personal Loans, Two-Wheeler Loans, Staff Loans, Agri Loans and FIG

LGD for all other loan portfolios, except MicroBanking, MSME and Housing Loans are benchmarked to RBI guidelines. The benchmarking of LGD is an acceptable approach under the FIRB approach to capital calculation.

Exposure at Default:

EAD is the total outstanding balance at the reporting date including principal and accrued interests at the reporting date. For Stage 3 assets, arrear interests are added. Future interest receivables up to the date of default i.e. 90DPD has been computed for Stage 1 and Stage 2 assets to reflect actual EAD. Undrawn commitments, if any, are duly converted into its Credit Equivalent Amount

using Credit Conversion Factors (CCF) as prescribed in RBI guidelines.

Early Warning System framework:

The Bank has an Early Warning System (EWS) framework for enhanced monitoring at various levels viz. macroeconomic, portfolio and account level triggers for all its business segments. The EWS framework and triggers are regularly enhanced and are in line with the regulatory requirements. This framework enables the Bank to monitor signs of incipient stress and provide early warnings on an on-going basis.

To that effect, the Bank has identified critical EWS triggers applicable to its retail/MFI segments and has automated the same. These triggers were also back tested to establish correlation between the signals and propensity to default. Triggers were back tested to check propensity to defaults. Combination triggers were identified to increase explanatory power. This framework is presently being further enhanced, in that, a workflow to enable capture of feedback from select group of customers and in taking suitable actions against the identified problematic accounts is being taken up internally. To this effect, the Bank has onboarded a vendor to provide the requisite technical support. The solution is expected to go-live by Q3FY24

6.2. Quantitative Disclosures

The overall distribution of Gross advances and Gross Loan Book as at March 31, 2023 was as under:

Vertical	Gross Advances	%	Gross Loan Book	%
MB-RB	1,552,066.34	70.84%	1,740,776.15	72.28%
FIG Lending	112,752.62	5.15%	112,752.62	4.68%
Housing	311,398.13	14.21%	340,106.21	14.12%
MSME	159,335.80	7.27%	159,335.80	6.62%
Personal Loans	14,754.49	0.67%	14,754.49	0.61%
Staff Loan	9,456.04	0.43%	9,456.04	0.39%
Vehicle Finance	14,032.81	0.64%	14,032.81	0.58%
Loan/OD Against Deposit/ Gold loan	17,287.23	0.79%	17,287.23	0.72%
Total	2,191,083.45	100.00%	2,408,501.35	100.00%

Exposure summary: Facility type

Exposure Type	Domestic (₹ in Lakhs)	Overseas
Fund- Based exposure ²⁸	3,288,680.08	--
Non- Fund Based Exposure*	92,779.03	--
LESS: CRM DEDUCTIONS (GNPA Provisions held)	(50,157.11)	
Total	3,331,302.01	--

*Non-fund-based exposure for purpose of computation of CRAR includes undrawn limits of MSME Overdrafts and KPC, yet to be disbursed portion of Secured Housing, MSME and FIG customers and Contingent liabilities.

²⁸ Fund Based exposure is computed as per Basel II guidelines



Geographic Distribution of advances (State-wise)

States	Gross Advances excluding IBPC/ Securitisation/ Direct Assignment	% Share
Tamil Nadu	340,496.18	15.54%
West Bengal	262,854.66	12.00%
Karnataka	297,691.94	13.59%
Maharashtra	210,815.77	9.62%
Bihar	135,459.50	6.18%
Gujarat	183,650.77	8.38%
Haryana	113,547.42	5.18%
Uttar Pradesh	141,830.38	6.47%
Rajasthan	88,605.84	4.04%
Odisha	54,549.21	2.49%
Punjab	54,509.23	2.49%
Assam	21,102.94	0.96%
Jharkhand	50,866.12	2.32%
Kerala	41,415.10	1.89%
New Delhi	90,704.04	4.14%
Madhya Pradesh	32,647.08	1.49%
Tripura	23,565.45	1.08%
Pondicherry	13,399.34	0.61%
Chhattisgarh	10,232.65	0.47%
Uttarakhand	11,682.30	0.53%
Chandigarh (UT)	4,984.14	0.23%
Meghalaya	2,505.55	0.11%
Himachal Pradesh	2,398.51	0.11%
Goa	1,473.09	0.07%
Telangana	96.25	0.00%
Ujjivan	2,191,083.45	100.00%

Maturity pattern of assets and liabilities

Buckets	Net Advances after netting off IBPC/ Securitisation/Direct assignment	Investments	Deposits	Borrowings
Day - 1	60.08	0.00	569.04	0.00
2-7 Days	2,649.84	499.56	8,500.56	4,247.64
8-14 Days	3,764.61	0.00	6,004.56	0.00
15-30 Days	3,932.73	1,444.45	6,538.55	0.00
31 Days and up to 2 months	10,486.65	4,616.20	16,326.69	0.00
Over 2 months and up to 3 months	10,730.19	9,869.45	14,960.35	100.00
Over 3 Months and up to 6 months	13,280.08	12,736.08	24,176.63	932.00
Over 6 Months and up to 1 year	58,273.57	8,402.41	46,489.55	3,544.00
Over 1 Year and up to 3 years	74,339.15	1,800.81	128,170.30	11,106.00
Over 3 Year and up to 5 years	7,600.45	18,716.78	1,589.95	2,256.00
Over 5 years	27,779.25	27,017.33	2,050.64	4,229.00
Total	212,896.61	85,103.08	255,376.82	26,414.64

Gross Non-performing assets (NPA)

Category of Gross NPA	March 2022	June 2022	September 2022	December 2022	₹ in Lakhs March 2023
Sub-standard	77,989.36	34,924.26	33,843.51	29,983.09	23,604.11
Doubtful	50,135.55	55,680.41	58,833.04	43,566.93	39,239.83
Loss	282.82	284.08	209.73	204.87	217.00
Total	128,407.73	90,888.75	92,886.28	73,754.89	63,060.94

NNPA	March 2022	June 2022	September 2022	December 2022	₹ in Lakhs March 2023
Net NPA	34,959.79	23,774.95	16,733.34	15,948.09	12,903.83
NNPA after factoring Floating Provisions	9,959.78	1,774.95	733.34	948.09	903.83

NPA Ratios	March 2022	June 2022	September 2022	December 2022	₹ in Lakhs March 2023
Gross NPA to Gross Advances (excluding IBPC/Securitisation/DA) ²⁹	7.34%	6.51%	5.06%	3.64%	2.88%
Net NPA to Net Advances (excluding IBPC/Securitisation/ DA) ³⁰	0.59%	0.11%	0.04%	0.049%	0.042%

Movement of Net NPAs (Quarterly basis)

Particulars	Mar-22	Jun-22	Sep-22	Dec-22	₹ in Lakhs Mar-2023
Opening Balance	42,458.39	9,959.79	9,959.79	9,959.79	9,959.79
Additions during the period	75,949.86	8,149.63	11,042.04	14,802.89	14,805.19
Reductions during the period	83,448.46	19,334.47	20,268.48	33,814.59	36,861.14
Closing Balance	9,959.79	1,774.95	733.34	948.09	903.83

Movement of Provisions for NPAs (excluding provisions on standard assets)

Particulars	Mar-22	Jun-22	Sep-22	Dec-22	₹ in Lakhs Mar-23
Opening Balance	64,601.36	93,447.94	93,447.94	93,447.94	93,447.94
Provisions made during the period	135,576.32	16,140.23	21,413.52	24,008.36	25,255.03
Write back of excess provisions	106,729.74	18,699.43	38,707.06	59,649.49	68,545.86
Closing Balance	93,447.94	90,888.75	76,154.40	57,806.81	50,157.11

Provision Coverage Ratio (PCR)

CATEGORY	Gross Advances after netting off IBPC, Securitisation & Direct Assignment	GNPA on gross advances	GNPA Provisions on gross advances	Floating Provisions Considered for NNPA*	PCR% on gross advances
MB-RB	1,552,066.34	37,028.49	31,616.45	10,500.00	113.74%
FIG Lending	112,752.62	441.68	441.68	-	100.00%
Housing	311,398.13	8,877.83	6,226.68	-	70.14%
MSME	159,335.80	14,013.74	9,744.53	1,500.00	80.24%
Personal Loans	14,754.49	1,821.20	1,461.24	-	80.24%
Staff Loan	9,456.04	0.91	0.50	-	54.48%
Vehicle Finance	14,032.81	875.12	664.06	-	75.88%
Loan/OD Against Deposit	17,287.23	1.98	1.98	-	100.00%
Grand Total	2,191,083.45	63,060.94	50,157.11	12,000.00	98.57%

*₹ 12,000 Lakhs considered for the purpose of netting of GNPA and factoring the benefit in NNPA/PCR computation.

²⁹ Gross NPA to Gross Loan Book (including IBPC/Securitisation/Direct Assignment) was 2.63% as on March 31, 2023

³⁰ Net NPA to Net Loan Book (including IBPC/Securitisation/Direct Assignment) was 0.04% as March 31, 2023

**Write off:**³¹

Particulars	₹ in Lakhs
Q1 FY 2022-23	7,936.65
Q2 FY 2022-23	15,750.60
Q3 FY 2022-23	17,914.00
Q4 FY 2022-23	6,670.26
TOTAL	48,271.51

Non-performing Investments (NPI)

Amount of Non-performing investments	NIL
Amount of provisions held for non-performing investments	NIL

Movement of provisions for depreciation on investments

Particulars	Amount
Opening Balance	--
Provisions made during the period	--
Write-off	--
Write- Back of excess provisions	--
Closing Balance	--

7. Table DF-5: Credit Risk: Disclosures for portfolios subject to the Standardised Approach**7.1. Qualitative Disclosures**

- The Bank has adopted Standardised Approach for computation of capital charge for Credit Risk as per RBI guidelines. These guidelines envisage different risk weights for different asset classes, which have been duly applied.
- The loan book of the Bank predominantly comprises retail category loans. Therefore, the risk weights as applicable to Regulatory Retail, claims under Residential Mortgage and staff loans are applied. For consumer loans within its microfinance portfolio, the applicable risk weight is applied.
- Institutional lending is risk-weighted as per ratings assigned by Eligible Credit Rating Agencies (ECRA) as prescribed by RBI. During the year, the Regulator had issued specific guidelines with respect to treatment of exposures with instances of rating withdrawal and unrated exposures in relation to total borrowings from industry. The Bank has taken cognizance of the same.
- In terms of circular No. DBR.BP.BC.No.72/08.12.015/2016-17 dated June 7, 2017, the capital charge for claims secured by residential property falling under the category of individual housing loans is assigned differential risk weights based on the size of the loan as well as the loan to value ratio (LTV). As a countercyclical measure, RBI has decided to rationalise the risk weights, irrespective of the amount and only on the basis of LTV vide a notification on October 16, 2020. The Bank has taken cognizance of the same and these were incorporated for all loans sanctioned after the date of issuance of this circular. The Bank has factored the directions of RBI circular dated April 8, 2022 wherein, it was directed to continue with risk weights contained in the circular ibid for all new individual housing loans sanctioned up to March 31, 2023.

7.2. Quantitative Disclosures**Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk Weight – Position as on March 31, 2023**

Sl. No.	Risk Weight	₹ in Lakhs
1	Below 100% Risk Weight	2,977,270.19
2	100% Risk Weight	400,915.97
3	More than 100% Risk Weight	3,272.96
4	Deductions (GNPA PROVISION)	(50157.11)
5	Total	331,302.01

³¹ Write off includes actual write off and technical write off

8. Table DF-6: Credit Risk Mitigation: Disclosures for Standardised Approach

8.1. Qualitative Disclosure

The Group Loan and Individual Loan portfolio, under microfinance is unsecured. Loans to the Affordable Housing segment are collateralised by a mortgage over the property financed. There are primarily secured product variants under MSME loans. Loans to Financial Institutions are secured by a charge over book debts which are registered with CERSAI. All Personal Loans are extended on a clean basis. Vehicle loans are collateralised by a charge over the vehicle financed.

During Q3 FY 2022-23, the Bank has revamped its Gold loan product schemes with additional features and safeguards and relaunched in November 2022. The Gold Loan is now being offered in 14 branches covering 3 states i.e. Karnataka, Tamil Nadu, Kerala with a plan to expand in 60 branches in the ensuing financial year.

The Bank accepts Eligible Financial Collateral³² in a few instances for risk mitigation under secured Institutional lending and MSME loans. These financial collaterals are netted off for its collateralised transactions under comprehensive approach³³ while computing its Risk Weighted Assets (RWA). The Bank regularly reviews the health of the portfolio/ borrowers and works on mitigation of any risk associated with the portfolio or borrower

in particular through a combination of limits and restrictions.

The Bank has in place the following risk mitigation techniques for its loan portfolio which are as follows:

- Life insurance cover is mandatory for all the borrowers availing of the Bank's microfinance loans. Housing, two-wheeler, and gold loans are provided with an option to avail a life insurance cover, though this is not a bundled offering along with the loan products.
- The Bank works with 4 Credit Information Companies (CICs) and ensures 100% application screening through the bureaus using their comprehensive credit reports.
- The Bank also undertakes independent surveys and analysis to identify negative areas/No- go areas based on historical events. These surveys enable the Bank to discourage increasing business from these areas as identified above.
- The Bank has also set borrower wise limits in compliance to RBI mandated exposure norms and also mitigate any concentration risks building in the portfolio.
- A negative list/negative area profile is maintained at a branch level to avoid exposure to those categories.

9. Table DF-7: Securitisation Exposures: Disclosure for Standardised Approach

9.1. Qualitative Disclosure

9.1.1. Securitisation Objectives

The Bank undertakes Securitisation transactions to increase the efficiency of capital and enhance the return on capital employed by diversifying sources of funds, managing liquidity and maximising yield on asset opportunities.

The RBI issued 'Revised Securitisation Guidelines' on September 24, 2021 (hereinafter, the 'revised securitisation guidelines') covering Securitisation of Standard Assets. The said guidelines define minimum holding period, minimum retention requirements, due diligence, credit monitoring, stress testing requirements etc. The Regulator has also issued "Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021' dated September 24, 2021 (updated on December 5, 2022) covering transfer of loan exposures (herein after, the 'transfer of loan exposure guidelines'). In compliance to the guidelines, the Bank has put in place appropriate policies for undertaking these transactions.

The overall framework for the Securitisation of Standard Assets for the Bank is specified in the Board approved policy on Securitisation of Standard Assets. During the Q1

FY 2022-23 the Bank had undertaken 'sale' transactions through securitisation route and Direct assignment.

9.1.2. The major risks inherent in Securitisation of Standard Assets and Transfer of Loans are given below:

Credit Risk: In case of Securitisation transactions, where credit enhancement is provided by the originator or any third party as permitted under the revised guidelines, the investor bears the loss in case the shortfall in collections exceeds the credit enhancement provided. If credit enhancement is provided in the form of a corporate guarantee, the investor bears the loss that could arise due to default by the guarantor which is also reflected in the rating downgrade of the corporate guarantor.

Market Risk:

- **Liquidity Risk:** This is the risk arising on account of absence of a secondary market, which provides exit options to the investor/participant.
- **Interest Rate Risk:** This is the mark-to-market risk arising on account of interest rate fluctuations.

Regulatory and Legal Risk: These risks may arise when transactions are not compliant with applicable laws which may result in the transaction being rendered invalid.

³² Refer section 7.3.5 of Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline New Capital Adequacy Framework (NCAF) dated July 1, 2015

³³ Refer section 7.3 of Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline New Capital Adequacy Framework (NCAF) dated July 1, 2015



Conflict between the provisions of the transaction documents and those of the underlying financial facility agreement.

Operational Risk

- **Co-mingling risk:** Risk arising on account of co-mingling of funds belonging to investor(s) with that of the originator and /or collection and processing servicer, when there exists a time lag between collecting amount due from the obligors and payment made to the investors.

Reputational Risk:

- This risk may arise due to rating downgrade of a securitised instrument due to unsatisfactory performance of the underlying asset pool.
- Inappropriate practices followed by the collection and processing agents

Prepayment Risk:

- This risk arises on account of prepayment of dues by obligors/borrowers in the securitised pool.

In addition to above, originators are exposed to pipeline and warehousing risks which refers to the event where originating banks are unable to off-load assets, which were originated with an intention of selling thus potentially exposing them to losses arising on declining values of these assets. The Bank does not follow the "originator to distribute" model and hence is not exposed to the pipelining and warehousing risks.

The Bank has established appropriate risk management processes to monitor the risks on Securitisation of Standard Assets which include:

Monitoring credit risk

The Bank, in the capacity of collection and processing agent prepares monthly performance reports which are circulated to investors/ rating agencies. The securitised pools are continuously monitored and those requiring attention are subjected to specific interventions (e.g. focused collection efforts in affected geographies) to improve their performance. The pool is also monitored by the rating agencies based on amortisation level, collection efficiency, credit enhancement utilisation levels and credit cover available for balance deal tenor.

Note: During the Quarter ended March 31, 2023 the Bank did not use credit risk mitigants to mitigate credit risks.

Monitoring market risk

The Bank ascertains market value of the securitisation exposures based on extant norms, which is compared

with their book value to assess the marked to market impact of these exposures monthly.

9.1.3 Roles Played by the Bank

Originator / Seller

The Bank originates assets in its book and subsequently sells down through the securitisation or assignment route.

Servicer

For sold assets, the Bank undertakes the activity of collections and other servicing activities including preparation of monthly pay out reports.

Provider of Liquidity Facilities

The Bank may provide liquidity facility to address temporary mismatches on account of the timing differences between the receipt of cash flows from the underlying performing assets and the fulfilment of obligations to the beneficiaries.

Credit Enhancement provider

The Bank provides credit enhancement on Securitisation 'sale' transactions undertaken by the Bank for meeting shortfalls arising on account of delinquencies and prepayment losses in the underlying pool sold.

9.1.4 Significant Accounting Policy for Securitisation and Direct Assignment of Standard Assets

The Bank as originator sells assets to a special purpose entity only on cash basis. Standard Assets transferred through securitisation are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received. Sales / transfers that do not meet true sale criteria are accounted for as borrowings. Standard assets transferred through direct assignment are de-recognised in the Balance Sheet of the Bank to the extent a portion of the rights, title and interest of the Bank in the underlying loans has been assigned. The Bank follows the accounting treatment specified in the revised securitisation guidelines and transfer of loan exposure guidelines for any realised and unrealised gain arising from the securitisation transactions.

The Bank transfers advances through inter-bank participation with risk. In the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances.

9.1.5 Rating of Securitisation Transaction

During FY 2022-23, the Bank used the ratings provided by CARE Ratings limited for the securitisation of retail pools.

9.2. Quantitative Disclosures

Details of Securitisation exposures in the Banking Book

₹ in Lakhs

Total Exposures Securitised by the Bank*	-
--	---

*Represents total exposure of loans securitised and sell-downs via Direct Assignment during Q 4 FY 22-23.

For exposures securitised, losses recognised by the Bank during the current period broken by the exposure type

₹ in Lakhs

Exposure type	Losses
---------------	--------

PTC (underlying assets being Loan against property) *

Total

*PTC- Pass Through Certificate

Assets to be securitised within a year as on March 31, 2023

₹ in Lakhs

Exposure type	Amount
---------------	--------

Amount of assets intended to be securitised within a year

Of which amount of assets originated within a year before Securitisation

Total outstanding exposures securitised by the Bank and the related unrecognised gains/(losses)

₹ in Lakhs

Exposure Type	Amount*	Unrecognised gains / (losses)
---------------	---------	-------------------------------

PTC (underlying assets being Loan against property and Micro finance loans)

22,300.80

Direct Assignment

9,117.10

Total

31,417.90

*The amount represents the total outstanding for Securitisation and Direct Assignment as on March 31, 2023.

Securitisation exposures retained or purchased

₹ in Lakhs

Exposure Type	On Balance Sheet*	Off Balance Sheet	Total
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Equity Tranche

1,262.94

Overcollateralisation

1,969.22

Direct Assignment

1,014.69

Total

4,246.85

* Represents total principal amount of investment in Equity Tranche, Overcollateralisation and Direct Assignment outstanding under risk sharing as at March 31, 2023

Risk weight bands break-up of securitisation exposures retained or purchased

₹ in Lakhs

Exposure Type	50% weight	75% risk weight	114% risk weight*	125% risk weight	Total
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Equity Tranche (underlying assets being Loan against property)

1,262.94

Total

1,262.94

* Calculated as per formula prescribed in Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021



Securitisation exposures deducted from capital –

Exposure Type	Exposure deducted entirely from Tier-1 capital	Credit enhancing interest-only strips deducted from total capital	Other exposures deducted from total capital
Overcollateralisation	1,969.22	-	-
First Loss Credit Enhancement	1,989.81	-	-
Total	3,959.03	-	-

Details of Securitisation Exposures in the Trading Book

- NIL

10. TABLE DF- 8: MARKET RISK AND LIQUIDITY RISK

10.1. Qualitative Disclosures

10.1.1. Overview of Market Risk Management

The Bank defines Market Risk as the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market process, in particular, changes in interest rates, exchange rates and equity and commodity prices. The Bank has adopted the Standardised Duration Approach (SDA) for Market Risk capital charge computation. While this is not a regulatory requirement as per SFB guidelines, the Bank has considered it prudent to undertake capital adequacy assessment for all Pillar I risks i.e. Credit, Market and Operational Risk from a governance perspective.

The Bank has a well-defined Investment and Market Risk Management Policy. This policy covers all important areas of market risk identification, monitoring and measurement. The policies set various prudential exposure limits and risk limits for ensuring that the investment and trading operations are in line with the Bank's expectations of return and risk appetite.

The Treasury Department of the Bank comprises 3 independent units i.e. Front Office, Middle Office and Back office. The Front Office is responsible for trading, investment and fund management activity. Front Office is headed by Head of Treasury and is guided by Board approved Investment Policy. Middle Office is responsible for limit monitoring, valuation, regulatory / internal reporting and risk evaluation. Middle Office reports to Chief Risk Officer. Back office is responsible for settlement and reconciliation activities which reports to Head of Operations.

Investments: The Bank has a Board approved policy to make investments in both SLR and Non SLR securities. The Bank had investments in the following instruments: Government of India Securities (G Sec), Treasury Bills (T Bills), State Development Loans (SDL), Separate Trading of Registered Interest and Principal of Securities (STRIPS) and one legacy investment in an unquoted equity. The Bank had also made a token investment in a New Umbrella Entity (NUE) in association with National Payment Corporation of India (NPCI) and investment of ₹ 1,263 Lakhs as Pass through Certificates as part of the Securitisation deal executed during FY 2022. As on Mar 31, 2023, the investment holdings in various SLR and Non SLR instruments were as under:

Instrument	₹ in Lakhs					
	AFS		HFT		HTM	
SLR	BV	MV	BV	MV	BV	MV
G Sec (CG)	7,940.18	7,969.24	19,197.64	19,245.14	394,233.09	383,686.41
SDL	0.00	0.00	0.00	0.00	120,306.56	117,428.92
STRIPS	0.00	0.00	0.00	0.00	0.00	0.00
T Bills	308,080.32	308,080.32	0.00	0.00	0.00	0.00
TOTAL SLR	316,020.50	316,049.56	19,197.64	19,245.14	514,539.65	501,115.33
Non SLR						
PTC	1,262.94	1,344.59	-	-	-	-
Legacy investment (unquoted Equity)	10.02	11.32	-	-	-	-
TOTAL NSLR	1,272.96	1,355.91	-	-	-	-
TOTAL Investment	317,293.46	317,405.47	19,197.64	19,245.14	514,539.65	501,115.33

During the year, the Bank had added ~214,600 Lakhs of securities in its HTM portfolio. The increase in policy rates by the Regulator during the year had impacted the notional Mark to Market (MTM) position of these investments. As at March 31, 2023, the negative MTM was ₹ 13,400 Lakhs. As a prudent risk management early on, the Bank commenced corrective actions by augmenting the incremental portfolio with shorter duration instruments. The effect of this strategy resulted in reduction of duration from 5.1 to ~4 years. The Bank continued to operate under the HTM limit of 23% applicable until March 31, 2024. The HTM% of the investment portfolio was ~20.4% as at reporting date. This provides the required headroom in the ensuing year to continue with a short term investment build-up strategy, in the event of recommencement of rate hikes. Presently, the Regulator has paused the rate hike to assess the percolation levels of the previous rate hikes and its resultant impact on inflation. It is assuring to note that the recent readings of the economy do indicate a positive trend on inflation which can result in a trend reversal of policy interest rates. The Bank is continuously monitoring the market signals and yield curve for opportune investment opportunities which can maximise yield. The current investment mix of the HTM portfolio is well poised to generate a positive MTM in the event of interest rate reduction. From risk management standpoint, the duration mix of the investment portfolio is also strategically maintained in a manner to limit incremental negative MTM in the event of recommencement of rate hikes. Internal simulations of notional unexpected losses, in that, crystallisation of HTM losses under extreme hypothetical scenarios also indicate that the impact on capital adequacy is well below 1%.

The investment into SLR securities is undertaken for the purpose of regulatory compliance i.e. SLR maintenance and for Asset Liability Management (ALM). Investment in SLR securities is held as both HTM and AFS, majority of Investments in AFS is in the form of Treasury Bills with small part of the AFS portfolio held in Central Government securities and STRIPS. The mandatory requirement for maintenance of SLR as stipulated by RBI is 18.00% of Net Demand and Time Liabilities (NDTL). The Bank has complied with the regulatory SLR requirement and has maintained SLR much above the requirement. During the quarter, the average SLR requirement and maintenance was as below:

Month	Average SLR requirement	Average SLR maintenance	Average SLR requirement maintained as a % of NDTL
Apr-22	329,946	525,968	28.69%
May-22	340,631	554,966	29.33%
Jun-22	337,758	530,898	28.29%
Jul-22	339,745	532,242	28.20%
Aug-22	344,434	518,143	27.07%
Sep-22	356,681	559,199	28.21%
Oct-22	367,111	617,361	30.28%
Nov-22	386,306	658,798	30.68%
Dec-22	400,894	735,079	33.01%
Jan-23	415,636	778,378	33.71%
Feb-23	433,805	810,342	33.64%
Mar-23	446,110	808,028	32.60%

The maintenance of SLR was higher than the minimum requirement as per RBI in line with its Board directive. The Bank maintains a higher SLR on account of two reasons viz. 1) risk management, in that, to ensure a cushion in case of a contingency, to keep a healthy Liquidity Coverage Ratio (LCR) at all times and also to ensure that the regulatory thresholds for the Structural Liquidity Statement (SLS) limits are not breached and 2) availability of liquid assets to commence non-SLR investments in the ensuing year

Trading: The Bank had commenced trading in Government of India security in FY 2020-21, in a calibrated manner through its HFT portfolio. While the Bank had initially commenced trading on an intraday basis only, it has now graduated to keeping open positions on an overnight basis as well. The trading limits in the form of duration limits, PV01 limits, trading book limit, exposure limits and Value at Risk (VaR) are monitored regularly by the

Middle Office. Any instance of breach in limits is brought to the notice of stakeholders and remedial measures taken. In a significant development, the Bank was successful in rolling out the infrastructure to commence non-SLR investments during the quarter. To that effect, automated systems for identification and recognition of non-performing investments (NPIs) were tested and deployed in compliance to RBI guidelines. The Bank intends to cautiously build its Non-SLR book for meeting strategic goals.

10.1.2. Liquidity and Liquidity Risk Management:

Treasury Department is primarily responsible for the day to day liquidity and fund management with an oversight by the ALM desk. The day to day fund excess or shortfall is arrived at based on a daily liquidity statement prepared by Front Office in co-ordination with Finance department. Based on the daily shortage or excess of funds, Front



Office undertakes money market borrowing and lending activity. The source of borrowing and lending amongst Call money, Repo and TREPS is decided based on the most favourable rate. The regulatory limit on Call/Notice money borrowing and lending is monitored on a daily basis by Middle office and reported to all stakeholders.

Market Risk team keeps the senior management and the Board apprised of the Liquidity situation of the Bank through regular updates to the ALCO and RMCB. As a part of the update, a detailed analysis on cash flow projections, recommendations, constraints (if any), scenario analysis on various regulatory ratios and ALM position of the Bank are being placed at regular intervals.

Studies on how efficiently LCR and ALM can be maintained within regulatory and internal threshold are presented to the committees along with recommendations if any. Market Risk team also undertakes various analysis on Duration gaps and its impact on the capital adequacy to the ALCO and RMCB.

Liquidity Risk Management is governed as per the provisions of the ALM policy. The ALM position for the Bank was well managed and regulatory thresholds complied with during Q4 FY 2022-23. The Bank has various avenues to leverage upon in mitigating any future liquidity shortfalls. Some of the measures include securitisation, Direct Assignment, IBPC transactions, refinance and term loan facilities from Bank. The Bank is prioritising long-term funding through deposit mobilisation.

It is pertinent to mention that the additional risk controls deployed in Q4FY22 for liquidity management stood validated by Q4FY23. The build-up in excess SLR, disbursements calibrated to LCR position, de-bunching of deposit maturities and increased oversight through weekly liquidity meetings during the year resulted in a

comfortable liquidity position with LCR in excess of 150% throughout the year.

Despite the challenges faced on account of spiralling inflation, liquidity reduction in the market and increase in policy interest rates,, the Bank's ALCO took various proactive measures to align the Bank's funding and interest rate risk management strategies to evolving market dynamics by tweaking the interest rate offered on deposits and advances, diversifying funding avenues with the twin objective of staggered maturities and controlled increase in cost of funds and revisiting the investment portfolio limits which helped to minimise the impact of risks and aiding balance sheet growth. Besides, ALCO reviewed the outcomes of stress testing scenarios, contingency funding buffers, cash flows and LCR projections on ex-ante basis to ensure that the Bank maintains resiliency to liquidity and interest rate risks.

During FY 2022-23, in the wake of rising interest rates, global financial volatility and collapse of international banks the Bank undertook comprehensive stress tests on its entire cash flow distribution in addition to the LCR based stress tests by simulating various scenario analysis to assess resiliency in the event of any financial distress and liquidity crunch. the Bank remained resilient under baseline and medium stress events.

10.2. Quantitative Disclosures

Liquidity Coverage Ratio (LCR)

The objective of the LCR is to promote the short-term resilience of a bank's liquidity risk profile, ensuring that it has adequate stock of unencumbered high-quality liquid assets that can easily be converted into cash to meet its liquidity needs in an acute stress scenario lasting for 30 days.

Liquidity Coverage Ratio

Date	Q4 Quarterly Average	Amount	Adjusted Amount
A	High Quality Liquid Assets		
	Level 1 Assets	784,150.51	784,150.51
	Level 2 A Assets	-	-
	Level 2 B Assets	-	-
B	Total Stock of HQLAs (Adjusted for Capital)		784,150.51
C	Cash Outflows	1,936,081.35	534,945.60
D	Cash Inflows	167,390.86	100,335.56
E	Net Cash flow	-	434,610.04
F	25% of Total Cash Outflow	-	133,736.40
G	Higher of E or F	-	434,610.04
	Liquidity Coverage Ratio		180.43%

Net Stable Funding Ratio (NSFR): The objective of the NSFR is to require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities over a one-year horizon. The Bank's NSFR as at March 31, 2023 is 133.27% as against RBI minimum requirement of 100%.

NSFR	₹ in Lakhs
Weighted Amount	
Total Available Stable Funding (ASF)	2,103,983.00
Total Required Stable Funding (RSF)	1,578,739.81
NSFR	133.27%

11. TABLE DF- 9: OPERATIONAL RISK

11.1. Qualitative Disclosures

11.1.1. Operational Risk Management Policy and Governance Structure

Operational Risk is "the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events. It excludes Strategic and Reputational Risks but includes Legal Risk". Strategic or Reputational risks are second order effect of Operational Risk. Legal risk includes, however is not limited to, exposure to penalties, fines, punitive damages arising out of supervisory action, civil litigation damages, related legal costs and any private settlements. Operational Risk arises due to errors in processes, frauds and unforeseen natural calamities / events. Though the occurrence of such instances could be less, the impact in value terms could be significant.

For effective management of Operational Risk, the Bank has constituted an Operational Risk Management Committee (ORMC) chaired by MD & CEO. This Committee which is convened by Chief Risk Officer meets every quarter to provide an oversight on key Operational Risk issues, the summary of which are presented to the RMCB. The ORMC supports the RMCB and is responsible for implementing the best practices in managing Operational Risk. The Bank has in place a Board approved Operational Risk Management policy to mitigate and manage Operational Risk. The Operational Risk management process is a top-down approach and is driven by strong and sound operating procedures and internal control culture with well-defined reporting and Business Continuity Management. This is a continuing process and the Bank is continuously striving to enhance its processes.

11.1.2. Risk identification, measurement, monitoring and reporting

Following are some of the key techniques applied to manage Operational Risk within the Bank. It involves both a qualitative and quantitative approach.

- **Product and Process reviews:** All new products and processes (including enhancements) are subject to a mandatory comprehensive review by the Operational Risk department. For process related approvals, PrAC (Process Approval Committee) has been constituted with effect from February 2021 and meetings are held at defined frequency. The Bank's Operational Risk team reviews and provides their observations for including additional controls for the risks identified during the assessment, if warranted. Subsequent to closure, the new/enhanced processes are placed at the PrAC for approval. The Bank continuously reviews and enhances its key processes to adapt to industry best practices. Operational Risk Management Department (ORMD) has approved 142 processes as on March 31, 2023. Few of them to note are Business Net Banking Operating Manuals V1.2, Geo-Tagging of Payment system touch Points, Annual review of Internal office accounts framework for review and monitoring, Digital Fixed Deposit Operating Manual v1.1 and UPI User Manual Version 2.0.
- **UAT Testing (including BRD and FSD):** For any change management/ automation of products and processes, the respective department owners prepare a Business Requirement Document (BRD). The BRD is reviewed by key personnel from control and business functions for further improvements. Subsequently, the same is provided to the IT department within the Bank. The IT department then prepares a Functional Specification Document (FSD) detailing the scope of the project. Once the project is moved to testing stage, ORMD performs the User Acceptance Testing (UAT) along with other key stakeholders to identify gaps in the actual deliverable versus that which was proposed in the BRD. These gaps are further addressed and closed before moving to production. As on March 31, 2023, 43 BRD's and FSD's were reviewed and UAT was undertaken for 192 new developments/changes/fix deployed by IT covering NR service request, GL repayment through Mobile Banking, IDAM integration with Darwin box, Key system changes for digital customer acquisition transaction limited related, BR.Net single flow Glow project, RPA OD recovery, leap year interest calculation, multifactor authentication without debit card, staff vehicle loans two wheeler and four wheeler, adjustment of advance EMI payment in Br.Net, masking of Aadhaar Number, Interoperable card less cash withdrawal, Prime Lap products in MSME and Staff vehicle loans, MSME CGTMSE Term Loan & Overdraft Facility, CRM Build upgrade, UPI PSP App, QDE AML Compass, etc.



- RCSA: RCSA (Risk and Control Self-Assessment) is a forward-looking tool to identify and assess the level of risk inherent in any activity / process, the causes responsible for that risk and the status of existing controls to minimise the risk. The outcome of RCSA provides insight into known as well as potential Operational Risk areas in various process / business lines. Business teams, being the first line of defence, are responsible for carrying out RCSA activity. ORMD, being second line of defence is responsible for providing necessary guidance, training and inputs to the First Line of Defence (FLOD) for carrying out the RCSA. To create a Risk culture in FLOD and assume ownership for this activity, a Special Point of Contact (SPOC) is identified in each department who is designated as Business Risk and Compliance Officer (BRACO) with whom ORMD shall engage. RCSA framework was approved in April 2021. Based on directions from the Board, in FY'23, RCSA is implemented in 5 identified departments of the Bank through BRACOs of the vertical who will ensure that RCSA is done on an ongoing basis by First line of defense. ORMD also attempted implementation of RCSA at branches which will provide an insight of Operational risk index at individual branches. As on 31st March'23, RCSA has been done in 62 branches PAN India and outcome of which is discussed with supervisory team to ensure controls are strengthened appropriately. RCSA for Information Technology is performed by external consultant for FY23.
- Key Risk Indicators: In FY 2022-23, 40 KRI's continue to be monitored at organisation level. At functional level, 14 KRI's are monitored for Branch Banking vertical, 14 KRI's are monitored for MicroBanking vertical from April'2022 and 9 KRI's had been identified and monitored for Housing vertical since December'2022 as part of the ORM framework. The thresholds for the KRI's have been set in consultation with the respective stakeholders. These KRI's are analysed on a monthly basis and findings are placed at ORMC and RMCB at regular intervals with action plan for closure of open issues. With emerging trends of increased usage of digital platform by customers, it is pertinent to identify KRI's for digital payment products, The Bank has identified 25 parameters and commenced monitoring from April 2022 onwards.
- Loss Data Management is in place to record material incidents and learn from errors and strengthening existing controls. Incidents are recorded as operational loss and near miss events. This is followed by a Root Cause Analysis (RCA) for critical incidents. EGRC module in SAS is implemented to record all loss events across the Bank. Significantly, the efforts of the Operational Risk team have resulted in greater reporting of operational risk incidents from the branches. The Bank has created a separate General Ledger Code (GLC) to record losses (separate for fraud and non-fraud) on account of these incidents and these are reported to the Board at quarterly intervals. The Bank encourages its personnel to report incidents in an unbiased manner without fear of any retribution. The incident reporting process enables creation of loss database as per Basel definitions. The activities broadly include the following:
 - Reconciliation of General Ledgers (GL) to operational loss as recorded in SAS;
 - Root Cause Analysis (RCA) of critical events;
 - Quarterly loss data submission to Board;

The Bank records instances along the Basel defined lines of Operational Risk events.

Loss Dashboard for YTD FY 22-23 (as on Mar'23):

Event Type	Count		Loss in Lakhs					
	YTD Mar'22	YTD Mar'23	YTD Mar'23			YTD Mar'22		
			Total	Total	Gross#	Net#	Ops Loss#	Ops Loss
Business Disruption and Systems Failures	155	471	₹ 39.57	₹ 25.03	₹ 6.32	₹ 2.36		
Clients, Products, and Business Practice	18	16	₹ 2.93	₹ 0.07	₹ 0.07	₹ 0.07		₹ 3.68
Damage to Physical Assets	43	8	₹ 0.00	₹ 0.00	₹ 0.00	₹ 0.00		₹ 0.01
Employment Practices and Workplace Safety	8	1	₹ 0.00	₹ 0.00	₹ 0.00	₹ 0.00		₹ 0.00
Execution, Delivery, and Process Management	312	377	₹ 63.15	₹ 31.47	₹ 16.07	₹ 16.07		₹ 14.92
External Fraud	615	283	₹ 104.70	₹ 45.06	₹ 20.90	₹ 20.90		₹ 43.58
Internal Fraud	332	293	₹ 310.52	₹ 192.09	₹ 9.29	₹ 9.29		₹ 34.51
Total	1,493	1,449	₹ 520.87	₹ 293.73	₹ 52.66	₹ 99.13		

#Gross loss refers to total amount involved in the reported incidents, Net loss refer to loss which got netted off post recoveries and Ops loss refer to the actual loss booked in GL in case of unsuccessful recovery efforts.

- **Thematic reviews:** While carrying out RCSA, KRLs, UAT testing, incident reporting etc., Operational Risk team identifies few risk indicators warranting a special thematic review of the entire process. This enables the Bank to identify issues and gaps at minute level which are then taken up for rectification. These thematic reviews do not follow standardised risk identification techniques and therefore provide wider scope for a deeper and customised study of issues and gaps. Such thematic studies have enabled the Bank to further refine its existing processes and plug gaps that had been identified. In Q4 FY 2022-23, ORMD team performed a thematic review on Non-Resident Product portfolio. Key gaps from these reviews were highlighted and discussed in ORMC held in the month of April'2023.
 - **User Access reviews** are conducted for critical applications to ensure that access and role matrix are well defined and that access is commensurate with the responsibility assigned. In FY 2022-23, user access review has been completed for 16 applications including Active directory, Cermo, Posidex, Rupee power, SAS, TeamViewer, Glow, Smelo, Trucell, CRM Next, Finacle Treasury, Finacle, Br. Net, Oracle, Crismac and E kuber. The Bank has process for User access review covering all the critical aspects of User life cycle starting from activation to de-activation of ID's, Review frequency, Process to be followed for managing vendor ID's, Process to be followed for user de-activation on exit from organisation which is under review.
 - **Exceptions Handling Mechanism** is an initiative, which was initiated from July 2020 as guided by the National Controls and Compliance Committee. A list of 32 exception reports was identified and tagged to Operational Risk department of the Bank for initiating the review. Out of which, 30 exception reports were selected for review and ORM is in process of discussing the gaps identified with relevant stake holders to undertake appropriate corrective actions.
 - **Branch Assurance:** Branches across regions are reviewed against a checklist devised by ORMD of the Bank to ensure adherence to branch processes. The checklist is reviewed and enhanced as and when required to strengthen monitoring of branches. Critical and repeat observations are shared with the leadership team for remedial /corrective actions. Checklist was reviewed and enhanced further which is implemented with effect from December 2022. In FY'23, ORM team had reviewed 336 branches PAN India against an annual plan to cover 240 branches. A monthly connect is also called for with leadership team at Regions to discuss on critical and key observations made by ORM team as part of their branch visit.
 - **Outsourcing Risk:** 'Outsourcing' is defined as the Bank's use of a third party (either an affiliated entity within the corporate group or an entity that is external to the corporate group) to perform certain activities on a continuing basis that would normally be undertaken by the Bank itself, now or in the future. The Bank has in place an outsourcing policy which provides guidance on outsourcing certain functions to specialised agencies for increasing efficiency and lower costs. The outsourcing policy is framed in compliance to various RBI guidelines on outsourcing issued from time to time. Key activities undertaken during Outsourcing are as follows:
 - Pre - on boarding risk assessment:** All vendors, deemed as material, are subjected to a rigorous pre-on boarding risk assessment which is done by both Operational Risk team and the Information Security team and this is repeated at annual intervals. Observations from these risk assessments are then shared with concerned functions for resolution. In FY 2022-23, pre-on boarding risk assessment for 18 vendors was carried out.
 - Post – on boarding risk assessment:** All material vendors are also subjected to a periodic post on boarding risk assessment. This assessment is carried out by ORMD and Information Security team, if required. Observations/gaps are shared with concerned function for rectification and response. These key observations along with department response are placed at ORMC and RMCB on completion.
 - Annual review of material vendors:** ORMD of the Bank along with Information security team of the Bank carries out annual risk review of material vendors especially for IT, Fintech and Technical vendors. In FY 2022-23, annual review was completed for 39 material vendors as on March 31, 2023. Outsourcing undertaken by the Bank is also subject to an annual audit by the Internal Audit team who provide the required compliance certificate to RBI.
 - **Business Continuity Planning (BCP):** Business Continuity Management Policy is a prerequisite for a Bank in minimising the adverse effect on critical areas of Operational Risk with respect to High-Impact and Low-Probability Disruptions, through which Bank maintains confidence levels of its shareholders and satisfies relevant compliance requirements. The plans and procedures are in line with the guidelines issued by the RBI and these are reviewed at regular intervals.
- The Business Continuity Management Policy (BCMP) of the Bank provides guidance to ensure continuity of Business through implementation of contingency plans to restore normal business functioning of



Branches, if disrupted during any type of disaster / crisis situation to provide continuous and reliable services and delivery of key products to customers.

The Bank's critical systems undergo periodical disaster recovery drills/tests in order to make sure that the recovery process becomes more robust and efficient to recover from any disaster / crisis situations. The observations of DR drills along with root cause and learnings are recorded and the same are placed to the IT Strategy Committee of the Board on quarterly basis. The Bank also has a Board approved Cyber Crisis Management Plan for tackling cyber threats / attacks.

The Bank reviews BCM policy and plan documents annually and enhances the documents as per the changes made in the Bank's critical processes and activities. Bank also conducts periodic BCP testing considering various disruptive scenarios which helps identify the gaps in ensuring smooth recovery and resumption of the processes. On an ongoing basis, BCP testing for randomly selected branches is also conducted to ensure that the recovery process becomes more robust and efficient to recover from any disaster / crisis situation. Learnings are documented in the Business Continuity Plan for corrective action. In FY 2022-23, 132 planned and 46 unplanned BCP's were conducted across branches in Regions. A vendor is on-boarded for completing BIA and RA for all the departments of the Bank and to review existing policies and enhance the same according to international standards. As on date, BIA is completed for all functions of the Bank.

- Thematic review of Fraud Risk management:** During the quarter, the Bank's ORM vertical conducted a detailed review of instances of cash misappropriation in certain branches of East region. The outcome of the review was internally deliberated at management and Board level Committees. A review of Modus Operandi covering incident summary, impact, role of staff, process deviations, action taken and current status in recovery at branch level was undertaken. The thematic review helped the Bank in plugging the inherent gaps in processes. The review of such incidents reiterated the criticality in upholding fundamental operational risk mitigation measures, in that, continuous oversight on branches, supervisory visits, customer interactions and house visits and job rotation are irreplaceable in the microfinance context.
- Internal Financial Control (IFC) testing:** This is an annual exercise and carried out by ORMD of the Bank. The team along with concerned stakeholders prepares and enhances Risk and Control Matrices (RCMs) for activities performed by process owners.

The financial and operational controls in these RCMs are then tested by collecting samples from across the review period covering different regions, which are then evaluated for success or failure of the control effectiveness. The critical gaps observed during such testing are discussed with concerned functions for upgrading controls which may include automation of the controls. The results of this evaluation are also presented to ORMC and RMCB to update them on effectiveness of the internal controls of the Bank and take guidance. These results are also shared with the Bank's statutory auditor to provide insight on adequacy and effectiveness of the controls in the Bank. The IFC Framework of the Bank was enhanced and approved in January 2022. Number of controls that were tested in FY'23 was increased by ~10% from FY'22. Outcome of IFC to be presented in Audit Committee of the Board (ACB) proposed to be held in the month of April'23.

The approach for operational risk capital assessment for the bank is captured in DF-3.

Information Technology and Security Risk

With the rapid changes in the technological landscape, threat landscape is also rapidly evolving and to be resilient in such scenarios, the Bank recognises the significance of robust Information security structures and has implemented defense in depth technologies to safeguard customer's interest. The Bank has deployed state-of-the art technologies to ensure malicious intrusion is minimised. The key elements and the teams working in a chain fashion for managing information security risks are as follows:-

- Risk assessment and Management:** - The Bank conducts regular risk assessments to identify potential vulnerabilities and threats to the Bank.
- Policies and procedures:** - The Bank has put in place robust information security policies and procedures which are fully compliant with the regulatory guidelines and ISO27001 framework.
- Security awareness and training:** - One of the fundamental tenets of Information Security is that the employees play a critical role in maintaining information security. Therefore, at an organisation level, the Bank invests in regular training and awareness programs to educate its workforce about emerging threats, phishing attacks, social engineering techniques and other security best practices. The average phishing rate for the recent exercises conducted was measured at **2.99 %** which is lower than the industry rate.
- Red team:** - The Bank has put in place an independent group who simulate real world attacks and attempt to exploit vulnerabilities. These simulations provide

valuable insights to enhance the security posture of the organisation and initiate prompt corrective actions.

- Cyber defense center:** - The Bank has established a 24*7 Cyber defense center to detect, analyze the potential incidents and take requisite actions to respond to the incidents.
- GRC team (Governance, Risk and Compliance):** - The Bank is having a dedicated GRC team to ensure effective management of regulatory requirements, risks and operational controls.
- The Bank regularly participates in Cyber drills conducted by the Institute of Development and Research on Banking technology (IDRBT) and conducts periodic Disaster Recovery Drills for its technology infrastructure to ensure the availability

of critical services in the event of a disaster. The Bank follows a proactive approach instead of reactive approach and the same can be showcased with the Bank's past record.

Indian Banking Association (IBA)-Best IT risk management

The Indian Banking Association (IBA) celebrates Excellence Awards in various categories of Information Security. Prominent banks, organisations, law enforcement agencies, and products are evaluated as part of this award exercise. The Bank was awarded for '**Best IT risk management**' under the category of Small Finance Banks (SFB). The award was presented to the Bank after a detailed evaluation by a team of prominent jury members (Deputy Governor RBI, Professors from IIT Bombay, IBA chief).

12. TABLE DF- 10: INTEREST RATE RISK IN BANKING BOOK (IRRBB)

12.1. Qualitative Disclosures

Interest Rate Risk in Banking Book (IRRBB) refers to the risk of loss in earnings and economic value of a bank's banking book as a consequence of movement in interest rates. For banking book, interest rate risk arises through mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL). The Bank has identified the risks associated with changing interest rates on its exposures in the banking book from both a short-term and long-term perspective.

The interest rate risk is measured and monitored through two approaches:

- Earnings at risk (Traditional Gap Analysis): The impact of change in interest rates on net interest income is analysed under this approach and calculated under yield curve approach. Under this approach a parallel shift of 200 basis points is assumed both in assets and liabilities.
- Economic Value of Equity (Duration Gap Approach): Modified duration of assets and liabilities is computed separately to arrive at modified duration gap. A parallel shift in yield curve by 200 basis points is assumed for calculating the impact on economic value of equity. Additionally, the Bank has also performed steepening of yield curve wherein a change in 100 basis points was considered linearly between 15-day and over 25-year maturities and using an inversion of the yield curve wherein One -year rates were increased by 250 basis points and 10-year rates were decreased by 100 basis points. Such shocks are monitored regularly in order to assess the impact of interest risk on the Bank's book and its potential impact on the Bank's business projections. These scenarios are as per the RBI guidelines on stress testing dated 02 Dec 2013.
- The cumulative hikes to the RBI repo rate in FY 2022-23 had also increased Interest Rate Risks (IRR) in the Bank, especially in the long-term floating rate loans. With increasing share of floating rate loans³⁴, the rate hikes of the past are likely to increase the tenor of loans, upon conversion to floating regime. The Bank took cognizance that, parallel shifts in pricing, if not passed on to customers, can squeeze profitability (Business risk) or any increase in EMI to counter extension in tenor might exacerbate defaults (Credit Risk) especially in the Affordable Housing segment. To address the same, the Bank has introduced a panoply of measures to counter the impact. The Bank has developed simulators to estimate impact on EMI/tenor increase. Using a combination of caps and floors on tenor/EMI/borrower age, systems are being reconfigured to provide the ideal rescheduling which mitigates loss of income and default risk on best effort basis.
- The Bank has also undertaken various simulations to understand the impact of reduction in the valuation of Housing portfolio on account of rate hikes.
- As a risk measurement tool, the Bank has developed an IRRVaR model to aid in applying a pillar II capital charge under ICAAP under pre-specified breaches to internal limits.

³⁴ The Bank offers Housing loans on fixed rate basis for the initial period of three years and floating thereafter



12.2. Quantitative Disclosures

12.2.1. Earnings at Risk (Earnings Perspective)

Interest Rate Risk in the Banking Book (IRRBB)

Sl. No.	Country	₹ in Lakhs	
		Interest Rate Shock +200 bps shock	Interest Rate Shock -200 bps shock
1	India	(9,224.57)	9,224.57
2	Overseas	-	-
	Total	(9,224.57)	9,224.57

12.2.2. Economic Value Perspective (MDG Approach)

Category	Items	₹ in Lakhs
		Amount
A	Computation of Aggregate RSA	3,230,982.73
B	Computation of Aggregate RSL	2,967,220.72
C	Weighted Avg. MD of RSL across all currencies	1.22
D	Weighted Avg. MD of RSA across all currencies	1.58
E	Modified Duration Gap (MDG)	0.46
F	Change in MVE as % of equity for 200 bps change in interest rate	(8.31%)
G	Change in MVE in absolute terms	(29,712.36)

12.2.3. Economic Value Perspective (Steeping of Yield Curve)

The Bank calculated the change in MVE using steepening of yield curve wherein a change of 100 basis points was considered linearly between 15-day and over 25-year maturities. Change in MVE under this scenario was (₹12,024.23 Lakhs).

12.2.4. Economic Value Perspective (Inversion of Yield Curve)

The Bank calculated the change in MVE using Inversion of yield curve wherein one -year rate was increased by 250 basis points and 10-year rate was decreased by 100 basis points. Change in MVE under this scenario was (₹ 998.95 Lakhs).

13. TABLE DF-13: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Equity shares

Disclosure template for main features of regulatory capital instruments – Equity Shares

Sr. No.	Particulars	Details
1	Issuer	Ujjivan Small Finance Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: INE551W01018
3	Governing law(s) of the instrument	Applicable Indian Statutes and regulatory requirements
	Regulatory treatment	
4	Transitional Basel III rules	Common equity Tier 1
5	Post-transitional Basel III rules	Common equity Tier 1
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Common Shares
8	Amount recognised in regulatory capital (₹ in Lakhs, as of most recent reporting date)	₹ 195,470.66 Lakhs
9	Par value of instrument	₹ 10/-
10	Accounting classification	Capital

Sr. No.	Particulars	Details
11	Original date of issuance	<ul style="list-style-type: none"> ₹ 5 Lakhs – July 4, 2016 ₹ 10,998.68 Lakhs –July 30, 2016 ₹ 133,000 Lakhs – February 10, 2017 ₹ 1,405.5 Lakhs- November 11, 2019 ₹ 7,142.9 Lakhs- November 13, 2019 ₹ 20,270.3 Lakhs- December 10, 2019 ₹ 0.3 Lakhs- November 7, 2020 ₹ 0.2 Lakhs- January 19, 2021 ₹ 0.4 Lakhs- February 15, 2021 ₹ 0.04 Lakhs- March 15, 2021 ₹ 22,619.05 Lakhs – September 15, 2022 ₹ 8.78 Lakhs – February 09, 2023 ₹ 11.41 Lakhs – March 14, 2023
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity date
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	Dividend
17	Fixed or floating dividend/coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to the claims of all depositors, general creditors, borrowings and all capital instruments qualifying Tier II Capital instruments, perpetual debt instruments and Perpetual non-cumulative preference shares
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

During the Q4, March 31, 2023, the Bank has made following allotments:

Date of issue and allotment	Method of allotment	Face value (₹)	Issue price	Average SLR requirement maintained as a % of NDTL
February 09, 2023	ESOP	10	19.95	87,814
March 14, 2023	ESOP	10	19.95 for 101,467 shares 19.05 for 12,663 shares	1,14,130



Perpetual Non-Cumulative Preference Shares (PNCPS)

Disclosure template for main features of regulatory capital instruments – Preference Shares

Sr. No.	Particulars	Details
1	Issuer	Ujjivan Small Finance Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE551W04012
3	Governing law(s) of the instrument	Applicable Indian Statutes & Regulatory requirements and RBI Basel III Guidelines.
	Regulatory treatment	
4	Transitional Basel III rules	Addition Tier 1 Capital (AT1)
5	Post-transitional Basel III rules	Addition Tier 1 Capital (AT1)
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Perpetual Non-Cumulative Preference shares
8	Amount recognised in regulatory capital (₹ in Lakhs, as of most recent reporting date)	₹ 20,000 Lakhs
9	Par value of instrument	₹ 10/-
10	Accounting classification	Capital
11	Original date of issuance	February 10, 2017
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity date
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	February 10, 2022
16	Subsequent call dates, if applicable	NIL
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Dividend
18	Coupon rate and any related index	Fixed
19	Existence of a dividend stopper	11.0% (Dividend Rate)
20	Fully discretionary, partially discretionary or mandatory	Yes
21	Existence of step up or other incentive to redeem	Fully discretionary
22	Noncumulative or cumulative	NIL
23	Convertible or non-convertible	Non-Cumulative
24	If convertible, conversion trigger(s)	Non-Convertible
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	PONV trigger & CET1 trigger
32	If write-down, full or partial	Full and Partial
34	If temporary write-down, description of write-up mechanism	The Issuer shall: <ol style="list-style-type: none">Notify holders of preference Shares.Cancel any dividend which is scheduled to be paid on Dividend payment date.Without the need for the consent of holders of the PNCPS, write down the face value of the PNCPS by such amount as the Issuer may in its absolute discretion decide. Provided that, in no event shall such amount of write down be less than the amount required to immediately return the Issuer's Common Equity Tier 1 Ratio to above the CET1 Trigger Event Threshold, nor shall such amount of write down exceed the amount which would be required to be written down to ensure that the Common Equity Tier 1 Ratio is equal to the aggregate of the CET1 Trigger Event Threshold and 2.5%, or such other percentage as may be prescribed by the RBI (the "CET1 Write Down Amount").

Sr. No.	Particulars	Details
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to the claims of all depositors, general creditors, borrowings and all capital instruments qualifying Tier II Capital instruments and perpetual debt instruments. Only Superior to Equity Shares.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

Non-Convertible Debentures (NCD)**Disclosure template for main features of regulatory capital instruments - NCD**

Sr. No.	Particulars	Details
1	Issuer	Ujjivan Small Finance Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE551W08013
3	Governing law(s) of the instrument	Applicable Indian Statutes & Regulatory requirements Reserve Bank of India's circular on "Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework (NCAF)" dated July 1, 2015
Regulatory treatment		
4	Transitional Basel III rules	Tier II Capital
5	Post-transitional Basel III rules	Tier II Capital
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Subordinated, rated, unlisted, unsecured, transferable, redeemable, fully paid up, non-convertible debentures
8	Amount recognised in regulatory capital (₹ in Lakhs, as of most recent reporting date)	₹ 30,000 Lakhs
9	Par value of instrument	₹ 100,000/-
10	Accounting classification	Capital
11	Original date of issuance	<ul style="list-style-type: none"> • August 26, 2022- ₹22,500 Lakhs • September 09, 2022 – ₹7,500 Lakhs
12	Perpetual or dated	dated
13	Original maturity date	April 26, 2028
14	Issuer call subject to prior supervisory approval	-
15	Optional call date, contingent call dates and redemption amount	-
16	Subsequent call dates, if applicable	-
Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	11.95%
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
34	If temporary write-down, description of write-up mechanism	NA



Sr. No.	Particulars	Details
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Debentures shall be: (a) senior to the claims of the investors in instruments eligible for inclusion in Tier I capital and Upper Tier II Capital of the Bank; and (b) subject to paragraph (a) above, subordinated to the claims of the other creditors of the Bank but shall rank pari-passu with the other Lower Tier II instruments of the Bank (whether present or future).
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

14. TABLE DF-14: TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS EQUITY SHARES

Full Terms and Conditions of Equity Shares of the Bank

Sr. No.	Particulars	Full Terms and Conditions
1	Voting shares	Equity Shares of the Bank are Voting Shares
2	Limits on Voting Shares	Limits on Voting rights are applicable as per provisions of the Banking Regulation Act, 1949. One share has one voting right
3	Position in Subordination hierarchy	Represent the most Subordinated claim on liquidation of the Bank. It is not secured or guaranteed by issuer or related entity nor subject to any other arrangement that legally or economically enhances the seniority of the claim
4	Perpetuity	Principal is perpetual and never repaid outside of liquidation (Except discretionary repurchases/buy backs or other means of effectively reducing capital in a discretionary manner that is allowable under relevant law as well as guidelines, if any issued by RBI in the matter)
5	Accounting Classification	The paid-up amount is classified as Equity Capital in Banks Balance Sheet.
6	Distributions	Distributions are paid out of Distributable items (retained earnings included). There are no circumstances under which distributions are obligatory. Non-Payment is therefore not an event of default
7	Approval for Issuance	Issue of further shares requires requisite approval from the Board (includes duly authorised Board Committee) and the Shareholders of the Bank

PNCPS

Sr. No.	Particulars	Full Terms and Conditions
1	Type of Instrument	Perpetual Non-Cumulative Preference Shares
2	Terms for Raising PNCPS	Issue of PNCPS for augmenting the overall capital of the Issuer to strengthen the Issuer's capital adequacy and enhance its long-term resources in compliance with the applicable law.
3	Seniority	The claims in respect of the PNCPS, subject to applicable law, will rank: 1. Superior to claims of holders of equity shares and 2. Subordinate to the claims of all depositors, term loan borrowings, all capital instruments qualifying as tier II capital and all perpetual debt instruments
4	Listing	Unlisted.
5	Tenor	The PNCPS shall be perpetual i.e. there is no maturity date and there are no step-ups or any other incentives to redeem the PNCPS.
6	Dividend Payment Frequency	Subject to Dividend Limitation and Loss Absorption, dividend will be payable as per the discretion of the Bank's Board. The Board is empowered to: (i) Declare Interim Dividend during the financial year (ii) Declare for subsequent financial years (including interim dividends) or (iii) Declare dividend during the period between the end of the financial year and before conducting the AGM.

Sr. No.	Particulars	Full Terms and Conditions
7	Dividend Rate	11% per annum
8	Dividend Stopper	In the event that the Preference shareholders are not paid dividend at the Dividend Rate, there shall be no payment of discretionary dividend on equity shares until the Dividend payments to the shareholders are made in accordance with terms hereof.
9	Put Option	Not Applicable.
10	Call Option	<p>Issuer call: The Issuer may at its sole discretion, subject to conditions for Call and Repurchase and exercise of such call option (with a notification to the holders of the PNCPS which shall specify the date fixed for exercise of the call option), exercise a call option on the PNCPS ("Issuer Call"). The Issuer Call may be exercised at the option of the Issuer no earlier than on the fifth anniversary of the Deemed Date of Allotment.</p> <p>Tax Call: If a Tax Event has occurred and is continuing, the Issuer may at its sole discretion, subject to Conditions for Call and Repurchase and notification to the holders of PNCPS of not less than 21 calendar days prior to the date of exercise of such call option (which notification shall specify the date fixed for exercise of the call option), exercise a call option on the PNCPS ("Tax Call"). Provided further that, subject to conditions for Call and Repurchase the Issuer may substitute the PNCPS with capital instruments that are in accordance with the RBI Master Circular on Basel III capital regulations and any other applicable law</p> <p>Regulatory Call: If a Regulatory Event has occurred and is continuing, the Issuer may at its sole discretion, subject to Conditions for Call and Repurchase and notification to the holders of PNCPS of not less than 21 calendar days prior to the date of exercise of such call option (which notification shall specify the date fixed for exercise of the call option), exercise a call option on the outstanding PNCPS ("Regulatory Call"). Provided further that, subject to Condition 27 (Conditions for Call and Repurchase) the Issuer may substitute the PNCPS with capital instruments that are in accordance with the RBI Master Circular on Basel III capital regulations and any other applicable law.</p>
11	Repurchase/ Redemption/ Buy-back	The Issuer may subject to Conditions for Call and Repurchase having been satisfied and such repayment being permitted by the RBI Master Circular on Basel III capital regulations, repay the PNCPS by way of repurchase, buy-back or redemption.
12	Loss Absorption	<p>PNCPS should have principal loss absorption through a write-down mechanism which allocates losses to the instrument at a pre-specified trigger point. The write-down will have the following effects:</p> <ol style="list-style-type: none"> 1. Reduce the claim of the PNCPS in case of liquidation; 2. Reduce the amount re-paid when a call over the PNCPS is exercised by the Issuer; and 3. Partially or fully reduce dividend payments on the PNCPS. <p>The specific criteria for such loss absorption through conversion/write-down/write-off on breach of pre-specified trigger and the Point of Non-Viability (PONV) will be in accordance with the applicable RBI guidelines. The relevant terms of Annex 16 in Master Circular of Basel III capital regulations shall be deemed to be incorporated herein.</p>
13	Permanent Principal Write-down on PONV Trigger Event	<p>If a PONV Trigger Event occurs, the Issuer shall:</p> <ol style="list-style-type: none"> 1. Notify the holders of the PNCPS; 2. Cancel any dividend which is scheduled to be paid on Dividend payment date; and 3. Without the need for the consent of the holders of the PNCPS, write down the outstanding principal of the PNCPS by such amount as may be prescribed by RBI ("PONV Write Down Amount") and subject as is otherwise required by the RBI at the relevant time. The Issuer will affect a write-down within 30 (thirty) days (or such other time as may be prescribed by applicable law) of the PONV Write-Down Amount being determined by the RBI. A Permanent Principal Write-down on PONV Trigger Event may occur on more than one occasion. <p>Unless specifically permitted by applicable law, once the face value of the PNCPS has been written down pursuant to PONV Trigger Event, the PONV Write-Down Amount will not be restored in any circumstances, including where the PONV Trigger Event has ceased to continue.</p>



Sr. No.	Particulars	Full Terms and Conditions
14	Temporary principal Write-down on CET1 Trigger Event	<p>If a CET1 Trigger Event (as described below) occurs, the Issuer shall:</p> <ol style="list-style-type: none"> 1. Notify the holders of the PNCPS; 2. Cancel any dividend which is scheduled to be paid on Dividend payment date; 3. Without the need for the consent of holders of the PNCPS, write down the face value of the PNCPS by such amount as the Issuer may in its absolute discretion decide. Provided that, in no event shall such amount of write down be less than the amount required to immediately return the Issuer's Common Equity Tier 1 Ratio to above the CET1 Trigger Event Threshold , nor shall such amount of write down exceed the amount which would be required to be written down to ensure that the Common Equity Tier 1 Ratio is equal to the aggregate of the CET1 Trigger Event Threshold and 2.5%, or such other percentage as may be prescribed by the RBI (the "CET1 Write Down Amount"). <p>A write-down may occur on more than one occasion. Once the value of a PNCPS has been written down pursuant to this temporary Write down, the value of the PNCPS may only be restored in accordance with condition of reinstatement.</p>

Subordinated Debt Instruments:

Terms and Conditions of NCDs of the Bank

Sr. No.	Particulars	Full Terms and Conditions
1.	Type of Instrument	Non-Convertible Debentures (Subordinated debt instruments)
2.	Seniority	<p>The Bond shall be:</p> <ol style="list-style-type: none"> (a) senior to the claims of the investors in instruments eligible for inclusion in Tier I capital and Upper Tier II Capital of the Bank; and (b) subject to paragraph (a) above, subordinated to the claims of the other creditors of the Bank but shall rank pari passu with the other Lower Tier II instruments of the Bank (whether present or future).
3.	Maturity	Bullet redemption at par, at maturity, date of maturity is April 26, 2028
4.	Listing	Unlisted
5.	Accounting Classification	The paid-up amount is classified as Borrowings in Bank's Balance Sheet.
6.	Approval for Issuance	Once the shareholders' approval is received for issue of capital, NCDs are issued only with approval given by Board of Directors/ Board Approved Committee
7.	Coupon Type	Fixed
8.	Coupon Rate	11.95% p.a.
9.	Coupon Payment Frequency	Monthly with the final Coupon Payment Date being the Maturity Date

15. TABLE DF-15: DISCLOSURE ON REMUNERATION

15.1. Remuneration - Qualitative disclosures

A. Information relating to the bodies that oversee remuneration.

Name, composition and mandate of the main body overseeing remuneration.

Name: Nomination and Remuneration Committee (NRC)

Composition of Nomination and Remuneration Committee as on March 31, 2023:

Sr. No.	Name of director	Designation/Category
1.	Ms. Anita Ramachandran	Chairperson -Independent Director
2.	Mr. Ravichandran Venkataraman	Member -Independent Director
3.	Mr. Banavar Anantharamaiah	Member-Independent Director
4.	Mr. Rajesh Kumar Jogi	Member - Independent Director
5.	Mr. Samit Kumar Ghosh	Member- Director (Non-Executive, Non-Independent)

Following are the main terms of reference of the Committee:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- The NRC, while formulating the above policy, ensures that:
 - the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate talented directors required to run the Bank successfully;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - Remuneration to directors, Key Management Personnel (KMP) and senior management involving a balance between fixed and incentive pay reflecting short-and long-term performance objectives appropriate to the working of the Bank and its goals.
- Formulating criteria for evaluation of performance of independent directors and the Board of Directors.
- To ensure 'fit and proper' status of proposed/existing Directors.
- Devising a policy on diversity of Board of Directors.
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 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 of directors their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance.
- Make appropriate disclosures of the remuneration policy and the evaluation criteria in the annual report.
- Analysing, monitoring and reviewing various human resource and compensation matters.
- Determining the Bank's policy on specific remuneration packages for executive directors including pension rights and any compensation payment and determining remuneration packages of such directors.

- Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component.
- Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommending to the Board, all remuneration, in whatever form, payable to senior management.
- Administering, monitoring and formulating detailed terms and conditions of the Employees' Stock Option Scheme (ESOP) of the Bank, inter-alia, including the following:
 - a) Determining the eligibility of employees;
 - b) The quantum of option to be granted under the Employees' Stock Option Scheme per Employee and in aggregate;
 - c) The exercise price of the option granted;
 - d) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
 - e) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
 - f) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an Employee;
 - g) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
 - h) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the Market Price of the Shares;
 - i) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Compensation Committee:
 - The number and the price of stock option shall be adjusted in a manner such that total value of the Option to the Employee remains the same after the Corporate Action;
 - For this purpose, global best practices in this area including the procedures



- followed by the derivative markets in India and abroad may be considered;
- The Vesting Period and the life of the option shall be left unaltered as far as possible to protect the rights of the Employee who is granted such option;
 - j) The grant, vest and exercise of option in case of Employees who are on long leave;
 - k) Allow exercise of unvested options on such terms and conditions as it may deem fit;
 - l) The procedure for cashless exercise of options;
 - m) Forfeiture/ cancellation of options granted;
 - n) Framing of suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, by the ESOP trust, the Bank and its employees, as applicable;
 - o) All other issues incidental to the implementation of Employees' Stock Option Scheme; and
 - p) Construing and interpreting the Plan and any agreements defining the rights and obligations of the Bank and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan.
- Administering, monitoring and formulating detailed terms and conditions of the Employee Stock Purchase Scheme of the Bank.
 - Conducting due diligence as to the credentials of any director before his or her appointment/re-appointment, and making appropriate recommendations to the Board, in consonance with the Dr. Ganguly Committee recommendations and the requirements of RBI.
 - To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Bank subject to the provision of the law and their service contract.
 - Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - To develop a succession plan for the Board and to regularly review the plan.
 - To approve Job descriptions and Key Responsibility Areas (KRAs) of Senior Managers and Business Line Managers on an annual basis.
 - To review Performance of the senior/business line managers by NRC on an annual basis.

- Overseeing the framing, review and implementation of the Bank's Compensation Policy for Whole Time Directors/ Chief Executive Officers / Risk Takers and Control function staff for ensuring effective alignment between remuneration and risks.
- To recommend to the board, all remuneration, in whatever form, payable to senior management.
- Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
- The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
- Carrying out any other function as is mandated by the Board from time to time and / or enforced/ mandated by any statutory notification, amendment or modification, as may be applicable.
- Review regularly and approve the Bank's program for executive and employee development.
- Review and implement the various HR policies and manual of the Bank.
- Develop, review and approve the principles guiding the Bank's executive compensation philosophies.
- Assure that the bonus plan is administered in a manner consistent with Bank's compensation principles and strategies including Bank's policies relating to executive management succession and executive organisation development.
- Performing such other functions as may be necessary or appropriate for the performance of its duties.

B. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.

Not Applicable

C. A description of the scope of the Bank's remuneration policy (e.g.: by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.

The purpose of the Compensation Policy is to ensure statutory compliance as well as alignment with the Bank's business policies and practices. The Compensation & Benefits (C & B) Policy document is based upon the principle that a fair and competitive salary is paid for acceptable levels of performance on the job. The compensation policy document is designed to align long-term interest of the employee and the organisation.

The policy document covers all employees and Board of Directors of the Bank. This document provides guidance on:

- Compensation Philosophy
- Compensation Structure
- Grades
- Pay Review Process
- Variable Pay Plans
- Salary Pay-out

D. Description of the type of employees covered and number of such employees.

- All employees of the Bank are governed by the Compensation Policy. The total number of permanent employees in the Bank as on March 31, 2023 was 17,870.

E. Information relating to the design and structure of remuneration processes:

- An overview of the key features and objectives of remuneration policy.
- The Compensation Policy and Nomination & Remuneration Policy has been laid out keeping the following perspectives into considerations.
- Compensation principles support the Bank in achieving its mission of providing a full range of financial services to the economically active poor who are not adequately served (unserved and underserved) by financial institutions. This policy also supports the Bank to attract and retain talent and skills required to consolidate the organisation's purpose and ideology.
 - The pay structure and amounts always conform to applicable Income Tax and other similar statutes.
 - All practices of the Bank comply with applicable labour laws.
 - The pay structure should be standardised for a level of employees.
 - Elements eligible for tax exemption may be introduced at appropriate levels to enable employees take applicable tax breaks. Amounts related to certain benefits may undergo change due to change in grade/ roles/ function/ state/ region in the organisation.
 - The compensation structure shall be easy to understand for all levels of employees.
 - The compensation policy is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

- The Bank pays the Independent Directors remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board and, if required, approved by the Shareholders from time to time.
- Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.

The following were the changes made to the remuneration policy

Variable Pay

- Instead of a separate Bonus Scheme, the key principles shall be embedded into the compensation policy:
- The Bank shall announce the payment of bonus, as suitable. Payment of variable pay is not guaranteed.
- The pay-out will be made as a lump-sum amount and not deferred over 3 years for all employees, except the employees identified as Material Risk Takers who will be paid 1/3rd in each year over 3 years.
- Management Discretion - If there are significant developments in the year of payment (internal or external), management shall have leeway to announce a decision about bonus payment
- **A discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.**

The Bank periodically benchmarks its remuneration practices against the market. Compensation ranges are in alignment to market pay which are derived and reviewed periodically. Remuneration payable for each function is independent of amounts payable to other function as is the market practice. Further, performance metrics for the Risk and Compliance function are completely unrelated to deliverables of any other business function. The deliverables of the risk function are periodically reviewed by the Risk Management Committee of the Board (RMCB) ensuring due independence.

F. Description of the ways in which current and future risks are considered in the remuneration processes.

- Structurally, the Control functions such as Credit, Risk and Vigilance are independent of



the business functions and each other, thereby ensuring independent oversight from various aspects on the business functions.

- The Bank ensures that staff engaged in financial and risk control are independent, have appropriate authority, and are compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm.

G. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.

- A discussion of how amounts of individual remuneration are linked to the Bank wide and individual performance.
- The compensation policy is designed to promote meritocracy within the Bank i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
 - The Bank shall, from time to time benchmark its compensation practices against identified market participants to define its pay structure and pay levels.
 - The merit and increments are finalised and approved by the National Human Resources Committee (NHRC) at annual intervals, basis organisation's budgets and accomplishments as well as market reality.
 - The Bank believes in paying its employees in an equitable and fair manner basis the incumbent's Role, Personal Profile (Education/Experience etc.) as well as Performance on the Job.
 - Employees rated "Below Expectations" shall not be provided any increments, unless statutorily required.

H. A discussion of the measures the Bank will, in general implement to adjust remuneration in the event that performance metrics are weak. This should include the bank's criteria for determining 'weak' performance metrics

The Bank reviews metrics of all business units on a periodic basis and makes necessary changes to metrics to ensure satisfaction with the defined metrics and performance business outcomes across the stakeholder spectrum including investors, customers, regulator and employees. The Bank, particularly at Corporate and senior levels takes a balanced approach to performance management. High performance of an individual/ department is dependant not only on delivery of business metrics

but also achievements of control functions.

For e.g.: over-achievement of business targets would not translate into a high-performance rating if there are significant issues with portfolio quality. Cost of acquisition, both in short and long term are typically evaluated to ensure healthy bottom-line.

I. A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law)

The Bank shall announce payment of cash variable pay as suitable. Discretion is typically applied related to staggered pay-out in case large payouts, particularly for functions like Credit and Risk. Payment is prorated for employees who have worked for part of the year at the Bank. If there are significant developments in the year of payment (internal or external), management shall have leeway to announce a decision about pay-outs.

The Bank believes in the philosophy of collective ownership by its employees. Thus, ESOPs of the Bank are distributed amongst employee's, basis their criticality and performance from time to time, at the discretion of the management.

Stock option schemes at the Bank vests in a staggered manner. Besides the statutory requirement of grant and 1-year vesting, the total set of options vests in various tranches for up to a period of 4 years.

Malus/Clawback: In the event of negative contributions of the individual towards the achievements of the Banks objectives in any year, the deferred compensation should be subjected to Malus/Clawback arrangements. Similar provisions shall apply in case the individual is found guilty of any major non-compliance or misconduct issues.

Directors, if appointed/ Material Risk Takers/ other employees, as planned by the Bank/ or the relevant line of business, towards achievements of the Banks objectives in any year, the deferred compensation shall be subjected to Malus/Clawback arrangements.

J. Description of the different forms of variable remuneration that the bank utilises and the rationale for using the same

Variable Compensation at the Bank has the following distinct forms:

Cash Variable Pay

- Statutory Bonus
- Performance Pay – Performance Bonus and Monthly Variable Pay
- Rewards & Recognition

The policy has been laid out keeping the following perspectives into considerations:

- The Variable pay structure and amounts shall always conform to applicable Income Tax statutes, Labour Laws, Regulatory Requirements, any other applicable statutes and prevalent market practice.
- It is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

Statutory Bonus: Statutory Bonus in India is paid as per Payment of Bonus Act, 1965.

Monthly Variable Pay: Employees in the Sales function, directly responsible for revenue generation shall be covered under the Monthly Variable Pay, if meeting the criteria of the respective scheme. Typically, some of the entry level roles and up to two or three levels of supervision thereof shall be covered.

Performance Bonus: All employees who are not a part of any Monthly Variable Pay but part of the year end performance review will be covered under the Performance Bonus Plan the Bank. However, the actual pay-out of performance bonus shall be paid only to employees who have met the set criteria.

The Bank shall announce the payment of bonus, as suitable year on year. If there are significant developments in the year of payment (internal

or external), management shall have leeway to announce a decision about bonus payment.

Rewards & Recognition: Ujjivan shall design schemes and practices from time to time to celebrate employees / departmental / organisational success. These celebrations may include offering tokens of appreciation to employees as defined in specific schemes. Fairness of application and transparency of communication shall be the hallmark of all such schemes. These will be subject to income tax laws, as applicable. Examples of such schemes may include: Long Service Awards (currently at one, three, five, ten and fifteen yrs. of completion of service with Ujjivan), Portfolio Improvement Reward Scheme; Functional R&R Schemes; Organisational Rewards Schemes such as: Service Champion; Recognition program for Liabilities Branches for Retail Deposits; Recognition program for Asset growth in Branches, Recognition programme for support and Control verticals.

Non-cash Variable Pay

The Bank believes in the philosophy of collective ownership by its employees. Thus, ESOPs of the Bank are distributed amongst employee's basis their criticality and performance from time to time, at the discretion of the management. Stock options are granted based on a combination of parameters such as tenure and/or employees' performance.

15.2. Quantitative Disclosures

Sl. No	Quantitative Disclosures (Covers only Whole Time Directors/ CEO/Other Risk Takers ³⁵)	Numbers
1	Number of meetings held by the Nomination and Remuneration Committee during the first quarter and remuneration paid to its members.	Total Meetings Held in H2 FY 2022-23: 03 Total sitting fee paid: ₹ 15 Lakhs
2	Number of employees having received a variable remuneration award during the year.	Chief Executive Officer & Managing Director, Business Head-Housing Loans, Business Head-MicroBanking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking, TASC&TPP, Head Of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer. No. of Employees 10
3	Number and total amount of sign-on awards made during the financial year.	NIL
4	Details of guaranteed bonus, if any, paid as joining / sign on bonus.	NIL
5	Details of severance pay, in addition to accrued benefits, if any.	NIL



Sl. No	Quantitative Disclosures (Covers only Whole Time Directors/ CEO/Other Risk Takers ³⁵)	Numbers
6	Total amount of outstanding deferred remuneration , split into cash, shares and share-linked instruments and other forms.	Cash: 14 Lakhs ESOP grants: Nil Chief Executive Officer Managing Director, Business Head-Housing Loans, Business Head-MicroBanking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking, TASC&TPP, Head of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer, Chief Financial Officer-SFB
7	Total amount of deferred remuneration paid out in the financial year.	Cash- ₹ 88.7 Lakhs
8	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Fixed gross: ₹ 1094 Lakhs * Variable deferred Cash: ₹ 88.7 Lakhs **Variable non-cash (ESOP): ₹ 393 Lakhs (ESOP No. of Shares 19,63,190 granted) Fixed gross of the following employees: 'Chief Executive Officer & Managing Director, Business Head-Housing Loans, Business Head-MicroBanking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking, TASC&TPP, Head of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer, Chief Financial Officer-SFB.
9	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Variable Provisioned – ₹191.37 Lakhs (As of Mar-23)
10	Total amount of reductions during the financial year due to ex- post explicit adjustments.	NIL
11	Total amount of reductions during the financial year due to ex- post implicit adjustments.	NIL

16. TABLE DF-17: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE

Summary comparison of accounting assets versus leverage ratio exposure measure

Item	₹ in Lakhs
1 Total consolidated assets as per published financial statements	3,331,687.75
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
4 Adjustments for derivative financial instruments	
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	50,676.61
7 Other Adjustments	-43,007.66
8 Leverage ratio exposure	3,339,356.70

³⁵ Key material risk takers are internally defined as mentioned in row 2 of the above table.

17. TABLE DF 18: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE**Table DF-18: Leverage ratio common disclosure template**

Item	₹ in Lakhs
On-balance sheet exposures	
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	3,331,687.75
Domestic Sovereign	8,49,627.79
Banks in India	15,842.36
Corporates	114,151.66
Exposure to default fund contribution of CCPs	136.00
Other Exposure to CCPs	-
Others	2,351,929.94
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	-43,007.66
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	3,288,680.09
Derivative exposures	-
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-
5 Add-on amounts for PFE associated with all derivatives transactions	-
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8 (Exempted CCP leg of client-cleared trade exposures)	-
9 Adjusted effective notional amount of written credit derivatives	-
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11 Total derivative exposures (sum of lines 4 to 10)	-
Securities financing transaction exposures	-
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14 CCR exposure for SFT assets	-
15 Agent transaction exposures	-
16 Total securities financing transaction exposures (sum of lines 12 to 15)	-
Other off-balance sheet exposures	
17 Off-balance sheet exposure at gross notional amount	114,911.23
18 (Adjustments for conversion to credit equivalent amounts)	64,234.62
19 Off-balance sheet items (sum of lines 17 and 18)	50,676.61
Capital and total exposures	
20 Tier 1 capital	371,139.18
21 Total exposures (sum of lines 3, 11, 16 and 19)	3,339,356.71
Leverage ratio	
22 Basel III leverage ratio	11.11%

Presently the contribution of Tier I capital to Total Basel II capital is 87.89%. The business model of the Bank is relatively simple with a significant portion as fund-based assets. Gross advances were primarily in the nature of term loans. Since the exposure to Off Balance Items is presently low, the Leverage ratio is well above the benchmark of 4.5%.



Directors' Report

Dear Stakeholders,

On behalf of the Board of Directors (the "Board") of Ujjivan Small Finance Bank Limited (the "Bank or Ujjivan"), it is our immense pleasure to present the 7th Annual Report of the Bank along with the Audited Financial Statements and Auditor's Report thereon for the FY 2022-23.

OVERVIEW AND STATE OF AFFAIRS OF THE BANK

FY 2022-23 started on a strong note as the Bank had turnaround under the two "100-Day" plan successfully achieving the set objectives of (a) increasing business volumes, (b) improving asset-quality, and (c) stabilising team – senior/ mid-management. During the year, the Bank further built on to the strong platform created last year and was able to create several milestones across all parameters:

- i. Disbursement: ₹ 20,037 Crores for the FY 2022-23 crossing ₹ 20,000 Crores milestone; Q4 disbursements were at ₹ 6,001 Crores crossing the ₹ 6,000 Crores mark in a quarter
- ii. Deposits: Crossed ₹ 25,000 Crores milestone and closed the year with total deposits of ₹ 25,538 Crores. Total deposit accretion during the year was at ₹ 7,230 Crores
- iii. Asset Quality: Credit provisioning of only ₹ 18 Crores i.e. 0.08% of monthly average gross loan book
- iv. Microbanking cashless collections: 29% in Q4; highest in the industry
- v. Launched an unique mobile banking app "Hello Ujjivan" which is voice, vernacular and video based. The app targets to increase digital penetration in the non-tech savvy customer segment.
- vi. Net profit for the FY 2022-23 reached the ₹ 1,100 Crores mark- making Ujjivan the second most-profitable Small Finance Bank in the country as well as second most-profitable MFI player in the country.

During the year, the Bank continued to invest in creating a formidable platform to become a leading mass-market bank serving the underserved and unserved. These investment span across business aspects from technology and digital platforms to new products and verticals to human capital to infrastructure.

Technology and Digital Platforms:

- Hello Ujjivan already has 97,000+ downloads, services like repeat loans will be offered in future with this
- Upgraded CRM Next to offer features and enhance customer experience
- Implementation of Tableau at various levels for better decision making

- Video KYC went live, helping us onboard new customer

New Products & verticals:

- Micro-Lap to cater MSME small ticket size customer and graduate our micro borrowers
- Pilot of Gold Loan started to serve the needs of the customer and gain their wallet share
- Two-Wheeler loan getting ready for upscale with all systems in place
- Launched QR-code sound box to help us own customer transaction and deepen relationship
- Expanding our offering on fee-based products like Bank Guarantee, locker facilities, NPS etc

Human Capital:

- Increase in staff count: field staff 13,077 from 12,541; others 4,793 from 4,354
- Extensive training programmes being conducted to enhance knowledge and productivity

Infrastructure:

- Banking outlets: Restarted expanding our physical presence with banking outlets reaching 629 as of Mar'23
- Asset Centers: started opening asset centre to optimise processes and improve efficiency
- Other premises: expanded our other regional and corporate offices to accommodate growing scale

The strong performance was led by overall growth in business volumes across verticals. MicroBanking gross loan book grew 41% vs Mar'22 with disbursement up 51% as against FY 2021-22; majority of growth in disbursement was driven by customer acquisition (up 172% during the year). Customer growth highlights the fact that the Bank has been future-ready to take advantage of the changing. This growth was despite the changes in the regulatory framework towards the beginning of second-half which led to some initial technical glitches in fetching bureau data on household income/debt. Housing segment made new highs as it crossed ₹ 3,000 Crores gross loan book early during the year. Disbursements grew 31% vs FY 2021-22 and gross loan was up 24% vs. Mar'22. During the year, the Bank made a new strategy for the MSME business and started focusing on building a balanced portfolio of short-term and long-term products. The business is currently in transition phase and will show good turnaround in the coming year. Our Institutional lending business grew 32% YoY to ₹ 1,128 Crores of gross loan book as of 31st Mar'23 driven by 28% jump in disbursement vs FY 2021-22.

During FY 2022-23, Bank's deposit book recorded 40%

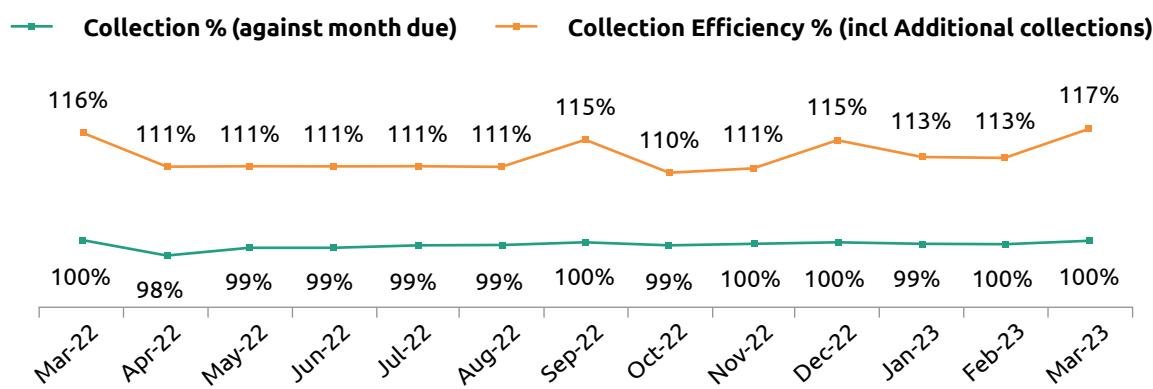
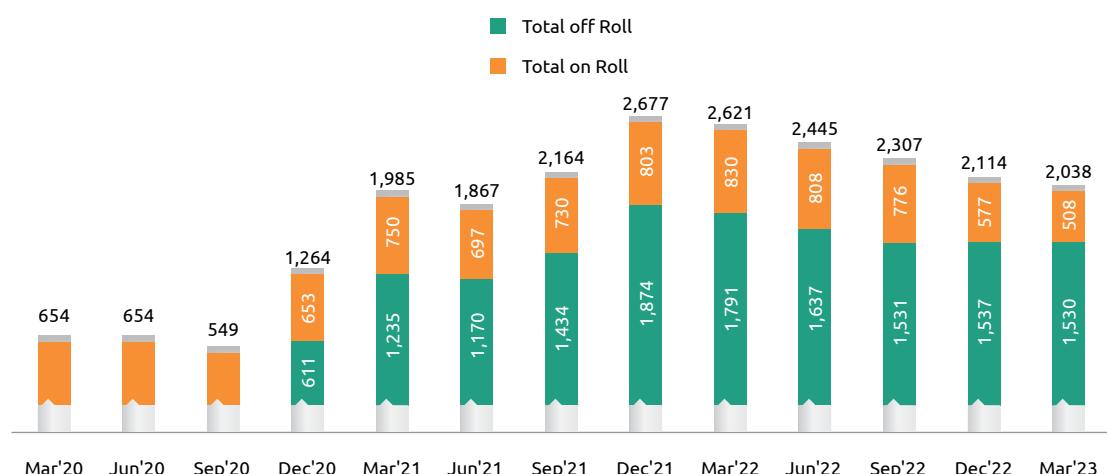
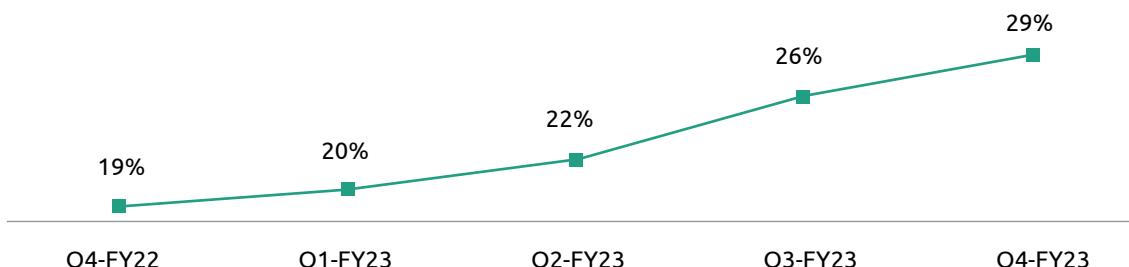
y-o-y growth driven by new retail customers. 12.9 Lac new retail deposit customers were on-boarded during the year. CASA grew by 35% y-o-y, closing at 26.4% of the total deposit book as of March 31, 2023. The Bank continues to invest in growing granular retail deposits and has been investing in various technology, digital platforms as well as human capital and infrastructure to enhance capabilities.

Collection strategy: Over last few quarters the Bank has been very diligent on collection strategy. The dynamic strategy is a mix of digital and physical infra. The physical infra is further a mix of in-house and off-roll manpower as well as multiple collection agencies. The Bank has been taking legal action to push hard bucket collections. The

efforts have been continuously yielding results in form of collections sustaining at pre-COVID levels now and every credit parameter showing consistent improvement month on month. Cash-less collections in micro lending business reached close to 30% towards the end of the year, making Ujjivan a clear industry leader in this aspect.

During the year the Bank took two interest rate hikes in the Micro lending business and also increased yields in secured business products as the REPO rates hardened during the course of the year. This, along with reducing non-performing assets, have pushed up the yields and helped the net interest margin in rising interest rate market.

CASHLESS MB COLLECTIONS





The Bank's Board comprised of 10 directors as at the end of FY 2022-23, with the MD & CEO being the Executive Director, 6 Independent Directors including 3 Women Independent Directors, 1 Non-Executive Non-Independent Director and 2 Nominee Directors.

FINANCIAL PERFORMANCE

Summary of Financial Performance

Particulars	FY 2022-23	FY 2021-22
Revenue from Operations	2,697.90	1,773.59
Other Income	589.19	359.89
Less: Operational Expenses	791.53	603.34
Personnel Expenses	920.25	812.60
Profit/loss before Depreciation, Finance Costs, Exceptional items, Provisions and Tax Expense	1575.31	717.54
Less: Depreciation/ Amortisation/ Impairment	90.28	80.44
Profit /loss before Finance Costs, Exceptional items, Provisions and Tax Expense	1,485.03	637.10
Less: Finance Costs	0	0
Profit /loss before Provisions, Exceptional items and Tax Expense	1,485.03	637.10
Less: Provisions & Contingencies	17.79	1,187.46
Add/(less): Exceptional items	0	0
Profit /loss before Tax Expense	1,467.24	-550.36
Less: Tax Expense (Current & Deferred)	367.32	-135.77
Profit /loss for the year (1)	1099.92	-414.59
Total Comprehensive Income/loss (2)	0	0
Total (1+2)	1099.92	-414.59
Balance of profit /loss for earlier years	-72.35	343.62
Less: Transfer to Debenture Redemption Reserve	0	0
Less: Transfer to Statutory Reserves	274.98	0
Less: Transfer to investment Fluctuation Reserve	46.79	0
Less: Transfer to Capital Reserves	0	1.40
Less: Dividend paid on Equity Shares	146.59	0
Less: Dividend paid on Preference Shares	22.00	0
Less: Dividend Distribution Tax	0	0
Less: Investment Reserve Account	0.34	0
Less: Transfer to Special Reserve U/S 36 (1)(viii) Income tax Act 1961	30.00	0
Balance carried forward	506.87	72.35

Key Ratios: (Comparative ratios are annualised)

Particulars	FY 2022-23	FY 2021-22
Interest income as a percentage to working funds	15.28%	13.81%
Non-interest income as a percentage to working Funds	2.16%	1.54%
Operating profit as a percentage to working funds	5.45%	2.90%
Business (deposits plus gross advances) per employee (₹ in thousands)	23,906	18,099
Profit per employee (₹ in thousands)	632.78	(252.63)
EPS (Basic) (₹)	5.82	(2.40)
EPS (Diluted) (₹)	5.81	(2.40)

TRANSFER TO RESERVES

A. Statutory Reserve

The Bank has made an appropriation of ₹ 27,49,804 ('000) to the statutory reserve for the year ended March 31, 2023 out of profits, to the Statutory Reserve, pursuant to the requirements of section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

B. Investment Fluctuation Reserve ("IFR")

During the year ended March 31, 2023, the Bank has made an appropriation of ₹ 4,67,852 ('000) to IFR from

the profit and loss account so as to reach to the figure of 2% of its HFT and AFS Investment portfolio.

DIVIDEND

The Bank has formulated and implemented a Dividend Distribution Policy pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and RBI Requirements with an objective to appropriately reward shareholders through dividends for reposing their confidence in the

Bank while retaining the capital required for supporting future business growth. The said Policy is available on the website of the Bank at www.ujjivansfb.in/corporate-governance-policies.

A. Equity Dividend

In accordance with its Dividend Distribution Policy, the Board of Directors of the Bank in its meeting held on February 21, 2023 has declared an interim dividend of ₹ 0.75 (7.5%) per equity share for the FY 2022-23. The record date for the purpose of determining the members eligible to receive the interim dividend was fixed as March 01, 2023 and the interim dividend amount of ₹ 146.59 Crores (before TDS) was distributed to the equity shareholders on March 08, 2023.

Further, the Board of Directors in its meeting held on May 11, 2023 has recommended a final equity dividend at the rate of ₹ 0.50 per share (5%) for the FY 2022-23. The final dividend will be subject to the approval by the members of the Bank at its ensuing 7th Annual General Meeting ("AGM").

B. Preference Dividend

In accordance with the term sheet executed for the issuance of perpetual non-cumulative preference shares, the Board of Directors of the Bank in its meeting held on February 21, 2023 had declared an interim preference dividend of Rs 0.55 (5.5%) per preference share which was paid to the preference shareholder on March 06, 2023. Further, the Board in its meeting held on May 11, 2023, has approved the balance preference dividend of ₹ 0.55 (5.5%) for the FY 2022-23 which was paid to the preference shareholder on May 16, 2023.

The aforesaid equity dividend and preference dividend translates to a dividend pay-out ratio of 24.21% for the FY22-23.

Following are details of increase in the paid-up capital during the Financial Year 2022-23:

Sr	Particulars	Amount (in ₹)
1	Paid-up Capital at the beginning of the Financial Year	19,28,31,42,050
2	Equity Shares issued and allotted by way of Qualified Institutions Placement (QIP) on September 15, 2022	2,26,19,04,760
3	Equity Shares allotted under the ESOP Scheme 2019	20,19,440
4	Paid-up Capital at the end of the Financial Year	21,54,70,66,250

B. ISSUE OF EQUITY SHARES OR OTHER CONVERTIBLE SECURITIES

During the FY 2022-23, following equity shares were issued and allotted:

Sr	Particulars	No. of shares	Total Nominal Price (in ₹)	Total Issue Price including premium (in ₹)
1.	Equity Shares issued and allotted by way of Qualified Institutions Placement (QIP) on September 15, 2022	22,61,90,476	2,26,19,04,760	4,74,99,99,996.00
2.	Equity Shares allotted under the ESOP Scheme 2019 on February 09, 2023	87,814	8,78,140	17,51,889.30
3.	Equity Shares allotted under the ESOP Scheme 2019 on March 14, 2023	1,14,130	11,41,300	22,65,496.80

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Bank during FY 2022-23.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have occurred after the closure of the FY 2022-23 till the date of this report, which might have affected the financial position of the Bank.

REVISION OF FINANCIAL STATEMENT OR THE DIRECTORS' REPORT

The Bank has not revised its financial statements or the directors' report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of any judicial authority.

GENERAL INFORMATION

Detailed overview of the banking industry and important changes therein, external environment and economic outlook have been elaborated in the Management and Discussion Analysis Report which forms part of the Annual Report of the Bank for the FY 2022-23.

CAPITAL AND DEBT STRUCTURE

A. CHANGES IN CAPITAL STRUCTURE

There were no changes in the Authorised Capital of the Bank during the FY 2022-23. As on March 31, 2023, the Authorised Capital of the Bank comprises of the following:

- 2,30,00,00,000 Equity Shares of ₹ 10 each aggregating to ₹ 2,300 Crores
- 20,00,00,000 11% Preference Shares (perpetual, non-convertible, noncumulative) of ₹ 10 each aggregating to ₹ 200 Crores



Qualified Institutions Placement

The Bank in order to meet the requirement of Minimum Public Shareholding as per the Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Rule 19(2) of the Securities Contracts (Regulation) Rules, 1957 and other applicable circulars, sought shareholders' approval via Notice of Postal Ballot dated February 21, 2022 "to consider and approve raising of funds and issuance of securities upto ₹ 600 Crores through Qualified Institutions Placement basis or through any other permissible mode, in one or more tranches". The aforesaid resolution was approved by the shareholders on March 26, 2022.

Basis the aforesaid approval, the Board of the Bank on September 15, 2022, approved the allotment of 22,61,90,476 Equity Shares of face value ₹ 10 each to eligible qualified institutional buyers at the issue price of ₹ 21 per Equity Share (including a premium of ₹ 11 per Equity Share) aggregating to ₹ 4,74,99,99,996 (Rupees Four Hundred Seventy-Four Crores Ninety Nine Lakhs Ninety Nine Thousands Nine Hundred Ninety Six only). Resultant to the aforesaid allotment the promoter shareholding in the Bank was brought down from 83.32% to 73.68%. As on March 31, 2023, the promoter shareholding in the Bank is 73.67%.

C. ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS AND/OR SWEAT EQUITY SHARES

During the FY 2022-23, the Bank has neither issued any equity shares with differential rights nor any sweat equity shares.

D. EMPLOYEE STOCK OPTIONS/ SHARE BASED EMPLOYEE BENEFIT SCHEMES

The Bank has formulated and implemented ESOP 2019 Scheme and ESPS 2019 Scheme to reward the employees of the Bank, and employees of its present or future subsidiary(ies) and/or holding

During the FY 2022-23, following grants have been made to the eligible employees with the approval of the Nomination and Remuneration Committee of the Bank:

Sr. No	Date of grant	Number of options	Price (₹)
1.	June 08, 2022	80,685	16.70
2.	November 18, 2022	5,02,481	26.39
3.	January 27, 2023	4,73,93,431	27.5
4.	February 20, 2023	2,52,496	27.4
Total		4,82,29,093	-

No change has been made in the ESOP 2019 Scheme during the FY 2022-23 and following are the details of ESOP 2019 as on March 31, 2023:

Particulars	Details
Options granted and outstanding at the beginning of the year (A)	5,44,95,333
Options granted during the year (B)	4,82,29,093
Options vested during the year	83,02,994
Options exercised during the year (C)	2,23,918

company(ies), for their association and performance as well as to motivate them to contribute to the growth and profitability of the Bank.

ESOP 2019 Scheme:

The Bank, pursuant to the resolutions passed by the Board on January 22, 2019 and by the Members on March 29, 2019, adopted the ESOP 2019 Scheme. The Bank in its 4th Annual General Meeting held on September 02, 2020 has ratified the ESOP 2019 Scheme as required under the SEBI (Share Based Employee Benefits) Regulations, 2014. The Bank may grant an aggregate number of up to 14,40,00,000 stock options under the ESOP 2019 Scheme. Upon exercise and payment of the exercise price, the option holder will be entitled for allotment of one equity share per stock option. Accordingly, the number of equity shares that may be issued under the ESOP 2019 Scheme shall not exceed 14,40,00,000 equity shares of face value ₹ 10 each.

The ESOP 2019 Scheme is effective from March 29, 2019. The objectives of ESOP 2019 Scheme are, among others, to attract and retain employees with stock options as a compensation tool. Through ESOP 2019 Scheme, the Bank offers an opportunity of sharing the value created with those employees who have contributed or are expected to contribute to the growth and development of the Bank.

The ESOP 2019 Scheme has been framed and implemented in compliance with provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, now SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, Companies Act, 2013 and rules made thereunder and relevant guidance notes and accounting standards.

As on March 31, 2023, 11,99,71,861 stock options have been granted by the Bank under ESOP 2019 Scheme to eligible employees of the Bank and its Holding Company.

Particulars	Details
The total number of shares arising as a result of exercise of options	2,01,944*
Options forfeited / lapsed during the year (D)	1,38,29,524 Note: All the lapsed options are being added back to the ESOP pool
Variation in terms of options	None
Money realised by exercise of options	4,526,550.98
Total number of options in force	88,670,984
= (A) + (B) – (C) – (D)	
Details of options granted during the year to:	
Key Managerial Personnel*	<ol style="list-style-type: none"> Mr. Ittira Davis – MD & CEO – 2,21,970 options granted on November 18, 2022 Mr. Ramesh Murthy – CFO – 79,724 options granted on November 18, 2022 Mr. Sanjeev Barnwal – CS – 2,20,171 options granted on January 27, 2023
Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil
Identified employees who were 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

*21,974 options exercised in the month of March 2023 have been allotted on April 12, 2023.

The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 read with Circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by SEBI are available on the website of the Bank at www.ujjivansfb.in.

ESPS 2019 Scheme:

The Bank, pursuant to the resolutions passed by the Board on July 30, 2019 and by the Members on August 03, 2019, adopted the ESPS 2019 Scheme. The ESPS 2019 Scheme has been framed and implemented in compliance with provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 now, SEBI (Share Based Employee Benefits & Sweat Equity) Regulations 2021, Companies Act, 2013 and rules made thereunder and relevant guidance notes and accounting standards.

The objective of the ESPS 2019 Scheme is inter-alia to reward the eligible employees of the Bank and its Holding Company for their association and performance as well as to motivate them to contribute to the growth and profitability of the Bank.

Pursuant to the ESPS 2019 Scheme, the Board is authorised to issue up to 7,20,01,840 fully paid up equity shares of the face value of ₹ 10 each with pari-passu voting rights, to the eligible employees (as defined under the ESPS 2019 Scheme), in accordance with the terms and conditions as may be decided by the Nomination and Remuneration Committee of the Bank.

The ESPS 2019 Scheme was implemented under two schemes, viz. Upfront Scheme and Monthly Scheme. Under the Upfront Scheme, the employees made upfront payments to purchase the equity shares and equity shares were allotted to them while under the Monthly Scheme, the employees opened a monthly recurring deposit account and the equity shares were allotted to such employees at the end of the 12 months.

The Nomination and Remuneration Committee has been entrusted with the responsibility of administering the ESPS 2019 Scheme. As of March 31, 2023, 1,40,75,166 shares were allotted at ₹ 35 per share (including premium of ₹ 25 per share) pursuant to the exercise of options under ESPS 2019 Scheme. **However, no ESPS was granted or exercised during the FY 2022-23.**

The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 read with Circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by the SEBI are available on the website of the Bank at www.ujjivansfb.in.

Further as per Regulation 13 of the SEBI (Share Based Employee Benefit and Sweat Equity) Regulations, 2021, the Board of Directors have obtained the certificate from the Secretarial Auditor of the Bank, K Jayachandran, certifying that the schemes have been implemented in accordance with these regulations and in accordance with the resolution of the Bank in the general meeting. The same has been enclosed as “Annexure - 6” to this report.



E. ISSUE OF DEBENTURES, BONDS OR ANY NON-CONVERTIBLE SECURITIES OR WARRANTS

During the FY 2022-23, the Bank, pursuant to a resolution passed by its Board on June 08, 2022 considered and approved the proposal for raising funds by way of issuance of non-convertible debt securities upto ₹ 1,500 Crores (Rupees One thousand Five Hundred Crores) on a private placement basis, in

one or more tranches, within a period of 1 (one) year from the date of seeking shareholders' approval, in compliance with all applicable directions and regulations of the Reserve Bank of India, SEBI, other governmental authorities, and any other person, as may be required/applicable. The Bank through its postal ballot notice dated June 08, 2022 sought the shareholders' approval for aforesaid issue and the resolution was approved on July 12, 2022.

Pursuant to the aforesaid approval, the Bank made following allotments of Non-Convertible Debentures (NCDs) having a face value of ₹ 1,00,000 (Indian Rupees One Lakh), during the FY 2022-23:

Sr	Date of Allotment	No. of Securities Allotted	Aggregate Amount (in ₹)
1.	August 26, 2022	22,500	225,00,00,000
2.	September 09, 2022	7,500	75,00,00,000
TOTAL		30,000	300,00,00,000

Further, following are the details of the NCDs issued and allotted:

Sr	Particulars	Details
1.	Type of Securities	Subordinated, rated, unlisted, unsecured, transferable, redeemable, fully paid up, non-convertible debentures.
2.	Type of issuance	Private Placement
3.	Face Value	₹ 1,00,000 each
4.	Date of Maturity	April 26, 2028 ("Final Redemption Date")
5.	Coupon/Interest Offered	11.95% (eleven decimal nine five percent) per annum ("Interest Rate")
6.	Schedule of payment of Coupon/Interest	Monthly
7.	Schedule of Payment of Principal Amount	Bullet payment, on the Final Redemption Date
8.	Credit Rating	Care Ratings Limited - CARE A+; Stable (Single A Plus; Outlook: Stable)
9.	Capital Classification	Tier II Capital in accordance with the Reserve Bank of India's circular on "Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework (NCAF)" dated July 01, 2015

DILUTION OF PROMOTER'S SHAREHOLDING AND REVERSE MERGER

Pursuant to the Guidelines for licensing of "Small Finance Banks" in the private sector issued by RBI on November 27, 2014 ("SFB Licensing Guidelines"), the Promoter of the Bank i.e. Ujjivan Financial Services Limited (UFLS) was required to reduce its shareholding in the Bank to 40% of the paid-up Equity Share capital of the Bank within a period of five years from the date of commencement of business operations by the Bank i.e. by January 31, 2022 and thereafter required to reduce its shareholding in the Bank to 30% and 26% of its paid-up Equity Share capital within a period of 10 years and 12 years, respectively, from the date of commencement of the business operations.

RBI vide its letter dated July 09, 2021 permitted the Bank to apply for the amalgamation of holding company with small finance bank, in terms of provisions of Master Direction on Amalgamation of Private Sector Banks, Directions, 2016 dated April 21, 2016, Three (3) months prior to completing five years from the date of commencement of business of small finance bank.

Further, recommendations of the Internal Working Group to Review Extant Ownership Guidelines and Corporate

Structure for Indian Private Sector Banks, dated October 20, 2020 and November 20, 2020 that, no intermediate sub-targets between five to 15 years may be required and that promoters may submit a dilution schedule which may be examined and approved by the RBI, were accepted by RBI without any modification vide its circular dated November 26, 2021.

Accordingly, the Bank initiated necessary steps for the reverse merger of Ujjivan Financial Services Limited with the Bank in accordance with applicable laws and guidelines. Merger of the Promoter entity with the Bank will suffice the requirement of promoter shareholding dilution.

The Board of the Bank in its meeting held on October 14, 2022, considered and approved a Scheme of Amalgamation ("Scheme") between Ujjivan Financial Services Limited (UFLS, promoter of the Bank) and the Bank and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. The following table highlights the progress made in the Reverse Merger process during the financial year:

Sr	Process	Date
1.	Approval of the Scheme of Amalgamation by the Board of Directors of USFB and UFSL	October 14, 2022
2.	Filing of the Scheme and applications with the Stock Exchanges	October 19, 2022
3.	Filing of the Scheme with the RBI for its No-Objection Certificate	October 19, 2022
4.	Receipt of No-Objection Certificate from RBI	February 01, 2023
5.	Receipt of No-Observation Letters from the Stock Exchanges	March 09, 2023
6.	Filing of Joint Application with the Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench	March 29, 2023

The Bank now awaits the directions / orders from the Hon'ble NCLT on the next course of action including holding of meetings of various stakeholders.

CAPITAL ADEQUACY

The Bank is subject to the Basel II Capital Adequacy guidelines (NCAF) as stipulated by RBI. The Capital to Risk Assets Ratio (CRAR) of the Bank is calculated as per the Standardised Approach (SA) for Credit Risk.

CRAR of the Bank is calculated on the basis of RBI NCAF guidelines. The CRAR of the Bank as at March 31, 2023 using Risk Weighted Assets for credit risk related exposures only, as required under the operating guidelines of RBI for Small Finance Banks, was 25.81% against a minimum requirement of 15% and Tier I capital ratio was 22.68% against the minimum requirement of 7.5%. The Bank's leverage ratio was 11.11% as against the minimum requirement of 4.5%.

CREDIT RATING

Credit ratings assigned to Long Term Bank Facilities, Subordinated Non-Convertible Debentures and Certificate of Deposit Programme of the Bank as on March 31, 2023:

Instrument Name	Name of Credit Rating Agency	Amount (₹ In Crores)	Rating	Date of Credit Rating	Revision in the Credit Rating
Long Term Bank Facilities	CARE Ratings Limited	500.00	CARE A+; Stable	September 06, 2017	Reaffirmed on January 05, 2023
Certificate of Deposit Programme	CRISIL Ratings Limited	2500.00	CRISIL A1+	February 26, 2018	Reaffirmed on February 16, 2023
Subordinated Non-Convertible Debentures	CARE Ratings Limited	500.00	CARE A+; Stable	November 24, 2022	Reaffirmed on January 05, 2023

TRANSFER OF UNPAID AND UNCLAIMED AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 124 & 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the dividend that remains unpaid or unclaimed for a period of seven consecutive years from the date of transfer, are required to be transferred to the Investor Education and Protection Fund (IEPF).

Being the 6th Financial Year, there were no amounts due for transfer to IEPF.

BOARD AND KEY MANAGERIAL PERSONNEL

Following changes took place in the Board Composition during the FY 2022-23:

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
1.	Ms. Sudha Suresh (Independent Director) DIN:06480567	Re-categorisation	April 01, 2022	Reason for re-categorisation: Ms. Sudha Suresh was appointed as a Non-Executive Non-Independent Director of the Bank on August 20, 2021. After completion of three years post her resignation as a Director on the Board of the Bank's Holding Company, Ujjivan Financial Services Limited, she fulfilled all the requirements for being designated as an Independent Director. Therefore, she was re-categorised as an Independent Director of the Bank w.e.f. April 01, 2022. Her appointment as an Independent Director was approved by the shareholders of the Bank on March 26, 2022 through Postal Ballot process. In terms of Section 152 of the Companies Act, 2013, she is not liable to retire by rotation.



Sr. No	Name of the Director	Type of change	Effective Date	Remarks
2.	Ms. Anita Ramachandran DIN: 00118188	Appointment	July 01, 2022	<p>Reason for appointment:</p> <p>Ms. Anita is a well-known HR expert in the country and has over 40 years of experience as a management consultant. She is also one of the first generation of women professionals to become an entrepreneur and run a highly successful HR consulting and services organisation.</p> <p>She has been an Independent Director on company Boards for the last 20 years and has in this capacity been associated with a wide range of industries. She is currently on the Board of Grasim, Metropolis Healthcare, Happiest Minds and several other companies.</p> <p>She meets the criteria of independence as prescribed under Section 149(6) of Companies Act, 2013 read with Rule 5 of Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16(1) (b) of SEBI Listing Regulations. She also meets the fit and proper criteria as prescribed under the applicable RBI Circular.</p> <p>Considering her qualifications, experience and expertise the Board was of the opinion that her guidance will be valuable for the Bank. Her appointment was approved by the shareholders on July 12, 2022 through Postal Ballot.</p> <p>In terms of Section 152 of the Companies Act, 2013, she is not liable to retire by rotation.</p>

The brief profiles of the Directors are available on the website of the Bank at <https://www.ujjivansfb.in/board-of-director>.

A. KEY MANAGERIAL PERSONNEL

As on March 31, 2023, pursuant to Section 203 of the Companies Act, 2013, Mr. Ittira Davis, Managing Director and CEO, Mr. M D Ramesh Murthy, Chief Financial Officer and Mr. Sanjeev Barnwal, Company Secretary and Compliance Officer are the Key Managerial Personnel ("KMP") of the Bank.

Following changes took place in the list of Key Managerial Personnel during the FY 2022-23:

Sr. No	Name of the KMP	Type of change	Effective Date	Remarks
1	Mr. Sanjeev Barnwal (Company Secretary & Head of Regulatory Framework)	Appointment	April 05, 2022	<p>Mr. Sanjeev Barnwal was appointed as the Company Secretary and Compliance Officer of the Bank vice Mr. Chanchal Kumar.</p> <p>Rationale for appointment:</p> <p>Mr. Sanjeev Barnwal has corporate experience of 19+ years and has been associated with Ujjivan for the last 8+ years where he has played pivotal roles in several key milestones including private equity raise, IPO & listing, banking licence application and processing, Bank formation. His last role was as the Chief Executive Officer, Company Secretary and Compliance Officer of Ujjivan Financial Services Limited (holding company of the Bank). Previously, he has worked with SMC Capitals Limited, CMC Limited, Elite Stock Management Limited and SBEC Sugar Limited. Mr. Barnwal is a qualified Company Secretary and holds a degree in Law, Diploma in Business Management from ICFAI University and NCFM Compliance Officer (Corporate) Module Certification.</p> <p>His appointment was in compliance with the Section 203 of Companies Act, 2013 and rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p>

The brief profiles of the Key Managerial Personnel are available on the website of the Bank at <https://www.ujjivansfb.in/management-team>.

DECLARATION BY INDEPENDENT DIRECTORS AND STATEMENT ON COMPLIANCE OF CODE OF CONDUCT

The Bank has received declarations from all its Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI Listing Regulations and that they have complied with the code of conduct for independent directors as prescribed under Schedule IV of the Companies Act, 2013. Further, pursuant to Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors of the Bank have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, to impair or impact their ability to discharge their duties with an objective of independent judgment and without any external influence.

In the opinion of the Board, all the Independent Directors meet the criteria with regards to integrity, expertise and experience (including proficiency*) as required under applicable laws.

**All Independent Directors of the Bank have registered themselves in the data bank as specified under Section 150 of the Companies Act, 2013 read with Rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014. Few Independent Directors have qualified the prescribed proficiency test. The Independent Directors (not exempted under the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2020 as notified on*

December 18, 2020) are committed to qualify the online proficiency self-assessment as required under aforesaid Rule within the prescribed timeline.

The Bank has also received from its directors, a statement that they have complied with the Code of Conduct for Directors and Senior Management of the Bank.

NUMBER OF MEETINGS OF THE BOARD

The Board met 09 (Nine) times during the FY 2022-23. The meetings of the Board of Directors were convened in accordance with applicable laws and standards and the intervening gap between the said meetings was not exceeding 120 days. The details of Board Meetings are available in the Corporate Governance Report which forms a part of the Annual Report of the Bank for the FY 2022-23.

BOARD COMMITTEES

The Bank believes that the Board Committees are pillars of good corporate governance. In pursuit of the highest standard of corporate governance and to comply with the provisions of the Companies Act, 2013, SEBI Listing Regulations and RBI guidelines, the Bank has constituted various statutory and regulatory Board Level Committees. Further, in order to improve the Board effectiveness, efficiency and faster decision making, the Bank has also constituted a few non-statutory and non-regulatory Board Level Committees for better governance and supervision.

As on March 31, 2023, the Bank had 12 (Twelve) Board Committees which are given below:

Sr. No.	Board Committee	Companies Act, 2013	SEBI Listing Regulations	RBI Requirements
1.	Audit Committee	Yes	Yes	Yes
2.	Risk Management Committee	No	Yes	Yes
3.	Nomination and Remuneration Committee	Yes	Yes	Yes
4.	Stakeholders Relationship Committee	Yes	Yes	No
5.	IT Strategy Committee	No	No	Yes
6.	Customer Service Committee	No	No	Yes
7.	Fraud Committee (Special Committee of Board for Monitoring High Value Frauds)	No	No	Yes
8.	Review Committee of Willful defaulters	No	No	Yes
9.	Corporate Social Responsibility Committee	Yes	No	No
10.	Committee of Directors	No	No	No
11.	Business Strategy Committee	No	No	No
12.	Merger and Placement Committee (earlier Promoter Shareholding Dilution Committee)	No	No	No

The details of composition, number of meetings held and date thereof and terms of reference of the above Committees are available in the Corporate Governance Report which forms a part of the Annual Report of the Bank for the FY 2022-23.

RECOMMENDATIONS OF AUDIT COMMITTEE

During the FY 2022-23, there was no incidence, where the Board has not accepted any recommendations of the Audit Committee.

BOARD EVALUATION

The Board has carried out an annual evaluation of its own performance, the performance of Board Committees

and Individual Directors pursuant to the provisions of Section 178 read with Schedule IV of Companies Act, 2013, Regulation 19 of the SEBI Listing Regulations and applicable RBI guidelines.

The performance evaluation was carried out by the Nomination and Remuneration Committee and by the Board in their meetings held on February 20, 2023 and February 21, 2023 respectively.



The approved evaluation formats and criteria are in line with the SEBI Guidance Note on Evaluation dated January 05, 2017.

The Nomination and Remuneration Committee has laid down comprehensive parameters for evaluation, a few of which are listed below:

- I. **The Board:** Composition, structure, meetings, functions, management and professional development, ethics and compliance among others.
- II. **The Committees:** Mandate & Composition, effectiveness, structure, meetings, independence of the committee, contribution to decision making of the Board, among others.
- III. **Individual directors (including Chairperson, Independent Directors and Non-Independent Directors):** Leadership, Commitment, Contribution, Experience, Expertise, Independence, Integrity, Attendance, Responsibility, Flow of Information among others.

The performance of the Board and Board Committees was evaluated after seeking inputs from all the directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of the Individual Directors on the basis of the approved criteria for evaluation. In addition, the Chairman and Managing Director & CEO were also evaluated on the key aspects of their roles.

Performance evaluation of Directors was done by the Nomination and Remuneration Committee and entire Board, excluding the Director being evaluated. The Committee evaluated the performance of Directors and noted that:

- i. The Directors had requisite competency, qualification, commitment and integrity.
- ii. The Directors had long term vision, industry knowledge and expertise and were wholly committed and provided ethical leadership to the Bank.
- iii. The Directors had the ability to function as a team.
- iv. Further, the Directors were regular in attending meetings and contributed effectively during the discussions.
- v. There was no apparent conflict of interest and that they expressed their opinion freely.

Further, performance of Non-Independent Directors, the performance of the Board as a whole, the performance of the Chairman and quality, quantity and timeliness of the flow of information between the Bank's Management and its Board were also evaluated.

REMUNERATION OF DIRECTORS AND EMPLOYEES

The remuneration being paid to the MD & CEO is in conformity with the RBI approval.

The remuneration of Non-Executive Directors was paid only by way of sitting fees which is within the limit prescribed under Section 197(5) of the Companies Act, 2013.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as **Annexure-1**. In terms of Section 136(1) of the Companies Act, 2013, the annual report and the financial statements are being sent to the Members excluding the disclosures in terms of Rule 5(2) and (3) as mentioned above. The same is available for inspection and any Member interested in obtaining a copy of the Annexure may write to the Company Secretary of the Bank.

REMUNERATION RECEIVED BY THE MANAGING DIRECTOR/WHOLE-TIME DIRECTOR FROM HOLDING OR SUBSIDIARY COMPANY

During the FY 2022-23, the MD & CEO, has not received any remuneration or commission from Ujjivan Financial Services Limited, Holding Company of the Bank. Bank had no subsidiary Company during the FY 2022-23.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Complying with Regulation 25(7) of SEBI Listing Regulations and RBI guidelines, Familiarisation Programmes were conducted during the FY 2022-23 to give an overview and introduction to the Independent Directors about the Bank's business and operations.

Under this programme, newly appointed independent directors are apprised with the organisation structure, operational overview, financial overview, board matters and procedures, key risk issues and its mitigation strategy, among others.

Further, all the newly appointed Board Members undergo a face to face induction schedule where the Bank's Management Team provides insights about the affairs of their function and of the Bank as a whole.

The details of such programme are available on the website of the Bank at <https://www.ujjivansfb.in/corporate-governance-policies>

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls established and maintained by the Bank, work performed by the internal, statutory and secretarial auditors, reviews performed by the Management and the relevant Board Committees, the Board, in concurrence with the Audit Committee, is of the opinion that the Bank's internal financial controls were adequate and effective as on March 31, 2023.

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board, to the best of its knowledge, hereby confirms and states that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SHAREHOLDING OF DIRECTORS AND KMPs

Following is the shareholding of the Directors and KMPs in the shares of the Bank as on March 31, 2023:

- Mr. Ittira Davis (MD & CEO) holds 2,00,000 equity shares
- Mr. Samit Ghosh (Non-Executive Non-Independent Director) holds 35,47,143 equity shares
- Mr. Sanjeev Barnwal (Company Secretary) holds 14,000 equity shares

NOMINATION AND REMUNERATION POLICY

The Bank pursuant to the provisions of Section 178(3) of the Companies Act, 2013, Regulation 19 of SEBI Listing Regulations and RBI Requirements has formulated and adopted a Nomination and Remuneration Policy on directors' appointment and remuneration and the criteria for determining qualification, positive attributes and independence of directors, which is available on the website of the Bank at www.ujjivansfb.in/corporate-governance-policies.

RISK MANAGEMENT

The Risk Management Committee ("RMC") of the Board comprises of experienced directors from diverse

backgrounds who bring in the best risk management practices to the Bank. The RMC presently comprises of 6 (Directors) directors of which 4 (four) are Independent Directors.

The RMC fulfils its roles and duties through various management level risk committees. Risk-specific management level committees have also been constituted such as the Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Asset Liability Committee (ALCO), which also oversees Market Risk management and Risk Management Committee (RMC- Mgmt. Level). These committees are entrusted with the task to identify, measure, mitigate and monitor various risks on a day to day basis.

The frequency, members and the quorum required for these management level committees are furnished in the governance document on management committees. These committees meet at regular intervals to assess and monitor the levels of risk pertaining to all facets of banking operations.

The Bank has identified the following risks as Pillar I risks, in line with the RBI NCAF guidelines:

- Credit Risk
- Operational Risk
- Market Risk

In addition to the above-mentioned Pillar-I risks, the Bank also monitors the following second order or derived risks (Pillar II Risks) using specialised methodologies. The Bank has onboarded specialised personnel for monitoring the same and a comprehensive analysis is undertaken under its Internal Capital Adequacy and Assessment Process (ICAAP).

- Liquidity Risk
- Concentration Risk
- Interest Rate Risk in Banking Book
- Underestimation of Credit Risk
- Strategic Risk
- Reputational Risk
- Compliance Risk
- Outsourcing Risk
- People Risk
- Group Risk
- Securitisation risks
- Information technology and Information Security risk (including Cyber Security)
- Fintech risk
- Climate Risk
- Environment, Social and Governance (ESG) risks

The Bank's Risk Management Framework is based on a clear understanding of the above risks, disciplined



risk assessment and measurement procedures and continuous monitoring. For the emerging risks in the areas of climate risk and ESG compliance, the Bank has constituted a research-based approach culminating into policy advocacy. The policies and procedures established for this purpose are continuously benchmarked with international best practices. The Bank has oversight on all the risks through regular monitoring of Key Risk Indicators, thematic reviews, root cause analysis and tolerance/appetite statements against major risks.

Further, the Board reviews the Risk Management Framework of the Bank and verifies adherence to various risk parameters and compliances at least at quarterly intervals or more frequently if the situation so warrants. The RMC endorses risk related reports/findings and provides a recommendation to approve risk-related policies, including the quarterly/half-yearly/annual review reports of major risks.

From governance perspective, the Bank has in place an effective risk management policy(s) that highlights the functions, implementation and role of the Risk Management Committee of the Board and the Board of Directors.

In compliance to the Pillar-III requirements of BCBS/RBI, the Bank has in place a Board approved policy on Disclosures that addresses its approach for determining what disclosures it will make and the internal controls over the disclosure process. The Bank is currently in the process of enhancing the scope of coverage in compliance to requirements stated by Task Force for Climate Related Disclosures (TCFD framework).

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Bank's Whistle Blower Policy allows employees, directors, other stakeholders of the Bank such as customers, NGOs, the Group (if any), Joint Ventures (if any), Suppliers, Contractors, NGOs and members of the public to report matters such as genuine grievances, corruption, fraud, misconduct, and instances of leakage of unpublished price sensitive information, misappropriation of assets and non-compliance of code of conduct of the Bank or any other unethical practices.

Utmost protection has been accorded to the whistle blowers and their identities are kept confidential.

The Policy also further provides an adequate safeguard against victimisation to the Whistle Blower and enables them to raise concerns and also provides an option of direct access to the Chairperson of the Audit Committee.

Name and Address of the Whistle and Ethics Officer

Ms. Chandrakha Chaudhuri

Ujjivan Small Finance Bank Limited

Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Bangalore – 560095, Karnataka

Email- chandrakha.chaudhuri@ujjivan.com

Protected disclosures against the Whistle and Ethics Officer need to be addressed to the Managing Director and CEO of the Bank and the protected disclosure against the Managing Director and CEO of the Bank are required to be addressed to the Chairperson of the Audit Committee.

Name and Address of MD & CEO of the Bank

Mr. Ittira Davis

Ujjivan Small Finance Bank Limited
Grape Garden, No. 27, 3rd "A" Cross, 18th Main,
6th Block, Koramangala, Bengaluru – 560095,
Karnataka

Email: ittira.davis@ujjivan.com

Name and Address of the Chairperson of the Audit Committee

Mr. Rajesh Kumar Jogi

701, Dheeraj Devika, Hill Road, Bandra West,
Mumbai- 400050, Maharashtra

Email: rajesh.jogi@ujjivan.com

During the FY 2022-23, no one has been denied access to the Chairperson of the Audit Committee.

The Whistle Blower Policy is available on the website of the Bank at www.ujjivansfb.in/corporate-governance-policies

The confidentiality of those reporting violations is strictly maintained and they are not subjected to any discriminatory practice.

The status of the whistle blower complaints received and resolved by the Bank:

Particulars	Number of Complaints
Number of Whistle Blower Complaint at the beginning of the FY 2022-23	0
Number of Whistle Blower Complaint received during the FY 2022-23	16
Number of Whistle Blower Complaint resolved during the FY 2022-23	15
Number of Whistle Blower Complaint at the end of the FY 2022-23	01

ADEQUACY OF INTERNAL CONTROL

The Bank has laid down certain guidelines, policies, processes and structures to enable the implementation of appropriate internal financial controls across the Bank. These control processes enable and ensure orderly and efficient conduct of the Bank's business, including the safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. There are control assessments for both the Bank's critical operating processes and IT applications, including ERP applications, wherein the transactions are

approved and recorded. These controls are both manual and automated. Review and control mechanisms are built in to ensure that such control systems are adequate and operating effectively.

The Bank is cognizant of inherent limitations in internal financial controls, in that the scope of coverage is vast and continuously evolving including the possibility of collusion or improper management override of controls, material mis-statements in financial reporting due to error or fraud may occur and may not be detected. Also, evaluation of the internal financial controls is subject to the risk that the internal financial control may become inadequate because of changes in conditions or that the compliance with the policies or procedures may deteriorate. To that effect, the Bank has put in place a robust Risk Acceptance policy where residual risks are deliberated for acceptance.

The Bank has, in all material respects, an adequate internal financial controls system and such internal financial controls were operating effectively based on the internal control criteria established by the Bank considering the essential components of internal controls stated in the guidance note on audit of internal control over financial reporting issued by the Institute of Chartered Accountants of India.

FRAUDS REPORTED BY THE AUDITORS

During the FY 2022-23, neither the Statutory Auditors nor the Secretarial Auditor has reported to the Audit Committee/Board or Central Government any instances of material fraud in the Bank by its officers or employees under Section 143(12) of the Companies Act, 2013.

DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

A. REPORT ON PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no Subsidiary Company, Associate Company and Joint Venture of the Bank during the FY 2022-23.

B. COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

No Company became or ceased to be Subsidiary Company, Associate Company and Joint Venture of the Bank during FY 2022-23.

DEPOSITS

The Chapter V of the Companies Act, 2013 does not apply to the Bank. During the FY 2022-23, the Bank has accepted deposits from the public in the ordinary course of its banking business. The details of the deposits are enumerated in the Financial Statement for FY 2022-23.

Being a banking company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable to the Bank.

PARTICULARS OF LOANS, GUARANTEES AND/OR INVESTMENTS

The provisions of Section 186 of Companies Act, 2013 except sub-section (1) do not apply to a loan made, guarantee given or security provided by a banking company in the ordinary course of business.

RELATED PARTY TRANSACTIONS AND CONTRACTS/ARRANGEMENTS

There was no materially significant related party transaction entered between the Bank and its related parties, except for those disclosed in the financial statement.

All the contracts/arrangements/transactions entered by the Bank with the related parties during the FY 2022-23 were on arm's length basis; accordingly, the disclosure of particulars of contracts/ arrangements entered into by the Bank with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 in Form AOC-2 is not applicable.

The Bank has formulated a Policy on 'Materiality of Related Party Transactions' which forms part of the Policy on dealing with 'Related Party Transactions' is available on the website of the Bank at www.ujjivansfb.in/corporate-governance-policies.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

As per Section 135 (1) of the Companies Act, 2013 "Every company having net worth of rupees five hundred Crores or more, or turnover of rupees one thousand Crores or more or a net profit of rupees five Crores or more during the immediately preceding financial year shall constitute a CSR Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director".

Pursuant to the above, as on March 31, 2023 the Bank had duly constituted CSR Committee with 5 (Five) Directors out of which 4 (Four) are Independent Directors. The details of the changes in the composition of the CSR Committee during the FY 2022-23 have been provided in the Corporate Governance Report which forms part of the Annual Report for the FY 2022-23.

The Bank has formulated CSR policy pursuant to Section 135(4) of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, in accordance with the approach and direction given by the Board of the Bank, taking into account the recommendations of its CSR Committee, and including guiding principles for selection, implementation and monitoring of activities as well as formulation of the



annual action plan.

The said Policy is available on the website of the Bank at www.ujjivansfb.in/corporate-governance-policies.

The detailed Annual Report on the CSR activities for the FY 2022-23 is annexed to this Report as **Annexure-2**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY

The programme of Sanchaya was themed around Use energy wisely. Under this programme, the Bank took up some practical ways to make smart changes around the workplace, everyone in the Bank was involved in this energy saving initiative making the workplace more energy efficient and sustainable.

Under this initiative, as a pilot run, we have come up with a URC branch which uses Solar power to operate its generator. The average diesel consumption in the similar URC branches has been 10-15 litres per month. With this new initiative in place, we have saved about 120-180 litres of fuel in this FY.

B. TECHNOLOGY ABSORPTION

1) Robotic Process Automation (“RPA”) in reconciliation of UPI and IMPS transactions:

For the FY 2022-23, RPA for the reconciliation of UPI and IMPS transactions have been huge cost savers, savings more than 6 Crores in outsourcing cost for the Bank. This is 2X of what was saved in the last Financial Year.

This year, the bank has developed, tested & deployed 22 projects, increasing the presence of RPA across various departments of the Bank like Operations, Service Quality, MicroBanking, IT, HR etc...,

- Salary Processing at the Bank has been automated by RPA, becoming an integral part of crediting salaries for over 17000 + Employees.
- Prefilled AOF process potentially frees 30 Full Time Employees worth of effort, on a month on month basis for the bank, from routine operational activities, allowing employees to focus more on client and customer interaction, relationship management and other such activities where humans excel at.
- One of our projects to automate the Agent Model Reconciliation, for collection agents depositing collection amount at FinTech Partner Spice Money has significantly helped in improving collections and reducing effort employed manually.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the FY 2022-23, 304 transactions (Inward & Outward) were processed adding up to USD 23.43 Lakh during the period. It resulted in an exchange income of ₹ 22.29 Lakhs for the Bank. Total Foreign Exchange Outward was USD 17.82 Lakh during the FY 2022-23.

SIGNIFICANT AND MATERIAL ORDERS BY THE REGULATORS OR COURTS OR TRIBUNALS

During the FY 2022-23, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Bank and its operations in future.

AUDITORS

A. STATUTORY AUDITORS

The Members of the Bank, in the 5th Annual General Meeting held on September 27, 2021, appointed M/s. Mukund M Chitale & Co., Chartered Accountants (FRN 106655W) and M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants (FRN 002878S/ S200021), as the Joint Statutory Auditors of the Bank for a period of 3 (three) consecutive financial years until the conclusion of 8th AGM of the Bank to be held in the FY 2024-25, subject to approval of RBI on an annual basis, pursuant to the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs).

Further, the Joint Statutory Auditors had given their consent letter and other eligibility certificates for FY 2022-23 and the RBI vide their letter dated August 24, 2022 has approved the continuation of the Joint Statutory Auditors for the FY 2022-23 for the second year.

The policy of the Bank on “Appointment of Statutory Auditors” is available on the website of the Bank at www.ujjivansfb.in/corporate-governance-policies

Report of the Statutory Auditors

The Statutory Audit of the Bank for the FY 2022-23 was conducted jointly by M/s. Mukund M Chitale & Co., Chartered Accountants and M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants. The Auditor’s Report on the financial Statements of the Bank for the FY 2022-23 does not contain any qualification, reservation or adverse remark. The Auditor’s Report, enclosed with the financial statement, forms part of the Annual Report for the FY 2022-23.

SECRETARIAL AUDITOR

Mr. K. Jayachandran, Practicing Company Secretary (ACS No.: 11309 and Certificate of Practice No.: 4031) was appointed as the Secretarial Auditor of the Bank in the meeting of the Board held on June 08, 2022 to conduct

Secretarial Audit of the Bank for the FY 2022-23 as required under Section 204 of the Companies Act, 2013 and the rules made thereunder and Regulation 24A of SEBI Listing Regulations. The Bank provided all assistance and facilities to the Secretarial Auditor for conducting the audit.

The Secretarial Audit Report is annexed to this Report as **Annexure - 3**.

ANNUAL RETURN

In accordance with Section 134(3) and Section 92(3) of the Companies Act, 2013 and pursuant to Companies (Amendment) Act, 2017, a copy of the Annual Return for the FY 2022-23 is available on the Bank's website at www.ujjivansfb.in/annual-return

COMPLIANCE WITH SECRETARIAL STANDARDS

The Bank has complied with the provisions of Secretarial Standards specified by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs under Section 118(10) of the Companies Act, 2013. The Bank has also complied with the provisions of Secretarial Standard-4 on voluntary basis.

HUMAN RESOURCES

The Bank prioritises service mantra both internally and externally. While technology plays a pivotal role in the effort, its employees are the catalyst of change and progress at the Bank. People practices are derived from the Bank's core values; integrity, responsible, fairness, respect, professionalism and teamwork. The Bank is driven to build better lives both for its customers and employees. This drive has bestowed many accolades to the Bank.

Ujjivan SFB has been recognised as one of **India's TOP 25 best places to work in the BFSI sector for 2023** as per the study conducted by **Great Place To Work®** Institute

After a year (FY21-22) where the Bank was certified but did not Rank in the Great Place to Work (Overall category), in the FY 22-23, the Trust Index score for the Bank, has improved from 85 to 92 for FY 22-23. The initiatives taken up by the Bank in terms of increments to employees, RLSP (Retention Linked Special Pay) specially after the FY21-22 results, subsidised loans for employees, revision of Grades and Bands for all employees in line with the market and several employee engagement initiatives like employee family engagements, milestones celebrations, branch representative meetings, chai pe charcha (corporate employee connect) and townhalls, has positively motivated the employees. Additionally, to ensure real time employee feedback and identifying high risk employees, an AI chatbot called Amber was launched across the organisation.

Wellbeing of employees has been another important area for the Bank, where physical and emotional wellness of employees were emphasised. Annual health checkups at

branch levels for staff and discounted rates for checkups for their families was carried out. The annual health check-ups were also followed up by partner organisations to telephonically connect and inform the employees on high risk matters and provide medical advice. The launch of "Emotional Wellness Advisors" for the employees was another wellness initiative which was highly lauded by the employees.

CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY REPORT

The Bank recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business, ethics and accountability to its shareholders, customers, government, regulators and all other stakeholders. The Bank's activities are carried out following good corporate practices and the Bank is constantly striving to make them better and adopt the best practices.

The Bank believes that timely reporting, transparent accounting policies and a strong Independent Board go a long way in preserving shareholders' trust and maximising long-term corporate value.

In pursuing the mission of becoming "The best institution to provide financial services to the unserved and underserved customers and transform to a bank serving the mass market", the Bank has been balancing its dual objectives of "social" and "financial goals since its inception. "Responsible financing", "ethical values" and "transparency" in all its dealings with its customers, lenders, investors and employees have been the cornerstone of its operations. Transparency in the decision-making process has been providing comfort to all stakeholders, particularly the customers, lenders and investors.

The Report on Corporate Governance for FY 2022-23 as per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations forms part of the Annual Report for FY 2022-23. The disclosure as required under Section II of Part II of Schedule V of the Companies Act, 2013 have been provided under the heading of Remuneration of Directors in the aforesaid Corporate Governance Report.

A Business Responsibility and Sustainability Report containing the requisite details as per Regulation 34 (2) of the SEBI Listing Regulations forms part of the Annual Report for the FY 2022-23 and is also disclosed on the Bank's website at www.ujjivansfb.in.

Further the Bank is in process of publishing a voluntary report on Environmental Social Governance (ESG) which will be available on the Bank's website at www.ujjivansfb.in.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34 and Schedule V of SEBI



Listing Regulations, the Management Discussion and Analysis Report forms part of the Annual Report for the FY 2022-23.

DISCLOSURE UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Bank has a strict Prevention of Sexual Harassment ("POSH") Policy in accordance with the statutory requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. This Policy applies to all categories of employees of the Organisation, including permanent employees, permanent management, workmen, temporary employees, trainees (interns), consultants, advisers, ad hoc employees, daily wage earners, probationers, apprentices, contract employees, etc., at its workplace or visits to partner organisations. This Policy recognises the right of privacy of every individual and will strive to protect the privacy of the individuals involved and ensure that the complainant and the respondent are treated fairly. The Policy ensures that the career interest of the parties involved in any proceedings under this Policy will not be adversely affected merely on account of the complaint made to the Internal Committee or any evidence provided in connection with any enquiry; however strict action will be taken against the Respondent if proven guilty post the enquiry process.

The Status on the Complaints received and resolved by Internal Committee during the FY 2022-23:

Number of Complaints	Number of Complaints Resolved	Number of Complaints Pending for Resolution
7	7	0

Composition of Internal Committees

Bank has constituted Internal Committees (IC) in each of the regions for all administrative units/branches/ regional offices of the Bank. All complaints of Sexual Harassment at the Workplace are enquired into by the IC having jurisdiction over the establishment where the Respondent is posted. The IC forwards a report of its findings to the Employer for action. Each Regional IC consists of the following members:

- Presiding Officer: who shall be a woman employed at a senior level in the region.
- Secretary: who shall be the Regional HR Manager.
- 2 Members: From amongst Employees in the region, preferably committed to the cause of women/having legal knowledge/experience in social work.
- 1 Independent Member: Nominated from amongst NGOs/associations committed to the cause of women or a person familiar with the issues relating to Sexual Harassment.

Other Members: Additional members may be co-opted, if required, from amongst Employees working in senior positions in the region, especially from business, operations and control functions

Functions of IC

The Committee is expected to conduct a fair, prompt and impartial process of investigating all the complaints it receives. During a redressal process, the Complaints Committee/s are required to assure confidentiality, non-retaliation and recommend interim measures as needed to conduct a fair enquiry.

POLICIES

To ensure better corporate governance, adherence to various laws and regulations as applicable to the Bank and better management of the organisation as a whole, the Bank has formulated various policies including the policies mentioned below. These policies are available on the Bank's website at www.ujjivansfb.in/corporate-governance-policies.

A brief description of below mentioned policies/code have been given in **Annexure-4** of this Report.

1. Policy for Determination of Materiality of Event/ Information for Disclosures
2. Code of Conduct for Prevention of Insider Trading and Code of Fair Disclosure and Conduct
3. Corporate Social Responsibility Policy
4. Nomination and Remuneration Policy
5. Policy on Board Diversity
6. Policy on Code of Conduct
7. Related Party Transactions Policy
8. Dividend Distribution Policy
9. Familiarisation Programme
10. Policy on Archival of Documents
11. Record Retention and Maintenance Policy
12. Whistle Blower Policy
13. Terms and Conditions of Appointment of Independent Directors

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

The Bank has obtained a certificate from K. Jayachandran, Practicing Company Secretary, certifying that the Bank has complied with the conditions of the Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and other applicable regulations of Chapter IV pertaining to Corporate Governance and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the FY 2022-23.

The certificate is annexed to this Report as **Annexure-5**.

KEY INITIATIVES WITH RESPECT TO STAKEHOLDER RELATIONSHIP, CUSTOMER RELATIONSHIP, ENVIRONMENT, SUSTAINABILITY, HEALTH AND SAFETY

While key initiatives on customer relationship and health and safety have been detailed below. Information on initiatives concerning stakeholders' relationship, environment and sustainability, have been elaborated in the Business Responsibility and Sustainability Report of the Bank which forms part of the Annual Report for the FY 2022-23.

Customers Relationship

Ujjivan Small Finance Bank, believes in 'Customer First' approach, as part of its core values whereby the Bank strives to deliver exceptional service to our customers, by embedding service culture in our People, Process and Policy enabled by Technology. To put the intent into practice, the Bank has established a dedicated Service Quality department to channelise the programmes around customer experience management, quality assurance, customer care and grievances resolution, and customer service compliance.

During FY 2022-23, the Bank has undertaken several initiatives to improve customer service standards, and to strengthen customer awareness, internal processes on providing timely and satisfactory resolution for customer queries, requests and complaints. Key outcomes of our Service Quality initiatives are listed below.

Improved Customer Service Standards: The Bank has defined and implemented Service Index for each business and support functions over past 5 years, to measure and improve level of service standards for external and internal customers. The standards are set for monitoring services across customer acquisition, account servicing and problem resolution stages. The Board has set the goals for improving Service Index at each business level as well as at Bank level.

- Bank level Customer Service Index has improved from **66 points** in Mar'22 to **85 points** in Mar'23, the highest jump seen in a Financial Year.
- Faster resolution of customer service requests and complaints were also a key focus area; resolution of customer service requests within standard Turn-Around-Time has improved from 86% to **90%** and customer complaint resolution has improved from 88% to **96%**

New initiatives undertaken to provide seamless customer service and safety of digital transactions:

- Contactless debit cards were introduced. These cards are issued on the RuPay platform & provide a fast and convenient way to pay for every day purchases by simply tapping Ujjivan Contactless debit card on a POS machine.
- All our cards are enabled for the tokenisation, in order to facilitate the merchant's website or mobile application to tokenise card details such as card number, CVV & expiry details.

- Ujjivan customers shopping online can now make payments through Net Banking via Bill desk & Razor pay Payment gateways, thus provided another mode of payment in addition to existing Debit Card & UPI options. This facility has been enabled across 8 Million merchant websites.
- QR codes were provided to merchants enabling them accepting payments through UPI.
- Multifactor Authentication (MFA) to enable registration and reset MPIN/password through Aadhaar validation in Internet/Mobile Banking (IBMB)channel made live. This enables customers to activate IBMB channel without depending on debit card for authentication.
- Enabled Interoperable Card-less Cash Withdrawals (ICCW) facility. USFB is 7th Bank and first among SFBs to implement ICCW as issuer bank. Now Ujjivan customers can use this facility in other bank ATMs which have enabled ICCW using the UPI facility.
- A feature was enabled for customers using Mobile and Personal Net Banking to report any fraudulent transaction on the app itself.
- Now, customers can use a single access to view/transact from all the linked accounts such as joint accounts, individual and corporate accounts. This helps customers have access to all their accounts under one platform.
- Launched India's first Voice-Vernacular-Visual application, called "Hello Ujjivan", in eight regional languages for the benefit of customers with low literacy and prefer to use app in local language.
- Video KYC feature was enabled during the year which shall help customers to open deposits through digital platform and complete their KYC without visiting branches.

Customer awareness:

As a part of our continued efforts towards ensuring customer awareness and education, the following initiatives were taken:

- As per RBI directive, Launched Nation-wide intensive customer awareness programme on cyber fraud and grievance redressal mechanisms of Bank/ RBI.
 - 583 branches displayed posters on safe digital practices in both Hindi and English
 - Displayed internal grievance matrix, Integrated Ombudsman scheme & safe digital practices on branch TVs
 - 11 townhalls conducted as Ujjivan being torch bearer Bank in North region - 120+ participants/general public participated in each townhall
 - Awareness created in 81 schools in Karnataka on safe digital banking practices and prevention from frauds
- Launched "Service Quality Friday School" campaign for educating branch staff on efficient customer service/handling customer requests and complaints/life events related services and case studies.



Special attention to life-events based banking services:

The Bank has been successfully running a campaign designed as "Aajeevan", a life events-based banking services, which includes hassle free and empathetic services towards nomination facility, joint accounts, settlement of claims of deceased account holders, settlements of insurance claims, priority services to senior citizens and specially-abled customers. Due to the focussed efforts, 94% of service requests were resolved within specified timelines during the year, improved from 86% compared to previous year.

Health and Safety

The Bank considers Health and Safety of its employees very important and various initiatives have been taken with this objection over the years. Following are a few highlights of the same:

- Fire extinguishers are in place as per the defined protocols in all the offices & branches across PAN India with quarterly fire drill conducted across PAN India. To ascertain adequacy and quality of the safety measures, an audit has been conducted by third party every quarter.
- Towards providing better work environment to the employees and customers, all the URCs are installed with Air conditioners & preventive maintenance of all the electric equipments across branches conducted periodically
- Considering the health of the employees, 20+ branches in the North have been installed with RO water purifiers for drinking water
- For the specially-abled customers & employees, 29 ramps have been constructed across PAN India branches.
- Doctor on call facility for the employees across Regional & corporate offices.
- Deep cleaning & Pest control services were rendered at the branches that were older than 5 years.
- Replaced about 1600+ chairs to ergonomic-friendly chairs.

Employees Safety Measures

As an employee first organisation, Ujjivan conducts annual health check-up for all its employees once in two years. This annual health check-up is followed up by the Partner by providing free consultation on the reports and also advising employees with high risk reports.

For and on behalf of the Board of Directors

Sd/-

B A Prabhakar

Part-Time Chairman and Independent Director

DIN: 02101808

Date: May 11, 2023

Place: Bengaluru

To support its employees, Ujjivan also has a facility of 24x7 "Doctor on Call" teleconsultation. This facility has been made available for employees and their dependents to consult doctors during emergencies. While the services were available for physical ailments. In FY22-23, Ujjivan also launched of the emotional wellness programme, where employees and their family members could tele-consult specialists with "emotional wellness' expertise to get help where required.

Apart from that the QRT (Quick Response Team) which was activated during the start of the pandemic still monitors the environment & health related concerns across regions and issues guidelines to employees as and when required.

OTHER DISCLOSURES

- A. The Bank is not required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- B. Disclosure as required under Rule 8(5)(xi) and 8(5)(xii) of the Companies (Accounts) Rules, 2014 does not apply to the Bank for FY 2022-23.
- C. None of the directors of the Bank are disqualified as per provisions of Section 164(2) of the Companies Act, 2013. The directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013, SEBI Listing Regulations and RBI guidelines.

ACKNOWLEDGEMENT

We place on record our gratitude to our employees at all levels who have contributed to the growth and sustained success of the Bank through their dedication, hard work, cooperation and support.

We would like to thank all our customers, vendors, bankers, investors, auditors, media and other business associates for their continued support and encouragement during the year.

We also thank the Government of India; the Government of Karnataka and Delhi; the Ministry of Commerce and Industry; the Ministry of Finance, Ministry of Corporate Affairs; the Securities and Exchange Board of India, the Stock Exchanges, the Central Board of Indirect Taxes and Customs; the RBI; the Central Board of Direct Taxes and all other government agencies for their support during the FY 2022-23 and look forward to their continued support in future.

Sd/-

Ittira Davis

MD & CEO

DIN: 06442816

Annexure-1

Information in terms of Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Remuneration details of Directors, KMPs, employees

Sr. No.	Particulars	Disclosures	
		KMP	% increase in remuneration
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Bank for the FY 2022-23	Whole Time Director - 44.79 X Non-Executive Directors (Sitting Fees) - 9.86X	
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the FY 2022-23	Managing Director CFO CS	0% 0% 12%
3.	The percentage increase in the median remuneration of employees in the FY 2022-23		4.78%
4.	The number of permanent employees on the rolls of Bank as on March 31, 2023		17,870
5.	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		10.32% : 2.21%
6.	Affirmation that the remuneration is as per the remuneration policy of the Bank		Yes

For and on behalf of the Board of Directors

Sd/-

B A Prabhakar

Part-Time Chairman and Independent Director

DIN: 02101808

Sd/-

Ittira Davis

MD & CEO

DIN: 06442816

Date: May 11, 2023

Place: Bengaluru



Annexure 2

The Annual Report on CSR Activities for Financial Year 2022-23

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

The CSR policy of the Bank is focused towards enabling a better life for the unserved and underserved sections of the society. Bank's CSR activities are based on the principles of sustainability, accountability, promotion of human rights and respects interest of all stakeholders, especially the disadvantaged, vulnerable and marginalised and promotes environment protection, inclusive growth and equitable development. The Bank has constituted a CSR Committee pursuant to Section 135 of the Companies Act, 2013 and Rules made thereunder to ensure Bank's efforts are channelised towards initiatives that drive maximum benefit to the end beneficiaries.

The Bank strongly believes that business cannot be successful when the society around it fails. The Bank constantly strives to ensure strong corporate

culture which emphasises on integrating CSR values with business objectives. The Corporate Social Responsibility Policy ("CSR Policy") of the Bank sets out the broad framework for guiding Bank's CSR activities. It outlines the governance structure, operating framework, monitoring mechanism, and CSR activities that would be undertaken. The CSR Committee is the governing body that articulates the scope of CSR activities and ensures compliance with the CSR Policy. The Bank's CSR activities are largely focussed in the areas of eradicating hunger, poverty, promoting preventive health care and making available safe drinking water, promoting education, including special education, employment enhancing vocational skill training for women, promoting gender equality, programmes for empowering women, projects for environmental protection, disaster relief and any other projects/ programmes as it deems fit from time to time.

2. COMPOSITION OF CSR COMMITTEE:

Sr. No.	Name of Director	Designation/Category	Number of Meetings of CSR Committee held during the Year	Number of meetings of CSR
1.	Ms. Sudha Suresh	Chairperson – Independent Director	2	2
2.	Mr. Rajesh Jogi	Independent Director	2	2
3.	Mr. Ittira Davis	MD & CEO	2	2
4.	Ms. Rajni Mishra*	Independent Director	2	1
5.	Ms. Anita Ramachandran*	Independent Director	2	1
6.	Mr. Ravichandran Venkataraman^	Independent Director	2	1

*Appointed as a member w.e.f. July 01, 2022

^Ceased to be a member w.e.f. July 01, 2022

3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY.

www.ujjivansfb.in

4. PROVIDE THE DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE (ATTACH THE REPORT).

Not Applicable

5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
-	-	-	-
	Total	-	-

6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5). -

- 7.** (a) Two percent of average net profit of the Company as per section 135(5) – Nil
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil
 (c) Amount required to be set off for the financial year, if any – Nil
 (d) Total CSR obligation for the financial year (7a+7b-7c). – Nil

- 8.** (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
26,400	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
26,400	Nil	-	-	Nil	-

- (b) Details of CSR amount spent against ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in Sched- ule VII to the Act.	(4) Local area (Yes/ No).	(5) Location of the project.		(6) Project duration.	(7) Amount allocated for the project (in ₹).	(8) Amount spent in the current financial Year (in ₹).	(9) Amount trans- ferred to Unspent CSR Ac- count for the project as per Section 135(6) (in ₹).	(10) Mode of Implemen- tation - Direct (Yes/No).	(11) Mode of Implemen- tation - Through Implementing Agency	
				State.	District.						Name	CSR Regis- tra- tion num- ber.
-	-	-	-	-	-	-	-	-	-	-	-	-

- (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the project.		(6) Amount spent for the project (in ₹)	(7) Mode of imple- mentation - Di- rect (Yes/No)	(8) Mode of implementation - Through implement- ing agency.	
				State	District			Name	CSR reg- istration number
1	Disaster Relief – Flood relief (Health camps)	Disaster management, including relief, rehabilitation	Yes	Assam/Kamrup, Nagaon, Mirza & Baihata		26,400	YES	Disaster management, including relief, rehabilitation	-

- (d) Amount spent in Administrative Overheads - NA
 (e) Amount spent on Impact Assessment, if applicable – NA
 (f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 26,400
 (g) Excess amount for set off, if any –

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	-
(ii)	Total amount spent for the Financial Year	26,400
(iii)	Excess amount spent for the financial year [(ii)-(i)]	26,400
(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)]	26,400

* The amount includes funds transferred to the Unspent CSR Account.



9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1	FY 2021-22	71,41,668	71,41,668	-	Nil	-	Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing
1	4	COVID 19 – Relief Activity – healthcare infrastructure	FY 2021-22	1 Year	1,49,00,000	49,66,668	1,49,00,000	Completed
2	2	Livelihood Training for youths	FY 2021-22	1 Year	10,00,000	5,00,000	10,00,000	Completed
3	1	Livelihood Training for People with disabilities	FY 2021-22	1 Year	33,50,000	16,75,000	33,50,000	Completed
TOTAL					1,92,50,000	71,41,668	1,92,50,000	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year –

(asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s). – NA
- (b) Amount of CSR spent for creation or acquisition of capital asset - NA
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – NA
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5). – Not Applicable

For **UJJIVAN SMALL FINANCE BANK LIMITED**

Sd/-

Ittira Davis

Managing Director and CEO

DIN: 06442816

Sd/-

Sudha Suresh

Chairperson-CSR Committee

DIN: 06480567

Annexure-3

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[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,

UJJIVAN SMALL FINANCE BANK LIMITED

**Grape Garden, No. 27, 3rd "A" Cross, 18th Main,
6th Block, Koramangala, Bengaluru – 560095, Karnataka.**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **UJJIVAN SMALL FINANCE BANK LIMITED** having CIN: L65110KA2016PLC142162 (hereinafter called "**the Bank/the Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts, statutory compliances and expressing my opinion thereon.

Based on my verification of the Bank's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Bank and also the information provided by the Bank, its Officers, Agents and Authorised Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Bank has, during the Audit Period covering the Financial Year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Bank has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Bank for the Financial Year ended on March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made there under;
- (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. There was no Overseas Direct Investment and External

Commercial Borrowings by the Bank during the period under review;

- (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 (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (f) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable to the Bank during the review period);
 - (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable to the Bank during the review period); and
 - (i) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018



(Not applicable to the Bank during the review period).

- (vi) Following laws, Norms and Directions as applicable specifically to Small Finance Banks in the Private Sector (SFB):
- (a) The Reserve Bank of India Act, 1934;
 - (b) The Banking Regulation Act, 1949 and notifications and circulars issued by the Reserve Bank of India from time to time;
 - (c) The Guidelines for Licensing of Small Finance Banks in the Private Sector;
 - (d) Operating Guidelines and for Small Finance Banks;
 - (e) The Rules, Regulations, Directions, Guidelines, Licenses and Circulars issued by RBI for compliance by Small Finance Bank;
 - (f) The Payment and Settlement Systems Act, 2007;
 - (g) The Credit Information Companies (Regulation) Act, 2005;
 - (h) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
 - (i) Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions) Rules, 2005;
 - (j) Negotiable Instruments Act, 1881;
 - (k) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; and
 - (l) Insurance Regulatory and Development Authority of India Act, 1999 read with the Rules, Regulations and notifications thereon.

I have also examined compliance with the applicable clauses of the following:

- (i) The Listing Agreements entered into by the Bank with BSE Limited and National Stock Exchange of India Limited; and
- (ii) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;

During the period under review the Bank has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and labour laws except delay in remittance of Provident Fund and Professional Tax in few cases due to UAN error and pending of KYC linking and online registration issues.

I further report that:

Based on the information provided by the Bank, its officers and authorised representatives, during the conduct of the audit and also on the review of the Details, Records, Documents and Papers provided, in my opinion, adequate

systems and processes and control mechanism exist in the Bank to monitor and to ensure compliance with applicable general laws like Labour Laws, Competition Law and Environmental Law including the filing of returns with the Reserve Bank India.

The compliance of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this Audit since the same are subject to review by statutory financial auditors and other designated professionals.

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including Women Directors based on the approval from the Reserve Bank of India, wherever applicable.

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 Rules made there under, Banking Regulation Act 1949, the Guidelines for Licensing of Small Finance Banks in the Private Sector and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Adequate notices were given to all directors to schedule the Board Meetings, Agenda and detailed Notes on Agenda were sent at least seven days in advance and Independent Director was present wherein the Board meetings were held at a shorter notice to transact urgent matters 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions were carried out with requisite majority and the dissenting members' views are captured and recorded as part of the minutes.

There were adequate systems and processes in the Bank which is commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

I further report that during the audit period:

1. The Bank has entered into related party transactions with its related parties on arm's length basis in the ordinary course of business and the Bank has obtained necessary approvals from the Audit Committee and Board of Directors wherever required.
2. The Bank has issued and allotted 30,000 (Thirty Thousand) subordinated, rated, unlisted, unsecured, transferable, redeemable, fully paid up, non-convertible debentures, denominated in Indian Rupees ("₹"), having a face value of ₹ 1,00,000/- (Indian Rupees One Lakh) each aggregating to ₹ 3,00,00,00,000/- (Indian Rupees Three Hundred Crores) on a private placement basis and the Bank

- has obtained approval of the Members through Postal Ballot and remote e-Voting on July 12, 2022.
3. For the purpose of achieving Minimum Public shareholding(MPS), the Bank has issued and allotted of 22,61,90,476 (Twenty Two Crores Sixty One Lakhs Ninety Thousand Four Hundred and Seventy Six) Equity Shares of face value ₹ 10/- (Indian Rupees Ten) each through Qualified Institutions Placement (QIP) to eligible Qualified Institutional Buyers (QIBs), at a price of ₹ 21 (Indian Rupees Twenty One) per Equity Share including share premium of ₹ 11/- (Indian Rupees Eleven) per Equity Share by giving a discount of ₹ 0.93 (Paise Ninety Three) on the Floor Price of ₹ 21.93 (Indian Rupees Twenty One Paise Ninety Three) and the Bank has obtained approval of the Members through Postal Ballot and remote e-Voting on March 26, 2022.
 4. The Bank has issued and allotted 2,01,944 (Two Lakh One Thousand Nine Hundred and Forty Four) Equity shares under its ESOP Schemes.
 5. The Bank and Ujjivan Financial Services Limited (CIN: L65999KA2004PLC035329), ("the Holding Company"/ "the Transferor Company") have made joint application before Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench on March 29, 2023 under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 seeking directions from the NCLT on convening meetings of

Equity Shareholders and other relevant stakeholders of the aforesaid companies for Amalgamation of Ujjivan Financial Services Limited into and with the Company ("the Bank"/"Transferee Company") and the Bank has obtained necessary approvals from Board of Directors and No-Objection Letters from Reserve Bank of India, National Stock Exchange of India Limited and BSE Limited.

6. During the period under review, there was an instance of violation of the "Code of Conduct for Prevention of Insider Trading of Ujjivan Small Finance Bank Limited" ("Code"), wherein the designated Person (DP) inadvertently carried on trading of Shares of the listed entity during the trading window closure period, which resulted in violation of the Code and para 4 of Schedule B of Regulations 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The listed entity has obtained explanations from the designated Person, cautioned and warned him through a written letter not to repeat such violation in future and has given necessary instructions to him. Such an instance of violation was brought to the notice of the Audit Committee and also timely reported to the concerned authorities in terms of applicable provisions the SEBI Insider Trading Regulations and circulars issued thereunder.

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.

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309E000287354
Peer Review No: 784/2020

Date: 11/05/2023

Place: Bengaluru

**Annexure A****To,****The Members,****UJJIVAN SMALL FINANCE BANK LIMITED****CIN: L65110KA2016PLC142162****Grape Garden, No. 27, 3rd "A" Cross, 18th Main,
6th Block, Koramangala, Bengaluru – 560095, Karnataka.**

Our report 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 and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. 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.

Date: 11/05/2023**Place:** Bengaluru**K. Jayachandran****Company Secretary****ACS No.: 11309/CP No.: 4031****UDIN: A011309E000287354****Peer Review No: 784/2020**

Annexure-4

Brief description of Policies/Code

Sr. No.	Policy Name	Brief Description
1.	Policy for determination of materiality of events / information for disclosures	<p>1. The Bank in compliance with Regulation 30 of SEBI Listing Regulations, has implemented the Policy for determination of materiality of events / information for disclosures.</p> <p>2. Objective of the Policy is</p> <ul style="list-style-type: none"> a. To ensure that the Bank complies with the Listing Regulations b. To ensure that the information disclosed by the Bank is timely and transparent. c. To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation. d. To protect the confidentiality of Material / Price sensitive information within the framework of the Bank's disclosure obligations. e. To provide a charter that supports and fosters confidence in the quality and integrity of information released by the Bank. f. To ensure uniformity in the Bank's approach to disclosures, raise awareness and reduce the risk of selective disclosures.
2.	Code of Conduct for Prevention of Insider Trading and Code of Fair Disclosure and Conduct	The Bank pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, has formulated and implemented the Code to elucidate and inform all the Designated Persons of the Bank that they have a responsibility and duty to preserve the confidentiality of all unpublished price sensitive information obtained in the ordinary course of business and in association with the Bank. No Designated Person shall use his or her position to gain personal benefit or to provide benefit to any third party.
3.	CSR Policy	<p>1. Bank has framed this Policy as per Section 135 of the Companies Act, 2013 and Companies (CSR Policy) Rules, 2014.</p> <p>2. The following are the objectives of the Policy:</p> <ul style="list-style-type: none"> a. To comply with the statutory and regulatory requirements pertaining to CSR. b. To define what CSR means to the Bank and the approach for the same c. To lay down the guidelines & mechanism to carry out CSR programme/ project & to report the work in reporting format as prescribed by the Rules in the Act. d. To constitute review mechanism of monitoring the progress of CSR projects/ programmes and implementation of CSR policy by CSR Committee e. To ensure that the surplus arising of CSR projects/ programmes/ activities shall not form part of the business profit of the Bank
4.	Dividend Distribution Policy	<p>1. The Bank has formulated this Policy in compliance with Regulation 43A of the SEBI Listing Regulations and RBI Requirements</p> <p>2. The objective of the Policy is to appropriately reward shareholders through dividends for reposing their confidence in Bank while retaining the capital required for supporting future growth. The Bank shall consider and comply with the Policy while declaring any dividend on equity shares or preference shares issued by the Bank. In the event of a conflict between the Policy and the Regulatory guidelines, the Regulatory guidelines will prevail. The Bank shall pay dividend on equity shares or preference shares only after ensuring compliance with the Companies Act, 2013, Banking Regulation Act, 1949 and Guidelines/circulars issued by RBI, SEBI Listing Regulations and Secretarial Standard-3 issued by the Institute of Company Secretaries of India.</p>



Sr. No.	Policy Name	Brief Description
5.	Familiarisation Programme For Independent Director	<ol style="list-style-type: none">1. The Programme aims to provide insights into the Bank to enable the independent directors to understand their roles, rights, responsibilities in the Bank and get updated on the business and operations of the Bank that would facilitate the directors to contribute significantly to the Bank. The Bank has formulated this familiarisation programme for the Independent Director with the objective of giving insight into:<ol style="list-style-type: none">a. Nature of Business of the Bank and business environment in which it operatesb. Business model of the Bankc. Organisation structured. Structure of Board and Board Committeese. Role and responsibilities of the Board Committees and Senior Managementf. Delegation of powers to various authorities by the Boardg. Regulatory Framework applicable to the Bankh. Strategic Plan including Vision, Mission and Values of the Banki. Cyber-safe environment and awareness about fine nuances of the cyber threatsj. Financial and other controls and systems andk. Economic features of the market and competitive environment
6.	Nomination and Remuneration Policy	<ol style="list-style-type: none">1. The Bank recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and other shareholders. The Bank's activities are carried out in accordance with good corporate practices and the Bank is constantly striving to better them and adopt the best practices. This policy seeks to document the practices and procedures to be followed by the Bank for appointment of directors and their remuneration.2. The key objectives of this Policy are as under:<ol style="list-style-type: none">a. Ensure compliance with applicable laws, rules and regulations as well as 'Fit and Proper criteria' of directors before their appointmentb. Institutionalize a mechanism for the appointment/ removal/ dismissal of directors and lay down selection criteria for appointment of directorc. Formulate criteria for determining qualifications, positive attributes and independence of directorsd. Retain, motivate and promote talent and to ensure long term sustainability of talented KMPe. Devise a policy on Board diversityf. Develop and regularly review succession plan for the Board and senior managementg. Formulate the criteria for evaluation of performance of all the Directors on the Boardh. Establish standards on compensation/ remuneration including fixed and variable, which are in alignment with the applicable rules and regulations and is based on the trends and practices of remuneration prevailing in the industryi. Define internal guidelines for payment of perquisites to the directors and KMP
7.	Policy on Archival of Documents	<ol style="list-style-type: none">1. The purpose and objective of the Policy is to comply with Regulation 30(8) of SEBI Listing Regulations.2. The Bank shall ensure that all the information shall be hosted under "Disclosures to Stock Exchanges" section of the website of the Bank for a period of 5 (Five) years and thereafter will be archived for a period of 1 (One) year and shall be hosted under "past event/information" section of the website of the Bank."

Sr. No.	Policy Name	Brief Description
8.	Policy on Board Diversity	<p>1. The Bank believes that Board diversity plays very important role in the transparency in the decision making process in the Boardroom.</p> <p>2. The purpose and objective of this Policy is to comply with the SEBI Listing Regulations and ensure the diversity of thought, experience, knowledge, perspective and gender in the Board.</p> <p>3. The Bank promotes social diversity and professional diversity in the Boardroom. The primary objective of this Policy is to provide a framework and set standards for having a diversified Board with ability to base its decisions after evaluating multiple options as compared to homogeneous Boards and help improve the performance of the Bank significantly.</p>
9.	Policy on Code of Conduct	<p>1. Bank expects all its employees, directors (including independent directors) and senior management 'to act in accordance with high professional and ethical standards'.</p> <p>2. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also requires listed entities to adopt a formal code of conduct for directors on the Board and senior management.</p> <p>3. This Code of Conduct attempts to set forth the guiding principles and values on which the Bank's employees shall operate and conduct business with various stakeholders of the Bank, government and regulatory agencies, media, and anyone else with whom the Bank is connected.</p> <p>4. The Bank recognises that maintaining the trust and confidence of all its stakeholders is crucial to its continued growth and success.</p> <p>5. The Code sets the standards to be adopted by all employees and outlines the duties of the directors of the Board and also described guidelines of professional conduct, role and functions and duties of the Independent Directors.</p>
10.	Record Retention Maintenance Policy and	<p>1. Record retention and maintenance is concerned with the selection, classification, storage, retrieval and timely destruction of information. This requires a structured approach in order to comply with the applicable laws and regulations and to meet business needs.</p> <p>2. This Policy governs the obligations and responsibilities of all staff at the Bank in relation to the management of official records. Under this policy, each department has an obligation to maintain official records and keep them in good order and condition. This obligation applies not only to the capture, storage, maintenance and disposal of physical records, but also to records in electronic form. Proper retention practices shall enable compliance with regulatory and statutory requirement and contribute to more efficient business processes.</p> <p>3. The purpose of this Policy is to ensure that all necessary records and documents of the Bank are adequately protected and maintained and to ensure that the records that are no longer required or are of no value are discarded at the proper time.</p>
11.	Related Party Transaction Policy	<p>1. The Bank has framed and implemented the Policy pursuant to the requirement of Regulation 23 (1) of the SEBI Listing Regulations.</p> <p>2. The Board, on the recommendation of the Audit Committee, has adopted this Policy along with associated procedures for regulating Related Party Transactions, in line with the requirements of the Companies Act and Listing Regulations.</p> <p>3. The Policy seeks to define a mechanism to handle Related Party Transactions ("RPT") in order to ensure the transparency, substantive and procedural fairness of such transactions and that the RPT is being entered in accordance with provisions of applicable laws.</p> <p>4. The Policy also seeks to provide guidance on identification of related parties and basis on which materiality of RPT will be determined and the proper conduct and documentation of all RPT. This Policy is intended to ensure that proper review, approval, monitoring, reporting and disclosure processes are in place for all transactions between the Bank and its Related Parties.</p> <p>5. The Policy specifically provides the review and approval mechanism of Related Party Transactions keeping in mind the potential or actual conflict of interest that may arise as a result of such transactions.</p>



Sr. No.	Policy Name	Brief Description
12.	Whistle Blower Policy	<ol style="list-style-type: none">1. The Bank in compliance with Section 177 of Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations, has established vigil mechanism by way of whistle blower policy for its directors and employee to report instance of unethical practices, illegal activities and/or actual or suspected fraud or violation of the Bank's code of conduct or ethics policy.2. The vigil mechanism provide for adequate safeguard against victimisation of persons who avail the mechanism and also provide for direct access to the chairperson of Audit Committee in appropriate cases.
13.	Terms and Conditions of Appointment of Independent Directors	<ol style="list-style-type: none">1. The Bank has formulated the Terms and Conditions of Appointment of Independent Directors pursuant to the provisions of Schedule IV to the Companies Act, 2013.2. It prescribes Terms of Appointment, Role, Duties and Responsibilities, Remuneration and Training & Development among other things.

For and on behalf of the Board of Directors**Sd/-****B A Prabhakar**

Part-Time Chairman and Independent Director

DIN: 02101808**Sd/-****Ittira Davis**

MD & CEO

DIN: 06442816**Date:** May 11, 2023**Place:** Bengaluru

Annexure-5

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

[Pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Corporate Identity No.: L65110KA2016PLC142162

Nominal Capital: ₹ 25,00,00,00,000/-

To,

The Members of UJJIVAN SMALL FINANCE BANK LIMITED
Grape Garden, No. 27, 3rd "A" Cross, 18th Main,
6th Block, Koramangala, Bengaluru – 560095, Karnataka.

I have examined all the relevant records of "UJJIVAN SMALL FINANCE BANK LIMITED" ("Bank") for the purpose of certifying compliance of the conditions of the Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of Regulation 46 (2) and other applicable regulations of Chapter IV pertaining to Corporate Governance and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the Financial Year ended March 31, 2023. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination

was limited to the procedure and implementation process adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance.

This Certificate 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.

In my opinion and to the best of my information and according to the explanations and information furnished to me, I certify that the Bank has complied with all the mandatory conditions of Corporate Governance as stipulated in the aforesaid Listing Regulations. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank has complied with items C and E.

Date: 11/05/2023

Place: Bengaluru

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309E000287354
Peer Review No: 784/2020



Annexure 6

To

The Board of Directors,

UJJIVAN SMALL FINANCE BANK LIMITED

CIN: L65110KA2016PLC142162

Grape Garden, No. 27, 3rd "A" Cross, 18th Main,

6th Block, Koramangala,

Bengaluru – 560095, Karnataka.

Certificate as per Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Based on my examination and according to the information and explanations given to me, I certify that the Bank has implemented the Scheme called "Ujjivan Small Finance Bank – Employee Stock Purchase Scheme, 2019 ("ESPS 2019 Scheme") and Ujjivan Small Finance Bank – Employee Stock Option Plan, 2019 ("ESOP 2019 Scheme") in accordance and compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (now Securities and Exchange Board of India (Share Based Employee Benefits and Sweat

Equity) Regulations, 2021) and the Companies Act, 2013 with the Regulations and accordance with the resolutions passed by the Members of the Bank at a general meeting. This Certificate is addressed and provided to the Board of Directors of the Bank pursuant to Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 solely for the purpose of placing it before the Board of Directors at their meeting and should not be used by any other person or for any other purpose. As prescribed under the SEBI Regulations, this report will also available for inspection by Shareholders of the Bank during Annual General Meeting.

Date: May 19, 2023

Place: Bengaluru

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309E000334931

Corporate Governance Report

BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

Ujjivan Small Finance Bank Limited ("Bank") recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business, ethics and accountability to its shareholders, customers, government and other stakeholders. Bank's activities are carried out in accordance with good corporate practices and Bank is constantly striving to make them better and adopt the best practices.

The Bank believes that timely reporting, transparent accounting policies and a strong Independent Board

goes a long way in preserving shareholders' trust and maximising long-term corporate value.

In pursuing the mission of "The best institution to provide financial services to the unserved and underserved customers and transform to a bank serving the mass market", the Bank has been balancing its dual objectives of "social" and "financial" goals since its inception. "Responsible financing", "ethical values" and "transparency in all its dealings with its customers, lenders, investors and employees" have been the cornerstone of its operations. Transparency in the decision-making process has been providing comfort to all stakeholders, particularly to the lenders, customers and investors.



The detailed Report on Corporate Governance for the FY 2022-23, as per Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), is set out below:

1. The Board of Directors ("Board")

The Board plays a crucial role in guiding and overseeing how the management serves the interests of stakeholders. This is reflected in the Bank's governance practices, under which it strives to maintain an effective, informed and independent Board. The Bank continuously reviews its governance

practices and benchmarks itself to best practices in the industry.

The composition of Board is in conformity with SEBI Listing Regulations, Banking Regulation Act, 1949 and Companies Act, 2013 ("Act"). The Bank has an experienced, diverse and a well-informed Board. The composition of Board as on March 31, 2023 includes 6 (Six) Independent Directors, 3 (Three) Non-Executive, Non-Independent Directors and 1 (One) Executive Director. The Board has a strong gender diversity ratio with 3 out of the 6 independent directors being women.



Composition of the Board as on March 31, 2023:

The brief profile of directors is available on Bank's website at www.ujjivansfb.in.

- a. The name and category of the directors on the Board, their attendance at the Board Meetings held during the FY 2022-23 and at the last Annual General Meeting ("AGM") are given below.

Name of the Director	Category	No. of Board Meetings during the FY 2022-23 was 9		Whether attended last AGM	Remarks
		Entitled to attend	Attended		
Mr. Banavar Anantharamaiah Prabhakar	Part-Time Chairman and Independent Director	9	9	Yes	-
Mr. Ittira Davis	Managing Director-Executive Director	9	9	Yes	<i>RBI has conveyed its approval for the re-appointment of Mr. Ittira Davis as MD&CEO for a further period of 2 years, w.e.f. January 14, 2023 to January 13, 2025.</i>
Ms. Rajni Mishra	Independent Director	9	9	Yes	-
Mr. Rajesh Kumar Jogi	Independent Director	9	8	Yes	-
Mr. Ravichandran Venkataraman	Independent Director	9	9	Yes	-
Ms. Sudha Suresh	Independent Director	9	9	Yes	<i>Re-categorised from Non-Executive, Non-Independent to Independent Director w.e.f. April 01, 2022.</i>
Mr. Samit Kumar Ghosh	Non-Executive, Non Independent Director	9	9	Yes	-
Mr. P N Raghunath	Additional Director (Nominated by RBI)	9	7	Yes	-
Mr. Satyaki Rastogi	Nominee Director (Nominated by SIDBI)	9	6	Yes	-
Ms. Anita Ramachandran	Independent Director	7	7	Yes	<i>Appointed as an Independent Director w.e.f. July 01, 2022.</i>

Name of the Director	No. of directorships in other Public Companies		No. of Committee positions held in other Public Companies*	
	Chairperson	Director	Chairperson	Member
Mr. Banavar Anantharamaiah Prabhakar	-	2	-	3
Mr. Ittira Davis	-	-	-	-
Ms. Rajni Mishra	-	-	-	-
Mr. Rajesh Kumar Jogi	-	-	-	-
Mr. Ravichandran Venkataraman	-	-	-	-
Ms. Sudha Suresh	-	-	-	-
Mr. Samit Kumar Ghosh	1	-	-	1
Mr. P N Raghunath	-	-	-	-
Mr. Satyaki Rastogi	-	1	-	1
Ms. Anita Ramachandran	-	7	2	4

*For the purpose of computing Committee positions only Audit Committee and Stakeholders Relationship Committee have been considered.

- b. Name of the listed entities where the following directors of the Bank are director and their category of directorship as on March 31, 2023:

Name of the Director	Name of the listed entity	Category of directorship
Mr. Samit Kumar Ghosh	Ujjivan Financial Services Limited	Non-Executive Non-Independent Director
Ms. Anita Ramachandran	1. Grasim Industries Ltd. 2. Blue Star Limited 3. FSN E-Commerce Ventures Limited 4. Happiest Minds Technologies Limited 5. Metropolis Healthcare Limited	Independent Director

- c. During the FY 2022-23, 9 (Nine) meetings of the Board were held on following dates:

Sr. No.	Date of Board meeting	Total number of directors eligible to attend	Number of directors present
1	May 12, 2022	9	9
2	June 08, 2022	9	7
3	July 26, 2022	10	10
4	September 02, 2022	10	10
5	September 15, 2022	10	8
6	October 14, 2022	10	9
7	November 07, 2022	10	10
8	February 02, 2023	10	10
9	February 21, 2023	10	9

There has not been a time gap of more than 120 (One Hundred and Twenty) days between any two consecutive Board meetings.

- d. None of the directors are related to each other.
- e. Mr. Ittira Davis, Managing Director & CEO, holds 2,00,000 equity shares and Mr. Samit Kumar Ghosh, Non-Executive, Non-Independent Director, holds 35,47,143 equity shares in the Bank as on March 31, 2023.
- f. Complying with Regulation 25(7) of SEBI Listing Regulations and RBI guidelines, Familiarisation Programmes were conducted during the FY 2022-23 to give an overview and introduction to the Independent Directors about the Bank's business and operations. Induction sessions were held for newly inducted board members with various business heads and head of departments of support functions.

The details of such programmes are available on the website of the Bank at www.ujjivansfb.in.

- g. In compliance with Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and other laws applicable to the Bank, as on March 31, 2023, the Bank has a well-diversified Board having requisite skills, expertise and competencies.

The Board has identified core skills/ expertise/ competencies in the area of Banking and Finance, Human Resource Management, Accountancy and Taxation, Information Technology, Micro Finance, Agriculture, Small Scale Industry and Rural Economy which are required in the context of Bank's business to function effectively.

- h. Bank has an enriched Board with the following skills, expertise and competencies:

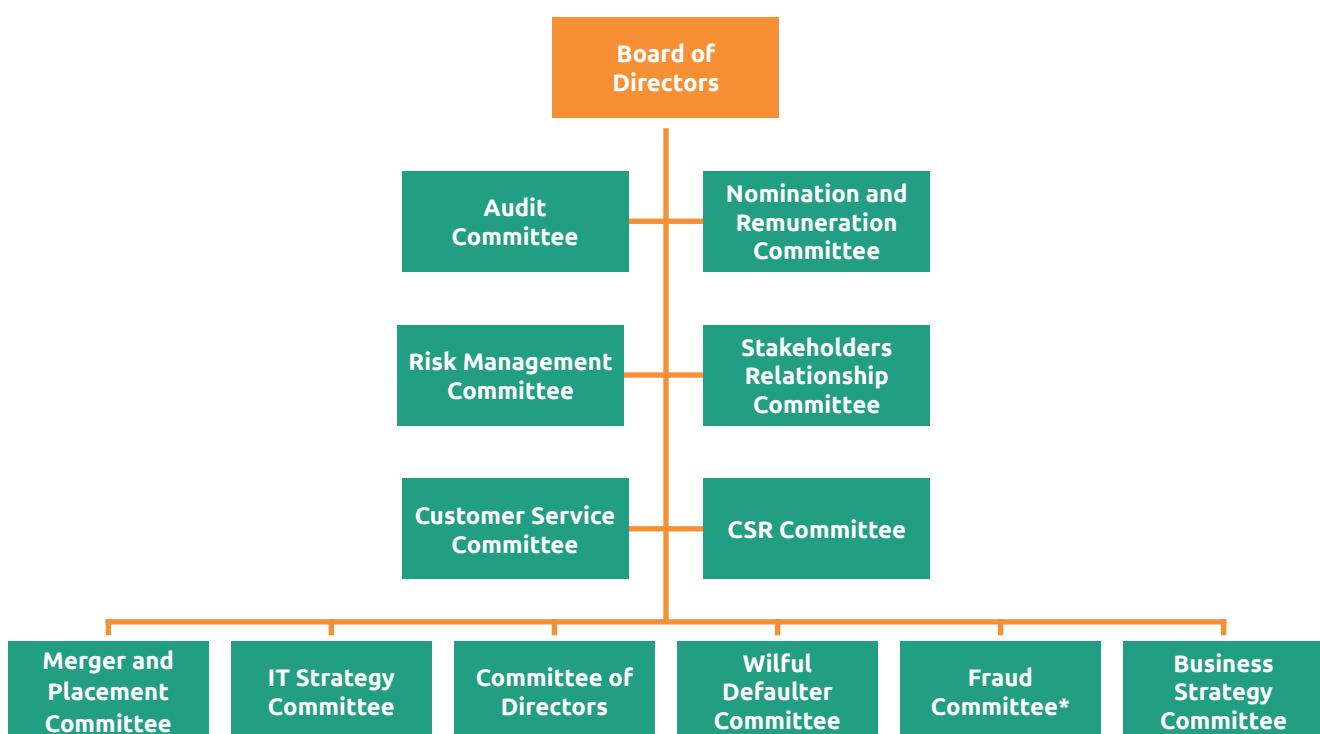
Sr.	Name of the Director	Core Skills/Expertise/Competencies
1.	Mr. Banavar Anantharamaiah Prabhakar	Banking, Accountancy, Finance, Agriculture and Rural economy, Small Scale Industry, Risk Management, Human Resources, Business Management, Credit Recovery & Treasury Management
2.	Mr. Ittira Davis	Banking, Finance, Strategic Planning.
3.	Ms. Rajni Mishra	Banking, accountancy, finance, agriculture and rural economy, small scale industry, risk management, human resources, business management, Credit Recovery & Treasury Management
4.	Mr. Rajesh Kumar Jogi	Accountancy, Finance, Economics, Risk Management, Taxation Laws, Corporate Laws, SEBI related Laws/Regulations and RBI Regulations
5.	Mr. Ravichandran Venkataraman	Banking, Information Technology, Finance, Accountancy and Business Management.
6.	Ms. Sudha Suresh	Accountancy, Taxation and Finance, Corporate Governance, Taxation Laws, Corporate Laws, SEBI related Laws/Regulations/RBI Regulations & Treasury Management



Sr.	Name of the Director	Core Skills/Expertise/Competencies
7.	Mr. Samit Kumar Ghosh	Banking, Strategic Planning, Payment and Settlement System and Business Management, Risk Management, Micro Finance, Housing and MSE Business
8.	Mr. P N Raghunath	Banking, Agriculture and Information Technology
9.	Mr. Satyaki Rastogi	Banking, Small Scale Industry, Digital Banking and MSME
10.	Ms. Anita Ramachandran	Human Resources, Talent sourcing and Reward Management Management and Business Leadership

- i. In the opinion of the Board, all the independent directors of the Bank meets the criteria of independence laid down under the Act and SEBI Listing Regulations and are independent of Bank's Management Team. At the time of appointment and at the beginning of each financial year and whenever any change occurs which may affect their independence, the independent directors submit a self-declaration confirming their independence and compliance with various eligibility criteria, among other disclosures. All such declarations are placed before the Board for its information, review and noting.
- j. No independent director of the Bank has resigned before the expiry of his/her tenure during the FY 2022-23.
- k. Every director has duly informed the Bank about the committee positions he/she occupies in other companies.
- l. None of the directors of the Bank are members of more than 10 (Ten) committees or chairpersons of more than 5 (Five) committees (Audit Committee and Stakeholders Relationship Committee) across all public limited companies in which they are director.
- m. None of the directors of the Bank are director in more than 7 (Seven) listed entities.

1. BOARD COMMITTEES AS ON MARCH 31, 2023



*Special Committee of the Board for Monitoring High Value Frauds

AUDIT COMMITTEE

- a. The Bank has constituted the Audit Committee in line with the provisions of Section 177 of the Act, applicable RBI Guidelines and Regulation 18 of the SEBI Listing Regulations.

As on March 31, 2023, the Audit Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Mr. Rajesh Kumar Jogi	03341036	Independent	Chairperson
2.	Mr. Ravichandran Venkataraman	02064557	Independent	Member
3.	Ms. Rajni Mishra	08386001	Independent	Member
4.	Mr. P N Raghunath	09428287	Non-Independent	Member
5.	Ms. Sudha Suresh	06480567	Independent	Member

- b. The composition of the Audit Committee during the year (together with changes) and the details of meetings attended by its members are given below:

Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
1.	Mr. Rajesh Kumar Jogi	9	9
2.	Ms. Rajni Mishra	9	9
3.	Mr. Ravichandran Venkataraman	9	9
4.	Ms. Sudha Suresh*	9	9
5.	Mr. P N Raghunath	9	7

*Appointed as a member w.e.f. April 01, 2022.

The members of the Audit Committee are financially literate and have expertise in finance and have knowledge of accounting and financial management.

- c. During the FY 2022-23, 9 (Nine) meetings of the Audit Committee were held on the following dates:

Sr.	Date of the Audit Committee Meeting	Total number of members	Number of members present
1.	May 05, 2022	5	5
2.	May 12, 2022	5	5
3.	July 20, 2022	5	5
4.	July 26, 2022	5	5
5.	August 19, 2022	5	5
6.	October 14, 2022	5	4
7.	October 20, 2022	5	4
8.	November 07, 2022	5	5
9.	February 01, 2023	5	5

- d. The terms of reference of the Audit Committee are in accordance with the Act, applicable RBI Guidelines and SEBI Listing Regulations. The following are the key terms of reference of the Audit Committee:

1. Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of the Bank;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. 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 Director's Responsibility Statement to be included in the Board's report, in terms of the Companies Act, 2013;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment 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 of any related party transactions; and
 - Qualifications and modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statement before submission to the Board for approval;
 6. Laying down the criteria for granting omnibus approval in accordance with the Bank's policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
 7. Examination of the financial statement and auditors' report thereon;
 8. Monitoring the end use of funds raised through public offers and related matters;
 9. 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 issue 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;
 10. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 11. Approval or any subsequent modification of transactions of the Bank with related parties provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Bank subject to such conditions as may be prescribed;
 12. Scrutiny of inter-corporate loans and investments;
 13. Valuation of undertakings or assets of the Bank, wherever it is necessary;
 14. Evaluation of internal financial controls and risk management systems;
 15. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 16. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 17. Discussion with internal auditors of any significant findings and follow up there on;
 18. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 19. Discussion with statutory auditors, internal auditors and secretarial auditors about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 21. To establish a vigil mechanism for directors and employees to report their genuine concerns or grievances;
 22. To review the functioning of the whistle blower mechanism;
 23. To ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Bank;
 24. Periodic inspection report submitted by the RBI and certificates/returns/reports to the RBI pertaining to the Audit Committee function;
 25. Annual Tax Audit statement and auditors report thereon;
 26. Quarterly Board oversight updates to be provided by Internal Audit and Compliance;
 27. Approval of appointment of chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 28. Carrying out any other function as may be required / mandated as per the provisions of the Companies Act, 2013, SEBI Listing Regulations and/or any other applicable laws;
 29. Reviewing the utilisation of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹ 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

The Audit Committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;
2. statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. management letters / letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses;
5. the appointment, removal and terms of remuneration of the internal auditor;
6. statement of deviations as and when becomes applicable:
 - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI Listing Regulations.
 - b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of SEBI Listing Regulations.

The role of the Audit Committee also includes the following:

- a) Exposure to sensitive sectors i.e. capital market & real estate;
- b) KYC / AML Guidelines - (i) Review of implementation (ii) Review of compliance of concurrent audit reports with respect to adherence to KYC / AML guidelines at branches;
- c) Review of housekeeping - particularly balancing and reconciliation of long outstanding entries Suspense / Sundries / Drafts payable / paid / Funds in Transit / Clearing / SGL / CSGL accounts;
- d) Review of compliance in respect of the Annual Financial Inspection conducted by RBI (Audit Committee shall review this on ongoing basis till the Bank furnishes full compliance. It should closely monitor persisting deficiencies pointed out in RBI Inspection Reports);
- e) Review of Audit plan and status of achievement thereof;
- f) 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 (vii) Audit of Service Branches (viii) Currency

Chest (ix) FEMA Audit of branches authorised to deal in foreign exchange, etc;

- g) Compliance report on directives issued by the Audit Committee/ Board / RBI;
- h) Report on compliance of Corporate Governance Requirements under SEBI Listing Regulations, and other guidelines issued by SEBI from time to time;
- i) Report on compliance of regulatory requirement of Regulators in Host Countries in respect of overseas branches;
- j) Review of Frauds (Frauds of ₹1 Crores and above to be reviewed as and when reported);
- k) Review of financial results for the quarter;
- l) Review of information on violations by various functionaries in the exercise of discretionary powers;
- m) Information in respect of equity share holdings in borrower companies more than 30% of their paid up capital;
- n) Status of implementation of Ghosh and Jilani Committee reports;
- o) Detailed report on fraudulent transactions relating to Internet Banking through phishing attacks pointing out in particular the deficiencies in the existing systems and steps taken by the IT department to prevent such cases;
- p) Change in accounting policy and practices which may have significant bearing on financial statements. A confirmation that accounting policies are in compliance with accounting standards and RBI guidelines;
- q) Review of IS Audit Policy;
- r) Review of transactions with related parties;
- s) Review of accounting policies / systems of the bank with a view to ensuring greater transparency in the Bank's accounts and adequacy of accounting standards;
- t) Review of the Bank's financial and risk management policies;
- u) Appointment of statutory auditors and review of performance - both for domestic and overseas operations, if any;
- v) Penalties imposed / penal action taken against bank under various laws and statutes and action taken for corrective measures;
- w) Review of report on Revenue leakage detected by Internal / External Auditors and status of recovery thereof - reasons for undercharges and steps taken to prevent revenue leakage; and



- x) Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:
1. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 2. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

NOMINATION AND REMUNERATION COMMITTEE

- a. The Bank has constituted a Nomination and Remuneration Committee as per the requirements of Section 178 of the Act, Regulation 19 of SEBI Listing Regulations and applicable RBI guidelines. The Nomination and Remuneration Committee has power of formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending a policy relating to the remuneration and appointment of the directors, key managerial personnel and senior management.

As on March 31, 2023, the Nomination and Remuneration Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Ms. Anita Ramachandran	00118188	Independent	Chairperson
2.	Mr. Ravichandran Venkataraman	02064557	Independent	Member
3.	Mr. B A Prabhakar	02101808	Independent	Member
4.	Mr. Rajesh Jogi	03341036	Independent	Member
5.	Mr. Samit Ghosh	00185369	Non-Independent	Member

- b. The composition of the Nomination and Remuneration Committee during the year (together with changes) and the details of meetings attended by its members are given below:

Sr.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
1.	Ms. Anita Ramachandran*	4	4
2.	Mr. Rajesh Kumar Jogi	6	6
3.	Mr. Ravichandran Venkataraman**	6	6
4.	Mr. Banavar Anantharamaiah Prabhakar	6	6
5.	Mr. Samit Kumar Ghosh	6	6

*Appointed as a member and Chairperson of the Committee w.e.f. July 01, 2022.

**Ceased to be the Chairperson w.e.f. July 01, 2022.

- c. All the members of the Nomination and Remuneration Committee are Non-Executive Directors, and four out of five members of the Nomination and Remuneration Committee are Independent Directors as on March 31, 2023.
- d. The Chairperson of the Nomination and Remuneration Committee is an Independent Director.
- e. During the FY 2022-23, 6 (Six) meetings of the Nomination Committee were held on the following dates:

Sr. No.	Date of the Committee Meeting	Total number of members	Number of members present
1.	May 09, 2022	4	4
2.	June 08, 2022	4	4
3.	September 02, 2022	5	5
4.	November 18, 2022	5	5
5.	January 17, 2023	5	5
6.	February 20, 2023	5	5

- f. The following are the key terms of reference of the Nomination Committee:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.

The Nomination Committee, while formulating the above policy, will ensure that —

- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Bank successfully;
- (ii) relationship of remuneration to performance is clear and meets

- appropriate performance benchmarks; and
- (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals;
2. Formulating criteria for evaluation of performance of independent directors and the Board;
 3. To ensure 'fit and proper' status of proposed/existing directors;
 4. Devising a policy on diversity of Board;
 5. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 6. Identifying persons who are qualified to become directors in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination Committee or by an independent external agency and review its implementation and compliance. The Bank shall disclose the remuneration policy and the evaluation criteria in its annual report;
 7. Analysing, monitoring and reviewing various human resource and compensation matters;
 8. Determining the Bank's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
 9. Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
 10. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
 11. Recommending to the Board, all remuneration, in whatever form, payable to senior management;
 12. Administering, monitoring and formulating detailed terms and conditions of the Employee

Stock Option Plan of the Bank, inter-alia, including the following:

- a) Determining the eligibility of employees;
- b) the quantum of option to be granted under the said Plan per employee and in aggregate;
- c) the exercise price of the option granted;
- d) the conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
- e) the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- f) the specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
- g) the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- h) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the Market Price of the Shares;
- i) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Nomination Committee:
 - the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the Corporate Action;
 - for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered;
 - the Vesting Period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option;
- j) the grant, vest and exercise of option in case of employees who are on long leave;



- k) allow exercise of unvested options on such terms and conditions as it may deem fit;
 - l) the procedure for cashless exercise of options;
 - m) Forfeiture/ cancellation of options granted;
 - n) Framing of suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, by the ESOP trust, the Bank and its employees, as applicable;
 - o) All other issues incidental to the implementation of the Plan; and
 - p) construing and interpreting the Plan and any agreements defining the rights and obligations of the Bank and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan.
13. Administering, monitoring and formulating detailed terms and conditions of the Employee Stock Purchase Scheme of the Bank;
14. Conducting due diligence as to the credentials of any director before his or her appointment/ re-appointment, and making appropriate recommendations to the Board, in consonance with the Dr. Ganguly Committee recommendations and the requirements of RBI;
15. To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Bank subject to the provision of the law and their service contract;
16. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
17. To develop a succession plan for the Board and to regularly review the plan;
18. To approve Job descriptions & KRA's of Senior Managers and Business Line Managers on an annual basis;
19. To review performance of the senior/business line managers on an annual basis;
20. Overseeing the framing, review and implementation of the Bank's Compensation Policy for Whole Time Directors/ Chief Executive Officers / Risk Takers and Control function staff for ensuring effective alignment between remuneration and risks;
21. To recommend to the Board, all remuneration, in whatever form, payable to senior management;
22. Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:
1. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 2. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
23. Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable;
24. Review regularly and approve the Bank's program for executive and employee development;
25. Review and implement the various HR policies and manual of the Bank;
26. Develop, review and approve the principles guiding the Bank's executive compensation philosophies;
27. Assure that the bonus plan is administered in a manner consistent with Bank's compensation principles and strategies including Bank's policies relating to executive management succession and executive organisation development; and
28. Performing such other functions as may be necessary or appropriate for the performance of its duties.
- g. Bank has a well-defined Nomination and Remuneration Policy which covers inter alia the criteria of evaluation of directors and the Board, the remuneration of directors / KMPs and other senior management of the Bank. The Policy is available on the website of the Bank at www.ujjivansfb.in.
- h. In compliance with Section 178 of the Act and SEBI Listing Regulations, in the meeting held on February 21, 2023, the Board has carried out, an annual evaluation of its own performance as well as the performance of its committees and individual directors as per the criteria laid down

by the Nomination Committee, which includes the following:

- I. The Board: Composition, structure, meetings, functions, management and professional development, ethics and compliance among others.
- II. The Committees: Mandate & Composition, effectiveness, structure, meetings,
- III. Individual directors (including Chairperson, Independent Directors and Non-Independent Directors): Leadership, Commitment, Contribution, Experience, Expertise, Independence, Integrity, Attendance, Responsibility, Flow of Information among others.
- IV. Disclosure on Board evaluation pursuant to SEBI circular No. EBI/HO/CFD/CMD/CIR/P/ 2018/79 dated May 10, 2018:

Particulars	Key Observations
Observation of the Board evaluation carried out for the FY 2022-23	<p>Basis all the evaluations, the Board was of the opinion that:</p> <ul style="list-style-type: none"> • The Directors had requisite competency, qualification, commitment and integrity. • The Directors had long term vision, industry knowledge and expertise and were wholly committed and provided ethical leadership to the Bank. • The Directors had the ability to function as a team. • Further, the Directors were regular in attending meetings and contributed effectively during the discussions. • There was no apparent conflict of interest and that they expressed their opinion freely. <p>It was however suggested that in the future the Board should look for onboarding a Director with IT expertise or get external IT expert to assist the Board in the IT related matters of the Bank.</p> <p>The Board also suggested that review of the charters of various Board Committees should be carried out on annual basis.</p>
Previous year's observations and action taken	Necessary actions were taken against the observations of the Board evaluation carried out for the FY 2021-22.
Proposed actions based on current year observation	The management appreciated the efforts and contributions of the Board and also acknowledged their constructive suggestions/observation on which appropriate actions were taken by the management which has resulted in remarkable turnaround of the business and financial performance of the Bank.

STAKEHOLDERS RELATIONSHIP COMMITTEE

- a. For redressing the grievances of the shareholders among other matters, the Bank has constituted a Stakeholders Relationship Committee as per the requirements of Section 178 of the Act and Regulation 20 of SEBI Listing Regulations.

As on March 31, 2023, the Stakeholders Relationship Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Ms. Sudha Suresh	06480567	Independent	Chairperson
2.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Member
3.	Mr. Ittira Davis	06442816	MD & CEO	Member
4.	Mr. B A Prabhakar	02101808	Independent	Member
5.	Mr. Ravichandran Venkataraman	02064557	Independent	Member

- b. The composition of the Stakeholders Relationship Committee during the year (together with the changes) and the details of meetings attended by its members are given below:

Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
1.	Ms. Sudha Suresh*	1	1
2.	Mr. Samit Kumar Ghosh	1	1
3.	Mr. Ittira Davis	1	1



Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
4.	Mr. Ravichandran Venkataraman**	1	1
5.	Mr. B A Prabhakar***	1	1

*Appointed as a Chairperson of the Committee w.e.f. April 01, 2022.

** Ceased to be the Chairperson of the Committee w.e.f. April 01, 2022.

*** Appointed as a Member of the Committee w.e.f. July 01, 2022.

- c. The Chairperson of the Stakeholders Relationship Committee is an Independent Director of the Bank.
- d. The Stakeholders Relationship Committee has met once on March 14, 2023 during the FY 2022-23 and all members were present at the meeting.
- e. The following are the key terms of reference of the Committee:
 - 1. To resolve 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. and assisting with quarterly reporting of such complaints;
 - 2. To review of measures taken for effective exercise of voting rights by shareholders;
 - 3. To review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent;
 - 4. To review 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;
 - 5. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
 - 6. To redress shareholders' and investors' complaints/grievances such as transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
 - 7. To approve, register, refuse to register transfer or transmission of shares and other securities;
 - 8. To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Bank;
 - 9. Allotment and listing of shares, approval of transfer or transmission of shares, debentures or any other securities;
 - 10. To authorise affixation of common seal of the Bank;
 - 11. To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Bank after split/ consolidation / rematerialisation and in Replacement of those which are defaced, mutilated, torn or old, decrepit, worn out or where the pages on reverse for recording transfers have been utilised;
 - 12. To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;
 - 13. To dematerialise or rematerialise the issued shares;
 - 14. To authorise to sign and endorse the Share Transfers on behalf of the Bank;
 - 15. To ensure proper and timely attendance and redressal of investor queries and grievances;
 - 16. To carry out any other functions contained in the SEBI Listing Regulations and the Act, as and when amended from time to time;
 - 17. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s); and
 - 18. To perform such other functions as and when authorised by the Board.
- f. Complaints of stakeholders received during the FY 2022-23.

Particulars	Number
Number of Complaints at the beginning of the FY 2022-23	0
Number of shareholders' complaints received during the FY 2022-23	61
Number of complaints disposed-off during the FY 2022-23	61
Number of pending complaints at the end of the FY 2022-23	0

The Company Secretary & Head of Regulatory Framework, has been designated as the Compliance Officer of the Bank as per Regulation 6 of SEBI Listing Regulations.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

- a. The Bank has constituted a CSR Committee in accordance with the provisions of Section 135 of the Act and the rules made thereunder and to oversee the social programs to be undertaken by the Bank and monitor its economic and social impact on society at large.

As on March 31, 2023, the CSR Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Ms. Sudha Suresh	06480567	Independent	Chairperson
2.	Mr. Rajesh Jogi	03341036	Independent	Member
3.	Ms. Rajni Mishra	08386001	Independent	Member
4.	Mr. Ittira Davis	06442816	MD & CEO	Member
5.	Ms. Anita Ramachandran	00118188	Independent	Member

- b. The composition of the CSR Committee during the year (together with changes) and the details of meetings attended by its members are given below:

Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
1.	Ms. Rajni Mishra*	1	1
2.	Ms. Sudha Suresh	2	2
3.	Mr. Rajesh Kumar Jogi	2	2
4.	Mr. Ravichandran Venkataraman**	1	1
5.	Mr. Ittira Davis	2	2
6.	Ms. Anita Ramachandran***	1	1

*Appointed as a member of the Committee w.e.f. July 01, 2022.

** Ceased to be member of the Committee w.e.f. July 01, 2022.

*** Appointed as a member of the Committee w.e.f. July 01, 2022.

- c. During the FY 2022-23, CSR Committee met twice on April 28, 2022 and March 29, 2023 and all the members were present in the meetings.

- d. The following are the key terms of reference of the CSR Committee:

- The CSR Committee shall formulate and recommend to the Board an annual action plan in pursuance of CSR Policy of the Bank which shall include the following, namely;
 - the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - the manner of execution of such projects or programmes as specified in Companies (Corporate Social Responsibility Policy) Rules, 2014.
 - the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - monitoring and reporting mechanism for the projects or programmes; and
 - details of need and impact assessment, if any, for the projects undertaken by the Bank.
- The CSR Committee shall approve and recommend to the Board, the activities can either be undertaken by the Bank itself or through any registered public trust/society/section 8 company or any entity established under an Act of Parliament or a State legislature as detailed in CSR Rules, for undertaking the CSR activities.
- To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

RISK MANAGEMENT COMMITTEE

- a. The Bank has constituted a Risk Management Committee in accordance with RBI guidelines and Regulation 21 of SEBI Listing Regulations.

As on March 31, 2023, the Risk Management Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Ms. Rajni Mishra	08386001	Independent	Chairperson
2.	Mr. B A Prabhakar	02101808	Independent	Member



Sr.	Name of Director	DIN	Category	Designation
3.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
4.	Ms. Sudha Suresh	06480567	Independent	Member
5.	Mr. Ittira Davis	06442816	MD & CEO	Member
6.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Member

- b. The composition of the Risk Management Committee and the details of meetings attended by its members are given below:

Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
1.	Ms. Rajni Mishra	5	5
2.	Mr. Banavar Anantharamaiah Prabhakar	5	5
3.	Mr. Samit Kumar Ghosh*	4	4
4.	Ms. Sudha Suresh	5	4
5.	Mr. Rajesh Kumar Jogi	5	5
6.	Mr. Ittira Davis	5	5

*Appointed as a member of the Committee w.e.f. May 13, 2022.

- c. During the FY 2022-23, 5 (Five) meetings of the Risk Management Committee were held on the following dates:

Date of the Risk Management Committee Meeting	Total number of members	Number of members present
April 22, 2022	5	4
July 21, 2022	6	6
October 19, 2022	6	6
February 01, 2023	6	6
February 20, 2023	6	6

- d. The following are the key terms of reference of the Risk Management Committee:

1. Ensure that all the current and future material risk exposures of the Bank are assessed, identified, quantified, appropriately mitigated and managed;
2. Establish a framework for the risk management process and to ensure its implementation in the Bank;
3. Ensure that the Bank is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
4. Review and recommend changes, from time to time, to the Risk Management plan and / or associated frameworks, processes and practices of the Bank;
5. Enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices;
6. Perform other activities related to this charter as requested by the Board or to address issues related to any significant subject within its term of reference;
7. Evaluate overall risks faced by the Bank and determining the level of risks which will be in the best interest of the Bank;
8. Identify, monitor and measure the risk profile of the Bank;
9. Develop policies and procedures, verify the models that are used for pricing complex products, review the risk models as development takes place in the markets and also identify new risks;
10. Design stress scenarios to measure the impact of unusual market conditions and monitor variance between the actual volatility of portfolio value and that predicted by the risk measures;
11. Monitor compliance of various risk parameters by operating departments;
12. Review the outsourcing functions of the Bank;
13. Review of risk management practices, procedures and systems to ensure that same are adequate to limit all potential risks, faced by the bank to prudent levels (Annually). (Risk Management Framework to be reviewed for adequacy);
14. Limit Management Framework to be defined by outlining of the tolerance limits. Any exceptions and breaches to be reported on a quarterly basis; and
15. Overview the functions and performance of the Risk Management Committee of the management.

The Risk Management Committee also oversees the following functions:

(A) Outsourcing Function

The Risk Management Committee is responsible inter alia for:-

1. Approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;
2. Laying down appropriate approval authorities for outsourcing depending on risks and materiality;
3. Undertaking regular review of outsourcing strategies and arrangements for their continued relevance, and safety and soundness; and
4. Deciding on business activities of a material nature to be outsourced, and approving such arrangements.

(B) Management Supervisory Function

Monitoring of the exposures (both credit and investment) by the Bank, review of the adequacy of the risk management process and up gradation thereof, internal control systems and ensuring compliance with the statutory / regulatory framework.

The Board believes that improvement of the Bank's efforts in the Environmental, Social parameters and upholding highest levels of Governance is extremely crucial in the Bank's journey ahead, hence, with a view to bring the ESG related initiatives of the Bank and reporting relating to the same under the purview of the Board, following additions has been made in TOR of the RMC:

- To define specific commitments, goals and targets to be set by the Bank in terms of ESG parameters along-with performance assessment parameters for the same.
- To approve and oversee the implementation of the Bank level policy on the ESG parameters.
- To ensure that the business of the Bank is being carried out in concurrence to the applicable principles of the 'National Guidelines on Responsible Business Conduct'(NGBRCs), as follows:
 - 1) Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.
 - 2) Businesses should provide goods and services in a manner that is sustainable and safe.
 - 3) Businesses should respect and promote the well-being of all employees, including those in their value chains.
 - 4) Businesses should respect the interests of and be responsive to all its stakeholders.
 - 5) Businesses should respect and promote human rights.
 - 6) Businesses should respect and make efforts to protect and restore the environment.
 - 7) Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
 - 8) Businesses should promote inclusive growth and equitable development.
 - 9) Businesses should engage with and provide value to their consumers in a responsible manner.
- To approve the reporting done by the Bank to regulatory authorities, such as but not limited to SEBI, RBI, MCA etc. on the ESG parameters.

CUSTOMER SERVICE COMMITTEE

- a. The Bank has constituted a Customer Service Committee in accordance with RBI Master Circular on Customer Service in banks. The function of the Customer Service Committee is to monitor the quality of customer service extended by the Bank and to attend to the needs of customers. The Committee furthers the efforts of financial inclusion for the customers of the Bank.

As on March 31, 2023, the Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Mr. B A Prabhakar	02101808	Independent	Chairperson
2.	Mr. Ittira Davis	06442816	MD & CEO	Member
3.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Member
4.	Mr. Satyaki Rastogi	02189494	Non-Independent	Member



- b. The composition of the Customer Service Committee and the details of the meetings attended by its members are given below:

Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
1.	Mr. B.A. Prabhakar	4	4
2.	Mr. Samit Kumar Ghosh	4	4
3.	Mr. Satyaki Rastogi	4	2
4.	Mr. Ittira Davis	4	4

- c. During the FY 2022-23, 4 (Four) meetings of the Customer Service Committee were held on the following dates:

Date of the Customer Service Committee Meeting	Total number of members	Number of members present
April 28, 2022	4	3
August 02, 2022	4	4
November 22, 2022	4	3
February 16, 2023	4	4

- d. The following are the key terms of reference of the Committee:

1. To review the controls related to managing and protecting the interests of unsophisticated/illiterate customers on an annual basis;
2. To review the performance of the Standing Committee of the Customer Service;
3. To formulate a Comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor for operations of his account;
4. To formulate a product approval process;
5. To take an annual survey of depositor satisfaction and the triennial audit of such services;
6. To monitor the implementation of Awards under the Banking Ombudsman Scheme:
 - i. Place all the awards before the Customer Service Committee to enable them to address issues of systemic deficiencies existing in banks, if any, brought out by the awards;
 - ii. Place all the awards remaining unimplemented for more than three months with the reasons therefor before the Customer Service Committee to enable the Customer Service Committee to report to the Board such delays in implementation without valid reasons and for initiating necessary remedial action; and
 - iii. delay in the implementation of Banking Ombudsman award on quarterly basis; and
7. To examine any other issues having a bearing on the quality of customer service rendered.

IT STRATEGY COMMITTEE

- a. The Bank has constituted an IT Strategy Committee in accordance with RBI guidelines.

As on March 31, 2023, the IT Strategy Committee comprises of the following members of the Board:

Sr. No.	Name of Director	DIN	Category	Designation
1.	Mr. Ravichandran Venkataraman	02064557	Independent	Chairperson
2.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
3.	Mr. B A Prabhakar	02101808	Independent	Member
4.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Member
5.	Mr. Ittira Davis	06442816	MD & CEO	Member

- b. The composition of the IT Strategy Committee during the year (together with changes) and the details of the meetings attended by its members is given below:

Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
1.	Mr. Ravichandran Venkataraman	4	4
2.	Mr. Samit Kumar Ghosh	4	4
3.	Ms. Sudha Suresh*	1	1
4.	Mr. Rajesh Kumar Jogi	4	4

Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
5.	Mr. Ittira Davis	4	4
6.	Mr. B A Prabhakar**	3	3

*Ceased to be a member of the Committee w.e.f. July 01, 2022.

**Appointed as a member of the Committee w.e.f. July 01, 2022.

- c. During the FY 2022-23, 4 (Four) meetings of the IT Strategy Committee were held on the following dates:

Date of the IT Strategy Committee Meeting	Total number of members	Number of members present
April 29, 2022	5	5
July 22, 2022	5	5
November 18, 2022	5	5
February 16, 2023	5	5

- d. The following are the key terms of reference of the Committee:

1. Approving IT strategy and policy documents;
2. Ensuring that the management has put an effective strategic planning process in place;
3. Ratifying that the business strategy is indeed aligned with IT strategy;
4. Ensuring that the IT organisational structure complements the business model and its direction;
5. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
6. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
7. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
8. Ensuring proper balance of IT investments for sustaining bank's growth;
9. Becoming aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks;
10. Assessing Senior Management's performance in implementing IT strategies;
11. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks);
12. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT;
13. Overseeing the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks; and
14. Reviewing IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value).

REVIEW COMMITTEE OF WILFUL DEFAULTERS

- a. The Bank has constituted a Review Committee of Willful Defaulters in accordance with RBI guidelines to review decisions taken by the Identification Committee (for identification of Willful defaulters / borrowers).

As on March 31, 2023, the Review Committee of Wilful Defaulters comprises of the following members of the Board:

Sr. No.	Name of Director	DIN	Category	Designation
1.	Mr. B A Prabhakar	02101808	Independent	Chairperson
2.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
3.	Ms. Sudha Suresh	06480567	Independent	Member
4.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Member



- b. The composition of the Review Committee of Wilful Defaulter during the year (together with changes) and the details of meetings attended by its members are given below:

Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
1.	Mr. B.A. Prabhakar	-	-
2.	Mr. Rajesh Kumar Jogi	-	-
3.	Mr. Samit Kumar Ghosh	-	-
4.	Ms. Sudha Suresh	-	-

- c. The Review Committee of Wilful Defaulters meets as and when the instance pertaining to wilful defaulters occurs and hence there was no such meeting held during the FY 2022-23.

FRAUD COMMITTEE (SPECIAL COMMITTEE OF BOARD FOR MONITORING HIGH VALUE FRAUDS)

- a. The Bank has constituted a Fraud Committee in accordance with RBI guidelines to monitor and follow up cases of frauds involving amounts in excess of ₹ 1 (One) Crores and to review a report on the RFA accounts and follow-up of Frauds (SCBF) providing, inter alia, a synopsis of the remedial action taken together with their current status.

As on March 31, 2023, the Fraud Committee comprises of the following members of the Board:

Sr. No.	Name of Director	DIN	Category	Designation
1.	Mr. Ravichandran Venkataraman	02064557	Independent	Chairperson
2.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
3.	Mr. B A Prabhakar	02101808	Independent	Member
4.	Ms. Rajni Mishra	08386001	Independent	Member
5.	Mr. Ittira Davis	06442816	MD & CEO	Member

- b. The composition of the Fraud Committee during the year (together with changes) and the details of meetings attended by its members are given below:

Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
1.	Mr. Ravichandran Venkataraman	1	1
2.	Mr. Banavar Anantharamaiah Prabhakar	1	1
3.	Mr. Samit Kumar Ghosh*	-	-
4.	Ms. Rajni Mishra	1	1
5.	Mr. Rajesh Kumar Jogi	1	1
6.	Mr. Ittira Davis	1	1

* Ceased to be a member of the Committee w.e.f. April 01, 2022.

- c. The Fraud Committee met once during the FY 2022-23 on May 05, 2022. All the members of the Committee were present at the meeting.

COMMITTEE OF DIRECTORS

- a. The Bank has in place a Committee of Directors to facilitate faster decision making to borrow monies, Issuing or arranging bank guarantees for Bank's own requirements; and offering security deposit, margin money, etc. for such and other transactions, to open Bank accounts, addition/deletion/change of signatories in Bank accounts, to apply for internet banking facilities and addition/deletion/change in inputter/authorisers, any other bank related matters, to enter into IBPC transactions, to enter into securitisation transactions, to avail refinance facilities from Financial Institutions, to raise monies through certificate of Deposits and to open DAD Accounts, Clearing Accounts and resolutions relating to any other statutory compliances/regulatory matters. The Committee also approves all Financial Institutional Group (FIG) loan proposals in excess of ₹ 70 Crores (enhanced from ₹ 50 Crores during the year). The Committee is also empowered to approve major deviations for MSE and Housing loans but within the capped limit.

As on March 31, 2023, the Committee of Directors comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Chairperson
2.	Ms. Rajni Mishra	08386001	Independent	Member
3.	Mr. Ravichandran Venkataraman	02064557	Independent	Member
4.	Mr. B A Prabhakar	02101808	Independent	Member

- b. The composition of the Committee of Directors during the year (together with changes) and the details of meetings attended by its members are given below:

Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
1.	Mr. Samit Kumar Ghosh	15	15
2.	Mr. Ravichandran Venkataraman	15	15
3.	Ms. Sudha Suresh*	4	4
4.	Ms. Rajni Mishra	15	15
5.	Mr. B A Prabhakar**	11	11

* Ceased to be a member of the Committee w.e.f. July 01, 2022.

** Appointed as a member of the Committee w.e.f. July 01, 2022.

- c. During the FY 2022-23, 15 (Fifteen) meetings of the Committee of Directors were held on the following dates:

Date of Committee of Directors Meeting	Total number of members	Number of members present
April 07, 2022	4	4
April 29, 2022	4	4
May 30, 2022	4	4
June 28, 2022	4	4
July 25, 2022	4	4
August 22, 2022	4	4
August 25, 2022	4	4
September 26, 2022	4	4
October 10, 2022	4	4
November 10, 2022	4	4
December 01, 2022	4	4
January 25, 2023	4	4
February 27, 2023	4	4
March 18, 2023	4	4
March 30, 2023	4	4

BUSINESS STRATEGY COMMITTEE

- a. The Bank has constituted a Business Strategy Committee to review and provide inputs to the business plans of each line of business with a specific focus on growth, strategy and productivity.

As on March 31, 2023, the Business Strategy Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Chairperson
2.	Mr. B A Prabhakar	02101808	Independent	Member
3.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
4.	Ms. Sudha Suresh	06480567	Independent	Member
5.	Mr. Ittira Davis	06442816	MD & CEO	Member
6.	Mr. Ravichandran Venkataraman	02064557	Independent	Member



- b. The composition of the Business Strategy Committee during the year (together with changes) and the details of meetings attended by its members are given below:

Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
1.	Mr. Samit Kumar Ghosh	5	5
2.	Mr. Banavar Anantharamaiah Prabhakar	5	5
3.	Ms. Sudha Suresh	5	5
4.	Mr. Rajesh Kumar Jogi	5	5
5.	Mr. Ittira Davis	5	5
6.	Mr. Ravichandran Venkataraman*	5	5

*Appointed as a member of the Committee w.e.f. July 01, 2022.

- c. During the FY 2022-23, 5 (Five) meetings of the Business Strategy Committee were held on the following dates:

Date of the Business Strategy Committee Meeting	Total number of members	Number of members present
July 19, 2022	6	6
October 18, 2022	6	6
December 07, 2022	6	6
January 20, 2023	6	6
February 07, 2023	6	6

MERGER AND PLACEMENT COMMITTEE

The Board of the Bank had constituted Merger Committee to oversee the merger of the bank with the holding Company and upon receipt of SEBI letter advising the Bank to ensure compliance with the minimum public shareholding requirements, the Committee was later renamed as Merger and Placement Committee to oversee the QIP process and its matters related thereto to achieve the minimum public shareholding and accordingly its terms of reference was enhanced.

The Merger and Placement Committee is authorised to approve the following in connection with the merger of the Bank with the Holding Company as required under the RBI guidelines and to oversee the QIP of the Bank:

1. To take such steps as may be necessary for merger of the Bank with the Holding Company including obtaining Shareholders Approval, filing of necessary applications before RBI, NCLT, SEBI and take such steps as prescribed under Companies Act, 2013 and applicable rules made thereunder, SEBI Listing Regulations, RBI guidelines and any other law applicable;
2. To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, the RBI, SEBI, the relevant registrar of companies and any other governmental or statutory authorities as may be required in connection with the merger and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications/ amendments as may be required;
3. To authorise and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the merger;
4. To approve code of conduct as maybe considered necessary by the Merger Committee as required under applicable laws, regulations or guidelines for the Board, officers of the Bank and other employees of the Bank;
5. To approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the Merger Committee as may be required under the applicable laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Bank with the relevant stock exchanges, to the extent allowed under law;
6. To issue receipt s/ allotment letters/ confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Bank with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Bank to sign all or any of the aforesigned documents;
7. To authorise and approve notices, advertisements in relation to the merger in consultation with the relevant intermediaries appointed for the merger;
8. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to

- sign and / or modify, as the case maybe, agreements and / or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorise one or more officers of the Bank to execute all or any of the aforestated documents;
9. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Bank where necessary;
 10. To submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies, Karnataka and the relevant stock exchange(s) where the Equity Shares are to be listed;
 11. To negotiate, finalise, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the Merger Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the merger and any documents or instruments so executed and delivered or acts and things done or caused to be done by the Merger Committee shall be conclusive evidence of the authority of the merger in so doing;
 12. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI Listing Regulations or any other Applicable Laws;
 13. To approve the list of 'group of companies' of the Bank, identified pursuant to the materiality policy adopted by the Board;
 14. To appoint the registrar and other intermediaries to the merger, in accordance with the provisions of the SEBI Regulations and other Applicable Laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, to remunerate all such intermediaries/agencies including the payments of commissions, brokerages, etc. and to terminate any agreements or arrangements with such intermediaries/agents;
 15. To determine the form, terms and timing (i.e. opening and/or closing dates) of the QIP, including number of the Equity Shares to be allotted in each tranche, floor price, final allotment price in accordance with

the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**SEBI ICDR Regulations**") and/or any other applicable laws, including any discount of up to 5% of the floor price or such other discount as may be permitted under applicable law, premium amount in issue, listings on one or more stock exchanges, the date for the opening and closure of the subscription period for the Equity Shares (including the extension of such subscription period, as may be necessary or expedient), and to make and accept any modifications in the proposals as may be required by the authorities involved in such QIP and also agree to any conditions imposed by such authorities at the time of granting their approval, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the QIP;

16. To allot the Equity Shares, in one or more series and/ or one or more tranches, issued in accordance with the terms of offering;
17. To undertake all such actions and compliances as may be necessary in accordance with the SEBI ICDR Regulations and the SEBI Listing Regulations or any other applicable laws;
18. To approve and adopt any special purpose financials statements, if any, in respect of the QIP;
19. To determine and vary utilisation of the QIP proceeds in accordance with the applicable laws;
20. To take the decision pertaining to road shows (deal and non-deal road shows) and investor meet(s);
21. To finalise the basis of allotment of the Equity Shares on the basis of the subscriptions received (including in the event of over-subscription);
22. To seek, if required, any approval, consent or waiver from the Bank's lenders, and/or parties with whom the Bank has entered into various commercial and other agreements, and/or any or all concerned government and regulatory authorities in India, and/ or any other approvals, consents or waivers that may be required in connection with the creation, issue, offer and allotment of the Equity Shares;
23. To open one or more bank accounts in the name of the Bank or otherwise, including escrow account, with such banks in India, as may be necessary or expedient in connection with the issue and allotment of the Equity Shares;
24. To apply to Stock Exchanges for obtaining of in-principle approval and filing of requisite documents with the Registrar of Companies;
25. To finalise all the terms and conditions and the structure of the Equity Shares, to do all such acts,



deeds, matters and things as the Merger Committee may, in its absolute discretion deem necessary or desirable in connection with the Equity Shares, and to settle any question, difficulty or doubts that may arise with regard to the offer, issue and allotment of the Equity Shares, subject however, to applicable laws, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions and / or sanctions which may be necessary or desirable, as it may deem fit or as the Merger Committee may suo moto decide in its absolute discretion in the best interests of the Bank; and

26. To delegate any of its powers set out under (1) to (26) hereinabove, as may be deemed necessary and permissible under applicable laws to the officials of the Bank.

The Bank on September 15, 2022 had allotted 22,61,90,476 equity shares by way of Qualified Institutions Placement (QIP), resultantly the promoter shareholding was brought down from 83.32% to 73.68%. Basis the achievement of the minimum public shareholding and subsequent to the receipt of NOC's from the Stock Exchanges, RBI and SEBI, the Bank has filed a Joint Application before the Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench for the Scheme of Amalgamation ("Scheme") between Ujjivan Financial Services Limited and Bank and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 seeking directions from the NCLT on convening Meeting of equity shareholders and any other relevant stakeholders of the aforesaid companies. Merger of the Promoter entity with the Bank will suffice the requirement of promoter shareholding dilution.

As on March 31, 2023, the Merger and Placement Committee comprised of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Ms. Sudha Suresh	06480567	Independent	Chairperson
2.	Mr. B A Prabhakar	02101808	Independent	Member
3.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Member
4.	Mr. Ittira Davis	06442816	MD & CEO	Member

The composition of Merger and Placement Committee during the year (together with changes) and the details of meetings attended by its members are given below:

Sr. No.	Name of Director	Number of meetings during the FY 2022-23	
		Held during their tenure	Attended
1.	Ms. Sudha Suresh	4	3
2.	Mr. B. A. Prabhakar	4	4
3.	Mr. Rajesh Kumar Jogi*	-	-
4.	Mr. Ravichandran Venkataraman*	-	-
5.	Mr. Samit Kumar Ghosh	4	4
6.	Mr. Ittira Davis	4	4

*Ceased to be a member of the Committee w.e.f. April 01, 2022.

During the FY 2022-23, 4 (Four) meetings of Merger and Placement Committee were held on the following dates:

Date of the Merger and Placement Committee Meeting	Total number of members	Number of members present
September 12, 2022 - 08:30 AM	4	3
September 12, 2022 - 05:15 PM	4	4
September 15, 2022	4	4
September 21, 2022	4	4

3. INDEPENDENT DIRECTORS

- The independent directors are given a formal letter of appointment containing the terms of appointment, roles and responsibilities, duties and code of conduct, among other items. As required under Regulation 46 of the SEBI Listing Regulations, the terms and conditions of appointment of Independent Directors are available on the website of the Bank at www.ujjivansfb.in/corporate-governance-policies.
- Schedule IV of the Act and Regulation 25(3) of the SEBI Listing Regulations mandate that the independent directors of the Bank shall hold at least one meeting in a financial year, without the attendance of Non-Independent Directors and members of Management.
- Accordingly, the Meeting of Independent Directors of the Bank was held on February 20, 2023 with the presence of all the Independent Directors to;

- i. review the performance of non-independent directors and the board of directors as a whole;
- ii. review the performance of the chairperson of the listed entity, taking into account the view of executive directors and non-executive directors; and
- iii. assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

4. REMUNERATION OF DIRECTORS

- a. The details of the remuneration paid by way of sitting fees to the non-executive directors including independent directors have been disclosed in the **Annexure-1** of this Report. No stock options have been granted to any Non-Executive Directors of the Bank.

The detailed criteria of making payments to non-executive directors forms part of Nomination and Remuneration Policy of the Bank which is available on website of the Bank at www.ujjivansfb.in/corporate-governance-policies.

5. GENERAL MEETINGS OF MEMBERS

- a. Details of the last three Annual General Meetings are as follows:

Sr. No.	Financial Year	Date and Time	Location	Special Resolution Passed
1.	2019-20	September 02, 2020 at 03:30 P.M.	It was convened through Video Conferencing/ Other Audio Visual Means and Registered Office was deemed venue of the Meeting	1. To Ratify Ujjivan Small Finance Bank - Employee Stock Option Plan 2019 ("ESOP 2019 Scheme") 2. To Ratify Ujjivan Small Finance Bank - Employee Stock Purchase Scheme 2019 ("ESPS 2019 Scheme") 3. To Shift/Change of Place/Location of the Registered Office of the Bank from New Delhi, the National Capital Territory of Delhi to Bengaluru in the State of Karnataka and consequent Alteration of Memorandum of Association of the Bank
2.	2020-21	September 27, 2021 at 03:30 PM	It was convened through Video Conferencing/ Other Audio-Visual Means and Registered Office was deemed venue of the Meeting	None
3.	2021-22	September 02, 2022 at 03:00 PM	It was convened through Video Conferencing/ Other Audio-Visual Means and Registered Office was deemed venue of the Meeting	None

- b. During the FY 2022-23, no Extraordinary General Meeting of the members of the Bank was held.

- c. Details of Resolutions Passed Through Postal Ballot during the FY 2022-23 are as follows:

Sr. No.	Financial Year	Name of Resolutions	Date of passing of Resolution
1.	2022-23	1. To offer and issue debt securities/ bonds/ other permissible instruments, through private placement, in one or more tranches 2. To appoint Ms. Anita Ramachandran (DIN: 00118188) as an Independent director of the Bank	July 12, 2022

6. MEANS OF COMMUNICATION

The Board has been approving the quarterly financial results within 45 days of the end of respective quarter and the audited annual financial results for the quarter and financial year ended March 31 within 60 days from the end of the financial year. The results are promptly forwarded to the stock exchanges and are published in one English and one in Kannada. The results as well as other press releases and presentations made to Institutional Investors or to the Analysts are simultaneously displayed on the Bank's website at www.ujjivansfb.in



7. GENERAL SHAREHOLDER INFORMATION

Particulars	Details
Annual General Meeting	Date: July 28, 2023 Time: 03:00 PM Venue: Grape Garden No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru- 560095, Karnataka
Financial Year	April 01, 2022 to March 31, 2023
Dividend Payment Date	The Board of the Bank has declared interim dividend for its equity and preference shares at ₹ 0.75 and ₹ 0.55 respectively per share, out of the profits for FY 2022-23 and was paid on March 08, 2023. Further, the Board of the Bank has recommended a final dividend on Equity Shares which if approved in the AGM will be paid within 30 days of the AGM.
The name and address of each Stock Exchanges at which the Bank's securities are listed and a confirmation about payment of annual listing fee to each of such Stock Exchanges	The Equity Shares of the Bank are listed on below mentioned Stock Exchanges: A. National Stock Exchange of India Limited ("NSE") Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 B. BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 The Bank has paid annual listing fee as applicable to the Bank for the FY 2022-23.
Stock Code	NSE Symbol: UJJIVANSFB BSE Code: 542904
Registrar to an Issue and Share Transfer Agents	Name: KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) Address: Selenium Building, Tower-B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana, India, 500032 E-mail: einward.ris@kfintech.com Website: www.kfintech.com Toll Free No.: 18003094001
Share Transfer System	KFin Technologies Limited (Formerly known as KFin Technologies Private Limited), Registrar and Transfer Agent of the Bank, handles and provides investor related services such as transfer, demat, remat and such other services in coordination with the Bank. The Bank obtains certificate from Share Transfer Agent certified by Practicing Company Secretary that all formalities under Regulation 40(9) of the SEBI Listing Regulations are compiled and copy of same is filed with stock exchange within the prescribed time.

Particulars	Details			
	Sr. No.	Description	Number of Equity Shares	% To Equity Share Capital
Dematerialisation of Shares and liquidity	1.	Physical	170	0.00
	2.	NSDL	1,79,11,30,145	91.63
	3.	CDSL	16,35,76,310	8.37
		Total	1,95,47,06,625	100.00
	The International Securities Identification Number of the Bank is INE551W01018 .			
Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity	<p>The Bank does not have any outstanding Global Depository Receipts or American Depository Receipts or warrants or instrument other than Stock options granted under Ujjivan Small Finance Bank-Employee Stock Option Plan 2019 ("ESOP 2019 Scheme").</p> <p>As on March 31, 2023, 11,99,71,861 options have been granted by the Bank under ESOP 2019 Scheme to eligible employees of the Bank and its Holding Company, Ujjivan Financial Services Limited.</p>			
Commodity price risk or foreign exchange risk and hedging activities;	NA			
Plant locations	<p>The Bank is engaged in the business of providing banking and other financial related services and it does not have any plant.,</p> <p>The Bank has 629 banking outlets across 25 (Twenty Five) states and union territories of India.</p>			
Address for correspondence	<p>The Company Secretary and Compliance Officer Ujjivan Small Finance Bank Limited Grape Garden, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru - 560 095. Email: investorrelations@ujjivan.com Tel. No: +91 80 40712121</p>			

Performance in comparison to broad-based indices such as BSE Sensex and NSE Nifty Index

Securities of the Bank were not suspended from trading on stock exchanges during the FY 22-23.

Market price data- high, low during each month of FY 2022-23.

Month	Market Price data					
	BSE			NSE		
	High Price	Low Price	Volume (No. of Shares Traded)	High Price	Low Price	Volume (No. of Share Traded)
April, 2022	18.95	14.80	88,21,531	18.95	14.80	5,03,04,518
May, 2022	18.00	15.50	49,62,638	18.00	15.50	2,58,03,918
June, 2022	17.00	13.50	33,61,512	17.00	13.50	2,17,92,025
July, 2022	20.15	14.75	88,59,082	20.10	14.80	6,16,64,093
August, 2022	21.80	19.05	1,02,78,034	21.80	19.05	6,90,07,176
September, 2022	25.85	20.55	2,29,26,480	25.80	20.50	15,34,62,306
October, 2022	26.40	21.70	1,23,16,430	26.45	21.70	10,32,86,753
November, 2022	30.50	24.50	3,51,34,034	30.50	24.55	26,34,14,552
December, 2022	33.50	25.20	4,05,20,194	33.50	25.20	30,35,61,528
January, 2023	31.30	26.70	2,39,72,301	31.25	26.70	25,00,99,489
February, 2023	30.90	24.75	2,08,41,142	30.90	24.75	13,41,54,244
March, 2023	28.08	22.75	1,71,96,323	28.10	22.75	13,02,48,646

8. CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION (CEO AND CFO CERTIFICATION)

As required under Regulation 17 and 33(2) (a) read with Part B of Schedule II of the SEBI Listing Regulations, the CEO and CFO certification on the Financial Statements, the Cash Flow Statements and the Internal Controls for Financial



Reporting has been obtained from Mr. Ittira Davis, Managing Director and CEO and Mr. MD Ramesh Murthy, Chief Financial Officer. The said certificate forms part of the Annual Report.

9. SUCCESSION PLANNING

The Bank has formulated a succession planning policy for the national leadership team and Board of the Bank for quick fulfillment of vacancies in key senior positions through evaluation of qualified, motivated people and a process to identify and groom them.

10. BOARD DIVERSITY

The Bank believes that Board diversity plays a very important role in the transparency and in the decision making process in the Boardroom. The Bank has formulated and implemented Board Diversity Policy to comply with the SEBI Listing Regulations and to ensure the diversity of thought, experience, knowledge, perspective and gender in the Board. The Bank promotes social diversity and professional diversity in the Boardroom.

The Bank also believes that diversity in the composition of the Board of Directors is essential in view of the expansion of business, greater social responsibility, increasing emphasis on Corporate Governance, need for addressing concerns of diverse stakeholders and the necessity for managing risks in the business effectively. A Board composed of appropriately qualified and skilled people, with a broad range of experience relevant to the business, is important for effective corporate governance and sustained commercial success of the Bank.

The primary objective of this Policy is to provide a framework and set standards for having a diversified Board with ability to base its decisions after evaluating multiple options as compared to homogeneous Boards and help improve the performance of the organisation significantly.

The Board Diversity Policy is available on the website of the Bank at www.ujjivansfb.in.

11. NO SHARES WERE TRANSFERRED TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT DURING THE FY 2022-23.

12. OTHER DISCLOSURES

a. Related Party Transactions

The Bank has entered into related party transactions during the FY 2022-23. Related party transactions were approved by the Audit Committee and the Board. The Bank has formulated a Policy on 'Materiality of Related Party Transactions' which forms part of the Policy on dealing with 'Related Party Transactions' which is available on the website of the Bank at www.ujjivansfb.in.

The Bank has entered into all related party transaction at arm's length basis. There were no materially significant related party transactions during the FY 2022-23 that may have potential conflict with the interest of the Bank at large.

- b. The Bank does not have a subsidiary company as on date, hence the Bank is not required to formulate a specific policy on dealing with material subsidiaries.
- c. There were no non-compliances by the Bank, no penalties and strictures were imposed on the Bank by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- d. The Bank in compliance with Section 177 of the Act and Regulation 22 of SEBI Listing Regulations has established a Whistle Blower policy / Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Bank's Code of Conduct or Code of Conduct for Prevention of Insider Trading and Code of Fair Disclosures and Conduct.

No person has been denied access to the Chairperson of the Audit Committee. The Whistle Blower policy is available on the website of the Bank at www.ujjivansfb.in.

Particulars of Whistle Blower Complaints	No. of Complaints
No. of complaints at beginning of FY 2022-23	0
No. of complaints received during the FY 2022-23	16
No. of complaints resolved during the FY 2022-23	15
No. of complaints at end of FY 2022-23	01

- e. List of all credit ratings as on March 31, 2023 obtained by the Bank:

Instrument Name	Name of Credit Rating Agency	Amount (₹ In Crores)	Rating	Date of Credit Rating	Revision in the Credit Rating
Long Term Bank Facilities	CARE Ratings Limited	500.00	CARE A+; Stable	September 06, 2017	Reaffirmed on January 05, 2023
Certificate of Deposit Programme	CRISIL Ratings Limited	2500.00	CRISIL A1+	February 26, 2018	Reaffirmed on February 16, 2023
Subordinated Non-Convertible Debentures	CARE Ratings Limited	500.00	CARE A+; Stable	November 24, 2022	Reaffirmed on January 05, 2023

- f. The Bank has complied all the mandatory requirements and adopted the following non-mandatory requirements:

- a) Bank has appointed separate persons for the position of Chairman and Chief Executive Officer
- b) Head of Internal Audit of the Bank directly report to the Audit Committee of the Bankg. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Particulars	Number of Complaints
Number of complaints received during the FY 2022-23	7
Number of complaints disposed of during the FY 2022-23	7
Number of complaints pending as on end of the FY 2022-23	0

- h. The Bank has paid a total fees of ₹ 1,22,62,500 for all services of Statutory Auditors during the FY 2022-23.
- i. The Bank has complied with all the mandatory requirements of the Corporate Governance as specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.
- j. There were no recommendations of the Board Committees which was turned down by the Board during the FY 2022-23.
- k. The Bank has obtained a certificate from Mr. K. Jayachandran (ACS No.: 11309, CP No.: 4031), Practicing Company Secretary that none of the directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as director of the Bank by the SEBI/Ministry of Corporate Affairs or any such statutory authority and same is annexed as **Annexure-2** to this Report.
- l. The Bank has obtained Compliance certificate from Mr. K. Jayachandran (ACS No.: 11309, CP No.: 4031), Practicing Company Secretary regarding compliance of conditions of corporate governance and same is annexed as **Annexure-5** to the Directors' Report of the Bank.
- m. A declaration signed by the Chief Executive Officer stating that the members of Board and Senior Management Personnel have affirmed compliance with the code of conduct of the Bank forms part of the CEO and CFO certification.

For and on behalf of the Board of Directors

Sd/-

B A Prabhakar

Part-Time Chairman and Independent Director

DIN: 02101808

Sd/-

Ittira Davis

MD & CEO

DIN: 06442816

Date: May 11, 2023

Place: Bengaluru



Annexure-1

Details of Sitting Fee paid during the FY 2022-23

Name of Director	Amount (In ₹ Lakhs)
Mr. Rajesh Kumar Jogi	37,00,000
Ms. Rajni Mishra	34,50,000
Mr. Samit Kumar Ghosh	43,75,000
Ms. Sudha Suresh	35,00,000
Mr. B A Prabhakar	43,75,000
Mr. Ravichandran Venkataraman	44,00,000
Mr. Satyaki Rastogi	7,25,000
Ms. Anita Ramachandran	13,50,000
Total	2,58,75,000

For and on behalf of the Board of Directors

Sd/-
B A Prabhakar
Part-Time Chairman and Independent Director
DIN: 02101808

Sd/-
Ittira Davis
MD & CEO
DIN: 06442816

Date: May 11, 2023

Place: Bengaluru

Annexure-2

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,

UJJIVAN SMALL FINANCE BANK LIMITED

Grape Garden, No. 27, 3rd "A" Cross, 18th Main,

6th Block, Koramangala, Bengaluru – 560095, Karnataka.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **UJJIVAN SMALL FINANCE BANK LIMITED** having CIN **L65110KA2016PLC142162** and having Registered Office at **Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru – 560095, Karnataka** (hereinafter referred to as 'the Bank'), produced before me 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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my 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 by the Bank and its officers, I hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ending on **March 31, 2023** 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 Director	DIN (Director Identification Number)	Date of appointment in Bank
01.	Mr. Samit Kumar Ghosh	00185369	August 20, 2021
02.	Mr. Ravichandran Venkataraman	02064557	August 20, 2021
03.	Mr. Banavar Anantharamaiah Prabhakar	02101808	August 20, 2021
04.	Mr. Satyaki Rastogi	02189494	December 22, 2021
05.	Mr. Rajesh Kumar Jogi	03341036	March 13, 2021
06.	Mr. Ittira Poonollil Davis	06442816	January 14, 2022
07.	Ms. Sudha Suresh	06480567	August 20, 2021
08.	Ms. Rajni Anil Mishra	08386001	December 16, 2020
09.	Mr. Raghunath Narasimhachar Patel	09428287	November 29, 2021
10.	Ms. Anita Ramachandran	00118188	July 01, 2022

Ensuring the eligibility of, for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. My 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: Bangalore

Dated: May 11, 2023

K. JAYACHANDRAN

COMPANY SECRETARY

ACS No. 11309/CP No. 4031

UDIN: A011309E000287640

Peer Review No: 784/2020



CEO AND CFO CERTIFICATION

To,

The Board of Directors

Ujjivan Small Finance Bank Limited

Grape Garden, No. 27, 3rd "A" Cross,
18th Main, 6th Block, Koramangala,
Bengaluru-560095

Subject: Compliance Certificate as required under Regulation 17(8) read with Regulation 33 (2) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the quarter and financial year ended March 31, 2023 and that to the best of our knowledge and belief:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) 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.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the quarter and financial year ended March 31, 2023 which are fraudulent, illegal or violative of the Bank's code of conduct.
- C. 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 we have disclosed to the auditors and the Audit Committee, that there were no deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
 - (1) that there were no significant changes in internal control over financial reporting during the quarter and financial year ended March 31, 2023;
 - (2) that there were no significant changes in accounting policies during the quarter and financial year ended March 31, 2023; and
 - (3) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.
- E. We further declare that all members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of the Bank.

For **UJJIVAN SMALL FINANCE BANK LIMITED**

Ittira Davis
Managing Director and CEO
DIN: 06442816

M D Ramesh Murthy
Chief Financial Officer

Date: May 09, 2023
Place: Bengaluru

Business Responsibility & Sustainability Reporting (BRSR)

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L65110KA2016PLC142162
2.	Name of the Listed Entity	Ujjivan Small Finance Bank Limited
3.	Year of incorporation	2016
4.	Registered office address	Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru-560095, Karnataka
5.	Corporate address	Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru-560095, Karnataka
6.	E-mail	investorrelations@ujjivan.com
7.	Telephone	1800 208 2121
8.	Website	www.ujjivansfb.in
9.	Financial year for which reporting is being done	FY 2022-23
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE)
11.	Paid-up Capital	₹ 1,954.70 Crores
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Sanjeev Barnwal Email – sanjeev.barnwal@ujjivan.com Phone: 1800 208 2121
13.	Reporting boundary	Standalone basis 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).

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of main activity	Description of business activity	% of turnover of the entity (FY23)
1	Financial and Insurance Services	Banking activities by Central, Commercial and Saving banks	100

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total turnover contributed
1	Banking Activity by Commercial Banks	65191	100

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of banking outlets	Number of ATMs	Number of offices	Total
National	629	517	24*	1,170
International	Nil	Nil	Nil	Nil

*Includes 2 call centres of Ujjivan Small Finance Bank



17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	25 (PAN India)
International (No. of Countries)	Nil

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Given the nature of business and operations of the bank, exports are not applicable to it.

c. A brief on types of customers

The bank provides its services to a diverse range of customers such as – Senior citizens, Minors, Proprietors/ MSME customers/Corporate entities/ Government entities, Visually impaired / Handicapped customers and Underserved/ unsophisticated customers.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Total employees	17870	14506	81%	3364	19%

b. Differently abled Employees

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Total differently abled employees	22	16	73%	6	27%

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	10	3	30
Key Management Personnel	3	0	0

20. Turnover rate for permanent employees

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	5478	1172	6650	4931	1130	6061	2902	730	3632

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/Subsidiary/Associate/ Joint Venture	% of shares held by listed Entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Ujjivan Financial Services Limited	Holding company	Nil	No

VI. CSR Details**22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)**

Yes. The bank has been executing CSR projects on liability terms since inception. However, in FY 2022-23 the organisation was not liable for the CSR obligations

(ii) Turnover (in ₹)

4,754.19 Crores

(iii) Net worth (in ₹)

3,775.49 Crores

VII. Transparency and Disclosures Compliances**23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

Stakeholder group from whom complaint is received	Grievance redressal mechanism in place (Yes/No)	FY 2022-23 Current Financial Year			FY 2021-2022 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	NA	0	0	NA
Investors (other than shareholders)	Yes	0	0	Holders of Unlisted Non-Convertible Debentures	NA	NA	There were no Investors other than Shareholders in FY 2021-22
Shareholders	Yes	61	61	NA	11	11	NA
Employees and workers	Yes	0	0	NA	0	0	NA
Customers*	Yes	969	0	NA	731	0	NA
Value Chain Partners	Yes	0	0	NA	0	0	NA

* Complaints mostly related to Phishing, Vishing, Smishing by Fraudsters and other complaints.

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	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.	Responsible Finance	Opportunity	Ability to capitalise on ever-increasing opportunities related to green finance.	-	Positive
2.	Decarbonisation Strategy	Opportunity	Transitioning to low carbon operations by enhancing renewable energy share, further optimising resource consumption through various operational measures and by leveraging on technology	-	Positive
3.	Human Capital Development	Opportunity	Focusing on ability to attract, retain, and develop a highly skilled workforce.	-	Positive



Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	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)
4.	Employee wellbeing	Opportunity	Focus on physical and mental wellbeing of the employees leading to personal and professional growth and offering recognition and rewards for employees.	-	Positive
5.	Cyber Security & Data Privacy	Risk	Customer data breach, data loss, cyber-attacks could lead to exposure of sensitive data to the unauthorised individuals.	Cyber Security & Data Privacy is considered as one of the critical aspects given the nature of the business. Defined policy, procedure and governance is established for safeguarding the risk. Risk Management committee shall also oversee cybersecurity related issues on a periodic frequency. Internal audits are conducted to ensure alignment with global standards like ISO 27001.	Negative
6.	Consumer Financial Protection	Risk	Risks arising due to unethical lending practices or mis-selling financial products.	Risk assessment and evaluation of business operations, transparency in lending practices, financial literacy for the consumers.	Negative
7.	Corporate Citizenship & Philanthropy	Opportunity	Promoting social welfare, extend the need-based projects for the communities thereby building trust and relationship with communities	-	Positive
8.	Customer relationship management	Opportunity	Focuses on improving customer satisfaction by providing seamless banking experience, doorstep service, benefits, financial literacy etc.	-	Positive
9.	Access to Finance	Opportunity	Focus of USFB is mass market segment. The products are designed to serve mass market with a purpose of financial inclusion and lending to underserved.	-	Positive

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	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)
10.	Governance and Ethics	Opportunity	Robust Governance structure influences the performance thereby attracting attention of investors and other stakeholders. It focuses on building a strong market reputation and relationship with the customers.	-	Positive
		Risk	The structure, behaviour, culture, and performance of an organisation is shaped by internal Governance. Risks include ethical and legal risks, information disclosure, regulatory & reputational risks.	Stringent policies and processes for banking operations and managing risks. Setting and monitoring operational goals by senior management. Internal audits to assess the implementation of process. Providing accurate and reliable reporting.	Negative
11.	Compliance	Risk	Failure to comply with the regulations and industry standards, policies, privacy breaches etc. may lead to legal implications, financial loss, reputation loss, penalties etc.	Compliance risk management by the risk committee to identify any non-compliances and addressing the same, internal audits and reporting, build a culture of ethics and compliance.	Negative
12.	Digital Transformation	Opportunity	Strategic focus on digital technology levers enhancing customer experience and establishing agile end to end banking operations.	-	Positive
13.	Transparency & disclosures	Opportunity	Transparent communications is critical to reinforce trust and desired behaviours, ultimately driving sustainable value realisation.	-	Positive
		Risk	Misleading disclosures or inadequate reporting impacts the performance, reputation, and governance of the organisation.	Transparent governance policies and procedures. Adequate reporting and disclosures in alignment with global frameworks like GRI/ TCFD/IIRC.	Negative
14.	Stakeholder engagement	Opportunity	Understanding the needs and requirements of different stakeholder groups. Planning and designing the products and services to meet the requirements.	-	Positive
15.	Risk & Crisis Management	Opportunity/ Risk	To better understand business/ ESG-related shifts, impacts and dependencies that may affect a business's ability to achieve its strategy or objectives.	Comprehensive ERM framework along with environment and social risks integrated in risk assessment process. Protocols and governance mechanisms established across the identified risks.	Positive/ Negative



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 NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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	No	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
c. Web Link of the Policies, if available https://www.ujjivansfb.in/policies									
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	NA*	Yes	Yes	Yes	No	No	Yes	Yes
4. Name of the national and international codes / certifications / labels / standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) mapped to each principle.							-		
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Ujjivan Small Finance Bank has carried out materiality assessment to arrive at their key material aspects relevant to their business. Future goals and targets on the key material aspects will be set and performance will be monitored								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.							-		

*NA: Not Applicable

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

The vision and objective of Ujjivan Small Finance Bank (USFB) is to become a mass market bank and serve the financially unserved and under-served segments of the society thereby assisting in building financial inclusion in the country. The fundamentals of USFB revolves around persistence, passion and progress that translates into the provided services. The similar focussed fundamentals are reflected into the bank's ESG and sustainability practices. With sustainability factoring to be a crucial aspect for every person and every nation, we look ahead to expand our scope towards ESG starting from our banking products and services, operations and to all our stakeholders.

The ESG aspects are an integral part of the bank's core principles. Initiatives towards optimal resource utilisation in our operations and digitalisation of our products and services are some of the key focus areas of the bank with respect to environment parameters. We also focus on social uplifting of the people who aspire in the lower middle class and in the middle-class ladder. Our CSR (Corporate Social Responsibilities) activities are carried out to help in the progress of the society in terms of educational support, basic infrastructure facilities (water, sanitation and medical) and financial literacy. Our robust governance looks into the aspects beyond compliance so that we strive to achieve better performance and explore new avenues in the markets we serve.

As one of India's newest entrants in the Banking industry, Ujjivan Small Finance Bank has since inception integrated Responsible Banking as one of its key differentiators. This Credo has seen a considerable traction in the space of financial inclusion and economic justice. Thought leadership on sustainability issues has been one of the key philosophies which includes research culminating into policy advocacy. While much of our business operations is skewed towards meeting and enhancing social goals and justice today, it is imperative that the Bank also makes its small contribution in the areas of environment management and climate change adaptation/mitigation. To that effect, the Bank welcomes India's commitment to Panchamrit for climate action and adopts the mantra of LIFE- Lifestyle for Environment to combat climate change. The Bank is internally deliberating on ways to make meaningful contribution to these marathon goals through its products, policies and processes within the contours of the triple bottom line.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies

Mr. Ittira Davis, MD and CEO

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 Risk Management Committee is responsible to approve and oversee the implementation of the Bank level policy on the ESG parameters.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by 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 above policies and follow up action	Y	Y	Y	Y	Y	Y	NA	Y	Y										Annually

Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances

Compliance with statutory requirements is carried out annually by the bank. All the statutory Policies requiring Board/Board Committee approval are placed for review at least annually

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

The Bank undergoes various audits such as the System Audit, Statutory Audit, Secretarial Audit etc. In such audits the policies are inter alia reviewed by the external auditor

1. Statutory Auditors - B K Ramadhyani & CO. and Mukund Chitale & Co.
2. Secretarial Auditor - K Jayachandran
3. System/ IS Audit - Deloitte

12. If answer to question (11) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	Principle
The entity does not consider the principles material to its business (Yes/No)	
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)	Not Available
It is planned to be done in the next financial year (Yes/No)	
Any other reason (please specify)	

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible



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 programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	Percentage of persons in respective category covered by the awareness programmes
Board of Directors	2	i. Certification programme in IT and cyber security for board members ii. Programme on Governance and Assurance for Directors on Boards of Banks, FIs and NBFCs	40
Key Managerial Personnel	4	i. Certification programme in IT and cyber security for key managerial personnel ii. How to be effective personally and professionally iii. Scaled agile awareness workshop for leadership iv. POSH	100
Employees other than BoD and KMPs	124	Mandatory training programmes on IT, POSH, KYC/AML and Code of Conduct. In addition to the ones mentioned above, training programmes such as business communication, facilitation skills, capacity building, project management programme, trade finance can be taken up voluntarily by the employees	100 (For the mandatory training programmes)

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 Obligations) Regulations, 2015 and as disclosed on the entity's website):

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	Principle 1	EPFO (Employees' Provident Fund Organization)	₹ 22.70 Crore	Currently there is an ongoing Provident Fund (PF) case that was initiated through a notice dated March 16, 2021, from EPFO under Section 7A of EPF Act for non-payment of PF dues in respect of the employees of the Bank from February 2017 up to March 2019, ordering the Bank to deposit difference of PF contribution amounting to ₹ 22.70 Crore.	Yes
Compounding fee Awards			NIL		
			NIL		

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment Punishment			Nil Nil	

For FY 2022-23, the materiality threshold set by the Bank in accordance with the Policy on Determination of Materiality framed in accordance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 is Rs. 3.13 crore (being 0.1% of the total revenue of the Bank for FY 2021-22).

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

Case: The Bank received a notice dated March 16, 2021 from EPFO under Section 7A of EPF Act for non-payment of PF dues in respect of the employees of the Bank from February, 2017 up to March 2019 which also comprised of the report of EPFO enforcement officer elucidating that the Bank has not made contributions to PF in proportion to all components of the 'basic wage' as defined under EPF Act. The Notice stated that failure to remit the statutory dues is a punishable offence under Sec 14 of the EPF Act and non-payment of employee's share of PF contributions would amount to criminal breach of trust.

The Bank submitted a reply to the Notice on April 19, 2021 and presented the wage register, attendance register for the period, February 2017 to December 2020 along with the ECR challans/financial statements for the last two years. The Bank in the Reply highlighted that the PF contribution has been made on the basic wages as defined under section 2(b) of the EPF Act and that there has been no discrepancy in adhering to the provisions of contribution under the EPF Act. The Regional P.F. Commissioner – II passed an order dated August 9, 2021 ("Order") confirming the ad hoc assessment of the enforcement officer, requiring the Bank to pay ₹ 22.70 Crore.

As per the process, the Bank filed an appeal before the Central Government Industrial Tribunal (CGIT) on September 6, 2021 in relation to the Order. Since CGIT is not functioning, the Bank filed a writ petition before the Hon'ble High Court of Karnataka. Taking note of the fact that the Bank has availed efficacious statutory remedy before CGIT, the Hon'ble HC disposed of the matter and ordered that there will be an interim order of stay for depositing amount of ₹ 22.70 Crore, till the finality of appeal pending before CGIT

Outcome: At present, the matter is pending before CGIT for appearance of respondent (i.e EPFO) and hearing of the parties.

Name of the regulatory/ enforcement agencies/ judicial institutions

EPFO (Employees' Provident Fund Organisation)

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.

Yes, the bank has an anti-bribery and anti-corruption policy. The Anti-bribery and Anti-Corruption Policy of Ujjivan Small Finance Bank (USFB) is aligned with USFB's code of conduct for employees, various policies, rules and regulations adopted by USFB and in conformance with the legal and statutory framework of anti-bribery and anti-corruption legislation prevalent in India. The Policy reflects the commitment of USFB and its management for maintaining highest ethical standards while undertaking open and fair business and culture, following the best practices of corporate governance and enhancing the USFB's reputation at appropriate levels.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil

6. Details of complaints with regards to conflict of interest:

	FY 2022-23 Current Financial Year		FY 2021-22 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors				Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				



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.

No issues related to corruption and conflicts of interest was observed for the reporting period.

However, in the event for such occurrences, the bank has policies in place to address it. The bank has a Disciplinary Policy in place which defines the punitive actions for violation of any of the provisions of the Ujjivan Values, any of the provisions of the Disciplinary standard operating procedure or the Code of Conduct shall be deemed to be "Misconduct". While awarding punishment, the Disciplinary Committees would consider the gravity of the misconduct, previous record of the employee and any other extenuating or aggravating circumstances that may exist. The disciplinary action/punishment order shall be communicated in writing to the employee concerned in accordance with the provision of this policy and can be classified as minor or major penalty. Minor penalty may also include withholding variable pay for a specified period with cumulative effect. Major penalty may include Termination, Demotion/ Reduction to a lower grade or position, withholding of promotion, with cumulative effect. An employee receiving any written warning letter from the organisation will not be paid their variable pay for 1 quarter.

Leadership Indicators

1. 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.

The bank has processes in place to avoid conflict of interests involving members of the Board. The bank has policy on Code of Conduct that outlines the guiding principles and values on which the Bank's employees shall operate and conduct business with various stakeholders of the Bank, government and regulatory agencies, media, and anyone else with whom the Bank is connected.

The bank also has a policy on Related Party Transactions (RPT). This policy seeks to define a mechanism to handle RPT to ensure the transparency, substantive and procedural fairness of such transactions and that the RPT is being entered in accordance with provisions of applicable laws.

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 product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	Details of improvements in environmental and social impacts
R&D Capex		Not Applicable	

2. Does the entity have procedures in place for sustainable sourcing? (Yes/No) b. If yes, what percentage of inputs were sourced sustainably?

The services provided by the bank are predominantly in the financial sectors and so procurement is related to the purchases with respect to its operations. All the purchases are carried out in alignment with Code of Conduct following the appropriate due diligence processes. Responsible business practices are also considered during procurement of goods for the bank such as energy efficient appliances, across their offices, branches and ATMs in PAN India.

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.

The bank operations are exclusively in the financial service sector and product reclamation has a very limited scope. The bank disposes of its paper wastes and e-wastes through certified vendors.

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.

Extended Producer Responsibility (EPR) is not applicable to 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?

NIC Code	Name of Product/ Service	% of total turnover contributes	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)
Not Applicable					

- 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	Step 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 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Recycled Lead by weight		
Recycled Plastics		Not Applicable
Recycled Pallets		

- 4.** Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed of.

	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Re-Used (MT)	Recycled	Safely Disposed	Re-Used (MT)	Recycled	Safely Disposed
			Not Applicable			

- 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.** Details of measures for the well-being of employees. *

As an employee first organisation, Ujjivan conducts annual health check-up for all its employees once in two years. This annual health check-up is followed up by the Partner by providing free consultation on the reports and advising employees with high-risk reports.

To support its employees, Ujjivan also has a facility of 24x7 "Doctor on Call" teleconsultation. This facility has been made available for employees and their dependents to consult doctors during emergencies. While the services were available for physical ailments. In FY22-23, Ujjivan also launched the emotional wellness programme, where employees and their family members could tele-consult specialists with "emotional wellness' expertise to get help where required. This facility has been well received and 700+ employees/families utilised the teleconsultation.

Through our Welfare trust we extended our financial support to 1000+ employees where these employees had an impact due to natural calamities, covid etc.



Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D)	No. (E)	% (E)	No. (F)	% (F/A)
Permanent employees											
Male	16,458	16,458	100%	16,458	100%	-	-	16,458	100%	63	0.4%
Female	3,745	3,745	100%	3,745	100%	3,745	100%	-	-	16	0.4%
Total	20,203	20,203	100%	20,203	100%	3,745	100%	16,458	100%	79	0.39%

* Details of measures for the wellbeing of employees includes number of employees that have resigned from the bank as well, for the reporting year.

2. Details of retirement benefits.

Benefits	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/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 (Y/N/N.A.)
PF	100%	NA	Y	100%	NA	Y
Gratuity	100%	NA	NA	100%	NA	NA
ESI	NA	NA	NA	NA	NA	NA
Others (Leave Encashment)	100%	NA	NA	100%	NA	NA

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.

Yes, the premises/offices of the bank are accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016. The accessibility of ramps has been enhanced in 90 branches and 4 regional offices of Ujjivan small finance bank. Ujjivan's Head Offices, North and West Regional offices also have accessible restrooms for the differently abled employees.

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 is an equal opportunities employer and recognises everyone equally in areas of employment, including hiring, job assignment, compensation, promotion, discipline and access to benefits and training.

5. Return to work and Retention rates of permanent employees that took parental leave.

Gender	Total number of people returned after parental leave in FY	Total Number of people who took parental leave in FY	Return to work rate	Total Number of people retained for 12 months after returning from parental leave	Total number of people returned from parental leave in prior FY	Retention Rate
Male	484	505	96%	375	394	95%
Female	219	227	96%	124	142	87%
Total	703	732	96%	499	536	93%

- 6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.**

Permanent Employees

(If Yes, then give details of the mechanism in brief)

Yes. The Whistle Blower policy has been formulated as part of corporate governance and transparency norms where the employees, directors, customers, stakeholders or NGOs are encouraged to refer any complaints which have not been resolved or satisfactorily resolved within the usual applicable protocols. The employees may refer any complaints covering areas such as corruption, misuse of office, criminal offences, suspected/actual fraud, failure to comply with existing rules and regulations and acts resulting in financial loss/operational risk, loss of reputation etc. detrimental to depositors'/public interest. The policy is aimed at ensuring adherence to the highest standards of ethical, moral and legal conduct of business operations; promoting clean business transactions, professionalism, productivity, promptness and transparent practices and ensures putting in place systems and procedures to curb opportunities for corruption. It institutionalises a mechanism for protection of employees, directors from reprisals or victimisation, for Whistle blowing in good faith as the Bank strictly follows No Retaliation Policy.

It ensures we treat violations/ breaches/ noncompliance at various levels of the Bank with vigour and due care and accordingly realign processes and take corrective actions as part of its Corporate Governance. The Bank has a mechanism enabling all stakeholders to freely communicate their concerns about illegal or unethical practices. This includes the Audit Committee, Disciplinary Committees of the Bank. The whistleblower can submit a protected disclosure in a closed and secured envelope or through an email or SMS to the Head of HR, or, MD & CEO, or, the Chairperson of the Audit Committee. The Bank shall entertain anonymous/pseudonymous disclosures on merit. The identity of the whistle blower shall be kept confidential unless, required in terms of an order by a Court of Law or unless agreed to by the whistle blower

- 7. Membership of employees in association(s) or Unions recognised by the listed entity:**

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of 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 association(s) or Union (D)	% (D/C)
Total Permanent Employees						
Male		Not Applicable				
Female						

- 8. Details of training given to employees:**

Category	FY 2022-23 Current Financial Year				FY 2021-22 Previous Financial Year			
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)
Employees								
Male	14,506	46	0	10,825	75	13,823	362	2.62
Female	3,364	140	4	2,108	63	3,072	1,560	50.78
Total	17,870	186	1	12,933	72	16,895	1,922	11.38

- 9. Details of performance and career development reviews of employees:**

Category	FY 2022-23 Current Financial Year				FY 2021-22 Previous Financial Year			
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)		
Employees								
Male	14,506	10,621	73	13,823	13796	99.8		
Female	3,364	2,412	72	3,072	3072	100		
Total	17,870	13,033	73	16,895	16868	99.84		

**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, what is the coverage of such a system?**

A Quick Response Team (QRT) was established during the times of Covid. QRT consists of the central Covid task force led by National Leadership Team members, REC heads of respective regions and QRT command centre which includes regional single points of contacts (RSPOCs) for co-ordinations and to keep monitoring the health status of our infected employees and provide them support as and when required.

- b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Fire safety hazards are identified at regular intervals and mock drills are being conducted for emergency preparedness.

- c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.**

Work-related incidents if occurs are reported to the respective facility manager by individuals.

- d. **Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?**

Yes, the employees of the bank have access to non-occupational medical and healthcare services

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one Million-person hours worked)	Employees	1.74	3.18
Total recordable work-related injuries	Employees	50	30
No. of fatalities	Employees	1	4
High consequence work-related injury or ill-health (excluding fatalities)	Employees	12	16

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The bank follows the following to ensure safety and healthy workplace.

- (i) Towards providing better work environment to the employees and customers, all the URCs are installed with air conditioners & preventive maintenance of all the electric equipments across branches conducted periodically. Considering the health of the employees, the branches have been installed with RO water purifiers for drinking water. Doctor on call facility is also available for the employees across regional & corporate offices.
For the differently abled customers and employees, ramps have been constructed across PAN India branches.
- (ii) To ascertain adequacy and quality of the safety measures, an audit has been conducted by third party every quarter. Fire extinguishers are in place as per the defined protocols in all the offices and branches across PAN India with quarterly fire drill conducted across PAN India.

13. Number of complaints on the following made by employees

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. Assessments for the year

	% of your offices and branches that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	No assessment carried out for the reporting year
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 & safety practices and working conditions.

Corrective action taken to address safety-related incidents are primarily the one related to road safety. Following are the initiatives taken:

- (i) Road Safety Campaign through communication mailers created
- (ii) Road Safety awareness created across region

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, the bank provides benefits of life insurance to its employees with coverage ranging from 10 Lakhs to 1 Crores.

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 engages vendors who provide third party employees as contract staff, to render certain incidental and ancillary services. These include, amongst others, security personnel, housekeeping staff, collection staff, specialists in IT and in other functions. Engagement of off role staff is governed by contracts between the Bank and the respective vendors. There is a due process for on-boarding of these vendors and the engagement of off role staff.

The agreements entered with each vendor lists the responsibilities of the vendors in these engagements, most importantly in the matter of payment of statutory dues including GST, duties, and other labour related dues relating to each of the contract staff. Hence while the Bank pays the vendors in terms of the contract, it is incumbent upon the vendor to ensure that payment of salaries and other benefits of staff as contracted, and all statutory and regulatory payments are made on time.

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:

	Total no. of affected employees		No. of employees that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Employees	13	20	5	9

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

Topic	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety conditions	No assessment carried out
Working conditions	

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.

Not Available

**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS****Essential Indicators****1. Describe the processes for identifying key stakeholder groups of the entity.**

The Bank engages with multiple stakeholders through formal and informal channels of communication. For redressing the grievances of the shareholders among other matters, the Bank has constituted a Stakeholders Relationship Committee as per the requirements of Section 178 of the Act and Regulation 20 of SEBI Listing Regulations. The Stakeholders Relationship Committee is chaired by an Independent Director of the Bank. The Stakeholders Relationship Committee met once a year to discuss on the various aspects of stakeholder engagement.

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, Advertisement, 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	No	Email, SMS, WhatsApp and Notice Board	1. Email: Weekly 2. SMS and WhatsApp: Daily/Weekly 3. Notice Board: Quarterly	Sharing of information and updates about ongoing activities in the bank, updates on policies and achievements of the banks
Investors	No	Email, Phone Contacts	Quarterly	Understanding investors perspective with current market requirements and bank's performance
Customers	No	Email, SMS, Advertisements, website	Weekly	Engagement through new schemes, loans, transactions
Suppliers	No	Email, SMS	Quarterly	Discussion on efficient and sustainable supply chain
Communities	Yes	Email, SMS, Newspaper, Community Meetings	Quarterly	Development of projects and new schemes

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.**

Although there is no direct consultation between stakeholders and the Board on economic, environmental, and social topics, the Board has dedicated Board Committees such as the Stakeholders Relationship Committee, Customer Service Committee, Nomination and Remuneration Committee, CSR Committee that regularly review the reports which inter alia include feedback, concerns or complaints if any from the stakeholders such as Investors, Customers, Employees etc. Further, the Bank being an entity engaged in Micro Finance with majority of its customers belonging to the unserved/ underserved community, has always been on its toes with regards to social initiatives. The concerns of investors on economic aspects, if any are attended to in the investor calls held by the Bank.

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, stakeholder consultation form part of the management of environmental and social topics. The feedback received from the stakeholders is noted by the Bank to consider the same in the initiatives of the Bank.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

The Bank engages with the various, identified vulnerable and marginalised sections of the society through its products and services, as well as community engagement initiatives. The Bank has specific products and services that especially cater to the economically backward sections of the society in rural, urban and semi urban India, such as microfinance, digital payments, agriculture banking, MSE Loans and loans towards affordable housing.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**Essential Indicators**

- 1. Employees who have been provided training on human rights issues and policy(ies) of the entity, in the following format: ***

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent employees	21,019	21,019	100%	20,016	20,016	100%

* Details of training provided on human rights includes number of employees that have resigned from the bank as well, for the reporting year

- 2. Details of minimum wages paid to employees, in the following format: ***

Category	FY 2022-23				FY 2021-22			
	Current Financial Year				Previous Financial Year			
	Total (A)	Equal to Minimum Wage	More than Minimum Wage	Total (D)	Equal to Minimum Wage	More than Minimum Wage		
		No. (B)	% (B/A)		NI(C)	% (C/A)	Io. (E)	% (F/D)
Employees								
Permanent	24,520	2,019	8	22,501	92	22,956	1,058	5
Male	19,987	1,593	8	18,394	92	18,754	769	4
Female	4,533	426	9	4,107	91	4,202	289	7
								21,898 95
								17,985 96
								3,913 93

*Details of minimum wages includes number of employees that have resigned from the bank as well, for the reporting years.

- 3. Details of remuneration/salary/wages, in the following format:**

Employees other than BoD and KMP:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (INR)	Number	Median remuneration/ salary/ wages of respective category (INR)
Board of Directors (BoD)*	7	-	3	-
Key Managerial Personnel**	3	-	0	-
Employees other than BoD and KMP	14,506	3,30,012	3,364	3,20,094

*The median remuneration for Board of Directors (BoDs) is only the sitting fees.

** The median remuneration for Key Managerial Personnel is confidential and hence not disclosed.

- 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)**

Currently, no individual/ committee is present for addressing human rights impacts or issues caused or contributed to by the business. However, the bank has a credit policy that restricts lending to business which employs child labour or businesses which deals with production or activities involving harmful or exploitative forms of forced labour/harmful child labour. The credit risk management committee of the bank and the risk management committee of the board are responsible for review and approval of credit policy from time time.

- 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

The bank has an escalation matrix that addresses grievances related to human rights issues. The concern is first reported to Regional Manager of Admin and as per requirement further escalated to National Manager, Head of the Department and MD & CEO in the respective order.



6. Number of Complaints on the following made by employees:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	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	7	0	NA	4	0	NA
Discrimination at workplace	0	0	NA	0	0	0
Child Labour	0	0	NA	0	0	0
Forced Labour/ Involuntary Labour	0	0	NA	0	0	0
Wages	0	0	NA	0	0	0

7. Mechanisms to prevent adverse consequences to the complainant in discrimination cases.

Ujjivan is committed to provide a safe work environment to its employees, free from any kind of harassment at workplace. This includes freedom from harassment of an employee by supervisors, co-workers, customers, vendors, consultants, contract employees or any other party with whom Ujjivan is in business, service or professional relationship. At Ujjivan, sexual harassment at the workplace is a 'misconduct'. Any conduct or behaviour that amounts to sexual harassment at the workplace by any employee of Ujjivan shall result in disciplinary action as per policies and applicable laws.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

As per business agreements and contracts, a general clause form part of the agreement that requires the vendors to comply to all the statutory laws and requirements.

9. Assessments of the year

	% of your offices and branches that were assessed (by entity or statutory authorities or third parties)
Child labour	100
Forced/involuntary labour	NA
Sexual harassment	100
Discrimination at workplace	100
Wage	100

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

The bank's concurrent auditor, payroll and compliance vendor validate child labour, wages and others. IC takes care of the issues related to sexual harassments. The bank has an existing disciplinary committee at RO/CO.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

No grievances/ complaints were received with respect to human rights for the financial year and so no process modification has been carried out.

2. Details of the scope and coverage of any Human rights due diligence conducted

Human rights due diligence is not conducted for the bank's operations

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?

Yes, the premises/offices of the bank are accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016. The accessibility of ramps has been enhanced in 90 branches and 4 regional offices of Ujjivan small finance bank.

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 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A)	45,684.54 GJ	53,060.46 GJ
Total fuel consumption** (B)	8,407.51 GJ	7,002.68 GJ
Energy consumption through otherources (C)***	0.077 GJ	0.0526 GJ
Total energy consumption (A+B+C)	54,092.13 GJ	60,063.19 GJ
Energy intensity per Crores of turnover (Total energy consumption (Giga Joules) / turnover in Crores rupees)	11.37	19.21

*Total energy consumption includes offices and branches.

** Fuel consumption is with respect to diesel consumption for diesel generators

*** Solar Power Plant of capacity 3 kW

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external age

No.

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? (Y/N) 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.

The bank does not fall under designated consumer category in Performance, Achieve and Trade (PAT) scheme of Bureau of Energy efficiency (BEE).

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
Total volume of water consumption (in kilolitres)*	1,02,818	84,367
Water intensity per Crores of turnover (Water consumed / turnover in Crores)	21.62	26.98

*Consumption quantity mentioned above is the water consumed for drinking and domestic purposes and calculated based on the cost spent.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external acy.

No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

The water requirement by the bank is only for domestic and drinking purposes. So, there is no Zero Liquid Discharge implementation



5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	mg/m3		
SOx	mg/m3		
Particulate matter* (PM10)	mg/m3		
Particulate matter (PM2.5)	mg/m3		
Persistent organic pollutants (POP)	-		
Volatile organic compounds (VOC)	-		
Hazardous air pollutants (HAP)	mg/m3		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
*Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	591.15	492.37
*Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	10,279.02	11,938.60
Total Scope 1 and Scope 2 emissions per Crores of turnover	Metric tonnes of CO2 equivalent/turnover in Crores	2.28	3.97

*Scope 1 covers the emissions emitted through the usage of Diesel in Diesel generators and Scope 2 covers the emissions emitted from Purchased grid Electricity.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

The bank is striving to reduce greenhouse gas (GHG) generation in its facilities. The bank is actively expanding the use of clean energy to reduce GHG coming from the conventional power generation, such as by promotion of solar panel installation and optimising use of resources.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
E-waste	3.70	4.14
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	-	-
(ii) Re-used*	0.727	0.05
(iii) Other recovery operations	-	-
Total	0.727	0.05
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	-	-

*Donated reusable electronic devices to institution for reuse through our NGO's

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

- 9. 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 services provided by the bank do not generate any toxic chemical waste. The major wastes from the bank are paper waste and E-waste. The paper waste is safely disposed of through authorised vendors. In case of E-waste, it is disposed through certified recyclers.

- 10. 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:**

The bank does not have operations in Ecologically sensitive areas.

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

- 11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Being a banking sector, environmental impact assessment of projects is not applicable.

- 12. 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 (Y/N). If not, provide details of all such non-compliances, in the following format:**

Yes, the entity is compliant with the applicable environmental laws/regulations/guidelines in India.

Leadership Indicators

- 1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
From renewable sources*		
Total electricity consumption (A)	0.077 GJ	0.0526 GJ
Total fuel consumption (B)		
Energy consumption through oil sources (C)		
Total energy consumed from renewable sources (A+B+C)	0.077 GJ	0.0526 GJ
From non-renewable sources		
Total electricity consumption (D)	45,684.54 GJ	53,060.46 GJ
Total fulconsumption (E)	8,407.51 GJ	7,002.68 GJ
Energy consumption through other sources (F)		
Total energy consumed from non-renewable sources (D+E+F)	54,092.13 GJ	60,063.19 GJ

* Solar Power Plant of capacity 3 kW

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

**2. Provide the following details related to water discharged:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilo litres)		
(i) To Surface water		
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater		
- No treatment		
- With treatment – please specify level of treatment		Not Available
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – Tertiary treatment		
Total water discharged (in kilo litres) *		

Being a banking sector, the use of water is only for drinking and domestic purposes.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

The bank does not operate in any ecologically sensitive areas.

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:

The bank has a programme named "Sanchaya" themed around "Use Energy Wisely". Under this programme, the Bank took up some practical ways to make smart changes around the workplace, everyone in the Bank was involved in this energy saving initiative making the workplace more energy efficient and sustainable. This initiative helped to save about 6% YoY and 8% for the FY.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, the entity has a Business Continuity and Disaster Management Plan.

The BCM (Business Continuity Management) plan highlights the preparedness of the bank to deal with disaster situations. The purpose of this policy is to define the need to establish a management framework necessary to ensure emergency response, resumption and recovery, restoration and permanent recovery of Ujjivan during business interruption events while maintaining compliance requirements. This applies to all the business processes,

departments, infrastructures and facilities in head office, regional offices and branches of Ujjivan. The policy statements include the BCMS organisation structure, components of BCM framework, procedural aspect of BCP, HR aspects of BCP, Infrastructure aspects of BCP, Technology aspects of BCP, Access control aspects of BCP etc. Business continuity management governance is also in place which has the BCM committee and Crisis management committee.

- 6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

Being a banking sector, there is no significant direct impacts to the environment from the value chain partners

- 7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

The Bank procures goods and services from licensed and certified vendors and suppliers. The Bank has a policy on Code of Conduct. This Code of Conduct attempts to set forth the guiding principles and values on which the Bank's employees shall operate and conduct business with various stakeholders of the Bank, government and regulatory agencies, media, and anyone else with whom the Bank is connected.

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.**

The bank is a member of 8 trade and industry chambers/ associations.

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/ National)
1	AKMI – Association of Karnataka Micro Finance institution	State
2	IBA – Indian Banks' Association	National
3	ASFBI – Association of Small Finance Banks of India	National
4	FIMMDA – Fixed Income Money Market & Derivatives Association of India	National
5	MFIN - Micro Finance Institutions Network	National
6	Sa-dhan	National
7	DLCC – District Level Consultative Committee	State
8	SLBC – State Level Bankersmmittee	State

- 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.**

No adverse orders from RBI, IRDAI and PFRDA for anti-competitive conduct.



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 details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web Link
Not applicable as there were no projects undertaken that required an SIA in the current financial year.					

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format**

Not Applicable

3. **Describe the mechanisms to receive and redress grievances of the community.**

Year on year, Ujjivan formulates the CSR project plan based on the specific needs of the communities that the bank operates in. The needs are gathered from the regional teams at the ground level and the projects are selected based on the criticality and the impact outlook. The bank has been of constant support to the communities through their flagship community development programme - Chote Kadam and the disaster relief activities.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

The bank procures all its goods from licensed vendors and suppliers.

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs/ small producers		Not Available
Sourced directly from within the district and neighboring districts	All the materials required by the bank are procured locally irrespective of its location	

Leadership Indicators

1. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

The Bank has been extending its CSR activities in the low economy states - **BIMARU (Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh)** and has impacted about 1.7 Lakhs beneficiaries during FY 2019-20 and FY 2020-21 through the Chote Kadam projects and Covid relief activities. The Bank has offered livelihood training and sustainable self-employment opportunities to 50+ women at **Purnea, Bihar** for FY 2021-22

For FY 21-22, other CSR activities provided by the bank were:

- Community development:** The bank carried out renovation of the healthcare facilities in the state of Bihar, Jharkhand, Uttar Pradesh, Odisha and Rajasthan amounting to 30 Lakhs with 72,000+ beneficiaries.
- Covid Relief:** The bank provided Covid relief through contribution in hospital beds, critical medical equipments and oxygen concentrators in the state of Bihar, Uttarakhand, Uttar Pradesh and Odisha amounting to 25.04 Lakhs with 75,000+ beneficiaries.

2. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)**

No, the bank follows a standardised procurement policy across all suppliers and vendors. The bank carries out its procurement activities in alignment with Code of Conduct following the appropriate due diligence processes. Responsible business practices are also considered during procurement of goods for the bank such as energy efficient appliances, across their offices, branches and ATMs in PAN India.

- (b) **From which marginalised /vulnerable groups do you procure?**

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

3. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1	<p>Community Development - Year on year, Ujjivan formulate the CSR project plan based on the specific needs of the communities that the bank operates in. The needs are gathered from the regional teams at the ground level and the projects are selected based on the criticality and the impact outlook. Ujjivan have been of constant support to the communities through their flagship community development programme - Chote Kadam and the disaster relief activities. The Infrastructure Development Programme – Chote Kadam focuses on the broad categories of public infrastructure facilities such as:</p> <ul style="list-style-type: none"> i. Infrastructural support for the educational institutions ii. Renovation of healthcare facilities iii. Construction of community centres and bus stands iv. Catering to safe drinking water needs of the communities v. Provision of sanitation in the community vi. Provision of solar-powered street lighting etc. 	31,58,590+ beneficiaries	100%
2	<p>Livelihood Programmes:</p> <p>i. Training and Placement of PWDs with Cheshire Disability Trust: Partnering with Cheshire Disability Trust towards empowering differently abled people in Jamshedpur and Mumbai locations, the bank through its CSR initiative trained 200 candidates, of which 124 of them were placed with Square Meal Foods, Queso Corp, Bellona Hospitality Services, DHL Logistics etc. with an average monthly income of INR 12000/-</p> <p>ii. Livelihood training to youth with Divya Nur Foundation: Through the association with Divya Nur Foundation in Bhubaneshwar, Ujjivan offered livelihood training to 100 unemployed youth affected by Fani & Yaas cyclone in FY 2021-22 and successfully placed 59 of them in the retail sector like Khadims, HDB Finance, Hunger Box, Monginis, Veggiekart, etc. The training aimed at imparting basic computer knowledge, English language skills and retail industry domain knowledge.</p> <p>iii. Sustainable livelihood for women: Through partnership with Savera society in Purnea, Bihar, Ujjivan have installed 16 machines to make significant change in the lives of rural women on techniques for manufacturing jute and banana fibre products including jute bags. This empowerment serves another noble social cause. By training more people in the making and use of such biodegradable products, Ujjivan is also helping to build an alternate ecosystem for sustainable products. This programme has been earning recurrent beneficiaries with the one-time setup</p>	350+ beneficiaries	100%



S. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
3	<p>Covid Relief: In FY 2020-21, Ujjivan extensively worked towards supporting communities during the pandemic with over 26 projects across India being executed, benefiting the frontline workers (doctors and paramedical staff, police personnel, corporation and municipality workers and transport workers). Ujjivan dedicated 52% of the CSR expenditure towards the cause and reached approximately 7,74,000+ public, 49,000+ police personnel, 10,500+ hospital staff, 12,100+ corporation/ municipal/ panchayat workers and 200 transport workers. Masks, sanitizers, dry ration, sprayers and PPE kits were distributed among many.</p> <p>In FY 2021-22, as part of Covid relief measures, the bank had initiated activities such as distribution of beds, bedspreads, oximeters, oxygen concentrators, oxygen cylinders, ITU beds, Ventilator beds, PPE kits, gloves, mask, thermal scanners, COVID safety gears for frontline workers, etc. which includes funding for 6 ITU beds to St John's Hospital, Bengaluru and 40 D Type oxygen cylinders to CMC Vellore.</p> <p>Sanjeevani Kavach (Covid Vaccination Drive):</p> <p>Ujjivan created a programme with the help of their internal team and launched the Ujjivan Sanjeevani Kavach Programme to vaccinate the public in their operational areas. The programme was successfully executed at 478 operational areas and was able to inoculate over 80,000 vaccines through PHCs, UPHCs, Government Hospitals & privately set-up camps.</p> <p>Awareness camps:</p> <p>The bank also started a COVID-19 education programme, primarily designed to create awareness about the pandemic. It provided information on how to remain safe, RT-PCR testing and relevant government insurance schemes and clarified misconceptions.</p>	16,60,000+ beneficiaries 3,57,000+ beneficiaries trained across the country	95%
4	<p>Disaster Relief: Under disaster management, the Bank supported lives affected by Yaas cyclone in Jaynagar and heavy floods at Tamluk and Panskura by providing affected communities with adequate relief material during their time of need. During the Yaas cyclone, the Jaynagar region of West Bengal was severely affected. Teams from Ujjivan SFB's Jaynagar branch reached out to affected families, assessed needs and provided help in the form of dry rations, plastic buckets, mosquito nets, etc.</p> <p>In August 2021, there were heavy floods in the Tamluk and Panskura areas in West Bengal. While the state government provided relief in the most severely affected areas, Ujjivan worked with government agencies to provide help in the form of dry rations, tarpaulin, phenyl liquid and mosquito nets, and thereby helped to check the spread of disease in the prevailing flood ridden unhygienic conditions. More than 8,000 beneficiaries received help collectively</p> <p>In 2022, Ujjivan undertook relief activities in the East region by organising health camps in Kamrup, Nagaon, Mirza, Baihata locations of Assam which were badly affected by floods in the month of September and impacted about 700+ beneficiaries.</p>	126700+ beneficiaries	100%

Under CSR projects, company has taken various other initiatives such as health programmes for differently abled people and HIV and Leprosy patients, etc. for which beneficiary quantification is being done.

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.

The customers can register the complaints through multiple channels which includes;

- (A) Primary channels such as Complaint register/ complaint box available at branches, calls to Branch office or 24/7 Customer Care helpline Number, email to customer care, through internet or mobile banking app and complaint form available on website. Complaint resolution matrix along with contact details and Customer care helpline number are displayed at BC points/Branches/Website. Customers can also submit their complaints during monthly customer service committee held at linked branches.
- (B) Secondary escalation contact points such as Regional Nodal Officers and Principal Nodal Officer.
- (C) Customers can escalate their complaints to banking ombudsman in case of no response or a resolution for their complaint from the bank within 30 days or they are not satisfied with the resolution provided by bank. The complaints received through other external channels such as social media/ central government's consumer helpline & CPGRMS are also being handled for resolution. The customer is acknowledged for the complaints received either through SMS, Email or acknowledgement slip as applicable. Turn Around Time for resolution of complaints are defined on the basis of nature of complaints criticality and effort required for resolution. These TATs are added in software tool which the Bank is using for documenting, tracking and resolution of complaints. All the complaints received from different channels are captured in CRM software solution which automatically assigns complaint ticket to respective internal departments for resolution. The bank had setup a dedicated Service Quality department which monitors complaint resolution framework end to end. The data on pending complaints is being monitored and reviewed by Service Quality team and necessary internal escalation process is followed for closure of pending complaints. Complaint resolution TAT is one of the key Service Index which is being closely monitored by the bank.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Available
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

The bank has received consumer complaints with respect to cyber security such as phishing, vishing and smishing and others during the financial year 2022-23 and 2021-22.

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	NA	0	0	NA
Advertising	0	0	NA	0	0	NA
Cyber-security (Phishing, Vishing and Smishing by Fraudsters)	929	0	NA	683	0	NA
Delivery of essential Services	0	0	NA	0	0	NA
Restrictive Trade Practices	0	0	NA	0	0	NA
Unfair Trade Practices	0	0	NA	0	0	NA
Others (Mis-selling)*	40	0	NA	48	0	NA

*Complaints related to mis-selling are those where a customer claims that he was promised a certain return/ feature in a product/ service and has not received the same.

**4. Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls		Not Applicable
Forced recalls		Not Applicable

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the bank has a framework/ policy on data privacy. <https://www.ujjivansfb.in/privacy-policy>

Ujjivan Small Finance Bank believes in privacy of data provided by its customers/users and is committed to protect it. The bank takes all necessary and reasonable measures to protect the customer information and its transmission through the online channels. The privacy policy is applicable to customers/users that visit, use or interact with the bank through the online channels listed below.

- i. Website
- ii. Mobile Application
- iii. Internet Banking Page
- iv. Electronic communications (E-mailers / SMS) from the bank
- v. Digital Advertising Campaigns
- vi. Products and Services through online lead forms and questionnaires

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

The complaints related to cyber security are generally received to bank through phone banking, where customers call Bank's helpline number and register their complaint/s. During the conversation the phone banking officer advise customer/s to file a complaint against the fraudster in Cyber Cell. Further, the customers also informed to submit the documents/ links through which customer had fallen prey to the fraudster. Based on the evidence submitted by the victim, following actions are taken:

Phishing, Vishing and Smishing by Fraudsters:

- i. Customer/s are advised to file a complaint against the fraudster in Cyber Cell.
- ii. The bank raises fraudulent charge back request with the beneficiary bank for the disputed transactions.
- iii. As a regular practice, during call conversation, or e-mail conversation, or during loan disbursement at branches the bank advises customers not to share any confidential credential details to anyone.
- iv. Awareness is created by sending SMS to customers to not compromise with their credentials

Leadership Indicators**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Information related to products and services available on website
<https://www.ujjivansfb.in/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

The bank provides Communication through BTL, on-ground marketing initiatives and social media educating customers about safe banking practices, cyber fraud prevention, etc. The bank also conducts Financial Literacy Programmes like Diksha, to empower women from lower income families with the knowledge and tools of managing finances and make informed decisions.

In addition to this, Ujjivan also provides Financial Literacy Programmes (FLPs) such as "DIKSHA" to educate its customers. The FLPs are also provided to the MSME customers.

i) DIKSHA+

Financial education is core to Ujjivan Small Finance Bank's mission to give more low-income families access to the financial tools and resources they require to achieve security and prosperity. Ujjivan Small Finance Bank has played a key role in equipping women from low-income families with the knowledge and tools they need to save safely reduce financial risk and make informed, intelligent financial decisions. Through Diksha, its financial literacy programme, 1,19,222 customers were trained. Ujjivan Small Finance Bank's success over the past years is based on its ability to understand customer needs and develop appropriate, responsive solutions. DIKSHA+ has been recognised and acknowledged as a pioneering programme by the Reserve Bank of India (RBI).

ii) Chillar Bank Programme

Primarily aimed at imparting financial literacy to the children of the micro banking customers, the Chillar Bank programme has been creating a positive impact on their parents as well by enlightening them on the benefits of saving early and making long-term investments for their future. Being fast learners, the children help their parents with the usage of various digital platforms like UPI apps, mobile banking applications and educate them on the probable digital frauds.

During the FY 2022-23, Ujjivan have educated about 40,525 parents and their children across 200+ branches through this noble initiative.

iii) Financial Literacy Programme for MSME Customers:

Partnered with Haqdarshak, the first Indian social enterprise to digitalise welfare programmes on a single platform, Ujjivan conducted financial literacy programme as a pilot run for its MSME customers in Coimbatore, Tamil Nadu and Aligarh, Uttar Pradesh. A wide range of topics were covered in the programme which includes various options available for Financing their business needs, information on the central registrations & educating them on the availability of various Govt. welfare and financing schemes. There was a total of 28 beneficiaries across 2 states/ union territories.

iv) Financial Literacy Programme beyond Ujjivan:

As a step forward, Ujjivan's flagship financial literacy programme is being extended to the beneficiaries outside Ujjivan Small Finance Bank. Curated to their needs, Ujjivan have piloted this training programme during the FY 22-23 in partnership with Marwari hospital, Anahat Clinic, Mantri society and TNS India Foundation. There was a total of 80 beneficiaries.

v) Financial Literacy Camps:

Ujjivan Small Finance Bank launched Financial Literacy Camps at 132 URC branches across 11 states under the guidance of RBI. Educational materials used under this programme was designed by RBI. Ujjivan Small Finance Bank partners with Parinaam Foundation to integrate a savings initiative where families open savings accounts and are provided access to essential banking and financial services. There were 13,252+ beneficiaries across 137 rural branches covered.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

The bank has a mechanism within the IT team that sends SMS to customers whenever there is a system downtime.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regards 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)

The Bank is majorly into providing financial services which are intangible in nature and therefore displaying product information on products is not applicable as such. However, the Bank complies with the disclosure requirements relevant for services it provides in all its communications. Details of the Bank's services offered are disclosed through various media of communications such as branches, ATMs, net banking, website, brochures, mobile banking, social media etc. for information of the customers and other stakeholders. The bank communicates with its customers in 11 languages through different touchpoints like branches, ATMs and brochures. The "Hello Ujjivan" mobile application provides information to customers in 9 different regional languages of India.

Yes, the bank carries out, customer satisfaction surveys and other customer research based on the business need.

Currently, the bank is conducting an independent customer satisfaction survey through an external agency that covers 6 major products and services offered by the bank. This survey covers the entire entity. Further, the bank also conducts customer satisfaction survey internally through customer calling who has visited the branch and raised a query.

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

The bank did not encounter any instances of data breaches during the last 6 years. The bank has various mechanisms such as Privacy Policy to provide protection from such instances.

b. Percentage of data breaches involving personally identifiable information of customers

Nil

Financial Statements

Independent Auditor's Report

To the Members of Ujjivan Small Finance Bank Limited

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Ujjivan Small Finance Bank Limited ("the Bank"), which comprise the Balance Sheet as of March 31, 2023, the Profit and Loss account, and the 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.

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 Regulations Act, 1949 as well as 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 (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2023, its profits and its cash flows for the year ended on that date.

Identification of Non-Performing Assets ('NPA') and Provisioning on Advances

Total Loans and Advances (Net of NPA Provision, floating provision, securitization and IBPC) as on March 31, 2023: ₹ 21,28,96,611 ('000)

Gross NPA as on March 31, 2023: ₹ 63,06,094 ('000)

Provision for NPA as on March 31, 2023 (Excluding floating provision): ₹ 50,15,711 ('000)

(Refer Schedule 9 and Schedule 18 (4.1) to the financial statement)

Key Audit Matter	How our audit addressed the key audit matter
The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets.	Tested the design and operating effectiveness of key controls (including application controls) over identification of NPAs, provisions thereof and the valuation of securities. Testing of Application controls included testing of reports and system reconciliations as at the year end.
The Bank is required to have Board approved policy as per IRAC guidelines for NPA identification and provision.	Review of controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board approved policy. Performed substantive procedures as listed below:
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.	<ul style="list-style-type: none"> • For sample borrowers, assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of overdue ageing, assessment of borrower level NPA identification and verification of applicable provision rates as per IRAC norms and Bank's Policy; • Selected samples of performing loan accounts to assess, independently, whether such loan accounts should be classified as NPA; • For selected samples, reviewed the securities valuation performed by the Bank;
The provision against advances is based on criteria such as past due status, out of order status etc. The provisions in respect of such NPAs are made based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to minimum provisioning levels prescribed by the RBI and approved policy of the bank in this regard.	

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 Standards 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 we have 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 of the current year. 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.



<p>In addition to this, for restructured accounts, provision is made for erosion/ diminution in fair value of restructured loans, in accordance with the RBI guidelines. Further, NPA classification is made borrower wise whereby if one facility of the borrower becomes an NPA then all facilities of such a borrower will be treated as an NPA.</p> <p>Additionally, the Bank makes provisions on exposures that are not classified as NPAs including identified advances or group advances that can potentially slip into NPA. These are part of standard asset provision.</p> <p>The Management of the Bank also made an assessment of the impact on borrowers account due to Covid -19 pandemic and in line with the COVID 19 Regulatory Package announced by the RBI in respect of moratorium and restructuring of advances as relief measures to the borrowers.</p> <p>Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit, we have ascertained identification and provisioning for NPAs as a key audit matter.</p>	<ul style="list-style-type: none">• Considered the data shared by Bank regarding accounts reported as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRLC) to identify stress;• Selected samples for standard and overdue accounts to assess compliance with the RBI Circulars on 'COVID-19 – Regulatory Package' and 'COVID-19 Regulatory Package - Asset Classification and Provisioning';• Selected sample of accounts restructured under RBI Circulars on 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' and 'Resolution Framework for Covid-19-related Stress' to assess compliance with the RBI directions;• Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.
<p>Information Technology ('IT') systems and controls impacting financial reporting</p> <p>The Bank's IT architecture to process key financial accounting and reporting is complex involving number of independent and interdependent IT systems used in the operations of the Bank, and IT controls to process significant transactions volumes at numerous locations.</p> <p>As such there is high reliability on IT systems, 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.</p> <p>The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter.</p>	<p>Our Audit procedures with respect to this matter included:</p> <p>We used our internal IT team to perform audit procedures to assess IT systems and controls over financial reporting which included the following:</p> <p>1) General IT controls design, observation and operation:</p> <ul style="list-style-type: none">• Obtain an understanding of the IT infrastructure and IT systems• Testing the sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access, system change management and computer operations. <p>2) User access controls operation:</p> <ul style="list-style-type: none">• Reviewed processes followed by the management in respect of access rights granted to applicants relevant to financial accounting and reporting systems.• Assessing the operating effectiveness of controls over granting, removal and appropriateness of access rights. <p>Other areas that were assessed under the IT control environment, included password and security related policies were also part of our audit procedures.</p>

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Bank's Board of Directors is responsible for the other information. The other information comprises the information in the Director's Report and Annual Report but does not include the financial statements and our Auditor's report thereon. The Director's Report and 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 our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Director's Report and Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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 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 the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by the Reserve Bank of India from time to time (RBI Guidelines) as applicable to the Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 statement 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.

Those 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 of the Bank.
- 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 financial year ended March 31, 2023 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 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 during the course of our audit, 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 system, the audit is carried out centrally as all the necessary records and data required for the purpose of our audit are available therein.. We have also covered 20 branches, during the course of audit.
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;
 - 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant rules made thereunder to the extent

they are not inconsistent with the accounting policies prescribed by RBI.

- e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. 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".
- g. With respect to the other matter 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 of the Act do not apply; and
- 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 and Schedule 18 (26.6) to the financial statements;
 - ii. The Bank has not entered into any long-term contracts nor entered into any derivative contracts as at March 31, 2023 and accordingly no provision is required to be made;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank;
 - iv. a) Based on the information and explanation provided and as represented to us by the management to the best of its knowledge and belief, other than as disclosed in Schedule 18(41) 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, whether, 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) Based on the information and explanation provided and as represented to us by the management to the best of its knowledge and belief, other than as disclosed in Schedule 18(41) 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, that the Bank shall, whether, 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; and
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, 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 (a) and (b) above, contain any material misstatement
- v) a. In our opinion, the interim dividends declared and paid by the Bank during the year are in accordance with section 123 of the Act.
- b. As stated in schedule 18(38) to the financial statements, the Board of Directors of the Bank have declared the balance interim preference dividends for the year on May 11, 2023 which in our opinion is in accordance with section 123 of the Act to the extent it applies to declaration of interim dividend.
- c. As stated in Schedule 18(38) to the financial statements, the Board of Directors of the Bank has proposed a final equity dividend for the year on May 11, 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. In our opinion, the dividend proposed is in accordance with section 123 of the Act to the extent it applies to the proposal to pay dividends.
- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Bank with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023

**For B K Ramadhyani & Co.
LLP**

Chartered Accountants
FRN: 002878S/S200021

Mukund M. Chitale & Co

Chartered Accountants
FRN: 106655W

(Vasuki H S)

Partner
Membership No : 212013
UDIN :
23212013BGWLEA6563

(Nilesh RS Joshi)

Partner
Membership No. 114749
UDIN :
23114749BGSUKK4049

Place: Bengaluru
Date: May 11, 2023



Annexure A

to the Independent Auditor's Report of even date on the Financial Statements of Ujjivan Small Finance Bank Limited

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Ujjivan Small Finance Bank Limited on the Financial Statements for the year ended March 31, 2023]

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to financial statements of Ujjivan Small Finance Bank Limited ("the Bank") as of March 31, 2023 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Bank's Board of Directors 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of 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

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 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 the 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

Annexure A (Cont.)

to the Independent Auditor's Report of even date on the Financial Statements of Ujjivan Small Finance Bank Limited

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.

OPINION

In our opinion, the Bank has, in all material respects, 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, 2023, 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.

OTHER MATTER

Considering the nature of business and high volumes of cash collections from borrowers, procedures and systems and recording of collections relating to overdue

advance accounts in the books of account need to be automated suitably, although manual controls are in place. Management has represented that steps are being taken to automate the said process by introducing a new system in the ensuing year.

Our opinion is not modified in respect of this matter.

**For B K Ramadhyani & Co.
LLP**

Chartered Accountants
FRN: 002878S/S200021

Mukund M. Chitale & Co

Chartered Accountants
FRN: 106655W

(Vasuki H S)

Partner
Membership No : 212013
UDIN :
23212013BGWLEA6563

(Nilesh RS Joshi)

Partner
Membership No. 114749
UDIN :
23114749BGSUKK4049

Place: Bengaluru

Date: May 11, 2023



Balance Sheet

as on March 31, 2023

Particulars	Schedule	As on March 31, 2023	As on March 31, 2022
CAPITAL AND LIABILITIES			
Capital	1	21,547,066	19,283,142
Employees Stock Options and Purchase Outstanding	18(33)	512,205	421,958
Reserves and Surplus	2	20,031,799	8,321,239
Deposits	3	255,376,822	182,922,169
Borrowings	4	26,414,640	17,635,616
Other Liabilities and Provisions	5	9,286,243	7,537,714
TOTAL		333,168,775	236,121,838
ASSETS			
Cash and Balances with Reserve Bank of India	6	23,052,710	16,899,652
Balances with Banks and Money at Call and Short Notice	7	1,783,218	4,858,547
Investments	8	85,103,075	41,529,348
Advances	9	212,896,611	163,031,714
Fixed Assets	10	2,828,799	2,493,926
Other Assets	11	7,504,362	7,308,651
TOTAL		333,168,775	236,121,838
Contingent Liabilities	12	950,034	1,372,305
Bill for collection		-	-
Significant Accounting Policies	17		
Notes forming part of the financial statements	18		

The schedules referred to above form an integral part of the Balance sheet

The Balance Sheet has been prepared in conformity with Form A of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date

For B K Ramadhyani & Co LLP

Chartered Accountants
FRN: 002878S/ S200021

Mukund M Chitale & Co.

Chartered Accountants
FRN:106655W

For and on behalf of Board of Directors of

Ujjivan Small Finance Bank Limited

Vasuki H S

Partner
MN: 212013

Nilesh RS Joshi

Partner
MN: 114749

Ittira Davis

DIN: 06442816
Managing Director & CEO

B A Prabhakar

DIN: 02101808
Independent Director

Sudha Suresh

DIN: 06480567
Independent Director

Bengaluru

May 11, 2023

M.D.Ramesh Murthy

Chief Financial Officer

Sanjeev Barnwal

Company Secretary

Profit and Loss Account

for the year ended March 31, 2023

Particulars	Schedule	For the year ended March 31, 2023	For the year ended March 31, 2022
I. INCOME			
Interest Earned	13	41,649,947	28,127,991
Other Income	14	5,891,909	3,598,865
Total		47,541,856	31,726,856
II. EXPENDITURE			
Interest Expended	15	14,670,926	10,392,070
Operating Expenses	16	18,020,597	14,963,806
Provisions and Contingencies		3,851,116	10,516,884
Total		36,542,639	35,872,760
III. PROFIT			
Net profit/ (loss) for the year		10,999,217	(4,145,904)
Profit/(loss) brought forward		(723,518)	3,436,242
Total		10,275,699	(709,662)
IV. APPROPRIATIONS			
Transfer to			
a) Statutory Reserves		2,749,804	-
b) Investment Reserve Account		3,404	-
c) Capital Reserve		-	13,856
d) Preference Dividend (Refer Schedule 18 (38))		220,000	-
e) Interim equity dividend		1,465,944	-
f) Investment Fluctuation Reserve		467,852	-
g) Transfer to Special Reserve U/S 36 (1)(viii) Income tax Act 1961		300,000	-
h) Balance Carried over to Balance Sheet		5,068,695	(723,518)
Total		10,275,699	(709,662)
V. Earnings per Equity Share (Face value of ₹10 per share)			
Basic (₹) (Refer Schedule 18 (25))		5.82	(2.40)
Diluted (₹) (Refer Schedule 18 (25))		5.81	(2.40)
Significant Accounting Policies	17		
Notes forming part of the financial statements	18		

The schedules referred to above form an integral part of the Profit and Loss Account.

The Profit and Loss Account has been prepared in conformity with Form B of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date

For B K Ramadhyani & Co LLP

Chartered Accountants

FRN: 002878S/ S200021

Mukund M Chitale & Co.

Chartered Accountants

FRN:106655W

For and on behalf of Board of Directors of

Ujjivan Small Finance Bank Limited

Vasuki H S

Partner

MN: 212013

Nilesh RS Joshi

Partner

MN: 114749

Ittira Davis

DIN: 06442816

Managing Director & CEO

B A Prabhakar

DIN: 02101808

Independent Director

Sudha Suresh

DIN: 06480567

Independent Director

Bengaluru

May 11, 2023

M.D.Ramesh Murthy

Chief Financial Officer

Sanjeev Barnwal

Company Secretary



Cash Flow Statement

for the year ended March 31, 2023

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) After taxation	10,999,217	(4,145,904)
Tax adjustment	3,673,159	(1,357,681)
Net Profit/(Loss) before taxation	14,672,376	(5,503,585)
Adjustments for :		
Depreciation on Bank's Property	902,785	804,430
Loss on sale of Land, Building & Other assets (net)	6,701	19,970
Expense on employee stock option	90,247	(15,277)
Expense on employee stock purchase	-	-
Fixed Assets Written off	-	-
Provision for Non Performing Assets	498,068	13,270,457
Provision for Standard Assets	(322,365)	(1,625,877)
Provision for depreciation on investment	(3,404)	3,404
Interest earned on fixed deposits	(108,631)	(241,876)
Profit on sale of Held-to-maturity (HTM) securities	-	(36,929)
Amortisation of premium on HTM investments	255,662	217,988
Operating Profit/(Loss) before Working Capital changes	15,991,439	6,892,705
Adjustments for :		
(Increase) /Decrease in Advances	(50,362,965)	(31,362,653)
(Increase)/Decrease in Investments in other than HTM securities	(25,577,285)	(2,095,008)
(Increase)/Decrease in Other Assets	(1,065,153)	(618,150)
Increase/ (Decrease) in Deposits	72,454,654	51,564,496
Increase/ (Decrease) in Other Liabilities	1,960,894	1,377,412
Cash generated from/(used in) Operations	13,401,584	25,758,802
Direct Taxes paid (net of refunds)	(2,803,717)	(214,562)
Net Cash Flow generated from/(used in) Operating Activities (A)	10,597,867	25,544,240
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of Fixed Assets	9,202	3,771
Investment in HTM securities (Net)	(18,248,700)	(14,454,303)
Deposits (created)/encashed with Banks and financial institutions (Net)	(1,464,056)	6,555,582
Purchase of Fixed Assets including WIP	(1,253,562)	(514,808)
Net Cash Flow used in Investing Activities (B)	(20,957,116)	(8,409,758)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (net of issue expenses)	4,661,212	-
Increase/(Decrease) in Borrowings (Net)	8,779,023	(14,837,551)
Preference dividend including interim dividend paid during the year	(110,000)	-

Cash Flow Statement
for the year ended March 31, 2023 (Contd.)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Equity dividend including interim dividend paid during the year	(1,465,944)	-
Dividend distribution tax paid during the year	-	-
Net Cash Flow generated from Financing Activities (C)	11,864,291	(14,837,551)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	1,505,042	2,296,931
Cash and Cash Equivalents at the beginning of the year	21,631,905	19,334,974
Cash and Cash Equivalents at the end of the year	23,136,947	21,631,905

Notes to Cash Flow Statement:

1 Cash and Cash equivalents includes the following:

Cash and Bank Balances with Reserve Bank (Schedule 6)	23,052,710	16,899,652
Balance with Bank and Money at Call & Short Notice (Schedule 7)	1,783,218	4,858,547
	24,835,928	21,758,199

Balances not considered as part of Cash and Cash equivalents

Less: Bank Deposits with original maturity more than 3 months or Bank Deposits under lien	(1,698,981)	(126,294)
Cash and Cash Equivalents at the end of the year	23,136,947	21,631,905

- 2 The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Sec.133 of the Companies act, 2013 read with rule 7 of the Companies (Account) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.
- 3 Increase/ Decrease in advances are net after taking to account advances transferred under inter- bank participation certificates of ₹ 1,86,00,000 ('000) and transaction arrangements of ₹ 31,38,867('000) with other parties.
- 4 Figures in bracket indicate cash outflow.

As per our report of even date

For B K Ramadyani & Co LLP

Chartered Accountants
FRN: 002878S/ S200021

Mukund M Chitale & Co.

Chartered Accountants
FRN:106655W

For and on behalf of Board of Directors of

Ujjivan Small Finance Bank Limited

Vasuki H S

Partner
MN: 212013

Nilesh RS Joshi

Partner
MN: 114749

Ittira Davis

DIN: 06442816
Managing Director & CEO

Sudha Suresh

DIN: 06480567
Independent Director

Bengaluru

May 11, 2023

B A Prabhakar

DIN: 02101808
Independent Director

M.D.Ramesh Murthy

Chief Financial Officer

Sanjeev Barnwal

Company Secretary



Schedules forming part of the Balance Sheet

Particulars	As on March 31, 2023	As on March 31, 2022
SCHEDULE -1 CAPITAL		
Authorised Capital		
2,300,000,000 Equity Shares of ₹10 each	23,000,000	23,000,000
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each	2,000,000	2,000,000
Issued, Subscribed and Called up Capital		
195,47,06,625 (Previous Year: 1,728,314,205) Equity Shares of ₹10 each	19,547,066	17,283,142
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each	2,000,000	2,000,000
	21,547,066	19,283,142
Paid up Capital		
195,47,06,625 (Previous Year: 1,728,314,205) Equity Shares of ₹10 each	19,547,066	17,283,142
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each	2,000,000	2,000,000
	21,547,066	19,283,142
TOTAL	21,547,066	19,283,142

Particulars	As on March 31, 2023	As on March 31, 2022
SCHEDULE -2 RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening balance	1,410,826	1,410,826
Additions during the year	2,749,804	-
Closing balance	4,160,630	1,410,826
II. Capital Reserve		
Opening balance	207,127	193,271
Additions during the year	-	13,856
Closing balance	207,127	207,127
III. Share Premium		
Opening balance	7,221,673	7,221,673
Additions during the year	2,491,186	-
Less: Deductions during the year	93,899	-
Closing balance	9,618,960	7,221,673
IV. Special Reserve u/s 36(i)(viii) of Income Tax Act 1961		
Opening balance	-	-
Additions during the year	300,000	-
Less: Deductions during the year	-	-
Closing balance	300,000	-
V. Revenue and Other Reserves		
i. Investment Reserve Account		
Opening balance	-	-
Additions during the year	3,404	-
Deductions during the year	-	-
Closing balance	3,404	-
ii. Investment Fluctuation Reserve		
Opening balance	205,131	205,131
Additions during the year	467,852	-
Closing balance	672,983	205,131
TOTAL	676,387	205,131
Vi. Balance of Profit and Loss Account		
TOTAL (I + II + III+IV+V+VI)	20,031,799	8,321,239

Schedules forming part of the Balance Sheet (Contd.)

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
SCHEDULE -3 DEPOSITS		
A. I. Demand Deposits	51,641	60,063
(i) From Banks	5,806,459	4,987,619
(ii) From Others		
II. Savings Bank Deposits	61,590,653	44,882,373
III. Term Deposits		
(i) From Banks	58,884,944	60,714,848
(ii) From Others	129,043,125	72,277,266
TOTAL (I + II + III)	255,376,822	182,922,169
B. Deposits of branches		
I. In India	255,376,822	182,922,169
II. Outside India	-	-
TOTAL (I + II)	255,376,822	182,922,169

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
SCHEDULE -4 BORROWINGS		
I. Borrowings in India		
(a) Reserve Bank of India	2,500,000	3,880,000
(b) Other Banks	1,500,000	3,000,000
(c) Other Institutions and Agencies	22,414,640	10,755,616
TOTAL	26,414,640	17,635,616
II. Borrowings Outside India	-	-
TOTAL (I + II)	26,414,640	17,635,616
Secured borrowings included in I and II above	6,747,640	3,929,216

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
SCHEDULE -5 OTHER LIABILITIES AND PROVISIONS		
(i) Bills payable	1,558,517	1,533,670
(ii) Inter-Office Adjustments (net)	-	-
(iii) Interest Accrued	1,922,855	1,887,617
(iv) Standard asset-General Provisions (Refer Schedule 18(4.2))	1,137,256	1,459,621
(v) Others (including provisions)	4,667,615	2,656,806
TOTAL	9,286,243	7,537,714

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
SCHEDULE -6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in Hand (including Cash at ATM)	1,769,873	1,756,288
II. Balances with Reserve Bank of India		
(a) In Current Account	10,812,837	6,933,364
(b) In Other Accounts (Including Reverse Repo)	10,470,000	8,210,000
TOTAL (I + II)	23,052,710	16,899,652



Schedules forming part of the Balance Sheet (Contd.)

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
SCHEDULE -7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balances with Banks		
(a) in Current Accounts	84,237	303,768
(b) in Other Deposit Accounts*	1,698,981	126,294
(ii) Money at Call and Short Notice	-	-
(a) with Banks	-	4,428,485
(b) with Other Institutions	-	-
TOTAL	1,783,218	4,858,547
II. Outside India		
(i) In Current Accounts	-	-
(ii) In Other Deposits Accounts	-	-
(iii) Money at Call and Short Notice	-	-
TOTAL	-	-
TOTAL (I+II)	1,783,218	4,858,547

*It includes Fixed Deposits of Current Year :₹ 1,98,981 /- (Previous Year: ₹ 1,26,294/-) (in 000's) held under lien.

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
SCHEDULE -8 INVESTMENTS		
I. Investments in India in (Refer Schedule 18(2))		
(i) Government Securities	84,975,779	41,402,052
(ii) Other approved Securities	-	-
(iii) Shares	1,002	1,002
(iv) Debentures and Bonds	-	-
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others	126,294	126,294
TOTAL	85,103,075	41,529,348
II. Investments Outside India		
(i) Government Securities (Including local authorities)	-	-
(ii) Subsidiaries and/or Joint Ventures abroad	-	-
(iii) Other Investments	-	-
TOTAL	-	-
TOTAL (I+II)	85,103,075	41,529,348
III. Gross Value of Investments		
Less: Provision for depreciation	-	3,404
Net value of investments	85,103,075	41,529,348

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
SCHEDULE -9 ADVANCES		
A (i) Bills Purchased and Discounted	-	-
(ii) Cash Credits, Overdrafts and Loans repayable on demand	6,360,099	8,736,614
(iii) Term Loans	206,536,512	154,295,100
TOTAL	212,896,611	163,031,714
B (i) Secured by Tangible Assets*	66,602,766	42,642,255
(ii) Covered by Bank/Government Guarantees	1,439,299	1,188,800
(iii) Unsecured(Refer Schedule 18(4.3))	144,854,546	119,200,659
TOTAL	212,896,611	163,031,714

Schedules forming part of the Balance Sheet (Contd.)

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
C I. Advances in India		
(i) Priority Sectors	158,308,516	128,654,453
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	54,588,095	34,377,261
TOTAL	212,896,611	163,031,714
II. Advances Outside India		
(i) Due from Banks	-	-
(ii) Due from Others	-	-
a) Bills purchased and discounted	-	-
b) Syndicated loans	-	-
c) Others	-	-
TOTAL	-	-
TOTAL (I+II)	212,896,611	163,031,714

* Includes Advances against book debts ₹1,11,08,686/- (Previous Year ₹85,51,933/-) (in 000's)

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
SCHEDULE -10 FIXED ASSETS		
I. Premises		
At cost as at the beginning of the year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
II. Other Fixed Assets (Including Furniture and Fixtures) (Refer Schedule 18 (26.4 &26.5))		
At cost as at the beginning of the year	5,883,492	5,448,232
Additions during the year	1,135,749	504,771
Deductions during the year	(141,249)	(69,510)
Depreciation to date	(4,224,916)	(3,447,477)
TOTAL	2,653,076	2,436,016
III. Capital Work In Progress (Including Capital Advances)	175,723	57,910
TOTAL (I+II+III)	2,828,799	2,493,926

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
SCHEDULE -11 OTHER ASSETS		
I. Inter Office Adjustment (net)		
II. Interest Accrued	3,244,007	2,185,939
III. Tax paid in Advance / Tax Deducted at Source (Net of provision for tax) .	102,320	686,101
IV. Stationery and Stamps	-	-
V. Nonbanking assets acquired in satisfaction of claims	-	-
VI. Others (including Deferred Tax Assets)	4,158,035	4,436,611
TOTAL	7,504,362	7,308,651



Schedules forming part of the Balance Sheet (Contd.)

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
SCHEDULE - 12 CONTINGENT LIABILITIES (Refer Schedule 18(26.6))		
I. Claims against the Bank not acknowledged as debts	25,825	788,408
II. Liability for partly paid Investments	-	-
III. Liability on account of Outstanding Forward Exchange Contracts	-	-
IV. Guarantees given on behalf of Constituents		
(a) In India	202,500	2,500
(b) Outside India	-	-
V. Acceptances, Endorsements and Other Obligations	-	-
VI. Other items for which the Bank is contingently liable - Capital commitments not provided/DEAF	721,709	581,397
TOTAL	950,034	1,372,305

Particulars	(₹ in 000's)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
SCHEDULE -13 INTEREST EARNED		
I. Interest /Discount on Advance/bills	37,077,655	25,757,788
II. Income on Investments	4,108,287	1,851,374
III. Interest on Balances With Reserve Bank of India and Other inter-bank funds	180,589	518,829
IV. Others	283,416	-
TOTAL	41,649,947	28,127,991

Particulars	(₹ in 000's)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
SCHEDULE- 14 OTHER INCOME		
I. Commission, Exchange and Brokerage	3,609,695	2,451,551
II. Profit on Sale of Investments (net)	17,840	177,093
III. Profit/ (Loss) on Revaluation of Investments (net)	-	-
IV. Profit/ (Loss) on sale of Land, Building and Other Assets (net)	(6,701)	(19,970)
V. Profit/ (Loss) on Exchange Transactions (net)	-	-
VI. Income earned by way of Dividends etc. from subsidiaries/ companies and/or joint ventures abroad/in India	-	700
VII. Miscellaneous Income	2,271,075	989,491
Total	5,891,909	3,598,865

Particulars	(₹ in 000's)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
SCHEDULE- 15 INTEREST EXPENDED		
I. Interest on Deposits	13,152,047	8,934,249
II. Interest on Reserve Bank of India/ Inter-Bank Borrowings	511,667	243,611
III. Others	1,007,212	1,214,210
TOTAL	14,670,926	10,392,070

Schedules forming part of the Balance Sheet (Contd.)

Particulars	(₹ in 000's)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
SCHEDULE -16 OPERATING EXPENSES		
I. Payments to and Provision for Employees	9,202,541	8,125,998
II. Rent, Taxes and Lighting (including operating lease rentals)	1,369,439	1,151,689
III. Printing and Stationery	323,784	145,280
IV. Advertisement and Publicity	384,500	123,731
V. Depreciation on Banks Property	902,785	804,430
VI. Director's Fees, Allowances and Expenses	29,534	20,927
VII. Auditors' Fees and Expenses (Refer Schedule 18 (32))	14,085	12,870
VIII. Law Charges	83,137	53,945
IX. Postages, Telegrams, Telephones etc.	417,304	355,760
X. Repairs and Maintenance	392,458	305,372
XI. Insurance	197,227	132,523
XII. Other Expenditure	4,703,803	3,731,281
TOTAL	18,020,597	14,963,806



Significant Accounting Policies forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2023

SCHEDULE 17

1 CORPORATE INFORMATION

Ujjivan Financial Services Limited (UFSL), was established as a non banking financial services company in the year 2005 with the mission to provide a full range of financial services to the 'economically poor' who were not adequately served by financial institutions. In 2015, the Reserve Bank of India (RBI) licenced the formation of small finance banks - a new category of specialised banks to serve the financially unserved and underserved population, especially the micro-enterprises, workers, small and marginal farmers.

On November 11, 2016, UFSL received a banking licence from RBI to carry out small finance bank business in India. Ujjivan Small Finance Bank Limited (USFB or the Bank) took over the business of UFSL and started its operations on February 01, 2017. A scheduled bank status was accorded by Reserve Bank of India vide Notification: DBR.PSBD.No. 467/16.02.006/2017-2018 published in the Gazette of India on August 25, 2017. The Bank has its registered and corporate office in Bengaluru and regional offices in Noida, Kolkata, Bengaluru and Pune. The bank operates in India and does not have a branch in any foreign country.

USFB is a mass market focused bank in India, catering to financially unserved and underserved segments and committed to building financial inclusion in the country. USFB has a diversified portfolio with branches spread across 24 states and union territories. Apart from the network of branches, ATMs and automated cash recyclers, USFB has phone banking unit that services customers in various languages, a mobile banking application that is accessible in various languages as well as internet banking facility for individual and corporate customers. USFB also has portfolio of loans to financial institutions.

2 BASIS OF PREPARATION

The accompanying financial statements have been prepared under the historical cost convention and on accrual basis except where otherwise stated, and in compliance with the Generally Accepted Accounting Principles ("GAAP") in India and in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the RBI from time to time

(RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) head with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) amendment rules, 2016 to the extent applicable and practices prevailing within the banking industry in India. The financial statements are presented in Indian Rupees rounded off to the nearest thousands unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities (including contingent liability) and the reported income and expenses during the period. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from estimates and the differences between the actual results and the estimates are recognised prospectively in which actuals are ascertained.

3.2 PROPERTY, PLANT AND EQUIPMENT (Fixed Assets)

Property, Plant and Equipment (PPE), Capital work in Progress are stated at cost, net of accumulated depreciation and accumulated impairment if any. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its working condition and location for its intended use. Subsequent expenditure on PPE after its purchase is capitalised only if such expenditure meets recognition criteria stipulated in the relevant Accounting Standard.

Any trade discounts and rebates are deducted in arriving at the purchase price. Such costs includes the cost of replacing the part of the plant and equipment. When significant parts of the plant and equipment are required to be replaced at intervals, the Bank depreciates them separately based on its specific useful lives. Assets under development as on the balance sheet date are shown as Capital Work in Progress. Advance paid towards such development are shown as capital advance.

Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

Depreciable amount for PPE is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on PPE has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortised over the duration of the lease. 'Point of Sale' terminals are fully depreciated in the year of purchase.

The useful life being followed by the Bank as prescribed in Schedule II to the Companies Act, 2013 is as under:

Asset	Estimated Useful Life as specified under Schedule II of the Companies Act, 2013 (years)
Computer	3
Furniture and Fittings	10
Office Equipment	5
Motor Vehicle	8
Server	6

PPE purchased/sold during the year are depreciated on a pro-rata basis.

PPE costing less than ₹ 5,000/- each are fully depreciated in the year of purchase.

The salvage value considered for computing depreciation is as per Schedule II of Companies Act, 2013 (i.e. 5% of Cost) except for Software and Lease hold assets.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Profit and Loss Account.

Gains or losses arising from disposal or retirement of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" as Profit/(Loss) on sale of PPE, as the case maybe, in the Profit and Loss Account in the year of disposal or retirement.

PPE held for sale is valued at lower of their carrying amount and net realisable value, any write-down is recognised in the Profit and Loss Account.

3.3 INTANGIBLE ASSETS

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. The Bank uses a rebuttable assumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. Software with perpetual license and system development expenditure, if any, is amortised over an estimated economic useful life of 6 years or license period, whichever is lower.

The amortization period and the amortisation method are reviewed at least at the Balance Sheet date. If the expected useful life of the asset significantly differs from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

3.4 IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at the Balance Sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case, any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.



Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account.

3.5 INVESTMENTS

Classification and Valuation of the Bank's Investments are carried out in accordance with RBI guidelines on Investment Classification and Valuation which are as follows:

Categorisation of Investments:

The Bank classifies its Investment at the time of purchase into one of the following three categories:

- (i) Held to Maturity (HTM) – Securities acquired with the intention to hold till maturity.
- (ii) Held for Trading (HFT) – Securities acquired with the intention to trade.
- (iii) Available for Sale (AFS) – Securities which do not fall within the above two categories. Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

Classification of Investments:

For the purpose of disclosure in the Balance Sheet, Investments in India are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures and (vi) Other Investments. Investments outside India are classified under three groups viz., (i) Government Securities (Including local authorities), (ii) Subsidiaries and/or Joint Ventures abroad and (iii) Other Investments

Purchase and sale transactions in securities are recorded under 'Settlement Date' accounting, except in the case of equity shares where 'Trade Date' accounting is followed.

Basis of Classification:

Investments that are held principally for sale within 90 days from the date of purchase are classified under HFT category.

Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in the above categories are classified under AFS category

Acquisition cost and profit/loss on disposal:

- (i) Broken period interest on debt instruments is treated as a receivable at the time of acquisition and post acquisition broken period interest treated as a revenue item.
- (ii) Brokerage, commission, etc. pertaining to Investments, paid at the time of acquisition is charged to the Profit and Loss Account.
- (iii) Profit or loss arising on disposal of investments are computed based on the weighted average cost method.

Transfer between categories:

Transfer between categories is done at the lower of the acquisition cost/book value/market value on the date of the transfer and depreciation, if any, on such transfer is fully provided for, in accordance with the RBI guidelines.

Valuation of Investments:

- (i) Held to Maturity – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on Investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortised during the relevant accounting period. Diminution, other than temporary, is determined and provided for each Investment individually.
- (ii) Held for Trading – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.
- (iii) Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.

Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

- (iv) Market value of government securities (excluding treasury bills) is determined based on the prices / YTM declared by Financial Benchmarks India Pvt Limited(FBIL)
- (v) Treasury bills are valued at carrying cost, which includes discount amortised over the period to maturity.
- (vi) Provision for non-performing Investments is made in conformity with RBI guidelines.
- (vii) Provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit & Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to an Investment Reserve Account (IRA) in Schedule 2 – "Reserves & Surplus" under the head "Revenue and Other Reserves". The balance in the IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.
- (viii) Unquoted equity shares are valued at their break-up value. If latest Balance sheet is not available then unquoted equity share is valued at ₹ 1 per share.
- (ix) Units of the scheme of Mutual Funds are valued at the lower of cost and Net asset value (NAV) provided by the respective schemes of Mutual Funds.

Disposal of Investments:

Profit / Loss on sale of Investments under AFS and HFT categories are recognised in the Profit and Loss Account. Profit in respect of Investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account as per RBI guidelines.

Repurchase and reverse repurchase transactions:

In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

Investment Fluctuation Reserve:

As per the RBI circular RBI/2017-18/147 DBR. No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, 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.

This reserve will be created until the amount of IFR is at least 2% of the HFT and AFS portfolio, on a continuing basis and where feasible, this should be achieved within a period of three years.

3.6 ADVANCES

Advances are classified as Performing Advances (Standard) and Non- Performing Advances (NPAs) in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets. Advances are stated net of specific loan loss provision and Inter Bank Participating Certificates (IBPC) with risk sharing issued. The bank transfers advances through Inter-Bank Participation arrangements with and without risk, which are accounted for in accordance with the RBI guidelines, as follows:

- a) In the case of participation with risk, the aggregate amount of participation transferred out of the Bank is reduced from Advances; and participations transferred in to the Bank are classified under Advances.



Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

- b) 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 in, the aggregate amount of participation is shown as due from banks under Advances.

The bank transfers advances through securitisation arrangements to special purpose vehicles setup for this purpose. Upon due execution/delivery of the requisite transaction documents and payment of purchase consideration, the value of amounts transferred is reduced from advances, the criteria for transfer of receivables in terms of the master directions of the Reserve Bank of India on "Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021, as updated on 2022" are satisfied, based on appropriate legal advice regarding compliance with true sale criteria stipulated in the said directions. In case these criteria are not fulfilled, the amount received is shown as borrowings.

Provisioning:

Specific provisions for Non- Performing Advances and floating provisions are made in conformity with the RBI guidelines or the policy of the bank , whichever is higher. While framing this policy, the bank has stipulated accelerated provisioning based on past experience, evaluation of securities and other related factors.

A general provision on standard assets is made in accordance with RBI guidelines or as per provisioning policy of the bank whichever is higher. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

Floating Provisions:

Provisions made in excess of the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors. In accordance with the RBI guidelines, floating provisions are used up to a level approved by the Board only for contingencies under extraordinary circumstances and for making specific provisions for impaired accounts as per

these guidelines or any regulatory guidance / instructions. Floating provisions to the extent not considered for computation of tier-II capital is subtracted from advances (schedule 9) and the balance has been included under the "Other Liabilities" vide Schedule 18(4.1) of the financial statements.

Amounts recovered during the year against bad debts written off in earlier periods which was hitherto included as credit to provisions and contingencies have been reclassified as part of other income. Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are reduced from provisions and contingencies in the Profit and Loss account. Restructured/ rescheduled assets are classified in accordance with RBI guidelines, keeping in mind special dispensation permitted wherever allowed.

Recording and Presentation

Provisions created against individual accounts as per RBI guidelines are not netted in the individual account. For presentation in financial statements, provision created is netted against gross amount of Advance. Provision held against an individual account is adjusted against account balance at individual level only at the time of write-off / settlement of the account. Provision made against standard assets in accordance with the RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

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 netted off with 'Miscellaneous income'.

3.7 REVENUE RECOGNITION

Interest income on loans, advances and investments (including deposits with banks and

Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

other institutions) are recognised in the Profit and Loss Account on accrual basis, except in the case of Non- Performing Assets. Interest Income on Non- Performing Assets is recognised upon realisation as per the prudential norms of the RBI.

Interest on advances transferred under securitisation arrangements meeting the criteria stipulated in para 3.6 above are not recognised in Profit and Loss Account. The bank's share of the securitisation income is recognised on receipt basis.

Revenues from loan documentation charges are recognised upfront when it become due, except in cases where the Bank is uncertain of its ultimate collection.

Interest on Government securities, debentures and other fixed income securities is recognised on a period proportion basis. Income on discounted instruments is recognised over the tenor of the instrument on a constant Yield to Maturity method.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Commission on Bank Guarantee is recognised upfront in the Profit and Loss Account.

Fees received on sale of Priority lending certificates is recognised upfront in the Profit and Loss Account.

3.8 EMPLOYEE BENEFITS

Provident Fund: Contribution towards provident fund of employees is made to the regulatory authorities, where the Bank has no further obligations. Such benefits are classified as defined contribution schemes as the Bank does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity: Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Bank or retirement, whichever is earlier. The benefits vest after five years of continuous service. The Gratuity scheme of the Bank is a defined

benefit scheme and the expense for the period is recognised based on actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognises each period of service give rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the year in which they arise. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.

Short term 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 period when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long term Employee benefits:

The Bank accrues the liability for compensated absences based on the actuarial valuation as on 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 Banks' obligation is determined using the Projected Unit Credit Method as on the Balance Sheet date. Actuarial gains / losses are recognised in the Profit and Loss Account in the period in which they arise.

Employee Stock Option Plan (ESOP)

In accordance with the Guidance Note on Accounting for Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the fair value method. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the



Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Schedule 18 (33). The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. 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 Profit & Loss Account.

Employee Stock Purchase Scheme (ESPS)

ESPS is a contractual promise that permits an employee to acquire an employer's stock at a future date under the terms and conditions established on the grant date. The fair value of the entire purchase discount represents employee compensation. The compensation expense will be the difference between the value of the stock on the date of shareholder approval and the purchase/Exercise price for that offering.

3.9 Borrowing costs

Amortization of ancillary costs incurred in connection with the arrangement of bonds has been recognised in the profit and loss account. The unamortised amount has been shown under "Other Assets" vide Schedule 11 to the financial statements.

3.10 LEASES

Lease arrangements where risk and rewards incidental to ownership of assets substantially vest with the lessor are recognised as operating leases.

Lease rentals under operating lease are charged to the Profit and Loss Account on straight line basis over the lease term in accordance with AS-

19, Leases.

3.11 SEGMENT REPORTING

In accordance with guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2007 and Accounting Standard 17 (AS-17) on "Segment Reporting", the Banks' business has been segregated into Treasury, Retail Banking and Corporate/ Wholesale Segments.

Segment revenues consist of earnings from external customers and inter-segment revenues based on a transfer pricing mechanism. Segment expenses consist of interest expenses including allocated operating expenses and provisions. Segment results are net of segment revenues and segment expenses. Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth and dividend liability, if any.

Since the business operations of the Bank are primarily concentrated in India, the Bank is considered to operate only in the domestic segment.

3.12 EARNINGS PER SHARE

Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as on the end of the year except when its results are anti-dilutive.

3.13 TAXES ON INCOME

Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized, in general, only to the extent that

Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised; where there are unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future taxable income.

In accordance with the directive of the RBI, Bank has recognised a provision for deferred tax liability on the Special Reserve created under section 36(1) (viii) of Income Tax Act, 1961.

Current tax and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

3.14 PROVISIONS AND CONTINGENCIES

A provision is recognised when there is a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- i) a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- ii) a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets, if any, are not recognised in the financial statements since this may result in the recognition of income that may never be

realised.

3.15 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents includes cash in hand (including balance in ATM), balances with RBI, balances with other Banks and money at call and short notice. Cash and Cash Equivalents for the purpose of Cash Flow Statement comprises of Cash at Bank and in hand and short term Investments with an original maturity of less than three months.

3.16 PROPOSED DIVIDEND

Proposed dividend / declared after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is declared. Liability for balance preference dividend has been recognised since payment of the same is a prerequisite for payment of dividend to equity share holders.

3.17 TRANSACTIONS INVOLVING FOREIGN EX-CHANGE

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.

Foreign currency monetary items outstanding on the balance sheet date are reported using the exchange rate prevailing on that date. Exchange differences arising on settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expense in the year in which they arise.

Non-monetary items which are measured in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items which are measured at Fair Value or other similar value denominated in a foreign currency are translated using the exchange rate at the date when such value is determined.

3.18 CORPORATE SOCIAL RESPONSIBILITY

Expenditure towards CSR when required, in accordance with Companies Act are recognised in the profit and loss account.

3.19 SHARE ISSUE EXPENSES

Expenses on issue of shares of the Bank have been written off against the securities premium account.



Notes to financial statements

for the year ended March 31, 2023

SCHEDULE 18

1 Capital

1.1 Capital Infusion

During the year ended March 31, 2023, the bank has raised equity capital of ₹ 475 Crores through Qualified Institutions Placement (QIP) by issuing 22,61,90,476 equity shares of ₹ 10/-each at premium of ₹ 11/-each. Further, the Bank allotted 2,01,944 equity shares pursuant to the exercise of stock options under the approved Employee Stock Option Plan (ESOP) 2019. During the year, the bank has granted 4,82,29,093 fresh stock options to its eligible employees. Refer note 18(33) for further details.

1.2 Capital Adequacy Ratio

The Bank computes its Capital Adequacy Ratio as per New Capital Adequacy Framework- BASEL-II and Operating Guidelines for Small Finance Banks (issued by RBI on October 06, 2016) and Basel III Capital regulations

Under the New Capital Adequacy Framework and Operating Guidelines for Small Finance Banks issued on October 06, 2016, the Bank has to maintain a Minimum Total Capital of 15% of the Credit Risk Weighted Assets (Credit RWA) on an on-going basis. Out of the Minimum Total Capital, at least 7.5% shall be from Minimum Tier I Capital of which Common Equity Tier I capital shall be 6% and 1.50% from additional Tier I capital and remaining Tier II Capital shall be 7.5%. Further as per RBI's directions given in the circular DBR.NBD.No. 4502/16.13.218/2017-18, dated November 8, 2017, no separate risk charge has been calculated for Market Risk and Operational Risk for capital ratios.

The capital adequacy ratio of the Bank is set out below:

Particulars	As on March 31, 2023	As on March 31, 2022
i) Common Equity Tier 1 capital (A)	35,113,918	20,790,465
ii) Additional Tier 1 capital (B)	2,000,000	2,000,000
iii) Tier 1 capital (A+B)	37,113,918	22,790,465
iv) Tier 2 capital	5,113,643	1,664,752
v) Total capital (Tier 1+ Tier 2)	42,227,561	24,455,217
vi) Total Risk weighted assets (RWA)	163,609,392	128,790,899
vii) Common Equity Tier I Capital Ratio (as a percentage of Credit RWA)	21.46%	16.14%
viii) Tier I Capital Ratio (as a percentage of Credit RWA)	22.68%	17.70%
ix) Tier II Capital Ratio (as a percentage of Credit RWA)	3.13%	1.29%
x) Total Capital to Risk weighted asset Ratio (CRAR) (as a percentage of Credit RWA)	25.81%	18.99%
xi) Leverage Ratio	11.11%	9.74%
xii) Percentage of shareholding		
a) Government of India	Nil	Nil
b) State Government		
c) Sponsor Bank		
xiii) Amount of paid up equity capital raised during the year	2,263,924	-
xiv) Amount of non-equity Tier -I Capital raised during the year ; of which Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
xv) Amount of Tier II Capital raised; of which Debt Capital Instrument	3,000,000	3,000,000

1A Reserves and Surplus

Statutory Reserve

The Bank has made an appropriation of ₹ 27,49,804('000) (Previous Year: Nil) to the statutory reserve for the year ended March 31, 2023 out of profits, to the Statutory Reserve, pursuant to the requirements of section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Capital Reserve

During the year ended March 31, 2023 the Bank not made any appropriation from the Profit and Loss Account to the Capital Reserve. But for the previous year (2021-22) the amount transferred was ₹13,856 ('000), being the profit from sale of Investments under HTM category, net of applicable taxes.

Investment Fluctuation Reserve (IFR)

In accordance with RBI guidelines, Banks are required to create an IFR equivalent to 2% of their HFT and AFS Investment portfolios, within a period of three years starting fiscal 2019. Accordingly, during the year ended March 31, 2023, the Bank has made an appropriation of ₹ 4,67,852 ('000) (Previous Year: Nil)to IFR from the profit and loss account so as to reach to the figure of 2% of its HFT and AFS Investment portfolio.

Investment Reserve Account (IRA)

In accordance with RBI guidelines, Banks are required to create IRA to the extent of provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit & Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to an Investment Reserve Account (IRA) in Schedule 2 – "Reserves & Surplus" under the head "Revenue and Other Reserves". During the Financial Year 2022-23, the Bank has written back ₹ 3,404 ('000) (Previous Year - NIL) and transferred to IRA

Draw down from reserves

Share Premium

The Bank has not made a drawdown from the share premium during the year ended March 31 2023 and March 31, 2022. However, the bank has adjusted the share issue expenses of ₹ 93,899 (in 000's) against the Share premium account.

2 Investments

2.1 Details of Investments

Particulars	As on March 31, 2023	As on March 31, 2022
Value of Investments		
(i) Gross Value of Investments		
(a) In India	85,103,075	41,532,752
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	3,404
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	85,103,075	41,529,348
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	3,404	-
(ii) Add : Provisions made during the year	-	3,404
(iii) Less : Write-off / (write-back) of excess provisions during the year	3,404	-
(iv) Closing balance	-	3,404
Movement of Investment Fluctuation Reserve		
a) Opening balance	205,131	205,131
b) Add: Amount transferred during the year	467,852	-
c) Less: Drawdown	-	-
d) Closing balance	672,983	205,131
Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	2.00%	3.23%



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

	Investments in India					Investments outside India			Total Investments
	Government Securities	Other approved securities	Shares	Debentures and bonds	Subsidiaries and / or Joint Ventures	Others -Security receipts, pass through certificates, mutual fund etc.*	Subsidiaries and / or Joint Ventures	Others -Securities (including local authorities)	Total Investments outside India
Held to Maturity									
Gross	51,453,965					51,453,965			51,453,965
Less: Provision for non-performing Investments (NPI)						-			-
Net	51,453,965					-			51,453,965
Available For Sale									
Gross	31,602,050		1,002			126,294	31,729,346		31,729,346
Less: Provision for depreciation and NPI						-			-
Net	31,602,050		- 1,002			126,294	31,729,346		31,729,346
Held for Trading									
Gross	1,919,764					1,919,764			1,919,764
Less: Provision for depreciation and NPI						-			-
Net	1,919,764					-			1,919,764
Total Investments									
Gross	84,975,779		- 1,002			126,294	85,103,075		85,103,075
Less: Provision for non-performing Investments (NPI)						-			-
Less: Provision for depreciation and NPI						-			-
Net	84,975,779		- 1,002			126,294	85,103,075		85,103,075

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

	(₹ in 000's)						Total Investments
	Government Securities	Other approved securities	Shares and bonds	Debentures	Subsidiaries and / or Joint Ventures	Others -Security receipts, pass through certificates, mutual fund etc.*	Investments outside India
Held to Maturity							
Gross	35,175,706				35,175,706	-	35,175,706
Less: Provision for non-performing Investments (NPI)							-
Net	35,175,706	-	-	-	35,175,706	-	35,175,706
Available For Sale							
Gross	5,887,314	1,002			126,294	6,014,610	6,014,610
Less: Provision for depreciation and NPI		3,404			3,404		3,404
Net	5,883,910	-	1,002	-	126,294	6,011,206	6,011,206
Held for Trading							
Gross	342,436				342,436	-	342,436
Less: Provision for depreciation and NPI							-
Net	342,436	-	-	-	342,436	-	342,436
Total Investments							
Gross	41,405,456	1,002			126,294	41,532,752	41,532,752
Less: Provision for non-performing Investments (NPI)		-	-	-	-	-	-
Net	41,402,052	-	1,002	-	3,404	-	3,404
					126,294	41,529,348	41,529,348



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

2.3 Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31, 2023:

Particulars	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily average outstanding during the Year	Outstanding As on March 31, 2023
Securities sold under repo				
i) Government Securities	19,187	3,908,340	705,966	2,513,640
ii) Corporate debt securities	-	-	-	-
iii) Any other securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	47,715	12,300,000	1,277,951	-
ii) Corporate debt securities	-	-	-	-
iii) Any other securities	-	-	-	-

Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31, 2022:

Particulars	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily average outstanding during the Year	Outstanding as on March 31, 2022
Securities sold under repo				
i) Government Securities	13,80,000	59,44,651	36,96,408	38,80,000
ii) Corporate debt securities	-	-	-	-
iii) Any other securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	570,000	16,000,000	8,003,977	9,239,885
ii) Corporate debt securities	-	-	-	-
iii) Any other securities	-	-	-	-

2.4 Non-SLR Investment Portfolio

Issuer Composition of Non-SLR Investments as at March 31, 2023 are as follows:

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
i) Public Sector Undertakings	-	-	-	-	-	-
ii) Financial Institutions	-	-	-	-	-	-
iii) Banks	-	-	-	-	-	-
iv) Private Corporates	1,002	-	-	-	-	1,002
v) Subsidiaries/Joint ventures	-	-	-	-	-	-
vi) Others	126,294	126,294	-	-	-	-
vii) Provision held towards depreciation	-	-	-	-	-	-
Total	127,296	126,294	-	-	-	1,002

Note: Amount reported under columns 3, 4, 5 and 6 above are not mutually exclusive

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Issuer Composition of Non-SLR Investments as at March 31, 2022 are as follows:

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	(₹ in 000's)	
					1	2
3	4	5	6			
i) Public Sector Undertakings	-	-	-	-		
ii) Financial Institutions	-	-	-	-		
iii) Banks	-	-	-	-		
iv) Private Corporates	1,002	-	-	-		1,002
v) Subsidiaries/Joint Ventures	-	-	-	-		
vi) Others*	126,294	126,294	-	-		
vii) Provision held towards depreciation	-	-	-	-		
Total	127,296	126,294	-	-		1,002

Note: Amounts reported under columns 3,4,5 and 6 above are not mutually exclusive

*PTCs of ₹1,26,294 are pending to be allotted.

2.5 Non-Performing Non-SLR Investments

The Bank does not have any Non-Performing Non-SLR Investments as at March 31, 2023 and March 31, 2022.

2.6 Sale and transfer of securities to/ from HTM Category

During the current and previous year, the value of sales and transfers of securities to / from HTM category excluding one time transfer of securities to / from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year, has not exceeded 5% of the book value of investments held in HTM category at the beginning of the year. Hence, specific disclosure on book value/market value and provisions if any, relating to such transfer is not required to be made.

3 DERIVATIVES/ EXCHANGE TRADED INTEREST DERIVATIVES/ RISK EXPOSURE IN DERIVATIVES

The Bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations. The Bank does not have any Forward Rate Agreement or Interest rate swaps.

4 ASSET QUALITY

4.1 Classification of advances and provisions held :

As at March 31, 2023

Particulars	Standard	Non-Performing				Total
		Total Standard Advances	Sub-standard	Doubtful	Loss	
Gross Standard Advances and NPAs						
Opening Balance	162,035,765	7,798,936	5,013,555	28,282	12,840,773	174,876,538
Add: Additions during the year	-	-	-	-	3,349,931	-
Less: Reductions during the year*	-	-	-	-	9,884,610	-
Closing balance	212,806,229	2,360,410	3,923,984	21,700	6,306,094	219,112,323
*Reductions in Gross NPAs due to:	-	-	-	-	9,884,610	-
(i) Upgradations	-	-	-	-	1,063,525	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	-	-	-	-	3,993,934	-
(iii) Technical/ Prudential Write-offs (only principal amount)	-	-	-	-	4,346,091	-



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Particulars	Standard	Non-Performing				(₹ in 000's)
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-performing Advances	
(iv) Write-offs other than those under (iii) above	-	-	-	-	481,060	-
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	1,459,621	4,517,906	4,798,606	28,282	9,344,794	10,804,415
Add: Fresh provisions made during the year	-	-	-	-	2,525,503	-
Less: Excess provision reversed/ Write-off loans	-	-	-	-	6,854,586	-
Closing balance of provisions held	1,137,256	1,197,114	3,796,897	21,700	5,015,711	6,152,967
Net NPAs						
Opening balance	-	3,281,030	214,949	-	995,979	-
Add: Additions during the year*	-	-	-	-	1,480,519	-
Less: Reductions during the year*	-	-	-	-	3,686,115	-
Less: Floating provision made/ (reversed) during the year(not considered as part of Tier -II capital)**	-	-	-	-	(1,300,000)	-
Closing balance	-	1,163,297	127,086	-	90,383	-
Floating Provisions						
Opening Balance	-	-	-	-	-	2,500,000
Add: Additional provisions made during the year	-	-	-	-	-	-
Less: Amount draw down during the year	-	-	-	-	-	-
Closing balance of floating provisions**	-	-	-	-	-	2,500,000
Technical write-offs and the recoveries made thereon						
Opening balance of technical / prudential write-offs accounts	-	-	-	-	-	7,173,564
Add: Technical/Prudential write offs during the Year	-	-	-	-	-	4,346,091
Less: Recoveries made from previously technically / prudentially written-off accounts during the Year	-	-	-	-	-	1,117,914
Closing balance of technical / prudential write-offs accounts	-	-	-	-	-	10,401,741

*Outstanding balance as of March 31, 2023 has been considered in 'Additions during the year' for accounts which are classified as NPA post vacation of standstill of NPAs as per the Supreme Court judgement dated March 23, 2021 and the RBI circular dated April 07, 2021.

**As per RBI guidelines, as at March 31, 2023, the Bank carries a floating provision of ₹ 250 Crores. Of which, ₹ 120 Crores (Previous Year ₹ 250 Crores) is used for calculation of net NPA and provision coverage ratio and remaining ₹ 130 Crores is disclosed as other liabilities. Out of ₹ 130 Crores, ₹ 30 Crores is used for calculation of Tier II capital and ₹ 100 Crores is unutilised, which can be utilised in future for calculation of net NPA and provision coverage ratio. The Bank has informed RBI about the same.

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18**As at March 31, 2022**

Particulars	Standard	Non-Performing			Total Non-performing Advances	(₹ in 000's)
	Total Standard Advances	Sub-standard	Doubtful	Loss		
Gross Standard Advances and NPAs						
Opening Balance	140,693,678	10,178,378	494,692	32,906	10,705,976	151,399,654
Add: Additions during the year	-	-	-	-	20,883,500	-
Less: Reductions during the year*	-	-	-	-	18,748,703	-
Closing balance	162,035,765	7,798,936	5,013,555	28,282	12,840,773	174,876,538
*Reductions in Gross NPAs due to:	-	-	-	-	-	-
(i) Upgradations	-	-	-	-	5,663,179	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	-	-	-	-	5,199,725	-
(iii) Technical/ Prudential Write-offs (only principal amount)	-	-	-	-	7,524,359	-
(iv) Write-offs other than those under (iii) above	-	-	-	-	361,440	-
Provisions (excluding Floating Provisions)	-	-	-	-	-	-
Opening balance of provisions held	3,085,498	5,953,627	473,603	32,906	6,460,136	9,545,634
Add: Fresh provisions made during the year	-	-	-	-	13,557,632	-
Less: Excess provision reversed/ Write-off loans	-	-	-	-	10,672,974	-
Closing balance of provisions held	1,459,621	4,517,906	4,798,606	28,282	9,344,794	10,804,415
Net NPAs	-	-	-	-	-	-
Opening balance	-	4,224,751	21,088	-	4,245,839	-
Add: Additions during the year #*	-	-	-	-	7,594,986	-
Less: Reductions during the year **	-	-	-	-	8,344,846	-
Less: Floating provision made during the year(not considered as part of Tier -II capital)	-	-	-	-	2,500,000	-
Closing balance	-	3,281,030	214,949	-	995,979	-
Floating Provisions	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Add: Additional provisions made during the year	-	-	-	-	-	2,500,000
Less: Amount draw down during the year	-	-	-	-	-	-
Closing balance of floating provisions	-	-	-	-	-	2,500,000
Technical write-offs and the recoveries made thereon	-	-	-	-	-	-
Opening balance of technical/ prudential write-offs accounts	-	-	-	-	-	-
Add: Technical/Prudential write offs during the Year	-	-	-	-	-	7,524,359
Less: Recoveries made from previously technically / prudentially written-off accounts during the Year	-	-	-	-	-	350,795
Less: Actual write off during the Year	-	-	-	-	-	-
Closing balance of technical/ prudential write-offs accounts	-	-	-	-	-	7,173,564

additions and reductions do not include cases which have become NPA during the year and subsequently moved out of NPA in the same year.



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Ratios :

Particulars	As on March 31, 2023	As on March 31, 2022
Gross NPA to Gross Advances	2.88%	7.34%
Net NPA to Net Advances	0.04%	0.61%
Provision Coverage Ratio	98.41%	92.20%

4.2 Provisions on Standard Assets:

Bank has followed the prudential norms on income recognition, asset classification and provisions. The excess provisions over and above the same is as per the Board approved policy.

The provision on standard assets is included in 'Other Liabilities and Provisions – (iv) Standard asset-General Provisions' in Schedule 5, and is not netted off from Advances.

The provision written back in respect of standard assets during the year amounting to ₹3,22,365 ('000) pertaining to previous year(s).

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Provisions towards Standard Assets	1,137,256	1,459,621

4.3 Unsecured advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. The Advances as at March 31, 2023 of ₹ 14,48,54,546('000) (PY. ₹ 1,19,200,659 ('000)) disclosed in Schedule 9B (iii) are without any primary or collateral security.

4.4 Divergence in Asset Classification and Provisioning for NPAs

As part of Supervisory process through the mode of Annual Financial Inspection and consequent RBI AFI Report (Position as on March 2023), there is no financial divergence reported.

4.5 a) Details of Financial Assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction

The details of Securitisation to a special purpose vehicle is furnished in Schedule 18 (37).

b) Details of Book Value of Investment in Security Receipts

During the current and previous year, the Bank has not made Investment in Security Receipts.

4.6 Details of NPA Purchase/Sold

During the current and previous year, there has been no purchase/ sale of non-performing financial assets from/ to other banks.

4.7 Intra-Group Exposure

During the current and previous year, the Bank does not have any Intra Group Exposure.

4.8 Disclosures Resolution of Stressed Assets

There were no accounts that have been restructured under prudential framework on resolution of stressed assets as per the circular no. RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated June 07, 2019 during the year ended March 31, 2023. (March 31, 2022: Nil).

4.9 Disclosure of transfer of loan not in default

Disclosure of transfer of loan exposures as on March 31, 2023

	(₹ in 000's)		
	IBPC	Securitisation	DA
No: of accounts	1,026,348	19,237	1,132
Total amount of loans transferred	41,670,409	2,228,906	1,014,105
weighted average residual maturity (in years)	1.40	8.76	11.05
weighted average holding period (in years)	2.08	11.48	13.40
Retention of beneficial economic interest	NA	NA	10%
Tangible security coverage	NA	NA	NA

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Disclosure of transfer of loan exposures as on March 31, 2022

	(₹ in 000's)	
	IBPC	Securitisation
No: of accounts	11,355	3,305
Total amount of loans transferred	10,362,497	2,494,082
weighted average residual maturity (in years)	13.55	10.78
weighted average holding period (in years)	15.05	12.70
Retention of beneficial economic interest	NA	NA
Tangible security coverage	NA	NA

5 BUSINESS RATIOS:

Particulars	As on March 31, 2023	As on March 31, 2022
Interest income as a percentage to working funds ¹	15.28%	13.81%
Non-interest income as a percentage to working funds ¹	2.16%	1.54%
Cost of Deposits	6.41%	6.16%
Net interest Margin	9.48%	8.79%
Operating profit as a percentage to working funds ^{1,4}	5.45%	2.91%
Return on assets ²	4.04%	-2.04%
Business (deposits plus gross advances) per employee (in 000's) ³	23,906	18,099
Profit/(Loss) per employee (in 000's)	633	(252.63)

Notes:

- 1) Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the Year.
- 2) Returns on assets are computed with reference to average working funds.
- 3) Business is defined as total of average of gross advances and deposits (net of inter-bank deposits and Certificate of Deposits).
- 4) Operating profit is net profit for the Year before provisions and contingencies and profit / (loss) on sale of building and other assets (net).

6 CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES & NPAS

6.1 Concentration of Deposits

Particulars	As on March 31, 2023	As on March 31, 2022
Total Deposits to twenty largest Depositors	46,710,435	41,157,769
Percentage of Deposits of twenty largest Depositors to Total Deposits of the Bank	18.29%	22.50%

6.2 Concentration of Advances*

Particulars	As on March 31, 2023	As on March 31, 2022
Total Advances to twenty largest Borrowers	8,190,760	7,037,837
Percentage of Advances of twenty largest Borrowers to Total Advances of the Bank	3.73%	3.94%

*Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBR.No. Dir.BC.12/13.03.00/2015-16 dated July 1, 2015. Total advances is the aggregate advances of the bank before subtracting provisions for NPA and Floating provision



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

6.3 Concentration of Exposures*

Particulars	As on March 31, 2023	As on March 31, 2022
Total Exposure to twenty largest Borrowers/Customers	8,190,760	7,037,837
Percentage of Exposures of twenty largest Borrowers/Customers to Total Exposure of the Bank on borrowers/customers	3.73%	3.94%

*Exposures are computed based on Credit and Investment Exposure as prescribed in the Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

6.4 Concentration of NPAs

Particulars	As on March 31, 2023	As on March 31, 2022
Total Exposure to the top twenty NPA accounts	243,878	193,853
Percentage of Exposures to the twenty largest NPA exposure to total Gross NPAs	3.86%	1.51%

7 SECTOR-WISE ADVANCES AND GROSS NPAS:

As on March 31, 2023

Sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
Priority sector:			
Agriculture and allied activities	48,773,951	1,223,667	2.51%
Advances to industries eligible as priority sector lending	6,056,484	341,450	5.64%
Services	7,755,333	384,139	4.95%
Personal loans	99,227,321	2,471,320	2.49%
- <i>of which Housing Loans</i>	36,147,655	852,121	2.36%
Sub-Total (A)	161,813,090	4,420,576	2.73%
Non-Priority sector:			
Agriculture and Allied activities			
Services	11,275,262	44,168	0.39%
- <i>of which NBFC Loans</i>	11,275,262	44,168	0.39%
Personal loans	46,023,971	1,858,715	4.04%
- <i>of which Housing Loans</i>	17,836,336	379,719	2.13%
Sub-Total (B)	57,299,233	1,902,883	3.32%
Total (A) + (B)	219,112,323	6,323,459	2.88%

As on March 31, 2022

Sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
Priority sector:			
Agriculture and allied activities	46,481,180	3,300,588	7.10%
Advances to industries eligible as priority sector lending	5,205,763	1,108,059	21.29%
Services	10,888,439	3,958,028	36.35%
Personal loans	74,046,327	2,547,137	3.44%
- <i>of which Housing Loans</i>	22,673,591	1,432,032	6.32%
Sub-Total (A)	136,621,709	10,913,812	7.99%
Non-Priority sector:			

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

As on March 31, 2022

Sector	Outstanding Total Advances	Gross NPAs	(₹ in 000's) % of Gross NPAs to Total Advances in that sector
Agriculture and allied activities			
Services	8,558,031	44,168	0.52%
-of which NBFC Loans	8,558,031	44,168	0.52%
Personal loans	29,696,768	1,882,793	6.34%
-of which Housing Loans	9,380,156	569,272	6.07%
Sub-Total (B)	38,254,799	1,926,961	5.04%
Total (A) + (B)	174,876,508	12,840,773	7.34%

8 PRIORITY SECTOR LENDING CERTIFICATES (PSLC)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	PSLC Sold	PSLC Purchased	PSLC Sold	PSLC Purchased
1) PSLC Agriculture	-	-	-	-
2) PSLC Small Farmers / Marginal Farmers	22,000,000	-	11,500,000	-
3) PSLC Micro Enterprises	-	2,000,000	5,000,000	11,310,000
4) PSLC General	-	-	-	-
Total	22,000,000	2,000,000	16,500,000	11,310,000

9 INTER-BANK PARTICIPATION WITH RISK SHARING

The aggregate amount of participation issued by the bank and reduced from advances as per regulatory guidelines as at March 31, 2023 ₹ 1,86,00,000 ('000) and for March 31, 2022 is ₹ 42,50,000 ('000).

10 ASSET LIABILITY MANAGEMENT (ALM)

Maturity Pattern of certain items of Assets and Liabilities

Specified Assets and Liabilities As on March 31, 2023:

Maturity Buckets	Loans & Advances	Investments	Deposits	Borrowings
1 day	60,082	-	569,037	-
2 days to 7 days	2,649,842	499,565	8,500,558	4,247,640
8 days to 14 days	3,764,613	-	6,004,558	-
15 days to 30 days	3,932,729	1,444,448	6,538,548	-
31 days to 2 months	10,486,647	4,616,205	16,326,693	-
Over 2 months up to 3 months	10,730,193	9,869,452	14,960,347	100,000
Over 3 months up to 6 months	13,280,075	12,736,077	24,176,634	932,000
Over 6 months up to 12 months	58,273,575	8,402,411	46,489,552	3,544,000
Over 1 year up to 3 years	74,339,148	1,800,805	128,170,302	11,106,000
Over 3 years up to 5 years	7,600,454	18,716,782	1,589,955	2,256,000
Over 5 years	27,779,253	27,017,330	2,050,639	4,229,000
Total	212,896,611	85,103,075	255,376,822	26,414,640

Note:

- 1) The bucketing structure has been revised based on RBI guideline dated March 23, 2016.
- 2) The Bank is following 30 day month convention for calculation of bucket sizes for ALM.
- 3) There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2023.
- 4) Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.



**Notes to financial statements
for the year ended March 31, 2023 (Contd.)**

SCHEDULE 18

Specified Assets and Liabilities as on March 31, 2022

Maturity Buckets	Loans & Advances	Investments	Deposits	Borrowings	(₹ in 000's)
1 day	18,988	-	525,534	-	
2 days to 7 days	1,614,857	-	4,952,324	-	
8 days to 14 days	2,661,201	-	4,773,711	11,400	
15 days to 30 days	3,307,503	-	7,098,582	-	
31 days to 2 months	7,801,081	-	14,321,559	1,511,400	
Over 2 months up to 3 months	7,861,645	-	9,169,041	178,000	
Over 3 months up to 6 months	14,371,456	2,763,708	19,686,837	2,725,016	
Over 6 months up to 12 months	39,785,702	3,254,841	38,962,593	3,734,800	
Over 1 year up to 3 years	51,668,415	1,967,653	81,384,273	6,475,000	
Over 3 years up to 5 years	15,301,228	6,426,975	1,946,047	-	
Over 5 years	18,639,638	27,116,171	101,668	3,000,000	
Total	163,031,714	41,529,348	182,922,169	17,635,616	

Note:

- 1) The bucketing structure has been revised based on RBI guideline dated March 23, 2016.
- 2) The Bank is following 30 day month convention for calculation of bucket sizes for ALM.
- 3) There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2022
- 4) Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.
- 5) RBI vide its circular dated March 27, 2020 on 'COVID-19 Regulatory Package' permitted the Bank to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. The Bank in line with the said circular has offered moratorium on the respective maturity buckets presented above. The Bank estimates that considerable portion of the cash flows impacted by the moratorium will be received within 1-3 years from the balance sheet date and the same has been factored in the above disclosure.

11 EXPOSURE

11.1 Exposure to Real Estate Sector:

Particulars	As on March 31, 2023	As on March 31, 2022	(₹ in 000's)
A) Direct Exposure			
i) Residential Mortgages <i>(of which housing loans eligible for Inclusion in priority sector Advances)</i>	50,003,509	42,510,880	
ii) Commercial Real Estate	17,862,569	15,685,343	
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures: - Residential - Commercial Real Estate	703,787	463,348	
Total (A)	50,707,296	42,974,229	
B) Indirect Exposure			
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	510,620	938,119	
Total (B)	510,620	938,119	
Total Real Estate Exposure (A+B)	51,217,916	43,912,348	

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

11.2 Exposure to Capital Market:

Sl. No.	Particulars	(₹ in 000's)	
		As on March 31, 2023	As on March 31, 2022
1	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;	1,002	1,002
2	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;	-	-
3	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;	-	-
4	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;	-	-
5	Secured and Unsecured Advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	200,000	-
6	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;	-	-
7	Bridge loans to companies against expected equity flows / issues;	-	-
8	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;	-	-
9	Financing to stockbrokers for margin trading;	-	-
10	All exposures to Venture Capital Funds (both registered and unregistered);	-	-
Total Exposure to Capital Market		201,002	1,002

Note: During the Year, Bank has not converted any debt to equity as a part of strategic debt restructuring which is exempt from Capital Market Exposure limit.

11.3 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank:

During the current and previous year there are no instances of SBL/GBL limit exceeding the sanctioned limit or outstanding whichever is higher.

12 DISCLOSURE OF PENALTIES IMPOSED BY RBI

Year ended March 31, 2023

During the FY 2022-23, RBI has not levied any penalty under the provisions of the (i) Banking Regulations Act 1949, (ii) Payment and Settlement Act, 2007 and (iii) Government Securities Act, 2006 (for bouncing of SGL) as per the Master Direction on Financial Statements - Presentation and Disclosures dated August 30, 2021.

Year ended March 31, 2022

During the FY 2021-22, RBI has imposed the following penalties on the bank under the provisions of the Government Securities Act 2006 (for bouncing of SGL) in terms of circular ref. IDMD.DOD.17/11.01.01 (B) 2010-11 dated July 14, 2010;

- 1) On July 8, 2021 Public Debt Office (PDO) RBI had levied a penalty of ₹ 1,00,000 for a shortage of balance of security in a deal executed by the bank on July 01, 2021. This was the first instance of SGL bouncing; and
- 2) On August 23, 2021 Public Debt Office (PDO) RBI had levied a penalty of ₹ 50,000 for a shortage of balance of security in a deal executed by the bank on August 05, 2021. This was the second instance of SGL bouncing;

RBI has not levied any other penalties under the provisions of the Banking Regulations Act 1949 and Payment and Settlement Act, 2007 as per the Master Direction on Financial Statements - Presentation and Disclosures dated August 30, 2021.



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

13 OVERSEAS ASSETS, NPAS AND REVENUE

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable.

14 SUMMARY INFORMATION ON COMPLAINTS RECEIVED BY THE BANK FROM CUSTOMERS AND FROM THE OFFICES OF BANKING OMBUDSMAN (OBOs)

Sl. No	Particulars	Current Year	Previous Year
1	Customer complaints received by the bank from its customers	FY 2022-23	FY 2021-22
1	Number of complaints pending at beginning of the year	313	561
2	Number of complaints received during the year	22,740	22,812
3	Number of complaints disposed during the year	22,761	23,060
	Of which, number of complaints rejected by the bank	451	532
4	Number of complaints pending at the end of the year	292	313
	Maintainable complaints received by the bank from OBOs		
5	Number of maintainable complaints received by the bank from OBOs	155	142
	Of 5, number of complaints resolved in favour of the bank by BOs	73	139
	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	82	3
	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the scheme.

15 TOP FIVE GROUNDS OF COMPLAINTS RECEIVED BY THE BANK FROM CUSTOMERS:

For the year ended March 31, 2023

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 re- ceived over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending be- yond 30 days
(1)	(2)	(3)	(4)	(5)	(6)
ATM/Debit Cards	145	11,046	56%	175	40
Internet/Mobile/Electronic Banking	79	4,702	-35%	25	-
Account opening/difficulty in operation of accounts	8	2,500	-6%	2	-
Others*	45	2,358	-8%	73	7
Loans and advances	7	669	-44%	10	2
Miscellaneous Items**	29	1,465	-28%	7	-
Total	313	22,740	-0.3%	292	49

*'16.Others' Includes complaints related to "1. Alleged Transaction (Credentials Compromised & Transactions Not carried out by customer), 2. Complaints against the staff related to Fraud / Amount Misappropriation, Commission cases, 3. Deposit related such as 'Delay in Closure of FD, FD Interest clarification, TDS Clarification,' etc

** Others (Miscellaneous) includes following category of complaint It includes levy of charges without prior notice/excessive charges/foreclosure charges, Mis-selling/Para-banking, Staff behavior, Non-observance of Fair Practices Code, Cheques/drafts/bills, Exchange of coins and issuance/acceptance of small denomination notes and coins.

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

For the year ended March 31, 2022

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 re- ceived over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending be- yond 30 days
(1)	(2)	(3)	(4)	(5)	(6)
Internet/Mobile/Electronic Banking	160	7,272	-16%	79	-
ATM/Debit Cards	181	7,079	3%	145	9
Account opening/difficulty in operation of accounts	59	2,553	-131%	8	-
Others	110	2,672	-2%	45	7
Loans and advances	27	1,196	-13%	7	-
Miscellaneous Items*	24	2,040	17%	29	-
Total	561	22,812	-26%	313	16

*It includes levy of charges without prior notice/excessive charges/foreclosure charges, Mis-selling/ Para-banking, Staff behaviour, Non-observance of Fair Practices Code, Cheques/drafts/bills, Exchange of coins and issuance/acceptance of small denomination notes and coins.

16 FRAUD ACCOUNTS

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Number of frauds reported	618	383
Amount involved in fraud	97,364	53,053
Amount of provision made for such frauds *	67,554	26,091
Amount of Unamortised provision debited from 'other reserves' as at the end of the year	NA	NA

* Note: The provision amount is net of recovery/write off's as at the end of the year

17 PROVISIONS AND CONTINGENCIES

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Provision for NPA (including bad debts written off)	498,068	13,270,457
Provision for Standard Assets	(322,365)	(1,625,877)
Provision for Income tax (Net of deferred tax liability/(asset) of ₹ 7,52,455 (000's) (₹ (13,57,681)(000's) previous year.) refer schedule 18 (26.1)	3,673,159	(1,357,681)
Other Provisions and Contingencies	2,254	229,986
Total	3,851,116	10,516,884

18 BANCASSURANCE BUSINESS

Commission income for the year ended March 31, 2023 includes fees of ₹ 4,35,917 (000's) (Previous Year: ₹ 2,64,065 (000's)) in respect of insurance business.



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

19. LIQUIDITY COVERAGE RATIO (LCR)

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio given in "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and the LCR Disclosure Standards" and "Operating Guidelines for Small Finance Banks".

LCR is the ratio of unencumbered High Quality Liquid Assets (HQLA) to Net Cash Outflows over the next 30 calendar days. LCR measures the Bank's ability to manage and survive under combined idiosyncratic and market-wide liquidity stress condition that would result in accelerated withdrawal of deposits from retail as well wholesale depositors, partial loss of secured funding, increase in collateral requirements, unscheduled draw down of unused credit lines, etc. These stress conditions are captured as a part of the Net Cash Outflows. HQLA of the Bank consist of cash, unencumbered excess SLR, a portion of statutory SLR as allowed under the guidelines and cash balance with RBI in excess of statutory cash reserve requirements.

LCR aims to ensure that the Bank has an adequate stock of unencumbered HQLA to meet its liquidity needs for a 30 calendar day liquidity stress scenario. As mentioned in the "Operating Guidelines for Small Finance Banks", the Bank has to maintain the prescribed level of LCR as follows:

Particulars	Till December 31, 2017	By January 1, 2018	By January 1, 2019	By January 1, 2020	By January 1, 2021
Minimum LCR	60%	70%	80%	90%	100%

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Particulars	Quarter ended March 31, 2023**		Quarter ended December 31, 2022**		Quarter ended September 30, 2022**		Quarter ended June 30, 2022**	
	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)	78,415,051	78,415,051	64,132,075	64,132,075	47,581,138	47,581,138	44,576,735	44,576,735
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which:	124,926,773	9,341,545	107,778,273	8,010,611	92,941,274	6,824,689	83,481,870	6,085,167
(i) Stable deposits	63,022,648	3,151,132	55,344,320	2,767,216	49,388,765	2,469,438	45,260,395	2,263,020
(ii) Less stable deposits	61,904,125	6,190,412	52,433,953	5,243,395	43,552,509	4,355,251	38,221,475	3,822,147
3. Unsecured wholesale funding, of which:	52,828,562	40,034,338	43,074,050	29,192,368	46,885,154	33,083,360	43,565,275	31,515,649
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	6,578,939	605,274	8,909,076	845,839	9,470,493	910,613	8,004,698	768,805
(iii) Unsecured debt	46,249,623	39,429,064	34,164,974	28,346,529	37,414,661	32,172,747	35,560,577	30,746,844
4. Secured wholesale funding	2,811,583	538,317	654,829	107,085	1,494,517	63,102	1,715,762	41,456
5. Additional requirements, of which	6,699,455	334,973	5,191,892	259,595	5,095,955	254,798	4,459,318	222,966
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	6,699,455	334,973	5,191,892	259,595	5,095,955	254,798	4,459,318	222,966
6. Other contractual funding obligations	1,304,470	1,135,190	1,135,190	1,135,190	1,161,045	1,161,045	413,928	413,928
7. Other contingent funding obligations	5,037,292	1,940,917	5,300,037	2,096,144	4,307,968	1,723,187	2,853,561	1,141,424



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

	(₹ in 000's)				
8. Total Cash Outflows	193,608,135	53,494,560	163,134,271	40,800,992	151,885,913
Cash Inflows					43,110,181
9. Secured lending (e.g. reverse repos)	73,097	-	696,768	-	1,263,145
10. Inflows from fully performing exposures	16,165,990	10,033,556	17,100,566	11,765,551	18,918,721
11. Other cash inflows	500,000	-	500,000	-	408,602
12. Total Cash Inflows	16,739,087	10,033,556	18,297,334	20,590,468	13,781,612
13. TOTAL HQLA					23,122,465
14. Total Net Cash Outflows					13,490,061
15. Liquidity Coverage Ratio (%)					171.91%

*Average weighted and unweighted amounts are calculated taking simple daily average for all quarters.

** The disclosure is based on the BLR return(BLR 1) for the respective quarter filed by the Bank with the RBI except for quarter ended March 31, 2023. Disclosure for quarter ended March 31, 2023 is based on BLR Return including the impact on disclosure due to adjustments made in books of accounts.

Quantitative disclosure around LCR
The table sets out Quantitative Information for all four quarters of the financial year ended March 31, 2022 as follows:

Particulars	Quarter ended March 31, 2022**		Quarter ended December 31, 2021**		Quarter ended September 30, 2021**		Quarter ended June 30, 2021**		Quarter ended June 30, 2021**	
	Total	Weighted Unweighted Value (average)*	Total	Weighted Unweighted Value (average)*	Total	Weighted Unweighted Value (average)*	Total	Weighted Unweighted Value (average)*	Total	Weighted Unweighted Value (average)*
	Unweighted Value (average)*	(average)*	Unweighted Value (average)*	(average)*	Unweighted Value (average)*	(average)*	Unweighted Value (average)*	(average)*	Unweighted Value (average)*	(average)*
High Quality Liquid Assets										
1. Total High Quality Liquid Assets (HQLA)	37,732,514	37,732,514	33,362,312	33,362,312	37,486,035	37,486,035	33,959,990	33,959,990	33,959,990	33,959,990
Cash Outflows										
2. Retail deposits and deposits from small business customers, of which:	74,529,349	7,033,629	65,937,629	6,593,763	59,352,210	5,935,221	53,818,503	53,818,503	53,818,503	53,818,503
(i) Stable deposits	8,386,127	419,306	-	-	-	-	-	-	-	-
(ii) Less stable deposits	66,143,222	6,614,322	65,937,629	6,593,763	59,352,210	5,935,221	44,576,735	44,576,735	44,576,735	44,576,735

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Particulars	Quarter ended March 31, 2022**		Quarter ended December 31, 2021**		Quarter ended September 30, 2021**		Quarter ended June 30, 2021**	
	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)*
	(₹ in 000's)	(₹ in 000's)						
3. Unsecured wholesale funding, of which:								
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	14,286,252	1,422,792	13,396,310	1,339,631	11,516,722	1,151,672	10,390,420	960,386
(iii) Unsecured debt	26,853,115	25,938,685	20,328,996	20,328,996	24,611,582	24,611,582	27,633,817	27,633,817
4. Secured wholesale funding	376,212	27,002	1,971,619	-	1,783,391	41,033	672,826	-
5. Additional requirements, of which	3,548,384	177,419	2,555,284	127,764	1,640,565	82,028	1,114,301	55,715
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	3,548,384	177,419	2,555,284	127,764	1,640,565	82,028	1,114,301	55,715
6. Other contractual funding obligations	71,943	71,943	64,689	64,689	59,524	59,524	51,642	51,642
7. Other contingent funding obligations	2,076,115	830,446	1,964,099	785,640	1,423,466	569,386	931,389	372,555
8. Total Cash Outflows	121,741,370	35,501,916	106,218,626	29,240,483	100,387,460	32,450,447	94,612,897	33,008,237
Cash Inflows								
9. Secured lending (e.g. reverse repos)	5,947,859	-	6,949,585	-	10,889,924	-	8,196,980	-
10. Inflows from fully performing exposures	10,076,490	5,652,043	9,005,205	5,172,204	11,683,811	7,788,989	12,793,371	8,366,321
11. Other cash inflows	833,333	-	1,500,000	-	1,500,000	-	1,333,333	-
12. Total Cash Inflows	16,857,682	5,652,043	17,454,790	5,172,204	24,073,735	7,788,989	22,323,684	8,366,321
13. TOTAL HQLA								
14. Total Net Cash Outflows								
15. Liquidity Coverage Ratio (%)								
			126.41%		138.62%		137.81%	

*Average weighted and unweighted amounts are calculated taking simple daily average for all quarters.

** The disclosure is based on the BLR return(BLR 1) for the respective quarter filed by the Bank with the RBI except for quarter ended March 31, 2022. Disclosure for quarter ended March 31, 2022 is based on BLR Return including the impact on disclosure due to adjustments made in books of accounts.



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

19. (B) NET STABLE FUNDING RATIO AS ON MARCH 31, 2023

Particulars	Unweighted value by residual maturity				(₹ in 000's) Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item					
1 Capital: (2+3)	42,227,560	-	-	-	42,227,560
2 Regulatory capital	42,227,560	-	-	-	42,227,560
3 Other capital instruments	-	-	-	-	-
4 Retail deposits and deposits from small business customers: (5+6)	141,951,429	-	-	-	131,219,066
5 Stable deposits	69,255,598	-	-	-	65,792,818
6 Less stable deposits	72,695,831	-	-	-	65,426,248
7 Wholesale funding: (8+9)	-	6,727,418	25,703,580	20,736,175	36,951,674
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	6,727,418	25,703,580	20,736,175	36,951,674
10 Other liabilities: (11+12)	8,537,115	83,844,742	454,445	727,948	-
11 NSFR derivative liabilities	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	8,537,115	83,844,742	454,445	727,948	-
13 Total ASF (1+4+7+10)	-	-	-	-	210,398,300
RSF Item					
14 Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	1,788,744
15 Deposits held at other financial institutions for operational purposes	-	83,746	-	490	42,118
16 Performing loans and securities: (17+18+19+21+23)	-	93,322,450	58,161,401	34,394,023	98,121,297
17 Performing loans to financial institutions secured by Level 1 HQLA	-	10,470,000	-	-	-
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	5,303,576	3,260,198	4,366,301	6,791,937
19 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	76,999,241	54,901,203	29,900,426	91,221,159
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	211,474	204,351	722,124	677,293
21 Performing residential mortgages, of which:	-	549,633	-	-	-
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	549,633	-	-	-
23 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	127,296	108,202
24 Other assets: (sum of rows 25 to 29)	16,263,683	-	6,755,446	51,061,240	57,287,859
25 Physical traded commodities, including gold	-	-	-	-	-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	468,571	398,285
27 NSFR derivative assets	-	-	-	-	-
28 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29 All other assets not included in the above categories	16,263,683	-	6,755,446	50,592,669	56,889,574
30 Off-balance sheet items	-	2,472,471	1,617,328	8,341,455	633,963
31 Total RSF (14+15+16+24+30)	-	-	-	-	157,873,981
32 Net Stable Funding Ratio (%)	-	-	-	-	133%

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Net Stable Funding Ratio as on March 31, 2022

Particulars	Unweighted value by residual maturity				(₹ in 000's) Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item					
1 Capital: (2+3)	24,455,217	-	-	-	24,455,217
2 Regulatory capital	24,455,217	-	-	-	24,455,217
3 Other capital instruments	-	-	-	-	-
4 Retail deposits and deposits from small business customers: (5+6)	92,412,264	-	-	-	85,496,687
5 Stable deposits	46,512,999	-	-	-	44,187,349
6 Less stable deposits	45,899,264	-	-	-	41,309,338
7 Wholesale funding: (8+9)	-	6,334,941	22,232,747	17,433,247	31,717,091
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	6,334,941	22,232,747	17,433,247	31,717,091
10 Other liabilities: (11+12)	10,078,523	62,798,146	594,207	341,684	-
11 NSFR derivative liabilities	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	10,078,523	62,798,146	594,207	341,684	-
13 Total ASF (1+4+7+10)					141,668,995
RSF Item					
14 Total NSFR high-quality liquid assets (HQLA)					1,044,257
15 Deposits held at other financial institutions for operational purposes	-	302,758	-	1,010	151,884
16 Performing loans and securities: (17+18+19+21+23)	-	57,931,936	37,451,462	88,597,720	122,185,376
17 Performing loans to financial institutions secured by Level 1 HQLA	-	3,259,172	2,069,619	17,788,049	20,452,444
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	2,582,846	-	-	387,427
19 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	52,089,918	35,381,843	58,772,437	93,495,844
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	52,089,918	35,381,843	58,772,437	93,495,844
21 Performing residential mortgages, of which:	-	-	-	11,909,938	7,741,460
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	11,909,938	7,741,460
23 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	127,296	108,202
24 Other assets: (sum of rows 25 to 29)	10,817,955	-	-	1,643,033	12,460,988
25 Physical traded commodities, including gold	-	-	-	-	-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27 NSFR derivative assets	-	-	-	-	-
28 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29 All other assets not included in the above categories	10,817,955	-	-	1,643,033	12,460,988
30 Off-balance sheet items		436,215	550,983	4,451,776	271,949
31 Total RSF (14+15+16+24+30)					136,114,455
32 Net Stable Funding Ratio (%)					104%



**Notes to financial statements
for the year ended March 31, 2023 (Contd.)**

SCHEDULE 18

Sr No.	Type of Restructuring Asset Classification	Under CDR Mechanism						Under SME debt restructuring mechanism		
		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the period	No. of Borrowers	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
3	Up gradation to restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
8	Restructured Accounts as on March 31, 2023 (closing figures)	No. of Borrowers	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Sr No.	Type of Restructuring Asset Classification	Others						Total			
		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	247,842	48,188	118,850	50	414,930	247,842	48,188	118,850	50 414,930
	Amount Outstanding		4,756,336	1,420,450	2,370,173	1,088	8,548,047	4,756,336	1,420,450	2,370,173	1,088 8,548,047
	Provision thereon		655,985	1,008,666	2,349,708	1,088	4,019,447	655,985	1,008,666	2,349,708	1,088 4,019,447
2	Fresh restructuring during the year#	No. of Borrowers	-	-	-	-	-	-	-	-	-
	Amount Outstanding		-	-	-	-	-	-	-	-	-
	Provision thereon		-	-	-	-	-	-	-	-	-
3	Up gradation to restructured standard category during the year	No. of Borrowers	14	(5)	(9)	-	14	(5)	(9)	-	-
	Amount Outstanding		9,060	(9,194)	(452)	-	(586)	9,060	(9,194)	(452)	- (586)
	Provision thereon		131	(4,597)	(452)	-	(4,918)	131	(4,597)	(452)	- (4,918)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-
	Amount Outstanding		-	-	-	-	-	-	-	-	-
	Provision thereon		-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	(18,272)	(3,999)	22,271	-	(18,272)	(3,999)	22,271	-	-
	Amount Outstanding		(620,287)	(365,448)	635,734	-	(350,001)	(620,287)	(365,448)	635,734	- (350,001)
	Provision thereon		(108,762)	(241,470)	627,180	-	276,948	(108,762)	(241,470)	627,180	- 276,948
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-
	Amount Outstanding		(644,295)	(353)	(267,828)	(173)	(912,649)	(644,295)	(353)	(267,828)	(173) (912,649)
	Provision thereon		(116,879)	(403)	(258,283)	(173)	(375,738)	(116,879)	(403)	(258,283)	(173) (375,738)
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	(199,092)	(37,368)	(74,887)	(38)	(311,385)	(199,092)	(37,368)	(74,887)	(38) (311,385)
	Amount Outstanding		(2,854,464)	(861,964)	(1,284,381)	(773)	(5,001,582)	(2,854,464)	(861,964)	(1,284,381)	(773) (5,001,582)
	Provision thereon		(370,172)	(637,251)	(1,273,463)	(773)	(2,281,659)	(370,172)	(637,251)	(1,273,463)	(773) (2,281,659)
8	Restructured Accounts as on March 31, 2023 (closing figures)	No. of Borrowers	30,492	6,816	66,225	12	103,545	30,492	6,816	66,225	12 103,545
	Amount Outstanding		646,350	183,492	1,453,245	142	2,283,229	646,350	183,492	1,453,245	142 2,283,229
	Provision thereon		64,303	124,945	1,444,690	142	1,634,081	64,303	124,945	1,444,690	142 1,634,081

The Bank has restructured accounts during the year ended March 31, 2022 including:

- a) The standard MSME accounts restructured based on RBI circular dated January 01, 2019 and further extended by RBI circular dated February 11, 2020 & August 06, 2020 and
- b) The Standard accounts restructured under resolution framework for COVID-19-related Stress as per RBI circular dated August 06, 2020



**Notes to financial statements
for the year ended March 31, 2023 (Contd.)**

SCHEDULE 18

Sr No.	Type of Restructuring Asset Classification	Under CDR Mechanism						Under SME debt restructuring mechanism		
		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss
1	Details Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
3	Up gradation to restructured standard category during the year	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
8	Restructured Accounts as on March 31, 2022 (closing figures)	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Sr No.	Type of Restructuring Asset Classification	Others			Total	Doubtful	Substandard	Standard	Total	Loss	Total
		Standard	Substandard	Doubtful							
1	Details										
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers 368,144	26,085	1,248	18	395,495	368,144	26,085	1,248	18	395,495
2	Fresh restructuring during the year#	Amount Outstanding 7912,944	474,647	25,458	1,708	8,414,758	7,912,944	474,647	25,458	1,708	8,414,758
2	Provision thereon	No. of Borrowers 668,234	255,629	24,781	1,708	950,352	668,234	255,629	24,781	1,708	950,352
3	Up gradation to restructured standard category during the year	Amount Outstanding 378,079	-	-	-	378,079	378,079	-	-	-	378,079
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	Provision thereon 10,347,880	-	-	-	10,347,880	10,347,880	-	-	-	10,347,880
4	No. of Borrowers 1,729,073	Provision thereon 1,729,073	-	-	-	1,729,073	1,729,073	-	-	-	1,729,073
5	Downgradations of restructured accounts during the year	No. of Borrowers (234,888)	34,073	198,738	2,077	-	(234,888)	34,073	198,738	2,077	-
6	Increase/Decrease in existing restructured accounts during the year	Amount Outstanding (6,095,731)	1,090,993	4,114,216	35,346	(855,177)	(6,095,731)	1,090,993	4,114,216	35,346	(855,177)
6	No. of Borrowers (855,914)	Provision thereon 844,912	4,093,821	35,346	4,118,166	(855,914)	844,912	4,093,821	35,346	4,118,166	
7	Write-offs/fully repaid of restructured accounts during the year	Amount Outstanding (3,233,658)	-	-	-	(3,233,658)	(3,233,658)	-	-	-	-
7	No. of Borrowers (463,745)	Provision thereon 25,266	(18)	(24)	(438,497)	(463,745)	25,266	(18)	(24)	(438,497)	(3,233,682)
7	(263,511)	(11,956)	(81,132)	(2,045)	(358,644)	(263,511)	(11,956)	(81,132)	(2,045)	(358,644)	
7	Amount Outstanding (144,544)	Provision thereon (1,177,011)	(1,767,640)	(35,966)	(6,125,161)	(4,177,011)	(144,544)	(1,767,640)	(35,966)	(6,125,161)	
8	Restructured Accounts as on March 31, 2022 (closing figures)	No. of Borrowers (417,735)	(116,843)	(1,767,445)	(35,966)	(2,337,989)	(417,735)	(116,843)	(1,767,445)	(35,966)	(2,337,989)
8	Amount Outstanding 4,756,336	Provision thereon 48,188	118,850	50	414,930	247,842	48,188	118,850	50	414,930	
8	Provision thereon 659,985	1,008,666	2,349,708	1,088	4,019,447	659,985	1,008,666	2,349,708	1,088	4,019,447	



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

21 EMPLOYEE BENEFITS (AS-15) REVISED

21.1 Gratuity:

Gratuity is a defined benefits plan. The Bank has obtained qualifying insurance policies from Insurance Company. The following table summarises the components of net expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet on the basis of actuarial Valuation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the year in which they arise.

Details of defined benefit plan of gratuity are given below:

	(₹ in 000's)				
	As on March 31, 2023	As on March 31, 2022			
Changes in the present value of the obligation					
Opening balance of Present Value of Obligation	601,836	561,538			
Interest Cost	40,147	33,952			
Current Service Cost	122,308	114,586			
Benefits Paid	(69,564)	(68,672)			
Actuarial loss / (gain) on Obligation	(15,580)	(40,716)			
Acquisitions/Divestures/Transfers	-	1,148			
Closing balance of Present Value of Obligation	679,147	601,836			
Reconciliation of opening and closing balance of the fair value of the Plan Assets					
Opening balance of Fair value of Plan Assets	487,712	459,403			
Adjustment to Opening Balance	-	-			
Transfer In/Acquisitions	-	1,148			
Expected Return on Plan assets	36,107	29,371			
Contributions	114,125	62,000			
Other charges (Service tax, FMC, Mortality charges, etc)	-	-			
Benefits Paid	(69,564)	(68,672)			
Actuarial Gain/(loss) Return on Plan Assets	(3,012)	4,462			
Closing balance of Fair Value of Plan Assets	565,368	487,712			
Actual Return on Plan Assets	33,096	33,833			
Profit and Loss – Expenses	Year ended March 31, 2023	Year ended March 31, 2022			
Current Service Cost	122,308	114,586			
Interest Cost	40,147	33,952			
Expected Return on Plan assets	(36,107)	(29,371)			
Net Actuarial loss/(gain) recognised in the year	(12,569)	(45,177)			
Expenses recognised in the Profit and Loss Account	113,779	73,989			
Funded status (100% Insurance managed funds)	As on March 31, 2023	As on March 31, 2022			
Actuarial Assumptions					
Discount Rate	7.23%	7.08%			
Expected Rate of Return on Plan Assets	7.08%	6.44%			
Expected Rate of Salary Increase	9.00%	9.00%			
Employee Attrition Rate	23.83%	21.74%			
Experience Adjustments					
(₹ in 000's)					
Particulars	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019
Plan Assets	565,368	487,712	459,403	294,783	232,305
Defined benefit obligation	679,147	601,836	561,538	444,552	310,438
Surplus/ (Deficit)	(113,779)	(114,125)	(102,135)	(149,769)	(78,133)
Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligation	877	(566)	(8,681)	(8,038)	3,788

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Category of Plan Assets	As on March 31, 2023	As on March 31, 2022
Assets Under Insurance Schemes	100%	100%
(a) The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.		
(b) During the current and previous year the Bank does not have unamortised gratuity and pension liability.		
(c) Discount rate is based on the prevailing market yields of Indian Government Bonds as on the Balance Sheet date for the estimated term of the obligation.		
(d) The Code on Wages, 2019 ("Code") and other connected legislations enacted by the Government of India envisages payment of wages (as defined) which is not less than 50% of all monthly remuneration paid to employees (as defined). The effective date of these legislations and the rules relevant thereto have not yet been notified by the Government of India. The current wages as a percentage to the remuneration for certain employees as per Company's salary structure is less than that envisaged in these legislations. As and when the legislations are notified, there may be an increase in the accrued gratuity liability of the employees of the Company. This possible additional liability has currently not been quantified.		

21.2 Compensated Absences

The Actuarial liability of compensated absences of accumulated privileged leaves of the employees is given below:

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Privileged Leave Actuarial Liability	486,007	442,876
Assumptions		
Discount Rate	7.23%	7.08%
Salary Escalation Rate	9.00%	9.00%

21.3 Defined Contribution Plans

Amount recognised in the Statement of Profit and Loss	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
(i) Provident Fund Contributed to the Authorities	222,932	186,635
(ii) Pension Fund Contributed to the Authorities	236,380	233,215
(iii) National pension scheme Contributed to Authorities	14,913	10,210

22 SEGMENT REPORTING

In accordance with the guidelines issued by RBI & AS-17, the Bank has adopted Segment Reporting as under:

A) Treasury :

The Treasury Segment primarily consists of net interest earnings from the Bank's Investment portfolio, money market borrowing and lending, gains or losses on Investment operations and income from sale of PSLC.

B) Retail Banking:

The Retail Banking Segment serves retail customers through a branch network and other delivery channels. Retail Banking includes lending to and deposits from retail customers and identified earnings and expenses of the segment. This segment raises deposits from customers and provides loans and other services to customers. Revenues of the retail banking segment are derived from interest earned on retail loans, processing fees earned and other related incomes. Expenses of this segment primarily comprise interest expense on deposits & Borrowings, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

As per the RBI Circular DOR.AUT.REC.12/22.01.001/2022-23 dated April 07, 2022, for the purpose of disclosure under Accounting Standard 17, Segment reporting, 'Digital Banking' has been identified as a sub-segment under Retail Banking by Reserve Bank of India (RBI). However, as the proposed Digital Banking Unit (DBU) of the Bank has not yet commenced operations and having regard to the discussions of the DBU Working Group formed by Indian Banks' Association (IBA) (which included representatives of banks and RBI), held on July 14, 2022, reporting of Digital



**Notes to financial statements
for the year ended March 31, 2023 (Contd.)**

SCHEDULE 18

Banking as a separate sub-segment of Retail Banking Segment will be implemented by the Bank based on the decision of the DBU Working Group.

C) Corporate/ Whole Sale Banking:

The Wholesale Banking Segment provides loans to Corporates and Financial Institutions. Revenues of the wholesale banking segment consist of interest earned on loans made to customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

As on March 31, 2023

(₹ in 000's)

SR. NO	Business Segments →	Part A: Business segments			Total
		Treasury	Retail Banking	Corporate/ Wholesale Banking	
	Particulars ↓	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023
1	Revenue	4,580,462	42,026,566	934,828	47,541,856
2	Unallocated Revenue	-	-	-	-
3	(less) Inter Segment Revenue	-	-	-	-
4	Total Income (1+2-3)	4,580,462	42,026,566	934,828	47,541,856
5	Segment Result	526,905	14,227,576	440,837	15,195,318
6	Unallocated Expenses	-	-	-	522,941
7	Operating Profit	-	-	-	14,672,377
8	Tax Expenses (including deferred tax)	-	-	-	3,673,159
9	Extraordinary Profit/ Loss	-	-	-	-
10	Net Profit (5-6-8-9)	-	-	-	10,999,217
	Other Information:	-	-	-	-
11	Segment Assets	109,030,727	210,307,562	11,031,412	330,369,701
12	Unallocated Assets	-	-	-	2,799,074
13	Total Assets	-	-	-	333,168,775
14	Segment Liabilities	95,256,267	183,738,235	9,637,752	288,632,254
15	Unallocated Liabilities	-	-	-	2,445,451
16	Capital Employed	13,774,460	26,569,327	1,393,660	41,737,447
17	Unallocated Capital Employed	-	-	-	353,623
18	Total Capital Employed	-	-	-	42,091,070

Tax paid in advance / tax deducted at source (net of provisions), Deferred Tax Assets and others which cannot be allocated to any segments, have been classified as unallocated assets.

Part B: Geographic Segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

As on March 31, 2022

(₹ in 000's)

SR. NO	Business Segments →	Part A: Business segments			Total
		Treasury	Retail Banking	Corporate/ Wholesale Banking	
	Particulars ↓	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022
1	Revenue	2,821,324	28,158,789	746,743	31,726,856
2	Unallocated Revenue	-	-	-	-
3	(less) Inter Segment Revenue	-	-	-	-
4	Total Income (1+2-3)	2,821,324	28,158,789	746,743	31,726,856
5	Segment Result	469,508	(5,999,707)	375,175	(5,155,024)
6	Unallocated Expenses	-	-	-	348,560
7	Operating Profit	-	-	-	(5,503,584)

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

(₹ in 000's)

Part A: Business segments					
SR. NO	Business Segments →	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
8	Particulars ↓	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022
8	Tax Expenses (including deferred tax)	-	-	-	(1,357,681)
9	Extraordinary Profit/ Loss	-	-	-	-
10	Net Profit (5-6-8-9)	-	-	-	(4,145,904)
	Other Information:	-	-	-	-
11	Segment Assets	61,766,622	161,706,653	8,436,055	231,909,331
12	Unallocated Assets				4,135,311
13	Total Assets				236,044,642
14	Segment Liabilities	54,498,992	142,679,793	7,443,443	204,622,228
15	Unallocated Liabilities				3,648,737
16	Capital Employed	7,267,650	19,026,881	992,612	27,287,144
17	Unallocated Capital Employed				486,533
18	Total Capital Employed				27,773,677

Tax paid in advance / tax deducted at source (net of provisions), Deferred Tax Assets and others which cannot be allocated to any segments, have been classified as unallocated assets.

Part B: Geographic Segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

23 RELATED PARTY DISCLOSURES (AS-18)

As per AS 18 Related Party Disclosures notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014 and Companies (Accounting Standards) Amendment Rules 2016, the Banks' related parties during the year ended March 31, 2023 are disclosed below:

Holding company :

Ujjivan Financial Services limited (UFSL)

Key Management Personnel (KMP) :

Mr. Ittira Davis (Managing Director and CEO)	(From January 14, 2022)
Mr. M.D. Ramesh Murthy (Chief Financial Officer)	(From March 14, 2022)
Mr. Sanjeev Barnwal (Company Secretary)	(From April 05, 2022)
Mr. Chanchal Kumar (Company Secretary)	(Up to April 04, 2022)

Directors :

Mr. Ittira Davis (Managing Director)¹

Mrs. Rajni Anil Mishra (Independent Director)²

Mr. Rajesh Kumar Jogi (Independent Director)³

Mr. Banavar Anantharamaiah Prabhakar (Independent Director)⁴

Mr. Ravichandran Venkataraman (Independent Director)⁵

Mr. Samit Kumar Ghosh (Non-Executive Director)⁶

Ms. Sudha Suresh(Independent Director)⁷

Mr. P N Raghunath (Additional Director)⁸

Mr. Satyaki Rastogi (Nominee Director)⁹

Ms. Anita Ramachandran (Independent Director)¹⁰

1. Appointed as a Managing Director of the Bank w.e.f. January 14, 2022

2. Appointed as Independent Director of the Bank w.e.f December 16, 2020.

3. Initially appointed as an Additional Director (Non-Executive, Non- Independent) of the Bank w.e.f. March 13, 2021



**Notes to financial statements
for the year ended March 31, 2023 (Contd.)**

SCHEDULE 18

and later was re-categorised as an Additional Director (Independent) w.e.f. August 25, 2021 and further he was appointed as an Independent Director on the AGM held on September 27, 2021.

4. Appointed as Independent Director of the Bank w.e.f August, 20, 2021.
5. Appointed as Independent Director of the Bank w.e.f August, 20, 2021.
6. Appointed as Non-Executive Director of the Bank w.e.f August, 20, 2021.
7. Appointed as Non-Executive Director of the Bank w.e.f August, 20, 2021 and re-categorised as an Independent Director w.e.f. April 01, 2022
8. Appointed as Additional Director of the Bank (Nominated by RBI) w.e.f November, 29, 2021.
9. Appointed as Nominee Director of the Bank (Nominated by SIDBI) w.e.f December, 22, 2021.
10. Appointed as an Independent Director of the Bank w.e.f. July 01, 2022

Enterprise in which relatives of Director/KMP are members :

Parinaam Foundation

(From August 20, 2021)

Enterprise in which KMP are members :

Ujjivan Welfare and Relief Trust

USFB Employee's Gratuity Trust

UFSL Employee's Gratuity Trust

In accordance with paragraph 5 of AS - 18, the Bank has not disclosed certain transactions with relatives of Key Management Personnel as they are in the nature of banker-customer relationship. In like manner, breakup of deposits accepted during the year, deposits outstanding at the end of the year and interest on deposits has not been furnished partywise in respect of KMP and enterprises in which relatives of KMP are members since they are in the nature of bank and customer transactions.

Transactions with Related Parties for the year ended March 31, 2023

Items/Related Party	Holding Company	Key Management Personnel	Directors	Enterprise in which relatives of Key Management Personnel/Directors are members	Enterprise in which KMP are members	₹ in 000's)	
						Total	
Deposit*	(1,732,954)	(19,556)	(48,701)	(100,488)	(6,479)	(1,908,177)	
	1,732,954	16,960	30,894	41,033	6,479	1,828,320	
Deposit accepted during the year	1,697,900	10,900	3,110	40,227	-	1,752,137	
Deposit repaid during the year	1,047,000	1,019	1,430	57,700	650	1,107,799	
Inter Company Transfer - Amount Paid	-	-	-	-	1,203	1,203	
Reimbursement of expenses - Amount Received	1,087	-	-	-	-	1,087	
Reimbursement of expenses - Amount Paid	209	-	78	-	-	287	
Bank Contribution to Related parties under CSR/Donation	-	-	-	4,967	-	4,967	
Sitting Fees paid	-	-	28,204	-	-	28,204	
Interest on Deposits	79,270	696	2,325	4,093	379	86,764	
Payment of Remuneration **	-	33,164	-	-	-	33,164	
Preference dividend	220,000	-	-	-	-	220,000	
Equity dividend	1,080,028	156	2,660	-	-	1,082,844	
Receiving of services	-	-	-	5,093	-	5,093	

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

*Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.

**The above Remuneration excludes accrued gratuity and compensated absence provision, since the same is assessed for the bank as a whole.

Transactions with Related Parties for the year ended March 31, 2022

Items/Related Party	Holding Company	Key Management Personnel	Directors	Enterprise in which relatives of Key Management Personnel/Directors are members	Enterprise in which KMP are members	₹ in 000's
Deposit*	(1,055,776)	(228,072)	(24,289)	(57,700)	(5,587)	(1,371,424)
	1,055,776	3,482	24,289	57,700	5,587	1,146,834
Deposit accepted during the year	1,067,000	2,018	18,300	57,700	3,150	1,148,168
Deposit repaid during the year	915,000	215,310	9,000	18,000	-	1,157,310
Inter Company Transfer - Amount Paid	-	-	-	-	1,399	1,399
Reimbursement of expenses - Amount Received	2,492	-	-	-	-	2,492
Reimbursement of expenses - Amount Paid	248	-	-	-	-	248
Transfer of Assets - Amount Paid	12	-	-	-	-	12
Bank Contribution to Related parties under CSR/Donation	-	-	-	13,570	830	14,400
Sitting Fees paid	-	-	19,025	-	-	19,025
Interest on Deposits	52,494	4,266	1,455	1,491	295	60,001
Payment of Remuneration **	-	31,578	-	-	-	31,578
Rendering of services	-	-	-	4,157	-	4,157

*Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.

**The above Remuneration excludes accrued gratuity and compensated absence provision, since the same is assessed for the bank as a whole.

Note: An amount of ₹ 363 (000's) received by UFSL is towards employees perquisite tax and includes OSD remuneration.

Balances with Related Parties for the year

Particulars	As on March 31, 2023	As on March 31, 2022
Enterprise in which KMP are members		
Ujjivan Welfare and Relief Trust	(6,479) 6,479	(5,645) 5,645
Outstanding Balance with enterprise in which relative of Key Management Personnel are Members		
Parinaam Foundation	(100,488) 41,033	(58,947) 58,947
Holding Company		



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Ujjivan Financial Services limited#	(1,842,954)	(1,055,776)
	1,842,954	1,055,776
Key Managerial Personnel	(19,556)	(228,072)
	16,960	3,482
Directors	(48,701)	(24,289)
	30,894	24,289

Figures in bracket indicates maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter end.

Outstanding Balance include ₹ 1,10,000 (in 000's) of Preference share dividend payable to Ujjivan Financial Services Limited.

24 OPERATING LEASES (AS-19)

The bank has taken premises and certain equipments on operating lease for a period of time. There are no provisions relating to contingent rent.

The future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
i) Not later than one year	863,638	703,900
ii) Later than one year but not later than five years	2,828,766	2,755,326
iii) Later than five years	263,655	308,423
Particulars	As on March 31, 2023	As on March 31, 2022
The total of minimum lease payments recognised in the Profit and Loss Account for the year	844,872	746,232

There are no provisions relating to contingent rent.

25 EARNINGS PER SHARE

The Bank reports basic and diluted earnings per Equity share in accordance with Accounting Standard-20 Earnings Per Share.

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Profit available to equity share holders (in 000's) - (A)	10,779,217	(4,145,904)
Weighted average shares outstanding – Basic (Nos. in 000's) - (B)	1,851,033	1,728,314
Weighted average shares outstanding – Diluted (Nos. in 000's) - (C)	1,853,783	1,728,314
Nominal Value of Equity Shares (₹)	10	10
Earnings per share – Basic (₹) - (A/B)	5.82	(2.40)
Earnings per share – Diluted (₹)	5.81	(2.40)

Note:- The effect of potential equity shares on EPS is anti-dilutive for the year ended March 31, 2022.

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

26 MISCELLANEOUS

26.1 Provisions for taxation during the year:

Particulars	(₹ in 000's)	
	Year ended March 31, 2023	Year ended March 31, 2022
Income Tax	2,920,704	-
Income Tax - Prior Period	-	-
Deferred tax Liability/ (Asset) - (Refer Schedule 18(27))	752,455	(1,357,681)
Total	3,673,159	(1,357,681)

26.2 Disclosure relating to Depositor Education and Awareness Fund (DEAF):

The details of amount transferred to Depositor Education and Awareness Fund during the current and previous year.

Particulars	(₹ in 000's)	
	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance of amounts transferred to DEAF	2,260	2,188
Add: Amounts transferred to DEAF during the year	10,242	78
Less: Amounts reimbursed by DEAF towards claims	-	6
Closing balance of amounts transferred to DEAF	12,502	2,260

As per RBI circular DBR. No. DEA Fund Cell. BC. 67/3-01.002/2014-15 dated February 02, 2015, the details of unclaimed Security Deposits has been displayed on our website with respect to amount transferred to DEAF.

26.3 Drawdown from Reserves

The Bank has not made a drawdown from the share premium during the year ended March 31 2023 and March 31, 2022. However, the bank has adjusted the share issue expenses of ₹ 93,899 (in 000's) against the Share Premium Account.

26.4 Fixed Assets

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Fixed Assets excluding Computer Software		
Opening balance (cost)	3,639,087	3,532,084
Additions during the year	752,803	148,000
Deduction during the year	(141,250)	(40,997)
Depreciation to date	(2,634,868)	(2,239,732)
Balance at the end of the year	1,615,772	1,399,355

26.5 Computer Software

The movement in fixed assets capitalised as computer software is given below:

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Opening balance (cost)	2,244,405	1,916,147
Additions during the year	382,946	356,771
Deduction during the year	-	(28,513)
Depreciation to date	(1,590,048)	(1,207,745)
Balance at the end of the year	1,037,304	1,036,660



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

26.6 Description of Contingent Liabilities:

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
i) Claims against the Bank not acknowledged as debt		
- Taxation	23,026	785,439
- Other Legal cases	2,799	2,969
ii) Guarantees given on behalf of Constituents	202,500	2,500
iii) Other items for which the Bank is contingently liable		
- Capital commitments not provided	709,207	579,137
- Amount transferred to Depositor Education and Awareness Fund (DEAF)	12,502	2,260
Total	950,034	1,372,305

Contingent liability	Brief description
Claims against the Bank not acknowledged as debts - Other legal cases	The Bank is a party to various legal 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.
Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfil its financial or performance obligations.
Other items for which the Bank is contingently liable	These include: a) Capital commitments; b) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF)

26.7 Disclosure of Letters of Comfort issued by the Bank:

The Bank has not issued any Letter of Comfort during the current and previous year.

26.8 Investor education and protection fund

There is no amount required to be transferred to Investor Education and Protection Fund by the bank during the current and previous year.

26.9 Other Income/Expenditure:

Income:

Other income includes below incomes exceeding 1% of the total income of the Bank.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Bad Debts Recovery	1,349,948	466,121

Expenditure:

Other expenditure includes below expenses exceeding 1% of the total income of the Bank.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Manpower Cost*	899,414	943,637
IT related expenses**	907,717	391,802
NFS - Expenses	542,068	410,349

*Manpower cost includes outsourcing cost and collection agency cost.

**IT related expenses includes Maintenance cost of computer equipment, AMC-Hardware, AMC-Software, Managed IT services and cost for technology and subscription.

26.10 The Bank has a process whereby periodically all long term contract are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that no provision is required under any law / accounting standards on such long term contracts as on March 31, 2023 and March 31, 2022.

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

26.11 Credit default Swaps

The Bank has not entered into any credit default swap transactions during the current and previous year.

26.12 Credit card and debit card reward points

The Bank does not have credit card products, hence reward points are not applicable. Also, the Bank does not provide any reward points on debit card.

26.13 Off balance sheet SPVs sponsored

There are no off-balance sheet SPVs sponsored by the bank as at March 31, 2023, and at March 31, 2022. Refer note 18(37) of the notes to accounts.

26.14 Details of factoring exposure

The factoring exposure of the Bank as at March 31, 2023 and as at March 31, 2022 are Nil.

26.15 Country wise risk exposure

The Bank does not have any country wise Risk Exposure as at March 31, 2023 and as at March 31, 2022.

26.16 Unhedged foreign currency exposure

The Bank does not have any unhedged foreign country exposure as at March 31, 2023 and as at March 31, 2022.

27 DEFERRED TAX

In accordance with Accounting Standard -22 "Accounting for Taxes on Income", the Company has recognized deferred tax (asset)/Liability as detailed below:

As at March 31, 2023

Particulars	Deferred Tax (Assets) / Liabilities as on April 01, 2022	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities As on March 31, 2023
Deferred Tax Liability			
Difference between book and tax depreciation	61,466	(34,286)	27,180
Special reserve u/s 36(1)(viii)*		75,504	75,504
Deferred Tax Asset			-
Provision for Employee benefits recognised in the financial statements, but to be allowed on payment	(246,824)	(351,010)	(597,834)
Provision for non performing advances/ standard advances recognised in financial statements, but to be allowed on write off	(3,036,616)	1,018,396	(2,018,220)
On account of unobserved losses and allowance			-
Others	(227,236)	43,851	(183,385)
Net Deferred Tax (Asset) / Liability	(3,449,210)	752,455	(2,696,755)

* During the year the Bank has created Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961.

As at March 31, 2022

Particulars	Deferred Tax (Assets) / Liabilities as on April 01, 2021	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as on March 31, 2022
Deferred Tax Liability			
Difference between book and tax depreciation	102,047	(40,581)	61,466
Deferred Tax Asset			



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

(₹ in 000's)

Particulars	Deferred Tax (Assets) / Liabilities as on April 01, 2021	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as on March 31, 2022
Provision for Employee benefits recognised in the financial statements, but to be allowed on payment	(199,498)	(47,326)	(246,824)
Provision for non performing advances/ standard advances recognised in financial statements, but to be allowed on write off	(1,885,188)	(1,151,429)	(3,036,616)
On account of unobserved losses and allowance			
Others	(108,890)	(118,346)	(227,236)
Net Deferred Tax (Asset) / Liability	(2,091,529)	(1,357,681)	(3,449,210)

28 DISCLOSURES ON REMUNERATION:

28.1 Qualitative Disclosures

(A) Information relating to the composition and mandate of the Remuneration Committee.

Bank has constituted a Nomination and Remuneration Committee (NRC). The NRC comprises of 5 (five) members, of which 4 (four) members are Independent Directors. Mandate of the Nomination and Remuneration Committee is to oversee the framing, review and implementation of the Bank's Compensation Policy and Nomination & Remuneration Policy for Whole Time Director/ Chief Executive Officer/ Material Risk Takers and Control Function staff for ensuring effective alignment between remuneration and risks. The Committee also ensures that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Nomination and Remuneration Committee reviews Compensation policy and Nomination & Remuneration Policy of the Bank with a view to attract, retain and motivate employees.

(B) Information relating to the design and structure of remuneration processes and the key features and objectives of Compensation Policy and Nomination & Remuneration Policy

The Compensation Policy and Nomination & Remuneration Policy has been laid out keeping the following perspectives into considerations:

- (a) Our Compensation principles should support us in achieving our mission of providing a full range of financial services to the economically active poor of India who are not adequately served (unserved and underserved) by financial institutions. Therein, this policy should support us to attract and retain talent and skills required to further the organizations purpose and ideology.
- (b) The pay structure and amounts confirms and shall always conform to applicable Income Tax and other similar statutes.
- (c) All practices of Ujjivan SFB shall comply with applicable labour laws.
- (d) The pay structure should be standardised for a level of employees.
- (e) Elements eligible for tax exemption may be introduced at appropriate levels to enable employees take applicable tax breaks. Amounts related to certain benefits may undergo change due to change in grade/ roles/ function/ state/ region in the organisation.
- (f) The compensation structure shall be easy to understand for all levels of employees.
- (g) The compensation policy is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
- (h) The directors are paid sitting fees as approved by the Board for attending the Board and Board Committee Meetings.

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SCHEDULE 18

(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.

- (a) Structurally, the Control functions such as Credit, Risk and Vigilance are independent of the business functions and each other, thereby ensuring independent oversight from various aspects on the business functions.
- (b) The Bank is in the process of comprehensively measuring and reviewing material risks to which Bank is exposed to under IGAAP. The Bank also complies with Basel II requirements.

(D) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

- (a) The compensation policy is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
- (b) Ujjivan shall, from time to time, benchmark its compensation against identified market participants to define its pay structure and pay levels.
- (c) The merit increments will be finalised and approved by the NHRC year on year, basis organization's budgets and accomplishments as well as market reality.
- (d) Ujjivan believes in paying its employees in an equitable and fair manner basis the incumbent's Role, Personal Profile (Education/Experience etc.) as well as Performance on the Job.
- (e) Employees rated "Below Expectations" shall not be provided any increments, unless statutorily required.

(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.

The performance bonus pay-out shall be Annual. Discretion is typically applied related

to staggered pay-out in case large pay-outs, particularly for functions like Credit and Risk. Bonus is to be prorated for employees who have worked for part of the year at Ujjivan.

Ujjivan believes in the philosophy of collective ownership by its employees. Thus, Employee Stock Options of the Holding Company Ujjivan Financial Services Limited are distributed amongst employees basis their criticality and performance.

Typically, all Stock option schemes at Ujjivan vest in a staggered manner. Besides the statutory requirement of grant and 1 year vesting, the total set of options vest in various tranches for up to a period of 3 years.

Malus/ Clawback: In the event of negative contributions of the individual towards the achievements of the Banks objectives in any year, the deferred compensation should be subjected to Malus/Clawback arrangements. Similar provisions shall apply in case the individual is found guilty of any major non-compliance or misconduct issues.

(F) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

Variable Compensation at Ujjivan has the following distinct forms:

1. Statutory Bonus
2. Performance Pay:
 - a. Performance Bonus
 - b. Monthly Variable Pay
3. Rewards & Recognition

The policy has been laid out keeping the following perspectives into considerations:

The Variable pay structure and amounts shall always conform to applicable Income Tax statutes, Labour Laws, Regulatory Requirements, any other applicable statutes and prevalent market practice.

It is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

Statutory Bonus: Statutory Bonus in India is paid as per Payment of Bonus Act, 1965.



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Performance Bonus: All employees who are not a part of any Monthly Variable Pay but part of the year end performance review will be covered under the Performance Bonus Plan of Ujjivan Small Finance Bank. However, the actual pay-out of performance bonus shall be paid only to employees who have met our performance criteria.

Sales Awards: Employees in the Sales function, directly responsible for revenue generation shall be covered under the Sales Award Scheme if meeting the criteria of the respective scheme. Typically some of the entry level roles and up to two levels of supervision thereof shall be covered by sales awards.

Rewards & Recognition: Ujjivan shall design schemes and practices from time to time to celebrate employees /

departmental / organisational success. These celebrations may include offering tokens of appreciation to employees as defined in specific schemes. Fairness of application and transparency of communication shall be the hallmark of all such schemes. These will be subject to income tax laws, as applicable. Examples of such schemes may include: Long Service Awards (currently at one, three, five , ten and fifteen years of completion of service with Ujjivan), Portfolio Improvement Reward Scheme; Functional R&R Schemes; Organizational Rewards Schemes such as: Service Champion; Process Excellence; Customer Connect Awards; Above and Beyond; Recognition program for Liabilities Branches for Retail Deposits; Recognition program for Asset growth in Branches

28.2 Quantitative Disclosures

The quantitative disclosures cover the Bank's Whole Time Director (WTD) and Material Risk Takers (MRT). The Bank's MRT includes Managing Director and Chief Executive Officer (MD & CEO), Business Head-Housing Loans, Business Head-Micro Banking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking, TASC & TPP, Head of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer, Chief Financial Officer.

(₹ in 000's)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Number of meetings held by Nomination & Remuneration Committee (NRC) and remuneration paid to its members	6 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2022 to March 31, 2023. NRC members were paid total sitting fees of ₹ 2,400 for six meetings.	13 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2021 to March 31, 2022. NRC members were paid total sitting fees of ₹ 3,250 for Thirteen meetings.
Number of employees having received a variable remuneration award.	Chief Executive Officer & Managing Director, Business Head-Housing Loans, Business Head-Micro Banking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking,TASC&TPP, Head Of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer. No. of Employees 10	MD & CEO No. of Employee 1
Number and total amount of 'sign on' awards	NIL	Nil
Details of guaranteed bonus if any paid as sign on bonus.	NIL	Nil
Details of severance pay in addition to the accrued benefits.	NIL	₹ 4,329 #

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for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

(₹ in 000's)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total amount of outstanding deferred remuneration split into cash, shares and share linked instruments and other forms.	Cash : 1,434 ESOP grants : Nil Chief Executive Officer & Managing Director, Business Head-Housing Loans, Business Head-Micro Banking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking,TASC&TPP, Head Of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer, Chief Financial Officer	Cash : 3450 ESPS shares : Nil ESOP grants : 3,42*** MD & CEO, Head- Treasury, Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.
Total amount of deferred remuneration paid.	Cash- ₹ 8,869	Cash- ₹ 3110
Breakdown of amount of remuneration awards for the financial Period to show fixed and variable, deferred and non-deferred	Fixed gross : ₹ 1,09,441 * Variable deferred Cash : ₹ 8,869 **Variable non cash(ESOP) : ₹ 39,322 (ESOP No. of Shares 19,63,190 granted) Fixed gross of the following employees : 'Chief Executive Officer & Managing Director, Business Head-Housing Loans, Business Head-Micro Banking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking,TASC&TPP, Head Of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer, Chief Financial Officer	Fixed gross : ₹ 45,309 Variable deferred : ₹ 3,110 Fixed gross of the following employees : MD & CEO, Head- Treasury, Current and Ex-Chief Credit Officer (CCO), Head - Liabilities and Head - Micro Banking.
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments.	Variable Provisioned - ₹19,137	Variable Provisioned - ₹3450
Total amount of reductions during the FY due to ex – post explicit adjustments	Nil	Nil
Total amount of reductions during the FY due to ex – post implicit adjustments	Nil	Nil
Number of Material Risk Takers (MRT) identified	11	7 ⁴
Number of cases where malus has been exercised ³	Nil	Nil
Number of cases where clawback has been exercised ³	Nil	Nil
Number of cases where both malus and clawback have been exercised ³	Nil	Nil
General Quantitative Disclosure³		
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.	₹ 465 (excluding MD & CEO) 31.55 X	₹ 422 (excluding MD & CEO) 34.80 X

Note:

* ESOPs of Active MRT's and sign-on grant grant included. ESOPs are granted not exercised.



**Notes to financial statements
for the year ended March 31, 2023 (Contd.)**

SCHEDULE 18

** Retention linked Special Pay included as Variable deferred.

*** Excluding ESOPs of Active MRT since it was granted as sign-on grant and bank ESOP additional grant. ESOPs are granted not exercised.

#The amount includes the following paid to Ex-MD&CEO who resigned on September 30, 2021.

1. Current year disclosure is for WTD and MRTs. Previous year disclosure is for WTD and Key Risk Takers (KRTs).
2. For cash component - payment to be made as per guidance and approval of regulatory authority.
3. As per RBI circular 2019-20/89 DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 04, 2019, new disclosure have been presented for current year only.
4. The number is inclusive of MRT who have resigned during the year.

29 DISCLOSURE ON REMUNERATION TO NON-EXECUTIVE DIRECTORS:

The Non-Executive Directors are paid Sitting Fees for attending meetings of the Board and its Committees. As per the board resolution dated June 8, 2022 , the sitting fee was revised as below. During the year the Bank has paid sitting fee (inclusive of GST) of ₹ 28,204 (000's) (PY. ₹20,737) (000's).

Meeting	Existing Sitting Fees per director per meeting	Revised Sitting Fees per director per meeting
Board	₹ 75000	₹ 1,00,000
1. Audit Committee	₹ 50,000	₹ 1,00,000
2. Risk Management Committee	-	-
3. Nomination and Remuneration Committee	-	-
4. IT Strategy Committee	-	-
5. Business Strategy Committee	-	-
6. Meeting of Independent Directors	-	-
1. CSR Committee	₹ 50,000	₹ 75000
2. Stakeholders Relationship Committee	-	-
3. Customer Service Committee	-	-
4. Merger and Placement Committee	-	-
Other Committees	₹ 50,000	₹ 75000

Name of Directors	Year ended March 31, 2023	Year ended March 31, 2022
Mr. Biswamohan Mahapatra	-	-
Ms. Vandana Viswanathan	-	-
Mr. Nandlal Sarada	-	736
Mr. Prabal Kumar Sen	-	1,526
Ms. Mona Kachhwaha	-	709
Mr. Jayanta Kumar Basu	-	-
Ms. Chitra K Alai (SIDBI)	-	463
Mr. Mahadev Lakshminarayanan	-	409
Mr. Umang Bedi	-	763
Ms. Rajni Mishra	3761	2,970
Mr. Ittira Davis	-	572
Mr. Rajesh Kumar Jogi	4,033	3,243
Mr. Harish Devarajan	-	409
Mr. Umesh Bellur	-	382
Mr. Banavar Anantharamaiah Prabhakar	4,769	2,126
Mr. Ravichandran Venkataraman	4,796	2,344
Mr. Samit Kumar Ghosh	4,769	1,908
Ms. Sudha Suresh	3,815	2,017
Mr. Satyaki Rastogi (SIDBI)	790	164
Ms. Anitha Ramchandran1	1472	-
Total	28,204	20,737

- 1) Appointed as an Independent Director of the Bank w.e.f. July 01, 2022.

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SCHEDULE 18

- 30** The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 2, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises. The Bank does not have comprehensive data of the status of its vendors and service providers. Based on the limited data available, there were no dues to Micro, small and medium enterprises as at year ended March 31, 2023 and for the year ended March 31, 2022.

31 CORPORATE SOCIAL RESPONSIBILITY

As per Sec 135 (1) of the Companies Act "Every company having net worth of rupees five hundred Crores or more, or turnover of rupees one thousand Crores or more or a net profit of rupees five Crores or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director". Pursuant to this, Bank has duly constituted a Corporate Social Responsibility Committee.

Further, the section stipulates that the company should spend, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years and in pursuance of its Corporate Social Responsibility Policy.

Gross amount required to be spent by the Bank during the financial year ended March 31, 2023 is ₹Nil (PY- 49,567 ('000)).

Particulars	Year ended March 31, 2023			(₹ in 000's)
	Amount Spent	Amount Unspent	Total	
(i) Construction/acquisition of any asset	-	-	-	-
(ii) On purpose other than (i) above *	7,257	-	7,257	

Particulars	Year ended March 31, 2022			(₹ in 000's)
	Amount Spent	Amount Unspent	Total	
(i) Construction/acquisition of any asset	-	-	-	-
(ii) On purpose other than (i) above	42,706	7,257	49,963	

* As per the provisions of Sec 135(5) and (6) of Companies Act 2013, the Bank is required to transfer unspent amount to a separate bank account to be called as 'Unspent CSR account' within a period of 30 days from the end of financial year in case of ongoing project and in other cases, transfer such unspent amount to a fund specified in Schedule VII within a period of 6 months from the end of financial year. Pursuant to this, for the financial year 2021-22, the Bank had transferred unspent CSR amount to a separate Bank Account. The Bank had unspent amount of ₹ 7,257 (in '000) which included ₹ 115 (in '000) as advance paid and ₹ 7,142 (in '000), in Unspent CSR Account, for the financial year 2021-22. The aforementioned amount has been utilised/spent during the financial year 2022-23.

32 PAYMENTS TO AUDITOR'S (SCHEDULE -16 AUDITOR'S FEES AND EXPENSES)

Particulars	Year ended	Year ended	(₹ in 000's)
	March 31, 2023	March 31, 2022	
Audit Fees	10,355	8,900	
Tax Audit Fees	545	500	
Certification and other attest services	1,363	3,024	
Out-of Pocket Expenses	1,823	446	
Total	14,085	12,870	

The given amount excludes the audit fee paid for QIP related services, amounting to ₹ 3,815 (₹ In '000), which has been debited to Share Premium account.



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for the year ended March 31, 2023 (Contd.)

SCHEDULE 18**33 SHARE-BASED PAYMENTS****33 (A) Employee Share Option Plan(ESOP)****33 (A) (1) Details of the employee share option plan of the Bank**

The Bank has share option scheme for employees (which includes the employees of the Holding Company), being ESOP 2019.

Employee Stock Options (ESOPs): The ESOP 2019 is the scheme under which the Bank has issued options to the employees (which includes the employees of the Holding Company). The Bank has approved its ESOP Plan, 2019 in the Shareholders meeting held on March 29, 2019. During the year, the Bank has granted 4,82,29,093 options under the ESOP 2019 to eligible employees during the year ended March 31, 2023. During the year ended March 31, 2023, 2,01,944 options have been exercised and 1,38,29,524 options are lapsed/cancelled. As on March 31, 2023 there are exercisable options of 1,48,71,749 which are vested and 7,38,21,209 are yet to be vested.

The vesting period for the options granted under ESOP 2019 is as under:

Particulars	Options Granted	Year 1	Year 2	Year 3	Year 4	Year 5
ESOP 2019 - Original	37,000,403	20%	20%	20%	20%	20%
ESOP 2019 - Additional	3,798,697	52%	48%	-	-	-
ESOP 2019 - Senior Hire	304,549	20%	20%	20%	20%	20%
ESOP 2019 (Senior Hire) Additional	199,949	20%	20%	20%	20%	20%
ESOP 2019 Additional Grant	30,157,303	15%	20%	25%	40%	
ESOP 2019 (Senior Hire) Additional Grant-2	166,842	20%	20%	20%	20%	20%
ESOP 2019 (Senior Hire) Additional Grant-3	115,025	20%	20%	20%	20%	20%
ESOP 2019 additional Grant 4	80,685	15%	20%	25%	40%	
ESOP 2019 Senior Hire_6	280,511	25%	25%	25%	25%	
ESOP 2019 _MD_2	221,970	33%	33%	33%		
ESOP 2019 _Additional Grant Jan 2023	47,393,431	20%	20%	30%	30%	
ESOP 2019 Senior Hire_&-2023	252,496	20%	20%	30%	30%	
Total	119,971,861					

The following share-based payment arrangements were in existence during the current year:

Options Series	Number	Grant Date	Date of Vesting	Expiry Date	Exercise Price	Fair value at Grant Date
ESOP 2019 - Original	37,000,403	August 08, 2019	August 07, 2020	August 07, 2025	35.00	17.25
		August 08, 2019	August 07, 2021	August 07, 2026	35.00	19.31
		August 08, 2019	August 07, 2022	August 07, 2027	35.00	21.13
		August 08, 2019	August 07, 2023	August 07, 2028	35.00	22.77
		August 08, 2019	August 07, 2024	August 07, 2029	35.00	24.24
ESOP 2019 - Additional	3,798,697	December 4, 2019	December 12, 2020	December 12, 2025	35.00	17.25
		December 4, 2019	December 12, 2021	December 12, 2026	35.00	19.31
ESOP 2019 - Senior Hire	304,549	November 02, 2020	November 02, 2021	November 01, 2026	30.75	11.78
		November 02, 2020	November 02, 2022	November 01, 2027	30.75	13.08
		November 02, 2020	November 02, 2023	November 01, 2028	30.75	14.81
		November 02, 2020	November 02, 2024	November 01, 2029	30.75	16.03
		November 02, 2020	November 02, 2025	November 01, 2030	30.75	16.83
ESOP 2019 (Senior Hire) Additional	199,949	August 23, 2021	August 23, 2022	August 23, 2027	19.7	7.81
		August 23, 2021	August 23, 2023	August 23, 2028	19.7	8.52
		August 23, 2021	August 23, 2024	August 23, 2029	19.7	9.71
		August 23, 2021	August 23, 2025	August 23, 2030	19.7	10.26
		August 23, 2021	August 23, 2026	August 23, 2031	19.7	10.91
ESOP 2019 Additional Grant	30,157,303	January 08, 2022	January 08, 2023	January 08, 2028	19.95	5.26
		January 08, 2022	January 08, 2024	January 08, 2029	19.95	7.20
		January 08, 2022	January 08, 2025	January 08, 2030	19.95	8.90
		January 08, 2022	January 08, 2026	January 08, 2031	19.95	9.77

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Options Series	Number	Grant Date	Date of Vesting	Expiry Date	Exercise Price	Fair value at Grant Date
ESOP 2019 (Senior Hire) Additional Grant-2	166,842	January 05, 2022	January 04, 2023	March 23, 2028	19.05	7.65
		January 05, 2022	January 04, 2024	March 23, 2029	19.05	8.29
		January 05, 2022	January 04, 2025	March 23, 2030	19.05	8.92
		January 05, 2022	January 04, 2026	March 23, 2031	19.05	9.93
		January 05, 2022	January 04, 2027	March 23, 2032	19.05	10.50
ESOP 2019 (Senior Hire) Additional Grant-3	115,025	March 23, 2022	March 23, 2024	March 23, 2029	16.6	7.65
		March 23, 2022	March 23, 2025	March 23, 2030	16.6	8.29
		March 23, 2022	March 23, 2026	March 23, 2031	16.6	8.92
		March 23, 2022	March 23, 2027	March 23, 2032	16.6	9.93
		March 23, 2022	March 23, 2028	March 23, 2033	16.6	10.5
ESOP 2019 additional Grant 4	80,685	June 08, 2022	June 08, 2023	June 08, 2028	16.7	7.65
		June 08, 2022	June 08, 2024	June 08, 2029	16.7	8.29
		June 08, 2022	June 08, 2025	June 08, 2030	16.7	8.92
		June 08, 2022	June 08, 2026	June 08, 2031	16.7	9.93
ESOP 2019 Senior Hire_6	280,511	November 18, 2022	November 18, 2023	November 18, 2028	26.39	5.78
		November 18, 2022	November 18, 2024	November 18, 2029	26.39	6.49
		November 18, 2022	November 18, 2025	November 18, 2030	26.39	7.29
		November 18, 2022	November 18, 2026	November 18, 2031	26.39	7.62
ESOP 2019 _MD_2	221,970	November 18, 2022	November 18, 2023	November 18, 2028	26.39	5.78
		November 18, 2022	November 18, 2024	November 18, 2029	26.39	6.49
		November 18, 2022	November 18, 2025	November 18, 2030	26.39	7.29
ESOP 2019 Additional Grant Jan 2023	4,73,93,431	January 27, 2023	January 27, 2024	January 27, 2029	27.5	4.91
		January 27, 2023	January 27, 2025	January 27, 2030	27.5	6.06
		January 27, 2023	January 27, 2026	January 27, 2031	27.5	6.72
		January 27, 2023	January 27, 2027	January 27, 2032	27.5	7.37
ESOP 2019 Senior Hire_&2023	252,496	February 17, 2023	February 17, 2024	February 17, 2029	27.5	4.91
		February 17, 2023	February 17, 2025	February 17, 2030	27.5	6.06
		February 17, 2023	February 17, 2026	February 17, 2031	27.5	6.72
		February 17, 2023	February 17, 2027	February 17, 2032	27.5	7.37
Total	119,971,861					

33 (A) (2) Fair value of share options granted in the year

The weighted average fair value of the share options granted during the FY 2022-23 is ₹6.27 (PY-₹7.80). Options were calculated using Black and Scholes Model. Vested ESOPs can be exercised within five years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date. The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern. Volatility of comparable Banks have been considered for the purposes of valuation.

Inputs considered for calculating options fair value are as follows:

Particulars	ESOP 2019				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	40.76	40.76	40.76	40.76	40.76
Exercise price	35	35	35	35	35
Expected volatility	40.08%	40.08%	40.08%	40.08%	40.08%
Option life	3.5	4.5	5.5	6.5	7.5
Risk-free interest rate	5.75%	5.90%	6.03%	6.13%	6.22%

Particulars	ESOP 2019 - Senior Hire				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	30.75	30.75	30.75	30.75	30.75
Exercise price	30.75	30.75	30.75	30.75	30.75
Expected volatility	43.50%	41.93%	43.29%	43.12%	41.66%
Option life	3.5	4.5	5.5	6.5	7.5
Risk-free interest rate	5.30%	5.30%	5.40%	5.40%	5.40%



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SCHEDULE 18

Particulars	ESOP 2019 (Senior Hire) Additional				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	18.45	18.45	18.45	18.45	18.45
Exercise price	19.7	19.7	19.7	19.7	19.7
Expected volatility	45.64%	43.01%	44.95%	43.07%	42.58%
Option life	3.54	4.54	5.54	6.54	7.54
Risk-free interest rate	5.30%	5.30%	5.40%	5.40%	5.40%
Particulars	ESOP 2019 Additional Grant				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	29	29	29	29	29
Exercise price	19.95	19.95	19.95	19.95	19.95
Expected volatility	42.48%	44.97%	47.17%	44.18%	
Option life	1.34	2.34	3.34	4.34	
Risk-free interest rate	4.35%	4.95%	5.41%	5.78%	
Particulars	ESOP 2019 (Senior Hire) Additional Grant-2				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	18.95	18.95	18.95	18.95	18.95
Exercise price	19.05	19.05	19.05	19.05	19.05
Expected volatility	46.95%	43.90%	41.83%	43.58%	42.73%
Option life	3.56	4.56	5.56	6.56	7.56
Risk-free interest rate	5.30%	5.30%	5.40%	5.40%	5.40%
Particulars	ESOP 2019 (Senior Hire) Additional Grant-3				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	16.55	16.55	16.55	16.55	16.55
Exercise price	16.6	16.6	16.6	16.6	16.6
Expected volatility	46.95%	43.90%	41.83%	43.58%	42.73%
Option life	3.56	4.56	5.56	6.56	7.56
Risk-free interest rate	5.30%	5.30%	5.30%	5.30%	5.30%
Particulars	ESOP 2019 additional Grant 4				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	16.7	16.7	16.7	16.7	16.7
Exercise price	16.6	16.6	16.6	16.6	16.6
Expected volatility	46.95%	43.90%	41.83%	43.58%	42.73%
Option life	3.56	4.56	5.56	6.56	6.56
Risk-free interest rate	5.30%	5.30%	5.30%	5.30%	5.30%
Particulars	ESOP 2019 Senior Hire_6				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	27.75	27.75	27.75	27.75	27.75
Exercise price	26.39	26.39	26.39	26.39	26.39
Expected volatility	46.58%	43.53%	44.95%	44.98%	
Option life	1.34	2.34	3.34	4.34	
Risk-free interest rate	6.61%	6.87%	7.03%	7.13%	
Particulars	ESOP 2019 _MD_2				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	27.75	27.75	27.75	27.75	27.75
Exercise price	26.39	26.39	26.39	26.39	26.39
Expected volatility	46.58%	43.53%	44.95%	44.95%	
Option life	1.34	2.34	3.34	3.34	
Risk-free interest rate	6.61%	6.87%	7.03%	7.03%	

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Particulars	ESOP 2019 Additional Grant Jan 2023			
	Vesting 1	Vesting 2	Vesting 3	Vesting 4
Grant date share price	27.5	27.5	27.5	27.5
Exercise price	27.5	27.5	27.5	27.5
Expected volatility	43.70%	44.05%	44.13%	46.06%
Option life	1.34	2.34	3.34	4.34
Risk-free interest rate	6.76%	6.98%	7.11%	7.20%

Particulars	ESOP 2019 Senior Hire _&-2023			
	Vesting 1	Vesting 2	Vesting 3	Vesting 4
Grant date share price	27.5	27.5	27.5	27.5
Exercise price	27.5	27.5	27.5	27.5
Expected volatility	43.70%	44.05%	44.13%	46.06%
Option life	1.34	2.34	3.34	4.34
Risk-free interest rate	6.76%	6.98%	7.11%	7.20%

33(A)(3) Movements in share options issued

During the year ended March 31, 2023

Particulars (Nos.)	Options granted and outstanding as at beginning of year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the end of the year
ESOP 2019	23,854,540	-	-	4,048,058	19,806,482
ESOP 2019 - Senior Hire	65,166	-	-	-	65,166
ESOP 2019 (Senior Hire)	165,685	-	-	-	165,685
Additional					
ESOP 2019 Additional Grant	30,128,075	-	189,281	9,619,705	20,319,089
ESOP 2019 (Senior Hire)	166,842	-	12,663	116,392	37,787
Additional Grant-2					
ESOP 2019 (Senior Hire)	115,025	-	-	-	115,025
Additional Grant-3					
ESOP 2019 additional Grant 4	-	80,685	-	-	80,685
ESOP 2019 Senior Hire_6	-	280,511	-	-	280,511
ESOP 2019 _MD_2	-	221,970	-	-	221,970
ESOP 2019 Senior Hire _&-2023	-	252,496	-	-	252,496
ESOP 2019 _Additional Grant Jan 2023	-	47,393,431	-	45,369	47,348,062
Total	54,495,333	48,229,093	201,944	13,829,524	88,692,958
Weighted average exercise price	26.54	27.37	19.89	24.37	27.35

During the year ended March 31, 2022

Particulars (Nos.)	Options granted and outstanding as at beginning of year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the end of the year
ESOP 2019 - Original	30,947,310	-	-	7,092,770	23,854,540
ESOP 2019 - Additional	3,798,697	-	-	3,798,697	-
ESOP 2019 - Senior Hire	304,549	-	-	239,383	65,166
ESOP 2019 (Senior Hire)	-	199,949	-	34,264	165,685
Additional					
ESOP 2019 Additional Grant	-	30,157,303	-	29,228	30,128,075
ESOP 2019 (Senior Hire)	-	166,842	-	-	166,842
Additional Grant-2					
ESOP 2019 (Senior Hire)	-	115,025	-	-	115,025
Additional Grant-3					
Total	35,050,556	30,639,119	-	11,194,342	54,495,333
Weighted average exercise price	34.96	19.93		34.82	26.54



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

33(A)(4) Share options exercised during the year

Out of the ESOP granted till FY March 31, 2023, 2,01,944 options has been exercised during the year (PY - Nil)

33(A)(5) Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 27.35 (PY - ₹ 26.54) for ESOP 2019 scheme and a weighted average remaining contractual life of 6.02 Years (PY 6.59 Years).

33(A)(6) Expense arising from share based payment transaction recognised in Statement of profit or loss as employee benefit expense are as follows:

Particulars	(₹ in 000's)	
	Year ended March 31, 2023	Year ended March 31, 2022
Employee benefit expense	91,427	(16,039)

33 (A) (7) ESOP arrangement with the Holding company (Ujjivan Financial Services Limited)

As per guidance note issued by Institute of Chartered Accountants of India (ICAI) on Share-based Payment , stock options have to be fair valued on the grant date and expense has to be recognised over the vesting period. The Bank has accordingly determined the cost of the employee share-based payments considering the fair value principles, recognised the share based payment expense for all the unvested options as on date for the period starting from the grant date. Total 36,689 options granted to Holding Company employees for which Bank has decided to cross charge the stock compensation expense through related party transaction.

- 34 The COVID-19 virus, a global pandemic that affected the world economy over the last two to three years. The extent to which any new wave of COVID-19 will impact the Bank's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.
- 35 Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circulars dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) is given below:

Type of borrower	(A)	(B)	(C)	(D)	(₹ in 000's)
					(E)
Personal Loans	758,311	21,401	75,083	222,694	460,534
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	2,156,760	58,848	417,167	851,320	888,273
Total	2,915,071	80,249	492,250	1,074,014	1,348,807

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

- 36 The Bank received a notice on March 16, 2021, regarding non-remittance of statutory Provident Fund (PF) dues on the applicable wage components from February 2017 until March 2019 amounting to ₹ 227,040 ('000). Bank has filed the initial responses to the PF Commissioner and contented that said notice does not have a stand based on definition of basic wages under EPF Act, 1952 and various case laws. However, due to COVID 19 pandemic, the hearing has been adjourned until further notice.

The bank has made a provision during the FY 2021-22 for an amount of ₹ 227,040 ('000) as a matter of prudence, which was treated as contingent liability for the FY 2020-21.

Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

The Regional Provident Fund Commissioner (RPFC)-II, Bengaluru, in an inquiry held against the Bank under Section 7A of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, passed an Order dated 09-08-2021 against the Bank, directing the Bank to remit provident fund contribution of ₹ 22,70,40,185/- on various allowances paid by the Bank to its employees during the period between February 2017 and March 2019. Against the said Order of the RPFC-II, the Bank preferred an appeal before the Central Government Industrial Tribunal (CGIT). However, since the position of the Presiding Officer in the CGIT is vacant, the Bank filed a writ petition before the Hon'ble High Court of Karnataka. The Hon'ble High Court has disposed off the matter quoting that the Appeal was initially preferred before the CGIT and also said that there will be an order of stay on RPFC-II Order to remit the provident fund amount (i.e., ₹ 22,70,40,185) till the appeal pending before CGIT is disposed.

37 SECURITISATION TRANSACTION

The details of Securitisation deals outstanding as at March 31, 2023 and as at March 31, 2022 as below.

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
No. of SPEs holding assets for securitisation transactions originated by the originator (only SPV relating to outstanding securitisation exposure to be reported here)	3	2
Total amount of securitised assets as per books of the SPEs sponsored by the Bank	3,737,336	2,525,883
Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet	-	-
Off balance sheet exposures	-	-
a) First loss	-	-
Others	-	-
On-balance sheet exposures	-	-
b) First loss	325,275	252,588
Others	-	-
Amount of exposures to securitisation transactions other than MRR	-	-
Off balance sheet exposures	-	-
Exposure to own securitisations	-	-
i) First loss	-	-
Loss	-	-
Exposure to third party securitisations	-	-
ii) First loss	-	-
Others	-	-
On balance sheet exposures	-	-
Exposure to own securitisations	-	-
i) First loss	196,922	75,776
Others	-	-
Exposure to third party securitisations	-	-
ii) First loss	-	-
Others	-	-
Sale Consideration received for the securitised assets and gain/loss on sale on account of securitisation	3,414,120	2,323,812
Form and quantum (outstanding value) of services provided by way of credit enhancement, liquidity support, post-securitisation asset servicing, etc	-	-
Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	-	-
a) Amount paid	-	-
b) Repayment received (Inclusive of Principle and interest)	1,960,287	62,914



Notes to financial statements
for the year ended March 31, 2023 (Contd.)

SCHEDULE 18

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
c) Outstanding amount	2,228,906	2,494,082
Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e., RMBS, Vehicle loans etc.	0.49%	-
Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans, etc.	NA	NA
Investor complaints	NA	NA
(a) Directly/Indirectly received and;	-	-
(b) Complaints outstanding	-	-

38 DIVIDEND:

Dividend has been paid during the financial year ended March 31, 2023 (PY- Nil).

Particulars	(₹ in 000's)	
	Year ended March 31, 2023	Year ended March 31, 2022
Preference Dividend*	220,000	-
Interim Equity Dividend Paid	1,465,944	-

*Preference Dividend includes an interim preference dividend of ₹ 0.55 per share to Ujjivan Financial Services Limited which was declared by the Board of Directors on May 11, 2023 for the FY 2022-23. Also, the Board of Directors at its meeting held on May 11, 2023, proposed final Equity Dividend of ₹0.5 per share (previous year - Nil), subject to the approval of the members at the ensuing Annual General Meeting.

39 PAYMENT OF DICGC INSURANCE PREMIUM

Sl. No	Particulars	(₹ in 000's)	
		Year ended March 31, 2023	Year ended March 31, 2022
i)	Payment of DICGC Insurance premium	165,248	109,195
ii)	Arrears in Payment of Insurance premium	-	-

40 MARKETING AND DISTRIBUTION

There are no fees/remuneration received in respect of the marketing and distribution function(excluding bancassurance business) undertaken by the bank for current year and previous year.

- 41 In the normal course of business of banking, the Bank has borrowed funds from certain institutions in refinance of certain advances granted by it or for utilisation for granting advances by it. In like manner, the Bank has advanced monies to certain NBFCs for granting loans by them to their customers. Read with this, 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 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) (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.
- 42 The Board of Directors of the Bank and UFSL in their respective meetings held on October 14, 2022 have approved a scheme of amalgamation of UFSL with the Bank in terms of Sections 230 to 232 of the Companies Act, 2013. In terms of the said scheme, UFSL will be amalgamated into and with the Bank and all its assets, liabilities, contracts, employees, licenses, records and approvals will be transferred to and will be deemed to have been transferred to and vested in the Bank, as a going concern, without any further act, instrument or deed, together with all its properties, assets, liabilities, rights, benefits and interest therein. All the Key Managerial Personnel, and other employees of UFSL who are in such employment as on the Effective Date shall become, and be deemed to have become, the staff and

**Notes to financial statements
for the year ended March 31, 2023 (Contd.)**

SCHEDULE 18

employees of the Bank, without any break or interruption in their services and on the same terms and conditions (and which are not less favourable than those) on which they are engaged by UFSL as on the Effective Date. All proceedings by or against UFSL shall continue by or against the Bank. The appointed date under the said Scheme is April 01, 2023 or such other date as may be approved by the NCLT. In consideration of the proposed merger, the Bank will allot to the shareholders of UFSL as on the Record Date (to be fixed by the Board of the Bank), 116 (One hundred and sixteen) equity shares of the face value of ₹ 10/- each of the Bank, credited as fully paid-up, for every 10 (ten) equity shares of the face value of ₹ 10/- each fully paid-up held by such shareholders of UFSL. The shares held by UFSL in the Bank shall stand extinguished on the amalgamation taking effect. The RBI vide its letter dated February 01, 2023, has conveyed its "no-objection" to the said proposal for voluntary amalgamation of UFSL with the Bank subject to NCLT and other regulatory approvals. Further, the Bank on March 09, 2023 has received the no-observation letters from the Stock Exchanges (NSE and BSE), basis which a joint application has been filed with the NCLT on March 29, 2023, by the Bank and UFSL. The Bank is now awaiting the directions / orders from the Hon'ble NCLT, Bengaluru Bench.

43 IMPLEMENTATION OF IFRS CONVERGED INDIAN ACCOUNTING STANDARDS (IND AS)

Reserve Bank of India (RBI) through press release RBI/2018-2019/146 DBR.BP.BC.No.29/21.07.001/2018-19, dated March 22, 2019, updated all Scheduled Commercial Banks that legislative amendments recommended by the RBI are under consideration of the Government of India. Accordingly, RBI had decided to defer the implementation of Ind AS till further notice. Bank is gearing itself to bring the necessary systems in place to facilitate the Proforma submission to RBI. With respect to various instructions from Ministry of Corporate Affairs and Reserve Bank of India (RBI), the actions taken by the Bank are as follows:

1. Bank is in the process of Implementing changes required in existing IT architecture and other processes to enable smooth transition to Ind AS.
2. As directed by RBI, the Bank is submitting half yearly Proforma Ind AS financial statements to RBI within the stipulated timelines.
3. Training to the employees is imparted in phased manner
4. The Bank is currently preparing Special Purpose Ind AS Financials for the Holding company i.e. UFSL, for the purpose of consolidation.
5. The Bank will continue its preparedness towards adoption of Ind AS as per the regulatory requirement, and liaise with RBI and Industry Bodies on various aspects pertaining to Ind AS implementation.

44 COMPARATIVE FIGURES

Figures of the previous year have been regrouped/ reclassified wherever necessary to confirm to the current year's presentation.

Signature to Notes on Accounts

For B K Ramadhyani & Co LLP

Chartered Accountants

FRN: 002878S/ S200021

Mukund M Chitale & Co.

Chartered Accountants

FRN:106655W

For and on behalf of Board of Directors of

Ujjivan Small Finance Bank Limited

Vasuki H S

Partner

MN: 212013

Nilesh RS Joshi

Partner

MN: 114749

Ittira Davis

DIN: 06442816

Managing Director & CEO

B A Prabhakar

DIN: 02101808

Independent Director

Sudha Suresh

DIN: 06480567

Independent Director

Bengaluru

May 11, 2023

M.D.Ramesh Murthy

Chief Financial Officer

Sanjeev Barnwal

Company Secretary



NOTICE

UJJIVAN SMALL FINANCE BANK LIMITED

CIN: L65110KA2016PLC142162

Registered Office: Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru – 560 095, Karnataka, India

Email: corporatesecretarial@ujjivan.com Ph. No.: 080 – 40712121

Website: www.ujjivansfb.in

NOTICE FOR CONVENING 7TH ANNUAL GENERAL MEETING

Notice is hereby given that the 7th Annual General Meeting ("AGM or Meeting") of Ujjivan Small Finance Bank Limited ("Bank") shall be held on Friday, July 28, 2023 at 03:00 PM, IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

ITEM NO. 1

TO RECEIVE, CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE BANK FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023 AND THE REPORTS OF THE BOARD OF DIRECTORS AND AUDITORS THEREON

To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Audited Financial Statements of the Bank for the Financial Year ended March 31, 2023 and the Reports of the Board of Directors and the Auditors thereon as circulated, be and are hereby received, considered and adopted."

ITEM NO. 2

TO DECLARE FINAL DIVIDEND FOR THE FINANCIAL YEAR 2022-23

To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the final dividend of 5% per equity share as recommended by the Board of Directors of the Bank at their meeting held on May 11, 2023, be and is hereby approved and declared for the year ended March 31, 2023."

ITEM NO. 3

TO REAPPOINT MR. SAMIT KUMAR GHOSH (DIN: 00185369), WHO RETIRES BY ROTATION AS A DIRECTOR AND, BEING ELIGIBLE, SEEKS RE-APPOINTMENT

To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, Mr. Samit Kumar Ghosh (DIN: 00185369), who retires by rotation at this Meeting, be and is hereby reappointed as Director (Non-Executive, Non-Independent) of the Bank who shall be liable to retire by rotation.

SPECIAL BUSINESS:

ITEM NO. 4

TO APPROVE THE REAPPOINTMENT OF MS. RAJNI MISHRA (DIN: 08386001) AS AN INDEPENDENT DIRECTOR OF THE BANK

To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the rules, circulars and guidelines issued by the Reserve Bank of India from time

to time, Ms. Rajni Mishra (DIN: 08386001), who was appointed at the Fifth Annual General Meeting as an Independent Director of the Bank up to December 15, 2023 and who is eligible for being re-appointed as an Independent Director and in respect of whom the Bank has received a notice in writing proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Bank, not liable to retire by rotation, for a second term of five consecutive years with effect from December 16, 2023 and up to December 15, 2028 (both days inclusive)."

ITEM NO. 5

TO APPROVE THE REAPPOINTMENT OF MR. RAJESH JOGI (DIN: 03341036) AS AN INDEPENDENT DIRECTOR OF THE BANK

To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the rules, circulars and guidelines issued by the Reserve Bank of India from time to time, Mr. Rajesh Jogi (DIN: 03341036), who was appointed at the Fifth Annual General Meeting as an Independent Director of the Bank up to March 24, 2024 and who is eligible for being re-appointed as an Independent Director and in respect of whom the Bank has received a notice in writing proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Bank, not liable to retire by rotation, for a second term commencing from March 25, 2024 and up to March 12, 2029 (both days inclusive)."

**By Order of the Board of Directors
For UJJIVAN SMALL FINANCE BANK LIMITED**

**Sd/-
Sanjeev Barnwal
Company Secretary and Head of Regulatory Framework**

Place: Bengaluru
Date: June 14, 2023



NOTES:

1. Pursuant to the General Circular numbers 14/2020, 17/2020, 20/2020, 02/2021, 02/2022 dated April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021, May 05, 2022 and December 28, 2022 respectively, issued by the Ministry of Corporate Affairs and Circulars dated May 12, 2020, January 15, 2021, May 13, 2022 and January 05, 2023, issued by the Securities and Exchange Board of India (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold Annual General Meeting ("AGM or Meeting) through Video Conferencing ("VC)/Other Audio Visual Means ("OAVM"), without the physical presence of members at a common venue. Hence, in compliance with the applicable provisions of the Companies Act, 2013 and rules made thereunder read with the Circulars, the AGM of the Bank is being held through VC/OAVM. The deemed venue for the AGM shall be the Registered Office of the Bank.
 2. Final Dividend on the equity shares if approved by the members will be payable to those members who hold shares of the Bank as on Friday, July 14, 2023. Dividend will be paid within 30 days of the declaration.
 3. As per Section 105 of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on a poll in the Meeting instead of himself/herself. Since the AGM is being held through VC/OAVM, the facility for appointment of proxies by the members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.
 4. Participation of members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013.
 5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF/ NRI etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorisation etc. authorising its representative along with attested specimen signature of such representative, to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting or during the AGM. The said Resolution/Authorisation shall be sent to the Scrutiniser by email through its registered email address to cs.skannan@gmail.com /kannans@kannancs.in with a copy marked to corporatesecretarial@ujjivan.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'USFB_EVENT No'.
 6. The Secretarial Auditor's Certificate under Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat
- Equity) Regulations, 2021 and all the applicable registers and other documents referred to in the Notice shall be made available for electronic inspection without any fee to the members from the date of circulation of this Notice up to the date of AGM, i.e. July 28, 2023. Members who wish to inspect such documents are requested to send an email to corporatesecretarial@ujjivan.com mentioning their name, folio no./client ID and DP ID, and the documents they wish to inspect with a self-attested copy of their PAN card attached to the email.
7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote, provided the votes are not already casted by remote e-voting.
 8. In compliance with the Circulars, the Annual Report for the Financial Year 2022-23, the Notice of this Meeting are being sent only through electronic mode to those members whose email addresses are registered with the depository participant(s). Members may also note that the Notice of this Meeting and the Annual Report for the Financial Year 2022-23 will also be available on the Bank's website at www.ujjivansfb.in, website of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of e-voting agency KFin Technologies Limited ("KFin Tech or RTA") at <https://evoting.kfintech.com>.
 9. Pursuant to Regulation 40 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, any request for affecting transfer of securities shall not be processed unless the securities are held in electronic form with a depository except in case of transmission or transposition of securities.
 10. Securities and Exchange Board of India has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their Depository Participant(s).
 11. For any queries relating to financial statement you can write to the Bank at investorrelations@ujjivan.com by July 27, 2023.
 12. Members can avail of the nomination facility in respect of shares held by them in physical form by Filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the RTA of the Bank and members holding shares in electronic form may contact their Depository Participant for availing this facility.

13. Members of the Bank under the category of 'Institutional Investors' are encouraged to attend and vote at the AGM.
14. An Explanatory Statement for agenda Item No. 3, 4 & 5- of this Notice pursuant to Section 102(1) of the Companies Act, 2013, Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard -2 on General Meetings, specified by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs under Section 118(10) of the Companies Act, 2013 is annexed herewith and forms part of this Notice.
15. The resolutions as set out in this Notice are being conducted through e-voting, the said resolutions will not be decided by a show of hands at the AGM.
16. Since the AGM will be held through VC/OAVM, the route map is not attached to this Notice.
17. Those members who have not yet registered their email addresses are requested to get their email addresses registered with their Depository Participant. Please contact your Depository Participant for further assistance in this matter.
18. **Notes on payment of Dividend and Tax Deducted at Source:**
 - a. In terms of Schedule I of the SEBI (LODR) Regulations, 2015, listed companies are required to use RBI's approved electronic mode of payment such as National Automated Clearing House (NACH), National Electronic Fund Transfer (NEFT) and Real Time Gross Settlement (RTGS) for making payments like dividend to the members. Accordingly, members holding securities in demat mode are requested to update their bank details with their depository participants. Members holding securities in physical form may send a request for updating their bank details to the Bank's Registrar and Transfer Agent.
 - b. As you may be aware, in terms of the provisions of the Income-tax Act, 1961, (the "IT Act") as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after April 01, 2020 shall be taxable in the hands of the shareholders. The Bank therefore shall be required to deduct tax at source at the time of the payment of the dividend.
 - c. In order for us to determine the appropriate TDS rate, members are requested to submit the documents in accordance to the provisions of the IT Act, as set out hereunder:

i. **For resident shareholders:** Tax will be deducted at source under Section 194 of the IT Act @ 10% on the amount of dividend payable unless exempt under any of the provisions of the IT Act. However, in case of individuals, TDS would not apply, if the aggregate of total dividend distributed to them by the Bank during FY 2022-23 does not exceed ₹ 5,000.

Tax at source will not be deducted in cases where a shareholder provides Form 15G (applicable to an individual below the age of sixty years) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met.

Blank Form 15G and 15H can also be downloaded from the website of the Bank, at www.ujjivansfb.in

MEMBERS ARE REQUESTED TO NOTE THAT, THE PERMANENT ACCOUNT NUMBER (PAN) WILL NEED TO BE MANDATORILY MENTIONED.

In order to provide exemption from withholding of tax, the following entities must provide a self-declaration as listed below:

- 1) Insurance Companies:** A declaration that they are beneficial owners of the shares held along with a copy of certificate of registration of IRDAI.
- 2) Mutual Funds:** A declaration that they are governed by the provisions of section 10(23D) of the Act along with copy of registration documents (self-attested).
- 3) Alternative Investment Fund (AIF) registered in India:** A declaration that its income is exempt under section 10(23FBA) of the IT Act and they are established as Category I or Category II AIF under the SEBI Regulations. Copy of registration documents(self-attested) should be provided.
- 4) Entities covered by Circular 18 of 2017 issued by the Central Board of Direct Tax:** A declaration containing the following along with supporting a document:

We are an entity covered by Circular 18 of 2017 issued by the Central Board of Direct Tax and our income is



unconditionally exempt under section 10 of the Income Tax Act, 1961 and we are statutorily not required to file return of income under section 139 of the IT Act.

- 5) Department of Government:** such entities will need to provide a declaration stating:

We are a Corporation named _____ <> set up under _____ <<>Act>> whose income is exempt from income tax or can be considered as a 'Government' and qualify under Section 196 of the Income Tax Act, 1961.

- 6) NPS Trusts:** such trusts will need to provide a declaration stating the following along with a supporting document:

We qualify as NPS Trust for the purpose of section 197(1E) of the Income Tax Act, 1961 and our income is eligible for exemption under section 10(44) of the Income-tax Act, 1961.

The Resident Non-Individual Members i.e. Insurance companies, Mutual Funds and Alternative Investment Fund (AIF) established in India and Non-Resident Non-Individual Members i.e. Foreign Institutional Investors and Foreign Portfolio Investors may alternatively submit the relevant forms / declarations / documents stated above through their respective custodian who is registered on NSDL/CDSL platform, on or before the aforesaid timelines.

- ii. For Non-Resident Shareholders:** Tax is required to be withheld in accordance to the provisions of Section 195 and Section 196D of the IT Act at applicable rates in force. As per the relevant provisions of the IT Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable.

However, as per Section 90 of the IT Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if the same is more beneficial to the shareholder.

For this purpose to avail Tax Treaty Benefits, the non-resident shareholder will have to provide the following:

- a. Self-attested copy of Permanent Account Number (PAN Card), if any, allotted by the Indian income tax authorities;
- b. Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is the resident of for the FY 2022-23;
- c. Self-declaration in Form 10F, if all the details required in the form are not mentioned in the TRC;
- d. Self-declaration by the non-resident shareholder of having no permanent establishment in India in accordance with the applicable Tax Treaty;
- e. Self-declaration of beneficial ownership by the non-resident shareholder;
- f. Self-declaration by the non-resident shareholder for eligibility of DTAA rate;
- g. Self-declaration by the non-resident shareholder for no place of effective Management;
- h. Self-declaration by the non-resident shareholders for no business connection;

The Bank is not obligated to apply the beneficial DTAA rates at the time of tax deduction/ withholding on dividend payments. Application of beneficial DTAA rate will depend on the completeness and satisfactory review by the Bank of the documents submitted by the non-resident shareholders.

To enable us to determine the appropriate TDS/ withholding tax rate applicable, we request you to provide the above details and documents not later than **July 21, 2023**.

- iii. Dividend will be paid after deducting the tax at source as under:**

- a. NIL for resident shareholders receiving dividend upto ₹ 5,000 or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN is submitted.

- b. 10% for resident shareholders receiving dividend in excess of ₹ 5,000 in case PAN is provided/available.
- c. 20% for resident shareholders, if PAN is not provided / not available.
- d. Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
- e. 20% plus applicable surcharge and cess for non-resident shareholders in case the aforementioned documents are not submitted.
- f. Lower/ NIL TDS on submission of self-attested copy of the certificate issued under section 197 of the Income Tax Act, 1961.

- g. **Higher TDS rates for non-filers of Income tax return** - TDS on payment of dividend to Specified Person* shall be subject to higher rates under section 206AB of the Act (with effect from July 1, 2021) for Resident Shareholders and Non-Resident Shareholders who have Permanent establishment in India:

The rates of TDS under section 206AB shall be higher of the following:

- twice the rate specified in the relevant provision of the Act (i.e. 20%)
- twice the rate or rates in force; or
- the rate of five per cent.

* Specified Person means a person who satisfies both the following conditions:

- i. has not filed the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under section 139(1) of the Act has expired.
- ii. the aggregate of tax deducted and collected at source exceeds ₹ 50,000 during the immediately preceding financial year.

The Bank would be undertaking verification of the shareholders on the Government enabled online facility and would withhold tax at a

higher rate in the case of Specified Person.

It is to be noted that provisions of section 206AB of the Act are applicable to non-resident shareholders who have Permanent Establishment in India. In this regard, non-resident shareholders who fulfil the criteria of Specified Person (as listed above) are requested to intimate by way of a declaration in specified format to the Bank that they don't have a Permanent Establishment in India. For the purpose of this section, the expression 'Permanent Establishment' includes a Fixed Place of business through which the business of the foreign enterprise is wholly or partly carried on in India.

Kindly note that the aforementioned documents should be uploaded with KFin Technologies Limited, the Registrar and Transfer Agent ("KFintech") at <https://ris.kfintech.com/form15/> or emailed to einward.ris@kfintech.com. You can also email the same to corporatesecretarial@ujjivan.com. No communication on the tax determination / deduction shall be entertained after Friday, July 28, 2023.

In the absence of receipt of the above-mentioned documents/details or completeness of the documents, the Bank shall deduct the tax as per the provisions of Income-tax Act. No claim shall be entertained by the Bank for such taxes deducted.

We also request you to register your email IDs and mobile numbers with the Bank or the RTA at the abovementioned emails.

19. Voting through electronic means

1. Remote e-voting and e-voting during the AGM:

- a. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Bank is providing to its members, facility to exercise their



right to vote on resolutions proposed to be passed at the AGM by electronic means. Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ("remote e-voting"). The members also have the option to cast their votes during the AGM (e-voting), if not casted earlier through remote e-voting. The Bank has engaged the services of KFin Tech as the agency to provide e-voting facility. The manner of voting remotely by members holding shares in dematerialised mode, physical mode and for members who have not registered their email addresses is provided in the instructions given below.

- b. The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting:

09:00 AM, Monday, July 24, 2023 and **End of remote e-voting** will be 05:00 PM, Thursday, July 27, 2023. The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be forthwith disabled by KFin Tech upon expiry of the aforesaid period.

- c. Voting rights of a member / beneficial owner (in case of electronic shareholding) except the Promoter of the Bank i.e. Ujjivan Financial Services Limited shall be in proportion to their share in the paid-up equity share capital as on the cut-off date, i.e. Friday, July 21, 2023.
- d. The Board of the Bank has appointed Mr. S Kannan (FCS: 6261; CoP: 13016) of M/s. S Kannan and Associates, Company Secretaries, Firm No. S2017KR473100, as Scrutiniser to scrutinise the remote e-voting and e-voting process during the AGM in a fair and transparent manner and he has communicated his eligibility and willingness to be appointed as Scrutiniser and given his consent for the same and will be available for the said purpose.
- e. The Result of remote e-voting and e-voting shall be declared within 2 (Two) working days from conclusion of the AGM and subject to receipt of requisite number of votes, the resolutions proposed in the Notice shall be deemed to be passed on the date of this AGM, that is, July 28, 2023.
- f. The Result of voting declared along with Scrutiniser's Report will be published on the website of the Bank at www.ujjivansfb.com.

in and on Service Provider's website at <https://evoting.kfintech.com> within 2 (Two) working days from the conclusion of the AGM and the same shall also be simultaneously communicated to the BSE Limited and the National Stock Exchange of India Limited.

2. Information and instructions relating to remote e-voting and e-voting:

- a. The members can join the AGM through VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned herein. The Facility to join the Meeting shall be kept open throughout the proceedings of the AGM. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Members (Members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- b. The members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on a resolution is casted by a Member, whether partially or otherwise, the Member shall not be allowed to change it subsequently or cast the vote again.
- c. A member can opt for only single mode of voting per EVEN, i.e., through remote e-voting or e-voting during the Meeting. If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) casted at the Meeting shall be treated as "INVALID".
- d. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. July 21, 2023 only shall be entitled to avail the facility of remote e-voting or e-voting. A person who is not a member as on the cut-off date should treat the Notice for information purpose only.
- e. Any person who becomes member of the Bank after dispatch of the Notice of the Meeting and holding shares as on the

- cut-off date may obtain the User ID and password from KFin Tech.
- f. The Bank has opted to provide the same electronic voting system during the Meeting, as used during remote e-voting and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by the members holding shares as on the cut-off date who are attending the Meeting and who have not already casted their vote(s) through remote e-voting.
- g. While all efforts would be made to make the VC/ OAVM meeting smooth, participants connecting through mobile devices, tablets, laptops etc. may at times experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.
- 3. Procedure for Registration of email and Mobile: securities in physical mode**
- Physical shareholders are hereby notified that based on SEBI Circular number: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37, dated March 16, 2023, All holders of physical securities in listed companies shall register the postal address with PIN for their corresponding folio numbers. It shall be mandatory for the security holders to provide mobile number. Moreover, to avail online services, the security holders can register e-mail ID. Holder can register/update the contact details through submitting the requisite ISR 1 form along with the supporting documents.
- ISR 1 Form can be obtained by following the link: <https://ris.kfintech.com/clientservices/isc/default.aspx>
- ISR Form(s) and the supporting documents can be provided by any one of the following modes.
- a) Through 'In Person Verification' (IPV): the authorised person of the RTA shall verify the original documents furnished by the investor and retain copy(ies) with IPV stamping with date and initials; or
 - b) Through hard copies which are self-attested, which can be shared on the address below; or
- | Name | KFIN Technologies Limited |
|-------------|--|
| Address | Selenium Building, Tower-B,
Plot No 31 & 32, Financial
District, Nanakramguda,
Serilingampally, Hyderabad,
Rangareddy, Telangana India -
500 032. |
- c) Through electronic mode with e-sign by following the link: <https://ris.kfintech.com/clientservices/isc/default.aspx#>
- Detailed FAQ can be found on the link: <https://ris.kfintech.com/faq.html>
- For more information on updating the email and Mobile details for securities held in electronic mode, please reach out to the respective DP(s), where the DEMAT a/c is being held.
- 4. Login method for remote e-voting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode:**
- Shareholders other than individual shareholders holding securities in demat mode and shareholders who are holding equity shares of the Bank in physical form, are requested to follow the below instructions for remote e-voting:
- i. Initial password is provided in the body of the e-mail.
 - ii. Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
 - iii. Enter the login credentials i.e. User ID and password mentioned in your e-mail. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your votes.
 - iv. After entering the correct details, click on LOGIN.
 - v. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. You need to login again with the new credentials.
 - vii. On successful login, the system will prompt you to select the EVENT i.e. "Ujjivan Small Finance Bank."
 - viii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution,



- enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN', in which case, the shares held will not be counted under either head.
- ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- x. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- xi. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature
- of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutiniser through email at cs.skannan@gmail.com /kannans@kannancs.in and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'BFL_EVENT No.'
- xii. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin on 1800 309 4001 (toll free).
- 5. Procedure for Login for E-voting and Attending AGM through VC/OAVM for Individual Shareholders holding securities in Demat mode**

In terms of SEBI circular dated December 09, 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 e-Voting facility.

Login method for Individual shareholders holding securities in Demat mode is given below:

Individual shareholders holding securities in Demat mode with National Securities Depository Limited ("NSDL")	<p>A. User already registered for IDeAS facility:</p> <ol style="list-style-type: none">1. Open https://eservices.nsdl.com2. Click on the "Beneficial Owner" icon under 'IDeAS' section.3. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"4. Click on Bank Name or e-Voting service provider and you will be redirected to e-voting service provider website for casting your vote during the remote e-Voting period. <p>B. User not registered for IDeAS e-Services:</p> <ol style="list-style-type: none">1. To register, open https://eservices.nsdl.com either on a Personal Computer or on a mobile.2. Select "Register Online for IDeAS "Portal or click on https://eservices.nsdl.com/SecureWeb/IdeasDirectReq.jsp.3. Proceed with completing the required fields <p>C. By visiting the e-Voting website of NSDL:</p> <ol style="list-style-type: none">1. Open https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.2. Click on the icon "Login" which is available under 'Shareholder/ Member' section3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit Demat account number hold with NSDL), Password/ OTP and a Verification Code as shown on the screen.4. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.5. Click on Bank name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.
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Individual Shareholders holding securities in Demat mode with Central Depository Services (India) Limited ("CDSL")	A. Existing user who have opted for Easi/Easiest <ol style="list-style-type: none"> 1. Click at https://web.cdsindia.com/myeasi/home/login or www.cdsindia.com 2. Click on New System Myeasi. 3. Login with user ID and Password 4. After successful login of Easi / Easiest, Option will be made available to reach e-voting page 5. Click on e-voting service provider name to cast your vote B. User not registered for Easi/Easiest <ol style="list-style-type: none"> 1. Option to register is available at https://web.cdsindia.com/myeasi./Registration/EasiRegistration. 2. Proceed with completing the required fields. C. By visiting the e-Voting website of CDSL: <ol style="list-style-type: none"> 1. Visit at www.cdsindia.com 2. Provide Demat Account Number and PAN No. 3. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the Demat Account. 4. After successful authentication, user will be provided links for the respective e-voting service provider where the e-voting is in progress.
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. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Bank Name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through 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 NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdsindia.com or contact at 022-23058738 or 22-23058542-43.

6. Instructions and Process for participation through VC/OAVM

- i. Members will be able to attend the e-AGM through VC/OAVM or view the live webcast of e-AGM provided by KFin at <https://emeetings.kfintech.com> by using their remote e-voting login credentials and by clicking on the tab "video conference". The link for e-AGM will be available in members login, where the EVENT and the name of the Bank can be selected.
- ii. Members are encouraged to join the meeting through devices (Laptops, Desktops, Mobile devices) with Google Chrome for seamless experience.
- iii. Further, members registered as speakers will be required to allow camera during e-AGM and hence are requested to use internet with a good speed to avoid any disturbance during the meeting.
- iv. Members may join the meeting using headphones for better sound clarity.
- v. While all efforts would be made to make the meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may at times experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.
- vi. Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting the URL <https://emeetings.kfintech.com/> and clicking on the tab 'Speaker Registration' during the period starting from Tuesday, July 25, 2023, 09:00 AM up to Thursday,



July 27, 2023, 05:00 PM. Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM. The Bank reserves the right to restrict the number of speakers depending on the availability of time for the e-AGM. Only questions of the members holding shares as on the cut-off date will be considered.

- vii. A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL <https://emeetings.kfintech.com/>, under the "How It Works" tab placed on top of the page.
- viii. Members who need technical assistance before or during the e-AGM can contact KFin at emeetings@kfintech.com or Helpline: 1800 309 4001.

7. RTA investor support centre

As an ongoing endeavour to enhance Investor experience and leverage new technology, our registrar and transfer agents , KFIN Technologies Limited have been continuously developing new applications. Here is a list of applications that has been developed for our investors.

- **Investor Support Centre:** A webpage accessible via any browser enabled system. Investors can use a host of services like Post a Query , Raise a service request , Track the status of their DEMAT and REMAT request , Dividend status , Interest and Redemption status , Upload exemption forms (TDS) , Download all ISR and other related forms. URL: <https://ris.kfintech.com/clientservices/isc>
- **eSign Facility:** Common and simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and Nomination requires that eSign option be provided to Investors for raising service requests. KFIN is the first RTA which has enabled the option and can be accessed via the link below. URL: <https://ris.kfintech.com/clientservices/isr>
- **KYC Status :** Shareholders can access the KYC status of their folio. The webpage has been created to ensure that shareholders have the requisite information regarding their folios. URL: <https://ris.kfintech.com/clientservices/isc/kycqry.aspx>
- **KPRISM:** A mobile application as well as a webpage which allows users to access Folio details , Interest and Dividend status, FAQs, ISR Forms and full suite of other investor services.
- URL: <https://kprism.kfintech.com/signin.aspx>
- **WhatsApp:** Modern technology has made it easier to communicate with shareholder across multiple levels. WhatsApp has a wider reach today with majority having a know-how of the application. In order to facilitate the shareholders KFIN has now a dedicated WhatsApp number that can be used for a bouquet of services. WhatsApp Number : (91) 910 009 4099

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND SECRETARIAL STANDARD-2 ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA ('ICSI') AND REGULATION 36 OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ("SEBI LISTING REGULATIONS")

ITEM NO. 3

TO REAPPOINT MR. SAMIT KUMAR GHOSH (DIN: 00185369), WHO RETIRES BY ROTATION AS A DIRECTOR AND, BEING ELIGIBLE, SEEKS RE-APPOINTMENT

Background

Mr. Samit Kumar Ghosh is a Director (Non-Executive, Non-Independent) of the Bank and pursuant to the provisions of the Section 152 of the Companies Act, 2013, he is liable to retire by rotation at this Meeting and, being eligible, offers himself for re-appointment as Director (Non-Executive, Non-Independent) of the Bank and he shall be liable to retire by rotation.

Eligibility and Disclosures

Mr. Samit Kumar Ghosh is not disqualified from being appointed/reappointed as Director in terms of Section 164 of Companies Act, 2013. Further, he is not debarred from holding the office as a Director by virtue of any SEBI order or any other such authority.

Detailed Profile

Pursuant to Secretarial Standard-2 specified by the ICSI and Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of Mr. Samit Kumar Ghosh and other information pertaining to his reappointment are given below:

Name of the Director	Samit Kumar Ghosh
DIN	00185369
Date of Birth and Age	December 01, 1949 73 Years
Date of First Appointment on the Board	July 04, 2016
Brief Resume, Qualification, Experience and Nature of Expertise in specific functional areas	Mr. Samit Kumar Ghosh is the Non-Executive Director and Chairman of Ujjivan Financial Services Limited ("UFSL"). He founded UFSL in 2004 and served as its MD & CEO until January 31, 2017. With the approval of the Reserve Bank of India, he was designated and took charge as the MD & CEO of Ujjivan Small Finance Bank Limited effective from February 01, 2017 and he retired on November 30, 2019 from this position on attaining the age of 70 years. He is a career banker with over 30 years of experience in India & overseas with a specialisation in retail banking. He was part of the management team which launched retail banking with Citibank in 1985, Standard Chartered Bank in 1993 and HDFC bank in 1996 and his last employment prior to founding UFSL was in Bank Muscat.
No. of Board Meetings attended during the financial year ended March 31, 2023 as a Director	9
Directorships held in Listed Companies	Ujjivan Financial Services Limited
Listed entities (other than the Bank) in which he holds Committee Membership/Chairmanship	Ujjivan Financial Services Limited Audit Committee Nomination and Remuneration Committee Risk Management Committee IT Strategy Committee
Remuneration last drawn during the financial year ended March 31, 2023	Sitting fees of ₹ 43,75,000 for attending the Board and Board Committee Meetings held during the financial year 2022-23.
Remuneration sought to be paid	Sitting fees as approved by the Board of Directors of the Bank within the limits prescribed under section 197(5) of the Companies Act, 2013
Shareholding in the Bank	Holds 35,47,143 equity shares of the Bank
Relationship with other Directors and Key Managerial Personnel of the Bank	Nil



Recommendation and Interest of Directors/KMPs

Except Mr. Samit Kumar Ghosh, none of the Directors or Key Managerial Personnel of the Bank or their relatives are concerned or interested in the proposed resolution.

The Board of Directors of the Bank recommends the passing of the Resolution at Item No. 3 as an Ordinary Resolution.

ITEM NO. 4

TO APPROVE THE REAPPOINTMENT OF MS. RAJNI MISHRA (DIN: 08386001) AS AN INDEPENDENT DIRECTOR OF THE BANK

Background

Ms. Rajni Mishra is an Independent Director of the Bank appointed by the Board of Directors on December 16, 2020 and by the Members on September 27, 2021 for a period of 3 (three) years.

RBI vide its circular DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 has prescribed that the total tenure of Non-Executive Director, continuously or otherwise, on the board of a bank, shall not exceed 8 (eight) years and after completing eight years on the board of a bank the person may be considered for re-appointment only after a minimum gap of three years.

Accordingly, her first term will be completed on December 15, 2023. The Board in its Meeting held on May 11, 2023, basis the recommendations of the Nomination and Remuneration Committee and based on the performance evaluation, the requirements of the composition of the Board and the areas of expertise prescribed for Directors under the Banking Regulation Act, has approved her re-appointment as an Independent Director with effect from December 16, 2023 and up to December 15, 2028 (both days inclusive) and has recommended the same to the Members.

Eligibility and Disclosures

Ms. Rajni Mishra is not disqualified from being appointed/reappointed as a Director in terms of Section 164 of Companies Act, 2013 and has given her consent to act as a Director of the Bank. She meets the qualification criteria of an Independent Director as prescribed by Section 149 of the Companies Act, 2013 read with relevant Rules and Regulation 16 (1) (b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with relevant amendments. Further, she is not debarred from holding the office as a Director by virtue of any SEBI order or any other such authority.

In the opinion of the Board and based on the declarations submitted by her, Ms. Mishra is considered a person of integrity, has the necessary knowledge, experience and expertise for being re-appointed as an Independent Director. In terms of Section 160 of the Act, the Bank has received a notice in writing from Ms. Mishra proposing her candidature for the office of director on conclusion of her term on December 15, 2023.

Detailed Profile

Pursuant to Secretarial Standard-2 specified by the ICSI and Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of Ms. Rajni Mishra and other information pertaining to her reappointment are given below:

Name of the Director	Ms. Rajni Mishra
DIN	08386001
Date of Birth and Age	January 23, 1957 65 Years
Date of First Appointment on the Board	December 16, 2020
Brief Resume, Qualification, Experience and Nature of Expertise in specific Functional areas	Ms. Rajni Mishra holds Master's Degree in Commerce (Gold Medalist) from M S University, Vadodara. She has been a career banker for nearly four decades, with State Bank of India as well as its Associate Banks where she has handled varied assignments and diverse portfolios, gaining exposure in Branch Administration, Corporate Credit, Forex Treasury, Vigilance, Audit & Inspection etc. In the past, she was the Chairperson and Independent Director on the Board of M/s NCL Buildtek Limited, Hyderabad, a leading manufacturer of building materials and a Group Company of M/s NCL Industries (erstwhile Nagarjuna Cement Limited).

Skills and capabilities required for the role and the manner in which the proposed person meets such requirements	Ms. Mishra brings in a rich banking experience to the Board. She has been the Chairperson of the Risk Management Committee of the Board since February 25, 2021. She also is a member of various other Committees of the Board which includes Audit Committee, CSR Committee. Her contributions during the Meetings have been very valuable. Further basis the performance evaluations carried out since her appointment, the NRC and Board are of the opinion that continuation of her term will benefit the Bank.
No. of Board Meetings attended during the financial year ended March 31, 2023 as a Director	9
Directorships held in Listed Companies	Nil
Listed entities (other than the Bank) in which he holds Committee Membership/Chairmanship	Nil
Remuneration last drawn during the financial year ended March 31, 2023	Sitting fees of ₹ 34,50,000 for attending the Board and Board Committee Meetings held during the financial year 2022-23.
Remuneration sought to be paid	Sitting fees as approved by the Board of Directors of the Bank within the limits prescribed under section 197(5) of the Companies Act, 2013
Shareholding in the Bank	Nil
Relationship with other Directors and Key Managerial Personnel of the Bank	Nil

Recommendation and Interest of Directors/KMPs

Except Ms. Rajni Mishra, none of the Directors or Key Managerial Personnel of the Bank or their relatives are concerned or interested in the proposed resolution.

The Board of Directors of the Bank recommends the passing of the Resolution at Item No. 4 as a Special Resolution.

ITEM NO. 5

TO APPROVE THE REAPPOINTMENT OF MR. RAJESH JOGI (DIN: 03341036) AS AN INDEPENDENT DIRECTOR OF THE BANK

Background

Mr. Rajesh Jogi is an Independent Director of the Bank. He was appointed as an Additional Director (Non-Executive Non-Independent) by the Board of Directors on March 13, 2021 as at that time he was also a Director on the Board of the Bank's Holding Company, Ujjivan Financial Services Limited (UFSL). Mr. Jogi resigned from his directorship position in UFSL on August 22, 2021 and as he complied with criteria of independence prescribed by the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, he was re-categorised as an Additional Director (Independent) by the Board of the Bank on August 25, 2021. His appointment as an Independent Director was further approved by the Members on September 27, 2021 for a term up to March 24, 2024.

RBI vide its circular DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 has prescribed that the total tenure of Non-Executive Director, continuously or otherwise, on the board of a bank, shall not exceed 8 (eight) years and after completing eight years on the board of a bank the person may be considered for re-appointment only after a minimum gap of three years.

Accordingly, his first term will be completed on March 24, 2024. The Board in its Meeting held on May 11, 2023, basis the recommendations of the Nomination and Remuneration Committee and based on the performance evaluation, the requirements of the composition of the Board and the areas of expertise prescribed for Directors under the Banking Regulation Act, has approved his re-appointment as an Independent Director for a second term commencing from March 25, 2024 and up to the last date when he completes 8 years on the Board i.e. March 12, 2029 (both days inclusive) and has recommended the same to the Members.

Eligibility and Disclosures

Mr. Rajesh Jogi is not disqualified from being appointed/reappointed as Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as a Director of the Bank. He meets the qualification criteria of an Independent Director as prescribed by Section 149 of the Companies Act, 2013 read with relevant Rules and Regulation 16 (1) (b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with relevant amendments. Further, he is not debarred from holding the office as a Director by virtue of any SEBI order or any other such authority.



In the opinion of the Board and based on the declarations submitted by him, Mr. Jogi is considered a person of integrity, has the necessary knowledge, experience and expertise for being re-appointed as an Independent Director. In terms of Section 160 of the Act, the Bank has received a notice in writing from Mr. Jogi proposing his candidature for the office of director on conclusion of his term on March 24, 2024.

Detailed Profile

Pursuant to Secretarial Standard-2 specified by the ICSI and Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of Mr. Rajesh Jogi and other information pertaining to his reappointment are given below:

Name of the Director	Mr. Rajesh Jogi
DIN	03341036
Date of Birth and Age	March 04, 1968 55 Years
Date of First Appointment on the Board	March 13, 2021
Brief Resume, Qualification, Experience and Nature of Expertise in specific functional areas	Mr. Rajesh Jogi brings rich work experience of 27 years in the Banking Industry with a focus on risk management. He last worked with the Natwest Group (erstwhile RBS Group) where he led key strategic projects and transformation. He was the Chief Risk Officer, India of the Royal Bank of Scotland and subsequently the Country Head of Risk, India for the Group. He is also a Non-Executive Director on the Board of few other companies. He holds a Bachelor of Arts degree in Economics and is a Fellow member of the Institute of Chartered Accountants of India. He also attended the Advanced Management Program from the Harvard Business School in Boston.
Skills and capabilities required for the role and the manner in which the proposed person meets such requirements	Mr. Jogi is the Chairperson of the CSR Committee and a member of various Committees of the Board such as Audit Committee, Risk Management Committee, Nomination & Remuneration Committee, IT Strategy Committee amongst others. His contributions during the Meetings have been very valuable. Further basis the performance evaluations carried out since his appointment, the NRC and Board are of the opinion that continuation of his term will benefit the Bank.
No. of Board Meetings attended during the financial year ended March 31, 2023 as a Director	9
Directorships held in Listed Companies	Nil
Listed entities (other than the Bank) in which he holds Committee Membership/Chairmanship	Nil
Remuneration last drawn during the financial year ended March 31, 2023	Sitting fees of ₹ 37,00,000 for attending the Board and Board Committee Meetings held during the financial year 2022-23.
Remuneration sought to be paid	Sitting fees as approved by the Board of Directors of the Bank within the limits prescribed under section 197(5) of the Companies Act, 2013
Shareholding in the Bank	Nil
Relationship with other Directors and Key Managerial Personnel of the Bank	Nil

Recommendation and Interest of Directors/KMPs

Except Mr. Rajesh Jogi, none of the Directors or Key Managerial Personnel of the Bank or their relatives are concerned or interested in the proposed resolution.

The Board of Directors of the Bank recommends the passing of the Resolution at Item No. 5 as a Special Resolution.

By Order of the Board of Directors

For UJJIVAN SMALL FINANCE BANK LIMITED

Sd/-

Sanjeev Barnwal

Company Secretary and Head of Regulatory Framework

Place: Bengaluru

Date: June 14, 2023



Ujjivan Small Finance Bank Limited

Registered Office

Grape Garden, 3rd "A" Cross,

18th Main, 6th Block,

Koramangala,

Bengaluru - 560 095

www.ujjivansfb.in

Write to us at: ujjivan.blr@ujjivan.com