



UJJIVAN SMALL FINANCE BANK

Build a Better Life

USFB/CS/SE/2022-23/40

Date: August 11, 2022

To,

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, C-1, Block G, Bandra Kurla
Complex, Bandra (E)
Mumbai – 400 051

BSE Limited
Listing Compliance
P.J. Tower,
Dalal Street, Fort,
Mumbai – 400 001

Symbol: UJJIVANSFB

Scrip Code: 542904

Dear Sir/Madam,

Sub: Submission of Annual Report for the Financial Year 2021-22

Further to our Letter bearing reference number USFB/CS/SE/2022-23/35 dated July 26, 2022 and pursuant to Regulation 33 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the copy of Annual Report for the Financial Year 2021-22 along with the Notice of 6th Annual General Meeting of members of the Bank.

The copy of the Annual Report and Notice of the 6th AGM shall be available on the website of the Bank at www.ujjivansfb.in.

This intimation shall be available on the Bank's website at www.ujjivansfb.in.

We request you to take note of the above.

Thanking You,

Yours faithfully,

For UJJIVAN SMALL FINANCE BANK LIMITED

Sanjeev Barnwal
Company Secretary and Head of Regulatory Framework

Encl: Annual Report for FY 2021-22

18002082121

www.ujjivansfb.in

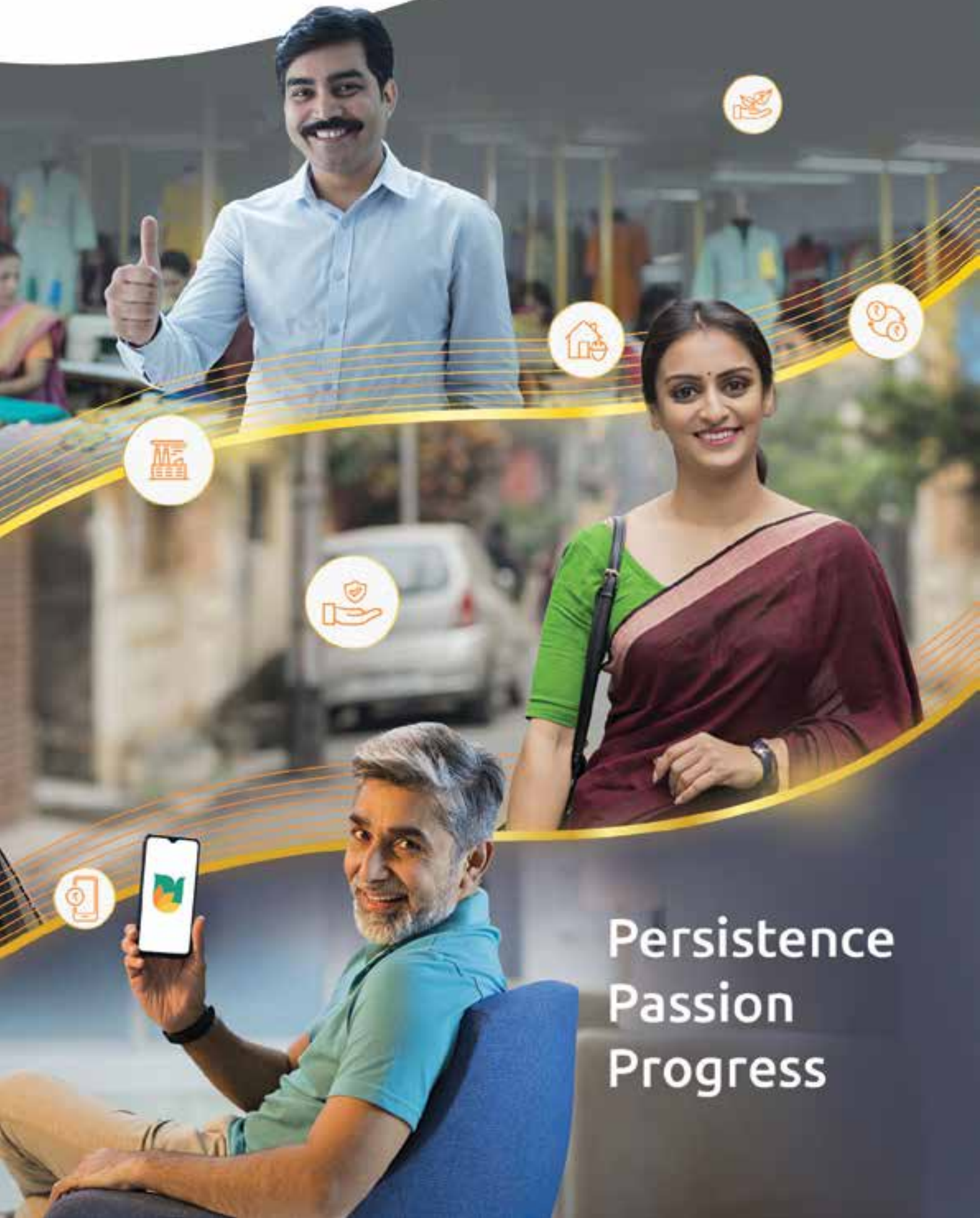
customercare@ujjivan.com



UJJIVAN

UJJIVAN SMALL FINANCE BANK
Build a Better Life

Annual Report 2021-22



**Persistence
Passion
Progress**

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Persistence Passion Progress

Ujjivan Small Finance Bank's (Ujjivan SFB) story continues to rest on the fundamentals of persistence, passion and progress, sometimes against all odds. The recent challenges notwithstanding, we have demonstrated resilience and have embarked on a journey towards a sustainable future, building liquidity buffers, improving asset quality, and driving responsible growth. What remains unaltered is our passion to fuel the aspirations of our customers while contributing to India's financial inclusion agenda.

Our persistence towards goal-oriented performance has led us to expand our suite of relevant products, powering our delivery platforms to cater to our customers' needs and make banking easy and user-friendly. We have worked relentlessly to keep serving customers, and meeting their requirements. We have re-emphasised the critical importance of ensuring financial stability and overall wellbeing.

Our promise of long-term value creation stands firm, and as a responsible banking partner, our goals are well-aligned with the progress of our employees, business partners, customers, regulators, government and communities.



₹4,759 CR
Secured loan portfolio



10,662
Employees trained



6,500
Leads generated per month (phone banking)



Report Card for FY 2021-22

Demonstrating a turnaround in H2 FY 22

Financials

₹23,604 CR

Balance Sheet

(↑ 16% y-o-y)

₹14,113 CR

Size Disbursements

(↑ 68% y-o-y)

₹18,162 CR

Total Gross Advances

20% Increase
(₹15,140 Cr in FY 2020-21)

₹18,292 CR

Total Deposits

39% Increase
(₹ 13,136 Crores in FY 2020-21)

₹9,921 CR

Retail Deposits

59% Increase
(₹ 6,242 Crores in FY 2020-21)

₹3,126 CR

Total Income

1% Increase
(₹3,108 Crores in FY 2020-21)

₹1,774 CR

Net Interest Income

3% Increase
(₹1,729 Crores in FY 2020-21)

7.1%

Gross NPA

0.61%

Net NPA

-232 Basis Points Decrease
(2.93% in FY 2020-21)

92%

Provision Coverage Ratio

3,200 Basis Points Increase
(60% in FY 2020-21)

72%

Cost Income Ratio

8.8%

Net Interest Margin (NIM)

18.99%

Capital Adequacy Ratio (CAR)

Assets

- After a muted first half due to the second COVID wave, business revived in the second half of the fiscal, with the implementation of the two 100-day plans. Collections improved, leading to better credit parameters; disbursement and deposit mobilisation picked up pace, and attrition stabilised.
- We retained our primary focus of lending to existing customers with good repayment track record, while customer acquisition gradually built up in promising geographies.
- Our loan book grew steadily across segments: affordable housing business book grew by 33%, with the total number of customers crossing 30,000 during the year; MSE loans grew by 33%, and financial institutions lending grew by 32%.
- New products like term loan, overdraft and cash credit facility, were launched under the Credit Guarantee Trust for MSE scheme (CGTMSE); and cash credit/OD facilities were introduced for FIG customers.

Digital

- Expanded the capabilities of the API stack base to cater to a wider range of use cases from the fintech industry, with the total number of APIs standing at 169.
- Digital penetration has increased steadily with 16.4 Lakhs of unique customers registered on our mobile banking and UPI platforms, as on March 2022. We had 5 lakh+ unique customers in FY22.
- Launched Ujjivan Pay QR solution for merchants.
- Further strengthened digital collection network by Partnering with "Spicemoney" to further strengthen our already strong digital collection network. 18% of collection were made digitally during FY22.

Deposits

- Deposits book recorded 39% y-o-y growth. Of this, retail deposits witnessed significant growth, closing at ₹9,921 Crores, constituting 54% of total deposits accumulated till March 31, 2022.
- CASA grew by 85% y-o-y, closing at 27% of the total deposit book as on March 31, 2022.
- Institutional business, comprising deposits from financial institutions, along with trusts, associations, societies and clubs (TASC) grew by 21% y-o-y.
- New, customer-friendly products were launched including the Classic Savings Account, which offers a higher cash deposit limit and free unlimited withdrawal at any Ujjivan SFB branch, and also 'BusiMoni OD,' a collateral free overdraft facility for the Current Account holders.

People

- Certified as a Great Place to Work for 12th year in a row; and One of the Best in SFB segment.
- 'Doctor on Call' and 'Doctor on Premise' services were extended to employees to ensure that proper advice was easily accessible.
- Launched Ujjivan Sanjeevani Kavach, a vaccination drive to protect the community members in the geographies we operate; vaccinated 80,000+ beneficiaries through our branch-led camps in association with local government authorities.

COVID Response Measures

Quick Response Team (QRT), which acted as the Bank's COVID taskforce, reviewed the latest government guidelines and evolving situations at our branches and other offices, and released advisories to ensure that there was full compliance, with applicable guidelines and local rules.

Passion

At Ujjivan SFB, passion drives performance, and remains the overarching principle behind all the business functions. Whether it is being customer-centric, or driving sustained outcomes and progress through strategic actions, and designing welfare initiatives for communities, the precursor lies in operating with uncompromising passion.

Expanding Reach and Impact



575
Banking outlets



248
Districts across
24 states and
UTs



64.8L
Customer base



492
ATMs



16,895
Workforce

Corporate Identity

Helping India Realise Aspirations

With renewed determination and vigour, we are focused on serving the financial aspirations of our customers. We offer them a comprehensive range of relevant products and services, helping them grow their savings and fulfill their dreams.

We are expanding our presence by using technology as a great facilitator. With continued focus on strengthening our digital interface, we are empowering the unserved and under-served customers. We are further deepening our customer connect

through financial and digital inclusion programmes. As a responsible banking institution, we stay invested in creating a sustainable social impact through community development and financial literacy initiatives.



Mission

To provide financial services to the unserved and under-served customers and transform to a mass market bank

Our differentiators

- Diversified product mix
- Strong digital backbone
- Well-equipped and energised team
- Strong positioning as a bank that positively impacts society
- Sound risk management
- Experienced leadership team
- Good governance



Values

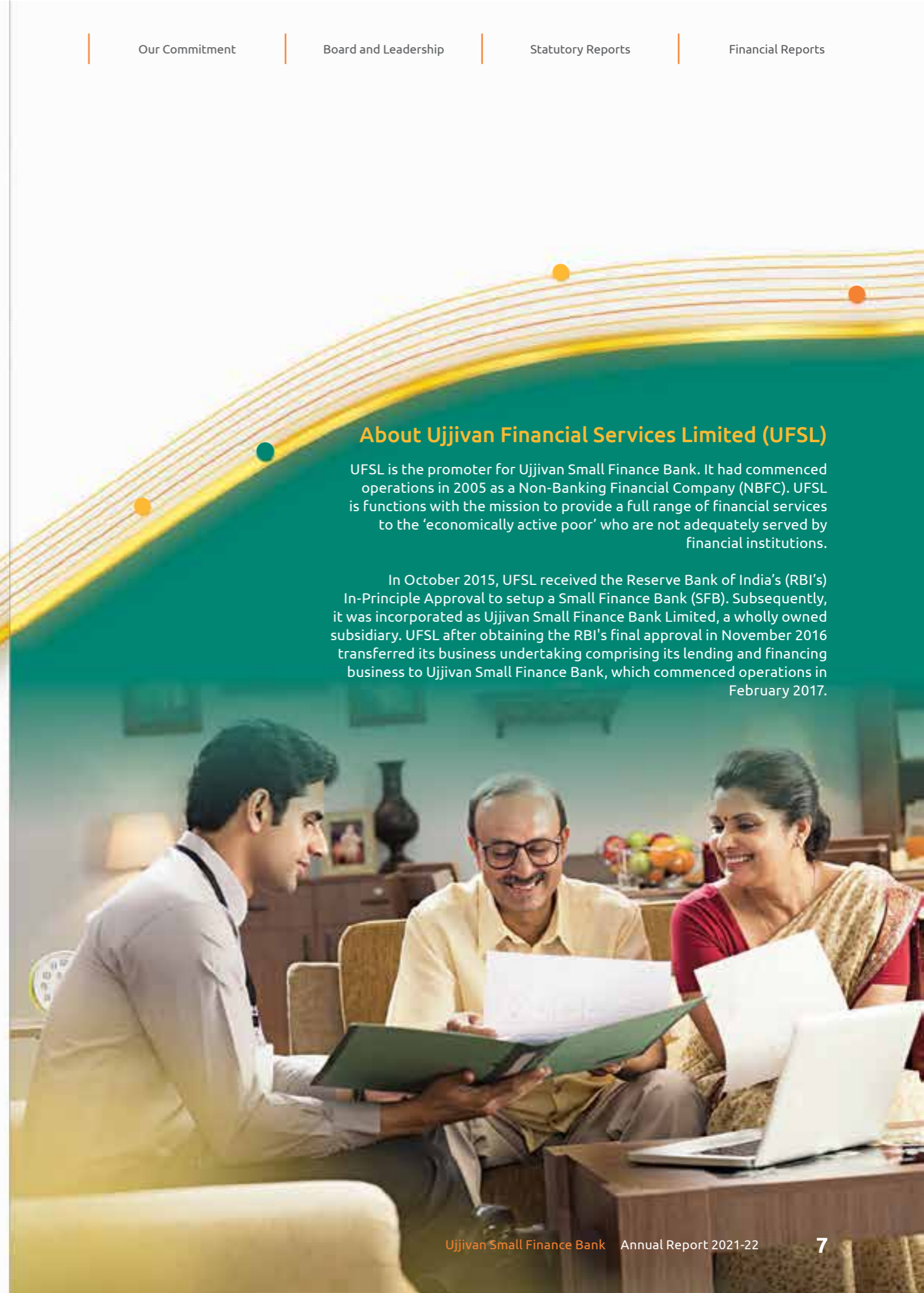
We have the scale, capability and the commitment to emerge as a best-in-class institution with deeply embedded values and culture, which shape all our actions.

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

About Ujjivan Financial Services Limited (UFSL)

UFSL is the promoter for Ujjivan Small Finance Bank. It had commenced operations in 2005 as a Non-Banking Financial Company (NBFC). UFSL is functions with the mission to provide a full range of financial services to the 'economically active poor' who are not adequately served by financial institutions.

In October 2015, UFSL received the Reserve Bank of India's (RBI's) In-Principle Approval to setup a Small Finance Bank (SFB). Subsequently, it was incorporated as Ujjivan Small Finance Bank Limited, a wholly owned subsidiary. UFSL after obtaining the RBI's final approval in November 2016 transferred its business undertaking comprising its lending and financing business to Ujjivan Small Finance Bank, which commenced operations in February 2017.

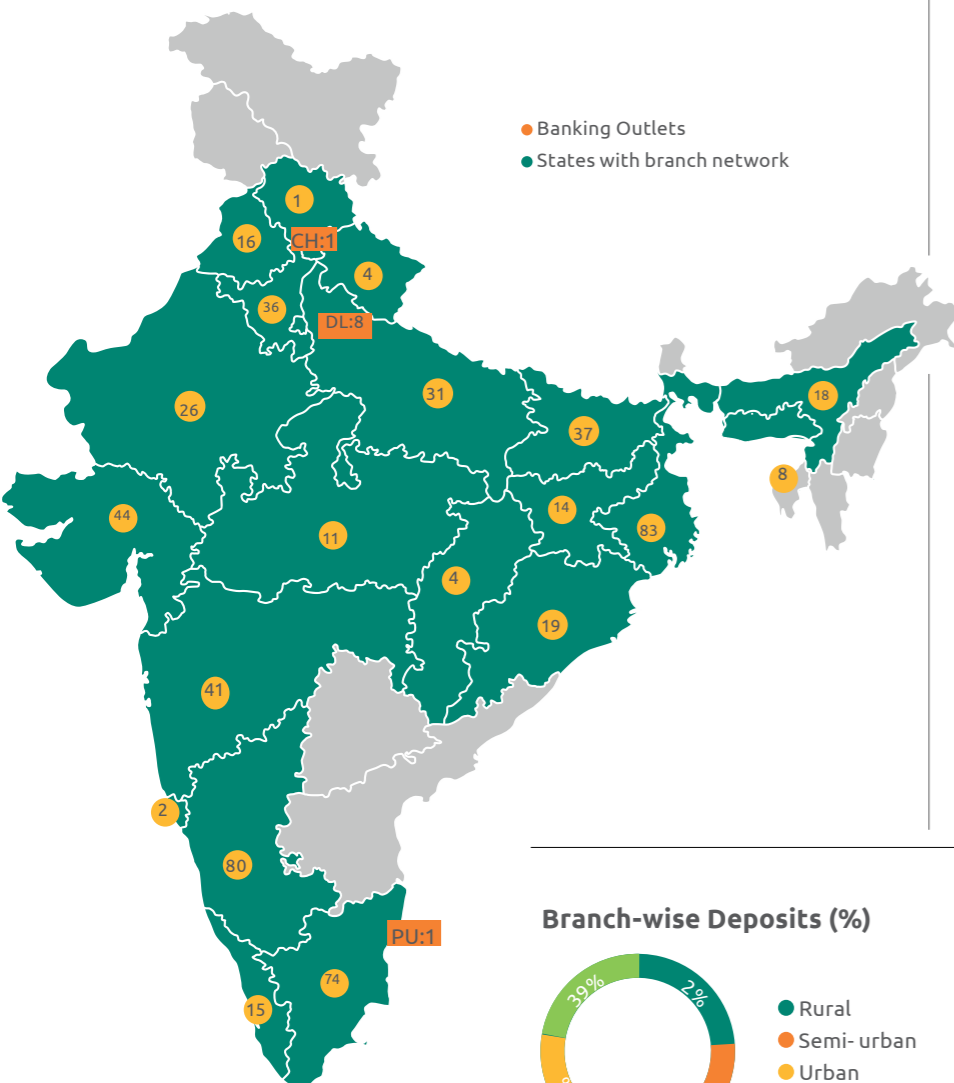


Phygital Reach

Reaching Farther, Serving Better

As one of the largest small finance banks in the country, we strive to offer financial means to remote, untapped potential, and bring unserved and under-served customers within the boundaries of formal banking.

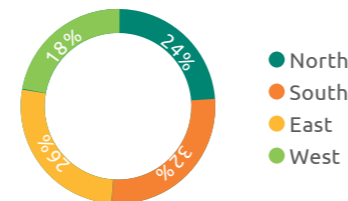
Physical Presence



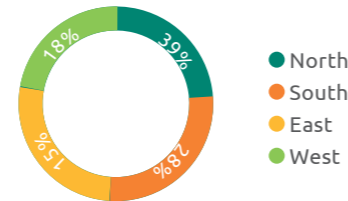
Expanding our Reach (Nos.)



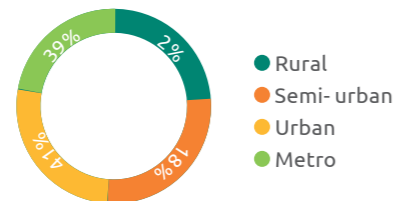
Region-wise Gross Advances (%)



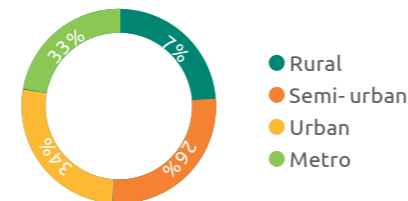
Region-wise Deposits (%)



Branch-wise Deposits (%)



Branch-wise Gross Advances (%)



Digital Presence



Personal and Business Internet Banking

- Web-based platform(s) that can be accessed from any system
- Offers high-volume bulk upload facility
- Facilitates customisable client-centric approval matrix

1.1+ LAKH*
Personal internet banking customers^

3,000+
Business internet banking customers^



Mobile Banking Application

- Available in Android and iOS operating systems
- Available in nine languages – English, Hindi, Kannada, Tamil, Bengali, Marathi, Gujarati, Punjabi and Odia
- Working on voice- and video-enabled customer interfaces especially targeted to increase digital penetration among semi-literate customers

10.44 LAKHS*
Mobile banking application users^

3.8/5*
Rating on Google Playstore



Phone Banking

- 24x7 assisted banking services to customers in-house
- Servicing customers in 9 languages in IVR (English, Hindi, Kannada, Tamil, Bengali, Malayalam, Marathi, Gujarati, and Punjabi) and additionally, 5 Languages through human interaction (Telugu, Odia, Assamese, Nepali, Bhojपुरi)
- Service and sales campaign management for business
- Enhancements, introduction of straight-through process
- Digitisation through IVR self-service option for customers

24X7
customer service even during pandemic situation

9.5 LAKHS
Customer calls answered during FY 2021-22

4%
Increase in lead generation y-o-y

*As of March 31, 2022 | ^ Inception till date

Expanding Transaction Touchpoints

ATMs and ACRs

We have significantly increased the number of touchpoints in terms of ATM and ACRs. The Bank currently has 438 ATMs and 54 Auto Cash Recyclers (ACRs) across India. Ujjivan SFB has remained at the top among all peer banks, in terms of volumes of ATM transactions, with a high ATM uptime of ~98%. We also provide multilingual screens, Braille keypads for visually challenged customers and also ramp facilities for the specially-abled people, another first among peer banks. ACRs deployed at the Bank's branches account for ~40% of the deposit transactions at these branches, and ~80% of our customers use the ATM to withdraw cash.

Money Mitra (partner touch-points for collection)

Our phygital touchpoints like Money Mitra play a very crucial role in building both, trust and ease-of-use for the customers. Face-to-face interactions with the BCs help in brand building, fostering cross-selling and improving transaction efficiency. With over 200 Money Mitras deployed, the Bank is increasing its footprint through these BCs across various geographies. FY 2021-22 was a pilot run for the Money Mitra functionalities, who demonstrated remarkable spirit and successfully served more than 2 Lakh customers, resulting in loan repayments of about ₹147 Crores.

Debit Card

Ujjivan SFB is the largest Debit Card issuer among its industry peers, with a card base of totalling 7 Million users. In FY 2021-22, debit cards contributed to over 30 Million transactions, which is 24% of the Bank's total transactions, and the highest volume achieved since inception. This year, we have also made headway towards making our cards eligible for overseas transactions, and moved closer to becoming a Near Field Communication (NFC) Debit Card for contactless POS terminal transactions.

Products and Services

Diverse Offerings for Evolving Needs

We offer one of the widest varieties of banking and financial products and services, and address multiple needs of our customers for financial stability and wealth creation.

Assets



Micro Banking and Rural Banking Products

- Group Loans
- Individual Loans
- Top-up Loans – GL
- Agriculture and allied loans (Kisan Suvidha Loan, Kisan Pragati Card)
- Gold Loan
- Street Vendor Loan (PM SVANidhi)
- OD on Current Account
- Guaranteed Emergency Credit Line (GECL)

₹12,344 CR

Asset Book

51.6 LAKHS

Customer Base



Affordable Housing Products

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

₹2,734 CR

Asset book

30.4K

Customer Base



Micro and Small Enterprises (MSE) Products

- 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 MSE Scheme
- Navnirman Loans (GECL)

₹1,710 CR

Asset Book

16.0K+

Customer Base



Vehicle Loans Products

- Two-wheeler Loan
- Mini and Micro Commercial Vehicle (MMCV)
- Used Car Loan

₹162 CR

Asset Book

25.5K

Customer Base



Financial Institutions Group Products

- Term Loan to NBFCs and MFIs
- Working Capital Products (CC/OD/WCDL)

₹855 CR

Asset Book

37

Customer Base

Liability



Retail Products

- Current Account
- Savings Account
- Term Deposit
- Goal Based Deposits
- Digital Savings and Fixed Deposits
- Busimoni OD

₹9,921 CR

Deposit Base

62 LAKHS+

Customer Base



Institutional Products

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

₹8,371 CR

Deposit base

700+

Customer base

Third-party Products



Life insurance

Partners

- Bajaj Allianz Life Insurance
- Aditya Birla Sun Life Insurance
- HDFC Life Insurance

Offerings

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

40 LAKHS

Lives Insured



General Insurance

Partners

- ICICI Lombard General Insurance
- Bajaj Allianz General Insurance

Offerings

- Motor, Property, Home Content
- Personal Accident

45.4K

Asset/Lives Secured



Health insurance

Partners

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

Offerings

- Hospital Daily Cash
- Health Indemnity/ Family Floater

1.0 LAKH

Lives Secured through Health Insurance

Phone Banking

Banking That is Just a Call Away

The phone banking support team helps to give shape to the Bank's promise of providing convenient and accessible banking. During the pandemic, when personal movement was restricted and localised lockdowns were underway, the phone banking service came as a boon for our customers. Standing steadfast on our mantra of "One Bank One Ujjivan" the Phone Banking Channel served customers 24/7 in 9 languages with 9.5 Lakhs customer calls answered.



The nature of calls handled included queries, requests, complaints as well as, lead generation, with service standard levels at 89.60% and an uptime of above 99%. Our intrabank-service index scores were 4.5 against a benchmark of 5 points.

We continue to follow the 'Universal phone banker' method (all officers are trained to handle any call that comes in) of answering calls of our customers and the gender balance in our phone banking team is at a 50:50 ratio with employees having multi-lingual abilities to serve our customers.

Safe and Convenient Banking

During the pandemic, our impetus was on providing a banking experience that was simple and prompt and this was done through the implementation of the concept of 'Straight Through Processes'. This enabled our customers to carry out critical account-related transactions with complete security, with transactions such as freezing of accounts, blocking and unblocking of UPI services, stop payment of cheques, enablement and disablement of internet banking access, registration and disabling of mobile banking, hot-listing of a debit card, change of e-mail ID and mobile number all available via phone banking's 'Straight Through Process' approach.

By bringing in these services our 'First Call Resolution' score stood at 92% during FY 2021-22 giving customers a sense of satisfaction and ease of banking with us.

Customer Self-service – IVR

The introduction of the Interactive Voice Response (IVR) self-service in May 2021 further added to our customers' seamless digitised banking experience with services like card blocking, account balance checking and mini statement generation enabled without any human interaction. This helped to move digital banking to the next level – from assisted to the self-service mode. 95% of the customers successfully transacted through self-service option in Interactive Voice Response (IVR) by customers.

Contribution to Business

The Phone Banking team puts its best foot forward in order to support business and value generation for the bank by sourcing all products (assets and liabilities) through our Inbound and Outbound channels. An average of 6,500 leads are generated per month which further leads to a potential average value realisation of ₹47 Crores month-on-month, moving us to a total of ₹575 Crores in total as on date. Our conversion rate currently stands at an average of 15% with a target of moving this up to 30%. The asset portfolio has shown a growth trajectory compared to the previous financial year by 175%.

6,500

Leads generated per month

₹47 CR

Potential average value realisation of month-on-month

Customer Connect

Customer Connect campaigns like Customer Satisfaction Surveys, Welcome Calls for Liability and Asset products were carried out to obtain Customer Feedback and requirements. The feedback was used by the business/products team to learn, absorb and design suitable products and services.

Close to 73,000 customers were reached through the phone banking unit, out of which 56% responded to our calls and shared their feedback.

Continuing on the path of delivering excellent customer experience, we intend to bring in services that will enable customers to enjoy banking with us at their convenience. These services include:

- Chat and email support
- Video KYC
- Enhanced and easy-to-use IVR,
- Customer Feedback Mechanism

Customer Service

Adopting a Customer-First Approach

Superior customer experience and top-notch quality of service are imperative for fostering a sustainable relationship between the Bank and the customers. Our ultimate service and quality yardstick is best described by Ujjivan SFB's objective to 'deliver exceptional service to our customers, by instilling service culture in our people, process, and policy, enabled by technology'.

In order to drive this practice, the Bank has established a dedicated Service Quality department, which channels the programmes around customer experience management, quality assurance, customer care and grievances resolution, and customer service compliance, among others.

Customer Experience

The experience of customers across the journey through products, services and touch points determines longevity of their relationship with the Bank. Various observations and data on customer behaviour, including feedback received from customers, were effectively used for driving the Bank's customer service programs. Ujjivan SFB has developed unique campaigns to deliver superior customer experience, such as merchant QR code, and On-field mobile number updation, in addition to conducting service quality training programs for the staff. The Ujjivan Pay QR code was launched in February 2022, and distributed to over 32,000 micro banking customers. The facility will help customers digitise their income

without the hassle of traveling to the Bank to deposit cash proceeds of their business. The facility to update mobile number through hand-held devices through OTP verification at customer's doorstep, shall help reduce dependency on branch visits for banking requirements.

Some of our customer experience programmes:

Lending an Ear to Customers

On the backdrop of the pandemic, the 'Listening to Customers' programme was initiated in FY 2020-21 by various businesses, to virtually connect with customers, and seek their feedback/suggestions on our products, process, service and delivery channels. During the current financial year, virtual sessions were held, which were attended by customers across geographies and the senior management of the Bank. The feedback provided by customers during the sessions was analysed and addressed.

The Customer Experience unit under the Service Quality department continuously gathers customer feedback through various programs, such as C-SAT surveys, monthly customer service meeting at branches, and the 'Let's Connect' initiative, to mention a few. The customers of various categories, such as business community, senior citizens and micro-banking customers were contacted for their feedback, challenges, and recommendations. These communication and feedback platforms were also used to make customers aware of the alternative channels made available for fulfilment of their service requirements, without having to physically visit the branches. During the year, feedback was collected from more than 43,000 walk-in customers.

Life Events-based Banking Services

When customers go through certain life events, both good and bad, their banking service needs are unique and complex, requiring

consideration, efficiency, and support. The Bank has successfully been running a campaign, designed as 'Ajeevan', 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, and priority services to senior citizens and specially-abled customers. Due to the focused efforts, 86% of service requests were resolved within specified timelines during the year, demonstrating improvement from 79%, compared to previous year.

Extending Care During Pandemic

As the pandemic brought many challenges to our customers, especially those among lower income group families, the settlement of insurance claims of the deceased borrowers has severely been affected, due to delay in obtaining documents from local authorities, restrictions on people's movement from series of lockdowns and public offices, working with limited staffing. Ujjivan SFB has launched a special campaign to train its branch staff on assisting the families of deceased customers in document collection, and also fast-tracking the claim process. The staff was motivated to give priority for these services through the rewards and recognition programme. The progress in insurance claim settlements has been reviewed by the senior management at cross-functional

forums. As a result of this special campaign, overall claims settlements have increased by 50% to 19,110 during the second half of the year, from 12,709 in the first half.

Special Attention to Senior Citizens

Our branches are sensitised on various services that need to be catered across life events of customers. Senior citizens are included as an integral part of our 'Let's Connect' programme to address their concerns, obtain feedback, and to make them aware about services, such as doorstep banking facility, nomination facility, adding/deleting a joint account holder, appointing a mandate holder, and deceased claim settlement, among others. All the branches have a dedicated desk to attend to senior citizens.

Prioritising Quality Assurance

The Quality Assurance team has defined service standards for each business, incorporating key service aspects that impact the quality-of-service delivery, and customer satisfaction. The Bank's Board and management forums periodically review the progress made on the service quality goals, and provide oversight. Further, the service quality goals are

part of the key job responsibilities of the staff, right from the heads of the functions, to sales and service staffs at the ground. The team also works towards proactively identifying process gaps, assessing incident impact, and fixing them through standard incident handling mechanisms.

Prompt Grievance Redressal Mechanism

The Grievance Redressal vertical of service quality department has developed a comprehensive management process for handling complaints end-to-end, keeping customer satisfaction as the primary goal. While the customer acquisition and digital transaction volumes have grown multifold in last three years, the number of complaints in FY 2021-22 have reduced by 15% and 38% respectively, as compared to FY 2020-21 and 2019-20. The Grievance Management team not only manages all customer complaints received through the various channels, but also ensures the quality of complaints resolved, by making calls to complainants. Post resolution of complaints, we reached out to over 18% complainants to ensure completeness of resolution, and sought feedback on the grievance redressal mechanism. Various systemic changes have been made during the year, which shall aid in quality and timely resolution of customers' grievances.

Customer Service

Testimonials that motivate us



"We deal in high-value exotic fruits with low shelf life. For us, prompt availability of working capital is very important. Earlier, we were struggling to provide timely deliveries due to working capital shortage. After availing of the business loan provided by Ujjivan, we have been able to streamline our working capital requirements and meet the demands of clients like Reliance Fresh, Dmart etc. in a better way"

- Imamuddin Khan owner of K B International, Mumbai (trader in exotic fruits)

"We started our business of branded readymade garments seven years ago. While we had plans to open another store, lack of funds was a major roadblock. Now thanks to the loan from Ujjivan, my dream of opening a store at a prime location (in Kalyan) has finally materialised.

Our monthly turnover has increased and so have the profits. This would not have been possible without the splendid support provided by the team at Ujjivan"

-Mr H Nandu, owner of SHE (Store for designer apparel), Thane



"We supply plywood to reputed clients like Greenlam and Century Prowud MDF. Therefore, having a seamless and convenient banking experience is critical for our business. Ujjivan SFB has been the perfect banking partner for us.

Whenever we have needed funds, our loans have been processed in a hassle-free manner. With such seamless banking service, we do not have to worry about timely availability of funds and can focus on our business."

-Sunil Jangid (plywood trader), Jaipur

"When I started my textile business with a small investment, I had an extremely ambitious four-year plan in mind. But with Ujjivan's help, I was able to grow revenues by 40% in just two years and also implement the plan that I had. Today we supply our products to major e-commerce websites.

I had approached other banks for a business loan during my initial years as an entrepreneur, but they did not process my application as the turnover was low. However Ujjivan's staff did not turn me away. They ensured that loan disbursement was seamless and quick. Ujjivan has played a key role in my success journey as an entrepreneur"

-Karthikeyan owner of Ahill Fashion Textile INC(textile manufacturer), Coimbatore



"I always dreamt of having my own house and this dream was fulfilled thanks to Ujjivan. My home loan was processed and serviced in a smooth, hassle-free way, and the staff was very friendly, courteous and responsive.

After availing the home loan, I have also opened a savings account and FD with Ujjivan, as I believe that these will help me in fulfilling my family's needs in the future"

- Rajesh Shendge, owner of a laundry store, Pune



"We started our small rubber business eight years ago. We have been able to successfully scale up and achieve a turnover of ₹10 Crores due to the unstinting support provided by Ujjivan SFB. Today, we supply rubber products to clients scattered across various states like Delhi, Gujarat, Kerala and Punjab.

Our relationship with Ujjivan began with a current account, then we opened a savings account and also took a business loan. Ujjivan's specialised Business Net Banking and convenient RTGS and NEFT features really made a difference to our operations. I do not have words to express how grateful I am for the support that Ujjivan has provided."

Mr Bikash Mahajan, owner of Mahajan Rubber (manufacturer of rubber products), Agartala, Tripura



Marketing Engagements

Banking on Enduring Relationships

As a fast-growing bank that caters to the small- and medium sectors, Ujjivan SFB has always remained strongly connected with its customers. Once the pandemic waned in Q2 FY22, it was time to leverage our strong relationship with customers. We launched varied innovative campaigns during the year along with a range of banking options.

Educating Customers on Prudent Financial Management

The COVID waves left many with depleted savings, and they needed funds to rejuvenate their businesses. After the second wave, we relaunched communications around better financial management that we had started at the beginning of the pandemic – to educate our customers on how to balance spends with savings, and the importance of maintaining a good credit score to enhance overall creditworthiness. Customer education films were launched in vernacular languages, so that maximum number of people could be reached with our message of financial prudence.

Seasonal Campaigns

During these difficult times, every financial problem added to the overall challenges. Roof leakages were common during the monsoon months, and meant additional expenses. We rolled out a monsoon campaign through digital and outdoor media, promoting home improvement loans that would help customers tackle the problem of roof leakages without any hassles.

Theme-based Campaigns

The occasion of World Savings Day was used to communicate the importance of regular savings and a short digital film, which movingly communicated this message was released. The Bank's savings account carries a rather attractive 7% interest rate and its FD options too, offer significantly competitive accrual rates, and can serve as effective means of regular savings.

We launched an extensive multi-channel campaign over the print, outdoor and digital media, to promote our FD offerings across 50 cities and in 6 languages. The Ujjivan SFB Debit Card was also launched with a host of strategic tie-ups, with more than 100 brands of national and local significance, across 15 lifestyle categories.

Positioning Ujjivan SFB at the Top

Ujjivan SFB is one of the most successful banks in the SFB category, and enjoys a pan-India customer base, serving a wide range of customer segments. The Bank's corporate communications initiatives focused on building Ujjivan SFB's thought leadership position within the industry through key leadership announcements, highlighting of our CSR initiatives, and several webinars and panel discussions, which also showcased our superior interest rates for term deposits.

Thriving Social Media Presence

We kept the social media space buzzing throughout the year with various campaigns on new products and services, festive wishes and coverage of our special events, leadership insights and exciting offers.

Campaigns during the Festive Season

The Bank was keen to bring back some excitement into people's lives after the challenging two years they had faced. For the festive months beginning from August, region-specific activities were unveiled. The first among a series of fun-filled events was the eco-pond van for Ganesh visarjan. This involved a mobile van, with a specially designed tank, filled with chemically treated water, where the Ganesh idol could be immersed. During Ganeshotsav, social distancing and lockdowns were still underway. The special eco-pond van, which was branded by Ujjivan SFB, made immersion possible right at the customers' doorstep. The activity saw direct participation from more than 12,000 devotees, and more than

15 Lakhs of people were digitally contacted as part of the outreach.

The traditional Dasara Ambaari campaign was launched in Karnataka and Tamil Nadu during the Navratri period, where our demo van was decked with the Golu (arrangement of decorative dolls and figurines) in their traditional display of colours.

This campaign was amplified through radio and outdoor media, and successfully reached an audience of more than 10 Lakhs. Similar campaigns were launched in the eastern region, and in Kolkata during the Durga Puja celebrations, where the publication 'Ei Samay' and media channel Zee Bangla were partnered with, reaching a cumulative audience of 20 Lakhs of people.

Another set of campaigns was organised in the states of Bihar and Jharkhand during the Chhath Puja celebrations. Ujjivan SFB joined forces with the radio channel Big FM as the title partner for 'Ujjivan SFB presents Chhath Geet Awards,' along with on-ground initiatives held at the Chhath Ghat, which had an impactful reach of over 2 Million people.





Persistence

At Ujjivan SFB, comprehensive gamut of products & services, backed by robust digital infrastructure and exemplary service standards serve as our key differentiators.

the headwinds, and any socio-economic disruptions, our strength has been in driving inclusive growth with consistency, maintaining leadership position and values, against all odds.

Whether it is rebuilding business volumes, enhancing asset quality, creating a skilled talent pool, or extending help to communities, our effort is to fuel our operations with utmost passion and commitment. Regardless of

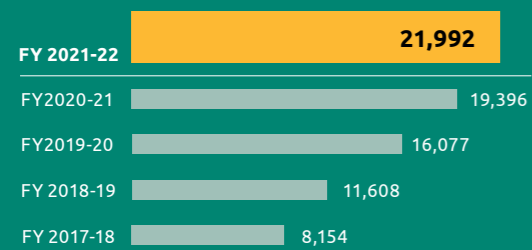


Key Performance Indicators

Reporting a Resilient Performance

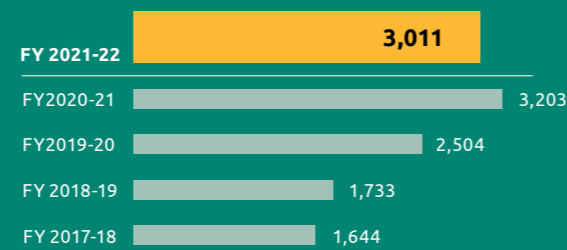
Balance Sheet Parameters

Average Total Assets (₹ in Cr)



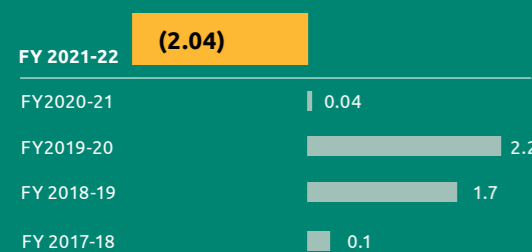
13%
y-o-y growth ↑

Average Net Worth (₹ in Cr)



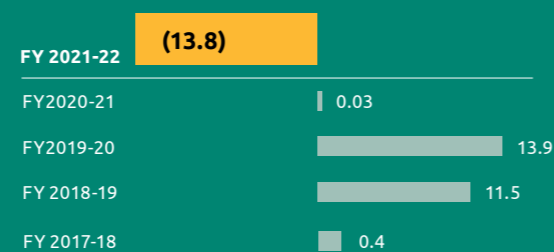
6%
y-o-y de-growth ↓

Return on Average Assets (ROA) (%)



208
basis points y-o-y de-growth ↓

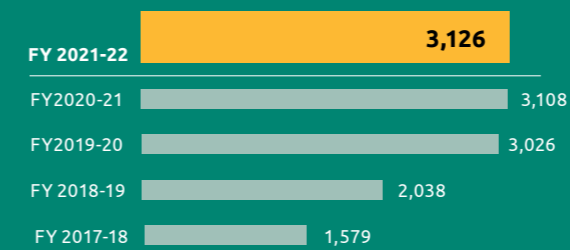
Return on Average Shareholders' Fund/ Equity (ROE) (%)



1,407
basis points y-o-y de-growth ↓

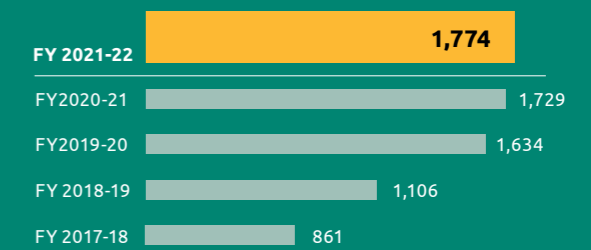
Profit and Loss Parameters

Total Income (₹ in Cr)



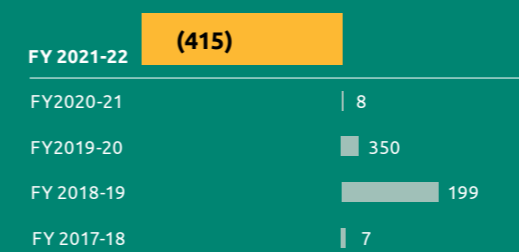
1%
y-o-y growth ↑

Net Interest Income (NII) (₹ in Cr)



3%
y-o-y growth ↑

Profit After Tax (PAT) (₹ in Cr)



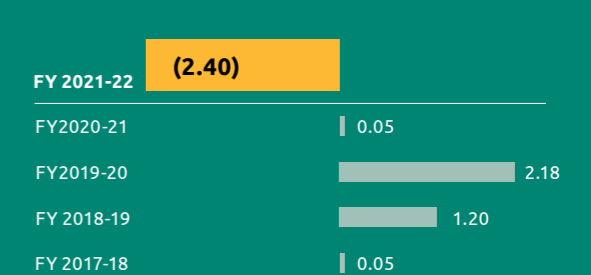
5,097%
y-o-y de-growth ↓

Book Value Per Share (₹)



14%
y-o-y de-growth ↓

Earnings Per Share (EPS) (₹)

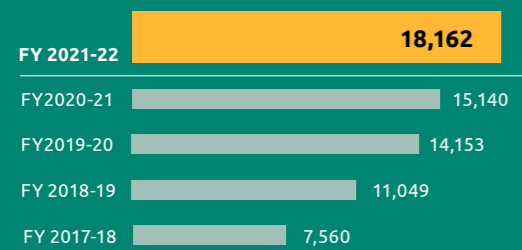


5,124%
y-o-y de-growth ↓

Key Performance Indicators

Business Parameters

Assets Under Management (AUM)* (₹ in Cr)



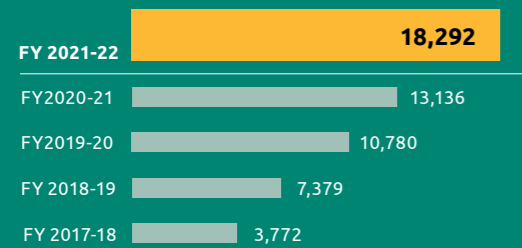
20%
y-o-y growth

Disbursements (₹ in Cr)



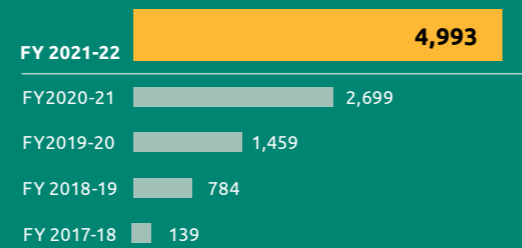
68%
y-o-y growth

Deposits (₹ in Cr)



39%
y-o-y growth

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



85%
y-o-y growth

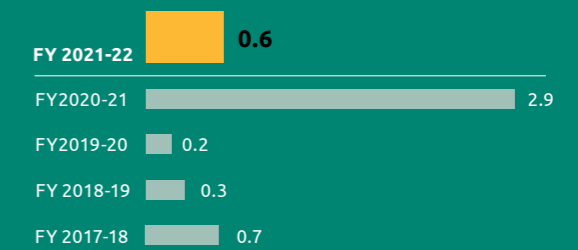
* Without adjusting for ₹674 cr of IBPC/ Securitization as on 31 March 2022

Operational Parameters

Gross Non-Performing Assets (Gross NPAs)* (%)



Net Non-Performing Assets (Net NPAs)* (%)



232
basis points
y-o-y (decline)

Capital Adequacy Ratio (CAR) (%)



745
basis points
y-o-y de-growth

* Without adjusting for ₹674 cr of IBPC/ Securitization as on 31 March 2022

Chairman's message

Emerging Stronger. Determined to do Better.

Dear Shareholders,

We, along with other SFBs, started the banking journey five years back. These five years have been a mixed bag with several achievements and learnings. All of us have been able to create a deposit book to match asset side, invest in IT and robust banking platform, create new highs in financial inclusion. However, cost and profitability has been a challenge due to the transformation as well as external shocks like demonetisation and COVID.



Financial year 2021-22 was marked by challenges with dynamic changes in the Board, Management, Work Force, Market Value etc. However, we ended the year on a high with a remarkable turnaround and record-breaking business numbers in second half of the fiscal. I would take this opportunity to thank all the shareholders who trusted us through these challenging times. Our Board has witnessed considerable changes during the year, and Mr. Ittira Davis, a seasoned banker took charge as the MD & CEO of the Bank effective from January 14, 2022, with the prior approval of the RBI. Further, after the induction of the new Board members during the year, we are glad that the present Board of the Bank comprises of experienced professionals totally committed to help achieve our mission to be the best digital mass market Bank. In addition, to further strengthen our Board, the Bank recently has appointed Ms. Anita Ramachandran, a veteran HR expert as an Independent Director. This brings the total number of female Board Members to 30% of the total.

The Bank started its journey towards the turnaround with three-fold objectives of rebuilding business volumes, improving asset quality and reducing credit cost and attracting good talent to further stabilise our team. In order to achieve these objectives, the Bank formulated two "100-Day Plans" in the third and the fourth quarter and the combined efforts of the Board, the Management and our entire workforce made the turnaround possible. The Bank recorded a pre-provisioning operating profit of ₹217 Crores in the last quarter. Further, with COVID fear receding and the economy gradually normalising, we're seeing a good credit demand. This is visible from all-time highest gross disbursements and growth in advances in the second half

of the last fiscal. Overall, I am confident that FY 2022-23 will be a strong comeback year for Ujjivan where new milestones will be achieved which will create a solid platform for next growth cycle. The Board will provide all support and guidance to the management in this next interesting phase of the cycle to help achieve the required stability and consistent desired profitability.

Further on the talent front, despite the high attrition that we faced in the beginning of the year, we have been progressing well on attracting good talent at all levels. Our Management team has been strengthened by joining of senior leaders with vast experience and the attrition at the other levels has also come under control with the help of various HR initiatives.

I would also like to highlight certain other important initiatives taken by the Bank. In order to ensure safety of our customers as well, after extending the vaccination drive to cover 99%+ of our employees and families, we launched an initiative to help our customers and families get vaccinated. In the FY 2021-22 the Bank's CSR activities were also focused on COVID relief and healthcare. In addition to the same, our community development programme, Chote Kadam in partnership with Parinaam Foundation carried out 5 civil projects in Karnataka, Goa, Rajasthan and Gujarat for the benefit of the underprivileged communities. We have partnered with skill development NGOs like Cheshire Disability Trust, Divya Nur Foundation and Savera society towards the training and placement of youths and women in Maharashtra, Jharkand, Orissa and Bihar. We also adopted an education centre in Chennai which is run for children of Persons with

Intellectual and Developmental Disability (PwIDD).

During the year, the Bank initiated necessary steps for the reverse merger of Ujjivan Financial Services Limited, the Holding Company (UFSL) with the Bank in accordance with applicable laws and guidelines. As mandated by SEBI, the Bank is in process to increase its public shareholding to at least 25% by way of Qualified Institutions Placement, after which the merger application will be submitted with the stock exchanges and other regulators. Further, the Bank is also exploring a debt issue (sub-ordinated debt eligible for Tier II Capital) since augmenting the capital is necessary for the Bank to grow in line with its budgeted growth rate in the current financial year.

FY 2022-23, I believe, looks encouraging for the industry, and Ujjivan especially, to reap the benefits of the hard work put in over the last five years. Economy is gradually recovering from the COVID impact. Our target customer segment is resilient and is bouncing back with strong credit demand. We are confident that the momentum built in the second half of FY 2021-22, would continue in the current fiscal and would enable Ujjivan to attain newer heights in terms of growth, size, deposit mobilisation and profitability.

We are optimistic that the Bank has the potential to grow exponentially, and we are hopeful that the long-standing shareholders will appreciate the overall performance and be rewarded in the years to come.

Mr B.A Prabhakar
Chairman

MD and CEO's Perspective

Charting the Growth Graph Strategically



“ Our disbursements in Q3 and Q4 of this fiscal were the highest-ever for the Bank, leading to a 68% y-o-y growth in disbursements, and 20% y-o-y growth in gross advances for the year. MicroBanking and our retail businesses, MSE and Affordable Housing, contributed significantly to this growth.

Dear Shareholders,

The first half of FY 2021-22 was as trying as the last financial year, with global financial systems continuing to face a severe stress test. For India, the challenge was even more at the bottom of the pyramid, as multiple waves of the pandemic continued to disrupt economic activities.

Ujjivan SFB saw the asset quality worsening post COVID 2.0, led by lower income and higher provisioning, leading to losses in the first half of the fiscal. However, the Management acted rather promptly, and drew up recovery plans under the two '100-day plans,' and executed them from September 2021.

Accomplishing Targets with the 100-day Plans:

The plans had three-pronged objectives: (a) rebuilding business volumes (b) improving asset quality and reducing credit cost, and (c) attracting good talent and stabilising our team.

Rebuilding Business Volumes

Our disbursements in Q3 and Q4 of this fiscal were the highest ever for the Bank, leading to a 68% y-o-y growth in disbursements, and 20% y-o-y growth in gross advances for the year. MicroBanking and our retail businesses, MSE and Affordable Housing, contributed significantly to this growth.

Overall deposits build-up was very strong, 39% to ₹18,292 Crores with credit-to-deposit ratio falling below 100% for the first time since we started operations. In line with our vision of attracting sticky deposits, we launched non-callable FDs called Platina FD, which helped us achieve growth of 30% y-o-y for Retail Term

Deposits. Our CASA also showed tremendous growth of 85% y-o-y, taking the CASA ratio to 27%. This helped us achieve total growth of 59% y-o-y from retail branch banking.

Our cost of deposits continued to decline – 6.2% for March 2022 versus 7.1% for March 2021. Overall cost of funds for FY 2021-22 was at 6.3%, down from 7.3% in FY 2020-21.

Improving Collections, Asset Quality

Focused collection strategy was drawn to reduce slippages, and flow to higher buckets of PAR. This covered collections from all buckets, including the stress pool. We strengthened our collection team, added manpower, and also involved collection agencies. The results are heartening with gross NPAs reducing to 7.1% from 11.8% as of mid FY2021-22. We are maintaining a high provision coverage ratio of 92%, including a floating provision of ₹250 Crores, which provides a solid cushion for future earnings.

Building a Promising Talent Pool

As part of our 100-day plans, we also looked at strengthening our senior leadership team and stabilising our workforce morale. To address attrition, we took multiple steps like engaging with employees on one-on-one basis, and understanding their issues,

“ We have always prioritised the health and welfare of our employees. By the end of March, close to 100% of our staff was vaccinated. To further facilitate vaccinations, we provided reimbursement facilities for both, staff and their families.

and then addressing them. A fresh look was taken at employee roles and dissonance was addressed, wherever needed. An employee survey was conducted. Additionally, employee queries were addressed at regular open forums, which also enabled a direct connect with the senior management. Not only were we able to contain attrition, but we also attracted good talent. We hired senior leaders to expand our management bandwidth.

Financial Performance

The year was marked by a strong comeback by Team Ujjivan as an outcome of the two 100-day plans. However, the significant NPAs during most part of the year weighed heavy on our full-year income generation. The solid turnaround which was witnessed in the fourth quarter bodes well for our future performance.

Interest income in FY 2021-22 was up by 3% to ₹ 1,774 Crores led by 10% y-o-y growth in interest bearing assets, partly offset by lower yield. While NPAs as on 31st March 2022 and 31st March 2021 were at similar levels, NPAs during the fiscal were at elevated levels compared to last fiscal. This led to interest reversal and non-recognition of interest

income for a large part of the portfolio. Consequently, the yield in the current fiscal was lower at 16.6% as against 18.5% in FY 2020-21. Our Net Interest Margin (NIM) stood at 8.8%, as against 9.5% in FY 2020-21.

Other income reduced from a year ago as the first half of the fiscal witnessed significantly lower disbursement, thereby impacting gross advances. This, coupled with regulatory changes, impacted PSLC income. Also, in FY 2020-21 there was a one-time gain of ₹41 Crores recorded under treasury on account of Open Market Operations purchase auctions conducted by RBI.

Our pre-provision operating profit dipped by 26% to ₹590 Crores from the ₹801 Crores in FY 2020-21. This was largely due to marginal growth in NII and higher expenses as we invested in collections and in rebuilding business volumes. The operating profit trend started to improve towards the second half of the fiscal. We undertook prudent provisioning of ₹1,118 Crores (net of bad-debt recovery). The reported net loss was ₹415 Crores as against a Profit After Tax (PAT) of ₹8 Crores in FY 2020-21.

We remained well-capitalised with high liquidity. Our capital adequacy ratio stood at 19% with Tier-I capital ratio of 17.7% and liquidity coverage ratio (LCR) of 152% as of March 31, 2022.

Power of Digital

Our focus this year was on stabilising the fintech ecosystem created last year, and co-creating innovative products. We retained focus on internal process

automation with an addition of 20 more processes, automated through RPA and processing over 18 Crore transactions.

Team Spirit at Ujjivan SFB

We strive to create a work environment, where our employees feel appreciated, and this has been visible as our employees have voted us as a 'Great Place to Work,' for the 12th consecutive year.

We have always prioritised the health and welfare of our employees. We are committed to creating a work environment that is nurturing and that encourages people to perform and realise their potential. As a recognition of their stellar performance, we granted ESOPs which benefitted almost 50% of our employees across all grades.

Acknowledging the tremendous stress caused by the external crisis and increasing work pressure caused by the pandemic, we offered facilities like doctor on call and employee counselling support. The health of our employees and their family members is one of our basic concerns and to ensure their wellbeing we organized extensive vaccination drives. By the end of March close to 100% of our staff was vaccinated. To further facilitate vaccinations, we provided reimbursement facility for both staff and their families.

Towards Community Welfare

In FY 2021-22, most of our CSR efforts were directed towards COVID-19 relief, helping hospitals and COVID care homes and working in harmony with government bodies in their states. Our reach extended to 8 COVID care homes, and 22 hospitals, covering ~3,80,000 citizens, 534 healthcare workers and 676 accredited social health activists (ASHA workers). We started Ujjivan Sanjeevani Kavach programme, which was primarily designed to vaccinate the community in our operational areas, and subsequently, had more than 80,000 beneficiaries.

Our community development programme, Chote Kadam, in partnership with Parinaam Foundation, carried out 5 civil projects in Karnataka, Goa, Rajasthan, and Gujarat for the benefit of the underprivileged communities. We have partnered with skill development NGOs towards the training and placement of youths and women in Maharashtra, Jharkhand, Odisha, and Bihar. We have also adopted an education centre in Chennai, which is run for children of Persons with Intellectual and Developmental Disability.

Outlook

The Bank's leadership and management are constantly monitoring international and domestic situations, and are vigilant about safeguarding our interests. This year,

we also plan to achieve minimum public shareholding, and return to regulators, for approval on reverse merger with our parent Ujjivan Financial Services Limited.

At Ujjivan, we are riding a wave of confidence that stems from consecutive quarters of strong disbursement and improving profitability. We have our sight on growing the platform further. During the current fiscal, FY 2022-23, we are looking to expand our physical presence across the country. Though we look to make a modest beginning with around 25 branches largely focussed on liability rich catchment areas. Physical reach would be supplemented by a strong and focused investment in digital platforms to grow our business volumes – assets and liabilities both, services, improve processes and overall reach to our customers. Our focus this year is to consolidate our businesses and make them profitable and invest in new avenues for growth. We expect strong growth in business volumes with leaner cost structure and better profitability. The risk to this guidance is the inflationary pressure that's brewing up in the economy and the resultant rate hike movements. Also, we would be monitoring the global geopolitical scenario. Overall, I see FY 2022-23 as a strong comeback year for Ujjivan which would create a solid platform for our next growth cycle.

Sincerely,

Ittira Davis
Managing Director & CEO

MicroBanking

Facilitating Seamless Banking

We continue to increase banking access for our informal sector customers, helping improve their lives and livelihoods, and furthering India's financial inclusion priorities. Currently we service our customers with specially designed products that answer their financial security, liquidity, and ease-of-banking needs.



FY 2021-22 at a Glance

₹12,344 CR
Gross Loan Book (OSP)

₹10,668 CR
Disbursements (y-o-y increase 65%)

3 LAKHS
New Customers Onboarded

₹1,467 CR
Deposit Base (43% y-o-y growth)

Our strategy towards providing full range of banking services with digital technologies, combined with our strong foundation of lending business, is unlocking immense business opportunities. Our field staff productivities are one of the best in industry; we are at the forefront of digital adoption, and our deposit base among the segment is expanding rapidly, creating value across our ecosystem.

Digitalisation is the game-changing accelerator for micro-banking, as interoperable technology greatly enhances overall reach, adoption and transaction flows. Close to 21% customer base repays through cashless mode, which is the best in industry.

This year has seen an increase in digital-driven products and services. We launched an industry first, real-time mobile number update via hand-held device, riding on the UIDAI infrastructure. Our Ujjivan Pay QR Code, a UPI-based Payment Acceptance Solution helped to digitise the income of our customers. Our Money Mitra network handled money flows worth ₹12 Crores for 1.5 Lakhs of customers, while UPI and mobile banking touchpoints handled almost 10 Lakhs customers.

We helped our customers tide over subdued demand conditions, extending their loan moratoriums and meeting their stretched working capital needs, thereby reducing financial distress.

New Digital Initiatives

Ujjivan Pay QR code:

Expanding reach through digital means, remains our topmost priority. To realise the RBI's financial inclusion mandate for the banking sector, tapping into a robust payment acceptance infrastructure is necessary. Facilitation in the form of geotagging and QR codes is an aspect of this requirement, and helps both, providers and customers, to scale up and increase usage.

Ujjivan SFB's own QR Code was launched in February 2022, to enable our merchants to accept payments from their customers in an easy and secure way. The monthly average balance maintained by our QR code customer in 3.5X more than our CASA customer. Our goal is to expand Ujjivan Pay QR Code facility for merchants, and bring in additional features to the existing product to cater to customer needs and demands.

- Total registered merchants: 32,000
- Average daily deposit funds inflow: ₹18 Lakhs



- Total amount received through Ujjivan Pay QR code: ₹5.8+ Crores

Trucell App Deposit launched:

The True Cell app is designed as a 360-degree mobile-based solution for our loan servicing field staff in rural areas. It works as a seamless, analytics-driven system for repayment collection with real time monitoring of the loan portfolio and geotagging, leading to highly efficient cash management. The app was launched in March 2022.

Mobile Number Update:

As a continuation of its rapid digitalisation moves, the Bank launched the industry-first facility of enabling customers to update their mobile number via the digital channel. This is on-field mobile number updating process that is real-time, paperless, and secured with bio-metric authentication. Customers can update their mobile number once every six months through the platform. The move further enhances banking-on-the-go and demonstrates the empathy we bring into customer service.

- The service was launched in December 2021, on a pan-India basis

Highlights of FY 2021-22

01

Credit is among the key financial requirements for our segment and our continuous efforts remain on providing loans to support liquidity requirements of our customers.

02

In FY 2020-21, disbursements have been worth ₹6,482 Crores, while the total disbursement pie has now reached ₹10,668 Crores. The term deposit book size too, increased by ₹205 Crores in this fiscal. The highest ever group loan disbursement in a single month was achieved in January 2022, for ₹1,380 Crores. This also includes the highest top-up loan disbursement of ₹262 Crores. 40% of our GL disbursements were towards PSL Agri.

03

Our continued focus on the Sampoorna Family Banking portfolio of products, covering group loans, individual loans, savings/deposit products, two-wheeler loans, insurance, and payment solutions, have led to significant cross sell gains.

04

We have also been able to extend our products and services to the family members of our customers. In a year, we have acquired 2.34 Lakhs of family banking accounts, marking a y-o-y increase of >70%.

05

The Emergency Credit Line Guarantee Scheme (ECLGS), a GoI-supported COVID-crisis management initiative, was continued this year, too. Our ECLGS business customers had a total of 74,042 loans sanctioned, worth ₹67.37 Crores.

06

Geotagging of loan repayment locations that are in the immediate neighbourhood of the borrower, is done at the time of loan processing. This makes banking more convenient for the segment and fosters financial inclusion.

07

Increasing financial inclusion was achieved through steady proliferation of multiple digital channels. Cash management, loan servicing and repayment, and customer onboarding, saw considerable traction via online channels, with total coverage of Airtel Payments Bank (APB), PayNearby (PNB) and Spice Money reaching 10,000 outlets. 55.2% EMI repayment moved out of branches, of which, 35.8% of our collections have been through APB, PNB and Spice Money, while 19.4% have been through customer-induced cashless mode.



Our key focus areas would be Deposit mobilisation, scaling up agriculture loans to North and East, enhancing secured product bouquet with cluster specific and segment specific offerings and capacity building of Rural Branches for Ujjivan SFB's product distribution and servicing."

Murali Chari

Business Head Rural Banking



We retain our strong focus on building a sustainable portfolio that fuels business growth. To augment our asset business, we will be prioritising on repeat customers and on gradually increasing new customer acquisition. Migrating eligible customers from group loans to individual loans is another priority. In terms of enhancing process efficiencies, our customer-centric digitisation is helping to drive better penetration, grow new channels and making banking access possible at a finger tap."

Vibhas Chandra

Business Head, Microbanking

– 30,000+ mobile numbers had been updated within 90 days

Rural Banking

This year, the focus has been on portfolio diversification and boosting product mix. This will help the Bank widen its customer base and meet a variety of emerging customer needs. Some of the new product variants that have been launched are under the flagship umbrella of Kisan Pragati Card, and aim at giving more credit options to the rural consumer.

During the year, secured loan portfolio has increased to ₹16.57 Crores, witnessing y-o-y growth of 122%. Liability book has reached ₹211 Crores during the year, indicating y-o-y growth of 130%.

₹16.57 CR

**Secured Loan Portfolio
Increment by 122% y-o-y**

Outlook

The Bank will be stringently integrating the RBI's master direction on the Regulatory Framework for Microfinance Loans within its evaluation, oversight and reporting mechanisms. Our focus will be on individual lending with increase in our product basket, mainly semi-secured and secured products. There will be further enhancement in digital services and technology-driven processes, empowering customers for digital self-service.

Expanding and fortifying our digital infrastructure to ensure the provision of safe, swift and easy banking, will involve several actions. We are increasing our BC partnerships, so that multimodal reach to rural communities is possible. We are prioritising the

expansion of Ujjivan Pay QR, to digitise income of merchants, and to bring in additional features to the existing product, further catering to customer needs and demands.

The Money Mitra network is being expanded to bring banking to village neighbourhoods,

3.03 LAKHS

Rural Customers

and other services like account opening and RD sourcing would also be covered. AEPS (Aadhar enabled Payment System) ONUS enablement is also underway, and would help to facilitate easier deposits and withdrawals.

Another exciting feature to be launched is the 'Hello Ujjivan' application, which is a mobile banking application facility that is based on the 'triple V mantra' of voice, visual and vernacular, and will be particularly useful for micro banking customers. The app will also service loan disbursements.

To ensure enhanced security for the loan granting and servicing process, the Glow Single Flow Process is being enabled so that the full details of the customers and the loan taken are captured in one workflow. As a cumulative result of all these customer-friendly activities, ease-of-banking and a more holistic visibility into internal systems, are achieved.

This, in turn, adds to faster scalability of services, helping us to deepen our market presence in unbanked geographies.



Micro and Small Enterprises

Expanding Footprint, Strategically

Facilitating growth of the MSE sector is crucial to India realising its ambition of becoming a \$5-Trillion economy. MSEs are the wheels of the nation, accounting for close to 50% of India's exports, one-third of its GDP, and nearly one-fifth of overall employment.

Accommodative financial schemes from the government, special drives targeting entrepreneurship and skill-based training, efforts around financial sector-led inclusion, and rising digital reach, have created a favourable ecosystem. Ujjivan SFB has been steadily growing its product portfolio for the MSE sector, and enhancing its reach and quality of delivery.



Quick facts

₹1,710^{CR}
Gross Loan Book
33% Increase y-o-y

86%
Collection Efficiency

₹1,087^{CR}
Disbursements

16,000+
Total Borrower Base

Highlights of FY 2021-22

01

In this fiscal, we have achieved our **highest-ever disbursement** for this segment. The growth has been fairly consistent month-on-month, with the highest disbursement taking place in September 2021.

02

A line of products has been launched under the CGTMSE* scheme, offering a variety of term loan types and tenures, and addressing different working capital needs. **Loans upto ₹2 Crores** can be offered to eligible MSMEs against partial collateral security, significantly loosening up capital flows.

03

The wave of **contactless banking** touchpoints kicked off during the pandemic has only intensified and digital accretion will be the way forward. Customers are being supported in a variety of ways like vernacular phone-banking, chatbots and remote relationship management.

04

Reach has been commensurately increased, through a combination of multiple channels. Fintech franchisees and branch banking sourcing channels saw an increase and now collectively contribute to **20% of the loan book**.

05

To quicken loan disbursements and servicing, regional processing hubs have been added across the country in major markets like **Ahmedabad, Coimbatore, Patna**.

06

Other forms of digital interventions have become mainstream for instance, eKYC, video-based underwriting, digital loan documentation and have helped to make the whole process **quicker, more transparent, and better coordinated**.

*Credit Guarantee Fund Trust for Micro and Small Enterprises



"Growth of MSEs has always been at the heart of what we do. Digitalisation has greatly improved customer experience and we will be using more digital enablers to expand access of customers to their Ujjivan MSE products through multiple digital touchpoints. The overall experience is likely to be much richer than now. On the collaboration front, we plan to deepen our relationships with strategic fintech players and to also actively contribute to the digital lending ecosystem for MSEs in India."

Ashim Sarkar

Business Head, Micro & Small Enterprise Loan

Outlook for FY 2022-23

While we continue a high-growth trajectory within this segment, performance over the next few years will also be driven by how effectively we manage relationships with existing customers. Our increasing digital footprint and the accessibility of many services via our digital interface will be key levers for growth. Automation and digitisation will extensively ramp up efficiencies within the organisation as our processes become more quicker, underwriting decisions are aided by analytics and inputs from our data lake help to build a quality portfolio more easily.

Reduction in Turn Around Time and contextual up-sell and cross-sell through relationship banking experience will be some of the other gains from digitisation. Plans are also afoot to launch more relevant products within this segment so that customer experience is enhanced and loyalty increases.

Affordable Housing

Enabling Housing for All

As one of the leading small finance banks in India with a clear focus on serving the under-served, the affordable housing segment is a key vertical for us. Our clients mostly seek loans for EWS, LIG or MIG housing in cities and semi-urban areas, and work in the formal or informal sectors. We also help to intermediate the government's social priority of providing housing for all, and have helped more than 4,400 customers secure a subsidy under the Pradhan Mantri Awas Yojana (PMAY-CLSS) scheme.

Our affordable home loan products target aspiring homeowners, who may or may not have regular monthly sources of income, and dream of buying or constructing their own homes. Many of them are also eligible for subsidy under the PMAY-CLSS scheme, and we help to facilitate the receipt of subsidy, and provide a loan for their remaining home financing needs. In this way, we function as a one-stop-shop for the PMAY-CLSS eligible category of homeowners, and the synergies help us to grow our market.



Quick facts

₹1,064 CR
Total Disbursement
60% Increase y-o-y

93%
Collection Efficiency

₹2,734 CR
Gross Loan Book
33% Increase y-o-y

30,382
Total Borrower Base
26% Increase y-o-y

Profitability, productivity and portfolio quality are the three dominant levers that drive our performance. Over the year, the affordable housing business vertical has grown by 33.42%, with ₹1064 Crores being disbursed in FY 2021-22. Our total loan portfolio has crossed the ₹2700 Crores milestone, and our total home loan customer base is upwards of 30,000. Though the first half of the fiscal was subdued due to the pandemic, and COVID 19-related restrictions on movement, business picked up fast from the third quarter onwards, and we were able to close the fiscal on a strong note.

The pandemic impact during the first and second quarters stressed our loan exposure. In response, we eased the payments process by fully digitising the mode of NACH registration and simultaneously increased focus on collections through active tracking of delayed, and defaulting payments. Our team also managed to restructure debt profiles by dexterously using the one-time restructuring and Mortgage Reference Rate margins. Product and credit teams successfully implemented the Centralized Credit Processing Unit to underwrite bank credit salaried

Disbursement Growth (₹ Cr)



OSP (₹ Cr)



profile applications, and this led to reduction in income sanction TATs. Measures like these helped to increase our loan disbursement rates and inward receipts. We also took pertinent measures to increase the pace of customer acquisition and loan sanctioning. Seamless onboarding of third-party vendors was enabled through digital signing and stamping platforms. Further, in-house digital and analytics tools are being used to leverage the existing customer base, to facilitate up-sell and cross-sell among them.

Our topmost priority remains providing the best-in-class service

to our customers through our dedicated and skilled workforce, for there is no better brand ambassador than a satisfied customer. In the future, digitisation will increasingly transform several aspects of customer interaction, with functions like digital customer onboarding, underwriting, and e-customer service, becoming common.

Outlook

Going forward, we will continue to grow our retail business with deeper penetration in Tier-2 and 3 markets. We aim to create a significant presence of the Affordable Housing segment in the Ujjivan SFB ecosystem, with above 75% reach across our branch network. We will sharpen our focus on leveraging our existing to bank (ETB) customer base with insights from in-house analytics. We will also launch specific offerings targeted at rural borrowers in select markets, starting with South India, besides collaborating with government bodies to concentrate on ready-to-move-in builder projects in the semi-formal income space.

Collections are showing an upward trend and will continue to get better. Usage of legal tools on collection will improve efficiency further as we grow our portfolio, reduce the Gross Non-Performing Asset (GNPA) and maximise the use of digital workflows.



The key priorities for Affordable Housing Loan business include Channel & geographic diversification, product customization, digitization and nurturing manpower for business growth & stability. Product customization with state/location specific policy mainly to cater to the demand in tier 2 & 3 locations across various income segments should go a long way riding on a multi-channel sourcing platform. Digitizing the process completely will give further impetus to the effort, both for process efficiency and customer service. Manpower management is a critical element and a focused approach has been adopted to groom 'Leaders for Tomorrow' through a 'Leadership Development Program.'

Pradeep B
Business Head - Housing Loans



Vehicle Finance

Revving Up for Action

Vehicle finance gathered speed on the heels of resurgent demand for vehicles. Two-wheeler financing kept us buoyed throughout the year, with improved traction from our tie-up with Hero Motocorp.

This fiscal began on a subdued note, with the second surge of the pandemic and localised lockdowns and restrictions in movement. Though the impact was more muted than earlier, demand revival was affected. As the pandemic waned, demand resurfaced strongly, and several of our vehicle finance verticals did brisk business, albeit at below pre-COVID levels.

Quick facts

₹128.12 CR
Total Disbursement

₹162 CR
Gross Loan Book

92%
Collection Efficiency

25,449
Borrower Base

Highlights of FY 2021-22

Despite the COVID headwinds, vehicle financing remained upbeat for the greater part of the year. This year, we have disbursed a total of ₹128.12 Crores to 25,449 customers in the five vehicle loan categories that we offer.

Our total portfolio size stood at ₹162 Crores. We also added preowned car financing to our portfolio this year, and extended the service of our small commercial vehicle loans across a larger number of centres. Pandemic-driven supply disruptions in the auto sector turned many buyers to the used car segment, which is expected to sustain over the longer term. Digital platforms have further heightened the excitement and visibility of this sector.

The largest share of our business came from two-wheeler loans, and our recent partnership with

Hero Motocorp, added to the momentum. The tie-up has strengthened our visibility at all the major touchpoints that customers visit during the purchase process.

During the year, we also extended our dealer network with deeper penetration in the two-wheeler segment, and more than 200 dealers have been on-boarded. We are also extensively increasing our digital presence and onboarding new customers digitally. The strengthening of our digital capabilities will help us grow our business more effectively in the future, and we plan to increase our engagement with digital aggregators. Building stronger relationships with dealers, and auto OEMs, continue to be a focus area.

Outlook

We will focus on strengthening our vehicle financing business - in rural and semi-urban India, building a stronger portfolio. The emphasis will be on electric three-wheeler (E-3W) segment, which is part of mini and micro commercial vehicle category, and broaden our scope to include electric-two-wheeler (E-2W) category and used cars. We would be continuing our tie-ups with OEM partners to better our offerings.



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

Enhancing Customer Experience

We continue to create value and enhance customer experiences across 244 districts and 24 states and union territories in India through our 575 banking touch points that enable us to strengthen our reach. Our liabilities book through branch banking grew at a robust pace during FY 2021-22.



Quick facts

₹8,335 CR

Liabilities Book of Branch Banking
64% y-o-y growth

₹3,953 CR

CASA Book

₹1,502+ CR

Privilege SA Book

12+ LAKHS

Customers
31% y-o-y growth

Highlights of FY 2021-22

01

Launched **Classic Savings Account on October 1, 2021** with the objective to create a sizeable and granular retail liabilities franchise by offering the best-in-class services to a large customer base

02

Continued emphasis on quality sourcing and **improving ATS has resulted in CASA book** increasing significantly

03

Launched **Platina Fixed Deposit** on January 7, 2022, a Term Deposit account offering additional interest over and above Regular Fixed Deposit

04

Focused on business improvement and process streamlining with back-to-back 100-days plan

05

Launch of **BusiMoni OD**

Liabilities Product Suite

Current Account

- Business Edge Current Account
- Premium Current Account
- Regular Current Account
- TASC Current Account

Term Deposit Account

- Fixed Deposit Account
- Platina Fixed Deposit Account
- Tax Saver Fixed Deposit Account
- Recurring Deposit Account
- Digital Fixed Deposit Account
- NRE and NRO Fixed Deposit Account

Savings Account

- Privilege Savings Account
- Garima Savings Account for Women
- Senior Citizen's Savings Account
- Classic Savings Account
- Regular Savings Account
- Minor Savings Account
- Salary Account
- Digital Savings Account
- Basic & Small Bank Deposit Account (BSBDA)
- NRE & NRO Savings Account
- Institutional Savings Account

Advance Against Deposit/OD

- Loan against Fixed Deposit
- Overdraft against Fixed Deposit
- BusiMoni OD

Debit Cards

- RuPay Platinum Debit Card
- RuPay Classic Debit Card



We continue to serve our core segments with a focused approach by launching new products and services which are aligned to their needs. While keeping the pace of acquisition in line with the growth trajectory of the bank, our emphasis also lies in engaging and retaining our existing customers. We have a robust plan in place to expand and branch out to newer locations and thereby broaden our reach and presence. Through digital, we would be looking at automating processes to acquire and service customers and thereby enhance their experience. Keeping in mind the evolving needs of our institutional segments, we aim to redesign our TASC proposition to make it more competitive.

Sumit Thomas

Head of Branch Banking, TASC & TPP



Classic Savings Account

A new savings bank account, with a choice of cards that caters to the financial products and service needs of the vast mass market segment. 'Classic' will serve as an entry level savings bank account, with features and differentiated benefits, designed keeping in mind the needs of the aspiring middle-income segment. The account offers a higher cash deposit limit, and free unlimited withdrawal, at any Ujjivan SFB branch, with no additional charges for non-home branch transactions.

Platina Deposit

Platina Deposit is a retail non-callable deposit product that offers higher interest over and above regular FD rates. It is well-suited to match the financial and service needs of our customers. The tenure of the product is from a minimum of 12 months to a maximum of 60 months.

Platina Deposit has grown to ₹187 Crores by the end of FY 2021-22, with an average ticket size of ~₹34,70,000.

BusiMoni OD

A collateral free overdraft facility on Current Account for existing and new customers. To continue to build a large portfolio for the target segment, BusiMoni OD will offer unsecured credit facility to small and medium retailers, where the interest payment will be on utilised amount rather than on the sanctioned amount. This facility will enable the Bank to strengthen relationship with retail customers, and attract higher number of current accounts.

Outlook

To enhance and deepen customer relationships, Branch Banking has started focusing on segment-specific offerings in terms of new initiatives and programmes for dominant segments of the Bank.

Our emphasised focus on sourcing quality and product offerings with higher Average Ticket Size (ATS) in the last financial year has derived significant benefits. In continuation to this, we are planning to launch new product and service offerings (HNI programme, merchant QR codes, etc.) to strengthen banking solutions. Further, we are planning to open new branches to expand our reach and presence.

In order to better serve our institutional segment, we will be revamping our existing offering for TASC to match and make it competitive to industry standards. We will be looking to garner substantial deposits by deepening existing relationship and onboarding reputed clients such as local government bodies, municipal committees etc. through our dedicated team for TASC.

Following the large shift in consumer behaviour towards digital, the Bank is poised to strengthen its technological capabilities and digital solutions to tap the growth potential ahead. We are confident that through new fintech partnerships, enhanced product and service offerings, and key initiatives, Branch Banking is positioned well to take advantages of the opportunities, and positively look forward to creating more meaningful value for our customers.



Third-party Products

Expanding Offerings and Scaling Competencies

As we grow our product offerings, we are also enhancing our people and process capabilities and targeting higher quality of customers.

During the year, Ujjivan SFB introduced new life and health insurance offerings for identified customer segments. Both these verticals have been witnessing strong y-o-y growth, with increase in average ticket sizes for the life insurance vertical and dramatic surge in medical insurance sales, due to significant cross-sell across categories.

As we grow our portfolio of third-party offerings, we are also upgrading our own capabilities. This is being done by stepping up on employee IRDA certification efforts, streamlining of internal processes to remove

various operational bottlenecks, and digitisation of processes, related to customer onboarding and servicing. In addition, as we scale up our service abilities, we are simultaneously focusing on quality customer acquisition across business verticals.



Quick facts

₹355.52 CR
Gross Premium Collected
56% Increase y-o-y

₹27.14 CR
Revenue
42% Increase y-o-y

Highlights of FY 2021-22

01

25%+ growth in IRDA certified team members. Currently, we have a strong force of 3,600+ trained team members

02

30%+ growth in number of retail insurance policies issued during FY 2021-22

03

96% growth in health insurance penetration among our customer base over the last fiscal

04

24%+ growth in overall retail cross-sell insurance business in terms of premium mobilisation

05

Partnered with standalone health partner to bring sharper focus in the health insurance distribution landscape

06

Introduced **PAR products** at Ujjivan SFB under the life insurance vertical

07

Average **ticket size of life insurance business** has increased considerably, compared to the previous year

Corporate Agency Arrangement

For insurance distribution, currently, we 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.

General Insurance

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

Health Insurance

- Care Health Insurance Ltd.

Outlook

We plan to introduce a new line of business — Investment Services, for our customers. Many of our customers belong to the under-served category, and are relatively new to financial management, we empower them to utilise the full spectrum of financial services offered by us. By serving this untapped need, we expect to add value. We aim at selling our third-party products through multiple physical and digital channels,

and will be launching insurance through our tele-sales channel, alongside digital insurance distribution through an InsurTech platform that is enabled through our branches.

We will also focus on improving customer satisfaction by enabling end-to-end digital claims intimation, and settlement solutions for both, our asset and liability customers. Moreover,

we plan to revamp our internal customer management systems, and introduce better data science-based workflows, thereby improving overall business productivity, while continuing to focus on building IRDA- and NISM-certified teams across branches.

Financial Institutions Group (FIG)

Growing Presence Across the Financial Sector

The Financial Institutions Group (FIG) has a broad scope of operations within our Bank, contributing to both, growth in institutional lending and deposit accumulation. It acquires and manages the pan-India liability businesses across various financial institutions.

It also handles wholesale lending to the microfinance institutions, non-banking financial companies (NBFCs) and housing finance companies (HFCs) within acceptable credit parameters, and arranges alternate or secondary sources of funding by way of refinance, inter-bank participation certificates (IBPC), securitisation, contingency lines, and other modes.



Quick facts

₹715 CR
Total Disbursement
53% y-o-y Increase

₹855 CR
Gross Loan Outstanding
Portfolio, 32% y-o-y Increase

98%-100%
Month-to-month Collection
Efficiency*

₹96 CR
Current Account EOP
1% y-o-y Increase

₹7,617 CR
Deposit, Current Account and
Term Money, 40% y-o-y Increase

0.50%
GNPA for Institutional
Lending Clients

Over FY 2021-22, the FIG unit accumulated deposits of ₹7,617 Crores, covering fixed deposits, certificate of deposits, current accounts and term money and served as a major contributor of funds for the Bank. Our diversified wholesale liability book helped us to recover better spreads by reducing the cost of deposits, concentration risk and dependency risk substantially.

Retaining its conservative approach this year, the Bank has grown its institutional lending book with well-rated entities and disbursed ₹715 Crores over this fiscal, closing the book at ₹855 Crores, with a 32% y-o-y growth. The lending portfolio consists of 37 clients with a multi-industry spread. The Bank has developed robust credit appraisal and monitoring processes for its

wholesale lending exposures. The collection efficiency of the segment is close to 100%. Encouraged by revival in the market environment, the FIG team launched collection and OD accounts for wholesale borrowers, and is working to launch loans for working capital needs, and fee-based trade finance products like bank guarantees in FY 2022-23.

Highlights of FY 2021-22

01

On-boarded 38 financial institutions on the liabilities side

02

Achieved CA balance of ₹96 Crores (EOP) as on March 31, 2022

03

Engaged with top-rated NBFC/HFC/MFI space to initiate lending relationship. The book grew by ~32% y-o-y

04

First-time lending to Housing Finance, Gold Finance, and AA (Credit Rating bucket) entities

05

For boosting fee incomes: Leveraged relationships with cooperative banks and participated call money transactions; initiated G-Sec transactions in coordination with the treasury team

06

Raised wholesale funds in difficult market situation at competitive rates

07

FIG team concluded IBPC Transaction of ₹425 Crores, refinance facility of ₹300 Crores and two securitisation transactions aggregating to ₹245 Crores in Q4 of FY 2021-22



Financial Institutions Group will continue to play its role in sourcing adequate wholesale liabilities (Deposits/Current Accounts) from Banks, Cooperative Banks, Mutual Funds, Insurance Companies, NBFCs and all types of financial institutions and play its balancing role in overall funding requirement of the bank. This FY, FIG Team will be working extensively on Government business to develop a key segment of wholesale vertical. The group will continue to maintain and enhance adequate exposure limits from Banks, Mutual Funds and Development Institutions like NABARD/SIDBI/NHB. Alternate sources of funding would keep on augmenting overall funding needs. On Asset side, we will keep on engaging with entities having acceptable credit and grow the book at moderate level.

Parag Srivastava

Business Head, Financial Institutions Group

Active Client Relationships

382 Liabilities **37** Assets

Outlook

The FIG unit will continue to focus on diversifying deposits, building

current account (CA) balances from FIG segment clients, and growing relations with higher rated spectrum of borrowers to expand its asset base. Through new product initiatives, the team aims to attract CA floats and fee incomes from FIG clients.

The unit also expects to increase its fee based income through new products like bank guarantees. The FIG unit is looking forward for enhanced interbank limits, increased exposure limits from various mutual funds, insurance companies, cooperative banks and Regional Rural Banks.



Progress

Enhancing customer experience, while diversifying our suite of products and services have been our central focus areas. Though the year began with turbulences and challenges, we revved up performance, demonstrating

laudable turnaround in the last fiscal. Whether it is curating an eclectic mix of talent, or prioritising stakeholders' interests, embracing digitisation, or being sentient towards community welfare, we have journeyed forward with utmost grit, values, commitment and efficiency.

10,662

Employees
Trained in
FY 2021-22

13,225

Beneficiaries
accessed Ujjivan
products



Human Resources

Prioritising People

Stress and uncertainties caused by the pandemic took a heavy toll on our employees, and Ujjivan SFB was quick to step in with programmes that helped to address many of the challenges that they were facing. From vaccination programmes to ESOPs for high performance, challenges were tackled with empathy and encouragement, and our employees responded by making us a 'Great Place to Work,' yet again, for the 12th consecutive year.



99.68%
Staff Vaccinations
Completed by
FY 2021-22

₹9.15 LAKHS
Covid Vaccination Budget
for Our Staff and Their
Families

₹9.67 LAKHS
Spent by Ujjivan Trust
for Medical Emergencies



Standing by Employees in Times of Crisis

Ensuring that our employees and their families stayed safe and healthy during the pandemic was a key concern for us.

The COVID-19 Quick Response Team (QRT), which had been established at the start of the pandemic in February 2020, swung into action during the second wave, too. QRT, which worked as the central COVID task force, and was led by our National Leadership Team members and REC heads of respective regions, worked in sync with the QRT Command Center.

One of its key tasks was to regularly monitor the health status of employees suffering from COVID, and to provide them with the necessary support. QRT kept itself abreast of all government guidelines, and the evolving external situation, and released advisories and guidelines to minimise impact for both, the business and employees.

Ujjivan SFB organised extensive vaccination drives and by the end of March 2022, nearly 99.68% of our staff had been vaccinated. In addition, Ujjivan SFB provided reimbursements for vaccinations of both, our staff and their family members. We spent almost ₹9.15 Lakhs towards health in this fiscal.

Other supportive measures taken were:

- Doctor-on-call services were made available when the pandemic peaked, and finding reliable medical help was a challenge. 5,400 employees and their families were supported.
- Doctor-on-site arrangements made for our employees based out of corporate/ regional offices. More than 700 employees and their family members received assistance.
- Virtual counsellor support provided for mental wellness of both our employees and their family members.
- Ujjivan SFB maintains a welfare trust through which financial assistance is provided to employees and their family members for medical emergencies in cases where financial support is required. The pandemic created unprecedented distress with medical emergencies often overwhelming employees and their families. The trust extended help, with ₹9.67 Lakhs of assistance provided.



Training Delivered through Physical and Digital Means

Once the impact of the pandemic had receded, Ujjivan SFB was quick to restart its training journey. The pandemic had put a stop to most training activities and the consequent knowledge depletion

had to be recovered. A significant amount of training, particularly those related to inductions and functional efficiencies, had been delivered digitally. However, the need for physical training was still strongly felt, especially for the front-end staff. Therefore, from Q3 FY22, a hybrid training model was implemented. Certifications and other modules were closed

through the virtual Learning Management System.

Key Highlights from the Learning and Development function are shared below:

10,662

Employees Trained in FY22*

- Induction done for 6,626 employees
- 1,178 employees trained in functional areas, and 639 trained in behavioural areas
- 700 collection employees trained in Debt Recovery Agent training
- Regulatory training done by 69 employees

54

Unique Trainings Conducted with 543 Batches

54

E-learning courses released on SWAYAM 2.0, of which 47 were functional, and 7 were regulatory

- Highest engagement score of 71% on SWAYAM 2.0 platform

Re-introduction of
Classroom Training

- 106 employees training on Induction in Micro-Banking; 26 trained in Vigilance Investigation; 9 trained in Facilitation Skills

3,159

Employees Certified

Certified as a 'Great Place to Work'

Addressing High Attrition:

The first quarter of FY 2021-22 was one of the most difficult in the Bank's history, and our employees were under enormous stress due to the external crisis, and work pressure caused by the pandemic upheavals. Attrition rates increased, but then we were resolute to turn the tide. The high employee turnover was stemmed with some high-quality recruitments across the levels. The 6,061 employees who exited during the pandemic period, were replaced by 6,385 in FY 2021-22, and we closed the fiscal with 16,571 employees, and an attrition rate of 26.40%.

Recognition through ESOPs:

The Bank clocked a steady performance across multiple product categories in spite of the exceptionally tough times. Our customers are primarily from the small- and medium-scale sector, and belong to modest income groups, and were particularly buffeted by the harsh economic conditions. Yet, together, we emerged on the other side. In recognition, Ujjivan SFB ensured that its stellar employees got recognised and the Ujjivan SFB Board approved an ESOP scheme, which benefited 47.6% of its employees.

GPTW for the 12th year:

Ujjivan SFB has been among the top 25 Best Places to Work (across industries) in India, for more than a decade. Achieving this feat consistently, and through the challenge-ridden pandemic years, has been nothing short of remarkable. But it is our employees who have made this possible, and who keep making us a better bank each day, through their commitment.



Communities

Towards Greater Good



COVID-19 Support

During the second wave of the pandemic, the public health infrastructure across the country had become overwhelmed. Ujjivan SFB stepped in to help and was involved in 33 projects, pan-India, benefitting the general public, healthcare, and ASHA workers. The projects were run under the aegis of hospitals and COVID-care homes, in coordination with Central and State government bodies, and the scale of impact included 8 COVID-care homes and 22 hospitals, with a total of 3,80,000+ beneficiaries. The help that we extended was in the form of beds, bedspreads, oximeters, oxygen concentrators, oxygen cylinders, ITU beds, ventilator beds, PPE kits, gloves, mask, thermal scanners and other kinds of COVID safety gears for frontline workers. More than 534 healthcare workers and 676 ASHA workers were among the beneficiaries. The projects were executed in different ways – either directly by the bank or in partnership with organisations like CBCI Society, Bengaluru, and CMC Hospital, Vellore. For the former, we donated 6 ITU beds, while to the latter, we supplied 40-D Type oxygen cylinders.

Towards the beginning of the third quarter, the Bank shifted focus towards vaccinating the public, in consonance with the

Government of India's massive public vaccination programme. The **Ujjivan Sanjeevani Kavach programme** was launched in coordination with our region-level and branch-level teams to vaccinate our staff, their families, our customers and other members of the society. The programme was executed across 478 operational areas and we were able to facilitate 80,000 vaccinations through PHCs, UPHCs, government hospitals and private camps.

Disaster Relief

During the Yass 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.

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, we 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. We were collectively able to help more than 8,000 beneficiaries.

Education

Several initiatives have been undertaken to improve educational access for disadvantaged groups. These were:

- Partnered with Maithree Society, and adopted an education centre in Chennai, which works with children, who are categorised as persons with intellectual and developmental disability (PwIDD). The centre has 45 children with special needs, and they have purchased two smart boards with grants given to them.
- Helped the Maria Nivas School in Harihara, Karnataka, to set up an IT laboratory. We have donated 18 computers to the school, and this initiative will benefit the school's 1,100 students.

Vocational Training

Ujjivan SFB regards the provision of skill-based training as a highly effective means of addressing the dual problems of youth unemployment and inadequate education. We, therefore, partner with several NGOs across the spectrum to get young people trained and readily employable.

- Through our skill development partner Cheshire Disability Trust, we were able to help 70 PWDs (People with Disability) in Karnataka. These PWDs were placed with Amazon, Fernster, TVS, R Process and Leeptra Technologies. We continued

the partnership with Cheshire in FY 2021-22 to empower 200 more PWDs at Jamshedpur and Mumbai locations.

- Our association with Divya Nur Foundation in Bhubaneswar aims at empowering 100 unemployed youth by training them in basic computers, English language skills and retail industry domain knowledge, so that they can get placed with reputed retail firms.



- Our partnership with Savera society in Purnea, Bihar, hopes to make significant change in the lives of rural women by training around 50 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, we are also helping to build an alternate ecosystem for sustainable products.

Targeted help to PWDs

As a part of our partnership with Provision ASIA, we distributed 40 specially designed wheel chairs amongst the differently-abled community in Bengaluru. Our partner helped to identify needy persons who would be greatly empowered by the mobility they gained through wheelchair use, and could better support their families and themselves.

Community Development

In the hope of creating wider social impact, we partnered with Parinaam Foundation to execute the Chote Kadam programme,

which is designed to effect change across multiple areas. Five civil



projects, whose creation and implementation would enable different kinds of positive change, were commissioned in the states of Karnataka, Goa, Rajasthan, and Gujarat. The projects include:

- Educational institute renovation
- Healthcare institute renovation
- Garbage cleaning
- The project will impact more than 2,10,000 people

Financial Literacy Programme

Ujjivan SFB aims towards breaking India's vicious cycle of generational poverty through holistic interventions focused on Social Development and Financial Independence for the unserved and under-served segments. Our aim is to empower communities by identifying their requirements for improvement, to collaborate and support them in the areas of healthcare, education, finance, livelihood and infrastructure support, to achieve their goals.

Diksha+ & Chillar Bank are classroom trainings spread across

21 states and Union Territories in 9 regional languages that have been designed to give low-income families across India the knowledge and tools they need to save money and make informed financial decisions.

The Diksha Financial Literacy Programme is designed to empower women from low income families with the knowledge and tools they need to manage cash-flows, plan for the future and make informed, intelligent financial decisions.

As part of our FLP initiatives, Financial literacy training was imparted to 1.12 lakh customers through a mix of online and offline modes. The programme continues to play a crucial part in our efforts to drive digital inclusion, as we saw 26% of the attendees (from the underserved segments of society) availing digital platforms for loan repayment, with a significant number of customers opting for Setu app and Airtel Point.

Similarly, as part of Chillar Bank Program, an initiative designed to educate the children on the benefits of saving early and making long-term investments for the family; 3,253 children were trained across 200+ branches.

We crossed 1 Million beneficiaries ITD (11,28,659) (9,55,461 customer and 1,73,198 children) under Financial Literacy Program during FY-2021-22. 13,225 (12982 customer and 243 children) beneficiaries got access to Ujjivan SFB Products.

1 MILLION*
Beneficiaries ITD under
Financial Literacy Program

*9,55,461 customer and 1,73,198 children during FY-2021-22.

13,225#
Beneficiaries got access to
Ujjivan SFB Products.

#12982 customer and 243 children during FY-2021-22.

Risk Management

Mitigating Risks Proactively

Q1 of FY 2021-22 saw yet another disruption to the normal course of business on account of the second wave of the COVID-19 pandemic. With the onset of the pandemic in March 2020, the Bank had consciously recalibrated its business and risk strategy to adapt to the 'new normal'. This strategy was further reviewed against the backdrop of the second wave to account for the adverse impacts likely to be faced by the Bank during the year. The Bank's Risk Management Committee of the Board (RMCB) assumed the vanguard role to charter a recovery path from the severe impact left by the pandemic.

The Risk Management Committee of the Board (RMCB) works through dedicated teams that monitor credit risks, operational risks, market and liquidity risks, and information security risks. Oversight over all material risks is carried out through regular monitoring of risk indicators, policy management and testing of controls, for their design and effectiveness. Breaches that emerge are evaluated through root cause analysis, and corrective actions are then initiated.

The RMCB fulfills its roles and duties through various management level risk committees such as 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). There is also a management level Risk Management Committee to provide general oversight

on risk and compliance related matters. These committees are entrusted with the task to identify measure, mitigate and monitor specific risks.

The hallmark of the Bank's Risk Management framework is its independence from business sourcing units, with the convergence only occurring at the Board level. This is vital for ensuring autonomy and efficacy.

Internal Capital Adequacy Assessment Process (ICAAP)

The Bank's Internal Capital Adequacy Assessment Process (ICAAP) takes a structured approach towards the identification, assessment, and management of all risks that may have a materially adverse impact on our business, financial position, and capital adequacy. The ICAAP framework is guided by the Bank's Board approved ICAAP Policy, which is in line with

regulatory expectations. The Bank has enhanced its initial framework for Enterprise Risk Management (ERM) by transitioning from a silo-based risk approach, to a comprehensive and holistic approach to risk management. The framework is designed around the Risk Adjusted Return on Capital (RAROC) based decision-making principle, which is a significant departure from the

commonly used accounting-based performance review. Additionally, the Bank has also developed an enterprise-wide dashboard – a summary tool that effectively communicates the structural and contagion impact of material risks on key dimensions, such as capital, asset quality, management, earnings and liquidity.

Risk Management Framework and Implementation

Credit Risk

Mitigation Measures	Description
Early Warning Systems (EWS)	<ul style="list-style-type: none"> Monitoring of industry trends, newsfeeds, and policy changes that are relevant to the portfolio quality. Such analysis is a part of macroeconomic risk analysis, and is reported internally at regular intervals. Detailed Key Risk Indicators defined to assess the performance on various parameters, such as Incremental Overdue, PAR30+, PAR90+, early delinquencies, quick mortality, non-starters, and collection performance. Metrics are analysed at various levels, such as branch, state, product, etc. These help in identifying underperforming segments and pockets for corrective actions. For monitoring of its retail portfolio, the Bank has subscribed to various bureau reports that provide real time data on changes in residential and communication details, leverage levels and external repayment track records. These insights are married with the internal performance exhibited, and the resultant insights are used to categorise borrowers, based on inherent risks. For its institutional lending portfolio, the Bank monitors through its EWS framework, which maps data received from financial statements, trends in compliance with loan covenants, external rating reports, and newsfeed, etc. to bring in objectivity in assessing the EWS. The Bank has developed a simple scoring model based on 17 parameters.
Credit Rating Scorecards	<ul style="list-style-type: none"> Systematic efforts are underway to analyse the Bank's historical data to identify patterns and trends which can be used in business decision making and our rating model/scorecard landscape is accordingly updated. The Bank has developed application scorecards and behavioural models which can be used in decision making, pricing and for computation of default probability. Scorecards and behavioural models are deployed as per relative vintage and materiality of the Credit segment For evaluating the Group Loan portfolio, an application scorecard has been developed using demographic attributes, past repayment track record and bureau-related data. Variables have been selected on the basis of Weight of Evidence and Variance Inflation Factor to develop separate scorecards for fresh and repeat loans. Customers are bucketed on a scale of 1 to 10 in increasing order of risk as per the outputs. These scorecards are embedded in the Bank's Loan Origination System and the ultimate objective is to replace the existing Business Rule Engine (BRE) with score based decisioning. A parallel run is currently on where both BRE and scorecard outputs are used in decision making until such time the scorecards are subject to additional validation. These validation tests will be undertaken by the Bank at regular intervals. Pricing is not linked to the scorecards. A rating model for individual loans portfolio has been designed using similar methodology, with internal data covering attributes like demographics, repayment trends and bureau-related variables. It has been independently validated by the Risk team and approved. The scorecard is embedded in the Bank's LOS platform and is being used in credit decision making. Likewise, risk-based pricing is also implemented on the basis of scorecard outputs.

Mitigation Measures	Description
Credit Rating Scorecards	<ul style="list-style-type: none"> Since the MSE and Housing loan variants are relatively new in the Bank with fewer data points to undertake any statistical modelling, the Bank has deployed credit rating scorecards at a product level for MSE and on the basis of customer segment level in Housing loans. The parameter selection in demographics such as personal information, income, repayment track record and collateral were made on expert judgement basis. Weights are assigned to each parameter and basis the total score; the customers are bucketed on a rating scale in increasing order of risk. These scorecards were deployed with an objective to build the data based on the critical parameters which can be used in statistical modelling. Due to the onset of the pandemic, the existing data is bound to assess high rates of default than in a normal period. The Bank's Risk team has however performed a qualitative validation and on the basis of outputs, the credit rating outputs are now linked to decision making and pricing.
Expected Credit Loss	<ul style="list-style-type: none"> The Bank has designed a detailed framework for computing Expected Credit Loss (ECL), which is also used for internal reporting purposes. Models are in place to compute key risk factors such as forward-looking Probability of Default (PD) estimates, Loss Given Default (LGD) and Exposure at Default (EAD). Though adoption of ECL-based provisioning is not yet mandatory, the Bank is well-prepared to move to the next stage in case such a mandate is enforced.
Process Gaps and Enhancements	<ul style="list-style-type: none"> Revamping of various processes used for credit appraisal that deal with documentation management, loan deviations, exposure norms and new policies or enhancements. Occupation mapping of borrowers is currently underway and is being enhanced to undertake meaningful analysis through correlations between multiple factors like industry/sector and external outcomes.
Industry Insights and Portfolio Analysis	<ul style="list-style-type: none"> Continuous analysis of all loan portfolios to better predict potential areas of stress in relation to factors like geography, ticket size, branch/clusters, etc. Such analysis has helped the Bank to mitigate impact by setting up limits and caps in exposure. The Bank has also subscribed to various industry dashboards to better benchmark portfolio performance.
Stress Testing	<ul style="list-style-type: none"> The Bank undertakes comprehensive stress testing of all loan portfolios using sensitivity and scenario analysis. The impact of adverse events on the PAR%, NPA%, provisions and capital adequacy are assessed at regular intervals.
Capital Management	<ul style="list-style-type: none"> Risk Weighted Assets are computed as per RBI guidelines. The impact on the Capital to Risk Assets Ratio (CRAR) is computed and assessed, and a forward guidance is provided for capital adequacy through our Internal Capital Adequacy and Assessment Process (ICAAP).

OPERATIONAL RISK

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 risks.' Strategic or reputational risks are second order effect of operational risks. Legal risks include, 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.

Measures Taken	Description
Product and Process Reviews	<ul style="list-style-type: none"> All new products and processes are subject to a mandatory comprehensive review, and modifications/adaptations are made in line with industry's best practices.
User Acceptance Testing	<ul style="list-style-type: none"> User Acceptance Testing (UAT) is performed on processes, new product launches, system changes & standard operating processes to identify gaps in the actual deliverable versus that listed in the Business Requirement Document (BRD). The identified gaps are further addressed and closed during the Functional Specification Documentation (FSD) stage before moving to production.
Risk and Control Self-Assessment	<ul style="list-style-type: none"> Risk and Control Self-Assessment (RCSA) has been instituted for all business processes to identify inherent and residual risks. These tools also help in identifying the efficacy of design and the effectiveness of the controls introduced.
Key Risk Indicators (KRI)	<ul style="list-style-type: none"> The Bank's KRI reporting standards have been enhanced, with forty KRIs now defined and monitored as part of the Operational Risk Management Framework. Functional KRIs have been additionally defined for the Branch Banking vertical. The KRIs are analysed on a monthly basis and reports and presented before the management and Board at quarterly intervals.
Loss Data Management	<ul style="list-style-type: none"> Loss Data Management is in place to record material incidents and to learn from errors and in strengthening existing controls. Incidents are recorded as operational loss and near miss events. This is followed by a root cause analysis (RCA) of critical incidents. The Bank records instances along the RBI defined lines of Operational Risk events and process enhancements are tabled at various committees for further action.
Outsourcing Risks	<ul style="list-style-type: none"> Progressive risk assessment of key outsourced vendors was completed during the year to ensure that these vendors comply with the minimum requirements prescribed by RBI and also Business Continuity aspects as per internal norms. Gaps, if any are regularly analysed as part of the Risk Assessment (RA) and detailed notes are recorded on each vendor through visits and placed at various forums and committees for further action.
Internal Financial Control (IFC) Testing	<ul style="list-style-type: none"> The Risk team, along with concerned stakeholders, prepares the Risk and Control Matrices (RCMs). Design, implementation and operating effectiveness of all the controls mentioned in the RCMs (that is, financial and operational controls) are tested annually by the Operational Risk Team on a random sampling basis and covers different regions and timeframes. Critical gaps that emerge are reviewed with concerned functions for upgrading and where necessary, automation of controls.

LIQUIDITY AND MARKET RISK

Measures Taken	Description
Trading Book Management	<ul style="list-style-type: none"> Duration based limits, Value at Risk based limits and open position limits are defined and monitored internally. These trading limits are monitored on a real time basis by the Middle Office. Any isolated instance/s of breach in limit is immediately brought to the notice of stakeholders and remedial measures are taken.
Behavioural Analysis	<ul style="list-style-type: none"> The Bank undertook a detailed behavioural analysis of maturity and pre-maturity trends in Retail and Bulk deposits. Basis the outcome, tolerance levels are internally defined for Weighted Average Maturity and pre-maturities. Breaches in thresholds are analysed for corrective measures.
Liquidity Management	<ul style="list-style-type: none"> The Bank computes and monitors key ratios such as Liquidity Coverage Ratio, Net Stable Funding Ratio, Structural Liquidity Statement, cash/funding gap analysis etc. Thresholds are monitored on daily/fortnightly basis as applicable and breaches are escalated as per internal policy norms for corrective actions.

Information Security

The Bank operates in a highly dynamic threat environment and has taken several measures to ensure the complete safety of customer transactions, with zero chances of breaches and data compromise. State-of-the-art security technologies encompassing Artificial Intelligence, Machine Learning, Data Lake and User Behavior Analysis have been deployed as a part of our infrastructure backend and at our Security Operations Centre, and potential threats

are monitored 24X7. A detailed, Board-approved Information Security Policy is also in place. A comprehensive strategy encompassing people, process and technology is constantly reviewed in the light of emerging threats, the security requirements of the business and best practices. The 24x7 Cyber Security Operations Centre identifies potential incidents and takes the requisite action to respond, recover, learn from such incidents and prevent recurrence.

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. In order to keep abreast of the security best practices, the Bank participates in meetings conducted by various external forums and Data Security Council of India.



Risk Management during the Pandemic

The second wave of the pandemic caused further disruption to business in the first quarter of FY 2021-22. With the onset of the pandemic in March 2020, the Bank had consciously recalibrated its business and risk strategy to adopt to the 'new normal'. This strategy was further reviewed against the backdrop of the second wave to account for the adverse impacts likely to be faced by the Bank during the year. At the strategic level, the Bank built its turnaround plan on the following broad themes:

- Stabilisation of slippages in portfolio and some recovery in Q2 through completion of Resolution Framework 2.0 and overhaul of the collection strategy for the remaining financial year.
- Robust recovery in Q3 with some growth through a '100 days plan' specifically focusing on collections and restarting disbursements in segments which were less affected by the pandemic.
- Robust growth in Q4 through a second '100 days plan' with an aim to achieve pre-pandemic levels across all areas.



Floating Provision: One of the first decisions taken by the Bank was the creation of a Floating Provision amounting to ₹250 Crores as early as the quarter ended June 2021. Usually, 'floating provisions' are created by banks during stable, revenue-generating times. However, the pandemic had exposed vulnerabilities to event risks, and the Bank took the bold decision of creating a floating provision, though short-term profitability was adversely affected. This provision now provides cover against future instances of stress affecting credit behaviour.

Resolution Framework 2.0: Another key decision taken by the Bank was implementing the Resolution Framework 2.0* which was as per the directions of the RBI issued during the second wave of the pandemic, to safeguard against potential stress, with applicability across those credit facilities / investment exposure

to borrowers who were classified as 'Standard' by the Bank as on March 31, 2021. The Bank updated its restructuring policy in line with the new directions and an option to restructure under RF 2.0 was provided to ~3.76 Lakhs loan customers amounting to ₹943 Crores in the microfinance segment. Two new credit offerings in line with the Emergency Credit Line and Guarantee Scheme (ECLGS) viz. ECLGS 1.0 and ECLGS 1.0 extension scheme were also rolled out by the Bank in July 2021 and November 2021 respectively in line with the directives from government of India as a relief to pandemic hit customer segments. In the recent budget announcement, the government has now extended this scheme up to March 2023. The Bank will continue to provide credit assistance under this scheme in the ensuing year to avail the benefit of the guarantee.

Other Measures: Forward guidance gained prominence within the Bank and delinquency levels, slippages and incremental credit costs were monitored at fortnightly intervals, with findings looped back to collection strategies. The Early Warning Signal (EWS) framework was enhanced to provide proactive insights on default probability at the portfolio and customer levels. Feedback mechanism on these EWS triggers was strengthened. Portfolio performance of every loan segment was analysed from different dimensions to gain comprehensive insights, which in turn, helped prioritise collection efforts.

Business Continuity Risks: Attrition rates across key verticals shot up during the year due to extraordinary increase in pandemic induced work-related stress. Detailed review was undertaken and comprehensive enhancements covering remuneration, talent management, personnel

development and recognition programs were initiated. In August 2021, with the change in guard at the top leadership levels, the Bank saw a brief phase of subdued activities. While attrition till this point had been largely restricted to lower and middle management grades, the change of guard at the helm exacerbated attrition in key positions at senior levels. The Bank, under the directions from the regulator, was directly managed by a 'Special Committee of Directors (SCOD)', which was a select group of independent directors. To counter the emerging business continuity risks, several incentives were designed and rolled out – a special Employee Stock Option Scheme (ESOP), special housing and vehicle loans schemes at flat ROI of 4.99% and career progression plan among others.

At the senior level, the Bank could successfully fill the positions that had fallen vacant, and new executives took over as Chief Information Officer, Head of Digital Banking, Chief Financial Officer and Head of Internal Audit and maintained continuity in operations. Capable personnel with strong leadership skills were identified internally and elevated to other remaining positions.

A Quick Response Team (QRT) was constituted for monitoring and supervising banking operations soon after the onset of the pandemic and continues as the core group to initiate action in a contingency. It also provides updates to the top management regularly.

100 Days Plan: Following the changes at the leadership level, the Bank launched a detailed '100 Days Plan' to identify urgent areas of improvement and assist

in ramping up of disbursements, collections and strategic/policy level changes. The performance of the plan was monitored on a weekly basis, at the branch and cluster level. Consequently, the Bank was able to demonstrate a substantial increase in its business volumes and achieved the highest ever quarterly disbursement in Q3 of FY 2021-22 of ~₹4,809 Crores. Substantial reduction in GNPA was also achieved – from 11.8% in September 2021 to 9.8% in December 2021, with improved profitability (a Q3 FY22 loss of ₹34 Crores compared to losses of ₹274 Crores in Q3 FY21).

To consolidate these gains, a second 100-day plan was formulated to further augment disbursements and improve staff productivity. As a part of this exercise, a deep-dive analysis was undertaken on portfolio segments to identify pockets of stress based on product variants, ticket size, customer segments and geographical location. Where patterns of stress were observed, the Bank temporarily discontinued fresh disbursements and focused on collection efforts. Fresh disbursements were allowed only after meeting pre-specified thresholds in delinquency and other key performance indicators. As a result of the second 100 days plan, disbursements in Q4FY22, exceeded the quarter-on-quarter numbers and peaked at ₹4,870 Crores while GNPA further reduced to ₹1,284 Crores (or 7.1% of gross advances).

Improving Liquidity Profile: The consecutive quarterly losses coupled with the reputation impact of change in guard warranted an equal attention and monitoring of the liquidity profile within the Bank. Taking special measures to shore up the

Bank's liquidity profile was thus the need of the hour. To reduce reliance on bulk deposits and augment retail deposit share, the Bank launched special schemes under the 'Platina Deposit' brand. Forward guidance on the liquidity position was overtly factored into the disbursement plan. Disbursements were calibrated with abundant caution and undertaken only after a detailed review of the inflow/outflow of funds, trends observed in maturity, pre-maturity and instances of maturity bunching. The Bank also executed IBPC and securitisation transactions to further augment its liquidity position and enabled operations only with ample liquidity levels maintained. A significant portion of the fund inflows were utilised for maintaining High Quality Liquid Assets (HQLA) to shore up the Bank's Liquidity Coverage Ratio and maintain these above the regulatory threshold of 100% and the Bank's internal tolerance levels.

All these concerted efforts bore fruit, leading to a positive turnaround in Q4FY22, as the Bank posted a quarterly PAT of ₹127 Crores. The lessons from the pandemic have been well integrated into our regular operations and the Bank has emerged stronger and more resilient than before.

*Refer RBI guidelines on Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses and Resolution Framework 2.0 – Resolution of COVID-19 related stress of Micro, Small and Medium Enterprises (MSMEs)

Board of Directors

Governed by the Finest



Ittira Davis

Managing Director & Chief Executive Officer

Mr. Ittira Davis is the Managing Director & Chief Executive Officer of our Bank. He is an international banker with over 40 years of banking experience, having worked extensively in India, 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 played a pivotal role in its 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 from 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 our 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 possesses about 37 years of experience of serving various banks. He carries experience of various positions from 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 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 our Bank. He has completed MBA from 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 the 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 and 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.



Sudha Suresh*

Non-Executive, Non-Independent Director

Ms. Sudha Suresh is an Independent Director of our Bank. She is a qualified Chartered Accountant with the Institute of Chartered Accountants of India and Company Secretary with the Institute of Company Secretaries of India. She is also a Grad ICWA from the Institute of Cost & 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 practicing 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 has served as the CFO/Finance Head for many companies.

*She was recategorised as an Independent Director w.e.f April 01, 2022



Rajesh Jogi

Independent Director

Mr. Rajesh Jogi joins the Bank as an Independent Director. He 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. Rajesh 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.



Rajni Mishra

Independent Director

Ms. Rajni Mishra is an Independent Director of our Bank. She 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.

Board of Directors



Ravichandran Venkataraman
Independent Director

Mr. Ravichandran Venkataraman is an Independent Director of our Bank. He has passed FCCA from United Kingdom and ACMA from United Kingdom. He has also completed program for CFOs with Wharton Business School, USA. He is a global leader with a track record spanning 30+ years having worked in India, London and Bahrain. He brings a strong business background and having worked with top Business Leaders in over 100 countries. He is the Chairperson of 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.



P N Raghunath
Additional Director
nominated by RBI

Mr. P. N. Raghunath is an Additional Director on the Bank's Board (nominated by the Reserve Bank of India). He heads the foreign exchange department of the Reserve Bank of India at its Bengaluru Office. He has experience in the areas of Public Accounts, Public Debt Management, Foreign exchange management and Data Centre of the Reserve Bank. Before joining the Reserve Bank of India, he worked as an officer in State Bank of Hyderabad for three and half years. He has also served as a faculty member and Vice Principal of the Reserve Bank's Staff College. Mr. Raghunath has graduated in B.Sc. Agriculture and has completed his Post graduation (M.Sc. Agriculture) in Agricultural economics. He has also completed MBA (Banking & Finance), Diploma in International Banking and Finance (DIBF) and Diploma in Business Finance (DBF).



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 Bengaluru Regional Office of SIDBI and has served in various capacities in SIDBI during his service spanning 27 years. His major experience is in the field of direct lending to MSMEs, Stressed Assets and NPA management. He has spearheaded the policy initiatives taken by SIDBI to re-energize its Direct Credit Business and has worked in the areas of end to end digital lending platform, 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 directorship on the Board of Tamilnadu Industrial Investment Corporation Limited. Mr. Rastogi is an engineering graduate from NIT Kozhikode.



Anita Ramachandran*
Independent Director

Ms. Anita Ramachandran is an Independent Director of our Bank. She is a well-known HR expert in the country and has over 40 years of experience as a management consultant. She began her career in the Management Consultancy 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 and her work in the compensation and rewards. She also works with several PE firms and start-ups to mentor them through their growth journey. 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.

*w.e.f July 01, 2022

Leadership Team



Ittira Davis
Managing Director and CEO

Qualification: He is a graduate from the Indian Institute of Management, Ahmedabad (1976).

He is an international banker with over 36 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 Europe, 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: She is a postgraduate from Mount Carmel Institute of Management, Bangalore, and has been part of strategic leadership programs conducted by Indian Institute of Management, Ahmedabad and Harvard Business School, Boston.

She comes with 26+ 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 SFB. She was instrumental in Ujjivan SFB 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: He has a graduate degree in Computer Science and completed his Strategic Leadership Development programme from Harvard University.

He comes with over 25 years of experience covering Retail Banking operations, Retail Asset and Micro-finance Operations, with expertise in set-up and implementation of new processes. More importantly, he's known for leveraging technology for operations innovation to create delightful customer experiences. After early stints with ANZ Grindlays Bank and Bank Muscat, he worked extensively in the space of Operations and Customer Service at the Centurion Bank of Punjab and Centillion Solutions and Services. He joined Ujjivan SFB in 2009 as the Regional Operations Manager, before 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 the bank.



M.D. Ramesh Murthy
Chief Financial Officer

Qualification: He is a Chartered Accountant and also an alumnus of the Harvard Business School, Boston, USA having completed their General Management Program.

Ramesh Murthy comes on-board with 30 years of experience in Business, Risk Management and Finance in the Middle East and India. His prior roles include Managing Director and Head – Project & Structured Finance Division, Corporate & Investment Banking Group; Senior Vice President & Head – Credit Analysis & Portfolio Management, Senior Vice President & Head - Corporate Restructuring Division; Senior Vice President – Risk Management and Head of Wholesale Risk – in Mashreqbank, Dubai and Commercial Bank International, Dubai. He started his banking career with ANZ Grindlays Bank, India in their Merchant Banking Division.

He was the Chief Financial Officer of Karur Vysya Bank (November 2020 to February 2022) and their Chief Risk Officer (April 2018 – November 2020).



Brajesh Joseph Cherian
Chief Compliance Officer

Qualification: 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 20 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 UAE where he handled various roles including serving as the Deputy CEO for Dubai Operations. Before joining Ujjivan SFB in 2016, his last assignment was as the Vice President - Compliance and Risk with Axis Bank, Mumbai.



Arunava Banerjee
Chief Risk Officer

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

Arunava Banerjee joined the 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 previous Chief Financial Officer of Remza Investment Company WLL.

Leadership Team



Parmeet Singh Daljeet Singh Grover
Chief Vigilance Officer

Qualification: He has completed his Master of Management Science, Master of Commerce, Diploma in Business Management, Advance Diploma of Computer Hardware and LAN Engineering. He is a Certified Fraud Examiner (CFE) from ACFE, Austin.

In his last role, he was working with YES Bank, as Group Executive Vice President - FCU involved in Fraud Control & Portfolio Management / Analysis – Seeding, Process Review, Root Cause Analysis. He has over 24 years of work experience in the areas of banking. Prior to working with YES Bank, he was associated with ICICI Bank Ltd, where he served as the National Head – Acquisition Risk, Financial Crime Prevention and Reputation Risk Management and was involved in handling acquisition risk for retail assets and liability portfolio.



Ashish Goel
Chief Credit Officer

Qualification: Bachelor of Technology degree in Mechanical Engineering from Regional Engineering College, Kurukshetra and is a post graduate in Marketing & Finance from Xavier Institute of Management, Bhubaneswar.

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



Ashwin Khorana
Chief Information Officer

Qualification: He holds a certification in Advanced Management Programme from the Indian Institute of Management (Bangalore) and he holds diploma in Systems Management and Industrial Electronics.

He has been a Technology Banker for 29 years, with stints in Standard Chartered Bank, Bank Dhofar, ING Vysya Bank & Jana Small Finance Bank, covering technology management and delivery across Retail, Wholesale and Digital Initiatives. He has been through a variety of Leadership Roles with the last one being Chief Information Officer with Jana Small Finance Bank. Prior to Ujjivan SFB, for 12 months he has been part of the advisory board of an IT company and active in the start-up ecosystem as an advisor, mentor and investor. In his words, he enjoys the challenges of finding simple solutions to complex problems and orchestrating situations to use technology and solve business problems.



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 NSE's Certification in Financial Markets (NCFM) for Compliance Officer (Corporate) Module.

He has a corporate experience of over 18 years and his last employment was with Ujjivan Financial Services Limited where he was last designated as the CEO & Company Secretary and played a significant role in the IPO & listing and subsequently in the restructuring, incorporation and formation of Ujjivan Small Finance Bank. He has also previously worked with companies like SMC Capitals Limited, CMC Ltd. and SBEC Sugar Ltd.

*He was appointed as the Head of Regulatory Framework on February 15, 2022 and was designated as Company Secretary and Compliance Officer w.e.f. April 05, 2022.



Chandrelekha Chaudhuri
Head of Human Resources

Qualification: She holds a Law degree from Symbiosis School of Law and PG certificate in Human Resources from XLRI, Jamshedpur.

She joined Ujjivan SFB in April, 2008 as part of the organization'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 of the Credit function in the Eastern region for 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.



Premkumar Govindappa
Head (Admin, Infrastructure and Social Services)

Qualification: He is a Commerce graduate and a Member of IFMA (International Facility Management Association).

He has over 25 years of experience spread over varied fields from 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 SFB in 2006, led the administration department. He was instrumental in building the Vigilance department, and led with a focus on preventive vigilance. Parallely, he also set up the Legal unit and managed an active Collections team. He briefly served as the Head of Human Resources during Ujjivan SFB 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 of the Bank.

Leadership Team



Rajeev Padmanabh Pawar
Head of Treasury

Qualification: 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.



Sriram Srinivasan
Head of Digital Banking

Qualification: He has 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 22 years of experience in 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 & Vietnam. He has also worked with Standard Chartered Bank as Global Head, Digital Servicing and HSBC as regional Head of Digital Channels and Platform Operations. He joined Ujjivan SFB from Digital14, a UAE based Cyber Security and Digital Transformation company. He was Vice President – Market Service Center Head and built up the financial services industry segment there. He also has a track record of building & leading cross-cultural, cross functional teams of talented global professionals.

Awards

Garnering Honours for Excellence

2022



Indian Bank Association - Winner: Best IT Risk & Cyber Security Initiatives



BFSI Excellence Awards - Winner: CISO of the Year, Banking and Best Security initiative

2021



- **Mother Teresa Award for Corporate Citizenship of the year 2021 – organized by LIBA**
- **DSCI Excellence Award 2021 for Best Security Practices in NBFCs & Small Financial Institutions**

- **BFSI Excellence Awards: Best Omnichannel Campaign Management & Marketing Automation Initiative of the Year 2020-2021 at BFSI Leadership and Technology Summit & Awards 2021, by Quantic India**
- **Special Commemorative Award 2021 in the Small Finance Bank category by NABARD**

- **Certified as a Great Place to work and one of the Best in SFB segment**
- **IDEX Legal award 2021 - Litigation Department of the Year**

- **The Outlook Money Awards: Small Finance Bank of the Year (Editor's Choice)**
- **Indian Bank Association – 16th Annual Banking Technology Award 2021 (Small Finance Bank Category)**
 - Winner: Best Digital Financial Inclusion Initiatives
 - First Runner Up: Best Technology Bank of the Year
 - First Runner Up: Best IT Risk & Cyber Security Initiatives

Management Discussion and Analysis

MACROECONOMIC INDICATORS

The beginning of 2022 marked the third year of the COVID-19 pandemic for India and the world, ushering in newer challenges for the healthcare systems and global economies. However, businesses continuity, coupled with rapid vaccination coverage, led to a stronger resilience, pointing towards a GDP growth of 9.2% for FY 2021-22, the highest amongst the world's largest economies.

In FY 2022-23, the Indian economy is expected to bounce back to normalcy, after overcoming COVID's sharp adverse shock. This process has consumed two years, with FY 2020-21, suffering a major contraction, and FY 2021-22, allowing enough recovery to enable the economy to reach back to a real GDP magnitude, only marginally above its pre-pandemic FY 2019-20 level. Even as policymakers have been looking forward to the prospects of a normalised Indian economy, another layer of challenges has gathered momentum in the form of surging prices of global crude and primary products, along with an accentuation of supply-side bottlenecks. These issues in fact, pre-date the recent geopolitical developments.

BANKING INDUSTRY SCENARIO

Bank credit growth revived, post a muted performance last fiscal. Deposit growth, CASA maintained its upward trajectory, reflecting continued preference for precautionary savings; however, it would be interesting to see the deposit trajectory in a rising interest rate scenario.

As per RBI data, on a y-o-y basis, non-food bank credit registered a growth of 9.7% in March 2022 as compared to 4.5% a year ago. Credit to agriculture and allied activities continued to perform well, registering growth of 9.9% in March 2022 as compared to 10.5% in March 2021. A bigger swing came in because of growth in credit to industry, which picked up to 7.1% in March 2022 from a contraction of 0.4% in March 2021. Size-wise, credit to medium industries registered a robust growth of 71.4% in March 2022 as compared to 34.5% last year. Credit growth to micro and small industries accelerated to 21.5% from 3.9%, and credit to large industries recorded a marginal growth of 0.9% against a contraction of 2.5% during the same period last year. Within industry, credit growth to 'all engineering', 'beverage and tobacco', 'chemicals and chemical products', 'construction', 'food processing', 'infrastructure', 'leather and leather products', 'mining and quarrying', 'petroleum, coal products and nuclear fuels', 'rubber plastic and their products', 'textiles' and 'vehicles, vehicle parts and transport equipment,' accelerated in March 2022 as compared to the corresponding month of the previous year. However, credit growth to 'basic metal and metal products', 'cement and cement products', 'glass and glassware', 'gems and jewellery', 'paper and paper products' and 'wood and wood products,' decelerated/contracted.

Credit growth to services sector accelerated to 8.9% in March 2022 as compared to 3.0% a year ago, mainly due to significant improvement in credit growth to NBFCs and robust credit offtake in 'trade' and 'transport operators.'

As India enters 'Samvat 2079,' the third wave seems to be behind us, and with the removal of all restrictions, alongside a broadening of vaccination coverage, economic activity is returning to speed. Most sectors of the economy are reaching or have exceeded pre-pandemic levels. Notably, bank credit has gathered pace, and the job market is picking up steam. There is an acceleration in the travel and hospitality sectors. The construction and real estate sectors have also seen momentum.

The Bloomberg Commodity Index hit an 8-year high in early March, with prices soaring across the board, on war-induced supply shocks. The 10-year benchmark yields ended the month of March 2022 at 6.85%, hardening by 67 bps compared to previous year. Benchmark yields remained rangebound even as globally, yields continued to rise, owing to higher inflation and the ongoing Russia-Ukraine conflict, which led to significant rise in commodity prices. With no G-sec supply in the month of March, the domestic markets remained in a narrow range, as investors continued their buying spree to fulfil regulatory requirements. Since mid-March, however, it has been exhibiting two-way movements. Crude oil prices rocketed to a 14-year high of \$ 133 per barrel in the first week of March, as Russia threatened to cut-off supply to the European nations that are heavily dependent on Russia for their oil and gas requirements. Although the prices eased subsequently, the domestic macro-economic conditions have begun to improve with the rapid retreat in COVID-19 infections, and the resumption of economic activity in normal modes of functioning. Daily infections plunged to 861 on April 11, 2022 from a peak of 3.47 Lakhs on January 20, 2022.

CPI for the month of March 2022 stood at 6.95%, recording a 9-month high. The inflation has now breached the RBI MPC upper tolerance band of 6%. Inflation is expected to remain high due to rise in commodity prices in the international markets on the back of the ongoing Russia-Ukraine conflict.

The provisional data released by the National Statistical Office (NSO) on July 12, 2022 showed that inflation, measured by year on year (y-o-y) changes in the all-India consumer price index (CPI), eased marginally in June (7.01 per cent) relative to its reading a month ago.

On the expected lines, FED in its FOMC meeting held in the month of May, raised the Federal Funds target range by 50 bps to 0.75% - 1%. The beginning of this hiking cycle came on back of higher inflation, tight labour market conditions, and the current Russia-Ukraine situation, which may also have a long-term bearing on the rates.

GST collections continue to be buoyant, touching an all-time high of ₹1.68 Lakhs Crores in April'22 thus helping the government to further push its initiatives in infrastructure investments.

The Reserve Bank of India (RBI) took various initiatives towards normalisation of liquidity management to pre-pandemic levels by reducing additional liquidity from the market, by conducting regular Variable Reverse Repo Rate (VRRR) Auctions, and with the introduction of the Standing Deposit Facility (SDF) as the basic tool, to absorb excess liquidity, in addition to narrowing the Liquidity Adjustment Facility (LAF) to 0.5% from 0.9%. In the recent off-cycle MPC meeting, RBI hiked the Repo and SDF rate by 40 bps, and also increased the CRR requirement by 50 bps. The increase in CRR will suck out the excess liquidity to about ₹87,000 Crores from the markets.

The RBI, during April-June'22, raised repo rate by 90 bps, and also raised CRR by 50 bps to 4.5%. The move has stemmed from rising inflationary pressures and outward flow of the US dollar. Taking note of the said factors, we expect an upward pressure on yields across the curve. We also expect the long-term yields to inch up at higher levels, owing to inflationary and supply pressure in the coming months. Owing to the above factors, we shall remain watchful and stay invested in lower-to-medium duration of the yield curve.

OUR STRATEGY

The pandemic has ushered in a true VUCA (volatility, uncertainty, complexity and ambiguity) environment. This crisis situation is dominated by unpredictability and uncertainty about the future, with complexities arising in the socio-economic, and healthcare structure. Responding with agility and adaptability in decisions and actions, is the need of the hour.

DIVERSIFIED BOUQUET OF PRODUCTS

Offering a comprehensive suite of products and services as well as personalised customer experience continue to be our cardinal objectives. Over the years, we have created a strong base of customers across asset and liability verticals. Our focus will be on creating need-based products for each of our segments. We shall expand our offerings to MSE customers by offering products for the formal segment, and by moving towards relationship banking, with a focus on shorter tenure products like working capital funding, bill discounting, etc. and non-fund-based facilities. In housing, we intend to launch specific offerings targeted towards local requirements in various regions. Also, we intend to launch micro-LAP products for small borrowers with funding needs, to grow their businesses. Strengthening of fintech alliances will further add to our channels to enable a superior reach to customers. For institutional segments, new products, such as bank guarantee will be launched, with further enhancement of interbank and exposure limit from various mutual funds, insurance companies, and various co-operative banks. On the liability front, our emphasis will be on implementing digital solutions for government and institution businesses, such as Public Funds Management System (PFMS). Strengthening of fintech alliances will further add to our channels to reach to our customers. POS and QR led acquisition shall be a

key area of focus as we expand our reach among small and medium retailers. We are continuously enhancing our offerings towards the aspiring middle-class segment, by offering more value-add products to strengthen our position as a mass-market bank.

FOCUS ON DIGITAL BANKING AND ANALYTICS

The Bank has set up a dedicated digital banking team to enhance customer experience, while maximising returns on technology investments, and reducing cost of operations. The main drivers of this initiative are digital innovation, application programming interface (API) banking, fintech engagements and partnerships, robotic process automation, artificial intelligence, digital lending, payments, digital marketing, and data analytics and insights. We shall drive end-to-end digitisation process to strengthen the contactless disbursements and repayments. Data analytics will be utilised for actionable insights to make informed decisions. We will leverage our full-stack API banking platform to partner with the fintech ecosystem for innovative products and solutions, for our customers. Digital channels will be utilised for new customer acquisition and service delivery. We aim to use technology to provide better customer experience to mass-market and increase the coverage of digital reach within the country. With this objective, we are in process to launch a new mobile app, targeted for customers, who are currently not able to use mobile banking due to barriers like language, inability to read / understand banking terminologies.

STRENGTHENING LIABILITY FRANCHISE, AND INCREASING OUR RETAIL BASE

The Bank has been focusing on creating a sticky base of granular retail deposits to fund its asset growth. Our growth on the retail deposit base, CASA deposits, and customer acquisition, has been healthy and encouraging. Also, we offer the competitive rates to our customers, which further aids in garnering deposits. We intend to meet a majority of our funding requirements through Current Account Savings Account (CASA) deposits as well as recurring, and fixed deposits, by building a sticky deposit base, and attracting new customers. We shall drive the usage of our accounts by leveraging our dedicated customer service, and user-friendly apps. Our focus will be on improving the right sourcing mix of customer segments and product variants, with nearly 50% contribution from flagship products with higher balances.

INCREASED CUSTOMER PENETRATION

We plan to use the right combination of physical and digital channels, and partnerships, to expand our reach and deliver value to our customers. We are continually adding more channels to enhance our customer outreach.

- We will develop fintech alliances, as an avenue for low cost acquisition of customers, and providing innovative solutions to them.
- Our phone banking unit provides additional support in terms of servicing and also generating/ converting leads for businesses.

- We extensively use the digital platform to market our products and services through dedicated programs, which use analytics and customise messages for target audience.
- We shall scale up our neighbourhood transaction points to seamlessly service our customers staying far away from our branches.

RESPONSIBLE BANKING FOR THE UNSERVED/ UNDERSERVED SEGMENTS

Committed to financial inclusion of the unserved and underserved segments, and driven towards fostering financial discipline among our customers, we intend to continue training and educating our customers about the risks of over-indebtedness, and multiple borrowing, and the benefits of putting their savings in a bank, and availing insurance products. We shall continue to partner with Parinaam Foundation, to offer financial literacy programs to drive financial awareness. We are also developing an AI platform to help our customers fulfil service requests, and basic transactions in the language and channel of their choice. We shall drive adoption of digital channels among our customers to facilitate a low cost, convenient, safe, and seamless transaction experience, for the customers.

DIVERSIFY REVENUE STREAMS, CONTROL COSTS

Our focus is on supplementing the revenue stream through fee and non-fund-based revenues. We shall leverage our banking outlet network, digital channels, diversified product and service portfolio, and our large customer base, to develop our fee and commission-based business. Our treasury team effectively trades and manages our funds, by capitalising on the opportunities presented by the market. New products for institutional clients will also add to the fee incomes. RBI relief measures have classified lending by SFBs to MFIs as priority sector lending. This will help build priority sector advances in surplus of the targets mandated by the RBI, and trading of priority sector lending certificates will continue to be an important source of fee income.

AT A GLANCE: MARCH 31, 2022

Banking Outlets and ATMs

575 BOs, of that 144 URCs (25% complied)

492 ATMs including 54 ACRs

LOAN PORTFOLIO

- OSP* at ₹18,162 Cr
(₹15,140 Cr in March 2021), ~20% growth
- Non-MF book at 32%
(28% in March 2021)

DEPOSIT BALANCE

Deposit ₹18,292 Cr

(₹13,136 Cr in March 2021)

39% growth

Retail: 54%

(48% in March 2021)

CASA: 27.3%

(20.5% in March 2021)

CUSTOMERS

- 64.8 Lakhs Unique Customers
(59.2 Lakhs in March 2021)
- 62.1 Lakhs Liability Customers
(55.8 Lakhs in March 2021)

PORTFOLIO QUALITY

GNPA at 7.1%

(7.1% in March 2021)

NNPA at 0.6%

(2.9% in March 2021)

EMPLOYEE

- 16,895 employees
(16,571 in March 2021)
- Book (Adv. and Dep.) per employee – ₹2.12Cr
(₹1.7 Cr in March 2021)

PROFITABILITY

PAT – ₹(415) Cr

(₹8 Cr in FY21)

- PPOP ROA – 2.7%
(4.1% in FY21)

- ROE – (13.8%)
(0.3% in FY21)

CAPITAL AND FUNDING

Cost of Funds- 6.3%

(7.2% in FY21)

CRAR – 19%

(26% in March 2021)

CUSTOMER GROWTH

As on March 31, 2022, 96% of the customers either had a Savings Bank Account or a Current Account with the Bank, as against 94% in March 2021. This expansion in customer base was driven by large-scale new customer acquisitions, across deposit products as our liability base increased. Our unique customer base grew by 9.5% over the previous year by the end of FY 2021-22.

	Asset and Liability	Asset Only	Liability Only	Total
Mar-21	36.7	3.4	19.1	59.2
Jun-21	35.3	3.3	19.6	58.2
Sep-21	34.3	2.9	22.5	59.7
Dec-21	34.9	2.7	24.5	62.1
Mar-22	35.2	2.7	26.9	64.8

SEGMENT-WISE PERFORMANCE

Assets business

Asset book performed well, growing by 20% y-o-y to ₹18,162 crores. This was despite the second COVID wave, which disrupted operations during H1 FY22. During August 2021, we laid down our 100-day plan with a focus on (a) re-building business volumes, (b) improving portfolio quality and (c) attracting/retaining good talent. Business picked up well, in line with the strategy, and all the business verticals displayed strength. Micro-banking portfolio, which constitutes 68% of the total book, at year end, grew at 14% y-o-y, while affordable housing and micro and small enterprises, grew around 33% each, which was well-supported by other asset verticals.

Despite all challenges at fore, we ramped up disbursements, and achieved highest ever disbursements of ₹4,809 Crores and ₹4,870 Crores in Q3 FY22 and Q4 FY22, respectively. We improved our productivity levels and acquired a handsome customer base in H2 FY22. As credit demand improved, we selectively increased our ticket sizes for our existing customers to support their growth. We introduced several new products, such as pre-approved loans, and top-up loans, to cater to our micro-banking borrower base. Along with book growth, we equally focused on improving collections. Digital penetration continued to scale-up with the existing customer base, and through partnerships with new fintech channels. Our well-placed digitised processes were significant enablers in building business volumes, and improving collection mechanisms, and these enabled us to significantly surpass disbursement and collection levels, which were clocking pre-pandemic levels, towards the close of FY 2021-22.

Overall, a strong momentum was built up in all business verticals, and FY 2021-22 closed on a healthy note.

MicroBanking

MicroBanking currently serves over 4 million unserved and underserved customers. We focused on managing

KEY STATISTICS: MICROBANKING AND RURAL BANKING

Particulars	31-03-2021	31-03-2022	Rise
Disbursement (₹ in Crs)	6,482	10,668	65%
OSP (₹ in Crs)	10,868	12,344	14%

HOUSING

Affordable housing loan products are targeted at the aspiring middle-class population, helping them achieve their dream to buy/construct homes. A majority of them are first-time home buyers, availing benefits of PMAY CLSS scheme. The bank has been diligent in facilitating 4,400+ customers in securing a subsidy under the PMAY-CLSS.

collection and reviving our business generation. We supported our existing customers to restart their livelihood activities post pandemic, by providing them with repeat and top-up loans. Along the way, we built numerous efficiencies in our business operations through paperless and cashless alternatives. We extended and extensively promoted services digitally, and extensively promoted services, such as digital repayments, mobile banking, and UPI. Our digital initiatives became stronger with one of the first, real-time customer mobile number updation processes, enabling faster digital onboarding. We continued our efforts towards 'Sampoorna family banking,' by offering a holistic suite of products and services, such as group loans, individual loans, savings/deposit products, two-wheeler loans, insurance, payment solutions, and others. We scaled up our alternate channels including our payments partnerships, mobile banking and UPI adoption, and Ujjivan Pay QR code for banking services. Our business model built on a 'full range of banking services the segment,' 'assisted to self-service,' and 'people and technology' driven approach, has yielded phenomenal results towards business performance and customer satisfaction.

Rural Banking

The Rural Banking vertical is operating through 110 URC branches and 7 business correspondents. The URC branches are spread across 9 states. The percentage share of secured portfolio has increased in H2 FY22. Post COVID, there is a positive change in the overall business parameters, and uptick in credit offtake. With a focus to increase secured loan portfolio, KPC Poultry and KPC pisciculture products (variants catering specific markets) were launched, which would further enhance advances under PSL segment. Additionally, to focus on liability book building, the 'Connect and Scale' programme was launched to target HNI clients across URC branches, along with focus on partnerships for cashless repayment, and cross-selling of other asset products, and as well as TPP business sourcing.

Affordable housing business vertical has been able to grow the book by 33% y-o-y, disbursing ₹1,064 Crores during the year. Portfolio has crossed the milestone of ₹2,700 Crores, with the total number of customers crossing 30,000. Despite the COVID-related restrictions in Q1 FY22, the business picked up fast with Q3 FY22 posting one of the best business figures, so far.

The portfolio quality witnessed slight stress during mid of the fiscal year. However, by enabling fully digitised mode of NACH registration and increased focus on collection, the team has managed to thrive on the OTRR and MRR levels. The team is already working with focused approach to bring portfolio quality to pre-COVID levels.

During the year, we successfully implemented Centralised Credit Processing Unit to Underwrite Bank Credit for salaried profile applications, which has enabled reduction in income sanction TAT. Digital signature and stamping platform for vendors has made vendor onboarding

KEY STATISTICS: HOUSING LOAN

Particulars	31-03-2021	31-03-2022	Rise
Disbursement (₹ in Crs)	666	1,064	60%
OSP (₹ in Crs)	2,050	2,734	33%

MICRO AND SMALL ENTERPRISES (MSE)

The MSE segment is an essential driver for the Indian economy as it promotes entrepreneurship and develops employment. The sector faced a major setback in the last two financial years, with the onset of the pandemic in March 2020, and the successive waves and lockdowns thereof. The focus area for this year was to responsibly connect with customers, empower the salesforce with digital interventions to enhance their productivity. This enabled us to ensure that the end impact on portfolio quality and product offerings was positive by design. Our fintech partnership which commenced in the last fiscal, is now a robust, fast-growing, high-quality book – one that will be supplemented by more partners in the coming quarters of FY 2022-23. In our pursuit of empowering customers to grow fast in their business and trade, we

KEY STATISTICS: MSE

Particulars	31-03-2021	31-03-2022	Rise
Disbursement (₹ in Crs)	517	1,087	110%
OSP (₹ in Crs)	1,286	1,710	33%

INSTITUTIONAL LENDING

Financial institutions group lends to the microfinance institutions, non-banking financial companies (NBFCs), and housing finance companies (HFCs) within acceptable credit parameters.

The Bank has grown its institutional lending book in a controlled manner with good rated entities, considering overall business environment, and disbursed ₹715 Crores during the year, and closed with the book at ₹855 Crores (32% y-o-y growth). The book is spread across diverse sectors and 37 distinct clients. The Bank monitors its exposures on regular basis.

We have launched collection, CC/OD accounts for our borrowers, and are working to launch WCDL and fee-based trade finance products like bank guarantees in H1 FY22-23.

seamless. Affordable housing business aims to leverage existing customer base through the use of in-house digital and analytics tools.

Digital customer onboarding and servicing facility is the top priority for the business along with introduction of managerial and leadership development program. The idea is to provide the best-in-class services to customers, through a dedicated and skilled workforce. Geographical expansion and penetration to expand the business along with segment-specific, timely delivery of products, will be our key focus area.

launched our term loan and overdraft offering under GOI CGTMSE guarantee scheme. Available as term loan and overdraft, offerings under CGTMSE are suitable for MSEs registered in India that seek low-cost working capital, and Capex funding at an affordable pricing, without the mandated ask of a collateral.

The MSE loan portfolio grew to ₹1,710 Crores as of March 2022 from ₹1,286 Crores in March 2021 (33% growth y-o-y), and a total disbursement of ₹1,087 Crores was made during the year.

In FY 2022-23, we aim to introduce several new credit products, continue our focus on relationship banking, and on the formal segment, to meet the working capital requirement in the MSE sector.

VEHICLE LOANS

Vehicle finance remained upbeat against defying the challenges, arising out of COVID -19, and has delivered healthy business of ₹128 Crores against ₹67 Crores for FY 2020-21. The total customer base disbursed in the financial year is ~25k. Our portfolio as of March 2022 stood at ₹162 Crores. We are mostly concentrated on two-wheelers. Diligent expansion in dealer network has resulted in having about 800 dealers on board. A recent partnership with a leading two-wheeler manufacturer has strengthened our visibility amongst the major sales points. We have evolved our business through digital onboarding of customers, giving us flexibility to reach out to more customers. We would continue to focus on building new relationships with dealers, manufacturers, and digital aggregators.

DEPOSIT GROWTH

During FY 2021-22, our deposit book recorded 39% y-o-y growth, driven by largely improving CASA, which grew by 85% y-o-y, closing at 27% of the total deposit book as of March 31, 2022 against 21% in March 2021. The Bank initiated several engagement activities with active customers, to drive transactions and usage of the accounts, resulting in an increase in average balances. We launched several segment-focused products and services to facilitate new account acquisitions.

RETAIL DEPOSITS

Our retail deposits recorded a significant growth during the year, constituting 54% of the total deposit as of March 31, 2022. The branch banking and MicroBanking teams were supported by the MSE and Housing finance teams to drive growth in retail deposits. Through several customer engagement initiatives to promote adoption of digital channels, and drive usage of accounts and diversified products, we witnessed good traction in our retail deposits' business.

BRANCH BANKING UNIT

The Branch Banking unit is predominantly focused on enhancing customer convenience through dedicated products and service offerings to its various customer segments – senior citizens, youth and students, salaried individuals, women, NRI customers, retailers, enterprises, and TASCs (trusts, associations, societies and clubs)

The unit expanded its suite of offerings by introducing 'Classic Savings Account' to serve the mass market customers and becoming the preferred bank for all their banking requirements. Classic Savings Account offers a higher cash deposit limit and free unlimited withdrawal at any USFB branch with no additional charges. Customers also enjoy unlimited free NEFT and RTGS transactions through internet banking and mobile banking. The customers can opt for either Rupay Classic or Rupay Platinum Debit Card along with several linked, multiple benefits. Some other benefits include waiver of debit card AMC, if annual card spend is ₹1,00,000 for the Classic Debit Card and ₹1,50,000 for the Platinum Debit Card. Up to 50% waiver in processing the fees of personal loans, loans against fixed deposits, and overdraft against fixed deposits.

KEY STATISTICS: RETAIL DEPOSITS (₹ IN CRORES)

Particulars	₹ in Crore		
	31-03-2021	31-03-2022	Rise
CASA	2,246	4,734	111%
TD	3,997	5,187	30%
Total	6,243	9,921	59%

The Bank strives to create a well-diversified customer base through focus on right sourcing mix of various customer segments and product categories. Our products cater to a wide range of customers, ranging from new to bank customers looking for basic banking services to customers, seeking upgraded banking services and features.

Platina fixed deposit, a non-callable retail deposit product, was also introduced in January 2022. This product will help in building a long-term deposit book for the bank from retail customers. In FY 2021-22, ₹195 crores of Platina fixed deposits were booked.

We are relentlessly focused on nurturing existing relationships, increasing customer engagements, and driving active use of the account. We encourage the use of our multilingual, convenient, alternate channels, comprising mobile banking, internet banking, business net banking, debit cards, and POS terminals. The unit collaborated with MSE, Housing, VL, TASC and FIG verticals, leveraging the synergies and delivering a comprehensive range of products and services.

Going forward, the emphasis is on improving the right sourcing mix of customer segments and product variants with nearly 50% contribution from our flagship products. We plan to add new products and services, catering to the need of our targeted customer segments. POS and QR led acquisition shall be a key area of focus as we plan to increase our reach among MSE and retailers. Given the large unexplored potential of the NRI segment, we plan to channelise the branch resources to acquire more NRI relationships through non-face-to-face offerings, which will help eliminate the geographical restrictions and improve customer experience.

Our emphasis will be on implementing digitally-enabled banking solutions for government and institution businesses, such as Public Funds Management System (PFMS) for payment and collection of funds, payment gateway facility to government and TASC customers, and customised POS and QR offering to TASC segment.

Over the last five years of our banking operations, we have created a large and diversified customer base, and we see a huge opportunity in terms of enhancing their wallet share by cross-selling, offering upgrades, and engaging with them through various digital channels. In FY 2022-23, our emphasis will be on engaging with the entire customer base and offering a complete suite of banking solutions.

Particulars	31-03-2021	31-03-2022	Rise
Staff	127	119	-6%
MicroBanking	1,029	1,255	22%
Branch Banking	5,086	8,274	63%
Total	6,242	9,649	55%

INSTITUTIONAL DEPOSITS

We are having dedicated specialised institutional business groups to manage overall relationship with various financial market participants, such as commercial banks, RRBs, mutual funds, cooperative banks, insurance companies, development finance institutions (DFI), capital market participants, NBFCs, etc. and managing business from Non FI segments like various government (centre and state) PSUs, departments, boards, corporations, corporate clients, and TASC (trust, associations, society and club). Institutional Group is instrumental in raising medium, to long-term deposits, depending on the overall funding requirement and ALM position of the Bank.

Institutional Group also develops and utilises alternative/secondary source of funding, such as refinance, IBPC, securitisation, term loans and lines of credit from banks as secondary source of funding, within overall funding needs. During FY 2021-22, the funds were raised from alternate sources, inter-bank participation certificate (IBPC), securitisation, and term loans. IBPC transactions were successfully executed with different banks, and we have raised short-term low-cost liability for the Bank. Securitisation route also has been used for raising long term, low-cost liability through PTC structure (pass through certificates) on some of our retail loan portfolio to other investor banks/institutions.

The Bank has also developed liability relationships with different public sector undertakings (central/state),

KEY STATISTICS: INSTITUTIONAL DEPOSITS

Particulars	₹ in Crore		
	31-03-2021	31-03-2022	Rise
FIG	4,955	6,605	33%
TASC	1,437	875	-39%
CD	407	756	86%
Holding Company	95	135	43%
Total	6,893	8,371	21%

INSURANCE

We offer our borrowers, co-borrowers and their spouses, the option of enrolling under the group insurance scheme run by our insurance partners. Our insurance offerings are targeted at providing financial support to the family of the customer, and eliminating the burden of repayment of outstanding loans, in case of the unfortunate demise of the loan-bearer. There is a huge unmet demand for insurance products among our customers. We have entered into corporate agency arrangement with Bajaj Allianz Life Insurance Co. Ltd., HDFC Life Insurance Co. Ltd. and Aditya Birla Sun Life Insurance Co. Ltd. to provide life insurance solutions to our customers. Similar arrangements have been made with Bajaj Allianz General Insurance Co. Ltd. and ICICI Lombard General Insurance Co. Ltd. for general insurance, and Care Health Insurance

government departments/entities, corporates, and also entities like schools, colleges, hospitals, trusts, societies as well, and offer standard/customised banking solutions to these entities.

Despite COVID-19-related disruptions in macro environment, we continued our flagship performance during the year under review. FIG has been prominently involved in raising liabilities for the bank through inter-bank deposits, CDs, term deposits as well as borrowings in the form of IBPC, securitisation and refinance from NABARD, SIDBI and NHB. Institutional Groups has a well-diversified liabilities portfolio across geographies, and different client segments, reducing concentration risks substantially.

In FY 2022-23, the Bank intends to consistently focus on building CASA balances and trade product revenues from various institutional clients. It seeks to expand the asset base by fostering new relationships and enriching current relationships. We are working on various tailor-made products to suit the requirements of various institutional clients.

The team is manned by well experienced resources from the banking industry and well-skilled to explore and develop the market. The team is specialised and small, but present in all regions and major locations of the country, serving the institutional clients.

Ltd for health insurance. During the year, we introduced new life insurance and health insurance offerings for identified customer segments, scaled up employee IRDA certification efforts, improved our internal processes to remove various operational bottlenecks, adopted several digital initiatives for customer onboarding, and servicing, and focused on quality customer acquisition across business verticals. We launched digitally-enabled IRDA certification process for all employees, in addition to a new health insurance product proposition through end-to-end digital onboarding and fulfilment.

FINANCIAL AND OPERATIONAL PERFORMANCE

The first half of the financial year started with the ongoing difficult phase of the pandemic. After a continued slowdown in businesses, the business volumes increased

from Q3, as the economy recovered gradually, and demand stabilised. The Bank ramped up its businesses in H2 FY22 with record volumes across its verticals and ended the year on a high note. Due to high NPA levels, our yields were suppressed, and collection cost and credit cost increased. With the increase in business volumes in H2 FY22, and continued efforts under our two 100-day plans, we were able to turn profitable on quarterly basis in Q4 FY22. Our post-tax profit stood at ₹(415) Crores, as against profit of ₹8 Crores in the previous year, while pre-provisioning operating stood at ₹590 Crores against ₹801 Crores in the previous year.

Overall, the total income grew by a modest 0.6% over the last financial year on the back of a strong loan book growth of 20%. Interest income on advances amounted to ₹2,576 Crores, constituting 82% of our total revenue. On full year basis, FY 2021-22 yields were lower at 16.6% versus 18.5% in FY 2020-21. Although the March 2022 and March 2021 NPAs were at similar levels, the yield in FY 2021-22 was on a lower side compared to FY 2020-21, as the NPA remained inflated for the full year compared to FY 2020-21, where the spike was seen post Q3, as a result of which, the income was recognised during H1 FY21. It was only in H2 FY21 that the NPAs started affecting our revenue recognition. During FY 2021-22, the revenue recognition was affected for the full year, resulting in lower growth in interest income, despite strong growth in advances. The Bank maintained a healthy Provision Coverage Ratio of 92% as on March 31, 2022. Income on statutory and other investments amounted to ₹237 Crores, growing by 15% during the year, on account of the higher deposit base and higher SLR maintained for sufficient liquidity buffer. It constituted 8% of the total income.

Fee and other income, comprising processing fee, profit on sale of Priority Sector Lending Certificates (PSLC), commission income on distribution of third-party products, interest or gain on investments, and other miscellaneous income, saw a growth of 4% over the last financial year, and constituted 11% of the total income against 10% in the previous year. Income from trading operations reduced to ₹18 Crores, constituting 1% of total income and 6% of other income.

Commission income on distribution of third-party products increased to ₹26 Crores against ₹20 Crores, as a result of increasing distribution of retail insurance by cross-selling across businesses and activation of the distribution channels, across the larger network, backed by higher credit life commission, due to improved disbursement volumes. Miscellaneous income, comprising annual card maintenance fee income, income from banking operations, foreclosure and late payment charges, and profit on sale of investments, amounted to ₹92 Crores, constituting 29% of fee and other income, and 3% of total income. Card maintenance fee grew to ₹29 Crores against ₹20 Crores in the previous year, on account of increased number of active cards. Income from banking operations grew to ₹50 Crores, against ₹33 Crores in the previous financial year, on account of increased digital transactions, reflecting greater usage of the accounts.

Our asset yields dipped to 16.6% for FY 2021-22 against 18.5% in the previous year. On the borrowings side, the scale-up of our retail deposit franchise, growth of CASA, coupled with rate cuts across deposit products, repayment of high-cost refinance, and funding at concessional rates availed from SIDBI and NHB helped reduce the cost of funds to 6.3% from 7.3% in the previous year. Finance Cost increased by a meagre 1% over the previous year, on account of positive rate variance of ₹162 Crores net of negative volume variance of ₹170 Crores, on account of 16% increase in average liabilities, especially deposits.

Our NIM stood at 8.8% against 9.5% in the previous year, declining largely on account of dip in yields due to NPAs. Although there have been signs of improvement in NIM on quarterly basis, we achieved NIM of 10.1% in Q4 FY22.

Our total operating costs increased by 22% from that in FY 2020-21. Personnel costs increased 9% over the previous financial year, majorly due to revival of economy, and increase in business activity for the Bank, which led to higher salary payout made to the employees. There was a modest increase in the number of employees over the previous year, and increase in the average salary for the employees. Other operating costs comprising occupancy, technology and connectivity, travelling and conveyance, cash handling and management, marketing, direct business-related and other expenses, increased by 42% from that in previous year. This increase can be attributed to higher business-related expenses, increase in occupancy-related expenses, and IT expenses. Collection, being one of the prime focus areas for the Bank, the collections cost was higher by ₹77 Crores over previous year. Owing to above factors, the cost to income ratio increased to 71.7% from 60.6% in FY 2020-21.

Our credit expenses for the year increased to ₹1,118 Crores against ₹790 Crores in the previous year. The credit cost was well contained within the guidance of ₹1,200 Crores given by us post external evaluation of asset book. The Bank made an incremental provision of ₹10 Crores on standard assets, and ₹288 Crores on NPA, in addition to floating provisioning of about ₹250 Crores, and write-offs worth ₹788 Crores. The Bank has maintained a conservative provisioning norm, in excess to that mandated by RBI, and made incremental floating provisions to ensure a higher PCR and coverage of net assets. Provisioning coverage stood at 7.3% on the gross advances as on March 31, 2022 against 6.3% in March 2021. Total cumulative provision on portfolio stood at ₹1,330 Crores as on March 31, 2021, consisting of ₹146 Crores on standard assets, and ₹934 Crores on NPA, and additional floating provision of ₹250 Crores. The Provision Coverage Ratio (PCR) for the Bank stood at 92% at the end of the year, while net NPA (NNPA) stood at 0.6% against 60% and 2.9%, respectively, in March 2021.

The Bank's Return on Asset (RoA) on Pre-provision operating profit stood at 2.7% against 4.1% in the previous year, with Return on Equity (RoE) at 13.8% against 0.3% for FY 2020-21.

INCOME STATEMENT

As on March 31, 2022, our balance sheet size stood at ₹23,604 Crores, an increase of 16% over ₹20,380 Crores at the end of March 31, 2021. The Bank's net worth dipped from ₹3,219 Crores as on March 31, 2021 to ₹2,801 Crores as on March 31, 2022. The Capital to Risk Weighted Asset Ratio (CRAR) stood comfortable at 19.0% as of March 2022 against 26.4% as of March 2021.

Our gross loan book closed at ₹ 17,488 Crores, registering a 16% growth over the preceding year, while our deposit base closed at ₹18,292 Crores, growing 39% y-o-y, largely driven by a healthy growth in retail deposits, which grew 59% y-o-y, constituting 54% of total deposits in March 2022 from 48% at the end of March 2021, with good traction in CASA. The Bank's CASA balances (as a % of total deposits) increased from 21% to 27% in the financial year.

DIGITAL INITIATIVES

This year, we laid the foundation of our digital roadmap, and the Bank achieved success in the following areas:

API BANKING AND FINTECH ECOSYSTEM ENGAGEMENT

We have grown stronger with our partnerships in the Indian Fintech ecosystem, having partnered with six fintech partners last financial year. This financial year, the focus was on stabilising and getting a deeper understanding of the fintech ecosystem to co-create innovative products. We have expanded the capabilities of our API stack, to cater to a wider range of cases from the fintech industry; the total number of APIs stand at 169.

We have doubled down on our commitment towards the fintech ecosystem with a sharper focus on the lending side, to cater to the MSE segment through our partner 'Progcap.' Another area of attention is improving collection efficiencies for our existing customers by offering digital modes of collections through our fintech partners.

DIGITAL COLLECTIONS INFRASTRUCTURE FOR LOAN REPAYMENTS

This financial year was a true testament to our efforts of moving collections digitally (with 18%). We have further strengthened the digital collections infrastructure by an addition of 5 lakh touch points through addition of a partner- 'Spice money.'

Internal Process Automation:

Internal process automation through RPA continues to be a key driver of creating internal efficiencies with an addition of 20 more processes automated through RPA, and processing more than 18 Crores of transactions through RPA in the last fiscal.

CHANNELS

FY 2021-22 has been a year of building resilience and strengthening the Alternative Banking Channels of the Bank. Last year has truly tested our mantra of 'One Bank One Ujjivan,' and we came out much stronger by building a

more robust system to cater to our customers in the most convenient manner through various channels.

Debit Card

We are one of the largest debit card issuers among the peer banks in the industry, with a card base of 7 million. Our approach over the next years would be to continue to focus on operation efficiency, and digital transactions through cards.

In FY 2021-22, debit cards has contributed to over 30 million transactions, which is 24% of the Bank's transactions, which is also the highest since inception. This year, we have also built the base for international debit cards, to make way for overseas transactions, and near field communication debit (NFC) cards, for contactless POS terminal transactions.

Transaction Touch Points ATMs and ACRs

The Bank has undertaken various initiatives, centered on improving customer experience by seamless delivery of products and services. The Bank has created a number of touchpoints in terms of ATMs, ACRs and Money Mitra (business correspondents) among many other touch points. The Bank has 492 ATMs, including 54 Auto Cash Recyclers (ACRs).

Ujjivan Small Finance Bank has remained on the top of the ladder among all peer banks in ATM transactions, with high ATM uptime of ~98%, multilingual screens and amenities for the specially-abled people, etc. making Ujjivan SFB ATMs a reliable and convenient partner for customer needs. Cash Recycler machines deployed at the Bank branches contribute to ~40% of the deposit transactions in that branch, and ~80% customers use ATM to withdraw cash for their financial requirements.

Money Mitra

While Bank leverages its robust digital infrastructure to deliver on stakeholder commitments. Its phygital points, such as Money Mitra help in reaching out to customers, and garner trust through face-to-face interactions, helping in brand building, improving transaction efficiency, and fostering cross-sell. With over 200 Money Mitra deployed, the Bank is increasing its footprint in various demographics.

In FY 2021-22, Money Mitra has demonstrated remarkable spirit in its pilot phase, by serving more than 2 Lakhs customers, amounting to ₹147 Crores loan repayment.

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 key risks that the Bank is exposed to in the course of its business are credit risk, market risk, liquidity risk, operational risk and information security risk. The hallmark of the Bank's risk management function is its independence from business sourcing units with the convergence only at the Board level.

CREDIT RISKS

Credit Risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. Losses stem from an outright default, as defined by the regulator. Through continuous monitoring and enhancement, the Bank has established a distinct risk architecture, policies and procedures for managing its credit risk. The Bank has positioned itself predominantly as a retail bank with exposure in segments of microfinance, MSE and affordable housing. The Bank also has a sizable exposure to institutional clients, who are primarily in the BFSI segment. Prior to the pandemic, the Bank had launched new credit offerings in the personal loans and vehicle loans segments, to provide a comprehensive suite of products to our customer segment. The business strategy to cater to these segments is continuously assessed after factoring in the learnings from the pandemic, and the Bank's strategic imperative. There are robust front-end and back-end systems in place, to ensure credit quality and to minimise loss from defaults.

The factors considered while sanctioning retail loans include income, demographics and repayment track records of the borrower and tenor of the loan. Credit risk is managed by a robust customer screening process, caps on exposures and ticket size, based on borrower segments and pricing of loans, based on the inherent risk. This is backed by portfolio diversification strategies, stringent credit approval processes, and periodic post-disbursement monitoring for remedial measures, if warranted.

The Credit Risk Management Committee (CRMC) of the Bank meets at monthly or at more frequent intervals to review the credit portfolio, performance of all loans approved within a defined deviation matrix, and issues relating to loan documentation. During the year under review, the credit risk team has implemented risk scorecards to ensure an objective and standardised credit assessment framework, and to provide a risk categorisation for borrowers. The output from these scorecards is linked to credit decision making and in pricing-related decisions. Factoring the learnings from the pandemic, the Bank has revamped its Early Warning Systems (EWS) to provide proactive insights on the external and internal performance. These warning signals are disseminated to various stakeholders for corrective measures.

The Bank has a conservative and a prudent policy for provisioning of standard and NPA exposure. Our provision for NPAs is higher than the minimum regulatory requirements, while adhering to regulatory norms for the provision of standard assets. During the year, the Bank created a floating provision to eliminate any instances of underestimation in credit risk and to operate as a cover for any future contingencies.

Stress testing forms an integral part of risk monitoring, where sensitivity and scenario-based tests are regularly performed on the collection rates, to compute the incremental default rates and associated credit costs. These tests served as an important guiding tool for strategic decisioning, and in maneuvering from the aftermath of the pandemic.

MARKET RISKS AND LIQUIDITY RISKS

Market risks arise 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. These are monitored on end-of-day basis.

Liquidity Risk is the risk that a bank may not be able to meet its short-term financial obligations due to an Asset-Liability Mismatch (ALM) or interest rate fluctuations. As a part of this process, the Bank has established various limits to mitigate both, liquidity and interest 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 had also maintained a comfortable Liquidity Coverage Ratio (LCR), well above the regulatory limits during the year. During the year, the Bank has also commenced monitoring and reporting of the Net Stable Funding Ratio (NSFR) to meet the RBI mandated requirements. The Bank regularly undertakes various internal assessments of the behavioral patterns exhibited by depositors with respect to premature withdrawal, utilisation, and tenure of deposits. There are now tolerance levels 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 RISKS

The Bank has in place a Board-approved Operational Risk Management policy to mitigate and manage operational risks. 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 contingency planning. The Bank is continuously striving to enhance its processes. Manuals, an important spin off to 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.

Business Continuity Management (BCM) was critical during the early months of the previous year on account of the pandemic. The Business Continuity Plans were reviewed and enhanced comprehensively to include the pandemic management. These plans are rigorously tested, and gaps are addressed on an on-going basis.

During the year, the RCSA framework was introduced, and the exercise was completed for all the critical verticals (with an exception to a vertical, which is expected to be completed in the ensuing year) within the Bank. The results from RCSA enable the Bank to assess the control testing effectiveness and in management of residual risks.

For effective management of operational risks, the Bank has constituted an Operational Risk Management Committee (ORMC) chaired by the MD and CEO. The Committee, convened by the Chief Risk Officer, meets at least at quarterly intervals to provide an oversight on key operational risk issues, the summary of which is presented to the Risk Management Committee of the Board. Operational risk within the Bank is managed through a combination of qualitative and quantitative approaches. It includes stringent product and process reviews, diligent User Acceptance Testing (UAT) of changes to systems, Risk Control and Self-Assessment (RCSA) framework, identifying and monitoring of Key Risk Indicators (KRI), data loss management, thematic reviews, scorecards, outsourcing risk reviews, Internal Financial Control (IFC) testing, and Business Continuity Planning (BCP).

INFORMATION SECURITY

The Bank operates in a highly dynamic threat environment and has thus taken a plethora of measures to ensure the safety of customer transactions. The Bank has implemented state-of-the-art security technologies in its infrastructure and monitors the potential threats round-the-clock. A comprehensive strategy encompassing people, process, and technology, is constantly reviewed in the light of emerging threats, the security requirements of the business, and best practices. A 24x7 Cyber Security Operations Centre has been established that identifies potential incidents and takes requisite action to respond, recover, and learn from the incidents. The Bank has adopted an approach of continuous improvement when it comes to security. In the field of emerging technologies, the Bank has embraced artificial intelligence, machine learning, data lake and user behaviour analysis for its Security Operations Centre.

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. In order to keep abreast with the security best practices, the Bank participates in meetings conducted by CISO Forum and Data Security Council of India.

A well-documented Board-approved Information Security Policy is in place.

Legal

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

The team continued to support the business, management and other functions of the Bank during the year through its timely advice and assistance.

As we navigate our way out of the pandemic, one of the core areas of interest for the legal team has been recovery. The legal team along with collections team worked cohesively to achieve substantial recovery through legal tools like issuance of legal demand notices, Sec 138 notices under negotiable instrument act, filing recovery suits, conducting Lok Adalats, initiating action under SARFAESI Act, etc. A remarkable number of Lok Adalats were arranged and executed by the team across regions, which resulted in good collections in a short span of time. As an alternate recovery measure, institutional arbitration (online and offline) was introduced by the team during the year for quick recovery/resolution of personal loans and vehicle loans.

The legal team has been providing prompt support to tackle new legal requirements and challenges faced by the Bank. On customer service front, the team has assisted in preparation of abridged documents/agreements pertaining to various verticals, making it more customer-centric and easy to understand.

This year has also been special since our legal team was the winner of the IDEX Legal Awards, 2021 in the Category of 'Litigation Department of the Year.' In the legal fraternity, these awards are known for their independence and impartiality, making them bona fide and one of the toughest ones to win.

The legal team, during the next year, will continue to provide comprehensive advice, ensuring a balance between ease of business and compliances, with applicable legal/regulatory guidelines.

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. Bank further ensures that more than 50% of its loan portfolio is comprised with loans and advances up to ₹ 25 Lakhs. Bank ensures adherence that at least 25% of its total branches operate in Unbanked Rural Centres (URCs). Bank is also in adherence of ensuring 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.

Bank maintains high level of corporate governance and the compliance culture, deep rooted from the field functionaries to the top management. The compliance framework is well-strengthened with certifications, monitoring and testing. The compliance unit is committed to building a strong adherence culture in the Bank, and the Bank has zero tolerance policy on the regulatory compliance breaches, adhering to statutory compliances in both, letter and spirit. The compliance department further performs compliance risk assessment of the business, support and control functions, and ensures quality of

compliance through continuous evaluations as part of the monitoring and testing framework. Bank ensures adherence to the regulatory guidelines on the KYC, and 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 RBI.

INTERNAL AUDIT

The Bank has an independent internal audit department headed by Head of Internal Audit who functionally reports to Audit Committee of the Board (ACB). The Internal Audit Department functions with the objective to provide independent assurance to the Board of Directors and senior management, about the quality and effectiveness of its internal control, risk management, and governance framework.

IAD is appropriately staffed with qualified and competent personnel, and has five audit verticals covering all branches, central functions, IS audit, credit audit, and concurrent audit. An annual audit plan, encompassing all the audit areas, is prepared on a risk-based approach, and submitted to the ACB for approval. 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, progress of annual audit plan and staffing. It ensures effective and independent review procedures.

VIGILANCE

During the year under review, the Bank emphasised on prevention and early detection of fraud. We implemented the enterprise-wide Fraud Risk Management System {eFRMS}, targeted at securing the transactions of the customers, monitoring any unusual activities and enhancing the overall security with a view to mitigating transaction-related fraud. e- FMRS covered all five channels, such as core banking system, mobile banking, internet banking, debit cards, and UPI.

A 'Report to Vigilance' process was also implemented to provide a unified pathway to all Ujjivan employees, for reporting of frauds directly to the vigilance team, helping in bringing down the TAT for initiation of investigations, and acting as a mechanism for regular tracking of cases.

The 'Warriors of Ujjivan - Be Vigilant Awards,' have been spearheaded, in line with RBI directions. The idea is to appreciate employees, who have gone beyond their call of duty, in detection/prevention of fraud. 8 awardees have been finalised for this honour.

Another praiseworthy feat has been receiving of the letter of appreciation from Bengaluru City Police (Kamal Pant IPS, Commissioner of Police, Bengaluru city) for timely responses to Cybercrime Incident Report (CIR) cell, towards preventing and mitigating cyber-crimes.

During the review period, process improvement, suggested by the Vigilance Department to the MicroBanking / Rural Banking vertical, has been implemented.

The fraud reporting guidelines of Central Payment Fraud Information Registry, all payment related frauds, irrespective of value of the fraud, either reported by the customer to the issuer banks or detected by the Bank themselves, shall be reported via Electronic Data Submission Portal (EDSP), within a maximum period of 7 calendar days, from the date of reporting/detection. We have streamlined the same, and from the month of August 2021 onwards, reporting TAT has been brought down and tracked closely.

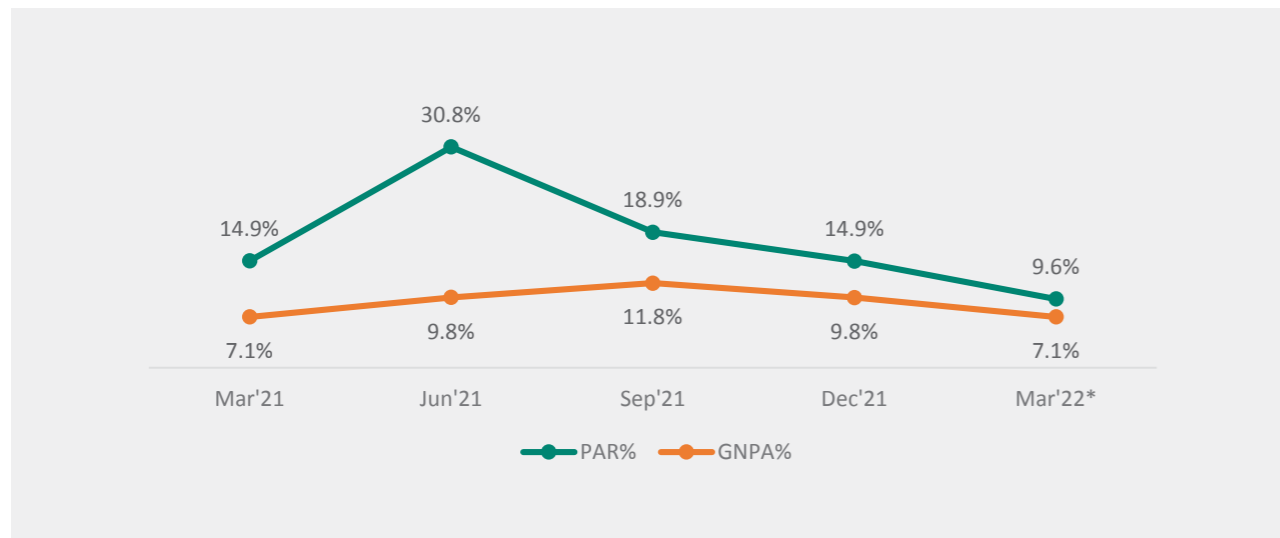
CREDIT

FY 2021-22 was one of the most challenging years for the Bank as well as the industry on a whole. In the middle of April 2021, second wave of the pandemic struck India, impacting the livelihoods of our customers, who had just started to recover from the aftermath of the first wave. The impact was so severe that the nation went into a lockdown for about 2.5 months (mid April 2021 - Jun 2021).

Due to restrictions in mobility, collections got impacted severely, thereby leading to deterioration in portfolio quality. This impacted the profitability of the Bank as well. The Bank, as a prudent measure, made a floating provision of ₹250 Crores in the first quarter of the fiscal.

However, the second half of the financial year saw the economy bouncing back to normalcy. This also resulted in improvement of the business landscape, thereby improving collection efficiency of the Bank, along with increasing demand for credit.

A slew of measures were taken to minimise the impact on our customers' lives in the form of policy, process, strict underwriting and portfolio management. Special focus was on implementing key regulatory guidelines, and 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. Continued connect with customers helped us to appropriately respond to their needs in a timely manner. This resulted in stabilisation of the business during the second half of the year.



*Includes IBPC and Securitisation

MicroBanking and Rural Banking:

The impact of the second wave, and the resulting crisis, was felt at the bottom of the pyramid. Our customers, who engaged in the subsistence business, endured the brunt of this medical and economic crisis, coping with income loss and loss of lives and livelihoods.

Regulatory dispensation (RF2 Framework):

The RBI rolled out a dispensation package of extending the restructuring facility (RF2.0) to impacted customers due to the second wave. The Bank provided restructuring facility to about 3.8 Lakhs customers, who were impacted due to the second wave.

Serving customers in crisis: With the economy slowly recovering in June 2021, the bank implemented multiple changes to its credit policy and processes, to ensure that good customers continue to have access to loans. The bank focused on serving its existing customers, to mitigate inherent risk of new customer acquisition in the aftermath of the pandemic. A robust business continuity process was put in place to address all emerging situations across people, process, and systems. On the lending and underwriting front, we selectively offered credit to affected segments, and used stringent underwriting policies. Processes were tightened to mandate additional visits by senior officials for loan application. This led to the FY disbursed book holding up with 99.5% Cumulative Repayment Rate in March 2022.

Portfolio management: The Bank significantly strengthened the collection infrastructure to improve recovery from NPA accounts. This included strengthening of the team of employees for regular collection follow-ups. The Bank also increased the customer touch points by way of tie-ups, to ensure that customers get easy access to deposit their EMIs at partner outlets.

Special focus was made on initial bucket and vintage of accounts, for reducing PAR flow to higher buckets.

The combined measures taken, resulted in collection efficiency increasing from 93.7% in March 2021 to 100% in March 2022. GNPA reduced from 7.8% as on 31st March 2021 to 7.6% as on 31st March 2022 and PAR reduced from 15.8% as on 31st March 2021 to 9.2% as on 31st March 2022. The Bank has made adequate provisions to cover for any foreseeable future, with the provision on total book, standing at 8.7%.

Housing and MSE:

The GNPA for housing loans stood at 4.7% against 3.6% as on 31st March 2021, while NNPA stood at 2.3% against 2.2% as on 31st March 2021. PCR for housing loans stood at 53% against 39% as on 31st March 2021. The GNPA for MSE loans stood at 11.1% against 10.3% as on 31st March 2021, while NNPA stood at 4.2% against 6.4% as on 31st March 2021. PCR for MSE loans stood at 65% against 40% as on 31st March 2021. The focus was on initiating action under SARFAESI Act in all applicable cases. This resulted in significant improvement in upgrades during Q3 and Q4 of the financial year. The bank restructured 252 accounts worth ₹23 Crores in Affordable Housing and 508 accounts worth ₹67 Crores in MSE, in line with the Covid RF2 regulatory framework. On the policy front, the bank has cut down on high-risk segments, which contributed to higher slippages. The bank has also put some clusters, where delinquencies were too high, on hold for new business generation.

FIG

The year saw the Bank taking a cautious approach to FIG lending to MFI, MSE, Vehicle Finance and Affordable Housing. The bank focused on disbursements to externally higher rated entities, while maintaining portfolio NIM. As at the end of the year, the book size was ₹856 Crores, registering a 32% y-o-y growth over the last year. All accounts except one MFI account was 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 to proactively source quality borrowers, and manage repayments, were well-tested during FY 2021-22. The crisis in the wake of the pandemic has, however, been extraordinary with events unfolding rapidly. The Bank continues to monitor the existing portfolio quality. We believe that our current and proposed investments in people, process, and technology, will help the Bank emerge stronger and better in the future.

OPERATIONS

While FY 2020-21 ended on a high note for operations, FY 2021-22 began with the same challenges with which last year had begun – lockdowns, restrictions on movement of people, etc., on account of the second wave of the pandemic. Amidst the challenging circumstances, the entire team of operations, consisting of over 330 functionaries, spread across four Regional Offices and a Head Office, remained focused on four goals:

- Ensuring that all services to external and internal customers were rendered without any disruptions
- Rolling out initiatives to improve efficiency, productivity, compliance, and quality of customer experience
- Reducing operating costs to the maximum extent possible, and
- Ensuring the safety of all its members.

Our team achieved all these objectives, through a hybrid model of business continuity planning, which involved functionaries adopting a mixed working style of work-from-home, and office, on a rotational basis, ensuring none of the services and activities were disrupted. On all occasions, the team ensured all obligations were fulfilled for external and internal customers. The SLAs were met, average employee productivity remained in excess of 100% throughout the year, and the critical service quality indices showed a steady improvement.

Certain key projects were undertaken during the FY.

- The revised account opening process for individuals, spanning 3 applications (CRM Next, Finacle and I-Exceed), involving six departments (Ops, IT, Branch Banking, MicroBanking, Risk and Compliance) and impacting all 568 branches was launched in November 2021. The revised flow addressed the gaps that existed in the previous account opening flow, improving TAT and quality of data, and reducing errors in its wake.
- E-mandate facility, which allows borrowers of the Bank to register NACH mandates for repayment of loans digitally, by using internet banking and debit cards, was launched in Q3. The process allows borrowers to register NACH mandates, almost instantly (registration of paper / physical mandates takes up to 10 days). Other advantages include:
 - o No rejection due to signature mismatch, clerical errors, overwriting, unclear images, etc., which is very high in case of paper mandates.
 - o Reduces carbon footprint and is eco- friendly since it eliminates the use of paper.

- o E- mandates can be registered before disbursement.
- o E-mandates come with a higher debit limit of ₹10 Lakhs (paper mandates have a limit of a lakh).

- Uploading of KYC data of 22 Lakhs ETB customers to Central KYC Registry (CKYCR), which allows these customers to establish account-based relationships with Regulated Entities (banks and NBFCs), by simply quoting their CKYCR number, without having to submit their KYC documents.

Through the year, the Department remained focused on reducing expenses. A series of measures were undertaken to achieve this.

- A new service provider – Spice Money Limited – was empaneled as a vendor to allow Customer Relationship Officers, the Bank's MicroBanking field staff to offload their daily cash collections at their counters. By Q4, a significant amount of the transactions were being made with Spice Money, leading to lower costs and risk mitigation.
- Two vendors were empaneled by Operations to help the Bank reduce its stock of lower denomination notes (LDN) and coins. This helped branches reduce their unprofitable cash holdings.
- Through various measures, the cost of cash management was reduced from ₹2 per thousand to 67 paise per thousand (65% reduction) by January 2022. YTD savings due to this measure stood at ₹ 90 Lakhs by end of January 2022.
- By automating recovery of NACH 'bounce' charges, leakage of income due to non-recovery of those charges was plugged in December 2021.
- Through use of Robotic Process Automation (RPA) in its reconciliation processes, the Department has saved ₹2.15 Crores YTD.

Amidst all this, the Department remained committed to ensuring the safety of its functionaries during the raging pandemic. The leadership team constantly engaged with the rank and file of the Department, ensuring all members get vaccinated and those afflicted by the disease receive timely assistance.

The financial year remained a challenging one like the previous year, but the team stayed the course, not once throwing in the towel. The Department remains committed to delighting its customers, both external and internal, reducing operating costs significantly, increasing employee productivity and operational efficiency, and above all, making Ujjivan Small Finance Bank the most preferred bank of its customers.

TECHNOLOGY

Our vision thrives on digital banking, powered by technology, to enhance customer experience, increase productivity and optimise operational efficiency. This will drive the Bank to continuously improve the Cost Income Ratio, Product per Customer, and Profitability per Customer. Even with the pandemic impact, 236 projects were successfully launched. The projects were a mélange of regulatory tasks, new products lines, and

services for revenue generation, enhancing customer experience and improving operational efficiency, and cost savings. Few business critical projects included Video KYC – e-branch connect for compliance and audit, payment gateway with bill desk, FSS, partnership with Spice money, automated customer engagement platform by MO engage, identifier for HNI customer, AMC charge collection and card repository, staff homes and vehicle loans, revamp of AC opening, strengthening controls of payment ecosystem, fixed to floating projects, UPI QR solution for merchants, key projects on e-KYC, and PAN, capturing GPS location at house visits, and emergency loans. IT systems demonstrated the capability to conduct 69% more financial transactions during the year (~83.1 million transactions vis-à-vis 49 million during previous FY), while maintaining same level of system capacity. IT procurement negotiated savings for FY was ₹31 Crores. Data center high availability led to meet business uptime at 99.8 %. 3 Disaster Recovery drills were coordinated with partners to ensure that Disaster Recovery site is functional. The capacity expansion of Data Center and Disaster Recovery was initiated for 2022-23. For FY 22-23 - the IT team is all geared to focusing on stabilising, securing, and transforming IT application and infrastructure. With the team having the IT cloud ready, and the cloud-enabled application in place, continuity of business and meeting of demand and load with just-in-time scalability, will become achievable. The Bank is implementing multiple tools to secure and improve efficacy and security of the applications, in addition to focusing on new products and projects like loan origination, smart statements, ALM and collections management, among others.

TREASURY

The Bank has its Treasury office located in the country's financial capital, Mumbai, with a state-of-the-art dealing room. The primary responsibility of the treasury includes compliance with statutory reserve requirements, ALM, liquidity management, trading and client services.

The Bank has Subsidiary General Ledger (SGL) account with the Reserve Bank of India, 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 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 duration, 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 pandemic has provided a number of learnings to the treasury, which have enabled it to grow in strength. Seamless liquidity and funds management, even from a remote location, are now a given, as also the ability to handle market disruptions and volatility. The treasury is focused on reducing cost of funds, enhancing returns, and contributing positively to the Bank's bottom-line.

SERVICE QUALITY

Superior customer experience and quality of service build the trust and reliability, leading to sustainable relationship between the Bank and the customers. USFB believes that only good customer service differentiates us from others. The service objective of Ujjivan Small Finance Bank is to 'deliver exceptional service to our customers, by embedding service culture in our people, process and policy, enabled by technology'. To drive this intent into practice, the Bank has established a dedicated Service Quality department to channelise the programs around customer experience management, quality assurance, customer care and grievances resolution, and customer service compliance.

Over the years, Ujjivan Small Finance Bank has defined and established service index, both at bank level and for each of businesses, incorporating key service aspects that impact the quality-of-service delivery and customer satisfaction. As the level of internal customer service among the business and support functions lead to the quality of service delivered to customers at the ground, the service index program of the Bank covers key operational, technological, digital banking and other support units as well. The Bank's board and management forums periodically review the progress made on the service quality goals, and provide oversight. Further, the service quality goals are part of the key job responsibilities of the staff, right from the heads of the functions, to sales and service staff at the ground.

When customers go through certain life events, both the good and bad ones, their banking service needs are unique and complex, which require care and support that are empathetic, professional and efficient. The Bank has successfully been running a campaign, 'Aajeevan,' a life events-based banking service, 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.

Customer care and problem resolution is an area of special focus for the Bank. As instances of customer complaints are not uncommon in a service industry like banks, USFB has established a robust 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 the customer acquisition and digital transaction volumes have grown multifold in the

last 3 years, the number of complaints in FY 2021-22 have reduced by 15% and 38% respectively, when compared to FY 2020-21 and FY 2019-20.

Looking ahead, the Bank is further strengthening its service quality program and avenues to improve the customer connect. While the Bank has an internal mechanism to measure and track its service standards to customers, an independent assessment through a research agency will be commissioned during the FY 2022-23 for assessing the current levels of customer satisfaction. The independent assessment will also help in understanding customers' perception and feedback towards our services, competitive performance on each touch points, and brand imagery.

HUMAN RESOURCES

The year 2021-22 proved that with persistence, all hurdles and impediments can be eradicated, and we can rebuild and achieve progress with a team of passionate and industrious people. Our faith in our people, came through at a time when the organisation most needed it, after the first two quarters marred by Covid issues. We saw the impact of people coming together and aligning to the organisational goals and outperforming in the third and fourth quarters. This was also a year, where the people pillar of USFB's mission was put to test, 'provide professionally rewarding careers to employees and, attract and retain quality talent.' We were able to attract seasoned senior management professionals for the Bank in important roles like Chief Information Officer, Head of Digital Banking and Chief Financial Officer. At the same time, we were able to grow some of the internal talent to senior management level as well. In line with our mission, we are driven to build better lives for our customers as well as employees. This drive has resulted in many accolades. We were certified as a Great Place to work and One of the Best in SFB segment by Great Place to Work® Institute

and Economic Times across 20 industries yet again, for the 12th consecutive year. The two areas most impacted during the pandemic were physical interaction with the front-end teams, and also physical induction and trainings. We were able to bring back physical interaction forums like Branch Representative meetings with the branch employees. Physical induction training for the front-end business teams was started across India. The focus on hybrid model of training and certifications was also quite high and the same was driven through our Learning Management System – SWAY@M. This was also a year, where we leveraged the HRMS, implemented last FY, and all HR processes were digitally implemented through the system.

In continuation with the focus on health and safety of our employees, a vaccination drive for employees was prioritised and propelled across the organisation. The result was that 99.68% of employees are vaccinated, and the third Covid wave did not have any major impact on employee health and safety. We also took forward our well-crafted benefits program, which focused on wellness and preventive care. We extended our work-from-home policy, and continued to provide the infrastructure for remote working. We also ensured that services like 'Doctor on Site' from registered medical practitioners, were made available for our employees. Unlimited audio and video consultations with general physicians and dieticians for employees and their families, using 'Doctor on Call' and mental health counsellor services, were made available.

We have a well-established Welfare and Relief Charitable Trust to strengthen our contribution towards employees. The Trust supports beneficiaries affected by unforeseen exigencies. We continued to extend financial support to our colleagues, and their family members, through the Trust, for treatment expenses, related to COVID-19, among others.

Pillar III Disclosures as at March 31, 2022

[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 1st July 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, 2022.]



1. List of key abbreviations

Abbreviation	Full form	Abbreviation	Full form
AFS	Available for Sale	LMS	Loan Management System
ALCO	Asset Liability Committee	LR	Leverage Ratio
ANBC	Adjusted Net Bank Credit	LWE	Left Wing Extremism
ATM	Automated Teller Machine	MCA	Ministry of Corporate Affairs
AUM	Asset Under Management	MD	Modified Duration
AIF	Alternate Investment Fund	MD & CEO	Managing Director and Chief Executive Officer
BC	Business Correspondent	MDG	Modified Duration Gap
BIA	Basic Indicator Approach	MSE	Micro and Small Enterprises
BRACO	Business Risk and Compliance Officer	NBFC-ND-SI-CIC	Non-Banking Financial Company-Non Deposit-taking-Systemically Important- Core Investment Company
CET1	Common Equity Tier 1 Capital	NE	North Eastern
CFO	Chief Financial Officer	NEFT	National Electronic Funds Transfer
CFP	Contingency Funding Plan	NNPA	Net Non-Performing Asset
CIC	Core Investment Company	NPI	Non Performing Investment
CRAR	Capital to Risk-weighted Assets Ratio	NSFR	Net Stable Funding Ratio
CRMC	Credit Risk Management Committee	Non URC	Non Unbanked Rural Centre
CRO	Chief Risk Officer	ORMC	Operational Risk Management Committee
DPD	Days Past Due	OSP	Outstanding Principal
DSA	Direct Selling Agent	PAT	Profit After Tax
DSCB	Domestic Scheduled Commercial Bank	PB	Payments Bank
ECL	Expected Credit Loss	PD	Probability of Default
ECLGS	Emergency Credit Line and Guarantee Scheme	PNCPS	Perpetual Non-Cumulative Preference Shares
ECRA	External Credit Rating Agency	PSL	Priority Sector Lending
EWS	Early Warning System	QIP	Qualified Institutional Placement
FIG	Financial Institutions Group	QR Code	Quick Response Code
FLOD	First line of Defence	QRT	Quick Response Team
FP	Floating provision	RBI	Reserve Bank of India
FPI	Foreign Portfolio Investor	RCA	Root Cause Analysis
GLC	General Ledger Code	RCSA	Risk Control and Self-Assessment
GNPA	Gross Non-Performing Asset	RMCB	Risk Management Committee of the Board
GVA	Gross Value Added	ROA	Return on Asset
HQLA	High Quality Liquid Assets	ROE	Return on Equity
HUF	Hindu Undivided Family	RSA	Risk Sensitive Assets
IBPC	Inter Bank Participation Certificate	RSL	Risk Sensitive Liabilities
ICAAP	Internal Capital Adequacy Assessment Process	RWA	Risk Weighted Assets
ICAI	Institute of Chartered Accountants of India	SA	Standardized Approach
ICE	Internal Combustion Engine	SDA	Standardized Duration Approach
IFSC	Indian Financial System Code	SEL	Secured Enterprise Loan
IGAAP	Indian Generally Accepted Accounting Principles	SFB	Small Finance Bank
IIA-SA	Institute of Internal Auditors (United States)	SLOD	Second Line of Defence
IMPS	Immediate Payment Service	SLR	Statutory Liquidity Ratio
IPDI	Innovative Perpetual Debt Instrument	SMA	Special Mention Accounts
IPO	Initial Public Offer	TVR	Tele verification report
IRAC	Income Recognition and Asset Classification	UAT	User Acceptance Testing
IRRBB	Interest Rate Risk in Banking Book	UFSL	Ujjivan Financial Services Limited
IWG	Internal Working Group	UPI	Unified Payments Interface
KRI	Key Risk Indicator	URC	Unbanked Rural Centre
LAP-SEN-SEP	Loan Against Property- Self Employed Nonprofessional- Self Employed Professional	VaR	Value at Risk
LCR	Liquidity Coverage Ratio	YTD	Year till Date
LGD	Loss Given Default		

2. Key performance highlights of the Bank:

A. BRANCH NETWORK AND DISTRIBUTION REACH

Ujjivan Small Finance Bank (hereinafter called "the Bank") has been making quarterly disclosures under the Pillar 3 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 1st July 2015. This document is a review of the Bank's performance as at the close of the financial year ended 31st March 2022, and records key performance indicators.

The branch position of the Bank as at March 31, 2022 was as follows:

Particulars	Count
Total Banking outlets, of which	575
Banking outlets ¹ (Non URC)	431
Banking outlets (URC) ² , of which	144
i Qualifying URC Branches (Branches situated in tier 3-6 locations in NE ³ states and LWE ⁴ districts)	33
i Business Correspondents (BC)	7

There were no additions to the network during the year. The Bank is fully compliant with the RBI guidelines on having 25% (25.04% as at March 31, 2022) of its Banking Outlets in the URCs.

The Bank had seven individual BCs as at March 31, 2022. They are accountable for enrolling customers for various financial products of the Bank. These individual BCs perform essential banking services such as acceptance/withdrawal of small value deposits, balance enquiry and generation of mini statement of accounts. The Bank also engages with Corporate Direct Selling Agents (DSAs) for sourcing variants in MSE loans. The Bank also has collaborative arrangements with third party agents, primarily aimed at facilitating field collection for its microfinance business. The Bank evaluates the performance of the BCs and DSAs at regular intervals. For Rural banking, the Bank continues to focus on brick and mortar URC branches for providing a wide array of banking services since this has proven to be a profitable and efficacious model. The Bank operated a network of 492 Automated Teller Machines (ATMs) as at March 31, 2022.

B. FINANCIAL HIGHLIGHTS FOR FY 2021-22

Some of the key achievements made for financial year ended March 31 2022 were as follows:

Key Highlights	Description
Customer base	Total outreach was 64.8 lakh as at March 31, 2022 (62.1 lakh as at December 31, 2021, 59.7 lakh as at September 30, 2021, 58.2 lakh as at June 30, 2021 and 59.2 lakh as at March 2021)
Loan Portfolio	<ul style="list-style-type: none"> Assets Under Management (AUM)⁵ : ₹18,16,197 lakh as at March 31, 2022. Gross Advances: ₹17,48,765 lakhs⁶ as at March 31, 2022 (₹16,46,306 lakh as at December 31, 2021, ₹14,51,418 lakh as at September 30, 2021, ₹14,03,708 lakh as at June 30, 2021 and ₹15,13,996 lakh as at March 31, 2021) Non-Microfinance book was 32.03% as at March 31, 2022 on Gross Advances basis (33.32% as at December 31, 2021, 33.62% as at September 30, 2021, 31.52% as at June 30, 2021 and 28.21% as at March 31, 2021) Non-Microfinance book was 32.03% as at March 31, 2022 on Gross Advances basis (33.32% as at December 31, 2021, 33.62% as at September 30, 2021, 31.52% as at June 30, 2021 and 28.21% as at March 31, 2021)

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)

⁵ Gross advances was the same as AUM in Q1, Q2 and Q3 of FY 2021-22

⁶ After adjusting for ₹67,442 lakh of IBPC/ Securitization executed during Q4 of FY 2021-22

Deposit Balance	<ul style="list-style-type: none"> Total Deposits (Retail plus Institutional): ₹18,29,222 lakh as at March 31, 2022 (₹15,56,342 lakh as at December 31, 2021, ₹14,08,953 lakh as at September 30, 2021, ₹13,67,287 lakh as at June 30, 2021 and ₹13,13,577 lakh as at March 31, 2021) CASA: 27% as at March 31, 2022 (26.5% as at 31 December 2021, 22.49% as at 30 September 2021, 20.30% as at 30 June 2021 and 20.55% as at 31 March 2021)
Portfolio Quality	<ul style="list-style-type: none"> Gross Non-Performing Assets (GNPA): 7.1% as at March 31, 2022⁷ (9.8% as at December 31, 2021, 11.8% as at September 30, 2021, 9.8% as at June 30, 2021 and 7.1% as at March 31, 2021) Net Non-Performing Assets (NNPA): 0.6% as at March 2022⁸ (1.7% as at December 2021, 3.3% as at September 2021, 2.7% as at June, 2021 and 2.9% in March 2021)
Employee strength	<ul style="list-style-type: none"> 16,895 as at March 2022 (16,896 as at December 2021, 16,251 as at September 2021, 16,102 in June, 2021 and 16,571 as at March 2021)
Profitability	<ul style="list-style-type: none"> PAT for FY 2021-22 : ₹ (41,459) lakh; ₹830 lakh for FY 2020-21; ₹34,992 lakh in FY 2019-20

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

Particulars	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Yield	15.7%	16.0%	16.3%	16.8%	17.6%
Cost of Funds	6.8%	6.5%	6.3%	6.2%	6.1%
Net Interest Margin	7.9%	8.0%	8.1%	9.1%	10.1%
Return on Assets (ROA)	2.7%	-4.7%	-5.6%	-0.7%	2.3%
Return on Equity (ROE)	17.3%	-30.1%	-34.2%	-5.0%	18.7%
Cost to Income ratio	67.3%	64.8%	83.8%	74.0%	66.0%
Other income/ Total Income	16.0%	10.2%	6.8%	11.4%	11.1%

Yield on advances has increased nearly by 0.8% over December 2021 owing to higher disbursements (~₹4,86,996 lakh in Q4) and interest income earned on the average advances. The monthly disbursement trends have registered a consistent improvement post September 2021 on account of the 100 days plan implemented in two phases during the second half of the financial year. The objective of the first 100 day plan was to identify urgent areas of improvement to assist in ramping up disbursements, collections and strategic/policy level changes. In a bid to step up further, a second 100 day plan was formulated to further augment disbursements, improve staff productivity with an enhanced focus on regaining the lost ground in the last nine months. Strong business performance, coupled with concerted collection efforts, resulted in a healthy book, with noteworthy improvement in asset quality. As an outcome of these plans, the Bank was able to turnaround in Q4 with a PAT of ₹12,652 lakh resulting in positive ROA and ROE. The cost to income ratio and cost of funds have also registered notable improvement for the same reason.

C. PANDEMIC MANAGEMENT AND RECOVERY:

Based on the pandemic impact observed in Q1 of FY 2021-22, there was a broad consensus within the Bank that the turnaround can only happen in a phased manner. At a strategic level, the Bank embarked on its turnaround plan based on the following broad themes:

- 1) Stabilization of slippages in portfolio and some recovery in Q2 through completion of Resolution Framework 2.0 and overhauling the collection strategy for the remaining financial year.
- 2) Robust recovery in Q3 with some growth through a '100 days plan' specifically focusing on collections and restarting disbursements in segments which were less affected by the pandemic.
- 3) Robust growth in Q4 through a second '100 days plan' with an aim to achieve pre-pandemic levels across all areas.

The Bank unfurled a panoply of measures, some conventional measures and others out-of-the-box, to address pandemic-induced dislocations and constraints, both at Bank level and also specific to business verticals, operational, people management and technology.

- 1) **Creation of Floating Provisions:** One of the first decisions taken by the Bank was the creation of a Floating Provision amounting to ₹25,000 lakh as early as quarter ended June 2021. Usually, the practice of creating floating provisions by banks is undertaken during what can be defined as a "good time". The ill-effects of the pandemic revealed that the Bank's flagship business is strongly correlated to event

⁷ Computed as a percentage to AUM. GNPA% as a ratio to Gross Advances was 7.3%

⁸ Computed as a percentage to AUM. NNPA% as a ratio to Gross Advances was 0.6%

risks. With ambiguity on availability of vaccines and lack of scientific confirmation on the severity level of pandemic waves in the future, the Bank at that point in time, took a decision of creating a floating provision taking full cognizance of its adverse impact on short term profitability. These provisions now provide an umbrella cover for future instances of stress affecting credit behaviour.

- 2) **Resolution Framework 2.0:** With the resurgence of pandemic (second wave) in India during March 2021 and the consequent containment measures to check the spread of the pandemic, the RBI had announced specific directions⁹ (Resolution Framework 2.0 for individuals and small businesses and MSMEs) with an objective to alleviate the potential stress. The Bank updated its restructuring policy in line with the new directions and an option to restructure under RF 2.0 was provided amounting to ₹94,547 lakh in the microfinance segment, ₹2,466 lakh in Housing and ₹6,464 lakh in MSE variants.
- 3) **Emergency Credit Line and Guarantee Schemes (ECLGS):** Two new credit offerings in line with the Emergency Credit Line and Guarantee Scheme (ECLGS) viz. ECLGS 1.0 and ECLGS 1.0 extension scheme were also rolled out by the Bank in July 2021 and November 2021 respectively in line with the directives from Government of India as a relief to pandemic hit customer segments. In the recent budget announcement, the Government has now extended this scheme up to March 2023. The Bank will continue to provide credit assistance under this scheme in the ensuing year to provide the required support to its customers and avail the benefit of the guarantee. The Bank disbursed loans backed by ECLGS to 74,931 customers amounting to ₹6,841 lakh in the microfinance segment and to 1,517 customers amounting to ₹5,178 lakh in the MSE segment.
- 4) **Business Continuity Management:** A Quick Response Team (QRT) was constituted for monitoring and supervising banking operations since the onset of the pandemic and though the frequency of the meetings of this team had reduced by December 2020, the frequency of these QRT meetings was increased in light of the second wave from April 2021. The frequency of these meetings were increased again during the third wave in January 2022. QRT was the core group to initiate action in a contingency and also to provide updates to Top Management regularly. These meetings will be restarted as and when warranted. The Bank encouraged its employees to Work from Home (WFH), due to the resurgence of the second wave and the third wave, with an objective to reduce the number of personnel at office premises especially in Regional and Corporate Offices. The Bank had also issued advisories/guidelines related to work timings and officer capacity for its branches in line with the State Level Bankers' Committee

(SLBC) guidelines and directions of States/Central Government. Roster system was implemented for customer facing roles to ensure staff rotation during the waves. The Bank reinforced precautionary measures and strictly continues to enforce pandemic related protocols and COVID appropriate behaviour at offices and branches at all times.

- 5) **Risk Management:** Forward guidance gained prominence in the Bank's risk management strategy. The Bank monitored delinquency levels, slippages and incremental credit costs at fortnightly intervals and the findings were looped back to the collection strategy. Early Warning Signal (EWS) framework was enhanced during the year to provide proactive insights on default probability at portfolio and customer level. Feedback mechanism on these EWS triggers was strengthened. Portfolio performance of every loan segment was analysed under different dimensions to gain insights on areas of weaknesses. The collective findings helped prioritise deployment of collection efforts and in allocation amongst personnel. The Bank undertook deep-dive analysis on the key portfolio segments to identify pockets of stress within product variants, ticket size, customer segment and geographical location. Where portfolio performance was observed to be unsatisfactory, the Bank temporarily discontinued fresh disbursements to lay emphasis on collection efforts. Fresh disbursements were allowed only after meeting pre-specified thresholds in delinquency and other key performance indicators at branch level. From liquidity standpoint, all key liquidity ratios were monitored on a daily basis. Forward guidance on the liquidity position was overtly factored into the disbursement plan. Disbursements were calibrated with abundant caution and undertaken only after a detailed review of the inflow/outflow of funds, trends observed in maturity, pre-maturity and instances of maturity bunching. The Bank also raised money through IBPC and securitization transactions to further augment its liquidity position and to operate with ample liquidity at all times. A significant portion of the fund inflows was utilized in maintaining High Quality Liquid Assets (HQLA) to shore up the Bank's Liquidity Coverage Ratio and maintain the same above the regulatory threshold of 100% and the Bank's internal tolerance levels.

D) MACRO ECONOMIC OUTLOOK AND WAY FORWARD:

Pandemic status in India: India witnessed a third wave of the viral infection with a sharp increase in positive cases during the period of December 15, 2021 to January 30, 2022. While the variant was observed to be three times more contagious when compared to the Delta variant, the fatality rate was relatively low and recovery was faster. There is now a broad consensus among the scientific community¹⁰ that

given the high vaccination coverage and immunity due to natural infection, any future waves are unlikely to have a major impact on the country. As at April 6, 2022, cumulative vaccination coverage was 18,518 lakhs of the population, of which 8,368 lakh people were administered with the 2nd dose¹¹.

Russia- Ukraine war impact: On February 24, 2022, Russia invaded Ukraine, marking a steep escalation of the Russo-Ukrainian War. In reaction to this,, the prices of crude oil soared to a 14 year high at \$140 per barrel on March 7, 2022 due to the fear of a potential ban on Russian oil imports by the USA and European Union (EU). Since Russia accounts for 14% of the global crude oil production¹², only third after Saudi Arabia and the USA, the escalation of oil prices is likely to impact India's fuel bill. At 5.5 million barrels a day, India is the world's third-largest oil consumer, behind the US and China and is growing at the rate of 3% per year. The war increased the daily prices of petrol and diesel by a large margin across all geographical states and despite the recently announced excise duty cuts, the price of petrol continues to hover above ₹100 per litre on an average basis. The ratcheting up of geopolitical tensions, generalised hardening of global commodity prices, the likelihood of prolonged supply chain disruptions, dislocation in trade and capital flows, divergent monetary policy responses and volatility in global financial markets are likely to have an impact on the inflation and depress domestic growth. In March 2022, headline CPI inflation surged to 7.0% from 6.1% in February 2022, largely reflecting the impact of geopolitical spill overs. Food inflation increased by 154 basis points to 7.5% and core inflation rose by 54 bps to 6.4%.

The impact on the Bank is likely to be a third-order effect with respect to credit defaults. While empirical data suggests nil to negligible correlations between inflation and default, especially in the microfinance and retail segments, the continuous persistence of an inflationary

scenario can result in a lowering of discretionary spending among borrowers and credit off-take. Retail lending has traditionally laid greater emphasis on the repayment track record and leverage levels (Fixed Obligations as a percentage to Income). Any persistence of abnormally high inflationary conditions may warrant a change to the lending strategy through overt inclusion of Disposable Income in relation to loan commitments over and above the traditional methods. Higher thresholds to Average Bank Balance (ABB) in relation to loan commitments may also be considered. These collective tightening of credit norms can result in lower disbursements across the industry.

Increase in the Benchmark/lending rates: While there is resilience in the underlying fundamentals and buffers, the risks to the near-term inflation outlook are rapidly materializing, as reflected in the inflation print for March 2022 and the developments thereafter. In this milieu, the RBI expects inflation to rule at elevated levels, warranting resolute and calibrated steps to anchor inflation expectations and contain second round effects. Accordingly, the RBI in its MPC meeting held in May 2022 decided to increase the policy repo rate by 40 basis points to 4.40%. The Regulator has also hiked the Cash Reserve Ratio (CRR) requirements by 50 basis points. These decisions are likely to force banks to increase the deposit rates which in turn will increase the cost of borrowings due to passing off the incremental cost of funds on to the end borrower. Given that most of the Bank's credit offerings is provided on a fixed rate basis by virtue of customer demographics, there is a likelihood of a potential squeeze on interest rate margins. The Bank, on account of its relative vintage in the industry, already offers best-in-segment deposit rates in a bid to capture the market. The recent rate hike and its impact will be evaluated internally and any parallel shift in loan interest rates will be undertaken only after a thorough review of the external environment and competitor dynamics.

3. Table DF- 1: Scope of Application

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

¹⁰ <https://www.newindianexpress.com/nation/2022/mar/20/future-covid-waves-unlikely-to-have-serious-impact-in-india-experts-2432235.html>

¹¹ <https://pib.gov.in/newsite/pmreleases.aspx?mincode=31>

¹² <https://www.indiatoday.in/world/russia-ukraine-war/story/russia-ukraine-war-how-rising-crude-oil-prices-impact-us-in-ways-we-don-t-quiete-notice-1925206-2022-03-14>

⁹ Refer RBI guidelines on Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses and Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)

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

3. Table DF- 1: Scope of Application

4.1 QUALITATIVE DISCLOSURES

4.1.1 Tier I capital

The Bank has an authorized capital of ₹2,50,000 lakh in the form of Common Equity of ₹2,30,000 lakh qualifying as Tier 1 capital and Perpetual Non-Cumulative Preference Shares (PNCPS) of ₹20,000 lakh qualifying as Additional Tier 1 Capital under the guidelines of RBI. As on March 31, 2022, the Bank had an issued, subscribed and paid up equity capital of ₹1,72,831.42 lakh, having 1,72,83,14,205 shares of face value ₹10 each and 20,000 lakh 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 0.80% comprising of (a) Foreign Portfolio investors (FPI), (b) Non-Residential Indians (NRI) and (c) Non Resident Indian Non Repatriable as at March 31, 2022, 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 contribution¹² :

As at March 31, 2022, the promoter contribution in the Bank was 83.32% with the holding company being the largest shareholder. As per RBI guidelines, the promoter shareholding is 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 RBI has dispensed 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 as at January 31, 2022 .

The Bank has initiated the process of reverse-merger with its Holding Company to meet the above mentioned criteria. To this effect, the Boards of both the Bank and Holding Company have approved the scheme for amalgamation in its meeting dated October 30, 2021. As directed by RBI, the scheme for amalgamation was also submitted to the Regulator three months prior to completing the five years' timeline. However, as directed by SEBI, the Bank has to bring its promoter holding down to 75% or below before initiating the merger application with the stock exchanges. The Bank is in the process of raising capital through a Qualified Institutions Placement (QIP) which will help achieve the dilution of its promoter holding to below 75%.

Subsequent to the successful completion of the QIP, the Bank will seek various regulatory approvals from RBI, SEBI and stock exchanges, National Company Law Tribunal (NCLT), shareholders and creditors in the next few months. Post receipt of all regulatory approvals, the Bank will initiate processes relating to finalization of record date, approval from Registrar of Companies (ROC), issue of shares etc. to effect the merger. The entire process is expected to be completed within a time-frame of 12-14 months from the date of completion of QIP.

The shareholding pattern of the Bank as at March 31, 2022 was as follows:

Category of the Shareholder	No. of shares held	%age of shareholding
Promoter	1,44,00,36,800	83.32
Mutual Funds	17,874	0.001
Alternate Investment Funds (AIF)	92,86,215	0.54

¹³ Refer RBI on Guidelines for Licensing of "Small Finance Banks" in the Private Sector dated November 27, 2014.

Category of the Shareholder	No. of shares held	%age of shareholding
Foreign Portfolio Investors (FPI)	25,04,002	0.14
Resident Individuals/Hindu Undivided Family (HUF)	25,36,03,554	14.67
Others	2,28,65,760	1.32
Total	1,72,83,14,205	100

Capital Structure- Summary of Tier I & Tier II Capital

Sl. No.	Instrument	Whether Tier I or II	Amount (₹ in Lakh)
1	Equity ¹⁵	Tier 1	1,72,831
2	PNCPS ¹⁶	Additional Tier I	20,000
	Total		1,92,831

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 is in compliance to the requirements prescribed under Basel III capital regulations¹⁷. 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. The rate of dividend payable to the investors may be either a fixed rate or a floating rate referenced to a market determined rupee interest benchmark rate.

The claims of the investors in the instruments are:

- Superior to the claims of investors in equity shares;
- Subordinated to the claims of Perpetual Debt Instruments (PDIs), all Tier 2 regulatory capital instruments, depositors and general creditors of the Bank; and
- 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

The Bank has fully repaid its subordinated debt obligations. There are no capital instruments in the nature of Subordinated Debt warranting inclusion in Tier II capital as at the reporting date. As per directions received from the Regulator¹⁸, Tier II capital instruments can be issued in compliance to Basel II or Basel III guidelines of RBI.

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.

Given setbacks from the second wave and potential threats from other unusual external events, it is crucial that the Bank remains resilient and proactively raise and conserve capital as a bulwark against unexpected losses. Therefore, while RBI guidelines¹⁹ allowed certain relaxations on payment of dividend on equity shares, the Bank did not declare any dividends on its equity shares or on its preference shares as at March 31, 2022.

¹⁵ Issued and Paid up equity capital

¹⁶ Perpetual Non-cumulative Preference Shares

¹⁷ RBI/2015-16/58 DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015

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

¹⁹ Refer RBI guidelines on Declaration of dividends by banks vide RBI/2021-22/23 DOR.ACC.REC.7/21.02.067/2021-22 dated 22nd April 2021.

5. Table DF- 3: Capital Adequacy

5.1 QUALITATIVE DISCLOSURES

The Bank has been well capitalized since inception and was further augmented after its IPO. As required by RBI in its operating guidelines to SFBs²⁰, the Bank is required to adopt the Standardized 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 and Tier II 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 Standardized Approach (SA) for Credit Risk, Standardized Duration Approach (SDA) for Market Risk and the Basic Indicator Approach (BIA) 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 Standardized Approach (NSA) vide Reserve Bank of India (Minimum Capital Requirements for Operational Risk) Directions, 2021. These new guidelines are applicable from April 1, 2023 for Universal Commercial Banks. The Bank, although not mandated to comply with these requirements has evaluated its capital charge requirement under this new approach. From a governance perspective, the NSA approach will be used for internal reporting purposes with effect from April 1, 2022.

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% and Leverage Ratio at 4.5%.

The implementation of Net Stable Funding Ratio (NSFR) was made applicable for Banks with effect from October 1, 2021, post multiple rounds of deferment. The Bank has commenced computation of the same in compliance with the requirement.

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 for banks.

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:

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.

Credit Risk	Underestimation of Credit Risk (Under ICAAP framework)
Market Risk	Reputational Risk
Operational Risk	Strategic Risk
Interest Rate Risk in Banking Book (IRRBB)	Compliance Risk
Liquidity Risk	People Risk
Concentration Risk	Digital and Technology Risk
Outsourcing Risk	Group Risk ²¹
Securitization Risk	Climate Risk ²²

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 and operational 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, 2022 was as follows:

	Description	Amount
		₹ in lakh
	Core Equity Tier 1 Capital - Instruments and Reserves	
	Directly issued qualifying common share capital plus related stock surplus (share premium)	1,72,831
	Retained earnings	85,746
A	CET1 capital before regulatory adjustments	2,58,576
	Core Equity Tier 1 Capital - Regulatory Adjustments	
	Deferred tax assets arising from temporary differences	34,856
	Intangibles (Prepaid Expenses & Computer Software)	13,794
	Credit Enhancements	2,021
	Regulatory Adjustments applied to CET1 Capital due to insufficient funds in Tier 2 to cover deductions	-
B	Total regulatory adjustments to CET1 Capital	50,671
C	CET1 capital (A-B)	2,07,905
	Additional Tier 1 Capital - Instruments and Reserves	
	Preference Shares	20,000
E	AT1 capital before regulatory adjustments	20,000
	Additional Tier 1 Capital - Regulatory Adjustments	
F	Total regulatory adjustments to AT1 Capital	-
G	AT1 Capital	20,000
H	Tier 1 Capital (C + G)	2,27,905
	Tier 2 Capital - Instruments and Provisions	
	Sub - debt eligible as Tier 2 capital	-
	General Provisions on Std. Assets admissible as Tier 2	14,596

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 11th February 2014

²² The Bank is currently in the process of developing a framework to assess Climate Risk

		₹ in lakh
Description		Amount
	Investment Fluctuation Reserve	2,051
I	Tier 2 Capital before regulatory adjustments	16,647
Tier 2 Capital - Regulatory Adjustments		
J	Total Regulatory Adjustments to Tier 2 Capital	-
K	Tier 2 Capital (I - J)	16,647
L	Total Regulatory Capital (H + K)	2,44,552

5.2.2. Credit Risk RWA

The detailed break up of Credit RWA is as follows

		₹ in lakh
Asset Description		RWA
	Cash and Balances with Reserve Bank of India	0
	Balances with Banks and Money at Call and Short Notice	10,727
	Investments	1,452
	Advances	12,05,914
	Fixed Assets	13,992
	Other Assets	33,730
	Off Balance Sheet	22,093
	Total Credit RWA	12,87,908

5.2.3. Operational Risk RWA

Although RBI has not mandated SFBs to maintain capital charge for Operational Risk, the Bank has adopted Basic Indicator Approach (BIA) for measuring the capital requirements for Operational risk as applicable to Scheduled Commercial Banks. The Bank has computed its Operational Risk Capital Charge at 15% of the average of gross income for the past three completed years of operation. Under BIA, the Bank has to consider 15% of the average Gross Income of previous three Financial Years as a capital charge.

The detailed computation is as follows:

				₹ in lakh
Particulars	Mar-20	Mar-21	Mar-22	
Net Profit	34,992	830	(41,459)	
Operating Expenses	1,31,858	1,23,008	1,00,508	
Provisions and Contingencies	28,731	79,249	1,49,638	
Gross Income	1,95,581	2,03,087	2,08,687	
Average (3 years)		2,02,451		
Capital Charge		30,368		
RWA		3,79,596		

5.2.4. Market Risk RWA

As at March 31, 2022, the AFS²³ book consisted of Government of India Securities, Treasury Bills and unquoted equity and the HFT²⁴ book consisted of only T-bills. On the basis of SDA²⁵, the capital requirement for market risk reported to the Board from a governance perspective was as under:

		₹ in lakh
Capital Requirement for Market Risk		Amount
	Interest Rate Risk	355
	Equity Position Risk	15
	Foreign Exchange Risk	--
	Total	370
	Total Market Risk RWA	4,625

²³ Available for Sale

²⁴ Held for Trading

²⁵ Standardized Duration Approach

5.2.5. Basel II CRAR (with only Credit RWA)¹

			₹ in lakh
Particulars	RBI thresholds	Amount/Ratio(Only Credit RWA)	
Tier I Capital	--	2,27,905	
Tier II Capital	--	16,648	
Total Capital	--	2,44,552	
Total RWA	--	12,87,909	
CET Ratio	Minimum 6%	16.14% (Complied)	
Tier I Ratio	Minimum 7.5%	17.70% (Complied)	
Tier II Ratio	Maximum cap at 7.5% of CRWA	1.29% (Complied)	
CRAR	Minimum 15%	18.99% (Complied)	

The RWA was stabilized at ₹12,87,909 lakhs despite growth in advances on account of Inter Bank Participation Certificates (IBPC) and Securitization transactions executed in Q4. Presently, the operating guidelines for SFBs mandates that the minimum CRAR be computed in relation to only the Credit Risk Weighted Assets (CRWA). Therefore, the CRAR of 18.99% is well above the minimum ratio of 15% as applicable for SFBs. Based on projected capital requirements under the ICAAP scenario tests, the Bank's Board has approved to augment its capital position vide issue of equity shares through Qualified Institutional Placement (QIP). This is expected to be completed in the ensuing financial year.

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

		₹ in lakh
Particulars	Amount/ Ratio (all Pillar 1 risks)	
Tier I Capital	2,27,905	
Tier II Capital	16,648	
Total Capital	2,44,552	
Total RWA	16,72,130	
CET Ratio	12.43%	
Tier I Ratio	13.63%	
Tier II Ratio	1.00%	
CRAR	14.63%	

It may be noted that the Bank's CRAR is assessed at 14.63% after inclusion of Credit RWA, Operational RWA and Market Risk RWA. The capital adequacy, while it is assessed to be below the SFB requirement of 15% is however higher than the threshold of 11.5%, as applicable for Universal Commercial Banks (UCB). While the Regulator is yet to notify the applicability of the other two pillar risks, there is a possibility to align the minimum capital adequacy norms with that of UCBs, if made applicable to SFBs. During the year, the Regulator has issued Master Directions on Minimum Capital Requirements for Operational Risk under the New Standardized Approach (NSA) which will be applicable with effect from April 1, 2023 for Universal Banks. While the Regulator is yet to take decision on its applicability for SFBs, the Bank has already commenced computation of Operational RWA under this new approach for internal reporting purposes.

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

6.1. QUALITATIVE DISCLOSURES

Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions.

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 of the Bank. This is done taking into consideration the Bank's risk appetite, derived from perceived risks in the business, balanced by the targeted

profitability level for the risks taken up. The Board oversees the credit risk management functions of the Bank. The RMCB is entrusted with the development of policies, procedures and systems for managing credit risk, 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 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 suggest 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). In the backdrop of the pandemic, the Bank is currently enhancing its occupation/ industry wise exposure tracker and limits thereof. The

enhanced framework is expected to go live in the ensuing financial year.

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. These concentration ceilings and exposure levels are periodically reported to the Credit Risk Management Committee (CRMC) and the Risk Management Committee of the Board (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
 - o The instalment or interest thereon remains overdue for two crop seasons for short duration crops
 - o The instalment or interest thereon remains overdue for one crop season for long duration crops
 - o 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.
 - o 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.

In case of interest payments, the Bank classifies an account as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

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 October 1, 2021 read with clarifications issued by RBI relating to Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances on November 12, 2021 and on February 15, 2022.

Automation of Income Recognition, Asset Classification and Provisioning (IRACP) in FY 2021-22

In order to ensure the completeness and integrity of the automated asset classification (classification of advances/investments as NPA/NPI and their upgradation), provisioning calculation and income recognition processes, banks were advised to put in place / upgrade their systems latest by June 30, 2021 vide RBI circular dated September 14, 2020²⁶.

In compliance to this notification, the Bank had introduced a new functionality for automating the income recognition, asset classification, upgrading/downgrading of accounts and provisioning processes. This functionality was continuously tested and moved to production within the stipulated timelines. Additionally, the Bank had commenced a parallel run for IRACP up to August 10, 2021 to identify potential mismatches in reporting. It is pertinent to note that RBI is cognizant of potential issues from system-based reports. In this regard, exceptions are granted from system driven classification under certain circumstances, which are expected by the Regulator to be minimum and temporary, subject to availability of adequate audit trails for overrides, a two-level authorisation and adequate documentation. As an internal policy, the Bank has set a threshold for manual overrides at 0.5% (i.e. 99.5% automation) for IRACP. This is continuously monitored at a Board level and any deviation from the threshold is analysed in detail for taking the necessary corrective measures.

Provisioning norms of the Bank

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 and adverse events (such as demonetization and the COVID pandemic) have impacted the portfolio quality. To enhance the coverage on MB-RB portfolio, the Bank continuously identifies stress in specific accounts and geographies where accelerated provisions may be required on an on-going basis. 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's, 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 year, as a one-time measure, the Bank created a Floating Provision amounting to ₹25, 000 lakh in Q1 of FY 2022 to address 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. The decision to create a floating provision, especially

in the quarter which experienced the highest level of pandemic induced stress stands as a validation that the Bank is always pro-active in identifying stress irrespective of its impact on the short term profitability.

To give effect to Resolution Framework (RF 2.0) guidelines issued by RBI during the year, the Bank had put in place a Board approved policy for restructuring and providing resolution framework for pandemic related stressed assets. The policy included aspects such as the eligibility criterion for restructuring, asset classification and provisioning norms, conditions for reversal in provisions and asset classification, approach for restructuring at a vertical level, delegation of power/authority and disclosure requirements. The restructuring of borrowers was invoked within timelines stipulated i.e. September 30, 2021 and was implemented within the timeline prescribed in the RF 2 guidelines issued by RBI.

CREDIT RISK PORTFOLIO REVIEW AND MONITORING:

Micro finance portfolio

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 monitoring framework for MicroBanking vertical has been enhanced further in light of the pandemic. The Bank monitors collection trends at a bucket level separately for the restructured (under RF 1.0 and RF 2.0) and non-restructured book on a daily basis and findings were reported to top management. The collection team strength was increased for daily follow up with the customers towards repayment of loans. The Bank had also chalked out a state wise recovery plan with enhanced focus in large branches with maximum concentration with respect to collections. Where collections had improved, incremental business was sourced only from those states. The composite collection efficiency (CE%) has reached nearly 100% in the month of March 2022 as compared to 98% in month of December 2021. 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. Collection Efficiency in No Dues Account (NDA) bucket improved to 99.9% in the month of March 2022 implying fresh overdues of only 0.1% which is in line with pre-pandemic levels. Even within the NPA buckets, CE% has improved from 33.5% in September 2021 to 48.6% by March 2022. Total overdues had reduced sharply from its peak of 37.1% in June 2021 to 9.2% by March 2022. The portfolio snapshot of the MBRB is as follows:

²⁶Refer RBI notification on Automation of Income Recognition, Asset Classification and Provisioning processes in banks dated September 14, 2020

Category	₹ in lakh				
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Standard	10,01,832	8,50,074	8,24,744	9,72,356	11,40,416
Sub-Standard	63,281	1,11,251	1,38,651	1,05,680	55,982
Doubtful	2,917	0	17	19,661	37,921
Loss	18,782	0	1	77	94
Total	10,86,812	9,61,325	9,63,413	10,97,774	12,34,413

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.

As part of risk measurement, the Bank has designed behavioural models to compute Probability of Default (PD) and Loss Given Default (LGD) estimates. These inputs are primarily used in Expected Credit Loss (ECL) estimations and are also factored in providing a forward guidance to incremental credit costs. The models were suitably enhanced using management overlays to factor the potential impact of the pandemic and specific events detrimental to repayment behaviours.

The Bank has developed risk scorecards for objective based credit appraisal and monitoring. This application score card has been integrated with Business Rule Engine (BRE) where every application will have a score generated from BRE which shall be reviewed as part of credit appraisal. This score will be in addition to present BRE rules. The Bank is monitoring the performance of these scorecards for further fine-tuning of parameters.

On similar lines, a rating model for Individual Loans portfolio was designed using internal data encompassing attributes like demographic, repayment trends and bureau related variables. Variables were selected on the basis of Weight of Evidence and Variance Inflation Factor. Using logistic regressions, the customers are bucketed on a scale of 1 to 10 in increasing order of risk. This scorecard is also independently validated by the Risk team and is found to be satisfactory. The scorecard is embedded in the internal loan origination platform and is being used in credit decision making. Likewise, risk-based pricing is also implemented on the basis on the scorecard output.

Affordable Housing Loans and MSE portfolio

As at March 31, 2022, there were 31,788 accounts in Affordable Housing Loans (AHL) portfolio with a book size of ₹2,73,447 lakhs. Within the portfolio, ready purchase segment comprised ₹1,19,630 lakh of the total book followed by Home Equity segment at ₹78,977 lakh. The pandemic had also affected the performance of the AHL segments with Non-performing assets peaking in September 2021 on percentage basis (5.8% as at September 2021). With concerted recovery efforts, the Bank was able to reduce the NPA from the peak of ~₹14,800 lakh in January 2022 on absolute basis to ~₹12,800 lakh as at March 31, 2022. CE% especially in the NPA buckets had registered a strong improvement from 40% in December 2021 to 52% by March 2022, implying that the customers continue to exhibit some ability and willingness in paying their dues. The gross advances position²⁷ for Affordable Housing Loans over the quarters is as below:

Category	₹ in lakh				
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Standard	1,97,592	2,00,295	2,18,584	2,41,842	2,60,667
Sub-Standard	6,466	9,132	12,957	13,552	8,165
Doubtful	913	246	388	691	4,546
Loss	21	-	-	5	69
Total	2,04,992	2,09,673	2,31,929	2,56,090	2,73,447

As at March 31 2022, there were 16,327 MSE accounts amounting to ₹1,71,025 lakhs. The Bank offers a suite of credit offerings catering to different customer segments. The top two credit variants i.e. Loan Against Property (LAP-SENP-SEP) and Secured Enterprises Loans (SEL) comprised 36% (₹61,054 lakh) and 25% (₹42,793 lakh) of the portfolio respectively. These products are targeted largely at the informal/semi-formal customer segment and are secured by a mortgage of property. To cater to the formal segment, the Bank offers Business Edge loans, a holistic banking services bouquet comprising of funding solutions with overdraft facility, Current Account and transaction ease through Corporate Internet Banking (CIB). The holistic offering enables the Bank to compete with established players in the

²⁷ Without factoring IBPC and Securitisation position

market. The share of Edge offering advances was ₹33,405 lakh as at March 31, 2022. The Bank is now focussing on providing offerings through Working Capital Finance and Overdraft facilities. In Q4 of FY 2020-21, the MSE vertical revamped its unsecured variants and commenced disbursing unsecured overdrafts in collaboration with Direct Selling Agents (DSAs) to tap opportunities in Last Mile Retailer (LMR) segment. The Bank is in the process of on-boarding additional DSAs to augment this portfolio. This book has exhibited good performance. The pandemic and its associated mobility restrictions had adversely impacted the repayment behaviours in the MSE variants. Gross Non-Performing Assets (GNPA) peaked to 12.3% as at January 30, 2022 which subsequently reduced to 11.1% as at March 31, 2022. The gross advances position²⁸ for the MSE portfolio over the quarters is as below:

Category	₹ in lakh				
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Standard	1,15,370	1,12,426	1,25,894	1,40,255	1,52,066
Sub-Standard	12,183	14,270	15,327	14,808	11,607
Doubtful	1,049	481	891	3,222	7,269
Loss	52	-	10	10	84
Total	1,28,654	1,27,177	1,42,122	1,58,295	1,71,026

From a policy perspective, the Bank implemented various steps aimed at arresting fresh slippages. Follow up and collection efforts in delinquencies within 12 Months of Book (MOB) was transferred to the business teams which was earlier handled by the Collection vertical. Ticket size of up to ₹10 lakh was stopped in the LAP variant across the country. Fresh disbursement from geographical clusters with high levels of delinquencies in LAP variant was stopped to focus exclusively on collections. Monthly LAP disbursements at state level were capped, where warranted. A similar review was also undertaken for the Home Equity (HEL) segment. A deep dive review on the NPA borrowers in MSE- LAP was undertaken to understand potential weaknesses and gaps in sourcing and appraisal norms. It is pertinent to note that the delinquencies in LAP were high across the industry and not a bank specific challenge. For the MSE variants targeting semi-formal and formal category, one to one mapping of relationship managers was undertaken to enhance customer connect and follow-up. SARFAESI was also initiated in right earnest in Q4 of the year where applicable and progress is expected in the ensuing year as per timelines prescribed by law. In the Housing portfolio, the Bank is currently working on a state specific collateral policy which is expected to be completed in the ensuing quarter.

Credit risk monitoring for MSE and 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.

During the year, the Bank had enhanced its Early Warning System (EWS) framework at an account level for enhanced monitoring. This framework enables the Bank to monitor a borrower's internal/external repayment record and changes in accessibility of the customer efficiently on an on-going basis. As a starting point, the Bank now utilizes data from Bureau scrubs (which provides a detailed report on credit parameters) for an account level monitoring on a real time basis. Through this framework, the Bank has identified 10 EWTs for which accountability for action is pre-defined along with a monitoring mechanism. For lending in the nature of overdrafts, the Bank has defined thresholds for utilization and churn trends to provide early signs of stress. The EWS is thus designed to track customers who might transition from a non-default status to default status. This transition needs to be arrested so that a better repayment discipline can be established within the Bank.

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 are being used in decision making delegation and linked to Risk Based Pricing with effect from October 1, 2021. Given that these scorecards were introduced on an expert judgement basis and are yet to be statistically validated, the Bank has not set any hurdle rates for rejecting credit proposals but borrowers classified under the higher risk grades are approved by the next higher sanctioning authority for enhanced oversight. One of the imperatives for the ensuing year is to analyse the scoring related data, perform statistical analysis to test the discriminatory power and calibration of scoring bands and introduce hurdle rates.

Institutional Lending

²⁸ Without factoring IBPC and Securitisation position

As at March 31 2022, there were 37 borrowers amounting to ₹85,519 lakh with a single entity classified as NPA. The Institutional Lending portfolio was well balanced with an individual peak sanctioned limit of ₹7,500 lakh and average sanctioned limit of ₹2,383 lakh. Collection efficiency in the standard book was 100%. During the pandemic, the Bank had reviewed its FIG policy and has introduced additional control measures in the areas of exposure caps and Early Warning Signal (EWS) assessments. There was a concerted effort to reduce potential instances of wrong-way risk and focused on entity level diversification of the book.

As part of monitoring, the Bank analyses compliance to financial covenants (Capital Adequacy Ratio, GNPA, NNPA, Debt/Equity ratio as stipulated in sanction letter), monitoring of CA certified receivables statement received from borrowers and EWS alerts. The Bank has also introduced an internal rating model with additional bank specific parameters. The rating output is analysed in conjunction with the external rating for the purpose of credit decisioning and pricing.

VEHICLE LOANS

There were 25,702 Vehicle Loan borrowers with a total gross advances of ₹16,174 lakh. The Bank had launched digital LOS for two-wheeler products in FY21, and scaled it to 100% in Q1FY22. The products variants offered under Vehicle Loans are Two Wheeler loans and Light Commercial Vehicle (LCV) Loans (Three wheeler ICE²⁹, three wheeler electric and small commercial vehicle). As part of the strategy overhaul, the Bank has temporarily stopped sourcing business in the LCV segment. The Bank intends to restart these variants in the ensuing year post augmentation of capital.

Key Risk Indicators are defined and monitored at portfolio level while EWS triggers are analysed at account level. Expert judgement scorecards are developed on the basis of customer track record. Two variants viz. thick (with rich credit history), thin (with low credit history) are developed and deployed for the two-wheeler variants. Customers are categorized on a four-point scale viz. green, yellow, amber and red. The delegation of authority is linked to the rating outcome of the Borrower. Pricing is however not linked to these scorecards as per the dispensation received from RBI. These scorecards are deployed primarily to collate data which can be further analysed to develop statistical scorecards.

6.2. Quantitative Disclosures

The overall distribution of gross advances and Asset Under Management (AUM) as at March 31, 2022 was as under:

	₹ in lakh		
Vertical	Gross Advances	AUM	% of Gross advances
MB-RB	12,34,413	12,34,413	70.59%
FIG Lending	85,519	85,519	4.89%
Housing	2,17,352	2,73,447	12.43%
MSE	1,59,689	1,71,026	9.13%
Personal Loans	24,270	24,270	1.39%
Staff Loan	3,441	3,441	0.20%
Vehicle Finance	16,174	16,174	0.92%
Loan/OD Against Deposit	7,907	7,907	0.45%
Total	17,48,765	18,16,197	100.00%

Exposure summary: Facility type

	₹ in lakh	
Exposure Type	Domestic (₹ in Lakh)	Overseas
Fund- Based exposure ³⁰	23,35,191	--
Non- Fund Based Exposure*	59,450	--
Total	23,94,641	--

²⁹ Internal combustion engine

³⁰ Fund Based exposure is computed as per Basel II guidelines

Geographic Distribution of gross advances (State-wise)

	₹ in lakh	
States	Asset Under Management ³¹	% Share
Tamil Nadu	2,80,894	15.5%
West Bengal	2,22,973	12.3%
Karnataka	2,66,072	14.6%
Maharashtra	1,73,254	9.5%
Bihar	1,20,862	6.7%
Gujarat	1,52,682	8.4%
Haryana	94,457	5.2%
Uttar Pradesh	98,791	5.4%
Rajasthan	75,128	4.1%
Odisha	44,584	2.5%
Punjab	42,152	2.3%
Assam	19,719	1.1%
Jharkhand	40,042	2.2%
Kerala	28,035	1.5%
New Delhi	69,913	3.8%
Madhya Pradesh	26,660	1.5%
Tripura	22,479	1.2%
Pondicherry	11,759	0.6%
Chhattisgarh	8,997	0.5%
Uttarakhand	8,318	0.5%
Chandigarh (UT)	3,151	0.2%
Meghalaya	1,766	0.1%
Himachal Pradesh	2,244	0.1%
Goa	1,266	0.1%
Total	18,16,197	100.0%

Maturity pattern of assets and liabilities

	₹ in lakh			
Buckets	Net Advances	Investments	Deposits	Borrowings
Day - 1	190	-	5,255	-
2-7 Days	16,149	-	49,523	-
8-14 Days	26,545	-	47,737	114
15-30 Days	33,075	-	70,986	-
31 Days and up to 2 months	77,920	-	1,43,216	15,114
Over 2 months and up to 3 months	78,534	-	91,690	1,780
Over 3 Months and up to 6 months	1,85,952	27,637	1,96,868	27,250
Over 6 Months and up to 1 year	3,97,271	32,548	3,89,626	37,348
Over 1 Year and up to 3 years	4,36,924	19,677	8,13,842	64,750
Over 3 Year and up to 5 years	1,49,501	64,270	19,460	-
Over 5 years	2,28,257	2,71,162	1,017	30,000
Total	16,30,317	4,15,293	18,29,222	1,76,356

Gross Non-performing assets (NPA) (₹ in Lakh)

Category of Gross NPA	March 2021	June 2021	September 2021	December 2021	March 2022
Sub-standard	1,01,784	1,36,764	1,69,900	1,37,279	77,989
Doubtful	4,947	728	1,296	23,737	50,136
Loss	329	6	69	150	283
Total	1,07,060	1,37,498	1,71,265	1,61,166	1,28,408

³¹ Interest accrued portion on NPA is reduced on a pro-rata basis to tally with Gross Advances

	March 2021	June 2021	September 2021	December 2021	March 2022
Net NPA	42,458	59,874	68,514	50,156	34,960
NNPA after Factoring Floating Provisions	42,458	34,873	43,514	25,155	9,960
NPA Ratios	March 2021	June 2021	September 2021	December 2021	March 2022
Gross NPA to Gross Advances	7.07%	9.79%	11.80%	9.79%	7.34% ³²
Net NPA to Net Advances	2.93%	2.68%	3.29%	1.67%	0.61% ³³

Movement of Net NPAs (On YTD basis)

Particulars	Mar-21	Jun-21	Sept-21	Dec-21	Mar-22
Opening Balance	2,749	42,459	42,459	42,459	42,459
Additions during the period	42,994	34,880	62,066	59,184	32,728
Reductions during the period	3,285	17,466	36,011	51,488	40,227
Less Floating provision	-	25,000	25,000	25,000	25,000
Closing Balance	42,458	34,873	43,515	25,155	9,960

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

Particulars (On YTD basis)	Mar-21	Jun-21	Sept-21	Dec-21	Mar-22
Opening Balance	10,965	64,601	64,601	64,601	64,601
Provisions made during the period	61,424	48,818	78,318	99,409	1,35,576
Write back of excess provisions	7,787	28,794	40,168	53,000	1,06,730
Closing Balance	64,602	77,625	1,02,751	1,11,010	93,448

Provision Coverage Ratio (PCR)

Category	AUM	GNPA	GNPA Provisions	Floating Provisions held	PCR%
MB-RB	12,34,413	93,996	73,908	23,500	104%
FIG Lending	85,519	442	442	-	100%
Housing	2,17,335	12,780	6,763	1,500	65%
MSE	1,59,689	18,960	10,772	-	57%
Personal Loans	24,270	1,063	751	-	71%
Staff Loan	3,441	4	3	-	72%
Vehicle Finance	16,174	1,160	806	-	69%
Loan/OD Against Deposit	7,907	-	-	-	-
Grand Total	17,48,748	1,28,408	93,448		92%

As at March 2022, the Bank continued to maintain a Floating Provisions (FP) of ₹25,000 lakh. After factoring the FP, the Bank maintained a PCR% of 92.24% at Bank level which is higher than the internal threshold of 70%. The availability of FP in the MBRB segment also provides a provision coverage of 104%. The Bank has retained the utilization of floating provisions for the purpose of netting of Gross NPA as at March 2022. The FP will be reckoned as part of Tier II capital in a phased manner as and when there is headroom available for inclusion in Tier II capital. As per RBI guidelines, floating provisions can be utilized for the purpose of netting off GNPA or as part of Tier II capital. Presently the provisions held against standard assets as at March 31, 2022 is 1.13% of the Credit RWA leaving a headroom for inclusion of FP amounting to only ₹1,500 lakh. As an internal policy, the Bank shall reckon FP as part of Tier II capital as and when a headroom of ₹5,000 lakh is available. The headroom will be available with growth in gross advances in the ensuing year. This is expected to normalize the PCR% and also help in augmenting the Bank's CRAR in the ensuing year.

³² GNPA as a percentage to AUM basis was 7.07%³³ NNPA as a percentage to AUM basis was 0.59%**Write off:³⁴**

Particulars	Particulars
FY 2021-22	FY 2021-22

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 Standardized 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.
- 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 takes cognizance of the same and these were incorporated for all loans sanctioned after the date of issuance of this circular. The Bank also takes concurrence to the RBI circular dated April 8, 2022 where it has decided to continue with risk weights contained in the circular ibid for all new individual housing loans sanctioned up to March 31, 2023. The Bank has taken note of the same.
- On October 12, 2020³⁵, RBI issued directions for revision in limit for risk weight under the Regulatory Retail portfolio, RBI decided that the limit of ₹500 lakh for aggregated retail exposure to counterparty shall stand increased to ₹750 lakh from the date of this circular. The risk weight of 75 per cent will apply to all fresh exposures and also to existing exposures where incremental exposure may be taken by the banks up to the revised limit of ₹750 lakh. The Bank takes cognizance of the same and these were incorporated for all loans sanctioned after the date of issuance of this circular.

³⁴ Write off includes both actual and technical write offs³⁵ Refer RBI guidelines on Regulatory Retail Portfolio – Revised Limit for Risk Weight issued vide RBI/2020-21/53 DOR.No.BP.BC.23/21.06.201/2020-21 dated 12th October 2020

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, 2022

Sl. No.	Risk Weight	₹ in lakh
1	Below 100% Risk Weight	21,66,660
2	100% Risk Weight	3,20,157
3	More than 100% Risk Weight	1,273
4	Deductions from CRM ³⁶	-93,448
5	Total	23,94,642

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 collateralized by a mortgage over the property financed. There are primarily secured product variants under MSE loans with one unsecured variant offered in collaboration with a Direct Selling Agent (DSA). The residual book of erstwhile unsecured loans³⁷ is being run down and is expected to be fully repaid in the ensuing financial year. 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. The small portfolio of Gold Loans, temporarily suspended, is secured with the maximum Loan to Value (LTV) being offered at 70% on the value of the ornaments/jewel proposed to be pledged.
- The Bank accepts Eligible Financial Collateral in a few instances for risk mitigation under secured Institutional lending and MSE loans. These financial collaterals are netted off for its collateralized transactions under comprehensive approach 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, personal loans borrowers 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 covering asset sale. In compliance

³⁶ Credit Risk Mitigants (Provision against NPA)

³⁷ Unsecured Business Loans and Unsecured Enterprise Loans

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 financial year ended March 31, 2022 the Bank had undertaken 'sale' transactions through securitisation route.

9.1.2. The Major Risks inherent in Securitisation of Standard Assets 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. 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 risk assessment of the pools is done continuously 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 financial year ended March 31, 2022 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 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. The Bank follows the accounting treatment specified in the revised securitisation guidelines for any realised and unrealised gain arising from the securitisation transactions.

9.1.5 Rating of Securitisation Transaction

During the financial year ended March 31, 2022 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 Lakh
Total Exposures Securitised by the Bank*	25,258.83

*Represents total amount of loan securitised during FY2022

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

	₹ in Lakh
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, 2022

	₹ in Lakh
Exposure type	Amount
Amount of assets intended to be securitized within a year	-
Of which amount of assets originated within a year before Securitization	-

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

	₹ in Lakh	
Exposure Type	Amount*	Unrecognised gains / (losses)
PTC (underlying assets being Loan against property)	25,258.83	-
Total	25,258.83	-

*The amount represents the total principal outstanding as on March 31, 2022 for PTC transactions

Securitisation exposures retained or purchased

	₹ in Lakh		
Exposure Type	On Balance Sheet*	Off Balance Sheet	Total
Equity Tranche	1,262.94	-	1,262.94
Overcollateralization	757.76	-	757.76
Total	2020.71	-	2020.71

*Represents total principal amount of investment in Equity Tranche SNs amount and Overcollateralization during FY2022

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

Exposure Type	50% weight	75% risk weight	114% risk weight*	125% risk weight	Total
Equity Tranche (underlying assets being Loan against property)			1262.94		
Total					

* 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
Over collateralization	757.76	-	-
First Loss Credit Enhancement	1,262.94	-	-
Total	2,020.71	-	-

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. Market Risk

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 Standardized 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.

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 the year. As on March 31, 2022, the investment holdings in various SLR and Non SLR instruments were as under:

	₹ in lakh							
Instrument	HTM Book Value	AFS Market Risk	HFT Book Value	Total Market Risk	Book Value	Market Risk	Book Value	Market Risk
SLR								
G Sec	2,65,516	2,60,137	9,969	9,969	-	-	2,75,485	2,70,107
SDL	86,241	85,168	-	-	-	-	86,241	85,168
PTC	-	-	1,263	1,263	-	-	1,263	1,263
STRIPS	-	-	8,649	8,649	-	-	8,649	8,649
TB	-	-	40,221	40,221	3,424	3,424	43,645	43,645
Non-SLR								
CP	-	-	-	-	-	-	-	-
Equity (Unquoted)	-	-	10.02	11	-	-	10	11
Mutual funds	-	-	-	-	-	-	-	-
TOTAL	3,51,757	3,45,306	60,112	60,113	3,424	3,424	4,15,293	4,08,842

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, though holding in AFS comprises mainly investments in Treasury Bills.. The mandatory requirement for maintenance of SLR as stipulated by RBI was 18.25% of Net Demand and Time Liabilities (NDTL) till 10th April 2020 and 18% thereafter. The RBI had earlier announced a staggered reduction in SLR requirement to be held by banks, reducing every quarter till April 11, 2020. 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:

	₹ in lakh		
Month	Average SLR requirement	Average SLR maintenance	Average SLR requirement maintained as a % of NDTL
Jan-22	2,75,173	3,37,622	22.09%
Feb-22	2,95,384	3,95,818	24.12%
Mar-22	3,15,340	4,54,468	25.94%

The maintenance of SLR was higher than the mandated requirement in line with its Board directive. In the first instance, this buffer is intended to provide the required cushion for a contingency and forms the basis for Level 1 contingency fund planning. Second, the excess SLR is also intended to provide the cushion to maintain 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. Effective management of LCR, through calibrated disbursements and maintaining sufficient liquid buffer to provide the necessary support to HQLA, ensured that the Bank ended the financial year with LCR at 126.41% which was in excess of the mandated regulatory minimum of 100% and also the internal tolerance limit set by the Board. Further, the Bank had also complied with the HTM holding limit for all the days for the period during the quarter.

In the last quarter of the financial year the Bank ceased to make investments in NSLR, except for the investment in PTC in the securitisation transaction that the Bank originated, pending the full automation of its NPI module. As such therefore, deployment of surplus cash was only in Reverse Repo in the last quarter. It is anticipated that investments in NSLR will resume from the next quarter.

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. However, instances of overnight positions held are rare, with the Bank relying mainly on intra day trading in its HFT book. 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.

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.

Liquidity Coverage Ratio

Date	Q4 Quarterly Average	Amount	Adjusted Amount
A	High Quality Liquid Assets		
	Level 1 Assets	3,77,325	3,77,325
	Level 2 A Assets	-	-
	Level 2 B Assets	-	-
B	Total Stock of HQLAs (Adjusted for Capital)	-	3,77,325
C	Cash Outflows	12,17,414	3,55,019

INR lakhs

In line with the prudent risk management practice, the Bank has in place a Board approved Contingency Funding Plan (CFP), which is tested by the Front Office at a quarterly frequency. Contingency Funding Plan testing was done for Q4 FY 21-22. In all the instances of CFP testing during the quarter, the Bank was successful in generating fund commitment, from various sources, much above the average monthly shortfall. While the CFP hitherto has tested the Bank's ability to meet any contingency over a one day period, this is now proposed to be enhanced to test the Bank's ability to address a continued contingency over an extended period. The reliance on committed interbank lines to meet such contingencies is given paramount importance.

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 the quarter. The Bank has various avenues to leverage upon in mitigating any future liquidity shortfalls. Some of the measures include securitization, IBPC transactions and term loan facilities from Bank. The Bank is also engaging with Development Financial Institutions (DFI) for refinance facilities. Although the Bank currently has adequate short-term liquidity, longer tenor funding remains a challenge. Hence the need was felt to mobilize deposits, specifically non-callable FD's for tenors of 6 months and beyond and exploring alternate long-term funding (3 years and beyond) through refinance from Development Finance Institutions, term loans and securitization. On these lines, the Bank launched 'Platina Fixed Deposit', offering interest of 15 basis points (bps) higher than the regular term deposit rates provided by the Bank with a minimum deposit size of ₹20 lakh. The Platina FD is a non-callable deposit, where partial/premature withdrawal is not applicable. IBPC amounting to ₹42,500 lakh undertaken in Q4 of FY 2021-22 has also provided additional liquidity buffer. The Bank adopts abundant caution in making fresh disbursements to ensure that LCR is maintained above internal threshold.

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.

Date	Q4 Quarterly Average	Amount	Adjusted Amount
D	Cash Inflows	1,68,577	56,520
E	Net Cash flow	-	2,98,499
F	25% of Total Cash Outflow	-	88,755
G	Higher of E or F	-	2,98,499
	Liquidity Coverage Ratio		126.41%

INR lakhs

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 NSFR Guidelines came into effect from October 1, 2021. As at March 31, 2022, the NSFR was 104.08%.

NSFR	Unweighted Amount	Weighted Amount
Total Available Stable Funding (ASF)	23,66,810	14,16,690
Total Required Stable Funding (RSF)	23,69,832	13,61,145
NSFR	99.87%	104.08%

₹ in lakh

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 is 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. Operating Risk Management Department (ORMD) has reviewed 159 processes in FY'22. Few of them are value dating policy, video KYC PD, credit life SOP for Third Party Products, framework for review and monitoring of internal office accounts, engagements with collection DSAs, change in SOP for compliance to KYC guidelines, SOP on Robotic Process automation, repossession process of vehicles etc.
- UAT Testing (including BRD and FSD):** For any change management/ automation of products and processes, the department owners prepare the Business Requirement Document (BRD). The BRD is reviewed by key control and business functions for further improvements. Subsequently, the same is provided to the IT department within the Bank. The IT department then prepares the 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 others 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. In FY 2021-22, 93 BRD's and FSD's were reviewed and UAT was undertaken in 176 activities covering fixed to floating interest conversion, migration of Br.Net loan accounts

to Finacle, launch of Platina Deposits, CGTMSE loans, Non-revolving OD, Vikas Loan, Vehicle and Home loan for staff, Group loan repayments through Internet Banking, Money Mitra Hand Held Device (HHD) workflow 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 minimize 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 and as at March 31, 2022, RCSA was completed in all functions vide workshops with BRACO with an exception to Information Technology department which is in advanced stages of completion.
- **Key Risk Indicators:** During the year, 40 KRIs were monitored at an organization level as part of the ORM Framework. The thresholds for the KRIs have been decided in consultation with the stakeholders. These KRIs are analysed on a monthly basis and findings are placed at ORMC and Board at regular intervals with action plan for closure of open issues. In addition to Organizational KRIs, the Bank has also defined functional KRIs for liabilities and is in the process of defining the same for other key functions in a phased manner for better monitoring.
- 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 21-22 (as on Mar'22):

Event Type	Count			Loss in lakh			YTD Mar'21 Ops Loss
	YTD Mar'21		YTD Mar'22 Total	YTD Mar'22		YTD Mar'21 Ops Loss	
	Total	Loss		Gross	Net		
Business Disruption and Systems Failures	167	138	155	71.12	38.88	2.35	6.01
Clients, Products, and Business Practice	28	17	18	5.70	3.68	3.68	1.32
Damage to Physical Assets	88	48	53	9.72	9.72	0.01	0.00
Employment Practices and Workplace Safety	20	0	8	0.00	0.00	0.00	0.00
Execution, Delivery, and Process Management	338	211	312	129.79	26.76	14.92	7.94
External Fraud	594	596	615	204.78	116.11	40.66	49.00
Internal Fraud	185	332	332	352.71	121.75	34.51	26.91
Total	1420	1342	1493	773.83	316.91	99.12⁴⁰	91.19

⁴⁰ Includes movement of ₹30.68 lakhs from ARRF to Ops Loss on account of Money Mitra GL carried forward from last FY. It also includes movement of ₹5.22 lakhs to Ops loss on account of incorrect payment of rent to landlord for previous FY.

- **Thematic reviews:** While carrying out RCSA, KRIs, 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 standardized risk identification techniques and therefore provide wider scope for a deeper and customized 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 FY22, ORMD performed a thematic review of Payments process and key gaps were highlighted and discussed in RMCB held in the month of December'21.
- 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'22, User access review has been completed for 19 applications including Finacle Treasury, Br.Net, Finacle application and CRM Next. Operational Risk team has drafted a Policy on 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.

Operational Risk team has initiated a request with individual business teams who manage the applications to have a comprehensive SOP for each of the applications managed by them with role-based access given in system and approval matrix to be followed and circulated to PrAC (Process Approval Committee) members for their review and inputs.

- Exceptions Handling Mechanism is an initiative, which started from July 2020 as guided by the Compliance and Control Functions Committee. A list of 32 exception reports was identified and tagged to Operational Risk for initiating the review. 30 exception reports were reviewed and gaps identified are discussed with relevant stake holders for needful action. All observations have been circulated to relevant stake holders and corrective action has been initiated.
- **Branch Assurance:** Branches across regions are reviewed against a checklist devised by ORMD to ensure adherence to branch processes. The checklist is reviewed and enhanced as and when required to strengthen monitoring. Critical and repeat observations are shared with the leadership team for remedial /corrective actions. Revised checklist was implemented with effect from May 2021. As at March 31, 2022, ORMD has reviewed 285 branches which is about 120% of the planned coverage of 240 branches.
- **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 specialized 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. Post satisfactory responses to the observations raised, the Chief Risk Officer approves the on-boarding of vendor. In FY 2022, pre-on boarding risk assessment for 39 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 Information Security team and ORMD. 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 a quarterly basis.

Master tracker maintenance: ORMD maintains a master tracker of all the outsourcing agreements. Details of agreement renewals are tracked and followed up with the concerned functions for renewal within timelines. Any overdue arrangements / agreements are escalated.

Annual review of material vendors: ORMD along with CISO's team carries out annual risk review of material vendors. In FY 2022, risk assessment was completed for 22 material vendors including 7 empanelled BC's.

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 minimizing 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 has established a Business Continuity Management Committee at apex level to monitor the business continuity preparedness of the Bank on an on-going basis. Further, 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 BCMP 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, 186 planned BCPs and 181 unplanned BCPs were conducted. Business Impact Analysis was completed for Liabilities,

Treasury, Phone Banking, Regional office and HR functions of the Bank. 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.

- **Internal Financial Control (IFC) testing:** This is an annual exercise and carried out by ORMD. 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 result of this evaluation is also presented to ORMC and RMCB to update them on effectiveness of the internal controls of the Bank, and take guidance. This result is also shared with the Bank's external auditor to provide insight on adequacy and effectiveness of the controls in the Bank. The IFC testing is also a mandatory requirement as per Companies Act, 2013. The IFC Framework of the Bank was enhanced and approved in July 2021. IFC testing for FY 2022 was commenced in the month of August 2021 and testing was completed in 21 functions of the Bank including testing of Entity level controls.

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. The Bank has identified the risks associated with the 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:

- 1 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.
- 2 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.

12.2. QUANTITATIVE DISCLOSURES

12.2.1. Earnings at Risk (Earnings Perspective) (₹ in Lakh)

Interest Rate Risk in the Banking Book (IRRBB)

Sl. No.	Country	Interest Rate Shock	
		+200 bps shock	-200 bps shock
1	India	(13,726)	13,726
2	Overseas	-	-
		(13,726)	13,726

12.2.2. Economic Value Perspective (MDG Approach)

		(₹ in Lakh)
Category	Items	Amount
A	Computation of Aggregate RSA	22,32,638
B	Computation of Aggregate RSL	20,84,968
C	Weighted Avg. MD of RSL across all currencies	1.2
D	Weighted Avg. MD of RSA across all currencies	2.2
E	Modified Duration Gap (MDG)	1.09
F	Change in MVE as % of equity for 200bps change in interest rate	-17.40%
G	Change in MVE in absolute terms	(2,31,497)

13. Table DF-13: Main features of Regulatory capital Instruments

EQUITY SHARES

Disclosure template for main features of regulatory capital instruments

		Equity Shares
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 lakh, as of most recent reporting date)	₹1,72,831.42 lakh
9	Par value of instrument	₹10/-
10	Accounting classification	Capital
11	Original date of issuance	<ul style="list-style-type: none"> • ₹5 lakh – July 4, 2016 • ₹10,998.68 lakh – July 30, 2016 • ₹1,33,000 Lakh – February 10, 2017 • ₹1,405.5 Lakh – November 11, 2019 • ₹7,142.9 Lakh – November 13, 2019 • ₹20,270.3 lakh – December 10, 2019 • ₹0.3 Lakh – November 7, 2020 • ₹0.2 Lakh – January 19, 2021 • ₹0.4 Lakh – February 15, 2021 • ₹0.04 Lakh – March 15, 2021
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

		Equity Shares
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)	Secured Term Loan Borrowings, Creditors of the Bank and Depositors
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

During April - March 2021, the Bank made the following allotments:

				INR lakhs
Date of issue and allotment	Method of allotment	Face value (₹)	Issue price (₹)	Number of equity shares allotted
November 07, 2020	Employee Stock Purchase Scheme	10	35	29,069
January 19, 2021	Employee Stock Option Plan	10	35	20,298
February 15, 2021	Employee Stock Option Plan	10	35	37,229
March 15, 2021	Employee Stock Option Plan	10	35	4,440
Total				91,036

PNCPS

Disclosure template for main features of regulatory capital instruments

		Preference Shares
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 dated July 1, 2015.
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 lakh, as of most recent reporting date)	₹200 lakh
9	Par value of instrument	₹10/-
10	Accounting classification	Capital
11	Original date of issuance	10 th February 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	Fixed
18	Coupon rate and any related index	11.0%
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	NIL
22	Noncumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA

		Preference Shares
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"> 1. Notify holders of preference Shares. 2. Cancel any dividend accrued and un paid to as on write down 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 (as defined below) to above the CET1 Trigger Event Threshold (as defined below), 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").
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to the claims of all depositors and general creditors 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

14. Table DF-14: Terms and conditions of Regulatory Capital Instruments

EQUITY SHARES

Full Terms and Conditions of Equity Shares of the Bank

SN	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	Paid up capital is only issued with approval given by Board of Directors

PNCPS

SN	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: <ol style="list-style-type: none"> 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.

SN	Particulars	Full Terms and Conditions
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: <ol style="list-style-type: none"> Declare Interim Dividend during the financial year Declare for subsequent financial years (including interim dividends) or Declare dividend during the period between the end of the financial year and before conducting the AGM.
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 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"> Reduce the claim of the PNCPS in case of liquidation; Reduce the amount re-paid when a call over the PNCPS is exercised by the Issuer; and 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"> Notify the holders of the PNCPS; Cancel any dividend which is accrued and unpaid on the PNCPS as on the write-down date; and 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>

SN	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"> Notify the holders of the PNCPS; Cancel any dividend which is accrued and unpaid to as on the write-down 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"). <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>

15. Table DF-15: Disclosure on Remuneration

15.1. REMUNERATION - QUALITATIVE DISCLOSURES

a. Information relating to the bodies that oversee remuneration. Disclosure should include:

- 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, 2022:

Sr. No.	Name of director	Designation/Category
1.	Mr. Ravichandran Venkataraman	Chairperson -Independent Director
2.	Mr. Banavar Anantharamaiah Prabhakar	Member-Independent Director
3.	Mr. Rajesh Kumar Jogi	Member - Independent Director
4.	Mr. Samit Kumar Ghosh	Member- Director (Non-Executive, Non-Independent)
5.	Ms. Sudha Suresh	Member- Director (Non-Executive, Non-Independent)
6.	Mr. Prabal Kumar Sen	Member - Independent Director

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.
- 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.

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.

- 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.

9. 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.
10. 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.
11. 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.
12. Recommending to the Board, all remuneration, in whatever form, payable to senior management.
13. Administering, monitoring and formulating detailed terms and conditions of the Employees' Stock Option Scheme (ESOP) of the Bank, inter-alia, including the following:
- Determining the eligibility of employees;
 - The quantum of option to be granted under the Employees' Stock Option Scheme per Employee and in aggregate;
 - The exercise price of the option granted;
 - The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
 - 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;
 - The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an Employee;
 - 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;
 - 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;
 - 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;
14. Administering, monitoring and formulating detailed terms and conditions of the Employee Stock Purchase Scheme of the Bank.
15. 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.
16. 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.
17. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

18. To develop a succession plan for the Board and to regularly review the plan.
19. To approve Job descriptions and Key Responsibility Areas (KRAs) of Senior Managers and Business Line Managers on an annual basis.
20. To review Performance of the senior/business line managers by NRC on an annual basis.
21. 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.
22. To recommend to the board, all remuneration, in whatever form, payable to senior management.
23. 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.
24. 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.
25. Review regularly and approve the Bank's program for executive and employee development.
26. Review and implement the various HR policies and manual of the Bank.
27. Develop, review and approve the principles guiding the Bank's executive compensation philosophies.
28. 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 organization development.
29. Performing such other functions as may be necessary or appropriate for the performance of its duties.
- External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.**
Not Applicable
- 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 organization.

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

A 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, 2022 was 16,895

B Information relating to the design and structure of remuneration processes. Disclosure should include:

- 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 should 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. Therein, this policy should support the Bank to attract and retain talent and skills required to consolidate the organization's purpose and ideology.
- The pay structure and amounts shall always conform to applicable Income Tax and other similar statutes.
- All practices of the Bank shall comply with applicable labour laws.
- The pay structure should be standardized 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 organization.

- 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 organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
- h) 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 in FY 2021-22 :

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.

c. 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.

d. 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 finalized and approved by the National Human Resources Committee (NHRC) at annual intervals, basis organization'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.
- 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.

- A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after

- (a) The Bank shall announce payment of cash variable pay as suitable. Discretion is typically applied related to staggered pay-out in case large pay-outs, 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.
- (b) 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.
- (c) 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 vest in various tranches for up to a period of 4 years.
- (d) 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.
- (e) 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.

Description of the different forms of variable remuneration that the bank utilizes and the rationale for using the same

Variable Compensation at the Bank has the following distinct forms:

A - 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 organization 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: The Bank shall design schemes and practices from time to time to celebrate employees / departmental / organizational 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, seven and ten yrs. of completion of service with the Bank), Functional R&R Schemes; Organizational Rewards Schemes such as: Service Champion; Process Excellence; Customer Connect Awards; Above and Beyond; etc.

B - 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

a. Information relating to the bodies that oversee remuneration. Disclosure should include:

- 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, 2022:

Sl. No	Quantitative Disclosures (Covers only Whole Time Directors/ CEO/ Other Risk Takers*)	Numbers
1	Number of meetings held by the Nomination and Remuneration Committee during the first half financial year and remuneration paid to its members.	Total Meetings Held: 13 Total sitting fee paid: ₹30.50 lakh
2	Number of employees having received a variable remuneration award during the year.	1 employee Ex-MD & CEO
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.	₹43.29 Lakh
6	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Cash : Nil ESPS shares : Nil ESOP grants : 3,41,785 MD & CEO, Head- Treasury, Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.
7	Total amount of deferred remuneration paid out in the financial year.	Cash- ₹0.31 lakh
8	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Fixed gross : ₹453.09 lakh Variable deferred : ₹0.31 lakh Fixed gross of the following employees : MD & CEO, Head- Treasury, Current and Ex-Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.
9	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Variable Provisioned – ₹34.50 lakh
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

Sr. No.	Item	Amount
1	Total consolidated assets as per published financial statements	17,30,281
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	5,48,429
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)	82,100
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	28,153
7	Other Adjustments	-48,650
8	Leverage ratio exposure	23,40,313

17. Table DF 18: Leverage ratio common disclosure template

Table DF-18: Leverage ratio common disclosure template

Sr. No.	Item	Amount
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	22,78,710
	Domestic Sovereign	4,13,940
	Banks in India	48,585
	Corporates	85,783
	Exposure to default fund contribution of CCPs	121
	Other Exposure to CCPs	
	Others	17,30,281
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(48,650)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	22,30,060
	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	82,100
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)	82,100
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	59,450
18	(Adjustments for conversion to credit equivalent amounts)	31,297
19	Off-balance sheet items (sum of lines 17 and 18)	28,153
	Capital and total exposures	
20	Tier 1 capital	2,27,905
21	Total exposures (sum of lines 3, 11, 16 and 19)	23,40,313
	Leverage ratio	
22	Basel III leverage ratio	9.74%

Presently the contribution of Tier I capital to Total Basel II capital is 93.19%. 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 6th Annual Report of the Bank along with the Audited Financial Statements and Auditor's Report thereon for the FY 2021-22.

OVERVIEW AND STATE OF AFFAIRS OF THE BANK

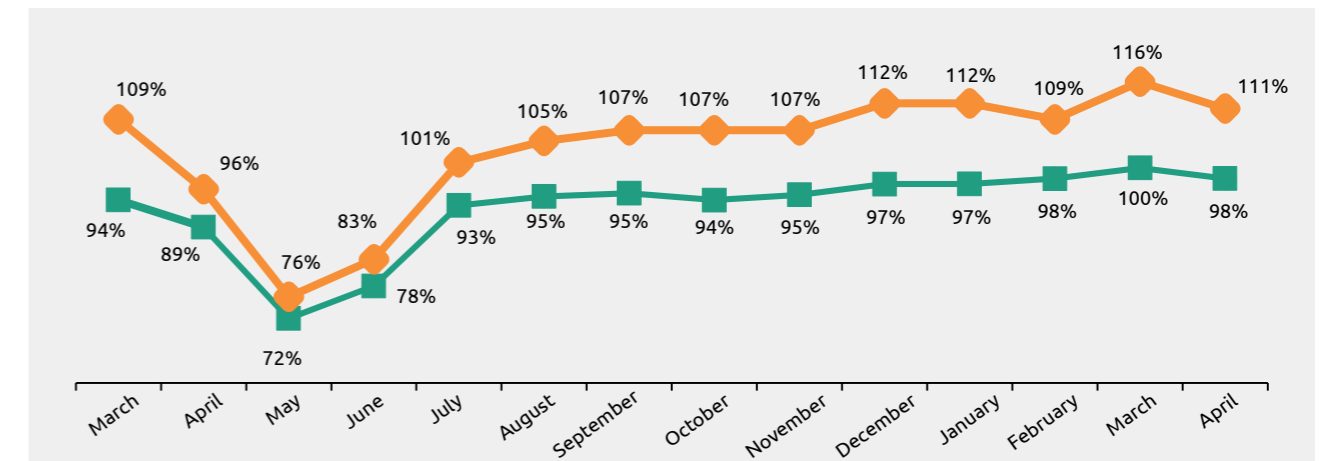
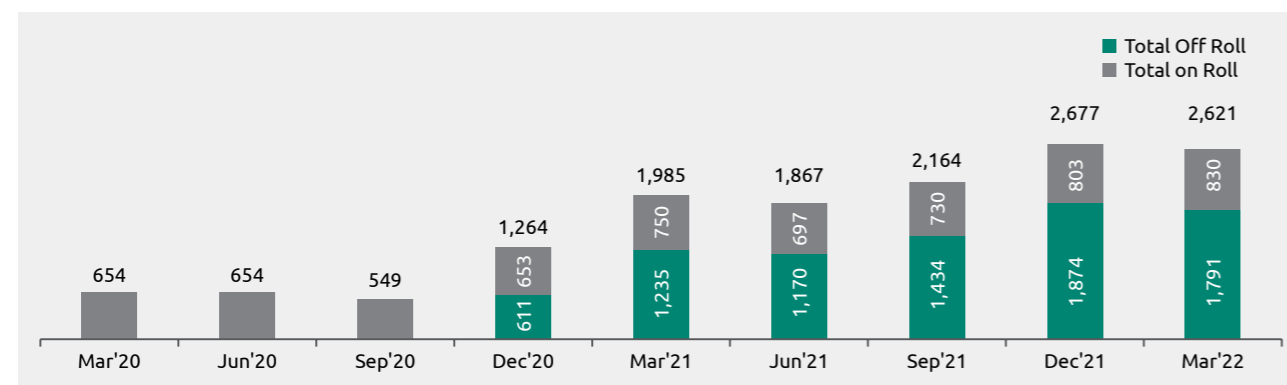
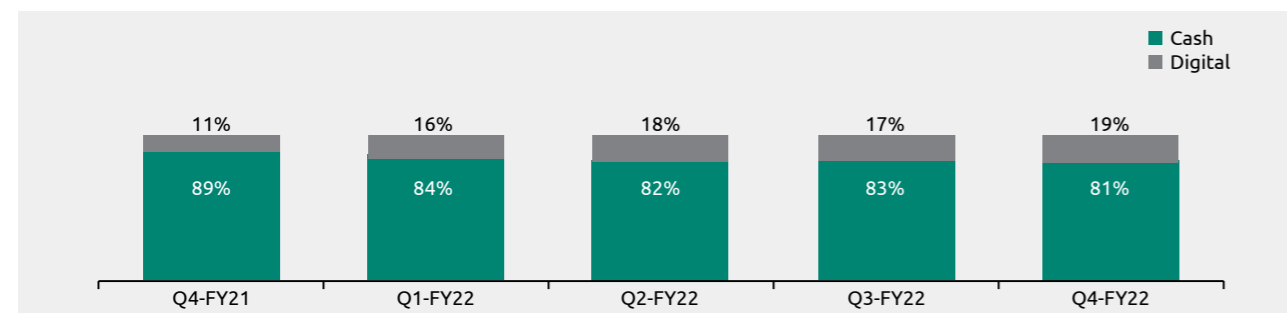
During the FY 2021-22, even though Ujjivan had a difficult start, it witnessed a remarkable turnaround and a promising close. Beginning of the year was muted as the momentum built towards close of FY 2020-21 was thwarted by outbreak of Covid 2.0 which followed a cycle of lower business and collections, rising NPAs and provisioning leading to reduced profitability. Also, it led to destabilizing Bank's human resource across all levels – field, mid-level and leadership as well as Board. However, Ujjivan has a strong core and is resilient. Beginning with strengthening of Board, we brought in a stability to the entire team and attracted good talent across all functions and verticals. Also, we implemented recovery plan – what we call "100-day plan" to focus on business growth and improving asset quality.

In second half of FY 2021-22, the Bank rebound from the initial setback in the business in H1 due to COVID lockdown and delivered record high business volumes. With the opening up of markets gradually from Q1, volumes picked up across asset and deposit businesses surpassing pre-COVID normal by Q3. The Bank closed the financial year on a high note, with the last quarter showing tremendous growth across businesses. In the first half of the year, the Bank took a cautious approach towards microfinance lending in select pockets and increased focus on collections post lockdown. The Bank also took a measured approach

towards its MSE lending in certain stressed segments and has shifted its focus towards lending to semi-formal and formal segment for better portfolio quality. Bank maintained a cautious stance in its Institutional lending business, lending to high rated entities, while maintaining portfolio NIM. Business volumes under the MSE and Affordable Housing vertical saw steady ramp up with improved approval rates, despite restricted segments and stringent credit policy. Bank's assets under management (AUM) registered a 20% Y-o-Y growth in FY 2021-22 over that in the Previous Year. Despite slowdown in business momentum in the first half on account of the pandemic, the Bank witnessed significant Y-o-Y growth in all verticals: Micro Banking (13.6%), Affordable Housing (33%) and MSE (33%).

During FY 2021-22, Bank's deposit book recorded 39% y-o-y growth driven by new retail customers. 2.7 Lac new retail deposit customers were on-boarded during the year. CASA grew by 85% y-o-y, closing at 27% of the total deposit book as of March 31, 2022 against 21% in March 2021.

Collection strategy: Our foremost objective under our 100-day plans was to improve collection efficiency. This was done through (a) strengthening collection team by adding off-role staff and agencies, (b) focusing on digital collection, (c) expanding our reach through tie-ups with fintechs and payment bank, (d) data analytics driven prediction models based on Early Warning Triggers and geo-special analysis aiding in better collections, (e) expediting legal process on secured book. We are very pleased with the results and the increased collection efficiency. This has yielded in improvement in our asset quality parameters.



The Bank remains focused on financial inclusion and serving the aspiring middle class. During the year, we continued to expand our product and services suite to become more relevant to our customers:

- ECLGS loans: Launched in Jul'21 with ticket size of ₹5,000 to ₹12,000. Total disbursement during the year was at ₹68 Crore.
- Launched Ujjivan pay QR solution for merchants in February. This offers our customers to use the seamless payment solution and transact more through their Ujjivan account.
- Our Agri business launched Poultry product in towards end-Q4 FY22. We are also looking to launch Fishery product.
- Micro LAP product was launched in Jan'22 to cater to small borrowers. Currently the product is available in select branches; we target to scale up in FY 2022-23.
- We launched Credit Guarantee Trust for MSE scheme (Term Loan, Overdraft and Cash credit facility) and disbursed more than ₹100 Crore under the scheme during the year.
- We launched Platina FD for long-term investors; non-callable retail FDs with slightly higher return as against base rates for same tenor.

The Bank operated its premises with strictest safety standards in line with the SLBC and local guidelines, limiting staff turn out and offering work from home for backend staff. Quick Response Team (QRT) was constituted to monitor the situation on ground and provide guidelines during the pandemic to all our employees and offices. We maintained a strong connect with our customers and staff during the pandemic.

The Bank stayed committed to its Corporate Social Responsibility (CSR) initiatives and spent ₹4.3 Crore during the year on several impactful activities focused on pandemic relief activities, disaster and flood relief, promoting education and livelihood support. On 7th Sep'21, we launched an initiative to focus on vaccination drives for customers and their families and promoted mass vaccination through the branches under our "Sanjeevani Kavach" program – around 80,000 beneficiaries have

been vaccinated under the program. Some of the other key initiatives were:

• Covid relief activity

- ₹ 3.02 Crore spent in response to the pandemic outbreak
- Direct distribution of 18,359 general support medical equipment, 214 life-saving equipment, timely supply of medicine towards fight against black fungus and supported in supplying mild COVID symptom medication

• Disaster Relief

- 8000+ people benefitted through the disaster relief
- During the Yass cyclone, the Jaynagar (WB) was very severely affected - we helped the public with dry ration and basic hygiene supplies.
- The rains in West Bengal caused a heavy flood in Tamluk and Panskura, overflowing of Rupnarayan river and few lake fisheries devastated the lives of several under-privileged families. We worked with WB Govt. agencies providing the beneficiaries with dry ration and flood relief materials.

• Community Development

- 4 Civil infrastructures were built-renovated across India. Functional garbage van provided to Mapusa municipality.
- 3 partnerships established with skill development NGOs to provide skill training and placement support to 50 unemployed youths in Bhubaneswar, providing employability training to 100 differently abled persons in Mumbai & Jamshedpur and 50 women will be empowered in making bags with jute and banana waste which is environment friendly in Purnea (Bihar).
- 18 desktops given to a school in a marginalized community at Harihara and 40 wheel chairs provided to differently abled people in Bengaluru.

The Bank's total customer base grew by 9.5% Y-o-Y to 64.8 lakh while Deposit customers increased by 11% to 62.1 lakh.

As of March 31, 2022, The Bank operated a network of 575 Banking Outlets, including 144 in Unbanked Rural Centre (URC) locations, complying with the RBI prescribed norm of 25% of the BOs to be situated in URCs and 492 ATMs including 54 Automated Cash Recyclers (ACR).

The Bank was adequately capitalized with a CRAR of 19% as of 31st March 2022 and its funding position stayed comfortable throughout the year. The Bank took a prudent call to build sufficient liquidity buffer in the wake of the COVID-19 situation.

For the financial year ended March 31, 2022, Net loss is ₹415 Crore against net profit of ₹8 Crore in the previous financial year ended March 31, 2021. Pre-provision operating profit stands at ₹590 Crore against ₹801 Crore in FY21.

FINANCIAL PERFORMANCE

Summary of Financial Performance as per Rule 8(5) of The Companies (Accounts) Rules, 2014

Particulars	₹ in Crores	
	FY 2021-22	FY 2020-21
Revenue from Operations	2,812.80	2806.07
Other Income	313.27	310.82
Less: Operational Expenses	603.34	404.49
Personnel Expenses	812.60	748.78
Profit/loss before Depreciation, Finance Costs, Exceptional items, Provisions and Tax Expense	1,710.14	1963.61
Less: Depreciation/ Amortisation/ Impairment	80.44	76.80
Profit /loss before Finance Costs, Exceptional items, Provisions and Tax Expense	1,629.69	1886.81
Less: Finance Costs	1,039.21	1077.51
Profit /loss before Provisions, Exceptional items and Tax Expense	590.49	809.30
Less: Provisions & Contingencies	1,140.85	799.10
Add/(less): Exceptional items	-	-
Profit/loss before Tax Expense	-550.36	10.20
Less: Tax Expense (Current & Deferred)	-135.77	1.90
Profit/loss for the year (1)	-414.59	8.30
Total Comprehensive Income/loss (2)	-	-
Total (1+2)	-414.59	8.30
Balance of profit /loss for earlier years	343.62	362.01
Less: Transfer to Debenture Redemption Reserve	-	-
Less: Transfer to Statutory Reserves	-	2.07
Less: Transfer to investment Fluctuation Reserve	-	5.28
Less: Transfer to Capital Reserves	1.38	19.33
Less: Dividend paid on Equity Shares	-	-
Less: Dividend paid on Preference Shares	-	-
Less: Dividend Distribution Tax	-	-
Balance carried forward	-72.35	343.63

HIGHLIGHTS OF THE FINANCIAL YEAR:

- Overall PAR stands a 9.6% against 14.9% in March, 2021.
- NNPA at 0.6% against 2.9% in March 2021
- Cost of funds of the Bank reduced from 7.1% at the end of March 2021 to 6.2% in March, 2022.
- The Deposit book stood at ₹18,292 Crores. CASA stood at ₹4,993 Crore. Retail book stood at ₹9,921 Crore and Institutional book at ₹8,366 Crores. Certificate of deposits stood at ₹756 Crore
- Cost to Income Ratio increased to 71.7% from 60.6% in FY21 on account of rationalization of costs, cutting down of non-essentials, cost saving initiatives and process improvements

The Bank's Board comprised of 9 directors as at the end of FY 2021-22, with the MD & CEO being the Executive Director, 4 Independent Directors including 1 Woman Independent Director, 2 Non-Executive Non-Independent Directors and 2 Nominee Directors.

Key Ratios: (Comparative ratios are annualised)

Particulars	FY 2021-22	FY 2020-21
Interest income as a percentage to working funds	13.81%	14.67%
Non-interest income as a percentage to working funds	1.54%	1.62%
Operating profit as a percentage to working funds	2.91%	4.23%
Business (deposits plus gross advances) per employee (₹ in thousands)	18,099	13772
Profit per employee (₹ in thousands)	-252.63	4.82
EPS (Basic) (₹)	(2.40)	0.05
EPS (Diluted) (Rs.)	(2.40)	0.05

TRANSFER TO RESERVES

A. Statutory Reserve

Since the Bank has not made any profit during the FY 2021-22, no fund has been transferred to statutory reserves as required under Section 17 of the Banking Regulation Act, 1949 and RBI circular dated September 23, 2000, as amended from time to time.

B. Investment Fluctuation Reserve ("IFR")

During the FY 2021-22 the Bank has not transferred any amount to IFR for the FY 2021-22 pursuant to the RBI notification RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 02, 2018, as compared to ₹5.28 Crores in FY 2020-21.

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

Due to lack of profitability during the FY 2021-22, the Board of the Bank has not proposed any dividend on the equity shares for the FY 2021-22.

B. Preference Dividend

During the FY 2021-22, no dividend was declared on the preference shares issued by the Bank.

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Bank during FY 2021-22.

MATERIAL CHANGES AND COMMITMENTS

The Bank has pursuant to a resolution passed by its Board on June 08, 2022 considered and approved the proposal for raising of funds by way of issuance of non-convertible debt securities upto ₹1,500 Crores (Rupees One thousand Five Hundred Crore) 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 and other governmental authorities.

The Bank through its postal ballot notice dated June 08, 2022 has sought its shareholders' approval on July 12, 2022. In addition, the Bank has taken its shareholders approval on March 26, 2022 (by way of a postal ballot) for a Qualified Institutions Placement (QIP) of upto ₹600 crores and the Bank expects to complete the QIP this fiscal.

The capital ratios of the Bank comprising of Tier I and Tier II capital will be augmented on the successful completion of the QIP and Debt Issuance respectively.

No further material changes and commitments have occurred after the closure of the FY 2021-22 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 2021-22.

CAPITAL AND DEBT STRUCTURE

A. CHANGES IN CAPITAL STRUCTURE

There was no change in the Authorized, Subscribed and Paid-up Capital of the Bank during the FY 2021-22.

B. ISSUE OF EQUITY SHARES OR OTHER CONVERTIBLE SECURITIES

During the FY 2021-22, the Bank has made no allotments of equity shares.

C. ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS AND/OR SWEAT EQUITY SHARES

During the FY 2021-22, 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 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.

Sr. No	Date of grant	Number of options	Price (₹)
1.	August 23, 2021	1,99,949	19.70
2.	January 05, 2022	1,66,842	19.05
3.	January 08, 2022	3,01,57,303	19.95
4.	March 23, 2022	1,15,025	16.60
Total		3,06,39,119	-

No change has been made in the ESOP 2019 Scheme during the FY 2021-22 and following are the details of ESOP 2019 as on March 31, 2022:

Particulars	Details
Options granted	7,17,42,768
Options vested	97,14,703
Options exercised	61,967
The total number of shares arising as a result of exercise of options	61,967 (No options were exercised in FY 2021-22)
Options lapsed	1,71,85,468
	<ul style="list-style-type: none"> Out of the above lapsed options, 59,91,126 lapsed options as of March 31, 2021 got added back to the ESOP 2019 Scheme pool. Further, 1,11,94,342 lapsed options as of March 31, 2022 got added back to the ESOP 2019 Scheme pool.
Variation in terms of options	Nil
Money realised by exercise of options	-
Total number of options in force	5,44,95,333 options
Employee-wise detail of options granted to:	
Key Managerial Personnel*	Nil
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

* No options were granted to KMPs during the FY 2021-22

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, Companies Act, 2013 and rules made thereunder and relevant guidance notes and accounting standards.

As on March 31, 2022, 7,17,42,768 stock options have been granted by the Bank under ESOP 2019 Scheme to eligible employees of the Bank and its Holding Company.

During the FY 2021-22, following grants have been made to the eligible employees with the approval of the Nomination and Remuneration Committee of the Bank:

The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefit 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, 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 authorized 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, 2022, 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 2021-22.

The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefit 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 2021-22, the Bank has neither issued any debenture, bonds, non-convertible securities nor any warrants. However, the Bank pursuant to a resolution passed by its Board on June 08, 2022 has considered and approved the proposal for raising of funds by way of issuance of non-convertible debt securities upto ₹1,500 Crores (Rupees One thousand Five Hundred Crore) 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 has received its shareholders' approval on July 12, 2022 and the Bank is in process to commence the offer and issue of NCDs against this approval.

DILUTION OF PROMOTER'S SHAREHOLDING AND REVERSE MERGER

In terms of the RBI In-Principle Approval, RBI Final Approval and Guidelines for licensing of "Small Finance Banks" in the private sector issued by RBI on November 27, 2014 ("SFB Licensing Guidelines"), the Bank was required to list its equity shares on the Stock Exchange within 3 (Three) years from the date of commencement of business, i.e., by January 31, 2020.

Bank's equity shares got listed on Stock Exchanges on December 12, 2019 well within the prescribed timeline in accordance with SFB Licensing Guidelines.

Further, pursuant to the SFB Licensing Guidelines, Promoter of the Bank 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.

However, 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. Accordingly, the Bank has 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 RBI Requirement of promoter shareholding dilution.

Therefore, the Board of the Bank at its meeting held on October 30, 2021 considered and approved a Scheme of Amalgamation ("Scheme") between Ujjivan Financial Services Limited (UFSL, 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.

Accordingly, the Bank submitted an application to SEBI on November 01, 2021 seeking their approval/exemption on the following:

- To relax three-year minimum promoter lock in requirements in the Bank under Regulation 16(1)(a) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the extent required to implement the Scheme of Amalgamation.
- For adopting proposed scheme of amalgamation as a method to achieve minimum public shareholding (MPS) by the Bank.

Subsequently, SEBI, vide its letter dated December 02, 2021 acceded to relax the three-year minimum promoter lock-in requirements in the Bank to the extent required to implement the Scheme soon after receiving final NCLT approval. However, SEBI advised the Bank to ensure compliance with MPS as prescribed by SEBI Circulars dated November 30, 2015 and February 22, 2018 and then proceed with the filing of the scheme documents with the exchanges.

During the period internal working group of the RBI, pursuant to the 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, had recommended 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. The progress in achieving the agreed milestones must be periodically reported by the banks and shall be monitored by the RBI. ("**Dilution Requirement**")

Pursuant to the circular issued by the RBI dated November 26, 2021 ("**November 26 Circular**"), the RBI

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	06-09-2017	Reaffirmed "CARE A+; Stable" on 28-03-2022
Certificate of Deposit Programme	CRISIL Ratings Limited	2500.00	CRISIL A1+	26-02-2018	Reaffirmed "A1+" on 23-02-2022

TRANSFER OF UNPAID AND UNCLAIMED DIVIDEND 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 Fifth Financial Year, there was no amount due for transfer to IEPF. Further, as of March 31, 2022, there was no shareholder who has not encashed/claimed the dividend amount and there is no unclaimed dividend amount lying with the Bank.

inter alia accepted the recommendation on the Dilution Requirement without any modification subject to submission of a dilution schedule with the RBI. However, the proposed recommendations have not been notified as yet by the RBI by way of a separate notification.

However, to ensure that the MPS compliance is met well before the due date i.e. by December 11, 2022 (within 3 years of listing of the Bank), the Board at its Meeting on February 05, 2022 evaluated various methods to achieve the MPS by reducing UFSL's holding in the Bank from present 83.32% to 75% or lower. After deliberations, the Board approved the option to carry out a Qualified Institutions Placement ("QIP") in terms of the SEBI ICDR Regulations to the extent necessary to achieve the MPS norms, provided the total issue proceeds shall not exceed ₹600 crores.

The Bank has obtained an approval from its Shareholders for the aforesaid QIP through a postal ballot and the Bank is in the process of completing its QIP during the FY 22-23.

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 Standardized 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, 2022 using Risk Weighted Assets for credit risk related exposures only, as required under the operating guidelines of RBI for Small Finance Banks, was 18.99% against a minimum requirement of 15% and Tier I capital ratio was 17.70%, against the minimum requirement of 7.5%.

CREDIT RATING

Credit ratings assigned to Long Term Bank Facilities and Certificate of Deposit Programme of the Bank during the FY 2021-22:

BOARD AND KEY MANAGERIAL PERSONNEL

Following changes took place in the Board Composition during the FY 2021-22:

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
1.	Mr. Mahadev Lakshminarayanan (Independent Director) DIN:05003710	Resignation	June 18, 2021	Reason for resignation: Mr. Lakshminarayanan resigned from the position of an Independent Director on June 18, 2021 due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation.
2.	Mr. Ittira Davis (Non-Executive Non-Independent Director) DIN: 06442816	Resignation	July 23, 2021	Reason for resignation: Mr. Ittira Davis had joined the Bank on March 13, 2021, as a Non-Executive Non-Independent Director, in order to take up the role of Part-Time Chairman of the Bank, subject to RBI Approval. However, pursuant to the RBI circular dated April 26, 2021 on Corporate Governance in Banks-Appointment of Directors and Constitution of Committees of the Board, the Chairman of the Bank should be an Independent Director. Therefore, he resigned from his position on May 12, 2021, effective from July 23, 2021 due to his inability of taking up the role as the Part-Time Chairman since he was a Non-Independent Director.
3.	Mr. Nandlal Sarda (Independent Director) DIN: 00147782	Retirement	July 26, 2021	Mr. Nandlal Sarda retired from the position of Independent Director on completion of his tenure of 5 years.
4.	Ms. Mona Kachhwaha (Non-Executive, Non-Independent Director) DIN: 01856801	Resignation	August 10, 2021	Reason for resignation: Ms. Mona Kachhwaha resigned from the position of a Non-Executive Non-Independent Director on August 10, 2021 due to personal reasons and confirmed to the Bank that there were no other material reasons for her resignation.
5.	Mr. Harish Devarajan Additional Director (Independent) DIN: 00080245	Resignation	August 12, 2021	Reason for resignation: Mr. Harish Devarajan resigned from the position of Additional Director (Independent) on August 12, 2021 due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation.
6.	Mr. Banavar Anantharamaiah Prabhakar (Independent Director & Part-Time Chairman) DIN: 02101808	Appointment	August 20, 2021	Rationale for appointment: Mr. Prabhakar possesses about 37 years of experience of serving various banks. He carries experience of various positions from 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 and has also served as the Executive Director of Bank of India. He is a Chartered Accountant and a Commerce Graduate from Mysore University. He 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. He also meets the fit and proper criteria as prescribed under the applicable RBI Circular. Considering his qualifications, experience and expertise, the Board was of the opinion that his guidance will be valuable for the Bank. His appointment was approved by the shareholders at the 5 th AGM of the Bank held on September 27, 2021. In terms of Section 152 of the Companies Act, 2013, he is not liable to retire by rotation.

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
7.	Mr. Ravichandran Venkataraman (Independent Director) DIN: 02064557	Appointment	August 20, 2021	Rationale for appointment: Mr. Ravichandran Venkataraman has passed FCCA and ACMA from United Kingdom. He has also completed program for CFOs with Wharton Business School, USA. He has a track record spanning 30+ years of having worked in India, London and Bahrain. He has held various leadership positions in organizations such as HP Global Business Services, ANZ Bank, Bank Muscat etc. He 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. He also meets the fit and proper criteria as prescribed under the applicable RBI Circular. Considering his qualifications, experience and expertise the Board was of the opinion that his guidance will be valuable for the Bank. His appointment was approved by the shareholders at the 5 th AGM of the Bank held on September 27, 2021. In terms of Section 152 of the Companies Act, 2013, he is not liable to retire by rotation.
8.	Mr. Samit Kumar Ghosh (Non-Executive Non-Independent Director) DIN: 00185369	Appointment	August 20, 2021	Rationale for appointment: Mr. Samit Kumar Ghosh is the Non-Executive Director and Chairman of Ujjivan Financial Services Limited ("UFSL"). 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 to November 30, 2019. 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. He meets the fit and proper criteria as prescribed under the applicable RBI Circular. Considering his qualifications, experience and expertise the Board was of the opinion that his guidance will be valuable for the Bank. His appointment was approved by the shareholders at the 5 th AGM of the Bank held on September 27, 2021.
9.	Ms. Sudha Suresh (Non-Executive Non-Independent Director) DIN: 06480567	Appointment	August 20, 2021	Rationale for appointment: Ms. Sudha Suresh is a finance professional with a rich experience of more than two decades in private and public companies & a decade as practicing chartered accountant. Her areas of expertise include Fiscal management, IPO, Corporate Governance & Compliance, NBFC (ND-SI) Regulatory compliances, Internal Audit & Controls, Risk & ALM and Audit of Bank branches. She was the Managing Director and CEO (2017 - 2018) and Chief Financial Officer (2008 - 2017) of Ujjivan Financial Services Limited. She meets the fit and proper criteria as prescribed under the applicable RBI Circular. 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 at the 5 th AGM of the Bank held on September 27, 2021. Further, w.e.f. April 01, 2022, Ms. Sudha Suresh has been recategorized as an Independent Director post meeting all the criteria of Independent Directorship.

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
10.	Mr. Rajesh Kumar Jogi (Independent Director) DIN: 03341036	Re-categorization as an Independent Director	August 25, 2021	Rationale for recategorization: Mr. Rajesh Kumar Jogi was appointed as a Non-Executive Non-Independent Director of the Bank on March 13, 2021. Post his resignation as a Director on the Board of the Bank's Holding Company, Ujjivan Financial Services Limited, he fulfilled all the requirements for being designated as an Independent Director. Therefore, he was re-categorized as an Independent Director of the Bank w.e.f. August 25, 2021. His appointment as an Independent Director was approved by the shareholders at the 5 th AGM of the Bank held on September 27, 2021. In terms of Section 152 of the Companies Act, 2013, he is not liable to retire by rotation.
11.	Mr. Umesh Bellur (Additional Independent Director) DIN: 08626165	Retirement	September 27, 2021	Mr. Umesh Bellur was appointed as an Additional Director (Independent) on March 13, 2021. He retired from the aforesaid position on completion of his tenure on the date of the Annual General Meeting of the Bank held on September 27, 2021.
12.	Mr. Nitin Chugh (MD & CEO) DIN: 01884659	Resignation	September 30, 2021	Reason for resignation: Mr. Nitin Chugh resigned from the position of the MD & CEO on August 19, 2021, effective from September 30, 2021, due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation.
13.	Mr. Umang Bedi (Independent Director) DIN: 02432920	Resignation	October 01, 2021	Reason for resignation: Mr. Umang Bedi resigned from the position of an Independent Director on October 01, 2021 due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation.
14.	Mr. P N Raghunath (Nominee Director - RBI) DIN: 09428287	Appointment	November 29, 2021	Rationale for appointment: RBI vide its letter dated November 29, 2021 appointed Mr. P N Raghunath, General Manager, RBI, Bengaluru Regional Office as an Additional Director on the Board of the Bank with effect from November 29, 2021 to November 28, 2023 or till further orders, whichever is earlier.
15.	Ms. Chitra K Alai (Nominee Director - SIDBI) DIN: 03138604	Cessation	December 22, 2021	Reason for cessation: SIDBI vide its letter dated December 22, 2021 appointed Mr. Satyaki Rastogi as a Nominee Director on the Board of the Bank vice Ms. Chitra K Alai.
16.	Mr. Satyaki Rastogi (Nominee Director - SIDBI) DIN: 02189494	Appointment	December 22, 2021	Rationale for appointment: SIDBI vide its letter dated December 22, 2021 appointed Mr. Satyaki Rastogi as a Nominee Director on the Board of the Bank vice Ms. Chitra K Alai.
17.	Mr. Ittira Davis (MD & CEO) DIN: 06442816	Appointment	January 14, 2022	Rationale for appointment: Mr. Ittira Davis is an international banker with over 40 years of banking experience, having worked extensively in India, Middle East and Europe. He was with the Europe Arab Bank from July 2008 to October 2012. He also previously worked with Citibank in India and the Arab Bank Group in the Middle East. He has been associated with Ujjivan since 2015. Mr. Ittira Davis is a graduate from the Indian Institute of Management, Ahmedabad (1976). He meets the fit and proper criteria as prescribed under the applicable RBI Circular and RBI has granted its approval for his appointment. Considering his qualifications, expertise, experience and association with Ujjivan, the Board was of the opinion that his guidance shall be valuable for the Bank. Accordingly, the Board made its recommendations to the shareholders for his appointment as the MD & CEO of the Bank subject to the approval of the shareholders and the RBI. The shareholders' approval was sought through postal ballot on January 06, 2022 and the RBI approval was received on January 12, 2022.
18.	Mr. Prabal Kumar Sen (Independent Director) DIN: 02594965	Retirement	January 15, 2022	Mr. Prabal Kumar Sen retired from the position of Independent Director on completion of his tenure of 5 years on January 15, 2022.

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
19.	Ms. Anita Ramachandran DIN: 00118188	Appointment*	July 01, 2022	Rationale for appointment: Ms. Anita Ramachandran 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 organization. She meets all the criteria of independence and meets the fit and proper criteria as prescribed under the applicable RBI Circular(s). Considering her qualifications, experience and expertise the Board is of the opinion that her guidance will be valuable for the Bank. In terms of Section 152 of the Companies Act, 2013, her term of office is not liable to retire by rotation.

* Ms. Anita was appointed as an Additional Director (Independent) of the bank on May 12, 2022 effective from July 01, 2022. Further, the shareholders have approved her appointment as an Independent Director on July 12, 2022.

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, 2022, 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. Chanchal Kumar, 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 2021-22:

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
1.	Mr. Nitin Chugh (MD & CEO)	Resignation	September 30, 2021	Reason for resignation: Mr. Nitin Chugh resigned from the position of the MD & CEO on August 19, 2021, effective from September 30, 2021, due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation.
2.	Ms. Upma Goel (Chief Financial Officer)	Resignation	September 30, 2021	Reason for resignation: Ms. Upma Goel resigned from the position of the Chief Financial Officer on July 07, 2021, effective from September 30, 2021, in order to pursue her professional aspirations outside the Bank and confirmed to the Bank that there were no other material reasons for her resignation.
3.	Mr. Chanchal Kumar (Company Secretary)	Resignation	April 04, 2022*	Reason for resignation: Mr. Chanchal Kumar resigned from the position of the Company Secretary on January 05, 2022, effective from April 04, 2022, in order to pursue his professional aspirations outside the Bank and confirmed to the Bank that there were no other material reasons for his resignation.
4.	Mr. Ittira Davis (MD & CEO)	Appointment	January 14, 2022	Rationale for appointment: Mr. Ittira Davis is an international banker with over 40 years of banking experience, having worked extensively in India, Middle East and Europe. He was with the Europe Arab Bank from July 2008 to October 2012. He also previously worked with Citibank in India and the Arab Bank Group in the Middle East. He has been associated with Ujjivan since 2015. Mr. Ittira Davis is a graduate from the Indian Institute of Management, Ahmedabad (1976). He meets the fit and proper criteria as prescribed under the applicable RBI Circular and RBI has granted its approval for his appointment. Considering his qualifications, expertise, experience and association with Ujjivan, the Board was of the opinion that his guidance shall be valuable for the Bank.

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
5.	Mr. M D Ramesh Murthy (Chief Financial Officer)	Appointment	March 14, 2022	Rationale for appointment: Mr. Murthy comes on-board with 30 years of experience in Risk Management, Finance and Business. In his long tenure, he has headed various positions in previous organizations like ANZ Grindlays Bank, Mashreqbank Dubai, Commercial Bank International, Dubai, U.A.E. His last role was with Karur Vysya Bank as its Chief Financial Officer. He was the Chief Risk Officer of Karur Vysya Bank from April 2018 to October 2020. Mr. Murthy is a Chartered Accountant and has completed his General Management Program at Harvard Business School.
6.	Mr. Sanjeev Barnwal (Company Secretary & Head of Regulatory Framework)	Appointment	April 05, 2022*	Rationale for appointment: Mr. Sanjeev Barnwal has corporate experience of 18+ years and has been associated with Ujjivan for the last 7+ 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. He was appointed as the Head of Regulatory Framework on February 15, 2022 and he was also designated as the Company Secretary and Compliance Officer of the Bank w.e.f. April 05, 2022 post resignation of Mr. Chanchal Kumar.

* Changes after the end of FY 2021-22.

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 11 (Eleven) times during the FY 2021-22. 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 part of the Annual Report of the Bank for the FY 2021-22.

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.

As on March 31, 2022, the Bank had 13 (Thirteen) 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 Committee (earlier Promoter Shareholding Dilution Committee)	No	No	No
13.	Business Continuity Monitoring Committee (Dissolved w.e.f. April 01, 2022)	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 part of the Annual Report of the Bank for the FY 2021-22.

RECOMMENDATIONS OF AUDIT COMMITTEE

During the FY 2021-22, 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 March 23, 2022 and March 29, 2022 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 performances of the Board and Board Committees were 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 and 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.

NRC during its annual evaluation suggested improvements on the induction program being undertaken by the Bank for new Directors and succession planning model of the Bank.

In a separate meeting of Independent Directors held on March 23, 2022, 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 Managing Director and 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".

REMUNERATION RECEIVED BY THE MANAGING DIRECTOR/WHOLE-TIME DIRECTOR FROM HOLDING OR SUBSIDIARY COMPANY

During the FY 2021-22, the Managing Director and 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 2021-22.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Complying with Regulation 25(7) of SEBI Listing Regulations and RBI guidelines, Familiarisation Programmes were conducted during the FY 2021-22 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 appraised 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, 2022.

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.

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 (Six) 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 and Market Risk Committee (ALCO) 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 respective risk policies. These committees meet at regular intervals to assess and monitor the levels of risk pertaining to market, credit and operations. In the last FY, the number of meetings, both at Board committee level and at Management level, far exceeded the required minimum, to review and address issues that emerged in a changing environment.

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 specialized methodologies. The Bank has onboarded specialized personnel for monitoring the same and a comprehensive analysis is undertaken under its Internal Capital Adequacy and Assessment Process (ICAAP).

- Liquidity Risk
- Information Security Risk
- IT Risk
- Outsourcing Risk
- Concentration Risk
- Compliance Risk
- Interest Rate Risk
- Reputational Risk
- Strategic Risk
- Securitization Risk
- Underestimation of Credit Risk
- People Risk
- Group Risk
- Fintech 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. 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 and benchmarks/tolerance/appetite against each type of risk.

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 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, 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.

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 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 victimization 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. Chandralekha Chaudhuri
Ujjivan Small Finance Bank Ltd.
Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block,
Bangalore – 560095, Karnataka
Email- chandralekha.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 Chairman of the Audit Committee.

Name and Address of Managing Director and 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 2021-22, 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 2021-22	1
Number of Whistle Blower Complaint received during the FY 2021-22	11
Number of Whistle Blower Complaint resolved during the FY 2021-22	10
Number of Whistle Blower Complaint at the end of the FY 2021-22	2

ADEQUACY OF INTERNAL FINANCIAL 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.

Because of the inherent limitations of internal financial controls, including the possibility of collusion or improper management override of controls, material misstatements 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.

The Bank has, in all material respects, an adequate internal financial controls system which was considerably enhanced during the FY 2021-22 and such internal financial controls were operating effectively based on the internal control criteria established by the Bank considering the essential components of internal control 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 2021-22, 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 2021-22.

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 2021-22.

DEPOSITS

The Chapter V of the Companies Act, 2013 does not apply to the Bank. During the FY 2021-22, 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 2021-22.

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 2021-22 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, 2022 the Bank had duly constituted CSR Committee with 4 (Four) Directors out of which 2 (Two) are Independent Directors. The details of the changes in the composition of the CSR Committee during the FY 2021-22 have been provided in the Corporate Governance Report which forms part of the Annual Report for the FY 2021-22.

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 2021-22 is annexed to this Report as "Annexure-2".

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY

The program of Sanchaya was themed around Use energy wisely. Under this program, 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 saved us about 6% YoY and 8% for the FY.

The Bank conducted an energy audit across 575 branches, checking the energy consumption and evaluate overall energy efficiency by doing energy audits.

B. TECHNOLOGY ABSORPTION

1) Robotic Process Automation ("RPA") in reconciliation of UPI and IMPS transactions:

The Bank has started using RPA for the reconciliation of UPI and IMPS transactions, thereby obviating the necessity for human intervention in the reconciliation process of UPI and IMPS transactions. Before the implementation of RPA, reconciliation used to be outsourced to a vendor; by introducing RPA, the Bank has brought the reconciliation process in-house, eliminating the need for human intervention and saved ₹3 Crores in outsourcing costs during the FY 2021-22.

2) Letters, Notices and Statements in PDF Format through E-mails and Bitly Links:

The Bank has started sending letters, notices and statements to customers through electronic mode in the FY 2021-22. The documents were sent in PDF format which was delivered either through email or through Bitly links sent via SMS. Further, the Bank stopped sending debit card PIN's through paper mailers for a certain category of customers. All these initiatives reduced the consumption of paper drastically. These 'go green' initiative has reduced the carbon footprint of the Bank and resulted in a saving of ₹46.25 Lakhs during the FY 2021-22. During the last 4 months of FY 2021-22, 72% of the documents were sent through this route only.

The Bank has automated 17 processes through RPA in the FY 21-22 out of which 9 processes are running daily. Unattended Robots has been introduced this year to obviate manual intervention. The superlative and profitable process is PAN linking with Aadhaar which is running round the clock via unattended bot.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the FY 2021-22, 185 transactions (Inward & Outward) were processed adding up to USD 14.50 Lakh during the period. It resulted in an exchange income of ₹12.32 lakhs for the Bank. Total Foreign Exchange Outward was USD 13.92 Lakh during the FY 2021-22.

SIGNIFICANT AND MATERIAL ORDERS BY THE REGULATORS OR COURTS OR TRIBUNALS

During the FY 2021-22, 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

Background

The members of the Bank, in the 3rd Annual General Meeting held on July 12, 2019, had appointed M/s. MSKA & Associates, Chartered Accountants (FRN: 105047W) as Statutory Auditors of the Bank for the period of 3 (Three) financial years until the conclusion of 6th (Sixth) Annual General Meeting to be held in the FY 2022-23, subject to the annual approval of RBI. However, the Reserve Bank of India on April 27, 2021 issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ("RBI Guidelines") which mandated the entities, with asset size of ₹15,000 Crore and above as at the end of the previous year, to appoint Two Chartered Accountants [Partnership firms/Limited Liability Partnerships (LLPs)] as the Joint Statutory Auditors. Moreover, one audit firm can concurrently take up statutory audit of a maximum of four Commercial Banks. Further, the RBI Guidelines prescribe that in order to protect the independence of the auditors/audit firms, entities will have to appoint the SCAs/SAs for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. Further, Commercial Banks (excluding RRBs) will be required to take prior approval of RBI for appointment/reappointment of SCAs/SAs, on an annual basis. In view of the above RBI Guidelines, the Bank adopted a Policy for Appointment of Statutory Auditors of the Bank ("Policy").

In compliance with aforesaid RBI Guidelines and Policy of the Bank, M/s. MSKA & Associates, Chartered Accountants (FRN: 105047W) through their letter dated August 13, 2021 expressed their ineligibility to be re-appointed as Statutory Auditors of the Bank for the FY 2021-22 and hence concluded their tenure by resigning as statutory auditors of the Bank on the conclusion of 5th AGM of the Bank on September 27, 2021.

Appointment of Joint Statutory Auditors

The Audit Committee and the Board of Directors of the Bank had shortlisted four Chartered Accountants Firms and the Bank had made an application to RBI for their appointment as the Joint Statutory Auditors for a continuous period of three years. The RBI, vide its letter dated July 20, 2021, approved the appointment of 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 the year 2021-22 for their first year subject to approval of RBI on an Annual basis. The shareholders' approval was received for the said appointments at the 5th AGM of the Bank held on September 27, 2021 for a period of three consecutive financial years until the conclusion 8th AGM of the Bank.

Profile

M/s. Mukund M Chitale & Co., Chartered Accountants (FRN 106655W)

M/s. Mukund M Chitale & Co. is a firm of chartered accountants with professional standing of more than 47 years. It was established in 1973. The Firm is engaged in providing auditing, taxation and advisory services. It has experience in auditing listed companies, public sector undertakings, banks, insurance companies, mutual funds, private equity funds and other entities in the financial and non-financial sectors. The Firm has been awarded the Peer Review Certificate issued by The Institute of Chartered Accountants of India. It has offices in Mumbai and Pune and serves clients across India.

M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants (FRN 002878S/ S200021)

M/s. B. K. Ramadhyani and Co. LLP is a firm of chartered accountants with over 80 years of professional standing. The firm renders a range of services including assurance engagements, direct and indirect tax services, corporate law consultancy and support services for accounting, compliance and MIS functions. It services both Indian and multinational companies and has clients across several key business verticals like manufacturing, retail, technology, real estate, mining, hospitality, banking, insurance etc. It has extensive experience in the BFSI segment having carried out assurance engagements for several nationalized and private sector banks, insurance companies, stock exchange and other financial services companies. The Firm holds a valid peer review certificate issued by the Institute of Chartered Accountants of India.

Report of the Statutory Auditors

The Statutory Audit of the Bank for the FY 2021-22 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 2021-22 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 2021-22.

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 August 06, 2021 to conduct Secretarial Audit of the Bank for the FY 2021-22 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 2021-22 will be 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.

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.

Bank was ranked **No. 38** amongst **India's Best Companies to Work for 2020** as per the study conducted by **Great Place To Work® Institute and Economic Times across 20 industries**.

Due to Bank's constant effort to create a better work environment for employees, it was recognized as a great employer year on year. Bank has always emphasized and walked the path of having an open and transparent culture between its leaders and employees. Being a diversified workforce with a presence in 24 states and union territories, it had various forums for leaders and employees to connect. This ensures that opinions from employees are heard and this makes them feel empowered. Though, the pandemic created uncertainty and many travel restrictions, Bank's Leadership Team including Managing Director and CEO continued to connect with the employees virtually.

CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY REPORT

The Bank recognizes its role as a corporate citizen and endeavors 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 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 un-served 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 cornerstones 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 2021-22 as per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations forms part of the Annual Report for FY 2021-22. 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 Report containing the requisite details as per Regulation 34 (2) of the SEBI Listing Regulations forms part of the Annual Report for the FY 2021-22 and is also disclosed 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 2021-22.

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 recognizes 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 2021-22:

Number of Complaints	Number of Complaints	Number of Complaints Pending for Resolution
17	12	5

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 organization 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. Familiarization Programme
10. Policy on Archival of Documents
11. Record Retention 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 2021-22.

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 Report of the Bank which forms part of the Annual Report for the FY 2021-22.

Customers Relationship

Service Quality objective of Ujjivan is 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 channelize the programs around customer experience management, quality assurance, customer care and grievances resolution, and customer service compliance.

During FY 2021-22, the Bank has undertaken several new initiatives to improve customer service and to strengthen internal processes on providing timely and satisfactory resolution for customer queries, requests and complaints. The Bank has also taken efforts to stay connected with customers during the pandemic and has implemented several digital initiatives to ensure uninterrupted banking services. Key customer service initiatives and highlights are listed below:

- Introduced additional service at Money Mitra points where AEPS acquirer transactions are enabled. Now, customers of other banks can access our Money Mitra points to carry out transactions. In order to protect customer's privacy, customer account number and Aadhaar card numbers are masked in transaction receipt and application.
- Enabled Inn-app push notifications to customers through Mobile Banking platform, this facility reduces dependency on SMS service provider and the communication between bank and customer is more secure/instant.
- IMPS limit is increased to ₹5 lakh per transactions from ₹2 lakh.
- Implemented doorstep service through handheld device for mobile number updation. This is first-in-the-industry initiative wherein the customers can update their new mobile numbers using OTP based authentication at their doorstep. The facility will greatly help the customers of micro/rural banking as they no need to visit branch office for mobile number updation.
- While the customer acquisition and digital transaction volumes have grown multifold in last 3 years, the number of complaints in FY 2021-22 have reduced by 15% and 38% respectively when compared to FY 2020-21 and 2019-20.
- Introduced smart statement facility for 4 variants of Savings Account products.
- In the second half of the year, launched special campaign for collecting documents from nominees for settlement of insurance claims pertaining to deceased borrowers/their spouses. Under the campaign, branch staff were trained and recognized for timely submission of documents. As a result, insurance claims settled have increased by 27% in second half of the year compared to claims settled in first half of the year.
- In light of the Covid pandemic, the Bank launched special campaign to train its branch staff on assisting the families of deceased customers in document collection and also fast-tracking the claim process. The staffs were motivated to give priority for these services through rewards and recognition program. The progress in insurance claim settlements has been reviewed by the senior management at cross-functional forums.
- Introduced Sim/Device binding facility for mobile banking users, this will protect customers from fraudulent access of accounts.
- Created awareness on importance of nomination through e-mailers to customers who have opened saving / deposit account in previous month, but have not opted for nomination. 67,000+ customers were sent e-mailer who opened saving / deposit account during the year.
- The Ujjivan Pay QR code was launched on 10th February 2022 and distributed to over 32,000 customers. The facility of QR code will help customers digitize their income without the hassle of traveling to bank to deposit cash proceeds of their business.

When customers go through certain life events, both the good and bad ones, their banking service needs are unique and complex which requires care and support that are empathetic, professional and efficient. The Bank has successfully running a campaign designed as "Ajeevan", 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.

Health and Safety

Covid 19 Quick Response Team

Our Quick Response Team (QRT) which has been established starting first wave in Feb 2020, immediately came into action to protect our employees and their family members as soon as 3rd wave struck. QRT consists of the central Covid task force led by National Leadership Team members, REC heads of respective regions and QRT command center 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.

Employees Safety Measures

QRT reviews the government guidelines and evolving situation at our branches and other offices, and released advisories to ensure compliance with applicable guidelines & adherence to local rules. Timely decisions on working with minimum team strength ensuring all Covid Appropriate Behavior at work places.

Additionally, "Doctor on Call" and "Doctor on Premise" services were extended to ease the process for employees to connect with doctors during emergencies.

QRT ensured that all our employees are fully vaccinated and help the employees to get free vaccination thru hospital tie-ups and by organizing local camps. Eventually, for safety of employees QRT mandated only fully vaccinated employees to work from across offices.

Customers Safety Measures

To protect our customers and to get them vaccinated, we launched vaccination drive for customers and their families; promoted mass vaccination through our Social Services Team and in coordination with branch teams under program named "**Ujjivan Sanjeevani Kavach**". Our aim was to reach out to those customers and family's members who are not yet vaccinated due to multiple constrains and later on help them with booster doses as well.

For and on behalf of the Board of Directors

Sd/-

B A Prabhakar

Part-Time Chairman and Independent Director

DIN: 02101808

Date: May 12, 2022

Place: Bengaluru

Additionally, to create vaccination awareness amongst our customers and ensure that they are safe and fully protected against Covid'19 pandemic and to encourage Covid vaccination amongst our micro banking clients, our management announced an additional loan amount of ₹5,000 over and above the stipulated branch credit limit for group core loans subject to fulfillment of other credit criteria to vaccinated clients.

Monitoring the situation

While 3rd wave may not be as severe as past ones, but the Quick Response Team is putting all the efforts to ensure that our employees, their family members and our customers are well protected.

OTHER DISCLOSURES

- 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.
- 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 2021-22.
- 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 2021-22 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 2021-22	46.93 X	
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the FY 2021-22	Managing Director	0%
		CFO	0%
		CS	25.50%
3.	The percentage increase in the median remuneration of employees in the FY 2021-22	17.45%	
4.	The number of permanent employees on the rolls of Bank as on March 31, 2022	16,895	
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	13.42% : 10.42%	
6.	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes	

Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The names of the top ten employees in terms of remuneration drawn as on March 31, 2022:

Name	Designation and nature of Employment	Remuneration in FY 2021-22 (₹ in Lakhs)	Nature of employment whether contractual or otherwise	Educational Qualification	Experience in Years	Date of Commencement of Employment	Age	Last Employment held	% of equity shares held along with his spouse and dependent children	Whether relative of any director
ITTIRA DAVIS	Chief Executive Officer & Managing Director	29.38	Appointed by RBI	Master's Degree	43 years	14-01-2022	67	Ujjivan Financial Services Limited	0.00 (2,00,000 shares)	No
RAJEEV PADMANABH PAWAR	Head Of Treasury	109.80	Permanent	MBA	30 years	20-Jan-20	54	Edelweiss Fincial Services Ltd.	0.00	No
ASHISH GOEL	Chief Credit Officer	111.67	Permanent	Post Graduate Diploma in Management - PGDM	26.5 years	01-Feb-21	50	ICICI Bank Ltd.	0.00	No
ASHWIN KHORANA	Chief Information Officer	39.74	Permanent	Post Graduate Diploma	32 years	15-Nov-21	55	Jana Small Finance Bank	0.00	No
SRIRAM SRINIVASAN	Head Of Digital Banking	17.04	Permanent	Post Graduate Diploma in Business Management	30 years	01-Feb-22	53	Digital 14, UAE	0.00	No
MOCHERLA DURGA RAMESH MURTHY	Chief Financial Officer-SFB	4.93	Permanent	Chartered Accountancy - CA	29 years	14-Mar-22	58	The Karur Vysya Bank Limited, Karur, India	0.00	No
CAROL FURTADO	Chief Business Officer	47.71	Permanent	Masters in Business Management	25 years	26-Aug-21	51	Ujjivan Financial Services Limited	0.00 (1,09,684 shares)	No

Name	Designation and nature of Employment	Remuneration in FY 2021-22 (₹ in Lakhs)	Nature of employment whether contractual or otherwise	Educational Qualification	Experience in Years	Date of Commencement of Employment	Age	Last Employment held	% of equity shares held along with his spouse and dependent children	Whether relative of any director
PARAG KUMAR SRIVASTAVA	Head Of Financial Institutions Group	77.32	Permanent	MBA- Marketing and Finance	29 years	31-Dec-18	54	Kotak Mahindra bank	0.00 (20,000 shares)	No
ABHAY KATARIA	Business Head-Housing Loans	74.70	Permanent	MBA	21 years	08-Aug-17	48	Muthoot Housing Finance Company Ltd.	0.00 (14,300 shares)	No
HIRAK JOSHI	Business Head-Vehicle Finance	50.98	Permanent	Post Graduate Diploma in Business Management	25 years	09-Aug-21	48	Credit Wise Capital Pvt Ltd	0.00	No

- a. if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight Lakhs and fifty thousand rupees per month;

Employee Name	Designation and nature of Employment	Remuneration in financial year 2021-22	Nature of employment, whether contractual or otherwise	Educational Qualification	Experience in Years	Date of Commencement of Employment	Age	Last Employment held	% of equity shares held	Whether relative of any director
ITTIRA DAVIS	Chief Executive Officer & Managing Director	29.38 lakhs	Appointed by RBI	Master's Degree	43	14-Jan-22	67	Ujjivan Financial Services Limited	Nil	No

- b. if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two Lakhs rupees;

Employee Name	Designation and nature of Employment	Remuneration in financial year 2021-22	Nature of employment, whether contractual or otherwise	Educational Qualification	Experience in Years	Date of Commencement of Employment	Age	Last Employment held	% of equity shares held	Whether relative of any director
RAJEEV PADMANABH PAWAR	Head of Treasury	109.79 Lakhs	Permanent	MBA	30	20-Jan-20	54	Edelweiss Financial Services Ltd.	Nil	No
ASHISH GOEL	Chief Credit Officer	111.66 Lakhs	Permanent	Post Graduate Diploma in Management - PGDM	26.5	01-Feb-21	50	ICICI Bank Ltd.	Nil	No

For and on behalf of the Board of Directors

Sd/-

B A Prabhakar

Part-Time Chairman and Independent Director

DIN: 02101808

Date: May 12, 2022

Place: Bengaluru

Sd/-

Ittira Davis

MD & CEO

DIN: 06442816

Annexure-2

The Annual Report on CSR Activities for Financial Year 2021-22

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 channelized 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 emphasizes 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 focused 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, programs for empowering women, projects for environmental protection, disaster relief and any other projects/ programs 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 Committee attended during the year
1.	Ms. Rajni Mishra ⁶	Ex-Chairperson - Independent Director	4	1
2.	Ms. Mona Kachhwaha ¹⁰	Ex-Chairperson - Non-Executive, Non-Independent Director	4	1
3.	Mr. Ittira Davis ¹	Ex- Member, Non-executive, non-independent director	4	2
4.	Mr. Prabal Kumar Sen ⁷	Ex- member, Independent Director	4	3
5.	Mr. Harish Devarajan ²	Ex-Member, Additional Director (Independent)	4	2
6.	Ms. Chitra K Alai ³	Ex-Member, Nominee Director	4	2
7.	Ms. Sudha Suresh ⁴	Member, Non-executive, non-independent	4	2
8.	Mr. Rajesh Kumar Jogi ⁵	Member, Independent Director	4	2
9.	Mr. Ravichandran ⁸	Member, Independent Director	4	1
10.	Mr. Ittira Davis ⁹	Member- MD & CEO	4	0

¹ Mr. Ittira Davis post his resignation as a director, ceased to be the Member of the Committee w.e.f. July 23, 2021.

² Mr. Harish Devarajan post his resignation as a director, ceased to be the member of the Committee w.e.f. August 12, 2021 due to resignation.

³ Ms. Chitra K Alai was appointed as a member of the Committee w.e.f. May 19, 2021 and ceased to be the member w.e.f. December 22, 2021 (Replacement by SIDBI)

⁴ Ms. Sudha Suresh was appointed as the Chairperson of the Committee w.e.f. August 26, 2021

⁵ Mr. Rajesh Kumar Jogi Appointed as member of the Committee w.e.f. August 26, 2021

⁶ Mr. Rajni Mishra Ceased to be Chairperson and moved out of the committee w.e.f. May 19, 2021

⁷ Mr. Prabal Kumar Sen was appointed as member w.e.f. January 16, 2017 and ceased to be member w.e.f. Jan 11, 2022

⁸ Mr. Ravichandran Venkataraman was appointed as member w.e.f. January 11, 2022.

⁹Mr. Itira Davis was appointed as member w.e.f. January 28, 2022. No meeting of the CSR Committee was held after he joined the CSR Committee as a member.

¹⁰Ms. Mona Kachhwaha was appointed as Chairperson of the Committee w.e.f. May 19, 2021 and ceased to be the chairperson of the committee w.e.f. August 10, 2021 due to resignation.

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 bank.

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 ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	NA	NA	NA
	Total		

6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5). –

- Two percent of average net profit of the company as per section 135(5) – INR 4,96,56,881
- Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil
- Amount required to be set off for the financial year, if any – Nil
- Total CSR obligation for the financial year (7a+7b-7c). – INR 4,96,56,881

7. (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)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
INR 4,28,13,251	INR 71,41,668	28 th April 2022	-	Nil	-

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project. State./ District.	Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency Name CSR Registration number.
1	Livelihood Training for People with disabilities	employment enhancing vocation skills and livelihood enhancement projects for differently abled	Yes	Karnataka, Bengaluru	1 year	8,25,000	8,25,000	NA	No	Cheshire Disability trust CSR00004844
2	Livelihood Training for youths	employment enhancing vocation skills and livelihood enhancement projects for unemployed youths	Yes	Orissa, Bhubaneswar	1 year	10,00,000	5,00,000 ¹	5,00,000	No	Divya Nur Foundation CSR00003825

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project. State./ District.	Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency Name CSR Registration number.
3	Livelihood Training for women	employment enhancing vocation skills and livelihood enhancement projects for women	Yes	Purnea, Bihar	1 Year	15,00,000	15,00,000 ¹	NA	No	Savera Society CSR00022145
4	COVID 19 – Relief Activity – healthcare infrastructure	Initiatives to support medical institutions with infrastructure to treat COVID patients	Yes	Pan India	1 Year	1,49,00,000	99,33,332	49,66,668	No	Parinaam Foundation CSR00000807
5	Livelihood Training for People with disabilities	employment enhancing vocation skills and livelihood enhancement projects for differently abled	Yes	Maharashtra & Jharkand	1 year	33,50,000	16,75,000 ¹	16,75,000	No	Cheshire Disability trust CSR00004844
6	Community Development Projects	Promoting Education, preventive health care, sanitation, making available safe drinking water	Yes	Karnataka, Goa, Rajasthan, Gujarat	1 year	36,37,000	36,37,000	NA	No	Parinaam Foundation CSR00000807
						2,52,12,000	1,80,70,332	71,41,668 ²		

¹ As on the end of FY 2021-22, few of the implementing agencies were able to spend part of the amount allocated by the Bank and the remaining amount would be spent and utilised during FY 2021-22.

There was delay in allocation of funds to these implementing agencies as the Bank earlier proposed to utilise them for Covid vaccination expenses of marginalised community members, which was later provided free of cost by the government. Pursuant to this, Bank identified other CSR projects during the financial year end and diverted/transferred the funds to the said implementing agencies.

² Funds transferred to Unspent CSR Account

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project.	Item from the list of activities in schedule VII to the Act	Local area (Yes/No).	Location of the project. State./ District.	Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Direct (Yes/No) Name CSR Registration number.
1	Covid-19 Relief Activities by the Bank	Promoting health care including preventive health care. Eradicating hunger, poverty and malnutrition,	Yes	Pan India in 21 states and UT	1,32,32,358.33	Yes	
2	COVID 19 Relief – Provide oxygen cylinders	Promoting health care including preventive health care	Yes	TamilNadu, Vellore	14,39,600	No	CMC, Vellore CSR00001924
3	COVID 19 Relief – Provide 6 ITU beds	Promoting health care including preventive health care	Yes	Karnataka, Bengaluru	25,27,674	No	CBCI Society (St John's Hospital) CSR00008207
4	COVID 19 Relief – Setting up of neonatal ventilator	Promoting health care including preventive health care	Yes	Assam, Guwahati	15,50,000	No	Marwari Hospitals CSR00007153
5	COVID 19 Relief – Provide 5 bed facility with oxygen cylinders and medical equipment	Promoting health care including preventive health care	Yes	West Bengal, Thakurapur	5,49,885	No	Voice of World CSR00003390
6	COVID 19 Relief activity – PM cares fund	Promoting health care including preventive health care	Yes		10,00,000	No	PM Cares Fund

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sl. No.	Name of the Project.	Item from the list of activities in schedule VII to the Act	Local area (Yes/No).	Location of the project. State./ District.	Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Direct (Yes/No)	
							Name	CSR Registration number.
7	Disaster Relief – Flood and winter relief	Disaster management, including relief, rehabilitation	Yes	West Bengal	17,91,641	Yes	Disaster Relief – Flood and winter relief	
8	Community Development – adoption of education centre and Smartboards installation	Promoting Education, vocational training, Eradicating hunger, poverty and malnutrition	Yes	Tamil Nadu Chennai	17,58,000	No	Maithree	CSR00007663
9	Community Development – Distribution of 18 computers to an educational institution	Promoting Education, vocational training, Eradicating hunger, poverty and malnutrition	Yes	Karnataka Harihar	2,73,760	Yes	The Shimoga Multipurpose Social Service Society	CSR00018186
10	Community Development – Distribution of 40 wheel chairs to PWDs through proVISION ASIA	Promoting Education, vocational training, Eradicating hunger, poverty and malnutrition	Yes	Karnataka Bengaluru	4,20,000*	Yes		
11	COVID 19 – Microsite tool for vaccination drive	Promoting health care including preventive health care.	Yes	Pan India	2,06,500	Yes		
					2,47,49,418			

(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) - 4,28,19,751

(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)	₹4,96,56,881
(ii)	Total amount spent for the Financial Year	₹4,99,61,419*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹3,04,538
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	₹3,04,538

* The amount includes funds transferred to the Unspent CSR Account.

8. (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 2020-21	N.A.	₹3,06,000	PM Cares Fund	₹3,06,000	18 th May 2022	N.A.

(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.		Cheshire Disability Trust	2020-2021	12 months	16,50,000	8,25,000	16,50,000	Completed
2.		Parinaam Foundation	2020-2021	12 months	1,50,00,000	36,37,000	1,50,00,000	Completed
					1,66,50,000	44,62,000	1,66,50,000	

9. 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). – 09th Apr 2022

(b) Amount of CSR spent for creation or acquisition of capital asset. INR 4,20,000

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – ProVISION ASIA, #30/1, 1st B Main Road, 2nd cross, Athmananda Colony, RT Nagar (PO), Bengaluru – 560032.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): 40-wheel chairs

ProVISION ASIA, #30/1, 1st B Main Road, 2nd cross, Athmananda Colony, RT Nagar (PO), Bengaluru – 560032.

(a) Date of creation or acquisition of the capital asset(s). – 28th Mar 2022

(b) Amount of CSR spent for creation or acquisition of capital asset. INR 2,73,760

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – The Shimoga Multipurpose Social Service Society, Chaitanya, Alkola Circle, Sagar Road, Gopala Gowda Extension, Shimoga - 577205 (Maria Nivas High School, #19, Church Road, Harihar – 577601)

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): 18 CPU, Keyboard and mouse

The Shimoga Multipurpose Social Service Society, Chaitanya, Alkola Circle, Sagar Road, Gopala Gowda Extension, Shimoga - 577205 (Maria Nivas High School, #19, Church Road, Harihar – 577601)

10. 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 31ST MARCH, 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/ 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 Authorized 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 31st March, 2022 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 31st March, 2022 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 and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (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) Regulations, 2014 and 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 Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (was not applicable to the Bank during the period under review)
 - (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;
 - (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, 2009

and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (was not applicable to the Bank during the period under review)

- (i) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018; (was not applicable to the Bank during the period under review) and
- (j) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (was not applicable to the Bank during the period under review).
- (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 for Small Finance Banks;
 - (e) The Payment and Settlement Systems Act, 2007;
 - (f) Deposit Insurance and Credit Guarantee Corporation Act, 1961;
 - (g) Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions) Rules, 2005; and
 - (h) Negotiable Instruments Act, 1881.

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 subject to the following observation:

1. There was a delay in giving five days prior intimation to National Stock Exchange of India Limited (NSE) during May, 2021 about the meeting of the board of directors in which Quarterly and Annual Financial Results proposed to be considered by the Bank and violated Regulation 29(2) of The Securities and

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and NSE had imposed a fine of ₹10,000/- which was duly paid by the Bank.

I further report that:

Based on the information provided by the Bank, its officers and authorized 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 audit 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 all related party transactions on arm's length basis with its related parties and the Bank has obtained necessary approvals from the Audit Committee and Board of Directors.

2. The Bank has obtained approval of the Board of Directors and Shareholders to raise up to ₹600 crore by issue of Equity Shares to Qualified Institutional Buyers through a Qualified Institutions Placement ("QIP") for the purpose of meeting the regulatory requirements of minimum public shareholding as per the provisions of the Securities Contracts (Regulation) Rules, 1957.
3. The Board has approved the proposed Scheme of Amalgamation of Ujjivan Financial Services Limited (CIN: L65999KA2004PLC035329), ("the Holding Company/Transferor Company") into and with the Company ("Bank"/"Transferee Company"). However, SEBI has advised the Bank to achieve minimum public shareholding (MPS) of 25% within 3 (three) years of its listing i.e. by December 11, 2022 before filing scheme related documents with the stock exchanges and the Bank is in process to achieve this MPS compliance through the proposed QIP.
4. The Reserve Bank of India (RBI) had issued Guidelines for appointment of Auditors, as per the Guidelines,

the Bank was required to appoint/re-appoint joint Auditors for the financial year 2021-22 and accordingly, M/s. MSKA & Associates, Chartered Accountants (FRN: 105047W) were ineligible to continue as Statutory Auditors of the Bank for the Financial Year 2021-22 and hence subject to approval of RBI on annual basis, M/s. Mukund M Chitale & Co., Chartered Accountants (FRN 106655W) and M/s. B. K. Ramadhyan & Co. LLP, Chartered Accountants (FRN 002878S/ S200021), were appointed as the Joint Statutory Auditors of the Bank for the period of 3 (Three) consecutive financial years from 2021-22 to 2023-24 in the Annual General Meeting held on 27th September, 2021 and further RBI has approved the above appointment for the financial year 2021-22 on annual basis and the Bank has complied with the requirement as stated in SEBI Circular CIR/CFD/CMD1/114/2019 dated October 18, 2019.

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.

Date: 12/05/2022
Place: Bengaluru

K. Jayachandran
Company Secretary
ACSN0.:11309/CPNo.:4031
UDIN:A011309D000306549
Peer Review No: 784/2020

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.

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: 12/05/2022
Place: Bengaluru

K. Jayachandran
Company Secretary
ACSN0.:11309/CPNo.:4031
UDIN:A011309D000306549
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	<ol style="list-style-type: none"> The Bank in compliance with Regulation 30 of SEBI Listing Regulations, has implemented the Policy for determination of materiality of events / information for disclosures. Objective of the Policy is <ol style="list-style-type: none"> To ensure that the Bank complies with the Listing Regulations To ensure that the information disclosed by the Bank is timely and transparent. To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation. To protect the confidentiality of Material / Price sensitive information within the framework of the Bank's disclosure obligations. To provide a charter that supports and fosters confidence in the quality and integrity of information released by the Bank. 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	<ol style="list-style-type: none"> Bank has framed this Policy as per Section 135 of the Companies Act, 2013 and Companies (CSR Policy) Rules, 2014. The following are the objectives of the Policy: <ol style="list-style-type: none"> To comply with the statutory and regulatory requirements pertaining to CSR. To define what CSR means to the Bank and the approach for the same To lay down the guidelines & mechanism to carry out CSR program/project & to report the work in reporting format as prescribed by the Rules in the Act. To constitute review mechanism of monitoring the progress of CSR projects/ programs and implementation of CSR policy by CSR Committee To ensure that the surplus arising of CSR projects/ programs/ activities shall not form part of the business profit of the Bank
4.	Dividend Distribution Policy	<ol style="list-style-type: none"> The Bank has formulated this Policy in compliance with Regulation 43A of the SEBI Listing Regulations and RBI Requirements 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.
5.	Familiarisation Programme For Independent Director	<ol style="list-style-type: none"> 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 familiarization programme for the Independent Director with the objective of giving insight into: <ol style="list-style-type: none"> Nature of Business of the Bank and business environment in which it operates Business model of the Bank Organisation structure Structure of Board and Board Committees Role and responsibilities of the Board Committees and Senior Management Delegation of powers to various authorities by the Board Regulatory Framework applicable to the Bank Strategic Plan including Vision, Mission and Values of the Bank Cyber-safe environment and awareness about fine nuances of the cyber threats Financial and other controls and systems and Economic features of the market and competitive environment

Sr. No.	Policy Name	Brief Description
6.	Nomination and Remuneration Policy	<ol style="list-style-type: none"> The Bank recognizes its role as a corporate citizen and endeavors 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. The key objectives of this Policy are as under: <ol style="list-style-type: none"> Ensure compliance with applicable laws, rules and regulations as well as 'Fit and Proper criteria' of directors before their appointment Institutionalize a mechanism for the appointment/ removal/ dismissal of directors and lay down selection criteria for appointment of director Formulate criteria for determining qualifications, positive attributes and independence of directors Retain, motivate and promote talent and to ensure long term sustainability of talented KMP Devise a policy on Board diversity Develop and regularly review succession plan for the Board Formulate the criteria for evaluation of performance of all the Directors on the Board 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 industry Define internal guidelines for payment of perquisites to the directors and KMP
7.	Policy on Archival of Documents	<ol style="list-style-type: none"> The purpose and objective of the Policy is to comply with Regulation 30(8) of SEBI Listing Regulations. 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."
8.	Policy on Board Diversity	<ol style="list-style-type: none"> The Bank believes that Board diversity plays very important role in the transparency in the decision making process in the Boardroom. 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. 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.
9.	Policy on Code of Conduct	<ol style="list-style-type: none"> Bank expects all its employees, directors (including independent directors) and senior management 'to act in accordance with high professional and ethical standards'. 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. 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. The Bank recognizes that maintaining the trust and confidence of all its stakeholders is crucial to its continued growth and success. 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.
10.	Record Retention and Maintenance Policy	<ol style="list-style-type: none"> 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. 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. 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.

Sr. No.	Policy Name	Brief Description
11.	Related Party Transaction Policy	<ol style="list-style-type: none"> The Bank has framed and implemented the Policy pursuant to the requirement of Regulation 23 (1) of the SEBI Listing Regulations. 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. 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. 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. 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.
12.	Whistle Blower Policy	<ol style="list-style-type: none"> 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. The vigil mechanism provide for adequate safeguard against victimization 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"> 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. 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

Date: May 12, 2022
 Place: Bengaluru

Sd/-
Ittira Davis
 MD & CEO
 DIN: 06442816

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: INR 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) 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 31st March, 2022. 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: 12/05/2022
 Place: Bengaluru

K. Jayachandran
 Company Secretary
 ACSNo.:11309/CPNo.:4031
 UDIN:A011309D000306549
 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: July 07, 2022
Place: Bengaluru

K. Jayachandran
Company Secretary
ACSN.:11309/CPNo.:4031
UDIN:A011309D000584970

Corporate Governance Report

BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

Ujjivan Small Finance Bank Limited ("Bank") recognises its role as a corporate citizen and endeavors 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 2021-22, 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:

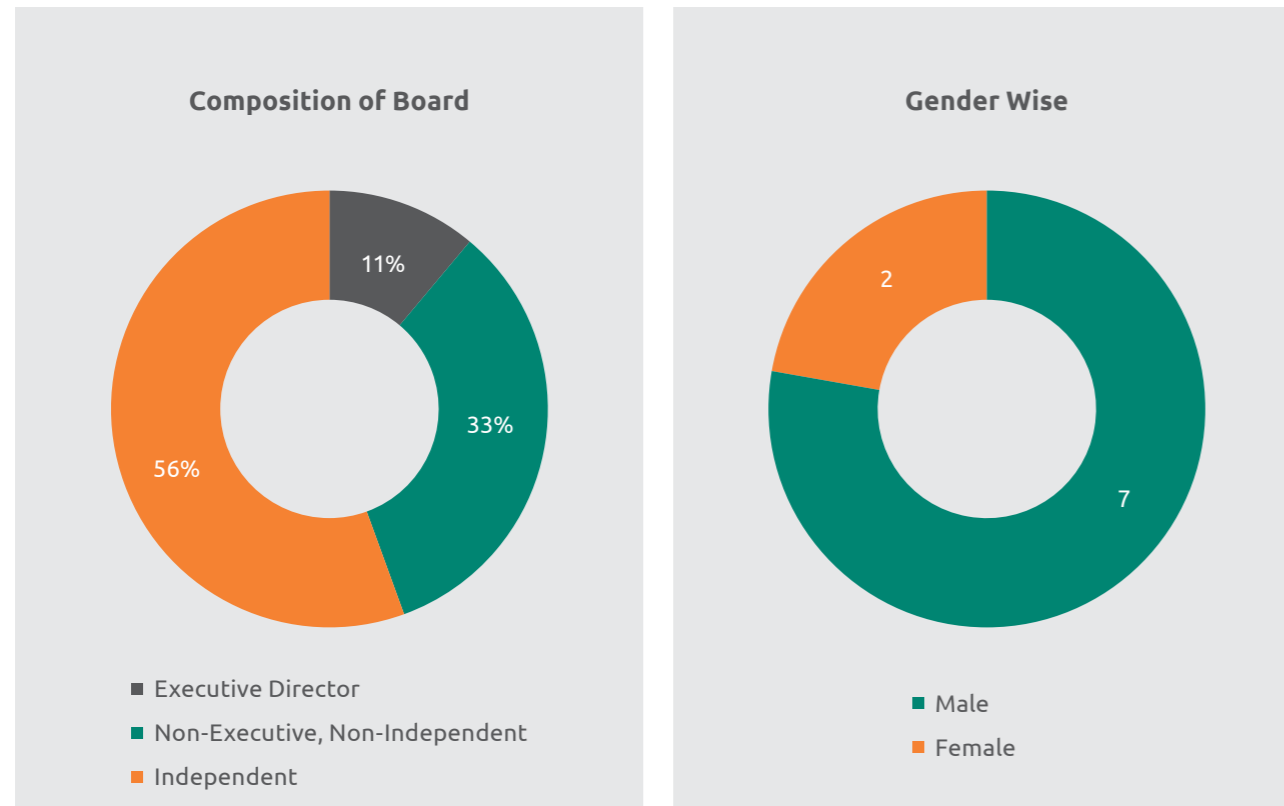
1. The Board of Directors ("Board")

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, 2022 includes 4 (Four) Independent Directors including 1 (One) Woman Director, 4 (Four) Non-Executive, Non-Independent Directors including 1 (One) Woman Director and 1 (One) Executive Director.

Composition of the Board as on March 31, 2022:



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 2021-22 and at the last Annual General Meeting ("AGM") are given below.

Name of the Director	Category	No. of Board Meetings during the FY 2021-22 was 11		Whether attended last AGM	Remarks
		Entitled to attend	Attended		
Mr. Banavar Anantharamaiah Prabhakar	Part-Time Chairman and Independent Director	8	8	Yes	Appointed as an Additional Director (Independent) w.e.f. August 20, 2021 and regularised as Independent Director w.e.f. September 27, 2021. Further, designated as the Part-Time Chairman w.e.f. November 23, 2021.
Mr. Nitin Chugh	Former-Managing Director-Executive Director	4	4	No	Resigned w.e.f. September 30, 2021
Mr. Ittira Davis	Managing Director-Executive Director	2	2	NA	Appointed as Managing Director & CEO w.e.f. January 14, 2022
Mr. Mahadev Lakshminarayanan	Independent Director	1	1	NA	Resigned w.e.f. June 18, 2021 (end of business hours).
Mr. Nandlal Sarda	Independent Director	1	1	NA	Retired w.e.f. July 26, 2021, post completion of tenure of 5 years as an Independent Director.
Mr. Harish Devarajan	Additional Director - Independent	2	1	NA	Resigned w.e.f. August 12, 2021 (end of business hours)
Mr. Umesh Bellur	Additional Director - Independent	4	2	No	Retired w.e.f. September 27, 2021 post completion of his tenure as an Additional Director (Independent)

Name of the Director	Category	No. of Board Meetings during the FY 2021-22 was 11		Whether attended last AGM	Remarks
		Entitled to attend	Attended		
Mr. Umang Bedi	Independent Director	4	4	No	Resigned w.e.f. October 01, 2021 (end of business hours)
Mr. Prabal Kumar Sen	Independent Director	9	8	Yes	Retired w.e.f. January 15, 2022, post completion of tenure of 5 years as an Independent Director.
Ms. Rajni Mishra	Independent Director	11	11	No	-
Mr. Rajesh Kumar Jogi	Independent Director	11	11	Yes	Recategorized from Non-Executive, Non-Independent (Additional) to Independent Director (Additional) w.e.f. August 25, 2021, further regularized as an Independent Director on September 27, 2021
Mr. Ravichandran Venkataraman	Independent Director	8	8	Yes	Appointed as Additional Director (Independent) w.e.f. August 20, 2021 and regularised as Independent Director w.e.f. September 27, 2021
Mr. Ittira Davis	Additional Director-Non-Executive, Non-Independent	1	1	NA	Resigned w.e.f. July 23, 2021 (end of business hours)
Ms. Mona Kachhwaha	Non-Executive, Non-Independent Director	2	2	NA	Resigned w.e.f. August 10, 2021 (end of business hours)
Ms. Sudha Suresh	Non-Executive, Non-Independent, Director	8	8	Yes	Appointed as an Additional Director (Non-Executive, Non-Independent) w.e.f. August 20, 2021 and regularised as Non-Executive, Non-Independent Director w.e.f. September 27, 2021. Further, re-categorized from Non-Executive, Non-Independent to Independent Director w.e.f. April 01, 2022.
Mr. Samit Kumar Ghosh	Non-Executive, Non-Independent	8	8	Yes	Appointed as an Additional Director (Non-Executive, Non-Independent) w.e.f. August 20, 2021 and regularised as Non-Executive, Non-Independent Director w.e.f. September 27, 2021.
Ms. Chitra K Alai	Nominee Director- Non-Executive, Non-Independent	8	3	No	Ceased to be a Director w.e.f. December 22, 2021.
Mr. P N Raghunath	Additional Director (nominated by RBI)	4	4	NA	Appointed by RBI w.e.f. November 29, 2021
Mr. Satyaki Rastogi	Nominee Director - Non-Executive, Non-Independent	3	2	NA	Appointed by SIDBI w.e.f. December 22, 2021

Name of the Director	No. of directorships in other Public Companies		No. of Committee positions held in other Public Companies*	
	Chairperson	Member	Chairperson	Member
Mr. Banavar Anantharamaiah Prabhakar	-	3	1	3
Mr. Ittira Davis	-	-	-	-
Ms. Rajni Mishra	1	1	1	1

Name of the Director	No. of directorships in other Public Companies		No. of Committee positions held in other Public Companies*	
	Chairperson	Member	Chairperson	Member
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

*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, 2022:

Name of the Director	Name of the listed entity	Category of directorship
Mr. Banavar Anantharamaiah Prabhakar	L&T Finance Holdings Ltd.	Non-Executive Director
Mr. Samit Kumar Ghosh	Ujjivan Financial Services Limited	Non-Executive Director

- c. During the FY 2021-22, 11 (Eleven) 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 18, 2021	12	12
2	August 06, 2021	9	8
3	August 19, 2021	7	5
4	August 25, 2021	11	9
5	October 30, 2021	8	8
6	November 08, 2021	8	7
7	November 24, 2021	8	7
8	December 06, 2021	9	8
9	January 12, 2022	9	8
10	February 05, 2022	9	9
11	March 29, 2022	9	8

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, 2022.
- f. Complying with Regulation 25(7) of SEBI Listing Regulations and RBI guidelines, Familiarisation Programmes were conducted during the FY 2021-22 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, 2022, 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. No.	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, Business Management, Credit Recovery & Treasury Management
2.	Mr. Ittira Davis	Banking, Finance, Strategic Planning.

Sr. No.	Name of the Director	Core Skills/Expertise/Competencies
3.	Ms. Rajni Mishra	Banking, Accountancy, Finance, Agriculture and Rural Economy, Small Scale Industry, Risk Management, Business 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
7.	Mr. Samit Kumar Ghosh	Banking, Strategic Planning, Payment and Settlement System and Business Management, Agriculture and Rural Economy, Risk Management, Small Scale Industry, Micro Finance, Housing and MSE Business.
8.	Mr. P N Raghunath	Banking, Agriculture and Information Technology
9.	Mr. Satyaki Rastogi	Direct lending to MSMEs, Stressed Assets and NPA management

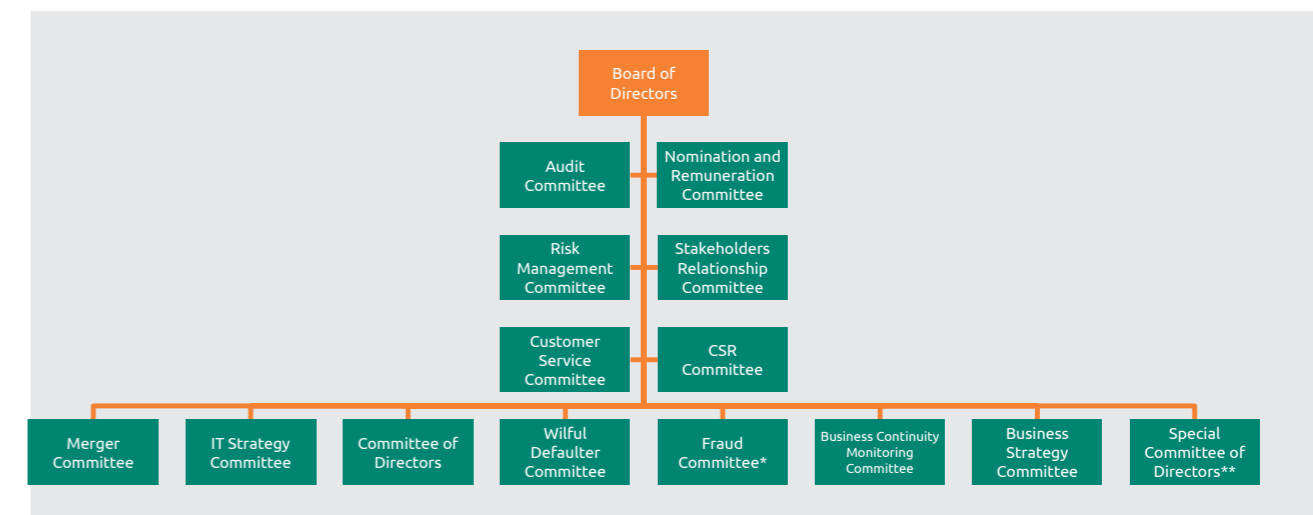
- i. In the opinion of the Board, all the independent directors of the Bank meet the criteria of independence laid down under the Act and SEBI Listing Regulations and are independent of Bank's Management Team. At the time of appointment and at the beginning of each financial year and whenever any change 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. Except as stated below, no independent director of the Bank has resigned before the expiry of his/her tenure during the FY 2021-22:

Sr.	Name of Director	DIN	Effective date of resignation	Reason for Resignation
1.	Mr. Mahadev Lakshminarayanan	05003710	June 18, 2021	Resigned due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation
2.	Mr. Harish Devarajan	00080245	August 12, 2021 (end of business hours)	Resigned due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation.
3.	Mr. Umang Bedi	02432920	October 01, 2021 (close of business hours)	Resigned due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation.

- 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, 2022



*Special Committee of the Board for Monitoring High Value Frauds

**Special Committee of Directors was dissolved on January 13, 2022.

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, 2022, 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

- 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 2021-22		Remarks
		Held during their tenure	Attended	
1.	Mr. Mahadev Lakshminarayanan	2	2	Ceased to be a member and Chairperson w.e.f. June 18, 2021
1.	Mr. Nandlal Sarda	3	3	Ceased to be a member w.e.f. July 26, 2021
2.	Mr. Umesh Bellur	2	2	Ceased to be a member w.e.f. May 19, 2021
3.	Mr. Rajesh Kumar Jogi	10	10	Appointed as a Chairperson w.e.f. August 26, 2021
4.	Mr. Umang Bedi	2	2	Appointed as a member w.e.f. June 24, 2021 and ceased to be member w.e.f. August 26, 2021
5.	Ms. Rajni Mishra	8	8	Appointed as a Member w.e.f. May 19, 2021 and Chairperson of the Committee w.e.f. June 24, 2021 and ceased to be the chairperson of the committee w.e.f. August 26, 2021
6.	Mr. Ravichandran Venkataraman	6	6	Appointed as a Member w.e.f. August 26, 2021
7.	Ms. Sudha Suresh	3	3	Appointed as a Member w.e.f. August 26, 2021 and ceased to be a member w.e.f. January 28, 2022
8.	Mr. P N Raghunath	4	4	Appointed as a Member by RBI w.e.f. November 29, 2021

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 2021-22, 10 (Ten) 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.	April 28, 2021	4	4
2.	May 18, 2021	4	4
3.	July 01, 2021	4	4
4.	August 06, 2021	3	3
5.	October 30, 2021	4	4
6.	November 08, 2021	4	4
7.	January 03, 2022	5	5
8.	February 05, 2022	4	4
9.	February 25, 2022	4	4
10.	March 29, 2022	4	4

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:

- 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;
- Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of the Bank;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 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.
- Reviewing, with the management, the quarterly financial statement before submission to the Board for approval;
- 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;
- Examination of the financial statement and auditors' report thereon;
- Monitoring the end use of funds raised through public offers and related matters;
- 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;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 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;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Bank, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;
- Discussion with internal auditors of any significant findings and follow up there on;
- 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;
- 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;
- 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;
- To establish a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- 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 utilization 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 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 authorized 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 Crore 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;

The Audit Committee shall mandatorily review the following information:

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses;
- the appointment, removal and terms of remuneration of the internal auditor;
- statement of deviations as and when becomes applicable:
 - 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.
 - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of SEBI Listing Regulations.

- 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:
 - 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.

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, 2022, the Nomination and Remuneration Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Mr. Ravichandran Venkataraman	02064557	Independent	Chairperson
2.	Mr. Banavar Anantharamaiah Prabhakar	02101808	Independent	Member
3.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
4.	Mr. Samit Kumar 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. No.	Name of Director	Number of meetings during the FY 2021-22		Remarks
		Held during their tenure	Attended	
1.	Mr. Mahadev Lakshminarayanan	2	2	Ceased to be a member and Chairperson w.e.f. June 18, 2021
2.	Mr. Ittira Davis	3	3	Ceased to be a member w.e.f. July 23, 2021
3.	Mr. Prabal Kumar Sen	11	10	Appointed as a Chairperson w.e.f. August 13, 2021 and ceased to be Chairperson w.e.f. August 26, 2021 and as Member w.e.f. January 15, 2022
4.	Mr. Harish Devarajan	3	3	Appointed as a Chairperson w.e.f. May 19, 2021 and cessation w.e.f. August 12, 2021
5.	Ms. Rajni Mishra	3	3	Appointed as a member w.e.f. May 19, 2021
6.	Mr. Rajesh Kumar Jogi	10	10	Appointed as a Member w.e.f. August 13, 2021
7.	Ms. Mona Kachhwaha	3	3	Ceased to be a member w.e.f. August 10, 2021
8.	Mr. Ravichandran Venkataraman	8	8	Appointed as a Chairperson w.e.f. August 26, 2021

Sr. No.	Name of Director	Number of meetings during the FY 2021-22		Remarks
		Held during their tenure	Attended	
9.	Mr. Banavar Anantharamaiah Prabhakar	8	8	Appointed as a member w.e.f. August 26, 2021
10.	Mr. Samit Kumar Ghosh	8	8	Appointed as a member w.e.f. August 26, 2021
11.	Ms. Sudha Suresh	6	5	Appointed as a member w.e.f. August 26, 2021 and ceased to be a member on January 16, 2022
12.	Mr. Umang Bedi	2	2	Appointed as a Member w.e.f. August 13, 2021 and ceased to be member w.e.f. August 26, 2021

c. All the members of the Nomination Committee are non-executive directors, and three out of four members of the Committee are independent directors as on March 31, 2022.

d. The Chairperson of the Committee is an Independent Director.

e. During the FY 2021-22, 13 (Thirteen) meetings of the Committee were held on the following dates:

Sr.	Date of the Audit Committee Meeting	Total number of members	Number of members present
1.	April 27, 2021	5	5
2.	May 17, 2021	5	5
3.	July 14, 2021	5	5
4.	August 19, 2021	4	4
5.	August 23, 2021	4	4
6.	September 16, 2021	6	5
7.	October 21, 2021	6	6
8.	October 29, 2021	6	6
9.	December 06, 2021	6	6
10.	January 05, 2022	6	6
11.	January 12, 2022	6	5
12.	February 04, 2022	4	4
13.	March 23, 2022	4	4

f. The following are the key terms of reference of the Nomination and Remuneration Committee:

- 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 and Remuneration Committee, while formulating the above policy, will ensure that —

- 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;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- 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:

- Determining the eligibility of employees;
- the quantum of option to be granted under the said Plan per employee and in aggregate;
- the exercise price of the option granted;
- the conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
- 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;
- the specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
- 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;
- 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 and Remuneration 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 organization 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 March 23, 2022, 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, independence of the committee, contribution in 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.

IV. Disclosure on Board evaluation pursuant to SEBI circular No. EBI/HO/CFD/CMD/CIR/P/2018/79 dated May 10, 2018:

Particulars	Key Board discussion
Observation of the Board evaluation carried out for the FY 2021-22	<p>a. The Board supervised and steered the Bank on receipt of fortnightly updates which highlights the material developments on the overall functioning of the Bank for each of the fortnight.</p> <p>b. Bank has a well-diversified Board with 2 women directors where one is an Independent Director and 1 is a Non-executive director.</p> <p>c. Business Strategy Committee meeting was held to review and take strategic business decisions.</p> <p>d. The Bank commenced the procedure for its Reverse Merger with the holding company Ujjivan Financial Services Limited and the Promoter Shareholding Dilution Committee of the Board was renamed as the Merger Committee of the Board. 2 Meetings of the Committee were held to discuss the reverse merger in order to achieve dilution of promoter shareholding in the Bank as per the RBI licensing conditions.</p> <p>e. Further in the process of Reverse Merger and to fuel the growth capital requirements of the Bank, the Board resolved to raise upto ₹600 Crores through Qualified Institutions Placements. Shareholders approval for the same was also obtained through postal ballot.</p> <p>f. The Board was further strengthened by the joining of 7 new Directors (Mr. B A Prabhakar, Ms. Sudha Suresh, Mr. Samit Ghosh, Mr. Ravichandran Venakataraman, Mr. Ittira Davis, Mr. P N Raghunath and Mr. Satyaki Rastogi). There were also certain resignations from the Board where the Directors resigned from their positions due to Personal Reasons.</p> <p>g. The Board extensively discussed and reviewed the Statutory Auditors' Report, IFC Audit Reports, findings in Internal Audit, Concurrent Audit and IT Audit etc. during the FY 2021-22.</p> <p>h. During the year, composition of the Board Committees was changed due to induction & resignation of Board members and also to align the strength of the Board members in line with the mandate of the Board Committees.</p> <p>i. Considerable amount of time was spent by the Board on review and monitoring of regulatory and statutory compliances.</p> <p>j. The Board was keenly aware of the risks in the Bank during the FY 2021-22 and took the necessary steps for monitoring and mitigating risks. The Risk Management Committee of the Board met for 10 times during the FY.</p> <p>k. Individual competencies of the Board Members were leveraged in matter relating to Finance/Audit/HR/Compliance/IT and Business Development.</p> <p>l. The Board acknowledged that the members of the Board which possess requisite competency, qualification. The appointment of directors was done in a transparent manner.</p> <p>m. Meetings were held regularly and attendance was satisfactory.</p> <p>n. The Board spent significant time in planning & executing Strategy, on governance & compliance. The Board was able to identify risks for the Bank. Further, there was no conflict of interest in the Board. The Board was able to create value for the stakeholders.</p>
Previous year's observations and action taken	No specific actions were suggested during the evaluation process.
Proposed actions based on current year observation	No specific actions were suggested during the evaluation process.

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, 2022, the Stakeholders Relationship Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Mr. Ravichandran Venkataraman	02064557	Independent	Chairperson
2.	Ms. Sudha Suresh	06480567	Non-Independent*	Member
3.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Member
4.	Mr. Ittira Davis	06442816	MD & CEO	Member

* She has been categorised as an Independent Director effective from April 01, 2022

- 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 2021-22		Remarks
		Held during their tenure	Attended	
1.	Mr. Nandlal Sarda	1	1	Ceased to be a member w.e.f. July 26, 2021
2.	Mr. Nitin Chugh	1	1	Ceased to be a member w.e.f. August 26, 2021
3.	Mr. Harish Devarajan	1	1	Ceased to be the Chairperson and Member w.e.f. August 12, 2021
4.	Mr. Ravichandran Venkataraman	-	-	Appointed as a Chairperson of the Committee w.e.f. August 26, 2021
5.	Mr. Samit Kumar Ghosh	-	-	Appointed as a member w.e.f. August 26, 2021
6.	Mr. Prabal Kumar Sen	-	-	Appointed as a member w.e.f. August 26, 2021 and cessation w.e.f. January 15, 2022
7.	Ms. Sudha Suresh	-	-	Appointed as a member w.e.f. August 26, 2021
8.	Mr. Ittira Davis	-	-	Appointed as a member w.e.f. January 28, 2022

- c. The Chairperson of the Stakeholders Relationship Committee is an Independent Director of the Bank.
- d. The Stakeholders Relationship Committee met once during the FY 2021-22 on April 17, 2021 and all the members were present in the Meeting.
- e. The following are the key terms of reference of the Committee:
- 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;
 - To review of measures taken for effective exercise of voting rights by shareholders;
 - 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;
 - 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;
 - Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
 - To redress shareholders' and investors' complaints/grievances such as transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
 - To approve, register, refuse to register transfer or transmission of shares and other securities;
 - To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Bank;
 - Allotment and listing of shares, approval of transfer or transmission of shares, debentures or any other securities;
 - To authorise affixation of common seal of the Bank;
 - 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 / rematerialization 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 utilized;
 - To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;
 - To dematerialize or rematerialize the issued shares;
 - To authorise to sign and endorse the Share Transfers on behalf of the Bank;
 - To ensure proper and timely attendance and redressal of investor queries and grievances;
 - To carry out any other functions contained in the SEBI Listing Regulations and the Act, as and when amended from time to time;

- 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
- To perform such other functions as and when authorised by the Board.

- f. Complaints of stakeholders received during the FY 2021-22.

Particulars	Number
Number of Complaints at the beginning of the FY 2021-22	0
Number of shareholders' complaints received during the FY 2021-22	10
Number of complaints disposed-off during the FY 2021-22	10
Number of pending complaints at the end of the FY 2021-22	0

The Company Secretary, 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, 2022, the CSR Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Ms. Sudha Suresh	06480567	Non-Independent*	Chairperson
2.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
3.	Mr. Ravichandran Venkataraman	02064557	Independent	Member
4.	Mr. Ittira Davis	06442816	MD & CEO	Member

* She has been categorised as an Independent Director effective from April 01, 2022.

- 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 2021-22		Remarks
		Held during their tenure	Attended	
1.	Ms. Rajni Mishra	1	1	Ceased to be Chairperson and member w.e.f. May 19, 2021
2.	Ms. Mona Kachhwaha	1	1	Appointed as Chairperson w.e.f. May 19, 2021 and cessation w.e.f. August 10, 2021.
3.	Mr. Ittira Davis	2	2	Ceased to be the Member w.e.f. July 23, 2021.
4.	Mr. Prabal Kumar Sen	3	3	Ceased to be member w.e.f. January 15, 2022
5.	Mr. Harish Devarajan	2	2	Ceased to be the member w.e.f. August 12, 2021
6.	Ms. Chitra K Alai	2	2	Appointed as a member w.e.f. May 19, 2021 and ceased to be the member w.e.f. December 22, 2021
7.	Ms. Sudha Suresh	2	2	Appointed as the Chairperson w.e.f. August 26, 2021
8.	Mr. Rajesh Kumar Jogi	2	2	Appointed as member w.e.f. August 26, 2021
9.	Mr. Ravichandran Venkataraman	1	1	Appointed as member w.e.f. January 16, 2022.
10.	Mr. Ittira Davis	-	-	Appointed as member w.e.f. January 28, 2022

- c. During the FY 2021-22, 4 (Four) meetings of the CSR Committee were held on the following dates:

Date of the CSR Committee Meeting	Total number of members	Number of members present
May 04, 2021	4	4
July 22, 2021	5	5
October 26, 2021	4	4
January 24, 2022	3	3

- d. The following are the key terms of reference of the CSR Committee:

1. 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;
 - i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - ii) the manner of execution of such projects or programmes as specified in Companies (Corporate Social Responsibility Policy) Rules, 2014.
 - iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - iv) monitoring and reporting mechanism for the projects or programmes; and
 - v) details of need and impact assessment, if any, for the projects undertaken by the Bank.
2. 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.
3. 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, 2022, the Risk Management Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Ms. Rajni Mishra	08306001	Independent	Chairperson
2.	Mr. Banavar Anantharamaiah Prabhakar	02101808	Independent	Member
3.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
4.	Ms. Sudha Suresh	06480567	Non-Independent*	Member
5.	Mr. Ittira Davis	06442816	MD & CEO	Member

* She has been categorised as an Independent Director effective from April 01, 2022.

- 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 2021-22		Remarks
		Held during their tenure	Attended	
1.	Ms. Rajni Mishra	10	10	Appointed as Chairperson w.e.f. May 19, 2021
2.	Ms. Mona Kachhwaha	4	4	Ceased to be Chairperson w.e.f. May 19, 2021 and ceased to be a member w.e.f. August 10, 2021.
3.	Mr. Nandlal Sarda	4	4	Ceased to be a member w.e.f. July 26, 2021.
4.	Mr. Banavar Anantharamaiah Prabhakar	6	6	Appointed as a member w.e.f. August 26, 2021
5.	Mr. Samit Kumar Ghosh	3	3	Appointed as a member w.e.f. August 26, 2021 and ceased to be a member w.e.f. January 28, 2022.
6.	Ms. Sudha Suresh	6	5	Appointed as a member w.e.f. August 26, 2021
7.	Mr. Nitin Chugh	4	4	Ceased to be member w.e.f. August 26, 2021
8.	Mr. Rajesh Kumar Jogi	10	10	
9.	Mr. Ittira Davis	3	3	Appointed as member w.e.f. January 28, 2022

- c. During the FY 2021-22, 10 (Ten) 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 16, 2021	5	5
May 12, 2021	5	5
June 24, 2021	5	5
July 02, 2021	5	5

Date of the Risk Management Committee Meeting	Total number of members	Number of members present
September 06, 2021	5	4
October 18, 2021	5	5
December 20, 2021	5	5
January 28, 2022	5	5
February 14, 2022	5	5
March 25, 2022	5	5

- 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.

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, 2022, the Customer Service Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Mr. Banavar Anantharamaiah Prabhakar	02101808	Independent	Chairperson
2.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Member
3.	Mr. Ittira Davis	06442816	MD & CEO	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 2021-22		Remarks
		Held during their tenure	Attended	
1.	Mr. Banavar Anantharamaiah Prabhakar	2	2	Appointed as a Chairperson w.e.f. August 26, 2021
2.	Mr. Prabal Kumar Sen	2	2	Ceased to be Chairperson and member w.e.f. August 26, 2021
2.	Mr. Samit Kumar Ghosh	2	2	Appointed as a member w.e.f. August 26, 2021
3.	Mr. Nitin Chugh	2	2	Ceased to be member w.e.f. August 26, 2021
4.	Ms. Mona Kachhwaha	2	0	Ceased to be a member w.e.f. August 10, 2021
5.	Mr. Umang Bedi	2	1	Ceased to be member w.e.f. August 26, 2021
6.	Mr. Satyaki Rastogi	1	0	Appointed as a member w.e.f. January 11, 2022
7.	Ms. Chitra K Alai	2	2	Appointed as a member of the Committee w.e.f. May 19, 2021 and ceased to be the member w.e.f. December 22, 2021
8.	Mr. Ittira Davis	0	0	Appointed as a member w.e.f. January 28, 2022

- c. During the FY 2021-22, 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 29, 2021	4	3
July 29, 2021	5	3
October 28, 2021	3	3
January 27, 2022	3	2

- 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, 2022, the IT Strategy Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Mr. Ravichandran Venkataraman	02064557	Independent	Chairperson
2.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Member
3.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
4.	Ms. Sudha Suresh	06480567	Non-Independent*	Member
5.	Mr. Ittira Davis	06442816	MD & CEO	Member

* She has been categorised as an Independent Director effective from April 01, 2022.

- 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 2021-22		Remarks
		Held during their tenure	Attended	
1.	Mr. Ravichandran Venkataraman	2	2	Appointed as a Chairperson w.e.f. August 26, 2021
2.	Mr. Nandlal Sarda	2	2	Ceased to be a member w.e.f. July 26, 2021
3.	Ms. Mona Kachhwaha	2	2	Ceased to be a member w.e.f. August 10, 2021
4.	Mr. Umang Bedi	-	-	Ceased to be a member w.e.f. August 26, 2021
5.	Mr. Samit Kumar Ghosh	2	2	Appointed as a member w.e.f. August 26, 2021
6.	Ms. Sudha Suresh	2	2	Appointed as a member w.e.f. August 26, 2021
7.	Mr. Rajesh Kumar Jogi	2	2	Appointed as a member w.e.f. August 26, 2021
8.	Ms. Rajni Mishra	2	2	Ceased to be a member w.e.f. August 26, 2021
9.	Mr. Umesh Bellur	2	2	Ceased to be a member w.e.f. August 26, 2021
10.	Mr. Ittira Davis	-	-	Appointed as a member w.e.f. January 28, 2022

- c. During the FY 2021-22, 4 (Four) meetings of the IT Strategy Committee were held on the following dates:

Date of the Customer Service Committee Meeting	Total number of members	Number of members present
May 10, 2021	5	4
July 22, 2021	5	4
October 21, 2021	4	4
January 27, 2022	4	4

- 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 organizational 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, 2022, the Review Committee of Wilful Defaulters comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Mr. Banavar Anantharamaiah Prabhakar	02101808	Independent	Chairperson
2.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
3.	Ms. Sudha Suresh	06480567	Non-Independent*	Member
4.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Member

* She has been categorised as an Independent Director effective from April 01, 2022.

- 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 2021-22		Remarks
		Held during their tenure	Attended	
1.	Mr. Banavar Anantharamaiah Prabhakar	-	-	Appointed as a Chairperson w.e.f. August 26, 2021
2.	Mr. Nitin Chugh	-	-	Ceased to be Chairperson and Member w.e.f. August 26, 2021
3.	Ms. Mona Kachhwaha	-	-	Ceased to be a member w.e.f. August 10, 2021
4.	Mr. Prabal Kumar Sen	-	-	Ceased to be member w.e.f. August 26, 2021
5.	Mr. Rajesh Kumar Jogi	-	-	Appointed as a member w.e.f. August 26, 2021
6.	Mr. Samit Kumar Ghosh	-	-	Appointed as a member w.e.f. August 26, 2021
7.	Ms. Sudha Suresh	-	-	Appointed as a member w.e.f. August 26, 2021

- c. The Review Committee of Wilful Defaulters has not met during the FY 2021-22.

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, 2022, the Fraud Committee comprises of the following members of the Board:

Sr.	Name of Director	DIN	Category	Designation
1.	Mr. Ravichandran Venkataraman	02064557	Independent	Chairperson
2.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
3.	Mr. Banavar Anantharamaiah Prabhakar	02101808	Independent	Member
4.	Mr. Samit Kumar Ghosh	00185369	Non-Independent	Member
5.	Mr. Ittira Davis	06442816	MD & CEO	Member
6.	Ms. Rajni Mishra	08386001	Independent	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 2021-22		Remarks
		Held during their tenure	Attended	
1.	Mr. Ravichandran Venkataraman	-	-	Appointed as the Chairperson w.e.f. August 26, 2021
2.	Mr. Nitin Chugh	1	1	Ceased to be the Chairperson and member w.e.f. August 26, 2021
3.	Mr. Mahadev Lakshminarayanan	1	1	Ceased to be a member w.e.f. June 18, 2021
4.	Mr. Harish Devarajan	-	-	Appointed as a Member w.e.f. June 24, 2021 and cessation w.e.f. August 12, 2021
5.	Mr. Banavar Anantharamaiah Prabhakar	-	-	Appointed w.e.f. August 26, 2021
6.	Mr. Samit Kumar Ghosh	-	-	Appointed w.e.f. August 26, 2021
7.	Ms. Rajni Mishra	-	-	Appointed w.e.f. August 26, 2021
8.	Mr. Rajesh Kumar Jogi	1	1	
9.	Mr. Umang Bedi	1	1	Ceased to be a member w.e.f. August 26, 2021
10.	Mr. Prabal Kumar Sen	1	1	Ceased to be a member w.e.f. August 26, 2021
11.	Mr. Ittira Davis	-	-	Appointed as member w.e.f. January 28, 2022

- c. The Fraud Committee met once during the FY 2021-22 on April 21, 2021. All the members of the Committee were present in 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 ₹50 Crores. The Committee is also empowered to approve major deviations for MSE and Housing loans but within the capped limit.

As on March 31, 2022, 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.	Ms. Sudha Suresh	06480567	Non-Independent*	Member

* She has been categorised as an Independent Director effective from April 01, 2022

- 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 2021-22		Remarks
		Held during their tenure	Attended	
1.	Mr. Samit Kumar Ghosh	4	4	Appointed as a Chairperson w.e.f. August 26, 2021
2.	Mr. Mahadev Lakshminarayanan	0	0	Ceased to be Chairperson w.e.f. May 19, 2021
3.	Mr. Ittira Davis	1	1	Appointed as a Chairperson w.e.f. May 19, 2021 and cessation w.e.f. July 23, 2021
4.	Mr. Ravichandran Venkataraman	4	4	Appointed as a member w.e.f. August 26, 2021
5.	Ms. Sudha Suresh	4	4	Appointed as a member w.e.f. August 26, 2021
6.	Ms. Rajni Mishra	5	5	-
7.	Mr. Nitin Chugh	1	1	Ceased to be member w.e.f. August 26, 2021
8.	Mr. Umang Bedi	1	1	Ceased to be member w.e.f. August 26, 2021

- c. During the FY 2021-22, 5 (Five) meetings of the Committee of Directors were held on the following dates:

Date of the Customer Service Committee Meeting	Total number of members	Number of members present
June 21, 2021	4	4
August 27, 2021	4	4
February 16, 2022	4	4
March 02, 2022	4	4
March 28, 2022	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, 2022, 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. Banavar Anantharamaiah Prabhakar	02101808	Independent	Member
3.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
4.	Ms. Sudha Suresh	06480567	Non-Independent*	Member
5.	Mr. Ittira Davis	06442816	MD & CEO	Member

* She has been categorised as an Independent Director effective from April 01, 2022.

- 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 2021-22		Remarks
		Held during their tenure	Attended	
1.	Mr. Samit Kumar Ghosh	2	2	Appointed as the Chairman w.e.f. August 26, 2021
2.	Mr. Nitin Chugh	0	0	Ceased to be the Chairman w.e.f. August 26, 2021
3.	Ms. Mona Kachhwaha	0	0	Ceased to be a member w.e.f. August 10, 2021
4.	Ms. Rajni Mishra	0	0	Ceased to be member w.e.f. August 26, 2021
5.	Mr. Banavar Anantharamaiah Prabhakar	2	1	Appointed as a member w.e.f. August 26, 2021
6.	Ms. Sudha Suresh	2	2	Appointed as a member w.e.f. August 26, 2021
7.	Mr. Rajesh Kumar Jogi	2	2	Appointed as a member w.e.f. August 26, 2021
8.	Mr. Umang Bedi	0	0	Ceased to be member w.e.f. August 26, 2021
9.	Mr. Umesh Bellur	0	0	Ceased to be member w.e.f. August 26, 2021
10.	Mr. Ittira Davis	2	2	Appointed as a member w.e.f. January 28, 2022

- c. During the FY 2021-22, 2 (Two) meetings of the Business Strategy Committee were held on the following dates:

Date of the Customer Service Committee Meeting	Total number of members	Number of members present
March 02, 2022	5	5
March 16, 2022	5	4

BUSINESS CONTINUITY MONITORING COMMITTEE

- a. Considering the frequently changing environment, current economic uncertainty and volatility due to the pandemic and the potential impact that these may have on the business, risks and the regulatory compliance the Bank would be subjected too, the Bank had constituted this Committee on March 29, 2020 to advise, monitor and assess the social, financial, business, credit and risk impact under the current economic scenario.

The Committee is authorised to direct, suggest, guide and advise appropriate measures to the Bank on various matters related to finance, business, risk, compliance, credit and such other regulatory or other matters that may arise as and may be necessary for the Bank. **The Committee was dissolved w.e.f. April 01, 2022.**

As on March 31, 2022, the Business Continuity Monitoring Committee comprised 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. Banavar Anantharamaiah Prabhakar	02101808	Independent	Member
3.	Mr. Rajesh Kumar Jogi	03341036	Independent	Member
4.	Ms. Sudha Suresh	06480567	Non-Independent*	Member
5.	Mr. Ittira Davis	06442816	MD & CEO	Member
6.	Mr. Ravichandran Venkataraman	02064557	Independent	Member

* She has been categorised as an Independent Director effective from April 01, 2022.

- b. The composition of Business Continuity Monitoring 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 2021-22		Remarks
		Held during their tenure	Attended	
1.	Mr. Samit Kumar Ghosh	-	-	Appointed as a Chairman w.e.f. August 26, 2021
2.	Mr. Nandlal Sarda	2	2	Cessation w.e.f. July 26, 2021
3.	Ms. Rajni Mishra	2	2	Ceased to be member w.e.f. August 26, 2021
4.	Mr. Ittira Davis	2	2	Ceased to be a member w.e.f. July 23, 2021 & Appointed as a member w.e.f. January 28, 2022
5.	Mr. Banavar Anantharamaiah Prabhakar	-	-	Appointed as a Member w.e.f. August 26, 2021
6.	Ms. Sudha Suresh	-	-	Appointed as a Member w.e.f. August 26, 2021
7.	Mr. Ravichandran Venkataraman	-	-	Appointed as a Member w.e.f. August 26, 2021
8.	Mr. Rajesh Kumar Jogi	2	2	
9.	Mr. Nitin Chugh	2	2	Cessation w.e.f. August 26, 2021

During the FY 2021-22, 2 (Two) meetings of the Business Continuity Monitoring Committee were held on the following dates:

Date of the Business Continuity Monitoring Committee Meeting	Total number of members	Number of members present
April 22, 2021	5	5
June 16, 2021	5	5

SPECIAL COMMITTEE OF DIRECTORS

- a. Special Committee of Directors was constituted w.e.f. September 16, 2021 for the purpose of ensuring day to day activities in absence of the MD & CEO of the Bank. The Committee was later dissolved on January 13, 2022.

- b. The composition of Special Committee of Directors before dissolution and the details of meetings attended by its members are given below:

Sr. No.	Name of Director	Number of meetings during the FY 2021-22	
		Held during their tenure	Attended
1.	Mr. Banavar Antharamaiah Prabhakar	6	6
2.	Mr. Ravichandran Venkataraman	6	6
3.	Ms. Rajni Mishra	6	6

During the FY 2021-22, 6 (Six) meetings of Special Committee of Directors were held on the following dates:

Date of the Special Committee of Directors Meeting	Total number of members	Number of members present
October 05, 2021	3	3
November 16, 2021	3	3
November 26, 2021	3	3
December 07, 2021	3	3
December 28, 2021	3	3
January 13, 2022	3	3

MERGER AND PLACEMENT COMMITTEE (EARLIER PROMOTER SHAREHOLDING DILUTION COMMITTEE)

In reference to the Small Finance Banks Licensing Conditions, the Bank needs to dilute its Promoter shareholding to 40% within a period of five years from the date of receipt of license certificate from RBI. RBI's vide its clarification letter dated July 9, 2021, permitted Small Finance Banks to apply for reverse merger, three months before completing the five-year period.

Ujjivan Small Finance Bank completes five years of operations on January 31, 2022 which falls in the current financial year and in accordance to the aforesaid RBI Clarification letter, reverse merger of Holding Company with the Bank is the most favorable option adhering to the licensing condition of diluting promoter shareholding.

In view of the above, the Board at its Meeting held on August 26, 2021 had discontinued the Promoter Shareholding Dilution Committee and in its place the Merger Committee was formed to oversee the merger of the Bank with the Ujjivan Financial Services Limited ("Holding Company"). The Bank had already started working internally along with the Holding Company to initiate various steps for effecting the reverse merger.

The Merger Committee was renamed as Merger and Placement Committee and its terms of reference was enhanced to oversee the proposed QIP and matters related thereto.

The Merger 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 proposed 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 aforesaid 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 aforesaid 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;
- Further, the Committee was renamed as Merger and Placement Committee and following terms of reference were added w.e.f. April 01, 2022.
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 utilization 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 finalize all the terms and conditions and the structure of the Equity Shares, to do all such acts, deeds, matters and things as the Merger and Placement 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 and Placement 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 composition of Merger 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 2021-22		Remarks
		Held during their tenure	Attended	
1.	Ms. Sudha Suresh	2	2	Appointed as Chairperson w.e.f. August 26, 2021
2.	Mr. Banavar Anantharamaiah Prabhakar	2	2	Appointed as member w.e.f. August 26, 2021
3.	Mr. Rajesh Kumar Jogi	2	2	Appointed as Member w.e.f. August 26, 2021
4.	Mr. Ravichandran Venkataraman	2	2	Appointed as Member w.e.f. August 26, 2021.
5.	Mr. Samit Kumar Ghosh	2	2	Appointed as Member w.e.f. August 26, 2021
6.	Mr. Ittira Davis	1	1	Appointed as a Member w.e.f. January 28, 2022

During the FY 2021-22, 2 (Two) meetings of Merger Committee were held on the following dates:

Date of the Merger Committee Meeting	Total number of members	Number of members present
October 29, 2021	5	5
March 17, 2022	6	6

The composition of Promoter Shareholding Dilution Committee (discontinued w.e.f. August 25, 2021) and the details of meetings attended by its members are given below:

Sr. No.	Name of Director	Number of meetings during the FY 2021-22		Remarks
		Held during their tenure	Attended	
1.	Mr. Nitin Chugh	1	1	-
2.	Mr. Mahadev Lakshaminarayanan	1	1	Moved out w.e.f. June 18, 2021 due to resignation.
3.	Mr. Umang Bedi	1	1	Appointed as Member w.e.f. February 25, 2021.
4.	Mr Ittira Davis	1	1	Appointed as chairman of the committee w.e.f. May 19, 2021 and moved out w.e.f. July 23, 2021 due to resignation.

During the FY 2021-22, 1 (One) meeting of Promoter Shareholding and Dilution Committee were held on the following dates:

Date of the Promoter Shareholding and Dilution Committee meeting	Total number of members	Number of members present
June 04, 2021	4	4

3. INDEPENDENT DIRECTORS

- a. 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.
- b. 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.
- c. Accordingly, the Meeting of Independent Directors of the Bank was held on March 23, 2022 with the presence of all the Independent Directors to;
- review the performance of non-independent directors and the board of directors as a whole;
 - review the performance of the chairperson of the listed entity, taking into account the view of executive directors and non-executive directors; and
 - 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. Disclosures with respect to the remuneration of Managing Director and CEO of the Bank pursuant to SEBI Listing Regulations and Section II of Part-2 of Schedule V of the Act.

Particulars	Mr. Nitin Chugh (Former Managing Director and CEO) Amount (₹)
Salary (gross salary excluding bonus)	69,74,400
Benefits	11,361
Bonuses	31,105,91
Stock Options*	37,98,697#
Pension	-
Details of fixed component and performance linked incentives, along with the performance criteria	-
Service Contracts	-
Notice Period	-
Severance Fees	11,84,533
Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable.	-

*The Stock Options were canceled post resignation.

Particulars	Mr. Ittira Davis (Managing Director and CEO) Amount (₹)
Salary (gross salary excluding bonus)	29,38,137
Benefits	6,344*
Bonuses	-
Stock Options	-
Pension	-
Details of fixed component and performance linked incentives, along with the performance criteria	-
Service Contracts	-
Notice Period	-
Severance Fees	-
Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable.	-

*For benefits pro-rated amount has been considered

- b. 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 Director 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.	2018-19	July 12, 2019 at 11.30 A.M.	Plot No. 2364/ 8, Khampur Raya Village, Shadi Kampur, Main Patel Road, New Delhi 110 008, India; Tel: +91 11 3043 2121 Office	None
2.	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

Sr. No.	Financial Year	Date and Time	Location	Special Resolution Passed
3.	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

b. During the FY 2021-22, no Extraordinary General Meeting of the members of the Bank was held.

c. Details of Resolutions Passed Through Postal Ballot during the FY 2021-22 are as follows:

Sr. No.	Financial Year	Name of Resolutions	Date of Resolution Passed
1.	2021-22	1. To approve the appointment of Mr. Ittira Davis (DIN: 06442816) as a director (executive) of the Bank. 2. To approve the appointment and remuneration of Mr. Ittira Davis (DIN: 06442816) as the Managing Director and Chief Executive Officer of the Bank. 3. To approve the payment of performance cash bonus to Mr. Nitin Chugh (DIN: 01884659) for the Financial Year 2019-20.	January 06, 2022
2.	2021-22	1. 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 2. Appointment of Ms. Sudha Suresh (DIN: 06480567) as an Independent Director of the Bank.	March 26, 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 newspaper. 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

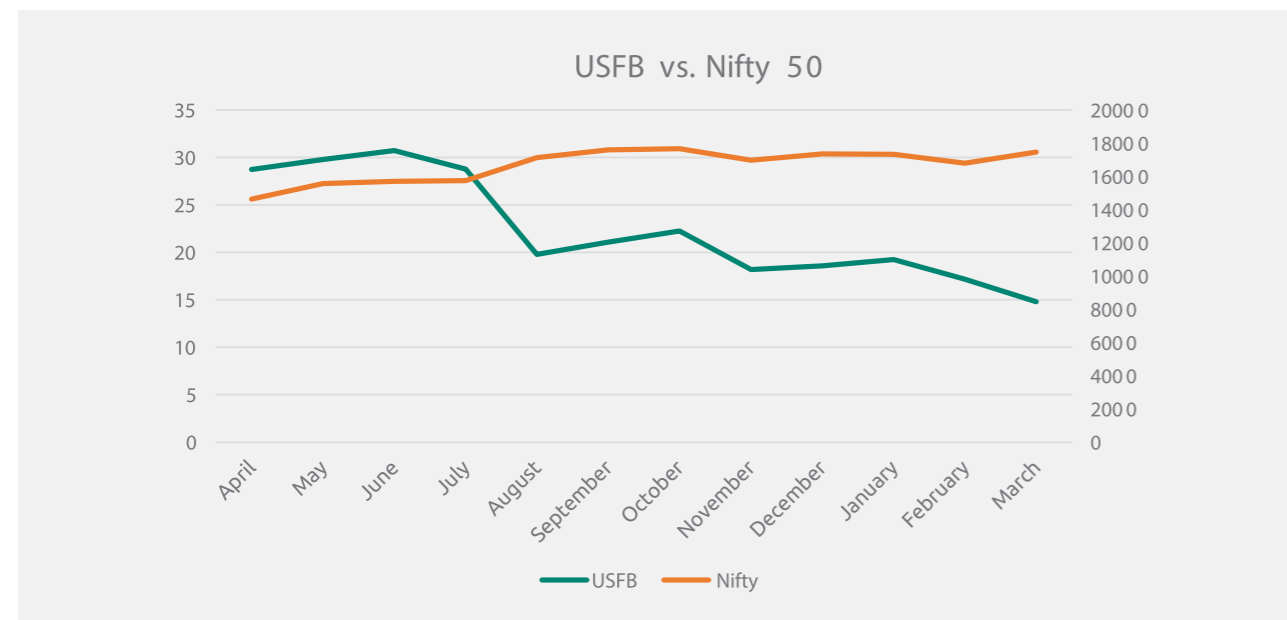
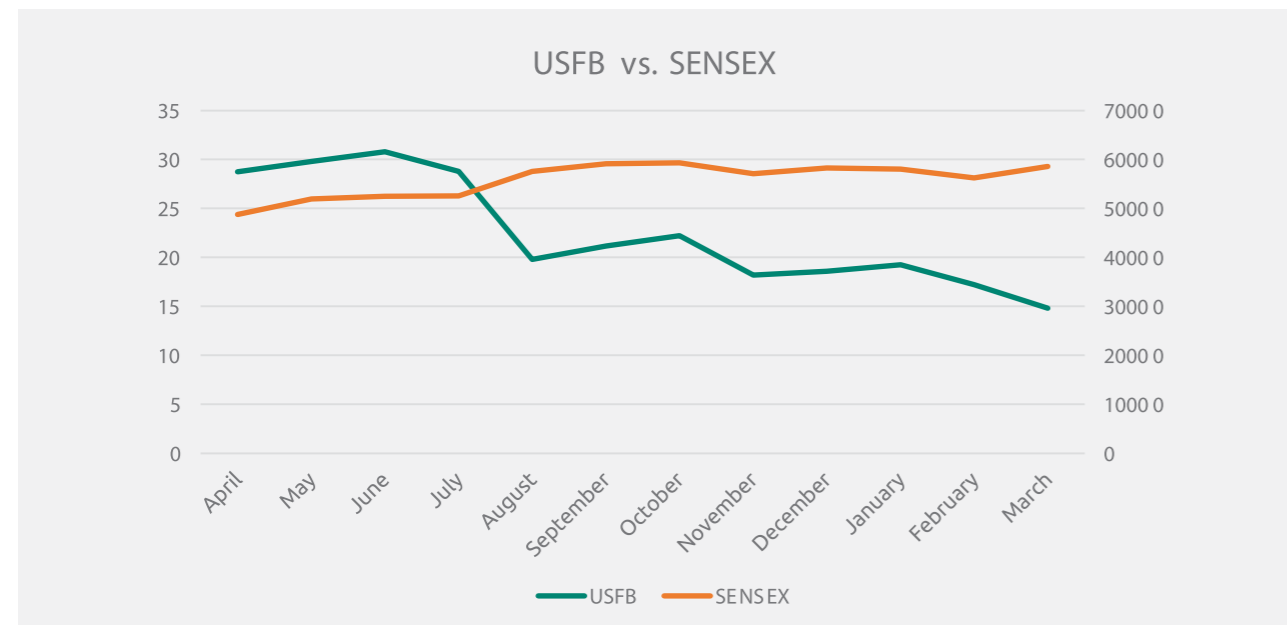
Particulars	Details
Annual General Meeting	Date: September 02, 2022 Time: 03:00 PM Venue: Grape Garden No. 27, 3 rd "A" Cross, 18 th Main, 6 th Block, Koramangala, Bengaluru- 560095, Karnataka
Financial Year	April 01, 2021 to March 31, 2022
Dividend Payment Date	The Board of the Bank has not recommended any dividend for its equity shares out of the profits for FY 2021-22.
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 2021-22.
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

Particulars	Details																				
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 half yearly certificate from Share Transfer Agent certified by Practicing Company Secretary that all formalities under Regulation 40(9) of the SEBI Listing Regulations are complied and copy of same is filed with stock exchange within the prescribed time.																				
Dematerialisation of Shares and liquidity	The equity shares of the Bank are available for trading in the dematerialised form under both the depositories in India - National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). Trading in Bank's equity shares can be done only in the dematerialised form. Position of Equity shares as on March 31, 2022:																				
	<table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Description</th> <th>Number of Equity Shares</th> <th>% To Equity Share Capital</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Physical</td> <td>570</td> <td>0.00</td> </tr> <tr> <td>2.</td> <td>NSDL</td> <td>1,57,49,25,341</td> <td>91.12</td> </tr> <tr> <td>3.</td> <td>CDSL</td> <td>15,33,88,294</td> <td>8.88</td> </tr> <tr> <td></td> <td>Total</td> <td>1,72,83,14,205</td> <td>100.00</td> </tr> </tbody> </table>	Sr. No.	Description	Number of Equity Shares	% To Equity Share Capital	1.	Physical	570	0.00	2.	NSDL	1,57,49,25,341	91.12	3.	CDSL	15,33,88,294	8.88		Total	1,72,83,14,205	100.00
Sr. No.	Description	Number of Equity Shares	% To Equity Share Capital																		
1.	Physical	570	0.00																		
2.	NSDL	1,57,49,25,341	91.12																		
3.	CDSL	15,33,88,294	8.88																		
	Total	1,72,83,14,205	100.00																		

The International Securities Identification Number of the Bank is INE551W01018.

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")	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"). As on March 31, 2022, 7,17,42,768 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.
As on March 31, 2022, 7,17,42,768 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.	
Conversion date and likely impact on equity	
Commodity price risk or foreign exchange risk and hedging activities;	NA
Plant locations	The Bank is engaged in the business of providing banking and other financial related services and it does not have any plant., The Bank has 575 banking outlets across 24 (Twenty Four) states and union territories of India.
Address for correspondence	The Company Secretary and Compliance Officer Ujjivan Small Finance Bank Limited Grape Garden, 3 rd "A" Cross, 18 th Main, 6 th Block, Koramangala, Bengaluru - 560 095. Email: investorrelations@ujjivan.com Tel. No: +91 80 40712121

Performance in comparison to broad-based indices such as BSE Sensex and NSE Nifty 50 Index



Securities of the Bank were not suspended from trading on stock exchanges during the FY 2021-22.

Market price data- high, low during each month of FY 2021-22

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, 2021	32.00	26.50	61,47,125	32.15	26.50	6,43,11,563
May, 2021	31.10	28.10	76,38,839	31.10	28.05	5,88,69,851
June, 2021	34.35	29.15	1,47,21,679	34.40	29.10	10,22,18,092
July, 2021	33.80	28.75	1,38,87,654	33.80	28.75	15,46,55,464
August, 2021	29.00	17.80	2,01,97,528	28.95	17.80	16,24,60,618
September, 2021	21.45	18.60	2,05,83,429	21.50	18.60	12,67,15,608
October, 2021	23.75	20.55	1,35,61,069	23.75	20.60	9,69,90,787
November, 2021	23.35	17.55	1,08,99,154	22.50	17.00	6,57,75,148
December, 2021	19.75	18.00	80,85,396	19.80	17.95	3,25,30,195
January, 2022	22.25	17.65	1,50,98,911	22.30	16.75	8,46,86,319

Month	Market Price data					
	BSE			NSE		
	High Price	Low Price	Volume (No. of Shares Traded)	High Price	Low Price	Volume (No. of Share Traded)
February, 2022	20.15	14.15	88,15,832	20.15	14.05	3,35,71,244
March, 2022	18.50	14.70	1,73,17,651	18.50	14.70	4,07,60,013

Distribution of Shareholding as on March 31, 2022

Category	No. of Holders	% To Holders	No. of Shares	% To Equity
1 - 5000	262563	97.14	130548622	7.55
5001 - 10000	4539	1.68	33376720	1.93
10001 - 20000	1910	0.71	27240897	1.58
20001 - 30000	592	0.22	14667651	0.85
30001 - 40000	217	0.08	7581242	0.44
40001 - 50000	144	0.05	6674099	0.39
50001 - 100000	207	0.08	14712171	0.85
100001 and above	128	0.05	1493512803	86.41
TOTAL:	270300	100.00	1728314205	100.00

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. Itira 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 organization 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 2021-22.

Nil

12. OTHER DISCLOSURES

a. Related Party Transactions

The Bank has entered into related party transactions during the FY 2021-22. 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 2021-22 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 2021-22	01
No. of complaints received during the FY 2021-22	11
No. of complaints resolved during the FY 2021-22	10
No. of complaints at end of FY 2021-22	02

- e. List of all credit ratings as on March 31, 2022 obtained by the Bank:

Instrument Name	Amount (₹ In Crores)	Rating
Long Term Bank Facilities	23.19 (Reduced from 407.63)	CARE A+; Stable (Single A Plus; Outlook: Stable)
Certificate of Deposit Programme	2,500	CRISIL A1+

- f. The Bank has complied all the mandatory requirements and adopted the following non-mandatory requirements:
 - a) Bank has appointed separate person 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 Bank
- g. 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 2021-22	17
Number of complaints disposed of during the FY 2021-22	12
Number of complaints pending as on end of the FY 2021-22	5

- h. The Bank has paid the following fees for all services of Statutory Auditors during the FY 2021-22

Sr. No	Name of the Statutory Auditor	Fees Paid (₹)	Remarks
1.	MSKA & Associates	26,05,100	For the audit for FY 2020-21
2.	B K Ramadhyan & CO LLP	23,43,500	For the audit for FY 2021-22
3.	Mukund M Chitale & CO.	14,79,675	For the audit for FY 2021-22

Note: Provision of ₹59,95,500 has been booked for the FY 2021-22

- 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 2021-22.

- 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 12, 2022

Place: Bengaluru

Annexure-1

Details of Sitting Fee paid during the FY 2021-22

Name of Director	Amount (In ₹ Lakhs)
Mr. Ittira Davis (As Additional Director Non-Executive Non-Independent)	5,25,000
Ms. Mona Kachhwaha	6,50,000
Mr. Rajesh Kumar Jogi	29,75,000
Ms. Chitra K Alai (SIDBI)	4,25,000
Mr. Nandlal Sarda	6,75,000
Mr. Prabal Kumar Sen	14,00,000
Mr. Mahadev Lakshminarayanan	3,75,000
Mr. Umang Bedi	7,00,000
Ms. Rajni Mishra	27,25,000
Mr. Umesh Bellur	3,50,000
Mr. Harish Devarajan	3,75,000
Mr. Samit Ghosh	17,50,000
Ms. Sudha Suresh	18,50,000
Mr. Banavar Anantharamaiah Prabhakar	19,50,000
Mr. Ravichandran Venkataraman	21,50,000
Mr. Satyaki Rastogi (SIDBI)	1,50,000
Total	1,90,25,000

For and on behalf of the Board of Directors

Sd/-

B A Prabhakar
Part-Time Chairman and Independent Director
DIN: 02101808

Date: May 12, 2022

Place: Bengaluru

Sd/-

Ittira Davis
MD & CEO
DIN: 06442816

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 31st March, 2022 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. Ittira Davis Poonollil	06442816	14/01/2022
02.	Mr. Rajesh Kumar Jogi	03341036	13/03/2021
03.	Ms. Rajni Anil Mishra	08386001	16/12/2020
04.	Mr. Banavar Anantharamaiah Prabhakar	02101808	20/08/2021
05.	Mr. Samit Kumar Ghosh	00185369	20/08/2021
06.	Ms. Sudha Suresh	06480567	20/08/2021
07.	Mr. Ravichandran Venkataraman	02064557	20/08/2021
08.	Mr. P N Raghunath	09428287	29/11/2021
09.	Mr. Satyaki Rastogi	02189494	22/12/2021

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: Bengaluru
Date: 12/05/2022

K. Jayachandran
Company Secretary
ACSN.:11309/CPNo.:4031
UDIN:A011309D000306549
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, 2022 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, 2022 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, 2022;
 - (2) that there were no significant changes in accounting policies during the quarter and financial year ended March 31, 2022; 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**

sd/-
Ittira Davis
Managing Director and CEO
DIN: 06442816

Date: May 12, 2022
Place: Bengaluru

sd/-
M D Ramesh Murthy
Chief Financial Officer

Business Responsibility Report

BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

Ujjivan Small Finance Bank Limited ("Bank") recognises its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business, ethics and accountability towards its shareholders, customers, government and other stakeholders. Bank's activities are carried out in accordance with good corporate practices and the Bank is constantly striving to make them better and adopt the best practices.

Bank believes that timely reporting, transparent accounting policies and disclosures and a strong and 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 inclusion" 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 lenders, customers and investors.

SECTION A: GENERAL INFORMATION ABOUT THE BANK

Sr. No.	Particulars	Details
1.	Corporate Identity Number (CIN) of the Bank	L65110KA2016PLC142162
2.	Name of the Company	Ujjivan Small Finance Bank Limited
3.	Registered Office and Head Office Address	Grape Garden, No. 27, 3 rd "A" Cross, 18 th Main, 6 th Block, Koramangala, Bengaluru-560095, Karnataka
4.	Website	www.ujjivansfb.in
5.	Email ID	investorrelations@ujjivan.com
6.	Financial Year Reported	2021-22
7.	Sector(s) that the Bank is engaged in (industrial activity code-wise)	As per India's National Industrial Classification 2008 (NIC 2008): Section K – Financial and Insurance Activities Division 64 – Financial Service Activities, except Insurance and Pension Funding Code: 64191
8.	List three key products/services that the Bank provides (as in balance sheet)	Bank is engaged in providing a wide range of banking and financial services which includes Retail Banking, Wholesale Banking and Treasury Business.
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations	Nil
	(b) Number of National Locations	575 Banking Outlets
10.	Markets served by the Company – Local/State/ National/International	National The Bank has a nationwide presence through its network of branches across 24 states and union territories.

SECTION B: FINANCIAL DETAILS OF THE BANK

Sr. No.	Particulars	Details
1.	Paid up Capital (₹)	19,28,31,42,050
2.	Total Turnover (₹)	31,26,07,35,251.63
3.	Total profit after taxes (₹)	4,14,59,04,537.08
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	4,99,61,419*
5.	List of activities in which expenditure in 4 above has been incurred:-	
	a. CSR COVID Relief	3,04,39,349
	b. CSR Disaster Relief	17,91,641
	c. Community Development	1,05,88,760

*The amount spent is inclusive of **INR 71,41,668** which pertained to ongoing projects, remained unspent and was transferred to the unspent CSR account within 30 days from the end of the financial year. This is also inclusive of the advance INR 4,20,000 spent on the procurement of wheel chairs.

SECTION C: OTHER DETAILS

Sr. No.	Particulars	Details
1.	Does the Bank have any Subsidiary Company/ Companies?	No
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	Not Applicable
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Not Applicable

SECTION D: BR INFORMATION**1. Details of Director/Directors responsible for BR****a. Details of the Director/Directors responsible for implementation of the BR policy/policies**

1.	DIN	06442816
2.	Name	Mr. Itira Davis
3.	Designation	Managing Director and CEO

b. Details of the BR head

1.	DIN	06442816
2.	Name	Mr. Itira Davis
3.	Designation	Managing Director and CEO

2. Principle-wise (as per National Voluntary Guidelines (NVGs) Business Responsibility Policy /policies**(a) Details of compliance (Reply in Y/N)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for	Y	Y	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies of the Bank are in line with the requirements of RBI guidelines, the Companies Act, 2013 and rules made thereunder, SEBI (LODR) Regulations, 2015 (wherever applicable) or the Bank's internal requirements and best practices.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/ Appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies of the Bank are approved by respective Committees of the Board/ Board, wherever applicable.								
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies that require mandatory disclosure on website are available on www.ujjivansfb.in/policies and www.ujjivansfb.in/corporate-governance-policies . The remaining policies being internal documents, are available to the employees through the Bank's intranet.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
		Policies that require mandatory disclosure on website are hosted on the Banks' website and other policies related to internal stakeholders are available on the Bank's intranet.								
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)								@	

@While there is no specific policy outlined for this principle, the Bank through associations represent and puts forth its suggestions with respect to Economy in general and Banking sector in particular to the Regulators and Ministry of Finance. The Bank has made all its suggestions in a responsible manner.

3. Governance related to BR**(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 Months, 3-6 Months, Annually, More than 1 year**

Annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business Responsibility Report forms part of Bank's Annual Report. This Report is being published annually and is being hosted on the website of the Bank at www.ujjivansfb.in.

Principle wise Policies

P1	Compliance Policy, Whistle Blower Policy, KYC & AML Policy, Outsourcing Policy, Fraud Risk Management Policy, , Citizen Charter, Customer Rights Policy, Grievance Redressal Policy, Policy on Code of Conduct, Policy on Prevention of Sexual Harassment
P2	Group Loan Credit Policy, Individual Loan Credit Policy, Kisan Pragati Card Credit Policy, Personal Loan Credit Policy, Two-Wheeler Loan Credit Policy, Credit Policy
P3	Policy on Code of Conduct, Nomination and Remuneration Policy, Policy on Holiday and Leave, Policy on Prevention of Sexual Harassment
P4	Corporate Social Responsibility Policy, Group Loan Credit Policy, Individual Loan Credit Policy, Kisan Pragati Card Credit Policy, Credit Policy
P5	Policy on Code of Conduct, Policy on Prevention of Sexual Harassment, Customer Service Policy, Citizen Rights
P6	Corporate Social Responsibility Policy
P7	NIL
P8	Corporate Social Responsibility Policy, Outsourcing Policy, Information Security Policy,
P9	Citizen Charter, Customer Service Policy, Customer Rights Policy

SECTION E: PRINCIPLE-WISE PERFORMANCE**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability-****1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?**

The Bank has put in place a Code of Conduct which is applicable to all its employees and its Board of Directors. The Code articulates the ethical principles and acceptable behaviour that the Bank's

employees and Board of Directors are expected to demonstrate to uphold the Bank's values. The Code covers aspects related to, but not limited to, Values, Principles based on which these Values have been derived, Governance Structure, Employee behaviour and Roles, Responsibilities and Duties of the Board of Directors and Key Managerial Personnel, maintaining privacy and confidentiality, avoiding conflict of interest, Guidelines for Operating Staff Bank Accounts, Disciplinary Procedures and Reporting Requirements.

The Code of Conduct of the Bank also covers the Group/Suppliers/Contractors/NGOs/etc. in addition to Bank's internal stakeholders.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

Investor Complaints

11 complaints were received from investors/ shareholders during the FY 2021-22 and all the complaints have been resolved as of March 31, 2022.

Whistle blower Complaints

With respect to employees, the Bank has a mechanism as provided in the Whistle Blower Policy whereby employees can raise their concerns. The status of these complaints including the manner in which they are dealt with, is periodically reported to the Audit Committee.

Customer Complaints

The Bank has consistently worked towards identifying root causes of customer complaints and initiated corrective actions towards curtailing service deficiencies. With these efforts, the Bank was able to reduce customer complaints very significantly while the business volume and customer base has grown multifold over the years. The total customer complaints were reduced by 15% to 22,812 during the FY 2021-22 compared to 26,985 in FY20-21. Total 313 complaints were pending as on March 31, 2022. The resolution of customer complaints within standard turn-around-time has improved from 86% in previous year to 90% in FY 2021-22.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities**

- **Cashless and Digital Repayment:** The Bank's cashless and digital repayment initiatives reduced the need of traveling and staff contact every month for making EMI repayment. This led to reduced risk during COVID times and saved precious time of Bank's customers and staff. The customers who were visiting branches each month for making EMI payment were relieved from this travel. The Bank saved approx. 5 Lac Km per month in customer travelling with cashless repayment initiative. Customers utilised this time in their livelihood generation resulting into an overall better life.

- **Paperless Initiatives:** Bank has various initiatives to reduce/eliminate papers from our processes. This has drastically reduced environmental impact while enhancing our productivity and customer experience. Over last 3 years, the Bank has gradually reduced 38 Lac pages a month from its processes (As

per average monthly business volume). The productivity enhancements by eliminating paper work is enabling the Bank to fulfil our financial inclusion goals more efficiently.

- **Better Loans for Customers who are COVID Vaccinated:** The Bank implemented an initiative for providing higher ticket size loans to customers who are vaccinated. This enabled Bank to reduce the business risk as well as promoting the vaccination drive of the nation.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

(a) **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

The Bank works towards optimizing its resource consumption. The material used and procured by the Bank primarily comprises paper and grid electricity for which the Bank is creating awareness among end-users for sustainable consumption. In addition, the Bank has created a robust technology platform to build a new-age digital banking ecosystem and it is focused on efficient use of natural resources.

The Bank deployed 19 RPA projects in live out of which 8 were cost efficiency projects. The Bank could reduce more than 50% of time and effort by adopting the RPA for IMPS against the traditional approach of excel uploads.

The Bank has adopted paperless communication as a part of its 'go- green' initiative which reduced Bank's carbon footprint and cut costs significantly. Under the initiative, the Bank sends statements, notices, letters, advisories, etc. to customers via email and/or PDF copies that are delivered through Bitly links sent via SMS. Notices or letters are sent in paper form only if it is mandated by regulation. The Bank continues to stay invested in the idea of Go Green and continues to add further compute on virtualized platform.

Further, customers have been given the option of generating PIN's for their debit cards through ATM's, Internet Banking and Mobile Banking, thereby doing away with paper PIN mailers.

(b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Bank is adopting state of the art technology to digitise its operations and make products available digitally. It has witnessed strong growth in the adoption of TAB-based account opening, android-based mobile banking, and internet banking, thus minimising paper usage. The focus is to deliver a seamless solution that

will ensure a consistent highlevel customer experience across all channels website, internet banking, mobile applications, chat bots and it has reduced the customers' travel time and expenses considerably, thereby reducing the fuel consumption and carbon emissions.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

The Bank as an organization is conscious and sincere about sustainable growth. The Bank continuously works towards process improvement through digitalization of processes. It has onboarded vendors for e-signature and e-franking which has reduced the usage of paper. Efforts are made consciously, to use the best electronic equipment to optimize the usage of electricity. Solar panels have been installed on rent in Krishnapura Branch in Karnataka to ensure energy optimization.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Bank procures significant items including food and beverages, cleaning items, marketing & promotional items, stationery, consumable materials from local Small and Medium Enterprises (SME) vendors. While procuring the goods or services, the Bank also ensures that the quality of services/products is not compromised and the best quality products and services should be provided to the customers. The Bank carefully selects its vendors keeping in mind the development of the local community. The Bank as part of the vendor management process conducts proper checks before appointing any vendors, consultants/ service providers and ensures a selection of quality local vendors.

The Bank majorly contributes to the development of capacity and capability of thousands of smaller businesses by providing them easy access to credit and banking services, quite a few of them being vendors of the Bank. Bank has customized its MSE loan product to suit the credit requirements of the small vendors.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sr. No.	Category	No of complaints filed during the FY	No of complaints pending as on end of the FY
1.	Child labour/forced labour/involuntary labour	0	0
2.	Sexual harassment	12	5
3.	Discriminatory employment	0	0

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Various products of the Bank are service oriented hence, recycling of products is not applicable to the Bank. Being a banking Company, the key waste products of the Bank primarily entails paper and electronic waste. Bank has embraced a responsible e-waste management system. The waste generated by the Bank is managed as per the waste disposal process.

Principle 3- Businesses should promote the wellbeing of all employees

1. **Please indicate the Total number of employees.**

There were 16895 employees in the Bank as of March 31, 2022.

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

2,615 employees were hired on a temporary/ contractual/casual basis as of March 31, 2022.

3. **Please indicate the Number of permanent women employees.**

There were 3,072 permanent women employees as of March 31, 2022.

4. **Please indicate the Number of permanent employees with disabilities**

There were 17 permanent employees with disabilities as of March 31, 2022.

5. **Do you have an employee association that is recognized by management?**

The Bank does not have any employee association.

6. **What percentage of your permanent employees is members of this recognized employee association?**

Not Applicable.

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

The learning methodology adopted by the Bank has been virtual and self-paced in the last year. The Bank has sent relevant audiences to external programs, certification programs wherever required. Bank also provides role based specific learning programs suitable for its employees on business and operational aspects.

(a) Permanent Employees

- E-modules on Information Security & Prevention of Sexual Harassment (POSH) - 100 % employees were assigned this module

(b) Permanent Women Employees

- 100% of women employees were assigned e-learning modules on Information Security & Prevention of Sexual Harassment (POSH)

(c) Casual/Temporary/Contractual Employees

None

(d) Employees with Disabilities

- 100% of employees were assigned e-learning modules on Information Security & Prevention of Sexual Harassment (POSH)

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized-

1. Has the Company mapped its internal and external stakeholders? Yes/No

Yes. The Bank engages with multiple stakeholders through formal and informal channels of communication.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes. 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.

The Bank also has social responsibility initiatives underway for marginalised or weaker sections of society such as women, physically challenged, orphans, rural and children communities.

a. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

For easy access to people with disabilities, the Bank has ramp facilities across 69 branches and all ATMs of the Bank are Braille key pad enabled for the benefit of visually challenged customers. Priority services are provided at all branches for differently abled customers. The Bank's CSR initiatives during the year have benefitted over 6.95 lakhs of people who are mainly from unserved and underserved segments and frontline workers who were more vulnerable during Covid pandemic. Special initiatives were taken up to enhance the healthcare infrastructure to treat the Covid infected patients from economically weaker sections.

The Bank initiated the "Ujjivan Sanjeevani Kavach" program to vaccinate the public in our operational areas with help of our branch team on-ground. The program was successfully executed at 478 operational areas and we were able to inoculate over 80,000 vaccines through PHCs, UPHCs, Government Hospitals & privately set-up camps.

As an equal opportunities employer, the Bank is consciously making an effort to hire from the LGBT (Lesbian, Gay, Bisexual, and Transgender) community through various drives and job fairs and provide employment.

Principle 5: Businesses should respect and promote human rights-

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ Others?

The Bank is committed to uphold the dignity of every employee and its associated stakeholders. Aspects related to Human Rights are governed through the Code of Conduct and Whistle Blower Policy of the Bank. The aspects on human rights cover Group/ Suppliers/Contractors/NGOs/Others in addition to covering the employees of the Bank.

2. How many stakeholder complaints have been received in the past and what percent was satisfactorily resolved by the management?

There were no complaints received by the Bank specific to the human rights violation.

Principle 6: Business should respect, protect, and make efforts to restore the environment-

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Though, the aspects outlined under this Principle are not substantially relevant to the Bank given the nature of its business, the Bank has constantly worked towards adopting digital process and digital documentation in most of its operations, these initiatives have helped the Bank and its customers in significantly reducing the usage of paper forms.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

No.

3. Does the Company identify and assess potential environmental risks? Y/N-

Though it is not relevant to the Bank given the nature of its business, Bank has always acknowledged the need for environmental protection and practices as an environmentally responsible corporate citizen.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The above question is not applicable to the Bank as it is relevant for manufacturing entity.

5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.

Energy efficiency and conservation is a part of the Bank's business planning. The systems and processes are designed in a manner to ensure optimum energy usage by continuous monitoring of all forms of energy and augmenting the efficiency of operations.

During the FY 2021-22, Bank has continued to save electricity consumption. Some of the key initiatives were designing Bank's branches and offices in a manner to ensure maximum utilisation of daylight, after office hour all employees who need to work in a branch sit in a common area and all the non-essential lights, ACs, etc. are checked and switched off. AC/ Lights installed at meeting rooms etc. in branches as well as Head Office and Regional Offices are to be switched off when the rooms are not occupied. ACs are switched off after 6:30 PM, and all ACs are maintained at 24 degree or above in branches. The Bank endeavours to shut down all branches on time. All these initiatives have resulted in considerable electricity savings. Moreover, the Bank procures star rated electrical equipment, auto monitors, auto switch timers and LED lights are installed for cost efficient operations in the Bank.

Bank has introduced an automated reconciliation process using Robotic Process Automation (RPA) and has put in place API Gateway in order to interface with third party service provider to meet the customer demands and also to utilize the energy efficiently and to ensure sustainable use of technology resources.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Being a banking Company and nature of operations comprising financial services, this information is not substantially relevant for the Bank.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year

Nil

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Bank is a member of the following major associations:

- (a) Indian Banks Association (IBA)
- (b) Fixed Income Money Market and Derivatives Association (FIMMDA)
- (c) Association of Small Finance Banks of India (ASFBI)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)

Through Association of Small Finance Banks of India (ASFBI), Bank has represented/lobbied for enhancement inclusive development policies for underserved and unserved customers.

Principle 8- Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

As a financial institution, the Bank has a diverse range of products and services, as well as other business and non-business initiatives, which contribute to equitable development and inclusive growth in India. The Bank offers microfinance and other banking services. In line with the goals of offering a comprehensive suite of products, the Bank introduced Garima Savings Account tailored to serve and empower women, increase their awareness about banking and help them to plan their finances better. Additionally, in order to support the target customers extensively during the Covid 19 pandemic, the Bank disbursed Swanidhi loans for the street vendors. Nav Nirman loans were offered under ECLGS

scheme to MSE customers as an additional credit to resurrect and rebuild their livelihoods post the losses incurred during the nation-wide lockdowns. The bank is also providing and working on increasing the digital collection options for the customers. In addition, there are diverse literacy and inclusion activities that the Bank undertakes at various parts of the country aimed at bringing more unbanked or under-banked Indians into mainstream banking. During the FY, apart from community development projects, disaster relief and vocational training programs, the Bank has extensively supported the education of the public on COVID 19 related matters and how the public can avail various benefits provided in this regard by the Government.

Bank's objective is to provide full range of financial services to the economically active poor to enable customers to lead a better life and reaching out to unserved and underserved communities for financial inclusion. The Bank caters customer segments such as lower income groups including women through its micro and rural banking, affordable housing and MSMEs loan products.

Bank follows Sustainability, Accountability, and Promotion of Human Rights and respects the interests of all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

The Bank has identified the following core focus areas for its CSR activity:

- a. COVID relief activities
- b. Community Development
- c. Disaster Relief
- d. Vocational Training

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. Funding of 6 ITU beds to St John's Hospital, Bengaluru and 40 D Type oxygen cylinders was also done to a hospital, CMC Vellore. We created a program with the help of our internal team and launched the **Ujjivan Sanjeevani Kavach Program** to vaccinate the public in our operational areas. The program was successfully executed at 478 operational areas and we were able to inoculate over 80,000 vaccines through PHCs, UPHCs, Government Hospitals & privately set-up camps.

Under disaster management, the Bank supported lives affected by Yass cyclone in Jaynagar and heavy floods at Tamruk and Panskura by providing affected communities with adequate relief material during their time of need.

The Bank has also implemented various community development projects, including the adoption of education centre in Chennai, helped a school in Harihara to setup an IT laboratory and distribution of wheel chairs to PWDs in Bengaluru. In addition to this, the Bank also undertook the Chote Kadam project, funding various infrastructure projects in Karnataka, Goa and Rajasthan. This year, the Bank also focused on imparting education through the funding of various vocational training programs and providing placements to the unemployed youths.

The Bank's MicroBanking business is aimed at financial inclusion. The Bank works on providing full range of banking services to customers and build formal savings habits among customers. The Family Banking programme, which enables family savings habit, is aimed at uplifting customers from credit cycles and build a sustainable savings for emergency and goal based purposes. Inclusive growth is possible if customers are able to fulfil their economical and personal goals through savings rather than relying solely on credit facilities. The Bank's staff are experts in handholding customers during the entire life-cycle of this behaviour building - including digital handholding aimed at empowering customers to transact and manage their banking facilities on their own.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

Projects were undertaken both in-house as well as with the support of partner NGOs.

3. **Have you done any impact assessment of your initiative?**

NA.

4. **What is your Company's direct contribution to community development projects amount in INR and the details of the projects undertaken. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The Bank's direct contribution to the community development projects is ₹1,05,88,760. The cost includes the expenses made towards Chote Kadam program implementation for infrastructure projects, funding of smartboards, vocational training programs, supporting with wheel chairs, distribution of computers to an educational institute and livelihood support.

The Bank has spent a total of ₹4,99,61,419 as part of its CSR expenditure on various community development projects, COVID 19 relief activities, disaster management and vocational training programs.

Principle 9- Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

At the end of the FY 2021-22, the Bank had 1.37% of the Customer complaints which has remained unresolved.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks(additional information)**

As a Bank, the products and services are intangible, thus the product label requirement is not applicable to the Banking services. Bank promptly communicates all the features, charges, terms and conditions for all its products and services to its customers through:

- a. Detailed disclosure in welcome letter/receipts/sanction letters/ agreements to customers

- b. Display on website, at branches via collaterals and through notice boards;
- c. Key applicable conditions are shared with customers at the time of account opening
- d. Any changes in products are shared via email/SMS/physical communications.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

No.

4. **Did your Company carry out any consumer survey/consumer satisfaction trends?**

The Bank has designed and conducted surveys to measure and analyse the satisfaction levels of customers with respect to its products, services and channels. The average customer satisfaction scores for the FY 2021-22 is 83%.

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 at March 31, 2022, 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, 2022, its losses 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, securitisation and IBPC) as on March 31, 2022: ₹ 16,30,31,714 ('000)

Gross NPA as on March 31, 2022: ₹ 1,28,40,773 ('000)

Provision for NPA as on March 31, 2022: ₹ 1,18,44,794 ('000)

(Refer Schedule 9 and Schedule 18 (4.1) to the financial statement)

Key Audit Matter	How our audit addressed the key audit matter
<p>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.</p> <p>The Bank is required to have Board approved policy as per IRAC guidelines for NPA identification and provision.</p> <p>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.</p> <p>The provision against advances is based on criterias 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. 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</p>	<p>Tested the design and operating effectiveness of key controls (including application controls) over identification of NPAs, provisions thereof and the valuation of securities.</p> <p>Testing of Application controls included testing of reports and system reconciliations as at the year end.</p> <p>Review of controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board approved policy.</p> <p>Performed substantive procedures as listed below:</p> <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;

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.

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.

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.

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.

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.

Information Technology ('IT') systems and controls impacting financial reporting

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.

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.

The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter for the financial year ended March 31, 2022.

OTHER MATTERS

- (a) The audit of financial results of the Bank for the year ended 31 March 2021, were conducted by MSKA & Associates, Chartered Accountants, the statutory auditor of the Bank, whose report dated 18 May 2021, expressed an unmodified opinion on those financial results. Accordingly, Mukund M. Chitale & Co, Chartered Accountants and B.K. Ramadhyani & Co. LLP, Chartered Accountants, do not express any opinion on the figures reported for the year ended 31 March 2021. Our opinion is not modified in respect of these matters.

- Considered the data shared by Bank regarding accounts reported as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress;

- Selected samples for standard and overdue accounts to assess compliance with the RBI Circulars on 'COVID-19 – Regulatory Package' and 'COVID19 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.

Our Audit procedures with respect to this matter included:

We used our internal IT team to perform audit procedures to assess IT systems and controls over financial reporting which included the following:

- General IT controls design, observation and operation:
 - 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.
- User access controls operation:
 - 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.

Other areas that were assessed under the IT control environment, included password policies, security configurations were also part of our audit procedures.

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, 2022 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, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 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, 2022 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 the notes to the accounts, 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 the notes to the accounts, 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. There was no dividend declared or paid during the year by the Bank accordingly, section 123 of the Companies Act 2013 is not applicable.

For B K Ramadhyani & Co. LLP

Chartered Accountants
FRN: 002878S/ S200021

(Vasuki H S)

Partner
Membership No : 212013
UDIN : 22212013AIWDJK6381

Place: Bengaluru
Date: May 12, 2022

Mukund M. Chitale & Co

Chartered Accountants
FRN: 106655W

(Nilesh RS Joshi)

Partner
Membership No. 114749
UDIN : 22114749AIWDFQ9813

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, 2022

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, 2022 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.

Annexure A (Cont.)

to the Independent Auditor's Report of even date on the Financial Statements of Ujjivan Small Finance Bank Limited

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 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, 2022, 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 thereof and recording such collections in the books of account needs to be automated suitably.

Our opinion is not modified in respect of this matter.

For B K Ramadhyani & Co. LLP

Chartered Accountants
FRN: 002878S/ S200021

(Vasuki H S)

Partner
Membership No : 212013
UDIN : 22212013AIWDJK6381

Place: Bengaluru
Date: May 12, 2022

Mukund M. Chitale & Co

Chartered Accountants
FRN: 106655W

(Nilesh RS Joshi)

Partner
Membership No. 114749
UDIN : 22114749AIWDFQ9813

Balance Sheet

as at March 31, 2022

Particulars	Schedule	₹ in 000's	
		As at 31/03/2022	As at 31/03/2021
CAPITAL AND LIABILITIES			
Capital	1	19,283,142	19,283,142
Employees Stock Options and Purchase Outstanding	18(33)	421,958	437,235
Reserves and Surplus	2	8,321,239	12,467,143
Deposits	3	182,922,169	131,357,673
Borrowings	4	17,635,616	32,473,167
Other Liabilities and Provisions	5	7,460,518	7,786,180
TOTAL		236,044,642	203,804,540
ASSETS			
Cash and Balances with Reserve Bank of India	6	16,822,456	17,115,317
Balances with Banks and Money at Call and Short Notice	7	4,858,547	8,659,657
Investments	8	41,529,348	25,164,501
Advances	9	163,031,714	144,939,518
Fixed Assets	10	2,493,926	2,807,289
Other Assets	11	7,308,651	5,118,258
TOTAL		236,044,642	203,804,540
Contingent Liabilities	12	1,372,305	405,597
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 Ramadhyan & 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
M N.114749

Ittira Davis
DIN: 06442816
Managing Director & CEO

B A Prabhakar
DIN: 02101808
Independent Director

Rajni Mishra
DIN: 08386001
Independent Director

Sudha Suresh
DIN: 06480567
Independent Director

M.D. Ramesh Murthy
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Bengaluru
May 12, 2022

Profit and Loss Account

for the year ended March 31, 2022

Particulars	Schedule	₹ in 000's	
		For the year ended March 31 2022	For the year ended March 31 2021
I. INCOME			
Interest Earned	13	28,127,991	28,060,656
Other Income	14	3,132,745	3,023,091
Total		31,260,736	31,083,747
II. EXPENDITURE			
Interest Expended	15	10,392,070	10,775,140
Operating Expenses	16	14,963,806	12,300,770
Provisions and Contingencies (Refer Schedule 18 (17))		10,050,764	7,924,868
Total		35,406,640	31,000,778
III. PROFIT			
Net profit for the year		(4,145,904)	82,969
Profit brought forward		3,436,242	3,620,115
Total		(709,662)	3,703,084
IV. APPROPRIATIONS			
Transfer to			
a) Statutory Reserves		-	20,742
b) Investment Reserve		-	-
c) Capital Reserve		13,856	193,271
d) Interim Preference Dividend paid (includes tax on dividends)		-	-
e) Investment Fluctuation Reserve		-	52,829
f) Balance Carried over to Balance Sheet		(723,518)	3,436,242
Total		(709,662)	3,703,084
V. EARNINGS PER EQUITY SHARE (FACE VALUE OF ₹ 10 PER SHARE)			
Basic (₹) (Refer Schedule 18 (25))		(2.40)	0.05
Diluted (₹) (Refer Schedule 18 (25))		(2.40)	0.05
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 Ramadhyan & 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
M N.114749

Ittira Davis
DIN: 06442816
Managing Director & CEO

B A Prabhakar
DIN: 02101808
Independent Director

Rajni Mishra
DIN: 08386001
Independent Director

Sudha Suresh
DIN: 06480567
Independent Director

M.D. Ramesh Murthy
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Bengaluru
May 12, 2022

Cash Flow Statement

For the year ended March 31, 2022

Particulars	₹ in 000's	
	For the year ended March 31 2022	For the year ended March 31 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) after taxation	(41,45,904)	82,969
Tax Adjustment	(13,57,681)	19,006
Net Profit/(Loss) before taxation	(55,03,585)	1,01,975
Adjustments for :		
Depreciation on Bank's Property	804,430	768,006
Loss on sale of Land, Building & Other assets (net)	19,970	7,691
Expense on employee stock option	(15,277)	223,041
Expense on employee stock purchase	-	-
Fixed Assets Written off	-	-
Provision for Non Performing Assets	12,804,336	6,107,408
Provision for Standard Assets	(1,625,877)	1,882,215
Provision for depreciation on investment	3,404	-
Interest earned on fixed deposits	(241,876)	82,949
Profit on sale of Held-to-maturity (HTM) securities	(36,929)	509,157
Amortisation of premium on HTM investments	217,988	130,125
Operating Profit/(Loss) before Working Capital changes	6,426,584	9,812,567
Adjustments for :		
(Increase) /Decrease in Advances (Refer note 3 below)	(30,896,533)	(10,610,490)
(Increase)/Decrease in Investments in other than HTM securities	(2,095,008)	4,622,717
(Increase)/Decrease in Other Assets	(618,150)	272,845
Increase/ (Decrease) in Deposits	51,564,496	23,552,836
Increase/ (Decrease) in Other Liabilities	1,300,217	1,006,277
Cash generated from/(used in) Operations	25,681,606	28,656,752
Direct Taxes paid (net of funds)	(214,562)	(2,089,966)
Net Cash Flow generated from/(used in) Operating Activities (A)	25,467,044	26,566,786
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of Fixed Assets	3,771	3,238
Investment in HTM securities (Net)	(14,454,303)	(6,465,125)
Deposits (created)/encashed with Banks and financial institutions (Net)	6,555,582	(6,521,192)
Purchase of Fixed Assets including WIP	(514,808)	(581,392)

Cash Flow Statement

For the year ended March 31, 2022

Particulars	₹ in 000's	
	For the year ended March 31 2022	For the year ended March 31 2021
Net Cash Flow used in Investing Activities (B)	(8,409,758)	(13,564,471)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (net of issue expenses)	-	4,255
Increase/(Decrease) in Borrowings (Net)	(14,837,551)	(7,059,492)
Preference dividend paid during the year	-	-
Dividend distribution tax paid during the year	-	-
Net Cash Flow generated from Financing Activities (C)	(14,837,551)	(7,055,237)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	2,219,735	5,947,078
Cash and Cash Equivalents at the beginning of the year	19,334,974	13,387,896
Cash and Cash Equivalents at the end of the year	21,554,709	19,334,974
Notes to Cash Flow Statement:		
1 Cash and Cash equivalents includes the following:		
Cash and Bank Balances with Reserve Bank (Schedule 6)	16,822,456	17,115,317
Balance with Bank and Money at Call & Short Notice (Schedule 7)	4,858,547	8,659,657
	21,681,003	25,774,974
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	(126,294)	(6,440,000)
Cash and Cash Equivalents at the end of the year	21,554,709	19,334,974

- 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.
- Increase/ Decrease in advances are net after taking to account advances transferred under inter- bank participation certificates of ₹: 42,50,000 ('000) and transaction arrangements of ₹: 25,25,883('000) with other parties.
- Figures in bracket indicate cash outflow.

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
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Ittira Davis
DIN: 06442816
Managing Director & CEO

B A Prabhakar
DIN: 02101808
Independent Director

Rajni Mishra
DIN: 08386001
Independent Director

Sudha Suresh
DIN: 06480567
Independent Director

M.D. Ramesh Murthy
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Bengaluru
May 12, 2022

Schedules forming part of the Balance Sheet

as at March 31, 2022

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
SCHEDULE -1 CAPITAL		
Authorized 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		
1,728,314,205 (Previous Year: 1,728,314,205) Equity Shares of ₹ 10 each	17,283,142	17,283,142
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each	2,000,000	2,000,000
	19,283,142	19,283,142
Paid up Capital		
1,728,314,205 (Previous Year: 1,728,314,205) Equity Shares of ₹ 10 each	17,283,142	17,283,142
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each	2,000,000	2,000,000
TOTAL	19,283,142	19,283,142

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
SCHEDULE -2 RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening balance	1,410,826	1,390,084
Additions during the year	-	20,742
Closing balance	1,410,826	1,410,826
II. Share Premium		
Opening balance	7,221,673	7,218,328
Additions during the year	-	3,345
Closing balance	7,221,673	7,221,673
III. Capital Reserve		
Opening balance	193,271	-
Additions during the year	13,856	193,271
Closing balance	207,127	193,271
IV. Investment Fluctuation Reserve		
Opening balance	205,131	152,302
Additions during the year	-	52,829
Closing balance	205,131	205,131
V. Balance of Profit and Loss Account		
	(723,518)	3,436,242
TOTAL (I + II + III+IV+V)	8,321,239	12,467,143

Schedules forming part of the Balance Sheet

as at March 31, 2022

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
SCHEDULE -3 DEPOSITS		
A. I. Demand Deposits		
(i) From Banks	60,063	194,765
(ii) From Others	4,987,619	4,234,007
II. Savings Bank Deposits	44,882,373	22,566,494
III. Term Deposits		
(i) From Banks	60,714,848	43,627,125
(ii) From Others	72,277,266	60,735,282
TOTAL (I + II + III)	182,922,169	131,357,673
B. Deposits of branches		
I. In India	182,922,169	131,357,673
II. Outside India	-	-
TOTAL (I + II)	182,922,169	131,357,673

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
SCHEDULE -4 BORROWINGS		
I. Borrowings in India		
(a) Reserve Bank of India	3,880,000	1,380,000
(b) Other Banks	3,000,000	-
(c) Other Institutions and Agencies	10,755,616	31,093,167
TOTAL	17,635,616	32,473,167
II. Borrowings Outside India		
	-	-
TOTAL (I + II)	17,635,616	32,473,167
Secured borrowings included in I and II above	3,929,216	1,611,900

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
SCHEDULE -5 OTHER LIABILITIES AND PROVISIONS		
(i) Bills payable	1,533,670	1,964,421
(ii) Inter-Office Adjustments (net)	-	-
(iii) Interest Accrued	1,887,617	1,173,145
(iv) Standard asset-General Provisions (Refer Schedule 18 (4.3))	1,459,621	3,085,498
(v) Others (including provisions)	2,579,610	1,563,116
TOTAL	7,460,518	7,786,180

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
SCHEDULE -6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in Hand (including Cash at ATM)		
	1,756,288	1,823,476
II. Balances with Reserve Bank of India		
(a) In Current Account	6,856,168	2,471,841
(b) In Other Accounts (Including Reverse Repo)	8,210,000	12,820,000
TOTAL (I + II)	16,822,456	17,115,317

Schedules forming part of the Balance Sheet

as at March 31, 2022

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
SCHEDULE -7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balances with Banks		
(a) in Current Accounts	303,768	219,657
(b) in Other Deposit Accounts*	126,294	6,440,000
(ii) Money at Call and Short Notice		
(a) with Banks	-	2,000,000
(b) with Other Institutions	4,428,485	-
TOTAL (i + ii)	4,858,547	8,659,657
II. Outside India		
(i) In Current Accounts	-	-
(ii) In Other Deposits Accounts	-	-
(iii) Money at Call and Short Notice	-	-
TOTAL (I + ii + iii)	-	-
TOTAL (I+II)	4,858,547	8,659,657

*It includes Fixed Deposits of Current Year :₹ 126,294/- (Previous Year: Nil) (in 000's) held under lien.

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
SCHEDULE -8 INVESTMENTS		
I. Investments in India in (Refer Schedule 18 (2))		
(i) Government Securities	41,402,052	24,190,763
(ii) Other approved Securities	-	-
(iii) Shares	1,002	1,002
(iv) Debentures and Bonds	-	-
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others	126,294	972,736
TOTAL	41,529,348	25,164,501
II. Investments Outside India in		
TOTAL	-	-
TOTAL (I+II)	41,529,348	25,164,501
III. Gross Value of Investments	41,532,752	25,164,501
Less: Provision for depreciation	3,404	-
Net value of investments	41,529,348	25,164,501

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
SCHEDULE -9 ADVANCES		
A		
(i) Bills Purchased and Discounted	-	-
(ii) Cash Credits, Overdrafts and Loans repayable on demand	8,736,614	11,133,593
(iii) Term Loans	154,295,100	133,805,925
TOTAL	163,031,714	144,939,518
B		
(i) Secured by Tangible Assets*	42,642,255	39,684,726
(ii) Covered by Bank/Government Guarantees	1,188,800	564,961
(iii) Unsecured (Refer Schedule 18 (4.6))	119,200,659	104,689,831
TOTAL	163,031,714	144,939,518

Schedules forming part of the Balance Sheet

as at March 31, 2022

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
C		
I. Advances in India		
(i) Priority Sectors	128,654,453	79,263,674
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	34,377,261	65,675,844
TOTAL	163,031,714	144,939,518
II. Advances Outside India	-	-
TOTAL	-	-
TOTAL (I+II)	163,031,714	144,939,518

* Includes Advances against book debts ₹ 85,51,933(Previous Year ₹ 64,84,791) (in 000's)

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
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	5,448,232	4,735,613
Additions during the year	504,771	740,549
Deductions during the year	(69,510)	(27,930)
Depreciation to date	(3,447,477)	(2,688,815)
TOTAL	2,436,016	2,759,417
III. Capital Work In Progress (Including Capital Advances)	57,910	47,872
TOTAL (I+II+III)	2,493,926	2,807,289

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
SCHEDULE -11 OTHER ASSETS		
I. Inter Office Adjustment (net)	-	-
II. Interest Accrued	2,185,939	1,657,571
III. Tax paid in Advance / Tax Deducted at Source (Net of provision for tax)	686,101	470,740
IV. Stationery and Stamps	-	-
V. Nonbanking assets acquired in satisfaction of claims	-	-
VI. Others (including Deferred Tax Assets)	4,436,611	2,989,947
TOTAL	7,308,651	5,118,258

Schedules forming part of the Balance Sheet

as at March 31, 2022

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
SCHEDULE - 12 CONTINGENT LIABILITIES (REFER SCHEDULE 18 (26.6))		
I. Claims against the Bank not acknowledged as debts	788,408	245,825
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	2,500	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/ Others	581,397	157,272
TOTAL	1,372,305	405,597

Particulars	(₹ in 000's)	
	For the year ended March 31 2022	For the year ended March 31 2021
SCHEDULE -13 INTEREST EARNED		
I. Interest /Discount on Advance/bills	25,757,788	26,003,790
II. Income on Investments	1,851,374	1,729,761
III. Interest on Balances With Reserve Bank of India and Other inter-bank funds	518,829	327,105
IV. Others	-	-
TOTAL	28,127,991	28,060,656

Particulars	(₹ in 000's)	
	For the year ended March 31 2022	For the year ended March 31 2021
SCHEDULE- 14 OTHER INCOME		
I. Commission, Exchange and Brokerage	2,451,551	1,562,547
II. Profit on Sale of Investments (net)	177,093	559,462
III. Profit/ (Loss) on Revaluation of Investments (net)	-	-
IV. Profit/ (Loss) on sale of Land, Building and Other Assets (net)	(19,970)	(7,691)
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	523,371	908,773
Total	3,132,745	3,023,091

Particulars	(₹ in 000's)	
	For the year ended March 31 2022	For the year ended March 31 2021
SCHEDULE- 15 INTEREST EXPENDED		
I. Interest on Deposits	8,934,249	7,811,810
II. Interest on Reserve Bank of India/ Inter-Bank Borrowings	243,611	264,148
III. Others	1,214,210	2,699,182
TOTAL	10,392,070	10,775,140

Schedules forming part of the Balance Sheet

as at March 31, 2022

Particulars	(₹ in 000's)	
	For the year ended March 31 2022	For the year ended March 31 2021
SCHEDULE -16 OPERATING EXPENSES		
I. Payments to and Provision for Employees	8,125,998	7,487,805
II. Rent, Taxes and Lighting (including operating lease rentals)	1,151,689	905,911
III. Printing and Stationery	145,280	131,210
IV. Advertisement and Publicity	123,731	50,944
V. Depreciation on Banks Property	804,430	768,006
VI. Director's Fees, Allowances and Expenses	20,927	13,504
VII. Auditors' Fees and Expenses (Refer Schedule 18 (32))	12,870	9,401
VIII. Law Charges	53,945	29,251
IX. Postages, Telegrams, Telephones etc.	355,760	307,339
X. Repairs and Maintenance	697,175	745,227
XI. Insurance	132,523	106,830
XII. Other Expenditure	3,339,478	1,745,342
TOTAL	14,963,806	12,300,770

Significant Accounting Policies forming part of the Financial Statements

For the year ended March 31, 2022

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 nine languages, a mobile banking application that is accessible in five 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 recognized 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 results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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.

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.

Significant Accounting Policies forming part of the Financial Statements

For the year ended March 31, 2022

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 realizable value, any write-down is recognized 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 amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Bank uses a rebuttable presumption 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 amortization method are reviewed at least at the Balance Sheet date. If the expected useful life of the asset significantly differs from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization 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.

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:

- Held to Maturity (HTM) – Securities acquired with the intention to hold till maturity.
- Held for Trading (HFT) – Securities acquired with the intention to trade.

Significant Accounting Policies forming part of the Financial Statements

For the year ended March 31, 2022

- (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 amortized 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.
- (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) In the event, 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 is credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA). The balance in 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.

Significant Accounting Policies forming part of the Financial Statements

For the year ended March 31, 2022

- (x) In accordance with the RBI guidelines, repurchase and reverse repurchase 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.

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:

- net profit on sale of investments during the year;
- net profit for the year less mandatory appropriations.

This reserve will be created until the amount of IFR is at least 2 percent 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:

- 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.
- 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 vide Schedule 9 to financial statements if 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" 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.

Significant Accounting Policies forming part of the Financial Statements

For the year ended March 31, 2022

Floating provisions to the extent not considered for computation of tier-II capital is subtracted from advances (schedule 9).

Amounts recovered during the year against bad debts written off in earlier periods are reduced from provisions and contingencies in the Profit and Loss Account. 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 other institutions) are recognized in the Profit and Loss Account on accrual basis, except in the case of Non- Performing Assets. Interest Income on Non- Performing Assets is recognized upon realization 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 recognized 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.

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 recognized 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 recognizes 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

Significant Accounting Policies forming part of the Financial Statements

For the year ended March 31, 2022

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 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 LEASES

Lease arrangements where risk and rewards incidental to ownership of an 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.

3.10 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.

3.11 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.

3.12 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

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there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized; 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 realized against future taxable income.

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.

3.13 PROVISIONS AND CONTINGENCIES

A provision is recognized 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.

3.14 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.

3.15 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.

3.16 TRANSACTIONS INVOLVING FOREIGN EXCHANGE

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.

3.17 CORPORATE SOCIAL RESPONSIBILITY

Expenditure towards CSR, in accordance with companies act are recognised in the profit and loss account.

Notes to financial statements

for the year ended March 31, 2022

SCHEDULE 18

1 Capital

1.1 Capital Infusion

During the year ended March 31, 2022, the Bank did not allot any equity shares pursuant to the exercise of options under the approved Employee Stock Option Plan (ESOP) 2019. However, it has granted fresh options to employees to an aggregate extent of 3,06,39,119 shares of ₹ 10 each. 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)

Under New Capital Adequacy Framework and Operating Guidelines for Small Finance Bank 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	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
Common Equity Tier 1 capital (A)	20,790,465	26,626,710
Additional Tier 1 capital (B)	2,000,000	2,000,000
Tier 1 capital (A+B)	22,790,465	28,626,710
Tier 2 capital	24,455,217	1,572,613
Total capital (Tier 1+ Tier 2)	47,245,682	30,199,323
Total Risk weighted assets (RWA)	128,790,899	114,199,553
Common Equity Tier I Capital Ratio (as a percentage of Credit RWA)	16.14%	23.32%
Tier I Capital Ratio (as a percentage of Credit RWA)	17.70%	25.06%
Tier II Capital Ratio (as a percentage of Credit RWA)	1.29%	1.38%
Total Capital to Risk weighted asset Ratio (CRAR) (as a percentage of Credit RWA)	18.99%	26.44%
Percentage of shareholding		
a) Government of India	Nil	Nil
b) State Government		
c) Sponser Bank		
Amount of equity capital raised	-	910
Amount of non-equity Tier-I Capital Raised; of which		
Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
Amount of Tier II Capital raised; of which		
Debt Capital Instrument	-	-

1A Reserves and Surplus

Statutory Reserve

The Bank has not made any appropriation to the statutory reserve for the current year (2021-22), in view of the loss incurred during the year. But For the previous year (2020-21) the bank made an appropriation of ₹ 20,742 ('000) 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.

Capital Reserve

During the year ended March 31, 2022 the Bank appropriated ₹ 13,856 ('000) (PY: ₹ 193,271('000), being the profit from sale of Investments under HTM category, net of applicable taxes only and transfer to statutory reserve, from the Profit and Loss Account to the Capital Reserve

Notes to financial statements

for the year ended March 31, 2022

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. The balance held in IFR as at March 31, 2022 is more than 2% of the outstanding HFT and AFS portfolios as on that date. Accordingly, during the year ended March 31, 2022, the Bank has not made any appropriation to IFR from the profit and loss account. A sum of ₹ 52,829 ('000) was transferred to IFR account from Profit and Loss Account in the financial year 2020-21.

Draw down from reserves

Share Premium

The Bank has not undertaken any drawdown from share premium during the year ended March 31, 2022 and March 31, 2021.

2 Investments

2.1 Details of Investments

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
Value of Investments		
(i) Gross Value of Investments		
(a) In India	41,532,752	25,164,501
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	3,404	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	41,529,348	25,164,501
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	3,404	-
(iii) Less : Write-off / (write-back) of excess provisions during the year	-	-
(iv) Closing balance	3,404	-
Movement of Investment Fluctuation Reserve		
a) Opening balance	205,131	152,302
b) Add: Amount transferred during the year	-	52,829
c) Less: Drawdown	-	-
d) Closing balance	205,131	205,131
Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	3.23%	6.54%

Notes to financial statements

for the year ended March 31, 2022

	(₹ in 000's)										
	Investments in India					Investments outside India					
	Government securities	Other approved securities	Shares	Debentures and bonds	Subsidiaries and/or Joint Ventures	Others -Security receipts, pass through certificates, mutual fund etc.*	Total Investments in India (including local authorities)	Government securities	Subsidiaries and/or Joint Ventures	Others -Security receipts, pass through certificates, mutual fund etc.*	Total 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	-	-	-	-	6,014,610	-	-	-	6,014,610
Less: Provision for depreciation and NPI	3,404	-	-	-	-	-	3,404	-	-	-	3,404
Net	5,883,910	1,002	-	-	-	-	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	-	-	-	-	41,532,752	-	-	-	41,532,752
Less: Provision for non-performing Investments(NPI)	-	-	-	-	-	-	-	-	-	-	-
Net	41,405,456	1,002	-	-	-	-	41,532,752	-	-	-	41,532,752
Less: Provision for depreciation and NPI	3,404	-	-	-	-	-	3,404	-	-	-	3,404
Net	41,402,052	1,002	-	-	-	-	41,529,348	-	-	-	41,529,348

Notes to financial statements

For the year ended March 31, 2022

2.2 Composition of Investment Portfolio (Cont.) As on March 31, 2021

	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.*	Government securities	Subsidiaries and/or Joint Ventures	Others - Security receipts, pass through certificates, mutual fund etc.*	
Held to Maturity										
Gross	22,027,759					22,027,759				22,027,759
Less: Provision for non-performing Investments (NPI)										
Net	22,027,759					22,027,759				22,027,759
Available For Sale										
Gross	2,163,004	1,002				972,736				3,136,742
Less: Provision for depreciation and NPI										
Net	2,163,004	1,002				972,736				3,136,742
Held for Trading										
Gross										
Less: Provision for depreciation and NPI										
Net										
Total Investments										
Gross	24,190,763	1,002				972,736				25,164,501
Less: Provision for non-performing Investments (NPI)										
Less: Provision for depreciation and NPI										
Net	24,190,763	1,002				972,736				25,164,501

Notes to financial statements

for the year ended March 31, 2022

2.3 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	1,380,000				5,944,651				3,696,408				3,880,000			
ii) Corporate debt securities	-				-				-				-			
Security purchased under reverse repo																
i) Government Securities	570,000				16,000,000				8,003,977				9,239,885			
ii) Corporate debt securities	-				-				-				-			

Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31, 2021:

Particulars	Minimum outstanding during the Year				Maximum outstanding during the Year				Daily average outstanding during the Year				Outstanding as on March 31, 2021			
Securities sold under repo																
i) Government Securities	1,380,000				3,784,622				2,262,338				1,380,000			
ii) Corporate debt securities	-				-				-				-			
Security purchased under reverse repo																
i) Government Securities	-				16,450,000				7,124,355				12,820,000			
ii) Corporate debt securities	-				-				-				-			

2.4 Non-SLR Investment Portfolio

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	Extent of 'unlisted securities'
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.

Notes to financial statements

For the year ended March 31, 2022

Issuer Composition of Non-SLR Investments as at March 31, 2021 are as follows:

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	(₹ in 000's)	
				Extent of 'unrated' securities	Extent of 'unlisted securities'
i) Public Sector Undertakings	-	-	-	-	-
ii) Financial Institutions	-	-	-	-	-
iii) Banks	-	-	-	-	-
iv) Private Corporates	1,002	-	-	-	1,002
v) Subsidiaries/Joint Ventures	-	-	-	-	-
vi) Others	972,736	-	-	-	-
vii) Provision held towards depreciation	-	-	-	-	-
Total	973,738	-	-	-	1,002

Note: Amounts reported under columns 3,4,5 and 6 above are not mutually exclusive

2.5 Non-Performing Non-SLR Investments

The Bank does not have any Non-Performing Non-SLR Investments as at March 31, 2022 and March 31, 2021.

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 per cent 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 Non-Performing Assets:

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
(i) Net NPAs to Net advances (%)	0.61%	2.93%
(ii) Movement of Gross NPAs		
Opening balance	10,705,976	1,371,410
Add: Additions (Fresh NPAs) during the year #*	20,883,500	10,328,031
Subtotal (A)	31,589,476	11,699,441
Less: Reductions during the year #		
(i) Upgradations	5,663,179	100,446
(ii) Recoveries (excluding recoveries made from upgraded accounts)	5,199,725	154,553
(iii) Technical/ Prudential Write-offs (only principal amount)	7,524,359	-
(iv) Write-offs other than those under (iii) above	361,440	738,466
Subtotal (B)	18,748,703	993,465
Closing balance (A-B)	12,840,773	10,705,976
(iii) Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	6,460,136	1,096,516
Add: Provisions made during the year	13,557,632	6,142,370
Add: Floating provision made during the year(not considered as part of Tier -II capital)	2,500,000	-

Notes to financial statements

For the year ended March 31, 2022

Non-Performing Assets (Cont.)

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
Less: Write-back of excess provisions	10,672,974	778,750
Closing balance	11,844,794	6,460,136
(iv) Movement of Net NPAs		
Opening balance	4,245,840	274,894
Add: Additions during the year #*	7,594,986	4,299,436
Less: Reductions during the year #*	8,344,846	328,490
Less: Floating provision made during the year(not considered as part of Tier -II capital)	2,500,000	-
Closing balance	995,979	4,245,840

additions and reductions do not include cases which have become NPA during the year and subsequently moved out of NPA in the same year.

*Outstanding balance as of March 31, 2022 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.

4.2 Technical or Prudential Write Offs:

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the product level systems, but have been written-off (fully or partially) at the financial ledger level. The financial accounting systems of the Bank are integrated and centralised at the Head Office and no books are maintained at the Branches.

Movement in the stock of technically or prudentially written-off accounts given below:

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
Opening balance of technical / prudential write-offs accounts	-	-
Add: Technical/Prudential write offs during the Year (only principal amount)	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	-

Ratios:

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
Gross NPA to Gross Advances	7.34%	7.07%
Net NPA to Net Advances	0.61%	2.93%
Provision Coverage Ratio	92.20%	60.34%

4.3 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.

Notes to financial statements

for the year ended March 31, 2022

The provision written back in respect of standard assets during the year amounting to ₹ 16,25,877 ('000) is pertaining to previous year(s).

Particulars	₹ in 000's	
	As on March 31, 2022	As on March 31, 2021
Provisions towards Standard Assets	1,459,621	3,085,498

4.4 Unsecured advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorizations, etc. The Advances as at March 31, 2022 of ₹ 1,19,200,659('000) (March 31, 2021 of ₹ 1,04,689,831 ('000)) disclosed in Schedule 9B (iii) are without any primary or collateral security.

4.5 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 2020), there is no financial divergence reported.

4.6 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(38).

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.

4.7 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.

4.8 Intra-Group Exposure

During the current and previous year, the Bank does not have any Intra Group Exposure.

4.9 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, 2022. (March 31, 2021: Nil). However, the Bank has restructured 4,14,930 accounts of borrowers with outstanding of ₹ 85,48,047 (in 000's) on the date of restructuring, affected by COVID in accordance with extant RBI Restructuring Framework II norms.

5 BUSINESS RATIOS:

Particulars	₹ in 000's	
	As on March 31, 2022	As on March 31, 2021
Interest income as a percentage to working funds ¹	13.81%	14.67%
Non-interest income as a percentage to working funds ¹	1.54%	1.62%
Cost of Deposits	6.16%	7.09%
Net interest Margin	8.79%	9.45%
Operating profit as a percentage to working funds ^{1,4}	2.91%	4.23%
Return on assets ²	(2.04%)	0.04%
Business (deposits plus gross advances) per employee (in 000's) ³	18,099	13,772
Profit/(Loss) per employee (in 000's)	(252.63)	4.82

Notes:

- 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.
- Returns on assets are computed with reference to average working funds.

Notes to financial statements

for the year ended March 31, 2022

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	₹ in 000's	
	As on March 31, 2022	As on March 31, 2021
Total Deposits to twenty largest Depositors	41,157,769	38,476,328
Percentage of Deposits of twenty largest Depositors to Total Deposits of the Bank	22.50%	29.29%

6.2 Concentration of Advances*

Particulars	₹ in 000's	
	As on March 31, 2022	As on March 31, 2021
Total Advances to twenty largest Borrowers	7,037,837	5,930,209
Percentage of Advances of twenty largest Borrowers to Total Advances of the Bank	3.94%	3.88%

*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

6.3 Concentration of Exposures*

Particulars	₹ in 000's	
	As on March 31, 2022	As on March 31, 2021
Total Exposure to twenty largest Borrowers/Customers	7,037,837	14,104,259
Percentage of Exposures of twenty largest Borrowers/Customers to Total Exposure of the Bank on borrowers/customers	3.94%	8.70%

*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	₹ in 000's	
	As on March 31, 2022	As on March 31, 2021
Total Exposure to the top twenty NPA accounts	193,853	100,417
Percentage of Exposures to the twenty largest NPA exposure to total Gross NPAs	1.51%	0.94%

Notes to financial statements

For the year ended March 31, 2022

7 SECTOR-WISE ADVANCES AND NPA

As on March 31, 2022

Sector	Outstanding Total Advances	Gross NPAs	(% of Gross NPAs to Total Advances in that sector)
			(₹ in 000's)
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%
-of which Housing Loans	22,673,591	1,432,032	6.32%
Sub-Total (A)	136,621,709	10,913,812	7.99%
Non-Priority 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%

As on March 31, 2021

Sector	Outstanding Total Advances	Gross NPAs	(% of Gross NPAs to Total Advances in that sector)
			(₹ in 000's)
Priority sector:			
Agriculture and allied activities	15,854,646	1,334,371	8.42%
Advances to industries eligible as priority sector lending	4,675,067	485,661	10.39%
Services	450,620	46,238	10.26%
Personal loans	61,748,058	3,597,324	5.83%
-of which Housing Loans	17,174,983	1,040,457	6.06%
Sub-Total (A)	82,728,391	5,463,594	6.60%
Non-Priority sector:			
Agriculture and allied activities	22,500,240	1,893,681	8.42%
Services	6,484,791	956	0.01%
-of which NBFC Loans	6,484,791	-	0.00%
Personal loans	39,686,232	3,347,745	8.44%
-of which Housing Loans	10,304,792	271,485	2.63%
Sub-Total (B)	68,671,263	5,242,382	7.63%
Total (A) + (B)	151,399,654	10,705,976	7.07%

Notes to financial statements

for the year ended March 31, 2022

8 PRIORITY SECTOR LENDING CERTIFICATES (PSLC)

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	PSLC Sold	PSLC Purchased	PSLC Sold	PSLC Purchased
1) PSLC Agriculture	-	-	-	-
2) PSLC Small Farmers / Marginal Farmers	11,500,000	-	22,500,000	-
3) PSLC Micro Enterprises	5,000,000	11,310,000	18,000,000	-
4) PSLC General	-	-	-	-
Total	16,500,000	11,310,000	40,500,000	-

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, 2022 ₹: 42,50,000 ('000) and for March 31, 2021 is Nil.

10 ASSET LIABILITY MANAGEMENT (ALM)

Maturity Pattern of certain items of Assets and Liabilities Specified Assets and Liabilities as on March 31, 2022:

Maturity Buckets	Loans & Advances				Investments				Deposits				Borrowings			
	Loans & Advances				Investments				Deposits				Borrowings			
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:

- The bucketing structure has been revised based on RBI guideline dated March 23, 2016.
- The Bank is following 30 day month convention for calculation of bucket sizes for ALM.
- There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2022.
- 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, 2022

Specified Assets and Liabilities as on March 31, 2021

Maturity Buckets	(₹ in 000's)			
	Loans & Advances	Investments	Deposits	Borrowings
1 day	15,446	-	306,460	-
2 days to 7 days	1,479,981	-	3,076,031	-
8 days to 14 days	2,771,855	-	2,304,519	5,221,400
15 days to 30 days	4,315,983	-	3,421,202	-
31 days to 2 months	7,924,119	248,886	7,098,127	6,221,400
Over 2 months up to 3 months	7,701,434	-	9,486,291	1,538,000
Over 3 months up to 6 months	21,905,795	988,507	19,014,365	4,045,500
Over 6 months up to 12 months	35,159,196	2,917,289	48,776,103	6,320,467
Over 1 year up to 3 years	34,178,515	1,106,833	37,444,601	8,626,400
Over 3 years up to 5 years	9,710,519	1,503,046	362,104	500,000
Over 5 years	19,776,675	18,399,940	67,870	-
Total	144,939,518	25,164,501	131,357,673	32,473,167

Note:

- The bucketing structure has been revised based on RBI guideline dated March 23, 2016.
- The Bank is following 30 day month convention for calculation of bucket sizes for ALM.
- There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2021
- 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.
- 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, 2022	As on March 31, 2021
A) Direct Exposure		
i) Residential Mortgages (of which housing loans eligible for Inclusion in priority sector Advances)	26,881,365 15,685,343	33,720,696 12,332,350
ii) Commercial Real Estate	463,348	-
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures: - Residential - Commercial Real Estate	- - -	- - -
Total (A)	27,344,713	33,720,696
B) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	1,026,042
Total (B)	-	1,026,042
Total Real Estate Exposure (A+B)	27,344,713	34,746,738

Notes to financial statements

For the year ended March 31, 2022

11.2 Exposure to Capital Market:

Sl. No.	Particulars	(₹ in 000's)	
		As on March 31, 2022	As on March 31, 2021
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;	-	-
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	1,002	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, 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;

- 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
- 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.

Year ended March 31, 2021

During the FY 2020-21, RBI has not imposed any penalty on the Bank.

Notes to financial statements

For the year ended March 31, 2022

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	₹ in 000's	
		As on March 31, 2022	As on March 31, 2021
	Customer complaints (received by the bank)	FY 2021 - 2022	FY 2020 - 2021
1	Number of complaints pending at beginning of the year	561	1,056
2	Number of complaints received during the year	22,812	26,985
3	Number of complaints disposed during the year	23,060	27,480
	Of which, number of complaints rejected by the bank	532	370
4	Number of complaints pending at the end of the year	313	561
	Maintainable complaints received by the bank from OBOS		
5	Number of maintainable complaints received by the bank from OBOS	142	133
	Of 5, number of complaints resolved in favour of the bank by BOs	139	125
	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	3	8
	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

15 TOP FIVE GROUNDS OF COMPLAINTS RECEIVED BY THE BANK FROM CUSTOMERS:

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 received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
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.

Notes to financial statements

For the year ended March 31, 2022

For the year ended March 31, 2021

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
ATM/Debit Cards	270	8,420	-24%	160	18
Internet/Mobile/Electronic Banking	389	6,871	-53%	181	12
Account opening/difficulty in operation of accounts	73	5,905	9%	59	-
Others	138	2,735	20%	110	34
Levy of charges without prior notice/excessive charges/foreclosure charges Loans and advances	13	1,357	27%	27	2
Miscellaneous Items*	173	1,697	-18%	24	5
Total	1,056	26,985	-26%	561	71

*It includes loans and advances, staff behaviour, Non-observance of Fair Practices Code and Mis-selling/Para-banking, Cheques/draft/bills.

16 FRAUD ACCOUNTS

Particulars	₹ in 000's	
	As on March 31, 2022	As on March 31, 2021
Number of frauds reported	383	203
Amount involved in fraud	53,053	23,561
Amount of provision made for such frauds *	26,091	9,690
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, 2022	As on March 31, 2021
Provision for NPA (including bad debts written off and net off bad debts written off earlier and now recovered)	12,804,336	6,022,293
Provision for Standard Assets	(1,625,877)	1,882,215
Provision for Income tax (Net of deferred tax liability/(asset) of ₹ (13,57,681) (000's) ₹ (16,91,058) (000's) previous year.) refer schedule 18 (26.1)	(1,357,681)	19,006
Other Provisions	229,986	1,353
Total	10,050,764	7,924,868

Notes to financial statements

For the year ended March 31, 2022

18 BANCASSURANCE BUSINESS

Commission income for the year ended March 31, 2022 includes fees of ₹ 2,64,065 (000's) (previous year: ₹ 1,98,513 (000's)) in respect of insurance business.

19. LIQUIDITY COVERAGE RATIO (LCR)

The Bank adheres to RBI guidelines on given in "Basel III Framework on Liquidity Standards - (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 as 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, 2022

19. (A) QUANTITATIVE DISCLOSURE AROUND LCR

Particulars	Quarter ended March 31, 2022**		Quarter ended December 31, 2021**		Quarter ended September 30, 2021**		Quarter ended June 30, 2021**	
	Unweighted Value (average)*	Total Weighted Value (average)*	Unweighted Value (average)*	Total Weighted Value (average)*	Unweighted Value (average)*	Total Weighted Value (average)*	Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (HQLA)		37,732,514		33,362,312		37,486,035		33,959,990
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	8,386,127	419,306	-	-	-	-	28,954,577	1,447,729
(ii) Less stable deposits	66,143,222	6,614,322	65,937,629	6,593,763	59,352,210	5,935,221	24,863,926	2,486,393
3. Unsecured wholesale funding, of which:								
(i) Operational deposits (all counterparties)	-	-	33,725,306	21,668,627	36,128,303	25,763,253	38,024,236	28,594,202
(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	2,555,283	127,764	1,640,564	82,028	1,114,300	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		37,732,514		33,362,312		37,486,035		33,959,990
14. Total Net Cash Outflows		29,849,874		24,068,279		24,661,457		24,641,916
15. Liquidity Coverage Ratio (%)		126.41%		138.62%		152.00%		137.81%

*Average weighted and unweighted amounts are calculated taking simple daily average for all quarters.

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For the year ended March 31, 2022

Quantitative disclosure around LCR
The table sets out Quantitative information for all four quarters of the financial year ended March 31, 2021 as follows:

Particulars	Quarter ended March 31, 2021**		Quarter ended December 31, 2020**		Quarter ended September 30, 2020**		Quarter ended June 30, 2020**	
	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)	28,873,606	31,296,181	31,296,181	33,000,760	30,357,704			
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	29,959,748	1,497,987	27,272,508	1,363,626	25,700,143	1,285,007	24,031,706	1,201,585
(ii) Less stable deposits	20,512,086	2,051,209	19,832,633	1,983,263	19,189,184	1,918,919	17,966,947	1,796,695
3. Unsecured wholesale funding, of which:								
(i) Operational deposits (all counterparties)	36,267,427	27,444,723	31,555,771	23,527,722	34,774,533	25,688,646	32,876,871	25,358,890
(ii) Non-operational deposits (all counterparties)	9,715,356	892,652	8,833,239	805,189	10,021,878	935,991	8,286,788	768,807
(iii) Unsecured debt	26,552,071	26,552,071	22,722,532	22,722,533	24,752,655	24,752,655	24,590,083	24,590,083
4. Secured wholesale funding	488,582	41,680	300,773	-	1,297,135	45,112	472,018	-
5. Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements	777,013	38,851	588,376	29,419	510,292	25,515	575,887	28,794
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	777,013	38,851	588,376	29,419	510,292	25,515	575,887	28,794
6. Other contractual funding obligations	45,220	45,220	36,263	36,263	34,151	34,151	44,726	44,727
7. Other contingent funding obligations	647,011	258,804	622,918	249,167	716,748	286,699	687,667	275,067
8. Total Cash Outflows	88,697,087	31,378,474	80,209,242	27,189,460	82,222,186	29,284,049	76,655,822	28,705,758
Cash Inflows								
9. Secured lending (e.g. reverse repos)	5,394,687	-	5,600,451	-	9,994,792	-	7,391,993	-
10. Inflows from fully performing exposures	10,256,197	6,515,970	14,319,500	9,664,081	15,443,327	10,614,002	8,636,946	5,907,255
11. Other cash inflows	510,753	-	500,000	-	500,000	-	500,000	-
12. Total Cash Inflows	16,161,637	6,515,970	20,419,951	9,664,081	25,938,119	10,614,002	16,528,939	5,907,255
13. TOTAL HQLA	28,873,606	31,296,181	31,296,181	33,000,760	30,357,704			
14. Total Net Cash Outflows	24,862,504	17,525,379	17,525,379	18,670,047	22,798,503			
15. Liquidity Coverage Ratio (%)	116.13%	178.58%	178.58%	176.76%	133.16%			

*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, 2021. Disclosure for quarter ended March 31, 2021 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, 2022

19. (B) NET STABLE FUNDING RATIO AS ON MARCH 31, 2022

Particulars	Unweighted value by residual maturity				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, 2022

20. DISCLOSURE ON RESTRUCTURING

Disclosure on accounts subjected to Restructuring for the year ended March 31, 2022

Sr No.	Type of Restructuring	Under CDR Mechanism				Under SME debt restructuring mechanism				
		Standard		Loss		Standard		Loss		
		Substandard	Doubtful	Total	Substandard	Doubtful	Total	Total		
Asset Classification										
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, 2022 (closing figures)	No. of Borrowers								
		Amount Outstanding								
		Provision thereon								

Notes to financial statements

for the year ended March 31, 2022

Sr No.	Type of Restructuring	Others				Total				
		Standard		Loss		Standard		Loss		
		Substandard	Doubtful	Total	Substandard	Doubtful	Total	Total		
Asset Classification										
1	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								

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, 2022

Sr No.	Type of Restructuring	Others				Total			
		Standard	Substandard	Doubtful	Loss	Standard	Substandard	Doubtful	Loss
	Asset Classification Details								
1	Restructured Accounts as on April 1 of the FY (opening figures)	23,670	2,226	49	-	23,670	2,226	49	-
	Amount Outstanding	313,166	41,870	3,718	-	313,166	41,870	3,718	-
2	Fresh restructuring during the year#	20,117	32,247	3,229	-	20,117	32,247	3,229	-
	Amount Outstanding	429,312	3	-	-	429,312	3	-	-
	Amount Outstanding	10,117,680	28	-	-	10,117,708	10,117,680	28	-
3	Up gradation to restructured standard category during the year	820,862	9	-	-	820,862	9	-	-
	No. of Borrowers	4	(4)	-	-	4	(4)	-	-
	Amount Outstanding	11	(74)	-	-	11	(74)	-	-
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	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	(26,129)	24,886	1,224	18	(26,129)	24,886	1,224	18
	Amount Outstanding	(521,945)	448,047	21,990	1,708	(521,945)	448,047	21,990	1,708
	Provision thereon	(40,930)	235,306	21,802	1,708	(40,930)	235,306	21,802	1,708
6	Increase/Decrease in existing restructured accounts during the year	-	1	-	-	-	1	-	-
	Amount Outstanding	(1,248,971)	(8)	(19)	-	(1,248,971)	(8)	(19)	-
	Provision thereon	(90,611)	(8)	(19)	-	(90,611)	(8)	(19)	-
7	Write-offs/fully repaid of restructured accounts during the year	(58,713)	(1,027)	(25)	-	(58,713)	(1,027)	(25)	-
	Amount Outstanding	(746,997)	(15,215)	(231)	-	(746,997)	(15,215)	(231)	-
	Provision thereon	(41,205)	(11,886)	(231)	-	(41,205)	(11,886)	(231)	-
8	Restructured Accounts as on March 31, 2021 (closing figures)	368,144	26,085	1,248	18	368,144	26,085	1,248	18
	Amount Outstanding	7,912,944	474,648	25,458	1,708	7,912,944	474,648	25,458	1,708
	Provision thereon	668,234	255,629	24,781	1,708	668,234	255,629	24,781	1,708

Notes to financial statements

for the year ended March 31, 2022

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:

	As on March 31, 2022	As on March 31, 2021
(₹ in 000's)		
Changes in the present value of the obligation		
Opening balance of Present Value of Obligation	561,538	444,552
Interest Cost	33,952	27,885
Current Service Cost	114,586	117,997
Benefits Paid	(68,672)	(23,097)
Actuarial loss / (gain) on Obligation	(40,716)	(5,799)
Acquisitions/Divestures/Transfers	1,148	-
Closing balance of Present Value of Obligation	601,836	561,538
Reconciliation of opening and closing balance of the fair value of the Plan Assets		
Opening balance of Fair value of Plan Assets	459,403	294,783
Adjustment to Opening Balance	-	-
Transfer In/Acquisitions	1,148	-
Expected Return on Plan assets	29,371	23,064
Contributions	62,000	149,796
Other charges (Service tax, FMC, Mortality charges, etc)	-	-
Benefits Paid	(68,672)	(23,097)
Actuarial Gain/(loss) Return on Plan Assets	4,462	14,857
Closing balance of Fair Value of Plan Assets	487,712	459,403
Actual Return on Plan Assets	33,833	37,921

	Year ended March 31, 2022	Year ended March 31, 2021
(₹ in 000's)		
Profit and Loss – Expenses		
Current Service Cost	114,586	117,997
Interest Cost	33,952	27,885
Expected Return on Plan assets	(29,371)	(23,064)
Net Actuarial loss/(gain) recognized in the year	(45,177)	(20,656)
Expenses recognized in the Profit and Loss Account	73,989	102,162

	As on March 31, 2022	As on March 31, 2021
(₹ in 000's)		
Funded status (100% Insurance managed funds)		
Actuarial Assumptions		
Discount Rate	7.08%	6.44%
Expected Rate of Return on Plan Assets	6.44%	6.44%
Expected Rate of Salary Increase	9.00%	9.00%
Employee Attrition Rate	21.74%	19.69%

Notes to financial statements

for the year ended March 31, 2022

EMPLOYEE BENEFITS (AS-15) REVISED (CONT.)

Particulars	(₹ in 000's)				
	As on March 31, 2022	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019	As on March 31, 2018
Experience Adjustments					
Plan Assets	487,712	459,403	294,783	232,305	171,565
Defined benefit obligation	601,836	561,538	444,552	310,438	227,763
Surplus/ (Deficit)	(114,125)	(102,135)	(149,769)	(78,133)	(56,198)
Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligation	(566)	(8,681)	(8,038)	3,788	13,670

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.

Category of Plan Assets	(₹ in 000's)	
	As on March 31, 2020	As on March 31, 2019
Assets Under Insurance Schemes	100%	100%

- 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.
- During the current and previous year the Bank does not have unamortised gratuity and pension liability.
- 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.
- 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, 2022	As on March 31, 2021
Privileged Leave Actuarial Liability	442,876	428,875
Assumptions		
Discount Rate	7.08%	6.44%
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, 2022	As on March 31, 2021
(i) Provident fund Contributed to the Authorities	186,635	155,454
(ii) Pension fund Contributed to the Authorities	233,215	240,398
(iii) National pension scheme Contributed to Authorities	10,210	8,858

Notes to financial statements

for the year ended March 31, 2022

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.

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.

(₹ in 000's)

Part A: Business segments					
Sr. No	Business Segments →	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
Particulars ↓		March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022
1	Revenue	2,821,324	27,692,669	746,743	31,260,736
2	Unallocated Revenue	-	-	-	-
3	(less) Inter Segment Revenue	-	-	-	-
4	Total Income (1+2-3)	2,821,324	27,692,668	746,743	31,260,736
5	Segment Result	(904,885)	(4,625,315)	375,175	(5,155,025)
6	Unallocated Expenses	-	-	-	348,560
7	Operating Profit	-	-	-	(5,503,585)
8	Tax Expenses (including deferred tax)	-	-	-	(1,357,681)
9	Extraordinary Profit/ Loss	-	-	-	-
10	Net Profit (5-6-8-9)	-	-	-	(4,145,905)
	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.

Notes to financial statements

For the year ended March 31, 2022

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.

(₹ in 000's)					
Part A: Business segments					
Sr. No	Business Segments →	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
Particulars ↓		March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022
1	Revenue	3,193,116	27,408,339	567,407	31,168,862
2	Unallocated Revenue	-	-	-	-
3	(less) Inter Segment Revenue	-	-	-	-
4	Total Income (1+2-3)	3,193,116	27,408,339	567,407	31,168,862
5	Segment Result	1,029,285	(481,699)	297,429	845,015
6	Unallocated Expenses	-	-	-	743,040
7	Operating Profit	-	-	-	101,975
8	Tax Expenses (including deferred tax)	-	-	-	19,006
9	Extraordinary Profit/ Loss	-	-	-	-
10	Net Profit (5-6-8-9)	-	-	-	82,969
Other Information:					
11	Segment Assets	49,303,326	145,452,429	6,486,523	201,242,278
12	Unallocated Assets	-	-	-	2,562,262
13	Total Assets	-	-	-	203,804,540
14	Segment Liabilities	41,516,690	122,480,649	5,462,085	169,459,425
15	Unallocated Liabilities	-	-	-	2,157,595
16	Capital Employed	7,786,636	22,971,829	1,024,423	31,782,888
17	Unallocated Capital Employed	-	-	-	404,632
18	Total Capital Employed	-	-	-	32,187,520

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, 2022 are disclosed below:

Holding company :

Ujjivan Financial Services limited (UFSL)

Key Management Personnel (KMP) :

Mr. Nitin Chugh (Managing Director and CEO)	(Up to September 30, 2021)
Mr. Ittira Davis (Managing Director and CEO)	(From January 14, 2022)
Ms Upma Goel (Chief Financial Officer)	(Up to September 30, 2021)
Mr. M.D. Ramesh Murthy (Chief Financial Officer)	(From March 14, 2022)
Mr. Chanchal Kumar (Company Secretary)	
Mr. Martin P S (Officer on Special Duty)	(From September 16, 2021 to January 13, 2022)

Notes to financial statements

For the year ended March 31, 2022

Directors :

Mr. Umang Bedi (Independent Director)*

Mrs. Mona Kachhwaha (Non-Executive Director)**

Mr. Prabal Kumar Sen (Independent Director)***

Ms. Chitra K Alai (Nominee Director)****

Mr. Mahadev Lakshminarayanan (Independent Director)*****

Mr. Nandlal Laxminarayan Sarada (Independent Director)*****

Mr. Harish Devarajan (Additional Independent Director)*****

Mr. Umesh Bellur (Additional Independent Director)*****

Mrs. Rajni Anil Mishra (Additional Independent Director)^

Mr. Rajesh Kumar Jogi (Additional Non-Independent Director)^

Mr. Banavar Anantharamaiah Prabhakar (Independent Director)^

Mr. Ravichandran Venkataraman (Independent Director)^

Mr. Samit Kumar Ghosh (Non-Executive Director)^

Ms. Sudha Suresh (Non-Executive Director)^

Mr. P N Raghunath (Additional Director)^

Mr. Satyaki Rastogi (Nominee Director)^

*Resigned as Independent Director of the Bank w.e.f October 1, 2021

**Resigned as Non- Executive Director w.e.f August 10, 2021

***Resigned as Independent Director w.e.f January 15, 2022

****Resigned as Nominee Director w.e.f December 22, 2021.

*****Resigned as Independent Director w.e.f June 18, 2021.

*****Resigned as Independent Director w.e.f July 26, 2021.

*****Resigned as Non-Executive Director of the Bank w.e.f July 23, 2021.

*****Resigned as Additional Non-Independent Director of the Bank w.e.f August, 12, 2021.

*****Resigned as Additional Independent Director of the Bank w.e.f September, 27, 2021.

^Appointed as Additional Independent Director of the Bank w.e.f December 16, 2020.

^Appointed as Additional Non-Independent Director of the Bank w.e.f March 13, 2021.

^^Appointed as Independent Director of the Bank w.e.f August, 20, 2021.

^^^Appointed as Independent Director of the Bank w.e.f August, 20, 2021.

^^^^Appointed as Non-Executive Director of the Bank w.e.f August, 20, 2021.

^^^^^Appointed as Non-Executive Director of the Bank w.e.f August, 20, 2021.

^^^^^^Appointed as Additional Director of the Bank w.e.f November, 29, 2021.

^^^^^^^Appointed as Nominee Director of the Bank w.e.f December, 22, 2021.

Enterprise in which relatives of Director/KMP are members :

Parinaam Foundation (From August 20, 2021)

Notes to financial statements

For the year ended March 31, 2022

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, 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	Total
						(₹ 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.

Notes to financial statements

For the year ended March 31, 2022

Transactions with Related Parties for the year ended March 31, 2021

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	Total
						(₹ in 000's)
Deposit*	(1,292,983)	(223,742)	(3,883)	-	(5,291)	(1,525,899)
	915,040	223,651	3,883	-	4,086	1,146,660
Deposit accepted during the year	905,000	87,575	2,486	42,802	-	1,037,863
Deposit repaid during the year	1,279,580	1,157	2,782	88,591	5,450	1,377,560
Reimbursement of expenses - Amount Paid	3,571	-	-	-	-	3,571
Reimbursement of expenses - Amount Received	4,401	-	-	-	-	4,401
Inter Company Transfer- Amount Received**	38	-	-	-	-	38
Inter Company Transfer- Amount paid***	-	-	-	-	13,485	13,485
Interim Preference Dividend	-	-	-	-	-	-
Bank Contribution to Parinaam Foundation & USFB Welfare and Relief Trust**	-	-	-	-	1,430	1,430
Sitting Fees paid	-	-	12,345	-	-	12,345
Interest on Deposits	79,348	12,169	237	-	500	92,254
Payment of Remuneration ****	-	26,847	-	-	-	26,847
Rendering of services	-	-	-	-	-	-

*Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter end.

** Employee Contribution to USFB Relief Fund through Payroll recovery of ₹ 13485 (000's) & Quantum of Donation by Bank is restricted to 1% of PY Net Profit as per RBI Regulation - ₹ 5,273 (000's)

***The above Remuneration excludes Gratuity provision

Note: An amount of ₹ 21,391 (000's) received by UFSL and an amount of ₹ 435 (000's) is paid by USFB towards employees perquisite tax

Balances with Related Parties for the year

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
Enterprise in which KMP are members		
Ujjivan Welfare and Relief Trust	(5,587)	(8,360)
	5,645	4,175
Outstanding Balance with enterprise in which relative of Key Management Personnel are Members		
Parinaam Foundation	(57,700)	-
	58,947	-
Holding Company		
Ujjivan Financial Services limited	(1,055,776)	(1,292,983)
	1,055,776	917,472
Key Managerial Personnel		
	(228,072)	(223,742)
	3,482	223,651
Directors	(24,289)	(3,883)
	24,289	3,883

Figures in bracket indicates maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter end.

Notes to financial statements

For the year ended March 31, 2022

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, 2022	As on March 31, 2021
i) Not later than one year	703,900	701,292
ii) Later than one year but not later than five years	2,755,326	2,949,350
iii) Later than five years	308,423	843,697

Particulars	(₹ in 000's)	
	Year ended March 31, 2022	Year ended March 31, 2021
The total of minimum lease payments recognized in the Profit and Loss Account for the year	746,232	704,964

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)	
	Year ended March 31, 2022	Year ended March 31, 2021
Profit available to equity share holders (in 000's) - (A)	(4,145,904)	82,969
Weighted average shares outstanding – Basic (Nos. in 000's) - (B)	1,728,314	1,728,244
Weighted average shares outstanding – Diluted (Nos. in 000's) - (C)	1,728,314	1,728,743
Nominal Value of Equity Shares (₹)	10	10
Earnings per share – Basic (₹) - (A/B)	(2.40)	0.05
Earnings per share – Diluted (₹)	(2.40)	0.05

Note:- The effect of potential equity shares on EPS is anti-dilutive for the year ended March 31, 2022.

26 MISCELLANEOUS

26.1 Provisions for taxation during the year:

Particulars	(₹ in 000's)	
	Year ended March 31, 2022	Year ended March 31, 2021
Income Tax	-	1,625,457
Income Tax - Prior Period	-	84,607
Deferred tax Liability/ (Asset) - (Refer Schedule 18(27))	(1,357,681)	(1,691,058)
Total	(1,357,681)	19,006

Notes to financial statements

For the year ended March 31, 2022

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, 2022	Year ended March 31, 2021
Opening balance of amounts transferred to DEAF	2,188	2,037
Add: Amounts transferred to DEAF during the year	78	151
Less: Amounts reimbursed by DEAF towards claims	6	-
Closing balance of amounts transferred to DEAF	2,260	2,188

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 undertaken any drawdown from reserves during the financial year ended March 31, 2022 and March 31, 2021.

26.4 Fixed Assets

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
Fixed Assets excluding Computer Software		
Opening balance (cost)	3,531,940	3,346,166
Additions during the year	148,000	213,704
Deduction during the year	(40,997)	(27,930)
Depreciation to date	(2,239,732)	(1,798,200)
Balance at the end of the year	1,399,211	1,733,740

26.5 Computer Software

The movement in fixed assets capitalized as computer software is given below:

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
Opening balance (cost)	1,916,292	1,389,447
Additions during the year	356,771	526,845
Deduction during the year	(28,513)	-
Depreciation to date	(1,207,745)	(890,615)
Balance at the end of the year	1,036,805	1,025,677

26.6 Description of Contingent Liabilities:

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
i) Claims against the Bank not acknowledged as debt		
- Taxation	785,439	17,106
- Other Legal cases	2,969	228,719
ii) Guarantees given on behalf of Constituents	2,500	2,500
iii) Other items for which the Bank is contingently liable		
- Capital commitments not provided	579,137	155,084
- Amount transferred to Depositor Education and Awareness Fund (DEAF)	2,260	2,188
Total	1,372,305	405,597

Notes to financial statements

For the year ended March 31, 2022

Contingent liability	Brief description
Claims against the Bank not acknowledged as debts - taxation	The Bank is a party to various taxation matters in respect of which appeals are pending. The Bank expects the outcome of the appeals to be favourable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and the provisions of Income Tax Act, 1961. It includes ₹ 7,80,113 ('000) intimation received by Bank under section 143(1) on 23-Dec-2021, because an incorrect date of filing of return is considered for processing the intimation order and the bank has filed an appeal with CIT (A) as well as an application for rectification and application for stay in demand with the AO has been filed.
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 Expenditure:

Other expenditure includes below expenses exceeding 1% of the total income of the Bank.

Particulars	₹ in 000's	
	For the year ended March 31, 2022	For the year ended March 31, 2021*
Manpower Cost	629,402	116,003
Collection Agency Charges	314,197	54,711
Local Conveyance	395,334	286,283
NFS - Expenses	410,349	258,474

* Previous year figures did not exceed 1% of the total income of the bank for the FY 2020-21. They have been given as comparative figures for the current year data.

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, 2022 and March 31, 2021.

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, 2022, and at March 31, 2021. Refer note 18(38) of the notes to accounts.

Notes to financial statements

For the year ended March 31, 2022

26.14 Details of factoring exposure

The factoring exposure of the Bank as at March 31, 2022 and as at March 31, 2021 is Nil.

26.15 Country wise risk exposure

The Bank does not have any country wise Risk Exposure as at March 31, 2022 and as at March 31, 2021.

26.16 Unhedged foreign currency exposure

The Bank does not have any unhedged foreign country exposure as at March 31, 2022 and as at March 31, 2021.

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, 2022

Particulars	₹ in 000's		
	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			
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)

As at March 31, 2021

Particulars	₹ in 000's		
	Deferred Tax (Assets) / Liabilities as on April 01, 2020	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as at March 31, 2021
Deferred Tax Liability			
Difference between book and tax depreciation	101,325	722	102,047
Deferred Tax Asset			
Provision for Employee benefits recognised in the financial statements, but to be allowed on payment	(106,520)	(92,978)	(199,498)
Provision for non performing advances/ standard advances recognised in financial statements, but to be allowed on write off	(238,387)	(1,646,801)	(1,885,188)
On account of unobserved losses and allowance			
Others	(156,889)	47,999	(108,890)
Net Deferred Tax (Asset) / Liability	(400,471)	(1,691,058)	(2,091,529)

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 five members out of which three are Independent Directors. Mandate of the Nomination and Remuneration Committee, inter alia, is to oversee the framing, review and implementation of the Banks's Compensation policy & Nomination & Remuneration Policy for Whole Time Director/Chief Executive Officers/Risk Takers, control function staff and other employees of the Bank 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

Notes to financial statements

For the year ended March 31, 2022

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 standardized 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 organization.
- (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 organization 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.

(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 organization 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 finalized 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 payout shall be Annual. Discretion is typically applied related to staggered payout in case large payouts, particularly for

Notes to financial statements

For the year ended March 31, 2022

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 Ltd 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 organization 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.

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 payout 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 / organizational 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, seven and ten yrs. 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

Notes to financial statements

For the year ended March 31, 2022

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), Head- Treasury, Current and Ex-Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.

Particulars	(₹ in 000's)	
	Year ended March 31, 2022 ¹	Year ended March 31, 2021 ¹
Number of meetings held by Nomination & Remuneration Committee (NRC) and remuneration paid to its members	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 (000's) for Thirteen meetings.	8 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2020 to March 31, 2021. NRC members were paid total sitting fees of ₹ 1,370 (000's) for Eight meetings. Human Resource and Compensation Committee (HRC) was merged with NRC on Feb 03, 2021. No meeting of HRC was held during Financial Year 2020-21.
Number of employees having received a variable remuneration award.	MD & CEO	Nil
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.#	₹ 4,329 (000's)	₹ 7,409 (000's)
Total amount of outstanding deferred remuneration split into cash, shares and share linked instruments and other forms.	Cash : 3450 ('000) ESPS shares : Nil ESOP grants : 3,41,785*** MD & CEO, Head- Treasury, Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.	Cash : Nil ESPS shares : Nil ESOP grants : 2,54,874*** MD & CEO, Head- Treasury, Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.
Total amount of deferred remuneration paid.	Cash- ₹ 3110('000)	Nil
Breakdown of amount of remuneration awards for the financial Period to show fixed and variable, deferred and non-deferred	Fixed gross : ₹ 45,309 ('000) Variable deferred : ₹ 3,110('000) Fixed gross of the following employees : MD & CEO, Head- Treasury, Current and Ex-Chief Credit Officer (CCO), Head - Liabilities and Head - Micro Banking.	Fixed gross : ₹ 49,198 ('000) Variable deferred : ₹ NIL Fixed gross of the following employees : MD & CEO, Head- Treasury, Current and Ex-Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments.	Variable Provisioned - ₹ 3450('000)	Nil
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	7 ⁴	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

Notes to financial statements

For the year ended March 31, 2022

Particulars	(₹ in 000's)	
	Year ended March 31, 2022 ¹	Year ended March 31, 2021 ¹
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.	₹ 422 ('000) (excluding MD & CEO) 34.80 X	₹ 372 ('000) (excluding MD & CEO) 39.48 X

Note:

#The amount includes the following paid to Ex-MD&CEO who retired on September 30, 2021.

*** Excluding ESOPs of Active MRT since it was granted as sign-on grant and bank ESOP additional grant. ESOPs are granted not exercised.

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. During the year, the sitting fees was paid at the rate of ₹ 75 (000's) per Board meeting and at the rate of ₹ 50 (000's) per Board Committee Meetings. The Bank has paid total ₹ 19,025 (000's)

Name of Directors	(₹ in 000's)	
	Year ended March 31, 2022	Year ended March 31, 2021
Mr. Biswamohan Mahapatra	-	1,605
Ms. Vandana Viswanathan	-	835
Mr. Nandlal Sarada	675	1,615
Mr. Prabal Kumar Sen	1,400	1,455
Ms. Mona Kachhwaha ⁷	650	1,465
Mr. Jayanta Kumar Basu	-	1,470
Ms. Chitra K Alai (SIDBI)	425	270
Mr. Mahadev Lakshminarayanan	375	1,845
Mr. Umang Bedi ¹	700	1,135
Ms. Rajni Mishra ²	2,725	425
Mr. Ittira Davis ³	525	75
Mr. Rajesh Kumar Jogi ⁴	2,975	75
Mr. Harish Devarajan ⁵	375	75
Mr. Umesh Bellur ⁶	350	-
Mr. Banavar Anantharamaiah Prabhakar ⁸	1,950	-
Mr. Ravichandran Venkataraman ⁹	2,150	-
Mr. Samit Kumar Ghosh ¹⁰	1,750	-
Ms. Sudha Suresh ¹¹	1,850	-
Mr. Satyaki Rastogi ¹²	150	-
Total	19,025	12,345

- 1) Mr. Umang Bedi was appointed as Additional Director (Independent) w.e.f. April 01, 2020 and was subsequently appointed as the Independent Director in the Annual General Meeting held on September 02, 2020. He resigned from the office of Independent Director w.e.f. October 01, 2021.

Notes to financial statements

For the year ended March 31, 2022

- 2) Mrs. Rajni Anil Mishra was appointed as an Additional Director (Independent) w.e.f December 16, 2020 and was subsequently appointed as the Independent Director in the Annual General Meeting held on September 27, 2021.
- 3) Mr. Ittira Davis was appointed as an Additional Director (Non- Executive, Non-Independent) and Part-Time chairman (subject to approval of RBI) w.e.f. March 13, 2021 and resigned from the office of Additional Director (Non- Executive, Non-Independent)w.e.f. July 23, 2021. Mr. Ittira Davis appointed as MD and CEO w.e.f. January 14, 2022.
- 4) Mr. Rajesh Kumar Jogi was appointed as an Additional Director (Non-Executive, Non- Independent) w.e.f. March 13, 2021 and his designation was recategorised from Additional Director (Non-Executive, Non-Independent) to Additional Director (Independent) w.e.f. August 25, 2021. He was subsequently appointed as the Independent Director in the Annual General Meeting held on September 27, 2021.
- 5) Mr. Harish Devarajan was appointed as an Additional Director (Independent) of the Bank w.e.f. March 13, 2021 and resigned w.e.f. August 12, 2021.
- 6) Mr. Umesh Bellur was appointed as an Additional Director (Independent) of the Bank w.e.f. March 13, 2021 and retired in the Annual General Meeting held on September 27, 2021.
- 7) Ms. Mona Kachhwaha resigned from the office of Non-Executive, Non-Independent Director w.e.f. August 10, 2021.
- 8) Mr. Banavar Anantharamaiah Prabhakar was appointed as an Additional Director (Independent) w.e.f. August 20, 2021 and was subsequently appointed as the Independent Director in the Annual General Meeting held on September 27, 2021 and as Part Time Chairman w.e.f. November 23, 2021.
- 9) Mr. Ravichandran Venkataraman was appointed as an Additional Director (Independent) w.e.f. August 20, 2021 and was subsequently appointed as the Independent Director in the Annual General Meeting held on September 27, 2021.
- 10) Mr. Samit Kumar Ghosh was appointed as an Additional Director (Non-Executive, Non-Independent) w.e.f. August 20, 2021 and was subsequently appointed as the Non Executive Director (Non-Independent) in the Annual General Meeting held on September 27, 2021.
- 11) Ms. Sudha Suresh was appointed as an Additional Director (Non-Executive, Non-Independent) w.e.f. August 20, 2021 and was subsequently appointed as the Non Executive Director (Non Independent) in the Annual General Meeting held on September 27, 2021 and was further recategorized as Independent Director w.e.f. April 01, 2022.
- 12) Mr. Satyaki Rastogi was appointed by SIDBI as a Nominee Director w.e.f. December 22, 2021.
- 13) Mr. P.N. Raghunath was appointed as an Additional Director by RBI w.e.f. Nov 29, 2021
- 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, 2022 and for the year ended March 31, 2021.
- 31 CORPORATE SOCIAL RESPONSIBILITY**
- As per Sec 135 (1) of the Companies Act "Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore 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.

Notes to financial statements

for the year ended March 31, 2022

Gross amount required to be spent by the Bank during the financial year ended March 31, 2022 is ₹ 49,657 ('000) (P.Y 49,567 ('000))

Particulars	Year ended March 31, 2022		
	Amount Spent	Amount unpaid/ provision	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	42,706	7,257	49,963

Particulars	Year ended March 31, 2021		
	Amount Spent	Amount unpaid/ provision*	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	55,338	306	55,644

32 PAYMENTS TO AUDITOR'S (SCHEDULE -16 AUDITOR'S FEES AND EXPENSES)

Particulars	Year ended	
	March 31, 2022	March 31, 2021
Audit Fees	4,200	4,088
Tax Audit Fees	500	194
Certification and other attest services	7,724	5,119
Out of Pocket Expenses	446	-
Total	12,870	9,401

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 3,06,39,119 options under the ESOP 2019 to eligible employees (which includes the employees of the Holding Company) during the year ended March 31, 2022. As on March 31, 2022, out of the 71,742,768 options granted, 61,967 options has been exercised and 17,185,468 options are lapsed/cancelled. Further, 97,14,703 options are vested and 44,780,630 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%
Total	71,742,768					

Notes to financial statements

for the year ended March 31, 2022

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	August 01, 2021	August 01, 2023	August 01, 2028	19.95	5.26
		August 01, 2021	August 01, 2024	August 01, 2029	19.95	7.20
		August 01, 2021	August 01, 2025	August 01, 2030	19.95	8.90
		August 01, 2021	August 01, 2026	August 01, 2031	19.95	9.77
		ESOP 2019 (Senior Hire) Additional Grant-2	166,842	January 05, 2022	January 05, 2023	January 05, 2028
		January 05, 2022	January 05, 2024	January 05, 2029	19.05	8.29
		January 05, 2022	January 05, 2025	January 05, 2030	19.05	8.92
		January 05, 2022	January 05, 2026	January 05, 2031	19.05	9.93
		January 05, 2022	January 05, 2027	January 05, 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
Total	71,742,768					

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 2021-22 is 15.75 and for FY 2020-21 is 14.51. 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.

Notes to financial statements

for the year ended March 31, 2022

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%
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	
Grant date share price	29	29	29	29	
Exercise price	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	19.85	19.85	19.85	19.85	19.85
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%	5.30%	5.30%	5.30%
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%

Notes to financial statements

For the year ended March 31, 2022

33(A)(3) Movements in share options issued 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) Additional		199,949		34,264	165,685
ESOP 2019 Additional Grant		30,157,303		29,228	30,128,075
ESOP 2019 (Senior Hire) Additional Grant-2		166,842			166,842
ESOP 2019 (Senior Hire) Additional Grant-3		115,025			115,025
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

During the year ended March 31, 2021

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 year end
ESOP 2019 - Original	34,277,160.00	-	61,967	3,267,883	30,947,310
ESOP 2019 - Additional	3,798,697.00	-	-	-	3,798,697
ESOP 2019 - Senior Hire	-	304,549	-	-	304,549
Total	38,075,857.00	304,549	61,967	3,267,883	35,050,556
Weighted average exercise price	35.00	30.75	35.00	35.00	34.96

33(A)(4) Share options exercised during the year

No options has been exercised during the year 61,967 options has been exercised out of the ESOPs granted under the ESOP Plan 2019 in 2020-21

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 ₹ 26.54 (PY - ₹ 34.96) for ESOP 2019 scheme and a weighted average remaining contractual life of 6.59 Years (PY 6.24 Years).

33(A)(6) Expense arising from share based payment transaction recognized in Statement of profit or loss as employee benefit expense are as follows:

Particulars	₹ in 000's	
	Year ended March 31, 2022	Year ended March 31, 2021
Employee benefit expense	(16,039)	224,465

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For the year ended March 31, 2022

33(A)(7) ESOP arrangement with the Holding company (Ujjivan Financial Services Limited)

As per guidance note issued by ICAI on Share-based Payment, stock options have to be fair valued on the grant date and expense has to 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 601,561 options granted to Holding Company employees for which Bank has decided to cross charge the stock compensation expense through related party transaction.

33(B) Employee Stock Purchase Scheme 2019 (ESPS):

The ESPS Scheme was approved by the Shareholders in the Extra-Ordinary General Meeting held on August 03, 2019. Under the ESPS 2019 scheme the employees of the Bank and of Ujjivan Financial Services Limited (UFSL) subscribed to 1,40,55,097 number of equity shares at a price of ₹ 35 per equity share. During the year ended March 31, 2021, the Bank allotted 29,069 equity shares under ESPS 2019 on November 07, 2020 at price of ₹ 35 per equity share.

34 Consequent to the outbreak of COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional post COVID 19 restrictions continue to be implemented in areas with a significant number of COVID-19 cases. India had experienced a "second wave" of the COVID-19 pandemic in Apr-May 2021 following the discovery of mutual variant, leading to the re-imposition of regional lockdowns. These were gradually lifted as the Second wave subsided. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The disruptions following the outbreak, impacted loan originations and the efficiency in collection efforts resulting in increase in the number of customer defaults and consequently an increase in provisions there against.

India is emerging from the COVID-19 pandemic. The extent to which any new wave of COVID-19 will impact the Bank's operations and financial 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 circular dated August 6, 2020 are given below:

(A) Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 are given below:

Type of borrower	₹ in '000				
	(A)	(B)	(C)	(D)	(E)
	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year i.e., September 30, 2021 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2022	Of (A) amount written off during the half-year ended March 31, 2022	Of (A) amount paid by the borrowers during the half-year ended March 31-2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year i.e., March 31, 2022
Personal Loans	642,038	279,215	156,445	111,771	373,822
Corporate persons*					
Of which, MSMEs					
Others**	2,991,555	1,048,140	1,088,522	598,083	1,304,951
Total	3,633,593	1,327,354	1,244,966	709,854	1,678,773

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(B) Details of Resolution Plan implemented under the RBI Resolution Framework 2.0 - Resolution of COVID-19 related stress of individual and small businesses dated May 5, 2021 are given below:

(₹ in '000)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year, i.e., September 30, 2021 (A)	Addition - Exposure to accounts classified as Standard consequent to implementation of resolution plan, where applications received by September '21 (Position as on restructuring date)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2022	Of (A) amount written off during the half-year ended March 31, 2022	Of (A) amount paid by the borrowers during the half-year ended March 31, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year, i.e., March 31, 2022
Personal Loans	1,277,341	16,123	218,462		409,402	884,062
Corporate persons*						
Of which MSMEs						
Others	4,540,448	13,742	543,108		1,782,194	2,771,996
Total	5,817,789	29,865	761,570		2,191,596	3,656,058

* As defined in section 3(7) of the Insolvency and Bankruptcy Code, 2016

** PSL status as of Mar'22 has been considered for reporting and hence there is a slight change in the opening value, i.e., "Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year i.e., September 30, 2021 (A)"

36 REFUND / ADJUSTMENT OF 'INTEREST ON INTEREST'

In accordance with the instructions in the aforesaid RBI circular dated April 07, 2021, the Bank shall refund/adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' has been circulated by the Indian Banks Association ('IBA'). Based on the methodology recommended by the IBA, the Bank has calculated the said amount to be refunded and accordingly reduced ₹ 3.50 lakhs from the interest income for the year ended March 31, 2021. The same has been paid during the year ended 31st March 2022.

37 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 ongoing 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.

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38 SECURITIZATION TRANSACTION

The details of Securitization deals outstanding as at March 31, 2022 and as at March 31, 2021 as below.

Particulars	(₹ in 000's)	
	As on March 31, 2022	As on March 31, 2021
No. of SPEs holding assets for securitization transactions originated by the originator (only SPV relating to outstanding securitisation exposure to be reported here)	2	-
Total amount of securitized assets as per books of the SPEs sponsored by the Bank	2,525,883	-
Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet	-	-
a) Off balance sheet exposures	-	-
First loss	-	-
Others	-	-
b) On-balance sheet exposures	-	-
First loss	252,588	-
Others	-	-
Amount of exposures to securitization transactions other than MRR	-	-
a) Off balance sheet exposures	-	-
i) Exposure to own securitizations	-	-
First loss	-	-
Loss	-	-
ii) Exposure to third party securitizations	-	-
First loss	-	-
Others	-	-
b) On balance sheet exposures	-	-
i) Exposure to own securitizations	-	-
First loss	75,776	-
Others	-	-
ii) Exposure to third party securitizations	-	-
First loss	-	-
Others	-	-
Sale Consideration received for the securitised assets and gain/loss on sale on account of securitisation	2,450,106	-
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)	62,914	-
c) Outstanding amount	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.	-	-
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		

Notes to financial statements

For the year ended March 31, 2022

39 DIVIDEND:

No dividend has been declared/paid during the financial year ended March 31, 2022 and March 31, 2021.

Particulars	(₹ in 000's)	
	Year ended March 31, 2022	Year ended March 31, 2021
First Interim Preference Dividend of ₹ Nil (Previous year ₹ Nil)	-	-
Second Interim Preference Dividend of ₹ Nil (Previous year-₹ Nil)	-	-

40 PAYMENT OF DICGC INSURANCE PREMIUM

Sl. No	Particulars	(₹ in 000's)	
		As on March 31, 2022	As on March 31, 2021
i)	Payment of DICGC Insurance premium	119,022	93,910
ii)	Arrears in Payment of Insurance premium	-	-

41 MARKETING AND DISTRIBUTION

There is no fees/remuneration received in respect of the marketing and distribution function (exclude bancassurance business) undertaken by the bank for current year and previous year.

42 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 utilization for granting advances by it. In like manner, the Bank has advanced monies to certain NBFCs for granting loans by them to their customers. These are in addition to other banking business carried on by the Bank. 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."

43 The Board of Directors of the Bank and UFSL have approved a scheme of amalgamation of the latter with the former 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 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 our 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 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 February 01, 2022 or such other date as may be approved by the NCLT. In consideration of the proposed merger, the Bank will allot 115 (One hundred and Fifteen) equity shares each of ₹ 10/- for every 10 equity shares of ₹ 10/- each held by its shareholders in UFSL. The shares held by UFSL in the Bank shall stand extinguished on the amalgamation taking effect. The Scheme is subject to the provisions of the Scheme document and receipt of the relevant regulatory and statutory approvals (including but not limited to NCLT) and in accordance with applicable law and the conditions prescribed by the SEBI and RBI.

44 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.

45 COMPARATIVE FIGURES

Figures of the previous year have been regrouped/ reclassified wherever necessary to confirm to the current year's presentation.

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
M N.114749

Ittira Davis
DIN: 06442816
Managing Director & CEO

B A Prabhakar
DIN: 02101808
Independent Director

Rajni Mishra
DIN: 08386001
Independent Director

Sudha Suresh
DIN: 06480567
Independent Director

M.D. Ramesh Murthy
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Bengaluru
May 12, 2022

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 6TH ANNUAL GENERAL MEETING

Notice is hereby given that the 6th Annual General Meeting ("AGM or Meeting") of **Ujjivan Small Finance Bank Limited** ("Bank") shall be held on Friday, September 02, 2022 at 03:00 P.M. 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, 2022 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, 2022 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 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."

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: July 26, 2022

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 and May 05, 2022 respectively, issued by the Ministry of Corporate Affairs and circular number SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, 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. Due to lack of profitability during the year, the Board of the Bank has not proposed any dividend on the equity shares for the Financial Year 2021-22.
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/Authorization etc. authorizing 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/Authorization 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 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. Friday, August 26, 2022. 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 2021-22, 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 2021-22 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 at least seven days before the date of the Meeting i.e. by Friday, August 26, 2022.
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. Disclosure for agenda Item No. 2- 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. **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 dematerialized 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: 9:00 a.m. on Monday, August 29, 2022 and **End**

of remote e-voting: 5:00 p.m. on Thursday, September 01, 2022. 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, August 26, 2022.
- 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 Scrutinizer to scrutinize 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 Scrutinizer 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, Friday, September 02, 2022.
- f. The Result of voting declared along with Scrutiniser's Report will be published on the website of the Bank at www.ujjivansfb.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.

- 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. Friday, August 26, 2022 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. Procedures for remote E-Voting for Members Holding Equity Shares in Physical Form:

Members who are holding equity shares of the Bank in physical form, are requested to follow the below instructions for remote e-voting:

- i. Launch internet browser by typing the URL: <https://evoting.kfintech.com>.
- ii. Enter the login credentials provided in the Email and click on Login.
- iii. Password change menu appears when you login for the first time with default password. You will be required to mandatorily change the default password.
- iv. The new password should comprise of 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.,).
- v. Update your contact details like mobile number, email ID, etc. if prompted. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
- vi. 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, enter the number of shares (which represents the number of votes) as on the Cut-off date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR / AGAINST" taken together shall not exceed your total shareholding as mentioned above. If the member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- ix. Members holding multiple folios may choose to vote differently for each folio / demat account.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click

“Ok” to confirm or “Cancel” to modify. Once you confirm the voting on the resolution, you will not be allowed to modify your vote thereafter. During the voting period, members can login multiple times and vote until they confirm the voting on the resolution by clicking “Submit”.

- xi. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members at <https://evoting.kfintech.com/public/Faq.aspx> or call KFin Tech on 1-800-309-4001 (toll free).

4. 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.nsd.com 2. 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 re-directed 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.nsd.com either on a Personal Computer or on a mobile. 2. Select “Register Online For IDeAS” Portal or click on https://eservices.nsd.com/SecureWeb/IdeasDirectReg.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.nsd.com/ either on a Personal Computer or on a mobile. 2. Click on the icon “Login” which is available under ‘Shareholder/Member’ section 3. A new screen will open. You will have to enter your User ID (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.
Individual Shareholders holding securities in Demat mode with Central Depository Services (India) Limited (“CDSL”)	<p>A. Existing user who have opted for Easi/Easiest</p> <ol style="list-style-type: none"> 1. Click at https://web.cdslindia.com/myeasi/home/login or www.cdslindia.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 <p>B. User not registered for Easi/Easiest</p> <ol style="list-style-type: none"> 1. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. 2. Proceed with completing the required fields. <p>C. By visiting the e-Voting website of CDSL:</p> <ol style="list-style-type: none"> 1. Visit at www.cdslindia.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	<p>You can also login using the login credentials of your Demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.</p> <p>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.</p>

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@cdslindia.com or contact at 022-23058738 or 22-23058542-43.

6. Instructions and Process for participation through VC/OAVM

- a. The Bank is providing VC/OAVM facility to its members for participating at the AGM. Members will be able to view the live webcast at <https://emeetings.kfintech.com> by using their e-voting login credentials.
- b. Members are requested to follow the procedure given below:
 - i. Launch internet browser (chrome/ firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
 - ii. Enter the login credentials (i.e., User ID and password for e-voting).
 - iii. After logging in, click on “Video Conference” option.
 - iv. Then click on camera icon appearing against AGM event of Ujjivan Small Finance Bank Limited, to attend the Meeting.
- c. Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the above e-voting instructions.
- d. Members who would like to express their views or ask questions during the AGM may register themselves by logging on to <https://emeetings.kfintech.com> and clicking on the ‘Speaker Registration’ option available on the screen after log in. The Speaker Registration will be open from Tuesday, August 23, 2022 to Thursday, August 25, 2022. Only those members who are registered will be allowed to express their views or ask questions. The Bank reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
- e. A video guide assisting the members attending AGM either as a speaker or participant is available for quick reference at URL <https://emeetings.kfintech.com>
- f. Members who need assistance before or during the AGM can contact KFin Tech on <https://emeetings.kfintech.com> or call on toll free number 1-800- 309-4001. Kindly quote your name, DP ID-Client ID / Folio no. and e-voting Event Number in all your communications.

DISCLOSURES REQUIRED UNDER SECRETARIAL STANDARD-2 ISSUED BY 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. 2

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 72 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 specialization 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, 2022 as a Director	8
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 1. Audit Committee 2. Nomination and Remuneration Committee 3. CSR Committee 4. Risk Management Committee 5. IT Strategy Committee
Remuneration last drawn during the financial year ended March 31, 2022	Sitting fees of Rs. 17,50,000 for attending the Board and Board Committee Meetings held during the financial year 2021-22.
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. 2 as an Ordinary 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: July 26, 2022

Notes





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