



UJJIVAN SMALL FINANCE BANK

Build a Better Life

USFB/CS/SE/2024-25/47

Date: July 02, 2024

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 2023-24

Further to our letter bearing reference number USFB/CS/SE/2024-25/46 dated July 02, 2024, pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, we hereby submit the copy of Annual Report for the Financial Year 2023-24 which inter alia includes the Notice of 8th Annual General Meeting of members of the Bank.

The copy of the aforesaid Annual Report shall be available on the website of the Bank at www.ujjivansfb.in.

This intimation shall also 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 2023-24

☎ 18002082121

🌐 www.ujjivansfb.in

✉ customercare@ujjivan.com



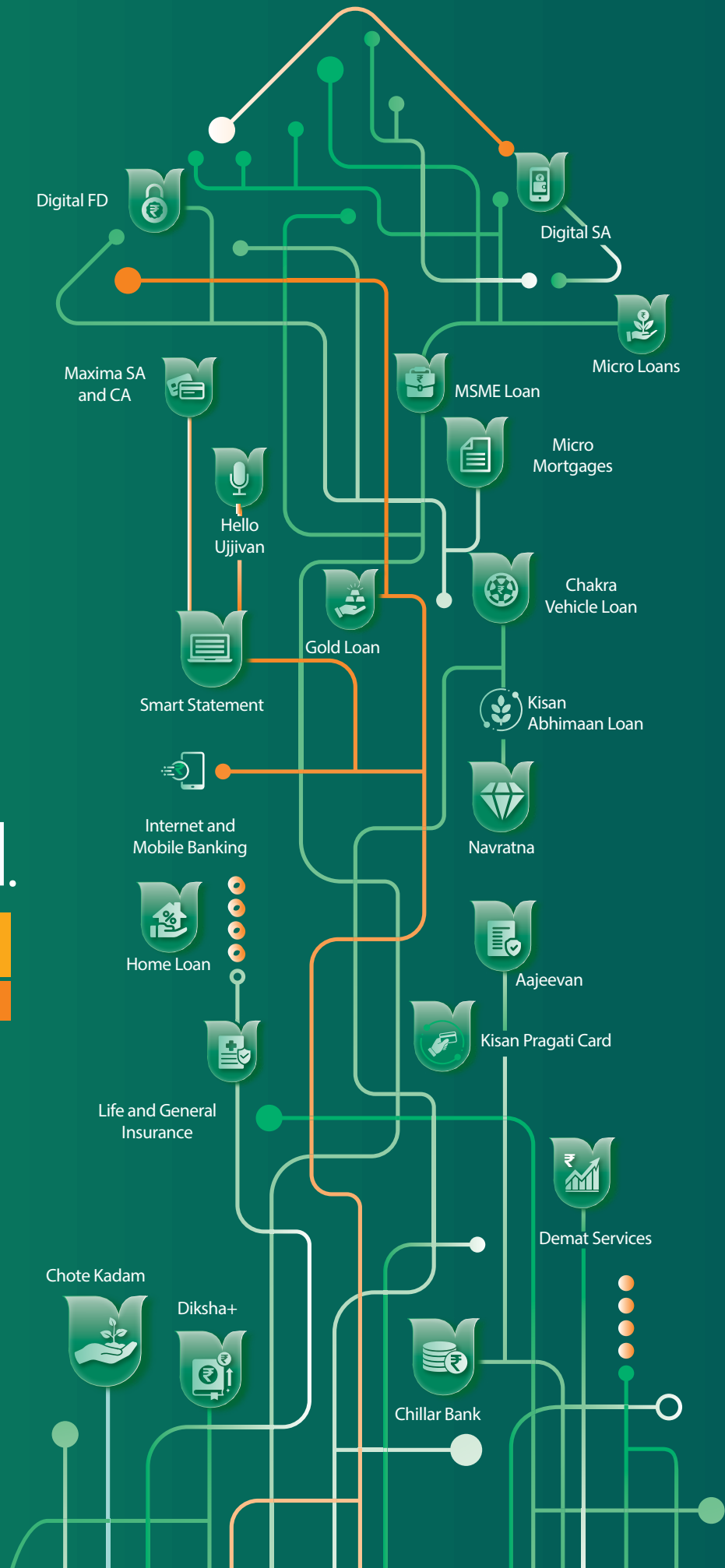
UJJIVAN

UJJIVAN SMALL FINANCE BANK
Build a Better Life

TRANSFORMATIVE IDEAS. SUSTAINABLE GROWTH.

Annual Report

2023-24



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**Ek doosre pe
bharosa.
Ek doosre ki
tarakki.**

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We have consistently worked and strategically developed a diversified presence across India, carefully integrating both physical and digital channels to meet the varied needs of our customers.

TRANSFORMATIVE IDEAS. SUSTAINABLE GROWTH.

THROUGH DECADES, BANKING HAS EVOLVED DRAMATICALLY, PUSHING PAST TRADITIONAL BOUNDARIES AND EMBRACING DIGITAL INNOVATIONS THAT ONCE WERE UNIMAGINABLE. AS A CORNERSTONE OF THE ECONOMY, BANKS MOBILISE RESOURCES, SECURE TRANSACTIONS, AND EXTEND CREDIT, FOSTERING ECONOMIC GROWTH AND STABILITY. THEY HOLD A VITAL POSITION OF TRUST, SAFEGUARDING PUBLIC WEALTH AND ENSURING THE CONTINUOUS DEVELOPMENT OF BANKING AND FINANCIAL SERVICES.



At Ujjivan Small Finance Bank, we are committed to transcending these transformative ideas beyond the ordinary—progressing on an enduring journey to redefine the future of banking. We are relentlessly driving towards establishing a mass-market bank that stands out with its unique business model, marking a new era in the industry, one where we balance growth and sustainability. We have consistently worked and strategically developed a diversified presence across India, carefully integrating both physical and digital channels to meet the varied needs of our customers. By prioritising digital solutions such as Video Banking and Phone Banking, we have transformed our service delivery, ensuring a seamless customer experience at every touchpoint. Our innovative spirit isn't confined to customer-facing initiatives. It permeates every aspect of our operations, driving enhancements in productivity and efficiency across the Board. By investing in cutting-edge technology, we have not just met

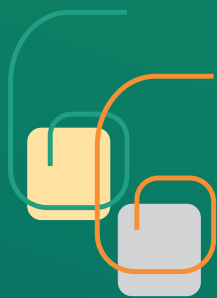
the current demands, but positioned ourselves to anticipate and adapt to future challenges.

Our commitment to amplifying our brand presence is evident in our strategic campaigns, particularly on digital platforms. These efforts have significantly broadened our online presence and enhanced our ability to engage and acquire customers more effectively than ever.

Today, as we cruise along this path, our journey is far from over. We have woven Environmental, Social, and Governance (ESG) principles deeply into the fabric, focussing on fostering responsible, equitable, and environmentally sustainable growth. Standing on a foundation that ensures consistent profitability, our vision is to foster sustainable development and provide enduring value for all stakeholders. We aim to steer the future towards a more inclusive horizon, building on transformative ideas and sustainable growth.



DRIVING SUSTAINABLE GROWTH



This remarkable performance was registered despite various headwinds impacting the BFSI sector. I would also like to briefly touch upon the various challenges faced and opportunities presented for the Bank during the year. First, on the macroeconomic front, high inflation levels at the commencement of the financial year, especially food inflation, had prompted the government to take various supply-side measures. The RBI, on the other hand, postponed the withdrawal of accommodation to ensure that inflation progressively aligns to the target while supporting growth.



Dear Shareholders,

We are delighted to share the Annual Report for the fiscal year 2023-24. Reflecting on the past financial year, it is essential to emphasise that due to the dedication of the Management, all its employees, customers, the Board of the Bank, as well as the Board of Ujjivan Financial Services Limited (UFSL, the former promoter entity), the collaborative efforts and guidance received from all esteemed regulatory bodies like the Hon'ble NCLT, Bengaluru Bench, RBI, SEBI, ROC, Stock Exchanges, Depositories, and the continuing trust and support of our 8 Lakh plus shareholders, led to the successful completion of the Reverse Merger of UFSL with the Bank. With renewed strength and grit, we envision reaching new heights, pushing boundaries, and achieving remarkable success as we continue our journey and mission to provide banking and financial services to the un-served and the under-served customers as a responsible mass-market bank, focussed on building a sustainable tomorrow.

The Indian Economy expanded at a robust pace in FY 2023-24 with real GDP growth accelerating to 7.6% from 7% in the previous year, led by investment buoyed by government spending on infrastructure. Growth in private consumption demand, on the other hand, stood at 3% as against 6.8% in the previous year. Inflationary pressures moderated, albeit unevenly, during FY 2023-24 from 6.7% to 5.4%, reflecting the combined impact of calibrated monetary tightening, easing of input cost pressures, and supply management measures. Domestic financial markets remained stable during FY 2023-24 with orderly movements in the bond and foreign exchange markets. The banking industry registered a credit growth of 16.3%, surpassing the deposit growth of 12.9%. Credit to agriculture expanded by 20.1% and to MSME by 14.1%.

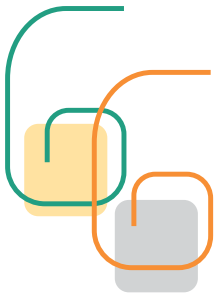
In the backdrop of the above, the Bank in FY 2023-24, continued to advance upon the solid foundation established in the preceding fiscal year by enhancing the quality of its portfolio, increasing business volumes, acquiring new customers, and extending its geographical footprint. Along with expanding our branch network, we enhanced our digital services and fortified our IT



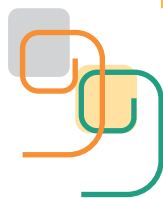
Mr. B. A. Prabhakar
Chairman

infrastructure, ensuring greater resilience and efficiency to support our expanding operations. During the year, the Bank excelled across key areas, and with disbursements of ₹ 23,389 Crores, our gross loan book increased by 24% to ₹ 29,780 Crores, and our deposits surpassed ₹ 31,000 Crores, ending at ₹ 31,462 Crores – a growth of 23%. Our asset quality remained robust, with GNPA at 2.1%, NNPA at 0.3%, and a Provision Coverage Ratio of 87% as of March 2024, which is among the best in the Banking Industry. MicroBanking cashless collections hit 43% in the last quarter of FY 2023-24, indicating a top industry performance. All the above achievements and the continuous extensive efforts of the entire Bank contributed to a record profit after tax of ₹ 1,281 Crores for FY 2023-24.

This remarkable performance was registered despite various headwinds impacting the BFSI sector in the previous year. I would like to briefly touch upon the various challenges faced and opportunities presented for the Bank during the year. First, on the macroeconomic front, high inflation levels at the commencement of the financial year, especially food inflation, had prompted the government to take various supply-side measures. The RBI, on the other hand, postponed the withdrawal of accommodation to ensure that inflation progressively aligns to the target while supporting growth. While these concerted efforts have helped in reining



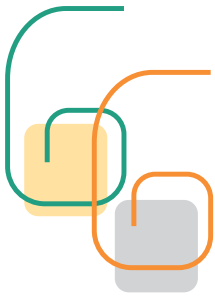
Microfinance remains the flagship business for the Bank. Through our expertise, strong collection strategy, and increased focus on Individual Loans, the Bank graduated about 1.4 Lakh customers from Group Loan to Individual Loans during the year, and we expect that Individual Loan growth will continue to outpace Group Loan growth in FY 2024-25 as well. Our Affordable Housing, including Micro Mortgages, witnessed significant growth during the year, and we are confident that this segment will continue to scale new heights.



inflation rates within the tolerance band since September 2023, the Bank had to absorb the inflationary impact, which reflected in an increase in the cost of funds during the year. There is now a broad consensus that any accommodative stance would be reviewed by the RBI sometime in Q1 FY 2025-26, in light of the recent stress seen in summer crop production on account of the heatwave, rise in global food prices, and increase in industrial metals. Second, the growth of unsecured personal loans (including credit card receivables, consumer durable loans, and other personal loans) in banks between March 2017 to March 2023 registered a CAGR of ~21%, outpacing the personal loan growth, which exhibited a CAGR of 19% during the same period. Unsecured personal loans accounted for almost

one-third of the overall banking system's personal loan credit of ~₹ 41 Lakh Crores as of March 31, 2023. To arrest the buildup in unsecured credit and possible systemic risk, the regulator increased the risk weights in select categories of consumer and personal loans by November 2023, resulting in an increased capital requirement. While the Bank stands complied with these regulations, it has also introduced a policy, capping the exposure to consumer credit. It is imperative for the Bank to recognise the importance of enhancing credit quality by avoiding adverse selection of customers and refining collection practices. Third, the publication of a discussion paper on transitioning to dynamic loan loss provisioning for banks is likely to impact business performance, at least on profitability parameters. With the banking industry registering a robust performance in FY 2023-24, it is likely that the transition will be made applicable either in FY 2024-25 or FY 2025-26. Fourth, the regulator has also issued a transition path for SFBs to convert into Universal Banks. Such conversion shall be subject to the SFB's fulfilling minimum paid-up capital/net worth requirement as applicable to Universal Banks, satisfactory track record of performance as an SFB for a minimum period of five years, and RBI's due diligence exercise. The Bank has constituted an internal Working Group (WG) to explore the opportunities in this regard. The banking industry and the Bank continue to face threats on account of uncertainty surrounding geopolitical risks, election, government formation, and specific regulatory interventions on lending practices. However, the Bank's risk management practices remain robust with preemptive measures being taken on the basis of internal analysis and external triggers.

Microfinance remains the flagship business for the Bank. Through our expertise, strong collection strategy, and increased focus on Individual Loans, the Bank graduated about 1.4 Lakh customers from Group Loan to Individual Loans during the year, and we expect that Individual Loan growth will continue to outpace Group Loan growth in FY 2024-25 as well. Our Affordable Housing, including Micro Mortgages, witnessed significant growth during the year, and we are confident that this segment will continue to scale new heights. During the year, our MSME business put its renewed business strategy into action with the help of process changes, tailor-made products, and new strategic partnerships with fintechs. Furthermore, newer lines of emerging business such as Vehicle Finance and Gold Loans have gained meaningful traction in the last few months, which will help fuel our next saga of growth. The Bank was able to increase its deposits with the help of



While technology plays a crucial role in meeting all strategic imperatives, the employees serve as our primary catalysts for change and progress within the Bank. Our HR policies are deeply rooted in the Bank's core values, which include integrity, responsibility, fairness, respect, professionalism, and teamwork. With a commitment to enhancing the lives of both customers and employees, the Bank has received numerous accolades.



initiatives such as a nationwide brand campaign, value-added products based on customer demand, Digital Fixed Deposits & Digital Savings Account, among others. The Bank remains committed to giving back to society and has continued its engagement in CSR activities while also spearheading new ESG initiatives. These achievements reflect our dedication to growth, innovation, stakeholder value, and sustainability.

While technology plays a crucial role in meeting all strategic imperatives, employees serve as our primary catalysts for change and progress within the Bank. Our HR policies are deeply rooted in the Bank's core values, which include integrity, responsibility, fairness, respect, professionalism, and teamwork. With a commitment to enhancing the lives of both customers and employees, the Bank has received numerous accolades. Notably, Ujjivan SFB has been recognised as one of India's top 25 best places to work in the BFSI sector for 2024, according to a study conducted by the Great Place To Work® Institute. Further, Ujjivan SFB has also been rated the 'Best Small Finance Bank,' and our home-grown app 'Hello Ujjivan' has brought us recognition as the Best Bank in Innovation.

I hereby, take this opportunity to welcome the new additions to the Board, Ms. Carol Kripanayana Furtado as the Whole-Time Director and Ms. Mona Kachhwaha as an Independent Director. With the recent appointment of additional women directors, we are pleased to announce that women now make up 50% (5 out of the 10 members) of our overall Board strength.

Further, as you know, Mr. Ittira Davis, the MD & CEO, has expressed his desire to retire early, with June 30,

2024, being his last working day. Mr. Sanjeev Nautiyal, a seasoned banker with over three decades of extensive experience in retail, SME, financial inclusion, operations, HR, international banking, and treasury, will take charge as the MD & CEO of the Bank with effect from July 01, 2024. I would also like to take this opportunity to place on record my utmost appreciation to Mr. Ittira Davis for the pivotal role he has played in the significant turnaround and recent performances of the Bank, and I also extend my best wishes to Mr. Sanjeev Nautiyal in his new stride as the MD & CEO.

As we step into the new financial year, the Bank draws inspiration from past turnarounds and notable achievements, fuelling our drive to reach even higher targets.

Yours truly,

Mr. B. A. Prabhakar
Chairman

WORLD of Ujjivan Small Finance Bank

WE ARE COMMITTED TO EMPOWERING THE MASSES OF INDIA, ESPECIALLY THOSE UN-SERVED AND THE UNDER-SERVED, BY ENHANCING THEIR ACCESS TO ESSENTIAL BANKING AND FINANCIAL SERVICES. OUR GOAL IS TO PLAY A CRUCIAL ROLE IN ADVANCING FINANCIAL AND DIGITAL INCLUSION THROUGHOUT THE NATION, ENSURING THAT ALL INDIVIDUALS HAVE OPPORTUNITIES FOR ECONOMIC GROWTH. THROUGH THIS COMMITMENT, WE STRIVE TO CONTRIBUTE TO THE NATION'S JOURNEY TOWARDS PROSPERITY AND SHARED GROWTH.





Financial Scorecard

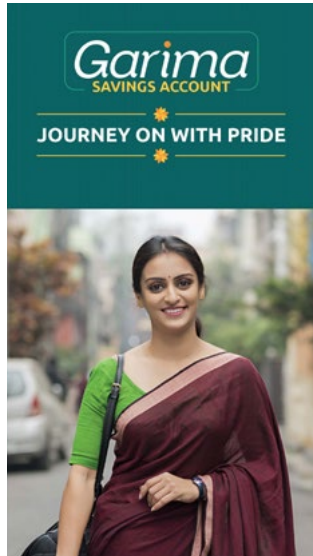
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Marketing and Branding Initiatives



Digital Future

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Financial Scorecard

MEASURING OUR SUSTAINABLE GROWTH

CONSISTENCY SERVES AS THE BEDROCK OF OUR STRONG PERFORMANCE, PROVIDING A RELIABLE FOUNDATION FOR ASSESSING OUR PROGRESS AND IMPACT. THIS CHAPTER DELVES INTO THE METRICS THAT ILLUSTRATE OUR COMMITMENT TO SUSTAINABLE GROWTH AND FINANCIAL STABILITY.



Delivering Profitable Growth

₹ **6,464** Crores
TOTAL INCOME

↑ **36%** YoY

₹ **1,917** Crores
PRE-PROVISION
OPERATING PROFIT

↑ **29%** YoY

₹ **1,281** Crores
PAT

↑ **17%** YoY

₹ **6.65**
EARNINGS PER SHARE



Strengthening Balance Sheet

₹ **40,422** Crores
BALANCE SHEET SIZE

↑ **21%** YoY

₹ **23,389** Crores
DISBURSEMENTS

↑ **17%** YoY

₹ **29,780** Crores
GROSS LOAN BOOK

↑ **24%** YoY

₹ **31,462** Crores
TOTAL DEPOSITS

↑ **23%** YoY

₹ **13,750** Crores
RETAIL TERM DEPOSIT

↑ **36%** YoY

₹ **3,409** Crores
NET INTEREST INCOME

↑ **26%** YoY



Improving Key Ratios

3.5%
RETURN ON ASSETS

26.1%
RETURN ON EQUITY

9.1%
NET INTEREST MARGIN

54%
COST INCOME RATIO

87%
PROVISION COVERAGE RATIO

24.7%
CAPITAL ADEQUACY RATIO



Enhancing Asset Quality and Stability

2.1%
GROSS NPA

0.3%
NET NPA

↑ BPS **23**

0.58%
CREDIT COST

↑ BPS **52**

↑ Growth in FY 2023-24 over FY 2022-23



Operational Scorecard

MAKING STEADY STRIDES



Best of Our Operational

99%

COLLECTION EFFICIENCY (Upto 1 EMI)

9.1 Lakhs

NEW CUSTOMERS ADDED

10,400

LEADS GENERATED PER MONTH (PHONE BANKING)

₹ **31,462** Crores

REMARKABLE MILESTONE IN OUR DEPOSITS

123

NEW BRANCHES ADDED IN OUR NETWORK DURING FY 2023-24

₹ **3,554** Crores

RAISED FROM IBPC



Best of Our Environmental

100%

OFFICES EQUIPPED WITH ENERGY EFFICIENT LIGHTING

2.3

EMISSION INTENSITY (TONNES CO₂ EQUIVALENT PER CRORE TURNOVER)

1.2 MT

OF REFURBISHED ELECTRONIC DEVICES CONTRIBUTED FOR EDUCATIONAL PURPOSES



Best of Our People

Top 25

'INDIA'S BEST WORKPLACES™'
IN BFSI INDUSTRY 2023

Top 50

'INDIA'S BEST WORKPLACES™'
FOR CULTURE AND
INNOVATION 2023

Top 100

'INDIA'S BEST WORKPLACES™'
FOR WOMEN 2023 (LARGE)

Top 50

'GREAT PLACE TO WORK™' IN
GENERAL CATEGORY

2,507

NEW WOMEN EMPLOYEES
HIRED (DOUBLE FOLD
INCREASE FROM FY 2022-23)
OUT OF WHICH 349 WOMEN
WERE UNDER 'UNPAUSE
INITIATIVE'

20

DIFFERENTLY ABLED
EMPLOYEES AS ON MARCH
31, 2024



Best of Our Community

₹ **6.34** Crores

CSR EXPENDITURE

2.4 Lakhs+

TOTAL BENEFICIARIES

50,000+

WOMEN EMPOWERED



Best of Our Governance

40+ Years

AVERAGE EXPERIENCE OF
THE BOARD MEMBERS

ISO 27001:2022

CERTIFICATION ON INFORMATION
SECURITY MANAGEMENT SYSTEM

Disclosure

OF BRSR, SUSTAINABILITY &
TCFD REPORTS



Corporate Identity

UJJIVAN SMALL FINANCE BANK AT A GLANCE

UJJIVAN SMALL FINANCE BANK LIMITED ('UJJIVAN SFB' OR 'WE' OR 'THE BANK') IS NOT JUST ANOTHER BANK; WE ARE THE PULSE OF FINANCIAL EMPOWERMENT FOR THE UN-SERVED AND THE UNDER-SERVED IN INDIA. POSITIONED AS A LEADING SMALL FINANCE BANK, OUR COMMITMENT LIES IN OFFERING COMPREHENSIVE FINANCIAL SOLUTIONS AND DIGITAL BANKING ACCESS TO ALL.

At Ujjivan SFB, we don't just bank; we innovate. With technology as our cornerstone, we've built a robust digital ecosystem that speaks multiple languages and reaches every corner of the nation. Our digital interfaces are more than just interfaces; they are gateways to financial freedom, empowering customers to bank whenever and wherever they need to. Through internet banking, mobile banking, and phone banking, we offer round-the-clock access to a wide range of services, placing banking at our customers' fingertips.

But we're not stopping there. Our digital banking is as much about convenience as it is about creating a safe, secure, and seamless banking experience. By automating processes, harnessing data analytics, and tailoring offerings to meet individual needs, we're redefining what it means to bank in the digital age.

Going beyond providing banking solutions, we are passionate and committed to giving back to the community that has supported us. Through our community outreach programmes and partnerships, we're trying to make a tangible difference in the lives of those around us, while fostering financial literacy and empowerment, every step of the way.



Ujjivan Financial Services Limited merges with Ujjivan Small Finance Bank. By combining forces, we are multiplying our potential in our journey towards becoming a mass-market bank.



Our Mission

To provide financial services to the un-served and the under-served customers as a responsible mass market bank, focussed on building a sustainable tomorrow.



Our Credit Rating

CRISIL A1+

CERTIFICATE OF DEPOSIT PROGRAMME

CARE AA- Stable

SUBORDINATED NON-CONVERTIBLE DEBENTURES

CARE AA- Stable

LONG-TERM BANK FACILITIES

CARE AA- Stable

FIXED DEPOSIT



Our Values

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

**With a workforce of
22,566 employees,
we proudly serve over
86 Lakhs+ customers**

The endurance of our relationship with our customers is evident when we say that two-thirds of our asset customers have been associated with us for three or more years.



Business Model

DELIVERING SUSTAINED VALUE CONSISTENTLY

Our Resources



Financial Capital

We maintain a prudent mix of deposits, equity, loans, and investments, which facilitates sustainable growth and returns to our shareholders.

- Total Deposits: ₹ 31,462 Crores
- Advances: ₹ 29,780 Crores
- Shareholders' Fund: ₹ 5,613 Crores
- Investments: ₹ 9,766 Crores



Manufactured Capital

Our technology infrastructure, combined with our widespread network of branches, ATMs, and digital channels, ensures a smooth and seamless delivery of services to our valued customers.

- Creating a seamless service experience through a blend of physical and digital channels
- Utilising ATMs, and other touchpoints
- Implementing responsive and scalable cores and supporting IT systems



Intellectual Capital

Bias for innovation and the development of products and services that offer superior banking experiences to our customers set us apart.

- Introducing innovative digital initiatives and systems
- Building and enhancing brand reputation
- Developing forward-thinking internal policies
- Establishing a robust risk management framework
- Streamlining processes through automation



Social and Relationship Capital

We are dedicated to social empowerment and fostering banking and financial services accessible to all.

- CSR Expenditure: ₹ 6.34 Crores
- Aligned towards ESG



Human Capital

We take pride in our skilled and diverse workforce, bringing valuable experience and a range of expertise to our team.

- Employee Base: 22,566
- Women Employees: 4,410
- Average Training Hours: 35.27
- Employee Engagement Initiative
- Talent Management: 34 Hours/Employee Training



Natural Capital

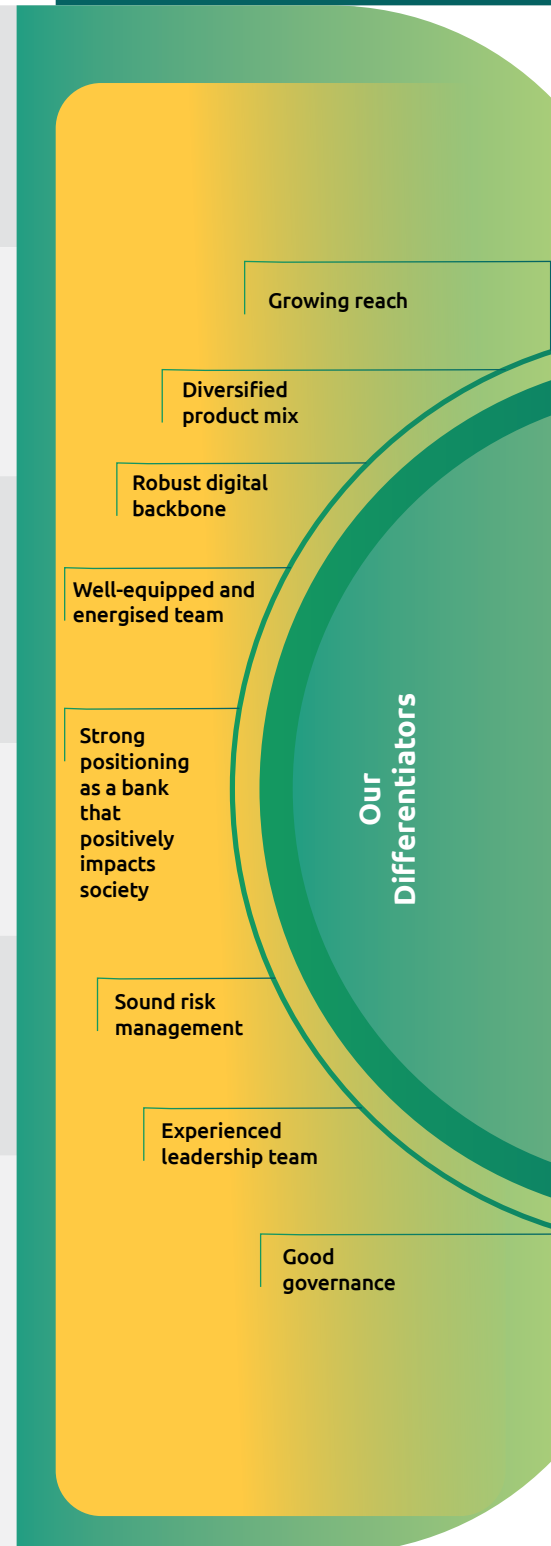
We are committed to minimising our impact on natural resources through our responsible operations and business practices.

- Total Energy Consumed: 73,115.49 GJ*
- Water Intensity per Crores Turnover: 25.69 GJ
- Natural Resource Conservation Initiatives
 - 100% of the offices are replaced with energy efficient lighting systems

- New Infrastructure has been fitted with **Sensor-based Taps**
- 16.69 MT of Electronic Devices were disposed through Authorised Recyclers and 1.2 MT of the Electronic Devices were re-used, i.e., Donated Towards the Digital Literacy of the Government School Students
- Waste segregation** at source, measurement, and responsible disposal of dry and wet wastes at corporate and all the regional offices.

* gigajoule

Value Creation



Output

Total customers:

86+
Lakhs

Share of digital transactions in total transactions:

88.54%

Total income:

₹ 6,464
Crores

Dividend per share:

₹ 1.5

Outcomes

Financial Capital

- Net Interest Income: ₹ **3,409 Crores**
- Net Interest Margin: **9.1%**
- Net Profit after Tax: ₹ **1,281 Crores**
- Return on Assets: **3.5%**
- Return on Equity: **26.1%**
- EPS: ₹ **6.65 per share**
- Capital Adequacy Ratio: **24.7%**
- Gross NPA: **2.1%**
- Net NPA: **0.3%**

Manufactured Capital

- Total Banking Outlets: **752**
- Retail Asset Centres: **18**
- ATM + Cash Withdrawal/Deposit Machines: **596**
- Districts Covered: **326**
- New States Added: **1**
- Touchpoints Added in FY 2023-24: **1,000+**

Intellectual Capital

- 11.82 Lakhs** Customers acquired through Digital Channels

Social and Relationship Capital

- CSR Beneficiaries: **2.4 Lakhs+**
- Women Empowered: **50,000+**
- ESG Rating: **CRISIL's 'Strong' Rating on ESG & Leading ESG Champions of India by Dun & Bradstreet**

Human Capital

- New Hires: **12,325**
- Women in Workforce: **20%**
- Employee Happiness Index: **90%**

Natural Capital

- Scope 1 Emission: **887.73 MT** of CO₂ Equivalent
- Scope 2 Emission: **13,995.74 MT** of CO₂ Equivalent
- Solar Energy Generated: **9.58 GJ***
- LED Light** Implementation at Corporate and Branch Offices
- ESG Rating: **CRISIL's 'Strong' rating on ESG & Leading ESG champions of India" by Dun & Bradstreet**

UN SDGs**



** United Nations' Sustainable Development Goals

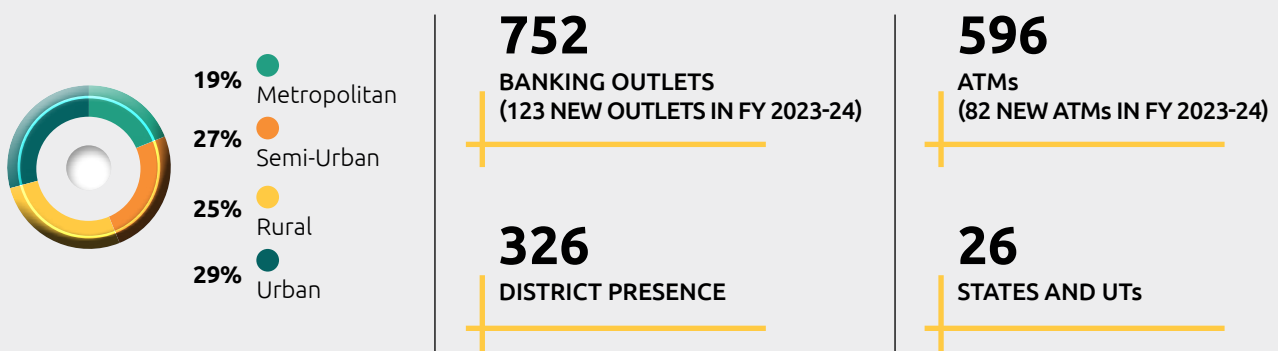


Geographical Presence

ENHANCING PAN-INDIA PRESENCE

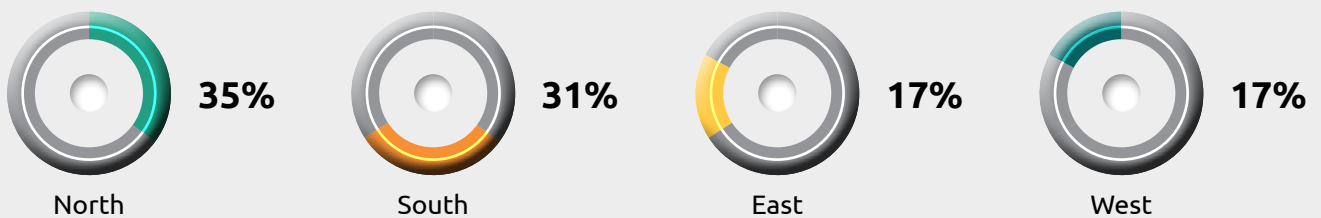
OUR MISSION IS TO EMPOWER THE UN-SERVED AND THE UNDER-SERVED COMMUNITIES, GUIDING OUR TRANSFORMATION INTO A MASS-MARKET BANK. WITH AN EXTENSIVE PRESENCE THROUGHOUT INDIA, INCLUDING ITS MOST REMOTE AREAS, WE HAVE BECOME A TRUSTED PROVIDER OF BANKING AND FINANCIAL SERVICES. OUR DIGITAL PLATFORM IS INSTRUMENTAL IN ENHANCING ACCESSIBILITY AND CONVENIENCE, ENSURING THAT OUR SERVICES ARE READILY AVAILABLE TO ALL.

Touchpoints Break-Up

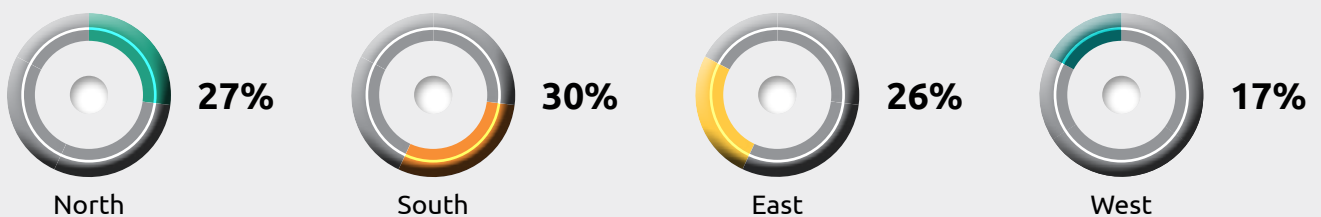


Region-Wise Share of Deposits and Gross Advances

Deposits (%)

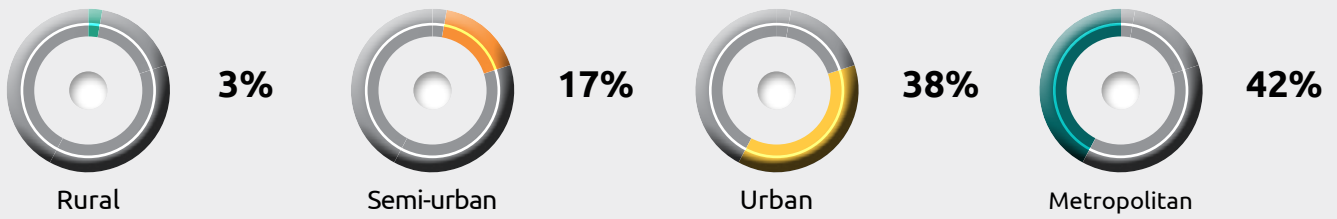


Gross Advances (%)

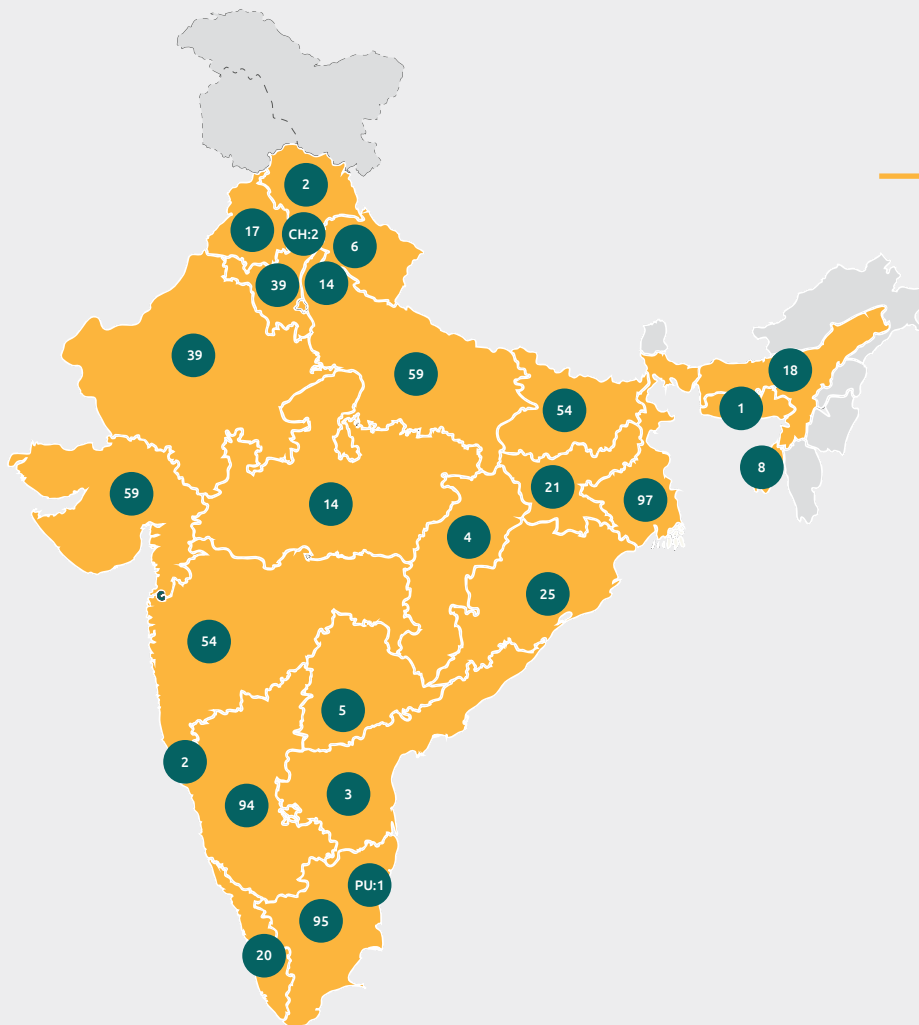
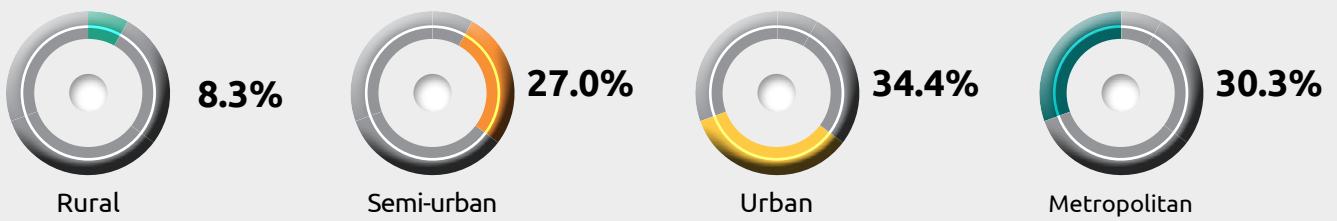


Branch-Wise Share of Deposits and Gross Advances

Deposits



Gross Advances



| State | Ujjivan SFB Branch |
|------------------|--------------------|
| ANDHRA PRADESH | 3 |
| ASSAM | 17 |
| BIHAR | 54 |
| CHANDIGARH | 2 |
| CHHATTISGARH | 4 |
| GOA | 2 |
| GUJARAT | 59 |
| HARYANA | 39 |
| HIMACHAL PRADESH | 2 |
| JHARKHAND | 21 |
| KARNATAKA | 94 |
| KERALA | 20 |
| MADHYA PRADESH | 14 |
| MAHARASHTRA | 54 |
| MEGHALAYA | 1 |
| NCT OF DELHI | 14 |
| ODISHA | 25 |
| PONDICHERY | 1 |
| PUNJAB | 17 |
| RAJASTHAN | 39 |
| TAMIL NADU | 95 |
| TELANGANA | 5 |
| TRIPURA | 8 |
| UTTAR PRADESH | 59 |
| UTTARAKHAND | 6 |
| WEST BENGAL | 97 |

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

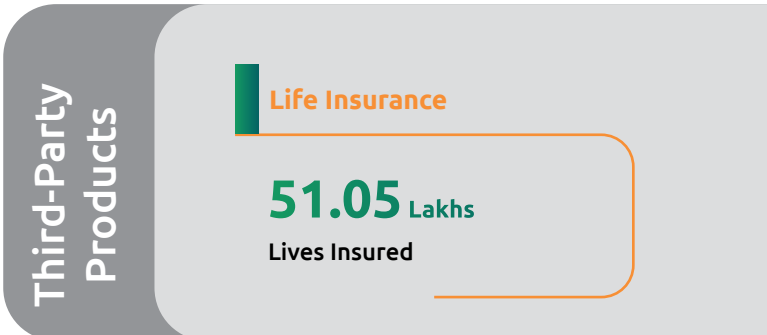
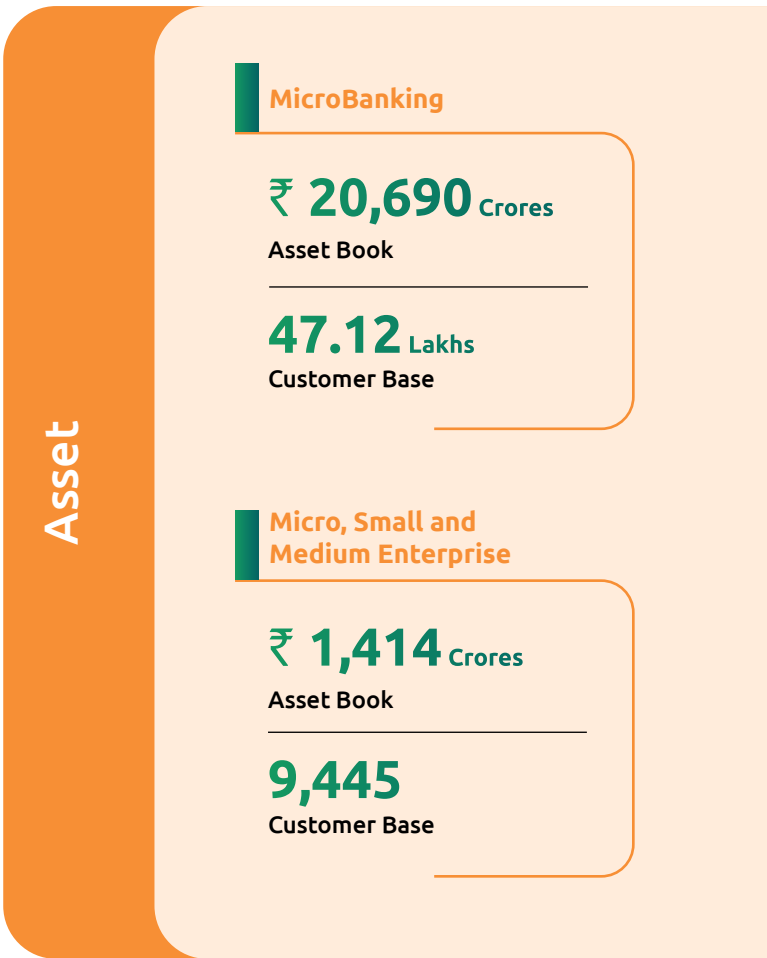
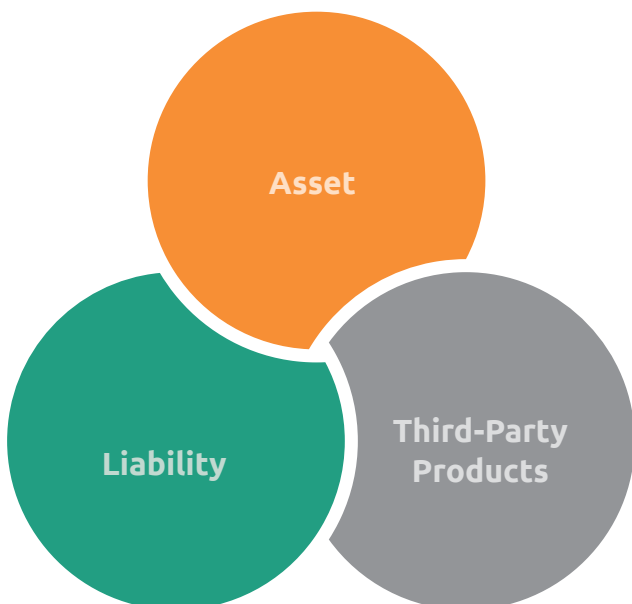


Products and Services

CATERING TO DIVERSE BANKING NEEDS

IN OUR ENDEAVOUR TO CATER TO THE DIVERSE AND DYNAMIC NEEDS OF OUR CUSTOMERS, WE'VE CRAFTED A VERSATILE ARRAY OF PRODUCTS AND SERVICES. WITH A STURDY ASSET-LIABILITY FRANCHISE AND THE AVAILABILITY OF THIRD-PARTY PRODUCTS ACROSS MULTIPLE DELIVERY CHANNELS, WE ENSURE A SEAMLESS AND HASSLE-FREE BANKING EXPERIENCE. THIS MEETS OUR CUSTOMERS' FINANCIAL REQUIREMENTS WITH AGILITY AND ADDS A TOUCH OF CONVENIENCE TO THEIR BANKING JOURNEY.

Our Three Segments



Affordable Housing

₹ 4,924 Crores

Asset Book

48,949

Customer Base

Financial Institutions and Government Banking Group

₹ 1,731 Crores

Asset Book

48

Asset Customer Base

₹ 7,907 Crores

Liabilities Book

545

Liabilities Customer Base

Vehicle Loans

₹ 175.83 Crores

Asset Book

34,777

Customer Base

Agricultural and Rural Banking

₹ 86 Crores

Asset Book

1,510

Customer Base

₹ 13,750 Crores

Retail TD

82 Lakhs+

Total Customer Base

₹ 9,256 Crores

Bulk TD

General Insurance

28,000

Assets/Lives Secured

Health Insurance

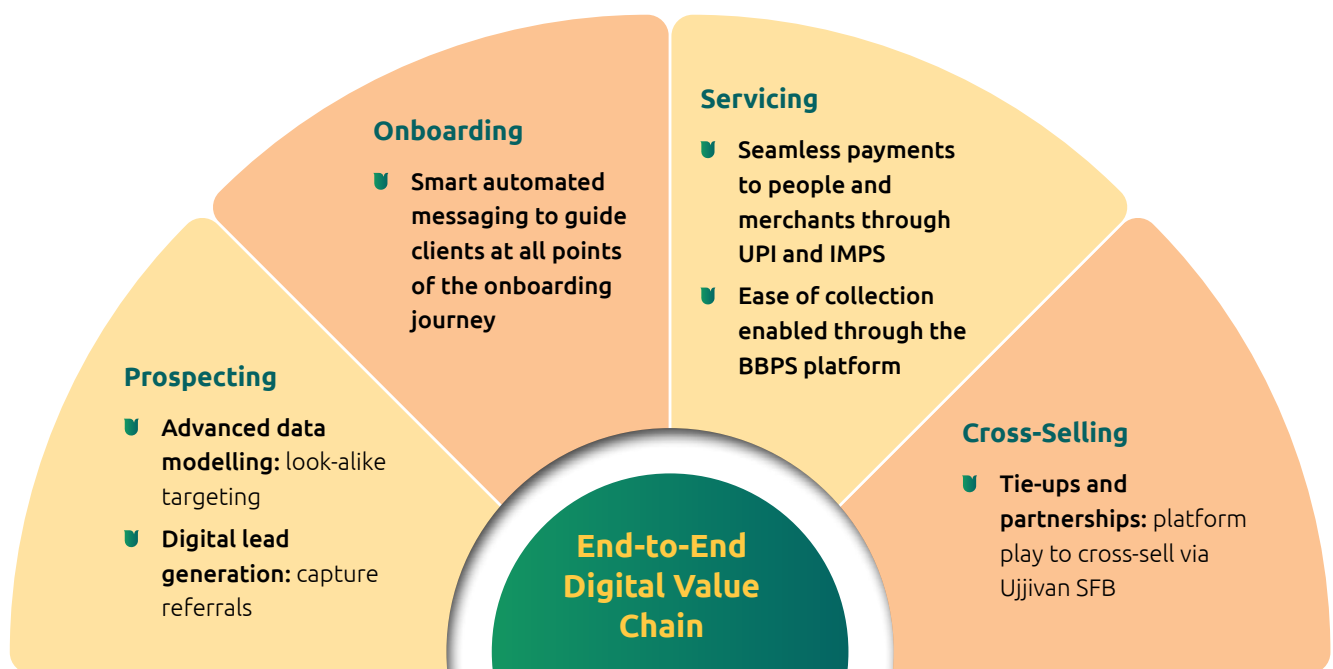
106,221

Lives Secured

Digital Future

INTEGRATING GROWTH THROUGH TECHNOLOGY

WE HAVE BUILT A ROBUST AND RELIABLE DIGITAL ECOSYSTEM DESIGNED TO SERVE DIVERSE CUSTOMER SEGMENTS WITH UNPARALLELED SPEED, PRECISION, AND SECURITY. OUR FORWARD-THINKING DIGITAL STRATEGY AIMS TO CRAFT A FUTURE-READY BANK, OFFERING CUSTOMERS SEAMLESS, OMNICHANNEL SOLUTIONS THAT ARE BOTH CONVENIENT AND AFFORDABLE. BY AUTOMATING THE MAJORITY OF OUR CURRENT BUSINESS PROCESSES, WE ARE PAVING THE WAY FOR ENHANCED EFFICIENCY AND CUSTOMER SATISFACTION.



To this end, we have established a robust digital presence, offering a comprehensive range of products and services tailored to diverse customer segments. By leveraging multiple digital channels, we empower our customers to bank at their convenience.



Personal & Business Internet Banking

Offer web-based platform(s) that can be accessed from any system

Provide high-volume bulk upload facility

Provide Aadhaar OTP authentication for setting and resetting passwords in personal net banking

Facilitate customisable client-centric approval matrix for business customers

141,450

PERSONAL INTERNET BANKING CUSTOMERS*

4,719

BUSINESS INTERNET BANKING CUSTOMERS*

*As of March 31, 2024



Mobile Banking Application

Available on Android and iOS operating systems

Available in 9 languages – English, Hindi, Kannada, Tamil, Bengali, Marathi, Gujarati, Punjabi, and Odiya

Provides Aadhaar OTP authentication for setting and resetting MPIN in mobile banking

2,160,642

MOBILE BANKING APPLICATION USERS*

*As of March 31, 2024



'Hello Ujjivan' Mobile Banking Application

First-of-its-kind voice and visual-assisted vernacular banking app

Available in the Android operating system with Voice Search and Voice Assistance

Available in 8 regional languages and English - Hindi, Marathi, Bengali, Tamil, Gujarati, Kannada, Oriya, and Assamese

Loan acknowledgement feature for Repeat & top-up Group Loan customers

QR Logistics Module in Finacle to indent and track Ujjivan pay QR indent, dispatch, and consumption for Money Mitra transactions.

550+ Money Mitra agents

Conversational AI call pilot for MicroBanking Savings Account customers with Awaaz.De



37%

GROUP LOAN CUSTOMERS ARE ACKNOWLEDGING THEIR NEW LOAN REQUESTS THROUGH HELLO UJJIVAN DIGITAL REPAYMENT

29%

PURE DIGITAL
(CUSTOMERS PAYING DIGITALLY ON THEIR OWN THROUGH CHANNELS LIKE BBPS, SI, AND NACH)

10 Crores
DIGITAL REPAYMENT CUSTOMERS

4.23 Lakhs

ITD UJJIVAN PAY QRS DISTRIBUTED

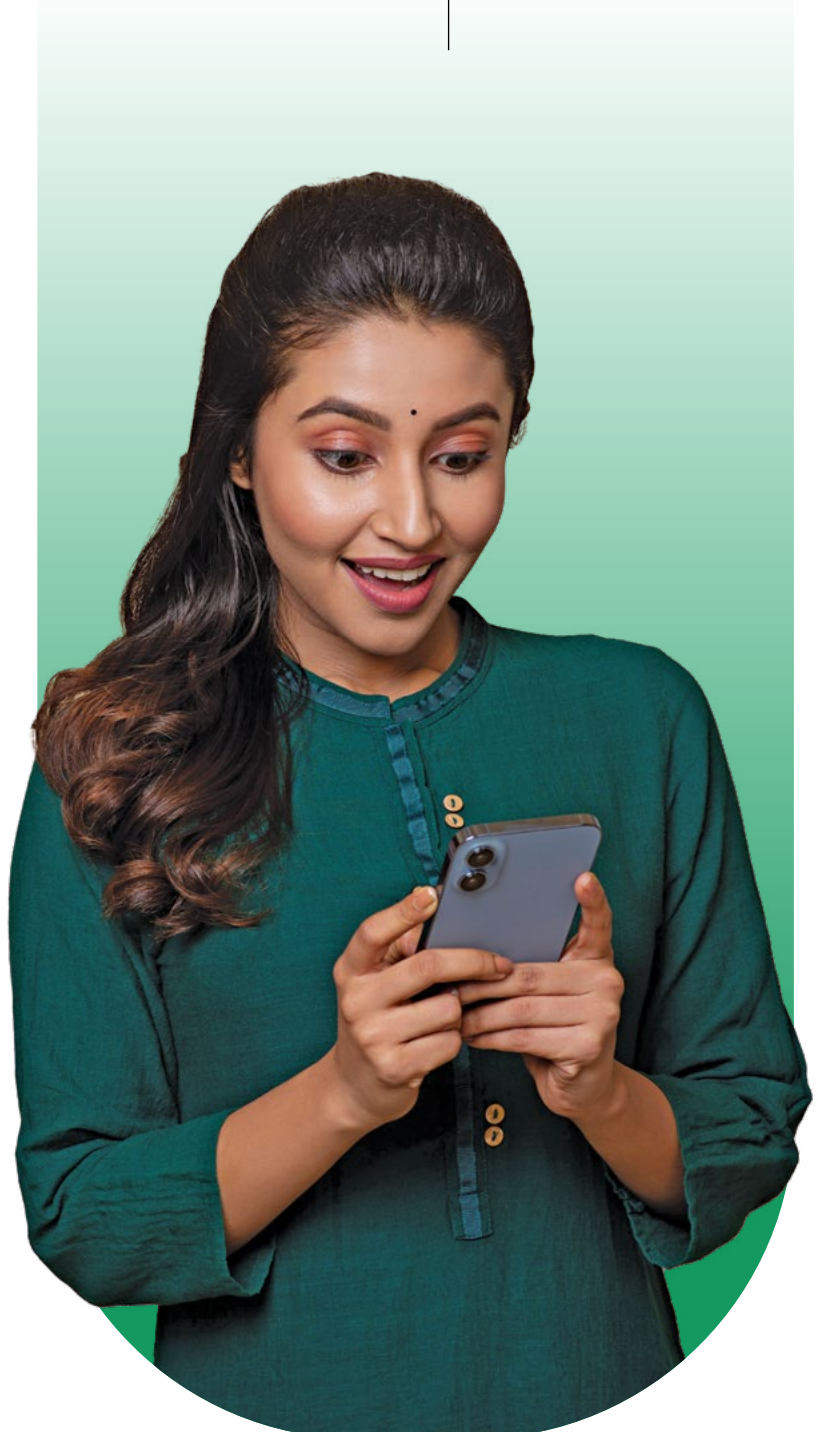
₹ **682** Crores
ITD FUND FLOW

774,983+

'HELLO UJJIVAN' MOBILE BANKING APPLICATION USERS*

4.0/5.0

RATING ON THE GOOGLE PLAY STORE*



*As of March 31, 2024



Phone Banking

Our Phone Banking is unique in the industry as it provides access to customers in 8 Indian languages and English over IVR. Our phone bankers answer customer calls in 13 Indian languages 24/7

9 languages on IVR include Hindi, Kannada, Tamil, Bengali, Malayalam, Marathi, Gujarati, Punjabi and English. Additionally, 4 languages are supported through human interaction - Telugu, Odia, Assamese and Bhojpuri

Simple IVR with self-service options such as debit card hot listing, balance enquiry and mini statement options

Straight-Through-Process to fulfil select service requests with Debit Card authentication facility in IVR

78%

CUSTOMERS REGISTERED FOR ACCESS IN INDIAN LANGUAGES

200

IN-HOUSE PHONE BANKERS WITH UNITS IN BENGALURU AND PUNE TO SUPPORT AS BACKUP

19%

CUSTOMERS REGISTERED FOR LANGUAGES OTHER THAN HINDI & ENGLISH

450+

SERVICES COVERED UNDER PHONE BANKING AND VIDEO BANKING, WHICH INCLUDE QUERIES, REQUESTS AND COMPLAINTS

The unit answered **11.3 Lakh** customer calls, which included queries, service requests, complaints, feedback and lead generation for new customers. **83%** of total calls were answered within **15** seconds of agreed service levels and the unit's uptime was **99.76%**. Our Intrabank Service Index scores were at 81%.



Transaction Enablers

ATMs & ACRs

Ujjivan SFB continues to maintain high uptime with state-of-the-art ATMs, fully compliant with all regulatory requirements. We are one of the few banks to have implemented cassette swapping at all ATMs and installed OTC locks to ensure both convenience and compliance. Ujjivan SFB enjoys a significant share in the ATM space at 19% among our peer group, boasting the highest growth rate of 3.3%. Ranking 29th among all banks, Ujjivan SFB has grown by 3.3% while the banking industry overall declined by 1% for total ATM transactions.

The Bank has significantly increased the number of touchpoints, currently operating 534 ATMs and 62 Auto Cash Recyclers (ACRs). Ujjivan SFB leads among all SFB banks in the volume of ATM transactions, with an impressive uptime of approximately 98%. To enhance customer experience, Ujjivan SFB

has begun deploying state-of-the-art touch screen ATMs with multilingual screens. We continue to feature braille keypads for visually challenged customers. We also command about 41% of ATM transactions among our peer banks.

19%

**MAJOR SHARE IN THE ATM
AMONG PEER GROUPS**

#29

AMONG ALL THE BANKS



Debit Card

Ujjivan SFB is making a significant contribution to digital transactions. We hold a market share of 21% in POS transactions and 14% in e-commerce transactions among our peer group. The Bank is the largest debit card issuer among our industry peers, with a card base totalling 10.26 Million users, and leads all SFBs in card transaction at POS. In FY 2023-24, debit cards accounted

for over 46 Million transactions. While the industry grew by 1% in card issuance and the SFB industry by 2%, Ujjivan SFB achieved a growth rate of 3%. Additionally, the Bank increased its transaction touchpoints through ATMs, ACRs, and Money Mitra, along with other digital initiatives, thereby enhancing the phygital presence.

1st

**AMONG ALL SFBS IN
CONTRIBUTION TO
CARD USAGE**

1st

**AMONG ALL SFBS IN
CARD ISSUANCE**

10.26 Million
CARD BASE

46 Million
CARD TRANSACTIONS

UJJIVAN SFB CARDS CAN TRANSACT

2 Lakhs+ ATMs

ALONG WITH 50 MILLION MERCHANT POINTS



Crafting the Next-Gen Phone Banking

In FY 2023-24, Phone Banking came out strongly by realigning and building a new road map for the Bank's strategy. Constant engagement with different businesses and functions of the Bank led to progressive service standards, the introduction of customer-centric channels such as Video Banking, Virtual Relationship Manager, and a dedicated/expert team called DigiMitra for customer support.

Virtual Relationship Managers: for sales, service, and relationship management

Video Bankers: to facilitate service requests and Digital Customer Acquisition

DigiMitra: a Subject Matter Expert handling their queries in using our digital channels

Specialised Outbound Team: to manage sales and service-related campaigns

Inbound Channel: to operate 24/7 for supporting customers



Safe and Convenient Banking

The concept of 'straight-through processes' enabled our customers to carry out critical account-related transactions over a call. Services such as freezing of accounts, blocking and unblocking of UPI services, stopping payment of cheques, enabling and disabling of internet banking, registering and disabling of mobile banking, hot listing of a debit card, and changing e-mail ID and mobile numbers were offered through Phone Banking even during non-banking hours and holidays. This resulted in a reduction in TAT and ease of access to our customers. Providing end-to-end services such as account change requests, obtaining consent for arbitration from customers, and approval of deliverable requests through Phone Banking and Aadhaar seeding confirmation over phone calls have further provided ease of convenience to our customers.

76%

'FIRST CALL RESOLUTION' THROUGH 'STRAIGHT THROUGH PROCESSES' RATE ACHIEVED, PROVIDING CUSTOMERS WITH HIGH SATISFACTION WHEN BANKING WITH US



Contributing to Business

All efforts are made at Phone Banking to support business teams and value generation for the Bank by sourcing all products (Assets and Liabilities) through our Inbound and Outbound channels. An average of **10,400** leads are generated per month, which further led to an outcome of average value of **₹ 40 Crores** month-on-month, moving us to a total of **₹ 480 Crores** in total for FY 2023-24. The conversion rate stood at **18%**. Phone Banking team books deposits, on call for existing customers. 720 Term Deposits valued at ₹ 2.50 Crores were booked through calls during FY 2023-24.

Video Banking

We launched Video Banking channel to offer branch-like experience to customers. This facility is accessible in multiple languages by providing seamless banking services through branchless solutions. It brings ease of access and convenience with robust multi-layer authentication for security. Our Video Banking channel is now capable of handling service requests of customers which require submission of documents and/or authorisation, such as requests related to VKYC/Re-KYC, address change, profile updation, signature updation, PAN updation, submission of Form 15G/H, Aadhaar seeding for DBT, activation of dormant account, and account upgrade/transfer services among others. These usually required customer visits to branches earlier, but now an alternative channel has been made available. Our Video KYC services have a huge potential for the acquisition of retail deposit customers digitally from even in geographical locations where the Bank does not have branches.

Value Creation through Video Banking/Video KYC

₹ 47.83 Crores

Digital Savings Account & Digital FDs Value Acquired for New Customers through VKYC for the Year

3,836

Digital Savings Account & Digital FDs for New Customers through VKYC during the Year



Marketing and Branding Initiative

FOSTERING A SUSTAINABLE BRAND

AT UJJIVAN SFB, OUR COMMITMENT ENCOMPASSES A COMPREHENSIVE APPROACH TO BRAND BUILDING, ONE ROOTED IN RIGOROUS RESEARCH AND STRATEGIC INSIGHT. WE UNDERSTAND THAT ESTABLISHING A STRONG BRAND PRESENCE REQUIRES A MULTIFACETED STRATEGY THAT REACHES AUDIENCES THROUGH VARIOUS CHANNELS. ACROSS ABOVE-THE-LINE (ATL), BELOW-THE-LINE (BTL), DIGITAL, AND SPONSORSHIP CHANNELS, WE EMPLOY A RESEARCH-DRIVEN APPROACH TO OUR BRAND-BUILDING ACTIVITIES. THROUGH OUR INTEGRATED APPROACH TO BRAND BUILDING, WE AIM TO CREATE A LASTING IMPRESSION ON OUR AUDIENCE, FOSTER BRAND LOYALTY, AND, ULTIMATELY, MAKE A MEANINGFUL IMPACT.

A Transformative Journey of Trust and Progress

Why Trust Matters...

Trust is crucial in banking relationships. More than just numbers, it's the foundation: In the fast-paced world of finance, where banking can feel mechanical, Ujjivan SFB aimed to bring a touch of warmth to the existing ecosystem. We realised that banking is about more than just money; it's about enabling you to safeguard your dreams and aspirations, financially. Our brand campaign, 'Ek Doosre Pe Bharosa, Ek Doosre Ki Tarakki' (Mutual Trust. Mutual Progress.), wasn't just advertising; it was a clarion call to invest and build trust in each other.

This belief was reflected in every communication we undertook. From festive promotions on occasions like Diwali, Durga Puja, Ganesh Chaturthi, and Navratri, to designing diary and calendar themes, the communication reflected the ethos of 'Trust and Progress'.



UJJIVAN SMALL FINANCE BANK
A SCHEDULED COMMERCIAL BANK



**Ek doosre pe
bharosa.
Ek doosre ki
tarakki.**

Scan to
watch
the films





Customer Engagement

Beyond festivals, we also leveraged thematic days such as Teachers' Day, Mother's Day, World Environment Day, Independence Day, and Republic Day, among others, to connect with customers and promote our products and services. In India, cricket is the heartbeat of the nation. So, we capitalised on the Women's IPL matches in March–April 2023 by promoting our Fixed Deposit interest rates on the Jio OTT channel.

The overall campaign was well received which was reflected in higher brand recall in our post-campaign evaluation survey.

We welcomed the NRIs with our campaign 'Welcome Home to Higher Returns' in select markets across high customer touch points.

We launched special campaigns for the Affordable Housing Loan as well. The Monsoon campaign in July–August 2023 on Home Improvement Loan and the Grihapravesh digital campaign in March was also well received by the customers.



Out of the Box Initiative

Ganesh Chaturthi

We orchestrated a vibrant campaign to showcase our banking products and services. Utilising innovative technologies like motion sensors and sound frequencies, we curated memorable experiences for our target audience. Our unique experiential marketing initiatives included:

#OneBankOneUjjivan

TEAM WEST
Brings A Hat-trick Of
Innovative Roadshows For
Ganesh Utsav 2023!

ATM: Any time Modak

A Modak dispensing ATM that engaged with societies, promoting Ujjivan's products to potential customers. The activity was done in association with Haldirams, who sponsored Modaks.

- Locations covered - Pune, Nashik, Aurangabad & Nagpur
- Branches participated - 12
- Total engagements - 3500+

Eco Phool Pandal

An eco-friendly pandal, created for the occasion, that engaged with societies, promoting Ujjivan's products to potential customers. The activity was done in association with Haldirams, who sponsored Modaks.

Band Baaja Bappa

A musical performance, created for the occasion, that engaged with societies, promoting Ujjivan's products to potential customers. The activity was done in association with Haldirams, who sponsored Modaks.

- AnyTimeModak:** A modak dispenser ATM on wheels
- ECO Phool Pandal:** Promoting recycling with a live demo of Nirmalya recycling
- Band Baja Bappa:** An engaging experience with sound sensors coupled with the launch of our Maxima product

The Band Baja Bappa campaign garnered widespread attention and acclaim, earning us a State-Level Maharashtra Radiance Award. Through road shows across Maharashtra and strategic radio partnerships, we reached millions, leaving a lasting impression on the community.

Other On Ground Engagement Activities



Green Ganesha: An activation with focused approach to connect with Youth and Mid age segment. We conducted various quiz and games promoting eco-friendly celebrations at residence, also distributed 9279 laddus amongst poor children as part of sustainability and inclusiveness, creating a record in partnership with Big FM.

Naam Ganesha: A specially design Ujjivan branded paper frames in which customers can get their name drawn in form of Ganesha by well-known artist. Activity was done by 2 artists for 20 branches across Mumbai and ROI.

- Location covered - Gujarat and Maharashtra
- Branches covered - 28
- Societies covered - 50
- Total engagement - 12500+



Ganpati Bappa Moriya #Ganeshotsav2023

Strictly for Internal Communication

Onam

Onam, a festival larger than life for Keralites celebrates unity, family, and tradition through the vibrant art of Pookalam. Leveraging this cherished tradition, we set out to make history. Our innovation? Crafting the largest Pookalam ever seen, integrating the Kerala map and cultural symbols of Onam. But the pinnacle of our achievement was securing a World Record for the largest Pookalam. This certification was accorded by the World Book of Records, a testament to our dedication and creativity, forever etched in the annals of history.





New Launches

Our growth is reflected in our dedication to serving customers. The addition of the Vijayawada branch in Andhra Pradesh seamlessly aligns with our vision for inclusive growth. Our first branch in Andhra Pradesh is a testament to our continuous efforts to connect with diverse communities. With 752 branches in 26 states and UTs (as of March 2024), we are making banking accessible to more communities and marching towards fostering financial growth across the country.

In August 2023, we proudly introduced our latest product, 'Maxima Savings Account', & 'Maxima Current Account' tailored exclusively for our premium customers. Maxima products represent our commitment to delivering exceptional quality and tailored solutions to meet the unique needs of our esteemed customers. It embodies cutting-edge features to elevate the experience for our customers. We used airports and malls to reach out to our customer segments and ensure business generation.



**When it comes to your growth,
we mean business**

— Presenting —
Business
MAXIMA
• CURRENT ACCOUNT •

Digital Initiatives

The world is changing, and so is Ujjivan SFB. Our recent digital transformation makes saving and managing money easier than ever. Customers can open a savings account and fixed deposit account anytime, anywhere, with the user-friendly online platform. The revamped website facilitates effective communication through a more simple and intuitive navigation. Leveraging mailers, SMS, and push notifications, we proactively reach out to existing customers and target audiences, keeping them informed about our offerings and ensuring a more personalised and accessible banking experience.

**A FAMILY THAT
BANKS TOGETHER
SAVES TOGETHER**



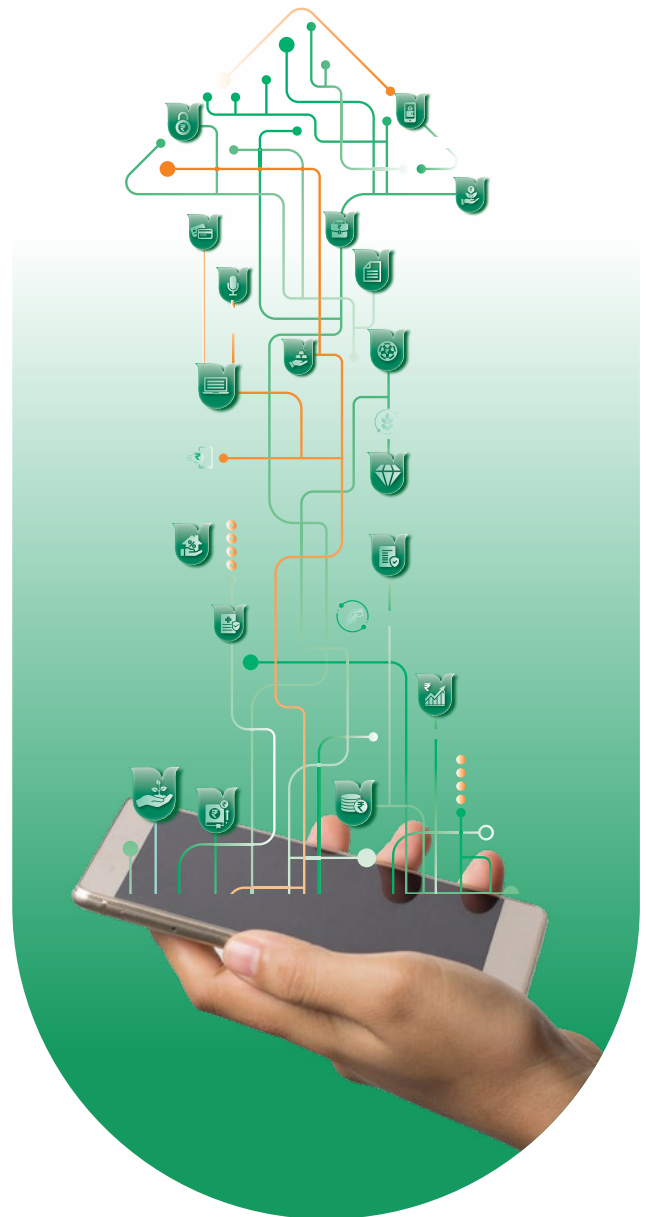
Recognised for Our Marketing Excellence

- 🏆 **Effie Awards India:** Shagun ka Lifafa Campaign
- 🏆 **Pitch BFSI Marketing Awards Silver:** for the Most Effective Regional Campaign for Branch Launch Communication
- 🏆 **Pitch BFSI Marketing Awards Bronze:** for the Fixed Deposit Campaign done on Independence Day
- 🏆 **Eggfirst Chalo Rural Conclave & Awards** for the Postman activity in rural India
- 🏆 **ACEF Global Customer Engagement Awards** for the Word-of-Mouth Marketing initiative for Mother's Day
- 🏆 **Maharashtra Radiance Award** for Ganesh Chaturthi Campaign in Maharashtra
- 🏆 **Entered the 'World Book of Records'** for the Largest Cultural Kerala Map Flower Carpet (Pookalam)



The Next Mile

In an era, where digital innovation drives transformative change, we are committed to harnessing the power of technology to enhance the banking experience for our customers. Along with our branch, we aim to further leverage digital solutions to provide seamless and convenient banking services. This includes expanding our online platform to offer a wider range of services, ensuring that customers can access banking facilities anytime, anywhere.





SOCIAL BUZZ



@UJJIVAN_SFB





@UJJIVAN_UNIVERSE

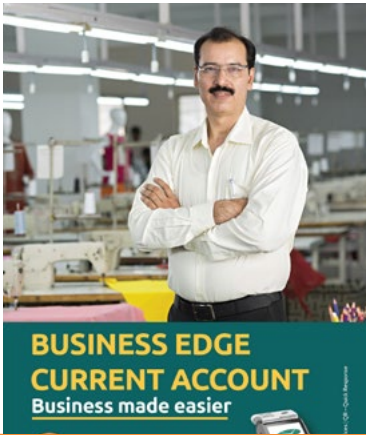


TRANSFORMING

Possibilities through Performance

UJJIVAN SFB IS MOVING IN THE RIGHT DIRECTION, AS EVIDENCED BY OUR STEADY AND HEALTHY PERFORMANCE ACROSS ALL KEY PARAMETERS. OUR FOCUS ON MAINTAINING SOUND FINANCIAL PERFORMANCE, ROBUST OPERATIONAL EFFICIENCY, AND STRONG CUSTOMER RELATIONSHIPS HAS BEEN INSTRUMENTAL IN DRIVING OUR PROGRESS AND POSITIONING US FOR CONTINUED GROWTH AND SUSTAINABILITY.





Message from the
Managing Director & CEO

40



Message from
the President

45

46

Key Performance
Highlights

**YOUR PROSPERITY,
OUR PRIORITY.
A PARTNERSHIP FOR
GROWTH.**

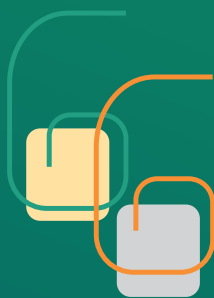
MSME LAP & Business Banking

The block contains four small, rounded-corner images arranged in a 2x2 grid. The top-left image shows a man in a white shirt working at a machine. The top-right image shows a man in a green vest standing in a warehouse. The bottom-left image shows a woman with curly hair in a green top. The bottom-right image shows a man in a light green shirt with his arms crossed.



Message from the Managing Director & CEO

THRIVING FOR TRANSFORMATIVE IDEAS



FY 2023-24 has been also a year of consolidation. While scaling new highs, we also have successfully completed the merger process between the Bank and its Holding company. I would like to highlight that the merger has benefitted all our shareholders. The Bank is one strong listed entity, merger has benefitted book value per share to increase by ₹ 2.6 to ₹ 29.



Dear Stakeholders,

I am pleased to inform that FY 2023-24 has been another successful year in Ujjivan SFB's journey where we built on the base, we had formed in FY 2022-23. Our efforts have delivered tremendous results, including being awarded Best Small Finance Bank award at the BT Best Banks and NBFC Awards. The all-round growth reflects through robust business performance. Disbursements touched an all-time high with yearly disbursement at ₹ 23,389 Crores, resulting in 24% YoY growth in gross loan book to ₹ 29,780 Crores with secured loan book moving to 30.2%. Our deposits also grew substantially registering a growth of 23% YoY to ₹ 31,462 Crores with CASA ratio at a healthy 26.5% for period ended March 2024. We now serve 86 Lakh customers through our 752 branches spread across 26 states and UTs. These efforts helped us achieve the robust profitability of ₹ 1,281 Crores which translates into a RoA and RoE of 3.5% and 26.1% respectively, among the highest in the industry.

FY 2023-24 has been also a year of consolidation. While scaling new highs, we also have successfully completed the merger process between the Bank and its Holding company. I would like to highlight that the merger has benefitted all our shareholders. The Bank is one strong listed entity, merger has benefitted book value per share to increase by ₹ 2.6 to ₹ 29.

KPIs are Heralding a Movement in the Right Direction

This financial year was not just about growth numbers but the quality of growth which we were able to achieve. Our secured products grew faster leading to an increased share of secured products in overall portfolio in H2 FY 2023-24. This is currently led by Affordable Housing followed by Financial Institution Group. MSME vertical which was undergoing a transition during the year has also started to contribute, although the contribution will be more meaningful from FY 2024-25. Similarly on the deposit side the growth was driven by retail deposit which helped us bring down share of Bulk Term Deposits to 29.5 % of total deposit as on March 31, 2024 from 33.4% as on March 31, 2023. In first half of this year, we experienced shift of deposit from CASA to Term Deposit which brought our CASA ratio to 24.1% as on September 30, 2023 but in the second half we were able to bring it back to 26.5% as on March 31,



Mr. Ittira Davis
Managing Director & CEO



2024, due to our increasing focus in building a granular deposit base. Consequently, in CASA, the share of Current Accounts improved by ~150 basis points to 9.2% of total CASA.

What Did We Do to Achieve This?

Financial Year 2023 was a year of turnaround while financial year 2024 witnessed a lot of new initiatives:

- 👉 We launched our first nationwide brand campaign to help establish Ujjivan SFB as a brand
- 👉 Implemented hub and spoke model for affordable housing and MSME which is helping us serve customers quicker with better TAT and has improved productivity for our workforce
- 👉 Branch expansion has been accelerated to cover newer geographies - deepen our presence and enhance our customer reach
- 👉 During the year, we introduced the loan acknowledgement feature in 'Hello Ujjivan' app for repeat loans. Due to this, customer experience has improved, in addition to improvement in CRO productivity
- 👉 Our product offerings were enhanced through various value-add products that were added to our offerings catering to specific needs of customers
- 👉 Launched Digital Fixed Deposits and Digital Savings Account which will provide our customers a seamless experience through our digital deposit journey. This has enabled us to serve and acquire customers beyond our branch network
- 👉 Successfully introduced 3-in-1 Account for our customers
- 👉 Our progress was recognised by CARE Ratings Ltd., upgrading our long-term ratings to AA- (Stable) from A+ (Positive) earlier. This will help us increase our competitiveness in raising funds at better rates in future

ESG

Ujjivan SFB has started its journey towards sustainability as a reflection of its commitment towards Environment, Social and Governance (ESG) principles. The Bank's inaugural ESG & TCFD reports was published in January, 2024. It is indeed a moment of pride when I mention,

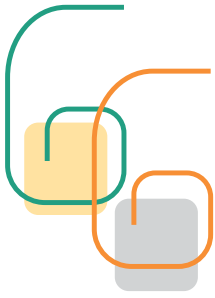
Ujjivan SFB is the First Small Finance Bank to launch Task Force on Climate-Related Financial Disclosures. We have outlined our targets for short, medium & long term across the material issues identified. The Bank has been aligning its business operations with the ESG requirements. We reflect a commitment to enhance financial growth and attain a future filled with sustainable growth for all. To infuse ESG considerations throughout its operations, the Bank has implemented a range of crucial policies, code of conduct, and guidelines that actively cultivate and uphold its commitment to responsible banking across the entire organisation. The Bank focusses on providing literacy training and capacity-building programmes to its customers. Ujjivan SFB prioritises social impact and measures success not in financial terms but in terms of positive social outcomes. We shall participate in the maiden DJSI (Dow Jones Sustainability Indices) assessment for our ESG Scores in FY 2024-25, by further enhancing transparency and efficiency, underpinned by strong governance framework involving Board of Directors and Management Committees.

Strong and Stable Board

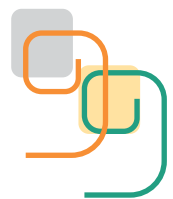
The Bank has a strong and stable Board of Directors. The Board continues to steer the strategic direction for the Bank. We have received RBI approval for the appointment of Mr. Sanjeev Nautiyal as MD & CEO of the Bank with effect from July 01, 2024. He is a seasoned banker with over 3 decades of extensive strategic domain expertise in various business functions. Previously Mr. Nautiyal, held the position of 'Deputy Managing Director (Financial Inclusion & Micro Markets)' in SBI, handling Financial Inclusion & Micro Markets. Prior to this, he was MD & CEO of SBI Life Insurance. I believe he is a great addition to the Board and management. His knowledge and experience will lead Ujjivan to newer heights. Ms. Carol Furtado is elevated as an Executive Director of the Bank with RBI approval with effect from May 01, 2024. She is a key member of the leadership team that laid the foundation for Ujjivan SFB and has also been instrumental in setting up key business functions of the Bank. Her role has been instrumental in Ujjivan SFB's recognition as a Great Place to Work.

Nurturing Talents Right

The Bank is committed to boost comprehensive people development and nourishing organisational capabilities. The listening and engaging culture of Ujjivan SFB has helped its employees flourish. Ujjivan SFB takes great pride to call itself an inclusive place to work and progress. We continued to remain in the Best Companies to



We launched two digital liability products, Digital Fixed Deposits and Digital Savings Accounts during last year, which provides a seamless journey for our customers at their fingertips. This will enable us acquire customers beyond the reach of physical branches. The successful launch of our mobile banking application, Hello Ujjivan in FY 2022-23 grew strong with downloads surpassing 1 Million. Another key initiative was the 'Micro Banking Loan Acknowledgement' feature on the Hello Ujjivan platform for our repeat customers.



Work for in India as certified by Great Places to Work Institute for the 14th year in a row. Wellness is always prioritised at Ujjivan SFB and we recently enhanced our employee health insurance programme to provide better health benefits for maternity, pre-natal/post-natal and IVF segments. Investment in talent upgradation and customer service enhancement has reaped benefits, which can be seen with the recognition gained by the awards for excellence in many spheres. Under the all-round skill enhancement philosophy, Ujjivan SFB has trained numerous employees. We constantly aspire to improve and perform better. This is visible through the rising average learning hours per employee spends in its upgradation. To ensure that employees are competitively compensated, a benchmarking exercise was undertaken. We also introduced a Car Lease Policy for employees. All these combined efforts helped us to get recognised as one of India's Top 100 companies to work for, India's Top 25 in the BFSI industry (amongst 167 participants) and Top 50 India's Best Place to Work for Culture of Innovation.

Going Digital

The key to expand our customer base and reaching a diverse set of customers depends on increasing our physical reach but is equally rewarding when we embrace the digital journey to serve our customers better. We launched two digital liability products, Digital Fixed Deposits and Digital Savings Accounts during last year, which provides a seamless journey for our customers at their fingertips. This will enable us acquire customers beyond the reach of physical branches. The successful launch of our mobile banking application, Hello Ujjivan in FY 2022-23 grew strong with downloads surpassing

1 Million. Another key initiative was the 'Micro Banking Loan Acknowledgement' feature on the Hello Ujjivan platform for our repeat customers. With the introduction of this feature, in-branch visits are no longer mandatory to avail loans by our repeat customers. This has resulted in improved operational efficiency, enhanced customer convenience and reduced turnaround time. The app has already received a great deal of attention, winning the Skoch Award for Digital Transformation and the esteemed Aegis Graham Bell Awards 2023 for innovation in Consumer Tech and the Best Innovation Award at the BT Best Banks and NBFC Awards. On the infrastructure and governance front, Bank undertook several upgrades and rolled out new digital platforms, which are crucial for the smooth operation of our banking services. Our Phone Banking channel has aided the ease of banking, serving through 13 Indian languages and resolving customer queries, requests and complaints 24/7 with an uptime of 99.76%. Enhanced technological capabilities in various 'straight-through processes' were introduced, serving customers for their account-related transactions over phone. Happy to state that we achieved 76% 'First Call Resolution' through these initiatives which has developed trust among our customer base. We will continue to invest on both our internal and external digital capabilities. We will be introducing Digital initiatives such as smart statements, video banking, and WhatsApp banking for our customers. Furthermore, we aim to offer end-to-end digital services experiences to the customers in select areas. The Bank remains committed to continuously upgrading its application infrastructure, expanding digital banking services, and integrating more sophisticated security features to protect our systems and data. Our



focus on innovation, security, and customer experience will guide our efforts as we navigate the evolving digital landscape.

Machine learning and artificial intelligence is playing a meaningful role in banking business. Adopting usage of data analytics has led the Bank on path of transformation. Our teams are leveraging the advantages of this technology improving overall efficiency and effectiveness within the Bank's digital ecosystem. Through data analytics, the Bank has gained insights to facilitate well informed decision-making and effectively cross-sell and up-sell the products to our large customer base. Our continuous efforts in this area have resulted in early recognition as the 'Best Data Science Team of the Year (Small Finance Bank)' from the Data Analytics and AI show.

FY 2023-24

Financial year 2022-23 was an exceptional year for the Bank, setting the benchmark for the financial year 2023-24. I am delighted to share that we were able to deliver on the high standards which we had set for ourselves. As I mentioned earlier, the Bank disbursed ₹ 23,389 Crores for FY 2023-24 translating into y-o-y gross loan book growth of 24%. Secured products continued to outperform taking secured book share at 30.2% as on March 31, 2024. I foresee that we are working in line with our strategy and will be able to diversify our book to 40% secured book by FY 2025-26. Deposit grew at 23% y-o-y closing at ₹ 31,462 Crores as on March 31, 2024. Retail Term Deposits growth continues to outpace bulk term deposits, growing by 36% for the year.

With growing business, another important aspect for the Bank was to keep asset quality at healthy levels. Our asset quality improved significantly, with GNPA at 2.1% against 2.6% in FY 2022-23 and reflects the resilience of our customer segments and the robustness of our underwriting mechanism. Our Net NPA also remained at low levels throughout the year and closed at 0.3% as on March 31, 2024. We continue to have a strong and dynamic collection team which helped us maintain strong collection efficiency of around 99% through the year. This helped us contain our credit cost at 0.58%, well within our guidance of sub 100 bps. While the asset quality remains strong backed by robust collection, we saw the same moving towards normalisation this year and expects this normalisation to continue in next fiscal. We continue to carry the floating provision of ₹ 250 Crores on our balance sheet with a PCR of 87% as on March 31, 2024.

We registered a NIM of 9.1% for FY 2023-24. Margins

remained under pressure from cost of funds which continued to inch up throughout the year and is also expected to remain elevated until the interest rate cycle reverses. There are 3 major factors which contributed to our margins:

The two interest rate hikes we took in the financial year 2023 propelled our yield on gross loan book to 19.2% from 18.4% in FY 2022-23 as the booked repriced. This helped us absorb a substantial portion of impact from rising CoF. This repricing will continue to benefit us in H1 FY 2024-25.

We started the year with high liquidity but tapered down the same during the year, this again provided impetus to NIMs. Additionally, our asset quality remained robust providing support to margins. We expect to maintain the margins at similar levels for FY 2024-25.

We will continue to expand our physical infrastructure by adding new banking outlets in FY 2024-25, increasing our customer touchpoints through partnerships with payment fintechs, introducing Money Mitra services along with other digital initiatives thereby amplifying our physical as well as digital presence.

Dividend Recommendation

The Board has recommended a final dividend of 15% for FY 2023-24, which will be subject to the approval of shareholders at the ensuing 8th Annual General Meeting of the Bank, scheduled to be held on July 26, 2024.

Outlook

FY 2024-25 will be a good year in Ujjivan SFB's Banking journey. Technology will be an important enabler for the Bank to scale newer peaks. Focussed product offerings being offered through multiple delivery channels. The Bank will also consider transforming itself into a Universal Bank with Mr. Sanjeev Nautiyal taking the leadership charge at the Bank.

Sincerely,

Mr. Ittira Davis
Managing Director & CEO

Message from the President

READY FOR THE NEW

Joining Ujjivan SFB is truly an honour, as its mission resonates deeply with my values. The commitment to becoming a leading mass-market bank, rooted in the philosophy of enhancing lives, speaks volumes about the organisation's dedication to inclusivity and progress. The remarkable transformation from an NBFC MFI to a thriving bank underscores Ujjivan SFB's readiness to pioneer new realms of financial and digital inclusion. The evolution of Ujjivan SFB into a robust banking institution symbolises resilience, adaptability, and a steadfast determination to meet the evolving needs of the masses.

As we stand on the cusp of new horizons in financial and digital inclusion, I am energised by the prospect of working with the esteemed Board, comprising seasoned bankers led by our Chairman, Mr. B.A. Prabhakar, alongside the talented team at Ujjivan SFB and collaborating with stakeholders from all walks of life to drive meaningful impact and foster positive change in the communities we serve.

Together, we aspire to take forward this story and vision of inclusive growth and sustainable development, leaving a lasting legacy of empowerment and prosperity for generations to come!

Mr. Sanjeev Nautiyal
President
MD & CEO w.e.f. July 01, 2024



Mr. Sanjeev Nautiyal
President

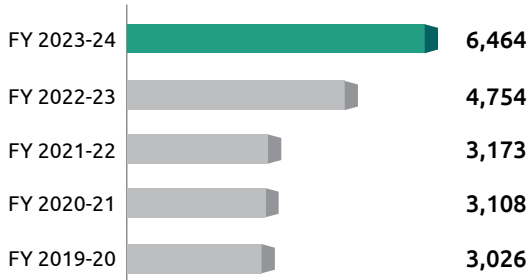


Key Performance Highlights

ENSURING STEADY AND STABLE GROWTH

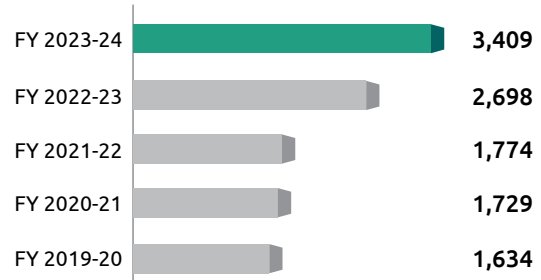
Profit and Loss Parameter

Total Income (₹ in Crores)



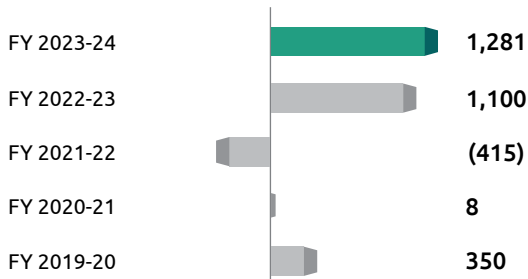
↑ 36% YoY

Net Interest Income (NII) (₹ in Crores)



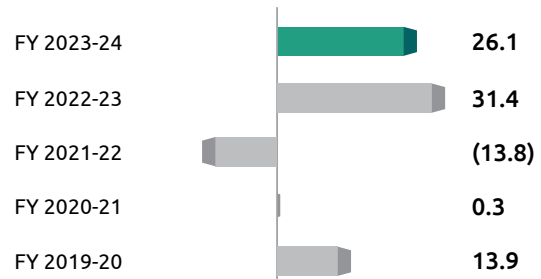
↑ 26% YoY

Profit after Tax (₹ in Crores)

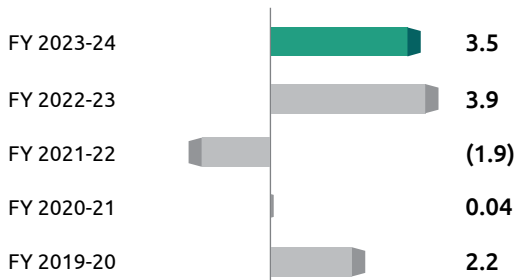


↑ 17% YoY

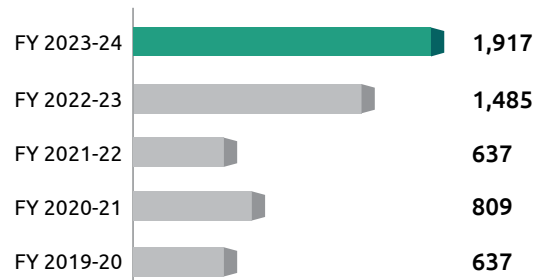
Return on Average Shareholders' Fund/Equity (ROE) (%)



Return on Average Assets (ROA) (%)



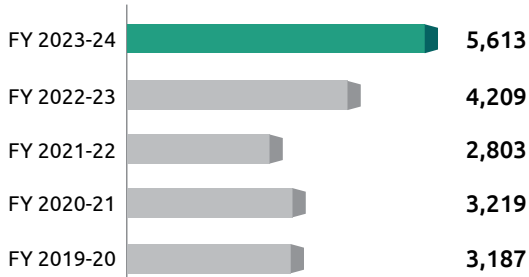
Pre-Provision Operating Profit (PPOP) (₹ in Crores)



↑ 29% YoY

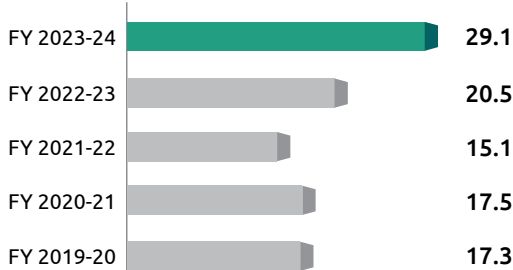
Value Creation Parameter

Shareholders' Fund (₹ in Crores)



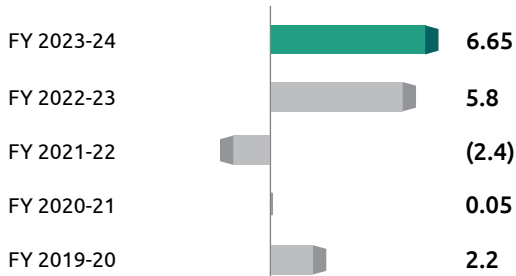
↑ 33% YoY

Book Value per Share (₹)



↑ 42% YoY

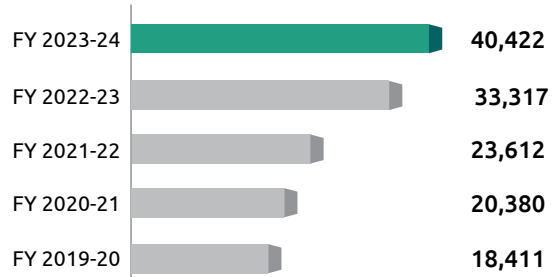
Earnings per Share (₹)



↑ 14% YoY

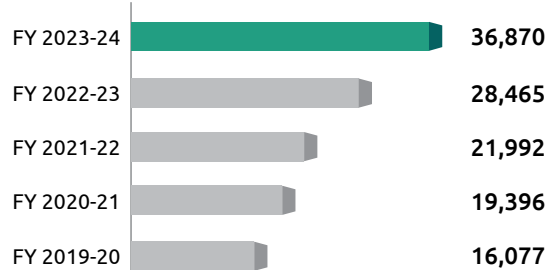
Balance Sheet Parameters

Balance Sheet Size (₹ in Crores)



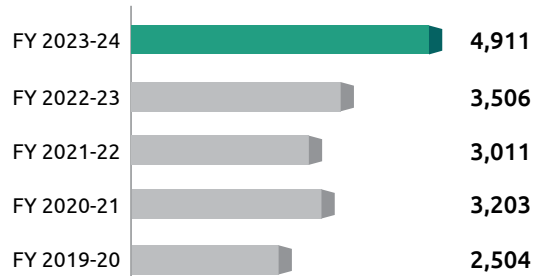
↑ 21% YoY

Average Total Assets (₹ in Crores)



↑ 30% YoY

Average Net Worth (₹ in Crores)

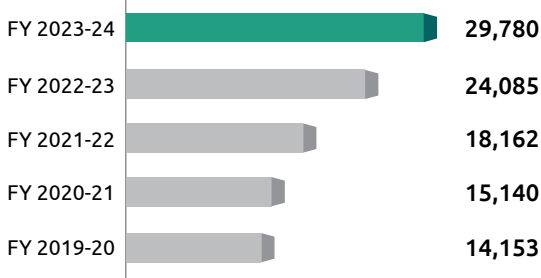


↑ 40% YoY



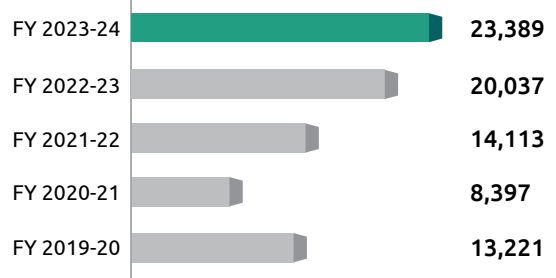
Business Parameter

Gross Loan Book (₹ in Crores)



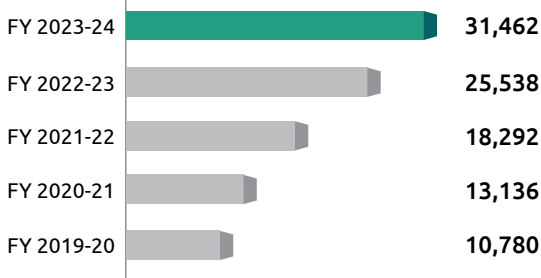
↑ 24% YoY

Disbursements (₹ in Crores)



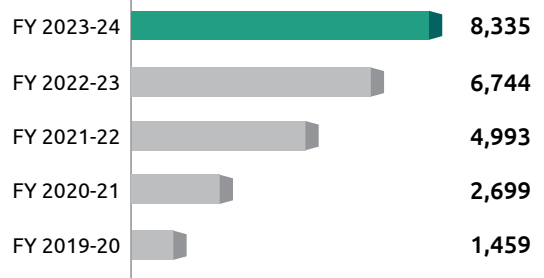
↑ 17% YoY

Deposits (₹ in Crores)



↑ 23% YoY

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

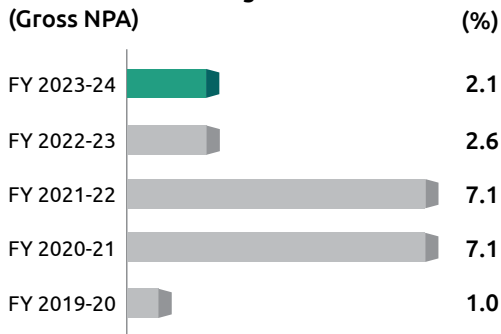


↑ 24% YoY

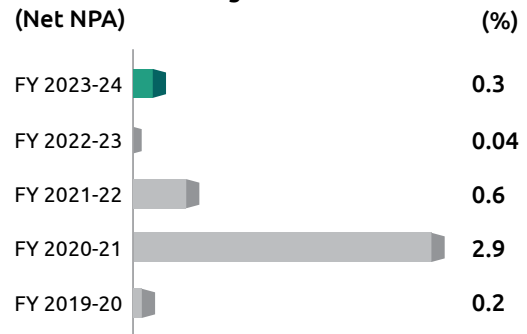


Asset Quality

Gross Non-Performing Asset (Gross NPA)



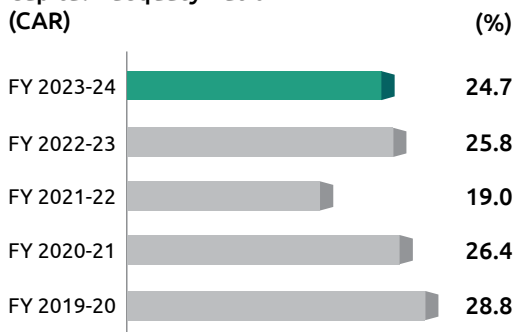
Net Non-Performing Asset (Net NPA)



↑ 23 BPS

Operational Parameter

Capital Adequacy Ratio (CAR)



↓ 112 BPS

Business Composition (% Gross Loan Book)



- Micro Group Loans
- Affordable Housing & Micro Mortgages
- Individual Loans
- FIGB Lending
- MSME
- Others

GROWING

Operational Efficiencies Effectively

ACROSS ALL OUR BUSINESS SEGMENTS, OUR STRATEGIC INITIATIVES HAVE ALLOWED US TO NAVIGATE THE EVER-CHANGING OPERATING LANDSCAPE, AND POSITIONED US TO SEIZE EMERGING OPPORTUNITIES.





MicroBanking

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Agriculture & Rural Banking

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MSME

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Affordable Housing

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Vehicle Finance

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Treasury

Trust, Association, Society and Club (TASC)

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Branch Banking



Third-Party Products

66

70

Financial Institutions & Government Banking Group (FIGB)



MicroBanking

EMPOWERING COMMUNITIES WITH SEAMLESS BANKING

WE ARE COMMITTED TO IMPROVING THE LIVES OF THOSE IN THE INFORMAL SECTOR, ALIGNING WITH INDIA'S GOALS FOR FINANCIAL AND DIGITAL INCLUSION. WITH A NATIONWIDE CUSTOMER BASE, WE ARE STRONGLY COMMITTED TO OFFERING EXTENSIVE BANKING SERVICES TO THOSE WHO NEED THEM THE MOST. OUR SPECIALLY TAILORED PRODUCTS AND SERVICES CATER TO THEIR REQUIREMENTS FOR FINANCIAL SECURITY, LIQUIDITY, AND ACCESSIBLE BANKING FACILITIES TOWARDS PROMOTING FINANCIAL PROSPERITY.



MicroBanking Dashboard

₹ **20,906** Crores
GROSS LOAN BOOK

₹ **17,772** Crores
DISBURSEMENT

₹ **2,857** Crores
DEPOSITS

↑ **10.5%** YoY

↑ **34%** YoY

47.15 Lakhs
ACTIVE CUSTOMERS

99%
COLLECTION EFFICIENCY

(1 EMI+OD)

↑ **GROWTH IN FY 2023-24 IN
COMPARISON OF FY 2022-23**

Big Picture

Micro Lending in India has a rich history, with rapid expansion since the early 2000s, thanks largely to the emergence of Micro Finance NBFCs. Over time, we've witnessed the advent of Small Finance Banks and increased participation of major private sector banks in this sector. Despite facing external shocks, the industry has displayed remarkable resilience and has become one of the fastest-growing and most profitable segments of the lending business. MicroBanking has significantly improved the lives of countless families served by the financial sector.

As of March 2023, the Gross Loan portfolio in Micro Finance surpassed ₹ 5 Lakh Crores, catering to over 13 Crores borrowers. This marked a substantial increase compared to the portfolio of ₹ 51,773 Crores and approximately 7 Crores borrowers in March 2012. In just over a decade, the borrower base has multiplied by 2x and the portfolio by 10x since 2012. It's worth noting that the rapidly growing 'Individual Loan' portfolio is not included in these figures due to the absence of a reliable industry source.

With a robust lending infrastructure and a suite of technologically-driven banking services, we are adeptly seizing vast opportunities in both the un-served and the under-served markets. Our strategy of delivering comprehensive banking solutions through digital channels, complemented by our established network of branches and field personnel, is unlocking significant business potential. Our field staff consistently sets industry standards for productivity while our deposit base within the sector continues to grow, thus fostering value creation throughout the ecosystem. The digitisation of MicroBanking serves as a transformative catalyst, leveraging interoperable technology to bolster outreach, adoption, and transaction volumes, with nearly 30% of our customer base opting for cashless repayment methods. Through the rapid integration of digital solutions, ongoing innovation, and the unwavering dedication of our field staff, we have generated substantial value across the ecosystem in the past fiscal year.

In our Group Loan offerings, our primary focus in FY 2023-24 was on fortifying internal controls. We implemented various features such as geo-fencing, geo-tagging, de-duplication, and KYC validations during the sourcing stage. Additionally, we prioritised enhancing process efficiency, reducing turnaround times (TAT), and streamlining the process from sourcing to disbursement. This included the introduction of same-day disbursement, enabling loans to be disbursed on the day of sourcing. To address customers' needs regarding smartphone purchases, we introduced Smartphone Loans as a second Top-up Loan option. Furthermore, to enhance staff productivity, we refined the LOS system (GLOW) by automating data entry fields.

In Individual Loans, we focussed on gaining momentum to reach new heights. During FY 2023-24, we offered various loan types to meet the evolving needs of our customers, including Business Loans (for micro-entrepreneurs' working capital & capital investments), Livestock Loans (for purchase and maintenance), Agriculture Loans (for agricultural working capital), and Home Improvement Loans (for renovation and repair work). FY 2023-24 marked a year of significant growth and strategic advancements for our Individual Loans portfolio, with a focus on transitioning Group Loan customers to Individual Loans and expanding our reach in the open market by acquiring new customers.

The Hello Ujjivan App, a voice-based application in local languages, bridges the literacy gap, empowering non-tech-savvy customers. The loan acknowledgement feature introduced in FY 2023-24 saves customers valuable time and reduces branch visits, enabling Group Loan customers to consent to their loan requests via the app, eliminating the need to visit Ujjivan SFB Branches for Repeat and Top-up Loan acceptance.

(Source: Microfinance grows by nearly 10 times in 10 years to cross ₹ 5 trn mark | News - Business Standard (business-standard.com))

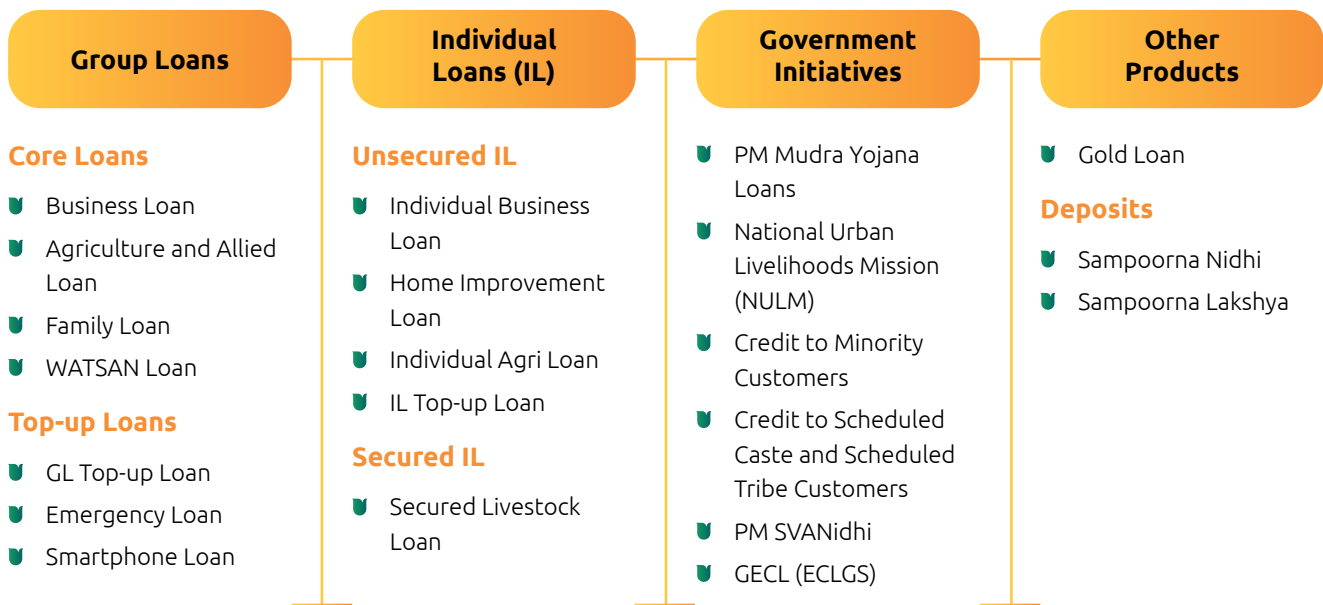


In an effort to provide sustainable pension solutions, we introduced the Atal Pension Yojana. Our commitment to delivering comprehensive banking and financial services is evidenced by successfully offering Micro TPP products to 66,829 customers and processing the highest number of claims in the last fiscal year. To further promote financial and digital inclusion and expand banking outreach to the un-served and the under-served segments, we initiated the Business Correspondent (BC) channel, extending Group Loan (GL) and Individual Loan (IL) services through Business

Correspondents (BCs). In FY 2023-24, we entered into agreements with three partners.

Our Gold Loan segment is experiencing rapid growth, catering to the financial needs of our customers with a strong overlap with the Bank's focus areas. It is a liquid collateral-based product witnessing growth in organised segments. Our focus lies on both existing and new-to-bank customers from the unorganised Gold Loan market, ensuring sustained growth and market penetration.

Product Suite



Key Highlights of FY 2023-24

- Implemented 'Same Day Disbursement', reducing minimum TAT for loan disbursement to one day for repeat and Top-up Loans, and two days for fresh loans
- Enhanced control in Group Loan sourcing with ge-fencing, geo-tagging, de-dupe, and KYC validation
- Revamped 'Aakarshan' advantage to boost new customer acquisition, enabling NTB customers to access higher ticket size loans
- Prioritised enhancing value proposition for existing Group Loan customers through tailored loan journeys, resulting in increased retention and streamlined processes
- Introduced Smartphone Loans for Group Loan customers to facilitate smartphone access, promoting financial inclusion
- Implemented Udyam Assist Platform, improving the URN generation process for micro-entrepreneurs
- Hello Ujjivan app downloads surpassed 7.83 Lakhs, with 36% of Top-up and Repeat loans acknowledged via the app
- Recognised for Atal Pension Yojana drive with Certificate of Par Excellence by Pension Fund Regulatory & Development Authority (PFRDA)
- Ujjivan Pay QR reached over 4 Lakh customers, with a fund inflow of ₹ 683 Crores
- Signed MoU with Water.org to promote public health and environmental sustainability
- Launched special credit facilities for minorities, SCs, and STs to address financial inclusion challenges
- Increased outreach in under-banked regions through MB led branches and BC partnerships
- Launched various schemes to cater to Gold Loan customer requirements, achieving TAT of 40 minutes for new-to-bank customers and 20 minutes for existing-to-bank customers

Road Ahead

Going forward, we are aligning our technological infrastructure to support growth. Our focus on bolstering customer retention includes offering pre-qualified and Loyalty Loans to Group Loan customers, supported by initiatives like implementing e-signature and automating disbursement through Robotic Process Automation to reduce Turnaround Time (TAT). Simultaneously, we're scaling up our 'Aakarshan' offering with a rule engine at the sourcing stage to enhance customer stickiness.

In Individual Loans, our strategy involves digitising the loan journey and leveraging partnerships with Micro-Entrepreneurs' Agents to reach non-tech savvy customers through third-party data. Empowering customers with a self-initiated loan application process is part of our plan, alongside cashless initiatives such as NACH, SI, BBPS, and UPI in Hello Ujjivan to achieve 100% cashless repayment.

Under Government initiatives, we're expanding financial products with inclusivity in mind, launching loans under the PM Vishwakarma

scheme and rolling out the third tranche of PM SVANidhi while enhancing system integrations with Nodal institutions. Collaborations with SIDBI and Haqdarshak for a comprehensive digital literacy programme are also in progress.

In the Gold Loan segment, ensuring business consistency over the long term is a priority. Augmenting current sourcing channels with DSA, BC, and exploring partnerships with fintech and channel partners will increase customer reach.

Enhancing digital infrastructure to streamline insurance claims and revolutionising RD offerings with innovative features are strategic initiatives. Enhanced RD products will be customised to cater to diverse customer needs, with the Hello Ujjivan app upgraded to offer Individual Loans and UPI integrations.

Expanding our network of BC agents for doorstep banking services, increasing Money Mitra channels, and onboarding new BCs are underway, all aimed at delivering the highest standard of customer service to marginalised communities and positioning Ujjivan SFB as the one-stop solution for all banking and financial needs.





Agriculture & Rural Banking

EXTENDING PROGRESS TO THE GRASSROOTS

OUR AGRICULTURE & RURAL BANKING VERTICAL IS COMMITTED TO SERVING THE UN-SERVED AND THE UNDER-SERVED POPULATION. OUR UNBANKED RURAL CENTRE (URC) BRANCHES ARE DEDICATED TO ENHANCING THE LIVES OF CUSTOMERS BY PROVIDING ACCESS TO A COMPREHENSIVE RANGE OF BANKING AND FINANCIAL SERVICES. THE RURAL BANKING STAFF GOES ABOVE AND BEYOND BY OFFERING DOORSTEP SERVICES, MAKING BANKING MORE CONVENIENT FOR CUSTOMERS AND IMPROVING THEIR OVERALL EXPERIENCE.



Agriculture & Rural Banking Dashboard

3.78 Lakhs
BORROWER BASE

↑ **26%** YoY

₹ **86.01** Crores
SECURED AGRI LOAN PORTFOLIO

↑ **145%** YoY

₹ **463.9** Crores
LIABILITY BOOK

↑ **42%** YoY

₹ **1,648** Crores
TOTAL ASSET PORTFOLIO

↑ GROWTH IN FY 2023-24
COMPARED TO FY 2022-23

Big Picture

Rural India is seeing increasing income levels, awareness, has an aspirational population leading to demand for products & services. Increase in discretionary spending is being witnessed with all brands making inroads into the hinterland. Governments and financial institutions recognise its importance and are spending on expanded infrastructure, presence and delivery of services through innovative technological solutions. Challenges such as limited connectivity and low literacy rates are being countered by Govt-Private Partnership, and efforts of corporate India.

Banking is key component for economic development in rural areas, offering formal source of capital with tailored banking and financial products like segment specific Savings account, Loans and Protection Products. Ujjivan SFB sees a huge opportunity in Rural India through its extensive network of low-cost branches, partner outlets and touch points.

One of the crucial product of Rural Banking is secured agriculture loan offered under the flagship umbrella of Kisan Pragati Card. This product addresses the credit requirements of individual farmers involved in Agriculture and Agri. Allied activity. To further support farmers engaged in poultry and freshwater fish farming, customised variants under Kisan Pragati Card Loan is introduced namely: KPC-Poultry and KPC Pisciculture. These variants are specifically designed to meet the unique needs of farmers involved in poultry and freshwater fish farming.

Product Suite

- ✔ Kisan Pragati Card Loan caters to the credit requirement of farmers for carrying out agriculture and agri. allied activities
- ✔ Additionally, below list of variants are offered to cater to the specific needs of farmers, which includes both working capital and term loan facilities;
 - KPC - Crop Loan
 - KPC - Poultry Loan
 - KPC - Pisciculture Loan
 - Kisan Abhimaan Loan

Road Ahead

FY 2024-25 and FY 2025-26 are poised for a quantum leap in agriculture assets aimed at deepening the geographical reach in rural India, often referred to as 'Bharat.' This strategy is underpinned by robust growth in the agriculture portfolio, coupled with a focus on 'Banking with Ujjivan' emphasis and cultivating customer relationships.

Key Highlights of FY 2023-24

- ✔ Focused on diversifying our portfolio, expanding geographically, along with penetrating deep into the existing geographies, and enhancing product policies
 - This involved establishing 31 new branches across , Gujarat, Rajasthan, Odisha, West Bengal, Tamil Nadu, and Karnataka
 - Extending Agricultural Loan business to Bihar, Uttar Pradesh, and Odisha
- ✔ Focus on rural liability solutions for women & cooperatives along with assets
- ✔ Digital sourcing of agriculture loans in deep rural
- ✔ Per-person productivity improvement
- ✔ Increase in revenue per employee
- ✔ Low employee attrition



MSME

EMPOWERING INDIA'S GROWTH THROUGH MSME

AS THE INDIAN ECONOMY NAVIGATES VUCA² CONTEXT OF GLOBAL MARKETS, THE COUNTRY'S MSME HAVE HELPED IT THRIVE THROUGH THE TURBULENT TIMES. TODAY, THEY ACCOUNT FOR CLOSE TO 50% OF ALL EXPORTS, ONE-THIRD OF NATIONAL GDP AND NEARLY ONE-FIFTH OF OVERALL EMPLOYMENT.

MSME Dashboard

9,000+
TOTAL BORROWER BASE

₹ **326** Crores
DISBURSEMENT WORTH

₹ **1,414** Crores
OUTSTANDING PRINCIPLE

₹ **50** Crores
LIABILITY BOOK



²VUCA: abbr. Volatility, Uncertainty, Complexity, and Ambiguity

Big Picture

The Indian economy relies significantly on Micro, Small, and Medium Enterprises (MSMEs), which contribute to over 30% of the GDP and employ 11 Crore individuals. Despite their pivotal role, a mere 16% of MSMEs have access to formal finance, as per a report by the National Sample Survey Organisation (NSSO). This glaring gap presents a substantial opportunity for banks willing to cater to the financing needs of these enterprises. Recognising this potential, banks can position themselves as catalysts for the growth and stability of MSMEs by offering tailored financial solutions. Recent data from the Reserve Bank of India (RBI) highlights this potential, indicating an impressive 11.2% year-on-year growth in Priority Sector Loans extended to Micro and Small Enterprises (MSEs) by scheduled commercial banks in December 2022. This surge in credit provision underscores the increasing financial support for MSMEs, reflecting a positive trend towards their growth and development.

(Source: MSMEs: The Yet Untapped Opportunity for Banks, BFSI News, ET BFSI (indiatimes.com))

India's MSME sector is not just a driver of economic progress, it is integral for achieving a holistic, inclusive, and sustainable growth trajectory. Ujjivan Small Finance Bank recognises its significance and expanded its product portfolio to cater to the diverse needs of the MSME sector, while improving accessibility and service quality. Our offerings now extend beyond traditional loans, evolving to meet the dynamic requirements of our business customers. With a comprehensive range of products and a commitment to innovation, we are poised to support the growth and success of MSMEs in India's evolving economic landscape.

Product Suite

- Prime Loan against Property
- Elite Loan against Property
- Working Capital Overdraft (GST, Banking, and Enterprise Credit)
- Loan against Rent Receivables
- Supply Chain Finance through Fintech Partnerships
- Credit Guarantee Trust for MSME Scheme
- Navnirman Loans (GECL)

Key Highlights of FY 2023-24

- Restructured the vertical's strategy, now featuring the distinct lines of business: LAP, WC, and Fintech SCF
- Established Asset Centres nationwide, in addition to regional processing hubs, dedicated to serving MSME customers
- Implemented various digital enablers such as enhanced Business Net Banking, QR Solutions, and physical propositions like Cash Management Services to enhance and enrich customer journeys

Road Ahead

The business vertical is focusing on meeting the rising demand for credit among MSMEs, driven by improved economic conditions and digital lending trends. With a strategic roadmap for the next 2-3 years, our aim is to cater exclusively to semi-formal and formal MSMEs through tailored short-tenure (ST) facilities for Working Capital (WC) and longer-tenure Loan against Property (LAP). Additionally, growth will be bolstered by supply chain finance initiatives and fintech partnerships.

Central to this strategy is digital transformation, with investments in new-age Origination, Life-Cycle Management, and Early Warning Systems, augmented by API integrations for streamlined underwriting, due diligence, and monitoring workflows. This ensures world-class banking services through scalable digital solutions while maintaining cost leadership.

We anticipate these efforts will strengthen our existing customer base and create new growth opportunities. With a focus on quality and diversification, we aim to enhance our market position and deliver sustained growth in the MSME portfolio over the coming quarters.



Affordable Housing

FACILITATING AFFORDABLE HOME OWNERSHIP

WE ARE A TRUSTED PLAYER IN INDIA'S AFFORDABLE HOME LOAN MARKET, PARTICULARLY AMONG LOW-INCOME HOUSEHOLDS WHO ASPIRE TO OWN THEIR DREAM HOMES. WE SPECIALISE IN PROVIDING LOANS PRIMARILY TO THE UN-SERVED AND THE UNDER-SERVED SEGMENTS AMONG THE ECONOMICALLY WEAKER SECTION (EWS), LOW-INCOME GROUP (LIG), AND MIDDLE-INCOME GROUP (MIG) CUSTOMERS. THESE LOANS PLAY A CRUCIAL ROLE IN FULFILLING CUSTOMERS' ASPIRATIONS OF OWNING THEIR HOME.

Affordable Housing Dashboard

₹ **2,284** Crores
DISBURSEMENTS

↑ **64%** YoY

₹ **4,924** Crores
BOOK SIZE

↑ **45%** YoY

₹ **48,949** Crores
TOTAL CUSTOMER BASE

↑ **32%** YoY



The average monthly disbursement volume increased from ₹ 110 Crores in FY 2022-23 to ₹ 190 Crores in FY 2023-24. Portfolio quality was one of the key focus areas for FY 2023-24 wherein the NPA was brought down from 2.65% in FY 2022-23 to 1.48%.

Product Suite

- ✓ Construction and Purchase Loan
- ✓ Home Improvement Loan
- ✓ Composite Home Loan
- ✓ Home Equity Loan
- ✓ Commercial Purchase Loan
- ✓ Pre-Approved Top-up
- ✓ Micro-LAP

Big Picture

Fuelled by rising incomes, improved affordability, and significant government support, the Indian housing finance industry is experiencing robust growth, with a projected Compound Annual Growth Rate (CAGR) of 13% from FY 2022-23 to FY 2025-26. In the aftermath of the Covid-19 pandemic, the sector demonstrated consistent strength, albeit with occasional seasonal variations.

According to recent data from the Reserve Bank of India (RBI) on 'Sectoral Deployment of Bank Credit,' credit outstanding to the housing sector surged by nearly ₹ 10 Lakh Crores over the past two fiscal years, reaching an unprecedented ₹ 27.23 Lakh Crores in March this year.

This upward trend is mirrored in the Search Trends Report for the Home Loan industry, released by Techmagnate, a prominent digital marketing agency in India. In this dynamic landscape, Non-Banking Financial Companies (NBFCs), traditional banks, and lending institutions are presented with an exceptional opportunity to capitalise on the increasing search trends in the home loan market, enabling them to engage with their audiences swiftly and profitably.

The insights provided in this report reveal valuable opportunities for banks to enhance their online presence and attract Home Loan customers, thereby driving growth and profitability.

(Source: <https://bfsi.economictimes.indiatimes.com/news/nbfc/recent-trends-driving-the-housing-finance-industry-in-india/109892635>)

Key Achievements of FY 2023-24

- Facilitated regular cross-regional team communication identified and addressed issues promptly, with crucial management support. Regular training sessions ensured the team was up-to-date with best practices and market trends.
- Shifted business focus towards Tier II & III markets, yielding better results with lower LTV and higher customer retention. Improved productivity per head, evidenced by the Feet on Street productivity increase to ₹ 26 Lakhs from ₹ 22 Lakhs in FY 2022-23, enabled the vertical to secure a place amongst the best in the affordable housing space.
- We opened 16 new Retail Asset Centres to optimise customer service with streamlined disbursement processes, swift turnaround time, and better presence and client services. Improved branch referral business significantly contributed to overall growth.
- Increased competition provides customers with multiple lending options across various regions. We implemented a robust retention model and policy, strengthening customer retention rates with our dedicated retention team.
- We scaled up micro-mortgage products from a pilot to a full-scale model, expanding from south to north, west, and east regions. We were driven by regular updates in the state-wise collateral policy to adopt best market practices. This policy was crucial in scaling up business in all regions.
- Various product and process enhancements in FY 2023-24 and a simplified variable pay structure, increased logins and business volumes. Continuous improvisation in asset quality ensured sustainable growth.
- Micro Mortgages launched a state-wise collateral policy, which helped to scale up business in all regions, ensuring our approach aligned with market demands and best practices

Road Ahead

In the future, we will focus on deepening our presence in existing locations, targeting a more extensive customer base and capturing the most potential clients. We're shifting towards onboarding more self-employed customers from the un-served and the under-served segment, specifically focusing on the SENP segment. Additionally, we plan to expand our digital channels for seamless customer onboarding and transition from physical branches to an assisted digital customer service model. We are set to leverage the potential of existing Retail Asset Centres and diversify the sourcing channels to create multiple lead-generating platforms.

We're set to launch a paperless Loan Origination System, expecting a significant reduction in customer onboarding time, enhancing sales and credit team productivity. Various initiatives, including customer service, vendor management, and loan processing applications, have been piloted and are scheduled for launch in FY 2024-25. Our approach to digital transformation is positive, with customised modules to improve customer service, ensuring our continued leadership in the affordable housing sector. We will use the internal data analytics team to serve the customers better, focusing on having three products per customer and more on profitability.



Vehicle Finance

EMPOWERING MOBILITY THROUGH FINANCE

THE INDIAN TWO-WHEELER INDUSTRY IS ON A GROWTH PATH AND IS EXPECTED TO INCREASE FURTHER IN THE UPCOMING FINANCIAL YEAR. OUR SIMPLIFIED DOCUMENTATION, COUPLED WITH QUICK DECISION-MAKING, HAS HELPED OUR CUSTOMERS FULFIL THEIR DREAM OF OWNING THE TWO-WHEELER OF THEIR CHOICE. OUR COMEBACK NARRATIVE INVOLVES A STORY OF OVERCOMING ADVERSITY, CHALLENGES, AND SETBACKS TO ACHIEVE REDEMPTION. THE DISBURSEMENT GAINED MOMENTUM DURING THE FISCAL YEAR AND HELPED ACHIEVE 37% GROWTH IN BOOK SIZE YEAR-ON-YEAR.

Vehicle Finance Dashboard

₹ **138.45** Crores
DISBURSEMENTS

34,777
TOTAL BORROWER BASE



Big Picture

Two-wheelers are not just a means of transportation; they represent affordability, convenience, and freedom. With lower maintenance costs and fuel consumption compared to cars, they offer a more accessible option for many in India.

The Indian two-wheeler industry has been experiencing significant growth driven by several factors.

Urbanisation, rising disposable incomes, and the need for affordable transportation solutions are boosting demand. Moreover, easy access to financing options is making two-wheelers more accessible to a broader consumer base. The industry is also witnessing a shift

towards electric vehicles, supported by Government incentives, addressing environmental concerns.

Furthermore, the expansion of rural markets and Government initiatives aimed at rural development are driving demand in non-urban areas. Additionally, technological advancements, including smart features and improved fuel efficiency, are influencing consumer preferences and contributing to market growth. Overall, these factors combined are propelling the Indian two-wheeler industry forward, making it a key player in the country's automotive sector.

Product Suite

- ▣ Two-Wheeler Loan
 - Traditional ICE Vehicles
 - Electric Vehicles
- ▣ Trade Advance as an Enabler has been Explored

Key Achievements of FY 2023-24

- ▣ Implemented a successful turnaround strategy for the two-wheeler business by enhancing dealership penetration in targeted geographies
- ▣ Achieved a remarkable 159% y-o-y growth in disbursement by prioritising tier-II and tier-III markets
- ▣ Enhanced systems and processes, which resulted in a 27% year-on-year increase in our customer base

Road Ahead

Moving forward, our primary focus is on building a robust portfolio in the two-wheeler business to gain substantial market share in our operational areas. We aim to achieve this through an excellent dealership network and phased growth, aiming for early breakeven and profitability.

Strategic expansion into new geographies will further enhance our reach. Additionally, we are committed to continuous improvement in customer experience and maintaining competitiveness through advancements in technology, ensuring our system capabilities and offerings meet market standards.



Trust, Association, Society, and Club (TASC)

ENABLING BANKING SERVICES FOR ALL

THE BANK HAS A DEDICATED TASC CHANNEL THAT SPECIALISES IN MEETING THE BANKING REQUIREMENTS OF VARIOUS BODIES/ENTITIES. THESE INCLUDE GOVERNMENT DEPARTMENTS, THEIR AFFILIATED ENTITIES, INSTITUTIONS, CORPORATIONS, EDUCATIONAL INSTITUTIONS, HOSPITALS, NGOs, HOUSING SOCIETIES AND RELIGIOUS BODIES. WE DO THIS THROUGH CUSTOMISED COLLECTION AND PAYMENT SOLUTIONS, ALONG WITH STATE-OF-THE-ART DIGITAL COLLECTION AND PAYMENT SOLUTIONS. FURTHERMORE, THE TASC CHANNEL HAS SEGREGATED ITS CUSTOMERS INTO SEGMENTS TO PROVIDE CUSTOMISED SOLUTIONS THAT CATER TO EACH OF THE INDIVIDUAL SEGMENTAL NEEDS. ON THE SOLUTION FRONT, THE CHANNEL HAS SPECIFICALLY TIED UP WITH FINTECH PARTNERS TO PROVIDE END-TO-END BANKING SOLUTIONS.



TASC Dashboard

₹ **3,831** Crores

BOOK SIZE

↑ **62%** YoY

35%

CASA RATIO

↑ **81%** YoY



GROWTH IN FY 2023-24
COMPARED TO FY 2022-23

Product Suite

- Fixed Deposit
- Term Loan
- Current & Savings Account (QR/POS/BNB/CMS/
Payment Gateway/Fee Collection Solutions)
Facilities
- Escrow & Bank Guarantee Services
- Certificate of Deposit
- Insurance

Key Highlights of FY 2023-24

- Identified 230 TASC focussed branches to cater to customer needs and enhance the business further
- Streamlined the account opening process, making it easier for the customers to start their banking relationship with us. An entire ecosystem has been created for our TASC customers such as Point of Sale (POS), Quick Response (QR) code, Payment Gateway and other digital solutions to enhance customer experience and satisfaction

Road Ahead

Incorporating segment specific programmes along with adding need-based & curated solutions will help us in new acquisitions along with ring-fencing our existing customers.





Third-Party Products

GROWING PORTFOLIO TO SCALE COMPETENCIES

AS WE GROW OUR PRODUCT OFFERINGS, WE ARE ALSO ENHANCING OUR PEOPLE AND PROCESS CAPABILITIES AND TARGETING HIGHER-QUALITY CUSTOMERS.

During the year, we focussed on being accessible to customers' financial needs across all lines of segments. We will continue to offer more comprehensive product propositions to customers and explore synergies through cross-sell and up-sell. We distribute third-party products and services through reputed financial services companies, covering life insurance, general insurance, health insurance, and investment solutions like Atal Pension Yojana (APY) and Demat accounts.



Third-Party Product Dashboard

₹ **620.50** Crores
GROSS PREMIUM COLLECTED

↑ **16%** YoY

₹ **111.34** Crores
REVENUE

↑ **162%** YoY

↑ GROWTH IN FY 2023-24
COMPARED TO FY 2022-23

Corporate Agency Arrangement - Our Partnerships

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.
- ✓ Max Life Insurance Co Ltd.
- ✓ ICICI Prudential Life Insurance Co. Ltd.

General & Health Insurance

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

Big Picture

The insurance and investment products sector is witnessing robust growth driven by rising financial literacy, regulatory support, and changing consumer preferences. Increased awareness about risk mitigation has spurred demand for insurance while evolving lifestyles drive interest in diverse investment options. Technology plays a pivotal role in making products more accessible and convenient through online platforms and mobile apps. This convergence of insurance and investment offerings, coupled with favourable market conditions, presents lucrative opportunities for providers and consumers alike, contributing to the sector's rapid expansion.

As we grow our portfolio of third-party offerings, we are also upgrading our capabilities. This is being done by stepping up on employee IRDA certification efforts, streamlining internal processes to remove various operational bottlenecks, and digitisation of processes related to customer onboarding and servicing. In addition, we are scaling up our service abilities and simultaneously focussing on quality customer acquisition across business verticals.



Product Suite

Life Insurance

Offerings

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

General Insurance

Offerings

- ✔ Motor, Property, and Home Content
- ✔ Personal Accident

Health Insurance

Offerings

- ✔ Ujjivan Swasthya Suraksha
- ✔ Health Indemnity/Family Floater



Key Highlights of FY 2023-24

- Achieved over 20% growth in overall retail cross-sell insurance business, significantly boosting premium mobilisation
- Successfully launched Care Swasthya Suraksha, extending affordable healthcare coverage to 44,176 individuals
- Introduced PAR products within the Life Insurance vertical
- Formed strategic partnerships with two prominent life insurance companies, Max Life Insurance and ICICI Prudential Life Insurance Company
- Increased the average ticket size (ATS) of the life insurance business by an impressive 21%, reaching ₹ 42,000 compared to the previous year

Road Ahead

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 relative novices in financial management, which successfully exploits the whole gamut of financial options available. By serving this untapped need, we expect to add value. We aim to sell our third-party products through multiple physical and digital channels. We will be launching insurance through our telesales channel, alongside digital insurance distribution through an InsurTech platform enabled through our branches.

We have also introduced investment products under the TPP umbrella. Currently, we offer Government-based pension schemes, such as Atal Pension Yojana and Demat & Trading, in partnership with SMC Global Securities Ltd.

Going ahead, we will 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 Insurance Regulatory and Development Authority (IRDA) and National Institute of Securities Markets (NISM) certified teams across branches.





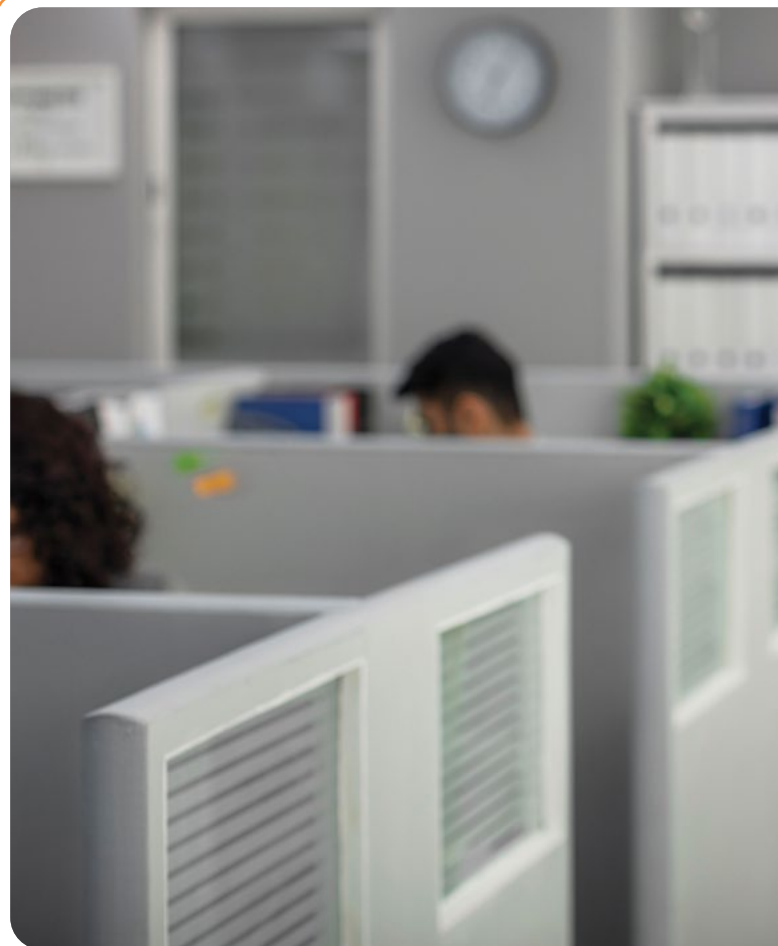
Financial Institutions & Government Banking Group (FIGB)

ENHANCING FOOTPRINTS ACROSS BFSI, CORPORATE AND GOVERNMENT BANKING SEGMENTS

THE FINANCIAL INSTITUTIONS & GOVERNMENT BANKING GROUP (FIGB) HAS A WIDE CANVAS OF IMPACT WITHIN THE BANK – CONTRIBUTING SUBSTANTIALLY TO ASSETS IN INSTITUTIONAL LENDING AND BULK LIABILITIES FROM LARGE INSTITUTIONAL CLIENTS. FIGB ACQUIRES AND MANAGES THE PAN-INDIA LIABILITY BUSINESSES OF A VARIETY OF LARGE INSTITUTIONS LIKE BANKS (COOPERATIVE BANKS, REGIONAL RURAL BANKS, SMALL FINANCE BANKS, AND PAYMENT PAYMENT BANKS), MUTUAL FUNDS, INSURANCE ENTITIES, CAPITAL MARKET ENTITIES, NBFCs/HFCs/MFIs, GOVERNMENT DEPARTMENTS, CENTRAL & STATE GOVERNMENT PUBLIC SECTOR UNDERTAKINGS, QUASI GOVERNMENT BODIES, MID & LARGE CORPORATES, AND SIMILAR ENTITIES.

FIGB actively sources and manages lending to the MFIs, NBFCs and HFCs as per applicable credit policy and defined risk parameters. The group also plays significant role to arrange alternate sources of funding by effectively leveraging various avenues like refinance, inter-bank participation certificates (IBPC), securitisation, contingency lines, and other modes.

The Bank, while maintaining portfolio hygiene, has grown its institutional lending book with well-rated entities and disbursed ₹ 1,538 Crores over this fiscal, closing the book at ₹ 1,732 Crores, with a 54% YoY growth. The lending portfolio consists of 47 clients well spread. The Bank follows 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 FIGB team launched working capital product OD for wholesale borrowers and is working to launch demand loans for working capital needs.

The group has capitalised on the fee-based trade finance product - bank guarantee, launched in FY 2022-23, and incrementally being built up as a business segment primarily from Capital Market and Government segment clients.

FIGB has sourced gross deposits of more than ₹ 9,600 Crores in FY 2023-24, comprising fixed deposits, certificate of deposits, current accounts and term money and served as a major contributor of funds for the Bank. The sourcing has been done while ensuring a fine balance of various deposit ratios, LCR requirements, cost of funds and a well-diversified customer base.

The group also raised more than ₹ 3,554 Crores through alternate sources of funding from various banks and financial institutions.



FIGB Dashboard

₹ **1,538** Crores
TOTAL DISBURSEMENT

↑ **68%** YoY

₹ **1,731** Crores
GROSS LOAN OUTSTANDING
PORTFOLIO

↑ **52%** YoY

₹ **7,907** Crores
DEPOSIT, CURRENT ACCOUNT
AND TERM MONEY AS ON
MARCH 31, 2024

₹ **180** Crores
CURRENT ACCOUNT EOP

₹ **100%**
MONTH-TO-MONTH
COLLECTION EFFICIENCY

↑ GROWTH IN FY 2023-24
COMPARED TO FY 2022-23

Active Client Relationships

545
LIABILITIES

48
ASSETS



Big Picture

The demand for banking services in both the government and corporate sectors of India is rising steadily. This is due to ambitious infrastructure projects, corporate expansions, and Government economic initiatives. Organisations require substantial assets and liabilities to finance large-scale endeavours, reflecting growing confidence in India's economic prospects. This trend accentuates the importance of robust financial infrastructure and presents an opportunity for banks to offer specialised solutions. Overall, the rise in demand highlights banks' pivotal role in driving sustainable growth across India's economic landscape.

Product Suite

- Term Deposits/Certificate of Deposits/Current Accounts/Collection Accounts
- Term Loans to NBFCs and MFIs
- Working Capital Products (CC/OD/WCDL)
- Bank Guarantee
- Alternate Sourcing Avenues – IBPC, Refinance, and Securitisation

Institutional Lending GNPA

0.26%

GNPA for Institutional Lending Clients

Key Highlights of FY 2023-24

- Expanded presence in the Government banking segment by securing relationships with prestigious PSUs, Government departments, and autonomous bodies
- Sourced significant deposits from existing and New-to-Bank (NTB) clients, onboarding prominent industry names
- Fostered partnerships with top-rated NBFCs/HFCs/MFIs, resulting in a remarkable 54% year-on-year book growth
- Maintained a high-quality Credit portfolio, with AAA, AA, and A-rated assets comprising about 95%
- Completed integration with Public Financial Management System for seamless payments, offering comprehensive solutions to Government banking clients
- Raised over ₹ 3,554 Crores through various alternate funding sources, including IBPC transactions, refinance facilities, and securitisation



Road Ahead

We will continue to focus on diversifying our Deposit portfolio and expanding into the Government banking and Large/Mid Corporate segments. By cultivating Current Account (CA) and Savings Account (SA) balances from FIG & Government segment clients through value-added propositions, we aim to enhance relations with higher-rated borrowers and grow our asset base.

We will increase our deposit book by targeting regular segments of Banking and Financial Institutional clients, including Cooperative Banks, Regional Rural Banks, Mutual Funds, Insurance Companies, NBFCs/HFCs/MFIs, Capital & Commodity Market clients, and Large Financial Vertical clients. There will be a greater emphasis on developing wholesale verticals like Government banking and Large/Mid Corporate segments.

Through new product initiatives, we aim to attract CA floats, SA balances, and Fee income from FIGB clients. Our focus is on expanding fee-based income through products like bank guarantees.

Additionally, we endeavour to create/enhance interbank limits, increase exposure limits from various mutual funds and insurance companies, and strengthen relationships with cooperative banks. We will actively seek empanelment with various State and Central Government entities in regions where the Bank operates. Additionally, we will continue to tap alternate sources of funding as needed to meet our funding requirements.

Branch Banking

BANKING WITH EMPATHY AND EXPERIENCE

TO ENHANCE AND DEEPEN CUSTOMER RELATIONSHIPS, OUR BRANCH BANKING HAS BEEN FOCUSING ON SEGMENT-SPECIFIC OFFERINGS IN TERMS OF NEW INITIATIVES AND PROGRAMMES FOR DOMINANT SEGMENTS OF THE BANK. OUR EMPHASISED FOCUS ON SOURCING QUALITY ALONG WITH PRODUCT OFFERINGS WITH HIGHER AVERAGE TICKET SIZE (ATS) IN THE LAST FINANCIAL YEAR HAS DERIVED SIGNIFICANT BENEFITS. TO ADD FURTHER FOCUS, WE HAVE INCORPORATED THREE ADDITIONAL CUSTOMER SEGMENTS TO OUR EXISTING DOMINANT SEGMENTS WHICH ARE RETAILERS, YOUTHS AND MINORS.

OUR PRIMARY FOCUS HAS ALWAYS BEEN CUSTOMER SERVICE AND EXCELLENCE. TO FURTHER ADD TO CUSTOMER DELIGHT AND CONVENIENCE, WE HAVE LAUNCHED A RELATIONSHIP MODULE ALONG WITH A VIRTUAL RELATIONSHIP MODULE FOR OUR EXISTING CUSTOMERS.



Branch Banking Dashboard

₹ **16,746** Crores

LIABILITIES BOOK OF
BRANCH BANKING

↑ **25%** YoY

₹ **5,317** Crores

CASA BOOK

↑ **15%** YoY

₹ **719** Crores

MAXIMA SA BOOK

↑ **GROWTH IN FY 2023-24
COMPARED TO FY 2022-23**

Product Suite

- ✓ Current Account – QR/POS/BNB/CMS/Payment Gateway Facilities
- ✓ High-Net-Worth Individuals (Navratna Programme)
- ✓ Savings Account
- ✓ Debit Card
- ✓ Term Deposit & Recurring Deposit
- ✓ Non-Resident Account
- ✓ Digital Savings and Fixed Deposit
- ✓ OD Against FD on Liability Products
- ✓ Retail Forex Services (Inward/Outward)
- ✓ TPP Products

Big Picture

Branch Banking in India remains a critical aspect of the banking experience, driven by a hybrid model integrating digital and physical services. Branches will continue to play a vital role in financial inclusion, particularly in rural areas, while focusing on personalised customer relationship management and leveraging technology for efficiency. Regulatory support and evolving customer preferences will sustain the relevance of branch banking, with an emphasis on enhancing customer engagement through innovative branch experience.

Key Highlights of FY 2023-24

- ✓ Branch Banking & TASC book crosses ₹ 21,000 Crores constituting to 67% of the total liabilities book of the Bank
- ✓ Newly launched product variants (Maxima CA & SA) crosses a portfolio value of ₹ 825 Crores with 14,000+ Accounts
- ✓ Navratna portfolio crosses ₹ 3,500 Crores with 158% growth

Road Ahead

We intend to launch new products and services to strengthen our banking solutions. We plan to open new branches to expand our reach and presence.

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 our new digital initiatives, enhanced product and service offerings, along with key initiatives, Branch Banking is positioned well to take advantage of the opportunities.

Treasury

BUILDING AND GROWING OUR OFFERINGS

WITH A DEMONSTRATED HISTORY IN BALANCE SHEET MANAGEMENT, TRADING, AND INVESTMENT MANAGEMENT, THE TREASURY TEAM IS DEDICATED TO MINIMISING THE COST OF FUNDS, MAXIMISING RETURNS, AND BOLSTERING THE BANK'S PROFITABILITY. ITS CORE DUTIES ENCOMPASS ENSURING COMPLIANCE WITH STATUTORY RESERVE MANDATES, ASSET LIABILITY MANAGEMENT (ALM), LIQUIDITY MANAGEMENT, TRADING ACTIVITIES, PRIORITY SECTOR LENDING CERTIFICATES (PSLC), AND CLIENT SERVICING.



The Bank's Treasury Desks

ALM Desk

Investment Management

Securities Trading

Treasury Dashboard

₹ **9,765** Crores
TREASURY INVESTMENT
PORTFOLIO

↑ **17.17%** YoY

↑ GROWTH IN FY 2023-24
COMPARED TO FY 2022-23

Big Picture

The treasury vertical of a bank presents lucrative opportunities for optimising balance sheets, maximising returns, and ensuring regulatory compliance. By adeptly managing liquidity, investments, and market risk, treasury departments can capitalise on interest rate differentials, yield curve movements, and innovative funding sources to enhance net interest margins and generate incremental income. Moreover, with evolving regulatory requirements and complex financial markets, there is a growing demand for treasury professionals with expertise in regulatory compliance, risk management, and financial modelling. This underscores the importance of investing in talent development and infrastructure to strengthen treasury capabilities and maintain competitiveness in the market.

ALM Desk manages the Bank's Regulatory Reserves, Balance Sheet Management, Asset Liability Management and Priority Sector Lending Certificates. The team is also focussed on driving liability targets, raising certificate of deposit and reducing the Bank's cost of funds.

Investment Management focuses on enhancing returns on the Bank's SLR portfolio and positioning it for maximum gain. The Securities Trading Desk manages the Bank's market view across multiple asset classes, including Government Bonds, Corporate Bonds and Equities.

Key Highlights of FY 2023-24

- ✓ Recognised with the 'Treasury Strategy of the Year' accolade at the India Treasury Summit & Awards
- ✓ Established a Non-SLR desk specialising in Certificate of Deposit (CDs), Commercial Papers (CPs), Corporate Bonds, and Equities
- ✓ Upgraded the Treasury Management System to align with new RBI classification and valuation norms
- ✓ Bolstered the team with seasoned professionals while emphasising gender diversity in recruitment and promotions

Road Ahead

The treasury department is poised to undertake several strategic initiatives aimed at bolstering the Bank's financial performance and expanding its service offerings. Its key focus areas include interest rate risk management through the prudent use of permitted IRS products to hedge balance sheet risks. Additionally, efforts will be directed towards growing the foreign exchange business, with plans to pursue an AD1 license from the RBI to offer a comprehensive range of FX services to clients. Moreover, the treasury aims to scale up its operations across various product classes, aiming to enhance Return On Assets (ROA) while ensuring sustained growth and profitability.

CHARTING ESG Commitments Forward

WE ARE COMMITTED TO BALANCING FINANCIAL SUCCESS WITH SOCIAL RESPONSIBILITY AND ENVIRONMENTAL STEWARDSHIP. OUR SUSTAINABILITY STRATEGY GUIDES OUR ACTIONS ALIGNING OPERATIONAL PRACTICES WITH CURRENT ESG TRENDS, REGULATORY STANDARDS, AND STAKEHOLDER EXPECTATIONS. BY INTEGRATING SUSTAINABLE BANKING PRACTICES, WE STRENGTHEN THE RESILIENCE OF THE FINANCIAL SYSTEM, ADDRESS ENVIRONMENTAL AND SOCIAL CHALLENGES, AND CONTRIBUTE TO THE DEVELOPMENT OF A SUSTAINABLE AND INCLUSIVE ECONOMY.





ESG Dashboard

80

ESG Strategies

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Environment

84

Social: People

88

LOANS UP TO ₹3 LAKHS
WITH TOP-UP LOAN FACILITY

- Quick loan
- QR codes for digital payments
- Hassle-free process
- Doorstep services

140

Awards and Accolades

129

Leadership Team

Social: Communities

92

124

Board of Directors

112

Risk Management

110

Governance

There's a better way to travel.
Move free with Ujjivan SFB 2-Wheeler Loan

CHAKRA
VEHICLE LOAN

- Hassle Free Documentation
- Upto 95% Funding On Road Price*

Social: Customer

100

Customer Testimonials

104



ESG Dashboard

EVALUATING ESG PERFORMANCE METRICS

OUR SUSTAINABILITY STRATEGY IS LIKE A COMPASS, GUIDING US TOWARDS A MORE INCLUSIVE, RESILIENT, AND SUSTAINABLE FUTURE FOR ALL STAKEHOLDERS. UJJIVAN SFB'S ESG DASHBOARD SERVES AS A WINDOW INTO OUR ACHIEVEMENTS FOR THE YEAR, WHILE ALSO SETTING BOLD TARGETS AND MILESTONES TO GAUGE OUR ONGOING PROGRESS.



Environmental

100%

OFFICES EQUIPPED WITH ENERGY EFFICIENT LIGHTING

1.2 MT

OF ELECTRONIC EQUIPMENT REFURBISHED AND SENT FOR EDUCATION PURPOSES FOR SCHOOL CHILDREN

9.58 GJ*

OF ELECTRICITY GENERATED THROUGH RENEWABLE RESOURCES (SOLAR POWER PV PLANT)

100%

DIGITALISATION OF THE CONTRACT MANAGEMENT PROCESS

2.3

EMISSION INTENSITY (TONNES CO₂ EQUIVALENT PER CRORE TURNOVER)

* gigajoule



Social: People

20%

WOMEN REPRESENTATION
ON WORKFORCE

7.2%

ATTRITION REDUCTION
DURING FY 2023-24

35.27

TRAINING HOURS SPENT
PER EMPLOYEE

Top 25

'INDIA'S BEST WORKPLACES™'
IN BFSI INDUSTRY 2023

20

DIFFERENTLY ABLED
EMPLOYEES AS ON MARCH 31,
2024

20%

NEW WOMEN HIRES, WITH
14% RECRUITED UNDER
THE 'UNPAUSE' SCHEME



Social: Community

₹ **6.34** Crores
CSR EXPENDITURE

60

CSR PROJECTS EXECUTED
UNDER VARIOUS
THEMATIC AREAS

2.4 Lakhs+

TOTAL LIVES IMPACTED

200 + Beneficiaries

FROM ORIENTATION
PROGRAMMES FOCUSED
ON SKILL DEVELOPMENT FOR
EMPLOYMENT

23%+

PROJECTS EXECUTED IN
BIMARU & ASPIRATIONAL
DISTRICTS

25,684+

HOURS OF EMPLOYEE
VOLUNTEERING

2,86,200 Hours

OF FINANCIAL LITERACY
TRAINING TO CUSTOMERS WITH
90% WOMEN BENEFICIARIES



Governance

40+ Years

AVERAGE EXPERIENCE OF
THE BOARD MEMBERS

75%

NON-EXECUTIVE
DIRECTORS

75%

INDEPENDENT
DIRECTORS

**ISO 27001
:2022**

CERTIFICATION OBTAINED
ON INFORMATION
SECURITY MANAGEMENT
SYSTEM

**ESG
DISCLOSURES-**
MAIDEN BRSR,
SUSTAINABILITY & TCFD
REPORTS

50%

GENDER DIVERSITY IN
BOARD INDEPENDENT
DIRECTORS



ESG Strategies

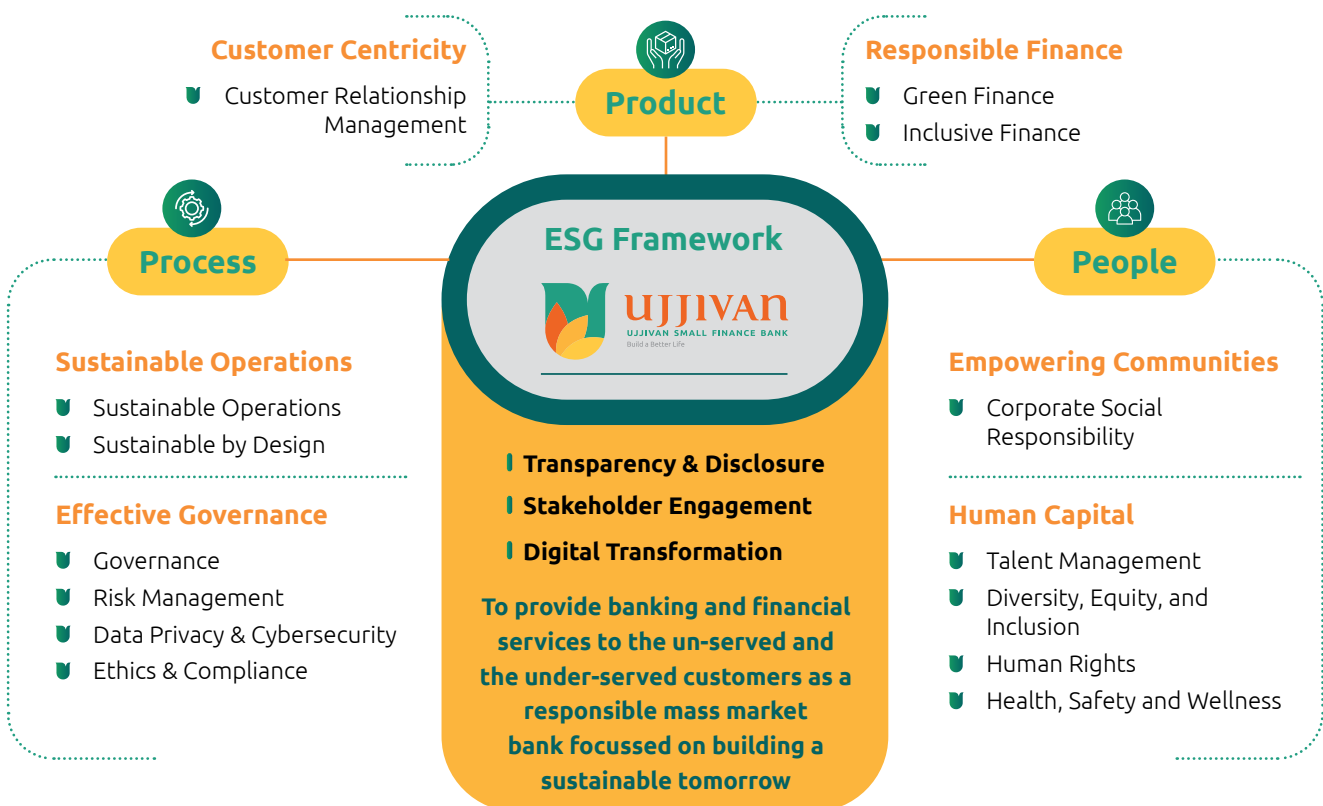
SHAPING SUSTAINABLE ESG STRATEGIES

UJJIVAN SFB IS COMMITTED TO BALANCING FINANCIAL SUCCESS WITH SOCIAL RESPONSIBILITY AND ENVIRONMENTAL STEWARDSHIP. OUR SUSTAINABILITY STRATEGY OUTLINES OUR APPROACH, ALIGNING OPERATIONAL PRACTICES WITH CURRENT ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) TRENDS, REGULATORY STANDARDS, AND STAKEHOLDER EXPECTATIONS.

Integrating sustainable banking practices is key to strengthening the resilience of the financial system, addressing environmental and social challenges, and advancing towards a sustainable and inclusive economy.

Dividing the sustainability pillar into focussed areas is a strategic approach that allows the Bank to effectively

address specific goals and targets within our sustainability initiatives. This approach provides clarity and structure, enabling the Bank to allocate resources, track progress, and achieve meaningful outcomes. The six pillars of the ESG framework are as follows:



This methodical approach enables purposeful initiatives, open reporting, and ongoing enhancements, fostering favourable results for both the business and the wider community.

With the publication of the BRSR as regulatory compliance with the SEBI mandate, the Bank's inaugural ESG & TCFD reports were published in January 2024, as a voluntary acknowledgement.

ESG Focus Areas and Goals

Each pillar is subdivided into focus areas aimed at achieving specific goals and targets as part of the Bank's sustainability initiatives. These focus areas include:

| Pillar | Focus Area | Goals for 2030 |
|------------------------|---|---|
| Sustainable Process | Sustainable by Operations | 20% Reduction in Power Consumption |
| | Sustainable by Design | 10% of the Total Office Area (Ujjivan SFB Offices) to achieve 'Green Building' Certification |
| Empowering Communities | Corporate Social Responsibilities | Disclose the Social Value through Social Return on Investment Study |
| Human Capital | Talent Management | 34 Hours per Employee Training |
| | Diversity, Equity, and Inclusion Human Rights | Achieve Gender Diversity upto 30% by FY 2028-29 |
| | Health, Safety and Wellness | Zero Accidents – Ujjivan SFB Office Locations |
| Effective Governance | Data Privacy & Cybersecurity | Zero Data Security Breaches |
| | Governance | Robust Governance Structure, Beyond Compliance |
| | Ethics & Compliance | Zero Fines/Penalties |
| | Risk Management | Achieve Transformative Stage in the Risk Maturity Ladder |
| Customer Centricity | Customer Relationship Management | Top Quartile in Customer Satisfaction Survey Score |
| Responsible Finance | Green Finance | Exploring the Green Finance Opportunities Specific to MSME Sector and Electric Vehicle (EV) Financing |
| | Inclusive Finance | Expanding Reach & Impact |
| Aspects Cutting Across | Transparency & Disclosures | Aspire to Reach Top Quartile on S&P Global CSA (DJSI) |
| | Stakeholder Engagement | 100% Digital Invoices from Suppliers with Spend of ₹ 10 Million or Higher |
| | Digital Transformation | Bringing 10 Million Customers into Digital Banking Space and Achieving Digital Transactions (volume) of 1,000 Million |



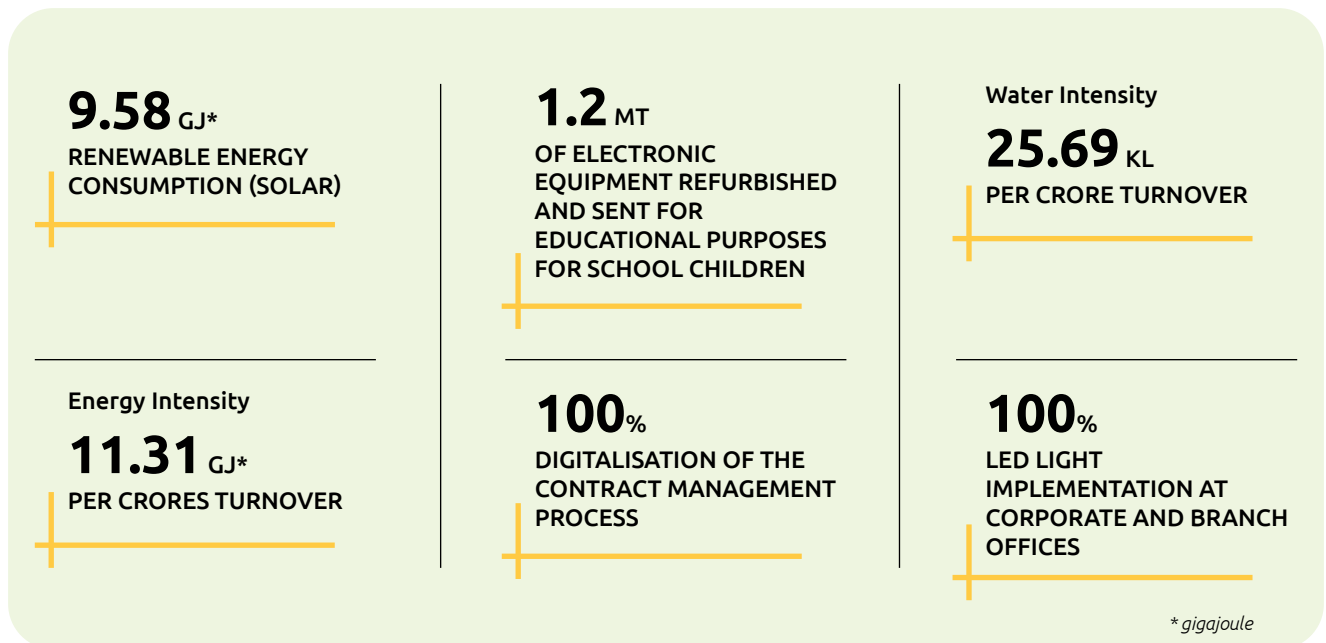
Environment

FOSTERING ENVIRONMENTAL STEWARDSHIP WITH SUSTAINABILITY



AT THE HEART OF OUR OPERATIONAL PHILOSOPHY AND ESG MISSION LIES A DEEP DEDICATION TO NURTURING AND PRESERVING THE ENVIRONMENT. OUR APPROACH IS PROACTIVE, ROOTED IN METICULOUS RISK ASSESSMENTS AND THE ESTABLISHMENT OF PROTOCOLS AND PRACTICES DESIGNED TO MITIGATE OUR ENVIRONMENTAL IMPACT. AS WE DEFINE GOALS AND TARGETS FOR THE SHORT, MEDIUM, AND LONG TERM ACROSS IDENTIFIED MATERIAL ISSUES, WE ARE ALIGNING OUR BUSINESS OPERATIONS WITH ESG PRIORITIES.

Environment Dashboard



Prima facie, the Bank has redefined its Mission statement to include sustainability as a measure of setting the tone at the top.

The Bank has come up with all the mandatory and recommended policies to enhance transparency & efficiency, underpinned by a strong governance

framework involving the Board of Directors and Management Committees. To infuse ESG considerations throughout its operations, the Bank has implemented a range of crucial policies, code of conduct, and guidelines that actively cultivate and uphold its commitment to responsible banking across the entire organisation.

ESG Governance Structure

The implementation of a multi-tier sustainability governance structure within the Bank is a bold and targeted approach to effectively integrate and monitor Environmental, Social, and Governance (ESG) principles. This structure demonstrates a comprehensive commitment to sustainability by covering various aspects of responsible business practices. Our ESG Governance Structure includes the Board of Directors, Risk Management Committee of the Board, Enterprise Risk Management Committee, and our Implementation Team (Working group).

The Risk Management Committee of the Board ensures that all the current and future material risk exposures of the Bank, including ESG risks, are assessed, identified,

quantified, appropriately mitigated and managed. It is also responsible for approving and overseeing the implementation of the Bank-level policy on the ESG parameters.

The Enterprise Risk Management Committee advises the Board on the Bank's policies, strategies, and programmes, focussing on strategy development, goal setting, resource allocation, performance review, and sustainability goal improvement.

The Implementation Team identifies ESG opportunities, implement improvements and the ESG programmes across the Bank.

Board of Directors

Mr. Banavar Anantharamaiah Prabhakar

Part-Time Chairman & Independent Director

Mr. Ittira Davis

Managing Director & Chief Executive Officer*

Mr. Samit Kumar Ghosh

Non-Executive, Non-Independent Director

Ms. Sudha Suresh

Independent Director

Mr. Rajesh Kumar Jogi

Independent Director

Ms. Rajni Mishra

Independent Director

Mr. Ravichandran Venkataraman

Independent Director

Ms. Anita Ramachandran

Independent Director

Risk Management Committee of the Board

Ms. Rajni Anil Mishra

Independent Director

Mr. Banavar Anantharamaiah Prabhakar

Part-Time Chairman & Independent Director

Mr. Rajesh Kumar Jogi

Independent Director

Ms. Sudha Suresh

Non-Independent Director

Mr. Ittira Davis

Managing Director & CEO

Mr. Samit Kumar Ghosh

Non-Independent Director

Enterprise Risk Management Committee

Mr. Ittira Davis

Managing Director & CEO

Mr. Arunava Banerjee

Chief Risk Officer

Mr. Martin Pampilly S.

Chief Operating Officer

Mr. John Christy

Chief Vigilance Officer

Mr. Sathananda Prabhu

Head of Internal Audit

Mr. Brajesh Joseph Cherian

Chief Compliance Officer

Mr. Ashish Goel

Chief Credit Officer

Ms. Carol Kripanayana Furtado

Whole-Time Executive Director**

Mr. Mocherla Durga Ramesh Murthy

Chief Financial Officer

Implementation Team (Working Group)

Ms. Carol Kripanayana Furtado

Business (Products)

Mr. Zubair Ulla

Digital Channels

Mr. Premkumar Govindappa

Head - Vehicle Finance

Ms. Chandralekha Chaudhuri

Human Resources

Mr. Arunava Banerjee

Risk Management

Mr. Srikumar Vadake Varieth

Legal

Mr. Tahir Khan

Procurement

Mr. Sachin Jadhav

Social Services

Mr. Suresha C

Service Quality

Mr. Sanjeev Barnwal

Company Secretary

* (w.e.f. January 14, 2022 to June 30, 2024) ** (effective May 01, 2024)



Sustainable Banking at Ujjivan SFB

At Ujjivan SFB, we are dedicated to fostering financial growth and achieving a sustainable future for all. We aim to promote financial and digital inclusion by extending banking and financial services and support to the un-served and the under-served segments of society i.e., people from low-income backgrounds, women, rural populations, and marginalised communities.

As a mass-market bank, Ujjivan SFB offers a wide range of banking and financial services and a personalised customer experience. We have identified relevant issues in the banking sector and adopted the best benchmarking practices aligned with the UNSD goals. The Bank also follows the applicable guidelines provided by SEBI/RBI. With technology as a key enabler, Ujjivan SFB has expanded its reach, and enhanced the customer experience. With 750+ banking touchpoints across 328 districts, 23 states and 3 Union Territories, our aim is to provide accessible banking and financial services to a broad range of people. The Bank focusses on providing literacy training and capacity-building programmes to our customers. We prioritise social impact and measure success in financial terms and in terms of positive social outcomes.

Total Energy Consumption

Total Electricity Consumption (GJ)



Total Fuel Consumption (GJ)



Energy Consumption through Renewable sources (GJ)



Our Initiatives

Sustainable Operations

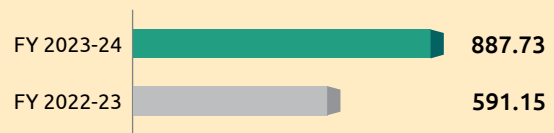
Our 'Green' efforts, starting with the simple initiative of discontinuing paper cups and plates towards environmental sustainability, had a cascaded effect on other initiatives. This included the procurement of energy-saving LED lighting in all offices, waste segregation at source coupled with responsible disposal strategies, digital business cards, and green cleaning chemicals. Moreover, it also included solar energy as the RE (renewable energy) alternative wherever feasible, as well as inverter air conditioners and energy efficient construction materials. With this holistic approach across 750+ branches, our efforts towards promoting eco-friendly practices in the Bank create a profound positive impact on the environment.

Total Scope 1 and Scope 2

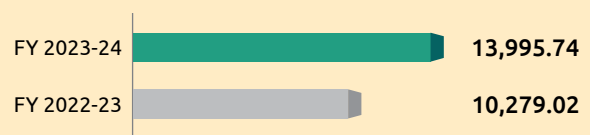
Emissions Data

(tCO₂e)

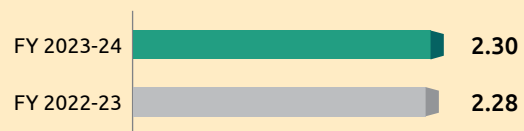
Total Scope 1 Emission



Total Scope 2 Emission



Total Scope 1 & 2 Emission per Crores of Turnover



Digitisation

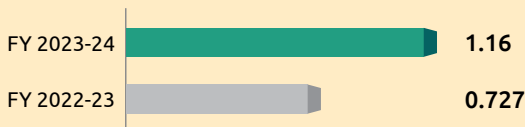
Our concerted efforts to reduce paper consumption, and thereby, lower carbon emissions have driven us to digitise numerous operations and products. This includes prioritising customer-centric services that allow transactions from the convenience of home, reducing fuel consumption and enhancing satisfaction. The Bank has witnessed a significant increase in digital transactions, with 37.41 Crores facilitated digitally, constituting 88.54% of all transactions. This was notably boosted by the launch of Digital Savings Account and Digital Fixed Deposits. Additionally, approximately 11.8 Million loan repayments were conducted through digital channels, resulting in substantial reductions in documentation and commuting, leading to significant financial savings. Moreover, 100% of contract management was executed digitally during FY 2023-24.

Waste Management (in Metric Tonnes)

E-Waste sent to Authorised Recyclers



Reused E-Waste (Usable Materials are Refurbished and Reused)



Diversity, Equity, and Inclusion

Unpause Initiative, a unique initiative by the Bank, is aimed at providing opportunities for women who have taken a career pause and are ready to return to their professional lives. With the current gender diversity rate of 20% in the Bank, about 349 women successfully embarked on their second career through this initiative. We have been actively encouraging our hiring partners and teams to recruit women to accelerate the initiative further.

Additionally, the integration of access facilities such as ramps and restrooms into the new infrastructure, along with the facilitation of orientation sessions for transgender individuals, serves as a testament to our dedication to inclusivity.

Performance FY 2023-24

With our recent venture into the ESG realm, the objectives for FY 2023-24 primarily revolved around establishing procedures for mid- and long-term objectives, investigating opportunities to implement green initiatives across departments, crafting a baseline and developing data management frameworks and assessment procedures. These targets were diligently tracked and assessed on a monthly basis, all of which have been satisfactorily achieved. This exemplifies our commitment to sustainability through deliberate planning and execution.

Recognised for Our Excellence

'Strong' Rating

FROM CRISIL ON OUR ESG PERFORMANCE

Leading ESG Champions of India

FROM DUN & BRADSTREET





Social: People

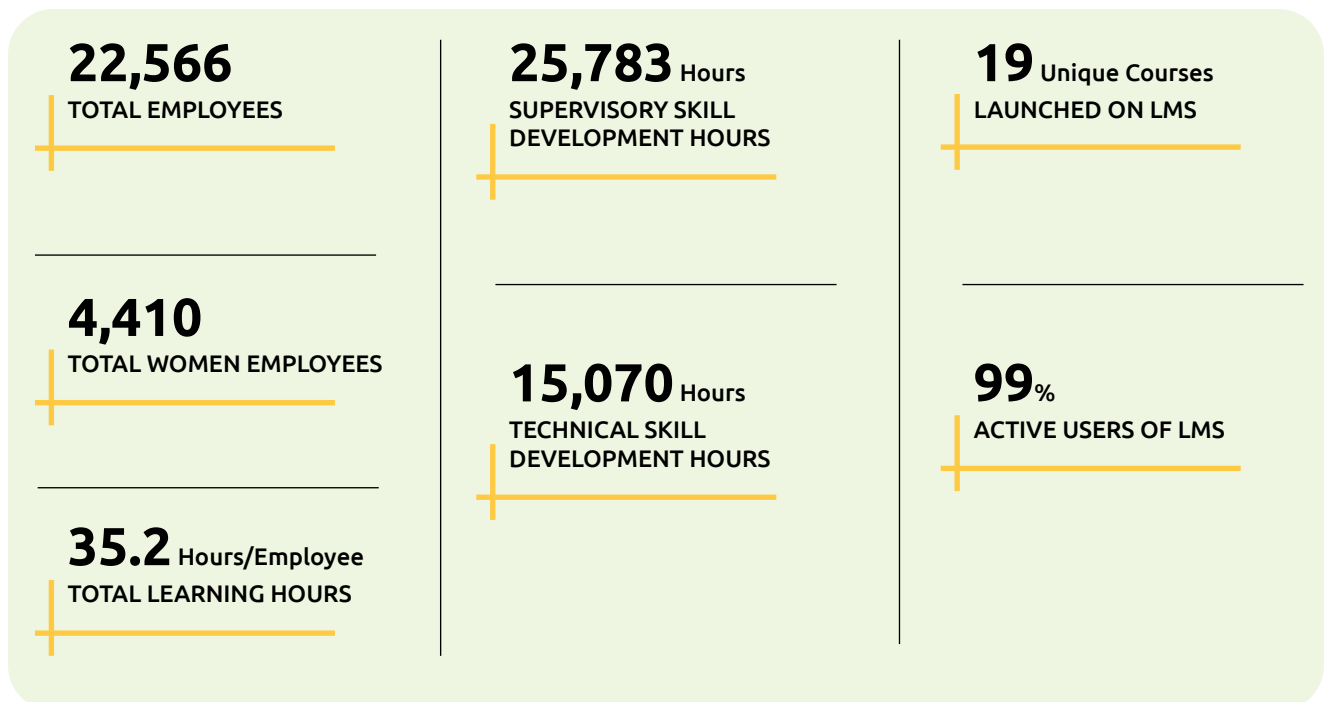
EMPLOYEE EXPERIENCE – 360 DEGREES

AT UJJIVAN SFB, WE BELIEVE THAT OUR EMPLOYEES ARE THE FORERUNNERS IN DRIVING BUSINESS, INNOVATION & GROWTH. WE ARE INVESTED IN FOSTERING A WORK ENVIRONMENT THAT ENCOURAGES EACH EMPLOYEE TO BRING IN THEIR BEST. THE HUMAN RESOURCES STRATEGY HINGES ON A 360-DEGREE EXPERIENCE FOR THE EMPLOYEES, LEADING TO OVERALL SATISFACTION AND PERFORMANCE.

The pillars in ensuring employee delight, are **Fair and Competitive Compensation, Best in Industry Benefits, Skill Development & Upgradation, Best in Class Talent Management practices** and a **Listening and Engaging Culture**. Employees appreciated the holistic experience and Ujjivan SFB saw one of the lowest attritions in the last 3 years (<24% for FY 2023-24) one of the best in the

industry. Ujjivan SFB also continued to remain in the Best Companies to Work for in India as certified by Great Places to Work Institute for the 14th year in a row. Ujjivan SFB has also been recognised as one of India’s Top 100 companies to work for, India’s Top 25 in the BFSI industry (Amongst 167 participants) and Top 50 India’s Best Place to Work for Culture of Innovation.

Environment Dashboard



People Development and Strengthening

In FY 2023-24, the Bank dedicated its efforts to enhancing holistic people development and strengthening organisational capabilities, aiming to provide a comprehensive growth experience for its employees. The organisation conducted a compensation benchmarking activity, and also created a framework that would ensure that employees are competitively compensated under the guidance of the Board of Directors and the Board Committee - Nomination & Remuneration Committee.

The Bank's focus on the best customer service with a multitude of products, and new business lines requires employees to have multi-product knowledge and a variety of skillsets. The Bank has invested in upgrading its employees and enhancing their ability to comprehensively serve customers. The skill enhancement philosophy in Ujjivan SFB is centred around three areas: Functional Knowledge, Behavioural Capacities and Technical Knowhow (Technology & Systems). Ujjivan SFB trained a total of 28,600+ employees with a focus on strong induction programmes, refresher programmes and had external certifications for about 20% of the employees. The average learning hours per employee was increased to 35.27 hours/employee, one of the best in the industry. Under the functional trainings, a host of refreshers were done for business and credit teams, compliance risk and specialised audit teams were conducted for first line of defence. Targeted Interventions like customer centricity programmes, lateral thinking programmes, process

refreshers etc. were done. New Learning Management System (LMS) was also launched, which focussed on bite sized learnings integrated with a reward mechanism for employees. Technical Training environment was also re-launched with focus on increased skill-sets for the technical systems and software of the bank for the field employees. Leadership development and Top Management skill development with tie ups with Ivy League institutes like Harvard and IIMs were concentrated upon. On the behavioural aspects, Ujjivan SFB invested a lot on the supervisory skills development across levels – right from Top Management, to Manager and first-time supervisors were skilled with different level of people management competencies. Specialised programmes in AI and Generative AI fields were done for the senior management for the Bank to equip them with the latest developments in the field of artificial intelligence in the Finance world.

While Talent upgradation was an important investment, career development and talent management of existing employees was also a focus area. Ujjivan SFB ensured that succession policy at bank level was concentrated upon. High Potential programmes were introduced at the middle management level, and also, women specific programmes targeted at faster career progression was launched. Internal promotions, Internal Job Posting and Career progression programmes were strengthened. 10% of our employees saw progress and growth through the year.





Our People's Well-being

Wellness is a priority area. Employee health insurance programme was modified to provide better benefits for maternity, pre-natal/post-natal and IVF segments. The programme was also designed to provide appropriate coverage to employees in different stages of life. Employee families were also given additional coverage in the form of higher term-life programmes, especially for the front-end roles. Annual Health check-ups were organised and 78% of all employees participated for the same and their families also had the benefit of subsidised check-ups. Further follow-up on programmes were there for employee with high-risk symptoms. Physical and Emotional Wellness counselling services were opted for employees through the year. There were various awareness campaigns and counselling sessions done through the year for employees on a variety of wellness issues like road safety, women's health, emotional wellness and financial wellness programmes. All the measures on wellness was taken, keeping proactive and preventive health measures to become a part of employee health cycle.



Value-Creation for Our People

Wealth creation has also been an important benefit for Ujjivan SFB's employees in the last few years. The ESOP policy of the Bank is special as it allows wealth creation at all levels based on performance and ensures that people are able to get the benefit of the value that they bring to the table. In FY 2023–24, 20% of the top performing employees (across all grades) received ESOP grants based on their individual potential and performance across grades. Subsidised employee loans remained an important benefit that employees chose to avail of, and a car lease facility was also introduced.



Engaging with Our People

Ujjivan has been consistently ranked as a workplace, which inspires pride and trust. This is because of the listening and transparent culture of the Bank. The Bank has provided several platforms to various level of employees, whether at the branch level or the regional office/corporate office level, where employees can have access to organisational information, connect with leadership, raise their challenges and get solutions from the leadership. Branch Representative Meetings, Townhalls and Chai pe Charcha – Corporate leadership catch-up sessions, are the various kinds of platforms available for the employees.

The employee experience is rounded off with a strong environment of recognising and rewarding exceptional achievements. Ujjivan has a robust rewards and recognition programme for all cohorts of employees. This ensures that the best talents are acknowledged and spotlighted upon. Programmes like Annual Awards in all the 4 regions, Corporate Excellence Awards, Summit Awards (recognising the best of Ujjivan SFB's talent) and also regional programmes like Pratistha (in the western region) and South Spotlight awards brought in an environment of celebration of people who created distinct achievements for the Bank.



73

BRANCH REPRESENTATIVE MEETINGS

50 Townhalls
PAN INDIA

11,992 Employees
REACHED OUT TO AMBER AI
CHATBOT

82%+
ENGAGEMENT SCORE IN
FY 2023-24

30+
CHAI PE CHARCHA
SESSIONS



Social: Communities

STRENGTHENING COMMUNITY DEVELOPMENT INITIATIVES

AT UJJIVAN SFB, WE HAVE SHOWCASED OUR INHERENT COMMITMENT TO SOCIAL RESPONSIBILITY BY INVESTING IN COMMUNITY DEVELOPMENT INITIATIVES DIRECTLY FROM OUR FINANCIAL ACCOUNTS, PREDATING THE LEGAL MANDATES FOR CSR. SINCE EMBRACING CSR OBLIGATIONS, WE HAVE ENHANCED OUR EFFORTS, ESTABLISHING DEDICATED MANAGEMENT AND BOARD COMMITTEES TO OVERSEE PROGRAMMES AND ENSURE TARGETED ALLOCATION OF FUNDS. OUR RECENT ADOPTION OF ESG PRINCIPLES HAS MOTIVATED US TO FOSTER SUSTAINABLE CHANGE WITHIN COMMUNITIES, ALIGNING WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS.

CSR Dashboard

2.4 Lakhs+
BENEFICIARIES

60
PROJECTS

23/26
STATES/UTs OUTREACH

25,684
VOLUNTEERING HOURS

6
ORIENTATION SESSIONS

14/17
UNSDGs*

**United Nations Sustainable Development Goals*



Our Thematic Areas and New Areas of Focus

In FY 2023-24, while our primary thematic areas continued to be community development and disaster relief, we broadened our focus to new sub-thematic areas. This was under Community Development as an endeavour to expand our outreach and broader inclusion, focussing on the BIMARU states and the aspirational districts. Besides our flagship Chote Kadam project, we executed several projects under Livelihood Development, Education, Healthcare, Project Swachh Neighbourhood, and Disaster Relief, benefitting over 2.4 Lakh individuals across 23 states. The new sub-thematic areas with a pivot on the BIMARU States and Aspirational Districts for the year were:



Initiatives for Community Development

Chote Kadam (Infrastructure Development Projects)



38,691+
NO. OF BENEFICIARIES

With Parinaam Foundation as our strategic partner, we completed 216 infrastructure development projects under our flagship 'Chote Kadam' programme till March 2024 since inception. These projects were identified at ground level by the field staff and the branch teams in consensus with the community people and the municipal/ Government bodies anchoring our efforts in community engagement.

About 25 Chote Kadam projects were executed in FY 2023-24 across India. These were aimed towards the renovation of Schools, Anganwadis, Orphanages, Community Playgrounds, Community Healthcare Centres, and Installation of Solar-powered Lights, among others, aligning with 8 UNSDGs.





Livelihood Development Programmes



Supporting the 'Differently Abled' with Cheshire Disability Trust and ProVision Asia

Ujjivan SFB believes that engaging and supporting the project implementation partners for medium to long term is essential to create larger impact. The Bank continued its association with the existing NGO partners like Cheshire Disability Trust (CDT) & proVISION Asia in implementing the livelihood development of the differently-abled from the BPL/APL families. Through CDT, 413 'differently-abled' were trained in employability skills and 71% of them were placed in the retail sector at Jamshedpur, Ranchi, Hazaribagh & Varanasi. Through ProVision Asia, we provided wheelchairs to 60 orthopaedically differently-abled people.

Partnering with the Red Cross in Hissar, the Bank supported 15 Orthopaedically differently-abled people with motorised tricycles thereby, increasing their mobility and making them independent.



911+

NO. OF BENEFICIARIES

Empowering the Youth of BPL/APL Families with Divya Nur Foundation and Calcutta Social Project

- We continued to work with the Divya Nur Foundation to train 200+ youths from BPL/APL families and placed 70% of them in companies like Flipkart, Burger King, D-Mart, and Easy Buy, among others, with an average monthly salary of ₹ 10,000.
- We renewed our association with the Calcutta Social Project to offer livelihood training & career guidance to 200+ school drop-outs and students who could not succeed in academics. The beneficiaries were trained for jobs like Operation Theatre Technician, Physician Assistant, Phlebotomy Associate, Tailoring, Cosmetology, and Lab Technician, among others

Empowerment of the Women (Victims of Domestic Violence with AALI)

Partnering with the Association for Advocacy and Legal Initiatives in Lucknow, 22 women who were the victims of domestic violence were provided with Fall/Pico sewing machines for generating their livelihood.

Education/Sports



Educating Children with Intellectual Disabilities through Maithree Society

Continuing our association with Maithree Society, our funding support has now been extended to enable the NGO to offer life skills training & basic academic education to children with intellectual disabilities. Currently, there are 48 children of different age groups in the learning stream. About 16 students graduated from the vocational stream, while the remaining students advanced to the next learning level.

34,442+

NO. OF BENEFICIARIES



Bridging Digital Gap with Pi Jam Foundation

Ujjivan SFB has formed a strategic partnership with the Pi Jam Foundation in the digital literacy space. The project is about training 1,000 teachers from Government schools in Satara & Sangli districts of Maharashtra and creating 100 model teachers by teaching them to impart digital literacy to 30,000+ students studying in Government schools. Besides digital literacy, the children are taught critical, analytical, and logical thinking skills.

Scholarship to Transgenders with Buddy4Study Foundation

Ujjivan SFB has a culture of Diversity, Equity, and Inclusion ingrained in its DNA. Sharpening our focus on the less-privileged and neglected sections of the human race, we extended our support to the transgender community this year towards their education. In association with our partner – Buddy4Study Foundation, the Bank offered educational scholarships to 32 school/college students.

Lotus Petal Foundation (Sohna, UP) & Sanmathi Balanikethan

The kids of the orphanage were supported with sports equipment for their holistic development. An extensive sports competition was conducted for the kids of Sanmathi Balanikethan, involving 100+ volunteers who exhibited their sportsmanship by playing sports like chess, badminton, cricket, and etc with the kids.

Equal Education with ALSOC & Government Schools

Besides supporting Alumnorum Societas (ALSOC) in Kolkata towards educating 600 under-privileged boys, the Bank supported Government schools in Uyyamballi, Handiganur, Bholpur (West Bengal), Nagpur, and Nashik (Anganwadi), among others, with educational aids like boards, benches, tables, and projectors, among others.



Environment/Animal Welfare



46,743+
NO. OF BENEFICIARIES

180+
CATTLE

Solar-Powered Lighting at Animal Welfare Centre, Bolagarh, Odisha

In collaboration with the Dhyan Foundation, which focuses on animal welfare, the Bank financed the installation of solar-powered lighting at a cattle rescue center. Situated in a remote tribal village, this centre provides shelter to over 300 cattle that were at risk from wild animals at night. This initiative safeguards the cattle and promotes environmental sustainability through the use of renewable energy.

Water Percolation Pits at Water-Stressed Areas with United Way of Bengaluru

Understanding the imperative to save rainwater to avert the prevalent droughts, the Bank partnered with United Way of Bengaluru. Together, we created 10 water percolation pits across the depressed areas in an effort to raise the groundwater table.





Project Swachh Neighbourhood

We persist in our contributions to the Swachh Bharat Abhiyan by having our employees clean areas within 100 metres of our office premises. This initiative was undertaken in 183 locations nationwide, offering a significant opportunity for volunteer engagement. Over 6,038 employees participated, contributing more than 12,076 hours of volunteer time. Additionally, as part of this activity, approximately 2,896 saplings were planted.



6,038

EMPLOYEES PARTICIPATED

12,076+

VOLUNTEERING HOURS

2,896

SAPLINGS PLANTED



Sports for the Underprivileged



90+

NO. OF BENEFICIARIES

In an effort to encourage sports among underprivileged students, the Bank entered a new thematic realm in FY 2023-24 by collaborating with the Mary Kom Boxing Foundation. The Bank sponsored 10 athletes, covering their academic and residential training needs, which included infrastructure, nutrition and boxing equipment needed for their training. Additionally, the overall facilities and training will benefit about 90+ athletes who are enrolled in the academy.

Nurturing Support to Old Age Homes



200+

NO. OF BENEFICIARIES

The Bank provided nutritional assistance to elderly care facilities in Jaunpur and Coimbatore. We delivered groceries and kitchen aids, thereby benefiting approximately 200 marginalised senior citizens.

Disaster Relief



Ujjivan SFB consistently lends a hand to those in need during crises. The Bank provided immediate assistance to natural disaster victims in various regions by supplying kitchen & grocery kits, ensuring their nourishment until normalcy returned. During FY 2023-24, the Bank extended its support to the following:

- 👉 Appa Pada Fire Incident, Mumbai – Grocery & utensil kits to 200 affected families
- 👉 Flood Relief at Nagda, Sanawad & Dhamnod, Madhya Pradesh – Grocery kits to 320 families
- 👉 Flood Relief at Bharuch & Ankleshwar, Gujarat – Grocery kits to 600 families
- 👉 Michaung Cyclone, Chennai - Grocery kits for 5,000 victim families
- 👉 Floods at Tirunelveli, Tenkasi, and Ambasamudram, among others - Grocery kits for 3,500 victim families

The Bank's main goal is to support underprivileged communities in BIMARU states and aspirational districts across India. We have made a deliberate effort to identify projects in these areas. Approximately 20% of the projects across various thematic areas were executed in aspirational districts such as Hazaribagh, Barwani, Khandwa, and Ranchi, among others. Additionally, during FY 2023-24, we have expanded our reach to 23 out of 26 States/UTs.



37,280+
NO. OF BENEFICIARIES

Outreach – BIMARU & Aspirational Districts



- Project Swachh Neighborhood
- Chote Kadam
- Community Development
- Disaster Relief





Volunteering Engagement & Orientation Sessions

The Bank, with its inherent social orientation, has been striving to imbibe the 'giving' culture amongst its employees through the employee volunteering programme. Through this initiative, the volunteers are engaged with the NGO partners that they choose to work with, for brief activities like teaching the underprivileged children, mentoring the Chote Kadam infrastructure projects, participating in the events/celebrations organised by the NGOs and assisting them in possible capacities, offering technical support on the digital devices for the literacy programme etc.

Ujjivan SFB's support for NGO partners transcends mere financial aid. With a sincere commitment to aiding beneficiaries, the Bank has initiated orientation sessions to educate them about job opportunities within the banking sector and the necessary skillsets to secure employment therein. So far, the Bank has offered sessions to 180+ students from NGOs like Parinaam Foundation, visually challenged beneficiaries of the Cheshire Disability Trust, Transgenders of the PeriFerry Foundation, and the Unemployed Youth of Calcutta Social Project.

456

EMPLOYEES VOLUNTEERED WITH VARIOUS NGO PARTNERS

13,608+

VOLUNTEERING HOURS



Financial Literacy & Inclusion

Diksha+ Pro Financial Literacy Programme (MicroBanking)

Financial literacy is core to Ujjivan SFB's mission to give low-income families access to the financial tools and resources they require to achieve security and prosperity. The Bank has played a key role in equipping them with the necessary knowledge and tools needed to save in safe avenues towards reducing financial risk and making informed and intelligent financial decisions. Through Diksha+ Pro, our financial literacy programme, 106,326+ customers were trained in FY 2023-24 across 19 states.

In FY 2023-24, with the view to increasing the impact and outreach, the programme was restructured from 4 to a 2-slot programme with an improved syllabus for a sharper focus on the key topics.

106,326+

CUSTOMERS TRAINED THROUGH DIKSHA+ PRO (COVERING 19 STATES)



Impact Generated

118,120+

CUSTOMERS ENROLLED FOR THE LITERACY PROGRAMME

38,776+ (35%)

CUSTOMERS AVAILED BANKING PRODUCTS AND SERVICES

21,825

CUSTOMERS (19% PAID THEIR LOAN INSTALMENTS THROUGH DIGITAL PLATFORMS)

Chillar Bank Financial Literacy Programme (Children of MicroBanking Customers)

This programme is primarily aimed at imparting financial literacy to the 11-17 year old children of our MicroBanking customers. Besides inculcating saving habits at an early stage, the programme has also created a positive impact on their parents by enlightening them on the benefits of saving early and making long-term investments for their children's future. Being mobile-savvy & fast learners, the children help their parents with the usage of various digital platforms like UPI apps, Mobile Banking applications and educate them on the probable digital frauds.

Impact Generated

42,839

CUSTOMERS & CHILDREN ENROLLED
(16 STATES)

42,220

ATTENDED
(99%)

3,697

OF THE CUSTOMERS AVAILED BANKING PRODUCTS POST TRAINING
(17%)

2,856

CUSTOMERS REPAYED LOAN THROUGH DIGITAL PLATFORMS
(14%)

42,473+

Customers got Access to Various Financial Products through Diksha+ and Chillar Bank Programmes

Financial Literacy to MSME Customers (Ujjivan Entrepreneurship Development Programme (UEDP))

While we continue our Financial Literacy Programme for our Micro Banking customers, we are now extending the programme to our MSME customers as per the directives of the RBI.

Haqdarshak, as our strategic partner, is the first Indian social enterprise to digitalise welfare programmes on a single platform. We intend to cover a wide range of topics through this programme that includes various options available for financing business needs, information on the central registrations and educating them on the availability of various Government welfare and financing schemes. Our partner trains our trainers who in turn impart the same to our MSME customers.

Impact Generated

183

PARTICIPANTS ATTENDED THE TRAINING
(OUT OF WHICH 8% ARE WOMEN)

Financial Literacy Camps for Rural Banking Customers

Ujjivan SFB continues to conduct Financial Literacy Camps at our Unbanked Rural Centres (URC). This FY 2023-24, the Bank conducted camps at 174 URCs under the guidance of RBI. Educational material used under this programme was designed by RBI. Ujjivan Small Finance Bank has teamed up with Parinaam Foundation to launch a savings initiative that enables families to open savings accounts and gain access to vital banking and financial services.

Impact Generated

22,693

TRAINED THROUGH FLC PROGRAMME
(OUT OF WHICH 74% WERE WOMEN)

Pragati - Financial Literacy Programme for Individual Loan Borrowers

We have developed an exclusive financial literacy programme, Pragati, for the nano entrepreneurial customers of Assam. Launched in July 2023, **276** training slots were conducted during the financial year across 8 branches.

4,043

BENEFICIARIES ATTENDED THE TRAINING

1,400

CUSTOMERS AVAILED BANKING SERVICES
(OUT OF WHICH 19% PAID THEIR LOAN INSTALMENTS THROUGH DIGITAL PLATFORMS)



Social: Customers

PROMOTING CUSTOMER CONVENIENCE STRATEGIES

WE BELIEVE THAT EXCELLENCE IN CUSTOMER SERVICE HOLDS PARAMOUNT IMPORTANCE. THE BANK'S COMMITMENT TO DELIVERING EXCEPTIONAL CUSTOMER EXPERIENCE REMAINS UNWAVERING. OUR CONTINUOUS EFFORTS IN ADVANCING DIGITAL CAPABILITIES AND EXPANDING DELIVERY CHANNELS HAVE HELPED US ACCOMPLISH SUPERIOR SERVICE STANDARDS WHILE PROVIDING CONVENIENCE TO CUSTOMERS.

We believe in responding to ever-evolving needs of the customers to make ourselves the most customer-centric bank by continuously nurturing our people, processes and technology, based on customer feedback. To put this intent into practice, the Bank has established a dedicated

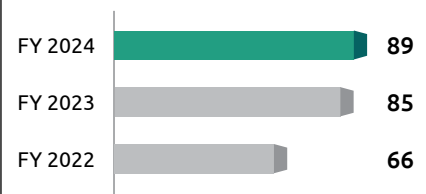
Service Quality department that has been instrumental in enhancing customer experience, addressing feedback and grievances efficiently, maintaining rigorous service standards, and ensuring customer service compliance.



A Unique Service Index Programme – For Continuous Improvement in Service Standards

Our Service Quality team has implemented rigorous monitoring mechanism and continuous improvement initiatives. Through this, the team upholds service standards for all business verticals and key support functions, along with all channels and touchpoints. The Service Index programme tracks and monitors key parameters that impact customer service delivery standards and customer satisfaction. The programme has advanced over the last 6 years. A strong governance structure for customer service has been established, which includes a commitment to targets for improving Service Index scores by each function and at the overall Bank level. These targets form part of key performance metrics for the MD & CEO, Heads of Business/functions, frontline managers, and sales/service staffs. The Bank's focus on service standards has helped in improving the Bank Level Service Index score from 66 points in March 2022 to 85 points in March 2023 and to 89 points in March 2024.

Service Index Score



Service Recovery Programme

A dedicated team under Service Quality tracks and monitors potential service incidents that may impact a large number of customers. A proactive mechanism to identify such incidents and their root cause analysis helped the Bank in ascertaining impacted services and timely remediation.

A cross-functional alliance was formed with the aim of reducing the technical declines for payment transactions initiated through UPI and ATMs.

Less than **0.5%**
TECHNICAL DECLINE FROM
2-5% EARLIER



Refinement of Customer Account Statements and Service Forms

Customers always expect reliable and transparent records from the Bank. The Service Quality team was mandated to review, revisit and refine vital customer communications such as statements of accounts, certificates and forms. The team ensures modifications are made based on evolving customer expectations from time to time. As a step towards hassle-free customer request fulfilment through various channels, the Bank hosted 40+ service request forms on its website for customer convenience.



Equipping Staffs with Expertise and Efficiency

We recognised the crucial role of training our staff to deliver exceptional customer service, and such trainings cannot be comprehensive if it is delivered as once-a-year programme, it has to be a continuous learning from day-to-day practical situations. Hence the **'Service Quality Friday School'** initiative was introduced to fulfil this objective. Every Friday the branches receive training content as snippets, and the Branch Managers delivers the training to staffs on same day. The initiative is aimed to educate branch staff on efficient customer service, including handling customer requests and complaints, providing life event-related services, and analysing case studies. The selection of topics for these sessions was based on observations on service quality at branches, customer feedback, complaints, and identified knowledge gaps among the frontline staff. We continue to strive to provide superior customer service to all our valued customers by addressing these areas.

Through this initiative, we have been able to improve our service delivery, ensuring first-time-right in all the things we do, which in turn improves customer satisfaction. The knowledge series/modules are also being updated in the Bank's Intranet and Online Learning System - Swayam.

Knowledge Series/Modules

| | | |
|------------|--|----|
| FY 2023-24 | | 24 |
| FY 2022-23 | | 16 |

Aajeevan Services – Progressing through Empathy

Ujjivan SFB believes customers need empathy, handholding, and assurance the most when they come across various life events, be they good or bad. A specially designed and unique programme in the banking industry, called 'Aajeevan', was implemented right at the inception of the Bank. These are life-event-based banking services that enable customers to navigate the good and bad events of life with ease. Aajeevan services include nomination facilities, joint accounts, settlement of claims of deceased account holders, settlement of insurance claims, priority & doorstep services to senior citizens and specially-abled customers, and use of special services like adding mandate holders or powers of attorney, among others. The programme provides financial well-being with empathy and compassion, building a long-term relationship with our customers. The programme also simplifies processes and staff training by keeping empathy and efficiency as focal points. A specially designed one-day workshop on Aajeevan Services was conducted for customer handling staff and sales staff. A total of 1,521 staff were trained in 72 batches during the year.

64 Customer Care Representatives of branches were specially recognised & rewarded for outstanding contributions under Aajeevan Services. Further, to drive customer service from the top, an initiative was introduced where the Executive Committee of the Bank recognised the staff who received customer appreciation for their exceptional services on the first Monday of every month.

Key Highlights

- Over the years, the promotion of Aajeevan services has helped in the improvement of the resolution of Aajeevan service requests from 86% in FY 2021-22 to 94% in FY 2022-23 and to 99% in FY 2023-24
- Deposits opened with nominations improved from 82% in FY 2021-22 to 92% in FY 2022-23 and 94% in FY 2023-24
- Claims of deposits pertaining to deceased account holders were settled at 100% within the standard turnaround time

1,521

TOTAL STAFFS WERE TRAINED

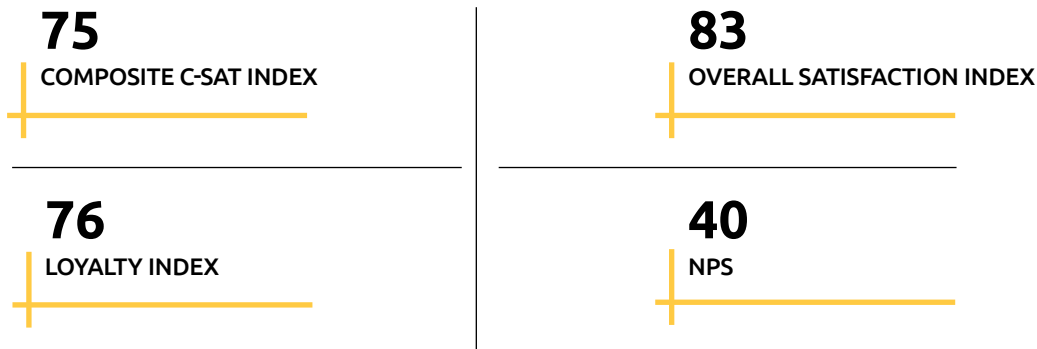
72

BATCHES DURING THE YEAR

Measuring Customer Satisfaction

To testify to the results of service standards internally measured, an independent research agency, IPSOS, was commissioned to assess the current levels of customer satisfaction. This was conducted with the products of 6 major business verticals, covering a sample size of 5,000+ customers. The independent assessment helped in understanding customers' perceptions and feedback towards the Bank's services, competitive performance at each touch point, and brand imagery. The C-SAT & NPS scores for the Bank are:

Customer Experience Metric



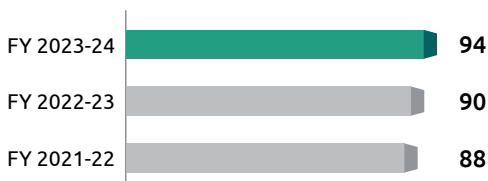
A Reliable Mechanism for Resolution of Customer Grievances

Customer care and problem resolution have been areas of special focus at Ujjivan SFB. To ensure customers' concerns are addressed, the Bank has established a robust grievance redressal mechanism. The mechanism helps provide satisfactory resolutions to customer complaints in a timely manner while also identifying the root causes of service deficiencies. It helps us take corrective measures to eliminate or minimise instances of customer dissatisfaction.

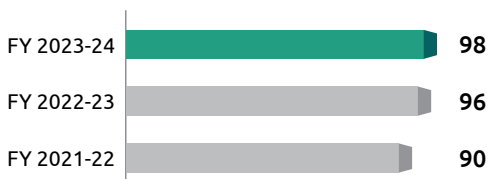
While customer acquisition and digital transaction volumes have grown significantly over the years, we saw a

14%
DECREASE IN THE
NUMBER OF COMPLAINTS
AS COMPARED TO THE
PREVIOUS YEAR

Resolution of Customer Service Requests within Standard Turnaround Time (%)



Resolution of Customer Complaints within Standard Turnaround Time (%)





Customer Testimonials

TESTIMONIALS THAT BRINGS JOY AT UJJIVAN SFB



Mr. Natarajan S S
Ramanathapuram Branch, Tamil Nadu



I am Natarajan S S, and I have been a happy FD account holder at Ujjivan SFB, Ramanathapuram branch, for the past four years. Their service and unique product offerings are commendable. The interest rates on Savings Accounts and Fixed Deposits are highly competitive and attractive. The Bank boasts a strong rating, impressive profits, and low NPA values, reflecting its excellence in every aspect. I am thoroughly satisfied with their service and overall performance.



Mr. Gurunathan
Erode Branch, Tamil Nadu



"I am Gurunathan, a practicing auditor, and my son K.G. Kannan, who is also an auditor and an NRI. Our family has made substantial fixed deposits and holds savings accounts with Ujjivan SFB. The Bank's mobile app and overall services are highly commendable. In particular, the exceptional services provided by Mr. Prakash, the branch manager of the Erode branch, and his team stand out. We have recommended Ujjivan SFB to many of our clients, who have also opened accounts with them."



Col. Samit Kumar Saha
Ratu Road Branch, Jharkhand



"I am Retd. Col. Samit Kumar Saha. As a senior citizen, finding a bank that understands my needs and treats me with respect is essential. At Ujjivan SFB, I found exactly that. From the moment I walked into their branch, I was greeted with warmth and professionalism. The Bank's staff consistently goes above and beyond to ensure my banking experience is smooth, secure, and personalised.

Introduced to Ujjivan SFB by a former banker now working at Ujjivan SFB, I am proud to be associated with a bank that values its customers and excels in service, especially for senior citizens like myself. Ujjivan SFB isn't just a bank; it's a caring community, and I am grateful to be a part of it."



Ms. Seema Sharda
Sector 34 branch, Chandigarh



"I am Seema Sharda, Director (Retd.) – Forensic Science Lab, Mohali. My husband and I have savings accounts with Ujjivan SFB. The staff's services are excellent, and the Bank provides outstanding products and services tailored for senior citizens."



Mr. Naushad Ahmed
Meerut Branch



"The loan from Ujjivan SFB significantly reduced my EMI burden, allowing me to consolidate my debts. Previously, I was struggling with high EMIs, but after getting the loan, my EMI payments decreased substantially. This not only boosted my profitability but also provided extra funds to acquire new customers, leading to increased sales turnover and net profit. Additionally, my reliance on loans from family and friends has diminished."



Mr. Harish Gahlot
Meerut Branch



"The loan from Ujjivan SFB has helped me increase my sales turnover by more than 25%, thanks to the availability of low-cost funds. This has also allowed me to expand my business and set up a CNG station. All necessary NOCs have been cleared from the relevant government department, land has been acquired, and the station will likely be functional in the next 5-6 months."



Ms. Suchitra Dnyaneshwar Devmane
Kharadi Branch



"I have been a customer of Ujjivan SFB for the past 7 years. I first learned about the Bank from a friend and received a group loan of ₹ 30,000, which helped me grow my small home-based parlour. As my customer base increased, Ujjivan SFB's support boosted my confidence. Due to my good track record, I later secured a larger loan of ₹ 2 Lakhs, allowing me to purchase equipment like hair wash stations, trolleys, beauty beds, and hair appliances. Ujjivan SFB has played a crucial role in my business growth, providing financial stability for my family."



Ms. Anju Manoj Gupta
CA Road Branch



"Namaste! I took my first group loan of ₹ 30,000 from Ujjivan SFB for my home-based tailoring business and always paid my EMIs on time. Recently, I secured a ₹ 2 Lakhs loan for home renovation, adding a study room for my kids. The Bank has consistently supported me financially. In 2022, I proudly served on the Chote Kadam committee for school renovation at CA Road, Nagpur, as part of the Ujjivan SFB team."



Mr. Sitaram Bhairwa
Kishangarh Branch



"As a farmer cultivating 25 acres with crops such as Bajra, Groundnut, Moong, Green Gram, Wheat, and Gram, I needed additional funds for farm development and crop cultivation. While I had an existing KCC Loan with HDFC, they were unable to extend additional credit when I needed it. Fortunately, a friend employed at Ujjivan introduced me to their KPC Crop Loan. After thoroughly understanding the benefits and terms of the KPC Crop Loan, I decided to proceed with the application. I received the loan amount within the required timeframe, which significantly aided my farming activities. I am deeply grateful to the Ujjivan team for their support and efficient service."



Mr. Anup Kanti Dev
Silchar Branch



"The Bank is continuously growing and improving its processes. A few years ago, when my brother took a two-wheeler loan, the process took a considerable amount of time. However, when I recently financed my two-wheeler through Ujjivan SFB, it was smooth and easy."



Ms. Yasodha
Mysore Branch, Karnataka



Mrs. Yashodha from Mysore has paved the way for a prosperous and fulfilling life for herself and her family through multiple gold loans. She availed her first gold loan for home renovation and took the second from a pawn shop. However, due to high interest rates, she transferred it to Ujjivan SFB. The trust in Ujjivan SFB assured her to take a third gold loan for her children's education, ensuring a secure future for them.



Ms. Nirmala B.S
Gowribennur Branch



I had applied for housing loan in USFB and within short period of time from the date of request, my housing loan was sanctioned and disbursed. I am very happy for the quick response. Before approaching Ujjivan SFB, I had inquired housing loan in 3-4 other financial institution which I did not get in time responses from them, but as soon as I applied in Ujjivan SFB the loan was disbursed in required time. In Ujjivan SFB the loan process was smooth and favourable for common people like us.

During loan process, staff support from "Double road branch" was excellent and they had enough knowledge about the loan process and also explained the terms and condition which I understood.

I am very happy to receive the loan on time.



Governance

IMPLEMENTING EFFECTIVE GOVERNANCE PRACTICES

UJJIVAN SFB ENSURES COMPLIANCE AND ADHERENCE TO CORPORATE GOVERNANCE IN LETTER AND SPIRIT. THE BANK RECOGNISES AND ENSURES A CLEAR DISTINCTION BETWEEN THE 1ST, 2ND AND 3RD LINE OF DEFENCES, WHEREIN DEPARTMENTS UNDER 2ND LINE OF DEFENCE I.E. RISK, COMPLIANCE, VIGILANCE ARE INDEPENDENT WITHOUT ANY BUSINESS TARGETS AND REPORT TO THE BOARD COMMITTEE. INTERNAL AUDIT DEPARTMENT, BEING THE 3RD LINE OF DEFENCE, PROVIDES INDEPENDENT ASSURANCE TO THE MANAGEMENT & BOARD ON THE BANK'S RISK MANAGEMENT, GOVERNANCE AND INTERNAL CONTROL PROCESSES AND REPORTS TO THE AUDIT COMMITTEE OF THE BOARD.

The Bank has implemented all necessary and mandatory policies to ensure transparent and efficient operations. Additionally, we have established and maintained a robust governance structure, including the Board and various management committees, to ensure transparent and prompt compliance with Corporate Governance standards.

The Bank believes that the Board and the Board Committees are the pillars of our Corporate Governance. They ensure that the Majority of the Directors are Independent Directors with rich and vivid experiences in Banking, Finance, IT, Risk, Law and Financial Inclusion, among others. The Bank has all the mandatory Board Committees as prescribed under the Companies Act 2013, SEBI LODR 2015, and RBI, like the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Shareholders' Relationship Committee, Customer Service Committee, Fraud Committee (Special Committee of Board for Monitoring High Value Frauds), Corporate and Social Responsibility Committee, and Committee of Directors, among others.

The Bank has developed and implemented a Code of Conduct that is applicable to all employees, including the Bank's Directors. It also has an Insider Trading Policy for the Prohibition of Insider Trading. The Bank recognises its role as a corporate citizen and endeavours to adopt the best practices while maintaining the highest standards of corporate governance through transparency in its business, ethics, and accountability to its shareholders, customers, government, and all other stakeholders.



Risk Management

IMPLEMENTING PROGRESSIVE AND PROACTIVE MEASURES

THE BANK HAS A STRONG RISK MANAGEMENT FRAMEWORK IN PLACE TO IDENTIFY, MEASURE, MITIGATE AND MONITOR MATERIAL RISKS ACROSS ALL OUR FUNCTIONS. DIRECTED BY THE RISK MANAGEMENT COMMITTEE OF THE BOARD (RMCB), UJJIVAN SFB HAS AN ADEQUATELY STAFFED RISK MANAGEMENT TEAM LED BY OUR CHIEF RISK OFFICER (CRO) TO IMPLEMENT THE DIRECTIONS OF THE RMCB AND THE BOARD. THERE ARE DEDICATED TEAMS ESTABLISHED WITHIN THE BANK TO ASSESS AND MONITOR ENTERPRISE AND STRATEGIC RISKS, CREDIT RISKS, OPERATIONAL RISKS, MARKET AND LIQUIDITY RISKS AND INFORMATION SECURITY RISKS. THE RISK MANAGEMENT TEAM IS PREDOMINANTLY BASED OUT OF THE BANK'S CORPORATE OFFICE, AND ALSO HAS A PRESENCE IN EACH OF THE REGIONAL OFFICES, PRIMARILY TO AID IN CASCADING THE OPERATIONAL RISK FRAMEWORK AT A GRANULAR LEVEL. THE HALLMARK OF UJJIVAN SFB'S RISK MANAGEMENT FUNCTION IS ITS INDEPENDENCE FROM BUSINESS SOURCING UNITS WITH CONVERGENCE ONLY AT THE BOARD LEVEL.



The RMCB fulfils its roles and duties through various management-level risk committees such as the Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Asset Liability and Market Risk Committee (ALCO), Information Security Risk Management Committee and Business Continuity Management Committee. There is also an Enterprise Risk Management Committee (ERM) to provide oversight on strategic and emerging risks within the Bank while continuing to have general oversight on audit and compliance-related matters. These committees are entrusted with the task of identifying, measuring, mitigating and monitoring specific risks and directing enhancements and new policy advocacy, wherever applicable.

The Bank's Risk Management Framework is based on a clear understanding of our key material risks, disciplined and well-defined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with best practices. We oversee all our

material risks through regular monitoring of risk indicators, policy management, and testing of controls for design and effectiveness. The identified breaches and gaps are analysed thoroughly to determine the associated root cause (s) for initiating corrective actions.

Key Developments During the Year

During FY 2023-24, the economy remained remarkably resilient, with growth holding steady as inflation returned within target bands of the RBI. The journey has been eventful, starting with supply chain disruptions in the aftermath of the pandemic, a Russian-initiated war on Ukraine that triggered a global energy and food crisis, a considerable surge in inflation in FY 2023-24 followed by a globally synchronised monetary policy tightening and regulatory interventions to restrict the buildup of consumer credit. Yet, despite many gloomy predictions, the world avoided a recession, the banking system proved largely resilient, and key emerging market economies did not suffer any major setbacks. The domestic economy continues to experience strong momentum. As per the second advance estimates (SAE), the real gross domestic product (GDP) expanded at 7.6%¹ in FY 2023-24 on the

back of buoyant domestic demand. Real GDP increased by 8.4% in Q3, with strong investment activity and a lower drag from net external demand. On the supply side, gross value added recorded a growth of 6.9% in FY 2023-24, driven by manufacturing and construction activity.

While most banks and the BFSI sector as a whole stabilised their traditional risks (credit risk, market risk and liquidity risk) in the post-pandemic era, FY 2023-24 (with updates up to May 31, 2024) was evidenced by strong advocacy from the Regulator to focus on the other emerging risks inherent in the industry, specifically the Non-Financial Risks (NFRs). This was evident through the various Master Directions issued by the Regulator where the role of risk management and oversight was mandated or warranted. Given below is a snapshot of the same:

RBI Guidelines

Guidelines in Brief

| | |
|--|---|
| <p>Master Direction on Outsourcing of Information Technology Services dated April 10, 2023</p> | <p>Banks were directed to put in place a Risk Management framework for Outsourcing IT Services that shall comprehensively deal with the processes and responsibilities for identification, measurement, mitigation, management, and reporting of risks associated with Outsourcing of IT Services arrangements.</p> |
| <p>Master Direction on Minimum Capital Requirements for Operational Risk dated June 26, 2023</p> | <p>While not directly applicable in the SFB context, the new guidelines introduced 'Basel III Standardised Approach', which replaces all older methods to capital charge. The Bank, as part of good governance, has commenced its operational risk capital charge under ICAAP as per the new instructions.</p> |
| <p>Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 7, 2023</p> | <p>Comprehensive guidelines providing specific directions on governance framework, role of the Board of Directors, IT-Related Committees, R&R of Head of IT, IT Infrastructure and Services Management, IT and IS Risk Management, BCP and Disaster Recovery Management and Information Systems Audit.</p> |
| <p>Framework for Acceptance of Green Deposits dated April 11, 2023</p> | <p>Citing climate change and climate risk as one of the most critical challenges, directions were provided by the Regulator for the financial sector which can play a pivotal role in mobilisation of resources for green activities/projects.</p> |

¹https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57735



RBI Guidelines

Guidelines in Brief

| | |
|---|--|
| <p>Guidelines on Default Loss Guarantee (DLG) in Digital Lending dated June 8, 2023</p> | <p>Acknowledging the inherent risks in digital lending models, arrangements between Regulated Entities (REs) and Lending Service Providers (LSPs) or between two REs involving default loss guarantee (DLG), commonly known as FLDG, were examined by RBI, and such arrangements were permitted subject to compliance with the rules specified in the guidelines</p> |
| <ul style="list-style-type: none"> ■ Fair Lending Practice - Penal Charges in Loan Accounts dated August 18, 2023 ■ Fair Practices Code for Lenders - Charging of Interest dated April 29, 2024 | <ul style="list-style-type: none"> ■ Citing customer service and conduct risks, the divergent practices in levying penal interest/charges were reviewed and a common approach was prescribed for all financial entities. ■ In the interest of fairness and transparency, all Regulated Entities (REs) were directed to review their practices regarding the mode of disbursement of loans, application of interest and other charges and take corrective action, including system-level changes, as may be necessary, to address the issues identified. |
| <p>Regulatory Measures towards Consumer Credit and Bank Credit to NBFCs dated November 16, 2023</p> | <p>Flagging the high growth in certain components of consumer credit (especially unsecured credit) leading to potential systemic risks, RBI issued specific measures to strengthen BFSI's internal surveillance mechanisms, address the build-up of risks, if any, and institute suitable safeguards in their own interest. To that effect, risk weights were increased in certain categories of consumer credit and bank credit for specific types of NBFCs.</p> |
| <p>Voluntary Transition of Small Finance Banks (SFBs) to Universal Banks dated April 26, 2024</p> | <p>The eligibility criteria for an SFB to transition to a Universal Bank were disseminated by the Regulator for greater clarity.</p> |
| <p>Guidance Note on Operational Risk Management and Operational Resilience dated April 29, 2024</p> | <p>The guidance note intends to:</p> <ul style="list-style-type: none"> ■ Promote and further improve the effectiveness of Operational Risk Management. ■ Enhance their Operational Resilience given the interconnections and interdependencies within the financial system that result from the complex and dynamic environment in which the REs operate. ■ Adopt a principle-based and proportionate approach to ensure smooth implementation across REs of various sizes, nature, complexity, geographic location and risk profile of their businesses. |

Discussion the minimum

| | | |
|---|---|--|
| <p>Draft Disclosure Framework on Climate-related Financial Risks, 2024 dated February 28, 2024</p> | <p>Given the increasing threat of climate change and the associated physical damage, changes in market perception and the transition towards more environment-friendly products and services, the impact of climate change on REs was identified as inevitable. It was opined by RBI that REs also play an essential role in financing the transition towards an environmentally sustainable economy. It is, therefore, imperative for the REs to implement robust climate-related financial risk management policies and processes to effectively counter the impact of climate-related financial risks.</p> | <p>An inference on the nature of regulatory directions and guidelines issued as above indicates that the Regulator is increasingly emphasising minimum standards to be maintained by the Bank. When the RBI issued draft guidelines on the themes above, the Bank proactively acted or deliberated upon the requirements during the financial year. Some of the measures initiated are provided in the subsequent section.</p> |
|---|---|--|

Risk Management Framework and Implementation: Key Enhancements during the Year

Credit Risk

| Area | Treatment Measures |
|-----------------------------|---|
| Early Warning Systems (EWS) | <p>At a macro level, the Bank monitors industry trends, newsfeeds, and policy changes, which may have a bearing on the portfolio quality. To that effect, the Bank has subscribed to various information databases from external vendors. Using this information, detailed analysis/risks are identified, which collectively form a part of Level 1 EWS framework, covering macroeconomic risk analysis, and are reported internally at regular intervals.</p> <p>Detailed Key Risk Indicators (Level 2 triggers) are defined to assess the performance on various parameters such as Incremental Overdue, PAR30+, PAR90+, Early Delinquencies, Quick Mortality, Non-Starters, and Collection Performance, among others. These metrics are analysed at various levels and dimensions, such as branch, state, and product, among others. These help identify underperforming segments and pockets for corrective actions early on. The portfolio level triggers were standardised during the year for base-level internal reporting using advanced visualisation tools, and these reports are increasingly automated for ease of reference.</p> <p>In the previous year, as part of Level 3 EWS triggers at a borrower level, the Bank leveraged its internal capabilities in automating early warning signals based on unique behavioural patterns exhibited by the borrower. These triggers/exception lists were developed in compliance with the RBI Guidelines on EWS. The automated exception reports enable real-time monitoring of problematic accounts and take necessary course corrections early on. The Bank intends to enhance its monitoring mechanism of these triggers through a system-based solution. This mechanism enables the Bank in the classification of Accounts Under Watch (AUW)/Red Flagged Accounts (RFA) and aids in the classification of frauds. These triggers were carefully evaluated and back-tested at periodic intervals to explain the default propensity. During the year, the Bank worked towards implementing an application to capture the feedback from field officers on such borrowers. The feedback was also evaluated to identify commonalities and key risk drivers. Using these insights, the Bank intends to strengthen its negative profiling framework to restrict exposure build-up in high-risk cases.</p> <p>For its Institutional Lending portfolio, the Bank has an EWS framework in place which factors data from financial statements, trends in compliance with loan covenants, external rating reports and newsfeed, among others. During the year, the Bank enhanced its approach through the bifurcation of the EWS and AUW frameworks. The EWS assessment for its Institutional Lending portfolio is also expected to be undertaken through a software platform.</p> |

Area**Treatment Measures****Credit Rating
Scorecards/Credit
Rating Systems**

The Bank's rating model/scorecard landscape have evolved through the years since its inception. Concerted efforts were made in analysing the Bank's historical data to identify patterns and trends that can be used in business decision-making. To this effect, the Bank has developed application scorecards and behavioural models that can be used in decision-making and the computation of default probability. The priority with which scorecards and behavioural models were deployed was on the basis of the relative vintage and materiality of the credit segment.

On the Bank's MFI/Group Loan portfolio, a new statistical scorecard (regression-based) was developed using the post-pandemic data during the year. This scorecard was subject to Out of Sample (OOS) and Out of Time (OOT) validation and was found to be statistically significant. This scorecard will be embedded in the Bank's Loan Origination System for further testing and stability. The Bank intends to explore the usage of these scorecard outputs in pricing and in fixing delegation at the senior level for high-risk cases initially. The transition will, however, be undertaken only after multiple rounds of out-of-time validation.

Along similar lines, a rating model for an Individual Loans portfolio has been designed using internal data encompassing attributes like demographics, repayment trends and bureau-related variables. Variables were selected on the basis of statistical significance, which best explains the propensity to default. This scorecard was also subject to annual validation and was found to be satisfactory. The scorecard is embedded in the Bank's LOS platform and continues to be used in credit decision-making and pricing. During the year, the Bank commenced the development of challenger scorecards for the IL portfolio in a bid to improve accuracy.

For Vehicle finance, statistical scorecards using the Bank's data were developed during the year, separately for New-to-Credit and New-to-Bank/Existing-to-Bank customers. However, since these scorecards were developed using limited internal information, the Bank additionally procured bureau scorecards in a bid to strengthen the credit appraisal process. Decisions on credit underwriting and pricing are taken on the basis of a composite score generated by these scorecards. The Bureau scorecards will retire gradually, along with internal scorecards, as and when data is available.

The pandemic resulted in an acute distortion of data at Bank and Bureau level preventing any meaningful modelling in normal circumstances. Since the MSME and Housing Loan variants are disbursed over a longer time horizon, the inability to capture the performance over longer time horizons in the current portfolio, coupled with the issue of fewer data points, required modelling activity to be postponed up to FY 2026 for these loan segments. In lieu of statistical scorecards, the Bank continues to use credit rating scorecards developed using expert judgement at a product level for MSME, and on the basis of customer segment level in Housing Loans. These scorecards will aid in building a dataset on critical parameters and demographic details which can be used in statistical modelling in the future.

During the year, the Bank also put in place a credit risk model development and validation policy to provide an overall governance framework for model development, monitoring and validation aspects. This policy is a landmark milestone, wherein the learnings from the development and validation of existing scorecards, coupled with best practices in modelling as per BCBS guidelines, are incorporated to standardise all future model-related activities within the Bank.

| Area | Treatment Measures |
|--|--|
| Expected Credit Loss | <p>The Bank has in place a detailed framework for computing Expected Credit Loss (ECL) as per the Ind-AS requirements and also for internal reporting purposes. A specialised set of models is 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) for our MicroBanking and Housing Loan variants. For all other loan segments, a combination of simple transition matrix/roll forward rates or industry benchmarking is used in the absence of sufficient data.</p> <p>It is pertinent to take note of the Discussion Paper released by RBI on the ECL framework for provisioning in January 16, 2023. While a mandate to transition from the current IRAC-based provisioning to an ECL-based framework is yet to be notified for commercial banks, the Bank has nevertheless worked towards preparedness to make the transition efficiently. The existing models are observed to be complying to the minimum requirements of the Regulator. Additionally, the Bank has commenced automating our PD and LGD models using internal capabilities. During the year, the automation project was completed for all the credit variants and is currently under testing for accuracy and scalability. It is expected to be moved to production in the ensuing year. The Bank, as part of good governance, continues to report ECL outputs internally.</p> |
| Collection Productivity Trackers | <p>A key learning from the pandemic, especially for unsecured lending products, was the need to monitor collection-related KRIs at a granular level. As a monitoring mechanism, the Bank introduced productivity trackers at an officer level against predefined benchmarks. These trackers serve as an important tool in tracking low performance at various levels such as officer, district, state, and loan quantum, among others. In the ensuing year, the Bank intends to leverage our internal capabilities in automating the exception reports/triggers for real-time tracking.</p> |
| Credit Risk Monitoring Unit (CRMU) | <p>In a bid to further enhance risk oversight and identify lapses in credit appraisal standards, the Risk team put in place an independent Credit Risk Monitoring Unit (CRMU) in FY 2022-23. The initial focus of CRMU was restricted to reviewing high-ticket loans, identifying and analysing quick mortality cases and the root causes thereof, and providing early insights into vigilance to initiate investigations from a fraudulent angle. Much of the scope was restricted to the review of MSME credit proposals.</p> <p>During the year, the Bank furthered the Terms of Reference for CRMU to include institutional lending, review of repayment rates, and Early Warning Signals review, among others. Findings of CRMU are analysed for adequacy in policy controls or to identify areas of weaknesses. Post deliberations at CRMU level, policy changes and proposals are made at CRMC for adoption.</p> |
| Industry Insights and Portfolio Analysis | <p>Continuous analysis of all loan portfolios to identify potential areas of stress on the basis of geography, ticket size, branch/clusters, among others. Such analysis has helped the Bank set mitigants in the form of limits and caps on exposure. The Bank has also subscribed to various industry dashboards to benchmark portfolio performance.</p> |



Operational Risk

| Area | Treatment Measures |
|----------------------------------|---|
| Product and Process Reviews | All new products and processes (including enhancements) are subject to a mandatory comprehensive review. We continuously review and enhance our key processes to adapt to industry best practices. During the year under review, the Operational Risk Management Unit reviewed and approved 58 process documents spanning diverse areas. |
| User Acceptance Testing | The Bank performs User Acceptance Testing (UAT) to identify gaps in the actual deliverable versus the one proposed in the Business Requirement Document (BRD). These gaps are further addressed and closed during the Functional Specification Documentation (FSD) stage before moving to production. During the year under review, 125 BRDs and FSDs were reviewed and UAT was performed for 70 new developments/changes/fixes provided by the Bank's IT team. |
| Risk and Control Self-Assessment | The Bank has initiated Risk and Control Self-Assessment (RCSA) in all business processes to identify inherent and residual risks. These tools also help identify the design and effectiveness of the controls introduced. The outcome of RCSA activities has helped provide insights into known and potential Operational Risk areas in various processes and business lines. |
| Key Risk Indicators (KRIs) | At an entity level, the Bank continues to monitor 40 Key Risk Indicators (KRIs) for strategic impact. While strategic KRIs are intended to be evaluated for operational resilience, there are functional KRIs defined specifically for business units and support functions for tactical management. In FY 2023-24, customised KRIs were introduced in Branch Banking, MicroBanking, Housing Loans and Digital Banking units. These KRIs are analysed on a monthly basis and comprehensive reports are placed to the management and Board at quarterly intervals with an action plan for the closure of open issues. |
| Loss Data Management | For the ensuing year, the Bank intends to expand the scope of customised KRIs by expanding the ambit to include secure Agri-banking, vehicle finance, MSME and operations. |
| Loss Data Management | Loss Data Management is in place to record material incidents to learn from errors and strengthen existing controls. Incidents are recorded as operational losses 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. During the year, the Bank engaged a vendor to put in place a system to capture, report and analyse incidents and losses thereof. This system is expected to be rolled out by Q1 FY 2024-25. |
| Outsourcing Risk | During the year under review, the Bank completed a periodic risk assessment of key outsourced vendors. It helped ensure that these vendors comply with the minimum requirements prescribed by RBI and business continuity aspects as per internal norms. The outsourcing policy was also enhanced to adhere to the RBI guidelines on IT outsourcing. Gaps, if any, are regularly analysed as part of the Risk Assessment (RA). Detailed notes are recorded on each vendor through visits, and also, placed at various forums and committees for further action. During the year, the annual assessment for 31 vendors was reviewed and completed. |

| Area | Treatment Measures |
|--|--|
| Internal Financial Control (IFC) Testing | The Bank along with concerned stakeholders, prepares and enhances Risk and Control Matrices (RCMs). Design, implementation, and operating effectiveness of all the controls mentioned in the RCMs (i.e., financial and operational controls) are tested annually by the Operational Risk team by selecting samples based on risk categories covering different regions and across the review period. The critical gaps observed during such testing are discussed with concerned functions for upgrading controls, which may include automation of the controls. |

Liquidity and Market Risk

| Area | Treatment Measures |
|---|--|
| Trading/Investment Book Management | <p>The Bank monitors various risk and loss limits such as duration, PV01, stop loss, counterparty exposure, and borrowing and lending limits regularly. Any isolated instance(s) of breach of the limit are immediately brought to the notice of stakeholders, and remedial measures are taken. During the year, the Bank commenced investing in non-SLR securities encompassing Certificate of Deposits, Commercial Papers and Liquid Mutual Funds.</p> <p>During the year, RBI revised its guidelines on classification, valuation and operation of the Investment portfolio vide circular dated September 12, 2023. As part of these guidelines, policy and system-level changes were warranted in areas such as portfolio classification, revised carrying costs, accounting norms and additional disclosures. The Bank reviewed our preparedness to comply with these new directions w.e.f. April 1, 2024, and necessary changes were implemented in all aspects.</p> |
| Behavioural Analysis | During the year, we updated our behavioural analysis of maturity, pre-maturity and rollover trends in Retail and Bulk deposits, revolving credit facilities and SMA collections. Basis the outcome, the impact is factored into the preparation of liquidity statements and broader liquidity management. |
| Funding Mismatches under Stressed Scenarios | During the year, the Bank continued to perform comprehensive stress tests on the cash flow statements under various levels of stress scenarios. The outcome of the same was assessed against the liquidity buffers available and linked to the Contingency Funding Plan. |
| Liquidity Management | The Bank computes and monitors key ratios such as Liquidity Coverage Ratio, Net Stable Funding Ratio, Structural Liquidity Statement, and Cash/Funding Gap Analysis among others. Thresholds are monitored on a daily/fortnightly basis as applicable and breaches are escalated as per internal policy norms for corrective actions. |

Enterprise Risk Management

| Area | Treatment Measures |
|--|--|
| Capital Management and Adequacy | <p>The Bank computes our Risk Weighted Assets as per RBI guidelines. The impact on the Capital to Risk (Weighted) Assets Ratio (CRAR) is computed and assessed along with providing a forward guidance to the capital adequacy through its Internal Capital Adequacy and Assessment Process (ICAAP). While SFBs are mandated to assess capital adequacy only for its credit risks, the Bank, as part of good governance, also assesses our capital buffers after factoring all Pillar I risks viz, credit risk, operational risk and market risk. CRAR, after factoring Pillar I risks, is also disclosed by the Bank in our Pillar III disclosures. As part of ICAAP, economic capital requirements are computed and reviewed against availability for adequacy assessment.</p> |
| Pillar II and Strategic Risk Assessments | <p>A key imperative for the ERM unit is to analyse and identify capital requirements for those risks that are not covered/are partially covered under the Pillar I risks. The scope of capital adequacy assessment for Pillar II risks includes liquidity risk, interest rate risk in banking books, concentration risks and underestimation in credit risks, among others. The ERM unit actively engages with the silo-based risk units throughout the year to identify the capital needs for unexpected losses.</p> <p>As part of strategic risk management, the unit developed and deployed advanced risk management tools during the year, as below:</p> <ul style="list-style-type: none"><li data-bbox="445 1025 1422 1227">✔ Bank Performance Index (BPI): A 360-degree performance assessment tool covering strategy, financial, risk & compliance and internal control parameters at the Bank level. During the year, the Bank replaced our erstwhile Bank Stability Maps, which limited our focus to CAMEL parameters, with the BPI, which evaluates performance on various facets. The outputs of the BPI are directly linked to the Risk Appetite framework for ongoing monitoring.<li data-bbox="445 1249 1422 1317">✔ Risk Adjusted Return on Capital (RAROC): To identify business units adding shareholder value.<li data-bbox="445 1339 1422 1406">✔ BCG Growth Share Matrix: To identify business units/regions/branches and their positioning in the BCG growth-share matrix - star, cash cows, question marks and dogs.<li data-bbox="445 1429 1422 1541">✔ Capital Allocation Framework: Allocation of economic capital to business units and integration to Funds Transfer Pricing (FTP) for profitability assessment/recovery of capital costs.<li data-bbox="445 1563 1422 1628">✔ Coverage ratio: An alternate measure to identify insolvency upon recognition of the true extent of losses. |

| Area | Treatment Measures |
|--|--|
| <p>Stress Testing and Scenario Analysis</p> | <p>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 is assessed at regular intervals. The Bank's stress testing framework complies with the requirements for 'Group C' bank as specified in Stress Testing guidelines dated December 2, 2013. Capital adequacy requirements are evaluated under various levels of stress for inclusion in the ICAAP document.</p> <p>In scenario analysis, the Bank used advanced statistical techniques to ascertain interrelationships with macroeconomic parameters. To this effect, a Proof of Concept (POC) was developed and deliberated upon for enhancement during the year. These models, after further fine-tuning, are proposed for use in scenario analysis and balance sheet simulations. Since these models are data intensive and industry practices are yet to emerge, the Bank intends to take a transitional approach for linkage to strategic decisions after multiple rounds of backtesting and validation.</p> <p>On climate risk stress testing, the Bank continued to assess the financial impact of climate-induced physical risks over a short-term period (1 to 3 years). These models were developed by benchmarking scenarios prescribed by the Network for Greening the Financial System (NGFS). Given that climate risk is an emerging area and the best practices are yet to emerge, incremental enhancements to the framework will be undertaken on an on-going basis on a best effort basis.</p> |
| <p>Climate Risk Management</p> | <p>The Bank has been proactive in its efforts towards climate risk management. Based on expectations laid out by RBI in its Discussion Paper on climate risks dated July 27, 2022, the Bank had relied on the BCBS prescribed TCFD disclosures framework early on to put in place a governance framework, climate risk strategy, risk management and metrics for monitoring. It is pertinent to note that the Bank was the first SFB to publish its TCFD disclosures report for FY 2022-23 in November 2023. On internal review, it was seen that the Bank's maiden disclosures were already complying with the aspects laid out in the Draft Disclosure Framework on Climate-related Financial Risks, 2024 dated February 28, 2024. Based on materiality, much of the internal policy advocacy was on risk management with respect to physical risks. To this effect, we mapped our micro banking credit exposure, which is vulnerable to floods and cyclones and appropriate exposure limits were included as part of the credit policy. In the ensuing year, the Bank intends to evaluate the posture of transition risks in retail segments, namely vehicle, housing and MSME segments.</p> |
| <p>Model Risks</p> | <p>As stated above, with the introduction of statistical scorecards, there was a need to put in place a policy to govern the development, maintenance and validation aspects of risk modelling. To that effect, a Board-approved policy for credit risk model development and validation policy was put in place. While the initial policy restricts the scope to application scorecards, behavioural scorecards, and ECL models, it is envisioned to be increased progressively to other modelling activities.</p> <p>A greater need for a formal structure to evaluate model risks arose with the introduction of pricing models. A key exercise initiated during the quarter was a comprehensive review of pricing strategies adopted in all Strategic Business Units. While RBI guidelines on loan pricing mandate the delineation of spread components and the assignment of benchmarks (MCLR or EBLR) to loan pricing, the Bank undertook an internal exercise to evaluate the reasonableness and effectiveness of loan pricing to meet strategic imperatives. The Bank developed pricing models using internal data estimates (e.g., ECL outputs) and external benchmarking, wherever applicable. Further, these pricing models were carefully evaluated for alignment to business strategy, budgets, system feasibility, adherence to prudential risk management norms, and compliance with RBI guidelines on interest rate management. A salient feature in these pricing models includes the adoption of a differential pricing matrix, wherein pricing of loans to borrowers would be risk-adjusted to reflect the borrower's creditworthiness. The Bank believes that the introduction of RBP will aid in encouraging and incentivising borrower(s) to maintain a long-term relationship. These pricing models are expected to be made effective by June 1, 2024 and will be subject to regular backtesting or validation to identify model risks.</p> |



Information Security

With the ever-increasing global threat landscape, the Bank recognises the significance of a robust Information Security structure and has therefore implemented in-depth technologies to safeguard customers' interest. The Bank has orchestrated tools in such a manner that acts by a malicious intruder are identified quickly without going undetected.

The key elements and the teams working in a chain fashion to manage information security risks are as follows:



Information security is recognised as an ongoing requirement within the Bank, warranting continuous involvement, improvement and adaptation to the ever-increasing threat landscape. Some of the key achievements during the year were as below:

ISO 27001:2022 Certification

The Bank's Information Security Management System was recently certified as compliant with ISO 27001:2022 Standard. It demonstrates the Bank's commitment to managing the IS risks effectively, protecting confidentiality, integrity and availability of information assets, and instils confidence in customers and other stakeholders to utilise the digital services of the Bank.

Cloud Access Security Brokers (CASB) for Cloud Visibility

Deployed CASB with Reverse Proxy as a 'last mile' technology that is placed in cloud services (e.g., Office 365) to provide inline security capabilities to monitor traffic 'user-to-cloud', and also, strengthen data leakage prevention controls through organisation-specific use cases to safeguard data.

Cloud Security Posture Management (CSPM)

Implemented a CSPM solution with CDR (Cloud Detection and Response) capabilities for Cloud Infra Monitoring to identify misconfigurations, compliance verification against configuration standards like CIS, ISO 27001, PCI-DSS, NIST 800-53, and CSA CCM, among others.

Attack Simulation Solution

Implemented attack simulation solution, which is used to simulate attacks to verify the detection and prevention capabilities of the security solutions in place (WAF and Firewall, among others).

DNS Security Solution

Implemented Domain Naming Service (DNS) security solution to protect against DNS-based threats, secure web traffic, and protect against data exfiltration.

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 our technology infrastructure. This helps us to ensure the availability of critical services in the event of a disaster. Ujjivan SFB follows a proactive approach instead of a reactive approach.

Way Forward

As reiterated before, the increasing focus of the Regulator on risk management, especially in the non-traditional areas (NFRs and climate risk and others) is expected to be a mainstay over the next few years. While it is imperative for the Bank to continue its oversight of traditional risks, capacity building on emerging risks is the need of the hour. This is further backed by robust technology infrastructure so that risk management can keep track of the ever-increasing complexity and changing operating environment. Risk culture and tone at the top continue to be the backbone and critical success factor.



Board of Directors

ENHANCING TRANSPARENCY AND ACCOUNTABILITY





Mr. Banavar Anantharamaiah Prabhakar

Part-Time Chairman & Independent Director

Mr. Banavar Anantharamaiah Prabhakar is the Part-Time Chairman and Independent Director of the Bank. He possesses about 4 decades of rich experience in serving various banks including Bank of India, Andhra Bank and Bank of Baroda. He retired as Chairman & Managing Director of Andhra Bank in August 2013 and has also served as the Executive Director of the Bank of India. 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. 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.



Mr. Ittira Davis

**Managing Director & Chief Executive Officer
(w.e.f. January 14, 2022 to June 30, 2024)**

Mr. Ittira Davis is the Managing Director & Chief Executive Officer of the Bank until June 30, 2024. He is an international banker with over 4 decades of banking experience, having worked extensively in India, the Middle East and Europe. He was with the Europe Arab Bank from July 2008 to October 2012 initially as the Managing Director of 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).



Mr. Sanjeev Nautiyal

**Managing Director & Chief Executive Officer
(effective July 01, 2024)**

Mr. Sanjeev Nautiyal will be taking charge as the Managing Director & Chief Executive Officer of the Bank effective from July 01, 2024. He is a banker with over three decades of extensive strategic domain expertise in Retail, SME, Financial Inclusion, Operations, HR, International Banking, and Treasury. He earlier held significant roles as Deputy Managing Director, Financial Inclusion & Micro Markets, SBI and MD & CEO, SBI Life Insurance. He was serving as an Independent Director of Life Insurance Corporation and as an advisor in various organisations. Mr. Nautiyal holds a Bachelor's degree in Arts and a Master's degree in Business Administration. He is also a Certified Associate of the Indian Institute of Bankers.



Ms. Carol Kripanayana Furtado

**Whole-Time Executive Director
(effective May 01, 2024)**

Ms. Carol Kripanayana Furtado is a Whole-Time Executive Director of the Bank. Earlier, she was designated as the Chief Business Officer of the Bank. Ms. Carol Kripanayana Furtado has 3 decades of banking experience in Retail Banking and NBFC domains with expertise in leading Business, Banking Operations, Credit, People functions and Service Quality. Ms. Carol is a key member of the leadership team that laid the foundation and built Ujjivan SFB. She was instrumental in the recognition of Ujjivan SFB as a certified Great Place to Work. She has previously worked with the ANZ group, Bank Muscat and Centurion Bank Ltd. In 2009, Ms. Carol was the recipient of the Financial Women's Association award by Women's World Banking in recognition of her demonstrated professional commitment. She is a post graduate from Mount Carmel Institute of Management, Bangalore, and has been part of strategic leadership programmes conducted by Indian Institute of Management, Ahmedabad and Harvard Business School, Boston.



Mr. Samit Kumar Ghosh

Non-Executive, Non-Independent Director

Mr. Samit Kumar Ghosh is a Non-Executive, Non-Independent Director of the Bank. He was 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 retired on November 30, 2019 from this position on attaining the age of 70 years. He is a career banker with over 3 decades 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. He has completed MBA from Wharton School of Business at the University of Pennsylvania, USA.



Ms. Sudha Suresh

Independent Director

Ms. Sudha Suresh is an Independent Director of the Bank. She is a finance professional with a rich experience of more than two decades in private and public companies and a decade as a 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 served as the CFO/Finance Head for many companies. She is serving as an Independent Director on the Board of Royal Sundaram General Insurance Co. Ltd. She is a qualified Chartered Accountant with the Institute of Chartered Accountants of India and a Company Secretary with the Institute of Company Secretaries of India. She is also a Grad ICWA from the Institute of Cost & Work Accountants of India.



Mr. Rajesh Kumar Jogi
Independent Director

Mr. Rajesh Kumar Jogi joined the Bank as an Independent Director. He brings rich work experience spanning almost 3 decades in the banking industry, with a focus on risk management. He last worked with the Natwest Group (and the 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 Boards of a few other companies. Mr. Rajesh Kumar Jogi holds a Bachelor of Arts degree in economics and is a Fellow member of the Institute of Chartered Accountants of India. He also attended the Advanced Management Programme at the Harvard Business School in Boston.



Ms. Rajni Mishra
Independent Director

Ms. Rajni Mishra is an Independent Director of the Bank. 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. She is also serving as an Independent Director on the Board of Cupid Limited and Aspinwall and Company Limited. She holds Master's Degree in Commerce (Gold Medallist) from M S University, Vadodara.



Mr. Ravichandran Venkataraman
Independent Director

Mr. Ravichandran Venkataraman is an Independent Director of the Bank. He has a rich track record spanning more than three decades of having worked in India, London and Bahrain and brings a strong business background and has 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. He has passed FCCA and ACMA from the United Kingdom. He has also completed a programme for CFOs with Wharton Business School, USA.



Ms. Anita Ramachandran Independent Director

Ms. Anita Ramachandran is an Independent Director of the Bank. She is a well-known HR expert in the country and has over four decades of experience as a management consultant. She began her career in the Management 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. She founded Cerebrus Consultants in 1995 to focus on HR advisory services. She is known as an authority in Reward Management in the country and has worked on HR transformation initiatives across sectors. She also works with several PE firms and start-ups to mentor them through their growth journey. She is also an Independent Director on the Board of several reputed listed companies such as Grasim Industries, Metropolis Healthcare, Happiest Minds, Blue Star Limited and FSN E-commerce (Nykaa) and also in few unlisted Companies including Godrej & Boyce Limited and Aditya Birla Housing Finance Limited. She also, supports many organisations in the social sector through pro-bono professional work and remains deeply committed to working with women. She has completed her MBA from the Jamnalal Bajaj Institute, Mumbai.



Ms. Mona Kachhwaha Independent Director

Mona Kachhwaha has over 30 years of experience in banking and impact investing. She is a Partner at UC Impower, an early-growth stage equity fund, incubated by Unitus Capital (2020-Present). UC Impower invests in financial inclusion and climate solutions and has a gender-lens on investments. Previously, at Caspian Impact Investment Adviser (2007-2019), she managed the India Financial Inclusion Fund, a growth equity fund focussed on inclusive finance; she was on the credit and investment committees of subsequent funds launched by Caspian. As the nominee on the board of early as well as growth stage companies, and subsequently as an independent director on some boards, she has played an active role in their governance and shaping their strategies. She started her career at Citibank (1994- 2007), where she worked across various retail asset businesses and led the bank's foray into Inclusive Finance in 2005. Ms. Mona graduated in Mathematics (Hons.) from Delhi University (1992) and holds an MBA from XLRI, Jamshedpur (1994). She completed an executive programme in Private Equity from Said Business School, Oxford University, in 2010.

Leadership Team

PROFILING KEY LEADERSHIP EXCELLENCE



**Mr. Ittira Davis****Managing Director & Chief Executive Officer
(w.e.f. January 14, 2022 to June 30, 2024)****Qualification:** He is a graduate from the Indian Institute of Management, Ahmedabad (1976).

Mr. Ittira Davis is the Managing Director & Chief Executive Officer of the 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 also 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. Sanjeev Nautiyal****Managing Director & Chief Executive Officer
(effective July 01, 2024)****Qualification:** Mr. Nautiyal holds a Bachelor's degree in Arts and a Master's degree in Business Administration.

Mr. Sanjeev Nautiyal will be taking charge as the Managing Director & Chief Executive Officer of the Bank effective from July 01, 2024. He is a banker with over three decades of extensive strategic domain expertise in Retail, SME, Financial Inclusion, Operations, HR, International Banking, and Treasury. He earlier held significant roles as Deputy Managing Director, Financial Inclusion & Micro Markets, SBI and MD & CEO, SBI Life Insurance. He was serving as an Independent Director of Life Insurance Corporation and as an advisor in various organisations. Mr. Nautiyal holds a Bachelor's degree in Arts and a Master's degree in Business Administration. He is also a Certified Associate of the Indian Institute of Bankers.

**Ms. Carol Kripanayana Furtado****Whole-Time Executive Director
(effective May 01, 2024)****Qualification:** She is a postgraduate from Mount Carmel Institute of Management, Bangalore, and has been part of strategic leadership programmes conducted by Indian Institute of Management, Ahmedabad and Harvard Business School, Boston.

Ms. Carol Furtado is the Whole-Time Executive Director of the Bank w.e.f May 1, 2024. She comes with 29 years of banking experience in Retail Banking and NBFC domains with expertise in leading Business, Banking operations, Credit, People functions and Service Quality. Ms. Carol is a key member of the leadership team that laid the foundation and built Ujjivan SFB. She was instrumental in the recognition of Ujjivan SFB as a certified Great Place to Work. She has previously worked with the ANZ group, Bank Muscat and Centurion Bank Ltd. In 2009, Ms. Carol was the recipient of the Financial Women's Association award by Women's World Banking in recognition of her demonstrated professional commitment.



Mr. Martin Pampilly S

Chief Operating Officer

Qualification: He has a graduate degree in Computer Science and a certification of Chief Operations Officer programme from IIM Lucknow. He is also certified in the Strategic Leadership Development programme from Harvard University.

He comes with over 27 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 areas of Operations, Customer Service at the Centurion Bank of Punjab and Centillion Solutions & Services. He joined Ujjivan Financial Services Limited in 2009 and was the Head of Operations, a post he held till January 2017. Subsequently, appointed as the Head of Operations of Ujjivan SFB in February 2017, where he channelled his vast experience into setting up the back office operations for the Bank. As Chief Operating Officer he oversees Operations, Centralised Process Management, Service Quality, Digital Banking, Data Analytics, Legal, Social Services, Alliances & Electronic banking department.



Mr. 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.

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



Mr. M.D. Ramesh Murthy

Chief Financial Officer

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

He carries 32 years of experience in Business, Risk Management and Finance. In his long tenure, he has held the positions of Managing Director and Head-Project & Structured Finance Division, Corporate & Investment Banking Group; Senior Vice President & Head – Credit Analysis & Portfolio Management, Senior Vice President & Head - Corporate Restructuring Division; Senior Vice President – Risk Management and Head of Wholesale Risk, amongst others. The previous organisations he worked with include ANZ Grindlays Bank, Mashreqbank, Dubai and Commercial Bank International, Dubai, U.A.E. He was last associated with Karur Vysya Bank as its Chief Financial Officer (From November, 2020 to February, 2022), and also held the position of Chief Risk Officer (Since April, 2018).



Mr. 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.

Mr. Arunava Banerjee joined the Bank on February 01, 2017. He started his career with State Bank of India as a Probationary Officer and was selected early in this career for a deputation to the Bank's office in London. Following State Bank of India, he worked with Standard Chartered Bank with their Merchant Banking Division, both in their New Delhi and Mumbai offices. He then moved back to corporate banking with Bahrain Saudi Bank in Bahrain before moving to Remza Investment Company, a family conglomerate, also based in Bahrain, with varied interests. He has overseen the setting up of the Risk Management Department at Ujjivan, first at the MFI and then with the Bank upon its transformation.



Mr. Brajesh Joseph Cherian

Chief Compliance Officer

Qualification: Bachelor's degree in Pharmacy from Dr MGR Medical University and a Masters degree in Business Administration from Sikkim Manipal University. He is a Certified Associate of the Indian Institute of Bankers and has been part of strategic leadership programme conducted by Wharton Business School, USA.

Mr. Brajesh Joseph Cherian is a banking and financial services professional with over 24 years of experience in Risk Management, Regulatory Compliance, Corporate Banking, Retail Banking, SME Credit, Trade Finance 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 in 2016, his last assignment was as the Vice President - Compliance and Risk with Axis Bank, Mumbai.



Mr. 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.

Mr. Rajeev Pawar is the Head of Treasury of the Bank. He has more than 30 years of international banking and treasury experience. He has set up and run treasury businesses in Singapore, Dubai and India. The key positions that he has held include Head of Fixed Income – Kotak Mahindra International Ltd, Singapore, Director – Rates and Credit Trading, Standard Chartered Bank, Dubai, Director and Head of Trading – American Express Bank, India. He is also an active writer and commentator on financial markets. Mr. Pawar is Member - Board of Studies for colleges under the University of Mumbai. He holds a MBA from the Jamnalal Bajaj Institute of Management Studies, Mumbai and a Bachelor Degree in Science (Physics) from University of Mumbai.



Mr. Sanjeev Barnwal

Company Secretary & Head of Regulatory Framework

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

He has a corporate experience spanning over 20 years and his last employment was with Ujjivan Financial Services Limited where he was last designated as the CEO & Company Secretary.

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



Mr. Mangesh Mahale

Chief Technology Officer

Qualification: Completed his Bachelor of Engineering in Computer Technology from VJTI, Mumbai.

Mangesh is the Chief Technology Officer of the Bank. He joined the Bank with 27 years of experience in Strategic & Operational IT Planning, IT Infra Management, Data Center Management Application Development, Stakeholder Management, Digital Transformations, IT Service Delivery Management & Technology Leadership.

He last held the position of Chief Information Security Officer in National Stock Exchange Clearing Limited, handling Cyber and Information Security programme. He was also associated with Union Bank of India, Oriental Bank of Commerce, State Bank of India and Rolta India Limited spearheading all the Digital Channels, Payment Systems Management, IT Infrastructure Management, IT Security Operations, IT Projects Migration and IT Amalgamation.



Ms. Chandralekha Chaudhuri

Head of Human Resources

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

She joined Ujjivan in April, 2008 as part of the organisation's first batch of management trainees. She has been instrumental in setting up and handling various positions across the organisation. She was responsible for setting up of the Credit function in the Eastern region for the organisation. She then worked in the Western region in the Credit Micro banking 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. Since 2022, she has taken up the role of Head of Human Resources.



Mr. Vibhas Chandra

Business Head - Micro Banking

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

Mr. Vibhas Chandra is an experienced hand in Ujjivan with a career spanning 16 years in multiple roles and managing geographies across the country. Joining as part of Ujjivan's first Management Trainee batch, Vibhas was entrusted with responsibilities to launch Ujjivan's micro-finance footprint in multiple states in its initial years. He was later hand-picked to establish their individual lending programme, where he successfully built up a sizable portfolio. He led Ujjivan SFB's East region and played a key role in Ujjivan SFB's transition to a Small Finance Bank. Before being appointed as Head of MicroBanking, he led asset product suite development for MicroBanking, Rural Banking and Gold Loan.



Mr. Ashim Sarkar

Business Head - Micro, Small, & Medium Enterprise

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

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

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



Mr. Pradeep B

Business Head - Housing Loans & Micro Mortgages

Qualification: Strategic Leadership Certification – Harvard Business School; Business Leadership Certification – IIMC; & Masters in Social work from SDM institute, Mangalore University.

Possessing 18+ years of diversified experience in BFSI sector, Mr. Pradeep has grown through the ranks of Ujjivan from a Branch Head, to Head of Housing & Micro-Mortgages. His proficiency lies in setting up new businesses for the Bank and drive profitability by building a robust team. He has successfully led the expansion of the Asset Businesses of the Bank into various new geographies across the country. He has been instrumental in starting micro-finance business in Southern part of the country for the Bank, and since then, he adeptly navigated through multiple roles & verticals of the Bank such as Individual Lending, Rural Banking, Micro-Mortgages and Affordable Housing. This journey has honed his ability to strategies, lead teams, and drive impactful initiatives that resulted in betterment of the organisation and communities we serve.

He has served as Head of Regional Leadership Team of South and guided the teams through various crisis situations. He has also served in the Board of Kerala Association of Micro Finance Institutions and is currently serving as a Board Member of Association of Karnataka Micro Finance Institutions.



Mr. Premkumar Govindappa

Business Head - Vehicle Finance

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

Currently Heading the Vehicle Finance Business vertical. Premkumar G has over 27 years of experience spread over varied fields from law, clinical research and banking. He joined Ujjivan in 2006, led the administration department. He was instrumental in building the Vigilance department, and led with a focus on preventive vigilance. He briefly served as the Head of Human Resources during Ujjivan's transition from NBFC to a SFB. Prior to his current role Premkumar G was designated as Head of Administration & Infrastructure and Social Services.



Mr. Murali Chari

Business Head - Rural Banking

Qualification: He is a banker with over 26 years of experience covering sales and product management across rural banking, agriculture, Rural SMEs and Vehicle Finance.

He has worked with HDFC Bank for 17 years, where his last position was Regional Head for South, Retail Agri Lending and managing Unsecured Supply Chain Finance product. His various roles and responsibilities involved scaling up rural lending business, liability & assets business generation through business correspondents in unbanked geographies and managing retail assets. He commenced his career with Sundaram Finance, where he grew on to manage a branch location as a profit centre for the Company, with focus on commercial vehicle, auto, equipment loans and generation of Fixed Deposits.



Mr. Parag Kumar Srivastava

Head - Financial Institutions & Government Banking Group (FIGB)

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

He has 31 years of rich experience in segments of Banking and Financial Institutions verticals, and has managed various roles including managing business verticals profitably as well as other critical aspects like product development, portfolio quality and risk management. His previous roles also involved Clearing & Settlement, Custody, Depository and Exchange functions across different organisations. Prior to Ujjivan, he had a 11 year stint with Kotak Mahindra Bank where his last position was Senior Vice President and National Manager. His role in spearheading Capital Market and NBFC business segments of Banking and Financial Institutions Group, saw him establish strong business relationships in the industry. In his role as Associate Vice President at MCX Ltd, he was heading business development for Maharashtra, UP and Bihar. He has also worked with SHCIL (Stock Holding Corporation of India Ltd) for 12 years in various roles including managing business development and product development designed for Capital Market Intermediaries.



Mr. Rajaneesh Hosakoppa Rudresha

Head of Operations

Qualification: MA in English from the University of Mysore.

A career banker with over 27 years of experience, worked for India's premier MNC and private sector banks prior to joining Ujjivan SFB.

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



Mr. Sathyananda Prabhu

Head of Internal Audit

Qualification: He is a CIA, MBA, LLB, CAIIB, CISA with a range of certifications in Information Technology, Information Security/Governance and Auditing.

Mr. Sathyananda Prabhu comes with over four decades of rich experience in Credit, Banking Operations, Treasury & Forex, Information Technology, Internal Audit, Risk Management and IS Audit. He started his career with Canara Bank in 1983. He later joined AUDITime Information Systems (I) Ltd as the Vice President heading the IT Governance from 2007 handling consulting and audit assignments for large Banks and corporates. He moved to Lakshmi Vilas Bank in 2009, and was heading the Internal Audit, Fraud Investigation and Vigilance functions as a Senior Vice President till 2018. This was followed by a key stint as the Executive Vice President at Equitas Small Finance Bank heading the internal audit and Vigilance functions, before taking charge as the Head of Internal Audit at Ujjivan SFB. He is member and past president of Institute of Internal Auditors (IIA) Madras Chapter and member of ISACA.



Mr. John Christy

Chief Vigilance Officer

Qualification: Bachelor's degree in Arts from CVR University and completed certification in Microfinance from IIBF.

John Christy joined the Bank on November 02, 2005. Prior to Ujjivan Mr John has stints with Bank of Muscat and Centurion Bank Ltd. In his tenure of over 18 -19 years with Ujjivan SFB he has led and managed multiple teams in business, operations, collection before he embarked his current role as Chief Vigilance Office.



Mr. Vijayesh Kumar Pandey

Head of Administration and Infrastructure

Qualification: MBA Graduate (PGDM-RM) from Xavier Institute of Management Bhubaneswar (XIMB).

He joined Ujjivan in April, 2008 as part of the first batch of Management Trainees. Since then, he has successfully handled various positions across the organisation. He has been responsible for setting up businesses in Jharkhand & UP. He has also managed the Regional Operations Profile in the North. He was instrumental in managing Branch roll-out and successfully led over 700 infrastructure projects nationwide as National Manager for the Admin & Infrastructure department.



Mr. Lakshman Velayutham

Chief Marketing Officer

Qualification: Postgraduate in Management from IMDR, Pune.

He has over 28 years of experience, with the last 15 years in the banking industry. He has been counted among the Top 90 Marketing professionals by StartupLanes in June 2022. His contribution at Ujjivan SFB earned the brand a Gold Lion at the Cannes International Festival of Creativity in the Creative Commerce category in 2022 and Effies in four categories in 2023.

He has held various marketing roles across Banking, Retail, Telecom and Logistics. He was with ICICI Bank for over a decade, where he led the marketing strategy and communication for Liabilities, Insurance, NRI, Wealth, Rural, and Salary Corporate. His earlier stints were at Tata Communications, Shoppers Stop, DHL, Arvind Brands and BPL Mobile where he was instrumental in driving customer acquisition and retention-based loyalty programmes.



Mr. Srikumar Vadake Varieth

Chief Legal Officer

Qualification: He holds a BSC degree in Physics, an LLB degree and a certification in Web-Centric Computing from NIIT Mumbai.

Mr. Srikumar has over 30 years of experience in handling legal matters. He has practiced as an Advocate in Civil/Criminal Courts and the High Court, and gained considerable legal expertise, before embarking on his banking career. During his 17 year tenure at Bank of Baroda, he played a pivotal role in various capacities; He was instrumental in setting up the first Debt Recovery Tribunal and has also served as a Committee Member in RBI for amending RDDB Act.

In his stint with ING Vysya Bank he played a key role in completing the Legal Integration between ING Vysya Bank and Kotak Mahindra Bank. Post this he served as Head of Legal in Bandhan Bank and was actively involved in the transformation of the Bandhan Financial Services into a Bank. He has proficiency in Documentation pertaining to Wholesale/Retail/SME/Infrastructure Projects and Litigation aspects of banks and has negotiated contracts with large Conglomerates. He joined Ujjivan SFB in 2016 and has contributed immensely in the transformation of Ujjivan Small Finance Bank.

At Ujjivan SFB he has built a competent legal team at Corporate/Regional Offices from scratch, which has been supporting all business and functional verticals effectively.



Mr. Arnabjeet Banerjee

Head of Alliances and Electronic Payments

Qualification: Post Graduation Diploma in Marketing from IIMT and a PG degree in HR from Pondicherry University.

Mr. Arnabjeet Banerjee is a banking professional with experience of over two decades in the service industry and has spearheaded diverse leadership roles with a key focus on optimising alternate banking platforms through technological enhancement. Arnabjeet spent his early career in the Consumer Electronics, before exploring challenges in the emerging industry of Financial Inclusion with Drishtee and FINO. Prior to joining Ujjivan Small Finance Bank, Arnabjeet led Integra Micro System as the Chief Operating Officer driving expansion and sales for the Company. In his current tenure in Ujjivan SFB, Arnabjeet has successfully established several banking channels like ATMs, Debit Cards, Business Correspondence, Digital payments, etc. He played a crucial role during the Bank's transformational phase from a NBCF to SFB. Under his leadership, the Bank has extensively expanded its strong ATM & Card network across the country that offers one of the best banking services in the SFB space. He is currently managing vendor management tracking in addition to ATMs, cards, and the Delivery unit of the Bank. A cricket enthusiast and always looking out for new challenges.



Mr. Suresha C

Head of Customer Experience

Qualification: He holds a Master's Degree in Economics.

He has over 22 years of experience, including more than 16 years in the NFBC/Banking sector. He initially worked in the health and social development space, starting his career as a Research Officer at the National Institute of Mental Health and Neurosciences (NIMHANS). In 2007, he joined Ujjivan Financial Services Limited. as a Branch Head and held various sales positions in the South Zone. He played a key role in establishing the Service Quality department, Designed and Implemented programmes focussed on customer experience, customer care/grievance redressal mechanisms and client protection. He also led CSR and Financial Literacy initiatives at Ujjivan SFB in the past. In 2022, he took on the additional responsibility of leading Phone Banking and instrumental in launching Video Banking services.



Mr. Joshua Raja R

National Manager-Branch Banking

Qualification: He holds a bachelor's degree in science from Madurai Kamaraj University.

Joshua joined Ujjivan SFB in the year 2008. He has 19+ years of industry experience spread across unsecured asset business; He presently manages the the Bank's Branch Banking division. Joshua was one of the key contributors who built and shaped Ujjivan SFB's South region, he also headed the Southern India as Regional Executive Head for 2 consecutive years. Under his guidance, the Individual Lending product was launched, which has seen immense success.

He has been instrumental and pivotal in expertly managing multiple crisis such as the Andhra crisis, demonetisation and Covid-19 which had affected the Bank and the region bounced back fortuitously under his resourceful guidance.



Awards and Accolades

HIGHLIGHTING ACHIEVEMENTS & HONOURS







FM Excellence Award
in Project Management
from 8th Annual Facility &
Workplace Management
Awards 2023



Best Use of BTL
Activation For Rural
Marketing from Chalo
Rural Conclave & Awards



Innovation in Consumer
Tech from 13th AEGIS
Graham BeLL Awards



Best Small Finance Bank
from BT Best Banks
and NBFCs Awards
(Quantitative Award)



Most Effective
360-Degree Marketing
Campaign from Pitch
BFSI Marketing Awards
2023



Best Security Practices
in Small and Medium
Financial Banks from
DSCI Excellence Awards
2023



Best Data Science
Team of the Year (Small
Finance Bank) from Data
Analytics and AI Show



Most Effective Regional
Campaign from Pitch
BFSI Marketing Awards
2023



Zero Trust Security
Initiatives in Banking
from 3rd Annual India
Devops Show 2024



The Best Performance
on Profitability - Runner
Up from ICC Banking
Awards 2023



Word of Mouth
Marketing Creative –
Gold from ACEF Global
Customer Engagement
Awards



Most Admired Cyber
Security Initiative of The
Year from BFSI Fintech
Awards 2023



The Best Performance
on Growth - Runner
Up from ICC Banking
Awards 2023



Best Bank in Innovation
from BT Best Banks and
NBFCs Awards (Jury
Award)



Cyber Security Initiative
- Banking from Stars
Awards of the Industry
Awards



Best Workplaces in Small
Finance Bank from Great
Place To Work India
2023



Editors' Choice Award
from Economic Times -
BFSI Tech Summit 2023



Award for Excellence
from BFSI Conclave &
Awards 2023



Best Cyber Security Initiative from LendTechX Factor Awards 2024



Outstanding Chief Information Security Officer (CISO) – Mr. Ratan Jyoti from CSI Cyber Security Awards 2023



Received India Treasury Summit & Awards 2024 from Treasury Strategy of the Year



Enterprise Security from Technology Senate Awards



Cyber Security & Privacy – Mr. Ratan Jyoti from CIO Excellence Award 2023



Best IT Risk Management - Payments and Small Finance Bank from 19th Annual Banking Technology Conference 2024



Leading CIO of the Year - Ratan Jyoti from CIO Excellence Award 2023



Best Risk & Cyber Security Initiatives (SFB) - Runner Up from ASSOCHAM 18th Annual Summit & Awards 2023



Bside Bangalore - CyberSecurity Executive of the Year from Bsidess Bangalore



Information Security - BFSI - Silver from SKOCH Award 2023



Digital Security-Leader of the Year from BFSI (Adhikari Brothers)



Best Visionary in Security Governance (Banking) – Mr. Ratan Jyoti from 2nd Annual Cyber Security Excellence Awards 2023



Financial Literacy Programme of the Year (Small Finance Bank) from 4th Annual BFSI Excellence Awards 2023



Hello Ujjivan App Won Several Awards in FY 2023-24

'Innovation in Consumer Tech' Category at the 13th Edition of the Aegis Graham Bell Award



SKOCH Award for Digital Transformation



BT Best Banks Awards- Best Technology Innovation in Banking



Finalist in MIT-Solve, a Market Place for Social Impact Innovation



Management Discussion and Analysis

MACROECONOMIC INDICATORS

Throughout FY 2023-24, the global economy went through a seismic shift; inflation remained a threat to growth, deterring investments and hindering commerce with higher prices. Advanced economies experienced downturns, while escalating conflicts in regions like Russia-Ukraine and Israel-Palestine disrupted global supply chains and unsettled investor confidence. Global growth slowed to 3.2% during the fiscal year. However, amid these challenges, India continued its trajectory of robust economic growth since becoming the world's fifth-largest economy. In FY 2023-24, India witnessed strong expansion, achieving a real GDP growth of 7.6%, and maintaining a consistent growth rate of 7% or higher for the past three years. Headline inflation stood at 5.4%, lower than the previous fiscal year's 6.7%, and the current account deficit (CAD) decreased to 1.2% of GDP from April to December 2023. A surge in output and new orders drove the Manufacturing Purchasing Managers Index (PMI) to a 16-year high of 59.1 in March 2024. Capital expenditures, alongside robust domestic demand for investment and consumption were the primary drivers of GDP growth. India emerged as the fastest-growing major economy in the fiscal year, supported by its resilient financial industry and strong global relationships, making it an increasingly attractive destination for investors.

INDIAN BANKING INDUSTRY SCENARIO

In the beginning of FY 2022-23, the Reserve Bank of India (RBI) tightened monetary policy in an effort to mitigate the effects of capital flight, increasing inflation, and depreciating currency values. Policy rates increased by 250 bps to 6.5% in FY 2022-23. There was neither a policy rate hike nor a cut in FY 2023-24. In Q3 FY 2024-25, a 50-bps reduction in the policy rate is anticipated from the RBI. In spite of this, the banking industry has reacted to credit demand proportionately. March 2024 saw a 20.2% year-on-year (y-o-y) growth in gross bank credit offtake, supported by the HDFC twins' merger. The y-o-y growth was 16.3%, compared to 15.0% in March 2023 before the merger. In March 2024, there was a 20.2% increase in non-food bank credit y-o-y compared to 15.4% a year ago. In March 2024, credit to agricultural and related businesses increased by 20.1% y-o-y from 15.4% the previous year. But compared to March 2023, when credit to industry increased by 5.6%, it increased by 9.0% (y-o-y) in March 2024. In terms of size, credit to large industries increased by 7.0% from 3.1% in the previous year. Compared to a year ago, the Credit Growth of Medium and Small Industries was 14.4%. In March 2024, credit to micro and small businesses expanded at a pace of 14.4%, up from 12.9% the previous year. Within the

industry, credit growth for 'food processing,' 'chemical and chemical products,' and 'infrastructure' accelerated in March 2024 compared to the same month the year before, while credit growth for 'basic metal and metal products' decelerated. The services sector's credit growth picked up speed in March 2024, rising from 19.6% to 22.9% (y-o-y). The improved credit offtake by 'trade,' 'commercial real estate,' and 'Non-Banking Financial Companies (NBFCs)' is to be attributed to this. Mostly due to the merger's effects, personal loans had a growth of 27.6% (y-o-y) in March 2024 as opposed to 21.0% the previous year. Aside from the merger effect, slower growth in auto loans and other personal loans caused the growth rate to drop by almost 330 bps to 17.7% in March 2024 on a y-o-y basis. Despite improving, deposit growth has lagged behind credit growth for FY 2023-24. As a result, banks are expected to continue to fortify their liability franchise and make sure that weakening deposit growth does not impede credit offtake, leading to a leading role for deposits in FY 2024-25. March 2024 saw a 13.5% y-o-y increase in deposits, up from 9.6% in March 2023. In the quarter that concluded in March 2024, fresh deposit rates for Public Sector Banks (PSBs), Private Sector Banks (PVBs), and Scheduled Commercial Banks (SCBs) rose month-on-month (m-o-m) by 12 bps, 15 bps, and 18 bps, respectively, surpassing pre-pandemic levels.

India's GDP increased by 7.6% in FY 2023-24 due to strong domestic demand, as was previously reported. This suggests that the nation's economy has continued to grow. The average gross monthly GST collection for the entire year was ₹ 1.68 Lakh Crores, and the total GST collections for FY 2023-24 finished at ₹ 20.18 Lakh Crores. As of March 2024, the GST revenue for FY 2023-24, net of refunds, is ₹ 18.01 Lakh Crores, up 13.4% from the same period the previous year. In March 2024, the PMI manufacturing score stayed strong at 59.1. The activity in the service sector was buoyant, causing the Services' PMI to reach 61.2 in March 2024. March saw the services stay in the growing zone due to strong demand circumstances and fresh revenue opportunities. The GDP grew as a result of strong domestic demand for investment and consumption. The Periodic Labour Force Survey (PLFS) data indicates a consistent decrease in the urban unemployment rate, which has additionally supported a robust increase in private consumption. At the same time, the growth in sales of Fast-Moving Consumer Goods (FMCG), 2-wheelers and tractors indicates a strengthening of rural demand. The strengthening of rural consumption has also been aided by a rise in real rural earnings, supported by a drop in inflation. Additionally, increased kharif production and an improved Minimum Support Price (MSP) have strengthened rural consumption by increasing rural income.

In view of rising inflation, unrest in the banking systems of certain developed nations, strained geopolitical relations, and the difficulties brought on by tight financial circumstances, the RBI kept a close eye on the state of the world economy. The government's supply-side measures in FY 2022-23 and the sharp increase in repo rates contributed to stabilising inflation expectations in FY 2023-24. In FY 2023-24, headline inflation decreased to 5.4% from 6.7% in the prior year. The CPI inflation rate (excluding fuel and food), has decreased to 4.3% from 6.1% in the previous year; however, the trend of core and food inflation remains different. With March seeing price increases of less than 4% for roughly 61% of the CPI basket, the general easing of inflationary pressures was widespread. Over the past few months, there have been more external risks to the inflationary forecast. For the first time since October 2023, the price of a barrel of Brent crude has surpassed USD 90, and since early February, the price of industrial metals has increased by more than 14%. Close observation is particularly necessary in light of the current spike in global commodity prices.

Under the Liquidity Adjustment Facility, the average daily absorption decreased to ₹ 485 Crores in FY 2023-24 from ₹1.87 Lakh Crores the year before. In FY 2023-24, time deposits and bank loans to the commercial sector drove the 11% increase in the money supply, respectively, on the asset side (sources). Reserve money and currency in circulation slowed as a result of the majority of the ₹ 2,000 banknotes – which had been removed from circulation on May 19, 2023 – being returned to the banking system as deposits and an increase in term deposit rates. There were ₹ 3.56 Lakh Crores rupees worth of ₹ 2,000 banknotes in circulation as of May 19, 2023. By March 29, 2024, 97.69% of these banknotes had been returned, the majority of them in the form of deposits. As of March 29, 2024, India had USD 645.58 billion in foreign exchange reserves. In FY 2023-24, the UPI platform processed 13,115 Crore transactions, aggregating to ₹ 199.29 Lakh Crores, compared to 8,376 Crores transactions worth ₹ 139 Lakh Crores in FY 2022-23. During the year, the volume of transactions was up 56.6%, whereas the value of transactions was 43.4% higher.

The Association of Mutual Funds in India (AMFI), in partnership with the Securities and Exchange Board of India (SEBI), and asset management companies (AMCs) are now required to disclose the results of the stress test for small and mid-cap schemes by March 15 of each year, based on the data from the previous month, in an effort to further strengthen the capital markets and safeguard investor funds. The goal of the stress test is to determine how quickly fund managers can sell off their holdings in the event that investors rush to redeem their investments in a volatile market. The purpose of this new legislation is to improve investor understanding of the risk profiles of these schemes and to increase transparency.

Outlook: FY 2024-25

With another strong fiscal year under its belt, India's real GDP growth stood at 7.6%, which is higher than most countries in FY 2023-24. Growth in FY 2024-25 is expected to be aided by a progressive employment outlook, stable inflation and strong domestic demand. The repo rate will be a key monitorable for the year as, various talks on reduction are making their way. NIM compression was observed in the financial sector in the current fiscal year due to the higher cost of borrowings, which is expected to ease out, thus helping banks and NBFCs alike and driving credit growth. Strong balance sheets, improving growth, coupled with technological advances, pose a bright future for India's macroeconomic stability.

OUR STRATEGY

Ujjivan SFB (referred to as 'Ujjivan SFB' and 'The Bank') is ambitiously advancing towards its goal of becoming the 'Primary Bank of Choice' for the aspiring middle class. By offering a myriad of financial products and services available both physically and digitally, the Bank envisions itself as a digitally focussed and customer-centric 'mass-market' bank, equipped to meet the dynamic needs of its customers. India's demographic landscape is currently undergoing a revolutionary shift, paralleled by a significant transition in its economy. Ujjivan SFB, as a Banker, is committed to providing comprehensive banking solutions to meet the diverse financial needs of its customers. By targeting under-served and underpenetrated segments, the Bank aims to capitalise on this opportunity to foster growth and upliftment within the Indian socio-economic sphere. Recognising that banking is inherently a business of expansion, Ujjivan SFB acknowledges the critical role of inorganic growth in achieving its objectives. Accordingly, the Bank is actively pursuing opportunities for strategic expansion in areas of interest. With a focus on the future, Ujjivan SFB has meticulously laid the foundation for growth, establishing a robust platform primed to seize the upcoming opportunities with agility and strength.

Diversified Bouquet of Products

Ujjivan SFB doesn't just offer products and services; it crafts experiences tailored to each customer. With a solid foundation built over the years, the Bank has earned the trust of a diverse clientele spanning asset and liability verticals. The Bank is focussed on creating need-based products tailored to the unique requirements of each segment. Ujjivan SFB intends to enhance its services for MSME customers by introducing specialised offerings, designed for both semi-formal and formal segments, while concurrently adopting the ethos of relationship banking. This strategic shift entails a laser focus on providing shorter-term services such as supply chain finance, working capital funding, bill discounting, and an array of non-fund-based facilities. In the housing segment,

the Bank is swiftly adapting, tailoring bespoke offerings to meet the unique needs of diverse regions, benefitting from its state-level collateral policy. Introducing micro-LAP (Loan Against Property) products, the Bank extends a helping hand to small borrowers and their families, allowing them access to higher-ticket loans, provided they have a solid repayment track record and the capacity to manage higher-ticket loans. Furthermore, the Bank continues to enhance its fintech alliances, with a keen focus on expanding its channels to enhance greater customer reach and the delivery of unparalleled services. For institutional segments, products such as bank guarantees and commercial paper, are provided to meet the discerning needs of the Bank's customers. Simultaneously, the working capital product is being worked on. The Bank is working towards expanding its bulk deposit avenues and looking to enhance exposure limits from various mutual funds, insurance companies, and various cooperative banks. On the liability front, Ujjivan SFB's emphasis will be on implementing digital solutions for Government and institutional businesses, such as the Public Funds Management System (PFMS). Strengthening fintech alliances will further expand the Bank's channels to reach its customers. Digital solutions like Digital TD & CA were launched during the year and will be key areas of focus as the Bank expands its reach among a digitally advanced set of customers. Furthermore, Ujjivan SFB has launched value-added liability products during the year to cater to the needs of high-net-worth customers, one of the key focus areas for the Bank. Additionally, the RM module was introduced to provide bespoke solutions to the Bank's customer base. The Bank continuously enhances its offerings for the aspiring middle-class segment by offering more value-added products to strengthen its position as a mass-market bank.

Focus on Digital Banking and Analytics

Ujjivan SFB's Digital Banking aims to revolutionise banking services, harnessing cutting-edge technology to cater to the ever-evolving needs of customers while optimising operational efficiency. Recognising the growing demand for accessible banking services round-the-clock, the Bank's digital banking platform empowers customers by providing banking services within their grasp.

Ujjivan SFB offers a seamless banking experience through an extensive array of digital services. These services include Personal Net Banking and Mobile Banking for retail customers, Hello Ujjivan Mobile Banking Application for MicroBanking customers, Business Net Banking for business customers, Digital Fixed Deposit and Digital Savings Account for instant and hassle-free account opening, Digital Payments for seamless transactions, and RPA for automating repetitive and critical business processes.

From account openings to accessing various banking services, customers now have the power at their fingertips. Breaking free from geographical constraints, the Bank's offerings transcend borders, catering to a diverse clientele ranging from digital aficionados to novices. Furthermore, the Bank's digital offerings are available in vernacular languages, ensuring effective communication in customers' preferred languages.

In efforts to improve the customer experience and expand digital accessibility, Ujjivan SFB has launched Digital Savings Account and Digital Fixed Deposit for both existing and new customers. These initiatives aim to offer a fully digital account opening journey, featuring minimal documentation, seamless KYC processes, and multiple payment options.

The Bank launched the Hello Ujjivan Mobile Banking application, designed to empower un-served and under-served MicroBanking customer segments. Throughout the financial year 2023-24, the Bank persistently refined the application, infusing it with a myriad of cutting-edge functionalities aimed at enhancing the user experience, increasing both financial and non-financial transactions, and liberating customers from the constraints of traditional brick-and-mortar branches. A standout addition to this application was the introduction of the Loan Acknowledgement feature in August 2023. This innovation allowed customers to mark their loans as ready for disbursement (RFD) directly through the Hello Ujjivan platform, a process previously shackled to the confines of physical bank branches. However, the enhancements didn't cease there. Acknowledging the rich cultural landscape of our nation, the Bank is extending its digital presence by introducing Punjabi and Malayalam languages. This strategic manoeuvre will not only widen our audience but also strike a chord with a broader clientele, ensuring inclusivity in the digital era.

To foster a culture of innovation and adapt to market trends and emerging technologies, Ujjivan SFB launched UPI Lite. This allows small-ticket payments of up to ₹ 2,000 through any third-party UPI application, eliminating the hassle of entering a UPI PIN. This allows the Bank's customers to make quick single-click payments with higher success rates.

Ujjivan SFB has leveraged technology and automation by adopting and implementing Robotic Process Automation (RPA) in various business verticals, and supporting functions to automate repetitive tasks and processes. As a result, the Bank has witnessed remarkable efficiency, reduced errors, lower operational costs, and freed up human resources to focus on more complex and value-added activities. Overall, RPA is actively being adopted by Ujjivan SFB to enhance customer service, drive digital transformation, and improve competitiveness in the rapidly evolving financial industry.

Building Capabilities through Data and Analytics

FY 2023-24 has set the stage for the Ujjivan SFB to scale its business sustainably while achieving greater efficiency. Ujjivan SFB has undergone a major transformation, largely driven by the adoption of data analytics. This strategic move aims to enhance overall efficiency and effectiveness within the Bank's digital ecosystem. By implementing end-to-end digitisation of processes, Ujjivan SFB has streamlined contactless disbursements and repayments. Moreover, data analytics has provided the Bank with actionable insights, enabling well-informed decision-making. The Bank is focussed on creating key predictive model use cases that can provide meaningful results and real-time information to its 'Feet-on-Street' staff. This strategic use of data analytics has empowered Ujjivan SFB to categorise its customers based on their unique needs and preferences, facilitating the development of highly targeted cross-sell products across different verticals.

The Bank has strengthened its credit underwriting prowess through the strategic utilisation of data analytics. Leveraging insights gleaned from data analysis, key decisions have been made to institute new controls and enhance existing controls. Key projects have garnered external acclaim such as the Bank's recognition as the Best Data Science Team of the Year in the Small Finance Bank category at the prestigious Quantic AI show. Additionally, Ujjivan SFB has adopted advanced BI tools, accessible through both web and mobility channels, featuring interactive dashboards. This allows employees at all levels to adopt a data-driven, proactive decision-making approach, enhancing efficiency and driving the Bank towards greater success.

Future Vision: Ujjivan SFB has proactively engaged with a partner to build the best data platform, which will encompass adopting cutting-edge technology to compete effectively in the BFSI space. With this new initiative, the Bank aims to increase its PPC (Product Per Customer) by harnessing data.

Increased Customer Penetration through Multi-Channel Approach

As customer expectations soar, propelled by emerging technologies, and the dynamic financial terrain, banks are compelled to adopt a multi-channel approach for customer acquisition, post-acquisition servicing, and feedback incorporation. In acknowledgement of the varied preferences among customers, Ujjivan SFB adeptly blends physical and digital channels to broaden its outreach and enrich its offerings. While digital-only or branch-based services appeal to some, the majority of customers tend to switch between channels for added convenience.

Each channel caters to different segments, enhancing brand visibility and accessibility, thus driving growth and satisfaction. The introduction of WhatsApp banking and interactive smart statements is currently in progress, poised to elevate the banking experience to new heights.

Video banking replicates the immersive experience of a physical branch in multiple languages, providing seamless services with uncompromising security measures. From V-KYC/Re-KYC, address/profile updates, PAN submissions, Form 15G/H, Aadhaar seeding, account activations and upgrades, it accommodates a plethora of service requests, significantly reducing the necessity for in-person branch visits. These services are offered even in locations where the Bank does not have branches.

Phone Banking, available in 8 IVR Indian languages, a unique feature across industry alongside English with conversational availability of 13 languages, once connected to a phone banker, offers 24/7 support facilitated by a dedicated team of 200+ on-roll phone bankers stationed in Bangalore and Pune. Distinguished by its user-friendly IVR system, quick access to skilled bankers, streamlined STP for select requests, and smooth term deposit bookings, it epitomises excellence in offering 450+ services to the customer. Initiatives are actively in progress to transform it into a dynamic sales platform, set to redefine the banking experience.

In FY 2023-24, the debut of DigiMitra heralded a new era of dedicated support for not only products but also services related to accessing digital channels, guaranteeing seamless user experiences. Simultaneously, the Virtual Relationship Manager (VRM) programme offers customised engagements tailored to individual customer segments, nurturing trust and fostering brand loyalty.

Ujjivan SFB remains committed to customer centricity,, innovation, and operational excellence, poised to lead the transformation of banking services in an increasingly digital world.

Strengthening Liability Franchise, and Increasing Our Retail Base

The Bank's primary emphasis has always been to establish a strong and sticky foundation of retail deposits to support its asset expansion. The Bank has observed promising and robust growth in its retail deposit base, including CASA (Current Account and Savings Account) Deposits and customer acquisition. The Bank has established a robust foundation among traditional customer segments such as senior citizens, women, enterprises, and TASC (Trusts, Associations, Societies, and Clubs). Additionally, by using digital products and employing a multi-channel approach, the Bank is actively expanding its customer base among new-age segments, including young professionals, established investors, and tech-savvy entrepreneurs. With a strong emphasis on customer service, the Bank strives to uphold high standards to enhance customer satisfaction and foster long-term retention. To achieve this goal, Ujjivan SFB consistently invests in technology and provides comprehensive training to its staff, ensuring that the quality of service remains at the forefront of the industry. The Bank's primary focus will be on enhancing

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

Responsible Banking for the Unserved and Underserved Segments

Ujjivan SFB believes in the power of responsible banking to drive positive change in society. Guided by a firm commitment to the underprivileged, the Bank's very essence pulsates with a spirit of service. Through a myriad of financial literacy programmes, Ujjivan SFB USB acts as a conduit, empowering individuals and communities to plan for a brighter financial future.

In an increasingly digital world, access to digital tools and resources is essential for financial inclusion. Through the Bank's financial and digital literacy programmes, it equips individuals with the skills and knowledge to navigate online banking platforms safely and effectively, ensuring that no one is left behind in the digital age.

The Bank recognises the unique needs of different segments within the un-served and under-served population. Consequently, it provides tailored financial literacy training to specific groups such as women, youth, and entrepreneurs. These sessions cover essential topics like financial planning, credit management, and entrepreneurship, empowering participants to shape their financial trajectories.

Through the Bank's Chiller Bank programme, it collaborates with educators to integrate financial literacy into the educational curriculum. This alliance helps students gain the knowledge and skills essential for making sound financial decisions as they transition into adulthood.

Financial Literacy & Inclusion Initiatives

1. Diksha + Financial Literacy Programme (MicroBanking Customers): Financial education is central to Ujjivan SFB's mission to give more low-income families access to the financial tools and resources they require to achieve security and prosperity. The Bank has played a key role in equipping women from low-income families with the knowledge and tools they need to save safely, reduce financial risk and make informed, intelligent financial decisions. In FY 2023-24, with the view to increase the impact and outreach, the programme has been restructured to a 2-slot programme from that of 4 with an improved syllabus for sharper focus on the key topics.

Total 6,420 Diksha training programmes has been conducted across 289 branches. 118,120 Customer

Enrolment, 106,326 Customer Certified. Certification stands at 90%. Out of these, about 38,776 customers availed banking products. Conversion rate stands at 33%. 21,825 Customers repaying loan through digital platforms. Digital repayments stand at 19%

2. Chiller Bank Financial Literacy Programme (Children of MicroBanking Customers):

The Bank's commitment to financial literacy starts with nurturing the minds of tomorrow, instilling in young hearts the wisdom to navigate the intricate landscape of finance. From the tender ages of 11 to 17, the Bank's MicroBanking customers and their children are embraced in a transformative journey towards financial empowerment. This programme designed to imbue financial acumen, not only nurtures early savings habits but also kindles a flame of financial consciousness, guiding both children and their parents towards a prosperous future. Additionally, by instilling the principles of financial prudence, it lays the groundwork for a brighter future where making sound financial decisions is innate. Empowered by the digital age, these young children serve as beacons of technological prowess, guiding their parents through the labyrinth of digital platforms. From UPI apps to mobile banking applications, they stand as sentinels of security, educating their parents on the nuances of digital transactions and safeguarding against the spectre of online fraud.

In FY 2023-24, a total of 1,453 training programmes were conducted across 284 branches. A staggering 42,839 customers and children enrolled, out of which 40,037 were certified, boasting a certification rate of 98%. Furthermore, approximately 3,697 customers availed of banking products, translating to a conversion rate of 17%. Moreover, 2,856 customers repaid loans through digital platforms, constituting 14% of all repayments.

3. Financial Literacy Camps for Rural Customers:

Rural branches of Ujjivan SFB are conducting one camp per month (on the third Friday of each month). This camp covers all the messages that are part of the RBI's Financial Awareness Messages (FAME) booklet and the two digital platforms UPI and *99# (USSD). In FY 2023-24, the Bank has conducted 1,773 camps at 174 Rural branches. Through these camps, 22,693 (Ujjivan SFB - 17,715 NTB - 4,978) customers trained through FLC Programme. Ujjivan SFB's customer stands at 78%. Out of which 16,805 are Women & 5,888 Men. Women Participation stands at 74%.

4. Ujjivan Entrepreneurship Development Programme (UEDP):

While we continue our Financial Literacy Program to our MicroBanking customers, we are now extending the programme to our MSME customers as per the directives of RBI.

Haqdarshak, as our strategic partner who is the first Indian social enterprise to digitalise welfare programmes on a single platform, we intend to cover wide range of topics through this programme that includes various options available for financing their business needs, information on the central registrations & educating them on the availability of various Govt. welfare and financing schemes.

In the FY 2023-24, the Bank conducted 17 camps. Through these camps, 183 (14 Women & 169 Men) customers have been trained.

- 5. Financial Literacy Programme for Nano Entrepreneurs (Pragati):** The Bank has crafted an exclusive financial literacy programme tailored specifically for nano entrepreneurs in Assam. In FY 2023-24, a total of 279 training sessions were conducted across 8 branches, drawing 4,043 eager participants. From this group, about 1,400 customers availed of banking products, resulting in a robust conversion rate of 34%. Additionally, 264 customers opted for digital loan repayments, which stood at an impressive 34%.

Impact and Outreach

Ujjivan SFB's financial literacy programmes have had a tangible impact on the communities it serves. By providing individuals with the knowledge and tools they need to manage their finances effectively, the Bank has witnessed increased financial independence, improved access to credit, and greater economic empowerment among programme participants.

Future Directions

Gazing towards tomorrow, the Bank remains firm in its dedication to broadening and enhancing its financial literacy endeavours. Through ongoing innovation and collaboration with stakeholders, it aims to develop innovative programmes attuned to the evolving needs of the un-served and under-served segments. These efforts are geared towards fostering an inclusive financial landscape.

Conclusion

At Ujjivan SFB, responsible banking transcends mere commitment; it embodies a way of life. Through the Bank's financial literacy programmes, it works to dismantle barriers to financial inclusion and empower individuals and communities to achieve their financial goals.

DIVERSIFY REVENUE STREAMS AND CONTROL COSTS

Ujjivan SFB's primary focus is on expanding its array of financial solutions to augment its revenue streams, encompassing fee-based and non-fund-based avenues. Leveraging its extensive banking outlet network, digital channels, diverse product and service portfolio, and vast customer base, the Bank seeks to enhance its fee-and

commission-based business to new heights. The Bank's treasury team operates with finesse, handling fund trading and management, along with capitalising on lucrative market opportunities. The introduction of new products for institutional clients will further fuel the growth of fee income. Benefitting from the RBI's relief measures, lending by SFBs to MFIs and other priority sectors has been categorised as priority sector lending. Moreover, this move not only allows the Bank to surpass mandated targets for priority sector advances but also opens up avenues for trading priority sector lending certificates, serving as a significant source of fee income.

GROWING CUSTOMER BASE

As of March 31, 2024, Ujjivan SFB boasted an impressive 86 Lakh-strong customer base, registering a growth of 12% from the previous year's 77 Lakhs. This surge in numbers was driven by robust growth on both the asset and liability fronts. On the asset side, the Bank welcomed around 9.1 Lakhs customers during the year, with the Microbanking and Housing segments leading the charge. Meanwhile, on the liability side, the Bank's retail branch banking operations have consistently attracted around 3.5 Lakh new customers each quarter.

FINANCIAL AND OPERATIONAL PERFORMANCE

The financial year continued the momentum set in FY 2022-23, showcasing growth in both asset and deposit businesses for Ujjivan SFB. The Bank crossed a significant milestone, reaching an asset book size of ₹ 25,000 Crores, with secured products gaining traction during the year. Disbursements during the year increased by 17% compared to the previous fiscal year. The liability franchise also grew rapidly, maintaining a stable CASA base and a CD ratio of 95%, including IBPC and securitisation exposure of ₹ 2,360 Crores as of March 31, 2024. The total deposit book reached ₹ 31,462 Crores, crossing the ₹ 30,000 Crores mark. Ujjivan SFB focussed on increasing profitability with the base built in FY 2022-23, achieving its highest-ever yearly profit of ₹ 1,281 Crores and Q4 FY 2023-24 profit at ₹ 330 Crores. The Bank invested in expanding its branch network and enhancing its technology and digital infrastructure. Asset quality was maintained through improved collections, bad debt recovery, yield improvement, productivity enhancement, and a new loan origination system. Ujjivan SFB's third-party product income increased in FY 2023-24. Pre-provision operating profit stood at ₹ 1,917 Crores, up from ₹ 1,485 Crores in the previous year. Total income grew by 36%, driven by a 23% loan book growth, increased yield on advances, and steady bad debt recovery income. Interest income on advances amounted to ₹ 4,973 Crores, constituting 77% of total revenue, with a yield on the gross loan book of 19.2%, up from 18.4% the previous year. Interest income on advances increased by 34%, with GNPA levels reduced to 2.2%

as of March 31, 2024. Income from statutory and other investments grew by 61% to ₹ 689 Crores, constituting 11% of total income. Fees and other income, comprising processing fees, PSLC sales profits, and commission income on third-party product distribution rose to ₹ 111 Crores from ₹ 44 Crores. Miscellaneous income, comprising annual card maintenance fee income, income from banking operations, foreclosure and late payment charges, and profit on the sale of investments, amounted to ₹ 167 Crores, constituting about 3% of total income. On the liability side, the Bank introduced new products on the CA and SA sides, with a focus on digital sourcing. Total CASA grew 24% over March 2023 to ₹ 8,335 Crores and maintained the Bank's CASA ratio from FY 2022-23. There was an increase in interest rates across all liability products on the market. As a result of these rate hikes, the on-book cost of funds increased to 7.4% from 6.5% in the previous year. The Bank increased its exposure to IBPC/Securitisation from ₹ 2,174 Crores as of March 2023 to ₹ 2,360 Crores as of March 2024. Finance costs increased by 55% compared to the previous year, which was a result of the full-year impact of rate hike done in FY 2022-23. NIMs for the fiscal year stood at 9.1%, against 9.5% in the previous fiscal. The increase in cost of funds impacted the NIM which was partially set-off with the increase in yield on advances. On the expense front, the total operating cost increased by 26% compared to FY 2022-23. This was a combined effect of an increase in headcount, the number of banking outlets, growth in business volume and upgrades made to the IT infrastructure. The employee expense increased by 29% over the previous financial year as there was an increase in the employee strength of ~4,500 staff, an increase in the average salary, variable pay, and expenditure on employee training and skill enhancement. Other operating costs, comprising occupancy, technology and connectivity, travel and conveyance, cash handling and management, marketing, direct business-related expenses, and other expenses, increased by 23% from the previous year. The increase in expenses from the previous financial year can be attributed to much higher business volume and an increase in occupancy-related expenses due to the addition of 123 new branches and other offices opened at various locations. IT expenses also saw an increase as upgrades were made to the IT infrastructure, especially the LOS upgrades, expanding the hardware capacity. There was a decline in collections-related expenses, especially outsourced manpower as the portfolio quality improved during the year. The Bank made heavy investment in brand-building activity with the launch of the nationwide brand campaign. With the increase in expenses from previous year, the Bank was able to maintain the cost-to-income ratio at 54.3% in FY 2023-24, 50 bps lower than the previous financial year. Credit cost for the year stood at ₹ 215 Crores as compared to ₹ 18 Crores in FY 2022-23. The floating provision of ₹ 250 Crores

continues to remain on the books, with ₹ 100 Crores being moved to other provisions and ₹ 30 Crores utilised towards Tier-II capital. The entire floating provision of ₹ 250 Crores is available to make specific NPA provisioning in the future in case of external exigencies, with RBI approval. Provision coverage on the total gross loan book stood at 2.3% as of March 31, 2023, against 3.1% on March 31, 2023. The total cumulative provision on the portfolio stood at ₹ 676 Crores as of March 31, 2024, consisting of ₹ 140 Crores on standard assets and ₹ 536 Crores on NPA (this includes only ₹ 120 Crores of the floating provision). The Provision Coverage Ratio (PCR) for the Bank stood at 87% at the end of the year, while NNPA stood at 0.3% against 98% and 0.04%, respectively, in March 2023. The Bank's Return on Asset (RoA) on pre-provision operating profit stood at 4.6% against 5.2% in the previous year, with a Return-on-Equity (RoE) of 26.1% against 31.4% for FY 2022-23.

Income Statement

As of March 31, 2024, Ujjivan SFB's balance sheet size increased to ₹ 40,422 Crores, marking a robust 21% increase from ₹ 33,317 Crores at the end of the previous year. The Bank's net worth increased from ₹ 4,911 Crores to ₹ 5,613 Crores during the same period. The Capital to Risk Weighted Asset Ratio (CRAR) stood at 24.7%, ensuring a stable financial position in 2024, compared to 25.8% as of March 2023. The Bank's gross loan book closed at ₹ 29,780 Crores, registering a 24% growth over the preceding year. While Ujjivan SFB's deposit base closed at ₹ 31,462 Crores, growing 23% y-o-y, it was largely driven by healthy growth in CASA and retail term deposits.

DIGITAL INITIATIVES

In the dynamic landscape of modern finance, Ujjivan SFB persistently pursues innovation to elevate customer experiences, optimise operations and maintain a competitive edge. At the core of this transformation is the swift adoption of digital initiatives, driving the Bank's evolution towards greater efficiency and customer centricity. Ujjivan SFB's core strength lies in its dedication to prioritising customer choice and flexibility. With an indomitable spirit, the Bank places a premium on exceptional customer service, recognising its role as a key differentiator in today's fiercely competitive banking domain. The Bank acknowledges that exceptional customer service is not merely a goal but a strategic imperative, essential for:

1. Building lasting relationships with customers to smoothly cross-sell and up-sell a diverse bouquet of products and services
2. Fostering customer loyalty to increase the CLTV (Customer Lifetime Value)

3. Amplifying positive word-of-mouth endorsements, thereby expanding reach and enhancing accessibility to a broader customer base

To achieve this, Ujjivan SFB has implemented several initiatives geared towards enhancing customer support and assistance on its digital platforms. One such initiative is the introduction of multiple regional languages in its digital interface, ensuring that customers can access banking services in their preferred languages. By offering multilingual support, the Bank strives to break down language barriers and make banking more accessible and inclusive for all customers.

During 2023-24, the Bank's digital platforms, comprising Personal Net Banking, Mobile Banking, UPI and Hello Ujjivan registered a total of 0.34 Crores unique ITD customers by March 31, 2024. This signifies a notable year-on-year growth of 42% compared to the preceding financial year.

The Bank witnessed a significant surge in digital transactions during FY 2023-24, with over 37.41 Crores transactions facilitated digitally* by March 31, 2024. A staggering 88.54% of all bank transactions were seamlessly executed through digital channels, underscoring the Bank's performance during this period. The growth in UPI adoption propelled the Bank to secure 1st rank* among Small Finance Banks (SFBs). Moreover, despite achieving record transaction volumes by March 31, 2024, Ujjivan SFB ranks 13th as a remitter and 14th as a beneficiary bank among the top 50 banks for technical declines in UPI transactions#.

**Outward debit transactions done through all digital modes*

#As per NPCI (National Payments Corporation of India) UPI statistic report for March 2024

The Bank launched Hello Ujjivan Mobile Banking application in February 2023, with an objective to empower and serve the un-served and under-served MicroBanking customer segments. Over the last financial year FY 2023-24, the Bank has added functionalities to enhance the user experience, encourage more financial and non-financial transactions and reduce the branch footfall. One of such features is Loan Acknowledgement which was launched in August 2023 to enable RFD (Ready for Disbursement) marking for customer loan through Hello Ujjivan application which was earlier available only through

bank branches only. Till March 31, 2024, more than 2.2 Lakhs customers have marked RFD seamlessly through Hello Ujjivan. Hello Ujjivan has also integrated Financial Literacy Videos in 9 languages to increase financial awareness and literacy with the objective to create digital banking habits in illiterate and semi-literate customers.

In its efforts to improve customer experience and expand digital accessibility, Ujjivan SFB has launched Digital Savings Account and Digital Fixed Deposit for both existing to bank (ETB) and new to bank (NTB) customers. The primary objective was to provide a complete end-to-end digital account opening journey with minimum documentation, seamless KYC and multiple payment options. Till March 31, 2024, bank has acquired 1,257 Savings Accounts and 6,099 Deposit Accounts digitally with a total of ₹ 1.26 Crores amount of Savings balance and ₹ 67.48 Crores amount of Deposit balance.

In order to foster a culture of innovation, adapt to market trends and emerging technologies Ujjivan SFB has launched UPI Lite to allow small ticket size payments of up to ₹ 2,000 through any third-party UPI application without the need of entering the UPI PIN. The Bank has facilitated 19,652 UPI Lite customers to register for UPI Lite and 75,158 transactions valuing more than ₹ 1.68 Crores has been completed till March 31, 2024.

Alliance and Electronic Payments

In a nation steeped in tradition and conservatism, Ujjivan SFB subtly but significantly reshaped society by ensuring access to all transaction channels for its customers, serving the under-served and un-served segments.

The Bank has spearheaded accessibility with initiatives like UPI and Hello Ujjivan SFB, while issuing 90 Lakhs+ cards, empowering customers to transact seamlessly across ATM, ACR, POS and E-Com platforms.

With a network spanning over 2 Lakhs ATMs and 5 Crores merchant points, Ujjivan SFB is extending its reach far and wide, maintaining its lead among peers. Despite post-pandemic challenges, the Bank stayed ahead of the curve and maintained its lead in various positions since its inception. Post-pandemic, it was challenging to bring back the focus and create state-of-the-art services for its customers. In FY 2023-24, the Bank has held a pole position in various parameters.



*Among select banks

INTERNAL CONTROL SYSTEMS AND ADEQUACY RISK MANAGEMENT

Ujjivan SFB has established a strong risk management framework designed to identify, mitigate, and monitor material risks across all its functions. Directed by the Risk Management Committee of the Board (RMCB), the Bank's well-staffed risk management team, led by its Chief Risk Officer (CRO), ensures thorough implementation of the Board's directives. This team, based primarily at the corporate office with a presence in regional offices, effectively cascades the operational risk framework to a granular level. The hallmark of the Bank's Risk Management function is its independence from business sourcing units. Converging only at the Board level, this reinforces the Bank's commitment to maintaining the highest standards of risk governance and the implementation of various lines of defence.

Through continuous monitoring and enhancement, the Bank has established a distinct risk architecture with detailed policies and procedures to manage credit risk. Key areas such as risk identification (early warning systems, credit application scorecards, operational risk index), risk measurement (ECL-based provisioning framework, capital adequacy assessment models), risk mitigation (exposure limits), and risk monitoring (independent risk monitoring unit for large ticket loans, high-risk branch analyser, collection productivity trackers, and DRI-DPI framework, among others) have been significantly overhauled and improved upon, on an ongoing basis. During the year, the Bank introduced new credit application scorecards for its flagship MFI/Group Loans and 2-wheeler business products, which were also statistically significant. The Bank also re-validated its internal rating systems/scorecards used in individual loans, now linked to credit decisioning and pricing. Furthermore, Ujjivan SFB has

put in place a framework to better understand climate-induced physical risks and model risks, establishing policies to cap/limit credit exposures from districts vulnerable to such risks. Additionally, a policy has been established to govern model development, maintenance and validation aspects in a bid to improve model risk management. For strategic risk assessment, the Bank has developed RAROC and economic capital models to identify products/SBUs/geographies that add shareholder value. The outputs from these models are increasingly used in business planning, budgeting and the development of pricing models, ensuring a forward-looking and proactive approach to risk management.

Stress testing remains a crucial component of Ujjivan SFB's credit risk monitoring. Regular sensitivity analyses of collection rates are conducted to compute incremental default rates and associated credit costs. During the year, the Bank also utilised stress scenarios prescribed by the Network for Greening the Financial System (NGFS) to establish a relationship between default risk and physical risks over the short term. This year, the Bank attempted to establish the correlations between macroeconomic variables and business parameters such as disbursement and delinquency trends. To this end, Ujjivan SFB developed a Proof of Concept (POC) that establishes these relationships at the industry level. These models undergo continuous enhancement for further refinement, scenario-based stress testing and integration into budgeting exercises. The stress testing framework continues to serve as an important guiding tool for strategic decision-making and assessing the Bank's overall resilience.

The Credit Risk Management Committee (CRMC) convenes at least once a month, ensuring rigorous oversight of the credit portfolio's performance and risk management. Supported by a specialised Health Council comprising

top management, the CRMC takes proactive measures to address the performance of MSME loans. The scope of these health councils will be expanded to include other portfolio groups.

Market risk emanates primarily from the Bank's management of statutory reserves and trading activity in the interest rate market. To effectively mitigate these risks, the Bank's Treasury Mid Office conducts real-time monitoring within a well-defined Limit Management Framework, which prescribe caps on exposure across various securities through predefined limits and triggers. Notable risk measures encompass sensitivity limits such as PV01, Modified Duration of HFT/HTM Portfolio, Value-at-Risk (VaR) Limits, and Stop Loss Trigger Levels (SLTL), among others.

The Bank has established various limits for **liquidity risk** management to mitigate funding mismatches and interest rate risks. While the caps on the mismatches to maturity buckets and stock ratio constraints serve to manage liquidity risk, conducting sensitivity analyses on Net Interest Income (NII) and Market Value of Equity (MVE) aids in addressing interest rate risks. Additionally, the Bank also maintained a comfortable Liquidity Coverage Ratio (LCR), well above the regulatory limits, during the year. Liquidity VaR (LVaR) and IRR Value at Risk (IRRVaR) models, along with SLS-based stress tests, have also aided in analysing liquidity/interest risk risks in adverse scenarios and in contingency funding plans. The Bank regularly undertakes various internal assessments on the behavioural patterns exhibited by depositors with respect to pre-mature withdrawal, utilisation, and tenure of deposits. Tolerance levels are now defined internally as part of the Liquidity Risk Management Framework.

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

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

During the year, the Bank developed an Operational Risk Index (ORI) to identify operational risks at the branch level. The index helps in identifying and highlighting branches with repeat process lapses and weak compliance with operational processes.

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

In response to **cyber and information security risks**, and amid a growing global threat landscape, Ujjivan SFB acknowledges the significance of a robust information security structure framework. The Bank has deployed defence-in-depth technologies to protect the interests of its customers. Through detailed orchestration, the Bank ensures that no malicious intruder's actions go unnoticed. Below are the essential elements and the collaborative teams operating in a chain-like fashion to address information security risks:

1. **Risk Assessment and Management:** The Bank remains vigilant by conducting regular risk assessments, and carefully identifying potential vulnerabilities and threats to stay ahead of challenges.
2. **Policies and Procedures:** Anchored by a robust set of information and security policies and procedures, every individual within the organisation is guided on the path to operating securely.
3. **Security Awareness and Training:** Recognising the pivotal role of its workforce in safeguarding information, the Bank invests significantly in comprehensive training and awareness programmes. These initiatives equip employees with the knowledge to combat emerging threats, thwart phishing attacks, counter social engineering techniques, and adhere to the highest security standards.
4. **Red Team:** Harnessing the expertise of an independent group of specialists, the Bank conducts simulations of real-world attacks. Through this proactive approach, invaluable insights are gleaned, strengthening the organisation's security defences.
5. **Blue Team:** The Bank has established a 24*7 SOC (Security Operation Centre) team that detects, analyses, and takes the requisite actions to respond to incidents.
6. **GRC Team:** Ujjivan SFB has a dedicated GRC (Governance Risk and Compliance) team to ensure effective management of regulatory mandates, risk factors, and operational controls.

As an organisation, the Bank recognises that information security is an ongoing requirement and requires

continuous involvement, improvement, and adaptation to the ever-increasing threat landscape.

Ujjivan SFB regularly participates in cyber drills organised by the Institute of Development and Research on Banking Technology (IDRBT). Additionally, the Bank conducts periodic Disaster Recovery Drills for its technology infrastructure to guarantee the uninterrupted availability of critical services in case of a disaster. Furthermore, the Bank follows a proactive approach instead of a reactive one.

LEGAL

Ujjivan SFB's legal team serves as the backbone of the organisation, offering invaluable support across a myriad of crucial areas, including legal advisory, documentation, contract and IPR management. This proficiency extends to providing assistance to the infrastructure and administration departments, branch and digital banking operations, and advisory services on employment law, corporate affairs, litigation management and recovery.

Throughout the year, as part of strategic drive to digitise legal operations, the Bank's legal team initiated drafting, negotiation and execution of all vendor contracts using SpotDraft. This advanced contract management software facilitates online stamping and seamless digital execution. Concurrently, the team embraced Legistify, a state of the art litigation management software offering realtime case tracking, alerts, and comprehensive lifecycle management of litigations pertaining to the Bank.

The legal team, in tandem with collections, spearheaded the Bank's recovery efforts, employing a diverse arsenal of legal tools, including Legal Demand Notices, S.138 Notices, Arbitration & Conciliation, Lok Adalats and SARFAESI actions, resulting in resolution of a significant chunk of NPA Accounts. Through their strategic orchestration of Lok Adalats across regions, they achieved remarkable recovery strides in record time.

In terms of customer service, the team played a crucial role in preparing concise documents, and paperless contract formation across various domains, prioritising customer centricity and better reach.

Furthermore, the Legal Team has undertaken initiatives to simplify documentation, procedures and streamline processes. They aim is to establish uniform disbursement kits tailored to various business sectors, notably MSME, Affordable Housing, and Vehicle Finance, as well as associated banking offerings.

Looking ahead, the Legal Team remains committed to providing comprehensive legal guidance, striking a balance between facilitating smooth business and upholding adherence to applicable legal and regulatory norms. The team's foremost priority is to offer timely assistance in handling evolving legal demands and overcoming challenges encountered by the Bank in the course of its business operations.

COMPLIANCE

Ujjivan SFB is fully committed to the financial inclusion mission of the Reserve Bank of India (RBI). The Bank has complied positively and adhered to the Small Finance Bank Licensing Guidelines dated November 27, 2014, i.e., lending 75% of its Adjusted Net Bank Credit (ANBC) to priority sectors. The Bank further ensures that more than 50% of its loan portfolio comprises loans and advances up to ₹ 25 Lakhs. The Bank also ensures that at least 25% of its total branches operate in Unbanked Rural Centres (URCs). Ujjivan SFB also complies with the norms that the maximum loan size and investment limit exposure to a single and group obligor are limited within the prescribed limits of 10% and 15% of its capital funds, respectively.

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

INTERNAL AUDIT

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

The Internal Audit Department is appropriately staffed with qualified and competent personnel and has five audit verticals: Branch Audit, Central Functions, IS Audit, Credit Audit, and Concurrent Audit & Analytics. An annual audit plan is prepared using a risk-based approach encompassing all the audit areas. The plan has been duly approved by ACB. The Internal Audit Department reports all significant observations along with the Management's action plan to the ACB. The ACB assesses the adequacy and effectiveness

of the internal audit function, including the structure of the internal audit department, the progress of the annual audit plan, and staffing. It ensures effective and independent review procedures.

VIGILANCE

During the financial year, the Bank emphasised fraud prevention by instilling ethical banking practices among its employees. A key initiative was the observance of Vigilance Awareness Week, which underscored the significant role of fraud prevention and the protection of customer interests. This included the release of an educational series to further reinforce these values. The Bank also recognised outstanding employees through 'Vigilance Warriors Awards' who identified and prevented frauds across verticals.

The Bank upgraded its Enterprise-wide Fraud Risk Management System to enhance preventive monitoring across Internet Banking (IB), Mobile Banking (MB), and UPI channels during the year. Additionally, a Mystery Shopping exercise was conducted on field employees to ensure that frontline staff interactions with customers were in full alignment with the Bank's processes and policies. This dual approach not only fortified the Bank's defences against fraud but also ensured a consistent and customer-centric service experience.

The Bank strategically expanded its gold loan portfolio, simultaneously strengthening risk management by conducting comprehensive gold inspections across branches. Furthermore, as a preventive measure to combat ATM cash trapping incidents, Bloc Shafts across ATMs were installed.

Moreover, various process improvements suggested by Vigilance {such as changes in the policy, process, delegation, business sourcing, operation structure, role of different units and etc.} were implemented in MicroBanking, MSME & Branch Banking process.

The following table summarises the frauds reported during the financial year under review:

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|--|----------------------|----------------------|
| Number of frauds reported {including CPFIR cases} | 2,713 | 618 |
| Amount involved in fraud {₹ in Thousands} | 241,644.00 | 97,364.00 |
| Amount of provision made for such frauds * {₹ in Thousands} | 108,075.00 | 67,554.00 |
| Amount of unamortised provision debited from 'other reserves' at the end of the year | NA | NA |

*Note: The provision amount is net of recovery/write-offs as of the end of the year.

CREDIT

Ujjivan SFB's credit and collection function has been instrumental in maintaining a high-quality portfolio and driving sustainable growth. The past year showcased the credit industry's resilience, propelled by robust macroeconomic factors and increased consumer spending. Throughout the financial year, the Bank adopted a prudent lending approach, prioritising risk management while actively fostering growth.

Macroeconomic Outlook

As the Indian banking system appeared far more resilient and better placed to withstand external shocks, overall bank credit growth registered another stellar year. The overall lending industry has seen y-o-y growth of 20%, while retail loans have registered 27% growth, MSME and corporate loans have seen a growth of 6%, and the MFI sector witnessed a y-o-y growth of 17% during FY 2023-24. The lending industry remained strong during the year in the face of global headwinds, driven by the sharp rebound in private consumption, higher public capital expenditure, the challenge of reining in high inflation, which largely remained above the upper band and consequent rate hikes by the central bank.

Private consumption as a percentage of GDP stood at a historically high level, aided adequately by a strong rebound in the service sector. Simultaneously, manufacturing and investment activities continued to gain traction, aided by policy measures.

A Year of Robust Performance for the Bank

Ujjivan SFB has consistently maintained its focus on catering to the credit requirements of the bottom of the pyramid and the aspiring middle class, offering an extensive suite of lending products and services carefully crafted to address the evolving financial needs of its clientele. The Bank's total asset book witnessed a significant growth of 24% year-on-year. The Bank's asset quality improved significantly, with GNPA at 2.1% (vs. 2.6% in FY 2022-23), which speaks volumes about the resilience of its customer segments as well as its proprietary credit assessment model.

The Bank's loan portfolio witnessed steady growth amid evolving market dynamics. Ujjivan SFB's comprehensive credit policy framework, rigorous credit assessment processes, stringent underwriting standards and ongoing monitoring mechanisms have been instrumental in maintaining asset quality and minimising credit losses.

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

MicroBanking and Rural Banking

The vertical stands tall with a share of 70% of the loan book. With Ujjivan SFB's efforts to drive financial inclusion to the last mile, bridging the formal-informal divide and ensuring last-mile delivery of Ujjivan SFB's products and services, the MicroBanking Group and individual loans played a critical role. The Bank's wide geographical spread, and extensive range of products and services allowed it to cater to the specific needs of customers, including those with informal, variable and cash-based income profiles.

MicroBanking Group and Individual loan portfolios grew by 20% during the year and continue to report industry-best performance in portfolio quality. The GNPA in the vertical has been further reduced during the year by 20 bps to close at 1.9%. 15 MOB delinquency for MicroBanking as of March 2024 is at 1.5%, showing a strong credit performance of the post-Covid-19 pandemic book. The collective measures taken, resulted in collection efficiency remaining stable at over 99.3% throughout the year.

The Bank continues to innovate credit products and services to adapt to the evolving market dynamics and customer preference. Embracing digitisation in sourcing, underwriting, and monitoring of MicroBanking loans for providing seamless and convenient borrowing experience continues to be the core mantra for MicroBanking.

Housing

The housing book has registered y-o-y growth of 45% during FY 2023-24. The product is well diversified, with an average ticket size of 12 Lakhs and 53,000+ active borrowers with a loan book of ₹ 4,924 Crores as of March 2024. 43% of the Bank's borrowers in housing are from the salaried segment.

The GNPA of the housing book as of March 31, 2024, stands at 1.5% and the PAR at 3.9%, compared to 2.6% and 5.7%, respectively last year. The NNPA is at 0.53% as of March 31, 2024. The incremental credit cost for housing vertical less than 0.20% in FY 2023-24. The PCR for the housing book as of March 31, 2024, is 64%. The housing book has a very minimal Covid-19 Resolution Framework (RF) book, which is ₹ 19 Crores (RF1 & 2,) which is less than 0.5%.

Housing book portfolio quality is on par with the industry. The Bank closely monitors its portfolio month-on-month and ensures necessary policy changes are made from time to time and the necessary restrictions are placed in segments/clusters where delinquencies are observed. The newly started Micro Mortgages product has grown to ₹ 202 Crores as of March 31, 2024, which is part of the housing book.

MSME

The MSME segment has seen an evolution of clearly defined products based on market segments with skilled teams to take the growth forward in the secured lending

space. GNPA for the product stands at 8.4% and PAR at 14.1%, while the NNPA is at 1.6% as of March 31, 2024. PCR for MSME Loans is at 82.6% as of March 31, 2024. The book built in FY 2023-24 with the refined and evolved products has satisfactory repayment with nil delinquency.

Financial Institutions Group (FIGB)

FIGB sourced gross deposits of more than ₹ 9,600 Crores in FY 2023-24, comprising fixed deposits, certificate of deposits, current accounts and term money and served as a major liability contributor for the Bank from the Financial Institutions and Government Segment. The sourcing has been done while ensuring a fine balance of various deposit ratios, LCR requirements, cost of funds and a well-diversified customer base. The Group also raised more than ₹ 3,554 Crores through alternate sources of funding from various banks and financial institutions.

FIGB continued lending to MFI, MSME, Vehicle Finance, Education Finance and Affordable Housing segment customers. None of the individual segments contributes more than 26% to the FIGB loan book. The Bank focussed disbursements to externally higher-rated entities, while maintaining portfolio NIM. At the end of the year, the book size stood at ₹ 1,726 Crores, registering a 54% y-o-y growth over the last year. Additionally, 94% of the book pertains to customers having an external rating of A - and above. All accounts except one MFI account are in the standard category. Moreover, credit policy sees regular refinement aimed at improving underwriting quality, with the portfolio undergoing rigorous monitoring on a continuous basis.

Collections

The collection team played a critical role in safeguarding the Bank by containing credit losses and ensuring the timely recovery of default loans. Ujjivan SFB's dedicated collection team employs strategic collection methodologies to mitigate credit risk and minimise delinquencies. Early collection interventions, effective communications and personalised yet digitised collection management have helped in ensuring a check on credit costs. Embracing technological advancements, the Bank has introduced a collection application to leverage data analytics, predictive modelling and automations to optimise collections. The collection efforts would continue to be augmented with the intensified legal actions across various products. These combined measures are targeted to yield multiple benefits for the Bank in the years to come.

The Bank's efforts in the last few FYs are bearing fruit in the form of significant improvements in all the credit parameters: (a) asset quality (lower PAR, GNPA, and slippages) (b) collections: optimal collections in non-delinquent buckets, and (c) improved efficiency. Ujjivan SFB aims to proactively onboard quality borrowers

and manage repayments that were well-tested during FY 2023-24 and the Bank continues to monitor portfolio quality with a focus on innovation, leveraging technology and a customer-centric approach. The Bank is well poised for the next level of banking growth in the aspiring middle-income segment.

TECHNOLOGY

In FY 2023-24, the Bank's commitment to digital inclusion persisted, supported by a robust, secure, and scalable information technology infrastructure. Prioritising system upgrades and application advancements, the Bank ensured unparalleled dedication to superior customer service, operational efficiency and stringent security measures.

Amid the year's hustle, the Bank's IT initiated the launch of 11 new applications across a spectrum of business verticals, intricately designing environments that encompassed various application stacks. Procuring and deploying storage and computer resources for these new environments ensured smooth integration and optimal performance. An impressive tally of 450+ projects and enhancements went live, during the year covering regulatory compliance, launching new product lines, revenue-generating services, and initiatives aimed at elevating customer experience, streamlining operations and driving cost savings.

In the sphere of digital banking, the Bank has introduced several customer-centric innovations such as digital Fixed Deposits & Savings, lauded for their convenience and accessibility. Furthermore, in a bid to build deeper connections with governmental systems, Ujjivan SFB's collaboration with the Public Financial Management System (PFMS) has enabled direct and efficient transfers of government benefits to its customers, thereby enhancing the transaction experience to unprecedented levels of efficiency. Moreover, the Bank's strategic deployment of Robotic Process Automation (RPA) across several departments has transformed operation dynamics, targeting repetitive tasks, and resulting in productivity gains and accuracy. This strategic move has liberated the workforce to focus on strategic and value-added activities. A standout innovation of the year, the 'MicroBanking Loan Acknowledgement' feature integrated into the Hello Ujjivan platform, reflects the Bank's commitment to innovation and customer satisfaction. By significantly reducing the need for in-branch visits, this feature has not only turbocharged operational efficiency but also enhanced customer convenience by expediting the loan processing time.

In MicroBanking, new technology platforms have been adopted to handle increased business volumes more efficiently. Notable improvements include the use of geo-fencing for ironclad transactions and an automated loan acknowledgment system that enhances operational efficiency and customer satisfaction. These innovations

have not only streamlined operations and slashed processing times but have also left an indelible mark on customer satisfaction. They serve as evidence of the Bank's commitment to harnessing technology's power to deliver MicroBanking that is not just better but also more secure than before.

The CRM and Customer Deduplication systems have been upgraded, delivering refined user interfaces and improved data reliability. A pilot for the CRM mobile application has been deployed, enabling mobile user engagement. The inauguration of Family Banking has been tailored to address the specific financial needs of clients, thereby solidifying customer fidelity. Furthermore, a robust Lead Management system has been implemented, significantly boosting sales trajectories. The initial phase of the Portfolio Management System has been initiated, providing sharper investment insights.

Ujjivan SFB's loan collection software utilises machine learning to refine service delivery and increase operational efficiencies across lending products. The Bank has achieved significant enhancements in its transaction processing capabilities, including a substantial increase in UPI Lite transactions and the deployment of advanced security measures aligned with regulatory standards. On the infrastructure and governance front, the Bank has successfully managed extensive hardware upgrades and the launch of new digital platforms, which are crucial for the smooth operation of banking services. The Bank has demonstrated exceptional commitment to regulatory compliance, efficiently managing IT risks, and maintaining high compliance rates during audits and regulatory inspections. Ujjivan SFB's IT Security Operations have excelled in integrating state-of-the-art security technologies, including Mobile Device Management (MDM) and load balancers. These advancements have not only secured the Bank's mobile and web platforms but also provided efficient load management, guaranteeing seamless service delivery.

Looking forward, the Bank's IT department is committed to further enhancing its IT capabilities in alignment with strategic objectives. Ujjivan SFB plans to continue modernising its application infrastructure, expanding digital banking services, and integrating more sophisticated security features to protect its systems and data. Grounded in innovation, security, and customer centricity, the Bank's journey through the dynamic digital landscape will be steered by an indomitable focus on excellence.

TREASURY

Located in Mumbai, the financial capital of the nation, Ujjivan SFB's Treasury office features a state-of-the-art dealing room. Recent enhancements have been made to the infrastructure, anticipating a significant scale-up in operations, market entry, and new product

rollouts, pending RBI authorisation and Board approval. Complementing this is a full-fledged BCP in Bengaluru, equipped with dedicated infrastructure to ensure seamless and uninterrupted Treasury functionality.

The Bank's Treasury serves as the backbone of its financial operations, ensuring compliance with statutory reserve requirements, precision in ALM, and astute liquidity management. The Treasury team excels in trading, PSLC, and delivering top-notch client services. With a Subsidiary General Ledger (SGL) account at the RBI and direct membership in the Clearing Corporation of India Limited (CCIL), the Bank's Treasury is empowered to operate smoothly on various platforms such as the 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.

Additionally, supported by robust bilateral limits with major interbank participants, the Treasury team is a paragon of efficiency and strategic prowess. Furthermore, guided by the long-term business plan and objectives set by management, Ujjivan SFB's Treasury not only meets but also exceeds the standards of financial innovation and reliability.

The Bank's treasury has evolved, now comprising three desks, namely:

- ALM Desk
- Trading Desk
- Forex Desk

Moreover, managing the Bank's regulatory reserves (including CRR, SLR and LCR), falls under the purview of the ALM Desk. This desk also ensures the effective management of balance sheets, asset liabilities and PSLCs.

Ujjivan SFB's Trading Desk stands as the apex of the Bank's financial strategy, expertly managing its investment and trading portfolios with unparalleled precision. The investment portfolio, comprising central and state government bonds and Treasury Bills, is designed for high yields and shorter durations, offering a robust buffer against adverse market conditions. The Trading Desk's judicious and efficient management of the SLR portfolio has consistently delivered returns that exceed market benchmarks. Moreover, by engaging in both SLR and non-SLR securities, the desk capitalises on trading opportunities presented by the market. This consistent performance by the Treasury has made a substantial contribution to the Bank's bottom line.

The Forex Desk, still in its infancy, is presently focussed on scaling up the Bank's forex business through remittances and driving business targets, while training branch staff to achieve these targets. Looking ahead, the desk's trajectory

promises a dynamic shift towards full-fledged forex operations, including trading and hedging to manage the Bank's forex exposures.

In essence, the Treasury team is not only adequately staffed but also boasts a cadre of seasoned professionals with a stellar track record in balance sheet management, trading and forex. In addition, their persistent focus is on reducing the cost of funds, maximising returns, and contributing positively to the Bank's bottom line.

SERVICE QUALITY

Embracing the belief that customer service excellence reigns supreme, the Bank stands firm in its commitment to deliver exceptional customer experiences. To put this intent into practice, the Bank has gone the extra mile by establishing a dedicated Service Quality department. This team isn't just a part of the system; they are the driving force behind enhancing the customer experience, swiftly addressing grievances, maintaining stringent service standards and ensuring compliance with every aspect of customer service.

The focus on delivering superior service standards for the Bank's customers has enabled it to maintain a high level of quality and consistency across all offerings. The Bank has demarcated, established and re-defined the service index, both for external and internal customer service, i.e., for each business vertical and key support functions. The Service Index programme incorporates key parameters that impact customer service delivery standards and customer satisfaction. The programme has advanced over the last 6 years and is unique in the industry. A strong governance structure for customer service has been established, which includes a commitment to targets for improving service index scores by each function and at the Bank level. These targets form part of key performance metrics for MD & CEO, Heads of Business/functions, frontline managers, sales staff and service staff. The various cross-functional initiatives at the people, process and technology levels have helped in achieving substantial improvements in the Bank-level service index, from 66 points in March 2022 (out of a 100-point scale) to 85 points in March 2023 and to 89 points in March 2024.

The Service Quality team was mandated to review, revisit and refine vital customer communications such as statements of accounts, certificates and forms. The team ensures modifications are made based on evolving customer expectations from time to time. As a step towards hassle-free fulfilment of customer service requests through various channels, the Bank has hosted 40+ service request forms on its website for customer convenience.

To testify to the results of service standards internally measured, an independent research agency, IPSOS, was commissioned to assess the current levels of customer satisfaction with the products of 6 major business

verticals, covering a sample size of 5,000+ customers. The independent assessment helped in understanding customers' perceptions and feedback towards the Bank's services, competitive performance at each touch point, and brand imagery. The C-SAT & NPS scores for the Bank are:

| Customer Experience Metric | |
|----------------------------|----|
| Composite C-SAT Index | 75 |
| Overall Satisfaction Index | 83 |
| Loyalty Index | 76 |
| NPS | 40 |

Training is an important tool to enhance the capabilities of the staff in delivering a seamless customer experience. Well-trained staffs can efficiently address queries, service requests, and complaints, offering prompt and effective resolutions. These superior interactions foster strong relationships with customers, earning their trust & loyalty. To achieve this, the Bank has designed a programme called 'Ajeevan' for managing life events-based banking services. This is a programme around simplifying processes and staff training, by keeping empathy and efficiency as focal points. A total of 1,521 staff were trained in 72 batches, with 64 customer care representatives from branches recognised and rewarded for outstanding contributions under Ajeevan Services. Through active promotion, the percentage of deposits opened with nominations improved from 82% in FY 2021-22 to 92% in FY 2022-23 and further to 94% in FY 2023-24. Furthermore, all claims related to deposits of deceased account holders were settled within the standard turnaround time.

To foster top-tier customer service, an initiative was launched to recognise staff members who received customer appreciation for their exceptional services. This recognition is bestowed by the Executive Committee of the Bank on the first Monday of every month.

Through the Bank's efficient mechanism for resolution of customer grievances and corrective measures undertaken to fix the problem at the root, Ujjivan SFB's customer complaints have been constantly reducing over the years. Ujjivan SFB has observed a steep decrease of 14% in the number of complaints for FY 2023-24 when compared to the previous year and the resolution of complaints within standard turnaround time has improved from 96% to 98%.

HUMAN RESOURCES

Ujjivan SFB firmly believes that its employees are the driving force behind its business, innovation, and growth. The Bank fosters a work environment where every employee is encouraged to excel. At the core of its Human Resources

strategy is a commitment to providing a 360-degree experience that combines satisfaction with stellar performance. Ujjivan SFB prioritises fair and competitive compensation, industry-leading benefits, continuous skill enhancement, outstanding talent management, and active engagement. This holistic approach has resulted in one of the industry's lowest attrition rates (<24% for FY 2023-24) and consistent recognition as one of the Best Companies to Work for in India by the Great Place to Work Institute for 14 consecutive years. The Bank is also among India's Top 100 Companies to Work For, Top 25 in the BFSI sector, and Top 50 for Culture of Innovation.

Ujjivan SFB's unique ESOP policy promotes wealth creation tied directly to individual performance, benefitting employees at all levels. In FY 2023-24, 20% of top-performing employees received ESOPs, recognising their outstanding contributions. The Bank also offers valuable benefits such as subsidised employee loans and a newly introduced car lease facility.

Employee wellness is a top priority, with revamped health insurance that includes enhanced maternity, prenatal/postnatal, and IVF benefits. Additional coverage is provided through higher term-life programmes, especially for front-end roles. Annual health check-ups saw 78% participation, with subsidised options for families. The Bank also offers extensive physical and emotional wellness counselling, with awareness campaigns and sessions on road safety, women's health, emotional well-being, and financial wellness.

To ensure top-notch customer service across diverse products and business lines, Ujjivan SFB invests significantly in employee upskilling. Training focusses on functional expertise, behavioural capabilities, and technical proficiency. Over 28,600 employees have been trained, with robust induction programmes, refresher courses, and external certifications for about 20% of the workforce. The average learning hours per employee is 35.27 hours, setting an industry benchmark.

Ujjivan SFB is renowned for its culture of attentive listening and transparency, offering platforms such as Branch Representative Meetings, Townhalls, and Chai pe Charcha sessions for employee engagement and feedback. The Bank's comprehensive rewards and recognition programmes celebrate outstanding accomplishments, ensuring top talents receive the acknowledgment they deserve. Programmes like Annual Awards, Corporate Excellence Awards, and Summit Awards, along with regional initiatives such as Pratistha and South Spotlight Awards, foster a culture of appreciation and recognition.

Pillar III Disclosures for year ended March 31, 2024

FY 2023-24

[Ujjivan Small Finance Bank (hereinafter called “the Bank”) is primarily subject to the BASEL II {New Capital Adequacy Framework (NCAF)} framework with some elements of Basel III regulations made applicable and has prepared this disclosure document in compliance with the directions of Reserve Bank of India (hereinafter referred to as “the Regulator” or “RBI”) vide its circular RBI/2015-16/58; DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 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, 2024.]

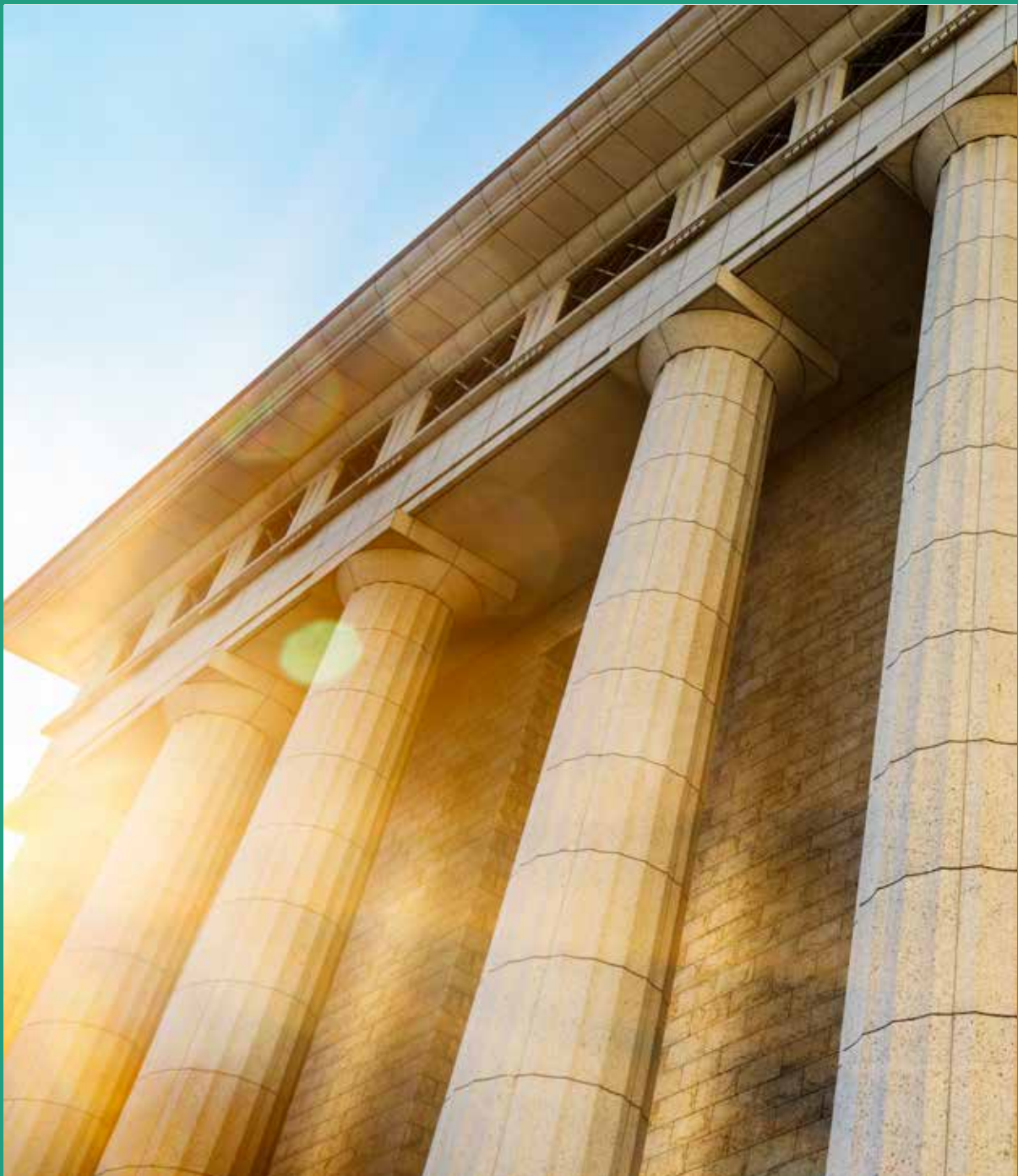


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1. LIST OF KEY ABBREVIATIONS

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

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

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

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

2. KEY PERFORMANCE HIGHLIGHTS OF THE BANK

Ujjivan Small Finance Bank (hereinafter referred to as “the Bank”) is required to publish disclosures under the Pillar III framework as required in terms of RBI guidelines on New Capital Adequacy Framework issued vide RBI/2015-16/58; DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015. This document provides a review of key observations pertaining to the Bank’s capital adequacy, credit quality, key business highlights and a review of its key risks as at March 31, 2024. All exposure related figures quoted in the document are ‘₹ in Lakhs’, unless otherwise specifically stated.

A. Branch network and distribution reach

The branch position of the Bank as at March 31, 2024 was as follows:

| Particulars | Count |
|--|-------|
| Total Banking outlets, of which | 752 |
| Banking outlets (Non-URC) | 561 |
| Banking outlets (URC) , of which | 191 |
| i Qualifying URC Branches (Branches situated in tier 3-6 locations in NE states and LWE districts) | 43 |
| ii Business Correspondents (BC) | 4 |

During the Quarter ended March 24, the Bank had opened 23 new branches across regions (South- 2, North -12, East – 7 and West- 2). With 25.39% of Banking outlets in URC, the Bank

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.

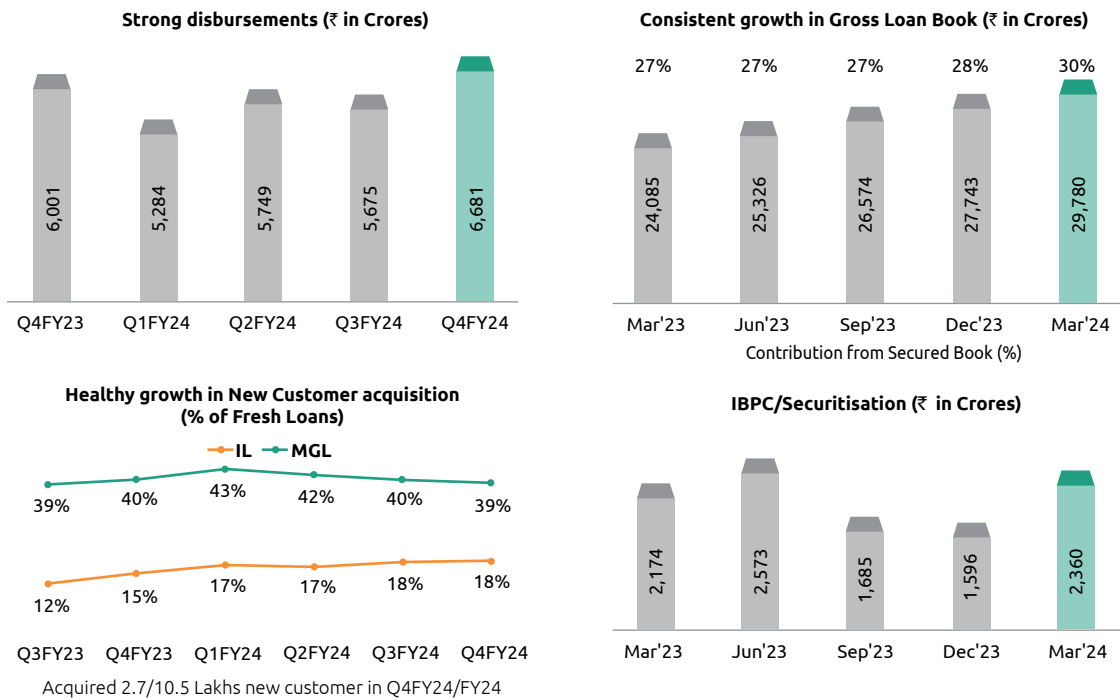
³ North eastern states

⁴ Districts with active Left-Wing Extremism (LWE) is fully compliant with RBI guidelines in this regard. The Bank had closed three of the seven BCs that had operated from commencement of business and replaced them with brick and mortar branches.

With a strategic imperative to expand on its customer base and area of operations, the Bank intends on expanding its network with 50 branches proposed to be launched in FY 2024-25, of which 15 branches will be Micro Banking led branches. The physical reach would also be supplemented by a strong and focussed investment in digital platforms to aid in business development, on both asset and the liabilities side. The Bank operated 596 biometric enabled Automated Teller Machines (ATM) including 62 Automated Cash Recycler (ACR) machines across the country as at March 31, 2024.

B. Financial highlights for FY 2023-24

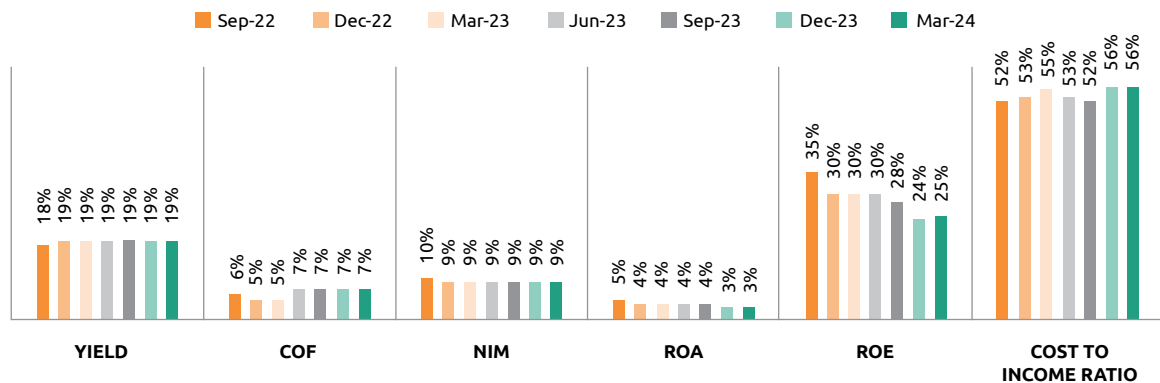
Some of the key achievements made for Year ended March 31, 2024, were as follows:



| | |
|-------------------|--|
| Customer base | <ul style="list-style-type: none"> Total customer outreach was 86 Lakhs customer through 752 branches as at March 31, 2024 (82 Lakhs as at December 31, 2023, 79 Lakhs as at September 2023, 76 Lakhs as at June 30, 2023; 77 Lakhs as at March 31, 2023) |
| Loan Portfolio | <ul style="list-style-type: none"> Gross Loan Book (GLB) (without netting off IBPC/Securitisation/Direct Assignment): ₹ 2,977,954.18 Lakhs as at March 31, 2024 (₹ 2,774,347.89 Lakhs as at December 31, 2023, ₹ 2,657,433.69 Lakhs as at September 30, 2023, ₹ 2,532,634.65 Lakhs as at June 30, 2023; ₹ 2,408,511.89 Lakhs as at March 31, 2023). Gross Advances (GA) (after netting off IBPC/Securitisation/Direct Assignment): ₹ 2,741,915.16⁵ Lakhs as at March 31, 2024 (₹ 2,614,767.39⁶ lakhs as at December 31 2023, ₹ 2,488,898.52 Lakhs as at September 30, 2023, ₹ 2,275,317.12 Lakhs as at June 30, 2023; ₹ 2,191,123.23 Lakhs as at March 31, 2023). Non-Microfinance book was 31.49% as at March 31, 2024 (28.3% as at December 31, 2023 on Gross Advances, 28.5% as on September 2023, 28.38% as at June 30, 2023; 29.16% as at March 31, 2023). |
| Deposit Portfolio | <ul style="list-style-type: none"> Total Deposits (Retail plus Institutional): ₹ 3,146,200 Lakhs as at March 31, 2024 (₹ 2,966,900 Lakhs as at December 31, 2023, ₹ 2,913,900 Lakhs as at September 30, 2023, ₹ 2,666,000 Lakhs as at June 30, 2023; ₹ 2,553,800 Lakhs as at March 31, 2023). CASA: 26.7% as at March 31, 2024, (25.5% as at December 31, 2023, 24.1% as at September 30, 2023, 24.6% as at June 30, 2023; 26.4% as at March 31, 2023). |
| Asset Quality | <ul style="list-style-type: none"> Gross Non-Performing Assets (GNPA): 2.23%⁷ as at March 31, 2024 (2.18% as at December 31, 2023, 2.35% as at September 30, 2023, 2.62% as at June 30, 2023; 2.88% as at March 31, 2023) Net Non-Performing Assets (NNPA): 0.28% as at March 31, 2024⁸, 0.17% as at December 31, 2023 (0.09% as at September 30, 2023, 0.06% as at June 30, 2023; 0.04% as at March 31, 2023) |

| | |
|-----------------------------|---|
| Capital Adequacy | <ul style="list-style-type: none"> CRAR ratio of the Bank as at March 31, 2024 was 24.69% (24.37% as at December 31, 2023, well above the mandated norms, 25.19% as at September 2023, 26.69% as at June 30, 2023; 25.81% as at March 31, 2023) |
| Employee strength | <ul style="list-style-type: none"> 22,566 as at March 31, 2024 (21,796 as at December 31, 2023, 21,040 as at September 30, 2023, 19,294 as at June 30, 2023; 17,870 as at March 31, 2023) |
| Provisions and Credit costs | <ul style="list-style-type: none"> Total provisions including Floating Provision as at March 31, 2023 was ₹ 67,637.06 Lakhs (₹ 66,992.29 Lakhs as at December 31, 2023, ₹ 69,196 Lakhs as at September 2023, ₹ 70,134 Lakhs as at June 30, 2023; ₹ 73,530 Lakhs as at March 31, 2023) Total NPA provision (excluding floating provision) held was ₹ 41,623.25 Lakhs (₹ 40,799.19 Lakhs as at December 31, 2023, ₹ 44,398 Lakhs as at September 30, 2023, ₹ 46,391 Lakhs as at June 30, 2023; ₹ 50,157 Lakhs as at March 31, 2023). Total NPA provision increased by ₹ 824.06 Lakhs during quarter ended December 31, 2023 however the Provision reduced by ₹ 8,533.75 Lakhs as compared to March 2023. |

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



The Bank recorded exceptional performance across all parameters during the Q4 of FY 2023-24 and Year ended FY 2024-25. A summary of the key highlights of the Bank as at March 31, 2024 is given below:

- Pre-Provision Operating Profit (PPoP) for financial year ended March 31, 2024 was ₹ 191,711 Lakhs up 29% Y-o-Y; PAT for FY 2023-24 was ₹ 128,150 Lakhs up 17% Y-o-Y.
- Disbursements were at ₹ 668,100 Lakhs / ₹ 2,338,900 Lakhs in Q4FY24/FY24 up 11%/17% YoY.
- Total Deposits registered a growth of 23%/6% on Q-o-Q/Y-o-Y basis. Retail Term Deposit registered a growth of 36%/7% on Y-o-Y/Q-o-Q basis.

- Continued traction on Collections with ~99% efficiency in March 2024; NDA collection consistently at ~100%. Portfolio at risk was stable at 3.5% as of March 2024⁹. GNPA on GLB basis, stable at 2.1% as of March 2024; NNPA continues to be negligible at 0.3% as at March 2024. Total of ₹ 6,500 Lakhs written-off in Q4 FY24; Provision coverage ratio as at March 2024 was 87%¹⁰.

C. Macro-Economic Outlook:

The global economy faces multiple challenges: prospects of slowing growth, large public debt, increasing economic fragmentation, and prolonging geopolitical conflicts. The following are some of the key developments during the quarter.

⁵ Outstanding balance in IBPC/Securitisation/ Direct Assignment as on March 31, 2024 was ₹ 2,36,006.18

⁶ Outstanding balance in IBPC/Securitisation/ Direct Assignment as on December 31, 2023 was ₹ 1,59,600 Lakhs

⁷ Computed as a percentage to Gross advances. GNPA% on GLB basis was 2.07%

⁸ Computed as a percentage to Net advances. NNPA% as a ratio to Net GLB was 0.27%

⁹ Without adjusting IBPC & Securitisation of ₹ 2,360 / ₹ 1,596 / ₹ 2,174 Crores as on Mar 2024 / Dec 2023 / Mar 2023

¹⁰ Floating provision of ₹ 250 Crores continues to be on books & can be utilised for making specific provisions in future during extraordinary circumstances, with prior approval from the RBI ₹ 30 Crores was moved to Tier II capital in Jun'22 while ₹ 60 Crores, ₹ 10 Crores and ₹ 30 Crores were moved to other provision in Sep'22, Dec'22 and Mar'23 respectively

Global Economic Outlook¹¹

- The global economy remains remarkably resilient, with growth holding steady as inflation returns to target. The journey has been eventful, starting with supply-chain disruptions in the aftermath of the pandemic, a Russian-initiated war on Ukraine that triggered a global energy and food crisis, and a considerable surge in inflation, followed by a globally synchronised monetary policy tightening. Yet, despite many gloomy predictions, the world avoided a recession, the banking system proved largely resilient, and major emerging market economies did not suffer sudden stops.
- For advanced economies, growth is projected to rise from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025.
- In emerging market and developing economies, growth is expected to be stable at 4.2% in 2024 and 2025, with a moderation in emerging and developing Asia offset mainly by rising growth for economies in the Middle East and Central Asia and for sub-Saharan Africa. Growth in China is projected to slow from 5.2% in 2023 to 4.6% in 2024 and 4.1% in 2025 as the positive effects of one-off factors—including the post pandemic boost to consumption and fiscal stimulus—ease and weakness in the property sector persists. Growth in India is projected to remain strong at 6.8% in 2024 and 6.5% in 2025, with the robustness reflecting continuing strength in domestic demand and a rising working-age population.
- The inflation surge—despite its severity and the associated cost-of living crisis—did not trigger uncontrolled wage-price spirals. Instead, almost as quickly as global inflation went up, it has been coming down.
- In late 2023, headline inflation neared its pre-pandemic level in most economies for the first time since the start of the global inflation surge. In the last quarter of 2023, headline inflation for advanced economies was 2.3% on a quarter-over-quarter annualised basis.
- A divergence in disinflation speeds among major economies could also cause currency movements that put financial sectors under pressure. High interest rates could have greater cooling effects than envisaged as fixed-rate mortgages reset and households contend with high debt, causing financial stress.
- The record number of elections being held across the world in 2024 represents a salient risk with regard to fiscal consolidation prospects for the year. The 88 economies or economic areas that have already had or are expected to hold nationwide elections (parliamentary or presidential) include Bangladesh, Brazil, the European Union,

India, Indonesia, Mexico, Pakistan, Russia, the United Kingdom, and the United States. Those economies represent more than half the world population (or 4.2 Billion people) and 55% of global GDP. In the context of upcoming elections in numerous countries, moves to raise barriers to the international flow of workers could reverse the supply-side gains of recent years, exacerbate labour market tightness and skill shortages, and raise inflationary pressures. Tariff increases could trigger retaliatory responses, raise costs, and harm both business profitability and consumer well-being. Empirical evidence points to a bias toward fiscal slippages in elections years. And this time, the political discourse is particularly loud in favour of fiscal expansion.

- Risks to the global outlook are now broadly balanced. On the downside, new price spikes stemming from geopolitical tensions, including those from the war in Ukraine and the conflict in Gaza and Israel, could, along with persistent core inflation where labour markets are still tight, raise interest rate expectations and reduce asset prices. High interest rates could have greater cooling effects than envisaged as fixed-rate mortgages reset and households contend with high debt, causing financial stress. On the upside, looser fiscal policy than necessary and assumed in projections could raise economic activity in the short term, although risking more costly policy adjustment later on. Inflation could fall faster than expected amid further gains in labour force participation, allowing central banks to bring easing plans forward. Artificial intelligence and stronger structural reforms than anticipated could spur productivity.
- As the global economy approaches a soft landing, the near-term priority for central banks is to ensure that inflation touches down smoothly, by neither easing policies prematurely nor delaying too long and causing target undershoots. At the same time, as central banks take a less restrictive stance, a renewed focus on implementing medium-term fiscal consolidation to rebuild room for budgetary manoeuvre and priority investments, and to ensure debt sustainability, is in order.

Indian Economic Outlook¹²

OPPORTUNITIES:

- Domestic economic activity continues to expand at an accelerated pace, supported by fixed investment and improving global environment.
- India's growth trend is on the cusp of a post-pandemic upshift, with early signs of it rising above 7% recorded during the 2000s before COVID-19 struck. While private consumption typically accounts for about 60 per cent of India's GDP, it is investment

and exports that provide the turning points. In the period 2021-24, the export lever has been muted by global headwinds, but public expenditure on infrastructure is taking over as the locomotive of the step-up in the growth trend. Recent surveys indicate that private investment is getting crowded in.

- India's recent growth performance has surprised many, triggering a flurry of upgrades. For instance, the International Monetary Fund (IMF) has cumulatively revised its forecast for 2023 upwards by 80 basis points between April 2023 and January 2024. In its latest update, it expects India to contribute 16 per cent of global growth, the second largest share in the world in terms of market exchange rates by which metric, India is the fifth largest economy in the world and positioned to overtake Germany and Japan within the ensuing decade. In purchasing power parity (PPP) terms the Indian economy is already the third largest in the world.
- India has the world's largest population and the youngest. The median age is around 28 years; not until the mid-2050s will aging set in. Thus, India will enjoy a demographic dividend window of more than three decades, driven by a rising working age population rate and labour force participation rate. This is a striking contrast to a world widely confronted with the challenge of aging.
- India's growth performance has been historically anchored by domestic resources, with foreign savings playing a minor and supplementary role. In fact, India bears out the puzzle of high correlation between domestic saving and investment rates that was observed by Martin Feldstein and Charles Horioka way back in 1980. This is also reflected in the current account deficit (CAD) which remains within a sustainable threshold of about 2.5 per cent of GDP. Currently, the CAD averages about 1 per cent and this is associated with various indicators of external sector resilience – illustratively, external debt is below 20 per cent of GDP and net international investment liabilities are below 12 per cent. Debt servicing absorbs less than 7 per cent of current receipts, with principal repayments due over 12 months accounting for less than 48 per cent of international reserves. Reflecting these innate strengths, the ₹ has been among the least volatile currencies in 2023; it has, in fact, been appreciating in both nominal and real terms during the early part of 2024.
- The response to the COVID-19 pandemic through a large fiscal stimulus took the general government fiscal deficit to 13.1 per cent of GDP and public debt to 89.3 per cent of GDP in 2020. A gradualist path of fiscal consolidation was adopted beginning FY 2021-22 that has brought the general government deficit to 8.6 per cent of GDP and public debt to 81.6 per cent of GDP by March 2024. Employing a dynamic stochastic general equilibrium (DSGE) model, it is estimated that reprioritising fiscal spending by targeting productive employment-generating sectors, embracing energy-efficient transition and investing in digitalisation could lead to a decline in general government debt to 73.4 per cent of GDP by 2030-31. In contrast, the debt-GDP ratio is projected by the IMF to rise to 116.3 per cent in 2028 for advanced economies and to 75.4 per cent for emerging and middle-income countries.
- India's financial sector is predominantly bank-based. In FY 2015-16, the overhang of asset impairment in the wake of the global financial crisis and the ensuing years was addressed through a deep surgery in the form of asset quality review (AQR). A massive recapitalisation was undertaken during 2017-22. The beneficial effects started to show up from 2018 – gross and net non-performing assets ratios declined to 3.9 per cent and 1 per cent, respectively, by March 2023, with large capital buffers and liquidity coverage ratios well above 100 per cent. An Insolvency and Bankruptcy Code (IBC) has created the institutional environment for addressing stress in banks' balance sheets. On-site supervision is complemented with off-site surveillance, which harnesses SupTech, big data analytics and cyber security drills. More recently, a virtuous credit upswing has taken root alongside a strong improvement in bank profitability. Stress tests for credit risk and interest rate risk reveal that banks would remain above minimum capital requirements even under severe stress scenarios. Macroeconomic and financial stability are providing the foundation for medium-term growth prospects.
- India is undergoing a transformative change leveraged on technology. The trinity of JAM – Jan Dhan (basic no-frills accounts); Aadhaar (universal unique identification); and Mobile phone connections – is expanding the ambit of formal finance, boosting tech start-ups and enabling the targeting of direct benefit transfers. India's Unified Payments' Interface (UPI), an open-ended system that powers multiple bank accounts into a single mobile application of any participating bank, is propelling inter-bank, peer-to-peer, and person-to-merchant transactions seamlessly. Payment systems in India operate on a 24 by 7 by 365 day basis. Functionalities like offline payments, feature phone payments and conversational payments have been incorporated. The internationalisation of the UPI is progressing rapidly.

- Inflation in India is moderating after surging on multiple and overlapping supply shocks from the pandemic, weather-induced food price spikes, supply chain disruptions and global commodity price pressures following the Russia-Ukraine conflict. Notably, however, inflation in India peaked early in response to coordinated monetary-fiscal policies to anchor inflation expectations and dissipate idiosyncratic food price pressures. As a result, inflation has fallen back into the tolerance band since September 2023, with core inflation steadily ebbing to even below the target. The coordinated approach allowed the RBI to look through the first-round effects of food price shocks so that supply management balanced supply with demand. This minimised the financial stability and growth risks of monetary policy tightening.
- The Indian rupee (₹) has remained largely range-bound as compared to both its emerging market peers and a few advanced economies during FY 2023-24. The ₹ was the most stable among major currencies during this period. As compared to the previous three years, the ₹ exhibited the lowest volatility in FY 2023-24. The relative stability of the ₹ reflects India's sound macroeconomic fundamentals, financial stability and improvements in the external position.

CHALLENGES:

- Reaping the demographic dividend hinges around expanding the contribution of the workforce to GDP growth. Currently, the contribution of labour to value added in India compares poorly in a cross-country perspective – in terms of appropriate skills for a specific job, only 51 per cent is employable, highlighting the criticality of the upskilling missions that are underway such as Skill India that aims to bridge the skill gap and enhance employability.
- Start-up and entrepreneurship support initiatives foster innovation and job creation. Digital transformation through the Digital India campaign opens up new avenues for employment. Rural employment programmes and women empowerment schemes also promote the contribution of labour to value added.
- More than 80% of the workforce is employed in the informal sector. Furthermore, India ranks low in women's participation in the workforce. Increasing female labour participation is a key challenge, needing social norms in favour of working women; incentivising diversity in educational institutions and work places; flexible working hours and women friendly policies and facilities at work places; and promoting work-life balance – metaverse may offer exciting opportunities.
- The challenge of the depreciating rupee, although better performing than most other currencies, persists with the likelihood of further increases in policy rates by the US Fed. The widening of the CAD may also continue as global commodity prices remain elevated and the growth momentum of the Indian economy remains strong. The loss of export stimulus is further possible as the slowing world growth and trade shrinks the global market size in the second half of the current year.
- Therefore, the Global growth has been projected to decline in 2023 and is expected to remain generally subdued in the following years as well. The slowing demand will likely push down global commodity prices and improve India's CAD in FY24. However, a downside risk to the Current Account Balance stems from a swift recovery driven mainly by domestic demand, and to a lesser extent, by exports. It also adds that the CAD needs to be closely monitored as the growth momentum of the current year spills over into the next.

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

- 1) <https://pib.gov.in/PressReleasePage.aspx?PRID=1894932>
- 2) OECD ECONOMIC OUTLOOK
- 4) World bank website
- 5) IMF World economic outlook April 2023
- 6) RBI Financial Stability Report
- 7) RBI Bulletin
- 8) India Brand Equity Foundation (IBEF)

¹²Other sources referred :

- 1) <https://pib.gov.in/PressReleasePage.aspx?PRID=1894932>
- 2) OECD ECONOMIC OUTLOOK
- 3) Crisil Insight report May 2023
- 4) World bank website
- 5) IMF World economic outlook April 2023
- 6) RBI Financial Stability Report
- 7) Research report on "Credit Growth to drive GDP: Nothing Unsecured about Unsecured Lending" by SBI

Indian Banking industry Outlook:

- The Indian banking industry has been on an upward trajectory aided by strong economic growth, rising disposable incomes, increasing consumerism and easier access to credit.
- Digital modes of payments have grown by leaps and bounds over the last few years. As a result, conventional paper-based instruments such as cheques and demand drafts now constitute a negligible share in both the volume and value of payments.
- Bank accounts opened under GOI Pradhan Mantri Jan Dhan Yojana have deposits of over ~USD 25.13 Billion in beneficiary accounts. 5,111 Lakhs beneficiaries banked till December 15, 2023.
- India is one of the fastest-growing Fintech markets in the world. There are currently more than 2,000 DPIIT-recognised Financial Technology (FinTech) businesses in India, and this number is rapidly increasing.
- Data analysis indicates that digital lending is set to account for 60% of the total Indian fintech market by 2030. The increase in the proliferation of formal finance, growing per capita income and greater internet penetration, among others, will drive the growth in digital lending.
- Bank credit and deposits expanded y-o-y by 16.3 per cent and 12.9 per cent, respectively, as on March 22, 2024.

D. Key developments within the Bank

- The Bank has won the following awards :
 - 1) India's Best Companies to Work – 14th Year in a row
 - 2) Top 50 India's Best Place to Work – Culture of Innovation
 - 3) Top 25 India's Best Place to Work – BFSI (out of 167 BFSI participants in India)
 - 4) Best Small Finance Bank in BT Best Banks and NBFC Awards.
 - 5) Won the 19th Annual Banking Technology Conference, Expo & Citations - Best IT Risk Management
- The Bank has achieved following milestones in the realm of the Robotic Process Automation (RPA):
 - 1) Automated UPI and IMPS reconciliation leading to an outsourcing cost saving of ₹ 520 Lakhs
 - 2) 15 new processes automated through RPA
 - 3) 51,597-man hours saved due to the RPA

- 4) Transactions worth ₹ 11,900 Lakhs were processed through RPA.
- During the financial year, the bank's digital savings accounts crossed ₹ 200 Lakhs of portfolio with over 600 digital savings accounts.
 - The vehicle finance department has achieved highest ever disbursement in the month of March 2024.
 - The Bank intends on ramping up its business mix in line with its strategic imperatives. While digital and digital enabled banking services encompassing paperless banking, repayments, leveraging analytical tools and deployment of best-in-industry payment solutions shall remain a mainstay, the Bank, as part of its intent on spreading its geographical coverage and aid in brand recognition and recall, had opened 123 branches in FY 2023-24. The Bank also intends on opening 50 branches in FY 2024-25.
 - The Bank launched a nationwide Brand Campaign, in a prominent step towards establishing a mass market bank and building trust.
 - The Bank has also activated loan acknowledgment on the Hello Ujjivan app, which saves the customer time of visiting branches for signing disbursement documents. This also reduces the pressure on the r branches. The application has seen 7.8 Lakhs downloads since its launch. The Bank has also introduced loan acknowledgement facility for repeat loan and Top up loans on the app that will bring a significant cost saving. As the application gains usage and acceptance, it will provide field staff greater bandwidth to cross-sell to existing customers and also acquire new customers.
 - Digital fixed deposits provide smooth onboarding of digitally savvy and new to bank customers. Jointly, these efforts yielded strong results.
 - The Bank has tied up with four Fintech Partners for Supply Chain financing and has commenced disbursements. It is expected that this business shall contribute significantly towards second half of the year. The Bank continues to evaluate more such fintech partnerships on an ongoing basis.
 - The Housing vertical has achieved yet another milestone of achieving ₹ 500,000 Lakhs OSP.
 - In a significant development, CARE Ratings has upgraded the Rating of the Bank

to CARE AA- Stable (revised from CARE A+ positive, reflecting the considerable enhancement made by the Bank, both in terms of performance and overall governance.

E. Digital Banking Highlights :

- **Hello Ujjivan Application:** Intergration of New languages – Punjabi and Malayalam and Consent for Hospicash (Insurance for TPP) in Loan Acknowledgement Module is live on Hello Ujjivan Application. 7.8 Lakhs downloads of 'Hello Ujjivan' as on Mar'24 aiding in paperless disbursements, digital repayments and reducing TAT.
- **Web / Tablet based origination:** End to End Digital FD / SB account opening for resident Indians. Tablet-based customer acquisition for loan product.
- **Robotic Process Automation:** 26 processes are live via the robotic process saving outsourcing cost for reconciliation of ₹ 431 Lakhs. Process Load equalling to 60 Headcount savings of ₹ 181 Lakhs.
- **Digimitra and Phone Banking:** Launched 'DigiMitra' team/initiative at Phone Banking on August 16, 2023. The DigiMitra Team will handle end-to-end resolution of technical issues regarding Internet Banking, Mobile Banking, BNB, UPI services, by liaising with internal departments, to ensure timely and complete resolution for customers. 24x7 phone banking helpline in 13 Languages. VKYC and Video Banking services launched and running. IVR Supported in 9 languages. Dedicated helpline for NR customers.

F. Climate Risk Management and ESG– developments on capacity building:

- **Climate Finance global outlook**
 - Financing needs for climate change mitigation are large: The International Energy Agency (IEA) estimates that around USD 5 Trillion in yearly global gross investments will be required by

2030 to achieve net zero greenhouse gas emissions by 2050. EMDEs (Emerging Market and Developing Economies), which face important challenges in attracting private capital and have limited fiscal space, need about 40% of these investments so that climate mitigation investments increase to 12% of total investments by 2030 from the 2020 level of 3%.

- Private finance is critical for EMDEs to meet their climate investment requirements for both mitigation and adaptation. Estimates show that public investments will not be sufficient to meet climate investment needs and the share of private capital has to more than double from the current level of 40% by 2030. Risk-return profile of climate projects, however, are not amenable to private capital at scale and public sector participation can help de-risk such projects. Therefore, public-private partnership is essential to mobilise finance to meet the growing climate investment needs.
- In order to build an attractive private investment climate and generate private capital flows to EMDEs, public-private collaboration and sound financial sector policies are vital. Taxonomies, disclosure requirements and suitability and appropriateness standards for GSS financial instruments are critical in this regard. The G-20 Independent Expert Group has suggested an increase in annual spending by multilateral development banks (MDBs) by USD 3 Trillion by 2030, including USD 1.8 Trillion for additional climate action, and USD 1.2 Trillion for achieving other sustainable development goals (SDGs).

During the FY 2023-24, the Bank has made further progress on its capacity building initiatives on climate risk and ESG. Some of the key developments were as follows:

- **The Bank has launched its maiden TCFD (Task Force on Climate related Financial Disclosure) compliant disclosures during the Q3 FY 2023-24 to become the first Small Finance Bank to disclose the TCFD.**

| S# | Pillar | Achievement |
|----|------------------------|--|
| 1. | Sustainable Operations | <ul style="list-style-type: none"> • 100% of the offices are replaced with energy efficient lighting systems • 100% of the employees were provided training on energy and water conservation practices through awareness campaigns, posters etc. |

| S# | Pillar | Achievement |
|----|------------------------|--|
| | | <ul style="list-style-type: none"> 15,332 IT equipment units were disposed through authorised recyclers and about 1,351 devices like Handheld devices and Desktops were donated to Govt. schools towards digital literacy Waste segregation at source, measurement and responsible disposal of dry and wet wastes at Corporate and all the Regional offices |
| 2 | Sustainable by Design | <ul style="list-style-type: none"> Every new infrastructure has been given due consideration on the green aspects such as Polycarbonate boards as a substitute for glass and Ricron sheets in place of wood which are 100% recyclable; Fitted with 5-star rated ACs and LED bulbs throughout |
| 3 | Empowering Communities | <ul style="list-style-type: none"> 102% increase in the beneficiaries impacted through livelihood development programs from that of FY 2022-23 12% of the CSR projects were implemented in the aspirational districts 6494 employees were engaged in the volunteering programs which is 119% from that of 2019-20 |
| 4 | Human Capital | <ul style="list-style-type: none"> Policies on OHS, Human rights formulated 35.27 hours of training per employee against the target of 30.5 hours Achieved 20% gender diversity ratio with the addition of 2508 women employees during the year with 349 women under "Unpause", an opportunity for the women on career break to resume their career Awareness programs conducted towards prevention of road accidents |
| 5 | Effective Governance | <ul style="list-style-type: none"> Obtained ISO 27001:2022 certification Disclosure of BRSR on regulatory compliance Disclosure of maiden voluntary TCFD report |
| 6 | Customer Centricity | <ul style="list-style-type: none"> 8-point improvement from previous Bank level service index levels (from 78 to 86) Against the target of 5 points 1,400+ front end employees trained in 64 batches on Aajeevan 400+ end-to-end services were enabled by PhoneBanking Digitisation and Review of ongoing C-SAT surveys initiated, shall be completed by FY 2024-25 |
| 7 | Aspects Cutting Across | <ul style="list-style-type: none"> Transparency & Disclosures: <ol style="list-style-type: none"> Launched dedicated webpage on Sustainability with essential disclosures Disclosure of maiden voluntary Sustainability report Stakeholder Engagement: <ol style="list-style-type: none"> 5+ investors and 10+ sell-side analysts were engaged over each quarter Vendor code of conduct formulated & formulation of vendor assessment process in progress Digital Transformation: <ol style="list-style-type: none"> Launched Digital Savings Account and Digital Fixed Deposit for both existing to bank (ETB) and new to bank (NTB) customers Launched UPI lite to allow small ticket size payments 3,741 Lakh Crores customers facilitated digitally constituting to 88.54% of transactions 11.8 Million loan repayments conducted through digital channels 100% of contract management was executed digitally during FY 2023-24. 15 Processes automated via RPA saving 56k+ Man-hours |

G. Information Security Update (IS Risk)

With the ever-increasing global threat landscape, the Bank recognises the significance of robust Information security structure and implemented efficient information security management system in order to safeguard customer's interest.

The Bank's Information security program is ISO 27001 certified.

Bank has implemented defense in depth technology and orchestrated each and every tool in such a manner that none of the acts by a malicious intruder can go undetected.

The key elements and the teams working in a collaborative manner for managing information security risks are as follows: -

- 1. Risk assessment and Management:** - The team conducts regular risk assessments to identify and mitigate potential vulnerabilities and threats to the Bank. Third party information security assessment is carried out for all critical partners to keep tabs on risks emerging out of all third-party vendor relationships along the entire supply chain.
- 2. Policies and procedures:** - Bank has a set of robust information security policies and procedures which sets us out the path to each and every individual working in the organisation in a secure manner.
- 3. Security awareness and training:** - The Bank understands that employees play a critical role in maintaining information security. Therefore, the organisation invests in regular training and awareness programs to educate our workforce about emerging threats, phishing attacks, social engineering techniques and other security best practices.
- 4. Red team:** - Bank has an independent group of experts who simulate real world attacks and attempt to exploit vulnerabilities. As a result of which, as an organisation the Bank gets valuable insights to enhance security posture of the organisation.
- 5. Blue team:** - Bank has established a 24*7 SOC (Security operation centre) team that monitors, detects, analyzes the potential incidents and take requisite actions to respond to the incidents.
- 6. GRC team:** - Bank has a dedicated GRC (Governance risk and compliance) team to ensure effective management of regulatory requirements, risks and operational controls.

The Bank recognises that information security is an ongoing requirement and requires continuous involvement, improvement and adaptation to ever increasing threat landscape. The Bank regularly participates in Cyber drills

conducted by the Institute of Development and Research on Banking technology (IDRBT) and conducts periodic Disaster Recovery Drills for its technology infrastructure to improve incident response preparedness and to ensure the availability of critical services in the event of a disaster. The Bank has adopted a proactive approach instead of reactive approach by following security by design principle for all products and services.

H. Major Regulatory Update

Through its guideline dated April 26, 2024 the Regulator has provided a detailed framework for conversion of SFBs into Universal Commercial Bank. The eligibility criteria for an SFB to transition into a Universal bank will now be as follows:

- Scheduled status with a satisfactory track record of performance for a minimum period of five years;
- Shares of the Bank should have been listed on a recognised stock exchange;
- Having a minimum net worth of ₹ 1,000 Crores (₹ 10,000,000,000) as at the end of the previous quarter (audited);
- Meeting the prescribed CRAR requirements for SFBs;
- Having a net profit in the last two financial years; and
- Having GNPA and NNPA of less than or equal to 3% and 1% respectively in the last two financial years.

The Bank will review its compliance in the next financial year and then the matter of conversion will be considered at the Board.

3. TABLE DF- 1: SCOPE OF APPLICATION

3.1 Qualitative Disclosures

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

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

3.1.1 List of group entities considered for consolidation

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

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

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

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

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

4. Table DF-2: Capital Structure

4.1 Qualitative Disclosures

4.1.1 Tier I capital

The Bank has an authorised capital of ₹ 262,500 Lakhs in the form of Common Equity qualifying as Tier 1 capital.

Pursuant to the Scheme of Amalgamation being effective as on March 31, 2024, the Bank had an issued, subscribed and paid-up equity capital of ₹ 193,142.85 Lakhs, having 1,931,428,509 shares of face value ₹ 10 each further pursuant to the scheme.

Please note that pursuant to the effect of the Scheme of amalgamation, 1,440,036,800 equity shares and 200,000,000 preference shares of the Bank held by UFSL are extinguished. Further, basis the allotment of 1,412,702,033 fully paid equity shares of 10/- each of Bank to the eligible shareholders of the erstwhile UFSL, who were holding equity shares of UFSL as on the Record date i.e., May 03, 2024, consequent to which the paid-up equity capital of the Bank as on May 06, 2024 is ₹ 19,317,951,170.

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 33.33% comprising of (a) Foreign Portfolio investors (FPI), (b) Non-Residential Indians (NRI) and (c) Non-Resident Indian Non Repatriable as at March 31, 2024, the Bank was compliant with RBI guidelines on SFBs.

4.1.1.1. Promoter contribution¹³:

As the Reverse Merger of the Promoter – UFSL with the Bank being effective, the Bank is now a 100% publicly held entity with no identified Promoter. Before the Scheme being effective the promoter contribution in the Bank was 73.52%.

The shareholding pattern of the Bank as at March 31, 2024 and Post Merger are as under:

| Category of the Shareholder | Pre-Merger | | Post-Merger (May 06, 2024) | | Post-Merger (May 06, 2024 being the date of actual allotment) | |
|---|----------------------|----------------------|----------------------------|----------------------|---|----------------------|
| | No. of shares held | %age of shareholding | No. of shares held | %age of shareholding | No. of shares held | %age of shareholding |
| Promoter | 1,440,036,800 | 73.52 | Nil | Nil | Nil | Nil |
| Mutual Funds | 11,271,630 | 0.58 | 83,628,614 | 4.33 | 86,893,404 | 4.50 |
| Alternate Investment Funds (AIF) | 19,418,235 | 0.99 | 43,260,202 | 2.24 | 43,931,250 | 2.27 |
| Foreign Portfolio Investors (FPI) | 68,283,602 | 3.48 | 467,260,428 | 24.19 | 520,702,938 | 26.96 |
| Resident Individuals/Hindu Undivided Family (HUF) | 374,236,956 | 19.11 | 975,986,585 | 50.53 | 1,006,893,210 | 52.12 |
| Others | 45,516,053 | 2.32 | 361,292,680 | 18.71 | 273,374,315 | 14.15 |
| Total | 1,958,763,276 | 100.00 | 1,931,428,509 | 100.00 | 1,931,795,117 | 100.00 |

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

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

| Capital Structure- Summary of Tier I & Tier II Capital | | | | |
|--|--|------------------------------|---------------------|-------------------|
| Sl. No. | Instrument | Whether Tier I or II | Pre-Merger | Post-Merger |
| | | | Amount (₹ in Lakhs) | |
| 1 | Equity ¹⁴ (refer note 1) | Common Equity Tier 1 (CET 1) | 195,876.32 | 193,142.85 |
| 2 | PNCPS ¹⁵ | Additional Tier I | 20,000.00 | Nil |
| 3 | Subordinated Debt Instruments | Tier II | 30,000.00 | 30,000.00 |
| | Total | | 245,876.32 | 223,142.85 |

4.1.1.2. Additional Details on PNCPS instruments

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

The claims of the investors in the instruments are:

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

| Tier I Series name | Tier I Series name | Issue date | Date of Redemption | Basel III complaint (Y/N) | Contractual Dividend rate (% p.a.) (on a fixed rate basis) |
|----------------------|--------------------|-------------------|--------------------|---------------------------|--|
| PNCPS (refer note 1) | 20,000 | February 09, 2017 | Perpetual | Yes | 11% p.a. |

Note 1:

Pursuant to the effect of the Scheme of amalgamation, 1,440,036,800 equity shares and 200,000,000 preference shares of the Bank held by UFSL are extinguished. Consequent to the aforesaid extinguishment of UFSL shares in the Bank and issue of equity shares to the shareholders of UFSL, the paid-up equity capital of the Bank is revised from ₹ 19,591,298,840 to ₹ 19,317,951,170. Further, since the preference capital of ₹ 200 Crores is extinguished, the issued capital of the Bank is reduced from ₹ 21,591,298,840 to ₹ 19,317,951,170.

4.1.2. Subordinated Debt Instrument

As per specific directions received from the Regulator¹⁷, the Bank can issue Tier II capital instruments in compliance to either NCAF or Basel III guidelines of RBI. As on March 31, 2024 following are the Tier II Instruments raised by the Bank.

¹⁴ Issued and Paid up equity capital

¹⁵ Perpetual Non-Cumulative Preference Shares (PNCPS)

¹⁶ RBI/2022-23/12 DOR.CAP.REC.3/21.06.201/2022-23 dated April 01, 2022

¹⁷ RBI communication to the Bank vide email dated December 13, 2017

| Capital | Description of the Security | Issue Amount (₹ in Lakhs) | Issue date | Date of Redemption | Contractual Dividend rate (% p.a.) (on a fixed rate basis) |
|-----------------------------|---|---------------------------|----------------------------------|--------------------|--|
| Tier II – Subordinated Debt | Subordinated, rated, unlisted, unsecured, transferable, redeemable, fully paid up, non-convertible debentures | 22,500 | August 26, 2022 | April 26, 2028 | 11.95% p.a. |
| | | 7,500 | September 09, 2022 ¹⁸ | April 26, 2028 | 11.95% p.a. |
| Total | | 30,000 | - | - | - |

4.1.3. Dividend policy

The Bank has formulated the Dividend Distribution Policy in compliance with the provisions of Banking Regulation Act, 1949 and Guidelines/circulars issued by Reserve Bank of India (“RBI”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”). The objective of the Policy is to appropriately reward shareholders through dividends for reposing their confidence in Bank while retaining the capital required for supporting future growth. The payment of dividend to equity and PNCPS shareholders (since extinguished) 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 04, 2005.

5. Table DF- 3: Capital Adequacy

5.1 Qualitative Disclosures

The Bank has been well capitalised since inception and its capital position has been further augmented after equity raise through a QIP in Q2 FY 2022-23. As required by RBI in its operating guidelines to SFBs¹⁹, the Bank is required to adopt the Standardised approach for Credit Risk and maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 15% segregated as under:

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

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

SFBs are not required to have a separate capital charge for Market Risk and Operational Risk for the time being in terms of an RBI communication dated November 08, 2017 (DBR. NBD. No. 4502/16.13.218/2017-18). However, as a good governance practice, and as directed by its Board, the Bank separately computes capital charge for all the Pillar 1 risks viz. Credit, Market and Operational Risk following the Standardised Approach (SA) for Credit Risk, Standardised Duration Approach (SDA) for Market Risk and the New Standardised Approach (NSA) for Operational Risk. It is pertinent to note that the Regulator has now dispensed with the existing approaches of Operational Risk capital charge with the revised New Standardised Approach (NSA) vide Reserve Bank of India (Minimum Capital Requirements for Operational Risk) Directions, 2021 which is applicable to universal banks with effect from April 01, 2023.

¹⁸ Deemed Allotment Date: August 26, 2022

¹⁹ Refer RBI guidelines on Operating Guidelines for Small Finance Banks issued vide DBR.NBD. No.26/16.13.218/2016-17 dated October 06, 2016.

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

The disclosures pertaining to capital adequacy are as per the Generally Accepted Accounting Practices (GAAP). Preparation of Financial statements under Ind-AS regime by banks have been deferred by RBI until further notice and hence a comparison of capital adequacy under both the regimes will be made part of disclosures after the same is made applicable to banks. There are indications f that the Regulator may consider adopting a dynamic loan loss provisioning under IFRS9/Ind-AS framework. To this effect, a Discussion Paper was released by the Regulator on January 16, 2023 and formal guidelines in the matter are awaited. From the readiness standpoint, the Bank has put in place the necessary processes to compute Expected Credit Loss (ECL) and Ind-AS compliant financial statements. While the Bank has utilised internal capabilities in automating ECL components, the preparation of Ind-AS compliant financial statements continues to be manual. A final guideline from the Regulator is awaited to commence engagement with technology partners in developing necessary systems.

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

| Credit Risk | Underestimation of Credit Risk (Under ICAAP framework) |
|--|---|
| Operational Risk | Reputational Risk |
| Market Risk | Strategic Risk |
| Interest Rate Risk in Banking Book (IRRBB) | Compliance Risk |
| Liquidity Risk | People Risk |
| Concentration Risk | Information Technology and Information Security Risk |
| Outsourcing Risk | Group Risk ²⁰ |
| Securitisation Risk | Fintech Risks |
| Climate induced financial risks | ESG risks |

The Bank has implemented a Board approved Stress Testing policy and framework which forms an integral part of the Bank's ICAAP. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions. The changes in the levels of credit risk, market risk, liquidity risk, IRRBB, operational risk and reputational risk are assessed under assumed "stress" scenarios and sensitivity factors. Typically, these relate, inter alia, to the impact on the Bank's profitability and capital adequacy. The stress tests are conducted and the results are placed to the Risk Management Committee of the Board (RMCB) , 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.

²⁰ As per RBI guidelines on Guidelines on Management of Intra-Group Transactions and Exposures issued vide RBI/2013-14/487DBOD.No.BP.BC.96/21.06.102/2013-14 dated February 11, 2014

5.2 Quantitative Disclosures

5.2.1. Basel II capital calculation

The break-up of Basel II capital funds as March 31, 2024 was as follows:

| | | ₹ in Lakhs |
|---|--|------------|
| | Description | Amount |
| | Core Equity Tier 1 Capital - Instruments and Reserves | |
| | Directly issued qualifying common share capital plus related stock surplus (share premium) | 193,142.85 |
| | Retained earnings | 361,005.12 |
| A | CET1 capital before regulatory adjustments | 554,147.97 |
| | Core Equity Tier 1 Capital - Regulatory Adjustments | |
| | Deferred tax assets arising from temporary differences | 22,747.63 |
| | Intangibles (Prepaid Expenses & Computer Software) | 13,875.06 |
| | Credit Enhancements | 2,020.71 |
| | Regulatory Adjustments applied to CET1 Capital due to insufficient funds in Tier 2 to cover deductions | 0.00 |
| B | Total regulatory adjustments to CET1 Capital | 38,643.40 |
| C | CET1 capital (A-B) | 515,504.57 |
| | Additional Tier 1 Capital - Instruments and Reserves | |
| | Preference Shares | |
| E | AT1 capital before regulatory adjustments | |
| | Additional Tier 1 Capital - Regulatory Adjustments | |
| F | Total regulatory adjustments to AT1 Capital | - |
| G | AT1 Capital | |
| H | Tier 1 Capital (C + G) | 515,504.57 |
| | Tier 2 Capital - Instruments and Provisions | |
| | Sub - debt eligible as Tier 2 capital | 24,000.00 |
| | General Provisions on Std. Assets admissible as Tier 2 | 17,013.81 |
| | Investment Fluctuation Reserve | 7,167.20 |
| | Investment Reserve Account | 34.04 |
| I | Tier 2 Capital before regulatory adjustments | 48,215.05 |
| | Tier 2 Capital - Regulatory Adjustments | |
| J | Total Regulatory Adjustments to Tier 2 Capital | - |
| K | Tier 2 Capital (I - J) | 48,215.05 |
| L | Total Regulatory Capital (H + K) | 563,719.62 |

5.2.2. Credit Risk RWA

The detailed break up of Credit RWA is as follows:

| | | ₹ in Lakhs |
|--|--|---------------------|
| Asset Description | | RWA |
| Cash and Balances with Reserve Bank of India | | 0.00 |
| Balances with Banks and Money at Call and Short Notice | | 132.95 |
| Investments | | 23,664.38 |
| Advances | | 2,150,023.89 |
| Fixed Assets | | 28,791.38 |
| Other Assets | | 57,231.73 |
| Off Balance Sheet | | 23,005.16 |
| Total Credit RWA | | 2,282,849.48 |

A significant regulatory guideline impacting the RWA on consumer loans was issued by the Regulator on November 16, 2023 vide its Circular RBI/2023-24/85 dated November 16, 2023.

The Bank has evaluated the impact of the revised guidelines on its book, especially that small component of unsecured loans that do not satisfy the PSL criteria or the criteria for regulatory retail. There are also some loans in its FIG book where based on the rating a higher risk weight will apply. The net impact of the revised application of RWA is 0.8%, and the Bank is adequately capitalised to weather this impact.

5.2.3. Operational Risk RWA

The Regulator has issued Master Directions on Minimum Capital Requirements for Operational Risk under the New Standardised Approach (NSA) which will be applicable with effect from April 01, 2023 for Universal Banks. While the Regulator is yet to take a decision on its applicability for SFBs, the Bank has already commenced computation of Operational RWA under this new approach for internal reporting purposes.

The detailed computation is as follows:

| Particulars | ₹ in Lakhs | | |
|---|------------|--------------|--------------|
| | T FY'24 | T-1 FY'23 | T-2 FY'22 |
| Total amount of operational losses net of recoveries (no exclusion) | 1,263.55 | 527.35 | 906.96 |
| Total number of operational risk losses | 1,322.00 | 1,416.00 | 1,253.00 |
| Total amount of excluded operational risk losses# | 866.73 | 474.69 | 807.83 |
| Total number of exclusions | 1,152.00 | 1,255.00 | 990.00 |
| Total amount of operational losses net of recoveries and net of excluded losses | 396.82 | 52.66 | 99.13 |

| Sr. No. | Business Indicator (BI) and its sub components | ₹ in Lakhs | | |
|----------|---|--------------|--------------|-------------------|
| | | T | T-1 | T-2 |
| 1 | Interest, lease, and dividend component | | | |
| 1a | Interest and lease income | 567,715.41 | 416,499.47 | 281,279.91 |
| 1b | Interest and lease expenses | 226,770.39 | 146,709.26 | 103,920.70 |
| 1c | Interest earning assets | 36,64,893.73 | 30,42,153.98 | 21,64,058.57 |
| 1d | Dividend Income | 0 | 0 | 0 |
| 2 | Services component | 0 | 0 | 0 |
| 2a | Fee and commission income | 39,631.88 | 31,737.78 | 21,874.86 |
| 2b | Fee and commission expense | 1,851.00 | 1417.61 | 1392.79 |
| 2c | Other operating income | 27,811.05 | 22822.14 | 11466.14 |
| 2d | Other operating expense | 63,573.17 | 51036.29 | 40062.39 |
| 3 | Financial Component | | | |
| 3a | Net P&L on the trading book | 2,076.56 | 178.40 | 1,575.63 |
| 3b | Net P&L on the banking book | 326.38 | 0 | 185.34 |
| 4 | BI | 150,619.52 | 115,606.75 | 92,414.17 |
| 5 | Business Indicator Components (BIC) | 18,074.34 | 13,872.81 | 11,089.70 |
| 6a | BI gross of excluded divested activities | | | 150,619.52 |
| 6b | Reduction in BI due to excluded divested activities | | | - |

Disclosure on the BI

| | ₹ in Lakhs |
|---|-------------------|
| 1 Business indicator component (BIC) | 18,074.34 |
| 2 Internal loss multiplier (ILM) | 0.60 |
| 3 Minimum required operational risk capital (ORC) | 18,074.34 |
| 4 Operational risk RWA | 225,929.28 |

5.2.4. Market Risk RWA*

As at March 31, 2024, the AFS²¹ book consisted of Government of India Securities, Treasury Bills and unquoted equity and the HFT²² book consisted of Government Securities, Commercial Paper, Certificate of Deposits and Mutual Funds. On the basis of SDA²³, the capital requirement for market risk reported to the Board from a governance perspective was as under:

| Capital Requirement for Market Risk | ₹ in Lakhs Amount |
|-------------------------------------|----------------------|
| Interest Rate Risk | 1,379.50 |
| Equity Position Risk | 2.76 |
| Foreign Exchange Risk | - |
| Total | 1,382.26 |
| Total Market Risk RWA | 17,278.26 |

* Revised guidelines for computation of Market Risk capital charge will be adopted effective April 01, 2024.

²¹Available for Sale

²²Held for Trading

²³Standardised Duration Approach

5.2.5. Basel II CRAR (with only Credit RWA)

₹ in Lakhs

| Particulars | RBI thresholds | Amount/Ratio (Only Credit RWA) |
|----------------------|-----------------------------|--------------------------------|
| Tier I Capital | -- | 515,504.57 |
| Tier II Capital | -- | 48,215.05 |
| Total Capital | -- | 563,719.62 |
| Total RWA | -- | 2,282,849.48 |
| CET Ratio | Minimum 6% | 22.58% (Complied) |
| Tier I Ratio | Minimum 7.5% | 22.58% (Complied) |
| Tier II Ratio | Maximum cap at 7.5% of CRWA | 2.11% (Complied) |
| CRAR | Minimum 15% | 24.69% (Complied) |

Presently, the operating guidelines for SFBs mandate that the minimum CRAR be computed in relation to only the Credit Risk Weighted Assets (CRWA). The CRAR of the Bank at **24.69%** is well above the minimum ratio of 15% as applicable for SFBs.

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

| Particulars | Amount/ Ratio (all Pillar 1 risks) |
|----------------------|------------------------------------|
| Tier I Capital | 5,15,504.57 |
| Tier II Capital | 48,215.05 |
| Total Capital | 5,63,719.62 |
| Total RWA | 2,526,057.02 |
| CET Ratio | 20.41% |
| Tier I Ratio | 20.41% |
| Tier II Ratio | 1.91% |
| CRAR | 22.32% |

It may be noted that the Bank's CRAR is assessed at 22.32% after inclusion of Credit RWA, Operational Risk RWA and Market Risk RWA. The capital adequacy, is higher than the mandated SFB requirement of 15%, which is solely on the basis of CRWA, and also considerably higher than the minimum mandated for Universal Commercial Banks. While the Regulator is yet to notify the applicability of the other two pillar 1 risks, there is a possibility to align the minimum capital adequacy norms with that of Universal Commercial Banks for SFBs. Hence, not only from a governance perspective but also to meet its future projections in growth, the Bank has always been well capitalised, when taking into consideration capital charges for Credit Risk, Market Risk and Operational Risk.

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

6.1. Qualitative disclosures

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

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

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

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

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

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

The Bank's Credit Policy, Credit Risk Management Policy, Credit Manuals, Product Programs, NPA Management Policy, Collateral Management Policy and Interest Rate Policy, form the core set of internal guidelines for management of credit risk in various activities and products. These articulate the credit risk strategy of the Bank and thereby the approach for credit origination, approval and maintenance. These policies define the Bank's overall credit granting criteria, including the general terms and conditions. The policies / programs typically address areas such as target markets / customer segmentation, qualitative and quantitative assessment parameters, portfolio mix, prudential exposure ceilings, concentration limits, price and non-price terms, structure of limits, approval authorities, exception reporting system, prudential accounting and provisioning norms. They take cognizance of prudent and prevalent banking practices, relevant regulatory requirements, nature and complexity of the Bank's activities, market dynamics etc.

Credit concentration risk arises mainly on account of concentration of exposures under various categories including industry, products, geography, underlying collateral nature and single / group borrower exposures. To ensure adequate diversification of risk, concentration ceilings have been set up by the Bank on different risk dimensions, in terms of borrower/ business group, geographic state, unsecured lending ratio and risk grading (for institutional lending).

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

Definitions of past due and impaired loans

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

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

The Bank is guided by the provisions laid down in Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated April 02, 2024 as amended from time to time.

Provisioning and Regulatory norms applicable to the Bank

- 1) The Board reviews the provisioning norms of the Bank at regular intervals to determine if any enhanced provisioning is required based on credit performance. Despite a history of low Portfolio at Risk (PAR) and delinquencies, the microfinance portfolio of the Bank (the Bank's flagship offering) is unsecured where adverse and acute events (such as demonetisation and the Pandemic) can impact the portfolio quality. To enhance the coverage on MB-RB portfolio, the Bank continuously identifies incipient stress in specific accounts and geographies where accelerated provisions may be required on an on-going basis.
- 2) The Bank's NPA Management Policy, on the directions of the Board, has adopted an accelerated provisioning regime which is higher than the RBI mandated provisioning norms since inception. The Bank's Risk Management Department undertakes a proactive assessment of the likely GNPA'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 financial year FY 21-22, as a one-time measure, the Bank had created a Floating Provision amounting to ₹ 25,000 Lakhs to address the risk of any recurrence of pandemic associated mobility restrictions. The decision to create a floating provision was made as there was no scientific consensus on the severity and frequency of future pandemic waves. While the chances of a fresh wave with similar levels of severity are low, the presence of the floating provision acts as a strong bulwark to protect against unexpected losses of any kind.

- 3) As on March 31, 2024, out of ₹ 25,000 Lakhs, ₹ 12,000 Lakhs are allocated for netting off Gross NPA for the purpose of computing NNPA/ PCR, while ₹ 3,000 Lakhs have been factored as part of Tier II capital. The residual balance of ₹ 10,000 Lakhs have been grouped as part of other provisions without utilising the same towards Tier II capital. This amount continues to be earmarked for netting off GNPA as and when warranted.
- 4) During the Q3 FY 2023-24, RBI released guidelines on **Regulatory Measures towards Consumer Credit and Bank Credit to NBFCs dated November 16, 2023**, wherein the regulator raised the risk weights on consumer credit exposure of commercial banks and NBFCs, and also on bank credit to NBFCs. The risk weights have been increased to 125 per cent from 100 per cent for consumer credit exposure (outstanding as well as new) of commercial banks and NBFCs, including personal loans, but excluding housing loans, education loans, vehicle loans, and loans secured by gold and gold jewellery. Additionally, microfinance/ SHG loans provided by NBFCs have also been excluded. The risk weights on credit card receivables of SCBs and NBFCs were also increased by 25 percentage points to 125 and 150%, respectively. The risk weight on exposure of SCBs to NBFCs, excluding loans to HFCs and loans to NBFCs which are eligible for classification as priority sector, were also increased by 25 percentage points (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs is below 100%. Furthermore, regulated entities (REs) have been asked to review their extant sectoral exposure limits for consumer credit and put in place Board-approved limits in respect of various sub-segments under consumer credit. The Bank has complied with the regulatory measures released.
- 5) During the year as per the Consumer Credit circular dated November 16, 2023, the regulator *has asked the Banks to review their extant sectoral exposure limits for consumer credit and put in place, if not already there, Board approved limits in respect of various subsegments under consumer credit* as may be considered necessary by the Boards as part of prudent risk management. In view of the same the Bank has set exposure limits on subsegments under consumer credit.
- 6) RBI released a discussion paper on **Expected Credit Loss (Loss) framework for provisioning** by banks. Currently, banks are mandated to set aside provisions as per the IRAC guidelines which follows the 'incurred loss' approach. The proposed approach aims to recognise Significant Increase in Credit Risk (SICR) on a forward-looking basis which is expected to strengthen the banking system. The discussion paper has provided the following directions:
 - ECL amount is expected to be over and above IGAAP.
 - To avoid the capital shocks in banks, incremental provision required under ECL (ECL minus IGAAP) can be added back to Common Equity (Tier 1). This benefit to be phased out in 5 years.
 - A bank may choose to phase it out on a shorter period as per their own plan.

Credit Risk Portfolio review and Monitoring:

Micro finance Portfolio:

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

| | ₹ in Lakhs | | | | |
|-----------------|--------------|--------------|--------------|--------------|--------------|
| MBRB | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 |
| Gross Advances* | 1,552,066.34 | 1,606,863.74 | 1,778,964.36 | 1,850,651.41 | 1,878,573.22 |
| GNPA(Value) | 37,028.49 | 33,950.89 | 33,565.45 | 35,370.16 | 40,707.01 |
| GNPA% | 2.39% | 2.11% | 1.89% | 1.91% | 1.91% |

*Excluding IBPC/ Securitisation/DA transactions.

The Bank undertakes portfolio monitoring on a periodic basis with specific focus on key portfolio triggers. Continuous review of portfolio enables the Bank to identify incipient stress at cluster/region/state/branch level. Breach in the internal thresholds for default is the starting point for identifying risk in the portfolio. Risk indicators such as PAR30+, PAR90+, early delinquencies, quick mortality, non-starters, On Time Repayment Rates (OTRR), Collection Efficiency (CoE), stressed assets percentage and lagged PAR estimates provide useful insights in risk identification.

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

MicroBanking Group and Individual loans portfolio grew by 20% during the year and continue to report industry best performance in terms of portfolio quality. The GNPA in the vertical has further reduced during the year by 20 bps to close at 1.91%. The composite collection efficiency (CE%) had reached nearly 99% in the month of March 2024. 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.

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

For the ensuing financial year, in the GL and IL vertical there would be increased focus on staff productivity. The key projects include Hello Ujjivan repeat loans, SMELO Revamp. The Gold loans and Secured livestock book is also projected to grow in the coming years. The Vertical is also prioritising regulatory implementation directives example as per the November 16, 2023 guideline on Consumer credit released by RBI, the vertical is putting up a LUC mechanism in place which is expected to go live by the Second half of the FY 2024-25.

Affordable Housing Loans

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

| | Amt in ₹ Lakhs | | | | |
|-----------------|----------------|------------|------------|------------|------------|
| Housing Loans | Mar-23 | Jun-23 | Sep-23 | Dec-23 | MAR-24 |
| Gross Advances* | 311,398.13 | 339,651.29 | 377,513.17 | 417,144.14 | 469,356.62 |
| GNPA(Value) | 8,877.83 | 8,623.02 | 8,691.87 | 7,353.06 | 6,888.57 |
| GNPA% | 2.85% | 2.54% | 2.30% | 1.76% | 1.47% |

*Excluding IBPC/ Securitisation/DA transactions

Credit risk monitoring of Secured Housing loans is broadly done at two levels – account level and portfolio level. While regular portfolio reviews are undertaken to assess the health of the portfolio, the Bank also assesses inter-linkages of risks especially legal risk induced credit risk. Collateral related processes and procedures are reviewed to ascertain various gaps in the process. The Bank has designed monitoring mechanisms at process level encompassing credit deviations, collateral management, documentation etc. Regular reports are placed to the CRMC for further direction and actionable. A new LOS (Loan origination System) was piloted in Q4 FY 2023-24 and in April 2024 the LOS was successfully launched. This will help improve efficiency, reduction of manual intervention, enabling digital onboarding and improved productivity.

During Q4 FY 2023-24, the vertical disbursed ₹ 73,000 Lakhs up by 11% as compared to the previous quarter. SARFAESI initiations were accelerated which led to faster recoveries from NPA accounts. The Bank has recovered ₹ 5,761.11 Lakhs through SARFAESI recoveries in Housing Accounts in FY 2023-24.

MSME (Micro and Small and Medium Enterprise)

A comprehensive review of the MSME Portfolio given below:

| | ₹ in Lakhs | | | | |
|-----------------|------------|------------|------------|------------|------------|
| MSME | Mar-23 | Jun-23 | Sep-23 | Dec-23 | MAR-24 |
| Gross Advances* | 159,335.80 | 150,787.08 | 144,170.48 | 139,650.74 | 141,413.45 |
| GNPA(Value) | 14,013.74 | 14,745.42 | 14,161.17 | 12,354.84 | 11,837.95 |
| GNPA% | 8.80% | 9.78% | 9.82% | 8.85% | 8.37% |

*Excluding IBPC/ Securitisation/DA transactions

At the commencement of FY 2023-24, the Bank's MSME unit underwent a comprehensive transition through discontinuation of all existing products and launch of new products. The MSME business will now focus on providing Loan Against Property (LAP) with semi-formal and formal customers as the target segment. In addition to LAP, the MSME vertical will also offer tailored products on working capital facilities, supply chain financing and Fintech based loans. The Bank has launched semiformal LAP in Q1, which is now scaling up. The Bank is investing on internal capabilities to address the other business lines like Fintech Partnership, working capital financing, Supply chain financing, etc; This vertical also intends to leverage digital analytics for MIS/reporting automation. The Disbursements have started to scale up with 21% Q-o-Q growth. The vertical on boarded 2 new Fintechs during the quarter and working capital offering is at a pilot stage. SARFAESI initiations were accelerated which led to faster recoveries from NPA accounts. The Bank has recovered ₹ 6,202.06 Lakhs through SARFAESI recoveries in MSME Accounts in FY 2023-24.

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

Institutional Lending

A comprehensive review of the Institutional Lending Portfolio is given below:

| ₹ in Lakhs | | | | | |
|----------------|------------|------------|------------|------------|------------|
| FIG | Mar-23 | Jun-23 | Sep-23 | Dec-23 | MAR-24 |
| Gross Advances | 112,752.62 | 121,795.79 | 130,369.79 | 143,522.40 | 173,053.60 |
| GNPA(Value) | 441.68 | 441.68 | 441.68 | 441.68 | 441.68 |
| GNPA% | 0.39% | 0.36% | 0.34% | 0.31% | 0.26% |

As on March 31, 2024, FIG vertical has increased by 53% in the OSB. The Q4 disbursements were ₹ 54,600 Lakhs. The share of the institutional lending book of the Bank increased to be 6 % of the overall lending book and registered a collection rate at 100%. As part of monitoring, the Bank regularly reviews compliance to financial covenants (Capital Adequacy Ratio, GNPA, NNPA, Debt/Equity ratio as stipulated in sanction letter), collection of CA certified receivables statement and potential Early Warning Signals (EWS) alerts.

Vehicle Loans

The Vehicle Loans vertical was also considerably revamped and sought to focus only on two-wheeler financing during the year. As a step towards the relaunch, a new LOS was adopted and the Bank is in an advanced stage of embedding a scorecard in the LOS to facilitate decision making. New locations for the business were identified and locations where business was suspended were revived.

A comprehensive review of the Vehicle loan Portfolio given below:

| ₹ in Lakhs | | | | | |
|-----------------|-----------|-----------|-----------|-----------|-----------|
| VF | Mar-23 | Jun-23 | Sep-23 | Dec-23 | MAR-24 |
| Gross Advances* | 14,032.81 | 13,339.37 | 14,252.23 | 16,491.45 | 19,589.98 |
| GNPA(Value) | 875.12 | 769.87 | 737.41 | 704.29 | 643.50 |
| GNPA% | 6.24% | 5.77% | 5.17% | 4.27% | 3.28% |

*Excluding IBPC/ Securitisation/DA transactions

As on March 31, 2024, the Vehicle Finance vertical recorded its highest ever disbursement of ₹ 2,210 Lakhs in the Q4. . Functionality to collect repayments through third party payment aggregators and other online portals was also enabled to provide ease of transaction. The vertical also propelled new dealerships for Two-wheeler financing. . The business model is focussed on sourcing new loans through tie-ups with direct dealerships. The Bank has also in the developed a trade advance facility to dealers which is not active.

Gold Loans and Micro LAP:

With an objective to diversify away from Microfinance which is largely unsecured and reduce concentration risk, the Bank has placed top priority on venturing into new business lines which are secured by underlying collateral. The Bank intends on leveraging the synergy in the target customer segment and has identified Gold loans and Micro- LAP loans as key enablers to meet the dual target of secured loans ratio and profitability targets.

In the current FY the Bank is active in 60 branches (Disbursed Gold Loan). By FY 2024-25 the Bank is projecting Gold Loan presence in 250 branches.

Micro LAP as a product offering, was launched within the Housing unit to cater to the financing needs of customers with a collateral. The product has been launched majorly in Tamilnadu, Karnataka and also in Maharashtra, Gujarat. The disbursement trends (in value) of the Product are given below:

| ₹ in Lakhs | | | | |
|---------------------------|----------|----------|----------|------|
| Particulars | Q1 | Q2 | Q3 | Q4 |
| Disbursement-MLAP Actuals | 1,762.00 | 3,639.00 | 5,556.00 | 7965 |

Credit Risk Monitoring Unit (CRMU)

As per management directives, CRMU was created during FY 2022-23 within the Credit Risk Department under the supervision of the Bank's Chief Risk Officer. Some of the key activities undertaken by CRMU during FY 2023-24:

- Conducted monthly Health Council with CRO, CBO and CCRO as council members. The idea of these health councils was to provide an insight into ongoing

concerns in the MSME portfolio and get case specific feedbacks directly from the field which includes Regional Credit Managers, Business as well Collection Team

- Analysis of credit proposals disbursed under newly launched MSME Program "Prime LAP Semi Formal" during Q2 FY 2023-24. A detailed report was placed to the MD & CEO, CRO, CCRO, MSME Business Head and all

the respective RCMs. The report highlighted findings at a case level. Feedback and recommendations for improving product/credit appraisal standards were highlighted.

- Quarterly Quick Mortality analysis is being done by the CRMU and a report on the findings is placed at CRMU.
- File review of New products Elite LAP and Working capital loans on sample basis was started in March 2024.
- Developed a Dashboard internally to monitor the Banks portfolio at a snapshot which includes IOD'S, NPA, Bucket Movements, Roll Rates, etc.

Other Credit Risk management initiatives:

In a continuous endeavour to improve risk management practices, the Bank has, over time, transitioned from being reactive to proactive. In the post pandemic period, the Bank has put in place tools and techniques in order to transition to a proactive approach.

- District Risk Index (DRI) and DPM (District Performance Matrix) were developed to identify and monitor high risk branches on the basis of pre-specified parameters. The Bank is monitoring and taking appropriate steps towards any findings from the matrix.
- Collection productivity analysis for MicroBanking was developed during the year to analyse the performance of the In-house Collections officers, Off roll collections officers and Agencies.
- The Bank performed PDD and OTC documents analysis for Retail verticals on a timely basis.
- During the year, the Bank's board approved the Quick Mortality framework for all the loans in the Bank.
- The Bank has developed an Early Warning System (EWS) framework at an account level to detect and monitor account level behaviour patterns. This framework aids in identifying early signs of stress in loan accounts for early intervention and follow-up. The Bank has onboarded a vendor to put in place a system to capture feedback and enable ongoing monitoring. The system is currently under configuration and is expected to go-live sometime in Q1 FY 2024-25.
- With the availability of credit and loan performance data in the post pandemic period, the Bank has restarted its risk analytics journey for development of statistical application scorecards. Application scorecards are being redeveloped with post pandemic data for microfinance, vehicle and housing loans. Leveraging on the EWS outputs, the Bank also intends on developing behavioural scorecards, the outputs of which will be used in advanced capital charge calculation frameworks (FIRB approach).

- The credit risk models are intended to aid banks in quantifying, aggregating and managing risk across geographical and product lines. The outputs of these models also play increasingly important roles in banks' risk management and performance measurement processes, customer profitability analysis, risk-based pricing, active portfolio management and capital structure decisions. Credit risk modelling will aid in better internal risk management and have the potential to be used in the supervisory oversight of banking operations. The Bank has commenced development of scorecards in GL and IL. IL and VF scorecard are directly used in pricing models warranting regular review. As part of ECL preparedness, Bank has developed PD and LGD models using historical data and statistical techniques. **Therefore, the Bank's Board approved a policy to govern Model development, validation and ongoing monitoring. The Credit risk model validation essentially have qualitative as well as quantitative components.**
- During the year the Bank also performed a detailed review of Technical Write off, Settlement cases, Vintage Analysis in Micro and Rural Banking, Housing and MSEM book, Loan officer wise disbursement analysis. These analyses were placed at the Risk Management Committee of the Board for their review and guidance.
- A key exercise initiated during the quarter was a comprehensive review of pricing strategies adopted in all Strategic Business Units. While RBI guidelines on loan pricing mandates delineation of spread components and assignment of benchmarks (MCLR or EBLR) to loan pricing, the Bank undertook an internal exercise to evaluate the reasonableness and effectiveness in pricing of loans to meet strategic imperatives. The Bank developed pricing models using internal data estimates and external benchmarking, wherever applicable. Further, these pricing models were carefully evaluated for alignment to business strategy, budgets, system feasibility, adherence to prudential risk management norms and also ensure compliance to RBI guidelines on interest rate management. A salient feature in these pricing models includes adoption of a differential pricing matrix, in that, pricing of loans to borrowers would be risk adjusted to reflect the borrower's creditworthiness. For instance, in the Bank's flagship offering i.e., Microfinance/Group loans, the Bank is exploring to implement Risk Based Pricing (RBP) wherein concessional rates are proposed to be given in subsequent loans availed by the borrower if pre-specified credit history behaviour is maintained within a band. The Bank believes that the introduction of RBP will aid in encouraging and incentivising borrower/s to maintain a long term relationship. These pricing models are expected to be made effective by June 01, 2024.

6.2. Quantitative Disclosures

The overall distribution of Gross advances and Gross Loan Book as at March 31, 2024 was as under:

₹ in Lakhs

| Vertical | Gross Advances | % | Gross Loan Book | % |
|-----------------------------------|---------------------|----------------|---------------------|----------------|
| MB&RB | 1,878,573.22 | 68.51% | 2,091,473.22 | 70.23% |
| FIG Lending | 173,053.60 | 6.31% | 173,053.60 | 5.81% |
| Housing | 469,356.62 | 17.12% | 492,441.26 | 16.54% |
| MSME | 141,413.45 | 5.16% | 141,413.45 | 4.75% |
| Personal Loans | 6,705.80 | 0.24% | 6,705.80 | 0.23% |
| Staff Loan | 17,242.58 | 0.63% | 17,264.12 | 0.58% |
| Vehicle Finance | 19,589.98 | 0.71% | 19,589.98 | 0.66% |
| Loan/OD Against Deposit/Gold loan | 35,979.93 | 1.31% | 35,979.93 | 1.21% |
| Total | 2,741,915.16 | 100.00% | 2,977,921.37 | 100.00% |

Exposure summary: Facility type

| Exposure Type | Domestic (₹ in Lakhs) | Overseas |
|---|-----------------------|-----------|
| Fund- Based exposure ²⁴ | 4,003,578.23 | -- |
| Non- Fund Based Exposure* | 38,990.37 | -- |
| LESS: CRM DEDUCTIONS (GNPA Provisions held) | (41,623.25) | -- |
| Total | 4,000,945.35 | -- |

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

Geographic Distribution of advances (State-wise)²⁵ (Rs in Lakhs)

| Tamil Nadu | 420,478.37 | 14.12% |
|-------------------|-------------------|---------------|
| Karnataka | 390,311.56 | 13.11% |
| West Bengal | 355,036.87 | 11.92% |
| Maharashtra | 278,526.69 | 9.35% |
| Gujarat | 234,723.64 | 7.88% |
| Uttar Pradesh | 205,612.83 | 6.90% |
| Bihar | 204,177.14 | 6.86% |
| Haryana | 163,798.26 | 5.50% |
| New Delhi | 147,962.46 | 4.97% |
| Rajasthan | 132,970.92 | 4.47% |
| Jharkhand | 72,526.88 | 2.44% |
| Punjab | 71,411.52 | 2.40% |
| Odisha | 64,868.87 | 2.18% |
| Kerala | 63,005.71 | 2.12% |
| Madhya Pradesh | 47,054.29 | 1.58% |
| Tripura | 33,047.66 | 1.11% |
| Assam | 29,779.20 | 1.00% |
| Uttarakhand | 16,646.31 | 0.56% |
| Pondicherry | 13,993.34 | 0.47% |
| Chhattisgarh | 13,487.52 | 0.45% |
| Chandigarh(UT) | 5,314.66 | 0.18% |
| Telangana | 4,368.30 | 0.15% |
| Himachal Pradesh | 3,800.87 | 0.13% |
| Meghalaya | 3,544.00 | 0.12% |
| Goa | 1,473.50 | 0.05% |
| Andhra Pradesh | 0.00 | 0.00% |

²⁴Fund Based exposure is computed as per Basel II guidelines

²⁵Geography wise loans and advances is Including IBPC, Securitisation and DA

Maturity pattern of assets and liabilities

₹ in Lakhs

| Buckets | Net Advances after netting off IBPC/ Securitisation/Direct assignment | Investments | Deposits | Borrowings |
|----------------------------------|---|------------------|------------------|----------------|
| Day – 1 | 211 | 509,262 | 11,286 | 770 |
| 2-7 Days | 24,481 | 7,806 | 69,491 | 181,174 |
| 8-14 Days | 42,154 | 14,860 | 60,055 | 0 |
| 15-30 Days | 41,540 | 21,249 | 77,383 | 0 |
| 31 Days and up to 2 months | 117,817 | 30,111 | 76,794 | 0 |
| Over 2 months and up to 3 months | 120,932 | 27,046 | 103,213 | 9,050 |
| Over 3 Months and up to 6 months | 339,021 | 90,206 | 264,974 | 19,820 |
| Over 6 Months and up to 1 year | 584,802 | 186,377 | 1,132,055 | 27,140 |
| Over 1 Year and up to 3 years | 760,240 | 165,220 | 1,089,673 | 54,810 |
| Over 3 Year and up to 5 years | 78,728 | 19,100 | 10,577 | 46,960 |
| Over 5 years | 322,574 | 21,738 | 18,426 | 8,556 |
| Total | 2,432,500 | 1,092,975 | 2,913,927 | 348,280 |

Gross Non-performing assets (NPA)

₹ in Lakhs

| Category of Gross NPA | Mar-23 | Jun-23 | Sept-23 | Dec-23 | MAR -24 |
|-----------------------|------------------|------------------|------------------|------------------|------------------|
| Sub-standard | 23,604.11 | 25,496.61 | 27,395.28 | 31,310.04 | 37,994.01 |
| Doubtful | 39,239.83 | 33,965.53 | 30,265.28 | 24,843.83 | 21,851.52 |
| Loss | 217.00 | 191.62 | 919.22 | 920.39 | 1,406.94 |
| Total | 63,060.94 | 59,653.76 | 58,579.78 | 57,074.26 | 61,252.47 |

₹ in Lakhs

| NNPA | Mar-23 | Jun-23 | Sept-23 | Dec-23 | MAR-24 |
|--|-----------|-----------|-----------|-----------|-----------|
| Net NPA | 12,903.83 | 13,262.39 | 14,181.34 | 16,275.07 | 19,629.22 |
| NNPA after factoring Floating Provisions | 903.83 | 1,262.39 | 2,181.34 | 4,275.07 | 7,629.22 |

₹ in Lakhs

| NPA Ratios | March 2023 | June 2023 | Sept-23 | Dec-23 | MAR-24 |
|---|------------|-----------|---------|---------|--------|
| Gross NPA to Gross Advances (excluding IBPC/ Securitisation/DA) ²⁶ | 2.88% | 2.62% | 2.35% | 2.18% | 2.23% |
| Net NPA to Net Advances (excluding IBPC/ Securitisation/ DA) ²⁷ | 0.042% | 0.057% | 0.0897% | 0.1669% | 0.284% |

Movement of Net NPAs (Quarterly basis)

₹ in Lakhs

| Particulars | Mar-2023 | June 2023 | Sept 2023 | Dec-23 | MAR-24 |
|---|---------------|-----------------|-----------------|-----------------|-----------------|
| Opening Balance is Year Opening Balance | 9,959.79 | 903.83 | 903.83 | 903.83 | 903.83 |
| Additions during the period | 14,805.19 | 7,052.85 | 12,819.62 | 19,015.71 | 25,845.80 |
| Reductions during the period | 36,861.14 | 6,694.29 | 11,542.12 | 15,644.48 | 19,120.41 |
| Closing Balance | 903.83 | 1,262.39 | 2,181.34 | 4,275.07 | 7,629.22 |

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

₹ in Lakhs

| Particulars | Mar-23 | June- 2023 | Sept-2023 | Dec-23 | MAR-24 |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Opening Balance | 93,447.94 | 50,157.11 | 50,157.11 | 50,157.11 | 50,157.11 |
| Provisions made during the period | 25,255.03 | 6,811.00 | 13,729.98 | 19,732.02 | 25,578.38 |
| Write back of excess provisions | 68,545.86 | 10,576.75 | 19,488.65 | 29,089.94 | 34,112.25 |
| Closing Balance | 50,157.11 | 46,391.37 | 44,398.44 | 40,799.19 | 41,623.25 |

²⁶ Gross NPA to Gross Loan Book (including IBPC/Securitisation/Direct Assignment) was 2.07% as on March 31, 2024

²⁷ Net NPA to Net Loan Book (including IBPC/Securitisation/Direct Assignment) was 0.27% as March 31, 2024

Provision Coverage Ratio (PCR)

₹ in Lakhs

| CATEGORY | Gross Advances after netting off IBPC, Securitisation & Direct Assignment | GNPA on gross advances | GNPA Provisions on gross advances | Floating Provisions Considered for NNPA* | PCR% on gross advances | PCR ON Gross Loan book |
|-------------------------|---|------------------------|-----------------------------------|--|------------------------|------------------------|
| MB-RB | 1,878,573.22 | 40,707.01 | 27,395.63 | 10,500.00 | 93.09% | 93.1% |
| FIG Lending | 173,053.60 | 441.68 | 441.68 | 0.00 | 100.00% | 100.0% |
| Housing | 469,356.62 | 6,888.57 | 4,478.43 | 0.00 | 65.01% | 64.0% |
| MSME | 141,413.45 | 11,837.95 | 8,273.92 | 1,500.00 | 82.56% | 82.6% |
| Personal Loans | 6,705.80 | 699.83 | 498.77 | 0.00 | 71.27% | 71.3% |
| Staff Loan | 17,242.58 | 13.13 | 7.44 | 0.00 | 56.70% | 56.7% |
| Vehicle Finance | 19,589.98 | 643.50 | 517.18 | 0.00 | 80.37% | 80.4% |
| Loan/OD Against Deposit | 35,979.93 | 20.80 | 10.20 | 0.00 | 49.05% | 10.2% |
| Grand Total | 2,741,915.16 | 61,252.47 | 41,623.25 | 12,000.00 | 87.54% | 87.28% |

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

Write off:²⁸

₹ in Lakhs

| Particulars | Total Write off undertaken |
|-------------------------|----------------------------|
| Q1 FY 2023-24 | 6,000.00 |
| Q2 FY 2023-24 | 5,600.00 |
| Q3 FY 2023-24 | 9,300.00 |
| Q4 FY 2023-24 | 6,500.00 |
| Total FY 2023-24 | 27,400.00 |

Non-performing Investments (NPI)

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

Movement of provisions for depreciation on investments

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

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

7.1. Qualitative Disclosures

- The Bank has adopted Standardised Approach for computation of capital charge for Credit Risk as per RBI guidelines. These guidelines envisage different risk weights for different asset classes, which have been duly applied.
- The loan book of the Bank predominantly comprises retail category loans. Therefore, the risk weights as applicable to Regulatory Retail, claims under Residential Mortgage and staff loans are applied. For consumer loans within its microfinance portfolio, the applicable risk weight is applied.

²⁸Write off includes actual write off and technical write off

- c. Institutional lending is risk-weighted as per ratings assigned by Eligible Credit Rating Agencies (ECRA) as prescribed by RBI. During the year, the Regulator had issued specific guidelines with respect to treatment of exposures with instances of rating withdrawal and unrated exposures in relation to total borrowings from industry. The Bank has taken cognizance of the same.
- d. In terms of circular No. DBR.BP.BC.No.72/08.12.015/2016-17 dated June 07, 2017, the capital charge for claims secured by residential property falling under the category of individual housing loans is assigned differential risk weights based on the size of the loan as well as the loan to value ratio (LTV). As a countercyclical measure, RBI has decided to rationalise the risk weights, irrespective of the amount and only on the basis of LTV vide a notification on October 16, 2020. The Bank has taken cognizance of the same and these were incorporated for all loans sanctioned after the date of issuance of this circular. The Bank has factored the directions of RBI circular dated April 08, 2022 wherein, it was directed to continue with risk weights contained in the circular ibid for all new individual housing loans sanctioned up to March 31, 2023.

7.2. Quantitative Disclosures

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk Weight – Position as on March 31, 2024

| Sl. No. | Risk Weight | ₹ in Lakhs |
|---------|-----------------------------|---------------------|
| 1 | Below 100% Risk Weight | 3,277,428.45 |
| 2 | 100% Risk Weight | 197,424.60 |
| 3 | More than 100% Risk Weight | 567,715.5 |
| 4 | Deductions (GNPA PROVISION) | (41,623.25) |
| 5 | Total | 4,000,945.35 |

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

8.1. Qualitative Disclosure

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

The Bank accepts Eligible Financial Collateral²⁹ in a few instances for risk mitigation under secured Institutional lending and MSME loans. These financial collaterals are netted off for its collateralised transactions under comprehensive approach³⁰ while computing its Risk Weighted Assets (RWA). The Bank regularly reviews the health of the portfolio/borrowers and works on mitigation of any risk associated with the portfolio or borrower in particular through a combination of limits and restrictions.

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

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

²⁹Refer section 7.3.5 of Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline New Capital Adequacy Framework (NCAF) dated July 01, 2015

³⁰Refer section 7.3 of Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline New Capital Adequacy Framework (NCAF) dated July 01, 2015

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 'Updated Securitisation Guidelines' on December 05, 2022 (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 revised "Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021' dated September 24, 2021 (updated on December 05, 2022) covering transfer of loan exposures (herein after, the 'transfer of loan exposure guidelines'). In compliance to the guidelines, the Bank has put in place appropriate policies for undertaking these transactions.

The overall framework for the Securitisation of Standard Assets for the Bank is specified in the Board approved policy on Securitisation of Standard Assets. During the Q1 2022-23 the Bank had undertaken 'sale' transactions through securitisation route and Direct assignment.

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

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

Market Risk:

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

Regulatory and Legal Risk: These risks may arise when transactions are not compliant with applicable laws which may result in the transaction being rendered invalid. 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. focussed collection efforts in affected geographies) to improve their performance. The pool is also monitored by the rating agencies based on amortisation level, collection efficiency, credit enhancement utilisation levels and credit cover available for balance deal tenor.

Monitoring market risk

The Bank ascertains market value of the securitisation exposures based on extant norms, which is compared with their book value to assess the marked to market impact of these exposures monthly.

9.1.3 Roles Played by the Bank

Originator / Seller

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

Servicer

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

Provider of Liquidity Facilities

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

Credit Enhancement provider

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

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

The Bank as originator sells assets to a special purpose entity only on cash basis. Standard Assets transferred through securitisation are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received. Sales / transfers that do not meet true sale criteria are accounted for as borrowings. Standard assets transferred through direct

assignment are de-recognised in the Balance Sheet of the Bank to the extent a portion of the rights, title and interest of the Bank in the underlying loans has been assigned. The Bank follows the accounting treatment specified in the revised securitisation guidelines and transfer of loan exposure guidelines for any realised and unrealised gain arising from the securitisation transactions.

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

9.1.5 Rating of Securitisation Transaction

During FY 2023-24, the Bank used the ratings provided by CARE Ratings limited for the securitisation of retail pools. There has been no change to this rating.

9.2. Quantitative Disclosures

Details of Securitisation exposures in the Banking Book

| | ₹ in Lakhs |
|---|------------|
| Total Exposures Securitised by the Bank* | - |

*Represents total exposure of loans securitised and sell-downs via Direct Assignment during Q4 FY 23-24

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

| | ₹ in Lakhs |
|---|---------------|
| Exposure type | Losses |
| PTC (underlying assets being Loan against property) * | - |
| Total | - |

*PTC- Pass Through Certificate

Assets to be securitised within a year as on March 31, 2024

| | ₹ in Lakhs |
|--|---------------|
| Exposure type | Amount |
| Amount of assets intended to be securitised within a year | - |
| Of which amount of assets originated within a year before Securitisation | - |

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

| | ₹ in Lakhs | |
|---|------------------|--------------------------------------|
| Exposure Type | Amount* | Unrecognised gains / (losses) |
| PTC (underlying assets being Loan against property) | 15,613.48 | - |
| Direct Assignment | 7492.71 | - |
| Total | 23,106.19 | - |

*The amount represents the total outstanding for Securitisation and Direct Assignment as on March 31, 2024.

Securitisation exposures retained or purchased

| | ₹ in Lakhs | | |
|-----------------------|--------------------------|--------------------------|-----------------|
| Exposure Type | On Balance Sheet* | Off Balance Sheet | Total |
| Equity Tranche | 1,262.94 | - | 1,262.94 |
| Overcollateralisation | 1,969.22 | - | 1,969.22 |
| Direct Assignment | 850.43 | - | 850.43 |
| Total | 4,082.59 | - | 4,082.59 |

* Represents total principal amount of investment in Equity Tranche, Overcollateralisation and Direct Assignment outstanding under risk sharing as at March 31, 2024.

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

₹ in Lakhs

| Exposure Type | 50% weight | 75% risk weight | 114% risk weight* | 125% risk weight | Total |
|--|------------|-----------------|-------------------|------------------|----------|
| Equity Tranche (underlying assets being Loan against property) | | | 1,262.94 | | 1,262.94 |
| Total | | | 1,262.94 | | 1,262.94 |

* Calculated as per formula prescribed in Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2022

Securitisation exposures deducted from capital –

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

Details of Securitisation Exposures in the Trading Book

- NIL

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

10.1. Qualitative Disclosures

10.1.1. Overview of Market Risk Management

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

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

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

Investments: The Bank has a Board approved policy to make investments in both SLR and Non SLR securities. The Bank had investments in the following instruments: Government of India Securities (G Sec), Treasury Bills (T Bills), State Development Loans (SDL), Certificate of Deposits (CD), Commercial Papers (CP), Debt Mutual Funds (MF) and one legacy investment in an unquoted equity. The Bank had also made a token investment in a New Umbrella Entity (NUE) in association with National Payment Corporation of India (NPCI) and investment of ₹ 1,263 Lakhs as Pass through Certificates as part of the Securitisation deal executed during FY 2021-22. The Bank resumed investments in non SLR securities such as certificate of deposits, commercial papers and Mutual Funds during Q1 FY 2024 after successfully completing the automation of NPI module. During the year the Bank also secured necessary approvals to commence investments in select IPOs as a way to deploy short term surpluses and generate a return. This aspect of the investment business is at a nascent stage and no investments were made during the year. As on March 31, 2024, the investment holdings in various SLR and Non SLR instruments were as under:

₹ in Lakhs

| INSTRUMENTS | AFS | | HFT | | HTM | |
|-------------------------|----------------|----------------|--------------|--------------|----------------|----------------|
| | BV | MV | BV | MV | BV | MV |
| SLR | | | | | | |
| G Sec | - | - | - | - | 434,815 | 428,612 |
| SDL | - | - | - | - | 183,427 | 182,363 |
| STRIPS | - | - | - | - | - | - |
| T Bill | 241,236 | 241,236 | 4,791 | 4,791 | - | - |
| Total SLR | 241,236 | 241,236 | 4,791 | 4,791 | 618,242 | 610,975 |
| NON-SLR | | | | | | |
| PTC | 1,263 | 1,389 | - | - | - | - |
| Equity | 10 | 11 | - | - | - | - |
| CP | 16,677 | 16,677 | - | - | - | - |
| CD | 94,384 | 94,384 | - | - | - | - |
| MF | 0.00 | 0.00 | - | - | - | - |
| Total NSLR | 112,334 | 112,461 | - | - | - | - |
| Total Investment | 353,560 | 353,697 | 4,791 | 4,791 | 618,242 | 610,975 |

During the quarter, the Bank had added ~₹ 63,269 Lakhs of securities in its HTM portfolio. There was no transfer of securities from HTM to AFS portfolio in the current quarter. However, in accordance with the RBI Circular, direct sales up to 5% were undertaken by the Bank (duly approved by Board) to manage its HTM portfolio more efficiently. A total of ₹ 24,261 Lakhs (Book Value) was sold down and ₹ 326 Lakhs was realised. The details of sell transaction are as below:

₹ in Lakhs

| SECURITY | FACE VALUE | BOOK VALUE | Market Value | Profit Booked |
|---------------------------|------------|------------|--------------|---------------|
| 7.95% GS 2032 | 1,000.00 | 1,030.05 | 1,052.95 | 22.90 |
| 6.54% New GS 2032 | 10,000.00 | 9,550.98 | 9,658.75 | 107.77 |
| 6.54% New GS 2032 | 7,500.00 | 7,163.24 | 7,244.06 | 80.83 |
| 7.72 MAHARASHTRA SGS 2032 | 4,000.00 | 4,002.51 | 4,066.60 | 64.09 |
| 7.54% New GS 2036 | 500.00 | 505.93 | 517.70 | 11.77 |
| 7.54% New GS 2036 | 500.00 | 505.93 | 517.55 | 11.62 |

As at March 31, 2024, there was no negative MTM from positions held in HFT and AFS. As the rate has stabilised, the Bank started purchasing securities of slightly higher duration in HTM portfolio in order to capture the benefit of reduction in interest rate during FY 2024-25. The HTM duration stood at 4.27 years. The Bank continued to operate under the HTM limit of 23% applicable until March 31, 2024. However, this limit is no longer applicable in terms of RBI's Master Direction on Investments dated September 12, 2023. The Bank monitors the market signals and yield curve for any investment opportunity which can maximise yield. The current investment mix of the HTM portfolio is well poised to generate a positive MTM in the event of interest rate reduction. From risk management standpoint, the duration mix of the investment portfolio is also strategically maintained in a manner to limit incremental negative MTM in the event of recommencement of rate hikes.

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

₹ in Lakhs

| Month | Average SLR requirement | Average SLR maintenance | Average SLR requirement maintained as a % of NDTL |
|----------|-------------------------|-------------------------|---|
| Jan-2024 | 517,748.93 | 707,556.41 | 25% |
| Feb-2024 | 526,799.50 | 688,245.64 | 24% |
| Mar-2024 | 527,004.90 | 742,556.56 | 25% |

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

Reserve Bank of India had issued revised guidelines for investments vide its Circular number RBI/DOR/2023-24/104 dated September 12, 2023. This will be a major change affecting both accounting of all investments and also classification, with the introduction of the separate category called Fair Value Through Profit and Loss (FVTPL). The circular has become effective from April 01, 2024. The Bank took various steps to implement and comply with the Master Direction such as revised investment policy incorporating the provisions of the Direction was put in place with the approval of Board of Directors, necessary system enhancements were made to create new portfolios and accounting step up and also existing book was transitioned to new regime and appropriate reserve was created for revised carrying value of the investment portfolio. Also, it was necessitated by the provisions of the Master Direction to align the existing risk and loss limits on Treasury such as Trading Limits, M-duration and PV01 limits, exposure limits and stop loss limit to operate under the new framework.

Trading: The Bank is actively trading in G-sec market on an intraday basis and also carries overnight position in HFT portfolio, the trading positions are governed by stop loss limits to minimise the loss should there be a volatility in the market. 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.

The Bank resumed non SLR investments from June 2023 onwards and has made investments in CD, CP and debt and liquid mutual funds. The investment is undertaken with an objective of diversifying the investment portfolio and maximising the yield on the investment portfolio by deploying surplus liquidity. The transactions in non SLR investments were within the Board approved policies and regulatory thresholds.

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 funds, Front Office undertakes money market borrowing and lending activity. The source of borrowing and lending amongst Call money, Repo, TREPS and CROMS is decided based on the most favourable rate. The regulatory limit on Call/Notice money borrowing and lending is monitored on a daily basis by Middle office and reported to all stakeholders.

Market Risk team keeps the senior management and the Board apprised of the Liquidity situation of the Bank through regular updates to the ALCO and RMCB. As a part of the update, a detailed analysis on cash flow projections, recommendations, constraints (if any), scenario analysis on various regulatory ratios and ALM position of the Bank are being placed at regular intervals.

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 during the quarter. The Bank has various avenues to leverage upon in mitigating any future liquidity shortfalls. Some of the measures include securitisation, Direct Assignment, IBPC transactions, refinance and term loan facilities from Bank. The Bank is prioritising long-term funding through deposit mobilisation. The average liquidity position of the Bank is at comfortable levels with LCR hovering above 136.75% during Q4 FY 23-24 (average for the quarter).

Despite the challenges faced on account of spiralling inflation, liquidity reduction in the market and sticky interest rate on deposits, the Bank's ALCO took various proactive measures to align the Bank's funding and interest rate risk management strategies to evolving market dynamics by tweaking the interest rate offered on deposits and advances, diversifying funding avenues with the twin objective of staggered maturities and controlled increase in cost of funds and revisiting the investment portfolio limits which helped to minimise the impact of risks and aiding balance sheet growth. Besides, ALCO reviewed the outcomes of stress testing scenarios, funding concentration including deposits from cooperative banks, contingency funding buffers, cash flows and LCR projections on ex-ante basis to ensure that the Bank maintains resiliency to liquidity and interest rate risks.

Cost of funds:

The FY 2023-24 was a challenging year in terms of stubborn and elevated interest rate on deposits, the Bank took several steps to contain the cost of funds such as controlled sourcing of bulk deposits, tweaked interest rate on savings deposits to garner higher ticket deposits yet without losing competitive advantage and increasing interest cost of funds. The Bank also strategically focussed on alternate channels such as IBPC to raise funds which helped to keep a lid on cost of funds and added to the liquidity profile of the Bank.

On AD1

The Bank initiated putting in place necessary steps to apply for AD1 license with RBI during FY 2024-25 as the Bank has met all the eligibility criteria laid out by RBI in this regard. The AD 1 license enables the Bank to offer wide range of product suits to certain segments of existing customers and also enter into new segments which will facilitate customer acquisition albeit at gradual pace.

Liquidity Coverage Ratio

| | | ₹ in Lakhs | |
|----------|-----------------------------------|--------------|-----------------|
| | Q4 Quarterly Average | Amount | Adjusted Amount |
| A | High Quality Liquid Assets | | |
| | Level 1 Assets | 707,894.49 | 707,894.49 |
| B | Total Stock of HQLAs | - | 707,894.49 |
| C | Cash Outflows | 2,594,766.01 | 647,444.22 |
| D | Cash Inflows | 215,097.30 | 129,804 |
| E | Net Cash flow | - | 517,640 |
| F | 25% of Total Cash Outflow | - | 161,861 |
| G | Higher of E or F | - | 517,640 |
| | Liquidity Coverage Ratio | | 136.75% |

Net Stable Funding Ratio (NSFR): NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available Stable Funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required Stable Funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures. The minimum NSFR requirement set out in the RBI guideline is 100%.

The Bank's NSFR as at March 31, 2024 was 133.81% as against RBI minimum requirement of 100%.

| | | ₹ in Lakhs |
|-------------|--------------------------------------|-----------------|
| NSFR | | Weighted Amount |
| | Total Available Stable Funding (ASF) | 2,610,229.41 |
| | Total Required Stable Funding (RSF) | 1,950,686.64 |
| NSFR | | 133.81% |

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

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.

quarter to provide an oversight on key Operational Risk issues, the summary of which are presented to the RMCB. The ORMC supports the RMCB and is responsible for implementing the best practices in managing Operational Risk. The Bank has in place a Board approved Operational Risk Management policy to mitigate and manage Operational Risk. The Operational Risk management process is a top-down approach and is driven by strong and sound operating procedures and internal control culture with well-defined reporting and Business Continuity Management. This is a continuing process and the Bank is continuously striving to enhance its processes.

In the post pandemic era, the Bank has largely been successful in mitigating the risks of credit quality deterioration, collection risks, liquidity risks and interest rate risks which were largely triggered on account of external dynamics. The Bank has taken concerted efforts in reviewing the operational risk framework to identify and mitigate idiosyncratic risks in processes and systems. For instance, the Bank has identified various deficiencies in branch level operations which can exacerbate internal and external frauds.

11.1.2. Risk identification, measurement, monitoring and reporting

Following are some of the key techniques applied to manage Operational Risk within the Bank. It involves both a qualitative and quantitative approach.

Product and Process reviews: All new products and processes (including enhancements) are subject to a mandatory comprehensive review by the Operational Risk department. For process related approvals, PrAC (Process Approval Committee) has been constituted with effect from February 2021 and meetings are held at defined frequency. The Bank's Operational Risk team reviews and provides their observations for including additional controls for the risks identified during the assessment, if warranted. Subsequent to closure, the new/enhanced processes are placed at the PrAC for approval. The Bank continuously reviews and enhances its key processes to adapt to industry best practices. Operational Risk Management Department (ORMD) has approved 58 processes as on March 31, 2024. Few of them to note are process note on SOP – Senior Citizens FD ROI change, Process note on Escrow accounts, SOP of Securitisation & IBPC, Process note on Restructuring of Agri & Allied Agri advances due to natural calamity and Process Note for Direct Tax Payment solution on BNB Application etc.

UAT Testing (including BRD and FSD): For any change management/ automation of products and processes, the respective department owners prepare a Business Requirement Document (BRD). The BRD is reviewed by key personnel from control and business functions for further improvements. Subsequently, the same is provided to the IT department within the Bank. The IT department then prepares a Functional Specification Document (FSD) detailing the scope of the project. Once the project is moved to testing stage, ORMD performs the User Acceptance Testing (UAT) along with other key stakeholders to identify gaps in the actual deliverable versus that which was proposed in the BRD. These gaps are further addressed and closed before moving to production. As on March 31, 2024, 125 BRDs and FSDs were reviewed and UAT was undertaken for 70 new developments/changes/fix provided by IT covering - Veefin LMS, Blocking Limit in Petty Cash GL, Capturing Udyam Aadhaar field in Finacle, Housing Fixed to Floating Logic Change, Debit Card Renewal, Housing Loan 70:30 Rescheduling Logic, EBLR and communication on ROI reset etc.

RCSA: RCSA (Risk and Control Self-Assessment) is a forward-looking tool to identify and assess the level of risk inherent in any activity / process, the causes responsible for that risk and the status of existing controls to minimise the risk. The outcome of RCSA provides insight into known as well as potential Operational Risk areas in various process / business lines. Business teams, being the first line of defence, are responsible for carrying out RCSA activity. ORMD, being second line of defence is responsible for providing necessary guidance, training and inputs to the First Line of Defence (FLOD) for carrying out the RCSA. To create a Risk culture in FLOD and assume ownership for this activity, a Special Point of Contact (SPOC) is identified

in each department who is designated as Business Risk and Compliance Officer (BRACO) with whom ORMD shall engage. RCSA framework was approved in April 2021. Based on directions from the Board, in FY'24, RCSA was conducted in 10 identified departments through BRACOs of the vertical who are tasked to ensure that RCSA is done on an ongoing basis as a First line of defense. Departments identified for performing the RCSA viz., Admin & Infra, Branch Banking, Credit, Digital Banking, Housing, Information Technology, Micro & Small Enterprises, Phone Banking, Service Quality & Treasury. ORM team provided the training for BRACOs and respective department SPOC and RCSA was completed for all the identified departments as on March 31, 2024.

Key Risk Indicators: In FY 2023-24, 40 KRIs continue to be monitored at Organisation level. At functional level, 14 KRI's are monitored for Branch Banking vertical, 14 KRI's are monitored for Micro Banking vertical, 9 KRI's for Secured Housing Loans, 25 KRI's for Digital Banking as part of the ORM framework. The thresholds for the KRIs have been set in consultation with the respective stakeholders. These KRIs are analysed on the monthly basis and wherever breached those KRI's are shared with the respective stakeholders for their action plan. The KRI's across all the 5 functions (Organisation, Branch Banking, Micro Banking, Secured Housing Loans & Digital Banking) were computed till Q4'24. Ops Risk has presented the KRIs along with the action plan provided by the department to ORMC held in the month of Mar'24. In Q4 FY'24, ORM has planned to identify the KRIs for other departments viz., Rural Banking, Vehicle Finance, MSME and Operations which will be commenced post obtaining the concurrence for the threshold from the respective departments.

Loss Data Management is in place to record material incidents and learnings 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. Bank has onboarded new vendor M/s. Acies to replace existing EGRC module from SAS which was in place to record all loss events across the Bank till June 30, 2023. 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 23-24 (as on Mar'24):

| Event Type | Count | | Loss in Lakhs | | | |
|---|--------------|--------------|-------------------|-----------------|-----------------|----------------|
| | YTD Mar'23 | YTD Mar'24 | YTD Mar'24 | | | YTD Mar'23 |
| | Total | Total | Gross# | Net# | Ops Loss# | Ops Loss |
| Business Disruption and Systems Failures | 472 | 365 | ₹ 29.18 | ₹ 20.60 | ₹ 20.34 | ₹ 6.32 |
| Clients, Products, and Business Practice | 16 | 4 | ₹ 1.50 | ₹ 1.50 | ₹ 0.03 | ₹ 0.07 |
| Damage to Physical Assets | 8 | 4* | ₹ 0.00 | ₹ 0.00 | ₹ 0.00 | ₹ 0.00 |
| Employment Practices and Workplace Safety | 1 | 2 | ₹ 2.36 | ₹ 0.00 | ₹ 0.00 | ₹ 0.00 |
| Execution, Delivery, and Process Management | 377 | 1,869^ | ₹ 62.08 | ₹ 115.48 | ₹ 57.00 | ₹ 16.07 |
| External Fraud | 283 | 211 | ₹ 436.58 | ₹ 329.24 | ₹ 319.33 | ₹ 20.90 |
| Internal Fraud | 293 | 253 | ₹ 585.36 | ₹ 247.15 | ₹ 0.13 | ₹ 9.29 |
| Total | 1,450 | 2,708 | ₹ 1,117.06 | ₹ 713.96 | ₹ 396.82 | ₹ 52.66 |

>Gross loss refers to total amount involved in the reported incidents, Net loss refer to loss which got netted off post recoveries and Ops loss refer to the actual loss booked in Operational loss GL (Fraud & Non-fraud) in case of unsuccessful recovery efforts

*Though the incident is reported to Operational Risk team, complete details of loss incurred is yet to be confirmed by Finance team. We are also in process of discussion with Admin & Finance team to mandate SAS ID for all these incidents and for appropriate GL monitoring.

^ Out of the 2,708 incidents reported in YTD Mar'24, 1,626 (~60%) are from "Cash Excess" and "Cash Shortage", owing to inclusion of all incidents reported, irrespective of amount, whereas, till last FY, incidents amounting to less than ₹ 5,000 /- were not considered for cash shortage & excess.

The Ops Loss Recovery done as on date (31st Mar'24) pertaining to Operational Losses booked in previous financial years is ₹ 9.66 Lakhs.

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 standardised risk identification techniques and therefore provide wider scope for a deeper and customised study of issues and gaps. Such thematic studies have enabled the Bank to further refine its existing processes and plug gaps that had been identified. In Q4 FY 2023-24, ORMD team performed an analysis on Fraudulent credit chargeback received and the recall process. Key gaps identified during the review were highlighted and discussed in ORMC and RMCB held in the month of May 24.

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'24, user access review was proposed to be performed for 20 applications which are used by the Bank as a part of yearly review and findings were shared with respective stake holders for initiating corrective action. The Bank has a process for user access review covering all the critical aspects of user life cycle starting from activation to de-activation of ID's, Review frequency, process to be followed for managing vendor ID's, contractor's ID's, Generic ID's and system ID's. Role Base Access provision reviews and process to be followed for user de-activation on exit from organisation which is under review.

Exceptions Handling Mechanism is an initiative, which was initiated from July 2020 as guided by the National Controls and Compliance Committee. A list of 32 exception reports was identified and tagged to Operational Risk department of the Bank for initiating the review. In Q4 FY'24, 32 exception reports reviewed for the period of Q3 FY'24.

Observations were identified in 22 exception reports which have been taken up with respective stakeholders for discussing the gaps observed to undertake appropriate corrective actions.

Branch Assurance: Branches across regions are reviewed against a checklist devised by ORMD of the Bank to ensure adherence to branch processes. The checklist is reviewed and enhanced as and when required to strengthen monitoring of branches. Critical and repeat observations are shared with the leadership team for remedial /corrective actions. Checklist was reviewed and enhanced further. In Q4 FY'24, ORM team had reviewed 140 branches PAN India. A monthly connect is also called for with leadership team at Regional level to discuss on critical and key observations made by ORM team as part of their branch visit. These critical observations were presented in ORMC meeting in the month of Mar'24.

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 ORMD has developed the revised Outsourcing Policy based on the Master Directions on IT Outsourcing released in April 2023. This has been approved by all relevant stakeholders and has been approved by the Board . 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. Key activities undertaken during Outsourcing are as follows:

Pre-on boarding risk assessment: All outsourcing vendors, deemed as material, are subjected to a rigorous pre-on boarding risk assessment which is done by both Operational Risk team and the Information Security team and this is repeated at annual intervals. Observations from these risk assessments are then shared with concerned functions for resolution. In Q4 FY24, pre-on boarding risk

assessment was carried out for 5 vendors as on March 31, 2024.

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 the respective unit that has outsourced the activity.

Annual review of material vendors: ORMD of the Bank along with Information security team of the Bank carries out annual risk review of material vendors. In FY24, there were 33 material vendors for whom Annual Risk Assessment was to be performed. This included Financial and IT Outsourcing vendors (inclusive of Bulk vendors). As per revised regulatory guidelines, 2 out of them were reclassified as “Not Outsourcing”. Remaining all 31 vendors’ assessment were completed as on March 31, 2024.

Business Continuity Planning (BCP): Business Continuity Management is a requirement for a Bank to minimise the adverse effect on critical areas of Operational Risk with respect to High-Impact and Low-Probability Disruptions. Through this, the Bank maintains confidence levels of its shareholders and satisfies relevant compliance requirements. The plans and procedures are in line with the guidelines issued by the RBI and these are reviewed at regular intervals.

The Business Continuity Management Policy (BCMP) of the Bank provides guidance to ensure continuity of Business through implementation of contingency plans to restore normal business functioning of Branches, if disrupted during any type of disaster / crisis situation to provide continuous and reliable services and delivery of key products to customers.

The Bank’s critical systems undergo periodical disaster recovery drills/tests in order to make sure that the recovery process becomes more robust and efficient to recover from any disaster /crisis situations. The observations of DR drills along with root cause and learnings are recorded and the same are placed to the IT Strategy Committee of the Board on quarterly basis. The Bank also has a Board approved Cyber Crisis Management Plan for tackling cyber threats/ attacks.

The Bank reviews BCM policy and plan documents annually and enhances the documents as per the changes made in the Bank’s critical processes and activities. Bank also conducts periodic BCP testing considering various disruptive scenarios which helps identify the gaps in ensuring smooth recovery and resumption of the processes. On an ongoing basis, BCP testing for randomly selected branches is also conducted to ensure that the recovery process becomes more robust and efficient to recover from any disaster / crisis situation. Learnings are documented in the Business Continuity Plan for corrective action. In Q4FY24, 50 planned and 1 unplanned BCPs were conducted across branches in Regions. Also 4 planned BC Exercises were conducted by Clearing, Treasury Front Office, Payments & Settlements and Phone Banking.

Internal Financial Control (IFC) testing: This is an annual exercise and carried out by ORMD of the Bank. The team along with concerned stakeholders prepares and enhances Risk and Control Matrices (RCMs) for activities performed by process owners. The financial and operational controls in these RCMs are then tested by collecting samples

from across the review period covering different regions, which are then evaluated for success or failure of the control effectiveness. The critical gaps observed during such testing are discussed with concerned functions for upgrading controls which may include automation of the controls. The results of this evaluation are also presented to ORMC and RMCB to update them on effectiveness of the internal controls of the Bank and take guidance. These results are also shared with the Bank’s statutory auditor to provide insight on adequacy and effectiveness of the controls in the Bank. In Q4 FY’24, IFC testing completed for all the 23 departments and sign off received from the respective HOD. For all the failed controls, action plan and timeline for implementation is obtained from the departments. Once implementation is completed, remediation testing will be completed by ORM.

Table DF- 10: Interest Rate Risk in Banking Book (IRRBB)

12.1. Qualitative Disclosures

Interest Rate Risk in Banking Book (IRRBB) refers to the risk of loss in earnings and economic value of a bank’s banking book as a consequence of movement in interest rates. For banking book, interest rate risk arises through mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL). The Bank has identified the risks associated with changing interest rates on its exposures in the banking book from both a short-term and long-term perspective.

The interest rate risk is measured and monitored through two approaches:

- **Earnings at risk (Traditional Gap Analysis):** The impact of change in interest rates on net interest income is analysed under this approach and calculated under yield curve approach. Under this approach a parallel shift of 200 basis points is assumed both in assets and liabilities.
- **Economic Value of Equity (Duration Gap Approach):** Modified duration of assets and liabilities is computed separately to arrive at modified duration gap. A parallel shift in yield curve by 200 basis points is assumed for calculating the impact on economic value of equity. Additionally, the Bank has also performed steepening of yield curve wherein a change in 100 basis points was considered linearly between 15-day and over 25-year maturities and using an inversion of the yield curve wherein One -year rates were increased by 250 basis points and 10-year rates were decreased by 100 basis points. Such shocks are monitored regularly in order to assess the impact of interest risk on the Bank’s book and its potential impact on the Bank’s business projections. These scenarios are as per the RBI guidelines on stress testing dated 02 Dec 2013.
- The cumulative hikes to the RBI repo rate in FY 2022-23 had also increased Interest Rate Risks (IRR) in the Bank, especially in the long-term floating rate loans. With increasing share of floating rate loans , the rate hikes of the past were likely to increase the tenor of loans, upon conversion to floating regime. The Bank took cognizance that, parallel shifts in pricing, if not passed on to customers, can squeeze profitability

(Business risk) or any increase in EMI to counter extension in tenor might exacerbate defaults (Credit Risk) especially in the Affordable Housing segment. To address the same, the Bank has introduced a panoply of measures to counter the impact. The Bank has developed simulators to estimate impact on EMI/tenor increase. Using a combination of caps and floors on tenor/EMI/borrower age, systems are being reconfigured to provide the ideal rescheduling

which mitigates loss of income and default risk on best effort basis.

- The Bank has also undertaken various simulations to understand the impact of reduction in the valuation of Housing portfolio on account of rate hikes.
- As a risk measurement tool, the Bank has developed an IRRVaR model to aid in applying a Pillar II capital charge under ICAAP under pre-specified breaches to internal limits.

12.2. Quantitative Disclosures

12.2.1. Earnings at Risk (Earnings Perspective)

Interest Rate Risk in the Banking Book (IRRBB)

| Sl. No. | Country | Interest Rate Shock | |
|---------|--------------|---------------------|-----------------|
| | | +200 bps shock | (200) bps shock |
| 1 | India | (3,990.79) | 3,990.79 |
| 2 | Overseas | - | - |
| | Total | (3,990.79) | 3,990.79 |

₹ in Lakhs

12.2.2. Economic Value Perspective (MDG Approach)

| Category | Items | Amount |
|----------|--|------------------|
| A | Computation of Aggregate RSA | 3,784,066.65 |
| B | Computation of Aggregate RSL | 3,383,297.51 |
| C | Weighted Avg. MD of RSL across all currencies | 0.95 |
| D | Weighted Avg. MD of RSA across all currencies | 1.91 |
| E | Modified Duration Gap (MDG) | 1.06 |
| F | Change in MVE as % of equity for 200 bps change in interest rate | 15.42% |
| G | Change in MVE in absolute terms | 80,270.89 |

₹ in Lakhs

³¹ The Bank offers Housing loans on fixed rate basis for the initial period of three years and floating thereafter

12.2.3. Economic Value Perspective (Steepening of Yield Curve)

The Bank calculated the change in MVE using steepening of yield curve wherein a change of 100 basis points was considered linearly between 15-day and over 25-year maturities. Change in MVE under this scenario was (₹ 33,720.41 Lakhs).

12.2.4. Economic Value Perspective (Inversion of Yield Curve)

The Bank calculated the change in MVE using Inversion of yield curve wherein one -year rate was increased by 250 basis points and 10-year rate was decreased by 100 basis points. Change in MVE under this scenario was (₹ 3,213.28 Lakhs).

13. TABLE DF-13: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Equity shares

Disclosure template for main features of regulatory capital instruments – Equity Shares

| Sr. No. | Particulars | Details |
|---------|--|--|
| 1 | Issuer | Ujjivan Small Finance Bank Limited |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | ISIN: INE551W01018 |
| 3 | Governing law(s) of the instrument | Applicable Indian Statutes and regulatory requirements |
| | Regulatory treatment | |
| 4 | Transitional Basel III rules | Common equity Tier 1 |
| 5 | Post-transitional Basel III rules | Common equity Tier 1 |
| 6 | Eligible at solo/group/ group & solo | Solo |
| 7 | Instrument type | Common Shares |

| Sr. No. | Particulars | Details |
|---------|---|--|
| 8 | Amount recognised in regulatory capital (₹ in lakh, as of most recent reporting date) 1,931,795,117 | Pre-Merger as on March 31, 2024 – ₹ 195,876.32 Lakhs Post-Merger as on March 31, 2024 – ₹ 193,142.85 Lakhs Post-Merger as on May 06, 2024 – ₹ 193,179.51 Lakhs |
| 9 | Par value of instrument | ₹ 10/- |
| 10 | Accounting classification | Capital |
| 11 | Original date of issuance | <ul style="list-style-type: none"> • ₹ 5 Lakhs – July 04, 2016 • ₹ 10,998.68 Lakhs – July 30, 2016 • ₹ 133,000 Lakhs – February 10, 2017 • ₹ 1,405.5 Lakhs- November 11, 2019 • ₹ 7,142.9 Lakhs- November 13, 2019 • ₹ 20,270.3 Lakhs- December 10, 2019 • ₹ 0.3 Lakhs- November 07, 2020 • ₹ 0.2 Lakhs- January 19, 2021 • ₹ 0.4 Lakhs- February 15, 2021 • ₹ 0.04 Lakhs- March 15, 2021 • ₹ 22,619.05 Lakhs – September 15, 2022 • ₹ 8.78 Lakhs – February 09, 2023 • ₹ 11.41 Lakhs – March 14, 2023 • ₹ 4.12 Lakhs – April 12, 2023 • ₹ 4.45 Lakhs – May 08, 2023 • ₹ 5.15 Lakhs – June 09, 2023 • ₹ 18.52 Lakhs- July 03, 2023 • ₹ 55.98 Lakhs- August 04, 2023 • ₹ 161.48 Lakhs – September 15, 2023 |
| 12 | Perpetual or dated | Perpetual |
| 13 | Original maturity date | No Maturity date |
| 14 | Issuer call subject to prior supervisory approval | No |
| 15 | Optional call date, contingent call dates and redemption amount | NA |
| 16 | Subsequent call dates, if applicable | NA |
| | Coupons / dividends | |
| 17 | Fixed or floating dividend/coupon | NA |
| 18 | Coupon rate and any related index | NA |
| 19 | Existence of a dividend stopper | NA |
| 20 | Fully discretionary, partially discretionary or mandatory | Fully discretionary |
| 21 | Existence of step up or other incentive to redeem | No |
| 22 | Noncumulative or cumulative | Non-Cumulative |
| 23 | Convertible or non-convertible | NA |
| 24 | If convertible, conversion trigger(s) | NA |
| 25 | If convertible, fully or partially | NA |
| 26 | If convertible, conversion rate | NA |
| 27 | If convertible, mandatory or optional conversion | NA |
| 28 | If convertible, specify instrument type convertible into | NA |
| 29 | If convertible, specify issuer of instrument it converts into | NA |
| 30 | Write-down feature | No |
| 31 | If write-down, write-down trigger(s) | NA |
| 32 | If write-down, full or partial | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Subordinate to the claims of all depositors, general creditors, borrowings and all capital instruments qualifying Tier II Capital instruments, perpetual debt instruments and Perpetual non-cumulative preference shares |
| 36 | Non-compliant transitioned features | No |
| 37 | If yes, specify non-compliant features | NA |

During the HY FY 2023-24, the Bank has made following allotments:

| Date of issue and allotment | Method of allotment | Face value (₹) | Issue price (₹) | | Number of equity shares allotted |
|-----------------------------|---------------------|----------------|----------------------|--------------------|----------------------------------|
| | | | No. of Shares | Issue Price | |
| February 09, 2023 | ESOP | 10 | | 19.95 | 87,814 |
| March 14, 2023 | ESOP | 10 | No. of Shares | Issue Price | 114,130 |
| | | | 101,467 | 19.95 | |
| | | | 12,663 | 19.05 | |
| March 14, 2023 | ESOP | 10 | No. of Shares | Issue Price | 21,974 |
| | | | 14,351 | 19.95 | |
| | | | 7,623 | 16.60 | |
| May 08, 2023 | ESOP | 10 | No. of Shares | Issue Price | 22,332 |
| | | | 22,332 | 19.95 | |
| June 09, 2023 | ESOP | 10 | No. of Shares | Issue Price | 25,444 |
| | | | 24,917 | 19.95 | |
| | | | 527 | 35 | |
| July 03, 2023 | ESOP | 10 | No. of Shares | Issue Price | 25,444 |
| | | | 61,268 | 19.95 | |
| | | | 18,017 | 35 | |
| August 04, 2023 | ESOP | 10 | No. of Shares | Issue Price | 195,990 |
| | | | 83,793 | 19.95 | |
| | | | 112,197 | 35 | |
| September 15, 2023 | ESOP | 10 | No. of Shares | Issue Price | 539,651 |
| | | | 159,262 | 19.95 | |
| | | | 360,727 | 35 | |
| | | | 12,103 | 16.70 | |
| | | | 7,559 | 19.05 | |
| October 09, 2023 | ESOP | 10 | No. of Shares | Issue Price | 283,989 |
| | | | 93,897 | 19.95 | |
| | | | 174,863 | 35.00 | |
| | | | 15,229 | 19.70 | |
| November 16, 2023 | ESOP | 10 | No. of Shares | Issue Price | 364,321 |
| | | | 81,655 | 19.95 | |
| | | | 282,666 | 35.00 | |
| December 12, 2023 | ESOP | 10 | No. of Shares | Issue Price | 303,243 |
| | | | 60,205 | 19.95 | |
| | | | 197,272 | 35.00 | |
| | | | 45,766 | 26.39 | |
| January 09, 2024 | ESOP | 10 | No. of Shares | Issue Price | 366,450 |
| | | | 73,836 | 19.95 | |
| | | | 218,722 | 35.00 | |
| | | | 73,892 | 27.50 | |

| Date | Scheme | No. of Shares | Details | | Total |
|-------------------|--------|---------------|---------------|-------------|---------|
| | | | No. of Shares | Issue Price | |
| February 09, 2024 | ESOP | 10 | | | 366,450 |
| | | | 73,836 | 19.95 | |
| | | | 218,722 | 35.00 | |
| | | | 73,892 | 27.50 | |
| March 12, 2024 | ESOP | 10 | | | 834,970 |
| | | | 239,548 | 19.95 | |
| | | | 159,964 | 35.00 | |
| | | | 425,863 | 27.50 | |
| | | | 9,595 | 26.39 | |

Note:

Please note that pursuant to the effect of the Scheme of amalgamation, 1,440,036,800 equity shares and 200,000,000 preference shares of the Bank held by UFSL are extinguished. Further, basis the allotment of 1,412,702,033 fully paid equity shares of ₹ 10/- each of Bank to the eligible shareholders of the erstwhile UFSL, who were holding equity shares of UFSL as on the Record date i.e., May 03, 2024, consequent to which the paid-up equity capital of the Bank as on May 06, 2024 is ₹ 19,317,951,170

Perpetual Non-Cumulative Preference Shares (PNCPS) – Refer Note 1

Disclosure template for main features of regulatory capital instruments – Preference Shares

| Sr. No. | Particulars | Details |
|---------|--|--|
| 1 | Issuer | Ujjivan Small Finance Bank Limited |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | INE551W04012 |
| 3 | Governing law(s) of the instrument | Applicable Indian Statutes & Regulatory requirements and RBI Basel III Guidelines. |
| | Regulatory treatment | |
| 4 | Transitional Basel III rules | Addition Tier 1 Capital (AT1) |
| 5 | Post-transitional Basel III rules | Addition Tier 1 Capital (AT1) |
| 6 | Eligible at solo/group/ group & solo | Solo |
| 7 | Instrument type | Perpetual Non-Cumulative Preference shares |
| 8 | Amount recognised in regulatory capital (₹ in Lakhs, as of most recent reporting date) | ₹ 20,000 Lakhs |
| 9 | Par value of instrument | ₹ 10/- |
| 10 | Accounting classification | Capital |
| 11 | Original date of issuance | February 10, 2017 |
| 12 | Perpetual or dated | Perpetual |
| 13 | Original maturity date | No Maturity date |
| 14 | Issuer call subject to prior supervisory approval | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | February 10, 2022 |
| 16 | Subsequent call dates, if applicable | NIL |
| | Coupons / dividends | |
| 17 | Fixed or floating dividend/coupon | Fixed |
| 18 | Coupon rate and any related index | 11.0% (Dividend Rate) |
| 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 |
| 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: 1. Notify holders of preference Shares. 2. Cancel any dividend which is scheduled to be paid on Dividend payment date. |

| Sr. No. | Particulars | Details |
|---------|---|--|
| | | 3. Without the need for the consent of holders of the PNCPS, write down the face value of the PNCPS by such amount as the Issuer may in its absolute discretion decide. Provided that, in no event shall such amount of write down be less than the amount required to immediately return the Issuer's Common Equity Tier 1 Ratio to above the CET1 Trigger Event Threshold, nor shall such amount of write down exceed the amount which would be required to be written down to ensure that the Common Equity Tier 1 Ratio is equal to the aggregate of the CET1 Trigger Event Threshold and 2.5%, or such other percentage as may be prescribed by the RBI (the "CET1 Write Down Amount"). |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Subordinate to the claims of all depositors, general creditors, borrowings and all capital instruments qualifying Tier II Capital instruments and perpetual debt instruments. Only Superior to Equity Shares. |
| 36 | Non-compliant transitioned features | No |
| 37 | If yes, specify non-compliant features | NA |

Note 1:

Pursuant to the effect of the Scheme of amalgamation, 1,440,036,800 equity shares and 200,000,000 preference shares of the Bank held by UFSL are extinguished. Consequent to the aforesaid extinguishment of UFSL shares in the Bank and issue of equity shares to the shareholders of UFSL, the paid-up equity capital of the Bank is revised from ₹ 19,591,298,840 to ₹ 19,317,951,170. Further, since PNCPS of ₹ 200 Crores is extinguished, the issued capital of the Bank is reduced from ₹ 21,591,298,840 to ₹ 19,317,951,170.

Non-Convertible Debentures (NCD)
Disclosure template for main features of regulatory capital instruments - NCD

| Sr. No. | Particulars | Details |
|---------|--|--|
| 1 | Issuer | Ujjivan Small Finance Bank Limited |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | INE551W08013 |
| 3 | Governing law(s) of the instrument | Applicable Indian Statutes & Regulatory requirements Reserve Bank of India's circular on "Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework (NCAF)" dated July 01, 2015 |
| | Regulatory treatment | |
| 4 | Transitional Basel III rules | Tier II Capital |
| 5 | Post-transitional Basel III rules | Tier II Capital |
| 6 | Eligible at solo/group/ group & solo | Solo |
| 7 | Instrument type | Subordinated, rated, unlisted, unsecured, transferable, redeemable, fully paid up, non-convertible debentures |
| 8 | Amount recognised in regulatory capital (₹ in Lakhs, as of most recent reporting date) | ₹ 30,000 Lakhs |
| 9 | Par value of instrument | ₹ 100,000/- |
| 10 | Accounting classification | Capital |
| 11 | Original date of issuance | <ul style="list-style-type: none"> August 26, 2022- ₹ 22,500 Lakhs September 09, 2022 – ₹ 7,500 Lakhs |
| 12 | Perpetual or dated | dated |
| 13 | Original maturity date | April 26, 2028 |
| 14 | Issuer call subject to prior supervisory approval | |
| 15 | Optional call date, contingent call dates and redemption amount | |
| 16 | Subsequent call dates, if applicable | - |

| Sr. No. | Particulars | Details |
|---------|---|---|
| | Coupons / dividends | Coupons |
| 17 | Fixed or floating dividend/coupon | Fixed |
| 18 | Coupon rate and any related index | 11.95% |
| 19 | Existence of a dividend stopper | NA |
| 20 | Fully discretionary, partially discretionary or mandatory | NA |
| 21 | Existence of step up or other incentive to redeem | NA |
| 22 | Noncumulative or cumulative | NA |
| 23 | Convertible or non-convertible | NA |
| 24 | If convertible, conversion trigger(s) | NA |
| 25 | If convertible, fully or partially | NA |
| 26 | If convertible, conversion rate | NA |
| 27 | If convertible, mandatory or optional conversion | NA |
| 28 | If convertible, specify instrument type convertible into | NA |
| 29 | If convertible, specify issuer of instrument it converts into | NA |
| 30 | Write-down feature | NA |
| 31 | If write-down, write-down trigger(s) | NA |
| 32 | If write-down, full or partial | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | The Debentures shall be: (a) senior to the claims of the investors in instruments eligible for inclusion in Tier I capital and Upper Tier II Capital of the Bank; and (b) subject to paragraph (a) above, subordinated to the claims of the other creditors of the Bank but shall rank pari-passu with the other Lower Tier II instruments of the Bank (whether present or future). |
| 36 | Non-compliant transitioned features | No |
| 37 | If yes, specify non-compliant features | NA |

14. TABLE DF-14: TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS EQUITY SHARES

Full Terms and Conditions of Equity Shares of the Bank

| Sr. No. | Particulars | Full Terms and Conditions |
|---------|-------------------------------------|---|
| 1 | Voting shares | Equity Shares of the Bank are Voting Shares |
| 2 | Limits on Voting Shares | Limits on Voting rights are applicable as per provisions of the Banking Regulation Act, 1949. One share has one voting right |
| 3 | Position in Subordination hierarchy | Represent the most Subordinated claim on liquidation of the Bank. It is not secured or guaranteed by issuer or related entity nor subject to any other arrangement that legally or economically enhances the seniority of the claim |
| 4 | Perpetuity | Principal is perpetual and never repaid outside of liquidation (Except discretionary repurchases/buy backs or other means of effectively reducing capital in a discretionary manner that is allowable under relevant law as well as guidelines, if any issued by RBI in the matter) |
| 5 | Accounting Classification | The paid-up amount is classified as Equity Capital in Banks Balance Sheet. |
| 6 | Distributions | Distributions are paid out of Distributable items (retained earnings included). There are no circumstances under which distributions are obligatory. Non-Payment is therefore not an event of default |
| 7 | Approval for Issuance | Issue of further shares requires requisite approval from the Board (includes duly authorised Board Committee) and the Shareholders of the Bank |

PNCPS (Refer Note 1 above)

| Sr. No. | Particulars | Full Terms and Conditions |
|---------|----------------------------------|---|
| 1 | Type of Instrument | Perpetual Non-Cumulative Preference Shares |
| 2 | Terms for Raising PNCPS | Issue of PNCPS for augmenting the overall capital of the Issuer to strengthen the Issuer's capital adequacy and enhance its long-term resources in compliance with the applicable law. |
| 3 | Seniority | The claims in respect of the PNCPS, subject to applicable law, will rank: <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. |
| 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"> (i) Declare Interim Dividend during the financial year (ii) Declare for subsequent financial years (including interim dividends) or (iii) Declare dividend during the period between the end of the financial year and before conducting the AGM. |
| 7 | Dividend Rate | 11% per annum |
| 8 | Dividend Stopper | In the event that the Preference shareholders are not paid dividend at the Dividend Rate, there shall be no payment of discretionary dividend on equity shares until the Dividend payments to the shareholders are made in accordance with terms hereof. |
| 9 | Put Option | Not Applicable. |
| 10 | Call Option | <p>Issuer call: The Issuer may at its sole discretion, subject to conditions for Call and Repurchase and exercise of such call option (with a notification to the holders of the PNCPS which shall specify the date fixed for exercise of the call option), exercise a call option on the PNCPS ("Issuer Call"). The Issuer Call may be exercised at the option of the Issuer no earlier than on the fifth anniversary of the Deemed Date of Allotment.</p> <p>Tax Call: If a Tax Event has occurred and is continuing, the Issuer may at its sole discretion, subject to Conditions for Call and Repurchase and notification to the holders of PNCPS of not less than 21 calendar days prior to the date of exercise of such call option (which notification shall specify the date fixed for exercise of the call option), exercise a call option on the PNCPS ("Tax Call"). Provided further that, subject to conditions for Call and Repurchase the Issuer may substitute the PNCPS with capital instruments that are in accordance with the RBI Master Circular on Basel III capital regulations and any other applicable law</p> <p>Regulatory Call: If a Regulatory Event has occurred and is continuing, the Issuer may at its sole discretion, subject to Conditions for Call and Repurchase and notification to the holders of PNCPS of not less than 21 calendar days prior to the date of exercise of such call option (which notification shall specify the date fixed for exercise of the call option), exercise a call option on the outstanding PNCPS ("Regulatory Call"). Provided further that, subject to Condition 27 (Conditions for Call and Repurchase) the Issuer may substitute the PNCPS with capital instruments that are in accordance with the RBI Master Circular on Basel III capital regulations and any other applicable law.</p> |
| 11 | Repurchase/ Redemption/ Buy-back | The Issuer may subject to Conditions for Call and Repurchase having been satisfied and such repayment being permitted by the RBI Master Circular on Basel III capital regulations, repay the PNCPS by way of repurchase, buy-back or redemption. |

| Sr. No. | Particulars | Full Terms and Conditions |
|---------|--|---|
| 12 | Loss Absorption | <p>PNCPS should have principal loss absorption through a write-down mechanism which allocates losses to the instrument at a pre-specified trigger point. The write-down will have the following effects:</p> <ol style="list-style-type: none"> 1. Reduce the claim of the PNCPS in case of liquidation; 2. Reduce the amount re-paid when a call over the PNCPS is exercised by the Issuer; and 3. Partially or fully reduce dividend payments on the PNCPS. <p>The specific criteria for such loss absorption through conversion/write-down/write-off on breach of pre-specified trigger and the Point of Non-Viability (PONV) will be in accordance with the applicable RBI guidelines. The relevant terms of Annex 16 in Master Circular of Basel III capital regulations shall be deemed to be incorporated herein.</p> |
| 13 | Permanent Principal Write-down on PONV Trigger Event | <p>If a PONV Trigger Event occurs, the Issuer shall:</p> <ol style="list-style-type: none"> 1. Notify the holders of the PNCPS; 2. Cancel any dividend which is scheduled to be paid on Dividend payment date ; and 3. Without the need for the consent of the holders of the PNCPS, write down the outstanding principal of the PNCPS by such amount as may be prescribed by RBI ("PONV Write Down Amount") and subject as is otherwise required by the RBI at the relevant time. The Issuer will affect a write-down within 30 (thirty) days (or such other time as may be prescribed by applicable law) of the PONV Write-Down Amount being determined by the RBI. A Permanent Principal Write-down on PONV Trigger Event may occur on more than one occasion. <p>Unless specifically permitted by applicable law, once the face value of the PNCPS has been written down pursuant to PONV Trigger Event, the PONV Write-Down Amount will not be restored in any circumstances, including where the PONV Trigger Event has ceased to continue.</p> |
| 14 | Temporary principal Write-down on CET1 Trigger Event | <p>If a CET1 Trigger Event (as described below) occurs, the Issuer shall:</p> <ol style="list-style-type: none"> 1. Notify the holders of the PNCPS; 2. Cancel any dividend which is scheduled to be paid on Dividend payment date; 3. Without the need for the consent of holders of the PNCPS, write down the face value of the PNCPS by such amount as the Issuer may in its absolute discretion decide. Provided that, in no event shall such amount of write down be less than the amount required to immediately return the Issuer's Common Equity Tier 1 Ratio to above the CET1 Trigger Event Threshold, nor shall such amount of write down exceed the amount which would be required to be written down to ensure that the Common Equity Tier 1 Ratio is equal to the aggregate of the CET1 Trigger Event Threshold and 2.5%, or such other percentage as may be prescribed by the RBI (the "CET1 Write Down Amount"). <p>A write-down may occur on more than one occasion. Once the value of a PNCPS has been written down pursuant to this temporary Write down, the value of the PNCPS may only be restored in accordance with condition of reinstatement.</p> |

Subordinated Debt Instruments:
Terms and Conditions of NCDs of the Bank

| Sr. No. | Particulars | Full Terms and Conditions |
|---------|---------------------------|---|
| 1. | Type of Instrument | Non-Convertible Debentures (Subordinated debt instruments) |
| 2. | | The Bond shall be: (a) senior to the claims of the investors in instruments eligible for inclusion in Tier I capital and Upper Tier II Capital of the Bank; and (b) subject to paragraph (a) above, subordinated to the claims of the other creditors of the Bank but shall rank pari passu with the other Lower Tier II instruments of the Bank (whether present or future). |
| 3. | Maturity | Bullet redemption at par, at maturity, date of maturity is April 26, 2028 |
| 4. | Listing | Unlisted |
| 5. | Accounting Classification | The paid-up amount is classified as Borrowings in Bank's Balance Sheet. |
| 6. | Approval for Issuance | Once the shareholders' approval is received for issue of capital, NCDs are issued only with approval given by Board of Directors/ Board Approved Committee |
| 7. | Coupon Type | Fixed |
| 8. | Coupon Rate | 11.95% p.a. |
| 9. | Coupon Payment Frequency | Monthly with the final Coupon Payment Date being the Maturity Date |

15. TABLE DF-15: DISCLOSURE ON REMUNERATION
15.1. Remuneration - Qualitative disclosures
A. Information relating to the bodies that oversee remuneration.
Name, composition and mandate of the main body oversee remuneration.

Name: Nomination and Remuneration Committee (NRC)

Composition of Nomination and Remuneration Committee as on September 30, 2022:

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

Following are the main terms of reference of the Committee:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees.

The NRC, while formulating the above policy, ensures that:

- the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate talented directors required to run the Bank successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, Key Management Personnel (KMP) and senior management involving a balance between fixed and incentive

pay reflecting short- and long-term performance objectives appropriate to the working of the Bank and its goals.

- Formulating criteria for evaluation of performance of independent directors and the Board of Directors.
- To ensure 'fit and proper' status of proposed/ existing Directors.
- Devising a policy on diversity of Board of Directors.
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of directors their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors

to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance.

- Make appropriate disclosures of the remuneration policy and the evaluation criteria in the annual report.
- Analysing, monitoring and reviewing various human resource and compensation matters.
- Determining the Bank's policy on specific remuneration packages for executive directors including pension rights and any compensation payment and determining remuneration packages of such directors.
- Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component.
- Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommending to the Board, all remuneration, in whatever form, payable to senior management.
- Administering, monitoring and formulating detailed terms and conditions of the Employees' Stock Option Scheme (ESOP) of the Bank, inter-alia, including the following:
 - a) Determining the eligibility of employees;
 - b) The quantum of option to be granted under the Employees' Stock Option Scheme per Employee and in aggregate;
 - c) The exercise price of the option granted;
 - d) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
 - e) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
 - f) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an Employee;
 - g) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
 - h) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the Market Price of the Shares;
 - i) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price

in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Compensation Committee:

- The number and the price of stock option shall be adjusted in a manner such that total value of the Option to the Employee remains the same after the Corporate Action;
 - For this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered;
 - The Vesting Period and the life of the option shall be left unaltered as far as possible to protect the rights of the Employee who is granted such option;
- j) The grant, vest and exercise of option in case of Employees who are on long leave;
 - k) Allow exercise of unvested options on such terms and conditions as it may deem fit;
 - l) The procedure for cashless exercise of options;
 - m) Forfeiture/ cancellation of options granted;
 - n) Framing of suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, by the ESOP trust, the Bank and its employees, as applicable;
 - o) All other issues incidental to the implementation of Employees' Stock Option Scheme; and
 - p) Construing and interpreting the Plan and any agreements defining the rights and obligations of the Bank and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan.
- Administering, monitoring and formulating detailed terms and conditions of the Employee Stock Purchase Scheme of the Bank.
 - Conducting due diligence as to the credentials of any director before his or her appointment/ re-appointment, and making appropriate recommendations to the Board, in consonance with the Dr. Ganguly Committee recommendations and the requirements of RBI.
 - To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Bank subject to the provision of the law and their service contract.

- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - To develop a succession plan for the Board and to regularly review the plan.
 - To approve Job descriptions and Key Responsibility Areas (KRAs) of Senior Managers and Business Line Managers on an annual basis.
 - To review Performance of the senior/business line managers by NRC on an annual basis.
 - Overseeing the framing, review and implementation of the Bank's Compensation Policy for Whole Time Directors/ Chief Executive Officers / Risk Takers and Control function staff for ensuring effective alignment between remuneration and risks.
 - To recommend to the board, all remuneration, in whatever form, payable to senior management.
 - Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
 - Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable.
 - Review regularly and approve the Bank's program for executive and employee development.
 - Review and implement the various HR policies and manual of the Bank.
 - Develop, review and approve the principles guiding the Bank's executive compensation philosophies.
 - Assure that the bonus plan is administered in a manner consistent with Bank's compensation principles and strategies including Bank's policies relating to executive management succession and executive organisation development
 - Performing such other functions as may be necessary or appropriate for the performance of its duties.
- B. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.**
- Not Applicable
- C. A description of the scope of the Bank's remuneration policy (e.g.: by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.**
- The purpose of the Compensation Policy is to ensure statutory compliance as well as alignment with the Bank's business policies and practices. The Compensation & Benefits (C & B) Policy document is based upon the principle that a fair and competitive salary is paid for acceptable levels of performance on the job. The compensation policy document is designed to align long-term interest of the employee and the organisation.
- The policy document covers all employees and Board of Directors of the Bank. This document provides guidance on:
- Compensation Philosophy
 - Compensation Structure
 - Grades
 - Pay Review Process
 - Variable Pay Plans
 - Salary Pay-out
- D. Description of the type of employees covered and number of such employees.**
- All employees of the Bank are governed by the Compensation Policy. The total number of permanent employees in the Bank as on September 30, 2023 was 21,040.
- E. Information relating to the design and structure of remuneration processes:**
- An overview of the key features and objectives of remuneration policy.

The Compensation Policy and Nomination & Remuneration Policy has been laid out keeping the following perspectives into considerations.
 - Compensation principles support the Bank in achieving its mission of providing a full range of financial services to the economically active poor who are not adequately served (unserved and underserved) by financial institutions. This policy also supports the Bank to attract and retain talent and skills required to consolidate the organisation's purpose and ideology.

- The pay structure and amounts always conform to applicable Income Tax and other similar statutes.
- All practices of the Bank comply with applicable labour laws.
- The pay structure should be standardised for a level of employees.
- Elements eligible for tax exemption may be introduced at appropriate levels to enable employees take applicable tax breaks. Amounts related to certain benefits may undergo change due to change in grade/ roles/ function/ state/ region in the organisation.
- The compensation structure shall be easy to understand for all levels of employees.
- The compensation policy is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
- The Bank pays the Independent Directors remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board and, if required, approved by the Shareholders from time to time.
- Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.

The following were the changes made to the remuneration policy

Variable Pay

- Instead of a separate Bonus Scheme, the key principles shall be embedded into the compensation policy:
- The Bank shall announce the payment of bonus, as suitable. Payment of variable pay is not guaranteed.
- The pay-out will be made as a lump-sum amount and not deferred over 3 years for all employees, except the employees identified as Material Risk Takers who will be paid 1/3rd in each year over 3 years.
- Management Discretion - If there are significant developments in the year of payment (internal or external), management shall have leeway to announce a decision about bonus payment
- **A discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.**

The Bank periodically benchmarks its remuneration practices against the market. Compensation ranges

are in alignment to market pay which are derived and reviewed periodically. Remuneration payable for each function is independent of amounts payable to other function as is the market practice. Further, performance metrics for the Risk and Compliance function are completely unrelated to deliverables of any other business function. The deliverables of the risk function are periodically reviewed by the Risk Management Committee of the Board (RMCB) ensuring due independence.

E. Information relating to the design and structure of remuneration processes:

- An overview of the key features and objectives of remuneration policy.
The Compensation Policy and Nomination & Remuneration Policy has been laid out keeping the following perspectives into considerations.
- Compensation principles support the Bank in achieving its mission of providing a full range of financial services to the economically active poor who are not adequately served (unserved and underserved) by financial institutions. This policy also supports the Bank to attract and retain talent and skills required to consolidate the organisation's purpose and ideology.
- The pay structure and amounts always conform to applicable Income Tax and other similar statutes.
- All practices of the Bank comply with applicable labour laws.
- The pay structure should be standardised for a level of employees.
- Elements eligible for tax exemption may be introduced at appropriate levels to enable employees take applicable tax breaks. Amounts related to certain benefits may undergo change due to change in grade/ roles/ function/ state/ region in the organisation.
- The compensation structure shall be easy to understand for all levels of employees.
- The compensation policy is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
- The Bank pays the Independent Directors remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board and, if required, approved by the Shareholders from time to time.
- Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.

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- **A discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.**

The Bank periodically benchmarks its remuneration practices against the market. Compensation ranges are in alignment to market pay which are derived and reviewed periodically. Remuneration payable for each function is independent of amounts payable to other function as is the market practice. Further, performance metrics for the Risk and Compliance function are completely unrelated to deliverables of any other business function. The deliverables of the risk function are periodically reviewed by the Risk Management Committee of the Board (RMCB) ensuring due independence.

- F. Description of the ways in which current and future risks are considered in the remuneration processes.**
- Structurally, the Control functions such as Credit, Risk and Vigilance are independent of the business functions and each other, thereby ensuring independent oversight from various aspects on the business functions.
 - The Bank ensures that staff engaged in financial and risk control are independent, have appropriate authority, and are compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm.
- G. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.**
- A discussion of how amounts of individual remuneration are linked to the Bank wide and individual performance.

- The compensation policy is designed to promote meritocracy within the Bank i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
 - The Bank shall, from time to time benchmark its compensation practices against identified market participants to define its pay structure and pay levels.
 - The merit and increments are finalised and approved by the National Human Resources Committee (NHRC) at annual intervals, basis organisation's budgets and accomplishments as well as market reality.
 - The Bank believes in paying its employees in an equitable and fair manner basis the incumbent's Role, Personal Profile (Education/Experience etc.) as well as Performance on the Job.
 - Employees rated "Below Expectations" shall not be provided any increments, unless statutorily required.

- H. A discussion of the measures the Bank will, in general implement to adjust remuneration in the event that performance metrics are weak. This should include the Bank's criteria for determining 'weak' performance metrics**

The Bank reviews metrics of all business units on a periodic basis and makes necessary changes to metrics to ensure satisfaction with the defined metrics and performance business outcomes across the stakeholder spectrum including investors, customers, regulator and employees. The Bank, particularly at Corporate and senior levels takes a balanced approach to performance management. High performance of an individual/ department is dependant not only on delivery of business metrics but also achievements of control functions.

For e.g.: over-achievement of business targets would not translate into a high-performance rating if there are significant issues with portfolio quality. Cost of acquisition, both in short and long term are typically evaluated to ensure healthy bottom-line.

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

The Bank shall announce payment of cash variable pay as suitable. Discretion is typically applied related to staggered pay-out in case large 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.

The Bank believes in the philosophy of collective ownership by its employees. Thus, ESOPs of the Bank are distributed amongst employee's, basis their criticality and performance from time to time, at the discretion of the management.

Stock option schemes at the Bank vests in a staggered manner. Besides the statutory requirement of grant and 1-year vesting, the total set of options vests in various tranches for up to a period of 4 years.

Malus/ Clawback: In the event of negative contributions of the individual towards the achievements of the Banks objectives in any year, the deferred compensation should be subjected to Malus/Clawback arrangements. Similar provisions shall apply in case the individual is found guilty of any major non-compliance or misconduct issues.

Directors, if appointed/ Material Risk Takers/ other employees, as planned by the Bank/ or the relevant line of business, towards achievements of the Banks objectives in any year, the deferred compensation shall be subjected to Malus/Clawback arrangements.

J. Description of the different forms of variable remuneration that the Bank utilises and the rationale for using the same

Variable Compensation at the Bank has the following distinct forms:

Cash Variable Pay

- Statutory Bonus
- Performance Pay – Performance Bonus and Monthly Variable Pay
- Rewards & Recognition

The policy has been laid out keeping the following perspectives into considerations:

- The Variable pay structure and amounts shall always conform to applicable Income Tax statutes, Labour Laws, Regulatory Requirements, any other applicable statutes and prevalent market practice.
- It is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

Statutory Bonus: Statutory Bonus in India is paid as per Payment of Bonus Act, 1965.

Monthly Variable Pay: Employees in the Sales function, directly responsible for revenue generation

shall be covered under the Monthly Variable Pay, if meeting the criteria of the respective scheme. Typically, some of the entry level roles and up to two or three levels of supervision thereof shall be covered.

Performance Bonus: All employees who are not a part of any Monthly Variable Pay but part of the year end performance review will be covered under the Performance Bonus Plan the Bank. However, the actual pay-out of performance bonus shall be paid only to employees who have met the set criteria.

The Bank shall announce the payment of bonus, as suitable year on year. If there are significant developments in the year of payment (internal or external), management shall have leeway to announce a decision about bonus payment.

Rewards & Recognition: The Bank shall design schemes and practices from time to time to celebrate employees / departmental / organisational success. These celebrations may include offering tokens of appreciation to employees as defined in specific schemes. Fairness of application and transparency of communication shall be the hallmark of all such schemes. These will be subject to income tax laws, as applicable. Examples of such schemes may include: Long Service Awards (currently at one, three, five, seven and ten yrs. of completion of service with the Bank), Functional R&R Schemes; Organisational Rewards Schemes such as: Service Champion; Process Excellence; Customer Connect Awards; Above and Beyond; etc. The EDGE (Executive Development for Growth and Excellence) programme is aimed at identifying high performers and assessing their potential for future leadership roles at Ujjivan SFB. A mix of behavioural assessments, blended training & development journey and IDPs are deployed to make the identified individuals (EDGE selects) ready for future leadership roles.

Non-cash Variable Pay

The Bank believes in the philosophy of collective ownership by its employees. Thus, ESOPs of the Bank are distributed amongst employee's basis their criticality and performance from time to time, at the discretion of the management. Stock options are granted based on a combination of parameters such as tenure and/or employees' performance.

15.2. Quantitative Disclosures

| Sl. No | Quantitative Disclosures (Covers only Whole Time Directors/ CEO/Other Risk Takers ³²) | Numbers |
|--------|--|--|
| 1 | Number of meetings held by the Nomination and Remuneration Committee during the first quarter and remuneration paid to its members. | 8 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2023 to March 31, 2024. NRC members were paid total sitting fees of 40 Lakhs for eight meetings. |
| 2 | Number of employees having received a variable remuneration award during the year. | 5 employees: CEO, COO, CBO, CCO and Business Head-Micro Banking |
| 3 | Number and total amount of sign-on awards made during the financial year. | NIL |
| 4 | Details of guaranteed bonus, if any, paid as joining / sign on bonus. | NIL |
| 5 | Details of severance pay, in addition to accrued benefits, if any. | NIL |
| 6 | Total amount of outstanding deferred remuneration , split into cash, shares and share-linked instruments and other forms. | Cash: ₹ 35.07 Lakhs (MD's Variable pay due) ESOP Grants FY23-24: Submitted for RBI Approval ESOP Granted for FY 2022-23, Nothing is pending for deferred Vesting will be as per schedule |
| 7 | Total amount of deferred remuneration paid out in the financial year. | Cash- ₹ 78.14 Lakhs Non-Cash – 285.60 Lakhs worth 14.90 Lakhs shares granted |
| 8 | Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred. | Fixed gross paid: ₹ 680.06 Lakhs (As of March-24) Variable Pay- Cash- ₹ 78.14 Lakhs Non-Cash – 285.60 Lakhs worth 14.90 Lakhs shares granted Fixed gross of the following employees: MD & CEO, Chief Credit Officer (CCO), Chief Business officer (CBO), Chief Operating officer (COO) and Business Head-Micro Banking |
| 9 | Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. | Variable Provisioned – Cash- 325.31 Lakhs. Non-Cash-584.05 Lakhs worth of shares (Approx. – 31.28 Lakhs shares may grant) |
| 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 |

³²Key material risk takers are internally defined as mentioned in row 2 of the above table.

16. TABLE DF-17: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE

Summary comparison of accounting assets versus leverage ratio exposure measure

| | | ₹ in Lakhs |
|---|--|---------------------|
| | Item | Amount |
| 1 | Total consolidated assets as per published financial statements | 4,042,221.62 |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | |
| 3 | Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure | |
| 4 | Adjustments for derivative financial instruments | |
| 5 | Adjustment for securities financing transactions (i.e. repos and similar secured lending) | |
| 6 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | 41,032.00 |
| 7 | Other Adjustments | (38,643.40) |
| 8 | Leverage ratio exposure | 4,044,610.22 |

17. TABLE DF 18: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

Table DF-18: Leverage ratio common disclosure template

| | | ₹ in Lakhs |
|----|--|--------------|
| | Item | Amount |
| | On-balance sheet exposures | |
| 1 | On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 4,042,221.62 |
| | Domestic Sovereign | 864,103.36 |
| | Banks in India | 584.74 |
| | Corporates | 174,372.44 |
| | Exposure to default fund contribution of CCPs | 172.00 |
| | Other Exposure to CCPs | |
| | Others | 3,002,989.08 |
| 2 | (Asset amounts deducted in determining Basel III Tier 1 capital) | (38,643.40) |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 4,003,578.22 |
| | Derivative exposures | - |
| 4 | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin) | - |
| 5 | Add-on amounts for PFE associated with all derivatives transactions | - |
| 6 | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework | - |
| 7 | (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | - |
| 8 | (Exempted CCP leg of client-cleared trade exposures) | - |
| 9 | Adjusted effective notional amount of written credit derivatives | - |
| 10 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | - |
| 11 | Total derivative exposures (sum of lines 4 to 10) | - |
| | Securities financing transaction exposures | - |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions | - |
| 13 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | - |
| 14 | CCR exposure for SFT assets | - |
| 15 | Agent transaction exposures | - |
| 16 | Total securities financing transaction exposures (sum of lines 12 to 15) | - |
| | Other off-balance sheet exposures | |
| 17 | Off-balance sheet exposure at gross notional amount | 54,306.02 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | 13,274.02 |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 41,032.00 |
| | Capital and total exposures | |
| 20 | Tier 1 capital | 515,504.57 |
| 21 | Total exposures (sum of lines 3, 11, 16 and 19) | 4,044,610.22 |
| | Leverage ratio | |
| 22 | Basel III leverage ratio | 12.75% |

Presently the contribution of Tier I capital to Total Basel II capital is 91.45%. 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 SFB"), it is our immense pleasure to present the 8th Annual Report of the Bank along with the Audited Financial Statements and Auditor's Report thereon for the FY 2023-24.

OVERVIEW AND STATE OF AFFAIRS OF THE BANK

The Bank continued to progress in FY 2023-24 on the strong base laid in the previous fiscal. Bank focussed on improving book quality, build business volumes, customer acquisition and expand its geographical presence. Along with branch expansion, the Bank further developed on its digital offerings and strengthened its IT infrastructure making it more robust and proficient to effectively aid the growing business. Highlights of achievements during FY 2023-24 were:

- i. Disbursement: ₹ 23,389 Crores for the FY 2023-24;
- ii. Deposits: Crossed ₹ 31,000 Crores milestone and closed the year with total deposits of ₹ 31,462 Crores. Total deposit accretion during the year was at ₹ 5,924 Crores
- iii. Asset Quality: GNPA/NNPA at 2.1%/0.3% as on March 2024; PCR at 87% as on March 2024
- iv. Microbanking cashless collections: 43% in Q4; among the highest in industry
- v. Launched a nation-wide brand campaign, a prominent step towards establishing Ujjivan SFB as a mass market bank
- vi. Introduced digital TD & SA to provide seamless experience to our customers and help us to serve beyond brick-and-mortar branches
- vii. Net profit for the FY 2023-24 is ₹ 1,281 Crores, continuing the strong profitability trend picked up in last quarter.

Additionally, the Bank believes a robust IT infrastructure holds a competitive advantage and is greatly beneficial for serving its customers. Bank continued its investments in fortifying its digital landscape. These investment span across business aspects from technology and digital platforms to new products and verticals to human capital to infrastructure.

Technology and Digital Platforms:

- Hello Ujjivan launched in FY 2022-23 has now crossed 7.8 Lakhs downloads as on March 2024 aiding in paperless disbursements, digital repayments and reducing TAT;
- DigiMitra launched in FY 2023-24, a dedicated support service aimed at helping customers navigate any technical issues they may encounter while accessing digital products and services

- CRM and Customer Deduplication systems have been upgraded, resulting in refined user interfaces and data reliability. A pilot for the CRM mobile application has been deployed enabling mobile user engagement
- In digital banking front, Bank has introduced several customer-centric innovations such as digital Fixed Deposit & Savings, which have been highly appreciated for their convenience and accessibility
- During the year, the Bank's IT facilitated launch of 11 new applications across business verticals with requisite environments created across various application stacks; Around 450+ projects and enhancements went live during the year covering regulatory, new product lines, services for revenue generation, enhancing customer experience, improving operational efficiency and cost savings
- On data analytics, the Bank has adopted state of the art "BI tool" (Both Web and Mobility channels) with interactive dashboards to empower its employees at every level to adopt data driven proactive decision and boost their productivity

New Products & verticals:

- Introduced Semi-formal LAP & working capital facilities during the year to expand MSME product suite
- In vehicle finance introduced Trade advance facility for our dealers
- Introduced value added liability products, like Maxima CA & SA to augment our liability product offering and gain market share; Focussed to improve our digital offerings reintroduced Digital TD and Digital SA
- Launched 3-in-1 Demat Trading Services through strategic partnership
- Upgraded APY by revamping back-end process has helped in improved business flow

Human Capital:

- Increase in staff count: field staff 15,857 from 13,077; others 6,709 from 4,793
- Extensive training programmes being conducted to enhance knowledge and productivity

Infrastructure:

- Banking outlets: Expanding our physical presence adding 123 branches in FY 2023-24 with banking outlets reaching 752 as of March 2024
- Retail Asset Centres: Opened 15 new retail asset centres taking total count 18 as on March 2024 to optimise processes and improve efficiency
- Other premises: expanded our other regional and corporate offices to accommodate growing scale

This year's strong performance was led by increased business growth across verticals. Under our microfinance segment - Micro Group Loans/ Individual Loans gross loan book grew 13%/ 53% vs March 2022 with disbursement up 3%/41% as against FY 2022-23; disbursement growth in this segment was led by increased focus on Individual Loans as customers graduated from Micro group loans to Individual loans and customer acquisition. Housing segment continues to make newer highs growing by 45% vs March 2023 reaching ₹ 4,924 Crores gross loan book as on March 2024. Affordable Housing disbursements grew strong by 64% vs FY 2022-23 owing to strong demand in the segment and increased efficiency due to retail asset centres aiding in faster processing and quicker disbursements. During the year, MSME business put its renewed business strategy into action the verticals LAP business scaled up with Prime LAP and Elite LAP variants. Systems and processes were revamped. All these deemed to have a positive impact on various critical metrics like Productivity, Turn-Around Time and First-Time-Right (FTR). Additionally, new strategic partnerships were entered with fintechs to lend towards supply chain finance. In FY 2024-25 this business is expected to deliver strong growth. Our Institutional lending business grew 53% YoY to ₹ 1,731 Crores of gross loan book as of March 31, 2024 driven by 67% jump in disbursement vs FY 2022-23. Further the newer lines of businesses like Vehicle Finance and Gold Loan have seen decent traction in last few months of FY 2023-24. This is expected to scale up substantially in FY 2024-25. Overall, the secured book contribution has improved in-line with Banks Strategy, to 30.2% of the total gross loan book vs 27.20% in FY 2022-23

During FY 2023-24, Bank's deposit book grew by 23% to ₹ 31,462 Crores crossing the bench mark of ₹ 31,000 Crores. CASA grew by 24% y-o-y, closing at 26.5% of the total deposit book as of March 31, 2024. This year we undertook multiple initiatives to achieve this growth like:-

a) Undertook our first nationwide brand campaign

- b) Launched value added products to cater to customer demand
- c) Entered into partnership for 3-in-1 Demat Trading Services accounts
- d) launched digital TD & digital SA providing seamless onboarding experience

All these efforts combine have helped us achieve this in FY 2023-24, We will be building on this base in FY 2024-25.

Margins: During the year the Bank continued to have benefits from repricing of assets which helped us improve yield, and consequently our NIMs which was under pressure due to rising CoF. The repricing benefit will continue in H1FY25 supporting our margins. CoF however will remain elevated until interest rate cycle turns. With asset quality remaining strong the bank expects to sustain its margins in FY 2024-25.

Collection strategy: The bank continues to have strong and dynamic collection team which played a critical role in containing credit cost and ensured timely recovery of default loans. Our dedicated collections team employs strategic collection methodologies to mitigate credit risk and minimise delinquencies. The collections efforts would continue to be augmented with the intensified legal actions across various products. The fruit of Bank's efforts in last FYs are bearing fruit in the form of significant improvement in all the credit parameters. The Bank aims to proactively onboard quality borrowers and manage repayments that were well-tested during FY 2023-24 and the bank continues to monitor the portfolio quality with a focus on innovation, leveraging technology and customer-centric approach. The bank is well poised for the next level of banking growth in the aspiring middle-income segment. The Bank's Board comprised of 8 directors as at the end of FY 2023-24, with the MD & CEO being the Executive Director, 6 Independent Directors including 3 Women Independent Directors and 1 Non-Executive Non-Independent Director.

FINANCIAL PERFORMANCE

Summary of Financial Performance

(₹ in Crores)

| Particulars | FY 2023-24 | FY 2022-23 |
|---|-----------------|-----------------|
| Revenue from Operations | 3,409.45 | 2,697.90 |
| Other Income | 786.75 | 589.19 |
| Less: Operational Expenses | 997.63 | 791.53 |
| Personnel Expenses | 1,183.18 | 920.25 |
| Profit/loss before Depreciation, Finance Costs, Exceptional items, | 2,252.40 | 1,727.20 |
| Provisions and Tax Expense | | |
| Less: Depreciation/ Amortisation/ Impairment | 98.29 | 90.28 |
| Profit /loss before Finance Costs, Exceptional items, Provisions and Tax | 2,154.11 | 1,636.92 |
| Expense | | |
| Less: Finance Costs | 237 | 151.89 |
| Profit /loss before Provisions, Exceptional items and Tax Expense | 1,917.11 | 1,485.03 |
| Less: Provisions & Contingencies | 214.94 | 17.79 |
| Add/(less): Exceptional items | 0 | 0 |
| Profit /loss before Tax Expense | 1,702.17 | 1,467.24 |
| Less: Tax Expense (Current & Deferred) | 420.67 | 367.32 |
| Profit /loss for the year (1) | 1,281.50 | 1,099.92 |
| Total Comprehensive Income/loss (2) | 0 | 0 |
| Total (1+2) | 1,281.50 | 1,099.92 |
| Balance of profit /loss for earlier years | 506.87 | (72.35) |
| Less: Transfer to Debenture Redemption Reserve | 0 | 0 |
| Less: Transfer to Statutory Reserves | 463.66 | 274.98 |
| Less: Transfer to investment Fluctuation Reserve | 4.37 | 46.79 |
| Less: Transfer to Capital Reserves | 0 | 0 |
| Less: Dividend paid on Equity Shares | 68.34 | 146.59 |
| Less: Dividend paid on Preference Shares | 0 | 22.00 |
| Less: Dividend Distribution Tax | 0 | 0 |
| Less: Investment Reserve Account | 0 | 0.34 |
| Less: Transfer to Special Reserve U/S 36 (1)(viii) Income tax Act 1961 | 17 | 30.00 |
| Balance carried forward | 1,378.27 | 506.87 |

Key Ratios: (Comparative ratios are annualised)

| Particulars | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| Interest income as a percentage to working funds | 15.38% | 15.28% |
| Non-interest income as a percentage to working funds | 2.13% | 2.16% |
| Operating profit as a percentage to working funds | 5.20% | 5.45% |
| Business (deposits plus gross advances) per employee (₹ in thousands) | 25,989 | 23,906 |
| Profit per employee (₹ in thousands) | 633.82 | 632.78 |
| EPS (Basic) (₹) | 6.65 | 5.82 |
| EPS (Diluted) (₹) | 6.54 | 5.81 |

TRANSFER TO RESERVES

A. Statutory Reserve

The Bank has made an appropriation of ₹ 320.37 Crores to the statutory reserve for the year ended March 31, 2024 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. Also, the Bank has taken over the Statutory Reserves of ₹ 143.28 Crores in pursuant to the scheme of amalgamation as sanctioned by the National Company Law Tribunal.

B. Investment Fluctuation Reserve ("IFR")

During the year ended March 31, 2024, the Bank has made an appropriation of ₹ 4.37 Crores to IFR from the profit and loss account so as to reach the figure of 2% of its HFT and AFS Investment portfolio.

DIVIDEND

The Bank has formulated and implemented a Dividend Distribution Policy pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and RBI Requirements with an objective to appropriately reward shareholders through dividends for reposing their confidence in the Bank while retaining the capital required for supporting future business growth. The said Policy is available on the website of the Bank at www.ujjivansfb.in/corporate-governance-policies.

Equity Dividend

During the FY 2023-24, the final dividend of ₹ 97.74 Crores (before TDS) pertaining to FY 2022-23 was paid out to the equity shareholders on August 09, 2023.

For the FY 2023-24, the Board of Directors in its meeting held on May 18, 2024 has recommended a Final Dividend of 15% i.e. ₹ 1.5 per equity share, which on approval of the shareholders in the 8th AGM will be distributed in the FY 2024-25 within the stipulated time limit.

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Bank during FY 2023-24.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have occurred after the closure of the FY 2023-24 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.

Following are details of increase in the paid-up capital during the Financial Year 2023-24:

| Sr | Particulars | Amount (in ₹) |
|----|---|----------------|
| 1 | Paid-up Capital at the beginning of the Financial Year | 21,547,066,250 |
| 2 | Equity Shares allotted under the ESOP Scheme 2019 during the FY 2023-24 | 40,566,510 |
| 3 | Paid-up Capital at the end of the Financial Year (Pre-merger) | 21,587,632,760 |
| 4 | Paid-up Capital at the end of the Financial Year (Post-merger)* | 19,314,285,090 |

*Note: Pursuant to the effect of the Scheme of amalgamation, 1,440,036,800 equity shares and 200,000,000 preference shares of the Bank held by UFSL are extinguished. Consequent to the aforesaid, the paid-up equity capital of the Bank is revised to ₹ 19,314,285,090.

B. ISSUE OF EQUITY SHARES OR OTHER CONVERTIBLE SECURITIES

During the FY 2023-24, following equity shares were issued and allotted:

| Sr | Particulars of Equity Shares allotted under the ESOP Scheme 2019 allotted on following dates: | No. of shares | Total Nominal Price (in ₹) | Total Issue Price including premium (in ₹) |
|--------------|---|------------------|----------------------------|--|
| 1 | April 12, 2023 | 21,974 | 219,740 | 412,844.25 |
| 2 | May 08, 2023 | 22,332 | 223,320 | 445,523.40 |
| 3 | June 09, 2023 | 25,444 | 254,440 | 515,539.15 |
| 4 | July 03, 2023 | 79,285 | 792,850 | 1,852,891.60 |
| 5 | August 04, 2023 | 195,990 | 1,959,900 | 5,598,565.35 |
| 6 | September 15, 2023 | 539,651 | 5,396,510 | 16,148,840.95 |
| 7 | October 09, 2023 | 283,989 | 2,839,890 | 8,293,461.45 |
| 8 | November 16, 2023 | 364,321 | 3,643,210 | 11,522,327.25 |
| 9 | December 12, 2023 | 303,243 | 3,032,430 | 9,313,374.49 |
| 10 | January 09, 2024 | 366,450 | 3,664,500 | 11,160,328.20 |
| 11 | February 09, 2024 | 1,019,002 | 10,190,020 | 25,936,742.65 |
| 12 | March 12, 2024 | 834,970 | 8,349,700 | 22,342,167.15 |
| TOTAL | | 4,056,651 | 40,566,510 | 113,542,605.89 |

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

During the FY 2023-24, 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 144,000,000 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 144,000,000 equity shares of face value ₹ 10 each.

The ESOP 2019 Scheme is effective from March 29, 2019. The objectives of ESOP 2019 Scheme are, among others, to attract and retain employees with stock options as a compensation tool. Through ESOP 2019 Scheme, the Bank offers an opportunity of sharing the value created with those employees who have contributed or are expected to contribute to the growth and development of the Bank.

The ESOP 2019 Scheme has been framed and implemented in compliance with provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, now SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, Companies Act, 2013 and rules made thereunder and relevant guidance notes and accounting standards.

As on March 31, 2024, 149,009,776 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 2023-24, following grants have been made to the eligible employees with the approval of the Nomination and Remuneration Committee of the Bank:

| Sr. No | Date of grant | Number of options | Price (₹) |
|--------------|------------------|-------------------|-----------|
| 1. | October 09, 2023 | 28,013,164 | 48.50 |
| 2. | October 27, 2023 | 1,024,751 | 51.46 |
| Total | | 29,037,915 | - |

During the FY 2023-24, following grants have been made to the eligible employees with the approval of the Nomination and Remuneration Committee of the Bank:

| Particulars | Details |
|---|----------------|
| Options granted and outstanding at the beginning of the year (A) | 119,971,861 |
| Options granted during the year (B) | 29,037,915 |
| Options vested during the year | 10,447,702 |
| Options exercised during the year (C) | 4,401,954 |
| The total number of shares arising as a result of exercise of options | 4,056,651 |
| Options forfeited / lapsed during the year (D) | 10,658,473 |
| Variation in terms of options | None |
| Money realised by exercise of options | 122,780,079.27 |
| Total number of options in force | 133,949,349 |
| = (A) + (B) – (C) – (D) | |

Details of options granted during the year to:

Key Managerial Personnel

Mr. Ittira Davis, MD & CEO-

1,024,751 options granted at a price of ₹ 51.46 per option

Mr. Sanjeev Barnwal, Company Secretary – 135,838 options granted at a price of ₹ 48.50 per option

| Particulars | Details |
|--|---------|
| Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year | Nil |
| Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant | Nil |

**21,974 options exercised in the month of March 2023 have been allotted on April 12, 2023.*

366,608 options exercised in the month of March 2024 have been allotted on April 04, 2024.

The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 read with Circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by SEBI are available on the website of the Bank at www.ujjivansfb.in.

ESPS 2019 Scheme:

The Bank, pursuant to the resolutions passed by the Board on July 30, 2019 and by the Members on August 03, 2019, adopted the ESPS 2019 Scheme. The ESPS 2019 Scheme has been framed and implemented in compliance with provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 now, SEBI (Share Based Employee Benefits & Sweat Equity) Regulations 2021, Companies Act, 2013 and rules made thereunder and relevant guidance notes and accounting standards.

The objective of the ESPS 2019 Scheme is inter-alia to reward the eligible employees of the Bank and its erstwhile Holding Company for their association and performance as well as to motivate them to contribute to the growth and profitability of the Bank.

Pursuant to the ESPS 2019 Scheme, the Board is authorised to issue up to 72,001,840 fully paid up equity shares of the face value of ₹ 10 each with paripassu 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, 2024, 14,075,166 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 2023-24.**

The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 read with Circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by the SEBI are available on the website of the Bank at www.ujjivansfb.in.

Further as per Regulation 13 of the SEBI (Share Based Employee Benefit and Sweat Equity) Regulations, 2021, the Board of Directors have obtained the certificate from the Secretarial Auditor of the Bank, K Jayachandran, certifying that the schemes have been implemented in accordance with these regulations and in accordance with the resolution of the Bank in the general meeting. The same has been enclosed as "Annexure - 1" to this report.

E. ISSUE OF DEBENTURES, BONDS OR ANY NON-CONVERTIBLE SECURITIES OR WARRANTS

During the FY 2023-24, the Bank has not issued any debentures, bonds or any non-convertible securities or warrants. However, the Bank has duly carried out monthly interest payments on the Non-Convertible Debentures (NCDs) having a face value of ₹ 100,000 (Indian Rupees One Lakh) aggregating to ₹ 3,000,000,000, issued during the FY 2022-23 as per the terms of the said issue.

DILUTION OF PROMOTER'S SHAREHOLDING AND REVERSE MERGER

Pursuant to the Guidelines for licensing of "Small Finance Banks" in the private sector issued by RBI on November 27, 2014 ("SFB Licensing Guidelines"), the Promoter of the Bank i.e. Ujjivan Financial Services Limited (UFSL) was required to reduce its shareholding in the Bank to 40% of the paid-up Equity Share capital of the Bank within a period of five years from the date of commencement of business operations by the Bank i.e. by January 31, 2022 and thereafter required to reduce its shareholding in the Bank to 30% and 26% of its paid-up Equity Share capital within a period of 10 years and 12 years, respectively, from the date of commencement of the business operations.

RBI vide its letter dated July 09, 2021 permitted the Bank to apply for the amalgamation of holding company with small finance bank, in terms of provisions of Master Direction on Amalgamation of Private Sector Banks, Directions, 2016 dated April 21, 2016, Three (3) months prior to completing five years from the date of commencement of business of small finance bank.

Further, recommendations of the Internal Working Group to Review Extant Ownership Guidelines and Corporate Structure for Indian Private Sector Banks, dated October 20, 2020 and November 20, 2020 that, no intermediate sub-targets between five to 15 years may be required and that promoters may submit a dilution schedule which may be examined and approved by the RBI, were accepted by RBI without any modification vide its circular dated November 26, 2021.

Accordingly, the Bank initiated necessary steps for the reverse merger of Ujjivan Financial Services Limited with the Bank in accordance with applicable laws and guidelines. Merger of the Promoter entity with the Bank will suffice the requirement of promoter shareholding dilution.

The Board of the Bank in its meeting held on October 14, 2022, considered and approved a Scheme of Amalgamation ("Scheme") between Ujjivan Financial Services Limited (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. The following table highlights the trajectory of the said Reverse Merger process:

| Sr | Process | Date |
|-----------|--|--------------------|
| 1. | Approval of the Scheme of Amalgamation by the Board of Directors of Ujjivan SFB and UFSL | October 14, 2022 |
| 2. | Filing of the Scheme and applications with the Stock Exchanges | October 19, 2022 |
| 3. | Filing of the Scheme with the RBI for its No-Objection Certificate | October 19, 2022 |
| 4. | Receipt of No-Objection Certificate from RBI | February 01, 2023 |
| 5. | Receipt of No-Observation Letters from the Stock Exchanges | March 09, 2023 |
| 6. | Filing of Joint Application with the Hon'ble National Company Law Tribunal, Bengaluru Bench (NCLT) | March 29, 2023 |
| 7. | Receipt of the order from the Hon'ble NCLT to convene meetings of equity shareholders of both, UFSL & Ujjivan SFB for approval of the said scheme. | September 11, 2023 |
| 8. | Meeting of the equity shareholders of both, UFSL & Ujjivan SFB where the scheme was duly approved with requisite majority. | November 03, 2023 |
| 9. | Filing of Joint Petition with the Hon'ble NCLT post receipt of approval of the shareholders of both the Companies | November 10, 2023 |
| 10. | Receipt of the order pertaining to listing of the matter of the said scheme for hearing with the Hon'ble NCLT on January 30, 2024. | December 15, 2023 |
| 11. | Adjournment of the case by the Hon'ble NCLT to February 29, 2024. | January 30, 2024 |
| 12. | Reservation of the order for pronouncement by the Hon'ble NCLT. | February 29, 2024 |
| 13. | Receipt of final NCLT Sanction | April 19, 2024 |
| 14. | Filing of Forms INC-28 by both the Companies making the Scheme effective | April 30, 2024 |
| 15. | Allotment of 1,412,702,033 equity shares of the Bank to the eligible shareholders of UFSL as per the Share Exchange Ratio of 10:116 | May 06, 2024 |
| 16. | Receipt on Listing approval for the aforesaid allotment | May 17, 2024 |
| 17. | Receipt of Trading approval for the aforesaid allotment | May 28, 2024 |

CAPITAL ADEQUACY

The Bank is subject to the Basel II Capital Adequacy guidelines (NCAF) as stipulated by RBI. The Capital to Risk Assets Ratio (CRAR) of the Bank is calculated as per the Standardised Approach (SA) for Credit Risk.

CRAR of the Bank is calculated on the basis of RBI NCAF guidelines. The CRAR of the Bank as at March 31, 2024 using Risk Weighted Assets for credit risk related exposures only, as required under the operating guidelines of RBI for Small Finance Banks, was 24.69% against a minimum requirement of 15% and Tier I capital ratio was 22.68% against the minimum requirement of 7.5%.

CREDIT RATING

Credit ratings assigned to Long Term Bank Facilities, Subordinated Non-Convertible Debentures and Certificate of Deposit Programme of the Bank as on March 31, 2024 with details of changes as on date:

| Instrument Name | Name of Credit Rating Agency | Amount (₹ In Crores) | Rating | Date of Credit Rating | Revision in the Credit Rating |
|---|------------------------------|-------------------------|------------------|-----------------------|--|
| Certificate of Deposit Programme | CRISIL Ratings Limited | 2,500.00 | CRISIL A1+ | February 26, 2018 | Reaffirmed on February 16, 2023 |
| Long Term Bank Facilities | CARE Ratings Limited | 500.00 | CARE AA-; Stable | September 06, 2017 | <ul style="list-style-type: none"> • August 03, 2023 Rating reaffirmed and outlook changed from "stable" to "positive" • December 28, 2023 Rating upgraded from CARE A+; Positive to CARE AA-; Stable • May 23, 2024 Rating reaffirmed |
| Subordinated Non-Convertible Debentures | CARE Ratings Limited | 500.00 | CARE AA-; Stable | November 24, 2022 | <ul style="list-style-type: none"> • August 03, 2023 Rating reaffirmed and outlook changed from "stable" to "positive" • December 28, 2023 Rating upgraded from CARE A+; Positive to CARE AA-; Stable • May 23, 2024 Rating reaffirmed |
| Fixed Deposit | CARE Ratings Limited | 10,000.00 | CARE AA-; Stable | May 23, 2024 | Rating assigned |

TRANSFER OF UNPAID AND UNCLAIMED AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 124 & 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the dividend that remains unpaid or unclaimed for a period of seven consecutive years from the date of transfer, are required to be transferred to the Investor Education and Protection Fund (IEPF).

As on March 31, 2024, the unclaimed dividend declared by Ujjivan Financial Services Limited (merged with Ujjivan Small Finance Bank Limited) for the below years is as under:

| Sr. | Financial Year | Dividend Type | Unclaimed Dividend (in ₹) |
|-----|----------------|---------------|---------------------------|
| 1. | FY 2016-17 | Final | 156,920 |
| 2. | FY 2017-18 | Final | 143,215 |
| 3. | FY 2018-19 | Interim | 221,776.05 |
| 4. | FY 2018-19 | Final | 71,163.45 |
| 5. | FY 2019-20 | Final | 149,906.3 |
| 6. | FY 2022-23 | Interim | 421,858 |
| 7. | FY 2023-24 | Interim | 334,005.50 |

During the FY 2023-24 unclaimed dividend of ₹ 40,189 for the FY 2015-16, towards 2,634 equity shares of UFSL has been transferred to Investor Education and Protection Fund (IEPF) Authority. Subsequent to the merger, 30,551 shares of the Bank in lieu of the aforesaid 2,634 shares of UFSL (as per the share exchange ratio) have been transferred to IEPF.

BOARD AND KEY MANAGERIAL PERSONNEL

Following changes took place in the Board Composition during the FY 2023-24:

| Sr. | Name of the Director | Type of change | Effective Date | Remarks |
|-----|--|----------------|-------------------|--|
| 1 | Mr. P N Raghunath (Nominee Director – RBI) DIN: 09428287 | Cessation | May 29, 2023 | The Reserve Bank of India (RBI) vide its letter dated November 29, 2021, had appointed Mr. P.N. Raghunath, then General Manager, RBI, Bengaluru, Regional Office as an Additional Director on the Board of the Bank for a period of 2 (Two) years with effect from November 29, 2021 to November 28, 2023 or till further orders, whichever is earlier. Further the RBI vide its letter dated, May 29, 2023 withdrew the nomination of Mr. P N Raghunath with immediate effect. |
| 2. | Mr. Satyaki Rastogi (Nominee Director – SIDBI) DIN: 02189494 | Cessation | July 17, 2023 | The Small Industries Development Bank of India (SIDBI) vide its letter dated, July 17, 2023 withdrew the nomination of their nominee director, Mr. Satyaki Rastogi with immediate effect. |
| 3. | Ms. Rajni Mishra (Independent Director) DIN: 08386001 | Re-appointment | December 16, 2023 | Re-appointment as an Independent Director for the second term of 5 (five) years. |
| 4. | Mr. Rajesh Jogi (Independent Director) DIN: 03341036 | Re-appointment | March 25, 2024 | Re-appointment as an Independent Director for the second term of 5 (five) years. |

Note: During the current FY, following appointments have taken place in the Board:

| Sr | Name | Position | Effective Date |
|----|-------------------------------|----------------------|----------------|
| 1. | Mr. Sanjeev Nautiyal | MD & CEO | July 01, 2024 |
| 2. | Ms. Carol Kripanayana Furtado | Whole-Time Director | May 01, 2024 |
| 3. | Ms. Mona Kachhwaha | Independent Director | May 18, 2024 |

The Board in its meeting held on May 18, 2024 has also accepted early retirement request from Mr. Ittira Davis from his position of MD & CEO, w.e.f. June 30, 2024 due to personal reasons.

The brief profiles of the Directors are available on the website of the Bank at <https://www.ujjivansfb.in/board-of-director>.

KEY MANAGERIAL PERSONNEL

As on March 31, 2024, pursuant to Section 203 of the Companies Act, 2013, Mr. Ittira Davis, Managing Director and CEO, Mr. M D Ramesh Murthy, Chief Financial Officer and Mr. Sanjeev Barnwal, Company Secretary and Compliance Officer are the Key Managerial Personnel (“KMP”) of the Bank.

There were no changes in the Key Managerial Personnel during the FY 2023-24.

The brief profiles of the Key Managerial Personnel are available on the website of the Bank at <https://www.ujjivansfb.in/management-team>.

Further, basis the recommendation of the Board of the Bank at their meeting held on January 11, 2024, the RBI, in terms of section 35B of the Banking Regulation Act, 1949, vide its letter dated March 21, 2024, approved the appointment of Ms. Carol Kripanayana Furtado (DIN: 07587305) as a Whole-Time Director (WTD) of the Bank for

a period of 3 (three) years with effect from May 01, 2024. Accordingly, Ms. Carol has assumed the office as a KMP w.e.f. from May 01, 2024 as well.

Furthermore, basis the recommendation of the Board of the Bank, the RBI, in terms of section 35B of the Banking Regulation Act, 1949, vide its letter dated April 15, 2024, approved the appointment of Mr. Sanjeev Nautiyal (DIN: 08075972) as the MD & CEO of the Bank for a period of 3 (three) years with effect from July 01, 2024. The Board on recommendation of the NRC approved the aforesaid appointment on May 18, 2024. Accordingly, Mr. Sanjeev shall assume the office as a KMP w.e.f. from July 01, 2024 as well.

The Board in the same meeting has also accepted the early retirement request of Mr. Ittira Davis from the position of MD & CEO w.e.f. June 30, 2024.

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.

DIRECTOR E-KYC

MCA has vide amendments to the Companies (Appointment and Qualification of Directors) Rules, 2014, mandated

registration of KYC of all Directors. All the Directors of the Bank have complied with said requirement in FY 2023-24.

DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

The Bank has a Directors and Officers Liability Insurance Policy which protects Directors and Officers of the Bank for any breach of fiduciary duty.

NUMBER OF MEETINGS OF THE BOARD

The Board met 09 (Nine) times during the FY 2023-24. The meetings of the Board of Directors were convened in accordance with applicable laws and standards and the intervening gap between the said meetings was not exceeding 120 days. The details of Board Meetings are available in the Corporate Governance Report which forms a part of the Annual Report of the Bank for the FY 2023-24.

BOARD COMMITTEES

The Bank believes that the Board Committees are pillars of good corporate governance. In pursuit of the highest standard of corporate governance and to comply with the provisions of the Companies Act, 2013, SEBI Listing Regulations and RBI guidelines, the Bank has constituted various statutory and regulatory Board Level Committees. Further, in order to improve the Board effectiveness, efficiency and faster decision making, the Bank has also constituted a few non-statutory and non-regulatory Board Level Committees for better governance and supervision.

As on March 31, 2024, the Bank had 12 (Twelve) Board Committees which are given below:

| Sr. | Financial Year | Companies Act, 2013 | SEBI Listing Regulations | RBI Requirements |
|-----|---|---------------------|--------------------------|------------------|
| 1. | Audit Committee | Yes | Yes | Yes |
| 2. | Risk Management Committee | No | Yes | Yes |
| 3. | Nomination and Remuneration Committee | Yes | Yes | Yes |
| 4. | Stakeholders Relationship Committee | Yes | Yes | No |
| 5. | IT Strategy Committee | No | No | Yes |
| 6. | Customer Service Committee | No | No | Yes |
| 7. | Fraud Committee (Special Committee of Board for Monitoring High Value Frauds) | No | No | Yes |
| 8. | Review Committee of Willful defaulters | No | No | Yes |
| 9. | Corporate Social Responsibility Committee* | Yes | No | No |
| 10. | Committee of Directors | No | No | No |
| 11. | Business Strategy Committee | No | No | No |
| 12. | Merger and Placement Committee (earlier Promoter Shareholding Dilution Committee)** | No | No | No |

*The Corporate Social Responsibility Committee has been renamed as the CSR & Sustainability Committee w.e.f. April 01, 2024 in order to bring the ESG related facets under the purview of the said Board Committee.

**On accomplishment of the Reverse Merger, this Committee was dissolved w.e.f. May 18, 2024.

The details of composition, number of meetings held and date thereof and terms of reference of the above Committees are available in the Corporate Governance Report which forms a part of the Annual Report of the Bank for the FY 2023-24.

RECOMMENDATIONS OF AUDIT COMMITTEE

During the FY 2023-24, 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, 2024.

The approved evaluation formats and criteria are in line with the SEBI Guidance Note on Evaluation dated January 05, 2017.

The Nomination and Remuneration Committee has laid down comprehensive parameters for evaluation, a few of which are listed below:

- I. The Board: Composition, structure, meetings, functions, management and professional development, ethics and compliance among others.
- II. The Committees: Mandate & Composition, effectiveness, structure, meetings, independence of the committee, contribution to decision making of the Board, among others.
- III. Individual directors (including Chairperson, Independent Directors and Non-Independent Directors): Leadership, Commitment, Contribution, Experience, Expertise, Independence, Integrity, Attendance, Responsibility, Flow of Information among others.

The performance of the Board and Board Committees was evaluated after seeking inputs from all the directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of the Individual Directors on the basis of the approved criteria for evaluation. In addition, the Chairman and Managing Director & CEO were also evaluated on the key aspects of their roles.

Performance evaluation of Directors was done by the Nomination and Remuneration Committee and entire Board, excluding the Director being evaluated. The Committee evaluated the performance of Directors and noted that:

- i. The Directors had requisite competency, qualification, commitment and integrity.
- ii. The Directors had long term vision, industry knowledge and expertise and were wholly committed and provided ethical leadership to the Bank.
- iii. The Directors had the ability to function as a team.
- iv. Further, the Directors were regular in attending meetings and contributed effectively during the discussions.
- v. There was no apparent conflict of interest and that they expressed their opinion freely.

Further, performance of Non-Independent Directors, the performance of the Board as a whole, the performance of the Chairman and quality, quantity and timeliness of the flow of information between the Bank's Management and its Board were also evaluated.

REMUNERATION OF DIRECTORS AND EMPLOYEES

The remuneration being paid to the MD & CEO is in conformity with the RBI approval.

The remuneration of Non-Executive Directors was paid only by way of sitting fees which is within the limit prescribed under Section 197(5) of the Companies Act, 2013 and RBI Guidelines on Review of Fixed Remuneration granted to Non-Executive Directors (NEDs) dated February 09, 2024.

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-2**. In terms of Section 136(1) of the Companies Act, 2013, the annual report and the financial statements are being sent to the Members excluding the disclosures in terms of Rule 5(2) and (3) as mentioned above. The same is available for inspection and any Member interested in obtaining a copy of the Annexure may write to the Company Secretary of the Bank at corporatesecretarial@ujjivan.com

REMUNERATION RECEIVED BY THE MANAGING DIRECTOR/WHOLE-TIME DIRECTOR FROM HOLDING OR SUBSIDIARY COMPANY

During the FY 2023-24, the MD & CEO, has not received any remuneration or commission from Ujjivan Financial Services Limited, Holding Company of the Bank.

The Bank had no subsidiary Company during the FY 2023-24.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Complying with Regulation 25(7) of SEBI Listing Regulations and RBI guidelines, no introductory familiarisation programmes were conducted during the FY 2023-24 as there were no new Independent Directors

appointed on the Board during this period. However, the Bank has conducted various training programmes for its Directors including the Independent Directors during the FY 2023-24.

The details of such programmes 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, 2024.

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 out 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), Enterprise Risk Management Committee (ERMC), Information Security Committee and Business Continuity Management Committee. These committees are entrusted with the task to identify, measure, mitigate and monitor various risks on a day to day basis. There is also a National Controls and Compliance Committee (NCCC) comprising of control function heads which meets at monthly intervals to deliberate on common risks identified across the Bank.

The frequency, members and the quorum required for these management level committees are furnished in the respective risk policies and the charter. 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 and risks 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 specialised methodologies. The Bank has onboarded specialised personnel for monitoring the same and a comprehensive analysis is undertaken under its Internal Capital Adequacy and Assessment Process (ICAAP).

- Liquidity Risk
- Interest Rate Risk in Banking Book
- Concentration Risk
- Outsourcing Risk
- Strategic Risk
- Reputational Risk

- Underestimation of credit risk
- Compliance risk
- People Risk
- IT and Information Security risks
- Emerging Risks such as Climate Risk, ESG risk, Model risk and 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 a governance perspective, the Bank has in place an effective risk management policy(s) which is duly approved by the Board, that highlights the functions, implementation and role of the Risk Management Committee of the Board and the Board of Directors. The Chief Risk Officer of the Bank is the highest ranking person overseeing the Risk Management function of the Bank and reports to the MD & CEO with direct dotted line reporting to the Risk Management Committee of the Board.

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, NGOs and members of the public to report matters such as genuine grievances, corruption, fraud, misconduct, and instances of leakage of unpublished price sensitive information, misappropriation of assets and non-compliance of code of conduct of the Bank or any other unethical practices.

Utmost protection has been accorded to the whistle blowers and their identities are kept confidential.

The Policy also further provides an adequate safeguard against victimisation to the Whistle Blower and enables them to raise concerns and also provides an option of direct access to the Chairperson of the Audit Committee.

Name and Address of the Whistle and Ethics Officer

Ms. Chandrekha Chaudhuri

Ujjivan Small Finance Bank Limited

Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Bangalore – 560095, Karnataka

Email- chandrekha.chaudhuri@ujjivan.com

Protected disclosures against the Whistle and Ethics Officer need to be addressed to the Managing Director and CEO of the Bank and the protected disclosure against the Managing Director and CEO of the Bank are required to be addressed to the Chairperson of the Audit Committee.

Name and Address of MD & CEO of the Bank

Mr. Ittira Davis

Ujjivan Small Finance Bank Limited

Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru – 560095, Karnataka

Email: ittira.davis@ujjivan.com

Name and Address of the Chairperson of the Audit Committee

Ms. Sudha Suresh,

C1, Farvella Apartments, 92/1 Lavelle Road 3rd Cross, Bangalore – 560001

Email: sudha.suresh@ujjivan.com

During the FY 2023-24, 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 for FY 2023-24 | Number of Complaints |
|---|----------------------|
| Number of Whistle Blower Complaint at the beginning | 1 |
| Number of Whistle Blower Complaint received during the year | 15 |
| Number of Whistle Blower Complaint resolved during the year | 16 |
| Number of Whistle Blower Complaint at the end | 0 |

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 2023-24 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 2023-24, 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.

However, the Bank identified and intimated the Statutory Auditors about the instance of high value fraud (in excess of ₹ 1 Crore) through misuse of office GL sundry accounts at Peenya Branch. This matter was also duly reviewed by the Special Committee for Monitoring High Value Frauds, Risk Management Committee and Audit Committee.

The Statutory Auditors sought queries/information on the aforesaid case and detailed management response was duly submitted to them, further necessary regulatory reporting to RBI has also been done by the Bank.

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 2023-24.

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 2023-24.

DEPOSITS

The Chapter V of the Companies Act, 2013 does not apply to the Bank. During the FY 2023-24, 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 the FY 2023-24.

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 2023-24 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, 2024 the Bank had duly constituted CSR Committee with 5 (Five) Directors out of which 4 (Four) are Independent Directors. The details of the changes in the composition of the CSR Committee during the FY 2023-24 have been provided in the Corporate Governance Report which forms part of the Annual Report for the FY 2023-24.

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 2023-24 is annexed to this Report as **Annexure-3**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY

With our foray into ESG initiatives, the bank has made deliberate efforts and implemented sufficient measures to gauge and reduce energy consumption. Alongside fostering continual awareness among employees about the importance of energy conservation through email campaigns, ESG training, and posters, the bank has replaced conventional bulbs with energy-efficient LEDs, upgraded outdated appliances, and integrated 5-star rated appliances into new infrastructure wherever feasible. Furthermore, in pursuit of introducing alternative energy solutions, the bank has installed solar panel in a URC branch and 2 more branches are underway.

B. TECHNOLOGY ABSORPTION

In FY 2023-24, we have automated 15 new processes and enhanced 6 existing processes. The results have been remarkable- increased efficiency, reduced errors and significant time and cost saving.

With the help of RPA, we have saved ₹ 8.2 Crores cost and 51000+ Man hours. Operations, Micro Banking, Vigilance, Finance, Credit, IT, Risk, HR departments are actively using RPA to increase operational efficiency and reduce operating cost.

Below are few critical projects done which have significant impact.

- 1) RPA implementation of UPI lite reconciliation has been successfully achieved from the day one of the product launch, addressing data storage challenges and enhancing operational efficiency seamlessly.
- 2) RPA implementation for TDS computation significantly enhanced accuracy in tax calculation while managing vast customer data effortlessly.
- 3) Creation of ID's across different applications using RPA has significantly reduced manual efforts and ensures ID's are created without any delay.
- 4) RPA automation of sending mails to FIO's saves manual efforts and enables FIO to focus on acquiring more business opportunities.
- 5) Agent model reconciliation automation is extended for Fintech partner "Paynearby" reduced efforts employed manually.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the FY 2023-24, 314 transactions (Inward & Outward) were processed adding upto USD 44.53 Lakhs during the period. It resulted in an exchange income of ₹ 29.48 Lakhs for the Bank. Total Foreign Exchange Outward was USD 40.30 Lakhs during the FY 2023-24.

SIGNIFICANT AND MATERIAL ORDERS BY THE REGULATORS OR COURTS OR TRIBUNALS

During the FY 2023-24, 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.

However, basis the joint petition filed by the Bank and UFSL with the Hon'ble NCLT, Bengaluru Bench on March 29, 2023, for Scheme of Amalgamation, the Hon'ble NCLT vide its order dated September 08, 2023 directed to both the companies to convene general meetings for shareholders' approval on the Scheme. Accordingly, the Extra-Ordinary General Meetings by both the companies were held on November 03, 2023 and the Scheme was approved by requisite majority in both the meetings. Basis the said approval a second motion petition was filed with the Hon'ble NCLT for final sanction of the Scheme. Further, the Hon'ble NCLT, Bengaluru Bench granted its final sanction vide its order dated **April 19, 2024**.

AUDITORS

A. STATUTORY AUDITORS

The Members of the Bank, in the 5th Annual General Meeting held on September 27, 2021, appointed M/s. Mukund M Chitale & Co., Chartered Accountants (FRN 106655W) and M/s. B. K. Ramadhyani & Co. LLP,

Chartered Accountants (FRN 002878S/ S200021), as the Joint Statutory Auditors of the Bank for a period of 3 (three) consecutive financial years until the conclusion of 8th AGM of the Bank to be held in the FY 2024-25, subject to approval of RBI on an annual basis, pursuant to the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs).

The policy of the Bank on "Appointment of Statutory Auditors" is available on the website of the Bank at www.ujjivansfb.in/corporate-governance-policies

Further, as the term of the Joint Statutory Auditors shall conclude in the upcoming 8th Annual General Meeting of the Bank, the Board of Directors of the Bank had shortlisted four Chartered Accountants Firms and the Bank had made an application to RBI for the appointment of Joint Statutory Auditors.

RBI, vide its letter dated April 12, 2024 approved the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants (FRN 117365W) and M/s Abarna & Ananthan, Chartered Accountants (FRN 000003S) as the Joint Statutory Auditors of the Bank for the FY 2024-25 for their first year. Basis the said approval the Board in its meeting held on May 18, 2024 has approved the aforesaid appointment, furthermore, the said appointment is being placed for approval of members in the ensuing 8th Annual General Meeting of the Bank (please refer item no.3 of the AGM Notice, for further details).

Report of the Statutory Auditors

The Statutory Audit of the Bank for the FY 2023-24 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 2023-24 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 2023-24.

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 July 27, 2023 to conduct Secretarial Audit of the Bank for the FY 2023-24 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 - 4.**

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 2023-24 is available on the Bank's website at www.ujjivansfb.in/annual-return

DESPATCH OF ANNUAL REPORT

Pursuant to the latest applicable circulars issued by the MCA and SEBI, in relation to 'Relaxation from compliance with certain provisions of the SEBI Listing Regulations' relaxing the requirement of dispatching physical copies of the Annual Report and the Notice convening the AGM to Shareholders. Members who wish to have physical copy may write to the Company Secretary of the Bank at corporatesecretarial@ujjivan.com or submit a written request to the Registered Office of the Bank. In accordance with the aforesaid circulars, the weblink of the Annual Report and the Notice convening the AGM of the Bank is being sent in electronic mode only to members whose e-mail address is registered with the Bank or the Depository Participant(s). Those members, whose email address is not registered with the Bank or with their respective Depository Participant(s) and who wish to receive the Notice of the AGM and the Annual Report for the financial year ended March 31, 2024, can get their email address registered by following the steps as detailed in the Notice convening the AGM. The Annual Report of your Bank shall be available on the Bank's website viz., <https://www.ujjivansfb.in/annual-report>

COMPLIANCE WITH SECRETARIAL STANDARDS

The Bank has complied with the provisions of Secretarial Standards specified by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs under Section 118(10) of the Companies Act, 2013. The Bank has also complied with the provisions of Secretarial Standard-4 on voluntary basis.

HUMAN RESOURCES

The Bank prioritises service mantra both internally and externally. While technology plays a pivotal role in the effort, its employees are the catalyst of change and progress at the Bank. People practices are derived from the Bank's core values; integrity, responsible, fairness, respect, professionalism and teamwork. The Bank is driven to build better lives both for its customers and employees. This drive has bestowed many accolades to the Bank.

Ujjivan SFB has been recognised as one of India's TOP 25 best places to work in the BFSI sector for 2024 as per the study conducted by Great Place To Work® Institute

In the calendar year 2023 the bank was placed in the 45th Rank within the TOP 100 Great Place to Work in India as per the study conducted by Great Place To Work®

Institute. The bank in FY 2023-24 continued to focus on the employee engagement activities like employee family day engagements, milestones celebrations, branch representative meetings, chai pe charcha (corporate employee connect) and town halls, has kept the employees positively motivated. Additionally, to ensure real time employee feedback and identifying high risk employees, an AI chatbot called Amber that was launched in February 2023 has been well received across the organisation with an engagement score of 85% as on March 31, 2024.

Wellbeing of employees has been another important area for the Bank, where physical and emotional wellness of employees were emphasised. Annual health checkups at branch levels for staff and discounted rates for checkups for their families that was initiated in FY 2022-23 was completed with 100% branch coverage in FY 2023-24. The annual health check-ups were also followed up by partner organisations to telephonically connect and inform the employees on high risk matters and provide medical advice. The launch of "Emotional Wellness Advisors" a confidential connect for emotional wellness related concerns that was addressed by professional guidance to employees and their families in FY 2022-23 also saw a considerable engagement in FY 2023-24 as confirmed by our partner Connect & Heal.

CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

The Bank recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business, ethics and accountability to its shareholders, customers, government, regulators and all other stakeholders. The Bank's activities are carried out following good corporate practices and the Bank is constantly striving to make them better and adopt the best practices.

The Bank believes that timely reporting, transparent accounting policies and a strong Independent Board go a long way in preserving shareholders' trust and maximising long-term corporate value.

In pursuing the mission "to provide financial services to the unserved and underserved customers as a responsible mass market bank focussed on building a sustainable tomorrow", the Bank has been balancing its dual objectives of "social" and "financial goals since its inception. "Responsible financing", "ethical values" and "transparency" in all its dealings with its customers, lenders, investors and employees have been the cornerstone of its operations. Transparency in the decision-making process has been providing comfort to all stakeholders, particularly the customers, lenders and investors.

The Report on Corporate Governance for FY 2023-24 as per Regulation 34(3) read with Schedule V of the SEBI

Listing Regulations forms part of the Annual Report for FY 2023-24. The disclosure as required under Section II of Part II of Schedule V of the Companies Act, 2013 have been provided under the heading of Remuneration of Directors in the aforesaid Corporate Governance Report.

A Business Responsibility and Sustainability Report containing the requisite details as per Regulation 34 (2) of the SEBI Listing Regulations forms part of the Annual Report for the FY 2023-24 and is also disclosed on the Bank's website at www.ujjivansfb.in.

Further, as a responsible bank, Ujjivan SFB believes in creating a sustainable environment and making a positive social impact. The Bank understands the importance of integrating environmental, social, and governance (ESG) factors into its operations and decision-making processes. Thus, the bank disclosed its maiden voluntary report to disclose its sustainability performance which is a testament to transparency and accountability for FY 2022-23. The report for the FY 2023-24 will be published shortly and the same will be made available at the website of the Bank at <https://www.ujjivansfb.in/sustainability-initiatives>.

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 2023-24.

DISCLOSURE UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Bank has a strict Prevention of Sexual Harassment ("POSH") Policy in accordance with the statutory requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. This Policy applies to all categories of employees of the Organisation, including permanent employees, permanent management, workmen, temporary employees, trainees (interns), consultants, advisers, ad hoc employees, daily wage earners, probationers, apprentices, contract employees, etc., at its workplace or visits to partner organisations. This Policy recognises the right of privacy of every individual and will strive to protect the privacy of the individuals involved and ensure that the complainant and the respondent are treated fairly. The Policy ensures that the career interest of the parties involved in any proceedings under this Policy will not be adversely affected merely on account of the complaint made to the Internal Committee or any evidence provided in connection with any enquiry; however strict action will be taken against the Respondent if proven guilty post the enquiry process.

The Status on the Complaints received and resolved by Internal Committee during the FY 2023-24:

| Number of Complaints | Number of Complaints Resolved | Number of Complaints Pending for Resolution |
|----------------------|-------------------------------|---|
| 14 | 12 | 2 |

Composition of Internal Committees

Bank has constituted Internal Committees (IC) in each of the regions for all administrative units/branches/regional offices of the Bank. All complaints of Sexual Harassment at the Workplace are enquired into by the IC having jurisdiction over the establishment where the Respondent is posted. The IC forwards a report of its findings to the Employer for action. Each Regional IC consists of the following members:

- **Presiding Officer:** who shall be a woman employed at a senior level in the region.
- **Secretary:** who shall be the Regional HR Manager.
- **2 Members:** From amongst Employees in the region, preferably committed to the cause of women/having legal knowledge/experience in social work.
- **1 Independent Member:** Nominated from amongst NGOs/associations committed to the cause of women or a person familiar with the issues relating to Sexual Harassment.

Other Members: Additional members may be co-opted, if required, from amongst Employees working in senior positions in the region, especially from business, operations and control functions

Functions of IC

The Committee is expected to conduct a fair, prompt and impartial process of investigating all the complaints it receives. During a redressal process, the Complaints Committee/s are required to assure confidentiality, non-retaliation and recommend interim measures as needed to conduct a fair enquiry.

POLICIES

To ensure better corporate governance, adherence to various laws and regulations as applicable to the Bank and better management of the organisation as a whole, the Bank has formulated various policies including the policies mentioned below. These policies are available on the Bank's website at www.ujjivansfb.in/corporate-governance-policies.

A brief description of below mentioned policies/code have been given in **Annexure-5** of this Report.

1. Policy for Determination of Materiality of Event/ Information for Disclosures
2. Code of Conduct for Prevention of Insider Trading and Code of Fair Disclosure and Conduct
3. Corporate Social Responsibility Policy

4. Nomination and Remuneration Policy
5. Policy on Board Diversity
6. Policy on Code of Conduct
7. Related Party Transactions Policy
8. Dividend Distribution Policy
9. Familiarisation Programme
10. Policy on Archival of Documents
11. Record Retention Policy
12. Whistle Blower Policy
13. Terms and Conditions of Appointment of Independent Directors
14. Policy on Appointment of Statutory Auditors

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 2023-24.

The certificate is annexed to this Report as **Annexure-6**.

KEY INITIATIVES WITH RESPECT TO STAKEHOLDER RELATIONSHIP, CUSTOMER RELATIONSHIP, ENVIRONMENT, SUSTAINABILITY, HEALTH AND SAFETY

While key initiatives on customer relationship and health and safety have been detailed below. Information on initiatives concerning stakeholders' relationship, environment and sustainability, have been elaborated in the Business Responsibility and Sustainability Report of the Bank which forms part of the Annual Report for the FY 2023-24.

We believe that excellence in customer service has paramount importance, the Bank's commitment to delivering exceptional customer experience remains unwavering. We believe in responding to every evolving need of the customers to make ourselves a most customer centric organisation, by continuously nurturing our people, process and technology basis customer feedback and competitive landscape. To put this intent into practice, the Bank has established a dedicated Service Quality department which has been instrumental in enhancing customer experience, addressing grievances efficiently, maintaining rigorous service standards and ensuring customer service compliance.

Improved Customer Service Standards: The focus on delivering superior service standards for our customers has enabled us to maintain high level of quality and consistency

across all offerings. The Bank has demarcated, established and re-defined the Service Index, both for external and internal customer service i.e., for each business verticals and key support functions. The Service Index programme incorporates key parameters which impacts customer service delivery standards and customer satisfaction. The programme has advanced over last 6 years and unique in the industry. A strong governance structure for customer service has been established which includes a commitment to targets for improving Service Index scores by each function and at Bank level. These targets form part of key performance metrics for MD & CEO, Heads of Business/ functions, frontline managers, sales and service staffs.

- The various cross-functional initiatives at people, process and technology level have helped in achieving substantial improvements in Bank Level Service Index, from 66 points in March 2022 (out of a 100 points scale) to 85 points in March 2023 and to 89 points in March 2024.
- The number of complaints in FY 2023-24 had decreased by 14% when compared to previous FY 2022-23.
- Resolution of customer service requests within standard turn-around-time has improved from 88% in FY 2021-22 to 90% in FY 2022-23 and to 94% in FY 2023-24.
- The resolution of customer complaints within standard turn-around time has improved from 90% in FY 2021-22 to 96% in FY 2022-23 and to 98% in FY 2023-24.

Aajeevan Services – A life events-based banking services with Empathy: Ujjivan SFB believes the customer needs empathy, handholding and assurance the most when they come across various life events, be it good or bad. A specially designed and unique programme, in the banking industry, called “Aajeevan” was implemented since the inception of the Bank. These are life events based banking services, enabling customers navigate good and bad events of life with ease. Services include nomination facilities, joint accounts, settlement of claims of deceased account holders, settlement of insurance claims, priority & doorstep services to senior citizens and specially abled customers, use of special services like adding mandate holder or power of attorney etc. The programme provides financial well-being with empathy and compassion, and thus building a long term-relationship with our customers. This is also a programme around simplifying processes and staff training, by keeping empathy and efficiency as focal points. A specially designed one-day workshop on Aajeevan Services was conducted for customer handling staffs and sales staffs. A total of 1,521 staffs were trained in 72 batches during the year.

- Over the years, the promotion of Aajeevan services has helped in improvement of resolution of Aajeevan service requests from 86% in the FY 2021-22 to 94%

in FY 2022-23 and to 99% in the FY 2023-24.

- Deposits opened with nomination has improved from 82% in FY 2021-22 to 92% in FY 2022-23 and to 94% in FY 2023-24.
- The claims of deposits pertaining to deceased account holders were settled at 100% within standard turn-around-time.

New initiatives undertaken to provide seamless customer service and safety of digital transactions:

- Launch of UPI Lite to enable user friendly, low value transactions faster and real time with minimum technical declines.
- New Customers can be on boarded Digitally to open a Savings & Fixed Deposit Account without any restrictions and fulfil their KYC online through Video KYC.
- Existing customers can open Digital Savings and Fixed Deposit Account seamlessly through the Digital Platform and also fund their FDs from Non Ujjivan SFB bank accounts.
- Educational Videos about Digital products were uploaded on social media platforms like YouTube in English & other regional languages to help customers understand the process in simple / easy steps.
- DigiKaksha initiative was launched during Q4 FY 2023-24, to foster digital learning and empowerment within Ujjivan SFB to enable staff assist and handhold customers in using digital channels better.
- The IB, MB & Hello Ujjivan platforms were modified to redirect to Customer Grievance Redressal mechanism on Ujjivan SFB website, to enable customers to easily access and understand the Customer Grievance Redressal mechanism.
- Same day disbursements were introduced, to reduce turnaround time for disbursement of individual and group loans under micro lending programme.
- The limits for financial transactions to be provided through doorstep services to senior citizens has been increased to ₹ 25,000 per request from ₹ 5,000. Further, to popularise the same, SMSs were broadcasted to the senior citizen customers of the Bank.
- Enabled auto triggering of SMS to customer at 4 Stages to collect the mortgage documents after closure of the loan.
- Fraudulent Transaction reporting option is now implemented on BNB, this will help customers in prompt reporting of such transactions without searching for customer care contact points.
- Successfully piloted Video Banking platform as a service delivery channel, to be launched for all customers in FY 2024-25.

- Success of 'DigiMitra' initiative at Ujjivan SFB Phone Banking:
 - o The DigiMitra programme launched in August 2023 has proven very successful in handling all customer service requests and complaints related to digital channels like Internet Banking, Mobile Banking, Business Net-banking, UPI services and other digital channels of the bank.
 - o This has delivered a better digital experience to customers, by enabling proactive connect with the customer before, after the issue is raised and resolved with a quality resolution of their issues related to digital channels.
 - o The team not only resolves the customers' issues but also educate the customer and the Internal Bank employees wherever required.
 - o The DigiMitra Team handles end-to-end resolution of technical issues, by liaising with internal departments, to ensure timely and complete resolution for customers.
 - o 6,029 cases are handled by DigiMitra team during the year.

Customer awareness:

- A significant increase in spam calls were reported across the country for paying EMI and receiving a gift voucher delivered to their doorstep. To address this concern and ensure our customers beware of such incidents, A customer awareness campaign was conducted through SMSs to 30 Lakh customers.
- As a continuous learning from day-to-day practical situations through "Service Quality Friday School" campaign, the branches receive a training content as snippets, and the Branch Managers delivers the training to staffs on same day for efficient customer service/ handling customer requests and complaints/ life events related services and case studies.
- As per directives from Indian Cyber Crime Coordination Centre (I4C), in the field of Cyber Hygiene and Promoting 1930 as well as National Cybercrime Reporting Portal (NCRP), an awareness campaign was conducted to customers through various channels.
 - o Safe banking tips on OTP fraud - in all languages.
 - o Safer internet day - on browser security and Safe Tips on UPI security.
 - o Display of Cyber security helpline number on bank's website.

Health and Safety

The Bank considers Health and Safety of its employees very important and various initiatives have been taken with this objection over the years. Following are a few highlights of the same:

- Fire extinguishers are in place as per the defined protocols in all the offices & branches across PAN India with half yearly fire drill conducted only in RO and HO. The same is carried out only in regional offices and the awareness is created among the branch employees To ascertain adequacy and quality of the safety measures, an audit has been conducted by third party every quarter.
- Towards providing better work environment to the employees and customers, all the URCs are installed with Air conditioners & preventive maintenance of all the electric equipment's across branches conducted periodically – 95% of the URCs are equipped with ACs.
- For the specially-abled customers & employees, 29 ramps have been constructed across PAN India branches. – 125 ramps are available across the country.
- Deep cleaning & Pest control services were rendered at the branches that were older than 5 years. – Deep cleaning & Pest control services are being done once in a quarter.

Considering the health of the employees, 20+ branches in the North have been installed with RO water purifiers for drinking water – It is 30+ branches.

Employees Safety Measures

As an employee first organisation, Ujjivan SFB conducts annual health check-up for all its employees once in two years. This annual health check-up is followed up by the Partner by providing free consultation on the reports and also advising employees with high risk reports.

To support its employees, Ujjivan SFB also has a facility of 24x7 "Doctor on Call" teleconsultation This facility has been made available for employees and their dependents to consult doctors during emergencies. While the services were available for physical ailments. In FY 2023-24, Ujjivan SFB also launched of the emotional wellness programme, where employees and their family members could teleconsult specialists with "emotional wellness' expertise to get help where required.

Apart from that the QRT (Quick Response Team) which was activated during the start of the pandemic still monitors the environment & health related concerns across regions and issues guidelines to employees as and when required.

OTHER DISCLOSURES

- A. The Bank is not required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- B. Disclosure as required under Rule 8(5)(xi) and 8(5)(xii) of the Companies (Accounts) Rules, 2014 does not apply to the Bank for FY 2023-24.

- C. None of the directors of the Bank are disqualified as per provisions of Section 164(2) of the Companies Act, 2013. The directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013, SEBI Listing Regulations and RBI guidelines.

ACKNOWLEDGEMENT

We place on record our gratitude to our employees at all levels who have contributed to the growth and sustained success of the Bank through their dedication, hard work, cooperation and support.

We would like to thank all our customers, vendors, bankers, investors, auditors, media and other business associates

For and on behalf of the Board of Directors

Sd/-

B.A. Prabhakar

Part-Time Chairman and Independent Director

DIN: 02101808

Date: May 18, 2024

Place: Bengaluru

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, Hon'ble NCLT, Bengaluru Bench and Registrar of Companies, Bengaluru, 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 2023-24 and look forward to their continued support in future.

Sd/-

Ittira Davis

MD & CEO

DIN: 06442816

Annexure-1

To
The Board of Directors,
UJJIVAN SMALL FINANCE BANK LIMITED
CIN: L65110KA2016PLC142162
Grape Garden, No.27, 3rd 'A' Cross,
18th Main 6th Block, Koramangala
Bangalore – 560095.

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 Company during Annual General Meeting.

Date: May 16, 2024
Place: Bengaluru

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309F000378632

Annexure-2

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 | | |
|--|--|-------------------------------|--|--------------|
| 1. | The ratio of the remuneration of each director to the median remuneration of the employees of the Bank for the FY 2023-24 | Director | Remuneration (₹) | Ratio |
| | | Mr. B.A. Prabhakar | 4,500,000 | 13.2x |
| | | Mr. Ittira Davis* | 17,600,000 | 51.67x |
| | | Mr. Rajesh Kumar Jogi | 4,350,000 | 12.8x |
| | | Ms. Rajni Mishra | 3,275,000 | 9.6x |
| | | Mr. Samit Kumar Ghosh | 4,050,000 | 11.9x |
| | | Ms. Sudha Suresh | 2,975,000 | 8.7x |
| | | Mr. Ravichandran Venkataraman | 4,025,000 | 11.8x |
| | | Mr. Satyaki Rastogi | 100,000 | 0.3x |
| | | Ms. Anita Ramachandran | 2,150,000 | 6.3x |
| 2. | The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the FY 2023-24 | KMP | % increase in remuneration received | |
| | | MD & CEO | 19.73% | |
| | | CFO | 22.82% | |
| | | CS | 26.50% | |
| Please refer to Note 1 below for details of change in remuneration, in form of sitting fees paid to Non-Executive Directors. | | | | |
| 3. | The percentage increase in the median remuneration of employees in the FY 2023-24 | 8.09% | | |
| 4. | The number of permanent employees on the rolls of Bank as on March 31, 2024 | 22,566 | | |
| 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 | 8.09% : 23.02% | | |
| <i>During the FY, one time compensation correction w.e.f. October 01, 2023 was carried out for managerial personnel and for higher grades, who were below market P50 as per the industry benchmarking.</i> | | | | |
| 6. | Affirmation that the remuneration is as per the remuneration policy of the Bank | Yes | | |

*Fixed Pay for Mr. Ittira Davis has been considered for the aforesaid computation

Note 1: Comparison of sitting fees paid to Non-Executive Directors during the FY 2023-24 with FY 2022-23:

| Sr. No. | Name of Director | A. FY 2022-23 | B. FY 2023-24 | B-A = Difference | Difference % |
|---------|-------------------------------|---------------|---------------|------------------|--------------|
| 1. | Mr. B.A. Prabhakar | 4,375,000 | 4,500,000 | 125,000 | 2.86 |
| 2. | Mr. Rajesh Kumar Jogi | 3,700,000 | 4,350,000 | 650,000 | 17.57 |
| 3. | Ms. Rajni Mishra | 3,450,000 | 3,275,000 | (175,000) | (5.07) |
| 4. | Mr. Samit Kumar Ghosh | 4,375,000 | 4,050,000 | (325,000) | (7.43) |
| 5. | Ms. Sudha Suresh | 3,500,000 | 2,975,000 | (525,000) | (15.00) |
| 6. | Mr. Ravichandran Venkataraman | 4,400,000 | 4,025,000 | (375,000) | (8.52) |
| 7. | Mr. Satyaki Rastogi* | 725,000 | 100,000 | (625,000) | (86.21) |
| 8. | Ms. Anita Ramachandran | 1,350,000 | 2,150,000 | 800,000 | 59.26 |
| | | 25,875,000 | 25,425,000 | (450,000) | (1.74) |

* Mr. Satyaki Rastogi ceased to be a director w.e.f. July 17, 2023

For and on behalf of the Board of Directors

Sd/-

B.A. Prabhakar

Part-Time Chairman and Independent Director

DIN: 02101808

Date: May 18, 2024

Place: Bengaluru

Sd/-

Ittira Davis

MD & CEO

DIN: 06442816

Annexure-3

The Annual Report on CSR Activities for Financial Year 2023-24

1. Brief outline on CSR Policy of the Company:

The CSR policy of the Bank is focussed towards enabling a better life for the unserved and underserved sections of the society. Bank's CSR activities are based on the principles of sustainability, accountability, promotion of human rights and respects interest of all stakeholders, especially the disadvantaged, vulnerable and marginalised and promotes environment protection, inclusive growth and equitable development. The Bank has constituted a CSR Committee pursuant to Section 135 of the Companies Act, 2013 and Rules made thereunder to ensure Bank's efforts are channelised towards initiatives that drive maximum benefit to the end beneficiaries.

The Bank strongly believes that business cannot be successful when the society around it fails. The Bank constantly strives to ensure strong corporate

culture which emphasises on integrating CSR values with business objectives. The Corporate Social Responsibility Policy ("CSR Policy") of the Bank sets out the broad framework for guiding Bank's CSR activities. It outlines the governance structure, operating framework, monitoring mechanism, and CSR activities that would be undertaken. The CSR Committee is the governing body that articulates the scope of CSR activities and ensures compliance with the CSR Policy. The Bank's CSR activities are largely focussed in the areas of eradicating hunger, poverty, promoting preventive health care and making available safe drinking water, promoting education, including special education, employment enhancing vocational skill training for women, promoting gender equality, programmes for empowering women, projects for environmental protection, disaster relief and any other projects/ programmes as it deems fit from time to time.

2. Composition of CSR Committee:

| Sr. No. | Name of Director | Designation/Category | Number of Meetings of CSR Committee held during the Year | Number of meetings of CSR Committee attended during the year |
|---------|------------------------|----------------------|--|--|
| 1. | Mr. Rajesh Kumar Jogi* | Chairperson | 3 | 3 |
| 2. | Ms. Sudha Suresh** | Member | 3 | 3 |
| 3. | Ms. Rajni Mishra | Member | 3 | 3 |
| 4. | Mr. Ittira Davis | Member | 3 | 3 |
| 5. | Ms. Anita Ramachandran | Member | 3 | 3 |

*Mr. Rajesh Kumar Jogi was appointed as the Chairperson of the Committee w.e.f. June 01, 2023.

**Ms. Sudha Suresh ceased to be the Chairperson w.e.f. June 01, 2023.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

www.ujjivansfb.in

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

| Sr. No. | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|---------|----------------|--|---|
| 1. | FY 2023-24 | - | ₹ 383,176 |
| | Total | - | ₹ 383,176 |

6. Average net profit of the Company as per section 135(5). –

7. (a) Two percent of average net profit of the Company as per section 135(5) – ₹ 62,000,000/-**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil

(c) Amount required to be set off for the financial year, if any – Nil

(d) Total CSR obligation for the financial year (7a+7b-7c). –₹ 62,000,000/-

**Figure rounded off to the nearest lakh

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹) | | | | |
|--|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of Transfer | Name of Fund | Amount | Date of Transfer |
| ₹ 52,529,493 | ₹ 9,853,683 | April 06, 2024 | NIL | | |

(b) Details of CSR amount spent against ongoing projects for the financial year:

| Sr. 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. | | Project Duration | Amount allocated for the project ₹ | Amount spent for the project (in ₹) | Amount Transferred to the unspent CSR Account for the project as per Section 135(6) | Mode of implementation - Direct (Yes/No) | Mode of implementation Through implementing agency. | |
|--------------------|---|--|---------------------|--------------------------|--------------------|-------------------------|------------------------------------|-------------------------------------|---|--|---|-------------------------|
| | | | | State. | District | | | | | | Name | CSR registration number |
| 1. | Chote Kadam – Infrastructure development | Strengthening local communities, contributing to quality education, providing sustainable livelihood | Yes | PAN India | | June 2023 – Aug 2024 | 25,00,000 | ₹ 23,566,666 | ₹ 1,433,334 | No | Pari-naam Foundation | CSR00000807 |
| 2. | Educational scholarship to trans-genders | Promotion of education and vocational training | Yes | PAN India | PAN India | March 2024 – March 2025 | ₹ 1,500,000 | ₹ 119,000 | ₹ 1,381,000 | No | Buddy4Study | CSR00000121 |
| 3. | Education of the intellectually disabled students | Promotion of education and vocational training | Yes | Tamil-nadu | Chennai | Jan 2024 – Mar 2025 | ₹ 1,452,732 | ₹ 363,183 | ₹ 1,089,549 | No | Mai-three | CSR00007663 |
| 4. | Setting up digital clinics in rural locations | Promoting Health-care | Yes | Madhya-pradesh | Bharwani & Khandwa | Mar 2024-Jul 2024 | ₹ 2,314,410 | 0 | ₹ 2,314,410 | No | Karma Health-care | CSR00005849 |
| 5. | Sponsoring the under-privileged Athletes | Sports for the under-privileged | Yes | Manipur | Imphal | Mar 2024-Sep 2024 | ₹ 3,635,390 | 0 | ₹ 3,635,390 | No | Mary Kom Foundation | CSR00013707 |
| Total Amount Spent | | | | | | | | ₹ 24,048,849 | ₹ 9,853,683 | | | |

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| (1) Sr. No. | (2) Name of the Project | (3) Item from the list of activities in schedule VII to the Act | (4) Local area (Yes/No) | (5) Location of the project. | | (6) Amount spent for the project (in ₹) | (7) Mode of implementation - Direct (Yes/No) | (8) Mode of implementation - Through implementing agency. | |
|----------------|---|--|----------------------------|---------------------------------|---------------------|--|---|--|-------------------------|
| | | | | State | District | | | Name | CSR registration number |
| 1 | Ujjivan SFB CSR Volunteering programmes on Community Development | Community Development | Yes | PAN India | | ₹ 41,250 | Yes | | - |
| 2 | Community Development – Distribution of 60-wheel chairs to disabled people through proVISION ASIA | Promotion of education, disabled community and vocational training | Yes | Karnataka | Bangalore | ₹ 780,000 | No | ProVision Asia | CSR00009130 |
| 3 | Livelihood – SOUTH (proVISION Asia, Maithree) – Distribution of bags & snacks on Children's day | Education | Yes | Karnataka & Tamilnadu | Bangalore & Chennai | ₹ 66,425 | Yes | | |
| 4 | Procurement & delivery of medical equipments at Erode Municipality | Promoting Healthcare | Yes | Tamilnadu | Erode | ₹ 1,207,301 | Yes | | |
| 5 | Provision of audatory medical equipments for Katuri Medical college hospital, Guntur | Promoting Healthcare | Yes | Andhra-pradesh | Guntur | ₹ 1,480,500 | Yes | | |
| 6 | Provision of Wheelchairs to Sree Avittom Thirunal Public hospital | Promoting Healthcare | Yes | Kerala | Trivandrum | ₹ 135,000 | Yes | | |
| 7 | Provision of Groceries for the United Home(for Abandoned Senior Citizens) | Eradicating hunger | Yes | Tamilnadu | Coimbatore | ₹ 101,548 | Yes | | |
| 8 | Provision of infrastructure support and aids to the Govt. School, Uyyamballi | Promotion of education, disabled community and vocational training | Yes | Karnataka | Uyyamballi | ₹ 59,350 | Yes | | |

| (1) Sr. No. | (2) Name of the Project | (3) Item from the list of activities in schedule VII to the Act | (4) Local area (Yes/No) | (5) Location of the project. | | (6) Amount spent for the project (in ₹) | (7) Mode of implementation - Direct (Yes/No) | (8) Mode of implementation - Through implementing agency. | |
|----------------|--|---|----------------------------|--------------------------------------|---|--|---|--|-------------------------|
| | | | | State | District | | | Name | CSR registration number |
| 9 | Community Development – Environment- Construction of Water percolation pits | Environment | Yes | Karnataka | Bengaluru, Karnataka | ₹ 462,000 | No | United Way of Bengaluru | CSR00000324 |
| 10 | Provision of infrastructure support and aids to the Govt. School, Handiganur | Promotion of education, disabled community and vocational training | Yes | Karnataka | Handiganur | ₹ 74,989 | Yes | | |
| 11 | Provision of medical equipments to Dr. Nijalingappa Medical College, Bagalkot | Promoting Healthcare | Yes | Karnataka | Bagalkot | ₹ 71,429 | Yes | | |
| 12 | Distribution of groceries to the disaster victims at Chennai | Disaster management, including relief, rehabilitation and reconstruction activities | Yes | Tamilnadu | Chennai | ₹ 2,508,830 | Yes | | |
| 13 | Disaster Relief – Distribution of Grocery kit | Disaster management, including relief, rehabilitation and reconstruction activities | Yes | Tamilnadu | South Kan- yakumari, Tenkasi, Tirunelveli and Tho- othukudi districts | ₹ 1,586,267 | Yes | | |
| 14 | Project Swachh Neighbourhood | Promoting Sanitation | Yes | Karnata- ka, Kerala, Tamilnadu | Branch locations across the region | ₹ 495,734 | Yes | | |
| 15 | Project Swachh Neighbourhood - Corporate | Promoting Sanitation | Yes | Karnataka | Branch locations across the region | ₹ 54,946 | Yes | | |
| 16 | Livelihood – North (School Bag distribution) for the children at the Delhi council of child welfare centre | Education | Yes | Uttar- pradesh | Palna | ₹ 61,168 | Yes | | |
| 17 | Livelihood – West (NGO Sports event) | Education | Yes | Maharash- tra | Karadi, Pune | ₹ 96,380 | Yes | | |

| (1) Sr. No. | (2) Name of the Project | (3) Item from the list of activities in schedule VII to the Act | (4) Local area (Yes/No) | (5) Location of the project. | | (6) Amount spent for the project (in ₹) | (7) Mode of implementation - Direct (Yes/No) | (8) Mode of implementation - Through implementing agency. | |
|----------------|---|---|----------------------------|--|------------------------------------|--|---|--|-------------------------|
| | | | | State | District | | | Name | CSR registration number |
| 18 | Distribution of motorised tricycles for the differently abled | Promotion of education, disabled community and vocational training | Yes | Haryana | Hissar | ₹ 645,165 | Yes | | |
| 19 | Provision of Kitchen aids to Krishak Vikas Samiti old age home at Jaunpur | Promoting Gender equality | Yes | Uttar-pradesh | Jaunpur | ₹ 152,840 | Yes | | |
| 20 | Provision of PICO sewing machines to the distressed women for their empowerment with AALI (Association for advocacy and Legal initiatives Trust) | Promoting Gender equality & empowering women | Yes | Uttar-pradesh | Noida | ₹ 237,652 | Yes | | |
| 21 | Provision of Sports equipments to Lotus Petal foundation school | Promotion of education, disabled community and vocational training | Yes | Haryana | Sohna | ₹ 129,987 | Yes | | |
| 22 | Community Development – Skill development with Cheshire Disability Trust for the disabled people | Promotion of education and vocational training | Yes | Jharkhand | Jamshedpur, Hazaribagh, Ranchi | ₹ 2,700,000 | No | Cheshire Disability Trust | CSR00004844 |
| 23 | Disaster Relief – Distribution of Grocery kit at Madhya-pradesh | Disaster management, including relief, rehabilitation and reconstruction activities | Yes | Madhya-pradesh | Nagada, Dhamnood, Sanawad | ₹ 262,570 | Yes | | |
| 24 | Project Swachh Neighbourhood | Promoting Sanitation | Yes | Uttar-pradesh, Haryana, Madhya-pradesh | Branch locations across the region | ₹ 379,657 | Yes | | |
| 25 | Community Development – Solar power panel at Animal Welfare centre (Goushala) with Dhyan Foundation | Animal Welfare | Yes | Odisha | Bolagarh | ₹ 842,100 | No | Dhyan Foundation | CSR00003498 |

| (1) Sr. No. | (2) Name of the Project | (3) Item from the list of activities in schedule VII to the Act | (4) Local area (Yes/No) | (5) Location of the project. | | (6) Amount spent for the project (in ₹) | (7) Mode of implementation - Direct (Yes/No) | (8) Mode of implementation - Through implementing agency. | |
|----------------|--|--|----------------------------|---------------------------------|---------------------------------|--|---|--|-------------------------|
| | | | | State | District | | | Name | CSR registration number |
| 26 | Education of the Underprivileged Students with Alumnoras Societas | Promotion of education and vocational training | Yes | West Bengal | Kolkata | ₹ 369,000 | No | Alumnoras Societas | CSR00012139 |
| 27 | Community Development – Skill development with Cheshire Disability Trust for the disabled people | Promotion of education and vocational training | Yes | Uttar-pradesh | Varanasi | ₹ 27,00,000 | No | Cheshire Disability Trust | CSR00004844 |
| 28 | Community Development – Healthcare - Provision of Dialysis machines for the Community hospital at Hazaribagh, Jharkhand | Healthcare | Yes | Jharkand | Hazaribagh | ₹ 1,424,392.54 | Yes | | |
| 29 | Livelihood – East (School Bag distribution) Udayan and Din Dukhi Lalbaba Ashram-Bag-bottle donation & Tagore Society-High & low bench donation | Education | Yes | West Bengal | Bholpur & Kolkatta repsectively | ₹ 298,333 | Yes | | |
| 30 | Provision of ICU Monitors to Barasat Cancer hospital | Promoting Healthcare | Yes | West Bengal | Kolkata | ₹ 179,200 | Yes | | |
| 31 | Community Development – Skill development with Calcutta Social Project for the unemployed youths from BPL / APL Community | Promotion of education and vocational training | Yes | West Bengal | Kolkata | ₹ 660,450 | No | Calcutta Social Project | CSR00007812 |

| (1) Sr. No. | (2) Name of the Project | (3) Item from the list of activities in schedule VII to the Act | (4) Local area (Yes/No) | (5) Location of the project. | | (6) Amount spent for the project (in ₹) | (7) Mode of implementation - Direct (Yes/No) | (8) Mode of implementation - Through implementing agency. | |
|---------------------------|--|---|----------------------------|----------------------------------|----------------------------|--|---|--|-------------------------|
| | | | | State | District | | | Name | CSR registration number |
| 32 | Community Development – Skill development with Divya Nur Foundation for the unemployed youths from BPL / APL Community | Promotion of education and vocational training | Yes | Odisha & Rajasthan | Bhubaneswar & Jaipur | ₹ 2,000,000 | No | Divya Nur Foundation | CSR00003825 |
| 33 | Project Swachh Neighbourhood | Promoting Sanitation | Yes | West Bengal, Odisha, Bihar | Branches across the region | ₹ 454,730 | Yes | | |
| 34 | Provision of School furniture and learning aids to Anganwadi, Nashik | Promotion of education, disabled community and vocational training | Yes | Maharashtra | Nashik | ₹ 132,985 | Yes | | |
| 35 | Provision of School furniture and learning aids to Marathan sikhsha mandal, Nagpur | Promotion of education, disabled community and vocational training | Yes | Maharashtra | Nagpur | ₹ 137,582 | Yes | | |
| 36 | Community Development – Digital literacy to the Government school kids with Pi Jam Foundation | Promotion of education and vocational training | Yes | Maharashtra | Satara & Sangli | ₹ 3,985,500 | No | Pi Jam Foundation | CSR00002401 |
| 37 | Disaster Relief – Distribution of Utensil kit + Grocery kit | Disaster management, including relief, rehabilitation and reconstruction activities | Yes | Maharashtra | Appa Pada, Mumbai | ₹ 893,826.76 | Yes | | |
| 38 | Disaster Relief – Distribution of Grocery kit | Disaster management, including relief, rehabilitation and reconstruction activities | Yes | Gujarat | Bharuch | ₹ 407,200 | Yes | | |
| 39 | Project Swachh Neighbourhood | Promoting Sanitation | Yes | Maharashtra, Gujarat & Rajasthan | Branches across the region | ₹ 204,357 | Yes | | |
| Total Amount Spent | | | | | | ₹ 28,480,644 | | | |

- (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) – ₹ 52,529,493
(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) | ₹ 62,000,000* |
| (ii) | Total amount spent for the Financial Year | ₹ 62,383,176 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | ₹ 383,176 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | 0 |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | ₹ 383,176 |

* The amount includes funds transferred to the Unspent CSR Account.

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| Sr. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in ₹) |
|---------|--------------------------|--|---|--|----------------|-------------------|--|
| | | | | Name of the Fund | Amount (in ₹). | Date of transfer. | |
| Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) Sr. No. | (2) Project ID. | (3) Name of the Project | (4) Financial Year in which the project was commenced. | (5) Project duration | (6) Total amount allocated for the project (in ₹) | (7) Amount spent on the project in the reporting Financial Year (in ₹) | (8) Cumulative amount spent at the end of reporting Financial Year. (in ₹) | (9) Status of the project - Completed / Ongoing |
|----------------|--------------------|----------------------------|---|-------------------------|--|---|---|--|
| Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year –

(asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s). – NA
(b) Amount of CSR spent for creation or acquisition of capital asset - NA
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – NA
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5). – Not Applicable

For **UJJIVAN SMALL FINANCE BANK LIMITED**

Sd/-
Ittira Davis
Managing Director and CEO
DIN: 06442816

Sd/-
Rajesh Kumar Jogi
Chairperson-CSR Committee
DIN: 03341036

Annexure-4

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

UJJIVAN SMALL FINANCE BANK LIMITED

Grape Garden, No. 27, 3rd "A" Cross, 18th Main,

6th Block, Koramangala, Bengaluru – 560095, Karnataka.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by UJJIVAN SMALL FINANCE BANK LIMITED having CIN: L65110KA2016PLC142162 (hereinafter called "the Bank"/"the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts, statutory compliances and expressing my opinion thereon. Based on my verification of the Bank's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Bank and also the information provided by the Bank, its Officers, Agents and Authorised Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Bank has, during the Audit Period covering the Financial Year ended on March 31, 2024 complied with the statutory provisions listed hereunder and also that the Bank has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Bank for the Financial Year ended on March 31, 2024 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment. There was no Overseas Direct Investment and External Commercial Borrowings by the Bank during the period under review;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not applicable to the Bank during the review period);
 - (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, 2021 (Not applicable to the Bank during the review period); and
 - (i) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018 (Not applicable to the Bank during the review period).
- (vi) Following laws, Norms and Directions as applicable specifically to Small Finance Banks in the Private Sector (SFB):

- (a) The Reserve Bank of India Act, 1934;
- (b) The Banking Regulation Act, 1949 and notifications and circulars issued by the Reserve Bank of India from time to time;
- (c) The Guidelines for Licensing of Small Finance Banks in the Private Sector;
- (d) Operating Guidelines and for Small Finance Banks;
- (e) The Rules, Regulations, Directions, Guidelines, Licenses and Circulars issued by RBI for compliance by Small Finance Bank;
- (f) The Payment and Settlement Systems Act, 2007;
- (g) The Credit Information Companies (Regulation) Act, 2005;
- (h) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
- (i) Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions) Rules, 2005;
- (j) Negotiable Instruments Act, 1881;
- (k) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; and
- (l) Insurance Regulatory and Development Authority of India Act, 1999 read with the Rules, Regulations and notifications thereon.

I have also examined compliance with the applicable clauses of the following:

- (i) The Listing Agreements entered into by the Bank with BSE Limited and National Stock Exchange of India Limited; and
- (ii) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;

During the period under review the Bank has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and with respect to compliance of labour laws there were few instances of delay in remittance of Provident Fund and Professional Tax in few cases due to UAN error and pending of KYC linking and online registration issues.

I further report that:

Based on the information provided by the Bank, its officers and authorised representatives, during the conduct of the audit and also on the review of the Details, Records, Documents and Papers provided, in my opinion, adequate systems and processes and control mechanism exist in the Bank to monitor and to ensure compliance with applicable general laws like Labour Laws, Competition Law and Environmental Law including the filing of returns with the Reserve Bank India.

The compliance of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this Audit since the same are subject to review by statutory financial auditors and other designated professionals.

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including Women Directors based on the approval from the Reserve Bank of India, wherever applicable.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act read with 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 Ujjivan Financial Services Limited (CIN: L65999KA2004PLC035329), ("the Holding Company"/ "the Transferor Company") and the Bank ("Transferee Company") had made joint application before Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for seeking sanction of Scheme of Amalgamation between Ujjivan Financial Services Limited and the Bank and the Hon'ble NCLT, had sanctioned this Scheme of Amalgamation vide its order "C.P. (CAA)No.44/BB/2023" ("the Order") on April 19, 2024. The scheme became effective on April 30, 2024, and effective from the appointed date as defined in the scheme i.e. from April 01, 2023.
2. During the period under review, there were three instances of violation of the "Code of Conduct for

Prevention of Insider Trading of Ujjivan Small Finance Bank Limited" ("Code"), wherein the designated Persons (DP) inadvertently carried on trading of Shares of the listed entity during the trading window closure period, which resulted in violation of the Code and para 4 of Schedule B of Regulations 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The listed entity has obtained explanations from the designated Persons, cautioned and warned them through a written letter not to repeat such violation in future and has given necessary instructions to them. Such an instance of violation was brought to the notice of the Audit Committee and also timely reported to the concerned authorities in terms of applicable provisions the SEBI Insider Trading Regulations and circulars issued thereunder.

Date: May 18, 2024

Place: Bengaluru

(The aforesaid instances occurred prior to the implementation of freezing of PAN of Designated Persons which for the Bank started w.e.f. October 01, 2023.)

3. The Bank has issued and allotted 40,56,651 (Forty Lakh Fifty Six Thousand Six Hundred and Fifty One) Equity shares under its ESOP Schemes.
4. The Bank has entered into related party transactions with its related parties on arm's length basis in the ordinary course of business and the Bank has obtained necessary approvals from the Audit Committee and Board of Directors wherever required.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

K. Jayachandran

Company Secretary

ACS No.: 11309/CP No.: 4031

UDIN: A011309F000378643

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.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

Date: May 18, 2024

Place: Bengaluru

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309F000378643
Peer Review No: 784/2020

Annexure-5

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"> 1. The Bank in compliance with Regulation 30 of SEBI Listing Regulations, has implemented the Policy for determination of materiality of events / information for disclosures. 2. Objective of the Policy is <ol style="list-style-type: none"> a. To ensure that the Bank complies with the Listing Regulations b. To ensure that the information disclosed by the Bank is timely and transparent. c. To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation. d. To protect the confidentiality of Material / Price sensitive information within the framework of the Bank's disclosure obligations. e. To provide a charter that supports and fosters confidence in the quality and integrity of information released by the Bank. f. To ensure uniformity in the Bank's approach to disclosures, raise awareness and reduce the risk of selective disclosures. |
| 2. | Code of Conduct for Prevention of Insider Trading and Code of Fair Disclosure and Conduct | The Bank pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, has formulated and implemented the Code to elucidate and inform all the Designated Persons of the Bank that they have a responsibility and duty to preserve the confidentiality of all unpublished price sensitive information obtained in the ordinary course of business and in association with the Bank. No Designated Person shall use his or her position to gain personal benefit or to provide benefit to any third party. |
| 3. | CSR Policy | <ol style="list-style-type: none"> 1. Bank has framed this Policy as per Section 135 of the Companies Act, 2013 and Companies (CSR Policy) Rules, 2014. 2. The following are the objectives of the Policy: <ol style="list-style-type: none"> a. To comply with the statutory and regulatory requirements pertaining to CSR. b. To define what CSR means to the Bank and the approach for the same c. To lay down the guidelines & mechanism to carry out CSR programme/project & to report the work in reporting format as prescribed by the Rules in the Act. d. To constitute review mechanism of monitoring the progress of CSR projects/ programmes and implementation of CSR policy by CSR Committee e. To ensure that the surplus arising of CSR projects/programmes/ activities shall not form part of the business profit of the Bank |
| 4. | Dividend Distribution Policy | <ol style="list-style-type: none"> 1. The Bank has formulated this Policy in compliance with the provisions of Companies Act, 2013 ("Act") and Rules made thereunder, provisions of Banking Regulation Act, 1949 and Guidelines/circulars issued by Reserve Bank of India ("RBI") and Regulation 43A of the SEBI Listing Regulations and RBI Requirements 2. The objective of the Policy is to appropriately reward shareholders through dividends for reposing their confidence in Bank while retaining the capital required for supporting future growth. The Bank shall consider and comply with the Policy while declaring any dividend on equity shares or preference shares issued by the Bank. In the event of a conflict between the Policy and the Regulatory guidelines, the Regulatory guidelines will prevail. The Bank shall pay dividend on equity shares or preference shares only after ensuring compliance with the Companies Act, 2013, Banking Regulation Act, 1949 and Guidelines/circulars issued by RBI, SEBI Listing Regulations and Secretarial Standard-3 issued by the Institute of Company Secretaries of India. |

| Sr. No. | Policy Name | Brief Description |
|---------|--|--|
| 5. | Familiarisation Programme for Independent Director | <p>1. The Programme aims to provide insights into the Bank to enable the independent directors to understand their roles, rights, responsibilities in the Bank and get updated on the business and operations of the Bank that would facilitate the directors to contribute significantly to the Bank. The Bank has formulated this familiarisation programme for the Independent Director with the objective of giving insight into:</p> <ol style="list-style-type: none"> a. Nature of Business of the Bank and business environment in which it operates b. Business model of the Bank c. Organisation structure d. Structure of Board and Board Committees e. Role and responsibilities of the Board Committees and Senior Management f. Delegation of powers to various authorities by the Board g. Regulatory Framework applicable to the Bank h. Strategic Plan including Vision, Mission and Values of the Bank i. Cyber-safe environment and awareness about fine nuances of the cyber threats j. Financial and other controls and systems and k. Economic features of the market and competitive environment |
| 6. | Nomination and Remuneration Policy | <p>1. The Bank recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and other shareholders. The Bank's activities are carried out in accordance with good corporate practices and the Bank is constantly striving to better them and adopt the best practices. This policy seeks to document the practices and procedures to be followed by the Bank for appointment of directors and their remuneration.</p> <p>2. The key objectives of this Policy are as under:</p> <ol style="list-style-type: none"> a. Ensure compliance with applicable laws, rules and regulations as well as 'Fit and Proper criteria' of directors before their appointment b. Institutionalise a mechanism for the appointment/ removal/ dismissal of directors and lay down selection criteria for appointment of director c. Formulate criteria for determining qualifications, positive attributes and independence of directors d. Retain, motivate and promote talent and to ensure long term sustainability of talented KMP e. Devise a policy on Board diversity f. Develop and regularly review succession plan for the Board and senior management g. Formulate the criteria for evaluation of performance of all the Directors on the Board h. 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 i. Define internal guidelines for payment of perquisites to the directors and KMP |
| 7. | Policy on Archival of Documents | <p>1. The purpose and objective of the Policy is to comply with Regulation 30(8) of SEBI Listing Regulations.</p> <p>2. The Bank shall ensure that all the information shall be hosted under "Disclosures to Stock Exchanges" section of the website of the Bank for a period of 5 (Five) years and thereafter will be archived for a period of 1 (One) year and shall be hosted under "past event/information" section of the website of the Bank."</p> |

| Sr. No. | Policy Name | Brief Description |
|----------------|---|---|
| 8. | Policy on Board Diversity | <ol style="list-style-type: none"> 1. The Bank believes that Board diversity plays very important role in the transparency in the decision making process in the Boardroom. 2. The purpose and objective of this Policy is to comply with the SEBI Listing Regulations and ensure the diversity of thought, experience, knowledge, perspective and gender in the Board. 3. The Bank promotes social diversity and professional diversity in the Boardroom. The primary objective of this Policy is to provide a framework and set standards for having a diversified Board with ability to base its decisions after evaluating multiple options as compared to homogeneous Boards and help improve the performance of the Bank significantly. |
| 9. | Policy on Code of Conduct | <ol style="list-style-type: none"> 1. Bank expects all its employees, directors (including independent directors) and senior management 'to act in accordance with high professional and ethical standards'. 2. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also requires listed entities to adopt a formal code of conduct for directors on the Board and senior management. 3. This Code of Conduct attempts to set forth the guiding principles and values on which the Bank's employees shall operate and conduct business with various stakeholders of the Bank, government and regulatory agencies, media, and anyone else with whom the Bank is connected. 4. The Bank recognises that maintaining the trust and confidence of all its stakeholders is crucial to its continued growth and success. 5. The Code sets the standards to be adopted by all employees and outlines the duties of the directors of the Board and also described guidelines of professional conduct, role and functions and duties of the Independent Directors. |
| 10. | Record Retention and Maintenance Policy | <ol style="list-style-type: none"> 1. Record retention and maintenance is concerned with the selection, classification, storage, retrieval and timely destruction of information. This requires a structured approach in order to comply with the applicable laws and regulations and to meet business needs. 2. This Policy governs the obligations and responsibilities of all staff at the Bank in relation to the management of official records. Under this policy, each department has an obligation to maintain official records and keep them in good order and condition. This obligation applies not only to the capture, storage, maintenance and disposal of physical records, but also to records in electronic form. Proper retention practices shall enable compliance with regulatory and statutory requirement and contribute to more efficient business processes. 3. The purpose of this Policy is to ensure that all necessary records and documents of the Bank are adequately protected and maintained and to ensure that the records that are no longer required or are of no value are discarded at the proper time. |
| 11. | Related Party Transaction Policy | <ol style="list-style-type: none"> 1. The Bank has framed and implemented the Policy pursuant to the requirement of Regulation 23 (1) of the SEBI Listing Regulations. 2. The Board, on the recommendation of the Audit Committee, has adopted this Policy along with associated procedures for regulating Related Party Transactions, in line with the requirements of the Companies Act and Listing Regulations. 3. The Policy seeks to define a mechanism to handle Related Party Transactions ("RPT") in order to ensure the transparency, substantive and procedural fairness of such transactions and that the RPT is being entered in accordance with provisions of applicable laws. 4. The Policy also seeks to provide guidance on identification of related parties and basis on which materiality of RPT will be determined and the proper conduct and documentation of all RPT. This Policy is intended to ensure that proper review, approval, monitoring, reporting and disclosure processes are in place for all transactions between the Bank and its Related Parties. 5. The Policy specifically provides the review and approval mechanism of Related Party Transactions keeping in mind the potential or actual conflict of interest that may arise as a result of such transactions. |

| Sr. No. | Policy Name | Brief Description |
|---------|--|--|
| 12. | Whistle Blower Policy | <ol style="list-style-type: none"> 1. The Bank in compliance with Section 177 of Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations, has established vigil mechanism by way of whistle blower policy for its directors and employee to report instance of unethical practices, illegal activities and/or actual or suspected fraud or violation of the Bank's code of conduct or ethics policy. 2. The vigil mechanism provide for adequate safeguard against victimisation of persons who avail the mechanism and also provide for direct access to the chairperson of Audit Committee in appropriate cases. |
| 13. | Terms and Conditions of Appointment of Independent Directors | <ol style="list-style-type: none"> 1. The Bank has formulated the Terms and Conditions of Appointment of Independent Directors pursuant to the provisions of Schedule IV to the Companies Act, 2013. 2. It prescribes Terms of Appointment, Role, Duties and Responsibilities, Remuneration and Training & Development among other things. |
| 14. | Policy on Appointment of Statutory Auditors | <ol style="list-style-type: none"> 1. The Bank has formulated the Policy on Appointment of Statutory Auditors ("Policy") pursuant to the requirement of the Circular bearing reference no. RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 issued by the Reserve Bank of India ("RBI"). 2. Apart from conforming to all relevant statutory/regulatory requirements in addition to the instructions mentioned in aforesaid RBI Circular, this Policy affords necessary transparency and objectivity for most key aspects of Statutory Audit and assurance function. |

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 18, 2024
Place: Bengaluru

Annexure-6

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: ₹ 26,25,00,00,000/-*

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" ("the Bank") for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the financial year ended March 31, 2024. We have obtained all the information and explanations which to the best of our 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.

Date: May 18, 2024

Place: Bengaluru

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 during the period under review.

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, D and E.

K. Jayachandran

Company Secretary

ACS No.: 11309/CP No.: 4031

UDIN: A011309F000378775

Peer Review No: 784/2020

**Authorised capital is increased from ₹ 2,500 Crores to ₹ 2,625 Crores on completion of merger of Ujjivan Financial Services Limited with the Bank.*

CORPORATE GOVERNANCE REPORT

BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

Ujjivan Small Finance Bank Limited ("Bank") recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business, ethics and accountability to its shareholders, customers, government and other stakeholders. Bank's activities are carried out in accordance with good corporate practices and Bank is constantly striving to make them better and adopt the best practices.

The Bank believes that timely reporting, transparent accounting policies and a strong Independent Board goes a

long way in preserving shareholders' trust and maximising long-term corporate value.

In pursuing the mission of "The best institution to provide financial services to the unserved and underserved customers and transform to a bank serving the mass market", the Bank has been balancing its dual objectives of "social" and "financial" goals since its inception. "Responsible financing", "ethical values" and "transparency in all its dealings with its customers, lenders, investors and employees" have been the cornerstone of its operations. Transparency in the decision-making process has been providing comfort to all stakeholders, particularly to the lenders, customers and investors.



The detailed Report on Corporate Governance for the FY 2023-24, 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, 2024 includes 6 (Six) Independent Directors, 1 (One) Non-Executive, Non-Independent Director and 1 (One) Executive Director. The Board has a strong gender diversity ratio with 3 out of the 6 independent directors being women.

Composition of the Board as on March 31, 2024:

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 2023-24 and at the last Annual General Meeting ("AGM") are given below.

| Name of the Director | Category | No. of Board Meetings during the FY 2023-24 was 9 | | Whether attended last AGM | Remarks |
|--------------------------------------|---|---|----------|---------------------------|---|
| | | Entitled to attend | Attended | | |
| Mr. Banavar Anantharamaiah Prabhakar | Part-Time Chairman and Independent Director | 9 | 9 | Yes | - |
| Mr. Ittira Davis | Managing Director-Executive Director | 9 | 9 | Yes | - |
| Ms. Rajni Mishra | Independent Director | 9 | 9 | Yes | - |
| Mr. Rajesh Kumar Jogi | Independent Director | 9 | 9 | Yes | - |
| Mr. Ravichandran Venkataraman | Independent Director | 9 | 9 | Yes | - |
| Ms. Sudha Suresh | Independent Director | 9 | 9 | Yes | - |
| Mr. Samit Kumar Ghosh | Non-Executive, Non Independent Director | 9 | 9 | Yes | - |
| Mr. P N Raghunath | Additional Director (Nominated by RBI) | 1 | 1 | NA | RBI withdrew appointment of Mr. P N Raghunath as Additional Director vide its letter dated May 29, 2023 |
| Mr. Satyaki Rastogi | Nominee Director (Nominated by SIDBI) | 2 | 1 | NA | SIDBI withdrew appointment of Mr. Satyaki Rastogi as Nominee Director vide its letter dated July 17, 2023 |
| Ms. Anita Ramachandran | Independent Director | 9 | 8 | Yes | - |

Note:

- Mr. Sanjeev Nautiyal has been appointed as a Managing Director – Executive Director on the Bank's Board w.e.f. July 01, 2024 subject to approval of shareholders.
- The Board accepted the early retirement request of Mr. Ittira Davis from the position of Managing Director and CEO on May 18, 2024 effective from June 30, 2024.
- Ms. Carol Kripanayana Furtado has been appointed as a Whole-Time, Executive Director on Bank's Board w.e.f. May 01, 2024 subject to approval of shareholders.
- Ms. Mona Kachhwaha has been appointed as an Independent Director on Bank's Board w.e.f. May 18, 2024 subject to approval of shareholders.
- As per the requirement set by the Board, every Director is expected to attend atleast 50% of the Board Meetings and all the Directors have over-achieved this requirement for FY 2023-24.

| Name of the Director | No. of directorships in other Public Companies | | No. of Committee positions held in other Public Companies* | |
|--------------------------------------|--|----------|--|--------|
| | Chairperson | Director | Chairperson | Member |
| Mr. Banavar Anantharamaiah Prabhakar | - | 1 | - | 1 |
| Mr. Ittira Davis | - | - | - | - |
| Ms. Rajni Mishra | - | 2 | - | 2 |
| Mr. Rajesh Kumar Jogi | - | - | - | - |
| Mr. Ravichandran Venkataraman | - | - | - | - |
| Ms. Sudha Suresh | - | 1 | - | 1 |

| Name of the Director | No. of directorships in other Public Companies | | No. of Committee positions held in other Public Companies* | |
|------------------------|--|----------|--|--------|
| | Chairperson | Director | Chairperson | Member |
| Mr. Samit Kumar Ghosh | 1 | - | - | 1 |
| Ms. Anita Ramachandran | - | 8 | 2 | 7 |

*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, 2024:

| Name of the Director | Name of the listed entity | Category of directorship |
|------------------------|---|--|
| Mr. Samit Kumar Ghosh | Ujjivan Financial Services Limited | Non-Executive Non-Independent Director |
| Ms. Anita Ramachandran | 1. Grasim Industries Ltd. 2. Blue Star Ltd. 3. FSN E-Commerce Ventures Ltd. 4. Happiest Minds Technologies Ltd. 5. Metropolis Healthcare Ltd. | Independent Director |
| Ms. Rajni Mishra | 1. Cupid Ltd. 2. Aspinwall And Company Ltd. | Independent Director |

- c. During the FY 2023-24, 9 (Nine) meetings of the Board were held on following dates:

| Sr. No. | Date of Board meeting | Total number of directors eligible to attend | Number of directors present |
|---------|-----------------------|--|-----------------------------|
| 1 | May 11, 2023 | 10 | 10 |
| 2 | June 14, 2023 | 9 | 8 |
| 3 | July 27, 2023 | 8 | 7 |
| 4 | October 27, 2023 | 8 | 8 |
| 5 | December 08, 2023 | 8 | 8 |
| 6 | January 11, 2024 | 8 | 8 |
| 7 | January 24, 2024 | 8 | 8 |
| 8 | February 08, 2024 | 8 | 8 |
| 9 | March 23, 2024 | 8 | 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, held 223,892 equity shares and Mr. Samit Kumar Ghosh, Non-Executive, Non-Independent Director, held 3,547,143 equity shares in the Bank as on March 31, 2024.
- f. Complying with Regulation 25(7) of SEBI Listing Regulations and RBI guidelines, Familiarisation Programmes were conducted during the FY 2023-24 to give an overview and introduction to the Independent Directors about the Bank's business and operations.

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, 2024, the Bank has a well-diversified Board having requisite skills, expertise and competencies.

The Board has identified core skills/ expertise/ competencies in the area of Banking and Finance, Human Resource Management, Accountancy and Taxation, Information Technology, Micro Finance, Agriculture, Small Scale Industry and Rural Economy which are required in the context of Bank's business to function effectively.

- h. Bank has an enriched Board with the following skills, expertise and competencies:

| Sr. | Name of the Director | Core Skills/Expertise/Competencies |
|-----|--------------------------------------|--|
| 1. | Mr. Banavar Anantharamaiah Prabhakar | Banking, Accountancy, Finance, Agriculture and Rural economy, Small Scale Industry, Risk Management, Human Resources, Business Management, Credit Recovery & Treasury Management |
| 2. | Mr. Ittira Davis | Banking, Finance, Strategic Planning. |

| Sr. | Name of the Director | Core Skills/Expertise/Competencies |
|-----|-------------------------------|--|
| 3. | Ms. Rajni Mishra | Banking, accountancy, finance, agriculture and rural economy, small scale industry, risk management, human resources, business management, Credit Recovery & Treasury Management |
| 4. | Mr. Rajesh Kumar Jogi | Accountancy, Finance, Economics, Risk Management, Taxation Laws, Corporate Laws, SEBI related Laws/Regulations and RBI Regulations |
| 5. | Mr. Ravichandran Venkataraman | Banking, Information Technology, Finance, Accountancy and Business Management. |
| 6. | Ms. Sudha Suresh | Accountancy, Taxation and Finance, Corporate Governance, Taxation Laws, Corporate Laws, SEBI related Laws/Regulations/RBI Regulations & Treasury Management |
| 7. | Mr. Samit Kumar Ghosh | Banking, Strategic Planning, Payment and Settlement System and Business Management, Risk Management, Micro Finance, Housing and MSE Business |
| 8. | Ms. Anita Ramachandran | Human Resources, Talent sourcing and Reward Management Management and Business Leadership |

- i. In the opinion of the Board, all the independent directors of the Bank meets the criteria of independence laid down under the Act and SEBI Listing Regulations and are independent of Bank's Management Team. At the time of appointment and at the beginning of each financial year and whenever any change occurs which may affect their independence, the independent directors submit a self-declaration confirming their independence and compliance with various eligibility criteria, among other disclosures. All such declarations are placed before the Board for its information, review and noting.
- j. No independent director of the Bank has resigned before the expiry of his/her tenure during the FY 2023-24.
- 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, 2024



*Special Committee of the Board for Monitoring High Value Frauds

**Pursuant to the accomplishment of Reverse Merger between Ujjivan Financial Services Limited and Bank, the Merger and Placement Committee stands dissolved w.e.f. May 18, 2024.

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, 2024, the Audit Committee comprises of the following members of the Board:

| Sr. | Name of Director | DIN | Category | Designation |
|-----|-------------------------------|----------|-------------|-------------|
| 1. | Ms. Sudha Suresh | 06480567 | Independent | Chairperson |
| 2. | Mr. Rajesh Kumar Jogi | 03341036 | Independent | Member |
| 3. | Mr. Ravichandran Venkataraman | 02064557 | Independent | Member |
| 4. | Ms. Rajni Mishra | 08386001 | 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 2023-24 | |
|---------|-------------------------------|--|----------|
| | | Held during their tenure | Attended |
| 1. | Ms. Sudha Suresh* | 6 | 6 |
| 2. | Mr. Rajesh Kumar Jogi** | 6 | 6 |
| 3. | Ms. Rajni Mishra | 6 | 6 |
| 4. | Mr. Ravichandran Venkataraman | 6 | 6 |
| 5. | Mr. P N Raghunath*** | 2 | 2 |

* Ms. Sudha Suresh was appointed as the Chairperson of the Committee w.e.f. June 01, 2023.

**Mr. Rajesh Jogi ceased to be the Chairperson of the Committee w.e.f. June 01, 2023.

*** Ceased to be member as RBI withdrew appointment of Mr. P N Raghunath as Additional Director vide its letter dated May 29, 2023.

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 2023-24, 6 (Six) 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 11, 2023 | 5 | 5 |
| 2. | May 09, 2023 | 5 | 5 |
| 3. | July 26, 2023 | 4 | 4 |
| 4. | October 26, 2023 | 4 | 4 |
| 5. | January 23, 2024 | 4 | 4 |
| 6. | February 20, 2024 | 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:

1) Items relating to Finance & Accounts:

- 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;
- Reviewing, with the management, the annual financial statement 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 of the Annual 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 judgement by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statement;

- Disclosure of any related party transactions; and
 - Qualifications and modified opinion(s) in the draft audit report.
- c) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 - d) Examination of the financial statement and auditors' report thereon;
 - e) Review of financial results for the quarter;
 - f) 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;
 - g) Granting omnibus approval w.r.t. proposed related party transactions for the upcoming financial year.
 - h) 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;
 - i) Review of transactions with related parties;
 - j) Review of housekeeping – particularly balancing and reconciliation of long outstanding entries Suspense/Sundries/ Drafts payable/ paid/Funds in Transit/ Clearing/ SGL/ CSGL accounts
 - k) Review of changes 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;
 - l) 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;
 - m) 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
 - n) Review of Annual Tax Audit statement and auditors report hereon;
 - o) Review of management discussion and analysis of financial condition and results of operations;
 - p) Review of the Bank's financial policies coming under the purview of the Committee;
 - q) Evaluation of internal financial controls and risk management systems;
 - r) 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;
 - s) Review of Financial Inclusion Plan of the Bank
- 2) Items relating to Capital and Funds:**
- a) Monitoring the end use of funds raised through public offers and related matters;
 - b) 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;
 - c) Review of 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.
 - d) Review of annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of SEBI Listing Regulations.
 - e) Scrutiny of inter-corporate loans and investments;
 - f) Valuation of undertakings or assets of the Bank, wherever it is necessary;
 - g) To review the exposure to sensitive sectors i.e. capital market & real estate;
 - h) Review of the total fund based and non-fund based capital market exposure of bank, ensure that the guidelines issued by the Reserve Bank are complied with and adequate risk management and internal control systems are in place. With respect to investment in shares, the surveillance and monitoring shall be done by the ACB.

- i) The ACB shall keep the Board informed about the overall exposure to capital market, the compliance with the Reserve Bank and Board guidelines, adequacy of risk management and internal control systems.
 - j) Review of information in respect of equity shareholdings in borrower companies more than 30% of their paid-up capital;
 - k) 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;
 - l) Reviewing the utilisation of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹ 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments.
 - m) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- 3) Items relating to Audits:**
- a) Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of the Bank;
 - b) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 - c) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 - d) Review of management letters/letters of internal control weaknesses issued by the statutory auditors;
 - e) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - f) Approval of the appointment, removal and terms of remuneration of the internal auditor;
 - g) ACB should provide direction as also oversee the operation of the total audit function in the bank. Total audit function will imply the organisation, operationalisation and quality control of internal audit and inspection within the bank and follow up on the statutory/external audit of the bank and inspections of RBI.
 - h) 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;
 - i) With regard to internal audit, ACB should review the internal inspection/audit function in the bank - the system, its quality and effectiveness in terms of follow-up. It should review the inspection reports of specialised and extra-large branches and all branches with unsatisfactory ratings. It should also specially focus on the follow up on :
 - inter-branch adjustment accounts,
 - unreconciled long outstanding entries in inter-bank accounts and nostro accounts.
 - arrears in balancing of books at various branches,
 - frauds, and
 - all other major areas of house-keeping.
 - j) Discussion with internal auditors of any significant findings and follow up there on;
 - k) 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;
 - l) 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;
 - m) Review of quarterly updates on Internal Audit;
 - n) Review of internal audit reports relating to internal control weaknesses;
 - o) 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;
 - p) Review of Audit plan and status of achievement thereof;
 - q) Quarterly status update on rotation of critical staff and to grant exceptions, on a case to case basis
 - r) Review of IS Audit Policy;

- s) Review of significant Audit Findings of the following audits along with the compliance thereof, if applicable –
- Long Form Audit Report
 - Concurrent Audit
 - Internal Inspection
 - I.S. Audit of Data Centre
 - Treasury and Derivatives
 - Management Audit at Controlling Offices/Head Offices
 - Audit of Service Branches
 - Currency Chest(ix) FEMA Audit of branches authorised to deal in foreign exchange, etc.;

4) Items relating to Compliance and Legal:

- a) Review of periodic inspection report submitted to the RBI and certificates/ returns/ reports to the RBI pertaining to the Audit Committee function;
- 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 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);
- d) Review of Compliance report on directives issued by the Audit Committee/ Board/ RBI;
- e) Annual review of the Compliance Risk Assessment of the Bank and Aggregation of Compliance Risk
- f) 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;
- g) Report on compliance of regulatory requirement of Regulators in Host Countries in respect of overseas branches;
- h) Review of information on violations by various functionaries in the exercise of discretionary powers;
- i) Review of penalties imposed/penal action taken against bank under various laws and

statutes and action taken for corrective measures;

- j) Review of quarterly Reporting of Status of Litigation and Legal Audit.
- k) Annual critical review of performance of the Bank's panel advocates
- l) To conduct quarterly one on one sessions with the Chief Financial Officer, Chief Compliance Officer, Chief Vigilance Officer and Head of Internal Audit
- m) 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.

5) Items relating to Vigilance:

- a) To establish a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- b) To review the functioning of the whistle-blower mechanism;
- c) Review of Frauds (frauds of ₹ 1 Crore and above to be reviewed as and when reported);
- d) 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;
- e) To review the systemic failure of controls or absence of key controls or severe weaknesses in existing controls which facilitate exceptionally large value frauds and sharp rises in frauds in specific business segments leading to large losses for the bank.

6) Others

- a) The ACB shall review critical issues highlighted related to IT/ information security/ cyber security and provide appropriate direction and guidance to the RE's Management, if any.

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, 2024, the Nomination and Remuneration Committee comprises of the following members of the Board:

| Sr. | Name of Director | DIN | Category | Designation |
|-----|-------------------------------|----------|-----------------|-------------|
| 1. | Ms. Anita Ramachandran | 00118188 | Independent | Chairperson |
| 2. | Mr. Ravichandran Venkataraman | 02064557 | Independent | Member |
| 3. | Mr. B.A. Prabhakar | 02101808 | Independent | Member |
| 4. | Mr. Rajesh Kumar Jogi | 03341036 | Independent | Member |
| 5. | 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. | Name of Director | Number of meetings during the FY 2023-24 | |
|-----|-------------------------------|--|----------|
| | | Held during their tenure | Attended |
| 1. | Ms. Anita Ramachandran | 8 | 8 |
| 2. | Mr. Rajesh Kumar Jogi | 8 | 8 |
| 3. | Mr. Ravichandran Venkataraman | 8 | 8 |
| 4. | Mr. B.A. Prabhakar | 8 | 8 |
| 5. | Mr. Samit Kumar Ghosh | 8 | 8 |

- c. All the members of the Nomination and Remuneration Committee are Non-Executive Directors, and four out of five members of the Nomination and Remuneration Committee are Independent Directors as on March 31, 2024.
- d. The Chairperson of the Nomination and Remuneration Committee is an Independent Director.
- e. During the FY 2023-24, 8 (Eight) meetings of the Nomination and Remuneration Committee were held on the following dates:

| Sr. No. | Date of the Committee Meeting | Total number of members | Number of members present |
|---------|-------------------------------|-------------------------|---------------------------|
| 1. | May 05, 2023 | 5 | 5 |
| 2. | May 11, 2023 | 5 | 5 |
| 3. | June 14, 2023 | 5 | 5 |
| 4. | October 09, 2023 | 5 | 5 |
| 5. | December 22, 2023 | 5 | 5 |
| 6. | February 08, 2024 | 5 | 5 |
| 7. | February 12, 2024 | 5 | 5 |
| 8. | March 23, 2024 | 5 | 5 |

- f. The following are the key terms of reference of the Nomination Committee:
- 1) Items relating to Board of Directors:**
- a. Formulating the criteria for determining qualifications, skills, positive attributes and independence for appointment of Directors (including Independent Directors) on the Board of the Bank
- b. Identifying persons who are qualified to become directors in accordance with the criteria laid down, and recommend their appointment and removal to the Board
- c. 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 the requirements of applicable laws
- d. To carry out initial due diligence of directors in regard to their suitability for the post by way of qualifications, technical expertise, track record, integrity, etc. additionally, check for the compliance with the provisions of Sections 10A, 16 and 20 of the Banking Regulations Act, 1949

- e. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.

The Committee shall ensure that person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- 1) use the services of an external agencies, if required;
 - 2) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - 3) consider the time commitments of the candidates
- f. Forming and reviewing and recommending to the Board, the Nomination & Remuneration Policy which shall inter alia comprise of details on remuneration to Directors Key Managerial Personnel and other employees of the Bank with due regards to the following factors:
 - 1) 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;
 - 2) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - 3) 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;
 - g. Formulating criteria for evaluation of performance of all the directors, the complete Board and various Board Committees. The Bank shall disclose the remuneration policy and the evaluation criteria in its annual report
 - h. To ensure 'fit and proper' status of proposed/existing directors;

- i. 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
- j. To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at anytime 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

2) Items relating to Human Resource:

- a. Analysing, monitoring and reviewing various human resource and compensation matters;
- b. 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;
- c. 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;
- d. The Committee on an annual basis may review the job description/key performance indicators/Key result areas of Senior Management of the Bank on an annual basis which should align with Banks long term strategy, KPI of the MD &CEO would include performance against budget, financial performance and on various parameters which includes managing risk, compliance and governance.
- e. Recommending to the Board, all remuneration, in whatever form, payable to senior management;
- f. Reviewing the Organisation Structure
- g. Reviewing and finalising the list of Material Risk Takers (MRTs), their KRIs and KPIs. To review and decide on the compensation of Whole Time Directors/ Chief Executive Officers/ MRTs and Control Function based on the RBI guidelines dated Nov 4, 2019, as amended.
- h. Should work in close coordination with Risk Management Committee of the Bank, to achieve effective alignment between compensation and risks.

- i. Administering, monitoring and formulating detailed terms and conditions of the Employee Stock Option Plan of the Bank, *inter-alia*, including the following:
- 1) Determining the eligibility of employees;
 - 2) the quantum of option to be granted under the said Plan per employee and in aggregate;
 - 3) the exercise price of the option granted and valuation to be done basis the SEBI (Share based Employee Benefits) Regulations, 2021 and Indian Accounting Standard for Share based payments prescribed calculation of the fair value of options using the Black-Scholes options pricing model or any other binomial model, or any method as prescribed by the law from time to time
 - 4) the conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
 - 5) 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;
 - 6) the specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
 - 7) 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;
 - 8) 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;
 - 9) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Nomination Committee:
 - the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the Corporate Action;
 - for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered;
 - the Vesting Period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option;
 - 10) the grant, vest and exercise of option in case of employees who are on long leave;
 - 11) allow exercise of unvested options on such terms and conditions as it may deem fit;
 - 12) the procedure for cashless exercise of options;
 - 13) Forfeiture/cancellation of options granted;
 - 14) 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;
 - 15) All other issues incidental to the implementation of the Plan; and
 - 16) 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.
- j. Administering, monitoring and formulating detailed terms and conditions of the Employee Stock Purchase Scheme of the Bank;
- k. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

- l. To develop a succession plan and to regularly review the plan;
- m. 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 or ensuring effective alignment between remuneration and risks;
- n. 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
- o. 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;
- p. Review regularly and approve the Bank's Programme for executive and employee development;
- q. Review and implement the various HR policies and manual of the Bank;
- r. Develop, review and approve the principles guiding the Bank's executive compensation philosophies;
- s. Assure that the bonus plan is administered in a manner consistent with Bank's compensation principles and strategies including Bank's policies relating to executive management succession and executive organisation development; and
- t. Performing such other functions as may be necessary or appropriate for the performance of its duties.
- u. Overseeing and guiding the Bank on various Learning and Development initiatives for employees at all levels.

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, 2024, the Stakeholders Relationship Committee comprises of the following members of the Board:

| Sr. | Name of Director | DIN | Category | Designation |
|-----|-------------------------------|----------|-----------------|-------------|
| 1. | Mr. B.A. Prabhakar * | 02101808 | Independent | Chairperson |
| 2. | Mr. Samit Kumar Ghosh | 00185369 | Non-Independent | Member |
| 3. | Mr. Ittira Davis | 06442816 | MD & CEO | Member |
| 4. | Ms. Sudha Suresh** | 06480567 | Independent | Member |
| 5. | Mr. Ravichandran Venkataraman | 02064557 | Independent | Member |

* Mr. B.A. Prabhakar was appointed as the Chairperson of the Committee w.e.f. June 01, 2023.

** Ms. Sudha Suresh ceased to be the Chairperson of the Committee w.e.f. June 01, 2023.

- 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 2023-24 | |
|---------|-------------------------------|--|----------|
| | | Held during their tenure | Attended |
| 1. | Mr. B.A. Prabhakar* | 1 | 1 |
| 2. | Ms. Sudha Suresh** | 1 | 1 |
| 3. | Mr. Samit Kumar Ghosh | 1 | 1 |
| 4. | Mr. Ittira Davis | 1 | 1 |
| 5. | Mr. Ravichandran Venkataraman | 1 | 1 |

* Mr. B.A. Prabhakar was appointed as the Chairperson of the Committee w.e.f. June 01, 2023.

** Ms. Sudha Suresh ceased to be the Chairperson of the Committee w.e.f. June 01, 2023.

- c. The Chairperson of the Stakeholders Relationship Committee is an Independent Director of the Bank.
- d. The Stakeholders Relationship Committee has met once on March 22, 2024 during the FY 2023-24 and all members were present at the meeting.
- e. The following are the key terms of reference of the Committee:
1. To resolve the grievances of the security holders of the Bank including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate;
 2. To review of measures taken for effective exercise of voting rights by shareholders;
 3. To review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent;
 4. To place on record, the internal evaluation of the performance of the RTA in rendering its services to the Bank
 5. 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;
 6. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
 7. To redress shareholders' and investors' complaints/grievances such as transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
 8. To approve, register, refuse to register transfer or transmission of shares and other securities;
 9. To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Bank;
 10. Allotment and listing of shares, approval of transfer or transmission of shares, debentures or any other securities;
 11. To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/ security(ies) certificate(s) of the Bank after split/ consolidation/ rematerialisation and in Replacement of those which are defaced, mutilated, torn or old, decrepit, worn out or where the pages on reverse for recording transfers have been utilised;
 12. To approve the transmission of shares or other securities arising as a result of death of the sole/ any joint shareholder;
 13. To dematerialise or rematerialise the issued shares;
 14. To authorise to sign and endorse the Share Transfers on behalf of the Bank;
 15. To ensure proper and timely attendance and redressal of investor queries and grievances;
 16. To carry out any other functions contained in the SEBI Listing Regulations, and the Act as and when amended from time to time;
 17. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s); and
 18. To perform such other functions as and when authorised by the Board.
- f. Complaints of stakeholders received during the FY 2023-24.

| Particulars | Number |
|---|--------|
| Number of Complaints at the beginning of the FY 2023-24 | 0 |
| Number of shareholders' complaints received during the FY 2023-24 | 183 |
| Number of complaints disposed-off during the FY 2023-24 | 183 |
| Number of pending complaints at the end of the FY 2023-24 | 0 |

The Company Secretary & Head of Regulatory Framework, has been designated as the Compliance Officer of the Bank as per Regulation 6 of SEBI Listing Regulations.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

- 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 programmes to be undertaken by the Bank and monitor its economic and social impact on society at large. Further in order to enhance the supervision of the Committee over the ESG and sustainability related initiatives of the Bank, the Committee was renamed as the CSR & Sustainability Committee w.e.f. April 01, 2024.

As on March 31, 2024, the CSR 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. | Ms. Sudha Suresh** | 06480567 | Independent | Member |
| 3. | Ms. Rajni Mishra | 08386001 | Independent | Member |
| 4. | Mr. Ittira Davis | 06442816 | MD & CEO | Member |
| 5. | Ms. Anita Ramachandran | 00118188 | Independent | Member |

*Mr. Rajesh Kumar Jogi was appointed as the Chairperson of the Committee w.e.f. June 01, 2023.

**Ms. Sudha Suresh ceased to be the Chairperson of the Committee w.e.f. June 01, 2023.

- 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 2023-24 | |
|---------|------------------------|--|----------|
| | | Held during their tenure | Attended |
| 1. | Mr. Rajesh Kumar Jogi* | 3 | 3 |
| 2. | Ms. Sudha Suresh** | 3 | 3 |
| 3. | Ms. Rajni Mishra | 3 | 3 |
| 4. | Mr. Ittira Davis | 3 | 3 |
| 5. | Ms. Anita Ramachandran | 3 | 3 |

*Mr. Rajesh Kumar Jogi was appointed as the Chairperson of the Committee w.e.f. June 01, 2023.

**Ms. Sudha Suresh ceased to be the Chairperson of the Committee w.e.f. June 01, 2023

- c. During the FY 2023-24, CSR Committee met thrice on August 25, 2023, November 21, 2023 and March 21, 2024 and all the members were present in the meetings.
- 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:
 - a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - b. the manner of execution of such projects or programmes as specified in Companies (Corporate Social Responsibility Policy) Rules, 2014.
 - c. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - d. monitoring and reporting mechanism for the projects or programmes; and
 - e. 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.
 - 4) With a view to bring the ESG related initiatives of the Bank and reporting relating to the same under the purview of the Board, following additions has been made in TOR of the CSR & Sustainability Committee:
 - a) To define specific commitments, goals and targets to be set by the Bank in terms of ESG parameters along-with performance assessment parameters for the same.
 - b) To approve and oversee the implementation of the Bank level policy on the ESG parameters.
 - c) To ensure that the business of the Bank is being carried out in concurrence to the applicable principles of the 'National Guidelines on Responsible Business Conduct'(NGBRCs), as follows:
 - 1) Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

- 2) Businesses should provide goods and services in a manner that is sustainable and safe.
- 3) Businesses should respect and promote the well-being of all employees, including those in their value chains.
- 4) Businesses should respect the interests of and be responsive to all its stakeholders.
- 5) Businesses should respect and promote human rights.
- 6) Businesses should respect and make efforts to protect and restore the environment.
- 7) Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
- 8) Businesses should promote inclusive growth and equitable development.
- 9) Businesses should engage with and provide value to their consumers in a responsible manner.

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, 2024, the Risk Management Committee comprises of the following members of the Board:

| Sr. | Name of Director | DIN | Category | Designation |
|-----|-----------------------|----------|-----------------|-------------|
| 1. | Ms. Rajni Mishra | 08386001 | Independent | Chairperson |
| 2. | Mr. B.A. Prabhakar | 02101808 | Independent | Member |
| 3. | Mr. Rajesh Kumar Jogi | 03341036 | Independent | Member |
| 4. | Ms. Sudha Suresh | 06480567 | Independent | Member |
| 5. | Mr. Ittira Davis | 06442816 | MD & CEO | Member |
| 6. | Mr. Samit Kumar Ghosh | 00185369 | Non-Independent | Member |

- b. The composition of the Risk Management Committee and the details of meetings attended by its members are given below:

| Sr. No. | Name of Director | Number of meetings during the FY 2023-24 | |
|---------|-----------------------|--|----------|
| | | Held during their tenure | Attended |
| 1. | Ms. Rajni Mishra | 7 | 7 |
| 2. | Mr. B.A. Prabhakar | 7 | 7 |
| 3. | Mr. Samit Kumar Ghosh | 7 | 5 |
| 4. | Ms. Sudha Suresh | 7 | 7 |
| 5. | Mr. Rajesh Kumar Jogi | 7 | 7 |
| 6. | Mr. Ittira Davis | 7 | 7 |

- c. During the FY 2023-24, 7 (Seven) meetings of the Risk Management Committee were held on the following dates:

| Sr. No. | Date of the Risk Management Committee Meeting | Total number of members | Number of members present |
|---------|---|-------------------------|---------------------------|
| 1. | May 08, 2023 | 6 | 6 |
| 2. | June 20, 2023 | 6 | 5 |
| 3. | July 25, 2023 | 6 | 6 |
| 4. | October 25, 2023 | 6 | 5 |
| 5. | November 21, 2023 | 6 | 6 |
| 6. | January 22, 2024 | 6 | 6 |
| 7. | February 29, 2024 | 6 | 6 |

- d. The following are the key terms of reference of the Risk Management Committee:
- 1) Ensure that all the current and future material risk exposures of the Bank are assessed, identified, quantified, appropriately mitigated and managed;
 - 2) Establish a framework for the risk management process and to ensure its implementation in the Bank;
 - 3) Ensure that the Bank is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;

- 4) Review and take note of the compliance to the Bank's stated Risk Appetite Framework as specified in respective policies.
- 5) Quarterly review of the detailed risk management framework covering all types of risks, controls, status, reports and plans pertaining to the said risks
- 6) To recommend the approval of ICAAP document and its associated policies to the Board for onward submission to RBI.
- 7) Quarterly review of following aspects of Non-SLR investments:
 - a. Total business (investment and divestment) during the reporting period.
 - b. Compliance with the prudential limits prescribed by the Board for non-SLR investments.
 - c. Compliance with the prudential guidelines issued by the Reserve Bank on non-SLR investments.
 - d. Rating migration of the issuers/ issues held in the bank's books and consequent diminution in the portfolio quality.
 - e. Adequacy of the systems and procedures prescribed under bank's investment policy for investment in privately placed instruments.
 - f. Extent of non-performing investments in the non-SLR category.
- 8) Review and recommend changes, from time to time, to the Risk Management plan and / or associated frameworks, processes and practices of the Bank;
- 9) Enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices;
- 10) 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;
- 11) Evaluate overall risks faced by the Bank and determining the level of risks which will be in the best interest of the Bank;
- 12) Identify, monitor and measure the risk profile of the Bank;
- 13) 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;
- 14) 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;
- 15) Monitor compliance of various risk parameters by operating departments;
- 16) Review of the Pillar 3 disclosures on a quarterly basis which information on the Capital Adequacy.
- 17) Review the outsourcing functions of the Bank;
- 18) 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);
- 19) Limit Management Framework to be defined by outlining of the tolerance limits. Any exceptions and breaches to be reported on a quarterly basis; and
- 20) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity
- 21) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- 22) Overview the functions and performance of the Risk Management Committee of the management.
- 23) The Risk Management Committee also oversees the following functions:
 - a) Outsourcing Function
 - Approving a framework to evaluate the risk sand materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;
 - Laying down appropriate approval authorities for outsourcing depending on risks and materiality;
 - Undertaking regular review of outsourcing strategies and arrangements for their continued relevance, and safety and soundness; and
 - Deciding on business activities of a material nature to be outsourced, and approving such arrangements.
 - b) 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.

24) To monitor the climate related business risks and guide the Bank in this and ancillary matters accordingly.

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, 2024, the Committee comprises of the following members of the Board:

| Sr. | Name of Director | DIN | Category | Designation |
|-----|--------------------------|----------|-----------------|-------------|
| 1. | Mr. B.A. Prabhakar | 02101808 | Independent | Chairperson |
| 2. | Mr. Ittira Davis | 06442816 | MD & CEO | Member |
| 3. | Mr. Samit Kumar Ghosh | 00185369 | Non-Independent | Member |
| 4. | Mr. Satyaki Rastogi* | 02189494 | Non-Independent | Member |
| 5. | Ms. Anita Ramachandran** | 00118188 | Independent | Member |

*Mr. Satyaki Rastogi ceased to be the member of the Committee w.e.f. June 01, 2023.

**Ms. Anita Ramachandran was appointed as a Member to the Committee w.e.f. June 01, 2023.

- 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 2023-24 | |
|---------|------------------------|--|----------|
| | | Held during their tenure | Attended |
| 1. | Mr. B.A. Prabhakar | 4 | 4 |
| 2. | Mr. Samit Kumar Ghosh | 4 | 4 |
| 3. | Mr. Satyaki Rastogi | 1 | 0 |
| 4. | Mr. Ittira Davis | 4 | 4 |
| 5. | Ms. Anita Ramachandran | 3 | 3 |

- c. During the FY 2023-24, 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 |
|--|-------------------------|---------------------------|
| May 30, 2023 | 4 | 3 |
| August 16, 2023 | 4 | 4 |
| December 18, 2023 | 4 | 4 |
| March 04, 2024 | 4 | 4 |

- d. The following are the key terms of reference of the Committee:
- 1) To review the controls related to managing and protecting the interests of unsophisticated/illiterate customers on an annual basis;
 - 2) To review the performance of the Standing Committee of the Customer Service;
 - 3) To formulate a Comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor for operations of his account;
 - 4) Review audit findings of the services rendered to the customers of the bank
 - 5) Review consolidated feedback from branch level customer service committee meetings, ongoing customer feedback survey results, including the aspects of mis-selling
 - 6) To formulate a product approval process;
 - 7) To take an annual survey of depositor satisfaction and the triennial audit of such services;
 - 8) Review and approve the amendments in customer service policies, if any
 - 9) Review updates on business correspondents
 - 10) Annual review of the compliance with the fair practices code (FPC) for lenders and the functioning of the grievance redressal mechanism
 - 11) Review and approve detailed memorandum for the half year on the customer service/ customer care aspects and corrective actions taken wherever needed
 - 12) Review services/strategy and changes made in the products, processes and systems/ service charges including penal charges introduced & modified

- 13) The Committee to address the formulation of a Comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor for operations of his account, the product approval process, the annual survey of depositor satisfaction and the tri-ennial audit of such services.
- 14) The Committee, if required also to examine any other issues having a bearing on the quality of customer service rendered.
- 15) To examine any other issues having a bearing on the quality of customer service rendered
- 16) To monitor the implementation of Awards under the Banking Ombudsman Scheme:
 - a. To review all the awards on quarterly basis and to address issues of systemic deficiencies existing in banks, if any, brought out by the awards;
 - b. To review the status of all the awards remaining unimplemented for more than three months with the reasons and report to the Board such delays in implementation without valid reasons and for initiating necessary remedial action; and
 - c. To review the delay, if any, in the implementation of Banking Ombudsman award on quarterly basis;

IT STRATEGY COMMITTEE

- a. The Bank has constituted an IT Strategy Committee in accordance with RBI guidelines.

As on March 31, 2024, 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. Rajesh Kumar Jogi | 03341036 | Independent | Member |
| 3. | Mr. B.A. Prabhakar | 02101808 | Independent | Member |
| 4. | Mr. Samit Kumar Ghosh | 00185369 | Non-Independent | Member |
| 5. | Mr. Ittira Davis | 06442816 | MD & CEO | Member |

- b. The composition of the IT Strategy Committee during the year (together with changes) and the details of the meetings attended by its members is given below:

| Sr. No. | Name of Director | Number of meetings during the FY 2023-24 | |
|---------|-------------------------------|--|----------|
| | | Held during their tenure | Attended |
| 1. | Mr. Ravichandran Venkataraman | 5 | 5 |
| 2. | Mr. Samit Kumar Ghosh | 5 | 5 |
| 3. | Mr. Rajesh Kumar Jogi | 5 | 5 |
| 4. | Mr. Ittira Davis | 5 | 5 |
| 5. | Mr. B.A. Prabhakar | 5 | 5 |

- c. During the FY 2023-24, 5 (Five) meetings of the IT Strategy Committee were held on the following dates:

| Date of the IT Strategy Committee Meeting | Total number of members | Number of members present |
|---|-------------------------|---------------------------|
| May 05, 2023 | 5 | 5 |
| August 16, 2023 | 5 | 5 |
| September 30, 2023 | 5 | 5 |
| December 18, 2023 | 5 | 5 |
| February 13, 2024 | 5 | 5 |

- d. The following are the key terms of reference of the Committee:
 - i. **Information Technology related items:**
 - a. Approving IT strategy and policy documents
 - b. Supervising the overall IT landscape and IT governance structure of the bank
 - c. Reviewing progress on projects related to applications, technology & security and service delivery
 - d. Reviewing the performance of IT verticals and major IT related contracts including outsourcing activities
 - e. Ensuring that the management has put an effective strategic planning process in place
 - f. Ratifying that the business strategy is indeed aligned with IT strategy

- g. Ensuring that the IT organisational structure complements the business model and its direction
- h. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business
- i. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable
- j. 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
- k. Ensuring proper balance of IT investments for sustaining bank's growth
- l. Becoming aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks
- m. Assessing Senior Management's performance in implementing IT strategies
- n. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks)
- o. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT
- p. 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
- q. Reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value).

ii. Information Security related items:

- a. Reviewing the progress in the gap assessment to RBI circular.
- b. Reviewing the Cyber security maturity and quantification
- c. Reviewing the brand monitoring and major observations of incidents of security operation centre
- d. Reviewing the data breach alerts and threat landscape
- e. Reviewing the Cyber security KPIs and KRIs
- f. Reviewing the Status of BCP & DR drill
- g. Reviewing the red team activities/major findings
- h. Reviewing the compliance to security review, vulnerability assessment of our network and infrastructure, application security review and penetration testing
- i. Reviewing the gaps in Information Security related regulatory returns
- j. Reviewing the user awareness activities carried out
- k. Reviewing the internet banking and mobile banking downtimes and incident reporting due to outage of critical IT systems
- l. Reviewing the VA/PT matrix and related observations
- m. Reviewing adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management
- n. To consider and approve policies and amendments to policies, if any

iii. The Committee shall also oversee the Digital Banking function and initiatives of the Bank

REVIEW COMMITTEE OF WILFUL DEFAULTERS

- a. The Bank has constituted a Review Committee of Wilful Defaulters in accordance with RBI guidelines to review decisions taken by the Identification Committee (for identification of Wilful defaulters / borrowers).

As on March 31, 2024, the Review Committee of Wilful Defaulters comprises of the following members of the Board:

| Sr. No. | Name of Director | DIN | Category | Designation |
|---------|-----------------------|----------|-----------------|-------------|
| 1. | Mr. B.A. Prabhakar | 02101808 | Independent | Chairperson |
| 2. | Mr. Rajesh Kumar Jogi | 03341036 | Independent | Member |
| 3. | Ms. Sudha Suresh | 06480567 | Independent | Member |
| 4. | Mr. Samit Kumar Ghosh | 00185369 | Non-Independent | Member |

- b. The composition of the Review Committee of Wilful Defaulter during the year (together with changes) and the details of meetings attended by its members are given below:

| Sr. No. | Name of Director | Number of meetings during the FY 2023-24 | |
|---------|-----------------------|--|----------|
| | | Held during their tenure | Attended |
| 1. | Mr. B.A. Prabhakar | 1 | 1 |
| 2. | Mr. Rajesh Kumar Jogi | 1 | 1 |
| 3. | Mr. Samit Kumar Ghosh | 1 | 1 |
| 4. | Ms. Sudha Suresh | 1 | 1 |

- c. The Review Committee of Wilful Defaulters meets as and when the instance pertaining to wilful defaulters occurs and hence there was one meeting held on June 05, 2023 and all members were present in the meeting.

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. Further, to review the systemic failure of controls or absence of key controls or severe weaknesses in existing controls which facilitate exceptionally large value frauds and sharp rises in frauds in specific business segments leading to large losses for the Bank, if required

As on March 31, 2024, 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. B.A. Prabhakar | 02101808 | Independent | Member |
| 4. | Ms. Rajni Mishra | 08386001 | Independent | Member |
| 5. | Mr. Ittira Davis | 06442816 | MD & CEO | Member |

- b. The composition of the Fraud Committee during the year (together with changes) and the details of meetings attended by its members are given below:

| Sr. No. | Name of Director | Number of meetings during the FY 2023-24 | |
|---------|-------------------------------|--|----------|
| | | Held during their tenure | Attended |
| 1. | Mr. Ravichandran Venkataraman | 2 | 2 |
| 2. | Mr. B.A. Prabhakar | 2 | 2 |
| 3. | Ms. Rajni Mishra | 2 | 2 |
| 4. | Mr. Rajesh Kumar Jogi | 2 | 2 |
| 5. | Mr. Ittira Davis | 2 | 2 |

- c. The Fraud Committee met on below dates during the FY 2023-24:

| Date of the Fraud Committee Meeting | Total number of members | Number of members present |
|-------------------------------------|-------------------------|---------------------------|
| June 05, 2023 | 5 | 5 |
| December 03, 2023 | 5 | 5 |

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.

- b. Following is Delegation of Authority matrix in terms of the Committee of Directors

| Particulars | Limits - Board | Limit - Amount (₹) |
|--|--|--|
| | All | |
| To borrow monies from Banks and Financial Institutions. | Up to ₹ 10,000 Crores exceeding the aggregate of the paid-up capital and free reserves, that is to say, reserves not set part for any specific purpose | 2,000 Crores |
| Issuing or arranging bank guarantees for Bank's own requirements; and offering security deposit, margin money, etc. for such and other transactions. | | Depending upon transaction. Max 50 Crores. |
| To open Bank accounts, addition/deletion/change of signatories in Bank accounts, to apply for internet banking facilities and addition/deletion/change in inputer/authorisers and any other banking related matters. | | No Change. |
| To enter into IBPC transactions. | | 2,500 Crores |
| To enter into securitisation transactions. | | 2,000 Crores |
| To avail refinance facilities from Financial Institutions. | | 2,500 Crores |
| To raise monies through Certificate of Deposits. | | 2,000 Crores |
| To open DAD Accounts, Clearing Accounts and authorisation/ transaction and resolutions relating to any other statutory compliances/regulatory matters | | No Change |
| Approval for all FIG loan proposals | | In excess of 70 Crores |

- c. The Committee is also empowered to approve major deviations for MSE and Housing loans but within the capped limit.

As on March 31, 2024, the Committee of Directors comprises of the following members of the Board:

| Sr. | Name of Director | DIN | Category | Designation |
|-----|-------------------------------|----------|-----------------|-------------|
| 1. | Mr. Samit Kumar Ghosh | 00185369 | Non-Independent | Chairperson |
| 2. | Ms. Rajni Mishra | 08386001 | Independent | Member |
| 3. | Mr. Ravichandran Venkataraman | 02064557 | Independent | Member |
| 4. | Mr. B.A. Prabhakar | 02101808 | Independent | Member |

- d. 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 2023-24 | |
|---------|-------------------------------|--|----------|
| | | Held during their tenure | Attended |
| 1. | Mr. Samit Kumar Ghosh | 8 | 8 |
| 2. | Mr. Ravichandran Venkataraman | 8 | 8 |
| 3. | Ms. Rajni Mishra | 8 | 8 |
| 4. | Mr. B.A. Prabhakar | 8 | 8 |

- e. During the FY 2023-24, 08 (Eight) meetings of the Committee of Directors were held on the following dates:

| Date of Committee of Directors Meeting | Total number of members | Number of members present |
|--|-------------------------|---------------------------|
| July 25, 2023 | 4 | 4 |
| August 29, 2023 | 4 | 4 |
| November 07, 2023 | 4 | 4 |
| December 22, 2023 | 4 | 4 |
| January 19, 2024 | 4 | 4 |
| February 29, 2024 | 4 | 4 |
| March 18, 2024 | 4 | 4 |
| March 26, 2024 | 4 | 4 |

BUSINESS STRATEGY COMMITTEE

- 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.
- To review the business performance of various business verticals and overall business of the Bank.
- To approve any new products, projects or initiatives pertaining to the business that require Board level approval
- To review the long-term strategy of the Bank

As on March 31, 2024, the Business Strategy Committee comprises of the following members of the Board:

| Sr. | Name of Director | DIN | Category | Designation |
|-----|-------------------------------|----------|-----------------|-------------|
| 1. | Mr. Samit Kumar Ghosh | 00185369 | Non-Independent | Chairperson |
| 2. | Mr. B.A. Prabhakar | 02101808 | Independent | Member |
| 3. | Mr. Rajesh Kumar Jogi | 03341036 | Independent | Member |
| 4. | Ms. Sudha Suresh | 06480567 | Independent | Member |
| 5. | Mr. Ittira Davis | 06442816 | MD & CEO | Member |
| 6. | Mr. Ravichandran Venkataraman | 02064557 | Independent | Member |

- 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 2023-24 | |
|---------|-------------------------------|--|----------|
| | | Held during their tenure | Attended |
| 1. | Mr. Samit Kumar Ghosh | 3 | 3 |
| 2. | Mr. B.A. Prabhakar | 3 | 3 |
| 3. | Ms. Sudha Suresh | 3 | 3 |
| 4. | Mr. Rajesh Kumar Jogi | 3 | 3 |
| 5. | Mr. Ittira Davis | 3 | 3 |
| 6. | Mr. Ravichandran Venkataraman | 3 | 3 |

- During the FY 2023-24, 3 (Three) meetings of the Business Strategy Committee were held on the following dates:

| Date of the Business Strategy Committee Meeting | Total number of members | Number of members present |
|---|-------------------------|---------------------------|
| May 09, 2023 | 6 | 6 |
| August 01, 2023 | 6 | 6 |
| November 07, 2023 | 6 | 6 |

MERGER AND PLACEMENT COMMITTEE

The Board of the Bank had constituted Merger Committee to oversee the merger of the bank with the holding Company and upon receipt of SEBI letter advising the Bank to ensure compliance with the minimum public shareholding requirements, the Committee was later renamed as Merger and Placement Committee to oversee the QIP process and its matters related thereto to achieve the minimum public shareholding and accordingly its terms of reference was enhanced.

The Merger and Placement Committee is authorised to approve the following in connection with the merger of the Bank with the Holding Company as required under the RBI guidelines and to oversee the QIP of the Bank:

- 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;
- 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;
- To authorise and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the merger;
- 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 aforestated 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 Ltd., the Central Depository Services (India) Ltd., registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorise one or more officers of the Bank to execute all or any of the aforestated documents;
 9. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Bank where necessary;
 10. To submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies, Karnataka and the relevant stock exchange(s) where the Equity Shares are to be listed;
 11. To negotiate, finalise, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the Merger Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the merger and any documents or instruments so executed and delivered or acts and things done or caused to be done by the Merger Committee shall be conclusive evidence of the authority of the merger in so doing;
 12. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI Listing Regulations or any other Applicable Laws;
 13. To approve the list of 'group of companies' of the Bank, identified pursuant to the materiality policy adopted by the Board;
 14. To appoint the registrar and other intermediaries to the merger, in accordance with the provisions of the SEBI Regulations and other Applicable Laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, to remunerate all such intermediaries/ agencies including the payments of commissions, brokerages, etc. and to terminate any agreements or arrangements with such intermediaries/agents;
 15. To determine the form, terms and timing (i.e. opening and/or closing dates) of the QIP, including number of the Equity Shares to be allotted in each tranche, floor price, final allotment price in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations") and/or any other applicable laws, including any discount of up to 5% of the floor price or such other discount as may be permitted under applicable law, premium amount in issue, listings on one or more stock exchanges, the date for the opening and closure of the subscription period for the Equity Shares (including the extension of such subscription period, as may be necessary or expedient), and to make and accept any modifications in the proposals as may be required by the authorities involved in such QIP and also agree to any conditions imposed by such authorities at the time of granting their approval, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the QIP;
 16. To allot the Equity Shares, in one or more series and/ or one or more tranches, issued in accordance with the terms of offering;
 17. To undertake all such actions and compliances as may be necessary in accordance with the SEBI ICDR Regulations and the SEBI Listing Regulations or any other applicable laws;
 18. To approve and adopt any special purpose financials statements, if any, in respect of the QIP;
 19. To determine and vary utilisation of the QIP proceeds in accordance with the applicable laws;
 20. To take the decision pertaining to road shows (deal and non-deal road shows) and investor meet(s);

21. To finalise the basis of allotment of the Equity Shares on the basis of the subscriptions received (including in the event of over-subscription);
22. To seek, if required, any approval, consent or waiver from the Bank's lenders, and/or parties with whom the Bank has entered into various commercial and other agreements, and/or any or all concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with the creation, issue, offer and allotment of the Equity Shares;
23. To open one or more bank accounts in the name of the Bank or otherwise, including escrow account, with such banks in India, as may be necessary or expedient in connection with the issue and allotment of the Equity Shares;
24. To apply to Stock Exchanges for obtaining of in-principle approval and filing of requisite documents with the Registrar of Companies;
25. To finalise all the terms and conditions and the structure of the Equity Shares, to do all such acts, deeds, matters and things as the Merger Committee may, in its absolute discretion deem necessary or desirable in connection with the Equity Shares, and to settle any question, difficulty or doubts that may arise with regard to the offer, issue and allotment of the Equity Shares, subject however, to applicable laws, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions and / or sanctions which may be necessary or desirable, as it may deem fit or as the Merger Committee may suo moto decide in its absolute discretion in the best interests of the Bank; and
26. To delegate any of its powers set out under (1) to (26) hereinabove, as may be deemed necessary and permissible under applicable laws to the officials of the Bank.

The Bank on September 15, 2022 had allotted 22,61,90,476 equity shares by way of Qualified Institutions Placement

(QIP), resultantly the promoter shareholding was brought down from 83.32% to 73.68%. Basis the achievement of the minimum public shareholding and subsequent to the receipt of NOC's from the Stock Exchanges, RBI and SEBI, the Bank had filed a Joint Application before the Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench for the Scheme of Amalgamation ("Scheme") between Ujjivan Financial Services Limited and Bank and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 seeking directions from the NCLT on convening Meeting of equity shareholders and any other relevant stakeholders of the aforesaid companies.

Further, post obtaining the approval of equity shareholders representing three fourths in value of equity shares of the Bank through NCLT convened general meeting on November 03, 2024, a joint petition was filed with the Hon'ble NCLT by both the companies under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, for seeking the sanction of the Scheme.

Further, the Hon'ble NCLT, Bengaluru, Bench on February 29, 2024 at the second motion hearing, having heard the matter, had reserved its order which was formally pronounced on April 19, 2024 sanctioning the scheme.

The certified copy of order of Hon'ble NCLT sanctioning the Scheme was filed in Form INC28 with the ROC, Bengaluru by the Bank on April 30, 2024. Accordingly, in terms of the provisions of the Scheme, the 'Effective Date' of the Scheme is April 30, 2024 i.e., date of aforesaid filing with ROC. The Scheme shall be operative from the Effective Date and become effective from Appointed Date i.e., April 01, 2023.

Further, pursuant to Scheme becoming effective, the holding company i.e. UFSL stands dissolved without winding up and the authorised share capital of UFSL shall stand transferred to Bank, and resultantly the authorised share capital of the Bank stands automatically increased and be reclassified.

As on March 31, 2024, the Merger and Placement Committee comprised of the following members of the Board:

| Sr. | Name of Director | DIN | Category | Designation |
|-----|-----------------------|----------|-----------------|-------------|
| 1. | Mr. B.A. Prabhakar* | 02101808 | Independent | Chairperson |
| 2. | Ms. Sudha Suresh** | 06480567 | Independent | Member |
| 3. | Mr. Samit Kumar Ghosh | 00185369 | Non-Independent | Member |
| 4. | Mr. Ittira Davis | 06442816 | MD & CEO | Member |

*Appointed as the Chairperson of the Committee w.e.f. June 01, 2023.

**Ceased to be a Chairperson of the Committee w.e.f. June 01, 2023.

No meeting of Merger and Placement Committee was held during the FY 2023-24.

SENIOR MANAGEMENT

As required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, particulars of senior management including the changes therein since the close of the previous financial year are as follows:

| Sr. No. | Name | Designation | Date of Appointment | Date of Separation |
|---------|------------------------------|---|---------------------|--------------------|
| 1 | Mangesh Ramesh Mahale | Chief Technology Officer | 08-Feb-24 | - |
| 2 | Ashwin Khorana | Chief Information Officer | 15-Nov-21 | 31-May-23 |
| 3 | Sumit Thomas | Head of Branch Banking,TASC&TPP | 27-Dec-16 | 27-Jul-23 |
| 4 | Sriram Srinivasan | Chief Digital Officer | 01-Feb-22 | 30-Sep-23 |
| 5 | Abhijit Ghosh | Head of Emerging Business | 08-Aug-22 | 01-Dec-23 |
| 6 | John Christy A | Chief Vigilance Officer | 01-Mar-23 | - |
| 7 | Pradeep B | Business Head-Housing Loans and Micro Mortgages | 01-Jun-23 | - |
| 8 | Premkumar G | Business Head-Vehicle Finance | 03-Oct-23 | - |
| 9 | Suresha C | Head of Customer Experience | 01-Jun-22 | - |
| 10 | Vijayesh Kumar Pandey | Head of Admin and Infrastructure | 03-Oct-23 | - |
| 11 | Vibhas Chandra | Business Head-Micro Banking | 01-Aug-21 | - |
| 12 | Abdul Hameed Chaman | Deputy Chief Technology Officer | 01-Jul-23 | - |
| 13 | Martin Pampilly S | Chief Operating Officer | 01-Feb-22 | - |
| 14 | Chandralekha Chaudhuri | Head Of Human Resources | 01-Feb-22 | - |
| 15 | Sanjeev Barnwal | Company Secretary and Head of Regulatory Framework | 05-Apr-22 | - |
| 16 | Arunava Banerjee | Chief Risk Officer | 16-Feb-19 | - |
| 17 | Rajaneesh Hosakoppa Rudresha | Head Of Operations | 01-Feb-22 | - |
| 18 | Arnabjeet Banerjee | Head-Alliance and Electronic Payments | 02-May-22 | - |
| 19 | Srikumar Vadake Varieth | Chief Legal Officer | 15-Jul-23 | - |
| 20 | Brajesh Joseph Cherian | Chief Compliance Officer | 01-Dec-20 | - |
| 21 | Ashim Sarkar | Business Head-MSME | 01-Apr-22 | - |
| 22 | Parag Kumar Srivastava | Head of Financial Institutions and Government Banking Group | 31-Dec-18 | - |
| 23 | Lakshman Velayutham | Chief Marketing Officer | 15-Feb-19 | - |
| 24 | Rajeev Padmanabh Pawar | Head Of Treasury | 20-Jan-20 | - |
| 25 | Ashish Goel | Chief Credit Officer | 01-Feb-21 | - |
| 26 | Carol Kripanayana Furtado | Chief Business Officer | 01-Feb-22 | - |
| 27 | Murali Chari | Business Head-Rural Banking | 01-Apr-22 | - |
| 28 | Mocherla Durga Ramesh Murthy | Chief Financial Officer-SFB | 14-Mar-22 | - |
| 29 | Sathyananda S Prabhu | Head Of Audit | 04-Apr-22 | - |

1. 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,

2024 with the presence of all the Independent Directors to;

- i. review the performance of non-independent directors and the board of directors as a whole;
- ii. review the performance of the chairperson of the listed entity, taking into account the view of executive directors and non-executive directors; and
- iii. assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

2. REMUNERATION OF DIRECTORS

- a. The details of the remuneration paid by way of sitting fees to the non-executive directors including independent directors have been disclosed in the **Annexure-1** of this Report. No stock options have been granted to any Non-Executive Directors of the Bank.

The detailed criteria of making payments to non-executive directors forms part of Nomination and Remuneration Policy of the Bank which is available on website of the Bank at www.ujjivansfb.in/corporate-governance-policies

3. 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. | FY 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 |
| 2. | FY 2021-22 | September 02, 2022 at 03:00 PM | It was convened through Video Conferencing/ Other Audio-Visual Means and Registered Office was deemed venue of the Meeting | None |
| 3. | FY 2022-23 | July 28, 2023 at 03:00 PM | It was convened through Video Conferencing/ Other Audio-Visual Means and Registered Office was deemed venue of the Meeting | 1. To re-appoint Ms. Rajni Mishra (DIN: 08386001) as an Independent Director of the Bank 2. To re-appoint Mr. Rajesh Kumar Jogi (DIN: 03341036) as an Independent Director of the Bank. |

- b. During the FY 2023-24, pursuant to the order passed by the Hon'ble National Company Law Tribunal, Bengaluru Bench for **the purpose of considering, and approving the Scheme of Amalgamation between Ujjivan Financial Services Limited ("Transferor Company") and Ujjivan Small Finance Bank Limited ("Transferee Company") and their respective shareholders and creditors**, an Extraordinary General Meeting (EGM) of equity shareholders (including public shareholders) of the Bank was held and convened on November 03, 2023 at 11:30 AM through Video Conferencing/ Other Audio-Visual Means and Registered Office was deemed venue of the Meeting.

Further, the above resolution was passed by the majority of the equity shareholders of the Bank representing more than three-fourths in value of the equity shares of the Bank.

- c. No resolution was passed through Postal Ballot during the FY 2023-24.

4. 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, 2024 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

5. GENERAL SHAREHOLDER INFORMATION

| Particulars | Details |
|------------------------------|--|
| Annual General Meeting | Date: July 26, 2024 Time: 03:30 PM Venue: Grape Garden No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru- 560095, Karnataka |
| Financial Year | April 01, 2023 to March 31, 2024 |
| Dividend Declaration/Payment | During the FY 2023-24, the final dividend of ₹ 97.74 Crores (before TDS) pertaining to FY 2022-23 was paid out to the equity shareholders on August 09, 2023. The Board has recommended a final dividend of 15% for the FY 2023-24 for approval of members in this AGM. |

| Particulars | Details | | | | | | | | | | | | | | | | | | | | |
|---|--|-------------------------|---------------------------|-------------------------|---------------------------|----|----------|-----|------|----|------|---------------|-------|----|------|-------------|-------|--|--------------|----------------------|---------------|
| 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 | <p>The Equity Shares of the Bank are listed on below mentioned Stock Exchanges:</p> <p>A. National Stock Exchange of India Ltd. ("NSE") Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051</p> <p>B. BSE Ltd. ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001</p> <p>The Bank has paid annual listing fee as applicable to the Bank for the FY 2023-24.</p> | | | | | | | | | | | | | | | | | | | | |
| Stock Code | <p>NSE Symbol: UJJIVANSFB BSE Code: 542904</p> | | | | | | | | | | | | | | | | | | | | |
| Registrar to an Issue and Share Transfer Agents | <p>Name: KFin Technologies Ltd. (Formerly known as KFin Technologies Pvt. Ltd.) 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</p> | | | | | | | | | | | | | | | | | | | | |
| Share Transfer System | <p>KFin Technologies Ltd. (Formerly known as KFin Technologies Pvt. Ltd.), 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.</p> <p>The Bank obtains certificate from Share Transfer Agent certified by Practicing Company Secretary that all formalities under Regulation 40(9) of the SEBI Listing Regulations are complied and copy of the same is filed with stock exchange within the prescribed time.</p> | | | | | | | | | | | | | | | | | | | | |
| Dematerialisation of Shares and liquidity | <p>The equity shares of the Bank are available for trading in the dematerialised form under both the depositories in India - National Securities Depository Ltd. ("NSDL") and Central Depository Services (India) Ltd. ("CDSL"). Trading in Bank's equity shares can be done only in the dematerialised form.</p> <p>Position of Equity shares as on March 31, 2024 (pre-merger):</p> <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>170</td> <td>0.00</td> </tr> <tr> <td>2.</td> <td>NSDL</td> <td>1,723,013,359</td> <td>87.96</td> </tr> <tr> <td>3.</td> <td>CDSL</td> <td>235,749,747</td> <td>12.04</td> </tr> <tr> <td></td> <td>Total</td> <td>1,958,763,276</td> <td>100.00</td> </tr> </tbody> </table> <p>The International Securities Identification Number of the Bank is INE551W01018.</p> | Sr. No. | Description | Number of Equity Shares | % To Equity Share Capital | 1. | Physical | 170 | 0.00 | 2. | NSDL | 1,723,013,359 | 87.96 | 3. | CDSL | 235,749,747 | 12.04 | | Total | 1,958,763,276 | 100.00 |
| Sr. No. | Description | Number of Equity Shares | % To Equity Share Capital | | | | | | | | | | | | | | | | | | |
| 1. | Physical | 170 | 0.00 | | | | | | | | | | | | | | | | | | |
| 2. | NSDL | 1,723,013,359 | 87.96 | | | | | | | | | | | | | | | | | | |
| 3. | CDSL | 235,749,747 | 12.04 | | | | | | | | | | | | | | | | | | |
| | Total | 1,958,763,276 | 100.00 | | | | | | | | | | | | | | | | | | |
| Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity | <p>The Bank does not have any outstanding Global Depository Receipts or American Depository Receipts or warrants or instrument other than Stock options granted under Ujjivan Small Finance Bank-Employee Stock Option Plan 2019 ("ESOP 2019 Scheme").</p> <p>As on March 31, 2024, 149,009,776 options have been granted by the Bank under ESOP 2019 Scheme to eligible employees of the Bank and its Holding Company, Ujjivan Financial Services Limited.</p> | | | | | | | | | | | | | | | | | | | | |
| Commodity price risk or foreign exchange risk and hedging activities; | NA | | | | | | | | | | | | | | | | | | | | |
| Plant locations | <p>The Bank is engaged in the business of providing banking and other financial related services and it does not have any plant.</p> <p>The Bank has 752 banking outlets across 26 (Twenty Six) states and union territories of India.</p> | | | | | | | | | | | | | | | | | | | | |
| Address for correspondence | <p>The Company Secretary and Compliance Officer Ujjivan Small Finance Bank Limited Grape Garden, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru - 560 095. Email: investorrelations@ujjivan.com Tel. No: +91 80 40712121</p> | | | | | | | | | | | | | | | | | | | | |

Performance in comparison to broad-based indices such as BSE Sensex and NSE Nifty Index

Securities of the Bank were not suspended from trading on stock exchanges during the FY 2023-24.

Market price data- high, low during each month of FY 2023-24.

| Month | BSE | | | NSE | | |
|-----------------|------------|-----------|-------------------------------|------------|-----------|------------------------------|
| | High Price | Low Price | Volume (No. of Shares Traded) | High Price | Low Price | Volume (No. of Share Traded) |
| April, 2023 | 28.88 | 25.01 | 13,131,230 | 28.90 | 25.20 | 111,981,065 |
| May, 2023 | 37.15 | 27.70 | 43,750,007 | 37.20 | 27.70 | 419,849,510 |
| June, 2023 | 39.89 | 35.60 | 33,068,571 | 39.85 | 35.55 | 250,572,190 |
| July, 2023 | 49.13 | 38.00 | 38,062,064 | 49.15 | 38.05 | 354,008,772 |
| August, 2023 | 53.10 | 47.20 | 33,863,772 | 53.10 | 47.15 | 400,922,789 |
| September, 2023 | 56.50 | 47.45 | 33,836,354 | 56.65 | 47.50 | 411,764,518 |
| October, 2023 | 61.40 | 50.40 | 49,414,245 | 61.40 | 50.35 | 665,815,474 |
| November, 2023 | 59.30 | 51.51 | 20,855,481 | 59.30 | 51.50 | 232,467,720 |
| December, 2023 | 62.99 | 54.20 | 23,989,074 | 63.00 | 54.10 | 233,775,811 |
| January, 2024 | 61.76 | 54.40 | 21,815,217 | 61.80 | 54.35 | 220,499,218 |
| February, 2024 | 61.30 | 50.09 | 20,342,357 | 61.35 | 50.05 | 230,172,301 |
| March, 2024 | 53.82 | 43.40 | 20,458,108 | 53.90 | 43.35 | 174,983,226 |

6. CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION (CEO AND CFO CERTIFICATION)

As required under Regulation 17 and 33(2) (a) read with Part B of Schedule II of the SEBI Listing Regulations, the CEO and CFO certification on the Financial Statements, the Cash Flow Statements and the Internal Controls for Financial Reporting has been obtained from Mr. Ittira Davis, Managing Director and CEO and Mr. MD Ramesh Murthy, Chief Financial Officer. The said certificate forms part of the Annual Report.

7. 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.

8. BOARD DIVERSITY

The Bank believes that Board diversity plays a very important role in the transparency and in the decision making process in the Boardroom. The Bank has formulated and implemented Board Diversity Policy to comply with the SEBI Listing Regulations and to ensure the diversity of thought, experience, knowledge, perspective and gender in the Board. The Bank promotes social diversity and professional diversity in the Boardroom.

The Bank also believes that diversity in the composition of the Board of Directors is essential in view of the expansion of business, greater social responsibility, increasing emphasis on Corporate

Governance, need for addressing concerns of diverse stakeholders and the necessity for managing risks in the business effectively. A Board composed of appropriately qualified and skilled people, with a broad range of experience relevant to the business, is important for effective corporate governance and sustained commercial success of the Bank.

The primary objective of this Policy is to provide a framework and set standards for having a diversified Board with ability to base its decisions after evaluating multiple options as compared to homogeneous Boards and help improve the performance of the organisation significantly.

The Board Diversity Policy is available on the website of the Bank at www.ujjivansfb.in.

9. NO SHARES WERE TRANSFERRED TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT DURING THE FY 2023-24.

However, during the current FY, pursuant to the Scheme of Amalgamation, 30,551 equity shares of the Bank have been transferred to the IEPF in lieu of 2,634 equity shares of UFSL.

Further 70,246 equity shares (cases rejected during merger allotment) and 33,034 shares belonging to physical shareholders of UFSL have been transferred to DEMAT Suspense/ Escrow Account of the Bank.

10. OTHER DISCLOSURES

a. Related Party Transactions

The Bank has entered into related party transactions during the FY 2023-24. 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 2023-24 that may have potential conflict with the interest of the Bank at large.

- 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 behaviour, 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 2023-24 | 01 |
| No. of complaints received during the FY 2023-24 | 15 |
| No. of complaints resolved during the FY 2023-24 | 16 |
| No. of complaints at end of FY 2023-24 | 00 |

- e. List of all credit ratings as on March 31, 2024 obtained by the Bank:

| Instrument Name | Name of Credit Rating Agency | Amount (₹ In Crores) | Rating | Date of Credit Rating | Revision in the Credit Rating |
|---|------------------------------|----------------------|-------------------|-----------------------|---|
| Certificate of Deposit Programme | CRISIL Ratings Ltd. | 2,500.00 | CRISIL A1+ | February 26, 2018 | Reaffirmed on February 16, 2023 |
| Long Term Bank Facilities | CARE Ratings Ltd. | 500.00 | CARE A+; Positive | September 06, 2017 | Reaffirmed on August 03, 2023 |
| Subordinated Non-Convertible Debentures | CARE Ratings Ltd. | 500.00 | CARE A+; Positive | November 24, 2022 | Reaffirmed on August 03, 2023 |
| Long Term Bank Facilities | CARE Ratings Ltd. | 500.00 | CARE AA-; Stable | September 06, 2017 | Upgraded on December 28, 2023 and reaffirmed on May 23, 2024 |
| Subordinated Non-Convertible Debentures | CARE Ratings Ltd. | 500.00 | CARE AA-; Stable | November 24, 2022 | Upgraded on December 28, 2023 and reaffirmed on May 23, 2024. |
| Fixed Deposit | Care Ratings Ltd. | 10,000.00 | CARE AA-; Stable | May 23, 2024 | New rating assigned |

- f. The Bank has complied all the mandatory requirements and adopted the following non-mandatory requirements:
- Bank has appointed separate persons for the position of Chairman and Chief Executive Officer
 - 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 2023-24 | 14 |
| Number of complaints disposed of during the FY 2023-24 | 12 |
| Number of complaints pending as on end of the FY 2023-24 | 2 |

- h. The Bank has paid a total-fees of ₹ 19,589,069 (This is inclusive of the audit fee & out of pocket expense paid for UFSL) for all services of Statutory Auditors during the FY 2023-24.
- 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 2023-24.
- 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-6** 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**Date:** May 18, 2024**Place:** Bengaluru**Sd/-****Ittira Davis**

MD& CEO

DIN: 06442816

ANNEXURE-1

Details of Sitting Fee paid during the FY 2023-24

| Name of Director | Amount (In ₹) |
|-------------------------------|-------------------|
| Mr. B.A. Prabhakar | 4,500,000 |
| Mr. Rajesh Kumar Jogi | 4,350,000 |
| Ms. Rajni Mishra | 3,275,000 |
| Mr. Samit Kumar Ghosh | 4,050,000 |
| Ms. Sudha Suresh | 2,975,000 |
| Mr. Ravichandran Venkataraman | 4,025,000 |
| Mr. Satyaki Rastogi | 100,000 |
| Ms. Anita Ramachandran | 2,150,000 |
| Total | 25,425,000 |

For and on behalf of the Board of Directors

Sd/-

B.A. Prabhakar

Part-Time Chairman and Independent Director

DIN: 02101808

Date: May 18, 2024

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 **March 31, 2024** 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. Banavar Anantharamaiah Prabhakar | 02101808 | August 20, 2021 |
| 02. | Mr. Samit Kumar Ghosh | 00185369 | August 20, 2021 |
| 03. | Mr. Ravichandran Venkataraman | 02064557 | August 20, 2021 |
| 04. | Mr. Rajesh Kumar Jogi | 03341036 | March 13, 2021 |
| 05. | Mr. Ittira Poonollil Davis | 06442816 | January 14, 2022 |
| 06. | Ms. Sudha Suresh | 06480567 | August 20, 2021 |
| 07. | Ms. Rajni Anil Mishra | 08386001 | December 16, 2020 |
| 08. | Ms. Anita Ramachandran | 00118188 | July 01, 2022 |

Ensuring the eligibility of, for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Date: May 18, 2024

Place: Bengaluru

K. Jayachandran

Company Secretary

ACS No.: 11309/CP. No.: 4031

UDIN: A011309F000378698

ANNEXURE-3

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, 2024 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, 2024 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, 2024;
 - (2) that there were no significant changes in accounting policies during the quarter and financial year ended March 31, 2024; and
 - (3) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.
- E. We further declare that all members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of the Bank.

For UJJIVAN SMALL FINANCE BANK LIMITED

Ittira Davis

Managing Director and CEO

DIN: 06442816

Date: May 18, 2024

Place: Bengaluru

M D Ramesh Murthy

Chief Financial Officer

Business Responsibility & Sustainability Reporting (BRSR)

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

| | | |
|-----|--|---|
| 1. | Corporate Identity Number (CIN) of the Listed Entity | L65110KA2016PLC142162 |
| 2. | Name of the Listed Entity | Ujjivan Small Finance Bank Limited |
| 3. | Year of incorporation | 2016 |
| 4. | Registered office address | Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru-560095, Karnataka |
| 5. | Corporate address | Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru-560095, Karnataka |
| 6. | E-mail | investorrelations@ujjivan.com |
| 7. | Telephone | 1800 208 2121 |
| 8. | Website | www.ujjivansfb.in |
| 9. | Financial year for which reporting is being done | FY 2023-24 |
| 10. | Name of the Stock Exchange(s) where shares are listed | National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) |
| 11. | Paid-up Capital | ₹ 19,314,285,090 ** |
| 12. | Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report | Sanjeev Barnwal Email – Sanjeev.barnwal@ujjivan.com Phone: 1800 208 2121 |
| 13. | Reporting boundary Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together). | Standalone basis |
| 14. | Name of assurance provider | - |
| 15. | Type of assurance obtained | - |

** Post-Merger Capital figure as per the audited financials

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

| S. No. | Description of main activity | Description of business activity | % of turnover of the entity (FY23) |
|--------|------------------------------|--|------------------------------------|
| 1 | Banking | Banking activities by Central, Commercial and Saving banks | 100 |

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| S. No. | Product/Service | NIC Code | % of total turnover contributed |
|--------|--------------------------------------|----------|---------------------------------|
| 1 | Banking Activity by commercial Banks | 65191 | 100 |

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

| Location | Number of plants | Number of offices | Total |
|---------------|------------------|---|--|
| National | 0 | 752 (Banking Outlets) + 40 (Other Offices*) | 752 (Banking Outlets) + 40 (Other Offices) |
| International | Nil | Nil | Nil |

* Other offices Includes Corporate Office, Regional Offices, Central Processing Centres (CPCs), Area Offices, Phone Banking Units, Retail Asset Centres and Training Centre

19. Markets served by the entity:

a. Number of locations

| Locations | Number |
|----------------------------------|----------------|
| National (No. of States/UTs) | 26 (PAN India) |
| International (No. of Countries) | Nil |

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil

c. A brief on types of customers

The bank caters to a diverse range of customers such as – Senior citizens, Minors, Proprietors/ MSME customers/ Corporate entities/ Government entities, visually impaired / Handicapped customers, and underserved/ unsophisticated customers.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and Workers (including differently abled):

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------|--------------------------------|----------------|---------|-----------|---------|-----------|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 22,566 | 18,156 | 80% | 4410 | 20% |
| 2. | Other than Permanent (E) | 3,328 | 2,953 | 89% | 375 | 11% |
| 3. | Total employees (D + E) | 25,894 | 21,109 | 82% | 4785 | 18% |
| WORKERS | | | | | | |
| 4. | Permanent (F) | Not Applicable | | | | |
| 5. | Other than Permanent (G) | Not Applicable | | | | |
| 6. | Total workers (F + G) | Not Applicable | | | | |

b. Differently abled Employees and Workers

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------------------------|--|----------------|---------|-----------|---------|-----------|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| DIFFERENTLY ABLED EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 20 | 14 | 70% | 6 | 30% |
| 2. | Other than Permanent (E) | - | - | - | - | - |
| 3. | Total differently abled employees (D + E) | 20 | 14 | 70% | 6 | 30% |
| DIFFERENTLY ABLED WORKERS | | | | | | |
| 4. | Permanent (F) | Not Applicable | | | | |
| 5. | Other than permanent (G) | Not Applicable | | | | |
| 6. | Total differently abled workers (F + G) | Not Applicable | | | | |

21. Participation/Inclusion/Representation of women

| | Total (A) | No. and percentage of Females | |
|--------------------------|--------------|-------------------------------|-----------|
| | | No. (B) | % (B / A) |
| Board of Directors | 8 | 3 | 38% |
| Key Management Personnel | 3 | 0 | 0% |

22. Turnover rate for permanent employees and workers

| | FY 2023-24* | | | FY 2022-23 | | | FY 2021-22 | | |
|---------------------|-------------|--------|-------|------------|--------|-------|------------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 5,633 | 1,354 | 6,987 | 5,478 | 1,172 | 6,650 | 4,931 | 1,130 | 6,061 |

* The data specified indicate only the voluntary separations.

V. Holding, Subsidiary and Associate Companies (including joint ventures)
23. (a) Names of holding / subsidiary / associate companies / joint ventures

| S. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed Entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|--------|---|--|-----------------------------------|--|
| 1. | Ujjivan Financial Services Limited (UFSL)** | Holding company | 73.52 | No |

**Reverse Merger between UFSL and the Bank was approved by the Hon'ble NCLT on April 19, 2024, further, in terms of the provisions of the Scheme, the 'Effective Date' of the Scheme is April 30, 2024, and the Scheme shall be operative from the Effective Date and become effective from Appointed Date i.e. April 1, 2023.

VI. CSR Details
24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) – Yes

(ii) Turnover - ₹ 6,463.91 Crores

(iii) Net worth - ₹ 5,613.49 Crores

VII. Transparency and Disclosures Compliances
25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom complaint is received | Grievance redressal mechanism in place (Yes/No) | FY 2023-24 Current Financial Year | | | FY 2022-23 Previous Financial Year | | |
|---|---|--|--|---|--|--|--|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Investors (other than shareholders) | Yes | 1 | 0 | Holders of Unlisted Non-Convertible Debentures | 0 | 0 | Holders of Unlisted Non-Convertible Debentures |
| Communities | Yes | 0 | 0 | NA | 0 | 0 | NA |
| Shareholders# | Yes | 183 | 0 | - | 61 | 0## | NA |
| Employees and workers | Yes | 14 | 2 | Complaints reported under Sexual Harassment of Women at Workplace | 0 | 0 | NA |

| Stakeholder group from whom complaint is received | Grievance redressal mechanism in place (Yes/No) | FY 2023-24 Current Financial Year | | | FY 2022-23 Previous Financial Year | | |
|---|---|--|--|---|--|--|---|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Customers | Yes | 19,610 | 303 | Complaints related to phishing, Vishing, Smishing by Fraudsters, Delivery of essential Services and mis-selling | 969* | 0 | Complaints related to phishing, Vishing, Smishing and mis-selling |
| Value chain partner | Yes | 0 | 0 | NA | 0 | 0 | NA |

#The number of investor grievances are as per the quarterly investor grievance report submitted to the Stock Exchanges pursuant to regulation 13 of the SEBI LODR. Regulations, 2015. The same also include queries and request regarding receipt of physical copies of the annual report, receipt of dividend payment etc. amongst others.

##There are no pending complaints as on March 31, 2024.

*Additionally, there were 21,771 number of customer complaints during FY 2022-23 related to Delivery of essential Services.

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

| S.No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|-------|---------------------------|--|--|--|--|
| 1 | Responsible Finance | Opportunity | Ability to capitalise on ever increasing opportunities related to green finance | - | Positive |
| 2 | Decarbonisation Strategy | Opportunity | Transitioning to low carbon operations by enhancing renewable energy share, further optimising resource consumption through various operational measures and by leveraging on technology | - | Positive |
| 3 | Human Capital Development | Opportunity | Focusing on ability to attract, retain, and develop a highly skilled workforce. | - | Positive |
| 4 | Employee wellbeing | Opportunity | Focus on physical and mental wellbeing of the employees leading to personal and professional growth and offering recognition and rewards for employees | - | Positive |

| S.No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|-------|--------------------------------------|--|--|--|--|
| 5 | Cyber Security & Data Privacy | Risk | Customer data breach, data loss, cyber-attacks could lead to exposure of sensitive data to the unauthorised individuals | Cyber Security & Data Privacy is considered as one of the critical aspects given the nature of the business. Defined policy, procedure and governance is established for safeguarding the risk. Risk Management committee shall also oversee cybersecurity related issues on a periodic frequency. Internal audits are conducted to ensure alignment with global standards like ISO 27001. | Negative |
| 6 | Consumer Financial Protection | Risk | Risks arising due to unethical lending practices or Mis-selling financial products | Risk assessment and evaluation of business operations, transparency in lending practices, financial literacy for the consumers | Negative |
| 7 | Corporate Citizenship & Philanthropy | Opportunity | Promoting social welfare, extend the need-based projects for the communities thereby building trust and relationship with communities | - | Positive |
| 8 | Customer relationship management | Opportunity | Focuses on improving customer satisfaction by providing seamless banking experience, doorstep service, benefits, financial literacy etc. | - | Positive |
| 9 | Access to Finance | Opportunity | Focus of Ujjivan SFB is mass market segment. The products are designed to serve mass market with a purpose of financial inclusion and lending to underserved | - | Positive |

| S.No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|-------|----------------------------|--|--|---|--|
| 10 | Governance and Ethics | Opportunity | Robust Governance structure influences the performance thereby attracting attention of investors and other stakeholders. It focuses on building a strong market reputation and relationship with the customers | - | Positive |
| | | Risk | The structure, behaviour, culture, and performance of an organisation is shaped by internal Governance. Risks include ethical and legal risks, information disclosure, regulatory & reputational risks | Stringent policies and processes for banking operations and managing risks. Setting and monitoring operational goals by senior management. Internal audits to assess the implementation of process. Providing accurate and reliable reporting | Negative |
| 11 | Compliance | Risk | Failure to comply with the regulations and industry standards, policies, privacy breaches etc. may lead to legal implications, financial loss, reputation loss, penalties etc. | Compliance risk management by the risk committee to identify any non-compliance and addressing the same, internal audits and reporting, build a culture of ethics and compliance. | Negative |
| 12 | Digital Transformation | Opportunity | Strategic focus on digital technology levers enhances customer experience and establishing agile end to end banking operations | - | Positive |
| 13 | Transparency & disclosures | Opportunity | Transparent communications is critical to reinforce trust and desired behaviours, ultimately driving sustainable value realisation | - | Positive |
| | | Risk | Misleading disclosures or inadequate reporting impacts the performance, reputation, and governance of the organisation. | Transparent governance policies and procedures. Adequate reporting and disclosures in alignment with global frameworks like GRI/TCFD/IIRC | Negative |
| 14 | Stakeholder engagement | Opportunity | Understanding the needs and requirements of different stakeholder groups. Planning and designing the products and services to meet the requirements | - | Positive |
| 15 | Risk & Crisis Management | Risk | To better understand business/ ESG-related shifts, impacts and dependencies that may affect a business's ability to achieve its strategy or objectives. | Comprehensive ERM framework along with environment and social risks integrated in risk assessment process. Protocols and governance mechanisms established across the identified risks. | Negative |

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|--|--|-----|-----|-----|-----|-----|-----|-----|-----|
| Policy and management processes | | | | | | | | | |
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes |
| b. Has the policy been approved by the Board? (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes |
| c. Web Link of the Policies, if available | The below web links provides all the relevant policies: 1. https://www.ujjivansfb.in/sustainability-initiatives 2. https://www.ujjivansfb.in/policies | | | | | | | | |
| 2. Whether the entity has translated the policy into procedures. (Yes / No) | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes |
| 4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) mapped to each principle. | - | | | | | | | | |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any. | Ujjivan SFB is focussed on achieving its goals and targets as defined under ESG Strategy 2030. The sustainability framework includes following goals: <ol style="list-style-type: none"> 1. Sustainable by Operations: <ul style="list-style-type: none"> - 20% reduction in power consumption. - 10% of the total office area (Ujjivan SFB offices) to achieve 'Green Building' certification. 2. Empowering Communities: Disclose the social value through a Social Return on Investment study. 3. Human Capital: <ul style="list-style-type: none"> - 34 hours per employee training - Achieve gender diversity up to 30% - Zero accidents at Ujjivan SFB Office locations 4. Effective governance: <ul style="list-style-type: none"> - Zero Data Security Breaches - Zero fines / penalties 5. Customer Centricity: Top quartile in Customer Satisfaction Survey Score. 6. Responsible Finance: Exploring the green finance opportunities specific to MSME sector and Electric Vehicle (EV) financing. 7. Digital transformation: <ul style="list-style-type: none"> - 100% digital invoices from suppliers with spend of 10 Million or higher. - Bringing 10 Million customers into digital banking space and achieve digital transactions (volume) of 1000 Million | | | | | | | | |

| Disclosure Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. | | | | | | | | | |
| | | | | | | | | | |

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

At Ujjivan SFB, we recognise the pressing need to combat climate change and are steadfast in our commitment to support India's Net Zero 2070 goal. As we navigate this critical juncture, we acknowledge the pivotal role of the finance industry in driving sustainable development. The RBI's draft disclosure framework on Climate-related Financial Risks provides a foundation for clear reporting on climate risks and opportunities. Our organisation is aligning with these regulations and reshaping investment strategies to back sustainable initiatives and practices. Our latest BRSR proudly reflects our ESG progress and 2030 ambitions, underscoring Ujjivan SFB's unwavering commitment to transparent ESG reporting and responsible corporate conduct.

Last year, we fulfilled our sustainability pledges by implementing energy-efficient lighting across all offices and training employees in conservation. Our community efforts saw a 134% rise in livelihood programme beneficiaries and a strong emphasis on CSR in targeted districts. Employee volunteerism at Ujjivan SFB increased by 25%, showcasing our societal commitment. Our CSR mission uplifts the socio-economically challenged by investing in education, improving infrastructure, and promoting financial literacy for societal progress.

Ujjivan SFB is dedicated to sustainable growth, balancing economic progress with environmental care, community welfare, and employee well-being. Committed to financial inclusion, we focus on empowering the underserved and integrating sustainability into our core operations. Our strategies aim to foster a sustainable environment, positive social impact, and robust governance.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies

Board of Directors : Mr. Ittira Davis, MD, and CEO

9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.

Yes, the Risk Management Committee is responsible to approve and oversee the implementation of the Bank level policy on the ESG parameters as on March 31, 2024. Further, in order to merge the synergy of Bank's ESG initiatives with the CSR initiatives, w.e.f. April 1, 2024, the Board level CSR & Sustainability Committee will oversee the ESG functions of the Bank.

10. Details of Review of NGRBCs by the Company:

| Subject for Review | Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee | | | | | | | | | Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify) | | | | | | | | |
|---|---|----|----|----|----|----|----|----|----|--|----|----|----|----|----|----|----|----|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against above policies and follow up action | Y | Y | Y | Y | Y | Y | NA | Y | Y | Annually | | | | | | | | |

Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances

Compliance with statutory requirements is carried out annually by the bank. All the statutory Policies requiring Board/ Board Committee approval are placed for review at least annually

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

| P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|----|----|----|----|----|----|----|----|----|
|----|----|----|----|----|----|----|----|----|

Yes,

Remarks - The Bank undergoes various audits such as the system Audit, ISO Audit Statutory Audit, Secretarial Audit etc. In such audits the policies are inter alia reviewed by the external auditor.

1. Statutory Auditors - B K Ramadhyani & CO. and Mukund Chitale & Co.
2. Secretarial Auditor - K Jayachandran
3. System/ IS Audit - ISO 27001 certification obtained

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

| Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|----------------|----|----|----|----|----|----|----|----|
| The entity does not consider the principles material to its business (Yes/No) | Not applicable | | | | | | | | |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | | | | | | | | | |
| The entity does not have the financial or/human and technical resources available for the task (Yes/ No) | | | | | | | | | |
| It is planned to be done in the next financial year (Yes/No) | | | | | | | | | |
| Any other reason (please specify) | | | | | | | | | |

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

| Segment | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact | Percentages of persons in respective category covered by the awareness programmes |
|-----------------------------------|--|--|---|
| Board of Directors (BoD) | 3 | <ol style="list-style-type: none"> 1. Cyber security trends workshop for board of directors 2. Board Room Strategy Programme 3. Programme for Board Members of Commercial Banks on Interest Rate Risk in Banking Book (IRRBB) and Liquidity Risk Management | 100% |
| Key Managerial Personnel (KMPs) | 4 | <ol style="list-style-type: none"> 1) UPLIFT 2) CAM’s point of view on AI in Banking and a proposed session on the DPD Bill 3) Cyber security trends workshop for board of directors 4) Generative AI for senior leaders | 100% |
| Employees other than BoD and KMPs | 301 | <ul style="list-style-type: none"> - Fraud Risk Management & Auditing - Asset & Risk Management Workshop - Excel Data Analysis Training - HR Business Partner Online Course - Coaching & Mentoring Online Training - HR Audit Online Course - Digital Audit Transformation Conference - Agri-Finance Basic Programme - Banking Fundamentals - Non-Resident Banking Products Training - Business Continuity Exercise - CXO Cyber Security Certification - Senior Manager Cyber Security Certification - Inclusive Finance Management - Climate Disclosure Training - AI in Finance Conference - Non-Financial Risk Management Event - Building High-Performance Organisations - Banking Customer Grievance Handling - Cyber Security Trends Workshop - ESG Training Programme - Labour Law Compliance Course - Environmental & Social Governance Focus | 93% |
| Workers | NA | - | |

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

| Monetary | | | | | |
|----------------------------|-----------------|---|---------------|---|--|
| | NGRBC Principle | Name of the regulatory/ Enforcement agencies/ judicial institutions | Amount (In ₹) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| a. Monetary | | | | | |
| Penalty/ Fine | - | RBI | ₹ 240,000 | ATMs were inoperative for over 10 hours due to unloaded cash, resulting in an RBI-imposed penalty. | No |
| Settlement | Principle 1 | EPFO (Employees Provident Fund Organisation) | ₹ 227,000,000 | Currently, there is an ongoing Provident Fund (PF) case that was initiated through a notice dated March 16, 2021, from EPFO under Section 7A of EPF Act for nonpayment of PF dues in respect of the employees of the Bank from February 2017 up to March 2019, ordering the Bank the difference of PF contribution amounting to ₹ 22.70 Crores. | Yes |
| Compounding fee | | | | NIL | |
| b. Non-Monetary | | | | | |
| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ Judicial institutions | | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| Imprisonment Punishment | | | | NIL | |

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details

Case: The Bank received a notice dated March 16, 2021, from EPFO under Section 7A of EPF Act for non-payment of PF dues in respect of the employees of the Bank from February 2017 up to March 2019 which also comprised of the report of EPFO enforcement officer elucidating that the Bank has not made contributions to PF in proportion to all components of the 'basic wage' as defined under EPF Act. The Notice stated that failure to remit the statutory dues is a punishable offence under Sec 14 of the EPF Act and non-payment of employee's share of PF contributions would amount to criminal breach of trust. The Bank submitted a reply to the Notice on April 19, 2021, and presented the wage register, attendance register for the period, February 2017 to December 2020 along with the ECR challans/ financial statements for the last two years. The Bank in the Reply highlighted that the PF contribution has been made on the basic wages as defined under section 2(b) of the EPF Act and that there has been no discrepancy in adhering to the provisions of contribution under the EPF Act. The Regional P.F. Commissioner – II passed an order dated August 9, 2021 ("Order") confirming the ad hoc assessment of the enforcement officer, requiring the Bank to pay ₹ 22.70 Crores. As per the process, the Bank filed an appeal before the Central Government Industrial Tribunal (CGIT) on September 6, 2021 in relation to the Order. Since CGIT was not functioning, the Bank filed a writ petition before the Hon'ble High Court of Karnataka. Taking note of the fact that, the Bank has availed efficacious statutory remedy before CGIT, the Hon'ble HC disposed of the matter and ordered that there will be an interim order of stay for depositing amount of ₹ 22.70 Crores, till the finality of appeal pending before CGIT.

Outcome: At present, the matter is pending before CGIT for appearance of respondent (i.e EPFO) and hearing of the parties.

Name of the regulatory/ enforcement agencies/ judicial institutions

EPFO (Employees' Provident Fund Organisation)

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the bank has an anti-bribery and anti-corruption policy. The Anti-bribery and Anti-Corruption Policy of Ujjivan Small Finance Bank (Ujjivan SFB) is aligned with Ujjivan SFB's code of conduct for employees, various policies, rules, and regulations adopted by Ujjivan SFB and in conformance with the legal and statutory framework of anti-bribery and anti-corruption legislation prevalent in India. The Policy reflects the commitment of Ujjivan SFB and its management for maintaining highest ethical standards while undertaking open and fair business and culture, following the best practices of corporate governance, and enhancing the Ujjivan SFB's reputation at appropriate levels.

The policy can be found at: https://www.ujjivansfb.in/sites/default/files/2024-06/Vigilance-Anti_Bribery_and_Anti_Corruption_Policy.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.

| | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|-----------|--------------------------------------|---------------------------------------|
| Directors | 0 | 0 |
| KMPs | 0 | 0 |
| Employees | 0 | 0 |

6. Details of complaints with regard to conflict of interest:

| | FY 2023-24 Current Financial Year | | FY 2022-23 Previous Financial Year | |
|--|--------------------------------------|---------|---------------------------------------|---------|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | 0 | Nil | 0 | Nil |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | 0 | Nil | 0 | Nil |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties /action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

The Bank has a Disciplinary Policy in place which defines the punitive actions for violation of any of the provisions of the Ujjivan SFB Values, any of the provisions of the Disciplinary standard operating procedure or the Code of Conduct shall be deemed to be "Misconduct". While awarding punishment, the Disciplinary Committees would take into account the gravity of the misconduct, previous record of the employee and any other extenuating or aggravating circumstances that may exist. The disciplinary action/punishment order shall be communicated in writing to the employee concerned in accordance with the provision of this policy and can be classified as minor or major penalty. Minor penalty may also include with-holding variable pay for a specified period with cumulative effect. Major penalty may include Termination, Demotion/Reduction to a lower grade or position, withholding of promotion, with cumulative effect. An employee receiving any written warning letter from the organisation will not be paid their variable pay for 1 quarter.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

| | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|-------------------------------------|--------------------------------------|---------------------------------------|
| Number of days of accounts payables | 7.33 | 7.35 |

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along with loans and advances & investments, with related parties, in the following format

| Parameter | Metrics | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|----------------------------|--|--------------------------------------|---------------------------------------|
| Concentration of Purchases | a. Purchases from trading houses as % of total purchases | NA | NA |
| | b. Number of trading houses where purchases are made from | NA | NA |
| | c. Purchases from top 10 trading houses as % of total purchases from trading houses | NA | NA |
| Concentration of Sales | a. Sales to dealers / distributors as % of total sales | NA | NA |
| | b. Number of dealers / distributors to whom sales are made | NA | NA |
| | c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributor | NA | NA |
| Share of RPTs in | a. Purchases (Purchases with related parties / Total Purchases) | NA | NA |
| | b. Sales (Sales to related parties / Total Sales) | NA | NA |
| | c. Loans & advances (Loans & advances given to related parties / Total loans & advances) | NA | NA |
| | d. Investments (Investments in related parties / Total Investments made) | NA | NA |

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

| Total number of awareness programmes held | Topics / principles covered under the training | %age of value chain partners covered (by value of business done with such partners) under the awareness programmes |
|---|--|--|
| Nil | | |

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes, the bank has processes in place to avoid conflict of interests involving members of the Board. The bank has policy on Code of Conduct that outlines the guiding principles and values on which the Bank's employees shall operate and conduct business with various stakeholders of the Bank, government and regulatory agencies, media, and anyone else with whom the Bank is connected.

The bank also has a policy on Related Party Transactions (RPT). This policy seeks to define a mechanism to handle RPT to ensure the transparency, substantive and procedural fairness of such transactions and that the RPT is being entered in accordance with provisions of applicable laws.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

| | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year | Details of improvements in environmental and social impacts |
|-------|--------------------------------------|---------------------------------------|---|
| R&D | NA | NA | NA |
| Capex | NA | NA | NA |

2. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes. The bank's operations primarily focus on the financial industry, which dictates that its procurement activities revolve around purchasing items pertinent to its functioning. These purchases are conducted in strict adherence to the Code of Conduct, incorporating thorough due diligence procedures. Additionally, the bank embraces responsible business methods, particularly in acquiring energy-efficient appliances for usage throughout its offices, branches, and ATMs nationwide.

b. If yes, what percentage of inputs were sourced sustainably?

Ujjivan SFB has initiated monitoring of inputs that were sourced sustainability.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

- NA

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No).

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

- NA

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

| NIC Code | Name of Product/ Service | % Of total Turnover Contributed | Boundary for which the Life Cycle Perspective / Assessment was conducted | Whether conducted by independent external agency. (Yes/No) | Results communicated in public domain (Yes/No) | If yes, provide the web link |
|----------|--------------------------|---------------------------------|--|--|--|------------------------------|
| NA | | | | | | |

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

| Name of Product / Service | Description of the risk / concern | Action Taken |
|---------------------------|-----------------------------------|--------------|
| NA | | |

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

| Indicate input material | Recycled or re-used input material to total material | |
|-------------------------|--|---------------------------------------|
| | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
| Recycled Lead by weight | NA | |
| Recycled Plastics | | |
| Recycled Pallets | | |

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed of.

| | FY 2023-24 Current Financial Year | | | FY 2022-23 Previous Financial Year | | |
|--------------------------------|--------------------------------------|----------|-----------------|---------------------------------------|----------|-----------------|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastics (including packaging) | NA | | | | | |
| E-waste | | | | | | |
| Hazardous waste | | | | | | |
| Other waste | | | | | | |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---------------------------|---|
| NA | |

PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS.

Essential Indicators

1. a. Details of measures for the well-being of employees.

| Category | Total (A) | % of employees covered by | | | | | | | | | |
|---------------------------------------|---------------|---------------------------|-------------|--------------------|-------------|--------------------|------------|--------------------|------------|---------------------|--------------|
| | | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | No. (D) | % (D/A) | No. (E) | % (E/A) | No. (F) | % (F/A) |
| Permanent employees* | | | | | | | | | | | |
| Male | 18,156 | 18,156 | 100% | 18,156 | 100% | - | - | 18,156 | 100% | 763 | 4.20% |
| Female | 4,410 | 4,410 | 100% | 4,410 | 100% | 4,410 | 100% | - | - | 350 | 7.94% |
| Total | 22,566 | 22,566 | 100% | 22,566 | 100% | 4,410 | 20% | 18,156 | 80% | 1,113 | 4.93% |
| Other than Permanent employees | | | | | | | | | | | |
| Male | | | | | | | | | | | |
| Female | | | | | | | | | | | |
| Total | | | | | | | | | | | |

b. Details of measures for the well-being of workers:

| Category | Total (A) | % of employees covered by | | | | | | | | | |
|---------------------------------------|-----------|---------------------------|---------|--------------------|---------|--------------------|---------|--------------------|---------|---------------------|---------|
| | | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | No. (D) | % (D/A) | No. (E) | % (E/A) | No. (F) | % (F/A) |
| Permanent employees* | | | | | | | | | | | |
| Male | | | | | | | | | | | |
| Female | | | | | | | | | | | |
| Total | | | | | | | | | | | |
| Other than Permanent employees | | | | | | | | | | | |
| Male | | | | | | | | | | | |
| Female | | | | | | | | | | | |
| Total | | | | | | | | | | | |

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

| | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|--|--------------------------------------|---------------------------------------|
| Cost incurred on wellbeing measures as a % of total revenue of the Company | 1.10% (71.04 Crores spent) | 1.07% (50.70 Crores spent) |

2. Details of retirement benefits.

| Benefits | FY 2023-24 Current Financial Year | | | FY 2022-23 Previous Financial Year | | |
|-------------------------|--|--|--|--|--|--|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers Covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 100% | NA | Y | 100% | NA | Y |
| Gratuity | 100% | NA | NA | 100% | NA | NA |
| ESI | NA | NA | NA | NA | NA | NA |
| Other- Leave Encashment | 100% | NA | NA | 100% | NA | NA |

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, we ensure that our premises, including offices and branches, are fully accessible to employees with disabilities, in strict compliance with the mandates of the Rights of Persons with Disabilities Act, 2016. To further adhere to this commitment, the bank has upgraded and expanded the accessibility features by installing ramps at 125 branch locations, as well as at 4 regional offices, Corporate office, L & D Centre & CPC building, thereby facilitating easier and more comfortable access for differently abled individuals.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the bank is an equal opportunities employer and recognises everyone equally in areas of employment, including hiring, job assignment, compensation, promotion, discipline and access to benefits and training.

The Human rights policy of Ujjivan Small Finance Bank encompasses its practices regarding Equal Opportunity and Non-Discrimination. The policy is available at: [Human-Rights-Policy.pdf \(ujjivansfb.in\)](#)

Policy on Recruitment & Selection of Ujjivan SFB also defines the provisions of equal opportunity.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| Gender | Permanent employees | | Permanent workers | |
|--------------|---------------------|----------------|---------------------|----------------|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | 95% | 76% | NA | NA |
| Female | 94% | 49% | NA | NA |
| Total | 95% | 68% | NA | NA |

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

| | Yes/No | (If Yes, then give details of the mechanism in brief) |
|--------------------------------|--------|---|
| Permanent Workers | NA | Not applicable |
| Other than Permanent Workers | NA | |
| Permanent Employees | Yes | <p>The Whistle Blower policy has been formulated as part of corporate governance and transparency norms where the employees, directors, customers, stakeholders or NGOs are encouraged to refer any complaints which have not been resolved or satisfactorily resolved within the usual applicable protocols. The employees may refer any complaints covering areas such as; corruption, misuse of office, criminal offences, suspected/actual fraud, failure to comply with existing rules and regulations and acts resulting in financial loss/operational risk, loss of reputation etc. detrimental to depositors'/public interest. The policy is aimed at ensuring adherence to the highest standards of ethical, moral and legal conduct of business operations; promoting clean business transactions, professionalism, productivity, promptness and transparent practices and ensures putting in place systems and procedures to curb opportunities for corruption. It institutionalises a mechanism for protection of employees, directors from reprisals or victimisation, for Whistle blowing in good faith as the Bank strictly follows No Retaliation Policy.</p> <p>It ensures we treat violations/breaches/non-compliance at various levels of the Bank with vigor and due care and accordingly realign processes and take corrective actions as part of its Corporate Governance. The Bank has a mechanism enabling all stakeholders to freely communicate their concerns about illegal or unethical practices. This includes the Audit Committee, Disciplinary Committees of the Bank. The whistleblower can submit a protected disclosure in a closed and secured envelope or through an email or SMS to the Head of HR, or, MD & CEO, or the Chairperson of the Audit Committee. The Bank shall entertain anonymous/pseudonymous disclosures on merit. The identity of the whistle blower shall be kept confidential unless, required in terms of an order by a Court of Law or unless agreed to by the whistle blower.</p> |
| Other than Permanent Employees | Yes | |

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

| Category | FY 2023-24 Current Financial Year | | | FY 2022-23 Previous Financial Year | | |
|----------------------------------|--|--|---------|--|--|---------|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B/A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | % (D/C) |
| Total Permanent Employees | NA | | | NA | | |
| Male | | | | | | |
| Female | | | | | | |
| Total Permanent Workers | | | | | | |
| Male | | | | | | |
| Female | | | | | | |

8. Details of training given to employees and workers

| Category | FY 2023-24 Current Financial Year* | | | | | FY 2022-23 Previous Financial Year | | | | |
|----------------------------|---------------------------------------|-------------------------------|------------|----------------------|------------|---------------------------------------|-------------------------------|--------------|----------------------|---------------|
| | Total (A) | On Health and safety measures | | On Skill upgradation | | Total (D) | On Health and safety measures | | On Skill upgradation | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Permanent Employees | | | | | | | | | | |
| Male | 18,156 | 8,317 | 46% | 16,329 | 90% | 14,506 | 46 | 0.31% | 10,825 | 74.62% |
| Female | 4,410 | 2,125 | 48% | 3,968 | 90% | 3,364 | 140 | 4.16% | 2,108 | 62.67% |
| Total | 22,566 | 10,442 | 46% | 20,297 | 90% | 17,870 | 186 | 1.04% | 12,933 | 72.37% |
| Permanent Workers | | | | | | | | | | |
| Male | Not Applicable | | | | | | | | | |
| Female | | | | | | | | | | |
| Total | | | | | | | | | | |

9. Details of performance and career development reviews of employees and worker:

| Category | FY 2023-24 Current Financial Year | | | FY 2022-23 Previous Financial Year | | |
|----------------------------|--------------------------------------|---------------|---------------|---------------------------------------|---------------|------------|
| | Total (A) | No. (B) | % (B/A) | Total (C) | No. (D) | % (D/C) |
| Permanent Employees | | | | | | |
| Male | 18,156 | 16,267 | 89.60% | 14,506 | 10,621 | 73% |
| Female | 4,410 | 3,941 | 89.37% | 3,364 | 2,412 | 72% |
| Total | 22,566 | 20,208 | 89.55% | 17,870 | 13,033 | 73% |
| Permanent Workers | | | | | | |
| Male | NA | | | | | |
| Female | | | | | | |
| Total | | | | | | |

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, what is the coverage of such a system?

Yes, we have implemented a comprehensive Occupational Health and Safety (OHS) policy across all operations whose objective is to provide and ensure a safe and healthy work environment for all employees through an appropriate management system. The bank is committed to the continuous improvement of safety performance and the elimination of workplace injuries and illnesses. The OHS policy also encompasses all aspects of health and safety management, including employee training, emergency preparedness, hazard identification, risk assessment, incident management, and compliance with legal requirements.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

We have noted that the nature of our sales work requires extensive travel, which inherently carries a higher risk of road accidents. Considering this, we are proactively organising sessions and initiating communication campaigns to raise awareness about the importance of being vigilant and cautious while riding or driving. Our goal is to ensure that our team members are well-informed about road safety measures and best practices to minimise the likelihood of accidents and promote a culture of safety throughout our organisation.

We strategically arrange our safety awareness sessions and communication efforts by closely analysing insurance claim trends. This data-driven approach allows us to tailor our educational content to address the most prevalent risks and to anticipate potential hazards for the upcoming year.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

Our Occupational Health & Safety policy defines the procedure for reporting the OHS incidents involving an employee. In case of any incident, employee shall report to their supervisor and HR representative in the region immediately and seek support; - HR representative and Supervisor should also seek support from Admin or any other resources in the Bank to provide all kind of help required to the employee; - Regional HR representative will report such matter to the National Manager who shall monitor all such incidents and report to Executive committee of the Bank Semi-Annually. The incident has to be reported to Operational Risk Department for record purpose.

d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?

Yes, the bank's employees have access to non-occupational medical and healthcare services. To promote safety and well-being, the bank conducts quarterly awareness sessions on road safety and distributes communications regarding road safety rules every two weeks. Furthermore, monthly sessions are organised to inform employees about general and women's health issues. All employees and their family members are entitled to an annual health checkup. The bank also facilitates women's self-defence sessions throughout the year and arranges dental and vision camps for the employees' benefit.

11. Details of safety related incidents, in the following format:

| Safety Incident/Number | Category | FY 2023-24* Current Financial Year | FY 2022-23 Previous Financial Year |
|---|-----------|---------------------------------------|---------------------------------------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0.93 | 1.74 |
| | Workers | NA | NA |
| Total recordable work-related injuries | Employees | *60 | *50 |
| | Workers | NA | NA |
| No. of fatalities | Employees | 2 | 1 |
| | Workers | NA | NA |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | 10 | 12 |
| | Workers | NA | NA |

*The total recordable work-related injuries mentioned above are related to road safety incidents happened during offsite work

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Fire drills are held quarterly to ensure employee preparedness, while our facilities maintain mandatory safety features including fire extinguishers, exits, first aid, clean water, and proper ventilation. We provide a comfortable work environment with quality furniture and hygiene maintained by housekeeping. Of all the banking outlets, 125 branches, 4 Regional offices, Corporate office, L & D Centre & CPC building are equipped with ramps. Proactive electrical audits are ongoing, with plans to expand to 40 more locations. Regular road safety awareness and communication are part of our commitment to employee well-being, along with monthly health sessions and annual checkups for employees and their families. Additionally, we offer women's self-defence training and host dental and vision camps.

13. Number of complaints on the following made by employees and workers

| | FY 2023-24 Current Financial Year | | | FY 2022-23 Previous Financial Year | | |
|--------------------|--------------------------------------|---------------------------------------|---------|---------------------------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | 0 | 0 | NA | 0 | 0 | NA |
| Health & Safety | 0 | 0 | NA | 0 | 0 | NA |

14. Assessments for the year

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|--|
| Health and safety practices Working Conditions | We have initiated the audit on working conditions and health and safety practices during FY 2023-24. Electrical audit has been completed at 2 branches - Koramangala & Magadi Road, KA and one extensive workplace assessment has been done at Uttam Nagar, New Delhi under pilot project. Same shall be implemented across all branches in phases to assess the holistic working conditions at Ujjivan SFB offices. |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

The lift incident at our Coimbatore branch resulted in injuries to three employees due to a malfunction. Consequently, the workplace is being relocated to a new facility.

The communication mailers distributed as part of the Road Safety Campaign effectively heightened road safety awareness throughout the region.

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

Yes, the bank provides benefits of life insurance to its employees with coverage ranging from 10 Lakhs to 1 Crore.

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The bank engages vendors who provide third party employees as contract staff, to render certain incidental and ancillary services. These include, amongst others, security personnel, housekeeping staff, collection staff, specialists in IT and in other functions. Engagement of off role staff is governed by contracts between the Bank and the respective vendors. There is a due process for on boarding of these vendors and the engagement of off role staff.

The agreements entered with each vendor lists the responsibilities of the vendors in these engagements, most importantly in the matter of payment of statutory dues including GST, duties, and other labour related dues relating to each of the contract staff. Hence while the Bank pays the vendors in terms of the contract, it is incumbent upon the vendor to ensure that payment of salaries and other benefits of staff as contracted, and all statutory and regulatory payments are made on time.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

| | Total no. of affected employees/ workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|-----------|--|---------------------------------------|---|---------------------------------------|
| | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
| Employees | 60* | 13 | 57 | 5 |
| Workers | NA | | | |

*The total recordable work-related injuries mentioned above are related to road safety incidents happened during offsite work.

4. **Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

No. We provide transition assistance programmes only for internal employees and new joiners.

5. **Details on assessment of value chain partners:**

| | % of value chain partners (by value of business done with such partners) that were assessed |
|------------------------------|---|
| Health and safety conditions | No assessment carried out |
| Working conditions | |

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

NA

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

The key stakeholders are identified ensuring their interests and influence are considered in the planning and execution of the business operations. Roles of stakeholders are also analysed to enable improved strategic planning and enhanced communication. For Ujjivan SFB, key stakeholders include customers, employees, investors, regulators, and local communities.

The Bank engages with multiple stakeholders through formal and informal channels of communication. The Stakeholders Relationship Committee of Ujjivan SFB meet once a year to discuss on the various aspects of stakeholder engagement.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

| Stakeholder Group | Whether identified as Vulnerable & Marginalised Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|-------------------|--|---|--|---|
| Employees | No | Email, SMS, WhatsApp and Notice Board | 1. Email: Weekly 2. SMS and WhatsApp: Daily/ Weekly 3. Notice Board: Quarterly | Sharing of information and updates about ongoing activities in the bank, updates on policies and achievements of the banks and sustainability initiatives |
| Investors | No | Email, Phone Contacts | Quarterly | Understanding investors perspective with current market requirements and bank's performance. And sharing ESG performance. |
| Customers | No | Email, SMS, Advertisements, website | Weekly | Engagement through new schemes, loan, transactions |
| Suppliers | No | Email, SMS | Quarterly | Discussion on efficient and sustainable supply chain |
| Communities | No | Email, SMS, Newspaper, Community Meetings | Quarterly | Development of projects and new schemes for community welfare |

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Although there is no direct consultation between stakeholders and the Board on economic, environmental, and social topics, the Board has dedicated Board Committees such as the Stakeholders Relationship Committee, Customer Service Committee, Nomination and Remuneration Committee, CSR Committee that regularly review the reports which inter alia include feedback, concerns, or complaints if any from the stakeholders such as Investors, Customers, Employees etc. Further, the Bank being an entity engaged in Micro Finance with majority of its customers belonging to the unserved/ underserved community, has always been on its toes with regards to social initiatives. The concerns of investors on economic aspects, if any are attended to in the investor calls held by the Bank.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, stakeholder consultation is used to support the identification and management of environmental and social topics. We actively incorporate feedback from stakeholders, including investors, into our environmental and social initiatives. By engaging with investors and providing them with updates on sustainability-related initiatives and regulatory information, we ensure that our stakeholder inputs are considered in our Initiatives, ESG reporting, policies and activities. We initiated disclosing our sustainability performance through sustainability report beginning from FY 2022-23 to showcase our commitment towards sustainable operations and stakeholder interests.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

The Bank engages with the various, identified vulnerable and marginalised sections of the society through its products and services, as well as community engagement initiatives. The Bank has specific products and services that especially cater to the economically backward sections of the society in rural, urban, and semi urban India, such as microfinance, digital payments, agriculture banking, MSME Loans and loans towards affordable housing.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category | FY 2023-24 | | | FY 2022-23 | | |
|------------------------|---------------|--|--------------|---------------|--|-------------|
| | Total (A) | No. of employees / workers covered (B) | % (B/A) | Total (C) | No. of employees / workers covered (D) | % (D/C) |
| Employees | | | | | | |
| Permanent | 22,566 | 22,133 | 98% | 21,019 | 21,019 | 100% |
| Other than permanent | 3,328 | 0 | 0 | - | - | - |
| Total employees | 25,894 | 22,133 | 85.5% | 21,019 | 21,019 | 100% |

2. Details of minimum wages paid to employees and workers, in the following format

| | FY 2023-24 Current Financial Year | | | | | FY 2022-23 Previous Financial Year | | | | |
|-----------------------------|--------------------------------------|-----------------------|---------|------------------------|---------|---------------------------------------|-----------------------|---------|------------------------|---------|
| | Total (A) | Equal to Minimum Wage | | More than Minimum Wage | | Total (D) | Equal to Minimum Wage | | More than Minimum Wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Employees | | | | | | | | | | |
| Permanent | 22,566 | 340 | 1.51% | 22,226 | 98.49% | 24,520 | 2,019 | 8% | 22,501 | 92% |
| Male | 18,156 | 263 | 1.45% | 17,893 | 98.55% | 19,987 | 1,593 | 8% | 18,394 | 92% |
| Female | 4,410 | 77 | 1.75% | 4,333 | 98.25% | 4,533 | 426 | 9% | 4,107 | 91% |
| Other than Permanent | - | - | - | - | - | - | - | - | - | - |
| Male | - | - | - | - | - | - | - | - | - | - |
| Female | - | - | - | - | - | - | - | - | - | - |
| Workers | | | | | | | | | | |
| Permanent | Not Applicable | | | | | | | | | |
| Male | | | | | | | | | | |
| Female | | | | | | | | | | |
| Other than Permanent | | | | | | | | | | |
| Male | | | | | | | | | | |
| Female | | | | | | | | | | |

3. Details of remuneration/salary/wages, in the following format*:

- a. Median remuneration / wages:

| | Male | | Female | |
|----------------------------------|--|---|--------|---|
| | Number | Median remuneration/ salary/ wages of respective category (₹) | Number | Median remuneration/ salary/ wages of respective category (₹) |
| Board of Directors (BoD) | 5 (Includes 1 MD & CEO and 4 Non-Executive Directors) | 17,025,000* | 3 | 8,400,000# |
| Key Managerial Personnel | 3 | 15,006,000 | 0 | NA |
| Employees other than BoD and KMP | 24,317 | 332,472 | 5,875 | 320,088 |
| Workers | NA | NA | NA | NA |

*Sitting Fees paid to Non-Executive Directors (Male)

#Sitting Fees paid to Non-Executive Directors (Female)

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

| | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|---|--------------------------------------|---------------------------------------|
| Gross wages paid to females as % of total wages | 16.10% | 15.5% |

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

We have established a governance structure to ensure the oversight of human rights management. The bank has created various committees—Regional, Central, and Appellate—to oversee the implementation of any deviations related to human rights or the disciplinary processes of the bank. Each committee will meet according to a prescribed schedule; for example, regional committees will meet once or twice a week, while the central committee will convene monthly to review actions and support required. These committees will also assess the processes and communication channels to integrate additional requirements into the system.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Ujjivan has robust grievance mechanism designed to receive, analyse, and respond to complaints or inquiries from any stakeholder. Employees can raise their grievances through the following channels:

- HR Helpdesk
- Whistleblower Policy
- Central Disciplinary Committee – if an employee wishes to appeal against the actions or decisions of the regional disciplinary committee.
- Appellate Committee – if an employee wishes to appeal against the actions or decisions of the central disciplinary committee.

The council or committee will review and address the complaints within 71 days, and the complainant will be informed of the corrective and preventive actions taken.

6. Number of Complaints on the following made by employees and workers:

| | FY 2023-24 Current Financial Year | | | FY 2022-23 Previous Financial Year | | |
|-----------------------------------|--------------------------------------|---------------------------------------|---------|---------------------------------------|---------------------------------------|---------|
| | Filed during the year | Pending Resolution at the end of year | Remarks | Filed during the year | Pending Resolution at the end of year | Remarks |
| Sexual Harassment* | 14 | 2 | NA | 7 | 0 | NA |
| Discrimination at workplace | 0 | 0 | NA | 0 | 0 | NA |
| Child Labour | 0 | 0 | NA | 0 | 0 | NA |
| Forced Labour/ Involuntary Labour | 0 | 0 | NA | 0 | 0 | NA |
| Wages | 0 | 0 | NA | 0 | 0 | NA |
| Other human rights related issues | - | - | NA | - | - | NA |

*The sexual harassment programme conducted at Ujjivan SFB has led to an increase in awareness among employees, resulting in a significant improvement in the filing of complaints.

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

| | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|--|--------------------------------------|---------------------------------------|
| Total Complaints reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) | 14 | 7 |
| Complaints on POSH as a % of female employees / workers | 0.3% | 0.2% |
| Complaints on POSH upheld | 14 | 7 |

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Ujjivan is committed to provide a safe work environment to its Employees, free from harassment towards or by its Employees. The POSH Policy recognises the right of privacy of every individual and strive to protect the privacy of the individuals involved and ensure that the complainant and the respondent are treated fairly. Details of the individual complaints are handled confidentially and are shared only on need-to-know basis in accordance with the applicable law.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

We have the vendor code of conduct in place which address the basic human rights requirements. Suppliers are required to adhere to all laws, specifically provisions of labour law and tax laws and regulations that are relevant and applicable in the jurisdictions in which they operate and document the same for verification purposes. All such applicable documentation shall be provided by Supplier to the Bank as and when requested by the Bank for due diligence and compliance perspective. This shall also include all but not limited to laws and rules related to corruption and bribery as well as those concerning human rights, data privacy, fair competition, environment etc.

10. Assessments of the year

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|--|
| Child labour | 100% |
| Forced/involuntary labour | NA |
| Sexual harassment | 100% |
| Discrimination at workplace | 100% |
| Wages | 100% |

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

There were no significant risks or concerns arising from the assessments conducted on our premises. However, the prohibition of child labour, fair wage administration, and compliance with relevant regulations are strictly enforced. The Internal Compliance team is dedicated to preventing sexual harassment and ensuring workplace safety. Concurrent Auditors, in partnership with Payroll and Compliance vendors, validate these practices. Disciplinary committees at both Regional and Corporate offices oversee and enforce disciplinary measures.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

Ujjivan has increased awareness on raising grievances about Workplace, Salary, Benefits POSH etc. through various modes viz., Helpdesk, Amber and Mail to foster a transparent and supportive work environment. This has resulted an increase in grievances under different category which got resolved through individual SPOC / Committees based on the severity of the concern.

We have also modified the process for resolution of POSH complaints. Earlier corporate POSH complaints were handled by South regional Inquiry Committee (IC). However, based on the recent trend to address the concern on a faster pace, Inquiry Committee has been formed for corporate and also modified the existing composition of regional IC committees across Ujjivan to showcase the rotations in the committee.

2. Details of the scope and coverage of any Human rights due diligence conducted

The human rights due diligence undertaken within our organisation is multifaceted. Employees have various avenues to address their grievances, including the HR Helpdesk on the HRMS, the Amber digital platform for employee assistance, the Whistleblower Policy, and disciplinary committees. These platforms are regularly reviewed by the Regional/Corporate HR/Disciplinary team, the Employee Engagement team, and various HR stakeholders to ensure the timely resolution of all concerns raised. Through these initiatives, we are committed to conducting comprehensive human rights due diligence to safeguard the rights and dignity of all individuals within our organisation.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, majority of the premises/offices of the bank are accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016. The accessibility of ramps has been enhanced in 125 branches, 4 regional offices, Corporate office, L & D Centre & CPC building of Ujjivan Small Finance Bank.

4. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------|---|
| Sexual harassment | NA |
| Discrimination at workplace | |
| Child labour | |
| Forced/involuntary labour | |
| Wages | |
| Others – please specify | |

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

NIL

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format*:

| Parameter | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|--|--------------------------------------|---------------------------------------|
| From renewable sources | | |
| Total electricity consumption (A) | 0 | 0 |
| Total fuel consumption (B) | 0 | 0 |
| Energy consumption through other sources (C) (Solar Power Plant of capacity 3kW) | 9.58 GJ | 0.077 GJ |
| Total energy consumed from renewable sources (A+B+C) | 9.58 | 0.077 |
| From non-renewable sources | | |
| Total electricity consumption (D) | 60,924.62 GJ | 45,684.54 GJ |
| Total fuel consumption** (E) | 12,181.29 GJ | 8,407.51 GJ |
| Energy consumption through other sources (F) | 0 | 0 |
| Total energy consumed from non-renewable sources (D+E+F) | 73,105.91 GJ | 54,092.05 GJ |
| Total energy consumed (A+B+C+D+E+F) | 73,115.49 GJ | 54,092.13 GJ |
| Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations in Crores) | 11.31 | 11.37 |
| Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP) | - | - |
| Energy intensity in terms of physical output | - | - |
| Energy intensity (optional) – the relevant metric may be selected by the entity | - | - |

*Total energy consumption includes offices and branches.

**Fuel consumption is with respect to diesel consumption for diesel generators

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

NA

3. Provide details of the following disclosures related to water, in the following format:

NA

| Parameter | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|---|--------------------------------------|---------------------------------------|
| Water withdrawal by source (in kilolitres) | | |
| 4 (i) Surface water | - | - |
| (ii) Groundwater | - | - |
| (iii) Third party water (Municipal water supplies) | - | - |
| (iv) Seawater / desalinated water | - | - |
| (v) Others (Rainwater storage) | - | - |
| Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v) | - | - |
| Total volume of water consumption (in kiloliters) * | 1,66,060 | 1,02,818 |
| Water intensity per Crores of turnover (Total water consumption / Revenue from operations) | 25.69 | 21.62 |
| Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP) | - | - |
| Water intensity in terms of physical output | - | - |
| Water intensity (optional) – the relevant metric may be selected by the entity | - | - |

*Consumption quantity mentioned above is the water consumed for drinking and domestic purposes and calculated based on the cost spent and NBC norms.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

4. Provide the following details related to water discharged:

| Parameter | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|---|--------------------------------------|---------------------------------------|
| Water discharge by destination and level of treatment (in kilo litres) | | |
| (i) To Surface water | Not Applicable | Not Applicable |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (ii) To Groundwater | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (iii) To Seawater | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (iv) Sent to third parties | | |
| - No treatment (Water sent for treatment to Central Effluent Treatment Plant) * | | |
| - With treatment – please specify level of treatment | | |
| (v) Others | | |
| - No treatment | | |
| - With treatment – Tertiary treatment | | |
| Total water discharged (in kilo litres) | | |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

The water requirement by the bank is only for domestic and drinking purposes. So, there is no Zero Liquid Discharge implementation.

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format *:**

| Parameter | Please specify unit | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|-------------------------------------|---------------------|--|--|
| NOx | Kg | At the branches of Ujjivan, the type of DG sets provided by the vendor is PECH 25 which has been approved by ARAI for noise and pollution norms. At URC branches, 25 kVA DG sets are used and at nonURC branches 5 kVA DG sets are being used. | At the branches of Ujjivan, the type of DG sets provided by the vendor is PECH 25 which has been approved by ARAI for noise and pollution norms. At URC branches, 25 kVA DG sets are used and at nonURC branches 5 kVA DG sets are being used. |
| SOx | Kg | | |
| Particulate matter (PM2.5) | Kg | | |
| Particulate matter (PM10) | Kg | | |
| Persistent organic pollutants (POP) | Kg | | |
| Volatile organic compounds (VOC) | Kg | | |
| Hazardous air pollutants (HAP) | Kg | | |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

| Parameter | Unit | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|---|--|--------------------------------------|---------------------------------------|
| *Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | <i>Metric tonnes of CO₂ equivalent</i> | 887.73 | 591.15 |
| *Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | <i>Metric tonnes of CO₂ equivalent</i> | 13,995.74 | 10,279.02 |
| Total Scope 1 and Scope 2 emissions | <i>Metric tonnes of CO₂ equivalent</i> | 14,883.47 | 10,870.17 |
| Total Scope 1 and Scope 2 emission intensity per Crores of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations) | <i>Metric tonnes of CO₂ equivalent/turnover in Crores</i> | 2.30 | 2.28 |
| Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP) | | - | - |
| Total Scope 1 and Scope 2 emission intensity in terms of physical output | | - | - |
| Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity | | - | - |

***Scope 1 covers the emissions emitted through the usage of Diesel in Diesel generators and Scope 2 covers the emissions emitted from Purchased grid Electricity.**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

8 Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, the entity has a project related to reducing Greenhouse Gas (GHG) emissions. Ujjivan operates a 3 KW solar power plant under the Operational Expenditure (OPEX) model, which contributed to energy consumption of 0.077 GJ in the fiscal year 2022-23 and 9.58 GJ in FY 2023-24. The bank is also actively exploring the feasibility of implementing rooftop solar panels at relevant office locations. Additionally, Ujjivan Small Finance Bank has diligently analysed and accounted for all Scope 1 and Scope 2 emissions using the Greenhouse Gas (GHG) protocol, with factors derived from The Intergovernmental Panel on Climate Change (IPCC). The bank is currently expanding its emissions accounting to include Scope 3 emissions to establish a more comprehensive GHG inventory.

9 Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|---|--------------------------------------|---------------------------------------|
| Total Waste generated (in metric tonnes) | | |
| Plastic waste (A) | 0 | 0 |
| E-waste (B) | 17.85 | 3.7 |
| Bio-medical waste (C) | 0 | 0 |
| Construction and demolition waste (D) | 0 | 0 |
| Battery waste (E) | 0 | 0 |
| Radioactive waste (F) | 0 | 0 |
| Other Hazardous waste. Haz. Waste from process + Haz. Waste from pollution control equipment's, + Filter bed sand+ Filter bags etc. (G) | 0 | 0 |
| Other Non-hazardous waste generated (H). MS Scrap + Aluminum scrap (Break-up by composition i.e., by materials relevant to the sector) | 9.1 | 0 |
| Total (A + B + C + D + E + F + G + H) | 26.9 | 3.7 |
| Waste intensity per rupee of turnover (Total waste generated / Revenue from operations) | 0.00417 | 0.00078 |
| Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP) | - | - |
| Waste intensity in terms of physical output | - | - |
| Waste intensity (optional) – the relevant metric may be selected by the entity | - | - |
| For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes) | | |
| Category of waste | | |
| (i) Recycled | 16.69 | - |
| (ii) Re-used* | 1.16 | 0.727 |
| (iii) Other recovery operations | - | - |
| Total | 17.85 | 0.727 |
| For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes) | | |
| Category of waste | | |
| (i) Incineration | - | - |
| (ii) Landfilling | - | - |
| (iii) Other disposal operations | - | - |
| Total | | |

*Donated reusable electronic devices to institution for reuse through our NGO's

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The bank's operations primarily produce paper waste and E-waste, neither of which generate toxic chemical waste; the paper is safely disposed of through authorised vendors, while E-waste is managed by certified recyclers, and the bank has also begun segregating dry and wet wastes at the source in all regional offices to ensure responsible disposal.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

| S. No. | Location of operations/offices | Type of operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|--------|--------------------------------|--------------------|---|
| NA | | | |

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|------|---|--|-------------------|
| NA | | | | | |

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, the entity is compliant with the applicable environmental laws/regulations/guidelines in India.

| S. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|--------|---|---------------------------------------|---|---------------------------------|
|--------|---|---------------------------------------|---|---------------------------------|

Leadership Indicators

1. **Water withdrawal, consumption and discharge in areas of water stress (in kilo litres):** Not applicable

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area:

(ii) Nature of operations:

(iii) Water withdrawal, consumption, and discharge in the following format:

| Parameter | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|---|--------------------------------------|---------------------------------------|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | Not applicable | Not applicable |
| (ii) Groundwater | | |
| (iii) Third party water | | |
| (iv) Seawater / desalinated water | | |
| (v) Others | | |
| Total volume of water withdrawal (in kilolitres) | | |
| Total volume of water consumption (in kilolitres) | | |
| Water intensity per rupee of turnover (Water consumed / turnover) | | |
| Water intensity (optional) – the relevant metric may be selected by the entity | - | - |
| Water discharge by destination and level of treatment (in kilolitres) * | | |
| (i) Into Surface water | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |

| Parameter | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|--|--------------------------------------|---------------------------------------|
| (ii) Into Groundwater | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (iii) Into Seawater | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (iv) Sent to third parties | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| (v) Others | | |
| - No treatment | | |
| - With treatment – please specify level of treatment | | |
| Total water discharged (in kilolitres) | | |

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter | Unit | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|--|---|--------------------------------------|---------------------------------------|
| Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | - | - |
| Total Scope 3 emissions per Crore of turnover | | - | - |
| Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity | | - | - |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No.

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

The bank does not operate in any ecologically sensitive areas.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

| S. No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|-------|------------------------|---|---|
| 1. | Sustainable operations | Our "Green" efforts starting with the simple initiative of discontinuing paper cups and plates towards environmental sustainability had a cascaded effect on other initiatives like procurement of energy-saving LED lighting in all offices, usage of recycled paper napkins, waste segregation at source coupled with responsible disposal strategies, digital business cards, green cleaning chemicals, solar energy as the RE(renewable energy) alternative wherever feasible, inverter air conditioners and energy efficient construction materials. | With this holistic approach across 750+ offices, our efforts towards promoting eco-friendly practices in the bank create a profound positive impact on the environment. |

| S. No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|-------|-----------------------|--|--|
| 2. | Digitisation | Our concerted efforts to reduce paper consumption and thereby lower carbon emissions have driven us to digitise numerous operations and products. This includes prioritising customer-centric services that allow transactions from the convenience of home, reducing fuel consumption and enhancing satisfaction. | The bank has witnessed a significant increase in digital transactions, with 37.41 Crores facilitated digitally, constituting 88.54% of all transactions, notably boosted by the launch of digital savings accounts and fixed deposits. Additionally, approximately 11.8 million loan repayments were conducted through digital channels, resulting in substantial reductions in documentation and commuting, leading to significant financial savings. Moreover, 100% of contract management was executed digitally during FY 2023-24. |

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, the entity has a Business Continuity and Disaster Management Plan. The BCM (Business Continuity Management) plan highlights the preparedness of the bank to deal with disaster situations. The purpose of this policy is to define the need to establish a management framework necessary to ensure emergency response, resumption and recovery, restoration, and permanent recovery of Ujjivan during business interruption events while maintaining compliance requirements. This applies to all the business processes, departments, infrastructures and facilities in head office, regional offices, and branches of Ujjivan. The Policy statements include the BCMS organisation structure, components of BCM framework, procedural aspect of BCP, HR aspects of BCP, Infrastructure aspects of BCP, Technology aspects of BCP, Access control aspects of BCP etc. Business continuity management governance is also in place which has the BCM committee and Crisis management committee.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Being a banking sector, there is no significant direct impacts to the environment from the value chain partners.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

No value chain partners were assessed for environmental impacts. However, the Bank procures goods and services from licensed and certified vendors and suppliers. The Bank has a policy on Code of Conduct which attempts to set forth the guiding principles and values on which the Bank's employees shall operate and conduct business with various stakeholders of the Bank, government and regulatory agencies, media, and anyone else with whom the Bank is connected.

PRINCIPLE 7 BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators

1. a. Number of affiliations with and industry chambers/ associations.

The bank is a member of 8 trade and industry chambers/associations.

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|--------|--|---|
| 1 | AKMI- Association of Karnataka Micro Finance institution | State |
| 2 | IBA – Indian Banks' Association | National |
| 3 | ASFBI – Association of Small Finance Banks of India | National |

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|--------|---|---|
| 4 | FIMMDA – Fixed Income Money Market & Derivatives Association of Indi- | National |
| 5 | MFIN - Micro Finance Institutions Network | National |
| 6 | Sa-dhan | National |
| 7 | DLCC – District Level Consultative Committee | State |
| 8 | SLBC – State Level Bankers committee | State |

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

None

Leadership Indicators

1. Details of public policy positions advocated by the entity:

| S. No. | Public policy advocated | Method resorted for such advocacy | Whether information available in the public domain? (Yes/No) | Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify) | Web Link, if available |
|--------|-------------------------|-----------------------------------|--|---|------------------------|
| Nil | | | | | |

PRINCIPLE 8 BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web Link |
|---|----------------------|----------------------|---|--|-------------------|
| Not applicable as there were no projects undertaken that required an SIA in the current financial year. | | | | | |

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

| S. No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In ₹) |
|----------------|--|-------|----------|---|--------------------------|---------------------------------------|
| Not applicable | | | | | | |

3. Describe the mechanisms to receive and redress grievances of the community.

The bank employs a bottom-up approach to identify projects, with the branch team serving as a liaison between the community and the corporate CSR team. This ensures that CSR projects are tailored to the expressed needs of the community. By actively involving the community in infrastructure projects, the bank fosters commitment, engagement, and a better understanding of their satisfaction levels and concerns.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

| Parameter | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|--|--------------------------------------|---------------------------------------|
| Directly sourced from MSMEs/ small producers | 10.3% | 10.97% |
| Sourced directly from within India | 100% | 100% |

Note: All the materials required by the bank are procured locally irrespective of its location

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost:

| Location | FY 2023-24 Current Financial Year | FY 2022-23 Previous Financial Year |
|--------------|--------------------------------------|---------------------------------------|
| Rural | 1.3% | 0.7% |
| Semi-urban | 2.8% | 1.9% |
| Urban | 4.2% | 2.9% |
| Metropolitan | 11.5% | 8.2% |

*(Place to be categorised as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

| Details of negative social impact identified | Corrective action taken |
|--|-------------------------|
| NA | |

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

| State | Aspirational District | Amount Spent (In ₹) |
|----------------|-----------------------|---------------------|
| Jharkhand | Hazaribagh | 903,000 |
| Jharkhand | Hazaribagh | 1,424,392 |
| Madhya Pradesh | Bharwani | 1,157,205 |
| Madhya Pradesh | Khandwa | 1,157,205 |
| Tamilnadu | Ramanathapuram | 14,782 |
| Bihar | Purnea | 8,520 |

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)
No
- (b) From which marginalised /vulnerable groups do you procure?
NA
- (c) What percentage of total procurement (by value) does it constitute?
NA

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

| S. No. | Intellectual Property based on traditional knowledge | Owned/Acquired (Yes/No) | Benefit shared (Yes / No) | Basis of calculating benefit share |
|--------|--|-------------------------|---------------------------|------------------------------------|
| NA | | | | |

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

| Name of authority | Brief of the Case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| NA | | |

6. Details of beneficiaries of CSR Projects:

| S. No. | CSR Projects | No. of persons benefited from CSR Projects 2023 | % of beneficiaries from vulnerable and marginalised groups |
|--------|--|---|--|
| 1 | <p>Community development:</p> <ul style="list-style-type: none"> Ujjivan SFB, in strategic partnership with Parinaam Foundation, has successfully completed 216 infrastructure development projects under our flagship “Chote Kadam” programme as of March 2024 since its inception. Projects – Education institute renovation, installation of solar streetlight, orphanage development, dhobighat development, health care renovation, playground development | 38,691+ | 100% |
| 2 | <p>Livelihood Enhancement</p> <ul style="list-style-type: none"> Ujjivan, in partnership with Cheshire Disability Trust and proVISION Asia, supports the differently abled by training 413 individuals in employability skills and providing wheelchairs to 60 orthopedically disabled people respectively, enhancing their independence and employability. Ujjivan collaborates with Divya Nur Foundation and Calcutta Social Project to empower over 400+ youths from BPL/APL families with vocational training and career guidance, successfully placing 70% in jobs across various sectors. In association with the Association for Advocacy and Legal Initiatives in Lucknow, Ujjivan has empowered 22 women, victims of domestic violence, by providing them with sewing machines to help generate their own livelihood. | 911+ | 100% |
| 3 | <p>Disaster Relief</p> <p>Ujjivan swiftly responded to crises by providing essential kitchen and grocery kits to disaster-stricken families, aiding their sustenance until stability was restored. This fiscal year, the bank has supported over 9,000 families affected by fires, floods, and the Michaung cyclone across Mumbai, Madhya Pradesh, Gujarat, Chennai, and regions like Tirunelveli and Tenkasi.</p> | 37,280+ | 100% |
| 4 | <p>Education and sports:</p> <ul style="list-style-type: none"> Ujjivan SFB has ventured into promoting sports for underprivileged students by partnering with the Mary Kom Boxing Foundation, sponsoring 10 athletes’ academic and residential training, and enhancing the training infrastructure for over 90 athletes at the academy. Educational projects – education for underprivileged students, intellectually disabled students, scholarship to transgenders, teachers training for digital literacy, Delhi Council of Child welfare school bag distribution (orphan), furniture for educational needs of tribal learning centre, educational aids for Udayan, study aids for Anganwadi at Nasik | 34,500+ | 100% |
| 5 | <p>Environment and Animal Welfare:</p> <ul style="list-style-type: none"> Ujjivan SFB collaborated with Dhyam Foundation to install solar-powered lighting at an animal welfare centre in Bolagarh, Odisha, safeguarding cattle and promoting environmental sustainability through renewable energy. To combat water scarcity, Ujjivan Bank partnered with United Way of Bengaluru to construct 10 water percolation pits, enhancing groundwater levels in drought-prone areas, and continued its commitment to cleanliness with Project Swachh Neighbourhood, involving over 6,038 employees in cleaning initiatives and planting 2,896 saplings across India. | 46,823+ (including 180 + Cattle) | - |

| S. No. | CSR Projects | No. of persons benefited from CSR Projects 2023 | % of beneficiaries from vulnerable and marginalised groups |
|--------|---|--|--|
| 6 | Other Initiatives around Medical Assistance <ul style="list-style-type: none"> Ujjivan SFB delivered groceries and kitchen aids to elderly care facilities in Jaunpur and Coimbatore, supporting the nutrition of around 200 marginalised senior citizens. Projects - digital clinics in aspirational districts, procurement & delivery of medical equipment for public health care centres in Erode, Provision of dialysis machines for the HIV patients at Hazaribagh community hospital, provision of wheelchairs at Sree Avittom Thirunal Public hospital, provision of ICU monitors at Barasat Cancer hospital. | 83,560 (including healthcare and senior citizen support together) | - |

PRINCIPLE 9 BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The customers can register the complaint through multiple channels which includes.

- (A) Primary channels such as Complaint register/ complaint box available at branches, calls to Branch office or 24/7 Customer Care helpline Number, email to customer care, through internet or mobile banking app and complaint form available on website. Complaint resolution matrix along with contact details and Customer care helpline number are displayed at BC points/Branches/Website. Customers can also submit their complaints during monthly customer service committee held at linked branches.
- (B) Secondary escalation contacts point such as Regional Nodal Officers and Principal Nodal Officer.
- (C) Customers can escalate their complaints to banking ombudsman in case of no response or a resolution for their complaint from the bank within 30 days or they are not satisfied with the resolution provided by bank. The complaints received through other external channels such as social media/ central government's consumer helpline & CPGRMS are also being handled for resolution. The customer is acknowledged for the complaints received either through SMS, Email or acknowledgement slip as applicable. Turn Around Time for resolution of complaints are defined based on nature of complaints criticality and effort required for resolution. These TATs are added in software tool which the Bank is using for documenting, tracking and resolution of complaints. All the complaints received from different channels are captured in CRM software solution which automatically assigns complaint ticket to respective internal departments for resolution. The bank had setup a dedicated Service Quality department which monitors complaint resolution framework end to end. The data on pending complaints is being monitored and reviewed by Service Quality team and necessary internal escalation process is followed for closure of pending complaints. Complaint resolution TAT is one of the key Service Index which is being closely monitored by the bank.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

| Parameter | As a percentage to total turnover |
|---|-----------------------------------|
| Environmental and social parameters relevant to the product | NA |
| Safe and responsible usage | |
| Recycling and/or safe disposal | |

3. Number of consumer complaints in respect of the following:

| | FY 2023-24 (Current Financial Year) | | | FY 2022-23 (Current Financial Year) | | |
|---|--|-----------------------------------|---------|--|-----------------------------------|---------|
| | Received during the year | Pending resolution at end of year | Remarks | Received during the year | Pending resolution at end of year | Remarks |
| Data privacy | 0 | 0 | NA | 0 | 0 | NA |
| Advertising | 0 | 0 | - | 0 | 0 | NA |
| Cyber-security (Phishing, Vishing and Smishing by Fraudsters) | 972 | 12 | - | 929 | 0 | NA |
| Delivery of essential Services# | 18,499 | 287 | - | 0 | 0 | NA |
| Restrictive Trade Practices | 0 | 0 | - | 0 | 0 | NA |
| Unfair Trade Practices | 0 | 0 | - | 0 | 0 | NA |
| Other (Mis-selling)* | 139 | 4 | - | 40 | 0 | NA |

Delivery of essential service includes staff - Related, Alleged Transaction, Deliverables Related, Lending Related, Charges Related, Technology Related, Transaction Related etc. and other category of Cyber security cases such as Fake Job / Loan Advertisement, Card / Mobile lost and transaction done etc. During FY 2022-23, 21771 number of complaints were received under this head.

*Complaints related to mis-selling are those where a customer claims that he was promised a certain return/feature in a product/service and has not received the same.

4. Details of instances of product recalls on account of safety issues:

| | Number | Reasons for recall |
|-------------------|--------|--------------------|
| Voluntary recalls | NA | |
| Forced recalls | | |

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the bank has a framework/ policy on data privacy. <https://www.ujjivansfb.in/privacy-policy>

Ujjivan Small Finance Bank believes in privacy of data provided by its customers/users and is committed to protect it. The bank takes all necessary and reasonable measures to protect the customer information and its transmission through the online channels. The privacy policy is applicable to customers/users that visit, use or interact with the bank through the online channels listed below.

- i. Website
- ii. Mobile Application
- iii. Internet Banking Page
- iv. Electronic communications (E-mailers / SMS) from the bank
- v. Digital Advertising Campaigns
- vi. Products and Services through online lead forms and questionnaires.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

NA

7. Provide the following information relating to data breaches:

- a. Number of instances of data breaches - NIL
- b. Percentage of data breaches involving personally identifiable information of customers- NIL
- c. Impact, if any, of the data breaches- NIL

Leadership Indicators

- 1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Available on website <https://www.ujjivansfb.in>.

- 2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

Communication through SMSs, Emails, Branch channel and social media educating customers about Safe banking practices, cyber fraud prevention, etc.

- 3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

In case of any disruption / discontinuation of essential services, the communication with customer is handled directly by respective business units only, which is initiated in the form of SMS or E-mails.

For other situations, a ticker is activated or enabled on IB/MB applications. Further, the marketing team supports the business teams in arranging for any such communication whenever necessary.

- 4. Does the entity display product information on the product over & above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief? Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Yes. The Bank has conducted an independent customer satisfaction survey through an external agency for which covers 6 major products and services offered the Bank and covers over 5000+ customers. This survey covered the entity. The findings of the survey were discussed with respected stakeholders and action plans were obtained for rectification. Further, the Bank also conducts customer satisfaction survey internally through calling customer who has visited the branch and raised a query.

Independent Auditor's Report

To the Members of Ujjivan Small Finance Bank Limited Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Ujjivan Small Finance Bank Limited ("the Bank"), which comprise the Balance Sheet as of March 31, 2024, 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, 2024, its profits and its cash flows for the year ended on that date.

Identification of Non-Performing Assets ('NPA') and Provisioning on Advances

Total Loans and Advances (Net of NPA Provision, floating provision, securitisation and IBPC) as on March 31, 2024: ₹ 26,88,29,191 ('000)

Gross NPA as on March 31, 2024: ₹ 61,25,247 ('000)

Provision for NPA as on March 31, 2024 (Excluding floating provision): ₹ 41,62,325 ('000)

(Refer Schedule 9 and Schedule 18 (4.1) to the financial statement)

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.

| 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 criteria such as past due status, out of order status etc. The provisions in respect of such NPAs are made based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to minimum provisioning levels prescribed by the RBI and approved policy of the bank in this regard. In addition</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; |

| Key Audit Matter | How our audit addressed the key audit matter |
|--|--|
| <p>to this, for restructured accounts, provision is made for erosion/ diminution in fair value of restructured loans, in accordance with the RBI guidelines. Further, NPA classification is made borrower wise whereby if one facility of the borrower becomes an NPA then all facilities of such a borrower will be treated as an NPA.</p> <p>Additionally, the Bank makes provisions on exposures that are not classified as NPAs including identified advances or group advances that can potentially slip into NPA. These are part of standard asset provision.</p> <p>The Management of the Bank also made an assessment of the impact on borrowers account due to Covid -19 pandemic and in line with the COVID 19 Regulatory Package announced by the RBI in respect of moratorium and restructuring of advances as relief measures to the borrowers.</p> <p>Since the provisioning for NPA advances require significant level of estimation and given its significance to the overall audit, we have ascertained identification and provisioning for NPAs as a key audit matter.</p> | <ul style="list-style-type: none"> • Considered the data shared by Bank regarding accounts reported as Special Mention Accounts (“SMA”) in RBI’s central repository of information on large credits (CRILC) to identify stress; • Selected samples for standard and overdue accounts to assess compliance with the RBI Circulars on ‘COVID-19 – Regulatory Package’ and ‘COVID-19 Regulatory Package - Asset Classification and Provisioning’; • Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs. |
| <p>Information Technology (‘IT’) systems and controls impacting financial reporting</p> <p>The Bank’s IT architecture to process key financial accounting and reporting is complex involving number of independent and interdependent IT systems used in the operations of the Bank, and IT controls to process significant transactions volumes at numerous locations.</p> <p>As such there is high reliability on IT systems, appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.</p> <p>The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter.</p> | <p>Our Audit procedures with respect to this matter included:</p> <p>We used our internal IT team to perform audit procedures to assess IT systems and controls over financial reporting which included the following:</p> <ol style="list-style-type: none"> 1) General IT controls design, observation and operation: <ul style="list-style-type: none"> • Obtain an understanding of the IT infrastructure and IT systems • Testing the sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access, system change management and computer operations. 2) User access controls operation: <ul style="list-style-type: none"> • Reviewed processes followed by the management in respect of access rights granted to applicants relevant to financial accounting and reporting systems. • Assessing the operating effectiveness of controls over granting, removal and appropriateness of access rights. <p>Other areas that were assessed under the IT control environment, included password and security related policies were also part of our audit procedures.</p> |

OTHER MATTERS:

We have relied on the audit report issued by Varma & Varma, Chartered accountants, auditors of erstwhile holding company Ujjivan Financial Services Limited (‘UFSL’) on the special purpose financial statements (‘SPFS’) of UFSL as at March 31, 2023, for the purpose of incorporation of such SPFS in the books of accounts of the Bank pursuant to the scheme of amalgamation as detailed in note 18(41) of the audited financial statements of the Bank dated May 18, 2024. We rely on such audit report issued by Varma & Varma, Chartered Accountants and the SPFS and did not carry out any audit procedures on the same, duly adopted the same in the audited financial statements of the Bank as at March 31, 2024. Our opinion is not modified in respect of this matter.

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, 2024 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 and does not require its branches to submit any financial returns, the audit is carried out centrally in head office and at regional offices as all the necessary records, documents and data required for the purpose of our audit are available therein. During the course of our audit, we have visited 20 branches to examine the various records maintained at the branches and regional offices and performed relevant audit procedures.

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, 2024 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2024 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, 2024 and accordingly no provision is required to be made;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank;

- iv. a) Based on the information and explanation provided and as represented to us by the management to the best of its knowledge and belief, other than as disclosed in Schedule 18(41) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- b) Based on the information and explanation provided and as represented to us by the management to the best of its knowledge and belief, other than as disclosed in Schedule 18(41) to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement
- v) (a) In our opinion, the final dividend paid by the Bank during the year in respect of the same declared for the previous year

is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.

- (b) As stated in note 18(37) to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi) Based on our examination which included test checks, the Bank has used various accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. Management has represented to us that such audit trails will be preserved by the Bank as per the statutory requirements for record retention.

As per the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on the preservation of the audit trail as per the statutory required for record retention is not applicable for the financial year ended March 31, 2024.

**For B K Ramadhyani & Co.
LLP**

Chartered Accountants
FRN: 002878S/ S200021

(Vasuki H S)

Partner
Membership No : 212013
UDIN :
24212013BKCLQN1909

Mukund M. Chitale & Co

Chartered Accountants
FRN: 106655W

(Nilesh RS Joshi)

Partner
Membership No. 114749
UDIN :
24114749BKCBYN1069

Place: Bengaluru
Date: May 18, 2024

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, 2024

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, 2024 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorisations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

Annexure A (Contd.)

to the Independent Auditor's Report of even date on the Financial Statements of Ujjivan Small Finance Bank Limited

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, 2024, 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.

**For B K Ramadhyan & Co.
LLP**

Chartered Accountants
FRN: 002878S/ S200021

(Vasuki H S)

Partner
Membership No : 212013
UDIN :
24212013BKCLQN1909

Place: Bengaluru
Date: May 18, 2024

Mukund M. Chitale & Co

Chartered Accountants
FRN: 106655W

(Nilesh RS Joshi)

Partner
Membership No. 114749
UDIN :
24114749BKCBYN1069

Balance Sheet

as on March 31, 2024

(₹ in 000's)

| Particulars | Schedule | As on March 31, 2024 | As on March 31, 2023 |
|--|----------|-------------------------|-------------------------|
| CAPITAL AND LIABILITIES | | | |
| Capital | 1 | 19,314,285 | 21,547,066 |
| Employees Stock Options and Purchase Outstanding | 18(33) | 723,238 | 512,205 |
| Reserves and Surplus | 2 | 36,097,398 | 20,031,799 |
| Deposits | 3 | 314,621,598 | 255,376,822 |
| Borrowings | 4 | 21,708,153 | 26,414,640 |
| Other Liabilities and Provisions | 5 | 11,757,490 | 9,286,243 |
| TOTAL | | 404,222,162 | 333,168,775 |
| ASSETS | | | |
| Cash and Balances with Reserve Bank of India | 6 | 25,183,148 | 23,052,710 |
| Balances with Banks and Money at Call and Short Notice | 7 | 184,768 | 1,783,218 |
| Investments | 8 | 97,660,182 | 85,103,075 |
| Advances | 9 | 268,829,191 | 212,896,611 |
| Fixed Assets | 10 | 4,266,643 | 2,828,799 |
| Other Assets | 11 | 8,098,230 | 7,504,362 |
| TOTAL | | 404,222,162 | 333,168,775 |
| Contingent Liabilities | 12 | 1,449,074 | 950,034 |
| Bill for collection | | - | - |
| Significant Accounting Policies | 17 | | |
| Notes forming part of the financial statements | 18 | | |

The schedules referred to above form an integral part of the Balance sheet

The Balance Sheet has been prepared in conformity with Form A of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date

For B K Ramadhyani & Co LLP

Chartered Accountants

FRN: 002878S/ S200021

For Mukund M Chitale & Co.

Chartered Accountants

FRN:106655W

For and on behalf of Board of Directors of

Ujjivan Small Finance Bank Limited

Vasuki H S

Partner

MN: 212013

Nilesh RS Joshi

Partner

MN: 114749

Ittira Davis

DIN: 06442816

Managing Director & CEO

B A Prabhakar

DIN: 02101808

Independent Director

Sudha Suresh

DIN: 06480567

Independent Director

Bengaluru

May 18, 2024

M.D.Ramesh Murthy

Chief Financial Officer

Sanjeev Barnwal

Company Secretary

Profit and Loss Account

for the year ended March 31, 2024

(₹ in 000's)

| Particulars | Schedule | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|----------|--------------------------------------|--------------------------------------|
| I. INCOME | | | |
| Interest Earned | 13 | 56,771,541 | 41,649,947 |
| Other Income | 14 | 7,867,519 | 5,891,909 |
| Total | | 64,639,060 | 47,541,856 |
| II. EXPENDITURE | | | |
| Interest Expended | 15 | 22,677,039 | 14,670,926 |
| Operating Expenses | 16 | 22,790,991 | 18,020,597 |
| Provisions and Contingencies | | 6,356,123 | 3,851,116 |
| Total | | 51,824,153 | 36,542,639 |
| III. PROFIT | | | |
| Net profit for the year | | 12,814,907 | 10,999,217 |
| Profit brought forward | | 5,068,695 | (723,518) |
| Total | | 17,883,602 | 10,275,699 |
| IV. APPROPRIATIONS | | | |
| Transfer to | | | |
| a) Statutory Reserves | | 3,203,727 | 2,749,804 |
| b) Investment Reserve Account | | - | 3,404 |
| c) Capital Reserve | | - | - |
| d) Preference Dividend | | - | 220,000 |
| e) Equity dividend* | | 683,410 | 1,465,944 |
| f) Investment Fluctuation Reserve | | 43,737 | 467,852 |
| g) Transfer to Special Reserve U/S 36 (1)(viii) Income Tax Act, 1961 | | 170,000 | 300,000 |
| h) Balance Carried over to Balance Sheet | | 13,782,728 | 5,068,695 |
| Total | | 17,883,602 | 10,275,699 |
| V. Earnings per Equity Share (Face value of ₹ 10 per share) | | | |
| Basic (₹) (Refer Schedule 18 (25)) | | 6.65 | 5.82 |
| Diluted (₹) (Refer Schedule 18 (25)) | | 6.54 | 5.81 |
| Significant Accounting Policies | 17 | | |
| Notes forming part of the financial statements | 18 | | |

* The equity dividend includes ₹ 4,26,000 ('000) paid by erstwhile Ujjivan Financial Services Limited, pursuant to the scheme of Amalgamation, detailed in Note 18(41).

The schedules referred to above form an integral part of the Profit and Loss Account.

The Profit and Loss Account has been prepared in conformity with Form B of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date

For B K Ramadhyani & Co LLP
Chartered Accountants
FRN: 002878S/ S200021

For Mukund M Chitale & Co.
Chartered Accountants
FRN:106655W

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Vasuki H S
Partner
MN: 212013

Nilesh RS Joshi
Partner
MN: 114749

Ittira Davis
DIN: 06442816
Managing Director & CEO

B A Prabhakar
DIN: 02101808
Independent Director

Sudha Suresh
DIN: 06480567
Independent Director

Bengaluru
May 18, 2024

M.D.Ramesh Murthy
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Cash Flow Statement

for the year ended March 31, 2024

(₹ in 000's)

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) After taxation | 12,814,907 | 10,999,217 |
| Tax adjustment | 4,206,748 | 3,673,159 |
| Net Profit/(Loss) before taxation | 17,021,655 | 14,672,376 |
| Adjustments for : | | |
| Depreciation on Bank's Property | 982,896 | 902,785 |
| Loss on sale of Land, Building & Other assets (net) | 14,722 | 6,701 |
| Expense on employee stock option | 116,216 | 90,247 |
| Provision for Non Performing Assets | 1,885,324 | 498,068 |
| Provision for Standard Assets | 264,125 | (322,365) |
| Provision for depreciation on investment | - | (3,404) |
| Interest earned on fixed deposits | (103,785) | (108,631) |
| Profit on sale of available for sale (AFS) securities | (117,063) | - |
| Amortisation of premium on HTM investments | 241,464 | 255,662 |
| Preference dividend to eUFSL adjusted pursuant to the scheme of amalgamation | 110,000 | - |
| Operating Profit/(Loss) before Working Capital changes | 20,415,554 | 15,991,439 |
| Adjustments for : | | |
| (Increase) /Decrease in Advances | (57,817,904) | (50,362,965) |
| (Increase)/Decrease in Investments in other than HTM securities | (4,900,637) | (25,577,285) |
| (Increase)/Decrease in Other Assets | (4,396,509) | (1,065,153) |
| Increase/ (Decrease) in Deposits | 60,958,136 | 72,454,654 |
| Increase/ (Decrease) in Other Liabilities | 2,058,921 | 1,960,894 |
| Cash generated from/(used in) Operations | 16,317,561 | 13,401,584 |
| Direct Taxes paid (net of funds) | (492,930) | (2,803,717) |
| Net Cash Flow generated from/(used in) Operating Activities (A) | 15,824,631 | 10,597,867 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of Fixed Assets | 21,612 | 9,202 |
| Investment in HTM securities (Net) | (7,780,871) | (18,248,700) |
| Deposits (created)/encashed with Banks and financial institutions (Net) | 1,674,472 | (1,464,056) |
| Purchase of Fixed Assets including WIP | (2,456,818) | (1,253,562) |
| Net Cash Flow used in Investing Activities (B) | (8,541,605) | (20,957,116) |

Cash Flow Statement
for the year ended March 31, 2024 (Contd.)

(₹ in 000's)

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of equity shares (net of issue expenses) | 202,634 | 4,661,212 |
| Increase/(Decrease) in Borrowings (Net) | (4,706,487) | 8,779,023 |
| Preference dividend including interim dividend paid during the year | - | (110,000) |
| Equity dividend paid during the year | (683,409) | (1,465,944) |
| Net Cash Flow generated from Financing Activities (C) | (5,187,262) | 11,864,291 |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | 2,095,764 | 1,505,042 |
| Cash and Cash Equivalents at the beginning of the year | 23,136,947 | 21,631,905 |
| Cash and Cash Equivalents acquired pursuant to scheme of amalgamation (refer note 18(41)) | 6,911 | |
| Cash and Cash Equivalents at the end of the year | 25,239,622 | 23,136,947 |
| Notes to Cash Flow Statement: | | |
| 1 Cash and Cash equivalents includes the following: | | |
| Cash and Bank Balances with Reserve Bank (Schedule 6) | 25,183,148 | 23,052,710 |
| Balance with Bank and Money at Call & Short Notice (Schedule 7) | 184,768 | 1,783,218 |
| | 25,367,916 | 24,835,928 |
| 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 | (128,294) | (1,698,981) |
| Cash and Cash Equivalents at the end of the year | 25,239,622 | 23,136,947 |

- 2 The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Sec.133 of the Companies act, 2013 read with rule 7 of the Companies (Account) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.
- 3 Increase/ Decrease in advances are net after taking to account advances transferred under inter- bank participation certificates of ₹ 21,290,000 ('000) and transaction arrangements of ₹ 18,600,000('000) with other parties.
- 4 Figures in bracket indicate cash outflow.

As per our report of even date

For B K Ramadhyani & Co LLP
Chartered Accountants
FRN: 002878S/ S200021

For Mukund M Chitale & Co.
Chartered Accountants
FRN:106655W

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Vasuki H S
Partner
MN: 212013

Nilesh RS Joshi
Partner
MN: 114749

Ittira Davis
DIN: 06442816
Managing Director & CEO

B A Prabhakar
DIN: 02101808
Independent Director

Sudha Suresh
DIN: 06480567
Independent Director

Bengaluru
May 18, 2024

M.D.Ramesh Murthy
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Schedules forming part of the Balance Sheet

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---|-------------------------|-------------------------|
| SCHEDULE -1 CAPITAL | | |
| Authorised Capital* | | |
| 2,625,000,000 Equity Shares of ₹ 10 each (P.Y. 2,300,000,000 Equity Shares of ₹ 10 each) | 26,250,000 | 23,000,000 |
| Current Year Nil. (P.Y. 200,000,000 11% Preference Shares, Perpetual Non-Cumulative Non-Convertible of ₹ 10 each) | - | 2,000,000 |
| Issued, Subscribed and Called up Capital | | |
| 1,958,763,276 (Previous Year: 1,954,706,625) Equity Shares of ₹ 10 each | 19,587,633 | 19,547,066 |
| Less: Cancellation of 1,440,036,800 Equity shares of ₹ 10 each held by the Holding Company due to amalgamation (refer note 18(41)) | 14,400,368 | - |
| | 5,187,265 | 19,547,066 |
| 200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible of ₹ 10 each) | 2,000,000 | 2,000,000 |
| Less: Cancellation of 200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each held by the holding company due to amalgamation (refer note 18(41)) | 2,000,000 | - |
| | - | 2,000,000 |
| Share Capital pending Allotment | | |
| 1,412,702,033 equity shares of ₹ 10 each to be issued to share holders of UFSL (Ujjivan Financial Services Limited) on amalgamation (refer note 18(41)) | 14,127,020 | - |
| | 14,127,020 | - |
| | 19,314,285 | 21,547,066 |
| Paid up Capital | | |
| 1,958,763,276 (Previous Year: 1,954,706,625) Equity Shares of ₹ 10 each | 19,587,633 | 19,547,066 |
| Less: Cancellation of 1,440,036,800 Equity shares of ₹ 10 each held by the holding company due to amalgamation (refer note 18(41)) | 14,400,368 | - |
| | 5,187,265 | 19,547,066 |
| 200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each | 2,000,000 | 2,000,000 |
| Less: Cancellation of 200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each held by the holding company due to amalgamation (refer note 18(41)) | 2,000,000 | - |
| | - | 2,000,000 |
| Share Capital pending Allotment | | |
| 1,412,702,033 equity shares of ₹ 10 each to be issued to share holders of UFSL (Ujjivan Financial Services Limited,) on amalgamation (refer note 18(41)) | 14,127,020 | - |
| | 14,127,020 | - |
| TOTAL | 19,314,285 | 21,547,066 |

*Pursuant to the Scheme of amalgamation of UFSL with Ujjivan SFB, the authorised capital has increased from ₹ 25,000,000 to ₹ 26,250,000 and now comprises of 2,625,000,000 equity shares of ₹ 10 each.

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---|-------------------------|-------------------------|
| SCHEDULE -2 RESERVES AND SURPLUS | | |
| I. Statutory Reserves | | |
| Opening balance | 4,160,630 | 1,410,826 |
| Additions - Pursuant to scheme of amalgamation (refer note 18(41)) | 1,432,831 | - |
| Additions during the year | 3,203,727 | 2,749,804 |

Schedules forming part of the Balance Sheet (Contd.)

| Particulars | (₹ in 000's) | |
|---|-------------------------|-------------------------|
| | As on March 31, 2024 | As on March 31, 2023 |
| Closing balance | 8,797,188 | 4,160,630 |
| II. Capital Reserve | | |
| Opening balance | 207,127 | 207,127 |
| Additions during the year | - | - |
| Closing balance | 207,127 | 207,127 |
| III. Share Premium | | |
| Opening balance | 9,618,960 | 7,221,673 |
| Additions during the year | 177,119 | 2,491,186 |
| Deductions - Pursuant to scheme of amalgamation (refer note 18(41)) Net | 1,827,120 | - |
| Deductions - Share issue expenses. (refer note 18(41)) | 250,000 | 93,899 |
| Closing balance | 7,718,959 | 9,618,960 |
| IV. Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 | | |
| Opening balance | 300,000 | - |
| Additions during the year | 170,000 | 300,000 |
| Closing balance | 470,000 | 300,000 |
| V. Revenue and Other Reserves | | |
| i. Investment Reserve Account | | |
| Opening balance | 3,404 | - |
| Additions during the year | - | 3,404 |
| Deductions during the year | - | - |
| Closing balance | 3,404 | 3,404 |
| ii. Investment Fluctuation Reserve | | |
| Opening balance | 672,983 | 205,131 |
| Additions during the year | 43,737 | 467,852 |
| Closing balance | 716,720 | 672,983 |
| TOTAL | 720,124 | 676,387 |
| VI. Balance of Profit and Loss Account | 13,782,728 | 5,068,695 |
| Additions - Pursuant to scheme of amalgamation (refer note 18(41)) | 4,401,272 | - |
| | 18,184,000 | 5,068,695 |
| TOTAL (I + II + III+IV+V+VI) | 36,097,398 | 20,031,799 |

| Particulars | (₹ in 000's) | |
|----------------------------------|-------------------------|-------------------------|
| | As on March 31, 2024 | As on March 31, 2023 |
| SCHEDULE -3 DEPOSITS | | |
| A. I. Demand Deposits | | |
| (i) From Banks | 731,028 | 51,641 |
| (ii) From Others | 7,609,621 | 5,806,459 |
| II. Savings Bank Deposits | 75,662,415 | 61,590,653 |
| III. Term Deposits | | |
| (i) From Banks | 62,633,090 | 58,884,944 |
| (ii) From Others | 167,985,444 | 129,043,125 |
| TOTAL (I + II + III) | 314,621,598 | 255,376,822 |
| B. Deposits of branches | | |
| I. In India | 314,621,598 | 255,376,822 |
| II. Outside India | - | - |
| TOTAL (I + II) | 314,621,598 | 255,376,822 |

Schedules forming part of the Balance Sheet (Contd.)

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|--|-------------------------|-------------------------|
| SCHEDULE -4 BORROWINGS | | |
| I. Borrowings in India | | |
| (a) Reserve Bank of India | 6,500,000 | 2,500,000 |
| (b) Other Banks | 1,500,000 | 1,500,000 |
| (c) Other Institutions and Agencies | 13,708,153 | 22,414,640 |
| TOTAL | 21,708,153 | 26,414,640 |
| II. Borrowings Outside India | - | - |
| TOTAL (I + II) | 21,708,153 | 26,414,640 |
| Secured borrowings included in I and II above | 17,208,153 | 6,747,640 |

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---|-------------------------|-------------------------|
| SCHEDULE -5 OTHER LIABILITIES AND PROVISIONS | | |
| (i) Bills payable | 2,771,593 | 1,558,517 |
| (ii) Inter-Office Adjustments (net) | - | - |
| (iii) Interest Accrued | 2,361,114 | 1,922,855 |
| (iv) Standard asset-General Provisions (Refer Schedule 18(4.2)) | 1,401,381 | 1,137,256 |
| (v) Others (including provisions) | 5,223,402 | 4,667,615 |
| TOTAL | 11,757,490 | 9,286,243 |

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---|-------------------------|-------------------------|
| SCHEDULE -6 CASH AND BALANCES WITH RESERVE BANK OF INDIA | | |
| I. Cash in Hand (including Cash at ATM) | 1,947,989 | 1,769,873 |
| II. Balances with Reserve Bank of India | | |
| (a) In Current Account | 11,445,159 | 10,812,837 |
| (b) In Other Accounts (Including Reverse Repo) | 11,790,000 | 10,470,000 |
| TOTAL (I + II) | 25,183,148 | 23,052,710 |

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---|-------------------------|-------------------------|
| SCHEDULE -7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE | | |
| I. In India | | |
| (i) Balances with Banks | | |
| (a) in Current Accounts | 56,474 | 84,237 |
| (b) in Other Deposit Accounts* | 128,294 | 1,698,981 |
| (ii) Money at Call and Short Notice | | |
| (a) with Banks | - | - |
| (b) with Other Institutions | - | - |
| TOTAL (i + ii) | 184,768 | 1,783,218 |
| 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) | 184,768 | 1,783,218 |

*Fixed Deposits of Current Year: ₹ 128,294/- (Previous Year: ₹ 198,981/-) (in 000's) held under lien.

Schedules forming part of the Balance Sheet (Contd.)

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|--|-------------------------|-------------------------|
| SCHEDULE -8 INVESTMENTS | | |
| I. Investments in India in (Refer schedule 18(2)) | | |
| (i) Government Securities | 86,426,836 | 84,975,779 |
| (ii) Other approved Securities | - | - |
| (iii) Shares | 1,002 | 1,002 |
| (iv) Debentures and Bonds | - | - |
| (v) Subsidiaries and/or Joint Ventures | - | - |
| (vi) Others | 11,232,344 | 126,294 |
| TOTAL | 97,660,182 | 85,103,075 |
| II. Investments Outside India | | |
| (i) Government Securities (Including local authorities) | - | - |
| (ii) Subsidiaries and/or Joint Ventures abroad | - | - |
| (iii) Other Investments | - | - |
| TOTAL | - | - |
| TOTAL (I+II) | 97,660,182 | 85,103,075 |
| III. Gross Value of Investments | 97,660,182 | 85,103,075 |
| Less: Provision for depreciation | - | - |
| Net value of investments | 97,660,182 | 85,103,075 |

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---|-------------------------|-------------------------|
| SCHEDULE -9 ADVANCES | | |
| A | | |
| (i) Bills Purchased and Discounted | | |
| (ii) Cash Credits, Overdrafts and Loans repayable on demand | 12,635,273 | 6,360,099 |
| (iii) Term Loans | 256,193,918 | 206,536,512 |
| TOTAL | 268,829,191 | 212,896,611 |
| B | | |
| (i) Secured by Tangible Assets* | 62,235,748 | 66,602,766 |
| (ii) Covered by Bank/Government Guarantees | 624,211 | 1,439,299 |
| (iii) Unsecured(Refer Schedule 18(4.3)) | 205,969,232 | 144,854,546 |
| TOTAL | 268,829,191 | 212,896,611 |
| C I. Advances in India | | |
| (i) Priority Sectors | 209,942,007 | 158,308,516 |
| (ii) Public Sector | - | - |
| (iii) Banks | - | - |
| (iv) Others | 58,887,184 | 54,588,095 |
| TOTAL | 268,829,191 | 212,896,611 |
| II. Advances Outside India | | |
| (i) Due From Banks | - | - |
| (ii) Due From Others | - | - |
| a) Bills purchased and discounted | - | - |
| b) Syndicated loans | - | - |
| c) Others | - | - |
| TOTAL | - | - |
| TOTAL (I+II) | 268,829,191 | 212,896,611 |

* Includes Advances against book debts ₹ 1,73,23,351/-(Previous Year ₹ 1,11,08,686/-) (in 000's)

Schedules forming part of the Balance Sheet (Contd.)

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|--|-------------------------|-------------------------|
| 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 | 6,877,992 | 5,883,492 |
| Additions during the year | 2,315,077 | 1,135,749 |
| Deductions during the year | (418,324) | (141,249) |
| Depreciation to date | (4,826,204) | (4,224,916) |
| TOTAL | 3,948,541 | 2,653,076 |
| III. Capital Work In Progress (Including Capital Advances) | 318,102 | 175,723 |
| TOTAL (I+II+III) | 4,266,643 | 2,828,799 |

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|--|-------------------------|-------------------------|
| SCHEDULE -11 OTHER ASSETS | | |
| I. Inter Office Adjustment (net) | - | - |
| II. Interest Accrued | 4,064,554 | 3,244,007 |
| III. Tax paid in Advance / Tax Deducted at Source (Net of provision for tax) . | - | 102,320 |
| IV. Stationery and Stamps | - | - |
| V. Nonbanking assets acquired in satisfaction of claims | - | - |
| VI. Others (including Deferred Tax Assets) | 4,033,676 | 4,158,035 |
| TOTAL | 8,098,230 | 7,504,362 |

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---|-------------------------|-------------------------|
| SCHEDULE - 12 CONTINGENT LIABILITIES (Refer Schedule 18(26.6)) | | |
| I. Claims against the Bank not acknowledged as debts | 66,684 | 25,825 |
| 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 | 304,367 | 202,500 |
| (b) Outside India | - | - |
| V. Acceptances, Endorsements and Other Obligations | - | - |
| VI. Other items for which the Bank is contingently liable - Capital commitments not provided/Others | 1,078,023 | 721,709 |
| TOTAL | 1,449,074 | 950,034 |

(₹ in 000's)

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| SCHEDULE -13 INTEREST EARNED | | |
| I. Interest /Discount on Advance/bills | 49,730,129 | 37,077,655 |
| II. Income on Investments | 6,786,154 | 4,108,287 |
| III. Interest on Balances With Reserve Bank of India and Other inter-bank funds | 105,565 | 180,589 |
| IV. Others | 149,693 | 283,416 |
| TOTAL | 56,771,541 | 41,649,947 |

Schedules forming part of the Balance Sheet (Contd.)

(₹ in 000's)

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| SCHEDULE- 14 OTHER INCOME | | |
| I. Commission, Exchange and Brokerage | 5,076,858 | 3,609,695 |
| II. Profit on Sale of Investments (net) | 240,294 | 17,840 |
| III. Profit/ (Loss) on Revaluation of Investments (net) | - | - |
| IV. Profit/ (Loss) on sale of Land, Building and Other Assets (net) | (14,722) | (6,701) |
| 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 | - | - |
| VII. Miscellaneous Income | 2,565,089 | 2,271,075 |
| Total | 7,867,519 | 5,891,909 |

(₹ in 000's)

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| SCHEDULE- 15 INTEREST EXPENDED | | |
| I. Interest on Deposits | 20,307,057 | 13,152,047 |
| II. Interest on Reserve Bank of India/ Inter-Bank Borrowings | 885,691 | 511,667 |
| III. Others | 1,484,291 | 1,007,212 |
| TOTAL | 22,677,039 | 14,670,926 |

(₹ in 000's)

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| SCHEDULE -16 OPERATING EXPENSES | | |
| I. Payments to and Provision for Employees | 11,831,824 | 9,202,541 |
| II. Rent, Taxes and Lighting (including operating lease rentals) | 1,783,063 | 1,369,439 |
| III. Printing and Stationery | 328,408 | 323,784 |
| IV. Advertisement and Publicity | 585,103 | 384,500 |
| V. Depreciation on Banks Property | 982,896 | 902,785 |
| VI. Director's Fees, Allowances and Expenses* | 37,989 | 29,534 |
| VII. Auditors' Fees and Expenses (Refer Schedule 18 (32)) | 19,589 | 14,085 |
| VIII. Law Charges | 91,185 | 83,137 |
| IX. Postages, Telegrams, Telephones etc. | 539,460 | 417,304 |
| X. Repairs and Maintenance | 493,372 | 392,458 |
| XI. Insurance | 296,125 | 197,227 |
| XII. Other Expenditure | 5,801,977 | 4,703,803 |
| TOTAL | 22,790,991 | 18,020,597 |

* Sitting fees includes ₹ 8,378 paid to eUFSL Directors during the year

Significant Accounting Policies forming part of the Financial Statements

for the year ended March 31, 2024

Schedule 17

1 CORPORATE INFORMATION

Erstwhile Ujjivan Financial Services Limited (eUFSL), 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 (Ujjivan SFB 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.

Ujjivan SFB is a mass market focussed bank in India, catering to financially unserved and underserved segments and committed to building financial inclusion in the country. Ujjivan SFB has a diversified portfolio with branches spread across 24 states and union territories. Apart from the network of branches, ATMs and automated cash recyclers, customers are served in 9 Languages through IVR and in 13 languages through the interactions with PhoneBankers. A mobile banking application that is accessible in five languages as well as internet banking facility for individual and corporate customers. Ujjivan SFB also has portfolio of loans to financial institutions.

Ujjivan SFB during the year vide NCLT order has effected scheme of amalgamation by incorporating the book balances of eUFSL as on the said appointed date as detailed in Note no. 18(41).

2 BASIS OF PREPARATION

The accompanying financial statements have been prepared under the historical cost convention and on accrual basis except where otherwise stated, and in

compliance with the Generally Accepted Accounting Principles ("GAAP") in India and in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) head with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) amendment rules, 2016 to the extent applicable and practices prevailing within the banking industry in India. The financial statements are presented in Indian Rupees rounded off to the nearest thousands unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities (including contingent liability) and the reported income and expenses during the period. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from estimates and the differences between the actual results and the estimates are recognised prospectively in which actuals are ascertained.

3.2 PROPERTY, PLANT AND EQUIPMENT (Fixed Assets)

Property, Plant and Equipment (PPE), Capital work in Progress are stated at cost, net of accumulated depreciation and accumulated impairment if any. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its working condition and location for its intended use. Subsequent expenditure on PPE after its purchase is capitalised only if such expenditure 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

Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2024 (Contd.)

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.

The useful life being followed by the Bank as prescribed in Schedule II to the Companies Act, 2013 is as under:

| Asset | Estimated Useful Life as specified under Schedule II of the Companies Act, 2013 (years) |
|------------------------|---|
| Computer | 3 |
| Furniture and Fittings | 10 |
| Office Equipment | 5 |
| Motor Vehicle | 8 |
| Server | 6 |

PPE purchased/sold during the year are depreciated on a pro-rata basis.

PPE costing less than ₹ 5,000/- each are fully depreciated in the year of purchase.

The salvage value considered for computing depreciation is as per Schedule II of Companies Act, 2013 (i.e. 5% of Cost) except for Software and Lease hold assets.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Profit and Loss Account.

Gains or losses arising from disposal or retirement of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" as Profit/(Loss) on sale of PPE, as the case maybe, in the Profit and Loss Account in the year of disposal or retirement.

PPE held for sale is valued at lower of their carrying amount and net realisable value, any write-down is recognised in the Profit and Loss

Account.

3.3 INTANGIBLE ASSETS

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. The Bank uses a rebuttable assumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. Software with perpetual license and system development expenditure, if any, is amortised over an estimated economic useful life of 6 years or license period, whichever is lower.

The amortisation period and the amortisation method are reviewed at least at the Balance Sheet date. If the expected useful life of the asset significantly differs from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

3.4 IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at the Balance Sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case, any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss

Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2024 (Contd.)

recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account.

3.5 INVESTMENTS

Classification and Valuation of the Bank's Investments are carried out in accordance with RBI guidelines on Investment Classification and Valuation which are as follows:

Categorisation of Investments:

The Bank classifies its Investment at the time of purchase into one of the following three categories:

- (i) Held to Maturity (HTM) – Securities acquired with the intention to hold till maturity.
- (ii) Held for Trading (HFT) – Securities acquired with the intention to trade.
- (iii) Available for Sale (AFS) – Securities which do not fall within the above two categories. Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

Classification of Investments:

For the purpose of disclosure in the Balance Sheet, Investments in India are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures and (vi) Other Investments. Investments outside India are classified under three groups viz., (i) Government Securities (Including local authorities), (ii) Subsidiaries and/or Joint Ventures abroad and (iii) Other Investments

Purchase and sale transactions in securities are recorded under 'Settlement Date' accounting, except in the case of equity shares where 'Trade Date' accounting is followed.

Basis of Classification:

Investments that are held principally for sale within 90 days from the date of purchase are classified under HFT category. Investments which the Bank intends to hold till maturity are classified as HTM securities.

Investments which are not classified in the above categories are classified under AFS category

Acquisition cost and profit/loss on disposal:

- (i) Broken period interest on debt instruments is treated as a receivable at the time of acquisition and post acquisition broken period interest treated as a revenue item.
- (ii) Brokerage, commission, etc. pertaining to Investments, paid at the time of acquisition is charged to the Profit and Loss Account.
- (iii) Profit or loss arising on disposal of investments are computed based on the weighted average cost method.

Transfer between categories:

Transfer between categories is done at the lower of the acquisition cost/book value/market value on the date of the transfer and depreciation, if any, on such transfer is fully provided for, in accordance with the RBI guidelines.

Valuation of Investments:

- (i) Held to Maturity – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortised amount is classified under Interest earned – Income on Investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortised during the relevant accounting period. Diminution, other than temporary, is determined and provided for each Investment individually.
- (ii) Held for Trading – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.
- (iii) Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.
- (iv) Market value of government securities (excluding treasury bills) is determined

Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2024 (Contd.)

- 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.
 - (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:

- a) net profit on sale of investments during the year;
- b) net profit for the year less mandatory appropriations.

This reserve will be created until the amount of IFR is at least 2% of the HFT and AFS portfolio, on a continuing basis and where feasible, this should be achieved within a period of three years.

3.6 ADVANCES

Advances are classified as Performing Advances (Standard) and Non- Performing Advances (NPAs) in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets. Advances are stated net of specific loan loss provision and Inter Bank Participating Certificates (IBPC) with risk sharing issued.

The bank transfers advances through Inter- Bank Participation arrangements with and without risk, which are accounted for in accordance with the RBI guidelines, as follows:

Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2024 (Contd.)

- a) In the case of participation with risk, the aggregate amount of participation transferred out of the Bank is reduced from Advances; and participations transferred in to the Bank are classified under Advances.
- b) In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings; and where the bank is participating in, the aggregate amount of participation is shown as due from banks under Advances.

The bank transfers advances through securitisation arrangements to special purpose vehicles setup for this purpose. Upon due execution/delivery of the requisite transaction documents and payment of purchase consideration, the value of amounts transferred is reduced from advances 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. Floating provisions to the extent not considered for computation of tier-II capital is subtracted from advances (schedule 9).

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 recognised in the Profit and Loss Account on accrual basis, except in the case of Non-Performing Assets. Interest Income on Non-Performing Assets is recognised upon realisation as per the prudential norms of the RBI.

Interest on advances transferred under securitisation arrangements meeting the criteria stipulated in para 3.6 above are not recognised in Profit and Loss Account. The bank's share of the securitisation income is recognised on receipt basis.

Revenues from loan documentation charges are recognised upfront when it become due, except in cases where the Bank is uncertain of

Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2024 (Contd.)

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.

Amounts recovered against bad debts written off in earlier periods is included as part of other income. Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are reduced from provisions and contingencies in the Profit and Loss account. Restructured/rescheduled assets are classified in accordance with RBI guidelines, keeping in mind special dispensation permitted wherever allowed.

3.8 EMPLOYEE BENEFITS

Provident Fund: Contribution towards provident fund of employees is made to the regulatory authorities, where the Bank has no further obligations. Such benefits are classified as defined contribution schemes as the Bank does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity: Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Bank or retirement, whichever is earlier. The benefits vest after five years of continuous service. The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the period is recognised based on actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognises each period of service give rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the

year in which they arise. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.

Short term Employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long term Employee benefits:

The Bank accrues the liability for compensated absences based on the actuarial valuation as on the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as on the Balance Sheet date. Actuarial gains / losses are recognised in the Profit and Loss Account in the period in which they arise.

Employee Stock Option Plan (ESOP)

In accordance with the Guidance Note on Accounting for Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the fair value method. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the 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.

Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2024 (Contd.)

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 recognised, in general, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised; where there are unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised 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 recognised when there is a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required

Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2024 (Contd.)

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, 2024

SCHEDULE 18

1 CAPITAL

1.1 Capital Infusion

During the year ended March 31, 2024, the Bank allotted 40,56,651 equity shares pursuant to the exercise of stock options under the approved Employee Stock Option Plan (ESOP) 2019. Further, the bank has granted 2,90,37,915 fresh stock options to its eligible employees. Refer note 18(33) for further details.

During the year ended March 31, 2024, the eUFSL allotted 1,06,564 equity shares pursuant to the exercise of stock options under the approved Employee Stock Option Plan (ESOP) 2015 which are equivalent to 12,36,142 shares of Ujjivan Small Finance Bank having nominal value of ₹ 10 per share.

1.2 Capital Adequacy Ratio

The Bank computes its Capital Adequacy Ratio as per New Capital Adequacy Framework- BASEL-II and Operating Guidelines for Small Finance Banks (issued by RBI on October 06, 2016) and Basel III Capital regulations

Under the New Capital Adequacy Framework and Operating Guidelines for Small Finance Banks issued on October 06, 2016, the Bank has to maintain a Minimum Total Capital of 15% of the Credit Risk Weighted Assets (Credit RWA) on an on-going basis. Out of the Minimum Total Capital, at least 7.5% shall be from Minimum Tier I Capital of which Common Equity Tier I capital shall be 6% and 1.50% from additional Tier I capital and remaining Tier II Capital shall be 7.5%. Further as per RBI's directions given in the circular DBR.NBD.No. 4502/16.13.218/2017-18, dated November 08, 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, 2024 | As on March 31, 2023 |
| i) Common Equity Tier 1 capital (A) | 51,550,457 | 35,113,918 |
| ii) Additional Tier 1 capital (B) | - | 2,000,000 |
| iii) Tier 1 capital (A+B) (Refer note (a) below) | 51,550,457 | 37,113,918 |
| iv) Tier 2 capital | 4,821,505 | 5,113,643 |
| v) Total capital (Tier 1+ Tier 2) | 56,371,962 | 42,227,561 |
| vi) Total Risk weighted assets (RWA) (Refer note (b) below) | 228,284,948 | 163,609,392 |
| vii) Common Equity Tier I Capital Ratio (as a percentage of Credit RWA) | 22.58% | 21.46% |
| viii) Tier I Capital Ratio (as a percentage of Credit RWA) | 22.58% | 22.68% |
| ix) Tier II Capital Ratio (as a percentage of Credit RWA) | 2.11% | 3.13% |
| x) Total Capital to Risk weighted asset Ratio (CRAR) (as a percentage of Credit RWA)* | 24.69% | 25.81% |
| xi) Leverage Ratio | 12.75% | 11.11% |
| xii) Percentage of shareholding | | |
| a) Government of India | Nil | Nil |
| b) State Government | | |
| c) Sponsor Bank | | |
| xiii) Amount of paid up equity capital raised during the year | 40,567 | 2,263,924 |
| xiv) Amount of non-equity Tier-I Capital raised during the year ; of which Perpetual Non Cumulative Preference Shares (PNCPS) | - | - |
| xv) Amount of Tier II Capital raised; of which Debt Capital Instrument | 3,000,000 3,000,000 | 3,000,000 3,000,000 |

Note:

(a) The Tier 1 capital includes Share Capital pending allotment as detailed in Note 18(41).

(b) The RWA includes the risk weighted assets taken over from eUFSL vide scheme of amalgamation as detailed in Note 18(41).

1A Reserves and Surplus

Statutory Reserve

The Bank has made an appropriation of ₹ 32,03,727 (Previous Year: ₹ 27,49,804) to the statutory reserve for the year ended March 31, 2024 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. The Bank has taken over the Statutory Reserves of ₹ 14,32,831 in pursuant to the scheme of amalgamation as detailed in Note 18(41).

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

Capital Reserve

The Bank not made any appropriation from the Profit and Loss Account to the Capital Reserve during the year ended March 31, 2024 as well as for the previous year ended March 31, 2023.

Investment Fluctuation Reserve (IFR)

In accordance with RBI guidelines, Banks are required to create an IFR equivalent to 2% of their HFT and AFS Investment portfolios, within a period of three years starting fiscal 2019. Accordingly, during the year ended March 31, 2024, the Bank has made an appropriation of ₹ 43,737 (Previous Year: 467,852) to IFR from the profit and loss account so as to reach to the figure of 2% of its HFT and AFS Investment portfolio.

Investment Reserve Account (IRA)

In accordance with RBI guidelines, Banks are required to create IRA to the extent of provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit & Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to an Investment Reserve Account (IRA) in Schedule 2 – "Reserves & Surplus" under the head "Revenue and Other Reserves". During the Financial Year 2023-24, the Bank has written back ₹ Nil (Previous Year: 3,404) and transferred to IRA.

Share Premium

The Bank has taken over the securities premium account pertaining to UFSL (erstwhile holding company) amounting to ₹ 11,082,054 and adjusted ₹ 12,909,174 from the share premium during the year ended March 31, 2024 in terms of the said Scheme as detailed in Note number 18(41) of financial statements. The same has resulted in net deduction from share premium of ₹ 1,827,120. Further, the bank based on a legal opinion, adjusted the stamp duty payable amounting to ₹ 250,000 in the said share premium account as per the relevant provisions of the Companies Act, 2013 (previous year ended March 31, 2023 the bank had adjusted the share issue expenses of ₹ 93,899 against the Share premium account).

Drawdown from Reserves

The Bank has not made a drawdown from the share premium during the year ended March 31, 2024 and March 31, 2023. For adjustment pursuant to the merger, please refer note. 18(41).

2 INVESTMENTS

2.1 Details of Investments

| Particulars | (₹ in 000's) | |
|---|-------------------------|-------------------------|
| | As on March 31, 2024 | As on March 31, 2023 |
| Value of Investments | | |
| (i) Gross Value of Investments | | |
| (a) In India | 97,660,182 | 85,103,075 |
| (b) Outside India | - | - |
| (ii) Provisions for Depreciation | | |
| (a) In India | - | - |
| (b) Outside India | - | - |
| (iii) Net Value of Investments | | |
| (a) In India | 97,660,182 | 85,103,075 |
| (b) Outside India | - | - |
| Movement of provisions held towards depreciation on investments | | |
| (i) Opening balance | - | 3,404 |
| (ii) Add : Provisions made during the year | - | - |
| (iii) Less : Write-off / (write-back) of excess provisions during the year | - | 3,404 |
| (iv) Closing balance | - | - |
| Movement of Investment Fluctuation Reserve | | |
| a) Opening balance | 672,983 | 205,131 |
| b) Add: Amount transferred during the year | 43,737 | 467,852 |
| c) Less: Drawdown | - | - |
| d) Closing balance | 716,719 | 672,983 |
| Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category | 2.00% | 2.00% |

Notes to financial statements
 for the year ended March 31, 2024 (Contd.)

SCHEDULE 18
2.2 Composition of Investment Portfolio

| | (₹ in 000's) | | | | | | | | | | |
|--|-----------------------|---------------------------|------------------|---------------------------------|---|-----------------------------|---|---------------------------------|---|----------------------------------|--------------------|
| | Investments in India | | | | | Investments outside India | | | | | Total In-vestments |
| | Government Securities | Other approved securities | Shares and bonds | Subsidiaries and Joint Ventures | Others -Security receipts, pass through certificates, mutual fund etc.* | Total In-vestments in India | Government securities (including local authorities) | Subsidiaries and Joint Ventures | Others -Security receipts, pass through certificates, mutual fund etc.* | Total In-vestments outside India | Total In-vestments |
| Held to Maturity | | | | | | | | | | | |
| Gross | 61,824,218 | | | | | 61,824,218 | | | | | 61,824,218 |
| Less: Provision for non-performing Investments (NPI) | | | | | | | | | | | |
| Net | 61,824,218 | | | | | 61,824,218 | | | | | 61,824,218 |
| Available For Sale | | | | | | | | | | | |
| Gross | 24,123,555 | | 1,002 | | 11,232,344 | 35,356,901 | | | | | 35,356,901 |
| Less: Provision for depreciation and NPI | | | | | | | | | | | |
| Net | 24,123,555 | | 1,002 | | 11,232,344 | 35,356,901 | | | | | 35,356,901 |
| Held for Trading | | | | | | | | | | | |
| Gross | 479,063 | | | | | 479,063 | | | | | 479,063 |
| Less: Provision for depreciation and NPI | | | | | | | | | | | |
| Net | 479,063 | | | | | 479,063 | | | | | 479,063 |
| Total Investments | | | | | | | | | | | |
| Gross | 86,426,836 | | 1,002 | | 11,232,344 | 97,660,182 | | | | | 97,660,182 |
| Less: Provision for non-performing Investments (NPI) | | | | | | | | | | | |
| Less: Provision for depreciation and NPI | | | | | | | | | | | |
| Net | 86,426,836 | | 1,002 | | 11,232,344 | 97,660,182 | | | | | 97,660,182 |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

As on March 31, 2023

| | (₹ in 000's) | | | | | | | | | | |
|--|-----------------------|---------------------------|-----------------------|---------------------------------|---|----------------------------|---|---------------------------------|---|---------------------------------|-------------------|
| | Government Securities | Other approved securities | Shares and debentures | Subsidiaries and Joint Ventures | Others -Security receipts, pass through certificates, mutual fund etc.* | Total Investments in India | Government securities (including local authorities) | Subsidiaries and Joint Ventures | Others -Security receipts, pass through certificates, mutual fund etc.* | Total Investments outside India | Total Investments |
| Held to Maturity | | | | | | | | | | | |
| Gross | 51,453,965 | | | | | 51,453,965 | | | | | 51,453,965 |
| Less: Provision for non-performing Investments (NPI) | | | | | | | | | | | |
| Net | 51,453,965 | | | | | 51,453,965 | | | | | 51,453,965 |
| Available For Sale | | | | | | | | | | | |
| Gross | 31,602,050 | | 1,002 | | 126,294 | 31,729,346 | | | | | 31,729,346 |
| Less: Provision for depreciation and NPI | | | | | | | | | | | |
| Net | 31,602,050 | | 1,002 | | 126,294 | 31,729,346 | | | | | 31,729,346 |
| Held for Trading | | | | | | | | | | | |
| Gross | 1,919,764 | | | | | 1,919,764 | | | | | 1,919,764 |
| Less: Provision for depreciation and NPI | | | | | | | | | | | |
| Net | 1,919,764 | | | | | 1,919,764 | | | | | 1,919,764 |
| Total Investments | | | | | | | | | | | |
| Gross | 84,975,779 | | 1,002 | | 126,294 | 85,103,075 | | | | | 85,103,075 |
| Less: Provision for non-performing Investments (NPI) | | | | | | | | | | | |
| Less: Provision for depreciation and NPI | | | | | | | | | | | |
| Net | 84,975,779 | | 1,002 | | 126,294 | 85,103,075 | | | | | 85,103,075 |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

2.3 Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31, 2024:

(₹ in 000's)

| Particulars | Minimum outstanding during the Year | Maximum outstanding during the Year | Daily average outstanding during the Year* | Outstanding As on March 31, 2024 |
|--|-------------------------------------|-------------------------------------|--|----------------------------------|
| Securities sold under repo | | | | |
| i) Government Securities | 2,500,000 | 9,978,700 | 208,890 | 4,000,000 |
| ii) Corporate debt securities | - | - | - | - |
| iii) Any other securities | - | - | - | - |
| Security purchased under reverse repo | | | | |
| i) Government Securities | 50,000 | 520,000 | 21,014 | - |
| ii) Corporate debt securities | - | - | - | - |
| iii) Any other securities | - | - | - | - |

*Daily average outstanding balance during the year has been computed on deal basis excluding LTRO deal of ₹ 25,00,000

Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31, 2023:

(₹ in 000's)

| Particulars | Minimum outstanding during the Year | Maximum outstanding during the Year | Daily average outstanding during the Year | Outstanding as on March 31, 2023 |
|--|-------------------------------------|-------------------------------------|---|----------------------------------|
| Securities sold under repo | | | | |
| i) Government Securities | 19,187 | 3,908,340 | 705,966 | 2,513,640 |
| ii) Corporate debt securities | - | - | - | - |
| iii) Any other securities | - | - | - | - |
| Security purchased under reverse repo | | | | |
| i) Government Securities | 47,715 | 12,300,000 | 1,277,951 | - |
| ii) Corporate debt securities | - | - | - | - |
| iii) Any other securities | - | - | - | - |

2.4 Non-SLR Investment Portfolio

Issuer Composition of Non-SLR Investments as at March 31, 2024 are as follows:

(₹ in 000's)

| Issuer | Amount | Extent of private placement | Extent of 'be-low investment grade' securities | Extent of 'unrated' securities | Extent of 'unlisted securities' |
|--|-------------------|-----------------------------|--|--------------------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| i) Public Sector Undertakings | - | - | - | - | - |
| ii) Financial Institutions | - | - | - | - | - |
| iii) Banks | 9,438,377 | - | - | - | - |
| iv) Private Corporates | 1,002 | - | - | - | 1,002 |
| v) Subsidiaries/Joint ventures | - | - | - | - | - |
| vi) Others | 1,793,967 | 126,294 | - | - | - |
| vii) Provision held towards depreciation | - | - | - | - | - |
| Total | 11,233,346 | 126,294 | - | - | 1,002 |

Note: Amounts reported under columns 3,4,5 and 6 above are not mutually exclusive

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

Issuer Composition of Non-SLR Investments as at March 31, 2023 are as follows:

| (₹ in 000's) | | | | | |
|--|----------------|-----------------------------|--|--------------------------------|---------------------------------|
| Issuer | Amount | Extent of private placement | Extent of 'be-low investment grade' securities | Extent of 'unrated' securities | Extent of 'unlisted securities' |
| 1 | 2 | 3 | 4 | 5 | 6 |
| i) Public Sector Undertakings | - | - | - | - | - |
| ii) Financial Institutions | - | - | - | - | - |
| iii) Banks | - | - | - | - | - |
| iv) Private Corporates | 1,002 | - | - | - | 1,002 |
| v) Subsidiaries/Joint Ventures | - | - | - | - | - |
| vi) Others | 126,294 | 126,294 | - | - | - |
| vii) Provision held towards depreciation | - | - | - | - | - |
| Total | 127,296 | 126,294 | - | - | 1,002 |

Note: 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, 2024 and March 31, 2023.

2.6 Sale and transfer of securities to/ from HTM Category

During the current and previous year, the value of sales and transfers of securities to / from HTM category excluding one time transfer of securities to / from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year, has not exceeded 5% of the book value of investments held in HTM category at the beginning of the year. Hence, specific disclosure on book value/market value and provisions if any, relating to such transfer is not required to be made.

3 DERIVATIVES/ EXCHANGE TRADED INTEREST DERIVATIVES/ RISK EXPOSURE IN DERIVATIVES

The Bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations. The Bank does not have any Forward Rate Agreement or Interest rate swaps.

4 ASSET QUALITY

4.1 Classification of advances and provisions held :

As at March 31, 2024

| Particulars | (₹ in 000's) | | | | | Total |
|--|-------------------------|----------------|-----------|---------|-------------------------------|-------------|
| | Standard | Non-Performing | | | Total | |
| | Total Standard Advances | Sub-standard | Doubtful | Loss | Total Non-performing Advances | |
| Gross Standard Advances and NPAs | | | | | | |
| Opening Balance | 212,806,229 | 2,360,410 | 3,923,984 | 21,700 | 6,306,094 | 219,112,323 |
| Add: Additions during the year | - | - | - | - | 4,797,797 | - |
| Less: Reductions during the year* | - | - | - | - | 4,978,644 | - |
| Closing balance | 268,066,269 | 3,799,401 | 2,185,152 | 140,694 | 6,125,247 | 274,191,516 |
| *Reductions in Gross NPAs due to: | - | - | - | - | - | - |
| (i) Upgradations | - | - | - | - | 634,191 | - |
| (ii) Recoveries (excluding recoveries made from upgraded accounts) | - | - | - | - | 1,605,743 | - |
| (iii) Technical/ Prudential Write-offs (only principal amount) | - | - | - | - | 2,385,397 | - |
| (iv) Write-offs other than those under (iii) above | - | - | - | - | 353,314 | - |

Notes to financial statements
 for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

(₹ in 000's)

| Particulars | Standard | Non-Performing | | | Total Non-performing Advances | Total |
|---|-------------------------|----------------|-----------|---------|-------------------------------|------------|
| | Total Standard Advances | Sub-standard | Doubtful | Loss | | |
| Provisions (excluding Floating Provisions) | | | | | | |
| Opening balance of provisions held | 1,137,256 | 1,197,114 | 3,796,897 | 21,700 | 5,015,711 | 6,152,967 |
| Add: Fresh provisions made during the year | - | - | - | - | 2,557,838 | - |
| Less: Excess provision reversed/ Write-off loans | - | - | - | - | 3,411,225 | - |
| Closing balance of provisions held | 1,401,381 | 1,918,882 | 2,102,749 | 140,694 | 4,162,325 | 5,563,706 |
| Net NPAs | | | | | | |
| Opening balance | - | 1,163,297 | 127,086 | - | 90,383 | - |
| Add: Additions during the year | - | - | - | - | 2,584,580 | - |
| Less: Reductions during the year | - | - | - | - | 1,912,041 | - |
| Less: Floating provision made/ (reversed) during the year(not considered as part of Tier-II capital)* | - | - | - | - | - | - |
| Closing balance | - | 1,880,519 | 82,403 | - | 762,922 | - |
| Floating Provisions | | | | | | |
| Opening Balance | - | - | - | - | - | 2,500,000 |
| Add: Additional provisions made during the year | - | - | - | - | - | - |
| Less: Amount draw down during the year | - | - | - | - | - | - |
| Closing balance of floating provisions* | - | - | - | - | - | 2,500,000 |
| Technical write-offs and the recovered made thereon | | | | | | |
| Opening balance of technical / prudential write-offs accounts | - | - | - | - | - | 10,401,741 |
| Add: Technical/Prudential write offs during the Year | - | - | - | - | - | 2,385,397 |
| Less: Recoveries made from previously technically / prudentially written-off accounts during the Year | - | - | - | - | - | 1,159,267 |
| Closing balance of technical / prudential write-offs accounts | - | - | - | - | - | 11,627,871 |

*As per RBI guidelines, as at March 31, 2024, the Bank carries a floating provision of ₹ 250 Crores. Of which, ₹ 120 Crores (Previous Year ₹ 120 Crores) is used for calculation of net NPA and provision coverage ratio and remaining ₹ 130 Crores is disclosed as other liabilities. Out of ₹ 130 Crores, ₹ 30 Crores is used for calculation of Tier II capital and ₹ 100 Crores is unutilised, which can be utilised in future for calculation of net NPA and provision coverage ratio. The Bank has informed RBI about the same.

As at March 31, 2023

(₹ in 000's)

| Particulars | Standard | Non-Performing | | | Total Non-performing Advances | Total |
|---|-------------------------|----------------|-----------|--------|-------------------------------|-------------|
| | Total Standard Advances | Sub-standard | Doubtful | Loss | | |
| Gross Standard Advances and NPAs | | | | | | |
| Opening Balance | 162,035,765 | 7,798,936 | 5,013,555 | 28,282 | 12,840,773 | 174,876,538 |
| Add: Additions during the year | - | - | - | - | 3,349,931 | - |
| Less: Reductions during the year* | - | - | - | - | 9,884,610 | - |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

| Particulars | (₹ in 000's) | | | | | Total |
|---|---|------------------|-----------|--------|--|-------------|
| | Standard Total Standard Advances | Sub- standard | Doubtful | Loss | Total Non-per- forming Advances | |
| Closing balance | 212,806,229 | 2,360,410 | 3,923,984 | 21,700 | 6,306,094 | 219,112,323 |
| *Reductions in Gross NPAs due to: | - | - | - | - | 9,884,610 | - |
| (i) Upgradations | - | - | - | - | 1,063,525 | - |
| (ii) Recoveries (excluding recoveries made from upgraded accounts) | - | - | - | - | 3,993,934 | - |
| (iii) Technical/ Prudential Write-offs (only principal amount) | - | - | - | - | 4,346,091 | - |
| (iv) Write-offs other than those under (iii) above | - | - | - | - | 481,060 | - |
| Provisions (excluding Floating Provisions) | | | | | | |
| Opening balance of provisions held | 1,459,621 | 4,517,906 | 4,798,606 | 28,282 | 9,344,794 | 10,804,415 |
| Add: Fresh provisions made during the year | - | - | - | - | 2,525,503 | - |
| Less: Excess provision reversed/ Write-off loans | - | - | - | - | 6,854,586 | - |
| Closing balance of provisions held | 1,137,256 | 1,197,114 | 3,796,897 | 21,700 | 5,015,711 | 6,152,967 |
| Net NPAs | | | | | | |
| Opening balance | - | 3,281,030 | 214,949 | - | 995,979 | - |
| Add: Additions during the year* | - | - | - | - | 1,480,519 | - |
| Less: Reductions during the year* | - | - | - | - | 3,686,115 | - |
| Less: Floating provision made/ (reversed) during the year(not considered as part of Tier -II capital)** | - | - | - | - | (1,300,000) | - |
| Closing balance | - | 1,163,297 | 127,086 | - | 90,383 | - |
| Floating Provisions | | | | | | |
| Opening Balance | - | - | - | - | - | 2,500,000 |
| Add: Additional provisions made during the year | - | - | - | - | - | - |
| Less: Amount draw down during the year | - | - | - | - | - | - |
| Closing balance of floating provisions** | - | - | - | - | - | 2,500,000 |
| Technical write-offs and the recovered made thereon | | | | | | |
| Opening balance of technical / prudential write-offs accounts | - | - | - | - | - | 7,173,564 |
| Add: Technical/Prudential write offs during the Year | - | - | - | - | - | 4,346,091 |
| Less: Recoveries made from previously technically / prudentially written-off accounts during the Year | - | - | - | - | - | 1,117,914 |
| Closing balance of technical / prudential write-offs accounts | - | - | - | - | - | 10,401,741 |

*Outstanding balance as of March 31, 2023 has been considered in 'Additions during the year' for accounts which are classified as NPA post vacation of standstill of NPAs as per the Supreme Court judgement dated March 23, 2021 and the RBI circular dated April 07, 2021.

**As per RBI guidelines, as at March 31, 2023, the Bank carries a floating provision of ₹ 250 Crores. Of which, ₹ 120 Crores (Previous Year ₹ 250 Crores) is used for calculation of net NPA and provision coverage ratio and remaining ₹ 130 Crores is disclosed as other liabilities. Out of ₹ 130 Crores, ₹ 30 Crores is used for calculation of Tier II capital and ₹ 100 Crores is unutilised, which can be utilised in future for calculation of net NPA and provision coverage ratio. The Bank has informed RBI about the same.

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

Ratios :

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|-----------------------------|-------------------------|-------------------------|
| Gross NPA to Gross Advances | 2.23% | 2.88% |
| Net NPA to Net Advances | 0.28% | 0.04% |
| Provision Coverage Ratio | 87.28% | 98.41% |

4.2 Provisions on Standard Assets:

Bank has followed the prudential norms on income recognition, asset classification and provisions. The excess provisions over and above the same is as per the Board approved policy.

The provision on standard assets is included in 'Other Liabilities and Provisions – (iv) Standard asset-General Provisions' in Schedule 5, and is not netted off from Advances.

There is no provision written back in respect of standard assets during the current year. But for the previous year, the provision written back in respect of standard assets was amounting to ₹ 322,365 , pertaining to preceding year(s).

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|------------------------------------|-------------------------|-------------------------|
| Provisions towards Standard Assets | 1,401,381 | 1,137,256 |

4.3 Unsecured advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. The Advances as at March 31, 2024 of ₹ 205,969,232 (PY. ₹ 144,854,546) disclosed in Schedule 9B (iii) are without any primary or collateral security.

4.4 Divergence in Asset Classification and Provisioning for NPAs

"RBI vide its circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and Notification dated April 01, 2019, has directed banks shall make suitable disclosures, if either or both of the following conditions are satisfied:

- the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period, and
- the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period."

Based on the above, there was no reportable divergence in asset classification and provisioning for NPAs for the years ended March 31, 2024 and March 31, 2023.

4.5 a) Details of Financial Assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction

The details of Securitisation to a special purpose vehicle is furnished in Schedule 18 (36).

b) Details of Book Value of Investment in Security Receipts

During the current and previous year, the Bank has not made Investment in Security Receipts.

4.6 Details of NPA Purchase/Sold

During the current and previous year, there has been no purchase/ sale of non-performing financial assets from/ to other banks.

4.7 Intra-Group Exposure

During the current and previous year, the Bank does not have any Intra Group Exposure.

4.8 Disclosures Resolution of Stressed Assets

There were no accounts that have been restructured under prudential framework on resolution of stressed assets as per the circular no. RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated June 07, 2019 during the year ended March 31, 2024. (March 31, 2023: Nil).

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

4.9 Disclosure of transfer of loan not in default

The bank has not transferred any loans under securitisation during the year. The details of loans transferred during the previous years as given under;

Disclosure of transfer of loan exposures as on March 31, 2024

| | (₹ in 000's) | | |
|--|--------------|----------------|---------|
| | IBPC | Securitisation | DA |
| No: of accounts | 1,179,793 | 2,411 | 992 |
| Total amount of loans transferred | 46,998,027 | 1,564,631 | 833,130 |
| weighted average residual maturity (in years) | 1.26 | 9.48 | 10.42 |
| weighted average holding period (in years) | 2.14 | 13.37 | 13.75 |
| Retention of beneficial economic interest | NA | NA | 10% |
| Tangible security coverage | NA | NA | NA |

Disclosure of transfer of loan exposures as on March 31, 2023

| | (₹ in 000's) | | |
|--|--------------|----------------|-----------|
| | IBPC | Securitisation | DA |
| No: of accounts | 1,026,348 | 19,237 | 1,132 |
| Total amount of loans transferred | 41,670,409 | 2,228,906 | 1,014,105 |
| weighted average residual maturity (in years) | 1.40 | 8.76 | 11.05 |
| weighted average holding period (in years) | 2.08 | 11.48 | 13.40 |
| Retention of beneficial economic interest | NA | NA | 10% |
| Tangible security coverage | NA | NA | NA |

4.10 Disclosure of transfer of stressed asset

The Bank has not transferred stressed asset during the year.

5 BUSINESS RATIOS:

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---|-------------------------|-------------------------|
| Interest income as a percentage to working funds ¹ | 15.38% | 15.28% |
| Non-interest income as a percentage to working funds ¹ | 2.13% | 2.16% |
| Cost of Deposits | 7.36% | 6.41% |
| Net interest Margin | 9.06% | 9.48% |
| Operating profit as a percentage to working funds ^{1,4} | 5.20% | 5.45% |
| Return on assets ² | 3.47% | 4.04% |
| Business (deposits plus gross advances) per employee ³ | 25,989 | 23,906 |
| Profit/(Loss) per employee | 633.82 | 632.78 |

Notes:

- 1) Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the Year and assets of eUFSL.
- 2) Returns on assets are computed with reference to average working funds.
- 3) Business is defined as total of average of gross advances and deposits (net of inter-bank deposits and Certificate of Deposits).
- 4) Operating profit is net profit for the Year before provisions and contingencies and profit / (loss) on sale of building and other assets (net).

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

6 CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES & NPAs

6.1 Concentration of Deposits

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---|-------------------------|-------------------------|
| Total Deposits of the twenty largest Depositors | 52,208,569 | 46,710,435 |
| Percentage of Deposits of twenty largest Depositors to Total Deposits of the Bank | 16.59% | 18.29% |

The bank has not raised green deposits during the year.

6.2 Concentration of Advances*

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|--|-------------------------|-------------------------|
| Total Advances to the twenty largest Borrowers | 13,130,834 | 8,190,760 |
| Percentage of Advances of twenty largest Borrowers to Total Advances of the Bank | 4.79% | 3.73% |

*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 01, 2015. Total advances is the aggregate advances of the bank before subtracting provisions for NPA and Floating provision

6.3 Concentration of Exposures*

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|--|-------------------------|-------------------------|
| Total Exposure to the twenty largest Borrowers/Customers | 13,130,834 | 8,190,760 |
| Percentage of Exposures of twenty largest Borrowers/Customers to Total Exposure of the Bank on borrowers/customers | 4.79% | 3.73% |

*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

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|--|-------------------------|-------------------------|
| Total Exposure to the top twenty NPA accounts | 206,057 | 243,878 |
| Percentage of Exposures to the twenty largest NPA exposure to total Gross NPAs | 3.34% | 3.86% |

7 SECTOR-WISE ADVANCES AND GROSS NPAs:

As on March 31, 2024

(₹ in 000's)

| Sector | Outstanding Total Advances | Gross NPAs | % of Gross NPAs to Total Advances in that sector |
|--|-------------------------------|------------|---|
| Priority sector: | | | |
| Agriculture and allied activities | 56,419,844 | 1,373,298 | 2.43% |
| Advances to industries eligible as priority sector lending | 9,699,217 | 2,586,216 | 26.66% |
| Services | 32,839,537 | 428,895 | 1.31% |
| Personal loans | 114,532,716 | 869,916 | 0.76% |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

(₹ in 000's)

| Sector | Outstanding Total Advances | Gross NPAs | % of Gross NPAs to Total Advances in that sector |
|-----------------------------------|----------------------------|------------------|--|
| -of which Housing Loans | 57,001,534 | 864,396 | 1.52% |
| Sub-Total (A)* | 213,491,315 | 5,258,324 | 2.46% |
| Non-Priority sector: | | | |
| Agriculture and Allied activities | | | |
| Services | 17,323,351 | 44,168 | 0.25% |
| -of which NBFC Loans | 17,323,351 | 44,168 | 0.25% |
| Personal loans | 43,376,850 | 860,376 | 1.98% |
| -of which Housing Loans | 27,713,433 | 295,733 | 1.07% |
| Sub-Total (B) | 60,700,201 | 904,544 | 1.49% |
| Total (A) + (B) | 274,191,516 | 6,162,869 | 2.25% |

* The above mentioned Priority Sector includes PSLC amounting to ₹ 36,250,000

As on March 31, 2023

(₹ in 000's)

| Sector | Outstanding Total Advances | Gross NPAs | % of Gross NPAs to Total Advances in that sector |
|--|----------------------------|------------------|--|
| Priority sector: | | | |
| Agriculture and allied activities | 48,773,951 | 1,223,667 | 2.51% |
| Advances to industries eligible as priority sector lending | 6,056,484 | 341,450 | 5.64% |
| Services | 7,755,333 | 384,139 | 4.95% |
| Personal loans | 99,227,321 | 2,471,320 | 2.49% |
| -of which Housing Loans | 36,147,655 | 852,121 | 2.36% |
| Sub-Total (A) | 161,813,090 | 4,420,576 | 2.73% |
| Non-Priority sector: | | | |
| Agriculture and Allied activities | | | |
| Services | 11,275,262 | 44,168 | 0.39% |
| -of which NBFC Loans | 11,275,262 | 44,168 | 0.39% |
| Personal loans | 46,023,971 | 1,858,715 | 4.04% |
| -of which Housing Loans | 17,836,336 | 379,719 | 2.13% |
| Sub-Total (B) | 57,299,233 | 1,902,883 | 3.32% |
| Total (A) + (B) | 219,112,323 | 6,323,459 | 2.88% |

8 PRIORITY SECTOR LENDING CERTIFICATES (PSLC)

(₹ in 000's)

| Particulars | For the year ended March 31, 2024 | | For the year ended March 31, 2023 | |
|--|-----------------------------------|----------------|-----------------------------------|------------------|
| | PSLC Sold | PSLC Purchased | PSLC Sold | PSLC Purchased |
| 1) PSLC Agriculture | - | - | - | - |
| 2) PSLC Small Farmers / Marginal Farmers | 36,250,000 | - | 22,000,000 | - |
| 3) PSLC Micro Enterprises | - | - | - | 2,000,000 |
| 4) PSLC General | - | - | - | - |
| Total | 36,250,000 | - | 22,000,000 | 2,000,000 |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

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, 2024 ₹ 21,290,000 and for March 31, 2023 is ₹ 18,600,000.

10 ASSET LIABILITY MANAGEMENT (ALM)

Maturity Pattern of certain items of Assets and Liabilities

Specified Assets and Liabilities As on March 31, 2024:

| Maturity Buckets | (₹ in 000's) | | | |
|-------------------------------|--------------------|-------------------|--------------------|-------------------|
| | Loans & Advances | Investments | Deposits | Borrowings |
| 1 day | 151,036 | 32,595,590 | 1,293,595 | - |
| 2 days to 7 days | 2,386,344 | 4,816,573 | 7,194,846 | 5,538,553 |
| 8 days to 14 days | 4,632,334 | 896,665 | 6,664,736 | - |
| 15 days to 30 days | 5,769,524 | 4,321,388 | 6,203,206 | - |
| 31 days to 2 months | 11,956,921 | 3,804,050 | 16,215,619 | 875,000 |
| Over 2 months up to 3 months | 13,379,810 | 4,584,646 | 25,843,472 | 905,000 |
| Over 3 months up to 6 months | 36,936,951 | 15,029,955 | 64,372,384 | 3,357,000 |
| Over 6 months up to 12 months | 64,777,628 | 16,092,902 | 80,152,903 | 2,714,000 |
| Over 1 year up to 3 years | 80,019,093 | 14,480,421 | 104,065,516 | 3,481,000 |
| Over 3 years up to 5 years | 9,329,195 | 848,565 | 2,516,245 | 4,136,000 |
| Over 5 years | 39,490,355 | 189,427 | 99,076 | 701,600 |
| Total | 268,829,191 | 97,660,182 | 314,621,598 | 21,708,153 |

Note:

- 1) The bucketing structure has been revised based on RBI guideline dated March 23, 2016.
- 2) The Bank is following 30 day month convention for calculation of bucket sizes for ALM.
- 3) There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2024.
- 4) Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.

Specified Assets and Liabilities as on March 31, 2023

| Maturity Buckets | (₹ in 000's) | | | |
|-------------------------------|--------------------|-------------------|--------------------|-------------------|
| | Loans & Advances | Investments | Deposits | Borrowings |
| 1 day | 60,082 | - | 569,037 | - |
| 2 days to 7 days | 2,649,842 | 499,565 | 8,500,558 | 4,247,640 |
| 8 days to 14 days | 3,764,613 | - | 6,004,558 | - |
| 15 days to 30 days | 3,932,729 | 1,444,448 | 6,538,548 | - |
| 31 days to 2 months | 10,486,647 | 4,616,205 | 16,326,693 | - |
| Over 2 months up to 3 months | 10,730,193 | 9,869,452 | 14,960,347 | 100,000 |
| Over 3 months up to 6 months | 13,280,075 | 12,736,077 | 24,176,634 | 932,000 |
| Over 6 months up to 12 months | 58,273,575 | 8,402,411 | 46,489,552 | 3,544,000 |
| Over 1 year up to 3 years | 74,339,148 | 1,800,805 | 128,170,302 | 11,106,000 |
| Over 3 years up to 5 years | 7,600,454 | 18,716,782 | 1,589,955 | 2,256,000 |
| Over 5 years | 27,779,253 | 27,017,330 | 2,050,639 | 4,229,000 |
| Total | 212,896,611 | 85,103,075 | 255,376,822 | 26,414,640 |

Note:

- 1) The bucketing structure has been revised based on RBI guideline dated March 23, 2016.
- 2) The Bank is following 30 day month convention for calculation of bucket sizes for ALM.
- 3) There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2023

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

- 4) Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.
- 5) RBI vide its circular dated March 27, 2020 on 'COVID-19 Regulatory Package' permitted the Bank to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. The Bank in line with the said circular has offered moratorium on the respective maturity buckets presented above. The Bank estimates that considerable portion of the cash flows impacted by the moratorium will be received within 1-3 years from the balance sheet date and the same has been factored in the above disclosure.

11 EXPOSURE

11.1 Exposure to Real Estate Sector:

| Particulars | (₹ in 000's) | |
|---|-------------------------|-------------------------|
| | As on March 31, 2024 | As on March 31, 2023 |
| A) Direct Exposure | | |
| i) Residential Mortgages | 62,459,588 | 50,003,509 |
| <i>(of which housing loans eligible for Inclusion in priority sector Advances)</i> | 34,420,337 | 17,862,569 |
| ii) Commercial Real Estate | 1,262,469 | 703,787 |
| iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures: | | - |
| - Residential | | - |
| - Commercial Real Estate | | - |
| Total (A) | 63,722,057 | 50,707,296 |
| B) Indirect Exposure | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | 769,165 | 510,620 |
| Total (B) | 769,165 | 510,620 |
| Total Real Estate Exposure (A+B) | 64,491,222 | 51,217,916 |

11.2 Exposure to Capital Market:

| Sl. No. | Particulars | (₹ in 000's) | |
|---------|--|-------------------------|-------------------------|
| | | As on March 31, 2024 | As on March 31, 2023 |
| 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; | 300,000 | 200,000 |

Notes to financial statements
 for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

(₹ in 000's)

| Sl. No. | Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---------|---|-------------------------|-------------------------|
| 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 | 301,002 | 201,002 |

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, 2024

During the FY 2023-24, RBI has not levied any penalty under the provisions of the (i) Banking Regulations Act 1949, (ii) Payment and Settlement Act, 2007 and (iii) Government Securities Act, 2006 (for bouncing of SGL) as per the Master Direction on Financial Statements - Presentation and Disclosures dated August 30, 2021. During the FY 2023-24, RBI levied an operational penalty of ₹ 240 for downtime in ATMs for more than 10 hours in a month, due to cash-out in such ATMs.

Year ended March 31, 2023

During the FY 2022-23, RBI has not levied any penalty under the provisions of the (i) Banking Regulations Act 1949, (ii) Payment and Settlement Act, 2007 and (iii) Government Securities Act, 2006 (for bouncing of SGL) as per the Master Direction on Financial Statements - Presentation and Disclosures dated August 30, 2021. During the FY 2023-24, RBI levied an operational penalty of ₹ 1780 for downtime in ATMs for more than 10 hours in a month, due to cash-out in such ATMs.

13 OVERSEAS ASSETS, NPAS AND REVENUE

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable.

14 SUMMARY INFORMATION ON COMPLAINTS RECEIVED BY THE BANK FROM CUSTOMERS AND FROM THE OFFICES OF BANKING OMBUDSMAN (OBOS)

| Sl. No | Particulars | Current Year | Previous Year |
|--------|---|----------------|----------------|
| | Customer complaints received by the bank from its customers | FY 2023 - 2024 | FY 2022 - 2023 |
| 1 | Number of complaints pending at beginning of the year | 292 | 313 |
| 2 | Number of complaints received during the year | 19,610 | 22,740 |
| 3 | Number of complaints disposed during the year | 19,599 | 22,761 |
| | Of which, number of complaints rejected by the bank | 874 | 451 |
| 4 | Number of complaints pending at the end of the year | 303 | 292 |
| | Maintainable complaints received by the bank from OBOs | | |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

| Sl. No | Particulars | Current Year | Previous Year |
|--------|---|--------------|---------------|
| 5 | Number of maintainable complaints received by the bank from OBOs | 201 | 155 |
| | Of 5, number of complaints resolved in favour of the bank by BOs | 97 | 73 |
| | Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs | 104 | 82 |
| | Of 5, number of complaints resolved after passing of Awards by BOs against the bank | - | - |
| 6 | Number of Awards unimplemented within the stipulated time (other than those appealed) | - | - |

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the scheme.

15 TOP FIVE GROUNDS OF COMPLAINTS RECEIVED BY THE BANK FROM CUSTOMERS:

For the year ended March 31, 2024

| Grounds of complaints, (i.e. complaints relating to) | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase/ decrease in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|--|---|---|--|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) |
| ATM/Debit Cards | 175 | 9,217 | -17% | 108 | 14 |
| Internet/Mobile/Electronic Banking | 25 | 3,413 | -27% | 86 | 6 |
| Account opening/difficulty in operation of accounts | 2 | 2,039 | -18% | 2 | - |
| Others* | 73 | 3,137 | 33% | 62 | - |
| Loans and advances | 10 | 561 | -16% | 8 | - |
| Miscellaneous Items** | 7 | 1,243 | -15% | 37 | - |
| Total | 292 | 19,610 | | 303 | 20 |

For the year ended March 31, 2023

| Grounds of complaints, (i.e. complaints relating to) | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase/ decrease in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|--|---|---|--|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) |
| ATM/Debit Cards | 145 | 11,046 | 56% | 175 | 40 |
| Internet/Mobile/Electronic Banking | 79 | 4,702 | -35% | 25 | - |
| Account opening/difficulty in operation of accounts | 8 | 2,500 | -6% | 2 | - |
| Others | 45 | 2,358 | -8% | 73 | 7 |
| Loans and advances | 7 | 669 | -44% | 10 | 2 |
| Miscellaneous Items* | 29 | 1,465 | -28% | 7 | - |
| Total | 313 | 22,740 | -0.3% | 292 | 49 |

*'16.Others' Includes complaints related to "1. Alleged Transaction (Credentials Compromised & Transactions Not carried out by customer), 2. Complaints against the staff related to Fraud / Amount Misappropriation, Commission cases, 3. Deposit related such as 'Delay in Closure of FD, FD Interest clarification, TDS Clarification,' etc

** Others (Miscellaneous) includes following category of complaint It includes levy of charges without prior notice/ excessive charges/foreclosure charges, Mis-selling/ Para-banking, Staff 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, 2024 (Contd.)

SCHEDULE 18

16 FRAUD ACCOUNTS

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---|-------------------------|-------------------------|
| Number of frauds reported | 2,713 | 618 |
| Amount involved in fraud | 241,644 | 97,364 |
| Amount of provision made for such frauds * | 108,075 | 67,554 |
| 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

(₹ in 000's)

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Provision for NPA (including bad debts written off) | 1,885,324 | 498,068 |
| Provision for Standard Assets | 264,125 | (322,365) |
| Provision for Income tax (Net of deferred tax liability/(asset) of ₹ 145,657 (PY- ₹ 752,455) refer schedule 18 (26.1) | 4,206,748 | 3,673,159 |
| Other Provisions and Contingencies | (75) | 2,254 |
| Total | 6,356,123 | 3,851,116 |

18 BANCASSURANCE BUSINESS

Commission income for the year ended March 31, 2024 includes fees of ₹1,113,670 (Previous Year: ₹ 435,917) in respect of insurance business.

19. LIQUIDITY COVERAGE RATIO (LCR)

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio given in "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and the LCR Disclosure Standards" and "Operating Guidelines for Small Finance Banks".

19. (A) Qualitative disclosure around LCR

LCR is the ratio of unencumbered High Quality Liquid Assets (HQLA) to Net Cash Outflows over the next 30 calendar days. The liquidity management is centralised with treasury with active interactions between the Bank's Business Units .LCR measures the Bank's ability to manage and survive under combined idiosyncratic and market-wide liquidity stress condition that would result in accelerated withdrawal of deposits from retail as well wholesale depositors, partial loss of secured funding, increase in collateral requirements, unscheduled draw down of unused credit lines, etc. These stress conditions are captured as a part of the Net Cash Outflows. HQLA of the Bank consist of cash, unencumbered excess SLR, a portion of statutory SLR as allowed under the guidelines and cash balance with RBI in excess of statutory cash reserve requirements. Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management. Treasury is entrusted with the responsibility of liquidity management within the Bank under the guidance of the ALCO. ALM Risk unit independently measures, monitors & reports Liquidity Risk as per the Regulatory and internal guidelines.

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 01, 2018 | By January 01, 2019 | By January 01, 2020 | By January 01, 2021 |
|-------------|---------------------------|------------------------|------------------------|------------------------|------------------------|
| Minimum LCR | 60% | 70% | 80% | 90% | 100% |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

19. (B) Quantitative disclosure around LCR

| Particulars | (₹ in 000's) | | | | | | | | | | | |
|--|-----------------------------------|---------------------------------|--------------------|-----------------------------------|---------------------------------|-------------------|------------------------------------|---------------------------------|-------|-----------------------------------|---------------------------------|------------|
| | Quarter ended March 31, 2024** | | | Quarter ended December 31, 2023** | | | Quarter ended September 30, 2023** | | | Quarter ended June 30, 2023** | | |
| | Total Unweighted Value (average)* | Total Weighted Value (average)* | Total | Total Unweighted Value (average)* | Total Weighted Value (average)* | Total | Total Unweighted Value (average)* | Total Weighted Value (average)* | Total | Total Unweighted Value (average)* | Total Weighted Value (average)* | Total |
| High Quality Liquid Assets | | | | | | | | | | | | |
| 1. Total High Quality Liquid Assets (HQLA) | - | 70,789,449 | - | 77,952,049 | - | 88,135,041 | - | 83,108,688 | - | - | - | 83,108,688 |
| Cash Outflows | | | | | | | | | | | | |
| 2. Retail deposits and deposits from small business customers, of which: | 164,983,881 | 12,981,690 | 155,752,958 | 11,802,381 | 143,047,834 | 10,766,335 | 134,305,304 | 10,073,523 | | | | |
| (i) Stable deposits | 70,333,957 | 3,516,698 | 75,458,306 | 3,772,915 | 70,768,972 | 3,538,449 | 67,140,147 | 3,357,007 | | | | |
| (ii) Less stable deposits | 94,649,924 | 9,464,992 | 80,294,652 | 8,029,465 | 72,278,862 | 7,227,886 | 67,165,157 | 6,716,516 | | | | |
| 3. Unsecured wholesale funding, of which: | 62,269,701 | 44,736,821 | 55,064,148 | 38,922,037 | 60,685,613 | 46,362,736 | 50,548,047 | 36,548,493 | | | | |
| (i) Operational deposits (all counterparties) | - | - | - | - | - | - | - | - | | | | |
| (ii) Non-operational deposits (all counterparties) | 9,807,983 | 919,311 | 8,560,931 | 788,885 | 7,535,652 | 689,961 | 6,957,509 | 637,043 | | | | |
| (iii) Unsecured debt | 52,461,719 | 43,817,510 | 46,503,217 | 38,133,152 | 53,149,961 | 45,672,775 | 43,590,538 | 35,911,450 | | | | |
| 4. Secured wholesale funding | 17,080,525 | 710,611 | 15,836,659 | 583,740 | 3,253,439 | 390,417 | 2,849,676 | 203,182 | | | | |
| 5. Additional requirements, of which | 10,019,103 | 1,420,698 | 10,020,218 | 1,362,201 | 11,755,007 | 1,444,028 | 6,385,377 | 319,269 | | | | |
| (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 | 10,019,103 | 1,420,698 | 10,020,218 | 1,362,201 | 11,755,007 | 1,444,028 | 6,385,377 | 319,269 | | | | |
| 6. Other contractual funding obligations | 4,887,526 | 4,887,526 | 2,624,778 | 2,624,778 | 1,975,151 | 1,975,151 | 1,921,896 | 1,921,896 | | | | |
| 7. Other contingent funding obligations | 235,864 | 7,076 | 200,000 | 6,000 | 66,667 | 2,000 | 4,620,936 | 1,848,374 | | | | |
| 8. Total Cash Outflows | 259,476,601 | 64,744,422 | 239,498,760 | 55,301,136 | 220,783,710 | 60,940,667 | 200,764,568 | 50,918,737 | | | | |

Notes to financial statements
 for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

| Particulars | Quarter ended March 31, 2024** | | Quarter ended December 31, 2023** | | Quarter ended September 30, 2023** | | Quarter ended June 30, 2023** | |
|---|--|--|--|--|--|--|--|--|
| | 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)* |
| Cash Inflows | | | | | | | | |
| 9. Secured lending (e.g. reverse repos) | 10,049 | - | 18,561 | - | 46,342 | - | 13,314 | - |
| 10. Inflows from fully performing exposures | 20,999,681 | 12,980,443 | 18,317,528 | 10,271,834 | 21,003,876 | 13,471,139 | 16,659,586 | 9,840,061 |
| 11. Other cash inflows | 500,000 | - | 500,000 | - | 500,000 | - | 500,000 | - |
| 12. Total Cash Inflows | 21,509,730 | 12,980,443 | 18,836,089 | 10,271,834 | 21,550,218 | 13,471,139 | 17,172,900 | 9,840,061 |
| 13. TOTAL HQLA | | 70,789,449 | | 77,952,049 | | 88,135,041 | | 83,108,688 |
| 14. Total Net Cash Outflows | | 51,763,979 | | 45,029,302 | | 47,469,527 | | 41,078,676 |
| 15. Liquidity Coverage Ratio (%) | | 136.75% | | 173.11% | | 185.67% | | 202.32% |

*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, 2024. Disclosure for quarter ended March 31, 2024 is based on BLR Return including the impact on disclosure due to adjustments made in books of accounts.

Quantitative disclosure around LCR

The table sets out Quantitative Information for all four quarters of the financial year ended March 31, 2023 as follows:

| Particulars | Quarter ended March 31, 2023** | | Quarter ended December 31, 2022** | | Quarter ended September 30, 2022** | | Quarter ended June 30, 2022** | |
|--|--|--|--|--|--|--|--|--|
| | Total Unweighted Value (average)* | Total Weighted Value (average)* | Total Unweighted Value (average)* | Total Weighted Value (average)* | Total Unweighted Value (average)* | Total Weighted Value (average)* | Total Unweighted Value (average)* | Total Weighted Value (average)* |
| High Quality Liquid Assets (HQLA) | | | | | | | | |
| 1. Total High Quality Liquid Assets (HQLA) | 78,415,051 | 78,415,051 | 64,132,075 | 64,132,075 | 47,581,138 | 47,581,138 | 44,576,735 | 44,576,735 |
| Cash Outflows | | | | | | | | |
| 2. Retail deposits and deposits from small business customers, of which: | 124,926,773 | 9,341,545 | 107,778,273 | 8,010,611 | 92,941,274 | 6,824,689 | 83,481,870 | 6,085,167 |
| (i) Stable deposits | 63,022,648 | 3,151,132 | 55,344,320 | 2,767,216 | 49,388,765 | 2,469,438 | 45,260,395 | 2,263,020 |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

| Particulars | ₹ in 000's | | | | | | | | | | | |
|--|--------------------------------|---------------------------------|--------------------|-----------------------------------|---------------------------------|-------------------|------------------------------------|---------------------------------|-------|-------------------------------|---------------------------------|-------|
| | Quarter ended March 31, 2023** | | | Quarter ended December 31, 2022** | | | Quarter ended September 30, 2022** | | | Quarter ended June 30, 2022** | | |
| | 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)* | Total |
| (ii) Less stable deposits | 61,904,125 | 6,190,412 | 52,433,953 | 5,243,395 | 43,552,509 | 4,355,251 | 38,221,475 | 3,822,147 | | | | |
| 3. Unsecured wholesale funding, of which: | 52,828,562 | 40,034,338 | 43,074,050 | 29,192,368 | 46,885,154 | 33,083,360 | 43,565,275 | 31,515,649 | | | | |
| (i) Operational deposits (all counterparties) | - | - | - | - | - | - | - | - | | | | |
| (ii) Non-operational deposits (all counterparties) | 6,578,939 | 605,274 | 8,909,076 | 845,839 | 9,470,493 | 910,613 | 8,004,698 | 768,805 | | | | |
| (iii) Unsecured debt | 46,249,623 | 39,429,064 | 34,164,974 | 28,346,529 | 37,414,661 | 32,172,747 | 35,560,577 | 30,746,844 | | | | |
| 4. Secured wholesale funding | 2,811,583 | 538,317 | 654,829 | 107,085 | 1,494,517 | 63,102 | 1,715,762 | 41,456 | | | | |
| 5. Additional requirements, of which | 6,699,455 | 334,973 | 5,191,892 | 259,595 | 5,095,955 | 254,798 | 4,459,318 | 222,966 | | | | |
| (i) Outflows related to derivative exposures and other collateral requirements | - | - | - | - | - | - | - | - | | | | |
| (ii) Outflows related to loss of funding on debt products | - | - | - | - | - | - | - | - | | | | |
| (iii) Credit and liquidity facilities | 6,699,455 | 334,973 | 5,191,892 | 259,595 | 5,095,955 | 254,798 | 4,459,318 | 222,966 | | | | |
| 6. Other contractual funding obligations | 1,304,470 | 1,304,470 | 1,135,190 | 1,135,190 | 1,161,045 | 1,161,045 | 413,928 | 413,928 | | | | |
| 7. Other contingent funding obligations | 5,037,292 | 1,940,917 | 5,300,037 | 2,096,144 | 4,307,968 | 1,723,187 | 2,853,561 | 1,141,424 | | | | |
| 8. Total Cash Outflows | 193,608,135 | 53,494,560 | 163,134,271 | 40,800,992 | 151,885,913 | 43,110,181 | 136,489,714 | 39,420,590 | | | | |
| Cash Inflows | | | | | | | | | | | | |
| 9. Secured lending (e.g. reverse repos) | 73,097 | - | 696,768 | - | 1,263,145 | - | 4,438,594 | - | | | | |
| 10. Inflows from fully performing exposures | 16,165,990 | 10,033,556 | 17,100,566 | 11,765,551 | 18,918,721 | 13,781,612 | 18,183,871 | 13,490,061 | | | | |
| 11. Other cash inflows | 500,000 | - | 500,000 | - | 408,602 | - | 500,000 | - | | | | |
| 12. Total Cash Inflows | 16,739,087 | 10,033,556 | 18,297,334 | 11,765,551 | 20,590,468 | 13,781,612 | 23,122,465 | 13,490,061 | | | | |
| 13. TOTAL HQLA | | | | | | | | | | | | |
| 14. Total Net Cash Outflows | | | | | | | | | | | | |
| 15. Liquidity Coverage Ratio (%) | | 180.43% | | 220.88% | | 162.23% | | 171.91% | | | | |

*Average weighted and unweighted amounts are calculated taking simple daily average for all quarters.

** The disclosure is based on the BLR return (BLR 1) for the respective quarter filed by the Bank with the RBI except for quarter ended March 31, 2023. Disclosure for quarter ended March 31, 2023 is based on BLR Return including the impact on disclosure due to adjustments made in books of accounts.

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

19. (C) Net Stable Funding Ratio as on March 31, 2024

| Particulars | Unweighted value by residual maturity | | | | Weighted value |
|---|---------------------------------------|------------|-------------------|------------|----------------|
| | No maturity | < 6 months | 6 months to < 1yr | ≥ 1yr | |
| (₹ in 000's) | | | | | |
| ASF Item | | | | | |
| 1 Capital: (2+3) | 59,134,921 | - | - | - | 59,134,921 |
| 2 Regulatory capital | 56,134,921 | - | - | - | 56,134,921 |
| 3 Other capital instruments | 3,000,000 | - | - | - | 3,000,000 |
| 4 Retail deposits and deposits from small business customers: (5+6) | 193,834,711 | - | - | - | 175,196,935 |
| 5 Stable deposits | 14,913,897 | - | - | - | 14,168,202 |
| 6 Less stable deposits | 178,920,814 | - | - | - | 161,028,733 |
| 7 Wholesale funding: (8+9) | - | 8,379,767 | 29,224,754 | 7,888,822 | 26,691,083 |
| 8 Operational deposits | - | - | - | - | - |
| 9 Other wholesale funding | - | 8,379,767 | 29,224,754 | 7,888,822 | 26,691,083 |
| 10 Other liabilities: (11+12) | 9,396,377 | 95,422,673 | 670,887 | 269,250 | - |
| 11 NSFR derivative liabilities | - | - | - | - | - |
| 12 All other liabilities and equity not included in the above categories | 9,396,377 | 95,422,673 | 670,887 | 269,250 | - |
| 13 Total ASF (1+4+7+10) | - | - | - | - | 261,022,939 |
| RSF Item | | | | | |
| 14 Total NSFR high-quality liquid assets (HQLA) | - | - | - | - | 3,889,609 |
| 15 Deposits held at other financial institutions for operational purposes | - | 56,014 | - | 460 | 28,237 |
| 16 Performing loans and securities: (17+18+19+21+23) | - | 72,506,845 | 84,149,105 | 81,840,812 | 177,359,514 |
| 17 Performing loans to financial institutions secured by Level 1 HQLA | - | - | - | - | - |
| 18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | - | 5,258,097 | 6,325,852 | 5,677,243 | 9,628,883 |
| 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: | - | 67,248,748 | 77,823,253 | 76,036,273 | 137,166,832 |
| 20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | - | 231,931 | 186,764 | 1,657,147 | 1,286,493 |
| 21 Performing residential mortgages, of which: | - | 927,820 | 1,086,823 | 45,305,039 | 30,455,597 |
| 22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | - | - | - | - | - |
| 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) | 4,266,646 | - | - | 9,031,424 | 12,002,872 |
| 25 Physical traded commodities, including gold | - | - | - | - | - |
| 26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs | - | - | - | 8,634,649 | 7,339,452 |
| 27 NSFR derivative assets | - | - | - | - | - |
| 28 NSFR derivative liabilities before deduction of variation margin posted | - | - | - | - | - |
| 29 All other assets not included in the above categories | 4,266,646 | - | - | 396,774 | 4,663,420 |
| 30 Off-balance sheet items | - | 6,876,613 | 2,979,504 | 304,366 | 501,937 |
| 31 Total RSF (14+15+16+20+24+30) | - | - | - | - | 195,068,662 |
| 32 Net Stable Funding Ratio (%) | | | | | 133.81% |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

Net Stable Funding Ratio as on March 31, 2023

| Particulars | Unweighted value by residual maturity | | | | Weighted value |
|---|---------------------------------------|------------|-------------------|------------|--------------------|
| | No maturity | < 6 months | 6 months to < 1yr | ≥ 1yr | |
| (₹ in 000's) | | | | | |
| ASF Item | | | | | |
| 1 Capital: (2+3) | 42,227,560 | - | - | - | 42,227,560 |
| 2 Regulatory capital | 42,227,560 | - | - | - | 42,227,560 |
| 3 Other capital instruments | - | - | - | - | - |
| 4 Retail deposits and deposits from small business customers: (5+6) | 141,951,429 | - | - | - | 131,219,066 |
| 5 Stable deposits | 69,255,598 | - | - | - | 65,792,818 |
| 6 Less stable deposits | 72,695,831 | - | - | - | 65,426,248 |
| 7 Wholesale funding: (8+9) | - | 6,727,418 | 25,703,580 | 20,736,175 | 36,951,674 |
| 8 Operational deposits | - | - | - | - | - |
| 9 Other wholesale funding | - | 6,727,418 | 25,703,580 | 20,736,175 | 36,951,674 |
| 10 Other liabilities: (11+12) | 8,537,115 | 83,844,742 | 454,445 | 727,948 | - |
| 11 NSFR derivative liabilities | - | - | - | - | - |
| 12 All other liabilities and equity not included in the above categories | 8,537,115 | 83,844,742 | 454,445 | 727,948 | - |
| 13 Total ASF (1+4+7+10) | - | - | - | - | 210,398,300 |
| RSF Item | | | | | |
| 14 Total NSFR high-quality liquid assets (HQLA) | - | - | - | - | 1,788,744 |
| 15 Deposits held at other financial institutions for operational purposes | - | 83,746 | - | 490 | 42,118 |
| 16 Performing loans and securities: (17+18+19+21+23) | - | 93,322,450 | 58,161,401 | 34,394,023 | 98,121,297 |
| 17 Performing loans to financial institutions secured by Level 1 HQLA | - | 10,470,000 | - | - | - |
| 18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | - | 5,303,576 | 3,260,198 | 4,366,301 | 6,791,937 |
| 19 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which: | - | 76,999,241 | 54,901,203 | 29,900,426 | 91,221,159 |
| 20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | - | 211,474 | 204,351 | 722,124 | 677,293 |
| 21 Performing residential mortgages, of which: | - | 549,633 | - | - | - |
| 22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | - | 549,633 | - | - | - |
| 23 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | - | - | - | 127,296 | 108,202 |
| 24 Other assets: (sum of rows 25 to 29) | 16,263,683 | - | 6,755,446 | 51,061,240 | 57,287,859 |
| 25 Physical traded commodities, including gold | - | - | - | - | - |
| 26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs | - | - | - | 468,571 | 398,285 |
| 27 NSFR derivative assets | - | - | - | - | - |
| 28 NSFR derivative liabilities before deduction of variation margin posted | - | - | - | - | - |
| 29 All other assets not included in the above categories | 16,263,683 | - | 6,755,446 | 50,592,669 | 56,889,574 |
| 30 Off-balance sheet items | - | 2,472,471 | 1,617,328 | 8,341,455 | 633,963 |
| 31 Total RSF (14+15+16+24+30) | - | - | - | - | 157,873,981 |
| 32 Net Stable Funding Ratio (%) | | | | | 133% |

Notes to financial statements
 for the year ended March 31, 2024 (Contd.)

SCHEDULE 18
20. DISCLOSURE ON RESTRUCTURING
Disclosure on accounts subjected to Restructuring for the year ended March 31, 2024

| Sr No. | Type of Restructuring Asset Classification | Under CDR Mechanism | | | | | | Under SME debt restructuring mechanism | | | | | | | | |
|--------|--|---------------------------|----------|-------------|----------|-------|----------|--|----------|-------------|----------|-------|-------|---|---|---|
| | | Standard | | Substandard | | Total | | Standard | | Substandard | | Total | | | | |
| | | Loss | Doubtful | Loss | Doubtful | Loss | Doubtful | Loss | Doubtful | Loss | Doubtful | Loss | Total | | | |
| 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, 2024 (closing figures) | No. of Borrowers | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Amount Outstanding | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

(₹ in 000's)

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

| Sr No. | Type of Restructuring Asset Classification | Others | | | | | | Total | | | | | |
|--------|--|---------------------------|----------------|---------------|----------------|----------|------------------|----------------|---------------|----------------|----------|------------------|--|
| | | Standard | Substandard | Doubtful | Loss | Total | Standard | Substandard | Doubtful | Loss | Total | | |
| | | ₹ in 000's | | | | | | | | | | | |
| 1 | Restructured Accounts as on April 1 of the FY (opening figures) | No. of Borrowers | 30,536 | 6,781 | 66,216 | 12 | 103,545 | 30,536 | 6,781 | 66,216 | 12 | 103,545 | |
| | | Amount Outstanding | 648,339 | 181,621 | 1,453,127 | 142 | 2,283,229 | 648,339 | 181,621 | 1,453,127 | 142 | 2,283,229 | |
| | | Provision thereon | 65,184 | 124,182 | 1,444,573 | 142 | 1,634,081 | 65,184 | 124,182 | 1,444,573 | 142 | 1,634,081 | |
| 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 | 13 | (8) | (5) | - | - | 13 | (8) | (5) | - | - | |
| | | Amount Outstanding | 7,716 | (4,589) | (3,860) | - | (733) | 7,716 | (4,589) | (3,860) | - | (733) | |
| | | Provision thereon | 1,442 | (2,023) | (3,860) | - | (4,441) | 1,442 | (2,023) | (3,860) | - | (4,441) | |
| 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 | (1,209) | 428 | 781 | - | - | (1,209) | 428 | 781 | - | - | |
| | | Amount Outstanding | (53,771) | (25,444) | 63,089 | - | (16,126) | (53,771) | (25,444) | 63,089 | - | (16,126) | |
| | | Provision thereon | (7,354) | (15,985) | 63,089 | - | 39,751 | (7,354) | (15,985) | 63,089 | - | 39,751 | |
| 6 | Increase/Decrease in existing restructured accounts during the year | No. of Borrowers | - | - | - | - | - | - | - | - | - | - | |
| | | Amount Outstanding | (45,369) | (236) | (109,541) | (7) | (155,152) | (45,369) | (236) | (109,541) | (7) | (155,152) | |
| | | Provision thereon | (2,926) | (228) | (104,829) | (7) | (107,992) | (2,926) | (228) | (104,829) | (7) | (107,992) | |
| 7 | Write-offs/fully repaid of restructured accounts during the year | No. of Borrowers | (27,566) | (6,307) | (40,684) | (10) | (74,567) | (27,566) | (6,307) | (40,684) | (10) | (74,567) | |
| | | Amount Outstanding | (269,625) | (112,680) | (727,413) | (130) | (1,109,847) | (269,625) | (112,680) | (727,413) | (130) | (1,109,847) | |
| | | Provision thereon | (10,891) | (86,802) | (723,570) | (130) | (821,392) | (10,891) | (86,802) | (723,570) | (130) | (821,392) | |
| 8 | Restructured Accounts as on March 31, 2024 (closing figures) | No. of Borrowers | 1,774 | 894 | 26,308 | 2 | 28,978 | 1,774 | 894 | 26,308 | 2 | 28,978 | |
| | | Amount Outstanding | 287,290 | 38,673 | 675,403 | 4 | 1,001,370 | 287,290 | 38,673 | 675,403 | 4 | 1,001,370 | |
| | | Provision thereon | 45,455 | 19,144 | 675,403 | 4 | 740,007 | 45,455 | 19,144 | 675,403 | 4 | 740,007 | |

Notes to financial statements
 for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

As on March 31, 2023

| Sr No. | Type of Restructuring Asset Classification | Under CDR Mechanism | | | | Under SME debt restructuring mechanism | | | | Total | |
|--------|--|---------------------|-------------|----------|------|--|-------------|----------|------|-------|---|
| | | Standard | Substandard | Doubtful | Loss | Standard | Substandard | Doubtful | Loss | | |
| | Details | | | | | | | | | | |
| 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, 2023 (closing figures) | - | - | - | - | - | - | - | - | - | - |
| | No. of Borrowers | - | - | - | - | - | - | - | - | - | - |
| | Amount Outstanding | - | - | - | - | - | - | - | - | - | - |
| | Provision thereon | - | - | - | - | - | - | - | - | - | - |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

As on March 31, 2023

| Sr No. | Type of Restructuring Asset Classification | Others | | | | | Total | | | | | | |
|--------|--|--------------------|-------------|-----------|-------------|-------|-------------|-------------|-----------|-------------|-------|-------------|--|
| | | Standard | Substandard | Doubtful | Loss | Total | Standard | Substandard | Doubtful | Loss | Total | | |
| | Details | | | | | | | | | | | | |
| 1 | Restructured Accounts as on April 1 of the FY (opening figures) | No. of Borrowers | 247,842 | 48,188 | 118,850 | 50 | 414,930 | 247,842 | 48,188 | 118,850 | 50 | 414,930 | |
| | | Amount Outstanding | 4,756,336 | 1,420,450 | 2,370,173 | 1,088 | 8,548,047 | 4,756,336 | 1,420,450 | 2,370,173 | 1,088 | 8,548,047 | |
| | | Provision thereon | 659,985 | 1,008,666 | 2,349,708 | 1,088 | 4,019,447 | 659,985 | 1,008,666 | 2,349,708 | 1,088 | 4,019,447 | |
| 2 | Fresh restructuring during the year# | No. of Borrowers | - | - | - | - | - | - | - | - | - | - | |
| | | Amount Outstanding | - | - | - | - | - | - | - | - | - | - | |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | |
| 3 | Up gradation to restructured standard category during the year | No. of Borrowers | 14 | (5) | (9) | - | - | 14 | (5) | (9) | - | - | |
| | | Amount Outstanding | 9,060 | (9,194) | (452) | - | (586) | 9,060 | (9,194) | (452) | - | (586) | |
| | | Provision thereon | 131 | (4,597) | (452) | - | (4,918) | 131 | (4,597) | (452) | - | (4,918) | |
| 4 | Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY | No. of Borrowers | - | - | - | - | - | - | - | - | - | - | |
| | | Amount Outstanding | - | - | - | - | - | - | - | - | - | - | |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | |
| 5 | Downgradations of restructured accounts during the year | No. of Borrowers | (18,272) | (3,999) | 22,271 | - | - | (18,272) | (3,999) | 22,271 | - | - | |
| | | Amount Outstanding | (620,287) | (365,448) | 635,734 | - | (350,001) | (620,287) | (365,448) | 635,734 | - | (350,001) | |
| | | Provision thereon | (108,762) | (241,470) | 627,180 | - | 276,948 | (108,762) | (241,470) | 627,180 | - | 276,948 | |
| 6 | Increase/Decrease in existing restructured accounts during the year | No. of Borrowers | - | - | - | - | - | - | - | - | - | - | |
| | | Amount Outstanding | (644,295) | (353) | (267,828) | (173) | (912,649) | (644,295) | (353) | (267,828) | (173) | (912,649) | |
| | | Provision thereon | (116,879) | (403) | (258,283) | (173) | (375,738) | (116,879) | (403) | (258,283) | (173) | (375,738) | |
| 7 | Write-offs/fully repaid of restructured accounts during the year | No. of Borrowers | (199,092) | (37,368) | (74,887) | (38) | (311,385) | (199,092) | (37,368) | (74,887) | (38) | (311,385) | |
| | | Amount Outstanding | (2,854,464) | (861,964) | (1,284,381) | (773) | (5,001,582) | (2,854,464) | (861,964) | (1,284,381) | (773) | (5,001,582) | |
| | | Provision thereon | (370,172) | (637,251) | (1,273,463) | (773) | (2,281,659) | (370,172) | (637,251) | (1,273,463) | (773) | (2,281,659) | |
| 8 | Restructured Accounts as on March 31, 2023 (closing figures) | No. of Borrowers | 30,492 | 6,816 | 66,225 | 12 | 103,545 | 30,492 | 6,816 | 66,225 | 12 | 103,545 | |
| | | Amount Outstanding | 646,350 | 183,492 | 1,453,246 | 142 | 2,283,229 | 646,350 | 183,492 | 1,453,246 | 142 | 2,283,229 | |
| | | Provision thereon | 64,303 | 124,945 | 1,444,690 | 142 | 1,634,081 | 64,303 | 124,945 | 1,444,690 | 142 | 1,634,081 | |

The Bank has restructured accounts during the year ended March 31, 2023 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, 2024 (Contd.)

SCHEDULE 18

21 EMPLOYEE BENEFITS (AS-15) REVISED

21.1 Gratuity:

Gratuity is a defined benefits plan. The Bank has obtained qualifying insurance policies from an Insurance Company. The following table summarises the components of net expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet on the basis of actuarial Valuation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the year in which they arise.

Details of defined benefit plan of gratuity are given below:

| (₹ in 000's) | | |
|---|---------------------------------|---------------------------------|
| Changes in the present value of the obligation | As on March 31, 2024 | As on March 31, 2023 |
| Opening balance of Present Value of Obligation | 679,147 | 601,836 |
| Interest Cost | 46,526 | 40,147 |
| Current Service Cost | 138,997 | 122,308 |
| Benefits Paid | (71,261) | (69,564) |
| Actuarial loss / (gain) on Obligation | 7,131 | (15,580) |
| Acquisitions/Divestures/Transfers | - | - |
| Closing balance of Present Value of Obligation | 800,540 | 679,147 |
| Reconciliation of opening and closing balance of the fair value of the Plan Assets | | |
| Opening balance of Fair value of Plan Assets | 565,368 | 487,712 |
| Adjustment to Opening Balance | - | - |
| Transfer In/Acquisitions | - | - |
| Expected Return on Plan assets | 42,413 | 36,107 |
| Contributions | 113,780 | 114,125 |
| Other charges (Service tax, FMC, Mortality charges, etc) | - | - |
| Benefits Paid | (71,261) | (69,564) |
| Actuarial Gain/(loss) Return on Plan Assets | (13,739) | (3,012) |
| Closing balance of Fair Value of Plan Assets | 636,561 | 565,368 |
| Actual Return on Plan Assets | 28,674 | 33,096 |

| (₹ in 000's) | | |
|--|--------------------------------------|--------------------------------------|
| Profit and Loss – Expenses | Year ended March 31, 2024 | Year ended March 31, 2023 |
| Current Service Cost | 138,997 | 122,308 |
| Interest Cost | 46,526 | 40,147 |
| Expected Return on Plan assets | (42,413) | (36,107) |
| Net Actuarial loss/(gain) recognised in the year | 20,869 | (12,569) |
| Add: Expenses of erstwhile Ujjivan Financial Services Limited, merged pursuant to the scheme of amalgamation detailed in Note 18(41) | 18 | - |
| Expenses recognised in the Profit and Loss Account | 163,997 | 113,779 |

| (₹ in 000's) | | |
|---|---------------------------------|---------------------------------|
| Funded status (100% Insurance managed funds) | As on March 31, 2024 | As on March 31, 2023 |
| Actuarial Assumptions | | |
| Discount Rate | 7.16% | 7.23% |
| Expected Rate of Return on Plan Assets | 7.23% | 7.08% |
| Expected Rate of Salary Increase | 9.00% | 9.00% |
| Employee Attrition Rate | 26.26% | 23.83% |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

Experience Adjustments

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 | As on March 31, 2022 | As on March 31, 2021 | As on March 31, 2020 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Plan Assets | 636,561 | 565,368 | 487,712 | 459,403 | 294,783 |
| Defined benefit obligation | 800,540 | 679,147 | 601,836 | 561,538 | 444,552 |
| Surplus/ (Deficit) | (163,979) | (113,779) | (114,125) | (102,135) | (149,769) |
| Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligation | 13,909 | 877 | (566) | (8,681) | (8,038) |

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.

(₹ in 000's)

| Category of Plan Assets | As on March 31, 2024 | As on March 31, 2023 |
|--------------------------------|----------------------|----------------------|
| Assets Under Insurance Schemes | 100% | 100% |

- (a) The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.
- (b) During the current and previous year the Bank does not have unamortised gratuity and pension liability.
- (c) Discount rate is based on the prevailing market yields of Indian Government Bonds as on the Balance Sheet date for the estimated term of the obligation.
- (d) The Code on Wages, 2019 ("Code") and other connected legislations enacted by the Government of India envisages payment of wages (as defined) which is not less than 50% of all monthly remuneration paid to employees (as defined). The effective date of these legislations and the rules relevant thereto have not yet been notified by the Government of India. The current wages as a percentage to the remuneration for certain employees as per Company's salary structure is less than that envisaged in these legislations. As and when the legislations are notified, there may be an increase in the accrued gratuity liability of the employees of the Company. This possible additional liability has currently not been quantified.

21.2 Compensated Absences

The Actuarial liability of compensated absences of accumulated privileged leaves of the employees is given below:

(₹ in 000's)

| Particulars | As on March 31, 2024 | As on March 31, 2023 |
|---|----------------------|----------------------|
| Privileged Leave Actuarial Liability as per actuarial report | 567,370 | 486,007 |
| Add: Liability of erstwhile Ujjivan Financial Services Limited, merged pursuant to the scheme of amalgamation detailed in Note 18(41) | 224 | - |
| Privileged Leave Actuarial Liability | 567,595 | 486,007 |
| Assumptions | | |
| Discount Rate | 7.16% | 7.23% |
| Salary Escalation Rate | 9.00% | 9.00% |

21.3 Defined Contribution Plans

(₹ in 000's)

| Amount recognised in the Statement of Profit and Loss | As on March 31, 2024 | As on March 31, 2023 |
|--|----------------------|----------------------|
| (i) Provident fund Contributed to the Authorities | 315,039 | 222,932 |
| (ii) Pension fund Contributed to the Authorities | 267,353 | 236,380 |
| (iii) Fund contributed to authorities by erstwhile Ujjivan Financial Services Limited, merged pursuant to the scheme of amalgamation detailed in Note 18(41) | 154 | - |
| (iii) National pension scheme Contributed to Authorities | 23,241 | 14,913 |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

22 SEGMENT REPORTING

In accordance with the guidelines issued by RBI & AS-17, the Bank has adopted Segment Reporting as under:

A) Treasury :

The Treasury Segment primarily consists of net interest earnings from the Bank's Investment portfolio, money market borrowing and lending, gains or losses on Investment operations and income from sale of PSLC.

B) Retail Banking:

The Retail Banking Segment serves retail customers through a branch network and other delivery channels. Retail Banking includes lending to and deposits from retail customers and identified earnings and expenses of the segment. This segment raises deposits from customers and provides loans and other services to customers. Revenues of the retail banking segment are derived from interest earned on retail loans, processing fees earned and other related incomes. Expenses of this segment primarily comprise interest expense on deposits & Borrowings, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

As per the RBI Circular DOR.AUT.REC.12/22.01.001/2022-23 dated April 07, 2022, for the purpose of disclosure under Accounting Standard 17, Segment reporting, 'Digital Banking' has been identified as a sub-segment under Retail Banking by Reserve Bank of India (RBI). However, as the proposed Digital Banking Unit (DBU) of the Bank has not yet commenced operations and having regard to the discussions of the DBU Working Group formed by Indian Banks' Association (IBA) (which included representatives of banks and RBI), held on July 14, 2022, reporting of Digital Banking as a separate sub-segment of Retail Banking Segment will be implemented by the Bank based on the decision of the DBU Working Group.

C) Corporate/ Whole Sale Banking:

The Wholesale Banking Segment provides loans to Corporates and Financial Institutions. Revenues of the wholesale banking segment consist of interest earned on loans made to customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

As on March 31, 2024

(₹ in 000's)

| Part A: Business segments | | | | | |
|---------------------------|---------------------------------------|------------------|-------------------|------------------------------------|--------------------|
| SR. NO | Business Segments → Particulars ↓ | Treasury | Retail Banking | Corporate/ Wholesale Banking | Total |
| | | March 31, 2024 | March 31, 2024 | March 31, 2024 | March 31, 2024 |
| 1 | Revenue | 7,152,267 | 56,177,566 | 1,309,226 | 64,639,059 |
| 2 | Unallocated Revenue | - | - | - | - |
| 3 | (less) Inter Segment Revenue | - | - | - | - |
| 4 | Total Income (1+2-3) | 7,152,267 | 56,177,566 | 1,309,226 | 64,639,059 |
| 5 | Segment Result | 930,393 | 16,045,835 | 544,452 | 17,520,681 |
| 6 | Unallocated Expenses | - | - | - | 499,026 |
| 7 | Operating Profit | - | - | - | 17,021,654 |
| 8 | Tax Expenses (including deferred tax) | - | - | - | 4,206,748 |
| 9 | Extraordinary Profit/ Loss | - | - | - | - |
| 10 | Net Profit (5-6-8-9) | - | - | - | 12,814,906 |
| | Other Information: | - | - | - | - |
| 11 | Segment Assets | 122,131,740 | 262,688,777 | 17,126,883 | 401,947,399 |
| 12 | Unallocated Assets | - | - | - | 2,274,763 |
| 13 | Total Assets | - | - | - | 404,222,163 |
| 14 | Segment Liabilities | 105,171,127 | 226,208,803 | 14,748,447 | 346,128,377 |
| 15 | Unallocated Liabilities | - | - | - | 1,958,864 |
| 16 | Capital Employed | 16,960,613 | 36,479,974 | 2,378,435 | 55,819,022 |
| 17 | Unallocated Capital Employed | - | - | - | 315,900 |
| 18 | Total Capital Employed | - | - | - | 404,222,163 |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

Tax paid in advance / tax deducted at source (net of provisions), Deferred Tax Assets and others which cannot be allocated to any segments, have been classified as unallocated assets.

Part B: Geographic Segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

As on March 31, 2023

(₹ in 000's)

| Part A: Business segments | | | | | |
|---------------------------|---------------------------------------|------------------|-------------------|------------------------------|--------------------|
| SR. NO | Business Segments → | Treasury | Retail Banking | Corporate/ Wholesale Banking | Total |
| | Particulars ↓ | March 31, 2023 | March 31, 2023 | March 31, 2023 | March 31, 2023 |
| 1 | Revenue | 4,317,170 | 42,289,858 | 934,828 | 47,541,856 |
| 2 | Unallocated Revenue | - | - | - | - |
| 3 | (less) Inter Segment Revenue | - | - | - | - |
| 4 | Total Income (1+2-3) | 4,317,170 | 42,289,858 | 934,828 | 47,541,856 |
| 5 | Segment Result | 364,755 | 14,389,726 | 440,837 | 15,195,318 |
| 6 | Unallocated Expenses | - | - | - | 522,941 |
| 7 | Operating Profit | - | - | - | 14,672,377 |
| 8 | Tax Expenses (including deferred tax) | - | - | - | 3,673,159 |
| 9 | Extraordinary Profit/ Loss | - | - | - | - |
| 10 | Net Profit (5-6-8-9) | - | - | - | 10,999,217 |
| | Other Information: | | | | |
| 11 | Segment Assets | 109,030,727 | 210,307,562 | 11,031,412 | 330,369,701 |
| 12 | Unallocated Assets | - | - | - | 2,799,074 |
| 13 | Total Assets | - | - | - | 333,168,775 |
| 14 | Segment Liabilities | 95,256,267 | 183,738,235 | 9,637,752 | 288,632,254 |
| 15 | Unallocated Liabilities | - | - | - | 2,445,452 |
| 16 | Capital Employed | 13,774,460 | 26,569,327 | 1,393,659 | 41,737,447 |
| 17 | Unallocated Capital Employed | - | - | - | 353,623 |
| 18 | Total Capital Employed | - | - | - | 42,091,070 |

Tax paid in advance / tax deducted at source (net of provisions), Deferred Tax Assets and others which cannot be allocated to any segments, have been classified as unallocated assets.

Part B: Geographic Segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

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, 2024 are disclosed below:

Erstwhile Holding company :

Ujjivan Financial Services limited (UFSL) (up till March 31, 2023, merged with the Bank pursuant to approval of the Scheme of amalgamation. Refer note 18(41) for details)

Key Management Personnel (KMP):

Mr. Ittira Davis (Managing Director and CEO)

Mr. M.D. Ramesh Murthy (Chief Financial Officer)

Mr. Sanjeev Barnwal (Company Secretary)

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18
Relatives of Key Management Personnel (KMP):

Anna Ittira Davis

Neeraja Murthy Mocherla

Priyanka Barnwal

Directors :

Mr. Banavar Anantharamaiah Prabhakar (Part time Chairman & Independent Director)

Mr. Ittira Davis (Managing Director & CEO)

Mrs. Rajni Anil Mishra (Independent Director)*

Mr. Rajesh Kumar Jogi (Independent Director)**

Mr. Ravichandran Venkataraman (Independent Director)

Mr. Samit Kumar Ghosh (Non-Executive Director)

Ms. Sudha Suresh (Independent Director)

Mr. P N Raghunath (Director)***

Mr. Satyaki Rastogi (Director)****

Ms. Anita Ramachandran (Independent Director)

*Re-appointed as an Independent Director of the Bank at the AGM held on July 28, 2023 for a second term with effect from December 16, 2023 and up to December 15, 2028

**Re-appointed as an Independent Director of the Bank at the AGM held on July 28, 2023 for a second term with effect from March 25, 2024 and up to March 12, 2029.

***Mr. P.N. Raghunath cease to be Director on the Board of the Bank with effect from May 29, 2023.

****Mr. Satyaki Rastogi cease to be Director on the Board of the Bank with effect from July 17, 2023.

Enterprise in which relatives of Director/KMP are members :

Parinaam Foundation

(From August 20, 2021)

Enterprise in which KMP are members :

Ujjivan Welfare and Relief Trust

Ujjivan SFB 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, 2024

(₹ in 000's)

| Items/Related Party | KMP | Relatives of KMP | Directors | Enterprise in which relatives of KMP/Directors are members | Enterprise in which KMP are members | Total |
|--------------------------------------|----------|------------------|-----------|--|-------------------------------------|-----------|
| Deposit* | (20,560) | (6,377) | (42,764) | (105,924) | (9,117) | (184,742) |
| | 17,152 | 1,252 | 40,871 | 96,670 | 8,904 | 164,848 |
| Deposit accepted during the year | 10,930 | 1,035 | 8,342 | 50,900 | 7,000 | 78,207 |
| Deposit repaid during the year | 10,890 | 56 | 2,260 | - | 2,500 | 15,706 |
| Inter Company Transfer - Amount Paid | | | | | 1,683 | 1,683 |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

(₹ in 000's)

| Items/Related Party | KMP | Relatives of KMP | Directors | Enterprise in which relatives of KMP/Directors are members | Enterprise in which KMP are members | Total |
|---|--------|------------------|-----------|--|-------------------------------------|--------|
| Reimbursement of expenses - Amount Paid | | | 44 | | | 44 |
| Bank Contribution to Related parties under CSR/Donation | | | | 25,000 | 1,683 | 26,683 |
| Sitting Fees paid | | | 27,713 | | | 27,713 |
| Interest on Deposits | 1,517 | 265 | 2,418 | 6,310 | 384 | 10,894 |
| Payment of Remuneration ** | 47,400 | | | | | 47,400 |
| Equity dividend | 111 | | 1,774 | | | 1,885 |
| Receiving of services | | | | 6,632 | | 6,632 |

*Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.

**The above Remuneration excludes accrued gratuity and compensated absence provision, since the same is assessed for the bank as a whole.

Transactions with Related Parties for the year ended March 31, 2023

(₹ in 000's)

| 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 |
|---|-----------------|--------------------------|-----------|---|-------------------------------------|-------------|
| Deposit* | (1,732,954) | (19,556) | (48,701) | (100,488) | (6,479) | (1,908,177) |
| | 1,732,954 | 16,960 | 30,894 | 41,033 | 6,479 | 1,828,320 |
| Deposit accepted during the year | 1,697,900 | 10,900 | 3,110 | 40,227 | | 1,752,137 |
| Deposit repaid during the year | 1,047,000 | 1,019 | 1,430 | 57,700 | 650 | 1,107,799 |
| Inter Company Transfer - Amount Paid | | | | | 1,203 | 1,203 |
| Reimbursement of expenses - Amount Received | 1,087 | | | | | 1,087 |
| Reimbursement of expenses - Amount Paid | 209 | | 78 | | | 287 |
| Bank Contribution to Related parties under CSR/Donation | | | | 4,967 | | 4,967 |
| Sitting Fees paid | | | 28,204 | | | 28,204 |
| Interest on Deposits | 79,270 | 696 | 2,325 | 4,093 | 379 | 86,764 |
| Payment of Remuneration ** | | 33,164 | | | | 33,164 |
| Preference dividend | 220,000 | | | | | 220,000 |
| Equity dividend | 1,080,028 | 156 | 2,660 | | | 1,082,844 |
| Receiving of services | | | | 5,093 | | 5,093 |

*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.

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18
Balances with Related Parties for the year

| Particulars | (₹ in 000's) | |
|--|-------------------------|-------------------------|
| | As on March 31, 2024 | As on March 31, 2023 |
| Enterprise in which KMP are members | | |
| Ujjivan Welfare and Relief Trust | (9,117) | (6,479) |
| | 9,117 | 6,479 |
| Outstanding Balance with enterprise in which relative of Key Management Personnel are Members | | |
| Parinaam Foundation | (105,924) | (100,488) |
| | 105,924 | 41,033 |
| Holding Company | | |
| Ujjivan Financial Services limited | - | (1,842,954) |
| | - | 1,842,954 |
| KMP | (20,560) | (19,556) |
| | 17,428 | 16,960 |
| Relatives of KMP | (6,377) | - |
| | 1,259 | - |
| Directors | (42,764) | (48,701) |
| | 42,764 | 30,894 |

Figures in bracket indicates maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter end.

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, 2024 | As on March 31, 2023 |
| i) Not later than one year | 1,089,452 | 863,638 |
| ii) Later than one year but not later than five years | 2,995,889 | 2,828,766 |
| iii) Later than five years | 912,773 | 263,655 |

| Particulars | (₹ in 000's) | |
|--|-------------------------|------------------------------|
| | As on March 31, 2024 | Year ended March 31, 2023 |
| The total of minimum lease payments recognised in the Profit and Loss Account for the year | 1,125,174 | 844,872 |

There are no provisions relating to contingent rent.

25 EARNINGS PER SHARE

The Bank reports basic and diluted earnings per Equity share in accordance with Accounting Standard-20 Earnings Per Share.

| Particulars | (₹ in 000's) | |
|--|-------------------------|------------------------------|
| | As on March 31, 2024 | Year ended March 31, 2023 |
| Profit available to equity share holders (in 000's) - (A) | 12,814,907 | 10,779,217 |
| Weighted average shares outstanding – Basic (Nos. in 000's) - (B)* | 1,927,790 | 1,851,033 |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

| Particulars | (₹ in 000's) | |
|--|-------------------------|------------------------------|
| | As on March 31, 2024 | Year ended March 31, 2023 |
| Weighted average shares outstanding – Diluted (Nos. in 000's) - (C)* | 1,960,647 | 1,853,783 |
| Nominal Value of Equity Shares (₹) | 10 | 10 |
| Earnings per share – Basic (₹) - (A/B) | 6.65 | 5.82 |
| Earnings per share – Diluted (₹) | 6.54 | 5.81 |

*Includes UFSL shares pending allotment pursuant to merger as detailed in Note 18(41).

26 MISCELLANEOUS

26.1 Provisions for taxation during the year:

| Particulars | (₹ in 000's) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2024 | Year ended March 31, 2023 |
| Income Tax | 4,046,838 | 2,920,704 |
| Income Tax - Prior Period | - | - |
| Deferred tax Liability/ (Asset) - (Refer Schedule 18(27)) | 159,910 | 752,455 |
| Total | 4,206,748 | 3,673,159 |

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, 2024 | Year ended March 31, 2023 |
| Opening balance of amounts transferred to DEAF | 12,502 | 2,260 |
| Add: Amounts transferred to DEAF during the year | 652 | 10,242 |
| Less: Amounts reimbursed by DEAF towards claims | 27 | - |
| Closing balance of amounts transferred to DEAF | 13,127 | 12,502 |

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.

The closing balance of the amount transferred to DEA Fund, as disclosed above, are also included under 'Schedule 12 - Contingent Liabilities-Other items for which the bank is contingently liable'

26.3 Fixed Assets

| Particulars | (₹ in 000's) | |
|---|-------------------------|-------------------------|
| | As on March 31, 2024 | As on March 31, 2023 |
| Fixed Assets excluding Computer Software | | |
| Opening balance (cost) | 4,250,640 | 3,639,087 |
| Additions during the year | 1,942,229 | 752,803 |
| Deduction during the year | (418,299) | (141,250) |
| Depreciation to date | (2,898,605) | (2,634,868) |
| Balance at the end of the year | 2,875,965 | 1,615,772 |

The bank has tested for the impairment during the year and there is no requirement for impairment provision for any asset.

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

26.4 Computer Software

The movement in fixed assets capitalised as computer software is given below:

| Particulars | (₹ in 000's) | |
|---------------------------------------|-------------------------|-------------------------|
| | As on March 31, 2024 | As on March 31, 2023 |
| Opening balance (cost) | 2,627,352 | 2,244,405 |
| Additions during the year | 372,187 | 382,946 |
| Deduction during the year | - | - |
| Depreciation to date | (1,926,935) | (1,590,048) |
| Balance at the end of the year | 1,072,603 | 1,037,304 |

26.5 Description of Contingent Liabilities:

| Particulars | (₹ in 000's) | |
|---|-------------------------|-------------------------|
| | As on March 31, 2024 | As on March 31, 2023 |
| i) Claims against the Bank not acknowledged as debt | | |
| - Taxation | 64,044 | 23,026 |
| - Other Legal cases | 2,640 | 2,799 |
| ii) Guarantees given on behalf of Constituents | 304,367 | 202,500 |
| iii) Other items for which the Bank is contingently liable | | |
| - Capital commitments not provided/ others | 1,064,896 | 709,207 |
| - Amount transferred to Depositor Education and Awareness Fund (DEAF) | 13,127 | 12,502 |
| Total | 1,449,074 | 950,034 |

| Contingent liability | Brief description |
|---|--|
| Claims against the Bank not acknowledged as debts - Other legal cases | The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows. |
| Guarantees given on behalf of constituents, acceptances, endorsements and other obligations | As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfil its financial or performance obligations. |
| Other items for which the Bank is contingently liable | These include: a) Capital commitments; b) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF) |

26.6 Disclosure of Letters of Comfort issued by the Bank:

The Bank has not issued any Letter of Comfort during the current and previous year.

26.7 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.

26.8 Other Income/Expenditure:

Income:

Other income includes below incomes exceeding 1% of the total income of the Bank.

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--------------------|--------------------------------------|--------------------------------------|
| Bad Debts Recovery | 1,405,829 | 1,349,948 |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

Expenditure:

Other expenditure includes below expenses exceeding 1% of the total income of the Bank.

(₹ in 000's)

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|-----------------------|--------------------------------------|--------------------------------------|
| Manpower Cost* | 678,181 | 899,414 |
| IT related expenses** | 1,232,499 | 907,717 |
| NFS - Expenses | - | 542,068 |

*Manpower cost includes outsourcing cost and collection agency cost.

**IT related expenses includes Maintenance cost of computer equipment, AMC-Hardware, AMC-Software, Managed IT services and cost for technology and subscription.

26.9 Provision for Long term contracts

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, 2024 and March 31, 2023.

26.10 Credit default Swaps

The Bank has not entered into any credit default swap transactions during the current and previous year.

26.11 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.

26.12 Off balance sheet SPVs sponsored

There are no off-balance sheet SPVs sponsored by the bank as at March 31, 2024, and at March 31, 2023. Refer note 18(36) of the notes to accounts.

26.13 Details of factoring exposure

The factoring exposure of the Bank as at March 31, 2024 and as at March 31, 2023 are Nil.

26.14 Country wise risk exposure

The Bank does not have any country wise Risk Exposure as at March 31, 2024 and as at March 31, 2023.

26.15 Unhedged foreign currency exposure

The Bank does not have any unhedged foreign country exposure as at March 31, 2024 and as at March 31, 2023.

27 DEFERRED TAX

In accordance with Accounting Standard -22 "Accounting for Taxes on Income", the Company has recognised deferred tax (asset)/Liability as detailed below:

As at March 31, 2024

(₹ in 000's)

| Particulars | Deferred Tax (Assets) / Liabilities as at April 01, 2023 of Ujjivan SFB | Deferred Tax (Assets) / Liabilities as at April 01, 2023 of USFL ** | Previous years (credit) / charge | Current year (credit) / charge | Deferred Tax (Assets) / Liabilities As at March 31, 2024 |
|--|---|---|-------------------------------------|-----------------------------------|---|
| Deferred Tax Liability | | | | | |
| Difference between book and tax depreciation | 27,180 | (19) | - | 36,522 | 63,684 |
| Special reserve u/s 36(1)(viii)* | 75,504 | - | - | 41,527 | 117,031 |
| Deferred Tax Asset | - | - | - | - | - |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

(₹ in 000's)

| Particulars | Deferred Tax (Assets) / Liabilities as at April 01, 2023 of Ujjivan SFB | Deferred Tax (Assets) / Liabilities as at April 01, 2023 of USFL ** | Previous years (credit) / charge | Current year (credit) / charge | Deferred Tax (Assets) / Liabilities As at March 31, 2024 |
|---|---|---|----------------------------------|--------------------------------|--|
| Provision for Employee benefits recognised in the financial statements, but to be allowed on payment | (597,834) | (54) | 387,507 | (37,536) | (247,917) |
| Provision for non performing advances/ standard advances recognised in financial statements, but to be allowed on write off | (2,018,220) | - | (125,354) | 148,305 | (1,995,269) |
| On account of unobserved losses and allowance | - | - | - | - | - |
| Others | (183,385) | - | - | (28,908) | (212,292) |
| Net Deferred Tax (Asset) / Liability | (2,696,755) | (73) | 262,153 | 159,910 | (2,274,763) |

* During the year the Bank has created Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961.

**The opening balance of Deferred Tax (Assets) of ₹ 73 pertaining to eUFSL is in pursuance with the scheme of amalgamation as detailed in Note 18(41).

As at March 31, 2023

(₹ in 000's)

| Particulars | Deferred Tax (Assets) / Liabilities as on April 01, 2022 | Current year (credit) / charge | Deferred Tax (Assets) / Liabilities As on March 31, 2023 |
|---|--|--------------------------------|--|
| Deferred Tax Liability | | | |
| Difference between book and tax depreciation | 61,466 | (34,286) | 27,180 |
| Special reserve u/s 36(1)(viii)* | | 75,504 | 75,504 |
| Deferred Tax Asset | | | - |
| Provision for Employee benefits recognised in the financial statements, but to be allowed on payment | (246,824) | (351,010) | (597,834) |
| Provision for non performing advances/ standard advances recognised in financial statements, but to be allowed on write off | (3,036,616) | 1,018,396 | (2,018,220) |
| On account of unobserved losses and allowance | | | - |
| Others | (227,236) | 43,851 | (183,385) |
| Net Deferred Tax (Asset) / Liability | (3,449,210) | 752,455 | (2,696,755) |

* During the year the Bank has created Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961.

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 where four are Independent Directors and one Non-Executive, Non-Independent Director. Mandate of the

Nomination and Remuneration Committee is to oversee the framing, review and implementation of the Bank's Compensation Policy and Nomination & Remuneration Policy for Whole Time Director/Chief Executive Officer/Material Risk Takers and Control Function staff for ensuring effective alignment between remuneration and risks. The Committee also ensures that level and composition of remuneration is reasonable and sufficient,

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Nomination and Remuneration Committee reviews Compensation policy and Nomination & Remuneration Policy of the Bank with a view to attract, retain and motivate employees.

(B) Information relating to the design and structure of remuneration processes and the key features and objectives of Compensation Policy and Nomination & Remuneration Policy

The Compensation Policy and Nomination & Remuneration Policy has been laid out keeping the following perspectives into considerations:

- (a) Our Compensation principles should support us in achieving our mission of providing a full range of financial services to the economically active poor of India who are not adequately served (unserved and underserved) by financial institutions. Therein, this policy should support us to attract and retain talent and skills required to further the organisations 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 the Bank shall comply with applicable labour laws.
- (d) The pay structure should be standardised for a level of employees.
- (e) Elements eligible for tax exemption may be introduced at appropriate levels to enable employees take applicable tax breaks. Amounts related to certain benefits may undergo change due to change in grade/ roles/ function/ state/ region in the organisation.
- (f) The compensation structure shall be easy to understand for all levels of employees.
- (g) The compensation policy is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
- (h) The directors are paid sitting fees as approved by the Board for attending the Board and Board Committee Meetings.

(C) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

- (a) Structurally, the Control functions such as Credit, Risk and Vigilance are independent of the business functions and each other, thereby ensuring independent oversight from various aspects on the business functions.
- (b) The Bank is in the process of comprehensively measuring and reviewing material risks to which Bank is exposed to under IGAAP. The Bank also complies with Basel II requirements.

(D) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

- (a) The compensation policy is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
- (b) The Bank shall, from time to time, benchmark its compensation against identified market participants to define its pay structure and pay levels.
- (c) The merit increments will be finalised and approved by the NHRC year on year, basis organisation's budgets and accomplishments as well as market reality.
- (d) 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.
- (e) Employees rated "Below Expectations" shall not be provided any increments, unless statutorily required.

(E) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

The performance bonus pay-out shall be Annual. Discretion is typically applied related

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for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

to staggered pay-out in case large pay-outs, particularly for functions like Credit and Risk. Bonus is to be prorated for employees who have worked for part of the year at the Bank.

The Bank believes in the philosophy of collective ownership by its employees. Thus, Employee Stock Options of the eUFSL are distributed amongst employees basis their criticality and performance.

Typically, all Stock option schemes at the Bank 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 utilises and the rationale for using these different forms.

Variable Compensation at the Bank has the following distinct forms:

1. Statutory Bonus
2. Performance Pay:
 - a. Performance Bonus
 - b. Monthly Variable Pay
3. Rewards & Recognition

The policy has been laid out keeping the following perspectives into considerations:

The Variable pay structure and amounts shall always conform to applicable Income Tax statutes, Labour Laws, Regulatory Requirements, any other applicable statutes and prevalent market practice.

It is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

Statutory Bonus: Statutory Bonus in India is paid as per Payment of Bonus Act, 1965.

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 the Bank. However, the actual pay-out of performance bonus shall be paid only to employees who have met our performance criteria.

Sales Awards: Employees in the Sales function, directly responsible for revenue generation shall be covered under the Sales Award Scheme if meeting the criteria of the respective scheme. Typically some of the entry level roles and up to two levels of supervision thereof shall be covered by sales awards.

Rewards & Recognition: The Bank shall design schemes and practices from time to time to celebrate employees / departmental / organisational success. These celebrations may include offering tokens of appreciation to employees as defined in specific schemes.

Fairness of application and transparency of communication shall be the hallmark of all such schemes. These will be subject to income tax laws, as applicable. Examples of such schemes may include: Long Service Awards (currently at one, three, five, ten and Fifteen yrs. of completion of service with the Bank), Portfolio Improvement Reward Scheme; Functional R&R Schemes; Organisational 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. The EDGE (Executive Development for Growth and Excellence) programme is aimed at identifying high performers and assessing their potential for future leadership roles at the Bank. A mix of behavioural assessments, blended training & development journey and IDPs are deployed to make the identified individuals (EDGE selects) ready for future leadership roles.

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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), Chief Business Officer, Chief Operating Officer, Chief Credit Officer, Business Head-Micro Banking.

(₹ in 000's)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Number of meetings held by Nomination & Remuneration Committee (NRC) and remuneration paid to its members | 8 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2023 to March 31, 2024. NRC members were paid total sitting fees of ₹ 4,000 for eight meetings. | 6 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2022 to March 31, 2023. NRC members were paid total sitting fees of ₹ 2,400 for six meetings. |
| Number of employees having received a variable remuneration award. | Chief Executive Officer&Managing Director, Business Head-Micro Banking, Chief Operating Officer,Chief Credit Officer, Chief Business Officer. No. of Employees-5 Nos. | Chief Executive Officer&Managing Director, Business Head-Housing Loans, Business Head-Micro Banking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking,TASC&TPP, Head Of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer. No. of Employees 10 |
| Number and total amount of 'sign on' awards | NIL | NIL |
| Details of guaranteed bonus if any paid as sign on bonus. | NIL | NIL |
| Details of severance pay in addition to the accrued benefits. | NIL | NIL |
| Total amount of outstanding deferred remuneration split into cash, shares and share linked instruments and other forms. | Cash : 3,507 Non Cash: Nil Chief Executive Officer&Managing Director, Business Head-Micro Banking, Chief Operating Officer,Chief Credit Officer, Chief Business Officer. | Cash : 1,434 ESOP grants : Nil Chief Executive Officer&Managing Director, Business Head-Housing Loans, Business Head-Micro Banking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking,TASC&TPP, Head Of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer, Chief Financial Officer |
| Total amount of deferred remuneration paid. | Cash : 7,814 Non Cahs: 28,560 ESOP grants : 14,90,021 Shares | Cash- ₹ 8,869 |
| Breakdown of amount of remuneration awards for the financial Period to show fixed and variable, deferred and non-deferred | Fixed gross : ₹ 68,006 * Variable deferred Cash : ₹ 7,814 **Variable non cash(ESOP) : ₹ 28,560 (ESOP No. of Shares 14,90,021 granted) Chief Executive Officer&Managing Director, Business Head-Micro Banking, Chief Banking Officer,Chief Credit Officer, Chief Business Officer. | Fixed gross : ₹ 1,09,441 * Variable deferred Cash : ₹ 8,869 **Variable non cash(ESOP) : ₹ 39,322 (ESOP No. of Shares 19,63,190 granted) Fixed gross of the following employees : 'Chief Executive Officer&Managing Director, Business Head-Housing Loans, Business Head-Micro Banking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking,TASC&TPP, Head Of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer, Chief Financial Officer |

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(₹ in 000's)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---------------------------------------|
| Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments. | Provisioned- Cash : 32,531 Non Cash: 58,405 ESOP grants : 31,28,288 Shares(Approx.) | Variable Provisioned - ₹ 19,137 |
| 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 | 5 | 11 |
| Number of cases where malus has been exercised ³ | Nil | Nil |
| Number of cases where clawback has been exercised ³ | Nil | Nil |
| Number of cases where both malus and clawback have been exercised ³ | Nil | Nil |
| General Quantitative Disclosure ³ | | Nil |
| 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. | ₹ 503.74 (excluding MD & CEO) 34.94 X | ₹ 465 (excluding MD & CEO) 31.55 X |

Note:

* ESOPs of Active MRT's and sign-on grant included. ESOPs are granted not exercised.

** Annual Performance Bonus included as Variable deferred.

*** Excluding ESOPs of Active MRT since it was granted as sign-on grant and bank ESOP additional grant. ESOPs are granted not exercised.

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.

29 DISCLOSURE ON REMUNERATION TO NON-EXECUTIVE DIRECTORS:

The Non-Executive Directors are paid Sitting Fees for attending meetings of the Board and its Committees. As per the board resolution dated June 08, 2022, the sitting fee per director per meeting is as given as below. During the year the Bank has paid sitting fee (inclusive of GST) of ₹ 27,713 (PY. ₹ 28,204).

| Meeting | Revised Sitting Fees per director per meeting |
|--|---|
| Board | ₹ 100,000 |
| 1. Audit Committee | ₹ 100,000 |
| 2. Risk Management Committee | |
| 3. Nomination and Remuneration Committee | |
| 4. IT Strategy Committee | |
| 5. Business Strategy Committee | |
| 6. Meeting of Independent Directors | |

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for the year ended March 31, 2024 (Contd.)

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| Meeting | Revised Sitting Fees per director per meeting |
|--|---|
| 1. CSR Committee | ₹ 75,000 |
| 2. Stakeholders Relationship Committee | |
| 3. Customer Service Committee | |
| 4. Merger and Placement Committee | |
| Other Committees | ₹ 75,000 |

(₹ in 000's)

| Name of Directors | Year ended March 31, 2024 | Year ended March 31, 2023 |
|--------------------------------------|---------------------------|---------------------------|
| Ms. Rajni Mishra | 3,570 | 3761 |
| Mr. Rajesh Kumar Jogi | 4,742 | 4,033 |
| Mr. Banavar Anantharamaiah Prabhakar | 4,905 | 4,769 |
| Mr. Ravichandran Venkataraman | 4,387 | 4,796 |
| Mr. Samit Kumar Ghosh | 4,415 | 4,769 |
| Ms. Sudha Suresh | 3,243 | 3,815 |
| Mr. Satyaki Rastogi (SIDBI)* | 109 | 790 |
| Ms. Anitha Ramchandran ¹ | 2,344 | 1472 |
| Mr. P N Raghunath** | | |
| Total | 27,713 | 28,204 |

* Mr. Satyaki Rastogi ceased to be the Director on Bank's Board w.e.f. July 17, 2023.

** Mr. P N Raghunath ceased to be the Director on Bank's Board w.e.f. May 29, 2023.

- 30** The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 02, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises.

The Bank does not have pending dues to MSME suppliers as on March 31, 2024.

31 CORPORATE SOCIAL RESPONSIBILITY

As per Sec 135 (1) of the Companies Act "Every company having net worth of rupees five hundred Crores or more, or turnover of rupees one thousand Crores or more or a net profit of rupees five Crores or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director". Pursuant to this, Bank has duly constituted a Corporate Social Responsibility Committee.

Further, the section stipulates that the Company should spend, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years and in pursuance of its Corporate Social Responsibility Policy.

Gross amount required to be spent by the Bank during the financial year ended March 31, 2024 is ₹ 61,805 (PY- Nil).

(₹ in 000's)

| Particulars | Year ended March 31, 2024 | | |
|---|---------------------------|----------------|--------|
| | Amount Spent | Amount Unspent | Total |
| (i) Construction/acquisition of any asset | - | - | - |
| (ii) On purpose other than (i) above * | 53,379 | 9,854 | 63,233 |

(₹ in 000's)

| Particulars | Year ended March 31, 2023 | | |
|---|---------------------------|----------------|-------|
| | Amount Spent | Amount Unspent | Total |
| (i) Construction/acquisition of any asset | - | - | - |
| (ii) On purpose other than (i) above | 7,257 | - | 7,257 |

* As per the provisions of Sec 135(5) and (6) of Companies Act 2013, the Bank is required to transfer unspent amount to a separate bank account to be called as 'Unspent CSR account' within a period of 30 days from the end

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SCHEDULE 18

of financial year in case of ongoing project and in other cases, transfer such unspent amount to a fund specified in Schedule VII within a period of 6 months from the end of financial year. Pursuant to this, for the financial year 2023-24, the Bank had transferred unspent CSR amount to a separate Bank Account. The Bank had unspent amount of ₹ 9,854 in Unspent CSR Account, for the financial year 2023-24. The aforementioned amount will be utilised/spent during the financial year 2024-25 towards the ongoing projects as approved by the CSR Committee. The amount of ₹ 53,379 includes ₹ 850 spent by the erstwhile Ujjivan Financial Services Private Limited merged with the Bank pursuant to the scheme of Amalgamation as detailed in Note 18(41).

32 PAYMENTS TO AUDITOR'S (SCHEDULE -16 AUDITOR'S FEES AND EXPENSES)

| Particulars | (₹ in 000's) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2024 | Year ended March 31, 2023 |
| Audit Fees* | 15,533 | 10,355 |
| Tax Audit Fees | 639 | 545 |
| Certification and other attest services | 218 | 1,363 |
| Out-of Pocket Expenses* | 3,199 | 1,823 |
| Total | 19,589 | 14,085 |

*Audit Fees and Out of pocket expenses of ₹ 1,239 and ₹ 7 respectively paid by erstwhile Ujjivan Financials services Limited ,merged with the bank purusant to the scheme of Amalgamtion as detailed in the note. 18(41).

The audit fee for the previous year March 31, 2023 excludes the audit fee paid for QIP related services, amounting to ₹ 3,815, which has been debited to Share Premium account.

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 yearended March 31, 2024, the Bank has granted 29,037,915 options under the ESOP 2019 to eligible employees . Also, during the year ended March 31, 2024, 4,423,928 options has been exercised and 10,658,473 options has been lapsed/cancelled. As on March 31, 2024 there are exercisable options of 25,297,478 which are vested and 77,350,994 options are yet to be vested.The lapsed / cancelled options are added back to the ESOP pool 2019 for future grants.

The vesting period for the options granted under ESOP 2019 is as under:

| Particulars | Options Granted | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--|--------------------|--------|--------|--------|--------|--------|
| ESOP 2019 - Original | 37,000,403 | 20% | 20% | 20% | 20% | 20% |
| ESOP 2019 - Additional | 3,798,697 | 52% | 48% | - | - | - |
| ESOP 2019 - Senior Hire | 304,549 | 20% | 20% | 20% | 20% | 20% |
| ESOP 2019 (Senior Hire) Additional | 199,949 | 20% | 20% | 20% | 20% | 20% |
| ESOP 2019 Additional Grant | 30,157,303 | 15% | 20% | 25% | 40% | |
| ESOP 2019 (Senior Hire) Additional Grant-2 | 166,842 | 20% | 20% | 20% | 20% | 20% |
| ESOP 2019 (Senior Hire) Additional Grant-3 | 115,025 | 20% | 20% | 20% | 20% | 20% |
| ESOP 2019 additional Grant 4 | 80,685 | 15% | 20% | 25% | 40% | |
| ESOP 2019 Senior Hire_6 | 280,511 | 25% | 25% | 25% | 25% | |
| ESOP 2019 _MD_2 | 221,970 | 33% | 33% | 33% | | |
| ESOP 2019 _Additional Grant Jan 2023 | 47,393,431 | 20% | 20% | 30% | 30% | |
| ESOP 2019 Senior Hire _&-2023 | 252,496 | 20% | 20% | 30% | 30% | |
| ESOP 2019 _Additional Grant Oct 2023 | 27,951,816 | 20% | 20% | 30% | 30% | |
| ESOP 2019 _Senior Grant Oct 2023 | 61,348 | 20% | 20% | 30% | 30% | |
| ESOP 2019 _MD Grant Oct 2023 | 1,024,751 | 33% | 33% | 33% | | |
| Total | 149,009,776 | | | | | |

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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 08, 2020 | August 08, 2025 | 35.00 | 17.25 |
| | | August 08, 2019 | August 08, 2021 | August 08, 2026 | 35.00 | 19.31 |
| | | August 08, 2019 | August 08, 2022 | August 08, 2027 | 35.00 | 21.13 |
| | | August 08, 2019 | August 08, 2023 | August 08, 2028 | 35.00 | 22.77 |
| | | August 08, 2019 | August 08, 2024 | August 08, 2029 | 35.00 | 24.24 |
| ESOP 2019 - Additional | 3,798,697 | December 04, 2019 | December 12, 2020 | December 12, 2025 | 35.00 | 17.25 |
| | | December 04, 2019 | December 12, 2021 | December 12, 2026 | 35.00 | 19.31 |
| ESOP 2019 - Senior Hire | 304,549 | November 02, 2020 | November 02, 2021 | November 01, 2026 | 30.75 | 11.78 |
| | | November 02, 2020 | November 02, 2022 | November 01, 2027 | 30.75 | 13.08 |
| | | November 02, 2020 | November 02, 2023 | November 01, 2028 | 30.75 | 14.81 |
| | | November 02, 2020 | November 02, 2024 | November 01, 2029 | 30.75 | 16.03 |
| | | November 02, 2020 | November 02, 2025 | November 01, 2030 | 30.75 | 16.83 |
| ESOP 2019 (Senior Hire) Additional | 199,949 | August 23, 2021 | August 23, 2022 | August 23, 2027 | 19.7 | 7.81 |
| | | August 23, 2021 | August 23, 2023 | August 23, 2028 | 19.7 | 8.52 |
| | | August 23, 2021 | August 23, 2024 | August 23, 2029 | 19.7 | 9.71 |
| | | August 23, 2021 | August 23, 2025 | August 23, 2030 | 19.7 | 10.26 |
| | | August 23, 2021 | August 23, 2026 | August 23, 2031 | 19.7 | 10.91 |
| ESOP 2019 Additional Grant | 30,157,303 | January 08, 2022 | January 08, 2023 | January 08, 2028 | 19.95 | 5.26 |
| | | January 08, 2022 | January 08, 2024 | January 08, 2029 | 19.95 | 7.20 |
| | | January 08, 2022 | January 08, 2025 | January 08, 2030 | 19.95 | 8.90 |
| | | January 08, 2022 | January 08, 2026 | January 08, 2031 | 19.95 | 9.77 |
| ESOP 2019 (Senior Hire) Additional Grant-2 | 166,842 | January 05, 2022 | January 04, 2023 | March 23, 2028 | 19.05 | 7.65 |
| | | January 05, 2022 | January 04, 2024 | March 23, 2029 | 19.05 | 8.29 |
| | | January 05, 2022 | January 04, 2025 | March 23, 2030 | 19.05 | 8.92 |
| | | January 05, 2022 | January 04, 2026 | March 23, 2031 | 19.05 | 9.93 |
| | | January 05, 2022 | January 04, 2027 | March 23, 2032 | 19.05 | 10.50 |
| ESOP 2019 (Senior Hire) Additional Grant-3 | 115,025 | March 23, 2022 | March 23, 2024 | March 23, 2029 | 16.6 | 7.65 |
| | | March 23, 2022 | March 23, 2025 | March 23, 2030 | 16.6 | 8.29 |
| | | March 23, 2022 | March 23, 2026 | March 23, 2031 | 16.6 | 8.92 |
| | | March 23, 2022 | March 23, 2027 | March 23, 2032 | 16.6 | 9.93 |
| | | March 23, 2022 | March 23, 2028 | March 23, 2033 | 16.6 | 10.5 |
| ESOP 2019 additional Grant 4 | 80,685 | June 08, 2022 | June 08, 2023 | June 08, 2028 | 16.7 | 7.65 |
| | | June 08, 2022 | June 08, 2024 | June 08, 2029 | 16.7 | 8.29 |
| | | June 08, 2022 | June 08, 2025 | June 08, 2030 | 16.7 | 8.92 |
| | | June 08, 2022 | June 08, 2026 | June 08, 2031 | 16.7 | 9.93 |
| ESOP 2019 Senior Hire_6 | 280511 | November 18, 2022 | November 18, 2023 | November 18, 2028 | 26.39 | 5.78 |
| | | November 18, 2022 | November 18, 2024 | November 18, 2029 | 26.39 | 6.49 |
| | | November 18, 2022 | November 18, 2025 | November 18, 2030 | 26.39 | 7.29 |
| | | November 18, 2022 | November 18, 2026 | November 18, 2031 | 26.39 | 7.62 |
| ESOP 2019_MD_2 | 221970 | November 18, 2022 | November 18, 2023 | November 18, 2028 | 26.39 | 5.78 |
| | | November 18, 2022 | November 18, 2024 | November 18, 2029 | 26.39 | 6.49 |
| | | November 18, 2022 | November 18, 2025 | November 18, 2030 | 26.39 | 7.29 |
| ESOP 2019_ Additional Grant Jan 2023 | 47393431 | January 27, 2023 | January 27, 2024 | January 27, 2029 | 27.5 | 4.91 |
| | | January 27, 2023 | January 27, 2025 | January 27, 2030 | 27.5 | 6.06 |
| | | January 27, 2023 | January 27, 2026 | January 27, 2031 | 27.5 | 6.72 |
| | | January 27, 2023 | January 27, 2027 | January 27, 2032 | 27.5 | 7.37 |

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| Options Series | Number | Grant Date | Date of Vesting | Expiry Date | Exercise Price | Fair value at Grant Date |
|--------------------------------------|--------------------|-------------------|-------------------|-------------------|----------------|--------------------------|
| ESOP 2019 Senior Hire_ &-2023 | 252496 | February 17, 2023 | February 17, 2024 | February 17, 2029 | 27.5 | 4.91 |
| | | February 17, 2023 | February 17, 2025 | February 17, 2030 | 27.5 | 6.06 |
| | | February 17, 2023 | February 17, 2026 | February 17, 2031 | 27.5 | 6.72 |
| | | February 17, 2023 | February 17, 2027 | February 17, 2032 | 27.5 | 7.37 |
| ESOP 2019_ Additional Grant Oct 2023 | 27951816 | October 09,2023 | October 09,2024 | October 09,2029 | 48.5 | 17.36 |
| | | October 09,2023 | October 09,2025 | October 09,2030 | 48.5 | 19.03 |
| | | October 09,2023 | October 09,2026 | October 09,2031 | 48.5 | 19.15 |
| | | October 09,2023 | October 09,2027 | October 09,2032 | 48.5 | 19.13 |
| ESOP 2019_Senior Grant Oct 2023 | 61348 | October 09,2023 | October 09,2024 | October 09,2029 | 48.5 | 17.36 |
| | | October 09,2023 | October 09,2025 | October 09,2030 | 48.5 | 19.03 |
| | | October 09,2023 | October 09,2026 | October 09,2031 | 48.5 | 19.15 |
| | | October 09,2023 | October 09,2027 | October 09,2032 | 48.5 | 19.13 |
| ESOP 2019_MD Grant Oct 2023 | 1024751 | October 27,2023 | October 27,2024 | October 27,2029 | 51.46 | 11.63 |
| | | October 27,2023 | October 27,2025 | October 27,2030 | 51.46 | 13.79 |
| | | October 27,2023 | October 27,2026 | October 27,2031 | 51.46 | 14.03 |
| Total | 149,009,776 | | | | | |

33(A)(2) Fair value of share options granted in the year

The weighted average fair value of the share options granted during the FY 2022-23 is ₹ 18.56 (PY-₹ 7.80). Options were calculated using Black and Scholes Model. Vested ESOPs can be exercised within five years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date. The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern. Volatility of comparable Banks have been considered for the purposes of valuation.

Inputs considered for calculating options fair value are as follows:

| Particulars | ESOP 2019 | | | | |
|-------------------------|-----------|-----------|-----------|-----------|-----------|
| | Vesting 1 | Vesting 2 | Vesting 3 | Vesting 4 | Vesting 5 |
| Grant date share price | 40.76 | 40.76 | 40.76 | 40.76 | 40.76 |
| Exercise price | 35 | 35 | 35 | 35 | 35 |
| Expected volatility | 40.08% | 40.08% | 40.08% | 40.08% | 40.08% |
| Option life | 3.5 | 4.5 | 5.5 | 6.5 | 7.5 |
| Risk-free interest rate | 5.75% | 5.90% | 6.03% | 6.13% | 6.22% |

| Particulars | ESOP 2019 - Senior Hire | | | | |
|-------------------------|-------------------------|-----------|-----------|-----------|-----------|
| | Vesting 1 | Vesting 2 | Vesting 3 | Vesting 4 | Vesting 5 |
| Grant date share price | 30.75 | 30.75 | 30.75 | 30.75 | 30.75 |
| Exercise price | 30.75 | 30.75 | 30.75 | 30.75 | 30.75 |
| Expected volatility | 43.50% | 41.93% | 43.29% | 43.12% | 41.66% |
| Option life | 3.5 | 4.5 | 5.5 | 6.5 | 7.5 |
| Risk-free interest rate | 5.30% | 5.30% | 5.40% | 5.40% | 5.40% |

| 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% |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

| 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 | 18.95 | 18.95 | 18.95 | 18.95 | 18.95 |
| Exercise price | 19.05 | 19.05 | 19.05 | 19.05 | 19.05 |
| Expected volatility | 46.95% | 43.90% | 41.83% | 43.58% | 42.73% |
| Option life | 3.56 | 4.56 | 5.56 | 6.56 | 7.56 |
| Risk-free interest rate | 5.30% | 5.30% | 5.40% | 5.40% | 5.40% |

| Particulars | ESOP 2019 (Senior Hire) Additional Grant-3 | | | | |
|-------------------------|--|-----------|-----------|-----------|-----------|
| | Vesting 1 | Vesting 2 | Vesting 3 | Vesting 4 | Vesting 5 |
| Grant date share price | 16.55 | 16.55 | 16.55 | 16.55 | 16.55 |
| Exercise price | 16.6 | 16.6 | 16.6 | 16.6 | 16.6 |
| Expected volatility | 46.95% | 43.90% | 41.83% | 43.58% | 42.73% |
| Option life | 3.56 | 4.56 | 5.56 | 6.56 | 7.56 |
| Risk-free interest rate | 5.30% | 5.30% | 5.30% | 5.30% | 5.30% |

| Particulars | ESOP 2019 additional Grant 4 | | | |
|-------------------------|------------------------------|-----------|-----------|-----------|
| | Vesting 1 | Vesting 2 | Vesting 3 | Vesting 4 |
| Grant date share price | 16.7 | 16.7 | 16.7 | 16.7 |
| Exercise price | 16.6 | 16.6 | 16.6 | 16.6 |
| Expected volatility | 46.95% | 43.90% | 41.83% | 43.58% |
| Option life | 3.56 | 4.56 | 5.56 | 6.56 |
| Risk-free interest rate | 5.30% | 5.30% | 5.30% | 5.30% |

| Particulars | ESOP 2019 Senior Hire_6 | | | |
|-------------------------|-------------------------|-----------|-----------|-----------|
| | Vesting 1 | Vesting 2 | Vesting 3 | Vesting 4 |
| Grant date share price | 27.75 | 27.75 | 27.75 | 27.75 |
| Exercise price | 26.39 | 26.39 | 26.39 | 26.39 |
| Expected volatility | 46.58% | 43.53% | 44.95% | 44.98% |
| Option life | 1.34 | 2.34 | 3.34 | 4.34 |
| Risk-free interest rate | 6.61% | 6.87% | 7.03% | 7.13% |

| Particulars | ESOP 2019_MD_2 | | |
|-------------------------|----------------|-----------|-----------|
| | Vesting 1 | Vesting 2 | Vesting 3 |
| Grant date share price | 27.75 | 27.75 | 27.75 |
| Exercise price | 26.39 | 26.39 | 26.39 |
| Expected volatility | 46.58% | 43.53% | 44.95% |
| Option life | 1.34 | 2.34 | 3.34 |
| Risk-free interest rate | 6.61% | 6.87% | 7.03% |

| Particulars | ESOP 2019_Additional Grant Jan 2023 | | | |
|-------------------------|-------------------------------------|-----------|-----------|-----------|
| | Vesting 1 | Vesting 2 | Vesting 3 | Vesting 4 |
| Grant date share price | 27.5 | 27.5 | 27.5 | 27.5 |
| Exercise price | 27.5 | 27.5 | 27.5 | 27.5 |
| Expected volatility | 43.70% | 44.05% | 44.13% | 46.06% |
| Option life | 1.34 | 2.34 | 3.34 | 4.34 |
| Risk-free interest rate | 6.76% | 6.98% | 7.11% | 7.20% |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

| Particulars | ESOP 2019 Senior Hire_ &-2023 | | | |
|-------------------------|-------------------------------|-----------|-----------|-----------|
| | Vesting 1 | Vesting 2 | Vesting 3 | Vesting 4 |
| Grant date share price | 27.5 | 27.5 | 27.5 | 27.5 |
| Exercise price | 27.5 | 27.5 | 27.5 | 27.5 |
| Expected volatility | 43.70% | 44.05% | 44.13% | 46.06% |
| Option life | 1.34 | 2.34 | 3.34 | 4.34 |
| Risk-free interest rate | 6.76% | 6.98% | 7.11% | 7.20% |

| Particulars | ESOP 2019 Additional Grant Oct 2023 | | | |
|-------------------------|-------------------------------------|-----------|-----------|-----------|
| | Vesting 1 | Vesting 2 | Vesting 3 | Vesting 4 |
| Grant date share price | 60.1 | 60.1 | 60.1 | 60.1 |
| Exercise price | 48.5 | 48.5 | 48.5 | 48.5 |
| Expected volatility | 29.63% | 34.14% | 33.36% | 32.41% |
| Option life | 3.5 | 4 | 4.5 | 5 |
| Risk-free interest rate | 7.24% | 7.26% | 7.28% | 7.29% |

| Particulars | ESOP 2019 Senior Grant Oct 2023 | | | |
|-------------------------|---------------------------------|-----------|-----------|-----------|
| | Vesting 1 | Vesting 2 | Vesting 3 | Vesting 4 |
| Grant date share price | 60.1 | 60.1 | 60.1 | 60.1 |
| Exercise price | 48.5 | 48.5 | 48.5 | 48.5 |
| Expected volatility | 29.63% | 34.14% | 33.36% | 32.41% |
| Option life | 3.5 | 4 | 4.5 | 5 |
| Risk-free interest rate | 7.24% | 7.26% | 7.28% | 7.29% |

| Particulars | ESOP 2019 MD Grant Oct 2023 | | |
|-------------------------|-----------------------------|-----------|-----------|
| | Vesting 1 | Vesting 2 | Vesting 3 |
| Grant date share price | 53.3 | 53.3 | 53.3 |
| Exercise price | 51.46 | 51.46 | 51.46 |
| Expected volatility | 26.68% | 34.11% | 33.36% |
| Option life | 3.5 | 4 | 4.5 |
| Risk-free interest rate | 7.27% | 7.28% | 7.29% |

33 (A) (3) Movements in share options issued

During the year ended March 31, 2024

| 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 | 19,806,482 | | 1,887,883 | 1,645,064 | 16,273,535 |
| ESOP 2019 - Senior Hire | 65,166 | | | | 65,166 |
| ESOP 2019 (Senior Hire) Additional | 165,685 | | 15,229 | | 150,456 |
| ESOP 2019 Additional Grant | 20,319,089 | | 1,587,793 | 2,283,544 | 16,447,752 |
| ESOP 2019 (Senior Hire) Additional Grant-2 | 37,787 | | 7,559 | 30,228 | - |
| ESOP 2019 (Senior Hire) Additional Grant-3 | 115,025 | | 15,247 | 76,906 | 22,872 |
| ESOP 2019 additional Grant 4 | 80,685 | | 12,103 | 68,582 | - |
| ESOP 2019 Senior Hire_6 | 280,511 | | 55,361 | 77,511 | 147,639 |
| ESOP 2019 MD_2 | 221,970 | | 73,892 | | 148,078 |
| ESOP 2019 Senior Hire_ &- 2023 | 252,496 | | | 71,563 | 180,933 |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

| 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_Additional Grant Jan 2023 | 47,348,062 | | 768,861 | 5,321,166 | 41,258,035 |
| ESOP 2019_Additional Grant Oct 2023 | | 27,951,816 | | 1,083,909 | 26,867,907 |
| ESOP 2019_Senior Grant Oct 2023 | | 61,348 | | | 61,348 |
| ESOP 2019_MD Grant Oct 2023 | | 1,024,751 | | | 1,024,751 |
| Total | 88,692,958 | 29,037,915 | 4,423,928 | 10,658,473 | 102,648,472 |
| Weighted average exercise price | 27.35 | 48.60 | 27.83 | 28.95 | 33.17 |

During the year ended March 31, 2023

| Particulars (Nos.) | Options granted and outstanding as at beginning of year | Granted during the year | Exercised during the year | Forfeited/ Expired during the year | Option exercisable at the end of the year |
|--|---|-------------------------|---------------------------|------------------------------------|---|
| ESOP 2019 | 23,854,540 | - | - | 4,048,058 | 19,806,482 |
| ESOP 2019 - Senior Hire | 65,166 | - | - | - | 65,166 |
| ESOP 2019 (Senior Hire) Additional | 165,685 | - | - | - | 165,685 |
| ESOP 2019 Additional Grant | 30,128,075 | - | 189,281 | 9,619,705 | 20,319,089 |
| ESOP 2019 (Senior Hire) Additional Grant-2 | 166,842 | - | 12,663 | 116,392 | 37,787 |
| ESOP 2019 (Senior Hire) Additional Grant-3 | 115,025 | - | - | - | 115,025 |
| ESOP 2019 additional Grant 4 | - | 80,685 | - | - | 80,685 |
| ESOP 2019 Senior Hire_6 | - | 280,511 | - | - | 280,511 |
| ESOP 2019_MD_2 | - | 221,970 | - | - | 221,970 |
| ESOP 2019 Senior Hire_&- 2023 | - | 252,496 | - | - | 252,496 |
| ESOP 2019_Additional Grant Jan 2023 | - | 47,393,431 | - | 45,369 | 47,348,062 |
| Total | 54,495,333 | 48,229,093 | 201,944 | 13,829,524 | 88,692,958 |
| Weighted average exercise price | 26.54 | 27.37 | 19.89 | 24.37 | 27.35 |

33 (A) (4) Share options exercised during the year

Out of the ESOP granted till FY March 31, 2024, 44,23,928 options has been exercised during the year(PY- 2,01,944)

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 ₹ 33.17 (PY ₹ 27.35) for ESOP 2019 scheme and a weighted average remaining contractual life of 5.47 Years (PY 6.02 Years).

33 (A) (6) Expense arising from share based payment transaction recognised in Statement of profit or loss as employee benefit expense are as follows:

| Particulars | (₹ in 000's) | |
|--------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2024 | Year ended March 31, 2023 |
| Employee benefit expense | ₹ 1,64,371 | ₹ 91,427 |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

33 (A) (7) Pursuant to the Scheme of Amalgamation (refer note 18(41) for further details), with respect to the stock options granted to eligible employees by the Transferor Company under its ESOP scheme which remains unexercised for 247,118 ESOPs as at March 31, 2024, upon coming into effect of this Scheme, the Bank shall issue stock options to such eligible employees taking into account the share exchange ratio and on the same terms and conditions. Accordingly, the relevant Committee of the Bank on May 13, 2024, has granted 2,866,569 options to such eligible employees under its Bank ESOP Scheme 2019.

The grant price and exercise price of the aforesaid options will be ₹ 33.20 and last date of exercise is June 27, 2024 in accordance to the Scheme of Amalgamation. These options have been appropriately considered for the purpose of calculating diluted earnings per share of the Bank.

34 Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circulars dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) is given below:

(₹ in 000's)

| | (A) | (B) | (C) | (D) | (E) |
|--------------------|---|--|---|---|---|
| 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, 2022 (A) | Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2023 | Of (A) amount written off during the half-year ended March 31, 2024 | Of (A) amount paid by the borrowers during the half-year ended March 31, 2023 | 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, 2024 |
| Personal Loans | 758,311 | 21,401 | 75,083 | 222,694 | 460,534 |
| Corporate persons* | - | - | - | - | - |
| Of which, MSMEs | - | - | - | - | - |
| Others | 2,156,760 | 58,848 | 417,167 | 851,320 | 888,273 |
| Total | 2,915,071 | 80,249 | 492,250 | 1,074,014 | 1,348,807 |

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

35 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. Bank has filed the initial responses to the PF Commissioner and contented that said notice does not have a stand based on definition of basic wages under EPF Act, 1952 and various case laws. However, due to COVID 19 pandemic, the hearing has been adjourned until further notice.

The bank has made a provision during the FY 2021-22 for an amount of ₹ 227,040 as a matter of prudence, which was treated as contingent liability for the FY 2020-21.

The Regional Provident Fund Commissioner (RPFC)-II, Bengaluru, in an inquiry held against the Bank under Section 7A of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, passed an Order dated 09-08-2021 against the Bank, directing the Bank to remit provident fund contribution of INR 227,040,185/- on various allowances paid by the Bank to its employees during the period between February 2017 and March 2019. Against the said Order of the RPFC-II, the Bank preferred an appeal before the Central Government Industrial Tribunal (CGIT). However, since the position of the Presiding Officer in the CGIT is vacant, the Bank filed a writ petition before the Hon'ble High Court of Karnataka. The Hon'ble High Court has disposed of the matter quoting that the Appeal was initially preferred before the CGIT and also said that there will be an order of stay on RPFC-II Order to remit the provident fund amount (i.e., ₹ 227,040,185) till the appeal pending before CGIT is disposed.

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

36 SECURITISATION TRANSACTION

The details of Securitisation deals outstanding as at March 31, 2024 and as at March 31, 2023 as below.

| Particulars | (₹ in 000's) | |
|---|-------------------------|-------------------------|
| | As on March 31, 2024 | As on March 31, 2023 |
| No. of SPEs holding assets for securitisation transactions originated by the originator (only SPV relating to outstanding securitisation exposure to be reported here) | 2 | 3 |
| Total amount of securitised assets as per books of the SPEs sponsored by the Bank | 2,525,883 | 3,737,336 |
| Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet | | |
| Off balance sheet exposures | | |
| a) First loss | | |
| Others | | |
| On-balance sheet exposures | | |
| b) First loss | 252,588 | 325,275 |
| Others | | |
| Amount of exposures to securitisation transactions other than MRR | | |
| Off balance sheet exposures | | |
| Exposure to own securitisations | | |
| i) First loss | | |
| a) Loss | | |
| Exposure to third party securitisations | | |
| ii) First loss | | |
| Others | | |
| On balance sheet exposures | | |
| Exposure to own securitisations | | |
| i) First loss | 75,776 | 196,922 |
| b) Others | | |
| Exposure to third party securitisations | | |
| ii) First loss | | |
| Others | | |
| Sale Consideration received for the securitised assets and gain/loss on sale on account of securitisation | 2,323,812 | 3,414,120 |
| 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) | 679,222 | 1,960,287 |
| c) Outstanding amount | 1,564,631 | 2,228,906 |
| Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e., RMBS, Vehicle loans etc. | 1.27% | 0.49% |
| Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans, etc. | NA | NA |
| Investor complaints | NA | NA |
| (a) Directly/Indirectly received and; | | |
| (b) Complaints outstanding | | |

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18
37 DIVIDEND:

Dividend of ₹ 683,410 has been paid during the financial year ended March 31, 2024 (PY- ₹ 1,685,944.37).

| Particulars | (₹ in 000's) | |
|--------------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2024 | Year ended March 31, 2023 |
| Preference Dividend | - | 220,000 |
| Interim/ Final* Equity Dividend Paid | 683,410 | 1,465,944 |

*The Annual General Meeting for the FY 2022-23 was held on July 28, 2023, declared final dividend for the FY 2022-23 of ₹ 0.5 per share, the same has been paid during the current FY 2023-24.

The amount equity dividend paid includes ₹ 426,000 paid by erstwhile Ujjivan Financial Services Limited, merged pursuant to the scheme of Amalgamation as detailed in Note.18(41).

The Board of Directors as on meeting held on May 18, 2024 proposed equity dividend of ₹ 1.5 per share subject to the approval of the members at the ensuing Annual General Meeting.

38 PAYMENT OF DICGC INSURANCE PREMIUM

| | | (₹ in 000's) | |
|--------|---|------------------------------|------------------------------|
| Sl. No | Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
| i) | Payment of DICGC Insurance premium | 255,341 | 165,248 |
| ii) | Arrears in Payment of Insurance premium | - | - |

39 MARKETING AND DISTRIBUTION

There are no fees/remuneration received in respect of the marketing and distribution function(excluding bancassurance business) undertaken by the bank for current year and previous year.

40 In the normal course of business of banking, the Bank has borrowed funds from certain institutions in refinance of certain advances granted by it or for utilisation for granting advances by it. In like manner, the Bank has advanced monies to certain NBFCs for granting loans by them to their customers. Read with this, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries). The Bank has not received any fund from any party(s) (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

41 The Board of Directors of the Bank and erstwhile Ujjivan Financial Services Limited (UFSL) in their respective meetings held on October 14, 2022, have approved a scheme of amalgamation of UFSL with the Bank in terms of Sections 230 to 232 of the Companies Act, 2013 and other applicable laws including rules and regulations (Scheme). The Scheme was approved by the shareholders at the National Company Law Tribunal("NCLT") convened meeting of the equity shareholders of the Bank held on November 03, 2023. The NCLT, in accordance with Section 230 to 232 of the Companies Act, 2013 and rules thereunder, vide its order dated April 19, 2024, sanctioned the Scheme. Upon receipt of all approvals, the Bank filed form INC 28 (Intimation to ROC) with ROC on April 30, 2024 and accordingly, in terms of provisions of the Scheme, the 'Effective Date' of the Scheme is April 30, 2024. The Appointed Date under the said Scheme as approved by the NCLT is April 01, 2023. The amalgamation has been accounted under the "pooling of interest" method as prescribed in AS-14 "Accounting for Amalgamation". The outstanding balance between the UFSL and the Bank were eliminated as on April 01, 2023. All assets and liabilities of UFSL have been recognised by the Bank at the carrying amounts as on that date except for the

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

adjustments to bring about the uniformity in accounting policies as required under AS-14. The relevant Committee of the Board of the Bank vide its resolution dated May 06, 2024, has approved the allotment of 1,412,702,033 fully paid equity shares of ₹ 10/- each of Bank to the eligible shareholders of the erstwhile UFSL, who were holding equity shares of UFSL as on the Record date i.e., May 03, 2024, as per the share exchange ratio determined in the aforesaid Scheme i.e. 116 equity shares of the face value of ₹ 10/- each of Bank for every 10 equity shares of UFSL. The difference between fresh equity shares to be allotted as aforementioned and share capital of UFSL has been adjusted in the Share Premium Account, as per the terms of the Scheme.

Summarised values of assets and liabilities taken over in accordance with the terms of the Scheme as detailed below:

| Particulars | ₹ (in'000) |
|---|------------|
| Balances with banks and money at call and short notice | 1,706,407 |
| Investments | 16,798,296 |
| Fixed assets | 257 |
| Other assets | 38,514 |
| Total assets (A) | 18,543,474 |
| Reserves and Surplus | 17,314,990 |
| Other liabilities and provisions | 11,703 |
| Total Liabilities, Reserves and surplus (B) | 17,326,693 |
| Net Assets (C=A-B) | 1,216,781 |
| ESOP options exercised during the year | 1,066 |
| Fresh equity share capital to be issued to the shareholders of the UFSL (D) | 14,114,659 |
| Difference adjusted to Share Premium Account (E= D-C) | 12,897,878 |

Pursuant to the effect of the Scheme, the Committee has also taken on record the extinguishment of 1,440,036,800 equity shares and 200,000,000 preference shares of the Bank held by eUFSL.

Consequent to the aforesaid extinguishment of UFSL shares in the Bank and issue of equity shares to the shareholders of UFSL, the paid-up equity capital of the Bank is revised from ₹ 195,913 Lakhs to ₹ 193,180 Lakhs as on the record date. Further, since the preference capital of ₹ 20,000 Lakhs stands extinguished, the issued capital of the Bank is reduced from ₹ 215,913 Lakhs to ₹ 193,180 Lakhs. Furthermore, the authorised share capital of the Bank is ₹ 262,500 Lakhs divided into 2,625,000,000 equity shares of ₹ 10/- each as per terms of the Scheme. As of March 31, 2024, 1,412,702,033 shares are pending allotment. The allotment of the said shares to the entitled shareholders of eUFSL was approved by the Merger & Placement Committee of the Board of the Bank vide its resolution dated May 06, 2024, and the same was intimated to the Exchange on the same day. The allotment has been intimated to the Registrar of Companies on May 15, 2024, by submission of PAS 3 return. The corporate action regarding crediting shares to Demat account of shareholders of eUFSL is in process.

Accordingly, effect of amalgamation as at appointed date is as follows:

| Particulars | ₹ (in'000) |
|--|-------------|
| Addition to share premium account | (1,827,120) |
| Addition to Balance of Profit and Loss Account | 4,401,272 |
| Addition to Statutory Reserves | 1,432,831 |
| Addition to Employees Stock Options and Purchase Outstanding | 110,919 |

43 IMPLEMENTATION OF IFRS CONVERGED INDIAN ACCOUNTING STANDARDS (IND AS)

Reserve Bank of India (RBI) through press release RBI/2018-2019/146 DBR.BP.BC.No.29/21.07.001/2018-19, dated March 22, 2019, updated all Scheduled Commercial Banks that legislative amendments recommended by the RBI are under consideration of the Government of India. Accordingly, RBI had decided to defer the implementation of Ind AS till further notice. Bank is gearing itself to bring the necessary systems in place to facilitate the Proforma submission to RBI. With respect to various instructions from Ministry of Corporate Affairs and Reserve Bank of India (RBI), the actions taken by the Bank are as follows:

Notes to financial statements
for the year ended March 31, 2024 (Contd.)

SCHEDULE 18

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 will continue its preparedness towards adoption of Ind AS as per the regulatory requirement, and liaise with RBI and Industry Bodies on various aspects pertaining to Ind AS implementation.

44 COMPARATIVE FIGURES

Figures of the previous year have been regrouped/ reclassified wherever necessary to confirm to the current year's presentation. The financial information for the year ended March 31, 2024, include the operations of eUFSL for the period from April 01, 2023 to March 31, 2024 and hence not comparable with the corresponding periods of the previous year.

Signature to Notes on Accounts

For B K Ramadhyani & Co LLP
Chartered Accountants
FRN: 002878S/ S200021

For Mukund M Chitale & Co.
Chartered Accountants
FRN:106655W

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Vasuki H S

Partner
MN: 212013

Nilesh RS Joshi

Partner
MN: 114749

Ittira Davis

DIN: 06442816
Managing Director & CEO

B A Prabhakar

DIN: 02101808
Independent Director

Sudha Suresh

DIN: 06480567
Independent Director

Bengaluru
May 18, 2024

M.D.Ramesh Murthy
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

NOTICE

UJJIVAN SMALL FINANCE BANK LIMITED

CIN: L65110KA2016PLC142162

Registered Office: Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala,
Bengaluru – 560 095, Karnataka, India

Email: corporatesecretarial@ujjivan.com Ph. No.: 080 – 40712121

Website: www.ujjivansfb.in

NOTICE FOR CONVENING 8th ANNUAL GENERAL MEETING

Notice is hereby given that the 8th Annual General Meeting ("AGM or Meeting") of Ujjivan Small Finance Bank Limited ("Bank") shall be held on Friday, July 26, 2024 at 03:30 PM, IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

ITEM NO. 1

TO RECEIVE, CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE BANK FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024 AND THE REPORTS OF THE BOARD OF DIRECTORS AND AUDITORS THEREON

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Audited Financial Statements of the Bank for the Financial Year ended March 31, 2024 and the Reports of the Board of Directors and the Auditors thereon as circulated, be and are hereby received, considered and adopted."

ITEM NO. 2

TO DECLARE FINAL DIVIDEND FOR THE FINANCIAL YEAR 2023-24

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT the final dividend of 15% i.e. ₹ 1.5 per equity share as recommended by the Board of Directors of the Bank at its meeting held on May 18, 2024, be and is hereby approved and declared for the year ended March 31, 2024."

ITEM NO. 3

TO APPOINT M/S DELOITTE HASKINS & SELLS, CHARTERED ACCOUNTANTS (FRN 117365W) AND M/S

ABARNA & ANANTHAN, CHARTERED ACCOUNTANTS (FRN 000003S) AS JOINT STATUTORY AUDITORS OF THE BANK AND TO FIX THEIR REMUNERATION

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142, and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and Section 30 and other applicable provisions, if any, of the Banking Regulation Act, 1949 read with the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by the Reserve Bank of India ("RBI") ("RBI Guidelines"), the applicable provisions if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and further to the recommendation of the Audit Committee and Board of Directors ("Board"), and approval of RBI received for the Financial Year 2024-25, M/s Deloitte Haskins & Sells, Chartered Accountants (FRN 117365W) and M/s Abarna & Ananthan, Chartered Accountants (FRN 000003S), who have offered themselves for appointment and have confirmed their eligibility to be appointed as Joint Statutory Auditors, be and are hereby appointed as Joint Statutory Auditors of the Bank for the period of 3 (Three) consecutive financial years until the conclusion of 11th (Eleventh) AGM of the Bank to be held in the Financial Year 2027-28, subject to the approval of RBI on an annual basis from the next financial year and fulfillment of eligibility conditions, on a yearly basis, prescribed under the Companies Act, 2013 and RBI Guidelines and other applicable provisions of Banking Regulation Act, 1949 and applicable circular(s) issued by RBI in this regard from time to time, at such remuneration as may be determined by the Audit Committee and the Board of the Bank from time to time."

“RESOLVED FURTHER THAT the Audit Committee and the Board, be and are hereby authorised to finalise/modify the terms and conditions of appointment and/or remuneration and to avail such other services as may be required from Joint Statutory Auditors from time to time in accordance with the applicable laws.”

“RESOLVED FURTHER THAT the Audit Committee and the Board be and are hereby authorised to do all such acts, deeds, matters and things including the power to settle all questions, difficulties or doubts that may arise with regard to the aforesaid appointment, as it may in its absolute discretion deem fit, including but not limited to the determination of the scope of work, roles and responsibilities of the respective Joint Statutory Auditors, negotiating, finalising, amending, signing, delivering, executing, the terms of appointment including any contracts or documents in this regard, and seeking approval of RBI or any other regulatory / statutory authorities, as may be required, to give effect to this resolution, without seeking any further consent or approval of the Members of the Bank.”

ITEM NO. 4

TO REAPPOINT MR. SAMIT KUMAR GHOSH (DIN: 00185369), WHO RETIRES BY ROTATION AND, BEING ELIGIBLE, SEEKS RE-APPOINTMENT AS A DIRECTOR

To consider and if thought fit, to pass 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 a Director (Non-Executive, Non-Independent) of the Bank who shall be liable to retire by rotation.”

SPECIAL BUSINESS:

ITEM NO. 5

TO APPROVE THE APPOINTMENT OF MR. SANJEEV NAUTIYAL (DIN: 08075972) AS A DIRECTOR (EXECUTIVE) OF THE BANK

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, applicable provisions, if any, of the Banking Regulation Act, 1949, and relevant circulars issued by the Reserve Bank of India (“RBI”), from time to time, applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications

or re-enactments thereof, for the time being in force), the Articles of Association of the Bank, and further to the recommendation of the Nomination and Remuneration Committee and the Board of Directors (“Board”) and in respect of which the Bank has received a notice in writing under Section 160 of the Companies Act, 2013, approval of the Members be and is hereby accorded for the appointment of Mr. Sanjeev Nautiyal (DIN: 08075972) as a Director (Executive) of the Bank for a period of 3 years effective from July 01, 2024 and for which the Bank has received the approval of the Reserve Bank of India (“RBI”), in terms of section 35B of the Banking Regulation Act, 1949, vide its letter dated May 03, 2024 approving his appointment as the Managing Director & Chief Executive Officer of the Bank for the aforesaid tenure commencing from July 01, 2024.”

“RESOLVED FURTHER THAT the Board and the Company Secretary of the Bank be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this resolution.”

ITEM NO. 6

TO APPROVE THE APPOINTMENT AND REMUNERATION OF MR. SANJEEV NAUTIYAL (DIN: 08075972) AS THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER OF THE BANK FOR A PERIOD OF 3 YEARS W.E.F JULY 01, 2024

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 35B and other applicable provisions, if any, of the Banking Regulation Act, 1949 and relevant circulars issued by the Reserve Bank of India (“RBI”), from time to time, applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactments thereof, for the time being in force), the Articles of Association of the Bank, and further to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors (“Board”), and subsequent to the approval of the Reserve Bank of India (“RBI”), in terms of section 35B of the Banking Regulation Act, 1949, vide its letter dated May 03, 2024, approval of the Members be and is hereby accorded for the appointment of Mr. Sanjeev Nautiyal (DIN: 08075972) as the Managing Director and Chief Executive Officer and Key Managerial Personnel of the Bank for a period of 3 years effective from July 01, 2024.

“RESOLVED FURTHER THAT further to the recommendation of the Nomination and Remuneration Committee and the Board and subject to the approval of RBI, the consent of the Members be and is hereby accorded to approve the remuneration, mentioned in the table below or such remuneration as may be approved by RBI, to be paid to Mr. Sanjeev Nautiyal:

Remuneration, other benefits and the performance related bonus:

| Particulars | Remuneration (Per Annum) |
|---|---|
| PART-A: | |
| Fixed Pay (including Perquisites): | |
| 1. Salary | ₹ 8,000,000 |
| 2. Dearness allowance | |
| 3. Retiral/Superannuation benefits: | |
| (a) Provident Fund | ₹ 960,000 |
| (b) Gratuity | ₹ 384,612 |
| 4. Leave Fare Concession/ Allowance (Leave Travel Allowance) | ₹ 800,000 |
| 5. Other fixed allowances | |
| (a) Special Allowance | ₹ 6,560,168 |
| (b) Food Coupon | ₹ 28,800 |
| (c) Telephone Allowance | ₹ 12,000 |
| (d) Vehicle Maintenance | ₹ 39,600 |
| (e) House Rent Allowance | ₹ 3,200,000 |
| 6. Perquisites: | |
| (a) Reimbursement of medical expenses | ₹ 14,820 |
| Total Fixed pay (including perquisites) | ₹ 20,000,000 |
| PART-B: | |
| Variable Pay (Refer Note 1): | |
| For FY/Performance Period (24-25) | |
| 1. Cash component | ₹ 6,600,000 |
| • Upfront payment (with %) | |
| • Deferred payment (with %) | 1 st Year 33.33% |
| | 2 nd Year 33.33% |
| | 3 rd Year 33.34% |
| Total cash component | ₹ 6,600,000 |
| Vesting period (in years) | 3 Years |
| Deferral arrangement | |
| (i) First Year | ₹ 2,200,000 |
| (ii) Second Year | ₹ 2,200,000 |
| (iii) Third Year | ₹ 2,200,000 |
| 2. Non-cash Components | |
| (i) ESOP/ESOS | |
| (a) Number of share/ share-linked instruments | <i>To be determined basis the RBI approval.</i> |
| | <i>Total number of options to be granted 723,709 (Indicative Nos. based on last Black Scholes report)</i> |
| (b) Monetary value | ₹ 13,400,000 |
| (c) Deferral (with %) | 3 Years |
| (d) Vesting schedule details (₹) | <i>To be vested equally in 3 years</i> |
| Total monetary value of non-cash component(s) | ₹ 13,400,000 |
| Total monetary value of Variable Pay (Cash and non-cash components) | ₹ 20,000,000 |
| % of Cash Component in Total Variable Pay | 33% |
| % of Non-cash component in Total Variable Pay | 67% |
| % of Variable Pay to Fixed Pay and % of Variable Pay in Total Compensation (for the same FY/Performance Period) | % of Variable Pay to Fixed Pay: 100% % of Variable Pay in Total Comp: 50% |
| Total Compensation (Fixed Pay + Variable Pay) | ₹ 40,000,000 |

Note 1:

Performance Bonus:

Variable pay will be payable subject to the recommendation of the NRC and Board and only on receipt of prior approval from the RBI which will be as per the applicable HR policies of the Bank and linked to his performance and the performance of the Bank which will further be risk adjusted based on RBI guidelines. Relevant clauses pertaining to Malus and Claw back shall be applicable to this payout.

Note 2:

Mr. Sanjeev Nautiyal will also be eligible for Housing Loan at 4.99% interest rate and Vehicle Finance at 5% interest rate and Personal Loan at 10.5% interest rate, which is applicable for all employees.

"RESOLVED FURTHER THAT the Nomination and Remuneration Committee and/or the Board be and are hereby authorised to alter and vary the terms and conditions of the said appointment and/or remuneration including revision in remuneration on the basis of any direction and only after receipt of prior approval from the RBI and in accordance with and subject to the provisions of applicable laws for the time being in force."

"RESOLVED FURTHER THAT the Nomination and Remuneration Committee and/or the Board be and are hereby authorised to determine the annual salary increments/ revision in the remuneration, perquisites and all other benefits as part of the annual salary review exercise as per the Bank's policies and to be implemented only on receipt of prior approval from the RBI."

"RESOLVED FURTHER THAT the Nomination and Remuneration Committee and/or the Board be and are hereby authorised to determine the performance bonus as per the Bank's Compensation Policy and in terms of the guidelines on compensation of Whole Time Directors/ Chief Executive Officers/ Risk takers and Control function staff, etc., issued by the RBI on November 04, 2019 as may be amended from time to time, or any amendments thereof."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the aforesaid remuneration (subject to annual review from time to time) will be paid to Mr. Sanjeev Nautiyal as minimum remuneration, subject to approvals from the RBI or any other authority."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary for obtaining any approvals, statutory, contractual or otherwise, in relation to the above, and to do all such acts, deeds, matters and things as may be necessary, proper or expedient and to delegate all or any of its powers herein conferred to any Director(s) / Officer(s) of the Bank, to give effect to this resolution."

"RESOLVED FURTHER THAT the Board and the Company Secretary of the Bank be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this resolution."

ITEM NO. 7

TO APPROVE THE APPOINTMENT OF MS. CAROL KRIPANAYANA FURTADO (DIN: 07587305) AS A DIRECTOR (EXECUTIVE) OF THE BANK

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, applicable provisions, if any, of the Banking Regulation Act, 1949, and relevant circulars issued by the Reserve Bank of India ("RBI"), from time to time, applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactments thereof, for the time being in force), the Articles of Association of the Bank, and further to the recommendation of the Nomination and Remuneration Committee and the Board of Directors ("Board") and in respect of which the Bank has received a notice in writing under Section 160 of the Companies Act, 2013, approval of the Members be and is hereby accorded for the appointment of Ms. Carol Kripanayana Furtado (DIN: 07587305) as a Director (Executive) of the Bank for a period of 3 years effective from May 01, 2024 and for which the Bank has received the approval of the Reserve Bank of India ("RBI"), in terms of section 35B of the Banking Regulation Act, 1949, vide its letter dated March 21, 2024 approving her appointment as the Whole Time Director of the Bank for the aforesaid tenure commencing from May 01, 2024."

"RESOLVED FURTHER THAT the Board and the Company Secretary of the Bank be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this resolution."

ITEM NO. 8

TO APPROVE THE APPOINTMENT AND REMUNERATION OF MS. CAROL KRIPANAYANA FURTADO (DIN: 07587305) AS THE WHOLE-TIME DIRECTOR (WTD) OF THE BANK

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with

the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 35B and other applicable provisions, if any, of the Banking Regulation Act, 1949 and relevant circulars issued by the Reserve Bank of India ("RBI"), from time to time, applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactments thereof, for the time being in force), the Articles of Association of the Bank, and further to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors ("Board"), and subsequent to the approval of the Reserve Bank of India ("RBI"), in terms of section 35B of the Banking

Regulation Act, 1949, vide its letter dated March 21, 2024, approval of the Members be and is hereby accorded for the appointment of Ms. Carol Kripanayana Furtado (DIN: 07587305) as the Whole-Time Director (WTD) and Key Managerial Personnel of the Bank for a period of 3 years effective from May 01, 2024."

"**RESOLVED FURTHER THAT** further to the recommendation of the Nomination and Remuneration Committee and the Board and subject to the approval of RBI, the consent of the Members be and is hereby accorded to approve the remuneration, mentioned in the table below or such remuneration as may be approved by RBI, to be paid to Ms. Carol Furtado:

Remuneration, other benefits and the performance related bonus:

| Particulars | Remuneration (Per Annum) |
|--|--------------------------|
| PART-A: | |
| Fixed Pay (including Perquisites): | |
| 1. Salary | ₹ 6,000,000 |
| 2. Dearness allowance | |
| 3. Retiral/Superannuation benefits: | |
| (a) Provident Fund | ₹ 720,000 |
| (b) Gratuity | ₹ 288,456 |
| 4. Leave Fare Concession/ Allowance (Leave Travel Allowance) | ₹ 600,000 |
| 5. Other fixed allowances | |
| (a) Special Allowance | ₹ 4,896,324 |
| (b) Food Coupon | ₹ 28,800 |
| (c) Telephone Allowance | ₹ 12,000 |
| (d) Vehicle Maintenance | ₹ 39,600 |
| (e) House Rent Allowance | ₹ 2,400,000 |
| 6. Perquisites: | |
| (a) Reimbursement of medical expenses | ₹ 14,820 |
| Total Fixed pay (including perquisites) | ₹ 15,000,000 |
| PART-B: | |
| Variable Pay (Refer Note 1): | |
| For FY/Performance Period (24-25) | |
| 1. Cash component | ₹ 4,950,000 |
| • Upfront payment (with %) | |
| • Deferred payment (with %) | 1st Year 33.33% |
| | 2nd Year 33.33% |
| | 3rd Year 33.34% |
| Total cash component | ₹ 4,950,000 |
| Vesting period (in years) | 3 Years |
| Deferral arrangement | |
| (i) First Year | ₹ 1,650,000 |
| (ii) Second Year | ₹ 1,650,000 |
| (iii) Third Year | ₹ 1,650,000 |

| Particulars | Remuneration (Per Annum) |
|---|--|
| 2. Non-cash Components | |
| (i) ESOP/ESOS | |
| (a) Number of share/ share-linked instruments | <i>To be determined basis the RBI approval.</i> <i>Total number of options to be granted 542,781 (Indicative Nos. based on last Black Scholes report)</i> |
| (b) Monetary value | ₹ 10,050,000 |
| (c) Deferral (with %) | 3 Years |
| (d) Vesting schedule details (₹) | <i>To be vested equally in 3 years</i> |
| Total monetary value of non-cash component(s) | ₹ 10,050,000 |
| Total monetary value of Variable Pay (Cash and non-cash components) | ₹ 15,000,000 |
| % of Cash Component in Total Variable Pay | 33% |
| % of Non-cash component in Total Variable Pay | 67% |
| % of Variable Pay to Fixed Pay and % of Variable Pay in Total Compensation (For the same FY/Performance Period) | % of Variable Pay to Fixed Pay: 100% % of Variable Pay in Total Comp: 50% |
| Total Compensation (Fixed Pay + Variable Pay) | ₹ 30,000,000 |

Note 1:

Performance Bonus:

Variable pay will be payable subject to the recommendation of the NRC and Board and only on receipt of prior approval from the RBI which will be as per the applicable HR policies of the Bank and linked to her performance and the performance of the Bank which will further be risk adjusted based on RBI guidelines. Relevant clauses pertaining to Malus and Claw back shall be applicable to this payout.

Note 2:

Ms. Carol Furtado will also be eligible for Housing Loan at 4.99% interest rate and Vehicle Finance at 5% interest rate and Personal Loan at 10.5% interest rate, which is applicable for all employees.

“RESOLVED FURTHER THAT the Nomination and Remuneration Committee and/or the Board be and are hereby authorised to alter and vary the terms and conditions of the said appointment and/or remuneration including revision in remuneration on the basis of any direction and only after receipt of prior approval from the RBI and in accordance with and subject to the provisions of applicable laws for the time being in force.”

“RESOLVED FURTHER THAT the Nomination and Remuneration Committee and/or the Board be and are hereby authorised to determine the annual salary increments/ revision in the remuneration, perquisites and all other benefits as part of the annual salary review exercise as per the Bank’s policies and to be implemented only on receipt of prior approval from the RBI.”

“RESOLVED FURTHER THAT the Nomination and Remuneration Committee and/or the Board be and are hereby authorised to determine the performance bonus

as per the Bank’s Compensation Policy and in terms of the guidelines on compensation of Whole Time Directors/ Chief Executive Officers/ Risk takers and Control function staff, etc., issued by the RBI on November 04, 2019 as may be amended from time to time, or any amendments thereof.”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the aforesaid remuneration (subject to annual review from time to time) will be paid to Ms. Carol Furtado as minimum remuneration, subject to approvals from the RBI or any other authority.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary for obtaining any approvals, statutory, contractual or otherwise, in relation to the above, and to do all such acts, deeds, matters and things as may be necessary, proper or expedient and to delegate all or any of its powers herein conferred to any Director(s) / Officer(s) of the Bank, to give effect to this resolution.”

ITEM NO. 9

TO APPROVE THE REAPPOINTMENT OF MR. BANAVAR ANANTHARAMAIAH PRABHAKAR (DIN: 02101808) AS AN INDEPENDENT DIRECTOR OF THE BANK

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the

Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the rules, circulars and guidelines issued by the Reserve Bank of India from time to time, Mr. Banavar Anantharamaiah Prabhakar (DIN: 02101808), who was appointed at the Fifth Annual General Meeting as an Independent Director of the Bank up to August 19, 2024 and who is eligible for being re-appointed as an Independent Director and in respect of whom the Bank has received a notice in writing proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Bank, not liable to retire by rotation, for a second term of maximum five consecutive years with effect from August 20, 2024 and that with the prior approval of the RBI, be re-appointed as the Part-Time Chairman of the Bank for a second term starting from November 23, 2024 on terms and conditions including tenure as may be determined and approved by the RBI once his existing term as the Part-Time Chairman concludes on November 22, 2024."

"RESOLVED FURTHER THAT Mr. Banavar Anantharamaiah Prabhakar be paid sitting fees, and reimbursed expenses for attending Board and Board Committee meetings, as may be approved by the Nomination & Remuneration Committee and the Board from time to time in accordance with the applicable laws and fixed remuneration, if any, with the prior approval of RBI."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary for obtaining any approvals, statutory, contractual or otherwise, in relation to the above, and to do all such acts, deeds, matters and things as may be necessary, proper or expedient and to delegate all or any of its powers herein conferred to any Director(s) / Officer(s) of the Bank, to give effect to this resolution."

ITEM NO. 10

TO APPROVE THE REAPPOINTMENT OF MR. RAVICHANDRAN VENKATARAMAN (DIN: 02064557) AS AN INDEPENDENT DIRECTOR OF THE BANK

To consider and if thought fit to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the rules, circulars and guidelines

issued by the Reserve Bank of India from time to time, Mr. Ravichandran Venkataraman (DIN: 02064557), who was appointed at the Fifth Annual General Meeting as an Independent Director of the Bank up to August 19, 2024 and who is eligible for being re-appointed as an Independent Director and in respect of whom the Bank has received a notice in writing proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Bank, not liable to retire by rotation, for a second term of five consecutive years with effect from August 20, 2024 and up to August 19, 2029 (both days inclusive)."

"RESOLVED FURTHER THAT Mr. Ravichandran Venkataraman be paid sitting fees, and reimbursed expenses for attending Board and Board Committee meetings, as may be approved by the Nomination & Remuneration Committee and the Board from time to time in accordance with the applicable laws."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be considered necessary and to delegate all or any of its powers herein conferred to any Director(s) / Officer(s) of the Bank, to give effect to this resolution."

ITEM NO. 11

TO APPROVE THE APPOINTMENT OF MS. MONA KACHHWAHA (DIN: 01856801) AS AN INDEPENDENT DIRECTOR OF THE BANK

To consider and if thought fit to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014, Section 10A and other applicable provisions, if any, of the Banking Regulation Act, 1949 and relevant circular(s) issued by the Reserve Bank of India, applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Bank and further to the recommendation of the Nomination and Remuneration Committee and the Board of Directors ("Board"), Ms. Mona Kachhwaha (DIN: 01856801), who is eligible for being appointed as an Independent Director and in respect of whom the Bank has received a notice in writing proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Bank, not liable to retire by rotation, for a term of five consecutive years commencing from May 18, 2024 and up to May 17, 2029 (both days inclusive)."

“RESOLVED FURTHER THAT Ms. Mona Kachhwaha be paid sitting fees, and reimbursed expenses for attending Board and Board Committee meetings, as may be approved by the Nomination & Remuneration Committee and the Board from time to time in accordance with the applicable laws.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be considered necessary and to delegate all or any of its powers herein conferred to any Director(s) / Officer(s) of the Bank, to give effect to this resolution.”

ITEM NO. 12

TO APPROVE THE ALTERATION TO THE ARTICLES OF ASSOCIATION OF THE BANK IN ORDER TO DELETE THE REFERENCE OF PROMOTER THEREFROM AND

**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: May 18, 2024

TO MAKE OTHER SUITABLE REVISIONS PURSUANT TO THE SCHEME OF AMALGAMATION BEING EFFECTIVE

To consider and if thought fit to pass the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 14 and other applicable provisions, if any, of the Companies Act, 2013, approval of the Members of the Bank, be and is hereby accorded to alter the Articles of Association of the Bank in order to delete the reference of promoter therefrom and to make other suitable revisions pursuant to the merger of Ujjivan Financial Services Limited (erstwhile Promoter) with the Bank.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be considered necessary and to delegate all or any of its powers herein conferred to any Director(s) / Officer(s) of the Bank, to give effect to this resolution.”

NOTES:

1. Pursuant to the latest applicable circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold Annual General Meeting ("AGM or Meeting) through Video Conferencing ("VC)/Other Audio-Visual Means ("OAVM"), without the physical presence of members at a common venue. Hence, in compliance with the applicable provisions of the Companies Act, 2013 and rules made thereunder read with the Circulars, the AGM of the Bank is being held through VC/OAVM. The deemed venue for the AGM shall be the Registered Office of the Bank.
2. Final dividend on the equity shares if approved by the members will be payable to those members who hold shares of the Bank as on **Friday, July 12, 2024**. Dividend will be paid within 30 days of the declaration. SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/ CIR/2021/655 dated November 03, 2021 (subsequently amended by Circular Nos. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated December 14, 2021, SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 March 16, 2023 and SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 November 17, 2023) has mandated that with effect from April 01, 2024, dividend to security holders (holding securities in physical form), shall be paid only through electronic mode. Such payment shall be made only after furnishing the PAN, choice of nomination, contact details including mobile number, bank account details and specimen signature. Members are requested to send an email to corporatesecretarial@ujjivan.com with the required documents.
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. However, since the AGM is being held through VC/OAVM, the facility for appointment of proxies by the members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Participation of members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013.
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF/ NRI etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorisation etc. authorising its representative along with attested specimen signature of such representative, to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting or during the AGM. The said Resolution/Authorisation shall be sent to the Scrutiniser by email through its registered email address to cs.skannan@gmail.com /kannans@kannans.in with a copy marked to corporatesecretarial@ujjivan.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'USFB_EVENT No'.
6. The Secretarial Auditor's Certificate under Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and all the applicable registers and other documents referred to in the Notice shall be made available for electronic inspection without any fee to the members from the date of circulation of this Notice up to the date of AGM, i.e. July 26, 2024. 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 2023-24, 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 2023-24 will also be available on the Bank's website at www.ujjivansfb.in, website of the Stock Exchanges, i.e. BSE Ltd. and National Stock Exchange of India Ltd. at www.bseindia.com and www.nseindia.com respectively and on the website of e-voting agency KFin Technologies Ltd. ("KFin Tech or RTA") at voting.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. July 19, 2024.

12. Members can avail the nomination facility in respect of shares held by them in physical form by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the RTA of the Bank and members holding shares in electronic form may contact their Depository Participant for availing this facility.
13. Members of the Bank under the category of 'Institutional Investors' are encouraged to attend and vote at the AGM.
14. An Explanatory Statement for agenda item No. 3 to 12 of this Notice pursuant to Section 102(1) of the Companies Act, 2013, Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard -2 on General Meetings, specified by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs under Section 118(10) of the Companies Act, 2013 is annexed herewith and forms part of this Notice.
15. The resolutions as set out in this Notice are being conducted through e-voting, the said resolutions will not be decided by a show of hands at the AGM.
16. Since the AGM will be held through VC/OAVM, the route map is not attached to this Notice.
17. Those members who have not yet registered their email addresses are requested to get their email addresses registered with their Depository Participant. Please contact your Depository Participant for further assistance in this matter.
18. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the Listed Companies to issue securities in dematerialised form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; etc. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Bank's website at <https://www.ujjivansfb.in/investor-contacts>. It may be noted that any service request can be processed only after the folio is KYC Compliant.
19. **Notes on payment of Dividend and Tax Deducted at Source:**
 - a. In terms of Schedule I of the SEBI (LODR) Regulations, 2015, listed companies are required to use RBI's approved electronic mode of payment such as National Automated

Clearing House (NACH), National Electronic Fund Transfer (NEFT) and Real Time Gross Settlement (RTGS) for making payments like dividend to the members. Accordingly, members holding securities in demat mode are requested to update their bank details with their depository participants. Members holding securities in physical form may send a request for updating their bank details to the Bank's Registrar and Transfer Agent.

- b. Members are requested to note that dividends, if not encashed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Bank, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, all the shares in respect of which dividend has remained unclaimed for 7 consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF. In view of this, Members are requested to claim their dividends from the Bank, within the stipulated timeline.
- c. Pursuant to the Scheme of Amalgamation between Ujjivan Financial Services Limited (UFSL) and Ujjivan Small Finance Bank (USFB) being effective, shares of UFSL that were in the IEPF have been replaced with shares of Ujjivan SFB as per the Share Exchange Ratio. Accordingly, the Members whose unclaimed dividends and/or shares have been transferred to IEPF, may contact the Bank or RTA and submit the required documents for issue of Entitlement Letter. The Members can attach the Entitlement Letter and other required documents and file the IEPF-5 form for claiming the dividend and/or shares available on www.iepf.gov.in.
- d. As you may be aware, in terms of the provisions of the Income-tax Act, 1961, (the "IT Act") as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after April 01, 2020 shall be taxable in the hands of the shareholders. The Bank therefore shall be required to deduct tax at source at the time of the payment of the dividend.
- e. In order for us to determine the appropriate TDS rate, members are requested to submit the documents in accordance to the provisions of the IT Act, as set out hereunder:
 - i. **For resident shareholders:** If PAN is linked with Aadhar and the shareholder is a non-specified person in terms of section 206AB, Tax will be deducted at source under Section 194 of the IT Act @ 10% on the amount of dividend payable unless exempt

under any of the provisions of the IT Act. However, in case of individuals, TDS would not apply, if the aggregate of total dividend distributed to them by the Bank for the FY 2023-24 does not exceed ₹ 5,000.

- ii. Tax at source will not be deducted in cases where a shareholder provides Form 15G (applicable to an individual below the age of sixty years) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met.

Blank Form 15G, 15H, 10F and other documents can also be downloaded from the website of the Bank, at <https://www.ujjivansfb.in/investor-contacts>

Needless to mention, the Permanent Account Number (PAN) will be mandatorily required. Where the PAN is not updated in the Bank/Depository Participant records or in case of an invalid PAN, the Bank will deduct TDS u/s 194 without considering the exemption limit of ₹ 5,000/-.

Members are required to link their Aadhaar number with PAN as required under Section 139AA (2) read with rule 114AAA, before the Record Date. If any PAN is found to have not been linked with Aadhaar within the stipulated timelines, then such PAN shall be deemed inoperative and TDS will be deducted at higher rate under Section 206AA of the Act. The Bank reserves its right to recover any demand raised subsequently on the Bank for not informing or providing wrong information about applicability of Section 206AA.

In order to provide exemption from withholding of tax, the following entities must provide a self-declaration as listed below:

- 1) **Insurance Companies:** A declaration that they are beneficial owners of shares held, copy of relevant registration documents and PAN (self-attested). Documentary evidence (self-attested IRDA registration certificate) that the provisions of section 194 of the Act are not applicable to them and along with a declaration that they are the beneficial owner of the shares.
- 2) **Mutual Funds:** A declaration that they are governed by the provisions of section 10(23D) of the Act along with

copy of registration documents (self-attested) and PAN (self-attested).

- 3) **Alternative Investment Fund (AIF) registered in India:** A declaration that its income is exempt under section 10(23FBA) of the IT Act and they are established as Category I or Category II AIF under the SEBI Regulations. Copy of registration documents (self-attested) and PAN (self-attested) should be provided.

- 4) **Entities covered by Circular 18 of 2017 issued by the Central Board of Direct Tax:** A declaration containing the following along with supporting a document:

We are an entity covered by Circular 18 of 2017 issued by the Central Board of Direct Tax and our income is unconditionally exempt under section 10 of the Income Tax Act, 1961 and we are statutorily not required to file return of income under section 139 of the IT Act.

- 5) **Department of Government:** A declaration containing the following:
 - a. Self-Declaration stating that the shareholder is Corporation established by or under a Central Act which is, under any law for the time being in force exempt from income-tax on its income (giving the details of Act or Law under which it is exempt) - is covered by section 196(iii) of the Act; and
 - i. dividend is payable in respect of securities or shares owned by corporation; or
 - ii. in which corporation has full beneficial interest in shares
 - b. Self-attested copy of PAN Card
 - c. Self-attested copy of certificate of incorporation.

- 6) **NPS Trusts:** Such trusts will need to provide a declaration stating the following along with copy of registration documents and PAN (self-attested);

We qualify as NPS Trust for the purpose of section 197(1E) of the Income Tax Act, 1961 and our income is eligible for exemption under section 10(44) of the Income-tax Act, 1961.

7) Other Non-Individual Share Holder:

Self attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.

Benefit under Rule 37BA: In case where shares are held by Clearing Member/ intermediaries/ stock brokers and TDS is to be applied by the Company in the PAN of the beneficial shareholders, then intermediaries/ stock brokers and beneficial shareholders will have to provide a declaration given in Annexure along with Appendix A.

- iii. **For Non-Resident Shareholders:** Tax is required to be withheld in accordance to the provisions of Section 195 and Section 196D of the IT Act at applicable rates in force. As per the relevant provisions of the IT Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable.

However, as per Section 90 of the IT Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if the same is more beneficial to the shareholder.

For this purpose to avail Tax Treaty Benefits, the non-resident shareholder will have to provide the following:

- a. Self-attested copy of Permanent Account Number (PAN Card), if any, allotted by the Indian income tax authorities;
- b. Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is the resident of for the FY 2023-24;
- c. Self-declaration in Form 10F, if all the details required in the form are not mentioned in the TRC;
- d. Self-declaration by the non-resident shareholder of having no permanent establishment/fixed base in India in accordance with the applicable Tax Treaty;
- e. Self-declaration of beneficial ownership by the non-resident shareholder;

- f. Self -declaration by the non-resident shareholder for eligibility of DTAA rate;

The Bank is not obligated to apply the beneficial DTAA rates at the time of tax deduction/ withholding on dividend payments. Application of beneficial DTAA rate will depend on the completeness and satisfactory review by the Bank of the documents submitted by the non-resident shareholders.

To enable us to determine the appropriate TDS/ withholding tax rate applicable, we request you to provide the above details and documents not later than **July 26, 2024**.

iv. **Dividend will be paid after deducting the tax at source as under:**

- a. For resident individual shareholders who have not linked PAN and Aadhaar, the PAN will be considered as inoperative (Invalid) and higher rate of taxes shall apply and they will not be eligible to submit Form-15G/15H.
- b. NIL for resident shareholders receiving dividend upto ₹ 5,000 or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN is submitted.
- c. Lower/ NIL TDS on submission of self-attested copy of the certificate issued under section 195(3)/ 197 of the Income Tax Act, 1961 in favour of Ujjivan Small Finance Bank.
- d. 10% for resident shareholders receiving dividend in excess of ₹ 5,000 in case PAN is provided/available.
- e. 20% for resident shareholders, if PAN is not provided / not available or Pan is inoperative.
- f. Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
- g. 20% plus applicable surcharge and cess for non-resident shareholders in case the aforementioned documents are not submitted.
- h. **Higher TDS rates for non-filers of Income tax return** - TDS on payment of dividend to Specified Person* shall be subject to higher rates under section 206AB of the Act (with effect from July 01, 2021) for Resident

Shareholders and Non-Resident Shareholders who have Permanent establishment in India:

The rates of TDS under section 206AB shall be higher of the following:

- twice the rate specified in the relevant provision of the Act (i.e. 20%)
- twice the rate or rates in force; or
- the rate of five per cent.

** Specified Person means a person who satisfies both the following conditions:*

- i. has not filed the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under section 139(1) of the Act has expired.
- ii. the aggregate of tax deducted and collected at source exceeds ₹ 50,000 during the immediately preceding financial year.

The Bank would be undertaking verification of the shareholders on the Government enabled online facility and would withhold tax at a higher rate in the case of Specified Person.

It is to be noted that provisions of section 206AB of the Act are applicable to non-resident shareholders who have Permanent Establishment in India. In this regard, non-resident shareholders who fulfil the criteria of Specified Person (as listed above) are requested to intimate by way of a declaration in specified format to the Bank that they don't have a Permanent Establishment in India. For the purpose of this section, the expression 'Permanent Establishment' includes a Fixed Place of business through which the business of the foreign enterprise is wholly or partly carried on in India.

Kindly note that the aforementioned documents should be uploaded with KFin Technologies Ltd., the Registrar and Transfer Agent ("KFintech") at <https://ris.kfintech.com/form15/> or registering self via the KPRSIM application by

following the URL: <https://kprism.kfintech.com/> or emailed to einward.ris@kfintech.com or you can also email the same to corporatesecretarial@ujjivan.com. No communication on the tax determination / deduction shall be entertained after Friday, July 26, 2024.

In the absence of receipt of the above-mentioned documents/details or completeness of the documents, the Bank shall deduct the tax as per the provisions of Income-tax Act. No claim shall be entertained by the Bank for such taxes deducted.

We also request you to register your email IDs and mobile numbers with the Bank or the RTA at the abovementioned emails.

20. Voting through electronic means

1. Remote e-voting and e-voting during the AGM:

- a. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Bank is providing to its members, facility to exercise their right to vote on resolutions proposed to be passed at the AGM by electronic means. Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ("remote e-voting"). The members also have the option to cast their votes during the AGM (e-voting), if not casted earlier through remote e-voting. The Bank has engaged the services of KFin Tech as the agency to provide e-voting facility. The manner of voting remotely by members holding shares in dematerialised mode, physical mode and for members who have not registered their email addresses is provided in the instructions given below.
- b. The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting: 09:00 AM, Monday, July 22, 2024 and **End of remote e-voting** will be 05:00 PM, Thursday, July 25, 2024. 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. Any person, whose name is recorded in the Register of Members or in the Register of beneficial owners (in case of electronic shareholding) maintained by the depositories as on Friday, July 19, 2024 only shall be entitled to avail the facility of remote e-voting. The remote e-voting module shall be disabled by Kfin for voting thereafter. Once the vote on a resolution is cast by the shareholder, he/she/it shall not be allowed to change it subsequently.
 - d. Voting rights of a member / beneficial owner (in case of electronic shareholding) shall be in proportion to their share in the paid-up equity share capital as on the cut-off date, i.e. Friday, July 19, 2024.
 - e. In order to increase the efficiency of the voting process, and pursuant to the SEBI Circular No. SEBI/HO/CFD/ CMD/ CIR/P/2020/242 dated December 09, 2020, the demat account holders, are provided a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders will now be able to cast their vote without having to register again with the E-voting Service Providers (“ESPs”), thereby facilitating seamless authentication and convenience of participating in e-voting process.
 - f. The Board of the Bank has appointed Mr. S Kannan (FCS: 6261; CoP: 13016) of M/s. S Kannan and Associates, Company Secretaries, Firm No. S2017KR473100, as Scrutiniser to scrutinise the remote e-voting and e-voting process during the AGM in a fair and transparent manner and he has communicated his eligibility and willingness to be appointed as Scrutiniser and given his consent for the same and will be available for the said purpose.
 - g. 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, i.e., Friday, July 26, 2024.
 - h. 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 Ltd. and the National Stock Exchange of India Ltd.
- 2. Information and instructions relating to remote e-voting and e-voting:**
- a. The members can join the AGM through VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned herein. The facility to join the Meeting shall be kept open throughout the proceedings of the AGM. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Members (Members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
 - b. The members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on a resolution is casted by a Member, whether partially or otherwise, the Member shall not be allowed to change it subsequently or cast the vote again.
 - c. A member can opt for only single mode of voting per EVENT, 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, July 19, 2024 only shall be entitled to avail the facility of remote e-voting or e-voting. A person who is not a member as

on the cut-off date should treat the Notice for information purpose only.

- e. Any person who becomes member of the Bank after dispatch of the Notice of the Meeting and holding shares as on the cut-off date may obtain the User ID and password from KFin Tech.
- f. The Bank has opted to provide the same electronic voting system during the Meeting, as used during remote e-voting and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by the members holding shares as on the cut-off date who are attending the Meeting and who have not already casted their vote(s) through remote e-voting.
- g. While all efforts would be made to make the VC/ OAVM meeting smooth, participants connecting through mobile devices, tablets, laptops etc. may at times experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.

3. Procedure for Registration of email and Mobile: securities in physical mode

Physical shareholders are hereby notified that based on SEBI Circular number: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37, dated March 16, 2023, all holders of physical securities in listed companies shall register the postal address with PIN for their corresponding folio numbers. It shall be mandatory for the security holders to provide mobile number. We hereby request all such shareholders to furnish their PAN, Nomination, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers.

Moreover, to avail online services, the security holders can register e-mail ID. Holder can register/update the contact details through submitting the requisite ISR 1 form along with the supporting documents.

ISR 1 Form can be obtained by following the link: <https://ris.kfintech.com/clientservices/isc/default.aspx> or <https://www.ujjivansfb.in/investor-contacts>

ISR Form(s) and the supporting documents can be provided by any one of the following modes.

- a) Through 'In Person Verification' (IPV): the authorised person of the RTA shall verify the original documents furnished by the

investor and retain copy(ies) with IPV stamping with date and initials; or

- b) Through hard copies which are self-attested, which can be shared on the address below; or

| Name | KFIN Technologies Ltd. |
|---------|--|
| Address | Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana India - 500 032. |

- c) Through electronic mode with e-sign by following the link: <https://ris.kfintech.com/clientservices/isc/default.aspx#>

Detailed FAQ can be found on the link: <https://ris.kfintech.com/faq.html>

For more information on updating the email and Mobile details for securities held in electronic mode, please reach out to the respective DP(s), where the DEMAT a/c is being held.

4. Login method for remote e-voting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode:

Shareholders other than individual shareholders holding securities in demat mode and shareholders who are holding equity shares of the Bank in physical form, are requested to follow the below instructions for remote e-voting:

- i. Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
- ii. Enter the login credentials as mentioned below:

For Members holding shares in Demat Form :

- a) For NSDL: 8 Character DP ID followed by 8 Digits Client ID
- b) For CDSL: 16 digits beneficiary ID

For Members holding shares in Physical Form:

- a) Event no. i.e. 8096, followed by Folio Number registered with the Company.
- b) Password: If you are already registered for e-Voting, then you can use your existing password to login and cast your vote. If you are using Kfin's e-Voting system for the first time,

you will need to retrieve the 'initial password' communicated to you by e-mail. Shareholders who have not registered their email addresses can follow the steps provided at serial no xiii below to obtain the User ID and password.

- c) Captcha: Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.
- iii. After entering the correct details, click on LOGIN.
- iv. In case you are retrieving and using your 'initial password', you need to enter the 'initial password' and the system will force you to change your password. Once you reach the Password change menu you will be required to mandatorily change your password. The new password shall 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. The system will prompt you to change your password and update any contact details like mobile, e-mail etc. on first login. You may also enter the 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 your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the EVENT i.e. "Ujjivan Small Finance Bank."
- vii. Any person who becomes a member of the Bank after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e., Friday, July 19, 2024, may obtain the User ID and password in the manner as mentioned below:

If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may:

- a) Send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
Example for NSDL:
MYEPWD<SPACE>IN12345612345678
Example for CDSL :
MYEPWD<SPACE>1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890

- b) On the home page of <https://evoting.kfintech.com>, click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password
- viii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN', in which case, the shares held will not be counted under either head.
- ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- x. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- xi. Corporate/institutional members (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutiniser through email at cs.skannan@gmail.com / kannans@kannancs.in and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'BFL_EVENT No.'
- xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.kfintech.com> or contact KFin Technologies Ltd. at 1800 309 4001 (toll free). It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

5. Procedure for Login for E-voting and Attending AGM through VC/OAVM for Individual Shareholders holding securities in Demat mode

In terms of SEBI circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their Demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their Demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in Demat mode is given below:

| | |
|---|---|
| Individual shareholders holding securities in Demat mode with National Securities Depository Ltd. ("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/IdeasDirectReq.jsp. 3. Proceed with completing the required fields <p>C. By visiting the e-Voting website of NSDL:</p> <ol style="list-style-type: none"> 1. Open https://www.evoting.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) Ltd. ("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 | You can also login using the login credentials of your Demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Bank Name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period. |
|--|--|

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 22-23058542-43. |

6. Instructions and Process for participation through VC/OAVM

- i. Members will be able to attend the e-AGM through VC/OAVM or view the live webcast of e-AGM provided by KFin at <https://emeetings.kfintech.com> by using their remote e-voting login credentials and by clicking on the tab "video conference". The link for e-AGM will be available in members login, where the EVENT and the name of the Bank can be selected.
- ii. Members are encouraged to join the meeting through devices (Laptops, Desktops, Mobile devices) with Google Chrome for seamless experience.
- iii. Further, members registered as speakers will be required to allow camera during e-AGM and hence are requested to use internet with a good speed to avoid any disturbance during the meeting.
- iv. Members may join the meeting using headphones for better sound clarity.
- v. While all efforts would be made to make the meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may at times experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.
- vi. Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting the URL <https://emeetings.kfintech.com/> and clicking on

the tab 'Speaker Registration' during the period starting from Tuesday, July 23, 2024, 09:00 AM up to Thursday, July 25, 2024, 05:00 PM. Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM. The Bank reserves the right to restrict the number of speakers depending on the availability of time for the e-AGM. Only questions of the members holding shares as on the cut-off date will be considered.

- vii. A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL <https://emeetings.kfintech.com/>, under the "How It Works" tab placed on top of the page.
- viii. Members who need technical assistance before or during the e-AGM can contact KFin at emeetings@kfintech.com or Helpline: 1800 309 4001.

7. RTA investor support centre

As an ongoing endeavour to enhance Investor experience and leverage new technology, our registrar and transfer agents, KFIN Technologies Ltd. have been continuously developing new applications. Here is a list of applications that has been developed for our investors.

- **Investor Support Centre:** A webpage accessible via any browser enabled system. Investors can use a host of services like Post a Query, Raise a service request, Track the status of their DEMAT and REMAT request, Dividend status, Interest and

Redemption status, Upload exemption forms (TDS), Download all ISR and other related forms. URL: <https://ris.kfintech.com/clientservices/isc>

- **eSign Facility:** Common and simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and Nomination requires that eSign option be provided to Investors for raising service requests. KFIN is the first RTA which has enabled the option and can be accessed via the link below. URL: <https://ris.kfintech.com/clientservices/isr>
- **KYC Status:** Shareholders can access the KYC status of their folio. The webpage has been created to ensure that shareholders have the requisite information regarding

their folios. URL: <https://ris.kfintech.com/clientservices/isc/kycqry.aspx>

- **KPRISM:** A mobile application as well as a webpage which allows users to access Folio details, Interest and Dividend status, FAQs, ISR Forms and full suite of other investor services. URL: <https://kprism.kfintech.com/signin.aspx>
- **WhatsApp:** Modern technology has made it easier to communicate with shareholder across multiple levels. WhatsApp has a wider reach today with majority having a know-how of the application. In order to facilitate the shareholders KFIN has now a dedicated WhatsApp number that can be used for a bouquet of services. WhatsApp Number : (91) 910 009 4099.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND SECRETARIAL STANDARD-2 ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA ('ICSI') AND REGULATION 36 OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ("SEBI LISTING REGULATIONS")

ITEM NO. 3

APPOINTMENT OF JOINT STATUTORY AUDITORS

Background

The members of the Bank, in the 5th Annual General Meeting held on September 27, 2021, had appointed M/s. Mukund M Chitale & Co., Chartered Accountants (FRN: 106655W) and M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants (FRN: 002878S/S200021) as Joint Statutory Auditors of the Bank for the period of 3 (Three) financial years until the conclusion of 8th (Eighth) Annual General Meeting to be held in the financial year 2024-25 and accordingly, their tenure as Joint Statutory Auditors of the Bank concludes in this AGM.

As per the Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by the RBI on April 27, 2021 ("RBI Guidelines"), the entities, with asset size of ₹ 15,000 Crore and above as at the end of the previous year, are mandated to appoint Two Chartered Accountants [Partnership firms/Limited Liability Partnerships (LLPs)] as the Joint Statutory Auditors.

Further, the RBI Guidelines prescribe that 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 has adopted a Policy for Appointment of Statutory Auditors of the Bank ('Policy'). Accordingly, in terms of the RBI Guidelines and the Policy of the Bank, the Bank is required to have two Statutory Auditors to act as the Joint Statutory Auditors.

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 the RBI for the appointment of two Chartered Accountants Firms from the shortlisted list as the Joint Statutory Auditors of the Bank for a continuous period of three years.

RBI, vide its letter dated April 12, 2024, received by the Bank on April 15, 2024, has approved the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants (FRN 117365W) and M/s Abarna & Ananthan, Chartered Accountants (FRN 000003S) as the Joint Statutory Auditors of the Bank for the FY 2024-25, for their first year.

Profile

M/s Deloitte Haskins & Sells, Chartered Accountants (FRN 117365W)

Deloitte Haskins & Sells ("DHS") is registered with the Institute of Chartered Accountants of India ("ICAI") with Registration No. 117365W and is a part of Deloitte Haskins & Sells & Affiliates being the Network of Firms registered with the ICAI. The registered office of DHS is at 19th Floor, Shapath – V, S G Highway, Ahmedabad – 380 015, India. The firm was formed in 1997 and has been engaged in statutory audits of financial statements of banks (including private and foreign banks in India) and other financial institutions for number of years. The Firm holds a valid peer review certificate issued by the Institute of Chartered Accountants of India.

M/s Abarna & Ananthan, Chartered Accountants (FRN 000003S)

M/s Abarna & Ananthan is a firm of Chartered Accountants with over 36 years of professional standing. The firm renders a range of services including assurance engagements, direct and indirect tax Consultancy including litigation, and support services for accounting, compliance and MIS functions. It has clients across various business verticals like Banking, manufacturing, retail, technology, real estate, NBFC, insurance among others. It has extensive experience in the BFSI segment having carried out assurance engagements for several nationalised 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.

Eligibility

The Bank has received all the necessary eligibility declarations from M/s Deloitte Haskins & Sells, Chartered Accountants (FRN 117365W) and M/s Abarna & Ananthan, Chartered Accountants (FRN 000003S) certifying that they meet all the eligibility criteria as envisaged under Section 141 of the Companies Act, 2013 and RBI Guidelines. They have also conveyed their consent to act as Joint Statutory Auditors of the Bank.

Terms of Appointment and Fee/Remuneration

Further to the recommendation of the Audit Committee, the Board has approved the payment of a fee of ₹ 19,840,000 per annum inclusive of applicable taxes and out of pocket expenses for the Financial Year 2024-25.

The fee may be allocated by the Bank between the Joint Statutory Auditors, as may be mutually agreed between

the Bank and the said joint statutory auditors, depending upon their respective scope of work and additional certification fees, out of pocket expenses, outlays and taxes as applicable, with the power to the Board/ Audit Committee to alter and vary the terms of remuneration during the current tenure of joint Statutory Auditors, etc.

Pursuant to Section 142 of the Companies Act, 2013 and RBI Guidelines, the Audit Committee and the Board be authorised to vary/modify/revise including making any upward revisions, if required, and finalise the remuneration payable to Joint Statutory Auditors for conducting statutory audit and other services including but not limited to Tax Audit, Long Form of Audit Report, GST Audit etc., issue of various certificates/certifications as may be required from time to time.

The terms of appointment of Joint Statutory Auditors of the Bank shall be in accordance with the applicable terms and conditions prescribed under the Companies Act, 2013, RBI Guidelines and other applicable laws.

The Audit Committee and the Board be authorised to determinate the scope of work, roles and responsibilities of the respective Joint Statutory Auditors, to modify the terms and condition of appointment and/or remuneration and to avail such other services as may be required from Joint Statutory Auditors from time to time in accordance with the applicable laws with the approval of RBI, if and when required.

Tenure and Interest of Directors/KMPs

The Audit Committee and the Board recommend their appointment as Joint Statutory Auditors of the Bank for the period of 3 (Three) consecutive financial years until the conclusion of 11th (Eleventh) Annual General Meeting of the Bank to be held in the Financial Year 2027-28, subject to approval of RBI on annual basis from next financial year, and fulfillment of eligibility conditions, on a yearly basis, prescribed in the Companies Act, 2013 and RBI Guidelines and other applicable provisions of Banking Regulation Act, 1949 and applicable circular issued by RBI in this regard from time to time.

Since the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants (FRN 117365W) and M/s Abarna & Ananthan, Chartered Accountants (FRN 000003S) as the Joint Statutory Auditors in place of the existing Joint Statutory Auditors, M/s. Mukund M Chitale & Co., Chartered Accountants (FRN: 106655W) and M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants (FRN: 002878S/S200021), is proposed based on the mandate of the RBI Guidelines, no special notice is required under Section 140 (4) of the Companies Act, 2013 for moving resolution no. 3 of this Notice.

The Board recommends the passing of the Resolution at Item No.3 as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Bank or their relatives are concerned or interested in the proposed resolution.

ITEM NO. 4

REAPPOINTMENT OF MR. SAMIT KUMAR GHOSH

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 a 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 a 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 SEBI (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 74 years |
| Date of First Appointment of the Board | July 04, 2016 |
| Brief Resume, Qualification, Experience and Nature of Expertise in specific functional areas | Mr. Samit Kumar Ghosh was 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. His areas of expertise are Banking, Strategic Planning, Payment and Settlement System and Business Management, Risk Management, Micro Finance, Housing and MSE Business. |



| | |
|---|---|
| No. of Board Meetings attended during the financial year ended March 31, 2024 as a Director | Eligible: 9 Attended: 9 |
| Directorships held in Listed Companies | Ujjivan Financial Services Limited (Amalgamated with Ujjivan Small Finance Bank Limited) |
| Listed entities (other than the Bank) in which he holds Committee Membership/ Chairmanship | Ujjivan Financial Services Limited (Amalgamated with Ujjivan Small Finance Bank Limited). Prior to amalgamation, he held memberships in below Committees: <ul style="list-style-type: none"> • Audit Committee • Nomination and Remuneration Committee • Risk Management Committee • IT Strategy Committee |
| Remuneration last drawn during the financial year ended March 31, 2024 | Sitting fees of ₹ 4,050,000 paid for attending the Board and Board Committee Meetings held during the financial year 2023-24 |
| 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 3,965,624 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. 4 as an Ordinary Resolution.

ITEM NO. 5 AND 6

APPOINTMENT OF MR. SANJEEV NAUTIYAL

Background

Pursuant to the approval received from the Reserve Bank of India ("RBI"), in terms of section 35B of the Banking Regulation Act, 1949, vide its letter dated May 03, 2024, for the appointment of Mr. Sanjeev Nautiyal (DIN: 08075972) as the Managing Director and Chief Executive Officer (MD & CEO) of the Bank for a period of 3 years with effective from July 01, 2024. He has also been appointed as a Key Managerial Personnel in terms of Section 203 of the Companies Act, 2013.

The Board in its meeting held on May 18, 2024 based on the recommendation of the Nomination and Remuneration Committee has approved and recommended the appointment of Mr. Sanjeev Nautiyal as the MD & CEO of the Bank to the Members of the Bank for their approval in this 8th Annual General Meeting of the Bank.

Rationale for Appointment

Mr. Sanjeev Nautiyal is a banker with over three decades of extensive strategic domain expertise in Retail, SME, Financial Inclusion, Operations, HR, International Banking, and Treasury. He earlier held significant roles as the Deputy Managing Director, Financial Inclusion & Micro Markets, SBI and MD & CEO, SBI Life Insurance and was an

Independent Director of Life Insurance Corporation. Mr. Nautiyal holds a Bachelor's degree in Arts and a Master's degree in Business Administration. He is also a Certified Associate of the Indian Institute of Bankers.

His rich experience as a strategic retail banker with an all-round experience in both the domestic and international markets and having expertise across the banking spectrum in creating and nurturing strong institutions, with customer at the forefront, made him the natural choice to lead Ujjivan into the future. His endearing leadership skills of innovation, collaboration, and teamwork fits in with the values practiced at the Bank, hence, the Board recommends to the shareholders to approve his appointment as the Managing Director and Chief Executive Officer of the Bank.

Eligibility and Disclosures

Mr. Sanjeev Nautiyal is not disqualified from being appointed as a Managing Director and Chief Executive Officer in terms of Section 164 and Schedule V of the Companies Act, 2013 and other applicable laws. He satisfies all the conditions set out in Part-I of Schedule V to the Companies Act, 2013 and also conditions set out under Section 196(3) of the Companies Act, 2013 for being eligible for this appointment.

Further, he is not debarred from holding the office of director by virtue of any SEBI order or of any other such authority. The Bank has received all the necessary disclosures from him in terms of the Companies Act, 2013 and rules made thereunder, RBI guidelines, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Code of Conduct of the Bank. The Bank has received Notice under Section 160 of the Companies Act, 2013 from him signifying his intention to propose his candidature for the office of Director (Executive) and

Managing Director and Chief Executive Officer. The Nomination and Remuneration Committee and the Board has reviewed his profile and found him 'fit and proper' in terms of RBI's Circular on 'Fit and proper' criteria for directors of banks.

Detailed Profile

Pursuant to Secretarial Standard-2 specified by the ICSI and Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, detailed profile of Mr. Sanjeev Nautiyal is given below:

| | |
|--|---|
| Name of the Director | Mr. Sanjeev Nautiyal |
| DIN | 08075972 |
| Date of Birth and Age | September 16, 1961 62 years |
| Date of First Appointment on the Board | - |
| Brief resume including experience and Expertise in specific functional areas | Mr. Sanjeev Nautiyal is a banker with over three decades of extensive strategic domain expertise in Retail, SME, Financial Inclusion, Operations, HR, International Banking, and Treasury. He earlier held significant roles as a Deputy Managing Director, Financial Inclusion & Micro Markets, SBI and MD & CEO, SBI Life Insurance and was an Independent Director of Life Insurance Corporation. Mr. Nautiyal holds a Bachelor's degree in Arts and a Master's degree in Business Administration. He is also a Certified Associate of the Indian Institute of Bankers. His areas of expertise are Strategic domain expertise in Retail SME, Financial Inclusion, Operations, HR, International Banking, and Treasury. |
| No. of Board Meetings attended during the year as a Director | None |
| Directorships currently held in other Companies and Listed Entities from which the person has resigned in past 3 years | Current Directorships in other Companies: - None Listed Entities and other entities from which the person has resigned in past 3 years: - ROI Net Forex & Remittance Pvt. Ltd. – resigned w.e.f. May 31, 2024 - Life Corporation of India (LIC) – resigned w.e.f. May 31, 2024 |
| Memberships / Chairmanships of Committees in other Companies | Nil |
| Remuneration last drawn | Nil |
| Shareholding in the Bank | Nil |
| Relationship with other Directors and Key Managerial Personnel of the Bank | Nil |
| Terms and conditions of appointment | Managing Director & Chief Executive Officer of the Bank for a period of 3 (three) years with effect from July 01, 2024. |
| Remuneration Sought to be paid | The remuneration details have been provided in the resolution of Item No. 6. Further, the remuneration, perquisites, variable pay and all other benefits payable to him shall remain unchanged. However, he shall be entitled to receive the annual increments/ revision in the remuneration, perquisites, variable pay and all other benefits as may be recommended by the Nomination and Remuneration Committee and approved by the Board subject to the approval and directions of the RBI. Additionally, he would also be eligible for an annual performance bonus as may be determined by the Board/ Nomination and Remuneration Committee as per the Compensation Policy of the Bank and in terms of the guidelines on compensation of Whole Time Directors/ Chief Executive Officers / Risk takers and Control function |

Recommendation and Interest of Directors/KMPs

The Board of the Bank recommends the passing of the Resolution at Item No. 5 and Item No. 6 as Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Bank or their relatives are concerned or interested in the proposed resolutions.

ITEM NO. 7 AND 8

APPOINTMENT OF MS. CAROL KRIPANAYANA FURTADO

Background

The Nomination and Remuneration Committee and Board of Directors ("Board"), in their meetings held on December 22, 2023 and January 11, 2024 respectively, have approved



and recommended to the members the appointment of Ms. Carol Kripanayana Furtado as the Whole-Time Director (WTD) of the Bank.

On the recommendation of the Nomination and Remuneration Committee and the Reserve Bank of India ("RBI"), in terms of section 35B of the Banking Regulation Act, 1949, vide its letter dated March 21, 2024 has approved the appointment of Ms. Carol Kripanayana Furtado (DIN: 07587305) as the Whole-Time Director (WTD) of the Bank for a period of 3 years with effective from May 01, 2024. She has also been appointed as a Key Managerial Personnel in terms of Section 203 of the Companies Act, 2013.

Rationale for Appointment

Ms. Carol Kripanayana Furtado was earlier designated as the Chief Business Officer of Ujjivan Small Finance Bank. She comes with three decades of banking experience in Retail Banking and NBFC domains with expertise in leading Business, Banking operations, Credit, People functions and Service Quality. Ms. Carol is a key member of the leadership team that laid the foundation and built Ujjivan. She was instrumental in the recognition of Ujjivan as a certified great place to work. She has previously worked with the ANZ group, Bank Muscat and Centurion Bank Ltd. In 2009, Ms. Carol was the recipient of the Financial Women's Association award by Women's World Banking in recognition of her demonstrated professional commitment. She is a post graduate 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.

Eligibility and Disclosures

Ms. Carol Kripanayana Furtado is not disqualified from being appointed as a Whole-Time Director in terms of Companies Act, 2013 and other applicable laws. She satisfies all the conditions set out in the Companies Act, 2013 and other applicable laws for being eligible for this appointment.

Further, she is not debarred from holding the office of director by virtue of any SEBI order or of any other such authority. The Bank has received all the necessary disclosures from her in terms of the Companies Act, 2013 and rules made thereunder, RBI guidelines, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Code of Conduct of the Bank. The Bank has received Notice under Section 160 of the Companies Act, 2013 from her signifying her intention to propose her candidature for the office of Whole-Time Director. The Nomination and Remuneration Committee and the Board has reviewed her profile and found her 'fit and proper' in terms of RBI's Circular on 'Fit and proper' criteria for directors of banks.

Detailed Profile

Pursuant to Secretarial Standard-2 specified by the ICSI and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of Ms. Carol Kripanayana Furtado and other information pertaining to her reappointment are given below:

| | |
|---|--|
| Name of the Director | Carol Kripanayana Furtado |
| DIN | 07587305 |
| Date of Birth and age | July 28, 1971 52 years. |
| Date of First Appointment of the Board | May 01, 2024 |
| Brief resume including experience and Expertise in specific functional areas | Ms. Carol Kripanayana Furtado was earlier designated as the Chief Business Officer of Ujjivan Small Finance Bank. She comes with three decades of banking experience in Retail Banking and NBFC domains with expertise in leading Business, Banking operations, Credit, People functions and Service Quality. Ms. Carol is a key member of the leadership team that laid the foundation and built Ujjivan. She was instrumental in the recognition of Ujjivan as a certified great place to work. She has previously worked with the ANZ group, Bank Muscat and Centurion Bank Ltd. In 2009, Ms. Carol was the recipient of the Financial Women's Association award by Women's World Banking in recognition of her demonstrated professional commitment. She is a post graduate 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. Her areas of expertise are Banking, Micro-finance, operations, credit, customer service, human resources. |
| No. of Board Meetings attended during the financial year ended March 31, 2024 as a Director | NIL |
| Directorships held in Listed Companies | NIL |
| Listed entities (other than the Bank) in which she holds Committee Membership/ Chairmanship | NIL |

| | |
|--|---|
| Remuneration last drawn during the financial year ended March 31, 2024 | ₹ 127.70 Lakhs drawn as the Chief Business Officer of the Bank |
| Remuneration sought to be paid | The remuneration details have been provided in the resolution of Item No. 8. The remuneration, perquisites, variable pay and all other benefits payable to her shall remain unchanged. However, she shall be entitled to receive the annual increments/revision in the remuneration, perquisites, variable pay and all other benefits as may be recommended by the Nomination and Remuneration Committee and approved by the Board, subject to the approval and directions of the RBI. Additionally, she would also be eligible for an annual performance bonus as may be determined by the Board/Nomination and Remuneration Committee as per the Compensation Policy of the Bank and in terms of the guidelines on compensation of Whole Time Directors/Chief Executive Officers/Risk takers and Control function staff, etc., issued by the RBI on November 04, 2019 and as amended/as may be amended from time to time, or any amendments thereof. |
| Shareholding in the Bank | Holds 1,285,143 equity shares of the Bank |
| Relationship with other Directors and Key Managerial Personnel of the Bank | NIL |

Recommendation and Interest of Directors/KMPs

Except Ms. Carol Kripanayana Furtado, 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. 7 and Item No. 8 as Ordinary Resolution.

ITEM NO. 9

REAPPOINTMENT OF MR. B.A. PRABHAKAR

Mr. B. A. Prabhakar is an Independent Director of the Bank appointed by the Board of Directors on August 19, 2021 and by members on September 27, 2021 for a period of 3 (three) years.

RBI vide its circular DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 has prescribed that the total tenure of Non-Executive Director, continuously or otherwise, on the board of a bank, shall not exceed 8 (eight) years and after completing eight years on the board of a bank the person may be considered for re-appointment only after a minimum gap of three years.

Accordingly, his first term will be completed on August 19, 2024. The Board in its Meeting held on May 18, 2024, basis the recommendations of the Nomination and Remuneration Committee and based on the performance evaluation, the requirements of the composition of the Board and the areas of expertise prescribed for Directors under the Banking Regulation Act, 1949, has approved his re-appointment as an Independent Director with effect from August 20, 2024 for term of maximum 5 years and has recommended the same to the Members.

Eligibility and Disclosures

Mr. Banavar Anantharamaiah Prabhakar is not disqualified from being appointed/reappointed as a Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as a Director of the Bank. He meets the qualification criteria of an Independent Director as prescribed by Section 149 of the Companies Act, 2013 read with relevant Rules and Regulation 16 (1) (b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with relevant amendments. Further, he is not debarred from holding the office as a Director by virtue of any SEBI order or any other such authority. As per the RBI Guidelines on Corporate Governance in Banks, no Non-Executive Director can serve on the Board after attaining the age of 75 years and Mr. Prabhakar shall attain the age of 75 years on August 04, 2028.

In the opinion of the Board and based on the declarations submitted by him, Mr. Banavar Anantharamaiah Prabhakar is considered a person of integrity, has the necessary knowledge, experience and expertise for being re-appointed as an Independent Director. In terms of Section 160 of the Act, the Bank has received a notice in writing from Mr. Banavar Anantharamaiah Prabhakar proposing his candidature for the office of director on conclusion of his term on August 19, 2024.

Detailed Profile

Pursuant to Secretarial Standard-2 specified by the ICSI and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of Mr. Banavar Anantharamaiah Prabhakar and other information pertaining to his reappointment is given below:

| | |
|--|----------------------------------|
| Name of the Director | Banavar Anantharamaiah Prabhakar |
| DIN | 02101808 |
| Date of Birth and age | August 04, 1953 70 years. |
| Date of First Appointment of the Board | August 20, 2021 |

| | |
|---|--|
| Brief Resume, Qualification, Experience and Nature of Expertise in specific areas | He possesses about 4 decades of rich experience in serving various banks including 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 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. 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. |
| Skills and capabilities required for the role and the manner in which the proposed person meets such requirements | <ul style="list-style-type: none"> • Banking • Accountancy • Finance • Agriculture and Rural economy • Small Scale Industry • Risk Management • Human Resources • Business Management • Credit Recovery & Treasury Management |
| No. of Board Meetings attended during the financial year ended March 31, 2024 as a Director | Eligible: 9 Attended: 9 |
| Directorships held in Listed Companies | Ujjivan Small Finance Bank Limited |
| Listed entities (other than the Bank) in which he holds Committee Membership/ Chairmanship | NIL |
| Remuneration last drawn during the financial year ended March 31, 2024 | Sitting fees of ₹ 4,500,000 paid for attending the Board and Board Committee Meetings held during the financial year 2023-24 |
| 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 | 11,600 |
| Relationship with other Directors and Key Managerial Personnel of the Bank | NIL |

Recommendation and Interest of Directors/KMPs

Except Mr. Banavar Anantharamaiah Prabhakar, 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. 9 as a Special Resolution.

ITEM NO. 10

REAPPOINTMENT OF MR. RAVICHANDRAN VENKATARAMAN

Mr. Ravichandran Venkataraman is an Independent Director of the Bank appointed by the Board of Directors on August 19, 2021 and by members on September 27, 2021 for a period of 3 (three) years.

RBI vide its circular DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 has prescribed that the total tenure of Non-Executive Director, continuously or otherwise, on the board of a bank, shall not exceed 8 (eight) years and after completing eight years on the board of a bank the person may be considered for re-appointment only after a minimum gap of three years.

Accordingly, his first term will be completed on August 19, 2024. The Board in its Meeting held on May 18, 2024, basis the recommendations of the Nomination and Remuneration Committee and based on the performance evaluation, the requirements of the composition of the Board and the areas of expertise prescribed for Directors under the Banking Regulation Act, 1949, has approved his re-appointment as an Independent Director with effect from August 20, 2024 and up to August 19, 2029 (both days inclusive) and has recommended the same to the Members.

Eligibility and Disclosures

Mr. Ravichandran Venkataraman is not disqualified from being appointed/reappointed as a Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as a Director of the Bank. He meets the qualification criteria of an Independent Director as prescribed by Section 149 of the Companies Act, 2013 read with relevant Rules and Regulation 16 (1) (b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with relevant amendments. Further, he is not debarred from holding the office as a director by virtue of any SEBI order or any other such authority.

In the opinion of the Board and based on the declarations submitted by him, Mr. Ravichandran Venkataraman is considered a person of integrity, has the necessary knowledge, experience and expertise for being re-appointed as an Independent Director. In terms of Section 160 of the Act, the Bank has received a notice in writing from Mr. Ravichandran Venkataraman proposing his

candidature for the office of director on conclusion of his term on August 19, 2024.

Detailed Profile

Pursuant to Secretarial Standard-2 specified by the ICSI and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief profile of Mr. Ravichandran Venkataraman and other information pertaining to his reappointment is given below:

| | |
|---|---|
| Name of the Director | Ravichandran Venkataraman |
| DIN | 02064557 |
| Date of Birth and age | March 22, 1962 62 years. |
| Date of First Appointment of the Board | August 20, 2021 |
| Brief Resume, Qualification, Experience and Nature of Expertise in specific areas | Mr. Ravichandran Venkataraman is a global leader with a rich track record spanning more than 3 decades of having worked in India, London and Bahrain and brings a strong business background and has 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. He has passed FCCA and ACMA from the United Kingdom. He has also completed a programme for CFOs with Wharton Business School, USA. |
| Skills and capabilities required for the role and the manner in which the proposed person meets such requirements | <ul style="list-style-type: none"> • Banking • Information Technology • Finance, Accountancy • Business Management |
| No. of Board Meetings attended during the financial year ended March 31, 2024 as a Director | Eligible: 9 Attended: 9 |
| Directorships held in Listed Companies | NIL |
| Listed entities (other than the Bank) in which he holds Committee Membership/ Chairmanship | NIL |
| Remuneration last drawn during the financial year ended March 31, 2024 | Sitting fees of ₹ 4,025,000 paid for attending the Board and Board Committee Meetings held during the financial year 2023-24 |
| Remuneration sought to be paid | Sitting fees as approved by the Board of Directors of the Bank within the limits prescribed under section 197(5) of the Companies Act, 2013 |
| Shareholding in the Bank | NIL |
| Relationship with other Directors and Key Managerial Personnel of the Bank | NIL |

Recommendation and Interest of Directors/KMPs

Except Mr. Ravichandran Venkataraman, 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. 10 as a Special Resolution.

ITEM NO. 11

APPOINTMENT OF MS. MONA KACHHWAHA

Background

The Board of Directors ("Board") of the Bank, on the recommendation of the Nomination and Remuneration Committee, had appointed Ms. Mona Kachhwaha (DIN: 01856801) as an Additional Director (Independent) on the Board of the Bank effective from May 18, 2024 to



hold office up to date of this AGM and recommended her appointment as an Independent Director for a term of 5 years to the members of the Bank.

Rationale for Appointment

Ms. Mona Kachhwaha has over 30 years of experience in banking and impact investing. She has started her career at Citibank, where she worked across various retail asset businesses and led the bank's foray into Inclusive Finance in 2005. She, as an independent director on the Boards of various companies, has played an active role in their governance and shaping their strategies.

She has also served as an Independent Director on the Board of Ujjivan Financial Services Limited (Amalgamated w.e.f. April 30, 2024). Considering her expertise in the Banking Industry, it would be in the interest of the Bank to have her on the Bank's Board.

Eligibility and Disclosures

She meets the criteria of independence as prescribed under Section 149(6) of Companies Act, 2013 read with Rule 5 of Companies (Appointment and Qualifications of Directors), 2014 and Regulation 16(1)(b) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and she is eligible for appointment as an Independent Director of the Bank.

She is not disqualified from being appointed as an Independent Director in terms of Section 164 of the Companies Act, 2013 and other applicable laws. Further, she is not debarred from holding the office of director by virtue of any SEBI order or of any other such authority.

The Bank has received all the necessary disclosures in terms of the Companies Act, 2013 and rules made thereunder, RBI guidelines, SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Code of Conducts of the Bank.

The Nomination and Remuneration Committee and the Board of Directors had reviewed her profile and found her 'fit and proper' in terms of RBI's Circular on 'Fit and proper' criteria for directors of banks and recommend to the Members for her appointment as an Independent Director of the Bank.

The Bank has received Notice under Section 160 of the Companies Act, 2013 from her signifying her intention to propose her candidature for the office of Independent Director.

Detailed Profile

Pursuant to Secretarial Standard-2 specified by the ICSI and Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, detailed profile of Ms. Mona Kachhwaha is given below.

| | |
|---|--|
| Name of Director | Mona Kachhwaha |
| Date of Birth and Age | January 02, 1972 52 years |
| Date of first appointment on the Board | September 22, 2019 |
| Qualifications | MBA: Post Graduate Diploma in Business Management B.A. (Hons) |
| Brief resume including experience and Nature of Expertise in specific areas | She has over 30 years of experience in banking and impact investing. She is a Partner at UC Impower, an early-growth stage equity fund, incubated by Unitus Capital (2020-Present). UC Impower invests in financial inclusion and climate solutions and has a gender-lens on investments. Previously, at Caspian Impact Investment Adviser (2007-2019), she managed the India Financial Inclusion Fund, a growth equity fund focussed on inclusive finance; she was on the credit and investment committees of subsequent funds launched by Caspian. As the nominee on the board of early as well as growth stage companies, and subsequently as an independent director on some boards, she has played an active role in their governance and shaping their strategies. She started her career at Citibank (1994-2007), where she worked across various retail asset businesses and led the bank's foray into Inclusive Finance in 2005. Ms. Mona graduated in Mathematics (Hons.) from Delhi University (1992) and holds an MBA from XLRI, Jamshedpur (1994). She completed an executive program in Private Equity from Said Business School, Oxford University, in 2010 |
| Skills and capabilities required for the role and the manner in which the proposed person meets such requirements | <ul style="list-style-type: none"> • Banking, • Finance, • Micro Finance, • Housing, • Small Scale Industry, • Investments |
| Other Directorship (as on June 30, 2024) | Parinaam Foundation Aptus Value Housing Finance India Ltd. |
| Memberships /chairmanships of committees of the Boards of other companies (as on June 30, 2024) | Aptus Value Housing Finance India Ltd. - Member of the Audit Committee |

| | |
|--|---|
| Relationship with other directors and Key Managerial Personnel of the Bank | None |
| No. of equity shares held in the Bank | Nil |
| No. of Board Meetings attended during the FY 2023-24 | None |
| Terms & Condition of Reappointment | She shall be appointed as an Independent Director of the Bank for a term of 5 (Five) consecutive years commencing from May 18, 2024 and she shall not be liable to retire by rotation. |
| Remuneration Sought to be paid | Sitting fees and reimbursed expenses for attending Board and Board committee meetings as per Article of Association of the Bank and as may be approved by the Board from time to time in accordance with the applicable laws. |
| Remuneration Last drawn during the FY 2023-24 | NIL |

Recommendation and Interest of Directors/KMPs

The Board of the Bank recommends the passing of the Resolution at Item No. 11 as a Special Resolution.

Except Ms. Mona Kachhwaha, none of the Directors or Key Managerial Personnel of the Bank or their relatives are concerned or interested in the proposed resolution.

ITEM NO. 12

TO APPROVE THE ALTERATION TO THE ARTICLES OF ASSOCIATION OF THE BANK IN ORDER TO DELETE THE REFERENCE OF PROMOTER THEREFROM AND TO MAKE OTHER SUITABLE REVISIONS PURSUANT TO THE SCHEME OF AMALGAMATION BEING EFFECTIVE

Pursuant to the Scheme of Amalgamation being effective and cancellation of equity shares held by Ujjivan Financial Services Limited, Transferor Company in the Bank i.e. Transferee Company and issuance and allotment of New Equity Shares, 100% equity shareholding of the Transferee

Company be held by the public shareholders, with no person acting as Promoter' in the Transferee Company, the scheme requires necessary amendments be made to the Articles of Association of the Bank (Transferee Company) and to delete reference of the promoter therefrom appearing at all places in the existing AOA and the clause of promoter dilution requirement and to make other suitable revisions, be carried out with Scheme being effective from April 30, 2024, by obtaining the requisite approvals including approval of the shareholders as required under Section 14 of the Act.

The RBI vide its letter dated June 21, 2024 has taken on record the above proposed changes to the AOA.

The Board recommends the passing of the Resolution at Item No. 12 as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Bank or their relatives are concerned or interested in the proposed resolution.



NOTES

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