

B K Ramadhyani & Co LLP

Chartered Accountants
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Mukund M Chitale & Co.

Chartered Accountants
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Independent Auditors' Review Report on Unaudited Financial Results for the Quarter and Nine Months Ended 31st December, 2022 of Ujjivan Small Finance Bank Limited, pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (as amended)

To,
The Board of Directors
Ujjivan Small Finance Bank Limited
Koramangala
Bengaluru

1. We have reviewed the accompanying statement of unaudited financial results ("the Statement") of **Ujjivan Small Finance Bank Limited** ("the Bank") for the quarter and nine months ended December 31, 2022 being submitted by the Bank pursuant to the requirement of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Bank's management and approved by Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Accounting Standard 25 "Interim Financial Reporting" ("AS 25") prescribed under section 133 of Companies Act, 2013 ("the Act") read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review of quarter and nine months ended Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards of Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited standalone financial results prepared in accordance with applicable accounting standards i.e. Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder or by the Institute of Chartered Accountants of India and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended including the manner in which it is to be disclosed, or that it contains any material



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misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification and provisioning and other related matters.

5. A copy of the unaudited quarter and nine months ended financial results of the Bank for the period under review, which formed the basis of our limited review, duly initiated by us for the purpose of identification is enclosed to this report.

For B K Ramadhyani & Co. LLP
Chartered Accountants
FRN: 002878S/ S200021



Vasuki H S
Partner

Membership No. 212013

UDIN: 23212013BGWLBU6776



Mukund M. Chitale & Co
Chartered Accountants

FRN: 106655W



Nilesh RS Joshi
Partner

Membership No. 114749

UDIN: 23114749BGSUJEX3534



Place: Bengaluru

Date: February 02, 2023

Statement of Unaudited Financial Results for the quarter and nine months ended December 31, 2022

(Rs. in Lakhs)

Sl No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	March 31, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		(Refer Note 3)		(Refer Note 3)			
1	Interest Earned (a)+(b)+(c)+(d)	1,08,162	99,318	70,787	2,98,017	1,99,457	2,81,281
	a) Interest/ discount on advances/ bills	95,665	89,537	64,779	2,67,046	1,81,691	2,57,578
	b) Income on Investments	11,356	8,637	4,602	27,635	13,235	18,514
	c) Interest on balances with Reserve Bank of India and other interbank funds	441	186	1,406	1,094	4,531	5,189
	d) Others	700	958	-	2,242	-	-
2	Other Income (Refer note 8)	13,892	14,665	10,379	41,013	23,250	35,988
3	Total Income (1)+(2)	1,22,054	1,13,983	81,166	3,39,030	2,22,707	3,17,269
4	Interest Expended	38,467	32,994	25,401	1,02,027	76,495	1,03,921
5	Operating Expenses (i)+(ii)	44,695	42,491	40,335	1,29,556	1,06,707	1,49,638
	(i) Employees Cost	22,554	22,043	22,104	66,701	58,570	81,260
	(ii) Other Operating Expenses	22,141	20,448	18,231	62,855	48,137	68,378
6	Total Expenditure (4)+(5) [excluding provisions & contingencies]	83,162	75,485	65,736	2,31,583	1,83,202	2,53,559
7	Operating Profit before Provisions & Contingencies (3)-(6)	38,892	38,498	15,430	1,07,447	39,505	63,710
8	Provisions (other than tax) and Contingencies	(22)	(994)	19,994	1,973	1,11,885	1,18,745
9	Exceptional Items	-	-	-	-	-	-
10	Profit/(Loss) from Ordinary Activities before tax (7)-(8)-(9)	38,914	39,492	(4,564)	1,05,474	(72,380)	(55,035)
11	Tax Expense	9,595	10,063	(1,181)	26,432	(18,269)	(13,577)
12	Net Profit/(Loss) from Ordinary Activities after tax (10)-(11)	29,319	29,429	(3,383)	79,042	(54,111)	(41,458)
13	Extraordinary items (net of tax expense)	-	-	-	-	-	-
14	Net Profit/(Loss) for the period (12)-(13)	29,319	29,429	(3,383)	79,042	(54,111)	(41,458)
15	Paid up equity share capital (Face Value of Rs 10/- each)	1,95,450	1,95,450	1,72,831	1,95,450	1,72,831	1,72,831
16	Reserves excluding revaluation reserves						83,212
17	Analytical Ratios and Other disclosure						
	(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL	NIL	NIL
	(ii) Capital Adequacy Ratio - BASEL II (Refer Note 9)	26.02%	26.70%	19.09%	26.02%	19.09%	18.99%
	(iii) Earnings per share (before and after extraordinary items, net of tax expenses)*						
	Basic EPS (Rs)	1.50	1.59	(0.20)	4.35	(3.13)	(2.40)
	Diluted EPS (Rs)#	1.50	1.59	(0.20)	4.35	(3.13)	(2.40)
	(iv) NPA Ratios						
	(a) Gross NPAs	73,755	92,886	1,61,166	73,755	1,61,166	1,28,408
	(b) Net NPAs	948	732	25,155	948	25,155	9,960
	(c) % of Gross NPAs to Gross Advances	3.64%	5.06%	9.79%	3.64%	9.79%	7.34%
	(d) % of Net NPAs to Net Advances	0.05%	0.04%	1.67%	0.05%	1.67%	0.61%
	(v) Return on assets (average)*	1.04%	1.19%	(0.17)%	3.07%	(2.72)%	(2.04)%

* Figures for the quarters and nine months ended are not annualised

The effect of potential equity shares on EPS is anti - dilutive



UJJIVAN SMALL FINANCE BANK LIMITED							
CIN: L65110KA2016PLC142162							
Registered and Corporate Office: Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru - 560095, Karnataka							
Website: www.ujjivansfb.in Phone: +91 80 4071 2121							
Segment information in accordance with Accounting Standard on Segment Reporting (AS-17) of the operating segment of the Bank is as under: (Rs. in Lakhs)							
Sl No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	March 31, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		(Refer Note 3)		(Refer Note 3)			
1	Segment Revenue						
(a)	Treasury	11,895	10,323	6,043	31,122	22,232	28,213
(b)	Retail Banking	1,07,719	1,01,409	73,170	3,01,236	1,95,064	2,81,588
(c)	Wholesale Banking	2,440	2,251	1,953	6,672	5,411	7,468
(d)	Unallocated	-	-	-	-	-	-
	Less: Inter-segment revenue	-	-	-	-	-	-
	Income From Operations	1,22,054	1,13,983	81,166	3,39,030	2,22,707	3,17,269
2	Segment Results						
(a)	Treasury	1,801	2,438	(4,083)	6,220	6,409	6,990
(b)	Retail Banking	38,903	37,559	(1,321)	1,02,358	(77,921)	(62,292)
(c)	Wholesale Banking	(444)	907	1,557	937	1,561	3,752
(d)	Unallocated	(1,346)	(1,412)	(717)	(4,041)	(2,429)	(3,485)
	Total Profit Before Tax	38,914	39,492	(4,564)	1,05,474	(72,380)	(55,035)
3	Segment Assets						
(a)	Treasury	9,81,641	8,24,585	4,74,692	9,81,641	4,74,692	6,17,666
(b)	Retail Banking	19,31,063	17,28,350	15,11,256	19,31,063	15,11,256	16,17,066
(c)	Wholesale Banking	99,300	92,462	88,025	99,300	88,025	84,361
(d)	Unallocated	34,071	33,113	45,934	34,071	45,934	41,353
	Total Assets	30,46,075	26,78,510	21,19,907	30,46,075	21,19,907	23,60,446
4	Segment Liabilities						
(a)	Treasury	8,50,675	7,08,549	4,14,824	8,50,675	4,14,824	5,44,329
(b)	Retail Banking	16,73,428	14,85,134	13,20,656	16,73,428	13,20,656	14,25,067
(c)	Wholesale Banking	86,052	79,451	76,923	86,052	76,923	74,344
(d)	Unallocated	29,526	28,454	40,141	29,526	40,141	36,443
	Total Liabilities	26,39,681	23,01,588	18,52,544	26,39,681	18,52,544	20,80,183
5	Capital Employed						
(a)	Treasury	1,30,966	1,16,037	59,868	1,30,966	59,868	73,338
(b)	Retail Banking	2,57,635	2,43,215	1,90,600	2,57,635	1,90,600	1,91,999
(c)	Wholesale Banking	13,248	13,012	11,102	13,248	11,102	10,016
(d)	Unallocated	4,545	4,658	5,793	4,545	5,793	4,910
	Total	4,06,394	3,76,922	2,67,363	4,06,394	2,67,363	2,80,263

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/loss from sale/purchase of Priority Sector Lending Certificates ("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 comprises of interest expense on deposits & borrowings, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

C) 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.



Notes :

- 1) The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on February 02, 2023. The financial results for the quarter and nine months ended December 31, 2022, have been subjected to "Limited Review" by the statutory auditors (B. K. Ramadhyani & Co LLP, Chartered Accountants and Mukund M Chitale & Co, Chartered Accountants) of the Bank. An unqualified report has been issued by them thereon.
- 2) The above financial results have been prepared in accordance with the Banking Regulation Act, 1949, generally accepted accounting principles in India, including Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder, Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended, and the guidelines issued by the Reserve Bank of India ('RBI'). The Bank has consistently applied its significant accounting policies in the preparation of these financial results that are consistent with those followed in the annual financial statements for the year ended March 31, 2022.
- 3) The figures for the quarter ended December 31, 2022 and December 31, 2021 are the balancing figures between reviewed nine month ended figures and published year to date reviewed figures for the half year ended September 30, 2022 and September 30, 2021 respectively.
- 4) During the nine months ended December 31, 2022, the Bank has raised capital of Rs 475 crores through Qualified Institutional Placement (QIP) by issuing 22,61,90,476 equity shares of Rs 10/-each at premium of Rs 11/-each. These equity shares of the Bank were listed on September 19, 2022 on National Stock Exchange (NSE) and BSE Limited. The expenses incurred on the issue of these equity shares have been debited to share premium in accordance with the provisions of the Companies Act, 2013.
- 5) During the nine months ended December 31, 2022, the Bank has raised a debt of Rs 300 crore by issuing 30,000 subordinated, unlisted, unsecured, transferable, fully paid debentures having face value of Rs. 1,00,000/- each on August 26, 2022 for a tenure of 5 years 8 months and with a coupon rate of 11.95%.
- 6) The figures for the quarter ended December 31, 2022 and December 31, 2021 are the balancing figures between reviewed nine months ended figures and published year to date reviewed figures for the half year ended September 30, 2022 and September 30, 2021 respectively.
- 7) As at December 31, 2022, 2,91,66,772 options have been lapsed, 1,26,22,458 options vested and are yet to be exercised and balance 3,04,74,737 options remains unvested out of the total options granted under the approved Employee Stock Option Plan (ESOP) 2019.
- 8) Other income includes fees earned from providing services to customers, income from commission, exchange and brokerage, processing fees, selling of third party products, profit on sale of investments, PSLC fee income and recoveries from accounts previously written off. Recoveries from written off accounts, which was hitherto included as credit to provisions and contingencies have been reclassified as part of other income. There is no impact of this change on the net profit/loss of the current or earlier periods. The change has been effected from quarter ended September 30, 2022 and accordingly comparative figures have been regrouped.
- 9) The Capital Adequacy Ratio ("CAR") has been computed as per RBI Circular No. RBI/2016-17/81 DBR.NBD.No. 26/16.13.218/2016-17 dated October 06, 2016 on 'Operating Guidelines for Small Finance Banks'. The Bank has followed BASEL II standardized approach for credit risk in accordance with the aforesaid guidelines. Further, the RBI vide its Circular No. DBR.NBD.No.4502/16.13.218/2017-18 dated November 08, 2017 has provided an exemption to all Small Finance Banks whereby no separate capital charge is prescribed for market risk and operational risk.
- 10) As at December 31, 2022, the Bank carries a floating provision of Rs. 250 crore. Of which, Rs. 150 crore is used for calculation of net NPA and provision coverage ratio and remaining Rs. 100 crore is disclosed as other liabilities. Out of Rs.100 crore, Rs. 30 crore is used for calculation of Tier II capital and Rs. 70 crore 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. Had Rs. 70 crores been utilised for calculation of Net NPA and provision coverage ratio, the same would have gone below 0% and above 100% respectively.
- 11) The COVID-19 , a global pandemic has affected the world economy over the last two years. The extent to which, any possible new wave of COVID-19 will impact the Bank's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.



- 12) Details of loans transferred / acquired during the quarter ended December 31, 2022 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:
- (i) The Bank has not transferred any non-performing assets (NPAs).
 - (ii) The Bank has not transferred any Special Mention Account (SMA) and loan not in default.
 - (iii) The Bank has not acquired any loans through assignment.
 - (iv) The Bank has not acquired any stressed loan.
- 13) 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.
- 14) During the nine months ended December 31, 2022 the Bank has assigned standard advances to Special Purpose Entities (SPEs) as a Securitisation transaction for an aggregate amount of Rs. 12,114 Lakhs. Further the Bank has entered into Direct assignment of standard advances of Rs. 12,240 Lakhs and also entered in to IBPC transaction of Rs.2,18,339 Lakhs. Further, the outstanding amount of IBPC as on December 31, 2022 is Rs. 1,26,639 Lakhs.
- 15) The Board of Directors of the Bank and Ujjivan Financial Services Limited (UFSL), the Holding Company, have approved a draft scheme of amalgamation of the latter with the former in terms of Sections 230 to 232 of the Companies Act, 2013, on October 14, 2021. The appointed date under the said scheme is April 1, 2023 or such other date as may be approved by the NCLT. The amalgamation is subject to the provisions of the said scheme document and receipt of the relevant regulatory and statutory approvals.
- 16) Figures of the previous periods/year have been regrouped / reclassified, wherever considered necessary to conform to the current period's /year's presentation.



Bengaluru
February 02, 2023



By order of the Board
For Ujjivan Small Finance Bank Limited



Ittira Davis
Managing Director & CEO
DIN: 06442816