

USFB/CS/SE/2020-21/73

Date: February 03, 2021

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: Outcome of the meeting of Board of Directors-Approval of Unaudited Financial Results for the quarter and nine months ended December 31, 2020

Further to our letter bearing reference number USFB/CS/SE/2020-21/70 dated January 27, 2021 and pursuant to Regulation 30 and 33 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that further to the review by the Audit Committee, the Board of Directors of the Bank, at their meeting held on Wednesday, February 03, 2021, has considered and approved, *inter alia*, Unaudited Financial Results of the Bank for the quarter and nine months ended December 31, 2020 and took note of the Limited Review Report thereon issued by the statutory auditors of the Bank, M/s MSKA & Associates, Chartered Accountants.

A copy of aforesaid Unaudited Financial Results and Limited Review Report thereon issued by the statutory auditors of the Bank, a copy of press release and the investor presentation on financial and business performance of the Bank for quarter and nine months ended December 31, 2020 are enclosed herewith.

The meeting of the Board of Directors commenced at 01:30 P.M. and concluded at 05:00 P.M.

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


Chanchal Kumar

Company Secretary and Compliance Officer

Independent Auditor's Review Report on Unaudited Quarterly and Nine Months Ended Financial Results of the Ujjivan Small Finance Bank Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**To,
The Board of Directors of
Ujjivan Small Finance Bank Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Ujjivan Small Finance Bank Limited ('the Bank') for the quarter ended December 31, 2020 and year to-date results for the period April 01, 2020 to December 31, 2020 ('the Statement') being submitted by the Bank pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended ('the Regulation').
2. This statement, which is the responsibility of the Bank's Management and approved by the Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 'Interim Financial Reporting' ('AS 25') prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directors issued by the Reserve Bank of India ('the RBI') from time to time ('RBI Guidelines') and other recognized accounting principles generally accepted in India. Our responsibility is to issue a report on the Statements based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (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 results are free of material misstatement. A review 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 on 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. 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 financial results prepared in accordance with the recognition and measurement principles laid down in AS 25 prescribed under Section 133 of Companies Act, 2013 read with relevant rules issued thereunder, RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulation including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the RBI in respect of income recognition, asset classification, provisioning and other related matters.

5. We draw attention to Note 9 to the unaudited financial results which describes the extent to which the Covid-19 Pandemic will continue to impact the Bank's operations and financial results will depend on future developments, which are highly uncertain.

Our conclusion is not modified in respect of this matter.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No.105047W



Swapnil Kale
Partner
Membership No.: 117812
UDIN: 21117812AAAAABR8498

Mumbai
February 03, 2021

UJJIVAN SMALL FINANCE BANK LIMITED

CIN: L65110KA2016PLC142162

Registered Office: Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru - 560095, Karnataka

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

Unaudited Financial Results for the Quarter and Nine Months Ended December 31, 2020

(Rs. in Lacs)

S.No.	Particulars	Quarter ended			Nine Months ended		Year Ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		(Unaudited)	(Audited) (Refer Note 4)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Interest Earned (a)+(b)+(c)+(d)	68,832	75,361	70,642	218,821	196,612	270,360
	a) Interest/ discount on advances/ bills	63,775	70,057	66,647	203,595	185,350	255,171
	b) Income on Investments	4,530	4,396	3,602	13,080	10,250	13,870
	c) Interest on balances with Reserve Bank of India and other interbank funds	527	908	292	2,146	466	773
	d) Others	-	-	101	-	546	546
2	Other Income (Refer note 7)	10,043	6,440	7,489	19,353	25,005	32,221
3	Total Income (1)+(2)	78,875	81,801	78,131	238,174	221,617	302,581
4	Interest Expended	25,604	28,347	27,989	82,778	79,916	107,001
5	Operating Expenses (i)+(ii)	32,893	30,237	35,741	90,332	97,037	131,857
	(i) Employees Cost	20,394	18,980	19,641	57,950	53,359	71,849
	(ii) Other Operating Expenses	12,499	11,257	16,100	32,382	43,678	60,008
6	Total Expenditure (4)+(5)	58,497	58,584	63,730	173,110	176,953	238,858
	[excluding provisions & contingencies]						
7	Operating Profit before Provisions & Contingencies (3)-(6)	20,378	23,217	14,401	65,064	44,664	63,723
8	Provisions (other than tax) and Contingencies	58,345	10,052	3,053	82,431	7,411	17,099
9	Exceptional Items	-	-	-	-	-	-
10	Profit/Loss from Ordinary Activities before tax (7)-(8)-(9)	(37,967)	13,165	11,348	(17,367)	37,253	46,624
11	Tax Expense	(10,084)	3,565	2,382	(4,549)	9,576	11,632
12	Net Profit/Loss from Ordinary Activities after tax (10)-(11)	(27,883)	9,600	8,966	(12,818)	27,677	34,992
13	Extraordinary items (net of tax expense)	-	-	-	-	-	-
14	Net Profit/Loss for the year (12)-(13)	(27,883)	9,600	8,966	(12,818)	27,677	34,992
15	Paid up equity share Capital (Face Value of Rs 10/- each)	172,825	172,822	172,822	172,825	172,822	172,822
16	Reserves excluding revaluation reserves						123,808
17	Analytical Ratios						
	(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL	NIL	NIL
	(ii) Capital Adequacy Ratio - BASEL II (Refer note 8)	26.93%	30.99%	28.38%	26.93%	28.38%	28.82%
	(iii) Earnings per share (before and after extraordinary items, net of tax expenses)*						
	Basic EPS (Rs)	(1.61)	0.56	0.58	(0.74)	1.79	2.19
	Diluted EPS (Rs)	(1.61)	0.56	0.58	(0.74)	1.78	2.18
	(iv) NPA Ratios						
	(a) Gross NPAs	13,058	13,609	12,945	13,058	12,945	13,714
	(b) Net NPAs	640	1,908	5,149	640	5,149	2,749
	(c) % of Gross NPAs to Gross Advances	0.96%	0.98%	0.95%	0.96%	0.95%	0.97%
	(d) % of Net NPAs to Net Advances	0.05%	0.14%	0.38%	0.05%	0.38%	0.20%
	(v) Return on assets (average)*	(1.51)%	0.50%	0.54%	(0.68)%	1.82%	2.21%

* Figures for the quarters and nine months are not annualised



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Segment information in accordance with Accounting Standard on Segment Reporting (AS-17) of the operating segment of the Bank is as under:

(Rs. in Lacs)

S.No	Particulars	Quarter ended			Nine Months ended		Year ended March 31, 2020 (Audited)
		December 31, 2020 (Unaudited)	September 30, 2020 (Audited) (Refer Note 4)	December 31, 2019 (Unaudited)	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)	
1	Segment Revenue						
(a)	Treasury	9,805	7,887	4,004	23,672	15,817	19,781
(b)	Retail Banking	67,712	72,476	72,478	210,184	201,846	277,268
(c)	Wholesale Banking	1,358	1,438	1,649	4,318	3,954	5,532
(d)	Unallocated	-	-	-	-	-	-
	Less: Inter-segment revenue						
	Income from operations	78,875	81,801	78,131	238,174	221,617	302,581
2	Segment Results						
(a)	Treasury	4,157	2,330	36	7,459	4,513	4,241
(b)	Retail Banking	(41,153)	12,000	11,744	(21,361)	37,333	48,845
(c)	Wholesale Banking	864	666	(25)	1,973	276	153
(d)	Unallocated	(1,835)	(1,831)	(407)	(5,438)	(4,869)	(6,615)
	Total Profit Before Tax	(37,967)	13,165	11,348	(17,367)	37,253	46,624
3	Segment Assets						
(a)	Treasury	496,623	424,180	301,709	496,623	301,709	355,489
(b)	Retail Banking	1,370,573	1,400,190	1,373,624	1,370,573	1,373,624	1,426,434
(c)	Wholesale Banking	50,795	50,591	54,628	50,795	54,628	54,916
(d)	Unallocated	23,582	4,498	6,080	23,582	6,080	4,284
	Total Assets	1,941,573	1,879,459	1,736,041	1,941,573	1,736,041	1,841,123
4	Segment Liabilities						
(a)	Treasury	496,623	424,180	301,709	496,623	301,709	355,489
(b)	Retail Banking	1,099,870	1,085,019	1,084,377	1,099,870	1,084,377	1,127,771
(c)	Wholesale Banking	37,116	34,911	39,126	37,116	39,126	39,091
(d)	Unallocated	-	-	-	-	-	-
	Total Liabilities	1,633,609	1,544,110	1,425,212	1,633,609	1,425,212	1,522,351
5	Capital Employed (Segment Assets - Segment Liabilities)						
(a)	Treasury	-	-	-	-	-	-
(b)	Retail Banking	270,703	315,171	289,247	270,703	289,247	298,663
(c)	Wholesale Banking	13,679	15,680	15,502	13,679	15,502	15,825
(d)	Unallocated	23,582	4,498	6,080	23,582	6,080	4,284
	Total	307,964	335,349	310,829	307,964	310,829	318,772

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 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.



Note:

- 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 03, 2021. The financial results for the quarter and nine months ended December 31, 2020 have been subjected to a limited review by the statutory auditors of the Bank. The report thereon is unmodified.
- 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, 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).
- 3) The Bank has applied its significant accounting policies in the preparation of these financial results consistent with those followed in the annual financial statements for the year ended March 31, 2020.
- 4) The figures for the second quarter of the financial year are the balancing figures between audited figures in respect of the half year end and the published year to date figures upto the end of the first quarter of the financial year.
- 5) The Regional Director (New Delhi), Ministry of Corporate Affairs vide its order dated November 19, 2020, has approved, the alteration in Clause II of provision of the Memorandum of Association of the Bank on account of shifting of the Registered Office from New Delhi, National Capital Territory of Delhi, to Bengaluru, Karnataka, as resolved by the Shareholders in the Annual General Meeting of the Bank held on September 02, 2020.
- 6) The Bank has granted 4,07,99,100 options under the Employee Stock Option Plan (ESOP) 2019 to eligible employees of the Bank (including employees of the Bank's holding company) during the financial year 2019-20. Additionally, 3,04,549 options were granted to Senior Management under the Employee Stock Option Plan (ESOP) 2019 during the quarter ended December 31, 2020. As at December 31, 2020, 46,03,655 options have been lapsed, 85,04,673 options vested and are yet to be exercised and balance 2,79,95,321 options remains unvested.
- 7) Other income includes income from commission, exchange and brokerage, processing fees, profit on sale of investments, PSLC fee income and recoveries from accounts previously written off.
- 8) The Capital Adequacy Ratio ("CAR") has been computed as per operating guidelines for Small Finance Bank in accordance with RBI Circular No. RBI/2016-17/81 DBR.NBD.No. 26/16.13.218/2016-17 dated October 06, 2016. The Bank has followed BASEL II standardized approach for credit risk in accordance with the operating guidelines issued by the RBI for Small Finance Banks. 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. Additional COVID provisioning have not been considered in Tier II capital.

Bank has considered ESOP reserve as Tier I capital for the computation of Capital Adequacy Ratio -BASEL II.

- 9) Consequent to the outbreak of COVID-19 pandemic, the Indian government had announced a lockdown in March 2020. Subsequently, the lockdown has been lifted by the government for certain activities in a phased manner outside specified containment zones. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. While there has been some improvement in economic activities during the current quarter, the continued slowdown has led to a decrease in loan originations and in collection efforts efficiency. The slowdown may lead to a rise in the number of customers defaults and consequently an increase in provisions there against. The extent to which the COVID-19 pandemic will continue to impact the Bank's operations and financial results will depend on future developments, which are highly uncertain, 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.

The Bank has made total provision of Rs. 7,000 lacs for COVID 19 as on March 31, 2020 out of which Rs. 4,586 lacs were in respect of accounts in default but standard against the potential impact of COVID-19. The Bank made additional provision of Rs. 22,900 lacs during the half year ended September 30, 2020. The Bank has further made provision for the quarter of Rs. 54,700 lacs against the potential impact of COVID 19 on standard assets based on the information available at this point in time. The provision held by the Bank is in excess of the RBI prescribed norms.

Out of the above total provision created, Rs.6,933 lacs have been appropriated towards the Restructuring Provision under the 'Resolution Framework for COVID-19-Related Stress. Accordingly, as at December 31, 2020, the Bank held aggregate COVID - 19 related provision of Rs 75,253 lacs.

- 10) The Honourable Supreme Court of India, vide an interim order dated September 03, 2020 in the writ petition - Gajendra Sharma Vs Union of India & Anr., directed that the accounts which were not declared Non-Performing Assets ('NPA') till August 31, 2020 shall not be declared NPA till further orders. Accordingly, an account, which was not declared NPA as at August 31, 2020, has not been declared NPA subsequently as per the RBI's Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. However, if the Bank had classified borrower accounts as NPA after August 31, 2020, the Bank's proforma Gross NPA ratio and Net NPA ratio as at December 31, 2020 would have been 4.83% and 2.05% respectively. As a matter of prudence, the Bank has made contingency provisions of Rs. 26,310 lacs as at December 31, 2020 on such advances in accordance with the extant policies as applicable to NPAs. In addition, the Bank has also made provision of Rs. 2,493 lacs on interest accrued on such advances at December 31, 2020 which is included in 'Other Provisions and Contingencies'.
- 11) As per directives of Reserve Bank of India (RBI) in their Circular for "Resolution Framework for COVID-19 Related Stress (Ref. no RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020)" and "Micro MSME Sector - Restructuring of Advances (Ref. no RBI/2020 21/17 DOR.No.BP.BC/4/21.04.048/2020-21, dated August 6, 2020)", the bank adhered with the aforementioned framework and created provision under the Resolution Framework for COVID-19 Related Stress of Rs 6,933 lacs.
- 12) The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 relief scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme") as per the eligibility criteria and other aspects specified therein. During the quarter, the Bank has implemented the Scheme and credited the accounts or remitted amounts to the eligible borrowers as per the Scheme.
- 13) The Indian Parliament has approved the Code on Social Security, 2020 which may impact the contributions by the Bank towards Provident Fund and Gratuity. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Bank will complete their evaluation and will give appropriate impact in the financial statements in the year in which, the Code becomes effective.
- 14) Figures for the previous periods have been regrouped and reclassified wherever necessary to conform to the current period presentation.

Bengaluru
February 03, 2021

By order of the Board
For Ujjivan Small Finance Bank Limited


Nitin Chugh
DIN: 01884659
Managing Director & CEO

