

Independent Auditor's Review Report on Review of Unaudited Quarterly Financial Results of 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
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 half year ended September 30, 2021 being submitted by it 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 thereunder 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. A review of Interim 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 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 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. **Emphasis of matter:**
Attention is drawn to Note 8 to the Statement which describes the impact of the Covid – 19 Pandemic on the Bank's operations and financial position, including the credit quality and



requirement for provisioning, is uncertain and will depend on the future steps as they evolve and is highly unpredictable at this stage. We have not modified our opinion in this matter

6. Other matters:

The review of unaudited financial results for the quarter ended June 30, 2021, quarter & half year ended September 30, 2020 and annual financial results for the year ended March 31, 2021 were conducted by M/s MSKA and Associates, Chartered Accountants, then statutory auditors of the Bank, who expressed unmodified opinion on such financial results. We do not express any conclusion/ opinion as the case may be, on the figures so reported in the financial results.

7. A copy of the unaudited quarterly 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 HS

(Vasuki H S)
Partner

Membership No. 212013

UDIN: 21212013AAAAFF9779



Mukund M. Chitale & Co
Chartered Accountants

FRN: 106655W

Nilesh Joshi

(Nilesh Joshi)
Partner

Membership No. 114749

UDIN: 2114749HHHHHT1207



Place: Bengaluru

Date: November 8, 2021

Unaudited Financial Results for the Quarter and Half Year Ended September 30, 2021

Sl No.	Particulars	Quarter ended			Half Year ended		Year ended
		September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
		(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Audited)
1	Interest Earned (a)+(b)+(c)+(d)	64,504	64,166	75,361	1,28,670	1,49,989	2,80,607
	a) Interest/ discount on advances/ bills	58,308	58,604	70,057	1,16,912	1,39,820	2,60,038
	b) Income on Investments	4,507	4,126	4,396	8,633	8,550	17,298
	c) Interest on balances with Reserve Bank of India and other interbank funds	1,689	1,436	908	3,125	1,619	3,271
	d) Others						
2	Other Income (Refer note 5)	4,689	7,301	6,179	11,990	9,049	30,231
3	Total Income (1)+(2)	69,193	71,467	81,540	1,40,660	1,59,038	3,10,838
4	Interest Expended	25,368	25,726	28,347	51,094	57,174	1,07,751
5	Operating Expenses (i)+(ii)	36,723	29,649	30,237	66,372	57,439	1,23,008
	(i) Employees Cost	19,983	16,483	18,980	36,466	37,556	74,878
	(ii) Other Operating Expenses	16,740	13,166	11,257	29,906	19,883	48,130
6	Total Expenditure (4)+(5) [excluding provisions & contingencies]	62,091	55,375	58,584	1,17,466	1,14,613	2,30,759
7	Operating Profit before Provisions & Contingencies (3)-(6)	7,102	16,092	22,956	23,194	44,425	80,079
8	Provisions (other than tax) and Contingencies	43,688	47,321	9,791	91,009	23,825	79,059
9	Exceptional Items						
10	Profit/(Loss) from Ordinary Activities before tax (7)-(8)-(9)	(36,586)	(31,229)	13,165	(67,815)	20,600	1,020
11	Tax Expense	(9,207)	(7,881)	3,565	(17,088)	5,535	190
12	Net Profit/(Loss) from Ordinary Activities after tax (10)-(11)	(27,379)	(23,348)	9,600	(50,727)	15,065	830
13	Extraordinary items (net of tax expense)						
14	Net Profit/(Loss) for the period (12)-(13)	(27,379)	(23,348)	9,600	(50,727)	15,065	830
15	Paid up equity share capital (Face Value of Rs 10/- each)	1,72,831	1,72,831	1,72,822	1,72,831	1,72,822	1,72,831
16	Reserves excluding revaluation reserves						1,24,671
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 6)	22.19%	25.88%	30.99%	22.19%	30.99%	26.44%
	(iii) Earnings per share (before and after extraordinary items, net of tax expenses)*						
	Basic EPS (Rs)	(1.58)	(1.35)	0.56	(2.94)	0.87	0.05
	Diluted EPS (Rs)	(1.59)	(1.35)	0.56	(2.94)	0.87	0.05
	(iv) NPA Ratios						
	(a) Gross NPAs	1,71,265	1,37,498	13,609	1,71,265	13,609	1,07,060
	(b) Net NPAs	43,514	34,873	1,908	43,514	1,908	42,458
	(c) % of Gross NPAs to Gross Advances	11.80%	9.79%	0.98%	11.80%	0.98%	7.07%
	(d) % of Net NPAs to Net Advances	3.29%	2.68%	0.14%	3.29%	0.14%	2.93%
	(v) Return on assets (average)*	(1.39)%	(1.19)%	0.50%	(2.58)%	0.79%	0.04%

* Figures for the quarter and half year are not annualised



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:

Sl No.	Particulars	Quarter ended			Half - Year Ended		Year ended
		September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
		(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Audited)
1	Segment Revenue						
(a)	Treasury	6,661	9,529	7,887	16,190	13,866	31,931
(b)	Retail Banking	60,708	60,303	72,715	1,21,011	1,42,211	2,73,233
(c)	Wholesale Banking	1,824	1,635	1,438	3,459	2,961	5,674
(d)	Unallocated	-	-	-	-	-	-
	Less: Inter-segment revenue	-	-	-	-	-	-
	Income From Operations	69,193	71,467	81,540	1,40,660	1,59,038	3,10,838
2	Segment Results						
(a)	Treasury	(2,664)	3,740	2,330	1,076	3,302	10,293
(b)	Retail Banking	(33,179)	(34,005)	9,724	(67,184)	17,514	(9,572)
(c)	Wholesale Banking	207	(202)	665	5	1,110	2,974
(d)	Unallocated	(950)	(762)	446	(1,712)	(1,326)	(2,675)
	Total Profit Before Tax	(36,586)	(31,229)	13,165	(67,815)	20,600	1,020
3	Segment Assets						
(a)	Treasury	4,94,036	5,28,732	4,24,180	4,94,036	4,24,180	4,93,033
(b)	Retail Banking	13,36,176	13,17,762	14,00,190	13,36,176	14,00,190	14,54,524
(c)	Wholesale Banking	75,859	74,499	50,591	75,859	50,591	64,865
(d)	Unallocated	44,684	35,437	4,498	44,684	4,498	25,623
	Total Assets	19,50,755	19,56,430	18,79,459	19,50,755	18,79,459	20,38,045
4	Segment Liabilities						
(a)	Treasury	4,94,036	5,28,732	4,24,180	4,94,036	4,24,180	4,93,033
(b)	Retail Banking	11,26,993	10,73,764	10,83,019	11,26,993	10,83,019	11,75,423
(c)	Wholesale Banking	59,027	55,219	34,911	59,027	34,911	47,712
(d)	Unallocated	-	-	-	-	-	-
	Total Liabilities	16,80,056	16,57,715	15,44,110	16,80,056	15,44,110	17,16,170
5	Capital Employed						
(a)	Treasury	-	-	-	-	-	-
(b)	Retail Banking	2,09,183	2,43,998	3,15,171	2,09,183	3,15,171	2,79,099
(c)	Wholesale Banking	16,832	19,280	15,680	16,832	15,680	17,153
(d)	Unallocated	44,684	35,437	4,498	44,684	4,498	25,623
	Total	2,70,699	2,98,715	3,35,349	2,70,699	3,35,349	3,21,875

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.



Notes :

1) Statement of Assets and Liabilities as at September 30, 2021 is given below:

Particulars	As at	As at	(Rs. In Lacs)
	September 30, 2021 (Unaudited)	September 30, 2020 (Audited)	As at March 31, 2021 (Audited)
CAPITAL AND LIABILITIES			
Capital	1,92,831	1,92,822	1,92,831
Employees Stock Options and Purchase Outstanding	3,924	3,654	4,372
Reserves and Surplus	73,944	1,38,874	1,24,671
Deposits	14,08,954	10,74,277	13,13,577
Borrowings	1,67,719	3,94,891	3,24,732
Other Liabilities and Provisions	1,03,383	74,941	77,862
Total	19,50,755	18,79,459	20,38,045
ASSETS			
Cash and Balances with Reserve Bank of India	1,24,626	75,550	1,71,153
Balances with Banks and Money at Call and Short notice	83,818	31,555	86,597
Investments	2,96,824	3,34,941	2,51,645
Advances	13,48,667	13,77,269	14,49,395
Fixed Assets	26,378	29,684	28,073
Other Assets	70,442	30,460	51,183
Total	19,50,755	18,79,459	20,38,045

2) Statement of Cashflow as at September 30, 2021 is given below:

Particulars	As at	As at	(Rs. In Lacs)
	September 30, 2021 (Unaudited)	September 30, 2020 (Audited)	For the year ended March 31 2021 (Audited)
Cash Flow from Operating Activities			
Profit before taxation	(67,816)	20,600	1,020
Adjustments for :			
Depreciation on Bank's Property	3,986	3,755	7,680
Loss on sale of Land, Building & Other assets (net)	128	47	77
Expense on employee stock option	(448)	1,512	2,230
Provision for Non Performing Assets	71,769	761	61,074
Provision for Standard Assets	16,968	23,324	18,822
Interest earned on fixed deposits	1,505	107	830
Profit on sale of Held-to-maturity (HTM) securities	1,355	1,136	5,092
Amortisation of premium on HTM securities	1,043	592	1,301
	28,490	51,834	98,126
Adjustments for :			
(Increase) In Advances	28,959	26,335	(1,06,105)
Decrease/(Increase) In Investments In other than HTM securities	14,437	(23,423)	46,227
Decrease/(Increase) In Other Assets	(199)	2,521	2,729
Increase in Deposits	95,377	(3,771)	2,35,528
Increase in Other Liabilities	8,553	2,641	10,063
	1,75,617	56,137	2,86,568
Direct taxes paid (net of funds)	(1,972)	(5,749)	(20,900)
Net Cash Flow generated from/(used in) Operating Activities	1,73,645	50,388	2,65,668
Cash Flow from Investing Activities			
Proceeds from sale of Fixed Assets	11	20	32
Investment in HTM securities (Net)	(62,014)	(73,633)	(64,651)
Deposits (created)/encashed with Banks and financial Institutions (Net)	(1,505)	(107)	(65,212)
Purchase of Fixed Assets including WIP	(2,430)	(3,457)	(5,814)
Net Cash Flow used In Investing Activities (B)	(65,938)	(77,177)	(1,35,645)
Cash Flow from Financing Activities			
Proceeds from issue of equity shares (net of issue expenses)			43
Decrease In Borrowings (Net)	(1,57,013)	(436)	(70,595)
Net Cash Flow generated from Financing Activities (C)	(1,57,013)	(436)	(70,552)
Net Increase in Cash and Cash Equivalents (A+B+C)	(49,306)	(27,224)	59,471
Cash and Cash Equivalents at the beginning of the year	1,93,350	1,33,879	1,33,879
Cash and Cash Equivalents at the end of the period/year	1,44,044	1,06,655	1,93,350



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 November 08, 2021. The financial results for the quarter and half year ended September 30, 2021, 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. The report thereon is unmodified. The previous period results were reviewed / audited by MSKA & Associates, Chartered Accountants.
- 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').
- 3) The Bank has applied 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, 2021.
- 4) As at September 30, 2021, 14,528,306 options have been lapsed, 15,826,617 options vested and are yet to be exercised and balance 10,886,708 options remains unvested out of the total options granted under the approved Employee Stock Option Plan (ESOP) 2019.
- 5) Other income includes income from commission, exchange and brokerage, processing fees, profit on sale of Investments and PSLC fee income.
- 6) 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. Further, the Bank has not considered contingent provisions created on account of COVID-19 stress for the purpose of computing CAR.
- 7) Based on RBI Master Direction on Financial statements - Presentation and Disclosures issued on August 30, 2021, recoveries from written off accounts, which was hitherto included as part of other income have been classified as credit to provisions and contingencies and provision for depreciation on Investments, which was hitherto classified as part of provisions and contingencies has 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.
- 8) Consequent to the outbreak of COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. During the quarter ended June 30, 2021, India experienced a "second wave" of COVID-19, including a significant surge of COVID-19 cases following the discovery of mutant coronavirus variants in the country. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities, which may persist even after the restrictions related to the COVID 19 outbreak are lifted. The disruptions following the outbreak, have led to a decrease in loan originations and the efficiency in collection efforts. This may lead to a continued rise in the number of customer 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 ongoing as well as 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 mandated by the Government or elected by the Bank.
- 9) (i) Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) are given below:

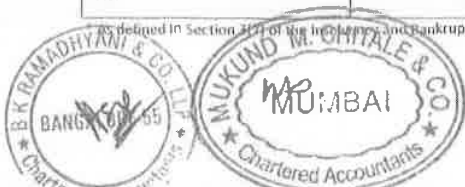
Type of borrower	(A)	(B)	(C)	(D)	(E)
	Number of accounts where resolution plan has been implemented under this window*	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan **
Personal Loans	25,166	7,907	-	-	791
Corporate persons	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	1,65,773	38,783	-	-	3,878
Total	1,90,939	46,690	-	-	4,669

* represents accounts which were restructured and active as on September 30, 2021.

** Provisions held as on September 30, 2021.

Type of borrower	(Rs in lacs, except number of accounts)				
	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	9012.86	4283.72	-	2592.48	6420.38
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	44289.30	21569.73	-	14356.78	29933.11
Total	53302.16	25853.45	-	16949.26	36353.49

* as defined in Section 317 of the Insolvency and Bankruptcy Code, 2016



(ii) Details of Resolution Plan Implemented under the RBI Resolution Framework 2.0 - Resolution of COVID-19 related stress of Individuals and Small Businesses dated May 5, 2021 are given below

Sl No	Description	Individual Borrowers		Small Businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	51,880	3,80,582	
(B)	Number of accounts where resolution plan has been implemented under this window	29,269	3,47,988	
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	13,477	88,186	
(D)	Of (C), aggregate amount of debt that was converted into other securities			
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation			
(F)	Increase in provisions on account of the implementation of the resolution plan	931	6,696	

- 10) The Bank has restructured NIL accounts which fall under the RBI Circular No.DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019 on Prudential Framework for Resolution of Stressed Assets, as on September 30, 2021.
- 11) In accordance with the applicable RBI guidelines, during the quarter ended June 30, 2021, Bank has shifted Central Government securities with a book value of ₹ 340 Crore and State Government securities with a book value of ₹ 135 Crore from HTM to AFS category.
- 12) The Honourable Supreme Court of India vide an interim order dated 03.09.2020 had directed that accounts which were not declared NPA till 31.08.2020 shall not be declared as NPA till further orders, which has been complied with by the Bank. The said interim order stood vacated on 23.03.2021 and the Bank continued with the asset classification of borrowers as per the extant RBI instructions/IRAC norms. In view of this, the results for the half year ended September 2021 may not be comparable with the corresponding half year FY 2020-21.
- 13) Figures of the previous period have been regrouped / reclassified, wherever considered necessary to conform to the current period's classification. The figures for the second quarter ended September 30, 2021 are the balancing figures between reviewed figures in respect of the half year ended September 30, 2021 and the published reviewed figures upto the end of first quarter ended June 30, 2021. The figures for the second quarter ended September 30, 2020 are the balancing figures between audited figures in respect of the half year ended September 30, 2020 and the published reviewed figures upto the end of first quarter ended June 30, 2020.



By order of the Board
For Ujjivan Small Finance Bank Limited

Sudha
Sudha Suresh
DIN: 06480567
Non Executive & Non Independent Director

