

Independent Auditor's Review Report on Unaudited Quarterly 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
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 June 30, 2021 (the "Statement") being submitted by the Bank pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations 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 directions 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 express a conclusion on the Statement 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 prepared in accordance with the recognition and measurement principles laid down in AS 25, prescribed under Section 133 of the 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 8 to the unaudited financial results, which describes that extent to which the Covid-19 Pandemic will continue to impact the Bank's operations and its financial results will depend on ongoing and uncertain future developments.

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: 21117812AAAAMX3698

Mumbai
August 06, 2021

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

Unaudited Financial Results for the Quarter Ended June 30, 2021

(Rs. in Lacs)

S.No.	Particulars	Quarter ended			Year ended
		June 30, 2021	March 31, 2021	June 30, 2020	March 31, 2021
		(Unaudited)	(Audited) (Refer Note 4)	(Unaudited)	(Audited)
1	Interest Earned (a)+(b)+(c)+(d)	64,166	61,785	74,628	2,80,607
	a) Interest/ discount on advances/ bills	58,604	56,443	69,763	2,60,038
	b) Income on investments	4,126	4,217	4,154	17,298
	c) Interest on balances with Reserve Bank of India and other interbank funds	1,436	1,125	711	3,271
	d) Others	-	-	-	-
2	Other Income (Refer note 6)	7,463	11,729	2,870	31,082
3	Total Income (1)+(2)	71,629	73,514	77,498	3,11,689
4	Interest Expended	25,726	24,973	28,827	1,07,751
5	Operating Expenses (i)+(ii)	29,649	32,675	27,202	1,23,008
	(i) Employees Cost	16,483	16,928	18,576	74,878
	(ii) Other Operating Expenses	13,166	15,747	8,626	48,130
6	Total Expenditure (4)+(5)	55,375	57,648	56,029	2,30,759
	[excluding provisions & contingencies]				
7	Operating Profit before Provisions & Contingencies (3)-(6)	16,254	15,866	21,469	80,930
8	Provisions (other than tax) and Contingencies	47,483	(2,522)	14,034	79,910
9	Exceptional Items	-	-	-	-
10	Profit/(Loss) from Ordinary Activities before tax (7) (8) (9)	(31,229)	18,388	7,435	1,020
11	Tax Expense	(7,881)	4,739	1,970	190
12	Net Profit/(Loss) from Ordinary Activities after tax (10)-(11)	(23,348)	13,649	5,465	830
13	Extraordinary items (net of tax expense)	-	-	-	-
14	Net Profit/(Loss) for the period (12)-(13)	(23,348)	13,649	5,465	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
16	Reserves excluding revaluation reserves				1,24,671
17	Analytical Ratios				
	(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL
	(ii) Capital Adequacy Ratio - BASEL II (Refer Note 7)	25.88%	26.44%	28.68%	26.44%
	(iii) Earnings per share (before and after extraordinary items, net of tax expenses)*				
	Basic EPS (Rs)	(1.35)	0.79	0.32	0.05
	Diluted EPS (Rs)	(1.35)	0.79	0.32	0.05
	(iv) NPA Ratios				
	(a) Gross NPAs	1,37,498	1,07,060	13,982	1,07,060
	(b) Net NPAs	34,873	42,458	2,510	42,458
	(c) % of Gross NPAs to Gross Advances	9.79%	7.07%	0.97%	7.07%
	(d) % of Net NPAs to Net Advances	2.68%	2.93%	0.18%	2.93%
	(v) Return on assets (average)*	(1.19)%	0.69 %	0.29%	0.04%

* Figures for the quarters 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:

S.No.	Particulars	Quarter ended			Year ended
		June 30, 2021	March 31, 2021	June 30, 2020	March 31, 2021
		(Unaudited)	(Audited) (Refer Note 4)	(Unaudited)	(Audited)
1	Segment Revenue				
(a)	Treasury	9,529	8,259	5,979	31,931
(b)	Retail Banking	60,465	63,899	69,996	2,74,084
(c)	Wholesale Banking	1,635	1,356	1,523	5,674
(d)	Unallocated	-	-	-	-
	Less: Inter-segment revenue	-	-	-	-
	Income From Operations	71,629	73,514	77,498	3,11,689
2	Segment Results				
(a)	Treasury	3,740	2,834	972	10,293
(b)	Retail Banking	(32,718)	16,545	7,791	(4,817)
(c)	Wholesale Banking	(202)	1,001	444	2,974
(d)	Unallocated	(2,049)	(1,992)	(1,772)	(7,430)
	Total Profit Before Tax	(31,229)	18,388	7,435	1,020
3	Segment Assets				
(a)	Treasury	5,28,732	4,93,033	4,29,710	4,93,033
(b)	Retail Banking	13,17,762	14,54,524	14,54,924	14,54,524
(c)	Wholesale Banking	74,499	64,865	52,338	64,865
(d)	Unallocated	35,437	25,623	3,838	25,623
	Total Assets	19,56,430	20,38,045	19,40,810	20,38,045
4	Segment Liabilities				
(a)	Treasury	5,28,732	4,93,033	4,29,710	4,93,033
(b)	Retail Banking	10,73,764	11,75,425	11,48,705	11,75,425
(c)	Wholesale Banking	55,219	47,712	37,325	47,712
(d)	Unallocated	-	-	-	-
	Total Liabilities	16,57,715	17,16,170	16,15,740	17,16,170
5	Capital Employed				
	(Segment Assets - Segment Liabilities)				
(a)	Treasury	-	-	-	-
(b)	Retail Banking	2,43,998	2,79,099	3,06,219	2,79,099
(c)	Wholesale Banking	19,280	17,153	15,013	17,153
(d)	Unallocated	35,437	25,623	3,838	25,623
	Total	2,98,715	3,21,875	3,25,070	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.



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 August 06, 2021. The financial results for the quarter ended June 30, 2021, have been subjected to "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 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 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, 2021.
- 4) The figures for the quarter ended March 31, 2021 are the balancing figures between audited figures in respect of the financial year 2020-21 and the published year to date figures upto December 31, 2020.
- 5) As at June 30, 2021, 8,444,927 options have been lapsed, 7,786,973 options vested and are yet to be exercised and balance 24,809,782 options remains unvested out of the total options granted under the approved Employee Stock Option Plan (ESOP) 2019.
- 6) 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.
- 7) 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.
- 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) 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	(Rs in lacs, except number of accounts)				
	(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 between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan **
Personal Loans	33,687	9,817	-	-	982
Corporate persons	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	2,14,900	40,923	-	-	4,092
Total	2,48,667	58,740	-	-	5,874

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

** Provisions held as on June 30, 2021.

There were 3,502 borrowers accounts having an aggregate exposure of Rs. 875 lacs to the Bank, where resolution plans had been implemented and now modified under RBI's Resolution Framework 2.0 dated May 5, 2021.

- 10) Figures of the previous period/ year have been regrouped/ reclassified wherever necessary to confirm to the current period's presentation.

Bengaluru
August 06, 2021

By order of the Board
For Ujjivan Small Finance Bank Limited


Nitin Chugh
DIN:01884659
Managing Director & CEO

