



Directors' Report

Dear Stakeholders,

On behalf of the Board of Directors (the "Board") of Ujjivan Small Finance Bank Limited (the "Bank or Ujjivan"), it is our immense pleasure to present the 10th Annual Report of the Bank along with the Audited Financial Statements and Auditor's Report thereon for the FY 2025-26.

OVERVIEW AND STATE OF AFFAIRS OF THE BANK

Ujjivan Small Finance Bank Limited ("Bank" / "Ujjivan") is among the leading small finance banks in the country. As a mass market bank, it remains committed to serve the unserved and underserved segments through financial and digital inclusion and is a one-stop destination for financial services and offer personalised customer experience to its wide customer base. With technology as a key enabler, the Bank continues to expand its reach and has strengthened its digital interfaces, across regions and languages that has empowered its customers to seek timely and easy access to finance at all times. As a 'Responsible Bank' Ujjivan stay invested in creating a sustainable social impact through community development and financial literacy initiatives.

Ujjivan stays true to its mission "to provide financial services to unserved and underserved customers as a responsible mass market bank, focused on building a sustainable tomorrow".

To continue with its mission, the Bank continue to aspire and transition into a Universal Bank to broaden its impact, diversify its offerings, and align its capabilities with the evolving needs of the communities it has served and India's growing financial ecosystem and hence will work towards diversifying its loan portfolio as mandated by the Regulator.

Highlights of achievements during FY 2025-26 were:

- i. Disbursement: ₹32,576 Crores; growth of 38.9% Y-o-Y with highest ever disbursement in a quarter achieved in Q4 ₹9,811 Crore with 32% YoY growth.
- ii. OSP has grown from ₹32,122 Crores in FY25 to ₹40,655 Crores in FY26, growing 26.6% Y-o-Y
- iii. Secured book grown from ₹13,988 Crore to ₹20,079 Crore resulting in secured book share in gross loan book to reach 49.4%.
- iv. Deposits: Total deposits at ₹45,668 crores is up 21.4% Y-o-Y; Total deposit accretion during the year was at ₹8,038 crores.
- v. CASA reached ₹13,062 Crores, up 35.9% YoY; CASA% stands at 28.6% on Mar'26 vs 25.5% on Mar'25.
- vi. CD Ratio is at 89.0% (including IBPC/Securitization).
- vii. Asset Quality: GNPA/NNPA at 2.3% / 0.4% as on Mar'26; PCR at 81% as on Mar'26
- viii. Capital adequacy comfortable at 21.14% with Tier I at 19.70%
- ix. Micro-banking cashless collections increased from 40% in Q4FY25 to 47% in Q4FY26; among the best in industry.
- x. Net profit for the Quarter amounted to ₹282 Crore up 238.2% YoY Profit for FY 2025-26 at ₹693 Crores.

Technology and Digital Platforms:

Ujjivan remains committed to leveraging digital solutions to enhance customer experience, expand access, and drive operational efficiency across segments.

During the year, we launched Ujjivan EZY, our upgraded retail internet and mobile banking platform, created to deliver a more intuitive and seamless experience. We have built a scalable, microservices-based architecture that enables faster rollout of features and greater responsiveness to evolving customer needs. It offers 200+ features, and is available in nine Indian languages, strengthening accessibility and engagement. We also introduced key customer-centric offerings such as Mutual Fund investments, NPS subscription & payments, and Recurring Deposits (for Non-Resident customers).

On the payments front, following the rollout of UPI Autopay (Issuer) in the previous year, we witnessed strong adoption with over 14 lakh mandates amounting to more than ₹275 crore, leading to improved customer retention and deeper engagement. We further expanded our capabilities by implementing UPI Autopay (Acquirer) for vehicle loan repayments, improving collection efficiency and customer comfort in loan repayment. The introduction of UPI Lite Auto Top-up has enhanced convenience for low-value transactions and further strengthened the digital payments ecosystem.

Additionally, as a BBPS Operating Unit (BOU), we processed over 7.73 lakh transactions as a direct member during the year, resulting in cost savings of approximately ₹1.43 crore.

On digital acquisition, we embedded product suitability into our Digital Current Account (DCA) and Digital Savings Account (DSA) journeys, enabling informed customer choices at onboarding, thereby improving engagement and delivering a more seamless account opening experience.

Human Capital:

- Increase in staff count field staff 17,583 from 15,827; others 8,972 from 8,547 Extensive training programs being conducted to enhance knowledge/skills and productivity

Major Awards & Accolades:

- AmbitionBox Employee Choice Awards 2025
- Great Manager Institute – Great People Managers in India 2025
- GPTW Certificate 2025 - Ujjivan Ranked 26th among Top 100 Companies to Work for
- Gold Award for Best Digital HR Team at the People Matters Infiniti-T India Awards 2025.
- Asia Pacific HRM Congress Awards - Most Influential HR Innovators Award 2025

- Jombay Workplace of Winners (WOW) Award in BFSI 2025
- India Banking Summit & Awards 2025 for Banking Personality of the year
- India Treasury Summit & Awards 2025 for Best Treasurer of the year
- 6th Edition Excellence Awards 2025 for Best use of Customer Experience in Mobile App Initiative (Banking)

As on March 31, 2026, the Board of the Bank comprised of 7 Independent Directors and 2 Executive Directors. The Board has a strong gender diversity ratio with 4 out of 9 directors being women (including 3 independent directors).

FINANCIAL PERFORMANCE
Summary of Financial Performance

Particulars	(₹ In Crores)	
	FY 2025-26	FY 2024-25
Revenue from Operations	3,871.01	3,636.27
Other Income	1,107.52	846.2
Less: Operational Expenses	1,332.79	1,159.03
Personnel Expenses	1,790.97	1,499.49
Profit/loss before Depreciation, Finance Costs, Exceptional items, Provisions and Tax Expense	1854.77	1,823.95
Less: Depreciation/ Amortisation/ Impairment	144.64	134.72
Profit /loss before Finance Costs, Exceptional items, Provisions and Tax Expense	1,710.13	1,689.23
Less: Finance Costs	798.89	747.7
Profit /loss before Provisions, Exceptional items and Tax Expense	911.24	941.53
Less: Provisions & Contingencies	0.21	-0.04
Add/(less): Exceptional items		0
Profit /loss before Tax Expense	911.03	941.57
Less: Tax Expense (Current & Deferred)	218.40	215.47
Profit /loss for the year (1)	692.63	726.10
Total Comprehensive Income/loss (2)	0	0
Total (1+2)	692.63	726.10
Balance of profit /loss for earlier years	2032.71	1818.4
Less: Transfer to Debenture Redemption Reserve		0
Less: Transfer to Statutory Reserves	173.16	181.53
Less: Transfer to investment Fluctuation Reserve	26.23	7.1
Less: Transfer to Capital Reserves	24.30	12.1
Less: Dividend paid on Equity Shares	0	290.07
Less: Dividend paid on Preference Shares	0	0
Less: Dividend Distribution Tax	0	0
Less: Investment Reserve Account	0	0
Less: Transfer to Special Reserve U/S 36 (1)(viii) Income tax Act 1961	9.00	21
Balance carried forward	2,492.65	2,032.71

Key Ratios: (Comparative ratios are annualised)

Particulars	FY 2025-26	FY 2024-25
Interest income as a percentage to working funds	13.67%	14.65%
Non-interest income as a percentage to working funds	2.18%	1.95%
Operating profit as a percentage to working funds	3.37%	3.89%
Business (deposits plus gross advances) per employee (₹ in thousands)	26,822.59	24,275
Profit per employee (₹ in thousands)	272.00	309.37
EPS (Basic) (₹)	3.57	6.65
EPS (Diluted) (₹)	3.51	6.54



TRANSFER TO RESERVES

Statutory Reserve

The Bank has made an appropriation of ₹ 173.16 crores to the statutory reserve for the year ended March 31, 2026 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.

Investment Fluctuation Reserve ("IFR")

During the year ended March 31, 2026, the Bank has made an appropriation of ₹26.23 crores to IFR from the profit and loss account so as to reach the figure of at least 2% their AFS and FVTPL (including HFT) 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 <https://www.ujjivansfb.bank.in/corporate/corporate-governance-policies>

Equity Dividend

To conserve capital for future growth, the Directors have not recommended any dividend for the FY 2025-26.

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Bank during FY 2025-26.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have occurred after the closure of the FY 2025-26 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.

GENERAL INFORMATION

Detailed overview of the banking industry and important changes therein, external environment and economic outlook have been elaborated in the Management and Discussion Analysis Report which forms part of the Annual Report of the Bank for the FY 2025-26.

CAPITAL AND DEBT STRUCTURE

A. CHANGES IN CAPITAL STRUCTURE

There were no changes in the Authorised Capital of the Bank during the FY 2025-26, As on March 31, 2026, the Authorised Capital of the Bank comprises of the following:

- 2,625,000,000 (Two Hundred Sixty-Two Crores and Fifty Lakh) equity shares of ₹ 10/- (Rupees Ten) each aggregating to ₹ 26,250,000,000 (Rupees Two Thousand Six Hundred and Twenty-Five Crore)

Following are details of increase in the paid-up capital during the Financial Year 2025-26:

Sr	Particulars	Amount (in ₹)
1.	Paid-up Capital at the beginning of the Financial Year	19,35,00,36,430
2.	Equity Shares allotted under the ESOP Scheme 2019 during the FY 2025-26	7,71,07,710
3.	Paid-up Capital at the end of the Financial Year	19,42,71,44,140

B. ISSUE OF EQUITY SHARES OR OTHER CONVERTIBLE SECURITIES

During the FY 2025-26, 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 17, 2025	62,304	6,23,040.00	14,59,959.55
2	May 14, 2025	1,48,894	14,88,940.00	37,84,579.15
3	June 12, 2025	1,32,268	13,22,680.00	35,15,098.50
4	July 08, 2025	2,89,961	28,99,610.00	75,05,447.90
5	August 14, 2025	6,33,268	63,32,680.00	1,84,94,865.35
6	September 06, 2025	8,82,460	88,24,600.00	2,75,83,824.20
7	October 07, 2025	3,11,166	31,11,660.00	79,21,898.60
8	November 11, 2025	3,27,767	32,77,670.00	86,53,518.35
9	December 03, 2025	6,71,386	67,13,860.00	1,84,19,582.50

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 ₹)
10	January 04, 2026	4,96,366	49,63,660.00	1,39,11,622.59
11	February 05, 2026	19,36,509	1,93,65,090.00	4,84,99,173.85
12	March 05, 2026	18,18,422	1,81,84,220.00	4,91,20,531.60
	TOTAL	77,10,771	7,71,07,710	20,88,70,102.14

C. ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS AND/OR SWEAT EQUITY SHARES

During the FY 2025-26, 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 14,40,00,000 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 14,40,00,000 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.

During the FY 2025-26, 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	Grant Price (₹)
1.	May 26, 2025	40,105	38.88
2.	July 22, 2025	13,92,905	46.18
3.	August 06, 2025	1,52,26,323	43.07
4.	September 19, 2025	9,32,154	45.51
5.	October 14, 2025	1,54,140	45.38
6.	January 21, 2026	2,83,559	54.15
	Total	1,80,29,186	-

As on March 31, 2026, 17,41,62,461 stock options have been granted by the Bank under ESOP 2019 Scheme to eligible employees of the Bank. Following are the details of ESOP 2019 as on March 31, 2026:

Particulars	Details
Options granted and valid at the beginning of the year (A)	9,65,62,405
Options granted during the year (B)	1,80,29,186
Options vested during the year	1,04,30,483
Options exercised during the year (C)	88,27,834
The total number of shares arising as a result of exercise of options	77,10,771
Options forfeited / lapsed during the year (D)	76,96,051
Variation in terms of options	None
Money realized by exercise of options (₹)	20,88,70,102
Total number of options in force = (A) + (B) – (C) – (D)	9,80,67,706



Particulars	Details			
Details of options granted during the year to: Key Managerial Personnel				
	Name	Designation	Options granted	Grant Price
	Sanjeev Nautiyal	MD & CEO	4,92,612*	45.51
	Carol Furtado	WTD	4,39,542*	45.51
	Sadananda Balakrishna Kamath	CFO	1,56,995	46.18
	Sanjeev Barnwal	CS	1,05,903	43.07
	* subsequent to receipt of RBI approval towards non-cash portion of variable pay for the FY24-25			
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			

11,81,559 options exercised in the month of March 2026 was allotted on April 04, 2026.

The Board in its meeting held on May 8, 2026 based on the recommendation of the NRC has recommended to the shareholders at the upcoming AGM to increase the ESOP 2019 Pool from 14.4 crore options to 20.4 crore i.e. adding 6 crore options. Please refer item no. 3 of the AGM notice for further details.

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 <https://www.ujjivansfb.bank.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 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 authorized to issue up to 7,20,01,840 fully paid up equity shares of the face value of ₹ 10 each with pari-passu 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 Nomination and Remuneration Committee has been entrusted with the responsibility of administering the ESPS 2019 Scheme. No ESPS was granted or exercised during the FY 2025-26.

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.bank.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 2025-26, 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 ₹ 1,00,000 (Indian Rupees One Lakh) aggregating to ₹ 300,00,00,000, issued during the FY 2022-23 as per the terms of the said issue.

CAPITAL ADEQUACY

The Bank is subject to the Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Directions, 2025 (Updated as on March 10, 2026) The Capital to Risk Assets Ratio (CRAR) of the Bank is calculated as per the Standardized Approach (SA) for Credit Risk.

CRAR of the Bank is calculated on the basis of Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Directions, 2025 (Updated as on May 8, 2026). The CRAR of the Bank as at March 31, 2026 using Risk Weighted Assets for credit risk related exposures only, as required under

the operating guidelines of RBI for Small Finance Banks, was 21.14% against a minimum requirement of 15% and Tier I capital ratio was 19.70% 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, 2026, with details of changes as on date:

Instrument Name	Name of Credit Rating Agency	Amount	Rating	Date of Credit Rating	Revision in the Credit Rating during the FY 25-26
		(₹ In Crores)			
Certificate of Deposit Programme	CRISIL Ratings Limited	375.00	CRISIL A1+	09-01-2026	Re-affirmed
Long Term Bank Facilities	CARE Ratings Limited	500.00	CARE AA-; Stable	26-03-2025	Rating reaffirmed on March 23, 2026
Subordinated Non-Convertible Debentures	CARE Ratings Limited	500.00	CARE AA-; Stable	26-03-2025	Rating reaffirmed on March 23, 2026
Fixed Deposit	CARE Ratings Limited	10,000.00	CARE AA-; Stable	26-03-2025	Rating reaffirmed on March 23, 2026

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, 2026, the unclaimed dividend declared by Ujjivan Financial Services Limited (merged with Ujjivan Small Finance Bank Limited) and Bank for the below years are as under:

Sr.	Financial Year	Dividend Type	Unclaimed Dividend (in ₹)
1	2018-19*	Interim (UFSL)	2,21,712.85
2	2018-19	Final (UFSL)	71,163.45
3	2019-20	Final (UFSL)	1,49,829.30
4	2022-23	Interim (UFSL)	4,21,608.00
5	2022-23	Interim (Bank)	6,31,576.35
6	2022-23	Final (Bank)	4,24,270.57
7	2023-24	Interim (UFSL)	3,24,474.50
8	2023-24	Final (Bank)	29,49,233.40

During the FY 2025-26, unclaimed dividend of ₹ 1,43,085 for the FY 2017-18 for UFSL and 540 equity shares of UFSL that remained unclaimed were transferred to Investor Education and Protection Fund (IEPF).

* During the FY 2026-27, unclaimed dividend of ₹ 2,21,712.30 for the FY 2018-17 for UFSL and 93 Equity shares of UFSL that remained unclaimed were transferred to Investor Education and Protection Fund (IEPF).

BOARD AND KEY MANAGERIAL PERSONNEL

Following changes took place in the Board Composition during the FY 2025-26:

Sr.	Name of the Director	Type of change	Effective Date	Remarks
1	Ms. Sudha Suresh (DIN: 06480567)	Re-appointment	April 01, 2025	Re-appointment for the second term.
2	Ms. Anita Ramachandran (DIN: 00118188)	Cessation	June 30, 2025	Completion of tenure
3	Mr. Aniruddha Paul (DIN: 00928375)	Appointment	January 22, 2026	Appointment as Independent Director for a term of 3 (Three) years.

The brief profiles of the Directors are available on the website of the Bank at <https://www.ujjivansfb.bank.in/board-of-director>



KEY MANAGERIAL PERSONNEL

As on March 31, 2026, pursuant to Section 203 of the Companies Act, 2013, Mr. Sanjeev Nautiyal, Managing Director and CEO, Ms. Carol Furtado, Whole-Time Director, Mr. SB Kamath, Chief Financial Officer and Mr. Sanjeev Barnwal, Company Secretary and Compliance Officer are the Key Managerial Personnel ("KMP") of the Bank.

No changes in the Key Managerial Personnel during the FY 2025-26.

The brief profiles of the Key Managerial Personnel are available on the website of the Bank at <https://www.ujjivansfb.bank.in/management-team>

DIRECTORS RETIRING BY ROTATION

In accordance with the provisions of Section 152 of the Companies Act 2013, Ms. Carol Kripanayana Furtado, (DIN: 07587305) Whole-Time Director, retired by rotation at the previous AGM and shareholders approved her re-appointment. Further, Mr. Sanjeev Nautiyal, (DIN: 08075972) Managing Director & CEO will retire by rotation at the ensuing AGM and being eligible for reappointment, offers himself for re-appointment.

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 vide its amendments to the Companies (Appointment and Qualification of Directors) Rules, 2014, had mandated registration of KYC of all Directors. All the Directors of the Bank have complied with said requirement in FY 2025-26.

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 9 (Nine) times during the FY 2025-26. 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 part of the Annual Report of the Bank for the FY 2025-26.

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, 2026, the Bank had 12 (Eleven) Board Committees and their applicability under below mentioned statutes are given below:

Sr.	Board Committee	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

Sr.	Board Committee	Companies Act, 2013	SEBI Listing Regulations	RBI Requirements
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 & Sustainability Committee	Yes	No	No
10.	Credit Committee of Board	No	No	No
11.	Business Strategy Committee	No	No	No
12.	Transformation and Optimisation Committee	No	No	No

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 part of the Annual Report of the Bank for the FY 2025-26.

RECOMMENDATIONS OF AUDIT COMMITTEE

During the FY 2025-26, 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 24, 2026. 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

(a) Remuneration of Whole Time Directors (MD & CEO and Executive Director), hereinafter referred as WTDs

On receipt of shareholders' approval and with the prior approval of the RBI, the Board based on the recommendation of the NRC approves remuneration of its WTDs. A proper balance between fixed pay and variable pay is ensured for remuneration of the WTDs and the variable pay is a mix of cash (1/3) and non-cash (2/3).



Subsequent to the receipt of the RBI approval vide its letter dated Sep 16, 2025, the WTDs were paid the below remuneration during the FY25-26:

Particulars	Mr. Sanjeev Nautiyal (MD & CEO)	Ms. Carol Furtado (ED)
Fixed Remuneration paid during FY25-26 (A)	196.31 lacs	168.53 lacs
*Variable Pay for FY24-25 (split as under) (B):	108.27 lacs	96.60 lacs
- Cash Portion	35.73 lacs (50% i.e. 17.86 lac were paid during the year)	31.88 lacs (50% i.e. 15.94 lacs were paid during the year)
- Non-Cash Portion (ESOPs)	72.54 lacs (4,92,612 ESOPs were granted at ₹ 45.51 per option)	64.73 lacs (4,39,542 ESOPs were granted at ₹ 45.51 per option)
Total remuneration (A)+(B)	304.58 lacs	265.13 lacs

* As advised by the RBI, 50% of the variable pay has been deferred over a period of three years.

(a) Remuneration of Non-Executive Directors / Independent Directors

For the FY25-26, 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. Please refer **Annexure-2** for details of remuneration paid to each NEDs.

The Board on May 8, 2026 based on the recommendation of the NRC, has recommended to the shareholders to approve the below fixed remuneration to its Non-Executive Directors with effect from FY26-27 (please refer items 6 and 7 of the AGM Notice for further details):

- Fixed Remuneration of upto ₹ 25 lacs per annum for the Part-Time Chairman, subject to the approval of the Reserve Bank of India.
- Fixed Remuneration of upto ₹ 20 lacs per annum for each of the Independent Directors.

(c) Other Disclosures

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

In the absence of any holding or subsidiary company of the Bank during the FY25-26, neither the MD & CEO nor the Whole-Time Director had received any remuneration or commission from any holding or subsidiary company.

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 2025-26 as there were no new Independent Directors appointed on the Board during this period. However, the Bank has conducted various training programs for its Directors including the Independent Directors during the FY 2025-26.

The details of such programmes are available on the website of the Bank at <https://www.ujjivansfb.bank.in/corporate/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, 2026.

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board, to the best of its knowledge, hereby confirms and states that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;
- 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 <https://www.ujjivansfb.bank.in/corporate/corporate-governance-policies>

Leadership Development and Succession Planning:

Alongside the ongoing Leadership Development Program EDGE that aims to identify high performers and assess their potential and suitability for leadership roles at Ujjivan, the Bank is also building a robust leadership pipeline through high-potential talent identification, succession planning at both management and Board level, and experiential learning opportunities. As part of this initiative, the Bank continues to undertake an extensive exercise to identify gaps in successors for critical positions and actively addresses the gaps by leveraging market mapping and targeted talent acquisition to ensure readiness for future transitions under the direct guidance of the Nomination and Remuneration Committee of the Bank.

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 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 regular 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 met 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 Prudential norms on capital adequacy 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 specialized methodologies. 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 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.

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 victimization 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. Chandralekha Chaudhuri

Ujjivan Small Finance Bank Ltd.

Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Bangalore – 560095, Karnataka

Email- chandralekha.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. Sanjeev Nautiyal (DIN: 08075972)

Ujjivan Small Finance Bank Limited

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

Email: sanjeev.nautiyal@ujjivan.com

Name and Address of the Chairperson of the Audit Committee

Ms. Sudha Suresh, (DIN: 06480567)

C1, Farvella Apartments, 92/1 Lavelle Road 3rd Cross, Bangalore – 560001

Email: sudha.suresh@ujjivan.com

During the FY 2025-26, 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 <https://www.ujjivansfb.bank.in/corporate/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 2025-26	Number of Complaints
Number of Whistle Blower Complaint at the beginning	2
Number of Whistle Blower Complaint received during the year	16
Number of Whistle Blower Complaint resolved during the year	16
Number of Whistle Blower Complaint at the end	2*

* 2 cases received during the last week of March 2026 was resolved in the month of April 2026

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Bank has established a robust framework of policies, guidelines, processes, and governance structures to ensure the effective implementation of internal financial controls across the organisation. These controls are designed to ensure the orderly and efficient conduct of business operations, safeguard assets, prevent and detect frauds and errors, and ensure the accuracy and completeness of accounting records, thereby enabling the timely preparation of reliable financial information.

Control assessments are conducted across the Bank's critical operational and information technology processes, through a combination of manual and automated controls, to ensure appropriate coverage and effectiveness.

In our opinion, the Bank has, in all material respects, an adequate and effective system of internal financial controls, which was further strengthened during the financial year 2025-26. As part of the control evaluation process, sample-based testing is undertaken to assess the design and operating effectiveness of key controls and to validate the accuracy and completeness of information captured in the risk registers. Continuous review and monitoring mechanisms are embedded within the control framework to ensure its ongoing adequacy and effective operation, in alignment with the essential components of internal control as prescribed under the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

NO FRAUDS REPORTED BY THE AUDITORS

During the FY 2025-26, 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.

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 2025-26.

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 2025-26.

DEPOSITS

The Chapter V of the Companies Act, 2013 does not apply to the Bank. During the FY 2025-26, 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 2025-26.

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 2025-26 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 requisite disclosure has been made under Schedule 23 of the notes forming part of audited financial statements for the financial year ended March 31, 2026

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 <https://www.ujjivansfb.bank.in/corporate/corporate-governance-policies>

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Bank has a duly constituted CSR Committee with 4 (Four) Directors out of which 3 (three) are Independent Directors. The details of the changes in the composition of the CSR Committee during the FY 2025-26 have been provided in the Corporate Governance Report which forms part of the Annual Report for the FY 2025-26.

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 <https://www.ujjivansfb.bank.in/corporate/corporate-governance-policies>

The detailed Annual Report on the CSR activities for the FY 2025-26 is annexed to this Report as **Annexure-3**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY

Ujjivan has been actively pursuing various initiatives aimed at achieving its goal of reducing power consumption by 20% by 2030. The Sanchaya Program, a sincere effort towards Energy conservation relaunched in Q3 FY25 at corporate and regional enabled the bank to save about 5% of energy during the FY'26 from that of the previous year's consumption in units. The Bank has extended this initiative across all the branches and has included this in the Branch performance scorecard. In addition, the bank closely monitors the usage of desktops and laptops, ensuring that they are switched off when not in use. The use of LED lighting continues as part of our ongoing efforts to improve energy efficiency. The Bank has formulated Guidelines for Green Infrastructure and has been diligently incorporating sustainability aspects while renovating its facilities. Installation of energy efficient appliances like Sensor-based lighting, VRV AC systems, HVAC Timing & temperature control systems etc in our renovated corporate Main block, close monitoring of the usage and imparting consistent awareness on mindful consumption among employees and staff members have enabled us to save about 16% on energy during the FY 2025-26 from that of the pre-renovation period.

B. TECHNOLOGY ABSORPTION

During FY 2025-26, the Bank sustained its focus on automation and process optimization, adding 21 new process automation, along with enhancements to 10 existing RPA processes. A total of 69 process currently automated till Mar'26.



These efforts have resulted in a 12% increase in total FTE savings, reaching 99.86 FTEs during the year. Cost savings also witnessed a growth of 7.7%, surpassing ₹15 crore. Key departments including Operations, Micro Banking, Credit, IT, Risk, and HR continued to leverage RPA initiatives to drive scalability, efficiency, and operational excellence.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the FY 2025-26, 743 transactions (Inward & Outward) were processed adding up to USD 7,019.83 Lakh during the period. It resulted in an exchange income of Rs. 0.21 lakhs for the Bank. Total Foreign Exchange Outward was USD 4,112.84 Lakh during the FY 2025-26

SIGNIFICANT AND MATERIAL ORDERS BY THE REGULATORS OR COURTS OR TRIBUNALS

During the FY 2025-26, 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.

AUDITORS

A. STATUTORY AUDITORS

Pursuant to the receipt of the RBI approval vide its letter dated April 15, 2024, the Members of the Bank, in the 8th Annual General Meeting held on July 26, 2024, appointed 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 a 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 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 <https://www.ujjivansfb.bank.in/corporate/corporate-governance-policies>

Report of the Statutory Auditors

The Statutory Audit of the Bank for the FY 2025-26 was conducted jointly by M/s Deloitte Haskins & Sells, Chartered Accountants (FRN 117365W) and M/s Abarna & Ananthan, Chartered Accountants (FRN 000003S).

The Auditor's Report on the financial Statements of the Bank for the FY 2025-26 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 2025-26.

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 to

conduct the Secretarial Audit of the Bank for the FY 2025-26 and until the FY 2029-30 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 2025-26 is available on the Bank's website at www.ujjivansfb.bank.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, 2026, 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.bank.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 prioritizes 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 secured the 26th position in India's Best Companies To Work For 2025 (Top 100), has been ranked among India's Best Workplaces™ for Millennials 2025 in the Large category (ranks 11 to 50), has been recognized as an Industry Winner in the Small Finance Bank segment, and has been named among the Top 25 Best Workplaces in BFSI 2025.

In FY 2026, the Ujjivan SFB marked significant progress across key HR and employee engagement initiatives. A Trust Index score increased by 92 to 93 as compared to last FY25 under the GPTW aspiration rankings, voluntary attrition rates improved with an overall reduced from 19.44% for FY 25 to 18.61% for FY'26 and voluntary Infant attrition control rate was reduced from 4.22% from FY 25 to 3.46% for the FY26. Staffing was efficiently managed, closing the year at 92% of the budgeted headcount. Employee satisfaction remained strong, with increasing score from 86 to 87 for the FY26 on the Amber and HR processing salaries and benefits with 99.99% accuracy and 100% on-time and operational efficiency was further enhanced by reducing the FFS TAT.

A total of 84 HR digitization projects were successfully implemented, collectively saving 1002 man-days. Learning and development initiatives reached new industry benchmarks, with employees averaging 48.20 learning hours the highest in the industry with 88,573 employees receiving training.

Talent development saw a career growth for 2207 employees in the organisation through the Internal Job Posting (IJP) route and non IJP growth and EDGE (Executive Development for Growth and Excellence) is High - Potential development program where currently there are two ongoing batches covering 248 employees from across AVP/VP and SM/CM grade. Additionally, physical engagement efforts such as branch visits and town halls were reduced in the frequency of branch representative meetings from quarterly to semi-annual, with Advent of the Amber feedback mechanism.

CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY REPORT

The Bank recognizes 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 focused 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 2025-26 as per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations forms part of the Annual Report for FY 2025-26. 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 2025-26 and is also disclosed on the Bank's website at www.ujjivansfb.bank.in.

Further, as a responsible bank, Ujjivan 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. Ujjivan aims to balance financial performance with social responsibility and environmental stewardship and its sustainability approach defines its strategy and action to align its operations with ESG trends, regulatory requirements, and stakeholder expectations. Sustainable banking practices contribute to a more resilient financial system, help address environmental and social challenges, and support the transition to a sustainable and inclusive economy. The Bank's sustainability framework is structured around six major pillars, each with ambitious goals that will guide our efforts over the next decade. These pillars encompass sustainable operations, empowering communities, human capital development, effective governance, customer centricity, and responsible finance. These pillars collectively reflect our commitment to responsible banking practices that contribute to a more resilient financial system and support the transition to a sustainable and inclusive economy.

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 2025-26.

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 organizations. This Policy recognizes 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 2025-26:

Number of Complaints	Number of Complaints Resolved	Number of Complaints Pending for Resolution
23	20	3

Composition of Internal Committees

The 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 organization 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.bank.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. Familiarization 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 2025-26.

The certificate is annexed to this Report as **Annexure-6**.

KEY INITIATIVES WITH RESPECT TO STAKEHOLDER RELATIONSHIP, CUSTOMER RELATIONSHIP, ENVIRONMENT, SUSTAINABILITY, HEALTH AND SAFETY

During FY2025-26, the Service Quality function continued to strengthen the Bank's customer-centric agenda through focused interventions across service governance, grievance redressal, frontline capability building, digital adoption, and customer feedback management. Key outcomes reflect measurable progress in service standards, customer trust, and operational excellence.

Through disciplined governance, stronger customer listening and experience-led transformation initiatives, the function has delivered tangible outcomes while establishing a strong foundation for the Bank's next phase of customer experience maturity.

Service Governance

The Service Quality function further strengthened governance and control oversight through a robust Service Index framework, which now monitors 316 predefined service quality parameters, significantly expanded from 160 parameters in the previous year. This broadened coverage enhanced monitoring rigor across products, channels, and support functions.

The Bank sustained strong service standards under this framework, with the Bank-level Service Index closing at 92 points on a scale of 100 points, while maintaining an average of 89 points for the FY 25-26, demonstrating consistency in service delivery performance. This is a significant improvement after the bank has recalibrated the service index parameters with tighter performance benchmarking. As a result, the service index commenced with 85 points in the beginning of the year and seen a consistent improvement by 7 points by reaching 92 points by March 2026. These outcomes were supported through strengthened review mechanisms, root cause analysis, process re-engineering and functional accountability.

Grievance Redressal and Service Recovery Improvements

Customer Grievance Resolution Mechanism and Service Recovery remained a key focus area, with continued progress in complaint reduction, turnaround times, and proactive risk mitigation.

Focused interventions on root-cause correction contributed to a 19% reduction in complaint volumes year-on-year, and an overall 35% reduction since FY2023–24, reflecting the impact of sustained quality improvements.

Service responsiveness also improved, with:

- 96% of service requests resolved within timelines, and
- 99% complaint resolution within prescribed TAT sustained for the second consecutive year.

The Service Recovery and Incident Management framework was further strengthened through early issue detection, monitoring controls, and structured root cause analysis, supporting faster resolution and reduction in repeat failures. These efforts contributed materially to customer trust and operational resilience.

Strengthening Customer-Centric Service Delivery

A major focus area during the year was reinforcing customer centricity across touchpoints through a combination of elevating service culture, process enhancements, and capability-building interventions. Service Quality initiatives were designed not only to achieve consistency in service standards but also to embed a stronger customer-first mindset across frontline and support teams.

A key milestone was the rollout of structured Service Excellence training Program as "Ujjivan Pulse" covering 2,250 employees, aimed at strengthening core service principles, complaint handling effectiveness, and customer engagement standards. Through structured learning programs, role-based capability interventions, and service excellence anchors, teams

were enabled to deliver more consistent and responsive service experiences.

Customer centricity was also strengthened through a deeper focus on Voice of Customer (VoC) inputs. Feedback from complaints, service requests, branch interactions, surveys, digital channels, frontline observations and monthly customer connects at branches was systematically reviewed to identify pain points and implement process enhancements. This strengthened the Bank's ability to move beyond reactive issue resolution toward root-cause-led service improvement.

Specialized Service Initiatives: Aajeevan Services, An Approach to Life Events Based Banking Services

We understand that life events, whether joyful or saddening, require empathy, support, and assurance. To address this need, we have continued our flagship program "Aajeevan," a unique life-events-based banking program that provides personalized services to help customers navigate life's milestones with ease.

Aajeevan offers a range of services, including: nomination facilities, joint accounts, settlement of claims for deceased account holders, priority and doorstep services for senior citizens and specially abled customers, special services like adding mandate holders or power of attorney basis the customer's life needs.

To ensure successful implementation, the Service Quality function has conducted a specially designed one-day workshop on Aajeevan services year on year, focused on supporting customers during critical life events with empathy-led service solutions. 577 participants trained across 26 classroom batches, and to increase engagement, an e-learning module on the Program was introduced. This helped in reiterating the importance of the program building expectation on service delivery across 2,595 employees covered through virtual learning modules.

Key outcomes under this initiative included:

- 99.37% resolution of life-event service requests within TAT, and
- 99.98% settlement of eligible claims within TAT,

Over the years, the promotion of Aajeevan services has helped in improvement of resolution of Aajeevan service requests to >99% year on year from 94% in FY 22-23.

New initiatives undertaken to provide seamless customer service and safety of digital transactions:

- **Digital Transformation and Alternate Channel Adoption** - Supporting the Bank's digital transformation agenda, the team contributed to stronger adoption and governance through the launch of the Alternate Channels Dashboard, providing branch teams with real-time channel performance insights. This intervention contributed to 79.82% usage across alternate channels, supporting migration toward efficient digital servicing and improved operational agility. The dashboard has enabled better identification of adoption gaps, performance trends, and service opportunities at the branch level.

- **Launch of Digitized Net Promoter Score (NPS) & CSAT Program** – Experience-Led Transformation A major strategic milestone during FY2025–26 was the launch of the **Net Promoter Score (NPS) framework**, through a digital solution representing a shift from traditional transactional metrics to a more structured customer experience metrics. The NPS program was launched across **critical customer touchpoints**, creating a foundational mechanism to:

- Capture customer advocacy and satisfaction signals,
- Generate actionable insights from voice of customers,
- Drive a transition from reactive service management to proactive experience management.
- Scale-up of capability-building interventions across business and product segments

This initiative has established a strong foundation for enterprise-wide customer listening and long-term loyalty enhancement.

Customer Connect and Awareness:

- As an ongoing customer awareness programs, the bank has launched various customer awareness campaigns such as;
 - A significant increase in fraud incidents was reported across the country. To address this concern and ensure our customers are aware of such incidents, a customer awareness campaign was conducted through SMS on safety measures in 11 different regional language informing customer, while using digital channels or on receipt of any calls not to share banking credentials over suspicious links.
 - To maximize impact, bank unified its customer awareness initiatives into a coordinated strategy that reaches both existing clients and the general public through a multi-channel framework. By deploying approximately 94 lakh SMS alerts, 5 lakh website banners, and 10,000 social media engagements monthly—alongside WhatsApp campaigns, ATM messaging, and Financial Literacy Programs reaching 15,000 individuals—the bank has significantly expanded its educational footprint. This proactive outreach is paired with rigorous security enhancements; by integrating feedback from the Internal Ombudsman and analyzing fraud trends, the bank implemented advanced controls that have fortified digital channels and strengthened the protection of customer funds.
 - Bank has been conducting a monthly customer service committee as “Let’s Connect” which

provide a vital platform for customers to share feedback, voice grievances and suggest improvements in banking services. 83,611 customers from various product segment had participated in these meetings across our branches in FY 24-25. Feedbacks received during these meetings were reviewed and implemented as necessary. During these meetings, the customers were also educated on key customer service aspects such as reporting and awareness on unauthorized transactions, awareness on Nomination facility, Updated cheque clearing process, TDS exemption process, Key features of Mobile Banking and introduction to the new EZY App launched by the bank, various services introduced in WhatsApp and Video Banking, safety tips on cyber fraud, ATM fraud etc.

Health and Safety

The Bank places the highest priority on the health, safety, and well-being of its employees and customers. Over the years, several structured initiatives have been implemented to strengthen workplace safety, enhance infrastructure and ensure a seamless operational environment. Key highlights are as follows:

- Comprehensive fire safety protocols are rigorously maintained across all PAN India offices and branches through the deployment of fire extinguishers and related systems. To ensure preparedness, half-yearly fire drills are conducted at the Head Office and Regional Offices, supported by regular safety awareness programs for employees across all locations.
- The Bank remains committed to fostering a safe, comfortable and employee-centric work environment. As part of its employee well-being initiatives, air conditioning systems have been installed across all offices to ensure a consistent and comfortable workplace for employees and customers, particularly during extreme weather conditions. This is further reinforced by periodic preventive maintenance of all electrical equipment to ensure safety and uninterrupted operations.
- In line with the Bank’s commitment to inclusivity, 127 ramps have been installed across the branch network to facilitate easy access for specially-abled customers and employees, thereby promoting a more accessible banking environment.
- Deep cleaning and pest control services are systematically carried out across all offices. These measures ensure a clean, hygienic and professional environment, contributing to the overall well-being of employees and enhancing customer experience.

Cash-settled Stock Appreciation Rights Agreement (CSARs)

During the year 2025-26, with the prior approval of the RBI, the NRC of the Bank through its resolution passed on January 13, 2025 granted 23,09,415 CSARs to Mr. Ittira Davis, former MD & CEO of the Ujjivan bank towards the non-cash portion of the approved variable pay for the FY23-24; details of the CSAR granted are given below:

Sr No.	Particulars	Details
1	Non-Cash Variable Pay	₹ 2,01,00,000
2	No. of CSARs	23,09,415
4	Base Price per CSAR	₹ 35.49 (FMV as on Jan 10, 2025)
5	Appreciation to be settled in cash	Market Price as on date of Vesting less Base Price
6	Payout Period	90 days from the date of Vesting of CSARs

CSAR Vesting schedule

Dates of Vesting	Percentage of Vesting	No. of CSARs to be vested
Jan 10, 2026	20% of CSARs granted	461883
Jan 10, 2027	20% of CSARs granted	461883
Jan 10, 2028	30% of CSARs granted	692825
Jan 10, 2029	30% of CSARs granted	692824

1st tranche has been executed and paid as per below.

Full Name	Date Of Grant	Date of Exercise	CSAR Payout (Jan,26)
Ittira Davis	10-01-2025	09-01-2026	1,10,15,910

Employees Safety Measures

As an employee first organization, Ujjivan 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 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 and emotional support. Apart from this, employees and their family including parents are covered under health risk facilitating health benefits and additional benefits/limits under the top up plans. Employees are covered under accidents, term life and also for their future service gratuity.

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 their continued support and encouragement during the year.

We also thank the Government of India; the Government of Karnataka; the Ministry of Commerce and Industry; the Ministry of Finance, Ministry of Corporate Affairs; the Securities and Exchange Board of India, 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 2025-26 and look forward to their continued support in future.

OTHER DISCLOSURES

- 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.
- 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 2025-26.
- The Bank has adhered to all applicable provisions of the Maternity Benefit Act, 1961, ensuring full compliance with statutory requirements.
- 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

For and on behalf of the Board of Directors

Sd/-
B A Prabhakar
 Part-Time Chairman and
 Independent Director
 DIN: 02101808

Sd/-
Sanjeev Nautiyal
 MD & CEO
 DIN: 08075972

Date: May 08, 2026
 Place: Bengaluru