Pillar III Disclosures for quarter ended September 30, 2025

2025-2026

[Ujjivan Small Finance Bank (hereinafter called “the Bank”) is primarily subject to the BASEL II {New Capital Adequacy Framework (NCAF)} framework with some elements of Basel III regulations made applicable and has prepared this disclosure document in compliance with the directions of Reserve Bank of India (hereinafter referred to as “the Regulator” or “RBI”) vide its circular RBI/2015-16/58; DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015. The document provides a review of key observations pertaining to the Bank’s capital adequacy, credit quality, key business highlights and a review of its key risks as at September 30, 2025.]

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1. List of key abbreviations

Abbreviation	Full form
ACR	Automated Cash Recycler
AFS	Available for Sale
ALCO	Asset Liability Committee
ANBC	Adjusted Net Bank Credit
ATM	Automated Teller Machine
AIF	Alternate Investment Fund
BC	Business Correspondent
BIA	Basic Indicator Approach
BRACO	Business Risk and Compliance Officer
BSE	Bombay Stock Exchange
BV	Book Value
CC	Cash Credit
CASA	Current Account Savings Account
CBDR	Common But Differentiated Responsibilities (CBDR) and respective capabilities
CERSAI	Central Registry of Securitisation Asset Reconstruction and Security Interest of India
CET1	Common Equity Tier 1 Capital
CFO	Chief Financial Officer
CFP	Contingency Funding Plan
CIC	Core Investment Company
CRAR	Capital to Risk-weighted Assets Ratio
CRMC	Credit Risk Management Committee
CRO	Chief Risk Officer
DPD	Days Past Due
DSA	Direct Selling Agent
DSCB	Domestic Scheduled Commercial Bank
ECL	Expected Credit Loss
ECLGS	Emergency Credit Line and Guarantee Scheme
ECRA	External Credit Rating Agency
ESG	Environment, Social and Governance
EMDE	Emerging Market & Developing Economies
EWS	Early Warning Signal
FIG	Financial Institutions Group
FOIR	Fixed Obligation to Income Ratio
FLOD	First line of Defence
FP	Floating provision
FPI	Foreign Portfolio Investor
GDP	Gross Domestic Product
GA	Gross Advances
GLB	Gross Loan Book

GLC	General Ledger Code
GNPA	Gross Non-Performing Asset
GVA	Gross Value Added
HFT	Held for Trading
HHI	Household Income
HTM	Held to Maturity
HQLA	High Quality Liquid Assets
HUF	Hindu Undivided Family
IBPC	Inter Bank Participation Certificate
ICAAP	Internal Capital Adequacy Assessment Process
ICAI	Institute of Chartered Accountants of India
ICE	Internal Combustion Engine
IFSC	Indian Financial System Code
IGAAP	Indian Generally Accepted Accounting Principles
IMPS	Immediate Payment Service
IPDI	Innovative Perpetual Debt Instrument
IPO	Initial Public Offer
IRAC	Income Recognition and Asset Classification
IRRBB	Interest Rate Risk in Banking Book
IWG	Internal Working Group
KRI	Key Risk Indicator
LAP-SENP-SEP	Loan Against Property- Self Employed Nonprofessional- Self Employed Professional
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LMS	Loan Management System
LR	Leverage Ratio
LWE	Left Wing Extremism
MB	Micro banking
MCA	Ministry of Corporate Affairs
MD	Modified Duration
MD & CEO	Managing Director and Chief Executive Officer
MDG	Modified Duration Gap
MSE	Micro and Small Enterprises
MVE	Market value of Equity
MV	Market Value
NBFC-ND-SI-CIC	Non-Banking Financial Company-Non-Deposit-taking-Systemically Important-Core Investment Company
NE	Northeastern
NEFT	National Electronic Funds Transfer
NGFS	Network for Greening the Financial System
NPA	Non-Performing Asset
NNPA	Net Non-Performing Asset

NPI	Non-Performing Investment
NSE	National Stock Exchange
NSFR	Net Stable Funding Ratio
Non-URC	Non-Unbanked Rural Centre
OD	Overdraft
ORMC	Operational Risk Management Committee
OSP	Outstanding Principal
PAT	Profit After Tax
PAR	Portfolio at Risk
PB	Payments Bank
PD	Probability of Default
PNCPS	Perpetual Non-Cumulative Preference Shares
PPOP	Pre – provision operating profit
PSL	Priority Sector Lending
QIP	Qualified Institutional Placement
QRT	Quick Response Team
RB	Rural Banking
RBI	Reserve Bank of India
RCA	Root Cause Analysis
RCSA	Risk Control and Self-Assessment
RMCB	Risk Management Committee of the Board
ROA	Return on Asset
ROE	Return on Equity
RSA	Risk Sensitive Assets
RSL	Risk Sensitive Liabilities
RWA	Risk Weighted Assets
SA	Standardized Approach
SDA	Standardized Duration Approach
SEBI	Securities and Exchange Board of India
SEL	Secured Enterprise Loan
SFB	Small Finance Bank
SLOD	Second Line of Defence
SLR	Statutory Liquidity Ratio
SMA	Special Mention Accounts
TVR	Tele verification report
UAT	User Acceptance Testing
UPI	Unified Payments Interface
URC	Unbanked Rural Centre
USD	United States Dollar
VaR	Value at Risk
WEO	World Economic Outlook
YTD	Year till Date

2. *Key Performance highlights of the Bank*

Ujjivan Small Finance Bank (hereinafter referred to as "the Bank") is required to publish disclosures under the Pillar III framework as required in terms of RBI guidelines on New Capital Adequacy Framework issued vide RBI/2015-16/58; DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015. This document provides a review of key observations pertaining to the Bank's capital adequacy, credit quality, key business highlights and a review of its key risks as at September 30, 2025. All exposure related figures quoted in the document are 'Rs. in lakh', unless otherwise specifically stated.

A. Branch network and distribution reach:

The branch position of the Bank as at September 30, 2025, was as follows:

Particulars	Count
Total Banking outlets, of which	766
Banking outlets[1] (non-URC)	572
Banking outlets (URC)[2], *of which*	194
i Qualifying URC Branches (Branches situated in tier 3-6 locations in NE[3] states and LWE[4] districts)	45
ii Business Correspondents (BC)	4
Total ATMs	613
Of which, ACR (Automatic Cash Recycler)	62

During the quarter ended Q2 FY26, the Bank had opened **14** new branches across regions (South-**0**, North -**2**, East-**8**, West-**4**). With **25.326%** of Banking outlets in URC, the Bank is fully compliant with RBI guidelines in this regard. The physical reach continues to be supplemented by a strong and focused investment in digital platforms to aid in business development, on both asset and the liabilities side.

B. Financial highlights for Q2 FY 2025-26:

Some of the key achievements for the period ended September 30, 2025, were as follows:

Customer base	• Total customer outreach was 98.8 lakh customer through 766 branches as at September 30, 2025 (96.8 lakh as at June 30, 2025; 95.1 lakh as at March 31,

[1] A 'Banking Outlet' for a Small Finance Bank (SFB) is a fixed-point service delivery unit, manned by either bank's staff or its Business Correspondent where services of acceptance of deposits, encashment of cheques/cash withdrawal or lending of money are provided for a minimum of 4 hours per day for at least 5 days a week. It carries uniform signage with name of the bank and authorisation from it, contact details of the controlling authorities and complaint escalation mechanism. The bank should have a regular off-site and on-site monitoring of the 'Banking Outlet' to ensure proper supervision, 'uninterrupted service' except temporary interruptions due to telecom connectivity, etc. and timely addressing of customer grievances. The working hours/days need to be displayed prominently.

' [2] An unbanked rural centre (URC) is defined as a rural (Tier 5 and 6) centre that does not have a CBS-enabled 'Banking Outlet' of a Scheduled Commercial Bank, a Payment Banks or an SFB or a Regional Rural Bank nor a branch of a Local Area Bank or licensed Co-operative Bank for carrying out customer-based banking transactions.

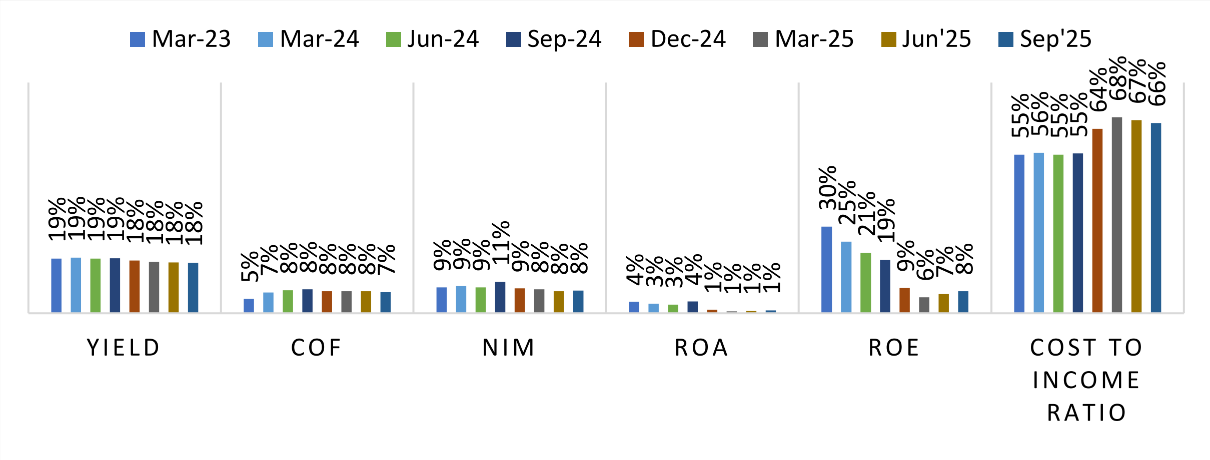
[3] Northeastern states

[4] Districts with active Left-Wing Extremism (LWE)

	2025).
Loan Portfolio	• Gross Loan Book (GLB) (without netting off IBPC/Securitization/Direct Assignment): Rs. 34,58,846 lakh as at September 30, 2025 (Rs. 33,28,711 lakh as at June 30, 2025 and Rs. 32,12,207 lakh as at March 31, 2025). • Gross Advances (GA) (after netting off IBPC/Securitisation/Direct Assignment): Rs. 34,42,079[5] lakh as at September 30, 2025 (Rs. 33,10,911[6] lakh as at June 30, 2025; Rs. 31,93,346[7] lakh as at March 31, 2025). • Non-Microfinance book was 44.57% as at September 30, 2025 on GA basis (43.50% as at June 30,2025; 41.73% as at March 31, 2025).
Deposit Portfolio	• Total Deposits (Retail plus Institutional): Rs.39,21,091 lakh as at September 30, 2025. (Rs.38,61,862 lakh as at June 30; Rs.37,63,048 lakh as at March 31, 2025). • CASA: 27.52% as at September 30, 2025 (24.29% as at June 30, 2025; 25.56% as at March 31, 2025).
Asset Quality	• Gross Non-Performing Assets (GNPA): 2.45[8]% as of September 30, 2025 (2.52[9]% as of June 30, 2025; 2.18[10]% as of March 31, 2025) • Net Non-Performing Assets (NNPA): 0.67% as at September 30, 2025[11], (0.70% as at June 30, 2025[12]; 0.49% as at March 31, 2025[13])
Capital Adequacy	• CRAR ratio of the Bank as at September 30, 2025 was 21.36% (June 30, 2025 was 22.77%; March 31, 2025 was 23.10%)
Employee strength	• 26,484 as at September 30, 2025 (25,247 as at June 30, 2025; 24,374 as at March 31, 2025; 22,566 as at March 31, 2024)
Provisions and Credit costs	• Total provisions including Floating Provision as at September 30, 2025 was Rs.78,684 lakh (Rs.77,584 lakh as at June 30, 2025; Rs.70,614 lakh as at March 31, 2025) • Total NPA provision (excluding floating provision) held was Rs 48,320 lakh as at September 2025 (Rs 47,400 lakh as at June 2025; Rs.41,346 lakh as at March 31, 2025).

[5] Outstanding balance in IBPC/Securitisation/ Direct Assignment as on September 30,2025 is Rs 16,767 lakh
[6] Outstanding balance in IBPC/Securitisation/ Direct Assignment as on June 30,2025 is Rs 17,800 lakh
[7] Outstanding balance in IBPC/Securitisation/ Direct Assignment as on March 31,2025 is Rs 18,860 lakh
[8] Computed as a percentage to Gross advances. GNPA% on GLB basis as at September 30, 2025 is 2.45%
[9] Computed as a percentage to Gross advances. GNPA% on GLB basis as at June 30, 2025 is 2.52%
[10] Computed as a percentage to Gross advances. GNPA% on GLB basis as at March 31,2025 is 2.18%
[11] Computed as a percentage to Net advances. NNPA% as a ratio to Net GLB was 0.67%
[12] Computed as a percentage to Net advances. NNPA% as a ratio to Net GLB was 0.70%
[13] Computed as a percentage to Net advances. NNPA% as a ratio to Net GLB was 0.49%

The key performance ratios (quarterly positions) of the Bank were as follows:



A persistent high-cost borrowing environment in Q4FY25, coupled with continuing industry level stress in the Bank's flagship business (Microfinance sector) resulted in a marginal reduction in profitability in Q2FY2026. A summary of the key highlights of the Bank as of September 30, 2025 is given below:

- Pre-Provision Operating Profit for Q2 FY 2025-26 was Rs. 39,524 lakh; down by 14% Y-o-Y.
- Disbursements were at Rs.7,93,244 lakh in Q2 FY 2025-26; up by 48%/ 21% on YoY/QoQ basis.
- Deposit position was Rs. 39,21,091 lakh as of September 30, 2025; up by 15%/2% YoY/QoQ respectively. CASA was at Rs 10,79,013 lakh; up 22% YoY. CASA ratio was 27.52% as of September 2025. Retail TD (TDs less than Rs. 3 crores) increased 7%/ (8) % YoY/QoQ.
- **Other Key performance metrics**: Continued traction on collections with ~97% efficiency in September 2025; NDA collection stood at ~99.5%. Portfolio At Risk (PAR) was at 4.45% as of September 2025. GNPA on GLB basis at 2.45% as of September 2025; NNPA continued to be negligible at 0.67% as at September 2025. A total of Rs.21,055 lakh was technically written off in Q2 FY26; Provision Coverage Ratio (PCR) as of September 2025 was 73%.
    - ➢ The quarterly reduction in PAT by 47.6% on y-o-y basis can be attributable on account of two reasons viz. increase in credit costs on account of industry level crisis and enhanced collection related expenses incurred to mitigate the stress; leading to an uptick in credit costs. It may however be noted that the Bank has consistently maintained its CI ratio on q-o-q basis, through introduction of austerity measures, enhancements to systems and targeted focus on improving business productivity from low-risk geographies, to compensate of the incremental collection related costs. This range bound performance in CI ratio is expected to improve further with bottoming of MFI overleverage crisis and reduced operational costs.

    - ➢ With the change in overall portfolio mix on account of business ramp-up in newer business lines, the book level yield is also likely to optimize further.

C. Macro-Economic Outlook:

India's economy commenced FY2025–26 on a strong note, with real Gross Domestic Product (GDP) growth of 7.8% in the first quarter (April–June 2025)[14]. This robust performance was driven by strong private consumption, government capex, rural demand and expansion in services sector; it was also supported by a pre-emptive front loading of exports in the run-up to the US tariffs. The growth profile

[14] India Economic Pulse- Sep'25 by EY

for Q2 remained healthy, with most agencies estimating real GDP in the range of 7.2% to 7.5%. However, the ongoing tariff and trade policy uncertainties are expected to impact external demand for goods and services, although there is some traction on reconciliation/renegotiations between India and USA expected in Q3FY2026. Prolonged geopolitical tensions and volatility in international financial markets continues to be a downside risk to the growth outlook. The implementation of several growth-inducing structural reforms by RBI & Central Government, especially the streamlining of GST rates is expected to offset some of the adverse effects of the external headwinds and provide an impetus for economic growth, prior to the festival season.

Inflation remained the most supportive macro factor during the quarter. Headline CPI hovered between 1.5% and 2.1%, driven primarily by food disinflation and a stable fuel environment. With inflation being benign, the RBI continued to hold the policy repo rate at 5.5% and maintained a neutral stance. The combination of stable policy rates, declining inflation projections and strengthened external balances—with forex reserves crossing USD 700 billion—created a favourable macroeconomic backdrop for credit expansion and investment activity. However, an abnormally low inflation trajectory may also indicate sluggish demand which can prompt RBI explore further rate cuts. Any further rate cuts may impact the interest margins for the banking sector.

Looking at the broader outlook for FY2025–26, RBI expects real GDP growth[15] of 6.8% for 2025-26, with Q2 at 7%, Q3 at 6.4% and Q4 at 6.2%. The primary engines of growth are expected to be strong domestic consumption, which continues to account for more than 60% of GDP, a nominal revival in private investments indicating signs of a capex upturn at the end of FY2024–25; and sustained strength in services exports, driven by India's digitally skilled workforce and expanding global capability centres.

The banking industry operated within a favourable growth environment in Q2 but faced rising funding pressures. Credit growth accelerated modestly to about 10–11% YoY by September 2025, supported by steady improvement in secured retail lending, housing finance, gold loans, renewable energy and SME credit. However, deposit growth lagged at around 9.5–9.9%, marking a persistent imbalance between credit and deposit expansion. As a result, the system's credit-to-deposit ratio crossed the 80% mark for the first time in many years, highlighting a structural liquidity tightening that is likely to persist unless deposit mobilisation strengthens meaningfully.

Overall, India's macroeconomic environment remains stable, supported by domestic demand and policy measures. It is likely to get further support from a favourable monsoon, lower inflation, monetary easing and the salubrious impact of GST reforms.

D. Transition to Universal Banking regime:

In FY 2024-25, the Bank officially filed its application with RBI to transition to a Universal Bank. Based on the Board approval dated January 23, 2025, the Bank had submitted the formal application to the Reserve Bank of India ("RBI") for obtaining the Universal Banking License as per the RBI Guidelines for 'on tap' Licensing of Universal Banks in the Private Sector dated August 01, 2016 read with RBI circular on Voluntary transition of Small Finance Banks to Universal Banks dated April 26, 2024. As at reporting date, the Bank is awaiting for a response from the Regulator on the application status.

E. Brief on Risk Management Framework:

The Bank's Risk Management Framework is based on a clear understanding of material risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and

[15] RBI MPC meeting and RBI's Sectoral deployment of Bank credit- Sep'25

procedures established for this purpose are continuously benchmarked with best practices. The Bank has oversight on all material risks (maintained in the form of Risk Register in ICAAP), 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 board 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. The Enterprise Risk Management unit is responsible for preparation and publication of Pillar III disclosures. The Bank has dedicated sub-units to have oversight on credit risk, market risk (including ALM), operational risk and Information security risks (including Technology risk). In addition to the stated units, the Bank has also put in place two specialized units within Risk Management, which are as below:

Enterprise Risk Management unit:

The Enterprise Risk Management (ERM) unit in the Bank plays a central coordinating role in integrating risk management practices across all functions to provide a holistic view of the institution's risk profile. Unlike silo-based risk units that focus on specific risk types, the ERM unit drives the Bank's overall risk governance, ensuring alignment between strategy, risk appetite, and capital planning by monitoring risk-adjusted performance metrics to inform strategic decisions. It facilitates the identification of cross-cutting and emerging risks (For e.g.: climate risks), promotes risk aggregation across portfolios, and enables scenario analysis and stress testing at the enterprise level. The ERM team supports ICAAP development, tracks risk appetite statement adherence, and presents consolidated/integrated risk dashboards to senior management and the RMCB/Board. The unit plays an integral role monitoring the prevailing risk culture through periodic surveys, focused group discussions and feedback mechanism. Additionally, ERM leads the coordination of reporting to the RMCB and ensures regulatory alignment on comprehensive risk frameworks and disclosures. The scope of activities undertaken by the unit on a day-to-day basis are as below (inclusive but not exhaustive): 1) Strategic risk management and identification of changes from a risk perspective on account of internal and external factors 2) Integrated risk reporting/scoring and oversight on Risk Appetite statements 3) Capital risk management and Regulatory reporting (RCA & LR returns) 4) Economic capital, RAROC and capital linked FTP incentivisation 5) Balance sheet and business benchmarking 6) Pricing strategies/risks on the lending side for various products/groups of products of various SBUs 7) Management of emerging risks like climate risk (AI) 8) Stress testing and scenario analysis 9) Model risk management and model validation activities 10) Regulatory Disclosures (Pillar III, TCFD etc.).

Risk Analytics and Monitoring Unit:

The latest addition to the Bank's Risk Management Department in FY 2024-25 was the creation of a dedicated unit for Risk Analytics and Monitoring (RAM) with a direct reporting line to the Chief Risk Officer (CRO). This unit is specifically created to cater to the ever-increasing needs of data/analytics led decisioning making in risk related matters. Since this unit is created, positioned and operated as a second line of defence, it avoids conflict of interests and bolsters independent oversight. The Terms of

Reference (ToR) for the RAM unit are to standardize and report Risk Intelligence dashboards and undertake predictive analytics in Credit Risk (statistical scorecards, credit KRI dashboards etc.) and Market Risk (Value at Risk models) areas. The outputs/findings of the RAM unit are integrated to the silo level risk management units viz. Credit risk, Asset Liability management, Market Risk management and Operational Risks and thus aid in creating a robust risk management lifecycle within the Bank.

3. *Table DF- 1: Scope of Application*

3.1 Qualitative Disclosures

Parent Organization/Holding Company: NIL

The disclosures in this document pertain to the Bank as a stand-alone and independent entity. The Bank does not have any subsidiary (the operating guidelines for Small Finance Banks (SFBs) do not permit SFBs to have subsidiaries) nor does the Bank have any interest in any insurance entity.

3.1.1 List of group entities considered for consolidation: NA

3.1.2 List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation: NA

3.2 Quantitative Disclosures

3.2.1 List of group entities considered for consolidation

Name of the entity / country of incorporation	Principal activity of the entity	Total balance sheet equity	Total balance sheet assets
NIL	NIL	NIL	NIL

3.2.2 Aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation

Name of the subsidiaries/ country of incorporation	Principal activity of the entity	Total balance sheet equity	% of the Bank's holding in the total equity	Capital deficiencies
NIL	NIL	NIL	NIL	NIL

3.2.3 Aggregate amounts (e.g. current book value) of the Bank's total interests in insurance entities, which are risk-weighted

Name of the insurance entities/ country of incorporation	Principal activity of the entity	Total balance sheet equity	% of the Bank's holding in the total equity / proportion of voting power	Quantitative impact of regulatory capital using risk weighting methods versus using the full deduction method
NIL	NIL	NIL	NIL	NIL

3.2.4 Any restrictions or impediments on transfer of funds or regulatory capital within the banking group: NA

4. *Table DF-2: Capital Adequacy*

4.1 Qualitative Disclosures

Since inception, the Bank is well capitalized and aided by the internal capital generated through the profits earned from operations helping the Bank to maintain minimum capital requirements set by the Regulator.

As per RBI Operating Guidelines for Small Finance Banks (SFBs), the Bank is required to follow BASEL II standardised approach for Credit Risk (external rating-based risk weight for rated exposure and regulatory retail approach for small retail loans). While SFBs are required to comply with Basel II norms for Capital Adequacy calculation purposes, the structure and nature of capital instruments such as Common Equity, Additional Tier 1 instruments are required to be compliant with the Basel III guidelines. In essence therefore, in the case of SFBs, the Regulator has adopted a hybrid model.

Though SFBs are not required to have a separate capital charge for Market Risk and Operational Risk for the time being in terms of an RBI communication dated November 8, 2017 (DBR. NBD. No. 4502/16.13.218/2017-18), as a good governance practice, and as directed by its Board, and in anticipation of an eventual transition to a Universal Commercial Bank, the Bank separately computes capital charge for all the Pillar 1 risks viz. Credit, Market and Operational Risk using Standardized Approach (SA), Standardized Duration Approach (SDA) and the New Standardized Approach (NSA)/Basic Indicator Approach (BIA) respectively. Besides this, the Bank also computes and maintains LCR at above 100%, NSFR at above 100% and Leverage Ratio above 4.5%.

The Bank has also procured and implemented an external application to automate CRAR generation on a continuous basis. The Bank has commenced a parallel run to analyse variances in outputs between manual and system generated reports. The full transition to system generated CRAR is targeted by Q4 FY 2025-26.

RBI has recently issued draft guidelines to transition from an Incurred Credit Loss to an Expected Credit Loss (ECL) model, but the transition will be effective from FY 2027. The Bank has commenced work on the transition (general state of preparedness) to be equipped with systems and processes to comply with the timeline. Pending the full implementation of ECL, the comparison of capital adequacy under both regimes as part of the disclosures is not required. It is pertinent to mention that the guidelines are applicable only to SCBs (except RRBs, SFBs and PBs), but the Bank has commenced the evaluation and enhancements in anticipation of the Universal Bank license. The work is an extension to the considerable work and expertise that the Bank had developed while preparing ECL for its erstwhile Holding Company.

The Bank has a comprehensive Internal Capital Adequacy Assessment Process (‘ICAAP’). The ICAAP covers the capital management policy of the Bank, sets the process for assessment of the adequacy of capital to support current and future activities / risks and a report on the capital projections. The Bank has a structured ICAAP framework for the identification and evaluation of the material risks that it faces, which may have a bearing on its business and financial position.

The Bank has implemented a Board approved Stress Testing policy and framework which forms an integral part of the Bank's ICAAP. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions. The changes in the levels of credit risk, market risk, liquidity risk, IRRBB, operational risk and reputational risk are assessed under assumed "stress" scenarios and sensitivity factors. Typically, these relate, inter alia, to the impact on the Bank's profitability and capital adequacy. The stress test findings are reported to the Risk Management Committee of the Board (RMCB), for their review and guidance. The Bank periodically assesses and refines its stress tests to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of business environment conditions. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP.

4.2 Quantitative Disclosures

4.2.1 Capital Requirements for Credit Risk

Portfolios subject to Standardised Approach

The detailed break up of Credit RWA is as follows: **Rs. in lakh**

Asset Description	RWA
Cash and Balances with Reserve Bank of India	0
Balances with Banks and Money at Call and Short Notice	25,006
Investments	1,463
Advances	27,35,258
Fixed Assets	29,632
Other Assets	79,352
Off Balance Sheet	36,868
Total Credit RWA	**29,07,580**
Capital Requirement @ 15%	**4,36,137**
Capital position of the Bank	**6,21,058**

4.2.2 Capital Requirements for Market Risk

The computation of the Market risk RWA is performed in compliance to Basel III capital regulations dated April 1, 2025. As at Sep 30, 2025, the HTM & AFS book comprised Government Securities and Treasury Bills for which no market risk capital charge is applicable since HTM, AFS book is classified as Banking Book as per said revised guidelines. HFT book consisted of Government Securities, Commercial Paper, Treasury Bills, Certificates of Deposit, Non-Convertible Debentures, unlisted equity, Mutual fund and PTC investments. The Bank calculates the risk charge on market risk based on standardized approach as prescribed by RBI. The portfolio contains equity risk and interest rate risk only. The interest rate general risk is computed on the basis of duration-based approach.

The Market Risk capital charge has been computed for HFT portfolio both for specific charge and general market risk charge:

Rs. in lakh

Capital Requirement for Market Risk	Amount
Interest Rate Risk	4,873
Equity Position Risk	4,684

Foreign Exchange Risk	-
Total	**9,557**
Total Market Risk RWA	**1,19,462**

4.2.3 Capital Requirements for Operational Risk

While SFBs are not mandated to maintain a capital charge for operational risk, the Bank has put in place frameworks to assess an operational risk capital charge, predominantly from good governance perspective and to ensure a state of preparedness to transition to a Universal Bank. To that effect, the Bank has computed the capital charge in compliance to Master Directions on Minimum Capital Requirements for Operational Risk under the New Standardized Approach (NSA) dated June 26, 2023 for the purpose of reporting and disclosures.

Disclosure on the BI **Rs. in lakh**

1	Business indicator component (BIC)	22,481
2	Internal loss multiplier (ILM)	0.62
3	Minimum required operational risk capital (ORC)	22,481
4	**Operational risk RWA**	**2,81,012**

4.2.4 Common Equity Tier1, Tier1 and Total Capital Ratios

The break-up of Basel II capital funds as at September 30,2025 is as follows: (Rs in Lakh)

	Description	Amount
	Core Equity Tier 1 Capital - Instruments and Reserves	
	Directly issued qualifying common share capital plus related stock surplus (share premium)	1,93,715
	Retained earnings	4,28,205
A	CET1 capital before regulatory adjustments	6,21,921
	Core Equity Tier 1 Capital - Regulatory Adjustments	
	Deferred tax assets arising from temporary differences	22,324
	Intangibles (Prepaid Expenses & Computer Software)	19,358
	Credit Enhancements	2,021
	Regulatory Adjustments applied to CET1 Capital due to insufficient funds in Tier 2 to cover deductions	24
B	Total regulatory adjustments to CET1 Capital	43,727
C	**CET1 capital (A-B)**	5,78,194
	Additional Tier 1 Capital - Instruments and Reserves	
	Preference Shares	-
E	AT1 capital before regulatory adjustments	-
	Additional Tier 1 Capital - Regulatory Adjustments	
F	Total regulatory adjustments to AT1 Capital	-
G	AT1 Capital	-
H	**Tier 1 Capital (C + G)**	5,78,194
	Tier 2 Capital - Instruments and Provisions	
	Sub - debt eligible as Tier 2 capital	12,000
	General Provisions on Std. Assets admissible as Tier 2	20,365
	Investment Fluctuation Reserve	10,500

	Investment Reserve Account	-
I	Tier 2 Capital before regulatory adjustments	42,865
	Tier 2 Capital - Regulatory Adjustments	
J	Total Regulatory Adjustments to Tier 2 Capital	-
K	**Tier 2 Capital (I - J)**	42,865
L	**Total Regulatory Capital (H + K)**	**6,21,058**

(Rs. In Lakh)

Particulars	RBI thresholds	Amount/Ratio
Tier I Capital	--	5,78,194
Tier II Capital	--	42,865
Total Capital	**--**	**6,21,058**
Credit RWA	**--**	**29,07,580**
CET Ratio	Minimum 6%	19.89% (Complied)
Tier I Ratio	Minimum 7.5%	19.89% (Complied)
Tier II Ratio	Maximum cap at 7.5% of CRWA	1.47% (Complied)
CRAR- as per SFB guidelines	**Minimum 15%**	**21.36% (Complied)**
Total RWA	**--**	**32,92,578**
CRAR (all Pillar I risks)	**Minimum 13%, post conversion to Universal Bank for first 3 years of operation**	**18.86%**

It is evident from the above CRAR calculation that even after inclusion of other two Pillar 1 risks i.e., Market and Operational risk, the CRAR of the Bank is 18.86%, which continues to be above the regulatory prescribed regulatory requirement of 15% (only for credit risk)/13%, for first 3 years of operations, post conversion to Universal Bank. This reflects the Bank's preparedness in aligning with the capital adequacy ratios mandated for a Universal Bank.

5. Table DF-3: Credit Risk: General Disclosures for all Banks

5.1 Qualitative disclosures

Credit risk arises as a result of failure or unwillingness on part of customer or counterparties to fulfil their contractual obligations. The Bank is exposed to credit risk in its lending operations. Credit risk is the risk of loss that may occur from the failure of any counterparty to abide by the terms and conditions of any financial contract with the Bank, principally the failure to make required payments as per the terms and conditions of the contracts.

The Bank has implemented an extensive credit risk management architecture. The Board of Directors of the Bank endorses the credit risk strategy and approves the credit risk policies. This is done taking into consideration the Bank's risk appetite, derived from perceived risks in the business and balanced by the targeted profitability level for the risks taken up. The Board oversees the credit risk management functions of the Bank. The Risk Management Committee of the Board (RMCB) is entrusted with providing direction on policies, procedures and systems for managing credit risk and towards implementing a robust credit risk strategy of the Bank. The RMCB reviews the credit risk profile and keeps an eye on both internal and external contexts, their impact on the Bank's portfolio and devises management strategies accordingly. The RMCB regularly reviews the Bank's portfolio composition and the status of impaired assets.

The Bank's Risk Management department drives credit risk management centrally. It is primarily responsible for implementing the risk strategy approved by the Board, developing procedures and systems for managing risk, carrying out an independent assessment of various risks, providing guidance in individual credit exposures for accepting deviations and monitoring portfolio composition and quality. With regard to the Institutional Lending business, the Bank's Risk Management functions are centralised. In respect to the Bank's retail assets business, while the various functions relating to policy, portfolio management and analytics are centralised, the underwriting function is distributed across various geographies within the country. The Risk Management function in the Bank is clearly demarcated and independent from the operations and business units of the Bank. The Risk Management department is not assigned with any business targets.

The Credit Risk Management Committee (CRMC) is responsible for overseeing implementation of the credit risk management framework across the Bank and providing recommendations to the RMCB. CRMC ensures monitoring of credit risks on Bank wide basis and in ensuring compliance with the Board approved risk parameters/prudential limits and monitor risk concentrations. It also reviews the status of portfolio management, loan review mechanism, risk monitoring and evaluation, regulatory/legal compliance, adequacy of provision, risk concentrations, industry reviews, and suggests corrective measures and activity reviews for credit management. It reviews and approves the use of credit scorecards for business and risk management purposes, tests its performance and effectiveness and places recommendations before the RMCB.

The Bank's Credit Policy, Credit Risk Management Policy, Credit Manuals, Product Programs, NPA Management Policy, Collateral Management Policy and Interest Rate Policy, form the core set of internal guidelines for management of credit risk in various activities and products. These articulate the credit risk strategy of the Bank and thereby the approach for credit origination, approval and maintenance. These policies define the Bank's overall credit granting criteria, including the general terms and conditions. The policies / programs typically address areas such as target markets / customer segmentation, qualitative and quantitative assessment parameters, portfolio mix, prudential exposure ceilings, concentration limits, price and non-price terms, structure of limits, approval authorities, exception reporting system, prudential accounting and provisioning norms. They take cognizance of prudent and prevalent banking practices, relevant regulatory requirements, nature and complexity of the Bank's activities, market dynamics etc.

Credit concentration risk arises mainly on account of concentration of exposures under various categories including industry, products, geography, underlying collateral nature and single / group borrower exposures, exposure to consumer credit etc. To ensure adequate diversification of risk, concentration ceilings have been set up by the Bank on different risk dimensions, in terms of borrower/ business group, geographic state, unsecured lending ratio and risk grading (for institutional lending). The Bank has put in place a Limit Management Framework to ensure continued oversight on the various credit exposure limits.

The Board sets concentration ceilings which are monitored by the respective credit verticals and by the independent credit risk department. The Risk Management department reviews the exposure level under each dimension and ensures that the portfolio profile meets the approved concentration limits. Any breaches to these limits are periodically reported to CRMC and the RMCB. The regulatory prudential norms with respect to ceilings on credit exposure to individual borrowers or group of borrowers also ensure that the Bank avoids concentration of exposure.

Definitions of past due and impaired loans

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. A Non-Performing Asset (NPA), as defined by the RBI, shall be a loan or an advance where-

- Interest and/or instalment remains overdue for a period of more than 90 days in respect of a Term Loan;
- The account remains out of order with respect to CC/ OD for 90 days on a continuous basis;
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
- In case of advances granted for Agricultural purposes:
  - The instalment or interest thereon remains overdue for two crop seasons for short duration crops
  - The instalment or interest thereon remains overdue for one crop season for long duration crops
- The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.
- In respect of derivative transactions, the overdue receivables representing positive mark to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment. The Bank had no derivative transaction on its books.

The Bank is guided by the provisions laid down in Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated April 1, 2025 as amended from time to time.

Provisioning and Regulatory norms applicable to the Bank

1. The Bank's provisioning policy is in compliance to the minimum requirements laid out in Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated April 1, 2025.
2. The Bank follows stringent provisioning norms and provides higher than prescribed RBI provision for all business verticals. The Board reviews the provisioning norms of the Bank at regular intervals to determine if any enhanced provisioning is required based on credit performance. Despite a history of better Portfolio at Risk (PAR) and delinquencies compared to Industry, the microfinance portfolio of the Bank (the Bank's flagship offering) is unsecured where adverse and acute events can impact the portfolio quality. To enhance the coverage on Micro Finance portfolio, the Bank continuously identifies incipient stress in specific accounts and geographies where accelerated provisions may be required on an on-going basis.
3. The Bank's Risk Management Department undertakes a proactive assessment of the likely GNPAs, NNPA, Provision Coverage Ratio (PCR) and incremental credit/provisioning costs by studying historical delinquency trends and external developments which can have a bearing on the asset quality and credit costs.

4. The Bank also carries Rs. 18,067 lakh of Floating provision to strengthen financial stability arising out of any potential slippages in the near future as on September 2025. Out of the same, Rs. 3,000 lakhs utilised towards Tier II capital, Rs. 13,000 lakh towards adjustment of GNPA & PCR calculation and Rs. 2066.9 lakh kept as idle provisions at September 30, 2025.

Credit Risk Portfolio review and Monitoring:

Micro finance Portfolio (*Excluding IBPC/ Securitization/DA transactions)***:**
A comprehensive review of the MBRB Portfolio is given below:

Rs. in lakh

MBRB	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Gross Advances*	**19,67,283**	18,82,621	18,60,682	18,70,713	19,08,031
GNPA(Value)	**52,906**	60,799	48,651	60,886	59,618
GNPA%	**2.69%**	3.23%	2.61%	3.25%	3.12%

The Bank undertakes portfolio monitoring on a periodic basis with specific focus on key portfolio triggers. Continuous review of portfolio enables the Bank to identify incipient stress at cluster/region/state/branch level. Breach in the internal thresholds for default is the starting point for identifying risk in the portfolio. Risk indicators such as PAR30+, PAR90+, early delinquencies, quick mortality, non-starters, On Time Repayment Rates (OTRR), Collection Efficiency (CoE), stressed assets percentage and lagged PAR estimates provide useful insights in risk identification.

The Bank monitors collection trends at a bucket level on a daily basis and findings are reported to top management. Collection monitoring is aided by a strong and dedicated collection team at ground level with extensive use of analytics and digital tools. Digital collection continues to scale up through existing and new channels like Fintech, Payment Banks, Money Mitra outlets (BC outlets) and the Hello Ujjivan Mobile application.

The composite collection efficiency (CE%) had reached nearly 96% in the month of September 2025. The efforts of enhanced monitoring and collections enabled the Bank to arrest fresh slippages (incremental overdues) and also increase the recovery rates in delinquency buckets. During Q1 FY 2024-25, at an industry level the Microfinance portfolio faced higher delinquency levels in a few pockets of the country arising mainly due to over leveraging/indebtedness by customers. The Bank's book was affected with an increase in GNPA on a quarter-on-quarter basis. To mitigate the build-up in stress, the M-FIN (Microfinance Institutions Network India) had released specific guardrails in lending applicable for microfinance loans. The Bank has also adopted the guardrails as laid down by M-FIN. While the implementation of guardrails is a step in the right direction, it nevertheless has consequences, in that, the recovery in repayment behaviour and customer liquidity management will normalize over a period of time. With full adoption of MFIN guardrails effective April 1, 2025, FY 2025-26 is a year for consolidation and recovery. The sector is expected to adopt to the new normal and there is now consensus that the stress is likely to bottom-out sometime in Q4FY2026.

Given that the microfinance portfolio is subject to adverse event risks, the Bank also monitors area specific communal issues, protests, sub-lending/ring leader issues, snatching attempts and others.

In addition to the above, industry level information is also collected from the credit bureau/s to compare the performance in states or districts.

In FY 2025-26, in the GL and IL vertical, there would be increased focus on staff productivity. The Gold loans and Vehicle Loan books are also projected to grow in the coming years. The Vertical is also prioritizing implementation of regulatory directives and pursuant to the November 16, 2023 guideline on Consumer credit, the vertical is strengthening its Loan Utilization Check (LUC) mechanism. The vertical has made considerable progress in the LUC completion and ~90% of the accounts eligible for LUC have been completed in GL and IL.

Affordable Housing Loans (including M-LAP)

A comprehensive review of the Housing Portfolio (including M-LAP) is given below:

Rs. in Lakh

Housing Loans	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Gross Advances*	5,57,541	6,19,410	7,11,949	7,78,459	8,58,180
GNPA(Value)	7,390	6,855	7,630	8,771	9,283
GNPA%	1.33%	1.11%	1.07%	1.13%	1.08%

**Excluding IBPC/ Securitization/DA transactions*

Credit risk monitoring of Secured Housing loans is broadly done at two levels – account level and portfolio level. While regular portfolio reviews are undertaken to assess the health of the portfolio, the Bank also assesses inter-linkages of risks especially legal risk induced credit risk. Collateral related processes and procedures are reviewed to ascertain various gaps in the process. The Bank has designed monitoring mechanisms at process level encompassing credit deviations, collateral management, documentation etc. Regular reports are placed to the CRMC for further direction and actionable.

Micro LAP as a product offering, was launched within the Housing unit to cater to the financing needs of customers with a collateral. The product has reached an OSB of ~Rs.116,200 lakh with 0.36% of NPA as at September 30, 2025.

MSME (Micro and Small and Medium Enterprise)

A comprehensive review of the MSME Portfolio is given below:

Rs. in lakh

MSME	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Gross Advances*	1,51,416	1,69,382	2,04,662	2,25,346	2,55,852
GNPA(Value)	12,983	11,658	11,358	11,947	11,983
GNPA%	8.57%	6.88%	5.55%	5.30%	4.68%

**Excluding IBPC/ Securitization/DA transactions*

The MSME business focusses on providing Loan Against Property (LAP) with semi-formal and formal customers as the target segment. In addition to LAP, the MSME vertical has also built a portfolio by offering tailored products on working capital facilities, supply chain financing and Fintech based loans. During the quarter, the vertical registered 10% growth quarter on quarter. Much of the GNPA carried in MSME as at reporting date has arisen from the legacy portfolio, which is now being run down. The revamped LAP product variants that have now run for a period in excess of 24 months, continue to perform well with no apparent signs of stress. However, cognizant of the fact that stress tends to build up as the portfolio ages, the Bank now has an independent monitoring unit within the MSME unit, which leverages on the EWS triggers to take proactive corrective action at the first sign of stress.

Institutional Lending

A comprehensive review of the Institutional Lending Portfolio is given below:

Rs. in lakh

FIG	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Gross Advances	2,04,234	2,25,732	2,78,521	2,79,816	2,48,947
GNPA(Value)	442	442	442	442	442
GNPA%	0.22%	0.20%	0.16%	0.16%	0.18%

As on September 2025, portfolio size in institutional lending business had marginally reduced. As part of monitoring, the Bank regularly reviews compliance to financial covenants (Capital Adequacy Ratio, GNPA, NNPA, Debt/Equity ratio as stipulated in sanction letter), collection of CA certified receivables statement and potential Early Warning Signals (EWS) alerts.

Vehicle Loans

The Vehicle Loans vertical was also considerably revamped and sought to focus only on two-wheeler financing during the year. As a step towards the relaunch, a new LOS was adopted and the Bank has also embedded a scorecard in the LOS to facilitate decision making. New locations for the business were identified and locations where business was suspended were revived. The Bank also has dealer finance where dealers are selected basis certain criteria set of parameters.

A comprehensive review of the Vehicle loan Portfolio given below:

Rs. in lakh

VF	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Gross Advances*	28,540	40,097	49,521	58,778	68,416
GNPA(Value)	628	719	858	849	1,439
GNPA%	2.20%	1.79%	1.73%	1.44%	2.10%

**Excluding IBPC/ Securitization/DA transactions*

As on September 30, 2025, the vertical has registered a 16% quarter on quarter increase in its OSB. Functionality to collect repayments through third party payment aggregators and other online portals was also enabled to provide ease of transaction. The vertical also propelled new dealerships for Two-wheeler financing. The business model is focused on sourcing new loans through tie-ups with direct dealerships. The Bank has also developed a trade advance facility to dealers which is now active.

Gold Loans:

With an objective to diversify away from Microfinance which is largely unsecured and reduce concentration risk, the Bank has placed top priority on venturing into new business lines which are secured by underlying collateral. The Bank intends on leveraging the synergy in the target customer segment and has identified gold loans and Micro- LAP loans as key enablers to drive the next phase of growth to meet internal strategic imperatives on secured loans ratio and profitability. Gold loan has registered an 41% growth in OSP compared to the previous quarter. During the quarter, due to sudden increase in gold price, the Bank has implemented guardrails resulting in a lower lending rate by the Bank.

<u>Credit Risk Monitoring Unit (CRMU)</u>

CRMU, is constituted within the Credit Risk Department under the aegis of the Bank's Chief Risk Officer. To ensure continuous monitoring of portfolio health, the Bank has constituted Health Councils, convened at monthly intervals, with active oversight by senior management. The Bank reviews high-ticket accounts with early warning signs of stress, trends in quick mortality cases and other early warning signals.

Other Credit Risk management initiatives:

In a continuous endeavour to improve risk management practices, the Bank has, over time, transitioned from being reactive to proactive. In the post pandemic period, the Bank has put in place tools and techniques in order to transition to a proactive approach. Some of the activities undertaken during the quarter and at regular intervals were as follows:

- Policy benchmarking exercise on underwriting practices
- Bespoke productivity trackers to measure performance by collection officers (in-house and outsourced)
- Credit linked operational risks covering, pendency in collection of documentation, policy deviations, LUC pendency's etc.
- Active monitoring of EWS triggered loan accounts. The Bank has also onboarded a vendor to put in place a system to capture feedback and enable on going monitoring. The system is currently under configuration and is expected to go-live sometime in Q3 FY 2025-26. While the system is intended to enhance the workflow mechanism in the main, pending that, the Bank continues to generate EWS triggers internally using RPA solutions for the generation.
- With the availability of credit and loan performance data in the post pandemic period, the Bank has restarted its risk analytics journey for development of statistical application scorecards. Application scorecards are being redeveloped with post pandemic data for microfinance, and housing loans with an intent to supplement rule-based underwriting with score-based lending.
- The credit risk models are intended to supplement banks in quantifying, aggregating and managing risk across geographical and product lines. The outputs of these models also play increasingly important roles in banks' risk management and performance measurement processes, customer profitability analysis, risk-based pricing, active portfolio management and capital structure decisions. Credit risk modelling will aid in better internal risk management and have the potential to be used in the supervisory oversight of banking operations. The Bank has commenced redevelopment of scorecards in Group Loans (including Microfinance loans) As part of ECL preparedness, Bank has also developed PD and LGD models using historical data and statistical techniques. **The Bank's Board approved policy on Model development, validation and ongoing monitoring provides the necessary oversight on this**

exercise. There is also a separate model validation team in place to undertake independent testing on accuracy and coverage.

- RBI guidelines on loan pricing mandates delineation of spread components and assignment of benchmarks (MCLR or EBLR) to loan pricing, the Bank undertook an internal exercise to evaluate the reasonableness and effectiveness in pricing of loans to meet strategic imperatives. The Bank developed customised pricing models using internal data estimates and external benchmarking, wherever applicable. Further, these pricing models were carefully evaluated for alignment to business strategy, budgets, system feasibility, adherence to prudential risk management norms and also ensure compliance to RBI guidelines on interest rate management on advances. A salient feature in these pricing models includes adoption of a differential pricing matrix, in that, pricing of loans to borrowers would be risk adjusted to reflect the borrower's creditworthiness. The Bank believes that the introduction of Risk Based Pricing (RBP) will aide in encouraging and incentivising borrower/s to maintain a long-term relationship.

6.2. <u>Quantitative Disclosures</u>

The overall distribution of Gross advances and Gross Loan Book was as under:

Rs. in lakh

Vertical	Gross Advances	%	Gross Loan Book	%
Micro Finance (GL+IL+Agri)	19,08,031	55%	19,08,031	55%
FIG Lending	2,48,947	7%	2,48,947	7%
Housing	8,58,180	25%	8,74,930	25%
MSME	2,55,852	7%	2,55,852	7%
Personal Loans	1,721	0%	1,721	0%
Staff Loan	27,342	1%	27,359	1%
Vehicle Finance	68,416	2%	68,416	2%
Loan/OD Against Deposit + Busimoni	32,424	1%	32,424	1%
Gold Loan	41,165	1%	41,165	1%
Grand Total	34,42,079	100%	34,58,846	100%

<u>Exposure summary: Facility type</u>

Exposure Type	Domestic (Rs. in Lakh)	Overseas
Fund- Based exposure[16]	49,92,009	--
Non- Fund Based Exposure*	1,55,775	--
LESS: CRM DEDUCTIONS (GNPA Provisions held)	-74,320	
Total	50,73,464	--

*Non-fund-based exposure for purpose of computation of CRAR includes undrawn limits of MSME Overdrafts and KPC, yet to be disbursed portion of Secured Housing, MSME and FIG customers and Contingent liabilities.

[16] Fund Based exposure is computed as per Basel II guidelines

Geographic Distribution of advances (State-wise)[17] (Rs in lakh)

States	Advances	% Share
Karnataka	4,45,158	12.87%
Tamil Nadu	4,43,652	12.83%
West Bengal	4,05,408	11.72%
Maharashtra	3,47,506	10.05%
Gujarat	3,00,972	8.70%
Uttar Pradesh	2,42,070	7.00%
Bihar	2,11,952	6.13%
NCT of Delhi	2,11,105	6.10%
Haryana	1,75,407	5.07%
Rajasthan	1,60,718	4.65%
Jharkhand	80,179	2.32%
Punjab	75,837	2.19%
Odisha	66,534	1.92%
Kerala	65,568	1.90%
Madhya Pradesh	61,328	1.77%
Tripura	46,570	1.35%
Assam	41,260	1.19%
Telangana	20,357	0.59%
Uttarakhand	17,851	0.52%
Chhattisgarh	13,215	0.38%
Pondicherry	11,027	0.32%
Chandigarh	5,742	0.17%
Meghalaya	3,967	0.11%
Himachal Pradesh	3,873	0.11%
Goa	1,031	0.03%
Andhra Pradesh	559	0.02%
Total	**34,58,846**	**100%**

Maturity pattern of assets and liabilities **Rs. in lakh**

Buckets	Net Advances	Investments	Deposits	Borrowings
Day - 1	3,982	3,78,384	28,567	1,37,343
2-7 Days	34,518	16,941	85,717	-
8-14 Days	61,454	32,555	1,06,936	-
15-30 Days	74,435	37,382	1,66,275	-
31 Days and up to 2 months	1,95,000	82,124	1,97,618	-
Over 2 months and up to 3 months	1,91,354	37,455	1,30,898	3,912
Over 3 Months and up to 6 months	4,58,588	76,070	5,41,884	6,775
Over 6 Months and up to 1 year	6,57,269	1,87,362	9,70,261	13,549

[17] Geography wise loans and advances is including IBPC, Securitization and DA i.e. AUM basis

Over 1 Year and up to 3 years	8,40,722	3,01,121	16,73,367	72,596
Over 3 Year and up to 5 years	1,73,149	3,432	18,352	28,463
Over 5 years	6,90,287	7,523	1,217	33,529
Total	**33,80,759**	**11,60,348**	**39,21,091**	**2,96,167**

Gross non-performing assets (NPA) **Rs. In Lakh**

Category of Gross NPA	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Sub-standard	58,676.78	70,945.14	58,385.47	70,917.39	70,834.92
Doubtful	15,150.83	9192.6	10,161.08	11,443.72	12,155.30
Loss	1,168.47	985.11	1,041.98	1,073.83	1,320.92
Total	**74,996.08**	**81,122.85**	**69,588.53**	**83,434.94**	**84,311.14**

Rs. In Lakh

NNPA	Sept-24	Dec-24	Mar-25	Jun-25	Sep-25
Net NPA	28,408	33,494	28,243	36,035	35,992
NNPA after factoring Floating Provisions	16,408	16,494	15,243	22,612	22,500

NPA Ratios	Sept-24	Dec-24	Mar-25	Jun-25	Sep-25
Gross NPA to Gross Advances (excluding IBPC/Securitisation/DA) [18]	2.52%	2.68%	2.18%	2.52%	2.45%
Net NPA to Net Advances (excluding IBPC/Securitisation/ DA)[19]	0.56%	0.56%	0.49%	0.70%	0.67%

Movement of Net NPAs (Quarterly basis)

Rs. In lakh

Particulars	Sept-24	Dec-24	Mar-25	Jun-25	Sept-25
Year Opening Balance	7,629	7,629	7,629	15,243	15,243
Additions during the period	23,906	39,088	67,803	24,140	35,094
Reductions during the period	15,127	25,223	59,190	16,348	27,345
Closing Balance	16,408	16,494	15,243	22,612	22,500

Movement of Provisions for NPAs (excluding provisions on standard assets)

Rs. in lakh

Particulars	Sept-24	Dec-24	Mar-25	Jun-25	Sept-25
Opening Balance	41,623	41,623	41,623	41,346	41,346
Provisions made during the period	26,301	41,399	47,558	22,883	33,782
Write back of excess provisions	21,336	35,394	47,836	16,829	26,808
Closing Balance	46,588	47,629	41,346	47,400	48,319

[18] Gross NPA to Gross Loan Book (including IBPC/Securitisation/Direct Assignment) was 2.45% as on September 30, 2025
[19] Net NPA to Net Loan Book (including IBPC/Securitisation/Direct Assignment) was 0.67% as at September 30, 2025

Provision Coverage Ratio (PCR)

Rs. in lakh

Category	Gross Advances*	GNPA on gross advances	GNPA Provisions on gross advances	Floating Provisions Considered for NNPA	PCR% on gross advances	PCR% on gross Loan Book
Micro Finance (GL+IL+Agri)	19,08,031	59,618	34,974	13,000	80.5%	80.5%
FIG Lending	2,48,947	442	442	0	100.0%	100.0%
Housing	8,58,180	9,283	3,985	0	42.9%	43.3%
MSME	2,55,852	11,983	6,687	492	59.9%	59.9%
Personal Loans	1,721	266	191	0	71.9%	71.9%
Staff Loan	27,342	22	18	0	83.3%	83.3%
Vehicle Finance	68,416	1,439	1,020	0	70.9%	70.9%
Loan/OD Against Deposit + Busimoni	32,424	1,200	973	0	81.1%	81.1%
Gold Loan	41,165	58	30	0	50.6%	50.6%
Grand Total	**34,42,079**	**84,311**	**48,320**	**13,492**	**73.31%**	**73.16%**

*After netting off IBPC, Securitization & Direct Assignment

Write off:[20]

Rs. in lakh

Particulars	Total Write off undertaken
Q1 FY 2025-26	15946.97
Q2 FY 2025-26	21,971.80

Non-performing Investments (NPI):

Amount of non-performing investments	**NIL**
Amount of provision held for non-performing investments	NIL

Movement of provisions for depreciation on investments:

Particulars	Amount
Opening Balance	--
Provisions made during the period	--
Write-off	--

[20] Write off includes actual write off and technical write off

Write- Back of excess provisions	--
Closing Balance	--

6. *Table DF-4: Credit Risk: Disclosures for Portfolios subject to the Standardised Approach*

6.1 Qualitative Disclosures

- The Bank has adopted Standardized Approach for computation of capital charge under Credit Risk as per RBI guidelines. These guidelines envisage different risk weights for different asset classes, which have been duly applied.
- The loan book of the Bank predominantly comprises retail category loans. Therefore, the risk weights as applicable to Regulatory Retail, claims under Residential Mortgage and staff loans are applied. For consumer loans within its microfinance portfolio, the applicable risk weight is applied.
- Institutional lending is risk-weighted as per ratings assigned by Eligible Credit Rating Agencies (ECRA) as prescribed by RBI.
- Housing loans risk weights are assigned in compliance to clause 5.10.1 of Basel III capital regulation dated April 1, 2025, wherein rationalization of risk weights measures taken by RBI over a period of time are consolidated.

6.2 Quantitative Disclosures

Amount of the Bank's Exposures (rated & unrated) in major risk buckets – under Standardized Approach, after factoring Risk Mitigants (i.e. Provisions).

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk Weight – Position as on September 30, 2025		
Sl. No.	**Risk Weight**	**Rs. in lakh**
1	Below 100% Risk Weight	33,53,840
2	100% Risk Weight	9,99,277
3	More than 100% Risk Weight	7,33,347
4	Deductions (Floating PROVISION)	-13,000
5	**Total**	**50,73,464**

7. *Table DF-5: Credit Risk Mitigation: Disclosures for Standardised Approach*

7.1 Qualitative Disclosures

The Group Loan and Individual Loan portfolio, under microfinance is unsecured. Loans to the Affordable Housing segment are collateralized by a mortgage over the property financed. There are primarily secured product variants under MSME loans. Loans to Financial Institutions are secured by a charge over book debts which are registered with CERSAI. Vehicle loans are collateralised by a charge over the vehicle financed.

The Bank accepts Eligible Financial Collateral[21] in a few instances for risk mitigation under secured Institutional lending and MSME loans. These financial collaterals are netted off for its collateralized transactions under comprehensive approach[22] while computing its Risk Weighted Assets (RWA). The Bank regularly reviews the health of the portfolio/ borrowers and works on mitigation of any risk associated with the portfolio or borrower in particular through a combination of limits and restrictions. The Bank has in place the following risk mitigation techniques for its loan portfolio which are as follows:

- Life insurance cover is voluntary for all the borrowers availing Bank's microfinance loans. Housing, 2-wheeler, and gold loans are provided with an option to avail a life insurance cover, though this is not a bundled offering along with the loan products.
- The Bank works with 4 Credit Information Companies (CICs) to ensure 100% application screening through the bureaus using their comprehensive credit reports.
- The Bank also undertakes independent surveys and analysis to identify negative areas/No- go areas based on historical events. These surveys enable the Bank to discourage increasing business from these areas as identified above.
- A negative list/negative area profile is maintained at a branch level to avoid exposure to those categories.

7.2 <u>Quantitative Disclosures</u>

7.2.1 Gold Loan:

For the portfolio under Micro Banking, Gold Loan product has risk mitigant which can be considered as eligible financial collateral in computing Risk Weight. Details are as follows:

Rs in Lakh

Description	Outstanding Balance	Mitigant	Risk Weight
Loan against Gold Ornaments	41,106.49	41,095.53	13.70

7.2.2 MSME Loans:

For the portfolio under MSME, FD backed overdraft is having eligible financial collateral. Details are as follows:

Rs in Lakh

Description	Outstanding Balance	Mitigant	Risk Weight
Loan against FD	31,157.20	31,157.20	0

[21] Refer section 7.3.5 of Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline New Capital Adequacy Framework (NCAF) dated July 1, 2015

[22] Refer section 7.3 of Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline New Capital Adequacy Framework (NCAF) dated July 1, 2015

8. *Table DF-6: Securitisation: Disclosure for Standardised Approach*

8.1 Qualitative Disclosure

8.1.1 Securitisation Objectives

The Bank undertakes Securitisation transactions to increase the efficiency of capital and enhance the return on capital employed by diversifying sources of funds, managing liquidity and maximising yield on asset opportunities. The Bank has put in place appropriate policies for undertaking securitization transactions based on Master Directions – RBI (Securitisation of Standard Assets) Directions dt. 24.09.2021.(updated on December 5, 2022).

The overall framework for the Securitisation of Standard Assets for the Bank is specified in the Board approved policy on Securitisation of Standard Assets.

8.1.2 The major risks inherent in Securitisation of Standard Assets and Transfer of Loans:

Credit Risk: In case of Securitisation transactions, where credit enhancement (CE) is provided by the originator or any third party as permitted under the revised guidelines, the investor bears the loss in case the shortfall in collections exceeds the credit enhancement provided. If CE is provided in the form of a corporate guarantee, the investor bears the loss that could arise due to default by the guarantor which is also reflected in the rating downgrade of the corporate guarantor.

Market Risk:

- **Liquidity Risk:** Risk arising on account of absence of a secondary market, which provides exit options to the investor/participant.
- **Interest Rate Risk:** This is the mark-to-market risk arising on account of interest rate fluctuations.

Regulatory and Legal Risk: These risks may arise when transactions are not compliant with applicable laws which may result in the transaction being rendered invalid. Conflict between the provisions of the transaction documents and those of the underlying financial facility agreement.

Operational Risk:

- **Co-mingling risk (in securitization context):** Risk arising on account of co-mingling of funds belonging to investor(s) with that of the originator and /or collection and processing servicer, when there exists a time lag between collecting amount due from the obligors and payment made to the investors.

Reputational Risk:

- This risk may arise due to rating downgrade of a securitised instrument due to unsatisfactory performance of the underlying asset pool.
- Inappropriate practices followed by the collection and processing agents.

Prepayment Risk: Risk arising on account of prepayment of dues by obligors/borrowers in the securitised pool.

In addition to above, originators are exposed to pipeline and warehousing risks which refers to the event where originating banks are unable to off-load assets, which were originated with an intention of selling thus potentially exposing them to losses arising on declining values of these assets. The Bank does not follow the "originator to distribute" model and hence is not exposed to the pipelining and warehousing risks.

The Bank has established appropriate risk management processes to monitor the risks on Securitisation of Standard Assets which include:

Monitoring credit risk: The Bank, in the capacity of collection and processing agent prepares monthly performance reports which are circulated to investors/ rating agencies. The securitised pools are continuously monitored and those requiring attention are subjected to specific interventions (e.g. focused collection efforts in affected geographies) to improve their performance. The pool is also monitored by the rating agencies based on amortisation level, collection efficiency, credit enhancement utilisation levels and credit cover available for balance deal tenor.

Monitoring market risk: The Bank ascertains market value of the securitisation exposures based on extant norms, which is compared with their book value to assess the marked to market impact of these exposures monthly.

8.1.3 Roles Played by the Bank

Originator / Seller: The Bank originates assets in its book and subsequently sells down through the securitisation or assignment route.
Servicer: For sold assets, the Bank undertakes the activity of collections and other servicing activities including preparation of monthly pay out reports.
Provider of Liquidity Facilities: The Bank may provide liquidity facility to address temporary mismatches on account of the timing differences between the receipt of cash flows from the underlying performing assets and the fulfilment of obligations to the beneficiaries.
Credit Enhancement provider: The Bank provides credit enhancement on Securitisation 'sale' transactions undertaken by the Bank for meeting shortfalls arising on account of delinquencies and prepayment losses in the underlying pool sold.

8.1.4 Significant Accounting Policy for Securitisation and Direct Assignment of Standard Assets

The Bank as originator sells assets to a special purpose entity only on cash basis. Standard Assets transferred through securitisation are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received. Sales / transfers that do not meet true sale criteria are accounted for as borrowings. Standard assets transferred through direct assignment are de-recognised in the Balance Sheet of the Bank to the extent a portion of the rights, title and interest of the Bank in the underlying loans has been assigned. The Bank follows the accounting treatment specified in the revised securitisation guidelines and transfer of loan exposure

guidelines for any realised and unrealised gain arising from the securitisation transactions.
The Bank transfers advances through inter-bank participation with risk. In the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances.

8.1.5 Rating of Securitisation Transaction

The Bank used the ratings provided by CARE Ratings limited for the securitisation of retail pools and there has been no change to this rating since origination.

8.2 Quantitative Disclosures

Details of Securitisation exposures in the Banking Book

Rs.in Lakh

Total Exposures Securitised by the Bank*	**-**

* Represents total exposure of loans securitised & sell-downs via Direct Assignment during H1 FY 2025-26

For exposures securitised, losses recognised by the Bank during the current period broken by the exposure type

Rs.in Lakh

Exposure type	**Losses**
Pass Through Certificate (underlying assets being Loan against property)	-

Assets to be securitised within a year as on September 30, 2025

Rs.in Lakh

Exposure type	**Amount**
Amount of assets intended to be securitized within a year	-
Of which amount of assets originated within a year before Securitization	-

Total outstanding exposures securitised by the Bank and the related unrecognised gains/(losses)

Rs.in Lakh

Exposure Type	**Amount***	**Unrecognised gains / (losses)**
PTC (underlying assets being Loan against property)	11,319	-
Direct Assignment	5,488	
Total	**16,807**	**-**

*The total outstanding for Securitization and Direct Assignment as on September 30, 2025.

Securitisation exposures retained or purchased **Rs.in Lakh**

Exposure Type	**On Balance Sheet***	**Off Balance Sheet**	**Total**
Equity Tranche	1,263	-	1,263
Overcollateralization	758	-	758
Direct Assignment	605	-	605
Total	**2,626**	**-**	**2,626**

* Represents total principal amount of investment in Equity Tranche, Overcollateralization and Direct Assignment outstanding under risk sharing as at September 30, 2025.

Risk weight (RW) bands break-up of securitisation exposures retained or purchased

Rs. In lakh

Exposure Type	50% RW	75% RW	114% RW*	125% RW	Total
Equity Tranche (underlying assets being Loan against property)			1,263		1,263
Total			**1,263**		**1,263**

* Calculated as per formula prescribed in Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2022

Securitisation exposures deducted from capital –

Exposure Type	Exposure deducted entirely from Tier-1 capital	Credit enhancing interest-only strips deducted from total capital	Other exposures deducted from total capital
Overcollateralization	758	-	-
First Loss Credit Enhancement	1,263	-	-
Total	**2,021**	**-**	**-**

Details of Securitisation Exposures in the Trading Book: NIL

9. *Table DF-7: Market Risk in Trading Book*

9.1 <u>Qualitative Disclosures</u>

9.1.1 Overview of Market Risk Management

The Bank defines Market Risk as the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market process, in particular, changes in interest rates, exchange rates and equity and commodity prices. The Bank has adopted the Standardized Duration Approach (SDA) for Market Risk capital charge computation. While this is not a regulatory requirement as per SFB guidelines, the Bank has considered it prudent to undertake capital adequacy assessment for all Pillar I risk i.e. Credit, Market and Operational Risk from a governance perspective.

The Bank has a well-defined Investment and Market Risk Management Policy. This policy covers all important areas of market risk identification, monitoring and measurement. The policies set various prudential exposure limits and risk limits for ensuring that the investment and trading operations are in line with the Bank's expectations of return and risk appetite.

The Treasury Department of the Bank comprises 3 independent units i.e. Front Office, Middle Office and Back office. The Front Office is responsible for trading, investment and fund management activity. Front Office is headed by Head of Treasury and is guided by Board approved Investment Policy. Middle Office is responsible for limit monitoring, valuation, regulatory / internal reporting and risk evaluation. Middle Office reports to Chief Risk Officer. Back office is responsible for settlement and reconciliation activities which reports to Head of Operations.

Investments: The Bank has a Board approved policy to make investments in both SLR and Non SLR securities. The Bank had investments in the following instruments: Government of India Securities (G Sec), Treasury Bills (T Bills), State Development Loans (SDL), Certificate of Deposits (CD), Commercial Papers (CP), Debt Mutual Funds (MF), Non-Convertible Debentures (NCD), Equity IPO's and one legacy investment in an unquoted equity. The Bank had also made a token investment in a New Umbrella Entity (NUE) in association with National Payment Corporation of India (NPCI) and investment of Rs. 1,263 lakhs as Pass through Certificates as part of the Securitisation deal executed during FY 2022. The Bank resumed investments in non SLR securities such as certificate of deposits, commercial papers, NCDs and Mutual Funds after successfully completing the automation of NPI module. Earlier, the Bank also secured necessary approvals to commence investments in select IPOs as a way to deploy short term surpluses and generate the alpha.
As on September 30, 2025, the investment holdings in various SLR and Non SLR instruments were as under:

Rs. in lakh

	AFS		HFT		HTM		FVTPL	
Instruments*	**BV**	**MV**	**BV**	**MV**	**BV**	**MV**	**BV**	**MV**
SLR								
G Sec	0	0	3,081	3,081	5,90,846	5,89,203	0	0
SDL	0	0	467	467	3,16,284	3,15,789	0	0
T Bill	19,697	19,697	0	0	0	0	0	0
Total SLR	**19,697**	**19,697**	**3,548**	**3,548**	**9,07,130**	**9,04,992**	**0**	**0**
Non-SLR								
PTC	0	0	0	0	0	0	1,263	1,387
Equity	0	0	0	0	0	0	19	19
CP	0	0	19,420	19,420	0	0	0	0
CD	0	0	93,261	93,261	0	0	0	0
MF	0	0	0	0	0	0	53,986	53,986
NCD	0	0	62,024	62,024	0	0	0	0
Total non-SLR	**0**	**0**	**1,74,705**	**1,74,705**	**0**	**0**	**55,268**	**55,392**
Total	**19,697**	**19,697**	**1,78,253**	**1,78,253**	**9,07,130**	**9,04,992**	**55,268**	**55,392**

* In the above table, Security Receipts amounting to Rs. 24.28 Crores is not included as the same is fully provided for in books of accounts.

During Q2 FY 2026, in the SLR segment, besides trading, the Bank opted for 5% sale of HTM book. The HTM book was maintained at an average of ~23.86% of NDTL. Average SLR maintained exceeded regulatory requirements, reflecting a prudent liquidity stance.

The investment into SLR securities is undertaken for the purpose of regulatory compliance i.e., SLR maintenance and for Asset Liability Management (ALM). Investment in SLR securities is held as both

HTM and AFS; majority of investments in AFS is in the form of Treasury Bills with small part of the AFS portfolio held in Central Government securities. The mandatory requirement for maintenance of SLR as stipulated by RBI is 18.00% of Net Demand and Time Liabilities (NDTL). The Bank has complied with the regulatory SLR requirement and has maintained SLR much above the requirement. During the quarter, the average SLR requirement and maintenance was as below:

Rs. in lakh

Month	Average SLR requirement	Average SLR maintenance	Average SLR requirement maintained as a % of NDTL
Jul-25	6,70,625	8,67,763	23.29%
Aug-25	6,75,442	8,55,071	22.79%
Sep-25	6,76,840	8,72,601	23.20%

The maintenance of SLR was higher than the minimum requirement which is in line with its Board directive. The Bank maintains a higher SLR on account of two reasons viz. 1) risk management, in that, to ensure a cushion in case of a contingency, to keep a healthy Liquidity Coverage Ratio (LCR) at all times and also to ensure that the regulatory thresholds for the Structural Liquidity Statement (SLS) limits are not breached and 2) availability of liquid assets for non-SLR investments as an avenue to optimise the yield on investment portfolio.

Trading: The Bank is actively trading in G-sec market on an intraday basis and also carries overnight position in HFT portfolio, the trading positions are governed by stop loss limits to minimise the loss should there be a volatility in the market. The trading limits in the form of duration limits, PV01 limits, trading book limit, exposure limits and Value at Risk (VaR) are monitored regularly by the Middle Office. Any instance of breach in limits is brought to the notice of stakeholders and remedial measures taken.

The Bank's non SLR investments made in CD, CP, NCD and debt and liquid mutual funds. The investment is undertaken with an objective of diversifying the investment portfolio and maximising the yield on the investment portfolio by deploying surplus liquidity. The transactions in non SLR investments were within the Board approved policies and regulatory thresholds. The Bank had made selective investments in equity IPO during Q2 of FY 2026 and the investments were within the Board approved policies and thresholds.

9.1.2 Liquidity and Liquidity Risk Management:

Treasury Department is primarily responsible for the day-to-day liquidity and fund management with an oversight by the ALM desk. The day-to-day fund excess or shortfall is arrived at based on a daily liquidity statement prepared by Front Office in co-ordination with Finance department. Based on the daily shortage or excess funds, Front Office undertakes money market borrowing and lending activity. The source of borrowing and lending amongst Call money, Repo, TREPS and CROMS is decided based on the most favourable rate. The regulatory limit on Call/Notice money borrowing and lending is monitored on a daily basis by Middle office and reported to all stakeholders. Market Risk team keeps the senior management and the Board apprised of the Liquidity situation of the Bank through regular updates to the ALCO and RMCB.

Liquidity Risk Management is governed as per the provisions of the ALM policy. The ALM position for the Bank was well managed and regulatory thresholds complied during the quarter.

9.2 Quantitative Disclosures

Liquidity Coverage Ratio (LCR) Q2 FY 2026:

The objective of the LCR is to promote the short-term resilience of a bank's liquidity risk profile, ensuring that it has adequate stock of unencumbered high-quality liquid assets that can easily be converted into cash to meet its liquidity needs in an acute stress scenario lasting for 30 days.

Liquidity Coverage Ratio			
	Q4 Quarterly Average		**Rs. in lakhs**
		Amount	**Adjusted Amount**
A	High Quality Liquid Assets		
	Level 1 Assets	**8,71,086.74**	**8,71,086.74**
B	Total Stock of HQLAs	-	8,71,086.74
C	Cash Outflows	30,55,532.12	7,08,215.85
D	Cash Inflows	2,42,880.61	1,53,815.36
E	Net Cash flow	**28,12,651.51**	**5,54,400.49**
F	25% of Total Cash Outflow	**7,63,883.03**	**1,77,053.96**
G	Higher of E or F	**-**	**5,54,400.49**
Liquidity Coverage Ratio		**157.12%**	

Net Stable Funding Ratio (NSFR): NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available Stable Funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required Stable Funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures. The minimum NSFR requirement set out in the RBI guideline is 100%.

The Bank's NSFR as at September 30, 2025 was 128.63% as against RBI minimum requirement of 100%.

Rs. In Lakh

NSFR	Weighted Amount
Total Available Stable Funding (ASF)	32,96,758.71
Total Required Stable Funding (RSF)	25,63,016.00
NSFR	**128.63%**

10. *Table DF – 8: Operational Risk*

10.1 Qualitative Disclosures

10.1.1 **Operational Risk Management Policy and Governance Structure:**

For effective management of Operational Risk, the Bank has constituted an Operational Risk Management Committee (ORMC) chaired by CRO. This Committee, which is convened by National Manager Operational Risk meets at least once every quarter to provide an oversight on key operational risk issues, the summary of which is presented to the Risk Management Committee of the Board (RMCB). The Bank has in place a Board approved Operational Risk Management policy updated to include the latest guidance note on Operational Risk Management and Operational Resilience published by RBI issued on 30th April 24.

Operational Risk is one of the major risks that the Bank faces in its day-to-day activities. This emanates primarily from its microfinance business, where the operating processes, especially collections/repayment remain people driven. The Bank has been progressively digitizing some of the processes, but these bring with it attendant challenges in Operational Risk and Information Security risk challenges. Over a period, the Bank has developed a framework for oversight of this critical activity. Aside from operational risk challenges seen in microfinance business, the Bank also is exposed to Operational risk in its other areas of activities including activities that are localized in the Corporate Office.

Four of the initiatives taken during the year were the following:

1. Enhanced State Level Heatmaps to record operational risk originating from the Bank's business in each of the states. Historically, the Bank has had a process of granular operational risk management through a scorecard matrix introduced at inception. Since the Bank has a repository of historical data from this exercise, the Bank is now leveraging outputs from an internal Data Science and Decision Management (DSDM) to provide granular insights on key operational risk triggers that affect the performance in each state. This analysis is presented on a M-o-M basis for corrective action, especially in states or branches where the risk triggers are recurring. When compared with Q2 FY'26 with Q2 FY'25, there has been a decrease of 8 states (80%) which were in red category in overall performance of key operational parameters. This reflects a positive trend in overall control effectiveness.

2. The Bank has developed operational risk postures for all its critical business activities. This is an enhancement of the conventional RCSA process and includes, at a design level, an end-to-end capture of the transaction journey, including also regulatory implications, at each stage, if applicable. At a design level, this has been completed for all the business verticals. The Bank has also completed the evaluation of operating effectiveness across four major business and support functions including Housing Loan, Vehicle Finance, Gold Loan, MSME LAP and Information Technology (Asset and Inventory Management) for the quarter ended September 2025. The outcomes and recommendations out of the testing have been shared with the respective business units for further enhancements of the processes and strengthening the operational efficacy. Historically, the Operational Risk team has been conducting the IFC

exercise annually, in addition to having an oversight on the RCSA activity being led by the first line of defence. As such they have a repository of test samples that can be used to test the operating effectiveness.

3. Outsourcing activities and Business Continuity received additional focus during the financial year. While the Bank has an Outsourcing SOP in place, the focus hitherto has been more silo based. The transition during the year was to apprise a comprehensive risk posture of the Bank's outsourcing portfolio at an organization level. This exercise has resulted in identifying vendors that are critical to the Bank's operation, and which require greater attention from a Risk Management perspective. The Bank completed a comprehensive review of all checklists and templates used for classification and periodic monitoring along with the process enhancement.

4. The Bank has completed the annual revision exercise of the Critical Processes review & the Business Impact Analysis (BIA) and enhanced the business continuity management policy with the revised list of Critical Processes, Critical Vendors and Critical applications of the bank. The bank has constituted regional level business continuity management committees for more efficient management of disruption and ensuring business continuity at all times.

While the above mentioned were the key initiatives taken during the year, the Operational Risk Unit continued with its Business-as-Usual activities which included process reviews, UAT testing including review of BRD, oversight of RCSA, monitoring of Key Risk Indicators both at an organizational level and at select functional level. Significantly, as required by regulation, the Bank has developed Key Risk Indicators for its Digital payment activity, the results of which are monitored at ORMC.

Loss Data Management is in place to record material incidents and learnings from errors and strengthening existing controls. Incidents are recorded as operational loss and near miss events. This is followed by a Root Cause Analysis (RCA) for critical incidents. The process which used to be manual is in the final stages of automation, with the incident reporting module will be implemented across all the branches and departments before Q3 FY'26.

The Bank has created a separate General Ledger Code (GLC) to record losses (separate for fraud and non-fraud) on account of these incidents, and these are reported to the ORMC & Board at regular intervals.

The incident reporting process enables creation of loss database as per Basel definitions. The activities broadly include the following:

- Reconciliation of General Ledgers (GL) to operational loss as recorded by ORMD
- Root Cause Analysis (RCA) of critical events
- Quarterly loss data submission to ORMC

Loss Dashboard for YTD FY 25-26 (as on September'25)[23]:

[23] *> Gross loss refers to total amount involved in the reported incidents, Net loss refers to loss which got netted off post recoveries and Operational loss refer to the actual loss booked in Operational loss GL (Fraud & Non-fraud) in case of unsuccessful recovery efforts.*

> Out of the 1642 incidents reported in YTD September'25, 756 (~46%) were from "Cash Excess" and "Cash Shortage", owing to inclusion of all incidents reported, irrespective of amount.

Event Type	Count of Incidents		Loss in lakhs			
	YTD Sep'24	YTD Sep'25	YTD Sep'25			YTD Sep'24
	Total	Total	Gross	Net	Ops Loss	Ops Loss
Business Disruption and Systems Failures	126	134	₹ 3.28	₹ 1.93	₹ 1.07	₹ 0.84
Clients, Products, and Business Practice	9	5	₹ 0.18	₹ 0.18	₹ 0.18	₹ 0.73
Damage to Physical Assets	13	36	₹ 0.00	₹ 0.00	₹ 0.00	₹ 0.00
Employment Practices and Workplace Safety	13	22	₹ 0.00	₹ 0.00	₹ 0.00	₹ 0.00
Execution, Delivery, and Process Management	965	1075	₹ 53.03	₹ 33.53	₹ 2.74	₹ 65.08
External Fraud	116	268	₹ 143.36	₹ 33.50	₹ 22.65	₹ 11.29
Internal Fraud	273	102	₹ 139.31	₹ 97.45	₹ 88.28	₹ 81.12
Total	**1515**	**1642**	**₹ 339.15**	**₹ 166.58**	**₹ 114.92**	**₹ 159.07**

The Ops Loss Recovery done as on date (September 30, 2025) pertaining to Operational Losses booked in previous financial years is Rs. 4.56 Lakh.

Key Risk Indicators (KRIs) are measurable metrics that provide an early warning signals of potential risk exposure before it becomes critical for the Bank. KRIs were revamped in Q1 FY'26 with updated parameters and thresholds, aligned to current scenario and observed trends. KRIs are monitored on monthly basis across 8 Business departments, 2 support functions and at the Organisational level with 176 parameters. KRI dashboard is published to respective department for Q2 FY'26 and correction measures are taken in case of KRI breaches.

User Access reviews are conducted for critical applications to ensure that access and role matrix are well defined, and that access is commensurate with the responsibility assigned.
During Q2 FY'26, the Bank completed its annual user access review and Role-based access control (RBAC) review for critical applications. The review aimed to ensure that system access remains appropriate to assigned roles and responsibilities thereby strengthening governance controls. The key observations and necessary recommendations were shared with respective stake holders for initiating corrective action.

Exceptions Handling Mechanism is an initiative commenced from July 2020 to strengthen monitoring and oversight mechanism. As per the Board's directive, exception reports are to be monitored by the respective department and Operational Risk Management team to provide the oversight. The existing list of exception reports is being shared with the relevant departments in a phased manner. In Q2 FY'26, a total of 23 reports were provided to the Branch Banking and respective department for monitoring and corrective actions for the observations identified during this process are being addressed by the respective teams.

Internal Financial Control (IFC) Exercise: Bank have shifted from an annual review to a quarterly exercise to access Internal Financial Controls. The Operational Risk Management Team has executed IFC activity for 26 verticals in FY'25-26 (Q1 & Q2) including Entity Level Control (ELC) testing. Out of 2,026 number of controls, ORM successfully tested 440 controls with a testing methodology for 100% Significant controls, 20% Financial Controls and 10% Non-Financial controls. The results of the IFC have been shared with the Operational Risk Management Committee (ORMC) and the Risk Management

Committee Board (RMCB).

Risk and Control Risk Assessment (RCSA) Exercise: RCSA is a forward-looking tool used to identify and assess the inherent risk in activities and processes, determine the cause of risk and evaluate the status of existing controls. RCSA provides insight into potential Operational Risk areas. Business teams, operating as the First Line of Defence (FLOD), are responsible for carrying out RCSA. To ensure a consistent risk culture, a Single Point of Contact (SPOC) is designated in each department as Business Risk and Compliance Officer (BRACO).RCSA activity is now carried out on an ongoing basis. For FY'25-26 (Q1 & Q2), RCSA has commenced for 28 identified departments. As the end of Q2 FY'26, 1,159 controls were tested with 57% completion. The final result on the RCSA has been shared with ORMC and RMCB.

Information Security Risk:

The Information Security Management Committee is tasked with managing and monitoring Key Risks Indicators and Key Performance Indicators, Third Party Risk Assessments (TPA), Security Project Management, managing and monitoring the vulnerability assessment and penetration testing program of the Bank, managing the Bank's ISMS (Information Systems Management Standard), regulatory and statutory compliances, formulating policies, processes and procedures relating to information security, risk assessments etc. The Security Operations – (known as Blue team) is tasked with managing the Security Operations Centre (SOC). The key activities of SOC include and are not limited to log monitoring, threat intelligence, incident management, evaluating the effectiveness of security devices, etc.

The Red Team – comprised of ethical hackers whose primary responsibility is to simulate and mount attacks similar to what a malicious attacker would do in a real-world scenario, which s serves two purposes:

- Assess the effectiveness of and strengthen the Blue team.
- Evaluate the security of the infrastructure from an attacker's viewpoint; and
- Identify these vulnerabilities and plug in gaps before the same can be taken advantage of.

11. Table DF-9: Interest Rate Risk in the Banking Book (IRRBB)

11.1 Qualitative Disclosures

Interest Rate Risk in Banking Book (IRRBB) refers to the risk of loss in earnings and economic value of a bank's banking book as a consequence of movement in interest rates. For banking book, interest rate risk arises through mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL). The Bank has identified the risks associated with changing interest rates on its exposures in the banking book from both a short-term and long-term perspective.

The interest rate risk is measured and monitored through two approaches:

- Earnings at risk (Traditional Gap Analysis): The impact of change in interest rates on net interest income is analysed under this approach and calculated under yield curve approach. Under this approach a parallel shift of 200 bps is assumed both in assets and liabilities.
- Economic Value of Equity (Duration Gap Approach): Modified duration of assets and liabilities is

computed separately to arrive at modified duration gap. A parallel shift in yield curve by 200 bps is assumed for calculating the impact on economic value of equity. Additionally, the Bank has also performed steepening of yield curve wherein a change in 100 bps was considered linearly between 14-day and over 15-year maturities and using an inversion of the yield curve wherein 1-year rates were increased by 250 bps and 10-year rates were decreased by 100 bps. Such shocks are monitored regularly to assess the impact of interest risk on the Bank's book and its potential impact on the Bank's business projections. These scenarios are as per the RBI guidelines on stress testing dated 02 Dec 2013.

- As a risk measurement tool, the Bank has developed an IRR VaR model to aid in applying a Pillar II capital charge under ICAAP under pre-specified breaches to internal limits.

11.2Quantitative Disclosures

11.2.1 Earnings at Risk (Earnings Perspective) **Rs. in Lakh**

Interest Rate Risk in the Banking Book (IRRBB)				
Sl. No.	**Country**	**Interest Rate Shock**	
		+200 bps shock	**-200 bps shock**
1	India	-1,531.95	1,531.95
2	Overseas	-	-
	Total	**-1,531.95**	**1,531.95**

11.2.2 Economic Value Perspective (MDG Approach) **Rs. in Lakh**

Category	**Items**	**Amount**
A	Computation of Aggregate RSA	46,71,421.20
B	Computation of Aggregate RSL	42,17,257.99
C	Weighted Avg. MD of RSL across all currencies	1.0200
D	Weighted Avg. MD of RSA across all currencies	1.8000
E	Modified Duration Gap (MDG)	0.8792
F	Change in MVE as % of equity for 200 bps change in interest rate	14.08%
G	**Change in MVE in absolute terms**	82,168.18

12. *Table DF-13: Main features of Regulatory capital Instruments*

12.1 Equity shares:

Disclosure template for main features of regulatory capital instruments – Equity Shares		
Sr. No.	**Particulars**	**Details**
1	Issuer	Ujjivan Small Finance Bank Limited

2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: INE551W01018
3	Governing law(s) of the instrument	Applicable Indian Statutes and regulatory requirements
	Regulatory treatment	
4	Transitional Basel III rules	Common equity Tier 1
5	Post-transitional Basel III rules	Common equity Tier 1
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Common Shares
8	Amount recognised in regulatory capital (Rs. in lakh, as of most recent reporting date)	Rs. 1,93,715.28 Lakh
9	Par value of instrument	Rs 10/-
10	Accounting classification	Capital
11	Original date of issuance	• Rs. 5 lakh – July 4, 2016 • Rs. 10,998.68 lakh –July 30, 2016 • Rs 1,33,000 Lakh – February 10, 2017 • Rs. 1,405.5 Lakh- November 11, 2019 • Rs. 7,142.9 Lakh- November 13, 2019 • Rs. 20,270.3 lakh- December 10, 2019 • Rs. 2.91 Lakh- November 7, 2020 • Rs. 2.03 Lakh- January 19, 2021 • Rs. 3.72 Lakh- February 15, 2021 • Rs. 0.44 Lakh- March 15, 2021 • Rs. 22,619.05 Lakh – September 15, 2022 • Rs. 8.78 Lakh – February 09, 2023 • Rs. 11.41 Lakh – March 14, 2023 • Rs. 2.20 Lakh – April 12, 2023 • Rs. 2.23 Lakh – May 08, 2023 • Rs. 2.54 Lakh – June 09, 2023 • Rs. 7.93 Lakh- July 03, 2023 • Rs. 19.60 Lakh- August 04, 2023 • Rs. 53.97 Lakh – September 15, 2023 • Rs. 28.40 Lakh – October 09, 2023 • Rs. 36.43 Lakh – November 16, 2023

		• Rs. 30.32 Lakh – December 12, 2023 • Rs. 36.65 Lakh – January 09, 2024 • Rs. 101.90 Lakh – February 09, 2024 • Rs. 83.50 Lakh – March 12, 2024 • Rs. 36.66 Lakh – April 04, 2024 • Rs. -2733.47 Lakh – May 06, 2024 (reduction in equity capital due to the merger of UFSL with the Bank in April 2024) • Rs. 77.36 Lakh – June 11, 2024 • Rs. 126.61 Lakh – July 09, 2024 • Rs. 15.45 Lakh – August 08, 2024 • Rs. 19.50 Lakh – September 09, 2024 • Rs. 27.77 Lakh – October 09, 2024 • Rs. 6.39 Lakh – November 06, 2024 • Rs. 1.79 Lakh – December 12, 2024 • Rs. 2.13 Lakh – January 08, 2025 • Rs. 21.97 Lakh – February 08, 2025 • Rs. 21.89 Lakh – March 12, 2025. • Rs. 6.23 Lakh – April 17, 2025 • Rs. 14.88 Lakh – May 14, 2025 • Rs. 13.22 Lakh – June 12, 2025 • Rs. 29.00 Lakh – July 08, 2025 • Rs. 63.33 Lakh – August 14, 2025 • Rs. 88.25 Lakh – September 06, 2025
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity date
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	Dividend
17	Fixed or floating dividend/coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No

22	Noncumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to the claims of all depositors, general creditors, borrowings and all capital instruments qualifying Tier II Capital instruments, perpetual debt instruments and Perpetual non-cumulative preference shares
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

During the quarter and half year ended September 30, 2025, the Bank has made following allotments of equity shares pursuant to the exercise of vested stock options by its employees:

<table>
<tr><th>Date of issue and allotment</th><th>Method of allotment</th><th>Face value (Rs.)</th><th colspan="2">Issue price (Rs.)</th><th>Number of equity shares allotted</th></tr>
<tr><td rowspan="4">April 17, 2025</td><td rowspan="4">ESOP</td><td rowspan="4">10</td><td>No. of Shares</td><td>Issue Price</td><td rowspan="4">62,304</td></tr>
<tr><td>34,609</td><td>19.95</td></tr>
<tr><td>26,642</td><td>27.5</td></tr>
<tr><td>1,053</td><td>35</td></tr>
<tr><td rowspan="5">May 14, 2025</td><td rowspan="5">ESOP</td><td rowspan="5">10</td><td>No. of Shares</td><td>Issue Price</td><td rowspan="5">1,48,894</td></tr>
<tr><td>60,555</td><td>19.95</td></tr>
<tr><td>7,831</td><td>27.4</td></tr>
<tr><td>60,779</td><td>27.5</td></tr>
<tr><td>19,729</td><td>35</td></tr>
<tr><td>June 12, 2025</td><td>ESOP</td><td>10</td><td>No. of Shares</td><td>Issue Price</td><td>1,32,268</td></tr>
</table>

			49,030	19.95	
			50,184	27.5	
			33,054	35	
July 08, 2025	ESOP	10	No. of Shares	Issue Price	2,89,961
			1,33,372	19.95	
			92,791	27.5	
			59,354	35	
			4,444	48.5	
August 14, 2025	ESOP	10	No. of Shares	Issue Price	6,33,268
			1,47,843	19.95	
			1,92,597	27.5	
			2,92,828	35	
September 06, 2025	ESOP	10	No. of Shares	Issue Price	8,82,460
			1,42,116	19.95	
			1,55,124	27.5	
			5,85,220	35	

12.2 Non-Convertible Debentures (NCD):

Disclosure template for main features of regulatory capital instruments – NCD		
Sr. No.	**Particulars**	**Details**
1	Issuer	Ujjivan Small Finance Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE551W08013
3	Governing law(s) of the instrument	Applicable Indian Statutes & Regulatory requirements Reserve Bank of India's circular on "Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework (NCAF)" dated July 1, 2015
	Regulatory treatment	
4	Transitional Basel III rules	Tier II Capital
5	Post-transitional Basel III rules	Tier II Capital
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Subordinated, rated, unlisted, unsecured, transferable, redeemable, fully paid up, non-convertible debentures
8	Amount recognised in regulatory capital (Rs. in	Rs. 30,000 lakh

	lakh, as of most recent reporting date)	
9	Par value of instrument	Rs 1,00,000/-
10	Accounting classification	Capital
11	Original date of issuance	• August 26, 2022- Rs.22,500 lakh • September 09, 2022 – Rs.7,500 lakh
12	Perpetual or dated	dated
13	Original maturity date	April 26, 2028
14	Issuer call subject to prior supervisory approval	-
15	Optional call date, contingent call dates and redemption amount	-
16	Subsequent call dates, if applicable	-
	Coupons / dividends	Coupons
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	11.95%
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA

29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Debentures shall be: (a) senior to the claims of the investors in instruments eligible for inclusion in Tier I capital and Upper Tier II Capital of the Bank; and (b) subject to paragraph (a) above, subordinated to the claims of the other creditors of the Bank but shall rank pari-passu with the other Lower Tier II instruments of the Bank (whether present or future).
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

13. Table DF-14: Terms and conditions of Regulatory Capital Instruments Equity Shares

Full Terms and Conditions of Equity Shares of the Bank		
Sr. No.	**Particulars**	**Full Terms and Conditions**
1	Voting shares	Equity Shares of the Bank are Voting Shares
2	Limits on Voting Shares	Limits on Voting rights are applicable as per provisions of the Banking Regulation Act, 1949. One share has one voting right
3	Position in Subordination hierarchy	Represent the most Subordinated claim on liquidation of the Bank. It is not secured or guaranteed by issuer or related entity nor subject to any other arrangement that legally or economically enhances the seniority of the claim
4	Perpetuity	Principal is perpetual and never repaid outside of liquidation (Except discretionary repurchases/buy backs or other means of effectively reducing

		capital in a discretionary manner that is allowable under relevant law as well as guidelines, if any issued by RBI in the matter)
5	Accounting Classification	The paid-up amount is classified as Equity Capital in Banks Balance Sheet.
6	Distributions	Distributions are paid out of Distributable items (retained earnings included). There are no circumstances under which distributions are obligatory. Non-Payment is therefore not an event of default
7	Approval for Issuance	Issue of further shares requires requisite approval from the Board (includes duly authorised Board Committee) and the Shareholders of the Bank

Subordinated Debt Instruments:

Terms and Conditions of NCDs of the Bank		
Sr. No.	**Particulars**	**Full Terms and Conditions**
1.	Type of Instrument	Non-Convertible Debentures (Subordinated debt instruments)
2.	Seniority	The Bond shall be: (a) senior to the claims of the investors in instruments eligible for inclusion in Tier I capital and Upper Tier II Capital of the Bank; and (b) subject to paragraph (a) above, subordinated to the claims of the other creditors of the Bank but shall rank pari passu with the other Lower Tier II instruments of the Bank (whether present or future).
3.	Maturity	Bullet redemption at par, at maturity, date of maturity is April 26, 2028
4.	Listing	Unlisted
5.	Accounting Classification	The paid-up amount is classified as Borrowings in Bank's Balance Sheet.
6.	Approval for Issuance	Once the shareholders' approval is received for issue of capital, NCDs are issued only with approval given by Board of Directors/ Board Approved Committee
7.	Coupon Type	Fixed

8.	Coupon Rate	11.95% p.a.
9.	Coupon Payment Frequency	Monthly with the final Coupon Payment Date being the Maturity Date

14. Table DF-15: Disclosure on Remuneration

14.1. Remuneration - Qualitative disclosures

A. Information relating to the bodies that oversee remuneration.
Name, composition and mandate of the main body overseeing remuneration.
Name: Nomination and Remuneration Committee (NRC)

Composition of Nomination and Remuneration Committee as on September 30, 2025:

Sr. No.	Name of director	Designation/Category
1.	Ms. Rajni Mishra	Chairperson -Independent Director
2.	Mr. Banavar Anantharamaiah Prabhakar	Member-Independent Director
3.	Mr. Ravichandran Venkataraman	Member -Independent Director
4.	Mr. Rajesh Kumar Jogi	Member - Independent Director

Following are the main terms of reference of the Committee:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees.

  The NRC, while formulating the above policy, ensures that:

  a. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate talented directors required to run the Bank successfully;
  b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  c. Remuneration to directors, Key Management Personnel (KMP) and senior management involving a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Bank and its goals.
- Formulating criteria for evaluation of performance of independent directors and the Board of Directors.
- To ensure 'fit and proper' status of proposed/ existing Directors.
- Devising a policy on diversity of Board of Directors
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of directors their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance.
- Make appropriate disclosures of the remuneration policy and the evaluation criteria in the annual report.
- Analysing, monitoring and reviewing various human resource and compensation matters.
- Determining the Bank's policy on specific remuneration packages for executive directors including pension rights and any compensation payment and determining remuneration packages of such directors.
- Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component.
- Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommending to the Board, all remuneration, in whatever form, payable to senior management.
- Administering, monitoring and formulating detailed terms and conditions of the Employees' Stock Option Scheme (ESOP) of the Bank, inter-alia, including the following:
- Determining the eligibility of employees;
- The quantum of option to be granted under the Employees' Stock Option Scheme per Employee and in aggregate;
- The exercise price of the option granted;
- The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
- The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an Employee.
- The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the Market Price of the Shares;
- Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Compensation Committee:
- The number and the price of stock option shall be adjusted in a manner such that total value of the Option to the Employee remains the same after the Corporate Action;
- For this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered;
- The Vesting Period and the life of the option shall be left unaltered as far as possible to protect the rights of the Employee who is granted such option;

- The grant, vest and exercise of option in case of Employees who are on long leave;
- Allow exercise of unvested options on such terms and conditions as it may deem fit;
- The procedure for cashless exercise of options;
- Forfeiture/ cancellation of options granted;
- Framing of suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, by the ESOP trust, the Bank and its employees, as applicable;
- All other issues incidental to the implementation of Employees' Stock Option Scheme; and
- Construing and interpreting the Plan and any agreements defining the rights and obligations of the Bank and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan.
- Administering, monitoring and formulating detailed terms and conditions of the Employee Stock Purchase Scheme of the Bank.
- Conducting due diligence as to the credentials of any director before his or her appointment/ re-appointment, and making appropriate recommendations to the Board, in consonance with the Dr. Ganguly Committee recommendations and the requirements of RBI.
- To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Bank subject to the provision of the law and their service contract.
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To develop a succession plan for the Board and to regularly review the plan.
- To approve Job descriptions and Key Responsibility Areas (KRAs) of Senior Managers and Business Line Managers on an annual basis.
- To review Performance of the senior/business line managers by NRC on an annual basis.
- Overseeing the framing, review and implementation of the Bank's Compensation Policy for Whole Time Directors/ Chief Executive Officers / Risk Takers and Control function staff for ensuring effective alignment between remuneration and risks.
- To recommend to the board, all remuneration, in whatever form, payable to senior management.
- Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
- The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
- Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable.
- Review regularly and approve the Bank's program for executive and employee development.
- Review and implement the various HR policies and manual of the Bank.
- Develop, review and approve the principles guiding the Bank's executive compensation philosophies.
- Assure that the bonus plan is administered in a manner consistent with Bank's compensation principles and strategies including Bank's policies relating to executive management succession

and executive organization development.

- Performing such other functions as may be necessary or appropriate for the performance of its duties.

B. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.

Not Applicable

C. A description of the scope of the Bank's remuneration policy (e.g.: by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.

The purpose of the Compensation Policy is to ensure statutory compliance as well as alignment with the Bank's business policies and practices. The Compensation & Benefits (C & B) Policy document is based upon the principle that a fair and competitive salary is paid for acceptable levels of performance on the job. The compensation policy document is designed to align long-term interest of the employee and the organization.

The policy document covers all employees and Board of Directors of the Bank. This document provides guidance on:

- Compensation Philosophy
- Compensation Structure
- Grades
- Pay Review Process
- Variable Pay Plans
- Salary Pay-out

D. **Description of the type of employees covered and number of such employees.**

- All employees of the Bank are governed by the Compensation Policy. The total number of permanent employees in the Bank as on Mar 31, 2025 was 24,374.

E. Information relating to the design and structure of remuneration processes:

- An overview of the key features and objectives of remuneration policy.
    - The Compensation Policy and Nomination & Remuneration Policy has been laid out keeping the following perspectives into considerations.

- Compensation principles support the Bank in achieving its mission of providing a full range of financial services to the economically active poor who are not adequately served (unserved and underserved) by financial institutions. This policy also supports the Bank to attract and retain talent and skills required to consolidate the organization's purpose and ideology.
- The pay structure and amounts always conform to applicable Income Tax and other similar statutes.
- All practices of the Bank comply with applicable labour laws.
- The pay structure should be standardized for a level of employees.
- Elements eligible for tax exemption may be introduced at appropriate levels to enable employees take applicable tax breaks. Amounts related to certain benefits may undergo change due to change in grade/ roles/ function/ state/ region in the organization.
- The compensation structure shall be easy to understand for all levels of employees.

- The compensation policy is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
- The Bank pays the Independent Directors remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board and, if required, approved by the Shareholders from time to time.
- Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.
    - The following were the changes made to the remuneration policy

Variable Pay:

- Instead of a separate Bonus Scheme, the key principles shall be embedded into the compensation policy:
- The Bank shall announce the payment of bonus, as suitable. Payment of variable pay is not guaranteed.
- The pay-out will be made as a lump-sum amount and not deferred over 3 years for all employees including MRTs, if the cash pay-out doesn't exceed 25 Lakhs. If it exceeds 25 Lakhs, 50% will be deferred over 3 years.
- Management Discretion - If there are significant developments in the year of payment (internal or external), management shall have leeway to announce a decision about bonus payment.

- **A discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.**

  The Bank periodically benchmarks its remuneration practices against the market. Compensation ranges are in alignment to market pay which are derived and reviewed periodically. Remuneration payable for each function is independent of amounts payable to other function as is the market practice. Further, performance metrics for the Risk and Compliance function are completely unrelated to deliverables of any other business function. The deliverables of the risk function are periodically reviewed by the Risk Management Committee of the Board (RMCB) ensuring due independence.

F. **Description of the ways in which current and future risks are considered in the remuneration processes.**

- Structurally, the Control functions such as Credit, Risk and Vigilance are independent of the business functions and each other, thereby ensuring independent oversight from various aspects on the business functions.
- The Bank ensures that staff engaged in financial and risk control are independent, have appropriate authority, and are compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm.

G. **Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.**

- A discussion of how amounts of individual remuneration are linked to the Bank wide and individual performance.
- The compensation policy is designed to promote meritocracy within the Bank i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
  - The Bank shall, from time to time benchmark its compensation practices against identified market participants to define its pay structure and pay levels.
  - The merit and increments are finalized and approved by the Nomination and Remuneration Committee (NRC) at annual intervals, basis organization's budgets and accomplishments as well as market reality.
  - The Bank believes in paying its employees in an equitable and fair manner basis the incumbent's Role, Personal Profile (Education/Experience etc.) as well as Performance on the Job.
  - Employees rated "Below Expectations" shall not be provided any increments, unless statutorily required.

H. **A discussion of the measures the Bank will, in general implement to adjust remuneration in the event that performance metrics are weak. This should include the bank's criteria for determining 'weak' performance metrics.**

The Bank reviews metrics of all business units on a periodic basis and makes necessary changes to metrics to ensure satisfaction with the defined metrics and performance business outcomes across the stakeholder spectrum including investors, customers, regulator and employees. The Bank, particularly at Corporate and senior levels takes a balanced approach to performance management. High performance of an individual/ department is dependant not only on delivery of business metrics but also achievements of control functions.

For e.g.: over-achievement of business targets would not translate into a high-performance rating if there are significant issues with portfolio quality. Cost of acquisition, both in short and long term are typically evaluated to ensure healthy bottom-line.

I. A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law)

The Bank shall announce payment of cash variable pay as suitable. Discretion is typically applied related to staggered pay-out in case large pay-outs, particularly for functions like Credit and Risk. Payment is prorated for employees who have worked for part of the year at the Bank. If there are significant developments in the year of payment (internal or external), management shall have leeway to announce a decision about pay-outs.

The Bank believes in the philosophy of collective ownership by its employees. Thus, ESOPs of the Bank are distributed amongst employee's, basis their criticality and performance from time to time, at the discretion of the management.

Stock option schemes at the Bank vests in a staggered manner. Besides the statutory requirement of grant and 1-year vesting, the total set of options vest in various tranches for up to a period of 4 years.

Malus/ Clawback: In the event of negative contributions of the individual towards the achievements of the Banks objectives in any year, the deferred compensation should be subjected to Malus/Clawback arrangements. Similar provisions shall apply in case the individual is found guilty of any major non-compliance or misconduct issues.

Directors, if appointed/ Material Risk Takers/ other employees, as planned by the Bank/ or the relevant line of business, towards achievements of the Banks objectives in any year, the deferred compensation shall be subjected to Malus/Clawback arrangements.

J. Description of the different forms of variable remuneration that the bank utilizes and the rationale for using the same

Variable Compensation at the Bank has the following distinct forms:

Cash Variable Pay

- Statutory Bonus
- Performance Pay – Performance Bonus and Monthly Variable Pay
- Rewards & Recognition

The policy has been laid out keeping the following perspectives into considerations:

- The Variable pay structure and amounts shall always conform to applicable Income Tax statutes, Labour Laws, Regulatory Requirements, any other applicable statutes and prevalent market practice.
- It is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

Statutory Bonus: Statutory Bonus in India is paid as per Payment of Bonus Act, 1965.

Monthly Variable Pay: Employees in the Sales function, directly responsible for revenue generation shall be covered under the Monthly Variable Pay, if meeting the criteria of the respective scheme. Typically, some of the entry level roles and up to two or three levels of supervision thereof shall be covered.

Performance Bonus: All employees who are not a part of any Monthly Variable Pay but part of the year end performance review will be covered under the Performance Bonus Plan the Bank. However, the actual pay-out of performance bonus shall be paid only to employees who have met the set criteria.

The Bank shall announce the payment of bonus, as suitable year on year. If there are significant developments in the year of payment (internal or external), management shall have leeway to announce a decision about bonus payment.

Rewards & Recognition: The Bank shall design schemes and practices from time to time to celebrate employees / departmental / organizational success. These celebrations may include offering tokens of appreciation to employees as defined in specific schemes. Fairness of application and transparency of communication shall be the hallmark of all such schemes. These will be subject to income tax laws, as applicable. Examples of such schemes may include: Long Service Awards (currently at one, three, five, seven and ten yrs. of completion of service with the Bank), Functional R&R Schemes; Organizational Rewards Schemes such as: Service Champion; Process Excellence; Customer Connect Awards; Above and Beyond; etc. The EDGE (Executive Development for Growth and Excellence) programme is aimed at identifying high performers and assessing their potential for future leadership roles at Ujjivan. A mix of behavioural assessments, blended training & development journey and IDPs are deployed to make the identified individuals (EDGE selects) ready for future leadership roles.

Non-cash Variable Pay

The Bank believes in the philosophy of collective ownership by its employees. Thus, ESOPs of the Bank are distributed amongst employee's basis their criticality and performance from time to time, at the discretion of the management. Stock options are granted based on a combination of parameters such as tenure and/or employees' performance. CSARs (Cash-settled Stock Appreciation Rights) issued as part of non-cash variable pay.

14.2. Quantitative Disclosures

Sl. No	Quantitative Disclosures (Covers only Whole Time Directors/ CEO/Other Risk Takers[24])	Numbers (H1)
1	Number of meetings held by the Nomination and Remuneration Committee during the second quarter and remuneration paid to its members (H1).	**Total Meetings Held till September 30, 2025:** 3 **Total sitting fee paid:** Rs. 12,00,000
2	Number of employees having received a variable remuneration award during the year.	Chief Executive Officer & Managing Director, Executive Director, Business Head-Micro Banking, Chief Financial Officer, Chief Credit Officer, No. of Employees-5 Nos.
3	Number and total amount of sign-on awards made during the financial year.	Nil
4	Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil
5	Details of severance pay, in addition to accrued benefits, if any.	Nil
6	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Cash: 1,30,72,658 *Non-Cash: Nil

[24] Key material risk takers are internally defined as mentioned in row 2 of the above table.

		Chief Executive Officer & Managing Director, Executive Director, Business Head-Micro Banking, Chief Credit Officer, Chief Financial Officer
7	Total amount of deferred remuneration paid out in the financial year.	Cash: 1,35,32,277 **Non-Cash: 2,90,97,462 ESOP grants: 19,21,348 Shares
8	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Fixed gross: Rs. 3,84,08,505 Variable deferred Cash: Rs. 1,35,32,277 Variable non cash (ESOP): Rs. 2,90,97,462 (ESOP No. of Shares 19,21,348 granted) Chief Executive Officer & Managing Director, Executive Director, Business Head-Micro Banking, Chief Credit Officer, Chief Financial Officer
9	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Provisioned- Cash: 2,23,35,685 Non-Cash: 1,88,06,751 ESOP grants: 10,63,971 Shares (Approx.)
10	Total amount of reductions during the financial year due to ex- post explicit adjustments.	NIL
11	Total amount of reductions during the financial year due to ex- post implicit adjustments.	NIL

Note:
*Non-Cash has ESOP grants, there is no deferred arrangements on grants. ESOP can exercise based on vesting periods.
** ESOP Grants amount is based on previous year performance based non-Cash (ESOP). There are no deferred grants, only deferred arrangements on vesting.

15. Table DF-17: Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure Measure

Rs in Lakh

Summary comparison of accounting assets versus leverage ratio exposure measure		
	Item	**Amount**
1	Total consolidated assets as per published financial statements	37,43,904
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	12,17,488

3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	-
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	73,359
7	Other Adjustments	-43,727
8	**Leverage ratio exposure**	**49,91,024**

16. *Table DF-18: Leverage Ratio Common Disclosure Template*

Rs. in lakh

	Table DF-18: Leverage ratio common disclosure template	
	Item	**Amount**
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	49,61,393
	Domestic Sovereign	9,29,510
	Banks in India	29,950
	Corporates	2,57,154
	Exposure to default fund contribution of CCPs	875
	Other Exposure to CCPs	
	Others	37,43,904
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-43,727
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**49,17,665**
	Derivative exposures	-
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-
5	Add-on amounts for PFE associated with all derivatives transactions	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-

10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	-
	Securities financing transaction exposures	-
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	-
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	1,55,775
18	(Adjustments for conversion to credit equivalent amounts)	82,416
19	**Off-balance sheet items (sum of lines 17 and 18)**	73,359
	Capital and total exposures	
20	**Tier 1 capital**	5,78,194
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	49,91,024
	Leverage ratio	
22	**Basel III leverage ratio**	**11.58%**

Presently the contribution of Tier I capital to Total Basel II capital is 93.10%. The business model of the Bank is relatively simple with a significant portion as fund-based assets. The Leverage ratio is well above the benchmark of 4.5%.

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