

USFB/CS/SE/2026-27/110

Date: October 22, 2026

To,

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, C-1, Block G, Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051

BSE Limited
Listing Compliance
P.J. Tower,
Dalal Street, Fort,
Mumbai – 400 001

Symbol: UJJIVANSFB

Scrip Code: 542904

Dear Sir/Madam,

Sub: Transcript of the Quarterly Earnings Call held on October 16, 2026

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that the Transcript of the earnings/quarterly conference call held on October 16, 2026 for the quarter and half-year ended September 30, 2026 is enclosed herewith.

The same shall be available on the Bank's website at www.ujjivansfb.bank.in.

We request you to take note of the above.

Thanking You,

Yours faithfully,

For UJJIVAN SMALL FINANCE BANK LIMITED

Sanjeev Barnwal
Digitally signed by Sanjeev
Barnwal
Date: 2026.10.22 16:53:22 +05'30'

Sanjeev Barnwal
Company Secretary & Head of Regulatory Framework

Encl: as mentioned above

Ranked 8th
Among Indian's Top 100 Best Companies To Work For 2026

**“Ujjivan Small Finance Bank Limited
Q2 and H1 FY27 Earnings Conference Call”**

October 16, 2026



MANAGEMENT: **MS. CAROL FURTADO – WHOLE-TIME DIRECTOR AND
INTERIM CHIEF EXECUTIVE OFFICER**
MR. BALAKRISHNA KAMATH – CHIEF FINANCIAL OFFICER
MR. ASHISH GOEL – CHIEF CREDIT OFFICER
**MR. VIBHAS CHANDRA – HEAD, MICRO BANKING AND
GOLD LOAN**
**MR. HITENDRA JHA – HEAD, RETAIL LIABILITIES, TRUST,
ASSOCIATION, SOCIETY AND CLUB (TASC) AND THIRD-
PARTY PRODUCT (TPP)**
**MR. PRADEEP B. – HEAD, HOUSING AND MICRO-
MORTGAGE**
MR. MARTIN P S – CHIEF OPERATING OFFICER
MR. BRAJESH CHERIAN – CHIEF RISK OFFICER
**MR. SIDDHARTH BHARADWAJ – HEAD, INVESTOR
RELATIONS**
MR. GAURAV SAH – LEAD INVESTOR RELATIONS

MODERATOR: **MR. RENISH BHUVA – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Ujjivan Small Finance Bank Limited Q2 and H1 FY27 Earnings Conference Call, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Renish Bhuva from ICICI Securities Limited. Thank you, and over to you, sir.

Renish Bhuva: Thank you, Rutuja. Hi. Good evening, everyone, and welcome to Ujjivan Small Finance Bank Q2 FY27 Earnings Call. On behalf of ICICI Securities, I would like to thank Ujjivan SFB management team for giving us the opportunity to host this call.

Today, we have with us the entire top management team of Ujjivan represented by Ms. Carol Furtado, Whole-Time Director and Interim CEO; Mr. Balakrishna Kamath, CFO; Mr. Ashish Goel, Chief Credit Officer; Mr. Vibhas, Head, Micro Banking; Mr. Hitendra Jha, Head, Retail Liabilities, TASC and Third-Party Product; Mr. Pradeep, Head, Housing and Micro-Mortgage; Mr. Martin, Chief Operating Officer; Mr. Brajesh, Chief Risk Officer; Mr. Siddharth, Head, Investor Relations; and Mr. Gaurav Sah, Lead Investor Relations.

I will now hand over the call to Carol ma'am for opening remarks, and then we'll open the floor for Q&A. Over to you, ma'am.

Carol Furtado: Thank you, Renish. Good evening, and thank you all for joining us to discuss Ujjivan Small Finance Bank's Q2 FY27 Earnings Call. Please note, I will be referring to year-on-year comparisons with Q2 FY26 and quarter-on-quarter with Q1 FY27.

I would like to start with a few important developments before delving into the quarter. Post our MD, Mr. Sanjeev Nautiyal's decision to take an early retirement due to health reasons, the NRC is actively engaged to ensure timely submission of the MD candidate to the regulator.

Our growth in H1 FY27 has been built on strategic capacity creation and product evolution. This is matched with pristine asset quality outcomes. We remain well positioned with regards to people, technology, systems, and risk management to continue this growth momentum.

Within the shareholders approved resolution at the AGM, we propose to raise equity capital of INR409 crores from QIBs by issuing shares on a preferential basis to marquee investors, International Finance Corporation, Bajaj Life Insurance, HDFC Life Insurance, and Aditya Birla Sun Life Insurance, subject to shareholder approval. Holding the RWA constant at September '26, the proposed capital raise would increase CRAR by approximately 1.2% from 20.69% on a pro forma basis.

Since fundraise is being done at a premium to current BVPS, it will lead to accretion of INR0.8 per share as of September '26. We remain nimble to the evolving needs of the bank. Thus, as

shared, we have enhanced our funding mix by increasing the securitization pool by INR500 crores in October month. This will be NIM accretive and P&L neutral.

Now coming to the operating environment. India's GDP, gross capital formation and high-frequency indicators remain healthy and appear resilient to external shocks. Renewed conflict in the Middle East and increased volatility in global energy and freight prices are adding to inflationary pressures.

In its latest MPC statement, the RBI raised its FY27 GDP growth forecast to 7.1%, while the committee increased the repo rate by 25 bps and shifted to calibrated tightening. A deficient Southwest monsoon and strong El Nino conditions pose risk to rural demand, while urban demand remained stable.

Q2 of FY27 has demonstrated another quarter of strong growth anchored on well-rounded credit growth and stable margins. Along guided lines, in H1 of FY27, we have strengthened our distribution by adding 104 branches and 1,335 employees. We launched a well-curated brand campaign in September '26 with a new brand ambassador, Padma Shri Awardee, Mr. R. Madhavan.

Ujjivan today has evolved significantly in terms of its scale, reach and breadth of offerings. The tagline, Nothing Small About Us, reflects the scale of Ujjivan's aspirations, reach and the breadth of financial solutions it offers. This campaign will be run across TV, print, and digital and is expected to reach around 35 crores viewers. Other institutional building spends on digital and technology have been set in motion and will reflect in H2.

This quarter marked an important milestone as we crossed INR50,000 crores in deposits. Total deposits increased to INR50,643 crores, up 29.2% year-on-year with CASA at 26%. We continue to add customers and increase volumes across our various deposit offerings. We benefited from the downward repricing of deposits, which helped maintain the cost of funds at around 6.9%. Although no rate hikes were taken in Q2, the increase effective in Q1 would now start showing, and we expect the cost of funds to start moving upwards.

In line with our strategy to expand services for depositors, we launched the ASBA facility in Q2. Going forward, we will focus on simplifying transactions, increasing awareness and adoption of newly introduced services and deepening engagement with customers. The gross loan book clocked robust growth and reached INR45,699 crores, up 32.1% year-on-year. This translates to 12.4% YTD growth and are on track to meet the full year guidance.

The secured business lines continue to grow faster and now forms 52.1% of the loan book. The unsecured piece consisting of micro banking delivered healthy growth, reaching INR22,037 crores. This portfolio has grown approximately 6% in the first half of FY27 and remains on track to deliver around 12% to 14% for the full year.

Some key callouts for the quarter in micro banking. Collection efficiency remains strong with Bucket X collection efficiency at 99.7%, in line with Q1 outcome. New customer acquisition

increased sequentially with an addition of 2 lakh customers in Q2. Despite usual weather disruptions in July, August, September, we have delivered on healthy disbursements and collections. Going ahead, our endeavor is to make newly added branches come up the productivity curve.

Our housing business is a key vertical for the bank that caters to the aspirations of our customer base. Affordable housing and micro mortgages combined crossed INR12,000 crores, up 38.1% year-on-year. This quarter, the affordable housing crossed an important milestone by crossing INR10,000 crores mark and reached INR10,056 crores. Portfolio quality remains stable with PAR and GNPA at 3.7% and 1.2%, respectively. The balance transfer out for Q2 was flat sequentially at 4.3%. We are targeting to preserve yields and are comfortable with the current growth levels.

Micro mortgages growth remains strong. Loan book crossed INR2,000 crores, reaching INR2,031 crores, up 85.7% year-on-year. Portfolio quality continues to season at a comfortable pace with GNPA at 0.7%. The MSME business built upon the capacities created and product changes grew to INR3,871 crores, up 51.3% year-on-year. The new book reached INR3,000 crores plus while maintaining GNPA of 0.5%.

Gold loan continues to witness larger industry-wide tailwinds and grew to INR1,275 crores, up 209.8% year-on-year. In H1, we have added 117 branches and plan to expand to a similar number of branches in H2. The disbursement LTVs are maintained below 78%. Agri banking grew to INR914 crores, up 79.2% year-on-year.

As part of strategy, we operate in select locations with due importance to environmental factors. Portfolio in Karnataka is INR165 crores. Out of this, INR1.2 crores is eligible under the relief scheme and direct agri exposure in Maharashtra is nil. 2-wheeler loans grew to INR1,081 crores, up 64.8% year-on-year.

We are geared up for the festive season and expect enhanced business momentum. The asset quality performance as measured across parameters remained steady. The slippage ratio is at 1.6% of average gross loan book, while the credit cost came in at 0.7% of ATA. PCR continued to remain stable at 85% level. GNPA and NNPA remained healthy at 2.1% and 0.3%, respectively. Total write-off for the quarter was at INR59 crores.

Financial performance. Robust asset growth translated into strong revenue momentum with total income reaching INR2,450 crores and NII rising 35% year-on-year to INR1,244 crores. Advances yield continues to be in comfortable zone and cost of funds remained largely stable, leading to net interest margin at 8.4%. Other income for the quarter increased at a healthy 17% sequentially.

Operating expenses increased by 6% quarter-on-quarter, wherein employee expenses increased by 3% quarter-on-quarter and other opex by 10%. The increased opex was on account of planned investments in a comprehensive brand campaign and ongoing branch network expansion. This has resulted in an all-time high quarterly profit after tax of INR365 crores with ROA of 2.4%

and ROE of 19.7%. We are taking steps to optimize capital consumption and have seen CRAR improvement by 33 bps to 20.69% as of September '26. This is largely onetime, and we would resume consumption in a normalized run rate going forward.

H2 outlook and guidance. Strong advanced growth in H1 will support interest and related income growth run rate. However, the change in policy rates and resultant pass-through will lead to higher interest expenses than planned. While opex towards institutional build-out will accelerate, we anticipate a slower pace as planned. Asset quality outcomes are also expected to be along delivered lines.

Considering these outcomes, we could overshoot our guided ROA range. We remain vigilant of revised monetary stance, risk of global rates and supply chain disruptions, coupled with weather-induced issues. Our high-frequency indicators across products for October remain in line with recent outcomes.

IRDAI's notification is a consultation paper, and we await the final guidelines on the matter. We remain engaged with our insurance partners as well as through IBA channels. Since discussions with IRDAI are ongoing and submissions are due on October 25, it would be premature to elaborate further. However, we are closely watching the developments.

Lastly, I would like to say that at Ujjivan, our strategic focus continues to be on diversified advances growth with shift towards secured assets, while we build the bank to provide Indians with the access to their financial aspirations.

With that, I conclude my opening remarks and request the moderator to open the floor for questions. Thank you.

Moderator: Thank you very much. I will now begin the question-and-answer session. The first question is from the line of Shreepal Doshi from Equirus Securities.

Shreepal Doshi: Congrats on a good quarter. My first question was related to margins. So this quarter, we have seen margin moderation of 10 basis points. Now incrementally, we are looking at a much steeper rate upcycle. And with our aspiration to continue to focus on secured portfolio on the asset side, how do you see margin moving in the second half of the financial year and also in FY28 from here on?

Balakrishna Kamath: Hi, Shreepal. The margin for Q2 was at 8.45%. And as you rightly mentioned, repo rate has gone up by 25 bps. So that will have an impact of around 10 bps on the margin. So we feel the margin would come down to around 8.35% for the second half of the year. Now coming to the mix change, yes, whatever is the impact will be set off by planned DA, which we are planning. So overall, the impact will be restricted to 10 bps, which will be resulting in a NIM of 8.35%.

Shreepal Doshi: Okay, got it. The second question was on the PAR 0 increase in group loans as well as in micro mortgages and also in some of our key states like Karnataka and Maharashtra, there is drought like situation, which has been announced. So how do you see that impacting us as we speak in

terms of collections as well as could it have any deviation in our credit cost guidance for full year?

Ashish Goel:

Shreepal, on group loans and individual loans, PAR increase is flat. You can see some basis points here and there. But by and large, since the Bucket X collection efficiency has stayed steady at 99.7%. The PAR increase would be some decimal points, not more than that. Would it have any impact on the credit cost? Credit cost comes with a 6-month kind of a lag. So credit cost will remain within our guided range.

On micro mortgages, yes, you also spoke about micro mortgages. So micro mortgages is a business which is about 30 months old. A little bit of increase in PAR is expected. This is a business where the seasoning is currently happening. So yes, there will be a marginal increase in PAR. Currently, we are at about 1.8%. We can expect this to stabilize in the range of maybe 2.5%, just below 3%.

Shreepal Doshi:

Got it. And just some color, qualitative color on our exposure as well as impact in states like Karnataka and Maharashtra because of the drought?

Vibhas Chandra:

Yes. Hi, Shreepal. This is Vibhas. As far as Karnataka and Maharashtra is concerned, these remain in our key watch list following the recent government and SLBC announcement, which could affect collection to some extent mainly because of government interventions. However, the guidelines primarily apply to pure agri portfolio, while our exposure is largely to allied agriculture activity, more than 60% of MB borrowers, microfinance borrowers also have at least two sources of income in their family.

As far as Karnataka alone is concerned, about 80% of microfinance branches are in metro urban location, mainly because we were urban microfinance company. Exposure to North Karnataka also remains limited, and we have proactively moderated business there through our branch expansion and risk management strategy. Agri and allied activities represent approximately 20% to 25% of portfolio.

We have total INR2,400 crores in Karnataka. Out of that, 20% to 25% portfolio is agri and allied and these customers also have multiple source of income. Now coming to the customers who are included as per the SLBC document, out of INR2,400 crores in Karnataka, only INR15.1 crores is eligible as per the SLBC notice, and we are in touch with these customer to understand their requirement.

Maharashtra, approximately 97% of our branches operate in metro and urban markets. Exposure to drought affected areas like Vidarbha, Marathwada or coastal Maharashtra, we don't have presence, we have very shallow presence there, reflecting our disciplined branch expansion and risk management strategy. Agri and allied activity account only for 1% in Maharashtra. There, the entire Maharashtra microfinance portfolio is INR1,682 crores. Out of that, agri-related loans, which qualifies as per SLBC is only INR18 crores, it is less than 1%.

That's how we are looking at it, and but at the same time, we remain cautious prioritizing portfolio quality, collections and calibrated growth. In drought-affected areas, we have a stringent credit assessment and customer engagement while following all MFIN and local administration and collection guidelines. This is how we are looking at these states. And also, we are very, very closely looking at other states also where it might come up and we have to deal with that as well. But overall, we feel that it is something which can be managed.

Shreepal Doshi: While it can be managed on the asset quality side, as you are saying in terms of exposure, can it also lead to some slowdown in business momentum for the sector at large and for ourselves as well?

Vibhas Chandra: For the sector, it may happen especially for the organizations who have very large presence in a particular state, which is under this drought affected things like Karnataka and Maharashtra. But as a strategy, we don't have more than 15% portfolio in any of the states. And we always have a space to grow somewhere else if there is some problem and this we have done in the past also. As far as overall growth is concerned, our guidance on microfinance growth remains intact for the financial year.

Shreepal Doshi: Which would be sir, at what percentage, if you could repeat?

Vibhas Chandra: It would be somewhere between 12% to 14%, in between 12% to 14%.

Shreepal Doshi: This is for the group loans, right?

Vibhas Chandra: It is for entire micro banking, GL plus IL.

Moderator: The next question is from the line of Shailesh Kanani from AMSEC.

Shailesh Kanani: Sir, first question is on miscellaneous income. So that line item has seen a decent amount of growth in the last few quarters, right? And it is predominantly a representation of AMC charges, penal charges. So just wanted to understand the sustainability of this growth number because it is the second largest item in terms of noninterest income. And what should we kind of mark it to? Is it related to disbursement or the balance sheet growth, if you can throw light on that?

Balakrishna Kamath: You are referring to miscellaneous income line? Yes, it will grow in line with the way the business is growing. As the deposits grow and the business grow, it will move in the same line going forward.

Shailesh Kanani: The source seems to be late payment, penal charges, card charges. Hence I was a little curious on the growth number. Growth is very robust, right? INR86 crores for this quarter.

Balakrishna Kamath: So it's a continuous process. So this is a trend we have seen in the last few years. It moves in line with the business.

Shailesh Kanani: Okay. Fair enough. My second question was with respect to affordable housing. So we have seen a very robust growth print over there. And similarly, there has been an uptick in terms of

disbursement ATS as well over years. So what numbers we are comfortable in terms of yields, in terms of asset quality and we are at decent size in terms of book as well now, right? So how long we can kind of expect this growth momentum to continue?

Pradeep B.: Hi, Shailesh, Pradeep here. See, the growth, whatever we are actually doing from last 6, 7 quarters, I think that momentum should continue. Even in the Q1, Q2, it's in the range of 37%, 38% on OSP. And we have actually taken around 35% growth in our plan as well. That should continue. The reason behind we are well diverse across the states. We are active in 23 states in affordable housing and micro mortgage is there in around 17 states.

One of the best portfolio quality we have ensured with 1.2% NPA as of now. And with the present collection strategy, whatever we have kept on, I think I don't see any challenges in the growth as well as on the credit cost side. On the ticket size, in affordable, we are at INR17 lakhs. And micro mortgages, we have decided to defocus on less than INR5 lakhs and the focus has been shifted in INR5 lakhs to INR15 lakhs. So ticket size actually shifted from (Correction: INR6.8 Lakh to INR7.5 lakhs) INR7 lakhs to INR7.8 lakhs as of now. In the year, the remaining quarter, it will actually stabilize around INR8 lakhs.

Shailesh Kanani: And affordable what would be a sweet spot over there, in terms of ticket size?

Pradeep B.: Yes, we are at (Correction: INR17.9 lakhs) INR17 lakhs. That should remain in the same range as we don't want to actually further bring down our yield. So to maintain that, we will be there only.

Shailesh Kanani: Okay. So this is predominantly the current number what we are.

Pradeep B.: Yes.

Moderator: Next question is from the line of Sarvesh Gupta from Maximal Capital.

Sarvesh Gupta: Sir, first question a follow-up on the previous participant's thing on the drought situation in some of the states because of the lack of rainfall, etcetera. So I got all the numbers. But on the ground level, are we seeing any changes in the behavior of the borrowers or in terms of how we are able to collect as opposed to September, have you seen any changes happening because of the announcement as well as the situation?

Vibhas Chandra: Yes. Hi, Sarvesh. So last month, in the month of September, we didn't face any issue. Our collection percentage remained in the range of around 99.7%. In this month till today, we have not heard anything. As I mentioned, we are also in touch with the customer to understand their requirement who are eligible as per the SLBC guideline. And so far, majority of customers are not in favor of availing the facility as they can repay. And this mainly originates from the fact that in our agri portfolio, 100% customers have more than one source of income.

In micro banking portfolio also more than 60% customers have more than one source of income. And agri is not the only source of income for them. As far as the overall impact is concerned, as

you mentioned about Karnataka and Maharashtra in other states also, so far, we have not faced any kind of issue in the collections.

Sarvesh Gupta:

Okay. And sir, as a follow-up to that, we saw the leader also growing at just 3% on the microfinance book. And in your book also, if I look at GL alone would be a very small number and GL plus IL is also lower than the year's guidance also. So I mean, if we are seeing a good sort of an environment, do we want to step up the pedal in terms of the disbursement because the industry is also shrunken in size and the opportunities, demand will still be there, I guess, for the players who are still strong like Ujjivan. So how do you see that?

Vibhas Chandra:

So in the first half of the financial year, we have been able to grow about 6.5%. And in the remaining part of the financial year, overall, our guidance is 12% to 14%. From growth point of view, this is the sweet spot where we want to be as far as microfinance at Ujjivan is concerned. Whether we can grow faster, whether we can disburse more in the financial year is something which is very well calibrated in Ujjivan strategy going forward. How do we want to look at this year and even next 4 years as well?

As far as overall, our growth is concerned, from where it is coming? So far, a good part of our growth is coming from new customer acquisition. So you are right, the demand has increased, especially from the last quarter of the last financial year. And among repeat also, we are seeing a good demand. But at the same time, as I mentioned, in some of the states, we need to be cautious, careful and carefully choose location where we want to disburse loans in this financial year. And considering all these facts, we are very comfortable to grow at a rate of somewhere between 12% to 14%.

Sarvesh Gupta:

Okay. And sir, my final question is on the insurance income. So we have gotten around INR90 crores in the first half. So how much of this is linked to credit life for our loans? And I mean, what is the typical commission rates that we have gotten here? And what are the expenses against this income that we typically incur in our other expenses?

Hitendra Jha:

Hi, Sarvesh. Hitendra here. So roughly 50% income comes through the credit line. Okay, this has been trend for last so many years. So as of now, it's very difficult to comment how much will drop because right now it's a draft and nobody is very sure about what will be the real drop in income. So it is right now in consultation, paper has been released, and we are giving our feedback to IBA and also Small Finance Bank Association. So as of now, it's very early to comment what will result, but we are closely watching the situation. And in case it happens, we have some other way to raise the income.

Sarvesh Gupta:

And what is the expense that we do, like do we pass on some incentive or this is basically flowing to our bottom line?

Hitendra Jha:

No, it largely flows to our bottom line.

Moderator:

The next question is from the line of Rajiv Mehta from YES Securities.

Rajiv Mehta: Congratulations on very strong performance. So firstly on capital and liabilities growth. So on capital, we are doing a pref allotment of INR400-odd crores. Then is there any timeline for the remaining capital raise? How are we thinking about the pending capital raise because the overall resolution for a much larger capital to be raised. So any thoughts about the pending of the remaining capital raise given the fact that we are growing at a much faster than guided rate?

And on the deposit side, how do you plan to mobilize or accelerate deposit mobilization? I think ma'am spoke about likely witnessing an uptick in funding cost in Q3. Would that be a function of just churn in the deposits? Or would it also be a function of any planned rate actions that we might want to take on SA and retail term deposits for stronger mobilization of it so as to match the asset growth?

Balakrishna Kamath: Hi Rajiv, Bala here. First, coming to the fundraise part. You are aware we have approval for up to INR2,000 crores for the fundraise, out of which INR409 crores, we have got the approval today, and we'll be going ahead with it. Okay. Now as far as the balance is concerned, the resolution is valid up to July 2027.

And looking at the favorable time, yes, we want to raise that within that time. So that is the plan. And coming to the cost of fund, I'll answer that around 10 bps, there is an impact due to the 25 bps what has gone up in the repo. And the details, I'll pass on to Hitendra. Hitendra, you can take it.

Hitendra Jha: Hi Rajiv, Hitendra here. So if you look at overall deposit growth has been very good this quarter. We have grown almost 29%. Though CASA growth has slightly moderated, but our strategy remains the same. We have a segmental approach. We are focusing on HNI, we are focusing NR, corporate salary.

And we also have a market approach like we are focusing in top 80, top 30 cities where our growth is almost double. We are growing at almost 40% CASA growth in these two markets. So we'll remain focused. We had some outflow from existing customers, some are deliberate, some are not that deliberate, but I don't see the systemic issue. We can arrest it very quickly. So we remain committed to our growth projection we have given earlier.

Rajiv Mehta: No. So for the second half, so I think Kamath sir said that by 10 basis points, the cost of fund will increase in Q3. And then it will keep on increasing, right, as the deposits churn. And are you planning some rate actions on SA and on retail term deposit side, which will also lead to incremental deposits cost increasing further?

Hitendra Jha: So this 10 basis point guidance is based on that only. We have a calibrated rate revision we'll do as we go along. As of now, we have not done anything, okay? But yes, as we go along, we do some changes in retail TD rate or SA rate.

Rajiv Mehta: And just understanding on the opex side, see the brand campaign was launched in September. So I believe the billing and the cost will come from September onwards maybe. And the branch addition also picked up of late. And there were also some planned tech investment. I think

initially when you gave the first quarter guidance you were thinking about spending roughly all put together INR250-odd crores in the current year. So by how much are we likely to undershoot that figure in the current year? Maybe the remaining will spill over in the next year, but out of INR250 crores, how much is coming in the current year as per the current budget?

And second is on the credit cost. When I look at the first half number, we are at 80 basis points first and second quarter average. You're still guiding for 90 to 100 basis points. And at the same time, you are saying that MFI, we are not seeing any risk built up and we are moving more secured also wherein within secured products also we are not seeing any kind of risk built up. So I mean this extra credit cost as per the current run rate, is it something that could be because of some provision that you may want to take as a buffer in the second half.

Siddharth Bharadwaj: Hi Rajiv, Siddharth here. Before we take up the first three questions of yours, I just want to reiterate that Carol ma'am has stated on the call that the run rate of credit cost is going to be in line with the first half. So we are not looking at credit cost increasing from where it is currently, right? I'll now just pass it on to Bala sir to take on the first two questions.

Balakrishna Kamath: Now coming to the opex, I think we had given an indication last time that it will be around opex to ATA ratio of 6.4%. Now considering the way it is moving, we feel it may end up at 6.2%. So there could be a saving of 0.2 opex to ATA ratio. I think that answers your question. Yes, part of the amount of spend on the brand, but there is going to be a spillover to Q3. So the entire bill will not come in Q2.

Moderator: The next question is from the line of Ashlesh Sonje from Kotak Securities.

Ashlesh Sonje: A few questions from my side. Firstly, how are you thinking about funding your growth aspiration now, especially given that the CASA mix and the bulk TD mix seems to be moving unfavorably as of now? That is one.

Secondly, on the insurance commission norms, I understand it is still quite premature. But just wanted to check very qualitatively if that can potentially change your branch profitability math and hence, your branch expansion plans? And a few data keeping questions. Sorry, just one data keeping question, if you can share the MFI slippages for the quarter?

Hitendra Jha: Hi Ashlesh, Hitendra here. So as I said earlier, CASA, if you look at overall deposit growth is very healthy, okay? We are growing very well. Yes, we had some pressure on CASA, but I don't believe it is any systemic issue here. We have seen some outflow in certain accounts, which is a temporary nature. But what I want to highlight that we are acquiring more customers now.

If you look at on a year-on-year basis, our NTB has gone up by 34%, okay? Plus we are also acquiring a segmented focused customer like HNI, NR, Non-TASC customers. So these customers typically give you higher value. So we do not foresee any stress on CASA going forward. And we remain committed whatever we have given guidance, we will be able to deliver that kind of number as we go along from here.

- Ashlesh Sonje:** Okay. Sorry. Just to clarify, sir, you mean you can reach again to that 30% CASA ratio by the end of the year.
- Hitendra Jha:** 30% will be difficult. I don't want to give any number, but yes, slightly lower, let's say, 2% lower than that.
- Ashlesh Sonje:** Understood.
- Ashish Goel:** Ashlesh, on your slippages question for microfinance, it was 1.85% for the full year.
- Ashlesh Sonje:** Sorry, you mean 1.85%.
- Ashish Goel:** 1.85% slippages for the full year.
- Ashlesh Sonje:** For the first half?
- Ashish Goel:** For the first half annualized.
- Hitendra Jha:** Ashlesh, sorry, I missed your TPP question. Okay. So if you look at TPP quarter 2 performance, Q-on-Q, we have grown by 41% and Y-o-Y 30%. Our performance is in line with our budgeting. We are very confident we'll be able to deliver the number. And as I say, IRDAI's guideline is a draft right now. We do not immediately see this coming in Q4. If it comes in Q4, yes, this will be some stress. Otherwise, we'll be able to deliver our committed number.
- Ashlesh Sonje:** Understood, sir. And sir, if I can squeeze in one more. Do you think you are in a position now or you feel confident now that you can revise your ROA guidance upward for the full year?
- Siddharth Bharadwaj:** Ashlesh, hi. Siddharth here. I think we've been fairly clear in the opening comments that the likelihood of an overshooting on the upper end is visible. We have given the moving pieces, which are working favorably for us. And you would have also noted the CFO mentioning that the opex to ATA is looking 20 basis points lower than what we had indicated at the start of the year, which was 6.4%. So summing up, it looks like a high probability of a significant beat on the upper end at our ROA.
- Moderator:** The next question is from the line of Sagar Shah from Spark PWM.
- Sagar Shah:** Yes, First of all, congratulations to the management for excellent set of earnings. My first question was related to our non-micro banking portfolio. The non-micro banking portfolio now constitutes around 50%. I am not talking of secured to unsecured, but I am talking of micro banking to non-micro banking. So what is our target for FY27 and FY28? How much are we targeting? What would be the ratio approximately between the micro banking and non-micro banking actually? That is my first question.
- Balakrishna Kamath:** Yes, we already mentioned earlier minimum we'll try 56% as the secured percentage. And every year, we have said we will improve it by 5%. That is all.

- Vibhas Chandra:** To micro banking and non-micro banking that you are talking about, the customers whose family level income is more than INR3 lakhs is categorized under non-micro banking. And we are seeing that especially in the NCA that we are doing today, we are also strategically looking at customers where the family level income is higher. You may expect 3% or 4% higher number as we end the financial year from now.
- Sagar Shah:** Okay. So the non-micro banking that you are talking?
- Balakrishna Kamath:** Yes, that's what he meant. Today, it is at 52%. We expect it to reach 56% by end of the year. And going forward every year 5% improvement.
- Sagar Shah:** My second question was related to our MSME disbursement actually. MSME disbursements, were quite robust in this quarter, 44% Y-o-Y growth. And especially that was led by the working capital finance. So my point and my question was that in which geographies actually are we getting this MSME? Is it in the western region or is it in the southern region? I wanted to understand the management's philosophy on this disbursement on this segment, actually.
- Ashish Goel:** So top 50 cities in South, North, West is how we are positioning. So we are in 50 cities, the top 50 cities. South is our biggest region followed by North, West and East.
- Moderator:** The next question is from the line of Mahesh Kabra from BSK Group.
- Mahesh Kabra:** Congratulations on the good set of numbers. The question is around fundraising. So we had guided for INR2,000 crores fundraise and we have raised INR400 crores right now. What is the future plans for further fundraising?
- Balakrishna Kamath:** Just now we have mentioned in earlier question, INR409 crores already the Board approved today through the preferential offer, which we have already informed you. And the balance amount, you know the resolution which was approved is valid up to July 2027. We are planning to raise the balance before the resolution expires. That's the plan.
- Mahesh Kabra:** Okay. And this INR409 crores would roughly save around INR30 crores annualized interest cost as well, right?
- Siddharth Bharadwaj:** Could you please repeat that?
- Mahesh Kabra:** I said the INR400 crores that we have raised through allotment will save us around INR30 crores of annualized interest cost as well, right? Interest cost saving due to fundraising.
- Balakrishna Kamath:** Yes. Yes, you are right. More or less there.
- Moderator:** The next question is from the line of Sonal from Prescient Capital Investment Advisors.
- Sonal Minhas:** Hi there, this is Sonal Minhas from Prescient Capital. Sure, good. I have just one question. I'm looking at the chart on Slide 15, the PAR trend for group loans. I see all the PAR values inching up a little. You have given guidance on credit cost. Just wanted to understand, is there a higher

slippage number we expect going forward in Q3 and Q4, given these numbers are inching up a little?

Ashish Goel: No, Sonal, the numbers are not significant. So as we said, the credit cost, you know the Bucket X collection efficiency is very steady at 99.7%. And therefore, any PAR that you see increase is in decimal places. And it will not have any meaningful impact on the credit cost. As we said, credit cost in H2 is similar to the credit cost in H1.

Moderator: The next question is from the line of Divyansh Agarwal from Ionic Asset Managers. Please go ahead. Mr. Divyansh, please go ahead with the question. Your line is unmuted. Mr. Divyansh Agarwal, we would request you to kindly unmute yourself and proceed ahead with your questions. As there is no response, we will move to the next question, which is from the line of Shubham Pankaj Karvande from JM Financial Limited.

Shubham Karvande: I have two questions. The first question is on the MD search. I mean where is the search right now has a name been submitted to RBI? And are you looking internally or outside? And realistically, when do you expect an approval and the new MD in the chair?

Carol Furtado: So as was conveyed by the Chairman in the last call, the NRC has been mandated to search for a successor for our current MD and is currently working on it. And we hope to complete the process in around 3 to 4 months, starting September 1. So we should be able to complete it in 3 to 4 months.

Shubham Karvande: Okay. Okay. And the second question is on the yields part. The yields were up 28 bps quarter-on-quarter, even though the secured mix is moving up with products like MSME and FIG also, which gave only around 10.5% yield are sitting at a total of 30% of disbursements. So what drove this yield increase? And can it continue in the future? And as you go from 52% to 56% target secured target by March, what NIM impacts are you targeting internally apart from the 10 bps impact from the rate hike which you already mentioned?

Siddharth Bharadwaj: Shubham, I just want to correct you, our book yield has dropped by 10 basis points sequentially. So I'm disconnected on your question as to what you're quoting it from. But as we speak right now, like we have maintained our spectrum of products gives us the flexibility to kind of push through the higher-yielding products as long as we find them conducive.

Likewise, we have taken the pricing change that we wanted to in MSME, and we are retaining a similar yield profile for the last two quarters. We will continue to grow MSME at the prevailing yield that we've already delivered for H1. So I don't see any meaningful change in our product yield at this point in time. And the normal book shift should give you the mathematical number, which we will move towards.

Shubham Karvande: Okay. I was calculating on the overall interest earning assets where I could see an increase. But all right. I got the answer.

Moderator: The next question is from the line of Saumil Shah from Paras Investments.

- Saumil Shah:** Sir, I wanted to know there has been talks over MDR on UPI payments. So how do we see this benefiting our bank? I would like to hear your views on the same.
- Hitendra Jha:** Hi Saumil. Yes, if it is implemented, it will benefit us. But as of now, it has been deferred post Diwali. So let's wait when it comes. But yes, if it goes through, it will benefit us.
- Saumil Shah:** Okay. Because there might be some FDs which would be renewed via UPI or maybe some loan installments paid by UPI. So net-net, it will not increase our expenses, right? Our income is going to increase through UPI with MDR.
- Hitendra Jha:** No, we are not expecting any increase in expense, okay? However, there will be some upside on income because already infrastructure is there. So I don't need to create any separate fresh infrastructure for that.
- Saumil Shah:** Okay. Okay. And sir, our PAR 0 number for last three quarters is close to 3.6%. So looking at the current market dynamics, where do we see this number settling by end of this year?
- Ashish Goel:** It will remain largely steady with some decimal points here or there. See, all our Bucket X efficiencies in micro banking as well as on the secured assets is going very steady. So the PAR numbers are not likely to change from where they are.
- Saumil Shah:** Okay. So we are not seeing material difference due to the drought issues in the few states.
- Ashish Goel:** No, as Vibhas had previously responded, the exposure is quite limited.
- Moderator:** The next question is from the line of Pritesh Bumb from Elara Capital.
- Pritesh Bumb:** Just a couple of questions. One is on individual loans. I see the ticket size up this quarter. Anything to read into that? Or I mean anything there?
- Vibhas Chandra:** No, nothing. This small change up and down will happen depends upon how much you do and how you do business every month. More repeat, more fresh, more NCA. This number - slight change in number will happen.
- Pritesh Bumb:** At what ticket size we will be comfortable generally? I mean, we could move up beyond INR1.5 lakh as well, right?
- Vibhas Chandra:** Yes, we are comfortable there. Around INR1.5 lakh is something we are looking at individual loan.
- Pritesh Bumb:** Fair enough. Second question was on this non-microfinance. My basic assumption there is that it is mostly a consumption loan and that share is moving up. How is the strategy there? And how are we assessing that in terms of disbursement and overall book?
- Vibhas Chandra:** So it's not consumption loan. It's under both microfinance and non-microfinance, about 97% of our loans are income generating loans. And the only difference is that in non-microfinance, the family income is on the higher side. That's the only difference.

- Pritesh Bumb:** But the end use is not consumption is it? Both are income generating.
- Vibhas Chandra:** Yes, yes, yes. We have overall in both of the categories, about 3% loan which goes into consumption remaining is income generating.
- Pritesh Bumb:** Okay. Sorry, I will understand this offline. And lastly, in terms of the PAR book in the micro banking, which is there, do you see any scope for it to now go further down, from here on?
- Ashish Goel:** No, Pritesh, it is very steady. In fact, the PAR was declining post the issue that we had seen last year. But now the collection efficiencies are very stable. The PAR book, even if it changes will be in decimal points only.
- Pritesh Bumb:** Any reason for that? I mean just trying to understand, I understand that the collection efficiency is now very, very good. But why will the PAR remain where it is if not go down or go up also in the sense that the environment is still tough, but then there are geographies which are also improving. So any reason there?
- Ashish Goel:** So you may remember we had red, amber, green. Most of our branches now in green. They are 99.7% and above. So the averages are also roughly the same. There are a few branches which are at 99.6% and below. We don't expect that number to increase. So the efficiency will largely remain in the range where it is.
- Moderator:** Ladies and gentlemen, that will be the last question for today, which is from the line of Sagar Shah from Spark PWM.
- Sagar Shah:** I just had one follow-up question related to borrowings. We have repaid around INR800 crores in this quarter worth of borrowings. So I just wanted to have a number, the quantitative number, that what percentage or what level of borrowings will we end in this financial year as part of our liabilities?
- Gaurav Sah:** Are you talking about the balance sheet borrowings number?
- Sagar Shah:** Yes, correct.
- Gaurav Sah:** I think we'll have to check this. We'll come back to you on this.
- Moderator:** Ladies and gentlemen, as that was the last question for today. With that, I now hand the conference over to management for closing comments.
- Carol Furtado:** I once again thank all the participants for their time and interest and wish you and your families Happy Dussehra and a joyous festival season ahead. We at Ujjivan Small Finance Bank remain focused on delivering on profitable growth while we build an enduring institution. Please reach out to our IR team for any queries that you may have. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.