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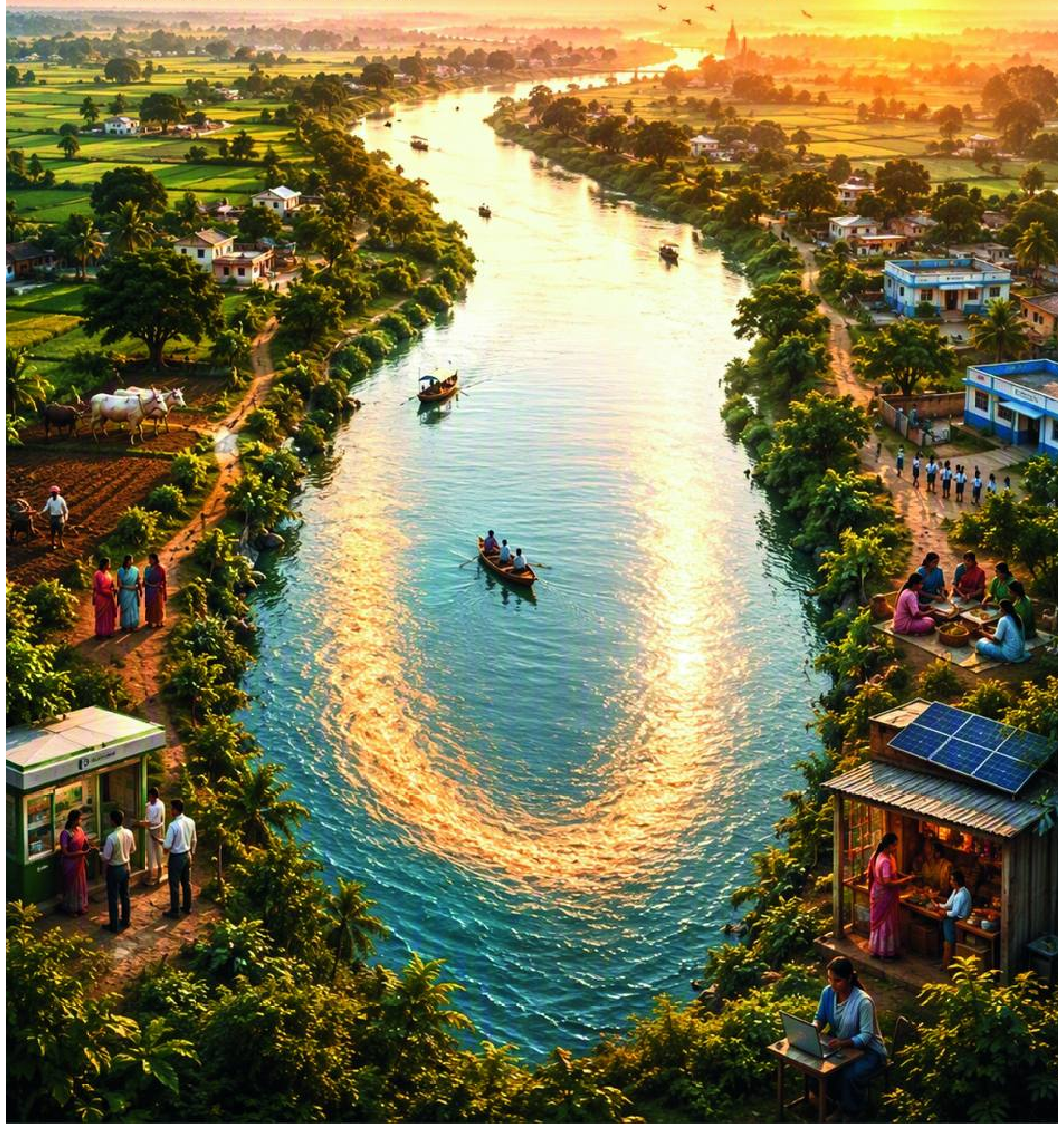
Utkarsh Small Finance Bank
Aapki Ummeed Ka Khaata

U-SUSTAIN

FY 2025-26
SUSTAINABILITY REPORT



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01 HIGHLIGHTS OF THE YEAR

RESPONSIBLE BANKING & FINANCIAL INCLUSION

5.04 Million
Customers

21.7 Lakh
Borrowers

20.87 Lakh
Women Borrowers

₹ 19,333 Crore
Loan Book

₹ 21,654 Crore
Deposits

1,110
Banking Outlets

373
ATMs

27
States & UTs Presence

OUR PEOPLE & CULTURE

18,418
Employees

2,352
Women Employees

13%
Women Workforce

43%
Women on Board of Directors

Over 70%
New Recruits of Less than 30 Years of Age

33.62 Hours
Average Trainings Per Employee

79% Employees
Received Performance Review

100% Employees
Salaries Higher than Minimum Wage

COMMUNITY IMPACT & CSR

₹ 6.58 Crore
CSR Amount Invested

5.9 Lakh
CSR Beneficiaries

4,61,940
Healthcare Beneficiaries

1,07,978
Financial Literacy Beneficiaries

646
Youth in Skill Development

4,963
Farmers Supported

FY 2025-26 KEY METRICS

2050
Net Zero Target

97%
Waste Recycled

100%
Wastewater Treated

1,934 Tons CO2e
Scope 1 GHG

8,876 Tons CO2e
Scope 2 GHG

Offsets 11%
Electricity Demand Rooftop Solar PV

5-Star
GRIHA Certified Building

20+ Crore
UPI Transactions

30.59 Lakh
Digi Onboarding

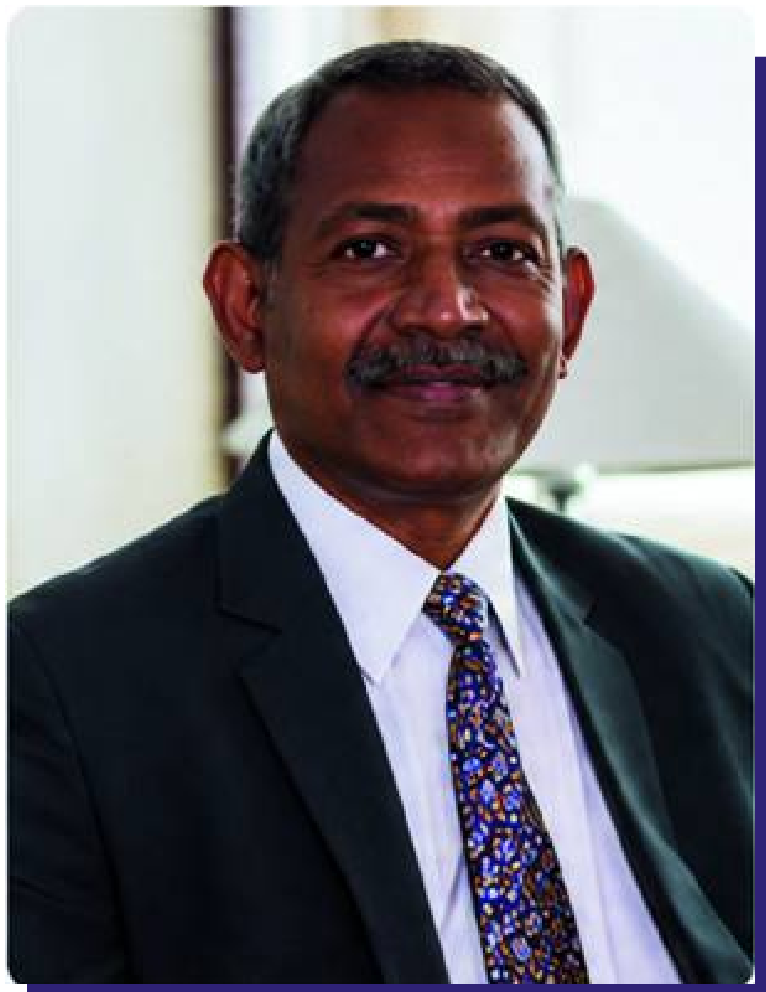
6.72 Lakh
Retail IBMB Users

45.68 Lakh
Mobile Banking Transactions

2+ Lakh
WhatsApp Banking Users

02 LEADERSHIP MESSAGES

2.1 MESSAGE FROM THE CHAIRMAN



Dear Stakeholders,

The world today stands at an important crossroads. Climate change, technological transformation, geopolitical uncertainty and evolving stakeholder expectations are redefining the way businesses create value. At the same time, India continues to demonstrate remarkable resilience and optimism, emerging as one of the world's fastest-growing major economies while pursuing an ambitious vision of inclusive and sustainable development. In this environment, financial institutions have a responsibility that extends well beyond providing access to capital.They have the opportunity to shape economic progress in ways that are equitable, responsible and enduring.

At Utkarsh Small Finance Bank, this belief has always guided our journey. Financial inclusion is not simply the foundation of our business model; it is our purpose. Since our inception, we have worked to bridge the gap between aspiration and opportunity by extending formal financial services to individuals, households and enterprises that have traditionally remained outside the mainstream financial system. Every loan extended, every account opened and every customer relationship built reflects our commitment to creating lasting social and economic value.

During FY 2025-26, the Bank continued to strengthen this commitment while navigating an evolving business landscape with resilience and discipline. We expanded our reach, deepened customer relationships and enhanced our digital capabilities while remaining steadfast in our focus on responsible banking and prudent governance. As our institution grows, so does our responsibility to ensure that growth remains sustainable, balanced and aligned with the interests of all stakeholders.

Sustainability is increasingly becoming inseparable from sound business strategy. It influences how organisations manage risk, allocate capital, innovate, engage with customers and prepare for the future. At Utkarsh Small Finance Bank, environmental, social and governance considerations are progressively being integrated into decision-making processes across the organisation.From strengthening responsible lending practices and embedding environmental and social risk considerations into our lending framework, to enhancing governance structures and advancing climate preparedness, we continue to build an institution that is resilient by design.

Our commitment to environmental stewardship also gathered momentum during the year. We made meaningful progress towards reducing the environmental footprint of our operations through renewable energy adoption, improved resource efficiency and continued monitoring of greenhouse gas emissions. While our own operational footprint remains relatively modest, we recognise that our greatest contribution lies in facilitating the transition towards a more sustainable economy through responsible financing and informed risk management.

Equally important is our commitment to people. Financial inclusion extends beyond access to credit or banking services. It is about enabling entrepreneurship, supporting livelihoods and creating opportunities.

A strong governance remains the cornerstone of our institution. An engaged Board, specialised Board Committees, transparent disclosures and a culture rooted in integrity enable us to navigate an increasingly complex operating environment while maintaining the confidence of our customers, investors, regulators and communities. We believe that trust is earned through consistency, accountability and responsible conduct, and these principles will continue to guide our actions.

> ***Leading with Purpose in a Changing World***

As we look ahead, the opportunities before India are immense. The country's demographic strength, digital public infrastructure, entrepreneurial spirit and policy focus on sustainable development present a compelling platform for inclusive growth. We are confident that Utkarsh Small Finance Bank is well positioned to contribute meaningfully to this journey by combining financial strength with social purpose, innovation with responsibility, and growth with long-term resilience.

I extend my sincere appreciation to our customers for placing their trust in us, to our employees for their dedication, to our shareholders and investors for their continued confidence, and to our regulators and partners for their invaluable guidance and support. Together, we will continue building an institution that creates value not only for the present, but also for generations to come.

Warm regards,

Dr. Kshatrapati Shivaji

Independent Director and Part Time Chairman

2.2 MESSAGE FROM THE MD & CEO

FY 2025–26 has been a defining year for Utkarsh Small Finance Bank. Against a backdrop of global economic uncertainty, rapid technological advancement and evolving customer expectations, we have remained focused on what has always been our calling: to use banking as a force for meaningful and lasting impact.

India's economic momentum continues to inspire confidence. Strong macroeconomic fundamentals, expanding digital infrastructure and increasing financial inclusion are reshaping the banking landscape and creating new opportunities to serve customers more effectively.

Dear Stakeholders,

> ***Building Resilience through Responsible Growth.***

As these opportunities grow, so does our responsibility to ensure that innovation remains inclusive, growth remains disciplined and every decision contributes to long-term value creation.

Throughout the year, we remained committed to strengthening the quality of our franchise. We continued to diversify our lending portfolio across microfinance, MSME, housing and commercial vehicle finance while maintaining prudent underwriting standards and disciplined risk management practices. This balanced approach has enhanced the resilience of our business and strengthened our ability to support customers through changing economic cycles.

Financial inclusion continues to define our purpose. With a network of 1,110 banking outlets across 27 States and Union Territories, we are committed to making formal financial services accessible to individuals, entrepreneurs and businesses across urban, semi-urban and rural India. Our expanding suite of financial solutions supports livelihood creation, enterprise development, home ownership and economic participation, helping customers build stronger and more secure futures.

Technology has become a powerful enabler of this mission. During the year, we continued to strengthen our digital banking ecosystem through Digi Onboarding, Mobile and Internet Banking, Bharat Connect Bill Payments, WhatsApp Banking and other digital solutions that simplify banking while improving accessibility and convenience. These initiatives are enabling us to serve customers more efficiently while reducing operational complexity and supporting resource efficiency through increased digitisation.

Listening to our customers remains fundamental to continuous improvement. During FY 2025–26, we undertook a comprehensive customer satisfaction study covering more than 7,000 customers across multiple product categories and states. The insights gathered are helping us strengthen service quality, improve customer experience and build deeper, more enduring relationships founded on trust and responsiveness.

Our people remain the driving force behind our progress. We continued to invest in learning and capability development, with employees receiving an average of 33.62 hours of training during the year across technical, behavioural and leadership programmes. We also strengthened our focus on diversity, employee well-being and an inclusive workplace culture. I am particularly encouraged by the increasing representation of women across our organisation and the continued leadership demonstrated by our colleagues in serving customers with empathy, professionalism and integrity.

Environmental responsibility is becoming increasingly important to the way we operate and manage risks. During the year, we strengthened our environmental management practices through greater use of renewable energy, improved monitoring of greenhouse gas emissions and continued efforts towards resource conservation. We also enhanced the integration of environmental and social considerations into our lending processes through our Environmental and Social Governance Management System, reinforcing our commitment to responsible banking and long-term resilience.

Beyond banking, we remain deeply committed to the communities we serve. Through the Utkarsh Welfare Foundation, our initiatives in healthcare, education, financial literacy, skill development and livelihood promotion continued to create meaningful impact across underserved regions. These programmes reflect our belief that sustainable development is achieved when economic progress is accompanied by improved quality of life and greater opportunity for all.

None of these achievements would have been possible without the dedication of our employees, the confidence of our customers, the guidance of our Board, the trust of our investors and the support of our regulators and business partners. I extend my sincere gratitude to each of them for being an integral part of our journey.

Looking ahead, we remain optimistic about the future. As India advances towards becoming a more inclusive, digitally empowered and sustainable economy, Utkarsh Small Finance Bank will continue to evolve with purpose. We will deepen customer relationships, strengthen our governance, embrace responsible innovation and create long-term value through banking that is resilient, inclusive and built on trust. Together, we will continue to transform aspirations into opportunities and contribute to a stronger, more inclusive and sustainable future for our customers, our communities and our nation.

Warm regards,

Govind Singh

Managing Director & CEO
Utkarsh Small Finance Bank Limited

03 UTKARSH AT A GLANCE

3.1 WHO WE ARE?

Utkarsh Small Finance Bank Limited (USFBL) is a Scheduled Commercial Bank committed to advancing financial inclusion by providing accessible, technology-enabled banking solutions to underserved and unserved communities across India. Incorporated on 30 April 2016, the Bank commenced operations on 23 January 2017 with the vision of expanding access to formal financial services and creating sustainable socio-economic impact.

Headquartered in Varanasi, Uttar Pradesh, the Bank serves customers through a diversified portfolio comprising microfinance, MSME, housing, personal, commercial vehicle and construction equipment loans, along with deposit products, digital banking solutions and other retail financial services. Microfinance, delivered primarily through the Joint Liability Group (JLG) model, continues to remain a cornerstone of the Bank's financial inclusion strategy.

Today, with a growing presence across 27 States and Union Territories, Utkarsh Small Finance Bank continues to bridge gaps in financial access by combining a strong physical network with technology-enabled banking solutions, empowering individuals, entrepreneurs and communities to participate in India's formal financial ecosystem.

OUR VISION, MISSION & CORE VALUES

VISION

TO BE THE MOST TRUSTED, DIGITIZED BANK

That is financially and socially inclusive, and creates value across social strata through insightful and viable solutions.

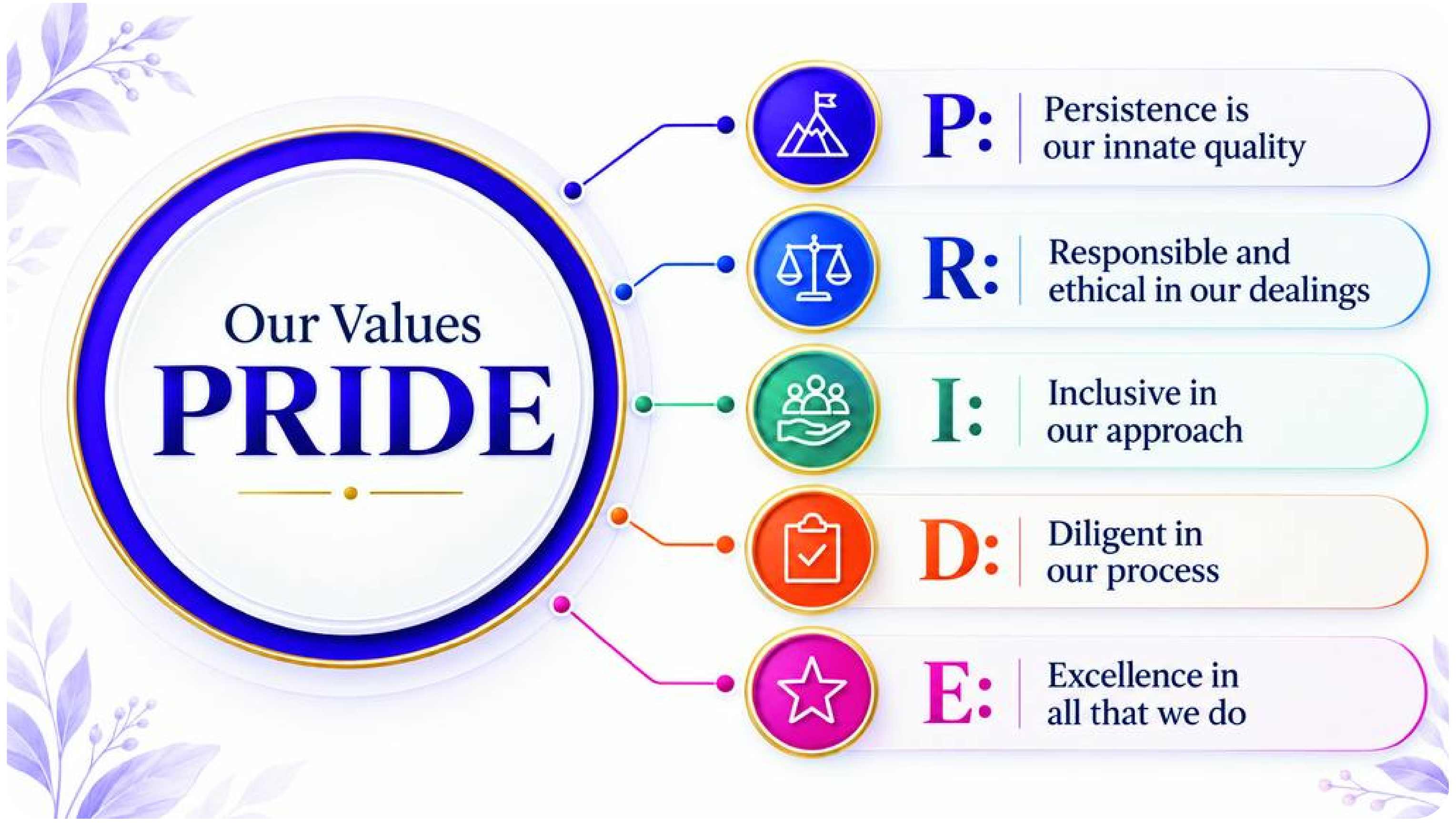
MISSION

BE THE PREFERRED FINANCIAL INSTITUTION ACROSS ALL CUSTOMER SEGMENTS

through technology enabled solutions that are sustainable, inclusive, and scalable, supported by a work culture that centers on passion, values and corporate ethics to deliver best in class customer experience.

3.2 OUR CORE VALUES

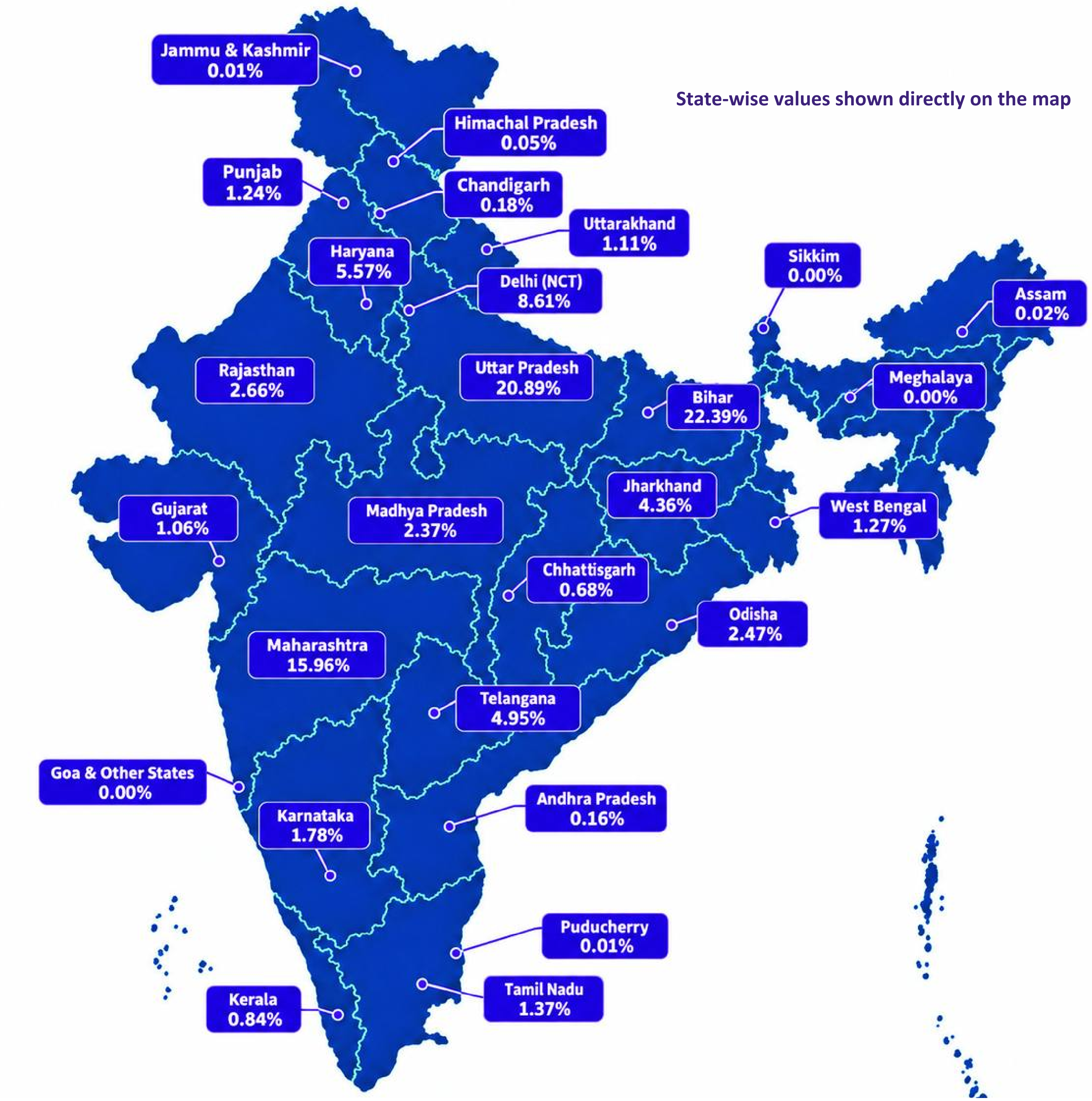
Our core values define the principles that guide every aspect of our business. By embracing Persistence in achieving goals, Responsibility and ethics in all dealings, Inclusiveness in our approach, Diligence in our processes and Excellence in execution, we strive to create lasting value for our customers, employees, communities and all other stakeholders.



3.3 OUR FOOTPRINT

The percentages represent the distribution of the Bank's business across states.

State-wise values shown directly on the map



GEOGRAPHICAL PRESENCE

Empowering financial Freedom through india's largest, well -entrenched network among all SFBS

We are committed to expanding our reach into rural and semi-urban areas, helping achieve our mission of inclusive and accessible banking for all.

We have operations in 27 States and Union Territories including Goa, Meghalaya, Puducherry and Sikkim.

EXTENDING OUR NETWORK

19.7 Crore Digital Transactions

5 Million Customers Served

1,110 Banking Outlets

373 ATMs

18,418 Bank Employees

27 States and Union Territories

20.87 Women Borrowers

Total ₹ 19,333 Crore

Loanbook as on March 31, 2026

% distribution

DEPOSITS AND LOAN BOOK

FY 2025-26 Key Metrics
PERFORMANCE AT A GLANCE

METRICS	FY 2025-26
Total Deposits (excluding digital FDs sourced through FinTech & Bank website)	₹20,984 crore
Digital FDs sourced through FinTech & Bank website	₹670 crore
Overall Total Deposits	₹21,654 crore
Total Loan Book	₹19,332 crore

3.4 OUR SUITE OF FINANCIAL SOLUTIONS

At Utkarsh Small Finance Bank, we offer a comprehensive suite of financial products and services designed to meet the evolving needs of individuals, households, entrepreneurs and businesses across diverse customer segments. Our integrated portfolio combines inclusive lending solutions, customer centric deposit products and technology-enabled banking services, enabling us to support financial wellbeing, foster entrepreneurship and expand access to formal financial services. By delivering accessible, convenient and responsible banking solutions through both physical and digital channels, we continue to create long-term value for our customers while advancing our mission of financial inclusion.

BANKING PRODUCT ECOSYSTEM

INTEGRATED SOLUTIONS FOR A STRONGER TOMORROW

₹ ASSET PRODUCTS

LENDING FOR GROWTH

MB **Micro Banking**

Group Loans, Individual Loans

RB **Retail Banking**

Gold Loan, Home Loans, MSME Loans, Loan Against Property, Overdraft Against Fixed Deposits, Credit Cards, Personal Loans, Micro LAP

WB **Wholesale Banking**

Wholesale Lending, Business Correspondents

S LIABILITY PRODUCTS

SAVINGS FOR A BRIGHTER FUTURE

PO **Premium Offerings**

Premium Savings, Business Premium, Business Plus, Utkarsh Smart Business

RO **Retail Offerings**

Standard Savings, Gen Next Savings, Basic Savings Bank Deposit Account (BSBDA), Current Accounts, Salary Propositions, Fixed Deposits and Recurring Deposit variants

SO **Segment-led Offerings**

NRI Banking, RERA, Government Business, ASC, etc.

BANKING PRODUCT ECOSYSTEM

INTEGRATED SOLUTIONS FOR A STRONGER TOMORROW

360° 360° BANKING

ANYTIME. ANYWHERE. TOGETHER.

DS **Digital Services**

Internet & Mobile Banking (IMMB), UPI, WhatsApp Banking, Bill Payments, Debit Cards, Aadhaar Enabled Payment System (AePS), ATMs

US **Utility Services**

Insurance, Mutual Funds, Lockers, Remittances, Cards, 3-in-1 Account, Atal Pension Yojana, Utkarsh Vyapar, SmartPay (collection solutions)

PCM **Payments & Cash Management**

SmartPay, NACH/eNACH, eFRM, ASBA and related payment solutions

DDS **Digital Deposit Sourcing**

Digital Fixed Deposits through the Bank website and fintech partners

04 ABOUT THIS REPORT

Welcome to the third edition of Utkarsh Small Finance Bank's Sustainability Report. This report presents our approach to creating sustainable value and provides a transparent account of our environmental, social and governance (ESG) performance for the financial year 1st April 2025 to 31st March 2026.

It reflects how sustainability is embedded across our business strategy, operations and decision-making, while highlighting the progress we have made towards advancing financial inclusion, strengthening communities, empowering our people, managing our environmental footprint and upholding strong governance practices.

Prepared with transparency and accountability at its core, this report seeks to provide stakeholders with meaningful insights into the Bank's material ESG impacts, priorities and performance.

REPORTING BOUNDARY

- The report covers the sustainability performance of Utkarsh Small Finance Bank Limited, including its headquarters, regional offices and banking operations across India, unless otherwise stated.

REPORTING STANDARDS & FRAMEWORKS

- Global Reporting Initiative (GRI) Standards
- Sustainability Accounting Standards Board (SASB)
- Business Responsibility and Sustainability Reporting (BRSR)
- Principles for Responsible Banking (PRB)
- United Nations Sustainable Development Goals (UN SDGs)

DATA & REPORTING

Unless otherwise stated:

- Financial data is reported in Indian Rupees.
- Environmental and social performance data relates to FY 2025–26.
- Figures have been rounded off where appropriate.

FEEDBACK

- We welcome feedback from our stakeholders as we continue to strengthen our sustainability journey.

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WEBSITE: WWW.UTKARSH.BANK.IN

RESPONSIBILITY STATEMENT

- The information presented in this report represents, to the best of our knowledge, a fair and balanced account of Utkarsh Small Finance Bank's sustainability performance for FY 2025–26. The reported data has been prepared using data collected from relevant functions across the Bank and reviewed through established internal processes to ensure accuracy, completeness and reliability.

05 CREATING SUSTAINABLE VALUE

5.1 OUR PURPOSE

At Utkarsh Small Finance Bank, our purpose extends beyond providing banking services. We are committed to enabling financial inclusion, supporting entrepreneurship, empowering communities and creating long-term value for all stakeholders.

Established with the objective of serving underserved and unbanked segments of society, the Bank has evolved into a trusted financial institution with a presence across 27 States and Union Territories. Through a growing network of banking outlets, digital channels and customer-centric products, we continue to bridge gaps in access to formal financial services and contribute to inclusive economic development.

Our approach to sustainability is rooted in the belief that responsible banking creates shared value. By integrating environmental, social and governance considerations into our operations and decision making processes, we seek to build a resilient institution that delivers sustainable outcomes for customers, employees, communities, shareholders and society at large.

As the banking landscape continues to evolve, we remain focused on balancing financial performance with social responsibility, environmental stewardship and strong governance practices, thereby creating sustainable value for current and future generations.

FY 2025–26 underscored the importance of building an institution that remains resilient through changing market conditions. While the operating environment presented challenges, the Bank continued to strengthen the foundations of its franchise through disciplined execution, customer centricity, portfolio diversification and prudent governance.These efforts reinforce our ability to deliver sustainable value while remaining steadfast in our purpose of advancing financial inclusion.

5.2 SUSTAINABILITY PILLARS

Our sustainability strategy is built around four interconnected pillars that guide how we create value and deliver positive impact.

Financial Inclusion

Financial inclusion remains central to our business model. Through accessible banking services, microfinance, MSME lending, deposit products and digital financial solutions, we seek to expand economic opportunities for underserved individuals and communities while fostering inclusive growth.

Empower People and Human Capital

Our employees play a critical role in delivering value to customers and communities. We are committed to creating a safe, inclusive and engaging workplace that supports diversity, employee wellbeing, continuous learning and professional development.

Support the Green Economy

We recognize our responsibility to minimise environmental impacts arising from our operations while supporting the sustainable economy. Through resource efficiency initiatives, responsible consumption practices, climate-related risk management and sustainable finance initiatives, we strive to contribute to a low-carbon future.

Foster Inclusive Communities

We are dedicated to fostering inclusive communities by extending our impact beyond banking. Through strategic CSR initiatives, financial literacy programmes and workplace development efforts, we seek to improve livelihoods, strengthen resilience and enable equitable opportunities for sustainable progress.

5.3 VALUE CREATION MODEL

INPUTS

Resources and relationships that enable us to create value

Financial Capital
Strong capital base and financial resources that support our lending and growth ambitions.

Human Capital
Our 18,418 employees, including 2,352 women employees, are the driving force behind our success.

Infrastructure Capital
Extensive network of branches, service outlets and ATMs; experience and accessible services.

Customer Centricity
Understanding customer expectations and providing efficient, meaningful experiences.

Technology Capital
Robust digital platforms, secure systems and innovative solutions that enhance customer experience.

Relationship Capital
Strong relationships with customers, communities, regulators, investors and other stakeholders.

Governance Capital
Strong governance frameworks, policies and risk-management practices that ensure ethical and responsible banking.

ACTIVITIES

What we do to create value for our stakeholders

Financial Inclusion
Expanding access to banking, credit, savings and insurance for underserved segments.

Responsible Lending
Providing affordable and responsible credit to individuals, micro and small businesses and MSMEs.

Digital Banking
Delivering seamless, secure and convenient banking through technology-led solutions.

Customer Centricity
Designing customer-focused products and services with superior experience and trust.

Sustainable Finance
Integrating ESG considerations and promoting green and sustainable financing.

Community Development
Investing in initiatives that improve communities' quality of life and support inclusive growth.

Governance Capital
Building capabilities, nurturing talent and fostering a culture of inclusion and responsible growth.

OUTPUTS

The value we create through our activities

Loans Disbursed
₹ 19,333 Cr
Loan book

Customers Served
21.66 Lakh+
Borrowers

Deposits Mobilised
₹ 21,654 Cr
Total deposits

Wide Reach
27 States & UTs
1,110 Banking Outlets
373 ATMs

Digital Reach
Growing digital transactions through mobile, internet banking and UPI.

People Impact
18,418 Employees
2,352 Women Employees

Community Impact
Responsible support in healthcare, education and livelihoods.

OUTCOMES

The positive impact we create for stakeholders and society

Financial Inclusion
Greater access to formal financial services for underserved communities.

Economic Empowerment
Enabling individuals, entrepreneurs and businesses to improve and grow.

Community Development
Supporting education, products and services, development and community wellbeing.

Environmental Impact
Promoting responsible practices and supporting a sustainable long-term future.

Resilient Reputation
Strengthened trust, responsible practices and long-term value for all stakeholders.

Trust and Reputation
Strengthened cross-functional reliability, ethical conduct and stakeholder engagement.

5.4 DELIVERING VALUE THROUGH FINANCIAL INCLUSION

Financial inclusion remains at the heart of Utkarsh Small Finance Bank's purpose and business strategy. Through our extensive network of banking outlets, digital channels and customer-centric products, we continue to bridge gaps in access to formal financial services and support underserved communities across the country.

During FY 2025–26, the Bank served over 5 million customers across 27 States and Union Territories through 1,110 banking outlets and 373 ATMs. Our diversified portfolio of savings, credit and payment solutions enabled individuals, households, entrepreneurs and small businesses to participate more actively in the formal economy.

Our loan portfolio of **₹19,333 crore** supported economic activities across multiple sectors, while deposits amounting to **₹21,654 crore** reflected the trust placed in us by our customers. Through responsible lending practices and customer centric service delivery, we continue to contribute towards financial empowerment and inclusive growth.

As the Bank has expanded its reach, it has also continued to diversify its lending portfolio to better serve the evolving financial needs of customers. While microfinance remains a core pillar of our financial inclusion strategy, we have steadily strengthened our presence across MSME finance, housing loans, commercial vehicle and construction equipment finance, retail assets and other lending segments. This diversified approach enables us to support a broader customer base while promoting balanced portfolio growth and strengthening the long-term resilience of our business model.

5.5 EMPOWERING WOMEN & UNDERSERVED COMMUNITIES

We recognize that inclusive growth requires expanding access to financial services for women, rural communities and economically vulnerable populations. **During FY 2025–26, the Bank served 20,86,826 women customers including women entrepreneurs through various financial products and services**. Our outreach efforts continued to focus on enabling access to credit, savings and financial literacy initiatives that promote financial independence and resilience. Women also contribute to the Bank’s governance and strategic decision-making. Three of the Bank’s seven Directors are women, representing 43% of the Board of Directors, reflecting our commitment to diverse perspectives and inclusive leadership at the highest level of governance.

By creating opportunities for women across our customer base, workforce and leadership, we continue to strengthen inclusive growth while advancing our purpose of creating long-term value for individuals, communities and society.

5.6 DRIVING DIGITAL INCLUSION

Digital innovation continues to play a critical role in expanding access to banking services and enhancing customer convenience. **During FY 2025–26, the Bank processed over 19.7 crores digital transactions through its digital banking channels, including mobile banking, internet banking and UPI platforms.**

The continued adoption of digital banking solutions has enabled faster, more convenient and secure access to financial services while reducing dependence on physical documentation and branch visits. Our investments in technology and digital infrastructure support operational efficiency, improve customer experience and contribute to our broader sustainability objectives through resource optimisation and paperless banking initiatives.

5.7 INVESTING IN HUMAN CAPITAL

Our employees are the driving force behind our success and our ability to create sustainable value for stakeholders. **As of March 31, 2026, Utkarsh Small Finance Bank employed 18,418 individuals, including 2,352 women employees**. We remain committed to fostering an inclusive, diverse and supportive work environment that promotes employee wellbeing, engagement and professional growth. During the year, employees underwent an average of 33.62 hours of training covering technical competencies, leadership development, regulatory compliance, customer service excellence and digital capabilities. Through continuous learning opportunities, we seek to build a future-ready workforce capable of supporting the Bank’s long-term growth and sustainability ambitions.

5.8 STRENGTHENING COMMUNITIES THROUGH CSR

Our commitment to creating positive social impact extends beyond banking operations. Through focused CSR interventions, we seek to address critical development needs and improve the quality of life in the communities we serve. **During FY 2025–26, our CSR programmes benefited approximately 5.9 lakh individuals across areas such as financial literacy,** healthcare, education, skill development and community infrastructure. The Bank conducted strong financial literacy programmes, reaching 1,07,978 beneficiaries and helping improve awareness of responsible financial practices. Our healthcare initiatives supported 4,61,940 beneficiaries, while education, skill development and village development programmes positively impacted 22,722 individuals. By partnering with local communities and implementation agencies, we continue to create meaningful and lasting social impact.

1,07,978	**4,61,940**	**22,722**
Financial Literacy Beneficiaries	**Healthcare Beneficiaries**	**Education, Skill & Village Development Beneficiaries**

06 SUSTAINABILITY STRATEGY & COMMITMENTS

6.1 OUR SUSTAINABILITY STRATEGY

Sustainability is woven into the way Utkarsh Small Finance Bank creates value and delivers on its purpose. Our sustainability strategy is anchored in the belief that responsible banking can serve as a catalyst for inclusive development, resilience and shared prosperity. Through our products, services and operations, we seek to expand access to formal financial services, support underserved communities, empower employees, minimise environmental impacts and uphold the highest standards of governance and ethical conduct.

Our business is driven by a commitment to expand financial inclusion, nurture our people, support the transition towards a greener economy and create meaningful opportunities for the communities we serve. These priorities are reflected across our products and services, responsible lending practices, employee development initiatives, environmental stewardship efforts and community investments, enabling us to balance financial performance with positive social and environmental outcomes.

Anchored by our four strategic sustainability pillars, our approach enables us to respond to evolving stakeholder expectations, manage emerging risks and contribute to India's sustainable development priorities. As we continue to strengthen our sustainability journey, we remain focused on creating lasting value for our customers, employees, investors, regulators, communities and the environment.

6.2 SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Utkarsh Small Finance Bank recognises the United Nations Sustainable Development Goals (SDGs) as a global framework for addressing social, economic and environmental challenges. Through our business operations, responsible banking practices and community initiatives, we contribute towards advancing several SDGs that are closely aligned with our purpose and sustainability priorities. Our efforts are particularly focused on promoting financial inclusion, decent work, gender equality, economic growth, reduced inequalities and climate action.

The Bank remains committed to aligning its sustainability initiatives with the SDGs and contributing to sustainable development outcomes for society.

6.3 ADVANCING RESPONSIBLE BANKING

Utkarsh Small Finance Bank aligns its sustainability journey with the Principles for Responsible Banking (PRB), a global framework developed by the United Nations Environment Programme Finance Initiative (UNEP FI) to help banks align their business strategies with sustainable development objectives.

The Principles provide a framework for integrating sustainability considerations into decision-making, stakeholder engagement and business operations while creating positive economic, social and environmental outcomes.

Our approach to responsible banking is reflected through:

ALIGNMENT

Integrating sustainability considerations into our strategic, policies and business practices.

IMPACT

Promoting financial inclusion, supporting community development and advancing sustainable growth.

TRANSPARENCY

Enhancing disclosures and reporting practices to communicate progress and performance.

STAKEHOLDERS

Engaging with customers, employees, regulators, and communities to understand and address material issues.

GOVERNANCE

Strengthening ESG oversight, risk management and accountability mechanisms.

**RESPONSIBLE BANKING
STRONGER COMMUNITIES**

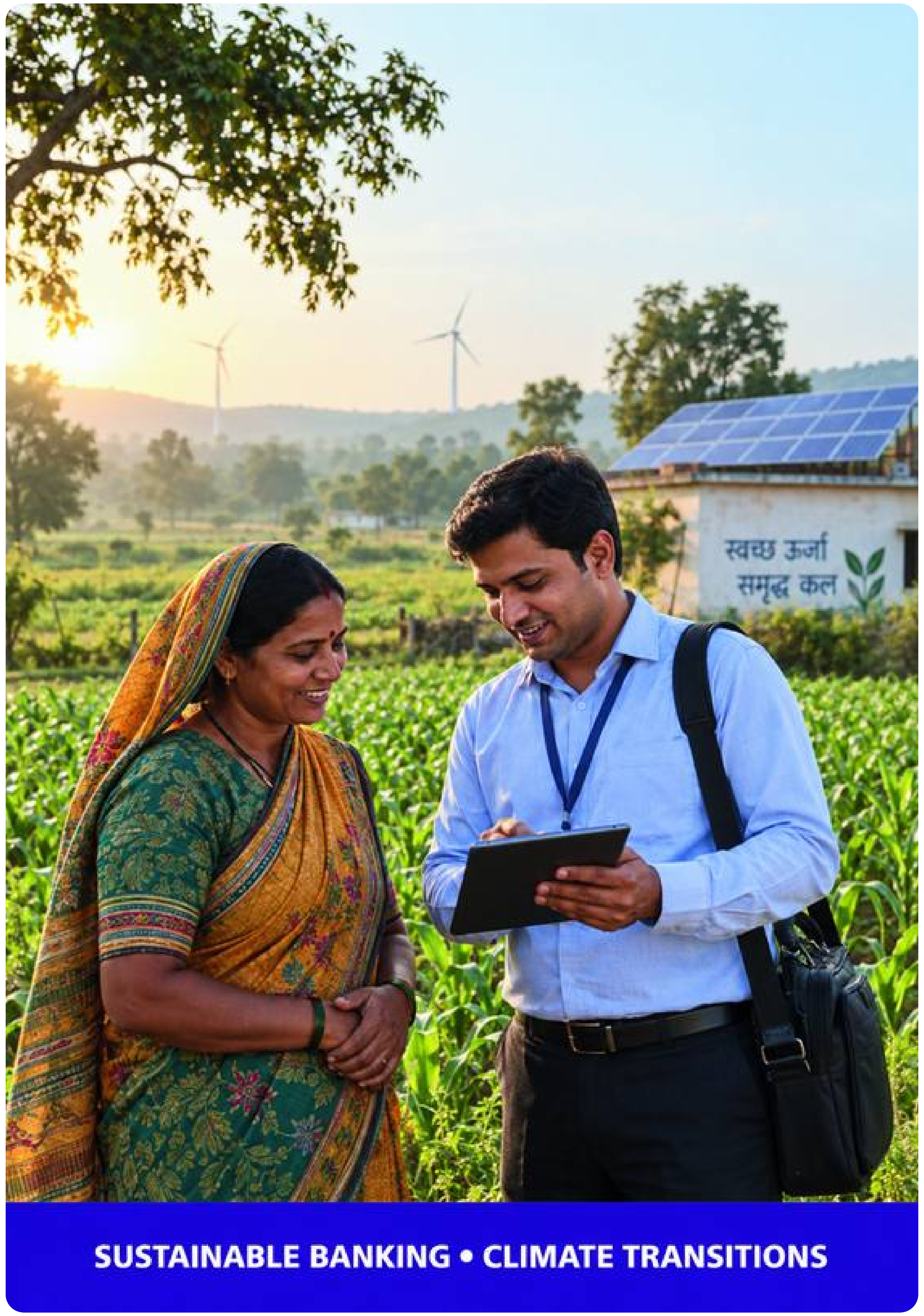
6.4 CLIMATE COMMITMENTS & TRANSITION JOURNEY

CLIMATE COMMITMENT:

Climate change presents both risks and opportunities for the financial sector. As a responsible financial institution, Utkarsh Small Finance Bank recognises the importance of supporting India's transition towards a low-carbon and climate-resilient economy while strengthening the resilience of its own operations.

KEY FOCUS AREAS

Managing Operational Footprint	Strengthening Climate Governance	Advancing Sustainable Finance	Enhancing Climate Resilience
• Energy efficiency • Renewable energy • Resource efficiency • Responsible waste management	• Board and management oversight • Climate-related risks and opportunities	• Green deposits • Sustainable lending • Integration of ESG considerations into financing decisions	• Alignment with evolving regulatory expectations • Climate-related disclosure frameworks



07 STAKEHOLDER ENGAGEMENT& MATERIALITY

7.1 LISTENING TO OUR STAKEHOLDERS

Meaningful stakeholder engagement enables the Bank to better understand stakeholder expectations, anticipate emerging risks and opportunities, strengthen trust and enhance long-term value creation.

As a customer-centric financial institution, we actively engage with individuals and groups who influence, or are influenced by, our business activities. Their insights help us better understand evolving expectations, identify emerging risks and opportunities, and strengthen our ability to make informed and responsible decisions.

Our key stakeholders include customers, employees, investors and shareholders, regulators, business partners and vendors, and the communities we serve. Through continuous dialogue across multiple engagement channels, we strive to build trust, foster collaboration and ensure that stakeholder perspectives are integrated into our business strategy, sustainability priorities and long-term value creation.

CUSTOMER SATISFACTION SURVEY

Delivering a superior customer experience begins with understanding customer expectations and acting on their feedback. **During FY 2025–26, the Bank conducted a comprehensive Customer Satisfaction Study covering more than 7,000 customers across six product categories in 13 states through in-person interviews, telephonic outreach and digital surveys**. The study recorded an Overall Net Promoter Score (NPS) of 31, providing valuable insights into customer advocacy and service experience. Customer feedback highlighted strengths in onboarding and ease of application, while also identifying opportunities to further strengthen post-transaction communication, service consistency and issue resolution.

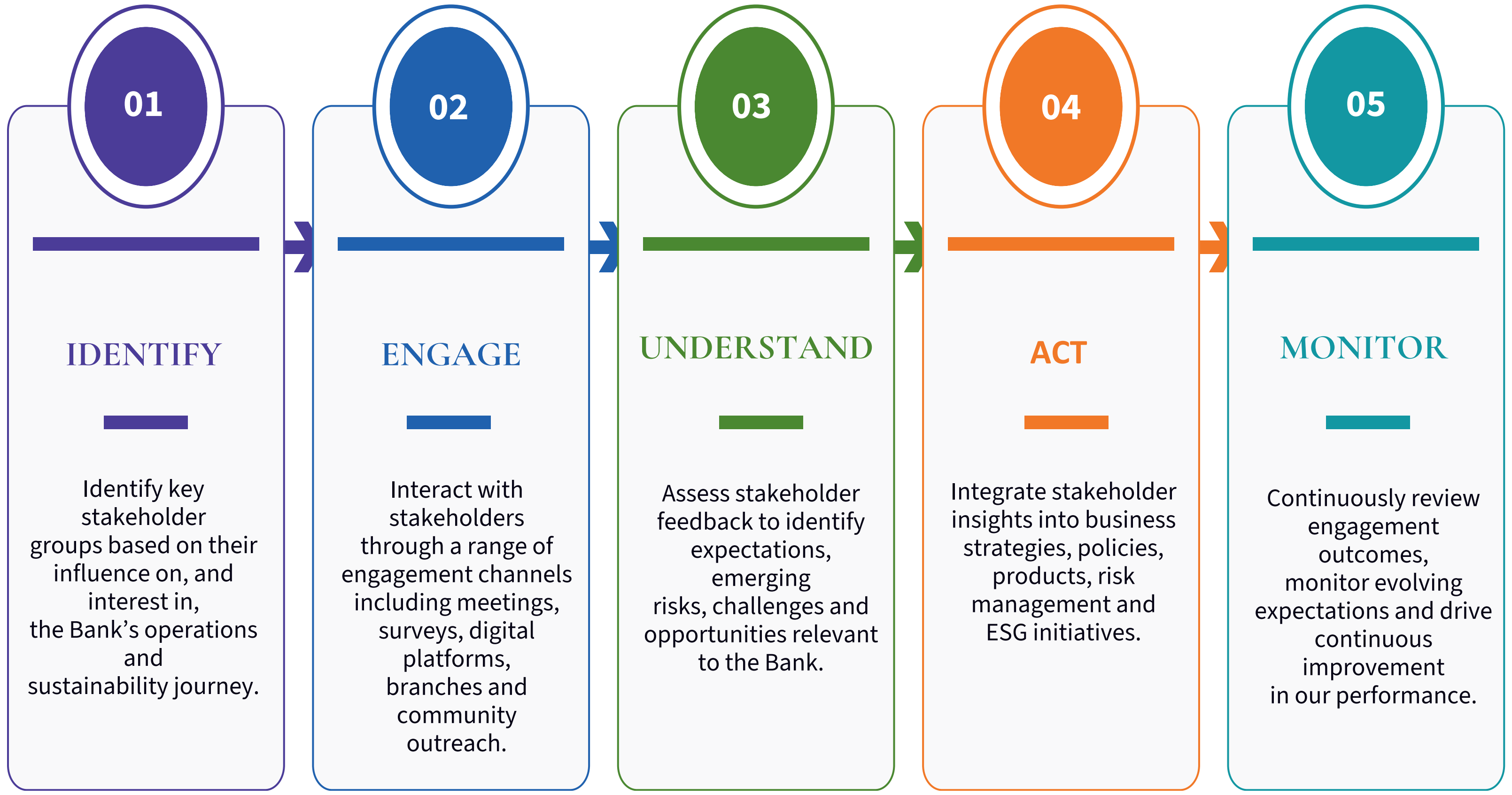
The findings are being used to enhance customer engagement, strengthen service delivery and improve banking experiences across channels, reinforcing the Bank's commitment to customer-centricity and continuous improvement.

7.2 STAKEHOLDER ENGAGEMENT

At Utkarsh Small Finance Bank, stakeholder engagement is an ongoing and structured process that enables us to understand evolving expectations, strengthen relationships and create long-term value. We engage with our stakeholders through formal and informal channels throughout the year to gather meaningful insights, assess emerging risks and opportunities, and ensure that stakeholder perspectives are reflected in our business strategy and sustainability priorities.

Our engagement framework is designed to foster open dialogue, transparency and collaboration. The feedback received from stakeholders supports informed decision-making, strengthens governance practices and helps us continuously enhance our products, services and sustainability performance.

Our stakeholder engagement process comprises five key stages:



7.3 MATERIALITY ASSESSMENT

Our materiality assessment enables us to identify, evaluate and prioritise environmental, social and governance (ESG) topics that have the greatest potential to influence our business performance, stakeholder confidence and sustainable development outcomes.

The assessment reflects the perspectives of both internal and external stakeholders and considers evolving regulatory expectations, industry developments, sustainability frameworks and the Bank's strategic priorities. The insights gained through this process help guide our sustainability strategy, risk management approach, disclosures and decision-making.

During FY 2025–26, the Bank reviewed and reaffirmed its material topics to ensure their continued relevance in the context of its business strategy and operating environment. The review confirmed that the material ESG topics identified in the previous assessment continue to reflect the key sustainability issues relevant to the Bank and its stakeholders.

Our materiality assessment follows a structured four-step approach:

1. Topic Identification

Develop a comprehensive list of ESG topics based on internal priorities, stakeholder expectations, regulatory developments, recognised sustainability frameworks and peer benchmarking.

2. Stakeholder Engagement

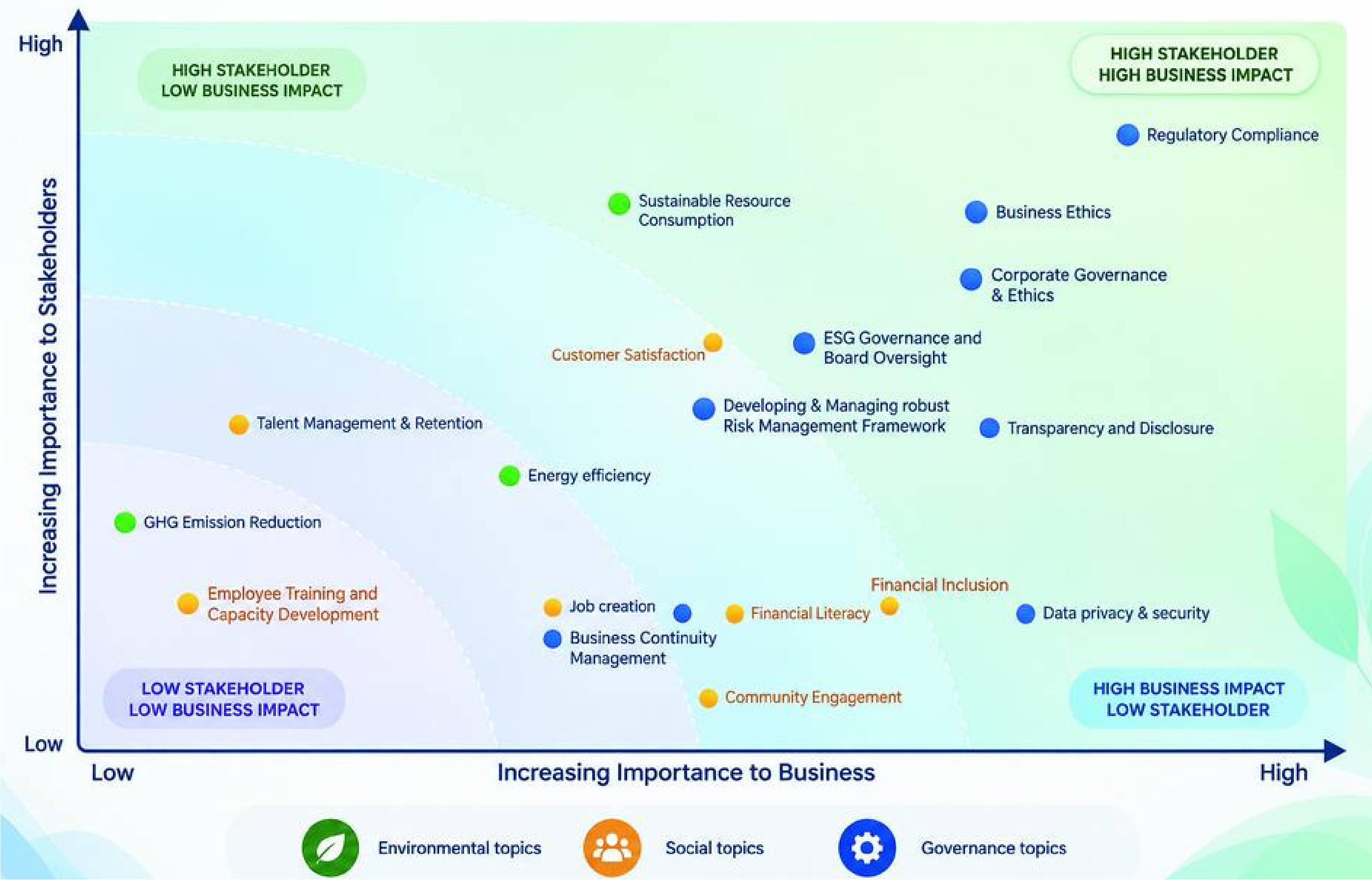
Gather inputs through stakeholder interactions, surveys, meetings, interviews and ongoing engagement channels to understand key expectations, concerns and emerging priorities.

3. Prioritisation and Validation

Evaluate and prioritise the identified topics based on their significance to the Bank's business strategy and their importance to stakeholders. The prioritised topics are reviewed and validated by the management to ensure alignment with organisational objectives.

4. Integration and Reporting

The validated material topics are integrated into the Bank's sustainability strategy, risk management processes, performance monitoring and sustainability reporting, ensuring focused action and transparent disclosure.



7.4 MATERIAL TOPICS

Our material topics reflect the issues that matter most to our stakeholders and have the greatest impact on our business. These topics guide our strategy, decision-making and performance as we create long term value.

ENVIRONMENT

- Sustainable Resource Consumption

SOCIAL

- Financial Inclusion
- Customer Satisfaction
- Data Privacy & Security

GOVERNANCE

- Regulatory Compliance
- Corporate Governance & Ethics
- Developing & Managing robust Risk Management Framework
- Transparency and Disclosure
- ESG Governance and Board Oversight
- Business Ethics

RESPONSIBLE BANKING · SUSTAINABLE FUTURE

Our approach to ESG is built from the basis that we remain important to our business and stakeholders. Our strategy has three pillars, which support us in our goal of helping people and businesses prosper. In addition allows us to address a number of societal challenges.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	SDG Alignment
1.	Financial Inclusion	Opportunity	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 5 GENDER EQUALITY
2.	Data Privacy & Security	Risk	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 11 SUSTAINABLE CITIES AND COMMUNITIES
3.	Regulatory Compliance	Risk	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 8 DECENT WORK AND ECONOMIC GROWTH; 17 PARTNERSHIPS FOR THE GOALS
4.	Corporate Governance & Ethics	Risk	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 8 DECENT WORK AND ECONOMIC GROWTH; 17 PARTNERSHIPS FOR THE GOALS
5.	Developing & Managing robust Risk Management Framework	Risk	8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION
6.	Transparency and Disclosure	Opportunity	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 17 PARTNERSHIPS FOR THE GOALS
7.	Sustainable Resource Consumption	Opportunity	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 7 AFFORDABLE AND CLEAN ENERGY
8.	Customer Satisfaction	Opportunity	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 8 DECENT WORK AND ECONOMIC GROWTH
9.	ESG Governance and Board Oversight	Opportunity	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS; 8 DECENT WORK AND ECONOMIC GROWTH
10.	Business Ethics	Risk	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

08 RESPONSIBLE BANKING & FINANCIAL INCLUSION

8.1 BANKING WITH PURPOSE

Our responsible banking approach extends beyond financial intermediation. Financial exclusion remains one of India's largest barriers to inclusive growth. By leveraging our deep rural presence and customer-centric products, the Bank enables first-time borrowers and underserved communities to participate in the formal economy. We strive to create meaningful impact by enabling individuals, households and businesses to participate in the formal financial system through tailored financial products, digital banking solutions and customer-centric services. By integrating prudent risk management, ethical lending practices and a strong focus on financial inclusion, we aim to promote sustainable livelihoods, support entrepreneurship and strengthen economic resilience across the communities we serve.

Responsible banking also requires responsible lending. During FY 2025–26, the Bank continued to strengthen its underwriting standards and portfolio management practices while maintaining its commitment to expanding financial access. By balancing customer needs with prudent credit assessment and disciplined risk management, we seek to support sustainable livelihoods while safeguarding the long-term quality and resilience of our lending portfolio. This approach enables us to create enduring value for customers, shareholders and the communities we serve.

As we continue to expand our reach across the country, our commitment remains centred on creating shared value for customers, employees, investors and society while contributing to India's inclusive development agenda.

8.2 RESPONSIBLE DIGITAL CUSTOMER PRACTICES

As digital banking continues to evolve, Utkarsh Small Finance Bank remains committed to delivering fair, transparent and customer-centric digital experiences. The Bank continually monitors emerging regulatory developments and industry best practices to strengthen responsible business conduct across its digital channels. In this context, the Reserve Bank of India (Small Finance Banks – Responsible Business Conduct) Second Amendment Directions, 2026 provide guidance on preventing the use of "dark patterns", deceptive user interface or user experience practices that may impair customer choice or decision-making. The Bank remains committed to fostering transparency, informed consent and ethical customer engagement while continuously enhancing its digital platforms.

Dark Pattern	What it means
False Urgency	Creating an artificial sense of urgency or scarcity to pressure customers into making immediate decisions.
Basket Sneaking	Adding products or services to a customer's purchase without their explicit consent.
Confirm Shaming	Using guilt, fear or shame to influence customers into accepting or retaining a product or service.
Forced Action	Requiring customers to take unrelated actions or share unnecessary information to access a desired service.
Subscription Trap	Making it significantly more difficult to cancel a service than to subscribe to it.
Interface Interference	Designing digital interfaces that steer customers towards choices favourable to the provider by obscuring or highlighting certain options.
Bait and Switch	Advertising one outcome or offer but delivering a materially different one.
Drip Pricing	Revealing additional fees or charges only at later stages of the customer journey instead of upfront.
Disguised Advertisement	Presenting promotional content as neutral information or system notifications to influence customer behaviour.
Nagging	Repeatedly prompting customers with pop-ups, notifications or requests that disrupt their experience and pressure them into taking an action.
Trick Wording	Using confusing or misleading language, such as double negatives or ambiguous wording, to influence customer decisions.

8.3 BRIDGING THE FINANCIAL DIVIDE

Despite significant progress in expanding financial access across India, many individuals and small businesses continue to face barriers to formal banking due to geographic, economic and social constraints. At Utkarsh Small Finance Bank, addressing these gaps is central to our purpose and business strategy.

Through an extensive network of branches, microbanking outlets, ATMs and digital banking channels, we are bringing essential financial services closer to underserved communities in rural, semi-urban and urban regions. Our inclusive banking model focuses on enabling access to savings, credit, payments and insurance solutions that empower individuals, support micro and small enterprises, promote women’s financial participation and strengthen local economies.

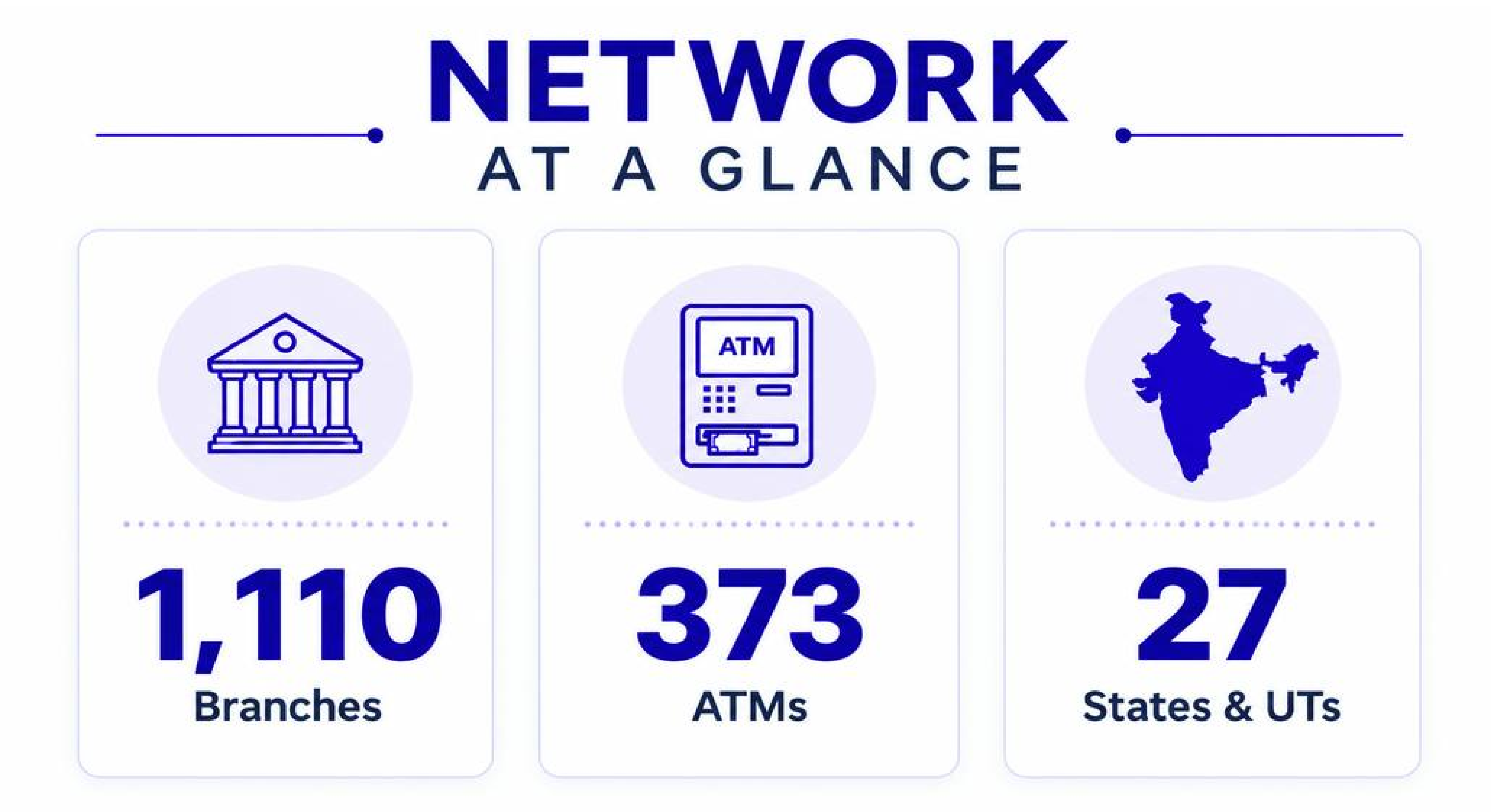
Alongside expanding our physical and digital presence, we continue to invest in financial literacy and customer awareness initiatives that enhance financial capability and encourage responsible use of formal banking services. By combining accessibility with customer-centric innovation, we are working towards narrowing the financial divide and fostering inclusive, sustainable growth for all.

8.4 WHO DO WE SERVE ?

EMPOWERING PEOPLE

Financial inclusion is ultimately about people, their aspirations, livelihoods and ability to build a secure future. At Utkarsh Small Finance Bank, every financial solution we offer is designed to empower individuals who have traditionally remained underserved by formal banking.

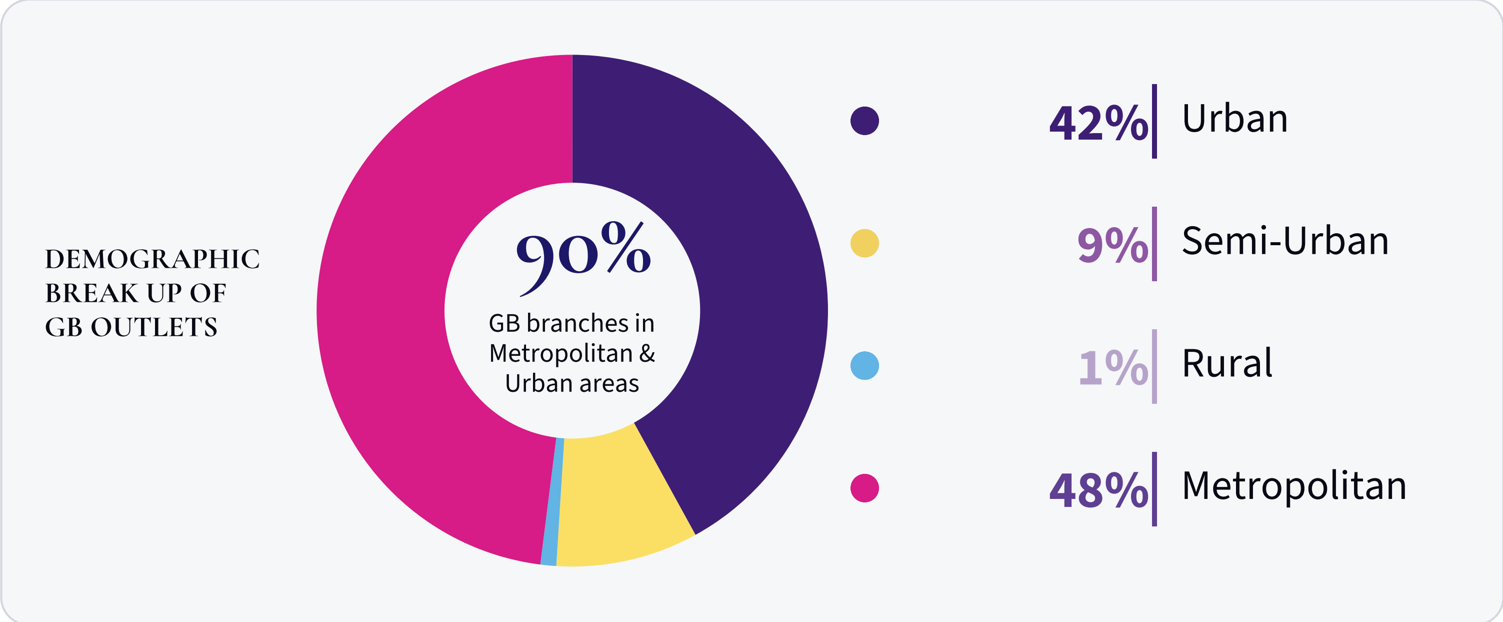
As of 31st March 2026, we served 21.7 lakh borrowers including farmers, small business owners, first-time borrowers, and 20,86,826 women borrowers. Every customer represents a story of resilience and progress, reinforcing our belief that access to finance can create lasting socio-economic impact for individuals, families and communities

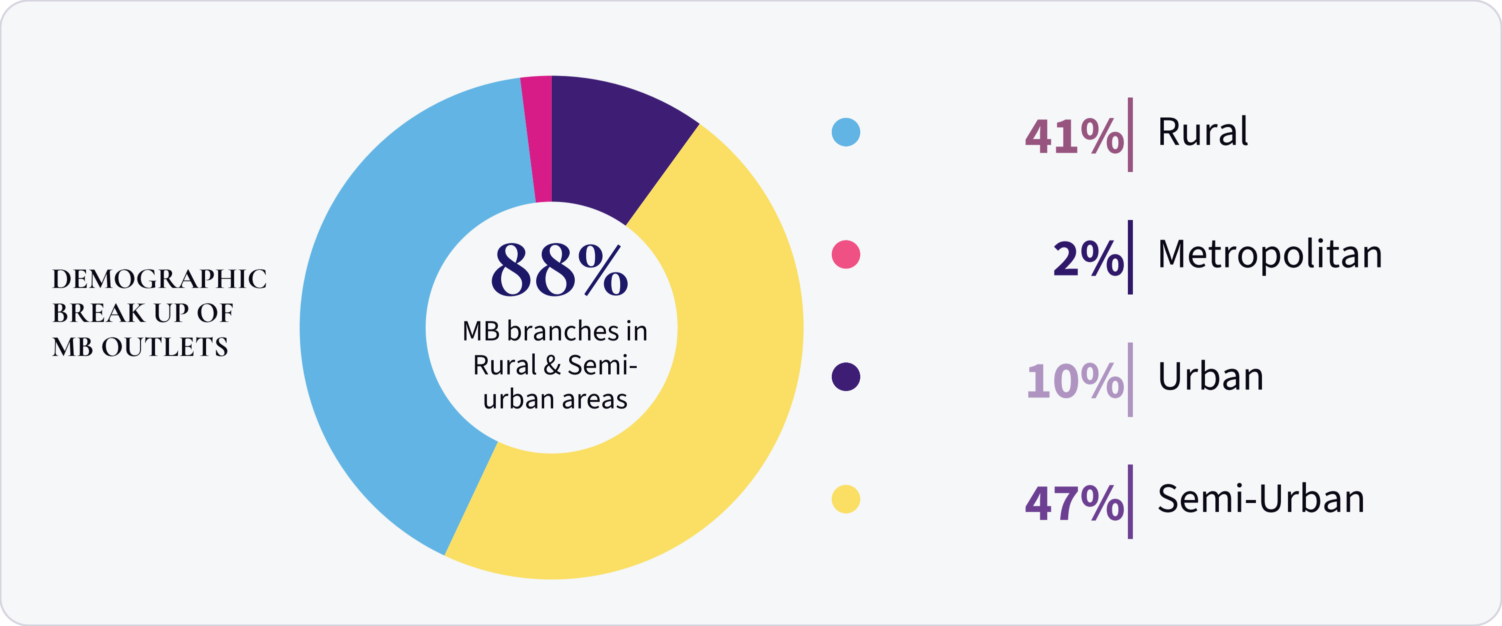


8.5 WHERE DO WE SERVE ?

CONNECTING COMMUNITIES

Accessibility is at the heart of financial inclusion. We continue to strengthen our physical presence to ensure that customers can conveniently access essential banking services, whether they live in metropolitan cities or rural villages. **As of 31st March 2026, our network comprised 1,110 branches and 373 ATMs, spanning 27 States and Union Territories**. While our General Banking branches strengthen accessibility across metropolitan and urban centres, our Microbanking network is strategically focused on rural and semi urban locations, bringing formal banking closer to underserved communities. Through this balanced network, we continue to reduce the distance between customers and essential financial services, enabling greater financial participation across the country.





8.6 HOW DO WE SERVE ?

FINANCING DIVERSE ASPIRATIONS

No two customers have the same financial needs. Some seek capital to expand their businesses, others aspire to own a home, while many rely on timely credit to strengthen their livelihoods. Our diversified loan portfolio enables us to support customers at every stage of their financial journey.

As of 31st March 2026, our total loan book stood at ₹19,333 crore, reflecting a balanced mix of lending across microfinance, MSMEs, housing finance and commercial vehicle financing.

1 CREATING LIVELIHOODS

(MICROFINANCE)

- Microfinance remains the cornerstone of our financial inclusion strategy, empowering women entrepreneurs and low-income households with access to formal credit.
- Through our ₹7,420 crore microfinance portfolio, we support livelihood creation, strengthen household resilience and foster inclusive economic participation across underserved communities.

2 BUILDING HOMES

(HOUSING)

- A home provides stability, dignity and long-term security. Access to affordable housing is fundamental to long-term financial security.
- Through our ₹990 crore housing finance portfolio, we realise homeownership aspirations while supporting improved living standards, financial stability and community development.

3 POWERING ENTERPRISE

(CVCE)

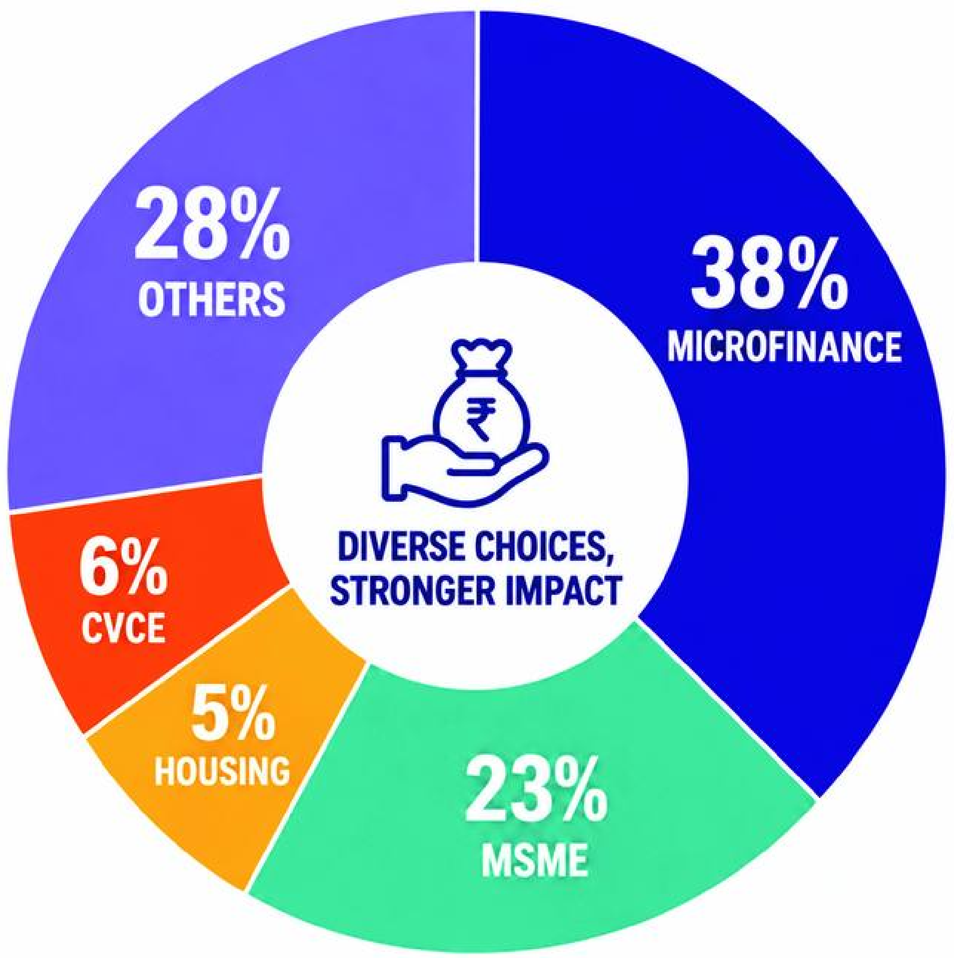
- Commercial Vehicle and Construction Equipment finance enables entrepreneurs and businesses to invest in productive assets that support logistics, infrastructure and economic activity.
- Through our ₹1,090 crore CVCE portfolio, we help businesses enhance operational efficiency and contribute to regional development.

4 FUELLING ENTREPRENEURSHIP

(MSME)

- MSMEs are powerful engines of employment and local economic development.
- Our ₹4,456 crore MSME portfolio enables enterprises to expand operations, generate employment and contribute to stronger local economies.

LOAN PORTFOLIO COMPOSITION



38% MICROFINANCE

23% MSME

5% HOUSING

6% CVCE

28% OTHERS

TOTAL LOAN BOOK

₹ 19,333

CRORE

8.7 WHAT IMPACT DO WE CREATE ?

Every number tells a story of trust, opportunity and progress. Together, these milestones reflect the scale of our efforts to expand financial access, strengthen livelihoods and create lasting value for the communities we serve.

21.7 LAKH	1,110	373	19,333 CRORE	21,654 CRORE
BORROWERS	BRANCHES	ATMs	TOTAL LOAN BOOK	TOTAL DEPOSITS

7,420 CRORE	4,456 CRORE	990 CRORE	1,090 CRORE	5,377 CRORE
MICROFINANCE PORTFOLIO	MSME PORTFOLIO	HOUSING PORTFOLIO	CVCE PORTFOLIO	OTHER LENDING PORTFOLIO
38%	23%	5%	6%	28%
OF LOAN BOOK	OF LOAN BOOK	OF LOAN BOOK	OF LOAN BOOK	OF LOAN BOOK

PRESENCE ACROSS

27

STATES & UTs

09 DIGITAL BANKING & CUSTOMER EXPERIENCE

9.1 BANKING BEYOND BRANCHES

Financial inclusion today extends beyond physical access to banking. It is equally about enabling customers to bank anytime, anywhere. At Utkarsh Small Finance Bank, we continue to strengthen our digital ecosystem, making banking more convenient, secure and accessible for customers across urban as well as remote locations.

During FY 2025–26, customers carried out 10,29,73,818 UPI transactions and 45,67,746 mobile banking transactions, reflecting the growing adoption of digital banking channels. Through customer-friendly digital solutions, multilingual support and simplified onboarding processes, we are helping bridge the digital divide and enabling customers to transact with greater confidence.

Our digital initiatives complement our extensive branch network, ensuring that customers have the flexibility to choose the banking channel that best suits their needs while promoting a more inclusive, seamless and secure banking experience.

DIGITAL BANKING KEY METRICS

Indicator	FY 2025-26
Customers onboarded through Digi Onboarding	30.59 lakh
Retail Internet & Mobile Banking users	6.72 lakh
Customer registrations & interactions across digital channels	16.55 lakh+
Internet & Mobile Banking transactions	20.24 crore
Internet & Mobile Banking transaction value	₹37,000+ crore
Retail IBMB digital transaction volume	50.91 lakh
Retail IBMB transaction value	₹25,800+ crore
UPI transactions processed	20+ crore
WhatsApp Banking interactions	8+ lakh
WhatsApp Banking users	2+ lakh
QR transactions processed	43+ lakh

9.2 BUILDING FINANCIAL CONFIDENCE

Financial inclusion begins with access, but it is sustained through awareness and trust. At Utkarsh Small Finance Bank, we are committed to helping customers not only access financial services but also understand how to use them responsibly and effectively.

Through financial literacy programmes, community interactions and awareness campaigns, we encourage informed decision-making on savings, borrowing, digital banking and financial planning. By strengthening financial confidence, we enable individuals and families to make choices that support long-term financial security, resilience and economic empowerment.

9.3 CUSTOMER TRUST AND GRIEVANCE REDRESSAL

At Utkarsh Small Finance Bank, every customer relationship is built on trust. We understand that for many of our customers, especially those entering the formal banking system for the first time, banking is more than a financial transaction. It is an experience that shapes their confidence in the institution. This is why we strive to make every interaction simple, respectful and reassuring.

> **“Every conversation helps us become a better bank. By listening to our customers and acting on their feedback, we continue to strengthen relationships, improve our services and ensure that every customer feels heard, respected and valued.”**

Listening to our customers is an important part of this commitment. Whether it is a suggestion, a concern or a complaint, every interaction gives us an opportunity to understand our customers better and improve the way we serve them. Through our Customer Grievance Redressal Policy, we have established a transparent and accessible framework that enables customers to reach us through branches, the Customer Care Centre, email, our website, the online grievance portal and a dedicated missed call facility with a 24-hour call-back service in regional languages.

Every concern is addressed through a structured grievance redressal process with clearly defined levels of escalation and timelines for resolution. Our teams work closely with customers to resolve issues promptly and fairly, while ensuring that they remain informed throughout the process. Customers also have the option to approach the RBI Integrated Ombudsman if they are not satisfied with the resolution provided by the Bank.

We believe that resolving a complaint is only one part of the journey. The real value lies in learning from every customer interaction. Feedback received through grievances, surveys and day-to-day engagements helps us strengthen our services, simplify processes and enhance the overall customer experience. By continuously listening and learning, we are able to build stronger relationships and deliver a banking experience that is rooted in trust, transparency and care.

9.4 INNOVATING FOR ACCESSIBLE BANKING

At Utkarsh Small Finance Bank, technology serves as a key enabler of inclusive and customer-centric banking. During FY 2025–26, the Bank continued to strengthen its digital ecosystem by introducing new capabilities and enhancing existing platforms to make banking more accessible, convenient and secure for customers across urban, semi-urban and rural markets.

A significant milestone was the operationalisation of the Bharat Bill Payment System (BBPS) Biller Operating Unit (BOU), enabling secure, interoperable bill collection services for corporates, government entities, financial institutions and TASC customers. This strengthens the Bank’s digital payment ecosystem and wider adoption of electronic payments.

The Bank also enhanced its WhatsApp Banking platform by introducing several customer-centric features. Customers can now activate digital banking channels including Internet Banking, Mobile Banking, UPI applications and Debit Cards directly through WhatsApp. Additional services such as ATM locator, viewing Fixed Deposit and Recurring Deposit details, and expressing interest in banking products have further simplified customer interactions and improved service accessibility.

To strengthen digital onboarding and customer servicing, the Bank expanded technology-enabled solutions including digital term deposit onboarding, joint savings account onboarding, proprietary customer account onboarding, digital re-KYC functionality, dormant account activation workflows and Bring Your Own Device (BYOD)-based customer servicing. These initiatives have improved turnaround times, enhanced operational efficiency and enabled a seamless banking experience across physical and digital channels.

The Bank further strengthened its digital infrastructure through the rollout of a Gold Loan Origination System (LOS), deployment of an in-house digital fixed deposit workflow platform and expansion of fintech-led deposit sourcing partnerships. These initiatives support faster service delivery, improved operational controls and scalable digital banking capabilities.

By continuously investing in digital innovation, Utkarsh Small Finance Bank is building a resilient digital banking ecosystem that combines the reach of its branch network with technology-enabled convenience, strengthening financial inclusion while delivering a seamless customer experience.

10 Towards a Low -Carbon Future

The global transition towards a low-carbon economy presents both challenges and opportunities for businesses across sectors. As a financial institution with a growing national presence, Utkarsh Small Finance Bank recognises that its responsibility extends beyond managing its direct environmental footprint. Through responsible financing and sustainable banking practices, the Bank can help enable India's sustainable development journey.

At Utkarsh, we believe that responsible banking and environmental stewardship go hand in hand. By integrating sustainability into our operations, managing natural resources responsibly and embedding climate considerations into our business practices, we seek to limit our environmental impact while creating long-term value. Through continuous improvement in operational efficiency, digital innovation and sustainable finance, we remain committed to supporting a resilient low-carbon future.

10.1 OUR ENVIRONMENTAL APPROACH

At Utkarsh Small Finance Bank, environmental responsibility is embedded within our broader commitment to sustainable and responsible banking. We recognise that the financial sector has a vital role to play in supporting the transition towards a low-carbon economy, not only by reducing its own operational footprint but also by enabling sustainable economic growth through responsible financing and effective risk management.

Our environmental approach is founded on the principle of creating long-term value while preserving natural resources for future generations. We strive to improve the environmental performance of our operations by enhancing energy efficiency, promoting responsible resource consumption, reducing greenhouse gas emissions and adopting environmentally conscious practices across our branch network and corporate offices. Digital transformation complements these efforts by reducing dependence on paper-based processes and improving operational efficiency.

Climate considerations are increasingly being integrated into our sustainability strategy and business decision-making. We continue to strengthen our environmental governance framework, enhance climate-related risk management practices and align our future initiatives with evolving regulatory expectations and global sustainability frameworks. As our understanding of climate-related risks and opportunities evolves, we remain committed to building resilience across our operations while supporting stakeholders through responsible and sustainable financial solutions.

Recognising that meaningful progress requires clear direction and measurable outcomes, the Bank has established a structured environmental roadmap supported by time-bound goals across climate action, resource efficiency, responsible operations and sustainable finance. These commitments reflect our determination to continuously improve our environmental performance while contributing to India's transition towards a greener and more resilient future.

Our Environmental Priorities:

Climate Action	• Strengthening greenhouse gas measurement and emissions reduction. • Improving energy efficiency and promoting cleaner operations
Resource Stewardship	• Conserving energy, water and other natural resources • Advancing waste reduction and responsible resource management
Responsible Operations	• Embedding environmental considerations across business operations • Promoting digitalisation and operational efficiency
Sustainable Finance	• Integrating environmental considerations into financing decisions • Supporting the transition towards a more sustainable economy through responsible financial solutions

Our environmental strategy is guided by clearly defined commitments that support operational decarbonisation, responsible resource management, climate risk integration and sustainable finance. These priorities are embedded within the Bank's broader ESG roadmap and are supported by measurable targets and performance indicators that are reviewed periodically to drive continuous improvement.

10.2 EMBEDDING CLIMATE INTO GOVERNANCE

Meaningful climate action begins with strong governance. At Utkarsh Small Finance Bank, environmental and climate-related considerations are embedded within our governance framework, ensuring that sustainability is integrated into strategic planning, business operations and decision-making across the organisation. Through clearly defined oversight mechanisms, robust policies and structured management systems, we continue to strengthen our ability to manage climate-related risks while creating long-term value for our stakeholders.

Our governance framework follows a top-down approach, beginning with Board oversight and extending through specialised committees and management teams responsible for implementing sustainability initiatives across business functions. This integrated structure promotes accountability, enables informed decision-making and ensures that climate considerations remain embedded throughout the organisation.

A. CLIMATE GOVERNANCE ECOSYSTEM

At Utkarsh Small Finance Bank, climate-related considerations are embedded into governance through a collaborative ecosystem involving the Board of Directors, the CSR Committee, the ESG Steering Committee and cross-functional business teams. Together, these governance bodies provide strategic direction, facilitate implementation and strengthen accountability for integrating environmental, social and governance considerations across the Bank.

This governance ecosystem is supported by a robust suite of policies, frameworks and management systems that guide responsible decision-making, strengthen environmental and social risk management and promote sustainable finance. By embedding sustainability into governance processes, the Bank continues to enhance resilience, support regulatory compliance and create long-term value for its stakeholders.

Climate Governance Ecosystem

B. GOVERNANCE ENABLERS

Framework	Purpose	How it supports Climate Governance
ESG Policy	Establishes the Bank's overarching ESG vision and principles.	Integrates ESG considerations into governance, business strategy, operations and stakeholder engagement, providing the foundation for responsible banking.
Environmental & Social Governance Management System (ESGMS)	A structured framework for identifying, assessing and managing environmental and social risks associated with lending activities.	Supports responsible lending through environmental and social due diligence, risk categorisation and monitoring of financed activities.
Sustainable Finance Framework	Defines the governance and eligibility criteria for financing sustainable projects and Green Deposits.	Enables transparent allocation of funds towards eligible green sectors while supporting the Bank's sustainable finance objectives.

ESG STEERING COMMITTEE

The ESG Steering Committee acts as the operational anchor of the Bank's sustainability framework. By bringing together representatives from key functions, it ensures coordinated implementation of ESG policies, monitors progress on strategic initiatives and supports the integration of sustainability considerations into everyday business decisions.

Key Responsibilities:

- a. Drive implementation of the Bank's ESG strategy and policies.
- b. Facilitate coordination among business functions for ESG integration.
- c. Monitor progress against ESG initiatives and sustainability priorities.
- d. Strengthen ESG disclosures and regulatory preparedness.
- e. Review emerging environmental, social and governance risks and opportunities.

10.3 MANAGING CLIMATE AND ENVIRONMENTAL RISKS

As a responsible financial institution, Utkarsh Small Finance Bank recognises that environmental and climate-related risks have the potential to influence the long-term resilience of businesses, communities and the broader economy. These risks may arise from changing regulatory requirements, transition to a low-carbon economy, physical impacts of climate change or environmental and social issues associated with financed activities. Integrating these considerations into risk management enables the Bank to strengthen the quality of its lending portfolio while supporting sustainable and responsible economic development.

To effectively manage these risks, the Bank has embedded environmental and social considerations into its lending practices through a structured Environmental and Social Governance Management System (ESGMS). The framework enables systematic identification, assessment and management of environmental and social risks associated with lending activities, supporting informed credit decisions while promoting responsible financing.

a. ESG Integration in Lending

Environmental, Social and Governance (ESG) considerations form an integral part of the Bank's lending process. The ESGMS enables the Bank to assess potential environmental and social risks associated with borrowers and financed activities, ensuring that lending decisions are aligned with responsible banking principles. By integrating ESG considerations into credit appraisal, the Bank seeks to balance financial performance with long-term environmental stewardship, social responsibility and prudent risk management.

Benefits of ESG Integration in Lending

b. ESGMS at a Glance

Recognising the importance of integrating environmental and social considerations into lending decisions, Utkarsh Small Finance Bank has established an **Environmental & Social Governance Management System (ESGMS).** The ESGMS provides a structured framework for identifying, assessing and managing environmental and social risks associated with the Bank's lending activities. By incorporating ESG considerations into the credit appraisal process, the Bank seeks to strengthen responsible lending practices while balancing financial inclusion with sustainable development.

The ESGMS is designed to support informed lending decisions by evaluating the nature of a borrower's activities, sector-specific environmental and social risks and the potential interaction of financed activities with ESG aspects. Based on the level of risk and the type of lending exposure, the framework prescribes an appropriate level of environmental and social due diligence, ensuring that ESG assessments remain proportionate, practical and aligned with the Bank's risk management approach.

c. Levels of ESGMS Application

The extent of ESG assessment is determined based on the nature of the lending exposure, sectoral risk profile and potential environmental and social impacts.

Level Of Application	Applicability	Key ESG Requirements
Full Application	High-value lending and sectors with higher environmental and social interaction	Screening against the Equator's List, ESG Risk & Opportunity Identification, ESG Loan Covenants, ESG Action Plan and implementation monitoring
Partial Application	Lending with moderate environmental and social interaction	Screening against the Equator's List, ESG Risk & Opportunity Identification and ESG Loan Covenants
Minimal Application	Lending with limited environmental and social interaction	Screening against the Exclusion List and ESG Loan Covenants
Nil Application	Lending products with negligible interaction with environmental and social aspects	Screening against the Exclusion List and compliance with applicable regulatory requirements

The level of ESGMS application varies across loan categories. Retail loans, such as personal and housing loans, generally require a lower level of ESG assessment due to their limited environmental and social impacts. Loans extended to Micro, Small and Medium Enterprises (MSME) are assessed at an intermediate level based on sector-specific risks, while lending to large corporates and projects in sectors with significant environmental and social footprints is subject to more comprehensive ESG assessment.

This risk-based approach enables the Bank to integrate environmental and social considerations into lending decisions while maintaining an appropriate balance between responsible financing, effective risk management and financial inclusion.

10.4 SUSTAINABLE FINANCE FOR A GREENER FUTURE

As a responsible financial institution, Utkarsh Small Finance Bank recognises the important role of the financial sector in accelerating the transition towards a sustainable and climate-resilient economy. Through its Sustainable Finance Framework, the Bank seeks to mobilise capital towards projects that generate positive environmental and social outcomes while supporting inclusive economic development.

Adopted in May 2025, the Sustainable Finance Framework provides a structured approach for financing eligible environmental, social and agricultural initiatives through sustainable finance instruments, including Green Deposits, sustainable bonds, social bonds and sustainability-linked finance. The Framework establishes the principles governing the allocation of proceeds, esuring transparency,accountability and alignment with the Bank's sustainability objectives.

Sustainable Finance Instruments

Instrument	Purpose
Social Bonds / Social Loans	Support projects that generate measurable social benefits, including financial inclusion, healthcare, education and affordable infrastructure.
Sustainable Bonds	Finance projects delivering combined environmental and social benefits.
Green Deposits	Mobilise customer deposits for financing eligible environmentally sustainable projects in accordance with the Bank's Sustainable Finance Framework.
Sustainability-linked Finance	Encourage borrowers to achieve pre-defined sustainability performance objectives through financing linked to ESG performance.

Eligible Categories under the Sustainable Finance Framework

The Framework enables financing across a broad range of sectors that contribute to environmental sustainability, social development and agricultural resilience.

Environmental	Social	Agriculture
Renewable Energy	Healthcare	Farm Credit
Energy Efficiency	Education	Agriculture Infrastructure
Clean Transportation	Affordable Basic Infrastructure	Ancillary Agricultural Activities
Climate Change Adaptation	Affordable Housing	—
Sustainable Water & Wastewater Management	Food Security	—
Pollution Prevention & Circular Economy	Employment Generation including MSME Financing	—
Green Buildings	Financial Inclusion	—
Biodiversity Conservation	—	—

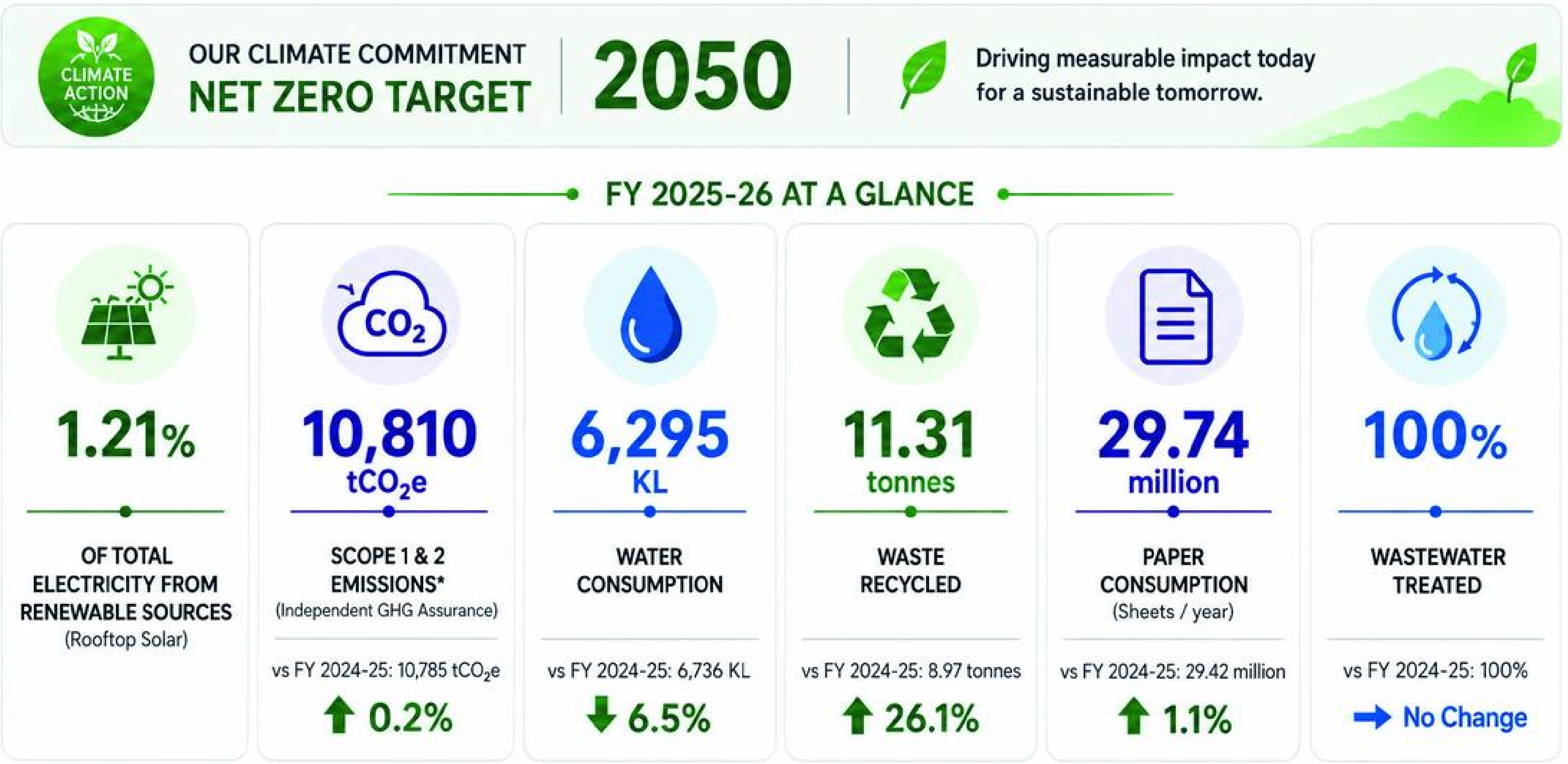
The Sustainable Finance Framework reinforces the Bank's commitment to responsible capital allocation by supporting projects that promote resource efficiency, climate resilience, environmental protection and inclusive growth. Through this framework, Utkarsh continues to strengthen its contribution towards India's sustainable development priorities while creating long-term value for customers, communities and the economy.

10.5 REDUCING OUR OPERATIONAL FOOTPRINT

We recognise that while our business is primarily service-oriented, our operations have an environmental footprint arising from energy consumption, water use, resource utilisation, waste generation and greenhouse gas emissions across our offices, branches and support infrastructure. As our network continues to expand, we remain committed to managing these impacts responsibly by embedding environmental considerations into our day-to-day operations and long-term business strategy.

Our approach to reducing our operational footprint is centred on improving resource efficiency, strengthening climate resilience and promoting responsible consumption across the organisation. Through investments in energy-efficient technologies, renewable energy, sustainable infrastructure, digital innovation and responsible waste management, we strive to minimise environmental impacts while enhancing operational efficiency and creating long-term value for our stakeholders.

During FY 2025-26, the Bank continues to strengthen its environmental performance by integrating sustainable practices across its operations. Our efforts focused on optimising energy consumption, advancing climate action through greenhouse gas emissions management, conserving water and other natural resources, promoting responsible waste management and accelerating digital transformation to reduce dependence on paper-based and resource-intensive processes. These initiatives are supported by robust environmental governance and aligned with our broader commitment to responsible banking and sustainable development.



10.5.1 ENERGY MANAGEMENT

Energy plays a vital role in enabling the Bank's operations across its branch network, offices and support infrastructure. As Utkarsh Small Finance Bank continues to expand its footprint, managing energy responsibly remains central to reducing operational costs, enhancing efficiency and minimising environmental impacts. The Bank adopts a proactive approach to energy management by integrating energy-efficient technologies, renewable energy solutions and continuous monitoring practices into its operations.

During FY 2025-26, the Bank consumed a total of **69,571 GJ** of energy across its operations. Of this, **554 GJ** was sourced from renewable energy through the rooftop solar photovoltaic installation at the Head Office, while **45,006 GJ** was consumed as purchased electricity from the grid and **24,011 GJ** was derived from diesel used primarily for backup power generation. Renewable energy accounted for **1.21% of the Bank's total electricity consumption**, reflecting the Bank's continued efforts to diversify its energy mix while maintaining reliable operations across its expanding branch and office network.

10.5.2 ENERGY EFFICIENCY INITIATIVES

The Bank has implemented several energy efficiency initiatives across its facilities, including upgrading to energy-efficient HVAC systems, LED lighting, occupancy sensors and smart building controls. Regular energy audits and awareness programs are conducted to identify opportunities for optimisation and to encourage responsible energy use among employees.

Smart Building Systems	Intelligent Energy Controls	Energy Efficient Infrastructure
✓ High-efficiency HVAC systems	✓ Building Management System (BMS)	✓ LED lighting across facilities
✓ High COP chillers	✓ Lighting Management System	✓ Continuous CO_2 monitoring for indoor air quality
✓ Variable Frequency Drives (VFDs)	✓ Occupancy based lighting controls	✓ Optimised building operations for efficient energy utilisation
✓ Demand Controlled Ventilation	✓ Thermostat-controlled temperature management	–

10.5.3 RENEWABLE ENERGY

Recognising the importance of clean energy in reducing operational emissions, the Bank continues to integrate renewable energy into its operations. **A 140 kWp rooftop solar photovoltaic system installed at the Head Office contributes to meeting the facility's electricity requirements through renewable sources**.

During FY 2025-26, the Bank consumed 554 GJ of renewable energy, accounting for 1.21% of the total electricity consumed across its operations. Although renewable energy currently represents a modest share of the Bank's overall energy mix, it reflects the Bank's continued commitment to gradually increasing the adoption of cleaner energy sources while reducing dependence on grid electricity.

The rooftop solar installation currently offsets approximately 11% of the annual electricity demand at the Head Office, demonstrating the Bank's focus on integrating renewable energy into its infrastructure and supporting long-term decarbonisation efforts.

10.5.4 ENERGY INTENSITY

The Bank recorded an **energy intensity of 18.26 GJ per crore of revenue from operations,** compared to **18.16 GJ** per crore in the previous year. On a purchasing power parity (PPP) adjusted basis, energy intensity stood at **37.69 GJ** per million USD, compared to **37.51 GJ per million USD** in FY 2024-25. The marginal increase reflects the expansion of the Bank's operational footprint and increased utilisation of facilities while maintaining a strong focus on efficient energy management.The Bank will continue to strengthen energy efficiency initiatives and increase the integration of renewable energy as part of its long-term environmental strategy.

INDICATOR	FY 2025-26
Total Energy Consumed	69,571 GJ
Renewable Energy	554 GJ
Grid Electricity	45,006 GJ
Diesel Consumption	24,011 GJ
Renewable Share of Electricity	1.21%
Energy Intensity	18.26 GJ/₹ crore of turnover
PPP-adjusted Energy Intensity	37.69 GJ/MUSD

10.6 CLIMATE ACTION AND GREENHOUSE GAS EMISSIONS

Climate change continues to present significant environmental, economic and social challenges, requiring businesses to actively contribute towards the transition to a low-carbon economy. As a responsible financial institution, Utkarsh Small Finance Bank recognises its role in managing the environmental impacts arising from its operations while supporting sustainable economic development through responsible financing and climate-conscious decision-making.

The Bank is committed to progressively reducing greenhouse gas emissions across its operations by improving energy efficiency, increasing the adoption of renewable energy, strengthening emissions monitoring and integrating climate considerations into business operations. These efforts form an integral part of the Bank's broader sustainability strategy and reinforce its commitment to responsible banking and long-term environmental stewardship.

Through clearly defined climate commitments, transparent emissions reporting and a structured decarbonisation roadmap, the Bank continues to strengthen its resilience to climate-related risks while supporting India's transition towards a more sustainable and low-carbon future.

10.6.1 MEASURING OUR CARBON FOOTPRINT

Effective climate action begins with understanding and managing greenhouse gas emissions. The Bank quantifies and monitors its operational emissions in accordance with internationally accepted greenhouse gas accounting principles, enabling consistent measurement of performance and identification of opportunities for emissions reduction.

SCOPE 1
DIRECT EMISSIONS
Emissions from sources owned or controlled by the Bank
e.g., Diesel used in backup power

SCOPE 2
INDIRECT EMISSIONS
Emissions from purchased electricity, steam, heating or cooling
e.g., Purchased electricity for offices & branches

SCOPE 3
OTHER INDIRECT EMISSIONS
Emissions from sources not owned or controlled by the Bank in its value chain
e.g., Business travel, employee commuting, waste disposal

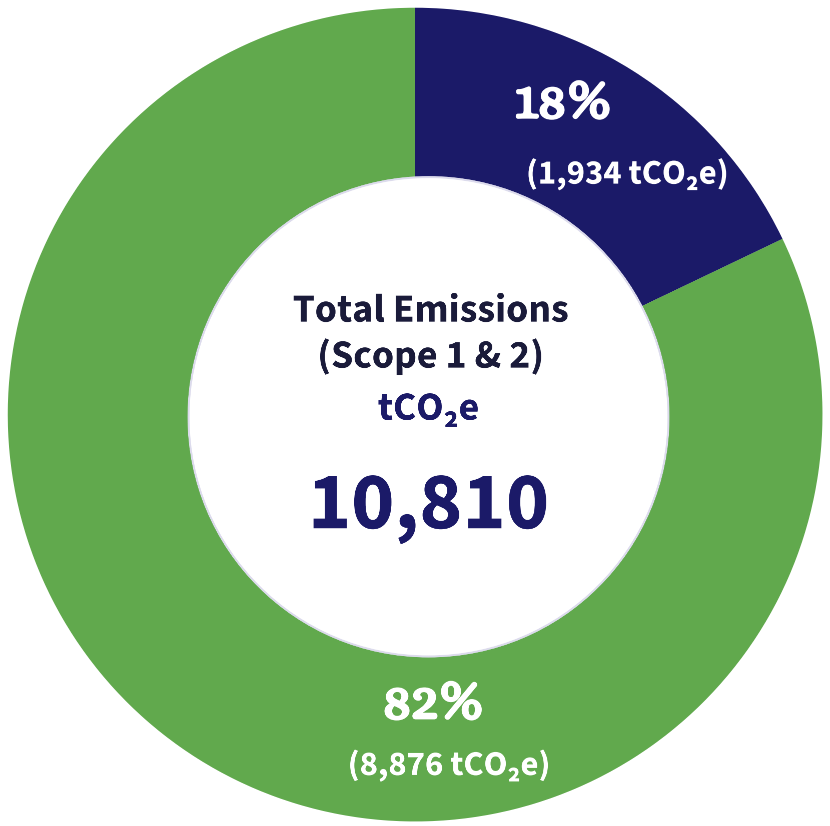
The Bank currently reports **Scope 1 emissions,** arising from direct fuel consumption including diesel used in backup power generation and company-owned vehicles, **Scope 2 emissions,** arising from purchased electricity consumed across offices and branches. While Scope 3 emissions are currently under development, the Bank is progressively strengthening its data collection processes to enable comprehensive reporting in future years.

During FY 2025-26, the Bank recorded total Scope 1 emissions of 1,934 tCO_2e and Scope 2 emissions of 8,876 tCO_2e, resulting in combined operational emissions of 10,810 tCO_2e. While the expansion of the Bank's operational footprint contributed to a marginal increase in absolute emissions compared to the previous year, emissions intensity continued to improve, reflecting ongoing efforts to enhance energy efficiency and optimise resource utilisation.

The Bank achieved a **Scope 1 and Scope 2 emissions intensity of 2.84 tCO_2e per crore of revenue from operations**, compared to 2.86 tCO_2e per crore in FY 2024-25. On a purchasing power parity (PPP) adjusted basis, emissions intensity improved from **5.92 tCO_2e per million USD to 5.86 tCO_2e per million USD**, indicating improved emissions efficiency relative to business growth.

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCS, PFCs, SF6, NF3, if available).	Metric ton of CO2 equivalent	1934	1925
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCS, PFCs, SF6, NF3, if available).	Metric ton of CO2 equivalent	8876	8860
Total Scope 1 and Scope 2 emissions per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric ton of CO2 Equivalent / Crore of Turnover	2.84	2.86
Total Scope 1 and Scope 2 emission intensity per million USD of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / revenue from operations adjusted for PPP).	Metric ton of CO2 Equivalent / MUSD or PPP adjusted Turnover	5.86 tCO2e/million USD	5.92 tCO2e/million USD

TOTAL EMISSIONS (SCOPE 1 & 2)



10.6.2 LOOKING AHEAD

As the Bank advances its sustainability journey, it remains committed to strengthening its climate governance and accelerating progress towards its long-term decarbonisation goals. In the coming years, our focus will be on enhancing the quality and completeness of greenhouse gas accounting, particularly by expanding the measurement and reporting of Scope 3 emissions across the value chain. This will enable a more comprehensive understanding of our climate impacts and support informed decision-making.

Alongside these efforts, we will continue to improve energy efficiency, increase the integration of renewable energy, and embed climate considerations into operational and business decisions to enhance organisational resilience. Through our Sustainable Finance Framework, we will also continue directing capital towards environmentally beneficial sectors, contributing to the transition to a low-carbon economy.

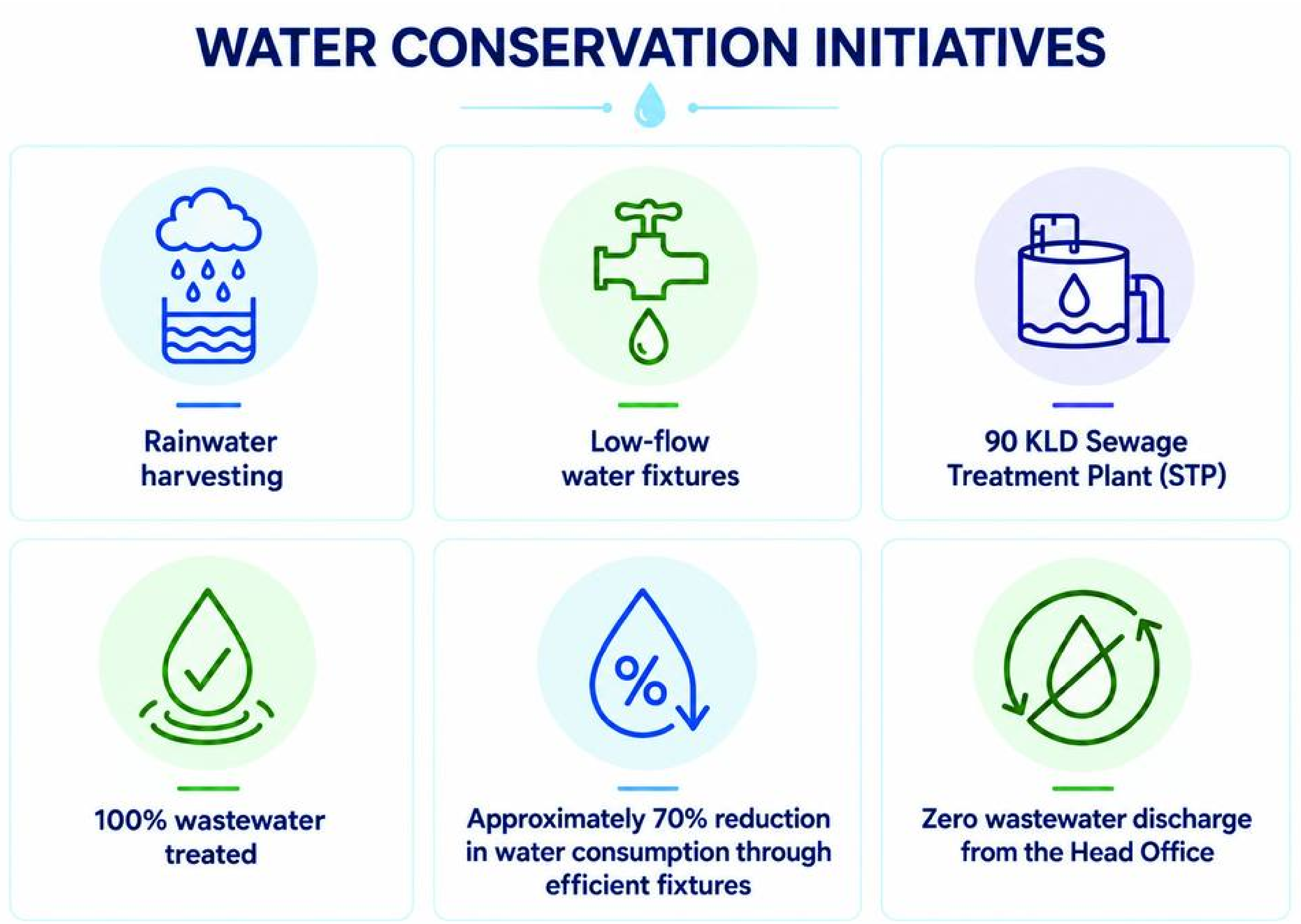
By continuously improving emissions management, strengthening climate resilience and fostering collaboration across our value chain, Utkarsh Small Finance Bank remains committed to creating long-term environmental value while supporting India's journey towards a more sustainable and climate-resilient future.

10.7 RESPONSIBLE RESOURCE MANAGEMENT

10.7.1 WATER MANAGEMENT

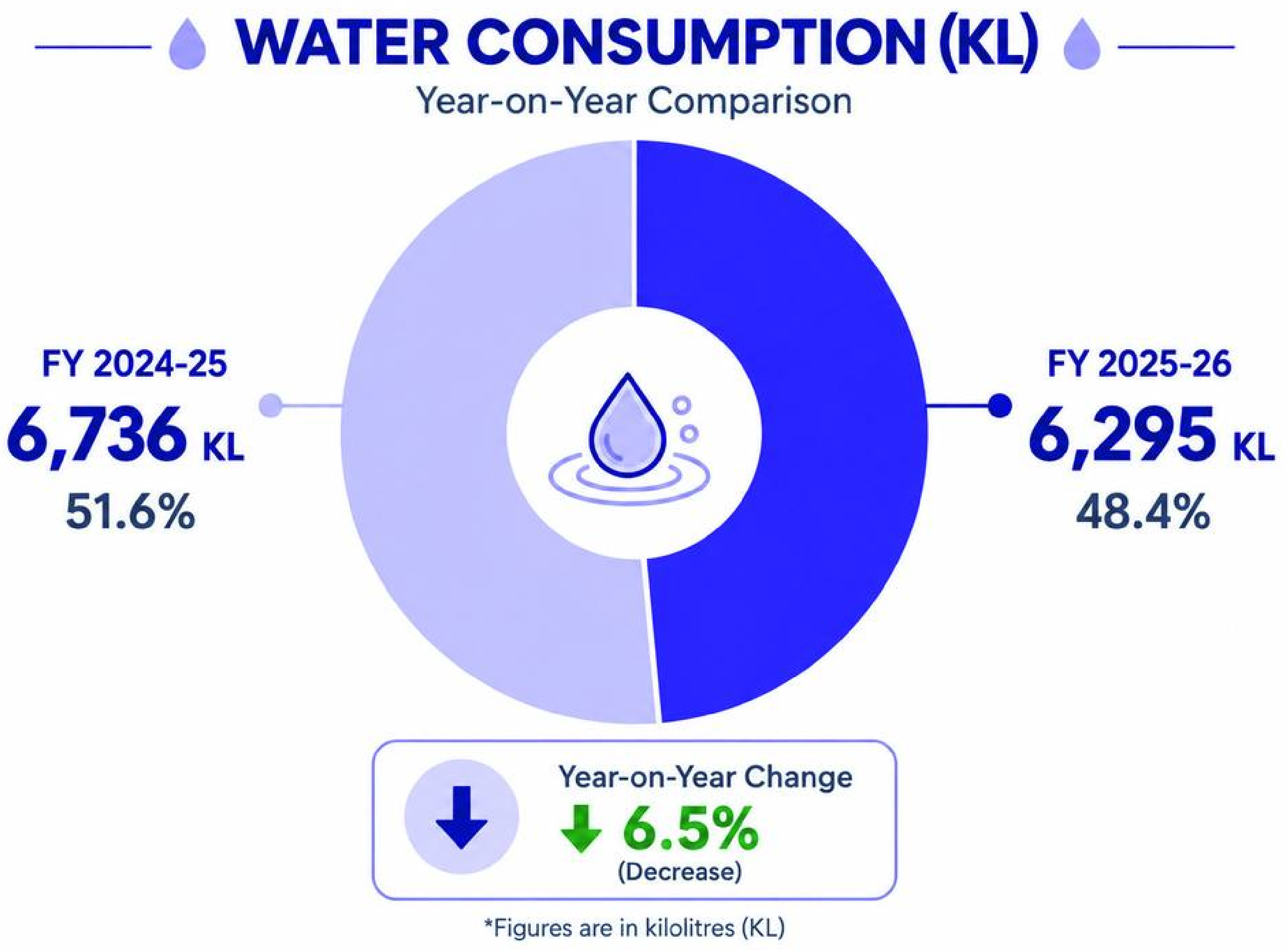
Water is an essential resource supporting the Bank's day-to-day operations across its offices and branches. Utkarsh Small Finance Bank is committed to using water responsibly by improving efficiency, reducing wastage and adopting sustainable water management practices across its facilities. Through continuous monitoring of water consumption and the implementation of water-efficient infrastructure, the Bank seeks to optimise water use while minimising its environmental impact.

The Bank has adopted a combination of conservation and treatment measures to promote responsible water use. These include the installation of water-efficient fixtures, rainwater harvesting systems and on-site wastewater treatment infrastructure that support efficient water management while ensuring compliance with applicable environmental requirements.



WATER PERFORMANCE IN FY 2025-26

Indicator	Unit	FY 2025-26	FY 2024-25	YoY
Total Water Withdrawal	KL	13,888	11,814	▲ 17.6%
Total Water Discharged	KL	7,593	5,078	▲ 49.5%
Total Water Consumption	KL	6,295	6,736	▼ 6.5%
Water Intensity	KL/₹ crore of turnover	1.7	1.8	▼ 5.6%
% Water Intensity (PPP Adjusted)	KL/MUSD	3.4	3.7	▼ 8.1%



10.7.2 PAPER MANAGEMENT

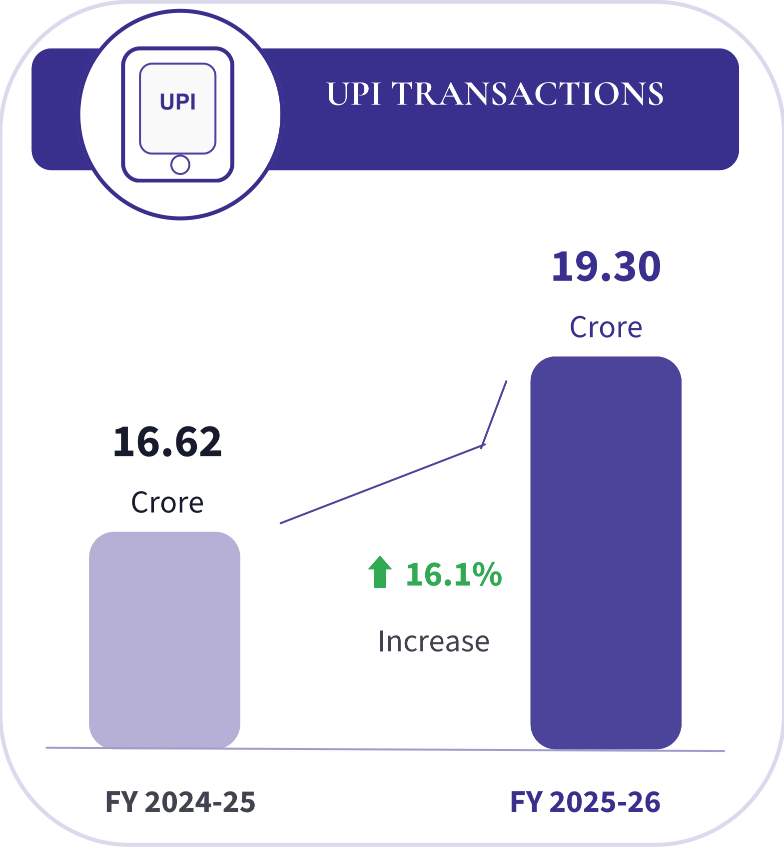
As a technology-driven financial institution, Utkarsh Small Finance Bank continues to integrate digital technologies across its operations to reduce dependence on paper-based processes and improve operational efficiency. By promoting digital customer journeys, electronic documentation and secure digital workflows, the Bank is steadily progressing towards a more paper-light workplace while supporting responsible resource consumption.

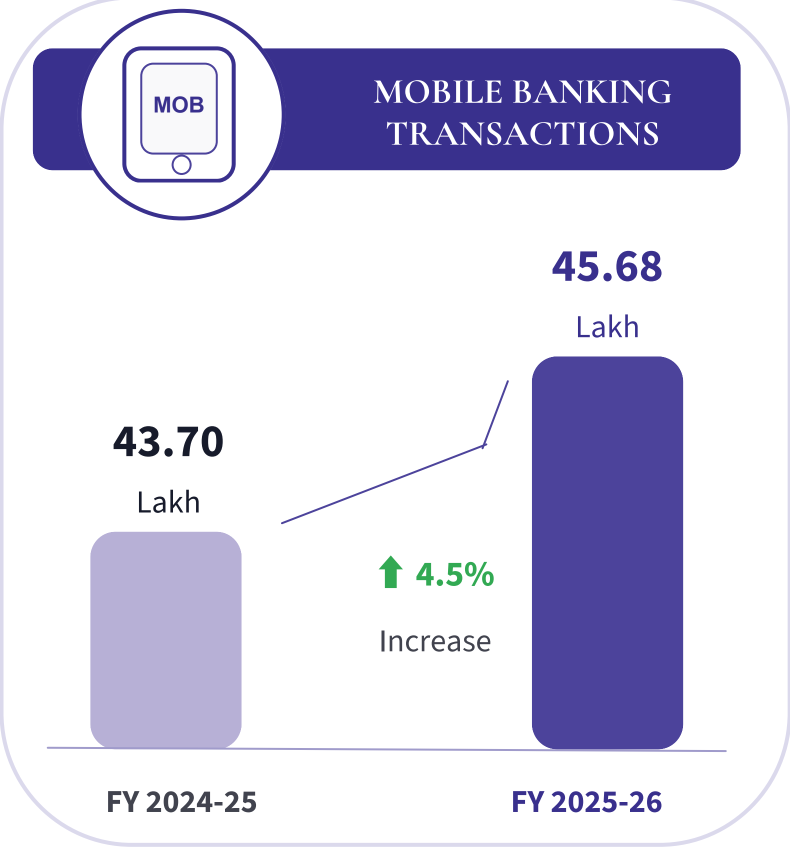
The Bank has adopted several digital solutions that reduce the need for physical documentation and manual processes. Services such as digital customer onboarding, Video KYC, internet and mobile banking, e-statements, e-KYC and digital transaction platforms enable customers to access banking services conveniently while reducing paper usage associated with conventional banking. Internally, increasing adoption of electronic records and digital approval workflows has streamlined administrative processes and reduced reliance on physical files.

The transition towards digital processes extends beyond operational efficiency. Reduced paper consumption lowers the demand for paper production, helping conserve natural resources while reducing the energy, water and transportation impacts associated with paper manufacturing and distribution. At the same time, digital banking reduces the need for routine customer visits to branches, contributing indirectly to lower fuel consumption and greenhouse gas emissions associated with travel.

The Bank's continued investments in digital banking platforms have enabled customers to increasingly adopt paperless banking channels. During FY 2025-26, the Bank processed **19.30 crore UPI transactions, 45.68 lakh mobile banking transactions** and onboarded 2.20 lakh customers through its digital onboarding platform, demonstrating the growing adoption of digital banking services while reducing dependence on physical documentation and branch-based processes.

During FY 2025-26, the Bank consumed **9,828 kg of paper, compared to 9,360 kg in the previous year**. The marginal increase reflects the continued expansion of the Bank's branch network and business operations. Nevertheless, sustained investments in digital banking platforms and paper-efficient processes continue to moderate paper requirements while enhancing customer convenience, operational agility and environmental performance.





DIGITAL SOLUTIONS

SUPPORTING PAPER REDUCTION

10.7.3 WASTE MANAGEMENT

Utkarsh Small Finance Bank recognises that responsible waste management is an essential component of reducing its operational environmental footprint. While the Bank's operations are primarily service-oriented, they generate various waste streams including electronic waste, paper waste and limited quantities of hazardous waste arising from routine operational and maintenance activities. The Bank adopts a systematic approach to waste management by prioritising waste minimisation, segregation at source, resource recovery and environmentally sound disposal in accordance with applicable regulatory requirements.

Guided by the principles of the waste hierarchy, the Bank seeks to prevent waste generation wherever possible, maximise opportunities for recycling and ensure that unavoidable waste is managed responsibly through authorised agencies. By integrating these practices across its offices and branches, the Bank continues to promote efficient resource utilisation, reduce waste sent for disposal and support the transition towards a circular economy.

During FY 2025-26, the Bank generated 11.71 tonnes of waste, compared to 7.52 tonnes in the previous year. Waste intensity stood at 0.0031 tonnes per crore of turnover, while PPP-adjusted waste intensity was 0.0063 tonnes per million USD, reflecting the expansion of the Bank's operational footprint.

Extending the Life of Technology

Digital infrastructure forms the backbone of modern banking operations. As technology evolves, periodic replacement and upgradation of information technology assets become necessary to maintain operational efficiency, cybersecurity and service reliability. Managing the end-of-life of these assets responsibly is therefore critical to recovering valuable materials and preventing environmental pollution.

WASTE RECYCLING PERFORMANCE

96.6%

of Waste Recycled

11.31 tonnes Recycled

11.71 tonnes Total Generated

Driving resource efficiency
Supporting a circular economy

The Bank's electronic waste primarily comprises computers, laptops, monitors, printers, scanners, routers, modems, switches and UPS systems. **During FY 2025-26, 9.30 tonnes of electronic waste was generated**. To ensure environmentally sound management, obsolete electronic equipment is handed over exclusively to authorised recyclers empanelled with the Central Pollution Control Board (CPCB) and State Pollution Control Boards (SPCBs). These agencies undertake scientific dismantling, material recovery and recycling in compliance with applicable environmental regulations, enabling valuable resources to be recovered while preventing improper disposal.

Giving Paper a Second Life

Paper remains an important resource in banking operations despite the continued expansion of digital channels. Alongside initiatives such as digital customer onboarding, Video KYC, e-statements and electronic documentation, the Bank promotes responsible management of paper waste generated through its operations.

Paper waste generated across offices and branches is segregated and channelled through authorised recycling channels, enabling recovered fibre to be reintroduced into the manufacturing cycle and reducing the demand for virgin raw materials. **During FY 2025-26, the Bank generated 2.01 tonnes of paper waste**, reinforcing the importance of both paper reduction initiatives and responsible recycling practices. By combining digital transformation with effective recycling mechanisms, the Bank continues to move towards more resource-efficient and paper-light operations.

Managing Waste Responsibly

Beyond recyclable materials, certain operational activities generate limited quantities of hazardous waste that require specialised handling. The Bank ensures that such waste is identified, segregated and disposed of through authorised agencies in accordance with statutory environmental requirements.

During FY 2025-26, the Bank generated 0.40 tonnes of hazardous waste, primarily comprising used engine oil from backup power systems. This waste was disposed of through approved disposal mechanisms to prevent potential impacts on soil, groundwater and surrounding ecosystems. These practices reflect the Bank's commitment to responsible environmental management and regulatory compliance across all waste streams.

Closing the Loop

Resource recovery remains a key pillar of the Bank's waste management strategy. Through effective segregation at source, collaboration with authorised recyclers and responsible recovery practices, the Bank seeks to maximise the value that can be recovered from waste while minimising reliance on disposal methods.

During FY 2025-26, 11.31 tonnes of waste was recovered through recycling, representing almost the entire waste generated during the year. In comparison, only 0.40 tonnes required disposal through incineration, while no waste was disposed of through landfilling. These outcomes demonstrate the Bank's continued focus on smart circular resource management by ensuring that valuable materials remain within productive use for as long as possible.

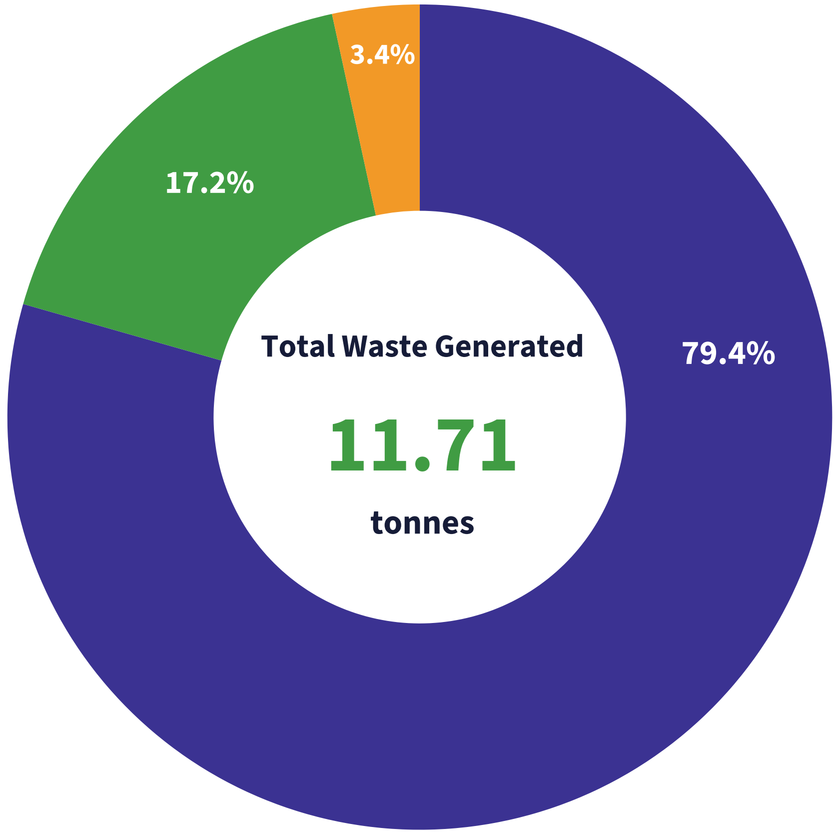
As the Bank continues to expand its operations, it remains committed to further improving waste segregation practices, enhancing employee awareness and increasing collaboration with authorised partners to drive continual improvement in waste management performance.

opportunities for resource recovery, thereby supporting a cleaner, more resource-efficient and environmentally responsible workplace.

Waste Category	FY 2025-26 (tonnes)
Electronic Waste	9.30
Paper Waste	2.01
Hazardous Waste (Used Engine Oil)	0.40

Indicator	Unit	FY 2025-26
Total Waste Generated	tonnes	11.71
Waste Recycled	tonnes	11.31
Waste Recycled (% of Total Waste)	%	96.6%
Waste Disposed (Incineration)	tonnes	0.40
Waste Intensity	tonnes/₹ crore of turnover	0.0031
Waste Intensity (PPP Adjusted)	tonnes/MUSD	0.0063

Composition of Waste Generated in FY 2025-26



E-waste
9.30 tonnes
(79.4%)

Paper Waste
2.01 tonnes
(17.2%)

Hazardous Waste
0.40 tonnes
(3.4%)

Through responsible waste management and resource recovery practices, we are committed to minimising waste and protecting the environment.

10.8 SPOTLIGHT: GREEN INFRASTRUCTURE

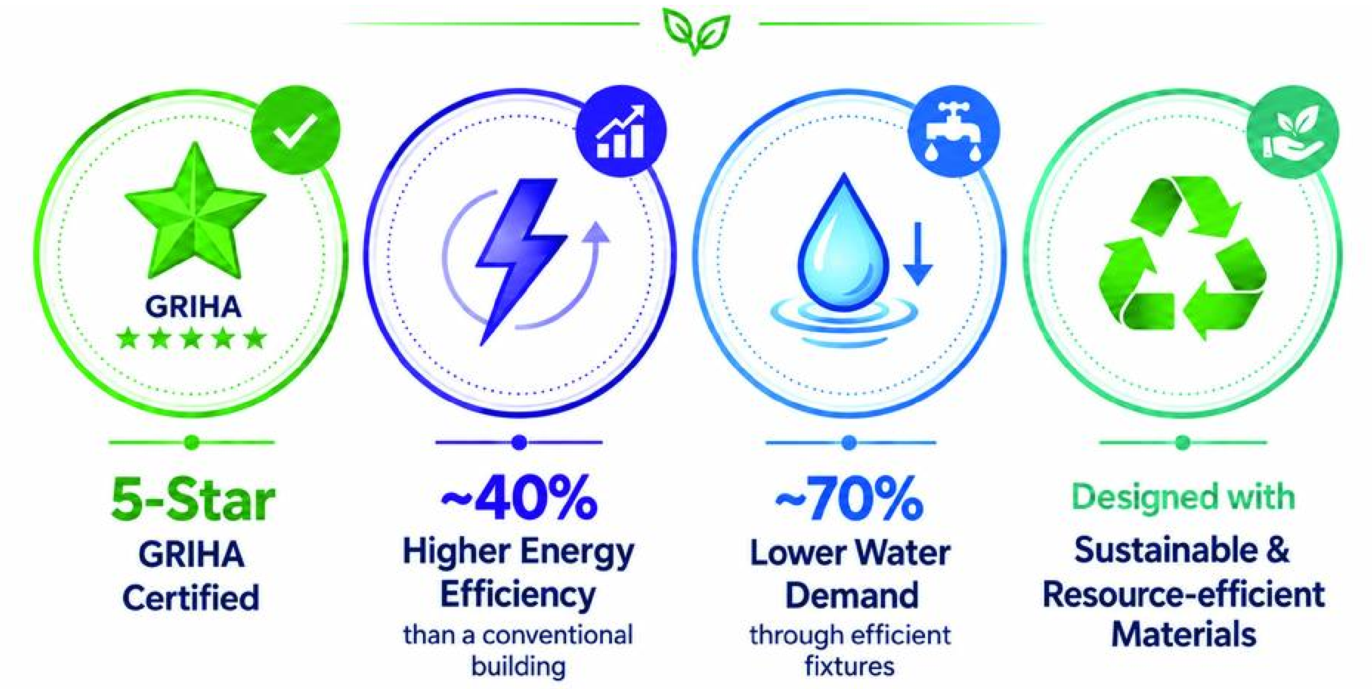
Utkarsh Tower: Sustainability by Design

Utkarsh Tower, the Bank's corporate headquarters, reflects Utkarsh Small Finance Bank's commitment to integrating sustainability into the very fabric of its operations. Designed with a strong focus on energy efficiency, water conservation, indoor environmental quality and responsible material selection, the building demonstrates how thoughtful infrastructure can significantly reduce operational environmental impacts while providing a healthier and more efficient workplace.

Recognised with a 5-Star GRIHA (Green Rating for Integrated Habitat Assessment)

certification, Utkarsh Tower incorporates a range of green building technologies and resource-efficient systems that collectively enhance environmental performance and operational resilience. From high-performance building materials and intelligent energy management systems to renewable energy generation and water conservation measures, every aspect of the building has been designed to support long-term sustainability.

Sustainable Infrastructure at a Glance



Building Features that Drive Sustainability

Energy-Efficient Building Envelope

The building has been designed to minimise heat gain and optimise energy performance. Its orientation and façade design reduce annual heat gain by approximately **3%** compared to conventional buildings, lowering cooling requirements while improving occupant comfort. High-performance **double-glazed windows, recessed window design and puff roof insulation** further reduce heat transfer and improve thermal efficiency.

Smart Energy Management

Energy efficiency is further enhanced through the integration of intelligent building systems that continuously optimise energy consumption across the facility. These include:

- **Building Management System (BMS)**
- **Variable Frequency Drives (VFDs)**
- **Lighting Management System**
- **High-efficiency Motors**
- **High-COP Chillers**
- **Demand-Controlled Ventilation**

Programmable Thermostat Controls

Together, these systems help optimise cooling, ventilation and lighting operations based on occupancy and operational requirements, contributing to overall building energy performance that is approximately **40% more efficient than a conventional commercial building**.

Healthy Indoor Environment

Creating a healthy and productive workplace is an integral part of the building's sustainable design. **CO_2 sensors** installed across each floor continuously monitor indoor carbon-dioxide concentrations and help maintain levels below **900 ppm**, supporting improved indoor-air quality and reducing the risk of sick-building syndrome.

By combining intelligent ventilation controls with continuous environmental monitoring, the building provides a healthier and more comfortable indoor environment for employees and visitors.

Renewable Energy Integration

The headquarters is equipped with **a 140 kWp rooftop solar photovoltaic system,** generating **554 GJ** of renewable energy during FY 2025–26. The installation offsets approximately **11% of the building's annual electricity demand,** reducing dependence on conventional electricity sources and supporting the Bank's transition towards cleaner energy.

Water Conservation and Wastewater Management

Water efficiency has been embedded into the building's design through **low-flow plumbing fixtures, reducing water demand by approximately 70% compared with conventional buildings**.

The facility is also equipped with a **90 KLD Sewage Treatment Plant (STP)** that treats **100% of wastewater** generated within the premises. Treated wastewater is managed through integrated systems, enabling **zero wastewater discharge** from the Head Office and supporting responsible water management.

Sustainable Materials

Environmental considerations were incorporated during the construction of Utkarsh Tower through the use of sustainable and resource-efficient building materials. These include below 3. The use of these materials reduces the consumption of virgin natural resources while lowering the embodied environmental impacts associated with conventional construction materials-

100% AAC Blocks	100% Fly Ash Bricks	More than 25% Fly Ash Blended Cement

SUSTAINABILITY BY DESIGN

1 5-Star GRIHA Certified Building	2 140 kWp Rooftop Solar Plant	3 Building Management System (BMS)
4 Lighting Management System	5 CO_2 Monitoring Sensors	6 High-COP Chillers
7 Variable Frequency Drives (VFDs)	8 Demand-Controlled Ventilation	9 High-efficiency Motors
10 Double-glazed Windows	11 Recessed Window Design	12 Puff Roof Insulation
13 Low-flow Plumbing Fixtures	14 90 KLD Sewage Treatment Plant	15 Zero Wastewater Discharge
16 AAC Blocks	17 Fly Ash Bricks	18 Fly Ash Blended Cement

Designing Today for a Sustainable Tomorrow

Utkarsh Tower demonstrates the Bank's belief that sustainable infrastructure extends beyond operational efficiency to create long-term environmental and social value. By integrating renewable energy, intelligent building technologies, responsible water management and sustainable construction materials into a single facility, the Bank has established a workplace that supports resource efficiency, employee well-being and climate resilience. As Utkarsh Small Finance Bank continues to expand its operations, these principles will continue to guide its approach to developing efficient, future-ready infrastructure.

11 OUR PEOPLE AND CULTURE

At Utkarsh Small Finance Bank, our people are at the heart of everything we do. Every customer interaction, every financial solution delivered and every milestone achieved begins with the commitment, integrity and compassion of our employees. As we continue to expand our presence and deepen financial inclusion across the country, it is our people who bring our purpose to life each day.

OUR PEOPLE PHILOSOPHY

Our people strategy is built around creating opportunities for employees to learn, grow and lead. By fostering an inclusive,collaborative and purpose-driven workplace, we empower our employees to build meaningful careers while delivering lasting value to customers, communities and the Bank.

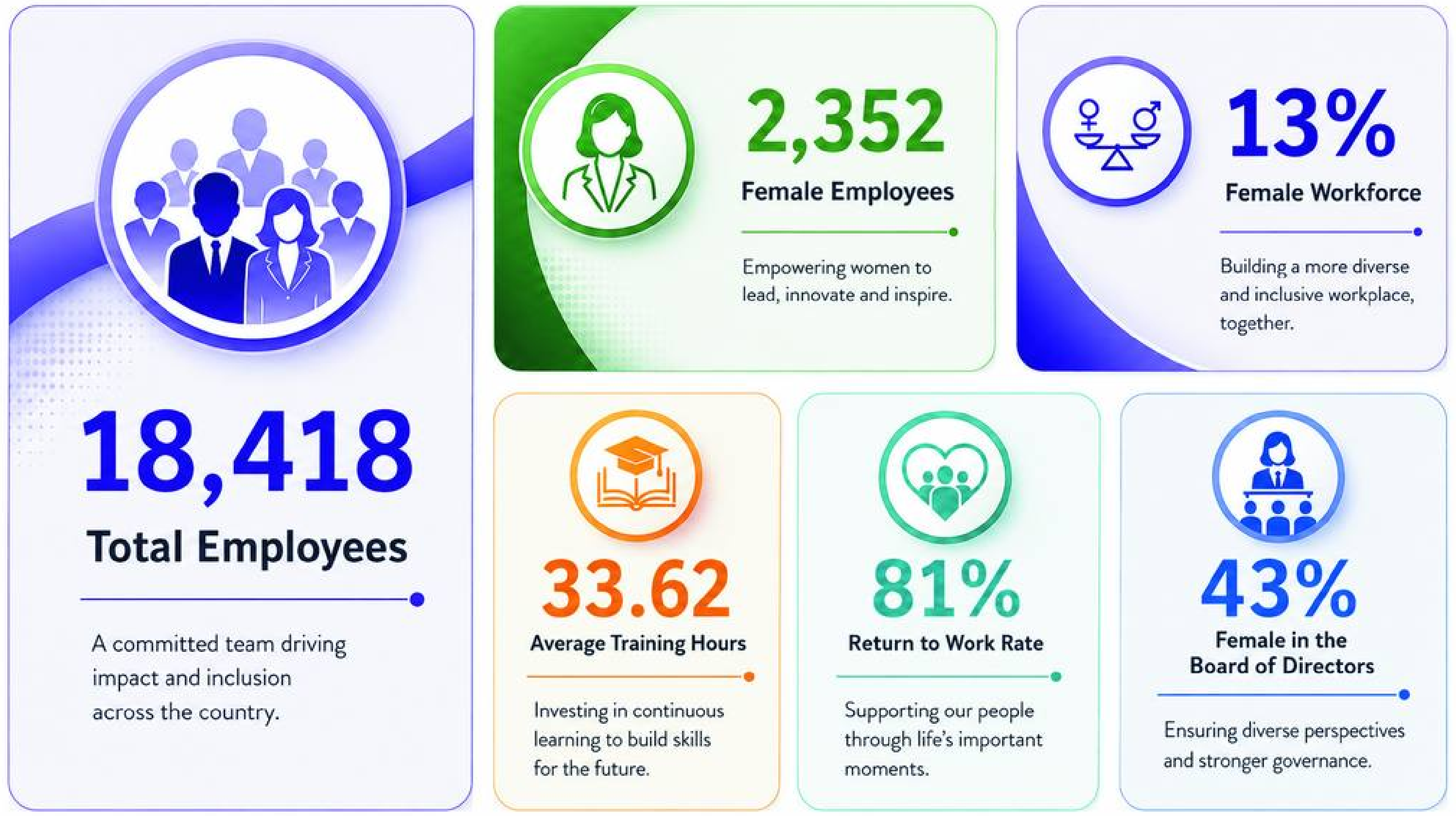
We believe that building a strong institution starts with building an environment where people can learn, grow and thrive. From attracting young talent and nurturing future leaders to fostering an inclusive workplace where every individual feels valued, we remain committed to creating opportunities that enable our employees to realise their full potential. We invest in continuous learning, encourage collaboration and promote a culture founded on trust, respect and shared responsibility.

Our workplace reflects the diversity of the communities we serve, bringing together people with different experiences, perspectives and aspirations. By empowering our employees and supporting their well-being, we strengthen our ability to serve customers with empathy, innovate with confidence and create lasting value for all our stakeholders.

As we grow, we remain focused on cultivating a people-first culture that not only drives business performance but also advances our broader mission of enabling inclusive and sustainable progress.

PEOPLE AT A GLANCE

Our people are the driving force behind every relationship we build and every community we empower.



11.1 BUILDING A FUTURE READY WORKFORCE

At Utkarsh Small Finance Bank, our continued growth is driven by the people who choose to grow with us. As we expanded our footprint and strengthened our presence across the country during FY 2025–26, we remained focused on attracting talented individuals who share our commitment to responsible banking, customer-centricity and financial inclusion.

Our approach to talent acquisition goes beyond filling positions. We seek individuals who are passionate about making a meaningful difference in the lives of customers and communities while building rewarding careers for themselves. By combining experienced professionals with young talent entering the workforce, we continue to build a diverse and future-ready workforce capable of supporting the Bank's long-term aspirations. Wherever possible, we prioritise hiring from local communities, enabling us to create employment opportunities while strengthening our understanding of the regions we serve. This local talent brings valuable insights into customer needs and helps us foster deeper relationships built on trust and accessibility.

During FY 2025–26, the Bank welcomed 11,656 new employees, including 10,281 male employees and 1,375 female employees, reflecting our continued investment in building organisational capability to support sustainable growth. A significant proportion of these new recruits comprised young professionals, reinforcing our commitment to developing the next generation of banking talent.

Over the past five years, the Bank has significantly expanded its talent base, with annual hiring increasing from **7,650 employees in FY22 to 11,656 employees in FY26, representing a 3-year CAGR of 66.08%.** This sustained recruitment reflects the Bank's continued investment in strengthening its workforce to support business growth and expanding customer outreach. Despite varying recruitment requirements each year, the Bank has consistently recruited more than 10,000 employees annually over the last four financial years, reflecting its continued investment in building organisational capacity.

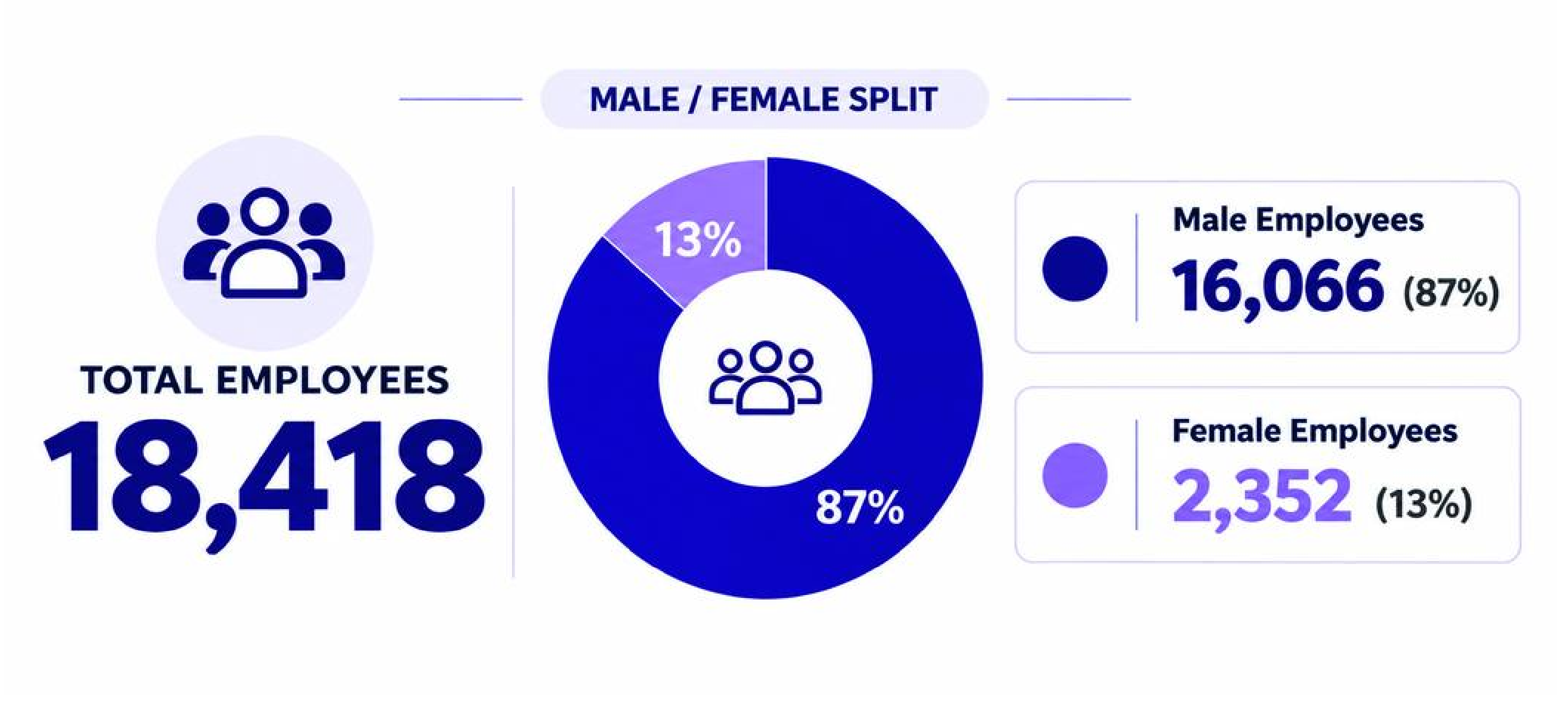
Beyond meeting immediate business requirements, our recruitment approach is designed to build long-term organisational capability. By bringing together experienced professionals and emerging talent, we continue to strengthen our leadership pipeline, enhance functional expertise and prepare the Bank to meet evolving customer expectations in a rapidly changing banking landscape.

11.2 YOUNG WORKFORCE DRIVING GROWTH

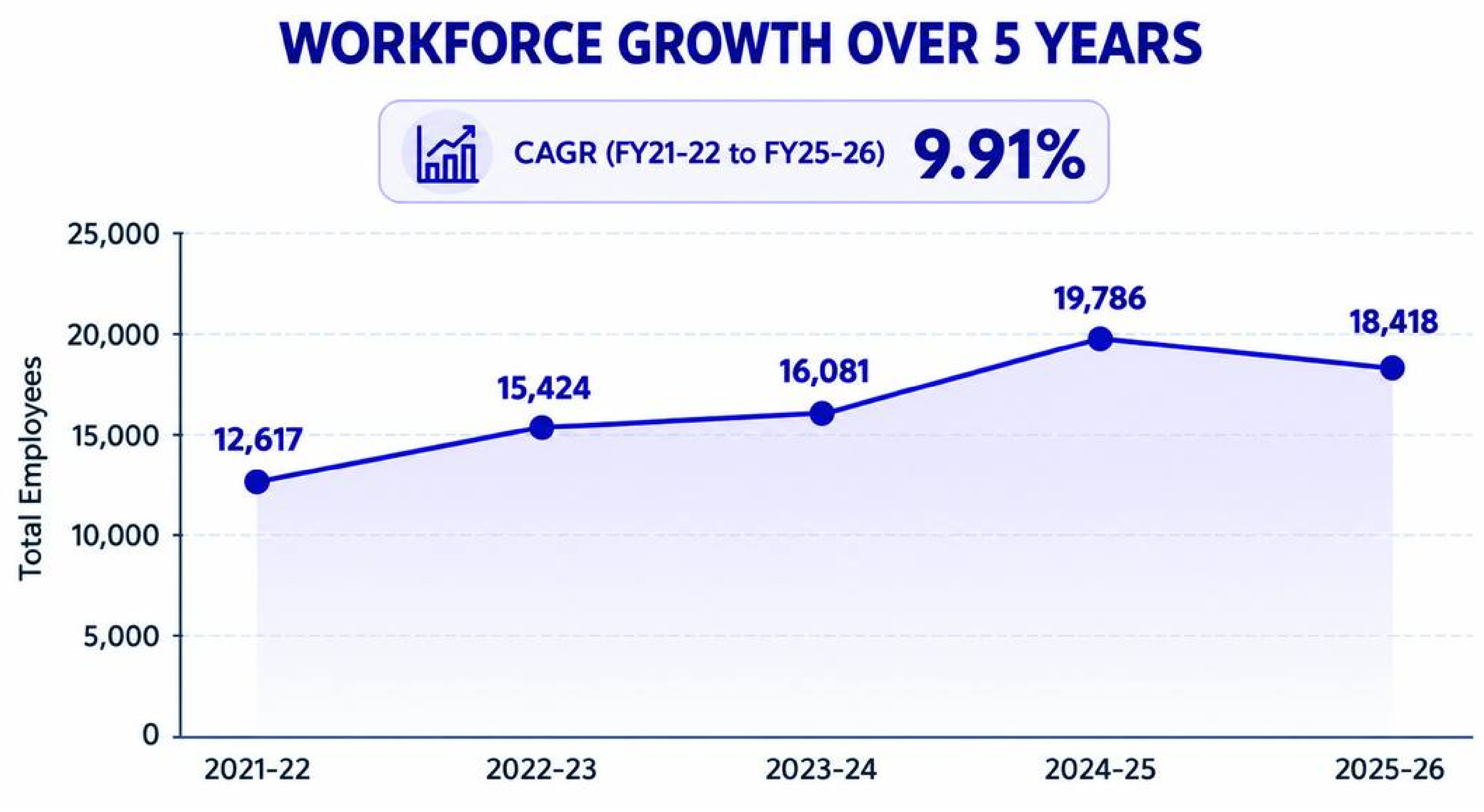
The strength of our workforce lies not only in its scale but also in its ability to adapt, innovate and grow with the evolving needs of our customers. Our recruitment profile reflects a deliberate focus on building a strong pipeline of early-career talent that will shape the future of the Bank. **During FY 2025- 26, 8,335 employees, representing over 71% of all new recruits, were in the 20–30 years** age group.This continued focus on attracting young professionals reinforces our commitment to building a workforce equipped with fresh perspectives, digital capabilities and the agility required in an increasingly dynamic banking environment.

At the same time, we continue to recruit professionals across other age groups, ensuring a healthy balance of fresh perspectives and experienced expertise within our teams. By investing in young talent today, we are building the leadership, capabilities and resilience that will drive Utkarsh Small Finance Bank's success in the years ahead.

11.3 WORKFORCE PROFILE



The continued growth of our workforce reflects the Bank’s sustained expansion and its commitment to strengthening organisational capability. Over the past five years, **our employee base has grown from 12,617 in FY 2021-22 to 18,418 in FY 2025-26**, representing a five-year **CAGR of 9.39%**. This steady growth has enabled us to expand our customer outreach, strengthen operational excellence and build a resilient workforce equipped to support the Bank’s long-term ambitions. Despite varying recruitment requirements each year, the Bank has consistently recruited more than 10,000 employees annually over the last four financial years, reflecting its continued investment in building organisational capacity.



11.4 BUILDING AN INCLUSIVE WORKPLACE

We believe that an inclusive workplace is built on equal opportunity, mutual respect and the ability of every employee to contribute and grow based on merit. We are committed to fostering a work environment where diverse perspectives strengthen collaboration, innovation and decision-making across the organisation.

Our commitment to inclusion extends beyond recruitment and is reflected throughout the employee lifecycle. From learning and capability development to performance management, leadership opportunities and employee well-being, we strive to create an environment where every individual is respected, supported and empowered to contribute meaningfully to the Bank’s continued growth.

WOMEN IN OUR WORKFORCE

Our workforce of 18,418 employees includes 2,352 women, representing 13% of our total employee base. We continue to provide opportunities for women across business functions and management levels, while ensuring that recruitment, learning, performance evaluation and career progression are guided by fair and transparent processes.

Over the past five years, the Bank has steadily expanded opportunities for women across all levels and functions. While the percentage of women hires moderated this year, the absolute numbers reflect a strong and consistent focus on building a diverse talent pipeline.

Women are represented across every level of the organisation, from customer-facing roles to leadership positions. **As on 31 March 2025, women represented 7.4% of Top Management, 6.3% of Senior Management, 10.6% of Middle Management, 14.0% of Junior Management and 12.4% of Officers.** At the Board level, 3 of our 7 Directors are women, reflecting diverse perspectives in the Bank's highest governance body.

OVER THE PAST FIVE YEARS, THE BANK RECRUITED

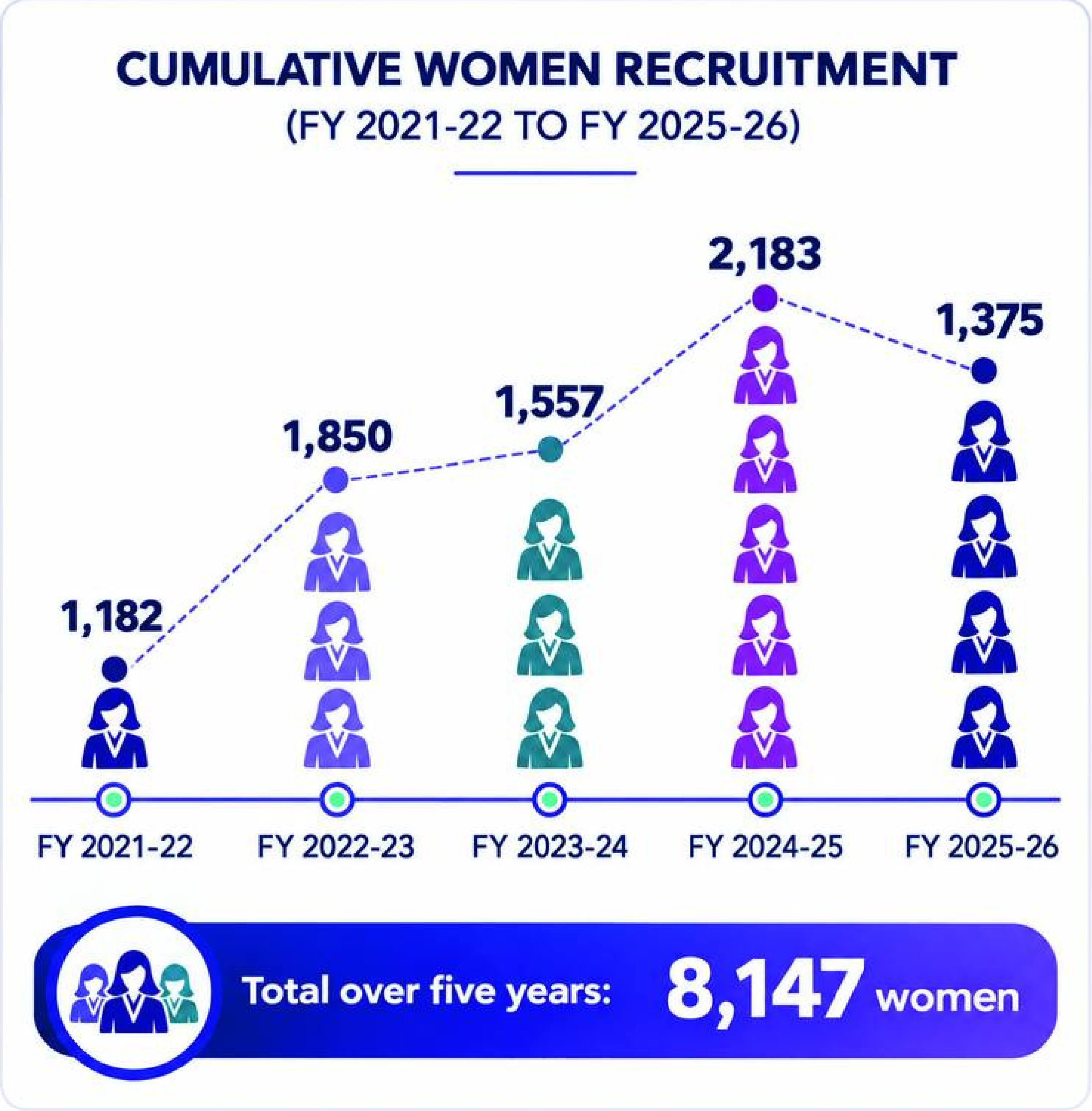
8,147

WOMEN

ACROSS ITS OPERATIONS

As our organisation continues to evolve, we remain focused on strengthening representation across all levels while fostering a workplace where employees are empowered to build meaningful careers and contribute to the Bank's long-term success.

TOTAL EMPLOYEES	TOTAL WOMEN EMPLOYEES	WOMEN REPRESENTATION
18,418	2,352	13%



WOMEN REPRESENTATION ACROSS MANAGEMENT LEVELS

CREATING OPPORTUNITIES FOR DIFFERENTLY ABLED TALENT

We are committed to fostering an accessible and inclusive workplace where individuals are provided opportunities to contribute and grow. We continue to create an enabling work environment through accessible infrastructure, ergonomics workplace accommodations and assistive resources that help differently abled employees perform their roles effectively. ***As on 31 March 2025, the bank employed 8 differently abled employees, including 6 men and 2 women, across its permanent workforce.*** *While the current representation remains modest, we continue to strengthen our efforts towards building a more inclusive organisation by creating opportunities for persons with disabilities and advancing the commitments outlined in our ESG roadmap.*

11.5 LEARNING AND CAPABILITY DEVELOPMENT

LEARNING DASHBOARD

33.62 Hours	10,971	6,330	7,396
Average Training Hours per Employee	Employees Trained on Health & Safety	Employees Trained on Skill Upgradation	Employees Trained on Human Rights

At Utkarsh Small Finance Bank, we believe that learning is a continuous journey that empowers our people to grow alongside the organisation. As the banking landscape evolves with changing customer expectations, technological advancements and an increasingly dynamic regulatory environment, investing in the development of our employees remains central to building a future-ready workforce.

Our learning and development initiatives are designed to equip employees with the knowledge, skills and confidence needed to excel in their roles while preparing them for future opportunities. Through a combination of technical, functional and behavioural learning programmes, we continue to strengthen professional capabilities across all levels of the organisation.

During FY 2025–26, employees completed an average of 33.62 training hours, reflecting our continued investment in capability building. Learning interventions are tailored to the unique requirements of different roles, ensuring that employees receive relevant training throughout their professional journey.

33.44 Hours	34.9 Hours
Average training hours for men	Average training hours for women

Beyond role-specific learning, we place strong emphasis on creating a safe, responsible and values-driven workplace. **During the year, 10,971 employees received training on health and safety measures, reinforcing workplace safety awareness and emergency preparedness,** while 6,330 employees participated in skill upgradation programmes aimed at strengthening technical and functional competencies**.** In addition, 7,396 employees were trained on human rights principles and related policies, helping reinforce a culture of dignity, respect, inclusion and ethical conduct across the organisation.

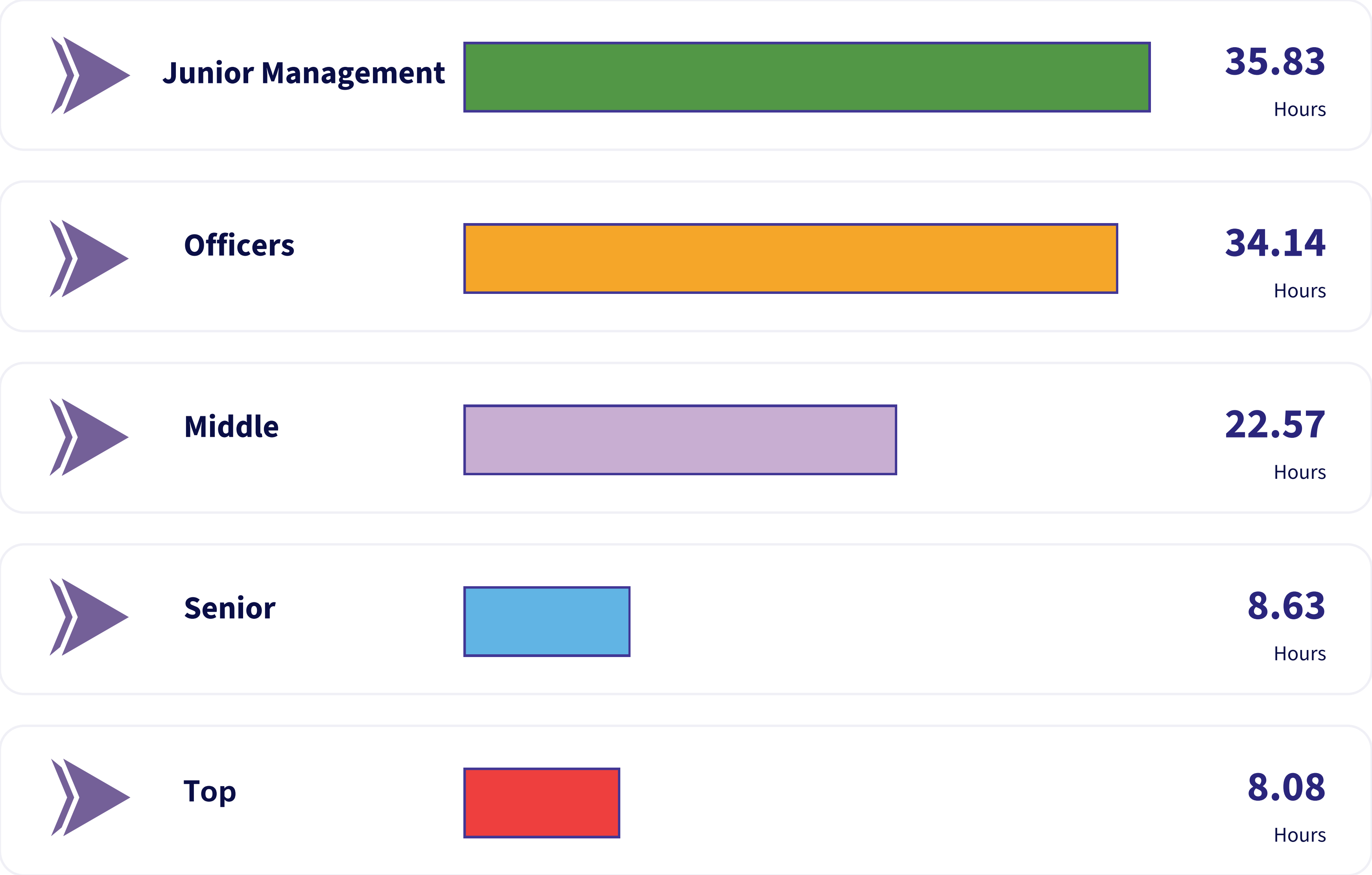
Learning interventions are tailored according to role, responsibilities and business needs Junior managers and officers received the highest training focus because they constitute the largest customer-facing workforce.

Beyond technical learning, our capability-building initiatives also support leadership development by strengthening behavioural competencies, managerial effectiveness and decision-making capabilities across different levels of the organisation. Learning interventions aim to develop our people into employees not only for their current responsibilities but also for future roles as the organisation continues to evolve. Through regular awareness programmes on ethics, human rights, workplace safety and responsible business practices, learning also supports the Bank's broader ESG journey by reinforcing a culture of integrity, accountability and responsible conduct.

Learning is embedded in our culture through continuous knowledge-sharing initiatives, digital learning platforms and interactive workshops that encourage employees to built new capabilities and exchange ideas. Internal publications such as Gyan Darpan and Utkarsh Voice further support this culture by sharing insights, best practices and success stories from across the organisation. To ensure continuous growth, the Bank offers a range of structured learning programmes aligned with different stages of the employee lifecycle, role requirements and career progression. Some of these programs and their descriptions are given in the below table:

Learning initiative	Description
Utkarsh Aarambh	A structured induction programme that familiarises new employees with the Bank's vision, values, culture and ways of working, enabling them to integrate smoothly into their roles and contribute effectively from the outset.
Utkarsh Manthan	Leadership development programmes delivered in collaboration with reputed institutions to strengthen managerial capabilities and prepare high-potential employees for future leadership roles.
Utkarsh Pragati	Refresher programmes designed to keep employees updated on the Bank's products, processes, systems and internal policies, ensuring continuous professional development.
Utkarsh Saksham	Capability-building programmes focused on enhancing both functional expertise and behavioural competencies, enabling employees to perform effectively in an evolving business environment.
Utkarsh Shikhar	Leadership development initiatives tailored for senior and top management to strengthen strategic thinking, decision-making and organisational leadership.
Utkarsh Udaan	Development programmes that equip newly promoted employees with the functional knowledge and behavioural skills required to transition successfully into their new roles.
Statutory & Mandatory Training	Mandatory training and certification programmes conducted to ensure compliance with applicable laws, regulatory requirements and industry guidelines issued by authorities such as the Reserve Bank of India and the Indian Banks' Association.
E-Learning	A digital learning platform offering a wide range of courses and certifications, enabling employees to access self-paced learning resources and foster a culture of continuous learning.

AVERAGE TRAINING HOURS BY MANAGEMENT LEVEL



11.6 EMPLOYEE WELL-BEING

At Utkarsh Small Finance Bank, employee well-being is central to building a resilient and engaged workforce. We strive to create a supportive work environment where employees feel valued, protected and empowered to perform at their best. Our approach to well- being extends beyond the workplace, encompassing health, safety, financial security and family-friendly policies that enable employees to thrive both personally and professionally.

As part of our employee benefits programme, the Bank provides medical insurance coverage to support employees during medical emergencies and promote their overall well-being. Alongside healthcare benefits, we continue to foster a safe and healthy workplace through regular health and safety awareness initiatives and workplace practices that prioritise employee welfare. The Bank offers a range of employee benefits designed to support financial security and work-life balance through different stages of an employee's career. These initiatives contribute to a supportive work environment where employees can focus on both their professional aspirations and personal well- being.

Recognising the importance of supporting employees through different life stages, the Bank also provides parental leave in accordance with applicable laws and internal policies. **During FY 2025–26, 729 employees availed parental leave, comprising 578 men and 151 women**. Of these, 538 employees successfully returned to work following their leave, resulting in a **return-to-work rate of 81%**. These figures reflect our continued commitment to enabling employees to balance their professional responsibilities with their family commitments.

Through these initiatives, we continue to strengthen a workplace where employees feel supported, cared for and empowered to build meaningful and fulfilling careers with the Bank.

11.7 EMPLOYEE ENGAGEMENT

A connected and motivated workforce plays an important role in delivering consistent customer experiences and building a positive organisational culture. Beyond day-to-day responsibilities, we encourage employees to participate in initiatives that strengthen collaboration, celebrate achievements and foster a sense of belonging across the organisation.

Regular interactions between leadership and employees provide opportunities to share business priorities, celebrate achievements and encourage open dialogue. These engagements help strengthen transparency, reinforce organisational values and create stronger connections across teams. Recognising employee contributions is an integral

part of our people philosophy. Through formal recognition programmes and appreciation initiatives, we celebrate individual and team achievements that demonstrate dedication, innovation, customer focus and commitment to the Bank's values. These programmes help reinforce a culture where performance and positive contributions are acknowledged and encouraged.

Festivals, cultural celebrations and employee engagement activities provide opportunities for colleagues to come together beyond their day-to-day roles. These initiatives strengthen relationships across teams, promote collaboration and contribute to an inclusive and vibrant workplace culture. Throughout the year, employees came together through cultural celebrations, recreational activities and community-led initiatives that reflected our values and strengthened team spirit. From celebrating national festivals and organising employee wellness to participation in environmental stewardship and community outreach, these engagements created opportunities for collaboration, shared purpose and meaningful connections beyond the workplace.

Engagement Beyond Work

Creating opportunities for employees to connect beyond their day-to-day responsibilities strengthens collaboration and reinforces an inclusive workplace culture. From sports and festive celebrations to family-oriented events, these moments reflect the vibrant spirit of our people.

Events Featured: Carrom Tournament | Children's Day | Independence Day | Diwali Celebration

Employees Creating Community Impact

Employee volunteering extended beyond the workplace through participation in the Boat Inaugural Ceremony for boarding the River Ganga, the launch of a Water ATM to enhance community access to safe drinking water, and the Clean Kashi Green Kashi Drive, reflecting our commitment to creating a positive impact in the communities we serve.

11.8 FOSTERING A SAFE & RESPECTFUL WORKPLACE

Zero Tolerance
towards discrimination, harassment and unethical conduct

Whistle Blower
safe and confidential reporting mechanism

Fairness & Accountability
at the heart of our workplace culture

A workplace built on trust is one where every employee feels respected, heard and empowered to raise concerns without fear. At Utkarsh Small Finance Bank, we have established policies, governance mechanisms and reporting channels that promote ethical conduct, safeguard employee rights and reinforce a culture of fairness, accountability and mutual respect.

The Bank maintains a zero-tolerance approach towards discrimination, harassment and unethical conduct. Our Prevention of Sexual Harassment (POSH) Policy, Whistle Blower Policy, Human Rights Policy, Code of Conduct and Employee Grievance Redressal Policy provide employees with clearly defined mechanisms to report concerns confidentially and seek timely resolution.

These frameworks are supported by multiple reporting channels and dedicated committees to ensure that every concern is handled objectively, fairly and in accordance with applicable laws and internal policies. Building a workplace that is equally important in fostering a respectful workplace. Through regular training and awareness programmes on human rights, workplace ethics and responsible conduct, we continue to reinforce the principles of dignity, equality, inclusion and mutual respect across the organization. These initiatives help ensure that employees undestand their rights and responsibilities while contributing to a safe, inclusive and respectful work environment.

GRIEVANCE REDRESSAL

An open and transparent grievance redressal mechanism is essential to building trust within the organisation. The Bank has established an Employee Grievance Redressal Policy that enables employees to raise concerns through a structured and confidential process, ensuring that grievances are addressed in a fair and timely manner.

The mechanism covers a wide range of workplace concerns, including grievances involving colleagues, reporting managers and work-related interactions with external parties. Every grievance is reviewed objectively, with due regard to confidentiality and procedural fairness, enabling employees to voice their concerns without fear of retaliation.

During FY 2025–26, 13 grievances relating to working conditions were reported, with no cases pending at the end of the reporting period, reflecting the effectiveness of the Bank's grievance resolution process. The Bank also reported zero cases relating to workplace discrimination, wages or other human rights issues, reflecting the effectiveness of its governance framework and its continued commitment to maintaining a safe, respectful and inclusive workplace.

POSH (Prevention of Sexual Harassment)

The Bank is committed to providing a workplace where every employee feels safe, respected and treated with dignity. Our Prevention of Sexual Harassment (POSH) Policy establishes a clear framework for preventing, reporting and addressing incidents of sexual harassment in accordance with applicable legal requirements.

An Internal Complaints Committee is responsible for receiving, investigating and addressing complaints in a confidential and impartial manner. Regular awareness programmes and sensitisation initiatives continue to strengthen employee understanding of acceptable workplace behaviour and encourage a culture founded on mutual respect and accountability.

During FY 2025–26, 18 complaints were reported under the POSH framework, with 6 cases under investigation as on 31 March 2026.

11.9 PERFORMANCE AND FAIR REMUNERATION

PERFORMANCE REVIEW

Continuous feedback and meaningful career conversations play an important role in helping employees realise their full potential. At Utkarsh Small Finance Bank, our performance management framework is designed to provide employees with regular feedback, recognise achievements and identify opportunities for learning and career progression. By aligning individual goals with organisational priorities, the Bank fosters a culture of accountability, continuous improvement and merit-based growth.

The Bank follows a structured performance review process that enables managers and employees to engage in constructive discussions on performance, development needs and future career aspirations. These reviews not only recognise individual contributions but also help identify training requirements, support succession planning and create opportunities for career advancement across the organisation.

During FY 2025–26, **79.29%** of eligible employees received performance and career development reviews, reflecting our continued commitment to nurturing a transparent and objective performance management process. The outcomes of these reviews are integrated with learning and development initiatives, ensuring that employees are equipped with the skills and capabilities required to succeed in their current roles and prepare for future responsibilities.

Performance Review Coverage – FY 2025–26

Beyond evaluating performance, these discussions serve as an important platform for identifying career aspirations, development needs and future growth opportunities. The outcomes of performance reviews support learning plans, succession planning and career progression, enabling employees to continuously build their capabilities and prepare for greater responsibilities.

FAIR AND RESPONSIBLE REMUNERATION

A transparent and equitable remuneration framework is essential to attracting, motivating and retaining talent. At Utkarsh Small Finance Bank, compensation is guided by clearly defined policies, role responsibilities, experience, individual performance and market benchmarks. By linking remuneration to merit and business objectives, we seek to recognise employee contributions while ensuring fairness, consistency and regulatory compliance across the organisation.

During FY 2025–26, the median remuneration of permanent male employees was ₹2.10 lakh, while the median remuneration of permanent female employees was ₹1.90 lakh. As median remuneration is influenced by factors such as workforce composition, role profiles, experience and tenure, these figures should be viewed in the context of employee demographics rather than as a direct comparison of pay for similar roles. The comparable remuneration levels across the workforce reflect the Bank's structured and objective approach to compensation. At the Board level, the median remuneration of male Directors stood at ₹10.13 lakh, while the median remuneration of female Directors was ₹9.30 lakh. The relatively comparable remuneration of male and female Board members reflects the Bank's governance-first remuneration framework, where compensation is determined by responsibilities, Board roles and applicable regulatory provisions.

The Bank is equally committed to ensuring that all employees receive compensation above the applicable statutory minimum wage. During FY 2025–26, 100% of permanent employees, other than permanent employees, permanent workers and other than permanent workers received wages above the prescribed minimum wage, reaffirming our commitment to responsible employment practices, fair compensation and employee well-being.

Employees Receiving Minimum Wages

11.10 POLICIES AND FRAMEWORK THAT SUPPORT OUR PEOPLE

Our people practices are underpinned by a robust governance framework that promotes fairness, accountability and employee well-being. These policies help create a workplace where employees are treated with dignity, ethical conduct is encouraged and concerns can be raised confidently through well-defined channels.

Equal Opportunity	POSH Policy	Whistle Blower	Grievance Redressal
Code of Conduct	Human Rights Policy	Health & Safety	Leave & Benefits

Equal Opportunity – The Bank promotes equal opportunity in employment by fostering a workplace where recruitment, learning, career progression and rewards are guided by merit, capability and performance, while ensuring a fair and inclusive work environment.

Prevention of Sexual Harassment (POSH) Policy

The POSH Policy provides a comprehensive framework for preventing, prohibiting and addressing workplace harassment. It establishes a structured grievance mechanism through an Internal Complaints Committee to ensure that every concern is handled objectively, fairly and in accordance with applicable laws and internal policies. Building awareness is equally important in fostering a respectful workplace. Through regular training and awareness programmes on human rights, workplace ethics and responsible conduct, we continue to reinforce the principles of dignity, equality, inclusion and mutual respect across the organisation. These initiatives help ensure that employees understand their rights and responsibilities while contributing to a safe, inclusive and respectful work environment.

Whistle Blower Policy

The Whistle Blower Policy enables employees to confidentially report actual or suspected unethical practices, fraud, corruption or violations of the Bank's policies. The policy also provides safeguards against retaliation and ensures that genuine concerns are investigated and addressed in a timely manner.

Employee Grievance Redressal

The Bank has established a structured grievance redressal mechanism to address employee concerns through a fair, transparent and confidential process, ensuring timely and impartial resolution.

Code of Conduct

The Code of Conduct sets the standards of professional behaviour expected from employees and reinforces integrity, accountability, compliance with laws and ethical business practices in all aspects of the Bank's operations.

Human Rights

The Bank is committed to respecting and protecting human rights by promoting dignity, equality, non-discrimination and fair employment practices. Regular awareness programmes and monitoring mechanisms ensure that the rights of all employees are upheld.

Health & Safety

Employees' health and safety remain integral to the Bank's people practices. The Bank provides a safe and healthy working environment, implements necessary safety measures and promotes a culture of well-being for all employees.

Leave & Employee Benefits

The Bank supports employees through leave provisions and employee welfare benefits, including medical insurance and parental leaves, helping employees balance their professional and personal responsibilities with care and confidence.

11.11 LOOKING AHEAD

As the Bank continues to expand its footprint and deepen its impact across the country, investing in people will remain one of the strongest enablers of sustainable growth. Building a future-ready workforce is not only about attracting talent, but also about creating an environment where employees can continuously learn, grow, contribute and realise their full potential.

PEOPLE • PURPOSE • PROTECTION

EMPLOYEE WELL-BEING & INCLUSIVE WORKPLACE

Communities we serve. Employee well-being will continue to remain a key priority as we enhance workplace practices that support health, safety, work-life balance and employee engagement. Alongside this, we will continue to reinforce a culture built on trust, integrity and respect by strengthening awareness, encouraging open communication and ensuring that every employee has access to fair and transparent workplace mechanisms. As we move forward, our focus will remain on creating a workplace where people feel empowered to learn, supported to succeed and inspired to grow. By investing in our people today, we are building the capabilities, leadership and culture that will shape the Bank's long-term success.

Employee Well-being	Work-life Balance	Employee Engagement	Safe & Inclusive Workplace	Sustainable Growth

HEALTHY WORKPLACE

Well-being, collaboration and support

INCLUSIVE CULTURE

Fair opportunity, belonging and growth

EMPLOYEE WELL-BEING • INCLUSION • SUSTAINABLE GROWTH

12 Community Impact & CSR

12.1 BUILDING STRONGER COMMUNITIES

At Utkarsh Small Finance Bank, creating lasting value extends beyond providing financial services. As an institution rooted in underserved markets, we recognize that sustainable development requires strengthening the social and economic foundations of the communities we serve.

Through the **Utkarsh Welfare Foundation (UWF)**, our Corporate Social Responsibility initiatives complement our mission of financial inclusion by addressing critical development needs in healthcare, education, financial awareness, skill development, entrepreneurship, and rural livelihoods. Every programme is designed to create meaningful opportunities, improve access to essential services, and enable individuals and communities to become more resilient and self-reliant.

Our interventions are guided by local needs, implemented through community participation, and strengthened through partnerships with government institutions, implementation agencies, healthcare providers, educational organisations, and grassroots stakeholders. This collaborative approach enables us to deliver scalable programmes while creating measurable and lasting social impact.

During FY 2025-26, **the Bank invested ₹6.58 crore towards its CSR initiatives, reinforcing its commitment to creating sustainable social impact.** Our CSR initiatives reached hundreds of thousands of beneficiaries across multiple states, with a strong focus on vulnerable and marginalized communities. From empowering women entrepreneurs and promoting financial literacy to expanding access to healthcare and quality education, we continued to invest in initiatives that create opportunities, foster inclusion, and contribute to long-term community well-being.

As we continue to grow, we remain committed to ensuring that our progress creates shared value for the communities we serve, reinforcing our belief that inclusive growth is the foundation of sustainable development.

CSR AT A GLANCE

Our CSR initiatives are designed to improve lives across multiple dimensions of community development. During FY 2025-26, we continued to expand our outreach through focused interventions that promote financial empowerment, healthcare access, quality education, sustainable livelihoods, and rural development. Together, these initiatives contributed to meaningful and measurable outcomes across the communities we serve.

Metric	FY 2025-26
Financial Literacy Beneficiaries	1,07,978
Healthcare Consultations through E-Clinics	2,99,403
Health Awareness Beneficiaries	54,502
Swasthya Mitra Beneficiaries	73,904
Patients Served through Health Camps	34,131
Smart Class Students	15,000+
Youth Enrolled in Skill Development	646
Farmers Supported	4,963
Villages Covered by Swasthya Mitra	60
Health Camps Conducted	205

Our CSR Approach

Our CSR programmes are built around a simple yet effective approach that places community needs at the centre of programme design. By combining grassroots engagement with strategic partnerships and continuous monitoring, we ensure that every initiative delivers meaningful and sustainable outcomes for the people we serve.

CSR FOCUS AREAS

- Financial Literacy
- Healthcare
- Education
- Skill Development
- Enterprise Development
- Village Development

Community Needs Assessment
→ Programme Design
→ Strategic Partnerships
→ Implementation through UWF
→ Monitoring & Impact Assessment
→ Sustainable Community Outcomes

12.2 FINANCIAL LITERACY

Financial empowerment begins with knowledge. While access to formal financial services is essential, the ability to make informed financial decisions is equally critical for building resilient households and inclusive communities. Through the Utkarsh Welfare Foundation (UWF), the Bank continues to strengthen financial awareness among underserved populations by promoting responsible financial behaviour, digital literacy, and access to government welfare schemes.

Designed for first-time users of formal financial systems, the programme equips beneficiaries with practical knowledge on savings, responsible borrowing, insurance, digital payments, fraud prevention, and financial planning. By combining community-based training with post-training handholding, the initiative not only improves financial literacy but also enables individuals to access social protection schemes and formal financial products that contribute to long-term economic security.

KEY HIGHLIGHTS (FY 2025-26)

1,07,978
Individuals Reached

6
States Covered
(Bihar, Jharkhand, Madhya Pradesh,
Uttar Pradesh and Uttarakhand)

19,499
Beneficiaries Linked to Government Schemes

Digital & Flipchart-based
Training Modes

Financial Literacy Topics Covered

- Savings & Budgeting
- Responsible Borrowing
- Digital Transactions
- Insurance & Pension
- Fraud Awareness
- Financial Planning

Financial Literacy creates greater value when it is translated into action. Beyond awareness sessions, trained resource persons support beneficiaries in accessing government welfare programmes, insurance products, pension schemes, healthcare benefits, and banking services. This handholding approach strengthens financial resilience by connecting individuals with schemes that enhance social and economic security. During FY 2025-26, 19,499 beneficiaries were linked to various social protection schemes and financial products.

12.3 HEALTHCARE & WELL-BEING

Healthcare remains one of the most fundamental pillars of community development. Through the Utkarsh Welfare Foundation (UWF), Utkarsh Small Finance Bank continues to strengthen healthcare access in underserved and remote communities by combining preventive healthcare, community awareness, primary care services, and doorstep medical support.

Our health programmes are designed to bridge gaps in healthcare accessibility by bringing essential medical services closer to communities that often face geographical, economic, and social barriers. From technology-enabled E-Clinics and preventive health awareness programmes to community health camps and multi-speciality health camps, our initiatives seek to improve healthcare outcomes while promoting long-term behavioural change.

By integrating healthcare delivery with awareness and early intervention, we are building healthier, more resilient communities and improving the quality of life for thousands of individuals across rural India.

12.3.1 E-CLINICS – Technology-enabled Primary Healthcare

Access to quality primary healthcare remains a significant challenge for many rural communities. To bridge this gap, Utkarsh Welfare Foundation has established a network of E-Clinics that deliver affordable and accessible primary healthcare services closer to the communities that need them the most.

Equipped with electronic health record (EHR) systems, the clinics enable systematic patient monitoring, improve treatment continuity, and enhance the quality of care.

During FY 2025-26, the Foundation operated 25 E-Clinics across Bihar, Uttar Pradesh, and Uttarakhand, providing 2,99,403 medical consultations. In addition, sanitary pad vending machines installed at all E-Clinics have strengthened menstrual health and hygiene by providing women and adolescent girls with affordable sanitary products.

12.3.2 HEALTH AWARENESS PROGRAMME –Promoting Preventive Healthcare

Preventive healthcare plays a vital role in improving long-term health outcomes and reducing the burden on families. Through structured community awareness programmes, Utkarsh Welfare Foundation educates communities on hygiene, nutrition, maternal and child health, malaria prevention, non-communicable diseases, and menstrual health.

By taking healthcare information directly to communities, these programmes encourage behavioural change and empower individuals to adopt healthier lifestyles. During FY 2025-26, the Health Awareness Programme reached **54,502 beneficiaries,** strengthening awareness and promoting preventive healthcare practices across the communities served.

12.3.3 SWASTHYA MITRA –DOORSTEP HEALTHCARE FOR REMOTE COMMUNITIES

Recognising the unique healthcare challenges faced by remote and hilly regions, Utkarsh Welfare Foundation operates the Swasthya Mitra initiative to bring essential healthcare services directly to people's doorsteps. Community health workers in these regions are equipped with basic diagnostic equipment and generic medicines to provide first-level healthcare support, basic health check-ups, and guidance, ensuring timely access to healthcare for rural households.

The programme currently operates across **60 villages** in the Sult and Bhikyasain blocks of Almora district, Uttarakhand, through **10 Swasthya Mitras**. During FY 2025-26, the initiative benefited **73,904 individuals**, significantly improving healthcare accessibility in geographically challenging areas.

12.3.4 HEALTH CAMPS – POLYCLINIC, MULTI-SPECIALTY & SPECIALIST CAMPS

To complement routine healthcare services, Utkarsh Welfare Foundation organises multi-specialty health camps in partnership with healthcare institutions across remote rural geographies. These camps provide free medical consultations, diagnostic support, prescribed medicines, and specialist referrals, enabling communities to access healthcare services that are often unavailable locally.

Conducted across Madhya Pradesh, Uttar Pradesh, Uttarakhand, Odisha, and Jharkhand, these outreach programmes continue to strengthen access to quality healthcare in underserved regions. **During FY 2025-26, 205 health camps were organised, serving 34,131 patients through comprehensive medical support**.

12.4 EDUCATION

Education is one of the most powerful drivers of long-term social and economic development. At Utkarsh Small Finance Bank, we believe that every child deserves access to quality learning opportunities that nurture curiosity, build confidence, and unlock future potential.

Through the Utkarsh Welfare Foundation (UWF), we support initiatives that improve learning outcomes for children in underserved communities by integrating technology with classroom education and strengthening foundational literacy and numeracy. Our programmes complement formal education by creating engaging learning environments, equipping students with essential skills, and supporting those who require additional academic assistance.

By investing in quality education today, we are helping shape a generation that is better prepared to participate in tomorrow's opportunities while contributing to stronger and more resilient communities.

12.4.1 DIGITAL SMART CLASS INITIATIVE

To make learning more engaging and effective, Utkarsh Welfare Foundation continues to strengthen digital education in rural schools through its Smart Class initiative. By integrating audio-visual learning tools with classroom teaching, the programme encourages experiential learning, enhances student engagement, and supports improved learning outcomes.

During FY 2025-26, the Foundation supported **31 Smart Classrooms across 31 government schools, including 11 Primary Schools, 15 Government Inter Colleges, and 5 Junior High Schools in Uttar Pradesh and Uttarakhand.** These classrooms provide students with access to interactive digital content that enriches classroom instruction and makes learning more engaging and accessible. Today, the initiative is benefiting more than **15,000 rural children**, creating inclusive learning environments that foster curiosity, participation, and academic growth.

12.4.2 LEARNING ENHANCEMENT PROGRAM

Building strong foundational skills during the early years of education is essential for lifelong learning and future success. Through the Learning Enhancement Programme (LEP), Utkarsh Welfare Foundation supports children in Grades 3 to 5 by strengthening foundational literacy and numeracy while creating an engaging and supportive learning environment.

During **FY 2025-26, 20** Learning Enhancement Programme centres were operational across Ara, Bihar **(5 centres) and Varanasi, Uttar Pradesh (15 centres)**. In addition, the Foundation supported **25 children** through the Building Dreams Foundation by providing remedial education for school dropouts and foundational learning support using digital tools such as tablets, computers, and online learning platforms.

These initiatives are helping bridge learning gaps, improve academic performance, and ensure that children from underserved communities receive the support they need to continue their educational journey.

12.5 SKILLS, ENTERPRISE AND SUSTAINABLE LIVELIHOODS

Empowering individuals with the skills, opportunities, and resources to build sustainable livelihoods.

Economic empowerment is central to building resilient communities. Beyond improving access to financial services, Utkarsh Small Finance Bank is committed to creating opportunities that enable individuals and families to achieve sustainable livelihoods and long-term financial independence. Through the Utkarsh Welfare Foundation (UWF), our livelihood initiatives focus on enhancing employability, supporting entrepreneurship, strengthening rural enterprises, and promoting sustainable agricultural practices.

By equipping youth with industry-relevant skills, enabling women entrepreneurs, supporting traditional artisans, and improving rural livelihoods, we aim to create opportunities that foster economic resilience and inclusive growth. These initiatives are designed not only to generate income but also to build confidence, encourage self-reliance, and strengthen local economies, contributing to the long-term well-being of the communities we serve.

205	34,131	Five	Partner	Specialist	Free
health camps	patients served	states covered	hospitals	consultations	medicines

12.5.1 SKILL DEVELOPMENT PROGRAM

Access to market-relevant skills plays a vital role in improving employability and expanding livelihood opportunities for young people. Through its Skill Development Programmes, Utkarsh Welfare Foundation equips youth from underserved communities with vocational and technical skills aligned to industry requirements, enabling them to secure meaningful employment or pursue self-employment opportunities.

Training is delivered across a range of sectors including BFSI, Computer Applications, Mobile Repairing, Beauty & Wellness, and Tailoring, combining technical instruction with practical exposure and employability skills. During FY 2025-26, 646 youth participated in the programme, strengthening their capabilities to pursue sustainable careers and improve their economic prospects.

12.5.2 ENTERPRISE DEVELOPMENT

Supporting local enterprises and traditional livelihoods is essential for creating sustainable income opportunities in rural communities. Through its Enterprise Development initiative, Utkarsh Welfare Foundation works closely with artisans, growers and women entrepreneurs to strengthen traditional crafts, improve production capabilities, and expand market access.

During FY 2025-26, the Foundation continued to support weaving communities by facilitating capacity building, design development, and institutional strengthening through the Artisan Producer Company model. By connecting artisans with organized markets and improving access to sustainable livelihood opportunities, the programme contributes to preserving traditional skills while enhancing household incomes.

12.5.3 VILLAGE DEVELOPMENT PROGRAM

The Village Development Programme adopts an integrated approach to strengthening rural livelihoods by promoting sustainable income-generating opportunities and environmentally responsible agricultural practices. Through targeted interventions, the programme empowers women entrepreneurs, supports small and marginal farmers, and encourages the adoption of sustainable farming techniques that enhance productivity and improve household incomes.

During FY 2025-26, the Foundation supported 570 beneficiaries with mushroom cultivation start-up kits and 468 women with backyard poultry start-up kits, enabling them to establish and manage small-scale livelihood enterprises. To further strengthen agricultural resilience, 4,963 farmers, particularly women farmers, were supported through the distribution of high-yield vegetable seeds, awareness programmes on sustainable agriculture, and initiatives promoting the reduction of chemical pesticide use.

Regular Village-level Samiti meets also served as platforms for knowledge sharing, best practices, and encouraging resource-efficient cultivation methods. Collectively, these interventions contribute to enhanced on-farm productivity, diversifying household incomes, and building more resilient rural communities.

12.6 REACHING THE UNDERSERVED

Creating meaningful and inclusive development requires focused interventions in regions where social and economic needs are most significant. Through its CSR initiatives, Utkarsh Small Finance Bank continues to support development programmes in Aspirational Districts identified by the Government of India. These interventions aim to strengthen access to healthcare, education, livelihoods, and community development, while contributing to balanced regional growth.

During FY 2025-26, the Bank's CSR expenditure supported programmes across multiple Aspirational Districts, reinforcing its commitment to extending opportunities and improving quality of life in underserved regions.

State	Aspirational District	Amount spent (in INR)
Uttarakhand	Haridwar	24,87,108
Uttarakhand	Uttam Singh Nagar	10,38,487
Jharkhand	Hazaribagh	48,951
Jharkhand	Giridih	3,92,745
Jharkhand	Palamu	18,07,547
Jharkhand	Ranchi	36,000
Uttar Pradesh	Sonbhadra	7,71,663

12.7 STORIES OF CHANGE

Behind every number is a story of aspiration, resilience, and transformation. Through our community development initiatives, we continue to create opportunities that improve lives, strengthen livelihoods, and inspire confidence across the communities we serve. These stories reflect the lasting impact of our CSR initiatives and our commitment to empowering individuals to build a better future.

12.7.1 NURTURING YOUNG ASPIRATIONS

Every child deserves the opportunity to pursue their dreams, regardless of where they come from. Through the Utkarsh VidyaVikas Foundation, we continue to support young talent by investing in opportunities that enable children to realise their full potential.

One such inspiring journey is that of Master Badal, an 11-year-old swimmer whose dedication and determination continue to shine on the running track. Through sustained support for his athletic development and overall well-being, he has been able to participate in several prestigious meets, earning commendable rankings and gaining valuable competitive exposure. His journey reflects how timely encouragement and access to the right opportunities can help young talent flourish and pursue greater aspirations.

12.7.2 EMPOWERING WOMEN THROUGH SKILLS

Empowerment begins with opportunity. As part of the Village Development Programme, Utkarsh Welfare Foundation supported four women from Kaji Sana Model Village in Varanasi, Uttar Pradesh, by providing professional four-wheeler driving training through a recognised driving institute.

Over the course of a month, the participants underwent comprehensive practical and classroom-based training covering driving skills, road safety, traffic regulations, and professional driving practices. Their commitment, enthusiasm, and consistent participation reflected a strong desire to build new skills and explore alternative livelihood opportunities.

Beyond learning to drive, the initiative helped build confidence, encouraged age independence, and opened employment possibilities, enabling these women to take meaningful steps towards greater economic independence.

12.7.3 CARING BEYOND BANKING

Community development extends beyond programmes and projects; it is also reflected in the spirit of compassion and service demonstrated by our people. Through regular visits to slum homes and orphanages, employees of Utkarsh Welfare Foundation extend their time to interact with those in need, share meaningful moments, and spreading joy through simple acts of kindness.

Organised every month, these visits encourage voluntary employee participation and include the distribution of essentials and food items as a gesture of care and goodwill. More importantly, they foster human connections, compassion, and a sense of belonging for elderly residents and children alike. These engagements reflect our belief that creating a positive social impact begins with empathy, compassion, and a shared commitment to supporting the communities around us.

12.8 SDG ALIGNMENT

Our CSR initiatives contribute to the achievement of the United Nations Sustainable Development Goals (SDGs) by advancing critical social priorities, including quality education, good health, gender equality, decent work, reduced inequalities, and sustainable communities. Through targeted interventions, we continue to create positive and measurable outcomes that support inclusive and sustainable development.

Our CSR Impact At a Glance

CSR Initiative	SDGs Supported
Financial Literacy	1 No Poverty; 8 Decent Work and Economic Growth; 10 Reduced Inequalities
Healthcare	3 Good Health and Well-Being; 5 Gender Equality
Education	4 Quality Education
Skill Development	4 Quality Education; 8 Decent Work and Economic Growth
Enterprise Development	5 Gender Equality; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure
Village Development	2 Zero Hunger; 5 Gender Equality; 12 Responsible Consumption; 15 Life on Land

CSR INITIATIVES

EDUCATION

Supporting quality education by providing scholarships, school infrastructure and learning resources.

HEALTHCARE

Promoting better health through free medical camps, healthcare facilities and awareness programs.

RURAL DEVELOPMENT

Empowering rural communities through skill development, livelihood support and women empowerment.

CSR INITIATIVES

COMMUNITY DEVELOPMENT

Working towards community welfare by providing clean water, sanitation and essential infrastructure.

ENVIRONMENT

Protecting the environment through tree plantation, conservation programs and sustainable practices.

DISASTER RELIEF

Extending support during natural calamities by providing relief materials and rehabilitation assistance.

13 VOICES OF IMPACT

The most meaningful measure of our work is reflected in the voices of the people we serve. These personal accounts capture how access to healthcare, livelihoods, financial literacy, and skill development is helping individuals build more secure and independent futures.

FROM LEARNING TO LIVELIHOOD

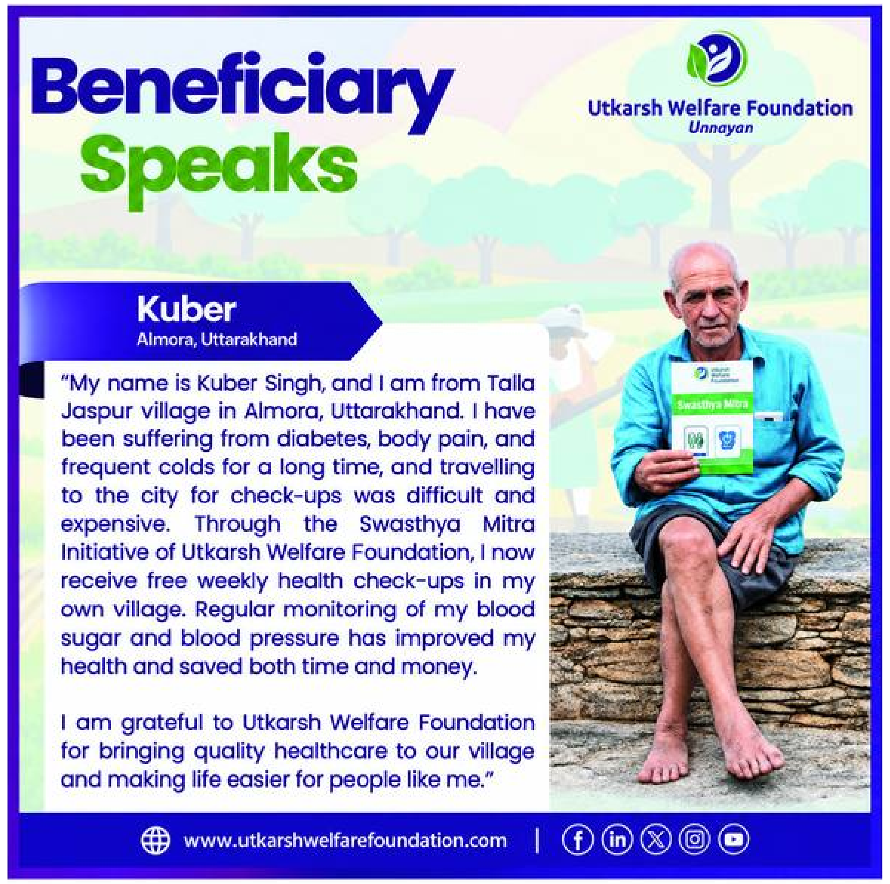
Pushpa's journey demonstrates how skill development can translate into sustainable livelihoods. After receiving mushroom cultivation training and starter support through the Foundation, she transformed a small initiative into a growing enterprise. What began with 20 mushroom bags has expanded significantly, creating a steady source of income for her family while inspiring other women in her village to explore entrepreneurship and become financially independent.

RESTORING HEALTH, RENEWING HOPE

Access to quality healthcare can be transformative, especially in underserved communities. Through the Foundation's E-Clinic initiative, Mithlesh received timely medical consultation and continued treatment that helped her recover from a long-standing health condition. Her experience reflects how accessible and affordable healthcare services can improve well-being and encourage communities to seek preventive care with confidence.

BUILDING FINANCIAL CONFIDENCE

Financial literacy empowers individuals to make informed decisions that strengthen household resilience. Through the Foundation's financial literacy programme, Mamta gained practical knowledge on savings, budgeting, insurance, and government welfare schemes. Equipped with this understanding, she began planning for her family's future, including investing in her daughter's education through long-term savings initiatives.



HEALTHCARE AT THE DOORSTEP

For rural communities, accessible healthcare can significantly reduce both financial and physical burdens. Through regular health check-ups under the Swasthya Mitra initiative, Kuber now receives continuous monitoring of his health condition within his own village. The programme has helped improve his quality of life while reducing the need for frequent travel to distant healthcare facilities.

CULTIVATING SELF-RELIANCE

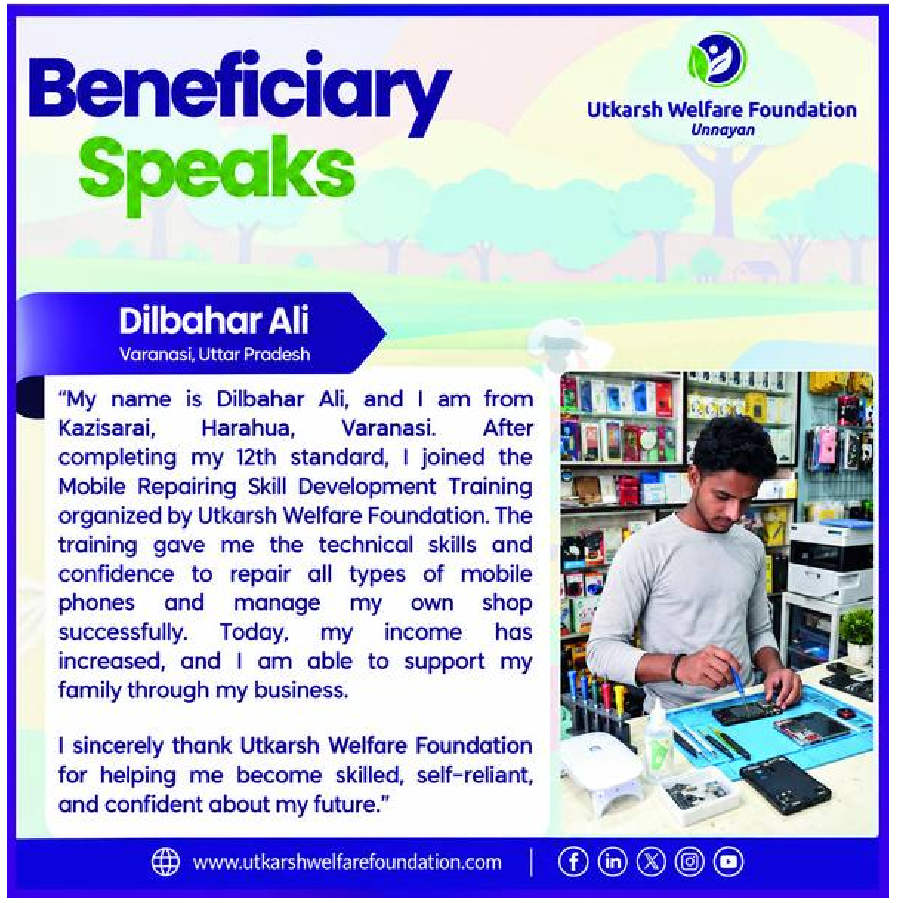
With the right guidance and resources, challenges can become opportunities for growth. After receiving agricultural training and quality vegetable seeds through the Village Development Programme, Chinta successfully established a sustainable farming livelihood. Today, the income generated from vegetable cultivation supports her household while reinforcing her confidence and financial independence.

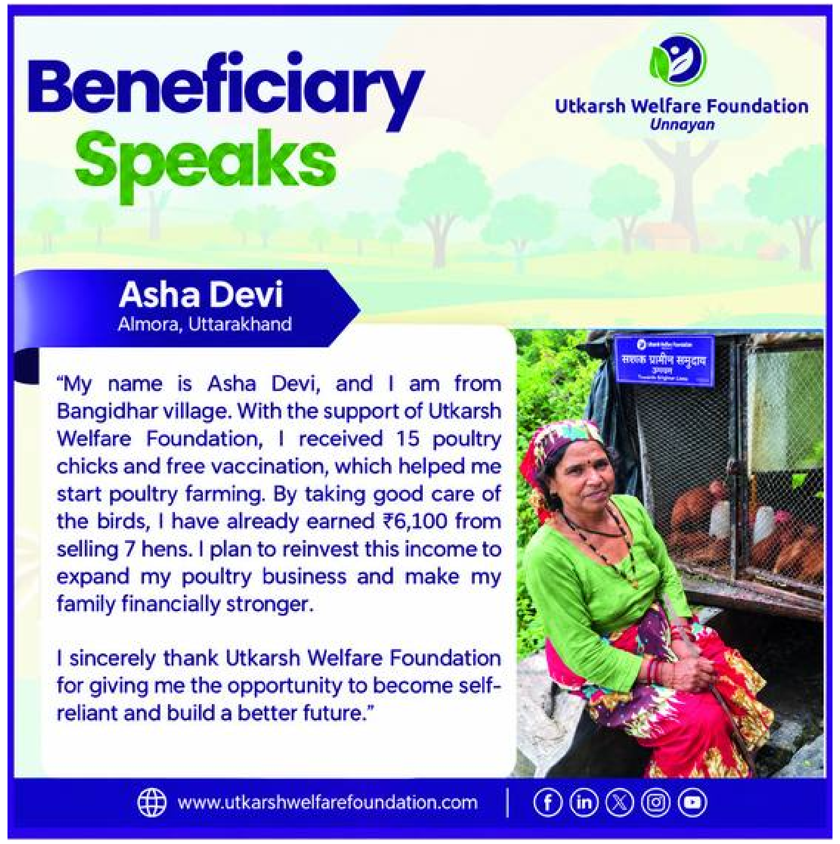
BRINGING CARE CLOSER TO COMMUNITIES

The Swasthya Mitra initiative is strengthening community healthcare by ensuring timely medical support reaches remote villages. Through regular health services and access to essential medicines, Mangulli experienced a significant improvement in her health, enabling her to resume daily activities with renewed confidence and dignity.

EMPOWERING THROUGH FINANCIAL LITERACY

Financial awareness creates the foundation for long-term security. Following her participation in the Foundation's financial literacy training, Lalti developed a better understanding of household financial planning, savings, and social security schemes. She subsequently enrolled in government-backed insurance programmes, taking meaningful steps towards securing her family's future.





Skills That Create Opportunities

Skill development opens pathways to sustainable employment and entrepreneurship. After completing the Foundation's mobile-repairing training programme, Dilbahar acquired the technical expertise and confidence needed to establish his own business. His growing enterprise has enhanced his income and created a strong foundation for long-term self-reliance.

Strengthening Rural Livelihoods

Livelihood interventions can create lasting economic opportunities for rural households. Through support under the Foundation's poultry-development initiative, Asha Devi established a small poultry enterprise that quickly began generating income. By reinvesting her earnings, she is steadily expanding her business while improving her family's financial stability.

Planning for a Secure Tomorrow

Financial inclusion extends beyond banking to creating confidence in long-term financial planning. Through the Foundation's financial-literacy programme, Rupa Devi learned about pension schemes and the importance of future financial security. Her enrolment in a government pension programme marks an important step towards strengthening her family's resilience and financial well-being.

14 GOVERNANCE,ETHICS & RISK MANAGEMENT

"Good governance is fundamental to creating long-term value and sustaining stakeholder confidence. At Utkarsh Small Finance Bank, governance extends beyond regulatory compliance to encompass ethical decision-making, prudent risk management and accountability at every level of the organisation. Guided by a strong governance framework, the Bank seeks to balance business growth with responsible banking practices, ensuring that customers, shareholders, regulators, employees and communities remain at the centre of every decision."

The Board of Directors, supported by specialised committees and an experienced leadership team, oversees the Bank's strategic direction while maintaining effective internal controls, transparent reporting and a culture of integrity. Robust governance practices are complemented by enterprise-wide risk management, ethical business conduct, information security, compliance mechanisms and stakeholder grievance-redressal systems that collectively strengthen organisational resilience.

Integrity	Accountability	Risk Management	Stakeholder First	Sustainable Growth
Upholding the highest standards of ethics and transparency	Ensuring responsibility at every level of the organisation	Proactively identifying, assessing and mitigating emerging risks	Creating long-term value for customers, employees and communities	Balancing business growth with responsible and ethical banking practices

As the operating landscape continues to evolve, the Bank remains committed to reinforcing governance standards, embedding ethical values across its operations and proactively managing emerging risks to deliver sustainable and responsible growth.

14.1 GOVERNANCE FRAMEWORK

Utkarsh Small Finance Bank has established a governance framework that promotes accountability, transparency and responsible decision-making across all levels of the organisation. The framework ensures effective oversight of strategic priorities while maintaining compliance with regulatory requirements and protecting the interests of all stakeholders.

The governance structure clearly defines roles and responsibilities across the Board of Directors, Board Committees, senior management and operational teams. This structured approach enables timely decisions, transparent reporting and effective monitoring of business performance, financial health, customer interests and emerging risks.

14.2 BOARD OVERSIGHT AND GOVERNANCE

The Board of Directors plays a central role in guiding the Bank's long-term strategy, ensuring effective governance and safeguarding stakeholder interests. The Board provides independent oversight on business performance, risk management, capital adequacy, regulatory compliance, customer protection and sustainable growth.

14.3 BOARD COMMITTEES DRIVING EFFECTIVE GOVERNANCE

The Board is supported by specialised committees that provide focused oversight across critical areas of governance and risk management. These committees enable detailed review of specific matters before recommendations are placed before the Board for consideration, thereby strengthening decision-making and enhancing accountability.

Through regular meetings and comprehensive reporting mechanisms, the Board reviews strategic initiatives, monitors financial and operational performance, oversees key risks and ensures that governance practices remain aligned with evolving regulatory expectations and industry best practices.

The Board also oversees implementation of policies that promote ethical conduct, responsible lending, customer-centric practices and organisational resilience. Its collective expertise across banking, finance, governance, technology and business management enables balanced decision-making while supporting the Bank's long-term objectives.

14.3 EMBEDDING SUSTAINABILITY INTO GOVERNANCE

Recognising that environmental, social and governance considerations are increasingly integral to long-term business success, the Bank continues to strengthen ESG integration within its governance framework. Oversight of sustainability-related priorities is exercised through the Board and senior management, ensuring that ESG considerations are progressively embedded into business strategy, operations and decision-making.

BOARD COMMITTEES

Governance structure and specialist oversight

01 COMMITTEE

AC

Audit Committee

Specialist oversight

02 COMMITTEE

RM

Risk Management Committee

Specialist oversight

03 COMMITTEE

NR

Nomination and Remuneration Committee

Specialist oversight

04 COMMITTEE

SR

Stakeholders’ Relationship Committee

Specialist oversight

05 COMMITTEE

CSR

Corporate Social Responsibility Committee

Specialist oversight

06 COMMITTEE

IT

IT Strategy Committee

Specialist oversight

14.5 UPHOLDING ETHICAL BUSINESS PRACTICES

Integrity and ethical conduct remain fundamental to the way Utkarsh Small Finance Bank conducts its business. The Bank is committed to maintaining a culture where fairness, honesty, professionalism and accountability guide every interaction with customers, employees, regulators and business partners.

Employees and directors are expected to adhere to the Bank's Code of Conduct and uphold the highest standards of ethical behaviour in all professional activities. Policies relating to conflict of interest, anti-bribery, prevention of fraud, responsible conduct and fair business practices establish clear expectations while supporting a culture of compliance and transparency.

Regular awareness programmes, employee declarations and internal governance mechanisms reinforce ethical behaviour across the organisation and help safeguard stakeholder trust.

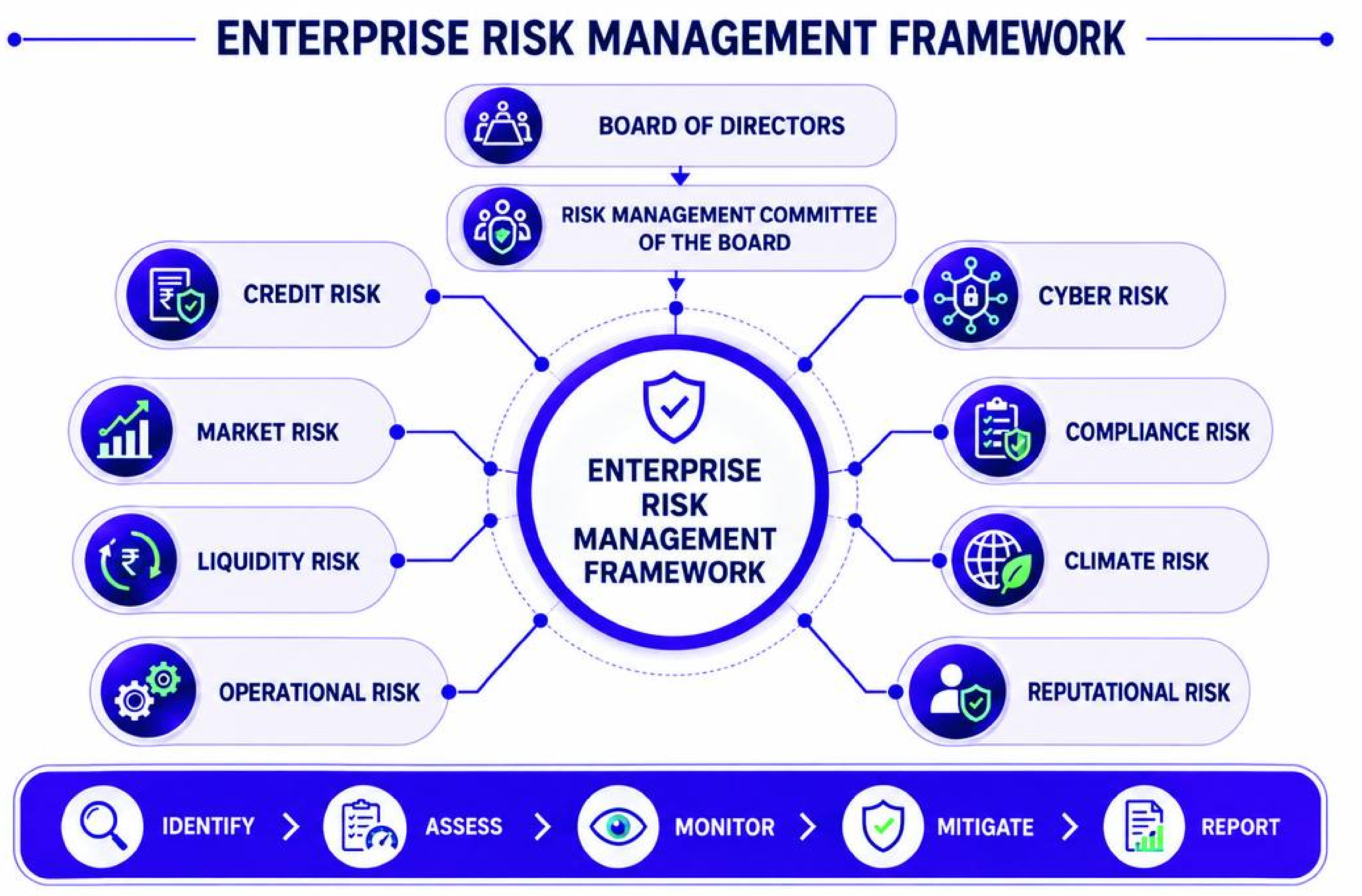
Governance Practice	Description
Code of Conduct	Establishes the ethical standards and expected behaviour for directors, employees and other stakeholders, promoting integrity, accountability and responsible decision-making across the Bank.
Conflict of Interest	Requires the timely disclosure and appropriate management of actual or potential conflicts of interest to ensure impartial decision-making and protect stakeholder interests.
Anti-Bribery & Anti-Corruption	Reinforces zero tolerance towards bribery and corrupt practices through the Code of Conduct, employee awareness programmes and periodic compliance declarations.
Fair Business Practices	Promotes transparency, fairness and responsible conduct in all business dealings while ensuring compliance with applicable laws, regulators and internal policies.
Responsible Lending	Integrates prudent credit assessment, customer protection and environmental and social risk considerations into lending decisions to support responsible and sustainable banking.

14.6 ENTERPRISE RISK MANAGEMENT

Operating in a dynamic financial environment requires a proactive and disciplined approach to managing risks. The Bank has established an enterprise-wide risk management framework that enables timely identification, assessment, monitoring and mitigation of risks across its operations.

The framework supports informed decision-making by integrating risk considerations into strategic planning, business operations and day-to-day activities. Clearly defined governance structures, periodic risk assessments and continuous monitoring ensure that risks remain within the Bank's approved risk appetite while supporting business continuity and sustainable growth.

Effective governance is supported by disciplined risk management. The Bank continues to strengthen its enterprise-wide risk management framework through prudent underwriting standards, portfolio monitoring mechanisms, regulatory compliance processes and Board oversight. These practices enable informed decision-making, support financial stability and reinforce stakeholder confidence while positioning the Bank for sustainable long-term growth. The Bank monitors a broad spectrum of risks, including credit, operational, market, liquidity, cyber, compliance, reputational and emerging climate-related risks, enabling it to respond effectively to evolving business conditions.



14.7 INTERNAL CONTROL AND THREE LINES OF DEFENCE

An effective internal control system forms the backbone of sound governance. The Bank follows the internationally recognized Three Lines of Defence model to strengthen accountability and ensure effective management of risks across the organisation.

The first line comprises business and operational functions that own and manage risks within their respective activities. The second line includes independent risk management and compliance functions that establish policies, monitor adherence and provide oversight. The third line consists of internal audit, which independently evaluates the effectiveness of governance, risk management and internal control processes.An effective internal control system forms the backbone of sound governance. The Bank follows the internationally recognized Three Lines of Defence model to strengthen accountability and ensure effective management of risks across the organisation.Together, these layers promote operational discipline, strengthen internal controls and provide assurance to the Board regarding the effectiveness of the Bank's governance framework.

14.8 COMPLIANCE AND REGULATORY EXCELLENCE

Operating in a highly regulated sector, the Bank maintains a comprehensive compliance framework to ensure adherence to all applicable laws, regulations and regulatory guidelines.

Compliance processes are integrated across business operations through clearly defined policies, internal controls, periodic monitoring and employee awareness programmes. Dedicated compliance teams work closely with business functions to monitor regulatory developments, support implementation and ensure timely reporting to regulatory authorities.The Bank also undertakes regular internal reviews and independent assessments to strengthen compliance effectiveness and promote a culture of regulatory discipline across the organisation.

14.9 INFORMATION SECURITY AND CYBER RESILIENCE

As digital banking continues to expand, protecting customer information and ensuring secure digital services remains strategic priorities for the Bank.The Bank has implemented a comprehensive information security framework designed to safeguard information assets, maintain system availability and strengthen cyber resilience. Multiple layers of preventive, detective and corrective controls support continuous monitoring of information systems while reducing exposure to evolving cyber threats.

Employee awareness programmes, cybersecurity drills, vulnerability assessments and incident response mechanisms further enhance the Bank's ability to anticipate, detect and respond to information security risks, thereby maintaining customer trust and business continuity.

14.10 DATA PRIVACY AND CUSTOMER INFORMATION PROTECTION

Maintaining customer confidentiality is fundamental to responsible banking. The Bank is committed to protecting personal information through robust data-governance practices, secure information-management systems and adherence to applicable privacy requirements.

Processes governing data collection, storage, access, use and disposal are supported by appropriate technological safeguards, defined access controls and periodic monitoring. These measures help ensure that customer information remains protected while enabling the secure delivery of digital banking services.

14.11 WHISTLEBLOWER MECHANISM AND VIGILANCE

The Bank encourages employees and stakeholders to report concerns relating to unethical behaviour, fraud, misconduct or violations of applicable laws and internal policies without fear of retaliation.

The Whistleblower Mechanism provides confidential channels for reporting concerns and supports independent investigation of reported matters. Appropriate safeguards protect whistleblowers acting in good faith while ensuring that all complaints are assessed fairly, objectively and confidentially.

This mechanism reinforces accountability, strengthens ethical governance and contributes to a transparent organisational culture.

14.12 POLICIES THAT GUIDE RESPONSIBLE BANKING

The Bank's governance framework is supported by a comprehensive suite of policies that guide ethical conduct, responsible banking practices and effective risk management. These policies provide employees with clear guidance on expected standards of behaviour while strengthening consistency across operations.

Key policies cover corporate governance, code of conduct, whistleblower protection, anti-fraud measures, information security, data privacy, risk management, customer grievance redressal, prevention of sexual harassment, human rights, environmental responsibility and sustainable business practices.

The policies are periodically reviewed and updated to reflect evolving regulatory requirements, emerging risks and organisational priorities.

- Corporate Governance
- Code of Conduct
- Information Security
- Data Privacy
- Risk Management
- Sustainable Practices

14.13 LOOKING AHEAD

As the banking landscape continues to evolve, Utkarsh Small Finance Bank remains committed to further strengthening governance practices, embracing sustainable, embedded ethical values across the organisation and enhancing enterprise-wide resilience. The Bank will continue to strengthen ESG integration, reinforce information security capabilities and proactively manage emerging risks while promoting a culture of integrity and accountability.

By continuously enhancing governance practices and maintaining stakeholder trust, the Bank aims to create sustainable long-term value while advancing responsible and inclusive banking.

Governance Theme	Key Policies
Corporate Governance	Board Code of Conduct; Corporate Governance Framework
Ethical Banking	Fair Lending Practices Code; Code on Collection of Dues; Code of Commitment to Customers
Sustainable Finance	ESG Policy; Sustainable Finance Framework; Green Deposit Policy
Ethics & Integrity	Whistleblower Policy; Prevention of Sexual Harassment Policy
Information Governance	Record Management Policy; Information Security; Data Privacy
Risk & Compliance	Risk Management Framework; Regulatory Compliance Policies

15 ESG GOALS AND PROGRESS

Theme	Key Area	Goal / Target	Performance so far
ENVIRONMENT	Tracking GHG Emissions	Monitor and report Scope 3 emissions (business travel, employee commute, purchased goods and waste generated) from own operations by FY27.	Baseline assessment and data collection are underway to enable Scope 3 emissions monitoring and reporting by FY27.
	Tracking GHG Emissions	Monitor year-on-year reduction in GHG emissions.(incremental basis) by FY 2030 onwards	The Bank has established a baseline for Scope 1 and Scope 2 greenhouse gas emissions and will monitor year-on-year performance to identify reduction opportunities and support achievement of its long-term emissions reduction target.
	Emission Reduction	Replace at least 50% of leased and owned vehicles with electric vehicles by FY29.	The Bank has initiated the transition towards electric mobility with deployment of its first electric vehicle.
	Emission Reduction	Convert 70% of owned diesel generator sets to CNG (incremental basis) by FY29.	Feasibility assessments are underway to evaluate CNG/PNG infrastructure for phased conversion of diesel generator sets.
	Energy Consumption	Based on performance, identify a reduction target for overall power consumption by FY32.	The Bank is monitoring energy consumption across its operations to establish a strong baseline.

Theme	Key Area	Goal / Target	Performance so far
	Climate Risk Management	Develop a climate strategy focusing on the risk-management pillar aligned with TCFD recommendations by FY29.	The Bank is working on the integrating climate-related considerations into its enterprise risk-management framework and will progressively strengthen its approach in alignment with internationally recognised climate-risk disclosure practices.
	Waste Management	Achieve a 50% reduction in solid waste (paper and plastic).	Organic waste generated at the premises is processed through an on-site composting system.
	Waste Management	through recycling and diversion strategies by FY32.	while compost from food waste and STP-treated water is reused to maintain greenery across the campus, supporting waste diversion and circular resource use.
	Paper Consumption	Aim for a 50% reduction in paper usage by FY29 and 90% by FY32, respectively, by promoting e-statements and digitising workflows.	Digital customer onboarding has been implemented, resulting in an estimated 60% reduction in paper consumption while improving operational efficiency.

Theme	Key Area	Goal / Target	Performance so far
	Green Finance	Achieve 100% allocation of raised Green Deposits by FY35.	The Bank has not yet introduced a Green Deposits product. Development opportunities will be evaluated in line with business strategy and regulatory requirements.
SOCIAL	Human Capital	Cover 90% of women employees under the mentorship programme by FY30.	The mentorship programme for women employees is under development and is targeted for rollout by 30 September 2026.
	Human Capital	Achieve at least 20% representation of women in the workforce by FY35.	Women represent 13% of the Bank's workforce, with continued efforts to enhance gender diversity.
	Human Capital	Achieve at least 1% representation of persons with disabilities in active workforce by FY35	The Bank currently employs eight persons with disabilities and remains committed to strengthening inclusion.
GOVERNANCE	ESG Oversight	Test the effectiveness of ESGMS through an independent agency every two years from FY27 onwards.	The Bank has established its Environmental and Social Governance Management System (ESGMS). An independent assessment of its effectiveness will commence from FY27 in accordance with the defined review cycle.

Theme	Key Area	Goal / Target	Performance So Far
	Board Functioning	Develop a Board Performance Evaluation Policy and Framework by FY28.	A Board Performance Evaluation Policy is in place, and annual Board evaluations are conducted in accordance with the approved framework. The evaluation process is also disclosed in the Board's Report.
	Business Ethics	Train 100% of employees on the Anti-Bribery & Anti-Corruption (ABAC) Policy by FY32.	Anti-Bribery and Anti-Corruption (ABAC) requirements are embedded within the Bank's Code of Conduct and form part of the induction programme for all new employees. Annual declarations are obtained through the HRMS platform, and the Bank plans to introduce case study-based annual assessments to further strengthen awareness and compliance.
	Business Ethics	Review and strengthen the Whistleblower Policy and mechanism by FY30.	The Whistleblower Policy was approved by the Board on 13 December 2025 and continues to provide secure, confidential reporting channels, protection against retaliation and a structured investigation and resolution framework.

16 ESG DISCLOSURES

16.1 GRI Content Index

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
GRI 2: General Disclosures 2021	2-1 Organisational details	SR 2025-26: Utkarsh at a Glance	3
	2-2 Entities included in the organisation's sustainability reporting	SR 2025-26: About this Report	4
	2-3 Reporting period, frequency and contact point	SR 2025-26: About this Report	4
	2-4 Restatements of information	(No restatements)	–
	2-5 External assurance	(External assurance not conducted)	–
	2-6 Activities, value chain and other business relationships	SR 2025-26: Stakeholder Engagement and Materiality	7
	2-7 Employees	SR 2025-26: Our People and Culture	11
	2-8 Workers who are not employees	(Bank has outsourced workers)	–
	2-9 Governance structure and composition	SR 2025-26: Governance, Ethics and Risk Management	14
	2-10 Nomination and selection of the highest governance body	Annual Report 2025-26	Corporate Governance Report
	2-11 Chair of the highest governance body	Annual Report 2025-26	Corporate Governance Report
	2-12 Role of the highest governance body in overseeing the management	SR 2025-26: Governance, Ethics and Risk Management	14
	2-13 Delegation of responsibility for managing impacts	SR 2025-26: Governance, Ethics and Risk Management	14
	2-14 Role of the highest governance body in sustainability reporting	SR 2025-26: Governance, Ethics and Risk Management	14
	2-15 Conflicts of interest	Annual Report 2025-26	Corporate Governance Report

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	Annual Report 2025-26	Corporate Governance Report
	2-17 Collective knowledge of the highest governance body	Annual Report 2025-26	Corporate Governance Report
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2025-26	Corporate Governance Report
	2-19 Remuneration policies	Annual Report 2025-26	Corporate Governance Report
	2-20 Process to determine remuneration	Annual Report 2025-26	Corporate Governance Report
	2-21 Annual total compensation ratio	Annual Report 2025-26> BRSR	BRSR Principle 5 – Essential Indicator - E1
	2-22 Statement on sustainable development strategy	SR 2025-26> Leadership Messages	2
	2-23 Policy commitments	SR 2025-26> Governance, Ethics and Risk Management	14
	2-24 Embedding policy commitments	SR 2025-26> Governance, Ethics and Risk Management	14
	2-25 Processes to remediate negative impacts	SR 2025-26> Stakeholder Engagement and Materiality	7
	2-26 Mechanisms for seeking advice and raising concerns	SR 2025-26> Customer Trust and Grievance Redressal	9.3

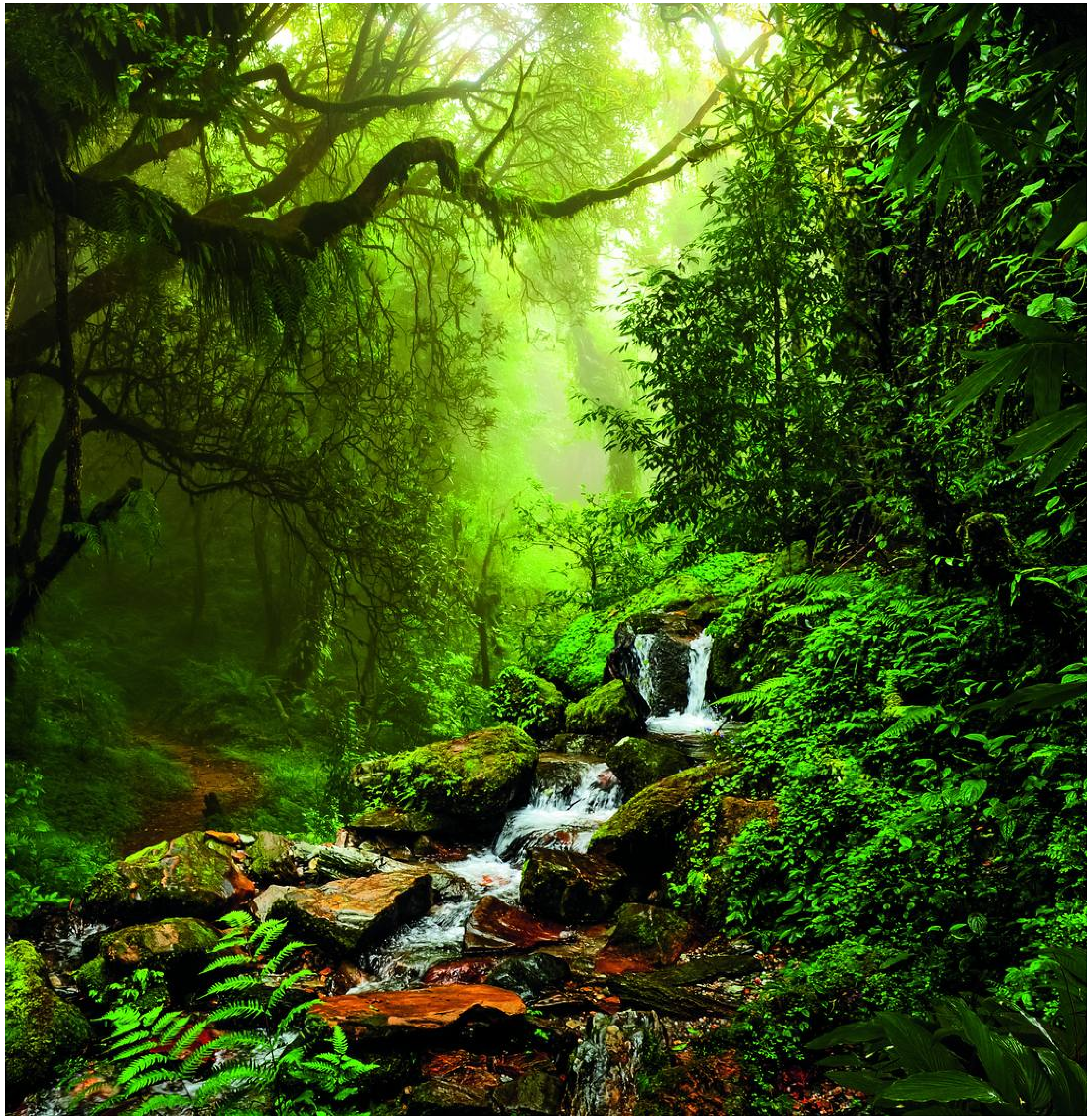
GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
	2-27 Compliance with laws and regulations	SR 2025-26> Governance, Ethics and Risk Management	14
	2-28 Membership associations	Annual Report 2025-26> BRSR	BRSR Principle 7 – Essential Indicator - E1
	2-29 Approach to stakeholder engagement	SR 2025-26> Stakeholder Engagement and Materiality	7
	2-30 Collective bargaining agreements	Not Applicable	Not Applicable as workers association is not present.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	SR 2025-26> Materiality Assessment	7.3
	3-2 List of material topics	SR 2025-26> Material Topics	7.4
	3-3 Management of material topics	SR 2025-26> Materiality Assessment	7
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	Not Applicable	-
	101-2 Management of biodiversity impacts	Not Applicable	-
	101-3 Access and benefit sharing	Not Applicable	-
	101-4 Identification of biodiversity impacts	Not Applicable	-
	101-5 Locations with biodiversity impact	Not Applicable	-
	101-6 Direct drivers of biodiversity loss	Not Applicable	-
	101-7 Changes to the state of biodiversity	Not Applicable	-
	101-8 Ecosystem services	Not Applicable	-
GRI 3: Material	3-3 Management of material topics	SR 2025-26> Materiality Assessment	7
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Annual Report 2025-26	Financial accounts
	201-2 Financial implications and other risks and opportunities due to climate change	SR 2025-26> Towards a Low-Carbon Future	10
	201-3 Defined benefit plan obligations and other retirement plans	Annual Report 2025-26	BRSR Principle 3 – Essential Indicator – E2
	201-4 Financial assistance received from government	(Bank has not received any financial assistance from Government.)	-
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Annual Report 2025-26> BRSR	BRSR Principle 5 – Essential Indicator – E2
	202-2 Proportion of senior management hired from the local community	SR 2025-26> Our People and Culture	11
GRI 203: Indirect	203-1 Infrastructure investments and services supported	SR 2025-26> Community Impact and CSR	12

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	SR 2025-26> Community Impact and CSR	12
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Annual Report 2025-26> BRSR	BRSR Principle 8 – Essential Indicator – E4
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		
	205-2 Communication and training about anti-corruption policies and procedures	Annual Report 2025-26> BRSR	BRSR Principle 1 – Essential Indicator – E4
	205-3 Confirmed incidents of corruption and actions taken		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti- competitive behavior, anti-trust, and monopoly practices	Annual Report 2025-26> BRSR	BRSR Principle 1 – Essential Indicator – E5&E7
GRI 207: Tax 2019	207-1 Approach to tax		
	207-2 Tax governance, control, and risk management	SR 2025-26> Governance, Ethics and Risk Management	14
	207-3 Stakeholder engagement and management of concerns related to tax		
	207-4 Country-by-country reporting	Not Applicable	Not Applicable as operations are only restricted to India.
GRI 3: Material Topics 2021	3-3 Management of material topics	SR 2025-26> Materiality Assessment	7
GRI 301: Materials 2016	301-1 Materials used by weight or volume		
	301-2 Recycled input materials used	Not relevant considering the nature of the business	-
	301-3 Reclaimed products and their packaging materials		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	SR 2025-26> Towards a Low-Carbon Future	10
	302-2 Energy consumption outside of the organization	(This is outside the boundary & scope of the reporting)	-
	302-3 Energy intensity	SR 2025-26> Towards a Low-Carbon Future	10
	302-4 Reduction of energy consumption	SR 2025-26> Towards a Low-Carbon Future	10
	302-5 Reductions in energy requirements of products and services	(No mapping is available given the nature of Bank's business activities, as the products and services are inherently intangible.)	-
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	SR 2025-26> Towards a Low-Carbon Future	10
	303-2 Management of water discharge-related impacts	(Water consumption is limited to drinking and sanitation purpose only.)	-

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	SR 2025-26> Towards a Low-Carbon Future	10
	303-4 Water discharge		
	303-5 Water consumption		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	SR 2025-26> Towards a Low-Carbon Future	10
	305-2 Energy indirect (Scope 2) GHG emissions		
	305-3 Other indirect (Scope 3) GHG emissions	(No Mapping done.)	
	305-4 GHG emissions intensity	SR 2025-26> Towards a Low-Carbon Future	
	305-5 Reduction of GHG emissions	(No Mapping done.)	
	305-6 Emissions of ozone-depleting substances (ODS)	Not Applicable as business belongs to service industry.	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Annual Report 2025-26> BRSR	BRSR Principle 6 – Essential Indicator – E6
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	SR 2025-26> Towards a Low-Carbon Future	10
	306-2 Management of significant waste-related impacts	Annual Report 2025-26> BRSR	
	306-3 Waste generated		BRSR Principle 6 – Essential Indicator – E9
	306-4 Waste diverted from disposal		
	306-5 Waste directed to disposal	SR 2025-26> Towards a Low-Carbon Future	10
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Not Applicable as suppliers are limited only to IT & stationery providers. Hence environmental impacts arising out of them is considered to be limited.	
	308-2 Negative environmental impacts in the supply chain and actions taken	Not Applicable as suppliers are limited only to IT & stationery providers. Hence environmental impacts arising out of them is considered to be limited.	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	SR 2025-26> Our People and Culture	11
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Annual Report 2025-26	Employee Benefits
	401-3 Parental leave	SR 2025-26> Our People and Culture	11
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	(In the event of operational changes such as relocation, closure, or opening of new branches, the affected/concerned employees are notified well in advance to allow them to adapt to these operational changes. For Trainee grade	-

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
		its suppliers to comply with legal mandates.	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	(Bank is dedicated to maintaining moral labor standards and strictly forbids any form of child labor. Results of assessment carried out in FY2025-26 can be reviewed in BRSR, which is a part of Annual Report 2025-26.)	-
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	(Bank is dedicated to maintaining moral labor standards and strictly forbids any form of compulsory labor. Results of assessment carried out in FY2025-26 can be reviewed in BRSR, which is a part of Annual Report 2025-26.)	-
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	(Bank has HR Policy in place that address different aspects of the human rights. The policy and code of conduct with the stakeholders ensures Bank's philosophy of upholding human rights.) (No such training was given in FY2025-26.)	-
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not Applicable as bank is present in urban, semi-urban region.	-
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	SR 2025-26> Community Impact and CSR	12
	413-2 Operations with significant actual and potential negative impacts on local communities	(No such negative impacts.)	-
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	(Bank has a Supplier Code of Conduct outlining its expectations from vendors to adopt the sustainable practices.)	-
	414-2 Negative social impacts in the supply chain and actions taken		
GRI 415: Public Policy 2016	415-1 Political contributions	(Bank avoids making any political donations or contributions to any candidates or parties.)	-

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	(Given the nature of Bank's business activities, the products and services are intangible in nature. Bank adheres to all the regulatory standards.)	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	(No such incidents.)	-
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	(Labelling of products offered by the bank is included as part of the terms and conditions outlined for each product.)	-
	417-2 Incidents of non-compliance concerning product and service information and labeling	(No such incidents.)	-
	417-3 Incidents of non-compliance concerning marketing communications	(No such incidents.)	-
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annual Report 2025-26> BRSR	BRSR Principle 9 – Essential Indicator – E7



GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
		employees, the notice period is 7 days. For others, it is from 30 days to 90 days depending on role and function)	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system		
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety	Annual Report 2025-26> BRSR SR 2025-26> Our People and Culture	BRSR Principle 3 – Essential Indicator – E10 & E11 SR 2025-26 – 11
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8 Workers covered by an occupational health and safety management system		
	403-9 Work-related injuries		
	403-10 Work-related ill health		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	SR 2025-26> Our People and Culture	11
	404-2 Programs for upgrading employee skills and transition assistance programs	SR 2025-26> Our People and Culture	11
	404-3 Percentage of employees receiving regular performance and career development reviews	SR 2025-26> Our People and Culture	11
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	SR 2025-26> Our People and Culture	11
	405-2 Ratio of basic salary and remuneration of women to men	Annual Report 2025-26	Disclosure on Remuneration
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	SR 2025-26> Our People and Culture	11
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable as Bank's suppliers generally constitute of large IT companies and stationary suppliers. Hence risk of denial of freedom of association is limited. Further bank has legally mandated all	-

GRI STANDARD DISCLOSURE	DESCRIPTION	SECTION	LINKAGE TO SECTION NO.
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	SR 2025-26> Towards a Low-Carbon Future	10
	303-4 Water discharge		
	303-5 Water consumption		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	SR 2025-26> Towards a Low-Carbon Future	
	305-2 Energy indirect (Scope 2) GHG emissions		
	305-3 Other indirect (Scope 3) GHG emissions	(No Mapping done.)	
	305-4 GHG emissions intensity	SR 2025-26> Towards a Low-Carbon Future	
	305-5 Reduction of GHG emissions	(No Mapping done.)	
	305-6 Emissions of ozone-depleting substances (ODS)	Not Applicable as business belongs to service industry.	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Annual Report 2025-26> BRSR	BRSR Principle 6 – Essential Indicator – E6
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	SR 2025-26> Towards a Low-Carbon Future	10
	306-2 Management of significant waste-related impacts	Annual Report 2025-26> BRSR	
	306-3 Waste generated		BRSR Principle 6 – Essential Indicator – E9
	306-4 Waste diverted from disposal		
	306-5 Waste directed to disposal	SR 2025-26> Towards a Low-Carbon Future	10
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Not Applicable as suppliers are limited only to IT & stationery providers. Hence environmental impacts arising out of them is considered to be limited.	
	308-2 Negative environmental impacts in the supply chain and actions taken	Not Applicable as suppliers are limited only to IT & stationery providers. Hence environmental impacts arising out of them is considered to be limited.	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	SR 2025-26> Our People and Culture	11
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Annual Report 2025-26	**Employee Benefits**
	401-3 Parental leave	SR 2025-26> Our People and Culture	11
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	(In the event of operational changes such as relocation, closure, or opening of new branches, the affected/concerned employees are notified well in advance to allow them to adapt to these operational changes. For Trainee grade	-

16.2 SASB Content Index

SASB DISCLOSURE	DESCRIPTION	SUSTAINABILITY REPORT SECTION	LINKAGE TO SECTION NO.
FN-CB-230a.1	Number of branches, percentage that are personal branches, and number of account holders affected	Governance, Ethics & Risk Management	14
FN-CB-230a.2	Description of the approach to identifying and addressing climate risks	Stakeholder Engagement and Materiality; Governance, Ethics & Risk Management	7, 14
FN-CB-240a.1	Number and amount of loans qualifying for community development	Responsible Banking and Financial Inclusion	5
FN-CB-240a.2	Number and amount of past-due/current loans qualifying for community development	Responsible Banking and Financial Inclusion	5
FN-CB-240a.3	Number of no-cost retail checking accounts provided to unbanked or underbanked customers	Responsible Banking and Financial Inclusion	5
FN-CB-240a.4	Number of participants in financial literacy initiatives	Community Impact and CSR	12
FN-CB-410a.1	Description of the approach to incorporating ESG factors into credit analysis	Governance, Ethics & Risk Management	14
FN-CB-410a.2	Absolute financed emissions in Scope 1, Scope 2 and Scope 3	Towards a Low Carbon Future	10
FN-CB-410a.3	Gross exposure by industry and asset class	Utkarsh in Balance; Responsible Banking and Financial Inclusion	3, 8
FN-CB-410a.4	Percentage of exposure included in financed-emissions calculations	–	–
FN-CB-410a.5	Description of the methodology used for financed-emissions calculations	–	–
FN-CB-510a.1	Monetary losses from legal proceedings associated with fraud, insider trading, etc.	Governance, Ethics & Risk Management	14
FN-CB-510a.2	Description of whistleblower policies and procedures	Governance, Ethics & Risk Management	14
FN-CB-550a.1	Globally Systemically Important Banks (G-SIBs) score by category	Not applicable – USFB is not a G-SIB	–
FN-CB-590a.2	Approach to incorporating stress-test results into capital planning and strategy	–	–
FN-CB-000.AVB	Number and value of checking accounts and loans by segment	Responsible Banking and Financial Inclusion	5

16.3 Glossary of Terms

A Adaptation, Reporting & Asset Products

AD **Adaptation**

Adjustments made to systems, operations or infrastructure to respond to climate-change impacts and improve resilience.

AR **Annual Reporting**

The practice of communicating an organisation's financial and non-financial performance to stakeholders over a financial year.

AP **Asset Products**

The Bank's lending portfolio, including microfinance, MSME loans, housing loans, commercial-vehicle finance, gold loans and personal loans.

B Board, Borrower & BRSR

BC **Board Committees**

Specialised committees constituted by the Board to oversee audit, risk management, nomination and remuneration, CSR and stakeholder relations.

BR **Borrower**

An individual or business that receives credit or loans from the Bank under agreed repayment terms.

BRSR **BRSR (Business Responsibility and Sustainability Reporting)**

SEBI's ESG disclosure framework requiring listed companies to report their environmental, social and governance performance.

C Carbon & Climate

CF **Carbon Footprint**

The total greenhouse gas emissions generated directly and indirectly through an organisation's activities.

CC **Climate Change**

Long-term changes in climate patterns caused primarily by increasing greenhouse-gas concentrations in the atmosphere.

16.4 BANKING, DIGITAL INCLUSION & ESG GLOSSARY

CR
Climate Risk
Potential financial and operational risks arising from climate change, including physical impacts and the transition to a low-carbon economy.

CVCEF
Commercial Vehicle & Construction Equipment (CVCE) Finance
Loans provided for the purchase of commercial vehicles and construction equipment to support business operations and infrastructure development.

CSR
Corporate Social Responsibility (CSR)
The Bank's commitment to creating positive social impact through initiatives in education, healthcare, financial literacy, livelihood development and community welfare.

CE
Customer Experience
The overall quality of interactions and services delivered to customers across physical and digital banking channels.

CSS
Customer Satisfaction Survey
A structured assessment undertaken to measure customer perceptions, service quality and overall banking experience.

D DIGITAL RESPONSIBILITY

DP
Dark Patterns
User interface designs that may mislead, pressure or manipulate customers into making unintended decisions. Banks are encouraged by RBI to avoid such practices and promote transparent customer interactions.

DP
Data Privacy
Protection of customer information through secure systems, policies and practices that ensure confidentiality, integrity and regulatory compliance.

DC
Decarbonisation
Reducing greenhouse gas emissions through energy efficiency, renewable energy adoption and sustainable business practices.

DB
Digital Banking
Delivery of banking services through technology-enabled channels such as Internet Banking, Mobile Banking, UPI, WhatsApp Banking and digital onboarding.

DFI
Digital Financial Inclusion
Expanding access to banking services using digital platforms to serve customers across urban and rural areas.

DI
Digital Inclusion
Ensuring customers have equitable access to secure and convenient banking services through digital technologies.

DO
Digital Onboarding
The process of opening and activating customer accounts through paperless digital channels using electronic verification and authentication.

E ENTERPRISE RISK MANAGEMENT & ESG

ERM
Enterprise Risk Management (ERM)
An integrated framework used to identify, assess, monitor and manage risks across the organisation.

ESG
Environmental, Social and Governance (ESG)
A framework used to evaluate an organisation's environmental stewardship, social responsibility and governance practices.

ESGMS
Environmental and Social Governance Management System (ESGMS)
A framework used by the Bank to identify, assess and manage environmental and social risks within lending activities.

ERA
ESG Risk Assessment
The process of identifying and evaluating environmental, social and governance risks that may influence business performance or lending decisions.

EB
Ethical Banking
Conducting banking operations with integrity, transparency, fairness and accountability while safeguarding stakeholder interests.

F Financial Inclusion

Financial Inclusion

FI

Providing affordable, accessible and appropriate financial services to under-served and unbanked individuals, households and enterprises.

Financial Literacy

FL

Programmes and initiatives that improve people's understanding of financial products, money management and responsible borrowing.

G Green & Governance Terms

GHG Emissions (Greenhouse Gas Emissions)

GE

Emissions that contribute to climate change and are reported under Scope 1, Scope 2 and, where applicable, Scope 3.

Global Reporting Initiative (GRI)

GRI

An internationally recognised sustainability reporting framework that supports transparent ESG disclosures.

Governance

GV

The structures, policies and processes through which the Bank is directed, managed and held accountable.

Green Finance

GF

Financing directed towards projects and activities that generate positive environmental outcomes.

Greenhouse Gas (GHG)

GHG

Gases that contribute to global warming, including carbon dioxide, methane and nitrous oxide.

I Inclusive Growth

Inclusive Growth

IG

Economic growth that creates opportunities for all sections of society and supports equitable development.

I Internet & Mobile Banking (IMB)

Internet & Mobile Banking (IMB)

IMB

Digital banking platforms that allow customers to access banking services, make payments and manage accounts remotely.

J Joint Liability Group (JLG)

Joint Liability Group (JLG)

JLG

A group-based lending model where members collectively guarantee loan repayment, enabling access to credit for underserved communities.

L Liability Products

Liability Products

LP

Deposit and savings products offered by the Bank, including savings accounts, current accounts, fixed deposits and recurring deposits.

Loan Book

LB

The total outstanding value of loans and advances extended by the Bank at a given point in time.

M Materiality & Micro Banking

Material Topic

MT

An ESG issue that has significant economic, environmental or social impacts or substantially influences stakeholder decisions.

Materiality Assessment

MA

A structured process to identify and prioritise ESG topics based on stakeholder expectations and business relevance.

Micro ATM

ATM

A handheld banking device that enables customers to withdraw cash, deposit money, check balances and perform basic banking transactions in remote areas.

Micro Banking

MB

Delivery of banking services to micro and low-income customers through simplified products, technology and business correspondents.

M Micro & Enterprise Banking

MB Micro Banking

Banking services designed primarily for underserved communities through microfinance and small-value financial products.

MF Microfinance

Financial services designed for low-income individuals and communities with limited access to formal banking.

MSME MSME (Micro, Small and Medium Enterprises)

Businesses that contribute significantly to employment generation and economic development.

N Net Promoter Score & Net Zero

NPS Net Promoter Score (NPS)

A customer experience metric that measures customer loyalty and willingness to recommend the Bank's products and services.

NZ Net Zero

Achieving a balance between greenhouse gas emissions generated and emissions removed or offset.

P Risk, Portfolio & Principles

PR Physical Risk

Risks arising from the direct impacts of climate change, such as floods, droughts and extreme weather events.

PD Portfolio Diversification

The strategy of spreading lending across multiple sectors and customer segments to strengthen resilience and reduce concentration risk.

PRB Principles for Responsible Banking (PRB)

A UNEP FI framework that guides banks in aligning their strategies with sustainable development objectives.

PU Prudential Underwriting

A disciplined approach to assessing borrowers' creditworthiness before extending loans to ensure responsible lending.

R Responsible Banking & Risk

RB Responsible Banking

An approach that integrates environmental, social and governance considerations into banking strategy, operations and lending decisions.

RL Responsible Lending

Providing credit through prudent underwriting, transparent practices and appropriate risk assessment while supporting customers' long-term financial well-being.

RB Retail Banking

Banking products and services offered directly to individual customers, including savings accounts, loans, deposits and payment services.

RA Risk Appetite

The level of risk that the Bank is willing to accept while pursuing its strategic objectives.

RM Risk Management

The systematic identification, assessment, monitoring and mitigation of risks that may affect the Bank's operations or strategic objectives.

S Scope Emissions & Secured Lending

S1 Scope 1 Emissions

Direct greenhouse gas emissions from sources owned or controlled by the Bank.

S2 Scope 2 Emissions

Indirect greenhouse gas emissions resulting from purchased electricity, heating or cooling.

S3 Scope 3 Emissions

Other indirect greenhouse gas emissions occurring across the value chain.

SL Secured Lending

Loans backed by collateral such as property, fixed deposits or vehicles, reducing credit risk for the lender.

SFB Small Finance Bank (SFB)

Banking services designed primarily for underserved communities through microfinance and small-value financial products.

S Social & Sustainability Terms

SFB
Small Finance Bank
A category of banks licensed by the RBI to promote financial inclusion by serving underserved and unserved customer segments.

ST
Stakeholder
Any individual or organisation that influences or is affected by the Bank's activities.

SE
Stakeholder Engagement
The process of interacting with stakeholders to understand expectations and strengthen decision-making.

SU
Sustainability
Meeting present needs while creating long-term economic, social and environmental value without compromising future generations.

SG
Sustainability Governance
The governance framework through which the Board and management oversee sustainability strategy, ESG risks and performance.

SDG
Sustainable Development Goals (SDGs)
A set of 17 global goals adopted by the United Nations to promote inclusive economic growth, environmental protection and social well-being by 2030.

SF
Sustainable Finance
Financial products and services that support positive environmental and social outcomes while maintaining financial performance.

T Transition & Transparency

TCFD
TCFD (Task Force on Climate-related Financial Disclosures)
An internationally recognised framework for reporting climate-related risks, opportunities and governance.

TR
Transition Risk
Risks arising from the shift towards a low-carbon economy, including policy, technology and market changes.

TP
Transparency
Open, accurate and timely disclosure of information to stakeholders, promoting accountability and trust.

U Underwriting & Digital Payments

UW
Underwriting
The process of evaluating a borrower's creditworthiness and determining the terms under which credit may be extended.

UPI
UPI (Unified Payments Interface)
A real-time digital payment system that enables instant bank-to-bank fund transfers using mobile devices.

V Value Creation

VC
Value Creation
The long-term economic, social and environmental benefits generated through the Bank's operations, products and stakeholder relationships.

W Waste & Inclusive Banking

WM
Waste Management
The responsible handling, recycling and disposal of waste to minimise environmental impacts.

WB
WhatsApp Banking
A digital banking service that enables customers to access selected banking services through WhatsApp.

WF
Women Financial Inclusion
Efforts to expand women's access to formal financial services, entrepreneurship opportunities and economic participation.