

## FY 2016-17 - A remarkable year in Ujjivan's history

We crossed multiple milestones in FY 2016-17 – a highly successful IPO, receiving the License for SFB and finally the Launch of Ujjivan Small Finance Bank in Feb 2017. We closed the year FY2016-17 with satisfactory performance despite considerable challenges posed by demonetization and transition. Our post-tax profits stood at Rs.207.7 Crores, against Rs.177.2 Crores in PY, a 17.2% growth delivering an ROA of 2.9% and a ROE of 14.1%

Our IPO which was launched in May-2016 was quite successful. It got oversubscribed nearly 41 times. Over the period of last one year it has seen many ups & downs. Currently it is almost 68% higher than the offer price. We also launched our banking services in February-2017. Our Bank was inaugurated by Nobel Laureate Professor Muhammad Yunus, who is one of the inspirations behind Ujjivan. We commenced our banking operations with 5 pilot branches in Bengaluru. Currently, we have 30 branches spread across Karnataka, Maharashtra, West Bengal and Delhi. By the end of this year, we plan to take the bank branch numbers to 224, out of which 53 will be Unbanked Rural branches.

Overall, the total revenue grew by 36% over the last FY. Our gross loan book grew by 18.4% over PY to close at Rs.6,379 Crores despite lower disbursement in Q3 and Q4 in response to unfavorable market conditions in the wake of demonetization. Our post-tax profits dipped in Q3 and Q4 after a promising first half. Demonetization led to a slow-down of business momentum in Q3 and Q4, political interference and rumors of loan waiver disturbed the credit discipline among our customers, affecting collections. Paucity of currency necessitated reduction in business volumes. New customer acquisition for both group lending and individual lending business was suspended during the period and cash disbursements were made to select repeat customers with good credit track record to help smoothen their cash flow. Lower volumes in Q3 and Q4 led to a flat revenue growth during the period.

Our operating costs increased significantly in Q3 and Q4 as we upgraded our branch and technology infrastructure, recruited 2000+ additional manpower for bank specific roles, rationalized salaries with increments and trained our new employees and existing staff to facilitate a seamless transition to banking operations. Our operating costs including depreciation increased to Rs.458 Crores, registering a 49% growth over that in FY2015-16. Our Cost to income ratio was adversely affected as a result, increasing to 53.8% in FY2016-17 against 51% in PY

Demonetization created a further drag on our profitability. Our NPA levels saw a significant rise due to demonetization related over dues. Collections saw a dip and over dues increased in November and December. Incremental provisions were made in Q3 on account of demonetization, RBI discovery on standard asset provisioning was considered in Q4 as well for over dues originating in Nov & Dec. Excellent recovery efforts in Mar-17 led to lower provision on the account of over dues originated in Q4. Overall, our credit costs rose to Rs.75 Crores in FY2016-17, a 197% increase over that in FY2015-16

On the borrowing side, there have been significant improvements in terms of lower marginal costs of borrowing for term loans and NCD'S. Our average cost of debt has reduced to 10.63% in FY2016-17 and marginal cost of debt to 9.67% against 12.18% and 11.06% respectively in Last FY. Our finance costs increased significantly in Q4 on account of higher facilities drawn before transition for regulatory reserve compliance, registering a 28% increase over last FY to close at Rs.543 Crores

To conclude, we successfully managed to deliver healthy returns to our stake holders notwithstanding the challenges imposed by demonetization and transition.

## Ujjivan SFB's first branch in Mumbai

March 10, 2017 was a significant day for Ujjivan West Region as we commenced our banking operations in Mumbai. The branch launch event of Chakala branch was attended by Mr. Samit Ghosh, Members of the Board and dignitaries from RBI. Mr. Gadhadar Sethi, Lead District Manager and Mr. Pandit Thorat, Senior Police Inspector were also invited as special guests for the inaugural function. The launch also witnessed the presence of 20 Ujjivan customers on this momentous occasion.



The inaugural function started with ribbon cutting ceremony by guests, followed by lighting of lamp and prayer service. This was followed by a branch walkthrough for all guests to help them understand the branch structure from customer service point of view.

Mr. Chandrasekhara, Distribution Manager, Mumbai briefly explained the spectacular journey of Ujjivan, from an MFI to a Small Finance Bank. The Financial Literacy Film 'Paison Ki ABCD' was screened for Ujjivan customers to help them understand the importance of banking and the vision of Ujjivan Small Finance Bank for financial inclusion.

Mr. Samit Ghosh, MD and CEO, Ujjivan SFB explained the banking benefits that Ujjivan SFB will provide to the customer segments. Towards the end of his address, he handed over welcome kits to all the customers and staff members present for the event.



The customers expressed their happiness of being on-boarded as the first few customers of Mumbai branch and shared stories of how Ujjivan and Parinaam Foundation has changed their lives over the years through continued financial support.

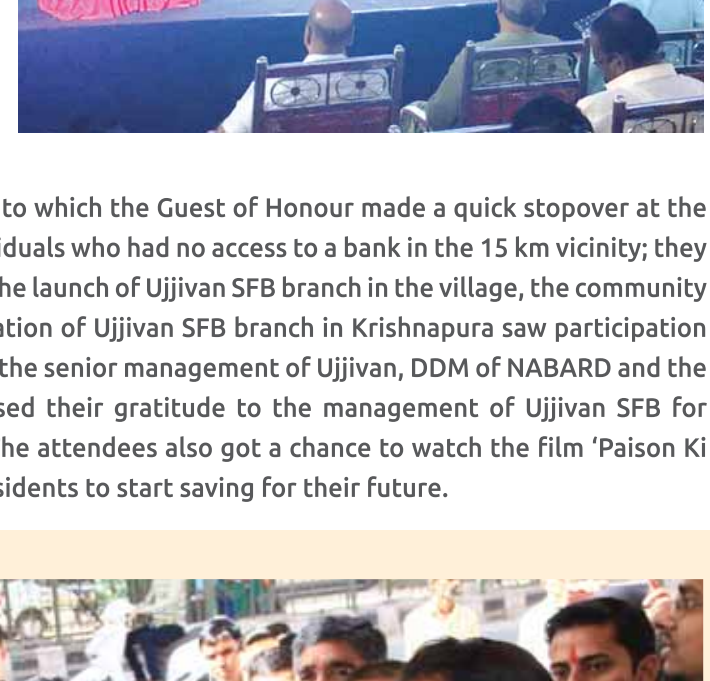
Mr. Vikram Shingade, RBM, West region announced the Vote of Thanks and expressed gratitude towards the customers for their continuous trust and belief in Ujjivan from last 11 years.

## Ujjivan SFB launched three branches in Ramanagara district

March 15, 2017 was a significant day for Ujjivan SFB as we strengthened our presence in Karnataka with the launch of three new branches in Ramanagara. While the two branches are located at key locations in Ramanagara and Channapatna, the third branch at Krishnapura Village is Ujjivan SFB's first Unbanked Rural Center (URC) branch.

The bank branches were inaugurated by Mr. Samit Ghosh, MD & CEO Ujjivan SFB and Mr. Vasant Kumar, District Development Manager, NABARD. Dignitaries from the Ramanagara town administration, Panchayat members of Krishnapura village and Senior Inspector of Ramanagara town attended the launch event. In addition, 25 existing customers of Ujjivan participated in the inaugural ceremony.

The inaugural function started with a ribbon cutting ceremony, followed by multi-faith blessing at the branch premises. A staff member demonstrated the fast, paperless account opening process using the handheld device and Aadhaar authentication system. All the guests were appreciative of Ujjivan's effort of utilizing technology to provide hassle free banking services to our customers. The Guest of Honour later distributed the Welcome Kits to the customers.



Apart from the branch launch ceremony, we organized a town hall event for 200 customers of Ramanagara branch. Post the branch launch the Guests attended the town hall event where customers were given a brief on Ujjivan's transition from an MFI to a Small finance bank. We also screened the film 'Paison Ki ABCD' which received great response from the customers.

We also organized a similar event at Krishnapura village, prior to which the Guest of Honour made a quick stopover at the Channapatna branch. Krishnapura village is home to 8000 individuals who had no access to a bank in the 15 km vicinity; they had to travel to Channapatna town for all banking needs. With the launch of Ujjivan SFB branch in the village, the community has easy accessibility to banking services. The branch inauguration of Ujjivan SFB branch in Krishnapura saw participation from nearby residents who got an opportunity to interact with the senior management of Ujjivan, DDM of NABARD and the village Panchayat members. The panchayat members expressed their gratitude to the management of Ujjivan SFB for bringing the entire gamut of banking services to the village. The attendees also got a chance to watch the film 'Paison Ki ABCD'. Mr. Vasant Kumar, DDM of NABARD encouraged the residents to start saving for their future.

## Ujjivan SFB starts banking operations in the National Capital

We commenced our banking operations in North India on April 24, 2017 with the opening of five branches in the National Capital. These bank branches are located at key locations in Hastsal, Budh Vihar, Pul Prahaladpur, Vignyan Vihar and Nangloi.

The branch team welcomed the Guests of Honor and Ujjivan customers with the auspicious multi-faith blessings and lighting the lamp ceremony. Mr. Brij Mohan addressed the gathering and appreciated the work done by Ujjivan as an MFI and the expectations and responsibilities as an SFB to help build better lives of the unserved and underserved customer segments.



Mr. Samit Ghosh, MD & CEO Ujjivan SFB took this opportunity to thank the Staff for their contribution in the transition from an MFI to a Small Finance Bank. Mr. Ghosh expressed gratitude towards the customers for their continuous trust and belief in Ujjivan over the last 11 years.

The customers made initial deposits on this momentous day. They were also provided with a guided tour of the branch, understanding of bank products and a demo of the ATM. The financial literacy film 'Paison Ki ABCD' was screened for customers to help them understand the importance of banking for their secured future.

Over the past decade, Ujjivan has built a strong presence in New Delhi with 9 microfinance branches catering to over 71,000 customers. The process of on-boarding over 30,000 microfinance customers have been initiated, while the transition for the rest will take place in a phased manner. Our immediate objective is to reach out to the large unbanked populace in New Delhi and get them into the formal banking system.

## Ujjivan SFB enters East

On April 28th 2017 Ujjivan launched its banking operations in the East region with six branches in Kolkata. These bank branches are located in Park Circus, Dum Dum, Salt Lake, Tollygunge and Dakshinwari. The sixth branch at Matiagacha is Ujjivan SFB's first Unbanked Rural Centre (URC) branch in West Bengal.

Ujjivan started its operations in West Bengal in May 2007. Since then, Ujjivan has covered 18 districts in West Bengal with 53 branches, catering to over 5.3 lakh customers. To mark the commencement of banking journey in East, dignitaries from the Reserve Bank of India, Ms. Suchitra Maurya, CGM Banking and Mr. Asim Das, Assistant Manager DPSS were present to grace the occasion. Ujjivan SFB's National Leadership Team members and eminent writer Mr. Subir Roy also joined the branch inaugural ceremony.



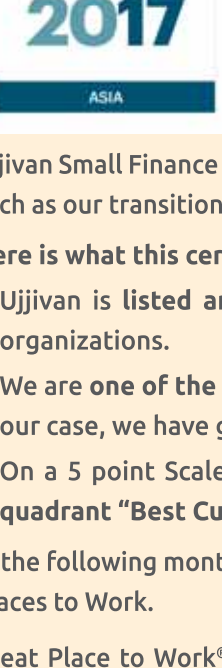
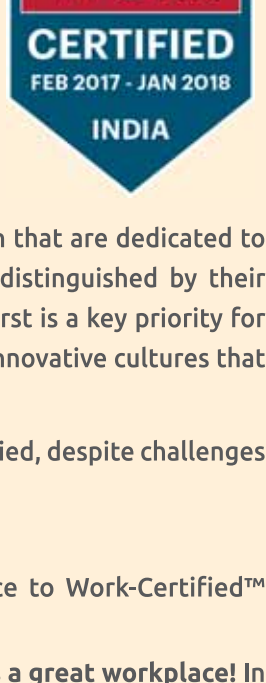
Our customers were also a part of this historic moment. Family members of our staff were also invited to make this a joyous and memorable occasion for all. The event proceedings started with the ribbon cutting ceremony, followed by lighting of the lamp and multi-faith blessings.



Mr. Vijay Balakrishnan, CMO and Mr. Santosh G, Head of Liabilities spoke about the array of products and services offered by the bank, and also our vision and mission. Mr. Vibhas Chandra, RBM Microfinance and Branch banking East, announced the Vote of Thanks. The event continued with the distribution of welcome kits to customers and collection of deposits.

The other 5 branches were also launched with similar vigor by members of the regional leadership team of Ujjivan in presence of dignitaries from the locality. Ujjivan also arranged for a press conference to brief the media regarding the commencement of banking operations of Ujjivan in East.

## Ujjivan stands proudly at No. 10 in the Best Large Workplaces in Asia List!



We are both proud & humbled to be ranked No.10 amongst Asia's Best Workplaces.

Here are a few facts we take pride in:

- We feature in the category of "Best Large Workplaces in Asia".
- We are the highest ranked Indian organization on this list!
- This is what the Great Place To Work Institute says about this study:

"The Best Workplaces in Asia list recognises organisations in the Asia region that are dedicated to sustaining high-trust cultures for their employees. These workplaces are distinguished by their extraordinary levels of trust, pride, and camaraderie. Putting their people first is a key priority for these companies and it is this commitment to providing strong, caring, and innovative cultures that we celebrate with our Best Workplaces in Asia list."

Ujjivan Small Finance Bank is now certified as a Great Place to Work. Being Great Place to Work-Certified, despite challenges such as our transition, demonetization etc. is a great accomplishment!

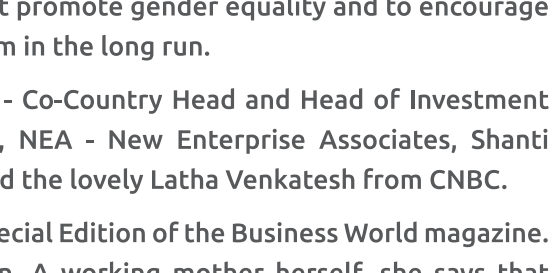
Here is what this certification means:

- Ujjivan is listed among the top companies, in the exclusive section dedicated for Great Place to Work-Certified™ organizations.
- We are one of the few organizations in which 70% or more of employee respondents rate us as a Great workplace! In our case, we have gone ahead by a very good margin – 95% of Ujjivanites (surveyed) say we are a Great Place to Work!
- On a 5 point Scale, our people practices are rated above the regular standards - at 3.0. Ujjivan features in the top quadrant "Best Cultures", in the assessment of cultures.

In the following months, we will also be informed of our India-specific Ranking & our Asia-specific ranking in the list of Great Places to Work.

Great Place to Work® Institute has conducted pioneering research on the characteristics of great workplaces for over 25 years and is considered the gold standard for assessing & certifying great workplace cultures. Great Place To Work® partners with more than 8000 organizations every year around the world to help create and sustain a High-Trust, High-Performance Culture™.

As a part of the India's Best Companies to Work 2016 study, about 800 organizations across industries, employee strengths and revenue brackets were assessed. Over 155,119 employees were surveyed in the country, making it the largest survey of workplace cultures in corporate India. As a part of this program, organizations, including Ujjivan, were studied under two dimensions. First being a unique employee-centric framework that measures the levels of trust, pride and camaraderie prevailing in an organization. Second being a people practices assessment through a questionnaire seeking to understand the people practices, philosophy and values of an organization.



## International Women's Week 2017 Celebrations

Executive Director of Parinaam Foundation, Ms. Mallika Ghosh was selected as a panelist for the NSE: Ring the Bell for Gender Equality Seminar during International Women's Week where she spoke about the need to promote gender equality.

The key focus of the discussion was to arrive at sustainable solutions that promote gender equality and to encourage businesses to adopt an inclusive approach, which will ultimately help them in the long run.

The other distinguished speakers on the panel were Aisha De Sequeira - Co-Country Head and Head of Investment Banking, Morgan Stanley, Bala Deshpande, Senior Managing Director, NEA - Latha Venkatesh Associates, Shanti Ekambaram, President - Consumer Services, Kotak Mahindra Bank Ltd. and the lovely Nisha Enterkaresh from CNBC.

A Juggler's feat written by Mallika Ghosh was featured in the Women's Special Edition of the Business World magazine. She writes about the importance of being a financially capable woman. A working mother herself, she says that juggling tasks is not easy but sharing financial responsibility with her husband enhances her sense of independence and drives her and keeps her strong. She believes that there should be a change in the environment for women to become financially capable. "I look at women we work with and realise that the most important change needs to be within us," Mallika writes.

## Parinaam's Annual Summer Camp 2017

Parinaam hosts an annual summer camp for the children of the ultra-poor communities that we work in. These children are so unfortunate they don't have electricity, water, live in tented shelters and have nowhere to go in the summer. They are mostly kids of daily wage labourers who are struggling to make ends meet. This camp is a once in a lifetime opportunity for these kids which helps them understand the importance of education and prevent them from dropping out of school. You can donate as little as Rs.500 to make this possible. Please donate or even share within your network. Bring a smile on a child's face this summer!



We are looking to conduct the camp for 350 children this summer. Please share widely.

*"We want to learn - Will you help us?"*