

# Investor Presentation Business Outlook

May 2018

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# Where do we stand today?

## Significantly improved portfolio

- ❖ Loan book at Rs 7,560 crore, up 18.5% YoY
- ❖ PAR > 0 at 4% vs. 10% YoY
- ❖ GNPA at 3.6%
- ❖ NNPA at 0.7%

## Leverage technology

- ❖ Evolute – hand held device
- ❖ Aadhar-based authentication
- ❖ GLOW, ARTOO
- ❖ Finnacle, SAS, CRMNext

## Building Team

- ❖ Field force expansion
- ❖ Necessary domain expertise
- ❖ Training & development

## Cost of funds

- ❖ Reduced from 10.4% to 9% YoY

## Building multiple channels

- ❖ 187 banking outlets
- ❖ Alternate channels – IB/MB, phone banking, ATMs

## Non-MFI portfolio growth

- ❖ 7.3% vs 2.4% as of Mar'17
- ❖ Ready for next leap

# Focus areas for FY19

- ❖ Build **Ujjivan Bank brand** visibility and salience
- ❖ **Scale-up business verticals** by leveraging current competencies
- ❖ **Build deposits**; further reduction in cost of funds
- ❖ Completion of **banking transition**
- ❖ **Capitalize on the technology** platform
- ❖ Improve profitability and **return ratios**

# Deposits: Target Segments

Segments

## Retail

- ❖ MFI borrowers; family
- ❖ Open market Individuals
- ❖ Businesses- MSE

## TASC, Govt. Bodies & Private Institutions

## Cooperatives & Financial Institutions

Offerings

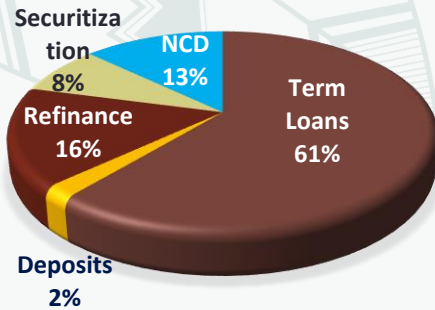
- SA, CA, RDs & FDs, Goal Based Savings

- FDs, Operative CA
- Customized services like CMS, fee collection, Salary Accounts

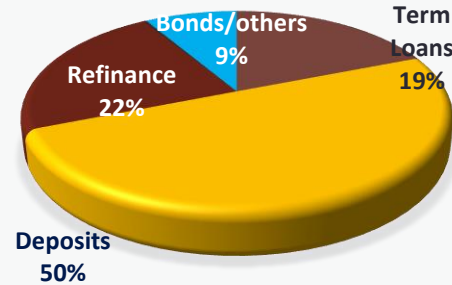
- Short & Long Term Deposits (FDs, CDs)

# Deposits: Shifting towards retail

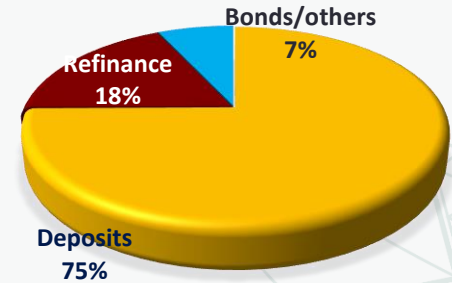
FY 2016-17



FY 2017-18

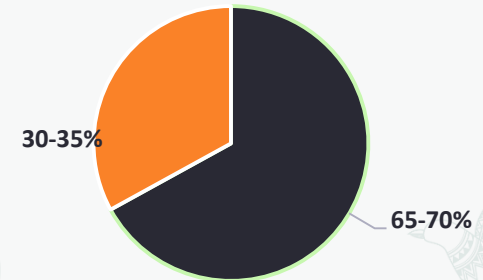
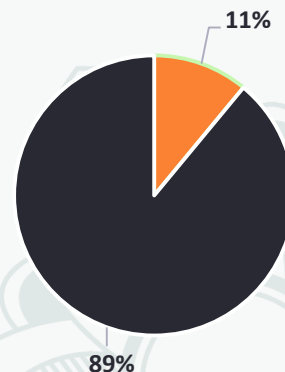
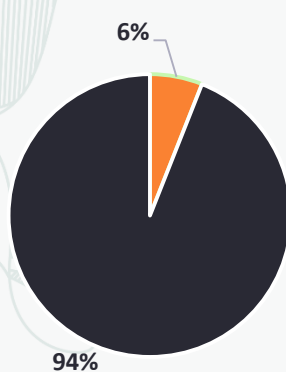


FY 2018-19



Liabilities  
Break-up

Deposits  
Break-up



Institutional

Retail

# Retail deposits: Setting up the base



**Brand Ujjivan:** Showcase technology, service quality, attractive interest rates, ease of banking through TVC, Radio, Print, hoardings



**Branch Roll-out:** Expanding network of banking outlets to 475 by FY19 vs. 187 as of Mar'18



**Relevant products:** No minimum balance charge, more number of free txns on ATMs, extensive use of digital channels, adding value added services like UPI, QR code



**Focus on service quality:** Develop strong connect by showing respect, assisted to self-service model, quick TAT, doorstep banking, remote solutions for account opening / management



**Technology:** Biometric ATMs, HHD, internet/mobile banking, SMS/Missed call banking, hassle free boarding

**SellSmart**

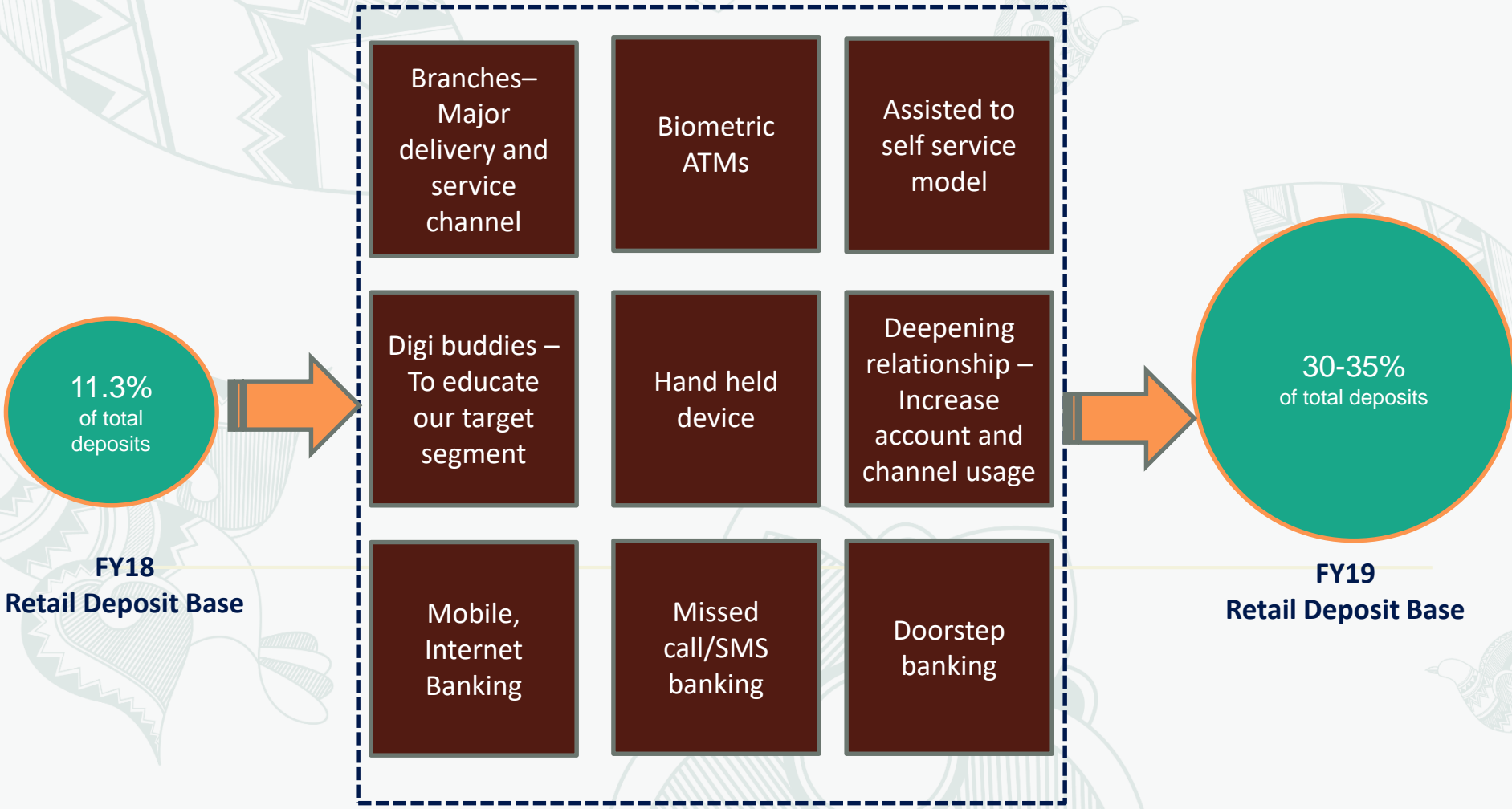
**"SELL" culture:** Setting-up systems and processes for products, deposit target to verticals, management



# Retail deposits: Sourcing strategy



# Technology enabled channels



11.3%  
of total deposits

**FY18**  
Retail Deposit Base

30-35%  
of total deposits

**FY19**  
Retail Deposit Base

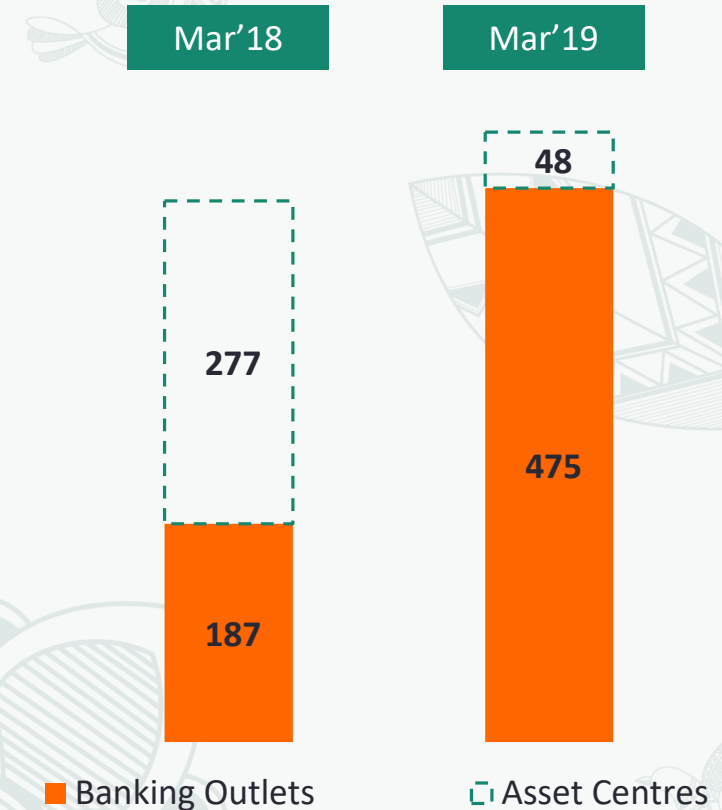
# Banking Outlets Roll Out Plan

## FY18

- ❖ 187 banking outlets
  - 47 banking outlets in Unbanked Rural Centres (URCs)
  - URCs include 7 Business Correspondents (BCs) in West Bengal

## FY19

- ❖ Focus on East & North-East
- ❖ 288 additional banking outlets in FY19
  - 221 asset centres to be converted
  - 8 new outlets in Chennai, Gurugram, Noida, Mumbai and Kolkata
  - 59 new URCs in West Bengal, Bihar, Odisha, Gujarat, Karnataka and Tamil Nadu



Each bank branch to cover both asset and liability offerings

# Building brand Ujjivan

- ❖ Establish Ujjivan as a Bank of choice amongst TA
- ❖ Drive quality acquisitions through segment-based communications

- ❖ Product Communication and awareness thrusts on liabilities, MSE, Housing, MFI & Rural business



- ❖ Catchment Area Awareness & Micro Marketing Activities for lead generation and conversions

- ❖ Mass media agents will be leveraged to build superior brand imagery & recall
- ❖ TV, Print, Cinema, Radio, Outdoor, Digital

# Leveraging Tech Platform



**Handheld devices**

- ❖ Aadhaar based authentication
- ❖ Transactions
- ❖ Microfinance – GLOW, MSE – Artoo
- ❖ Housing – under development
- ❖ Demo of IB/ MB



**Internet/ Mobile Banking**

- ❖ Remote solutions enabling the customers to bank on their own
- ❖ Increasing touch-points with customers



**Loan Delivery Architecture**

- ❖ Originating on HHD, underwriting in LOS (SysArc, GLOW, Artoo, LoanMeet)
- ❖ Rule Engine supported credit decision, booking in Finnacle
- ❖ Productivity and TAT



**CRM Platform**

- ❖ Lead management, up-sell & cross-sell
- ❖ Prevents leakage of opportunity



**Digital initiatives**

- ❖ Express renewal of microfinance loans
- ❖ Tie-ups with FinTechs



**Analytics**

- ❖ Understand our customers
- ❖ Aids product development
- ❖ Better target marketing, cross-sell
- ❖ Better risk management

# Asset Portfolio growth across verticals

- ❖ **CAGR of 30-35% over next 2 years**
- ❖ **MFI business: Steady growth, selective state-wise expansion**
  - Process efficiency and productivity, digitization
  - New cross-sell products – Deposits, 2 Wheeler loans, Rural loans
  - Focus on overdue collection; maintaining high collection efficiency
- ❖ **Non-linear growth in MSE and Housing**
  - Ramp-up across 7-8 states in first phase
  - New clusters, product diversification
  - Productivity and backend efficiencies
- ❖ **Rural Banking: 120 URCS by Mar'19 vs. 47 currently**
- ❖ **New lending lines**
  - Institutional – MFIs, NBFCs, MSME financiers, Rural Business Finance
  - Retail – Personal loan

# Micro Finance

# Steady growth and tight credit control



- ❖ **Selective geographical expansion** – area survey in existing branches
- ❖ **Higher ticket size in select geographies**; lower in difficult areas
- ❖ **Digitization** of front end processes – Improves TAT, staff productivity
- ❖ **Individual loans** to grow
- ❖ **Cross-sell** to family – deposits, 2-wheeler loans
- ❖ **Door-step banking** services at Bank Meetings
- ❖ Disbursement through **Ujjivan account**
- ❖ **Cashless repayment** – QR code based solution



# Micro & Small Enterprises

# Micro & Small Enterprises USP



# Target Segments

- ❖ The **Micro & Small Enterprises** in our working area-



- **Trade-** wholesalers, retailers
- **Services-** restaurants, job work, laundries, service centres
- **Manufacturers-** making of garments, footwear, metal products, furniture
- ❖ Cross-sell to high value customers
- ❖ Relatively higher economic level and awareness compared to microfinance customers

# Product Offerings



## Unsecured Business Loans

- ❖ Rs. 2 – 3 lakhs
- ❖ 12 – 24 months
- ❖ 24% p.a. reducing
- ❖ 2.25% processing fees



## Loan Against Property

- ❖ Rs. 3 – 15 lakhs
- ❖ 36– 120 months
- ❖ 17-19% p.a. reducing
- ❖ 2.0% processing fees



## Unsecured Enterprise Loan

- ❖ Rs. 3 – 7.5 lakhs
- ❖ 12– 24 months
- ❖ 24% p.a. reducing
- ❖ 2.25% processing fees



## Secured Enterprise Loan

- ❖ Rs. 10 – 15 lakhs
- ❖ 36– 120 months
- ❖ 15-17% p.a. reducing
- ❖ 1.0% processing fees



## Secured overdraft

- ❖ Rs. 11 – 25 lakhs
- ❖ Can be renewed Annually

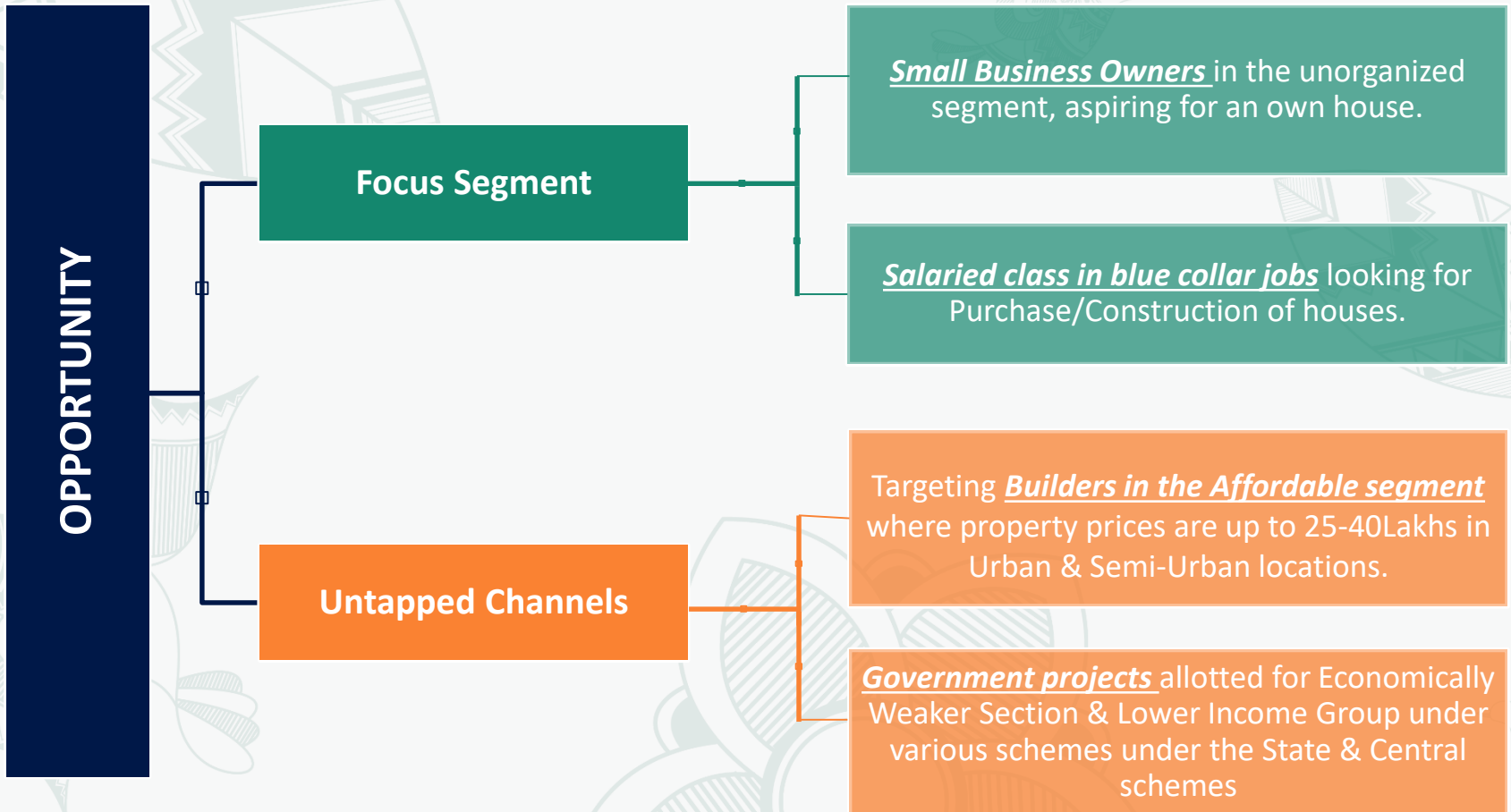
*Under development*

# Affordable Housing

# Affordable Housing USP



# Opportunity



# Product Offerings



## Home Construction

- ❖ Current Up to 25 lakhs
- ❖ Proposed up to 50 lakhs



## Home Purchase

- ❖ Current up to 25 lakhs
- ❖ Proposed up to 50 lakhs



## Home Improvement

- ❖ Current up to 25 lakhs
- ❖ Proposed up to 15 lakhs



## Home Loan Equity

- ❖ Current up to 10 lakhs
- ❖ Proposed up to 20 lakhs



## Composite Loans

- ❖ Up to Rs 25 lakhs

*New Product*



# New products/ verticals

# New products under launch process

## Personal Loan Against Salary

- ❖ Salary accounts with Ujjivan as well as open market
- ❖ Completely digital process
- ❖ Multi-channel sourcing
- ❖ Targeting 9 clusters in first phase

## Two wheeler Loan

- ❖ Cross Sell TW Loan to existing customers
- ❖ To focus on existing MFI customers in first phase
- ❖ Lower TAT, Simple & transparent processing and affordable pricing for our customer segment

## Rural Banking

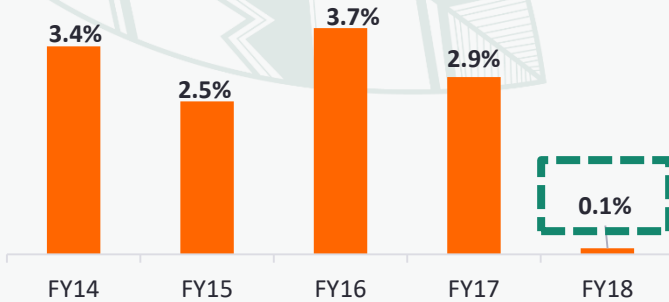
- ❖ Focus on Small/Marginal farmers meeting their undeserved needs
- ❖ Addressing the Male customers
  - Composite Agriculture Term Loans
  - Dairy Loans
  - Two Wheeler Loans
- ❖ Faster TAT

## Lending to Financial Institutions

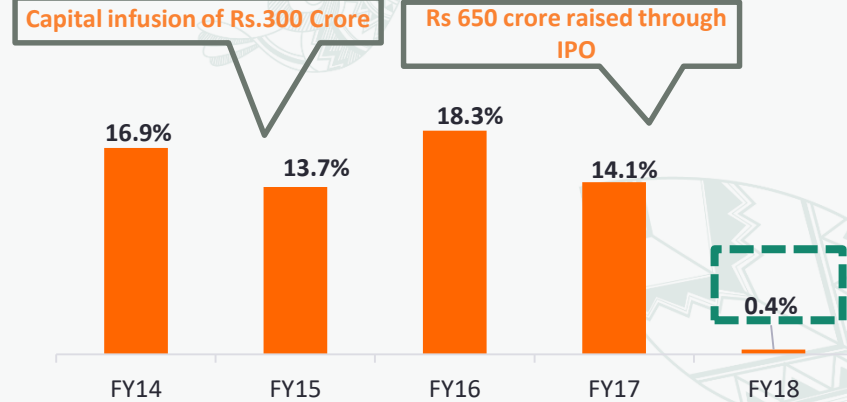
- ❖ NBFCs, MSME financiers, MFIs
- ❖ Focus on Term Loans having tenor of 1 -2 years

# Overview

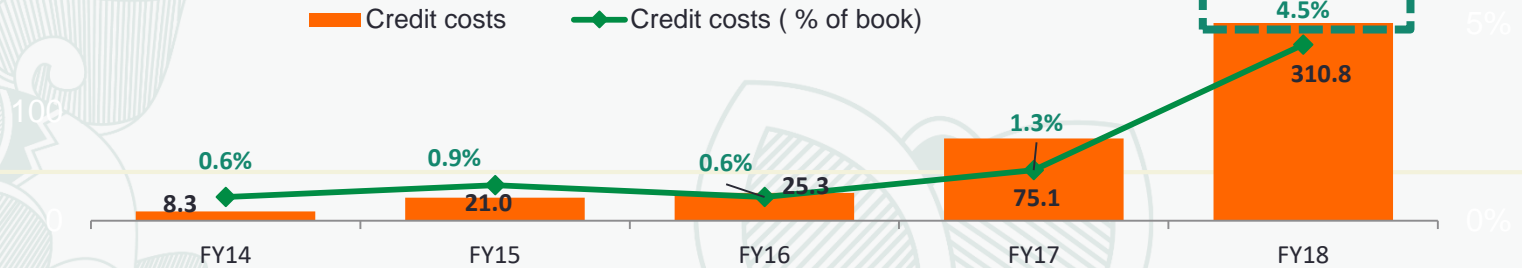
## Return of Assets



## Return on Equity

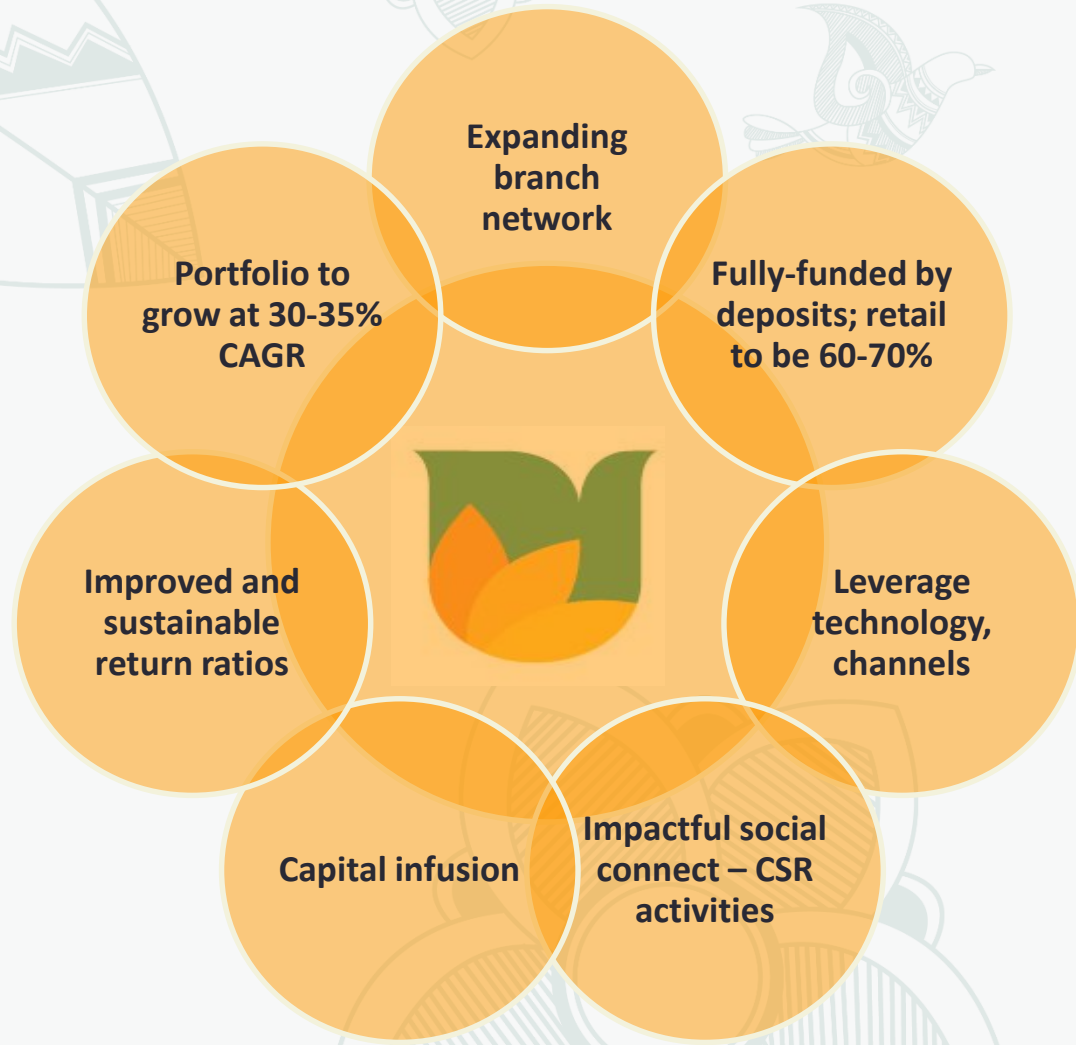


## Credit costs (Rs. crore and as % of portfolio)



- ❖ FY18: High credit cost and transition cost
- ❖ While the transition cost continues to be there in FY19, credit cost will be contained
- ❖ We expect significant improvement in RoA and RoE in the current year
- ❖ Completion of transition process, stabilization of opex, sustained improvement in return ratios

# Way forward



**Thank You!**