

Investor Presentation

Q4 FY 2016-17

April 2017

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Agenda

Performance Highlights



Ujjivan SFB Business



Business Performance Overview



Deposits & Borrowing Profile

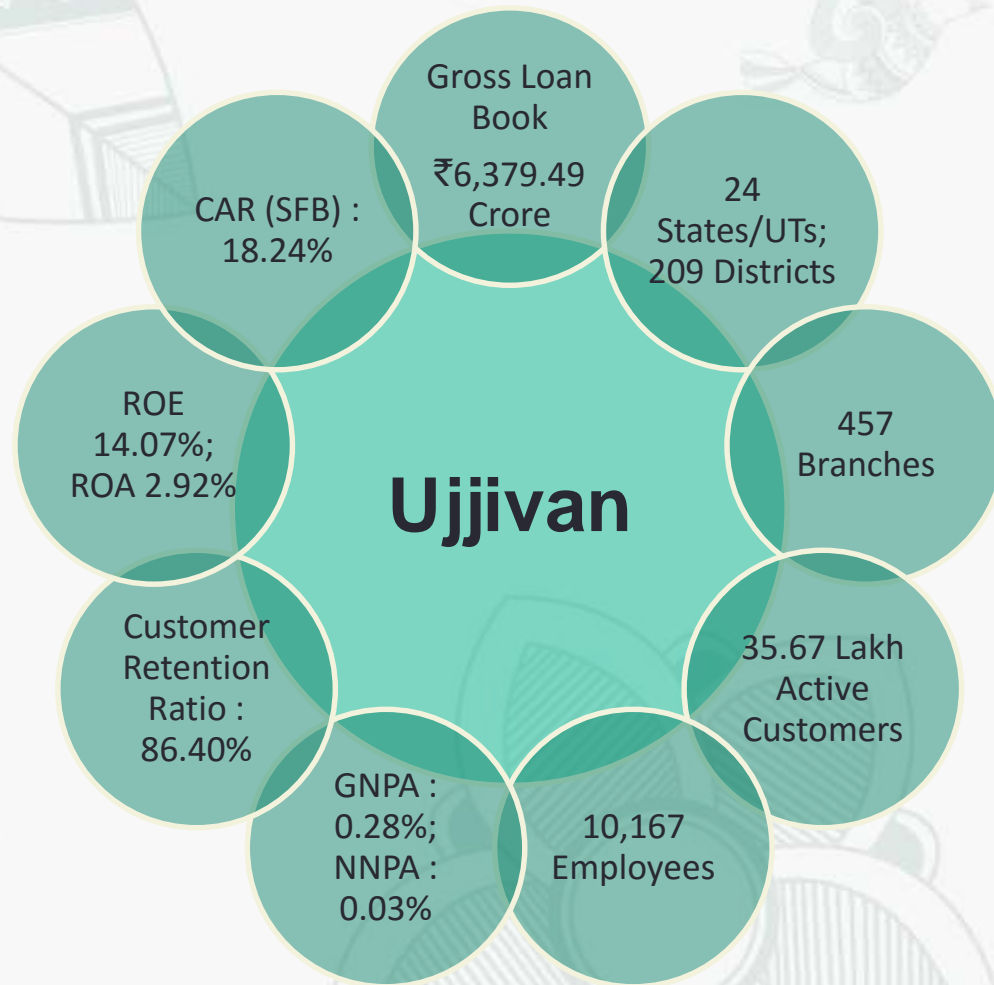


Financial Performance Overview



Performance Highlight

Performance Highlight



Financial & Operational Highlights –FY 2016-17

All the financials in this presentation are consolidated for the convenience of understanding

- 🔥 Total Income at ₹1,397.62 crore for FY 2016-17, an increase of 36.01% over FY 2015-16
- 🔥 Net Profit at ₹207.67 crore for FY 16-17; an increase of 17.18 % over FY 15-16
- 🔥 NII at ₹687.41 crore in FY 16-17; an increase of 34.80% over FY15-16
- 🔥 NIM at 12.57% in FY 16-17, increased from 12.23% in FY 15-16
- 🔥 Cost to Income ratio at 53.81% in FY 16-17, increased from 50.99% in FY15-16
- 🔥 EPS for FY 16-17 at ₹17.76
- 🔥 For FY 16-17- RoAA at 2.92% and RoAE at 14.07%

- 🔥 **The board has recommended a dividend at the rate of 8% for the FY2016-17**

Financial & Operational Highlights – Q4 FY 2016-17



All the financials in this presentation is consolidated for the convenience of understanding

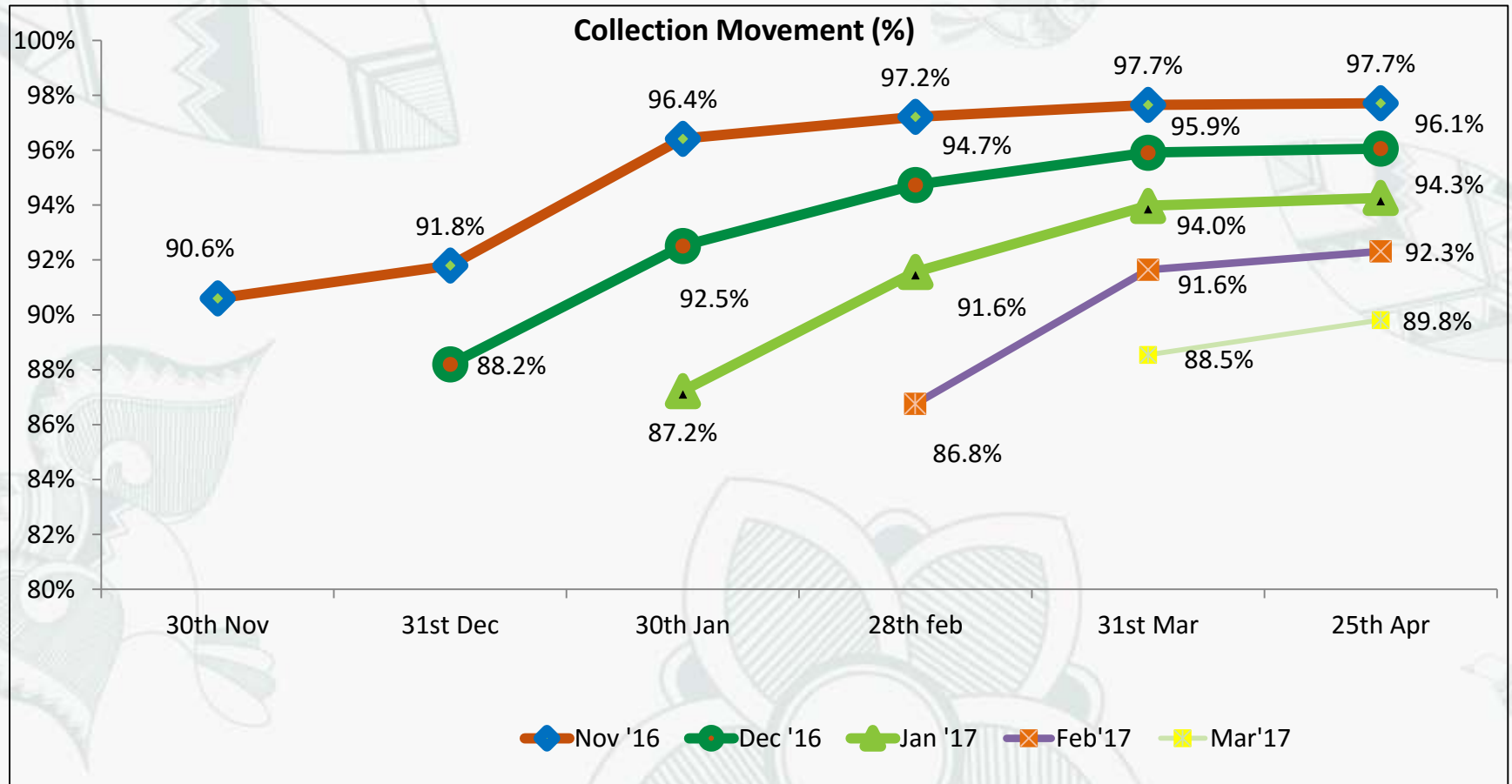
- 🔥 Total Income at ₹340 crore, an increase of 14.10% over Q4-FY16 and decrease 8.43% over Q3-FY17
- 🔥 Net Profit at ₹19.35 crore; a decrease of 64.76% over Q4-FY16 and 55.96% over Q3-FY17
- 🔥 NII at ₹128.31 crore, decrease of 15.53% over Q4-FY16 and 35.52% over Q3-FY17
- 🔥 NIM at 8.61% in Q4-FY17 decreased from 12.65% in Q4-FY16 and 13.22% in Q3-FY17
- 🔥 Cost to Income ratio at 76.69%, increased from 48.77% in Q4-FY16 and 49.33 % Q3-FY17
- 🔥 EPS for Q4 FY17 at ₹1.62;
- 🔥 For Q4 - RoAA at 0.99 % and RoAE at 4.44%
- 🔥 RoAA lower on account of:
 - 🔥 Impact of increased operating cost (SFB transition)
 - 🔥 Increase of asset base (SLR investments)

Business & Operational Highlight – FY 2016-17



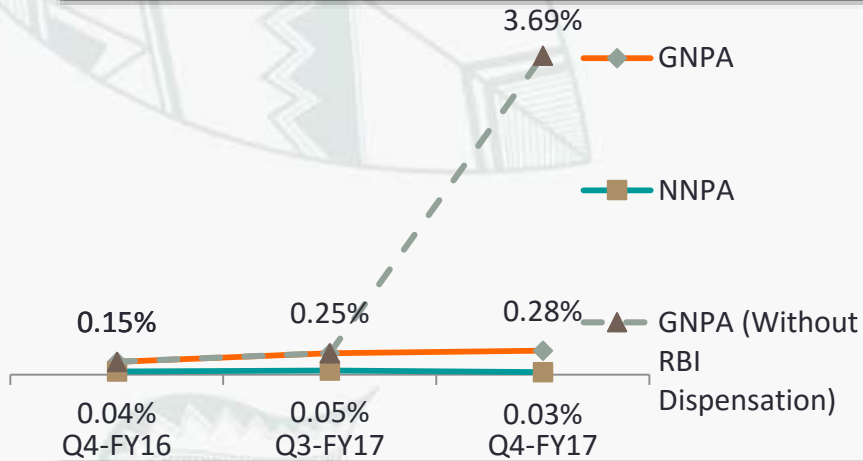
- 🔥 Gross Loan Book at ₹6,379.49 crore; growth of 18.39 % over Q4-FY16 and decrease of 3.16% over Q3-FY17
- 🔥 Managed portfolio as on March 31, 2017 at ₹508.33 crore
- 🔥 Net Loan Book at ₹5,871.16 crore; growth of 15.93 % over Q4-FY16 and decrease of 2.9% over Q3-FY17
- 🔥 Disbursement for FY 2016-17 at ₹7,132.28; increase of 7.75% over FY 2015-16
- 🔥 Disbursement for Q4- FY17 at ₹1,406.95 crore; decrease of 32.68% over Q4-FY16 and 15.39% over Q3-FY17
- 🔥 Total borrowers stands at 35.67 lakh
- 🔥 GNPA at 0.28% and NNPA at 0.03%

Collection Efficiency Update



Efficiency Parameters

GNPA & NNPA

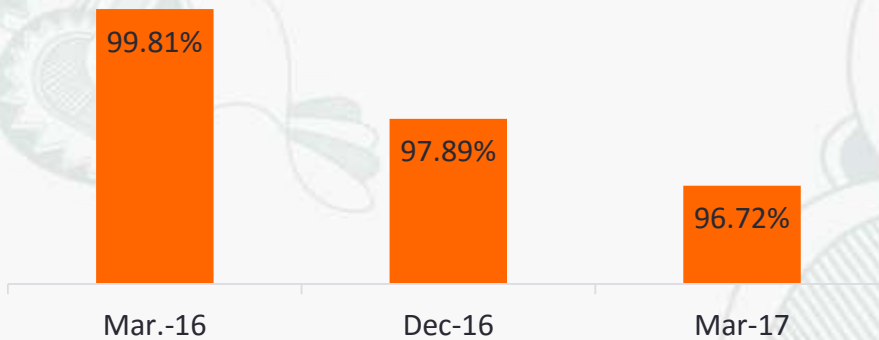


*PAR- As on 31st March'17

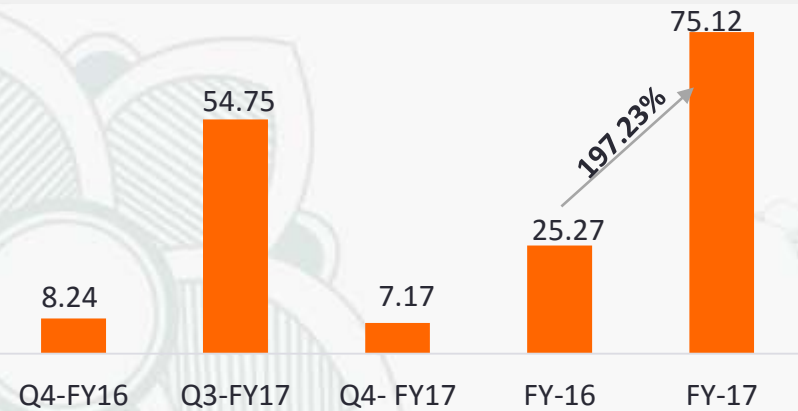


*on Book PAR

Cumulative Repayment Rate



Credit Cost (₹ in crore)



How did we handle Demonetization?

- ✦ RBI in its circular released in Nov'16 and Dec'16 provided additional 90 day dispensation before classifying an asset as NPA on Nov'16 and Dec'16 overdue accounts (in effect upto 180 days)
- ✦ Given this dispensation USFB after careful assessment of the portfolio and deliberation of the prevailing situation, decided to classify states into 2 categories:
 - ✦ States with <90% monthly collection efficiency, termed as affected states which included Uttar Pradesh, Karnataka, Maharashtra, Haryana, Delhi, Uttarakhand, Rajasthan and Punjab
 - ✦ States with >90% monthly collection efficiency, which are regular (16 states)
- ✦ Affected states were reviewed differently from the rest of the states in terms of provisioning norms
- ✦ Affected states were provided for 10% on the Group Loan Portfolio and 20% on the Individual Lending Portfolio, despite the dispensation to classify them as Standard Assets
- ✦ The rest of the states followed our existing standard asset provisioning norms applicable to No due cases
- ✦ Q3 FY-17 & Q4 FY-17 provisioning norms on Nov'16 and Dec'16 overdues have been adopted as above.
- ✦ All cases prior Nov'16 and post Dec'16 have been provided for in accordance with the existing provisioning policy; wherein Q4 FY-17 has 50% provisioning already been made on cases upto 90 days past due

How did we handle Demonetization?

- 🔥 Cross functional task force constituted across all critical clusters to monitor & support recoveries
- 🔥 Customer forum meetings are being organized to engage with overdue customers and communicate with them regarding the importance of repayment continuity and its impact on future loans, our conversion to a small finance bank which will help them avail of banking services in future
- 🔥 Actively engaged with MFIN to take action against local representatives creating trouble, spreading rumors and organizing rally's
- 🔥 Collections are being supervised on ground directly by the senior managers of business and control functions
- 🔥 Collections & Vigilance teams focusing on repayment collections across difficult areas

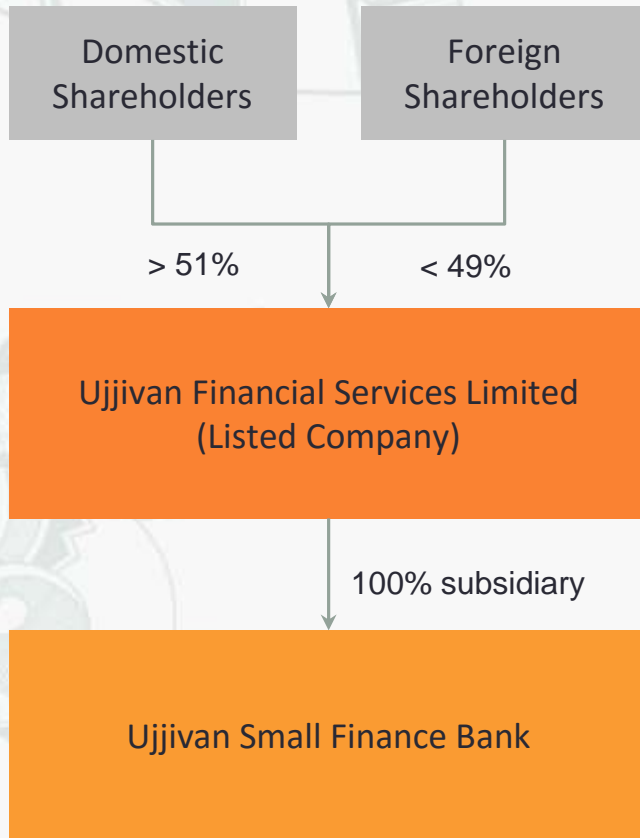
What has been our Progress?

- 🔥 March'17 has been a turning point with significant improvements seen in the portfolio quality trend
- 🔥 Recoveries are slowly improving on account of fading external influences
- 🔥 Taking into account the RBI dispensation on asset classification of Nov'16 and Dec'16 accounts, the GNPA stands at 0.28%
- 🔥 However, without the dispensation, our GNPA would be 3.7%

Ujjivan SFB Business

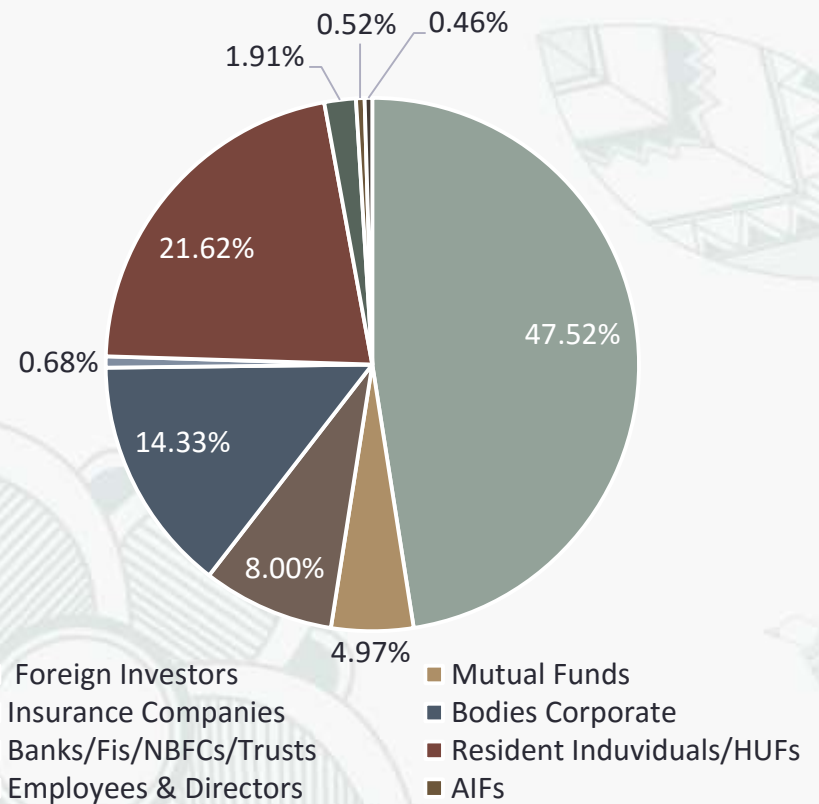
Corporate Structure and Shareholding Pattern

UFSL- Corporate Structure



Shareholding Pattern of Ujjivan Financial Services

Shareholding Pattern as on 31st March, 2017



Ujjivan's SFB Strategy

SFB Roll-Out

- 15 existing branches converted to SFB branches
- Plan to convert all existing branches to bank branches in a phased manner over a period of three years
 - 171 branches to be converted during FY 17-18 and balance over a period of next 2 years
 - Additional 53 Unbanked Rural Centres (URCs) to be opened to fill RBI requirement of 25% branches in unbanked areas
 - Each converted branch to cover both asset and liability products
- The above plan is subject to RBI approval to the draft branch authorisation policy

Strategy to Build the Liability Franchise

Generate customer awareness; target unserved/under-served customers



Migrate existing customers to bank customers



Intend to disburse 100% of loans through Ujjivan SFB bank accounts



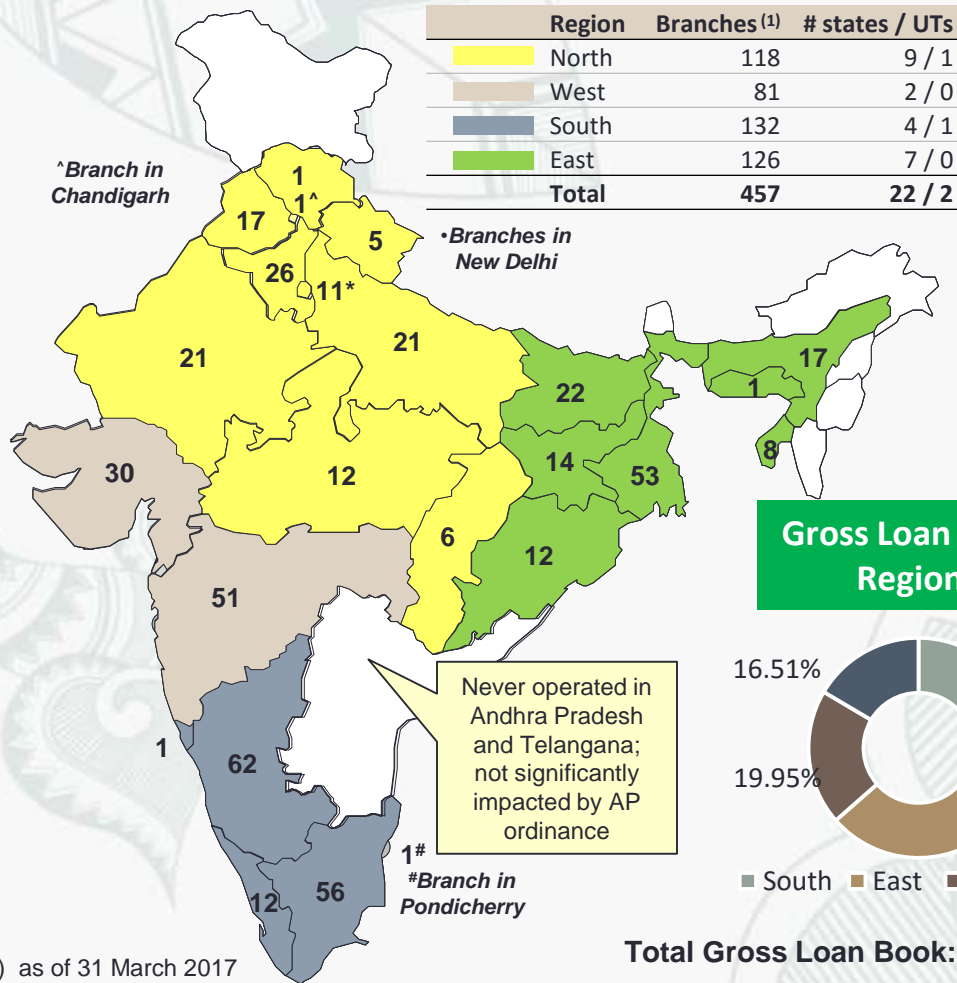
Educate customers to use banking facilities and encourage cashless repayments



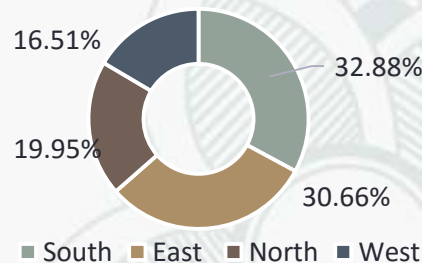
Target new customers from micro entrepreneurs and blue-collared salaried workers from lower income groups and under-served segments

Most Geographically Diversified

Branch Mix- State Wise

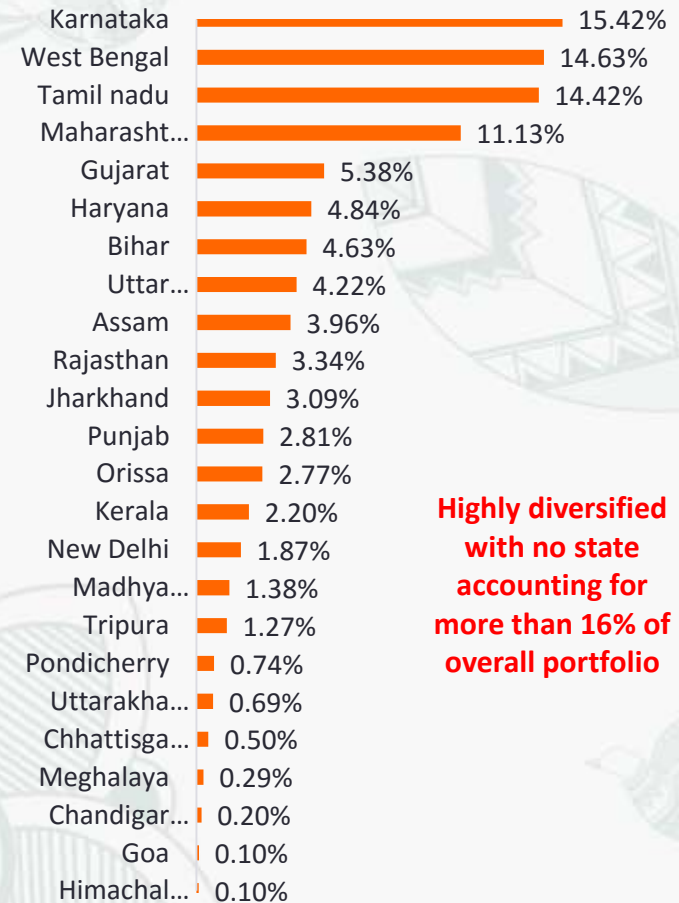


Gross Loan Book Mix- Region wise



Total Gross Loan Book: ₹6,379.49 Crore

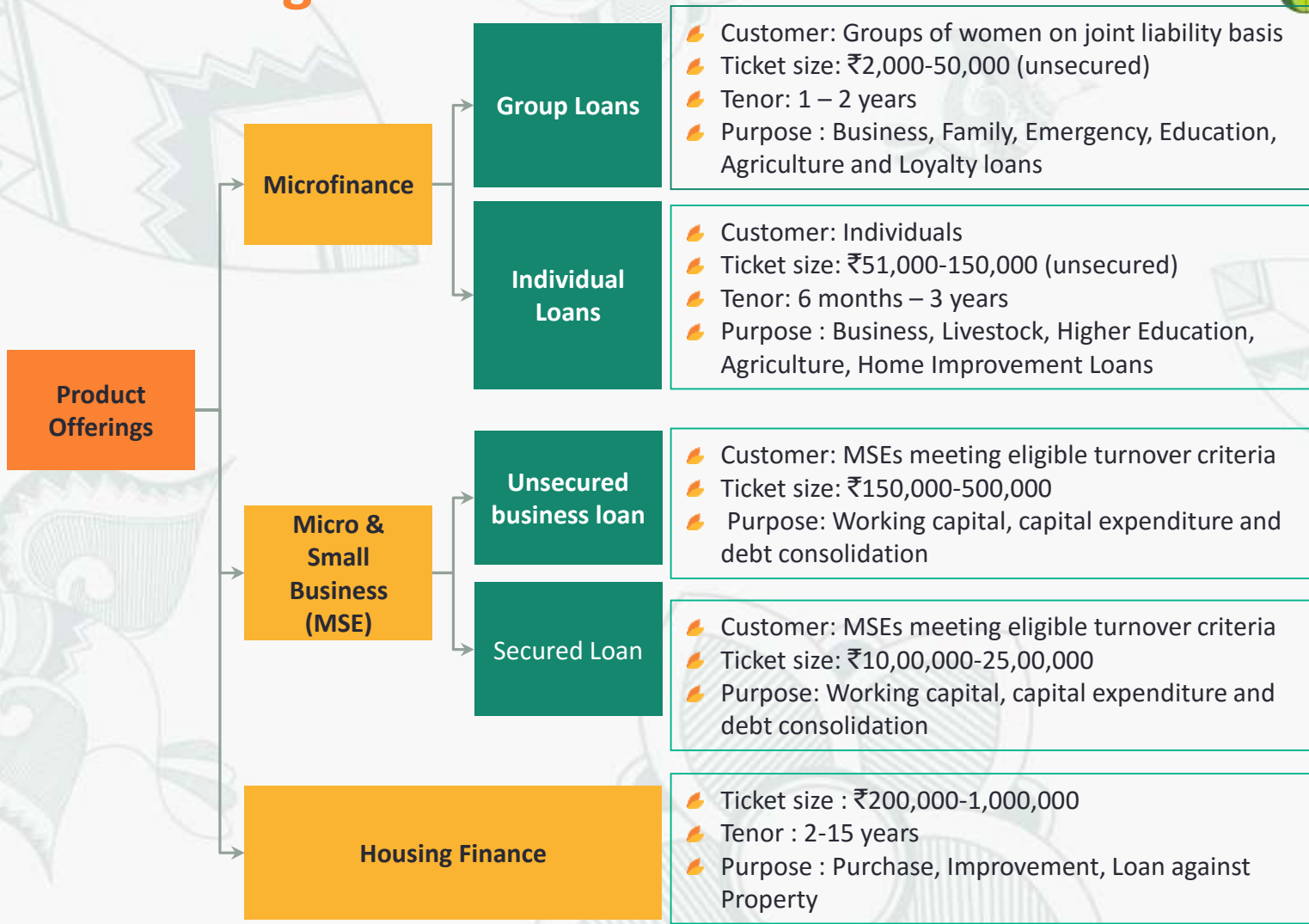
Portfolio Mix- State wise (%) - FY2017-18



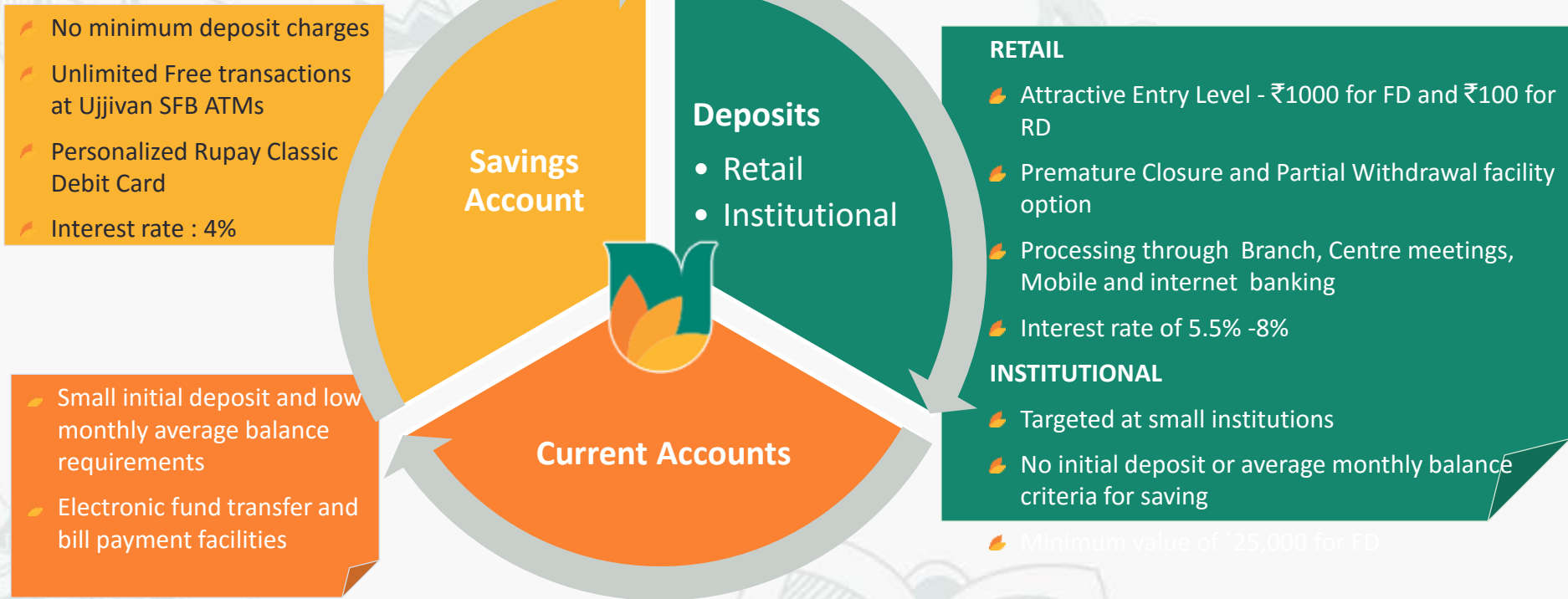
Highly diversified with no state accounting for more than 16% of overall portfolio

(1) as of 31 March 2017

Asset Offerings



Liability Products



Fee Based Products (Remittances & Third Party Insurance products)

- Easy affordable services and products
- Remittance services - a huge unmet need in unserved and underserved segment
- Segment under penetrated for Insurance products - existing base offers huge potential
- Life insurance products : in the event of death of the loan customer or spouse, insurance amount helps beneficiary repay existing loan



Easy and Convenient Banking

Modes to facilitate banking



Paperless / Cashless

- Quick and simple account opening / processes without forms
- Encourage use of cashless transactions



Assisted banking

- Educate and assist people to use different banking channels
- Bank staff to assist customers till they are able to use channels independently

Key channels



Branch

- All current branches to convert into bank branches
- Additional URCs to be opened



ATMs

- All branches to have ATMs
- ATMs with biometric and security pin access



Internet/ Mobile

- Pay bills, transfer funds, etc.
- Instant banking, easy to monitor
- Additional facilities – registration, generation/change of password



Phone

- 24x7 helpline; No lengthy IVRs
- Access to account related info, request for services, handle complaints, grievances



Missed call / SMS

- Simple short codes for quick requests / enquiries
- Balance and mini-statement through missed call on specified numbers



Doorstep

- Mobile ATMs carried to centre meetings held in neighbourhoods
- Deposits / withdrawals and other transactions

Why will people save with Ujjivan

Treat customers with RESPECT

Ease of access through multiple channels

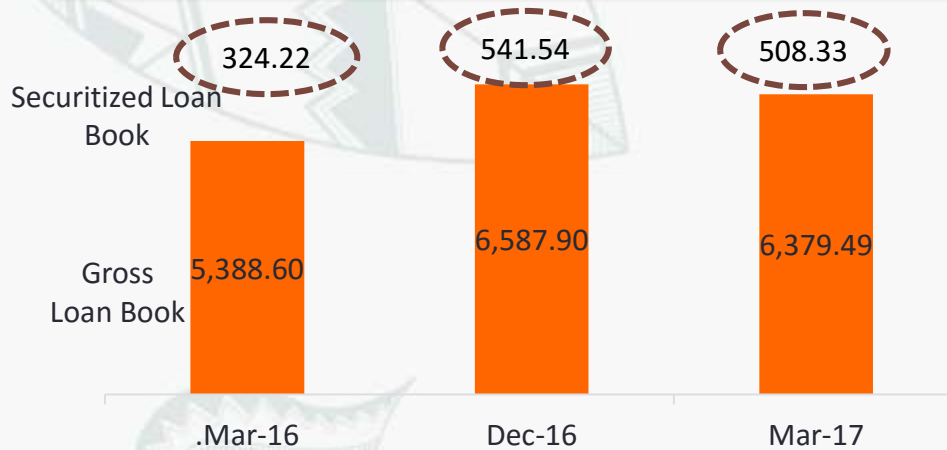
Brand franchise - Leverage on existing customer base

Employees from local community to serve as brand ambassadors

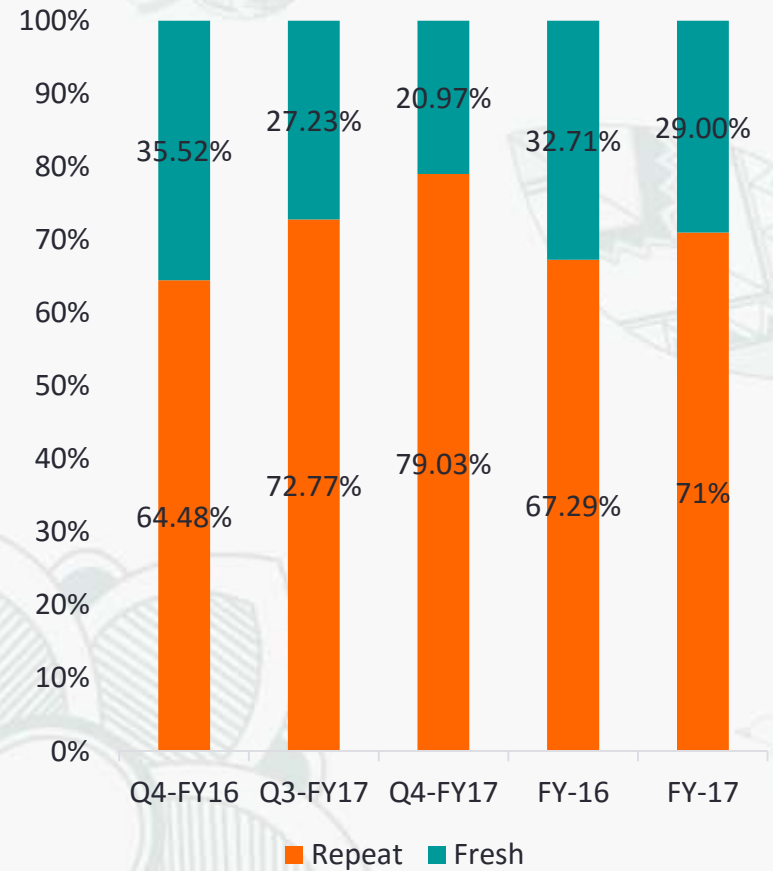
Business Performance Overview

Loan Book Overview

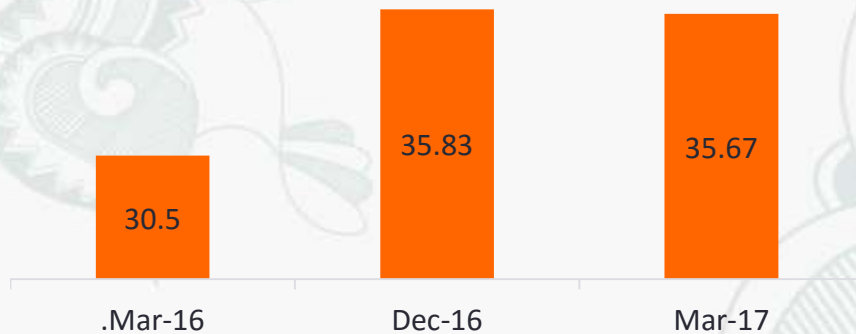
Gross Loan Book & Securitized Loan Book (₹ in Crore)



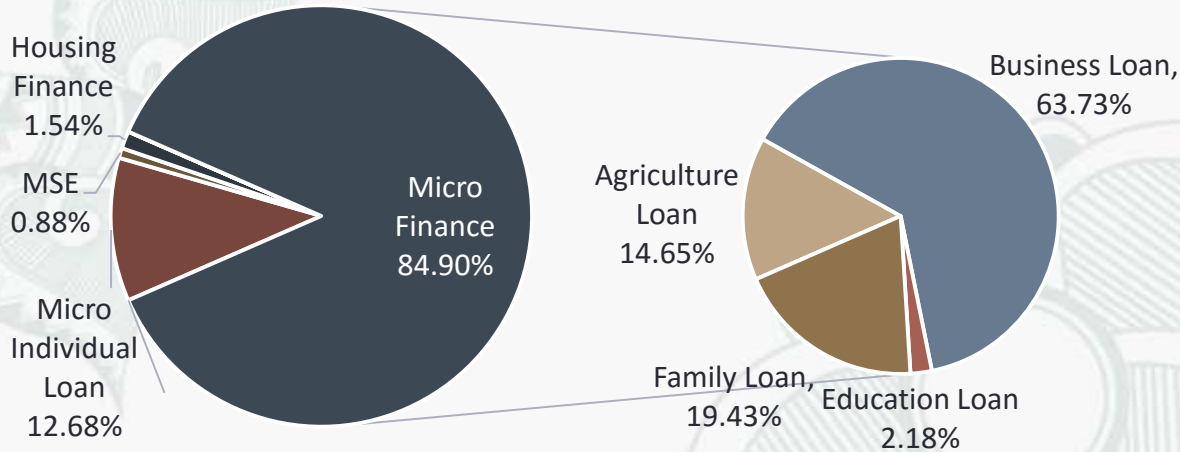
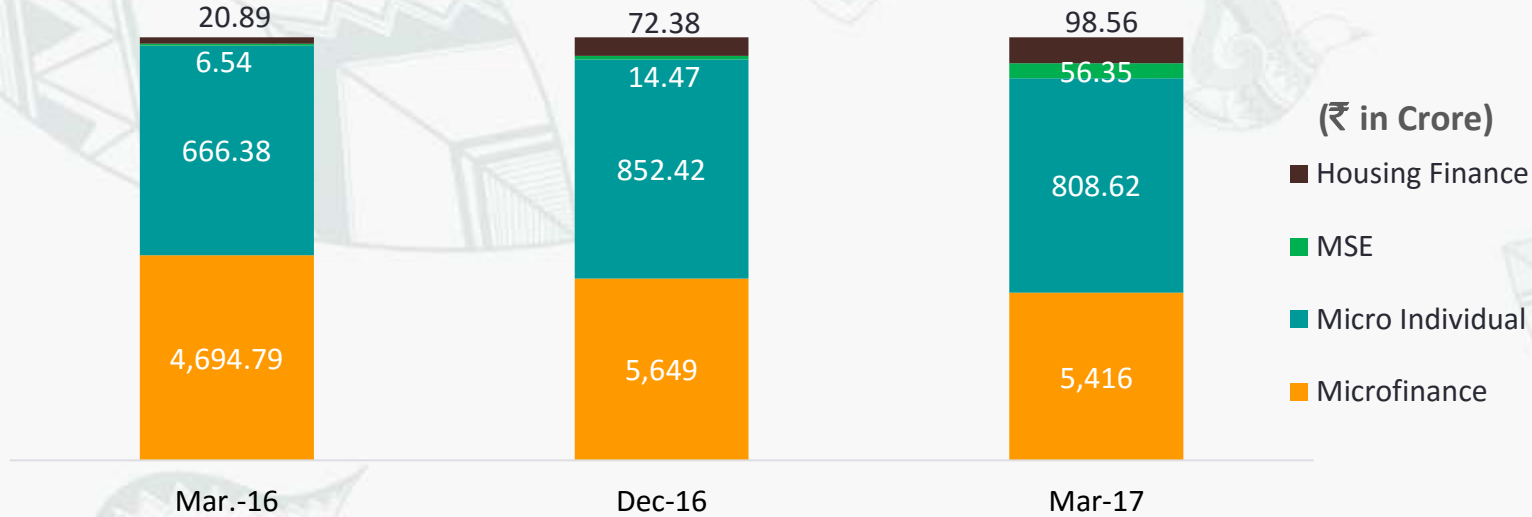
Type of Loan (on Disbursement)



Number of Borrowers



Composition of Gross Loan Book

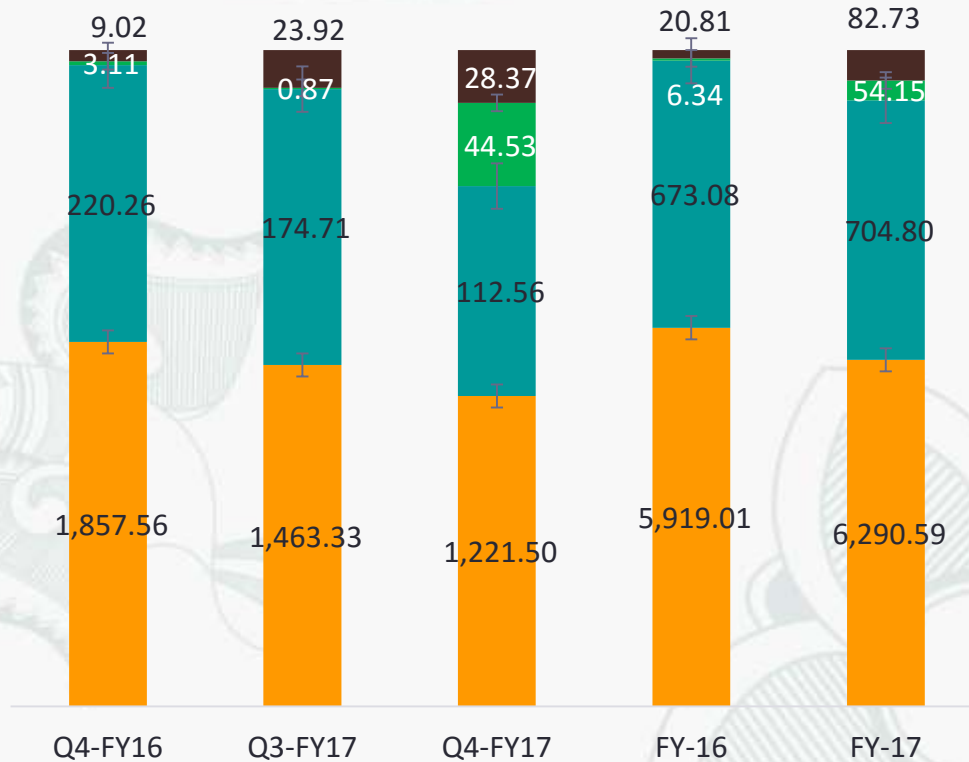


| Product Bifurcation | % Share in Gross Loan Book |
|---|----------------------------|
| Unsecured Loan (Microfinance & Individual Loan) | 97.57% |
| MSE | 0.88% |
| Housing Finance | 1.54% |

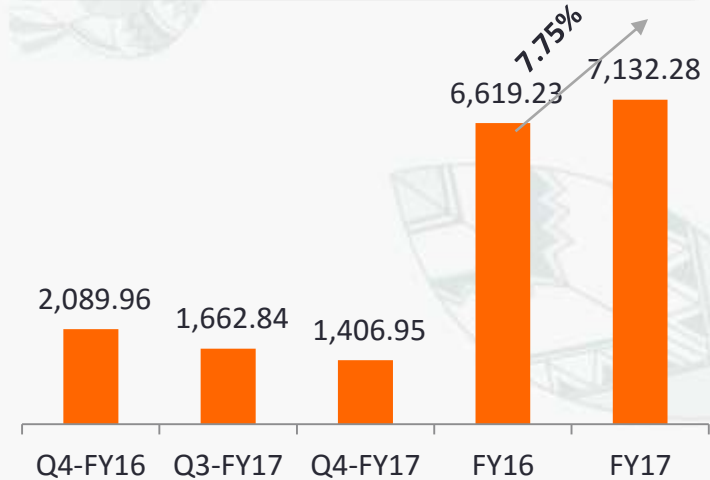
Disbursement Spread & Average Ticket Size

Product wise Disbursement (₹ in Crore)

■ Microfinance
 ■ Micro Individual Loan
 ■ MSE
 ■ Housing Finance



Total Disbursements (₹ in crore)



Average Ticket Size – FY 2016-17

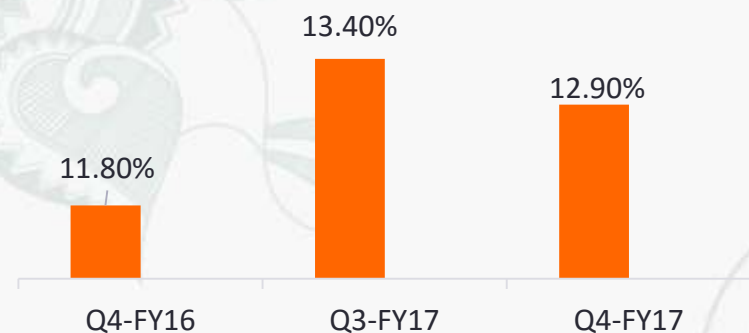
| Product | in ₹ |
|-----------------------|---------|
| Microfinance | 23,711 |
| Micro Individual Loan | 64,212 |
| MSE | 259,106 |
| Housing Finance | 405,316 |

Efficiency Parameters (Contd.)

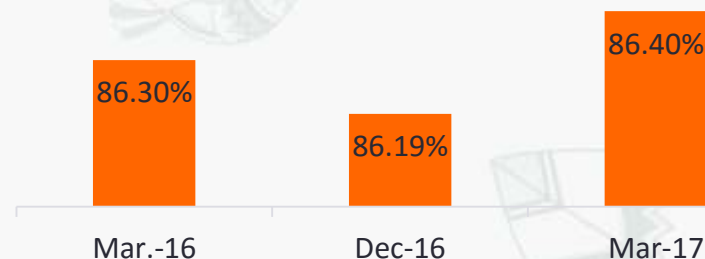
Rejection Rate & Key Reasons

| Key Rejection Reasons | Mar'17 |
|---|--------|
| Live loans with 3 Lenders | 40.9% |
| Overdue | 26.6% |
| Loan Exposure > 60,000 | 17.4% |
| Live Loans with 3 Lenders, Overdue and Loan Exposure more than 60,000 | 1.5% |
| Live Loans with 3 Lenders and Overdue | 3.3% |
| Live Loans with 3 Lenders and Loan Exposure more than 60,000 | 10.0% |
| Overdue and Loan Exposure more than 60,000 | 0.4% |

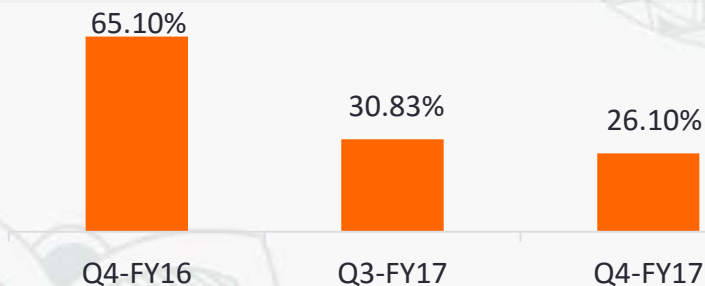
Bureau Rejection Rate (%) - Microfinance



Customer Retention Ratio(%)



Cashless Disbursement (%)



86.4% Customers with Aadhar Card as on 31st March, 2017

Deposits & Borrowing Profile

Deposits & CAR

₹ in Crore

| Deposit Balance | Total (₹ Crores) |
|-----------------------|---------------------|
| CASA | 3.2 |
| Retail FD & RDs | 3.3 |
| Institutional Deposit | 99.8 |
| Total | 106.4 |

 The Deposit business stood at Rs.106.4 crore spanning 38,222 accounts at the end of March 2017

 CASA ratio stood at 3.02%

| CRAR for SFB | 31 st March 2017 |
|-----------------------------------|-----------------------------------|
| Common Equity Tier1 Capital Ratio | 14.68% |
| Tier I Capital | 16.83% |
| Tier II Capital | 1.41% |
| Total Capital Ratio (CRAR) | 18.24% |
| Total risk weighted assets | 9,334.15 |

Borrowing Profile & Cost of Borrowing

| Borrowing Outstanding | | | |
|-----------------------|-------------------------------------|-----------------|-------------|
| Sr. No. | Particulars | As on March'17 | % Mix |
| 1 | Term Loans, Cash Credit & Overdraft | 3,934.15 | 63% |
| 2 | Refinance Facility | 1023.93 | 16% |
| 3 | Securitization (Off Balance Sheet) | 508.32 | 8% |
| 4 | Non Convertible Debentures | 825.00 | 13% |
| | Total Outstanding Amount | 6,291.40 | 100% |

| Debt Raised | | | |
|-------------|------------------------------------|-----------------|-------------|
| Sr. No | Particulars | As on March'17 | % Mix |
| 1 | Term Loans & Refinance | 3,955.25 | 61% |
| 2 | Refinance Facility | 836.00 | 13% |
| 3 | Securitization (Off Balance Sheet) | 836.11 | 13% |
| 4 | Commercial Paper | 465.00 | 7% |
| 5 | NCD | 400.00 | 6% |
| | Total Outstanding Amount | 6,492.36 | 100% |

| Cost of Borrowings | | | |
|--------------------|-----------------------------------|------------|------------|
| Sr. No. | Particulars | FY 2016-17 | FY 2015-16 |
| 1 | Weighted Average Cost of Interest | 10.45% | 11.80% |
| 2 | Weighted Average Cost of Debt | 10.63% | 12.18% |
| 3 | Marginal Cost of Interest | 9.67% | 11.06% |

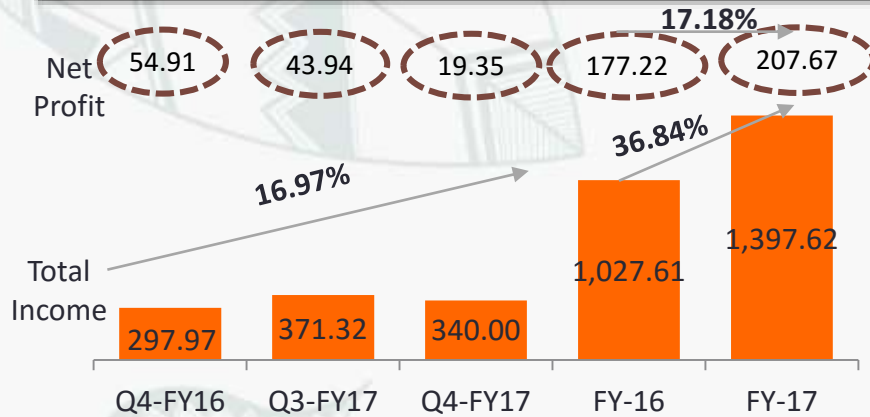
Credit Ratings for Ujjivan SFB

| Particulars | ₹ in Crore | Rating Agency |
|--------------------------|------------|-----------------------|
| Long Term Borrowing | 6,000.00 | CARE A+ (Stable) |
| NCD | 400.00 | CARE A+ (Stable) |
| NCD | 425.00 | ICRA A+ (Stable) |
| Certificate of Deposit | 2,000.00 | CRISIL A1+ & ICRA A1+ |
| Short term fixed Deposit | 2,000.00 | CRISIL A1+ & ICRA A1+ |

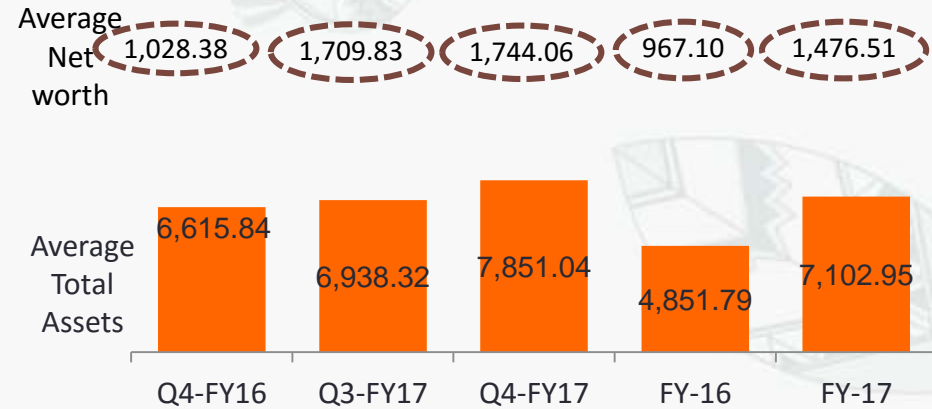
Financial Overview

Financial Overview

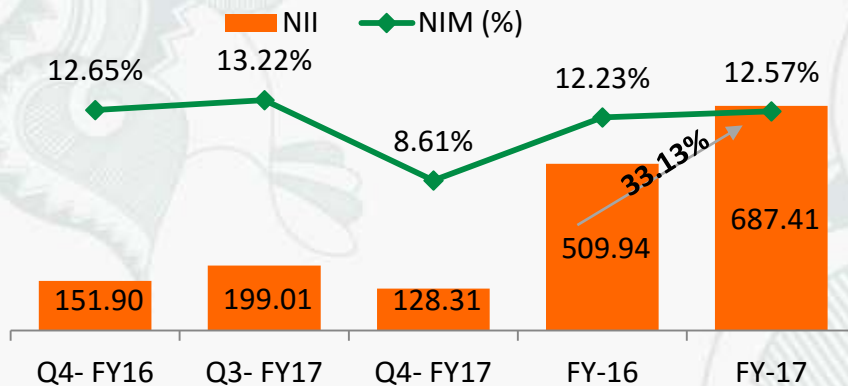
Total Income & Net Profit (₹ in Crore)



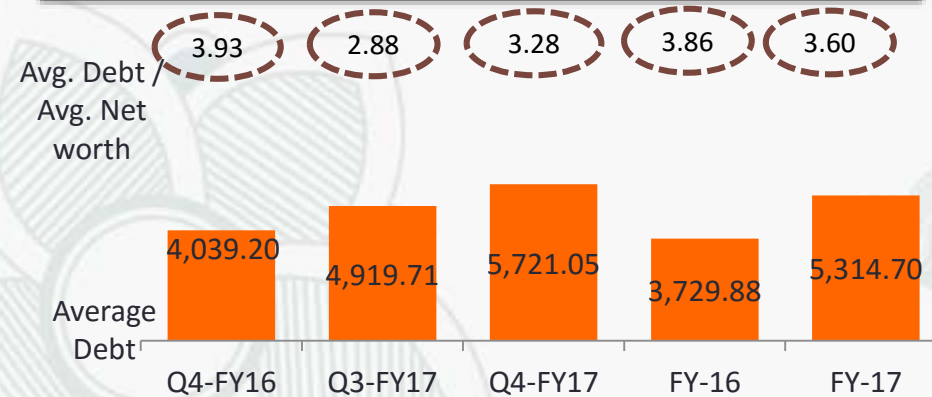
Average Total Assets and Net worth (₹ in crore)



NII & NIM

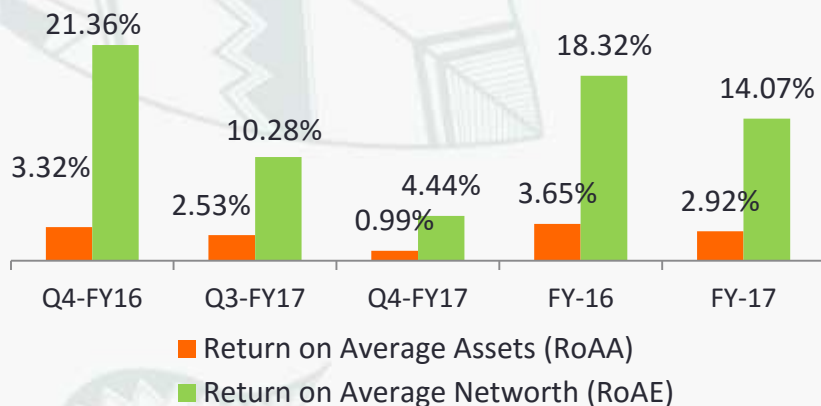


Average Debt (₹ in Crore)

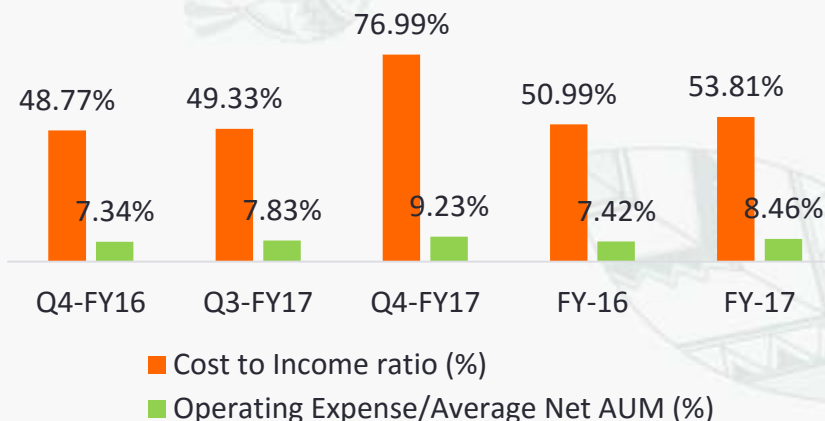


Financial Overview (Contd.)

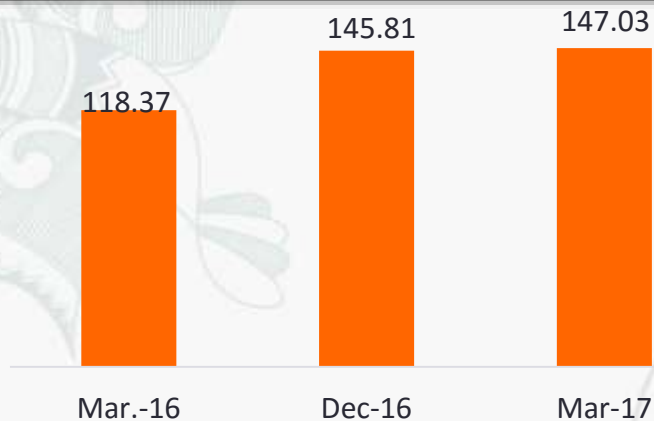
RoAA & RoAE



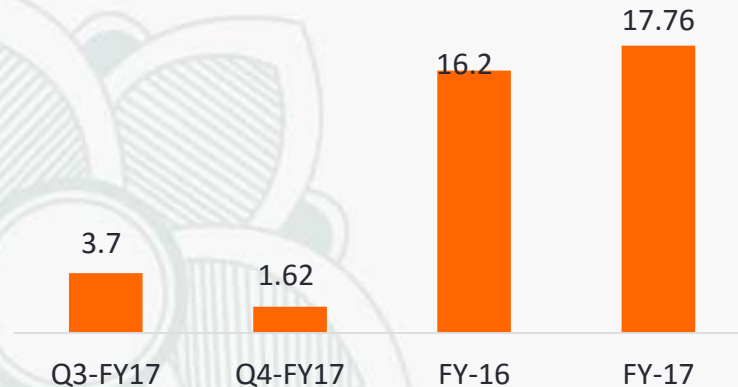
Operating Efficiency



Book Value Per Share (in ₹)



Earning Per Share



Financials – Profit & Loss Statement



₹ in Crore

| Particulars | Q4-FY17 | Q4-FY16 | YOY Growth (%) | Q3-FY17 | QoQ Growth (%) | FY 2016-17 | FY 2015-16 | YOY Growth (%) |
|---------------------------|---------------|---------------|----------------|---------------|----------------|-----------------|-----------------|----------------|
| Revenue from operations | 314.53 | 294.05 | 6.97% | 362.18 | -13.15% | 1,349.37 | 1,007.25 | 33.97% |
| Other income | 25.46 | 3.92 | 549.10% | 9.14 | 178.60% | 48.25 | 20.36 | 136.99% |
| Total Income | 340.00 | 297.97 | 14.10% | 371.32 | -8.43% | 1,397.62 | 1,027.61 | 36.01% |
| Finance costs | 161.70 | 117.95 | 37.09% | 133.19 | 21.40% | 542.72 | 423.50 | 28.15% |
| Employee expenses | 76.54 | 53.79 | 42.29% | 70.72 | 8.24% | 271.62 | 196.65 | 38.12% |
| Other expenses | 54.85 | 31.59 | 73.60% | 43.51 | 26.05% | 173.80 | 102.17 | 70.10% |
| Depreciation | 5.13 | 2.09 | 145.70% | 2.76 | 86.34% | 12.63 | 8.02 | 57.41% |
| Provisions and write offs | 7.17 | 8.24 | -13.01% | 54.75 | -86.90% | 75.12 | 25.27 | 197.23% |
| Total Expenses | 305.39 | 213.66 | 42.93% | 304.92 | 0.15% | 1,075.89 | 755.62 | 42.38% |
| Profit before tax | 34.61 | 84.31 | -58.95% | 66.40 | -47.88% | 321.74 | 271.99 | 18.29% |
| Total tax expense | 15.26 | 29.39 | -48.10% | 22.45 | -32.05% | 114.07 | 94.77 | 20.36% |
| Profit after tax | 19.35 | 54.91 | -64.76% | 43.94 | -55.96% | 207.67 | 177.22 | 17.18% |

Financials – Balance Sheet



₹ in Crore

| Particulars | As on March'17 | As on Dec'16 | QoQ Growth (%) | As on March'16 | YOY Growth (%) |
|--------------------------|-----------------|-----------------|----------------|-----------------|----------------|
| Share capital | 119.38 | 118.84 | 0.45% | 101.19 | 17.98% |
| Reserves and surplus | 1,635.88 | 1,614.02 | 1.35% | 1,096.57 | 49.18% |
| Borrowings | 6,291.40 | 5,150.69 | 22.15% | 4,338.00 | 45.03% |
| Deposits | 106.41 | - | - | - | - |
| Provisions | 147.38 | 168.52 | -12.54% | 76.02 | 93.88% |
| Other Liabilities | 178.14 | 171.42 | 3.92% | 115.54 | 54.17% |
| Total | 8,478.59 | 7,223.49 | 17.38% | 5,727.32 | 48.04% |
| Cash and cash equivalent | 760.08 | 830.21 | -8.45% | 491.27 | 54.72% |
| Advances | 5,871.16 | 6,046.36 | -2.90% | 5,064.39 | 15.93% |
| Investments | 0.10 | 0.10 | - | 0.10 | - |
| Fixed & tangible assets | 139.77 | 107.25 | 30.32% | 24.18 | 478.05% |
| Other assets | 1,707.49 | 239.58 | 612.71% | 147.38 | 1,058.54% |
| Total | 8,478.59 | 7,223.49 | 17.38% | 5,727.32 | 48.04% |

Thank You!