



Message from MD & CEO: Giant strides for the Financial Year 2018-19

On February 1, 2018 we completed one year of banking operations. It has been a challenging year coping with the after effects of demonetization; rolling out bank branches across the country and at the same time building or re-building our businesses in different verticals. Though overall results are good reflected by our return to profitability in the last quarter, we have had our share of successes, failures and also ranks. All this has been possible because of the hard work put in by all of you.

The seven new SFBs launched during the year and the two in the previous year have embarked on a journey of financial inclusion of 600 million plus unserved and under-served customers. The new banks are going beyond the traditional microfinance, entering the affordable housing, MSME, deposit business, treasury & third party products like insurance. SFBs are offering a full suite of banking services including savings, deposits, transactions, direct benefit transfer, remittances, bill payments and insurance etc. The requirement of opening of at least 25% of the banking outlets in un-banked rural areas, will further the cause of financial inclusion. We are offering different channels: branch banking, unbanked rural branches, BCs, ATMs, Phone, Internet & Mobile banking. Technology will be a key enabler, taking banking to the customer doorstep. Digital banking including paperless account opening and multiple channel offerings has reduced transaction turn-around times and enhanced productivity ensuring cost effective seamless onboarding and transactions.

Technology is an enabler to wow the customer with our services and reduce our operating cost. We need to take our customers through the journey of assisted service to self-service. We also plan to move our customers from Cash to less-cash economy and we are making significant effort & investment towards this. Our primary goal is to reach out to the larger unbanked & under banked populace through our unique bank. We have invested heavily in technology and design tech-based solutions as per our customer needs to make banking paperless, fast, secure and available within easy access. Digi Buddy at each of our branches will interact with customers to

teach them basics about using phone and mobile banking, missed call banking and using biometric ATM. This is key to the viability of our business: service this segment of customers whose transaction size is small but very large in numbers. If we are able to master this then in future we can become formidable mass market players championing the cause of financial inclusion. In the coming year, we will also start Data & Analytics function. As we progress as a bank, availability of data about our customers is increasing exponentially. We will be using data to segment our customers, improve underwriting and offer them products & services based on it.

The third quarter also marks our return to profitability that we had set at the beginning of the year. The impact of demonetization is behind us. Our business is back to normal level. We are well in control of the portfolio quality problems and have made adequate provision and write-off in our books. Business volume of microfinance is growing steadily. We have revamped MSE and Affordable Housing Businesses and expect their contribution to grow significantly. We need to put in much greater focus on building our deposit base both retail and institution going forward. We will also be initiating the personal loans, rural banking and Financial Institution Group which apart from wholesale funding, managing banking relationships will also engage in lending to NBFCs. We will leverage our distribution channels to sell a range of third party products. Treasury will be playing a much larger role in the New Year. With full scale operations in place we will also embark on a strong nationwide & local branding of Ujjivan SFB to support our business initiatives. Based on the learnings of last one year we will make a number of changes. This will provide us the spring board to success and re-establish our credo of being the best in whatever we do.

Let's accept 2018 as the first major step towards our goal of becoming the best mass market bank in five years' time. A bank focused on building better lives for all. There are exciting times ahead. Put on your seat belts. Work hard & play hard. It is a marathon not 100 meters sprint.

Awards & Recognitions



Mr. Jacob George, National Manager, Talent Acquisition was recently recognized as one of the 'Top 100 HR Minds in India' by the World HRD Congress, India Chapter. The three day event witnessed participation of over 2000 HR leaders and strategic decision makers who contribute to knowledge management, learning and development of workforces.

Ujjivan SFB was awarded with 'Best IT Risk and Cyber Security Initiatives' amongst all Small Banks at IBA Technology Award, presented by Indian Banking Association. The accolade was presented for the steps undertaken by Ujjivan to strengthen the cyber risk framework as a part of enterprise risk management and initiatives related to IT Risk and Cyber Security. The Banking Technology Awards recognize banks whose innovative ideas, initiatives, risk framework and implementation of various IT initiatives have kept the organization ahead of their competitors.



Banking on Technology – The Game Changer

The transition from an MF to a Small Finance Bank has been one of the most comprehensive IT transformations in the financial services industry. We completed the IT transition and integration of new processes within 9 months. To commemorate 1 year of banking operations, Ujjivan IT Team organized an event with technology partners.

Mr. Samit Ghosh (MD&CEO) and Mr. Ittira Davis (COO) inaugurated the event. Speaking at the event, Mr Ghosh congratulated the team on the effort put in to set the foundation. He also stated that the year ahead will be of growth and technology will play a pivotal part in facilitating the same.

"The year ahead is one of transformation. The businesses have defined their priorities and the core themes for the year ahead would be (i) launch of new products (ii) differentiated customer service (iii) using data for better decision making", said Mr. Balaji Parthasarathi (CTO).

The Chairman of Wipro, Mr. Azim Premji visited Ujjivan on our 1 year milestone to meet & interact with the team.

He strongly advocated that banks should continuously seek for quality, revolution in technology and innovate. When asked on one key value that one should embrace to succeed, Mr. Premji mentioned that one core principle that has taken him so far is integrity which should never be compromised on. He further added that technology will be key enabler for business and banks should put best of technology to customers and gradually move them to a digital economy.

Ujjivan's association with Dell technologies goes a long way. Recently, Mr. Tom Sweet, Executive VP & CFO of Dell Technologies along with the MD of the India business, paid us a visit and wished to partner in the journey of Ujjivan Small Finance bank. In addition, Mr. Martin Jetter, Senior VP, IBM New York visited us and offered to deepen the current engagement. Leveraging cloud, analytics and SOC were some of the areas identified that IBM and Ujjivan intends to work on it in the year ahead.



Our Participation at Industry Events

MD & CEO, Mr. Samit Ghosh participated at two key industry events as a panelist: 11th Mint Banking Conclave and 10 year celebration of AKMI. Mr. Ghosh voiced his opinions on the challenges and opportunities for the sector in the current times and how to remain relevant in the future.

Expressing his views, Mr. Ghosh said, "The biggest challenge is the need of an enabling regulatory environment because we are now tackling a sector which has been dependent on informal sources of financing. We need to have a process of dialogue with the

regulators so that we can modify all the regulations which are there, as they are targeted more for commercial banks. It is true not only for the MSMEs but also for the agriculture sector and the rural sector. Commercial banks have it free, they can open branches virtually wherever they want, whereas we have to get prior approval for opening branches, not only from RBI, in some cases also from the state. It is a complex environment that we have been put into. There is a process of evolution and slowly we have to work towards easing those restrictions so that we can be successful."

Understanding the importance of maintaining a good credit score for their future, Archana cleared her repayments. Archana's business has grown ever since with a secure income flow. Kids are going to school, their house is now renovated and survival of 6 member family doesn't seem like a challenge to them anymore. In the coming times, Archana plans to expand her shop and invest in cold storage for sale of more products. Their belief in Ujjivan gives them the confidence to dream bigger and achieve more.



Customer Story: The Vada Pav Dreams

"The trust and confidence that Ujjivan has on us, gives us the courage to fight the odds", says Archana who owns a small eatery to joint in Satara. Archana is operating this business for the past five years with the support of her husband.

The start of Archana's entrepreneurial journey was full of challenges. Her first shop was forced to shut down by the property owner, post which Archana and her husband was unemployed for 3 months. After a lot of initial struggle they eventually found a property to set up their business but didn't have enough capital to commence.

After searching for finance options, they got in touch with Ujjivan for a loan. Ujjivan gave them courage to run their business; the very first loan of Rs. 15000 helped them with the initial investment. Over a period of time, their business grew and they expanded their menu offerings for customers.

After demonetization hit, Archana and her family had to face difficult times. They have to shut their eatery for three months due to poor cash flows. There were political unrest in Satara, protests were announced

against MFIs but Archana and her family ignored the rumours and didn't lose their trust in Ujjivan.

"Post demonetization, our business slowed down. We were worried about our loan repayments due to paucity of cash. But Ujjivan didn't force us to pay; the Staff understood the scenario and our current state of affairs. There were rumors in the market for loan waiver; people visited our house and asked us not to pay EMI but we decided to repay the dues. Ujjivan was with us in our tough times, we couldn't betray their trust by not repaying our loan dues." recalled Archana.

Understanding the importance of maintaining a good credit score for their future, Archana cleared her repayments. Archana's business has grown ever since with a secure income flow. Kids are going to school, their house is now renovated and survival of 6 member family doesn't seem like a challenge to them anymore. In the coming times, Archana plans to expand her shop and invest in cold storage for sale of more products. Their belief in Ujjivan gives them the confidence to dream bigger and achieve more.



Story of Maghananda Chowta: Flying High From Aviation to Banking

Maghananda Chowta was a Sales personnel in the Aviation sector for two years before joining Ujjivan as a Loan Officer for Housing. Banking not being his core strength was a cause of apprehension for Chowta. Changing industries can reinvigorate careers and add value but with it comes multiple challenges as well.

Observing his competence in sales, Ujjivan gave Chowta an opportunity to showcase his strengths and increase his knowledge about banking industry while on the job. Ujjivan provided comprehensive training which helped him perform more and deliver better. Chowta's Cluster Manager helped him understand Ujjivan's legacy of building better lives, his role, challenges that might come his way, business expectations and the targets he needs to chase.

Maghananda's first loan disbursement was of Rs 20 lakh which later increased to Rs.67 lakh. Today, he is one of

the best performing Loan Officers in Housing, having achieved a cumulative business target of Rs 1.8 crore in the last five months.

On being asked about his experience of working with Ujjivan, Maghananda said, "Working at Ujjivan has been a great learning experience for me. The work environment here is very positive. I joined Ujjivan with no prior banking experience. My learning's on the job has kept me going every day. I have been able to achieve my business targets because of my diligence and dedication to go to the last mile to offer great service to our customers. Being there for our customers and helping them build a better life is what Ujjivan is all about. My journey at Ujjivan has shaped up well because of the continued support of my Cluster Manager, Area Manager and colleagues".



Family day events keep Ujjivanites connected

Family Day events are organised for all teams across regions. Ujjivanites and their dear ones come together with great zeal for these well-planned, fun events. Ujjivanites get an opportunity to interact with each other & their families in a relaxed setting, off work premises. The leisure time spent at either a resort or picnic spot helps teams spend quality time with each other and also learn & appreciate Ujjivan culture and

values. This occasion is also utilized by teams to share appreciation notes and awards within their teams. The events foster a spirit of belongingness, team spirit, and inclusion. Demonetization and transition periods triggered high stress times for employees and their families and thus, Ujjivan took the opportunity to thank all the families for supporting our workforce during hectic times in the last year.

Ujjivan Chote Kadam program commences with 4 projects

Ujjivan's Community Development Programme, Chote Kadam went live with 4 projects in February. Two initiatives were inaugurated in North region and one each in the South and West regions respectively. Volunteering activities engaging the communities were conducted across regions in the days leading up to the inauguration of the projects. Ujjivan branch staff as well as the community members actively took part in these events. Activities included a cleanliness drive around the

bus shelter in Satara, a mini rally to promote girl child education in Jaipur and a tree plantation activity around the school in Gokak.

The first project to go live was a Bus Stand for the residents of Degaon Phata in Satara, Maharashtra. The project was inaugurated on 3rd February, 2018 by Ms. A S Tamhankar, Satara Region Head, Maharashtra State Road Transport Corporation. The bus stand will benefit daily commute of over 500 residents of the area.

The Classrooms of Government Senior Secondary School in Jaipur, Government Middle School in Khargone and Adibate Badavane Government School in Gokak were renovated. Students were provided with new desk and

benches to offer a conducive learning environment. In addition, drinking water purifier was installed at the Government School in Gokak for health benefits of students.

