August 16, 2017

Ujjivan Small Finance Bank Limited

Ujjivan Small Finance Bank Limited has announced its Q1 FY2018 results on August 03, 2017.

Business growth: Ujjivan Small Finance Bank Limited's (USFB) loan book remained largely flat with net advances of Rs.5,877.2 crore as on June 30, 2017 as compared to Rs.5,861.0 crore as on March 31, 2017. Slower disbursements on account of continued effects of demonetization resulted in modest growth in portfolio. During Q1 FY2018, USFB's disbursements stood at Rs.1,701.9 crore. However, with disbursements showing trend in improvement, the bank envisages a portfolio growth of 20% during FY2018. The portfolio mix continues to remain skewed towards microfinance loans which accounted for about 85% (96.77% including individual loans) as on June 30, 2017. Over the medium term, USFB is expected to diversify its portfolio by increasing the combined share of advances to micro and small enterprises (MSE) and housing finance to about 50% from 3.24% as on June 30, 2017.

Asset quality: USFB's asset quality deteriorated with gross non-performing assets (GNPA) and net non-performing assets (NNPA) increasing to 6.16% and 2.30% as on June 30, 2017. With delinquent loans rolling over to higher buckets, the bank's portfolio of 90 days past dues (dpd) increased to 6.05% as on June 30, 2017 from 3.69% as on March 31, 2017. However, the bank's provision cover at 64.2% provides some comfort.

Profitability: USFB reported net loss of Rs.75.60 crore during Q1 FY2018 as against net profit of Rs.0.04 crore in Q4 FY2017 mainly on account of higher provisioning during the quarter. The management expects credit costs in the range of 4% (Rs.260-270 crore) for the full year FY2018. With provisions expected to have peaked in Q1 FY2018, the bank's profitability in the future quarters would depend on the portfolio expansion and its ability keep operating costs and incremental credits cost under control.

Capitalisation/Leverage: USFB's capital position is comfortable with Tier-I at 19.83% as on June 30, 2017 as compared with 16.23% as on March 31, 2017.

- The operating and financial metrics in Q1FY2018 were impacted because of the weakening in asset quality. Ability to control incremental slippages and undertake effective recoveries would be crucial going forward.
-

The previous rating rationale is available on the following link: <u>Click Here</u>

Key financial ratios:

Please note: Financial ratios for FY2016, FY2017 and Q1 FY2017 pertain to Ujjivan Financial Services Limited and financial ratios for Q1 FY2018 pertain to Ujjivan Small Finance Bank Limited. Accordingly, the given financial ratios are not strictly comparable.

Period	**FY2016^**	**FY2017^**	**Q1 FY2017^**	**Q1 FY2018***
Net interest income[#]	587.13	774.37	208.91	200.57
Profit before tax	271.99	321.74	108.11	-75.60
Profit after tax	177.22	207.67	71.37	-75.60
Net advances	5064.39	5871.61	5557.48	5,877.2
Total assets	5727.32	8478.59	6051.53	8,244.0
% Tier 1	22.37%	16.83%	NA	19.83%
% CRAR	24.14%	18.23%	28.28%	19.83%
Gearing	3.66	3.68	2.58	4.12
% Net profit/Average total assets	3.65%	2.92%	1.21%	-3.63%
% Return on net worth	18.32%	14.06%	5.07%	-18.87%
% Gross NPAs	0.15%	0.28%	0.18%	6.16%
% Net NPAs	0.04%	0.03%	0.04%	2.30%
Net NPA/Net worth	0.17%	0.10%	0.14%	8.63%

Amounts in Rs. crore; Source: Ujjivan Financial Services Limited, Ujjivan Small Finance Bank Limited
*^Pertains to Ujjivan Financial Services Limited: *Pertains to Ujjivan Small Finance Bank Limited*
 # Net interest income = Interest income on Portfolio loans + Interest income on investments + Processing charges – BO Costs – Interest Expenses

Contact Details

Analyst Contacts

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

AM Karthik
+91 44 4596 4308
a.karthik@icraindia.com

Swathi Hebbar
+91 80 4332 6404
swathi.hebbar@icraindia.com

Govindaraj Prabhu M
+91 44 4596 4306
govindaraj.m@icraindia.com

Relationship Contact
L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit **www.icra.in**

Registered Office
ICRA Limited
1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office
Mr. Vivek Mathur
Mobile: +**91 9871221122**
Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai
Mr. L. Shivakumar
Mobile: +**91 9821086490**
Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata
Mr. Jayanta Roy
Mobile: **+91 9903394664**
Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai
Mr. Jayanta Chatterjee
Mobile: +**91 9845022459**
Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore
Mr. Jayanta Chatterjee
Mobile: +**91 9845022459**
Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004,10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad
Mr. L. Shivakumar
Mobile: +**91 9821086490**
Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-79-25569231

Pune
Mr. L. Shivakumar
Mobile: +**91 9821086490**
Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills Road, Shivajinagar,Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad
Mr. Jayanta Chatterjee
Mobile: +**91 9845022459**
Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500