



Q 2 FY 2017 -18 Highlights

The quarter saw a landmark event marking the history in Utkarsh Journey. Honourable Prime Minister Shri Narendra Modi launched the full banking services of Utkarsh Small Finance Bank on September 22, 2017. Honourable Prime Minister also laid the foundation stone for the Head Office building of Utkarsh Small Finance Bank. He handed over a token debit card to one of our clients - Ms. Syamdulari. At this landmark moment in the exciting journey of Utkarsh, he addressed over 20,000 clients and employees of Utkarsh. He appreciated the efforts of Utkarsh Small Finance Bank Team, highlighted our untiring and relentless initiatives towards financial inclusion. He further encouraged us to continue our dedication and commitment.

The mega launch of full banking services was preceded by the special event of our 8th anniversary celebration on September 21, 2017. The event witnessed the gracious presence of our Chairman - Dr. V.S. Sampath, Directors of Utkarsh Small Finance Bank, Utkarsh Micro Finance Ltd & Utkarsh Welfare Foundation, our bankers, investors, partners and various stakeholders. Large number of employees of Utkarsh and family members witnessed the event. The event also recognized the significant contribution of many employees through Reward and Recognition (R&R).

Utkarsh obtained membership in CBRICS (Corporate Bond Reporting & Integrated Clearing System) of NSCCL (National Securities Clearing Corporation Limited). This has enabled us to trade, settle and report in Non-SLR securities with market participants.

Our wholesale lending business commenced with first disbursement (₹20 crore) to 'Village Financial Services (P) Ltd,' an NBFC-MFI, headquartered at Kolkata. This also gives us an opportunity to expand our footprint in eastern India.

The Bank achieved a milestone deposit base of ₹500 Crore with our Delhi Zone achieving a milestone of ₹200 Crore at the close of Q2.

Adding to our bouquet of Financial Services, the Pilot of Life Insurance products was also launched at 5 branches viz. Chembur (Nagpur Zone), Godowila (Varanasi Zone), Lakadganj (Nagpur Zone), Najafgarh (Delhi Zone) and Sagunamore (Patna Zone). General Insurance

products were also launched at 4 branches viz. Gurugram (Delhi Zone), Lakadganj (Nagpur Zone), Mahmooorganj (Varanasi Zone) and Muzaffarpur (Patna Zone).

As a part of Corporate Social Responsibility initiatives, Utkarsh Welfare Foundation (UWF) is implementing Village Adoption Plan. UWF Village Adoption Plan envisages integrated and holistic development of identified villages in consultation with village community coupled with convergence of various development interventions. Under this initiative, Dholapur and Karnadadi villages in Arajiline Block of Varanasi district were adopted on August 22, 2017. For the inaugural event, a Digital Financial Literacy Camp was organized in Karnadadi village and a Health Camp was organized in Dholapur village.

New Incumbents in the Senior Management

Amlan Shet - Head - Business Correspondence

He has an overall experience of 18 years in retail banking & agri-business sector. He is in charge of Business Correspondent function in the bank. Prior to Utkarsh, he was with Sahaj e-Village Ltd (a SREI Venture) where he headed the financial inclusion business of the company. He had also stints with ICICI Bank Ltd (handling various assignments of retail asset finance, debt management & financial inclusion initiatives) and Chambal Fertilisers & Chemicals Limited (handling sales & marketing, logistics, BTL initiatives & procurement of agriculture inputs). He is a Graduate in Agriculture Sciences from Banaras Hindu University, Varanasi and Post Graduate Diploma in Management from KIIT School of Management, Bhubaneswar.



Mitesh Hasmukhrai Vora - DVP – IT

He has an overall experience of more than 15 years in Information Technology Management having worked for organizations locally in India and Internationally in USA, UK and Europe. Presently, he is leading the technology infrastructure team at Utkarsh. Prior to Utkarsh, he was with FIS Global wherein he was leading the team responsible for technology implementation for some of the new Small Finance Banks and Payment Banks. He had also stints with Kotak Mahindra Bank, ING Vysya Bank, Royal Bank of Scotland and Cap Gemini. He is a Graduate from Mumbai University and has also attained certifications like ITSM, Prince2 Practitioner and Scrum certified professional.



Rajesh Bellani – DVP I Compliance

He has more than 32 years experience in banking and finance sector. He has worked with various banks in India viz. ICICI Bank, Centurion Bank, DCB Bank and Bank of India, having exposure on banking operations, retail and corporate loans, Audit, Back Office Operations, Internal Controls, Compliance and Risk and African Continent heading Internal Controls, Compliance, Risk and Processes functions. He has also been actively involved in Trainings and has trained over 9,000 trainees in his career. He is a Commerce Graduate and LLB from Gujarat University, ICWA (Inter) from ICWAI, Kolkata and CAIIB from IIBF, Mumbai.



Satish Kumar Bhatia - DVP I Credit

He has more than 30 years of Banking Experience. At Utkarsh, he initially served as Banking Trainer Consultant for over a year and now he has joined Credit Department. Prior to Utkarsh, he was with Syndicate Bank. While in Syndicate Bank, he served as Rural Development officer, Lead District Manager, Director-RSETI and headed several Branches and also served in Priority Sector Credit Department at Corporate Office. He is CAIIB from IIBF and PGDIM & PGDHRM from IGNOU. He has also secured Certificates in SME; KYC & AML; Microfinance and BCSBI & Customer Service from IIBF Mumbai.



Employee Speak "..."

"My Journey with Utkarsh started in Oct 2009. I have been fortunate enough to work with some of the most brilliant minds I have ever come across. During these years, I experienced that business growth must be aligned with social objective. Utkarsh Success Mantra is sustainability and scalability in all its initiative. There is tremendous amount of freedom and visibility here for employees to enhance their career. Apart from achieving professional excellence, I have also felt a sense of belonging here. Personally, it has been very satisfying to get an opportunity to interact with the senior management. Excellent working environment and growth opportunity is the driving force to perform in Utkarsh."

*Excerpts from a talk with **Mr. Indra Deo Pandey, – Chief Manager, Risk Department, Head Office.***

OPERATIONAL HIGHLIGHTS

The outreach of the company grew to newer operational geographies in 10 states viz. Bihar, Chhattisgarh, Delhi-NCR, Haryana, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Uttarakhand and Uttar Pradesh. The outreach expanded to 412 Banking Outlets (including 313 Micro Finance Banking Outlets, 12 MSME Business Outlets, 12 Housing Loan Business Outlets, 36 General Banking Outlets and 39 Micro Banking Outlets).

At the close of Q2 FY 2017-18, the Micro Finance outreach had active client base of 1,275,167 with loan portfolio of ₹18,986.4 Mn. The MSME business had 15,976 active client base with loan portfolio of ₹839.8 Mn and Housing Loan business had 187 active client base with loan portfolio of ₹68.1 Mn. The total assets portfolio of the Bank was ₹19,894.3 Mn, as on Sep 30, 2017. The active customer base under liability business was 3,362 with ₹5,813.04 Mn of deposits.

A comparative summary of the operational highlights of the Bank is as below:

Particulars	As on Sep 30, 2017	As on Mar 31, 2017	As on Sep 30, 2016
MICROFINANCE OUTREACH			
No. of States	10	10	10
No. of Districts	110	110	108
Total No. of Outlets			
Micro Banking Outlets	39	1	-
Micro Finance Outlets	313	350	344
Total No. of Centers	83,680	75,887	1,185,764
Total No. of Groups	342,480	321,326	322,782
Total No. of Members	1,281,893	1,104,768	1,253,624
Total No. of Clients	1,275,167	1,152,324	1,185,764
Loan Outstanding (₹ in Mn) (Own + Managed)	18,986.4	15,301.61	16,755.2
Total No. of Loans Disbursed	3,342,155	2,830,668	2,555,819

Particulars	As on Sep 30, 2017	As on Mar 31, 2017	As on Sep 30, 2016
MICRO, SMALL & MEDIUM ENTERPRISES LOANS			
No. of States	7	7	7
No. of Districts	25	22	23
Total No. of Banking Outlets	12	23	23
Total No. of Loans Disbursed	26,611	23,101	21,582
Total No. of Clients	15,976	16,911	16,816
Loan Outstanding (₹ in Mn)	839.8	782.6	951.5

HOUSING LOANS	As on Sep 30, 2017	As on Mar 31, 2017	As on Sep 30, 2016
No of States	4	2	2
No. of Districts	4	3	2
Total No. of Banking Outlets	12	3	2
Total No. of Loans Disbursed	211	171	128
Total No. of Active Clients	187	161	122
Loan Outstanding (₹ in Mn)	68.1	52.2	34.0

Particulars	As on Sep 30, 2017	As on Mar 31, 2017	As on Sep 30, 2016
LIABILITIES OUTREACH			
No. of States	8	4	-
No. of Districts	30	4	-
Total No. of General Banking Outlets	36	4	-
Total No. of Customers	3,362	1,681	-
Total No. of Accounts	8,875	2,888	-
Total Deposit (₹ in Mn)	5,813.04	186.28	-

EMPLOYEE DETAILS	As on Sep 30, 2017	As on Mar 31, 2017	As on Sep 30, 2016
Micro Banking Vertical	2,853	2,886	2,546
Retail Assets Verticals	422	343	307
Liabilities Vertical	464	318	-
Support and Control Teams	355	300	335
TOTAL	4,094	3,847	3,188
Women Employees	292	240	162

NUMBER of ATMs	As on Sep 30, 2017	As on Mar 31, 2017	As on Sep 30, 2016
Onsite ATMs	37	5	-
Off-site ATMs	7	-	-
TOTAL	44	5	-

Success Stories – as clients speak “....”

“I am Shiv Devi, a native of Gopiganj, just few kilometers away from the Sangam city of Allahabad. There was a drought in our village some 2 years back, when our entire cultivation was hit badly. We got affected adversely on financial front as the major source for our income was from farming, besides selling milk.

Things were getting worse day by day and we were struggling for our daily needs.

But with the grace of God, one day my neighbour told me about Utkarsh giving small loans. She helped me to meet an Utkarsh official who briefed me the producer to avail the loan.

With the initial loan of ₹ 12,000 I purchased seeds and fertilizer and with subsequent loan of ₹ 18,000, I purchased a cow and expanded our business of selling milk.



Slowly and gradually our farming started providing better yield, our milk business gained stability but still we had to go long to cover our loss from the drought.

To increase the source of earning, I decided to start a new business of grocery shop for which I took subsequent loan of ₹ 22,000. By buying and selling grocery items, milk and earnings from agriculture, we started saving ₹1,000 to ₹1,500 monthly after meeting all our expenses.

Recently, I have availed a loan of ₹ 25,000 and have purchased another cow. My daughters Neha and Pooja are studying in a good school now.

Our happy days are back again, we thank Utkarsh which has supported us at time when we needed it the most. My family feels good in getting timely linkages with Utkarsh on our all credit requirements.”

Ms. Shiv Devi, a resident of Gopiganj, Uttar Pradesh is client of Utkarsh Gopiganj Branch.

Utkarsh in News

ET Q&A **GOVIND SINGH**
Managing Director, Utkarsh Small Finance Bank

'Our Book Size will Be ₹10,000 Cr in 5 Years'


Utkarsh Small Finance Bank is looking to tap into multiple opportunities after it started operations in January as the first commercial bank headquartered in the Hindi heartland. Its managing director Govind Singh told **Joel Rebellio** in an interview. It was among the 10 entities which were given an in-principle approval by the Reserve Bank of India in September 2015 to start a new kind of banks lending to small businesses. Edited excerpts:

How do you see this opportunity to operate a small finance bank?
We have an existing client base but as an MFI (microfinance institution), we could only give loans. As a bank, we can offer all products. An NBFC (non-banking financial company) requires a licence for each financing activity. We can now cater to all types of customer segments. So, in terms of opportunity, it's huge in the core geography of Uttar Pradesh, Bihar and the eastern India we are operating in. It's a win-win for all — our clients require it, we need more clients and we can offer more products to our clients. We are also looking at MSME (micro, small and medium enterprises) with a ₹1-lakh ticket size on average right now. Our MSME loan book is just ₹80 crore. We are looking at a higher ticket range, which we have not done so far. In housing also, we have started a pilot and are also looking at commercial-vehicle financing in a year's time, along with two-

not for consumption but for income generation. As long as there is an activity that is sustainable and scalable, and which requires funding, we are willing to support it. In villages, you have clusters like animal husbandry in Mirzapur; in Varanasi, there is a loom business. There are some clusters where even from a credit angle we have better expertise. Our preference is for those businesses. But it does not mean that we won't fund outside the cluster. This fiscal year we are targeting more than ₹300 crore from MSME. MSME, together with housing and CV (commercial vehicles), will be in the range of ₹3,000 crore in five years' time. Our book size will be around ₹10,000 crore in five years from ₹1,800 crore now: 35% of our book will come from MSME and 12-15% from personal and other loans; 50% of the loans will come from non-microfinance.

ON COST OF FUNDS
Our cost of funds is more than 12% because we have to take loans from banks. It used to be in the 13.5% to 14% range a year ago
We expect it to come down to 9-9.5% in the next one year depending on how quickly we can garner deposits. It will also be broad-based because we will have a few lakh depositors. My focus will be on lower and middle segment but it will be broad-based with many products.

How do you judge the credit profile of the first-time borrowers?
We create a rough financial statement by asking them about their income, expenses and business, which is what the established banks don't do. That is where our expertise comes handy. Getting foolproof accounting books is difficult. We do it on our own. Our sales team and credit team meet the people and see their activity, and make their assessment on that basis. That's why it is not a balance sheet assessment. Our people look at cash flows and try to match to what the borrower is saying. Our employees are trained specially for this.



economictimes.indiatimes.com, Aug 01, 2017



Doordarshan Channel



Rashtriya, Sep 23, 2017



Jansandesh, Sep 23, 2017

Utkarsh Close to Raising ₹150 cr to Fuel Growth

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Kolkata: International Finance Corporation-backed Utkarsh Micro Finance, the holding firm of Utkarsh Small Finance Bank, is in the final stage of raising ₹125-150 crore fresh equity from existing investors to fuel the bank's growth plans. The other overseas investors in Utkarsh, including UK-based Commonwealth Development Corporation and Norwegian Microfinance Initiative (NMI), may invest in proportion to their shareholding in the company, Utkarsh Small Finance Bank managing director Govind Singh told ET. Local investors will chip in as well.

"It should happen in a month's time. The shareholding pattern will broadly remain the same after the equity infusion," Singh said, adding that the holding firm will use the fresh equity to capitalise the bank, which has diversified into lending to small and medium entrepreneurs and is planning to foray into retail and personal loan segment.

The bank has also started lending to small corporates with a cap of ₹25 crore.

The World Bank's invest arm, IFC, had sold a part of its holding in Utkarsh (4.9%) to Switzerland-based responsibility Investments AG in August.

Economic Times, Sep 23, 2017

प्रधानमंत्री ने लॉन्च किया उत्कर्ष स्मॉल फाइनेंस बैंक

वाराणसी प्रधानमंत्री श्री नरेन्द्र मोदी ने आज वाराणसी में आयोजित एक कार्यक्रम में उत्कर्ष स्मॉल फाइनेंस बैंक (एसएफबी) की पूर्ण बैंकिंग सेवाओं का शुभारंभ किया। वाराणसी में मुख्यालय वाले उत्कर्ष बैंक ने रिजर्व बैंक ऑफ इंडिया से नवंबर-2016 में लाइसेंस प्राप्त किया था। बैंकिंग सेवाओं को सभी के लिए सुलभ बनाने के राष्ट्रीय मिशन के साथ सामाजिक-आर्थिक बढ़तार को तेज करने के प्रयासों के तहत प्रधानमंत्री श्री नरेन्द्र मोदी ने लगभग 25,000 महिला ग्राहकों को संबोधित किया। उत्कर्ष स्मॉल फाइनेंस बैंक के भव्य उद्घाटन के अवसर पर माननीय प्रधान मंत्री जी ने अपने भाषण में श्री गोविन्द सिंह की उत्कर्ष स्मॉल फाइनेंस बैंक टीम को उनके वित्तीय समर्थन हेतु आभार प्रयासों के

लिए हार्दिक वादई दी। उत्कर्ष एसएफबी का नेटवर्क 10 राज्यों के 110 जिलों में फैला है और



400 से अधिक बैंकिंग आउटलेट्स के माध्यम से 12 लाख से अधिक ग्राहक इससे जुड़े हैं। उत्कर्ष एसएफबी में 4000 से अधिक कर्मिक कार्यरत हैं। उत्तरप्रदेश, बिहार, झारखंड और छत्तीसगढ़ राज्यों में यह पहला वणिज्यिक बैंक है जिसका

मुख्यालय वाराणसी में स्थित है। उत्कर्ष का बकाया वर्तमान लोन पोर्टफोलियो 2000 करोड़ रूपए से अधिक है। इस अवसर पर उत्कर्ष स्मॉल फाइनेंस बैंक के एसी और सीईओ श्री गोविंद सिंह ने कहा, यह वास्तव में पूरे उत्कर्ष परिवार के लिए एक बहुत विशेष और गर्व से भरा क्षण है। वित्तीय समावेशन का हिस्सा होने के नाते हम देश की ऐसी अवधि को बैंकिंग सेवाओं से जोड़ने के लिए प्रतिबद्ध हैं, जिन तक अभी यह सुविधा नहीं है। हमारा मद्द्देकान्दनास वित्तसे एक स्मॉल फाइनेंस बैंक के रूप में विकसित हुआ है और हम अपने बढ़ने के साथ ही बैंकिंग उत्पादों की एक विस्तृत शृंखला की पेशकश करते उन लोगों के लिए आसान वित्तीय सुविधाएं उपलब्ध कराएंगे जो सुलभ हैं।

Samachar Jyoti, Sep 23, 2017

Aim is to become a universal bank after 5 years: Utkarsh CEO

"We expect the cost of funds to reduce another 150 bps in the next one year"

MANISH SAHA
Utkarsh Small Finance Bank, which started offering its range of products and services from Friday, is taking steps to become a universal bank in five years, says its MD and CEO, Govind Singh. Excerpts from an interview:

Now that the bank is offering all its products and services to the customers, how will it impact your cost of funds?
■ Now that we can accept public deposits, our cost of funds will come down. As a micro finance institution, our cost of funds was 12.5%. Since the soft launch -- when products and services are offered to employees and customers in a restricted manner -- in January, we have already mobilised ₹480 crore of deposits and have seen cost of funds coming



There will be some more capital infusion this month
■ Yes, on the lending side, our ticket size will be continue to be low; we will continue to lend in the four segments -- microfinance, MSMEs, small and medium enterprises, affordable housing and agriculture.

On the liability side, we are going for all kinds of accounts from all types of customers.

Are you getting a scheduled bank status?
■ The process is on. For small finance banks, RBI comes for an inspection of the systems and processes. Once they have attained a comfort level, they recommend it to finance ministry. Once the ministry approves, RBI includes it in the second schedule. The advantage of a scheduled bank is that the universe, for an institution that can keep deposits, expands. There are a lot of institutions who only deal with scheduled banks. So, the cost of funds could

some time. We also have some operations in Madhya Pradesh with a regional office in Jabalpur. On the liability side, we have gone for some large locations also, such as Lucknow and Kanpur. We have some presence in Haryana and in Stralbad, we have opened a branch and have received a license for Kolkata also.

What is the next milestone for the bank?
■ Five years down the line, our aim is to become a universal bank. There are some advantages of a universal bank such as lower capital adequacy requirement. In the interim, we will keep enhancing our product mix; we could look at gold loans, for example. In five years we will have a much bigger customer base, a wider range of product and services. We are planning our risk structure, governance structure in line with the best practices.

The Hindu Business line, Sep 24, 2017

Photo Gallery: UTKARSH ACTIVITIES

Celebrating 8th Anniversary on Sep 21, 2017 at Varanasi,

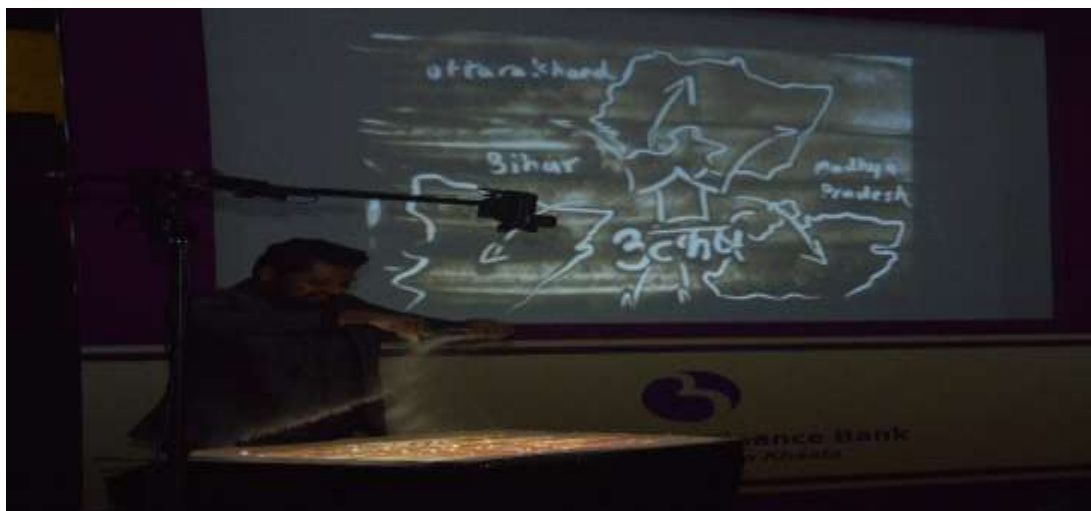
Lamp Lighting



Cake Cutting by Dr. V.S. Sampath, Chairman USBF to mark the 8th Anniversary



Utkarsh Journey depicted by Sand Artist



Mega launch of full banking services of USFB by Honourable Prime Minister



Honourable Prime Minister laying (digitally) Foundation Stone for USFB Head Office Building



Token Debit Card being given by Honourable Prime Minister to Utkarsh Client



Your feedback is important to us. Please write to us at:

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