

## 5-year plan: Ujjivan Small Finance Bank eyes 3x growth in loans to ₹1 lakh cr

K Ram Kumar : 3-4 minutes : 7/30/2025



Sanjeev Nautiyal, MD and CEO, Ujjivan Small Finance Bank | Photo Credit: BIJOY GHOSH

Ujjivan Small Finance Bank (USFB) has drawn up plans for a three-fold growth in its gross loan portfolio, to ₹1 lakh crore, and to almost double its pan-India branch network to over 1,000 in five years.

The Bengaluru-headquartered SFB, which commenced operations in February, 2017, is also gradually changing the composition of its loan book in favour of secured loans.

This comes in the backdrop of lenders in the microfinance sector facing increased operational and asset quality challenges due to a combination of borrower-specific stress and external factors.

The aforementioned moves come even as USFB awaits RBI decision on its application, made in February 2025, for a voluntary transition towards becoming a universal bank.

## **Unsecured loans**

Sanjeev Nautiyal, Managing Director & CEO, projected USFB's to grow to somewhere around ₹1 lakh crore by 2030 from ₹33,287 crore as at June-end 2025.

"We plan to open 25 branches this year. We have plans to open around 400 branches in the next five years. We are already present in 26 States and union territories (UTs). So, network expansion will happen in the existing States and UTs," he said. The Bank currently has 752 branches.

Currently, the unsecured loan book (microfinance portfolio) accounts for 54 per cent (69 per cent in June 2024 and 73 per cent in June 2023) of the bank's gross loan portfolio. The secured loan book (including affordable housing & micro mortgages, gold loans, loan against property, working capital and supply chain finance) accounts for the balance.

Nautiyal expects the secured loans portfolio to rise to 65 to 70 per cent of the overall loan book and the remaining would be unsecured loans by March 2030.

"So, I think, the regulator will always have a comfort if the unsecured portfolio is within manageable limits. Of course, manageable limits can be different at different points in time," he said.

## **Balancing act**

The USFB chief underscored that a high level of unsecured portfolio would attract eyeballs of the regulator as the balance sheet becomes volatile, susceptible to uncertainties.

"And the kind of constituencies we serve, in times of stress or issues like natural calamities that we have or swings in the economy that happen, they are more vulnerable. At the same time, for a bank, it is understood that they will guard the depositors' trust also," he said.

Therefore, two factors – exposing depositors to extreme risk and managing the volatility in the balance sheet periodically every three years or four years, as seen in the past – are ensuring that USFB has a well-diversified, well-calibrated book and therefore its efforts are in the right direction.

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