



EQUITAS SMALL FINANCE BANK LIMITED

FOR IMMEDIATE PUBLICATION

PRESS RELEASE

November 09, 2020

Chennai, November 09, 2020: The Board of Directors of Equitas Small Finance Bank Limited at its meeting held today, approved the unaudited financial results for quarter ended September 30, 2020

Q2FY21 PAT at Rs. 103 Crores, up 108%

Advances* grew 26% YoY to Rs. 16,731 Cr

CASA ratio improves to 25% from 21%, Retail TD at Rs. 4,983 Cr, growth of 98% YoY

Cost to Income Ratio improves to 58.15% vs. 68.35% in Q2FY20

Q2FY21 Highlights:

1. Key Highlights for Q2FY21:

- **Advances***
 - Advances* as of Q2FY21 was at Rs. 16,731 Cr, Advances growth of 26% YoY
 - The Bank disbursed Rs. 1,902 Cr in Q2FY21, Disbursements at 80% of Q2FY20
 - 77.37% of advances* is secured loans
 - New Product - Gold Loan & Used Car Advances cross Rs. 50 Cr each
 - Collection efficiency for the month of October climbs upto 94.3%
 - 89% of the advances* is in 0 dpd bucket

- **Liabilities:**
 - Deposits excluding CD at Rs. 12,588 Cr as on 30th September 2020, growth of 31% YoY and 10% QoQ
 - Retail TD at Rs. 4,983 Cr as on 30th September 2020, growth of 98% YoY and 14% QoQ
 - Savings Account deposits at Rs. 2,845 as on 30th September 2020, growth of 53% YoY and 41% QoQ
 - CASA stood at Rs. 3,246 Cr as on 30th September 2020, CASA is 25% of Total Deposits

*Gross Advances including IBPC

- 92% of bulk deposit are non-callable
- Digi Banking gains traction - Over 80,000+ Savings Account acquired and 36,000+ FASTags issued through Digital Marketing programme
- 15,000+ Accounts opened from Non Equitas branch location
- **Key Ratios:**
 - Cost to Income improves to 58.15% in Q2FY21 as compared to 68.35% in Q2FY20 and 67.27% in Q1FY21
 - RoA and RoE for Q2FY21 at 1.88% and 14.44% respectively
- **Capital:**
 - As of September 30, 2020 Total CRAR at 20.93% and Tier-I CRAR of 20.16%; Well above minimum regulatory requirements of 15% and 7.5%. Tier II Capital at 0.77%
 - Complying with the Small Finance Bank licensing requirement, the Bank got listed
- **Treasury & Liquidity:**
 - Availed refinance of Rs. 1,100 Crore during Q2FY21 (Rs. 685 Crore in Q1FY21). Bank has adequate advances to avail fresh refinance whenever required which provides strong cushion to ALM position of the Bank
 - Bank has also undertaken Inter-Bank Participation Certificates (IBPCs) with a mix of PSL/Non-PSL advances which further enhances the liquidity of the Bank
 - Adequate surplus liquidity in the form of High Quality Liquid Assets (HQLA) being maintained to fund advances growth.
 - Liquidity Coverage Ratio (LCR) for the quarter at 126% much above the minimum regulatory requirement of LCR at 80%.
 - Daily Average cost of funds for Q2FY21 at 7.36%
- **Customer Service Management:**
 - Launched NPS (Net Promoter Score) to improve customer experience across touch points in Q2FY21
 - Launched Branch scorecards for branch banking outlets to improve customer service indicators
 - Implemented AI led Bots to manage responses from marketing campaigns related enquires
- **Awards:**
CMO Asia:
 - Best Innovative CEO – Mr. P N Vasudevan (MD & CEO)
 - Best Product Proposition – Savings Account
 - Best innovative Insurance Solution – COVID Indemnity Policy

*Gross Advances including IBPC

- Best Campaign – One India One Bank

Economic Times:

- Economic Times Best Brand Award

2. Profit & Loss:

- Net Interest Income for Q2FY21 at Rs. 461 Cr as against Rs. 351 Cr in Q2FY20, growth of 32% YoY. NIM at 9.02%
- Core Income (Net Income other than PSL Fees, Treasury & Others) at 98%
- PBT before provisions and write off for Q2FY21 at Rs. 220 Cr as against Rs. 131 Cr in Q2FY20, growth of 67%
- Additional Covid provision of Rs. 26 Cr in Q2FY21. The bank now carries Rs. 170.63 Cr of COVID-19 related provisions (other than Standard and NPA Provisions), which constitutes 1.02% of total Gross Advances
- PAT for Q2FY21 at Rs. 103 cr as against Rs. 49 Cr in Q2FY20, growth of 108%

3. Balance Sheet:

- Advances* as of September 30, 2020 grew 26% YoY to Rs. 16,731 Cr
 - Micro Finance grew by 14% YoY from Rs. 3,193 Cr in Q2FY20 to Rs. 3,641 Cr in Q2FY21
 - Small Business Loans (Incl. HF) grew by 30% YoY from Rs. 5,406 Cr in Q2FY20 to Rs. 7,051 Cr in Q2FY21
 - Vehicle Finance grew by 28% YoY from Rs. 3,235 Cr in Q2FY20 to Rs. 4,137 Cr in Q2FY21
 - MSE^ Finance at Rs. 936 Cr as in Q2FY21 as compared to Rs. 435 Cr in Q2FY20
 - NBFC^ loans at Rs. 734 Cr in Q2FY21 as compared to Rs. 693 Cr in Q2FY20

^ Rs. 145.07 Cr reclassified from Corporate to MSE Finance from Q2FY21 onwards

4. Asset Quality:

- GNPA* at 2.39% in Q2FY21 as compared to 2.68% in Q1FY21 and 2.86% in Q2FY20
- NNPA* at 1.00% in Q2FY21 as compared to 1.39% in Q1FY21 and 1.62% in Q2FY20
- The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order"), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Bank has not classified any account (whether granted moratorium or not) which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020. Further, in light of the Interim Order, even accounts that would have otherwise been classified as NPA post August 31, 2020 have not been and will

*Gross Advances including IBPC

not be, classified as NPA till such time that the Hon'ble SC rules finally on the matter.

However, if the Bank had classified borrower accounts as NPA after August 31, 2020, the Bank's proforma Gross NPA ratio and proforma Net NPA ratio would have been 2.76% and 1.40% respectively. Pending disposal of the case, the Bank, as a matter of prudence has, in respect of these accounts made a contingent provision (including on interest accrued) of Rs. 15.43 crore, which is included in Provisions (other than tax) and Contingencies

5. Collection & Billing Efficiency Product Wise:

Particulars	Collection Efficiency October 2020	Billing Efficiency October 2020
Micro Finance	92.43%	91.02%
Small Business Loans	102.80%	88.17%
Vehicle Finance	87.92%	77.86%
MSE Finance	92.91%	83.83%
Corporate	103.23%	96.24%
Others	86.15%	75.54%
Total	94.31%	87.12%

1. Collection efficiency represents total collections during the month as a percentage of October months total EMIs due
2. Billing efficiency represents only the EMIs of October alone collected as a percentage of October months total EMIs due

Robust collections seen across all products in "0 DPD" bucket in September and October 2020

Particulars	0 DPD Collection Efficiency Feb 2020 (Pre Covid)	0 DPD Collection Efficiency October 2020
Small Business Loans	99.40%	98.77%
Vehicle Finance	95.73%	89.42%

*Gross Advances including IBPC

About Equitas Small Finance Bank Limited [ESFBL]

Equitas Small Finance Bank Limited is the largest SFB in India in terms of number of banking outlets, and the second largest SFB in India in terms of assets under management and total deposits in Fiscal 2019. (Source: CRISIL report). Its focus customer segments include individuals with limited access to formal financing channels on account of their informal, variable and cash-based income profile. It offers a range of financial products and services that address the specific requirements of these customer segments by taking into account their income profile, nature of business and type of security available. Its asset products are suited to a range of customers with varying profiles.

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