



EQUITAS SMALL FINANCE BANK LIMITED

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PRESS RELEASE

July 30, 2021

Chennai, July 30, 2021: The Board of Directors of Equitas Small Finance Bank Limited at its meeting held today, approved the unaudited financial results for quarter ended June 30, 2021

Pre Provisioning Operating Profit (PPoP) for Q1FY22 at Rs. 164 Cr, up 16% YoY

Advances grew 15% YoY to Rs. 17,837 Cr

CASA Ratio at 40%

Savings Account deposits at Rs. 6,392 Cr, growth of 216% YoY and 25% QoQ

Acquired ~5 lac liability customers digitally

Q1FY22 Highlights:

1. Key Highlights for Q1FY22:

- **Advances:**

- Advances as of Q1FY22 was at Rs. 17,837 Cr, Advances growth of 15% YoY
- Disbursed Rs. 1,265 Cr in Q1FY22
- 81.95% of advances is secured loans
- Collection and Billing efficiency for the month of June 2021 at 83.49% & 69.52% respectively

- **Liabilities:**

- Acquired ~5 lac customers digitally
- Deposits excluding CD at Rs. 17,021 Cr, growth of 48% YoY and 4% QoQ
- Retail TD at Rs. 6,231 Cr, growth of 42% YoY and 6% QoQ
- Retail TD at 61% and Bulk TD at 39%
- Cost of funds reduced to 6.97% from 7.20% in Q4FY21 and 7.56% in Q1FY21
- Savings Account deposits at Rs. 6,392 Cr, growth of 216% YoY and 25% QoQ
- CASA stood at Rs. 6,794 Cr, CASA is 40% of Total Deposits

- **Key Ratios:**

- Cost to Income[^] at 66.98% as compared to 58.10% in Q4FY21 and 67.27% in Q1FY21
- RoA and RoE for Q1FY22 at 0.19% and 1.40% respectively

[^] Income considering net-off of switching fees & prepaid card expense

- **Capital:**

- As of June 30, 2021 Total CRAR at 24.07%, Tier-I CRAR of 22.06% and Tier II CRAR at 1.47%

- **Treasury & Liquidity:**

- The Bank's Certificate of Deposit (CD) programme for Rs. 1,000 Crore has highest rating from at CRISIL A1+
- The Bank currently maintains 'surplus' liquidity in the form of High Quality Liquid Assets (HQLA). Liquidity Coverage Ratio (LCR) as on 30.06.2021 at 165%. With expected increase in disbursements we target a LCR in the range of 120-125%
- The Bank's total investment portfolio of Rs. 5,787 Crore comprises of SLR and Non-SLR securities

2. Profit & Loss:

- Net Interest Income for Q1FY22 at Rs. 461 Cr as against Rs. 404 Cr in Q1FY21. NIM at 7.87%
- Core Income (Net Income other than PSL Fees, Treasury & Others) at 87%
- Pre Provisioning Operating Profit (PPoP) for Q1FY22 at Rs. 164 Cr as against Rs. 142 Cr in Q1FY21, growth of 16%
- PAT affected due to provisions made on restructured accounts. PAT for Q1FY22 at Rs. 12 cr as against Rs. 58 Cr in Q1FY21

3. Asset Quality, Provisions & Restructuring:

- Total advances restructured under Covid 1.0 & Covid 2.0 stands at Rs. 1,328 Crs, which forms around 7.5% of Goss Advances
 - Advances restructured due to Covid 1.0 stands at Rs. 430 Crs
 - Advances restructured due to Covid 2.0 stands at Rs. 897 Crs (Rs. 400 Crs during Q1FY22 and Rs. 497 Crs in July 2021)
- The Bank carries a provision of Rs. 110.51 Crs towards the restructured book of Rs. 897 Crs
- GNPA at 4.58% in Q1FY22 as compared to 3.59% in Q4FY21 and 2.68% in Q1FY21
- NNPA at 2.29% in Q1FY22 as compared to 1.52% in Q4FY21 and 1.39% in Q1FY21
- Provision coverage ratio at 51.21%

4. Collection & Billing Efficiency Product Wise:

Particulars	Collection Efficiency				Billing Efficiency			
	March 2021	April 2021	May 2021	June 2021	March 2021	April 2021	May 2021	June 2021
Micro Finance	93.44%	88.85%	63.60%	66.90%	91.90%	88.05%	63.12%	63.02%
Small Business Loans	106.56%	97.17%	76.76%	85.14%	91.48%	86.08%	70.91%	73.02%
Vehicle Finance	113.84%	84.39%	67.35%	89.33%	87.74%	75.17%	62.82%	68.94%
MSE Finance	180.26%	150.55%	139.63%	108.34%	89.04%	85.59%	77.67%	72.89%
Corporate	174.91%	300.45%	242.77%	103.00%	99.91%	97.75%	97.46%	99.21%
Total	108.51%	105.16%	77.84%	83.49%	91.12%	84.68%	66.97%	69.52%

1. Collection efficiency represents total collections during the month as a percentage of that month's total EMIs due
2. Billing efficiency represents only the EMIs of that month alone collected as a percentage of that month's total EMIs due.
3. The month's total EMIs includes EMIs of accounts which are in NPA also and not just standard assets

X Bucket Collection Efficiency:

Particulars	X Bucket Collection Efficiency March 2021	X Bucket Collection Efficiency April 2021	X Bucket Collection Efficiency May 2021	X Bucket Collection Efficiency June 2021
Small Business Loans	99.60%	97.82%	84.14%	96.15%
Vehicle Finance	98.85%	86.92%	78.56%	91.58%
Micro Finance	98.70%	96.00%	68.94%	73.97%

X bucket means those accounts, which are not having any overdue as at the end of previous month. X bucket collection efficiency represents collections of that particular month's EMI from such X bucket accounts during that particular month divided by total EMIs from all such X bucket accounts

Commenting on the quarterly performance, **Mr. P N Vasudevan, Managing Director and CEO of Equitas Small Finance Bank** said:

The Bank primarily caters to small retailers and transporters engaged in daily use products. During the quarter due to lockdowns and other covid related restrictions, cash flows of these small retailers had been significantly impacted. The impact was felt across geographies and in rural locations too. With the absence of a moratorium during the second wave of covid, the bank offered to restructure loans of impacted customers in order to help them manage their cash flows better.

However, in July, we are seeing a strong uptick in collections and disbursements as the country gets back to near normalcy. We are confident that our customers would be able to regain their cash flows, remain resilient and continue to grow their small businesses as the pandemic wears off. However, we remain cautious of a plausible third wave.

Our liability franchise continues to deliver extremely well and investments in digital technologies, branches and people are yielding the desired results.

At Equitas, we continue to play a strong supportive role in conjunction with various State Governments by organizing a total of 3,799 vaccination camps for low-income communities, benefitting 4,45,566 people.

About Equitas Small Finance Bank Limited [ESFB]

Equitas Small Finance Bank is one of the largest small finance banks in India. As a new-age bank, we offer a bouquet of products and services tailored to meet the needs of our customers – individuals with limited access to formal financing channels, as well as affluent and mass affluent, Small & Medium Enterprises (SMEs) and corporates. Our firmly entrenched strategy focuses on providing credit to the unbanked and underbanked micro and small entrepreneurs, developing products to address the growing aspirations at the ‘bottom of the pyramid’, fuelled by granular deposits and ‘value for money’ banking relationships.

For further details, contact:

Investor Relations Team

Website – <https://ir.equitasbank.com/>

Email – ir@equitasbank.com

Twitter - [@EquitasIR](https://twitter.com/EquitasIR)

4th Floor, Phase II, Spencer Plaza, No. 769, Mount Road, Anna Salai, Chennai 600 002, Tamil Nadu