



EQUITAS SMALL FINANCE BANK LIMITED

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PRESS RELEASE

October 19, 2023

Chennai, October 19, 2023: The Board of Directors of Equitas Small Finance Bank Limited at its meeting held today, approved the unaudited financial results for quarter and half year ended September 30, 2023

PAT for the quarter at Rs 198 Crs compared to Q2FY23 at Rs 116 Crs; Growth of 70% YoY

Gross Advances at Rs 31,229 Crs with the growth of 37% YoY & 6% QoQ

Quarterly disbursement at Rs. 4,961 Crs in Q2FY24, growth of 29% YoY

GNPA down to 2.12% from 2.60% in Q1FY24

RoA and RoE of 2.03% and 14.62% respectively

1. Key Highlights for Q2FY24:

- Sustained Credit growth with advances growing at 37% YoY and 6% QoQ
- The Bank registered a strong disbursements growth of 29% YoY to Rs. 4,961 Crs
- Deposits grew 42% YoY and 11% QoQ to reach Rs. 30,839 Crs
- Q2FY24 saw a 27bps increase in cost of funds sequentially to 7.21% compared to 6.94% for Q1FY24
- Bank sold Rs 162Crs of NPA assets to ARC during Q2FY24

2. Business Highlights:

- InsurTech platform launched to provide customers with an enhanced digital insurance buying experience.
- Added 29 banking outlets across states like Andhra Pradesh, Karnataka, and Telangana. Majority of the outlets are asset centers
- Strong disbursement across all product segments, with the Bank's flagship product – SBL. (Small Business Loans) clocking a YoY disbursement growth of 36%
- CASA ratio stood at 34%; Term Deposits grew 82% YoY to Rs. 20,490 Crs
- Retail Term Deposits grew 58% YoY to Rs. 12,119 Crs contributing to 59% of total term deposits

Key Ratios:

- NIM drops by 33 bps to 8.43%
- Cost to Income stood at 64.37% in Q2FY24 as compared to 65.05% in Q1FY24 and 66.58% in Q2FY23.
- RoA and RoE for Q1FY24 at 2.03% and 14.62%

Capital:

- Network of the Bank stands at Rs. 5,479 Crs
- As of Sept 30, 2023, Total CRAR at 21.33% | Tier I at 20.65% and Tier II at 0.68%

Treasury & Liquidity:

- The Bank currently maintains 'surplus' liquidity in the form of High Quality Liquid Assets (HQLA). Liquidity Coverage Ratio (LCR) as on 30.09.2023 is 182.17%
- Profit on sale of Investments for the quarter is Rs. 23 Crs

3. Profit & Loss:

- NII grew 26% YoY and 3% QoQ, Other income grew 40% YoY and 8% QoQ
- PAT stood at Rs. 198 Crs for Q2FY24, growth of 70% YoY and around 4% QoQ

4. Asset Quality & Provisions:

- Annualized gross slippages stable at 3.47% for Q2FY24 as compared to 3.07% in Q1FY24 and 5.79% in Q2FY23
- GNPA improved by 170bps YoY to 2.12% in Q2FY24 compared to 3.82% in Q2FY23.
- NNPA improved by 102bps YoY to 0.91% in Q2FY24 as compared to 1.93% in Q2FY23
- In order to strengthen PCR, Bank has made additional provisions of Rs.28.04 Crs during the quarter.

Commenting on the quarterly performance, **Mr. P N Vasudevan, Managing Director and CEO of Equitas Small Finance Bank** said: "This Financial year is witnessing and continue to witness strong credit growth coupled with stable asset quality and a healthy growth in retail term deposits. CASA seems to be the area of concern for the Banking Industry. For Equitas, the interest cost has risen to 7.21% for the quarter. With most of the old deposits at lower rates getting replaced with new deposits at higher rates, we expect further increase in the interest cost to moderate over the next two quarters. Our Investments in Technology/Digitization continue to progress effectively, benefits of which should be felt in the upcoming years."

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.

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