

# Investor Presentation

Q1FY24



BEYOND BANKING

When you bank with us, you contribute towards a better society

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GNPA ,NNPA & Gross Advances across the presentation refers to GNPA, NNPA & Gross Advances including IBPC sold



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## Earn more with Fixed Deposits

up to

9%\*  
p.a.

### Interest on FD

for 888 days for Senior Citizens

\*T&C Apply, 8.5% for individuals, NRE/NRO for 888 days

Associate Sponsor



# Strategic Framework

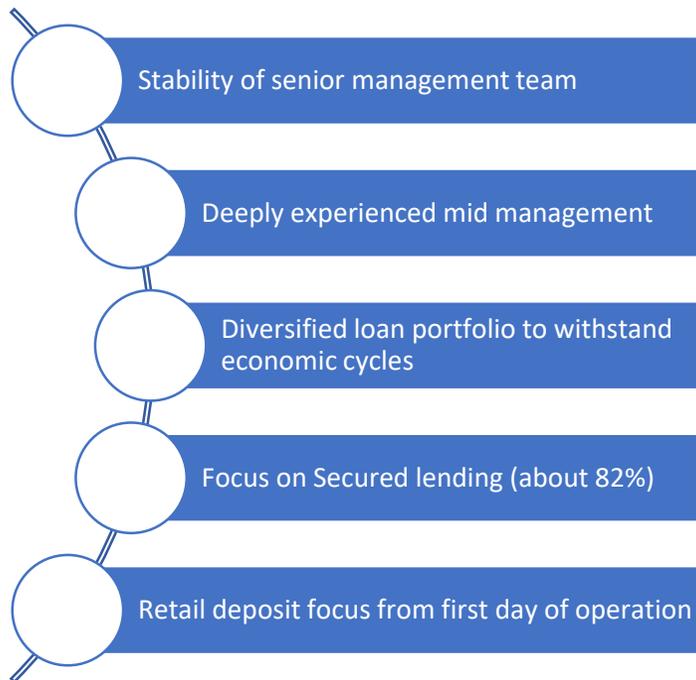
**Mission :** Create the most valuable bank for all stake holders through happy employees

**Our Core Values:** Customer First | Pride Of Performance | Fair And Transparent | Respect For People | Ownership

## Philosophy

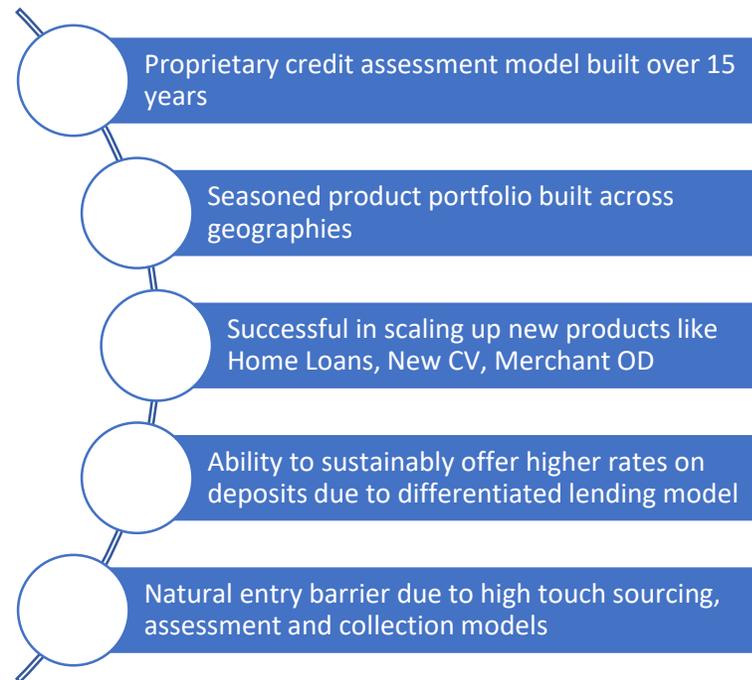
### Stable

*Creating a strong foundation*



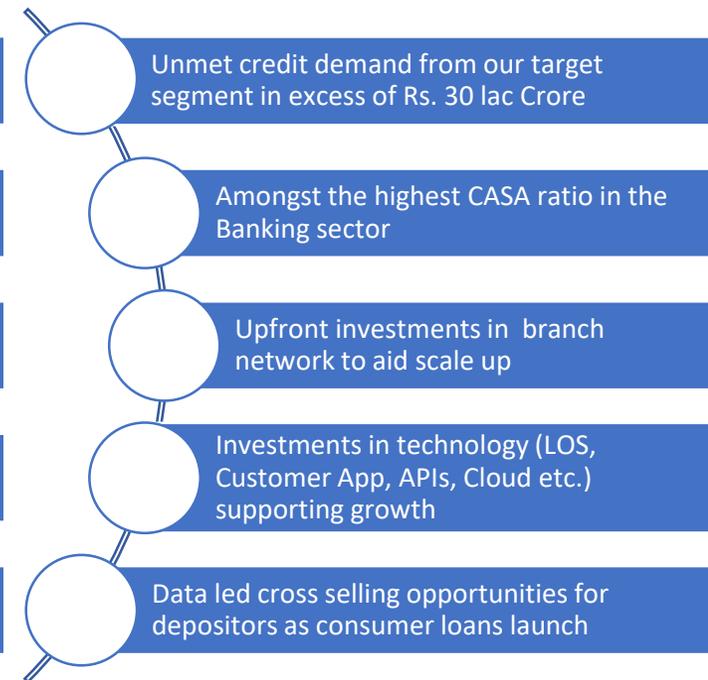
### Sustainable

*Building long term business practices*



### Scalable

*Long runway for growth*



# Equitas and Governance standards

**Equitas: A Latin word meaning Equitable, meaning Fair & Transparent**

## **Equitas Governance Philosophy:**

- Everything that happens in Equitas to be Fair & Transparent to all stakeholders
- Committed to continuing highest standards of Governance, Fair & Transparent philosophy
- **Fairness and Transparency percolates to all levels in the bank**
- Governance is a living spirit ... not a set of check boxes to be ticked

“

*When in doubt, the benefit of doubt goes to the Regulator. Never play at the edges ... always play at the centre*

# Key Highlights



# Snapshot

## Operational



18 States and UTs



927 Banking Outlets  
352 ATMs\*



303 Business  
Correspondents



20,996 employees

## Asset Offerings



### Gross Advances:

Rs. 29,601 Cr [Rs.21,688 Cr]  
SBL- 36%, VF - 25%,  
MFI- 19%, HF-11%  
MSE – 4%, NBFC – 4%



### Disbursements for Q1FY24:

Rs. 4,757 Cr [Rs. 3,238 Cr]  
SBL – 29%, VF - 25%,  
MFI – 31%, HF- 9% ,  
MSE – 2%, NBFC – 3%



### Asset Quality:

GNPA: 2.60% [3.95%]  
NNPA: 1.12% [2.07%]  
PCR: 57.79% [48.46%]



### Yield on Advances:

17.13% for Q1FY24 [17.15%]

## Liability Profile



### Total Deposits:

Rs. 27,709 Cr [Rs. 20,353 Cr]  
CASA – 38%, TD – 62 %



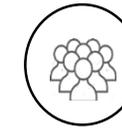
### Third Party Products:

Premium Collected for Q1FY24  
Rs. 25 Cr [Rs. 23 Cr]  
Mutual Fund AUM  
Rs.222 Cr [Rs. 187 Cr]



### Daily Average Cost of Funds for Q1FY24:

6.94% [6.20%]  
SA – 6.19%, TD – 7.45%



### CASA Ratio:

38.40% [51.66%]

## Financials



### PAT for Q1FY24:

Rs. 191 Cr [Rs. 97 Cr]



### Shareholders funds

CRAR –22.06%  
Tier I – 21.36%  
Tier II – 0.70%



### NIM for Q1FY24:

8.76% [9.05%]



RoA: Q1FY24 at 2.10% [1.40%]

RoE: Q1FY24 at 14.54% [9.03%]

Figures in [] represent Q1FY23 data | \*Including 349 onsite and 3 offsite ATMs



# Key Highlights



## Key message

- Credit Growth continues to remain strong with advances growing at 36% YOY and 6% QoQ despite Q1 seasonality
- Portfolio quality remains stable with 31-90 DPD at 3.24% as compared Q4FY23 which stood at 3.23%. Slippages continue to remain healthy at 3.07%
- NIM contracted as cost of funds spiked due to strong growth in retail TD
- TD grows healthy at 73% YoY supported by 49% YoY growth in retail TD; CASA remains flat as money move towards TD
- Bank consistently registers above 2% ROA for the third consecutive quarter
- Focus to align CD ratio, PCR and other Key parameters in line with Universal Banks as Equitas aspires to apply for universal bank license over time
- AD-1 implementation is underway, first product launch is expected by H1FY25
- Added 5 banking outlets during the quarter. Within products, SBL and VF have expanded to 19 and 5 branches respectively within the existing network



## Profit & Loss

- NII grew 28% YoY and 5% QoQ, Other income grew 50% YoY and \*4% QoQ
- Employee cost increased 8% QoQ on account of annual increments and new recruitments
- Opex remained elevated by continued investments in technology and branding (IPL sponsorship)
- PPOP grew 16% YoY. PPOP to assets stands at 3.42% for the quarter
- PAT stood at Rs. 191 Crs for Q1FY24, growth of 97% YoY and 1% QoQ
- RoA and RoE for Q1FY24 stands at 2.10% and 14.54% respectively

*\*excluding income from sale to ARC*



# Highlights



## Asset Quality & Provisioning

- GNPA improved by 135 bps YoY to 2.60% in Q1FY24 as compared to 2.60% in Q4FY23 and 3.95% in Q1FY23
- NNPA improved by 96bps YoY to 1.12% in Q1FY24 as compared to 1.14% in Q4FY23 and 2.07% in Q1FY23
- In order to strengthen PCR, Bank has made additional provisions of Rs. 14 Crs during the quarter, PCR improved to 57.79% from 56.90% in Q4FY23 and 48.46% in Q1FY23
- RSL book stands at Rs 213 Cr which is equivalent to 0.72% of the Gross Advance book. Provision against NPA of the RSL portfolio stands at 97%



## Asset Updates

### Small Business Loans:

- Advances in newly launched Merchant OD crosses Rs 500 Crs
- Digital Collection out of cheque bounce cases improves to ~55%, which will eventually improve staff productivity
- New LOS launched in about 100 branches, enhancing customer on-boarding experience and reducing loan disbursement TAT

### Vehicle Finance:

- New Car loans introduced, as a cross sell to depositors

### Micro Finance:

- E-KYC penetration stood at 82% as of Jun'23 ; Overall 27% of the Micro finance customers e-Sign their Agreement



# Highlights



## Liability Update

- New flagship tenor in Retail Term Deposit for 444 days gaining traction
- Virtual Relationship Managers now managing 2 lac+ customers witnessing positive traction on relationship value. Introduced time zone-based relationship channel to further strengthen offering to Non-resident account holders
- NR deposits grew 45% YoY and is nearing ~ Rs. 1,500 Crs Vis a Vis Rs. 1009 Crs during Q1FY23
- Savings Account & Retail Deposit contributes 73% of total deposits
- 95% of Bulk Term Deposits are non callable i.e. 'LCR Friendly' deposits providing stability and duration to the portfolio



## IT initiatives

- Mobile App for asset customers to help them in self on-boarding /Do it yourself servicing, expected to go live by H2FY24
- In house developed LOS for Vehicle finance launched PAN India . New LOS for Affordable Housing being launched
- Bank has invested in a hybrid cloud and on-premises enterprise data warehouse that will lay the foundation for its analytical journey to enhance its proprietary credit assessment models and assist in cross selling initiatives
- State of the art internet banking and mobile banking with new enhanced customer experience to go live early next year

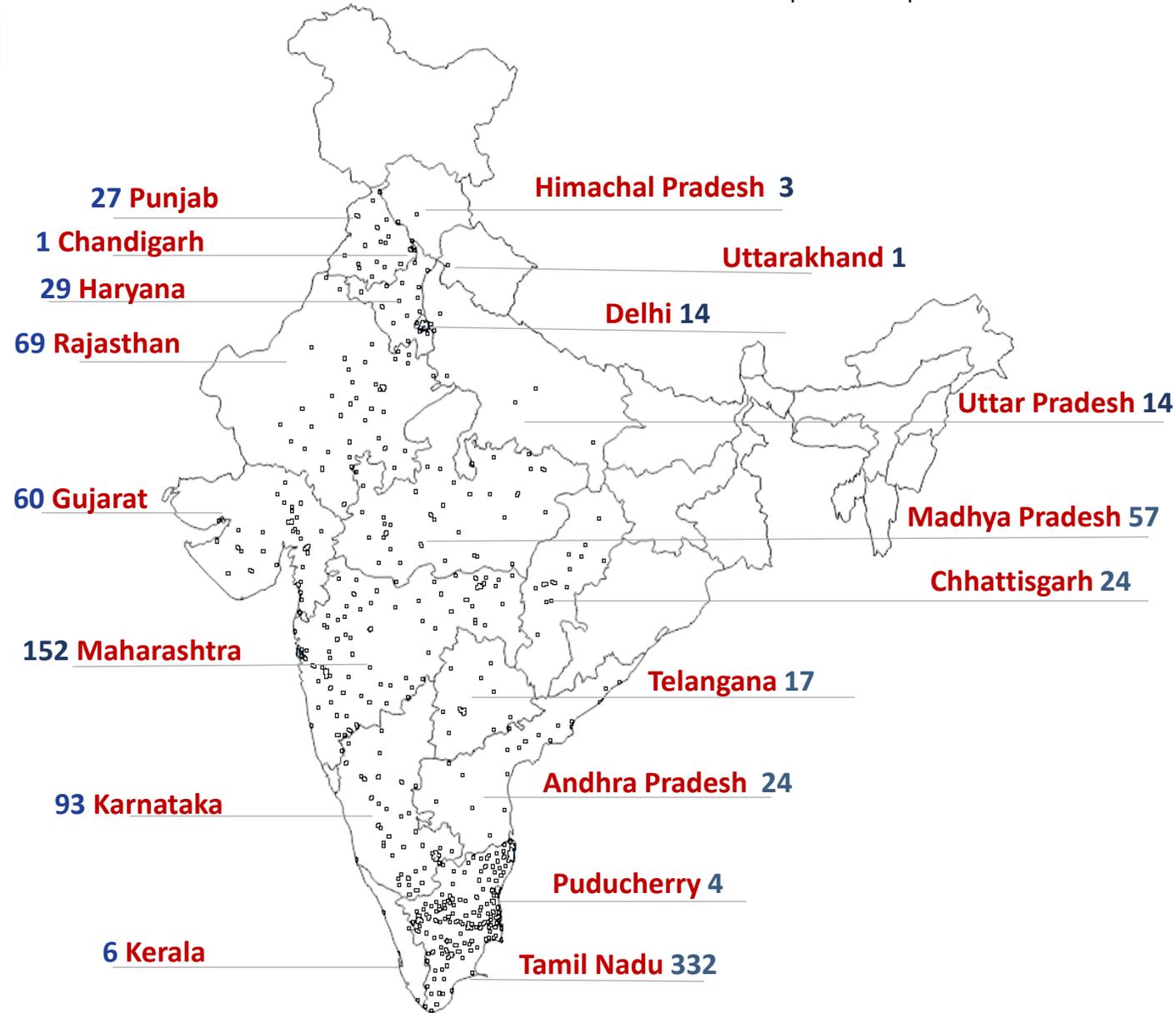


# Our Presence

States	Advances (%)	Deposits (%)
Andhra Pradesh	2%	3%
Chandigarh	-	3%
Chhattisgarh	1%	2%
Delhi	1%	8%
Gujarat	5%	5%
Haryana	2%	5%
Himachal Pradesh	-	-
Karnataka	11%	9%
Kerala	0%	2%
Madhya Pradesh	3%	4%
Maharashtra	14%	12%
Pondicherry	1%	0.45%
Punjab	2%	7%
Rajasthan	4%	5%
Tamil Nadu	50%	30%
Telangana	2%	3%
Uttar Pradesh	1%	2%
Uttarakhand	-	-

Map not to scale

● Districts present in | Branch network

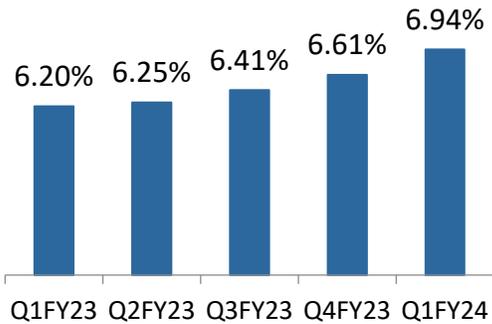


# Financial Performance – Quarterly Trends

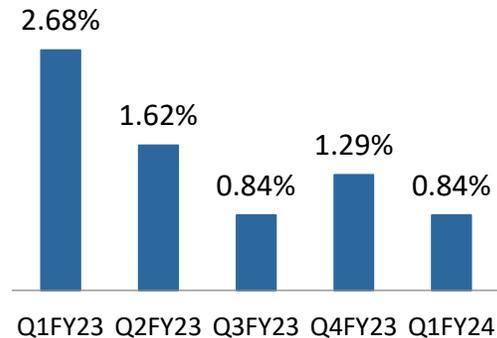


# Key Ratios

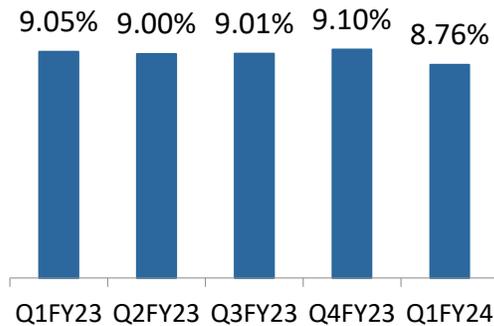
Daily Avg Cost of Funds



Credit Cost

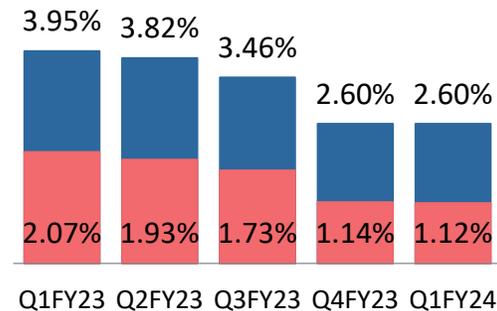


Net Interest Margin (NIM)

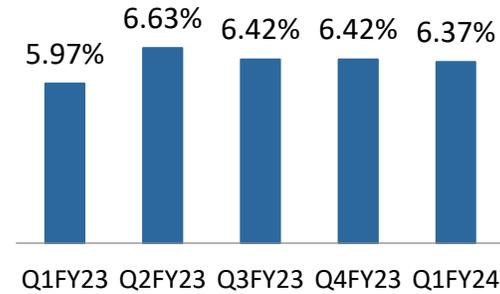


GNPA & NNPA

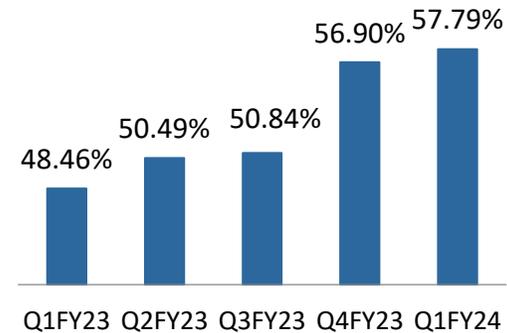
■ GNPA ■ NNPA



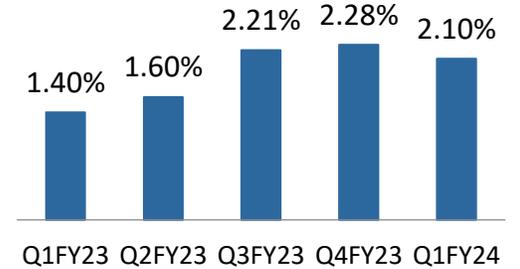
Cost to Assets



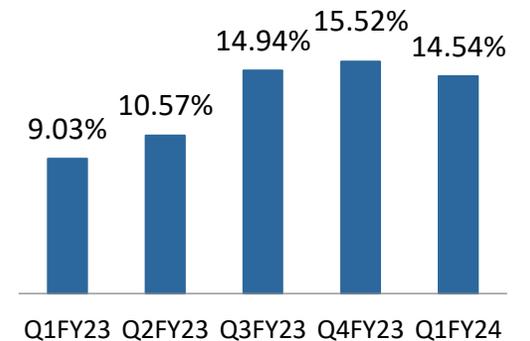
Provision Coverage Ratio



RoA

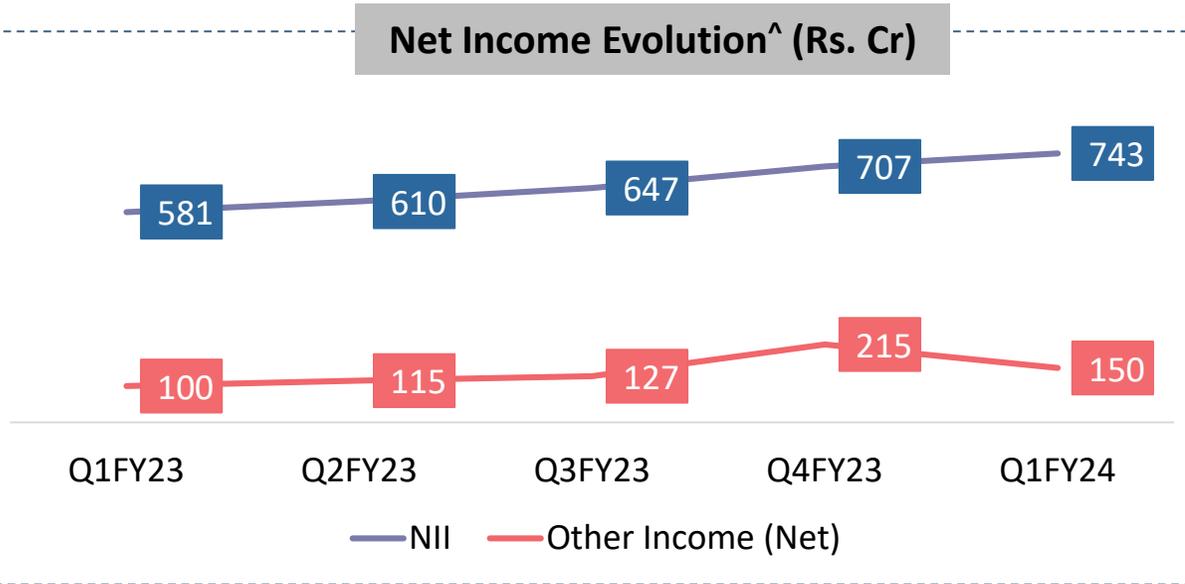


RoE

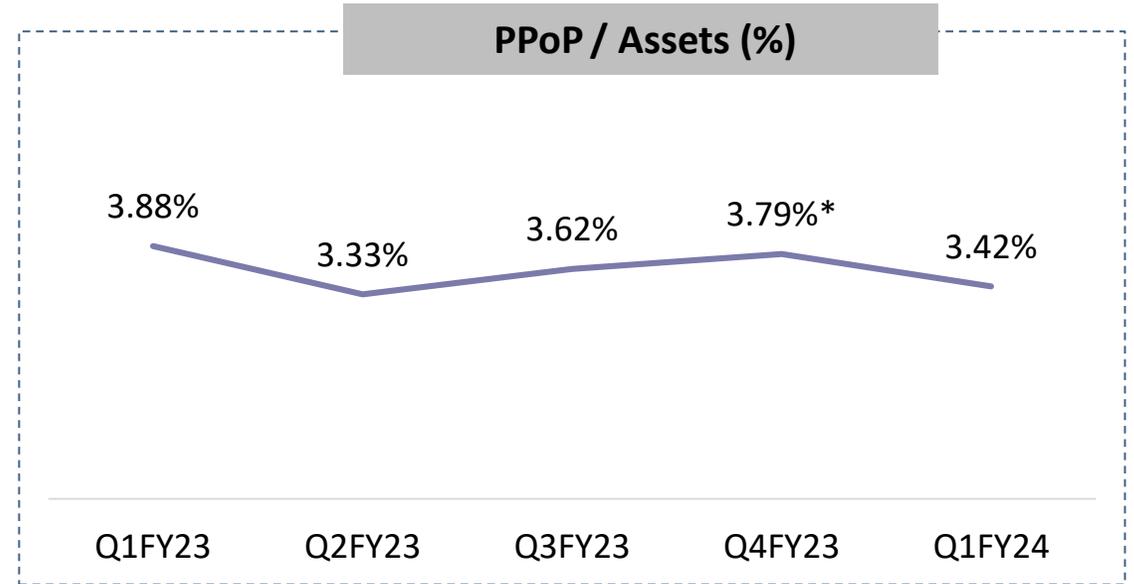


# Income Evolution

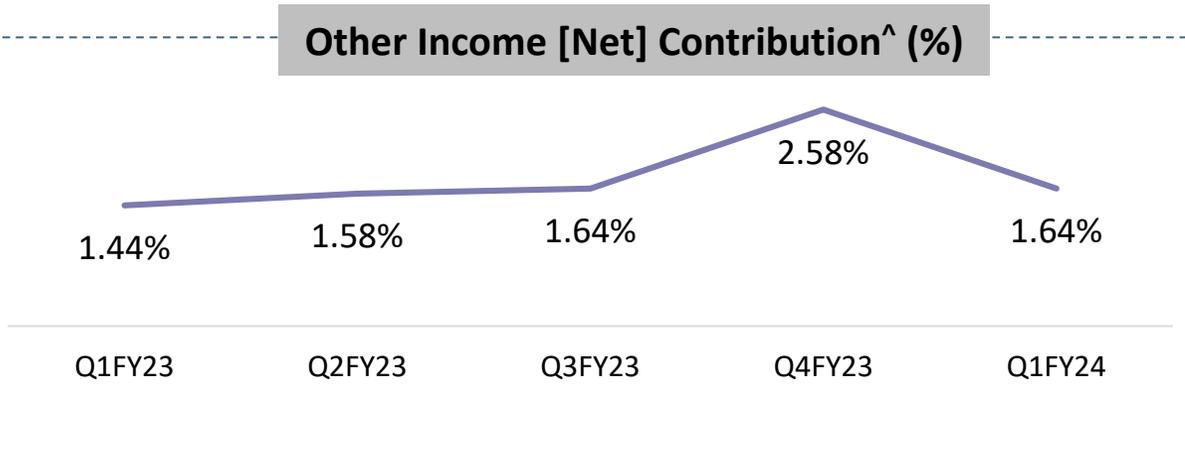
Net Income Evolution<sup>^</sup> (Rs. Cr)



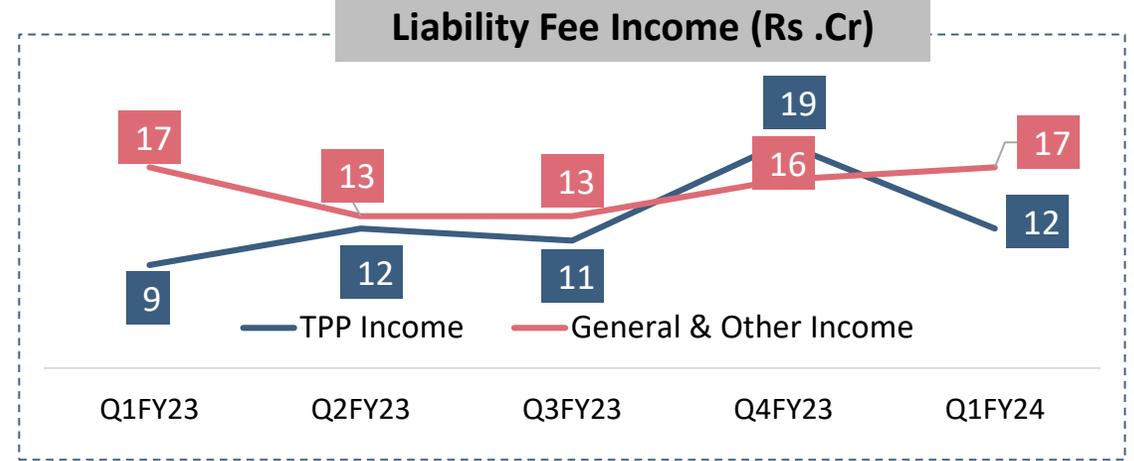
PPoP / Assets (%)



Other Income [Net] Contribution<sup>^</sup> (%)



Liability Fee Income (Rs .Cr)



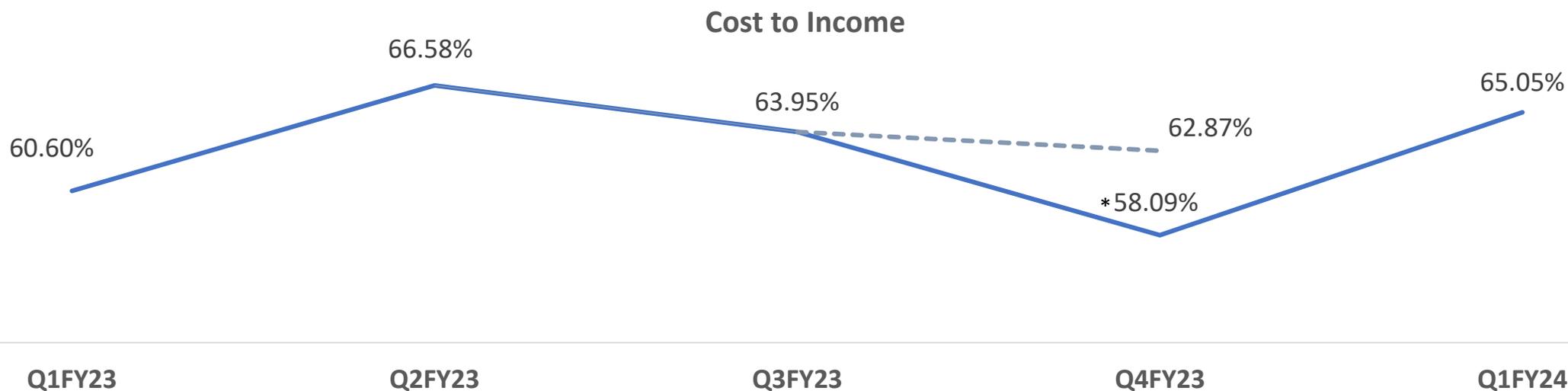
<sup>^</sup>Other income Includes Rs 70 Crs Income from Sale to ARC in Q4FY23

\*Core PPoP – PPoP excluding income from sale to ARC



# Opex evolution

Rs. Cr	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Employee expenses	225 <sup>#</sup>	275	292	304	328
Other expenses (net of digital expenses)	169	187	182	207	224
Depreciation	18	21	21	25	29
Total Operating expenses	412	483	495	536	581
No. of employees	17,936	18,962	20,005	20,563	20,996



*#Reversal of employee provision of Rs. 31 Crs created on account of Covid policy and performance incentives*

*\* Including the Income from ARC Sale of Rs 70 Crs;*



# Advances



# Disbursements evolution

Rs Cr	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY %
Micro Finance	939	971	1,340	1,676	1,464	56%
Small Business Loans (SBL)	978	1,096	1,260	1,464	1,361	39%
Housing Finance	266	388	427	557	438	65%
Vehicle Finance	889	1,098	1,334	1,591	1,168	31%
Used CV	474	589	699	743	551	16%
New CV	310	381	477	635	408	31%
Used Car	105	128	158	213	210	100%
MSE Finance	73	77	92	88	91	25%
NBFC	30	135	261	425	135	350%
Others <sup>†</sup>	63	80	83	116	100	58%
<b>Total Disbursements</b>	<b>3,238</b>	<b>3,845</b>	<b>4,797</b>	<b>5,917</b>	<b>4,757</b>	<b>47%</b>

<sup>†</sup> Others includes loan-against-gold, overdrafts against fixed deposits and staff loan



# Advances evolution

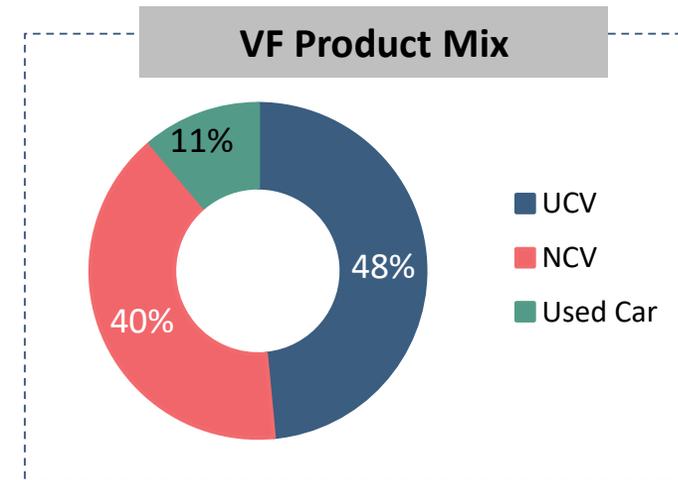
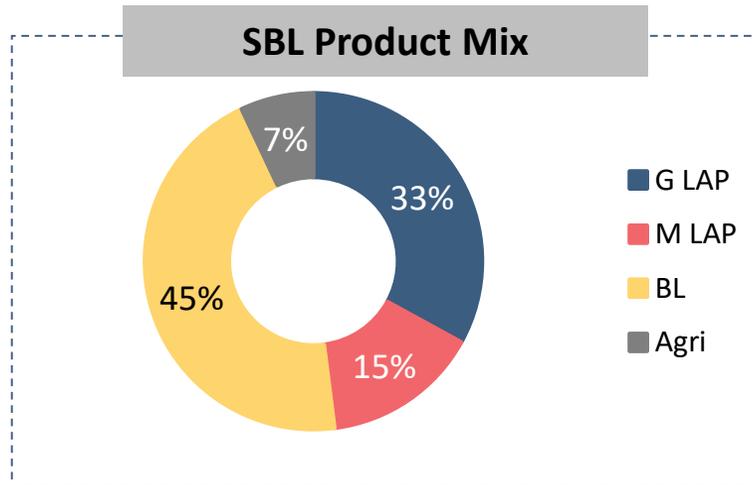
Rs Cr	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY %	Contribution %
Micro Finance	4,007	4,144	4,600	5,225	5,626	40%	19%
Small Business Loans (SBL)	8,234	8,725	9,312	10,083	10,787	31%	36%
Housing Finance	1,821	2,121	2,463	2,873	3,206	76%	11%
Vehicle Finance	5,279	5,641	6,203	6,971	7,342	39%	25%
Used CV	2,905	3,015	3,226	3,463	3,540	22%	12%
New CV	1,975	2,150	2,404	2,793	2,960	50%	10%
Used Car	399	476	573	715	842	111%	3%
MSE Finance	1,122	1,157	1,172	1,175	1,093	-3%	4%
NBFC	692	709	872	1,184	1,178	70%	4%
Others <sup>†</sup>	533	282	293	350	369	-31%	1%
<b>Gross Advances</b>	<b>21,688</b>	<b>22,779</b>	<b>24,915</b>	<b>27,861</b>	<b>29,601</b>	<b>36%</b>	<b>100%</b>

<sup>†</sup> Others includes loan-against-gold, unsecured business loans, overdrafts against fixed deposits, staff loans and reverse repo of more than 14 days



# Segmental Details

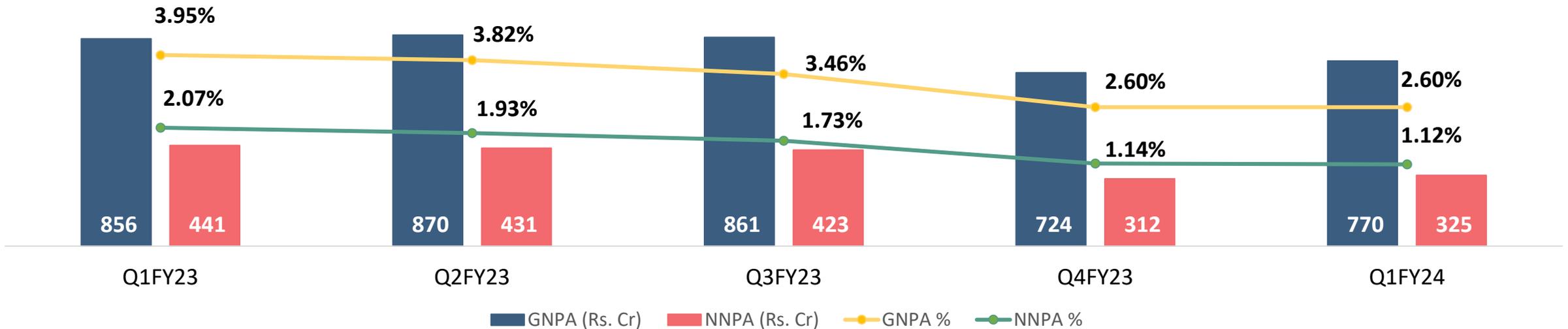
Product Segment	Number of Live Loans	ATS @ Disbursement (Lacs)	ATS @ Portfolio (Lacs)	GNPA (%)	PCR (%)
Micro Finance	20,72,356	0.48	0.27	2.46%	78.47%
Small Business Loans (SBL)	2,53,842	6.61	4.25	3.19%	50.86%
Housing Finance	34,051	9.72	9.42	0.97%	30.83%
Vehicle Finance	2,16,456	5.11	3.39	2.31%	59.63%
MSE Finance	2,848	*48.32	38.36	7.10%	54.69%
NBFC	56	2,700	2,103	0.41%	100.00%



\*Excludes TReDS



# Asset Quality Trend



GNPA Movement (Rs. Cr)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Opening GNPA Balance	837.18	856.00	870.26	861.36	723.96
Add: Additions during the period	296.03	314.01	286.46	190.59	213.94
Less:					
i. Upgradations	51.75	136.67	144.81	125.71	87.38
ii. Recoveries (excluding recoveries made from upgraded accounts)	95.64	81.73	69.37	84.79	49.38
iii. Technical or Prudential write-offs	95.95	22.76	27.71	9.21	3.37
Write-offs other than those under (iii) above	33.87	58.58	53.47	108.28	27.59
<b>Closing GNPA Balance</b>	<b>856.00</b>	<b>870.26</b>	<b>861.36</b>	<b>723.96</b>	<b>770.18</b>



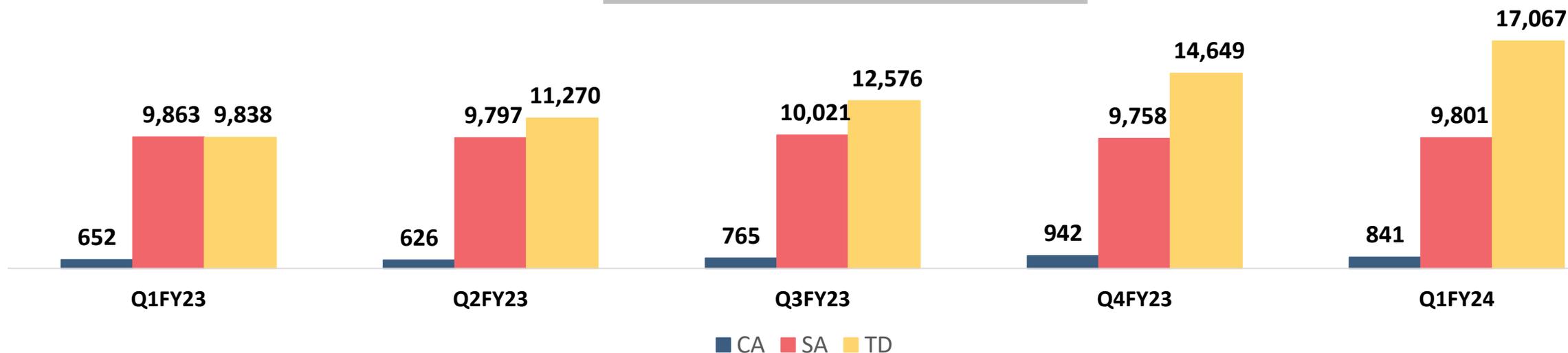
# Liabilities & Branch Banking



# Deposits Evolution

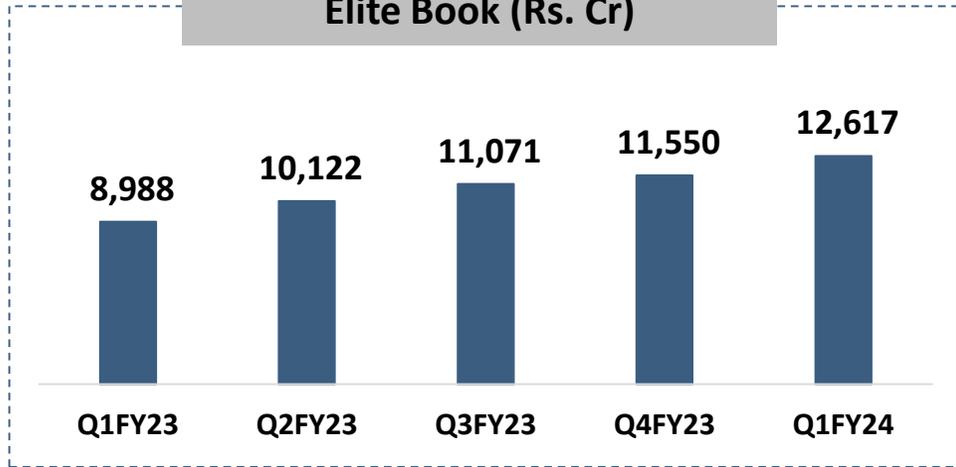
as on 30 June 2023	CA [Current Account]	SA [Savings Account]	CASA [Low cost deposits]	TD [Term Deposits]	CASA+TD [Customer Deposits]
Balance (Cr)	841	9,801	10,642	17,067	27,709
as a % of total borrowings (Rs. 32,991Cr)	3%	30%	32%	52%	84%
as a % of total deposits (Rs. 27,709 Cr)	3%	35%	38%	62%	100%

Customer Deposit Evolution (Rs. Cr)

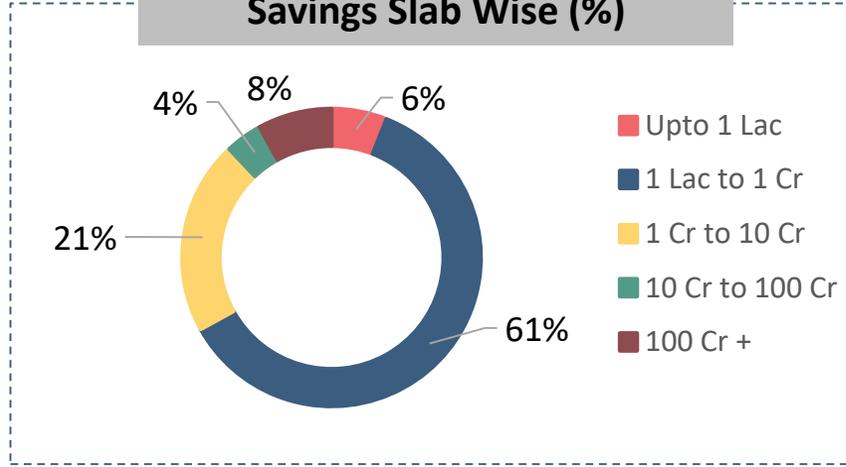


# Customer Deposit Profile

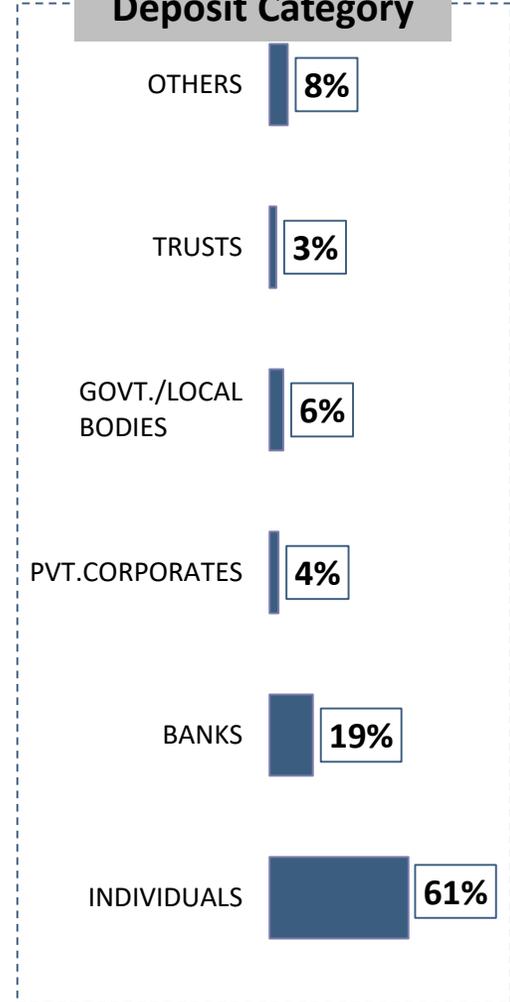
### Elite Book (Rs. Cr)



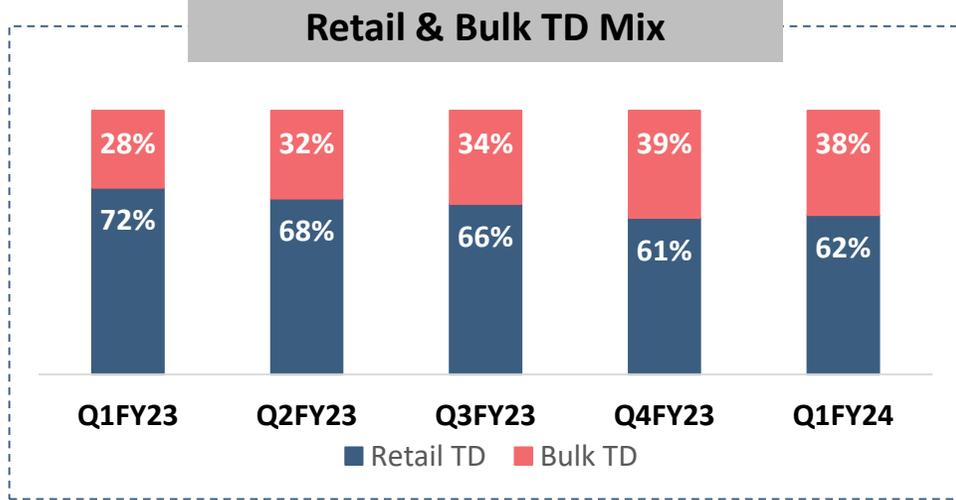
### Savings Slab Wise (%)



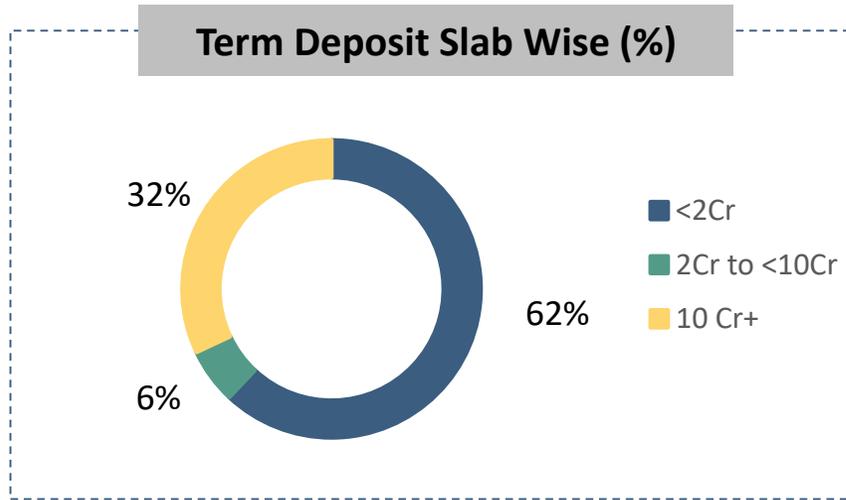
### Deposit Category



### Retail & Bulk TD Mix



### Term Deposit Slab Wise (%)

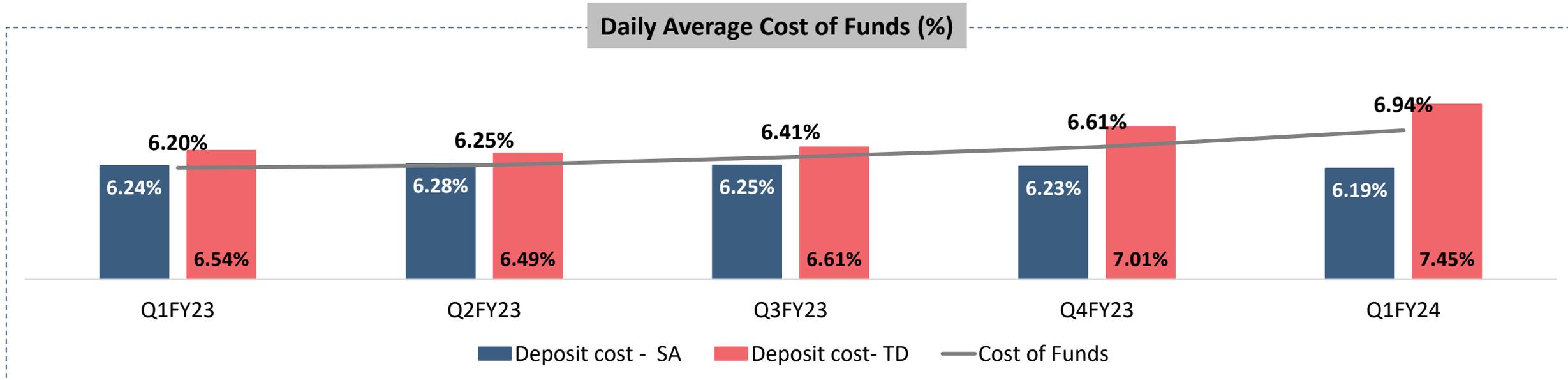
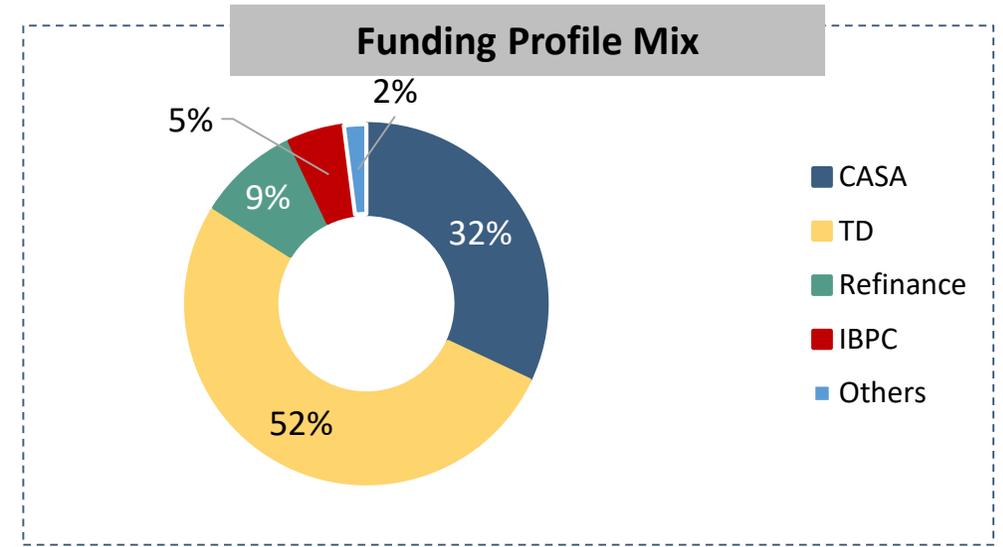


Retail TD as defined by RBI



# Funding Profile

In Rs Cr	June 2022	Mar 2023	June 2023
TD	9,838	14,649	17,067
Refinance	2,299	2,974	2,971
CASA	10,514	10,700	10,642
Sub Debt	150	-	-
IBPC	795	1,650	1,630
<i>Others (Repo &amp; Market Repo)</i>	-	-	681
<b>Total Borrowings</b>	<b>23,596</b>	<b>29,973</b>	<b>32,991</b>



# Treasury Update



The Bank's total investment portfolio of Rs. 7,191 Crore comprises of SLR and Non-SLR securities

Category (Rs. Cr)	Book Value
SLR	7,148
Non SLR	43
<b>Total</b>	<b>7,191</b>



## Borrowings & Liquidity

- The Bank's Certificate of Deposit (CD) programme has highest rating at A1+ from CRISIL, CARE and India Ratings.
- The Bank has adequate eligible advances available to raise funds through refinance or IBPC whenever required which provides strong cushion to ALM position of the Bank.
- The Bank currently maintains 'surplus' liquidity in the form of High Quality Liquid Assets (HQLA). Liquidity Coverage Ratio (LCR) as on 30.06.2023 is 237%



Profit on Sale of Investments for the quarter is Rs. 26 Crore



# Digital Banking



# Digital Banking – Key Highlights

## Neo Banking



**Equitas Selfe**  
Own digital platform

 **Rs. 705 Crs**  
Total Deposits



 **Rs. 485 Crs**  
Total Deposits



 **Rs. 8.5 Crs**  
Total Deposits

## Digital Products overview for Q1FY24



### Prepaid Cards

- 27K+ Transactions
- 55 Crs+ Txn value processed

### Micro ATM

- 41 Lacs+ Transactions
- 1425 Crs + Txn value processed

### NETC - FASTag

- 22 K+ new Fastags issued
- 123 Crs+ issuer Txn value processed

### UPI

- 14 Crs+ Transactions Processed



# Financials



# Balance Sheet

Particulars (in Rs Cr)	June-23	June-22	YoY %	Mar-23	QoQ%
<b>Capital &amp; Liabilities</b>					
Capital	1,113	1,253	-11%	1,111	0%
Reserves & Surplus	4,247	3,095	37%	4,047	5%
Networth	5,360	4,348	23%	5,158	4%
Deposits	27,709	20,352	36%	25,349	9%
Borrowings	3,652	2,449	49%	2,974	23%
Other Liabilities & Provision	1,321	1,205	10%	1,477	-11%
<b>Total</b>	<b>38,042</b>	<b>28,355</b>	<b>34%</b>	<b>34,958</b>	<b>9%</b>
<b>Assets</b>					
Cash and Balances With Reserve Bank of India	1,208	1,911	-37%	1,174	3%
Balances With Banks and Money At Call and Short Notice	664	145	357%	70	844%
Investments	7,191	4,854	48%	6,665	8%
Advances	27,526	20,479	34%	25,799	7%
Fixed Assets	539	200	169%	379	42%
Other Assets	914	766	19%	871	5%
<b>Total</b>	<b>38,042</b>	<b>28,355</b>	<b>34%</b>	<b>34,958</b>	<b>9%</b>
<b>Gross Advances</b>	<b>29,601</b>	<b>21,688</b>	<b>36%</b>	<b>27,861</b>	<b>6%</b>

# Profit & Loss Account

Particulars (in Rs Cr)	Q1FY24	Q1FY23	YoY%	Q4FY23	QoQ%
Interest Income from Loans	1,142	854	34%	1,047	9%
Income on Investments	108	62	76%	101	8%
Interest on balances with Reserve Bank of India and other inter bank funds	3	24	-85%	8	-57%
<b>Total Interest Income</b>	<b>1,254</b>	<b>940</b>	<b>33%</b>	<b>1,156</b>	<b>8%</b>
Finance Cost					
Interest on deposits	437	296	48%	380	15%
Interest on RBI / inter-bank borrowings	14	12	18%	15	-6%
Other interest	60	52	15%	54	12%
<b>Total Finance Cost</b>	<b>511</b>	<b>360</b>	<b>42%</b>	<b>449</b>	<b>14%</b>
<b>Net Interest Income</b>	<b>743</b>	<b>580</b>	<b>28%</b>	<b>707</b>	<b>5%</b>
<b>Other Income<sup>^</sup></b>					
Asset Fee Income	91	67	36%	173 <sup>#</sup>	-47%
Treasury & PSLC Fee Income	29	7	331%	8	282%
Liability & Distribution Income	30	26	12%	35	-15%
<b>Total Other Income<sup>^</sup></b>	<b>150</b>	<b>100</b>	<b>50%</b>	<b>215</b>	<b>-30%</b>

<sup>^</sup>Other income is net of digital expenses | <sup>#</sup>Includes Rs 70 Crs Income from Sale to ARC in Q4FY23

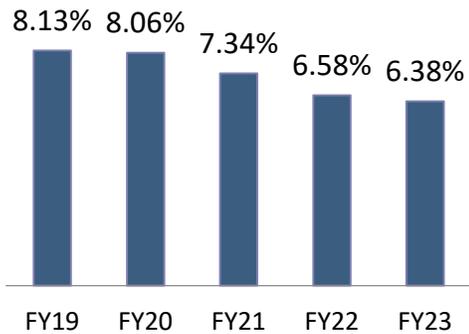
# Profit & Loss Account

Particulars (in Rs Cr)	Q1FY24	Q1FY23	YoY%	Q4FY23	QoQ%
<b>Net Income</b>	<b>893</b>	<b>680</b>	<b>31%</b>	<b>922</b>	<b>-3%</b>
Employee Cost	328	226	45%	304	8%
Opex*	253	187	35%	232	9%
<b>Total Operating Expenditure</b>	<b>581</b>	<b>413</b>	<b>41%</b>	<b>536</b>	<b>8%</b>
<b>PBT before provision &amp; Write-off</b>	<b>312</b>	<b>268</b>	<b>16%</b>	<b>386</b>	<b>-19%</b>
Credit Cost	60	141	-58%	85	-30%
Provision for Security Receipts (SR)	-	-	-	40	-100%
<b>PBT</b>	<b>252</b>	<b>127</b>	<b>99%</b>	<b>261</b>	<b>-3%</b>
Taxes	61	30	103%	71	-14%
<b>PAT</b>	<b>191</b>	<b>97</b>	<b>97%</b>	<b>190</b>	<b>1%</b>

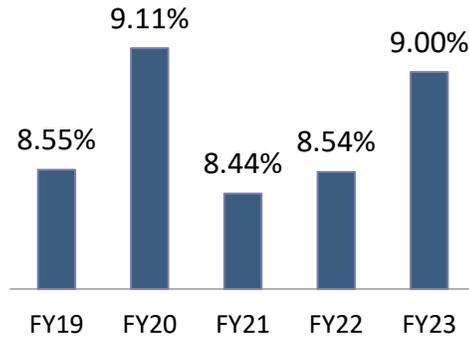
\*Opex is exclusive of digital expenses

# Key Ratios - Annual

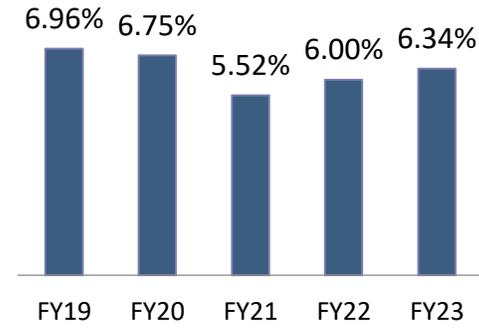
Cost of Funds



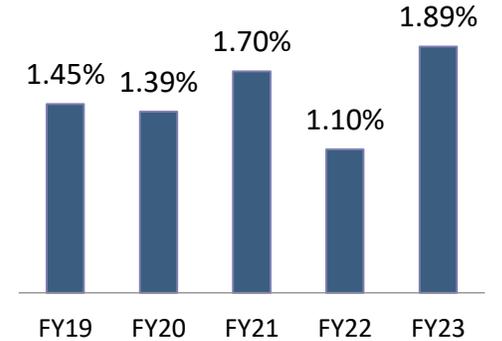
Net Interest Margin (NIM)



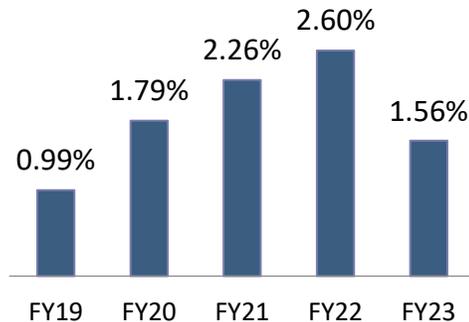
Cost to Assets



RoA

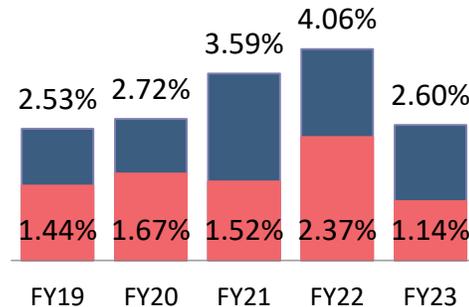


Credit Cost

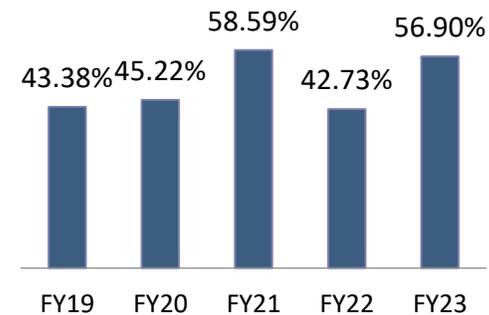


GNPA & NNPA

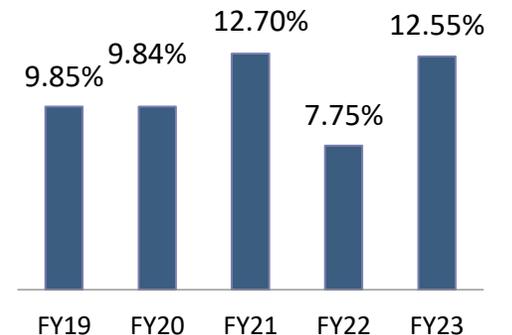
■ GNPA ■ NNPA



Provision Coverage Ratio



RoE





## **Investor Relations**

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