



EQUITAS HOLDINGS LIMITED

Q1FY21 Financial Performance of Equitas Small Finance Bank Limited

FOR IMMEDIATE PUBLICATION

PRESS RELEASE

August 10, 2020

Equitas Holdings Limited [EHL] announces the Q1FY21 financial performance (unaudited) of its subsidiary Equitas Small Finance Bank [ESFBL]

PBT before provision & Write-off at Rs. 146 Cr, growth of 19% YoY

Cumulative COVID provisions of Rs. 144.63 Cr

Moratorium Opt in % at 43% as of July 2020 from 51% as of June 2020

Retail TD at Rs. 4,377 Cr, growth of 96% YoY

Q1FY21 Highlights:

1. Key Highlights for Q1FY21:

- **Advances[^]:**
 - Advances[^] as of Q1FY21 was at Rs. 15,573 Cr, Advances[^] growth of 27% YoY
 - The Bank disbursed Rs. 564 Cr in Q1FY21
 - 76% of advances* is secured loans

- **Liabilities:**
 - Deposits excluding CD at Rs. 11,471 Cr as on 30th June 2020, growth of 30% YoY and 11% QoQ
 - Retail TD at Rs. 4,377 Cr as on 30th June 2020, growth of 96% YoY and 15% QoQ
 - Savings Account deposits at Rs. 2,024 as on 30th June 2020, growth of 9% QoQ
 - CASA stood at Rs. 2,354 Cr as on 30th June 2020, CASA as a % of Total Deposits at 21%

[^]Advances = Gross Advances including IBPC issued

- All the Channels (TASC, CA, Corporate Salary, NR) started their full-fledged functioning in Jun'20
- **Key Ratios:**
 - Cost to Income⁺ at 66.41% in Q1FY21 as compared to 69.09% in Q1FY20
 - RoA[^] and RoE[#] for Q1FY21 at 1.20% and 8.72% respectively
- **Capital:**
 - As of June 30, 2020 Total CRAR at 21.59% and Tier-I CRAR of 20.61%; Well above minimum regulatory requirements of 15% and 7.5%
 - Tier II Capital at 0.98%
- **Treasury & Liquidity:**
 - Bank has undertaken Inter-Bank Participation Certificates (IBPCs) with a mix of PSL/Non-PSL advances which further enhances the liquidity of the Bank
 - Liquidity Coverage Ratio (LCR) as on 30.06.2020 at 139.4% much above the minimum regulatory requirement of LCR at 80%
 - Average cost of funds for Q1FY21 at 7.63%

2. Profit & Loss:

- Net Interest Income for Q1FY21 at Rs. 404 Cr as against Rs. 337 Cr in Q1FY20, NIM* at 8.63%
- PBT before provisions and write off for Q1FY21 at Rs. 146 Cr as against Rs. 123 Cr in Q1FY20
- During the quarter, Bank made provisions of Rs. 68.34 Cr including additional provision of Rs. 45 Cr for potential impact of COVID-19 in addition to Rs. 99.63 Cr COVID-19 provision created in last quarter.
- The bank now carries Rs. 144.63 Cr of COVID-19 related provisions (other than Standard and NPA Provisions), which constitutes 0.93% of our total Gross Advances.
- PAT for Q1FY21 at Rs. 60 cr as against Rs. 59 Cr in Q1FY20

*NIM = Net interest income as a % of avg. income earning assets | *Cost to income ratio is calculated as a ratio of Operating expenses divided by Net Operating Income (Net Operating Income is a sum of net interest income and other income) ^RoA – ratio of the net profit for the period/year total average assets | RoE[#] - Ratio of the net profit for the period/ to the average shareholders' Equity*

3. Balance Sheet:

- Advances[^] as of June 30, 2020 grew 27% YoY to Rs. 15,573 Cr
 - Micro Finance grew by 16% YoY from Rs. 3,124 Cr in Q1FY20 to Rs. 3,618 Cr in Q1FY21
 - Small Business Loans (Incl. HF) grew by 32% YoY from Rs. 4,926 Cr in Q1FY20 to Rs. 6,484 Cr in Q1FY21
 - Vehicle Finance grew by 25% YoY from Rs. 3,027 Cr in Q1FY20 to Rs. 3,776 Cr in Q1FY21
 - MSE Finance grew by 154% YoY from Rs. 280 Cr in Q1FY20 to Rs. 712 Cr in Q1FY21
 - Corporate Loans grew by 39% YoY from Rs. 555 Cr in Q1FY20 to Rs. 772 Cr in Q1FY21

4. Liabilities & Branch Banking:

- Deposits excluding CD at Rs. 11,471 Cr, growth of 30% YoY
- Retail TD at Rs. 4,377 Cr as on 30th June 2020, growth of 96% YoY and 15% QoQ
- Savings Account deposits at Rs. 2,024 as on 30th June 2020, growth of 9% QoQ
- CASA stood at Rs. 2,354 Cr as on 30th June 2020, CASA as a % of Total Deposits at 21%

5. Asset Quality:

- GNPA[§] at 2.68% in Q1FY21 as compared to 2.72% in Q4FY20 and 2.73% in Q1FY20
- NNPA[§] at 1.39% in Q1FY21 as compared to 1.50% in Q4FY20 and 1.54% in Q1FY20

6. Moratorium Update:

Asset Products	As on June 2020	As on July 2020
	Opt in % of Gross Advances as on 31st March 2020	Opt in % of Gross Advances as on 30th June 2020
Micro Finance	59%	42%
Small Business Loans	42%	40%
New Commercial Vehicle Finance	65%	54%
Used Commercial Vehicle Finance	70%	60%
MSE Finance (Working Capital)	48%	46%
Corporate – NBFC Book	0%	0%
Corporate – Small Corporate	96%	96%
Total	51%	43%

[§]GNPA & NNPA including IBPC

About Equitas Holdings Limited [EHL]

Equitas Holdings Limited ('the Company') is a Non-Deposit Taking Systemically Important - Core Investment Company – (CIC-ND-SI) registered with The Reserve Bank of India. The main objects of EHL are inter alia (i) to carry on business of investment company/finance Company, and (ii) to carry on business of holding company and to invest in subsidiary companies

The Company has the following Subsidiaries:

- Equitas Small Finance Bank Limited, licensed under Section 22 of the Banking Regulations Act, 1949 to carry on the business of small finance bank;
- Equitas Technologies Private Limited [ETPL], a Company registered under the Companies Act, 2013 engaged in the business of freight aggregation.

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.

Disclaimer:

Equitas Small Finance Bank Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed a draft red herring prospectus dated December 16, 2019 ("DRHP") with the Securities and Exchange Board of India. The DRHP is available on the website of the SEBI at www.sebi.gov.in as well as on the websites of the book running lead managers, JM Financial Limited, Edelweiss Financial Services Limited and IIFL Securities Limited, at www.jmfl.com, www.edelweissfin.com and www.iiflcap.com respectively, the website of the National Stock Exchange of India Limited at www.nseindia.com and the website of the BSE Limited at www.bseindia.com, respectively. Investors should note that investment in equity shares involves a high degree of risk. For details, potential investors should refer to the RHP which may be filed with the Registrar of Companies, Tamil Nadu, situated at Chennai, in future including the section titled "Risk Factors". Potential investors should not rely on the DRHP filed with SEBI in making any investment decision. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to,

the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act, “Rule 144A”) in transactions exempt from, or not subject to, registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and pursuant to the applicable laws of the jurisdictions where those offers and sales are made. There will be no public offering of the Equity Shares in the United States.

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