



EQUITAS SMALL FINANCE BANK LIMITED

FY20 results

FOR IMMEDIATE PUBLICATION

PRESS RELEASE

May 14, 2020

Bank makes provisions in excess of RBI prescribed norms

COVID-19 provision at Rs. 996.30 Mn as of March 31, 2020

PAT for FY20 at Rs. 2,436.35 Mn as against Rs. 2,105.66 Mn in FY19, growth of 15.70%

Cost to Income* improved by 390 basis points from 70.30% in FY19 to 66.38% in FY20

FY20 Highlights:

1. Key Highlights for FY20:

- **Advances[^]:**
 - Disbursement for FY20 grew 15.54% YoY to Rs. 99,110.73 Mn from Rs. 85,783.11 Mn in FY19
 - Advances[^] as of March 31, 2020 grew 31.29% YoY to Rs. 1,53,669.45 Mn

- **Liabilities:**
 - Deposits excluding CD at Rs. 1,02,999.91 Mn, growth of 25.69% YoY
 - Retail TD at Rs. 38,112.87 Mn as on 31st March 2020, growth of 132.93% YoY
 - CASA stood at Rs. 22,082.13 Mn, CASA as a % of Total Deposits at 21.44%

- **Key Ratios:**
 - Cost to Income* improved by 390 basis points from 70.30% in FY19 to 66.38% in FY20
 - RoA[^] and RoE[#] for FY20 at 1.39% and 9.84% respectively vs. 1.45% & 9.85% in FY19

[^]Advances = Gross Advances including IBPC issued | NIM = Net interest income as a % of avg. income earning assets | Total Deposits = Deposits excluding CD | *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 | [#]Ratio of the net profit for the period/ to the average shareholders' Equity | [§]GNPA including IBPC

- **Capital:**
 - As of March 31, 2020 Total CRAR at 23.61% and Tier-I CRAR of 22.44%; Well above minimum regulatory requirements of 15% and 7.5%
 - Tier II Capital at 1.17%
- **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)⁵ as on 31.03.2020 at 132.2% much above the minimum regulatory requirement of LCR at 90%

2. Profit & Loss:

- Net Interest Income for FY20 at Rs. 14,953.06 Mn as against Rs. 11,517.34 Mn in FY19, growth of 29.83%, NIM* at 9.11%
- PBT before provisions and write off for FY20 at Rs. 5,975.79 Mn as against Rs. 4,261.45 Mn in FY19, growth of 40.23%
- Provisions for FY20 at Rs. 2,466.39 Mn, including Rs. 996.30 Mn COVID-19 provision (including Rs. 29.8 Mn representing the minimum provision of 10% on standard assets availing moratorium where asset classification benefit is extended. The provision held by banks are in excess of the RBI prescribed norms.
- PAT for FY20 at Rs. 2,436.35 Mn as against Rs. 2,105.66 Mn in FY19, growth of 15.70%
- Cost to Income* improved by 390 basis points from 70.30% in FY19 to 66.38% in FY20
- RoA[^] and RoE[#] for FY20 at 1.39% and 9.84% respectively vs. 1.45% & 9.85% in FY19

3. Balance Sheet:

- Advances[^] as of March 31, 2020 grew 31.29% YoY to Rs. 1,53,669.45 Mn
 - Micro Finance grew by 17.81% YoY from Rs. 30,696.02 Mn in FY19 to Rs. 36,161.60 Mn in FY20
 - Small Business Loans (Incl. HF) grew by 37.19% YoY from Rs. 45,771.21 Mn in FY19 to Rs. 62,794.36 Mn in FY20
 - Vehicle Finance grew by 27.41% YoY from Rs. 29,511.97 Mn in FY19 to Rs. 37,599.72 Mn in FY20
 - MSE Finance grew by 270.12% YoY from Rs. 1,808.61 Mn in FY19 to Rs. 6,694.10 Mn in FY20
 - Corporate Loans grew by 79.43% YoY from Rs. 4,559.65 Mn in FY19 to Rs. 8,181.19 Mn in FY20

[^]Advances = Gross Advances including IBPC issued | NIM = Net interest income as a % of avg. income earning assets | Total Deposits = Deposits excluding CD | *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 | [#]Ratio of the net profit for the period/ to the average shareholders' Equity | [§]GNPA including IBPC | \$ - LCR as on 31.03.2020

- Disbursements for the year grew 15.54% YoY to Rs. 99,110.73 Mn
- 75.39% of the overall advances[^] is secured loans

4. Liabilities & Branch Banking:

- Deposits excluding CD at Rs. 1,02,999.91 Mn, growth of 25.69% YoY
- Retail TD at Rs. 38,112.87 Mn as on 31st March 2020, growth of 132.93% YoY
- CASA stood at Rs. 22,082.13 Mn, CASA as a % of Total Deposits at 21.44%

5. Asset Quality:

- GNPA[§] at 2.72% in FY20 as compared to 2.53% in FY19
- NNPA at 1.66% in FY20 as compared to 1.44% in FY19

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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