



EQUITAS HOLDINGS LIMITED

FOR IMMEDIATE PUBLICATION

PRESS RELEASE

February 1, 2017

Equitas Holdings Consolidated 9MFY17 Net Profit grows by 27% YoY

Equitas Holdings Limited, a diversified financial service provider, announced today the Unaudited & Consolidated financial performance for the quarter ended December 31, 2016.

- **Consolidated AUM as of December 31, 2016 Rs.7,181 Crore; growth of 30% over Q3FY16**
- **Net Interest Income grows by 48% over Q3FY16**
- **Provision Coverage enhanced to 68.6% in Q3FY17 from 53.9% in Q2FY17**
- **Due to stress in collections during Q3FY17, an additional provision of Rs.15 Crore was made on a prudent basis**
- **Consolidated PAT for Q3 grows by 4% YoY and by 27% YoY for 9MFY17**
- **RoA and RoE for Q3FY17 are 2.04% and 8.18% respectively, while the corresponding numbers for 9MFY17 are 2.71% and 11.41%**

The growth in Advances has been led by healthy disbursements in key focus asset products such as Micro Finance, Used Commercial Vehicle finance [UCV] and Micro & Small Enterprise [MSE] loan offerings. Fall in disbursement in Q3FY17 by 24% on a sequential basis limited AUM growth to 1%.

Q3FY17 Consolidated Results

Net Interest Income increased by 48% YoY, at Rs.230.7 Crore for the quarter ended December 31, 2016 as against Rs.155.7 Crore for the corresponding quarter last year. Profit after Tax [PAT] grew by 4% YoY to Rs.44.9 Crore for Q3FY17 as against Rs.43.0 Crore QoQ.

Banking operations expands in Q3

Equitas Small Finance Bank Limited [ESFBL] commenced its banking operations on September 5, 2016 with 3 liability branches in Chennai. During Q3, another 109 liability branches commenced operations spread over 13 States.

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 activity of the Company is making investment in subsidiary companies and providing loans to them. It has no other operations.

The Company has the following Wholly Owned 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 a Small Finance Bank (SFB), licensed by Reserve Bank of India under Section 22 of the Banking Regulation Act, 1949 to carry on the business of Small Finance Bank. The Bank commenced the business of SFB on September 5, 2016. It is the first Private Sector Bank from Tamil Nadu to commence operations post Indian Independence.

ESFBL, with pan India operations, is focussed on providing financing solutions for individuals and micro and small enterprises (MSEs) that are underserved by formal financing channels while providing a comprehensive banking and digital platform for all.

True to its tag line – “Its Fun Banking”, the bank offers customized savings products with a focus towards giving children, youth, families and entrepreneurs across India, a new and a fun way to bank.

For further details contact:

Investor Relations

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Equitas Holdings Limited, a diversified financial service provider, announced today the consolidated unaudited financial performance for the quarter ended December 31, 2016.

Performance Highlights

Growth in Advances under Management [AUM]

AUM as of December 31, 2016 grew 30% YoY to Rs.7,181 Crore as compared to Rs.5,505 Crore as of December 31, 2015. The growth has been led by healthy disbursements in key focus asset products such as Micro Finance, Used Commercial Vehicle finance and Micro & Small Enterprise [MSE] loan offerings. Fall in disbursement in Q3FY17 by 24% on a sequential basis limited AUM growth to 1%.

Q3FY17 Consolidated Results

Net Interest Income increased by 48% YoY, at Rs.230.7 Crore for the quarter ended December 31, 2016 as against Rs.155.7 Crore for the corresponding quarter last year. Profit after Tax [PAT] grew by 4% YoY to Rs.44.9 Crore for Q3FY17 as against Rs.43.0 Crore QoQ.

Performance – Advance Segment-wise

Segment	AUM [Rs. Cr]		
	Q3FY16	Q3FY17	YoY (%)
Micro Finance	2,935	3,545	21%
UCV	1,406	1,865	33%
MSE offerings	936	1,507	61%
Housing Finance	229	264	15%
Total	5,505	7,181	30%

Asset quality trends

Particulars	Rs. Cr			
	Q3FY16	FY16	Q2FY17	Q3FY17
Gross NPA * #	66.9	68.1	143.7	145.0
Net NPA	48.9	47.8	66.3	45.5
Gross NPA % *	1.33%	1.34%	2.54%	2.46%
Net NPA % **	0.97%	0.94%	1.17%	0.77%
Provision Coverage Ratio % **	27.0%	29.8%	53.9%	68.6%

* NPA recognition moved to 90 days for UCV and MSE offerings from Q2FY17 on converting to a Bank while it was on 5 months basis in FY16 as an NBFC

RBIs Circulars post demonetisation with respect to delayed classification of Advances from Standard to Sub-standard availed in Q3

** Net NPA and PCR calculated including floating provision created in Q2FY17

Equitas Holdings Limited - Consolidated - Key parameters – Q3FY17

Particulars	(Amount in Rs. Cr, except as otherwise stated)									
	Consolidated					ESFBL				
	Q3FY16	Q3FY17	YoY Growth %	Q2FY17	QoQ Growth %	Q3FY16	Q3FY17	YoY Growth %	Q2FY17	QoQ Growth %
AUM	5,505	7,181	30%	7,079	1%	5,505	7,181	30%	7,079	1%
NII	156	231	48%	201	15%	154	227	48%	197	15%
Operating cost (%)	6.89%	7.75%	12%	7.21%	7%	6.83%	7.68%	12%	7.04%	9%
PAT	43	45	4%	46	-3%	43	45	4%	47	-5%
GNPA (%)	1.33%	2.46%		2.54%		1.33%	2.46%		2.54%	
NNPA (%)	0.97%	0.77%		1.17%		0.97%	0.77%		1.17%	
Standard Assets Charge (%) [A]	0.42%	0.05%		-0.09%		0.42%	0.05%		-0.09%	
NPA Provisioning & Loan loss Charge (%) [B]	0.68%	0.76%		0.77%		0.68%	0.76%		0.77%	
Additional NPA & Floating Provision to increase PCR [C]	0.00%	0.84%		2.52%		0.00%	0.84%		2.52%	
Total Charge (%) [A] + [B] + [C]	1.10%	1.65%		3.20%		1.10%	1.65%		3.20%	
RoA (%)	3.13%	2.04%		2.37%		3.18%	2.05%		2.45%	
Gearing (No. of times)	3.33	3.01		2.74		3.76	3.42		2.99	
RoE (%)	13.55%	8.18%		8.87%		15.13%	9.06%		9.79%	

Notes:

NPA Ratio - calculated on Advance outstanding i.e., 'On Book' Advances only.

Standard Assets charge and Provisioning & Loan loss charge calculated as proportion of average AUM.

Management Commentary

Commenting on the results and financial performance, Mr S Bhaskar, Executive Director & Chief Executive Officer, Equitas Holdings Limited, said,

“We had a reasonable quarter. AUM as of December 16 grew by 30% on a YoY basis, along with a 4% growth in profits for Q3 on a YoY basis.

We continue to remain focussed on the segments not sufficiently serviced by the mainstream financial system since our transformation into the Bank in the previous quarter. To a large percentage of our borrowers, we are the only lenders.

Currently, the Bank has a range of loan products addressed to the mass market segments which are still not effectively serviced by the universal banks. Besides the above, our loan product offerings include agri and livestock loans, loan against gold, business loans (working capital) for small business units etc.

In line with our tagline of “Fun banking”, it is our whole-hearted endeavour to bring a wave of freshness into banking through our focus on making normal banking transaction easy and enjoyable for our customers. We hope to impact about 5% of Indian Households by 2025.

To enable physical support to its millions of borrowers, we plan to have a network of Business Correspondents (BC) at branch level taking banking services right to the doorstep of its clients.

We have deployed cutting edge IT and digital solutions to make our banking experience a great experience for our mass and mass affluent borrowers.”

Social initiatives

The Group continues its various social initiatives, as part of the Corporate Social Responsibility program. During the quarter, the Group reached out to 2.0 lakh beneficiaries through the health camps, 0.08 lakh beneficiaries through training on cottage livelihood skills, 0.1 lakh beneficiaries through job fairs and around 170 families rehabilitated through the Equitas Bird Nest program. The seven English Medium schools managed by the Group has a strength of over 5,040 students as of December 2016. The various social initiatives undertaken is tabled below:

Particulars	FY 16	Q2FY17	Q3FY17	Cumulative [since inception]
No. of beneficiaries in health camps	8,64,384	207,156	200,072	43,51,361
No. of spectacles provided [free of cost]	11,690	2,595	2,340	90,167
No. of cataract operations [free of cost]	1,563	573	483	27,478
No. of people trained on cottage livelihood skills	41,268	9,405	8,033	4,35,631
No. of unemployed youth placed in jobs	26,320	7,334	10,027	81,855
No. of families living on pavements rehabilitated	362	107	167	1,069
No. of children studying in the 7 Equitas schools	4,142	5,043	5,043	N.A.

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ESFBL was formed by the Merger of two wholly owned subsidiaries of EHL viz., Equitas Micro Finance Limited [EMFL] and Equitas Housing Finance Limited [EHFL] with Equitas Finance Limited [EFL].

ESFBL, with pan India operations, is focussed on providing financing solutions for individuals and micro and small enterprises (MSEs) that are underserved by formal financing channels while providing a comprehensive banking and digital platform for all.

The bank offers customized savings products with a focus towards giving children, youth, families and entrepreneurs across India, a new and a fun way to bank.

By Q1FY18, ESFBL plans to roll out the entire network of 412 bank branches spread across 13 States in India. Of these 412 branches, 50% will be in South, 30% in West and the remaining 20% in North. About 25 per cent of the bank branches will be located in rural, unbanked villages. Currently, the bank has an AUM of around Rs.7,181 Cr, of which about 49% is contributed by Micro Finance, 26% by Used Commercial Vehicle Finance and the remaining 24% by MSE and affordable Housing Finance.

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