EQUITAS SMALL FINANCE BANK LIMITED

FOR IMMEDIATE PUBLICATION

PRESS RELEASE **January 28, 2021**

Chennai, January 28, 2021: The Board of Directors of Equitas Small Finance Bank Limited at its meeting held today, approved the unaudited financial results for quarter ended December 31, 2020

Q3FY21 PAT at Rs. 111 Crores, up 18%

Advances grew 19% YoY to Rs. 17,373 Cr

CASA ratio at 25%, Retail TD at Rs. 5,500 Cr, growth of 79% YoY

Cost to Income Ratio improves to 56.35% vs. 66.24% in Q3FY20

Collection efficiency at pre-Covid levels across all major product segments

<u>Q3FY21 Highlights:</u>

1. **Key Highlights for Q3FY21:**

- **<u>Advances:</u>**
  - Advances as of Q3FY21 was at Rs. 17,373 Cr, Advances growth of 19% YoY
  - Disbursement at 80% pre-Covid level, disbursed Rs. 2,461 Cr in Q3FY21
  - 79.21% of advances is secured loans, ***Microfinance loans constitute 20% with no exposure in Assam and West Bengal***
  - Collection & Billing efficiency for the month of December 2020 at 105.36% and 88.73% respectively
  - Collection efficiency nears pre-covid levels:
    - MFI X Bucket Collection efficiency for the month of December 2020, December 2019 & February 2020 at 98.30%, 98.40% & 98.50% respectively
    - SBL X Bucket Collection efficiency for the month of December 2020, December 2019 & February 2020 at 99.05%, 99.34% & 99.41% respectively
    - VF X Bucket Collection efficiency for the month of December 2020, December 2019 & February 2020 at 95.72%, 95.09% & 96.50% respectively

- **<u>Liabilities:</u>**
  - Deposits excluding CD at Rs. 15,691 Cr, growth of 62% YoY and 25% QoQ
  - Retail TD at Rs. 5,500 Cr, growth of 79% YoY and 10% QoQ
  - Savings Account deposits at Rs. 3,524, growth of 96% YoY and 24% QoQ

- CASA stood at Rs. 3,967 Cr, CASA is 25% of Total Deposits
- Acquired & On boarded over ~1,28,000 Savings Account Customers through Integrated Digital Marketing

- **Key Ratios:**
  - Cost to Income improves to 56.35% in Q3FY21 as compared to 66.24% in Q3FY20 and 58.15% in Q2FY21
  - RoA and RoE for Q3FY21 at 1.83% and 14.32% respectively

- **Capital:**
  - As of September 30, 2020 Total CRAR at 21.58 and Tier-I CRAR of 20.81%; Well above minimum regulatory requirements of 15% and 7.5%. Tier II Capital at 0.77%

- **Treasury & Liquidity:**
  - The Bank currently maintains 'excess' liquidity in the form High Quality Liquid Assets (HQLA). Liquidity Coverage Ratio (LCR) as on 31.12.2020 at 196%. The Bank intends to revert to 'adequate surplus liquidity' of ~130%
  - During the quarter, Bank repaid TLTRO borrowings of Rs 124 crores to RBI. Associated Non-SLR securities were shifted out of HTM and partially sold. Profit realised on such sale amounted to Rs. 3 Crore
  - During the quarter, Bank sold certain SLR securities from HTM (through OMO / secondary market) and realised profits amounting to Rs. 34 Crore
  - During the quarter, Bank sold PSLCs worth Rs. 1,800 Crore. Income recognised on sale of PSLCs for this quarter amounted to Rs. 17.4 Crore

- **Human Capital:**
  - Leadership team strengthened with the appointment of Rohit Padhke to spear head Mortgages and vehicle finance and Siby Sebastin as EVP - Operations
  - Chief Digital Officer and Deputy CTO appointed to strengthen the Banks digital transformation

2. **Profit & Loss:**

- Net Interest Income for Q3FY21 at Rs. 484 Cr as against Rs. 384 Cr in Q3FY20, growth of 26% YoY. NIM at 8.47%
- Core Income (Net Income other than PSL Fees, Treasury & Others) at 87%
- PBT before provisions and write off for Q3FY21 at Rs. 275 Cr as against Rs. 158 Cr in Q3FY20, growth of 74%
- PAT for Q3FY21 at Rs. 111 cr as against Rs. 94 Cr in Q3FY20, growth of 18%

3. Asset Quality, Provisions & Restructuring:

- COVID related provisions as at December 31, 2020 stood at Rs. 57.01 crore after adjusting Rs 113.62 crores against actual provisioning requirements for slippages in respect of specific loan accounts
- In accordance with the Resolution Framework for COVID-19 announced by RBI on August 6, 2020, as at December 31, 2020, the Bank has approved, for certain eligible borrowers, one-time restructuring of 1.97% of advances
- GNPA at 2.23% in Q3FY21 as compared to 2.39% in Q2FY21 and 2.86% in Q3FY20
- NNPA at 0.65% in Q3FY21 as compared to 1.00% in Q2FY21 and 1.73% in Q3FY20
- The Bank has not classified any NPAs since August 31, 2020; basis the interim order of Hon. Supreme Court. If the Bank had classified borrower's accounts as NPA after August 31, 2020, the Bank's Gross NPA Ratio and net NPA Ratio would have been 4.16% and 1.71% respectively. Pending the decision of the Court, in respect of these accounts made a contingent provision (including on interest accrued) of Rs 180.28 Crores, as a matter of prudence
- Provision coverage ratio to directionally improve as Bank further accelerates IRAC provision norms across DPD buckets

4. Collection & Billing Efficiency Product Wise:

Particulars	**Collection Efficiency December 2020**	**Billing Efficiency December 2020**
Micro Finance	97.98%	91.29%
Small Business Loans	104.56%	90.56%
Vehicle Finance	108.39%	82.25%
MSE Finance	192.55%	88.88%
Corporate	149.36%	94.51%
Others	82.16%	76.07%
Total	**105.36%**	**88.73%**

1. Collection efficiency represents total collections during the month as a percentage of December months total EMIs due
2. Billing efficiency represents only the EMIs of December alone collected as a percentage of December months total EMIs due

Collections touch pre-Covid levels

Particulars	**X Bucket Collection Efficiency December 2020**	**X Bucket Collection Efficiency February 2020**	**X Bucket Collection Efficiency December 2019**
Small Business Loans	99.05%	99.41%	99.34%
Vehicle Finance	95.72%	96.50%	95.09%
Micro Finance	98.30%	98.50%	98.40%

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.

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