

Date: 05<sup>th</sup> February, 2022

To  
The Department of Corporate Services  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400001

Dear Sir/Madam,

**Sub: Outcome of Board Meeting held on 05<sup>th</sup> February, 2022 – Approval of Standalone Unaudited Financial Results for the Quarter and Nine Months ended 31<sup>st</sup> December, 2021**

Pursuant to the applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we wish to inform that the Board of Directors (the 'Board') of M/s. ESAF Small Finance Bank Limited (the 'Bank'), at its meeting held on Saturday, 05<sup>th</sup> February, 2022 has considered and approved the Standalone Unaudited Financial Results of the Bank for the Quarter (Q3) and Nine Months ended 31<sup>st</sup> December, 2021.

Pursuant to above, we hereby submit the Standalone Unaudited Financial Results of the Bank for the Quarter (Q3) and Nine Months ended 31<sup>st</sup> December, 2021, along with the Limited Review Report issued by the Statutory Auditors of the Bank thereon.

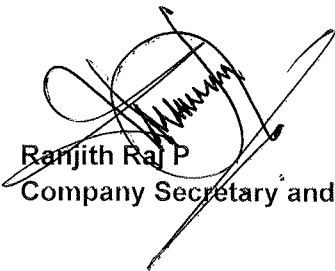
The meeting of the Board of Directors commenced at 02.30 PM and concluded at 07:00 PM. You are requested to take note of the above.

The above disclosures are also made available in the website of the Bank. ([www.esafbank.com](http://www.esafbank.com))

Thanking you

Yours faithfully,

**For ESAF Small Finance Bank Limited**

  
**Ranjith Raj P**  
Company Secretary and Compliance Officer



**ESAF SMALL FINANCE BANK LIMITED**

RBI License No.: MUM 124, CIN: U65990KL2016PLC045669

Registered & Corporate Office: ESAF Small Finance Bank Limited, Building No. VII/83/8, ESAF Bhavan, Mannuthy, Thrissur - Palakkad National Highway, Thrissur - 680 651, Kerala.

Ph. No: 0487 7123456 Email: [customercare@esafbank.com](mailto:customercare@esafbank.com) [www.esafbank.com](http://www.esafbank.com)

**INDEPENDENT AUDITORS' REVIEW REPORT ON REVIEW OF INTERIM  
FINANCIAL RESULTS**

**TO THE BOARD OF DIRECTORS OF  
ESAF SMALL FINANCE BANK LIMITED**

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **ESAF Small Finance Bank Limited** (the "Bank"), for the quarter and nine months ended December 31, 2021 (the "Statement"), being submitted by the Bank pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Bank's Management and approved by the Bank's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 for "Interim Financial Reporting" ("AS 25"), prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder, in so far as they apply to Banks, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Bank's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standard, the RBI Guidelines and other accounting principles generally accepted in India, in so far as they apply to Banks, has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



# Deloitte Haskins & Sells

5. We draw attention to Note 6 to the Statement, which describes that the potential impact of the continuing COVID-19 pandemic on the Bank's results are dependent on future developments which are uncertain.

Our conclusion on the Statement is not modified in respect of this matter.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No.117365W)



A handwritten signature in black ink, appearing to read "N. Daruwalla".

Neville M. Daruwalla  
Partner  
Membership No. 118784  
(UDIN: 22118784AAMTTA2206)

**MUMBAI**, February 5, 2022

ESAF SMALL FINANCE BANK LIMITED  
Building No.VII/83/8, ESAF Bhavan, Thrissur - Palakkad National Highway,  
Mannuthy, Thrissur, Kerala - 680651  
CIN : U65990KL2016PLC045669

Statement of unaudited financial results for the quarter and nine months ended 31 December 2021

Particulars	Rs. in Lakh				
	Quarter ended 31 December 2021	Quarter ended 30 September 2021	Nine Months ended 31 December 2021	Nine Months ended 31 December 2020	Year ended 31 March 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>I. INCOME</b>					
Interest Earned	50,541	43,063	1,34,229	1,25,608	1,64,117
Other Income	6,011	6,104	15,874	8,090	12,669
<b>Total</b>	<b>56,552</b>	<b>49,167</b>	<b>1,50,103</b>	<b>1,33,698</b>	<b>1,76,786</b>
<b>II. EXPENDITURE</b>					
Interest expended	20,265	18,685	57,300	54,165	71,958
Operating Expenses	23,235	20,732	59,427	43,443	63,186
Provisions and Contingencies	7,391	18,913	38,463	29,879	31,103
<b>Total</b>	<b>50,891</b>	<b>58,330</b>	<b>1,55,190</b>	<b>1,27,487</b>	<b>1,66,247</b>
<b>III. PROFIT</b>					
Net Profit/(Loss) for the Period/Year (I - II)	<b>5,661</b>	<b>(9,163)</b>	<b>(5,087)</b>	<b>6,211</b>	<b>10,539</b>
<b>Analytical Ratios</b>					
(i) Capital Adequacy Ratio	19.26%	20.84%	19.26%	21.04%	24.23%
(ii) Earnings Per Share (EPS) (Face value of Rs.10/- each) *					
- Basic (Rs.)	1.26	(2.04)	(1.13)	1.45	2.46
- Diluted (Rs.)	1.26	(2.04)	(1.13)	1.45	2.46
<b>NPA Ratio</b>					
a) Gross NPA	70,223	59,731	70,223	9,528	56,400
Net NPA	20,180	19,276	20,190	369	31,658
b) % of Gross NPA	6.57%	6.31%	6.57%	1.22%	6.70%
% of Net NPA	1.98%	2.13%	1.98%	0.05%	3.88%
c) Return on Assets *	0.39%	(0.70%)	(0.38%)	0.57%	0.95%
d) Networth #	1,30,119	1,24,458	1,30,119	1,14,619	1,35,206
e) Outstanding redeemable preference shares	-	-	-	-	-
f) Capital Redemption Reserve/ Debenture Redemption Reserve	-	-	-	-	-
g) Debt - Equity Ratio **	1.44	1.03	1.44	0.77	0.92
h) Total debts to total assets	12.90%	10.50%	12.90%	11.43%	13.73%

\* Quarterly / nine months numbers are not annualised

#Networth represents sum of Capital and Reserves & Surplus

\*\*Debt represents borrowings with residual maturity of more than one year. Total debt represents total borrowings.



**ESAF SMALL FINANCE BANK LIMITED**  
Building No.VII/83/8, ESAF Bhavan, Thrissur - Palakkad National Highway,  
Mannuthy, Thrissur, Kerala - 680651  
CIN : U65990KL2016PLC045669

**Notes :**

1. The statement of unaudited financial results for the quarter and nine months ended 31 December 2021 ("Statement" or "financial results") have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 5 February 2022 in accordance with the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the "Regulation") as amended. The results have been subjected to a limited review by the statutory auditors.

As per paragraph 1A of the SEBI Circular dated October 05, 2021 on Revised Formats for filing Financial information, the Bank has not presented the corresponding financial results for the quarter ended December 31, 2020.

2. The above financial results of the Bank have been prepared in all material aspects, in accordance with the generally accepted accounting principles in India ("Indian GAAP"), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time and Accounting Standards as prescribed under section 133 of the Companies Act, 2013.

3. The Capital adequacy ratio ("CRAR") has been computed as per the Operating guidelines vide RBI notification RBI/2016-17/81 DBR/NBD NO 26/16.13.218/2016-17 dated 6 October 2016 ("the Operating guidelines") prescribed for Small Finance Bank. The Bank has followed Basel II standardised approach for credit risk in accordance with the operating guidelines issued by the RBI for Small Finance Banks. Further no separate capital charge for market risk and operational risk have been computed in view of the exception contained in RBI Notification DBR. NBD. NO. 4502/16.13.218/2017-18 dated 8 November 2017.

4. Details of resolution plan implemented under the RBI Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses dated 5 May 2021 are given below

(Rs. in Lakh except number of accounts)

Description	Individual borrowers		Small Business
	Personal Loans	Business Loans	
A) Number of requests received for invoking resolution process under Part A	2,30,978	4,75,083	-
B) Number of Accounts where resolution plan has been implemented under this window	2,30,978	4,75,083	-
C) Exposure to accounts mentioned at (B) before implementation of plan	46,251	1,22,300	-
D) of (C), aggregate amount of debt that was converted into other securities	-	-	-
E) Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
F) Increase in provisions on account of the implementation of resolution plan *	4,730	15,654	-

\* provision maintained as on 31 December 2021

5. During the quarter and nine months ended December 31, 2021 Bank has not transferred / acquired any loan under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021.

6. The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant volatility in the financial markets and slowdown in the economic activities. Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional restrictions continued to be implemented in areas due to the "second wave" of COVID-19, which included a significant surge of COVID-19 cases. These were gradually lifted as the second wave subsidised. The Country is currently experiencing another outbreak on account of new variant and as a precautionary measure India has started to reimpose localized / regional restrictions.

The extent to which the COVID -19 pandemic will ultimately impact the Bank's result and the carrying value of the assets will depend on future developments which are highly uncertain. Given the uncertainty over the potential macro-economic condition, the impact of COVID-19 pandemic on the financial performance may be different from that estimated as at the date of approval of these financial results. Such changes will be prospectively recognized. The Bank continues to closely monitor any anticipated material changes to future economic conditions.

7. During the nine months ended 31 December 2021, the Bank has granted 11,25,590 as loyalty grants under Employee Stock Purchase Scheme (ESPS) 2019.

As per the RBI circular RBI/2021-22/9 OR GOV.REC.44/29.67.001/2021-22 "Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff - Clarification" dated 30 August 2021 (the "RBI Guidelines on Compensation"), the Bank has identified material risk taker and submitted to RBI. During the nine months period ended no ESOP has been granted to the aforesaid eligible personnel, hence there is no impact on the results for the quarter and nine months ended 31 December 2021 on account of fair valuation of options in accordance with RBI guidelines on compensation.

8. The Honourable Supreme Court of India (Hon'ble SC), vide an interim order dated September 3, 2020, had directed banks that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders, which has been complied with by the Bank. The said Interim order stood vacated on March 23, 2021 and the Bank continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms. In view of this, the results for the nine months period ended December 2021 may not be comparable with the corresponding nine months period ended December 2020.



ESAF SMALL FINANCE BANK LIMITED  
Building No.VII/83/B, ESAF Bhavan, Thrissur - Palakkad National Highway,  
Mannuthy, Thrissur, Kerala - 680651  
CIN : U65990KL2016PLC045659


9. Based on RBI Master Direction on Financial Statements – Presentation and Disclosures issued on 30th August, 2021 updated on 15th November, 2021 provision for depreciation on investments, which was hitherto classified as part of provisions and contingencies has been reclassified as part of other income. There is no impact of this change on the net profit/loss of the current or earlier periods.

10. The Bank has filed the Draft Red Herring Prospectus (DRHP) for Initial Public offer with Securities and Exchange Board of India on 24 July 2021 and obtained final observations vide their letter dated 20 October 2021. The Bank has incurred certain expenses towards proposed Initial public offering(IPO) of its equity shares which would be charged-off to securities premium account in accordance with Section 52 of the Companies Act, 2013 upon completion of the process of IPO.

11. Figures for the previous period/year have been classified/regrouped wherever necessary, to conform to the current period /year classification.

Place : Mannuthy  
Date : 5 February 2022



  
Kadambelli Paul Thomas  
Managing Director & CEO  
DIN: 00199825

