

**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 ended 30 June, 2022 (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.

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



N. Daruwalla
Neville M. Daruwalla
Partner

Membership No. 118784
(UDIN: **22118784AOTVUR9415**)

MUMBAI, 10 August, 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 ended 30 June 2022

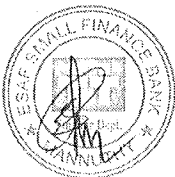
Rs. In Lakh

Sl No.	Particulars	Quarter ended 30 June 2022	Quarter ended 31 March 2022	Quarter ended 30 June 2021	Year ended 31 March 2022
		Unaudited	Audited (Refer Note 6)	Unaudited	Audited
1	Interest Earned (a)+(b)+(c)+(d)	69,031	59,764	40,624	1,93,993
	a) Interest/discount on advances/bills	61,796	53,216	36,293	1,72,671
	b) Income on investments	6,791	6,063	3,439	18,831
	c) Interest on balances with Reserve Bank of India and other inter-bank funds	444	485	892	2,491
	d) others	-	-	-	-
2	Other Income	4,801	4,879	3,759	20,758
3	Total Income (1)+(2)	73,832	64,643	44,383	2,14,751
4	Interest expended	24,155	21,979	18,349	79,279
5	Operating Expenses (i)+(ii)	27,148	26,855	15,460	86,287
	i) Employees Cost	6,100	6,119	5,299	23,214
	ii) Other operating expenses	21,048	20,736	10,161	63,073
6	Total Expenditure (4)+(5) (excluding provisions & contingencies)	51,303	48,834	33,809	1,65,566
7	Operating Profit before provisions and contingencies (3)-(6)	22,529	15,809	10,574	49,185
8	Provisions (other than tax) and contingencies	8,362	1,681	12,700	41,800
9	Exceptional items	-	-	-	-
10	Profit/(Loss) from ordinary activities before tax (7)-(8)-(9)	14,167	14,128	(2,126)	7,385
11	Tax expenses	3,570	3,568	(541)	1,912
12	Net profit/(Loss) from ordinary activities after tax (10)-(11)	10,597	10,560	(1,585)	5,473
13	Extraordinary items (net of tax expense)	-	-	-	-
14	Net Profit/(Loss) for the Quarter/ year (12)-(13)	10,597	10,560	(1,585)	5,473
15	Paid up equity share capital (Face Value of Rs. 10/- each)	44,947	44,947	44,947	44,947
16	Reserves excluding revaluation reserves	-	-	-	95,732
17	Analytical Ratios and other disclosures				
	(i) Percentage of shares held by Government of India	-	-	-	-
	(ii) Capital Adequacy Ratio - Basel II (Refer Note 3)	20.31%	18.64%	25.02%	18.64%
	(iii) Earnings Per Share (EPS) [before and after extraordinary items, net of expenses] (Face value of Rs.10/- each) *				
	- Basic (Rs.)	2.36	2.35	(0.35)	1.22
	- Diluted (Rs.)	2.35	2.35	(0.35)	1.22
	(iv) NPA Ratio				
	(a) Gross NPA	73,436	94,959	84,233	94,959
	(b) Net NPA	43,942	45,596	45,065	45,596
	(c)% of Gross NPA to Gross Advances	6.16%	7.83%	10.39%	7.83%
	(d) % of Net NPA to Net Advances	3.78%	3.92%	5.84%	3.92%
	(v) Return on Assets *	0.59%	0.64%	(0.13%)	0.39%
	(vi) Networth #	1,51,276	1,40,679	1,33,621	1,40,679
	(vii) Outstanding redeemable preference shares	-	-	-	-
	(viii) Capital Redemption Reserve/ Debenture Redemption Reserve	-	-	-	-
	(ix) Debt - Equity Ratio **	1.53	1.70	0.92	1.70
	(x) Total debts ** to total assets	14.12%	16.68%	10.50%	16.68%

* Quarterly 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.



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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 ended 30 June 2022 ("Statement" or "financial results") have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 10 August 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 reviewed by statutory auditors of the Bank. An unqualified review report has been issued by them thereon.
2. The above financial results of the Bank have been prepared in all material aspects, in accordance with the Banking Regulation Act, 1949, the generally accepted accounting principles in India ("Indian GAAP"), including Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") as applicable to Banks and Regulation 52 of the Securities and Exchange Board of India (Listings and Disclosure Requirements), 2015, as amended and circulars, guidelines and directions issued by Reserve Bank of India (RBI) from time to time.
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 has 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. During the quarter 30 June 2022, the Bank has not transferred / acquired any loans under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021.
5. India is emerging from the COVID-19 virus, a global pandemic that affected the world economy over the last two years. The extent to which any new wave of COVID-19 will impact the bank's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us. The Bank continues to monitor the developments /impact arising from COVID-19 pandemic, including any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact. Currently, while the number of covid cases have been reduced significantly and Government of India has withdrawn most of the COVID- 19 restrictions, the Bank continues to carry an additional contingency provision of Rs. 109.41 Crore as at 30 June 2022 (as at 30 June 2021: Rs. 24.00 Crore and as at 31 March 2022: Rs.66.06 Crore).
6. The figures for the quarter ended 31 March 2022 are the balancing figures between the amounts as per the annual audited accounts in respect of full financial year and unaudited published year to date figures upto the third quarter of the previous financial year.
7. Other income includes processing fee, profit/ loss on sale of investments (including provision for depreciation), recovery from loans written off, income from dealing in PSLC, etc.
8. 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.
9. Figures for the previous period/year have been classified/regrouped wherever necessary, to conform to the current period classification.

Place : Mannuthy
Date : 10 August 2022



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Kadambellil Patil Thomas
Managing Director & CEO
DIN: 00199925

