

Ref No: 15/SE/CS/JAN/2025-26



Date: January 30, 2026

To,

Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	Listing & Compliance Department National Stock Exchange of India Limited Exchange Plaza, 5th Floor Plot No.C/1, “G” Block Bandra- Kurla Complex Bandra(E), Mumbai- 400051
BSE Scrip Code: 544020	NSE Symbol: ESAFSFB

Dear Sir/ Madam,

SUB: PRESS RELEASE ON THE FINANCIAL RESULTS OF THE BANK FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2025

Further to our letter dated January 23, 2026 intimating about the Board meeting to consider and approve the Unaudited Standalone Financial Results of the Bank for the Quarter and Nine Months ended December 31, 2025 and pursuant to Regulation 30 of the of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we enclose herewith a copy of the Press Release in this regard.

The copy of the disclosure is also being made available on the website of the Bank at <https://www.esaf.bank.in/investor-relation/?id=disclosure-to-stock-exchanges>.

Requesting you to take the same into your records.

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: L65990KL2016PLC045669

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

24x7 Toll Free: 1800-103-3723 Email: customercare@esafbank.com www.esaf.bank.in

ESAF Small Finance Bank Delivers Strong Turnaround in Q3 FY26

MARG – portfolio surge and improved asset quality drive performance

Thrissur, Kerala | 30 January 2026 – ESAF Small Finance Bank, a leading scheduled commercial bank headquartered in Thrissur, announced its financial results for the third quarter of FY26, marking a return to profitability, strong growth in its MARG portfolio, and a significant improvement in asset quality. A key milestone in the Bank's transformation journey has been the successful execution of its MARG strategy—representing MSME, Agri, Retail and Gold loans—which underscores ESAF Bank's deliberate and well-calibrated shift from unsecured lending towards a more secured, resilient, and sustainable portfolio.

The Bank reported a net profit of ₹7 crore for Q3 FY26, as against a loss of ₹211 crore in the same quarter last year and a loss of ₹115.81 crore in Q2 FY26. Total business stood at ₹44,686 crore as of 31 December 2025, registering a year-on-year growth of 10%. Gross advances grew by 13.1% to ₹20,679 crore, while deposits increased by 7.1% to ₹24,006 crore.

Secured loan disbursements surged by 149% year-on-year to ₹10,530 crore during the quarter. As a result, secured assets now constitute 63% of gross advances, up from 45% a year ago, validating the Bank's strategic focus on building a more resilient and better-quality portfolio. The Bank remains on track to achieve its 70% secured portfolio target by March 2027.

Gold loans emerged as the key growth driver, with the portfolio expanding to ₹8,669 crore, reflecting 89% year-on-year growth and 16% quarter-on-quarter growth. In line with the Bank's calibrated de-risking strategy, the microfinance portfolio declined from ₹10,000 crore in Q3 FY25 to ₹7,583 crore in Q3 FY26, reducing its share of total advances from 55% to 37%. Net Interest Income rose to ₹432 crore, up from ₹372 crore in the previous quarter. Net Interest Margin improved to 6.5%, driven by a better asset mix and lower cost of funds.

Pre-provisioning Operating Profit (excluding one-time income) increased sharply to ₹183 crore, registering a 96.77% sequential growth and a 44% year-on-year increase. Other income (excluding one-time items) also improved by ₹55 crore quarter-on-quarter.

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Asset quality saw a meaningful turnaround during the quarter, with Gross NPA reducing to 5.6% from 8.5% in the previous quarter and Net NPA declining to 2.7% from 3.8%. The Bank made provisions of ₹243 crore towards stressed assets. The Capital to Risk-Weighted Assets Ratio (CRAR) remained strong at 22.7%, while the cost of funds stood at 7.3%.

Total deposits grew to ₹24,006 crore, up 7% year-on-year. Retail deposits increased by 8% to ₹22,426 crore, accounting for 93% of total deposits. CASA balances rose to ₹6,030 crore, with the CASA ratio improving to 25.1%.

Bank added nearly 2 lakh new customers during the quarter, taking the total customer base to 99.9 lakh, reflecting strong traction across products and geographies.

Commenting on the performance, Dr. K. Paul Thomas, Managing Director & CEO, ESAF Small Finance Bank, said:

“Q3 FY26 marks a strong turnaround for ESAF, driven by the successful execution of our MARG strategy—focusing on MSME, Agri, Retail and Gold lending. The sharp improvement in asset quality and return to profitability clearly validates our shift towards a more secure, granular and sustainable portfolio.

With secured assets now accounting for 63% of our advances and witnessing strong traction, we are building a resilient balance sheet for long-term growth. Our continued investments in technology, operational efficiency and risk management position us well to deliver consistent performance while staying true to our inclusive banking mission.

About ESAF Small Finance Bank:

ESAF Small Finance Bank Ltd (ESAF SFB), a scheduled commercial Bank, commenced its banking operations on 10th March 2017.

The bank's triple-bottom-line approach, focusing on People, Planet, and Prosperity, exemplifies its commitment to universal financial access and inclusion. With a dedication to predominantly serve the low-income and middle-income segments in India, ESAF SFB continues to contribute to livelihoods and economic development, embodying empowerment, inclusivity, and positive transformation in every financial interaction.

ESAF SFB along with its promoters has over 30 years of experience in the Indian BFSI space primarily serving the unserved and underserved. It has expanded its product portfolio in the last 3 years to cater to individuals, groups, MSMEs through retail loans and other loans.

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ESAF SFB has set up extensive network of 788 banking outlets, 720 ATMs, 1045 Customer Service Centres spanning across 24 States and 2 Union Territories.

Safe Harbor Statement

Any forward-looking statements about expected future events, financial and operating results of the Company, are based on certain assumptions which the Company does not guarantee the fulfilment of. These statements are subject to risks and uncertainties. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry, global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, technological changes, investment and business income, cash flow projections, interest, and other costs. The Company does not undertake any obligation to update forward- looking statements to reflect events or circumstances after the date thereof.

Contact Details:

	CIN: L65990KL2016PLC045669
Media Relations:	Investor Relations:
Sreekanth C K Head Marketing & Public Relations Mobile: +91 85899 18282 Email: sreekanth.ck@esafbank.com	Swapnil Vijay Moray Asst. Vice President, Investor Relations Mobile: +91 99237 10896 Email: swapnil.vijaymoray@esafbank.com

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