

Ref No: 07/SE/CS/NOV/2024-25



Date: November 13, 2024

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 HALF YEAR ENDED SEPTEMBER 30, 2024**

Further to our intimation dated November 13, 2024 about the Unaudited Standalone Financial Results of the Bank for the quarter and half year ended September 30, 2024 and pursuant to Regulation 30 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.

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: 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.

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ESAF Small Finance Bank's Profit hit by higher provisions

Reports Robust Growth in Secured Assets

Thrissur, Kerala, 13 November 2024 – ESAF Small Finance Bank, a leading scheduled commercial bank headquartered in Thrissur, announced its financial results for the second quarter and first half of FY 2025, showcasing significant growth in secured assets, a substantial increase in CASA deposits while setting aside higher provisions for stressed assets. The bank reported a loss of ₹190 Crore, with Net Interest Income (NII) reduced to ₹540 Crore, from ₹597 Crore in Q2 FY24. At the same time, the bank maintained a Net Interest Margin (NIM) of 8.6%.

Secured loan disbursements surged by 92% YoY, reaching ₹5,631 Crore in the first half of FY25, up from ₹2,937 Crore in the same period last year. The secured asset portfolio grew from 27% in H1 FY24 to 38% in H1 FY25. Gold loan portfolios also saw a notable increase of 59% YoY, reaching ₹3,742 Crore in H1 FY25 from ₹2,352 Crore in H1 FY24.

CASA deposits showed robust growth, increasing by 69.3% YoY to ₹5,319 Crore in Q2 FY25, up from ₹3,142 Crore in Q2 FY24, increasing the CASA ratio of 24.6% from 18.04%

The bank set aside provisions of ₹340 Crore towards stressed assets in the quarter, raising its Provision Coverage Ratio (PCR) to 73.7% as of September 2024, from 61.9% in June 2024. The Net Non-Performing Asset (NNPA) ratio improved, reducing from 3.22% in June 2024 to 2.98% in September 2024. The bank also maintained a healthy Capital Adequacy Ratio above 23%.

ESAF added 5.68 lakh new customers in the first half of FY25, reaching a total of 89.41 lakh customers. The Bank's total business grew by 17.0% YoY, reaching ₹40,829 Crore, with gross advances up by 21.3% YoY to ₹18,340 Crore. The total loan book increased by 10.0% YoY to ₹19,216 Crore.

Deposits rose significantly, with total deposits increasing by 24.1% YoY to ₹21,613 Crore in Q2 FY25 from ₹17,416 Crore in Q2 FY24. The cost of funds for Q2 FY25 stood at 7.7%, while the Capital to Risk-Weighted Assets Ratio (CRAR) was 23.2%, including Tier I capital at 19.6%. The bank's Gross NPA was at 6.98% and Net NPA at 2.98% of advances.

Recently, ESAF Small Finance Bank has been assigned a rating by CareEdge with an ESG score of 68.1, the highest in the sector against an industry average of 51.8, reflecting its strong position in managing ESG risk through superior disclosures, policies, and performance.

MD & CEO K. Paul Thomas commented on the results, highlighting the 17% YoY increase in total business and a strong rise in CASA deposits, with 92% of deposits being retail, underscoring the bank's financial stability. He expressed confidence in improving asset quality over the next two to three quarters, emphasizing ESAF's commitment to responsible lending and mitigation of concentration risks by diversifying away from major business correspondents. He also noted ESAF's focus on technological advancements to drive operational efficiency and enhance customer experience.

ESAF Small Finance Bank further expanded its distribution network with 756 branches, 646 ATMs across 24 States and 2 Union Territories, 35 institutional Business Correspondent partnerships, and 1,097 Customer Service Centres, enhancing accessibility to unserved and underserved communities.

Financial Performance(Q2 FY25):

Business

- Total business grew by 17.0% YoY to ₹ **40,829 Crore** in Q2FY25 as against ₹ **34,906 Crore** in Q2FY24

Advances

- Gross advances grew by 21.3% YoY to ₹ **18,340 Crore** in Q2FY25 as against ₹ **15,123 Crore** in Q2FY24
- Total Loan Book for the quarter stood at ₹ **19,216 Crore**, up by 10.0% YoY. Of the total loan book, Micro Loan contributes 62%, Retail Loans and others being 38%
- Disbursements during Q2FY25 stood at ₹ **4,058 Crore** as against ₹ **3,345 Crore** in Q2FY24

Deposits

- The total deposits grew by 24.1% YoY to reach ₹ **21,613 Crore** in Q2FY25 compared to ₹ **17,416 Crore** in Q2FY24
- CASA deposits increased by 69.3% YoY to ₹ **5,319 Crore** in Q2FY25 compared to ₹ **3,142 Crore** in Q2FY24;
- CASA ratio improved to 24.6% in Q2 FY 25 as against 18.04% in Q2 FY 24

Profit Metrics

- Net Interest Income (NII) reduced to ₹ **540 Crore** compared to ₹ **597 Crore** in Q2FY24 on account of change in loan mix and increase in slippage . Net Interest Margin (NIM) for Q2FY25 stood at 8.6%
- Pre-provisioning operating profit (PPoP) before considering exception item Q2FY25 reduced to ₹ **143 Crore** from Rs. 254 Crore for Q2 FY 24.
- We set aside higher provisions amounting to Rs. 214.03 which is over and above the policy thereby reducing the Net NPA and coverage during Q2 FY 25
- On account of the same we declared loss of Rs. 190 Crore against net Profit of Rs. 63 Crore during trailing quarter
- Cost of funds for the Q2FY25 stable at 7.7%
- CRAR stood stable at 23.2% and Tier I at 19.6% as at end of September 2024

Asset Quality

- Provision Coverage improved to 73.70 % as on 30 September 2024 as against 61.89% in the trailing quarter
- Net NPA improved to 2.98% as against 3.22% in the trailing Quarter

The bank's distribution network stood at 756 branches and 646 ATMs across 24 States and 2 Union Territories. In addition, we have 35 institutional Business Correspondents and 1,097 Customer Service Centres

About ESAF Small Finance Bank:

ESAF Small Finance Bank Ltd (ESFB), a schedule commercial Bank, commenced its banking operations on 10th March 2017. Mr. Kadambelil Paul Thomas and ESAF Financial Holdings Private Limited promoted the Bank.

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 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 28 years of experience in the Indian BFSI space primarily serving the unserved and underserved. It has expanded product portfolio in the last 3 years to cater to individuals, groups, MSMEs through retail loans and other loans and now boasts an Advance Under Management of INR Rs.197 billion and Deposits of INR Rs.209 billion.

ESAF SFB has Set up extensive network of 756 banking outlets, 1097 Customer Service Centres, 35 Institutional Business Correspondents, 5765 Banking Agents, 570 Business Facilitators and 646 ATMs spread 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

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