SUSTAINABILITY REPORT 2019-20



People **Planet** CLIMATE ACTION **Prosperity**

SYNERGIZING PEOPLE, PLANET AND PROSPERITY



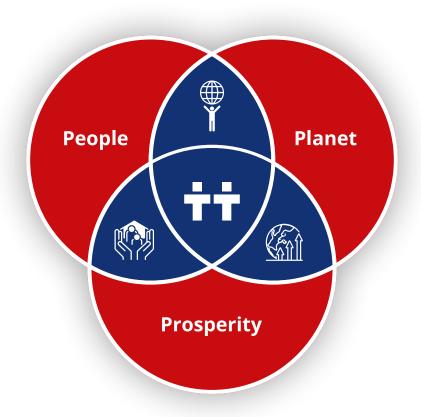
Shri. K Paul Thomas MD & CEO, ESAF Small Finance Bank receiving Global Sustainability Award 2020 instituted by Energy & Environment Foundation on 16th December 2020.



About the Cover Page

Drawings and paintings by young students during ESFB BALAJYOTHI WEEK 2019 on the theme "SDG- IT'S ABOUT OUR FUTURE".

SYNERGIZING PEOPLE, PLANET AND PROSPERITY



The terms Green, Sustainable, Socially Responsible, Triple Bottom-line, etc now appear everywhere – from business news to mainstream news to super market stores. Increasingly, the world is discovering that being sustainable does not pull back for economic growth, but is rather a real growth driver for a thriving regenerative economy that not only delivers for the immediate future, but also create

an infrastructure for continual growth.

It took years for the business world to graduate to this level. But at ESAF, it has been our legacy for a credible three decades, as pioneers and path breakers such kind of a thriving growth.

The impact pillars of social, environmental and financials work together with an interesting synergy of boosting the impacts of each other, building a thriving regenerative economy. It took some time for the modern industry to understand it and graduate from tolerance to co-existence to Synergy. That's what we celebrate in the Sustainability philosophy of ESAF- the synergy of growth through our people-planet- prosperity for progress right from inception with the motto of fighting the partiality of prosperity.

The impact pillars of social, environmental and financials work together with an interesting synergy of boosting the impacts of each other.

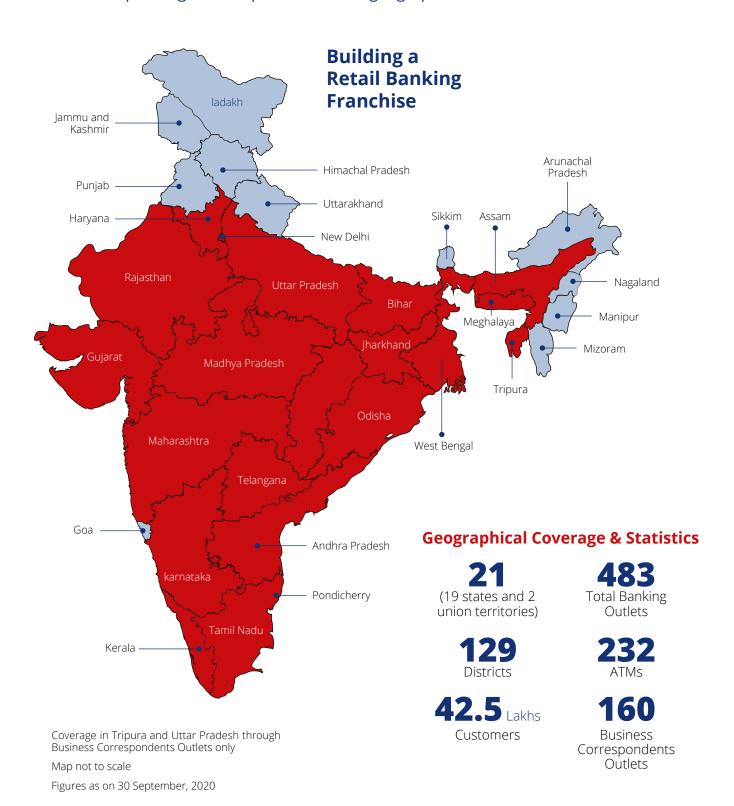


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WHERE WE ARE TODAY

We are expanding our footprints to newer geographies.









ABOUT THIS REPORT

This report is ESAF Small Finance Bank's first Sustainability Report adhering to GRI Standards. The report covers sustainability initiatives of the bank from April 1st 2019 to 30th September 2020

ESAF SFB believes in transitioning towards a sustainable economy. ESAF Small Finance Bank has disclosed all its sustainability initiatives following a triple bottom line approach this report provides insights into the bank's performance in the economic, environmental and social aspects and impacts.

ESAF Small Finance Bank has diligently tried to align its policies and processes towards helping communities through an inclusive banking approach. Being a small finance bank with a social focus, ESAF SFB serves a large population belonging to the low-income groups. The Bank has a wide range of services such as saving accounts, deposits and small & micro loans. The Bank also creates awareness on sustainable practices and many of its loan offerings are aimed at funding green and sustainable initiatives.

This report has also defined the Bank's sustainable initiatives under the reporting framework of United Nations Sustainable Development Goals (UN SDGs), which consists of initiatives to reduce poverty & hunger, provide health and wellness, education, gender equality, water, energy, green environment, employment opportunities, social iustice and partnership for initiating a sustainable society and environment.

Social Bank

ESAF Small Finance Bank is not just a financial institution working for the poor and the marginalized; instead it upholds the status of being a social entity and has various policies, in alignment with the Triple Bottom Line approach.

Along with our promoters, we have a history of more than 25 years of primarily serving the unserved and underserved, with a focus on financial inclusion. Today, we are one of the leading Small Finance Banks in India, in terms of yield on advances, AUM growth rate and share of retail deposits. We are the 5th Scheduled Commercial Bank headquartered in Kerala and the first private bank to have received a banking licence in the State since independence.

Our Banking outlets provide a full range of banking services including Savings and Current Accounts, Fixed Deposits, Recurring Deposits, Micro-Finance Loans, Retail Loans, and also Insurance Products. As at September 30, 2020, we operate in 19 states and 2 union territory

across India, with operations in 483 Banking outlets.

ESAF Small Finance Bank offers doorstep services and is planning to appoint 10,000 agents for providing services at the customer's door. The agents will provide services such as account opening, banking transactions and small-value loans. The Bank has already opened nearly 64 Retail Bank Branches in Mumbai and New Delhi apart from other cities. Over the next five years ESAF Small Finance Bank plans to open 450 branches across India.



its transformation from steering development organization to a small finance bank, ESAF SFB ensured that there is transparency in pricing and that the unlettered semiliterate customers are thoroughly educated on loan products and services and are treated with dignity and respect. Efforts are made to ensure that need based financial products and services are developed from regularly which also significantly enhance their ability in coping with risk and economic uncertainties.

In 2017, with the launch of ESAF Small Finance Bank, a new era in relationship banking came into being. ESAF SFB made robust plans to include the semi-literate and illiterate clients in the digital revolution space which created a high degree of loyalty towards group formations. ESAF Small Finance Bank provided debit cards to 1.1 million semi-literate to illiterate customers and they were to take advantage from using SMS alerts, Net Banking, Missed Call Banking, and Mobile Banking facility.

Availability of adequate and transparent credit from ESAF SFB enabled the rural masses to boost their entrepreneurial spirit,

thus increasing outputs and adding to the prosperity of their local economy. ESAF SFB proved a critical tool in bolstering the saving and thrift capacity among low-income categories enabling them with capability to meet unexpected emergencies. The internal studies conducted at ESAF SFB demonstrates that those clients with low or erratic incomes could benefit greatly from Bank's financial tools aimed at the bottom of the pyramid. Increase in productivity, financial savings, and taking advantage of products such as pension coverage were some of the significant impacts.

The ESAF SFB model of inclusive financial development provided greater opportunity for people to improve their financial situation, prepare for the future, and offset financial risk, much like traditional finance. New methods like 'Growth Through Bottom Governance' developed by Shri K. Paul Thomas, aimed empowering poor marginalized people has been studied and replicated at local, regional and national levels. The value of the impact demonstrated through the scale up was well communicated by a dedicated

team working on Corporate Communication and Sustainable Banking which helped motivate peer institutions, civil society organizations, Governments, International Investors to partner with ESAF SFB. The lessons learnt informed and contributed to local area development through building opportunities for financial inclusion.

Leadership - ESAF SFB's Key Differentiator:

The change brought through the platform of ESAF SFB with Shri K. Paul Thomas at the helm of this organization also includes significant contribution toward the achievement of Sustainable Development Goals. 28 long years in the inclusive development space enabled many to raise above the poverty levels. This was achieved through curbing economic exploitation from unorganized sectors sand creating conducive conditions enhanced environmental consciousness. Many of them mostly women entering into micro entrepreneurship, contributes to the national GDP. Increased income levels have brought a change in living standards and have created greater career choices for family members.

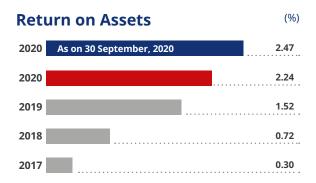
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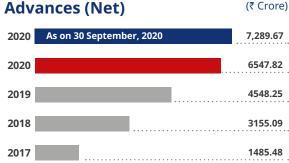


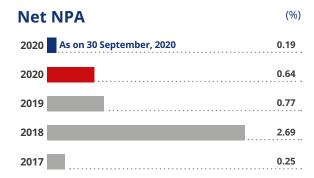
FINANCIAL HIGHLIGHTS

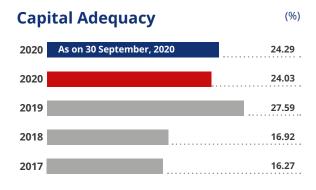
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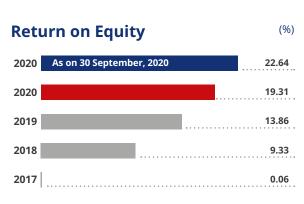


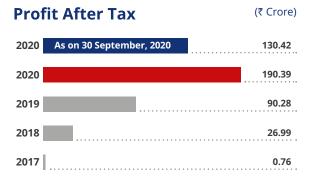












Liabilities Portfolio

	2019-20 (₹ In Crore)	Percentage Growth over 2019	As on 30 September, 2020
Deposits	7028.38	62.81%	8,208.39
Retail Deposits	6682.38	64.39%	7,947.44
CASA Deposits	960.28	64.14%	1236.85
CASA Ratio to Total Deposits	13.66	11bps	15.07%

Assets Portfolio

	2019-20 (₹ In Crore)	Percentage Growth over 2019	As on 30 September, 2020
Micro Finance Loans	7028.38	62.81%	6680.01
Retail Loans	6682.38	64.39%	592.72
Corporate Loans	960.28	64.14%	101.04
Total Gross Advance	13.66	11bps	7,373.77

22.70 %
Yield on Advances

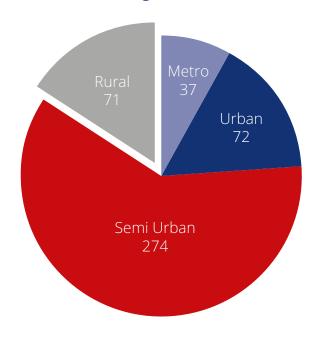
37.11 %
AUM Growth Rate

24.03 %
CRAR

95.08 %
Share of Retail Deposits (by volume)

₹ 3.05
Earnings Per Share

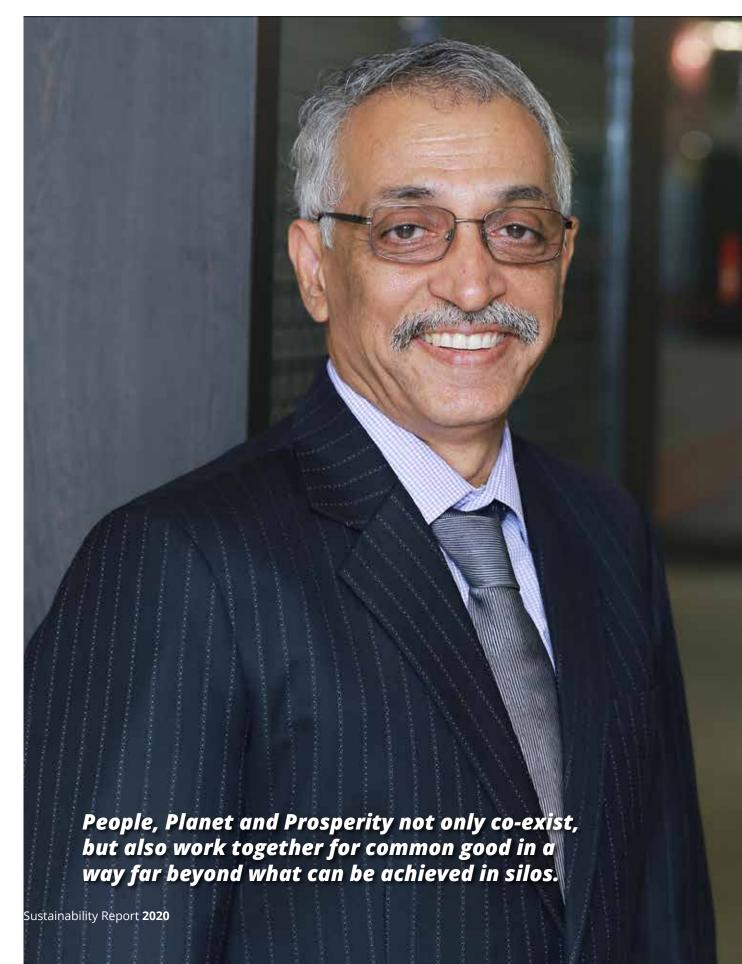
Banking Outlets





MESSAGE FROM THE CHAIRMAN

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Synergizing People, Planet and Prosperity

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To be India's leading social bank that offers equal opportunities for the whole society through universal access and financial deepening, thus promoting financial inclusion, livelihood and economic development as a whole

Dear Friends,

Its my pleasure to present the ESAF Small Finance Bank Sustainability 2020. Report Synergizing People, Planet and Prosperity, has been foundational at ESAF Small Finance Bank, as imbibed in our Vision "To be India's leading social bank that offers equal opportunities for the whole society through universal access and financial deepening, thus promoting financial inclusion, livelihood and economic development as a whole".

The word synergy come from SYN-that means together with, and ERGOS -working with energy. In Synergy People, Planet and

Prosperity not only coexist but also work together for common good in a way far beyond what can be achieved in silos. When we pursue a bottom line impact in social, environmental and economic spheres together, it will compliment and reinforce the impact of each other. In other words, the pursuit for environmental impact will boost the social and economic impacts, and our focus on social bottomline will boost the environmental and economic bottom-lines. That is the beauty of synergy (working together with energy), which is fundamental to the triple bottom line agenda.

At ESAF Small Finance Bank we have several examples of this synergy. The social impact pursuits have become fertile grounds of sustainable economy. The working together with SDG focus is our pursuit for a regenerative economy. At a time like this, let the Sustainability Report 2020 inspire us to work with the focused attention towards a sustainable future.

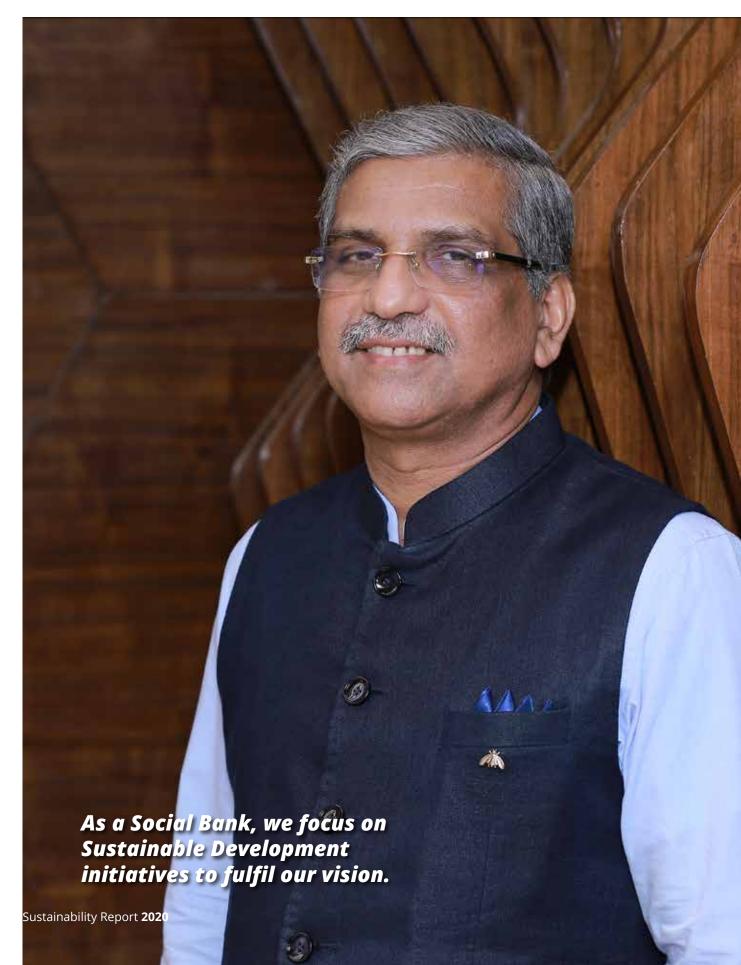
Happy Reading!

P R Ravi Mohan

Chairman ESAF Small Finance Bank



MESSAGE FROM THE MD & CEO



Dear Stakeholders.

Kuntibai Vishwakarma was unemployed an woman from a marginalised family in Chhattisgarh, India. She started selling vegetables with a micro loan from ESAF SFB. Gradually she began generating a sustainable income and with bigger advances from ESAF SFB, she was able to expand the business beyond vegetables to candle making and packaging of tea powder. She turned out to be a successful micro entrepreneur and now provides job opportunities to women from nearby villages.

Over the years ESAF has touched the lives of thousands of women like Kuntibai, who were impacted inclusive our banking initiatives. Our ability to create livelihood opportunities for many is an outcome of our commitment to ESAF SFB's Vision to become India's leading social bank that offers equal opportunities for all members of the society through universal access and financial deepening, thus promoting financial inclusion, livelihood and economic development.

The Micro Energy Credits has certified that the financing of 479191 clean energy products has impacted 2.3 million people generating 430445 tons of CO_2 emission reduction.

Synergizing the people, planet, prosperity bottom lines, ESAF SMALL FINANCE BANK is transforming lives

Fighting the Partiality of Prosperity

Synergizing the People- Planet – Prosperity bottom lines, ESAF SMALL FINANCE BANK is transforming lives and communities, fighting the partiality of prosperity. As the first member of the Global Alliance on Banking on Value (GABV), an international alliance of value based banks, ESFB is innovating its way in the Indian banking space.

and communities, fighting the partiality of prosperity. As member of an international alliance of value based banks, ESAF SFB is innovating its way in the Indian banking space.

It gives me immense joy to share with you all the first Sustainability Report of ESAF Small Finance Bank. As markets are changing fast and resources are getting sparse, a triple bottom line approach to banking is sine qua non. We firmly believe that working on sustainable finance is the key to sound banking and it is our internal commitment to practice what we believe. We have a dedicated team to drive, oversee and measure sustainable banking targets that are closely aligned to bank's vision, core business, and bottom lines.

We have defined responsibilities at all key levels so that as an institution, we embrace the values associated with it. We have always tried to maintain diversity at the workplace and a safe and healthy environment for our employees and clients. The report highlights some of our achievements of this year and our sustainability performances aligned with the GRI Standards of the Global Reporting Initiative (GRI). With 483 branches, spread across 19 states and 2 union territories, we are penetrating to some of the least developed and unbanked areas, financing an inclusive prosperity.

The report features our governance policies, approach, sustainability initiatives and the impacts we have created across the country. The journey has been fulfilling by far, and we aim to continue with the same zeal and enlist support from our stakeholders as we have done in the past.

Happy Reading!

K. Paul Thomas

Managing Director & CEO







SUSTAINABLE BANKING POLICY

ESAF SMALL FINANCE BANK is committed to

- 1. A Sustainable Economy by building awareness and participation to sustainable development goals the 17 SDGs as adopted by United Nations General Assembly as the foundation for a sustainable world with a thriving regenerative economy.
- 2. Facilitate the achievement of the SDGs through banking products, processes and services and measuring its impacts in terms of people planet prosperity bottom lines.
- 3. Pursue exclusions and inclusions by sustainability linked policies and frameworks that would institutionalize sustainable business growth fighting the partiality of prosperity.

ESAF SFB'S SUSTAINABILITY FRAMEWORK

Responsible Stewardship

ESAF SFB has a strong and vigilant mechanism for being responsible towards all its stakeholders. The Bank has a robust code of conduct and risk and crisis framework to management mitigate possible risks. It includes a vigil mechanism, that helps in addressing the concerns of employees, vendors and other stakeholders. The Bank, with its wide reach across the lowincome groups has commitments towards society and has aligned its policies accordingly. ESAF SFB believes in the inclusive growth of all its stakeholders. Through various skill training and

development programs, ESAF SFB has shown responsibility and concern for its customer base. As a social bank, it has also been promoting sustainable livelihood practices and has been creating awareness about sustainable practices like clean energy. All of this is achieved through careful product designing.

ESAF SFB has positioned itself to deliver quality service to its customers. ESAF SFB has formulated data protection policy to ensure privacy of customer data and business sensitive data. The bank stands on the pillars

of customer care- accountability and responsibility.

Key Drivers of Responsible Stewardship

- Corporate Governance
- Codes of Business Conduct
- Risk & Crisis Management
- Operational efficiency and Quality Management
- Data Information Security
- Grievance Mechanism
- Human Capital Management
- Customer Focus
- Fair, Safe and Healthy Workplace



MD and CEO Shri K Paul Thomas interacts with the JLG leaders on their expectations with ESAF SFB















TBL (Triple Bottom Line) Banking

ESAF SFB's approach to sustainability is based on its triple bottom line approach i.e People, Planet and Prosperity. The policies and frameworks of the bank have been shaped based on this three Ps approach. Through a personalized, accessible, safer and spontaneous service, ESAF SFB wants to deliver on its brand promise the joy of banking.

We strongly believe that a holistic development of an individual must encompass financial and social empowerment. We are in the process of setting social targets for our branches based on the following social reach out initiatives using digital technology.

Our TBL Priorities

Social indicators such as reaching out to the poor and the marginalized in urban, semi urban and rural India.

Reaching out to the vulnerable communities during natural disasters.

Financial Literacy Programmes.

Creating awareness on personal and environmental advantages of clean energy.

Key Drivers of TBL Banking

- Climate Risk Mitigation and Adaptation
- Water, Sanitation and Health Care
- Livelihood
- Habitats
- Financial Inclusion
- Higher Education and Infrastructure
- Food and Agriculture
- Digitalization
- Being agile
- Responsive to societal needs



A proud parents from Chattisgarh is able to afford the special school and tuition fees of his two sons through Vidya Jyoti Loans from ESAF SFB



BUSINESS MODEL

Vision

To be India's leading social bank that offers equal opportunities for all members of the society through universal access and financial deepening, thus promoting financial inclusion, livelihood and economic development.

Mission

To provide responsive banking services to the underserved and unserved households in India facilitated by customer-centric products, high quality service and innovative technology.

Values

Customer-centric, Accountability, Transparency, Commitment.

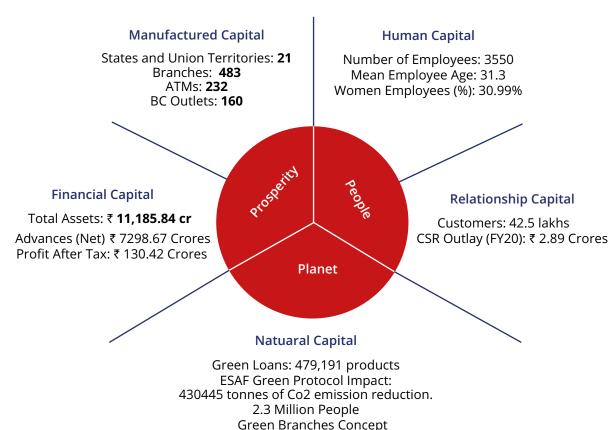
Our Brand Promise

To deliver the Joy of Banking through personalised, accessible, safer and responsive services.

Brand Pillars

Integrity Trust

ESAF SFB Value Creation Model



HOW WE CREATE VALUE



A vegetable vendor in Koradi is happy to use the Income Generation Loan from ESAF.

As a Small Finance Bank, we support our customers by taking care of their lifetime banking requirements through financial products and services. We act as a "one-stop solutions provider" through our hand-holding approach. We not only supply them with microfinance and customised solutions, but we also bring them under the formal banking system.

Our ethos is to partner with them in their development and provide them with economic sustainability. We leverage our key strengths in microfinance to reach out to the unserved and underserved, and enable them to move higher in life economically, well supported through our banking products and services.

Wholistic Financial Coverage

To meet the varying funding needs of our customers, we offer holistic financial coverage through our lending activities, including Auto, Gold, Agricultural, and Housing Loans. Through the Micro-Recurring Deposit Scheme, we enable them to save on a regular basis.

We also catalyse their entrepreneurial spirit by serving them through.

MSME loans, helping them start their own business ventures.

Enduring Relationships

Our greatest strength is the trust of our customers and strong community connects. We service our Microbanking customers through doorstep service delivery, which is a key differentiator. Our Business Correspondents visit the homes of Microbanking customers to collect repayments customers' based on preferences. In addition to providing financial services, Business Correspondents undertake various non-financial services such as financial literacy livelihood programmes, entrepreneurship training programmes and community engagement programmes.

Regenerative Economy

Through our products and services we pursue the development of a regenerative economy that not only delivers for the time immediate, but also create an infrastructure for growth. The exclusion lists, though it prevents degeneration, it often do not create value through alternatives. In those challenging scenarios, we create value by alternatives that can redeem the economy to a regenerative track. The value that we create by providing financial services for clean energy, solar lamps at unelectrified rural areas, or electric mobility or the several similar products like micro RDs that enhances the financial resilience of the ultra-poor, or the Hrudaya Deposits, is regenerative.



KEY DRIVERS OF BUSINESS

Social Drivers



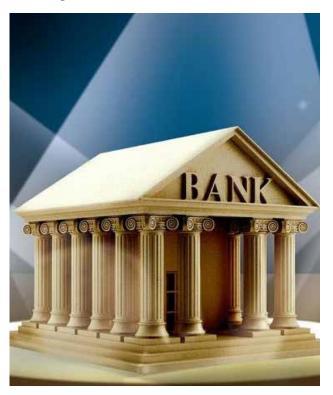
A street vendor from Nagpur is a Microbanking customer of ESAF SFB

A significant section of the Indian population and micro businesses lack the credit history and the collateral needed to secure loans. According to a World Bank study, 80% of India's population have a bank account but only 45% of these accounts are active. Customers in rural areas are unable to access the same level of banking benefits, credit options, and wealth management products to meet their growing aspirations. Low levels of financial literacy create misunderstandings and distrust of the formal financial system. Without the knowledge of why financial products exist and how they should be used, underbanked customers won't use or trust them. Micro and small finance banks help in bridging this social gap. It is estimated that the credit gap in the microfinance sector is expected to be INR 5-6 lakh crore, and in the MSME sector it is INR 16 lakh crores.

How we respond

ESAF SFB primarily focuses on expanding the banking horizon to new unbanked/underbanked areas, as a bank for all with presence in urban, semi urban, rural and rural unbanked areas.

Policy Initiatives



In 2015, the Reserve Bank of India granted inprinciple banking licenses to a new category of Financial Institutions, Small Finance Banks (SFBs). The primary objectives of setting up SFBs was to further financial inclusion by (i) provision of savings vehicles primarily to unserved and underserved sections of the population, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other unorganised sector entities, through high technology-low cost operations.

How we respond

In 2018 ESAF Small Finance Bank Ltd received the RBI's approval for inclusion in the second schedule of the RBI Act, 1934, within two years of its commencement of operations.

Technology



Mary is happy to look at the features of the new laptop bought for her grandson using Vidhya Jyothi Loan from ESAF Small Finance Bank

The key constraint in achieving financial inclusion is the cost of serving small value customers. The combination of IT and mobile telephony along with IT enabled services has emerged as a viable solution for greater financial inclusion. Technology minimises the effort of setting up of physical branches and employing manpower to manage these branches.

How we respond

ESAF SFB offers an evolved Internet banking platform to provide its esteemed customers the convenience and comfort of availing 24×7 banking using multiple devices like personal computer, and Tablets.



FUTURE PROOFING

"In this ever-changing society, the most powerful and enduring brands are built from the heart. They are real and sustainable. Their foundations are stronger because they are built with the strength of the human spirit, not an ad campaign. The companies that are lasting are those that are authentic."

Howard Schultz, Starbucks CEO

Future proofing is essential for any business in the era of rapid and pervasive changes. Even though there are ample examples and domain knowledge available we want to cut our space through listening and experiencing the customers, fostering diversity, innovation, technology adoption, inspiring the Human Resource, ESG and Risk Proofing.

Customer Driven

In a country known for its demographic and cultural diversity, the needs of the customers will also be multifarious. We listen to the customers in our journey with them and realise their life-cycle needs and aspirations. Our active presence in the marketplace and networking with the peers helps us to understand future needs of the customers within the framework of the global benchmarks. Our products and services are the outcome of our constant pursuit of offering them need based and convenient based solutions. Our predictive sense of customer understanding helps us to align products and processes with the customer aspirations.

Technology Adoption & Innovation

WE need to innovate to stay ahead, and digital is integral to innovation. Technology adoption is pivotal in reaching all segments in the society - the well serviced, the under served and the unreached. To foster the culture of innovation, we have created a favourable environment for it. We have given employees the freedom to experiment with products / processes / technology to ensure customer delight.



Staff from Amballur branch takes the Iris scan of a customer as a part of sourcing the loan application.

Human Resource

The manifestation of vision. mission and values of the organisation shall be through its human resources. Employees help professionalization rationalisation of products and services to be in tune with the market and customer expectations. The employees are encouraged to go that extra mile empathising with the customers, which helps us to benchmark our services. "Joy of Banking" is what we promise to the customer in this process. We are an equal opportunity organisation, which practices participatory decision making at all levels. This keeps our employees motivated and inspired to face future challenges.

ESG and the Bottom Line

For us, the ESG is not only a strategy but also cardinal

to the Triple Bottom Line approach adopted as a business philosophy right from inception. We have had ESG assessment for streamlining our policies. Our products are SDG - tagged to ensure that their impact is in line with sustainable banking values. The performance of the Bank during Covid times is because of our adherence to the Triple Bottom Line principles. As a GABV (Global Alliance on Banking on Value) member, the bank networks with its peers on the global arena. The carbon offset of our Clean Energy portfolio has touched 430,445 tonnes per annum, and it is growing further.

Risk Proofing

While it may not be possible to predict the future risks, we understand that as a bank we

can prepare ourselves to mitigate them, by identifying the possible points of failure in people, systems, business processes, legal compliance, information security, etc. To manage these risks, we have put in place a very strong foundation for risk management in the organisation driven by the CRO. Managing the Credit Risk, Market Risk, Operational Risk, and ALM using state-ofthe-art technology is core to the philosophy of risk management the bank. Sustainability Risk Management in the Bank deals with risks emanating from the Environmental, Social, Economic and Governance areas. Sustainability risks are measured and tested by the Bank, based on relevant parameters as part of its Internal Capital Adequacy Assessment Process.



A Child in Idukki uses a solar lantern to study which is given as part of ESAF Clean Energy Loans



ENVIRONMENT POLICY









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ESAF Small Finance Bank is Committed To:

Building awareness and participation to environmental protection, climate change risk mitigation and compliance among staff, customers and other stake holders, to encourage them to adapt environment-friendly lifestyle.

Facilitating the development and access to clean energy and natural resources for SFB customer community, especially the economically deprived and the marginalized by providing appropriate financial products, services and training, thus responding to climate change risks.

Promoting the stewardship of natural resources, eco-friendly livelihoods, green enterprises, local economic ecosystems etc, in line with the Sustainable Development practices for an inclusive society.



Environment awareness sessions

179

People engaged during Environment Week

11,366

Loans provided for Solar Lights

6,209

Saplings distributed

8,055

SUSTAINABLE BANKING POLICY











To promote sustainability through financial services creating long-term value, setting branch level and department level targets on sustainable banking and monitoring them regularly.

To train, equip and strengthen involvement of staff in social and environment sustainability initiatives so as to enhance their performance.

To communicate the sustainability strategy and results to key stakeholders including investors, customers, project partners, Government, media etc.

To report using global reporting standards for comprehensive sustainability reporting.

Networking and Partnerships



Establishing tie-ups with institutions, organisations and manufacturers involved in sustainable development through products & services.

Partnering and associating with State & Central Government Institutions, NABARD and other institutions for developing a Sustainable Banking culture in the banking sector.

To pursue national/international partnerships/network memberships to synergise and work together for SDGs and Sustainable Banking priority.

To pursue national and international funds available for development of sustainable finance products, training and capacity building.

Policy Impact Areas



Sustainability (as measured by SDG impact) through financial services, creating long-term value.

Sustainability Identity in the Society – ESFB as a Social and Sustainability Action Bank.

Development of Sustainable Financial Products within the mandates of different business verticals that will facilitate sustainable economic growth.

Partnerships, Networking and Joint Actions with likeminded sustainability focussed institutions.



BANKING FOR SUSTAINABLE DEVELOPMENT

At ESAF Small Finance Bank. sustainable banking is a banking framework that institutionalises its impact in three bottom lines - People, Planet and Prosperity - through its products, processes and policies. With this approach, we built a foundation for a suitable and regenerative economy. We have a Sustainable Banking Policy in place, which is in line with our core values and business principles, business growth and impact appetite. The Policy applies to the Bank and all its branches and representative offices. It defines processes for the Bank to ensure that all transactions are managed in accordance with its triple bottom line principles.

In 2018, ESAF Small Finance Bank becomes the first Indian bank to become a member of Global Alliance for Banking on Values, a global organisation that promotes value based banking. This membership is further testament to ESAF SFB's commitment to use finance to deliver sustainable economic, social and environmental development.



Doing Business in a Sustainable Way

Through the above sustainable banking agenda, we demonstrate how we create sustained value for our stakeholders, make a positive contribution to society, and build up a new banking revolution to build a sustainable economy of the future. Always committed to corporate sustainability practices, we use Sustainable Development Goals of the United Nations as a framework for guiding our areas of focus, and align some of our targets with it. Through our Sustainable Banking Policy, we provide essential linkages and mandate the measurement of SDG impact made through our products and processes.

We bring the formerly underserved and unserved



customers into mainstream banking and deliver state-ofthe-art banking services with a supportive attitude. We strive to inculcate savings habit in our customers through simple products. The weekly collection framework suits the income generation model of daily wage workers, while our doorstep service model enables them to continue working and earning their daily wages, even as their banking transactions are also effectively handled. We also run structured education programmes for the financially excluded to teach the basics of financial management, such as opening a savings account or fixed deposit, using remittance facility, using digital banking, among others.

We do what it takes to be a sustainable and responsible bank – now and in the future. Through our sustainable pillars, we remain focussed on the key areas of responsible banking, responsible business practices, and creating a positive social impact.

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SUSTAINABILITY HIGHLIGHTS

Total	Assets
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₹11,186cr

Deposits

₹8,208 cr

CRAR

24.29%

Number of employees

3,550

Advances

₹7,290cr (Gross)

AUM Growth rate

34.61%

Number of States

19+2 UT

Advances for energy conservation initiatives

₹**888.34** Cr

CSR outlay

₹2.89cr

Number of Branches

483

Number of customers

42.5

CSR impact

2,4087 People

ATMs

232

% of micro loans

92% by volume

ESAF Small finance Bank offers doorstep services and is planning to appoint 10,000 agents for providing services at the customer's door.

ASSETS UNDER MANAGEMENT FOR FUTURE PROOFING WITH SDGs

SI.No	Loan Product	FY 17-18	FY 18-19	FY 19-20*	SDG Goals
1	Agriculture & Allied Loans	12.59	2348.34	12013.56	1 ************************************
2	General Micro Banking Loans	45310.13	39921.82	38047.38	10 REDUCED REQUIAITES
3	General Retail Loans	1508.87	5242.71	5387.42	10 REDUCED REQUALITES
4	General Loan Products	8745.91	19727.59	38275.85	12 EUNIVERSI COCCUMINATION AND PRESIDENCE COCCUMINATION CO
5	Partnership for the Goals	199.09	3100	10628.96	17 PAINNESSEPS FOR THE COURS
6	Edu Sector Loans	3340.02	2834.59	12608.63	4 QUALITY EDUCATION
7	Water and Sanitation	330.69	296.78	195.32	6 GUAN MATTR
8	Clean Energy Loans	1.64	17.65	884.38	7 GLIN DRAN
9	Livelihood Development Loans	346418.8	428626.6	565410.7	8 DEEST WORK AND ECONOMIC GROWTH
10	Housing Loan	7236.3	3896.85	6642.7	9 AND WITHOUTH THE STATE OF THE
	Total	413104	506012.9	690094.9	

^{*}as on 31st March 2020



EXCELLENCE

IN CLEAN ENERGY FINANCE

This certificate is awarded to

ESAF Small Finance Bank

For financing over 4,791,91 clean energy products, impacting the lives of over **2.3 Million people** with clean energy solutions and generating 4,30,445 tco₂ UNFCCC Certified emission reductions (CERs) to date.

2nd August 2020

April Allderdice CEO, MicroEnergy Credits

mil Alderdice











OUR PRODUCTS











Dream Home Loan



Micro Housing Loan



Loan Against Property



Agri Entrepreneurship & Haritha Loans



Education Loans



Two-Wheeler Loans



Three-Wheeler Loans



Car Loans



Light Commercial Vehicle Loans



MSME Loans



Personal Loans



Clean Energy Loans

Clean Energy Loans

As an organisation, we have a huge commitment towards the planet and we leave no stone unturned to make a contribution towards planet. Clean Energy loan has been designed to cater to the growing demand for power and to negate the rising cost on the same. In this loan, we try to match the EMI with the electricity

bill, so that at the end of the loan tenure, the customer ends up owning the asset and gets free electricity. Mr. Nixon from Kolazhi, Thrissur availed a loan of ₹ 2.5 Lakh for installing this 5 KV Solar plant in his residence. Total project cost was ₹ 3.20 Lakh. Approximate electricity usage for his residence and a baking unit running in his residence was 540 Units as per the KSEB

bills collected along with the loan application and the power generated through the plant is more than 600 Units. Total cost of the plant can be covered in 4.5 years and the energy generated can be used without any cost. Plant has been installed by Solar Power Corporation which is one of our empanelled client.

















ESAF Farmer Producer Organisation (FPO) Finance

ESAF Farmer Producer Organisation (FPO) Finance is a separate unique product in banking to support the business activities of FPO for creation of Building & Machinery, Purchase of equipment, specially-designed vehicles for transportation etc. besides working capital requirements including administrative other recurring costs connected with the project. Adhiyaman Vegetables and Millets Producer Company Ltd. in Dharmapuri District of Tamil Nadu is a wholly

women's owned FPO that has been sanctioned a limit of ₹5.00 Lakh as unsecured advance. Since Dharmapuri district is a milk bowl, the fund has been utilised for purchase and selling of livestock feed. The unique model of operation of this FPO is that they don't own any shops or retail outlets for selling but, they distribute the feed to farming community by keeping small stocks in each member's house and also purchase millets from farmers at this point thus making the network and engagement of each member in the organisation huge and volume of sales increased.



FPO Finance: Disbument of first loan to Adhiyaman Vegetables and Millets Producer Company Ltd]

MSME Loans

Timely availability of credit is critical for the growth of MSMEs. Mr. Sudheesh, proprietor of M/s MK Electricals in Pattikkad, near Thrissur will fully agree with this. Mr. Sudheesh started MK Electricals as a retail distribution firm dealing in electrical goods in 2017. When he wanted to expand his business, Sudheesh contacted ESAF SFB for a cash credit facility from the MSME department. The loan was approved without much hassle. Today, Sudheesh is happy

that he could grow his business multifold with the cash credit facility availed from the MSME division of ESAF SFB.

Micro Housing Loans

Micro Housing loan has been specially designed to meet the growing aspirations of the category of people who have a regular income but not evidenced in documents. We do an assessment of their income through a personal discussion that the Credit officer has with the customer and based on the assessed income, loan is extended.

Mr. Ramakrishnan, construction contractor living in Pattikkad, Thrissur along with his wife and two kids availed a Micro Housing Loan from our Bank in April 2019 and completed the construction in August 2019. His old house was completely demolished during the floods in 2018 and this loan from ESAF helped him reconstruct his dream house.



Micro Housing Loan (Bindhu Ramakrishnan)





CARING OUR CUSTOMERS

We seek to be an all-in-one Bank for our customers, providing a wide range of financial products and services. We are serving them for all their savings, payments, transactions, borrowings, investments, and insurance requirements, resulting in more customer trust.

As a Small Finance Bank, we support our customers by taking care of their lifetime banking requirements through financial products and services. We act as a "one-stop solutions provider" through our hand-holding approach. We not only supply them with microfinance and customised solutions, but we also bring them under the formal banking system. Our ethos is to partner with them in their development and provide them with economic sustainability. We leverage our key strengths in microfinance to reach out to the unserved and underserved, and enable them to move higher in life economically, well supported through our banking products and services.



Holistic Financial Coverage

To meet the varying funding needs of our customers, we offer holistic financial coverage through our lending activities, including Auto, Gold, Agricultural, and Housing Loans. Through the Micro- Recurring Deposit Scheme, we enable them to save on a regular basis. We also catalyse their entrepreneurial spirit by serving them through MSME loans, helping them start their own business ventures.



Enduring Relationships

Our greatest strength is the trust of our customers and strong community connects. We service Microbanking customers through doorstep service delivery, which is a key differentiator. Our Business Correspondents visit the homes of Microbanking customers to collect repayments based on customers' preferences. In addition to providing financial services, Business Correspondents undertake various non-financial services such as financial literacy and livelihood programmes, entrepreneurship training programmes and community engagement programmes.



Smt.Bindu Sunny a micro enterprenuer customer uses ATM and Internet banking

JOYFUL BANKING

Our constant aim is to provide our customers with a simple, relevant, and joyful banking experience. We strive to make banking simpler, faster and smarter for each of our customers.



Joy of Serving Our Customers Better

We bring joy in the form of doorstep services delivery. Our Business Correspondents visit customers at their doorstep to carry out basic banking services such as Account Opening, Cash Deposit, EMI payments, and others. Joy also comes by providing our customers with effectively and reasonably-priced products.



Joy of Facilitating Development in Children

We launched Balalyothi to facilitate the development of children, to reshape our economy into a regenerative one, and to build a financially responsible generation. The initiative enables children to be conscious of their spending and saving habits. It also encourages them to act with the consciousness of saving the planet by way of small activities. The programme includes financial literacy sessions, teaching children to start saving from a young age.



Joy of Providing Financial Well-Being for Senior Citizens

Through the Vayojyoti Project, we adopted a unique approach to caring for, honouring, and educating senior citizens and improving their financial wellbeing. We provided them with age-friendly banking activities delivered through doorstep banking, customised products, special seating, and no-queue arrangements. We also provide services like free health check-ups, medical counselling, medication and treatment by specialists, besides arranging financial capability programmes, offering financial education, and financial literacy sessions.



Joy of Serving Our Customers Better

We offer access to innovative products, such as loans for Income Generation, Education, Clean Energy, Water and Sanitation, and Home Improvement. Another such example is the Hrudaya Deposit Scheme, which mobilises socially responsible citizens to associate with the Bank through Fixed Deposits and participate in social transformation. We also constantly align the Bank's front and back-office staff and processes with delivering not only performance improvements but also joyful outcomes through digital and mobile banking platforms.



STAKEHOLDER ENGAGEMENTS



VAYOJYOTI

Recognizing senior citizens

ESAF SFB's flagship initiative to handhold and empower senior citizens is titled VAYOJYOTI. ESAF SFB celebrated VAYOJYOTI – a week program from 14th -21st of August 2019 across all the branches to appreciate and recognise senior citizens. Today's senior citizens have contributed significantly to the nation building during their working years and they continue to.

ESAF SFB has a unique approach and tailor made banking solutions for the senior citizens. Apart from customized products and doorstep banking services for senior citizens, our branches also provide exclusive seating facility and priority attention for them.

Activities Conducted and Initiated

- Introduction Investment and Banking options
- Health awareness and medical checkups
- Educating on Digital Banking
- Collecting Feedbacks
- Display and promotion of electric scooters for the senior customers under the campaign 'SAFE FOR MY AGE – SAFE FOR EARTH'
- Seed and Sapling for Backyard farming
- Honoring Senior Account Holders



Subject expert Dr. Usman interacts with the senior citizens during VAYOJYOTI week.



ESAF DHWANI

ESAF SFB jointly with CYFI (Child and Youth Finance International) has formulated an innovative project of financial literacy and financial inclusion of hearing impaired students of Bishop Moore College of Hearing Impaired. Objective of the programme is to improve the financial services know-how of the students with hearing impairment.

Activities Conducted and Initiated

- Development of a module on Financial and Digital Literacy for Hearing impaired
- Opening SB Account
- Expanding Dhwani initiatives to other Schools
- Released CD on Dhwani for replicating this model



Mr. K. Paul Thomas, MD & CEO of ESFB and Ms. Reeny Ajith, the Regional Director of the RBI at the release of an Educational CD on Financial Literacy and for hearing impaired.



Bishop Moore College of Hearing Impaired during the Dhwani-Financial Inclusion Program for Students with Hearing Impairment.



BALAJYOTHI

Since the launch of the Bank, we have dedicated the week that include 14th November as Balajyothi Week, which is from 11th to 16th of November engaging children from varied backgrounds with activities that would facilitate their development as a financially responsible generation. The theme for Balajyothi 2019 is "Sustainable Development Goals, It is about your future." Also the initiative is sponsored by National Bank for Agriculture and Rural Development (NABARD).

Activities Conducted and Initiated

- Financial Literacy sessions SDG for a Regenerative Economy
- Conducted Quiz, elocution, essay writing, painting and drawing competition on the topics related to "Sustainable Development Goals.
- Children's Day Bala Jyothi 2019 functions at branches
- Balajyothi student account
- Children Welfare Fund Accounts for selected Schools having account with ESAF SFB
- Display and promotion of banking products for children at branches and schools



GARSHOM

Towards financial self reliance of migrant labourers in Kerala

As development accelerates, the ever growing migrant population contributes significantly to the economic and social dynamics of a country. The remittances by the migrants to their families reduce regional disparities in expenditure. They add to diversity in customs and social practices as they integrate with the society at their work place. With low levels of literacy, these groups have scarce financial literacy nor have adequate know how to manage their hard earned wages in a way that can help them secure their future once they are back to their place of origin.

Activities Conducted and Initiated

- Aims to reach 10,000 migrant labourers by 2020-21
- Financial Literacy camps and opening SB accounts
- Community mobile clinic under NHM programme screened 6946 labourers
- Reached 3780 labourers with 1754 opening SB accounts



Balajyothi 2019 inauguration



Migrant labourers are taught the right way of handwashing.



Sustainable **Development** Goals

Enabling Access to Meet SDG

ESAF Bank's Actions

Sustainable **Outcomes**

NO POVERTY

Access to finance

· Small finance, savings, insurance, pension, micro-recurring deposit to inculcate savings habit among the underprivileged

Opportunities to borrow, save and invest

- Zero minimum balance accounts
- Micro Reccuring Deposits
- Livelihood Loans
- Hrudaya Deposit for responsible participation from community
- Health insurance

Financial self-reliance, better financial decision, asset building, improved standard of living



WELL-BEING

Access to health awareness and healthcare

 ArogyaMitra, Health awareness camps, Group health insurance camps

Improve physical and mental health and overall well-being of customers to reduce risks associated with morbidity and mortality

- VayoJyoti Accounts
- Specialised schemes for Senior Citizens
- Health Insurance
- · Better knowhow on noncommunicable diseases and women's health anaemia, breast cancer, cervical cancer
- Subsidised hospital care to economically weaker sections



OUALITY EDUCATION

Access to education

- Educational Loans, scholarships, Edu Finance
- CSR engagement for developing community schools

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for children of customers

- VidyaJyothi Loans
- Balajyothi
- · Edu Finance (for improving school infrastructure)
- 1,500 tribal children covered in Jharkhand through community schools and a high school
- 25 Community Transformation Hubs provide value education and academic support to nearly 950 economically weak children



Access to capacitybuilding and awareness for women

 Financial literacy, access to credit, health awareness, women empowerment

Ensure women's full and effective participation and equal opportunities for leadership and decision-making in political, economic and public life. Promoting women entrepreneurs

- 1 Lakh women covered through CEEP-Client Education and Empowerment Programme
- Helps illiterate women to take timely decisions and make the right choice

Sustainable Development Goals

Enabling Access to Meet SDG

ESAF Bank's Actions

Sustainable Outcomes



CLEAN WATER AND SANITATION

Access to water and sanitation facilities

 Water Loan, Sanitation Loan, Direct Community Intervention Improve access to water and sanitation facilities for low-income customers

- 25,050 families benefited by Sanitation Loan
- 16,035 families benefited by Water Loans, Water Tans
- Improved health resulting from better hygienerelated practices



AFFORDABLE AND CLEAN ENERGY

Access to clean energy

 Solar lamps, energyefficient cooking stove, environmental awareness

Facilitate access to affordable and reliable clean energy products and services to combat climate change and its impact:

- Clean Energy Loans
- Haritha Loans
- Clean Water Clusters
- 1,20,000 clean energy product users
- Carbon offset of 2 Lakh tonnes accumulated



DECENT WORK AND ECONOMIC GROWTH

Access to livelihood opportunity

 Local economic ecosystems, promoting products like local raw materials and local skills

Employment generation through promotion of micro-enterprises

- Income Generation Loans
- MED Loans
- MSME Services
- Uddhan Loans

Improved work participation rate among women, increased self-employment opportunities for women, increased contribution to household income.



INDUSTRY, INNOVATION AND INFRASTRUCTURE

Access to quality housing

 House improvement Loan, House construction Loan, Community water projects, Livelihood support-CFC centre in Jharkhand

Improve infrastructure facilities for low-income customers in terms of safe housing

- Home Improvement Loans
- Housing Loans
- Uddhan Loans
- MSME Cluster Initiation

Improved well-being and safety due to considerable shift in kaccha houses to pucca houses







BOARD OF DIRECTORS AND GOVERNANCE COMMITTEES

40 >



Mr. P R Ravi Mohan Chairman



Shri. Kadambelil Paul ThomasManaging Director and CEO



Dr. V. A. Joseph Non-Executive Independent Director



Shri.Thomas Jacob Kalappila Non-Executive Independent Director



Shri. Saneesh Singh Non-Executive Nominee Director



Smt. Asha Morley Non-Executive Independent Director



Shri. Alex Parackal George Non-Executive Independent Director



Shri. C P Mohan Non-Executive N ominee Director

Committees of the Board

The Board of Directors, based on the statutory requirements has constituted several committees to deal with specific matters and has delegated powers for different functional areas. These committees monitor the activities falling within their terms of reference. The Board of Directors have formed Ten (10) Committees as on 31st March, 2020.



Audit Committee of the Board (ACB)

Mrs. Asha Morley	Chairperson
Mr. P R Ravi Mohan	Member
Mr. Thomas Jacob Kalappila	Member
Mr. C P Mohan	Member
Dr. V A Joseph	Member



Risk Management Committee of the Board (RMCB)

Mr. Alex Parackal George	Chairman
Mr. P R Ravi Mohan	Member
Mr. Thomas Jacob Kalappila	Member
Mr. Kadambelil Paul Thomas	Member











Nomination Remuneration and Compensation Committee of the Board (NRCCB)

Dr. V. A. Joseph	Chairman
Mr. P R Ravi Mohan	Member
Mr. Saneesh Singh	Member
Mrs. Asha Morley	Member
Mr. C P Mohan	Member



IT Strategy Committee of the Board (ITSCB)

Mr. Thomas Jacob Kalappila	Chairman
Mr. Alex Parackal George	Member
Mr. Kadambelil Paul Thomas Mem	



Corporate Social Responsibility Committee of the Board (CSRCB)

Mr. Saneesh Singh	Chairman
Mr. Kadambelil Paul Thomas	Member
Dr. V.A. Joseph	Member
Mrs. Asha Morley	Member



IPO Steering Committee of the Board (IPOSCB)

Mr. P R Ravi Mohan	Chairman
Mr. Kadambelil Paul Thomas	Member
Dr. V.A. Joseph	Member



Management Committee of the Board (MCB)

Mr. P R Ravi Mohan	Chairman
Mr. Kadambelil Paul Thomas	Member
Dr. V.A. Joseph	Member
Mr. C P Mohan	Member



Customer Service Committee of the Board (CSCB)

Mr. C P Mohan	Chairman
Mr. Saneesh Singh	Member
Mr. Alex Parackal George	Member



High Value Fraud Monitoring Committee of the Board (HVFMCB)

Mr. Kadambelil Paul Thomas	Chairman
Mrs. Asha Morley	Member
Dr. V.A. Joseph	Member
Mr. Thomas Jacob Kalappila	Member
Mr. P R Ravi Mohan	Member



Stakeholders' Relationship Committee of the Board (SRCB)

Dr. V.A. Joseph	Chairman
Mr. Kadambelil Paul Thomas	Member
Mr. Alex Parackal George	Member
Mr. Saneesh Singh	Member



OUR STAKEHOLDERS







Our Customers

How we engage

Experience we deliver to our customers while they bank at our branches and online is the foundation of building ESAF brand equity. We organise group meeting of customer peer groups and also organise exclusive financial literacy programmes for various demographic segments of our customers. ESAF SFB branches celebrate our foundation day and festivals with our customers. We organise periodic customer satisfaction surveys for better delivery of our services. Board monitored customer grievance mechanism of the Bank ensures that complaints if any are all addressed immediately.

Outcome

Enhanced Customer Relations



Our Staff Members

How we engage

We promote a culture of "engagement with a purpose" for our employees to align with the Bank's vision. The ESAF management listens to and acts on employees' feedback periodically. This includes personal meetings and employee surveys (conducted through the Great Places To Work Institute). Our CEO personally meets all our front-line employees through Town Hall meetings in each region, listening to their suggestions and acting on their feedback. These staff interfaces have been the starting point for many new employee and business initiatives in ESAF today. The Bank has various performance recognition programmes for the various team. A diverse set of people from all sections of the society works for the Bank.

Outcome

Creating a joyful and productive work environment that nurtures wholesome development.



How we engage

We ensure RoE and Social Return on Investors. The Bank makes quarterly and annual declaration of the results as quarterly and annual reports. Annual reports since 2017 are displayed in the website through which the Bank communicates its operational strategies, KPIs and goals.

Outcome

A healthy investor relationship mechanism engraved in the Bank's business model.



How we engage

Partnership with clean energy solution companies and agri sector companies for strengthening Bank's Green Protocol. The Bank makes contribution towards compendiums/case studies. Micro and Small Industry cluster meetings are organised at various locations for better interactions with business segments. MD & CEO of the Bank is part of multiple industry association thus ensuring a wider network.

Outcome

Efficient reach of green protocol, technology and practices through Bank's networks in alignment with Bank's focus on planet protection.





How we engage

How we engage: We disclose all the required information as per the guidelines of regulatory bodies including RBI. Regulatory disclosures are periodically updated on the Bank's website. We conduct regular training programmes on all regularly developments.

Outcome

A bank with fully compliant regulations. Received banking related approvals from RBI to operate as a scheduled bank and NRI operations.



NGOs and Community Based Organizations

How we engage

We associate with social development organisations/ NGOs to carry out our CSR and philanthropic activities.

Outcome

Expanded community development through, beyond banking initiatives.



How we engage

We procure equipments and technology from multiple vendors. We also engage in regular meetings and discussions with service providers of audit, governance and compliance regularly for guidance to necessitate actions. The Bank also has multiple digital banking service providers and those who carry out AMCs.

Outcome

Sustained relations with suppliers and service providers for seamless banking operations.



CORPORATE GOVERNANCE

ESAF SFB recognizes Ethics and Governance to be matters of supreme importance. Through Corporate Governance Policy, the Bank has embedded virtuous Governance practices in its culture. The policy provides direction and a framework for managing and monitoring the Bank's ethical conduct across all its engagements. At ESAF SFB, the Board of Directors is at the core of its Corporate Governance practices and oversees how the Management delivers sustainable value to its stakeholders.

Corporate governance code at ESAF SFB is essentially a set

standards, systems, procedures aimed at effective, honest, transparent, and responsible management of a company within the applicable and regulatory statutory structures. The Code represents a set of desirable, corporate governance practices to be adopted by the Bank. The Code considers the relevant statutory and SEBI/stock exchange listing requirements and Reserve Bank of India (RBI) directives and other guidelines under the Companies Act 2013. The efficacy of the Code lies in how well it is put into practice. While adopting the Code, the stress remains on

its substance and spirit rather than on its form. The primary responsibility for good corporate governance of the Bank rests with its Board of Directors. ESAF Small Finance Bank believes in adopting and adhering to the best recognized corporate governance practices and continuously benchmarks itself against such practices. The Board's fiduciary responsibility to the shareholders requires that the Board should act in their shared corporate interest, in good faith, and with due diligence.



Corporate governance code at ESAF SFB is essentially a set of standards, systems, and procedures aimed at effective, honest, transparent, and responsible management of a company within the applicable statutory and regulatory structures.

CODE OF CONDUCT

As per the Bank's policy on Code of Conduct all Directors and Senior Management Personnel have affirmed compliance with the Code for the reporting period 2019-20. The Code of Conduct, which incorporates the Business Principles, is the central guidance document for norms of behaviour. ESAF SFB considers employees, suppliers, community, creditors as their stakeholders and recognizes that their legal rights need to be protected and treated with care. The Code of Conduct is a tool to ensure that the Directors and Senior Management discharge their assigned roles.

The Bank's Directors and members of the core management team exercise good judgement, ensure

the interests, safety and welfare of customers, employees, and other stakeholders, maintains a cooperative, efficient, positive, harmonious and productive work environment. The Directors and members of the core management team while discharging duties of their office acts honestly and with due diligence. ESAF SFB acts with utmost care and prudence, which an ordinary person is expected to take in his / her own business.

The significant risks related to corruption are identified through the risk assessment mechanism. The Board also approves and reviews the policies keeping in mind the dynamic scenario. The Anti-Bribery and Anti-Corruption Policy as well as the

Code of Conduct help the Bank to perform its operations in an ethical manner. There are no incidents of anti-competitive behaviour and violations of anti-trust and monopoly which have been reported in 2019-20.

Providing appropriate product design and delivery, preventing over indebtedness, being transparent, have a responsible pricing mechanism in place, fair and respectful treatment of the employees and clients, privacy of the clients' data and a strong grievance redressing mechanism builds a strengthening framework of ESAF SFB.



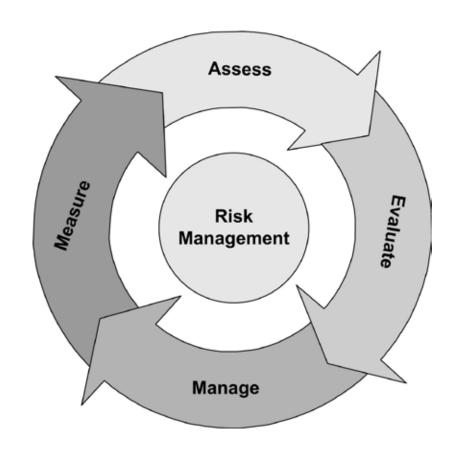


RISK MANAGEMENT FRAMEWORK

ESAF SFB has a robust risk and crisis management structure that helps them in mitigating and managing the situations. By having a proper and resilient management structure, ESAF SFB has put in place effective risk managment measures and turned these risks into strategic advantages.

ESAF SFB is positioned to manage such reduce and threats to its image and render quality services. The Bank has formulated and adopted a robust Risk Management Policy. The Risk Management Committee of the Board periodically reviews the risks faced by the Bank and the practices/ processes followed to manage them. ESAF SFB has adopted a Whistle Blower Policy and Vigil Mechanism in compliance with the relevant provisions of Companies Act, 2013 and Rules thereunder. This policy provides an opportunity to address concerns of employees, vendors and directors relating to fraud, malpractice or any other activity or event which is against the interest of the Bank or society.

Responsible banking would identify the areas most affected and develop an approach for sustainable business to adapt both short as well as long term risks and opportunities. The Bank needs to identify and categorize these risks as Physical, Transition or Liability as per G20's Financial Stability Board to better manage and provide solutions to its different stakeholders.



Environment and Social Risk Assessments

Environmental and social risks in ESAF SFB operations are significantly different from what other banks' face and the traditional ESG frameworks address. The ESG challenges relate to vulnerable sections of the population and micro and small enterprise dependence on nature as also ability of these enterprises or individuals to comply.

ESAF SFB makes best efforts to mitigate these ESG risks. The ESG risk management approach of ESAF SFB is more hand holding, nurturing and risk sharing.

ESAF SFB has adopted a Whistle Blower Policy and Vigil Mechanism in compliance with the relevant provisions of Companies Act, 2013 and Rules thereunder The board has articulated positions and policies on various aspects and this policy framework guides governance and management of ESAF SFB.

ESAF SFB Policies	Sustainability Aspects Covered
Nomination Policy, Policy on Performance Evaluation of Directors, Policy on Succession Planning for the Board and Senior Management	Corporate Governance
Environmental Policy	Guiding environmental care in operations and investments. Further investing into conserving environment
Client Protection Policy; Policy to Avoid Misselling; Customer Satisfaction Policy, Fair Practice Customer Service Policy	Product and Services; Customer Health and Safety; Product Service and Labelling, Customer Security
Client Privacy Policy	Customer Privacy
Whistle Blower Policy	Anti-Corruption; Non - Discrimination
CSR Policy Impact	Local Communities
Related Party Transaction Policy	Anti- Corruption and Bribery
Gender Policy	Diversity and Equal opportunity; Equal Remuneration for Women and Men
HR Policy	Training and Education, Employee Welfare, Employee Engagement
Policy towards PwD	Employment
Compliance Policy, Grievance Redressal Policy	Grievance Mechanism
Record Management Policy	Security Practices



OPERATIONAL EFFICIENCY AND QUALITY MANAGEMENT

ESAF SFB focuses on the customer service quality, banking service product quality and their online service quality. Customers can easily access all their bills and monthly statement which has improved the quality of services being offered by ESAF SFB and enhanced the competitive advantage in the industry.

While serving underserved and unserved segments of the society, ESAF SFB must get the best "bang for the buck" from all resource expenditures. However, focus on cutting costs alone is not a formula for long-term success. A balanced approach - one that enables a bank not only to improve operating efficiency but also to upgrade its capabilities to respond to market needs and prepare for the future – is imperative to the success of a bank's operations and profitability.

To improve operational efficiency and excellence, ESAF SFB: continuously evaluates and realigns its business assess the various ways customers interact with a bank in order to create cost-effective combination that is adapted to customer base reducing the unit cost-tovalue ratio of each activity or transaction and automation and technology tools to improve staff productivity, customer interaction and decision making

ESAF SFB recognizes that long-term efficiency is impossible to achieve without a corporate culture that supports and values it. This requires a visible commitment from top management to balance value and cost, reduce unnecessary expenditures, and implement metrics and accountability that encourage individual attention to efficiency improvement and profitability.

Pursuing operational efficiency and excellence, ESAF SFB continues to strive and provide customers with value and service at an affordable price with costs that still generate an acceptable return.

ESAF SFB focuses on the customer service quality, banking service product quality and their online service quality. Customers

can easily access all their bills and monthly statement which has improved the quality of services being offered by ESAF SFB and enhanced the competitive advantage in the industry.

The Bank has been advocating their staff for minimum resource use in operations. They promote internal/ external communications through emails, minimum use of paper, reuse of the paper (draft letters printing in used paper) etc. Apart from that ESAF SFB has installed incinerators to destroy the waste. Also, dry and wet waste is managed. Ash generated from the incinerators is collected and planned separately to utilize in gardens in the HO and nearby offices. Around 10-15 kg waste are generated in a day (Includes food waste, pantry waste, other wastes etc.

DATA INFORMATION SECURITY

For small finance bank **ESAF** SFB, like security of data plays an important role. ESAF Small Finance Bank has formulated a Code of Conduct and specific policies for customer privacy confidentiality of data. The Bank follows well defined standard for procedures maintaining data security.

ESAF SFB has a strong and vigilant data security framework to guard against data security threats. Clients' information and the employee data are safeguarded to avoid such failures. Having a proper framework for data and security helps ESAF SFB in mitigating that risk.

The Bank has an effective framework in place to manage cyber security. ESAF SFB has integrity and trust as their brand pillars. The Bank has an information security team lead by the Chief Security Officer who is responsible for information security at the Bank. The primary role of the Information Security team is to secure the Bank and to secure customer transactions. There are various policies like management record policy, fair practice customer service policy and policy frameworks adopted by the Bank to manage the security of its information and data. This encompasses requisite manpower, machine and training.

ESAF SFB Already has Some Features for Data Information Security:

- Ensuring that the transactions between the Bank and its related parties are based on the principles of transparency
- Determining that disclosures are being made to ensure trust from the customers and stakeholders
- ESAF SFB has record management policy which focuses on the preservation of the data
- Information of all the employees, customers and other stakeholders
- Regular awareness messages are sent to the customers related to data information security
- Employees are imparted awareness during onboarding through a comprehensive course, pledge and videos shown
- End Point Security is provided to the customers and other stakeholders by preventing data leakage, securing the network and laptops
- Various teams are placed in ESAF SFB which monitors and protect the information from emerging threats
- The loyalty and trust depend on how capable the organization is in safeguarding its customer

and employee's data. In the reporting period, there is no incidents of customer data loss or any other data breach.

GRIEVANCE MECHANISM

The Bank has a well-defined Grievance Redressal Mechanism for logging complaints across customer facing front-end channels: Branch/Phone Banking / Email Management Support Unit. Customers can approach any of the above front channels for registering their complaint. In the case of any queries/ complaints, banking customers can directly approach the Branch Manager or can call on the dedicated Customer Help- desk number.

ESAF SFB's Grievance Mechanism Comprises of the Following Features:

Accessible to all the stakeholder groups to the Bank grievance mechanism.

The mechanism is well equipped and empowered.

The complaints are addressed in an independent manner.

The Small Finance Bank has a grievance redressal cell that can receive and address the grievances from all the stakeholders.

Total 131 grievances were received in the reporting year and 96% of the grievances were resolved by the end of the reporting period.



HUMAN CAPITAL MANAGEMENT

ESAF SFB has a proper Human Capital Management system and structure in place. Through this system ESAF SFB manages its 3,337+ employees. The Human Capital Management system at ESAF SFB deals with managing, developing and optimizing the human resources. It also includes mechanisms to address issues of gender equality, better engagement and coordination with the clients and their families.

Talent Attraction and Retention

In order to meet ever growing demands of the banking industry ESAF SFB has deployed skilled professionals through its agile hiring mechanism. This entails leveraging online portals, social media, campus hiring and internship programs. Recruitment keeps its pace with the current scenario and trends in the market.

ESAF SFB has issued "Spot Offers", which makes grins on the faces of the candidates at the recruitment venue itself. ESAF SFB has adopted technological means such as Web based tests, Skype based remote interviews to identify and evaluate talent for recruitment. This has helped ESAF SFB in cost effectively sourcing employees.

How we Engage

The commitment and competency of the Bank's employees are at the core of ESAF SFB's human capital. ESAF SFB very

effectively manages the needs and aspirations of its human capital. This reflects in employee retention rates, employee diversity, training, appraisals and career guidance, compensation and benefits, grievance redressal and community skilling.

ESAF SFB Conducts Employee Engagement Activities such as:

Employees have facilities like work from home, maternal and paternal leaves.

Meaningful professional development opportunities.

Recreation initiatives like regional and PAN India sports events.

Field trips are organized for team get together and encourage team dynamics.

Summer camps and career guidance classes are conducted for the children of the employees.

Scholarships and awards are given to the children of employees for excelling in the field of academics and sports.

Provident Fund, Medical Insurance, Leave Travel Allowance (LTA), Festive Bonus are also provided to the employees and ESAF SFB also keeps their retired employees on contractual basis.

Engaging for a Social Good

ESAF SFB along with its employees and communities celebrated World Environment Day promoting the United Nations theme "Beat the Plastic Pollution". ESAF SFB has always

Attracting Quality Talent

Number of employees

3,550

Mean employee age

31.3

Percentage of women employees

30.99

encouraged its employees and communities by celebrating different themes and motivating them to participate and evolve. Some such celebrations include:

VAYOJYOTI Week – ESAF SFB celebrates the week with senior citizens, providing financial literacy classes and appreciating their efforts.

Balajyothi – ESAF SFB celebrates Children's Week which includes opening of children accounts, lectures on banking, providing savings box.

Social performance has been captured by ESAF SFB's dashboard to timely meet the desired goals and targets.

ESAF SFB Foundation Week is celebrated with employees their mission, vision and values over the time. Over 32,509 customers attended





the meetings at the branches. Other than presentations on the journey of ESAF SFB, Mission, Vision, Products and Services, micro entrepreneurs from ESFB customer domain with outstanding performance economic, social and environmental impacts were honoured at the functions

Training and Education

То ensure availability of sustainable human capital, ESAF SFB organises necessary training and skill development. The Bank provides behavioural and functional training specific to the roles and responsibilities at each grade and area of business. Behavioural training comprises guidance on leadership, personal effectiveness, and strategic thinking while functional training includes training modules on technical performance.

ESAF Small Finance Bank has deployed а Learning Management System (LMS) that allows tested and standardized training to be imparted. Apart from LMS, ESAF SFB focuses on activity-based learning which comprises class-room sessions, on the job training, handholding, program mentorship and personality development program. ESAF SFB employees undertake exposure visits and participates in seminars, conferences - thereby enabling a workforce of enlightened employees who are business and industry aware.

Training Need Analysis (TNA) is done in ESAF SFB through partnerships with the various departments. This involves mapping the skill enhancements required by the employees and thereafter designing internal programs and identifying external programs to cater to the requirements.

Health Safety & Wellbeing Fair, Safe and Green Workplace

ESAF Small Finance Bank always Encourages and promotes a healthy and safe workplace that helps in improving productivity, business performance, staff morale and increase employee engagement.

The ultimate objective of ESAF SFB is to provide a fair and

transparent structure that helps the Bank to retain and acquire the talent pool critical to building competitive advantage and brand equity.

SFB ESAF puts paramount importance to maintaining safe workplace. It builds awareness of workplace hazards amongst its employees. The potential mechanical hazards at ESAF SFB are those that arise from the presence of vault, shredders in the workplace. Fire hazards are also identified as a potential hazard. To mitigate these hazards, employees are made aware of safe working practices. Equipment such as no smoking alarms, firefighting equipment have also been installed.



ESAF staff and volunteers pose for a photograph at Thrissur pooram exhibition stall of ESAF Small Finance Bank



Executive Vice Presidents







Mr. George K John



Mr. George Thomas

Senior Management



Mr. Murali N.A Head - Treasury



Mr. Mohanachandran K.R. Chief Risk Officer



Mr. Hanza M.M. Head - Operations & IT



Mr. Hari Velloor Head - Branch Banking



Mr. Bosco Joseph
Head Administration
Infrastructure
Procurement & Legal



Mr. Gireesh CPChief Financial Officer



Mr. Padmakumar K. Head - Micro-banking Strategy & Planning



Mr. Swaminathan K. Head - Digital Banking Alternative Channels & TPP



E A JacobChief Compliance
Officer



Mr. Dominic JosephChief Vigilance Officer



Mr. Mathews Markose Head - Retail Assets



Mr. Jose A.V. Head - Human Resources



Mr. PK anto Head - Internal Audit



Mr. Soney Jose Head - MSME Finance



Mr. K. Sunny Head - Collections and Recovery



Mr. K. Mariappan Head - Agricultural Finance



Mr. Saibu KA Head - Micro-banking Operations



Mr. Paul Joy Head - Mortgage Loans Head - Sustainable Banking Head - Credit Sanctions



Mr. Reji Koshy Daniel



Mr. PP Pathrose



Mr. G.S. Prabhakar Head - MIS



Mr. Sreekanth CK Head - Marketing



Mr. Vinodh Thambi Head - Credit Monitoring



Mr. Abeesh Jose Head - Customer Service Quality



Mr. Renjith Raj P. Company Secretary







CORPORATE **SOCIAL RESPONSIBILITY**

ESAF BALAJYOTHI

Project Objective:

To transform neighborhood with academically bright and socially responsible youth.

To equip and prepare children to be active members in the development and progress of the society.

To enhance the school enrollment of children

Project Location

Kerala, Maharashtra, Jharkhand, MP

Project Outputs

- 160 Balajyothi Clubs in Kerala,20 in Jharkhand,20 in MP,20 in MH.
- 74 Balajyothi Study Centers allover in India

ESAF - YUVAJYOTHI - CYRC

Project Objectives:

To increase the number of play facilities for children

To rejuvenate community-based Arts and Sports Clubs

To create a space for bonding between children from diverse socio-economic backgrounds

Project Location

Mannuthy & Vadakkenchery, Kerala

Project Outputs

- Maintenance / Upgrades to the 2 play facilities developed
- 3 Holiday coaching camps
- 2 Community based Arts and Sports Clubs rejuvenated



Health check up being conducted for children in Balajyothi Clubs



undergoing football coaching pose photograph with their coach and ESAF Director Dr. Jacob Samuel

ESAF SUVIDI

(SUSTAINABLE VILLAGE DEVELOPMENT INITIATIVE)

Project Objectives

- To improve the livelihood prospects of youth and women
- To develop play facilities for children in Nutrition Rehabilitation Center
- To improve communication skills and personality development of rural youth
- To improve the employability skills of educated vouth
- To instill better psychological identity and selfacceptance
- To improve the nutrition status of the youth Improved facility of Nutrition Rehabilitation Centre
- To introduce financial literacy and inculcate financial disciplines

Project Locations

Attapady, Kerala, Kalahandi and Odisha

Project Outputs (Kerala):

- 10 youth /women employed and sustained in their jobs
- 3 play/ other facilities developed in Nutrition Rehab Centre

Project Outputs (Odisha):

Conduct feasibility study



ESAF SUVIDI_Financial literacy Attapady with ICDS project



ESAF CINDER PROJECTS

(ESAF CENTER FOR INTEGRATED DEVELOPMENT RESEARCH)- WASTE2WEALTH ENTREPREUNERSHIP

Project Objectives

- To build a community based solid Waste Management system in partnership with the local self-government.
- To increase knowledge among households regarding proper waste management and environment protection.
- To increase income and job opportunity for the poor, socially deprived, informal workers and small entrepreneurs.

Project Location:

Thrissur

Project Outputs:

- 1 Community based Solid Waste Management system as a model with 4 W2W livelihood / entreprenuership pilots
- 4 Women trained in livelihood generation from waste management
- Awareness created among 480 stakeholders (16 meetings with 30 stakeholders each)
- 8 voluntary groups formed for 8 wards
- 16 awareness boards formed for vulnerable hotspots
- Collect data from 100 people using KoBoCollect



ESAF LIVEABLE CITY PROJECTS

Project Objectives:

- To conduct a situation analysis to understand about the quantity, quality, institutions, and policies for open public spaces, markets, and streets
- To create awareness among the public, NGOs, other organizations, policy makers about importance of quality open public spaces, markets, streets
- To build the capacity of public, NGOs,local officials other organizations, policy makers to participate in designing, building, and maintaining quality open public spaces, markets, and streets

Project Locations:

Kerala, Karnataka, Maharashtra, Assam

Project Outputs:

- New Project in Guwahati, Assam with 2 inclusive play spaces designed in Guwahati and 4 parks being made functional with the help of neighbourhood park councils
- Conduct 25 research and initial activities across 8 cities
- Conduct 397 meetings and research sharing across 8 cities
- Conduct 480 community engagement programs across 8 cities
- Conduct 166 capacity building programs across 8 cities
- Conduct 26 network meetings across 8 cities



Accessible walkway Patturaickal division Thrissur- ESAF conducted the advocacy work with AMRUTH project team of Thrissur corporation in terms of technical advise for accessible design



Inclusive Paly Park-Nehru Park Thrissur Corporation - ESAF s role was to advocate Amruth project team to include inclusive play equipments in the park



ESAF KRUSHAK MITHRA

FOR FARMERS & FARMER COLLECTIVES

Project Objectives

- To see "farming" as a sustainable and profitable livelihood / entrepreuneship option, by introducing newer farming technologies, environment friendly farming methods through farmer collectives (FCs).
- Provide market linkage to the FCs for achiveing a regular, profitable source of income its farmer members.
- To strengthen the FIGs and setting their targets in crop produce aggregation, input services.
- To train the Lead Farmers on relevant banking services such as savings, loans and insurances for deepening financial inclusion.

Project Locations:

Tamil Nadu, Karnataka, Chattisgarh, Assam & Jharkhand

Project Objectives

- 10 Farmer Collectives (FCs) (2 FCs each in Tamil Nadu, Karnataka, Chattisgarh, Assam & Jharkhand).
- 100 FC leaders will be trained 100 Lead Farmers of 10 FCs will be trained with the aim of increase in the aggregation of crop produces, milk/other agri sector outputs.
- Participation of 100 farmers of each FCs.
- Aggregation and sale of 100 farmers crop produces of each FC in a year.
- Each FC will be linked with one processing unit which is run by state agency or another FC.



Usilampatti FPCL maize procurement



Powder Maker - Sarabanga FPCL



Pears Procurement at Hindustan FC

COMMUNITY SCHOOL INFRASTRUCTURE

Project Objectives:

Promotion of quality education among marginalised children from tribal hamlets of Jharkhand.

To impart primary education to the tribal children who lack access.

To create better learning environment for children through artistic student friendly infrastructure.

To provide good sanitation and basic infrastructure facilities.

Project Locations:

Jharkhand

Project Outputs:

- 10 Student friendly community schools with good sanitation facilities and learning opportunities
- Child friendly washrooms for boys and girls
- Basic furniture

ESAF GARSHOM- PROJECTS FOR MIGRANT LABOURERS

Project Objectives

To provide quality and affordable health care services to migrant workers.

To develop a unique model which caters to the healthcare needs of the migrant workers.

Project Locations:

Kerala

Project Outputs:

About 10000 migrant labourers including their family members will have the access of good medical facility within their locality through this initiative.



Class rooms constructed as part of the Community School Infrastructure in Jharkhand.



Migrant Labourers access the facility offered by the mobile medical van support.



FLOOD REHABILITATION-KERALA

Project Objectives

- To build new houses for the flood affected people in Kerala who have endured severe damage to their houses
- To repair/ renovate public institutions
- To provide livelihood support to flood affected community

Project Locations:

Kerala

Project Outputs:

- Changed Proposal (Dated 22nd April 2020)
- Renovation of 5 Schools choosen from the severely flood affected areas
- Livelihood restoration of 25 families
- Construction of 2 new houses for the lowincome earning families who lost their shelter due the flood

FLOOD REHABILITATION-ASSAM

Project Objectives

- To build new houses for the flood affected people in Kerala and Assam, who have endured severe damage to their houses
- To repair/ renovate damaged houses and community centres

Project Location:

Eastern India/Assam

Project Outputs

- Construction of 2 new houses for the lowincome earning families who lost their shelter due to the flood
- Renovation of 14 Schools choosen from the severely flood affected areas
- Repairing of 16 houses
- Livelihood restoration of 25 families



Construction of houses for the low-income earning families who lost their shelter due the flood



Inhabitants of Majuli Island in Assam use boat provided by ESAF SFB as their only means of transportation.

ESAF COVID 19 RESPONSE

Project Objectives

- To provide adequate relief support to the vulnerable population for ensuring basic supplies and improve livelihood
- To build the Covid 19 treatment facilities of hospitals through COVID 19 isolation wards or by providing personnel protection equipments for medical staff

Project Location:

Assam, Jharkhand

Project Objectives

- Production of face masks through rural women and distribute it in the target locations
- Develop Bandhu Helpline as a resource centre which provides long term support to migrant labourers
- Provide awareness on preventive measures to rural population

ESAF COVID 19 RESPONSE

Project Objectives

- To provide adequate relief support to the vulnerable population for ensuring basic supplies and improve livelihood
- To build the Covid 19 treatment facilities of hospitals through COVID 19 isolation wards by providing personnel protection equipments for medical staff

Project Location:

Kerala, Maharashtra, Madhya Pradesh, Chattisgarh, Tamilnadu

Project Objectives

- Provision of 1110 relief kits (food kits) to migrant labourers in Kerala and Maharashtra
- Production of 14500 face masks through rural women and distribute it in the target locations
- Provision of capital support to 33 micro entrepreneurs to restart their business
- Establishment of Covid 19 isolation wards and provision of PPE materials in 2 hospitals



KIT Distribution at Mannuthy



An economically backward family receives Television set to support online educational session for children owing to COVID 19 norms.



LAHANTI PUBLIC SCHOOL

Project Objectives

- To enhance academic performance and experimental education
- To provide a better learning environment for children from rural areas and to establish facilities to address issues like health and sanitation

Project Location:

Jharkhand

Project Outputs

- Improved quality education for 400 children with child centric infrastructure and modern technology
- Infrastructal development with facilities like hostel with kitchen and dining hall, Setup of 1 Audio-Visual teaching class and 1 Laboratory for practical etc.

ESAF AROGYAMITRA-HEALTH ENTREPRENEURSHIP DEVELOPMENT

Project Objectives:

- To increase the access to Preventive health information related to hygiene, nutrition, communicable / Non communicable diseases, mental health
- To improve the promotion of basic health monitoring, early detection of diseases, health care of the elderly
- To increase the access to primary curative services

Project Location:

Assam and Jharkhand

Project Objectives

- 4 Community Clinics in Assam and Jharkhand
- 4 Arogyamithras trained
- 1000 families receiving primary health care services
- 1000 families reached with the basic health care awareness



Construction of hostel with kitchen is in progress in Jharkhand.



Arogyamithras conduct Health awareness sessions in Assam.

SKILL TRAINING FOR RURAL ARTISANS, RURAL YOUTHS @ LIMS

Project Objectives

- To develop an infrastructure and create facilities to provide employability skills among unemployed rural youth and women so that they can aspire for better livelihood and entrepreneurial opportunities
- To Provide Subsidies for the Entrepreunership Trainings at LIMS

Project Locations:

Jharkhand, Bihar, West Bengal and Assam

Project Outputs:

• 900 Entrepreunership Training Subsidies



Skill training in progresses at LIMS, Jharkhand



Youth are trained in welding as part of employability.





MAKING OF A BAKING STORY

Shajitha Dilddar, Kerala

The story of Smt. Sajitha Dilddar is an inspiring one for all women who wish to start their own business. She was an unassuming housewife five years ago at Edakkara, in Malappuram District Kerala. Her husband was a daily wage worker. He worked hard to earn a paltry income that was barely sufficient for a decent living.

Like many women in her neighborhood, Sajitha had to spend a good portion of her life within the confines of the kitchen walls. She wished to do something that could bring in additional income to her family and thus she learnt to make cookies and buns with the support of her friends who had oven at home.

She was looking for avenues of finance that would support her ambition to launch a small baking unit of her own. As soon as she came to know about collateral free loans from ESAF, she was quick to join a JLG in her village in 2007. She started the venture with her husband under the name 'Ooty Varkey'. Her cookies became a big hit as bakeries started preferring her cookies over others. Subsequent loans from ESAF helped her to expand her unit. Presently she employs 10 women and five of them are ESAF JLG members.

She intelligently used the loan amounts to purchase assets including a delivery van. Using the van she now delivers two full loads of cookies, bun and other savories, generating revenue of Rs 25000 per day. Ooty Varkey is now the most sought after cookies in her village and demand for the cookies comes even from distant places in the Middle East. No wonder, today she owns a bakery by the name 'Neelagiri'.

In 12 years of association with ESAF, she has earned a name as a successful businesswoman. The community around her testifies the same about Sajitha Ettha (elder sister). She is definitely an example for other aspirants to follow...

Story as narrated to Anu Abraham, ESAF Edakkara, Malappuram Kerala.



HEALTHY CHOICES FOR A JOYFUL PLANET

Sunanda, Maharashtra

Sunanda (45) lives in a small house in Nagpur, Maharashtra with her husband and three children. Being a rickshaw puller, her husband used to carry heavy loads for a meager income of Rs 300- Rs 400 per day. "For a family having five members, that kind of income could barely meet our needs" said Sunanda in a hushed tone

As rickshaw pulling was a tiresome job, her husband was always vulnerable to physical ailments. He was forced to skip work at times and that badly affected their survival. A long tiring day's work would leave Sunanda's husband fully exhausted. Hence she and her sons would resort to do some late night labour to get the family going.

"Fortunately for us, ESAF Small Finance Bank launched Kinetic E- Auto (E-Rickshaw) in our area in March 2018" she said. ESAF team helped her to understand the product and Sunanda was impressed with its features. Soon, she availed a clean energy loan of Rs 2 lakh against an easy to pay weekly installment mode.

Sunanda and her husband now earn Rs 800/- to Rs 900/- per day. The transformation in their fortunes is now well and truly evident for all. She is no longer worried about the health of her husband and increase in fuel price. "I learnt from ESAF that E Autos are good for the environment. Glad to contribute in making the world a better place to live. With a steady income we hope to complete the construction work of our house soon", she concluded confidently.

Story as narrated to Sangeetha Kadse, ESAF Nagpur, Maharashtra.





INTO THE DEEP SEA, BRAVING THE TIDES...

Rekha Karthikeyan, Kerala

In 2017, Rekha Karthikeyan (47) became the first licensed fisherwoman in the country, authorized to venture into the deep sea. Before winning the deep sea license from the Central Marine Fisheries Research Institute (CMFRI), she had to navigate troubled waters to make a decent living. At last, her perseverance and poise paid off and she became a role model for many to look up to. With her husband and four daughters, she now lives in a small house next to the sea at Engandiyoor village in Thrissur, Kerala.

From a young age Rekha was familiar with the tussles and struggles of life. At the age of 18, she chose to live her life with a man hailing from the seashores of Chettuva. "Sealife was dreadful to me, as the village I hailed from didn't have any connection with the sea. It was only after moving here that I actually experienced sea water for the first time in my life", she said. "When I first went out to the deep sea I was not even able to stand or hold steady. For two to three weeks, every journey out into the sea was all about vomiting and sickness. Intolerable back pain and soreness were troubling me each and every day, as my body wasn't used to the turbulence of the sea", she continued.

"I am doing it for my girls" she replied on what kept her going. She is very much concerned about the education and future of her four daughters. Her humbleness was truly remarkable and she added that she was willing to work even harder for the sake of her children. Quite unlike many, Rekha believes in hard work and is well aware that there is no easy way to success.

She is very much indebted to ESAF and is thankful to the Organization. She still remembers the first loan of Rs 8000 she has taken 12 years back to buy her own fishing nets. Later, she had invested money in buying a new boat and also in replacing fishing nets, which were vulnerable to attacks from big fishes. So far she has received a cumulative loan amount of Rs 4 lakhs through different loan cycles.

Now Rekha earns between INR 1000 - 2000 / day, after meeting expenses on conveyance. "I thank Kadalamma (mother of the sea), for this honour and I thank ESAF for all the financial support extended over the years." she concluded.

Story as narrated to Team Sustainable Banking, ESAF SFB, Thrissur.



LITTLE BY LITTLE, STEP BY STEP...

Kuntibai Vishwakarma, Chattisgargh

Kuntibai Viswakarma from Chattisgarh has been a member of ESAF Vaibhav Sangam from 2007, the year in which the Organization has started operations at Bagbahara in Chattisgargh.

Her story with ESAF began with a loan of Rs 4,000/ availed for selling vegetables. Along with her husband, she started selling vegetables in nearby villages. The initial success prompted her to avail another loan of Rs 8,000 to buy a two wheeler, using which she started expanding her catchment area for business. Subsequently, her commitment ensured her good financial results. The success of Kunthibhai lies in her keenness to repay loans on time. So far, she has taken 18 cycles of loans and has never committed any default. Also, her success brings joy to 11 other families who are dependent on her.

In 2009, a confident Kuntibai had decided to expand her business by renting a shop at the village center. The new shop gave her customers wider options to choose from, covering FMCG products and vegetables for daily / essential needs. Kuntibhai always raises the bar when it comes to new challenges. In 2012, she bought a second hand auto rickshaw in the name of her husband. The three-wheeler helped her to expand her geographical reach and widen her portfolio containing spices, dal, rice, tea etc., apart from mobile services.

The ambitious and enterprising women entrepreneur then started tea packaging and candle making at a large scale and gave employment opportunities to nearby village women. At present, she employs seven women at her unit. In 2015, she bought a Maruti Omni and thus expanded the delivery services further to nearby villages. Her two sons are also supporting her in the business. When the elder one drives the delivery van the younger one manages the shop.

Using another loan taken in 2015, she drilled a bore well and constructed a toilet at home. On the credit rating front, she scored good as she was repaying the loans promptly. Consequently, she was eligible for bigger loans and utilised the amount for purchasing sewing machines and employing additional staff for tailoring.

An elated Kuntibai said "ESAF has helped me to become financially stable. Using the 18 cycles of loans availed over the years, I could grow my business and now I am able to offer employment to other village women as well. I will never forget the help the Bank has done to me and my family".

Story as narrated to Ramchandra Dakua, ESAF Bagbahara.





CASTING AWAY THE STIGMA OF CASTE

Suman, Chattisgarh

Suman from Bhatapara village was lying on a slum street (Basti), wounded and helpless. Meeting a field officer from ESAF in 2015, transformed her fortunes. Hailing from the 'Sonura' community, she was making a living as a road construction labourer. Also, she was an unfortunate victim of domestic abuse from her alcoholic husband.

The world around preferred to ignore her plights. The slum she lived was even neglected by the Government Officials and the Public in general. Despite the troubles endured, Suman was focussed on living a life with dignity and was determined to bring up her children with good education.

Moved by the precarious condition of women in her slum, a lady field officer from ESAF formed a Self Help Group at Bhatapara. It was a great relief to Suman and her neighbours as the village was facing social and financial ostracism.

Suman used her first loan of Rs 15,000 to set up a tea shop in her neighbourhood. As her business grew from strength to strength, she was happy to offer employment opportunities to ladies from her caste. Being an able SHG leader, she was instrumental in the growth of the SHG in which she was a member. Now more than 40 happy members of her caste are part of different ESAF SHGs. No doubt, Suman has set a classic example on how to win life despite setbacks and fellow women from her can surely take a leaf out of her book.

Suman is a now a proud owner of a grocery shop and leads a happy life with her husband. Also, she could help her husband in buying a new auto-rickshaw worth Rs. 3 Lakhs. At present the couple is living happily with an income of over Rs. 30,000. She can now send her children to good English medium schools as well.

She is very much thankful to the loan officer from ESAF and still considers her as an angel of goodness and hope.

Story as narrated to Swapan Kumar Maity, ESAF Bilsapur.



A DIM EYE, YET A VISION FOR A BRIGHT FUTURE

Laxmibhai Dolekar, Madhya Pradesh

This is the story of Laxmibai Dolekar, the visually impaired lady who has envisioned a quality life for herself and her loved ones.

Born in a village near Betul in Madhya Pradesh with a defective eye, Laxmibhai was married off at a very young age of 12. At home, she was often subjected to domestic abuse for her looks and within six months of marriage, her husband abandoned her. With shattered dreams and a troubled mind she stayed with her brother and parents. Neighbors sympathized with her parents and Laxmibhai was not someone to choke under pressure.

She wanted to support her family and didn't want to remain as a burden to them. Basket weaving was one skill that she specialized in and hence she approached ESAF to form a Self Help Group near her home

Starting with a loan of Rs. 7000 in 2009, she ventured into the business of making baskets and flower vases using bamboo. The response from the market gave her confidence and soon she started expanding her portfolio of products by making value added goods using the same raw material.

She also worked on improving her stock with every loan cycle. Now she earns Rs 3000 to Rs 4000 in a week, which is a significant improvement from Rs 600 to Rs 700/ week she used to earn in the initial days of her business.

She is thankful to ESAF for the loan amounts granted over different loan cycles. She is now taking care of her parents and her brother. Using the latest loan sanctioned for Rs 45,000 she wants to expand her business by deploying more women into the workforce.

"ESAF came to my rescue at a time when I was totally hopeless, it wouldn't have been possible for me to be a self-reliant woman without ESAF." says a proud Laxmibhai.

Story as narrated to Dharmendra Singh Thakur, ESAF Betul, Madhya Pradesh.



APMI



ADDING BEAUTY TO LIFE

Suraksha Gangare, Madhya Pradesh

Suraksha Gangare, hailing from Dodhranau in Madhya Pradesh, is a victim of infidelity. At the age of 26, within three years of marriage, she was left stranded by her husband, as he married another woman. Suraksha didn't lose hope and she courageously moved to her ancestral home, to start a new life, with a 10-month old child.

Given her circumstances, she was brave enough to keep her composure intact. She started looking for opportunities to support her parents and the kid. She was a regular visitor to those Government offices and had applied for Government schemes that support small scale businesses, but nothing had materialized as expected by her.

The beauty therapy course she underwent before her marriage soon proved to be more therapeutic for Suraksha's life than she could ever imagine, as she was able to setup a beauty parlour at her village. Before launching the venture, she framed a clear cut plan with regard to Investments and Return on Investments. Later, her search for collateral free loans ended with ESAF.

Her entrepreneurial spirit impressed ESAF team who supported her in the formation of a Self Help Group near her house and soon she received her first loan of Rs 15000. Initially, she started modestly with just two chairs, one mirror and few beauty accessories and products. But the quality of her work began to speak for her skills. With another top up loan of Rs 10,000 she soon expanded her business further. Currently, she is now repaying her last loan of Rs. 45,000. She also has plans to hire one more assistant. With a smile on her lips, Suraksha is always thankful to ESAF.

Story as narrated to Rajesh Dhoke, ESAF Shapur, Madhya Pradesh



COLOURING LIFE WITH RANGOLI

Rashida Sheikh, Maharashtra

Rashida Sheikh and her husband Renjan Sheikh, from Wadi, Nagpur, were finding it hard to survive the period of inflation. Her husband's meager earning was not enough for a family of seven (including five children) to meet their daily needs. In order to give financial support to her husband, Rashida started a small shop of Rangoli (coloured powder) on the streets of Wadi.

As Renjan Sheikh was elected as Mullah' (Muslim clergy), things went from bad to worse for Rashida's family. She had to take care of all her children by herself. Many came forward to sympathize with her but no one offered her genuine support. She was left with no other option but to focus on her business.

In need of funds, she came to ESAF, Wadi branch and the staff advised her to be part of a sangam. Eventually, in 2009 she got her first loan of Rs 8000. Using the loan she built on her stock and her profit started increasing from Rs 200 to Rs 500 per day.

Being a smart business woman, she studied the market well and started selling other seasonal products as well. This approach helped her to create additional sources of income. During hot summers, she stores water in big containers / drums and earns good margins by selling them for at least four months in a row. During Diwali season she sells diyas and fire crackers and other festival accessories.

After associating with ESAF for ten years, she has now become a wholesale dealer of Rangoli in Wadi. "Rangoli is an integral custom of any Maharashtrian family, so is my business," says a smiling Rashida who herself has drawn a beautiful Rangoli of her life through sheer hard work and determination. She now earns up to INR 30,000 per month after meeting her business expenses.

Although her children support her in business, she is very much strict about their education. In 2018, she realized her dream of living in a new big house that can accommodate all and is happily attributing her success to ESAF team and their guidance.

Story as narrated to Mayuri Asare, ESAF Wadi, Nagpur, Maharashtra.



LIFE AWAY FROM THE SMOKE





Ammini Chandran

Ammini Chandran, aged 53, lives in a coastal belt of Vadanapilli in Kerala with her husband and two children. She is member of Bharathamba Sangham promoted by ESAF.

Till 2014 she was using fire wood in the traditional stove and had been purchasing the fuel from the local market. She was suffering from the enormous amount of smoke emitted by the traditional stove apart from the trouble with firewood stoves during monsoons as her dwelling used to get inundated with rain water. Seeing her plight ESAF offered her a Greenway Cookstove. Greenway Stoves form modern replacements for traditional mud stoves (chulhas) and deliver upto 65% fuel savings and 70% smoke reduction while working on all solid biomass fuels. These Green Stoves enable clean and safe cooking for rural households by minimising noxious CO, PM and GHG emissions leading to better health, savings, climate change mitigation and everyday convenience. Today Ammini Chandran is happy that she is able to carry out a smokeless cooking experience and also saves on her fuel cost.

Shakunthala Ramachandran

Shakunthala Ramachandran, aged 43, is having three Green cookstoves in her newly constructed house. She is a member of Souparnika Sangham of ESAF. She lives in Valappad in Kerala with her husband and mother in law. She was oblivious of the benefits of the green way smart stove when she purchased it with the support of ESAF. By enjoying its benefits, she purchased two more cookstoves which are bigger in size. She says that she can save money and time by using these stoves rather than the traditional or gas stoves. She decided not to go for a traditional stove in her new house.

PURE WATER- FOR COMMUNITY HEALTH & WELLNESS





Jaysree M

Jaysree M, aged 37 is a member of Sruthilaya Sangham of ESAF, Cherpu Branch in Kerala. She has been using the HUL waterpureit for the past two years. She says that

she has a borewell but the quality of water is not good. So in Initial days, she was drinking boiled water which did not taste good. Also she had to spend more money on cooking fuel due to boiling of drinking water regularly. On coming to know about the water purifier she purchased it with loan support from ESAF. Now she and her family enjoys good quality drinking water and also saves money on fuel.

Latha Thilakan

Latha Thilakan aged 59, lives in Cherpu and she is the secretary of Sruthilaya Sangham promoted by ESAF. She and her family were consuming the water from an open well in their compound - unmindful of the water quality. She had attended ESAF's awareness class on Clean Energy and Safe Drinking Water through which she came to know about the water purifier and its benefits. With the loan support from ESAF she purchased the water purifier. She has been using the purifier since 2015. She uses the water

for both cooking and drinking. She shares her experience to her fellow Sangham members and friends. Also she motivated and helped many of the fellow members to have a safe water at home.



SWITCHING OVER TO THE EVER-LASTING LIGHT



Sujatha Sasidharan

Sujatha Sasidharan, aged 40 is the owner of Devika Tea Shop at Athipotta, Alathur in Kerala. She runs her tea shop fully with Solar lights. Her teashop didn't have any grid connection. Since she opens the outlet early morning, she was depending on emergency light and every year she had to buy a new emergency light with just one year warranty. To solve this problem, her husband suggested her to go for a solar light. They approached ESAF and through the loan provided they purchased a solar light. Today she runs the tea shop without any difficulties.

MAJOR MILESTONES

2015



ESAF Microfinance receives in-principle approval for setting up of Small Finance Bank from the RBI 2016



ESAF Small Finance Bank receives licence to commence banking operations from RBI 2017



ESAF launches ESAF Small Finance Bank, the first bank from Kerala since Independence 2018



Government of India picks ESAF for Atal Pension Yojana

2018



ESAF Small Finance Bank receives RBI approval for NRI operations 2018



ESAF Small Finance Bank opens 100 new Retail Banking Outlets 2018



Prof. Muhammad Yunus, Nobel Laureate, visits ESAF Small Finance Bank 2018



ESAF among the finalists to receive the prestigious European Microfinance Award

2018



ESAF Small Finance Bank becomes the member of GABV 2018



ESAF Small Finance Bank wins PFRDA Award 2018



ESAF Small Finance Bank receives Scheduled Bank status 2019



ESAF Small Finance Bank launches the 'Humanoid Robot' named 'EIDA'

2019



ESAF Small Finance Bank hosts GABV Asia Pacific Meet 2020



ESAF Small Finance Bank opens 500 new Retail Banking Outlets. 2020



Business Crosses ₹ 10,000 Crore

2020



ESAF Small Finance Bank wins Energy & Environment Foundation Global Sustainability Award 2020.

