

Limited Review Report

**Review Report to
The Board of Directors
ESAF Small Finance Bank Limited**

1. We have reviewed the accompanying statement of unaudited financial results of ESAF Small Finance Bank Limited (the "Bank") for the six months ended 30 September 2018 (the "Statement") being submitted by the Bank pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/IMD/DF1/9/2015 dated November 27, 2015 and Circular No. CIR/IMD/DF1/69/2016 dated August 10, 2016. This Statement is the responsibility of the Bank's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/IMD/DF1/9/2015 dated November 27, 2015 and Circular No. CIR/IMD/DF1/69/2016 dated August 10, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No.: 121411

Place: Thrissur
Date: November 5, 2018

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

Statement of unaudited financial results for six months ended 30 September 2018

(Amount in Rs.)

| Particulars | Six Months ended 30 September 2018 | Six Months ended 30 September 2017 | Year ended 31 March 2018 |
|--|--|--|-----------------------------|
| | Unaudited | Unaudited | Audited |
| I. INCOME | | | |
| Interest Earned | 4,72,52,99,689 | 2,30,77,43,712 | 5,96,83,96,300 |
| Other Income | 60,60,62,943 | 44,22,67,942 | 1,01,86,02,352 |
| Total | 5,33,13,62,632 | 2,75,00,11,654 | 6,98,69,98,652 |
| II. EXPENDITURE | | | |
| Interest expended | 2,14,70,86,347 | 1,39,05,54,180 | 3,14,82,01,457 |
| Operating Expenses | 2,00,27,36,973 | 1,33,12,19,828 | 3,04,47,81,123 |
| Provisions and Contingencies | 94,09,46,947 | 51,82,29,910 | 52,40,67,424 |
| Total | 5,09,07,70,267 | 3,24,00,03,918 | 6,71,70,50,004 |
| III. PROFIT | | | |
| Net Profit for the Period (I - II) | 24,05,92,365 | (48,99,92,264) | 26,99,48,648 |
| Analytical Ratios | | | |
| (i) Capital Adequacy Ratio | 27.95% | 17.45% | 16.87% |
| (ii) Earnings Per Share (EPS) (Face value of Rs.10 each) * | | | |
| - Basic | 0.72 | (1.62) | 0.89 |
| - Diluted | 0.72 | (1.62) | 0.89 |
| NPA Ratio | | | |
| a) Gross NPA | 1,34,60,22,083 | 1,59,83,23,518 | 1,21,04,74,895 |
| Net NPA | 19,03,80,662 | 1,16,41,99,315 | 84,80,63,613 |
| b) % of Gross NPA | 3.37% | 6.85% | 3.79% |
| % of Net NPA | 0.49% | 4.99% | 2.69% |
| c) Return on Assets * | 0.45% | -1.49% | 0.72% |

* Half yearly numbers are not annualised



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Notes :

1 Statement of Assets and Liabilities as at 30 September 2018

(Amount in Rs.)

| Particulars | As at 30 September 2018 | As at 31 March 2018 |
|--|----------------------------|------------------------|
| | Unaudited | Audited |
| CAPITAL AND LIABILITIES | | |
| Capital | 4,27,79,54,900 | 3,11,94,51,810 |
| Reserves and Surplus | 3,99,67,08,541 | 31,40,26,385 |
| Deposits | 30,51,20,19,977 | 25,23,09,24,525 |
| Borrowings | 21,88,47,56,410 | 16,74,65,02,635 |
| Other Liabilities and Provisions | 1,73,32,98,528 | 1,83,04,41,362 |
| Total | 62,40,47,38,356 | 47,24,13,46,717 |
| ASSETS | | |
| Cash and Balances with Reserve Bank of India | 1,95,60,19,946 | 4,38,45,79,564 |
| Balances with Banks and Money at Call and Short Notice | 5,23,54,30,298 | 2,59,32,85,253 |
| Investments | 14,82,99,67,843 | 7,31,86,34,155 |
| Advances | 38,77,88,53,513 | 31,55,08,58,495 |
| Fixed Assets | 75,68,77,649 | 68,70,25,180 |
| Other Assets | 84,75,89,107 | 70,69,64,070 |
| Total | 62,40,47,38,356 | 47,24,13,46,717 |
| Contingent Liabilities | 57,68,24,078 | 61,71,98,285 |
| Bills for collection | - | - |

2. The statement of unaudited financial results for six months ended 30 September, 2018 ("Statement") have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 5 November, 2018.

3. The above financial results of the Bank have been prepared in all material aspects, in accordance with the generally accepted accounting principles in India ("Indian GAAP"), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time, Regulation 52 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) 2015.

4. There are no changes to the significant accounting policy adopted during the half year ended 30 September 2018 as compared with those followed for the year ended 31 March 2018.

5. The Capital adequacy ratio ("CRAR") has been computed as per Operating guidelines for Small Finance Bank in accordance with RBI circular no. RBI/2016-17/81 DBR.NBD.NO.26/16.13.218/2016-17 dated 6 October 2016.

The Bank has followed Basel II standardised approach for credit risk in accordance with the operating guideline issued by the Reserve Bank of India for Small Finance Banks. Further, RBI vide its circular no. DBR.NBD.NO.4502/16.13.218/2017-18 dated 8 November 2017 has provided an exemption to all Small Finance Banks whereby no separate capital charge is prescribed for market risk and operational risk.

6. During the half year ended 30 September 2018, the Bank has raised Tier I capital for Rs.464,21,21,881 through private placement of 11,58,50,309 Equity Share having the face value of Rs.10/- each at an issue price of Rs.40.07 per Equity Share. The related issue expenses amounting to Rs.4,15,29,000 has been drawn from Share Premium account.

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

Place : Thrissur
 Date : 05 November, 2018




 Kadambeil Paul Thomas
 Managing Director & CEO
 DIN : 00199925

