Ref No: 13/SE/CS/JULY/2026-27

Date: July 20, 2026

To,

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

Dear Sir/ Madam,

Subject: Notice of the Tenth (10th) Annual General Meeting ("AGM") and Integrated Annual Report for the Financial Year 2025-2026 comprising of Business Responsibility and Sustainability Report of ESAF Small Finance Bank Limited ("Bank") – Intimation under Regulation 34 and 58 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

In continuation to our intimation dated July 10, 2026, we wish to inform that the Tenth (10th) Annual General Meeting ("AGM") of the Shareholders of ESAF Small Finance Bank Limited (the "Bank"), will be held on Friday, August 14, 2026 at 3.00 P.M (IST) through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), in compliance with relevant circulars issued by the Ministry of Corporate Affairs ("MCA") and the Securities and Exchange Board of India ("SEBI"), from time to time.

Pursuant to Regulation 34 and 58 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith, the Annual Report of the Bank for the financial year 2025-2026 comprising of Business Responsibility and Sustainability Report, along with the Notice of AGM which is being sent through electronic mode to the Members of the Bank whose email addresses are registered with the Registrar and Share Transfer Agent of the Bank/Depository Participant(s).

Further, in terms of Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Section 108 of the Companies Act, 2013 read with the Companies (Management & Administration) Rules, 2014 as amended, the Bank is providing the facility to its Members holding shares as on the cut-off date, August 7, 2026 to exercise their right to vote by electronic means (the 'Remote e-voting') on any or all of the business specified in the accompanying notice.

The facility for e-voting will also be made available during the AGM, and those shareholders present in the AGM through VC/OAVM facility, who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system at the AGM.

The Notice of the AGM and Annual Report comprising of Business Responsibility and Sustainability Report for the Financial Year 2025-26 are also made available on the website of the Bank at https://www.esaf.bank.in/investor-relation/?id=annual-reports.

This intimation shall also be available on the Bank's website at https://www.esaf.bank.in/investor-relation/?id=disclosure-to-stock-exchanges-2026-27/

Requesting you to take the same into your records.

Thanking you,

Yours Faithfully

For ESAF Small Finance Bank Limited

Ranjith Raj P

Digitally signed by Ranjith Raj P
Date: 2026.07.20 16:59:48 +05'30'

Ranjith Raj. P
Company Secretary and Compliance Officer

ESAF SMALL FINANCE BANK
Joy of Banking

ESAF SMALL FINANCE BANK LIMITED

CIN: L65990KL2016PLC045669

Registered Office: Building No. VII/83/8, ESAF Bhavan, Thrissur-Palakkad National Highway, Mannuthy, Thrissur, Kerala, India, PIN – 680 651

E-mail: investor.relations@esafbank.com

Ph. No.: 0487-7123456 **Website:** www.esaf.bank.in

NOTICE FOR CONVENING THE 10TH ANNUAL GENERAL MEETING OF THE BANK

Notice is hereby given that the Tenth Annual General Meeting **("AGM")** of Shareholders of ESAF Small Finance Bank Limited (the **"Bank"**), will be held on **Friday, 14th August, 2026** at **03:00 PM (IST)** through Video Conferencing **("VC")**/Other Audio-Visual Means **("OAVM")**, to transact the following businesses.

ORDINARY BUSINESS

1. **To receive, consider and adopt the Standalone Audited Financial Statements of the Bank for the Financial year ended 31st March, 2026, together with the schedules and annexures thereto, reports of the Board of Directors and the Auditors thereon.**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT the Audited Financial Statements of the Bank for the Financial Year ended 31st March, 2026 and the reports of the Board of Directors and the Auditors thereon, be and are hereby received, considered and adopted."

2. **To re-appoint Shri. George Ittan Maramkandathil (DIN: 11193648), Non-Executive Director, who retires by rotation this year, and being eligible, offered himself for re-appointment.**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, Shri. George Ittan Maramkandathil (DIN: 11193648), who retires by rotation at this meeting and who being eligible has offered himself for re-appointment, be and is hereby re-appointed as Non-Executive Director of the Bank."

3. **To appoint M/s. Rodi Dabir & Co, Chartered Accountants, Nagpur (Firm Registration Number: 108846W), as one of the Joint Statutory Auditors of the Bank to hold office for a period of three (3) consecutive financial years, who shall hold office from the conclusion of the 10th Annual General Meeting until the conclusion of the 13th Annual General Meeting of the Bank and fixing of remuneration of the Joint Statutory Auditors of the Bank.**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014 ("Rules"), the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), Section 30 and the applicable provisions of the Banking Regulation Act, 1949, including relevant circular, notification, guidelines issued by the Reserve Bank of India ("RBI"), in this regard, from time to time and any other applicable laws (including any statutory amendment(s) thereto, modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members of the Bank, be and is hereby accorded for the appointment of M/s. Rodi Dabir & Co, Chartered Accountants having Firm Registration No. 108846W, issued by the Institute of Chartered Accountants of India, as one of the Joint Statutory Auditors of the Bank, to hold the office for a period of three (3) consecutive financial years, from the conclusion of the 10th Annual General Meeting until the conclusion of the 13th Annual General Meeting of the Bank, subject to the approval of the RBI to be obtained by the Bank for every year and on such terms and conditions, including such remuneration plus applicable taxes and reimbursement of out-of-pocket expenses in connection with the audit as may

be mutually agreed between the Board of Directors of the Bank ("Board") and the Auditors."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Act read with the Rules, Section 30 of the Banking Regulation Act, 1949 and the guidelines and circulars issued by the RBI in this regard, from time to time, including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force, the approval of the members of the Bank, be and is hereby accorded for payment of an overall audit fee not exceeding ₹ 90,00,000/- (Rupees Ninety lakh Only) per financial year, to be paid and allocated between the Joint Statutory Auditors as may be mutually agreed between the Bank and the Joint Statutory Auditors, depending upon their respective scope of work and reimbursement of actual out-of-pocket expenses, goods and services tax and such other tax(es) as may be applicable."

"RESOLVED FURTHER THAT the Board, including the Audit Committee of the Board ("Audit Committee") or any other person(s) authorized by the Board or Audit Committee in this regard, be and is hereby authorized on behalf of the Bank to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable for such purpose and with the power to the Board to settle all questions, difficulties or doubts that may arise in the regard to the implementation of the resolution, including but not limited to determination of roles and responsibilities/scope of work of the respective Joint Statutory Auditors, negotiating, finalizing, amending, signing, delivering, executing the terms of appointment, including any contract or document in this regard and to alter and vary the terms and conditions of remuneration for the remaining tenure, arising out of increase in scope of work, amendment in Accounting Standards or regulations and such other requirements resulting in the change in scope of work etc., without being required to seek any further consent or approval of the members of the Bank."

SPECIAL BUSINESS

4. Appointment of Shri. Hari Velloor (DIN: 11650530) as Non-Executive Director of the Bank

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable rules, if any (the "Rules"), Regulation 17 and other relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and the rules, guidelines and circulars issued by the Reserve Bank of India ("RBI") in this regard, from time to time and such other provisions as may be applicable, including relevant circular, notification, guidelines issued in this regard and any other applicable laws (including any statutory amendment(s) thereto, modification(s) or re-enactment(s) thereof, for the time being in force), provisions of the Articles of Association of the Bank and pursuant to the recommendation of the Nomination, Remuneration and Compensation Committee of the Board (the "Committee") and the Board of Directors of the Bank (the "Board"), Shri. Hari Velloor, holding DIN: 11650530, who has submitted consent to act as a Director of the Bank in Form DIR-2, who has submitted declaration that he meets the fit and proper criteria laid down by the RBI and in respect of whom the Bank has received a notice in writing under Section 160(1) of the Act from a member, signifying his intention to propose Shri. Hari Velloor's candidature for the office of Non-Executive Director who is eligible for appointment and possesses relevant expertise and experience and is not disqualified under Section 164 of the Act (including the Rules), be and is hereby appointed as a Non-Executive Director of the Bank to hold office for a term of three (3) consecutive years with effect from 1st September, 2026 and whose office shall be liable to retire by rotation."

"RESOLVED FURTHER THAT the Board, which term shall be deemed to include any Committee(s) of the Board or any other persons to whom powers are delegated by the Board as permitted under the Act and/or rules made thereunder, be and is hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise in this regard, as they may in their sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any Director(s)/ Officer(s) of the Bank, to give effect to the above

resolution, without being required to seek any further consent or approval of the members of the Bank."

5. **Appointment of Shri. Ashok Tukaram Dhamankar (DIN: 03066552) as Non-Executive Independent Director of the Bank**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and 160, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable rules, if any (the "Rules"), Regulations 16(1)(b),17 and 25 (2A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and the rules, guidelines and circulars issued by the Reserve Bank of India ("RBI") in this regard, from time to time and such other provisions as may be applicable, including relevant circular, notification, guidelines issued in this regard and any other applicable laws (including any statutory amendment(s) thereto, modification(s) or re-enactment(s) thereof, for the time being in force), provisions of the Articles of Association of the Bank and pursuant to the recommendation of the Nomination, Remuneration and Compensation Committee of the Board (the "Committee") and the Board of Directors of the Bank (the "Board"), Shri. Ashok Tukaram Dhamankar, holding DIN: 03066552, who has submitted consent to act as a Director of the Bank in Form DIR-2, in respect of whom the Bank has received a notice in writing under Section 160(1) of the Act from a member, signifying his intention to propose Shri. Ashok Tukaram Dhamankar for the office of Director, who is eligible for appointment and possesses relevant expertise and experience and is not disqualified under Section 164 of the Act (including the rules framed thereunder), who has submitted a declaration that he meets the criteria for independence as provided in Regulation 16 of SEBI Listing Regulations and Section 149(6) of the Act and who has submitted declaration that he meets the fit and proper criteria laid down by the RBI, be and is hereby appointed as a Non-Executive Independent Director of the Bank to hold office for a term of three (3) consecutive years with effect from 1st September, 2026 and whose office shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT the Board, which term shall be deemed to include any Committee(s) of the Board or any other persons to whom powers are delegated by the Board as permitted under the Act and/or rules made thereunder, be and is hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise in this regard, as they may in their sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any Director(s)/ Officer(s) of the Bank, to give effect to the above resolution, without being required to seek any further consent or approval of the members of the Bank."

6. **Re-Appointment of Prof. Biju Varkkey (DIN: 01298281) as Non-Executive Independent Director of the Bank**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and 160, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable rules, if any (the "Rules"), Regulations 16(1)(b),17 and 25(2A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and the rules, guidelines and circulars issued by the Reserve Bank of India ("RBI") in this regard, from time to time and such other provisions as may be applicable, including relevant circular, notification, guidelines issued in this regard and any other applicable laws (including any statutory amendment(s) thereto, modification(s) or re-enactment(s) thereof, for the time being in force), provisions of the Articles of Association of the Bank and pursuant to the recommendation of the Nomination, Remuneration and Compensation Committee of the Board (the "Committee") and the Board of Directors of the Bank (the "Board"), Prof. Biju Varkkey, holding DIN: 01298281, whose first term as an Independent Director of the Bank is expiring on 16th August, 2026, who has submitted consent to act

as a Director of the Bank in Form DIR-2, who has submitted a declaration that he meets the criteria for independence as provided in Regulation 16 of the SEBI Listing Regulations and Section 149(6) of the Act, who has submitted declaration that he meets the fit and proper criteria laid down by the RBI, who is eligible for re-appointment, and possesses relevant expertise and experience and is not disqualified under Section 164 of the Act (including the rules framed thereunder), be and is hereby re-appointed as a Non-Executive Independent Director of the Bank to hold office for a term of three (3) consecutive years with effect from 17th August, 2026 and whose office shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT the Board, which term shall be deemed to include any Committee(s) of the Board or any other persons to whom powers are delegated by the Board as permitted under the Act and/or rules made thereunder, be and is hereby severally authorized to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise in this regard, as they may in their sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any Director(s)/ Officer(s) of the Bank, to give effect to the above resolution, without being required to seek any further consent or approval of the members of the Bank."

7. Revision of Remuneration of Dr. Kadambelil Paul Thomas (DIN: 00199925), Managing Director and CEO of the Bank

To consider and, if thought fit, to assent or dissent with or without modification(s), to the following resolution(s) to be passed as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197,198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable rules, if any (the "Rules"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), Section 35B and other applicable provisions of the Banking Regulation Act, 1949, the Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025, and the rules, guidelines and circulars issued by the Reserve Bank of India ("RBI"), from time to time (including any statutory amendment(s) thereto, modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Articles of Association of the Bank and pursuant to the recommendation of the Nomination, Remuneration and Compensation Committee (the "Committee") and approval of the Board of Directors of the Bank (the "Board"), subject to the approval of the RBI and the conditions as may be prescribed by RBI while granting such approval, the approval of the shareholders of the Bank, be and is hereby accorded for the payment of remuneration of Dr. Kadambelil Paul Thomas (DIN: 00199925), Managing Director and CEO of the Bank, as detailed below and in the Explanatory Statement, effective from 1st April, 2026."

Sl. No.	Particulars	Remuneration (Amount in lakh)
Fixed Pay		
(A)	Salary and Allowances	
i.	Salary	260
ii.	Other Fixed Allowances	8
Total Salary & allowances		**268**
(B)	Retiral Benefits	
i.	Provident Fund	26 (10% of Salary)
ii.	Gratuity	As per the general norms applicable for employees
Total Retiral Benefits		**26**
(C)	Perquisites	
i.	Other perquisites (includes Free Furnished House and its maintenance/HRA, Conveyance Allowance/Free use of bank's car for official and private purposes, Driver(s)' salary, Club Membership(s), Reimbursement of medical expenses, Medical Insurance Premium, Reimbursement of Entertainment Expenditure, Travelling and Halting Allowance etc.)	**25**
Total Fixed Pay		**319**
Variable Pay*		
i.	Cash Component	431
ii.	Non-Cash Component	Nil
Total Variable Pay		**431**
Total Remuneration		**750**

*Variable Pay shall be subject to deferral, malus and clawback requirements as per the Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025 and the Compensation Policy of the Bank.

"RESOLVED FURTHER THAT the proportion of payout of cash variable pay would be based on performance rating as determined by the Board/ Committee thereof and can vary from 0-100% of the target variable pay."

"RESOLVED FURTHER THAT in case of absence or inadequacy of profits in any fiscal year, the above remuneration shall be the minimum remuneration payable to Dr. Kadambelil Paul Thomas."

"RESOLVED FURTHER THAT the Board or the Committee, be and are hereby jointly and severally authorized to fix the actual amount of remuneration, subject to the above limits and to vary the same to the extent as permitted by the RBI and to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise in this regard, as they may in their sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any Director(s)/Officer(s) of the Bank, to give effect to the above resolution."

8. **Revision of Remuneration of Shri. George Kalaparambil John (DIN: 00694646), Whole-time Director designated as Executive Director of the Bank**

To consider and, if thought fit, to assent or dissent with or without modification(s), to the following resolution(s) to be passed as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable rules, if any (the "Rules"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 ("SEBI Listing Regulations"), Section 35B and other applicable provisions of the Banking Regulation Act, 1949,the Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025, and the rules, guidelines and circulars issued by the Reserve Bank of India ("RBI"), from time to time (including any statutory amendment(s) thereto, modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Articles of Association of the Bank and pursuant to the recommendation of the Nomination, Remuneration and Compensation Committee (the "Committee") and approval of the Board of Directors of the Bank (the "Board"), subject to the approval of the RBI and the conditions as may be prescribed by RBI while granting such approval, the approval of the shareholders of the Bank, be and is hereby accorded for the payment of remuneration of Shri. George Kalaparambil John (DIN: 00694646), Whole-time Director designated as Executive Director of the Bank, as detailed below and in the Explanatory Statement, effective from 1st April, 2026."

Sl. No.	Particulars	Remuneration (Amount in lakh)
Fixed Pay		
(A)	Salary and Allowances	
i.	Salary	85
ii.	Other Fixed Allowances	37.4
Total Salary & allowances		**122.4**
(B)	Retiral Benefits	
i.	Provident Fund	8.5 (10% of Salary)
ii.	Gratuity	As per the general norms applicable for employees
Total Retiral Benefits		**8.5**
(C)	Perquisites	
i.	Other perquisites (includes Free Furnished House and its maintenance/HRA, Conveyance Allowance/Free use of bank's car for official and private purposes, Driver(s)' salary, Club Membership(s), Reimbursement of medical expenses, Medical Insurance Premium, Reimbursement of Entertainment Expenditure, Travelling and Halting Allowance etc.)	20.1
Total Fixed Pay		**151**
Variable Pay*		
i.	Cash Component	84
ii.	Non-Cash Component (In the form of ESOPs, the price of grant will be determined based on the prevailing market price at the time of granting of such ESOPs)	101
Total Variable Pay		**185**
Total Remuneration		**336**

*Variable Pay shall be subject to deferral, malus and clawback requirements as per the Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025 and the Compensation Policy of the Bank.

"RESOLVED FURTHER THAT the proportion of payout of cash variable pay would be based on performance rating as determined by the Board/Committee thereof and can vary from 0-100% of the target variable pay."

"RESOLVED FURTHER THAT in case of absence or inadequacy of profits in any fiscal year, the above remuneration shall be the minimum remuneration payable to Shri. George Kalaparambil John."

"RESOLVED FURTHER THAT the Board or the Committee, be and are hereby jointly and severally authorized to fix the actual amount of remuneration, subject to the above limits, and to vary the same to

the extent as permitted by the RBI and to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise in this regard, as they may in their sole and absolute discretion deem fit and to do all such acts, deeds, matters and things as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any Director(s)/ Officer(s) of the Bank, to give effect to the above Resolution."

9. Borrowing/raising of funds, by issue of debt securities on a Private Placement basis

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 23, 42, 71, 179 and 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Companies (Share Capital and Debenture) Rules 2014, the Companies (Prospectus and Allotment of Securities) Rules 2014, and any other applicable rules issued under the Act (the "Rules"), the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("SEBI Regulations"), Operational Circular for issue and listing of Non-convertible Securities, Securitized Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper issued by SEBI and other applicable rules, regulations, guidelines and directions issued by the Securities and Exchange Board of India ("SEBI"), applicable provisions of the Banking Regulation Act, 1949, the Foreign Exchange Management Act, 1999 including the rules, circulars and guidelines issued by Reserve Bank of India ("RBI"), SEBI Operational Circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated 10th August, 2021, updated as on 13th April, 2022, the relevant provisions of Memorandum and Articles of Association of the Bank and subject to the rules, regulations, guidelines and circulars issued thereunder from time to time by the RBI or SEBI or any other Statutory/Regulatory Authorities (including any statutory amendment(s) thereto, modification(s) or re-enactment(s) thereof, for the time being in force), and such other approvals, consents and sanctions as may be necessary from the statutory authorities concerned, the approval of the shareholders of the Bank, be and is hereby accorded to the Board of Directors (herewith referred to as the "Board" which expression shall also include a Committee thereof, or any other persons to whom powers are delegated by the Board as permitted under the Act) of the Bank for borrowing or raising funds, from time to time, in Indian Rupees or any other permitted Foreign Currency by issuing or making offer(s) or invitation(s) to subscribe to Non-Convertible Debentures including Bonds/Notes/other Debt Securities, but not limited to, Subordinated, Unsecured, Rated, Listed/Unlisted, Taxable, Redeemable debt securities, Tier-II Bonds or regulatory capital instruments including Perpetual Debt instruments/ Additional Tier-I capital instruments, as may be permitted by the Reserve Bank of India, Long Term Bonds for financing infrastructure and affordable housing, Sustainable Bonds/ ESG Bonds (including green bonds) and such other securities as may be permitted under applicable law from time to time (collectively hereinafter referred to as the "debt securities"), in one or more tranches and/or series and/or under relevant disclosure documents and/or one or more letters of offer as may be issued by the Bank, in such classes and with such rights or terms as may be considered necessary for each series/ tranches, until One (1) year from the conclusion of the Tenth (10th) Annual General Meeting, on a private placement basis, for an amount not exceeding in aggregate ₹ 2000,00,00,000/- (Rupees Two Thousand crore Only), within the overall borrowing limits of the Bank, on such terms and conditions, at such times at par or at such premium/discount, and to any category of investors who are permitted to invest in Banks, as may be decided by the Board."

"RESOLVED FURTHER THAT the Board or any Committee of the Board or such other persons as may be authorized by the Board, be and is hereby authorized to appoint merchant bankers, underwriters, guarantors, depositories, custodians, registrars, trustees, stabilizing agents, bankers, lawyers, advisors and all such agencies as may be

involved or concerned in the issue and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, contracts/agreements, memoranda, documents, etc., with such agencies, to seek the listing of debt securities in one or more recognized stock exchange(s) as may be required."

"RESOLVED FURTHER THAT the Board, which term shall be deemed to include any Committee(s) of the Board or any other persons to whom powers are delegated by the Board as permitted under the Act and/or rules made thereunder, be and is hereby authorized to negotiate, modify and finalize the terms and conditions of the debt securities and sign the relevant documents/agreements in connection with the private placement of the debt securities, including without limitation, the private placement offer letter (along with the application form), information memorandum, disclosure documents, debenture subscription agreement, debenture trust deed and any other documents as may be required, in connection with the offering(s), issuance(s) and/or allotment(s) on private placement of debt securities by the Bank and to further delegate the above powers to any Committee of Directors or any personnel of the Bank to act on their behalf as they may deem fit, as permitted by the Act, and to do all such other acts and things and to execute all such documents as may be necessary for giving effect to this resolution."

10. Amendment to the Articles of Association of the Bank:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), and the rules made thereunder (the "Rules"), Section 35B and other applicable provisions, if any, of the Banking Regulation Act, 1949, read with the relevant rules, guidelines and circulars issued by the Reserve Bank of India (the "RBI"), the Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025, Regulation 31B and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), and any other applicable laws (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Board of Directors of the Bank and RBI's approval dated 15th July, 2026 and such other approval(s), consent(s), permission(s) and/or sanction(s), if any, as may be necessary from the concerned statutory/ regulatory authorities and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of the said statutory/regulatory authorities while granting any such approval(s), consent(s), permission(s), and/or sanction(s), the approval of the shareholders of the Bank be and is hereby accorded for the amendments to the Articles of Association of the Bank to align the existing Articles of Association with extant regulatory and statutory provisions of the Companies Act, 2013 and the rules made thereunder, and other applicable law, each as amended, including the following amendments:

1. Insertion of Article 168(f):

Notwithstanding anything contained herein, as long as EFHL and Mr. Kadambelil Paul Thomas continue to be the Promoters of the Company, EFHL has the right to nominate a maximum of two Directors on the Board of the Company and Mr. Kadambelil Paul Thomas has the right to nominate a maximum of one Director (including himself if he chooses to be one) on the Board of the Company. Any such appointment, shall to the extent required by Applicable Laws, be subject to the consent of the RBI. In the event any Directors nominated by EFHL or Mr. Kadambelil Paul Thomas to the Board of the Company are not accepted by RBI, the same will not be appointed to the Board."

"**RESOLVED FURTHER THAT** pursuant to the requirements prescribed under Regulation 31B and other applicable provisions of the SEBI Listing Regulations read with the applicable provisions of the Act, the consent of the Members of the Bank be and is hereby accorded to give effect to the rights of Promoters of the Bank as specified above."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized on behalf of the Bank to delegate all or any of its powers, including the powers conferred by this Resolution, to any Director(s) or Chief Financial Officer or the Company Secretary of the Bank, to execute all such agreements, documents, instruments and writings as may be deemed necessary or desirable for such purpose, file requisite forms or applications with the concerned Statutory/ Regulatory Authorities, with the power to settle all questions, difficulties or doubts that may arise in this regard, and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or appropriate to give effect to the said Resolution."

By the order of the Board
For **ESAF Small Finance Bank Limited**

Sd/-
Ranjith Raj P
Company Secretary and Compliance Officer
Membership No.: A 30388
Registered and Corporate Office:
Building No. VII/83/8, ESAF Bhavan, Thrissur-Palakkad National Highway, Mannuthy, Thrissur, Kerala, India, PIN – 680 651

Place: Thrissur
Date: 18th July, 2026

NOTES

- The Ministry of Corporate Affairs ("MCA) vide its General Circular numbers 20/2020 dated 5th May, 2020, 02/2022 dated 5th May, 2022, 10/2022 dated 28th December, 2022, 09/2023 dated 25th September, 2023, 09/2024 dated 19th September, 2024, 03/2025 dated 22nd September, 2025 and the Securities and Exchange Board of India vide its SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated 3rd October, 2024 (collectively referred to as "the Circulars"), has permitted to hold Annual General Meeting ("AGM or Meeting") through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), without the physical presence of members at a common venue. Hence, in compliance with the applicable provisions of the Companies Act, 2013 ("Act") and rules made thereunder read with the Circulars, the AGM of the Bank is being held through VC/OAVM. The deemed venue for the AGM shall be the Registered and Corporate Office of the Bank situated at Building No. VII/83/8, ESAF Bhavan, Mannuthy, Thrissur – Palakkad National Highway, Thrissur, Kerala, PIN – 680 651.
- Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is also entitled to appoint a proxy to attend and vote instead of himself/ herself and such proxy need not be a Member of the Bank. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
- The statement pursuant to Section 102(1) of the Companies Act, 2013 read with the relevant Rules made thereunder ("Act"), the Secretarial Standard on General Meetings (SS-2), in respect of item nos. 2 to 10 of this notice, is annexed herewith.
- The Bank has availed the services of National Securities Depository Limited ("NSDL") for providing VC facility.
- The Members can join the AGM in the VC/OAVM mode, 30 minutes before the scheduled time of the commencement of the meeting by using the remote e-voting login credentials and selecting the EVEN for Bank's AGM as further detailed in the Notice - Instructions for members for remote e-voting. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination, Remuneration and Compensation Committee and Stakeholders Relationship Committee, Auditors, etc., who are allowed to attend the AGM without restriction on account of first come first served basis. The facility will not be closed earlier than 30 minutes after scheduled time.
- In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote, provided the votes are not already cast by remote e-voting. Every Folio/Client ID will have only one login-id irrespective of the number of joint holders.
- Institutional/Corporate shareholders (i.e. other than individuals/HUF, NRI, etc.) intending to participate and vote during the AGM, are requested to send a scanned copy (pdf/jpg format) of its Board or Governing Body's resolution/authorization etc., authorizing their representative to attend and vote in the AGM on their behalf, to the scrutinizers by sending an e-mail to cochin@mehta-mehta.com with a copy marked to investor.relations@esafbank.com and evoting@nsdl.co.in quoting their DP ID and Client ID or folio number. Alternatively, same can also be uploaded by clicking on "Upload board resolution/authority letter" displayed under "e-voting" tab in their respective login.
- Members may note that attendance of members through VC shall be counted for the purpose of reckoning quorum under Section 103 of the Companies Act, 2013.
- All documents referred to in the Notice and the Explanatory Statement, and requiring Members' approval, and such statutory records and registers, as are required to be kept open for inspection under the Companies Act, 2013, shall be available for inspection by the Members at the Registered and Corporate Office of the Bank during business hours and shall be accessible to the person attending the meeting. In accordance with the MCA Circulars, the said documents have been made accessible for inspection through electronic mode and shall remain open and be accessible to any member till conclusion of the meeting. Any member intending to inspect the documents through electronic mode shall make a request by sending an e-mail to investor.relations@

esafbank.com.

- In accordance with the Circulars, notice of 10th AGM along with the annual report for the Financial Year 2025-26 is being sent only through electronic mode to the members who have registered their e-mail addresses with the Bank/their respective depository participant ("DP"). Accordingly, no physical copy of the notice of 10th AGM and the Annual Report for the Financial Year 2025-26 is being sent to members who have not registered their e-mail addresses with the Bank/DP. The members will be entitled to a physical copy of the Annual Report for the Financial Year 2025-26, free of cost, upon sending a request to the Bank or its Registrar and Transfer Agent ("RTA") viz. MUFG Intime India Limited ("MUFG Intime"). Members may note that the notice of 10th AGM and the annual report are also available on the Bank's website at www.esaf.bank.in and on the website of stock exchanges i.e. BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com). The Notice shall also be available on the website of NSDL at www.evoting.nsdl.com
- Members are requested to register / update their e-mail address with their Depository Participant or the Bank / RTA, as applicable
- A letter providing the web-link and QR code, including the exact path, for accessing this Notice and the Integrated Annual Report for the Financial Year 2025-26 will be sent by the Bank to such members.
- All correspondence regarding shares of the Bank should be addressed to the Bank's RTA, MUFG Intime at rnt.helpdesk@in.mpms.mufg.com.
- For ease of conduct, members who would like to ask questions/express their views on the items of the businesses to be transacted at the meeting can send in their questions/comments in advance by sending an email to investor.relations@esafbank.com atleast five days prior to the meeting mentioning their name, demat account no./Folio no., e-mail Id, mobile number etc. The queries may be raised precisely and in brief to enable the Bank to answer the same suitably depending on the availability of time at the meeting. Please note that only questions of the members holding the shares as on cut-off date will be considered.
- The Board of Directors has appointed Shri. Arun K Kamalolbhavan (FCS: 9609, COP No: 11657), Partner, Mehta & Mehta, Company Secretaries, as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- The results declared along with the report of the Scrutinizer shall be placed on the website of the Bank www.esaf.bank.in and on the website of NSDL https://www.evoting.nsdl.com, immediately after the declaration of result by the Chairman.
- Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.
- Further, members will be required to use camera, if any, and hence require to use internet with a good speed to avoid any disturbance during the meeting.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER: -

The remote e-voting period begins on Tuesday, **11th August, 2026** at **09:00 A.M.** and ends on Thursday, **13th August, 2026** at **05:00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on cut-off date, i.e. Friday, 7th August, 2026, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Bank as on the cut-off date, being **7th August, 2026**, subject to the relevant provisions of Section 12 of the Banking Regulation Act, 1949 and Reserve Bank of India Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies dated 16th January, 2023.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID,8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email ID/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the **"Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 3. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 4. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. 5. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. 2. After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 09911

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a. pdf file. Open the.pdf file. The password to open the.pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The.pdf file contains your 'User ID' and your 'initial password'.
      (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email IDs are not registered**.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
   a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cochin@mehta-mehta.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/Power of Attorney/Authority Letter etc. by clicking on "Upload Board Resolution/Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Smt. Pallavi Mhatre at evoting@nsdl.com

Process for those shareholders whose email IDs are not registered with the depositories for procuring user id and password and registration of e mail IDs for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) by e-mail to investor.relations@esafbank.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to investor.relations@esafbank.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.
3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.
5. Any person who becomes a member of the Bank after dispatch of the Notice and holds shares as on the cut-off date may obtain the User ID and password by sending a request to evoting@nsdl.com, or may follow the e-voting login process specified in this Notice.

For updation of PAN, e-mail address, Bank account and other details:-

1. Members holding shares in dematerialised mode, are requested to update their records, such as, tax residential status, PAN, bank account details, registered e-mail address, mobile number and other details with their relevant Depositories through their DPs. Members holding shares in physical mode are requested to furnish these details to MUFG Intime, in the prescribed Form ISR-1, which is available at https://www.esaf.bank.in/investor-relation/?id=shareholders-meeting.

Members are also requested to submit relevant supporting documents, such as, a cancelled cheque leaf with the member's name and bank account details or a copy of the Bank pass-book statement and a copy of their PAN card, both, duly self-attested by the members.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above to access NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Facility of joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for AGM and will be available for Members on first come first served basis.
3. Members are encouraged to join the meeting through Laptops for better experience.
4. Further, members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. Members facing any technical issue in login before/during the AGM can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000 and 022 - 2499 7000
7. Members who would like to express their views/ ask questions as a speaker at the meeting may pre-register themselves by sending a request in advance atleast five (5) days prior to meeting, from their registered e-mail address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at investor.relations@esafbank.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, e-mail id, mobile number at investor.relations@esafbank.com. These queries will be replied to by the Bank suitably by e-mail.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

RESULT OF E-VOTING

The Board of Directors has appointed Shri. Arun K Kamalolbhavan (FCS: 9609, COP No: 11657), Partner, Mehta & Mehta, Company Secretaries as the Scrutinizer, to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-voting as per the procedure laid down in the Companies (Management and Administration) Rules,

2014 (as amended). On completion of the scrutiny, the Scrutinizer will submit his report to the Chairman of the meeting/Managing Director & CEO of the Bank, who shall counter sign the same. The Results on above resolutions shall be declared within two working days from the date of conclusion of the AGM of the Bank and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.

The results declared along with the report of the Scrutinizer shall be placed on the website of the Bank www.esaf.bank.in and on the website of NSDL https://www.evoting.nsdl.com, immediately after the declaration of result by the Chairman and communication of the same will be sent to the BSE Limited and the National Stock Exchange of India Limited. The Bank will also display the results of the AGM at its registered office and the corporate office. The recorded transcript of the AGM, shall as soon as possible, be also uploaded on the website of the Bank.

EXPLANATORY STATEMENT SETTING OUT THE MATERIAL FACTS CONCERNING ITEMS OF ORDINARY/SPECIAL BUSINESS

In terms of the provisions of Section 102 of the Companies Act, 2013 ("Act"), Secretarial Standard on General Meetings ("SS-2") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the following explanatory statement sets out the material facts relating to item nos. 2 to 10 of this notice.

Item No. 2 – To re-appoint Shri. George Ittan Maramkandathil (DIN: 11193648), who retires by rotation this year, and being eligible, offered himself for re-appointment

Shri. George Ittan Maramkandathil was appointed as a Non-Executive Director of ESAF Small Finance Bank Limited ("the Bank"), with effect from 18th November, 2025 upto 17th November, 2028 (both days inclusive). In accordance with Section 152(6) of the Companies Act, 2013, and the conditions of appointment notwithstanding his tenure of appointment, his office is liable to retirement by rotation. The said appointment was approved by the members of the Bank in the 09th Annual General Meeting of the Bank held on 24th September, 2025. In terms of Section 152(6) of the Act, Shri. George Ittan Maramkandathil retires by rotation at the Tenth (10th) Annual General Meeting ("AGM") and being eligible has offered himself for re-appointment. Based on performance evaluation and recommendation of the Nomination, Remuneration and Compensation Committee (the "Committee"), the Board of Directors of the Bank (the "Board" or "Board of Directors") at its meeting held on 29th June, 2026 approved the re-appointment of Shri. George Ittan Maramkandathil, who retires by rotation at the 10th Annual General Meeting, subject to the approval of the members of the Bank.

Profile

Shri. George Ittan Maramkandathil is the CEO and Founder of the AST Group of Companies. He is a result-driven, self-motivated, and resourceful leader, renowned for his ability to develop and strengthen management teams to maximize profitability and efficiency. Shri. George Ittan Maramkandathil has a distinguished career spanning 43 years, beginning as a CAD Team Leader at Rice Perry Ellis and Partners from 1982 to 1985. In 1985, he founded the AST Group of Companies and has served as CEO since its inception.

Whilst considering the re-appointment of Shri. George Ittan Maramkandathil as Non-Executive Director, the Committee and the Board confirmed that:

- He conforms to the fit and proper norms prescribed by the Reserve Bank of India **("RBI")**, provisions of the Act, applicable SEBI Regulations and Internal Policies of the Bank;
- He is not disqualified from being re-appointed as Director of the Bank in terms of Section 164 of the Act and has given his consent to act as a Director of the Bank;
- In the opinion of the Board, he fulfils the conditions relating to his re-appointment as prescribed under the relevant provisions of the Act, the relevant rules made thereunder, the SEBI Listing Regulations, the Banking Regulation Act, 1949 and the guidelines issued by the RBI, in this regard, from time to time;
- He has not been debarred from holding office of a director by virtue of any order passed by SEBI or any other such authority, pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated 20th June, 2018, and NSE Circular No. NSE/CML/2018/24 dated 20th June, 2018; and
- He has the requisite skills, capabilities and expertise in functional areas namely Business Management etc., through qualification and diverse experience, which are beneficial to the Bank.

Justification for considering re-appointment as Non-Executive Director

The Committee and the Board of Directors are of the view that, Shri. George Ittan Maramkandathil is a person of integrity and considering his background, experience, qualifications, extensive knowledge and expertise, the re-appointment of Shri. George Ittan Maramkandathil as a Non-Executive Director shall be of immense benefit to the Bank and accorded its recommendation to the members of the Bank to re-appoint Shri. George Ittan Maramkandathil as a Non-Executive Director of the Bank, who retires by rotation at the 10th Annual General Meeting. Upon re-appointment by rotation, he shall continue to hold office as Non- Executive Director for the remainder of his approved term upto 17th November, 2028, subject to retirement by rotation under the applicable law.

The performance evaluation of Shri. George Ittan Maramkandathil was carried out by all the directors of the Bank except the director of the Bank being evaluated and the performance of the director of the Bank was found to be satisfactory. The period of office of Shri. George Ittan Maramkandathil as the Non-Executive Director of the Bank shall be liable to determination by retirement of directors by rotation, in terms of Section 152 of the Act.

Shri. George Ittan Maramkandathil is entitled to sitting fees, in accordance with applicable laws for attending the meetings of the Board and its Committee(s) and reimbursement of expenses (at actuals) for participation in the Board and its Committee(s)] thereof.

Hence, the Board recommends Resolution No. 02 as an Ordinary Resolution for approval by the members of the Bank.

The disclosures as per SS-2 and Regulation 36(3) of the SEBI Listing Regulations are enclosed herewith.

Except Shri. George Ittan Maramkandathil and/or his relatives, no directors or key managerial personnel of the Bank and/or any of their relatives, are concerned or interested in Item No. 02 as specified in the Notice.

Additional information on Directors of the Bank seeking re-appointment as set out in this Annual General Meeting Notice, in terms of Regulation 36(3) of the SEBI Listing Regulations and the SS-2, issued by the Institute of Company Secretaries of India.

Name of the proposed Director	George Ittan Maramkandathil
DIN	11193648
Date of Birth	May 24, 1959
Age	67
Qualification	Diploma in Civil Engineering
Expertise in specific functional areas	Business Management
Experience	Shri. George Ittan Maramkandathil has a distinguished career spanning 43 years, beginning as a CAD Team Leader at Rice Perry Ellis and Partners from 1982 to 1985. In 1985, he founded the AST Group of Companies and has served as CEO since its inception.
Terms and Conditions of appointment	As per the resolution set forth in item no. 02 of the Notice read with explanatory statement thereto.
Details of remuneration sought to be paid	No remuneration will be paid except Sitting Fees for attending meetings of the Board and Committees and reimbursement of expenses (at actuals) for participation in the Board and its Committee(s), in accordance with the applicable laws.
Remuneration last drawn	NIL
Date of First appointment on the Board	18th November, 2025
Shareholding in the Bank including shareholding as a beneficial owner	1,33,33,333 equity shares
Relationship with other Directors (including inter se), Manager and other Key Managerial Personnel	NIL
Number of meetings of the Board attended during the Financial Year 2025-26.	3

Directorships held in other companies (including listed entities)	NIL
Listed entities from which the director has resigned in the past three years	NIL
Brief Profile	Shri. George Ittan Maramkandathil is the CEO and Founder of the AST Group of Companies. He is a results-driven, self-motivated, and resourceful leader, renowned for his ability to develop and strengthen management teams to maximize profitability and efficiency. Shri. George Ittan Maramkandathil has a distinguished career spanning 43 years, beginning as a CAD Team Leader at Rice Perry Ellis and Partners from 1982 to 1985. In 1985, he founded the AST Group of Companies and has served as CEO since its inception.

Memberships/Chairmanship of Committees of other Companies (including listed entities)

Sl. No.	Name of the Company	Board Committees in which he is a member	Board Committees in which he is a Chairperson
Nil			

Item No. 3 - To appoint M/s. Rodi Dabir & Co, Chartered Accountants (Firm Registration Number: 108846W), as one of the Joint Statutory Auditors of the Bank to hold office for a period of Three (3) consecutive financial years, who shall hold office from the conclusion of the 10th Annual General Meeting until the conclusion of the 13th Annual General Meeting of the Bank and fixing of remuneration of Joint Statutory Auditors

Background:

The RBI vide its Circular No. DoS. CO. ARG/ SEC.01/08.91.001/2021-22 dated 27th April, 2021, issued the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ("RBI Guidelines"). The RBI Guidelines are applicable to the Bank for 2021-22 and onwards in respect of appointment/ re-appointment of Statutory Auditors. According to the RBI Guidelines, the Statutory Auditors have to be appointed for a continuous period of three (3) years, subject to the firms' satisfying the eligibility norms each year. Further, as per the RBI Guidelines, considering the asset size of the Bank is more than ₹ 15,000 crore (Rupees Fifteen Thousand crore Only), the Bank needs to have minimum of two Joint Statutory Auditors. In terms of the RBI Guidelines, the members of the Bank on 29th December, 2023, and 24th September, 2025 respectively had approved the following appointments:

1. Appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Registration No. 105215W/ W100057) for a period of three (3) years from conclusion of seventh (7th) AGM until the conclusion of the Tenth (10th) AGM of the Bank, subject to them satisfying the eligibility norms and approval of the RBI, each year.
2. Appointment of M/s. Sundaram & Srinivasan., Chartered Accountants (Firm Registration No. 004207S), for a period of three (3) years from conclusion Ninth (9th) AGM until the conclusion of the Twelfth (12th) AGM of the Bank, subject to them satisfying the eligibility norms and approval of the RBI, each year.

The term of M/s. Kirtane & Pandit LLP will expire at the conclusion of the Tenth (10th) AGM. Accordingly, the Bank is required to appoint a new Joint Statutory Auditor to serve alongside M/s. Sundaram & Srinivasan. In view of above, the Board at their meeting held on 27th February, 2026, on the basis of the recommendation of the Audit Committee of the Bank ("Audit Committee"), recommended the appointment of M/s. Rodi Dabir & Co, Chartered Accountants, Nagpur (Firm Registration No. 108846W), for appointment as a Joint Statutory Auditor of the Bank along with M/s. Sundaram & Srinivasan.

Further, pursuant to the extant RBI guidelines, the Bank had sought annual approval from the RBI for the appointment of M/s. Sundaram & Srinivasan as Joint Statutory Auditor. RBI, vide its letter dated 12th May, 2026, accorded approval for the appointment of M/s. Sundaram & Srinivasan and M/s. Rodi Dabir & Co. as the Joint Statutory Auditors of the Bank for 2026-27, being the second year of tenure of M/s. Sundaram & Srinivasan and the first year of tenure of M/s. Rodi Dabir & Co., respectively. The brief profiles of M/s. Sundaram & Srinivasan and M/s. Rodi Dabir & Co (collectively referred as "Joint Statutory Auditors") are given as below:

M/s. Sundaram & Srinivasan

M/s. Sundaram & Srinivasan is a Chartered Accountant firm (ICAI Firm Registration No. 004207S) established in 1943

and is one of the largest audit firms in South India having 14 partners and offices in Chennai, Bangalore, Mumbai and Madurai. They have rich and deep experience for over 8 decades in sectors like Manufacturing, NBFC/HFC, Banks, Mutual Funds, Investment Services, Insurance, Healthcare, IT & ITES, Real Estate, Media, Public sector enterprises, Agriculture and charitable trusts rendering services for more than 350 clients.

M/s. Rodi Dabir & Co

Rodi Dabir & Co., Chartered Accountants, (FRN: 108846W) established in 1990, is a Nagpur-based firm with over 35 years of experience and pan-India presence. It has extensive experience as Statutory Central Auditor for leading PSU banks, covering key areas such as advances, treasury, risk management, and regulatory compliance. The firm adopts a risk-focused, regulator-aligned audit approach, leveraging data analytics and technology-enabled tools. It offers comprehensive audit capabilities across central, branch, internal, and system audits within the banking and financial sector.

They possess requisite expertise in banking regulations, guidelines issued by RBI and financial services sector operations, having demonstrated competency in handling complex banking audits and regulatory compliance matters. The Audit Committee and Board have recommended their appointment based on their technical competence and proven experience in banking sector audits, verified independence as per applicable regulations, adequate resources and infrastructure to handle the Bank's audit requirements, and competitive fee structure with overall audit fee not exceeding ₹ 90,00,000/- (Rupees Ninety Lakh Only) per financial year. There is no material change in the fee paid to the statutory auditors from the previous financial year.

Pursuant to RBI approval, based on the recommendation of the Audit Committee, the Board on 30th April, 2026 had considered and approved the appointment of M/s. Rodi Dabir & Co, Chartered Accountants, as one of the Joint Statutory Auditor of the Bank, for a period of three (3) years, i.e. from the conclusion of the tenth (10th) AGM until the conclusion of the thirteenth (13th) AGM of the Bank, subject to Joint Statutory Auditors satisfying the eligibility norms and approval of the RBI, each year, at the below remuneration:

[a] Audit Fees of ₹ 90,00,000/- (Rupees Ninety Lakh Only) per annum to be allocated between Joint Statutory Auditors, as may be mutually agreed between the Bank and the Joint Statutory Auditors, depending upon their respective scope of work, plus out-of-pocket expenses, outlays and taxes as applicable; and

[b] Fees for any other assignments not covered in the scope of audit like Long Form Audit Report, Tax Audit, various certification work, etc. will be charged separately and independently, as mutually agreed between the Bank and the Joint Statutory Auditors and as may be further approved by the Board which shall include Audit Committee, from time to time.

The Board, which shall include Audit Committee, be authorised to alter and vary the terms and conditions of appointment, remuneration, etc. of the Joint Statutory Auditors, including by reason of necessity on account of conditions arising out of change/increase in scope of work, amendment in Accounting Standards or conditions as may be stipulated by the RBI and/or any other authority, from time to time, in such manner and to such extent as may be mutually agreed with the Joint Statutory Auditors.

As per the requirement of the Act, M/s. Rodi Dabir & Co has confirmed that the appointment, if made, would be within the limits specified under Section 141 of the Act and they are not disqualified to be appointed as Statutory Auditor in terms of the provisions of Section 139 and Section 141 of the Act read with Companies (Audit and Auditors) Rules, 2014. The Bank has received all the applicable eligibility certificates and consents from M/s. Rodi Dabir & Co to act as the Statutory Auditors of the Bank. M/s. Sundaram & Srinivasan and M/s. Rodi Dabir & Co shall act as Joint Statutory Auditors of the Bank for the remaining term of M/s. Sundaram & Srinivasan. Thereafter, M/s. Rodi Dabir & Co shall continue to act as one of the Joint Statutory Auditors of the Bank with such new Joint Statutory Auditor(s) as may be appointed by the Bank subject to the approval of the RBI and the Members of the Bank, for their remaining term.

Therefore, the approval of Members of the Bank is now sought for appointment of M/s. Rodi Dabir & Co as one of the Joint Statutory Auditors of the Bank for a period of three (3) years i.e. to hold office from the conclusion of the Tenth (10th) AGM until the conclusion of the Thirteenth (13th) AGM, subject to the approval of RBI for re-appointment and subject to them satisfying the eligibility norms and approval of the RBI, each year.

None of the Directors or Key Managerial Personnel of the Bank and/or their relatives are concerned or interested, financially or otherwise, in the resolution mentioned in Item No. 3 of the Notice.

The Board recommends the resolution set forth in Item No. 3 as Ordinary Resolution for approval of the Members.

Item No. 4 – Appointment of Shri. Hari Velloor (DIN: 11650530) as Non-Executive Director of the Bank

The Nomination, Remuneration and Compensation Committee (the "Committee"), the Board of Directors of the

Bank (the "Board" or "Board of Directors") in its meeting held on 4th June, 2026, have accorded their recommendation to appoint Shri. Hari Velloor, holding DIN: 11650530, as Non-Executive Director of the Bank for a period of three (3) consecutive years with effect from 1st September, 2026, based on his skill, experience and knowledge.

Profile

Shri. Hari Velloor is a seasoned banking professional with over 30 years of experience in the banking and financial services industry. He possesses extensive expertise in retail banking, branch operations, distribution management, customer acquisition, and channel development.

He has previously served as Executive Vice President and National Head – Retail and Channels at the Bank, where he was responsible for overseeing retail banking strategy and managing nationwide channel operations. Prior to this, he held senior leadership positions, including Senior Vice President, at HDFC Bank, handling branch banking operations and business development functions.

Shri. Hari Velloor holds a bachelor's degree in arts (history) from University of Delhi and a master's degree in arts (political science) from Madurai Kamaraj University and brings significant leadership experience in driving retail banking growth and strengthening customer outreach across diverse markets.

Whilst considering the appointment of Shri. Hari Velloor as Non-Executive Director, the Committee and the Board of Directors reviewed and confirmed that:

- He conforms to the fit and proper norms prescribed by the RBI, provisions of Act, applicable SEBI Regulations and Internal Policies of the Bank;
- He is not disqualified from being appointed as a Director of the Bank in terms of Section 164 of the Act and has given his consent to act as a Director of the Bank.
- In the opinion of the Board, he fulfils the conditions relating to his appointment as prescribed under the relevant provisions of the Act, the relevant Rules made thereunder, the SEBI Listing Regulations, the Banking Regulation Act, 1949 and the guidelines issued by the RBI, in this regard, from time to time;
- In terms of BSE Circular No. LIST/COMP/14/2018-19 dated 20th June, 2018, and NSE Circular No. NSE/CML/2018/24 dated 20th June, 2018, he has submitted a declaration confirming that he has not been debarred from holding the office of Director by any order of the SEBI or any other such authority; and
- He has the requisite skills, capabilities and expertise in functional areas, namely Banking through qualifications and diverse experience, which are beneficial to the Bank.

Justification for choosing as Non-Executive Director

With a view to strengthening the Board and broadening its collective expertise, the Board, on the recommendation of the Committee, has recommended the appointment of Shri. Hari Velloor as a Non-Executive Director. The Board believes that his experience and expertise will further enhance the Bank's governance and oversight framework and support its long-term growth.

The Committee and the Board have noted that, Shri. Hari Velloor is a person of integrity and possesses the requisite qualifications, experience, knowledge and expertise. Accordingly, they have recommended his appointment as a Non-Executive Director of the Bank for a term of three (3) consecutive years with effect from 1st September, 2026.

The period of office of Shri. Hari Velloor as the Non-Executive Director of the Bank shall be liable to determination by retirement of directors by rotation, in terms of Section 152 of the Act. The Bank has received a notice in writing pursuant to Section 160 of the Act from a member of the Bank proposing the candidature of Shri. Hari Velloor.

Shri. Hari Velloor is entitled to sitting fees, in accordance with applicable laws for attending the meetings of the Board and its Committee(s) and reimbursement of expenses (at actuals) for participation in the Board and its Committee(s) thereof.

Hence, the Board recommends Resolution No. 04 as an Ordinary Resolution for approval by the members of the Bank.

The disclosures as per SS-2 and Regulation 36(3) of the SEBI Listing Regulations are enclosed herewith.

Except Shri. Hari Velloor and/or his relatives, no directors or key managerial personnel of the Bank and/or any of their relatives, are concerned or interested in Item No. 04 as specified in the Notice.

Additional information on Directors of the Bank seeking appointment as set out in this Annual General Meeting Notice, in terms of Regulation 36(3) of the SEBI Listing Regulations and SS-2, issued by the Institute of Company Secretaries of India.

Name of the proposed Director	Hari Velloor
DIN	11650530
Date of Birth	March 03, 1962
Age	64
Qualification	Bachelor's Degree in Arts (History) from University of Delhi and a Master's Degree in Arts (Political Science) from Madurai Kamaraj University.
Expertise in specific functional areas	Banking
Experience	Shri. Hari Velloor is a seasoned banking professional with over three decades of experience across public sector, private sector, and small finance banks. His career spans leadership roles at Canara Bank, HDFC Bank, and ESAF Small Finance Bank, with extensive exposure to business operations, compliance, risk management, audit, and strategic planning.
Terms and Conditions of appointment	As per the resolution set forth in item no. 04 of the Notice read with explanatory statement thereto.
Directorship held in other listed Companies	NIL
Memberships in the Committees of Board of other listed Companies	NIL
Memberships/chairmanships of Committees of the Boards of other Companies	NIL
Listed entities from which the director has resigned in the past three years	NIL
Details of remuneration sought to be paid	No remuneration will be paid except Sitting Fees for attending meetings of the Board and Committees and reimbursement of expenses (at actuals) for participation in the Board and its Committee(s), in accordance with the applicable laws.
Remuneration last drawn	₹ 71.35 Lakh for the Financial Year 2025-26 (As Executive Vice President of the Bank)
Date of First appointment on the Board	NA, proposed to be appointed for the first time on the Board of the Bank.
Shareholding in the Bank including shareholding as a beneficial owner	36,668 equity shares
Relationship with other Directors (including inter se), Manager and other Key Managerial Personnel	NIL
Number of meetings of the Board attended during the year.	NA, proposed to be appointed for the first time on the Board of the Bank.
Directorships held in other companies (including listed entities)	NIL
Brief Profile	Shri. Hari Velloor is a seasoned banking professional with over 30 years of experience in the banking and financial services industry. He possesses extensive expertise in retail banking, branch operations, distribution management, customer acquisition, and channel development. He has previously served as Executive Vice President and National Head – Retail and Channels at ESAF Small Finance Bank, where he was responsible for overseeing retail banking strategy and managing nationwide channel operations. Prior to this, he held senior leadership positions, including Senior Vice President, at HDFC Bank, handling branch banking operations and business development functions. Shri. Hari Velloor holds a bachelor's degree in arts (history) from University of Delhi and a master's degree in arts (political science) from Madurai Kamaraj University and brings significant leadership experience in driving retail banking growth and strengthening customer outreach across diverse markets.

Memberships/Chairmanship of Committees of other Companies (including listed entities)

Sl. No.	Name of the Company	Board Committees in which he is a member	Board Committees in which he is a Chairperson
Nil			

Item No. 5 – Appointment of Shri. Ashok Tukaram Dhamankar (DIN: 03066552) as Non-Executive Independent Director of the Bank

The Nomination, Remuneration and Compensation Committee (the "Committee"), the Board of Directors of the Bank (the "Board" or "Board of Directors") in its meeting held on 4th June, 2026, have accorded their recommendation to appoint Shri. Ashok Tukaram Dhamankar, holding DIN:03066552, as Non-Executive Independent Director of the Bank for a period of three (3) consecutive years with effect from 1st September, 2026, based on his skill, experience and knowledge.

Profile

Shri. Ashok Tukaram Dhamankar is a seasoned finance and fintech professional with extensive experience spanning investment banking, sustainable finance, agri-value chains, and financial services. He currently serves as the Founder and CEO of FinBridge Access to Capital Aggregators Private Limited, where he has established a debt syndication platform focused on enhancing access to funding for MSMEs and agri-linked enterprises.

He has played key leadership roles across large corporates and financial institutions, most notably as Chief Financial Officer – Financial Services at UPL, a global leader in sustainable agriculture solutions, and as Group CFO at Samunnati Financial Intermediation & Services.

Earlier in his career, he spent over a decade with National Collateral Management Services Limited in multiple senior finance roles, including Group CFO, contributing to the growth of agri-financing and collateral management ecosystems. In addition to executive leadership, he has held board and advisory positions, including board memberships at Weather Risk Management Services Private Limited. and Nurture Financial Solutions Private Limited, focusing on financial inclusion, risk management, and sustainable agriculture. Whilst considering the appointment of Shri. Ashok Tukaram Dhamankar as an Independent Director, the Committee and the Board reviewed and confirmed that:

- He conforms to the fit and proper norms prescribed by the RBI, provisions of Act, applicable SEBI Regulations and Internal Policies of the Bank;
- The Bank has received a declaration from Shri. Ashok Tukaram Dhamankar that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16 of the SEBI Listing Regulations;
- He is not disqualified from being appointed as a Director of the Bank, in terms of Section 164 of the Act and has given his consent to act as an Independent Director of the Bank.
- In the opinion of the Board, he fulfils the conditions relating to his appointment as prescribed under the relevant provisions of the Act, the relevant Rules made thereunder, the SEBI Listing Regulations, the Banking Regulation Act, 1949 and the Guidelines issued by the RBI, in this regard, from time to time;
- In terms of BSE Circular No. LIST/COMP/14/2018-19 dated 20th June, 2018, and NSE Circular No. NSE/CML/2018/24 dated 20th June, 2018, he has submitted a declaration confirming that he has not been debarred from holding the office of Director by any order of the SEBI or any other such authority;
- He is not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact his ability to discharge the duties as an Independent Director of the Bank;
- He has further confirmed his compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to his registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs; and
- He has the requisite skills, capabilities and expertise in the functional areas namely Accountancy, Agriculture and Rural Economy, Finance, Human Resources, Business Management and Risk Management through qualification and diverse experience, which are beneficial to the Bank.

Justification for choosing as Non-Executive Independent Director

Considering Shri. Ashok Tukaram Dhamankar's extensive experience, expertise and independent perspective, the

Board is of the view that his appointment as a Non-Executive Independent Director would strengthen the Bank's governance framework and contribute meaningfully to the effective discharge of the Board's oversight responsibilities and the Bank's long-term growth. Further, the Board is satisfied that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16 of the SEBI Listing Regulations.

The Committee and the Board have noted that, Shri. Ashok Tukaram Dhamankar is a person of integrity and possesses the requisite qualifications, experience, knowledge and expertise. Accordingly, the Board, based on the recommendation of the Committee, have recommended his appointment as a Non-Executive Independent Director of the Bank for a term of three (3) consecutive years with effect from 1st September, 2026.

The period of office of Shri. Ashok Tukaram Dhamankar as the Independent Director of the Bank shall not be liable to determination by retirement of directors by rotation, in terms of Section 152 of the Act. The Bank has received a notice in writing pursuant to Section 160 of the Act from a member of the Bank proposing the candidature of Shri. Ashok Tukaram Dhamankar.

His experience reflects strong domain expertise across embedded finance, rural financing, ESG and sustainable finance, with a consistent focus on enabling access to capital and driving inclusive growth across agriculture and MSME sectors.

Shri. Ashok Tukaram Dhamankar is entitled to sitting fees for attending the meetings of the Board and its Committee(s) which is within the limits prescribed under the Act and to reimbursement of travel, boarding, and other out-of-pocket expenses incurred in connection with discharge of his duties as Director. The disclosures as per SS-2 and Regulation 36(3) of the SEBI Listing Regulations are enclosed herewith.

Except Shri. Ashok Tukaram Dhamankar and his relatives, none of the directors or key managerial personnel of the Bank and/or their relatives are concerned or interested, financially or otherwise, in the resolution mentioned in Item No. 5 of the Notice.

The Board recommends the resolution set forth in Item No. 5 as Special Resolution for approval of the members of the Bank.

Additional information on Directors of the Bank seeking appointment, in terms of Regulation 36(3) of the SEBI Listing Regulations and SS-2, issued by the Institute of Company Secretaries of India.

Name of the proposed Director	Ashok Tukaram Dhamankar
Age	56 Years
Nationality	Indian
Qualification	• INSEAD Leadership Program for Senior Executives, General Management (2019) • ACA from Institute of Chartered Accountants in England and Wales (2017) • Certified Public Accountant (CPA) from American Institute of Certified Accountants (2002) • Member of Institute of Chartered Accountants of India (1995) • Bachelor's Degree in Finance from Mumbai University (1991)
Expertise in specific functional areas	Accountancy, Agriculture and Rural Economy, Finance, Human Resources, Business Management, Risk Management etc.
Experience	Shri. Ashok Tukaram Dhamankar is a seasoned finance and fintech professional with extensive experience spanning investment banking, sustainable finance, agri-value chains, and financial services. He currently serves as the Founder and CEO of FinBridge Access to Capital Aggregators Private Limited, where he has established a debt syndication platform focused on enhancing access to funding for MSMEs and agri-linked enterprises. He has played key leadership roles across large corporates and financial institutions, most notably as Chief Financial Officer – Financial Services at UPL, a global leader in sustainable agriculture solutions, and as Group CFO at Samunnati Financial Intermediation & Services.

	Earlier in his career, he spent over a decade with National Collateral Management Services Limited in multiple senior finance roles, including Group CFO, contributing to the growth of agri-financing and collateral management ecosystems. In addition to executive leadership, he has held board and advisory positions, including board memberships at Weather Risk Management Services Private Limited. and Nurture Financial Solutions Private Limited, focusing on financial inclusion, risk management, and sustainable agriculture. His experience reflects strong domain expertise across embedded finance, rural financing, ESG and sustainable finance, with a consistent focus on enabling access to capital and driving inclusive growth across agriculture and MSME sectors.
Terms and Conditions of appointment	As per the resolution set forth in item no. 05 of the Notice read with explanatory statement thereto.
Directorship held in other listed Companies	NIL
Memberships in the Committees of Board of other listed Companies	NIL
Memberships/chairmanships of Committees of the Boards of other Companies	NIL
Listed entities from which the director has resigned in the past three years	NIL
Details of remuneration sought to be paid	No remuneration will be paid except Sitting Fees for attending meetings of the Board and Committees.
Remuneration last drawn	NIL
Date of First appointment on the Board	NA, proposed to be appointed for the first time on the Board of the Bank.
Shareholding in the Bank (including shareholding as a beneficial owner)	250 equity shares
Relationship with other Directors (including inter se), Manager and other Key Managerial Personnel	NIL
Number of meetings of the Board attended during the year.	NA, proposed to be appointed for the first time on the Board of the Bank.
Brief profile	Shri. Ashok Tukaram Dhamankar is a seasoned finance and fintech professional with extensive experience spanning investment banking, sustainable finance, agri-value chains, and financial services. He currently serves as the Founder and CEO of FinBridge Access to Capital Aggregators Private Limited, where he has established a debt syndication platform focused on enhancing access to funding for MSMEs and agri-linked enterprises. He has played key leadership roles across large corporates and financial institutions, most notably as Chief Financial Officer – Financial Services at UPL, a global leader in sustainable agriculture solutions, and as Group CFO at Samunnati Financial Intermediation & Services. Earlier in his career, he spent over a decade with National Collateral Management Services Limited in multiple senior finance roles, including Group CFO, contributing to the growth of agri-financing and collateral management ecosystems. In addition to executive leadership, he has held board and advisory positions, including board memberships at Weather Risk Management Services Private Limited. and Nurture Financial Solutions Private Limited, focusing on financial inclusion, risk management, and sustainable agriculture. His experience reflects strong domain expertise across embedded finance, rural financing, ESG and sustainable finance, with a consistent focus on enabling access to capital and driving inclusive growth across agriculture and MSME sectors.

Directorships held in other companies (including listed companies)	**Sl. No.**	**Name of the Company**	**Designation**	**Period**
	1	Finbridge Access To Capital Aggregators Private Limited	Director	11th April, 2025 – till date
	2	Gloql Agriworld Private Limited	Additional Director	24th April, 2026 – till date
Skills and capabilities required for the role and the manner in which the proposed person meets such requirements.	He has the requisite skills, capabilities and expertise in the functional areas namely Accountancy, Agriculture and Rural Economy, Finance, Human Resources, Business Management and Risk Management through qualification and diverse experience, which are beneficial to the Bank. Considering the knowledge, background, experience and expertise of Shri. Ashok Tukaram Dhamankar, the Committee and the Board of Directors are of the view that the appointment of Shri. Ashok Tukaram Dhamankar as an Independent Director of the Bank shall benefit the Bank.			

Memberships/Chairmanship of Committees of other Companies (including listed entities)

Sl. No.	Name of the Company	Board Committees in which he is a member	Board Committees in which he is a Chairperson
Nil			

Item No. 6 – Re-appointment of Prof. Biju Varkkey (DIN: 01298281) as Non-Executive Independent Director of the Bank

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of up to five (5) consecutive years on the board of directors of a company, and he/she is eligible for re-appointment for an additional term of five (5) consecutive years, on passing of a special resolution by the company. However, in case of banking companies, which are governed under Section 10A(2A) of the Banking Regulation Act, 1949 and RBI (Small Finance Banks – Governance) Directions, 2025, the overall tenure of a Non-Executive Director is restricted for a period of eight (8) consecutive years.

Prof. Biju Varkkey was appointed as Non-Executive Independent Director of the Bank with effect from 17th August, 2023, for a first term of three (3) consecutive years. As per the terms of appointment, his tenure of appointment shall end on 16th August, 2026. The Committee and the Board of Directors in its meeting held on 30th April, 2026, has recommended the re-appointment of Prof. Biju Varkkey as Non-Executive Independent Director for a period of three (3) consecutive years with effect from 17th August, 2026, based on his skills, experience, knowledge and evaluation of performance.

Profile

Prof. Biju Varkkey is a Faculty in Human Resource area in Indian Institute of Management, Ahmedabad for more than 26 years and has also served as a Faculty in various reputed institutions such as Indian Institute of Management, Lucknow, Management Development Institute, Gurgaon etc. in the past. He is a Fellow Member of the National Institute of Bank Management, Pune and holds a Master's Degree in Personnel Management and Industrial Relations from MG University, Kerala. He was a Part-Time Non Official Director of M/s. Bank of Baroda for a period of four years in the past and has also held the position as Director in the Board of M/s. Aster DM Healthcare Limited, M/s. Husys Consulting Limited and M/s. Paschim Gujarat Vij Company Limited. Currently, he holds directorship in the Board of M/s. V Guard Industries Limited, a listed entity as Independent Director and M/s. Konnect CSR Impactors Private Limited.

Whilst considering the re-appointment of Prof. Biju Varkkey as an Independent Director, the Committee and the Board reviewed and confirmed that:

- He conforms to the fit and proper norms prescribed by the RBI, provisions of the Act, applicable SEBI Regulations and Internal Policies of the Bank;
- The Bank has received a declaration from Prof. Biju Varkkey that he meets the criteria of independence as prescribed under Section 149(6) of the Act;
- He is not disqualified from being appointed as a Director of the Bank, in terms of Section 164 of the Act and has given his consent to act as an Independent Director of the Bank.
- In the opinion of the Board, he fulfils the conditions relating to his appointment as prescribed under the relevant provisions of the Act, the relevant Rules made thereunder, the SEBI Listing Regulations, the Banking

Regulation Act, 1949 and the Guidelines issued by the RBI, in this regard, from time to time;

- In terms of BSE Circular No. LIST/COMP/14/2018-19 dated 20th June, 2018, and NSE Circular No. NSE/CML/2018/24 dated 20th June, 2018, he has submitted a declaration confirming that he has not been debarred from holding the office of Director by any order of the SEBI or any other such authority;
- He is not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact his ability to discharge the duties as an Independent Director of the Bank;
- He has further confirmed his compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to his registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs; and
- He has the requisite skills, capabilities and expertise in the functional areas namely Human Resources and Banking, through qualification and diverse experience, which are beneficial to the Bank.

Justification of Re-Appointment as Non-Executive Independent Director

During his first term as an Independent Director, Prof. Biju Varkkey has made significant contributions to the Board and its Committees through his extensive academic and professional expertise. Based on the annual performance evaluation and considering his continued valuable contribution, active participation, and domain expertise, the Board is of the view that his re-appointment would be in the best interests of the Bank and its shareholders.

The Committee and the Board have noted that, Prof. Biju Varkkey is a person of integrity and possesses the requisite qualifications, experience, knowledge, and expertise. Accordingly, they have recommended his re-appointment as a Non-Executive Independent Director of the Bank for a second term of three (3) consecutive years with effect from 17th August, 2026.

The performance evaluation of Prof. Biju Varkkey was carried out by all the directors of the Bank and the evaluation covered participation, contribution to the Board/Committee deliberations, domain expertise, preparedness, independence of judgement and adherence to the governance standards and the performance of the director of the Bank was found to be satisfactory.

The period of office of Prof. Biju Varkkey as the Independent Director of the Bank shall not be liable to determination by retirement of directors by rotation, in terms of Section 152 of the Act.

Prof. Biju Varkkey is entitled to sitting fees for attending the meetings of the Board and its Committee(s) which is within the limits prescribed under the Act and to reimbursement of travel, boarding, and other out-of-pocket expenses incurred in connection with discharge of his duties as Director of the Bank.

Except Prof. Biju Varkkey or his relatives, none of the directors or key managerial personnel of the Bank and/or their relatives are concerned or interested, financially or otherwise, in the resolution mentioned in Item No. 6 of the Notice.

The Board recommends the resolution set forth in Item No. 6 as Special Resolution for approval of the members of the Bank.

Additional information on Directors of the Bank seeking re-appointment, in terms of Regulation 36(3) of the SEBI Listing Regulations and the SS-2, issued by the Institute of Company Secretaries of India.

Name of the proposed Director	Biju Varkkey
Age	60 Years
Nationality	Indian
Qualification	• Fellowship Programme from the National Institute of Bank Management, Pune (2000) • Master's Degree in Personnel Management and Industrial Relations from MG University, Kerala (1988) • Bachelor of Science from MG University (1986)
Expertise in specific functional areas	Human Resources, Banking etc.

<table>
<tr><td>Experience</td><td>• He is currently a faculty in Human Resource Management Area in Indian Institute of Management, Ahmedabad.
• He has worked as the Assistant Professor in the Management Development Institute, Gurgaon for 3 years.
• He was the Part-Time Non-Official Director of M/s. Bank of Baroda for a period of four years.</td></tr>
<tr><td>Terms and Conditions of appointment</td><td>As per the resolution set forth in item no. 06 of the Notice read with explanatory statement thereto.</td></tr>
<tr><td>Directorship held in other listed Companies</td><td><table><tr><th>Sl. No.</th><th>Name of the Company</th><th>Designation</th><th>Period</th></tr><tr><td>1.</td><td>V Guard Industries Limited</td><td>Independent Director</td><td>5th August, 2021 - till date.</td></tr></table></td></tr>
<tr><td>Memberships in the Committees of Board of other listed Companies</td><td><table><tr><th>Sl. No.</th><th>Name of the Company</th><th>Board Committees in which he is a member</th></tr><tr><td rowspan="3">1.</td><td rowspan="3">V Guard Industries Limited</td><td>Nomination and Remuneration Committee of the Board</td></tr><tr><td>Stakeholders Relationship Committee of the Board</td></tr><tr><td>Corporate Social Responsibility Committee of the Board</td></tr></table></td></tr>
<tr><td>Memberships/chairmanships of Committees of the Boards of other Companies</td><td>NIL</td></tr>
<tr><td>Listed entities from which the director has resigned in the past three years</td><td>NIL</td></tr>
<tr><td>Details of remuneration sought to be paid</td><td>No remuneration will be paid except Sitting Fees for attending meetings of the Board and Committees.</td></tr>
<tr><td>Remuneration last drawn</td><td>NIL</td></tr>
<tr><td>Date of First appointment on the Board</td><td>17th August, 2023</td></tr>
<tr><td>Shareholding in the Bank (including shareholding as a beneficial owner)</td><td>NIL</td></tr>
<tr><td>Relationship with other Directors (including inter se), Manager and other Key Managerial Personnel</td><td>NIL</td></tr>
<tr><td>Number of meetings of the Board attended during the year.</td><td>12</td></tr>
<tr><td>Brief profile</td><td>Prof. Biju Varkkey is a Faculty in Human Resource area in Indian Institute of Management, Ahmedabad for more than 26 years and has also served as a Faculty in various reputed institutions such as Indian Institute of Management, Lucknow, Management Development Institute, Gurgaon etc. in the past. He is a Fellow Member of the National Institute of Bank Management, Pune and holds a Master's Degree in Personnel Management and Industrial Relations from MG University, Kerala. He was a Part-Time Non-Official Director of M/s. Bank of Baroda for a period of four years in the past and has also held the position as Director in the Board of M/s. Aster DM Healthcare Limited, M/s. Husys Consulting Limited and M/s. Paschim Gujarat Vij Company Limited. Currently, he holds directorship in the Board of M/s. V Guard Industries Limited, a listed entity as Independent Director and M/s. Konnect CSR Impactors Private Limited.</td></tr>
<tr><td>Directorships held in other companies</td><td><table><tr><th>Sl. No.</th><th>Name of the Company</th><th>Designation</th><th>Period</th></tr><tr><td>1.</td><td>Konnect CSR Impactors Private Limited</td><td>Director</td><td>14th May, 2013 - till date.</td></tr></table></td></tr>
</table>

Skills and capabilities required for the role and the manner in which the proposed person meets such requirements.	He has the requisite skills, capabilities and expertise in the functional areas namely Human Resources and Banking, through qualification and diverse experience, which are beneficial to the Bank. Considering the knowledge, background, experience and expertise of Prof. Biju Varkkey, the Committee and the Board of Directors are of the view that the re-appointment of Prof. Biju Varkkey as an Independent Director of the Bank shall benefit the Bank.

Memberships/Chairmanship of Committees of other Companies (including listed entities)

Sl. No.	Name of the Company	Board Committees in which he is a member	Board Committees in which he is a chairperson
1	V Guard Industries Limited	Nomination and Remuneration Committee of the Board	Nomination and Remuneration Committee of the Board
		Stakeholders Relationship Committee of the Board	
		Corporate Social Responsibility Committee of the Board	

Item No. 7 – Revision of Remuneration of Dr. Kadambelil Paul Thomas (DIN: 00199925), Managing Director and CEO of the Bank

Dr. Kadambelil Paul Thomas (DIN:00199925) has been serving as the Managing Director and CEO ("MD & CEO") of the Bank since 1st October, 2018, in accordance with the provisions of the Articles of Association ("AOA") of the Bank, recommendation of the Committee and the Board of Directors and with the approval of the members of the Bank and the Reserve Bank of India ("RBI"), and his current tenure as MD & CEO of the Bank is valid upto 30th September, 2027.

Basis the outcome of the performance evaluation conducted by the Committee and in line with the "Compensation Policy" of the Bank, the Committee at its meeting held on 29th June, 2026, reviewed the remuneration being paid to Dr. Kadambelil Paul Thomas as the MD & CEO of the Bank and recommended the revision in his remuneration, for the Financial Year 2026-27, for approval of the Board of Directors. Subsequently, the Board at its meeting held on 29th June, 2026, approved the revision in the remuneration payable to Dr. Kadambelil Paul Thomas, subject to approval of the members of the Bank and the RBI. The Committee and Board, while evaluating the performance of Dr. Kadambelil Paul Thomas, took note of the following:

- absence of increment during 2025–26;
- increased business scale and operating complexity;
- improvement in business momentum and asset-quality indicators;
- continued compliance with RBI requirements on Variable Pay, deferral, malus and clawback.
- execution of the Bank's business, recovery and portfolio-rebalancing strategy during 2025–26;
- improvement in asset-quality indicators, including reduction in GNPA and NNPA;
- progress in reducing concentration in microfinance and increasing the share of secured assets;
- strengthening of deposits and liability franchise, with continued focus on granular mobilisation;
- improvement in operating performance and return to quarterly profitability in Quarter-3 & Quarter-4 of the Financial Year2025-26;
- implementation of initiatives relating to recovery, credit discipline, productivity and cost efficiency;
- progress in technology and digital-transformation initiatives;
- regulatory engagement and action planning for supervisory observations; and
- continued focus on governance, risk management, compliance, internal controls and people capability.

The proposed revision takes into account peer benchmarking, absence of revision during 2025–26, increased role complexity, business scale, regulatory expectations, technology transformation efforts, the need for continuity in senior leadership, and the role of the executive leadership in implementing the Bank's strategic, business, governance and risk-management priorities and the need to retain a balanced pay mix between Fixed Pay and performance-linked Variable Pay. The Variable Pay component for the MD & CEO shall be linked to the Board-approved OKRs/performance objectives for 2026–27 and assessed through a balanced scorecard covering financial performance, business growth, asset quality, capital and liquidity discipline, governance, compliance, strategic execution and people-related priorities. The payout of Variable Pay shall be contingent upon achievement of approved performance objectives and shall remain subject

to applicable risk adjustment, deferral, malus and clawback provisions under the Bank's Compensation Policy and RBI requirements. This ensures that senior leadership remuneration remains linked to measurable performance, prudent risk-taking, governance standards, depositor protection and sustainable growth.

The total remuneration proposed to be paid to Dr. Kadambelil Paul Thomas is ₹ 750 lakh per annum which includes fixed pay and variable pay, with the percentage of variable pay as a percentage of total remuneration at 57.4%, which is proposed in compliance to the guidelines issued by the Reserve Bank of India vide Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025. The revised remuneration proposed to be paid to Dr. Kadambelil Paul Thomas with effect from 1st April, 2026, shall be subject to the approval of the Reserve Bank of India and the revision shall come into effect only upon receipt of such approval, and on such terms and conditions as may be prescribed by RBI, the details of which are given below:

Details of Remuneration Proposed

Sl. No.	Particulars	Remuneration (Amount in lakh)
Fixed Pay		
(A)	Salary and Allowances	
i.	Salary	260
ii.	Other Fixed Allowances	8
Total Salary & allowances		**268**
(B)	Retiral Benefits	
i.	Provident Fund	26 (10% of Salary)
ii.	Gratuity	As per the general norms applicable for employees
Total Retiral Benefits		**26**
(C)	Perquisites	
i.	Other perquisites (includes Free Furnished House and its maintenance/HRA, Conveyance Allowance/Free use of bank's car for official and private purposes, Driver(s)' salary, Club Membership(s), Reimbursement of medical expenses, Medical Insurance Premium, Reimbursement of Entertainment Expenditure, Travelling and Halting Allowance etc.)	**25**
Total Fixed Pay		**319**
Variable Pay*		
i.	Cash Component	431
ii.	Non-Cash Component	Nil
Total Variable Pay		**431**
Total Remuneration		**750**

*Variable Pay shall be subject to deferral, malus and clawback requirements and as per the Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025 and the Compensation Policy of the Bank.

Additional information on revision of remuneration as required under the SS-2, issued by the Institute of Company Secretaries of India.

Name of the proposed Director	Dr. Kadambelil Paul Thomas
DIN	00199925
Date of Birth	21st May, 1963
Age	63
Qualification	Master in Business Administration (MBA) from Annamalai University
Expertise in specific functional areas	Banking, Co-operation, Agriculture and Rural Economy, Finance, Business Management, Payment and Settlement Systems, Small Scale Industry, Risk Management, Economics.

<table>
<tr><td>Experience</td><td>• 1st October, 2018 – Present - Managing Director and CEO, ESAF Small Finance Bank Ltd.
• 10th March, 2017 – 2nd June, 2018 - Managing Director and CEO, ESAF Small Finance Bank Ltd.
• 1st April, 2008 – 9th March, 2017 - Chairman and Managing Director, M/s. ESAF Financial Holdings Private Limited (Previously known as M/s. ESAF Microfinance and Investments Private Limited)</td></tr>
<tr><td>Terms and Conditions of appointment</td><td>Re-appointed as the Managing Director and CEO of the Bank for a period of three consecutive years with effect from 1st October, 2024.</td></tr>
<tr><td>Directorship held in other listed Companies</td><td>NIL</td></tr>
<tr><td>Memberships/chairmanships of Committees of the Boards of other Companies</td><td>NIL</td></tr>
<tr><td>Listed entities from which the director has resigned in the past three years</td><td>NIL</td></tr>
<tr><td>Details of remuneration sought to be paid</td><td>₹ 750 lakh</td></tr>
<tr><td>Remuneration last drawn</td><td>He was paid a fixed pay of ₹ 255 Lakh including perquisites for the Financial Year 2025-2026 and the Variable Pay for the said period is subject to the receipt of requisite regulatory approvals. During the Financial Year 2025-2026, variable pay of ₹ 323 Lakh was paid in respect of the Financial Years 2024 and 2025.</td></tr>
<tr><td>Date of First appointment on the Board</td><td>5th May, 2016</td></tr>
<tr><td>Shareholding in the Bank (including shareholding as a beneficial owner)</td><td>6.05% (31186785 Equity Shares)</td></tr>
<tr><td>Relationship with other Directors (including inter se), Manager and other Key Managerial Personnel</td><td>NIL</td></tr>
<tr><td>Number of meetings of the Board attended during the year.</td><td>11</td></tr>
<tr><td>Directorships held in other companies (including listed entities)</td><td><table>
<tr><th>Sl. No.</th><th>Name of the Company</th><th>Designation</th><th>Period</th></tr>
<tr><td>1.</td><td>Thrissur Startup Incubation Council</td><td>Director</td><td>12th September, 2023 - till date.</td></tr>
</table></td></tr>
<tr><td>Brief Profile</td><td>Dr. Kadambelil Paul Thomas is the Managing Director and Chief Executive Officer of the Bank. He holds a Master's degree in Business Administration from Annamalai University. He was conferred an Academic Doctorate by VELS University, Chennai, for his research on "Influence of Social Entrepreneurship on Socio-economic Transformation and Sustainable Development by Small Finance Banks." He was also awarded an Honorary Doctorate by Kerala Agricultural University in recognition of his significant contributions to sustainable development and financial inclusion. He has been a management professional for over 32 years, of which more than 25 years have been in the microfinance sector. He was previously the Chairman and Managing Director of ESAF Financial Holdings Private Limited. He also served as the Founder Secretary-cum-Honorary Executive Director of ESAF Foundation (formerly Evangelical Social Action Forum) for over 26 years. Presently, he is the President of the Kerala Association of Microfinance Institutions Entrepreneurs and the Chair of Sa-Dhan. He serves on the Board of the Global Alliance for Banking on Values (GABV), representing the Asia Pacific (APAC) region in the global network of values-based banks. Over the years, he has received several prestigious recognitions for his leadership and contributions to the banking and financial inclusion sectors, including the Marketing Meister Award, Business Leader of the Year Award, FE Pillar of the BFSI Industry Award, APY Big Believers (ABB) 3.0 Award from PFRDA for the Best Performing MD & CEO, India Banking Summit CEO of the Year Award, Exemplary Diamond Award from PFRDA, and the CEO with HR Orientation Award at the World HRD Congress. He is currently a Director on the Board of Thrissur Start-up Incubation Council, a Section 8 company.</td></tr>
</table>

The disclosures required under Schedule V of the Companies Act, 2013, to the extent applicable, are contained in the foregoing paragraphs and the additional information provided herein. The Bank is engaged in the business of banking and financial services as a Small Finance Bank. The financial performance of the Bank for the financial year 2025-26 is set out in the Annual Report. The proposed revision in remuneration has been recommended after considering, inter alia, the responsibilities attached to the position of Managing Director and Chief Executive Officer, the scale and complexity of the Bank's operations, peer benchmarking, regulatory expectations, performance parameters, and the profile, experience and leadership contribution of Dr. Kadambelil Paul Thomas. The provision relating to payment of remuneration as minimum remuneration is enabling in nature and shall apply only in the event of absence or inadequacy of profits in any financial year, subject to the applicable provisions of Sections 196, 197, 198 and Schedule V of the Companies Act, 2013, approval of the Reserve Bank of India under Section 35B of the Banking Regulation Act, 1949, and such other statutory / regulatory approvals, limits, conditions and modifications as may be applicable.

Except Dr. Kadambelil Paul Thomas or his relatives, none of the directors or key managerial personnel of the Bank and/or their relatives are concerned or interested, financially or otherwise, in the resolution mentioned in Item No. 07 of the Notice.

The Board recommends Resolution No. 07 as a Special Resolution for approval by the members of the Bank.

Item No. 8 – Revision of Remuneration of Shri. George Kalaparambil John (DIN: 00694646), Whole-time Director designated as Executive Director of the Bank

Shri. George Kalaparambil John (DIN:00694646) has been serving as the Whole-time Director designated as Executive Director of the Bank since 18th May, 2024, in accordance with the provisions of the AOA of the Bank, recommendation of the Committee and the Board of Directors and with the approval of the Members of the Bank and the RBI, and his current tenure as ED of the Bank is valid upto 17th May, 2027.

Basis the outcome of the performance evaluation conducted by the Committee and in line with the "Compensation Policy" of the Bank, the Committee at its meeting held on 29th June, 2026, reviewed the remuneration being paid to Shri. George Kalaparambil John as the Whole-time Director and recommended the revision in his remuneration, for the Financial Year 2026-27, for approval of the Board of Directors. Subsequently, the Board at its meeting held on 29th June, 2026, approved the revision in the remuneration payable to Shri. George Kalaparambil John, subject to approval of the members of the Bank and the RBI. The Committee and Board, while evaluating the performance of Shri. George Kalaparambil John, took note of the following:

- absence of increment during 2025–26;
- increased business scale and operating complexity;
- improvement in business momentum and asset-quality indicators;
- continued compliance with RBI requirements on Variable Pay, deferral, malus and clawback.
- execution of the Bank's business, recovery and portfolio-rebalancing strategy during 2025–26;
- improvement in asset-quality indicators, including reduction in GNPA and NNPA;
- progress in reducing concentration in microfinance and increasing the share of secured assets;
- strengthening of deposits and liability franchise, with continued focus on granular mobilisation;
- improvement in operating performance and return to quarterly profitability in Quarter-3 & Quarter-4 of the Financial Year2025-26;
- implementation of initiatives relating to recovery, credit discipline, productivity and cost efficiency;
- progress in technology and digital-transformation initiatives;
- regulatory engagement and action planning for supervisory observations; and
- continued focus on governance, risk management, compliance, internal controls and people capability.

While recommending the revision in remuneration of Shri. George Kalaparambil John, the Committee and the Board considered the overall improvement in the Bank's business momentum, asset-quality indicators, deposit franchise, recovery efforts, cost efficiency initiatives and technology/digital transformation priorities during Financial Year 2025-2026. The Committee and the Board also considered his role as Whole-time Director designated as Executive Director, his responsibilities in supporting execution of the Bank's business, operational and strategic priorities, his experience across micro banking, business, operations, IT, digital, finance, treasury, HR and related functions, absence

of increment during Financial Year 2025-2026, peer benchmarking, role complexity, regulatory expectations and the need to retain continuity in senior leadership. The Variable Pay component for the Whole-time Director shall be linked to the Board-approved OKRs/performance objectives for 2026–27 and assessed through a balanced scorecard covering financial performance, business growth, asset quality, capital and liquidity discipline, governance, compliance, strategic execution and people-related priorities. The payout of Variable Pay shall be contingent upon achievement of approved performance objectives and shall remain subject to applicable risk adjustment, deferral, malus and clawback provisions under the Bank's Compensation Policy and RBI requirements. This ensures that senior leadership remuneration remains linked to measurable performance, prudent risk-taking, governance standards, depositor protection and sustainable growth.

The total remuneration proposed to be paid to Shri. George Kalaparambil John is ₹ 336 lakh per annum which includes fixed pay and variable pay, with the percentage of variable pay as a percentage of total remuneration at 55%, which is proposed in compliance to the guidelines issued by the Reserve Bank of India vide Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025. The revised remuneration proposed to be paid to Shri. George Kalaparambil John with effect from 1st April, 2026, shall be subject to the approval of the Reserve Bank of India and the revision shall come into effect only upon receipt of such approval, and on such terms and conditions as may be prescribed by RBI, the details of which are given below:

Details of Proposed Remuneration

Sl. No.	Particulars	Remuneration (Amount in lakh)
Fixed Pay		
(A)	Salary and Allowances	
i.	Salary	85
ii.	Other Fixed Allowances	37.4
Total Salary & allowances		**122.4**
(B)	Retiral Benefits	
i.	Provident Fund	8.5 (10% of Salary)
ii.	Gratuity	As per the general norms applicable for employees
Total Retiral Benefits		**8.5**
(C)	Perquisites	
i.	Other perquisites (includes Free Furnished House and its maintenance/HRA, Conveyance Allowance/Free use of bank's car for official and private purposes, Driver(s)' salary, Club Membership(s), Reimbursement of medical expenses, Medical Insurance Premium, Reimbursement of Entertainment Expenditure, Travelling and Halting Allowance etc.)	**20.1**
Total Fixed Pay		**151**
Variable Pay*		
i.	Cash Component	84
ii.	Non-Cash Component	101
Total Variable Pay		**185**
Total Remuneration		**336**

*Variable Pay shall be subject to deferral, malus and clawback requirements as per the Reserve Bank of India (Small Finance Banks - Governance) Directions, 2025 and the Compensation Policy of the Bank.

Additional information on revision of remuneration as required under the SS-2, issued by the Institute of Company Secretaries of India.

Name of the proposed Director	Shri. George Kalaparambil John
DIN	00694646
Date of Birth	August 09, 1973
Age	52
Qualification	• Master's in Business Administration (MBA) with specialisation in Fintech from Birla Institute of Technology and Science, Pilani, Rajasthan. • Master's in Social Work (MSW) with specialisation in Community Development from University of Pune. • Bachelor of Commerce (B.Com) from Mahatma Gandhi University, Kottayam.
Expertise in specific functional areas	Banking, Finance, Agriculture and Rural Economy, Co-operation, Human Resources, Business Management, Payment and Settlement Systems, Information Technology
Experience	• Executive Director in ESAF Small Finance Bank Ltd. (May 2024 – Present) • Executive Vice President in ESAF Small Finance Bank Ltd. (June, 2018 to May, 2024) • Senior Vice President and Head of Micro Banking Department in ESAF Small Finance Bank Ltd. (March, 2017 to June, 2018) • General Manager (Micro Finance Business) in ESAF Micro Finance and Investment Private Limited (June, 2013 to March, 2017) • Zonal Head (Central and North Zone) in ESAF Micro Finance and Investment Private Limited (March, 2008 to March, 2013) • Associate Director – ESAF Foundation, Nagpur (June, 2004 to March, 2008) • Senior Manager – ESAF Foundation, Thrissur (April, 2002 to May, 2004) • Manager- ESAF Foundation, Thrissur – (April, 2000 to March, 2002) • Programme Manager – ESAF Foundation, Thrissur (July, 1998 to March, 2000) • Programme Coordinator – ESAF Foundation, Thrissur – (August, 1994 to April, 1996)
Terms and Conditions of appointment	Appointed as Whole-time Director (Designated as Executive Director) of the Bank for a period of Three (3) consecutive years with effect from 18th May, 2024.
Directorship held in other listed Companies	NIL
Memberships/chairmanships of Committees of the Boards of other Companies	NIL
Listed entities from which the director has resigned in the past three years	NIL
Details of remuneration sought to be paid	₹ 336 lakh
Remuneration last drawn	He was paid a fixed pay of ₹ 108 Lakh including perquisites for the Financial Year 2025-2026 and the Variable Pay for the said period is subject to the receipt of requisite regulatory approvals. During the Financial Year 2025-2026, variable pay of ₹ 76 Lakh was paid in respect of the Financial Year 2025.
Date of First appointment on the Board	18th May, 2024
Shareholding in the Bank (including shareholding as a beneficial owner)	94,118 equity shares
Relationship with other Directors (including inter se), Manager and other Key Managerial Personnel	NIL
Number of meetings of the Board attended during the year.	12

Directorships held in other companies (including listed entities)	NIL
Brief Profile	Shri. George Kalaparambil John was the Executive Vice President of ESAF Small Finance Bank Limited and brings an overall experience of 30 years. He has extensive experience in the field of Micro Banking Business and has played a significant role in building the microfinance business of ESAF Small Finance Bank Limited. His varied banking experience spans across business and operational functions such as Micro Banking, Liability, Assets, IT, Digital, Operations, Finance, Treasury, MIS, HR, Marketing, and Legal. He has led various projects under his leadership. He possesses specialised knowledge in the areas of Banking, Finance, Agriculture and Rural Economy, Co-operation, Human Resources, Business Management, Payment and Settlement Systems, Information Technology etc. He holds a Master's Degree in Business Administration (MBA) with a specialisation in Fintech from Birla Institute of Technology and Science, Pilani, Rajasthan, and a Master's Degree in Social Work (MSW) with a specialisation in Community Development from the University of Pune.

The disclosures required under Schedule V of the Companies Act, 2013, to the extent applicable, are contained in the foregoing paragraphs and the additional information provided herein. The Bank is engaged in the business of banking and financial services as a Small Finance Bank. The financial performance of the Bank for the financial year 2025-26 is set out in the Annual Report. The proposed revision in remuneration has been recommended after considering, inter alia, the responsibilities attached to the position of Executive Director, the scale and complexity of the Bank's operations, peer benchmarking, regulatory expectations, performance parameters, and the profile, experience and leadership contribution of Shri. George Kalaparambil John. The provision relating to payment of remuneration as minimum remuneration is enabling in nature and shall apply only in the event of absence or inadequacy of profits in any financial year, subject to the applicable provisions of Sections 196, 197, 198 and Schedule V of the Companies Act, 2013, approval of the Reserve Bank of India under Section 35B of the Banking Regulation Act, 1949, and such other statutory / regulatory approvals, limits, conditions and modifications as may be applicable.

Except Shri. George Kalaparambil John or his relatives, none of the directors or key managerial personnel of the Bank and/or their relatives are concerned or interested, financially or otherwise, in the resolution mentioned in Item No. 08 of the Notice.

The Board recommends Resolution No. 08 as a Special Resolution for approval by the members of the Bank.

Item No. 9 - Borrowing/raising of funds, by issue of debt securities on a Private Placement basis

The Bank has been borrowing funds to meet the business requirements within the limits approved by the shareholders by way of issuance of debt securities as permitted by the RBI and in accordance with the provisions of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and other applicable laws, from time to time.

In terms of Section 42 of the Act read with Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make private placement of securities subject to the condition that the proposed offer of securities or invitation to subscribe securities has been previously approved by the members of the Bank, by a special resolution, for each of the offers or invitations/ subscriptions. In case of offer or invitation for subscription of non-convertible debentures, it shall be sufficient if the members pass a special resolution only once in a year for all the offers or invitation for subscription of such debentures during the year.

Accordingly, in order to facilitate the raising of funds by way of issue of debt securities during a period of one (1) year from the conclusion of Tenth (10th) AGM of the Bank, the Board of Directors in its meeting dated 4th June, 2026 after assessing its fund requirements, has proposed to obtain the consent of the members of the Bank for borrowing/ raising funds by issue of debt securities in Indian Rupees or any other permitted Foreign Currency by issuing or making offer(s) or invitation(s) to subscribe to Non-Convertible Debentures including Bonds/Notes/other Debt Securities, but not limited to, Subordinated, Unsecured, Rated, Listed/Unlisted, Taxable, Redeemable debt securities, Tier-II Bonds or regulatory capital instruments including Perpetual Debt instruments/ Additional Tier-I capital instruments, as may be permitted by the Reserve Bank of India, Long Term Bonds for financing infrastructure and affordable housing, Sustainable Bonds/ ESG Bonds

(including green bonds) and such other securities as may be permitted under applicable law from time to time, upto ₹ 2000,00,00,000/- (Rupees Two Thousand crore only), in one or more tranches and within the limits permitted by regulatory authorities, to eligible investors on private placement basis, on such terms and conditions including the price, coupon, premium/discount, tenor etc., as the Board of Directors or any Committee(s) thereof or such other persons as may be authorized by the Board, from time to time, determine and consider proper and appropriate for the Bank. This would form part of the overall borrowing limits as may be approved by the Members under Section 180(1)(c) of the Act.

As required under Rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the material facts in connection with the aforesaid issue of NCDs are as follows:

a)	**Particulars of the offer including date of passing of Board resolution**	Unsecured, Rated, Redeemable NCDs whether cumulative and/or non-cumulative for an amount not exceeding in aggregate ₹ 2000,00,00,000/- (Rupees Two Thousand crore only) in one or more tranches on a private placement basis at such interest rates and on such terms and conditions, as may be determined by the Board/Committee of Directors/ any person duly authorised by the Board. Date of passing Board Resolution: 4th June, 2026
b)	**Kinds of securities offered and the price at which security is being offered**	Non-Convertible Debentures including Bonds/ Notes/ other Debt Securities, but not limited to, Subordinated, Unsecured, Rated, Listed/Unlisted, Taxable, Redeemable debt securities, Tier-II Bonds or regulatory capital instruments including Perpetual Debt instruments/ Additional Tier-I capital instruments, as may be permitted by the Reserve Bank of India, Long Term Bonds for financing infrastructure and affordable housing, Sustainable Bonds/ ESG Bonds (including green bonds) and such other securities as may be permitted under applicable law from time to time, (collectively hereinafter referred to as the "debt securities"), in one or more tranches and/or series and/or under relevant disclosure documents and/or one or more letters of offer as may be issued by the Bank, in such classes and with such rights or terms as may be considered necessary for each series/tranches.
c)	**Basis or justification for the price (including premium, if any) at which the offer or invitation is being made**	Since the issuance would be in one or more tranches, price will be determined by the Board/Committee of Directors/ any person duly authorised by the Board in accordance with the prevailing market conditions at the time of issue.
d)	**Name and address of valuer who performed valuation**	Not applicable being issuance of NCDs.
e)	**Amount which the Bank intends to raise by way of such securities**	₹ 2000,00,00,000/- (Rupees Two Thousand crore Only)
f)	**Material terms of raising such securities**	Since the issuance would be in one or more tranches, material terms will be determined by the Board/Committee of Directors/any person duly authorised by the Board, in accordance with the applicable provisions of the Act and the Rules framed thereunder and other applicable law for the time being in force.
g)	**Proposed time schedule**	The issuance of the NCDs is proposed to be conducted prior to expiry of 1 (one) year from conclusion of Tenth (10th) AGM of the Bank.
h)	**Purposes or objects of offer**	For the purpose of onward lending, financing, refinancing the existing indebtedness of the Bank (payment of the interest and/or repayment/prepayment of principal of borrowings)/General Corporate Purposes. The Unsecured NCDs may be in the nature of Subordinated Debt and will be utilised in accordance with statutory and regulatory requirements including requirements of RBI.

i)	**Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects**	None
j)	**Principle terms of assets charged as securities**	The securities proposed to be issued are Unsecured in nature.

None of the Directors or Key Managerial Personnel of the Bank and/or their relatives are concerned or interested, financially or otherwise, in the resolution mentioned in Item No. 9 of the Notice.

The Board recommends the resolution set forth in Item No. 9 as Special Resolution for approval of the Members.

Item No. 10 – Amendment to the Articles of Association

At the time of incorporation of the Bank on May 05, 2016, the Articles of Association ("Articles") of the Bank, as approved by the Reserve Bank of India ("RBI") vide its approval dated March 03, 2016, contained provisions conferring certain nomination rights on the promoters of the Bank. In terms of the said provisions, ESAF Financial Holdings Private Limited ("Corporate Promoter") was entitled, subject to applicable regulatory approvals, to nominate up to three directors on the Board of Directors of the Bank, and Dr. Kadambelil Paul Thomas ("Individual Promoter") was entitled, subject to applicable regulatory approvals, to nominate up to two directors on the Board of Directors of the Bank, including himself, if he chose to be one.

In connection with the initial public offering and listing of the equity shares of the Bank in 2023, the Bank undertook a review of its Articles of Association ("Articles") to ensure alignment with the regulatory framework, listing requirements and prevailing market practices applicable to companies undertaking an initial public offering and listing of their equity shares. Pursuant to such review, and in order to facilitate compliance with the requirements applicable in relation to the proposed listing, it was considered appropriate that the Articles, immediately prior to listing, should not contain provisions conferring special rights in favour of the promoters. It was also recognised that any reinstatement or incorporation of such rights subsequent to listing would be permissible only in accordance with the applicable legal and regulatory framework, including receipt of approval of the shareholders and such approvals, consents, permissions and sanctions from the relevant regulatory authorities as may be necessary.

Subsequently, vide their request dated July 13, 2026, the Corporate Promoter and the Individual Promoter, who continue to hold a substantial shareholding in the Bank, requested the Bank to consider reinstatement of certain Board nomination rights in the Articles in accordance with the applicable legal and regulatory framework. The request was intended to restore, in an appropriately calibrated manner, governance rights that originally formed part of the Articles prior to their deletion in connection with the initial public offering.

Regulation 31B of the SEBI Listing Regulations provides that any special right granted to shareholders of a listed entity shall be subject to approval by the shareholders in a general meeting by way of a special resolution once in every five years. Accordingly, the proposed promoter nomination rights shall be subject to approval of the shareholders by way of special resolution and shall also be subject to periodic approval of shareholders in accordance with Regulation 31B of the SEBI Listing Regulations and other applicable provisions, as may be in force from time to time.

Pursuant to the decisions of the Board of Directors dated June 04, 2026 and July 13, 2026, the Board considered the request received from the promoters and approved the request to amend the Articles for reinstatement of certain promoter rights, subject to receipt of the requisite approvals from the shareholders, the RBI and such other regulatory or statutory authorities as may be applicable.

The Board has considered the request of the promoters and is of the view that the proposed amendment, in its present form, is intended to provide for limited promoter nomination rights in the Articles, while preserving the governance framework applicable to a listed banking company. The proposed rights are intended to facilitate continuity of promoter stewardship, institutional knowledge and strategic guidance, having regard to the promoters' continuing shareholding, long-term association with the Bank and role in the establishment and development of the Bank.

The Board has also considered that the proposed nomination rights shall not operate independently of the applicable statutory and regulatory framework. Any appointment pursuant to the proposed Article shall remain subject to applicable law, including the Companies Act, 2013, the Banking Regulation Act, 1949, the SEBI Listing Regulations, the applicable directions, circulars and guidelines issued by the Reserve Bank of India, and the fit and proper requirements applicable to directors of

banking companies. The exercise of the proposed rights shall also be subject to the Bank continuing to comply with all applicable requirements relating to Board composition, independence of directors, constitution of Board committees and corporate governance norms.

Accordingly, it is proposed to amend the Articles by inserting the following new Article 168(f):

Sl. No.	Proposed Article	Article proposed to be inserted
1	168(f)	**"Notwithstanding anything contained herein, as long as EFHL and Mr. Kadambelil Paul Thomas continue to be the Promoters of the Company, EFHL has the right to nominate a maximum of two Directors on the Board of the Company and Mr. Kadambelil Paul Thomas has the right to nominate a maximum of one Director (including himself if he chooses to be one) on the Board of the Company. Any such appointment, shall to the extent required by applicable laws, be subject to the consent of the RBI. In the event any Directors nominated by EFHL or Mr. Kadambelil Paul Thomas to the Board of the Company are not accepted by RBI, the same will not be appointed to the Board."**

The proposed amendment is intended to provide for promoter nomination rights in the Articles, subject to applicable law and regulatory approvals, and to enable continued participation of the promoters in the governance of the Bank commensurate with their continuing shareholding and long-term association with the Bank.

In this connection, the Bank has obtained the prior approval of the Reserve Bank of India for the proposed amendment to the Articles of Association of the Bank, vide its letter dated 15th July, 2026. Accordingly, the proposed amendment is being placed before the members for their approval by way of special resolution, in accordance with the applicable provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, the SEBI Listing Regulations and other applicable laws, rules, regulations, circulars and guidelines.

The proposed rights are in the nature of promoter nomination rights and do not dispense with the requirement of compliance with applicable provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, the SEBI Listing Regulations, RBI directions / guidelines, fit and proper requirements, Board composition requirements and other corporate governance norms applicable to the Bank. Any appointment pursuant to such nomination shall be made only in accordance with applicable law and subject to such approvals, consents and conditions as may be required from the RBI, shareholders or any other regulatory / statutory authority.

The Bank confirms that the proposed amendment is in compliance with the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, the SEBI Listing Regulations and other applicable laws, rules, regulations, circulars and guidelines, to the extent applicable. The proposed amendment to the Articles shall be available for inspection by the members at the registered office of the Bank during business hours on all working days up to the date of the Annual General Meeting and shall also be made available on the website of the Bank at www.esaf.bank.in.

Except to the extent of their shareholding and rights proposed to be conferred under the amended Articles of Association, ESAF Financial Holdings Private Limited, Dr. Kadambelil Paul Thomas, and their respective nominee directors, if any, and the relatives of Dr. Kadambelil Paul Thomas, may be deemed to be concerned or interested in the resolution. None of the other Directors or Key Managerial Personnel of the Bank and/ or their relatives are concerned or interested, financially or otherwise, in the resolution mentioned in Item No. 10 of the Notice.

The Board recommends the resolution set forth in Item No. 10 as Special Resolution for approval of the Members.

SUSTAINABLE DEVELOPMENT GOALS

MEMBER
Global Alliance for Banking on Values

ESAF
ESAF SMALL FINANCE BANK
Joy of Banking

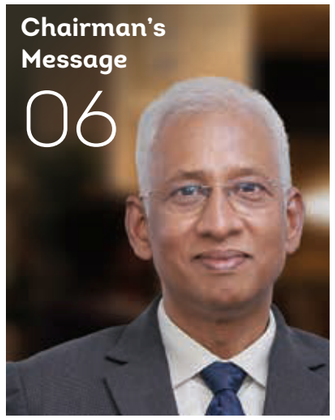
DISCIPLINED STEPS, **STRONGER OUTCOMES.**

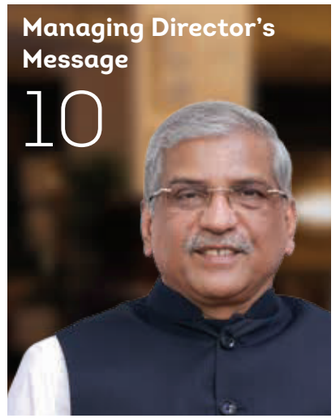
Integrated Annual Report 2025-26



A Scheduled Commercial Bank

What's Inside?

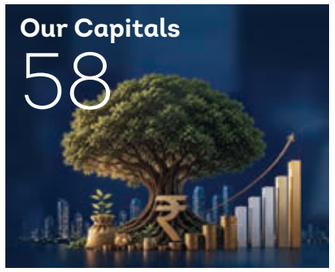




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Disclaimer

This document contains statements about expected future events and financials of ESAF Small Finance Bank ('The Bank'), which are 'forward-looking'. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. .

DISCIPLINED STEPS, **STRONGER OUTCOMES.**

Transformation begins with intent, but it is discipline that turns intent into impact and over the past year, at ESAF Small Finance Bank we remained resolute to strengthen our organization and make it more resilient for the future.

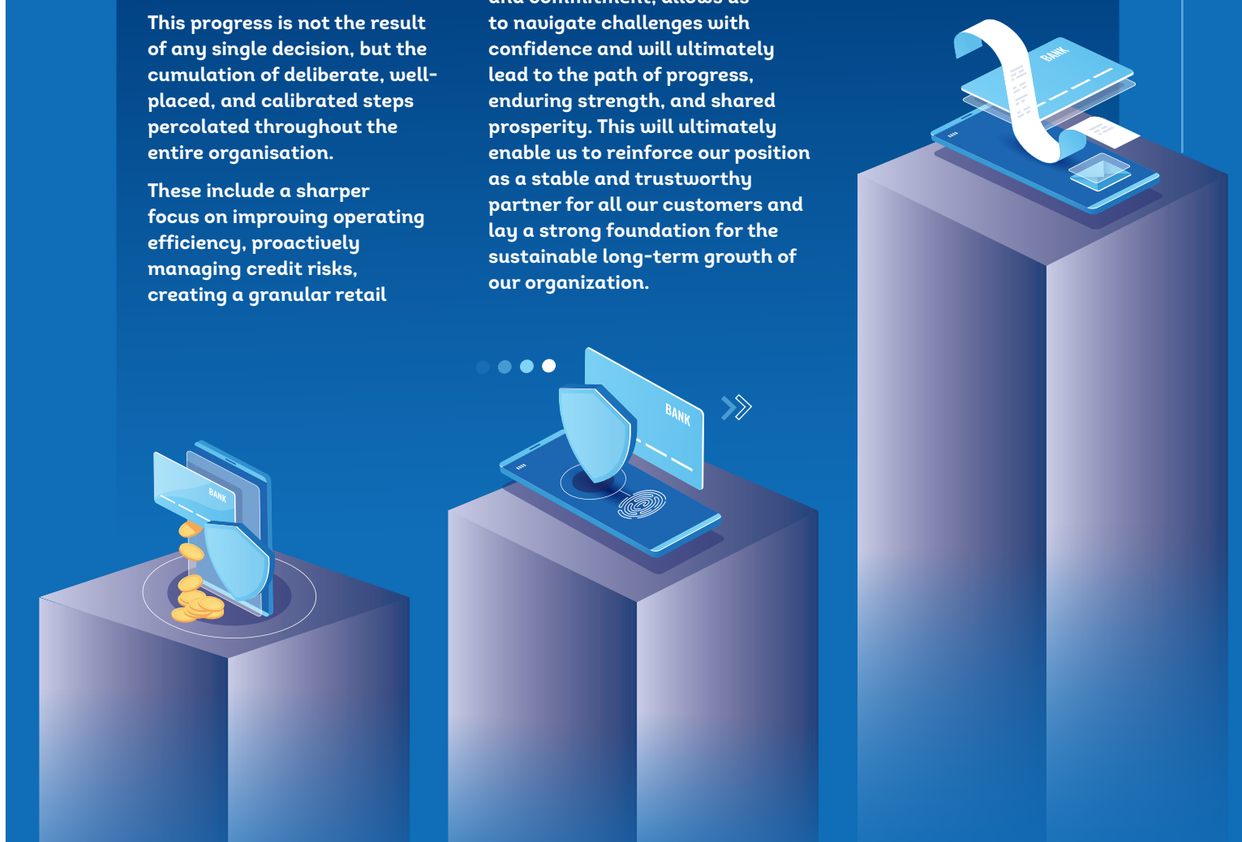
Measured strategic decisions and consistent focus on execution have helped us move decisively towards stability and improve our business and financial performance.

This progress is not the result of any single decision, but the cumulation of deliberate, well-placed, and calibrated steps percolated throughout the entire organisation.

These include a sharper focus on improving operating efficiency, proactively managing credit risks, creating a granular retail deposit base, prioritizing asset quality by diversifying portfolio to increase secured loan mix, investing in technology, expanding our presence, and deepening customer engagement.

These changes will enable us to deliver superior customer service, de-risk loan book, improve profitability and margins while strengthening balance sheet and yielding higher return ratios.

We believe that every measured step taken with discipline and commitment, allows us to navigate challenges with confidence and will ultimately lead to the path of progress, enduring strength, and shared prosperity. This will ultimately enable us to reinforce our position as a stable and trustworthy partner for all our customers and lay a strong foundation for the sustainable long-term growth of our organization.

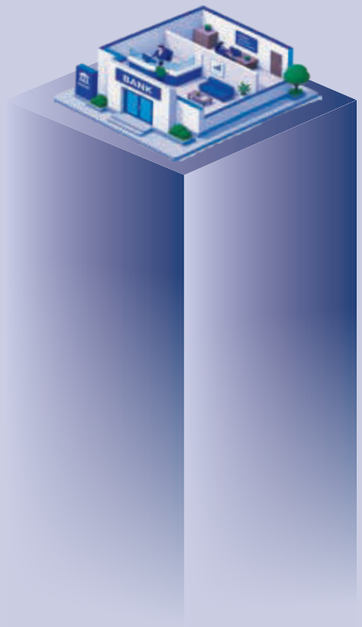


ESAF SMALL FINANCE BANK
Joy of Banking

A Scheduled Commercial Bank

MEMBER
Global Alliance for Banking on Values

INTEGRATED THINKING. PURPOSEFUL REPORTING.



Our Integrated Annual Report presents a comprehensive view of our value creation approach and strategic direction, set against the backdrop of an evolving external environment.

Reporting Frameworks

This Report has been prepared with reference to the International Integrated Reporting Framework, as well as the Business Responsibility and Sustainability Reporting (BRSR) framework mandated by the Securities and Exchange Board of India (SEBI) under the Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015.

In adhering to the nine guiding principles of the BRSR framework, the Bank reinforces its commitment to embedding Environmental, Social, and Governance (ESG) considerations into its strategy and operations.

Reporting Scope & Boundary

1st April 2025 to 31st March 2026

Responsibility

The Board is of the view that this Integrated Annual Report comprehensively addresses all material matters relevant to the Bank and provides meaningful insights into our approach. The Board also acknowledges the integrity of the Report's content, which has been developed under the guidance and oversight of the Bank's senior management.

We are Steered by

Our Vision & Mission

Read on page 21

Driven by

Our Strengths & Strategies

Read on page 46

Built on Our Capitals

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social & Relationship Capital
- Natural Capital

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With a Continuous Focus on

Governance

Read on page 84

Creating Value for

- Customers
- Communities
- Investors
- Value Chain Partners
- Planet
- Employees

Read on page 44

Contributing to the United Nations Sustainable Development Goals (SDGs)



Performance Dashboard 2025-26



Financial Performance

₹ **1,780** crore
Shareholders' Funds

22.2%
CRAR

6.4%
Net Interest Margin

₹ **712** crore
Pre-Provision Operating Profit

TAX
₹ **(166)** crore
Profit/(Loss) After Tax

Aduance Profile

₹ **22,426** crore
Gross Aduances

19.4%
Gross Aduances Growth

₹ **42,530** crore
Total Disbursements

15.7%
Yield on Aduances

Deposit Profile

₹ **25,850** crore
Deposits

11.1%
Deposits Growth

23.9%
CASA (% of Deposits)

7.1%
Cost of Deposits

Operational Reach

24 + **2**
States UTs

804
Banking Outlets

720
ATMs

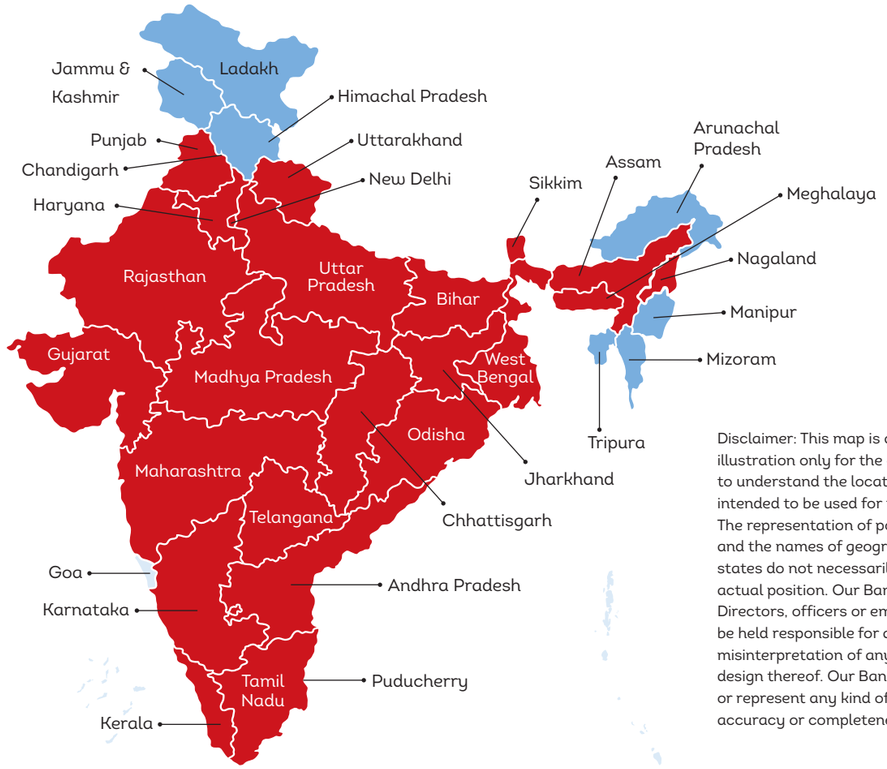
2,923
Banking Agents

737
Business Facilitators

32
Institutional Business Correspondents

1,047
Customer Seruice Centres (CSCs)

78%
Women customer



Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/ states do not necessarily reflect the actual position. Our Bank or any of our Directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. Our Bank does not warrant or represent any kind of connection with its accuracy or completeness.

Chairman's Message



> This has been a year of meaningful transition, marked by resilience, disciplined execution, and an unwavering focus on long-term sustainability.

What we are witnessing today is the emergence of a more resilient, disciplined, and future-ready organisation taking shape.

Dear Stakeholders,

Every institution is defined not only by the heights it achieves, but by how it responds to moments of challenge and transformation. At ESAF Small Finance Bank, we have embraced this past year as an opportunity to reset, recalibrate, and rebuild with greater strength and clarity of purpose. What we are witnessing today is the emergence of a more resilient, disciplined, and future-ready organisation taking shape.

This has been a year of meaningful transition, marked by resilience, disciplined execution, and an unwavering focus on long-term sustainability. I am pleased to note that we have made significant progress across our key strategic parameters. This progress reflects both the strength of our approach and the cooperation of our customers in shaping and building your pursuits.

India Steady in a Volatile Global Economy

The global economy entered the year 2026 under conditions of heightened uncertainty, with escalating geopolitical tensions. Despite the VUCA effect, India has held its ground, reporting GDP growth of 6.5% on the strength of domestic demand and a few structural reforms initiated by the Government of India. Currently, currency depreciation and higher crude oil prices are weighing on external balances, but these pressures are largely cyclical and global in origin rather than reflective of any domestic weakness. Continued policy stability and focus on macroeconomic fundamentals will be key to sustaining momentum.

Amidst the evolving global environment, including the conflict in West Asia, the Bank has demonstrated remarkable resilience and successfully steered the institution in the right direction.

Customer milestone

The progress we have made this year rests on a foundation built over years: the trust of our customers and the commitment of our employees, added to deepening presence across various states of our nation.

In this context, I am pleased to note that we have crossed a significant milestone of 1 crore customers within nine years of operations. This achievement reflects not only the scale we have built, but also the strength of our outreach and the confidence that customers place in us as a trusted financial partner. We have focused on strengthening our fundamentals, improving asset quality, and building a more resilient, diversified asset model, resulting in a long-term structural transformation.

At ESAF Small Finance Bank, we have embraced this past year as an opportunity to reset, recalibrate, and rebuild with greater strength and clarity of purpose.



Focus on Secured Lending

Central to this transformation is our shift towards increasing secured lending under the MARG framework coined as an acronym for the loans given to MSME, Agriculture, Retail, and Gold sectors. These segments have shown strong growth in 2025-26 as compared to the previous year and they have an added advantage of stable asset quality with low NPAs, contributing to a more diversified and de-risked portfolio. A growing share of secured assets is improving recoverability and reducing earnings volatility. Secured assets now form 61% of total gross advances. The most tangible outcome has been a significant improvement in asset quality and reduction in provisions.

With credit costs better controlled and portfolio stability improving, we returned to quarterly profitability in Q3 of 2025-26 with PAT of ₹7 crore and improved it further in Q4 2025-26 with PAT of ₹24 crore. We believe that we will see this trend of positive financial performance continuing in the coming quarters as well.

Strengthening Fundamentals

We remain firmly committed to our core principles of financial inclusion and serving the underserved segments. Our microfinance business will continue to grow in a responsible and calibrated manner, supported by stronger collection mechanisms, and enhanced monitoring.

Our growth strategy has remained measured and quality-focused throughout the year with the aim of balanced growth across both sides of the balance sheet. Thus, in 2025-26, both the gross advances and deposits have grown steadily and sequentially every quarter from Q1 to Q4 of 2025-26. While on the asset side, we focused on de-risking and diversifying our portfolio by increasing our secured lending, on the liabilities side, we continued to strengthen our granular retail deposit franchise.

As of 31st March 2026, the Bank's capital adequacy ratio stood strong at 22.2% and the Liquidity Coverage Ratio stood at 143.4%, both well above the regulatory limits, indicating a comfortable liquidity position and ensuring both stability and financial agility for future growth.

Our products and services are built around a deep understanding of evolving customer needs, ensuring accessibility, relevance, and real impact.



Customer Centricity

Our products and services are built around a deep understanding of evolving customer needs, ensuring accessibility, relevance, and real impact. Our strength lies in our deep presence across rural and semi-urban markets and our ability to build trust-based personalised relationships with customers by providing exceptional customer service. We firmly believe that this relationship-led approach to growing together is powerful.

In parallel, we remain committed to supporting our customers' financial well-being and therefore continue to invest in regular financial literacy programmes. The initiative is to increase customer awareness and encourage them to adopt responsible, secure banking habits. The broader aim of such initiatives is to encourage customers to maintain a strong credit profile by educating them on timely repayments and safeguarding their future borrowing capacity by ensuring disciplined credit behaviour thereby supporting long-term portfolio health.

We are intensely focused on maintaining asset quality in the standard category, which also helps customers maintain a positive credit score.

People

We appreciate the strong cooperation and commitment displayed by all our employees during this challenging year. We have taken various initiatives on capacity building, digital enablement and continuous learning and development to empower our teams.

We look forward to this continued collaboration going ahead as well that will keep us on our growth momentum and at the same time ensure we continue to exceed our customer expectations.

Technology

Technology is central to our next phase of growth, and we have undertaken a comprehensive transformation through ESAF 2.0 - StratoNext Programme, to be implemented before end of this calendar year 2026. The platform will enhance customer experience, improve turnaround times, better data governance, improve risk management and strengthen operational efficiency. Integrating digital capabilities with our physical network will allow us to scale with greater precision while deepening customer engagement.

Moving Forward with Confidence

As we look ahead, our focus on improving asset quality, building a more balanced portfolio, and strengthening operating performance gives us confidence in delivering sustainable financial performance. Also, our governance and regulatory framework is aligned with global best practices, supported by continuous monitoring.

We remain committed to expanding secured lending, deepening our deposit base, enhancing digital capabilities, and maintaining strong risk discipline, while staying true to our core mission of financial inclusion. With a stronger foundation and a clear strategic direction, we are well positioned to create long-term value as a trusted, responsible institution.

I am deeply grateful to every stakeholder who has been part of this journey: our shareholders, customers, employees, Board of Directors, and business and technology partners. Your support, commitment, and belief in what we are building have been instrumental in every step of our progress. We look ahead with confidence and optimism and create sustained value for all our stakeholders in the years ahead.

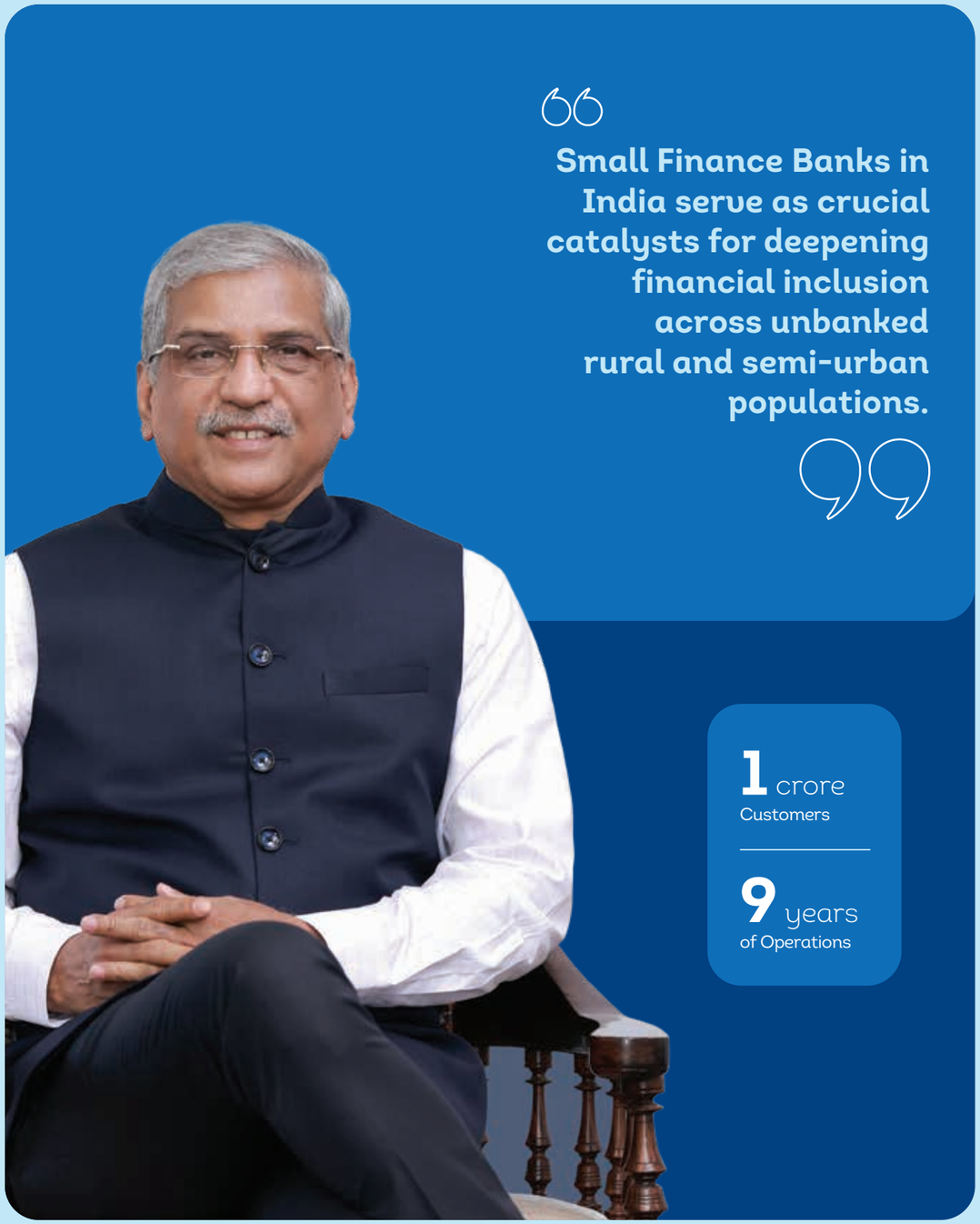
I would also like to acknowledge the guidance and encouragement of our regulatory authorities, particularly the Reserve Bank of India, SEBI, the Insurance Regulatory and Development Authority of India, and the Pension Fund Regulatory and Development Authority, along with the Government of India and various state governments. Their support continues to play a vital role in strengthening the financial ecosystem and enabling our relevance and expansion.

Thank you for your trust and encouragement.

Warm regards,

Shri. Karthikeyan Manickam,
Chairman

Managing Director's Message



> Small Finance Banks in India serve as crucial catalysts for deepening financial inclusion across unbanked rural and semi-urban populations.

1 crore
Customers

9 years
of Operations

Dear Stakeholders,

It is easy to measure progress in numbers; what matters more is what those numbers represent. At ESAF Small Finance Bank, we remain conscious that economic growth, by itself, is not enough. Our focus is on ensuring that growth translates into meaningful impact for the communities we serve by enabling society to prosper as a whole.

With this perspective in mind, we look at the broader economic environment that continues to evolve. India continues to demonstrate resilience, with the United Nations projecting GDP growth of 6.4% in the year 2026 and 6.6% in the year 2027, reinforcing its position as a key driver in the Asia-Pacific region. Growth in year 2025 stood at 7.4%, supported by strong consumption, particularly in rural markets, aided by GST rate reductions and export momentum ahead of anticipated tariff changes in the United States. However, the ongoing geopolitical instability in the Middle East has clouded the immediate global economic outlook. The resultant volatility in crude oil prices is posing moderate headwinds to input costs, and its inflationary effects will remain a key monitorable factor to predict India's economic growth in the coming year.

On the policy front, the Reserve Bank of India in the Monetary Policy Meeting (MPC) held in April 2026, maintained the repo rate at 5.25%, following cumulative rate cuts of 125 basis points during 2025-26. Driven by moderating inflation and steady growth, this easing cycle has improved liquidity conditions and provided tangible relief to borrowers. But in lieu of the recent global developments, policymakers are expected to prioritize stabilizing the rupee and managing bond yields, rather than immediate rate hikes.

Small Finance Banks (SFBs) in India serve as crucial catalysts for deepening financial inclusion across unbanked rural and semi-urban populations. The middle- and lower-income groups constitute a significant portion of India's economy. SFBs can serve as a crucial bridge in generating employment opportunities within these segments, with special focus on empowering women borrowers by providing them with earning opportunities. SFBs also promote micro-entrepreneurship and by expanding credit to underserved enterprises, play a huge role in supporting MSMEs, which contribute to 30% of India's GDP. Agriculture as a sector remains a primary contributor to India's economy. SFBs can leverage government initiatives such as the Pradhan Mantri Kisan Maandhan Yojana and help extend financial security and benefits to farmers, further strengthening the sector.

We therefore believe that SFBs will play a pivotal role in advancing the vision of Viksit Bharat 2047 by enhancing rural per capita income and reducing rural disparities by providing specialised, affordable credit and modern technology-driven digital banking services.

Through all of this, the role and strategic direction of ESAF Small Finance Bank remains clear. By expanding access to finance, enabling livelihoods, and strengthening grassroots enterprises, we seek to contribute to a more balanced and inclusive growth story for India.

> Our focus is on ensuring that growth translates into meaningful impact for the communities we serve enabling society to prosper as a whole.

The Year in a Nutshell

2025-26 can be defined as a transition year for us, marked by a conscious recalibration of our business model amid the sector-wide microfinance stress that was prevalent over the last fiscal year. As a result, for us the fiscal year 2025-26 was effectively a year of two halves. While the first half was impacted by the challenging operating environment, the second half saw a clear improvement in performance, driven by portfolio rebalancing towards more secured assets, better asset quality, improved operating efficiency, and financial performance.

Our priorities were aligned towards resilience and laying the groundwork for a sustainable growth path. We took corrective actions to effectively change the portfolio mix and improve asset quality, used data and analytics for disciplined underwriting and risk monitoring, and invested in expanding the franchise for last mile customer engagement and service. The objective was clear - transforming and building a more stable and resilient institution.

Central to this transformation has been the execution of our MARG strategy. MARG in Sanskrit signifies direction, and this framework reflects our clear strategic path towards secured lending led by MSME, Agriculture, Retail, and gold loans. This framework is the cornerstone of our portfolio de-risking approach. An added advantage of this portfolio transition is that all the constituent segments under the MARG framework exhibit significantly lower NPA levels. Hence, during the year, we consciously focussed on and accelerated growth across our secured segments, resulting in gross advances from the MARG portfolio growing by 47% as compared to the previous year. As of 31st March 2026, secured advances form 61% of total gross advances and we remain on track to achieve our stated target of 70% secured assets by 31st March 2027.

Microfinance, on the other hand, remains a core part of ESAF's DNA. During the year, the microfinance operating environment was continuously evolving, with tighter regulatory expectations, SRO guardrails, greater focus on borrower leverage limits, and strengthened collection discipline across the industry. These developments had a bearing on credit flows and disbursement momentum but also laid the foundation for a more responsible and sustainable ecosystem. The sector is now showing some signs of stabilisation as overall collection efficiencies have improved, and operating conditions are gradually normalising. This encourages us to believe that in the coming year, we may see some growth in this sector.

We adopted a focused and calibrated strategy for our microfinance portfolio during the year as we continued to place strong emphasis on regulatory alignment, stricter underwriting norms and customer protection. As a result, the microfinance portfolio in 2025-26 remained stable in absolute terms, but its share reduced to 39% of total gross advances as compared to 47% last year.

Beyond credit, we have deepened our engagement with customers through credit-plus services, financial literacy (more than 2,600 programmes), and community-based initiatives. These initiatives help us in educating customers about responsible credit, ultimately strengthening financial behaviour and supporting long-term borrower sustainability.

On the liability side, we made steady progress in deepening our retail deposit franchise, with a particular focus on CASA growth across rural and semi-urban markets. Retail deposits remained strong at 92% of total deposits. Our strategy remains centred on deposit granularity and a stable funding base, limiting reliance on bulk deposits. We are leveraging our franchise strength in Kerala and South India, alongside longstanding NRI relationships to support consistent deposit mobilisation. During the year, we crossed a milestone of 1 crore customers with a strong representation of women borrowers. We see this as a structural strength of our model, contributing to both portfolio resilience and long-term franchise value.

This strength stems from our strong distribution network we have built over a period of last 9 years, spanning 24 states and 2 union territories, with a majority presence across rural and semi-urban areas. It is anchored by our 804 banking outlets and 720 ATMs, ensuring consistent access to banking services across geographies.

The Business Correspondent model plays a central role in last-mile delivery, credit outreach, deposit mobilisation and customer engagement. We have 32 institutional business correspondent partners and 700 plus business facilitators operating 1,000 plus customer service centres. Going forward, we are seeing a great opportunity to grow our business by leveraging the network we built and the products we have developed across all our customer segments.

Performance in Numbers

Microfinance segment stress drove elevated GNPA and NNPA levels during the earlier part of the year. We responded with timely, decisive action to stabilise credit quality. These included shift in portfolio mix, disciplined underwriting, selective sale of stressed assets to ARCs, higher provisioning, and disciplined collection mechanisms. These efforts are yielding results, with visible improvement in asset quality. GNPA is now at 5.4% compared to 6.9% last year and NNPA is at 1.8% compared to 3.0% last year. The slippage ratio on a gross basis reduced from 10.5% in 2024-25 to 6.5% for 2025-26.

Gross advances rose from ₹18,779 crore in 2024-25 to ₹22,426 crore in 2025-26, reflecting a year-on-year growth of 19%. Disbursements for the year more than doubled and reached ₹42,530 crore, compared to ₹20,984 crore in the previous year. Secured lending constituted 83% of total disbursements.

Total deposits stood at ₹25,850 crore, registering a year-on-year growth of 11% over ₹23,276 crore. Retail deposits recorded a healthy growth of 9%, increasing from ₹21,640 crore to ₹23,674 crore.

During the year, we consciously focussed on and accelerated growth across our secured segments, resulting in gross advances from the MARG portfolio growing by 47% as compared to the previous year.

61%

Secured advances as a percentage of total gross advances

We responded with timely, decisive action to stabilise credit quality. These included shift in portfolio mix, disciplined underwriting, selective sale of stressed assets to ARCs, higher provisioning, and disciplined collection mechanisms.



CASA balances also improved significantly, rising to ₹6,181 crore from ₹5,783 crore, supported by continued focus on customer acquisition, service quality, and branch-led growth.

Net interest income stood at ₹1,700 crore, compared to ₹2,047 crore in 2024-25 and net interest margin stood at 6.4% during 2025-26. We returned to quarterly profitability in Q3 of 2025-26 with a PAT of ₹7 crore and built on that momentum with a PAT of ₹24 crore in Q4 of 2025-26, a key indicator that reflects the effectiveness of the corrective measures undertaken.

Technology-led Growth

This year marked a pivotal phase in the Bank's multi-year IT and digital transformation programme called StratoNext. The programme is a comprehensive overhaul of our technology landscape, building a scalable, resilient architecture aligned with our evolving business model.

The StratoNext initiative, expected to go live by the end of this calender year 2026, will strengthen our core capabilities across risk management, regulatory compliance, data governance, operational efficiency and improved customer experience. Our focus on data analytics and AI-driven credit scoring will continue to remain a key priority and complement our digital transformation journey. The aim is to make a digital first experience accessible to all, while reaching out to the next generation of customers.

We have initiated steps to effectively manage and adapt these changes in the system, with a focus on change management. In the process, we are building a future ready technology foundation that supports our growth aspirations and enables more agile service delivery.



People. Planet. Prosperity.

Our commitment to building a responsible institution, where growth is anchored in strong governance, ethical practices, and long-term sustainability, remains unchanged. ESG is not a reporting exercise for us. It is integrated into how we operate. As of November 2025, we achieved an ESG score of 75.4 (CareEdge-ESG1), up from 68.1, placing us among the stronger performers in the Indian banking sector.

One standout achievement for us in the ESG score was the No. 1 ranking in the social pillar of ESG with a leading score of 82.6. This reasserts a distinctive cultural pillar of ESAF's philosophy of servant leadership and steadfast commitment to the unserved and underserved communities. Our sustained focus is on inclusive growth and creating a positive impact in the society.

Also, all our achievements belong to our people. I am deeply grateful to every ESAF employee who has navigated this challenging year with commitment, discipline and perseverance to achieve our shared goals.

On the environmental front, we were awarded 'Most Sustainable Company – Small Finance Bank' at the Business Today India's Most Sustainable Companies Awards 2025. This is a recognition of our focus on sustainable operations.

ESAF's ethical banking practices are deeply rooted. Our governance framework is anchored in transparency, accountability, and alignment with global standards, supported by a Board of experienced professionals with backgrounds spanning RBI supervision and international financial institutions.

Charting the Future

2025-26 was a year of consolidation for us. As we enter the next fiscal year 2026-27, we will continue to build on our last year's performance in a more disciplined and structured way to ensure sustainable growth. Our priorities are clear - asset quality normalisation and improving return ratios. A shift in portfolio mix towards secured assets, sustained operational efficiency, moderating slippages and improved collection efficiencies, supported by tighter credit discipline, will drive these outcomes.

We are working towards expanding our geographical presence both on the liability and asset side and driving incremental growth beyond the home state, enabling a more balanced and resilient presence.

We will continue to strive towards our long-term strategic direction and vision of evolving into a well-diversified retail-led social bank. This vision is built on customer centricity, financial inclusion, and the creation of enduring stakeholder value. Every strategy, product, and partnership is designed to advance this purpose, with an eventual aspirational pathway to universal banking. We will strive to achieve this goal while remaining faithful to ESAF's social purpose and staying rooted in our mission of inclusive growth.

We are deeply grateful to our customers, shareholders, channel partners, regulators, advisors, vendors, the Government of India, and state governments for their trust and continued support. Their confidence strengthens our commitment to responsible banking and inspires us to build not just an institution, but a movement that advances financial inclusion and empowerment across the nation.

Warm regards,

Dr. Kadambelil Paul Thomas,
Founder, MD & CEO

Board of Directors



Standing Left to Right

Shri. George Kalaparambil John
Executive Director

Shri. George Ittan Maramkandathil
Non-Executive Director

Prof. Biju Varkkey
Non-Executive
Independent Director

Shri. Ajay Sharma
Non-Executive
Independent Director

Dr. Vinod Vijayalekshmi Vasudevan
Non-Executive
Independent Director

Seating Left to Right

Dr. Kadambelil Paul Thomas
Managing Director and CEO

Shri. Karthikeyan Manickam
Chairman

Ms. Kolasseril Chandramohanan Ranjani
Non-Executive Independent Director

Leadership Team



Gireesh C. P.
Executive Vice President - Finance & Chief Financial Officer



Bosco Joseph
Executive Vice President - Inclusive & Emerging Business



Sudeu Kumar V.
Executive Vice President - Retail Banking



Sibu K. A.
National Head - Inclusive Banking



Abey Abraham
National Head - Retail Assets



Radhakrishnan D.
National Head - Agri and MSME



Venkateswarlu Mallineni
National Head - Branch Banking



Wilson Cyriac
Chief Risk Officer



George Chacko Varghese
Chief Compliance Officer



Ali Mohammad Saquib
Chief Digital and Information Officer (CDIO), Chief Technology Officer (CTO)



Sivakumar P.
Head - Internal Audit



Ranjith Raj P.
Company Secretary

Awards & Recognitions



ESAF Wins Global CSR & ESG Awards 2025



ESAF Bags Honours at the FT Finance Awards 2025



ESAF receives the BT India's Most Sustainable Small Finance Bank Award at India's Most Sustainable Companies Summits and Awards.



ESAF's QR Loan recognised as the Best UPI-Based Digital Payment Solution under the PayTech category at the ETBFSI FinNext Awards 2025.



ESAF Small Finance Bank received the Best CSR Award at the NIPM Award Nite 2025.



ESAF wins the Elaben Memorial Award for the Best Women-Friendly Institution 2025.



ESAF Small Finance Bank has been recognised as the Best Bank in MSME Acceleration at the prestigious 3rd ICC Emerging Asia Banking Awards 2025.



ESAF receives the Best Digital Financial Inclusion Award conferred by the Indian Banks' Association (IBA)



ESAF wins the Digital Transformation Excellence Award presented by Hitachi Vantara and DQIndia in 2026



ESAF receives the Bronze Award in the Excellence in Use of AI for Talent Acquisition category at the ET Human Capital Awards 2026.



ESAF wins the Exemplary CSR Project (Social Inclusion) Award at the KMA Green Palms 2026.



About the Bank

Enabling Financial Growth. Step by Step.



We prioritise lending to productive sectors that contribute meaningfully to the creation of goods and services, in line with the Reserve Bank of India's (RBI) priority sector lending requirement that directs 60% of our portfolio towards priority sectors.

The ESAF journey began in 1992 with the establishment of a Non-Governmental Organisation dedicated to fostering sustainable development among marginalised communities. Inspired by the Grameen Bank model of Bangladesh, Dr. K. Paul Thomas, MD & CEO and Individual Promoter of the Bank, introduced microenterprise development services in 1995. This initiative paved the way for the formation of ESAF Microfinance and Investments Private Limited in 2008, creating a more structured platform for expanding these activities. Over the years, these efforts evolved into a comprehensive financial services framework, ultimately leading to the establishment of ESAF Small Finance Bank.

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.

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

- Servant Leadership
- Customer Centric
- Accountability
- Transparency
- Commitment

Triple Bottom Line Approach

Guided by the principles of People, Planet, and Prosperity, our Triple Bottom Line approach reflects our deep commitment to strengthening livelihoods, enabling sustainable economic growth, and serving low- and middle-income segments across India. Anchored in our guiding motto, 'fighting the partiality of prosperity,' we strive to build a more equitable and inclusive society where opportunities are accessible to all.

People

Empowering employees, customers, and communities at large and enhancing overall well-being

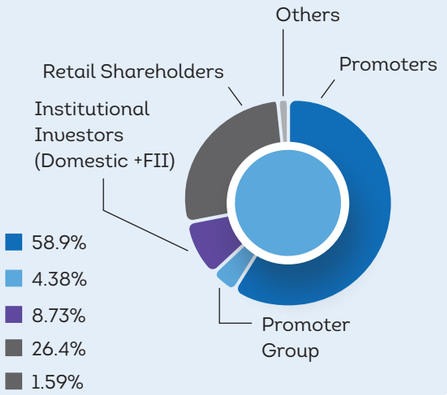
Planet

Protecting the environment and ensuring sustainable development

Prosperity

Ensuring the prosperity of all stakeholders in a sustainable manner

Shareholding Pattern of ESAF Small Finance Bank Ltd. as of 31st March 2026



Milestones

Defining Moments. Consistent Progress.

2020

- Crossed ₹ 10,000 crore in business
- Crossed 500 retail banking outlets

2022

Crossed ₹25,000 crore in total business

2023

The Bank was listed on the BSE and NSE on 10th November 2023

2024

Operationalised Authorised Dealer Category I Licence (Foreign Exchange operations)

2026

Crossed 1 crore customers

2018

- Became a member of the Global Alliance for Banking on Values (GABV)
- Received Scheduled Commercial Bank status
- Granted approval by the RBI for Non-Resident Indian (NRI) operations

2017

Commenced banking operations, becoming the first private bank in Kerala to receive a banking license since independence

2016

Received license to commence banking operations from the RBI



Business Segment

Segmented Strength.

Collective Growth.



In line with our commitment to financial inclusion, our offerings span Retail Banking, Micro, Small and Medium Enterprises (MSME) Banking, and Microfinance, addressing the diverse needs of individuals, families, and businesses.

Through accessible and responsible banking, we enable financial stability for households, growth for entrepreneurs, and sustainable expansion for enterprises driving inclusive development across communities.



Investments

- National Pension System (NPS)
- Atal Pension Yojana (APY)
- Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)
- Pradhan Mantri Suraksha Bima Yojana (PMSBY)
- Life Insurance
- Health Insurance
- General Insurance
- Demat (3-In-1 Account)
- Mutual Funds

Accounts

- Savings Accounts
- Current Accounts

Forex and Remittance

- Inward remittance
- Outward remittance
- MTSS
- Foriegn Currency Sale/Purchase
- Forex Card (Co-branded)

Deposits

- Hrudaya Fixed Deposits
- Recurring Deposits
- Green Deposits
- FCNR Deposits

Loans

- Home Loans
- Loan Against Property
- Gold Loans
- Vehicle Loans
- MSME Loans
- Agri Loans
- Clean Energy Loans
- QR Loans
- Micro Finance and Micro Loans
- Financial Institution Lending

Digital

- Debit Cards
- Credit Cards
- Internet Banking
- Mobile Banking
- WhatsApp Banking

Payments

- Bharat Bill Payment System (BBPS)
- BHIM Unified Payment Interface (UPI)

The POWER to Dream Bigger

Deposits

Deposits provides the Bank with a strong retail funding base through current accounts, savings accounts, and term deposits, while supporting long-term franchise stability and customer engagement.

The segment also includes debit cards, safe deposit lockers, and foreign exchange services, enabling a broader relationship-led liability franchise.



Markets Served

- Domestic retail customers across savings, current account, and term deposit products.
- NRI customers through NRE/ NRO savings accounts, current accounts, and FCNR deposit products.
- Customers seeking purpose-led deposit offerings such as **Green Deposits and Hrudaya Fixed Deposits.**

2025-26 Performance Highlights

₹ 25,850 crore
Deposits

₹6,181 crore
CASA

23.9%
CASA Ratio

91.6%
Retail share of deposits

7.1%
Cost of Deposits

₹5,248 crore
NRI Deposits

Strategic Priorities

- Deepen CASA mobilisation across new and existing customer relationships.
- Expand fixed deposit and recurring deposit balances through service-led acquisition and competitive pricing.
- Extend liability sourcing through branches, ATMs, and Business Correspondent-led channels.

Growth Drivers

- Continued customer acquisition across retail segments supports growth in the liability franchise.
- A technology-led distribution model across mobile, internet, WhatsApp banking, ATMs, and assisted channels enhances customer access and engagement.
- A diversified liability product suite helps address a broad range of customer needs.

Risk Discipline

The segment contributes meaningfully to funding resilience through a predominantly retail deposit base and a disciplined liability profile.

Building Customer Impact

Retail Liabilities supports broader financial inclusion by enabling access to formal savings, transaction banking, and deposit products across customer groups. The Bank's offering spans traditional retail products, NRI solutions, and socially oriented deposit propositions, supported by physical and digital delivery channels that improve accessibility and convenience.

Why It Matters

Retail Liabilities strengthens the Bank's funding profile, deepens customer relationships, and supports the creation of a more balanced and resilient franchise. With a granular deposit base, improving CASA, and a strong retail share of deposits, the segment remains a key enabler of long-term stability and sustainable growth.

Micro Banking

Micro Banking remains a core pillar of the Bank's inclusion-led franchise, extending formal financial access to underserved and underbanked households across rural and semi-urban markets.

It supports broad-based outreach, deepens customer engagement, and fosters long-term relationships, while creating pathways into formal savings and transaction banking. Even as the portfolio becomes more diversified and increasingly secured, financial inclusion remains a key strength of the franchise.



Markets Served

- Underserved and underbanked households across rural and semi-urban markets.
- Women customers remain a key focus within the Micro Banking segment, with more than 1.20 million women currently benefiting from these services.
- Borrowers seeking small-ticket credit through Microfinance Loans and Micro Loans.
- Customers requiring livelihood-linked and household-support products such as Income Generation Loan (IGL), Business Loan, Vidya Jyothi Loan, and General Loan.
- Women borrowers organised through Self-Help Groups (SHGs), fostering collective financial empowerment, sustainable livelihoods, and community development.
- Customers seeking formal savings and transaction access through PM Jan Dhan accounts.
- Customers connected to inclusion-oriented liability products such as the Dabba Savings Account (Micro Savings Account).



2025-26 Performance Highlights

₹ 8,746 crore
Asset Book

(1.2)%
YOY change

39.0%
% share of gross advances

7.16 lakh Customers
Digital Adoption

Strategic Priorities

1. Sustain financial inclusion while progressively reducing dependence on unsecured lending through a more diversified portfolio mix.
2. Strengthen portfolio quality through disciplined underwriting and calibrated risk management.
3. Deepen customer engagement through a granular, relationship-led model that combines credit access with savings-linked inclusion.
4. Facilitate the graduation of eligible Micro Banking customers to MSME, Agriculture, and other Retail Lending products, enabling them to expand their businesses while fostering deeper banking relationships and building a more diversified loan portfolio.

Growth Drivers

1. A broad rural and semi-urban footprint and inclusion-led operating model support deep customer reach and engagement.
2. Doorstep delivery of credit and banking services enhances accessibility and customer convenience.
3. Multi-channel support, mobility-led servicing, and digital tools strengthen service efficiency, transparency, and ease of access.
4. Digital platforms such as ESAF Mithra deepen customer engagement by enabling self-service access to loans, repayments, deposits, and other banking services.

Risk Discipline

- The microfinance operating environment is showing early signs of stabilisation following a period of stress.
- Disciplined underwriting, calibrated risk management, and a focus on portfolio quality are supporting performance improvement.
- A measured and risk-aware approach underpins the sustainable growth of the Micro Banking franchise.

Building Customer Impact

- Micro Banking advances financial inclusion by extending formal financial services to underserved households and low-ticket borrowers.
- The segment supports broader participation in the formal banking system through access to credit, deposits, debit cards, and digital banking services.
- A large customer franchise with strong participation from women customers reinforces the social impact and structural relevance of the segment.

Why It Matters

Micro Banking remains central to the Bank's identity as an inclusion-led institution, providing depth, reach, and customer relevance across underserved markets. As the franchise evolves towards a more diversified and increasingly secured portfolio, Micro Banking continues to serve as the foundational engine of customer access, trust, and long-term franchise strength, with micro-liability products further deepening financial participation and relationship continuity.



Gold Loans

Gold Loan supports transition toward a stronger secured lending mix by combining quick, collateral-backed credit with broad retail relevance.

Gold Loans continue to be a strategic growth area for the Bank, supported by strong market demand and the liquidity of the underlying collateral. The business contributes to portfolio diversification, stable returns, and prudent risk management.



Markets Served

- Households seeking quick access to secured credit
- Small business owners requiring working capital support
- Customers seeking, medical, and other lifecycle needs
- Farmers and rural customers through Agri Gold Loan, designed for short-term agricultural and allied activities

2025-26 Performance Highlights

₹ 8,858 Crore
Asset book

54.5%
YOY growth

39.5%
% share of gross advances

Strategic Priorities

- Deepen secured retail growth through greater gold loan penetration
- Enhance customer fulfilment through quick-disbursement processes and dedicated service counters
- Increase relevance of productive-use through differentiated offerings such as Agri Gold Loan

Growth Drivers

- Increasing customer preference for secured borrowing
- Simple, convenient, and fast loan processing
- Strong applicability across rural, agricultural, and semi-urban markets

Risk Discipline

- Collateral-backed lending structures
- Clearly defined documentation requirements
- Short-tenor product structures that support effective portfolio monitoring

Development Impact

- Providing timely access to secured credit for households
- Supporting agricultural and allied economic activities
- Expanding formal credit access across ESAF's retail footprint

Why It Matters

Gold Loan reinforces ESAF's secured-asset strategy, broadens the retail franchise, and contributes to a more balanced and resilient advances portfolio.

Agri Business

Agriculture remains a vital pillar of India's economy and a key source of rural livelihoods. For the Bank, Agri Banking is a strategic segment that strengthens our presence in rural and semi-urban markets, expands access to productive credit, and supports a more secured and resilient advances portfolio.

Through specialised offerings, ecosystem partnerships, and deeper on-ground engagement, we continue to build a strong agriculture franchise that advances diversification, financial inclusion, and balanced growth.



Rural Customer Segments

- **Small and marginal farmers** seeking timely and relevant credit support
- **Farmer Producer Organisations (FPOs)** requiring institutional-scale financing solutions
- **Agri-allied enterprises** engaged in dairy, livestock, farm equipment, and other related activities
- **Rural microbusinesses** linked to local agricultural and livelihood ecosystems

2025-26 Performance Highlights

₹ 1,257 crore
Asset Book

23.6%
YOY growth

5.7%
Share of Gross Advances

Focus Areas

- Expanding agri outreach across high-potential geographies through focused relationships.
- Strengthening partnerships with FPOs and rural ecosystem institutions to widen customer access
- Growing secured agri lending while maintaining disciplined underwriting and stronger portfolio quality

Growth Enablers

- Formalisation of rural finance, as more customers move toward organised banking channels
- Technology-driven agri services, improving customer access, servicing efficiency, and monitoring
- Ecosystem partnerships, including FPOs and other rural institutions that enhance sourcing and engagement

Risk Management

- Robust underwriting standards tailored to productive rural finance
- Priority sector alignment with a focus on genuine end-use lending
- Proactive monitoring supported by closer field-level engagement and portfolio oversight

Building Rural Impact

- Promoting financial inclusion in underserved agricultural communities
- Supporting farmer livelihoods through structured and timely credit access
- Driving sustainable growth by financing productive economic activity in rural markets

Why It Matters

Agri Banking is important to the Bank not only because it expands our rural franchise, but because it strengthens the quality and diversity of our advances book. By combining rural focus, secured lending, and ecosystem-led growth, the segment supports our long-term strategy of building a more balanced, resilient, and inclusive banking franchise.

Retail Assets

Retail Assets caters to the diverse financing needs of retail customers by offering housing, mobility, personal, and social infrastructure financing products, enabling asset creation, fulfilling consumption needs, and enhancing quality of life.

The segment is built around mortgage-backed lending, mobility finance, and general retail credit solutions, supporting customer aspirations across housing, mobility, and personal financial needs. Within the Bank's broader strategic transition towards a more diversified and increasingly secured portfolio, retail lending continues to play an important role in improving product breadth, customer relevance, and portfolio resilience.



2025-26 Performance Highlights

₹ 2,080 crore
Asset Book

40.6%
YOY growth

9.3%
Share of Gross Advances

Markets Served

The product suite for this segment may be grouped into three principal categories:

Mortgage Loans

- Loan Against Property for lawful personal needs such as education, marriage, healthcare, debt consolidation, and other family requirements.
- Housing-linked offerings such as Dream Home Loan and Micro Housing Loan, covering purchase, construction, extension, renovation, and balance transfer.
- Lease Rental Discounting (LRD Loan) against monthly rent receivables from self-owned premises.

Social Infrastructure Loans

- Financing solutions designed to support the development and enhancement of social infrastructure, with a focus on educational institutions, student financing, and skill development initiatives that contribute to community advancement and human capital development.
- Offerings include Infrastructure Loans for educational institutions, School Rise Advances for operational and working capital requirements, Student Loans for domestic and international higher education, and other education-focused financing solutions that enhance access to quality education and skill development opportunities.

General Loans

- Personal Loan for salaried and pension-linked customers upon submission of the required documents.
- Salary Overdraft, described as an overdraft of up to three times the monthly salary for salary accounts maintained with the Bank.

Mobility Loans

- Vehicle financing solutions designed to support both individual transportation requirements and business operations. Financing is available for two-wheelers, four-wheelers, and commercial vehicles.
- Offerings include New Car Loans, EV Car Loans, Used Car Loans, New Light Commercial Vehicle (LCV) Loans, Three-Wheeler Loans, and Two-Wheeler Loans, catering to a wide range of customer mobility and commercial needs.

Clean Energy Loans

- Financing solutions that promote the adoption of clean and sustainable energy technologies by individuals, households, entrepreneurs, and institutions.
- The portfolio includes financing for solar energy systems, biomass-based power generation systems, and non-conventional energy solutions for public utilities.

Strategic Priorities

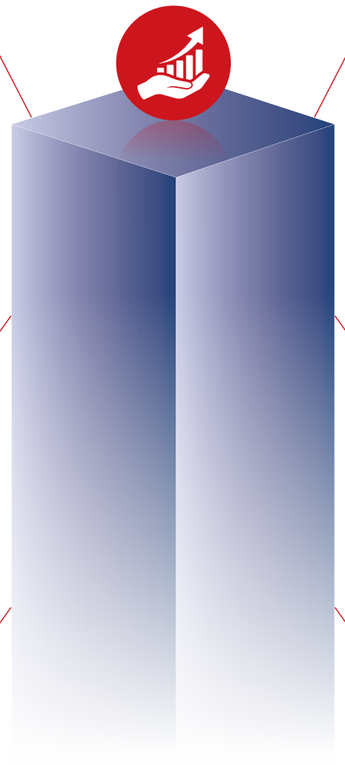
- Strengthen the retail franchise through a sharper focus on mortgage, mobility, and personal credit products.
- Build a more granular and diversified retail book through individual customer acquisition across secured and semi-secured lending categories.
- Improve customer convenience through faster processing, simplified documentation, and relationship-led service delivery. The Loan Against Property and Vehicle Loans explicitly offer simplified documentation, faster processing, and dedicated relationship support.

Growth Enablers

The segment is supported by multiple structural growth enablers:

Mortgage-led needs

Housing, property-backed borrowing, and lease-linked financing continue to support customer demand across retail markets. ESAF's mortgage product suite covers purchase, construction, extension, renovation, balance transfer, and rent-backed borrowing.



Customer convenience

Streamlined credit journeys remain a differentiator. Public product pages for vehicle loans and property-backed loans emphasise quick processing, fast approvals, flexible repayment options, and minimal documentation.

Mobility demand

Retail and commercial mobility products spanning new, used, and commercial vehicles provide a broad financing canvas across individual and livelihood-oriented requirements.

Multi-product retail relevance

Personal loans and salary overdrafts deepen the franchise by addressing shorter-tenure and immediate liquidity needs.

Education-Led Growth Opportunities

Increasing focus on education, skill development, and institutional capacity-building is driving demand for financing solutions that strengthen learning ecosystems and community infrastructure. Rising investments in educational infrastructure, digital learning, and human capital development continue to create long-term growth opportunities for the Bank's Social Infrastructure portfolio.

Clean Energy Transition

Growing awareness of sustainability, rising energy costs, and the increasing adoption of renewable energy solutions are expanding financing opportunities across households, institutions, and small businesses. The transition to cleaner and more energy-efficient technologies is expected to drive sustained demand for clean energy financing solutions.

Risk Discipline

Retail Assets contributes to portfolio balance by expanding the Bank's retail lending participation outside unsecured microfinance-centric exposures. Within the retail asset suite, mortgage-linked products are collateral-backed, while mobility and other retail products are supported by product-specific underwriting and eligibility norms published across ESAF's product pages.

Loan Against Property is underpinned by title, tenure, and cash flow-based eligibility assessment, while vehicle and personal loans are positioned with clearly stated documentation and product parameters.

Building Customer Impact

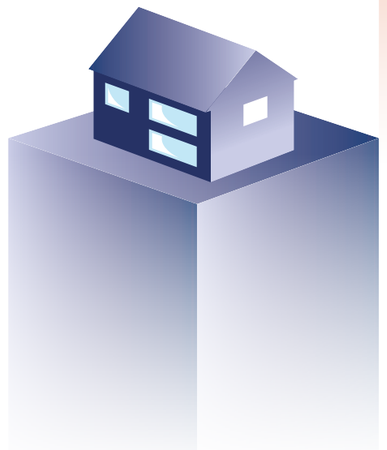
Retail Assets enables the Bank to support a wider range of household and individual aspirations beyond basic credit access. Mortgage products help customers fund property-linked needs, mobility loans support personal and livelihood-related transport requirements, and general loans address immediate and planned personal financial requirements. By serving these needs through a formal banking framework, the segment helps deepen relationships and broadens the Bank's role in everyday financial decision-making.



Why It Matters

Retail Assets matters because it strengthens the Bank's individual lending franchise through a wider set of customer use cases, expands participation in secured and semi-secured retail credit, and supports the creation of a more diversified and resilient portfolio. With mortgage, mobility, and general loans positioned as distinct retail asset categories, the segment contributes meaningfully to long-term franchise depth and balanced growth.





MSME

MSME remains a key pillar of the Bank's growth strategy, supporting entrepreneurs and enterprises with credit solutions for working capital, business expansion, receivables financing, and secured borrowing.

Serving a broad spectrum of business customers, the segment strengthens the Bank's role in productive lending and contributes to a more diversified and increasingly secured advances portfolio under the MARG strategy, while deepening its relevance across business segments.



2025-26 Performance Highlights

₹ 617 crore
Asset Book

21.1%
YOY growth

2.8%
Share of Gross Advances

Markets Served

The MSME franchise is designed to serve a wide spectrum of enterprises, ranging from emerging businesses and micro-enterprises to customers requiring structured and higher-value secured business finance. The product architecture includes MSME TReDS, QR Loan, Udyog Saral Loan, MSME GST Power, MSME Business LAP, MSME Udyog Loans, Micro Enterprise Loans, and Vyapar Vikas Yojna.

The segment serves

- Small and medium enterprises seeking business funding and working capital support.
- Enterprises requiring invoice discounting and receivables financing through **TReDS**.
- Businesses seeking property-backed borrowing through **MSME Business LAP**.
- Micro-enterprises and business owners requiring structured credit for enterprise growth.
- The MSME franchise through broader participation across working capital, receivables financing, and secured business lending.
- Mid-sized and established enterprises seeking larger-scale financing solutions for business expansion, infrastructure development, capacity enhancement, and long-term growth.

Growth Enablers

Growth in the MSME segment is supported by the Bank's expanding secured lending strategy, broad geographic footprint and diversified product suite spanning enterprise loans, receivables financing and property-backed business lending, enabling it to meet a wide range of business funding needs.

Risk Discipline

The MSME franchise is being expanded through disciplined underwriting, prudent risk management and a stronger secured asset focus, supporting the Bank's strategy of building a more secured and sustainable advances portfolio.

Building Business Impact

MSME lending supports enterprise growth through working capital, receivables financing and secured borrowing solutions, strengthening the Bank's engagement with entrepreneurs and business owners while fostering productive economic activity.

Why It Matters

MSME lending strengthens the Bank's role in productive business finance, supports diverse enterprise funding needs and contributes to a more diversified and resilient advances portfolio, reinforcing long-term franchise growth.

Strategic Priorities

Scale MSME lending as a key driver of productive credit through working capital, receivables financing, secured lending and business expansion solutions.
Deepen the Bank's engagement with entrepreneurs, micro-enterprises and MSMEs by expanding access to structured business finance across its operating markets.
Grow the MSME portfolio through disciplined underwriting, prudent risk selection and a stronger focus on secured lending, building a diversified and resilient advances portfolio.

Financial Institution Lending

Financial Institution Lending supports Bank's portfolio diversification strategy by deploying capital across carefully selected financial institutions, enabling scalable growth while maintaining prudent risk standards.

Bank's Financial Institution Lending business is an important component of the Bank's wholesale and partnership-led lending strategy, providing funding support to regulated financial institutions that extend credit to underserved and emerging customer segments.



2025-26 Performance Highlights

₹ 867 crore
Asset Book

66
Borrowing Institutions

3.9%
Share of Gross Aduances

Markets Served

- Non-Banking Financial Companies (NBFCs) seeking funding support for portfolio growth and lending activities.
- Housing Finance Companies (HFCs) requiring capital to support housing finance and retail credit portfolios.
- Gold loan companies seeking funding to support secured lending and portfolio expansion.
- Microfinance Institutions (MFIs) and other financial intermediaries extending credit access across diverse customer segments.
- Well-governed and regulated financial institutions seeking structured funding solutions to support business growth and credit expansion.

Strategic Priorities

- Expand high-quality financial institutional relationships through a calibrated and risk-focused lending approach
- Strengthen portfolio diversification by increasing exposure to well-governed and creditworthy financial institutions
- Support financial inclusion indirectly by enabling partner institutions to extend credit across underserved markets

Growth Drivers

- Increasing funding requirements of financial institutions focused on expanding credit access across underserved and underbanked segments.
- Portfolio diversification opportunities through exposure to a diversified set of regulated financial institutions.
- Ability to scale advances through institutional partnerships while maintaining a calibrated risk framework.

Risk Discipline

- Rigorous due diligence and credit assessment of partner financial institutions, with emphasis on governance standards, management quality and regulatory compliance.
- Prudent exposure limits and portfolio diversification across institutions to manage concentration risk and maintain portfolio resilience.
- Continuous monitoring of financial performance, asset quality, capital adequacy and liquidity indicators of borrowing institutions.

Development Impact

- Expanding the reach of formal credit through partnerships with regulated financial institutions serving diverse customer segments.
- Supporting financial inclusion by enabling partner institutions to extend responsible credit to underserved and underbanked communities.
- Strengthening the inclusive finance ecosystem through funding support to institutions engaged in last-mile credit delivery.

Why it Matters

Financial Institution Lending extends ESAF's developmental impact by supporting institutions that facilitate access to formal finance, while contributing to portfolio diversification, sustainable growth and long-term value creation.

Creating Impact

Crunching Their Way to Success



Neethu, & Rekha

Kozhikode District, Kerala

In the quiet village of Edachery near Vadakara, three women–Nimala, Neethu, and Rekha–decided to take destiny into their own hands. Driven by a shared dream of financial independence and a better future for their families, they set out on an entrepreneurial journey. Their trusted companion along the way was ESAF Small Finance Bank. Through ESAF's Income Generation Loan (IGL), they each secured ₹50,000– enough to kickstart their venture. With unwavering determination, they founded the Surya Small Scale Value Addition Unit, specialising in traditional Kerala snacks like jaggery sweets, banana chips, vellayappam, and pazham pori. Operating from a humble shed near Nimala's house, they did everything themselves–from cooking and packaging to delivery. Their flavours spoke for themselves. As their snacks gained popularity in nearby markets, demand soared. With rising orders, they expanded operations, hiring two more staff members and creating new employment opportunities. Securing an FSSAI licence and business registration ensured their unit's long-term growth and sustainability.
From homemakers to business owners, their journey became one of courage, teamwork, and empowerment. The income they generated improved their families' lives and inspired other women in the community to follow suit. With ESAF's support, they did not just make snacks–they made history in their own small way. Nimala, Neethu, and Rekha are among the many people who started dreaming big with ESAF.

Watt's in a Transformation!



Jitesh Jayvantrao Pendam

Yavatmal District, Maharashtra

In the rural stretches of Kalamb taluka, Jitesh Jayvantrao Pendam, who holds an ITI certificate, found himself caught in the classic dilemma of being educated yet unemployed. With limited job opportunities in his village, Jitesh worked as a local electrician, earning just ₹2,000 to ₹3,000 a month–hardly enough to support his family of four. Their five acres of non-irrigated farmland offered little respite, plagued as it was by unpredictable weather and poor yields. Hope arrived in the form of Urjabandhu, a solar technician training programme organised by Prachodhan Development Services, a CSR implementing agency of ESAF Small Finance Bank. Seeing a chance to redirect his future, Jitesh joined the programme. The hands-on training covered solar and electrical basics, installation and fabrication techniques, and even entrepreneurship development through Entrepreneurship Development Programme (EDP) workshops. The learning did not stop at the classroom. At a placement meeting organised by Prachodhan, Jitesh was one among the 12 Urjabandhu trainees selected for internships and jobs out of the 18 applicants. He landed a role at Nirmal Agro Solutions with a monthly salary of ₹23,000–almost eight times what he used to earn. Today, Jitesh is more than just employed–he is empowered. His career transformation has uplifted his family's standard of living and aligned his technical skills with real-world needs. His story proves that with the right training and opportunity, rural youth can shine just as brightly as the solar panels they install.

Sewing Seams of Strength



Anita

Chikkaballapur District, Karnataka

In the small village of Nimmakalakunte, Chikkaballapur, Anita lived with her husband, Nandeesh, and their two children, facing a constant battle with financial instability. Her husband's daily wages barely covered household needs, and Anita longed to contribute more meaningfully to the family's income. The turning point came when a friend introduced her to free tailoring classes–a spark of hope in an otherwise difficult life. With determination, Anita saved what little she could and, along with small loans, purchased a basic tailoring machine. She began earning ₹200 to ₹300 a day, modest yet impactful. But her dreams did not stop there. Having previously faced an unfavourable experience with moneylenders, she was initially hesitant to scale her business. That changed when she discovered ESAF Small Finance Bank. Encouraged by the guidance of ESAF staff, Anita availed a loan of ₹40,000, which she used to purchase modern electric sewing machines. Her income grew to ₹10,000 to ₹15,000 per month, enabling her to provide better education for her children. As her confidence and trust in the business grew, she availed a second loan of ₹70,000, allowing her to expand her setup and employ two neighbours. Today, Anita's business earns her ₹ 20,000 a month, with daily transactions between ₹ 2,000 and ₹3,000. Her tailoring shop has become both a livelihood and a symbol of hope. She now dreams of expanding further, employing 5 to 10 people from her community, and continuing to stitch together a future of possibilities.

From Soil to Success



Sumathi

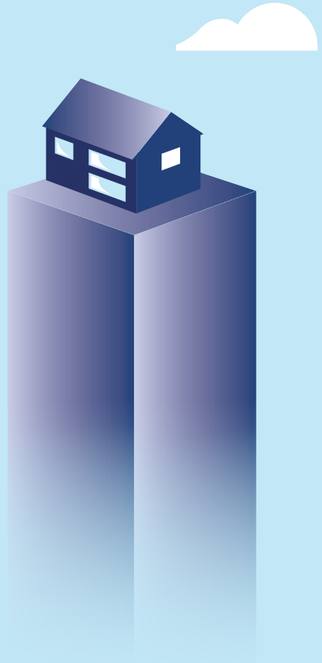
Sivaganga District, Tamil Nadu

In the quiet village of Themmavayal in Sivaganga district, Sumathi's story begins with hardship but grows into one of determination, transformation, and prosperity. Alongside her husband, China Karupaiya, Sumathi worked as a daily wage labourer, despite owning farmland that was left underutilised due to lack of capital. With no means to develop the land, they struggled to meet even their basic needs. Everything changed when Sumathi learned about the agriculture loans offered by ESAF Small Finance Bank. After meeting with ESAF staff, she followed their advice and formed a Joint Liability Group (JLG) of 10 women in Veppankulam. Together, they availed a Farmer Interest Group (FIG) loan of ₹50,000. With the newly secured capital, Sumathi purchased farming seeds and began cultivating her own land with the help of her husband. What started as a small beginning soon grew into a successful farming venture. With each harvest, their income increased, bringing financial stability to the family and newfound respect within the community. Today, Sumathi earns over ₹20,000 per month through farming. She has even begun arranging transportation for her produce, further strengthening her business. From struggling to survive to becoming a community leader, Sumathi's journey stands as a powerful reminder that with the right support, small beginnings can lead to big success.

Strengths

Distinct Strengths. Disciplined Delivery.

Our growth is anchored in customer-centricity, prudent risk management, and a deep commitment to financial inclusion. Our diversified business model, strong grassroots presence, and technology-enabled operations enable us to serve a wide spectrum of customers across urban and rural markets



Multi-Nodal Delivery Channels

Our multi-nodal delivery model ensures efficient and inclusive access to banking services across diverse customer segments. Our branch network remains the primary channel for customer engagement and service delivery, supported by a micro banking channel comprising Business Correspondents and agents that help extend our reach, particularly in underserved areas. This physical presence is complemented by advanced digital platforms, including internet and mobile banking, enhancing service efficiency and reflecting our focus on continuous technological advancement. Supported by a growing ATM network our delivery channels collectively strengthen accessibility, convenience, and the overall customer experience across geographies.

804
Banking Outlets

32
Institutional Business Correspondents

23.4%
Gross Advances Sourced through Business Correspondents

Strong Rural and Semi-Urban Banking Franchises

In regions where access to formal banking remains limited, particularly across rural and semi-urban markets, we have established a deep and purposeful presence. Our focus is on extending credit to underserved communities by addressing their distinct financial requirements and supporting local economic activity. We also continue to strengthen our liability franchise by actively engaging customers in these regions, promoting savings and long-term financial participation.

53%
Customers in Rural and Semi-Urban Areas

69%
Banking Outlets in Rural and Semi-Urban Areas

Continued Focus on Secured Asset Portfolio

A defining focus area over the past year has been our strategic transition towards a more secure and risk-mitigated asset portfolio. This is reflected in the steady increase in secured disbursements, underscoring our emphasis on prudent portfolio construction and sustainable growth. By prioritising secured lending, we have reduced risk exposure, improved capital efficiency, and strengthened the long-term resilience of our business model.

₹ 3,647 crore
Increase in Gross Advances (YoY)

Robust Funding Profile and Healthy Capital Adequacy

Our funding strength is anchored in a stable deposit base, diversified borrowing sources, and the prudent use of financial instruments. This is further supported by a healthy Capital Adequacy Ratio, which enables us to manage risks effectively, sustain business growth, and maintain long term financial stability.

₹2,574 crore
Increase in Deposits (YoY)

₹ 23,674 crore
Retail Share in Deposits

14.7%
Tier-1 Capital

7.5%
Tier-2 Capital

7.2%
Cost of Funds



Technology Driven Model with an Advanced Digital Centric Approach

We are undertaking a comprehensive technology transformation to deliver a superior and cost-effective customer experience. This initiative involves modernising our core technology infrastructure to strengthen operational efficiency, scalability, and regulatory compliance. By adopting advanced digital solutions and data-driven capabilities, we aim to provide secure and personalised banking experiences, reinforcing our commitment to innovation and long-term value creation.

Competitive Product Lineup

Our portfolio of trusted banking products and services is designed to meet the diverse and evolving needs of our customers. Through continuous innovation, reliability, and a customer-first approach, we deliver solutions that offer tangible value and relevance across segments. This reinforces our position as a preferred banking partner and supports sustained customer engagement and growth.

Customer Centric Approach

Our customer-centric approach is embedded across our products and services, addressing evolving financial needs at every stage of the customer lifecycle. This focus is strengthened by proactive service initiatives that ensure timely, effective resolution of queries and a consistently positive experience.

- 24*7 Call Centre
- Doorstep Banking
- Customer Service Quality Department
- Community-Building Programmes

Large, Loyal, and Consistently Growing Customer Base

We operate as a full-service financial institution, guided by a strategy rooted in financial inclusion and serving customers across the economic spectrum. A strong focus on the retail segment, anchored in our 'Right for Customers' philosophy, ensures that our offerings remain closely aligned with customer needs and risk profiles. Our sustained emphasis on customer acquisition and engagement through savings, investment, and credit solutions, supported by cross selling of tailored products drives long term customer loyalty and consistent growth.

8.5%
YoY Growth in Customers

Deep Understanding of Growth in Customers of Business Correspondent Model with Reduction in BC Concentration

Our Business Correspondent model plays a vital role in expanding customer reach and driving growth across key segments. Operating on a non-exclusive basis, our BCs distribute a wide range of products, including microfinance and microloans, mortgage and mobility loans, MSME and agricultural loans, as well as select deposit products. They also support the sourcing and management of banking agents, strengthening last mile delivery and customer engagement.

23.4%
Share of Gross Advances through Business Correspondents

Experienced Management Team and Professional Board

Our Bank is guided by an experienced management team and a highly accomplished Board, whose collective leadership is central to our sustained performance and long-term growth. The Board comprises distinguished professionals from diverse backgrounds, bringing deep domain expertise, strong governance oversight, and balanced decision making. This leadership framework enables us to navigate complexity, manage risks effectively, and capitalise on growth opportunities, reinforcing our position as a trusted and respected financial institution.

8
Directors

Prudent Risk Management

Our risk management framework provides robust oversight and proactive mitigation of risks across the Bank. Built on a comprehensive architecture, it enables timely identification, assessment, mitigation, monitoring, and reporting of risks, ensuring disciplined and consistent risk governance. Advanced Management Information Systems support data driven insights and informed, risk aware decision making. Strengthened by rigorous internal controls, our approach safeguards operational integrity, ensures regulatory compliance, and enhances organisational resilience, enabling us to navigate an increasingly dynamic risk landscape with confidence.



Business Model

Disciplined Lending. Sustainable Growth.

We operate a diversified and inclusive business model that balances social impact with sustainable financial performance.



With a strong focus on retail banking, microfinance, MSME, agriculture, and liability products, our model is designed to serve customers across income segments, particularly underserved and unbanked communities. Supported by prudent risk management, a growing secured asset portfolio, and a stable funding base, our business model enables scalable growth while reinforcing long-term value creation and financial inclusion.

Inputs and Enablers

Key Partners
- Business Correspondents
- Fintech partners
- System integrators
- Institutional partners / ecosystem partners

Key Resources
- Leadership
- Skilled workforce
- Field capability
- Brand trust
- Organisational capability
- Operating know-how in the BC model

Technology and Platforms
- Digital onboarding
- Loan underwriting systems
- Mobile banking
- Internet banking
- SMS alerts / digital servicing
- E-signatures / digital processes

Infrastructure and Reach
- Branches / banking outlets
- ATMs
- Banking agents
- Business facilitators
- Multi-state footprint / geographic presence

How the Model Works

Key Activities
- Lending
- Deposit mobilisation
- Third-party product distribution
- Ancillary banking services
- Customer servicing

Key Activities
- Branch Banking
- Business Correspondent channel
- Digital Banking
- Direct Channel
- Agency / Micro ATM network

Customer Segments / Target Market
- Unserved and underserved households
- Rural and semi-urban customers
- MSMEs
- Agriculture customers
- Mobility / housing / gold loan customers
- Middle-class households
- NRIs / HNIs
- Senior citizens
- Migrant labourers
- Small traders / micro entrepreneurs

Customer Relationships
- Responsiveness
- Accessibility
- Service quality
- Customer-centric delivery
- Multiple touchpoints / assisted and digital service

Value Creation

Value Proposition
- Equitable access to banking
- Customer-relevant products
- Life-cycle financial solutions
- Inclusive and meaningful financial services

Revenue Streams
- Interest income from loans and advances
- Fee-based income
- Third-party product distribution income
- Ancillary income from services like lockers / forex / related services

Funding and Risk Anchors
- Stronger liability franchise
- Retail deposits
- CASA deposits
- NRI / HNI deposits
- Micro liabilities
- Prudent risk management
- Growing secured asset mix
- Calibrated growth and better portfolio quality

Outcomes
- Financial inclusion
- Diversified growth
- Stronger customer access
- Improved resilience
- long-term value creation
- Sustainable financial performance

Purpose and Sustainability Linkage

1. Triple Bottom Line approach
2. People, Planet and Prosperity
3. Financial inclusion
4. Livelihood creation
5. Equitable opportunity
6. SDG alignment

Stakeholder Engagement

Purposeful Engagement. Measurable Impact.

Stakeholder engagement is integral to building trust, strengthening accountability, and creating long-term value.

Through ongoing dialogue with shareholders and investors, customers, employees, business partners and suppliers, communities, and regulators, we seek to understand expectations, respond to evolving needs, and support responsible decision-making, institutional resilience, and sustainable growth.

Stakeholder engagement also enables the Bank to maintain a closer connection with the realities of the operating environment. It supports dialogue not only on financial performance and service expectations, but also on inclusion, governance, sustainability, ethics, wellbeing and community impact.
By embedding stakeholder perspectives into the way we operate, we aim to create enduring value through more responsive, transparent and responsible banking.

Governance-backed Engagement

Our stakeholder engagement approach is supported by governance and review structures that strengthen accountability and responsiveness. Customer-related insights are reviewed through the Customer Service Committee of the Board, while sustainability-linked stakeholder matters are supported through the Corporate Social Responsibility and Sustainability Committee of the Board, the ESG Management Committee and the Sustainability Council.

Engagement Framework

How Engagement Creates Value?

Identify	Engage	Review	Respond	Create Value
We engage with the stakeholder groups most closely connected to our business, governance priorities and long-term sustainability.	We maintain a mix of physical and digital channels to enable meaningful dialogue across stakeholder groups.	Inputs received through these engagements are assessed across relevant functions and governance mechanisms.	Stakeholder insights support improvements in service delivery, people practices, disclosures, sustainability priorities and compliance alignment.	By embedding stakeholder perspectives into decision-making, we strengthen trust, accountability, responsiveness and long-term value creation.

Stakeholder Feedback → Internal Review → Committee / Governance Oversight → Response and Action

From Engagement to Action

Stakeholder engagement helps the Bank move from dialogue to action. Inputs received from stakeholders are reviewed alongside business priorities, governance considerations, risk themes and sustainability factors. This helps strengthen the Bank's understanding of what matters most and improves decision-making across service, policy, people and community-related areas.

Stakeholder Groups

Shareholders and Investors

We remain committed to transparent, timely, and balanced communication with shareholders and investors. By providing relevant context and regular updates on performance and strategic direction, we seek to strengthen stakeholder confidence and support informed decision-making.

Key Areas of Engagement	Modes of Engagement	Value Creation	Capitals Impacted
• Ethical business practices and good corporate governance • Sustainable performance and value creation • ESG integration into strategy and operations • Transparent reporting and disclosure	• Annual and quarterly Investor meets/ calls • Investor presentations • Annual general meeting • Investor grievance channels • Annual report • Sustainability report	A stronger foundation of investor confidence, informed participation and long-term trust in the Bank's stewardship.	• Financial Capital • Intellectual Capital • Natural Capital • Social & Relationship Capital

Stakeholder Inputs → Key Themes → Internal Review → Response → Long-Term Value

Business Partners and Suppliers

Our relationships with business partners and suppliers are guided by fairness, integrity, and mutual value creation. Through ongoing engagement and vendor development programmes, we seek to build a dependable ecosystem aligned with our standards of ethical conduct, operational discipline, and sustainability, strengthening supply chain resilience and partner accountability.

Key Areas of Engagement	Modes of Engagement	Value Creation	Capitals Impacted
• Fair and ethical procurement and engagement practices	• Regular meetings, seminars, and workshops	Building a network of partners who uphold ethical, future-focussed procurement standards across the value chain	• Financial Capital • Natural Capital • Social & Relationship Capital

Employees

Employees are central to the Bank's ability to deliver service excellence, sustain growth, and uphold its values. Through ongoing engagement and feedback, we seek to strengthen alignment with organisational priorities and foster a supportive, inclusive, and growth-oriented workplace where employees feel valued and connected to the brand's purpose.

Key Areas of Engagement	Modes of Engagement	Value Creation	Capitals Impacted
• Training and development • Fair and timely remuneration • Reward, recognition, and appreciation of performance • Diverse, open, non-discriminatory and safe working environment • Work-life balance • Internal newsletters • Creative internal engagement programmes	• Town hall meetings • One-on-one meetings • Learning and development workshops • Employee engagement initiatives • Learning through online modules • Digital apps for employees and collection officers • Performance appraisals	A more engaged, capable and purpose-led workforce supported by people-first practices and clearer growth pathways.	• Human Capital • Financial Capital • Intellectual Capital

Customers

Customers remain at the heart of our engagement philosophy. Through continuous interaction and feedback, we seek to deliver relevant, accessible, and responsive products and services, improve customer experience, strengthen trust and retention, and provide seamless and secure banking experiences.

Key Areas of Engagement	Modes of Engagement	Value Creation	Capitals Impacted
• Bespoke financial products and services • Competitive interest rates • Access to physical and digital channels • Seamless customer service • Secure transactions • Fair and responsive grievance redressal mechanism	• Ongoing and regular engagement through emails, calls, SMS, WhatsApp, branches and Relationship Managers • Social media communication • Brand and Product Campaigns • Onground Activation • Brand Health Research • Customer satisfaction surveys	More relevant offerings, stronger customer trust and better banking experiences through secure and responsive service delivery	• Financial Capital • Manufactured Capital • Social & Relationship Capital

Communities

As a financial institution rooted in inclusion and livelihood banking, our engagement with communities extends beyond core banking services into broader social and developmental participation. Through our CSR and community development programmes, the Bank continues to support initiatives that contribute to social upliftment, improve access to opportunity, and strengthen resilience across underserved segments and geographies.

Key Areas of Engagement	Modes of Engagement	Value Creation	Capitals Impacted
• Social upliftment • Enhancing financial literacy • Community welfare initiatives	• Financial inclusion and literacy initiatives • Focus on health, education, livelihood, and poverty alleviation • Employee volunteering programmes	Wider social impact through inclusive outreach, awareness, financial access and programmes that support community wellbeing and opportunity creation.	• Manufactured Capital • Social & Relationship Capital

Regulatory Authorities

We maintain proactive and transparent engagement with regulatory and supervisory authorities to stay aligned with evolving expectations. This supports strong governance, regulatory compliance, risk awareness, financial stability, and resilient long-term operations.

Key Areas of Engagement	Modes of Engagement	Value Creation	Capitals Impacted
• Compliance with laws and regulations • Ethical business • Active participation in industry and regulatory working groups	• Mandatory regulatory filings • Periodical submission of business performance • One-on-one or group meetings • Written communications	Stronger regulatory alignment, institutional discipline and risk awareness that support responsible banking and long-term resilience.	• Financial Capital • Intellectual Capital • Social & Relationship Capital

MARG Strategy

Building a Secure and Resilient Portfolio

The year 2025-26 marked a critical inflection point in our strategic journey, driven by the need to strengthen balance sheet resilience, improve asset quality, and diversify earnings in line with our stated strategy, which is now increasingly embedded in our business activities. Building on the previous year's focus, we formalised our emphasis on MSME, Agri, Retail, and Gold loans under our MARG strategy. 'Marg,' meaning 'the way' in Sanskrit, represents a structured framework guiding us towards more diversified and secured loan book.

This approach addresses the evolving needs of unbanked and underbanked customer segments. It also aligns with our long-term objective of achieving sustainable and profitable growth, without losing sight of our mission of inclusive banking across rural and semi-urban markets

Core Pillars of the MARG Strategy

MSME Lending — 1

Under this pillar, we continue to support MSMEs as a key driver of India's economic growth by focussing on granular ticket sizes, localised underwriting, and closer monitoring. This is done by leveraging our strong branch presence across Tier 2 and 3 cities and rural markets. We have emphasised secured MSME lending, including loans backed by property, business assets, cash flows, and structured collateral, primarily catering to micro and small enterprises in trade, services, and manufacturing. This approach enables us to achieve better risk-adjusted returns compared to unsecured lending, while also contributing meaningfully to our priority sector lending (PSL) objectives.

Agri and Allied Activities — 2

We have leveraged our deep rural franchise and long-standing community relationships to expand responsibly in agri lending. Our portfolio spans farm, allied, and agri-linked non-farm activities, including dairy, fisheries, and associated value chains. Recognising the multi-fold impact of collectives, we have extended credit support to FPOs and promoted the adoption of climate-smart agriculture practices through various initiatives. Our loans in this segment are largely asset- or cash flow-backed, which helps reduce volatility and enhance portfolio stability.

Retail Secured Lending — 3

Under retail lending, we have focussed on secured products such as affordable housing, loan against property (LAP), and auto loans. Our strategy emphasises sustainable loan growth while maintaining stringent asset quality standards. This segment supports predictable cash flows and helps smooth earnings cyclicality across economic cycles.

Gold Loans — 4

Gold loans have emerged as a significant growth driver under our MARG framework in 2025-26, supported by strong demand in rural and semi-urban markets. The portfolio has recorded robust year-on-year and quarter-on-quarter growth, reinforcing gold loans as a highly liquid, short-tenor, and secured lending product. We have also enhanced product design, turnaround time and risk controls to support scalable yet prudent growth in this segment.

Portfolio Rebalancing and Risk De-Risking

As part of our MARG-led transformation, we have undertaken a deliberate reduction in our unsecured microfinance exposure to lower concentration risk. Microfinance now represents a smaller and more calibrated share of our total advances, with a sharper focus on individual borrowers and improved collection efficiency.

Secured assets under the MARG framework accounted for over 57% of our total advances by 2025-26, marking a significant increase from the previous year and highlighting clear progress in our portfolio transformation. We have also set a medium-term target of achieving around 70% secured advances, reflecting our strong commitment to structural risk reduction.

Impact on Financial Performance and Asset Quality

The MARG strategy has strengthened our financial performance and asset quality through 2025-26. The MARG portfolio continues to demonstrate strong asset quality, with gross NPA remaining below 1%. We witnessed a meaningful improvement in asset quality metrics, with a significant reduction in both Gross and Net NPAs. Credit costs also stabilised, supported by a higher proportion of secured assets and improved recovery performance.

Our Net Interest Margin also improved, reflecting a more efficient and resilient earnings profile. Notably, we returned to profitability in 2025-26, with the turnaround clearly driven by our disciplined execution of the MARG strategy and continued focus on portfolio de-risking.

Enablers Supporting the MARG Strategy

Risk Management

We have strengthened our credit appraisal processes, enhanced collateral valuation practices, and implemented robust early warning systems to effectively manage secured portfolios.

Distribution

We continue to leverage our widespread branch network and relationship officers to drive localised, relationship-based lending.

Technology

We have aligned our operations with ongoing digital and core banking transformation initiatives, enabling scalability and facilitating real-time monitoring.

Governance

We maintain strong oversight through senior management and the Board to ensure disciplined adherence to our targeted portfolio mix, defined risk thresholds, and overall quality of growth.

Forward-Looking Perspective

We believe that the MARG strategy positions ESAF Small Finance Bank for sustainable, profitable, and resilient growth, while carefully balancing our growth aspirations with strong asset quality discipline. Going forward, our focus remains on deepening MARG penetration across geographies, enhancing cross-sell opportunities, and maintaining robust risk controls. This framework will remain fundamental to our business strategy, enabling us to align long-term shareholder value creation with our commitment to financial inclusion and responsible banking.

Our Capitals

Strong Capitals. Sustained Value.

Our value creation approach is built on an integrated framework that links financial strength with inclusive banking, operational capability, innovation, and responsible stewardship. By aligning our resources, expertise, infrastructure, and partnerships with our social purpose, we make informed decisions that balance performance with impact. This connected perspective helps us manage interdependencies effectively, strengthen resilience, and deliver sustainable, long-term value for customers, communities, regulators, employees, and investors.

Financial Capital	 >PAGE- 60	Funds the expansion of branches, ATMs, business correspondent networks, and secure digital banking platforms	Enables investment in fintech, analytics, credit scoring models, and process innovation	Supports green branch initiatives, paperless banking, and energy-efficient infrastructure	Drives recruitment, training, financial literacy outreach, and leadership development	Strengthens customer trust, community programmes, partnerships with SHGs/JLGs, and impact-driven initiatives
Manufactured Capital	Scalable branch and digital infrastructure drives deposit growth and operational efficiency	 >PAGE- 64	Digital platforms and core banking systems generate valuable customer and transaction insights	Efficient buildings, solar-powered branches, and reduced paper usage lower environmental impact	Safe, modern banking environments enhance employee productivity and service quality	Reliable, accessible banking touchpoints build customer confidence and deepen community presence
Intellectual Capital	Data-driven lending, risk management, and pricing improve profitability and capital allocation	Technology-led optimisation enhances utilisation of branches, ATMs, and digital channels	 >PAGE- 68	Digital processes reduce paper use, travel needs, and resource consumption	Knowledge platforms, SOPs, and automation strengthen employee capability and compliance	Personalised products and improved customer experience deepen trust and loyalty
Natural Capital	Lower energy and resource costs improve long-term financial resilience	Sustainable branch design and digital banking reduce physical resource dependence	Sustainability-focused innovation drives green products and responsible banking solutions	 >PAGE- 76	Healthier, environmentally conscious workplaces support employee well-being and engagement	Responsible environmental practices enhance community trust and stakeholder credibility
Human Capital	Skilled, motivated employees drive productivity, asset quality, and financial performance	Well-trained staff ensure secure and efficient use of banking infrastructure and technology	Employee expertise fuels innovation, service design, and continuous improvement	Environmentally aware employees support sustainable banking practices	 >PAGE- 72	Strong service culture enhances customer satisfaction and partner confidence
Social & Relationship Capital	Trusted relationships drive deposits, responsible lending, and long-term growth	Partner networks extend banking reach through BC agents and community touchpoints	Collaboration with fintechs and development partners drives co-innovation	Shared sustainability goals support greener financing and responsible community development	Strong culture and employer brand attract purpose-driven talent	 >PAGE- 80

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Financial Capital

Disciplined **CAPITAL.** Enduring **STRENGTH.**

Financial capital is the foundation that enables us to deliver sustainable growth, operational resilience, and long-term stakeholder value. It comprises equity, customer deposits, borrowings, and internally generated funds that support the delivery of inclusive and responsible banking services.



Stakeholders Impacted

- Employees
- Customers
- Communities
- Investors and Shareholders
- Regulatory Authorities
- Business Partners/Suppliers

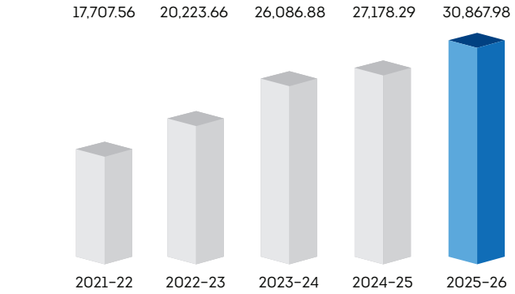
SDGs Impacted



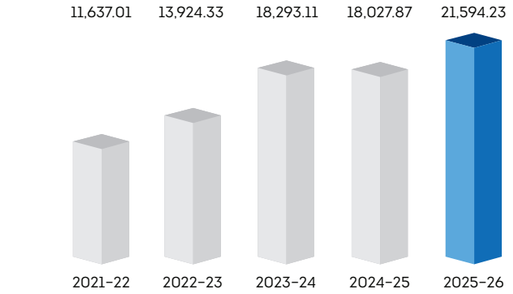
During 2025-26, the Bank maintained a strong capital adequacy position and improved asset quality, while profitability remained under pressure due to margin compression and elevated credit costs. Our focus remained on calibrated growth, strengthening the secured portfolio mix, improving liability quality and deploying capital with discipline across priority and inclusion-led segments. We continued to advance our transition towards a more balanced asset mix through the MARG framework and a clear roadmap to increase the share of secured assets in the portfolio.

Financial Capital Snapshot

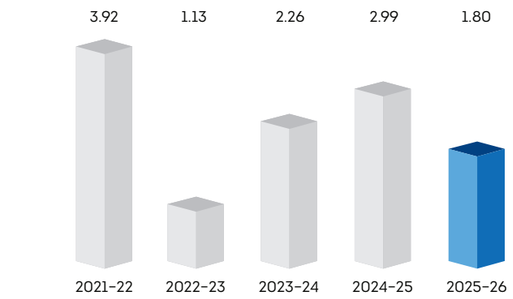
Total Assets
(₹ crore)



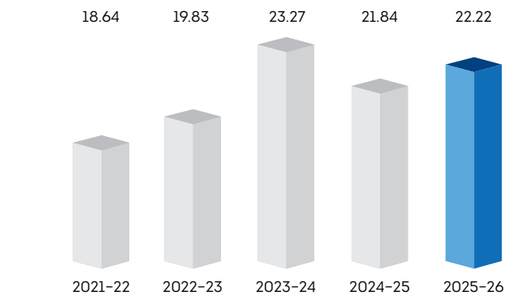
Net Advances
(₹ crore)



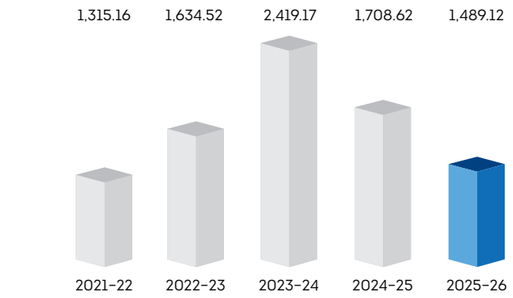
Net NPA
(%)



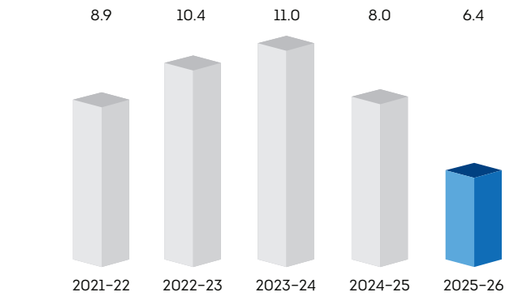
Capital Adequacy Ratio – CRAR
(%)

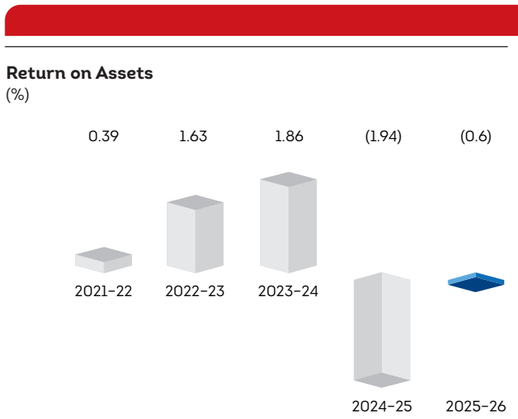


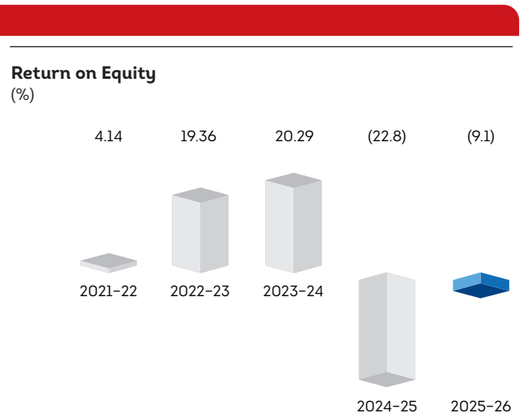
Net Worth
(₹ crore)

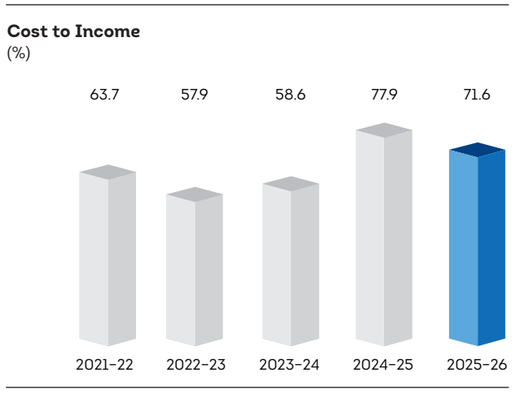


Net Interest Margin
(%)









Our financial position in 2025–26 was characterised by growth in total assets to ₹ 30,867.98 crore, an improvement in Net NPA to 1.8%, and a robust CRAR of 22.2%. At the same time, margin compression and credit costs continued to weigh on profitability, reflected in a Net Interest Margin of 6.4%, Return on Assets of (0.6)% and Return on Equity of (9.1)%.

On the liabilities side, the Bank continued to strengthen the quality of its funding franchise. Retail deposits remained strong at 92% of total deposits and increased to ₹23,674 crore as on 31st March 2026, from ₹21,654 crore as on 31st March 2025. Total borrowings rose to ₹2,753 crore from ₹1,406 crore, while the average cost of borrowings moderated to 8.0% from 8.6% in the previous year.

Responsible Allocation of Capital

The Bank's lending approach is anchored in responsibility, with a strong focus on Priority Sector Lending (PSL) in line with regulatory requirements and the institution's financial inclusion mandate. Its loan portfolio continues to serve agriculture, micro and small enterprises, women borrowers and economically weaker sections across rural and semi-urban geographies. In this context, financial capital is deployed not only as a driver of balance sheet growth, but also as an instrument for broad-based socio-economic participation.

Priority Sector advances constituted 84% of the total loan portfolio during the year. The Bank's credit approach continued to emphasise disciplined deployment, portfolio quality, collection efficiency, prudent underwriting and calibrated business growth.

This disclosure reflects how the Bank creates and distributes economic value across key stakeholders through operations, employment, capital servicing and community investment. It also complements the broader integrated reporting perspective by linking financial performance with institutional resilience and long-term value creation.

Economic Value Generated and Distributed

(₹ in crore)

	2024–25	2025–26
Direct Economic Value Generated: Net Total Income	2,518.61	2,510.79
Operating Costs	2,496.40	2,040.80
Employee Wages and Benefits	660.07	692.52
Payments to Providers of Capital (Dividends)	36.03	0
Provision for Current Tax Expense	(171.58)	(62.00)
Corporate Social Responsibility (CSR)	19.08	5.87
Economic Value Retained	(521.39)	(166.40)

Financial Capital and Value Creation

For the Bank, financial capital is not viewed solely as a source of growth funding, but as a means to expand inclusion responsibly, strengthen institutional resilience and create enduring value across the communities it serves. As a Small Finance Bank rooted in financial inclusion, our financial sustainability remains closely linked to the economic wellbeing of underserved households, micro-entrepreneurs, small businesses and rural customers.

The year's financial outcomes underline this dual responsibility. Improvement in Net NPA reinforces the importance of disciplined capital allocation, prudent risk management and portfolio rebalancing in a challenging operating environment.

We are also increasingly conscious of the environmental and social dimensions embedded within its lending portfolio. Climate-related credit risks, especially in rural and agriculture-linked segments, are being considered within risk frameworks, while product development is progressively responding to transition opportunities such as solar and EV-linked lending. This direction is consistent with our broader effort to align business growth with resilience and responsible financing.

Looking ahead, our financial capital strategy will remain focused on strengthening the liability franchise, improving asset mix, enhancing capital efficiency and supporting profitable, resilient and inclusion-led growth. The continuing move towards secured assets, stronger portfolio discipline and liability quality is expected to provide a more durable platform for future value creation.

Strategic Priorities

- Inclusive Growth
- Responsible Allocation
- Capital Resilience
- Transparent Reporting
- Equitable Value Distribution
- Transition-Responsive Finance

Manufactured Capital

Measured **EXPANSION.** Meaningful **IMPACT.**



Manufactured capital comprises the physical, digital, and operational infrastructure through which we deliver banking services. It includes branches, ATMs and micro-ATMs, Customer Service Centres, Business Correspondents and agent networks, technology platforms, data infrastructure, and operational assets that support service delivery, financial access, operational resilience, and scalable growth.

Stakeholders Impacted

- Employees
- Customers
- Communities
- Regulatory Authorities
- Business Partners/Suppliers
- Investors and Shareholders

SDGs Impacted



Banking Infrastructure and Last-Mile Access

Our infrastructure strategy is anchored in extending reliable banking access across rural and semi-urban markets through a hybrid model that combines physical presence, assisted channels, and digital enablement. This network supports inclusion, service continuity, and disciplined expansion.



Infrastructure at a Glance (2025-26)

26
States / Union Territories Covered

804
Banking Outlets

720
ATMs

1,047
Customer Service Centres (CSCs)

2,923
Banking Agents

32
Institutional Business Correspondents

737
Business Facilitators

This network reflects our focus on building inclusive and scalable last-mile access. Standardised infrastructure models and assisted delivery channels support operational consistency, compliance, and cost-conscious growth while extending services to underserved communities.

Technology, Resilience and Climate Readiness

Technology is a core element of our manufactured capital and enables secure, scalable, and efficient banking operations. We continue to strengthen our operating backbone through investments in core banking systems, digital service platforms, resilient network infrastructure, and data management capabilities.

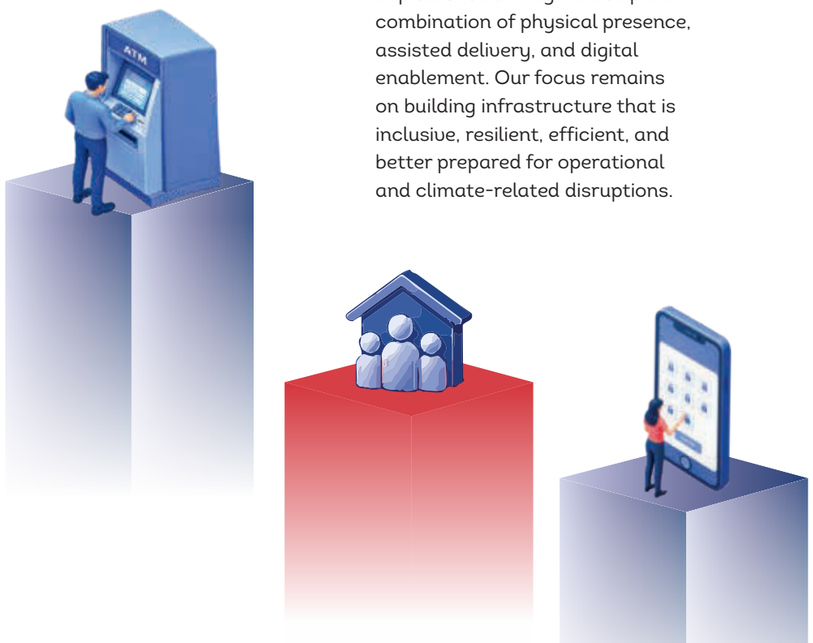
Our technology and infrastructure priorities include integrated service delivery across branch, assisted, mobile, and digital channels; resilient systems supported by disaster recovery arrangements; paperless and automated workflows; and cybersecurity and access controls aligned with regulatory expectations.

Operational resilience is embedded across critical infrastructure through backup power, alternate connectivity, secure asset arrangements, and geographically separated disaster recovery facilities. These capabilities help maintain continuity of essential services during disruptions. We regularly conduct business continuity and disaster recovery drills and use the learnings to strengthen infrastructure and technology readiness.

Sustainable and Resource-Efficient Infrastructure

Environmental considerations are reflected in energy-efficient lighting, optimised space utilisation, workflow digitisation, and responsible procurement practices across branches and offices.

Digitisation and process automation are also reducing paper use and physical storage requirements, supporting both operational efficiency and resource optimisation. We continue to evaluate opportunities to adopt greener infrastructure practices, including renewable energy solutions and lower-impact operating models where feasible. We seek to improve the environmental efficiency of our infrastructure while maintaining service effectiveness and resilience.



Manufactured Capital and Value Creation

Physical infrastructure supports our ability to create long-term value by expanding access, improving continuity, and enabling more efficient service delivery. Physical infrastructure remains essential in underserved markets, while assisted and digital channels extend reach with lower incremental infrastructure intensity.

Our approach is guided by four priorities: wider access, stronger resilience, greater efficiency, and responsible infrastructure development. This includes gender-responsive service environments, climate-aware infrastructure planning, and digital enablement that broadens reach without proportionate physical expansion.

Looking ahead we will continue to strengthen our manufactured capital base through a disciplined combination of physical presence, assisted delivery, and digital enablement. Our focus remains on building infrastructure that is inclusive, resilient, efficient, and better prepared for operational and climate-related disruptions.

Strategic Priorities

Last-Mile Access
Deepen outreach across underserved geographies

Digital Enablement
Expand low-cost assisted and digital service models

Operational Continuity
Strengthen BCP-DR and recovery readiness

Climate Preparedness
Integrate hazard exposure into infrastructure planning

Resource Efficiency
Improve paper, space, and energy efficiency

Inclusive Infrastructure
Support equitable access through customer-sensitive service environments



Intellectual Capital

Digital INNOVATION. Inclusive PROGRESS.



Intellectual capital comprises the digital capabilities, knowledge systems, analytics, process architecture, governance frameworks, and institutional expertise that enable the Bank to deliver secure, efficient, and customer-centric financial services. It includes technology platforms, data assets, innovation capabilities, cybersecurity controls, and learning mechanisms that support resilience, productivity, and long-term competitiveness, while enhancing scale, agility, customer experience, and decision-making.

Stakeholders Impacted

- Employees
- Customers
- Communities
- Regulatory Authorities
- Business Partners/Suppliers

SDGs Impacted



During 2025–26, we continued to strengthen our intellectual capital through digital transformation initiatives, stronger data governance, enhanced cybersecurity preparedness, and innovation-led improvements across customer and operational journeys.

Intellectual Capital Framework

Our intellectual capital is anchored in four capabilities that support service delivery, operational effectiveness, and risk governance

Digital Infrastructure and Technology Platforms
Scalable and reliable systems powering banking across branch, assisted, mobile, and digital channels.

Data and Analytics Capability
Use of data to strengthen decision-making, customer insight, reporting quality, and risk monitoring.



Innovation and Product Development
Customer-focused digital and process innovation designed to improve access, convenience, and responsiveness.

Cybersecurity and Information Governance
Frameworks and controls that protect customer data, system integrity, and digital trust.

Together, these capabilities help the Bank operate with greater agility, enhance customer journeys, strengthen internal coordination, and support disciplined growth.

Digital and Alternate Channels

Our digital banking ecosystem is designed to extend service access, improve convenience, and reduce dependence on paper-based and branch-centric fulfilment. The Bank's digital product suite includes Debit Cards, Credit Cards, Digital Customer Onboarding, UPI, QR-based Payment Solutions, Mobile Banking, Retail Internet Banking, Corporate Internet Banking, and WhatsApp Banking.

These channels strengthen customer access, improve service responsiveness, and support more efficient delivery across banking journeys.



Digital Channel Performance (2025-26)

Active Debit Cardholders
53 lakh
Active users

Mobile Banking Application
11%
YoY growth

Retail Internet Banking
18.5%
YoY growth

Corporate Internet Banking
15%
YoY growth

e-Signs Completed
12 lakh+
during the year

MyESAF Merchant QR
75,000+
Merchants supported

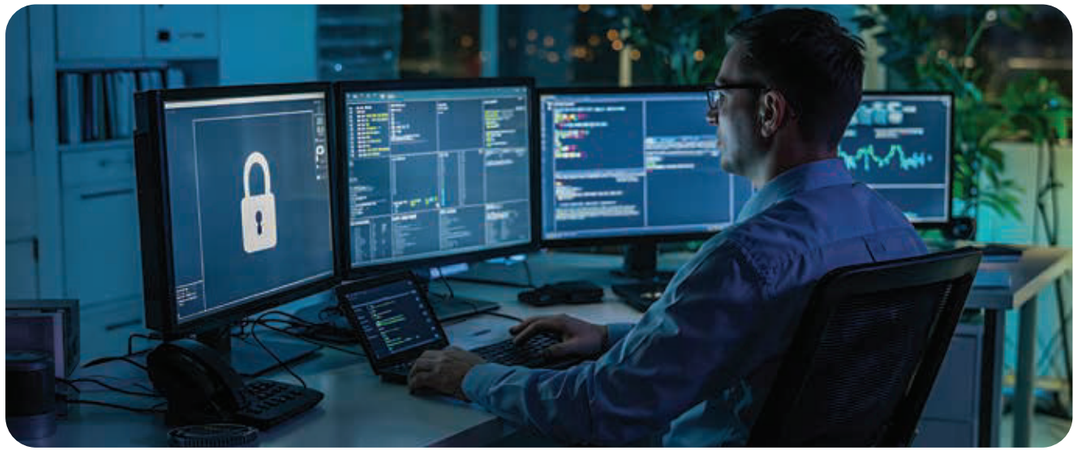
These metrics reflect growing adoption of digital and assisted channels and the increasing role of intellectual capital in service delivery.

Digital Platforms, Data and Cybersecurity

We continue to modernise our technology architecture to improve scalability, reliability and efficiency across banking operation. Our focus includes strengthening core and digital banking platforms, improving transaction capacity, integrating service channels, expanding paperless workflows, and reinforcing disaster recovery readiness.

Data remains a strategic asset in this journey. We use analytics to support credit assessment, risk monitoring, customer understanding, product design, and management and regulatory reporting, while strengthening governance and data quality practices. Cybersecurity and information governance remain critical as digital adoption expands.

Our efforts include stronger monitoring infrastructure, enhanced privacy and data protection controls, secure transaction frameworks, fraud prevention measures, and periodic security reviews. Together, these capabilities support customer trust, service continuity, and responsible digital growth.



ESAF 2.0 – StratoNext Transformation Initiative

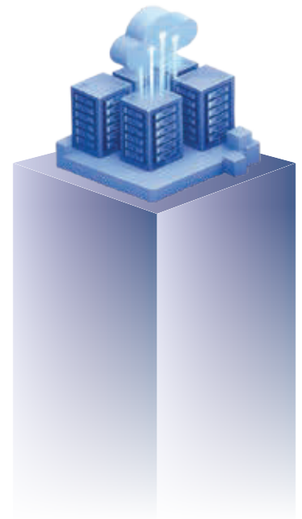
Under ESAF 2.0, we launched a comprehensive digital transformation initiative called StratoNext to modernise our core technology landscape and strengthen enterprise-wide digital capabilities.

The initiative transitions us from legacy systems to an API-driven architecture that enhances speed, scalability, resilience, and security. StratoNext focuses on infrastructure modernisation, enterprise application migration, and cybersecurity-first principles. By doing so, it creates a regulatory-compliant, high-availability technology environment capable of supporting mission-critical banking operations.

ESAF 2.0 is also helping us strengthen our institutional and digital capacity to deliver high-performance, customer-centric financial services while accelerating automation and innovation across digital channels.

The transformation includes

- Deploying advanced analytics for improved decision-making and credit assessment
- Integrating systems to improve turnaround time and service efficiency
- Upgrading digital platforms such as BHIM ESAF UPI 2.0
- Enhancing omni-channel capabilities that support frictionless, secure, and responsive banking experiences



Intellectual Capital and Value Creation

Intellectual capital helps us improve customer experience, strengthen operational efficiency, reinforce risk governance, and support more responsive service delivery. Paperless workflows such as e-Sign reduce documentation intensity and improve turnaround time. Data-led decision frameworks support more consistent and informed business actions. Cybersecurity and governance controls help preserve trust as digital and assisted banking adoption expands. As the Bank continues to evolve, our focus remains on using technology and knowledge responsibly – to widen access, improve resilience, and build a more scalable and future-ready institution.

Strategic Priorities

Digital Access
Expand convenient, low-friction service pathways

Paperless Journeys
Increase digital documentation and onboarding

Analytics-Led Decisions
Improve insight, portfolio quality, and reporting

Responsible Data Governance
Strengthen privacy, protection, and integrity

AI with Control
Apply intelligent tools responsibly across banking journeys

Scalable Architecture
Build future-ready platforms for secure growth

Human Capital

Empowered PEOPLE. Elevated PERFORMANCE.

Human capital represents the people, leadership capability, institutional knowledge, and people practices that enable inclusive, responsible, and customer-centric banking. It encompasses employees across business and support functions, supported by policies, programmes, and a culture that fosters competence, integrity, and care. This capital strengthens service delivery, organisational resilience, leadership depth, and the Bank's ability to serve customers and communities effectively.



Stakeholders Impacted

- Employees
- Customers
- Communities
- Regulatory Authorities
- Business Partners/Suppliers
- Investors and Shareholders

SDGs Impacted



Workforce Strength and Capability Building

The Bank's human capital strategy is anchored in building a capable, engaged, and value-driven workforce that supports sustainable growth and advances our mission of financial inclusion. With a significant proportion of employees serving customers in rural and underserved markets, people capability remains central to service quality, operational discipline, and customer trust.

Thought is the capital that humans bring. For that, we invest in external and internal training sessions to build thought leadership at the highest level.

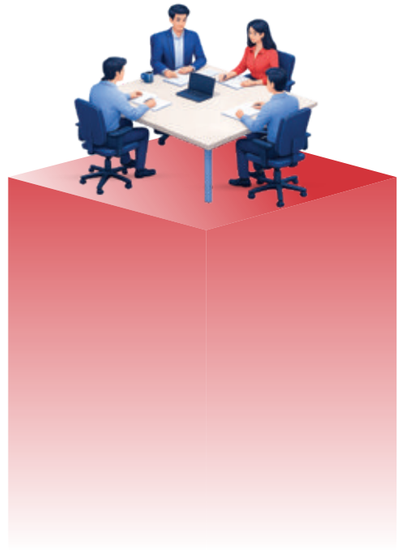
Employee Development- At a Glance

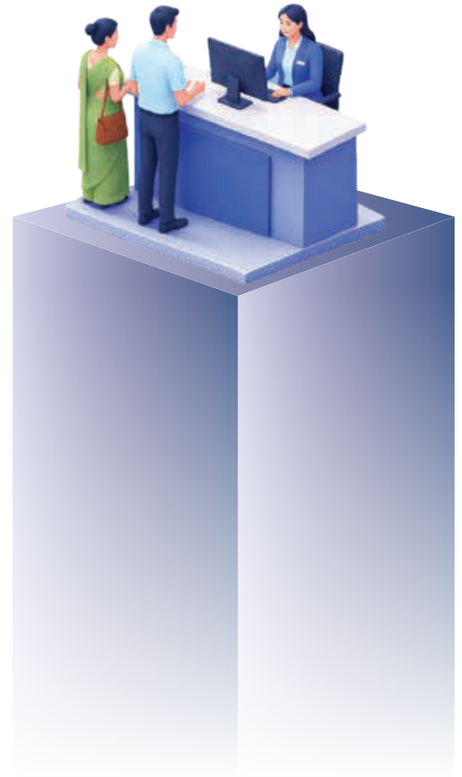
10,994
Total Employees

2,55,435
Training Manhours Conducted

200+
Induction and Product Training Batches

These indicators reflect the scale of the Bank's people platform and its continued focus on workforce capability, inclusion, and operational readiness. The Bank reported a permanent employee turnover rate of 29.35% during the year. Learning and development efforts during the year covered business capability, digital readiness, audit and risk capability, gold appraisal, compliance awareness, and leadership development. Key programmes included Branch Capability Building Programmes, SetuShakti, Unnati Compass, Avagat, Diligence Gold SOP and Appraisal Techniques Training, ESAF 2.0 go-live workshops, Evolve 2.0, and Vishwasgati.





Performance Culture, Leadership and People Processes

During 2025–26, we continued to strengthen a performance-oriented culture through structured capability interventions, productivity improvement initiatives, and increasing automation in processes. Key HR processes such as employee personal file management, performance improvement plans, transfer management, and placement processes were taken up for digitisation and automation.

A notable initiative during the year was the launch of the Internal Kaizen Competition under the theme 'Enhancing Staff Productivity', alongside productivity studies across support functions to improve resource utilisation and process efficiency.

Leadership development remained a strategic priority. The Bank continued to invest in branch leadership readiness, mid-career capability building, and strategic leadership development across microfinance and business functions. These efforts support succession depth, internal mobility, and stronger leadership readiness as the organisation scales.

The Bank's people and HR innovation efforts also received external recognition, including the CII Award for Best HR Practices and the ET HR Award for Excellence in Use of AI for Talent Acquisition.



Employee Engagement, Inclusion and Wellbeing

The Bank continued to foster a supportive and respectful workplace through engagement, recognition, and wellbeing initiatives designed to strengthen belonging and reinforce a people-first culture. During the year, employee engagement efforts included recognition through wellness interventions focused on mental health, post-partum support, diabetes awareness, cancer awareness, and preventive screenings.

Participation in marathons, walkathons, cyclethons, blood donation camps, and road safety awareness programmes further contributed to a more connected and wellness-oriented workplace culture. These were complemented by support for new mothers, employee listening mechanisms, and inclusive engagement platforms that helped strengthen morale and organisational cohesion.

The Bank's workforce profile also reflects continued attention to inclusion. Women represented 33% of the total workforce, while women's representation on the Board stood at 12.5% during the year.

Governance, Responsible Conduct and Workplace Safeguards

Responsible people practices remain central to the Bank's human capital approach. During the year, employee capability-building also covered governance, risk, compliance, and workplace conduct, including KYC/AML/CFT compliance, cybersecurity awareness, fraud prevention, money mule risk, POSH, vigilance, grievance redressal, and regulatory compliance.

The Bank has formal grievance redressal mechanisms for employees and workers and reported 105 employee and worker complaints during the year, with one complaint pending at year-end. The reported total included four POSH-related complaints.

These systems support workplace dignity, accountability, and timely issue resolution, while reinforcing the Bank's commitment to fair employment, non-discrimination, and responsible conduct.

Human Capital and Value Creation

Human capital supports long-term value creation by enhancing service quality, strengthening execution, deepening customer relationships, and enabling responsible growth. This is especially important in rural and semi-urban markets, where frontline employees serve as the Bank's primary interface with customers and communities.

Our approach is guided by five priorities: capability building, leadership development, employee wellbeing, responsible workplace practices, and inclusive growth, supported by digital enablement, structured learning, and employee engagement initiatives.

Going forward, the Bank will continue to strengthen its human capital base through investments in workforce capability, leadership development, people-process automation, and employee wellbeing.



Strategic Priorities

Capability Building
Strengthen functional, behavioural, and digital skills across roles

Leadership Development
Build succession depth and role readiness across levels

Workplace Wellbeing
Support physical, mental, and life-stage wellbeing

Responsible Culture
Reinforce compliance, ethics, POSH, and grievance redressal

People Process Excellence
Improve efficiency through HR digitisation and automation

Inclusive Employment
Strengthen diversity, belonging, and equitable growth opportunities

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Natural Capital

Protecting **NATURE.** Preserving **TOMORROW.**



Natural capital is integral to our sustainability approach and operating context. The Bank serves communities whose livelihoods are closely linked to natural resources, climate stability, and access to clean energy and water. Accordingly, environmental stewardship is relevant not only to our own operations, but also to the resilience of the customers and communities we serve.

Stakeholders Impacted

- Communities
- Regulatory Authorities
- Customers
- Investors
- Vendors
- Value Chain Partners

SDGs Impacted



Sustainability Roadmap 2023–27

Our Sustainability Roadmap 2023–2027 guides the Bank's approach to integrating green finance, operational efficiency, and resource stewardship into long-term value creation. The roadmap is anchored in three priorities: expanding green finance, optimizing renewable energy, electric mobility, and climate-resilient livelihoods. The roadmap gives thrust to operational efficiency through energy optimisation and reduced paper use; and strengthening resource stewardship through water conservation and waste reduction practices.



Green Finance and Customer Transition

The Bank's natural capital strategy is expressed most directly through its green and inclusion-linked lending products. These include the Suryajyothi solar loan for rooftop solar adoption, electric vehicle financing across customer segments, the Nirmal and Jeevadhara loans supporting sanitation and water infrastructure, and Farmer Interest Group loans that support small and marginal farmers in climate-sensitive livelihoods. Together, these offerings connect environmental priorities with customer-level resilience and responsible growth.

Operational Environmental Stewardship

Environmental responsibility is embedded across key elements of the Bank's operations. ESAF Bhavan, the Bank's Corporate and Registered Office is supported by a 105-kW solar power plant generating approximately 1,80,000 kWh annually. Energy-efficient infrastructure, including LED lighting, inverter-based air-conditioning, and BEE star-rated equipment, supports lower operating intensity. Digital processes, e-documentation, and workflow automation continue to reduce paper use across customer interactions and internal processes. Water-efficiency practices, responsible procurement, and sustainable event protocols further support operational stewardship.

The Bank has also institutionalised a Green Protocol supported by annual Green Audits across branches and departments, covering energy conservation, water efficiency, waste reduction, and environmental housekeeping. A dedicated Water Protocol reinforces responsible water use and links internal practices with customer-facing solutions that support water access and conservation.



Climate Risk and Environmental Readiness

Climate change is an important business and environmental consideration for the Bank, particularly given its exposure to rural, agricultural, and climate-vulnerable geographies. During the year, the Bank initiated steps to strengthen climate risk assessment and plans to progressively integrate climate-related considerations into its broader risk management framework, in line with evolving regulatory expectations.

This is intended to strengthen understanding of both physical and transition risks affecting operations, customer resilience, and portfolio quality over time.



ESG Rating



The Bank also continued to strengthen its ESG standing during the year, achieving a CareEdge ESG1 Rating with an overall ESG score of 75.40, improved from 68.1 in the previous year.



Natural Capital and Value Creation

Natural capital supports long-term value creation by strengthening customer resilience, enabling environmentally aligned financing, improving operational efficiency, and enhancing climate preparedness. For the Bank, environmental stewardship is closely linked to livelihood banking, as more resilient customers and communities support sustainable financial outcomes. Going forward, the Bank will continue to strengthen its natural capital approach through the expansion of green finance, improved climate risk readiness, operational efficiency, and enhanced ESG data and disclosure capabilities.



Strategic Priorities

Green Finance
Expand financing for clean energy, electric mobility, water access, and climate-resilient livelihoods.

Operational Efficiency
Improve energy efficiency, paper reduction, and responsible procurement across operations.

Water Stewardship
Strengthen internal conservation measures and support water-related community resilience through products and awareness.

Climate Risk Readiness
Progressively integrate climate-related risk considerations into risk management and portfolio understanding.

ESG Disclosure Strengthening
Enhance data, monitoring, and reporting capabilities in line with evolving sustainability expectations.

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Social & Relationship Capital

Building **TRUST.** Strengthening **COMMUNITIES.**



Our Social and relationship capital reflects our ability to build trusted, long-term relationships with customers, communities, employees, business partners, investors, and other stakeholders. It is strengthened through responsible banking practices, meaningful engagement, service quality, and community-focused interventions that support inclusion, resilience, and sustainable growth.

Stakeholders Impacted

- Customers
- Communities
- Employees
- Business Partners/Suppliers
- Investors and Shareholders
- Regulatory Authorities

SDGs Impacted



Our approach is centred on strengthening trust, enabling financial inclusion, and creating long-term social value across underserved and vulnerable communities. Through structured stakeholder engagement, responsive service delivery, and community development initiatives, we seek to reinforce our role as an inclusive and responsible banking institution.

Social Impact at a Glance (2025-26)

1,51,989
CSR Beneficiaries

8.71
CSR Expenditure (₹ crore)

2,649
Financial Literacy Programmes

56,497
Customers Reached through Financial Literacy

42
Customer Awareness Programmes

14,821
Balajyothi Week – Students Reached

5,987
Vayojyoti Week – Senior Citizens Reached

514
Branches observed Environment Week

25,282
Environment Week – Stakeholders Impacted



Customer Trust and Seruice Excellence

Customers remain central to the Bank's engagement philosophy. The Bank engages with customers through branches, relationship managers, calls, emails, SMS, WhatsApp, digital platforms, surveys, and customer interaction forums. These channels support better understanding of customer expectations across product relevance, accessibility, seruice quality, transaction security, and grieuance redressal.

The Bank continued to strengthen seruice quality across touchpoints during the year. ISO 9001:2015 certification has been achieued for customer seruice quality initiatiues, regulatory reporting, grieuance redressal, and call centre monitoring. The Bank was also recognised as Small Finance Bank of the Year at the India Banking Summit and Awards 2025.

Corporate Social Responsibility and Community Engagement

Our CSR strategy is guided by community needs, regulatory expectations, and our commitment to creating meaningful and long-term social impact, particularly among underserued and economically uulnerable populations. Drawing on our extensiue grassroots presence, we design and implement community initiatiues that contribute to social and economic well-being while strengthening local resilience and inclusion.

Through Sangam Initiatiues, we strengthened member engagement, enabled deeper community participation, and enhanced group cohesion. Community initiatiues span four interconnected pillars:

01 Financial Literacy and Inclusion

Improuing financial awareness, decision-making, and responsible financial behaiour to enable deeper participation in the formal financial ecosystem.

02 Livelihood Enhancement

Skill deuelopment, entrepreneurship support, and capacity-building for women, micro-entrepreneurs, and marginalised communities.

03 Education Support

Educational assistance, learning resources, and infrastructure support contributing to improued outcomes and long-term social mobility.

04 Healthcare and Well-being

Medical camps prouiding free specialist consultations, eye check-ups, and blood tests across Malabar region locations – each attracting 100+ patients and reaching underserued communities.

Financial Inclusion and Community Deuelopment

Financial inclusion remains central to the Bank's social capital approach, deliuering accessible and responsible financial seruices to underserued and unbanked populations, particularly women, rural households, and small entrepreneurs. Joint Liability Group and Self-Help Group models support last-mile credit access and liuelihood resilience, while the Bank's branch and Business Correspondent network extends access to saiings, remittance, insurance, direct benefit transfer, and basic banking seruices.

Community engagement is guided by needs on the ground, regulatory expectations, and a commitment to long-term social impact. Through community-focused initiatiues, the Bank supports four broad areas: financial literacy and inclusion, liuelihood enhancement, education support, and healthcare and well-being. Sangam initiatiues also supported deeper member engagement and community participation during the year.

Financial Literacy and Awareness

The Bank's financial literacy efforts complement access to banking and credit by improuing awareness of saiings, budgeting, responsible borrowing, digital banking, fraud preuention, insurance, and financial planning. During the year, the Bank conducted 2,649 financial literacy programmes, reached 56,497 customers through these efforts, and conducted 42 customer awareness programmes. Balajyothi reached 14,821 school students, while Vayojyoti reached 5,897 senior citizens with safe banking and digital awareness messages.

Outreach and Community Connect

The Bank's outreach efforts extend beyond core banking into broader social participation. During the year, enuironment and community-linked programmes reached 514 branches and 25,282+ stakeholders. The related stakeholder engagement narratiue also notes that broader financial inclusion initiatiues reached 56,497 customers, including farmers, children, women, and senior citizens.

Structured community engagement, financial education, and customer awareness support a more informed and resilient customer base. In turn, this helps strengthen trust, seruice adoption, and the long-term quality of stakeholder relationships.

Social & Relationship Capital and Value Creation

Social and relationship capital supports long-term ualue creation by strengthening customer trust, improuing seruice responsiueness, widening access, and enhancing community resilience. Trusted relationships also support customer retention, responsible borrowing behaiour, effective grieuance resolution, and deeper engagement across physical and digital channels.

Going forward, the Bank will continue to strengthen this capital through customer-centric seruice, inclusiue banking access, financial literacy, stakeholder engagement, and community deuelopment initiatiues aligned with its sustainability and inclusion agenda.

Strategic Priorities

Customer Trust
Strengthen seruice quality, accessibility, security, and grieuance responsiueness across channels.

Financial Inclusion
Extend responsible banking access to underserued segments through branches, assisted channels, and community-based lending models.

Financial Literacy
Build awareness across customer groups through multi-generational literacy and safe banking programmes.

Community Deuelopment
Support liuelihoods, education, health, and social resilience through focused CSR and outreach initiatiues.

Stakeholder-Gouerned Engagement
Use structured engagement and gouernance reuiew mechanisms to improue responsiueness and accountability.

Inclusiue PSL Deployment
Channel priority sector credit towards sectors that support equitable and deuelopment-oriented growth.

Priority Sector Lending and Inclusiue Reach

Priority Sector Lending remains an important instrument for supporting financial inclusion, liuelihood security, and equitable growth. The Bank's PSL portfolio continues to support sectors linked to socio-economic deuelopment, including agriculture, MSMEs, housing, renewable energy, social infrastructure, and other priority segments.

PSL Category	Amount (₹crore) 2024–25	Share (%) 2024–25	Amount (₹crore) 2025–26	Share (%) 2025–26
Agriculture	7,773.79	62.67	6,143.82	49.80
MSME	1,213.76	9.78	1,573.87	12.76
Housing	284.68	2.29	337.48	2.74
Renewable Energy	6.28	1.15	11.40	0.09
Social Infrastructure	5.24	0.04	6.01	0.05
Other Priority Sector	2,983.71	24.05	4,262.87	34.55

Governance

Robust Governance. Resilient Banking.

Strong governance, ethical conduct, and integrity are the foundation of everything we do. These principles guide stakeholder relationships and enable us to move steadily towards our vision of becoming India's most respected Social Bank. Our governance approach is rooted in fairness, transparency, and accountability. We strictly adhere to all applicable laws, Listing Regulations, and RBI directions.



Within this framework, risk management operates as a continuous, organisation-wide discipline rather than a standalone control function. Oversight begins at the top, with the Board and Senior Management actively guiding our risk direction. Clearly articulated policies, structured procedures, and defined risk limits establish boundaries for responsible growth, while well-developed systems enable timely identification, assessment, and monitoring of risks across all business activities.

Robust Management Information Systems and a comprehensive internal control environment strengthen this structure, ensuring that emerging risks are detected early and addressed effectively. Independent Risk Management, Compliance, and Internal Audit functions provide an additional layer of assurance and help shape an annual risk strategy aligned with the Bank's risk appetite, capital planning, and performance goals.

Major risk areas are governed through specialised committees. Credit exposures, liquidity and interest rate positions, operational resilience, business continuity, and information security are overseen by dedicated forums with defined mandates. This ensures that expertise is applied where it matters most, while also embedding risk perspectives into key management decisions.

Environmental, Social, and Governance

Sustainability is embedded within our core risk framework and informs the way we manage long-term value creation. Our ESG strategy and approach are aligned with recognised development priorities and evolving regulatory expectations, clearly defined priorities, measurable objectives, and time-bound targets. This helps us ensure that ESG considerations are integral to decision-making rather than treated as standalone initiatives.

This integrated approach enhances resilience and risk mitigation, thereby positioning the Bank as a proactive force for positive social and environmental impact.

CSR and Sustainability Committee of the Board

Oversees our Bank's sustainability vision and strategy, and monitors ESG outcomes, along with CSR governance

ESG Management Committee

Reviews the sustainability vision, policies, and strategies; sets and reviews ESG targets, and recommends disclosures

Sustainability Council

Implements strategies through the departments, and develops interdepartmental synergies

Sustainability Champions (Department-Level Actions through the Sustainability Champions)

Acts as a change agent within departments, driving sustainability initiatives and serving as a key point of contact for their implementation



Corporate Information

Chief Financial Officer
Gireesh C. P.

Company Secretary
Ranjith Raj P.

Statutory Auditors
M/s. Kirtane & Pandit LLP
Chartered Accountants,
601, 6th Floor, Earth Vintage,
Senapati Bapat Marg,
Dadar West, Mumbai- 400 028

M/s. Sundaram & Srinivasan
Chartered Accountants,
New No:4, Old No.23,
C.P. Ramaswamy Road,
Alwarpet, Chennai - 600 018

Secretarial Auditors
M/s. SEP and Associates
Company Secretaries
Building No. CC 31/1590,
Felix Road, Thammanam,
Cochin - 682032

Registered & Corporate Office
Building No. VII/83/8, ESAF
Bhavan, Thrissur – Palakkad
National Highway Mannuthy,
Thrissur, Kerala – 680 651
CIN: L65990KL2016PLC045669
RBI Registration Number: MUM 124



Statutory Reports

Management Discussion & Analysis

INDIAN ECONOMY OVERVIEW

India's economic trajectory for 2025-26 reflected a phase of confident expansion, with GDP growth rate reported at 7.6%, marking a clear step up from the prior year's 6.5%. The expansion was driven by a strengthening consumption cycle and accelerating manufacturing activity. Despite a fragmented global trade environment shaped by evolving geopolitical alignments, India's domestic growth engines have gained depth and resilience. Tax rationalisation and the maturation of digital public infrastructure have deepened this resilience, cementing India's standing.

Growth was broad-based across sectors. Agriculture remained on a steady footing, supported by the Digital Agriculture Mission and targeted programmes for self-reliance in pulses. Industrial output gained traction, with manufacturing emerging as a standout contributor. The services sector retained its position as the primary growth engine, underpinned by record levels of digitally delivered services and an ambitious push to expand India's share in global services trade. Merchandise exports navigated external headwinds with resilience, while strong capital inflows helped contain the current account deficit. Foreign exchange reserves stand at around $690 billion, according to Reserve Bank of India (RBI) data as of May 2026. While the headline figure is among the world's largest reserve holders, there is growing sensitivity to global commodity prices and valuation changes on account of the developing geopolitical concerns.

During the year, GST 2.0 was launched leading to a major overhaul of India's tax system and simplifying the structure into two main slabs—5% and 18%—with a 40% rate for luxury/sin goods. The key objective of the reform was to reduce compliance cost on tax filing, make MSMEs more competitive and boost consumer demand by lowering tax on daily essential goods.

The Reserve Bank of India's (RBI) Monetary Policy Committee held the repo rate steady at 5.25% in its April 2026 review, following a cumulative reduction of 100 basis points through 2025–26. The pause reflects a measured response to persistent global uncertainties, particularly risks stemming from geopolitical conflicts and resultant effect on energy markets. Domestic inflation moderated sharply to 2.0%, preserving room for policy support without compromising macroeconomic stability. The neutral stance balances the need to sustain credit growth against the imperative of insulating the economy from external volatility.

The financial system has strengthened materially, with gross non-performing assets (GNPA) declining to a multi-decade low of 2.1% by late 2025. This reflects improved credit discipline and the structural impact of insolvency reforms. However, there are also risks. Climate variability affecting agricultural output and global commodity price fluctuations are key concerns. For 2026–27, growth is projected to moderate to 6.8%–7.2%, supported by a recovery in rural demand and sustained focus on macroeconomic stability and investor confidence. The Viksit Bharat@2047 vision anchors this trajectory in inclusive development, with structural reforms and fiscal prudence.

INDIAN BANKING SECTOR OVERVIEW

India's Banking, Financial Services, and Insurance (BFSI) landscape is undergoing a structural transformation, shaped by technology adoption, evolving regulatory frameworks, and strong domestic credit momentum. As a key enabler of the Viksit Bharat@2047 vision, the sector is expanding financial inclusion while strengthening institutional resilience and efficiency.

Key Trends

- **Consolidation and Capital Strengthening:** The sector is in a renewed phase of consolidation. Strategic mergers are creating large, well-capitalised institutions better equipped to support complex infrastructure and long-term investment cycles. Public sector banks have demonstrated notable profitability, strengthening their balance sheets and capital adequacy. This positions them with greater capacity to absorb economic shocks.
- **Digitalisation with Embedded Security:** Digital banking has evolved into a security-centric ecosystem. Regulatory emphasis has led to widespread adoption of advanced authentication mechanisms and biometric verification across platforms. The rapid expansion of digital payment systems reflects both scale and trust. Non-Banking Financial Companies (NBFCs) and small finance banks (SFBs) are leveraging AI to develop innovative credit assessment models that extend formal finance to underserved rural segments.
- **Focussed Credit Expansion:** Credit growth remains broad-based, with a clear policy focus on strengthening the MSME segment. Revised classification norms and targeted financial products are improving access to institutional credit for smaller enterprises. Enhanced guarantee mechanisms and tailored lending solutions are helping address long-standing financing gaps, while improved asset quality reflects stronger credit discipline and more effective risk management practices across the sector.

SMALL FINANCE BANKING SECTOR OVERVIEW

SFBs have evolved from basic inclusion mandates to delivering technology-enabled credit solutions across customer segments, establishing themselves as integral pillars of India's financial system. In 2025–26, their evolution is marked by a decisive shift from microfinance-centric operations to comprehensive, digitally integrated banking platforms designed for emerging and underserved customer segments. SFBs are enabling wider economic participation through tailored offerings across various segments.

Their footprint has expanded with the rise of phygital banking models, combining on-ground presence with digital accessibility. With a dominant share of their branches located in unbanked rural and semi-urban centres, SFBs have become key enablers of government-backed livelihood and enterprise initiatives. AI-led credit assessment frameworks have improved risk evaluation and operational efficiency, enabling deeper penetration of credit services. By channelling rural savings into regulated financial systems, SFBs are gradually displacing informal lending ecosystems and fostering long-term financial security. This transformation has been largely supported by the adoption of technology as internet penetration has widened access, allowing customers in even the remotest areas to access financial services like mobile banking and digital payments anytime, anywhere.

On the regulatory front, RBI has provided a supportive operating environment. One such initiative during the year was the decision to lower Priority Sector Lending requirements for small finance banks from 75% to 60%. It is a welcome development, offering greater portfolio flexibility, improved capital allocation, and enhanced risk diversification to the industry.

The continued expansion of SFBs is redefining financial inclusion, transforming previously excluded populations into active contributors to the formal economy. SFBs are supporting capital formation at the grassroots and carrying economic progress to the most remote regions through a stable, technology-enabled banking ecosystem.

MICROFINANCE SECTOR OVERVIEW

Microfinance remains a cornerstone of India's financial inclusion framework in 2025–26, extending credit, savings, and insurance to segments traditionally excluded from formal banking. Anchored in the Joint Liability Group (JLG) model, microfinance institutions (MFIs) support over 100 million households, with women constituting nearly 98% of the borrower base. Regulatory refinements by the RBI in 2022 and 2025 have reinforced this evolution. Household-level income assessments are now central to promoting responsible lending and preventing borrower over-indebtedness.

The sector is, however, undergoing a prudent recalibration. Following a phase of aggressive expansion, 2025–26 has seen a shift toward a risk-first approach, with the aggregate microfinance portfolio stabilising at approximately ₹ 3.30 lakhs crore. Elevated credit costs and a temporary increase in Portfolio at Risk (PAR 180+), reaching around 15%, have prompted institutions to prioritise portfolio quality over rapid scale. Lending strategies are becoming more selective, with a focus on existing customer relationships and optimised loan sizes to balance growth with sustainability.

Alongside this recalibration, the operating environment has been shaped by emerging disruptions. The rise of unregulated digital lenders and localised 'Karja Mukti' narratives have, weakened repayment discipline within borrower groups, posing challenges to the JLG framework. In response, the RBI and state authorities have strengthened supervisory oversight to address coercive practices and predatory lending. These measures have, at times, tempered short-term credit expansion. To enhance transparency, the sector is increasingly leveraging digital public infrastructure (DPI) and account aggregator frameworks. This is enabling a more comprehensive assessment of borrower indebtedness across formal and informal channels.

On the regulatory front also, MFIN Guardrails 2.0, effective 1st April, 2025, restricted microfinance borrowers to a maximum of 3 lenders to curb over-leveraging. These voluntary industry standards, adopted by Small Finance Banks (SFBs) and NBFC-MFIs, aim for long-term portfolio quality but temporarily increased rejection rates, reduced collection speeds, and elevated delinquencies.

Early indicators toward the close of the fiscal year, however, point to a gradual recovery. Improved collection efficiencies and a revival in targeted lending segments, particularly among SFBs and NBFC-MFIs, are driving growth in select portfolios. This rebound is a reminder of the sector's inherent resilience and its enduring role in advancing grassroots economic mobility.

ESAF SMALL FINANCE BANK: OVERVIEW

ESAF Small Finance Bank ('ESAF Small Finance Bank', 'The Bank', 'Our Bank', or 'We') has built its journey on a development-first philosophy. The Bank has steadily evolved into a regulated banking institution focussed on financial inclusion. The origins trace back to 1992, when Dr. Kadambelil Paul Thomas, along with a group of like-minded individuals, established ESAF Foundation to promote micro-enterprises, drive socio-economic progress, and improve community health. This vision gained operational

momentum in 1995 with the launch of microfinance initiatives aimed at extending credit access to underserved and marginalised communities.

In 2006, Dr. Thomas and his associates acquired the Corporate Promoter of ESAF Small Finance Bank, initiating a structural shift to scale these efforts. The Foundation subsequently transferred its microloan portfolio to the Corporate Promoter under a business transfer agreement executed on March 31, 2008, enabling greater institutional focus and regulatory alignment.

The next phase of evolution came in 2014, when the Corporate Promoter obtained NBFC-MFI status, strengthening its position within the formal financial system. This set the stage for a pivotal transition in 2017, when the lending and financing business was transferred to ESAF Small Finance Bank under a business transfer agreement signed on 22nd February 2017, and made effective on 10th March 2017. This marked the formal transition into an SFB.

The Bank remains structurally aligned with the needs of the underserved segments and our focus going forward is on deepening financial access through disciplined growth, responsible banking practices, and technology-driven solutions that scale with the communities we serve.

Commitment to the Triple Bottom Line: People, Planet, and Prosperity

Our approach to growth is grounded in a Triple Bottom Line philosophy that integrates social impact, environmental responsibility, and economic progress. This commitment is reflected across three core pillars:

- **People:** Expanding access to inclusive banking services, particularly for underserved and marginalised communities.
- **Planet:** Promoting sustainable practices to minimise environmental impact and support long-term ecological balance.
- **Prosperity:** Driving economic empowerment and financial inclusion through responsible financial solutions and strengthening financial literacy.

In line with this approach, the Bank has established a comprehensive ESG (Environmental, Social, and Governance) framework. It focuses on safeguarding the environment, advancing financial inclusion and gender equality through targeted offerings, and reinforcing governance through accountability, transparency, and adherence to recognised ESG standards.

Our Presence

Our network spans 24 states and 2 union territories comprising of 804 Banking Outlets, 720 ATMs and 1,047 Customer Service Centres managed by 32 Institutional Business Correspondents, 2,923 Banking Agents, 737 Business Facilitators, and 10,994 Employees. Our Business Correspondents play a key role in sourcing and servicing all types of loans with a special focus on microloan customers.

As of 31st March 2026, the Bank crossed a significant milestone of serving more than 100 lakh customers. We have always maintained a clear strategic focus on serving customers in rural and semi-urban markets. Our distribution strategy reinforces this focus, with 69% of banking outlets located in these geographies, enabling deeper penetration and more effective service delivery.

BUSINESS OVERVIEW

The financial standing, operational performance, and cash flow dynamics of our Bank are shaped by several key factors.

The table below highlights the growth of our total loan book, deposits, and other business metrics.

Particulars	2025-26	2024-25
Gross Advances (₹ crore)	22,426	18,779
Deposits (` crore)	25,850	23,276
States/UTs Combined (Number)	26	26
Banking Outlets (Number)	804	787
Business Correspondents (Number)	32	35
Customer Service Centres (Number)	1,047	1,106
Banking Agents (Number)	2,923	4,405
Business Facilitators (Number)	737	735
ATMs (Number)	720	693

Advances

The Bank's asset-side offerings are diversified to address the credit needs of multiple customer segments:

- **Microloans:** Primarily comprising microfinance and other small-ticket loans aimed at financially excluded customers.
- **Retail Loans:** Including mortgages, personal loans, and vehicle loans, catering to individual financing needs.
- **MSME Loans:** Supporting Micro, Small and Medium Enterprises to drive entrepreneurship and local economic activity.
- **Loans to Financial Institutions:** Extending credit to other financial entities to enhance capital flow within the ecosystem.
- **Gold Loans:** A secured loan where Gold is used as a collateral to enable individuals to access quick funds.
- **Agricultural Loans:** Financing agricultural activities and allied sectors, supporting rural livelihoods.

Gross Advances Analysis for 2025–26 and 2024–25

(Amount in ₹ crore)

Advance Type	2025–26		2024–25	
	Amount	% of Total Gross Advances	Amount	% of Total Gross Advances
Micro Loans	8,746	39%	8,857	47%
Retail Loans	2,080	9%	1,480	8%
Vehicle Loans	*625*		*437*	
Mortgage Loans	*1,064*		*707*	
Others	*390*		*336*	
MSME Loans	617	3%	510	3%
Loans to Financial Institutions	867	4%	1,182	6%
Gold Loans	8,858	39%	5,734	31%
Agricultural Loans	1,257	6%	1,017	5%
Total Gross Advances	**22,426**	**100%**	**18,779**	**100%**

Business Performance

Total Gross advances have grown strongly during the year by 19%, with growth supported by majority of the product segments. We have made meaningful progress in reshaping our portfolio mix in line with our de-risking strategy, enabling a greater shift toward secured and better-rated assets.

As part of our de-risking strategy, we have defined a clear strategic path toward secured lending called "MARG." consisting of MSME, Agriculture, Retail and Gold loans. This transition is enhancing portfolio resilience, reducing volatility, and supporting sustainable long-term growth. An added advantage is that all the constituent segments under the MARG framework exhibit significantly lower NPA levels, thus helping us improve our asset quality as well. Together, the MARG portfolio accounts for 57% of our total advances and secured assets now constitute 61% of our gross advances, compared to 53% as of 31st March 2025.

For the microfinance portfolio, during the year, we adopted a risk-aware approach with disciplined underwriting. As a result, the microfinance book has been rationalised from ₹ 8,857 crore in 2024-25 to ₹ 8,746 crore in 2025-26. Due to various initiatives undertaken by the bank such as strengthening field engagement through Sangam process enhancements, targeted sourcing of higher-quality customers, structured graduation to individual lending, and focused resolution of delinquent accounts, the microfinance portfolio is on a more stable footing now.

Going ahead, we remain firmly on track to achieve our stated target of 70% secured portfolio as a long-term plan. Also, the microfinance sector is currently witnessing improving operating environment and we will continue to grow it responsibly with a calibrated approach.

Yield on Advances for the year 2025-26 moderated to 15.7% as compared to 18.3% in the previous year largely due to the shift in portfolio mix, the pass through of rate cuts, higher slippages and non-recognition of income on high yielding micro loans. With deposit costs also moderating in line with the industry and focus on growing the secured asset book, yields on advances are expected to remain range bound.

Deposits

Our Bank offers a comprehensive range of liability products, including current accounts, savings accounts, term deposits, and recurring deposits. The cost associated with these liabilities is influenced by external factors like market competition, interest rate movements, and liquidity conditions in the Indian credit market. Internally, elements such as our credit ratings, available credit lines, and ability to mobilise low-cost or non-interest-bearing deposits, particularly through current accounts, play a key role in determining our overall cost of funds.

Our primary source of funding is a cost-efficient deposit base, largely driven by retail depositors across India. This is supported by the strategic expansion of our branch network and the development of tailored financial products. We cater to a wide spectrum of depositor segments and to serve these segments, we utilise a diversified distribution network comprising our banking outlets, Business Correspondents, Customer Service Centres and alternative delivery channels. This approach helps us sustain a stable and cost-efficient funding structure through deposits.

Deposits Analysis for 2025–26 and 2024–25

(Amount in ₹ crore)

Deposit Type	2025–26		2024–25	
	Amount	% of Total Deposits	Amount	% of Total Deposits
Demand Deposits (A)	365	1.4%	331	1.4%
Savings Deposits (B)	5,816	22.5%	5,452	23.4%
CASA (C=A+B)	6,181	23.9%	5,783	24.8%
Term Deposits (D)	19,670	76.1%	17,494	75.2%
Total Deposits (C+D)	**25,850**	**100%**	**23,276**	**100%**
Bulk Deposits	2,176	8.4%	1,637	7.0%
Retail Deposits	23,674	91.6%	21,640	93.0%

Business Performance

As of 31st March 2026, total deposits reached ₹ 25,850 crore, an 11% growth from ₹ 23,276 crore last year. This growth was supported by both our CASA and term deposits and reflects our commitment to broadening our deposit base.

CASA balances grew to ₹ 6,181 crore, up 7% year-on-year, with a CASA ratio of 23.9%.

We expect CASA to gradually improve, supported by continued focus on customer acquisition, service quality, and branch-led growth. Retail deposits increased to ₹ 23,674 crore, growing 9% compared to previous year and remained strong at 92% of total deposits, reflecting a stable and granular deposit base. Further, 88% of bulk deposits carry a non-prepayment clause, providing stability to our funding base.

The Credit-to-Deposit (CD) ratio has improved to 83.5%, reflecting stronger credit growth, while a healthy Liquidity Coverage Ratio (LCR) of 143% indicates a comfortable liquidity position and overall financial stability.

The moderation in deposit pricing in line with soft interest regime reflected in our cost of deposits. The overall cost of deposits stood at 7.1% in 2025-26 as compared to 7.5% in 2024-25

RESULTS OF OPERATIONS

Profit and Loss Statement

(Amount in ₹ crore)

Particulars	2025–26	2024–25	Y-o-Y change
Income			
Interest Earned	3,537	3,857	(8%)
Other Income	811	472	72%
Total Income	**4,348**	**4,329**	**0%**
Expenditure			
Interest Expended	1,837	1,811	1%
Operating Expenses	1,799	1,904	(6%)
Total Expenditure	**3,636**	**3,715**	**(2%)**
Pre-Provision Operating Profit	**712**	**614**	**16%**
Provisions and Contingencies	878	1,079	(19%)
Exceptional Items	0	58	
Net Profit for the Year	**(166)**	**(521)**	

The Bank's total income reached ₹ 4,348 crore in 2025–26, from ₹ 4,329 crore in 2024–25. The dip in interest income was offset by growth in non-interest income which was driven largely by higher fee income , Commission income from third party products and income from PSLC.

Net Interest Income

The Bank's net interest income was ₹ 2,047 crore in 2024–25 and reached ₹ 1,700 crore in 2025–26.

(Amount in ₹ crore)

Particulars	2025–26	2024–25
Interest Earned	3,537	3,857
Interest Expended	1,837	1,811
Net Interest Income	**1,700**	**2,047**

Our interest income was influenced by the balance of interest-earning advances and their corresponding yields, higher slippages in microloans and the change in mix of secured and unsecured loans during the year. Other factors include the balance of investments that generate interest income and average interest-earning balances held with the RBI and other interbank funds with their respective yields. On the other hand, our interest expenditure is influenced by the average balance of total deposits and borrowings with their associated costs.

On account of the above factors, net interest margin stood at 6.4% for 2025-26 as compared to 8.1% for 2024-25, but some improvements were seen from the second half of the fiscal supported by lower cost of funds and reduction in fresh slippages. This combined with an improving asset quality and better operational efficiency has helped improve operating profitability.

Provisions and Contingencies

(Amount in ₹ crore)

Particulars	2025–26	2024–25
Provision towards NPA/Write-offs [A]	948	1,242
Provision towards/(Write-Back of Provision towards) Standard Assets [B]	(13)	6
Provision Made towards Income Tax		
Current Tax Expense [C]	(4)	0
Deferred Tax Charge (Credit) [D]	(58)	(172)
Total Provision Made towards Income Tax [E] = [C] + [D]	(62)	(172)
Other Provisions and Contingencies [F]	5	3
Total Provisions and Contingencies = [A] + [B] + [E] + [F]	**878**	**1,079**

Our operational performance is closely linked to our ability to manage credit quality effectively, which is assessed in part through the monitoring of NPAs. In line with RBI guidelines, loans are classified as NPAs based on the period of non-payment, requiring appropriate provisioning, including for standard assets. NPAs are further categorised into sub-standard, doubtful, and loss assets.

To mitigate these risks, we have implemented robust credit appraisal frameworks and disciplined loan disbursement processes, supported by continuous monitoring mechanisms. We also utilise advanced data analytics and automated credit scoring tools to improve the accuracy and efficiency of credit evaluation. Certain loan segments, including microloans and selected retail loans, are unsecured, which elevates credit risk in the absence of collateral. In cases of default, recovery options are primarily limited to legal measures.

Net Profit for the Year

As a result of our corrective actions and strategic shift to secured loans and also on account of provision requirement on higher slippages in Micro loan , we were able to return to profitability in the second half of the year and reduce the total losses for the year to ₹ 166 crore compared to ₹ 521 crore in 2024–25.

Statement of Assets and Liabilities

ESAF Small Finance Bank's assets, as recorded at the end of the specified period/year, are detailed below:

(Amount in ₹ crore)

Particulars	2025-26	2024-25
Cash and Balances with the RBI	1,114	1,351
Balances with Banks and Money at Call and Short Notice	61	628
Investments	6,399	5,995
Advances	21,594	18,028
Fixed Assets	516	300
Other Assets	1,184	876
Total Assets	**30,868**	**27,178**

Cash and balances with the RBI decreased to ₹ 1,114 crore from ₹ 1,351 crore as on 31st March 2025. Whereas balances with banks and money at call and short notice decreased to ₹ 61 crore from ₹ 628 crore as on 31st March 2025.

Our investments increased to ₹ 6,399 crore from ₹ 5,995 crore as on 31st March 2025. Yield on Investments stood at 6.4% in 2025–26, compared to 6.6% in 2024–25.

The table below provides a detailed breakdown of the Bank's advances (net of provisions) across two categories: microloans and other loans. Microloans include microfinance loans as well as other microloans, while other loans consist of retail loans, MSME loans, gold loans, loans to financial institutions and agricultural loans.

(Amount in ₹ crore)

Advances	2025-26	2024-25
Microloans	8,027	8,211
Other Loans	13,567	9,816
Total Net Advances	**21,594**	**18,028**

The Bank's fixed assets increased primarily due to addition of new branches and ongoing technology transformation.

The Bank's other assets mainly consist of accrued interest, prepaid taxes, and tax deductions at source (net of provisions). They also include deferred tax assets (net) and other items, including GST input credits, security deposits, NEFT/RTGS settlement receivables, and prepaid expenses. The Bank's other assets increased to ₹ 1,184 crore from ₹ 876 crore as of 31st March 2025, mainly due to increase in DTA, interest accrued on advances on account of increase in business.

Capital and Liabilities

The table below delineates our capital and liabilities as of the specified dates:

(Amount in ₹ crore)

Particulars	2025-26	2024-25
Capital	516	515
Employee Stock Options Outstanding	6	4
Reserves and Surplus	1,264	1,430
Deposits	25,850	23,276
Borrowings	2,753	1,406
Other Liabilities and Provisions	479	547
Total Liabilities	**30,868**	**27,178**

Our reserves and surplus are subject to fluctuations driven by changes in share premium from the issuance or repurchase of equity shares, and by movements in the profit and loss account reflecting the net profit or loss for the fiscal year. As a result of these factors, the Bank's reserves and surplus decreased to ₹ 1,264 crore.

We have leveraged the longstanding strength of the ESAF brand, built over more than three decades. This brand recognition has significantly contributed to the rapid growth of our deposit portfolio since the commencement of our operations. We made steady progress in deepening our retail deposit franchise, specially across rural and semi-urban markets. These deposits are beneficial as they typically carry lower interest rates compared to bulk deposits. Retail deposits remained strong at 92% of total deposits and have increased to ₹ 23,674 crore as on 31st March 2026 from ₹ 21,640 crore as on 31st March 2025.

The table below provides a comprehensive breakdown of the Bank's borrowings as of the specified dates:

(Amount in ₹ crore)

Particulars	2025-26	2024-25
Borrowings in India:		
– Reserve Bank of India	500	–
– Other Banks	-	–
– Other Institutions and Agencies	1,490	1,018
– Subordinated Debt	715	340
– Perpetual Debt Instrument	48	48
Borrowings Outside India	-	–
Total Borrowings	**2,753**	**1,406**

We meet our liquidity and capital requirements primarily through shareholder capital, customer deposits, and institutional borrowings. Over time, we have diversified sources of our borrowings to include funds from the RBI, institutional agencies, other banks, subordinated debt, and perpetual debt instruments. As on 31st March 2026, the Bank's borrowings increased to ₹ 2,753 crore compared to ₹ 1,406 crore as of 31st March 2025 and the average cost of borrowings stood at 8.0% compared to 8.6% as of 31st March 2025.

The Bank's other Liabilities and Provisions mainly consist of payables, inter-office adjustments (Net), interest accrued and provisions including Standard Assets, expenses, etc. The Bank's other Liabilities and Provisions assets stood at ₹ 479 crore from ₹ 547 crore as of 31st March 2025.

Financial Instruments and Off-Balance Sheet Arrangements

The Bank transfers advances through interbank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances. During the year Bank transferred certain gold loan book through IBPC on risk sharing basis amounting to ₹ 650 Crore and netted off with Gross advances in the books of accounts.

The table below sets out the outstanding IBPCs as of the specified dates:

(Amount in ₹ crore)

Particulars	2025-26	2024-25
Outstanding Amount of IBPCs	650	–

Sale of NPAs to Asset Reconstruction Companies

In 2025-26, we transferred NPAs to Asset Reconstruction Companies (ARCs), with such advances being deducted from our total advances. Notably, we have not done any technical write-offs during the year.

However, ESAF Small Finance Bank continues to act as a collection agent for these assets and earns fees for this role. The table below presents the outstanding advances transferred to ARCs.

(Amount in ₹ crore)

Particulars	2025-26	2024-25
Cumulative NPAs Sold to ARCs Outstanding	3,150	861

OUR BUSINESS SEGMENTS

We operate across four primary business segments: Treasury, Wholesale Banking, Retail Banking, and Other Banking Operations.

- **Treasury:** Revenue is primarily generated from interest income on our investment portfolio, gains or losses from investment activities, and income from foreign exchange transactions. Major expenses comprise interest paid on borrowings and deposits. The segment is also responsible for managing and allocating customer deposits.
- **Wholesale Banking:** We provide credit facilities to corporate clients in compliance with RBI regulations. Revenue is derived from interest on corporate loans and fees from banking services, with key expenses comprising interest on borrowed funds, deposits, and associated operational costs.
- **Retail Banking:** We serve non-corporate customers through loans and deposit accounts, in line with RBI guidelines. Revenue is generated through interest income on loans and fees from banking services, with major expenses comprising interest on borrowings, deposits, and related expenditures.
- **Other Banking Operations:** This segment covers income from para-banking activities such as debit card services and distribution of third-party products, along with associated costs.

The performance and revenue contribution of each segment are presented in the table below:

Segment Results and Revenue

(Amount in ₹ crore)

Particulars	2025-26	2024-25	% Change
Treasury			
– Segment Revenue	405	535	(24%)
– Segment Results	(10)	74	
Wholesale Banking			
– Segment Revenue	103	142	(27%)
– Segment Results	36	23	55%
Retail Banking			
– Segment Revenue	3,662	3,530	4%
– Segment Results	(426)	(905)	
Other Banking Operations			
– Segment Revenue	178	123	45%
– Segment Results	171	114	50%
Total Segment Revenue	**4,348**	**4,329**	**0%**
Total Segment Results	**(228)**	**(693)**	

SUMMARY OF KEY FINANCIAL RATIOS

Particulars	2025–26	2024–25
Yield on Advances	15.7%	18.3%
Cost of Deposits	7.0%	7.5%
NIM	6.4%	8.1%
Cost to Income	71.6%	77.9%
CASA Ratio	23.9%	24.8%
Gross NPA Ratio	5.4%	6.9%
Net NPA Ratio	1.8%	3.0%
Provision Coverage Ratio	69.0%	80.5%
Capital Adequacy Ratio	22.2%	21.8%
Return on Assets	(0.6)%	(1.9)%
Return on Equity	(9.1)%	(22.8)%

INFORMATION TECHNOLOGY (IT)

We continue to advance our technology-led strategy, with innovation driving both product delivery and customer experience. Customers now access a unified omnichannel platform spanning a biometric-enabled mobile banking app, an upgraded internet banking interface, and seamless UPI-based payment services. The digital suite has also been extended to include real-time online opening of Fixed and Recurring Deposits, along with RuPay contactless cards and virtual debit card functionalities.

On the operational front, core processes such as account onboarding and loan underwriting have been migrated to AI-enabled, tablet-based systems. The Centralised Digital Credit-Processing Units (CPUs) have been enhanced, enabling faster, data-driven credit assessments and near-instant disbursements. The adoption of e-signatures and digital KYC (e-KYC) has eliminated manual paperwork across retail and microfinance segments. Advanced analytics-driven underwriting has further supported the transition of group borrowers to individual lending products, deepening financial inclusion.

We have strengthened our service and collections infrastructure through a next-generation Customer Relationship Management (CRM) system and an integrated mobile-based repayment ecosystem. This digital-first approach is complemented by a 'phygital' delivery model, enabling doorstep banking services in underserved rural regions. By combining biometric authentication with human-led engagement, we continue to expand access to secure, efficient, and inclusive financial services.

During 2025-26, we expanded our digital capabilities through the 'ESAF 2.0 StratoNext' programme. This programme will be implemented in a phased manner and will go completely live by the end of this calendar year. This is a strategic initiative aimed at improving operational efficiency and scalability. It is a transformative program focused on strengthening risk management, regulatory compliance, data governance, and control frameworks. This transformation will enable better monitoring, improved auditability, and stronger compliance alignment, while supporting sustainable growth and improved customer experience.

RISK MANAGEMENT

Risk management is integral to the Bank's governance framework and strategic decision making. The Bank operates in a dynamic environment and is exposed to various financial and non-financial risks. A structured risk management framework enables effective identification, assessment, monitoring and mitigation of risks while ensuring regulatory compliance and alignment with the Bank's risk appetite.

The Bank follows a forward-looking approach to risk and capital planning through the Internal Capital Adequacy Assessment Process (ICAAP), in line with Reserve Bank of India guidelines.

Risk Governance

The Board of Directors has overall responsibility for risk oversight and approves the Bank's risk appetite, policies and strategy. The Risk Management Committee of the Board

(RMCB) oversees implementation, supported by executive level committees such as the Credit Risk Management Committee (CRMC), Asset Liability Management Committee (ALCO) and Operational Risk Management Committee (ORMC).

The ICAAP serves as the cornerstone of the Bank's risk and capital framework and covers assessment of Pillar 1 and Pillar 2 risks, capital adequacy under normal and stressed scenarios, stress testing and capital planning. Based on RBI classification norms, the Bank is designated as a "Simple Bank".

As on 31st March 2026, the Bank maintained a capital position well above the minimum regulatory requirement applicable to Small Finance Banks. Capital planning is closely aligned with the Bank's risk profile, growth strategy and stress testing outcomes, providing adequate buffers to absorb adverse scenarios.

Key Risk Areas

- Credit Risk

  Credit risk is the most significant risk faced by the Bank. It is managed through comprehensive policies covering credit appraisal, sanctioning, portfolio monitoring, early warning systems and recovery mechanisms. During the year, the Bank continued its strategic shift towards secured lending, improving portfolio diversification and long term risk profile. Stress testing under ICAAP underscores the importance of sustained asset quality improvement and disciplined growth.

- Liquidity and Interest Rate Risk

  Liquidity risk is managed through a robust ALM framework with daily monitoring of Liquidity Coverage Ratio (LCR) and periodic stress testing. The Bank consistently maintained liquidity levels above internal and regulatory thresholds. Interest rate risk is assessed from both earnings and economic value perspectives and remains within approved risk appetite limits under ALCO oversight.

- Operational and Market Risk

  Operational risk is managed through Risk and Control Self Assessments (RCSA), Key Risk Indicators (KRIs), fraud risk management and business continuity planning. Market risk, primarily arising from treasury and investment activities, is managed conservatively and monitored independently, though no capital charge is currently prescribed for Small Finance Banks.

- Information Security and Cyber Risk

  Information security and cyber risk are recognised as critical operational risks in an increasingly digital banking environment. The Bank has established a comprehensive information security and cyber risk management framework approved by the Board and overseen through the IT Strategy Committee of the Board. At the management level, the Information Security Governance Committee (ISGC), supported by the Chief Information Security Officer (CISO), oversees implementation of security controls and policies. A 24×7 Security Operations Centre (SOC) monitors the Bank's systems and networks for potential threats and incidents. The Bank conducts periodic Vulnerability Assessment and Penetration Testing (VAPT), cyber security audits and disaster recovery drills to strengthen resilience. Information security incidents are tracked and reported through defined escalation mechanisms. The Bank's overall IT and cyber security risk is assessed as low, supported by continuous monitoring and enhanced governance.

Pillar 2 Risks and Risk Outlook

In addition to Pillar 1 risks, the Bank actively manages Pillar 2 risks including concentration risk, strategic risk, reputational risk, compliance risk, human resource risk, outsourcing risk and sustainability risk through governance frameworks, policies and monitoring mechanisms, without the need for additional capital allocation.

Stress testing remains a key tool for assessing resilience and guiding capital planning. Going forward, the Bank will continue to focus on strengthening asset quality, capital buffers, portfolio diversification, technology resilience and governance frameworks to support sustainable long-term growth.

INTERNAL CONTROL SYSTEMS

The Bank has a well-defined and robust system of internal controls commensurate with the size, scale and complexity of its operations. The internal control framework is designed to ensure orderly and efficient conduct of business, safeguarding of assets, reliability of financial and managerial information, prevention and detection of frauds and errors, and compliance with applicable laws, regulations and internal policies.

The Bank follows three lines of defence model, which clearly delineates roles and responsibilities across the organisation.

Management Discussion & Analysis (Contd.)

Three Lines of Defence Framework

- First Line – Business Functions

  Business and operational units act as the first line of defence and are responsible for adhering to approved policies, procedures and delegated authorities. They are accountable for identifying and managing risks inherent in their activities and ensuring compliance with internal controls in day-to-day operations.

- Second Line – Risk Management and Compliance

  The Risk Management Department and Compliance function independently oversee and monitor adherence to regulatory requirements, internal policies and the Bank's risk appetite. This includes monitoring of credit, market, liquidity, operational, information security and other Pillar 2 risks, supported by structured tools such as Risk and Control Self Assessments (RCSA), Key Risk Indicators (KRIs), stress testing and policy reviews. The Compliance function ensures alignment with RBI guidelines and other statutory requirements.

- Third Line – Internal Audit

  The Internal Audit function operates independently of business and risk functions and provides objective assurance to the Board and management on the adequacy and effectiveness of internal controls. The Bank follows a Risk Based Internal Audit (RBIA) approach, approved by the Audit Committee of the Board, covering branches, business verticals, critical processes, information systems and compliance areas. Audit observations are tracked through defined corrective and preventive action mechanisms.

Policy and Governance Framework

The Bank has in place a comprehensive set of Board approved policies governing credit, operational risk, market risk, liquidity management, fraud risk, information security, outsourcing, business continuity and compliance. These policies are periodically reviewed to ensure relevance in a changing regulatory and business environment.

Oversight of internal controls is exercised through the Board and its Committees, including the Audit Committee of the Board and the Risk Management Committee of the Board, supported by management level committees.

Information Technology and Process Controls

Internal controls are embedded within the Bank's IT systems and processes through defined maker checker mechanisms, system based validations, access controls and audit trails. The Bank conducts periodic Information Systems audits, vulnerability assessments and penetration testing, and monitors IT and cyber risks through structured governance mechanisms.

Business Continuity Planning (BCP) and Disaster Recovery (DR) frameworks are in place and are tested periodically to ensure operational resilience during disruptions.

Review and Continuous Improvement

The adequacy of internal control systems is reviewed on an ongoing basis through internal audits, risk assessments, compliance testing and regulatory inspections. Audit findings and risk observations are reviewed by senior management and the Board level committees, and corrective actions are implemented within defined timelines.

Based on the assessments carried out during the year, the internal control systems of the Bank were found to be adequate and operating effectively, supporting the Bank's risk management framework and governance standards.

Directors' Report

To,

The Members of

ESAF Small Finance Bank Limited

On behalf of the Board of Directors (the "Board") of ESAF Small Finance Bank Limited (the "Bank"), it is our pleasure to present the Tenth Annual Report of the Bank, along with the Audited Financial Statements and Auditor's Report thereon for the Financial Year 2025-26.

1. FINANCIAL PERFORMANCE AND STATE OF THE BANK'S AFFAIRS

The highlights of the standalone financial performance of your bank for the Financial Year 2025-26, are presented below:

(₹ in crore)

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
Deposits	25,850.16	23,276.44
Advances	21,594.23	18,027.87
Total Income	4,348.23	4,329.3
Interest Expended	1837.44	1810.68
Operating Expenses	1798.82	1961.51
Operating Profit	**711.97**	**557.11**
Provisions (Other than Tax) and Contingencies	940.37	1250.08
Profit/(Loss) Before Tax	(228.40)	(692.97)
Provision for Tax	(62.00)	(171.58)
Net Profit/(Loss)	**(166.4)**	**(521.39)**
Profit/(Loss) brought forward	291.18	857.28
Total Profit/(Loss) available for appropriation	124.78	335.89
Appropriation		
Dividend Paid	-	36.03
Transfer to Statutory Reserve	-	-
Transfer to Capital Reserve	23.34	8.67
Transfer to Investment Fluctuation Reserve	5.31	-
Balance carried to Balance Sheet	96.13	291.18
Earnings per Share		
Basic (₹)	(3.23)	(10.13)
Diluted (₹)	(3.22)	(10.12)

Performance Overview

During the financial year under review, the Bank continued to witness steady growth in its business operations, with deposits increasing to ₹ 25,850.16 crore and advances to ₹ 21,594.23 crore, reflecting healthy expansion and improved deployment of funds.

The Bank reported a significant reduction in losses, with Net Loss declining to ₹ 166.40 crore from ₹ 521.39 crore in the previous year. This improvement was supported by better cost management, calibrated growth, and gradual stabilisation in operating performance. The Bank's Total Income remained broadly stable at ₹ 4,348.23 crore. Interest Income for the Financial Year 2025–26 was ₹ 3,537.18 crore as against ₹ 3,857.53 crore in the previous year, reflecting changes in portfolio mix and prevailing business conditions.

During the year, the Bank maintained its focus on strengthening operational efficiency, improving portfolio quality, and pursuing calibrated growth across its business segments, which contributed to the overall stabilisation in financial performance.

The Bank continued its focus on strengthening portfolio quality and improving collection efficiency during the year. As at March 31, 2026, the Gross Non-Performing Assets (GNPA) stood at 5.41% as compared to 6.87% in the previous year, while Net Non-Performing Assets (NNPA) stood at 1.8% as against 2.99% as at 31st March, 2025.

The moderated movement in asset quality indicators reflects the Bank's ongoing efforts towards portfolio stabilisation, improved recovery mechanisms, and disciplined underwriting practices, contributing to improved operating performance.

The financial position and performance of the Bank is given in the Management Discussion & Analysis Report, which forms part of this Integrated Annual Report.

The operating environment during the Financial Year 2025–26 continued to remain challenging across certain borrower segments, particularly in the microfinance sector, leading to elevated credit costs and moderation in profitability. In response, the Bank continued to strengthen its risk governance framework through focused monitoring of portfolio quality, collection efficiency, prudent underwriting practices and calibrated business growth, supported by appropriate provisioning and balance sheet strengthening measures.

2. OUR BUSINESS SEGMENTS

The Bank has identified our business segments, segregating them into Treasury, Wholesale Banking, Retail Banking and Other Banking Segments after considering the internal business reporting system and guidelines issued by the Reserve Bank of India through its notification DBOD.No.BP.BC.81/ 21.01.018/ 2006-07 dated April 18, 2007 and Accounting Standard 17 (AS 17) – 'Segment Reporting'.

3. BUSINESS OVERVIEW

Micro Banking

The Micro Banking vertical of the Bank is designed to provide comprehensive banking services to the unbanked and underbanked segments, combining credit and savings-oriented offerings through a high-touch, doorstep delivery model. The business is delivered through the Bank's Micro Banking (MB) channel and a network of dedicated Business Correspondents (BCs), enabling deeper customer engagement and supporting their broader financial needs.

During the Financial Year 2025–26, the Bank continued to focus on strengthening its presence in underserved segments through Micro Banking products. As on March 31, 2026, the Bank had 32,82,895 active Micro Banking borrowers with a loan book outstanding of ₹ 8,746 crore. During the year, the Bank disbursed loans aggregating to ₹ 7,163 crore under various Micro Banking products, reflecting the Bank's sustained commitment to inclusive financial growth.

The microfinance sector continued to witness phased and evolving challenges during the year, with stress persisting in select geographies and borrower segments. In this context, the Bank adopted a calibrated and disciplined approach, with tightening of underwriting standards, strengthening of credit filters, and implementation of enhanced guardrails in loan origination to reinforce credit discipline and portfolio resilience. The Bank also intensified customer engagement and education initiatives to promote responsible borrowing behaviour and improve credit track record awareness.

The Bank undertook focused initiatives to improve portfolio monitoring and collections, including strengthened field-level controls, closer tracking of early delinquency indicators, and tighter BC performance oversight. Strategic actions were also taken to optimise the operating model, including transition of select portfolios to direct management to reduce concentration risk and strengthen portfolio oversight. Further, performance-linked incentive structures were strengthened to encourage sustained improvement in collections and portfolio outcomes.

As at 31st March, 2026, the Gross NPA (GNPA) of the Micro Banking portfolio stood at 13% from 12.7% as at 31st March, 2025, and the Net NPA (NNPA) improved to 4.37% from 5.81% in the previous year.

Retail Banking

The Bank continued to strengthen its retail banking franchise during the Financial Year 2025–26, supported by steady growth in deposits, expansion of its distribution network, and continued focus on portfolio diversification.

Liability Franchise

The Bank's retail liability base continued to grow steadily during the year, with total deposits increasing by 11.06% to ₹ 25,850 crore as on 31st March, 2026. Retail deposits accounted for approximately 92% of the overall deposit base, reflecting the strength of the Bank's granular franchise and diversified funding profile. The Bank reported a net accretion of ₹ 2,574 crore during the year, supported by sustained customer engagement across its expanding network.

The CASA base stood at ₹ 6,180.60 crore, with the CASA ratio at 23.91% as compared to 24.84% in the previous year. The marginal moderation in CASA was aligned with the Bank's strategy of strengthening

overall deposit mobilisation in a competitive interest rate environment, while maintaining a stable and diversified funding profile.

The Bank's non-resident deposit base continued to provide meaningful support to the liability franchise, standing at ₹ 5,246 crore as on March 31, 2026.

Distribution Network

The Bank continued to expand and strengthen its distribution footprint, with a total of 804 banking outlets as on March 31, 2026, including presence across metro, urban, semi-urban and rural centres. Approximately 25.74% of the outlets are located in Unbanked Rural Centres (URCs), in line with regulatory requirements and the Bank's commitment to financial inclusion.

Asset Growth and Portfolio Mix

On the retail assets front, the Bank delivered strong growth during the year, supported by a strategic rebalancing of the asset mix towards secured and quality lending segments. The total retail and corporate loan portfolio grew to ₹ 13,680 crore, registering a year-on-year growth of 37.88%.

A key structural transformation during the year was successful execution of the Bank's MARG strategy, representing MSME, Agri, Retail and Gold loans. This strategy reflects the Bank's deliberate and calibrated shift from unsecured lending to a secured and diversified portfolio with the objective of strengthening the portfolio quality and supporting sustainable long-term growth. During the year, the share of secured assets grew significantly to approximately 61% of gross advances, as compared to 52.44% in the previous year. This transition, achieved ahead of planned timelines, reflects the Bank's focus on building a more resilient, diversified and risk-calibrated asset base, with reduced reliance on unsecured lending.

Segment Drivers

The shift in asset mix has been driven by continued traction across secured lending segments, including gold loans, MSME, agriculture, mobility and affordable housing.

The gold loan portfolio continued to scale up during the year, supported by strong customer demand and improved turnaround time, while maintaining a low delinquency profile and short tenor characteristics, thereby contributing positively to portfolio quality and earnings stability.

The mortgage segment demonstrated steady progress, crossing the milestone of ₹ 1,000 crore, while the mobility portfolio expanded beyond ₹ 600 crore, reflecting the Bank's continued focus on scaling secured retail segments.

The Bank also continued to deepen its presence in MSME lending, with a focus on granular and cash-flow aligned credit solutions, supporting the growth requirements of small and medium enterprise customers.

This calibrated shift towards secured lending, supported by a stable and growing liability franchise, has resulted in a more granular, diversified and resilient balance sheet. The increasing share of secured assets is contributing to improved portfolio quality, enhanced earnings stability and reduced credit risk, positioning the Bank for sustainable growth going forward.

Treasury

The Bank's Treasury function plays a central role in managing liquidity, investment portfolio and balance sheet risks, while supporting overall financial performance through prudent asset-liability management practices. The Treasury continues to focus on optimising returns within the Bank's risk appetite, while maintaining adequate liquidity buffers and ensuring regulatory compliance.

The Bank maintains a diversified portfolio of investments, primarily in Government Securities, in line with Statutory Liquidity Ratio (SLR) requirements. The portfolio is classified under Held-to-Maturity (HTM), Available-for-Sale (AFS) and Held-for-Trading (HFT) categories, enabling the Bank to balance earnings stability with flexibility to respond to market movements. A significant portion of the portfolio continues to be held under the HTM category, providing stability against market volatility and supporting consistent income generation.

As on March 31, 2026, the Bank's total investment portfolio increased to ₹ 6,399.11 crore from ₹ 5,995.26 crore in the previous year, reflecting a growth of 6.74%. Treasury performance during the year was supported by stable liquidity conditions and active portfolio management, enabling the Bank to generate investment income of ₹ 402.7 crore.

The Treasury function continues to operate in a dynamic interest rate and liquidity environment, requiring active management of interest rate risk and funding costs. In this context, the Bank maintains a prudent ALM (Asset-Liability Management) framework,

aligning the investment portfolio and funding profile to support balance sheet stability and optimise net interest income over the medium term. Effective ALM practices are critical for managing liquidity, interest rate and funding risks, and are a key contributor to long-term profitability.

The Bank has also been strengthening its foreign exchange business in line with its evolving customer requirements. During the Financial Year 2025–26, the Bank earned ₹ 1.8 crore from AD-II foreign exchange operations. With the commencement of Authorised Dealer Category-I (AD-I) operations from April 01, 2024, the Bank is well positioned to expand its foreign exchange capabilities and enhance its offerings to customers across retail and business segments.

The Treasury function remains focused on balance sheet optimisation, liquidity management and risk mitigation, while contributing to stable earnings and supporting the Bank's overall growth strategy in a dynamic market environment. During the year under review, there was a relaxation of the PSL requirement by RBI from 75% to 60%. On account of the same, the Bank has done PSLC Sale and realised ₹ 127 crore during Financial Year 2026 as against ₹ 56 crore during Financial Year 2025.

4. IT INITIATIVES

Digital Strategy and Transformation

The Bank continues to strengthen its technology capabilities under its ESAF 2.0 transformation–StratoNext, a multi-year digital transformation initiative aimed at modernising the Bank's technology infrastructure, enhancing customer experience and improving operational efficiency. The StratoNext programme focuses on building a secure, scalable and regulatory-compliant technology architecture, while enabling greater agility, high availability and sustained innovation across the Bank's operations.

Through this initiative, the Bank is progressively transitioning towards a more digitally integrated, data-driven and customer-centric operating model, with investments in advanced infrastructure, cybersecurity frameworks and platform integration to support seamless service delivery and efficient business operations.

Customer Experience and Digital Channels

The Bank continues to strengthen its digital ecosystem, offering a wide range of customer touchpoints including internet banking, mobile banking and digital payment platforms.

ESAF Mithra App, designed to enhance accessibility for Micro Banking customers, enables customers to access real-time loan information, make digital payments, raise service requests and locate branches through a user-friendly interface. The application has witnessed growing adoption with approximately 6.5 lakh users, and supports multiple regional languages, improving digital accessibility across diverse customer segments.

Digital channels continue to gain traction, with digital transactions forming a substantial proportion of total transactions, underscoring the growing adoption of technology-enabled banking services.

In addition, WhatsApp Banking, digital alerts and Customer Relationship Management (CRM) solutions have been strengthened to improve customer engagement, responsiveness and service delivery across channels.

Process Automation and Lending Digitisation

The Bank has made significant progress in digitising its lending lifecycle, particularly across Micro Banking and retail segments. The adoption of e-signatures for microloan disbursals and centralised digital credit processing has enhanced operational efficiency and standardisation.

Customer onboarding for microloans has been largely digitised, supported by handheld devices and digital documentation processes. The Bank has also implemented vernacular loan documentation and digital credit underwriting models based on bureau inputs and customer analytics, improving accessibility and credit assessment capabilities. The shift towards cashless loan disbursements and electronic documentation has reduced paper usage and supported the Bank's sustainability objectives, while improving turnaround time and customer experience.

Risk Management, Security and Infrastructure

The Bank maintains a strong focus on cybersecurity, data protection and IT governance, ensuring resilience of its technology infrastructure in line with regulatory expectations. Technology initiatives are aligned with the Bank's risk management and business continuity frameworks, ensuring high system availability, data integrity and secure delivery of services, while

supporting scalable growth. During the year under review, the Bank developed its own Data Centre (DC)/ Disaster Recovery (DR) Centre as part of its StratoNext Program.

5. CUSTOMER SERVICE QUALITY

The Bank continued to place strong emphasis on enhancing customer experience and service quality, with a focus on strengthening service standards, improving grievance redressal mechanisms and deepening customer engagement across all touchpoints. Customer service remains a core element of the Bank's strategy, supporting customer retention, trust and long-term growth.

During the year, the Bank undertook multiple initiatives to strengthen a customer-centric service culture across its branch network and digital channels. Structured service excellence programmes and recognition frameworks played a key role in reinforcing this approach. In this context, the Bank successfully obtained ISO 9001:2015 recertification for Customer Service Quality functions, reaffirming its commitment to standardised processes and continuous improvement.

Further, initiatives such as the "Mantra of Service" programme, which showcases real-life examples of exceptional service delivery across branches, and the Customer Service Excellence Awards, helped promote proactive service behaviour and strengthen a customer-first mindset across the organisation. The Bank also strengthened customer engagement through HNI Customer Testimonials, reinforcing trust and long-term relationship building.

Customer engagement was further enhanced through structured feedback mechanisms and direct outreach initiatives, including customer service calls and periodic field visits, enabling the Bank to capture real-time feedback and continuously refine service delivery processes.

The Bank's grievance redressal framework, aligned with regulatory requirements, continued to be supported by structured mechanisms at both branch and central levels. Regular Branch-level Customer Service Committee Meetings (Sampark) and periodic reviews enabled timely identification and resolution of customer concerns, while improving coordination across functions.

To further strengthen service quality, the Bank deployed continuous monitoring mechanisms such as Branch Mystery Calling, under which service standards across branches are assessed across parameters including customer handling, responsiveness and product knowledge. These insights, along with structured feedback and surveys, have contributed to improved service delivery consistency.

The Bank also continued to focus on capability building of its workforce, recognising its critical role in delivering consistent service quality. Structured training programmes covering service standards, compliance and digital processes were conducted during the year, including quarterly training programmes for Regional and Cluster Heads, supported by internal learning platforms and knowledge-sharing initiatives such as "CX Guru".

In parallel, the Bank undertook multiple customer awareness and financial literacy initiatives aimed at strengthening responsible banking and digital safety practices.

Key Customer Awareness Initiatives (2025–26):

- 31 customer awareness programmes conducted across India
- Programmes aligned with RBI directives on digital safety, grievance redressal and customer rights
- Financial literacy initiatives conducted in collaboration with industry bodies including MFIN

These initiatives have contributed to improving customer awareness, digital security understanding and overall financial capability, particularly in rural and semi-urban markets.

Accessibility Initiatives

The Bank remains committed to providing inclusive banking services and ensuring accessibility for differently abled persons. In line with regulatory expectations, the Bank periodically reviews the facilities and services extended to differently abled customers and undertakes appropriate measures to enhance accessibility across its operations.

The Bank has implemented various initiatives to support differently abled customers, including the provision of ramp facilities at branches wherever feasible. In locations where such infrastructure is not feasible, doorstep banking services are provided to ensure uninterrupted access to banking services.

The Bank has also enabled Talking ATMs to support visually impaired customers in conducting transactions independently. Further, Braille-enabled keypads and instructions are made available at ATMs to facilitate ease of use and improve accessibility.

6. COMPLIANCE FUNCTION

The Bank has an independent Compliance Function, headed by a Chief Compliance Officer, responsible for ensuring adherence to applicable regulatory and statutory requirements across all business operations.

The Compliance Department operates within a well-defined policy framework and plays a key role in embedding a strong compliance culture across the organisation. It is responsible for monitoring compliance with regulatory guidelines, overseeing statutory obligations and facilitating timely dissemination of regulatory instructions across business and support functions. The function also supports the Bank through regulatory engagement, policy review and assessment of new products and processes to ensure alignment with applicable regulatory requirements. It coordinates regulatory submissions and facilitates responses to regulatory inspections and supervisory observations.

The Bank follows a risk-based approach to compliance management, supported by structured mechanisms for identification, assessment and mitigation of compliance risks. Continuous monitoring and review processes are in place to ensure timely corrective actions and enhance overall effectiveness of the compliance framework.

The Bank's compliance architecture is designed to support robust governance, ensure regulatory alignment and mitigate compliance risks, thereby reinforcing safe and sustainable business operations.

7. RISK MANAGEMENT

The Bank follows an integrated risk management framework aimed at identifying, assessing, monitoring and mitigating all material risks arising from its business and operations. The framework is designed to support sustainable growth while maintaining a prudent risk profile and fostering a strong risk-aware culture across the organisation.

Risk governance is overseen by the Board of Directors, which approves risk management policies in line with regulatory requirements and internal risk appetite. The Risk Management Committee of the Board (RMCB) provides strategic direction by reviewing risk exposures, policies and procedures, and by ensuring the effectiveness of the overall risk management framework.

The Bank's risk management function is supported by a dedicated Risk Management Department, which implements approved policies and coordinates risk management activities across the Bank. The function is structured to manage key risk areas, including Credit Risk, Operational Risk, Market Risk and Information & Cybersecurity Risk, ensuring focused oversight of all major risk streams.

At the executive level, specialised risk committees—including the Credit Risk Management Committee, Operational Risk Management Committee, Asset Liability Management Committee, Information Security Governance Committee and Outsourcing and Vendor Assessment Committee—are responsible for monitoring risk exposures, reviewing emerging risks and initiating corrective actions where required. These committees provide periodic updates on key risk indicators, trends and incidents to the RMCB.

The Bank has adopted a risk-based and forward-looking approach to capital and risk management through its Internal Capital Adequacy Assessment Process (ICAAP), which enables identification and assessment of material risks and ensures that capital levels remain commensurate with the Bank's risk profile and growth strategy, in line with regulatory expectations. In addition, the Bank undertakes periodic stress testing to assess the impact of adverse scenarios and strengthen its preparedness to manage emerging risks, thereby enhancing the resilience of its balance sheet and operations.

Overall, the Bank's risk management framework supports robust governance, proactive risk monitoring and effective capital planning, enabling the Bank to operate within its risk appetite while pursuing sustainable growth.

8. HUMAN RESOURCES INITIATIVES

During the Financial Year 2025–26, the Bank continued its focus on building a high-performance and inclusive work environment, with emphasis on employee development, engagement and capability enhancement aligned to its overall strategic objectives. The year was marked by significant progress in learning, transformation and employee engagement initiatives, supporting both organisational effectiveness and employee growth.

As part of the Bank's broader digital transformation journey, HR processes are being progressively automated and digitised, including employee lifecycle management and key processes such as performance improvement, transfer and placement. These initiatives are aimed at improving efficiency, transparency and employee experience.

The Bank's efforts in leveraging technology for talent acquisition were recognised through prestigious external accolades, including the CII Award for "Best HR Practices" and the ET HR Award for "Excellence in Use of AI for Talent Acquisition".

Learning and Capability Building

The Bank continued to invest significantly in employee development, conducting over 2.55 lakh man-hours of training during the year. Learning and Development initiatives were structured around key strategic priorities to support enterprise-wide capability building.

Training interventions focused on:

- **Branch capability building**, with emphasis on sales productivity, operational excellence and customer experience
- **Induction and functional readiness**, enabling faster onboarding and productivity for new employees
- **Technical and process training**, including system adoption, audit readiness and operational efficiency
- **Risk, compliance and cyber awareness**, aligned with regulatory requirements
- **Leadership development and culture-building programmes**, supporting managerial effectiveness and change readiness

Large-scale virtual training initiatives were also conducted to ensure **consistent knowledge dissemination and policy alignment across the organisation**.

Driving High-Performance and Transformation

The Bank continued to promote a high-performance culture through structured initiatives such as the **Internal Kaizen Competition**, with a focus on enhancing productivity and process efficiency across functions. Productivity studies were also undertaken to improve resource utilisation and operational effectiveness.

Key transformation-focused learning initiatives supported organisational change and digital adoption, including flagship programmes such as:

- **ESAF 2.0 – Go Live workshops**
- **Evolve 2.0 – Transformation training initiatives**
- **Specialised capability programmes for auditors and frontline staff**

Employee Engagement and Well-being

The Bank continued to strengthen employee engagement through structured initiatives aimed at fostering a positive and inclusive workplace culture. Employee engagement programmes focused on well-being, recognition and organisational connectedness, with strong participation across the workforce.

Key initiatives included:

- Wellness programmes on mental and physical health, including awareness sessions and preventive health initiatives
- Employee recognition programmes aimed at celebrating performance and engagement
- Organisation-wide outreach initiatives such as "Dil Se Connect", enabling direct interaction with employees to understand concerns and enhance support
- Social and awareness initiatives, including road safety campaigns and employee-led community participation programmes

These initiatives have supported employee well-being, strengthened organisational connect and reinforced a positive workplace environment.

9. INFORMATION SECURITY AND CYBER SECURITY RISK MANAGEMENT

The Bank continues to strengthen its information security and cyber resilience framework in line with evolving regulatory requirements and industry best practices. The Bank has adopted a structured cybersecurity approach based on globally recognised frameworks, including the NIST Cybersecurity Framework, to effectively manage technology and cyber risks.

The Information Security function operates under a dedicated division within the Risk Management Department, led by the Chief Information Security Officer (CISO), with overall oversight from the Chief Risk Officer (CRO) and the Board of Directors. Governance is further supported through the Information Technology Strategy Committee of the Board and the Executive Information Security Governance Committee, which review the Bank's cybersecurity posture, key risk indicators and critical incidents.

The Bank follows a structured cyber risk management framework to identify, assess and mitigate risks across applications, infrastructure and business processes. Risk assessments are conducted periodically and during key changes such as new system implementations or upgrades, with defined mitigation plans and continuous monitoring of residual risks.

The Bank has implemented a layered, defence-in-depth security architecture supported by centralised monitoring and response mechanisms. A 24x7 Security Operations Centre (SOC), enabled by advanced monitoring tools, facilitates real-time threat detection and incident response. The Bank is further enhancing its capabilities through automation and advanced intelligence-driven mechanisms to improve response efficiency and strengthen threat management.

To strengthen its security posture, the Bank continues to deploy advanced controls across its technology environment, including network security, endpoint protection, application security and email security solutions. These measures provide protection against evolving cyber threats and support secure digital operations.

As part of its strategic transformation initiatives, the Bank is implementing enhanced capabilities in areas such as identity and access management, network monitoring and anomaly detection, aimed at improving access governance, proactive threat identification and overall cyber resilience.

The Bank conducts regular Vulnerability Assessment and Penetration Testing (VAPT), along with periodic cyber drills and simulation exercises, to assess preparedness and strengthen incident response capabilities. In addition, robust data protection measures, including encryption and monitoring controls, are implemented to safeguard sensitive information.

Operational resilience is supported through well-defined Business Continuity Planning (BCP) and Disaster Recovery (DR) frameworks, with periodic testing to ensure readiness and minimise disruption to critical operations.

The Bank is certified under ISO/IEC 27001 for Information Security Management and PCI DSS for payment security, and complies with applicable regulatory guidelines issued by RBI and other regulatory bodies.

10. BUSINESS CONTINUITY MANAGEMENT

The Bank has a Board-approved Business Continuity Management (BCM) Policy, which is reviewed periodically to ensure alignment with regulatory requirements and evolving business needs. The Bank follows a structured approach to ensure continuity of critical operations in the event of disruptions.

As part of this framework, the Bank conducts periodic Business Impact Analysis (BIA) to identify and prioritise critical processes, systems and dependencies. Based on this assessment, comprehensive Business Continuity Plans (BCP) are maintained, incorporating defined Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) to minimise operational and financial impact in the event of a disruption.

The Bank's BCP framework covers a wide range of potential disruption scenarios, including technology failures, network outages, cyber incidents and natural disasters, and provides guidance on response and recovery mechanisms across business functions, including outsourced and business correspondent operations.

To ensure preparedness, the Bank undertakes periodic testing of business continuity and disaster recovery arrangements, in line with regulatory expectations. These exercises help assess the effectiveness of response mechanisms and strengthen the Bank's overall operational resilience.

The Bank has established executive-level crisis management structures, including a Crisis Management and Quick Response Team (CMQRT), which is responsible for initiating immediate actions and guiding business units during disruption situations to ensure continuity of operations and protection of assets.

In addition, a dedicated Cyber Crisis Management Team (CCMT) is in place to manage cybersecurity incidents, enabling coordinated response and mitigation in situations where information systems or data integrity may be compromised.

The Bank's BCM framework, supported by structured governance, periodic testing and dedicated crisis response mechanisms, ensures operational resilience and continuity of critical services with minimal disruption.

11. IMPLEMENTATION OF IND-AS

The Ministry of Finance, Government of India ("GOI"), had vide its press release dated 18th January, 2016, outlined the roadmap for implementation of

International Financial Reporting Standards ("IFRS") converged Indian Accounting Standards ("Ind AS") for Scheduled Commercial Bank (excluding RRBs), NBFC and Insurance companies. The RBI vide its circular dated 22nd March, 2019, deferred the implementation of Ind AS for Scheduled Commercial Banks ("SCB") till further notice, pending the consideration of some recommended legislative amendments by GOI. The RBI has not issued any further notification on implementation of Ind AS for SCBs.

The Bank submits its Proforma Ind-AS financials on half yearly basis to the RBI based on the GAP assessment carried out by the Bank. The Bank is currently handling the impact analysis and reporting offline by using excel based models. However, the Bank is in the process of implementing system solutions (Ind AS 109 and 116) and hiring skilled resources to implement accounting.

12. TRANSFER TO RESERVES

As per the requirement of the regulations of Reserve Bank of India, the Bank has transferred the following amounts to various reserves during the Financial Year 2025-26:

Amount Transferred to	₹ in crore.
Statutory Reserve	-
Capital Reserve	23.34
Investment Fluctuation Reserve	5.31

13. DIVIDEND

In view of the loss incurred during the Financial Year 2025–26 and in line with the applicable regulatory framework and the Bank's Dividend Distribution Policy, the Board of Directors has not recommended any dividend for the Financial Year 2025–26. The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and as reviewed and adopted by the Board of Directors of the Bank, is available on the Bank's website at https://www.esaf.bank.in/wp-content/uploads/2025/09/Policy-for-Dividend-Distribution.pdf.

14. CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Bank during the Financial Year 2025-26.

15. CAPITAL AND DEBT STRUCTURE

Authorised Capital

In order to meet Bank's growth objectives, business expansion plans and to further strengthen its capital adequacy position, the Bank felt the need to have adequate Authorised Capital in order to infuse additional funds in the form of further capitalisation and to generate long term resources by issuing securities so as to maintain a comfortable Capital to Risk Weighted Assets Ratio (CRAR) and to support the Bank's future growth objectives.

Pursuant to approval of the Board of Directors of the Bank at their meeting held on 20th September, 2025, and in accordance with the consent of the shareholders and other requisite approvals, the Authorised Share Capital of the Bank was increased from ₹ 600,00,00,000 (Rupees Six Hundred crore) divided into 60,00,00,000 (Sixty crore) Equity Shares of ₹ 10 (Rupees Ten) each to ₹ 1000,00,00,000 (Rupees One Thousand crore) divided into 100,00,00,000 (Hundred crore) Equity Shares of ₹ 10 (Rupees Ten) each, by creation of additional 40,00,00,000 (Forty crore) equity shares of ₹ 10 each and the consequent alteration of its Memorandum of Association. Further, Reserve Bank of India had vide its letter dated 13th October, 2025, acknowledged the proposed increase in Authorised Share Capital and consequent amendment to be carried out in the Memorandum of Association of the Bank, subject to compliance with relevant statutes and circulars/ instructions/ guidelines issued by RBI from time to time.

As on 31st March, 2026, Authorised Capital of the Bank was ₹ 1000,00,00,000 (Rupees One Thousand crore) divided into 100,00,00,000 (Hundred crore) Equity Shares of ₹ 10 (Rupees Ten) each.

Paid Up Equity Share Capital

Allotment of Equity Shares pursuant to Exercise of ESOPs.

During the Financial Year 2025-26, 2,35,161 equity shares of ₹ 10 each were issued and allotted to the eligible employees of the Bank on exercise of Options granted under ESAF Small Finance Bank Employee Stock Option Scheme 2019 ('ESOP 2019').

Consequent to the above, the total issued, subscribed and paid-up share capital of the Bank as at 31st March, 2026, stands at ₹ 515,66,26,130/- (Rupees Five Hundred and Fifteen crore Sixty Six lakh Twenty Six Thousand One Hundred and Thirty) divided into 51,56,62,613 (Fifty One crore Fifty Six lakh Sixty Two Thousand Six Hundred and Thirteen) Equity Shares of ₹ 10 (Rupees Ten) each. The equity shares issued under the above schemes rank pari-passu with the existing equity shares of the Bank. Apart from the above, the Bank did not raise any additional equity share capital during the year.

Your Bank has not issued any equity shares with differential voting rights.

Debt Capital

Based on the shareholders' approval dated 14th August, 2024 to raise funds through private placement of Unsecured, Rated, Redeemable Non-Convertible Debentures (NCDs), the Bank made the following allotment of Listed, Rated, Taxable, Unsecured, Transferable, Redeemable, Fully Paid Up, Basel II Compliant Lower Tier II Subordinated Bonds in the nature of Non-Convertible Debentures having a face value of ₹ 1,00,000 (Rupees One lakh) during the Financial Year 2025-26:

Sl. No.	Date of Allotment	Series	Number of Securities allotted	Aggregate amount (in ₹)	Coupon Rate
1.	17th July, 2025	1	6,500	65,00,00,000	11.10%
2.	14th August, 2025	2	5,000	50,00,00,000	11.30%
TOTAL			**11,500**	**115,00,00,000**	

Further, pursuant to the shareholders' approval dated 24th September, 2025 to raise funds through private placement of Unsecured, Rated, Redeemable Non-Convertible Debentures (NCDs), the Board of Directors in the meeting held on 03rd November, 2025, considered and approved the proposal to raise funds by way of issue of Unsecured, Rated, Redeemable Tier II bonds (in the form of Non-Convertible Debentures), aggregating up to ₹ 1,000 crore (Rupees One Thousand crore Only) on a private placement basis, in one or more tranches, in compliance with all applicable directions and regulations of the Reserve Bank of India, SEBI, other governmental authorities, and any other person, as may be required/ applicable.

Pursuant to the aforesaid approval, the Bank made the following allotments of Listed, Rated, Taxable, Unsecured, Transferable, Redeemable, Fully Paid Up, Basel II Compliant Lower Tier II Subordinated Bonds in the nature of Non-Convertible Debentures having a face value of ₹ 1,00,000 (Rupees One lakh), during the Financial Year 2025-26:

Sl. No.	Date of Allotment	Series	Number of Securities allotted	Aggregate amount (in ₹)	Coupon Rate
1.	10th November, 2025	3	15,000	150,00,00,000	11.30%
2.	23rd January, 2026	4	15,000	150,00,00,000	11.65%
TOTAL			**30,000**	**300,00,00,000**	

The above fund raising was done to augment the Tier II Capital of the Bank for strengthening the Bank's capital adequacy and enhancing the Bank's long-term resources. The Audit Committee of the Board ("ACB") has reviewed and confirmed that the Bank has utilised the said funds for the above-mentioned purposes.

During the Financial Year 2025-26, the Bank had redeemed Rated, Listed, Redeemable, Unsecured Basel III Compliant Tier II bonds in the form of Non-convertible Debentures aggregating to ₹ 40,00,00,000 (Rupees Forty crore).

16. CAPITAL ADEQUACY

Your Bank is subject to the Basel II Capital Adequacy guidelines stipulated by the Reserve Bank of India. The Capital Adequacy Ratio of the Bank is calculated as per the standardized approach for credit risk. The Capital Adequacy ratio of the bank as on 31st March, 2026 is 22.22 %, as against the minimum requirement of 15.00% stipulated by the Reserve Bank of India, with Tier I Capital being 14.68% (of which, Common Equity Tier 1 Capital is 14.23%) and Tier II Capital being 7.54%.

17. SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

The Bank does not have any subsidiary, joint ventures and associate companies. Hence, the details of this clause are not applicable to the Bank. Accordingly, the Bank is also not required to formulate a specific policy on dealing with material subsidiaries.

18. EMPLOYEE STOCK OPTION SCHEME

The Shareholders of the Bank, in the meeting held on 03rd January, 2020, had approved the ESAF Small Finance Bank Employee Stock Option Plan 2019, by way of a special resolution which also authorized the Nomination, Remuneration and Compensation Committee to grant up to 2,25,15,552 (Two crore Twenty-Five lakh Fifteen Thousand Five Hundred and Fifty-Two) Employee Stock Options to the employees, in one or more tranches, from time to time.

The objective of the said scheme is to recognize the contribution of the employees in formation of the bank and to create the feeling of inclusiveness and enable the employees to get a share in the value that they help to create for the organization over a period of time. The Bank strongly believes that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Bank. The objectives of ESOP 2019 are, among others, to attract and retain employees with Employee Stock Options as a compensation tool. Through ESOP 2019, the Bank intends to offer an opportunity of sharing the value created with those employees who have contributed or are expected to contribute to the growth and development of the Bank.

Through the scheme, the Bank intends to grant equity-based compensation to the employees in two categories namely:

1) Loyalty Grant to reward eligible employees for their contributions in the past tenure and continued employment in the Bank, which is a one-time grant and;
2) Performance Grant on the basis of employee's annual appraisals for their future performance and continuity of services.

The Nomination, Remuneration and Compensation Committee has been entrusted with the responsibility of administering the ESOP 2019 Scheme. As of 31st March, 2026, the Nomination Remuneration and Compensation Committee of the Board granted 41,71,325 options as Loyalty Grant under the ESOP 2019 Scheme and 2,03,194 options as Performance Grant under the ESOP 2019 Scheme, to the employees identified under the implementation guidelines for ESAF ESOP 2019 as per the terms of granting.

The aforesaid scheme is available on the website of the Bank at https://www.esaf.bank.in/wp-content/uploads/2025/01/ESAF-Small-Finance-Bank-Employee-Stock-Option-Plan-2019.pdf and are in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI (SBEB & SE) Regulations, 2021"), as applicable.

The relevant details of the aforesaid scheme, as required under the SEBI (SBEB & SE) Regulations, 2021, are available on the Bank's website at https://www.esaf.bank.in/investor-relation/?id=esop-disclosures. These details, along with the certificate(s) from the Secretarial Auditor, as required under the SEBI (SBEB & SE) Regulations, 2021, stating that the schemes have been implemented in accordance with the SEBI (SBEB & SE) Regulations, 2021, as applicable and also in accordance with the relevant resolution(s) passed by the members, and will be placed before the shareholders at the Annual General Meeting ("AGM") and would be available for inspection by the members during the AGM.

19. CREDIT RATING

Credit ratings assigned to various debt instruments of the Bank during the Financial Year ended 31st March, 2026 are as follows:

Sl. No.	Instrument Name	Name of the Credit Rating Agency	Amount (₹ in crore)	Rating	Date of Rating Action
1.	Tier II Bonds	CARE Ratings Limited	780	CARE A-; (Outlook: Negative)	02nd September, 2025
2.	Tier II Bonds	Brickwork Ratings India Private Limited	20	BWR BBB+/ Stable	19th August, 2025

20. SELECTION, APPOINTMENT AND REMUNERATION OF DIRECTORS

In compliance with the provisions of the Banking Regulation Act, 1949, the guidelines issued by the Reserve Bank of India and Section 178 of the Companies Act, 2013, the Bank has formulated and adopted a Nomination Policy for selection and appointment/ re-appointment/ removal of Directors, which is disclosed on our website (www.esaf.bank.in). Through the said policy, the Bank has formulated criteria for the appointment of directors, and based on the said criteria, Nomination, Remuneration and Compensation Committee of the Board (NRCCB) shall conduct a due diligence process to determine the suitability of every person who is being considered for being appointed or re-appointed as a Director of the Bank, based on the range of skills, experience, expertise, qualifications, specialized knowledge etc. of the candidate, and recommend his/ her appointment to the Board. The Nomination, Remuneration and Compensation Committee identifies potential candidates from diverse backgrounds including, but not limited to, Accountancy, Agriculture and Rural Economy, Banking, Co-operation, Finance, Law, Small Scale Industry, Economics, Human Resources, Payment and Settlement Systems, Business Management, Risk Management and Information Technology, thus providing the Board with members who have diverse knowledge, practical experience and skills to serve the business interests of the Bank. Every such person shall meet the 'fit and proper' criteria the Reserve Bank of India may stipulate from time to time, and accordingly, any appointment or re-appointment of a Director shall be subject to prior approval by the NRCCB of the Bank.

The key objectives of the Nomination Policy shall inter-alia include the following:

- To guide the Board in relation to appointment, re-appointment or removal of directors and lay down a selection criterion for appointment of directors.
- To ensure compliance with applicable laws, rules and regulations including compliance to the 'Fit and Proper criteria' of Directors at the time of their appointment and on a continuous basis.
- To devise a policy on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge, skills and judgment of the Directors.

During appointment/ re-appointment/ removal of Directors of the Bank, your Bank has always ensured that the provisions of the Companies Act, 2013, Banking Regulation Act/ RBI Guidelines and directives and guidelines of SEBI to the extent applicable are adhered to. In all respects, your Bank has also kept high standards and met the diversity, structure and size compositions of the Board and its Committees as prescribed in various statutes.

The NRCCB is responsible to the Board for leading the succession planning process in respect of appointments/ re-appointments in respect of Directors, employees in the grade of Senior Management and Key Managerial Personnel of the Bank.

The Bank has accordingly obtained prescribed declarations/ undertakings from the Directors as per the guidelines of the Reserve Bank of India and the same are placed before the Board of Directors for its review and noting. An assessment on whether the Directors fulfill the prescribed criteria is carried out by the Nomination Remuneration and Compensation Committee of the Board on an annual basis and also at the time of their appointment or re-appointment.

Wherever necessary, the Nomination Remuneration and Compensation Committee is authorized to engage the services of an External Consultant(s)/ expert in the field of succession planning, to identify and assess the suitability of candidates for the post of a Director of the Bank.

The RBI, vide its circular no. RBI/DOR/2025-26/180 DOR.HGG.GOV.No.99/29.67.001/2025-26Reserve Bank of India (Small Finance Banks – Governance) Directions, 2025 on Compensation Policy. In accordance with the aforesaid RBI Circular, the Board of the Bank has adopted a revised Compensation Policy for its Whole-time Directors, Chief Executive Officer of the Bank and other employees. The salient feature of the Compensation Policy is as follows:

- 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 as a social bank focused on social transformation and community development.

The Nomination Policy is available in the website of the Bank at https://www.esaf.bank.in/wp-content/uploads/2026/03/Nomination-Policy.pdf.

21. BOARD OF DIRECTORS

The composition of the Board of Directors of the Bank is governed by the Companies Act, 2013, the Banking Regulation Act, 1949 and SEBI Listing Regulations and is in conformity with the same. As of 31st March, 2026, the Board of Directors comprised a combination of Eight directors out of which there were Five Independent Directors including a Woman Independent Director, One Non-Executive Director and Two Executive Directors. The size of the Board

is commensurate with the size and business of the Bank. The Board meets the criteria prescribed under Section 10(A)(2) of the BR Act and the circulars issued by the RBI from time to time. The Board mix provides a combination of professionalism, knowledge, experience and skills required in the banking industry and also meets the criteria prescribed under the Nomination Policy adopted by the Board.

Retirement of Director by Rotation

Section 152 of the Act provides that two-thirds of the total number of directors are liable to retire by rotation out of which one-third shall retire from office at every Annual General Meeting. In terms of Section 149(13), the provisions of retirement of Directors by rotation shall not be applicable to Independent Directors and an Independent Director shall not be included in the total number of Directors liable to retire by rotation.

Shri. George Ittan Maramkandathil (DIN: 11193648), Non-Executive Director of the Bank, who retires by rotation as Director, at the conclusion of this Annual General Meeting is proposed to be re-appointed and has offered himself for re-appointment.

Change in Directors during the Financial Year 2025-26

- **Retirement of Dr. Joseph Vadakkekara Antony as the Non-Executive Director of the Bank**

  Dr. Joseph Vadakkekara Antony (DIN: 00181554), Non-Executive Director of the Bank, retired from his directorship on completion of his term on 17th November, 2025. The Board of Directors of the Bank placed on record their appreciation for the valuable contributions by Dr. Joseph Vadakkekara Antony during his tenure as Director of the Bank.

- **Retirement of Shri. Ravi Venkatraman as the Non-Executive Independent Director of the Bank**

  Shri. Ravi Venkatraman (DIN: 00307328), Non-Executive Independent Director of the Bank, retired from his directorship on completion of his term on 12th December, 2025. The Board of Directors of the Bank placed on record their appreciation for the valuable contributions by Shri. Ravi Venkatraman during his tenure as Director of the Bank.

- **Retirement of Shri. Ajayan Mangalath Gopalakrishnan Nair as the Non-Executive Nominee Director of the Bank**

  Shri. Ajayan Mangalath Gopalakrishnan Nair (DIN: 09782416), Non-Executive Nominee Director of the Bank, retired from his directorship on completion of his term on 12th December, 2025. The Board of Directors of the Bank placed on record their appreciation for the valuable contributions by Shri. Ajayan Mangalath Gopalakrishnan Nair during his tenure as Director of the Bank.

- **Retirement of Shri. John Samuel as the Non-Executive Nominee Director of the Bank**

  Shri. John Samuel (DIN: 07725212), Non-Executive Nominee Director of the Bank, retired from his directorship on completion of his term on 12th December, 2025. The Board of Directors of the Bank placed on record their appreciation for the valuable contributions by Shri. John Samuel during his tenure as Director of the Bank.

- **Re-appointment of Ms. Kolasseril Chandramohanan Ranjani as Non-Executive Independent Director of the Bank**

  Based on the recommendations of the Nomination Remuneration and Compensation Committee of the Board and the Board of Directors and the results of the Performance Evaluation, the Shareholders through Postal Ballot on 12th December, 2025 approved the re-appointment of Ms. Kolasseril Chandramohanan Ranjani (DIN: 01735529) as Non-Executive Independent Director of the Bank for a period of three consecutive years with effect from 13th December, 2025.

- **Retirement of Shri. Ravimohan Periyakavil Ramakrishnan as Part Time Chairman and Non-Executive Independent Director of the Bank**

  Shri. Ravimohan Periyakavil Ramakrishnan (DIN: 08534931), who was the Part Time Chairman and Non-Executive Independent Director of the Bank, retired from the directorship on completion of his two terms of appointment on 20th December, 2025. The Board of Directors of the Bank placed on record their appreciation for the valuable contributions by Shri. Ravimohan Periyakavil Ramakrishnan during his tenure as the Director of the Bank.

- **Appointment of Shri. Karthikeyan Manickam as Part Time Chairman and Non-Executive Independent Director of the Bank**

  Based on the recommendations of the Nomination Remuneration and Compensation Committee of the Board and the Board of Directors, the Shareholders through Postal Ballot on 12th December, 2025, approved the appointment of Shri. Karthikeyan Manickam (DIN: 09450145) as a Non-Executive Independent Director on the Board of the Bank for a period of three consecutive years commencing from 21st December, 2025. He assumed as the Part-Time Chairman of the Bank on 21st December, 2025.

- **Appointment of Shri. Ajay Sharma as Non-Executive Independent Director of the Bank**

  Based on the recommendations of the Nomination Remuneration and Compensation Committee of the Board and the Board of Directors, the Shareholders through Postal Ballot on 12th December, 2025, approved the appointment of Shri. Ajay Sharma as the Non-Executive Independent Director of the Bank, for a period of three consecutive years with effect from 21st December, 2025.

- **Retirement of Shri. Thomas Jacob Kalappila as the Non-Executive Independent Director of the Bank**

  Shri. Thomas Jacob Kalappila (DIN: 00812892), Non-Executive Independent Director of the Bank, retired from his directorship on completion of his two terms on 09th March, 2026. The Board of Directors of the Bank placed on record their appreciation for the valuable contributions by Shri. Thomas Jacob Kalappila during his tenure as Director of the Bank.

Familiarisation Programme

Complying with SEBI Listing Regulations, provisions of the Companies Act, 2013 and the RBI guidelines, Familiarization Programmes were conducted during the Financial Year 2025-26 to give an overview and introduction to the Independent Directors about the Bank's business and operations.

Under this programme, newly appointed directors are appraised of the organization structure, operational overview, financial overview, board matters and procedures, key risk issues and its mitigation strategy, among others.

Further, all the newly appointed Board Members undergo a face-to-face induction schedule where the Bank's Management Team provides insights about the affairs of their function and of the Bank as a whole. The details of the familiarization programme imparted to Independent Directors are available on the website of the Bank at https://www.esaf.bank.in/wp-content/uploads/2026/05/Familiarisation-Programme-for-Independent-Directors-1.pdf.

22. EVALUATION OF PERFORMANCE OF THE BOARD OF DIRECTORS

In accordance with the provisions of Section 149(8) read with Schedule IV, Section 178(2) of the Act, Regulation 17 and other applicable Regulations of SEBI Listing Regulations, and in consonance with Guidance Note on Board Evaluation issued by the SEBI, the Board has formulated a Performance Evaluation Policy including a questionnaire for performance evaluation of the Individual Directors, Committees of the Board, Chairman, Managing Director and CEO and the Board as a whole. The questionnaire designed for the performance evaluation covering various aspects of performance, including structure of the Board, meetings of the Board, functions of the Board, role and responsibilities of the Board, governance and compliance, evaluation of risks, grievance redressal for investors, conflict of interest, stakeholder value and responsibility, relationship among directors, director competency, Board procedures, processes, functioning and effectiveness, was circulated to all the directors of the Bank for the annual performance evaluation. The appraisal of each of the Directors of the Bank is done based on the evaluation conducted with a set of pre-determined evaluation factors.

The performance evaluation of the Board of Directors, Committees of the Board and individual Directors were conducted during the Financial Year. The Board and the Nomination, Remuneration and Compensation Committee of the Board reviewed the performance of the Individual Directors and noted that the results of the performance evaluation indicated a high degree of satisfaction among directors.

The Policy on Performance Evaluation of Board, Sub-Committees of the Board and directors is available on the website of the Bank at https://www.esaf.bank.in/wp-content/uploads/2025/02/Policy-on-Performance-Evaluation-of-the-Board-Sub-Committees-of-the-Board-and-the-Directors-of-the-Bank.pdf.

23. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In accordance with Regulation 17(5) of SEBI LODR Regulations, the Bank has adopted the Code of Conduct for Directors and Senior Management Personnel. The code of conduct sets forth the guiding principles for orderly and fair conduct by Directors and SMPs. All Directors and SMPs have affirmed the compliance of the code for the Financial Year 2025-26 and a declaration to this effect signed by the Managing Director and CEO forms part of Report on Corporate Governance. The Bank's Code of Conduct for Directors and SMPs is disclosed on the website of the Bank at https://www.esaf.bank.in/pdf/policies/other-disclosures/Code-of-Conduct-for-Directors-and-Senior-Management-v1.pdf

24. DECLARATION FROM INDEPENDENT DIRECTORS

The Board has received declarations from the Independent Directors as required under Section 149(7) of the Companies Act, 2013, and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of SEBI Listing Regulations and that they have complied with the code of conduct for independent directors as prescribed under Schedule IV of the Companies Act, 2013.

In the opinion of the Board, all the Independent Directors meet the criteria with regards to integrity, expertise and experience as required under applicable laws.

All Independent Directors of the Bank have registered themselves in the data bank as specified under Section 150 of the Companies Act, 2013, read with Rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014 and have qualified the prescribed proficiency test. The Independent Directors (not exempted under the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2020 as notified on 18th December, 2020) have qualified the online proficiency self-assessment as required under the aforesaid rule within the prescribed timeline.

The terms and conditions of appointment of Independent Directors are available on the website of the Bank https://www.esaf.bank.in/pdf/policies/other-disclosures/Terms%20and%20conditions%20of%20appointment%20of%20Independent-Directors.pdf.

25. DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

The Bank has a Directors and Officers Liability Insurance Policy which protects Directors and Officers of the Bank from any breach of fiduciary duty.

26. CORPORATE GOVERNANCE

The Bank is committed to achieving and adhering to the highest standards of Corporate Governance and it consistently benchmarks itself with the best practices in this regard. A report on Corporate Governance for the Financial Year 2025-26 has been annexed to the Annual Report.

27. MEETINGS OF THE BOARD

The Board of Directors met Twelve (12) times during the Financial Year 2025-26.

The meetings of the Board of Directors were convened in accordance with applicable laws and standards and the intervening gap between the said meetings did not exceed 120 days. The details of Board Meetings and details of attendance of each director have been disclosed in the Corporate Governance Report which forms part of the Annual Report of the Bank for the Financial Year 2025-26. During the year, Dr. Vinod Vijayalekshmi Vasudevan had sought leave of absence from Two (2) meetings of the Board of Directors.

As on 31st March, 2026, the Bank had Twelve (12) Board Committees:

Sr. No.	Name of the Committees
1.	Audit Committee of the Board (ACB)
2.	Nomination, Remuneration and Compensation Committee of the Board (NRCCB)
3.	Risk Management Committee of the Board (RMCB)
4.	Corporate Social Responsibility and Sustainability Committee of the Board (CSRSCB)
5.	Stakeholders Relationship Committee of the Board (SRCB)
6.	Management Committee of the Board (MCB)
7.	IT Strategy Committee of the Board (ITSCB)
8.	Customer Service Committee of the Board (CSCB)
9.	Human Resource Committee of the Board (HRCB)
10.	Special Committee of the Board for Monitoring and Follow-up of Cases of Frauds (SCBMF)
11.	Review Committee of the Board for identification and Classification of Wilful Defaulters (RCBWD)
12.	Those Charged With Governance Committee of the Board (TCWGCB)

The details of composition, number of meetings held and date thereof and terms of reference of the above Committees are available in the Corporate Governance Report which forms part of the Annual Report of the Bank for the Financial Year 2025-26.

28. MEETING OF INDEPENDENT DIRECTORS

As per the requirement of Section 149(8) read with Schedule IV of Act and Regulation 25 of SEBI Listing Regulations, meeting of the Independent Directors of the Bank is required to be held at least once a year in absence of non-independent directors.

During the Financial Year 2025-26, the Independent Directors of the Bank met on 07th March, 2026, chaired by Shri. Thomas Jacob Kalappila and attended by all the Independent Directors of the Bank.

29. KEY MANAGERIAL PERSONNEL

The following officials of the Bank are the "Key Managerial Personnel" pursuant to the provisions of Section 203 of the Companies Act, 2013:

Sl. No.	Name of the Key Managerial Person	Designation
1.	Dr. Kadambelil Paul Thomas	Managing Director and CEO
2.	Shri. George Kalaparambil John	Executive Director
3.	Shri. Gireesh C. P.	Chief Financial Officer
4.	Shri. Ranjith Raj P.	Company Secretary

In addition to the above, the Board of the Bank has designated the following senior officials of the Bank as Key Managerial Personnel in terms of Section 2(51) of the Companies Act, 2013:

Sl. No.	Name of the Key Managerial Person	Designation
1.	Shri. Sudev Kumar V	Executive Vice President
2.	Shri. Wilson Cyriac	Chief Risk Officer
3.	Shri. Sivakumar P	Head – Internal Audit

Following changes took place in the list of Key Managerial Personnel during the Financial Year 2025-26:

Sl. No.	Name of the Key Managerial Person	Nature of Change
1.	Shri. Hemant Kumar Tamta	Shri. Hemant Kumar Tamta, Executive Vice President, ceased to be the Key Managerial Person of the Bank with effect from the close of business hours on 31st July, 2025, due to completion of his employment contract. The Board placed on record its appreciation for the invaluable contribution rendered by him during his tenure as Executive Vice President.
2.	Shri. George Thomas	Shri. George Thomas, Executive Vice President, relieved from his responsibilities with effect from closure of business hours on 30th September, 2025, prior to the completion of his contractual tenure (March 2026) due to personal preoccupation. The Board placed on record its appreciation for the invaluable contribution rendered by him during his tenure as Executive Vice President.
3.	Shri. Hari Velloor	Shri. Hari Velloor, Executive Vice President, ceased to be the Key Managerial Person of the Bank with effect from the close of business hours on 31st March, 2026, due to completion of his employment contract. The Board placed on record its appreciation for the invaluable contribution rendered by him during his tenure as Executive Vice President.

30. INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms that your Bank has laid down a set of standards, processes and structures which enable it to implement internal financial controls across the organisation with reference to Financial Statements and that such controls are adequate and are operating effectively. The Internal Financial Control framework of the Bank ensures that:

- Internal Financial Controls are established for critical and material processes handled by the Bank.
- Draw up recommendations based on good practices to develop or strengthen the internal control systems.
- Ensure that, the IFCs are adequate and operating effectively, by periodic review and testing.
- Periodic reporting of the status to the Audit Committee of the Board.
- The existence and adequacy of IFCs is demonstrated to various internal and external stakeholders.

The Internal Audit Department of the Bank has tested each of the controls and during the year under review, there are no material or serious observations of inefficiency or inadequacy of such controls.

31. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) of the Companies Act, 2013, the Board of Directors hereby declare and confirm to the best of their knowledge and belief that:

i) in the preparation of the annual accounts for the year ended 31st March, 2026, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii) such accounting policies as specified in Schedule III to the Financial Statements have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at 31st March, 2026 and of the profit of the Bank for the year ended on that date;

iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities;

iv) annual accounts have been prepared on a going concern basis;

v) internal financial controls to be followed by the Bank were in place and that the same were adequate and were operating effectively, and

vi) proper system to ensure compliance with the provisions of all applicable laws was in place and the same was adequate and operating effectively.

32. ENVIRONMENT SOCIAL AND GOVERNANCE PRACTICES AND CORPORATE SOCIAL RESPONSIBILITY

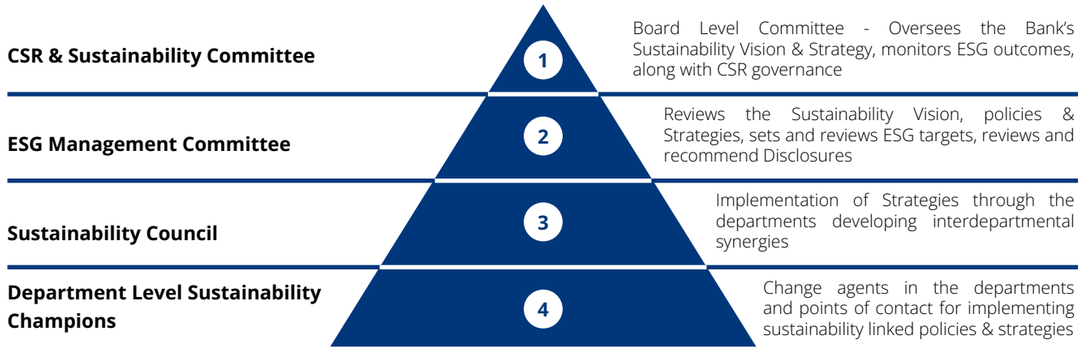
The Bank remains committed to integrating Environmental, Social and Governance ("ESG") principles into its strategy, operations and decision-making processes, with the objective of ensuring sustainable growth while balancing the interests of its stakeholders, including shareholders, employees, customers, communities, regulators and the environment.

During the year under review, the Bank continued to strengthen its sustainability governance framework through oversight by the Corporate Social Responsibility and Sustainability Committee of the Board, supported by the ESG Management Committee and the Sustainability Council. The Bank also undertook initiatives to embed SDG-linked ESG metrics across key departments and reviewed its sustainability-related policy framework to ensure consistency, clarity and effective governance.

In line with regulatory guidance issued by the Reserve Bank of India on assessment and management of climate-related financial risks, the Bank initiated steps to integrate climate-risk considerations into its overall risk management framework. The Bank commenced a climate-risk assessment project during the year, with appropriate governance structures, internal oversight mechanisms and defined milestones.

The Bank has received ISO 26000:2010 certification for social responsibility, covering areas such as community engagement and development, environmental stewardship, human rights, labour practices, consumer protection, fair operating practices and organisational governance. Further, the Bank's ESG score assigned by CareEdge ESG Ratings was upgraded to 75.4, placing the Bank in the CareEdge-ESG 1 category.

The Bank continued to undertake initiatives in financial inclusion, livelihood promotion, education, healthcare, water and sanitation, environmental sustainability, diversity, equity and inclusion, and community development. During the year, the Bank conducted various ESG-focused awareness and community engagement programmes, including initiatives around environmental conservation, financial literacy, responsible consumption, inclusive banking and social banking. The Bank also observed thematic programmes such as Environment Week, Balajyothi Week, Vayojyoti Week, Financial Literacy Week and Banking on Values Week, aimed at engaging employees, customers and communities across different segments. These programmes supported the Bank's broader objective of promoting sustainable practices, financial inclusion, customer awareness and values-based banking.



Corporate Social Responsibility

The Bank has adopted a Board-approved Corporate Social Responsibility Policy in accordance with Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time. The CSR Policy sets out the Bank's approach towards undertaking CSR activities in areas including financial inclusion, livelihood promotion, education, healthcare, water and sanitation, environmental sustainability and other activities specified under Schedule VII to the Companies Act, 2013. The CSR Policy is available on the Bank's website at https://www.esaf.bank.in/wp-content/uploads/2025/08/CSR-Policy.pdf.

The Corporate Social Responsibility Committee of the Board reviews and recommends the CSR Policy, annual action plan, CSR projects, expenditure and monitoring mechanism to the Board. Based on the recommendations of the Committee, the Board approved the CSR projects and CSR expenditure for the financial year under review.

As a voluntary commitment towards inclusive and sustainable development, the Bank allocates 5% of its average net profits, computed in accordance with Section 135 of the Companies Act, 2013, towards CSR activities, as against the statutory requirement of 2%.

During the financial year 2025-26, the Bank undertook CSR projects directly and / or through eligible implementing agencies, in accordance with Section 135 of the Companies Act, 2013 and the applicable CSR Rules. The Bank's CSR initiatives during the year focused on financial inclusion, livelihood promotion, education, healthcare, water and sanitation, development of collective enterprises and environmental sustainability.

For the Financial Year 2025-26, the Bank was required to spend ₹ 2,34,82,404/- towards CSR activities. Against this requirement, the Bank spent ₹ 5,87,00,000/- during the year. The unspent amount of ₹ 4,51,32,000/-, relating to ongoing projects, was transferred to the Unspent Corporate Social Responsibility Account within the prescribed timeline, in accordance with Section 135(6) of the Companies Act, 2013.

The Annual Report on CSR Activities, containing the composition of the CSR Committee, brief outline of the CSR Policy, details of CSR projects, CSR expenditure, unspent amount, implementing agencies and other prescribed particulars, is annexed to this Report as Annexure I.

33. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

During the year, the Bank continued to strengthen its ESG framework through responsible governance practices, sustainable banking initiatives, prudent environmental management, financial inclusion, women empowerment, community development, employee well-being, and transparent sustainability disclosures. Guided by its triple-bottom-line

philosophy, the Bank also advanced its Business Responsibility and Sustainability Reporting (BRSR) framework and ESG performance monitoring, ESG governance framework through Board oversight, implementation of its ESG Roadmap, reaffirming its commitment to creating long-term value for all stakeholders.

BRSR for Financial Year 2025-26 is a part of the Annual Report of the Bank and is also available on the Bank's website at https://www.esaf.bank.in/investor-relation/?id=annual-reports.

34. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Bank continues with the belief of zero tolerance towards sexual harassment in the workplace and continues to uphold and maintain itself as a safe and non-discriminatory organization. To achieve the same, the Bank reinforces the understanding and awareness of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH"). The Bank has in place, a policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and an Internal Complaints Committee has been set up for redressal of complaints. Any complaint pertaining to sexual harassment is diligently reviewed and investigated, and treated with great sensitivity. The Internal Committee members have been trained in handling and resolving complaints and have also designed an online e-learning POSH Awareness module, which covers the larger employee base.

During the Financial Year 2025-26, 4 (Four) complaints were received and the same was disposed of. There were no complaints pending for a period exceeding ninety days.

Maternity Benefit Act, 1961

The Bank confirms compliance with the provisions of the Maternity Benefit Act, 1961, to the extent applicable to its employees.

35. OVERALL REMUNERATION

The information required pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of Directors / employees of the Bank, is attached as Annexure II to this report.

36. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Bank has implemented a vigil mechanism through the adoption of a Whistle Blower and Protected Disclosure Policy in compliance with the relevant provisions of the Companies Act, 2013 and rules thereunder. The Bank provides an opportunity to employees, vendors and directors to raise concerns relating to fraud, malpractice or any other activity or event which is against the interest of the Bank or society as a whole. The details of Whistle Blower complaints received and subsequent action taken and the functioning of the Whistle Blower mechanism are reviewed periodically by the Audit Committee of the Board. During the Financial Year 2025-26, 17 complaints were received under the Whistle Blower Mechanism. The functioning of the mechanism is reviewed by the Audit Committee from time to time. No employee of the Bank has been denied access to the Audit Committee for raising a whistle blower complaint.

To demonstrate our commitment to combating corruption, bribery, and money laundering, we have implemented targeted initiatives across critical domains such as the Prevention of Corruption Act, Know Your Customer (KYC) and Anti-Money Laundering (AML) regulations. These initiatives include comprehensive training for our employees on anti-corruption, anti-bribery, and anti-money laundering practices.

The policies are available on the official website of the Bank at https://www.esaf.bank.in/wp-content/uploads/2025/04/Whistle-Blower-Policy-V-8.0.pdf and https://www.esaf.bank.in/pdf/policies/KYC%20AML%20CFT%20Policy%20Extracts.pdf

37. CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT INSIDER TRADING

The Bank has in place, a Policy for Monitoring Insider Trading which inter alia acts as the Code of Conduct to Regulate, Monitor and Report ("Code") insider trading in the securities of the Bank and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI"). The Code, inter alia, prohibits dealing in securities by insiders while in possession of UPSI. The said Code has been amended, from time to time, to give effect to the various notifications/circulars of the Securities and Exchange Board of India ("SEBI") with respect to the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Policy for Monitoring of Insider Trading is available on the Bank's website at https://www.esaf.bank.in/wp-content/uploads/2025/07/Policy-for-Monitoring-of-Insider-Trading.pdf.

38. STATUTORY AUDITORS

In accordance with the 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)' dated April 27, 2021 ("RBI Guidelines") issued by RBI, Banks shall appoint the Statutory Auditors for a continuous period of three (3) years, subject to the firms satisfying the eligibility norms each year and the approval of RBI on an annual basis.

Based on the approval of Reserve Bank of India vide letter No. Ref CO.DOS.RPD.No. S503/ 08.61.005/2025-26 dated 21st April, 2025, the Shareholders of the Bank in the 09th Annual General Meeting held on 24th September, 2025 had appointed M/s. Sundaram & Srinivasan, Chartered Accountants (Firm Registration Number: 004207S) as the Joint Statutory Auditors of the Bank for a period of three financial years who will hold office from the conclusion of the 09th Annual General Meeting till the end of the 12th Annual General Meeting of the Bank, subject to the approval of the Reserve Bank of India to be obtained by the Bank for the Financial Year 2026-27 and Financial Year 2027-28. Since the asset size of the Bank is above the said limit, the Bank is required to appoint Joint Statutory Auditors and has presently appointed M/s. Kirtane and Pandit LLP and M/s. Sundaram & Srinivasan, as Joint Statutory Auditors, wherein M/s. Kirtane & Pandit LLP will be completing their tenure of three years upon conclusion of the ensuing Annual General Meeting of the Bank and they will not be eligible to be appointed further.

The Board at its meeting held on 27th February, 2026 approved the eligibility of existing Statutory Auditors M/s. Sundaram & Srinivasan, Chartered Accountants, Mumbai, FRN 004207S for holding of office for the 2026-27 and appointment of new Statutory Auditors by providing first preference to M/s. Rodi Dabir and Co, Chartered Accountants, Nagpur, FRN108846W for three years respectively, and has directed to seek approval of Reserve Bank of India (RBI). In accordance with the same, approval from RBI vide letter dated 03rd May, 2026 was sought. RBI vide letter dated 12th May, 2026 accorded the approval for appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Mumbai, FRN 004207S and M/s. Rodi Dabir and Co, Chartered Accountants, Nagpur, FRN108846W as the joint statutory auditors of our Bank for 2026-27 for their second and first year respectively.

Based on recommendation of Audit Committee of the Bank and the approval of Reserve Bank of India (RBI) vide their letter no. S1041/08.61.005/2026-27 dated 12th May, 2026, the Board of Directors, subject to approval of the Shareholders and prior approval of the Reserve Bank of India (RBI) every year, had proposed the appointment of M/s. Rodi Dabir and Co, Chartered Accountants, Nagpur, FRN108846W as Joint Statutory Auditors of the Bank from 2026-2027 for a period of 3 years . Accordingly, the proposal for their appointment is being placed in the ensuing 10th Annual General Meeting.

The Statutory Auditors have confirmed their eligibility under Section 141 of the Act and as per the guidelines issued by RBI from time to time. Further, as required under the relevant provisions of SEBI Listing Regulations, the Statutory Auditors had also confirmed that they had subjected themselves to the peer review process of the Institute of Chartered Accountants of India ("ICAI") and they hold a valid certificate issued by the Peer Review Board of ICAI.

39. SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI LODR Regulations, 2015, the shareholders of the Bank in the 9th Annual General Meeting held on 24th September, 2025, had appointed M/s. SEP and Associates, (Firm Registration No: P2019KE075600), Company Secretaries, Ernakulam, as the Secretarial Auditor of the Bank for conducting Secretarial Audit for the Financial Year 2025-26 to 2029-2030, i.e., till the conclusion of the 14th Annual General Meeting of the Bank.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark and the report for the Financial Year 2025-26 is enclosed herewith as Annexure – III. The Bank has complied with the Secretarial Standards i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, as specified by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs under Section 118(10) of the Companies Act, 2013.

In terms of the provisions of the SEBI Listing Regulations, your Bank has submitted the Annual Secretarial Compliance Report for FY 2025-26 to the Stock Exchanges within the prescribed time and the same is available on websites of BSE (www.bseindia.com), NSE (www.nseindia.com) and on the Bank's website at https://www.esaf.bank.in/investor-relation/?id=secretarial-compliance-report

40. PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES

During the year, your Bank has not entered into any materially significant transaction with its related parties, which could lead to a potential conflict of interest between the Bank and these parties. All the related party transactions that were entered into during the year were on an arm's length basis and in the ordinary course of business. Hence, pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions to be reported under Section 188(1) of the Act and disclosure in Form AOC-2 is not applicable to the Bank.

The Bank has a Board approved 'Related Party Transaction Policy'. The same is available on the Bank's website at https://www.esaf.bank.in/wp-content/uploads/2026/02/Related-Party-Transaction-Policy-1.pdf.

41. ANNUAL RETURN

Pursuant to the provisions of Section 134(3) (a) and Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Bank for the Financial Year 2025-26 will be hosted on the bank's website at https://www.esaf.bank.in/investor-relation/?id=annual-return.

42. DETAILS IN RESPECT OF FRAUDS, IF ANY, REPORTED BY AUDITORS:

There were no frauds reported by the Statutory Auditors for the Financial Year 2025-26.

43. STATUTORY DISCLOSURES

None of the Directors of the Bank are disqualified as per provisions of Section 164(2) of the Companies Act, 2013. The Directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013, Securities and Exchange Board of India Regulations and guidelines of Reserve Bank of India.

44. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO SECTION 134 (3) (Q) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

i) Particulars relating to conservation of energy and technology absorption are not material to banking operations. However, the Bank continues to undertake various initiatives aimed at improving energy efficiency, optimising resource utilisation and reducing its environmental footprint across its offices, branches and operational locations. Details of the same are available in the BRSR section of the Integrated Annual Report for 2025-26 and is also available on the Bank's website at https://www.esaf.bank.in/investor-relation/?id=annual-reports.

The Bank has used information technology extensively in its operations as detailed in the para on 'Technology and Digitisation'.

ii) Foreign Exchange earnings and outgo are part of the normal banking business of your Bank. During the Financial Year 2025-26, the Bank had foreign currency expenditure of ₹ 71,59,689.13/- and foreign currency earnings of ₹ 14,38,028.98/- during the period.

45. DETAILS OF APPLICATION MADE OR PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE 2016

During the year under review, there were no applications made nor proceedings pending in the name of the Bank under the Insolvency Bankruptcy Code, 2016.

46. DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANKS AND FINANCIAL INSTITUTIONS

During the year under review, the Bank has not entered into any one-time settlement in respect of loans taken from banks or financial institutions. Accordingly, the disclosure of details of difference between the valuation amount at the time of one-time settlement and the valuation while availing such loans is not applicable.

47. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE BANK

There have been no material changes and commitments between the end of the Financial Year 2025-26 and the date of this report, affecting the financial position of the Bank.

48. EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE IN THE STATUTORY AUDITOR'S REPORT OR IN THE SECRETARIAL AUDIT REPORT

The Statutory Auditors' Report on the financial statements of the Bank and the Secretarial Audit Report for the financial year under review do not contain any qualification, reservation or adverse remark.

49. INFORMATION ABOUT THE FINANCIAL PERFORMANCE/ FINANCIAL POSITION OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Bank does not have any subsidiaries, associates or joint venture companies.

50. DEPOSITS

Being a Banking Company, the disclosures required as per Rule 8(5)(v) and (vi) of the Companies Accounts Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013, are not applicable to your Bank.

51. LOANS / GUARANTEES / INVESTMENTS

Being a Banking Company, the provisions of Section 186 of the Companies Act, 2013 is not applicable.

52. COST RECORDS

The Bank is not required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

53. SIGNIFICANT AND MATERIAL ORDERS

In accordance with Rule 8(5)(vii) of the Companies (Accounts) Rules, 2014, there have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the future operations of the Bank.

54. DISPATCH OF ANNUAL REPORT

The MCA has issued General Circular No. 20/2020 dated 05th May, 2020 read with other relevant circulars, including General Circular No. 10/2022 dated 28th December, 2022 and applicable circulars/ notifications issued by SEBI relaxing the requirement of dispatching physical copies of the Annual Report and the Notice convening the AGM to Shareholders. Members who wish to have a physical copy may write to the Company Secretary of the Bank at investor.relations@esafbank.com or submit a written request to the Registered Office of the Bank. In accordance with the aforesaid circulars, the web link of the Annual Report and the Notice convening the AGM of the Bank is being sent in electronic mode only to members whose e-mail address is registered with the Bank or the Depository Participant(s). Those members, whose email address is not registered with the Bank or with their respective Depository Participant(s) and who wish to receive the Notice of the AGM and the Annual Report for the financial year ended 31st March, 2026, can get their email address registered by following the steps as detailed in the Notice convening the AGM. The Annual Reports of your Bank are available on the Bank's website at https://www.esaf.bank.in/investor-relation/?id=annual-reports.

55. STRICTURES AND PENALTIES

The penalties or strictures imposed by the regulators on the Bank are as follows:

Sl. No.	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the case
1.	Office of the Superintendent, GST, Rampurhat, Birbhum Division, West Bengal	₹ 1580/-	An Audit was conducted in the state of West Bengal for 2019-20 to 2021-22. Department treated the ITC availed by bank as non-claimable. Though the Bank filed reply to Show Cause Notice, the department issued Order demanding payment of ₹ 1580/- as ITC Reversal and ₹ 1580/- as penalty.
2.	Office of the Superintendent, GST, Rampurhat, Birbhum Division, West Bengal	₹ 87,484/-	An Audit was conducted in the state of West Bengal for 2019-20 to 2021-22. The Department treated Exempted income as Taxable income. Bank filed reply to Show Cause Notice, but the department issued Order demanding payment of Liability of ₹ 10,366/-, Interest of ₹ 68,812/- and Penalty of ₹ 87,484/-.

Acknowledgement

The Directors place on record their sincere appreciation for the guidance and support received from the Reserve Bank of India, Government of India, other government and regulatory authorities, banks, financial institutions and other stakeholders.

The Directors also acknowledge the continued support and guidance received from M/s. ESAF Financial

Holdings Private Limited, the Corporate Promoter of the Bank.

The Directors express their sincere gratitude to the Bank's valued customers and clients for their continued trust and patronage. The Board further places on record its deep appreciation for the commitment, dedication and contribution of all employees of the Bank towards the growth and progress of the Bank.

For and on behalf of the Board of Directors

Sd/-
Shri. Karthikeyan Manickam
DIN: 09450145
Chairman

Sd/-
Dr. Kadambelil Paul Thomas
DIN: 00199925
Managing Director and CEO

Date: 30th April 2026
Place: Thrissur

Annexure – I

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2025-26

[As prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 and amended as per the Companies (Corporate Social Responsibility Policy) Amendment Rules]

1. Brief outline on CSR Policy of the Company

ESAF Small Finance Bank is committed towards the transformation of lives and communities by:

- Addressing social, environmental and economic needs of the poor and the marginalized sections of the society.
- Integrating solutions to the critical problems of the society into the strategies of the Bank to benefit the communities at large with a Triple Bottom Line impact.
- Employee participation and networking with like-minded agencies in the projects for larger synergy and impact as an institution.
- Aligning the Corporate Social Responsibility strategies with the ESAF vision for a just and fair society, fighting the partiality of prosperity.

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1.	Shri. Karthikeyan Manickam[1]	Chairperson (With effect from 10th March 2026)	0	0
2.	Dr. Kadambelil Paul Thomas	Member	3	3
3.	Shri. George Ittan Maramkandathil[2]	Member	0	0
4.	Shri. John Samuel[3]	Chairperson (From 13th December 2022 to 12th December 2025)	3	3
5.	Ms. Kolasseril Chandramohanan Ranjani[4]	Member	3	3
6.	Dr. Joseph Vadakkekara Antony[5]	Member	3	3
7.	Ajay Sharma[6]	Chairperson (From 21st December 2025 to 09th March 2026)	0	0

1. *Shri. Karthikeyan Manickam was appointed as chairperson of the Committee with effect from 10th March 2026.*
2. *Shri. George Ittan Maramkandathil was appointed as chairperson with effect from 13th December 2025. He ceased to be the chairperson of the Committee with effect from 21st December, 2025 upon reconstitution of committees and continued to be a member of the Committee.*
3. *Shri. John Samuel ceased to be a chairperson and a member of the Committee with effect from 12th December 2025, upon completion of tenure of appointment.*
4. *Ms. Kolasseril Chandramohanan Ranjani ceased to be a member of the Committee with effect from 20th December 2025 due to re-constitution of the Committee.*
5. *Dr. Joseph Vadakkekara Antony ceased to be a member of the Committee with effect from 17th November, 2025 upon completion of tenure of appointment.*
6. *Shri. Ajay Sharma ceased to be chairperson and member of the Committee with effect from 9th March 2026 due to re-constitution of the committee.*

Annexure – I (Contd.)

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Bank.

https://www.esaf.bank.in/wp-content/uploads/2025/08/CSR-Policy.pdf

4. The details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.

The Bank has undertaken an Impact Assessment through an Independent Agency up to 2023-24 voluntarily. Furthermore, the Bank intends to undertake this activity for the Financial Year 2024-25 as well, upon completion of one year from conclusion of the projects after its completion. Impact assessment reports and Sustainability Reports are available in the Bank's website at https://www.esaf.bank.in/esaf-beyond-banking/.

5. (a) Average Net Profit of the Company as per Section 135(5)

₹ 1,17,41,20,204/-

(b) Two percent of Average Net Profit of the Company as per Section 135(5)

₹ 2,34,82,404/-

(c) Surplus arising out of the CSR Projects or Programmes or activities of the previous Financial Years

NIL

(d) Total amount spent for the Financial Year

During the Financial Year 2025-26, a total amount of ₹ 8,71,44,609/- was spent on CSR projects as given below:

Particulars	Amount
Amount spent on ongoing projects pertaining to Financial Year 2024-25	₹ 7,73,12,414
Amount spent on ongoing projects pertaining to Financial Year 2025-26	₹ 98,32,195
Total	**₹ 8,71,44,609**

(e) CSR amount spent or unspent for the Financial Year

Total Amount Spent for the Financial Year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per the second provision to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
₹ 8,71,44,609	₹ 4,51,32,000	30th March, 2026	NIL	NIL	NA

(d) Amount required to be set off for the Financial Year, if any

NIL

(e) Total CSR obligation for the Financial Year

As per the provisions of the Companies Act, 2013, the CSR obligation of the bank is ₹ 2,34,82,404/-.

The Bank has resolved to allocate 5% of its average net profits each financial year towards CSR activities, exceeding the statutory requirement of 2%. Accordingly, an amount of ₹ 5,87,06,010/- has been earmarked for CSR expenditure for the Financial Year 2025-26.

6. Amount spent on CSR Projects (both ongoing and other than ongoing projects)

₹ 8,71,44,609/-

(b) Amount spent in Administrative Overheads

₹ 39,41,014

Sl. No.	Years	Indirect Cost
1	2024-25	₹ 36,00,525
2	2025-26	₹ 3,40,489
Total		**₹ 39,41,014**

(c) Amount spent on Impact Assessment, if applicable

The Company has not incurred any expenditure towards Impact Assessment from the amount allocated for CSR activities.

Annexure – I (Contd.)

(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of Average Net Profit of the Company as per Section 135(5)	₹ 2,34,82,404
(ii)	Total amount spent for the Financial Year	₹ 8,71,44,609
(iii)	Excess amount spent for the Financial Year [(ii) – (i)]	₹ 6,36,62,205
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	₹ 6,36,62,205

7. (a) Details of Unspent CSR amount for the preceding three Financial Years

(1) Sl. No.	(2) Preceding Financial Year	(3) Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	(4) Balance Amount in Unspent CSR Account under subsection (6) of section 135 (In ₹)	(5) Amount Spent in the Financial Year (in ₹)	(6) Amount transferred to a Fund as specified under Schedule VII as per second provison to subsection (5) of section 135, if any	(7) Amount remaining to be spent in succeeding Financial Years (in ₹)	(8) Deficiency, if any
1	2022-23	NIL	NIL	NIL	NIL	NIL	NIL
2	2023-24	NIL	NIL	NIL	NIL	NIL	NIL
3	2024-25	₹ 7,39,50,000	NIL	₹ 7,73,12,414	NIL	NIL	NIL
4	2025-26	₹ 4,51,32,000	₹ 4,51,32,000	₹ 98,32,195	NIL	NIL	NIL

8. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year (Asset wise details)

Yes

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR Amount Spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered Address
1	Tile Paving	678702	06th August, 2025	₹ 1,65,994	NA	Union J B School	Kuzhalmannam, Palakkad
2	Dialysis Machine - Morning Star Medical Center, Adimaly, Idukki	683572	17th May, 2025	₹ 7,23,487	NA	Jeevadhara Renal Care Foundation	Church Junction, Angamaly
3	5 KW Solar Installation	680611	18th August, 2025	₹ 2,58,972	NA	Association for Mentally Handicapped Adults	Thaikattussery, Ollur, Thrissur

Annexure – I (Contd.)

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR Amount Spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered Address
4	2 Washing Machines	680751	20th August, 2025	₹ 43,240	NA	Damien Institute	Ayyappankavu, Mulayam, Thrissur
5	19 Black Boards	678702	06th August, 2025	₹ 54,720	NA	GHS	Kuzhalmannam
6	Eeco Ambulance	560034	15th December,2025	₹ 9,69,880	NA	St Johns Medical College & Hospital	Sarjapur Road, John Nagar, Kormangala, Bengaluru
7	Refrigerator	683101	05th July, 2025	₹ 35,122	NA	Shanthi Bhavan Society	Ashokapuram, Aluva
8	2 Smart Boards	680003	24th September, 2025	₹ 2,45,530	NA	TGSM School	Ayyanthole, Thrissur
9	Maintenance of Anganavadi	678001	20th April, 2025	₹ 46,521	NA	Anganavadi, Korangchira	Valkulambu
10	30 Desktop	678683	13th June, 2025	₹ 7,15,450	NA	CAHSS	Ayakkad
11	Eeco Ambulance	691553	30th August, 2025	957980	NA	Sradha Palliative Care	Kollam
12	10 Moon Tables and 50 Baby Chair	670644	22nd January, 2026	₹ 43,240	NA	Kusumagiri LP School	Puthiyidam, Wayanad
13	60 Beds	673020	29th September, 2025	₹ 1,04,397	NA	Udayam Charitable Society	Civil Station, Malaparamba, Kozhikode
14	Oxygen concentrator	678593	01st September,2025	₹ 62,807	NA	PHC	Thachampara
15	Washing Machine	685589	21st October, 2025	₹ 42,059	NA	Sneha Villa Charitable Trust	Moolamattam, Idduki
16	High Mast Light (Solar)	813202	20th March, 2026	₹ 2,67,438	NA	Bounsi block, Sanga Gram Panchayat	Belhar, Bihar
17	Water Purifier	673009	27th February, 2026	₹ 54,500	NA	St. Joseph School	Malapparaba, Malappuram
18	5 KW Solar Installation	680301.	27th March, 2026	₹ 2,84,100	NA	Little flower LP School	Thalore, Thrissur
19	Skill Center Renovation	518540	07th February, 2026	₹ 5,26,800	NA	St Thomas CSI Skill Center	Sulthan Bathery
20	Water Purifier	673122	09th March, 2026	₹ 52,850	NA	St. George LP School	Kolavayal, Muttil, Wayanad
21	Water Cooler and Purifier	481661	18th December, 2025	₹ 57,000	NA	Vivek Jyothi Higher Secondary School	Mandla, Madhya Pradesh
22	Water Cooler and Purifier	488001	20th January, 2026	₹ 38,000	NA	Vivekanand Mahavidyalaya	Janakpur Panna
23	Refrigerator	673001	10th March, 2026	₹ 12,215	NA	ACP Office	Mavoor Road, Kozhikode
24	Water Purifier and inverter	686545	08th January, 2026	₹ 51,688	NA	CMS LP School	Mallapally, Pathanamthitta

Annexure – I (Contd.)

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR Amount Spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered Address
25	ESAF Hospital and Research Centre, Palakkad-Mannarkad Road, Thachampara, Palakkad (CSR 2024-25)	678593	In Progress	₹ 3,78,360	CSR000002189	ESAF Foundation	Vishwas Bhavan, Mannuthy
26	PaulMereena HSS(Formerly known as CAHSS), Vadakkanchery, Padur Road, Ayakkad (CSR 2024-25)	678683	20th June, 2025	₹ 12544972	CSR00001633	Prachodhan	V&V Complex, Mannuthy Bypass Junction, Mannuthy
27	Lahanti Public School, Pahrudih, Dumka (CSR 2024-25)	814119	31st March, 2026	₹ 6999822	CSR00001633	Prachodhan	V&V Complex, Mannuthy Bypass Junction, Mannuthy
28	Lahanti Public School, Bhaturia, Nonihat, Dumka (CSR 2024-25)	814145	In Progress	₹ 1916027	CSR00001633	Prachodhan	V&V Complex, Mannuthy Bypass Junction, Mannuthy

9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5)

The unspent CSR amount for the Financial Year 2025–26 relates to ongoing projects approved by the Board.

In accordance with the provisions of Section 135(6) of the Companies Act, 2013, the said amount has been transferred to the Unspent CSR Account within the prescribed timelines and shall be utilised within the period stipulated under the Act.

Sd/-
Dr. Kadambelil Paul Thomas
Managing Director and CEO

Sd/-
Shri. Karthikeyan Manickam
Chairman of the CSR and Sustainability Committee of the Board

Annexure – II

DISCLOSURE PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. Ratio of the Remuneration of Each Director to the Median Remuneration of the Employees for the Financial Year:

Directors	Title	Ratio (Excluding ESOP)
Dr. Kadambelil Paul Thomas	Managing Director and CEO	88x
Shri. George Kalaparambil John	Executive Director	40x
Shri. Karthikeyan Manickam	Part Time Chairman and Non-Executive Independent Director	5x
Other Directors		Other directors are not paid any remuneration other than sitting fee for attending meetings of the Board and Committees.

2. Percentage Increase in Remuneration of Each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year:

Directors/Key Managerial Personnel	Title	% increase in remuneration (Excluding ESOP)
Dr. Kadambelil Paul Thomas	Managing Director and CEO	Nil
Shri. George Kalaparambil John	Executive Director	Nil
Shri. Gireesh C P	Executive Vice President – Finance and Chief Financial Officer	Nil
Shri. Ranjith Raj P	Company Secretary	Nil

3. Percentage Increase in the Median Remuneration of Employees in the Financial Year:

For employees other than KMP, who were in employment for the whole of 2024-25 and 2025-26, increase in the median remuneration is 2.4%.

4. Number of Permanent Employees on the Rolls of the Bank at the End of the Year:

10,994

5. Average Percentile Increase already made in the Salaries of Employees other than the Managerial Personnel in the last Financial Year and its Comparison with the Percentile Increase in the Managerial Remuneration and Justification thereof and Point Out if there are any Exceptional Circumstances for Increase in the Managerial Remuneration:

For employees other than KMP, who were in employment for the whole of 2024-25 and 2025-26, average increase was 1.35%.

There was no increase for Key Managerial Personnel.

6. Affirmation that the Remuneration is as Per the Remuneration Policy of the Bank:

The Bank is in compliance with its Compensation Policy.

7. The name of every Employee, who if employed throughout the Financial Year, was in receipt of remuneration for that year which, in the aggregate, was not less than One crore and Two lakh rupees

Name	Title	Remuneration
Dr. Kadambelil Paul Thomas	Managing Director and CEO	Dr. Kadambelil Paul Thomas, Managing Director and CEO of the Bank, was paid an aggregate remuneration of ₹ 3,52,39,588/- (including perquisites) during the year.

8. The name of every employee, who, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight lakh and Fifty Thousand rupees per month;

NIL

9. The name of every employee, who, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two per cent of the equity shares of the Bank.

NIL

Notes:

1. Median remuneration has been calculated for permanent employees who were in employment for the whole of 2025-26.
2. Ratio of the remuneration of each Director to the median remuneration is calculated based on the remuneration entitled for the period of office held by them as a Director during 2025-26.
3. Remuneration includes Fixed Pay + Variable Pay paid during the year + perquisite value (excluding Stock Options) as calculated under the Income Tax Act, 1961.
4. The remuneration of the Non-Executive Directors (other than the Part-time Chairman) of the Bank, for 2025-26, comprises (i) compensation in the form of fixed remuneration as per limits prescribed by Reserve Bank of India ("RBI") and the relevant resolution passed by the members through postal ballot on December 12, 2025 and (ii) sitting fees for attending the Board / Committee meetings. The Part-time Chairman and Non-Executive Independent Director received sitting fees for attending meetings of the Board / Committees and a fixed remuneration, as approved by the Board and the RBI, within the limit approved by the members of the Bank.
5. Percentage increase / decrease in remuneration has been given for Directors and KMPs who were on the Board of the Bank for the entire 2025-26, in the same capacity.

Annexure – III

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2026

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

ESAF SMALL FINANCE BANK LTD

ESAF Bhavan, Thrissur-Palakkad National Highway

Thrissur, Kerala, India, 680651

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ESAF SMALL FINANCE BANK LTD (CIN: L65990KL2016PLC045669)** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Company's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2026**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have conducted verification of the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st March, 2026 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder.

(ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder.

(iii) The Depositories Act, 1996 and the Regulations and By-laws framed thereunder.

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

e) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

f) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable to the Bank during the audit period).

j) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 (Not applicable to the Bank during the audit period).

(vi) As informed to us, the following other laws are specifically applicable to the Company:

a) The Reserve Bank of India Act, 1934;

b) The Banking Regulation Act, 1949;

c) The Banking Companies Regulation (Companies Rules), 1949

d) The Banking Companies (Period of preservation of Records) Rules, 1985.

e) Prevention of Money Laundering Act, 2002

f) Credit Information Companies (Regulation) Act, 2005

g) The Deposit Insurance and Credit Guarantee Corporation Act, 1961

h) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

i) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standard relating to Board (SS 1) and General Meetings (SS 2) issued by the Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

1. Dr. Joseph Vadakkekara Antony retired from the position of Non-Executive Director of the Bank on 17th November, 2025
2. The Company has appointed Shri. Maramkandathil George Ittan as Non-Executive Director w.e.f 17th December, 2025 pursuant to the special resolution passed by the Shareholders of the Bank at the Annual General Meeting held on 24th September, 2025
3. The Company has appointed Shri Ajay Sharma and Shri Karthikeyan Manickam as Non-Executive Independent Directors, w.e.f. 21st December, 2025, and reappointed Ms. Kolasseril Chandramohanan Ranjani as a Non-Executive Independent Director, w.e.f. 13th December, 2025, pursuant to Special Resolutions passed by the shareholders through postal ballot.
4. Shri. Thomas Jacob Kalappila retired from the position of Non-Executive Independent Director on 9th March, 2026
5. Shri Gireesh C P retired from the position of Executive Vice President and Chief Financial Officer of the Bank w.e.f. 31st May, 2025 and has been appointed on a contract basis for a period of three years w.e.f. 01st June, 2025.
6. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period review were carried out in compliance with the provisions of the Act and in compliance with orders issued by the Central Government
7. The Company has redeemed following debentures during the period under review.

ISIN Number	Interest Rate	Issue Size	Number of Debentures	Face Value	Tenure	Date of Allotment	Date of Redemption
INE818W08032	11.50%	40 crore	400	10 lakh	7 years	01st June, 2018	01st June, 2025

8. The Company had allotted following shares under ESAF Small Finance Bank Employee Stock Option Plan – 2019 (ESOP 2019):

Sl. No	Particulars	Date of Allotment	Face Value (In ₹)	Premium, if any (In ₹)	Total Value (In ₹)
1.	Allotment of 40887 Equity shares ranking Pari – passu with the existing shares	01st July, 2025	10	5.51	6,34,157.37
2.	Allotment of 42464 Equity shares ranking Pari – passu with the existing shares	01st August, 2025	10	5.51	6,58,616.64
3.	Allotment of 35058 Equity shares ranking Pari – passu with the existing shares	13th October, 2025	10	5.51	5,43,749.58
4.	Allotment of 10554 Equity shares ranking Pari – passu with the existing shares	05th November, 2025	10	5.51	1,63,692.54

Annexure – III (Contd.)

Sl. No	Particulars	Date of Allotment	Face Value (In ₹)	Premium, if any (In ₹)	Total Value (In ₹)
5.	Allotment of 31391 Equity shares ranking Pari – passu with the existing shares	07th January, 2026	10	5.51	4,86,874.41
6.	Allotment of 21084 Equity shares ranking Pari – passu with the existing shares	03rd February, 2026	10	5.51	3,27,012.84
7.	Allotment of 37397 Equity shares ranking Pari – passu with the existing shares	08th March, 2026	10	5.51	5,80,027.47

9. Adequate notice is given to all directors to schedule the Board Meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting except in the case of Shorter Notice.
10. Decisions at the meetings of the Board of Directors of the Company were carried out on the basis of majority and the same was captured and recorded as part of the minutes. There were no dissenting views by any member of the Board of Directors during the period under review.

We further report that the Company had passed special resolution at Annual General Meeting held on 24th September, 2025 to borrow in excess of paid-up share capital and free reserves and securities premium of the Bank under Section 180(1)(c) of the Companies Act, 2013 and also for raising of funds by issue of debt securities on a Private Placement basis.

We further report that there are adequate systems and processes in the Company commensurate with its size and the operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no instances of:

(i) Issuance of securities including Public/ Right/ Preferential issue of securities other than those mentioned above.

(ii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013 other than those mentioned above.

(iii) Redemption of securities other than mentioned above

(iv) Buy-back of securities

(v) Merger/amalgamation/ reconstruction.

(vi) Foreign technical collaborations.

This report is to be read with **Annexure A** of even date and the same forms an integral part of this report.

Yours faithfully,

For SEP & Associates
Company Secretaries
(The Peer Review Certificate no. 6780/2025)

CS Puzhankara Sivakumar
Managing Partner
M. No.: 3050 COP No.: 2210
UDIN: F003050H000242511

Place: Ernakulam
Date: 30th April 2026

Annexure – III (Contd.)

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To

ESAF SMALL FINANCE BANK LTD

ESAF Bhavan, Thrissur-Palakkad National Highway

Thrissur, Kerala, India, 680651

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of the provisions of all laws, rules, regulations, and standards applicable to **ESAF SMALL FINANCE BANK LTD** (hereinafter called the "Company") is the responsibility of management of the Company. Our examination was limited to the verification of the records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of the Secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to issue a Secretarial Audit Report, based on the audit of the relevant record maintained and furnished to us by the Company, along with explanations where so required.
3. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial and other records, legal compliance mechanism and corporate conduct. We believe that the process and practices we followed provide a reasonable basis for our Secretarial Audit Report.
4. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
5. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March, 2026 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

For SEP & Associates
Company Secretaries
(The Peer Review Certificate no. 6780/2025)

CS Puzhankara Sivakumar
Managing Partner
M. No.: 3050 COP No.: 2210
UDIN: F003050H000242511

Place: Ernakulam
Date: 30th April, 2026

ANNEXURE II

BUSINESS RESPONSBILITY AND SUSTAINABILITY REPORT

(Business Responsibility and Sustainability Reporting (BRSR) is the practice of companies disclosing information about their Environmental, Social, and Governance (ESG) performance. It goes beyond financial reporting to provide stakeholders with a comprehensive view of a company's non-financial impacts and contributions to sustainable development. BRSR covers topics such as environmental impact, social responsibility, and governance practices, aiming to promote transparency and accountability.)

SECTION A

GENERAL DISCLOSURES

I. DETAILS OF THE LISTED ENTITY

		2025-26
1.	Corporate Identity Number (CIN) of the Listed Entity	L65990KL2016PLC045669
2.	Name of the Listed Entity	ESAF Small Finance Bank Ltd.
3.	Year of incorporation	5th May 2016
4.	Registered office address	Building No. VII/83/8, ESAF Bhavan, Thrissur- Palakkad National Highway, Mannuthy, Thrissur, Kerala, PIN- 680 651
5.	Corporate address	Building No. VII/83/8, ESAF Bhavan, Thrissur- Palakkad National Highway, Mannuthy, Thrissur, Kerala, PIN- 680 651
6.	E-mail	investor.relations@esafbank.com
7.	Telephone	0487-7123456
8.	Website	www.esaf.bank.in
9.	Financial year for which reporting is being done	1st April 2025 to 31st March 2026
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited
11.	Paid-up Capital	51,56,62,613
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Shri. Ranjith Raj P. Company Secretary, Telephone: 0487-7123456 E-mail ID: investor.relations@esafbank.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	Standalone Basis
14.	Name of assurance provider	M/s SustainEDGE Business Solutions Pvt. Ltd
15.	Type of assurance obtained	Type 2 Moderate / Limited Assurance

II. PRODUCTS/SERVICES

16. Details of business activities (accounting for 90% of the turnover):

Description of Main Activity	Description of Business Activity	% of Turnover of the entity
Financial and Insurance Service	Banking activities by Central, Commercial and Saving Banks	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Product/Service	NIC Code	% of total Turnover Contributed
Financial and Related Services	99711352	100%

III. OPERATIONS

18. Number of locations where plants and/or operations/offices of the entity are situated:

	Number of plants	Number of offices	Total
National	0	839	839*
International	0	0	0

*The Bank concentrates in providing access to finance in rural geographies. The Bank has 804 retail branches, and 35 offices as on 31st March 2026.

19. Markets served by the entity:

a. Number of locations

National	(No. of States)	(No. of Countries)	International
	26*	0	

*24 states and 2 UTs

b. What is the contribution of exports as a percentage of the total turnover of the entity?

0%



c. A brief on types of customers

The Bank is committed to advancing financial inclusion by providing accessible, affordable, and responsible banking services to underserved and unbanked populations, particularly in rural and semi urban regions. The Bank serves a diverse customer base including small and marginal farmers, micro and nano entrepreneurs, self-help/ joint- liability groups, and individuals from vulnerable and marginalised communities such as women, children, migrant laborers, and senior citizens. Women constitute a dominant share of the customer base accounting for 78% of the total customers. Nearly 12% of the total customers are youth in the age group of 18 to 25 years. Through inclusive savings, credit, insurance, remittance, and digital banking solutions, the bank supports livelihood development, financial resilience, and economic participation. Reinforcing the Bank's commitment to long term and equitable value creation for all stakeholders including NRIs as well as HNIs, the bank has developed dedicated counters to serve them.

IV. EMPLOYEES

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

Employees

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
1	Permanent (D)	8797	5767	66	3030	34
2	Other than Permanent (E)	2197	1600	73	597	27
3	**Total employees (D + E)**	**10994**	**7367**	**67**	**3627**	**33**

Workers

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
4	Permanent (F)	0	0	0	0	0
5	Other than Permanent (G)	0	0	0	0	0
6	**Total workers (F + G)**	**0**	**0**	**0**	**0**	**0**

b. Differently abled Employees and workers:

Differently abled employees

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
1	Permanent (D)	2	1	50	1	50
2	Other than Permanent (E)	1	1	100	0	0
3	**Total differently abled employees (D + E)**	**3**	**2**	**67**	**1**	**33**

Differently abled workers

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
4	Permanent (F)	0	0	0	0	0
5	Other than Permanent (E)	0	0	0	0	0
6	**Total differently abled workers (F + G)**	**0**	**0**	**0**	**0**	**0**

21. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	**8**	**1**	**12.5**
Key Management Personnel	**8**	**0**	**0**

22. Turnover rate for permanent employees and workers

Particular	FY 2025-26 (Turnover rate in current FY)			FY 2024-25 (Turnover rate in previous FY)			FY 2023-24 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	29.98%	25.89%	29.35%	21.62%	17.65%	22.89%	28.01%	21.14%	26.00%
Permanent Workers**	NA	NA	NA	NA	NA	NA	NA	NA	NA

*The Bank does not have any staff in the 'Workers' category.

V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

Sr. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business responsibility initiatives of the listed entity? (Yes/No)
NIL				

VI. CSR DETAILS

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)

YES

(ii). Turnover (in ₹)

₹43,48,23,07,824.57

(iii). Net worth (in ₹)

₹19,45,01,19,966.00





VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	2025-26 Current Financial Year			2024-25 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	No	0	0	NA	0	0	NA
Investors (other than shareholders)	Yes, https://www.esaf.bank.in/investor-relation/?id=investor-contacts	22	0	NA	18	0	NA
Shareholders	Yes, https://www.esaf.bank.in/investor-relation/?id=investor-contacts	0	0	NA	0	0	NA
Employees and workers	Yes, 1. Part of HR policy is circulated internally. 2. Grievance Redressal Cell (Grievance Redressal and Counselling for Employees (GRACE) platform) Available. The grievances shall be shared to the email ID grievancecell@esafbank.com or through venting box at https://bit.ly/ESAFventingbox	105**	1″	NA	4*	0	NA
Customers	Yes, https://www.esaf.bank.in/wp-content/uploads/2026/03/Master-Policy-on-Grievance-Redressal.pdf	10892	414	NA	7,682	182	NA
Value Chain Partners	No	0	0	NA	0	0	NA
Other (please specify)	NA	NA	NA	NA	NA	NA	NA

*No. of complaints received under POSH

**The count includes 101 general complaints and 4 POSH related complaints

‘The pending 1 complaint pertains to general grievance

26. Overview of the entity’s material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Opportunity | Risk | Negative | Positive

Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1. Corporate Governance and Ethics	Opportunity	Robust governance frameworks enhance a Company’s reputation, strengthen decision-making, improve risk management, and support long-term sustainability. They foster a culture rooted in integrity, transparency, and accountability.		Positive
2. Risk Management	Risk	The bank operates in a high-risk environment that involves managing significant amounts of data and funds. To maintain compliance, minimise the risk of fraud, and ensure long-term business sustainability, it is crucial for the bank to consistently enhance and reinforce its risk management and control systems.	ESAF Small Finance Bank adopts a comprehensive risk mitigation strategy. Through regular internal reviews, reinforced governance standards, adoption of advanced technologies, promotion of ethical conduct among employees, and continuous staff training, the Bank emphasises proactive risk reduction, operational security, and stakeholder confidence. Additionally, the Bank holds an ISO/IEC 27001:2022 certification, underscoring its strong commitment to maintaining high-level data security across its IT systems and associated operations.	Negative

Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3. Responsible Lending	⚠	Failing to assess ESG criteria before approving loans presents a considerable risk for the Bank. This oversight can result in borrower defaults, financial losses, heightened regulatory attention, and potential harm to the Bank's reputation.	The Bank's responsible financing approach includes comprehensive evaluation of borrowers and their collateral, strict compliance with regulatory requirements, robust internal governance, application of risk assessment frameworks, promotion of financial literacy, and a commitment to transparency and accountability in all financial dealings.	⊖
4. Financial Inclusion	↔	Financial inclusion drives business growth while creating positive social impact within communities. By educating and offering services to unserved and underserved segments such as women entrepreneurs, rural and semi-urban youth, MSMEs, and micro-enterprises, the Bank significantly contributes to advancing financial inclusion. This strategy not only expands the Bank's market presence but also reflects its dedication to fostering inclusive economic development.		⊕
5. Community Engagement & Empowerment	↔	The Bank maintains a strong Corporate Social Responsibility (CSR) framework, with key initiatives in education, environmental stewardship, livelihood enhancement, and poverty reduction. These programmes are designed to support vulnerable groups such as children, the elderly, migrant workers, and farmers. With a strong presence in rural and semi-urban regions, the Bank contributes to local job creation, which in turn strengthens its reputation and brand image, attracting both customers and young professionals who value social responsibility. Community development remains a core focus, reflected through initiatives like FIG Loans, Micro ATMs, the Village-Level Entrepreneurship Development Programme, and Balajyothi Clubs aimed at the holistic development of children. Furthermore, the Bank delivers tailored financial literacy programmes to its customers, as well as to children and youth at various levels.		⊕
6. Human Rights	⚠	Promoting human rights by ensuring equal opportunities, preventing discrimination, and eliminating child and forced labour is both a moral obligation and a legal requirement. Adhering to labour laws is crucial, as non-compliance can lead to significant financial penalties and legal consequences, including imprisonment. Prioritising employee well-being is an essential element of upholding human rights, helping to cultivate a workplace rooted in dignity, respect, and support for all individuals.	ESAF Small Finance Bank places a strong emphasis on upholding human rights by promoting equal opportunities, eliminating discrimination, and strictly prohibiting child and forced labour. These values are embedded into the Bank's operations through well-defined policies, ongoing staff training, and rigorous compliance monitoring. By cultivating a culture of respect and responsibility, the Bank seeks to protect the rights of all stakeholders while minimising potential legal and financial risks.	⊖



Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7. Climate Change and GHG Emission		Adopting sustainable practices and lowering emissions can strengthen the Bank's reputation, appeal to environmentally conscious customers, and contribute positively to environmental well-being.		⊕
8. Public Policy Advocacy		As a key player in the BFSI sector, it is crucial for the Bank to participate in public advocacy. This engagement not only boosts its reputation but also helps align its business strategies with the wider societal needs and concerns. The Bank is affiliated with prominent trade and industry organisations, including the Indian Banks Association and the Global Alliance for Banking on Values.		⊕



SECTION B

MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Sr. No	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	POLICY AND MANAGEMENT PROCESSES									
1. a	Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No/NA)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b	Has the policy been approved by the Board? (Yes/No/NA)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c	Web Link of the Policies, if available	https://www.esaf.bank.in/policies/ https://www.esaf.bank.in/wp-content/uploads/2026/01/ESAF-Bank-Sustainable-Banking-Environment-Social-Governance-Policy-1.pdf								
2	Whether the entity has translated the policy into procedures. (Yes / No/ NA)	The Bank has incorporated the relevant policies into its procedures and practices across all areas of operation. It also ensures compliance with the guidelines set by the Reserve Bank of India (RBI)								
3	Do the enlisted policies extend to your value chain partners? (Yes/No/NA)	Yes, the Bank's Code of Conduct reflects the principles mentioned above, and it expects all its stakeholders to follow these guidelines in all their interactions.								
4	Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	1. ISO 9001:2015 2. ISO/IEC 27001:2022					ISO 26000:2010	1. ISO 9001:2015 2. ISO /IEC 27001:2022		
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Bank has adopted a four-year ESG Roadmap for 2023-2027 as follows: 1. Impacting 10 million (One crore) Direct Customers as per the Sustainable Development Goals 2. Fostering Local Sustainable Economic Growth through 1Million Joint Liability Groups (JLGs) 3. Fostering Food Security through financial services to 5 million Farmers 4. Fostering Energy Security through 2,00,000 Renewable Energy Installations (1GW) 5. Energy Conservation & Greater Reliance to Renewable Energy in Operations in line with Government of India's Net Zero Plan								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The Bank has taken the above-mentioned ambitious targets. The progress on the targets is tracked periodically.								

GOVERNANCE, LEADERSHIP AND OVERSIGHT

7 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

At ESAF Small Finance Bank, Environmental, Social and Governance (ESG) considerations are systematically integrated into the Bank's strategy, governance mechanisms, and operational processes to support sustainable and inclusive growth. The Board provides oversight through a structured, multi-tier governance framework comprising the CSR and Sustainability Committee of the Board, the ESG Management Committee, and the Sustainability Council, with implementation supported by department and cluster level Sustainability Champions.

Corporate Social Responsibility continues to form an integral part of the Bank's social and development mandate, aligned with national priorities and the Sustainable Development Goals. Through Board approved CSR interventions in education, healthcare, livelihood promotion, financial inclusion, and environmental sustainability, the Bank has pursued measurable and outcome oriented social impact. These initiatives are supported by defined governance processes, implementation partnerships, and ongoing stakeholder engagement. The Bank's ESG performance during the year was further reinforced through enhanced sustainability disclosures, external ESG ratings recognition, capacity building initiatives, and continued focus on diversity, equity, and inclusion, reflecting the Bank's commitment to responsible business conduct and long-term value creation.

8 Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).

Corporate Social Responsibility and Sustainability Committee of the Board (CSRSCB)

9	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No/ NA).	**Yes**
	If Yes please provide details	
	Corporate Social Responsibility and Sustainability Committee of the Board (CSRSCB)	

10 Details of Review of NGRBCs by the Company

	Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (Annually / Half yearly / Quarterly/ Any other-please specify)								
		P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
a.	Performance against above policies and follow up action				Committees of Board									Annually/Biennial/Triennial*					
b.	Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances				Committees of Board									Annually					

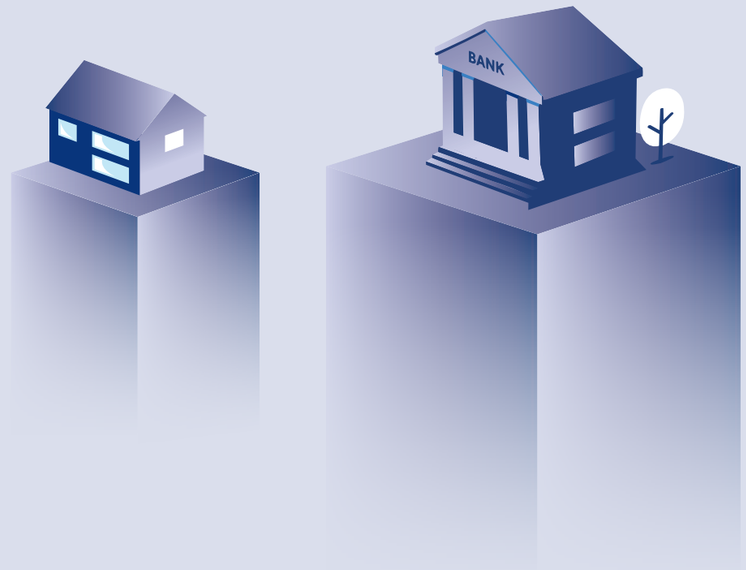
*The policy review frequency is rationalized based on criticality and relevance, with clearly defined annual, biennial, and triennial review cycles.

		P1	P2	P3	P4	P5	P6	P7	P8	P9
11	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No) *.	No	No	No	No	No	No	No	No	No
	If yes, provide name of the agency.					NA				

*The Board of Directors, through its committees, periodically reviews policies and processes to ensure compliance with regulatory guidelines.

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
a.	The entity does not consider the Principles material to its business (Yes/No)					NA				
b.	The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)					NA				
c.	The entity does not have the financial or/human and technical resources available for the task (Yes/No)					NA				
d.	It is planned to be done in the next financial year (Yes/No)					NA				
e.	Any other reason (please specify)					NA				



SECTION C

PRINCIPLE WISE PERFORMANCE DISCLOSURE

Principle 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

(This principle focuses on the importance of ethical conduct and transparency in business operations. Companies should follow ethical business practices and adhere to high standards of integrity. They should also be transparent about their activities, operations, and financial reporting, as well as be accountable for their actions)

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	Percentage of persons in respective category covered by the awareness programmes
Board of Directors	4	The topics include: 1. Customer Service in Banks- RBI expectations and Expectation from Customers 2. Credit Risk Management – Building Blocks & BCBS Principles for Credit Risk Management, 2025 3. Induction Programme for Newly Appointed Directors. 4. ESG and Climate Risk – Orientation Programme	100
Key Managerial Personnel	34	The topics include: 1. ESG and Climate Risk – Orientation Programme 2. ESAF Banking on Values 3. Cyber Security 4. Corporate Governance & Sustainability 5. Customer Service in Banks – Role of Branches, Expectations from Customers & Way forward	100
Employees other than BOD and KMPs	723	Trainings were conducted on various topics and a few are mentioned below: 1. Prevention of Sexual Harassment at Workplace 2. Business on Values 3. Customer Service Excellence and Customer Grievance Redressal 4. Cyber Security 5. Risk Management and Resilience 6. ESAF Banking on Values 7. EmpowerHer- Women Leadership Development 8. Strengthening Internal Grievance Redressal Systems 9. Fire and Safety 10. Corporate Governance & Sustainability 11. ESG and Climate Risk 12. KYC, AML, Whistle-blower policy and CFT 13. Compliance, Risk and Internal Audit 14. Products and Process 15. Leadership Development and Excellence	95.5
Workers	NA*	NA*	NA*

*The Bank does not have any staff in the "Workers" category



2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format

Monetary

Particular	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹) (For Monetary Cases only)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	P1	Office of the Superintendent, GST, Rampurhat, Birbhum Division, West Bengal	₹ 1,580/-	An Audit was conducted in the state of West Bengal for 2019-20 to 2021-22. Department treated the ITC availed by bank as non claimable. Though the Bank filed reply to Show Cause Notice, the department issued Order demanding payment of ₹ 1,580/- as ITC Reversal and ₹ 1,580/- as penalty.	No
Penalty/Fine	P1	Office of the Superintendent, GST, Rampurhat, Birbhum Division, West Bengal	₹ 87,484/-	An Audit was conducted in the state of West Bengal for 2019-20 to 2021-22. The Department treated Exempted income as Taxable income. Bank filed reply to Show Cause Notice, but the department issued Order demanding payment of Liability of ₹ 10,366/-, Interest of ₹ 68,812/- and Penalty of ₹ 87,484/-.	No
Settlement	NIL				
Compounding fee	NIL				

Non-Monetary

Particular	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NIL			
Punishment	NIL			

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable	Not Applicable

*There were no cases where appeal/revision was preferred in the reporting period.

4. Does the entity have anti-corruption or anti-bribery policy? (Yes/ No)

Yes

If Yes, provide details in brief

The Bank's commitment to anti-corruption and anti-bribery is embedded in its Code of Conduct for Employees and the Insider Trading Monitoring Policy. In addition, a comprehensive KYC/AML/CFT Policy, overseen by the Transaction Monitoring Division under the Risk Management Department, ensures strict adherence to regulatory standards and ethical practices.

Web link to the anti-corruption and anti-bribery policy is provided below.

https://www.esaf.bank.in/wp-content/uploads/2025/12/ABAC-Policy.pdf

5. Number of Directors/ KMPs/ employees/ workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	2025-26	2024-25
Directors	0	0
Employees	0	0
KMPs	0	0
Workers	NA	0

6. Details of complaints with regard to conflict of interest:

Case Details	2025-26		2024-25	
	Number	Remark	Number	Remark
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

NA

*There were no instances related to fines/penalties/actions, on cases of corruption and conflicts of interest.

8. Number of days of accounts payables in the following format:

Particular	2025-26	2024-25
Number of days of accounts payables	29	27

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	2025-26	2024-25
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	0	0
	b. Number of trading houses where purchases are made from	0	0
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	0	0
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	0	0
	b. Number of dealers / distributors to whom sales are made	0	0
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	0	0

Parameter	Metrics	2025-26	2024-25
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	0	0
	b. Sales (Sales to related parties / Total Sales)	0	0
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	0	0
	d. Investments	0	0

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	Percentage of value chain partners covered (by value of business done with such partners) under the awareness programmes
5	1. Cyber Security Awareness for BC	100%
	2. Strategic Leadership in Microfinance for BCs	
	3. Collaboration & Team Building	
	4. Mission MITRAVAT- Capacity Building Program for Bank Mitras	
	5. Code of Conduct	

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No)

Yes

If Yes, provide details of the same.

The Bank has established robust processes to identify, avoid, and manage conflicts of interest involving members of its Board. The key elements of this framework are as follows:

- **Mandatory Disclosures by Directors**

  Every Director is required to disclose their interests or concerns in other entities in accordance with Section 184 of the Companies Act, 2013, including details of related parties as defined under Section 2(76) and other applicable laws. Such disclosures are made at the first Board meeting after appointment. Thereafter, disclosures are provided at the first Board meeting of every financial year.

  Directors must promptly update disclosures whenever there is a change, in the immediate held meeting of the Board.

- **Recusal from Decision-Making**

  Directors who are directly or indirectly interested in any transaction or arrangement of the Bank abstain from participating in discussions and decision-making on such matters. They neither remain present nor vote on the concerned resolutions.

- **Policy on Related Party Transactions (RPTs)**

  The Bank has adopted a comprehensive Policy on Dealing with Related Party Transactions, aligned with the Companies Act, 2013 and applicable regulatory requirements.

  The policy ensures proper identification, approval, and reporting of RPTs.

  All such transactions must be in the best interest of the Bank and its stakeholders.

- **Approval and Oversight Mechanism**

  All Related Party Transactions require prior approval of the Audit Committee of the Board. The Audit Committee of the Board may grant omnibus approvals for recurring transactions. Material transactions or those exceeding prescribed thresholds are placed before shareholders for approval.

- **Independent Review and Participation Controls**

  At the Audit Committee level, only Independent Directors review and approve RPTs. At the Board level, only non-interested Directors participate in deliberations and voting. While seeking shareholder approval, related parties are excluded from voting.

- **Restrictions under Banking Regulations**

  In compliance with Section 20 of the Banking Regulation Act, 1949, the Bank does not grant loans or advances to:

  a. Its Directors or entities in which they have an interest,

  b. Firms or companies where Directors hold significant positions or interests,

  c. Individuals for whom Directors act as partners or guarantors.

  These processes collectively ensure transparency, regulatory compliance, and effective management of conflicts of interest at the Board level.

Principle 2 Businesses should provide goods and services in a manner that is sustainable and safe.

(This principle highlights the importance of sustainable and safe production practices. Companies should strive to minimize the environmental impact of their activities and ensure that their products and services are safe for consumers and the environment.)

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Particular	2025-26	2024-25	Details of improvements in environmental and social impacts
R&D	0	0	NA
Capex	0	0	NA

*Given the nature of the business of the Bank, the relevance of the above is largely restricted to Information Technology (IT) capex. Greater adoption of digital platforms has brought in increased efficiencies of operations.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes

b. If yes, what percentage of inputs were sourced sustainably?

Not Applicable*

*Given the nature of the business of the Bank, the consumption of input material is limited. ESAF Small Finance Bank has integrated sustainable procurement practices across its operations as part of its overarching commitment to Sustainable Banking and ESG Policy. The Bank promotes environmental stewardship by encouraging the use of recycled and eco-friendly materials, reducing paper consumption, and adopting environmentally responsible alternatives to minimise its environmental footprint. These initiatives are guided by the Bank's triple bottom line approach: People, Planet and Prosperity-ensuring that operational and procurement practices remain aligned with its long-term sustainability objectives.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for

(a)	**Plastics (including packaging)**	Nil, Given the nature of our business and operational processes, the Bank do not manufacture or place physical products in the market and hence do not generate any significant quantity of waste.
(b)	**E-waste**	
(c)	**Hazardous waste**	
(d)	**Other waste**	The Bank follows responsible asset management practices, including buyback mechanisms for batteries and IT assets, and disposes of other assets only through authorized vendors and distributors. Any e-waste or plastic waste generated is handled in compliance with applicable environmental standards through partnerships with authorised recyclers, ensuring responsible and sustainable waste management.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No)

No

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards?

Not Applicable

If not, provide steps taken to address the same

Not Applicable

Extended Producer Responsibility (EPR) is not applicable, as the Bank operates exclusively in the banking and financial services sector. Its activities are limited to providing financial products and services and do not involve the manufacture, production, or distribution of goods that fall within the ambit of EPR regulations.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective /Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Not Applicable. As a financial institution, the Bank does not conduct Life Cycle Assessments (LCA) for financial products. However, the Bank systematically integrates Environmental, Social, and Governance (ESG) considerations into its credit appraisal and lending processes, enabling the identification, assessment, and mitigation of environmental and social risks associated with financed activities across their lifecycle.					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
Given the nature of its operations, ESAF Small Finance Bank does not engage in manufacturing activities that directly result in environmental or social impacts. However, the Bank is committed to responsible financing practices. Environmental and social risks are systematically assessed as part of its credit appraisal and lending processes through due diligence, including evaluation of regulatory compliance and applicable clearances. This enables the Bank to identify and mitigate potential environmental and social risks associated with financed activities, in line with its sustainability objectives and responsible business conduct approach. The Bank's approach is further guided by its internal policies, including the exclusion list and the comprehensive Credit Policy, which define prohibited sectors/activities and establish safeguards to avoid financing activities with significant environmental or social risks. Through these mechanisms, the Bank identifies, manages, and mitigates potential environmental and social risks across its lending portfolio, in alignment with its sustainability commitments and responsible business conduct practices.		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	2025-2026	2024-2025
Not Applicable. As a financial institution, ESAF Small Finance Bank does not utilise primary input materials in its operations. Accordingly, the use of recycled or reused input materials is not applicable and considered negligible.		

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	2025-2026			2024-2025		
	Re-used	Recycled	Safely disposed	Re-used	Recycled	Safely disposed
Plastics (including packaging)	Not Applicable, as the bank does not manufacture any products, hence, there is no product or packaging material to be reclaimed.					
E-waste						
Hazardous waste						
Other waste						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable, as the bank does not manufacture any products, hence, there is no product or packaging material to be reclaimed.	



Principle 3 Businesses should respect and promote the well-being of all employees, including those in their value chains.

(This principle emphasizes the importance of employee well-being. Companies should provide safe and healthy working conditions, fair wages, and opportunities for career development to all employees in their value chains, including suppliers, contractors, and temporary workers.)

Essential Indicators

1 a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	5767	5767	100	5767	100	NA	NA	5767	100	369	6
Female	3030	3030	100	3030	100	3030	100	NA	NA	221	7
Total	**8797**	**8797**	**100**	**8797**	**100**	**3030**	**34.44**	**5767**	**65.56**	**590**	**6.7**
Other than permanent employees											
Male	1600	1600	100	1600	100	NA	NA	1600	100	26	1.6
Female	597	597	100	597	100	597	100	NA	NA	29	4.9
Total	**2197**	**2197**	**100**	**2197**	**100**	**597**	**27.17**	**1600**	**72.83**	**55**	**2.5**

Note: The Bank provides maternity and paternity benefits to all female and male employees, respectively.

1. b. Details of measures for the well-being of workers:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers*											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than permanent workers*											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

*The Company has no staff in the "Workers" category.

1. c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

	2025-26	2024-25
Cost incurred on well- being measures as a % of total revenue of the company	0.49	0.44

2. Details of retirement benefits, for Current FY and Previous Financial Year

Benefits	2025-26			2024-25		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers*	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	NA	Yes	100	0	Yes
Gratuity	100	NA	Yes	100	0	Yes
ESI	NA	NA	NA	0	0	NA
Others – please specify	NA	NA	NA	0	0	NA

*The Company has no staff in the "Workers" category.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

If not, whether any steps are being taken by the entity in this regard.

Not Applicable

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016?

Yes

If so, provide a web-link to the policy.

As part of its HR Policy, the Bank upholds a strong commitment to diversity and inclusion. It is an Equal Opportunity Employer, fostering a culture that values differences in age, gender, ethnicity, region, appearance, thinking styles, and religion—ensuring everyone can grow in alignment with the Bank's values and goals.

https://www.esaf.bank.in/career/life-as-an-esafian/



5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	100%	100%	NA*	NA
Female	100%	100%	NA	NA
Total	100%	100%	NA	NA

*The Company has no staff in the "Workers" category.

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Category	Yes/No	If Yes, then give details of the mechanism in brief
Permanent Workers	NA	
Other than Permanent Workers	NA	
Permanent Employees	Yes	Yes, through grievancecell@esafbank.com
Other than Permanent Employees	Yes	Yes, through grievancecell@esafbank.com

*The Company has no staff in the "Workers" category.

The Bank has instituted an Employee Grievance Redressal Cell (GRACE) to provide an informal yet structured platform for employees across all cadres to raise and resolve personal issues, concerns, or complaints (Available for both permanent and other than permanent employees). The mechanism ensures fair, unbiased, and confidential handling of grievances.

The Key features of GRACE:

- Empathetic listening and counselling support
- Open to employees irrespective of cadre and role
- Prompt and effective redressal of grievances
- Assurance of strict confidentiality
- Focus on employee well-being, transparency, and a positive work environment

Channels to Raise Grievances:

Direct contact with designated Grievance Cell members

Email: grievancecell@esafbank.com

HRMS → Workforce Administration → Helpdesk → Initiate Query → Sl. No. 15: Grievance

Venting Box: https://bit.ly/ESAFventingbox

The Grievance Cell is handled by a designated senior HR official and supported by a panel of trained members to ensure accessibility and trust.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	2025-26			2024-25		
	Total employees /workers in respective category (A)	No. of employees /workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees /workers in respective category (C.)	No. of employees /workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent employees	8,797	0	0%	8,336	0	0%
Male	5,767	0	0%	5,448	0	0%
Female	3,030	0	0%	2,888	0	0%
Total Permanent Workers	0	0	0%	0	0	0%
Male	0	0	0%	0	0	0%
Female	0	0	0%	0	0	0%

*ESAF staff welfare trust was established on January 15, 2008 with the sole purpose of undertaking welfare measures for trust members and their families.

**The Company does not have any staff in the 'Workers' category.

8. Details of training given to employees and workers:

Category	2025-26					2024-25				
	Total (A)	On Health and Safety Measures		On Skill Upgradation		Total (D)	On Health and Safety Measures		On Skill Upgradation	
		Number (B)	% (B / A)	Number (C)	% (C / A)		Number (E)	% (E / D)	Number (F)	% (C / D)
Employees										
Male	7,367	2273	30.85	7035	95.49	5,448	2,584	47	4,750	87.2
Female	3,627	983	27.10	3471	95.70	2,888	1,108	38	2,385	82.6
Total	**10,994**	**3256**	**29.62**	**10506**	**95.56**	**8,336**	**3,692**	**44**	**7,135**	**85**
Workers*										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

Note - Disclosure is provided for both permanent employees and workers.

The Company does not have any staff in the 'Workers' category.

9. Details of performance and career development reviews of employees and worker:

Category	2025-26			2024-25		
	Total (A)	No. (B)	% (B / A)	Total (D)	No. (E)	% (E / D)
Employees						
Male	7,367	6150	83.48	5,448	5,448	100
Female	3,627	3193	88.03	2,888	2,888	100
Total	**10994**	**9343**	**84.98**	**8,336**	**8,336**	**100**

Category	2025-26			2024-25		
	Total (A)	No. (B)	% (B / A)	Total (D)	No. (E)	% (E / D)
			Workers*			
Male	NA*	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

Note - Disclosure is provided for both permanent employees and workers.

*The Company does not have any staff in the 'Workers' category.

10. Health and safety management system

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No)

Yes

If Yes, the Coverage of such systems?

The scope includes identifying hazards, setting safety protocols for employees and customers, providing safety training, conducting inspections, and ensuring regulatory compliance. The focus is on building a culture of safety and accountability for everyone.

Employees are periodically sensitised to fire safety procedures and basic first-aid techniques, supported by mock evacuation drills simulating emergency scenarios. In addition, the Bank hosts annual health check-ups and medical camps, reinforcing its broader commitment to employee health, safety, and well-being.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Bank adopts a structured approach to identify and assess work-related hazards on both routine and non-routine bases. The key mechanisms include:

1. **Office Space Inspections**

   Regular inspections are conducted across office premises to proactively identify and mitigate potential safety and operational hazards.

2. **Employee Reporting System**

   Employees are encouraged to promptly report any observed hazards or unsafe conditions through their supervisors or designated reporting channels, fostering a culture of safety and shared responsibility.

3. **Periodic Risk Assessments**

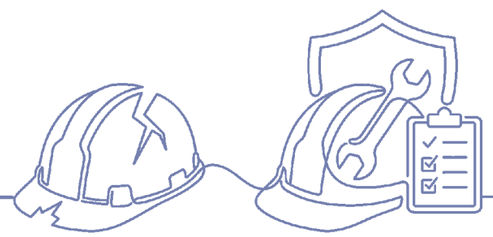
   The Company conducts regular risk assessments, with findings disseminated through internal circulars. For instance, advisories related to seasonal risks, such as heat wave warnings based on Indian Meteorological Department forecasts are issued to safeguard both personnel and property.

4. **Fire, Electrical Safety and Health Preparedness Measures**

   Comprehensive inspections and diligent maintenance of fire safety and emergency response infrastructure are undertaken, including regular checks of fire extinguishers, clear and accessible fire exits, and fully stocked first-aid kits. Routine inspections ensure adherence to electrical and fire safety standards, with any identified non-conformities addressed promptly.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks? (Yes/ No)

Yes



d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes

The Bank undertakes regular health awareness initiatives on critical issues such as heart disease, diabetes, cancer, and other lifestyle related conditions, and provides comprehensive health insurance coverage for all employees and their dependents, ensuring access to quality medical care and financial protection. In addition, mental well being is supported through various initiatives that offers counselling and psychological support, reinforcing a holistic approach to employee health and well being.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category*	FY 2025-26	FY 2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High-consequence work-related injury or ill health (excluding fatalities)	Employees	0	0
	Workers	0	0

*Including in the contract workforce

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The processes to identify work-related hazards and assess risk on routine and non-routine basis are:

1. Office space inspections - Inspections of workplace are conducted to identify potential hazards of any kind.
2. Reporting Systems - Employees are encouraged to report hazards they encounter while they are at work through their supervisors.
3. Risk Assessments - We do periodic assessments and issue circulars regarding the safety of People & Property for example - Circular regarding Heat Wave is issued in summer based on the predictions of Indian Meteorological Department.
4. Fire and Safety mock drills are conducted on regular basis to inform and educate the employees with respect to evacuation during fire outbreak.
5. Regular health check-ups for employees are conducted with advisories from medical professionals.

13. Number of Complaints on the following made by employees and workers:

	2025-26			2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	**0**	**0**	**NA**	**0**	**0**	**NA**
Health & Safety	**0**	**0**	**NA**	**0**	**0**	**NA**

14. Assessment for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/ concerns arising from assessments of health & safety practices and working conditions.

NIL



Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of

Employees (Y/N)	Yes	Workers (Y/N)	NA

Life Insurance

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Bank follows a standard mechanism for statutory deductions, such as Tax Deducted at Source (TDS), applicable to all value chain partners. Awareness regarding these deductions is ensured through regular meetings and clearly defined terms and conditions.

3. Provide the number of employees/workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been/ are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Particular	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	2025-26	2024-25	2025-26	2024-25
Employees	0	0	0	0
Workers	0	0	0	0

*The Company does not have any staff in the 'Workers' category.

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No/ NA)

Yes

Post retirement employees are offered a choice to work on contractual basis based on the mutual agreeable terms and scope of work though the HR Policy does not mandate such a post retirement progression.

5. Details on assessment of value chain partners:

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable

*There were no such risks or concerns arising from health and safety assessments.

Principle 4 Businesses should respect the interests of and be responsive to all its stakeholders.

(This principle highlights the importance of stakeholder engagement. Companies should consider the interests and perspectives of all stakeholders, including shareholders, employees, customers, suppliers, and the communities in which they operate. They should also be responsive to stakeholder concerns and feedback.)

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The identification of stakeholders is guided by the nature of their relationship with the Bank and is outlined in the respective policies and Standard Operating Procedures (SOPs) of the relevant departments. Each department follows structured criteria to determine, assess, and engage with its specific stakeholder groups.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Other- Please Specify)	Frequency of engagement (Annually, Half-yearly, Quarterly, others- Please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Direct communication through email, live address by top management, SMS, Whatsapp groups etc.	Daily and need-based	Bank follows an open-door policy
Shareholders/ Investors	No	The Bank maintains transparent and consistent communication with its investors and shareholders through multiple channels including emails, SMS alerts, newspaper advertisements, its official website, quarterly conference calls, face-to-face meetings, annual general meetings, investor grievance redressal mechanisms, and dedicated investor meets.	Quarterly and need-based	To keep the shareholders and investors updated of developments in the Bank and give necessary directives.
Customers	No	E-mail, SMS, Website, Advertisements, Newspaper, Tele-calling, Notice Board, Town hall meetings, customer interaction meetings	As and when required	Monetary and non-monetary transactions pertaining to customers' accounts and product information
Channel Partners and Key Partners	No	Multiple channels-physical and digital	Frequent and need-based	Help to increase reach and enhance business
Vendors	No	Email, Meetings, Letters, Tele-calling	Need-based	Goods and service procurement, Vendor development programs are organised periodically.
Regulators	No	Disclosures through website, E-mail, one-on-one meetings, conference calls, video conference,	Need-based	Discussions with regard to various regulations and amendments, inspections, approvals
Communities and NGO's	No	Directly or through the CSR Implementing Agencies	Frequent and need-based	Support socially high impact projects.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Bank maintains regular and transparent communication with its key stakeholders through a variety of structured channels:

- **Investors and Shareholders:** Engagement occurs through investor meets, grievance redressal channels, roundtable discussions, quarterly earnings calls, face-to-face meetings, and Annual General Meetings (AGMs). These interactions are designed to disseminate relevant information and to better understand investor perspectives on the Bank's performance and strategic direction.
- **Customers:** The Bank maintains continuous engagement with customers via digital platforms including customer care services, satisfaction surveys, and social media. It strives to identify customer needs and innovate products and services accordingly. The Bank also publishes a booklet titled "Joyful Stories of Transformation", which features real-life case studies collected by employees during their interactions with customers. Feedback received from these engagements is reviewed by the Customer Service Committee of the Board, and necessary actions are undertaken.
- **Employees:** Communication with employees is facilitated through town hall meetings, performance appraisals, internal newsletters, and other engagement platforms. These interactions aim to address employee concerns, inform/announce opportunities for Employee Volunteerism etc which foster alignment with strategic goals, and cultivate a collaborative work culture.
- **Suppliers/Value Chain Partners:** The Bank engages with suppliers through regular meetings and continuous interactions. It is committed to responsible procurement practices and actively invests in strengthening supplier relationships.
- **Regulators:** Engagements with regulators include direct meetings, formal communications via email, and periodic submission of performance reports. The Bank strives to uphold its responsibilities as a compliant and ethical corporate citizen, actively contributing to public policy formulation and implementation where relevant.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No).

Yes

If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

The Bank conducts regular stakeholder engagements, particularly with employees and customers, to address a range of environmental and social concerns. These interactions are facilitated through a various initiatives and observance of Social Weeks that connects employees to reach out to customers. The Employee Engagement division of the HR Department also connects with staff through the ESAF SARG platform. Additionally, the Bank engages with the wider community through its structured CSR projects where employees are given an opportunity to extend their service (Shramjyothi) for community development programs.

Insights and feedback from these engagements are consolidated and channelled as policy recommendations through the Bank's governance committees, primarily the Customer Service Committee of the Board, the HR Committee of the Board, and the CSR & Sustainability Committee of the Board.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

The Bank is deeply committed to the upliftment of communities within its operational areas and maintains regular engagement through its Corporate Social Responsibility (CSR) initiatives. During the year, the Bank actively contributed to several community interventions, particularly in the form of emergency and disaster response efforts. Additionally, it extended support toward strengthening rural school and healthcare infrastructure in the states of Kerala, Jharkhand, and Assam.

Through a dedicated CSR project- Direct Community Intervention (DCI) need based support for strengthening community-based institutions bank has taken deliberate efforts towards the same. For more details, please visit:

https://www.esaf.bank.in/wp-content/uploads/2025/03/Pragati-Report-2023-24-1.pdf

https://www.esaf.bank.in/wp-content/uploads/2025/12/ESAF_CSR_IA_7mb.pdf

Principle 5 Businesses should respect and promote human rights.

(This principle focuses on the importance of human rights. Companies should respect and promote human rights, including the rights to freedom of expression, association, and privacy. They should also prevent and address human rights violations in their operations and value chains.)

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format

Benefits	2025-26			2024-25		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	8797	8797	100	8,336	8,336	100
Other than permanent	2197	2197	100	4,184	4,184	100
Total Employees	**10994**	**10994**	**100**	**12,520**	**12,520**	**100**
Workers						
Permanent	NA	NA	NA	NA	NA	NA
Other than permanent	NA	NA	NA	NA	NA	NA
Total Workers	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

2. Details of minimum wages paid to employees and workers

Category	2025-26					2024-25				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B /A)	No. (C)	% (C /A)		No. (E)	% (E /D)	No. (F)	% (F /D)
Employees										
Permanent										
Male	5767	0	0	5767	100	5,448	0	0%	5,448	100%
Female	3030	0	0	3030	100	2,888	0	0%	2,888	100%
Total	**8797**	**0**	**0**	**8797**	**100**	**8,336**	**0**	**0%**	**8,336**	**100%**
Other than Permanent										
Male	1600	0	0	1600	100	2,818	0	0%	2,818	100%
Female	597	0	0	597	100	1,366	0	0%	1,366	100%
Total	**2197**	**0**	**0**	**2197**	**100**	**4,184**	**0**	**0%**	**4,184**	**100%**
Workers										
Permanent										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Other than Permanent										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**



3. Details of remuneration/salary/wages

a. Median remuneration/wages:

Particular	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BOD)*	7	93,15,882	1	0
Key Managerial Personnel	8	60,36,180	0	0
Employees other than BOD and KMP	7359	4,20,000	3627	3,55,020
Workers	0	0	0	0

Note:

i. The remuneration of the Board of Directors (BOD) includes the remuneration paid to Executive Directors but excludes commission and/or sitting fees paid to Directors. Except Part Time Chairman, all other Non-Executive and Independent Directors are excluded, as they do not receive any remuneration.

ii. Key Managerial Personnel (KMP) includes Executive Directors.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	2025-26	2024-25
Gross wages paid to females as % of total wages	27	28

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

Yes*

*Yes, the Bank has a grievance redressal forum which is led by a senior official. This official is responsible for safeguarding Human Rights in the organisation.



5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Bank has established an Employee Grievance Redressal Cell (GRACE – Grievance Redressal And Counselling for Employees), which serves as a structured platform enabling employees across all cadres to raise concerns pertaining to workplace conduct, ethical issues, and personal well-being. Employees can register grievances through multiple channels including a dedicated grievance email ID (grievancecell@esafbank.com), direct interaction with designated grievance cell members, and an anonymous Venting Box, thereby ensuring ease of access and confidentiality.

The Bank also follows a strong Open-Door Policy, allowing employees to directly approach Department Heads or senior executives, as appropriate, for discussion and resolution of concerns. In addition, the Bank proactively captures employee feedback and identifies potential human rights–related issues through regular Employee Engagement Surveys, Mood Surveys, and Stay Interviews, which help assess workplace sentiment and enable timely corrective actions. Collectively, these mechanisms underscore ESAF Bank's commitment to upholding human rights, promoting open communication, and fostering a safe, respectful, and inclusive workplace.

6. Number of Complaints on the following made by employees and workers:

Particulars	2025-26			2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	4	0	NA	4	0	NA
Discrimination at workplace	0	0	NA	0	0	NA
Child Labour	0	0	NA	0	0	NA
Forced Labour / Involuntary Labour	0	0	NA	0	0	NA
Wages	0	0	NA	0	0	NA
Other human rights related issues	0	0	NA	0	0	NA

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Particulars	2025-26	2024-25
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	4	4
Complaints on POSH as a % of female employees/workers	0.11%	0.09%
Complaints on POSH upheld	0	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

At ESAF Bank, we comply to Statutory & Regulatory norms that are applicable to prevent adverse consequences of any nature. Confidentiality is maintained. The safety and security of every individual is of utmost importance making an enabling work place climate where the complainant can lodge a grievance without fear or favor.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No/NA)

Yes

The human rights requirements are added to agreements and contracts.

10. Assessments for the year:

Name of the Assessment	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

NIL

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

We have modified the Human Resources Policy as well as Sustainable Banking and ESG Policy with Human Rights aspects like - Diversity Equity Inclusion (DEI).

2. Details of the scope and coverage of any Human rights due diligence conducted

The Bank conduct due diligence of the Credit portfolio to avoid financing activities that violates Human Rights or Labour Standards. The Master Credit Policy specifically mentions about the restrictions on business employing child labour and updates the Exclusion List from time to time.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016? (Yes/No)

Yes

4. Details on assessment of value chain partners:

Name of the Assessment	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	100%
Discrimination at workplace	100%
Child Labour	100%
Forced Labour/Involuntary Labour	100%
Wages	100%
Others – please specify	-

Note: All the suppliers and value chain partners have to agree to and accept the Bank's code of conduct and abide by it.

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable

Principle 6 Businesses should respect and make efforts to protect and restore the environment.

(This principle emphasizes the importance of environmental stewardship. Companies should minimize their impact on the environment, conserve natural resources, and promote environmental sustainability. They should also take steps to restore and rehabilitate degraded ecosystems.)

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	2025-26 (in Giga Joules)	2024-25 (in Giga Joules)
From renewable sources		
Total electricity consumption (A)	649.13	324
Total fuel consumption (B)	0	0
Energy consumption through other sources (C.)	0	0
Total energy consumed from renewable sources (A+B+C)	**649.13**	**324**
From non-renewable sources		
Total electricity consumption (D)	33606.66	45,333.36
Total fuel consumption (E)	1342.40	634.83
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	**34949.06**	**45,968.19**
Total energy consumed (A+B+C+D+E+F)	**35598.19**	**46,292.19**
Energy intensity per rupee of turnover [Total energy consumed (in GJ) / Revenue from operations (in rupees)]	0.000000819	0.0000010693
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) [Total energy consumed (in GJ)/ Revenue from operations in rupees adjusted for PPP]	0.000016652	0.0000220912
Energy intensity in terms of physical output Total energy consumed (in GJ) / No of Employees	3.2380	3.6974592652
Energy intensity (optional) – the relevant metric may be selected by the entity	NA	NA
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?		Yes
If yes, name of the external agency.		M/s SustainEDGE Business Solutions Pvt. Ltd

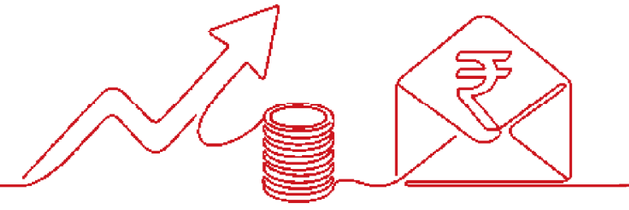
*The nature of our business activity is such that there is no physical output.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Yes/No)

Not Applicable

If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable



3. Provide details of the following disclosures related to water, in the following format:

Parameter	2025-26	2024-25
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	1,16,347.85	1,27,247.21
(iv) Seawater / desalinated water	0	0
(v) Others – <Rainwater>	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	1,16,347.85	1,27,247.21
Total volume of water consumption (in kilolitres)	1,16,347.85	1,27,247.21
Water intensity per rupee of turnover [Total water consumption (in KL) / Revenue from operations (in rupees)]	0.000002676	0.0000029392
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) [Total water consumption (in KL) / Revenue from operations in rupees adjusted for PPP]	0.000054425	0.0000607240
Water intensity in terms of physical output [Total water consumption (in KL) / Total number of employees]	10.5828	10.1635151757
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Yes/No)

Yes

If yes, name of the external agency.

M/s SustainEDGE Business Solutions Pvt. Ltd

Note: The nature of our business activity is such that there is no physical output

4. Provide the following details related to water discharged:

Parameter	2025-26	2024-25
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(ii) To Groundwater		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(iii) To Seawater		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties		
No treatment	0	1,27,247.21
With treatment – please specify level of treatment	0	0
(v) Others		
No treatment	1,16,347.85	0
With treatment – please specify level of treatment	0	0
Total water discharged (in kilolitres)	**1,16,347.85**	**1,27,247.21**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

M/s SustainEDGE Business Solutions Pvt. Ltd

5. Has the entity implemented a mechanism for Zero Liquid Discharge?

No

If yes, provide details of its coverage and implementation.

Not Applicable

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	2025-26	2024-25
NOx	NA	0	0
SOx	NA	0	0
Particulate matter (PM)	NA	0	0
Persistent organic pollutants (POP)	NA	0	0
Volatile organic compounds (VOC)	NA	0	0
Hazardous air pollutants (HAP)	NA	0	0
Others – please specify	NA	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

M/s SustainEDGE Business Solutions Pvt. Ltd

*The nature of our business activities is such that there are no air emissions.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	2025-26	2024-25
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	97.75	46.81
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	6627.98	9,016.30
Total Scope 1 and Scope 2 emissions per rupee of turnover [Total Scope 1 and Scope 2 GHG emissions (in $MTCO_2e$) / Revenue from operations (in rupees)]	Total scope 1 and 2 GHG emissions/ Revenue from operations	0.000000155	0.0000002093
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) [Total Scope 1 and Scope 2 GHG emissions (in $MTCO_2e$) / Revenue from operations in rupees adjusted for PPP]	Total scope 1 and 2 GHG emissions/ Revenue from operations adjusted for PPP	0.000003146	0.0000043250
Total Scope 1 and Scope 2 emission intensity in terms of physical output [Total Scope 1 and Scope 2 GHG emissions (in $MTCO_2e$) /Number of employees	Total scope 1 and 2 GHG emissions/ Total No Employees	0.6118	0.7238905751
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	NA	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

M/s SustainEDGE Business Solutions Pvt. Ltd

Note: The nature of our business activity is such that there is no physical output.

8. Does the entity have any project related to reducing Green House Gas emission? (Yes/No)

Yes

If Yes, then provide details.

The Bank contributes to the reduction of greenhouse gas (GHG) emissions primarily through its role as a financier supporting India's transition to a low-carbon and clean energy economy. The Bank extends financing for renewable energy projects, electric vehicles (EVs), and other sustainable technologies that help reduce dependence on fossil fuels and lower carbon emissions. Additionally, the Bank undertakes internal initiatives focused on enhancing energy efficiency, such as optimized energy use and resource-efficient operations.

For the adoption of sustainable practices among the employees and customers, various Behaviour Change Communication campaigns like "Change Begins With Me", "Think Earth" etc are initiated. The employees are motivated towards the use of public transport, car-pooling, electric vehicle etc.

9. Provide details related to waste management by the entity, in the following format:

Parameter	2025-26	2024-25
Total Waste generated (in metric tonnes)		
Plastic waste (A)	0	0
E-waste (B)	0	0
Bio-medical waste (C)	0	0
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	0	0
Other Non-hazardous waste generated (H).	249.5	64.09
Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)		
Food waste		
Total (A+B + C + D + E + F + G + H)	**249.5**	**64.09**
Waste intensity per rupee of turnover	0.00000000574	0.0000000015
[Total waste generated (in MT) / Revenue from operations (in rupees)]		
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	0.00000011671	0.0000000306
Total waste generated (in MT) / Revenue from operations in rupees adjusted for PPP		
Waste intensity in terms of physical output	0.0227	0.0051190096
Total waste generated (in MT) / No of Employees		
Waste intensity (optional)	NA	NA
– the relevant metric may be selected by the entity		

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste	2025-26	2024-25
(i) Recycled	0	0
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
Total	**0**	**0**

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste	2025-26	2024-25
(i) Incineration	0	0
(ii) Landfilling	0	0
(iii) Other disposal operations	249.5	64.09
Total	**249.5**	**64.09**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

Yes

If yes, name of the external agency.

M/s SustainEDGE Business Solutions Pvt. Ltd

Note: The pantry waste has been considered for 2025-26.

The nature of our business activity is such that there is no physical output.

.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Bank's waste management practices are aligned with the nature of its service-oriented operations and are guided by principles of prudence, responsibility, and environmental stewardship. As the Bank does not manufacture products or engage in chemical intensive processes, the use of hazardous or toxic substances is inherently minimal.

Within its administrative operations, the Bank actively promotes reduced paper usage through digitalization, adopts buyback mechanisms for IT assets and batteries, and ensures that all obsolete assets and waste are disposed of responsibly through authorized vendors and certified recyclers. These measures collectively ensure environmentally sound waste handling while minimizing environmental and health impacts.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Sr. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N)	If no, the reasons thereof and corrective action taken, if any.
			NA	

*The Bank has no operations/offices in/around ecologically sensitive areas

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
			NA		

*The Bank has not conducted EIA during the reporting period. i.e FY 25-26

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N/NA).

Yes

If not, provide details of all such non-compliances, in the following format:

Specify the law/regulation/ guidelines which was not complied with	Provide details of the non- compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
		NA	

Leadership Indicators

1. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	2025-26	2024-25
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF_3, if available)	Metric tonnes of CO_2 equivalent	10,187.58*	-
Total Scope 3 emissions per rupee of turnover [Total Scope 3 emissions (in $MTCo_2e$)/Revenue from operations (in rupees)]	Metric tonnes of CO_2 equivalent/Rupee	0.0000002343	-
Total Scope 3 emission intensity (optional) – No of Employees	Metric tonnes of CO2 equivalent/employee	0.93088	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

If yes, name of the external agency.

Not Applicable

* Emissions related to Air travel & Employee Commute

2. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

3. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative	Corrective action taken, if any
Digitalisation of Banking & Internal Processes (ESAF Office Suite)	Adoption of digital workflows, core banking systems, e statements, and paper less approvals to reduce dependency on physical paperwork.	Significant reduction in paper consumption, improved operational efficiency, and lower indirect emissions.	
Energy Efficiency Measures in Offices	Use of energy efficient lighting, optimized air conditioning systems, and power management practices across offices.	Reduced electricity consumption and associated Scope 2 emissions	
Awareness Programs on Resource Conservation	Employee sensitization on energy conservation, paper reduction, and responsible resource use through internal Behaviour Change Communication campaigns like “Change Begins With Me”, “Think Earth”	Improved employee engagement and sustained behavioural change.	
E-Signature Project	https://www.esaf.bank.in/wp-content/uploads/2025/08/Introduction-of-E-SIGN.pdf	Significant reduction in paper usage, faster turnaround time for approvals and transactions, improved operational efficiency, and lower environmental impact due to reduced printing, storage, and logistics.	

4. Does the entity have a business continuity and disaster management plan? (Yes/No)

Yes

Give details in 100 words/ web link.

The Bank does have the Business Continuity Plan.

https://www.esaf.bank.in/pdf/Disclosure%20on%20Business%20Continuity%20Management.pdf

5. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Not Applicable

6. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

NIL

Principle 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

(This principle highlights the importance of responsible advocacy. Companies should engage in policy advocacy in a responsible and transparent manner, and avoid engaging in activities that could undermine the public interest or the democratic process.)

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

26

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/ National/ International)
1.	Global Alliance for Banking on Values (GABV)	Global
2.	Indo Gulf and Middle East Chamber of Commerce (INMECC) - (Life Time Membership)	Global
3.	All India Management Association (AIMA)	National
4.	Confederation of Indian Industry (CII)	National
5.	Indian Banks Association (IBA)	National
6.	Sa-Dhan	National
7.	Micro Finance Institutions Network (MFIN)	National

	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/ National/ International)
8.	Association of Small Finance Bank of India (SFB - Association)	National
9.	Foreign Exchange Dealers Association of India (FEDAI)	National
10.	Fixed Income Money Market and Derivatives Association of India (FIMMDA)	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
	NIL	

*There were no cases of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities. (Financial Year 2025-26)

Leadership Indicators

1. Details of public policy positions advocated by the entity:

Sr. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half Yearly/ Quarterly/ Others- Please specify)	Web Link, if available
1	Banking on Values	Board Member	Yes	Others	https://www.gabv.org/news/the-global-alliance-for-banking-on-values-gabv-welcomes-dr-k-paul-thomas-ceo-of-esaf-small-finance-bank-as-a-board-member/



Principle 8 Businesses should promote inclusive growth and equitable development.

(This principle emphasizes the importance of promoting inclusive and equitable economic development. Companies should create economic opportunities for all, including disadvantaged and marginalized groups. They should also contribute to the development of local communities and support social and economic empowerment.)

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
			NA*		

*During the financial year 2025-26, there was no Social Impact assessment carried out for ongoing CSR projects

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sr. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
				NA*		

*No such projects were undertaken by the Company.

3. Describe the mechanisms to receive and redress grievances of the community.

Not Applicable

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Particular	2025-26	2024-25
Directly sourced from MSMEs/ small producers	3.95%	0%
Directly from within India	100%	100%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Particular	2025-26	2024-25
Rural	6%	5%
Semi-urban	43%	45%
Urban	37%	37%
Metropolitan	14%	13%

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban/metropolitan)

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
NA	NA

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

	State	Aspirational District	Amount spent (In ₹)
1.	Jharkhand	Dumka	1,44,60,939
2.	Assam	Udalguri	8,56,100
3.	Kerala	Wayanad	4,75,654
4.	Tamil Nadu	Ramanathapuram	82,379

3. a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No/NA)**

   Yes

   b) **From which marginalized /vulnerable groups do you procure?**

   Preference is given to sourcing from local and vulnerable groups.

   c) **What percentage of total procurement (by value) does it constitute?**

   Not Applicable*

*The Bank currently does not have a process in place to capture this percentage.

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Sr. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
		NA*		

*There were no such intellectual properties owned or acquired during the year.

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

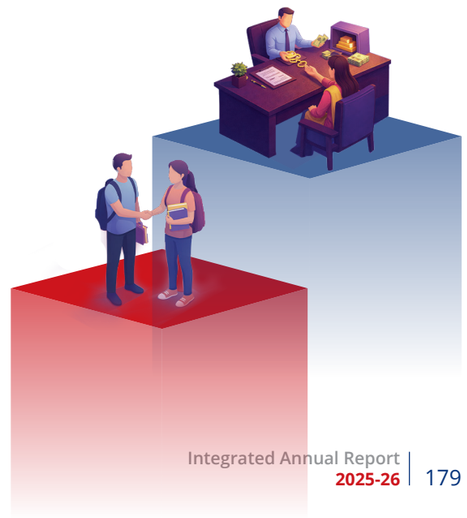
Name of authority	Brief of the Case	Corrective action taken
	NA*	

*There were no such disputes

6. **Details of beneficiaries of CSR Projects:**

	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1.	**ESAF Balajyothi**	34,499	100%
2.	**ESAF SKILL LEAP** (Livelihoods and Entrepreneurship Acceleration Programme)	12,187	100%
3.	**ESAF Village Level Entrepreneurship Development Programme**	2,585	100%
4.	**ESAF Capacity Building and Marketing Linkages for Entrepreneurship Collectives**	20,765	100%
5.	**ESAF Bharat Centre for Excellence in Collective Enterprises**	409	100%
6.	**ESAF Infrastructure Development & Support**	1,280	100%
7.	**ESAF Santhwana**	22,685	100%
8.	**ESAF Chair for Business on Values at IRMA**	160	100%
9.	**ESAF Garshom**	11,989	100%
10.	**ESAF Community interventions-Through Branches (Including Emergency Relief)**	45,430	100%

Note: Direct Beneficiaries includes students in rural and remote locations, low income women, village level youths ,farmer members of FPOs, migrant labourers, community level beneficiaries who access local level institutions like health centres, hospitals, schools, families who seek psychological support ,collectives, etc.



Principle 9 Businesses should engage with and provide value to their consumers in a responsible manner.

(This principle highlights the importance of responsible consumer engagement. Companies should provide safe, high-quality products and services, and ensure that they are marketed and sold ethically and responsibly. They should also be transparent about their products and services, and provide consumers with the information they need to make informed choices.)

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Bank has enabled different channels for its customers to get connected for communicating customer complaints and feedback like: Toll free 24 hour call center with multi language and interactive voice recognition facility, Website communication link for grievances, Branches and Escalation matrix with phone numbers, Customer care emails, Complaint box and Complaint Registers at branches etc.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about

Particular	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

3. Number of consumer complaints in respect of the following:

Particular	2025-26			2024-25		
	Received during the year	Pending resolution at end of year	Remark	Received during the year	Pending resolution at end of year	Remark
Data privacy	0	0	NA	0	0	NA
Advertising	0	0	NA	0	0	NA
Cyber-security	0	0	NA	0	0	NA
Delivery of essential services	0	0	NA	0	0	NA
Restrictive Trade Practices	0	0	NA	0	0	NA
Unfair Trade Practices	0	0	NA	0	0	NA
Other						
a. Digital complaints: UPI, ATM, POS, IMPS, NEFT, RTGS, BILLDESK, AEPS	10681	408*	*	7588	181	NA
b. Other miscellaneous	211	6*	*	94	1	NA

* The pending complaints were received towards the end of the reporting period. It is to be noted that none of the complaints have been pending for more than 30 days.

4. Details of instances of product recalls on account of safety issues:

Particular	Number	Reason for recall
Voluntary recalls	NA	NA
Forced recalls	NA	NA

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No)

Yes

If available, provide a web link of the policy

https://www.esaf.bank.in/privacy-policy/

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not Applicable

*No corrective actions were required or are currently in progress concerning issues related to advertising, delivery of essential services, customer data privacy and cybersecurity, repeated instances of product recalls, or any penalties or actions imposed by regulatory authorities regarding the safety of products or services.

7. Provide the following information relating to data breaches

a. Number of instances of data breaches along-with impact

0*

b. Percentage of data breaches involving personally identifiable information of customers

0%

c. Impact, if any, of the data breaches

NA

*There were Nil instances of data breaches reported during the year.



Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   https://www.esaf.bank.in/

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services**

   Bank has taken multiple actions to sensitize customers on cyber frauds and educating them on the Do's and Don'ts in the area of digital payments and observe necessary cyber discipline. Few of such efforts are : SMS to retail and micro banking customers including SMS in their regional languages, Website popup messages and safe banking tips uploaded in the website home page of the Bank, Safe banking posters published in social media handlers like: Facebook, Instagram, X, Linked-in, Threads etc., sensitizing customers about digital frauds and safe banking through branch level customer service committee meetings, Emailer on safe banking, SMS content to report call center in the transaction alert messages if the same is not done by the customers.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   The Bank employs multiple communication channels to stay connected with its customers, including bulk SMS and email services, a 24-hour multilingual call center, dedicated customer care support, a common customer service email, and access through branches and other touchpoints across India. These mechanisms ensure timely dissemination of information to customers whenever necessary.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/NA)**

   Yes

   If yes, provide details in brief.

   Apart from the product details mentioned in the Bank's website and the product applications, various types of brochures and leaflets are available at all the branches of the Bank, and also displayed key information related to the product's charges and facilities in all the branch notice boards for public to access. After sales, an onboarding call with details of products are also given to customers for savings and current accounts.

   Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/ services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

   Yes

   Periodic surveys and Annual surveys are conducted among customers to get the feedback and review of the products and services provided and the results are published before the senior management for necessary guidance and review.

SustainEDGE®

INDEPENDENT ASSURANCE STATEMENT

Introduction and Engagement

ESAF Small Finance Bank Limited (hereinafter referred to as "the Bank") appointed SustainEDGE Business Solutions Pvt. Ltd. (hereinafter referred to as "SustainEDGE") to undertake an independent limited assurance engagement on selected sustainability disclosures and Key Performance Indicators (KPIs) included in the Business Responsibility and Sustainability Report (BRSR) and BRSR Core disclosures of the Bank for the reporting period from 1 April 2025 to 31 March 2026.

The assurance engagement was conducted in accordance with the AA1000 Assurance Standard v3 (AA1000AS v3) as a Type 2 Moderate/Limited Assurance engagement. The engagement covered evaluation of adherence to the AA1000AS v3 principles of Inclusivity, Materiality, Responsiveness, and Impact, along with assessment of the reliability of the selected sustainability disclosures. The engagement also considered the applicable requirements of the SEBI Business Responsibility and Sustainability Reporting (BRSR) framework and BRSR Core disclosures.

Management's Responsibility

The Bank is responsible for the preparation and presentation of the Business Responsibility and Sustainability Report (BRSR) and BRSR Core disclosures for the reporting period from 1 April 2025 to 31 March 2026.

Management is responsible for identifying material sustainability topics and establishing appropriate systems, processes, controls, methodologies, and reporting mechanisms for the collection, analysis, aggregation, and disclosure of sustainability-related information and Key Performance Indicators (KPIs) included in the BRSR and related public disclosures.

Management is further responsible for maintaining adequate records and supporting documentation to ensure the completeness, accuracy, consistency, and reliability of the sustainability information disclosed in the BRSR and BRSR Core disclosures.

The Bank is also responsible for maintaining and archiving the underlying records, evidence, and supporting documents relating to the reported disclosures and for making such information available to stakeholders, where appropriate.

Scope and Boundary

The assurance engagement included the following:

- Evaluation of adherence to the principles and reporting requirements prescribed under the SEBI Business Responsibility and Sustainability Reporting (BRSR) framework and BRSR Core disclosures, including assessment of the quality and reliability of the reported sustainability information.
- Review of the policies, procedures, initiatives, practices, and sustainability performance disclosures included in the BRSR report.
- Review of selected non-financial disclosures against the applicable BRSR and BRSR Core requirements prescribed by SEBI.
- Sample-based verification of selected environmental, social, and governance disclosures through review of underlying records, management information systems, financial records, operational data, and supporting documentation.
- Review of methodologies, assumptions, estimation techniques, and calculation approaches adopted by management for preparation of the reported disclosures and Key Performance Indicators (KPIs).
- Selection of disclosures and KPIs for assurance based on materiality, stakeholder relevance, regulatory applicability, and significance to intended users of the report.

The assurance engagement covered the following BRSR Core disclosure areas prescribed by SEBI:

- GHG footprint
- Water footprint
- Energy footprint
- Circularity and waste management

- Employee wellbeing and safety
- Gender diversity
- Inclusive development
- Customer and supplier engagement
- Openness of business

The reporting boundary for the above disclosures covered the operations, branches, offices, and activities of the Bank included within its defined BRSR reporting boundary for FY 2025–26 on a standalone basis.

The assurance engagement was conducted through online verification procedures, virtual discussions with management and relevant personnel, analytical review procedures, and sample-based verification of supporting documents, records, management information systems, financial records, operational data, and other relevant evidence shared electronically by the management of the Bank.

The verification procedures also included desk-based review of data and documents relating to the reported BRSR Core disclosures and sustainability performance indicators.

Limitations

SustainEDGE did not perform assurance procedures on forward-looking statements, future commitments, targets, projections, aspirations, strategic plans, or other prospective information disclosed in the BRSR and BRSR Core disclosures of the Bank. Accordingly, no assurance conclusion is expressed on such information.

As with any assurance engagement involving non-financial information, the procedures performed were based on selective testing, analytical review, and professional judgement rather than exhaustive verification.

The assurance engagement was conducted based on the data, information, records, explanations, and representations made available by the management of the Bank. Responsibility for the preparation, presentation, accuracy, completeness, and authenticity of the reported information and underlying data rests solely with the management of the Bank.

The assurance conclusion should be read in the context of the inherent limitations associated with non-financial information, estimation techniques, and sampling-based assurance procedures.

Our Responsibility

Our responsibility is to express an independent limited assurance conclusion based on the procedures performed and evidence obtained during the assurance engagement.

The engagement did not include assessment of the adequacy or effectiveness of the Bank's sustainability strategy, risk management practices, internal management systems, or overall sustainability performance beyond the agreed scope of work.

Our responsibility was limited to the review and verification of qualitative and quantitative sustainability disclosures and Key Performance Indicators (KPIs) included in the BRSR and BRSR Core disclosures for FY 2025–26, in accordance with the agreed scope of work and applicable reporting criteria.

The procedures performed were designed to obtain limited assurance and, accordingly, were less extensive than those performed in a reasonable assurance engagement.

Verification Methodology

During the assurance engagement, SustainEDGE adopted a risk-based approach focused on verification of the reported disclosures and the underlying data management systems and processes.

The assurance procedures included:

- Review of relevant documents, records, data, calculations, and management information relating to the reported disclosures and KPIs.
- Discussions and interviews with relevant management personnel and process owners responsible for sustainability, finance, human resources, operations, procurement, and information technology functions.

- Sample-based verification and analytical review of reported disclosures, methodologies, assumptions, estimation techniques, and supporting evidence.
- Assessment of alignment of the reported disclosures with the applicable requirements of the SEBI BRSR and BRSR Core framework.

Exclusions

The scope of the assurance engagement excluded the following:

- Assessment of the adequacy, effectiveness, or appropriateness of the Bank's sustainability strategy, sustainability risk management practices, or overall management approach towards sustainability-related matters.
- Physical site visits, onsite verification procedures, and visits to external stakeholder premises. The assurance engagement was conducted through online verification procedures and desk-based review of information and documents shared electronically by the management.
- Direct engagement, interviews, or consultation with external stakeholders, customers, suppliers, community representatives, or other third parties.
- Review or audit of financial statements, financial records, or economic performance indicators that are subject to separate statutory audit procedures. Financial information and related disclosures were relied upon as provided by management and the audited financial statements of the Bank.
- Forward-looking statements, future commitments, targets, projections, aspirations, strategic objectives, expected future performance, and management opinions or beliefs disclosed in the BRSR report.

Our Observations

Based on the procedures performed, the Bank has established systems, processes, and internal mechanisms for collection, compilation, and reporting of sustainability information and BRSR Core disclosures.

Based on the procedures performed, SustainEDGE observed the following:

- Environmental disclosures relating to energy consumption, greenhouse gas emissions, water consumption, and waste management were supported through management-prepared workings, operational records, utility data, invoices, and other supporting documentation made available during the engagement.
- Social disclosures relating to employee wellbeing, diversity, safety, and workforce-related indicators were supported through HR records, payroll-related workings, management information systems, and supporting documentation provided by management.
- The Bank has established governance structures and oversight mechanisms for sustainability-related reporting and monitoring of BRSR disclosures.
- Based on the procedures performed, SustainEDGE did not identify any material instances of misstatement in the disclosures reviewed within the agreed scope of the assurance engagement.

Based on the procedures performed within the agreed scope of work, the disclosures reviewed were found to be fairly presented and supported by underlying records and management representations.

Our Conclusion

Based on the procedures performed and evidence obtained during the limited assurance engagement, nothing has come to our attention that causes us to believe that the sustainability disclosures and BRSR Core indicators reviewed for FY 2025–26 have not been prepared, in all material respects, in accordance with the applicable SEBI BRSR and BRSR Core requirements and the internally adopted reporting criteria.

Our procedures were performed in accordance with the requirements of AA1000AS v3 for a Type 2 Moderate/Limited Assurance engagement. Accordingly, the procedures performed were less extensive than those performed in a reasonable assurance engagement.

In our opinion, the disclosures reviewed were fairly presented, in all material respects, subject to the limitations and exclusions described in this assurance statement.

SustainEDGE®

Evaluation of AA1000AS v3 Principles

Inclusivity: The Bank has established processes for identification and engagement of key stakeholder groups and consideration of stakeholder concerns in its sustainability reporting and management approach. The disclosures reviewed demonstrate reasonable alignment with the principle of Inclusivity.

Materiality: The Bank has undertaken identification and assessment of material sustainability topics relevant to its operations, stakeholders, and reporting obligations. The BRSR disclosures appropriately reflect the material environmental, social, and governance aspects relevant to the Bank's operations. The disclosures reviewed demonstrate reasonable alignment with the principle of Materiality.

Responsiveness: The Bank has disclosed management approaches, policies, governance structures, and initiatives relevant to the identified material sustainability topics and BRSR Core indicators. The disclosures reviewed demonstrate reasonable alignment with the principle of Responsiveness.

Impact: The Bank communicates its sustainability performance and ESG-related initiatives through its BRSR disclosures, policy framework, governance mechanisms, and internal reporting processes. Systems and processes have been established for monitoring and reporting sustainability performance indicators relevant to its operations. The disclosures reviewed demonstrate reasonable alignment with the principle of Impact.

Our Assurance Team and Independence

SustainEDGE Business Solutions Private Limited ("SustainEDGE") is an independent sustainability consulting and assurance organization with a multidisciplinary team of experienced professionals specializing in sustainability reporting, ESG assurance, and non-financial disclosures.

SustainEDGE confirms its independence, impartiality, and objectivity with respect to this assurance engagement and further confirms that no conflict of interest exists that could affect the integrity or independence of the assurance process, findings, observations, or conclusions presented in this assurance statement.

During FY 2025–26, SustainEDGE did not undertake any engagement with ESAF Small Finance Bank Limited ("the Bank") that would compromise the independence or impartiality of this assurance engagement.

SustainEDGE was not involved in the preparation, compilation, or development of the BRSR and BRSR Core disclosures, or the underlying sustainability data and information reported by the Bank, except for provision of this independent assurance statement.

The assurance engagement was carried out by a competent assurance team with relevant experience in sustainability reporting, ESG disclosures, BRSR Core verification, and assurance engagements. SustainEDGE maintained professional independence and neutrality throughout the assurance process.

This was a limited assurance engagement; accordingly, the procedures performed were less extensive than those performed in a reasonable assurance engagement.

For and on behalf of
SustainEDGE Business Solutions Private Limited

Dr. Vidyanath R
Director

Place: Hyderabad
Date: 16 June 2026

Report on Corporate Governance

The Report on Corporate Governance of ESAF Small Finance Bank Limited (the Bank) for the Financial Year ended 31st March, 2026 as stipulated in the relevant provisions of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 amended from time to time ('the Listing Regulations'), is set out below:

PHILOSOPHY ON CORPORATE GOVERNANCE

The Bank recognises its role as a responsible corporate citizen and endeavours to adopt and maintain the highest standards of corporate governance. For the Bank, unserved and underserved communities is both a responsibility and privilege. The organisation recognises the significance of this responsibility and remains committed to adopting and strengthening best-in-class governance and responsible business practices.

The Bank's governance philosophy is anchored in its five core values—**Servant Leadership, Customer-Centric, Accountability, Transparency and Commitment**—which collectively guide its approach to ethical conduct, responsible decision-making and long-term sustainable growth. These values are deeply embedded across all levels of the organisation and serve as the foundation for fostering trust, strengthening stakeholder relationships and ensuring that business practices are aligned with the highest standards of corporate governance.

The Bank has adopted a well-structured governance framework, with the Board of Directors at the apex, supported by its Committees that enable focused oversight across diverse areas of operations. The Board comprises professionals with varied experience and perspectives, bringing balanced judgement and a strong values-driven approach to governance and decision-making.

The Board provides strategic guidance while ensuring that the Bank's operations remain aligned with its mission of inclusive and responsible banking. Through its Committees, it oversees key functions such as operations, risk management, regulatory compliance, internal controls, financial prudence, technology enablement and organisational development. This structured oversight ensures that governance is proactive, comprehensive and responsive to the evolving business environment.

The Bank believes in going beyond the law to uphold the best-in-class corporate governance practices. In order to protect the interest of all its stakeholders, the Bank has a strong compliance and risk management framework and it continuously reviews its practices and processes, considering the dynamic environment it operates in.

As a member of the Global Alliance for Banking on Values (GABV), the Bank further aligns its governance practices with internationally recognised principles of responsible, transparent and values-based banking, reinforcing its commitment to building a sustainable and inclusive financial institution.

ESG PRINCIPLES

The Bank's ESG framework is guided by its triple bottom line philosophy of People, Planet and Prosperity, integrating sustainability considerations into its strategy, operations and decision-making processes.

- Environmental: Commitment to responsible environmental stewardship, promoting sustainable financing and supporting a low-carbon, climate-resilient economy.
- Social: Focus on financial inclusion, equitable growth and improving livelihoods, particularly for underserved and marginalized communities.
- Governance: Upholding strong governance standards through transparency, accountability and robust risk management frameworks.

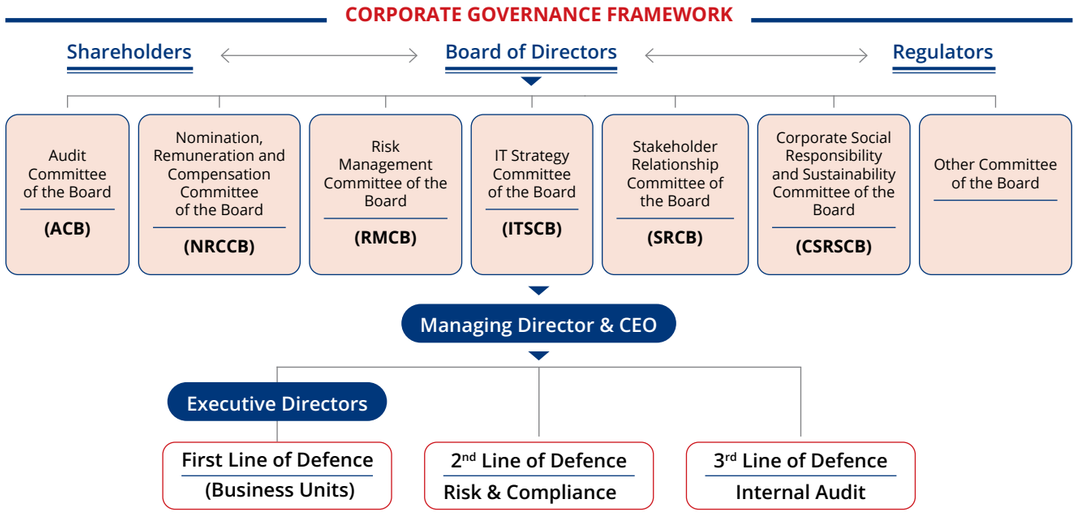
The Bank seeks to integrate ESG considerations across all business verticals and stakeholder engagements, supporting a sustainable and inclusive development model. It is committed to driving long-term value creation by aligning its operations with global sustainability practices, including the Sustainable Development Goals (SDGs), while continuously enhancing its ESG performance and disclosures.

GOVERNANCE STRUCTURE OF THE BANK

The Board oversees the standards of corporate governance at the Bank. The directors are appointed by the shareholders of the Bank. The Managing Director and CEO reports to the Board of the Bank. The Executive Director reports to the Managing Director and CEO of the Bank.

The Board has constituted various board level Committees for a more focused review of specific matters. The Bank has also constituted various executive Committees to, inter alia, deal with routine, operational and administrative matters, as well as to review various matters prior to their submission to the Board / Committees.

Diagrammatic representation of the governance structure of the Bank:



BOARD OF DIRECTORS

Size and Composition of the Board

The composition of the Board is governed by the relevant provisions of the Companies Act, 2013 (the "Act") and relevant rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations"), the Banking Regulation Act, 1949, the guidelines issued by the Reserve Bank of India (the "RBI"), as amended, from time to time and the Articles of Association of the Bank (the "extant laws").

The Board has an optimum combination of executive and non-executive directors with independent directors constituting more than one-half of its total strength. As on 31st March, 2026, the Board has Eight Directors, comprising of the Managing Director and CEO, five independent directors including one-woman Independent Director, one Non-Executive Director and Whole Time Director designated as Executive Director. The Board is led by an Independent Director and Part- Time Chairman. The responsibility of the Board inter alia includes the formulation of an overall strategy for the Bank, business plan, taking new initiatives, formulating policies, performance review, and monitoring of plans.

None of the directors are related to each other. All the independent directors of the Bank have confirmed that they meet the criteria prescribed for independence under the provisions of Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In the opinion of the Board, all the independent directors fulfil the conditions specified under the said norms and are independent of the management.

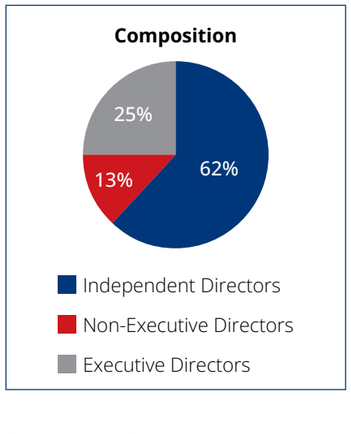
Each Director of the Bank have confirmed that he/she is not debarred from holding the office of director by virtue of any order by SEBI or any other authority. The Directors have ascertained that neither they nor any other company on which they serve as Directors have been identified as a wilful defaulter. Further, each Director of the Bank have confirmed that he/she satisfies the fit and proper criteria as prescribed under the applicable regulations.

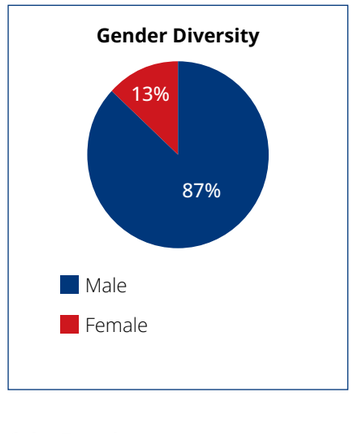
All the independent directors of the Bank are in compliance with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to enrolling their names in the online databank of independent directors and qualifying the online proficiency self-assessment test for independent directors, if applicable.

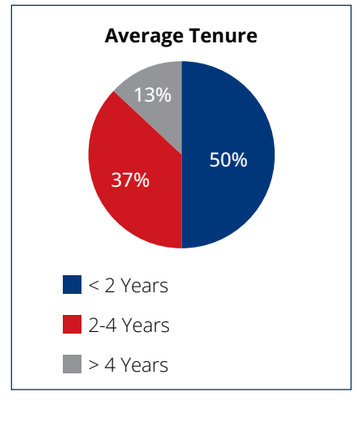
The details of the Board of Directors as on 31st March, 2026 are furnished hereunder:

Sl. No.	Name of the Director	Designation
1.	Shri. Karthikeyan Manickam	Part Time Chairman and Non-Executive Independent Director
2.	Dr. Kadambelil Paul Thomas	Managing Director and Chief Executive Officer
3.	Shri. George Kalaparambil John	Executive Director
4.	Shri. Ajay Sharma	Non-Executive Independent Director

Sl. No.	Name of the Director	Designation
5.	Prof. Biju Varkkey	Non-Executive Independent Director
6.	Ms. Kolasseril Chandramohanan Ranjani	Non-Executive Independent Director
7.	Dr. Vinod Vijayalekshmi Vasudevan	Non-Executive Independent Director
8.	Shri. George Ittan Maramkandathil	Non-Executive Director







Core Skills / Expertise / Competence of the Board

The Board of Directors of the Bank comprises individuals with a wide range of skills, expertise, and experience, which collectively strengthen the effectiveness of the Board and enable informed decision-making.

In accordance with the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, the SEBI Listing Regulations, and guidelines issued by the Reserve Bank of India from time to time, the Bank has identified the core skills, expertise and competencies required of its Directors.

These competencies are aligned with the Bank's strategic priorities and business requirements across areas such as banking, finance, risk management, agriculture and rural economy, information technology, governance, and human resources.

The Board is characterised by an optimal mix of executive and non-executive directors, with independent directors constituting more than half of its strength, thereby ensuring an appropriate balance of independence and governance oversight.

4	Agriculture & Rural Economy
7	Business Management
6	Banking
5	Finance
2	Law
3	Risk Management
3	Co-operation



Accountancy	1
Human Resources	4
Information Technology	2
Payment & Settlement Systems	2

List of Core Skills, Competencies and Expertise of Board of Directors

Sl. No.	Name of the Director	Core Skills / Expertise / Competencies
1.	Shri. Karthikeyan Manickam	Agriculture and Rural Economy, Banking, Law, Human Resources, Business Management, Risk Management, Finance.
2.	Dr. Kadambelil Paul Thomas	Banking, Co-operation, Agriculture and Rural Economy, Finance, Business Management, Payment and Settlement Systems, Small Scale Industry, Risk Management, Economics.
3.	Shri. George Kalaparambil John	Banking, Finance, Agriculture and Rural Economy, Co-operation, Human Resources, Business Management, Payment and Settlement Systems, Information Technology
4.	Shri. Ajay Sharma	Accountancy, Finance, Banking, Law, Human Resources, Business Management, Risk Management
5.	Ms. Kolasseril Chandramohanan Ranjani	Agriculture and Rural Economy, Banking, Finance, Small Scale Industry, Co-operation, Business Management
6.	Prof. Biju Varkkey	Banking and Human Resources
7.	Dr. Vinod Vijayalekshmi Vasudevan	Information Technology, Business Management
8.	Shri. George Ittan Maramkandathil	Business Management

PROFILE OF BOARD OF DIRECTORS

Brief profiles of all the Directors, their shareholding in the Bank and directorship in other companies (including in equity listed/ debt listed entities / entities which have listed units of mutual fund schemes managed by them) are given below:

Shri. Karthikeyan Manickam

(Part-Time Chairman and Non-Executive Independent Director)

Shri. Karthikeyan Manickam has extensive exposure of Corporate Office and field level banking during his professional journey of over 36 years. He was the Executive Director of Bank of India for a period of four (4) years from 10th March, 2021 to 31st March, 2025 and was involved in strategising, framing enablers as policies and had supervised and handled portfolios such as Compliance, Risk Management, Inspection and Audit, Credit Monitoring, Resources Mobilization, Financial Inclusion, Retail, Agriculture and MSME Financing, Recovery, Stressed Assets Resolutions, Government Business, Publicity, Bancassurance, CSR, Marketing etc. Prior to the same, he was posted as General Manager (Corporate Development Officer) in Indian Bank and he took over the HRM functions at a crucial phase, post amalgamation of Allahabad Bank with Indian Bank. He has also worked as the Field General Manager in Indian Bank, controlling eight zones. He has also worked as Zonal Manager of Dharmapuri, Pune and Chennai North Zones. He was also on the Board of Tamil Nadu Grama Bank which was formed as a merged entity of two RRBs namely Pandian Grama Bank, a subsidiary of Indian Overseas Bank with Pallavan Grama Bank, a subsidiary of Indian Bank.

Shri. Karthikeyan Manickam is a Certified Associate of the Indian Institute of Bankers (CAIIB). Further, he holds Master's in Agronomy from Tamil Nadu Agricultural University, Bachelor's degree in agriculture from Tamil Nadu Agricultural University, Diploma in GUI Applications from Bureau of Data Processing Systems Limited, Mumbai and Diploma in Management from Indira Gandhi National Open University (IGNOU).

Previously, he has served as the Nominee Director of Bank of India Investment Managers Private Limited during the period 29th December, 2021 – 31st March, 2025. During the period 02nd August, 2024 – 01st April, 2025 he has held the position of Directorship in Star Union Dai-Ichi Life Insurance Company Limited.

DIN	09450145
Age (Years)	61
Date of Appointment	21st December, 2025
Shareholding in the Bank	Nil
Board Membership in other listed entities	Nil
Board Membership in unlisted entities	Nil
Committee Positions in other entities	Nil

Dr. Kadambelil Paul Thomas

(Managing Director and Chief Executive Officer)

Dr. Kadambelil Paul Thomas is the Managing Director and Chief Executive Officer of the Bank. He holds a Master's degree in Business Administration from Annamalai University. He was conferred an Academic Doctorate by VELS University, Chennai, for his research on "Influence of Social Entrepreneurship on Socio-economic Transformation and Sustainable Development by Small Finance Banks." He was also awarded an Honorary Doctorate by Kerala Agricultural University in recognition of his significant contributions to sustainable development and financial inclusion. He has been a management professional for over 32 years, of which more than 25 years have been in the microfinance sector. He was previously the Chairman and Managing Director of ESAF Financial Holdings Private Limited. He also served as the Founder Secretary-cum-Honorary Executive Director of ESAF Foundation (formerly Evangelical Social Action Forum) for over 26 years. Presently, he is the President of the Kerala Association of Microfinance Institutions Entrepreneurs and the Chair of Sa-Dhan. He serves on the Board of the Global Alliance for Banking on Values (GABV), representing the Asia Pacific (APAC) region in the global network of values-based banks. Over the years, he has received several prestigious recognitions for his leadership and contributions to the banking and financial inclusion sectors, including the Marketing Meister Award, Business Leader of the Year Award, FE Pillar of the BFSI Industry Award, APY Big Believers (ABB) 3.0 Award from PFRDA for the Best Performing MD & CEO, India Banking Summit CEO of the Year Award, Exemplary Diamond Award from PFRDA, and the CEO with HR Orientation Award at the World HRD Congress. He is currently a Director on the Board of Thrissur Start-up Incubation Council, a Section 8 company.

DIN	00199925
Age (Years)	62
Date of Appointment	01st October, 2018
Shareholding in the Bank	3,11,86,785
Board Membership in other listed entities	Nil
Board Membership in unlisted entities	Nil
Committee Position in other entities	Nil

Shri. George Kalaparambil John

(Whole Time Director designated as Executive Director)

Shri George Kalaparambil John was the Executive Vice President (IT and Operations) of ESAF Small Finance Bank Limited and brings an overall experience of 30 years. He has extensive experience in the field of Micro Banking Business and has played a significant role in building the microfinance business of ESAF Small Finance Bank Limited. His varied banking experience spans across business and operational functions such as Micro Banking, Liability, Assets, IT, Digital, Operations, Finance, Treasury, MIS, HR, Marketing, and Legal. He has led various projects under his leadership. He possesses specialised knowledge in the areas of Banking, Finance, Agriculture and Rural Economy, Co-operation, Human Resources, and Business Management. He holds a Master's Degree in Business Administration (MBA) with a specialisation in Fintech from Birla Institute of Technology and Science, Pilani, Rajasthan, and a Master's Degree in Social Work (MSW) with a specialisation in Community Development from the University of Pune.

DIN	00694646
Age (Years)	52
Date of Appointment	18th May, 2024
Shareholding in the Bank	94,118
Board Membership in other listed entities	Nil
Board Membership in unlisted entities	Nil
Committee Position in other entities	Nil

Ms. Kolasseril Chandramohanan Ranjani (K.C. Ranjani)

(Non-Executive Independent Director)

Ms. Kolasseril Chandramohanan Ranjani is the Non-Executive Independent Director on the Board of the Bank. She holds a Bachelor's degree in Science from University of Kerala and a Master's degree in Bank Management from Cochin University of Science and Technology. She has held senior management positions with SIDBI, and has more than 21 years of experience in Micro, Small and Medium Enterprises in India. She is currently on the board of directors of SM Swasthman Foundation.

DIN	01735529
Age (Years)	67
Date of Appointment	13th December, 2022
Shareholding in the Bank	Nil
Board Membership in other listed entities	Nil
Board Membership in unlisted entities	1. S M Swasthman Foundation
Committee Position in other entities	Nil

Shri. Ajay Sharma

(Non-Executive Independent Director)

Shri. Ajay Sharma has diverse experience of over 35 years in IDBI Bank Limited in the areas of Corporate Finance, Retail Banking, Human Resources, Treasury, Audit and

Training departments and he demonstrates holistic understanding of Banking operations and Governance. Further, he has wide experience in the Credit Appraisal, Risk Management, Financial Analysis, MSME, Microfinance lending. He was the Chief Financial Officer of IDBI Bank for a period of four (4) years from 2017 to 2021. He had also served as the Executive Director- Human Resource & Training of IDBI Bank from June, 2021 to October, 2022. In his last assignment, he was an Advisor – Human Resource & Training of IDBI Bank Limited, till May 2024.

Shri. Ajay Sharma is a Certified Associate of the Indian Institute of Bankers (CAIIB). Further, he holds Master of Business Administration (Finance) from R A Poddar institute of Management, Master of Commerce from Himachal University, Bachelor of Commerce from Hansraj College, New Delhi, ICWA (Inter) from the Institute of Costs Accountants of India.

Previously, he has served as the Nominee Director of GTL Limited, Usher Agro Limited, Swan Defence and Heavy Industries Limited, Vadinar Oil Terminal Limited, Welspun Living Limited, Sangam (India) Limited, Echon Industries Limited and Peacock Industries Limited. Further, he had served on the Boards of the National Securities Depository Limited, NSDL e- Governance Infrastructure Limited, Ageas Federal Life Insurance company Limited, Protean Egov Technologies Limited, Reliance Defence Limited.

DIN	06417150	
Age (Years)	63	
Date of Appointment	21st December, 2025	
Shareholding in the Bank	Nil	
Board Membership in other listed entities	1. Banswara Syntex Limited (Independent Director)	
Board Membership in unlisted entities	1. Areion Finserve Private Limited	
	2. India International Exchange (IFSC) Limited (India INX)	
Committee Position in other entities	Banswara Syntex Limited	1. Audit Committee of the Board (Member)
		2. Nomination and Remuneration Committee of the Board (Member)
	Areion Finserve Private Limited	1. Audit Committee of the Board (Member)
		2. Nomination and Remuneration Committee of the Board (Member)
		3. Human Resource Committee of the Board (Member)
	India International Exchange (IFSC) Limited (India INX)	1. Audit Committee of the Board (Chairperson)
		2. Nomination and Remuneration Committee of the Board (Chairperson)
		3. Risk Management Committee (Chairperson)
		4. Member Selection Committee (Chairperson)

Prof. Biju Varkkey

(Non-Executive Independent Director)

Prof. Biju Varkkey is the Non-Executive Independent Director on the Board of the Bank. He is a Fellow Member of the National Institute of Bank Management, Pune and holds a Master's Degree in Personnel Management and Industrial Relations from MG University, Kerala. He is a Faculty in Human Resource area in Indian Institute of Management, Ahmedabad for more than 23 years and has also served as a faculty in various reputed institutions such as Indian Institute of Management, Lucknow, Management Development Institute, Gurgaon etc. He was a Part-Time Non-Official Director of Bank of Baroda for a period of four years in the past and has also held the position as Director in the Board of Aster DM Healthcare Limited, Husys

Consulting Limited and Paschim Gujarat Vij Company Limited. Currently, he holds directorship in the Board of V Guard Industries Limited, a listed entity and Konnect CSR Impactors Private Limited.

DIN	01298281	
Age (Years)	60	
Date of Appointment	17th August, 2023	
Shareholding in the Bank	Nil	
Board Membership in other listed entities	1. V Guard Industries Limited (Independent Director)	
Board Membership in unlisted entities	1. Konnect CSR Impactors Private Limited	
Committee Position in other entities	V Guard Industries Limited	1. Nomination and Remuneration Committee of the Board (Chairperson)
		2. Stakeholders Relationship Committee of the Board (Member)
		3. Corporate Social Responsibility Committee of the Board (Member)

Dr. Vinod Vijayalekshmi Vasudevan

(Non-Executive Independent Director)

Dr. Vinod Vijayalekshmi Vasudevan is the Non-Executive Independent Director on the Board of the Bank. He holds a Bachelor's degree in Technology (Computer Science and Engineering), a Master's degree in Technology (Computer Science and Engineering), and a Doctorate of Philosophy (Computer Science and Engineering) from the Indian Institute of Technology, Kharagpur. He is the group CEO of FLYTXT, Dubai and Amsterdam. He is currently on the board of directors of Flytxt Mobile Solutions International, and Designated Partner in VV Digital Spaces LLP.

DIN	02503201
Age (Years)	58
Date of Appointment	22nd December, 2021
Shareholding in the Bank	Nil
Board Membership in other listed entities	Nil
Board Membership in unlisted entities	1. Flytxt Mobile Solutions International, UAE 2. Flytxt BV The Netherlands
Committee Position in other entities	Nil

Shri. George Ittan Maramkandathil

(Non-Executive Director)

Shri. George Ittan Maramkandathil is the CEO and Founder of the AST Group of Companies. He is a result-driven, self-motivated, and resourceful leader, renowned for his ability to develop and strengthen management teams to maximize Bank profitability and efficiency. He holds diploma in Civil Engineering. He has the requisite expertise in specific functional areas namely Business Management, Developing and Strengthening Management Teams, Leading and Expanding business across various sectors.

Shri. George Ittan Maramkandathil has a distinguished career spanning 43 years, beginning as a CAD Team Leader at Rice Perry Ellis and Partners from 1982 to 1985. In 1985, he founded the AST Group of Companies and has served as CEO since its inception.

DIN	11193648
Age (Years)	56
Date of Appointment	18th November, 2025
Shareholding in the Bank	1,33,33,333
Board Membership in other listed entities	Nil
Board Membership in unlisted entities	Nil
Committee Position in other entities	Nil

- None of the independent directors of the Bank serve as an Independent Director in more than seven listed companies or as a Whole-Time Director in any listed company.
- Board Membership in unlisted entities includes Foreign Companies, Private Companies and Section 8 Companies.

All the directors of the Bank have submitted forms/declarations/ undertakings/ consent as required under the extant laws. Pursuant to review of the said forms/declarations/ undertakings/ consent as submitted by the directors of the Bank, the Nomination, Remuneration and Compensation Committee of the Board (NRCCB) and the Board have confirmed that all the directors are in compliance with the applicable norms and are fit and proper to continue as directors of the Bank.

STATEMENT ON DIRECTORSHIPS AND COMMITTEE POSITIONS OF DIRECTORS

None of the Directors on the Board of the Bank:

(i) hold directorship in more than ten public companies and serve as Directors or as Independent Directors in more than seven listed entities or as a Whole-time Director in any other listed company. Further, the Executive Directors of the Bank do not serve as Independent Directors in any company.

(ii) are members of more than ten committees and Chairpersons of more than five committees across all public companies in which they are Directors. For the purpose of determining the limit, membership and chairpersonship of Audit Committee and Stakeholders' Relationship Committee only have been taken into consideration.

All the Directors have made disclosures regarding their membership on various committees in other companies.

DETAILS OF FAMILIARIZATION PROGRAM IMPARTED TO INDEPENDENT DIRECTORS AND WEB LINK

Complying with SEBI Listing Regulations, provisions of the Companies Act, 2013 and the RBI guidelines, Familiarization Programmes were conducted during the Financial Year 2025-26 to give an overview and introduction to the Independent Directors about the Bank's business and operations.

Under this programme, newly appointed directors are apprised of the organisation structure, operational overview, financial overview, board matters and procedures, key risk issues and its mitigation strategy, among others.

Further, all the newly appointed Board Members undergo a structured face-to-face induction programme where the Bank's Management Team provides insights about the affairs of their function and of the Bank as a whole. The details of the Familiarization programme imparted to Independent Directors are available on the website of the Bank at https://www.esaf.bank.in/wp-content/uploads/2026/05/Familiarisation-Programme-for-Independent-Directors-1.pdf

Induction programme for new Directors

The Bank conducts induction programme for new Directors through one-to-one meetings with the Managing Director and CEO, Executive Director and other members of the senior management on matters relating to businesses, credit underwriting, finance, business strategy, risk management, compliance, internal audit, human resources, information technology / cyber security, environment, social & governance ("ESG") and corporate social responsibility ("CSR"), law, treasury and board process. They are also provided with the governance policies, codes and charters.

On appointment, the Independent Directors are issued a letter of appointment setting out the terms and conditions relating to the appointment and their duties and responsibilities under applicable laws. The format of said letter is also uploaded on the website of the Bank at https://www.esaf.bank.in/wp-content/uploads/2026/07/Letter-of-Appointment-of-Independent-Directors.pdf

CONFIRMATION THAT THE INDEPENDENT DIRECTORS FULFILS THE CONDITION AND ARE INDEPENDENT OF THE MANAGEMENT

The Independent Directors, appointed to the Board have fulfilled all the necessary condition and criteria as enumerated under Regulation 16(1)(b) of the Listing Regulations and have provided their declaration in relation to their Independence as required under Regulation 25(8) of the Listing Regulations. The Independent Directors have also confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. All the Independent Directors are Independent and not related to any members of the Board and they have registered themselves with the IICA for the purpose of Independent Director registration, which is mandated by the Ministry of Corporate Affairs and are exempted from online self-assessment proficiency test. The terms and conditions of appointment of Independent Directors are available on the website of the Bank at https://www.esaf.bank.in/pdf/policies/otherdisclosures/Terms%20and%20conditions%20of%20appointment%20of%20Independent-Directors.pdf.

BOARD MEETINGS

Schedule of the Meetings

The Board meeting dates are generally decided in advance and the meetings are convened by giving appropriate notice after obtaining the approval of the Chairperson and the Managing Director and CEO. The Board meets once a quarter to review the financial results and meets once a year for approval of annual budgets, strategy and when necessary, for such other matters as required under the applicable laws and for business exigencies.

Agenda for the Meetings

The RBI vide its Circular No. RBI/DOR/2025-26/180 DOR.HGG.GOV.No.99/29.67.001/2025-26 has prescribed 'seven critical themes' to be reviewed by the Board namely business strategy, risk, financial reports and their integrity, compliance, customer protection, financial inclusion and human resources. The agenda for Board meetings includes matters forming part of the said critical themes, as stipulated by the RBI along with matters required under the provisions of the extant laws.

The Company Secretary prepares the Agenda for the Board/Committee meetings. The Agenda notes are prepared in consultation with the concerned officials of the respective divisions / departments and are approved by the Managing Director and CEO / Whole-time Director(s). The agenda notes and presentations for the meetings of the Board / Committees are sent to the members of the Board / Committees in advance to enable them to read and comprehend the matters to be dealt with and seek further information / clarification, as may be required.

The said agenda notes / presentations are circulated through a secured web-based portal to facilitate its easy access on iPad / laptop / desktop. The agenda notes / presentations are presented in a manner to facilitate informed decision making.

Members of the Board/Committees are free to suggest matters for including in the meetings of the Board/Committee. All divisions / departments in the Bank are encouraged to plan projects / activities of their functions well in advance, particularly with regard to matters requiring discussion / approval / decision at the Board meetings. All such matters are communicated to the Company Secretary in advance such that the same could be included in the Agenda for the Board meetings. Additional items on the agenda are considered with the permission of the Chairperson and with the consent of all the Directors present at the meeting.

Availability of Information to the Board

Meetings follow structured agenda notes and background papers, circulated through a web-based portal, aligning with the Bank's green initiative. The Board is presented with important information on the operations of the Bank as well as matters which require deliberation at the highest level. Such information includes minimum information required to be placed before the Board as per applicable law and on various other critical items, such as, guiding Corporate Strategy, major plans of action, Risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures, CSR activities, and ESG initiatives, minutes of meetings of the Committees, senior management appointment, regulatory compliance, changes in the economy and regulatory policies, etc.

There were no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Bank (except transactions in the ordinary course of business and on arm's length basis) during the financial year 2025-26.

To address specific urgent needs, meetings are also convened at a shorter notice. In case of business exigencies or urgency of matters, resolutions are also passed by the Board through circulation. Audio / video conference calls are arranged to enable the Directors to discuss, in detail, the items to be approved by circulation and seek clarification as may be required and / or discussed with individual directors, when requested.

The Bank also provides an option to its Directors to attend the meetings electronically through video conferencing in accordance with the provisions of applicable laws.

Post-Meeting follow up

Important decisions taken and suggestions provided by the Board and its Committees are communicated to the relevant departments for their information and necessary action. The actionables emanating from the deliberations at the meetings and actionables emanating from the agenda notes are periodically monitored and reviewed until their closure. The consolidated status of all actionables relating to the Board / Committees, is also reviewed by the Board, on a quarterly basis.

Minutes of the meeting

The draft minutes are sent within 15 days from the date of the conclusion of the meetings to the members of the Board / Committees, for their comments. After incorporating comments, if any, received from members, the minutes are finalised within 30 days of the conclusion of the meeting. The finalised minutes are signed and dated by the Chairperson in accordance with Secretarial Standard-1 and the applicable provisions of law, and are placed before the next meeting for noting.

In case of business exigencies or urgency of matters, resolutions are also passed by the Board / Committees through circulation with the approval of the respective chairperson. The resolution passed by circulation is noted at the next meeting of the Board / Committees.

Conduct of meetings

The meetings of the Board / Committees during fiscal 2026, were conducted in accordance with the provisions of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time.

The gap between two Board meetings did not exceed the prescribed limit of 120 days. The requisite quorum was present throughout and at all the meetings of the Board held during fiscal 2026.

All the statutory recommendations made by the Committees during the fiscal 2026 have been duly considered and approved by the Board.

ATTENDANCE OF EACH DIRECTOR AT THE MEETING OF THE BOARD AND LAST ANNUAL GENERAL MEETING (AGM)

The Board of Directors met 12 times during the Financial Year 2025-26. The details of attendance of each director at the meeting of the Board and last Annual General Meeting (AGM) is as follows:

Sl. No.	Name of the Director	No. of Board Meetings entitled to attend	No. of Board Meetings attended	Attendance of last AGM
1.	Shri. Ravimohan Periyakavil Ramakrishnan (till 20th December, 2025)	09	09	Yes
2.	Dr. Kadambelil Paul Thomas	11	11	Yes
3.	Shri. Thomas Jacob Kalappila (till 09th March, 2026)	12	12	Yes
4.	Dr. Vinod Vijayalekshmi Vasudevan	12	10	Yes
5.	Shri. Ravi Venkatraman (till 12th December, 2025)	10	10	Yes
6.	Ms. Kolasseril Chandramohanan Ranjani	12	12	Yes
7.	Prof. Biju Varkkey	12	12	Yes
8.	Dr. Joseph Vadakkekara Antony (till 17th November, 2025)	08	08	Yes
9.	Shri. Ajayan Mangalath Gopalakrishnan Nair (till 12th December, 2025)	09	09	Yes
10.	Shri. John Samuel (till 12th December, 2025)	10	10	No
11.	Shri. George Kalaparambil John	12	12	Yes
12	Shri. George Ittan Maramkandathil (Since 18th November, 2025)	03	03	NA
13	Shri. Karthikeyan Manickam (since 21st December, 2025)	02	02	NA
14	Shri. Ajay Sharma (since 21st December, 2025)	02	02	NA

NUMBER AND DATES OF MEETING OF BOARD OF DIRECTORS

During the 2025-26, the Board of the Directors of the Bank met Twelve (12) times on following dates:

Q1	Q2	Q3	Q4
1. 16th May, 2025	3. 24th July, 2025	7. 10th October, 2025	11. 30th January, 2026
2. 18th June, 2025	4. 08th August, 2025	8. 03rd November, 2025	12. 27th February, 2026
	5. 14th August, 2025	9. 11th November, 2025	
	6. 20th September, 2025	10. 12th December, 2025	

The maximum interval between any two meetings was not more than 120 days and requisite quorum was present at the respective Board Meetings. The facility to attend the meetings through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) was provided to the Directors. The Board agenda with proper explanatory notes were prepared and circulated on time to all the Board members. All statutory and other matters of significant importance including information as mentioned in Part A of Schedule II to the Listing Regulations are tabled before the Board, to enable it to take appropriate decisions in both strategic and regulatory matters. The Board reviews compliances of all laws, rules, regulations on a quarterly basis. At the Board Meeting, Board Members have full freedom to express their opinion and decisions are taken after detailed deliberations.

DISCLOSURE OF RELATIONSHIP BETWEEN DIRECTORS INTER-SE

The Board of Directors have no inter-se relationship.

DETAILED REASON OF THE RESIGNATION OF THE INDEPENDENT DIRECTOR BEFORE THE EXPIRY OF HIS/HER TENURE ALONG WITH CONFIRMATION THAT THERE ARE NO MATERIAL REASONS OTHER THAN THOSE PROVIDED

During the year under review, no Independent Director has resigned from the Board of the Bank.

REMUNERATION OF DIRECTORS

Compensation Policy

The Directors' Remuneration is determined in accordance with the provisions of the BR Act, the Act, the SEBI Listing Regulations, various guidelines and circulars issued by the RBI, from time to time, and the respective compensation policies for the Employees (including Executive Directors) and Non-Executive Directors of the Bank. The Compensation Policy for Non-Executive Directors is available on the Bank's website at https://www.esaf.bank.in/wp-content/uploads/2026/07/Compensation-Policy.pdf

The remuneration paid to the Executive Directors is approved by the Board, basis the recommendation of the Nomination, Remuneration and Compensation Committee of the Board ("NRCCB"), based on the evaluation of individual director's performance and the Bank's overall performance. The Board, based on the recommendation of the NRCCB, considers and decides the annual remuneration of Executive Directors, within the overall limit approved by the members of the Bank. The payment of remuneration to Executive Directors is also subject to the approval of the RBI, annually.

Details of Remuneration paid to the Executive Directors during the 2025-26 are as below:

(Amount in ₹)

Particulars	Dr. Kadambelil Paul Thomas	Shri. George Kalaparambil John
Basic	1,90,00,000	53,04,606
Allowances	7,00,000	26,65,000
Provident Fund	18,99,996	8,17,940
Perquisites (Excluding ESOPs)		1,47,400
Gratuity	-	-
Variable Pay*	1,43,50,000	4,57,108
Total	**3,59,49,996**	**93,92,054**

* Includes deferred payments pertaining to previous financial years, in accordance with approval granted by the Reserve Bank of India.

- Perquisites (evaluated as per Income Tax Rules, 1962, wherever applicable, or otherwise at actual cost to the Bank) such as Bank's furnished accommodation, electricity, water and furnishings, club fees, personal accident insurance, loans, use of car and telephone at residence, medical reimbursement, travelling and halting allowances, newspapers and periodicals and others were provided in accordance with the Rules of the Bank.
- Variable Pay: As per the prevailing RBI Guidelines on Compensation for Whole Time Directors / Chief Executive Officers / Risk Takers and Control Function Staff, etc. issued by the RBI on 4th November, 2019 (RBI Guidelines on Compensation), the total variable pay of an Executive Director needs to be capped within the overall limit of 300% of the fixed pay. Such variable pay is inclusive of Cash as well as Non-Cash components. The amount of SARs payout, cash bonus, Long Term Deferred Cash and the Employee Stock Options in the above table are part of the variable pay and are linked to the performance of the respective Directors, the performance of the Bank as a whole and such other performance based criteria as may be determined by the NRCCB, from time to time.
- Malus and Clawback provisions apply to the variable pay of Executive Directors, as given in the Compensation Policy of the Bank.
- The terms of employment of Executive Directors provide for termination by mutual consent or by giving three months' notice inwriting. In the event of termination of employment, the liability of the Bank shall be limited to providing only the salary, retiral benefits and perquisites as prescribed by the terms of employment for a period of three months from the date of notice.

During the year under review, the Executive Directors were granted ESOPs under the ESAF Employee Stock Option Scheme 2019, as under:

Director	Date of Grant	No:of Options Granted	Exercise Price Per share (In ₹)	Vesting%	Vesting Date	Exercise Period
Performance Grant under ESAF Employee Stock Option Scheme 2019						
Shri. George Kalaparambil John	27th February, 2026	2,03,194	10	31.3	March 31, 2027	01st April, 2027 to 31st March, 2028
			10	23.57	March 31, 2028	01st April, 2028 to 31st March, 2029
			10	22.87	March 31, 2029	01st April, 2029 to 31st March, 2030
			10	22.26	March 31, 2030	01st April, 2030 to 31st March, 2031

Details of Remuneration paid to the Non-Executive Directors during the 2025-26 are as below:

The following are the details of remuneration and sitting fee paid to the Non-Executive Directors of the Bank during the year under review:

a) Sitting Fees:

(Amount in ₹)

Sl No	Name of the Directors	Amount
1	Shri. Karthikeyan Manickam	8,20,000
2	Ms. Kolasseril Chandramohanan Ranjani	21,20,000
3	Dr. Vinod Vijayalekshmi Vasudevan	12,50,000
4	Prof. Biju Varkkey	13,70,000
5	Shri. Ajay Sharma	6,70,000
6	Shri. George Ittan Maramkandathil	2,80,000
7	Shri. Ravimohan Periyakavil Ramakrishnan	17,40,000
8	Shri. Thomas Jacob Kalappila	19,20,000
9	Shri. Ravi Venkatraman	10,50,000
10	Dr. Joseph Vadakkekara Antony	18,30,000
11	Shri. Ajayan Mangalath Gopalakrishnan Nair	20,40,000
12	Shri. John Samuel	10,00,000
	Total	**1,60,90,000**

b) Fixed Remuneration (Honorarium)

(Amount in ₹)

Sl No	Name of the Directors	Amount
1	Shri. Karthikeyan Manickam	5,03,226
	Total	**5,03,226**

All Directors are eligible for reimbursement of expenses incurred while performing their duties. The Bank does not grant stock options to its Independent Directors.

There were no other pecuniary relationships or transactions of Non-Executive Directors vis-a-vis the Bank (except banking transactions in the ordinary course of business and on arm's length basis) during fiscal 2026.

COMMITTEES OF THE BOARD

The Board also functions through various Committees, constituted to deal with specific matters as mandated under the extant laws. The charter of the Board Committees is subject to an annual review by the Board, pursuant to changes in the extant laws or to meet the business requirements of the Bank.

As on 31st March, 2026, the Board has 12 Committees, details and composition of which are as follows:

Sr. No.	Name of the Committees
1.	Audit Committee of the Board (ACB)
2.	Nomination, Remuneration and Compensation Committee of the Board (NRCCB)
3.	Risk Management Committee of the Board (RMCB)
4.	Corporate Social Responsibility and Sustainability Committee of the Board (CSRSCB)
5.	Stakeholders Relationship Committee of the Board (SRCB)
6.	Management Committee of the Board (MCB)
7.	IT Strategy Committee of the Board (ITSCB)
8.	Customer Service Committee of the Board (CSCB)
9.	Human Resource Committee of the Board (HRCB)
10.	Special Committee of the Board for Monitoring and Follow-up of Cases of Frauds (SCBMF)

Sr. No.	Name of the Committees
11.	Review Committee of the Board for identification and Classification of Wilful Defaulters (RCBWD)
12.	Those Charged With Governance Committee of the Board (TCWGCB)

Composition of Committees of Directors as on the date of this Report is as follows:

Name of the Committee	Non-Executive Directors						Executive Directors	
	Shri. Karthikeyan Manickam	Dr. Vinod Vijayalekshmi Vasudevan	Ms. Kolasseril Chandramohanan Ranjani	Prof. Biju Varkkey	Shri. Ajay Sharma	Shri. George Ittan Maramkandathil	Dr. Kadambelil Paul Thomas	Shri. George Kalaparambil John
Audit Committee		○	♀		○			
Nomination, Remuneration and Compensation Committee	○		○	♀				
Risk Management Committee	○		○		♀		○	
Corporate Social Responsibility and Sustainability Committee	♀					○	○	
Stakeholders Relationship Committee			○			♀	○	
Management Committee	♀				○		○	○
IT Strategy Committee	○	♀					○	○
Customer Service Committee		♀	○			○		○
Human Resource Committee	○	○		♀			○	
Special Committee of the Board for Monitoring and Follow up- Cases of Frauds	♀				○			○
Review Committee of the Board for Identification and Classification of Wilful Defaulters	○				○		♀	
Those Charged with Governance Committee	♀	○	○		○		○	○

♀ Represents Chairperson of the Committee ○ Represents Membership in the Committee

BRIEF TERMS OF REFERENCE OF BOARD COMMITTEES

AUDIT COMMITTEE OF THE BOARD (ACB)

Brief description of terms and reference

- **Financial Reporting:** Oversight of financial statements and disclosures to ensure accuracy, completeness, and compliance with accounting standards and regulatory requirements.
- **Internal Controls & Audit:** Review of internal financial controls and effectiveness of the internal audit function, including approval of audit plans and monitoring of corrective actions.
- **Statutory Auditors:** Recommendation of appointment, remuneration, and removal of statutory auditors; review of audit scope, independence, and findings.
- **Compliance Oversight:** Monitoring adherence to applicable laws, regulations, and internal policies, including review of regulatory inspection reports and compliance updates.

- **Vigil Mechanism & Fraud:** Oversight of whistle blower mechanism, vigilance function, and review of frauds, investigations, and anti-fraud frameworks.
- **Related Party Transactions:** Approval and review of related party transactions and scrutiny of significant financial transactions.
- **Operational Review:** Review of branch inspection reports, reconciliation issues, and key operational risks.
- **Senior Management Oversight:** Recommendation for appointment of key functionaries such as CFO, Head of Internal Audit, Chief Compliance Officer, and Chief of Internal Vigilance.
- **Other Responsibilities:** Review of policy deviations, monitoring utilization of funds raised, evaluation of corporate restructuring proposals, and such other functions as delegated by the Board.

Capitals Impacted	Financial, Social and Relationship Capital
Stakeholders Impacted	Investors and Government and Regulatory Bodies
Composition	Ms. Kolasseril Chandramohanan Ranjani (Chairperson), Shri. Ajay Sharma, Dr. Vinod Vijayalekshmi Vasudevan, all of whom are Independent Directors. Ms. Kolasseril Chandramohanan Ranjani and Shri. Ajay Sharma are the members of the Committee having financial expertise.
Meetings	During the financial year under review, the Committee met six (6) times on 15th May, 2025, 7th August, 2025, 10th November, 2025, 28th January, 2026, 30th January, 2026 and 26th February, 2026

Details of Reconstitution of the Committee

- Ms. Kolasseril Chandramohanan Ranjani was member of the Committee till 09th March, 2026 and was designated as the Chairperson of the Committee with effect from 10th March, 2026.
- Dr. Vinod Vijayalekshmi Vasudevan was appointed as a member of the Committee with effect from 10th March, 2026.
- Shri. Ajay Sharma was appointed as a member of the Committee with effect from 21st December, 2025.
- Shri. Thomas Jacob Kalappila ceased to be a member and Chairperson of the Committee with effect from 09th March, 2026 upon completion of tenure of appointment.
- Shri. Ravi Venkatraman ceased to be a member of the Committee with effect from 12th December, 2025 upon completion of tenure of appointment.
- Shri. Ajayan Mangalath Gopalakrishnan Nair ceased to be the member of the Committee with effect from 12th December, 2025 upon completion of tenure of appointment.
- Shri. George Ittan Maramkandathil was appointed member of the Committee with effect from 13th December, 2025. Shri. George Ittan Maramkandathil ceased to be a member of the Committee with effect from 20th December, 2025 upon reconstitution of the Committee.

NOMINATION REMUNERATION AND COMPENSATION COMMITTEE OF THE BOARD (NRCCB)

Brief description of terms and reference

- **Human Resources & Compensation:** Review and oversee policies on performance evaluation, compensation, succession planning, and employee benefits (including ESOPs), ensuring alignment with risk management principles and organizational objectives.
- **Remuneration Framework:** Formulate and implement remuneration policies for Directors, Key Managerial Personnel, and Senior Management, ensuring an appropriate balance between fixed and variable pay and compliance with regulatory guidelines.
- **Board Diversity & Succession Planning:** Develop policy on Board diversity and ensure structured succession planning and continuity for key and senior management positions.

- **Appointment of Directors & Senior Management:** Identify and recommend qualified candidates for appointment/re-appointment/removal of Directors, KMPs, and senior executives, ensuring "fit and proper" criteria, due diligence, and independence requirements are met.
- **Performance Evaluation:** Define criteria for evaluation of Directors and senior management and ensure linkage between performance and remuneration.
- **Board Composition & Effectiveness:** Recommend optimal Board size, structure, and composition, and periodically review Board and Committee effectiveness.
- **Remuneration Decisions:** Approve and review remuneration of Directors, MD & CEO, and senior management, considering financial position, industry benchmarks, and regulatory norms.
- **Governance & Shareholder Interface:** Ensure robust governance processes for appointments and continuity planning and address shareholder queries on remuneration at General Meetings.

Capitals Impacted	Human Capital
Stakeholders Impacted	Employees
Composition	Prof. Biju Varkkey (Chairperson), Shri. Karthikeyan Manickam and Ms. Kolasseril Chandramohanan Ranjani. All the members of the Committee are Independent Directors.
Meetings	During the financial year under review, the Committee met Eight (8) times on 16th May, 2025, 23rd July, 2025, 6th August, 2025, 14th August, 2025, 8th November, 2025, 11th November, 2025, 29th January, 2026 and 26th February, 2026

Details of Reconstitution of the Committee

- Shri. Karthikeyan Manickam was appointed as a member of the Committee with effect from 21st December, 2025.
- Shri. Ravimohan Periyakavil Ramakrishnan ceased to be a member of the Committee with effect from 20th December, 2025 upon completion of tenure of appointment.
- Dr. Joseph Vadakkekara Antony ceased to be a member of the Committee with effect from 17th November, 2025 upon completion of tenure of appointment.

RISK MANAGEMENT COMMITTEE OF THE BOARD (RMCB)

Brief description of terms and reference

- **Risk Governance & Oversight:** Oversee the identification, measurement, monitoring, and mitigation of all material risks faced by the Bank and provide assurance to the Board on the effectiveness of risk management systems.
- **Risk Appetite & Policies:** Approve and periodically review the Bank's risk appetite, risk policies, frameworks, and strategies, and recommend the same for Board approval.
- **Risk Framework & Organisation:** Ensure a robust risk management structure with clearly defined roles, independence of the Risk function, and adequate resources, including oversight of the Chief Risk Officer.
- **Capital Adequacy & ICAAP:** Review capital adequacy, Internal Capital Adequacy Assessment Process (ICAAP), and ensure alignment of capital with the Bank's risk profile.
- **Credit & Portfolio Monitoring:** Monitor credit risk profile, asset quality, concentration risks, rating migration, NPAs, and exposure limits across sectors, geographies, and portfolios.
- **Operational & Emerging Risks:** Oversee operational risk, cyber security framework, and emerging risks, including regulatory and environmental (ESG-related) risks.
- **Stress Testing & Early Warning Systems:** Review stress testing results, Early Warning Signals (EWS), Red Flagged Accounts (RFA), and ensure timely corrective and preventive actions.

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- **Compliance & Reporting:** Ensure adherence to regulatory and internal risk policies, review risk-related regulatory reporting, and monitor instances of non-compliance and limit breaches.
- **Monitoring & Control Framework:** Oversee implementation and effectiveness of risk management systems, internal controls, and business continuity planning.
- **Governance & Reporting to Board:** Provide periodic updates to the Board on risk exposures, trends, key developments, and recommended actions.
- **Other Responsibilities:** Review executive risk committees, approve operational risk policies and methodologies, and perform such functions as delegated by the Board from time to time.

Capitals Impacted	Financial Capital
Stakeholders Impacted	Investors, Government and Regulatory Bodies
Composition	Shri. Ajay Sharma (Chairperson), Shri. Karthikeyan Manickam, Dr. Kadambelil Paul Thomas and Ms. Kolasseril Chandramohanan Ranjani. Out of the total members, 3 members are Independent Directors.
Meetings	During the financial year under review, the Committee met Six (6) times on 17th June, 2025, 24th July, 2025, 19th September,2025, 10th December, 2025, 28th January, 2026 and 25th February, 2026

Details of Reconstitution of the Committee

- Shri. Ajay Sharma was appointed as Chairperson of the Committee with effect from 10th March, 2026.
- Shri. Karthikeyan Manickam was appointed as a member of the Committee with effect from 21st December, 2025.
- Ms. Kolasseril Chandramohanan Ranjani was appointed as a Chairperson of the Committee with effect from 13th December, 2025 upon reconstitution of the Committee.
- Ms. Kolasseril Chandramohanan Ranjani ceased to be Chairperson, but continued to be member of the Committee with effect from 10th March, 2026 upon reconstitution of the Committee.
- Shri. Ravi Venkatraman ceased to be the member and Chairperson of the Committee with effect from 12th December, 2025 upon completion of tenure of appointment.
- Shri. Ravimohan Periyakavil Ramakrishnan ceased to be a member of the Committee with effect from 20th December, 2025 upon completion of tenure of appointment.
- Shri. Thomas Jacob Kalappila ceased to be a member of the Committee with effect from 09th March, 2026 upon completion of tenure of appointment.
- Shri. Ajayan Mangalath Gopalakrishnan Nair ceased to be a member of the Committee with effect from 12th December, 2025 upon completion of tenure of appointment.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE OF THE BOARD (CSRSCB)

Brief description of terms and reference

- **CSR Policy & Strategy:** Formulate and periodically review the CSR policy, strategies, annual action plan, and sustainability frameworks of the Bank.
- **Implementation & Monitoring:** Oversee implementation of CSR projects, ensuring effective execution through approved frameworks and implementing agencies.
- **CSR Expenditure & Activities:** Identify priority areas for CSR activities and recommend the amount of expenditure, ensuring proper utilization and monitoring.
- **Compliance & Disclosures:** Ensure compliance with applicable CSR regulations and adequate disclosures in the Annual Report, including reasons for any unspent CSR amount.
- **Financial Oversight:** Ensure proper accounting of CSR expenditures and that any surplus arising from CSR activities is not treated as business profit.
- **Impact Assessment & Reporting:** Review impact assessment reports and provide periodic updates to the Board on CSR and sustainability initiatives.
- **Sustainability & ESG Oversight:** Review and recommend sustainability policies, oversee ESG implementation, and ensure appropriate reporting and disclosures.
- **Employee Engagement & Capacity Building:** Promote employee participation in CSR and sustainability initiatives and ensure adequate training and awareness programs.
- **Governance & Review:** Monitor effectiveness of CSR policy and recommend improvements to the Board from time to time.

Capitals Impacted	Financial, Social, Natural, Social and Relationship Capital
Stakeholders Impacted	Customers, Employees, Community, Investors, Employees, Suppliers Government and Regulatory Bodies.
Composition	Shri. Karthikeyan Manickam (Chairperson), Dr. Kadambelil Paul Thomas and Shri. George Ittan Maramkandathil. Out of the total members, 2 members are Non-Executive Directors, out of which one is an Independent Director.
Meetings	During the financial year under review, the Committee met Three (3) times on 16th May, 2025, 7th August, 2025 and 10th November, 2025

Details of Reconstitution of the Committee

- Shri. Karthikeyan Manickam was appointed as Chairperson of the Committee with effect from 10th March, 2026.
- Shri. George Ittan Maramkandathil was appointed as Chairperson of the Committee with effect from 13th December, 2025. Shri. George Ittan Maramkandathil ceased to be the Chairperson but continued as a member of the Committee with effect from 21st December, 2025 upon reconstitution of the Committee.
- Shri. John Samuel ceased to be the Chairperson and a member of the Committee with effect from 12th December, 2025 upon completion of tenure of appointment.
- Dr. Joseph Vadakkekara Antony ceased to be a member of the Committee with effect from 17th November, 2025 upon completion of tenure of appointment.
- Shri. Ajay Sharma was appointed as Chairperson of the Committee with effect from 21st December, 2025. Shri. Ajay Sharma ceased to be the Chairperson and member of the Committee with effect from 09th March, 2026 upon reconstitution of the Committee.
- Ms. Kolasseril Chandramohanan Ranjani ceased to be a member of the Committee with effect from 20th December, 2025 upon reconstitution of the committee.

STAKEHOLDERS RELATIONSHIP COMMITTEE OF THE BOARD (SRCB)

Brief description of terms and reference

- **Investor Grievance Redressal:** Resolve complaints of security holders relating to transfer/transmission of shares, non-receipt of dividends, annual reports, share certificates, and general meeting matters.
- **Shareholder Services Oversight:** Review service standards and performance of the Registrar & Share Transfer Agent and other investor service providers.
- **Voting & Shareholder Rights:** Review measures to facilitate effective exercise of voting rights by shareholders.
- **Unclaimed Dividends & Communication:** Monitor initiatives to reduce unclaimed dividends and ensure timely communication of financial and statutory information to shareholders.
- **Securities Management:** Approve transfer/ transmission of securities, issuance of duplicate share certificates, and subdivision or consolidation of share certificates.
- **Default Monitoring:** Examine reasons for any significant defaults in payments to shareholders, depositors, debenture holders, and creditors.

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- **Regulatory & Governance Functions:** Ensure compliance with applicable provisions of the Companies Act, SEBI regulations, and perform such other functions as may be delegated by the Board from time to time.

Capitals Impacted	Financial, Human, Social and Relationship Capital
Stakeholders Impacted	Investors, Employees, Government and Regulatory Bodies
Composition	Shri. George Ittan Maramkandathil (Chairperson), Dr. Kadambelil Paul Thomas and Ms. Kolasseril Chandramohanan Ranjani. Out of the total members, 2 members are Non-Executive Directors, out of which one is an Independent Director.
Meetings	During the financial year under review, the Committee met Three (3) times on 16th May, 2025, 7th August, 2025 and 26th February, 2026

Details of Reconstitution of the Committee

- Shri. George Ittan Maramkandathil was appointed as Chairperson of the Committee with effect from 13th December, 2025.
- Ms. Kolasseril Chandramohanan Ranjani ceased to be the Chairperson of the Committee with effect from 12th December, 2025 but continued as a member of the Committee.
- Shri. John Samuel ceased to be a member of the Committee with effect from 12th December, 2025 upon completion of tenure of appointment.
- Shri. Ravi Venkatraman ceased to be a member of the Committee with effect from 17th November, 2025 upon resignation from the Committee.
- Shri. Karthikeyan Manickam was appointed as a member of the committee with effect from 21st December, 2025. Shri. Karthikeyan Manickam ceased to be a member of the Committee with effect from 10th March, 2026 upon reconstitution of the Committee.

MANAGEMENT COMMITTEE OF THE BOARD (MCB)

Brief description of terms and reference

- **Business Strategy & Performance:** Review the Bank's business strategy, business plans, budgets, and overall performance, including branch profitability and peer benchmarking.
- **Operational & Growth Oversight:** Monitor implementation of expansion plans, financial inclusion initiatives, and sustainable banking activities.
- **Financial & Liquidity Management:** Review liquidity position, treasury operations, and capital and revenue expenditures beyond delegated authority.
- **Credit & Risk Monitoring:** Approve major credit proposals beyond executive powers, review NPA recovery, and oversee identification of non-cooperative borrowers.
- **Investments & Transactions:** Approve borrowing (other than debentures), inter-bank participation, securitization/assignment transactions, and acquisition of fixed assets beyond delegated limits.
- **Administrative Powers:** Approve opening/closure of bank accounts, allotment of securities, issuance of duplicate security certificates, and review procurement-related decisions.
- **Governance & Oversight:** Review delegated powers exercised by management, address miscellaneous matters not requiring Board approval, and exercise such powers as delegated by the Board from time to time.

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Capitals Impacted	Financial, Manufactured, Social and Relationship Capital
Stakeholders Impacted	Investors, Employees and Customers
Composition	Shri. Karthikeyan Manickam (Chairperson), Dr. Kadambelil Paul Thomas, Shri. George Kalaparambil John and Shri. Ajay Sharma. Out of the total members, 2 members are Independent Directors.
Meetings	During the financial year under review, the Committee met Sixteen (16) times on 29th April, 2025, 15th May, 2025, 12th June, 2025, 14th July, 2025, 24th July, 2025, 6th August, 2025, 11th August, 2025, 18th September, 2025, 21st October, 2025, 11th November, 2025, 10th December, 2025, 16th January, 2026, 28th January, 2026, 11th February, 2026, 26th February, 2026 and 26th March 2026.

Details of Reconstitution of the Committee

- Shri. Karthikeyan Manickam was appointed as Chairperson of the Committee with effect from 03rd January, 2026.
- Shri. Ajay Sharma was appointed as member of the Committee with effect from 03rd January, 2026.
- Shri. Ravimohan Periyakavil Ramakrishnan ceased to be the Chairperson and member of the Committee with effect from 20th December, 2025 upon completion of tenure of appointment.
- Dr. Joseph Vadakkekara Antony ceased to be a member of the Committee with effect from 17th November, 2025 upon completion of tenure of appointment.
- Shri. Ajayan Mangalath Gopalakrishnan Nair ceased to be a member of the Committee with effect from 12th December, 2025 upon completion of tenure of appointment.

IT STRATEGY COMMITTEE OF THE BOARD (ITSCB)

Brief description of terms and reference

- **IT Strategy & Alignment:** Approve IT and digital strategy, policies, and ensure alignment with the Bank's overall business strategy and objectives.
- **IT Governance & Structure:** Ensure a robust IT governance and information security framework with clearly defined roles, accountability, and adequate skilled resources.
- **Value Delivery & Performance:** Oversee IT performance and ensure that IT investments deliver value and support business growth and digital transformation.
- **IT Investment & Resource Management:** Review and ensure optimal allocation of IT resources and investments, balancing risks and returns in line with strategic priorities.
- **Cyber Security & Information Security:** Ensure an effective framework for cyber security, information security, and protection of information assets, including controlled access and risk assessment processes.
- **Risk Management & Oversight:** Monitor IT-related risks and controls, assess management effectiveness in risk mitigation, and provide high-level policy guidance.
- **Business Continuity & Resilience:** Review adequacy and effectiveness of Business Continuity Planning (BCP) and Disaster Recovery (DR) arrangements at least annually.
- **Funding & Monitoring:** Oversee IT budgets and ensure adequate funding aligned with the Bank's IT maturity, threat environment, and regulatory expectations.
- **Strategic Execution & Review:** Evaluate management's performance in implementing IT strategies and monitor contribution of IT and digital initiatives to business outcomes.

Capitals Impacted	Financial, Social, Relationship and Intellectual Capital
Stakeholders Impacted	Investors, Customers, Government and Regulatory Bodies and Suppliers
Composition	Dr. Vinod Vijayalekshmi Vasudevan (Chairperson), Shri. Karthikeyan Manickam, Dr. Kadambelil Paul Thomas and Shri. George Kalaparambil John. Out of the total members, 2 members are Independent Directors.
Meetings	During the financial year under review, the Committee met Four (4) times on 18th June, 2025, 19th September, 2025, 12th December, 2025 and 27th February, 2026.

Details of Reconstitution of the Committee

- Shri. Karthikeyan Manickam was appointed as a member of the Committee with effect from 03rd January, 2026.
- Shri. Ajayan Mangalath Gopalakrishnan Nair ceased to be a member of the Committee with effect from 12th December, 2025 upon completion of tenure of appointment.
- Shri. Thomas Jacob Kalappila ceased to be a member of the Committee with effect from 09th March, 2026 upon completion of tenure of appointment.

CUSTOMER SERVICE COMMITTEE OF THE BOARD (CSCB)

Brief description of terms and reference

- **Customer Service Framework:** Define and review standards for customer service across the Bank, including conduct of employees, Business Correspondents, and agents to ensure fair and transparent dealings.
- **Customer Policies & Fair Practices:** Review and recommend key customer-facing policies, including Customer Service Policy, Fair Practices Code for lending, Deposit Policy, Service Charges Policy, and Customer Compensation Policy.
- **Grievance Redressal Mechanism:** Oversee effectiveness of grievance redressal systems, including timely resolution of complaints and review of complaint trends, systemic deficiencies, and high-risk cases.
- **Recovery & Collection Practices:** Review and approve codes related to loan recovery, repossession, and conduct of recovery agents, ensuring fair and responsible practices.
- **Customer Experience & Service Quality:** Review customer satisfaction survey results, analyse complaints across products and channels, and recommend improvements in service delivery.
- **Regulatory & Ombudsman Oversight:** Monitor complaints pending with Banking Ombudsman, Consumer Courts, and other authorities, and review Internal Ombudsman reports.
- **Operational Monitoring:** Review processes impacting customer service, including turnaround time for products, cheque collection, deceased account settlements, and inoperative accounts.
- **Awareness & Engagement:** Promote customer awareness of grievance redressal mechanisms and ensure effective communication of changes in charges and services.
- **Governance & Coordination:** Review performance of Standing Committee on Customer Service and coordinate with other committees to ensure customer-centric practices.
- **Other Responsibilities:** Review instances of unfair practices, adverse media reporting, and significant defaults affecting stakeholders, and perform such functions as delegated by the Board.

Capitals Impacted	Financial, Social and Relationship Capital
Stakeholders Impacted	Customers
Composition	Dr. Vinod Vijayalekshmi Vasudevan (Chairperson), Ms. Kolasseril Chandramohanan Ranjani, Shri. George Kalaparambil John and Shri. George Ittan Maramkandathil. Out of the total members, 2 members are Independent Directors.
Meetings	During the financial year under review, the Committee met Four (4) times on 14th May, 2025, 7th August, 2025, 10th November, 2025 and 29th January, 2026.

Details of Reconstitution of the Committee

- Dr. Vinod Vijayalekshmi Vasudevan was appointed as the Chairperson of the Committee with effect from 13th December, 2025 upon reconstitution of the Committee.
- Shri. George Ittan Maramkandathil was appointed as a member of the Committee with effect from 13th December, 2025.
- Shri. Ajayan Mangalath Gopalakrishnan Nair ceased to be the Chairperson and member of the Committee with effect from 12th December, 2025 upon completion of tenure of appointment.
- Shri. John Samuel ceased to be a member of the Committee with effect from 12th December, 2025 upon completion of tenure of appointment.

HUMAN RESOURCES COMMITTEE OF THE BOARD (HRCB)

Brief description of terms and reference

- **HR Strategy & Compensation Philosophy:** Establish and oversee the Bank's compensation philosophy and ensure alignment with business strategy, market practices, and stakeholder expectations.
- **HR Policies & Governance:** Review and recommend policies relating to recruitment, compensation, performance management, succession planning, training, disciplinary actions, and employee development, and oversee their implementation.
- **Senior Executive Compensation:** Review and approve compensation for senior executives beyond the delegated powers of the MD & CEO, excluding Key Managerial Personnel.
- **Incentives & HR Plans:** Approve employee incentive/bonus schemes and review HR plans, including recruitment and workforce planning initiatives.
- **Talent Management & Development:** Provide guidance on talent management, including leadership development, retention, diversity, and training programmes.
- **Learning & Training:** Review learning and development initiatives to ensure continuous skill and capability enhancement across the organisation.
- **Disciplinary Oversight:** Review significant disciplinary actions to ensure fairness, consistency, and adherence to policy.

Capitals Impacted	Human Capital
Stakeholders Impacted	Employees
Composition	Prof. Biju Varkkey (Chairperson), Shri. Karthikeyan Manickam, Dr. Kadambelil Paul Thomas, Dr. Vinod Vijayalekshmi Vasudevan. Out of the total members, 3 members are Independent Directors.
Meetings	During the financial year under review, the Committee met Four (4) times on 18th June, 2025, 18th September, 2025, 12th December, 2025 and 27th February, 2026.

Details of Reconstitution of the Committee

- Shri. Karthikeyan Manickam was appointed as a member of the Committee with effect from 03rd January, 2026 upon reconstitution of the Committee.
- Dr. Joseph Vadakkekara Antony ceased to be a member of the Committee with effect from 17th November, 2025 upon completion of tenure of appointment.
- Shri. Ravimohan periyakavil Ramakrishnan ceased to be a member of the Committee with effect from 20th December, 2025 upon completion of tenure of appointment.

SPECIAL COMMITTEE OF THE BOARD FOR MONITORING AND FOLLOW-UP OF CASES OF FRAUDS (SCBMF)

Brief description of terms and reference

- **Fraud Risk Oversight:** Oversee the effectiveness of fraud risk management systems and frameworks within the Bank.
- **Root Cause Analysis & Prevention:** Review root cause analysis of fraud cases, identify systemic gaps, and recommend measures to strengthen internal controls and risk management processes.
- **Trend Analysis:** Analyse trends and patterns in frauds, including sectoral, geographical, and category-wise concentration, and delays in detection or classification.
- **Investigation & Recovery Monitoring:** Monitor progress of investigations by law enforcement agencies and review recovery status of fraud cases.
- **Staff Accountability:** Ensure examination of staff accountability in fraud cases and timely initiation and completion of disciplinary actions.
- **Remedial & Preventive Measures:** Review effectiveness of corrective actions taken to prevent recurrence of frauds and recommend improvements.
- **Governance & Continuous Improvement:** Identify systemic lacunae and implement additional preventive measures to strengthen the Bank's fraud risk management framework.

Capitals Impacted	Financial, Social and Relationship Capital
Stakeholders Impacted	Investors, Government and Regulatory Bodies
Composition	Shri. Karthikeyan Manickam (Chairperson), Shri. Ajay Sharma and Shri. George Kalaparambil John. Out of the total members, 2 members are Independent Directors.
Meetings	During the financial year under review, the Committee met Seven (7) times on 15th May, 2025, 16th June, 2025, 28th July, 2025, 6th August, 2025, 14th August, 2025, 10th November, 2025 and 29th January, 2026

Details of Reconstitution of the Committee

- Shri. Karthikeyan Manickam was appointed as the Chairperson of the committee with effect from 10th March, 2026 upon reconstitution of the Committee.
- Shri. Ajay Sharma was appointed as the Chairperson of the Committee with effect from 03rd January, 2026. He ceased to be the Chairperson but continued as a member of the Committee with effect from 10th March, 2026 upon reconstitution of the Committee.
- Shri. Thomas Jacob Kalappila ceased to be a member of the Committee with effect from 09th March, 2026 upon completion of tenure of appointment.
- Dr. Vinod Vijayalekshmi Vasudevan was appointed as the Chairperson of the Committee with effect from 13th December, 2025 upon reconstitution of the Committee. Dr. Vinod Vijayalekshmi Vasudevan ceased to be the Chairperson and member of the Committee with effect from 03rd January, 2026 upon reconstitution of the Committee.
- Dr. Joseph Vadakkekara Antony Ceased to be the Chairperson of the Committee with effect from 17th November, 2025 upon completion of tenure of appointment.
- Shri. Ajayan Mangalath Gopalakrishnan Nair was appointed as the Chairperson of the Committee with effect from 18th November, 2025 upon reconstitution of the Committee. He ceased to be the Chairperson and member of the Committee with effect from 12th December, 2025 upon completion of tenure of appointment.

REVIEW COMMITTEE OF THE BOARD FOR IDENTIFICATION AND CLASSIFICATION OF WILFUL DEFAULTERS (RCBWD)

Brief description of terms and reference

Review Committee of the Board for Identification and Classification of Wilful Defaulters was constituted by the Board of Directors in the meeting held on 21st March, 2025 in pursuant to the Master Direction issued by the Reserve Bank of India on Treatment of Wilful Defaulters and Large Defaulters vide RBI/ DoR/ 2024-25/ 122 DoR. FIN. REC. No. 31/ 20.16.003/ 2024-25 dated 30th July, 2024.

The Review Committee of the Board for Identification and Classification of Wilful Defaulters (RCBWD) acts as the secondary evaluative body that assesses the proposal forwarded by the Identification Committee. Its function is to review the detailed proposal including findings of the Identification Committee, any written representations and borrower's response and provide an opportunity of hearing to the borrower. The Committee's responsibility is to make a final, reasoned decision on tagging the borrower as a wilful defaulter. The Committee shall ensure a comprehensive evaluation of all submitted evidence and representations before issuing a final determination. If the Identification Committee does not classify the borrower as a wilful defaulter, the case does not proceed to the Review Committee of Wilful Defaulters.

Capitals Impacted	Financial, Social and Relationship Capital
Stakeholders Impacted	Investors and Customers
Composition	Dr. Kadambelil Paul Thomas (Chairperson), Shri. Karthikeyan Manickam and Shri. Ajay Sharma. Out of the total members, 2 members are Independent Directors.
Meetings	During the Financial year 2025-26 no meetings were held.

Details of Reconstitution of the Committee

- Shri. Ajayan Mangalath Gopalakrishnan Nair ceased to be a member of the Committee with effect from 12th December, 2025 upon completion of tenure of appointment.
- Shri. Thomas Jacob Kalappila was appointed as a member of the Committee with effect from 13th December, 2025.
- Ravimohan Periyakavil Ramakrishnan ceased to be a member of the Committee with effect from 20th December, 2025 upon completion of tenure of appointment.
- Shri. Karthikeyan Manickam was appointed as member of the Committee with effect from 03rd January, 2026.
- Shri. Ajay Sharma was appointed as a member of the Committee with effect from 03rd January, 2026.
- Shri. Thomas Jacob Kalappila ceased to be a member of the Committee with effect from 09th March, 2026.

THOSE CHARGED WITH GOVERNANCE COMMITTEE OF THE BOARD (TCWGCB)

Brief description of terms and reference

Those Charged With Governance Committee of the Board was constituted on 27th February, 2026 pursuant to circular issued by the National Financial Reporting Authority (NFRA) vide Circular No. NF-25013/ 3/ 2025-NFRA dated 07th January, 2026, on 'Effective communication between Statutory Auditors and Those Charged with Governance, including Audit Committees', which sets out enhanced expectations for structured, documented and continuous two-way communication through the audit lifecycle, covering audit planning, key risks, significant judgments, internal control deficiencies and auditor independence.

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Capitals Impacted	Financial, Social and Relationship Capital
Stakeholders Impacted	Investors, Government and Regulatory Bodies
Composition	Shri. Karthikeyan Manickam (Chairperson), Ms. Kolasseril Chandramohanan Ranjani, Dr. Vinod Vijayalekshmi Vasudevan, Shri. Ajay Sharma, Dr. Kadambelil Paul Thomas and Shri. George Kalaparambil John. Out of the total members, 4 members are Independent Directors.
Meetings	During the Financial year 2025-26 one meeting was held on 26th March 2026

Details of Reconstitution of the Committee

- Shri. Thomas Jacob Kalappila ceased to be a member of the Committee with effect from 09th March, 2026 upon completion of tenure of appointment.
- Dr. Vinod Vijayalekshmi Vasudevan was appointed as a member of the Committee with effect from 10th March, 2026.

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COMMITTEE MEETINGS ATTENDED/ HELD DURING THE FINANCIAL YEAR 2025-26

Sl. No	Name of the Director	Audit Committee	Nomination, Remuneration and Compensation Committee	Risk Management Committee	Corporate Social Responsibility and Sustainability Committee	Stakeholders Relationship Committee	Management Committee	IT Strategy Committee	Customer Service Committee	Human Resource Committee	Special Committee of the Board for Monitoring and Follow-up of Cases of Frauds	Review Committee of the Board for identification and Classification of Wilful Defaulters	Those Charged With Governance Committee
1.	Shri. Karthikeyan Manickam	-	2/2	2/2	0/0	1/1	5/5	1/1	-	1/1	0/0	0/0	1/1
2.	Dr. Kadambelil Paul Thomas	-	-	6/6	3/3	3/3	16/16	4/4	-	4/4	-	0/0	1/1
3.	Shri. George Kalaparambil John	-	-	-	-	2/2	15/15	4/4	4/4	-	7/7	-	1/1
4.	Ms. Kolasseril Chandramohanan Ranjani	6/6	8/8	2/2	3/3	3/3	-	-	4/4	-	-	-	1/1
5.	Dr. Vinod Vijayalekshmi Vasudevan	0/0	-	-	-	-	-	-	-	4/4	0/0	-	1/1
6.	Prof. Biju Varkkey	-	8/8	-	-	-	-	-	-	-	-	-	-
7.	Shri. Ajay Sharma	3/3	-	0/0	0/0	-	5/5	-	1/1	-	1/1	0/0	1/1
8.	Shri. George Ittan Maramkandathil	0/0	-	-	0/0	1/1	-	-	-	3/3	-	-	-
9.	Shri. Ravimohan Periyakavil Ramakrishnan	-	6/6	4/4	-	-	11/11	4/4	-	-	7/7	-	-
10.	Shri. Thomas Jacob Kalappila	6/6	-	6/6	-	-	-	-	-	-	-	-	-
11.	Shri. Ravi Venkatraman	3/3	-	4/4	-	2/2	10/10	-	-	2/2	6/6	-	-
12.	Dr. Joseph Vadakkekara Antony	-	6/6	-	3/3	-	11/11	3/3	3/3	-	6/6	-	-
13.	Shri. Ajayan Mangalath Gopalakrishnan Nair	3/3	-	4/4	-	-	-	-	3/3	-	-	-	-
14.	Shri. John Samuel	-	-	-	3/3	2/2	-	-	-	-	-	-	-

Leave of absence was granted to the concerned Director who could not attend the concerned Committee meeting

Separate meeting of Independent Directors

During fiscal 2026, the Independent Directors of the Bank met on 07th March, 2026, without the presence of Whole-Time Directors and other members of management. During these meetings, the Independent Directors discussed various performance, operational and governance aspects of the Bank and Board performance evaluation.

NAME AND DESIGNATION OF THE COMPLIANCE OFFICER

Shri. Ranjith Raj. P, Company Secretary of the Bank is appointed as the Compliance Officer of the Bank.

REDRESSAL OF INVESTOR GRIEVANCES

The Company addresses all the complaints, suggestions and grievances expeditiously. The details of complaints received and resolved during the year are as follows:

Number of Investor Complaints including through SEBI SCORES platform received during the period 01st April, 2025 to 31st March, 2026	No. of Complaints
Investor complaints pending as on 01st April, 2025	0
Investor complaints received during the period	
1. Investor complaints received through SEBI SCORES Platform of the Bank	2
2. Other Investor complaints received	20
Total number of complaints disposed off	22
Complaints pending as on 31st March, 2026	0

GENERAL BODY MEETINGS HELD DURING THE LAST THREE YEARS

Details of General Meetings held during the last three years

General Meeting	Financial Year	Day, Date, Time and Location	Special Resolutions
9th Annual General Meeting	2025-26	Wednesday, 24th September, 2025 at 3:00 PM IST through Video Conferencing, deemed to have been held at the Registered Office of the Bank.	1. Borrowing / raising of funds, by issue of debt securities on a Private Placement basis
8th Annual General Meeting	2024-25	Wednesday, August 14, 2024 at 3:00 PM IST through Video Conferencing, deemed to have been held at the Registered Office of the Bank.	1. Re-appointment of Shri. Kadambelil Paul Thomas (DIN: 00199925) as the Managing Director and CEO of the Bank and approval of revision of remuneration 2. Appointment of Shri. George Kalaparambil John (DIN:00694646) as a Whole-time Director, designated as Executive Director, of the Bank and approval of remuneration 3. Re-appointment of Dr. Vinod Vijayalekshmi Vasudevan (DIN: 02503201) as Non-Executive Independent Director of the Bank. 4. To borrow in excess of the paid-up share capital and free reserves and securities premium of the Bank under Section 180(1)(c) of the Companies Act, 2013 5. Borrowing / raising of funds, by issue of debt securities on a Private Placement basis 6. Fee for obtaining physical copies of documents.

General Meeting	Financial Year	Day, Date, Time and Location	Special Resolutions
7th Annual General Meeting	2023-24	Friday, 29th December, 2023 at 3:00 PM IST through Video Conferencing, deemed to have been held at the Registered Office of the Bank.	1. Appointment of Prof. Biju Varkkey (DIN: 01298281) as Non-Executive Independent Director of the Bank 2. Appointment of Dr. Joseph Vadakkekara Antony (DIN: 00181554) as Non-Executive Director of the Bank. 3. Revision of Remuneration of Shri. Kadambelil Paul Thomas (DIN: 00199925), Managing Director and Chief Executive Officer of the Bank 4. Borrowing / raising of funds, by issue of debt securities on a Private Placement basis 5. Ratification and Amendment of "ESAF SMALL FINANCE BANK EMPLOYEES STOCK OPTION PLAN 2019" ("ESAF ESOP PLAN - 2019" / "ESOP 2019" / "the Plan") 6. Material Related Party Transactions for Acceptance of Deposits in Current / Savings Account or any other similar accounts permitted to be opened under applicable laws. 7. Material Related Party Transactions in relation to engaging of Business Correspondent of the Bank
23rd Extra Ordinary General Meeting	2023-24	Friday, 13th October, 2023, at 12 Noon IST through Video Conferencing, deemed to have been held at the Registered Office of the Bank.	1. Alteration of Articles of Association of the Bank
22nd Extra Ordinary General Meeting	2023-24	Thursday, 29th June, 2023, at 04:30 P.M. IST through Video Conferencing, deemed to have been held at the Registered Office of the Bank.	1. Approval for Initial Public Offer of Equity Shares 2. Adoption of the Amended ESAF ESOP PLAN 2019

Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and the provisions of Regulation 44 of the SEBI Listing Regulations, the Bank has been providing remote e-voting facility to its members to enable them to cast their votes by electronic means on all resolutions.

Postal Ballot:

In accordance with the General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 read with other relevant circulars, including General Circular No. 09/2024 dated 19th September, 2024, issued by the Ministry of Corporate Affairs, Government of India ("MCA circulars"), the approval of the members of the Bank for the below mentioned resolutions was sought through a postal ballot event, during the 2025-26.

In compliance with Regulation 44 of the SEBI Listing Regulations and pursuant to the provisions of Sections 108 and 110 of the Act read with the Rules and the MCA circulars, in respect of the postal ballot event, the Bank had extended only the remote e-voting facility for its members, to enable them to cast their votes electronically instead of submitting the postal ballot forms.

Shri. N. Balasubramanian, Practising Company Secretary (FCS: F6439 and COP: 4996) acted as the Scrutiniser in this postal ballot event and conducted the same in a fair and transparent manner.

The Bank had engaged the services of Central Depository Services Limited ("CDSL") for providing remote e-voting facility to the members, enabling them to cast their vote in a secure manner.

Postal Ballot Conducted During November–December 2025:

The Notice of Postal Ballot dated 11th November, 2025 along with Explanatory Statement and remote e-voting instructions were sent to all the members in electronic form only, on the same day, for recording their assent or dissent through electronic means. The remote e-voting commenced on 13th November, 2025 (9:00 a.m. IST) and ended on 12th December, 2025 (5:00 p.m. IST). Voting rights of Members were reckoned in proportion to their share in the paid-up equity share capital of the Bank as on 11th November, 2025.

The Scrutiniser had submitted his report dated 12th December, 2025 on postal ballot (through remote e-voting process). The resolutions were deemed to have been duly passed on the last date specified for remote e-voting i.e. 12th December, 2025. The details of the voting pattern are, given below:

Sl. No.	Particulars of Resolution	Types of Resolution	% of Votes polled in favour	% of votes polled against
1.	Increase in Authorised Share Capital and Consequent Alteration to the Capital Clause of the Memorandum of Association (MOA) of the Bank.	Ordinary	99.96	0.04
2.	Appointment of Shri. Karthikeyan Manickam (DIN: 09450145) as Non-Executive Independent Director of the Bank.	Special	99.99	0.01
3.	Re-Appointment of Ms. Kolasseril Chandramohanan Ranjani (DIN: 01735529) as Non-Executive Independent Director of the Bank.	Special	99.99	0.01
4.	Appointment of Shri. Ajay Sharma (DIN: 06417150) as Non-Executive Independent Director of the Bank.	Special	99.99	0.01

All the above resolutions were passed with requisite majority.

Any resolution proposed to conduct through postal ballot

Currently, no special resolution is proposed to be passed through postal ballot.

MEANS OF COMMUNICATION

Quarterly Results

The Bank regularly intimates information like quarterly/ half yearly/annual financial results and media releases on significant developments from time to time. The financial results and other official news releases are also placed in the 'Investor Relations' section of the website of the Bank at www.esaf.bank.in and have also been communicated to the Stock Exchanges on which Equity shares of the Bank are listed.

Newspaper wherein results are normally published

The financial results are normally published in the newspapers- Business Line (English) and Deepika (Malayalam).

Details of website and display of official news releases and presentation made to the institutional investors or to analysts.

The website of the Bank, www.esaf.bank.in contains comprehensive information about the Bank, its business, Directors, Committees of the Board, terms and conditions of appointment/re-appointment of Independent Directors, products, branch details, distributor locator, media details, service helplines, various policies adopted by the Board, contact details for investor grievance redressal, credit rating details, shareholding pattern, notice of meeting of Board of Directors, quarterly unaudited financial results, audited financial results, annual report, shareholder information, schedule of analyst or institutional investor conference, presentations made to analysts or institutional investor, audio recording of quarterly earnings calls, information on material events, other developments, etc.

GENERAL INFORMATION TO SHAREHOLDERS

Date, Venue and Time of the 10th Annual General Meeting

Day and Date	Friday, 14th August, 2026
Time	3:00 P.M.
Mode and Venue	Video Conference / Other Audio Visual Means

Board Meeting and Financial calendar

The Financial Year of the Bank Starts from April 1st of a year and ends on March 31st of the following year.

For each calendar quarter, the quarterly and annual standalone and consolidated financial results of the Bank are reviewed and taken on record / approved by the Board, within the statutory prescribed time period and

then disclosed to the Stock Exchanges as required under relevant provisions of the SEBI Listing Regulations. The said financial results along with the earnings update / investor presentation (as the case may be), are posted on the website of the Bank and are available for the current as well as at least previous five financial years. Every quarter, the Managing Director and CEO and the Whole-time Director(s) along with the senior officials participate on a call with the analysts / investors, the transcripts of which are posted on the website of the Bank. The Bank also has dedicated personnel to respond to queries from investors.

Financial Calendar for Publication of Financial Results for 2025-26

For the quarter ended	Date of Approval
30th June, 2025	08th August, 2025
30th September, 2025	11th November, 2025
31st December, 2025	30th January, 2026
31st March, 2026	30th April, 2026

Calendar of Board Meeting to adopt the accounts (tentative and subject to change) for the Financial Year 2026-27 is as follows:

For the quarter ended	Proposed Dates
30th June, 2026	End of the subsequent month from the end of the quarter.
30th September, 2026	
31st December, 2026	
31st March, 2027	Within six (6) weeks from the end of the quarter / Financial Year.

Dividend for the Financial Year 2025-26

The Board of Directors of the Bank, after considering holistically the relevant circumstances, has decided that it would be prudent, not to recommend any Dividend for the financial year under review.

Date of Book Closure

The register of members will remain closed from 8th August, 2026 to 14th August, 2026 (both days inclusive).

Unpaid dividend Amount

As per the provisions of Section 124(5) and (6) of the Act, the Bank is required to transfer the unpaid dividend amount which is unclaimed for a period of seven years from the date of declaration of dividend to the Investor Education and Protection Fund (IEPF) set up by the Central Government. Further, all shares in respect of which the dividend has not been paid or claimed for seven consecutive years or more shall also be transferred to the IEPF Authority.

During the financial year 2025-26, the Bank has not transferred any unclaimed / unpaid dividend to IEPF.

The table given below gives the dates of dividend declaration and the corresponding dates when unclaimed dividends are due to be transferred to the Fund:

Financial Year	Dividend Type	Date of Declaration	Due Date of Transfer
2023-24	Final	14th August, 2024	13th September, 2031

The Bank has uploaded on its website, the details of unpaid and unclaimed amounts lying with the Bank as on 31st March, 2026 and the same can be accessed at https://www.esaf.bank.in/investor-relation/?id=details-of-unclaimed-dividend/.

Unclaimed NCD Interest

The details of the unclaimed NCD interest during the Financial Year 2025-26 is provided below:

ISIN	Amount (In Rupees)
INE818W08099	80444.54
INE818W08149	43577.74
INE818W08123	1,71,827.65
INE818W08115	1,87,919.10
INE818W08107	29970.00

The unclaimed amount has been transferred to the Escrow Account after 30 days from the initial date of payment.

The procedure to claim unpaid / unencashed amounts / unclaimed shares transferred to IEPF Authority is available on the Bank's website https://www.esaf.bank.in/wp-content/uploads/2025/07/Policy-on-dealing-with-unclaimed-amount-of-NCS.pdf.

Details of shares transferred to Investor Education and Protection Fund Authority (IEPF)

All shares in respect of which the dividend has not been paid or claimed for seven consecutive years or more shall also be transferred to the IEPF Authority. Since there are no shares in respect of which the dividend has not been paid or claimed for seven consecutive years or more, the Bank has not transferred any shares to Investor Education and Protection Fund Authority (IEPF).

Name and address of the stock exchange at which the shares of the Bank are listed and details of annual listing fees paid

Equity Shares of the Bank are quoted on the BSE Ltd and the National Stock Exchange of India Ltd. (NSE), since 10th November, 2023. Listing fees for the Financial Year 2025-26 have been paid to both the Stock Exchanges. Address of the Stock Exchanges are as follows:

BSE Ltd.	National Stock Exchange of India Ltd.
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	Exchange Plaza, 5th Floor Plot No.C/1, "G" Block Bandra- Kurla Complex Bandra(E), Mumbai- 400051

Custodial Fees

The Bank has paid the custodial fees to the National Security Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for the Financial Year 2025-26.

Details of Stock code

The stock codes of the Bank at the Stock Exchanges are as follows:

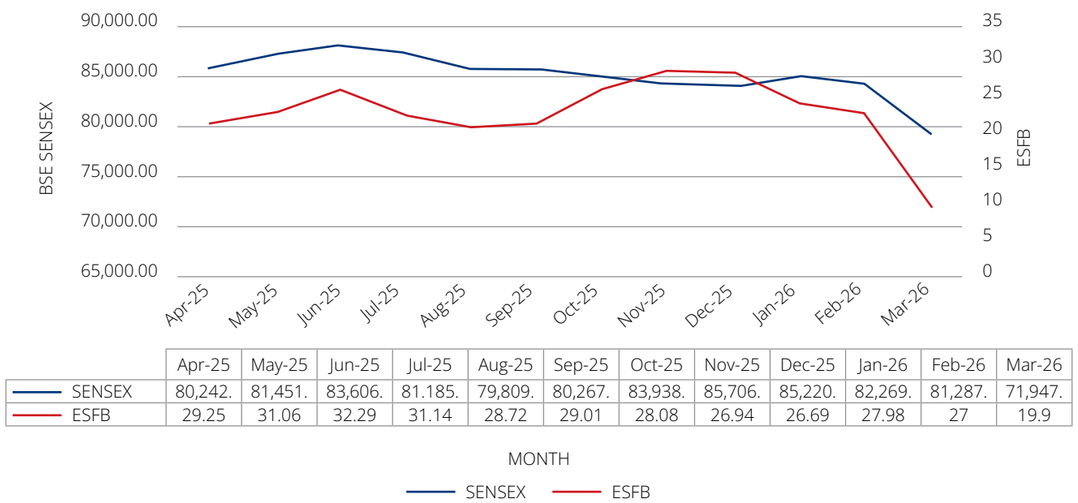
BSE Ltd.	National Stock Exchange of India Ltd.
Scrip code: 544020	Symbol: ESAFSFB
ISIN: INE818W01011	ISIN: INE818W01011

STOCK MARKET PRICE DATA OF BANK'S SHARES

The monthly high and low prices of the Bank's shares traded on the BSE Ltd. (BSE), Mumbai and National Stock Exchange of India Ltd. (NSE), Mumbai during the period from 01st April, 2025 to 31st March, 2026 are as under:

BSE Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
Month	**High**	**Low**	**Month**	**High**	**Low**
April, 2025	31.87	24.87	April, 2025	31.88	24.59
May, 2025	31.76	26.40	May, 2025	31.48	27.3
June, 2025	34.75	30.30	June, 2025	34.48	30.03
July, 2025	36.13	30.45	July, 2025	35.2	30.71
August, 2025	31.89	28.35	August, 2025	31.94	28.24
September, 2025	30.85	28.36	September, 2025	30.5	28.35
October, 2025	30.50	27.40	October, 2025	30.09	27.39
November, 2025	28.39	25.80	November, 2025	28.4	25.86
December, 2025	27.43	24.51	December, 2025	27.13	24.56
January, 2026	30.12	25.00	January, 2026	31	25.01
February, 2026	30.14	26.75	February, 2026	30.3	26.57
March, 2026	26.86	19.74	March, 2026	26.90	19.78

PERFORMANCE OF THE ESAF SMALL FINANCE BANK EQUITY SHARES RELATIVE TO S&P BSE SENSEX FROM APRIL, 2025 TO MARCH 2026.

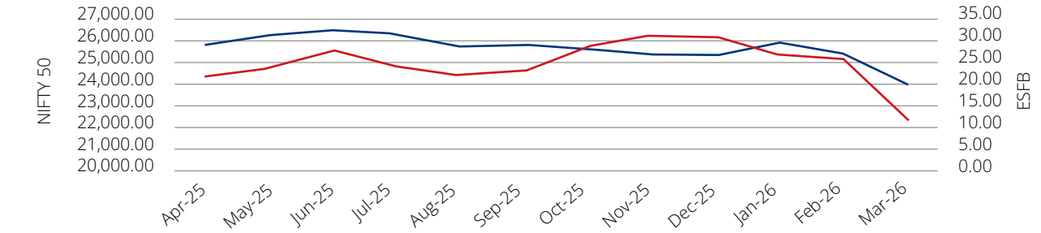


	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
SENSEX	80,242.	81,451.	83,606.	81.185.	79,809.	80,267.	83,938.	85,706.	85,220.	82,269.	81,287.	71,947.
ESFB	29.25	31.06	32.29	31.14	28.72	29.01	28.08	26.94	26.69	27.98	27	19.9

MONTH

SENSEX ESFB

PERFORMANCE OF THE ESAF SMALL FINANCE BANK EQUITY SHARES RELATIVE TO NSE NIFTY FROM APRIL, 2025 TO MARCH 2026.



	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
NIFTY	24,334.	24,750.	25,517.	24,768.	24,426.	24,611.	25,722.	26,202.	26,129.	25,320.	25,178.	22,331.
ESFB	29.20	31.04	32.36	31.15	28.69	29.04	28.1	26.91	26.65	29.32	26.99	19.86

MONTH

NIFTY ESFB

The Bank's Equity shares were not suspended from trading during the year under review

Registrar and Share Transfer Agent

MUFG INTIME INDIA PRIVATE LIMITED

(Formerly Link Intime India Private Limited)

C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West),

NA, Mumbai, Mumbai City- 400083, Maharashtra, India

Tel: 912249186270

Email: rnt.helpdesk@in.mpms.mufg.com

Reconciliation of Share Capital Audit

The Bank has complied with SEBI requirements with regard to reconciliation of share capital audit for the purpose of reconciliation of the total admitted capital with both the Depositories NSDL & CDSL. The total issued, paid up and listed capital of the Bank and other matters covered under the directions of SEBI are part of the scope of the audit.

Share transfer

All share of the Bank is held in Dematerialized form. Hence, all the share transfers have happened only through depository system.

Top 10 Equity Shareholders of the Bank as on 31st March, 2026

S. No	Shareholder's Name	Total Shares Held	% of Total Equity Shares
1	ESAF Financial Holdings Private Limited	272548396	52.854
2	Paul Thomas	31186785	6.0479
3	Yusuffali Musaliam Veettil Abdul Kader	23118659	4.4833
4	ESAF Swasraya Multistate Agro Cooperative Society Limited	22413659	4.3466
5	Muthoot Finance Limited	18717244	3.6297
6	George Ittan Maramkandathil	13333333	2.5857
7	Edelweiss Life Insurance Company Limited	10030882	1.9452
8	Bajaj Life Insurance Limited	8596000	1.667
9	Kotak Mahindra Life Insurance Company Ltd.	3409918	0.6613
10	Pi Ventures Llp	2681759	0.5201

Report on Corporate Governance (Contd.)

Distribution of shareholding as on 31st March, 2026

Sl. No.	Shareholding of Nominal shares		Number of shareholders	% of shareholders	Share Amount (₹)	% Of Total Share Amount
	From	To				
1	1-5000		86149	77.0984	134330700.00	2.6050
2	5001 -10000		10787	9.6537	85504660.00	1.6582
3	10001 – 20001		6864	6.1429	103593380.00	2.0089
4	20001 – 30001		2568	2.2982	65227060.00	1.2649
5	30001 – 40001		1545	1.3827	54947060.00	1.0656
6	40001 – 50001		926	0.8287	43330100.00	0.8403
7	50001 – 100001		1532	1.3711	112856950.00	2.1886
8	100001 - 515662613		1368	1.2243	4556836220.00	88.3686
			111739	**100**	**5156626130**	**100**

Category of shareholder as on 31st March, 2026

Category	Number of Shares	% of Shares held
Body Corporate - Ltd Liability Partnership	3092549	0.5997
Clearing Members	951288	0.1845
Corporate Bodies (Promoter Co)	272566396	52.8575
FPI (Corporate) - I	27525	0.0053
Hindu Undivided Family	3215912	0.6236
Insurance Companies	23893189	4.6335
Key Managerial Personnel	149411	0.0290
Non Resident (Non Repatriable)	1710590	0.3317
Non Resident Indians	43871782	8.5078
Other Bodies (Promoter Co)	22413659	4.3466
Other Bodies Corporate	21038169	4.0798
Promoters	31356784	6.0809
Public	91375359	17.7200
TOTAL :	**515662613**	**100**

Dematerialisation of shares and liquidity

The shares of the Bank are in dematerialised form and actively traded in National Stock Exchange of India Ltd., and BSE Ltd. The status of shares held in dematerialised form as on 31st March, 2026 are given below:

Particulars	No. of shares	Percentage
Issued Capital	515662613	100
Listed Capital (Exchange-wise)	515662613	100
Shares held in Dematerialised form	515662613	100
Shares held in Physical form	NIL	NIL

Report on Corporate Governance (Contd.)

Debentures and Bonds

The Bank has issued Non-Convertible Debentures ("NCDs") / Bonds on private placement basis and the same are listed on the Stock Exchanges viz., BSE / NSE. Details of the outstanding NCDs / Bonds as on 31st March, 2026 are, as follows:

ISIN	Description	Coupon Rate (p.a.)	Redemption Date	Quantity	Face Value (₹ In lakh)	Amount (₹ In lakh)	BSE Scrip Code	NSE Symbol
INE818W08099	Listed, Rated, Taxable, Unsecured, Transferable, Redeemable, Fully Paid Up, Basel II Compliant Lower Tier II Subordinated Bonds In The Nature Of Non-Convertible Debentures	11.25%	04th May, 2029	8500	1	8500	975057	N.A.
INE818W08107		11.10%	28th February, 2034	6000	1	6000	975449	N.A.
INE818W08123		11.00%	20th April, 2030	8500	1	8500	975519	N.A.
INE818W08115		11.10%	20th April, 2031	5000	1	5000	975520	N.A.
INE818W08131		11.10%	17th July, 2031	6500	1	6500	N.A.	111ESFB31
INE818W08149		11.30%	14th May, 2031	5000	1	5000	N.A.	113ESFB31
INE818W08156		11.30%	10th August, 2031	15000	1	15000	N.A.	113ESFB31B
INE818W08164		11.65%	23rd February, 2032	15000	1	15000	N.A.	1165ESFB32

Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity:

Not applicable. The Bank has not yet issued GDRs/ ADRs and hence the same is not applicable in the Bank's case. The Bank does not have any outstanding Warrants or any other convertible instruments as on 31st March, 2026.

Plant Locations

As the Bank is engaged in the business of Banking/ Financial Services, this is not applicable in the Bank's case. However, the Bank has 804 Branches and 720 ATMs as on 31st March, 2026.

Commodity price risk or foreign exchange risk and hedging activities

Risk is an integral part of the banking business and the Bank's aim is to maintain portfolio quality by making appropriate risk/reward trade-offs. Key risks that the Bank is exposed to are credit, concentration, market, country exposure, liquidity, operational and reputation risk. The Board of Directors of the Bank has oversight of all the risk assumed by the Bank and has delegated its power to manage risk to Risk Management Committee (RMC) of the Board. The Bank does not have direct exposure on any commodities. The Bank has exposure to borrowers which are secured against various commodities.

During the year under review, the Bank has managed its foreign exchange risk by entering into hedging arrangements as and when considered necessary. The details of foreign currency risk and commodity price risk are disclosed in notes to the financial statements, which forms part of this Annual Report.

Address for investor correspondence is as follows

The Company Secretary and Compliance Officer
ESAF Small Finance Bank Limited.
Building No. VII/83/8, ESAF Bhavan,
Thrissur-Palakkad National Highway,
Mannuthy, Thrissur, Kerala 680651
Phone: 0487 7123456
e-mail: investor.relations@esafbank.com

List of credit rating obtained by the Bank with revision during the Financial Year.

The Bank's bank facilities are rated by CARE Ratings Limited and Brickwork Ratings India Private Limited. Credit ratings assigned to various debt instruments of the bank during the Financial Year ended 31st March, 2026 are as follows:

Sl. No.	Instrument Name	Name of the Credit Rating Agency	Amount (₹ in Crore)	Rating	Date of Rating Action
1.	Tier II Bonds	CARE Ratings Limited	780	CARE A-; (Outlook: Negative)	02nd September, 2025
2.	Tier II Bonds	Brickwork Ratings India Private Limited	20	BWR BBB+/Stable	19th August, 2025

OTHER DISCLOSURES

Disclosure of material related party transaction that may have potential conflict with the interest of entity at large & web link for policy on dealing with related party transactions

During the year under review, no material related party transaction which had any potential conflict with the interest of entity at large was entered.

The Board of Directors of the Bank, as per the provisions of Regulation 23 of the Listing Regulations, has formulated a policy on Material Related Party Transaction. The said policy is available on the website of the Bank at https://www.esaf.bank.in/wp-content/uploads/2026/02/Related-Party-Transaction-Policy-1.pdf Related Party Transaction Policy. The related party transactions entered during the year under review are in the ordinary course of business and on arms' length basis. Further, a statement on all related party transactions is presented before the Audit Committee of the Bank on quarterly basis for its review.

Also, all related party transactions are mentioned in the Standalone financial statements and Directors' report as at 31st March, 2026 which forms part of this Annual Report for details of related party transactions.

Web link where policy on dealing with related party transactions

The Board of Directors have formulated a policy on Materiality and Dealing with Related Party Transactions and the same is hosted on the website of the Bank at https://www.esaf.bank.in/wp-content/uploads/2026/02/Related-Party-Transaction-Policy-1.pdf

Details of Non-Compliance by the Bank, Penalties, strictures imposed on the Bank by Stock Exchange or the Board or any statutory authority, on any matter related to capital markets during lasts three years.

During the year under review, certain instances of non-compliance resulted in penalties being imposed on the Bank by regulatory/statutory authorities. The penalties or strictures imposed by the regulators on the Bank is as follows:

Sl. No.	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the case
1	Office of the Superintendent, GST, Rampurhat, Birbhum Division, West Bengal	₹ 1580/-	An Audit was conducted in the state of West Bengal for 2019-20 to 2021-22. Department treated the ITC availed by bank as non claimable. Though the Bank filed reply to Show Cause Notice, the department issued Order demanding payment of ₹ 1580/- as ITC Reversal and ₹ 1580/- as penalty.
2	Office of the Superintendent, GST, Rampurhat, Birbhum Division, West Bengal	₹ 87,484/-	An Audit was conducted in the state of West Bengal for 2019-20 to 2021-22. The Department treated Exempted income as Taxable income. Bank filed reply to Show Cause Notice, but the department issued Order demanding payment of Liability of ₹ 10,366/-, Interest of ₹ 68,812/- and Penalty of ₹ 87,484/-.

Details of establishment of vigil mechanism and whistle blower policy

The Bank has put in place a 'Whistle Blower Policy/ Vigil Mechanism' in compliance of the provisions of Regulations 4(2) (d) and 22 of the SEBI LODR Regulations, the Companies Act, 2013 and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended.

The Bank has established the Vigil Mechanism/ Whistle Blower Policy for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Bank's Code of Conduct or ethics policy. The Vigil Mechanism provides for adequate safeguards against victimization of Directors/ employees who blow the whistle and the Bank affirms that no employee has been denied access to the Audit Committee of the Board under the Whistle Blower/ Vigil Mechanism in the Bank. The details of the Whistle Blower Policy is available on the website of the Bank at https://www.esaf.bank.in/wp-content/uploads/2025/04/Whistle-Blower-Policy-V-8.0.pdf

Details of compliance with mandatory requirements and adoption of the nonmandatory requirements

The Bank has fully complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of policy for determining material subsidiaries

The Bank does not have material subsidiaries, joint ventures or associate companies.

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

During the year under review, the Bank has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulations.

Certificate from a Company secretary in practice that none of the directors on the board of the Bank have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Pursuant to the Regulation 34(3) read with Schedule V (C)(10)(i) of the Listing Regulations, a certificate has been obtained from "SEP & Associates", Practising Company Secretaries, confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the Companies either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities. Certificate obtained from the Practising company Secretary, forms part of this Report.

Where the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant Financial Year, the same to be disclosed along with reasons

During the year under review, the Board has accepted all the recommendations of all the Committees of the Board.

Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount.

During the year under review, the listed entity and its subsidiaries has not given any loans and advances to firms/ companies in which directors are interested.

Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.

Not Applicable as the Bank does not have material subsidiaries.

All the amounts raised by the Bank through private placement of Non-Convertible Debentures have been fully utilised towards the purposes for which these amounts were raised and there has been 'no deviation' in utilisation of the proceeds so raised. During the 2025-26, the Bank has not raised funds through Preferential Allotment or Qualified Institutions Placements.

There are no shares of the Bank lying in the demat suspense account / unclaimed suspense account.

TOTAL FEES PAID TO STATUTORY AUDITORS

M/s. Kirtane and Pandit, Chartered Accountants (Firm Registration Number: 105215W/ W100057) and M/s. Sundaram & Srinivasan (Firm Registration No. 004207S) were appointed as Joint Auditors of the Bank on 07th Annual General Meeting held on 29th December, 2023 and 9th Annual General Meeting held on 24th September, 2025 respectively. Fees paid to Statutory Auditors is provided in the financial statements as at 31st March, 2026 which forms part of this Annual Report.

DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL), ACT, 2013

The Prevention of Sexual Harassment (POSH) Act has been implemented with the objective of preventing and protecting women from sexual harassment at the workplace and thereby ensuring a safe working environment for women. The POSH Act, as mandatory compliance, requires to constitute an Internal Complaints Committee ("ICC") in the prescribed manner in order to receive and address complaints of any sort of sexual harassment from women in a time-bound and extremely confidential manner. The ICC

will have the power to investigate and redress complaints of sexual harassment in the manner enumerated under the POSH Act and POSH Rules.

At our Bank, every staff has the right to be treated with dignity and respect. The Bank shows no leniency toward harassment of women at workplace and this is strictly forbidden as it could lead to vicious act. The Bank has formulated a policy on "Prevention, Prohibition and Redressal of sexual harassment of women employees at workplace and Redressal of Complaints of sexual harassment" in compliance with the POSH Act and Rule to ensure a harmless workplace for the women employees in the Bank. As per Section 4 of "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act- 2013", the Bank constitutes an Internal Complaints Committee to prevent Women harassment at workplace to provide them with better atmosphere.

The disclosure required under section 22 of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013 are given below:

Complaints Received	Complaint Status	
Number of complaints pending as on the beginning of the financial year	NIL	
Number of complaints of sexual harassment received in the year	4	
Number of complaints disposed off during the year	4	
Number of complaints pending as on the end of the financial year	NIL	
Number of cases pending for more than ninety days	NIL	
Remedial measures taken by the Bank	1. Counseling 2. Warning and Admonition	
No. of workshops or awareness programme against sexual harassment	1. Workshops - Three workshops conducted for IC Committee members. 2. E-shiksha – 8,133 employees completed the PoSH module available in E-Learning platform till 31st March, 2026. 3. Regional level awareness sessions were conducted for women employees. 4. Circular on IC Committee and Notice of Penal Consequences of Sexual Harassment are displayed on Branch Notice Board	
Nature of action taken by employer/district officer	Total Cases Disposed of	4
	Termination/Dismissal	NIL
	Warning	2
	Complaint Withdrawn	NIL
	Allegation not proved	NIL
	Other Penalty [Punishment – Stoppage of one Increment & Promotion during the year – 2025 -26]	2

DETAILS OF ADOPTION OF DISCRETIONARY REQUIREMENTS SPECIFIED IN PART E OF SCHEDULE II TO THE LISTING REGULATIONS

The Bank has adopted the following nonmandatory requirements of Part E of Schedule II to the listing Regulations.

a) The Chairperson of the Bank is in Non- Executive Category.

b) The listed entity follows the regime of financial statements with unmodified audit opinion.

c) The Independent firms of the Internal Auditors of the Bank are directly reporting to the Audit Committee of the Board.

DISCLOSURE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Bank has complied with all the requirements of Corporate Governance mentioned in the Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations wherever applicable.

DETAILS OF OTHER COMPLIANCES

Details of compliances of provisions relating to Corporate Governance in various Regulations of the Listing Regulations, other than those specified above are as under:

Notice of interest by Senior Management Personnel

The Senior Management team has confirmed to the Board of Directors that no material and commercial transactions have been entered into between the Bank and Members of the Senior Management team, where they have personal interest.

Management Discussion and Analysis Report

Management Discussion and Analysis Report detailing the industry developments, segment wise/product wise performance and other matters, forms part of this Annual Report.

Non- compliance of any requirement of Corporate Governance Report, with reasons if any, thereof shall be disclosed

The Bank has complied with all the requirements of Corporate Governance Report as specified in sub-paras (2) to (10) of Schedule V (c) of the listing regulations.

Risk management

The Board has adopted Risk Management Policy of the Bank and has implemented the procedures to inform the members of Audit Committee and Board about the risk assessment and mitigations. The members of the Committee consist of one Part -Time Chairman and Non-Executive Independent Director, Two Non-Executive Independent Directors and Managing Director and Chief Executive Officer of the Bank. A detailed note on Risk Management forms part of this Annual Report.

Review of compliance reports pertaining to all laws applicable to the Bank

A comprehensive report on the status of compliance, with all the applicable laws to the Bank is placed before the Board on a quarterly basis for their review and knowledge.

COMPLIANCE WITH SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

The Bank had adopted a "Code of Conduct- Prohibition of Insider Trading Policy" in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended (PIT Regulations), to regulate, monitor and report trading in Securities of the Bank by Designated Persons and their Immediate Relatives. The code is applicable to Promoters and Promoter's Group, all Directors, Designated Persons, connected persons and their immediate relatives who are expected to have access to unpublished price sensitive information (UPSI) relating to the Bank. The objective of this Code is the preservation of confidentiality of UPSI, to prevent misuse of such information and to prohibit Designated Persons and their Immediate Relatives from trading in the Bank's Securities while in possession of UPSI.

The Company Secretary has been designated as the Compliance Officer for this purpose and is responsible for setting forth policies, procedures and monitoring adherence to the SEBI Regulations and Bank's Code of Conduct.

This Code also lays down the ethical standards to be adhered to while trading in Securities of the Bank. The Code requires that trading by Designated Persons and their Immediate Relatives shall be subject to pre- clearance by the Compliance Officer, if the value of the proposed trade(s) is above a minimum threshold limit of ₹ 10,00,000/- (Rupees Ten lakh) in value (either in one transaction or series of transaction) over any calendar quarter, or such other limits as the Board may stipulate. This is a mandatory requirement even when the trading window is open. Further it prohibits the purchase or sale of Bank's securities by the Promoters, Directors, KMPs, Auditors, Designated Persons, other Connected Persons and their immediate relatives of the Bank while in possession of UPSI in relation to the Bank. Further, trading window shall be closed from the end of every quarter till 48 hours after the declaration of financial results. The details of Trading Window closure during the period under review are mentioned below:

Trading Window Closure Period	Purpose of closure of Trading Window
01st April, 2025 to 18th May, 2025	For announcement/declaration of the Audited Financial Results of the Bank for the quarter and financial year ending on 31st March, 2025.
01st July, 2025 to 10th August, 2025	For announcement/declaration of the Unaudited Financial Results of the Bank for the quarter ending on 30th June, 2025.
15th September, 2025 to 22nd September, 2025	For announcement/declaration of proposal for Raising of Tier I capital by way of issuance of equity shares.

Trading Window Closure Period	Purpose of closure of Trading Window
01st October, 2025 to 13th November, 2025	For announcement/declaration of the Unaudited Financial Results of the Bank for the quarter ending on 30th September, 2025.
01st January, 2026 to 01st February, 2026	For announcement/declaration of the Unaudited Financial Results of the Bank for the quarter ending on 31st December, 2025
01st April, 2026 to 02nd May, 2026	For announcement/declaration of the Audited Financial Results of the Bank for the Quarter and Financial Year ending on 31st March, 2026.

DISCLOSURE OF CERTAIN TYPES OF AGREEMENTS BINDING BANK

The bank has not entered into any agreements of the nature required to be disclosed under this head.

AGREEMENT EXECUTED WITH EXECUTIVE DIRECTORS

Bank has not executed any separate service agreements with its Executive Directors.

CEO/CFO CERTIFICATION

The certification by Managing Director and CEO and Chief Financial Officer pursuant to the Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the financial statements and internal controls relating to financial reporting has been obtained and the same forms part of the Report.

Pursuant to Regulation 17(8) of the Listing Regulations, Dr. Kadambelil Paul Thomas, Managing Director and Chief Executive Officer and Shri Gireesh C P Executive Vice President – Finance and Chief Financial Officer has given CEO/CFO Certificate as per the format specified in part B to the Schedule II of the Listing Regulations, and said certificate was placed before the meeting of Board of Directors in their meeting held on 30th April, 2026 and is annexed to this report.

COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank's shares were listed on the Stock Exchanges on 10th November, 2023. The Bank has complied with all mandatory recommendations prescribed in Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the date of listing or from the respective date of applicability of the same in the Bank's case, whichever is earlier. A certificate to this effect issued by SEP & Associates, Practising Company Secretaries, is annexed.

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

In addition to the Mandatory Requirements, your Bank has ensured the implementation of the non-mandatory requirements as suggested in Regulation 27 read with Part E of Schedule II of the Listing Regulations.

1	Shareholders' rights	The Bank publishes its financial result once approved by the Board of Directors to the Stock Exchanges within 30 minutes or 3 hours, as applicable, (under Regulation 30 of the Listing Regulations) of the conclusion of the agenda/meeting. The same are also available on the websites of the Stock Exchanges. Quarterly/Annual Financial statements are also published in the Newspapers and uploaded in the Bank's website. Shareholders/Investor presentations on Quarterly / Annual financial statements are uploaded in the Bank's website and intimated to Stock Exchanges and where shares of the Bank are listed. The quarterly/ yearly financial results, press release published thereon, and investor presentations are sent to the shareholders via e-mail.
2	Separate posts of Chairperson and the Managing Director or the Chief Executive Officer	The Bank has separated the positions of the Chairperson and the Managing Director and Chief Executive Officer. The Part-Time Chairperson is a non-executive independent director and is not related to the Managing Director and Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013.
3	Reporting of Internal Auditor	The Internal Auditor directly report to the Audit Committee of the Board.

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

GOVERNANCE CODES	The Bank has adopted a 'Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank' which is applicable to the Board of Directors and Senior Management personnel of the Bank. The code requires Directors and Senior Management Team members to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner. All the Directors and Senior Management personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors. An annual confirmation of the Code of Conduct is taken from all the Directors and Senior Managerial Personnel to whom the Code applies. Managing Director and CEO's affirmation that the Code of Conduct has been complied with by the persons covered under the Code is given at the end/part of this report as per the requirements of Regulation 34(3) read with Schedule V (D) of the Listing Regulations.
CONFLICTOF INTERESTS	Each Director informs the Bank on an annual basis about the Board and the Committee positions he occupies in other companies including Chairpersonships and notifies changes during the year. The members of the Board while discharging their duties, avoid conflict of interest in the decision-making process. The Members of Board restrict themselves from any discussion and voting in transactions in which they have concern or interest.

SEBI INVESTOR COMPLAINTS REDRESSEL SYSTEM (SCORES)

SCORES platform of SEBI facilitates online filing of investor grievance/ complaints and online view of the status of the same. The Bank endeavours to redress the grievance/ complaints of the Investors within the prescribed time frame, from the date of lodgement of complaint in SCORES platform. The details of each grievance /complaint (category wise) received and redressed are furnished to the Stakeholders Relationship Committee of the Board (SRC) and to the Board on a quarterly basis.

GREEN INITIATIVES

In terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, MCA Circular no. 09/2023 dated 25th September, 2023 and SEBI circular no. SEBI/ HO/ CFD/CFD PoD[1]2/P/CIR/2023/167 dated 07th October, 2023, the Annual Report containing the Standalone Financial Statements for Financial Year 2026, the Board's Report, the Auditors' Report and other documents required to be attached thereto along with the notice convening the 10th AGM is being sent only through electronic mode to those members who have registered their email address(es) with the Bank / the RTA or their respective DPs, as the case may be. Accordingly, no physical copy of the notice of the Tenth AGM and the Annual Report for Financial Year 2026 is being sent to members who have not registered their email address(es) with the Bank / RTA. Any member who wishes to receive a physical copy of the Annual Report is requested to write to investor.relations@esafbank.com or quoting his / her DP ID and client ID / folio number as the case may be to enable the Bank to provide physical copy of the said documents at free of cost. Please note that the said documents are also uploaded on the Bank's website https://www.esaf.bank.in/investor-relation/?id=annual-reports

LINKS OF KEY INFORMATION AVAILABLE ON THE WEBSITE

Particulars	Website links
Basic Information	https://www.esaf.bank.in/about-us/
Board of Directors	https://www.esaf.bank.in/team/board-of-directors/
Vision Mission Statement	https://www.esaf.bank.in/vision-and-mission/
Board Committees	https://www.esaf.bank.in/investor-relation/?id=board-committee
Terms and conditions of appointment of Independent Directors	https://www.esaf.bank.in/pdf/policies/other-disclosures/Terms%20and%20conditions%20of%20appointment%20of%20Independent-Directors.pdf
Disclosure on Familiarization Programmes for Independent Directors	https://www.esaf.bank.in/wp-content/uploads/2026/05/Familiarisation-Programme-for-Independent-Directors-1.pdf

Report on Corporate Governance (Contd.)

Particulars	Website links
Disclosure on Related Party Transactions	https://www.esaf.bank.in/wp-content/uploads/2026/02/Related-Party-Transaction-Policy-1.pdf
Annual Secretarial Compliance Report	https://www.esaf.bank.in/investor-relation/?id=secretarial-compliance-report
Shareholding Pattern	https://www.esaf.bank.in/investor-relation/?id=stock-information
Compliance report on Corporate Governance	https://www.esaf.bank.in/investor-relation/?id=corporate-governance
Statement of Investor Complaints	https://www.esaf.bank.in/investor-relation/?id=integrated-filings
General Meetings	https://www.esaf.bank.in/investor-relation/?id=shareholders-meeting
Investor Assistance	https://www.esaf.bank.in/investor-relation/?id=investor-contacts
Record Management and Preservation Policy	https://www.esaf.bank.in/wp-content/uploads/2026/04/Record-Management-and-Preservation-Policy.pdf
Policy on Determination of Materiality of Events or Information	https://www.esaf.bank.in/wp-content/uploads/2025/02/POLICY-FOR-DETERMINATION-OF-MATERIALITY-OF-EVENTS-OR-INFORMATION.pdf
Other Policies	https://www.esaf.bank.in/investor-relation/?id=corporate-governance

BOARD INTERACTION WITH STAKEHOLDERS

Earnings Call/ Investors Presentations/ Media Releases

The Bank conducts meetings/call with Institutional Investors and Analysts in every quarter, after the results are declared. The Investors Presentations and transcript/ audio recordings of the Institutional Investors and Analysts call are uploaded in the Bank's website at https://www.esaf.bank.in/investor-relation/?id=presentation-and-concall-transcript and also submitted to the stock exchanges. The Bank is also uploading the audio recordings of the Institutional Investors and Analysts meetings/call in the Bank's website at https://www.esaf.bank.in/investor-relation/?id=presentation-and-concall-transcript with a reporting of the same to the stock exchanges.

INVESTOR HELP DESK

Investors are requested to write to the Bank, at its Registered Office address or to MUFG Intime India Private Limited("MUFG"), its Registrars & Share Transfer Agents for addressing their correspondence or complaints or may address their correspondence or complaints to designated email address viz., investor.relations@esafbank.com or rnt.helpdesk@in.mpms.mufg.com, in terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations.

For queries, etc. related to dividend payments, IEPF claims and all other investor related activities as also for lodgement of any documents or for any grievances / complaints, investors may contact or write to the Bank or MUFG. The Secretarial Department regularly monitors and reviews the status of the investor correspondence and complaints received at the Registered Office and also by MUFG, to ensure timely redressal of complaints.

Pursuant to Regulation 6(2)(d) of the Listing Regulations, Bank has created a separate e-Mail ID viz. investor.relations@esafbank.com for redressal of Investor Complaints and Grievances. The same has also been displayed on the website of the Bank.

INVESTOR INFORMATION

Date of Incorporation	05th May, 2016
Registration No.	MUM: 124
Corporate Identification No.	L65990KL2016PLC045669
Registered and Corporate Office	**ESAF Small Finance Bank Limited.** **Building No. VII/83/8, ESAF Bhavan,** **Thrissur-Palakkad National Highway,** **Mannuthy, Thrissur, Kerala 680651** **Phone: 0487 7123456** **e-mail:** investor.relations@esafbank.com

Contact	**Shri Ranjith Raj P** **Company Secretary and Compliance Officer** **Phone: 0487 7123456** **e-mail:** investor.relations@esafbank.com
Registrar & Share Transfer Agent (For Equity and Debt)	**MUFG Intime India Private Limited** (Formerly known as Link Intime India Private Limited) C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai –400083 Tel No.: +91-22-49186000 Website: https://in.mpms.mufg.com E-mail: mumbai@in.mpms.mufg.com
Debenture Trustees (For ISIN: INE818W08131, INE818W08149, INE818W08156, INE818W08164)	**Axis Trustee Services Limited** 2nd Floor, SW, The Ruby, 29, Senapati Bapat Marg, Dadar West, Dadar, Mumbai, Maharashtra 400028 Ph: +91 022 6230 0451 Email: debenturetrustee@axistrustee.in
(For ISIN: INE818W08099, INE818W08107, INE818W08123, INE818W08115)	**Catalyst Trusteeship Limited** 901, 9th Floor, Towr-B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013 Ph: +91 (022) 4922 0555 Email: compliancectl-mumbai@ctltrustee.com
10th AGM Date, Time and Venue	Friday, 14th August, 2026 at 03:00 P.M. through Video Conference / Other Audio Visual Means
Financial Year	01st April, 2025 to 31st March, 2026

By Order of the Board

Sd/-
Shri. Karthikeyan Manickam
Part Time Chairman and Non-Executive Independent Director
(DIN:09450145)

Place: Thrissur
Date: 30th April 2026

AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Kadambelil Paul Thomas, Managing Director and CEO hereby declare that the Bank's Code of Conduct and Ethics for Board of Directors and Senior Management Personnel of the Bank has been accepted and the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management as required under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on "Corporate Governance".

By Order of the Board

Sd/-
Dr. Kadambelil Paul Thomas
Managing Director and CEO
(DIN: 00199925)

Place: Thrissur
Date: 30th April 2026

CERTIFICATE FROM PRACTICING COMPANY SECRETARY ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members,
ESAF Small Finance Bank Limited,
Building No.VII/83/8, ESAF Bhavan,
Thrissur-Palakkad National Highway,
Mannuthy, Thrissur, Kerala, India, 680651

1. We have examined the compliance of conditions of Corporate Governance by M/s. ESAF Small Finance Bank Limited (hereinafter referred as "the Company") for the Financial Year ended 31st March, 2026, as prescribed under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs(s) C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above-mentioned Listing Regulations.

Our Responsibility

3. Pursuant to the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2026.
4. We have examined the compliance of conditions of Corporate Governance by the Company for the period 01st April, 2025 to 31st March, 2026 as per the Listing Regulations. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance for the period 01st April, 2025 to 31st March, 2026. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraph(s) C and D of Schedule V to the Listing Regulations during the financial year ended 31st March, 2026.
6. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on use

7. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose.

For SEP & Associates
Company Secretaries
(Peer Review Certificate No. 6780/2025)

CS Puzhankara Sivakumar
Managing Partner
FCS: 3050 COP: 2210
UDIN: F003050H000242575

Place: Ernakulam
Date: 30th April 2026

CEO / CFO CERTIFICATION

We, Kadambelil Paul Thomas, Managing Director and CEO and Gireesh C.P, Chief Financial Officer, of ESAF Small Finance Bank Limited hereby certify that:

(A) We have reviewed financial statements for the 12 months ended 31st March, 2026 and that to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(B) There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the period which are fraudulent, illegal or violative of the Bank's code of conduct.

(C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.

(D) We have indicated to the auditors and the Audit Committee:

(1) there has not been any significant changes in internal control over financial reporting during the period;

(2) there has not been any significant changes in accounting policies during the period; and

(3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Sd/-
Shri. Gireesh C. P.
Chief Financial Officer

Sd/-
Dr. Kadambelil Paul Thomas
Managing Director and CEO
(DIN: 00199925)

Place: Thrissur
Date: 30th April 2026

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and clause (10)(i) of Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
Members,
ESAF Small Finance Bank Limited
Building No. VII/83/8, ESAF Bhavan, Thrissur-Palakkad National Highway,
Thrissur, Kerala, India, 680651

We, SEP & Associates, Company Secretaries, Kochi, have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. ESAF Small Finance Bank Limited having CIN L65990KL2016PLC045669 and having registered office at Building No.VII/83/8, ESAF Bhavan, Thrissur-Palakkad National Highway, Mannuthy, Thrissur, Kerala, India - 680651 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No.	Name of Director	DIN	Date of appointment in Company
1	Shri. Karthikeyan Manickam	09450145	21st December, 2025
2	Dr. Kadambelil Paul Thomas	00199925	01st October, 2018
3	Shri. George Kalaparambil John	00694646	18th May, 2024
4	Dr. Vinod Vijayalekshmi Vasudevan	02503201	22nd December, 2021
5	Ms. Kolasseril Chandramohanan Ranjani	01735529	13th December, 2022
6	Prof. Biju Varkkey	01298281	17th August, 2023
7	Shri. Ajay Sharma	06417150	21st December, 2025
8	Shri. George Ittan Maramkandathil	11193648	18th November, 2025

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SEP & Associates
Company Secretaries
(Peer Review Certificate No.6780/2025)

CS Puzhankara Sivakumar
Managing Partner
FCS: 3050 COP: 2210
UDIN: F003050H000242553

Place: Ernakulam
Date: 30th April 2026



Financial Statements

INDEPENDENT AUDITORS' REPORT

To The Members of ESAF SMALL FINANCE BANK LIMITED

Report on the Audit of the Financial Statements

OPINION

We have audited the accompanying financial statements of **ESAF SMALL FINANCE BANK LIMITED** (the "Bank"), which comprise the Balance Sheet as at March 31, 2026, Profit and Loss Account, the Cash Flow Statement for the year ended on that date, and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 and the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act ("Accounting Standards") as applicable to bank , the relevant circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2026, its profit and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

SI NO.	Key Audit Matter	Auditors Response
1	**Classification of Advances, Provisioning and other relevant compliance of RBI Guidelines:** The Bank's portfolio comprises of Net Advances of Rs. 21,594.23 Crores as at March 31, 2026 comprising of micro-banking and retail banking. As required by Income Recognition and Asset Classification Norms (IRAC), guidelines issued by RBI and other circulars, notification and directives issued by RBI, the Bank has classified Advances and has made appropriate provisions in accordance with such guidelines. Income from Advances constitutes Rs. 3,117.04 crores i.e. 71.69% of Total Income. The provision in respect of NPA is Rs. 948.39 Crores which constitutes 21.01% of the total expenditure. The carrying value of these advances (net of provisions) may be materially misstated if, either individually or in aggregate the IRAC Norms, are not properly followed. Besides identification of and provisioning requirement for non-performing loans in accordance with the RBI guidelines also includes management estimates and judgement. Since the identification of NPAs and provisioning for such advances is significant to the overall audit, we have concluded that this as a Key Audit Matter.	• We have tested the design and operating effectiveness of the Key controls of the system, application, process over approval, recording, monitoring, recovery of loans, overdue & stressed accounts, identification of Non Performing Advances (NPA), provision of NPA including verification of valuation of reports of experts for primary and collateral securities based on the understanding of the prudential guidelines and overall organizational IT framework of the Bank and communication through various circulars and reports. • We have evaluated the Internal Controls over the sanctioning & monitoring process and the possible system override / circumvention to such controls supervisory framework such as Internal Audit, Credit Audit, Concurrent Audit, Systems Audit, as well as Internal Check, effectiveness of such framework as per the policies and procedures of the bank and in compliance with prudential guidelines.

SI NO.	Key Audit Matter	Auditors Response
		• Selected samples of NPA borrowers based on quantitative and qualitative risk factors to ascertain proper classification based on the age of the NPA status including computation of overdue period to assess the correct classification and required provision as per the IRAC norms and Bank's policy. • We have tested samples of Performing Assets for ascertaining compliance with the IRAC Norms. • We have assessed the adequacy of the disclosures as prescribed in the relevant accounting standards and the RBI requirements relating to NPAs. • With respect to additional contingency provision held as at March 31, 2026 towards unforeseen risk and stress emanating from certain portfolio of advances, we have checked and verified from the assumptions and methodology used by the management in estimating the required provision.
2	**Key Information technology (IT) and Information Security (IS) systems used in financial reporting process:** As a Scheduled Commercial Bank that operates on core banking solution ("CBS") and other applications across its branches, the reliability and security of IT systems plays a key role in the business operations. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. The IT infrastructure is critical for smooth functioning of the Bank's business operations as well as for timely and accurate financial accounting and reporting. Due to the pervasive nature and complexity of the IT environment, we have ascertained Key Information technology ("IT") systems used in financial reporting process as a key audit matter.	Information Technology forms an integral part of operating requirements of the Bank by way of various applications, general, software controls and requires understanding of various systems and procedures in evaluating the Risk based and business centric requirements of the Bank. In assessing the controls over the IT systems of the Bank, we involved our technology specialists to understand the IT control environment, IT infrastructure and IT systems. We conducted an assessment and identified key IT systems that are critical for accounting and financial reporting process and are relevant for our audit and tested their internal controls. In particular: • We obtained an understanding of the Bank's IT control environment and key changes during the audit period that may be relevant to the audit; • We tested the design, implementation and operating effectiveness of the Bank's General IT controls over the key IT systems that are critical to financial reporting. This included evaluation of Bank's controls to evaluate segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit; • We tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; and • We also tested compensating controls and performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- The Bank's Board of Directors is responsible for the preparation of the other information. The other information comprises the Chairman's Statement, the Directors Report including annexures to the Directors report included in the Annual Report but does not include the financial statements and our auditors report thereon and the Basel II Disclosures under New Capital Adequacy Framework (Basel II Disclosures).
- Our opinion on the financial statements does not cover the other information and Basel II Disclosures available in the website of the Bank and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Bank's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the State of affairs, its profit and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards and other accounting principles generally accepted in India and the circulars, guidelines and the directions issued by RBI, from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and the Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Bank's Board of Directors are also responsible for overseeing the Bank's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to

the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

The Financial Statements of the Bank for the year ended March 31, 2025 were jointly audited by M/s Abarna & Ananthan, Chartered Accountants and Kirtane & Pandit LLP, Chartered Accountant (one of the present joint auditors of the bank), who have expressed an unmodified opinion vide the audit report dated May 16, 2025.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act and Section 30(3) of the Banking Regulation Act, 1949, based on our Audit, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) The transactions of the Bank which have come to our notice have been within the powers of the bank.
   c) As explained in the paragraph 2 below, the financial accounting system of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches.
   d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
   e) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   f) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act as applicable to the Banks.
   g) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act.
   h) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 1(b) above on reporting under Section 143(3)(b) and paragraph 1(k)(v) below on reporting under Rule 11(g) of the Rules,
   i) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls with reference to financial statements.
   j) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the entity being a banking company, section 197 of the Act related to the managerial remuneration is not applicable by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.
   k) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Bank has disclosed the impact of pending litigations on its financial position as at the year-end in its financial statements - Refer Schedule 12 to the financial statements;
      ii. The Bank has long-term contracts as at the year-end and based on the information available, no provision is required to be recognised for any material foreseeable losses on such long-term contracts.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
      iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 18.16 to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
      (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note B.16 of Schedule 18 to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
      (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
      v. Based on our examination, which included test checks, the Bank has used accounting softwares for maintaining its books of account for the financial year ended March 31, 2026 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Bank as per the statutory requirements for record retention.
2. We report that during the course of our audit we have visited and performed select relevant procedures at 41 branches. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the Core Banking System, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at Head Office based on the records and data required for the purpose of Audit being made available to us.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W/W100057

Mittal Shah
Partner
Membership No.: 147370
UDIN: 26147370XQXRVK9281

Place: Mannuthy
Date: 30th April 2026

For **M/s Sundaram & Srinivasan**
Chartered Accountants
(Firm Registration No. 004207S)

S. Ramkumar
Partner
Membership No.: 238820
UDIN: 26238820DXRDKH6816

Place: Mannuthy
Date: 30th April 2026

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(i) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **ESAF SMALL FINANCE BANK LIMITED** (the "Bank") as of March 31, 2026 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Bank based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. the procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial control with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us the Bank has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2026, based on the criteria for internal financial control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W/W100057

Mittal Shah
Partner
Membership No.: 147370
UDIN: 26147370XQXRVK9281

Place: Mannuthy
Date: 30th April 2026

For **M/s Sundaram & Srinivasan**
Chartered Accountants
(Firm Registration No. 004207S)

S Ramkumar
Partner
Membership No.: 238820
UDIN: 26238820DXRDKH6816

Place: Mannuthy
Date: 30th April 2026

Balance Sheet

As at 31st March 2026

₹ In Thousands

	Schedule No.	As at 31st March 2026	As at 31st March 2025
CAPITAL AND LIABILITIES			
Capital	1	51,56,626	51,54,275
Employee Stock options Outstanding		64,942	40,368
Reserves and Surplus	2	1,26,43,801	1,42,95,845
Deposits	3	25,85,01,557	23,27,64,400
Borrowings	4	2,75,27,380	1,40,57,300
Other Liabilities and Provisions	5	47,85,468	54,70,706
Total		**30,86,79,774**	**27,17,82,894**
ASSETS			
Cash and Balances with Reserve Bank of India	6	1,11,37,058	1,35,14,295
Balances with Banks and Money at Call and Short Notice	7	6,08,189	62,76,839
Investments	8	6,39,91,062	5,99,52,619
Advances	9	21,59,42,257	18,02,78,720
Fixed Assets	10	51,59,826	30,04,175
Other Assets	11	1,18,41,382	87,56,246
Total		**30,86,79,774**	**27,17,82,894**
Contingent Liabilities	12	51,45,051	19,85,923
Bills for collection		-	-
Significant Accounting Policies and notes to accounts forming part of financial statements	17 & 18		

Schedules referred to above form an integral part of the Financial statements

The Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Regulation Act, 1949.

In terms of our report attached

For and on behalf of the Board of Directors

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm's Registration Number: 105215W/W100057

Karthikeyan Manickam
Chairman
DIN:09450145

Kadambelil Paul Thomas
Managing Director and CEO
DIN: 00199925

Mittal Shah
Partner
Membership No.: 147370

K C Ranjani
Director
DIN: 01735529

George K John
Executive Director
DIN:00694646

For **Sundaram & Srinivasan**
Chartered Accountants
Firm's Registration Number: 004207S

S Ramkumar
Partner
Membership No.: 238820

Gireesh C P
EVP & CFO

Ranjith Raj P
Company Secretary

Place: Mannuthy
Date : 30th April 2026

Place: Mannuthy
Date : 30th April 2026

Profit and Loss Account

For the year ended 31st March 2026

₹ In Thousands

		Schedule No.	Year ended 31st March 2026	Year ended 31st March 2025
I.	**INCOME**			
	Interest Earned	13	3,53,71,768	3,85,75,269
	Other Income	14	81,10,540	47,17,690
	Total		**4,34,82,308**	**4,32,92,959**
II.	**EXPENDITURE**			
	Interest expended	15	1,83,74,388	1,81,06,772
	Operating Expenses	16	1,79,88,188	1,96,15,082
	Provisions and Contingencies		87,83,756	1,07,85,000
	Total		**4,51,46,332**	**4,85,06,854**
III.	**PROFIT**			
	Net Profit/(Loss) for the year (I - II)		**(16,64,024)**	**(52,13,895)**
	Add: Balance in Profit and Loss account brought forward from Previous Year		29,11,825	85,72,774
			12,47,801	**33,58,879**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		-	-
	Transfer to Capital Reserve		2,33,385	86,708
	Dividend Paid		-	3,60,346
	Transfer to/(from) Investment Fluctuation Reserve		53,108	-
	Balance carried over to Balance Sheet		9,61,308	29,11,825
	Total		**12,47,801**	**33,58,879**
	Earnings per share (face value of ₹ 10/- each)			
	(Refer Note B.1 of schedule 18)			
	Basic (₹)		(3.23)	(10.13)
	Diluted (₹)		(3.22)	(10.12)
	Significant Accounting Policies and notes to accounts forming part of financial statements	17 & 18		

Schedules referred to above form an integral part of the Financial statements

The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Regulation Act, 1949.

In terms of our report attached

For and on behalf of the Board of Directors

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm's Registration Number: 105215W/W100057

Karthikeyan Manickam
Chairman
DIN:09450145

Kadambelil Paul Thomas
Managing Director and CEO
DIN: 00199925

Mittal Shah
Partner
Membership No.: 147370

K C Ranjani
Director
DIN: 01735529

George K John
Executive Director
DIN:00694646

For **Sundaram & Srinivasan**
Chartered Accountants
Firm's Registration Number: 004207S

S Ramkumar
Partner
Membership No.: 238820

Gireesh C P
EVP & CFO

Ranjith Raj P
Company Secretary

Place: Mannuthy
Date : 30th April 2026

Place: Mannuthy
Date : 30th April 2026

Cash Flow Statement

For the year ended 31st March 2026

Particulars	Year ended 31st March 2026	Year ended 31st March 2025
		₹ In Thousands
Cash Flow from Operating Activities		
Net Profit/(Loss) before tax	(22,84,039)	(69,29,720)
Adjustments for:		
Depreciation on Bank's Property	6,54,839	5,92,542
Amortisation of Premium/Discount on HTM Investments	32,072	5,673
Profit on sale of investments (net)	(8,27,622)	(7,91,569)
(Profit)/Loss on sale of Fixed Assets	8,612	(943)
Provision for Non Performing Advances	94,50,226	1,49,66,061
Provision for Standard Advances	(1,32,915)	61,127
Expense on Employee Stock Option	35,258	39,480
Profit on revaluation of investments (Net)	10,01,461	(23,372)
Provision/(Reversal) for Other Contingencies	52,836	24,641
	79,90,728	**79,43,920**
(Increase)/Decrease in Investments (other than HTM Investments)	(51,46,733)	25,62,125
(Increase)/Decrease in Advances	(4,51,13,764)	(1,23,13,664)
(Increase)/Decrease in Fixed Deposit with Bank (Original Maturity greater than 3 months)	-	(3,183)
(Increase)/Decrease in Other Assets	(23,43,051)	(7,93,814)
Increase/(Decrease) in Deposits	2,57,37,157	3,40,86,363
Increase/(Decrease) in Other liabilities and provisions	(6,05,159)	3,37,264
Direct taxes paid (net)	(1,22,070)	(55,789)
Net Cash Flow from/(used in) Operating Activites (A)	**(1,96,02,892)**	**3,17,63,222**
Cash Flow from/(Used in) Investing Activities		
Purchase of Fixed Assets	(28,31,787)	(15,26,801)
Proceeds from Sale of Fixed Assets	12,685	6,556
(Increase)/Decrease in Held to Maturity Investments	9,02,380	(61,68,070)
Net Cash Used in Investing Activities (B)	**(19,16,722)**	**(76,88,315)**
Cash Flow from/(Used in) Financing Activities		
Proceeds from Issue of Share Capital (including Share Premium)	3,647	12,142
Dividend Paid	-	(3,60,346)
Increase/(Decrease) in Borrowings	1,34,70,080	(1,81,68,000)
Cash Flow from/(Used in) Financing Activities (C)	**1,34,73,727**	**(1,85,16,204)**
Net Increase in Cash and Cash Equivalents (A+B+C)	**(80,45,887)**	**55,58,703**
Cash and Cash Equivalents at the beginning of period/year	1,97,57,900	1,41,99,197
Cash and Cash Equivalents at the end of period/year	1,17,12,013	1,97,57,900

Cash Flow Statement (Contd.)

Particulars	Year ended 31st March 2026	Year ended 31st March 2025
		₹ In Thousands
Note:		
Cash in Hand	14,84,615	13,31,548
Balance with RBI in Current Account	76,02,443	1,10,32,747
Balance with Banks in India in Current Account	3,96,117	3,60,028
Balance with banks in India in Term Deposit	-	7,50,000
Money at Call and Short Notice	-	49,99,583
Lending Under Reverse Repo	20,50,000	11,50,000
Balance with Banks Outside India in Current Account	1,78,838	1,33,994
Cash and cash equivalents at the end of the year	**1,17,12,013**	**1,97,57,900**

The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 - Cash Flow Statements specified under Section 133 of the Companies Act, 2013 read with the Companies (Account) Rules, 2014.

In terms of our report attached

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm's Registration Number: 105215W/W100057

Mittal Shah
Partner
Membership No.: 147370

For **Sundaram & Srinivasan**
Chartered Accountants
Firm's Registration Number: 004207S

S Ramkumar
Partner
Membership No.: 238820

Place: Mannuthy
Date : 30th April 2026

For and on behalf of the Board of Directors

Karthikeyan Manickam
Chairman
DIN:09450145

K C Ranjani
Director
DIN: 01735529

Gireesh C P
EVP & CFO

Place: Mannuthy
Date : 30th April 2026

Kadambelil Paul Thomas
Managing Director and CEO
DIN: 00199925

George K John
Executive Director
DIN:00694646

Ranjith Raj P
Company Secretary

Schedules

Forming part of the Balance Sheet

1. CAPITAL

₹ In Thousands

	As at 31st MARCH 2026	As at 31st MARCH 2025
Authorised Capital		
100,00,00,000 Equity Shares of ₹ 10/- each (60,00,00,000 Equity Shares of ₹ 10/- each)	1,00,00,000	60,00,000
Issued, Subscribed and Paid up Capital#		
51,56,62,613 Equity Shares of ₹ 10/- each (51,54,27,452 Equity Shares of ₹ 10/- each)	51,56,626	51,54,275
Total	**51,56,626**	**51,54,275**

2. RESERVES AND SURPLUS

₹ In Thousands

	As at 31st MARCH 2026	As at 31st MARCH 2025
I. Statutory Reserve		
Opening balance	29,91,149	29,91,149
Additions during the year	-	-
	29,91,149	**29,91,149**
II. Capital Reserves		
(a) Revaluation Reserve		
Opening balance	-	-
Additions during the year	-	-
	-	-
(b) Others		
Opening balance	1,36,938	50,230
Additions during the year	2,33,385	86,708
	3,70,323	**1,36,938**
III. Share premium		
Opening balance	77,90,841	77,48,748
Additions during the year	11,980	42,093
Deductions during the year	-	-
	78,02,821	**77,90,841**
IV. General Reserve		
Opening balance	1,14,651	-
Additions during the year (Refer Note 2.2)	-	1,14,651
Deductions during the year	-	-
	1,14,651	**1,14,651**
V. Revenue and Other Reserves		
a) Revenue Reserve		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
	-	**-**
b) Investment Fluctuation Reserve		
Opening balance	3,50,441	3,50,441
Additions during the year	53,108	-
	4,03,549	**3,50,441**
VI. Balance in Profit and Loss Account	**9,61,308**	**29,11,825**
Total (I to V)	**1,26,43,801**	**1,42,95,845**

Note 2.1

During the year ended 31st March 2026, the Bank has allotted 2,35,161 equity shares (Previous Year: 6,47,594 equity shares) pursuant to the exercise of options under the approved employee stock option scheme. Total share premium collected is ₹ 1,296 Thousands (Previous Year: ₹ 5,666 Thousands) and appropriated from Employees stock option outstanding is ₹ 10,684 Thousands (Previous Year: ₹ 36,427 Thousands).

Note 2.2 - General Reserve

Year ended 31st March 2026- Nil

Year ended 31st March 2025

A. The RBI, vide its Master Direction dated September 12, 2023 issued revised norms for the classification, valuation and operation of the investment portfolio of banks, which became applicable from April 01, 2024. While hitherto the investment portfolio was classified under the Held To Maturity (HTM), Available For Sale (AFS) and Held For Trading (HFT) categories, the revised norms bring in a principle-based classification of investment portfolio and a symmetric treatment of fair value gains and losses. In accordance with the revised norms and the Bank's Board approved policy, the Bank has classified its investment portfolio as on April 01, 2024, under the categories of Held To Maturity (HTM), Available For Sale (AFS), Fair Value Through Profit and Loss (FVTPL) and Held For Trading (HFT) as a sub category of FVTPL, and from that date, measures and values the investment portfolio under the revised framework. On transition to the framework on April 01, 2024, the Bank has recognised a net gain of ₹ 95,173 Thousands as General Reserve in accordance with the said norms. The impact of the revised framework for the previous period (FY 2023-24) is not ascertainable and as such the profit or loss from the investments, included in other income for the year ended March 31, 2025 is not comparable with that of the previous period/s. Any circular/direction issued by RBI is implemented prospectively when it becomes applicable, unless specifically required otherwise/for retrospective application under those circulars/directions.

B. As at 31st March 2025, the Bank has transferred ₹ 19,478 Thousands to General Reserve being the balance relating to the 3,52,882 lapsed option of ESOS Tranche 1.

3. DEPOSITS

₹ In Thousands

			As at 31st MARCH 2026	As at 31st MARCH 2025
A.	I.	Demand Deposits		
		i. From Banks	1,03,011	1,82,889
		ii. From Others	35,42,912	31,26,933
			36,45,923	**33,09,822**
	II.	Savings Bank Deposits	5,81,60,053	5,45,18,118
	III.	Term Deposits		
		i. From Banks	2,30,06,152	1,21,28,158
		ii. From Others	17,36,89,429	16,28,08,302
			19,66,95,581	**17,49,36,460**
Total (I to III)			**25,85,01,557**	**23,27,64,400**
B.	I.	Deposits of branches in India	25,85,01,557	23,27,64,400
	II.	Deposits of branches outside India	-	-
Total (I to II)			**25,85,01,557**	**23,27,64,400**

4. BORROWINGS

₹ In Thousands

	As at 31st MARCH 2026	As at 31st MARCH 2025
I. Borrowings in India		
i. Reserve Bank of India	50,00,000	-
ii. Other Banks	-	-
iii. Other institutions and agencies	1,48,97,380	1,01,77,300
iv. Subordinated Debt	71,50,000	34,00,000
v. Perpetual Debt Instrument	4,80,000	4,80,000
	2,75,27,380	**1,40,57,300**
II. Borrowings outside India	-	-
Total (I to II)	**2,75,27,380**	**1,40,57,300**
Secured Borrowings included in I and II above	**50,00,000**	**-**

5. OTHER LIABILITIES AND PROVISIONS

₹ In Thousands

	As at 31st MARCH 2026	As at 31st MARCH 2025
I. Bills Payable	1,60,359	1,61,037
II. Inter - office adjustments (Net)	-	-
III. Interest accrued	2,85,041	1,04,494
IV. Provision for Standard Assets	10,29,083	11,61,997
V. Others (including Provisions)	33,10,985	40,43,178
Total (I to V)	**47,85,468**	**54,70,706**

6. CASH AND BALANCES WITH RESERVE BANK OF INDIA

₹ In Thousands

	As at 31st MARCH 2026	As at 31st MARCH 2025
I. Cash in hand	14,84,615	13,31,548
II. Balance with Reserve Bank of India		
i. in Current Accounts	76,02,443	1,10,32,747
ii. in Other Accounts	20,50,000	11,50,000
Total (I to II)	**1,11,37,058**	**1,35,14,295**

7. BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

₹ In Thousands

	As at 31st MARCH 2026	As at 31st MARCH 2025
I. In India		
i. Balances with Banks		
a. in Current Accounts	3,96,117	3,60,028
b. in Other Deposit Accounts	33,234	7,83,234
Total	**4,29,351**	**11,43,262**
ii. Money at Call and Short Notice		
a. With Banks	-	-
b. With Other Institutions	-	49,99,583
c. Lending under Reverse Repo (RBI)	-	-
Total	**-**	**49,99,583**
Total (I)	**4,29,351**	**61,42,845**
II. Outside India		
i. in Current Accounts	1,78,838	1,33,994
ii. in Other Deposit Accounts	-	-
iii. Money at call and short notice	-	-
Total (II)	**1,78,838**	**1,33,994**
Total (I to II)	**6,08,189**	**62,76,839**

8. INVESTMENTS (NET OF PROVISIONS)

₹ In Thousands

	As at 31st MARCH 2026	As at 31st MARCH 2025
I. Investments in India in:		
i. Government Securities	6,35,29,412	5,53,56,784
ii. Other approved Securities	-	-
iii. Shares	2,03,588	2,30,953
iv. Debentures and Bonds	-	-
v. Subsidiaries/Joint Ventures	-	-
vi. Others [Certificate of Deposits (CDs), Mutual Funds, Security Receipts(SRs) etc.]	2,58,062	43,64,882
Total (I)	**6,39,91,062**	**5,99,52,619**
II. Investments outside India	-	-
Total (II)	-	-
Total (I to II)	**6,39,91,062**	**5,99,52,619**
Gross Investments	6,39,91,062	5,99,52,619
Less: Depreciation/Provision for Investments	-	-
Net Investments	**6,39,91,062**	**5,99,52,619**

9. ADVANCES (NET OF PROVISIONS)

₹ In Thousands

	As at 31st MARCH 2026	As at 31st MARCH 2025
A. i. Bills purchased and discounted	3,86,417	5,64,547
ii. Cash credits, overdrafts and loans repayable on demand	1,06,29,692	66,34,111
iii. Term loans	20,49,26,148	17,30,80,062
Total	**21,59,42,257**	**18,02,78,720**
B. i. Secured by tangible assets	13,71,55,715	9,32,59,074
ii. Covered by Bank/Government guarantees	3,64,218	2,92,635
iii. Unsecured	7,84,22,324	8,67,27,011
Total (Net of Provisions)	**21,59,42,257**	**18,02,78,720**

₹ In Thousands

		As at 31st MARCH 2026	As at 31st MARCH 2025
C. I.	Advances in India		
i.	Priority Sectors	10,28,13,860	11,69,53,018
ii.	Public Sector	-	-
iii.	Banks	-	-
iv.	Others	11,31,28,397	6,33,25,702
Total (I)		**21,59,42,257**	**18,02,78,720**
II.	Advances outside India		
i.	Due from Banks	-	-
ii.	Due from Others	-	-
a)	Bills purchased and discounted	-	-
b)	Syndicated Loans	-	-
c)	Others	-	-
Total (II)		**-**	**-**
Total (I to II)		**21,59,42,257**	**18,02,78,720**

10. FIXED ASSETS

₹ In Thousands

	As at 31st MARCH 2026	As at 31st MARCH 2025
I OWNED ASSETS		
a. Premises		
Gross Block		
At the beginning of the year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	**-**	**-**
Depreciation		
As at the beginning of the year	-	-
Charge for the Year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
Net Block	**-**	**-**
b. Other fixed assets		
(including furniture and fixtures)		
Gross Block		
At the beginning of the year	49,18,449	40,18,428
Additions during the year	5,66,518	9,19,875
Deductions during the year	1,04,416	19,854
Closing Balance	**53,80,551**	**49,18,449**
Depreciation		
As at the beginning of the year	25,47,280	19,68,979
Charge for the year	6,54,839	5,92,542
Deductions during the year	83,119	14,241
Depreciation to date	31,19,000	25,47,280
Net Block	**22,61,551**	**23,71,169**

₹ In Thousands

	As at 31st MARCH 2026	As at 31st MARCH 2025
II ASSETS GIVEN ON LEASE		
Gross Block		
At the beginning of the year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	-	-
Depreciation		
As at the beginning of the year	-	-
Charge for the year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
Net Block	-	-
II. Capital Work in progress (Including Capital Advances)	28,98,275	6,33,006
Total (I & II)	**51,59,826**	**30,04,175**

11. OTHER ASSETS

₹ In Thousands

	As at 31st MARCH 2026	As at 31st MARCH 2025
I. Inter - office adjustments (net)	-	-
II. Interest accrued	47,49,978	32,67,509
III. Tax paid in advance/Tax Deducted at source (Net of provision)	4,09,133	2,14,885
IV. Stationery and Stamps	2,103	589
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Deferred tax asset (net)	27,29,393	21,81,556
VII. Others	39,50,775	30,91,707
Total (I to VII)	**1,18,41,382**	**87,56,246**

12. CONTINGENT LIABILITIES

₹ In Thousands

	As at 31st MARCH 2026	As at 31st MARCH 2025
I. Claims against the Bank not acknowledged as debts	4,950	4,576
II. Liability on account of outstanding forward exchange contracts	51,20,222	19,57,583
III. Guarantees given on behalf of constituents - in India	12,271	16,156
IV. Acceptances, endorsements and other obligations	-	-
V. Other items for which the Bank is contingently liable	7,608	7,608
Total (I to V)	**51,45,051**	**19,85,923**

Schedules

Forming part of the Profit and Loss Account

13. INTEREST EARNED

₹ in Thousands

		Year ended 31st MARCH 2026	Year ended 31st MARCH 2025
I.	Interest/discount on advances/bills	3,11,70,375	3,40,58,085
II.	Income on investments	41,05,983	40,20,424
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	95,410	4,96,760
IV.	Others	-	-
Total (I to IV)		**3,53,71,768**	**3,85,75,269**

14. OTHER INCOME

₹ in Thousands

		Year ended 31st MARCH 2026	Year ended 31st MARCH 2025
I.	Commission, exchange and brokerage	44,63,937	22,92,115
II.	Profit on sale of investments (Net)	8,27,622	7,91,569
III.	Profit on revaluation of investments (Net)	(10,01,461)	23,372
IV.	Profit on sale of land, buildings and other assets (Net)	(8,612)	943
V.	Profit on foreign exchange transactions (Net)	18,627	16,144
VI.	Income earned by way of dividends etc. from companies	2,308	2,104
VII.	Miscellaneous income *	38,08,119	15,91,443
Total (I to VII)		**81,10,540**	**47,17,690**
** includes income from:*			
Income from PSLC		12,74,223	5,61,796
Recovery from Technically written off Loan(Includes cash consideration received on sale of Technically written off accounts)		13,85,423	3,72,591

15. INTEREST EXPENDED

₹ in Thousands

		Year ended 31st MARCH 2026	Year ended 31st MARCH 2025
I.	Interest on deposits	1,67,15,699	1,61,25,446
II.	Interest on Reserve Bank of India/Inter bank borrowings	82,952	1,03,114
III.	Others	15,75,737	18,78,212
Total (I to III)		**1,83,74,388**	**1,81,06,772**

16. OPERATING EXPENSES

₹ in Thousands

		Year ended 31st MARCH 2026	Year ended 31st MARCH 2025
I.	Payments to and provisions for employees	69,20,152	66,44,842
II.	Rent, taxes and lighting	12,72,706	11,66,077
III.	Printing and stationery	58,311	82,437
IV.	Advertisement and publicity	92,511	1,15,999
V.	Depreciation on Bank's property	6,54,839	5,92,542
VI.	Directors' fees, allowances and expenses	24,078	25,665
VII.	Auditors' fees and expenses	9,903	8,788
VIII.	Law charges	22,091	18,963

₹ in Thousands

		Year ended 31st MARCH 2026	Year ended 31st MARCH 2025
IX.	Postage, Telegrams, Telephones etc	3,31,279	3,29,394
X.	Repairs and maintenance	1,10,417	98,843
XI.	Insurance	2,78,260	2,88,729
XII.	Other expenditure *	82,13,641	1,02,42,803
Total (I to XII)		**1,79,88,188**	**1,96,15,082**

* includes expenditure towards

₹ in Thousands

	Year ended 31st MARCH 2026	Year ended 31st MARCH 2025
CBS Management fees & Technology Related expenses	14,00,947	12,71,135
Business Correspondent expenses	39,92,800	59,57,557
One time payment to ESMACO on employee transition (Refer Note B.19 of schedule 18)	-	5,80,000

17. SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1 Background

ESAF Small Finance Bank Limited ("the Bank") is a public limited company incorporated on 5th May 2016 in India, after receiving in principal approval from the Reserve Bank of India ("RBI") to establish a small finance bank in the private sector under section 22 of the Banking Regulation Act, 1949 on 16th September 2015. The Bank received the license from the Reserve Bank of India on 18th November 2016 and commenced its banking operations from 10th March 2017. As per RBI Approval, the name of the Bank is included in the Second Schedule to the Reserve Bank of India Act, 1934 w.e. f 12th November 2018.The Bank provides micro, retail (which includes Gold Loans, Mortgage Loans, Mobility Loans, Agriculture Loans etc.) and corporate banking, para banking activities such as debit card, third party financial product distribution, in addition to treasury and permitted foreign exchange business.

Equity shares of the Bank are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

2 Basis of Preparation

The financial statements have been prepared in accordance with the requirements prescribed under the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform in all material aspects with Generally Accepted Accounting Principles in India ("Indian GAAP"), the circulars and guidelines issued by RBI from time to time and Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 to the extent applicable and other relevant provisions of the Companies Act, 2013 ("Act") and current practices prevailing within the Banking industry in India. The Bank follows historical cost convention and accrual basis of accounting in the preparation of the financial statements, except otherwise stated. The accounting policies adopted in the presentation of financial statements are consistent with those followed in the previous year.

3 Use of Estimation

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Bank's Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates are recognized prospectively in current and future periods.

4. Significant Accounting Policies

4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

i. Interest Income is recognized in the profit and loss account on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognized upon realization basis as per the prudential norms issued by RBI. Interest is not charged on the delayed remittances for the overdue period on microloans.

ii. Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit (net of applicable taxes and amount required to be transferred to statutory reserve) on sale of investments in the 'Held to Maturity' category is appropriated to 'Capital Reserve Account'.

iii. Income on non-coupon bearing discounted instruments is recognized over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognized over the tenor of the instrument on yield basis.

iv. Dividend on Investments in shares and units of Mutual Funds are accounted when the Bank's right to receive the dividend is established.

v. Processing Fee/upfront fee, handling charges or income of similar charges collected at the time of sanctioning or renewal of loan/facility is recognised at the inception/renewal of loan.

vi. Other fees and Commission income (including commission income on third party products) are recognised when due, except in cases where the bank is uncertain of ultimate collection.

vii. Interest income on deposits with banks and other financial institutions are recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

viii. Guarantee commission are recognised on a straight line basis over the period of underlying commitment.

ix. Locker rent is recognised on realisation basis.

x. For a securitization or direct assignment transaction, the Bank recognizes profit upon receipt of that funds and loss is recognized at the time of sale. The unrealised gains, associated with expected future margin income is recognised in profit and loss account on receipt of cash, after absorbing losses, if any.

xi. Fees received on sale of priority sector lending certificates is considered as Miscellaneous Income, while fees paid for purchase is expended as other expenditure in accordance with the guidelines issued by RBI on the date of purchase/ sale on upfront basis.

4.2 Investments

Investments are accounted in accordance with RBI guidelines: Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions) 2023, which are briefly as follows:

i. Categorization of Investments

The Bank classifies its investment portfolio under following three categories:

- Held to Maturity (HTM) – The securities that are acquired with the intention and objective of holding it to maturity and the contractual terms of the security give rise to cash flows that are solely payment of principal and Interest (SPPI criteria) on principal outstanding on specified dates.
- Available for Sale (AFS) – The securities that are acquired with the objective of both collecting contractual cash flows and selling securities and the contractual terms of the securities meet the SPPI criteria.

In case of equity instruments the bank may make an irrevocable selection to classify an equity instrument that is not held with the objective of trading under AFS.

Debt Securities that are held for Asset Liability Management (ALM) purposes that meet the SPPI criterion are also classified under AFS.

- Fair Value through Profit and Loss (FVTPL)- The securities that do not qualify for inclusion in HTM or AFS shall be classified under FVTPL.

Held for Trading (HFT) which is a sub-category of FVTPL consists of all instruments meeting the specifications prescribed by RBI.

ii. Presentation of Investments in the Balance Sheet

investments are presented in the Balance Sheet under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries, Associates and Joint Ventures and (vi) Other Investments.

iii. Recognition and measurement

a) Initial recognition and measurement

- All investments are measured at fair value on initial recognition. Unless facts and circumstances suggest that the fair value is materially different from the acquisition cost is presumed to be fair value.
- Broken period interest in debt instruments and government securities is treated as revenue item.
- Where the securities are quoted or the fair value can be determined based on market observable inputs (such as yield curve, credit spread, etc.) any Day 1 gain/loss are recognised in the Profit and Loss Account, under Schedule 14: 'Other Income' within the subhead 'Profit on revaluation of investments' or 'Loss on revaluation of investments', as the case may be.
- Any Day 1 loss arising from Level 3 investments are recognised immediately.
- Any Day 1 gains arising from Level 3 investments are deferred. In the case of debt instruments, the Day 1 gain are amortized on a straight-line basis up to the maturity date (or earliest call date for perpetual instruments), while for unquoted equity instruments, the gain is set aside as a liability until the security is listed or derecognized.

b) Subsequent measurement

- HTM - Securities held in HTM are carried at cost. Any discount or premium on the securities under HTM are amortized over the remaining life

of the instrument. Any profit or loss on the sale of investments in HTM is recognised in the Profit and Loss Account. The profit on sale of an investments in HTM is appropriated below the line from the Profit and Loss Account to the 'Capital Reserve Account'. The amount so appropriated is net of taxes and the amount required to be transferred to Statutory Reserve.

- AFS - The securities held in AFS are fair valued at least on a quarterly basis. Any discount or premium on the acquisition of debt securities under AFS are amortized over the remaining life of the instrument. The net appreciation or depreciation are directly credited or debited to AFS-Reserve. Upon sale or maturity of a debt instrument in AFS category, the accumulated gain/loss for that security in the AFS-Reserve is transferred from the AFS-Reserve and recognized in the Profit and Loss Account. In the case of equity instruments designated under AFS at the time of initial recognition, any gain or loss on sale of such investments is not transferred from AFS-Reserve to the Profit and Loss Account. Instead, such gain or loss is transferred from AFS-Reserve to the Capital Reserve.
- FVTPL- The securities held in FVTPL are fair valued and the net gain or loss arising on such valuation are directly credited or debited to the Profit and Loss Account. Securities that are classified under the HFT sub-category within FVTPL are fair valued on a daily basis whereas securities in FVTPL are fair valued on quarterly basis. Any discount or premium on the acquisition of debt securities under FVTPL are amortized over the remaining life of the instrument.

iv. Investment fluctuation reserve (IFR)

RBI advised bank to create IFR with effect from FY 2018-19. As per RBI guidelines transfer to IFR will be lower of the following (i) net profit on sale of investments during the year or (ii) net profit for the year less mandatory appropriations, until the amount of IFR is at least 2 percent of the AFS and FVTPL (including HFT) portfolio, on a continuing basis.

v. Reclassifications between categories

Reclassification of investments between categories is carried out with approval of Board of Directors and prior approval of Department of Supervision (DoS), RBI. Any reclassification is applied prospectively from reclassification date and the accounting treatment is in accordance with the RBI guidelines.

vi. Valuation of Investments

The fair value for the purpose of initial recognition and periodical valuation of investments shall be determined as per the valuation norms laid down in accordance with RBI guidelines.

1. Quoted Securities - The fair value for the quoted securities shall be the prices declared by the Financial Benchmarks India Private Ltd. (FBIL) in accordance with RBI circular FMRD.DIRD.7/14.03.025/2017-18 dated 31st March 2018, as amended from time to time. For securities whose prices are not published by FBIL, the fair value of the quoted security shall be based upon quoted price as available from the trades/quotes on recognised stock exchanges, reporting platforms or trading platforms authorized by RBI/SEBI or prices declared by the Fixed Income Money Market and Derivatives Association of India (FIMMDA)
2. Unquoted SLR Securities
   - Treasury Bills shall be valued at carrying cost.
   - Unquoted Central/State Government securities shall be valued on the basis of the prices/YTM rates published by the FBIL.
   - Other approved securities shall be valued applying the YTM method by marking them up by 25 basis points above the yields of the Central Government Securities of equivalent maturity put out by FBIL.
3. Unquoted Non-SLR Securities
   - Equity shares for which current quotations are not available i.e., which are classified as illiquid or which are not listed on a recognised exchange, the fair value for the purposes of these directions shall be the break-up value (without considering 'revaluation reserves', if any) which is to be ascertained from the company's latest audited balance sheet. In case the latest audited balance sheet is not available or is more than 18 months old, the shares shall be valued at 1 per company.
   - Other unquoted Non-SLR securities - fair valuation shall be basis the RBI Master Direction- Classification, Valuation and Operation of Investment Portfolio of Commercial Bank (Directions), 2023.
4. In accordance with the RBI guidelines, repurchase and reverse repurchase transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively.
5. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions are accounted for as interest income.

vii. Fair Value Measurement

"Fair value" means the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The bank classifies its investment portfolio into three fair value hierarchies viz. Level 1, Level 2, and Level 3 to signify the context of inputs used for valuation of a financial instrument., described as follows:

"Level 1 investments" are fair valued based on quoted prices (unadjusted) in active markets for identical instruments that the bank can access at the measurement date.

"Level 2 investments" are fair valued based on are those inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

"Level 3 investments" are fair valued at unobservable inputs such as valuation of equity shares in an unlisted company where break-up value has to be ascertained from the company's latest audited balance sheet.

viii. Provision for non-performing investments

The criteria for classification and recognition of non-performing investments are as per the guidelines used to classify an asset as Non-Performing Asset (NPA) as per the extant Prudential Norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances.

ix. Short Sales

The short sale transactions in Central Government dated securities undertaken by the bank shall be accounted in accordance with RBI guidelines. The short position is categorized under HFT- FVTPL category and netted off from investments in the Balance Sheet.

4.3 Advances

i. Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines and are stated net of unrealised interest account in suspense for non-performing advances and provisions made towards NPAs and principle portion of advance repaid by the customer, if any. Interest on Non-performing advances is not recognised in Profit and Loss account and transferred to an unrealised interest account till the actual realisation. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made at/or above the minimum required level in accordance with the provisioning policy adopted by the Bank and as per the guidelines and circulars of the RBI on matters relating to prudential norms.

ii. Provision for standard advances is made as per the extant RBI guidelines. Additional Provision on standard assets is made as per the policy decided by the Board.

iii. The Bank transfers advances through interbank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank

is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

iv. Non Performing Advances are written off as per the Bank's policy. Amounts recovered against debts written off/technically written off are recognised in the Profit and Loss account and included under "Other Income".

v. The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advances/securities, which would generally include, among others, alteration of repayment period/repayable amount/the amount of instalments/rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines, as amended from time to time. In accordance with RBI guidelines on the prudential framework for restructure of stressed assets and the resolution framework for Covid 19 related stress, the Bank in accordance with its Board approved policy, carried out one-time restructuring of eligible borrowers. The asset classification and necessary provisions thereon are done in accordance with the said RBI guidelines.

vi. Priority Sector Lending Certificate (PSLC): The Bank enters into transactions for the sale and/or purchase of priority sector lending certificates (PSLC). In case of a sale transaction, the Bank sells the fulfilment of priority sector obligations and in the case of a purchase transaction, the Bank buys the fulfilment of priority sector obligations through the RBI trading platform. There is no transfer of loan assets or risks. The fees received for the sale of PSLC is recorded as other income and fees paid for purchase of PSLC is recorded as other expenditure in profit and loss account.

vii. Securitization and transfer of assets:

The Bank transfers its loan receivables through Direct Assignment route as well as transfer to Special Purpose Vehicle (SPV).

The transferred loans and such securitized receivables are de-recognised as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Sales/transfer that do not meet true sale criteria are accounted for as borrowings. For a securitization or direct assignment transaction, the Bank recognizes profit upon receipt of that funds and loss is recognized at the time of sale.

The unrealised gains, associated with expected future margin income is recognised in profit and loss account on receipt of cash, after absorbing losses, if any.

On sale of stressed assets, if the sale is at a price below the net book value (i.e., funded outstanding less specific provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year when the sum of cash received by way of initial consideration and/or redemption or transfer of security receipts issued by SC/RC exceeds the net book value of the loan at the time of transfer.

In respect of stressed assets sold under an asset securitization, where the investment by the bank in security receipts (SRs) backed by the assets sold by it is more than 10 percent of such SRs, provisions held are higher of the provisions required in terms of net asset value declared by the Securitization Company ('SC')/Reconstruction Company ('RC') and provisions as per the extant norms applicable to the underlying loans, notionally treating the book value of these SRs as the corresponding stressed loans assuming the loans remained in the books of the Bank.

Investments in Pass Through Certificates (PTCs) issued by other Special Purpose Vehicles (SPVs), are accounted at acquisition cost and are classified as investments. loans bought through the direct assignment route which are classified as advances and are carried at acquisition cost unless it is more than the face value, in which case the premium is amortized based on effective interest rate method.

4.4 Fixed Assets (Property Plant and Equipment and Intangible) and Depreciation/Amortization

i. Fixed Assets have been stated at cost less accumulated depreciation and amortization and adjusted for impairment, if any.

ii. Cost includes cost of purchase inclusive of freight, duties, incidental expenses and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to put to use.

iii. Gain or losses arising from the retirement or disposal of a Fixed Asset are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Profit and Loss Account.

iv. Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. The management believes that the useful life of assets assessed by the Bank, pursuant to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets. The estimated useful lives of key fixed assets, based on technical evaluation done by the management are given below:

Class of Asset (Tangible and Intangible)	Estimated Useful Life as assessed by the Bank (in years)	Estimated Useful Life specified under Schedule II of the Companies Act, 2013. (in years)
Office Equipments	4-5	5
Computers (Including Network)	2- 6	3 – 6
Furniture & Fixtures	9-10	10
Motor Vehicles	2-4	8
Servers	5	6

v. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the company. Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price including after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use following initial recognition, Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

vi. Intangible assets comprising of software shall be amortized on straight line basis over a period of it's useful life subject to maximum 4 years.

vii. For assets purchased/sold during the year, depreciation shall be provided on pro rata basis by the Bank.

viii. Capital work-in-progress shall include costs incurred towards creation of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets

4.5 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.6 Retirement and employee benefits

i. Short Term Employee Benefit

The undiscounted amount of short-term employee benefits which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

ii. Long term Employee Benefit

a. Defined contribution Plan:

Provident Fund: In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre-determined rate. Contribution to provident fund are recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its periodical contribution.

b. Defined Benefit Plan:

Gratuity: The Bank provides for Gratuity, covering employees in accordance with the Payment of Gratuity Act, 1972, Service regulations and Service awards as the case may be. The Bank's liability is actuarially determined (using Projected Unit Credit Method) at the Balance Sheet date. The actuarial gain or loss arising during the period is recognised in the Profit and Loss Account. Past service cost is recognised immediately to the extent that the benefits are already vested while otherwise, it is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Compensated Absences: The Bank accrues the liability for compensated absences based on the actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilization. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date. Actuarial gains/ losses are recognised in the Profit and Loss Account in the year/period in which they arise. The actuarial gain or loss arising during the period is recognised in the Profit and Loss Account.

4.7 Share Issue expenses

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013.

4.8 Income Taxes

i. Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent year(s).

ii. Deferred tax assets on account of timing differences are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In case of carry forward losses and unabsorbed depreciation, under tax laws, the deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

iii. At each reporting date, the Bank re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Iv. Deferred tax assets are reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Changes in deferred tax assets/liabilities on account of changes in enacted tax rates are given effect to in the Profit and Loss Account in the period of the change.

v. The carrying amount of deferred tax assets is reviewed at each reporting date. The Bank writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

vi. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Changes in deferred tax assets/ liabilities on account of changes in enacted tax rates are given effect to in the Profit and Loss Account in the year of change.

4.9 Cash and Cash equivalent

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

4.10 Segment Information

In accordance with RBI guidelines and Accounting Standard 17 (AS-17) on "Segment Reporting", the Banks' business has been segregated into Treasury, Wholesale Banking, Retail Banking Segments and other Banking Operations

a) Treasury: The treasury segment revenue primarily consists of interest earnings on investments portfolio of the bank, gains or losses on investment operations and earnings from foreign exchange business. The principal expenses of the segment consist of interest expense allocated on funds borrowed/Deposits received and other expenses. Treasury also includes allocation of deposits received from customers.

b) Whole sale Banking: Whole sale Banking segment provides loans to corporate segment identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to corporate customers and the charges/ fees earned from other banking services. The principal expenses of the segment consist of interest expense allocated on funds borrowed/ deposits received and other expenses.

c) Retail banking: The Retail Banking segment provides loans to non-corporate customers identified on the basis of RBI guidelines and also include deposits from customers. Revenues of this segment consist of interest earned on Loans made to non-corporate customers and the charges/fees earned from other banking services. The principal expenses of the segment consist of interest expense allocated on funds borrowed/ deposits received and other expenses.

d) Other Banking Operations: This segment includes income from para banking activities such as debit cards, third party product distribution and associated costs.

e) Segment revenues consist of earnings from external customers and other allocated revenues. Segment expenses consist of allocated interest expenses, operating expenses and provisions. Segment results are net of segment revenues and segment expenses.

f) Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth.

g) Unallocated: All items which are reckoned at an enterprise level are classified under this segment. This includes capital, reserves and other unallocable assets and liabilities such as fixed assets, deferred tax, tax paid in advance and income tax provision etc.

h) Since the business operations of the Bank are primarily concentrated in India, the Bank is considered to operate only in the domestic segment.

4.11 Earnings per Share

Basis and diluted earnings per share is computed in accordance with Accounting Standard 20 – Earnings per share.

Basic earnings per share are calculated by dividing the net profit or loss for the year/period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year/period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year/period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

4.12 Accounting for Provisions contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank

or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements.

In Accordance with AS 29, Provisions, Contingent liabilities and contingent assets, the Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are neither recognized nor disclosed in the Financial statements

4.13 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating lease. Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term in accordance with AS 19 - Leases.

4.14 Transaction involving Foreign Exchange

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transfer.

Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date.

Non-monetary items which are measured in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items which are measured at Fair Value or other similar value denominated in a foreign currency are translated using the exchange rate at the date when such value is determined.

Exchange differences arising on settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expense in the period in which they arise.

Outstanding forward (other than deposit and placement swaps) and spot foreign exchange contracts outstanding at the Balance Sheet date are revalued at rates notified by FEDAI for specified maturities and at the interpolated rates of interim maturities. In case of forward contracts of greater maturities where exchange rates are not notified by FEDAI, are revalued at the forward exchange rates implied by the swap curves in respective currencies. The forward profit or loss on the forward contracts are discounted using discount rate and the resulting profits or losses are recognised in the Profit and Loss Account as per the regulations stipulated by the RBI.

Foreign exchange swaps "linked" to foreign currency deposits and placements are translated at the prevailing spot rate at the time of swap. The premium or discount on the swap arising out of the difference in the exchange rate of the swap date and the maturity date of the underlying forward contract is amortized over the period of the swap and the same is recognised in the Profit and Loss Account.

Contingent liabilities on account of letters of credit, bank guarantees and acceptances and endorsements outstanding as at the Balance Sheet date denominated in foreign currencies and other foreign exchange contracts are translated at period end rates notified by FEDAI.

4.15 Derivative Transactions

Derivative transactions Notional amounts of derivative transactions comprising of swaps, futures and options are disclosed as off Balance Sheet exposures. The Bank recognizes all derivative contracts (other than those designated as hedges) at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance Sheet or reporting date. Derivatives are classified as assets when the fair value is positive (positive marked to market) or as liabilities when the fair value is negative (negative marked to market). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Profit and Loss Account.

Outstanding derivative transactions designated as "Hedges" are accounted in accordance with hedging instrument on an accrual basis over the life of the underlying instrument. Option premium paid or received is recognised in the Profit and Loss Account on expiry of the option. Option contracts are marked to market on every reporting date.

4.16 Employee Share Based Payments

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Bank to its employees.

The options/units granted shall vest as per their vesting schedule and these may be exercised within a specified period. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans in respect of options granted up to 29th December 2023. The intrinsic value being the excess, if any, of the fair market price of the share under ESOSs over the exercise price of the option is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account.

Effective 30th December, 2023, the fair value of share-linked instruments on the date of grant for all instruments granted after 31st March, 2021 is recognised as an expense in accordance with the RBI guidelines on Compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function staff and in accordance with the scheme approved by the Shareholders of the Bank. The fair value of the stock-based employee compensation is estimated on the date of grant using Black-Scholes model.

The compensation cost is amortized on a straight-line basis over the vesting period after adjusting estimated forfeiture. Ultimately, the cost for all instruments that vest is recognized. The compensation expense is recognised in the Profit and Loss Account with a corresponding credit to Employee's Stock Option (Grant) Outstanding account. On exercise of the stock options, corresponding balance in Employee's Stock Option (Grant) Outstanding account is transferred to Share Premium. In respect of the options which expire unexercised, the balance standing to the credit of Employee's Stock Option (Grant) Outstanding account is transferred to General Reserve.

18. NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2026

A. DISCLOSURES AS LAID DOWN BY RBI CIRCULARS:

1. Regulatory Capital:

The Bank is subject to the Basel II Capital Adequacy guidelines (NCAF) stipulated by RBI. The Capital Adequacy Ratio (CRAR) of the Bank is calculated as per the Standardized approach for Credit Risk.

As per RBI letter "DBR.NBD.No. 4502/16.13.218/2017-18" dated 08th November 2017, no separate capital charge is prescribed for market and operational risk. The total Capital Adequacy ratio of the Bank at 31st March 2026 is 22.22% (Previous year: 21.84%) against the regulatory requirement of 15.00% prescribed by RBI.

No Capital Conservation Buffer and Counter - Cyclical Capital Buffer is applicable on Small Finance Bank (SFB) as per operating guidelines issued on SFB by RBI.

1.1. Composition of Regulatory Capital

(₹ in crore)

Particulars	As at 31st March 2026	As at 31st March 2025
i) Common Equity Tier I Capital (CET1)	1,522.89	1,746.02
ii) Additional Tier 1 Capital	48.00	48.00
iii) Tier I Capital - A = (i)+(ii)	1,570.89	1,794.02
iv) Tier II Capital - B	807.26	434.24
v) Total Capital (A)+(B)	2,378.15	2,228.26
vi) Total Risk Weighted Assets (RWAs)	10,700.55	10,202.70
Capital Ratios:		
vii) CET I Capital (%) [CET 1 as a percentage of RWAs]	14.23%	17.11%
viii) Tier I Capital (%) [Tier I Capital as a percentage of RWAs]	14.68%	17.58%
ix) Tier II Capital (%) [Tier II Capital as a percentage of RWAs]	7.54%	4.26%
x) Total CRAR % [Total Capital as a percentage of RWAs]	22.22%	21.84%
xi) Leverage Ratio	5.11%	6.63%
(xii) Amount of paid up capital raised during the year (Including Share Premium)	1.43	4.85
(xiii) Amount of non- equity Tier I capital raised during the year	-	-
(xiv) Amount of Tier II Capital raised during the year of which		
Basel II Compliant Subordinated debt Instruments	415.00	-

1.2. Draw Down from Reserves

There has been no draw down from reserves other than those disclosed in Schedule 2.

2. Asset Liability Management

2.1. Maturity Pattern of certain items of assets and liabilities

a. As at 31st March 2026:

(₹ in crore)

Particulars	Day - 1	2-7 Days	8-14 Days	15-30 Days	31 Days & up to 2 months	over 2 months and up to 3 months	Over 3 Months and up to 6 months	Over 6 Months and up to 1 year	Over 1 Year and up to 3 years	Over 3 Year and up to 5 years	Over 5 years	Total
Advances	122.82	736.95	859.77	1,965.19	1,065.60	1,065.60	6,079.46	3,940.02	3,661.04	903.62	1,194.16	21,594.23
Investments	1,674.12	-	24.96	105.89	192.95	198.19	795.62	1,679.93	1,717.03	9.07	1.35	6,399.11
Deposits	193.88	401.55	271.60	565.23	1,030.11	949.40	4,247.55	8,968.58	9,166.61	48.45	7.20	25,850.16
Borrowings	-	201.03	16.67	500.00	8.37	99.00	229.00	275.66	660.01	170.00	593.00	2,752.74
Foreign Currency Assets	21.80	-	-	-	-	-	-	-	-	-	-	21.80
Foreign Currency Liabilities	0.02	6.09	0.93	20.68	5.07	16.27	50.88	143.19	23.83	0.07	-	267.03

b. As at 31st March 2025:

(₹ in crore)

Particulars	Day - 1	2-7 Days	8-14 Days	15-30 Days	31 Days & up to 2 months	over 2 months and up to 3 months	Over 3 Months and up to 6 months	Over 6 Months and up to 1 year	Over 1 Year and up to 3 years	Over 3 Year and up to 5 years	Over 5 years	Total
Advances	79.16	624.98	554.14	1,266.60	1,102.35	1,102.36	1,952.30	6,263.71	3,243.78	1,191.90	646.59	18,027.87
Investments	1,338.29	-	-	141.83	245.86	243.05	955.56	1,022.66	2,038.39	5.31	4.31	5,995.26
Deposits	187.94	259.93	177.85	631.05	1,192.54	1,053.91	4,230.19	4,494.89	10,996.24	28.66	23.24	23,276.44
Borrowings	-	-	-	-	115.00	115.70	190.70	330.96	305.37	85.00	263.00	1,405.73
Foreign Currency Assets	16.93	-	-	-	-	-	-	-	-	-	-	16.93
Foreign Currency Liabilities	-	-	-	-	1.73	2.21	19.91	37.17	25.27	0.04	-	86.33

In computing the above information, certain estimates and assumptions have been made by the Bank's Management for compiling the returns submitted to RBI, which has been relied upon by the auditors.

2.2. Liquidity Coverage Ratio

a. Year ended 31st March 2026

(₹ in crore)

Particulars	Q1 2025-26		Q2 2025-26		Q3 2025-26		Q4 2025-26	
	Total Unweighted Value (average)	Total weighted Value (average)	Total Unweighted Value (average)	Total weighted Value (average)	Total Unweighted Value (average)	Total weighted Value (average)	Total Unweighted Value (average)	Total weighted Value (average)
High Quality Liquid Assets (HQLA)								
1 Total High Quality Liquid Assets (HQLA)	-	5,131.05	-	4,622.80	-	4,405.82	-	4,307.58
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:								
i Stable deposits	-	-	-	-	-	-	-	-
ii Less stable deposits	18,374.26	1,837.43	17,698.01	1,769.80	18,028.60	1,802.86	18,175.00	1,817.50
3 Unsecured wholesale funding, of which								
i Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
ii Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-
iii Unsecured debt	2,168.12	2,023.88	1,796.41	1,667.54	2,002.56	1,851.23	1,754.28	1,588.11
4 Secured wholesale funding	-	-	-	-	-	-	-	-
5 Additional requirements, of which								
i Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii Credit and Liquidity facilities	247.67	37.46	221.83	26.46	222.84	33.45	226.87	34.59
6 Other Contractual funding obligations	467.02	467.02	430.81	430.81	467.72	467.72	540.79	540.79
7 Other contingent funding obligations	1.56	0.05	1.57	0.05	0.90	0.03	1.02	0.03
Total Cash Outflows	**-**	**4,365.84**	**-**	**3,894.66**	**-**	**4,155.29**	**-**	**3,981.02**
Cash Inflows								
8 Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
9 Inflows from fully performing exposures	945.23	472.62	711.73	355.86	839.41	419.70	847.25	423.62
10 Other cash inflows	126.67	126.67	38.41	38.41	44.82	44.82	44.51	44.51
Total Cash Inflows	**1,071.90**	**599.29**	**750.14**	**394.27**	**884.23**	**464.52**	**891.76**	**468.13**
11 Total HQLA (a)	-	5,131.05	-	4,622.80	-	4,405.82	-	4,307.58
12 Total Net Cash outflows (b)	-	3,766.55	-	3,500.39	-	3,690.77	-	3,512.89
Liquidity Coverage Ratio (%) (a/b)	**-**	**136.23%**	**-**	**132.07%**	**-**	**119.37%**	**-**	**122.62%**

The average weighted and unweighted amounts are calculated taking simple average based on daily observations from the respective quarters.

b. Year ended 31st March 2025

(₹ in crore)

Particulars	Q1 2024-25		Q2 2024-25		Q3 2024-25		Q4 2024-25	
	Total Unweighted Value (average)	Total weighted Value (average)	Total Unweighted Value (average)	Total weighted Value (average)	Total Unweighted Value (average)	Total weighted Value (average)	Total Unweighted Value (average)	Total weighted Value (average)
High Quality Liquid Assets (HQLA)								
1 Total High Quality Liquid Assets (HQLA)	-	5,098.69	-	5,663.58	-	5,687.33	-	5,847.03
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:								
i Stable deposits	-	-	-	-	-	-	-	-
ii Less stable deposits	16,079.90	1,607.99	16,858.46	1,685.85	17,896.29	1,789.63	18,480.89	1,848.09
3 Unsecured wholesale funding, of which								
i Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
ii Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-
iii Unsecured debt	2,775.38	2,576.20	2,815.36	2,635.93	2,734.78	2,561.26	2,610.94	2,443.17
4 Secured wholesale funding	-	-	-	-	-	-	-	-
5 Additional requirements, of which								
i Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii Credit and Liquidity facilities	224.15	39.86	238.48	40.38	249.50	43.29	267.28	62.46
6 Other Contractual funding obligations	441.66	441.66	504.45	504.45	588.34	588.34	459.80	459.80
7 Other contingent funding obligations	1.46	0.04	1.54	0.05	1.67	0.05	1.63	0.05
Total Cash Outflows		**4,665.75**	**-**	**4,866.66**	**-**	**4,982.57**	**-**	**4,813.57**
Cash Inflows								
8 Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
9 Inflows from fully performing exposures	930.55	465.27	990.64	495.32	1,192.21	596.11	985.77	492.88
10 Other cash inflows	25.00	25.00	117.07	117.07	193.50	193.50	144.82	144.82
Total Cash Inflows	**955.55**	**490.27**	**1,107.71**	**612.39**	**1,385.71**	**789.61**	**1,130.59**	**637.70**
11 Total HQLA (a)	-	5,098.69	-	5,663.58	-	5,687.33	-	5,847.03
12 Total Net Cash outflows (b)	-	4,175.48	-	4,254.27	-	4,192.96	-	4,175.87
Liquidity Coverage Ratio (%) (a/b)	**-**	**122.11%**	**-**	**133.13%**	**-**	**135.64%**	**-**	**140.02%**

The average weighted and unweighted amounts are calculated taking simple average based on daily observations from the respective quarters.

Qualitative disclosure around LCR

The Reserve Bank of India has prescribed monitoring of sufficiency of Bank's liquid assets using Basel III – Liquidity Coverage Ratio (LCR). The LCR is aimed at measuring and promoting short-term resilience of Banks to potential liquidity disruptions by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

The LCR requirement has been introduced in a phased manner and the Bank is required to maintain minimum ratio of 100% from 01st April 2021.

The ratio comprises of high quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator. HQLA has been divided into two parts i.e. Level 1 HQLA which comprises of primarily cash, excess CRR, SLR securities in excess of minimum SLR requirement and a portion of mandatory SLR as permitted by RBI (under MSF) and Level 2 HQLA which comprises of investments in highly rated non-financial corporate bonds and listed equity investments considered at prescribed haircuts. Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

The Bank monitors the LCR periodically and has maintained LCR well above the regulatory threshold. Average LCR for Quarter ended 31st March 2026 is 122.62%(Previous Year: 140.02%).

Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management. Treasury is the central repository of funds within the Bank and is vested with the responsibility of managing liquidity risk within the risk appetite of the Bank. Bank has incorporated Basel Liquidity Standards - LCR for liquidity risk. In computing the above information, certain estimates and assumptions have been made by the Bank's management which have been relied upon by auditors.

2.3 Net Stable Funding Ratio

As at 30th June 2025

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	2,102.52	-	-	249.00	2,351.52
2	*Regulatory capital*	2,102.52	-	-	249.00	2,351.52
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers: (5+6)	5,037.19	5,566.08	3,108.09	6,447.24	18,142.73
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	5,037.19	5,566.08	3,108.09	6,447.24	18,142.73
7	Wholesale funding: (8+9)	590.56	1,853.06	609.35	743.81	640.23
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	590.56	1,853.06	609.35	743.81	640.23
10	Other liabilities: (11+12)	396.56	-	-	-	-
11	*NSFR derivative liabilities*	-	-	-	-	-
12	*All other liabilities and equity not included in the above categories*	396.56	-	-	-	-
13	**Total ASF (1+4+7+10)**	8,126.83	7,419.14	3,717.44	7,440.05	21,134.49
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)	1,049.35	44.00	679.47	5,453.04	612.39
15	Deposits held at other financial institutions for operational purposes	96.56	-	-	-	48.28
16	Performing loans and securities: (17+18+19+21+23)	14.90	8,211.70	4,935.44	4,205.86	10,025.14
17	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
18	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	431.24	244.01	719.69	906.38
19	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	7,780.30	4,691.34	3,013.26	8,798.59
20	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
21	*Performing residential mortgages, of which:*	-	-	-	-	-
22	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	0.15	0.09	472.90	307.51
23	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	14.90	-	-	-	12.66
24	*Other assets: (sum of rows 25 to 29)*	2,013.16	-	-	-	2,013.16
25	*Physical traded commodities, including gold*	-	-	-	-	-
26	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	-	-	-	-	-
27	*NSFR derivative assets*	-	-	-	-	-
28	*NSFR derivative liabilities before deduction of variation margin posted*	-	-	-	-	-
29	*All other assets not included in the above categories*	2,013.16	-	-	-	2,013.16
30	Off-balance sheet items	256.03	-	-	-	12.78
31	**Total RSF (14+15+16+24+30)**	3,430.01	8,255.70	5,614.90	9,658.89	12,711.75
32	**Net Stable Funding Ratio (%)**					**166.26%**

As at 30th September 2025

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	2,095.74	-	-	364.00	2,459.74
2	*Regulatory capital*	2,095.74	-	-	364.00	2,459.74
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers: (5+6)	5,378.69	3,314.71	5,276.79	6,224.74	18,175.44
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	5,378.69	3,314.71	5,276.79	6,224.74	18,175.44

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
7	Wholesale funding: (8+9)	666.98	1,897.44	786.24	998.27	668.22
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	666.98	1,897.44	786.24	998.27	668.22
10	Other liabilities: (11+12)	125.44	-	-	-	-
11	*NSFR derivative liabilities*	-	-	-	-	-
12	*All other liabilities and equity not included in the above categories*	125.44	-	-	-	-
13	**Total ASF (1+4+7+10)**	8,266.85	5,212.15	6,063.03	7,587.02	21,303.40
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)	891.39	60.00	1,057.59	5,023.67	779.98
15	Deposits held at other financial institutions for operational purposes	70.94	-	-	-	35.47
16	Performing loans and securities: (17+18+19+21+23)	16.78	10,210.54	3,073.30	4,516.61	10,378.35
17	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
18	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	311.40	157.00	630.99	756.20
19	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	9,899.01	2,916.22	3,365.59	9,269.75
20	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
21	*Performing residential mortgages, of which:*	-	-	-	-	-
22	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	0.14	0.09	520.03	338.13
23	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	16.78	-	-	-	14.26
24	*Other assets: (sum of rows 25 to 29)*	2,208.21	-	-	-	2,208.21
25	*Physical traded commodities, including gold*	-	-	-	-	-
26	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	-	-	-	-	-
27	*NSFR derivative assets*	-	-	-	-	-
28	*NSFR derivative liabilities before deduction of variation margin posted*	-	-	-	-	-
29	*All other assets not included in the above categories*	2,208.21	-	-	-	2,208.21
30	Off-balance sheet items	246.05	-	-	-	12.27
31	**Total RSF (14+15+16+24+30)**	3,433.37	10,270.54	4,130.89	9,540.28	13,414.28
32	**Net Stable Funding Ratio (%)**					**158.81%**

As at 31st December 2025

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	2,096.61	-	-	533.00	2,629.61
2	*Regulatory capital*	2,096.61	-	-	533.00	2,629.61
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers: (5+6)	5,360.92	3,109.75	7,096.35	4,810.37	18,339.64
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	5,360.92	3,109.75	7,096.35	4,810.37	18,339.64
7	Wholesale funding: (8+9)	669.27	2,233.62	1,787.90	940.53	563.44
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	669.27	2,233.62	1,787.90	940.53	563.44
10	Other liabilities: (11+12)	498.67	-	-	-	-
11	*NSFR derivative liabilities*	-	-	-	-	-
12	*All other liabilities and equity not included in the above categories*	498.67	-	-	-	-
13	**Total ASF (1+4+7+10)**	8,625.47	5,343.37	8,884.24	6,283.90	21,532.69
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)	1,047.63	32.18	1,609.25	4,580.26	1,033.64
15	Deposits held at other financial institutions for operational purposes	84.30	-	-	-	42.15
16	Performing loans and securities: (17+18+19+21+23)	17.13	10,339.50	3,712.79	5,587.89	11,708.60
17	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
18	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	187.24	176.94	611.90	728.46
19	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	10,152.11	3,535.79	4,429.21	10,610.07
20	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
21	*Performing residential mortgages, of which:*	-	-	-	-	-
22	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	0.15	0.06	546.77	355.51
23	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	17.13	-	-	-	14.56
24	*Other assets: (sum of rows 25 to 29)*	2,126.04	-	-	-	2,126.04
25	*Physical traded commodities, including gold*	-	-	-	-	-
26	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	-	-	-	-	-

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
27	*NSFR derivative assets*	-	-	-	-	-
28	*NSFR derivative liabilities before deduction of variation margin posted*	-	-	-	-	-
29	*All other assets not included in the above categories*	2,126.04	-	-	-	2,126.04
30	Off-balance sheet items	227.92	-	-	-	11.38
31	**Total RSF (14+15+16+24+30)**	3,503.02	10,371.69	5,322.04	10,168.15	14,921.80
32	**Net Stable Funding Ratio (%)**					**144.30%**

As at 31st March 2026

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	1,930.95	-	-	664.00	2,594.95
2	*Regulatory capital*	1,930.95	-	-	664.00	2,594.95
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers: (5+6)	5,548.91	5,343.73	6,376.71	4,350.98	19,458.30
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	5,548.91	5,343.73	6,376.71	4,350.98	19,458.30
7	Wholesale funding: (8+9)	631.68	1,993.43	2,275.49	1,318.96	1,170.30
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	631.68	1,993.43	2,275.49	1,318.96	1,170.30
10	Other liabilities: (11+12)	433.13	-	-	-	-
11	*NSFR derivative liabilities*	-	-	-	-	-
12	*All other liabilities and equity not included in the above categories*	433.13	-	-	-	-
13	**Total ASF (1+4+7+10)**	8,544.68	7,337.16	8,652.20	6,333.94	23,223.55
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)	908.71	205.00	939.17	5,413.77	740.27
15	Deposits held at other financial institutions for operational purposes	57.50	-	-	-	28.75
16	Performing loans and securities: (17+18+19+21+23)	17.68	11,922.87	3,940.13	5,377.06	12,405.77
17	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
18	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	196.37	193.38	488.47	614.61
19	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	11,726.47	3,746.67	4,303.46	11,395.74

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
20	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
21	*Performing residential mortgages, of which:*	-	-	-	-	-
22	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	0.03	0.08	585.13	380.39
23	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	17.68	-	-	-	15.03
24	*Other assets: (sum of rows 25 to 29)*	2,086.09	-	-	-	2,086.09
25	*Physical traded commodities, including gold*	-	-	-	-	-
26	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	-		-	-	-
27	*NSFR derivative assets*	-	-	-	-	-
28	*NSFR derivative liabilities before deduction of variation margin posted*	-	-	-	-	-
29	*All other assets not included in the above categories*	2,086.09	-	-	-	2,086.09
30	Off-balance sheet items	241.31	-	-	-	12.04
31	**Total RSF (14+15+16+24+30)**	3,311.28	12,127.87	4,879.30	10,790.83	15,272.92
32	**Net Stable Funding Ratio (%)**					**152.06%**

Qualitative Disclosure

As per the RBI guideline on Net Stable Funding Ratio (NSFR) dated 17th May 2018, the Bank is required to maintain the NSFR on an ongoing basis. The minimum NSFR requirement set out in the RBI guideline effective 01st October 2021 is 100%. The Basel Committee on Banking Supervision (BCBS) had introduced the Net Stable Funding Ratio (NSFR) to ensure resilience over a longer time horizon by requiring banks to fund their activities with more stable sources of funding. NSFR is defined as the amount of Available Stable Funding relative to the amount of Required Stable Funding. "Available Stable Funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by NSFR, which extends to one year. The amount of "Required Stable Funding" (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by the institution as well as those of its off-balance sheet (OBS) exposures.

In computing the above information, certain estimates and assumptions have been made by Bank's management which have been relied upon by the auditors.

2.3 Net Stable Funding Ratio

As at 30th June 2024

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	2,650.28	65.00	60.00	300.00	2,950.28
2	*Regulatory capital*	2,650.28	65.00	60.00	300.00	2,950.28
3	*Other capital instruments*	-	-	-	-	-

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
4	Retail deposits and deposits from small business customers: (5+6)	4,360.66	2,038.99	2,339.84	8,731.74	15,724.11
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	4,360.66	2,038.99	2,339.85	8,731.74	15,724.11
7	Wholesale funding: (8+9)	566.24	1,060.51	1,333.62	2,286.26	1,764.14
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	566.24	1,060.51	1,333.62	2,286.26	1,764.14
10	Other liabilities: (11+12)	476.49	565.00	-	-	-
11	*NSFR derivative liabilities*	-	-	-	-	-
12	*All other liabilities and equity not included in the above categories*	476.49	565.00	-	-	-
13	**Total ASF (1+4+7+10)**	8,053.66	3,729.51	3,733.46	11,318.00	20,438.54
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)	989.67	1,307.92	-	5,214.11	898.63
15	Deposits held at other financial institutions for operational purposes	70.36	-	-	-	35.18
16	Performing loans and securities: (17+18+19+21+23)	12.17	8,155.97	3,899.60	4,912.18	10,046.46
17	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
18	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	327.46	75.90	-	87.07
19	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	7,828.45	3,823.64	4,650.14	9,778.66
20	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
21	*Performing residential mortgages, of which:*	-	0.06	0.06	262.04	170.39
22	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
23	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	12.17	-	-	-	10.34
24	*Other assets: (sum of rows 25 to 29)*	1,398.25	-	-	874.41	2,272.66
25	*Physical traded commodities, including gold*	-	-	-	-	-
26	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	-	-	-	-	-
27	*NSFR derivative assets*	-	-	-	-	-
28	*NSFR derivative liabilities before deduction of variation margin posted*	-	-	-	-	-
29	*All other assets not included in the above categories*	1,398.25	-	-	874.41	2,272.66
30	Off-balance sheet items	238.06	-	-	-	11.87
31	**Total RSF (14+15+16+24+30)**	2,708.51	9,463.89	3,899.60	11,000.71	13,264.80
32	**Net Stable Funding Ratio (%)**					**154.08%**

As at 30th September 2024

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	2,624.42	60.00	40.00	300.00	2,924.42
2	*Regulatory capital*	2,624.42	60.00	40.00	300.00	2,924.42
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers: (5+6)	4,713.65	1,386.10	4,974.77	7,231.84	16,475.73
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	4,713.65	1,386.10	4,974.77	7,231.84	16,475.73
7	Wholesale funding: (8+9)	605.39	1,061.86	1,748.14	1,424.88	1,290.16
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	605.39	1,061.86	1,748.14	1,424.88	1,290.16
10	Other liabilities: (11+12)	315.24	160.00	-	-	-
11	*NSFR derivative liabilities*	-	-	-	-	-
12	*All other liabilities and equity not included in the above categories*	315.24	160.00	-	-	-
13	**Total ASF (1+4+7+10)**	8,258.71	2,667.96	6,762.90	8,956.72	20,690.33
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)	1,048.94	866.91	-	5,436.02	530.90
15	Deposits held at other financial institutions for operational purposes	64.64	-	-	-	32.32
16	Performing loans and securities: (17+18+19+21+23)	11.41	8,645.71	3,882.75	4,383.50	9,739.28
17	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
18	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	573.65	200.81	-	186.45
19	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	8,072.04	3,681.90	4,084.28	9,348.61
20	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
21	*Performing residential mortgages, of which:*	-	0.03	0.04	299.22	194.52

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
22	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
23	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	11.41	-	-	-	9.70
24	*Other assets: (sum of rows 25 to 29)*	1,533.67	-	-	772.74	2,306.41
25	*Physical traded commodities, including gold*	-	-	-	-	-
26	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	-	-	-	-	-
27	*NSFR derivative assets*	-	-	-	-	-
28	*NSFR derivative liabilities before deduction of variation margin posted*	-	-	-	-	-
29	*All other assets not included in the above categories*	1,533.67	-	-	772.74	2,306.41
30	Off-balance sheet items	240.85	-	-	-	12.01
31	**Total RSF (14+15+16+24+30)**	2,899.51	9,512.62	3,882.75	10,592.26	12,620.91
32	**Net Stable Funding Ratio (%)**					**163.94%**

As at 31st December 2024

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	2,628.45	60.00	-	300.00	2,928.45
2	*Regulatory capital*	2,628.45	60.00	-	300.00	2,928.45
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers: (5+6)	4,979.21	2,348.04	5,566.69	6,302.28	17,276.60
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	4,979.21	2,348.05	5,566.69	6,302.28	17,276.60
7	Wholesale funding: (8+9)	612.91	1,459.53	1,440.38	931.82	1,013.37
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	612.91	1,459.53	1,440.38	931.82	1,013.37
10	Other liabilities: (11+12)	58.26	60.00	-	-	-
11	*NSFR derivative liabilities*	-	-	-	-	-
12	*All other liabilities and equity not included in the above categories*	58.26	60.00	-	-	-
13	**Total ASF (1+4+7+10)**	8,278.83	3,927.57	7,007.08	7,534.08	21,218.43
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)	982.91	322.65	-	6,205.37	522.18
15	Deposits held at other financial institutions for operational purposes	31.17	-	-	-	15.59
16	Performing loans and securities: (17+18+19+21+23)	20.76	8,512.95	4,302.75	3,929.66	9,612.64

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
17	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
18	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	423.11	323.81	-	225.37
19	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	8,089.84	3,978.93	3,904.79	9,353.46
20	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
21	*Performing residential mortgages, of which:*	-	-	-	24.87	16.16
22	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
23	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	20.76	-	-	-	17.65
24	*Other assets: (sum of rows 25 to 29)*	1,601.08	-	-	838.28	2,439.36
25	*Physical traded commodities, including gold*	-	-	-	-	-
26	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	-	-	-	-	-
27	*NSFR derivative assets*	-	-	-	-	-
28	*NSFR derivative liabilities before deduction of variation margin posted*	-	-	-	-	-
29	*All other assets not included in the above categories*	1,601.08	-	-	838.28	2,439.36
30	Off-balance sheet items	292.63	-	-	-	14.60
31	**Total RSF (14+15+16+24+30)**	2,928.55	8,835.60	4,302.75	10,973.32	12,604.37
32	**Net Stable Funding Ratio (%)**					**168.34%**

As at 31st March 2025

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	2,109.21	-	-	283.00	2,392.21
2	*Regulatory capital*	2,109.21	-	-	283.00	2,392.21
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers: (5+6)	5,150.01	5,012.76	3,286.70	6,668.17	18,105.87
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	5,150.01	5,012.76	3,286.70	6,668.17	18,105.87
7	Wholesale funding: (8+9)	632.79	1,751.04	1,021.67	771.04	794.50
8	*Operational deposits*	-	-	-	-	-

(₹ in crore)

		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1yr	≥ 1yr	
9	*Other wholesale funding*	632.79	1,751.04	1,021.67	771.04	794.50
10	Other liabilities: (11+12)	451.91	40.00	-	-	-
11	*NSFR derivative liabilities*	-	-	-	-	-
12	*All other liabilities and equity not included in the above categories*	451.91	40.00	-	-	-
13	**Total ASF (1+4+7+10)**	8,343.91	6,803.79	4,308.37	7,722.21	21,292.58
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)	1,236.43	614.96	-	5,535.68	491.65
15	Deposits held at other financial institutions for operational purposes	124.40	-	-	-	62.20
16	Performing loans and securities: (17+18+19+21+23)	21.11	6,927.53	6,453.15	3,641.56	9,695.08
17	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	-
18	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	281.48	296.20	-	190.32
19	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	6,646.06	6,156.95	3,591.50	9,454.28
20	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
21	*Performing residential mortgages, of which:*	-	-	-	50.06	32.54
22	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
23	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	21.11	-	-	-	17.94
24	*Other assets: (sum of rows 25 to 29)*	1,719.08	-	-	904.40	2,623.48
25	*Physical traded commodities, including gold*	-	-	-	-	-
26	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	-	-	-	-	-
27	*NSFR derivative assets*	-	-	-	-	-
28	*NSFR derivative liabilities before deduction of variation margin posted*	-	-	-	-	-
29	*All other assets not included in the above categories*	1,719.08	-	-	904.40	2,623.48
30	Off-balance sheet items	236.54	-	-	-	11.79
31	**Total RSF (14+15+16+24+30)**	3,337.55	7,542.49	6,453.15	10,081.64	12,884.20
32	**Net Stable Funding Ratio (%)**					**165.26%**

Qualitative Disclosure

As per the RBI guideline on Net Stable Funding Ratio (NSFR) dated 17th May 2018, the Bank is required to maintain the NSFR on an ongoing basis. The minimum NSFR requirement set out in the RBI guideline effective 01st October 2021 is 100%. The Basel Committee on Banking Supervision (BCBS) had introduced the Net Stable Funding Ratio (NSFR) to ensure resilience over a longer time horizon by requiring banks to fund their activities with more stable sources of funding. NSFR is defined as the amount of Available Stable Funding relative to the amount of Required Stable Funding. "Available Stable Funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by NSFR, which extends to one year. The amount of "Required Stable Funding" (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by the institution as well as those of its off-balance sheet (OBS) exposures.

In computing the above information, certain estimates and assumptions have been made by Bank's management which have been relied upon by the auditors.

3. Investments

3.1 Composition of Investment Portfolio

a) As at 31st March 2026

(₹ in crore)

Particulars	HTM		AFS	FVTPL	
	At Cost	At Fair Value		HFT	non HFT
Investments in India					
i. Government Securities	4,381.37	4,270.31	-	314.16	1,657.41
ii. Other approved Securities	-	-	-	-	-
iii. Shares	-	-	-	17.68	2.68
iv. Debentures and Bonds	-	-	-	-	-
v. Associates and JVs	-	-	-	-	-
vi. Others	-	-	24.96	-	0.85
Total	**4,381.37**	**4,270.31**	**24.96**	**331.84**	**1,660.94**
Less: Provision for Impairment/NPI	-	-	-	-	-
Net	**4,381.37**	**4,270.31**	**24.96**	**331.84**	**1,660.94**

As on 31st March 2026, the bank does not have any Associates and JVs and also Investments outside India. Hence corresponding disclosures are not made in above table.

b) As at 31st March 2025

(₹ in crore)

Particulars	HTM		AFS	FVTPL	
	At Cost	At Fair Value		HFT	non HFT
Investments in India					
i. Government Securities	4,433.22	4,479.85	-	184.62	917.83
ii. Other approved Securities	-	-	-	-	-
iii. Shares	-	-	-	21.11	1.99
iv. Debentures and Bonds	-	-	-	-	-
v. Associates and JVs	-	-	-	-	-
vi. Others	-	-	287.97	-	148.52
Total	**4,433.22**	**4,479.85**	**287.97**	**205.73**	**1,068.34**
Less: Provision for Impairment/NPI	-	-	-	-	-
Net	**4,433.22**	**4,479.85**	**287.97**	**205.73**	**1,068.34**

As on 31st March 2025, the bank does not have any Associates and JVs and also Investments outside India. Hence corresponding disclosures are not made in above table.

3.2 Fair value hierarchy of Investment Portfolio measured at fair value

a) As at 31st March 2026

(₹ in crore)

Particulars	AFS				FVTPL			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments in India								
i. Government Securities	-	-	-	-	1,971.57	-	-	1,971.57
ii. Other approved Securities	-	-	-	-	-	-	-	-
iii. Shares	-	-	-	-	17.68	-	2.68	20.36
iv. Debentures and Bonds	-	-	-	-	-	-	-	-
v. Associates and JVs	-	-	-	-	-	-	-	-
vi. Others	24.96	-	-	24.96	0.85	-	-	0.85
Total	**24.96**	**-**	**-**	**24.96**	**1,990.10**	**-**	**2.68**	**1,992.78**

b) As at 31st March 2025

(₹ in crore)

Particulars	AFS				FVTPL			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments in India								
i. Government Securities	-	-	-	-	1,102.45	-	-	1,102.45
ii. Other approved Securities	-	-	-	-	-	-	-	-
iii. Shares	-	-	-	-	21.11	-	1.99	23.10
iv. Debentures and Bonds	-	-	-	-	-	-	-	-
v. Associates and JVs	-	-	-	-	-	-	-	-
vi. Others	287.97	-	-	287.97	148.51	-	-	148.51
Total	**287.97**	**-**	**-**	**287.97**	**1,272.07**	**-**	**1.99**	**1,274.06**

3.3 Net gains/(losses) on Level 3 financial instruments recognised in AFS-Reserve and Profit and Loss Account

(₹ in crore)

Particulars		31st March 2026	31st March 2025
1	Gain/(Losses) recognised in AFS Reserve Account	-	-
2	Gains/(Losses) recognised in Profit and Loss Account	1.12	1.99

3.4. Details of Sale made out of HTM category

(₹ in crore)

Particulars		31st March 2026	31st March 2025
1	Opening Balance of Value of HTM	4,433.22	3,788.82
2	Carrying Value of all HTM sold during the year	1,533.39	684.75
3	Less: carrying value of all securities sold under situations exempted from regulatory limit	1,327.24	501.61
4	carrying value of securities sold (1)-(2)	206.15	183.14
5	securities sold as a percentage of opening carrying value of securities in (4)/(1)	4.65%	4.83%
6	Amount transferred to Capital Reserve in respect of HTM securities which were sold at a gain	23.34	8.67

3.5. Reclassification between categories of investments

The Bank has not done any reclassification of investments from one category to another category during years ended 31st March 2026 and 31st March 2025

3.6 Movement of provisions for non-performing investments (NPIs) and investment fluctuation reserve

(₹ in crore)

Particulars		As at 31st March 2026	As at 31st March 2025
1	**Movement of provisions held towards NPI's**		
i.	Opening Balance	-	-
ii.	Add: Provisions made during the year	-	-
iii.	Less: Write off/Write back of excess provisions made during the year	-	-
iv.	Closing Balance	-	-
2	**Movement of Investment Fluctuation Reserve**		
i.	Opening Balance	35.04	35.04
ii.	Add: Amount transferred during the year	5.31	-
iii.	Less: Drawdown	-	-
iv.	Closing Balance	40.35	35.04
3	**Closing balance in IFR as a percentage of closing balance of Investments in AFS and HFT Category**	2.00%	2.24%

3.7. Disclosure in respect of Non-SLR Investment Portfolio:

a) Non-performing Non-SLR investments:

The Bank does not have any non performing non-SLR Investments during the years ended 31st March 2026 and 31st March 2025.

b) i. Issuer Composition of Non SLR Investments as at 31st March 2026

(₹ in crore)

Sl. No	Issuer	Amount	Extent of Private placement	Extent of 'Below Investment grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
[1]	[2]	[3]	[4] [1]	[5] [1]	[6] [1 2]	[7] [1 2]
1	PSUs	2.91	-	-	-	-
2	FIs	-	-	-	-	-
3	Banks	27.02	24.95	-	-	-
4	Private Corporates	15.38	2.68	-	-	-
5	Subsidiaries/Joint ventures	-	-	-	-	-
6	Others	0.85	-	-	-	-
7	Provision held towards depreciation	-	-	-	-	-
	Total	**46.16**	**27.63**	**-**	**-**	**-**

[1] Amount reported under Columns 4,5,6 and 7 above are not mutually exclusive

[2] Excludes Investments in Equity shares, Equity Oriented Mutual Funds, Certificate of Deposits and Security Receipts issued by ARCs registered with Reserve Bank in line with extant RBI guidelines

ii. Issuer Composition of Non SLR Investments as at 31st March 2025

(₹ in crore)

Sl. No	Issuer	Amount	Extent of Private placement	Extent of 'Below Investment grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
[1]	[2]	[3]	[4] [1]	[5] [1]	[6] [1 2]	[7] [1 2]
1	PSUs	2.74	-	-	-	-
2	FIs	1.29	-	-	-	-
3	Banks	438.36	435.08	-	-	-
4	Private Corporates	15.78	1.99	-	-	-
5	Subsidiaries/Joint ventures	-	-	-	-	-
6	Others	1.41	1.41	-	-	-
7	Provision held towards depreciation	-	-	-	-	-
	Total	**459.58**	**438.48**	**-**	**-**	**-**

[1] Amount reported under Columns 4,5,6 and 7 above are not mutually exclusive

[2] Excludes Investments in Equity shares, Equity Oriented Mutual Funds, Certificate of Deposits and Security Receipts issued by ARCs registered with Reserve Bank in line with extant RBI guidelines.

3.8 Details of Repo/Reverse Repos

As at 31st March 2026

(₹ in crore)

Particulars	Minimum outstanding during the year		Maximum outstanding during the year		Daily Average outstanding during the year*		Outstanding as on 31st March 2026	
	FV	MV	FV	MV	FV	MV	FV	MV
Securities sold under repos								
i. Government securities	-	-	1,585.81	1,551.68	674.66	704.90	707.43	701.03
ii. Corporate debt securities	-	-	-	-	-	-	-	-
iii. Any other securities	-	-	-	-	-	-	-	-
Securities purchased under reverse repos								
i. Government securities	-	-	841.83	889.97	64.54	70.11	-	-
ii. Corporate debt securities	-	-	-	-	-	-	-	-
iii. Any other securities	-	-	-	-	-	-	-	-

* daily average is considered for entire year including the days when outstanding were nil

As at 31st March 2025

(₹ in crore)

Particulars	Minimum outstanding during the year		Maximum outstanding during the year		Daily Average outstanding during the year*		Outstanding as on 31st March 2025	
	FV	MV	FV	MV	FV	MV	FV	MV
Securities sold under repos								
i. Government securities	1.02	1.00	196.25	189.97	5.08	4.85	0.00	0.00
ii. Corporate debt securities	-	-	-	-	-	-	-	-
iii. Any other securities	-	-	-	-	-	-	-	-
Securities purchased under reverse repos								
i. Government securities	28.34	29.99	1117.39	1149.90	342.29	357.51	460.47	499.37
ii. Corporate debt securities	-	-	-	-	-	-	-	-
iii. Any other securities	-	-	-	-	-	-	-	-

* daily average is considered for entire year including the days when outstanding were nil

3.9 Government Security Lending (GSL) transactions

The Bank doesn't undertake government securities lending transactions during FY 2025-26 and FY 2024-25. Hence the disclosure pertaining to the same is not applicable.

3.10 The Bank implemented the RBI Master Direction - Classification, Valuation, and Operation of Investment Portfolio of Commercial Banks (Directions), 2023, dated 12th September 2023. This directive is applicable to banks from 01st April 2024. Consequent to the transition provisions, the Bank has recognised net gain of ₹ 9.52 crore (net of taxes) which has been credited to General Reserve as on 01st April 2024, on account of revision in the carrying value of investments to the fair value as on such date. The impact of the revised framework for previous period FY 2023-24 is not ascertainable and assess the profit or loss from the investments included in other income for the year ended 31st March 2025, incomparable with the previous period (s)/year.

4. Asset Quality

4.1. Classification of Advances and Provision held

As at 31st March 2026

(₹ in crore)

Particulars	Standard	Non-performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total NPA	
Gross Standard Advances and NPAs						
Opening Balance	17,488.23	1,274.29	8.86	7.41	1,290.56	18,778.79
Add: Additions during the year					1,009.44	
Less: Reductions during the year *					1,086.14	
Closing balance	21,211.78	992.96	212.96	7.94	1,213.86	22,425.64
* Reductions in Gross NPAs due to:						
i) Recoveries (excluding recoveries made from upgraded accounts)					33.58	
ii) Upgradations					30.49	
iii) Technical/Prudential Write-offs					-	
iv) Write-offs other than those under (iii) above					3.43	
v) Sale of NPA to Asset Reconstruction company (ARCs)					1,018.64	
Provisions (excluding floating provisions)						
Opening balance of provision held	116.20	734.65	8.86	7.41	750.92	867.12
Add: Fresh provisions made during the year					949.17	
Less: Excess provision reversed/written off loans					868.67	
Closing balance of provisions held	102.91	612.81	210.67	7.94	831.42	934.33
Net NPAs						
Opening Balance		539.64	-	-	539.64	
Add: Fresh Additions during the year					400.80	
Less: Reductions during the year					558.00	
Closing balance		380.15	2.29	-	382.44	
Floating Provisions						
Opening balance						-
Add: Additional provisions during the year						-
Less: Amount draw down during the year						-
Closing balance of floating provisions						-

(₹ in crore)

Particulars	Standard	Non-performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total NPA	
Technical write- offs and the recoveries made thereon						
Opening balance of Technical/prudential write off accounts						1,480.60
Add: Technical/prudential write off accounts during the year						-
Less: Recoveries made from previously technical/prudential written off accounts during the year						23.34
Less:Sacrifice made from previously technical/prudential written off accounts during the year						0.24
Less Sale to ARC						1,436.74
Closing Balance						20.28

As at 31st March 2025

(₹ in crore)

Particulars	Standard	Non-performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total NPA	
Gross Standard Advances and NPAs						
Opening Balance	17,879.32	883.69	2.79	6.56	893.04	18,772.36
Add: Additions during the year					1,699.94	
Less: Reductions during the year *					1,302.42	
Closing balance	17,488.23	1,274.29	8.86	7.41	1,290.56	18,778.79
* Reductions in Gross NPAs due to:						
i) Recoveries (excluding recoveries made from upgraded accounts)					21.17	
ii) Upgradations					56.32	
iii) Technical/Prudential Write-offs					1,224.93	
iv) Write-offs other than those under (iii) above					-	
Provisions (excluding floating provisions)						
Opening balance of provision held	110.09	469.90	2.79	6.56	479.25	589.34
Add: Fresh provisions made during the year					1,523.46	
Less: Excess provision reversed/written off loans#					1,251.79	
Closing balance of provisions held	116.20	734.65	8.86	7.41	750.92	867.12
#includes provision utilised towards technical write off ₹ 306.13 crore						
Net NPAs						
Opening Balance		413.79	-	-	413.79	
Add: Fresh Additions during the year					539.65	
Less: Reductions during the year					413.80	
Closing balance		539.64	-	-	539.64	

(₹ in crore)

Particulars	Standard	Non-performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total NPA	
Floating Provisions						
Opening balance						-
Add: Additional provisions during the year						-
Less: Amount draw down during the year						-
Closing balance of floating provisions						-
Technical write- offs and the recoveries made thereon						
Opening balance of Technical/prudential write off accounts						294.36
Add: Technical/prudential write off accounts during the year						1,224.93
Less: Recoveries made from previously technical/prudential written off accounts during the year						37.26
Less:Sacrifice made from previously technical/prudential written off accounts during the year						1.43
Closing Balance						1,480.60

Asset Quality Ratios

Particulars	31st March 2026	31st March 2025
Gross NPA to Gross Advances (%)	5.41%	6.87%
Net NPA to Net advances (%)	1.77%	2.99%
Provision Coverage ratio (%)	69.01%	80.53%

4.2. Sector-wise Advances and Gross NPAs

(₹ in crore)

Sl. No	Sector	31st March 2026		
		Gross Advances	Gross NPAs	Percentage of Gross NPAs to Gross Advances in that Sector
A	**Priority Sector**			
1	Agricultural and Allied Activities	7,439.46	906.52	12.19%
2	Advances to Industries Sector eligible as Priority sector lending	448.83	55.30	12.32%
3	Services	1,363.01	108.14	7.93%
4	Personal and other Loans	1,834.55	101.26	5.52%
	Sub-Total (A)	**11,085.85**	**1,171.22**	**10.56%**
B	**Non Priority Sector**			
1	Agricultural and Allied Activities*	7,773.25	-	-
2	Industry	0.02	0.02	-
3	Services	211.50	5.04	2.38%
4	Personal and other Loans	3,355.02	37.58	1.12%
	Sub-Total (B)	**11,339.79**	**42.64**	**0.38%**
	Total (A+B)	**22,425.64**	**1,213.86**	**5.41%**

* includes PSLC sold amounting to ₹ 7,766.75 crore

(₹ in crore)

Sl. No	Sector	31st March 2025		
		Gross Advances	Gross NPAs	Percentage of Gross NPAs to Gross Advances in that Sector
A	**Priority Sector**			
1	Agricultural and Allied Activities	7,773.79	974.29	12.53%
2	Advances to Industries Sector eligible as Priority sector lending	440.24	68.28	15.51%
3	Services	773.52	105.01	13.58%
4	Personal and other Loans	3,416.88	99.53	2.91%
	Sub-Total (A)	**12,404.43**	**1,247.11**	**10.05%**
B	**Non Priority Sector**			
1	Agricultural and Allied Activities	3,364.00	-	0.00%
2	Industry	0.20	0.17	85.00%
3	Services	297.32	5.26	1.77%
4	Personal and other Loans	2,712.84	38.02	1.40%
	Sub-Total (B)	**6,374.36**	**43.45**	**0.68%**
	Total (A+B)	**18,778.79**	**1,290.56**	**6.87%**

* includes PSLC sold amounting to ₹ 3,364 crore

The Bank has compiled the data for the purpose of this disclosure, which has been relied upon by the auditors.

4.3 Resolution of stressed assets- Revised frame work

The Bank is having Nil loan account for resolution of stressed asset (revised framework) as on 31st March 2026 (Previous year: Nil) as per the RBI Circular DBR.No. BP.BC.45/21.04.048/2018-19 dated 7th June 2019, as amended.

4.4. Divergence in asset Classification and provisioning

RBI vide circular no. DOR.ACC.REC.No.74/21.04.018/2022-23 dated 11th October 2022, has directed that banks shall make suitable disclosures, wherever (a) the additional provisioning requirement assessed by RBI exceeds 5 percent of the reported profit before provisions and contingencies for the reference period, or (b) the additional Gross NPA identified by RBI exceeds 5 percent of the published incremental Gross NPA for the reference period, or both. There are no reportable matters to the Bank for the years ended 31st March 2026 and 31st March 2025.

4.5. Disclosure of transfer of loan exposures

(i) During the years ended 31st March 2026 and 31st March 2025, the bank has not acquired/transferred any ""loans not in default"" through assignment of loans.

(ii) Details of stressed loans transferred to Asset Reconstruction Company for the year ended 31st March 2026 is given below.

₹ In crore

Sl No	Particulars	Sale to ARC Q1	Sale to ARC Q2	Sale to ARC Q3 *	Sale to ARC Q4	Total
1	No. of Accounts (Nos)	2,12,564	1	5,44,406	-	7,56,971
2	Aggregate principal outstanding of loans transferred	733.40	28.33	1,693.65	-	2,455.38
3	Weighted average residual tenure of loans	0.49	3	0.14	-	-
4	Net book value of loans transferred	72.42	-	99.41	-	171.83
5	Aggregate consideration	73.34	12.80	183.18	-	269.32
6	Additional consideration realised in respect of accounts transferred earlier	-	-	-	-	-

*Cash consideration received pursuant to the transfer of technically written off loans amounting to ₹ 115.21 crore has been recognised under Other Income during the year ended 31st March 2026 and have also provided the SR investments amounting to ₹ 46.18 crore in full.Accordingly the net amount of ₹ 69.03 crore has been included under other income for the year ended 31st March 2026.

iii) Details of ratings of SRs outstanding as on 31st March 2026 are given below:

Ratings	Rating Agency	Recovery Rating	Gross Value of Outstanding SRs ₹ in crore *
RR4	Crisil	More than 25% and upto 50%	25.47
RR2	Crisil	More than 75% and upto 100%	1.83
RR1	Crisil	More than 100% and upto 150%	7.69

* the same has been fully provided in the books

The determination of the recovery rating for the security receipts for stressed assets transferred during the quarter ended 31st December 2025 is in progress and will be completed within the prescribed regulatory timelines and is not disclosed in the above table.

4.6 Non- Fund Credit Facilities

(₹ in crore)

Sl no	Particulars	31st March 2026		31st March 2025	
		Secured Portion	Unsecured Portion	Secured Portion	Unsecured Portion
I	Outstanding Bank guarantees (₹ in crore)				
	i) In India	1.23	-	1.62	-
	ii) Outside India	-	-	-	-
II	Acceptances, Endorsements and other Obligations (₹ In crore)	-	-	-	-
III	Other NFB Credit facilities	-	-	-	-

4.7. Fraud Accounts

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Number of frauds reported	36	192
Amount involved in fraud (₹ crore)	2.00	4.77
Amount of provision made for such frauds *	0.88	2.61
Amount of unamortised provision debited from 'other reserves' as at the end of the year	-	-

The above table is complied based on frauds reported by the Bank in FMR return to RBI. Pursuant to RBI Master directions on Fraud risk management dated 15th July 2024, the Bank has not considered digital frauds on account of customer negligence post 14th August 2024 in the above disclosure.

*Provision is made net of recovery

4.8 Disclosure related to Project Finance

The Bank has not provided loans for project finance. Hence disclosure is not applicable for the years ended 31st March 2026 and 31st March 2025.

4.9 Disclosure under Resolution framework for Covid-19 related stress

Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated 6th August 2020 (Resolution Framework 1.0) and 5th May 2021 (Resolution framework 2.0) are given below.

During the half year ended 31st March 2026

Particulars	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of the previous half year ended 30th September 2025 (A)	of (A) aggregate debt that slipped into NPA during the half year ended 31st March 2026	of (A) amount written off during the half - year	of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of this half year ended 31st March 2026
Personal Loans	3.24	*	-	0.28	2.96
Corporate Persons	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	3.34	0.15	-	0.45	2.74
Total	**6.58**	**0.15**	**-**	**0.73**	**5.70**

*denotes figures below ₹ 1 Lakh

During the half year ended 30th September 2025

Particulars	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of the previous half year ended 31 March 2025 (A)	of (A) aggregate debt that slipped into NPA during the half year ended 30 September 2025	of (A) amount written off during the half - year	of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of this half year ended 30 September 2025
Personal Loans	3.74	0.14	-	0.36	3.24
Corporate Persons	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	3.98	0.07	-	0.57	3.34
Total	**7.72**	**0.21**	**-**	**0.93**	**6.58**

During the half year ended 31st March 2025

Particulars	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of the previous half year ended 30th September 2024 (A)	of (A) aggregate debt that slipped into NPA during the half year ended 31st March 2025	of (A) amount written off during the half - year	of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of this half year ended 31st March 2025
Personal Loans	4.08	0.02	-	0.32	3.74
Corporate Persons	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	4.84	0.11	-	0.75	3.98
Total	**8.92**	**0.13**	**-**	**1.07**	**7.72**

During the half year ended 30th September 2024

Particulars	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of the previous half year ended 31st March 2024 (A)	of (A) aggregate debt that slipped into NPA during the half year ended 30th September 2024	of (A) amount written off during the half - year	of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of this half year ended 30th September 2024
Personal Loans	4.90	0.16	-	0.66	4.08
Corporate Persons	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	6.34	0.34	-	1.16	4.84
Total	**11.24**	**0.50**	**-**	**1.82**	**8.92**

5. Exposures

5.1. Exposure to Real Estate Sector:

(₹ in crore)

Particulars		31st March 2026	31st March 2025
	Direct exposure		
i	Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	1,103.08	744.57
	of which individual Housing loans eligible for inclusion in priority sector advances	337.56	305.32

(₹ in crore)

Particulars		31st March 2026	31st March 2025
ii	Commercial Real Estate - Lending secured by mortgages on commercial real estate's (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure also includes non-fund based (NFB) limits	-	-
iii	Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
	- Residential	-	-
	- Commercial Real Estate	-	-
	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	63.56	102.05
	Total Exposure to Real Estate Sector	**1,166.64**	**846.62**

5.2. Exposure to Capital Market

(₹ in crore)

Particulars		31st March 2026	31st March 2025
i	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	18.53	22.51
ii	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
v	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi	Loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii	Bridge loans to companies against expected equity flows/issues;	-	-
viii	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix	Financing to stockbrokers for margin trading;	-	-
x	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market	**18.53**	**22.51**

5.3. Risk category wise country exposure

As per extant RBI guidelines, the country exposure of the Bank is categorized into various risk categories listed in following table

Risk Category	Exposure (net) as at 31st March 2026	Provision held as at 31st March 2026	Exposure (net) as at 31st March 2025	Provision held as at 31st March 2025
Insignificant	16.80	-	0.31	-
Low	1.08	-	16.62	-
Moderately Low	-	-	-	-
Moderate	-	-	-	-
Moderately high	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Total	**17.88**	**-**	**16.93**	**-**

5.4. Unsecured Advances

During the years ended 31st March 2026 and 31st March 2025, the Bank has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. Hence the disclosure is not applicable

5.5. Details of factoring exposure:

The factoring exposure of the Bank as at 31st March 2026 is Nil (Previous Year: Nil).

5.6. Intra Group Exposures

The Bank does not have any intra group exposures for the year ended 31st March 2026 and 31st March 2025. Exposure is computed as per RBI Master Circular on Exposure Norms DBOD. No. Dir.BC.12/13.03.00/2015-16 dated 01st July 2015.

5.7. Unhedged foreign currency exposure

The Bank held ₹ 0.45 crore towards unhedged foreign currency exposure as on 31st March 2026 (Previous Year: ₹ 0.20 crore). The bank held no incremental capital on advances to borrowers with unhedged foreign currency as on 31st March 2026 (Previous Year: Nil).

5.8 The Bank has implemented new guidelines relating to Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025 w.e.f 01st April 2026. hence the disclosures pertaining to the same are not made.

6. Concentration of deposits, advances, exposures and NPAs

6.1. Concentration of deposits:

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Total deposits of twenty largest depositors	2,154.70	1,458.20
Percentage of deposits of twenty largest depositors to total deposits of the Bank	8.34%	6.26%

6.2 Concentration of advances:

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Total advances to twenty largest borrowers	640.09	702.21
Percentage of advances to twenty largest borrowers to total advances of the bank	2.88%	3.78%

Note: Advance is computed as per the definition of Credit Exposure in RBI Master Circular on Exposure Norms DBOD. No. Dir.BC.12/13.03.00/2015-16 dated 01st July 2015.

6.3. Concentration of exposures:

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Total exposure to twenty largest borrowers/customers	646.87	702.21
Percentage of exposures to twenty largest borrowers/customers to total exposure of the bank on borrowers/customers	2.90%	3.78%

Note: Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBOD. No. Dir.BC.12/13.03.00/2015-16 dated 01st July 2015.

The Bank has compiled the data for the purpose of disclosure in Note No. 6.1 to 6.3, which has been relied upon by the auditors.

6.4. Concentration of NPAs:

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Total Exposure to top twenty NPA Accounts	24.43	33.75
Total Exposure to top twenty NPA accounts to Gross NPA	2.01%	2.62%

7. Derivatives

7.1 Details of any derivative portfolio

The Bank does not have any derivative portfolio. Hence the disclosure is not applicable.

7.2 Forward Rate agreement/Interest Rate Swap

The Bank has not entered into any Forward rate agreement/Interest rate swap contracts during Financial Years 2025-26 and 2024-25. Hence this disclosure is not applicable to the Bank.

7.3 Exchange Traded Interest Rate Derivatives

The Bank has not entered into any Exchange traded interest rate derivatives contracts during Financial Years 2025-26 and 2024-25. Hence this disclosure is not applicable to the Bank.

7.4 Disclosures on risk exposure in derivatives

A. Qualitative Disclosures

i. Structure and organization for management of risk in derivatives trading:

The Board of Directors, Risk Management Committee of Board (RMCB), Asset Liability Management Committee(ALCO) and Risk Management department are entrusted with management of risk in derivative transactions for trading and hedging. Bank's exposure to derivatives is limited to foreign exchange swaps done for hedging its FCNR portfolio and trading portfolio. Policy for hedging is included in Foreign Exchange policy of the Bank.

Bank has operations and Risk management functions- independent of dealing function. The Market Risk division of Risk Management department is responsible for assessment, monitoring, measurement and reporting of market risk and counterparty risk in foreign exchange swaps entered in to for trading and hedging.

ii. Scope and nature of risk measurement, risk reporting and risk monitoring systems:

Market Risk division of Risk Management department monitors the Bank's exposures in FX spot and forwards on daily basis via computing VaR, AGL etc. and reports to the Chief Risk Officer.

A report is submitted to Risk Management Committee of Board (RMCB) on periodic intervals.

iii. Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

Policy for hedging is included in Foreign Exchange policy of the Bank.

iv. Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation:

Notional amounts of derivative transactions comprising of swaps, futures and options are disclosed as off Balance Sheet exposures. The Bank recognises all derivative contracts (other than those designated as hedges) at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance Sheet or reporting date. Derivatives are classified as assets when the fair value is positive (positive marked to market) or as liabilities when the fair value is negative (negative marked to market). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Profit and Loss Account.

Outstanding derivative transactions designated as "Hedges" are accounted in accordance with hedging instrument on an accrual basis over the life of the underlying instrument. Option premium paid or received is recognised in the Profit and Loss Account on expiry of the option. Option contracts are marked to market on every reporting date.

B. Quantitative Disclosures

The Bank does not have any currency derivatives and Interest Rate derivatives. Hence disclosure is not applicable for Financial years 2025-26 and 2024-25

8. Disclosures relating to Securitization

The Bank has not undertaken any Securitised transaction during the years ended 31st March 2026 and 31st March 2025 and no outstanding as on 31st March 2026 and 31st March 2025. Hence the disclosure is not applicable to the Bank.

9. Off Balance Sheet SPVs sponsored

There are no Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) during the years ended 31st March 2026 and 31st March 2025.

10. Transfer to Depositor Education and Awareness Fund (DEAF)

During the years ended 31st March 2026 and 31st March 2025, the bank was not required to transfer any amount to Depositor Education and Awareness Fund.

11. Disclosure of Complaints

a. Customer Complaints

Sl. no.	Particulars	31st March 2026	31st March 2025
(a)	No. of complaints pending at the beginning of the Year	182	303
(b)	No. of complaints received during the Year	10,892	7,682
(c)	No. of complaints disposed during the Year	10,660	7,803
	Of which, number of complaints rejected by the bank	7	2
(d)	No. of complaints pending at the end of the Year	414	182

Customer Complaints above includes:

i. ATM transaction disputes relating to the Bank's customers on the Bank's ATM

Sl. no.	Particulars	31st March 2026	31st March 2025
(a)	No. of complaints pending at the beginning of the Year	1	5
(b)	No. of complaints received during the Year	181	263
(c)	No. of complaints disposed during the Year	181	267
	Of which, number of complaints rejected by the bank	-	-
(d)	No. of complaints pending at the end of the Year	1	1

ii. ATM transaction disputes relating to Banks customers on other Banks ATM

Sl. no.	Particulars	31st March 2026	31st March 2025
(a)	No. of complaints pending at the beginning of the Year	13	27
(b)	No. of complaints received during the Year	1,151	1,721
(c)	No. of complaints disposed during the Year	1,144	1,735
	Of which, number of complaints rejected by the bank	-	-
(d)	No. of complaints pending at the end of the Year	20	13

b. Maintainable complaints received by the bank from Office of Ombudsman

Sl. no.	Particulars	31st March 2026	31st March 2025
(a)	Number of maintainable complaints received by the bank from Office of Ombudsman	140	64
	Of (a), number of complaints resolved in favour of the bank by Office of Ombudsman	137	39
	Of (a), number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	3	25
	Of (a), number of complaints resolved after passing of Awards by Office of Ombudsman against	-	-
(b)	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

C. Top five grounds of complaints received by the bank from customers

Year ended 31st March 2026

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
ATM Cards/Debit Cards	18	1,334	-36.23%	21	-
Internet banking/Mobile Banking/Electronic banking	163	9,362	70.34%	390	-
Account opening/difficulty in operation of accounts	-	40	150.00%	1	-
Loans and advances	-	52	79.31%	-	-
Levy of charges without prior notice/excessive charges/ foreclosure	-	65	182.61%	1	-
Others	1	39	50.00%	1	-
Total	**182**	**10,892**	**41.79%**	**414**	**-**

Year ended 31st March 2025

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
ATM Cards/Debit Cards	38	2,092	-41.63%	18	-
Internet banking/Mobile Banking/Electronic banking	261	5,496	-17.32%	163	-
Account opening/difficulty in operation of accounts	-	16	100.00%	-	-
Loans and advances	2	29	-14.71%	-	-
Levy of charges without prior notice/excessive charges/ foreclosure	2	23	-30.30%	-	-
Others	-	26	-25.71%	1	-
Total	**303**	**7,682**	**-25.73%**	**182**	**-**

The Bank has compiled the data for the purpose of this disclosure, which has been relied upon by the auditors.

12. Disclosure of penalties imposed by RBI

During the year ended 31st March 2026, the Reserve Bank of India had imposed a penalty under Banking Regulation Act, 1949 for failure to adhere to

i) RBI Directions on " Customer Services in Bank" ₹ Nil (Previous Year: ₹ Nil).

ii) RBI Circular DCM (RMMT) No.S153/11.01.01/2021-22 dated 10th August 2021 and addendum dated 03rd January 2022 on cash out at ATM of more than ten hours in a month by the Bank of ₹ 0.001 crore (Previous Year: ₹ 0.002 crore).

13. Disclosure of Remuneration

A. Qualitative Disclosures:

a) Information relating to the composition and mandate of the Remuneration Committee:

The Nomination, Remuneration and Compensation committee (""NRC"") comprises of 3 independent directors of the Bank as on 31st March 2026. Key mandate of the NRC is to oversee the implementation of the compensation policy of the Bank. The scope and function of the NRC are in accordance with Section 178 of the Companies Act 2013, Securities & Exchange Board of India Regulation 2015 and the guidelines issued by Reserve Bank of India from time to time.

The composition of NRC as on 31st March 2026 is as follows:

- Prof. Biju Varkkey (Chairperson)
- Shri. Karthikeyan Manickam (Member)
- Ms. Kolasseril Chandramohanan Ranjani (Member)

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

Objective of Banks' Compensation Policy is:

- to provide a fair and transparent structure that is designed to retain and attract the talent pool
- the compensation shall be adjusted for all types of risk and the outcomes shall be symmetric with risk outcomes.

- to ensure that a sustained and rigorous compensation practice is followed.
- to ensure that a comprehensive and timely disclosure of information is made available to all stakeholders to facilitate constructive engagement.
- Institutionalise a mechanism for the appointment/removal/resignation/evaluation of performance of Directors.
- Perform such functions as are required to be performed by the Nomination and Remuneration committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:
  - (a) administering the ESOP plans;
  - (b) determining the eligibility of employees to participate under the ESOP plans;
  - (c) granting options to eligible employees and determining the date of grant;
  - (d) determining the number of options to be granted to an employee;
  - (e) determining the exercise price under the ESOP plans

c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

Compensation is adjusted for all types of risk and the outcomes are symmetric with risk outcomes. Compensation pay-out schedules is sensitive to the time horizon of risks. The mix of cash, equity and other forms of compensation is consistent with risk alignment for each roles.

In order to manage current and future risk and allow a fair amount of time to measure and review both quality and quantity of the delivered outcomes, the Bank has a policy to set apart a portion of the total compensation of senior and middle management as variable.

In the event of negative contributions of the Bank and/or in the relevant line of business, disciplinary proceedings initiated if any, in a year the deferred compensation will be subjected to 'malus' and 'clawback' arrangements.

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration:

Individual performances are assessed in line with business/individual delivery of the Key Responsibility Areas (KRAs), top priorities of business, budgets, and overall contribution to the organisation etc.

In linking the performance and level of remuneration, the job roles, levels, business budgets, risk factors, achievement of individual KRAs are taken into consideration for taking decision in this regard.

Variable Pay for Whole time Directors/Managing Director/Material Risk Takers will have a minimum pay out of 50% of the fixed pay and maximum pay out 300% of the Fixed pay, which will be determined based on the level of responsibility. However, any bonus at the time of joining/sign on bonus will be limited only to the first year and would be in the form of Employee Stock Options.

e) A discussion of the banks' policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:

For MD & CEO, WTDs, and other employees who are MRTs, deferral arrangements exist for the variable pay, regardless of the quantum of pay. For such executives of the bank, a minimum of 60% of the total variable pay is invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus will be deferred.

However, in cases where the cash component of variable pay is under ₹ 25 lakh, deferral requirements is not necessary.

The deferral period is a minimum of three years and would be applicable to both the cash and non-cash components of the variable pay.

The deferral of the variable pay will be spread out over the course of the deferral period.

f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:

Variable remuneration in the form of Cash or in the form ESOP is paid periodically.

The form of variable remuneration depends on the job level of individual, risk involved, the time horizon for review of quality and longevity of the assignments performed. There is a proper balance between Fixed Pay and Variable Pay. For Whole Time Directors (WTD) and the Managing Director/MRTs the proportion of Variable pay to Fixed Pay should be consistent with the norms prescribed by Reserve Bank of India as given below;

- (i) The compensation should have minimum 50 percent variable pay component.
- (ii) In case variable pay is up to 200% of the Fixed Pay, a minimum of 50% of the variable pay; and in case variable pay is above 200%, a minimum of 67% of the variable pay should be via non-cash instruments.
- (iii) The total variable pay shall be limited to a maximum of 300% of the fixed pay at a higher level of responsibility.

B. Quantitative Disclosures

Sl. no.	Particulars	31st March 2026	31st March 2025
1	Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members.	8 Remuneration paid:₹ 0.15 crore	7 Remuneration paid:₹ 0.14 crore
2	(i) Number of employees having received a variable remuneration awards during the financial year	Two (MD& CEO & EVP)	Eight (MD& CEO, ED an done level below MD & CEO and ED.)
	(ii) Number and total amount of sign in/joining bonus made during the financial year	Nil	Nil
	(iii) Details of Severance pay, in addition to accrued benefits, if any	Nil	Nil
3	i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms	Remuneration Payable in cash to (MD & CEO & ED) as on 31st March 2026 - ₹ 2.79 crore. ESOP granted to ED: 2,03,194 shares*	Remuneration Payable in cash to MD & CEO as on 31st March 2025 - ₹ 0.64 crore
	ii) Total amount of deferred remuneration paid out in the financial year	₹ 0.75 crore	₹ 0.51 crore
4.	Breakdown of amount of remuneration awards for the financial year to show fixed, variable, deferred and non deferred	Fixed Salary (Including Perquisites & Leave encashment): ₹ 5.97 crore Variable pay: ₹ 0.79 crore Deferred Variable Pay: ₹ 0.75 crore	Fixed Salary (Including Perquisites & Leave encashment): ₹ 6.62 crore Variable pay: ₹ 0.33 crore Deferred Variable Pay: ₹ 0.51 crore
5	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil	Nil
	ii) Total amount of reductions during the financial year due to ex post explicit adjustments		
	iii) the amount of reductions during the financial year due to ex post implicit adjustments		
6	Number of Material Risk Takers (MRTs) identified	8	8

Sl. no.	Particulars	31st March 2026	31st March 2025
7	(i) Number of cases where malus has been exercised (ii) number of cases where clawback has been exercised (iii) Number of cases where both malus and clawback have been exercised	Nil	Nil
8	The mean pay for the bank as a whole (excluding sub - staff) and the deviation of the pay of each of its WTDs from the mean pay	The mean of the Pay of the Bank as a whole is ₹ 0.05 crore as on 31st March 2026. The Ratio of the Remuneration of the Managing Director to the mean pay of the Bank as a whole is 65:1 as on 31st March 2026. The Ratio of the Remuneration of the Executive to the mean pay of the Bank as a whole is 29:1 as on 31st March 2026. For the purpose of mean Calculation CTC of the employees are considered.	The mean of the Pay of the Bank as a whole is ₹ 0.05 crore as on 31st March 2025. The Ratio of the Remuneration of the Managing Director to the mean pay of the Bank as a whole is 51:1 as on 31st March 2025. The Ratio of the Remuneration of the Executive to the mean pay of the Bank as a whole is 22:1 as on 31st March 2025. For the purpose of mean Calculation CTC of the employees are considered.

*In accordance with the RBI guidelines, Employee Stock Options are to be included as part of variable pay. The number of options reported as part of deferred remuneration comprise of Employee Stock Options granted during the financial year 2025-26 (as part of non cash variable pay) and are yet to be vested. The fair value of the options/units is estimated on the date of the grant using the Black-Scholes options pricing model.

Remuneration paid to non executive directors amounting to ₹ 0.05 lakh during year ended 31st March 2026 (Previous Year: ₹ Nil)

14. Other Disclosures

14.1. Business ratios/information:

Particulars	31st March 2026	31st March 2025
Interest income as a percentage to working funds *	12.70%	14.37%
Non interest income as a percentage of Working Funds*	2.91%	1.74%
Cost of deposits &	7.14%	7.45%
Net interest margin@@	6.47%	8.03%
Operating profit# as a percentage of Working Funds*	2.56%	2.71%
Return on assets## *	(0.60%)	(1.94%)
Business ^ (deposit plus advance) per employee (₹ in crore)$	4.11	3.20
Profit/(Loss) per employee $ (₹ in crore)	(0.02)	(0.04)

* For the purpose of computing the ratio, Working Fund represents the average of total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949

& Cost of deposits is calculated as a percentage of Interest expense on deposits to Average deposits. Average represents monthly average.

@@Net interest Margin is calculated as percentage of Net Interest Income to Average Earning Assets. Average Earning Assets consist of Gross Advances, net Investments, Balances with Other Banks in Deposit Accounts and Money at call and short notice. Average is the monthly average.

#For the purpose of this ratio, Operating profit is net profit for the year before provisions and contingencies.

##Return on Assets is computed as a percentage of Profit after tax to the working fund.

$ For the purpose of computing the ratio, number of employees (excluding part-time employees) as on Balance Sheet Date is considered.

^ Business is sum of net advances and deposits as at the year ends. Interbank deposits are excluded for the purposes of computation of this ratio.

14.2. Bancassurance Business

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Fees/remuneration received from Bancassurance business:		
- For selling life insurance policies	119.90	73.34
- For selling non-life insurance policies	3.88	3.24
- For selling pension products	0.29	0.37
- Others	0.07	0.11
Total	**124.14**	**77.06**

14.3. Marketing and distribution

The Bank received fees/remuneration in respect of Marketing and Distribution function (excluding bancassurance business) during the year ended 31st March 2026 amounting to ₹ Nil (Previous year: ₹ Nil).

14.4. Priority sector lending certificates

The amount of PSLCs (Category wise) sold/purchased

(₹ in crore)

Sl No.	Type of PSLCs	31st March 2026		31st March 2025	
		Purchase	Sale	Purchase	Sale
1	Agriculture	-	2,610.00	-	-
2	Micro enterprises	-	-	-	-
3	General	-	-	-	-
4	Small and Marginal Farmer	-	5,156.75	-	3,364.00

14.5. Provisions and Contingencies

Breakup of "Provisions and Contingencies" (including write-offs; net of write-backs) shown under the head Expenditure in Profit and Loss Account:

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Provision towards NPA/Write offs	948.40	1,241.50
Provision towards Standard Assets	(13.29)	6.11
Provision made towards income tax		
-Current Tax expense	(4.02)	-
-Deferred Tax	(57.98)	(171.58)
Other Provision and Contingencies	5.27	2.47
Total Provisions and Contingencies	**878.38**	**1,078.50**

14.6. Implementation of IFRS converged Indian Accounting Standards (INDAS)

The Bank submits its Proforma Ind-AS financials on half yearly basis to RBI based on the GAP assessment carried out by the Bank. The Bank is currently handling the impact analysis and reporting offline by using excel based models. However, the Bank is in the process of implementing system solutions (IndAS 109 and 116) and hiring skilled resources to implement Ind-AS accounting.

14.7. Payment of DICGC Insurance Premium

The Bank had remitted DICGC Insurance premium within the timelines prescribed therein for the years ended 31st March 2026 and 31st March 2025.

14.8. Unamortised Pension and Gratuity Liabilities

There are no unamortised pension and gratuity liabilities as at 31st March 2026 and 31st March 2025.

14.9 Letter of Comforts

The Bank has not issued any Letter of Comforts during years ended 31st March 2026 and 31st March 2025. Hence corresponding disclosures are not made.

14.10 Green Deposits

The Bank has not raised any green deposits during years ended 31st March 2026 and 31st March 2025. Hence corresponding disclosures are not made.

15. Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the Bank

During the years ended 31st March 2026 and 31st March 2025, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

16. The Bank is carrying an additional contingency provision on standard assets of ₹ 16.63 crore as on 31st March 2026 (₹ 44.67 crore as on 31st March 2025).

18. NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2026

B. OTHER DISCLOSURES:

1. Earnings per Equity Share:

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Net Profit/(Loss) attributable to equity Share holders(A)	(166.40)	(521.39)
Weighted average number of equity shares used in computation of basic earnings per share (B) (In crore)	51.55	51.49
Add: Effect of dilution - Stock options granted to employees (In crore)	0.15	0.06
Weighted average number of equity shares used in computation of basic earnings per share (C)(In crore)	51.71	51.54
Basic (₹)[A/B]	(3.23)	(10.13)
Diluted (₹)[A/C]	(3.22)	(10.12)
Nominal value per share (₹)	**10.00**	**10.00**

2. Segment Reporting:

Part A- Business Segments

The business of the Bank has been segregated into four Segments as per RBI guidelines: Treasury, Wholesale Banking, Retail Banking and Other Banking Operations:

(₹ in crore)

Segment Revenue	31st March 2026				
	Treasury	Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	404.85	103.30	3,661.64	178.44	4,348.23
Segment Results (Operating Profit)	(9.56)	35.69	(425.85)	171.32	(228.40)
Income Tax Expenses					(62.00)
Net Profit					(166.40)
Segment Assets	7,543.46	792.76	21,784.49	-	30,120.71
Unallocated Assets					747.27
Total Assets					**30,867.98**
Segment Liabilities	5,930.27	743.89	22,076.19	-	28,750.35
Unallocated Liabilities					337.59
Share Capital and Reserves and Surplus					1,780.04
Total Liabilities					**30,867.98**

(₹ in crore)

Segment Revenue	31st March 2025				
	Treasury	Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	535.04	141.61	3,529.99	122.67	4,329.31
Segment Results (Operating Profit)	74.45	23.06	(904.89)	114.41	(692.97)
Income Tax Expenses					(171.58)
Net Profit					(521.39)
Segment Assets	7,939.97	1,245.49	17,452.77	-	26,638.23
Unallocated Assets					540.06
Total Assets					**27,178.29**
Segment Liabilities	5,819.22	1,236.74	17,768.96	-	24,824.92
Unallocated Liabilities					408.36
Share Capital and Reserves and Surplus					1,945.01
Total Liabilities					**27,178.29**

Segmental information is provided as per the MIS/reports available for internal reporting purposes, which includes certain estimates and assumptions.

The methodology adopted in compiling and reporting the above information has been relied upon by the auditors. The RBI vide its Circular dated 07th April 2022 on establishments of Digital Banking Units (DBUs) has prescribed reporting of Digital Banking Segments as a sub segment of Retail Banking Segment (RBS). The Bank has not set up any DBU so far and hence DBU has not been disclosed as a separate segment as per Accounting Standard 17 (Segment Reporting).

Part B - Geographical Segments

The business of the Bank is in India only. Accordingly, geographical segment is not applicable.

3. Lease Disclosures:

The Bank has taken premises under operating lease for period ranging from 11 months to 120 months. The lease payments recognised in the profit and loss account is ₹ 97.89 crore (year ended 31st March 2025 - ₹ 85.71 crore).

The future minimum lease payments under non cancellable operating leases is given below

(₹ in crore)

Particulars	31st March 2026	31st March 2025
not later than one year	90.05	87.31
later than one year but not later than five years	294.87	304.91
later than five years	105.99	129.63

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements. The Bank does not have any sub lease arrangement and no contingent rents arrangement for the year ended 31st March 2026 and 31st March 2025

4. Deferred Taxes:

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Deferred Tax Asset		
Provision for Employee Benefits	5.55	5.52
Provision for Standard assets	25.90	29.25
Fixed Assets: on differences between book balances and tax balance of fixed asset	14.71	10.65
Other Provisions	11.09	9.21
Carry forward Unabsorbed Depreciation & Tax Losses	215.69	163.53
Deferred Tax Asset	**272.94**	**218.16**

5. Credit card reward points:

The Bank's credit card product does not offer reward points. Hence this disclosure is not applicable for years ended 31st March 2026 and 31st March 2025.

6. Fixed Assets as per Schedule 10 include intangible assets relating to purchased software and system development expenditure which are as follows:

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Gross Block		
At cost on 31st March of the preceding year	59.18	51.71
Additions during the year	8.77	7.47
Deductions during the year	-	-
Total	**67.95**	**59.18**
Depreciation/Amortization		
As at 31st March of the preceding year	40.94	31.34
Charge for the year	9.02	9.60
Deductions during the year	-	-
Depreciation to date	**49.97**	**40.94**
Net Block	**17.99**	**18.24**

7. Related Party Disclosures:

Related Party#	Nature of Relationship
ESAF Financial Holdings Private Limited ("erstwhile ESAF Microfinance and Investments Private Ltd.")("EFHL")	Significant Investor *
Cedar Retail Private Limited ("erstwhile ESAF Retail Private Ltd.") ("CEDAR Retail")	Entities in which Key managerial personnel (KMP) is a member (shareholder)
Lahanti Homes and Infrastructure (P) Ltd. [Erstwhile ESAF Homes and Infrastructure Private Ltd] ("Lahanti Homes")	Entities in which KMP is a member (shareholder)
ESAF Swasraya Producers Company Ltd. ("ESAF Producer Company")	Entities in which KMP is a member (shareholder)
K. Paul Thomas	Key Managerial Person (MD and CEO)
George K John	Executive Director (W.e.f 15th May 2024)
Mereena Paul	Relative of KMP and executive director
Emy Acha Paul	Relative of KMP
Alok Paul Thomas	Relative of KMP
Abhishek Joe Paul	Relative of KMP
Ashish Krish Paul	Relative of KMP
Beena George	Relative of KMP
Noha Sunny George	Relative of Executive Director
Nora Susan George	Relative of Executive Director
Johnathan Abraham George	Relative of Executive Director
ESAF Foundation ("ESAF Foundation")[erstwhile Evangelical Social Action Forum]	Enterprises over which KMP has significant influence
CEDAR Integrated Food Tech Private Limited	Relatives of KMP's are Directors
KAPMA Agro Farms Private Limited	Relatives of KMP's are Directors
KAPMA Holdings Private Limited	Relatives of KMP's are Directors
ESAF Healthcare Services Pvt Ltd	Relatives of KMP's are Directors
Rhema Dairy Products India Pvt Ltd	Relatives of KMP's are Directors
Cedar Livelihood Services Pvt Ltd	Relatives of KMP's are Directors
Sanma Garments Pvt Ltd	Relatives of KMP's are Directors
Lahanti Stone Craft Pvt Ltd	Relatives of KMP's are Directors
Dev Bhoomi Eco Tourism Pvt Ltd	Relatives of KMP's are Directors
Hebron Gardens Private Limited	Relatives of KMP's are Directors
Rhema Kissan Producer Company Ltd	Relatives of KMP's are Directors
THRISSUR STARTUP INCUBATION COUNCIL	Relatives of KMP's are Directors
Prachodhan Development services ("Prachodhan")	Enterprises over which KMP has significant influence through relative

#Related parties are identified and disclosed as per Accounting Standard 18 - Related Party Disclosures specified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

*EFHL holds 52.88% (Previous Year: 52.94%) of the equity share capital of the Bank. However, since the voting rights of any investor in Banks are restricted to 26% pursuant to the provisions of RBI guidelines, EFHL has been considered as Significant Investor.

Transactions during the year with the Related Party

(₹ in crore)

Nature of Transaction	Related Party	31st March 2026	31st March 2025
Liabilities			
Term Deposit placed			
	ESAF Foundation	3.05	-
	Emy Acha Paul	-	-
	Beena George	0.34	0.17
	Lahanti Homes	-	-
	K. Paul Thomas	0.01	0.58
	Alok Paul Thomas	0.11	0.25
	Prachodhan	-	-
	EFHL	14.00	55.57
	George K John	0.10	0.02
	Noha Sunny George	*	-
	Nora Susan George	-	-
	Johnathan Abraham George	-	-
Term Deposit Matured	EFHL	16.00	40.77
	K. Paul Thomas	0.13	0.53
	Cedar Retail	-	-
	Beena George	0.13	0.16
	ESAF Foundation	-	-

(₹ in crore)

Nature of Transaction	Related Party	31st March 2026	31st March 2025
	Prachodhan	-	-
	George K John	0.02	-
	Alok Paul thomas	0.02	-
	Noha Sunny George	*	-
	Nora Susan george	-	-
	Johnathan Abraham George	*	-
	Emy Acha Paul	0.05	-
Transactions in Demand Deposit (net)			
	Cedar Retail	1.49	(3.97)
	ESAF Foundation	(0.94)	2.40
	EFHL	(0.31)	(9.54)
	Lahanti Homes	-	-
	Prachodan	0.40	0.16
	ESAF Producer Company	*	(0.04)
	Cedar Integrated Food Tech Private limited	(0.09)	(0.17)
	Kapma Agro Farms Private Limited	0.01	0.10
	Kapma,Holdings Private Limited	(0.10)	-
	Esaf Healthcare Private limited	*	0.56
	Rhema Diary Products India Pvt Ltd	(0.09)	(0.03)
	Cedar Livelihood Services Pvt Ltd	0.01	-
	Sanma Garments Pvt Ltd	0.05	0.01
	Lahanti Stone Craft Pvt Ltd	*	-
	Dev Bhoomi Eco Tourism Pvt Ltd	0.01	(0.02)
	Hebron Gardens Pvt Ltd	0.02	(0.19)
	Rhema Kisan Producer Company Ltd	(0.03)	0.03
	Thrissur Startup Incubation Council	-	*
Transactions in Savings Deposit(net)	K. Paul Thomas	(2.65)	1.99
	Mereena Paul	(0.17)	(0.74)
	Emy Acha Paul	0.08	(0.06)
	Alok Paul Thomas	*	0.01
	ESAF Foundation	(7.05)	7.13
	Prachodhan	0.08	(0.55)
	Abhishek Joe Paul	*	(0.01)
	Ashish Krish Paul	-	-
	Beena George	*	(0.01)
	George K John	0.04	0.06
	Nora Sunny George	*	*
	Noha Susan george	*	*
	Johnathan Abraham George	*	*

(₹ in crore)

Nature of Transaction	Related Party	31st March 2026	31st March 2025
Interest accrued and due on Deposits			
	EFHL	1.36	1.04
	ESAF Foundation	2.02	1.94
	K. Paul Thomas	0.18	0.24
	Mareena Paul	0.02	0.04
	Emy Acha Paul	0.01	0.01
	Alok Paul Thomas	0.02	0.01
	Abhishek Joe Paul	*	*
	Ashish Krish Paul	-	-
	Beena George	0.02	0.01
	Lahanti Homes	0.02	0.02
	Prachodan	0.01	0.03
	George K John	0.01	0.01
	Nora Sunny George	*	*
	Noha Susan george	*	*
	Johnathan Abraham George	*	*
Interest expenses on Sub Debt	EFHL	2.25	2.25
Contingent Liability			
Bank Guarantee Given/renewed/(Closed)		1.10	-
Assets			
Expenses			
Rent paid	Lahanti Homes	3.02	2.41
	ESAF Foundation	-	-
	George K John	0.04	-
Interest paid on deposits			
	Cedar Retail	-	-
	EFHL	1.36	1.04
	ESAF Foundation	2.02	1.94
	K. Paul Thomas	0.18	0.24
	Mareena Paul	0.02	0.04
	Emy Acha Paul	0.01	0.01
	Alok Paul Thomas	0.02	0.01
	Abhishek Joe Paul	*	*
	Ashish Krish Paul	-	-
	Beena George	0.02	0.01
	Lahanti Homes	0.02	0.02
	Prachodan	0.01	0.03
	George K John	0.01	0.01
	Nora Sunny George	*	*
	Noha Susan george	*	*
	Johnathan Abraham George	*	*
Interest paid on Sub Debt	EFHL	2.25	2.25
Remuneration	K. Paul Thomas	3.40	2.48
	George K John	0.84	0.84
Reimbursement of expenses	K. Paul Thomas	0.37	0.28
	George K John	0.17	0.07

(₹ in crore)

Nature of Transaction	Related Party	31st March 2026	31st March 2025
Contribution towards Corporate Responsibility expense	ESAF Foundation	3.24	9.58
	Prachodan	2.13	9.00
Loan	Beena George	0.17	-
Interest received	Beena George	*	-
Staff Advance	George K John	0.05	-
Staff Advance Repaid	George K John	0.01	-
Advance provided for branch construction work	Lahanti Homes	0.10	-

Figures in brackets indicate net outflow

* Amounts are below ₹ 50,000/-

The remuneration to KMP does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Bank as a whole.

Balance outstanding as at:

(₹ in crore)

Items/Related Party	Significant Investor		KMP and Enterprises over which KMP/Relative of KMP have control/significant influence	
	31st March 2026	31st March 2025	31st March 2026	31st March 2025
Liabilities				
Term Deposits	18.64	20.15	8.74	5.19
Demand Deposit (Including Savings Deposits)	1.35	1.66	26.65	33.72
Equity Shares	272.55	272.55	31.30	31.30
Borrowings	20.00	20.00	-	-
Other Liabilities	-	-	0.00	-
Contingent Liability				
Bank Guarantee	-	-	-	1.10
Assets				
Advances	-	-	0.17	-
Others	-	-	0.14	-

Maximum Balance outstanding during the year

(₹ in crore)

Items/Related Party	Significant Investor		KMP and Enterprises over which KMP/Relative of KMP have control/significant influence	
	31st March 2026	31st March 2025	31st March 2026	31st March 2025
Liabilities				
Term Deposits	20.39	26.30	8.88	5.13
Demand Deposit (Including Savings Deposits)	17.32	18.89	42.82	46.72
Equity Shares	272.55	272.55	31.30	31.30
Borrowings	20.00	20.00	-	-
Assets				
Advances	-	-	0.17	-

The Bank has compiled the data for the purpose of this disclosure, which has been relied upon by the auditors.

8. Employee Stock Option Scheme ("ESOS")

i) ESAF Small Finance Bank Employee Stock Option Plan 2019

The Bank, pursuant to the resolutions passed by the Board on 23rd December 2019 and Shareholders on 03rd January 2020, adopted the ESAF ESOP Plan 2019, with an objective to attract, retain and motivate the best available talent by way of rewarding employee stock options for their performance and to motivate them to participate in the growth of the Bank, besides creating long term wealth in their hands. The ESOP grant is of two types (i) loyalty grant and (ii) performance grant. The Bank granted options under loyalty grants in four tranches as on 31st March 2026. As on 31st March 2026, no options under performance grant have been granted by the Bank under the ESAF ESOP Plan 2019. Post IPO of the Bank, the ESAF ESOP Plan 2019 was ratified and amended by the shareholders in the 7th Annual General Meeting held on 29th December 2023. The ESOP 2019 has been framed and implemented in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 now SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations") relevant guidance notes and accounting standards. The Nomination and Remuneration Committee has been entrusted with the responsibility of administering the ESOP 2019. The details of the options granted under the ESAF ESOP Plan 2019 as loyalty grant are as follows:

Details of Tranche I

Particulars	31st March 2026	31st March 2025
Outstanding at the beginning of the year	-	10,09,667
Surrendered during the year	-	-
Granted during the year	-	-
Exercised during the year	-	6,47,594
Forfeited/lapsed during the year	-	3,62,073*
Outstanding at the end of the year	-	-
Options exercisable	-	-

*Out of the Forfeited/lapsed options 352,882 options had lapsed at end of the exercise period of the scheme, since some employees had not exercised their options. An amount of ₹ 1.95 crore was transferred to the General Reserve - Refer Note No. 2.2 B

Details of Tranche II - granted on 06th May 2024

Particulars	31st March 2026	31st March 2025
Outstanding at the beginning of the year	9,88,815	-
Surrendered during the year	-	-
Granted during the year	-	11,25,590
Exercised during the year	2,35,161	-
Forfeited/lapsed during the year	36,581	1,36,775
Outstanding at the end of the year	7,17,073	9,88,815
Options exercisable	7,17,073	-

Details of Tranche III - 16th May 2025

Particulars	31st March 2026	31st March 2025
Outstanding at the beginning of the year	-	-
Surrendered during the year	-	-
Granted during the year	9,64,196	-
Exercised during the year	-	-
Forfeited/lapsed during the year	33,423	-
Outstanding at the end of the year	9,30,773	-
Options exercisable	-	-

Details of Tranche IV - 24th July 2025

Particulars	31st March 2026	31st March 2025
Outstanding at the beginning of the year	-	-
Surrendered during the year	-	-
Granted during the year	9,55,949	-
Exercised during the year	-	-
Forfeited/lapsed during the year	24,447	-
Outstanding at the end of the year	9,31,502	-
Options exercisable	-	-

As per SEBI guidelines the accounting for ESOS can be done either under the 'Intrinsic value basis' or 'Fair value basis'. As per the approval of shareholders, the Bank has adopted 'Fair Value' for accounting of ESOS. In accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments" issued by the ICAI, fair value is amortised on a straight line basis over the vesting period.

The fair value of the options/units is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

Particulars	Tranche II	Tranche III	Tranche IV
Date of Grant	06th May 2024	16th May 2025	24th July 2025
Exercise Price	15.51	10.00	10.00
Risk free interest Rate	6.97%	6.22%	6.35%
Expected life	1 Year	1 Year	1 Year
Volatility	0.39%	0.32%	0.35%
Fair Value of Options as per Black-Scholes options pricing model	45.43	21.67	22.55

ii ESOPs to Material Risk takers

As per the RBI circular RBI/2021-22/9 OR.GOV.REC.44/29.67.001/2021-22 "Guidelines on Compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function staff – Clarification" dated 30th August 2021 (the "RBI Guidelines on Compensation"), the Bank had informed to RBI an employee identified 8 employees as material risk takers. During the year ended 31st March 2026, the Bank has granted ESOPs to Executive Director of the Bank which is disclosed below. During the year ended 31st March 2025 no ESOP has been granted to the aforesaid eligible personnel, hence there is no impact on the results for the year ended 31st March 2025. In accordance with the RBI guidelines such grants are valued at Fair Value. In accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments" issued by the ICAI, fair value is amortised on a straight line basis over the vesting period.

Particulars	31st March 2026	31st March 2025
Outstanding at the beginning of the year	-	-
Surrendered during the year	-	-
Granted during the year	2,03,194	-
Exercised during the year	-	-
Forfeited/lapsed during the year	-	-
Outstanding at the end of the year	2,03,194	-
Options exercisable	-	-

The fair value of the options/units is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

Particulars	Tranche 1	Tranche II	Tranche III	Tranche IV
Date of Grant	27th February 2026	27th February 2026	27th February 2026	27th February 2026
Number of shares granted	63,626	47,895	46,464	45,209
Vesting Period	01st April 2026 to 31st March 2027	01st April 2026 to 31st March 2028	01st April 2026 to 31st March 2029	01st April 2026 to 31st March 2030
Exercise period	01st April 2027 to 31st March 2028	01st April 2028 to 31st March 2029	01st April 2029 to 31st March 2030	01st April 2030 to 31st March 2031
Exercise Price	10	10	10	10
Risk free interest Rate	6.67%	6.67%	6.67%	6.67%
Expected life	1 Year	1 Year	1 Year	1 Year
Volatility	0.02%	0.02%	0.02%	0.02%
Fair Value of Options as per Black-Scholes options pricing model	18.86	19.48	20.08	20.66

iii) Expense arising from share-based payment transaction recognised in Profit and Loss Accounts as employee benefit expense as follows:

Particulars	31st March 2026	31st March 2025
Employee Benefit expenses	3.53	3.95

9. Employee Benefits

i. The Bank has recognized the following amounts in the Profit and Loss Account towards contributions to Provident Fund and Other Funds:

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Provident Fund	24.73	23.49

ii. Gratuity

The gratuity plan provides a lump sum payment to vested employees at retirement or on termination of employment based on respective employee's salary and years of employment with the Bank subject to maximum of ₹ 0.20 crore.

Reconciliation of opening and closing balance of present value of defined benefit obligation for gratuity benefits is given below.

Reconciliation of Defined Benefit Obligation (DBO)

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Present value of DBO at start of Year	45.39	18.64
Transfer In/(Out)	-	16.06
Current Service Cost	9.85	7.64
Interest Cost	2.91	2.15
Benefits Paid	(4.18)	(2.15)
Past Service Cost	3.09	-
Actuarial (Gain)/Loss	(5.13)	3.05
Present value of DBO at end of Year	**51.93**	**45.39**

Reconciliation of Fair Value of Plan Assets

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Fair value of Plan assets at start of Year	**43.56**	**17.84**
Transfer In/(Out)	-	16.06
Contributions by employer	8.48	10.06
Benefits Paid	(4.18)	(2.15)
Expected return on plan assets	2.86	1.75
Actuarial Gain/(Loss)	0.04	-
Fair value of Plan assets at end of year	**50.76**	**43.56**
Actual Return on plan assets	2.91	1.75
Expected Employer Contributions for the coming year	10.00	8.00

Expense recognized in the Profit and Loss account

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Current Service Cost	9.85	7.64
Interest Cost	2.91	2.15
Past Service Cost	2.60	-
Expected return on plan assets	(2.86)	(1.75)
Actuarial (Gain)/Loss	(5.17)	3.05
Employer Expense/(Income)	**7.32**	**11.09**

Net Liability/(Asset) recognized in the Balance Sheet

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Present value of DBO	51.93	45.39
Fair value of plan assets	50.76	43.56
Net liability/(Asset)	**1.17**	**1.83**
Less: Unrecognized Past Service Cost	0.49	-
Liability/(Asset) recognized in the Balance sheet	**0.68**	**1.83**

Category of Plan Assets

Particulars	31st March 2026	31st March 2025
Insurer managed funds (Conservative/Non unit linked)	89.90%	99.80%
Insurer managed funds (unit linked)	10.00%	0.00%
Bank Balance	0.10%	0.20%

Actuarial assumptions used

Particulars	31st March 2026	31st March 2025
Salary Growth Rate	7.5% p.a	7.5% p.a
Discount Rate	6.3% p.a	6.4% p.a
Withdrawal/Attrition Rate	25% p.a	20% p.a
Expected return on plan assets	6.40%	7.00%
Mortality Rate	IALM 2012-14 (Ult)	IALM 2012-14 (Ult)
Expected average remaining working lives of employees	3 Years	4 Years

Experience adjustments

(₹ in crore)

Particulars	As at 31st March 2026	As at 31st March 2025	As at 31st March 2024	As at 31st March 2023	As at 31st March 2022
Defined benefit obligation	51.93	45.39	18.64	13.49	11.05
Fair value of Plan assets	50.76	43.56	17.84	12.92	10.56
Surplus/(Deficit)	(1.17)	(1.83)	(0.81)	(0.57)	(0.49)
Experience adjustment on plan liabilities: (gain)/loss	(3.29)	2.39	0.73	0.07	(0.19)
Experience adjustment on plan assets: gain/(loss)	(0.23)	0.03	0.27	0.08	0.02

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

iii. Leave Encashment

The employees of the Bank are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation during service, retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 90 days. The Bank records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Bank measures the expected cost of compensated absence as the additional amount that the Bank expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuations.

The Actuarial liability of compensated absences of accumulated privilege leave of the employees of the Bank is given below:

(₹ in crore)

Assumptions	31st March 2026	31st March 2025
Privilege leave	90 days	90 days
Sick leave	30 days	30 days
Discount rate (Privilege/Sick leave)	6.30%	6.40%
Salary escalation rate (Privilege/Sick leave)	7.50%	7.50%
Attrition Rate (Privilege/Sick leave)	25%	20%
Actuarial liability - Privilege leave	13.29	12.42
Charged in Profit and Loss account- Privilege Leave	0.87	5.82
Actuarial liability - Sick Leave	8.07	7.69
Charged in Profit and Loss account- Sick leave	0.38	3.10

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases, takes into account the inflation, seniority, promotion, increments and other relevant factors. The above information is as certified by the actuary and relied upon by the auditors.

iv. Impact of new labour codes

Pursuant to the notification issued by the Ministry of Labour and Employment, the Code on Wages, 2019, the Code on Social Security, 2020, the Industrial Relations Code, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 (collectively referred to as the "New Labour Code") became effective from 21st November 2025. The Bank has reassessed its employee benefit obligations in accordance with the revised definition of wages based on available information and evolving market data. Accordingly, an incremental liability on account of past service cost in accordance with AS 15 - Employee Benefits amounting to ₹ 3.31 crore has been charged to the Profit and Loss Account for the quarter and nine months ended 31st December 2025. The Bank continues to monitor developments relating to the implementation of the New Labour Codes and will review its estimates and assumptions on an ongoing basis.

10. Corporate Social Responsibility (CSR)

Particulars		31st March 2026	31st March 2025
a)	Gross amount required to be spend including deficit of previous year	15.65*	26.01*
b)	Amount spent during the year		
	i) Construction/acquisition of any asset	2.17#	4.16#
	ii) any other projects	6.55^	12.07^
Total		8.71	16.23
c)	short fall at the year end	6.94	9.78
d)	previous year short fall	2.05	-
e)	reason for short fall	on going projects	

*Gross amount required to be spent by the Bank during the year include RS 9.30 crore being the unspent amount for the Financial year ended 31st March 2024. (Previous Year - ₹ 6.93 crore relating to March 2025)

As per Bank's CSR Policy upto 5% of the average net profit of the last 3 preceding years is allocated for CSR activities. During the year the Bank has set aside 5% as CSR funds. (Previous year: 5%)

#amount spend/incurred during the year include ₹ 2.17 crore out of the unspend amount during the year ended 31st March 2025 (Previous Year:₹ 1.28 crore out of the unspend amount during the year ended 31st March 2024).

^amount spend/incurred during the year include ₹ 5.57 crore out of the unspend amount during the year ended 31st March 2025 and during previous year include for ₹ 5.65 crore out of the unspend amount during the year ended 31st March 2024 out of the unspend amount during the said year.

Pursuant to Section 135(5) & 135 (6) of Companies Act,2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014(Amended), Bank has transferred ₹ 4.51 crore (Previous Year: ₹ 7.39 crore) to the "Unspent CSR Account" as on 31st March 2026 towards the Ongoing projects approved by the CSR Committee to be spent over the next 3 years. The advance with the Implementing Agencies is ₹ 0.37 crore as at March 2026 (March 2025: ₹ 2.38 crore)

Nature of CSR activities:-

Children education, Sustainable village development, waste management, liveable city projects, community school infrastructure, Krushak mitra for farmer and farmer collectives, Garshom projects for migrant labourers, Skill training for rural artisans and rural youth, flood rehabilitation, sustainable development initiatives, Arogya Mithra - Health Entrepreneurship development etc.

Refer Note B.7 of Schedule 18 for the related parties involved in activities relating to Corporate Social Responsibility.

11. Subordinated Debt and Perpetual Debt

a The Bank has an outstanding subordinated debt of ₹ 715 crore (As at 31st March 2025: ₹ 340 crore). This has been considered as part of Tier 2 Capital for capital adequacy computation after subjecting to discounting in accordance with RBI guidelines.

During the year ended 31st March 2026, the Bank raised a Subordinated debt of ₹ 415 crore by way of private placement (Previous Year: ₹ Nil).

The Bank has on outstanding Perpetual Debt Instrument of ₹ 48 crore (As at 31st March 2025: ₹ 48 crore)

b. Interest Expended-Others includes interest of ₹ 52.65 crore (Previous year: ₹ 44.59 crore) on Subordinated Debt and includes interest of ₹ 6.24 crore (Previous Year: ₹ 6.24 crore) on perpetual Debt instrument.

12. Details of payments of audit fees (Exclusive of Goods and Service Tax)

(₹ in crore)

Particulars	31st March 2026	31st March 2025
Statutory Audit fees	0.48	0.45
Other Attestation work	0.16	0.15
Other Certification	0.23	0.20
Out of pocket expenses	0.04	*
Total	**0.91**	**0.80**

Asterisk denotes figures below ₹ 50,000/-

13. Description of Contingent Liabilities:

The Bank has contingent liability of

a) ₹ 0.50 crore (Previous Year: ₹ 0.46 crore) for claims against customer disputes and tax disputes.

b) ₹ 0.76 crore (Previous Year: ₹ 0.76 crore) for proprietary transactions/other Court matters.

c) ₹ 512.02 crore (Previous Year: ₹ 195.76 crore) against outstanding forward exchange contracts.

d) ₹ 1.23 crore (Previous Year: 1.62 crore) towards guarantees given on behalf of constituents in India.

14. The Bank has a process whereby periodically all long term contracts are assessed for material foreseeable losses. As on 31st March 2026 and 31st March 2025, the Bank has reviewed such contracts and as per available information no provision is required to be made under any law/accounting standards for material foreseeable losses on such long term contracts in the books of account.

15. The Bank has received few intimations from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information received and available with the Bank, there are no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the years ended 31st March 2026 and 31st March 2025. The above is based on information available with the Bank and relied upon by the Auditors.

16. As a part of the normal banking business, the Bank grants loan and advances to its borrowers with permission to lend/invest or provide guarantees/securities in other entities identified by such borrowers or on the basis of the security/guarantee provided by the co-borrower. Similarly, the Bank may accept funds from its customers who may instruct the bank to lend/invest/provide guarantee or security or the like against such deposits in other entities identified by such customers. These transactions are part of the Bank's normal banking business, which is conducted after exercising proper due diligence including adherence to Know Your Customer (KYC) guidelines.

Other than the nature of the transactions described above:

- No funds have been advanced or loaned or invested by the Bank to or in any other person(s) or entity(ies) ("intermediaries") with the understanding that the intermediary shall lend or invest in party identified by or on behalf of the Bank (ultimate beneficiary).
- The Bank has not received any funds from any party(s) (funding party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities by or on behalf of that funding party ("ultimate beneficiaries") or provide any guarantee or security or the like on behalf of the ultimate beneficiary.

17. Dividend

Board of Directors has not proposed any dividend for financial years ended 31st March 2026 and 31st March 2025.

18. The Bank absorbed 5,109 trained employees of M/s. ESAF Swasraya Multi State Agro Co-operative Society Limited ("ESMACO") and paid compensation of ₹ 58 crore (inclusive of GST) being the value addition for sourcing and training the staff which otherwise the Bank would have had to incur based on an independent external valuation for the year ended 31st March 2025.

19. The comparative financial information for the Quarter and year ended 31st March 2025 included in the statement have been audited by M/s. Abarna & Ananthan and M/s. Kirtane & Pandit LLP (one of the present joint auditors), who expressed an unmodified opinion vide their audit report dated 16th May 2025.

20. Previous Year's figures

Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on Behalf of Board of Directors

Karthikeyan Manickam
Chairman
DIN:09450145

Dr. Kadambelil Paul Thomas
Managing Director and CEO
DIN: 00199925

K. C. Ranjani
Director
DIN: 01735529

George K. John
Executive Director
DIN:00694646

Gireesh C. P.
Chief Financial Officer

Ranjith Raj P.
Company Secretary

Place: Mannuthy
Date: 30th April 2026

Notes

ESAF

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Joy of Banking

The POWER to Dream Bigger

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MEMBER

Global Alliance for Banking on Values

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