

IDFCFIRSTBANK/SD/71/2024-25

May 30, 2024

National Stock Exchange of India LimitedExchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051.**NSE Symbol – IDFCFIRSTB****BSE Limited**Phiroze Jeejeebhoy Towers
Dalal Street, Fort, Mumbai 400 001.**BSE Scrip Code – 539437****Sub.: Outcome of Board Meeting - Preferential issue of ₹ 3,200 crore****Ref.: Disclosure under Regulation 30 of the SEBI (LODR) Regulations**

Dear Sir / Madam,

IDFC FIRST Bank has laid a robust foundation with a strong and profitable business model. The Bank is seeing strong traction in raising deposits with customer deposits growing by 42% in FY24 over FY23. The Bank also sees significant upcoming opportunities for loan growth with high asset quality. The overall asset quality of the Bank continues to be good, with GNPA of 1.88% and NNPA of 0.60% as of March 31, 2024. In the retail, rural and sme finance book, the Gross and Net NPA continues to be quite low at 1.38% and 0.44% respectively as of March 31, 2024.

The Bank is also well positioned in terms of experience, team, technology, systems, risk management and controls, to take advantage of the growth opportunities in a stable manner. The business is also profitable with the profit after tax increasing to ₹ 2,957 crores in FY24, an increase of 21% over ₹ 2,437 crores in FY23. The capital adequacy as of March 31, 2024 is strong at 16.11%. With the objective to take advantage of upcoming growth opportunities, the Bank intends to raise funds of ₹ 3,200 crores by issuing equity shares of the Bank on preferential basis. With this proposed capital raise of ₹ 3,200 crores, the overall capital adequacy of the Bank will further increase to 17.49%, as computed on the risk weighted assets as on March 31, 2024, which will put the bank in a strong position to participate in future growth.

With the aforesaid intention, the Board of Directors (“**Board**”) of the Bank at its meeting held today i.e., May 30, 2024, has, *inter-alia*, considered and approved to Issue, offer and allot **39,68,74,600** (Thirty nine crore sixty eight lakhs seventy four thousand and six hundred) equity shares of face value of ₹ 10/- each fully paid-up, on a preferential basis, to the allottees, as mentioned in **Annexure 1 (“Proposed Allottees”)**, at a price of ₹ **80.63/-** per equity share, amounting to ₹ **3,200 crore** (Rupees Three thousand and two hundred crore only) [round off] (“**Preferential Issue**”), in accordance with the applicable provisions of the Companies Act, 2013 and SEBI ICDR Regulations, and also subject to approval of the shareholders of the ‘Bank’.

Further, the Board of Directors of the Bank has approved a process of carrying out Postal Ballot to seek approval of the shareholders of the Bank for issuance and allotment of equity shares by way of preferential issue to the Proposed Allottees. Also, the Board has approved the draft Postal Ballot Notice to be issued to the shareholders for seeking their approval for Preferential Issue.

Post allotment, the issued and paid-up equity share capital of the Bank will increase from 7,07,72,76,843 equity shares of ₹ 10/- each fully paid-up to 7,47,41,51,443 fully paid-up equity shares of ₹ 10/- each.

The frequently asked questions on the proposed preferential issue are as per **Annexure 2**.

The meeting of the Board of Directors of the Bank commenced at 12:45 p.m. and concluded at 02:40 p.m.

You are requested to kindly take the above on record.

Yours faithfully,

For **IDFC FIRST Bank Limited**

Satish Gaikwad
Head – Legal & Company Secretary

Annexure 1

SN	Name of the Proposed Allottees	Category (Promoter/ Public)	Pre-issue Shareholding Structure		No. of Equity Shares to be allotted	Post-issue Shareholding Structure	
			Number	% of shares		Number	% of shares
1	Life Insurance Corporation of India	Public	1,42,01,484	0.20	18,60,34,900	20,02,36,384	2.68
2	HDFC Life Insurance Company Limited	Public	1,75,95,835	0.25	8,06,15,200	9,82,11,035	1.31
3	Aditya Birla Sun Life Insurance Company Limited	Public	1,73,55,737	0.25	6,20,11,600	7,93,67,337	1.06
4	Bajaj Allianz Life Insurance Company Limited	Public	2,08,30,006	0.29	3,10,05,900	5,18,35,906	0.69
5	ICICI Lombard General Insurance Company Limited	Public	94,40,167	0.13	3,10,05,800	4,04,45,967	0.54
6	SBI General Insurance Company Limited	Public	Nil	-	62,01,200	62,01,200	0.08
Total					39,68,74,600		

FAQs on Preferential Issue of Equity share of ₹ 3,200 crore

Q. What is the Capital raise about?

IDFC FIRST Bank has laid a robust foundation with a strong and profitable business model. The Bank is seeing strong traction in raising deposits with customer deposits growing by 42% in FY24 over FY23. The Bank also sees significant upcoming opportunities for loan growth with high asset quality. The overall asset quality of the Bank continues to be good, with GNPA of 1.88% and NNPA of 0.60% as of March 31, 2024.

The Bank is also well positioned in terms of experience, team, technology, systems, risk management and controls, to take advantage of the growth opportunities in a stable manner. To partake in the upcoming growth opportunities, the Bank needs to be well capitalised for growth. Hence, the Bank is proposing to raise equity capital of ₹ 3,200 crores by issuing equity shares of the Bank on preferential basis.

After our last capital raise of ₹ 3,000 crores, the RBI had raised the risk weights on consumer credit exposures in November 2023, which consumed around 1% of the Bank's capital. Hence, this capital is being raised prudently for future growth of the Bank while factoring the new risk weightages.

Q. What is the Capital Adequacy of the Bank currently, and how much will Capital Adequacy % increase to after this fund raise?

The Capital Adequacy of the Bank is currently strong at 16.11% as on March 31, 2024. With this fund raise, the Capital Adequacy of the Bank will increase from 16.11% to 17.49%, with CET-1 ratio at 14.74%, as calculated on risk weighted assets as on March 31, 2024. This will put the bank in a strong position to participate in future growth.

Q. What are the terms of raising equity?

The fresh equity capital raised from Qualified Institutional Buyers is through Preferential Issue to marquee investors at ₹ 80.63 per share as per the SEBI Floor Price for Preferential Issue. The fund raise is being priced at a premium of 4.51% to the closing price of ₹ 77.15, as of the closing price of the last trading day before the Board meeting to approve the issue. 47% of the proposed issue is going to be subscribed by Life Insurance Company (LIC) of India, which is the largest insurance company in India.

Q. How much will the book value per share increase as a result of this issue?

The Book Value per Share (BVPS) as of March 31, 2024 is ₹ 45.49. The issue is being done at a price of ₹ 80.63, which is at 1.77x Price to Book Value (P/B) over the BVPS as of March 31, 2024.

Since, the fund raise is being done at a price higher than the current BVPS, the resultant BVPS will increase by 4.11% to touch ₹ 47.36 as a result of this issue as calculated on March 31, 2024 numbers.

Q. What are the underlying factors for the growth of the Bank?

The Bank has built a strong deposit franchise with a growing branch network, contemporary digital systems & analytics capabilities, strong brand identity, customer friendly products and processes as well as high standard of corporate governance standards. The Bank’s Customer Deposits have been growing strongly at a 5-year CAGR of 37% and the growth in the customer deposits has accelerated to 42% in FY24 over FY23.

Similarly, the Bank’s overall loan book (including credit substitutes) grew by 25% YOY in FY24. The Bank has also launched a number of new products such as Credit Card, Gold Loans, Tractor Loans, Car Financing, affordable housing, etc., which we plan to grow strongly. The Bank has a very well diversified portfolio across consumer, rural, MSME and corporate customer segments.

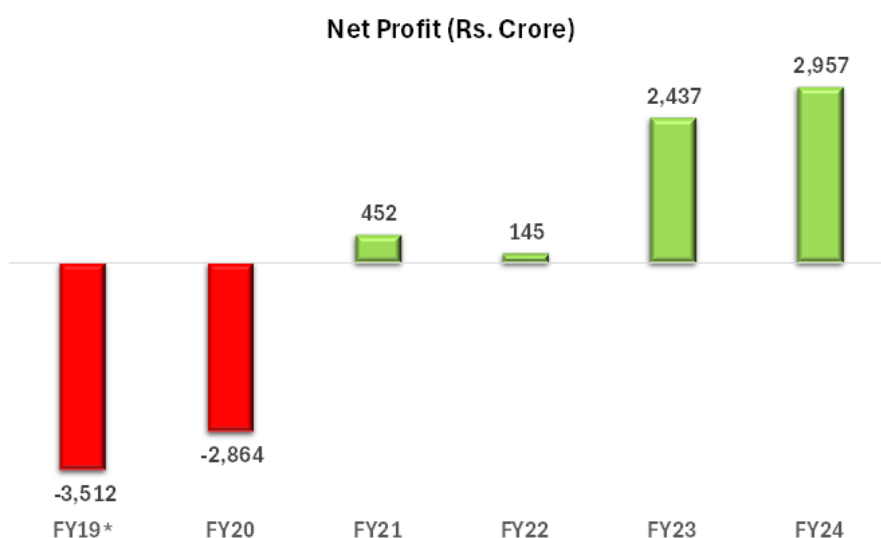
Q. How is the asset quality of the Bank?

The Asset Quality of the Bank is quite strong with Gross NPA and Net NPA at 1.88% and 0.60% respectively as on March 31, 2024. With respect to Retail, Rural and SME finance book, the Gross NPA and Net NPA continue to be quite low at 1.38% and 0.44% respectively as on March 31, 2024. Excluding the infrastructure financing book, which is a legacy portfolio in run-down mode, the Gross NPA and Net NPA of the Bank was only 1.55% and 0.42% respectively as of March 31, 2024. The unique ability of the Bank is to grow the Loan Book in a sustainable manner while maintaining the high asset quality standards. The Bank intends to scale this model going forward.

Q. What was the profitability of the Bank?

The Bank’s Core Operating Profit (NII Plus Fees less Opex) has been strongly increasing by 5-year CAGR of 40%, against 5-year CAGR loan growth of only 13% since the merger in December 2018. This significant outperformance of operating profit over the loan growth indicates that the incremental business at the bank is highly profitable. As a result of this strong inherent profitability, the core operating profit in FY24 increased by 31% from ₹ 4,607 crore in FY23 to ₹ 6,030 crore in FY24.

Further, the Profit after Tax of the Bank increased 21% from ₹ 2,437 crore in FY23 to ₹ 2,957 crore in FY24. The Profit after Tax of the Bank has been on an increasing trend over the last 5 years as depicted below in the graph. The Bank expects to sustain the growth in net profits going forward as well.



*H2-FY19 annualized for the merged entity, IDFC FIRST Bank