IDFCFIRSTBANK/SD/129/2021-22

July 31, 2021

The Manager-Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C - 1, G - Block
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051.
Tel No.: 022 – 2659 8237/ 38
NSE - Symbol: IDFCFIRSTB

The Manager-Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai 400 001.
Tel No.: 022 – 2272 2039/ 37/ 3121
BSE - Scrip Code: 539437

Sub.: IDFC FIRST Bank Limited – Investor Presentation on Q1 FY22

Dear Sir / Madam,

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed Investor presentation on the financials for the quarter ended June 30, 2021.

Please take the above on record and acknowledge receipt of the same.

Thanking you,

Yours faithfully,
For **IDFC FIRST Bank Limited**
SATISH ASHOK GAIKWAD
Digitally signed by SATISH ASHOK GAIKWAD

Satish Gaikwad
Head – Legal & Company Secretary

Encl.: As above

IDFC FIRST Bank

Investor Presentation – Q1 FY22

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Bank At a Glance (as of 30 June 2021)

Gross Funded Assets
₹ 1,13,794 Cr
9% (Y-o-Y)

Retail Assets (%)
64%*
% of Gross Funded Assets

Customer Deposits
₹ 84,893 Cr
36% (Y-o-Y)

CASA Ratio
50.86%
% of Total Deposits

Capital Adequacy Ratio (%)
15.56%
CET-1: 14.86%

Net Worth
₹ 20,170 Cr
16% (Y-o-Y)

Rating
★★★★★
Tier-2 bonds:
AA (CRISIL)
Fixed Deposits:
FAAA (CRISIL)

Branches (#)
601

**Retail Assets including Inorganic PSL Buyouts, where the underlying assets are retail, constitutes 68% of the Overall Funded Assets*

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IDFC FIRST Bank

Key Metrics and our progress vis-à-vis Guidance provided at the time of the merger in Dec 2018

Progress Since Merger

	Particulars	Dec-18 (At Merger)	Mar-19	Mar-20	Mar-21	Jun-21	Guidance given at the time of merger for FY24-FY25	Status
CAPITAL	Net-worth	Rs. 18,736 Cr	Rs. 18,159 Cr	Rs. 15,343 Cr	Rs. 17,808 Cr	Rs. 20,170 Cr		
	CET – 1 Ratio	16.14%	15.27%	13.30%	13.27%	14.86%	>12.5 % *	On Track
	Capital Adequacy (%)	16.51%	15.47%	13.38%	13.77%	15.56%	>13.0 % *	On Track
LIABILITIES	CASA Deposits	Rs. 5,274 Cr	Rs. 7,893 Cr	Rs. 20,661 Cr	Rs. 45,896 Cr	Rs. 46,439 Cr		
	CASA as a % of Deposits (%)	8.68%	11.40%	31.87%	51.75%	50.86%	30% (FY24), 50% thereafter	Achieved
	Average CASA Ratio (%)	8.39%	9.40%	27.72%	50.23%	50.26%		
	Core Deposits as a % of Total Deposits & Borrowings	8.04%	9.49%	27.76%	47.51%	47.10%	50%	On Track
	Branches (#)	206	242	464	596	601	800-900	On Track
	Customer Deposits <=5 crore (% of Customer Deposits)	31%	37%	59%	82%	82%	80%	Achieved
	Top 20 Depositors concentration (%)	40%	35%	20%	8%	9%	~5%	On Track
	Certificate of Deposits	Rs. 22,312 Cr	Rs. 28,754 Cr	Rs. 7,111 Cr	Rs. 5,964 Cr	Rs. 6,419 Cr	<10% of liabilities*	On track
	Quarterly Avg. LCR (%)	123%	120%	111%	153%	166%	>110% *	Achieved

"On Track" status represents that the Bank is progressing well on the parameter and in confident of achieving the guidance by the defined date

** Represents fresh guidance made post merger.*

Key Metrics and our progress vis-à-vis Guidance provided at the time of the merger in Dec 2018

Progress Since Merger

	Particulars	Dec-18 (At merger)	Mar-19	Mar-20	Mar-21	Jun-21(YoY)	Guidance given at the time of merger for FY24-FY25	Status
ASSETS	Retail Funded Assets	Rs. 36,236 Cr	Rs. 40,812 Cr	Rs. 57,310 Cr	Rs. 73,673 Cr	Rs. 72,766 Cr (30%^)	Rs. 100,000 Cr	On Track
	Retail as a % of Total Funded Assets	35%	37%	54%	63%	64%	70%	On Track
	Wholesale Funded Assets	Rs. 56,809 Cr	Rs. 53,649 Cr	Rs. 39,388 Cr	Rs. 33,920 Cr	Rs. 32,148 Cr (-15%)	< Rs. 40,000 Cr	On Track
	- of which Infrastructure loans	*Rs. 22,710 Cr*	*Rs. 21,459 Cr*	*Rs. 14,840 Cr*	*Rs. 10,808 Cr*	*Rs. 10,346 Cr (-23%)*	*Nil in 5 years*	*On Track*
	Top 10 borrowers as % of Total Funded Assets (%)	12.8%	9.8%	7.2%	5.9%	5.8%	< 5%	On Track
	GNPA (%)	1.97%	2.43%	2.60%	4.15%	4.61%*	2-2.5%	On Track
	NNPA (%)	0.95%	1.27%	0.94%	1.86%	2.32%*	1.1.2%	On Track
	Provision Coverage Ratio (%)	52%	48%	65%	55%	51%*	~70%	On Track
EARNINGS	Net Interest Margin (%)	3.10%	2.61%	3.91%	4.98%	5.51%	5-5.5%	Achieved
	Cost to Income Ratio (%)	81.56%	82.74%	76.86%	78.79%	77.16%	55%	On Track
	Return on Asset (%)	-3.70%	-1.33%	-1.75%	0.29%	-1.51%$	1.4-1.6%	On Track
	Return on Equity (%)	-36.81%	-11.64%	-17.10%	2.73%	-13.31%$	13-15%	On Track

**Due to COVID, a large infrastructure account (A Mumbai based toll road) of Rs. 854 crores has turned NPA during Q1 FY22; this was already a part of identified stressed list as SMA 2 account. Since the account is now classified as NPA, the identified stressed asset list stands reduced by such amount. We expect no economic loss on this account eventually as this is an performing and operating toll road, albeit delayed. Excluding this account, the GNPA would have been 3.77%, the NNPA would have been 1.61% and PCR% would have been 58.22%.*

$ The RoA and RoE in Q1 FY22 is not representative of the longer term ROA/ ROE because of COVID impact. The fundamental drivers of the business model is strong and the bank is on track to achieve the said target within the given timeline. ^ Including ECLGS portfolio of Rs. Rs. 1645 crores.

IDFC FIRST Bank

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IDFC FIRST Bank

Q1 22 results: Sustainable Growth in Core Franchise

Management commentary on Q1-FY22 results

Strong Growth in Retail Assets:

- **Retail Book** increased **30%^ YoY** to **Rs. 72,766 crore** as on June 30, 2021 from **Rs. 56,043 crore** as on June 30, 2020.
- **Retail** constitutes **68%** of funded loan assets as on June 30, 2021 including retail PSL buyouts.
- **Wholesale funded book** decreased by **15% YOY** to **Rs. 32,148 crore** as on June 30, 2021 from **Rs. 37,928 crore** as on June 30, 2020
- **Infrastructure loans** (part of wholesale) **decreased by 23% YOY** to **Rs. 10,346** crore as on June 30, 2021 from **Rs. 13,416 crore** as on June 30, 2020.
- **Infrastructure loans** are only **9.09%** of total funded assets as on June 30, 2021 as compared to **12.89%** as on June 30, 2020 and **21.70%** as on December 31, 2018 (merger quarter)

Strong growth in Retail Liabilities

- **CASA Deposits** increased by **98% YOY** to **Rs. 46,439 crore** as on June 30, 2021 from **Rs. 23,491 crore** as on June 30, 2020 despite reduction of SA rate by 200 bps in the last 6 months.
- **CASA Ratio** improved to **50.86%** as on June 30, 2021 from **33.74%** as on June 30, 2020.
- **Daily Average CASA Ratio** improved to **50.3%** as on June 30, 2021 from **32.0%** as on June 30, 2020.
- **Total Customer Deposits** increased to **Rs. 84,893 crore** as on June 30, 2021 from **Rs. 62,409 crore** as on June 30, 2020, **Y-o-Y increase of 36%**.

Strong Capital Adequacy: **Capital Adequacy Ratio** of the Bank was strong at **15.56%** with **CET-1 Ratio at 14.86%.** During the quarter, equity capital of Rs. 3,000 crore was raised through QIP on April 6, 2021.

Franchise: The Branch Network now stands at **601** branches, **703** ATMs (including **94 recyclers**) across the country as on June 30, 2021.

Diversification:

- **Top 20 Depositors' concentration** as % to total customer deposits has reduced to **9.39%** as on June 30, 2021 from **16.86%** as on June 30, 2020.
- **Top 10 Borrowers concentration** as % of total Funded Assets has reduced to 5.8% as on June 30, 2021 from 7.3% as on June 30, 2020.

IDFC FIRST Bank has highest safety rating of FAAA by CRISIL for the Fixed Deposit program

^Excluding the ECLGS Portfolio, the Retail Funded Assets grew by 27% on YoY basis.

Asset Quality Trends: The Bank is confident of improving asset quality over coming quarters

Management commentary on Q1-FY22 results

Asset Quality Trends

Particulars	Dec-19 (Pre-Covid) (A)	Mar-21 (Post Covid 1.0) (B)	Jun-21 (During Covid 2.0) (C)	Change from Pre-Covid Levels (C – A) (in bps)	PCR (%) As of 30 Jun 21
Retail					
GNPA%	2.26%	4.01%	3.86%	160	**53.84%**
NNPA%	1.06%	1.90%	1.82%	76	
Corporate (Non-Infra)					
GNPA%	3.08%	3.98%	2.91%	(17)	**57.60%**
NNPA%	1.58%	1.92%	1.25%	(33)	
Infrastructure					
GNPA%	4.69%	5.76%	15.65%	1,096	**41.13%**
NNPA%	1.23%	1.35%	9.84%	861	
Total					
GNPA%	2.83%	4.15%	4.61%	178	**50.86%**
NNPA%	1.23%	1.86%	2.32%	109	

Asset Quality Trends: The Bank is confident of improving asset quality over coming quarters.. Contd..

- Due to COVID-19 second wave, there were strict lockdowns across the country in April and May 21, and in part of June-21 including in major states like Delhi, Maharashtra, West Bengal, Tamil Nadu, Karnataka. This impacted the operations of the Bank, especially in terms of disbursals and collections as the logistical challenges increased due to lockdowns. At the same time, there was no moratorium, leading to slippages during the quarter.
- The NPA% mentioned above includes one infrastructure loans (Mumbai Toll Road account) which became NPA during the quarter with Rs. 854 crore outstanding, due to the impact on toll collections following COVID-19 second wave.
- This toll road account continued to repay its dues, partially, even during this quarter which was affected by second wave (Q1-FY22), the principal outstanding has come down by Rs. 19 crore during Q1 FY22. The Bank carries Rs. 154 crore provision on this account. This account was already disclosed under the identified stressed asset list.
- The slippage of this account led to an increase in GNPA by Rs. 854 crores, and a corresponding reduction in the Identified Stress Asset List. Bank expects to collect our dues in due course from this entity as this is an operating toll road entity and does not expect any material economic loss on this account.
- Thus, excluding the impact of the said Mumbai based infra Toll road account, the GNPA and NNPA as of June 30, 2021 would have been 3.77% and 1.61% with PCR of 58.22%.
- With this account moving to NPA, the proactively identified Stress Assets pool of the Bank now stands reduced to Rs. 1,371 crore as on June 30, 2021 from Rs. 3,195 crore as on June 30, 2020, a reduction of 57%, for which the Bank holds provision cover of 67%.
- The Bank was sensitive to customers affected by COVID during this quarter. Standard restructured outstanding portfolio (under the COVID-19 relief package provided by the RBI) in retail loans was 1.81% of the overall Retail Loan Book as of June 30, 2021. Restructuring for the overall portfolio stood at 2.01% of the total Funded Assets.

Provisions: Bank has made prudent provision for COVID 2nd wave, provisions likely to taper off in coming quarters

Provisions for the Quarter:

1. The Bank has created additional COVID-19 provisions of Rs. 350 crore during the quarter taking the total COVID-19 provision pool to Rs. 725 crores. The Bank believes that the full estimated impact of COVID wave 2 is now provided for in the books of the Bank. Including the COVID provision of Rs 725 crore as of June 30, 2021, the PCR would improve to 66.40% and without the effect of the Mumbai based road toll account where we expect to collect our dues in due course, it would be 77.23%.

2. The Bank has already taken provision of Rs. 1,879 crore during Q1 FY22. Based on the recent portfolio quality indicators (latest cheque bounce trends, collection efficiency, vintage analysis) we expect the provisions to taper off from here for the rest of the year (assuming no Covid third wave).

3. There was no moratorium provided to customers during COVID 2nd wave and thus there was ageing provisions that were required to be taken as per our conservative provisioning norms. The Bank believes that these provisions may not reflect actual economic loss but represent a delay in timing of repayments.

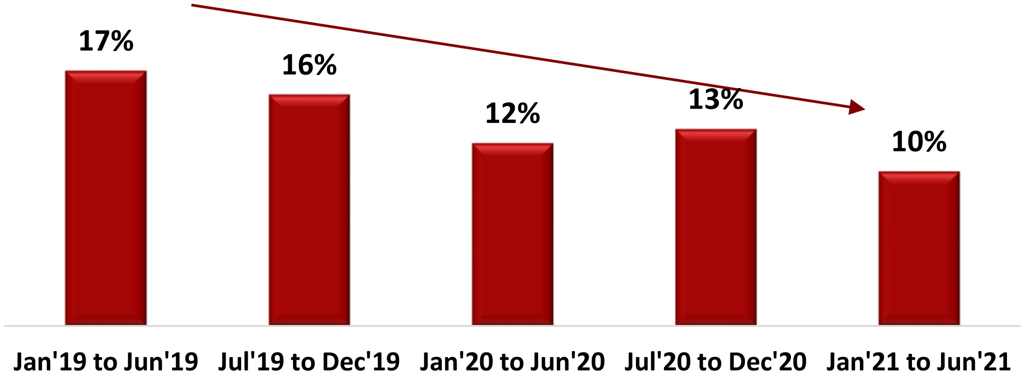
4. We believe cash flow of these customers have got affected due to lockdowns in Covid second wave in Q1-FY22. However, a reasonable proportion among them are likely to pay back their dues when economy normalizes.

5. Further, the Bank has seen improvement in key indicators, like (a) Improving customer profile for on-boarding (b) improving cheque bounce trends of portfolio (c) improving collection efficiencies and improved vintage analysis indicators. Based on the above portfolio analysis of these key indicators, the bank is confident of reducing Gross NPA and NPA to pre-COVID levels and expects to reduce annualized credit costs to less than 2% by Q4 FY22 for the retail loan book.

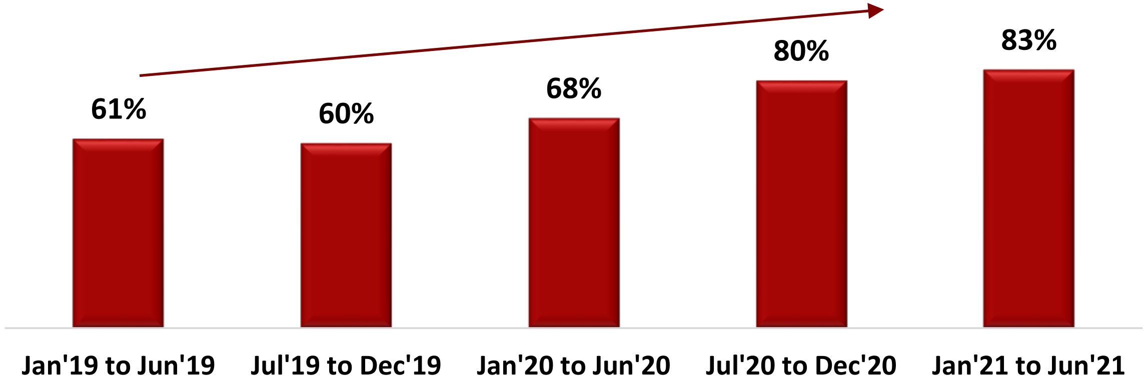
Future Asset Quality Indicators: Key quality Indicators showing improvement which points to lower delinquency and credit losses in future.

Management commentary on Q1-FY22 results

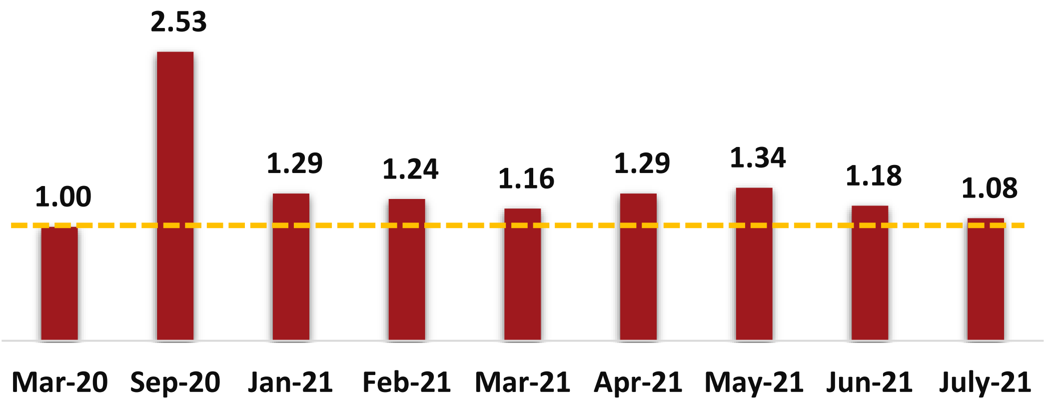
Improved quality of Sourcing: New to Credit customers as % incremental bookings have reduced sharply, indicating improved quality.



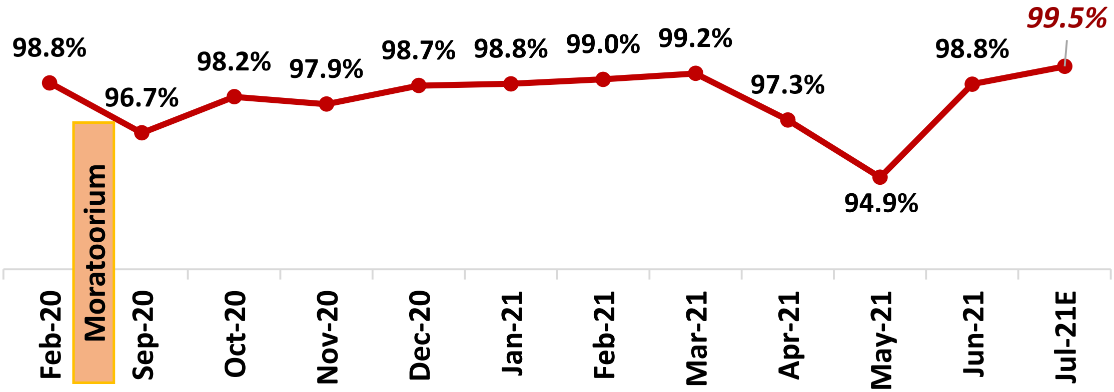
Improved quality of Sourcing: Customers having Bureau score > 700 has sharply improved from 61% to 83% over two years.



Early Bucket cheque Bounce Rates (on Principal Outstanding) is almost as good as Pre-Covid (Mar-20) Levels (x) for urban retail.



Early Bucket Collection Efficiency (urban retail) in July estimated to surpass pre COVID levels.

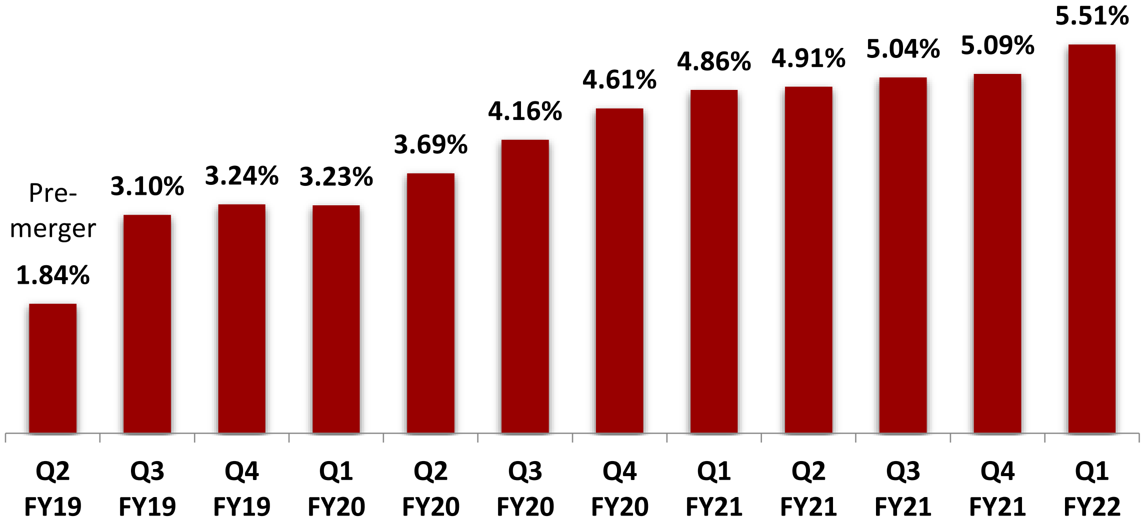


IDFC FIRST Bank

Profitability: Highest ever Core Operating Profits posted in Q1 FY22, strong NIM improvement.

Management commentary on Q1-FY22 results

Steady Improvement in NIM%



Highest ever Core Operating Profits in Q1-FY22

- Because of strong growth in Net Interest Margin of the bank, the core operating profit of the bank has reached an all-time high at Rs. 601 crores.
- Core PPOP has more than doubled from Rs. 276 crore in the first Quarter after merger with Capital First. (For context, pre-merger PPOP was Rs. 92 crores for H1-FY19.
- We are happy to share that this growth in core operating profits has been achieved despite that the bank has invested heavily in branches, network, technology, and people over the last two years.
- Therefore, as the provisions come down to normalized levels post second wave, the Profits of the bank will increase.

- The Bank has been reporting net profits continuously since March 2020 for 5 quarters in a row through COVID-19 first wave. During COVID-19 wave 2.0 there was strict lockdowns through April and May 2021, limiting our collection efforts.
- Based on portfolio ageing caused by the lockdown, the Bank has upfronted a reasonable portion of the estimated provision because of the COVID-19 second wave, because of which the Bank posted net loss of Rs. 630 crore in Q1-FY22. The Bank believe the full estimated impact of COVID wave 2 is now provided for in the books of the Bank.
- Therefore, with a strong and rising PPOP and expected lower provisions going forward, the Bank is expected to be profitable for the full year.

Future Profitability Drivers are getting stronger. Incremental RoE is healthy, will replace old book in due course

1. **Legacy book being replaced by new book with strong incremental margins and strong Incremental ROE.**

a) The **incremental** yield of the retail book is about 14.5%.

b) The **incremental** cost of funds is <5%, mainly from savings accounts, Current Accounts and low-rate refinancing.

c) Thus **incremental** NIM in retail lending is about 9.5%.

d) We expect provision (net credit cost) on the retail book to be around 2% (Please refer page 11 on credit quality for details).

e) Thus, our assessment of **incremental** return on equity on the retail lending business on a composite basis is in the high teens**.**

f) Since this is the dominant portion of the book going forward, these drivers are expected to continuously drive the core profitability of the bank going forward.

2. **Retail Liability business (Branch Banking) is an investment mode; negative drag will reduce in due course.** Because we are an early stage bank, we are investing in expansion of retail branches and such set up costs. Thus, this is a –ve drag on P&L for now. The bank expects to reduce the losses from this business in due course as retail branches scale up deposit base and starts cross selling multiple products to customers like wealth management, loans, credit cards, mutual funds and Insurance.

3. **Repayment of legacy borrowings to add annualised ~ Rs. 1,000 crore to the P&L.** The Bank has a large legacy borrowing portfolio largely from IDFC DFI borrowings of Rs. 27,936 crore as of June 30, 2021 with average cost of 8.66%, with average maturity of about 3 years. Assuming we replace these high cost borrowings with our incremental cost of funds, it will add about ~Rs. 1,000 crore to the profits of the bank on an annualized basis in due course.

4. **Scaling up Fee Businesses**: We are happy to announce that the Bank has recently launched many new businesses like Fleet cards, Fast Tag, Cash Management Solutions, Wealth Management, Credit Cards, Forex and such businesses. The Bank has built strong foundations in all these businesses with excellent technology and "Customer First" philosophy and our products are well accepted in the marketplace. Scaling these up will add to profitability.

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IDFC FIRST Bank

The Creation of IDFC FIRST Bank : Merger of erstwhile Capital First & IDFC Bank

IDFC FIRST Bank was created by the merger of Erstwhile IDFC Bank and Erstwhile Capital First on December 18, 2018.

Prior to this IDFC First Bank was a premier infrastructure Financing Domestic Financial Institution since 1997 and Capital First was a successful consumer and MSME financing entity since 2012.

Background information of the two merging entities

Erstwhile IDFC BANK

IDFC Limited was set up in 1997 with equity participation from the Government of India, to finance infrastructure focusing primarily on project finance and mobilization of capital for private sector infrastructure development. Whether it is financial intermediation for infrastructure projects and services, or innovative products to the infrastructure value chain, or asset maintenance of existing infrastructure projects, the company built a substantial franchise and became acknowledged as experts in infrastructure finance.

Dr. Rajiv Lall joined the company in 2005 and successfully expanded the business to Asset Management, Institutional Broking and Infrastructure Debt Fund. In 2014, the Reserve Bank of India (RBI) granted an in-principle approval to IDFC Limited to set up a new bank in the private sector.

Following this, the IDFC Limited divested its infrastructure finance assets and liabilities to a new entity - IDFC Bank- through demerger. Thus IDFC Bank was created by demerger of the infrastructure lending business of IDFC to IDFC Bank in 2015.

Contd..

Erstwhile CAPITAL FIRST LIMITED

Mr Vaidyanathan had built ICICI Bank's Retail Banking business between 2000-2009 and was later the MD and CEO of ICICI Prudential Life Insurance Company in 2009-10.

During 2010-12, he acquired a significant stake in a small real-estate financing NBFC through leverage, wound down existing businesses of broking, wealth and Foreign Exchange, and instead used the NBFC vehicle to start financing consumers (Rs 12000-Rs. 30,000) and micro-entrepreneurs (Rs. 1-5 lacs) who were not financed by existing banks, by using alternative and advanced technology led models.

Within a year he built a prototype loan book of Rs. 770 crore ($130m, March 2011), and presented the proof of concept to many global private equity players for a Leveraged Buyout (LBO).

In 2012, he concluded India's largest Leveraged Management Buyout, got fresh equity of Rs. 100 crore into the company and founded Capital First as a new entity with new shareholders, new Board, new business lines, and fresh equity infusion.

Contd..

Background information of the two merging companies.. Contd.

Erstwhile IDFC BANK

… The bank was launched through this demerger from IDFC Limited in November 2015. During the subsequent three years, the bank developed a strong and robust framework including strong IT capabilities for scaling up the banking operations.

- The Bank designed efficient treasury management system for its own proprietary trading, as well as for managing client operations. The bank started building Corporate banking businesses.

- Recognizing the change in the Indian landscape, emerging risk in infrastructure financing, and the low margins in corporate banking, the bank launched retail business for assets and liabilities and put together a strategy to retailize its loan book to diversify and to increase margins.

- Since retail required specialized skills, seasoning, and scale, the Bank was looking for inorganic opportunities for merger with a retail lending partner who already had scale, profitability and specialized skills.

the bank was looking for a merger with a retail finance institution with adequate scale, profitability and specialized skills.

Erstwhile CAPITAL FIRST LIMITED

… He then turned around the company from losses of Rs. 30 crore and Rs. 32 crore in FY 09 and FY 10 respectively, to PAT of Rs. 327 crore ($ 4.7b) by 2018, representing a 5 year CAGR increase of 56%.

- The loan assets grew at a 5 year CAGR of 35%. Rs. 94 crore to Rs. 29,625 crore (Sep 2018). The company financed seven million customers for Rs. 60,000 crore ($8.5b) through new age technology models.

- The market capitalization of the company increased ten-fold from Rs. 780 crore on in March 2012 at the time of the LBO to over Rs. 8,282 crore in January 2018 at the time of announcement of the merger.

- As per its stated strategy, Capital First was looking out for a banking license to convert to a bank when opportunity struck in the form of an offer from IDFC Bank to merge with Capital First, with Mr. Vaidyanathan to become the CEO of the merged bank.

Erstwhile Capital First, as part of its stated strategy, was on the lookout for a commercial banking license.

Erstwhile IDFC Bank pre-merger history and track record

1997
- IDFC incorporated in Chennai on the recommendation of the Expert Group on commercialization of Infrastructure Projects

2003
- IDFC raises Rs. 893 crore for India's first infrastructure dedicated growth equity fund2.8

2005
- IDFC lists on both NSE & BSE. Raises Rs. 1372 crore of equity capital

2006
- IDFC raises over Rs. 2000 crore for its second infrastructure focused growth equity fund

2007
- Does a QIP raising Rs. 2100 crore
- Acquired SSKL, a leading domestic investment bank and institutional equities firm

2008
- IDFC raises Rs. 700 million in a second growth equity fund and Rs. 930 million in a new asset-class to recycle equity in completed infrastructure projects
- Acquired AMC business of Standard Chartered Bank. Setup an office in Singapore

2009
- IDFC is recognised as a top 5 Lead Arranger for Project Finance Loans in Asha by Dealogic
- IDFC becomes a signatory to UNPRI, CDP and the UNGC Global Compact

2010
- IDFC Investment Bank ranked 2nd in the equity league tables by Bloomberg. IDFC ranked among the top 50 companies in India's S&P ESG Index.
- IDFC launches the National PPP Capacity Building programme to train over 10,000 government officials

2011
- IDFC Mutual Fund ranked 10th in the country by AUM

2012
- IDFC completes 15 years.
- Recognised as the best NBFC for Infrastructure Financing.
- Set up an office in New York, USA.

2013
- IDFC becomes the first signatory to the Equator Principles

2014
- Secured license from RBI

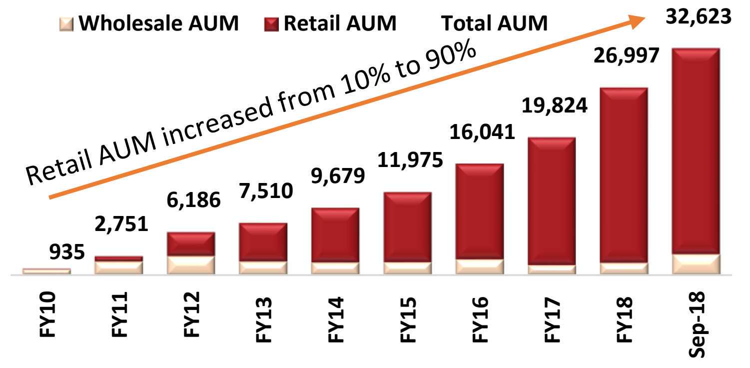
2015
- Launch of IDFC Bank

Erstwhile Capital First pre-merger history and track record

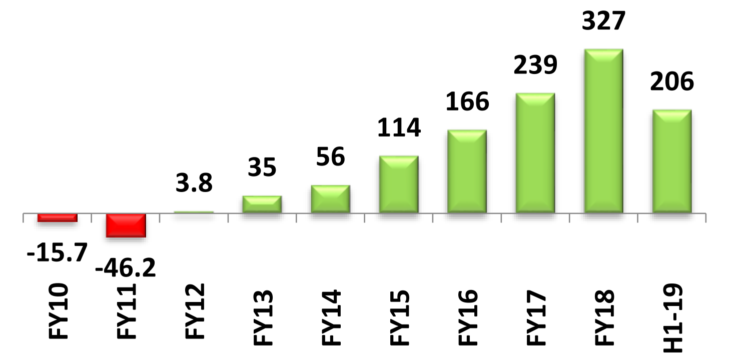
Background

Capital First was a successful NBFC, growing its loan book and net profits at a 5 year CAGR of 29% and 56% respectively, with stable asset quality of Gross NPA of <2% and Net NPA of <1% for nearly a decade.

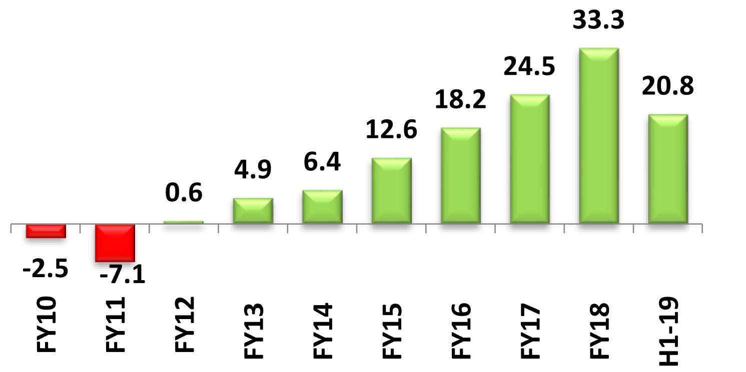
AUM (Rs. Cr)



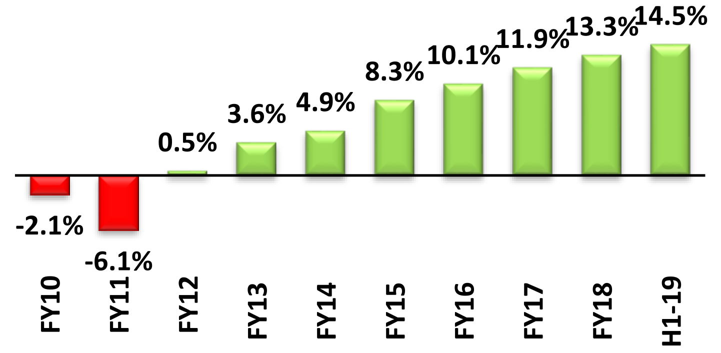
Profit (Rs. Cr)



Earning Per Share (Rs.)



Return on Equity (%)

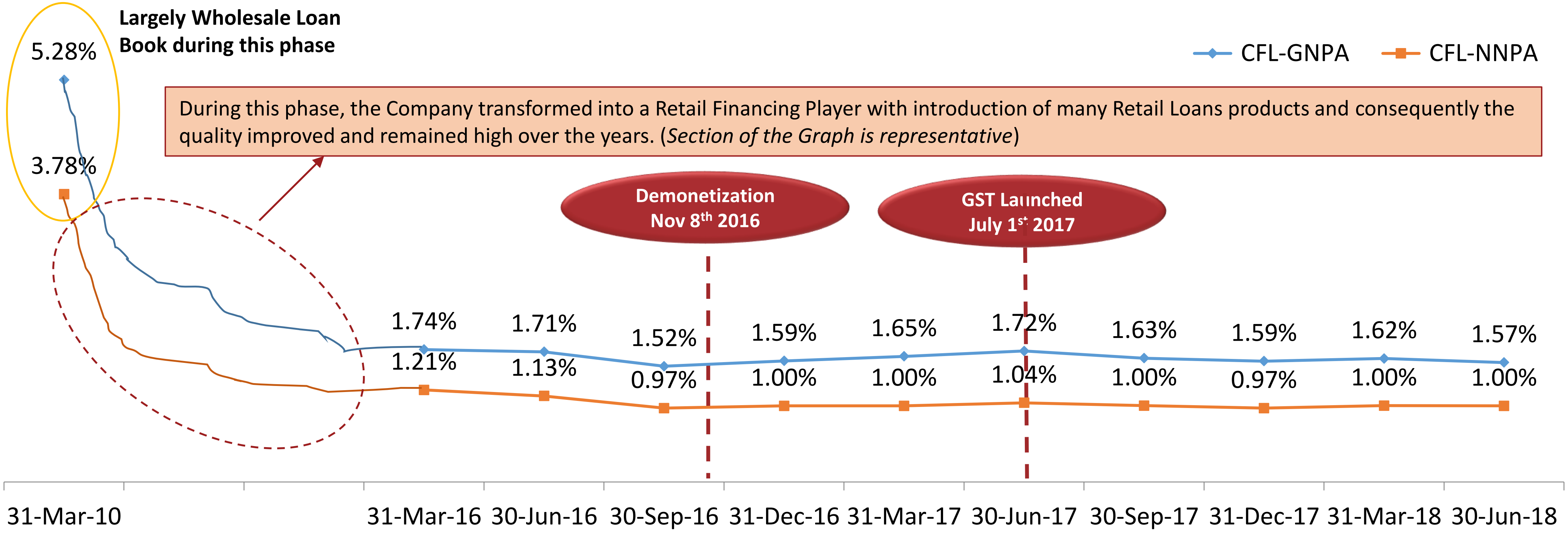


Market Cap (Rs. Cr)

Mcap fell after merger announcement

The asset quality trends over the last 8 years at erstwhile Capital First is displayed below as a demonstration of our capabilities in this space. Bank is moving to safer credit categories based on lower cost of funds.

Since the retail loan book of the Bank has been built and seasoned in Capital First for 10 years, we present below the asset quality trends of the book in Capital First as a demonstration of our skills and track record in managing stable and high asset quality, i.e. Gross NPA and Net NPA stayed at ~2% and 1% respectively over a long time. Credit costs were about 275bps. The portfolio remained stable even after being stress tested through economic slowdown in 2010-2014, demonetization (2016), GST implementation (2017) and economic slowdown. Hence gives us confidence to grow in future on this strong asset quality model. After the merger, the bank has been able to move to even safer credit categories like prime home loans because of reduced cost of funds of a bank and has improved underwriting by usage of data and analytics, and thus expects to maintain the business at credit costs of <2% in a stable manner.



Note: NPA recognition norm migrated to 90 dpd effective from 01 April, 2017.

Pre merger - Proforma Financials of IDFC Bank and Capital First – P&L (H1 FY19)

Creation of IDFC FIRST Bank

In Rs. Crore	Erstwhile IDFC Bank	Erstwhile Capital First	Proforma Total (H1 FY 19)
Funded Assets / AUM	**75,332**	**32,623**	**1,07,955**
Net-Worth	**14,776**	**2,928**	**17,704**
NII	**912**	**1,143**	**2,055**
Fees & Other Income	256	153	409
Treasury Income	31		31
Total Income	**1199**	**1,297**	**2,496**
Opex	1108	616	1,724
PPOP	**91**	**681**	**772**
Provisions	562	363	925
PBT	**-471**	**317**	**(154)**
Key Ratios			
NIM %	**1.56%**	**8.20%**	**2.85%**
RoA at PBT level %	**(0.75%)**	**2.26%**	**(0.20%)**
RoE % (at normalized level)	**(4.18%)***	**14.51%**	**(1.21%)**
Cost to Income Ratio %	**92.41%**	**47.52%**	**69.09%**

Note: IDFC Bank and Capital First Limited (CFL) were in IGAAP and IND-AS respectively in H1-FY19

Since merger, IDFC FIRST Bank as a merged entity, has been building strong foundation for a long term growth engine

In January 2018, Erstwhile IDFC Bank and Erstwhile Capital First announced a merger. Shareholders of Erstwhile Capital First were to be issued 13.9 shares of the merged entity for every 1 share of Erstwhile Capital First. Thus, IDFC FIRST Bank was founded as a new entity by the merger of Erstwhile IDFC Bank and Erstwhile Capital First on December 18 2018.

- Post the merger, during the last 2 years, the Bank invested in the people, processes, products, infrastructure and technology to put together all the necessary building blocks of a stronger foundation which is essential for a long-term growth engine.
- The bank restricted loan growth for two years in order to strengthen the liabilities franchise (CASA 8.7% at merger) first.
- Between 2018-2020 the Bank also accounted for legacy Infrastructure and Corporate loans that turned bad post-merger, which resulted in reduction of net worth, and thus the Book Value per share reduced from Rs. 38.4 on December 31, 2018 to Rs. 31.90 on March 31, 2020.
- The COVID 19 crisis struck the system in March - April 2020.
- Because the Bank had successfully raised large quantities of retail CASA deposits prior to COVID19 and had replaced Certificate of Deposits and bulk Corporate Deposits prior to the crisis, the Bank comfortably sailed through the COVID crisis on liquidity.
- Further, the Bank also successfully raised fresh equity of Rs. 2000 crores to strengthen the balance sheet in June 2020.
- The Bank now has a strong retail and CASA deposits franchise (CASA 50.86% as of June 2021) and looks forward for to steady growth from here on.
- Further, the Bank raised additional equity capital of Rs. 3,000 crore through QIP on April 6, 2021.
- We are proud about our heritage of transparent disclosures, high levels of corporate governance, and swift action on dealing with pressing strategic issues and for laying the foundation for future long-term growth.
- We sincerely thank our shareholders for their faith and trust in us during this period.

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IDFC FIRST Bank

Vision and Mission of IDFC FIRST Bank

Our Vision:

To build a world class bank for aspiring India, driven by human values and technology, and be a force for social good..

Our Mission:

We want to touch the lives of millions of Indians in a positive way by providing high-quality banking products and services to them, with particular focus on aspiring consumers and entrepreneurs of our new India, using contemporary technologies

Organisation Theme Line:

#alwaysyoufirst

When IDFC FIRST Bank was formed with the merger between erstwhile Capital First and erstwhile IDFC Bank, we deliberated a lot on what our founding theme should be and finalised on the theme 'Always You First' - where 'You' refers to our customer. This theme cuts across the entire organisation and binds the bank to a single theme.

Culture setting at IDFC FIRST Bank

"The founding years, which I call the next five years, are particularly important, as the DNA we establish now will be hard to correct later. We will make every effort to sell the right products to customers, avoid mis-selling, avoid selling such third-party products that make wonderful fees for us but at the cost of expensive products for the customer. If we make a mistake, we will apologise and correct it. After all, we do not want to take this Bank to great heights in profits and profitability while having earned any penny that truly does not belong to us."

Message from MD and CEO to the Bank employees and shareholders. Source: Annual Report 2019, 2020

"Culture is not just about how things get done around here, it's a much longer list such as, about how people conduct themselves in office and in society, how committed they are to the mission, how to resolve conflicts, not using offensive or abusive words, imbibing the organisation's policy that the customer comes first and so on."

"Growth, you will agree, is not an issue in India. Mid-teens ROE can be built for sure, most good banks have achieved it. Our incremental margins are strong. Our business is highly scalable. We have a very high level of corporate governance. We focus on the customer. I believe it is inevitable that value will be created in this approach."

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IDFC FIRST Bank

Our key philosophy: Ethical & transparent Banking.

In all products we launch, we are driven about one thing: to deliver high quality products and services at affordable rates. Employees' DNA are being coded to be sincere about working in the customer's interest at all times.

"Customer First"

IDFC First Bank is insanely focused on Customer experience and Customer Service.

We believe to build a bank where we can offer High Quality Banking at affordable rates to reach millions of customers is a great privilege of our lifetime.

Being a new bank, we have no baggage of past practices. We do business in the most ethical and transparent way. We have brought a fresh perspective to banking through our unique products and customer first approach.

We use all our resources - service, technology, product innovation, and good spirit to try and deliver exceptional customer experience.

Customer First Approach

We have an unique approach to new and existing products and services, manifested in the many First's to our credit viz.,

- Higher interest rates on savings
- Monthly interest credits on savings accounts,
- Higher spending limits and insurance cover on Debit Cards than the market,
- Lifetime free credit cards with
    - never expiring rewards
    - lowest APR,
    - zero interest on ATM cash
- Many such unconditional benefits and USPs which make us a Customer First, Transparent and Ethical Bank.
- No "Fine Print Banking" all information transparently displayed in simple language

Bank has wide bouquet of Consumer and MSME loans

.. across varied customer segments including Consumers and MSMEs in different parts of India

Prime Home Loans:
Starting at 6.9% to select Prime Salaried Customer of top corporates, Self-employed customers for buying house property.

Affordable Home Loans:
Smaller ticket size home loans to salaried and self-employed customers for purchasing house property.

Loan Against Property:
Long term loans to MSMEs after proper evaluation of cash flows; against residential or commercial property

New and Pre-owned Car Loan:
To salaried and self-employed customers for purchasing a new car or a pre-owned car

Business Loans:
Unsecured Loans to the self-employed individual or entity against business cashflows

Personal Loans:
Unsecured Loans to salaried and self-employed customers for fulfilling their financial needs

Consumer Durable Loans:
financing to individuals for purchasing of LCD/LED panels, Laptops, Air-conditioners etc

Two Wheeler Loans:
To the salaried and self-employed customers for purchasing new two wheelers

Micro Enterprise Loans:
Loan solutions to small business owner

JLG Loan for Women:
Sakhi Shakti loan is especially designed as the livelihood advancement for women, primarily in rural areas

Apart from these products, IDFC FIRST Bank also offers Working Capital Loans, Corporate Loans for Business Banking and Corporate Customers in India

Comprehensive product suite on Savings, Current, Transaction services, Advisory, Payments, Fleet, Corporate solutions digitally.

IDFC FIRST Bank provides wide range of Deposit facilities along with Savings Accounts, Deposit accounts, Wealth Management, Forex Services, Cash Management Services and Insurance services to its customers.

Deposit Accounts:
- ✓ Savings Account
- ✓ Current Account
- ✓ Corporate Salary Account
- ✓ Fixed Deposit
- ✓ Recurring Deposit

Wealth Management Services, Investments and Insurance Distribution:
- ✓ Investment Solutions
- ✓ Personal Insurance Solutions
- ✓ Business Insurance Solutions
- ✓ Mutual Funds distribution
- ✓ Life, Health and General Insurance distribution

Payments and Online Services:
- ✓ Debit Cards & Prepaid Cards
- ✓ NACH & BHIM UPI

Forex Services:
- ✓ Import and Export Solutions
- ✓ Domestic Trade Finance
- ✓ Forex Solutions and Remittances
- ✓ Overseas Investments & Capital A/C Transactions

ETHICAL ★ TRANSPARENT ★ BANKING ★

Our Savings Account Proposition Highlights

Monthly Interest credit on Savings account: India's first large universal bank to offer this feature, a Customer First

Interest up to 5% : This enables our customers to earn between 34% and 58% more with IDFC FIRST Bank Savings Account as compared to leading banks who pay 3% for deposits upto Rs. 50 lacs, and 3.5% above Rs. 50 lacs of balances.

No penalty for senior citizens on early withdrawal: If a senior citizen customer gets his/her FD pre-matured, no penal charges are levied

Higher limits and Insurance: ₹6 lakhs/day Purchase limit and ₹ 2 lakhs/day ATM withdrawals and ₹35 lakhs free personal accident insurance cover & 1 crore free air accident insurance cover on Debit Card

Interest payment on Employee Reimbursement Accounts for corporate salary customers ***and many more*****: ….**

India's truly unique net and mobile banking, with new age look and advanced Industry first features. Seamless customer servicing via our newly launched net banking application

- Settle your bills in a one click with automated reminders, eg: Netflix, Cult fit etc.
- Your card your choice: Change your card preferences & limits on the go
- Seamless reward redemption with Cult.fit, Chaipoint, BigBasket, Udemy & many more
- My financial planner- Insights on spending by category, type of spend & vendor (eg: Amazon)
- *And many more: real-time add on card issuance for your loved ones, convert to EMI feature….*

Since Launch in Jan 2021, the Bank has issued 3+ Lac Credit Cards till June 30, 2021

INDUSTRY	IDFC FIRST Bank Credit Cards customer friendly initiatives
Multiple Fees (Annual/ Over Limit)	Lifetime Free (No Annual Fees ever)
Charges for spending over limit	No Charges for spends upto 10%*
Static and high interest rates (36% to 48% APR) (since last 30 years)	Dynamic Interest Rate (9% to 36% APR)$
Often Complicated Reward Points with T&Cs and Rewards expiry date	Simple scheme, upto 10X reward points. No expiry. Easy online redemption
Interest on ATM cash withdrawal from Day 1 Entire outstanding deemed as revolver & charged interest	Interest-Free Cash Withdrawal (up to next billing cycle or 48 days, whichever is earlier)

A Credit Card, like no other

Customer friendly card launched by the Bank, keeping in line with the ethos of always customer first.

- Lifetime free Credit Card
- 10X Super Rewarding Program
- Super Saver Interest Rate (% APR Starting from 9%)
- Interest Free Cash Withdrawal (up to next billing cycle or 48 days, whichever is earlier)

*Spending over limit is usually inadvertent by customers. Hence as a customer friendly measure, the Bank will intimate the customers if their spends are going above limit to avoid any charges incurred by them. $Customer rates depending on algorithm, factoring in credentials, relationship with the bank and many other parameters

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IDFC FIRST Bank

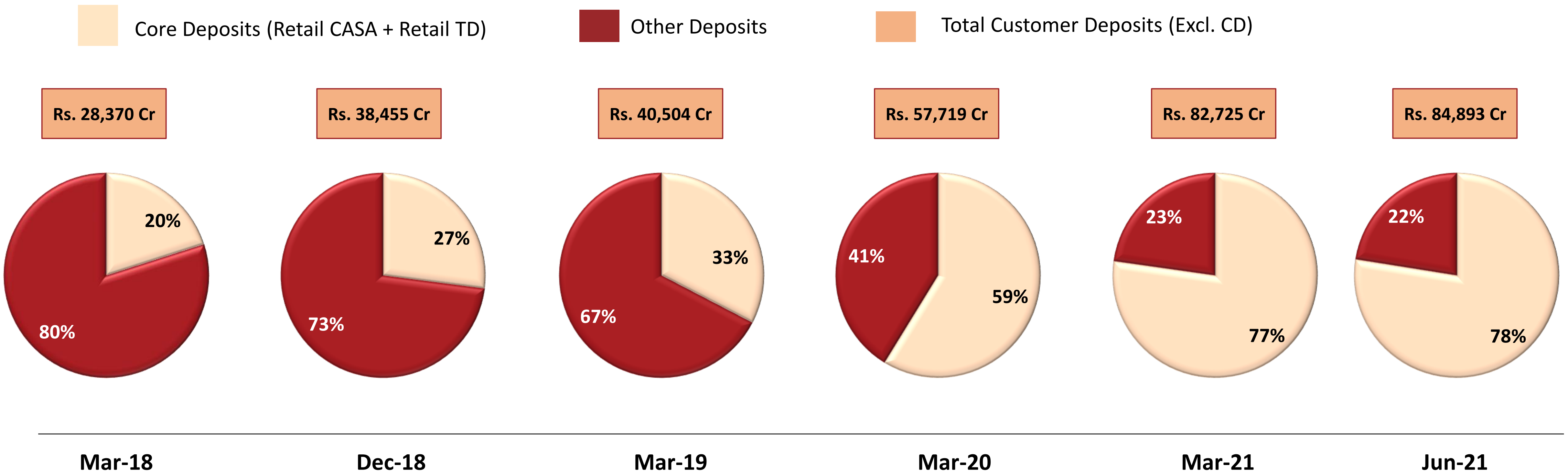
BUSINESS & FINANCIAL PERFORMANCE OF THE BANK FOR Q1 FY22

- **Update on Liabilities**
- Assets Update
- Key Financial Parameters
  - ✓ Income Statement
  - ✓ Balance Sheet
  - ✓ Net Interest Margin
  - ✓ Capital Adequacy

IDFC FIRST Bank

Built a strong retail Deposit Base from millions of customers.

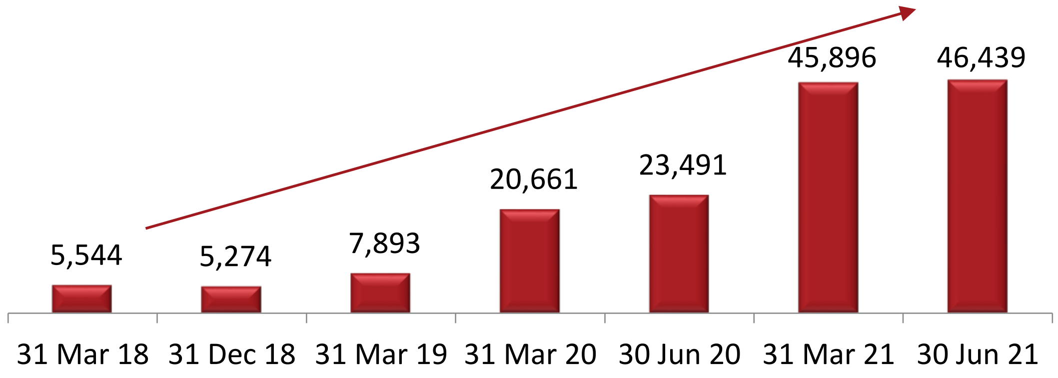
- *The Bank quickly raised deposits from millions of customers because of our relentless focus on excellent service to our customers, our Customer First approach, our superior product propositions, and capability for contactless and video-KYC. We are a trusted brand for millions of our customers*



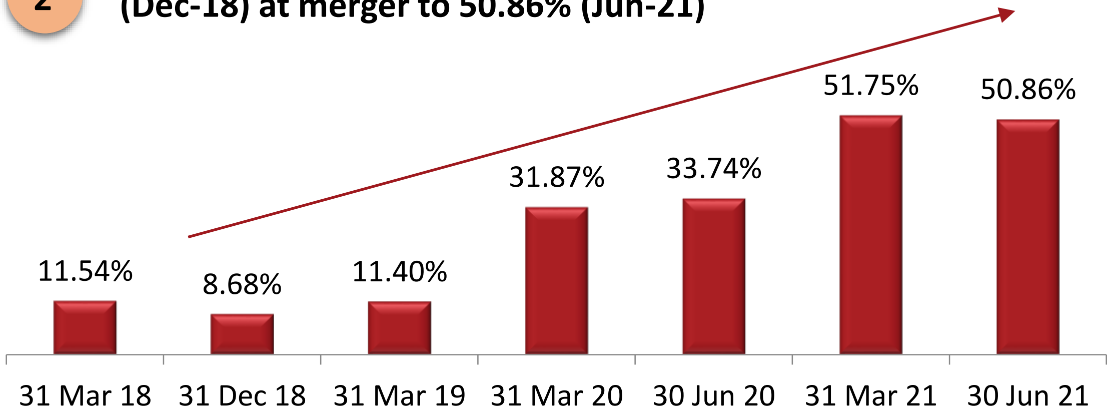
The Bank now has a strong and well diversified liability franchise

1 **CASA Deposits has grown by Rs. 41,166 crore since merger with YoY growth (FY21) of 98%**

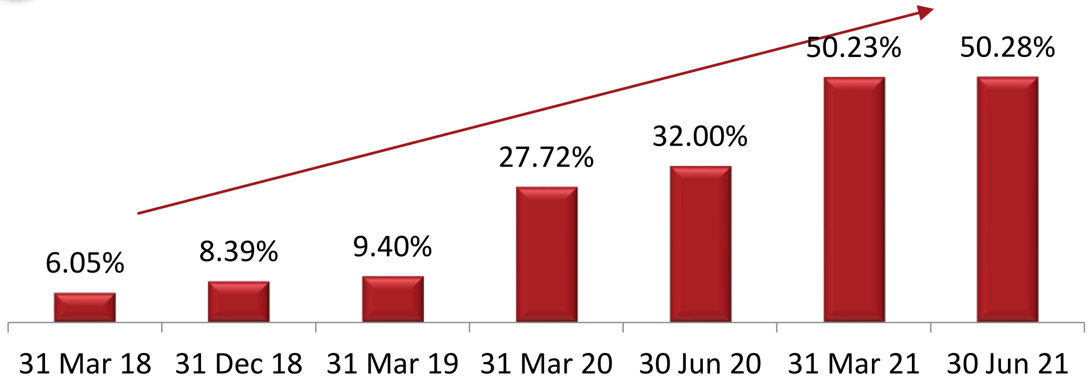
in Rs. crore



2 **As a result, the CASA Ratio (%) of the Bank has grown from 8.68% (Dec-18) at merger to 50.86% (Jun-21)**

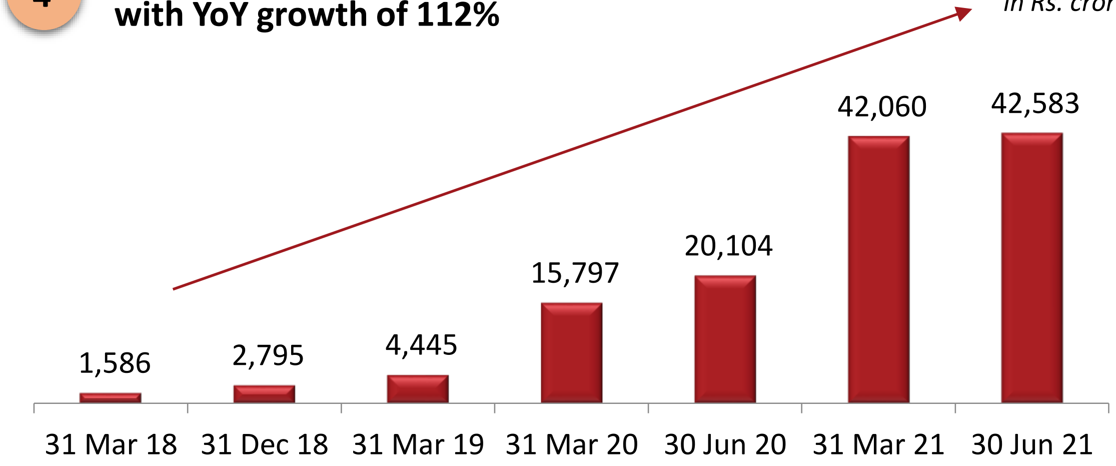


3 **Average CASA Ratio (on daily CASA balances for the quarter) (%) also shows strong improvement over the years**



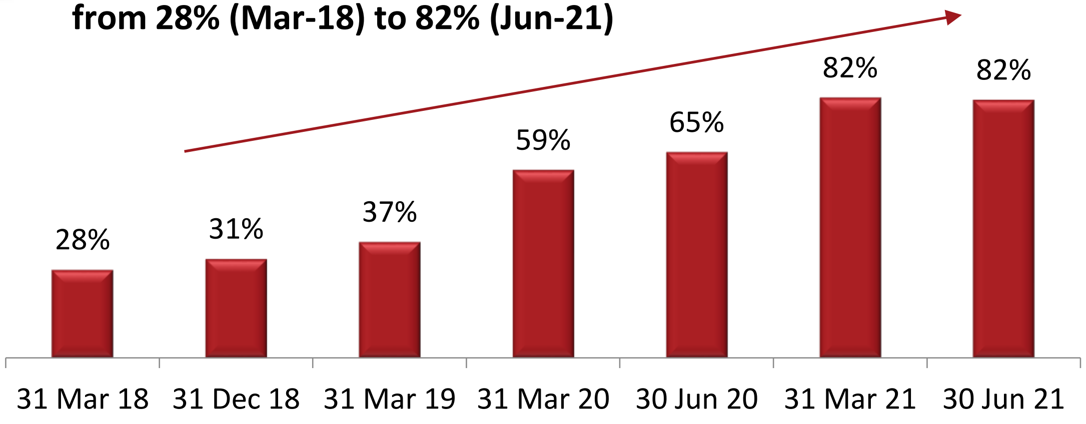
4 **Retail CASA Deposits has grown by Rs. 39,788 crore since merger with YoY growth of 112%**

in Rs. crore

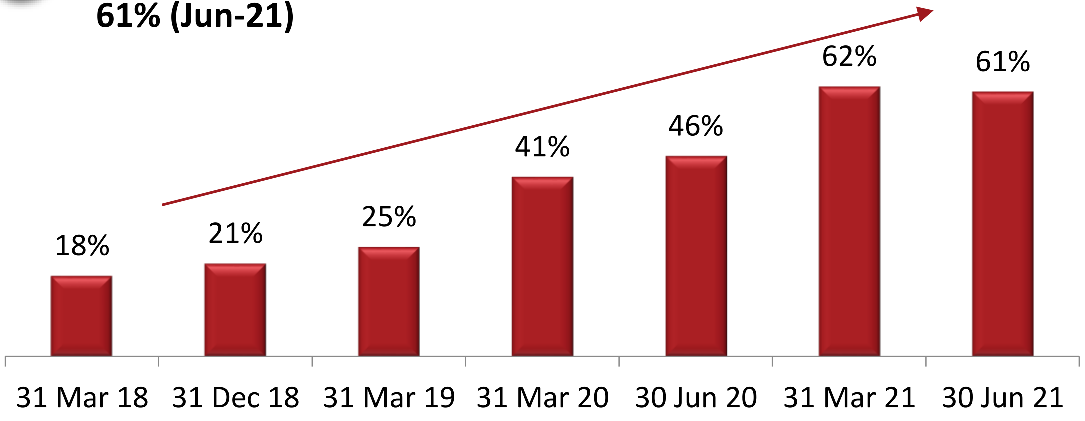


Granularization of the Customer Deposits through quality liability franchise

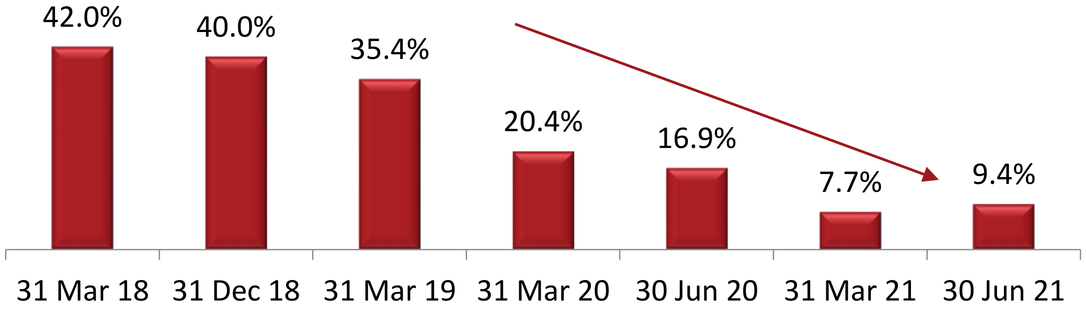
1 **As part of the granularization, the Bank increased its Deposits with balance Rs. 5 crore and less, as % of total customer deposits, from 28% (Mar-18) to 82% (Jun-21)**



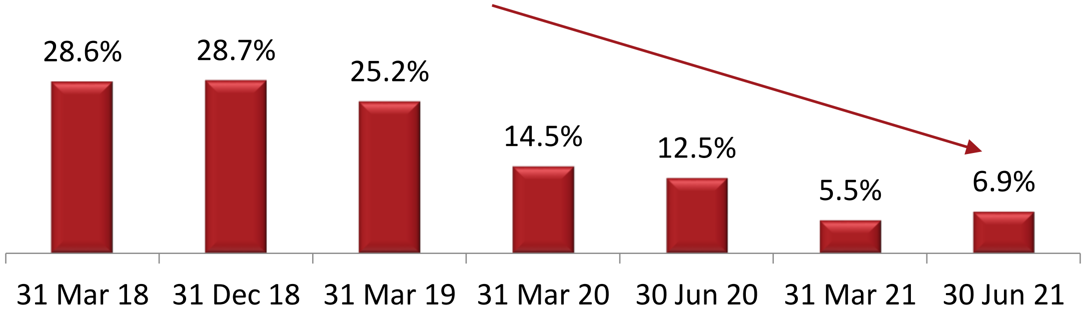
2 **Similarly, the Bank increased Deposits with balance Rs. 1 crore and less, as % of total customer deposits, from 18% (Mar-18) to 61% (Jun-21)**



3 **The Bank reduced the top 20 depositors' concentration as % of customer deposits from 42.0% (Mar-18) 9.4% (Jun-21), thus curtailing the concentration risk**



4 **The Bank reduced the Top 10 depositors' concentration as % of customer deposits from 28.6% (Mar-18) to 6.9% (Jun-21) on similar lines**



Strong growth in retail deposits has reduced the dependence on wholesale deposits and has provided greater stability.

In Rs. Crore	Jun-20	Mar-21	Jun-21	YOY%
Legacy Long Term Bonds	10,638	7,892	7,645	-28%
Legacy Infra Bonds	10,166	9,508	9,487	-7%
Refinance	12,000	15,438	13,999	17%
Other borrowings	12,471	7,618	7,131	-43%
Total Borrowings (A)	**45,274**	**40,456**	**38,262**	**-15%**
CASA	23,491	45,896	46,439	98%
Term Deposits*	38,917	36,829	38,453	-1%
Total Customer Deposits (B)	**62,409**	**82,725**	**84,893**	**36%**
Certificate of Deposits (C)	7,212	5,964	6,419	-11%
Money Market Borrowings (D)	7,123	5,330	10,168	43%
Borrowings + Deposits (A)+(B)+(C)+(D)	**122,018**	**134,475**	**1,39,741**	**15%**
CASA % of Deposits	33.74%	51.75%	50.86%	
Customer Deposits as % of Borrowings + Deposits	51.15%	61.52%	60.75%	

** Though the customer Term Deposits at Rs. 38,453 crores as of June 30, 2021 has not grown YOY, the underlying composition of Terms Deposits have improved substantially. Retail Term Deposits were up 18% over last year and Wholesale Term Deposits were reduced by 20% YOY.*

BUSINESS & FINANCIAL PERFORMANCE OF THE BANK FOR Q1 FY22

- Update on Liabilities
- **Assets Update**
- Key Financial Parameters
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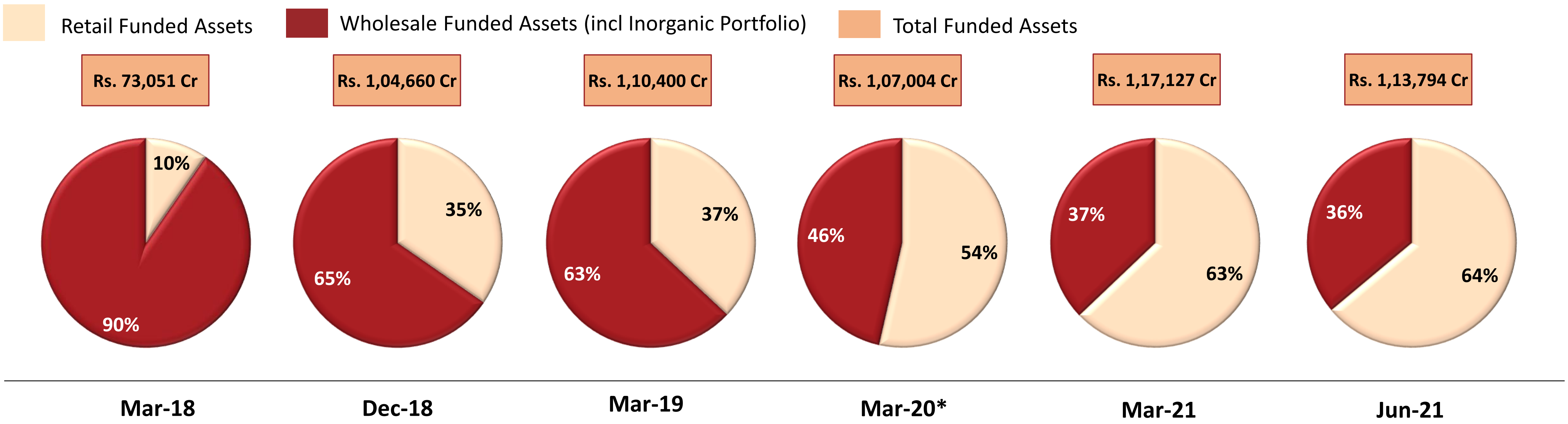
  - ✓ Net Interest Margin
  - ✓ Capital Adequacy

IDFC FIRST Bank

Strong and consistent growth in consumer financing over the last decade. This is our DNA. Disbursed millions of loans life to date, including new-to-credit and new-to-bank.

- The Bank provides financing for prime home loans, affordable home loans, business banking, loan against property, car loans, consumer durables and other such products to salaried and self – employed individuals and entities which is a large opportunity in India.
- We have strong demonstrated capabilities on this front developed through greenfield efforts over the last 10 years and we have maintained high asset quality, and consistently rising profitability over the years.



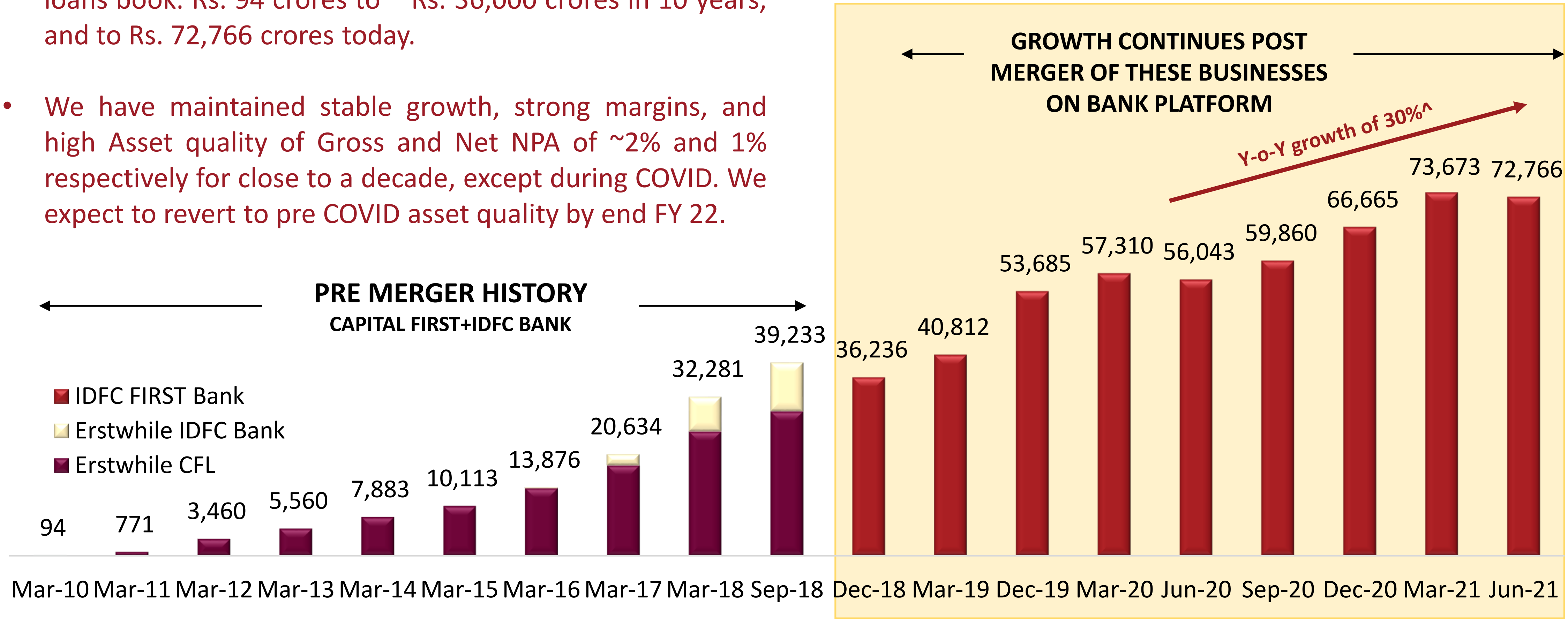
The Bank inorganically acquired portfolio as PSL retail loans. Including this as part of Retail Loan Book, the Retail contribution to the overall Loan Assets is 68% as of June 30, 2021.

**Gross of Inter-Bank Participant Certificate (IBPC) transactions.*

Strong and consistent growth in consumer financing over the last decade.

- The bank has a rich history of 10 years of growing the retail loans book. Rs. 94 crores to ~ Rs. 36,000 crores in 10 years, and to Rs. 72,766 crores today.
- We have maintained stable growth, strong margins, and high Asset quality of Gross and Net NPA of ~2% and 1% respectively for close to a decade, except during COVID. We expect to revert to pre COVID asset quality by end FY 22.

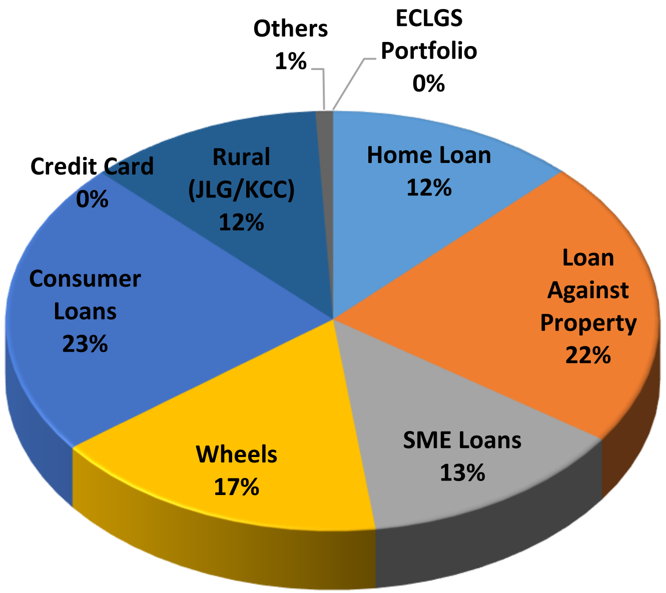
All amounts are in Rs. crore unless specified



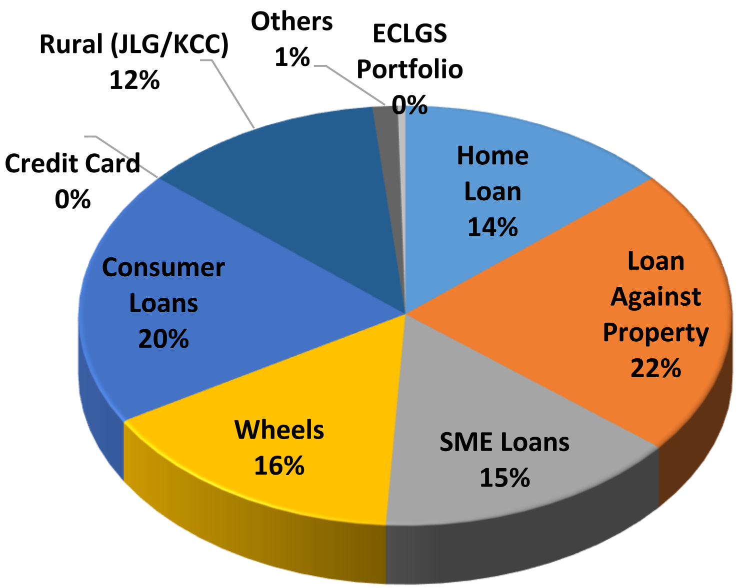
^ Excluding ECLGS portfolio of Rs. 1,645 crore as of June 30, 2021, Retail loan book has grown by 27% on YoY basis

Retail Funded Assets Mix

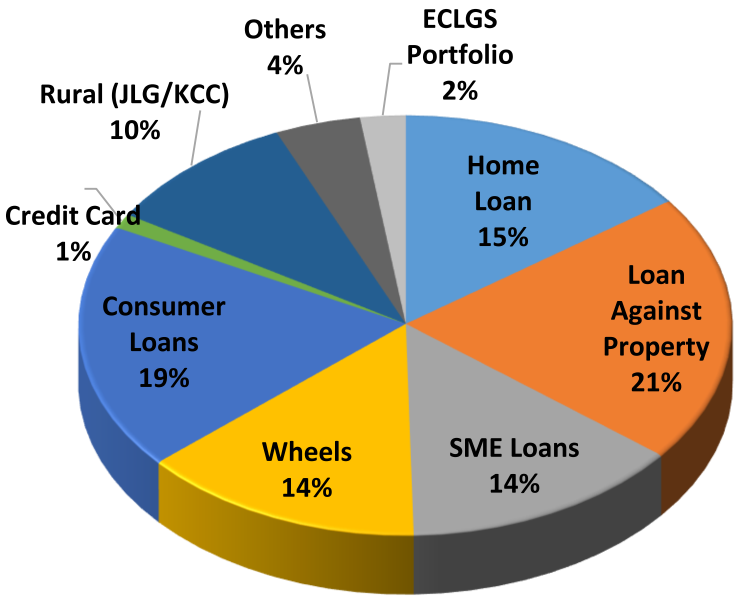
Dec-18



Jun-20



Jun-21



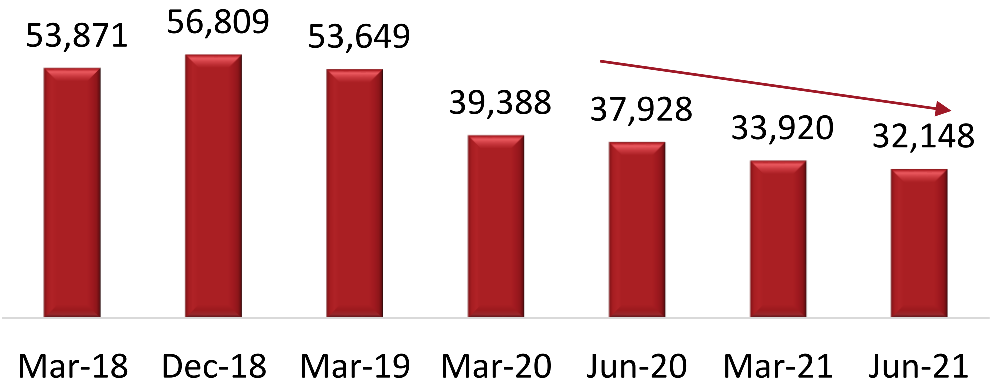
	Dec-18	Jun-20	Jun-21
Retail Funded Assets	Rs. 36,236 Cr	Rs. 56,043 Cr	Rs. 72,766 Cr
Retail Funded Assets (% of Total Funded Assets)	35%	54%	64%

Business & Financial Performance

The Bank reduced wholesale, infrastructure loan assets since merger; Top 10 borrowers' concentration reduced.

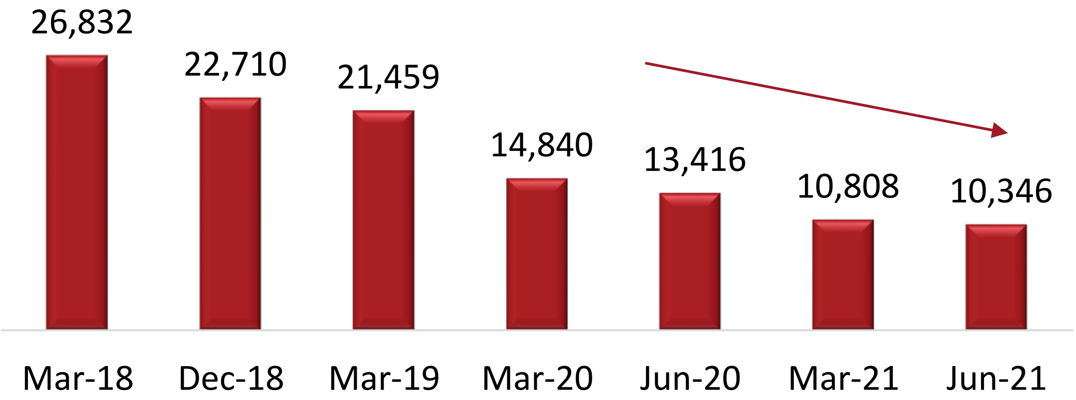
1 **The Bank reduced the wholesale funded assets by 15% during the last year**

in Rs. crore

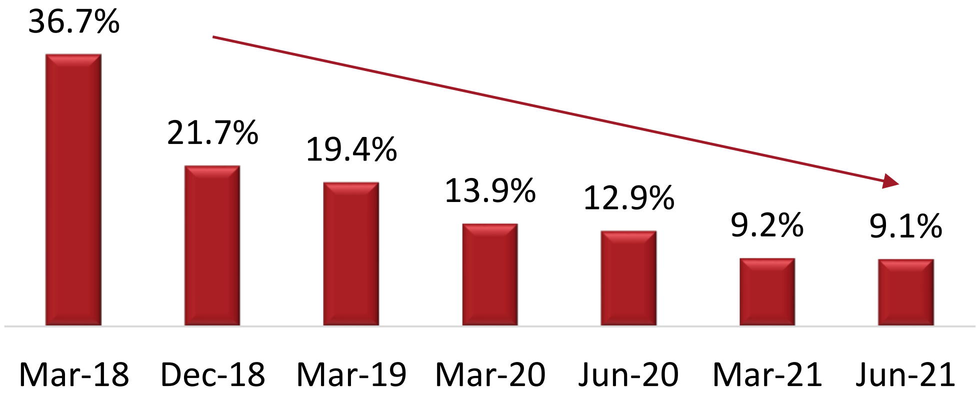


2 **Out of this, infrastructure financing (Rs crore) has reduced by 23% in the last year**

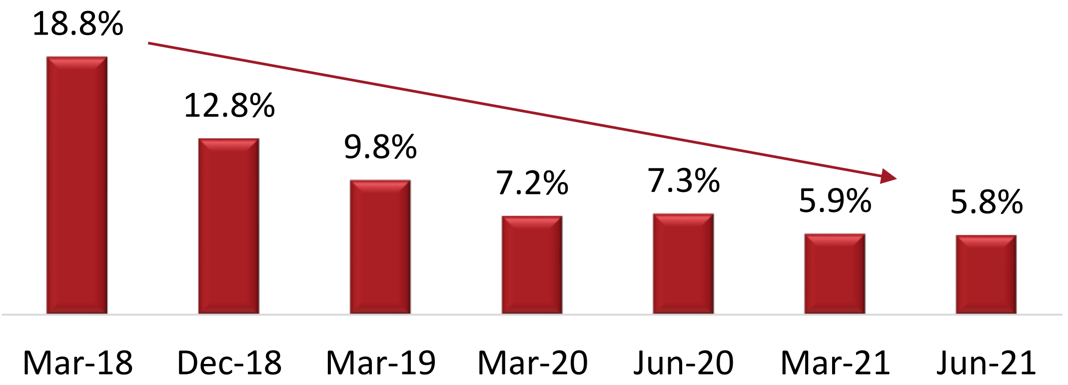
in Rs. crore



3 **The Bank reduced Infrastructure financing portfolio as % of total funded assets from 37% (Mar-18) to 9% (June-21)**



4 **The Bank also proactively reduced the concentration risk by improving top 10 borrowers' concentration from 18.8% (Mar-18) to 5.8% (Jun-21)**



Diversified Loan Book

In Rs. Crore	June-20	Mar-21	Jun-21	Growth% (YoY)	Growth% (QoQ)
Home Loans	7,681	10,613	10,919	42%	3%
Loan against Property	12,445	15,320	15,087	21%	-2%
SME Loans	8,427	10,812	10,100	20%	-7%
Wheels	8,718	10,763	10,169	17%	-6%
Consumer Loans	11,089	13,949	13,843	25%	-1%
Credit Card	-	428	819	-	91%
Rural (JLG/KCC)	6,769	7,658	7,093	5%	-7%
Others	703	2,443	3,092	340%	27%
Total Retail Funded Assets (Excl. ECLGS Portfolio)	**55,831**	**71,987**	**71,122**	**27%**	**-1%**
ECLGS Portfolio	212	1,687	1,645	676%	-2%
Total Retail Funded Assets (A)	**56,043**	**73,672**	**72,766**	**30%**	**-1%**
Corporates	24,512	23,112	21,802	-11%	-6%
- Conglomerates	1,354	1,345	1,403	4%	4%
- Large Corporates	1,832	1,898	2,206	20%	16%
- Emerging Large Corporates	6,411	7,115	7,173	12%	1%
- Financial Institutional Group	12,036	10,960	9,352	-22%	-15%
- Others	2,878	1,794	1,669	-42%	-7%
Infrastructure	13,416	10,808	10,346	-23%	-4%
Total Wholesale Funded Assets (B)	**37,928**	**33,920**	**32,148**	**-15%**	**-5%**
PSL Inorganic (C)	**7,732**	**7,436**	**6,796**	**-12%**	**-9%**
SRs and Loan Converted into Equity (D)	**2,347**	**2,097**	**2,083**	**-11%**	**-1%**
Total Funded Assets (A)+(B)+(C)+(D)	**104,050**	**117,127**	**113,794**	**9%**	**-3%**

Note: The figures above are gross of Inter-Bank Participant Certificate (IBPC) transactions.
The SME Loans include Business Loans, Business Banking, Micro Credit. The Wheels include TW Loans, Car Loans and CV Loans. The Consumer Loans include Consumer Durable Loans, PL including cross-sell loans. Others includes portfolio buyout, trade finance, digital lending etc.

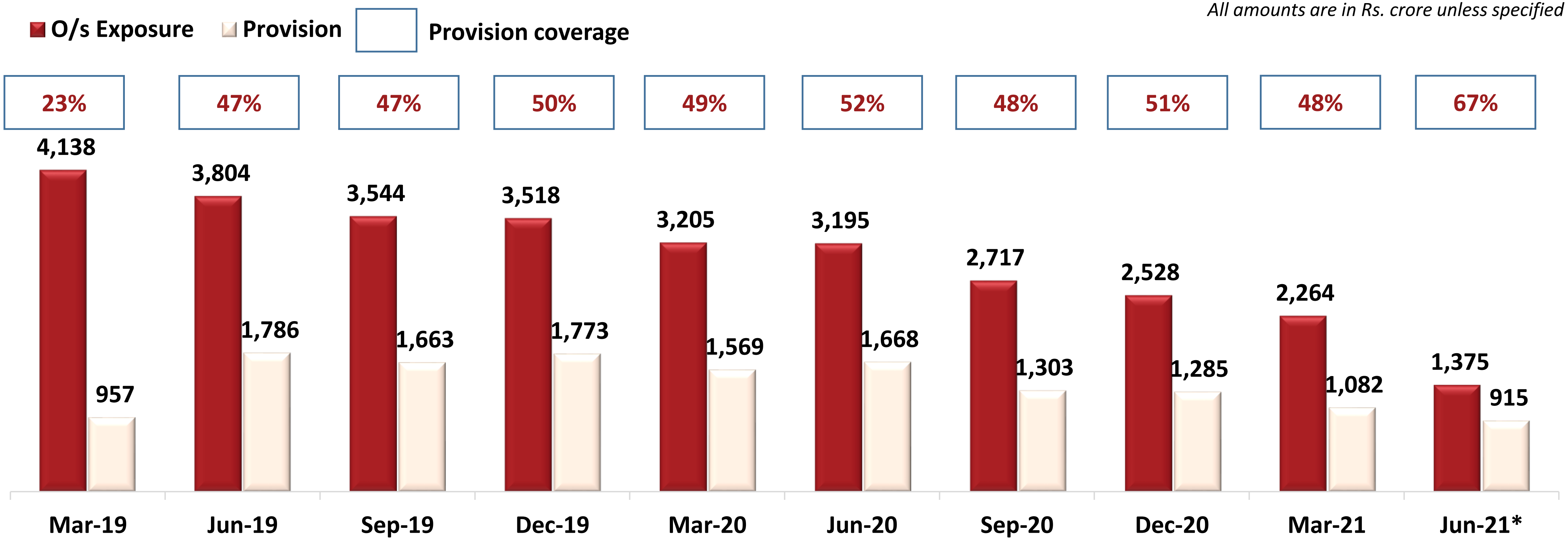
Detail of the identified stressed pool, where the Bank has proactively identified the accounts, which are standard on the books as of now, but are stressed or potential NPAs, and taken provisions for the same

Client Description (Rs. Crore)	O/S Exposure	Provision	PCR%	Comments
Thermal Power Project in Orissa	523	523	100%	Account suffers from delayed payments from Discoms. We expect the account to be resolved leading to a positive economic value to the Bank, as the account is fully provided for.
Toll Road (BOT) project in MH	251	13	5%	<5% of project work remains to be completed. Toll is being collected and the account is being serviced. However toll collection has reduced on account of 2nd covid wave.
Diversified Financial Conglomerate in Mumbai	215	215	100%	Our exposure is to Housing Finance Company belonging to this distressed group. Lending banks are running a process for management change, where a new potential owner has been identified by the CoC. We expect to get partial recovery which will be PnL accretive to us, as the account is fully provided
Wind Power Projects in AP, GJ, KN, RJ	157	40	25%	Account servicing was earlier delayed. The project is now showing improved financial performance and is servicing debt regularly from cash flows from the project, with DSRA getting built up. However, the sponsor is still undergoing a resolution process.
Logistics Company in Karnataka	100	100	100%	The group is a Bengaluru based Coffee Group, and has been under financial stress. The Bank has initiated legal proceedings against the company. An RP has been appointed to manage the company affairs and look for potential bidders.
Solar Projects in RJ	83	-	0%	The projects are performing well and have serviced debt regularly. However, the sponsor entity is undergoing resolution process leading to a deteriorating maintenance of the project. Lenders have put together a maintenance plan
Toll Road Projects in TN	32	10	32%	The account has been servicing debt. However, the sponsor entity is undergoing resolution process and the project requires additional cash flows for pending maintenance work.
Wind Power Projects in KN and RJ	15	15	100%	The project is generating required cashflows and is servicing debt. However, the sponsor is undergoing resolution. Repayments have been regular so far.
Total Stressed Pool Identified	**1,375**	**915**	**67%**	

Identified Stressed Assets pool (apart from the declared NPAs) reduced by 57% from Rs. 3,195 crores to Rs. 1,375 crore during the last one year. Provision Coverage rises to 67%.

During the last one year, because of COVID-1.0 followed by COVID-2.0 in the recent quarter, some of the identified stressed accounts have moved to NPA with their provision coverage and some of the accounts are resolved, bringing the identified stressed pool (non-NPA) reduced by 57%

All amounts are in Rs. crore unless specified



*Apart from the accounts mentioned above, the Bank had also marked one large telecom account as stressed and provisioned 15% (Rs. 487 crore) against outstanding exposure of Rs. 3,244 crore (Funded and Non-Funded). This provision translates to 24% of the Funded exposure on this account. The said account is current and has no overdues as of June 30, 2021.

BUSINESS & FINANCIAL PERFORMANCE OF THE BANK FOR Q1 FY22

- Update on Liabilities
- Assets Update
- **Key Financial Parameters**
  - ✓ Income Statement
  - ✓ Balance Sheet
  - ✓ Net Interest Margin
  - ✓ Capital Adequacy

Quarterly Income Statement

In Rs. Crore	Q1 FY21	Q4 FY21	Q1 FY22	Growth (%) Q-o-Q	Growth (%) Y-o-Y
Interest Income[1]	3,949	3,993	4,089	2%	4%
Interest Expense	2,205	2,033	1,905	-6%	-14%
Net Interest Income	**1,744**	**1,960**	**2,185**	**11%**	**25%**
Fee & Other Income	148	600	449	-25%	203%
Operating Income (Excl Trading Gain)	**1,892**	**2,561**	**2,634**	**3%**	**39%**
Trading Gain	337	241	400	66%	19%
Operating Income	**2,229**	**2,801**	**3,034**	**8%**	**36%**
Operating Expense	1,337	2,156	2,032	-6%	52%
Pre-Provisioning Operating Profit (PPOP)	**892**	**646**	**1,001**	**55%**	**12%**
Core Pre-Provisioning Operating Profit (Ex. Trading gain)	**555**	**405**	**601**	**48%**	**8%**
Provisions	764	603	1,879[2]	212%	146%
Profit Before Tax	**128**	**43**	**(877)**	**-**	**-**
Tax	**34**	**(85)[3]**	**(247)**	**-**	**-**
Profit After Tax	**94**	**128**	**(630)**	**-**	**-**

1. *Loan Servicing Fees paid to Business correspondents (incl IFBL) has been re-classified from interest income to operating expenses effective Q4 FY21, prior period numbers are also reclassed accordingly.*
2. *The Bank has made additional COVID provision of Rs. 350 crore in Q1 FY22 and now carries a cumulative COVID provision of Rs. 725 crore as on June 30, 2021.*
3. *Includes de-recognition of DTA on goodwill of Rs. 338 crores pursuant to recent changes in Finance Act. Includes DTA reassessment based on future projections.*

Balance Sheet

In Rs. Crore	Jun-20	Mar-21	Jun-21	Growth (%) (Q-o-Q)	Growth (%) (Y-o-Y)
Shareholders' Funds	17,436	17,808	20,170	13%	16%
Deposits	69,832	88,688	91,312	3%	31%
- *Retail Deposits*	39,872	63,894	63,894	0%	60%
- *Wholesale Deposits (including CD)*	29,959	24,795	24,795	0%	-17%
Borrowings	52,397	45,786	48,430	6%	-8%
Other liabilities and provisions	10,975	10,861	9,075	-16%	-17%
Total Liabilities	**150,641**	**163,144**	**168,986**	**4%**	**12%**
Cash and Balances with Banks and RBI	5,932	5,828	9,774	68%	65%
Net Funded Assets	97,940	111,758	108,628	-3%	11%
- *Net Retail Funded Assets*	55,741	72,334	71,412	-1%	28%
- *Net Wholesale Funded Assets**	42,199	39,425	37,217	-6%	-12%
Investments	35,942	36,719	41,368	13%	15%
Fixed Assets	1,079	1,266	1,298	2%	20%
Other Assets	9,747	7,572	7,918	5%	-19%
Total Assets	**150,641**	**163,144**	**168,986**	**4%**	**12%**

**includes credit investments (Non-Convertible Debentures, RIDF, PTC, SRs and Loan Converted into Equity)*

Capital Adequacy Ratio is at 15.56% with CET-1 Ratio at 14.86%

In Rs. Crore	Jun-20	Mar-21	Jun-21
Common Equity	17,065	16,974	19,460
Tier 2 Capital Funds	528	647	916
Total Capital Funds	**17,593**	**17,622**	**20,376**
Total RWA	**117,077**	**1,27,943**	**130,946**
CET 1 Ratio (%)	**14.58%**	**13.27%**	**14.86%**
Total CRAR (%)	**15.03%**	**13.77%**	**15.56%**

- The regulatory requirement for the Capital Adequacy Ratio is **10.875%** with CET-1 Ratio at **7.375%** and Tier I at **8.875%** as per the RBI Guidelines.

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IDFC FIRST Bank

Board of Directors: MD & CEO Profile

With over two decades in financial services in India, V. Vaidyanathan has seen India through many lens – first as a banker (1990-2010, Citibank), then as an entrepreneur (2010-2019, Capital First) and a professional banker again (2019- date, after merging Capital First with IDFC Bank). He worked with Citibank Consumer Banking from 1990-2000, then set up ICICI Group's retail banking from 2000-2009 since its inception, built ICICI Bank's branch network to 1411 branches and 28 million customers, built a large CASA and retail deposits franchise, and built the retail lending businesses including mortgages, auto loans, credit cards and personal credit businesses to Rs. 1.35 trillion ($30 bn). He was appointed at the Board of ICICI Bank in 2006 at age 38. In 2009, he became the MD and CEO of ICICI Prudential Life Insurance Company in India.

In 2010, he quit ICICI Group for an entrepreneurial opportunity to acquire an NBFC with an idea to convert it to a bank focused on consumer and MSME lending. On acquiring equity stake, he shut down all non-core businesses like broking and real estate financing, and instead used the NBFC platform to build MSME and Consumer Financing businesses, based on new technologies and algorithms. Between 2010 to 2018, he grew the loan book from start-up stage to Rs. 29,600 crores (US$4.05 bn), grew the equity capital from Rs. 691 crores (US$118 mn) to Rs. 3,993 crores (US$600 mn), reduced Gross NPA from 5.28% to 1.94%, reduced Net NPA from 3.6% to 1%, acquired 7 million customers, got the long-term credit rating upgraded from A+ to AAA, turned around the company from losses of US$5 mn (2010) to profit of US$50 mn (2018), increased ROE from -6% to +15%, and increased the market cap 10 times from Rs. 780 crores (US$120 mn) to Rs. 8,200 crores (US$1.2 bn) in 8 years. Capital First was growing at a 5-year CAGR of loan growth of 30%, and 55% in PAT between 2013-2018.

Then, in order to secure a commercial banking license, he agreed to merge Capital First with IDFC Bank in December 2018 and took over as the MD and CEO of the merged entity. Since then, between December 2018 to June 2021, he has increased retail loan book from 13% pre-merger to 64% (Rs. 72,766 crores) of the total funded assets, increased Net Interest margin from 1.84% pre-merger to 5.51%, increased CASA from 8.68% to 50.86%, turned the bank into profitability, and is currently busy converting the bank into a world-class retail bank in India. The bank now has over 10 million customers and loan book of more than Rs. 1 lac crores (~US$14 bn). He believes India provides unlimited opportunity in financial services in India.

During his career, he and his organization have received a number of domestic and international awards including the prestigious CNBC Awaaz Entrepreneur of the year 2020, CNBC Asia's "Innovative company of the year" India Business Leader Awards-2017, "Most Inspirational Leveraged Management Buyout, India 2018" by CFI Awards, "Entrepreneur of the Year" Award at Asia Pacific Entrepreneurship Awards 2017, "Transformational Leader 2018" by CFI Awards UK, "Financial Services Company of the Year, 2018 - VC Circle", "Outstanding contribution to Financial Inclusion, India, 2017" from Capital Finance International, London, "Most Promising Business Leaders of Asia" 2016 by Economic Times, 'Outstanding Entrepreneur Award' in Asia Pacific Entrepreneurship Awards 2016, Greatest Corporate Leaders of India- 2014, Business Today - India's Most Valuable Companies 2016 & 2015, Economic Times 500 India's Future Ready Companies 2016, Fortune India's Next 500 Companies 2016, Dun & Bradstreet India's Top 500 Companies & Corporates 2016 & 2015. During his prior stint, awards included "Best Retail bank in Asia 2001", "Excellence in Retail Banking Award" 2002, "Best Retail Bank in India 2003, 2004, and 2005" from the Asian Banker, "Most Innovative Bank" 2007, "Leaders under 40" from Business Today in 2009, and was nominated "Retail Banker of the Year" by EFMA Europe for 2008.

He is an alumnus of Birla Institute of Technology and Harvard Business School (Advanced Management Program). He has run 23 half-marathons and 8 full marathons.

Board of Directors

MR. AASHISH KAMAT - INDEPENDENT DIRECTOR

Mr. Aashish Kamat has over 30 years of experience in the corporate world, with 24 years being in banking & financial services & 6 years in public accounting. He was the Country Head for UBS India, from 2012 until his retirement in January 2018. Prior to that he was the Regional COO/CFO for Asia Pacific at JP Morgan based out of Hong Kong. Before moving to Hong Kong, he was in New York, where is was the Global Controller for the Investment Bank (IB) at JP Morgan in New York; & at Bank of America as the Global CFO for the IB, and, Consumer and Mortgage Products. Mr. Kamat started his career with Coopers & Lybrand, a public accounting firm, in 1988 before he joined JP Morgan in 1994.

DR. (MRS.) BRINDA JAGIRDAR - INDEPENDENT DIRECTOR

Dr. (Mrs.) Brinda Jagirdar, is an independent consulting economist with specialization in areas relating to the Indian economy and financial intermediation. She is on the Governing Council of Treasury Elite, a knowledge sharing platform for finance and treasury professionals. She retired as General Manager and Chief Economist, SBI, based at its Corporate Office in Mumbai. She has a brilliant academic record, with a Ph.D. in Economics from the Department of Economics, University of Mumbai, M.S. in Economics from the University of California at Davis, USA, M.A. in Economics from Gokhale Institute of Politics and Economics, Pune and B.A. in Economics from Fergusson College, Pune. She has attended an Executive Programme at the Kennedy School of Government, Harvard University, USA and a leadership programme at IIM Lucknow.

MR. HEMANG RAJA - INDEPENDENT DIRECTOR

Mr. Hemang Raja, is an MBA from Abeline Christian University, Texas, with a major in finance. He has also done an Advance Management Program (AMP) from Oxford University, UK. He has vast experience in the areas of Private Equity, Fund Management and Capital Markets in companies like Credit Suisse and Asia Growth Capital Advisers in India as MD and Head - India. He has served on the executive committee of the board of the National Stock Exchange of India Limited; also served as a member of the Corporate Governance Committee of the BSE Limited.

MR. PRAVIR VOHRA - INDEPENDENT DIRECTOR

Mr. Pravir Vohra is a postgraduate in Economics from St. Stephen's College, University of Delhi & a Certified Associate of the Indian Institute of Bankers. He began his career in banking with SBI where he worked for over 23 years. He held various senior level positions in business as well as technology within the bank, both in India & abroad. The late 1990s saw Mr. Vohra as Vice President in charge of the Corporate Services group at Times Bank Ltd. In January 2000, he moved to the ICICI Bank group where he headed a number of functions like the Retail Technology Group & Technology Management Group. From 2005 till 2012 he was the President and Group CTO at ICICI Bank.

Board of Directors

MR. SANJEEB CHAUDHURI - INDEPENDENT DIRECTOR

Mr. Sanjeeb Chaudhuri is a Board member and Advisor to global organizations across Europe, the US and Asia. He has most recently been Regional Business Head for India and South Asia for Retail, Commercial and Private Banking and also Global Head of Brand and Chief Marketing Officer at Standard Chartered Bank. Prior to this, he was CEO for Retail and Commercial Banking for Citigroup, Europe, Middle East and Africa. He is an MBA in Marketing and has completed an Advanced Management Program.

MR. S GANESH KUMAR - INDEPENDENT DIRECTOR

Mr. S Ganesh Kumar was the Executive Director of the Reserve Bank of India. He was with the Reserve Bank of India for more than three decades. His most recent responsibilities included the entire gamut of Payment and Settlement Systems, creation and development of strategic plans for the Bank and to take care of the external investments and manage the foreign exchange reserves with the central bank. Mr. Kumar is a post graduate in Management having experience in varied fields such as marketing, market research, banking, finance, law, and Information Technology.

MR. AJAY SONDHI - NON-EXECUTIVE NON INDEPENDENT DIRECTOR

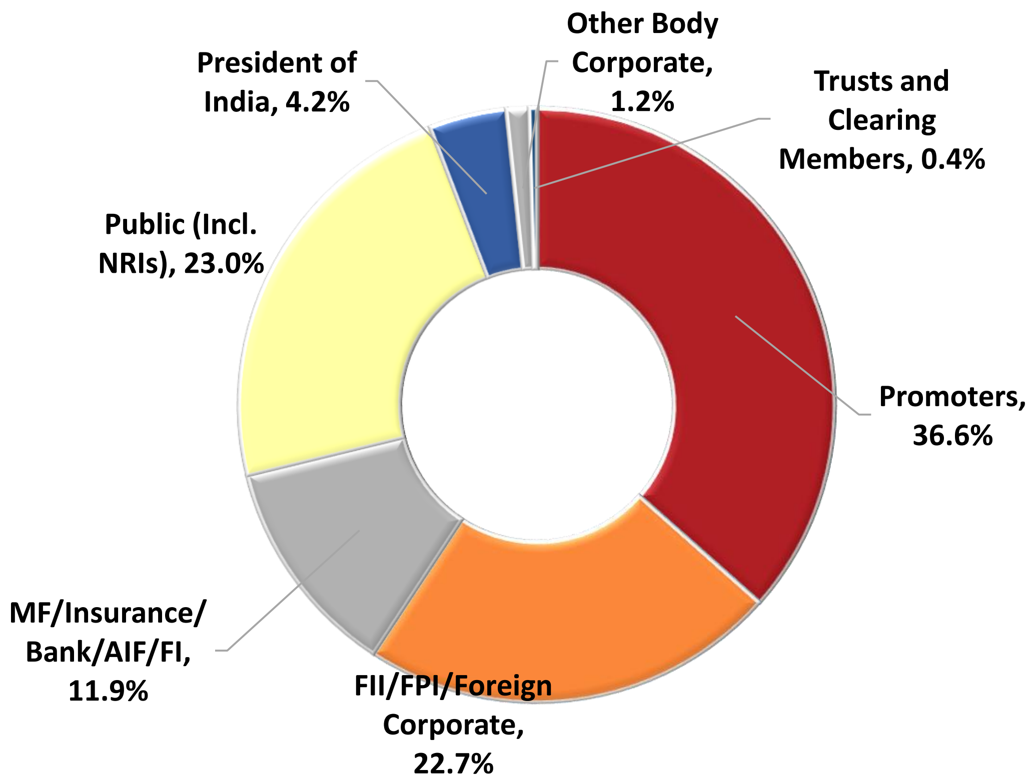
Mr. Ajay Sondhi, is a 2017 Fellow, Harvard Advanced Leadership Initiative, MBA - Finance from JBIMS, Mumbai University, and B.A. in Economics (Honors) from St. Stephens College, Delhi University. He is a seasoned Financial Services and Board professional with extensive Indian and global experience. Most recently he was Founder & CEO of Sentinel Advisors Pte Ltd, Singapore, a boutique business and strategy advisory firm. He was previously MD and Regional Manager for PWM at Goldman Sachs, Singapore. He has had a long career in banking, and has held several senior leadership roles in the industry in India and overseas.

MR. VISHAL MAHADEVIA – NON-EXECUTIVE NON INDEPENDENT DIRECTOR

Mr. Vishal Mahadevia joined Warburg Pincus in 2006 & is a member of the firm’s executive management group. Previously, he was a Principal at Greenbriar Equity Group, a fund focused on private equity investments in the transportation sector. Prior to that, Mr. Mahadevia worked at Three Cities Research, a New York-based PE fund, & as a consultant with McKinsey & Company. He received a B.S. in economics with a concentration in finance & B.S. in electrical engineering from the University of Pennsylvania.

Shareholding Pattern & Key Shareholders as of June 30, 2021

Scrip Name : IDFC FIRST Bank (BSE: 539437, NSE:IDFCFIRSTB)



Total # of shares as of June 30, 2021 : 620.68 Cr
Book Value per Share as of June 30, 2021: Rs. 32.50
Market Cap. as on June 30, 2021: Rs. 33,641 Crore

Key Shareholders *(through their respective various funds and affiliate companies wherever applicable)*	**% Holding**
IDFC Financial Holding Company Limited	36.56
Warburg Pincus through its affiliated entities	9.08
President of India	4.21
ICICI Prudential Life Insurance	3.75
Odyssey 44	3.68
Baillie Gifford	2.45
Bajaj Allianz Life Insurance	1.84
Aditya Birla Asset Management	1.80
Vanguard	1.67
HDFC Life Insurance Company	1.29
TATA AIA Life Insurance	0.72
V Vaidyanathan*	0.48

**On a fully diluted basis, including shares and options, Mr. Vaidyanathan holds 2.28% of the equity of the Bank including shares held in his social welfare trust.*

IDFC FIRST Bank

- ✓ Set for Growth.
- ✓ Set for Profitability.
- ✓ Set for Scale.
- ✓ Customer First.
- ✓ Digital.

THANK YOU

Annexure 1

5 YEAR ROADMAP AS GUIDED AT MERGER THE COMBINED ENTITY IN DECEMBER 2018

Asset Strategy for IDFC FIRST Bank as guided at the time of merger in December 2018.

5-Y Guidance at Merger

- **Growth of Assets:**
  - The Bank plans to grow retail loan assets from Rs. 36,236 crore (December 31, 2018) to over Rs. 100,000 crore in the next 5 years
  - The Bank plans to wind down loans to infrastructure to NIL within five years (Rs. 22,710 as of 31 December 2018).
  - The Bank plans to reduce the total Wholesale loan assets (including the Infrastructure Loans) from Rs. 56,809 crore (December 31, 2018) to Rs. 40,000 crore by March 2020 in order to rebalance and diversify the overall Loan Book. Thereafter, the Bank plans to maintain it at the similar levels for the next 5 years and would grow the business based on opportunities available at the marketplace.

- **Diversification of Assets:** We recognize that loan book of the bank needs to be well diversified across sectors and a large number of consumers. The Bank plans to increase the retail book composition from 34.62% to 70% within 5 years and set the target to take it to 80% thereon.

- **Gross Yield Expansion:** As a result of the growth of the retail loan (at a relatively higher yield compared to the wholesale loans), the gross yield of the Bank's Loan Book was initially guided to increase from 9.4% (as per Q2-FY19, pre-merger) to more than 12% in the next 5 years, however we now upgrade our guidance and project the yield to be at 13.5% in the next 5 years. The bank will expand Housing loan portfolio as one of its important product lines.

Liability Strategy for IDFC FIRST Bank as guided at the time of merger in December 2018.

5-Y Guidance at Merger

- **CASA Growth:** This is a key focus and growth area for the bank. We plan to increase the CASA Ratio from 8.68% as of December 31, 2018 on a continuous basis year on year and strive to reach 30% CASA ratio within 5 years, and increase it to 40-50% from there on. An array of digital savings & current accounts are planned to be offered to the customer base (more than 7 million customers) of Erstwhile Capital First.

- **Diversification of Liabilities:** We will focus on Retail CASA and Retail Term Deposits in order to diversify the liabilities of the bank. As a percentage of the total borrowings, the Retail Term Deposits and Retail CASA is proposed to increase from 8.04% as of December 31, 2018, to over 50% in the next 5 years and set up a trajectory to reach 75% thereafter.

- **Branch Expansion:** In order to grow Retail Deposits and CASA, the bank plans to set up 600-700 more bank branches in the next 5 years from the branch count of 206 (as of 31 Dec 2018). This would be suitably supported by the attractive product propositions and other associated services as well as cross selling opportunities.

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Profitability Goals for IDFC FIRST Bank as guided at the time of merger in December 2018.

- **Net Interest Margin:** The bank plans to expand the NIM to about 5.0% - 5.5% in the next 5 years based on better cost of funds and carefully selecting the product segments where we have strong proven capabilities over the years.
- **Asset Quality:** Over 90% of the Retail Loan Book of the bank constitutes of loan book brought from erstwhile Capital First. The book is seasoned over 8 years across business and loan cycles and has had stable performance throughout, and has been adequately stress tested across significant events such as high interest rate cycle (2010-2014), high inflation rate cycle (2010-2014), Demonetization (2016, where over 86% of the cash of the country was withdrawn overnight), GST implementation (2017, which changed the business environment and methods for MSMEs) and yet asset quality remained high over the period.
- **Cost to Income:** The Bank plans to improve Cost to Income ratio to ~50-55% over the next 5 years, down from ~80% (post merger results, Quarter ended December 31, 2018)
- **ROA and ROE:** With the improvement in the NIM and cost to income ratio, the bank aims to reach the following benchmarks in the next 5-6 years.
  - ROA of 1.4%-1.6%
  - ROE of 13%-15%

Annexure 2

Since the business model of Capital First is an important part of the business being built in the merged bank, the brief history and the progress of Capital First is being provided for ready reference to investors.

Successful Trajectory of Growth and Profits at Capital First

History of Capital First Limited

The Company was first listed on Stock Exchanges in January 2008. Between 2010 to 2012, Mr Vaidyanathan acquired a stake in the company and executed a Management Buyout (MBO) of the Company with equity backing of Rs. 810 crore from Warburg Pincus, and created a new brand and entity called Capital First. As part of the MBO, the company raised fresh equity, reconstituted a new Board and got new shareholders, including open offer to public. A brief history of the company is as follows:

2008-10	The Company was largely in the business of Wholesale Financing, PE, Asset Management, Foreign Exchange and Retail Equity Broking. The total AUM of the Company was Rs. 935 crore of which Retail AUM was 10%, Rs. 94 crore.
2010-11	Mr. V Vaidyanathan joined the Company and prepared the ground for executing a Management Buyout by taking significant corporate actions including divesting Forex JV to JV partner, merging a subsidiary NBFC with itself, by winding down other non core businesses and launching retail businesses in the Company. The Company launched technology driven financial businesses for the consumer and SME segments. The Retail loan book crossed Rs. 700 crore by March 2011. The Company presented this as proof of concept to many global private equity players for Buyout.
2011-12	The company continued to present the concept to prospective PE players throughout the year. The Company undertook additional corporate actions and further wound down non-core business subsidiaries and launched more retail financing businesses. The concept, model and volume of retail financing businesses gained traction and reached to Rs. 3,660 crore, 44% of the overall AUM.
2012-13	Mr. Vaidyanathan secured equity backing of Rs. 810 crore from Warburg Pincus for an MBO and thus Capital First was founded. As part of the transaction an open offer was launched, the Company raised Rs. 100 crore of fresh equity capital, a new Board was reconstituted and a new brand and entity “Capital First” was created.
2013-14	The Company further raised Rs. 178 crore as fresh equity at Rs. 153/ share. It acquired HFC license from NHB and launched housing finance business under its wholly owned subsidiary.
2014-15	Company’s Assets under Management reached Rs. ~12,000 crore and the number of customers financed since inception crossed 10 lacs. The Company raised Rs. 300 crore through QIP at Rs. 390 per share from marquee foreign and domestic investors.
2015-16	The Company received recognition as “Business Today – India’s most Valuable Companies 2015” and “Dun & Bradstreet – India’s top 500 Companies, 2015”. The Company scrip was included in S&P BSE 500 Index.
2016-17	Company’s Assets under Management reached ~ Rs. 20,000 crore and the number of customers financed since inception crossed 4.0 million. The Company raised fresh equity capital of Rs. 340 crore from GIC, Singapore through preferential allotment @ Rs. 712 per share. The Company received recognition as “CNBC Asia – Innovative Company of the Year, IBLA, 2017”, “Economic Times – 500 India’s Future Ready Companies 2016” and “Fortune India’s Next 500 Companies, 2016”.
2017-18	The Company’s Asset Under Management touch ~Rs. 27,000 crore and number of customers financed crossed 6.0 million. The Company received “Best BFSI Brand Award 2018” at The Economic Times Best BFSI Brand Awards 2018 and “Financial Services Company of the Year 2018” at VC Circle Awards 2018. In January 2018, the Company announced the merger with IDFC Bank subject to regulatory approvals.

Successful Trajectory of Growth and Profits at Capital First.

This page is an extract from Capital First investor Presentation of September 2018, which is the last quarter prior to merger. Presented here to demonstrate the capability of the core loan book and the track record of growth and profitability.

From 31-March-2010 to 31-Mar-2018, the company has transformed across all key parameters including:

- The total Capital has grown from Rs. 691 crore to Rs. 3,993 crore
- The Assets under Management increased from Rs. 935 crore to Rs. 26,997 crore
- The Retail Assets Under Management increased from Rs. 94 crore to Rs. 25,243 crore
- The long term credit rating has upgraded from A+ to AAA
- The number of lenders increased from 5 to 297
- The Gross NPA reduced from 5.28% to 1.62%
- The Net NPA reduced from 3.78% to 1.00%
- Cumulative customers financed reached over 7 million
- The Net Profit/(Loss) increased from loss of Rs. 32.2 crore in FY 09 to Profit of Rs. 327.4 crore (FY18)

	8-Yr CAGR%	%Growth – FY18
Total Capital	25%	17%
Total AUM	52%	36%
Retail AUM	101%	38%

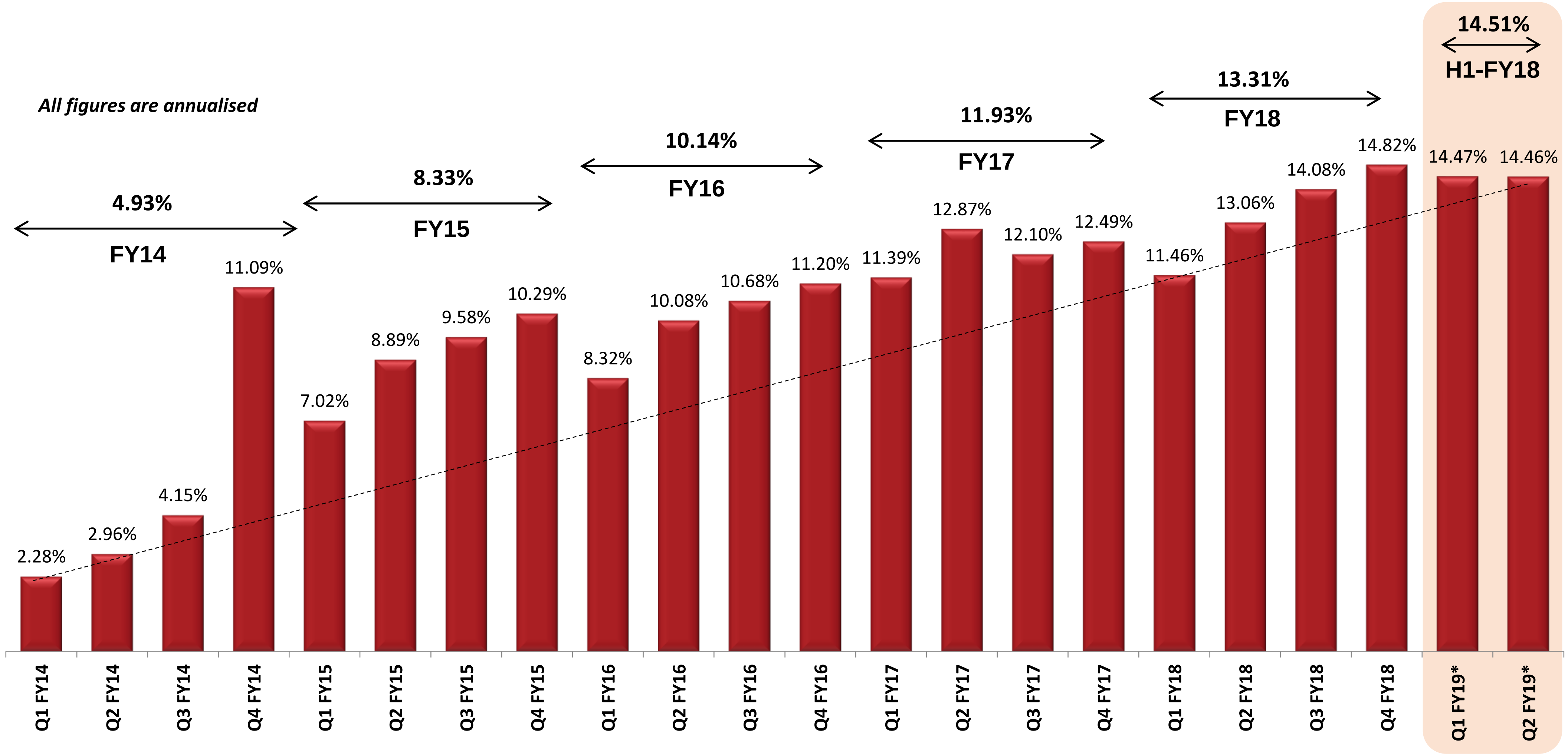
The 5 year CAGR for key parameters are as follows:

- **Total Asset Under Management** has grown at a CAGR of **29%** from Rs. 7,510 crore (FY13) to Rs. 26,997 crore (FY18)
- **Total Income** has grown at a CAGR of **47%** from Rs. 357.5 crore (FY13) to Rs. 2429.6 crore (FY18)
- **Profit After Tax** has grown at a CAGR of **56%** from Rs. 35.1 crore (FY13) to Rs. 327.4 crore (FY18)
- **Earning Per Share** has grown at a CAGR of **46%** from Rs. 4.94 (FY13) to Rs. 33.04 (FY18)

Capital First: the Return on Equity continuously improved over the quarters…

Business Model of Capital First

This page is an extract from Capital First investor Presentation of September 2018, which is the last quarter prior to merger. Presented here to demonstrate the capability of the core loan book and the track record of growth and profitability.



**Highlighted figures are based on Indian AS in comparison to quarterly figures for earlier periods based on Indian GAAP.*