

IDFCFIRSTBANK/SD/123/2023-24

August 31, 2023

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C - 1, G - Block

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.: Presentation to the Shareholders- Ninth Annual General Meeting – August 31, 2023**

Dear Sir / Madam,

In connection with the Ninth Annual General Meeting of the Bank held today i.e. on August 31, 2023, please find enclosed herewith the presentation made to the Shareholders of the Bank.

The above information is also being hosted on the Bank's website at www.idfcfirstbank.com, in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Please take the above on record.

Thanking you,

Yours faithfully,

For **IDFC FIRST Bank Limited****Satish Gaikwad****Head – Legal & Company Secretary***Encl.: As above*



IDFC FIRST Bank | आई डी एफ सी फर्स्ट बैंक

BKC BRANCH

Annual General Meeting – FY23

31st August 2023

IDFC FIRST Bank AGM

Presentation at IDFC FIRST Bank AGM held on 31st
August 2023

V. Vaidyanathan
Managing Director & CEO



Section 1: Deposits

Section 2: Loans Assets

Section 3: Profitability

Section 4: Culture

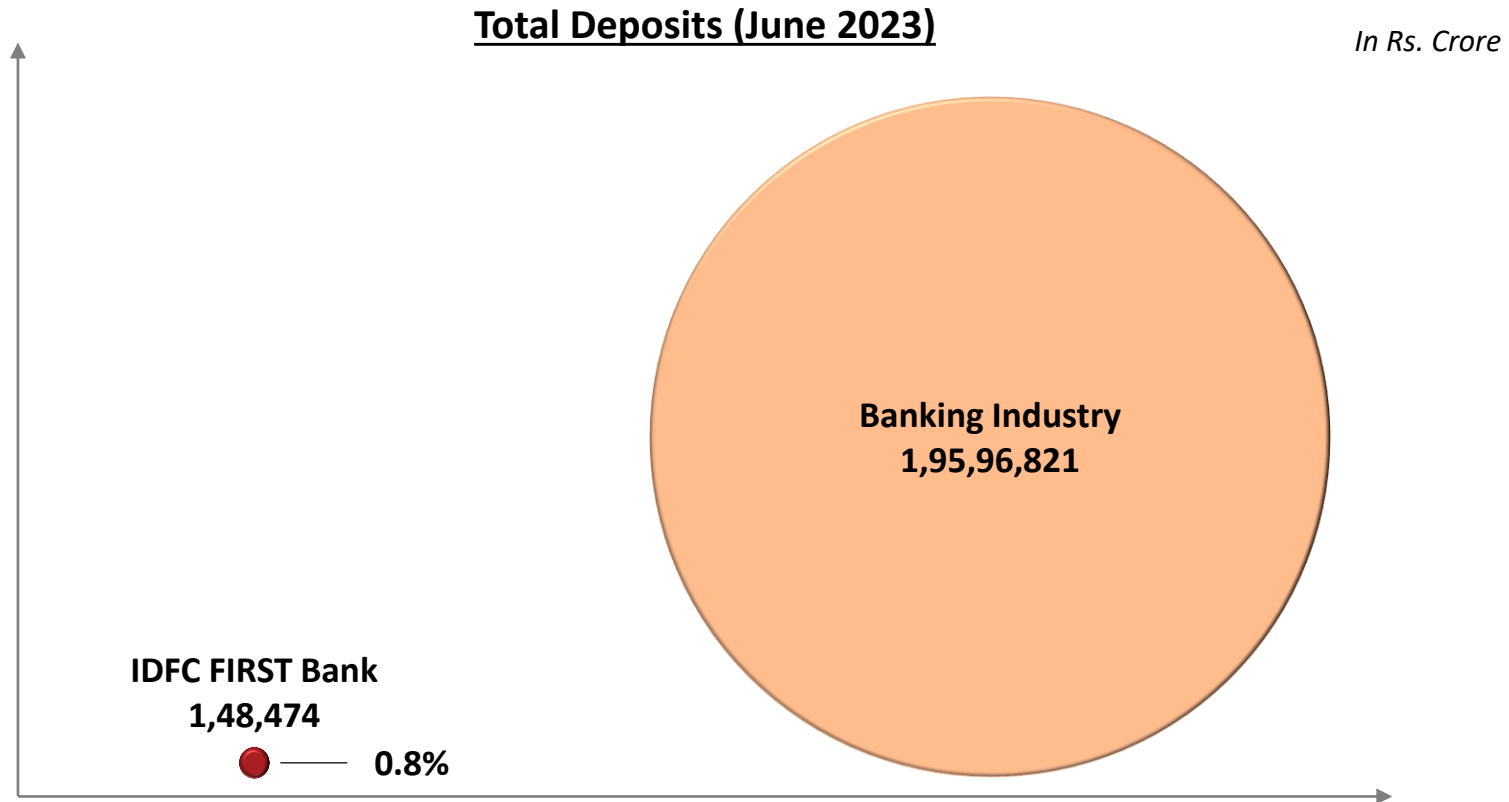


Section 1: Deposits



Deposits: Market Opportunity

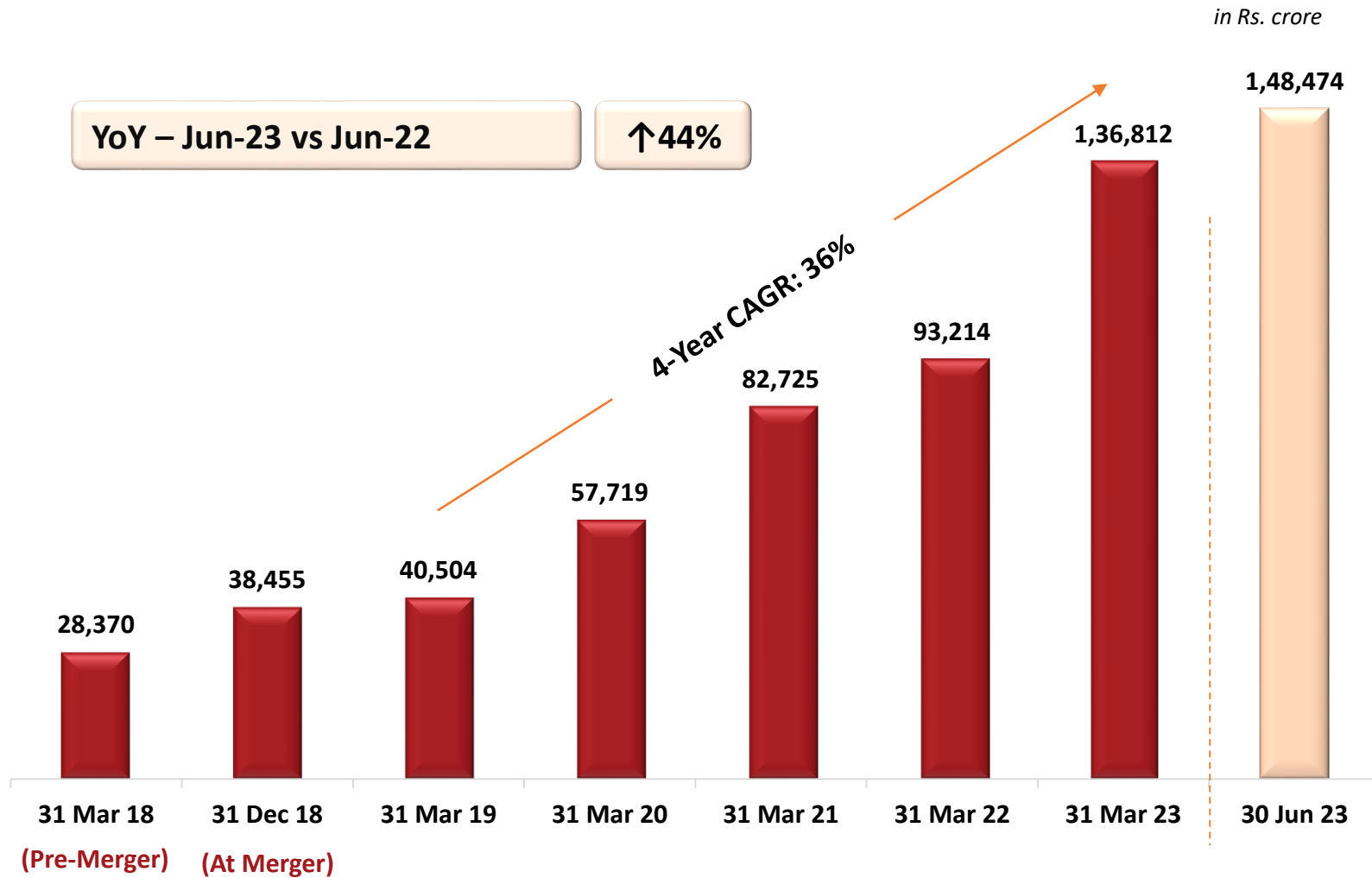
- Total Bank Deposit market in India as of 30th June 2023 is Rs. 196 lac crore which is growing at 10-13% YOY
- IDFC FIRST Bank is 0.8% of the overall bank deposits and has significant room for growth going forward



IDFC FIRST Bank – Strengths

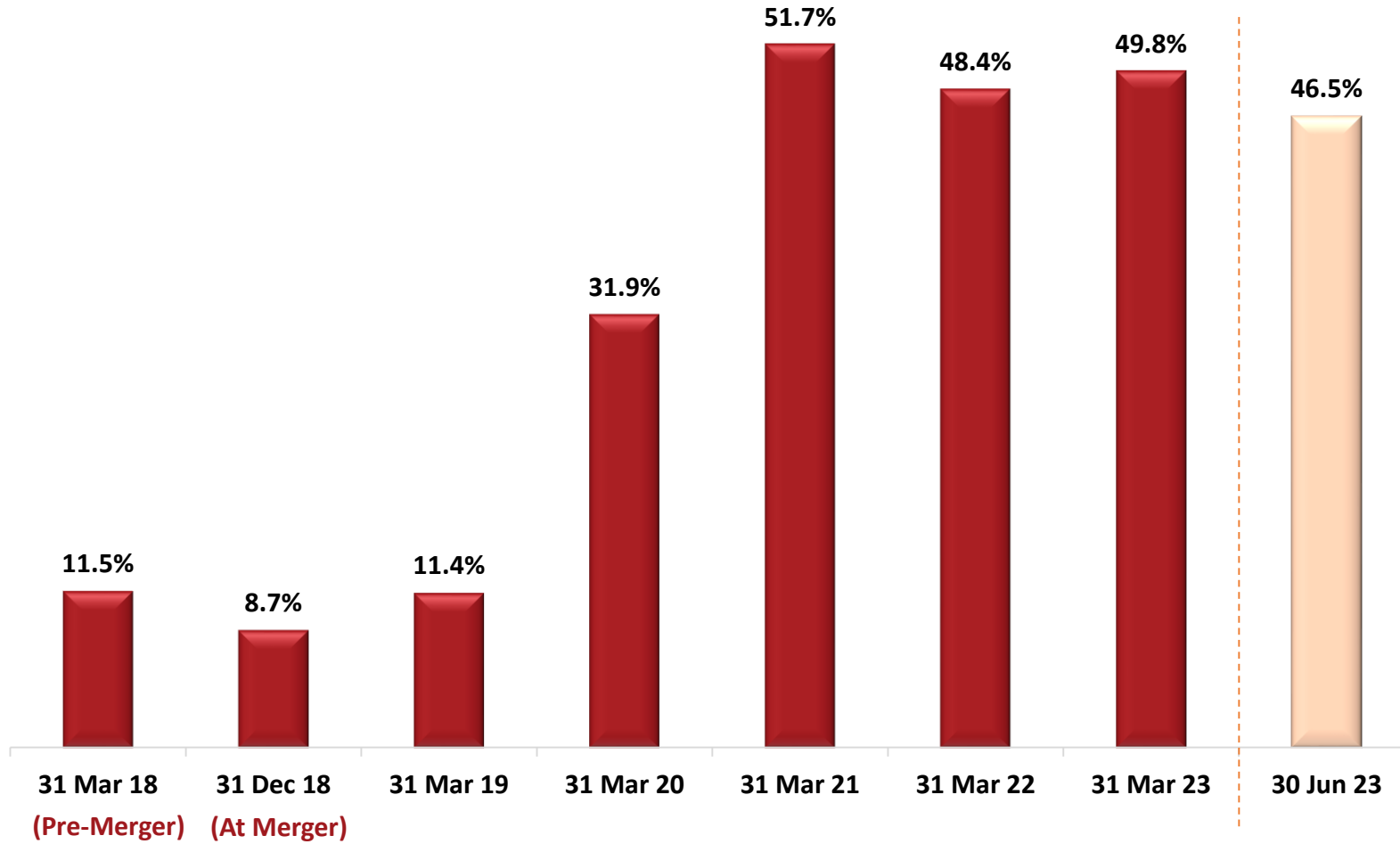
- IDFC first bank is an '**Institution**' like HDFC Bank & ICICI Bank
- High focus on **customer service**
- Customer friendly and **attractive product propositions**
- Strong **Digital** capabilities
- **Ethical** Banking
- High level of **corporate governance**

Deposits: Strong growth in Total Customer Deposits



[^] Excluding the outflow of Rs. 2,131 crore from one large government banking current account (as already called out in Q4-FY23 results)

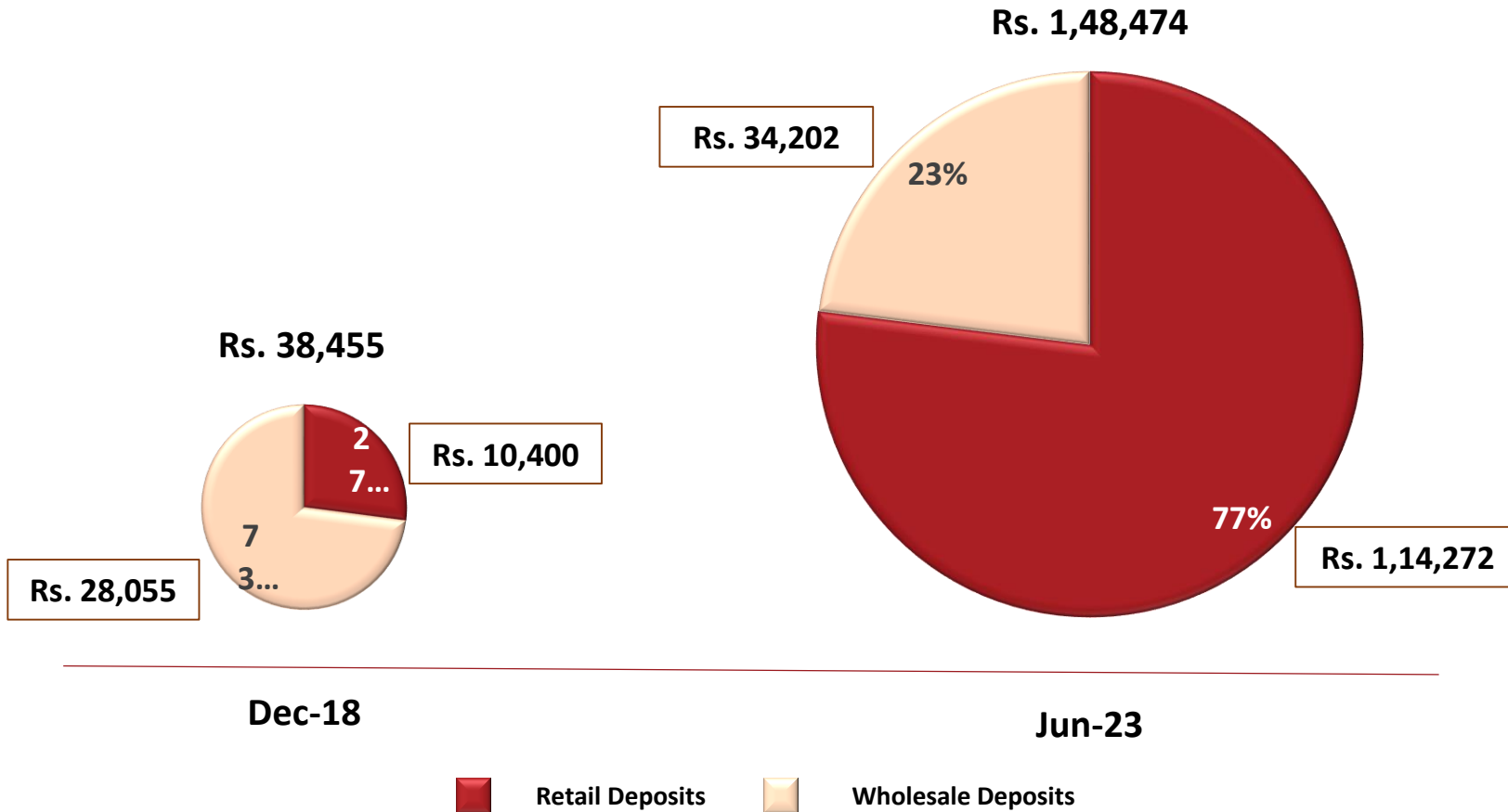
CASA Ratio at 46.5%



Bank has Diversified its liabilities base: 77% of customer deposits are now Retail

Overall Customer Deposits

in Rs. crore



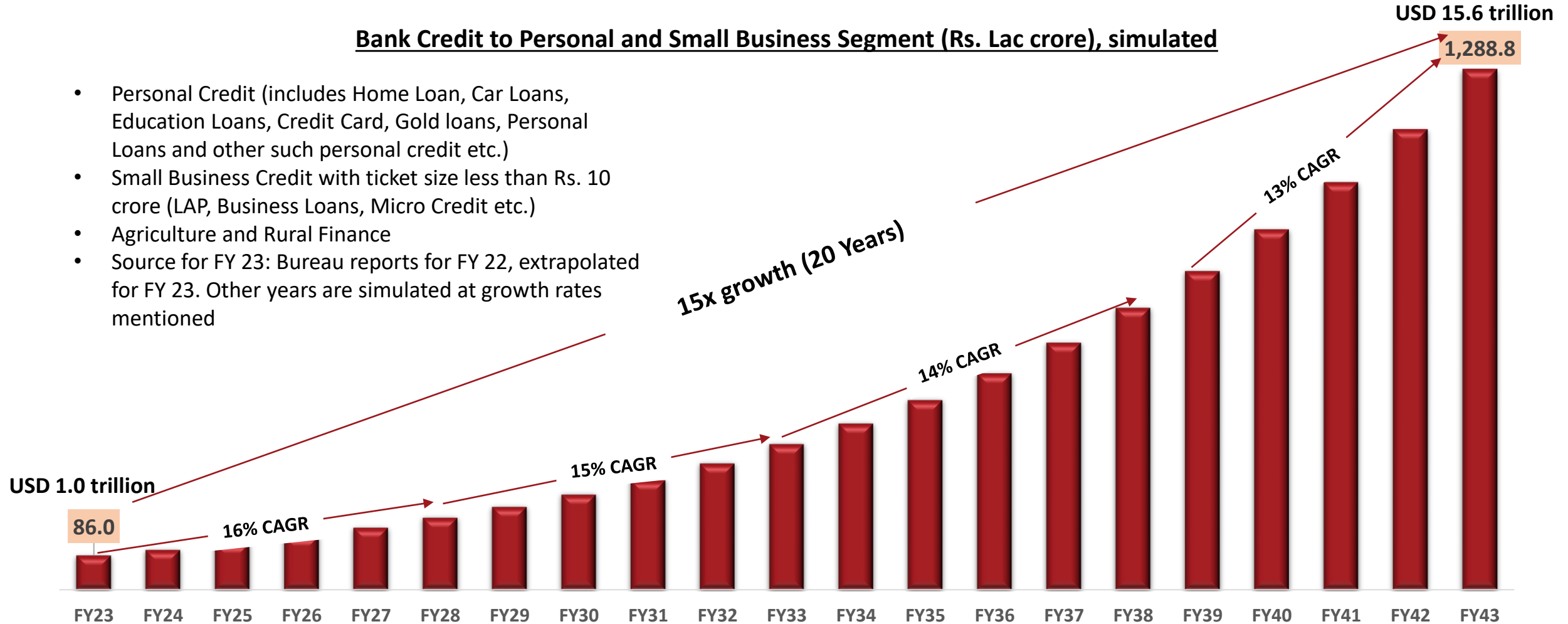
Section 2: Loan Assets



Retail, Rural & SME Loans: Market Opportunity

Bank Credit to Personal and Small Business Segment (Rs. Lac crore), simulated

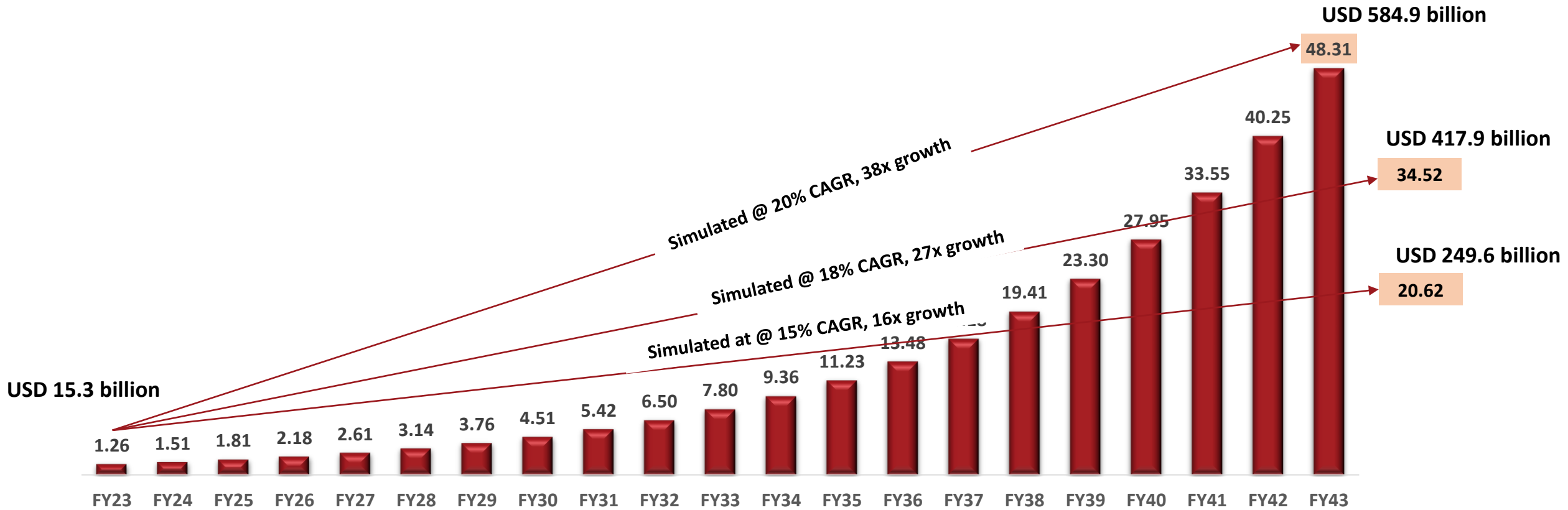
- Personal Credit (includes Home Loan, Car Loans, Education Loans, Credit Card, Gold loans, Personal Loans and other such personal credit etc.)
- Small Business Credit with ticket size less than Rs. 10 crore (LAP, Business Loans, Micro Credit etc.)
- Agriculture and Rural Finance
- Source for FY 23: Bureau reports for FY 22, extrapolated for FY 23. Other years are simulated at growth rates mentioned



We have assumed certain simulated conditions at 16%, 15%, 14% and 13% for blocks of 5 years each to understand the scope of the opportunity

Retail, Rural & SME Loans: Growth Potential for IDFC FIRST Bank

Simulated growth of IDFC FIRST Bank's Retail, Rural and SME Book at different growth rate in the next 20 years (Rs Lac cr)



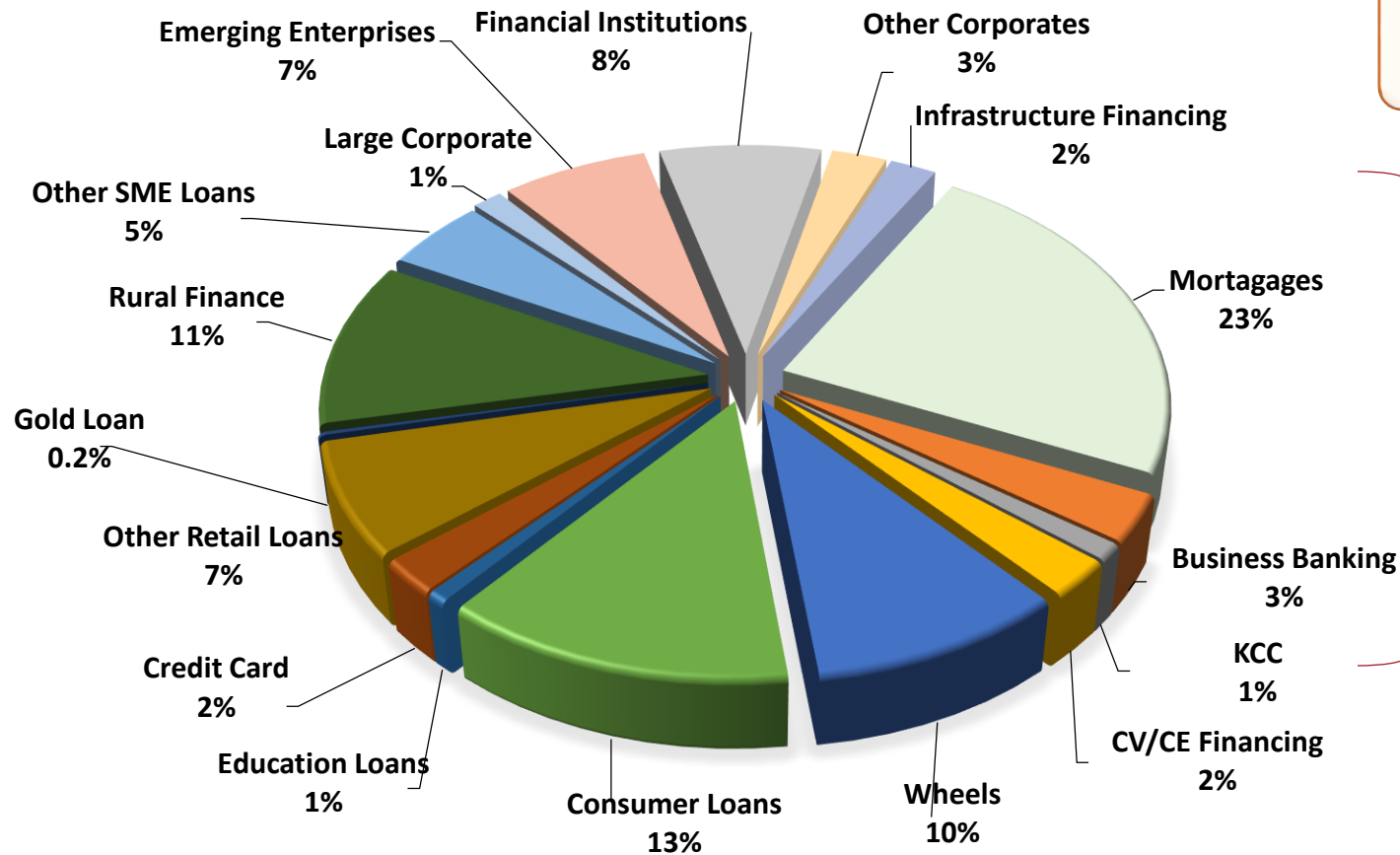
Personal Credit Market

Includes HOME LOANS, CAR LOANS, GOLD LOANS, CREDIT CARDS, EDUCATION LOANS AND OTHER SUCH PERSONAL CREDIT

United States – Personal Credit market	In \$ trillion
Mortgages	15.50
Auto	1.55
Credit Cards	0.99
Student Debt	1.60
Others	0.51
Total	20.15
Total GDP of United States	25.0
Retail Credit / GDP (%)	81%

- India Personal Credit market as of March 2023 is Rs. 52 trillion (USD 629 billion).
- India's GDP is Rs. 272 trillion (USD 3.3 trillion)
- Personal credit to GDP for India is 19%

The Bank has diversified its loan book across more than 20 business lines



Loan Book: June 30, 2023
Rs. 1,71,578 crore

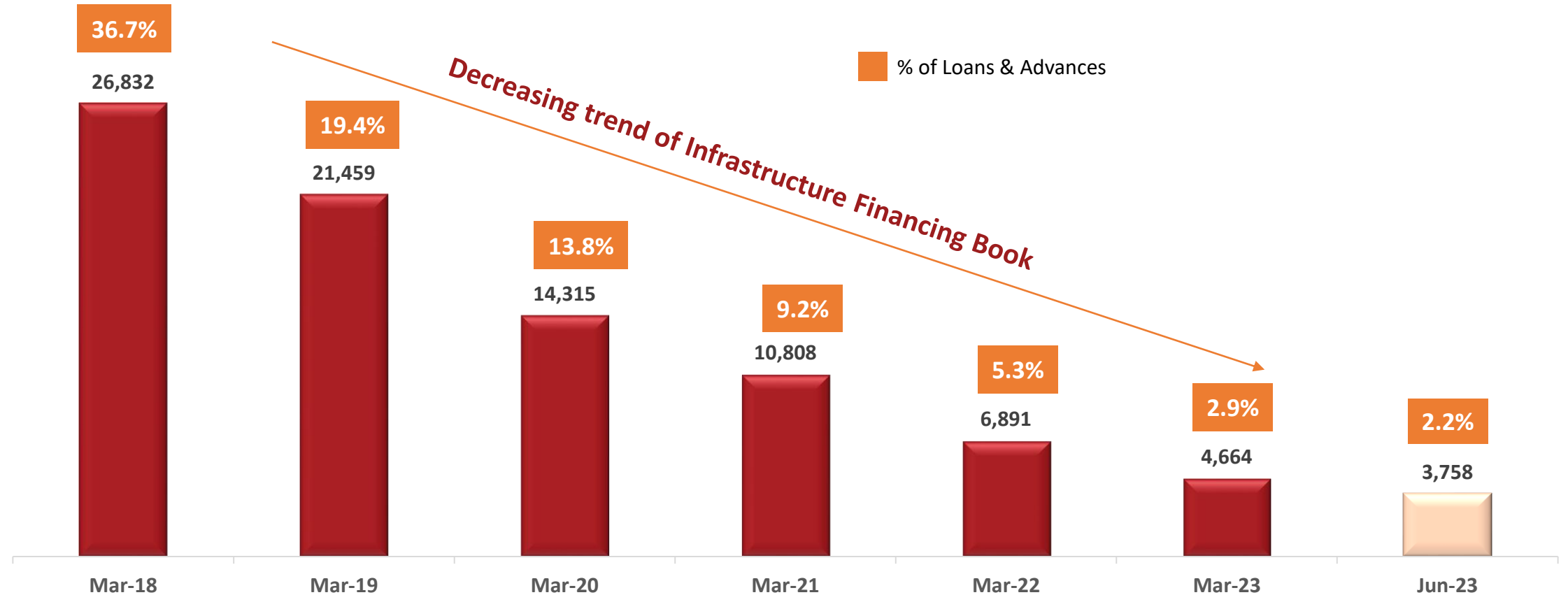
~28% of the total funded assets are backed by mortgage

- Other SME Loans consists of Loans to small business owners and entrepreneurs through products like business installment loans, micro business loans, trade advance etc with most loans < Rs. 5 crore.
- Loans & Advances are net of IBPC and include advances & credit substitutes; Consumer Loans include personal loans, consumer durable loan and cross sell.
- Other Retail Loans include digital lending, revolving credit, retail portfolio buyout etc.

Bank has brought down the legacy Infrastructure Project financing Book

In the last 5 years, the Infrastructure financing book as % of overall Loans & Advances has come down from 36.7% to 2.2% as of June 30, 2023

Legacy Infrastructure Financing Book (Rs. Crore)



Section 3: Risk Management & Asset Quality



The Bank has developed unique capabilities for Risk Management

- The Bank has developed unique capabilities to access credit market in India
- The credit model has been tested for over 12 years.
- During this time, the asset quality of the credit book remained pristine with GNPA at less than 2% and NNPA at less than 1% (except the COVID impact)
- Post COVID impact, the GNPA and NNPA in the retail, rural and SME credit has reverted to pre-COVID, and improved further to 1.53% and 0.52% respectively as of June 30, 2023.
- Cashflow based credit assessment with Debit instructions to customer's bank account helps maintain good asset quality

Break- down of asset quality by business components.

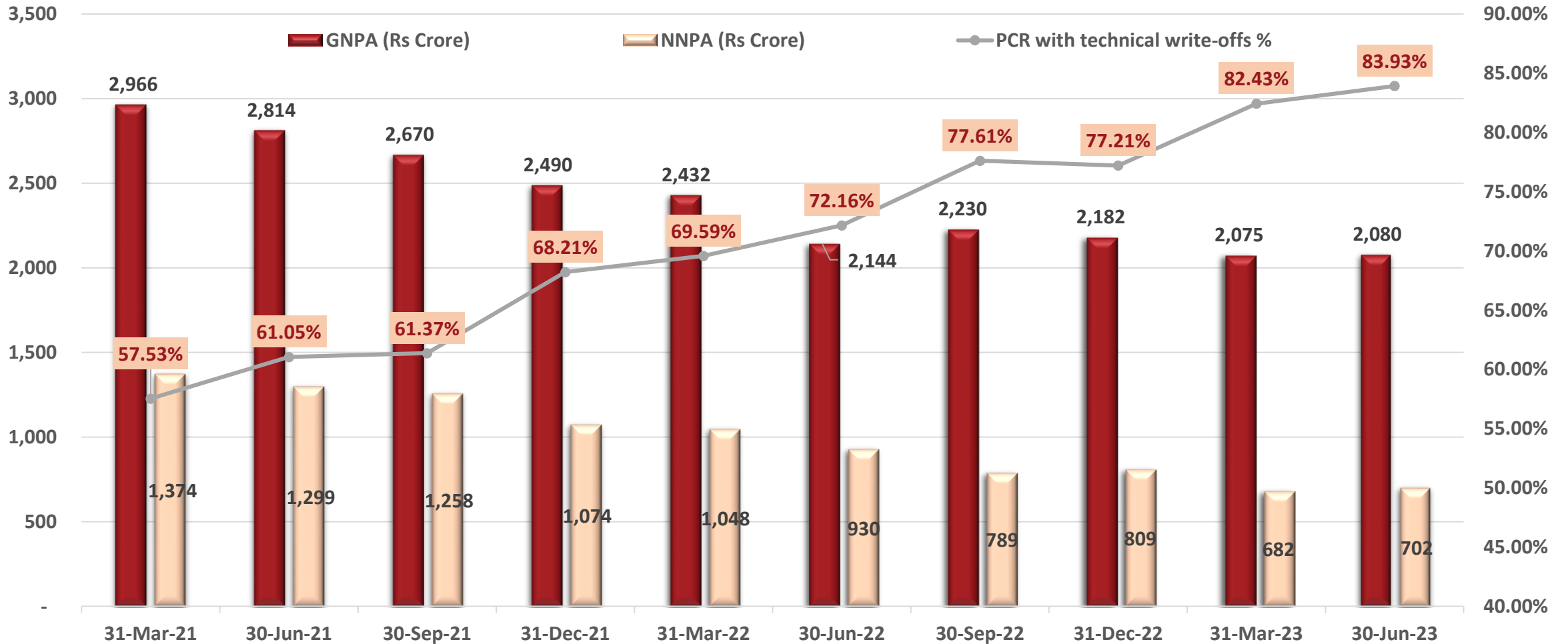
Retail has least Gross NPA and Net NPA for over a decade

Segment	Gross Advances Breakup	Gross NPA	Net NPA	PCR%
Retail, Rural and SME Finance	1,36,066	1.53%	0.52%	83.93%
Corporate (Non-Infrastructure)	26,101	2.65%	0.03%	99.42%
Infrastructure Financing	3,571	23.27%	13.83%	60.94%
Overall Bank Level	1,65,738	2.17%	0.70%	83.12%
Bank (Excl Infra.)	1,62,167	1.71%	0.44%	87.52%

The significant and growing part of the book, i.e. the Retail, Rural and SME business financing business has low NPA levels because of high-quality underwriting, credit bureaus, technology, cash-flow based lending capabilities. Asset Quality in the Corporate Book too is strong with adequate PCR of 99.42%.

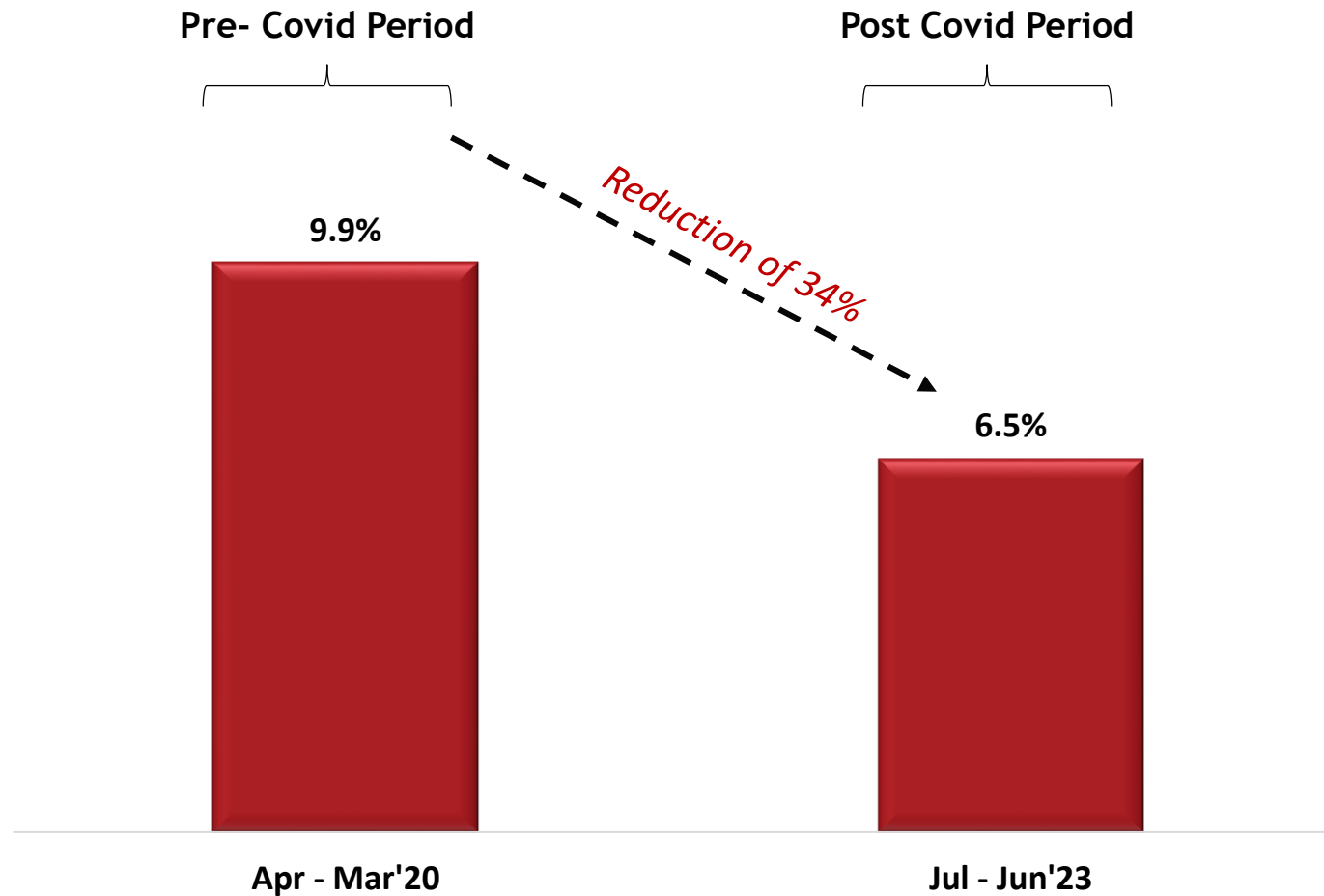
We expect infrastructure book to wind down in due course, hence the Bank level NPA excluding Infrastructure at 1.71% and 0.44% is relevant point to note.

NPA levels have improved beyond the levels during pre-Pandemic times



Asset Quality Early Indicators

Cheque returns on first presentation **down 34%** indicating better quality of loan booked



- First EMI (FEMI) Cheque presentation is a direct indicator of the Quality of Booking.
- Our FEMI cheque Bounce is 34% lesser than FY 20 bookings signifying improved Credit Quality.
- Even with 10% cheque bounce in FY 20, our delinquency was only Gross of 2% and Net of 1%
- We expect GNPA and NNPA to be better than our past records, i.e. GNPA less than 2% and NNPA less than 1% in retail, rural & SME book

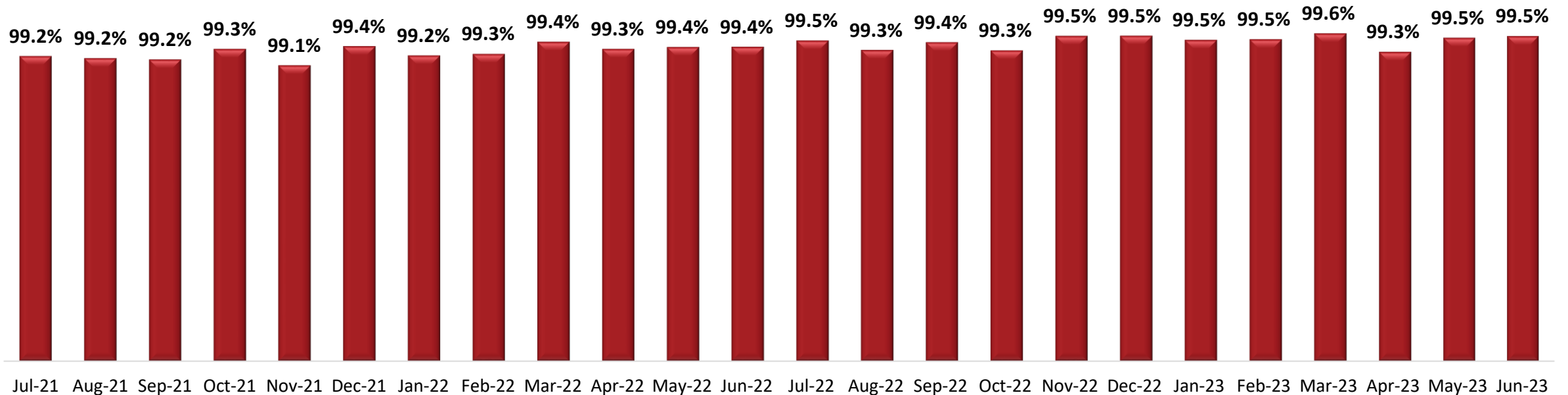
Asset Quality Early Indicators

Collection Efficiency maintained at more than 99% level consistently over the last 24 months

- The Current Bucket Collection % continues to be high at 99.5%
- Thus only 0.5% of the portfolio moves to 0-30 bucket.
- This in turn feeds into low Gross and Net NPA at the Bank

Definition: Collection Efficiency % = (POS of EMI Collected for the Month)*100/ POS EMI Due for the month).

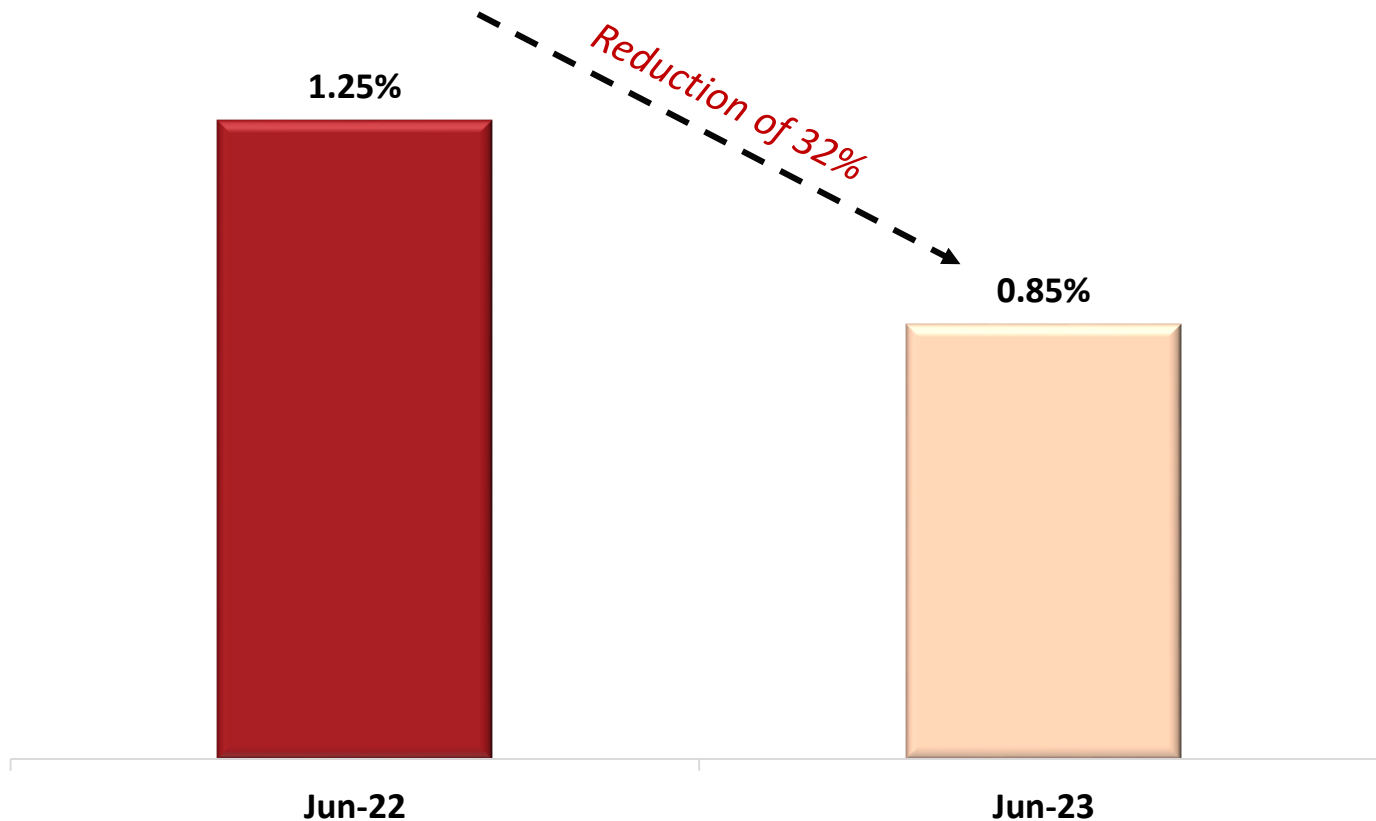
Note: Total EMI collections does not include any arrear collections, or prepayment collections in these calculations



Note: Above numbers pertain to Urban portfolio which is the majority of the Book. Similar experience of improvement is observed in the Rural financing also.

Asset Quality Early Indicators

High Collection % leads to low SMA. The SMA1 + SMA 2 is low at 0.85%



- SMA 1 is the overdue portfolio in Bucket 31-60 days, and SMA 2 is the overdue portfolio in 61-90 days.
- SMA 1 (31-60 days overdue) and SMA 2 (61-90 days overdue), put together are around 0.85% of the Book in Retail, Rural & SME segment.
- Based on this, we expect a lower level of NPA formation in future.

New Indian digital Ecosystem supports better controls in lending

Stage of Loan Processing	Earlier	New Ecosystem	Now	Benefit
KYC	<ul style="list-style-type: none"> • Physical - copies of Passport, Ration Card, etc. 	Identity is Biometric	<ul style="list-style-type: none"> • Biometric KYC - eKYC, cKYC, Aadhaar OTP based KYC 	High Quality Identity check
Risk Scorecards	<ul style="list-style-type: none"> • Regression and Judgement based models 	AI / ML	<ul style="list-style-type: none"> • Advanced Scorecards based on Logistic Regression and Machine Learning algorithms 	Better Risk management
Bureau	<ul style="list-style-type: none"> • Low seasoning of Bureau • Lesser records (300m) • Low awareness of credit bureau 	Bureau is evolved	<ul style="list-style-type: none"> • High seasoning, better data quality • More records (600m) • High awareness and sensitivity among customers 	Reduced credit risk
Fraud Control	<ul style="list-style-type: none"> • Static Photo test • Traditional eyeballing method for Frauds • No Fraud database, Scorecard 	Advanced real time fraud check mechanism	<ul style="list-style-type: none"> • Live Facial recognition technology, latitude-longitude marker • Automated identification of fraudulent transactions • Availability of Fraud Database and Scorecards 	Better fraud management
Cash Flow and Financial Analysis	<ul style="list-style-type: none"> • Physical copies of financials, bank statements, salary slips, Income Tax Returns • No alternative data sources • Manual calculation of financial ratios basis photocopied document 	Bank statements, GST records are electronic	<ul style="list-style-type: none"> • Digitized .pdf bank statement, salary slips, tax returns • Digitized alternate data sources like GST, Telecom, etc. • Automated calculation of financial ratios and cash flow analysis 	More accurate cash flow analysis
Repayment Mandate	<ul style="list-style-type: none"> • PDCs/ SI/ NACH for repayment 	NACH is electronic	<ul style="list-style-type: none"> • Electronic mandate through- NACH 	Better collections
Collections	<ul style="list-style-type: none"> • Tele-calling, field collections 	UPI, BOT	<ul style="list-style-type: none"> • Collection through sending UPI link, calling using bots to customer 	Frictionless, lesser use of tele-calling
Monitoring	<ul style="list-style-type: none"> • Batch Mode, once a month 	Analytics is real time	<ul style="list-style-type: none"> • Real time monitoring of portfolio by various cuts 	Better quality of portfolio

Key Framework for Credit Underwriting

Cash Flow Assessment



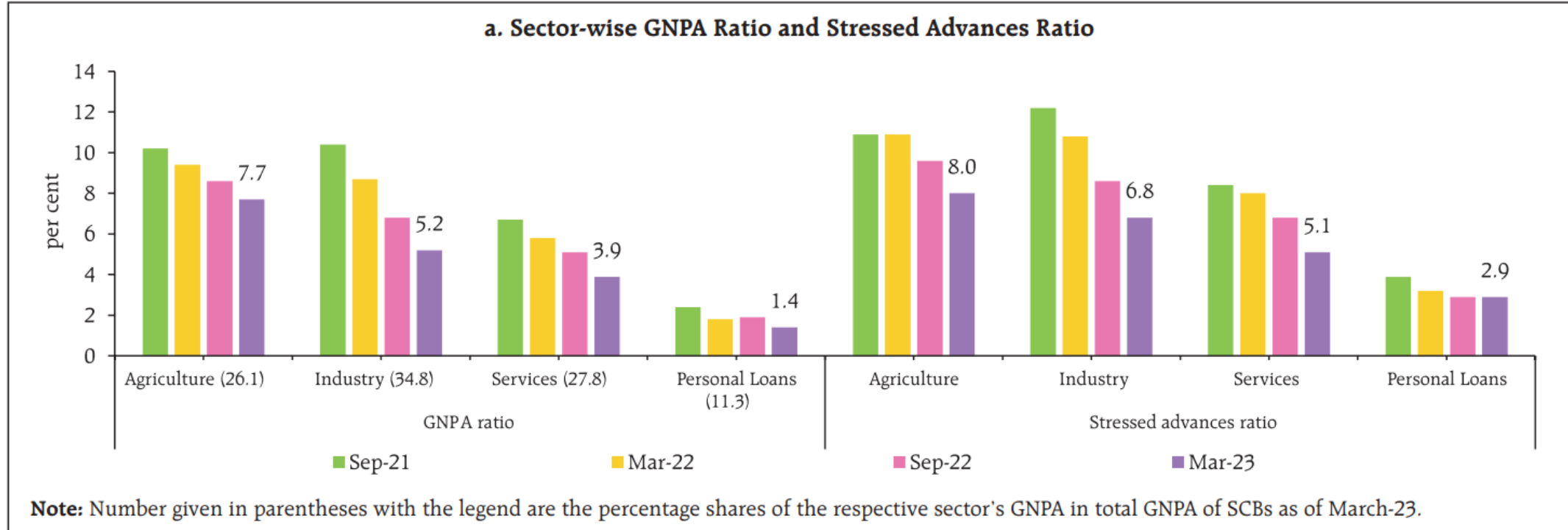
Mandate from customer to Debit Customer's
Bank Account for EMI repayment



Main Driver for Good Asset Quality

Sector wise NPA show improvement

Personal Credit portfolio show better asset quality



Source: RBI Financial Stability Report, June 2023

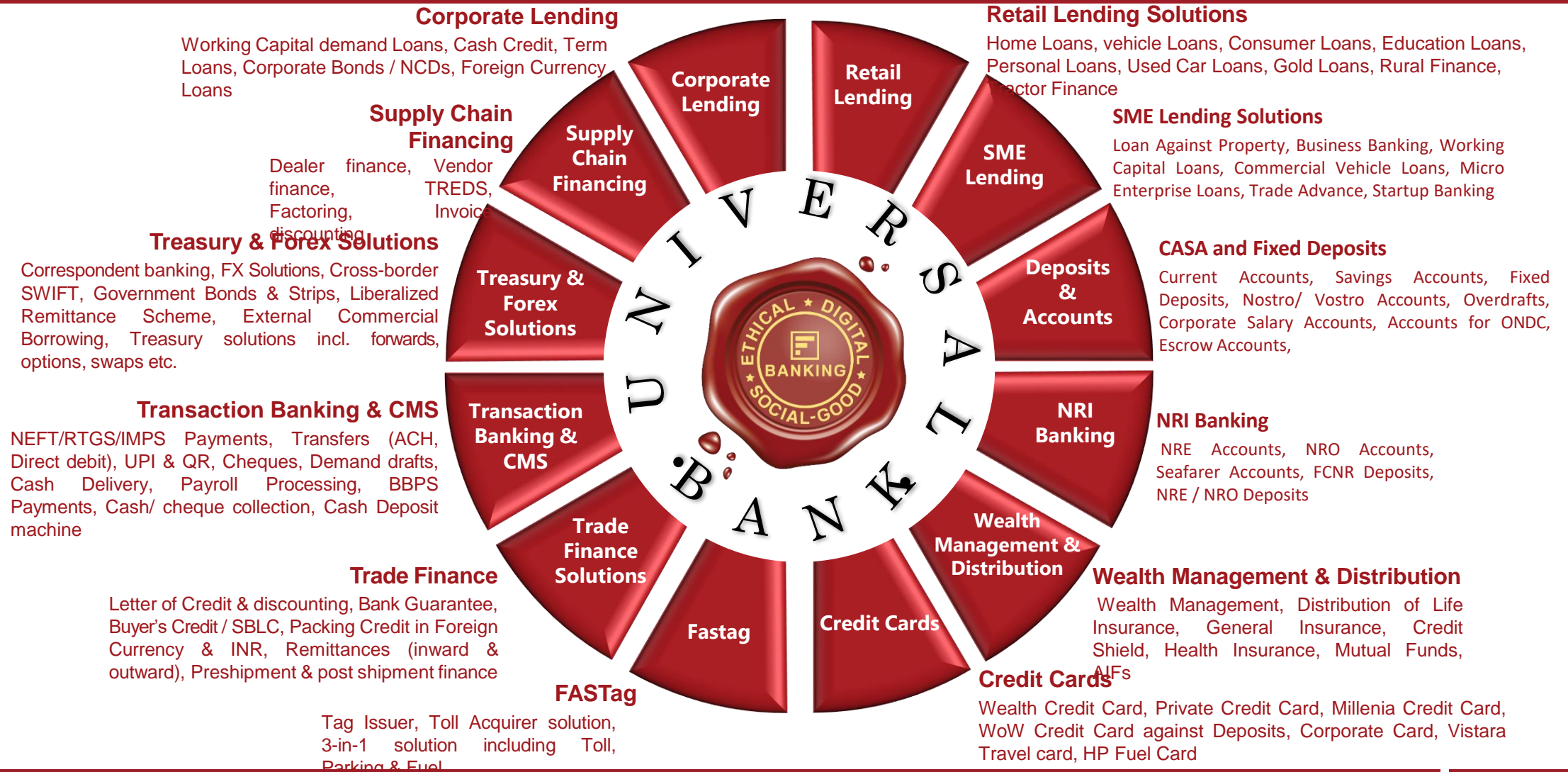
Section 3: Profitability



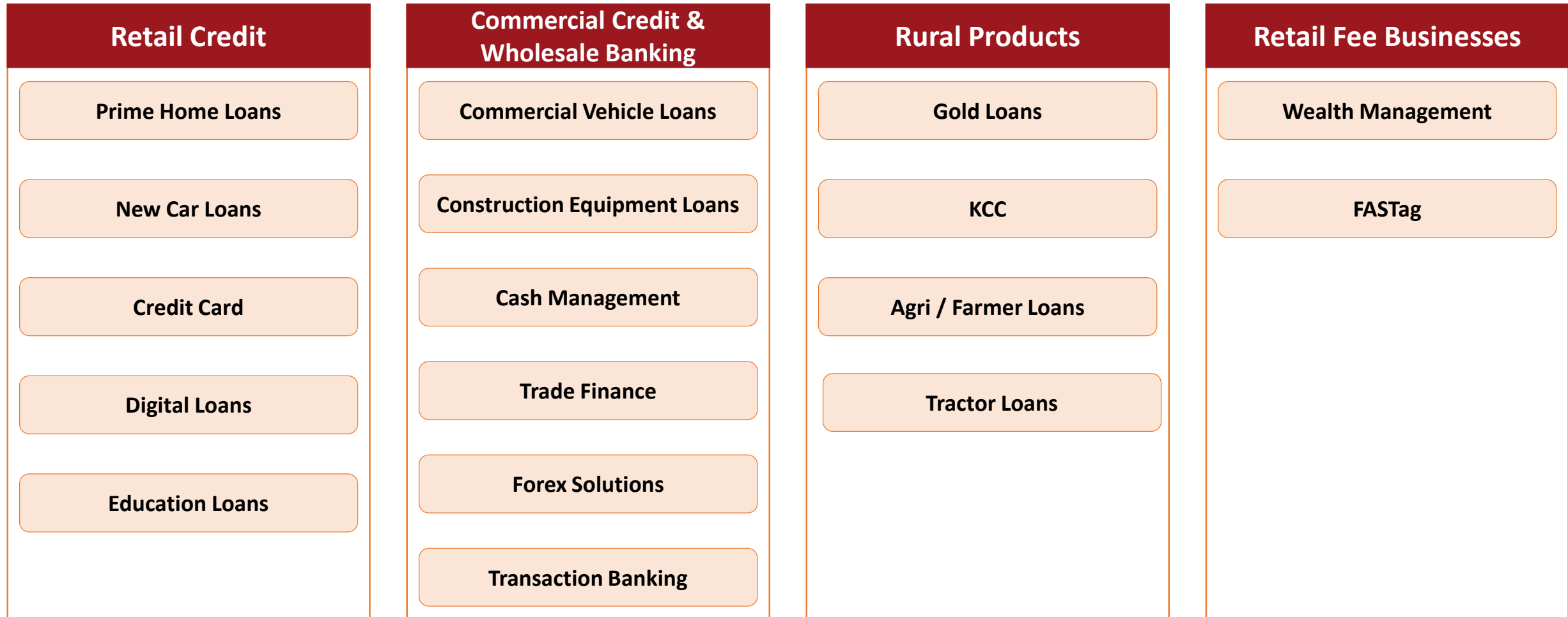
Cost to Income ratio: Background. Bank had to make necessary investments to convert from DFI to commercial Bank

- At merger, our total deposits & borrowings were Rs. 1,29,381 crores, of which only Rs. 10,400 crores (8.04%) were retail Deposits and Rs. 1,18,981 crores (91.96%) were institutional borrowing and deposits. This issue had to be addressed by raising retail deposits.
- To raise retail deposits, the Bank opened 618 branches and 957 ATMs since merger which led to costs.
- Further, the Bank also had to do necessary builds to catch up with other banks and for builds for the new technology wave.
- Launched many new products in retail banking like credit cards, gold loans, education loans.
- For PSL lending bank launch many rural banking products like KCC and farmer loans etc.
- As a “UNIVERSAL BANK”, the Bank launched many new products including cash management, trade, treasury, Fx solutions, credit cards, payment solutions etc.

The Bank has developed a wide Product Suite of a Universal Bank

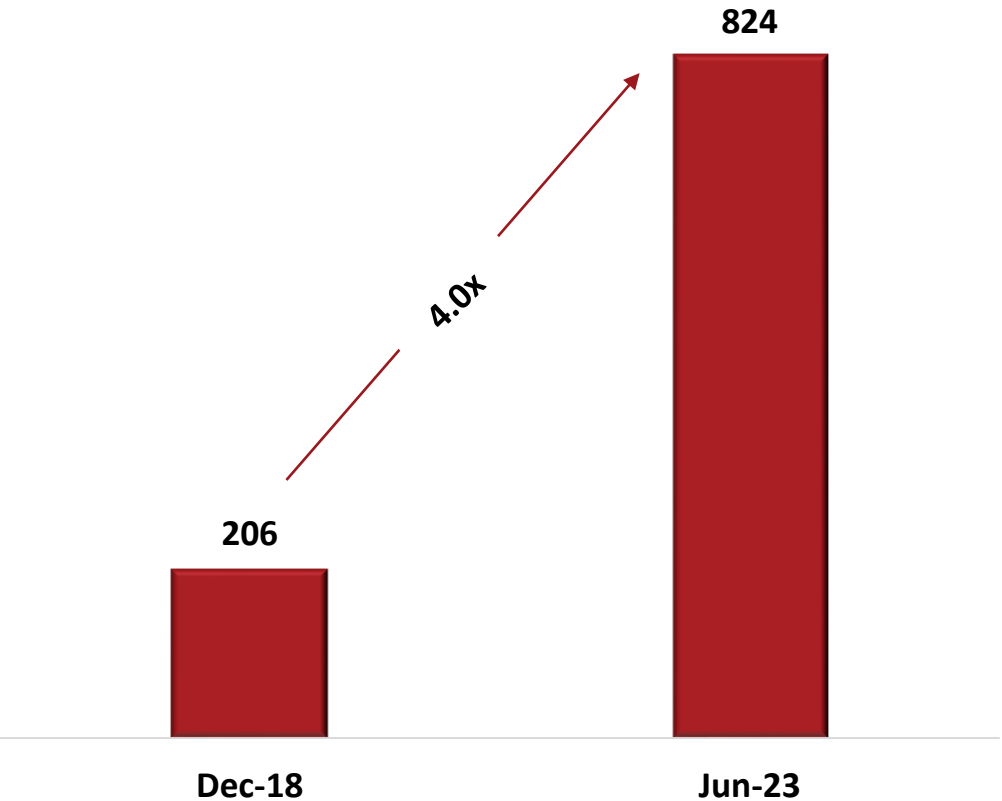


Bank has launched and scaled up many new products in the last few years to complete product suite

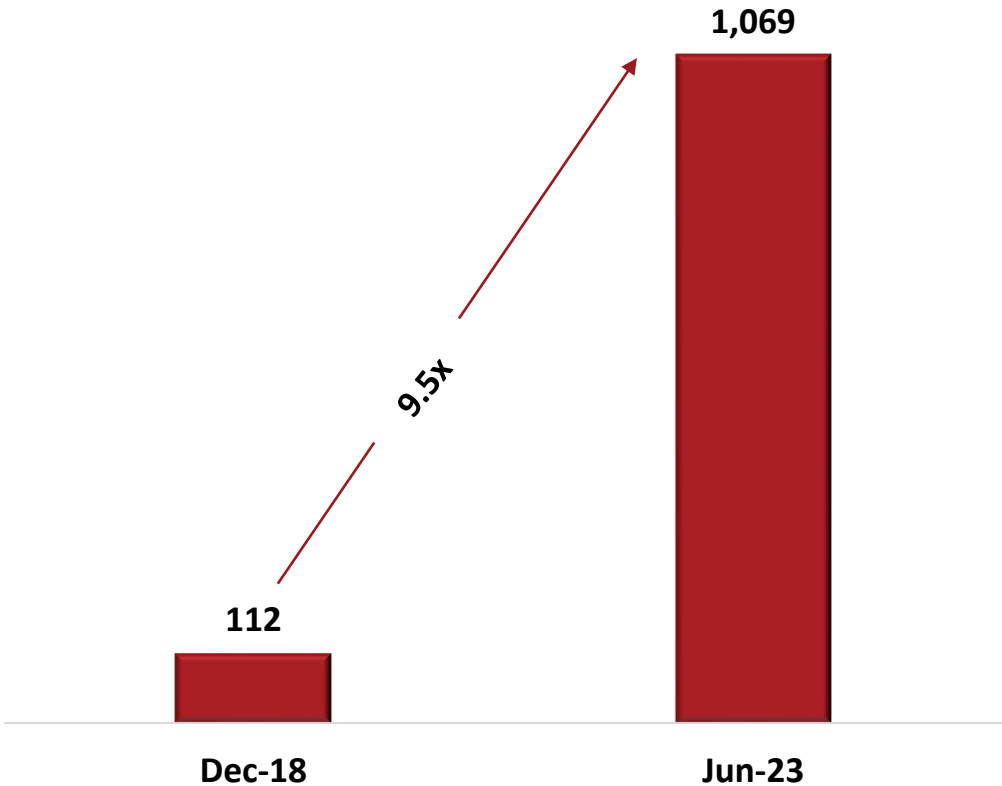


Since merger, the Bank has expanded its network driving the deposit growth

Branches



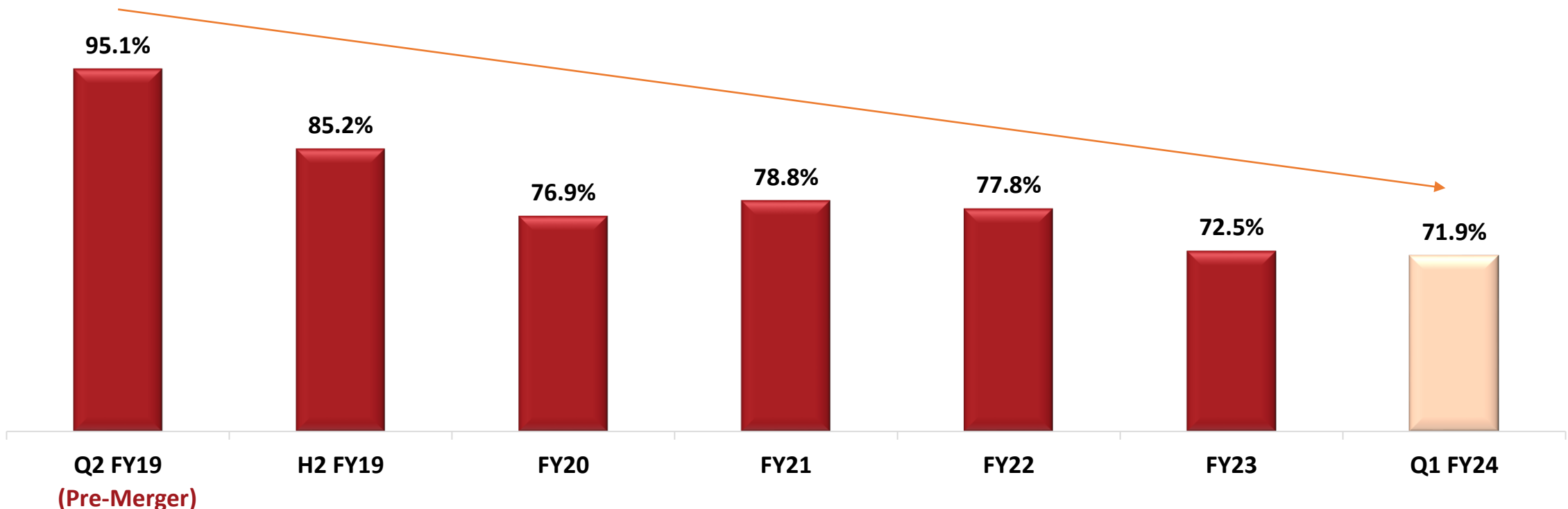
ATMs (Including Recyclers)



Despite such investments, Bank has reduced Cost to Income ratio from 95% to 72% in 4 years

- During the last three years the bank had to make significant investments in building liabilities and credit card franchise
- Despite this, the cost income ratio has come down from 95% to 72% because of the strong incremental unit economics at the bank which is allowing the bank to make the investments to build the Bank.
- Cost to income will come down over time with scale, but can have temporary fluctuations and movements

Core Cost to Income (excluding Trading Gains) Ratio %



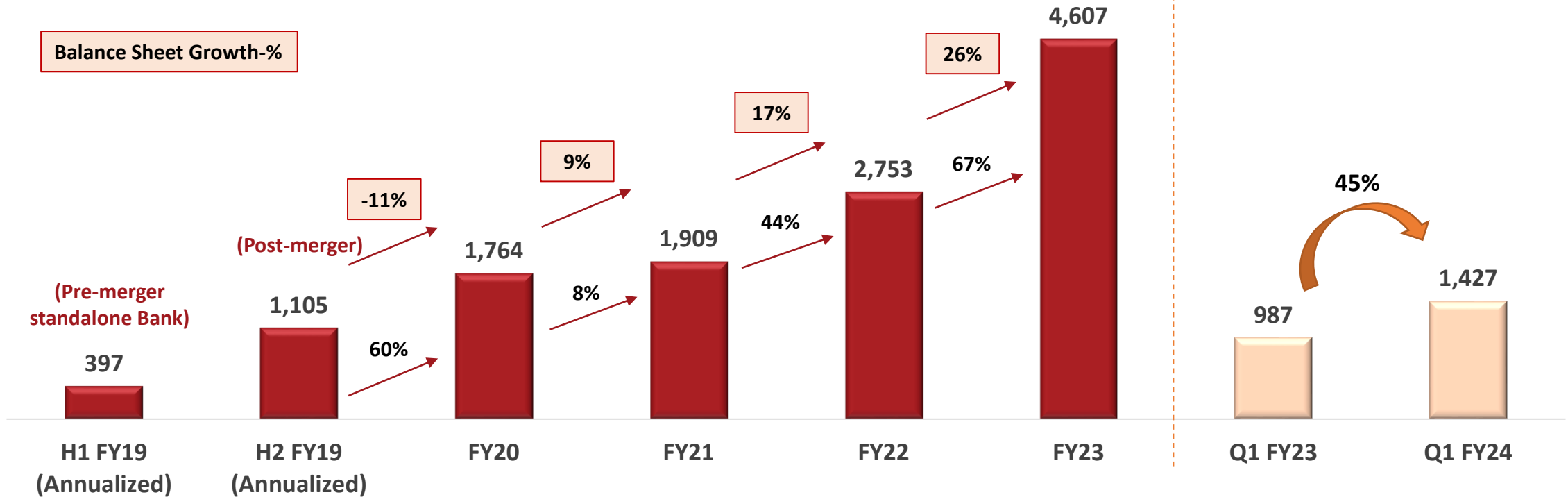
How did the Bank manage to reduce C: I ratio despite making necessary investments?

- In parallel to making investments, the Bank launched various initiatives within the bank to cut costs. All business and functional teams worked in squads to deliver on this initiative.
- Under this cost reduction initiative, the Bank has implemented cost rationalization measures of around Rs. 1,400 crore during the last 4 years
- Digital initiatives have been helping the Bank to reduce cost and deliver on its ESG strategy
- Strong incremental profitability driven by retail Asset Business - ROE of over 20%, growth in this book
- Going forward, business which have good unit economics but are currently sub scale, would gradually turn profitable with scale. Bank will also repay legacy high-cost borrowings with incremental low-cost deposits

Strong growth in Core Operating Profit (excluding trading gains)

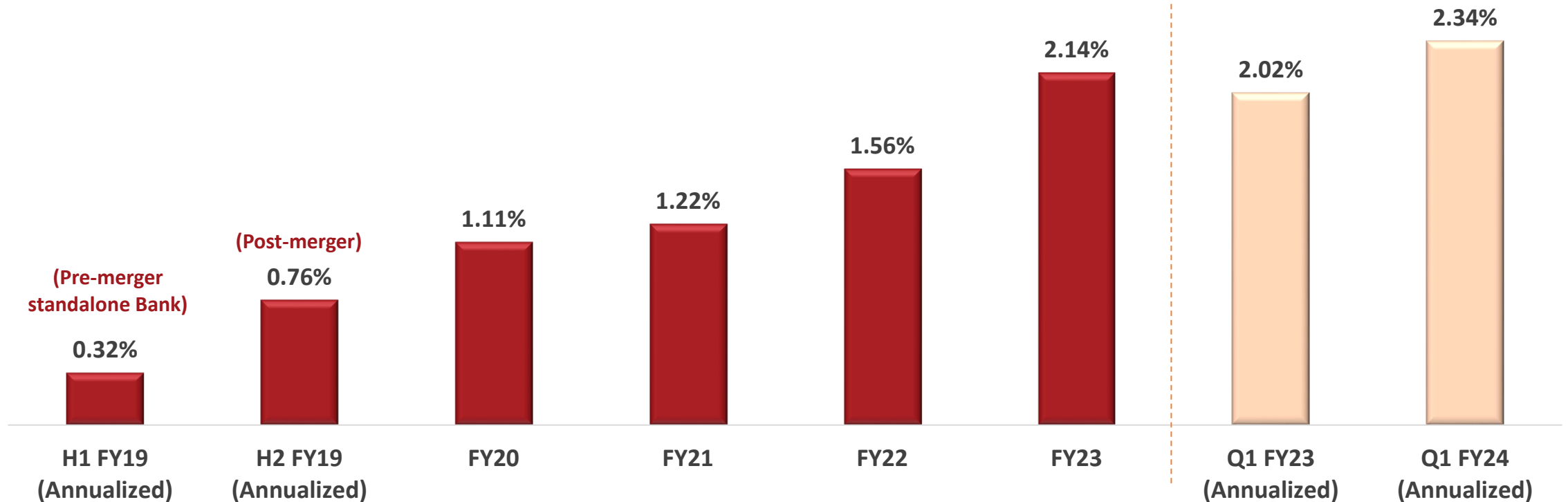
The core operating profit (excluding trading gains) increased by 45% against the overall loan book growth of 25%. This demonstrates the power of incremental profitability of the core business model.

Core Pre-Provisioning Operating Profit (In Rs. Crore)



Improving Operating Profit as % of total assets

Core Pre-Provisioning Operating Profit (PPOP) as a % of Average Total Assets

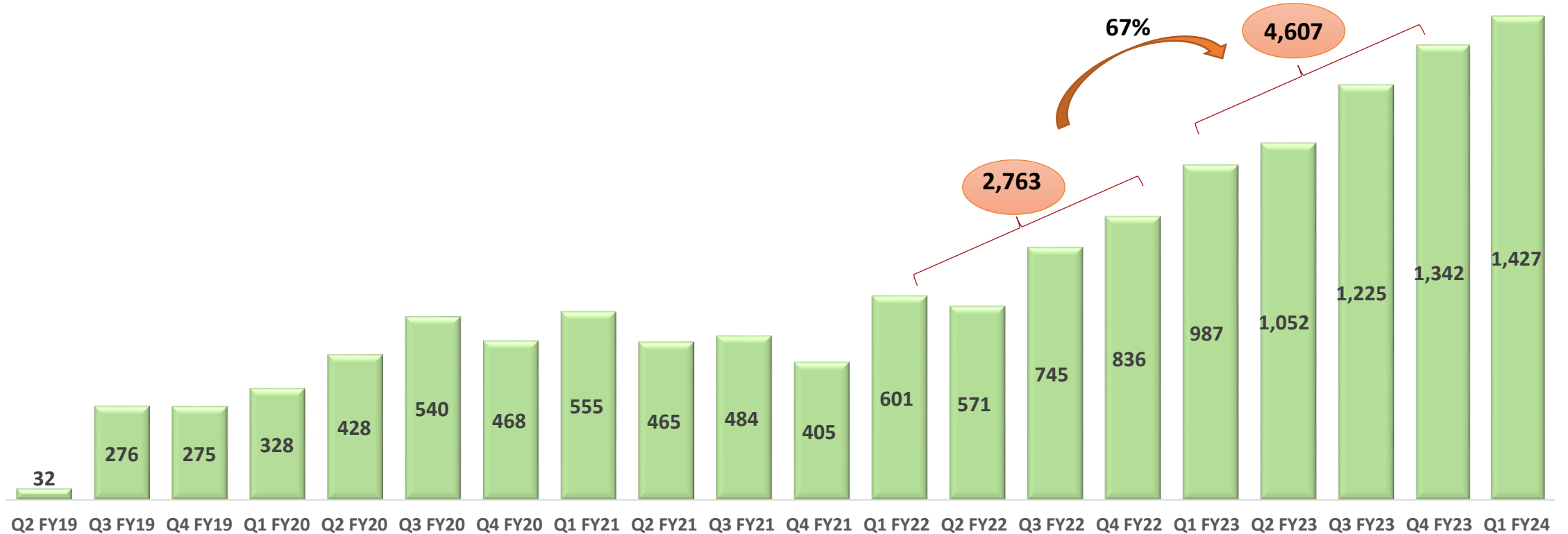


- The bank has improved the core pre-provisioning operating profit despite investment in growing the bank. This was made possible as the retail lending business is profitable with more than 20% incremental ROE.

* H2-FY19 actual annualized

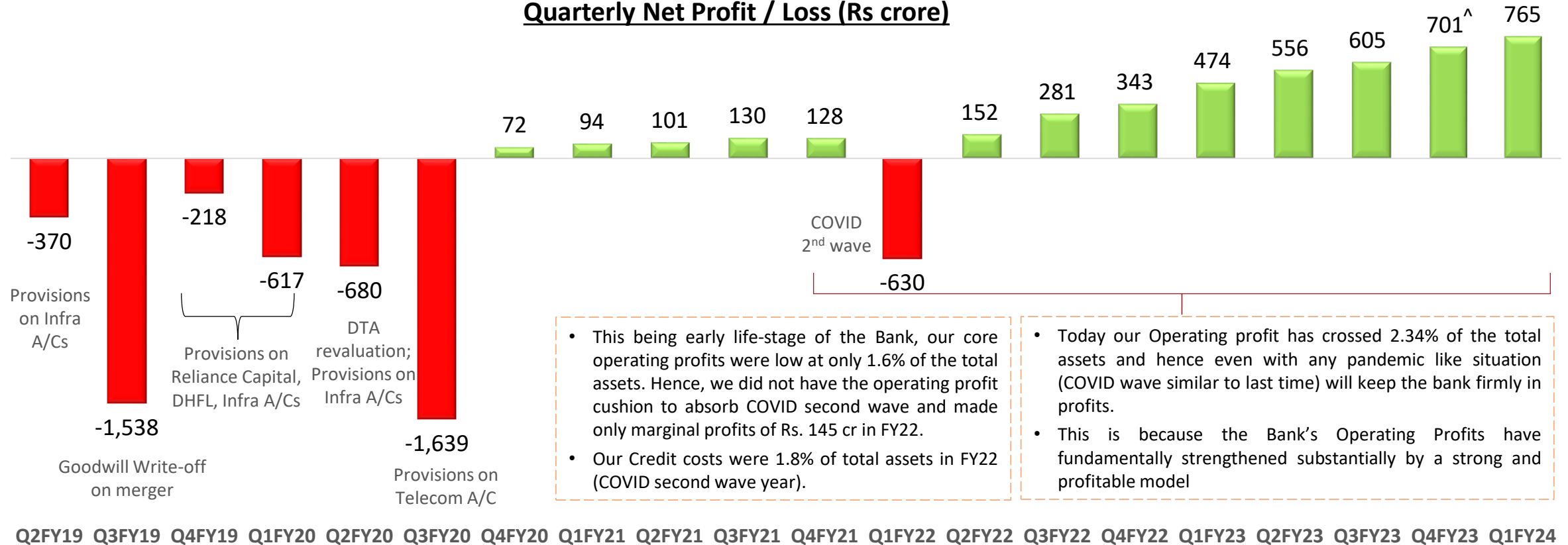
Consistent growth in crore operating profits every quarter

Quarterly Core Pre-Provisioning Operating Profit (excluding the trading gains) in Rs crore



Bank has turned profitable on sustained basis based on strong Operating Profits and low credit costs

Quarterly Net Profit / Loss (Rs crore)



- This being early life-stage of the Bank, our core operating profits were low at only 1.6% of the total assets. Hence, we did not have the operating profit cushion to absorb COVID second wave and made only marginal profits of Rs. 145 cr in FY22.
- Our Credit costs were 1.8% of total assets in FY22 (COVID second wave year).
- Today our Operating profit has crossed 2.34% of the total assets and hence even with any pandemic like situation (COVID wave similar to last time) will keep the bank firmly in profits.
- This is because the Bank's Operating Profits have fundamentally strengthened substantially by a strong and profitable model

[^] The Bank reported net profit of **Rs. 803 crore for Q4 FY23**. The Bank has already called out in Q4-FY23 that the net profit of Q4-FY23 was **Rs. 701** crore adjusted for the one time items in the P&L.

We are happy to say that the Bank is performing well on the guidance given at merger

	Particulars	Dec-18 (At Merger)	Guidance for FY24-FY25	Jun-23 Last quarter	Status
Capital	CET – 1 Ratio	16.14%	>12.5 %	13.70%	On Track
	Capital Adequacy (%)	16.51%	>13.0 %	16.96%	On Track
Liability	CASA as a % of Deposits (%)	8.7%	30% (FY24), 50% thereafter	46.5%	On Track
	Branches (#)	206	800-900	824	On Track
	CASA + Term Deposits<5 crore (% of Customer Deposits)	39%	85%	81%	On Track
	Certificate of Deposits of % of total deposits & borrowings	17%	<10% of liabilities	3%	Achieved
	Quarterly Avg. LCR (%)	123%	>110%	125%	On Track
Assets	Retail, Rural and SME Finance (Net of IBPC)	Rs. 36,927 Cr	Rs. 100,000 Cr	Rs. 1,36,066 Cr	Achieved
	Retail, Rural and SME Finance as a % of Total Loans & Advances	35%	70%	79%	Achieved
	Wholesale Loans & Advances ¹	Rs. 56,770 Cr	< Rs. 40,000 Cr	Rs. 31,421 Cr	Achieved
	- of which Infrastructure loans	Rs. 22,710 Cr	Nil in 5 years	Rs. 3,758 Cr	On Track

1. Excluding Security Receipts, Loan converted into Equity, RIDF and PTC.

Some new guidance has been included for greater clarity. No guidance given at the time of the merger has been amended
-- No guidance provided earlier for these parameters

We are happy to say that the Bank is performing well on the guidance given at merger.

	Particulars	Dec-18 (At Merger)	Guidance for FY24-FY25	Jun-23 Last quarter	Status
Asset Quality	Top 10 borrowers as % of Total Loans & Advances (%)	12.8%	< 5%	2.7%	Achieved
	GNPA (%)	1.97%	2.0% - 2.5%	2.17%	On Track
	NNPA (%)	0.95%	1.0% - 1.2%	0.70%	On Track
	Provision Coverage Ratio ³ (%)	53%	~70%	83%	On Track
Profitability	Net Interest Margin (%)	3.10%	5.0% - 5.5%	6.33% ¹	Achieved
	Cost to Income Ratio ² (%)	81.56%	55%	71.94%	Estimated to drop to 65% by Q4-FY25
	Return on Asset (%)	-3.70%	1.4-1.6%	1.26%	On Track
	Return on Equity (%)	-36.81%	13-15%	11.78%	On Track

1. Gross of IBPC & Sell-down

2. Excluding Trading Gains

3. Including technical write-offs.

Note: Earnings for Dec-18 are for the quarter, NIM, ROA, ROE are annualized for the corresponding quarter.

Section 4: Culture



Employee Engagements



“

Thank you so much IDFC FIRST for this activity of family dinner its a memorable time spend with family because of Idfc first bank

”

Pradip Kambli

Manager-Acquisition (Current Account)



“

IDFC FIRST BANK Gives best opportunity for employees. This Platforms is best for grow in banking sector. I am happy with working IDFC FIRST BANK

”

Prashant kumar Gangadharamath

Associate Manager-Acquisition (Current Account)



“

I AM VERY GLAD AND HAPPY TO BE A PART OF IDFC FIRST BANK AND I AM THANKFULL TO EACH AND EVERYONE

”

Neha Alwani

Banker-Customer Experience



“

As rightly said by MD sir success is in values and not just numbers. These values comes from our families. Celebrating the success of our Bank along with families was truly a first time experience for us all .. Thanks

”

Monal Aggarwal

Lead-Field Strategy-Debt Management

Employee Engagements



“

I have Completed 4 years and 7 months with Idfc Bank Mother of a 2 year old Toddler People say its beyond difficult to manage i Agree but the way i Got support and the motivation to continue definitely make

”

Srashti Agrawal

Debt Manager-Flows-Personal Loan



“

It was very nice to spend time with family in a new style and have dinner thanks idfc first bank family

”

Neeraj Khateek

Senior Assistant Relationship Manager-MEL



“

I extend my warmest congratulations to IDFC FIRST Bank on its outstanding profitability. I am truly honored to be included in this celebration and witness the bank's remarkable achievements. Thank you

”

Vishal Kadam

Operations Officer-Credit Card Operations



“

IDFC FIRST BANK LTD ,THANK YOU SO MUCH FOR THE WOUNDERFULL TREAT

”

Shiva Gajjal

Valuer-Gold Loan

Employee Engagements



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I have Completed 4 years and 7 months with Idfc Bank Mother of a 2 year old Toddler People say its beyond difficult to manage i Agree but the way i Got support and the motivation to continue definitely make

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Srashti Agrawal

Debt Manager-Flows-Personal Loan



“

IDFC FIRST BANK LTD ,THANK YOU SO MUCH FOR THE WOUNDERFULL TREAT

”

Shiva Gajjal

Valuer-Gold Loan



“

It was a great experience & glad by such a positive approach by our organization to celebrate a milestone with all the employees associated with the bank.

”

SHIVENDRA VERMA

Branch Credit Manager-Rural



“

Thank You so much IDFC FIRST BANK for lovely gift me

”

Shamal Survase

Banker-Customer Experience

Employee Engagements



Employee Engagements



Employee Engagements



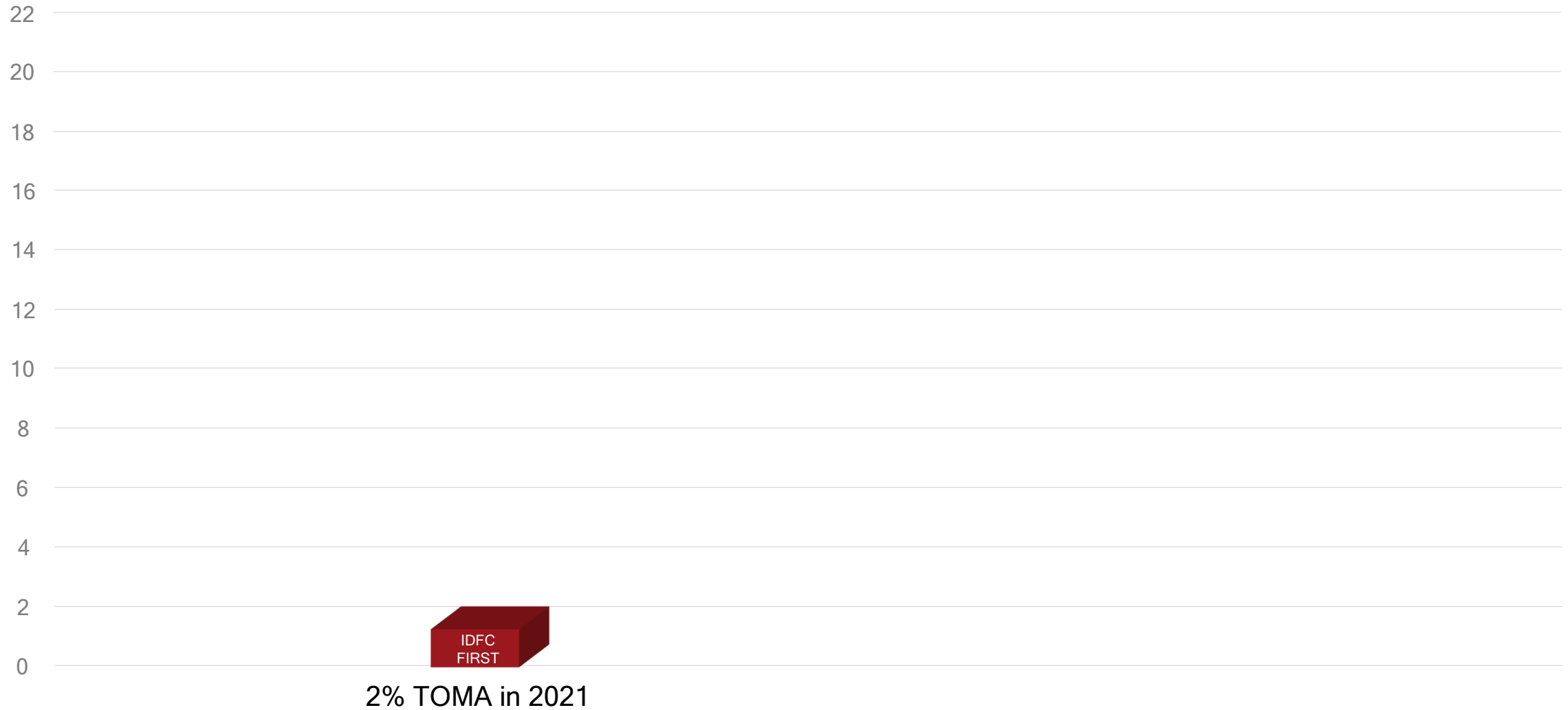
Employee Engagements



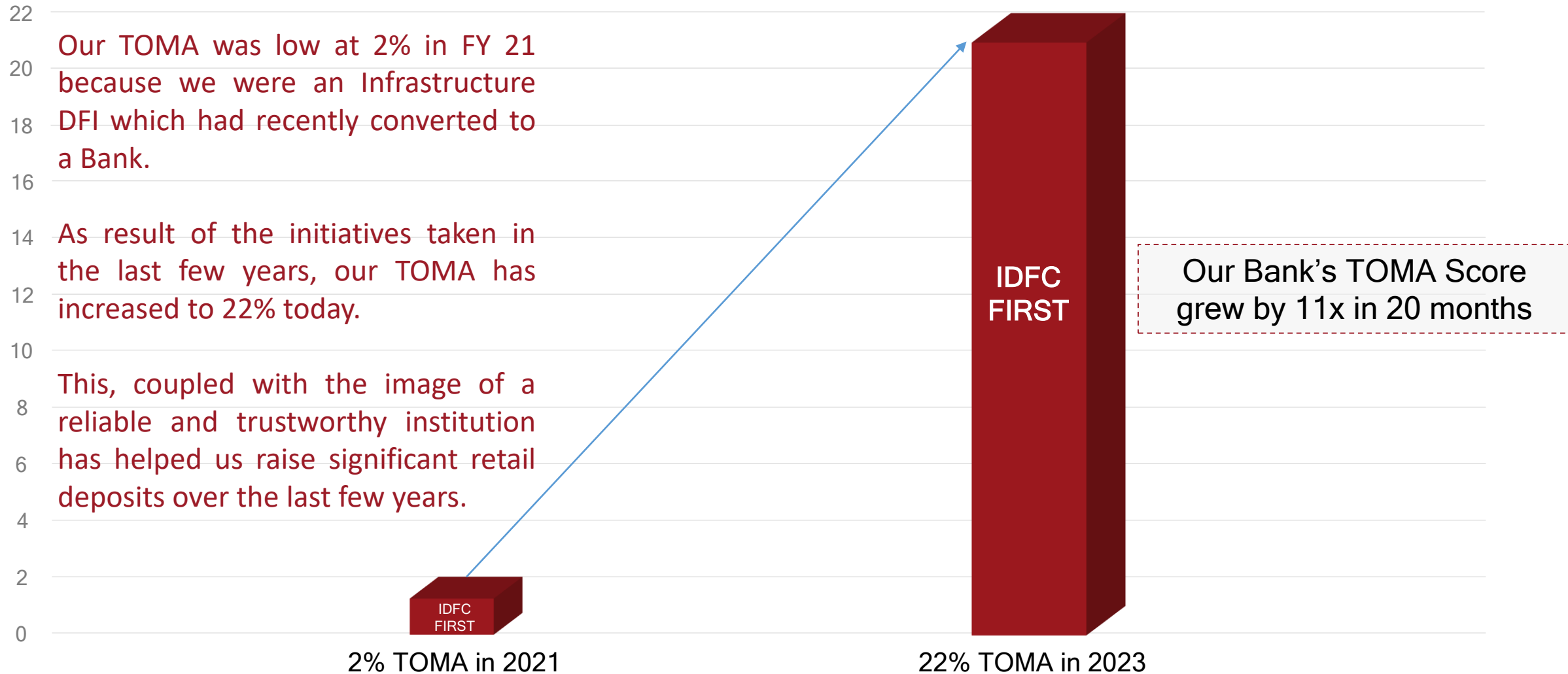
Employee Engagements



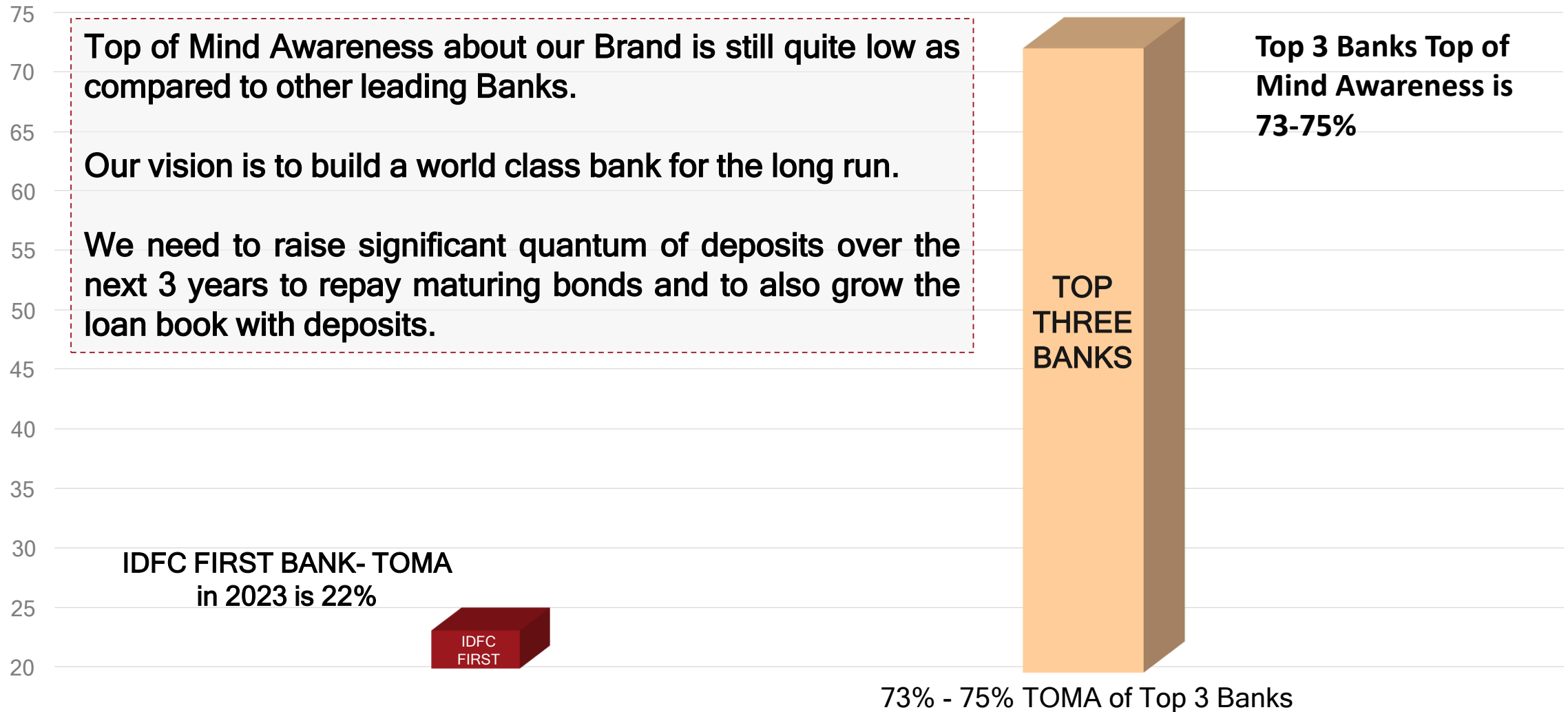
Top Of Mind Awareness (TOMA) is a measure of consumer's awareness of a brand



Our TOMA (Top of Mind Awareness Score) increased from 2% in 2021 to 22% in 2023



But we are still not well known enough



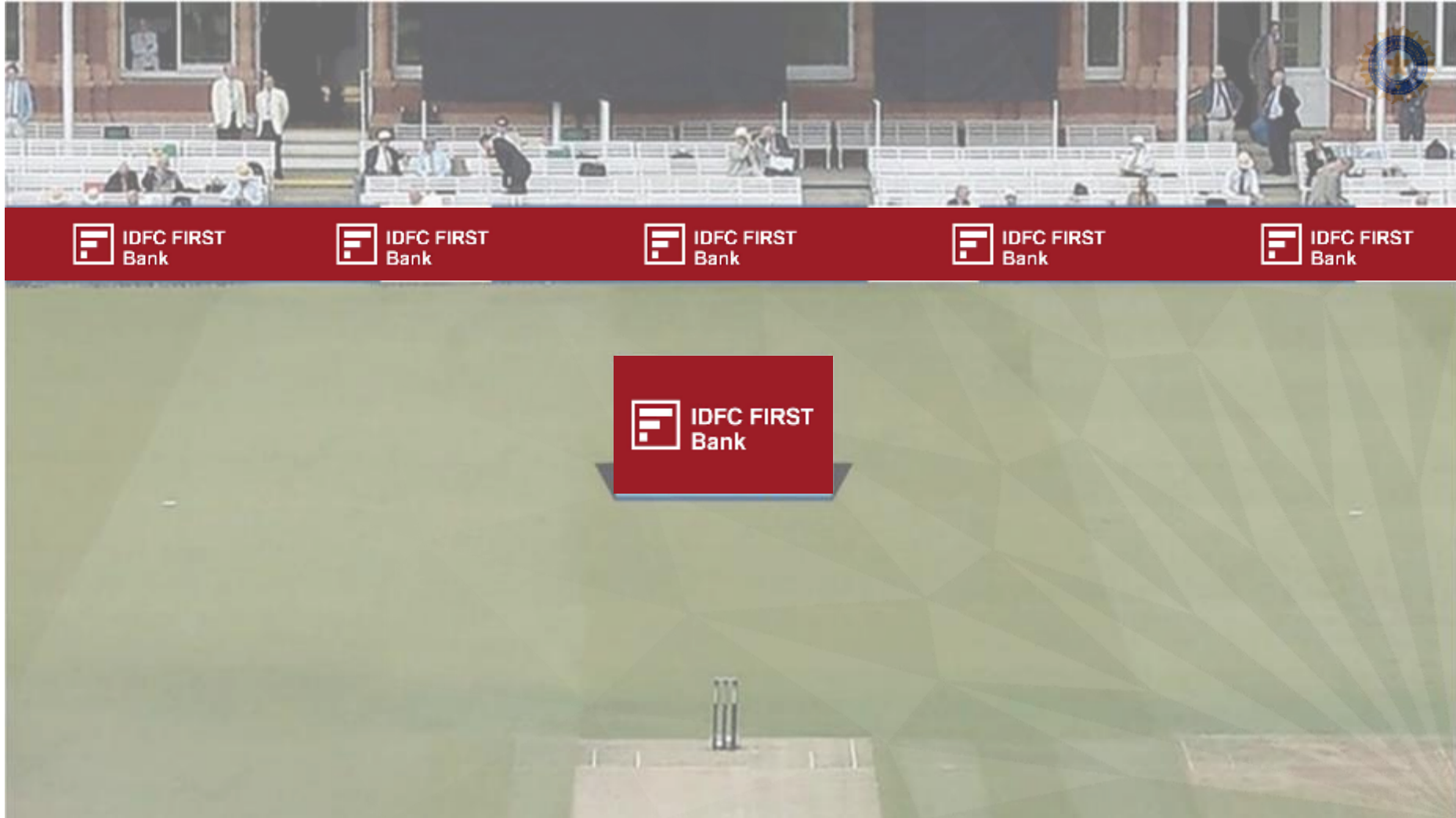
Title Sponsor Nomenclature in all official BCCI Communication



“IDFC FIRST Bank Cup” Title for all BCCI Home series



Presence on Perimeter Boards & Pitch Mats during all BCCI matches



Logo Presence on Stumps during all BCCI matches



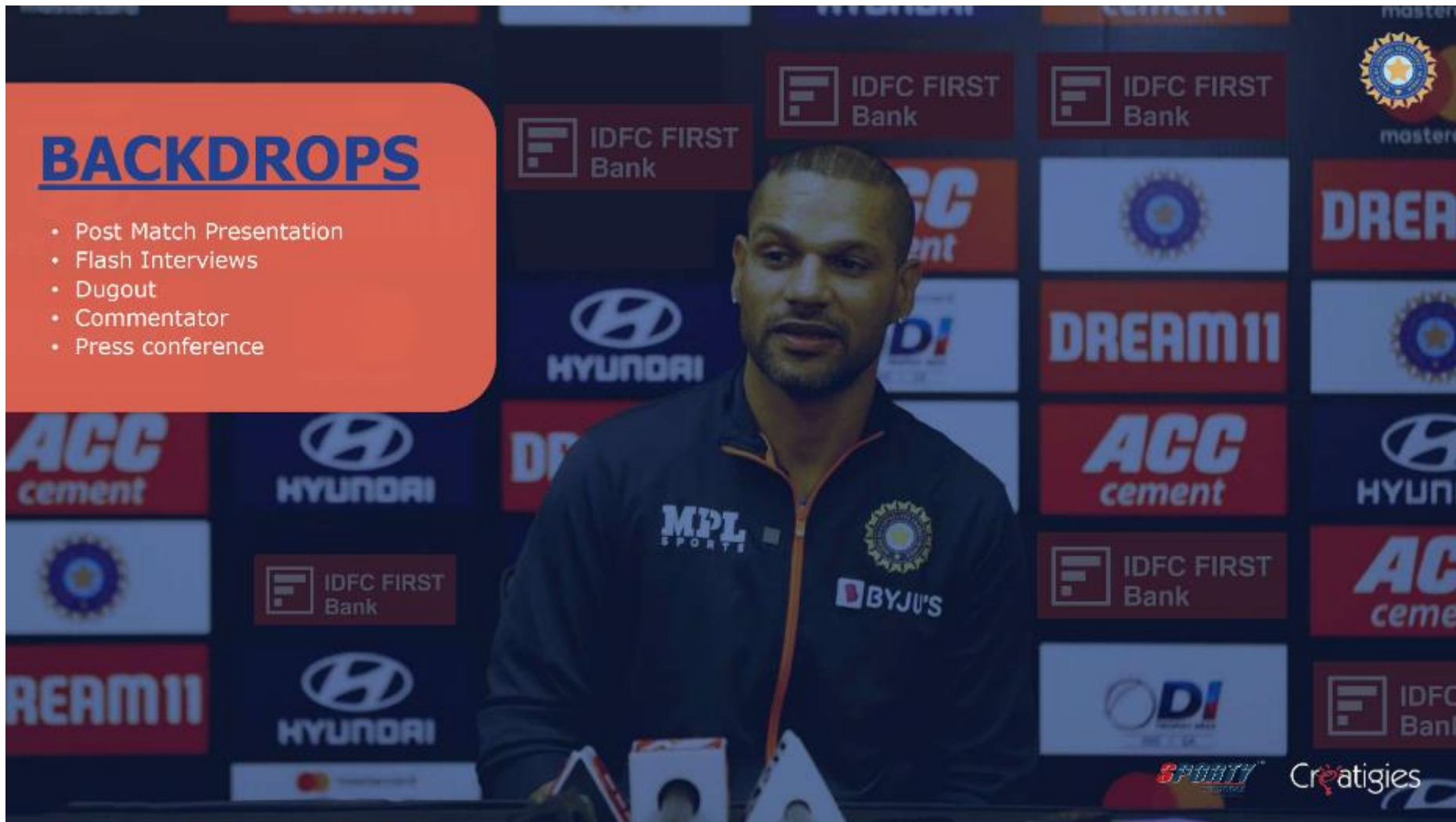
Logo Presence on in-match content activations during all BCCI matches








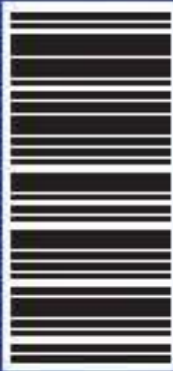
Logo in Man of the Match (MOM) & Man of the Series (MOS) Awards



Logo Presence on match backdrops & media walls



Logo Presence on all BCCI organized match tickets

<p>SR. NO. : XXXXX</p>  <p>IND v AUS Feb 6, Sun 7:00 PM</p> <p>VENUE : Maharashtra Cricket Association's International Stadium, Pune - STUDENT STAND</p> <p>GATE NO : XXX</p>	<p>SR. NO. : XXXXX</p>   <p>IND v AUS Feb 6, Sun 7:00 PM</p> <p>VENUE : Maharashtra Cricket Association's International Stadium, Pune</p> <table border="0"> <tr> <td>ADMIT : ONE</td> <td>ENTRY FEE :</td> <td>* XXX/-</td> </tr> <tr> <td>TICKET PRICE : * XXX / -</td> <td>ENT. TAX :</td> <td>* XXX/-</td> </tr> <tr> <td></td> <td>TOTAL :</td> <td>* XXX/-</td> </tr> </table> <p>GATE NO : XXX - ROW / BOX NO : XXX - SEAT : XXX ENTRY FROM M.G. ROAD</p>	ADMIT : ONE	ENTRY FEE :	* XXX/-	TICKET PRICE : * XXX / -	ENT. TAX :	* XXX/-		TOTAL :	* XXX/-	<p>SR. NO. : XXXXX</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">STATE ASSOCIATION LOGO / TEXT</div>   <p>IND v AUS Feb 6, Sun 7:00 PM</p> <p>VENUE : Maharashtra Cricket Association's International Stadium, Pune</p> <table border="0"> <tr> <td>ADMIT : ONE</td> <td>ENTRY FEE :</td> <td>* XXX/-</td> <td>GATE NO :</td> <td>XXX</td> </tr> <tr> <td>TICKET PRICE : * XXX / -</td> <td>ENT. TAX :</td> <td>* XXX/-</td> <td>ROW / BOX NO :</td> <td>XXX</td> </tr> <tr> <td></td> <td>TOTAL :</td> <td>* XXX/-</td> <td>SEAT :</td> <td>XXX</td> </tr> </table> <p>This ticket is issued subject to the conditions overleaf. ENTRY FROM M.G. ROAD</p>	ADMIT : ONE	ENTRY FEE :	* XXX/-	GATE NO :	XXX	TICKET PRICE : * XXX / -	ENT. TAX :	* XXX/-	ROW / BOX NO :	XXX		TOTAL :	* XXX/-	SEAT :	XXX	 <p>ADMIT : ONE</p> <p>TICKET PRICE : * XXX / -</p> <p>ENTRY FEE : * XXX / -</p> <p>ENT. TAX : * XXX / -</p> <p>TOTAL : * XXX / -</p> <p>SEAT : XXX</p>
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	TOTAL :	* XXX/-	SEAT :	XXX																							

In addition, we are the sponsors for Domestic Home Series



Important tournaments coming up between 2023 – 2026, including with top tier teams such as South Africa, England, New Zealand and Australia



Freedom Trophy
(Ind Vs. SA)



2 Tests, 3 ODIs &
5 T20Is



5 Tests, 3 ODIs &
5 T20Is



3 Tests, 3 ODIs &
5 T20Is



3 ODIs &
5 T20Is

Thank You