

IDFC FIRST Bank's Board approves fresh capital raise of Rs 2000 crore to bolster growth

- *New capital infusion to strengthen the Bank's Capital Adequacy to 15.5% with CET 1 ratio at 15.3% (calculated on December 31, 2019 base)*
- *This will enable the Bank to accelerate growth of its deposit and asset franchise, and better serve its customers through expansion of business*

May 1, 2020, Mumbai: IDFC FIRST Bank today announced that it proposes to raise equity capital of Rs. 2,000 crore by way of a preferential issue to marquee investors including ICICI Prudential Life Insurance Company, HDFC Life Insurance Company, Bajaj Allianz Life Insurance, Dayside Investment (Warburg Pincus group), and to its promoter, IDFC Ltd. This is subject to shareholder and other necessary approvals.

The Board of IDFC FIRST Bank, in its meeting held today, considered and approved the proposal to raise of Rs. 2000 crore through a preferential issue of fully paid-up 86.24 crore equity shares at a face value of Rs. 10 each at a price of Rs. 23.19 per equity share, to existing and new investors. The Bank will raise fresh equity capital (qualifying for CET1) of Rs. 800 crore from IDFC Financial Holding Company Ltd, Rs. 600 crore from ICICI Prudential Life Insurance Company Ltd, Rs. 200 crore from Dayside Investment Ltd (Warburg Pincus group), Rs 200 crore from HDFC Life Insurance Company Ltd and Rs. 200 crores from Bajaj Allianz Life Insurance Ltd.

The revised Book Value per Share (BVPS) of the Bank after the capital raise will be Rs. 30.40 compared to Rs. 31.82 as on December 31, 2019. This is calculated on Networth as of December 31, 2019, plus fresh issue of Rs. 2000 crore, and divided by number of shares post issue.

The Bank is already well capitalised with CET 1 of 13.28% at December 31, 2019, which is substantially higher than the regulatory requirements. Post the new equity raise, the Bank's Capital Adequacy will be 15.5% with CET1 at 15.3% (calculated at December 31 2019 base).

The Bank will use this capital to power growth, to continue to invest in liabilities and asset franchise, technology and infrastructure platforms to expand reach, product suite and to improve customer experience.

Mr. V Vaidyanathan, MD & CEO, IDFC FIRST Bank, said, “In one year after merger, the Bank has made strong progress across all strategic priorities and set a strong foundation for growth. Our retail lending was up 32% Y-o-Y and retail deposits up 157% Y-o-Y. NIMs have increased sharply to 3.86% (Q3 FY2020) and are expected to continue increasing. The Bank has built strong intellectual property in its business in a focussed manner and the opportunities for growth for the Bank are unlimited. The new capital with strong Capital Adequacy will enable us to continue to power up growth in the chosen areas. It also empowers us to navigate current market uncertainties from a position of strength.”

“We are happy to state that our bank has recently been rated as FAAA by CRISIL for its Fixed Deposit Program of Rs. 50,000 crore which is the highest safety rating by CRISIL in this category. With the new equity capital raise, the position is further strengthened and will help the Bank raise more retail CASA and retail deposits and thereby reduce the overall cost of funds for the Bank.”

“We take this opportunity to thank our existing and proposed shareholders for their trust and support and assure you we will leave no stone unturned in building a great bank with strong intellectual property and with the highest levels of corporate governance.”

Retail Assets saw stellar growth in the fourth quarter, increasing 32.4% Y-o-Y to Rs. 54,027 crore as on March 31, 2020. Retail loan book as a proportion of total loans has grown from 10% as on March 2018 (pre-merger) to 60% as on March 31, 2020 (including retail PSL) and is running ahead of the 5-year-guidance of 70% given at the time of merger. The Bank has reported strong retail asset quality with Gross NPA of 2.26% and Net NPA of 1.06% as of December 31, 2019.

Retail Deposits also grew strongly at 16% Q-o-Q and 157% Y-o-Y to Rs. 33,898 crore as on March 31, 2020. CASA Deposits grew 28% Q-o-Q and 163% Y-o-Y to Rs. 20,758 crore as on

March 31, 2020. CASA ratio of the bank saw significant improvement, rising from 11.40% as on March 31, 2019 to 32.03% as on March 31, 2020. All numbers pertaining to March 31, 2020, are subject to statutory audit.

In accordance with SEBI ICDR Regulations, the proposed preferential issue to the Qualified Institutional Buyers, will be completed within a period of 15 days from the date of passing the resolution by the shareholders.

The Relevant Date for determining the Floor Price of Equity Shares for the purpose of the Preferential Allotment in accordance with the SEBI ICDR Regulations, is May 04, 2020, i.e. 30 days prior to the date on which the resolution is deemed to be passed i.e. June 03, 2020, the last date specified for receipt of Postal Ballot Form or electronic voting.

About IDFC FIRST Bank

IDFC FIRST Bank was founded by the merger of IDFC Bank and Capital First in December 2018. The Bank provides a range of banking solutions to individuals, SMEs and corporates. The Bank offers latest technology enabled savings and current accounts, NRI accounts, salary accounts, demat accounts, fixed and recurring deposits, rural banking solutions, home and personal loans, vehicle loans, consumer durable loans, small business loans, forex solutions, payment and toll solutions, transaction banking services and wealth management services and high end technology platform solutions to larger corporates. IDFC FIRST Bank has a nationwide presence and operates in the Retail Banking, Wholesale Banking and other banking segments. Customers can choose where and how they want to bank: 464 bank liability branches, 104 full service asset branches, 356 ATMs and 652 rural business correspondent centres across the country, net banking, mobile banking and 24/7 toll free Banker-on-Call service.