IDFC FIRST Bank

IDFCFIRSTBANK/SD/50/2021-22 **May 08, 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.: Audited Financial Results (Standalone and Consolidated) of the Bank for the quarter and financial year ended March 31, 2021.

Ref.: Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('SEBI Listing Regulations').

Dear Sir/ Madam,

This is to inform that the Board of Directors ("the **Board**") of IDFC FIRST Bank ("the **Bank**") at its meeting held today i.e. May 08, 2021 has *inter-alia* considered and approved the Audited Financial Results (Standalone and Consolidated) of the Bank for the quarter and financial year ended March 31, 2021, pursuant to Regulation 33 of the SEBI Listing Regulations.

Please find enclosed herewith the aforesaid financial results along with the Auditors Report thereon issued by B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), Statutory Auditors of the Bank.

Pursuant to the second proviso to Regulation 33(3)(d) of the SEBI Listing Regulations, we hereby confirm that the Statutory Auditors of the Bank have submitted their Report with unmodified opinion on the Audited Financial Results of the Bank (both Standalone and Consolidated) for the quarter and financial year ended March 31, 2021.

We also submit a copy of Press Release and Investor Presentation on the financials for the quarter and financial year ended March 31, 2021.

As required under the SEBI Listing Regulations, all the above mentioned documents are also being posted on our website viz. www.idfcfirstbank.com.

The meeting of the Board of Directors of the Bank commenced at 02:30 p.m. and concluded at 9:55 p.m. 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
Date: 2021.05.08 22:18:21 +05'30'

Satish Gaikwad
Head – Legal & Company Secretary

IDFC FIRST Bank Limited (formerly IDFC Bank Limited)
Naman Chambers, C 32, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. Tel: +91 22 7132 5500 Fax: +91 22 2654 0354
Registered Office: KRM Towers, 7th Floor, No.1, Harrington Road, Chetpet, Chennai - 600 031. Tel: +91 44 4564 4000 Fax: +91 44 4564 4022
CIN: L65110TN2014PLC097792 bank.info@idfcfirstbank.com www.idfcfirstbank.com

B S R & Co. LLP
Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

Telephone: +91 22 6257 1000
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of IDFC FIRST Bank Limited

Report on the Audit of the Standalone Annual Financial Results

Opinion

We have audited the accompanying standalone annual financial results of IDFC FIRST Bank Limited ("the Bank") for the year ended 31 March 2021, attached herewith, (the "standalone financial results"), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'), except for the disclosures relating to Pillar 3 disclosure as at 31 March 2021, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the standalone financial results and have not been audited by us.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone annual financial results:

(i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard except for the disclosures relating to Pillar 3 disclosure as at 31 March 2021, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the standalone financial results and have not been audited by us; and

(ii) give a true and fair view, in conformity with the recognition and measurement principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, relevant provisions of the Banking Regulation Act, 1949 and the circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time, of the net profit and other financial information for the year ended 31 March 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results* section of our report. We are independent of the Bank , in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the Standalone annual financial results.

Emphasis of Matter

As more fully described in Note 9 to the standalone financial results, the extent to which the COVID-19 pandemic will have impact on the Bank's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT *(continued)*

IDFC FIRST Bank Limited

Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results

These standalone annual financial results have been prepared on the basis of the standalone annual financial statements. The Bank's Management and Board of Directors are responsible for the preparation of these standalone financial results that give a true and fair view of the net profit and other financial information in accordance with the recognition and measurement principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

INDEPENDENT AUDITORS' REPORT *(continued)*
IDFC FIRST Bank Limited

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results ***(continued)***

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial results made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The standalone annual financial results include the results for the quarter ended 31 March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882
UDIN: 21046882AAAAAH3948

Mumbai
8 May 2021

IDFC FIRST Bank Limited

Registered Office: KRM Towers, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai 600031, Tamilnadu

CIN : L65110TN2014PLC097792

Statement of Audited Financial Results for the quarter and year ended March 31, 2021 (Standalone) (₹ in lakhs)

Sr. No.	Particulars	Quarter ended 31.03.2021 (Audited)	Quarter ended 31.12.2020 (Unaudited)	Quarter ended 31.03.2020 (Audited)	Year ended 31.03.2021 (Audited)	Year ended 31.03.2020 (Audited)
1	**Interest Earned (a)+(b)+(c)+(d)**	**399287.28**	**410085.27**	**409235.21**	**1596785.95**	**1630756.45**
	(a) Interest/discount on advances/bills (refer note 15)	321484.18	318841.20	313743.38	1263297.81	1207479.96
	(b) Income on investments	68464.93	84413.03	86528.60	303921.07	391728.49
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	2988.03	3088.61	4538.21	11216.67	8052.43
	(d) Others	6350.14	3742.43	4425.02	18350.40	23495.57
2	**Other Income (refer note 7 & 14)**	**84114.04**	**75926.26**	**48376.99**	**225369.90**	**172215.77**
3	**TOTAL INCOME (1+2)**	**483401.32**	**486011.53**	**457612.20**	**1822155.85**	**1802972.22**
4	Interest Expended	203260.59	220854.87	239236.66	858759.68	1023199.89
5	**Operating Expenses (i)+(ii) (refer note 15)**	**215556.10**	**199062.46**	**166398.53**	**709328.33**	**586098.74**
	(i) Employees cost	51959.25	52553.76	36355.62	197697.58	152758.24
	(ii) Other operating expenses	163596.85	146508.70	130042.91	511630.75	433340.50
6	**TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)**	**418816.69**	**419917.33**	**405635.19**	**1568088.01**	**1609298.63**
7	**Operating Profit (3–6) (Profit before provisions and contingencies)**	**64584.63**	**66094.20**	**51977.01**	**254067.84**	**193673.59**
8	Provisions (other than tax) and Contingencies (Net) (refer note 13 & 14)	60273.13	48222.84	41238.39	206489.41	431525.34
9	Exceptional Items	-	-	-	-	-
10	**Profit / (Loss) from Ordinary Activities before tax (7–8–9)**	**4311.50**	**17871.36**	**10738.63**	**47578.43**	**(237851.75)**
11	Tax Expense	(8469.60)	4920.00	3584.58	2350.40	48569.29
12	**Net Profit / (Loss) from Ordinary Activities after tax (10–11)**	**12781.11**	**12951.36**	**7154.04**	**45228.03**	**(286421.04)**
13	Extraordinary Items (net of tax expense)	-	-	-	-	-
14	**Net Profit / (Loss) for the period (12–13)**	**12781.11**	**12951.36**	**7154.04**	**45228.03**	**(286421.04)**
15	**Paid-up Equity Share Capital (Face Value ₹ 10 per share)** (refer note 4 & 5)	**567584.99**	**567291.00**	**480990.30**	**567584.99**	**480990.30**
16	Reserves excluding Revaluation Reserves				1213194.63	1053269.74
17	**Analytical Ratios**					
	(i) Percentage of shares held by Government of India (refer note 4 & 5)	4.61%	4.61%	5.43%	4.61%	5.43%
	(ii) Capital adequacy ratio (Basel III)	13.77%	14.33%	13.38%	13.77%	13.38%
	(iii) Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 4 & 5)					
	- Basic (₹)	0.23	0.23	0.15	0.82	(5.98)
	- Diluted (₹)	0.22	0.23	0.15	0.81	(5.91)
	(iv) NPA ratios (refer note 18)					
	(a) Amount of gross NPAs	430300.90	128924.36	227956.44	430300.90	227956.44
	(b) Amount of net NPAs	188327.50	32061.78	80857.45	188327.50	80857.45
	(c) % of gross NPAs to gross advances	4.15%	1.33%	2.60%	4.15%	2.60%
	(d) % of net NPAs to net advances	1.86%	0.33%	0.94%	1.86%	0.94%
	(v) Return on assets (annualized)	0.33%	0.33%	0.18%	0.28%	(1.79%)

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Segment Information in accordance with the Accounting Standard on Segment Reporting (AS 17) of the operating segments of the Bank is as under : (₹ in lakhs)

Sr. No.	Particulars	Quarter ended 31.03.2021	Quarter ended 31.12.2020	Quarter ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	**Segment Revenue**					
	a Treasury	254757.32	272879.48	287917.56	1077355.06	1286601.96
	b Wholesale Banking	139689.35	151763.15	189745.32	611804.19	802832.92
	c Retail Banking	419272.22	399627.52	333193.05	1501075.72	1177772.54
	d Other Banking Business	6167.09	5153.51	4033.79	15267.27	15852.68
	e Unallocated	5019.16	112.77	373.85	5060.44	4349.09
	Total Segment Revenue	**824905.14**	**829536.43**	**815263.57**	**3210562.68**	**3287409.19**
	Add/(Less) : Inter Segment Revenue	(341503.82)	(343524.90)	(357651.37)	(1388406.83)	(1484436.97)
	Income from Operations	**483401.32**	**486011.53**	**457612.20**	**1822155.85**	**1802972.22**
2	**Segment Results After Provisions & Before Tax**					
	a Treasury	66997.47	52417.28	35928.12	259493.84	(124168.21)
	b Wholesale Banking	62563.02	20550.44	3413.98	69850.37	(2560.72)
	c Retail Banking	(125746.06)	(48479.58)	(28664.57)	(259471.43)	(91732.78)
	d Other Banking Business	1683.19	(18.63)	(952.71)	(1724.23)	(628.64)
	e Unallocated	(1186.12)	(6598.15)	1013.81	(20570.12)	(18761.40)
	Total Profit Before Tax	**4311.50**	**17871.36**	**10738.63**	**47578.43**	**(237851.75)**
3	**Segment Assets**					
	a Treasury	5642062.60	5461626.54	5772753.85	5642062.60	5772753.85
	b Wholesale Banking	2916788.81	2952374.84	3066045.37	2916788.81	3066045.37
	c Retail Banking	7445995.19	6837802.70	5733425.62	7445995.19	5733425.62
	d Other Banking Business	4160.64	4282.68	7636.90	4160.64	7636.90
	e Unallocated	305381.04	311493.56	340178.12	305381.04	340178.12
	Total Segment Assets	**16314388.28**	**15567580.32**	**14920039.86**	**16314388.28**	**14920039.86**
4	**Segment Liabilities**					
	a Treasury	4084392.71	4477902.85	5829458.54	4084392.71	5829458.54
	b Wholesale Banking	3589526.40	2958390.83	3907267.83	3589526.40	3907267.83
	c Retail Banking	6746652.38	6328054.05	3623642.03	6746652.38	3623642.03
	d Other Banking Business	2796.63	3249.54	7057.09	2796.63	7057.09
	e Unallocated	110230.80	33185.44	18354.33	110230.80	18354.33
	Total Segment Liabilities	**14533598.92**	**13800782.71**	**13385779.82**	**14533598.92**	**13385779.82**
5	**Capital Employed (Segment Assets - Segment Liabilities)**	**1780789.36**	**1766797.61**	**1534260.04**	**1780789.36**	**1534260.04**

Business segments have been identified and reported taking into account the target customer segment, the nature of products, internal business reporting system, transfer pricing policy approved by Asset Liability Committee (ALCO), the guidelines prescribed by the Reserve Bank of India ('the RBI'), which has been relied upon by the auditors.

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Notes:

1 Statement of Assets and Liabilities of the Bank as at March 31, 2021 is given below :

(₹ in lakhs)

Particulars	As at 31.03.2021 (Audited)	As at 31.03.2020 (Audited)
CAPITAL AND LIABILITIES		
Capital (refer note 4 & 5)	567584.99	480990.30
Employees' stock options outstanding	9.74	-
Reserves and surplus	1213194.63	1053269.74
Deposits	8868842.14	6510797.12
Borrowings	4578608.54	5739718.55
Other liabilities and provisions	1086148.24	1135264.15
TOTAL	**16314388.28**	**14920039.86**
ASSETS		
Cash and balances with Reserve Bank of India	474592.80	337992.09
Balances with banks and money at call and short notice	108192.73	81086.42
Investments	4541174.27	4540457.98
Advances	10055012.59	8559535.95
Fixed Assets	126642.30	103772.65
Other Assets	1008773.59	1297194.77
TOTAL	**16314388.28**	**14920039.86**

2 The above results were reviewed by the Audit Committee on May 7, 2021 and approved by the Board of Directors on May 8, 2021. The statutory auditors have issued an unmodified audit opinion on financial statement for the year ended March 31, 2021. The information presented above is extracted from the audited financial statements.

3 The above financial results of the Bank have been prepared in accordance with the provisions of the Banking Regulation Act, 1949, Generally Accepted Accounting Principles in India, including Accounting Standards as specified under Section 133 of the Companies Act, 2013, Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 in so far as they apply to Banks, and the guidelines issued by the RBI. In addition, the Bank has automated its key operations with key applications largely integrated with core banking solution and general ledger system. Accordingly, branch returns are not required to be submitted.

4 During the quarter ended June 30, 2020, the Bank raised additional capital aggregating to ₹ 2,000 crore (rounded off) on a preferential basis through issuance of 862440704 equity shares, fully paid-up, at the price of ₹ 23.19/- per equity share (including premium).

5 During the quarter and year ended March 31, 2021, the Bank has issued 2939855 and 3506135 equity shares respectively of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.

6 The Capital Raising Committee of the Board of Directors of the Bank at its meeting held on April 6, 2021, approved the issue and allotment of 523103660 equity shares of face value of ₹ 10 each to qualified institutional buyers at an issue price of ₹ 57.35 per equity share (including a premium of ₹ 47.35 per equity share), aggregating to ₹ 3,000 crore (rounded off), pursuant to the Issue.

7 "Other Income" includes non-fund based income such as commission, fees, earnings from foreign exchange and derivative transactions, profit / loss from sale of investments.

8 In accordance with the RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on 'Basel III Capital Regulations' and the RBI circular DBR.No.BP.BC. 80/21/21.06.201/2014-15 dated March 31, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards Amendments', banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III framework. The Bank has made these disclosures on its website at the link : http://www.idfcfirstbank.com/regulatory-disclosures.html. These disclosures have not been subjected to audit or limited review by the Statutory Auditors of the Bank.

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9 The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are being lifted. While the easing of restrictions has driven a revival in economic activity across sectors, the continued slowdown has impacted lending business, fee income generation from sale of third party products, collection efficiency etc. Further, there may be a rise in the number of customer defaults and consequently an increase in provisions. The extent to which the COVID-19 pandemic, including the current "second wave" will continue to impact the Bank's operations and asset quality will depend on future developments, which are highly uncertain. The current second wave COVID-19 pandemic where the number of cases have increased significantly in India, has resulted into re-imposition of localised / regional lock down measures in various parts of the country. The Bank's capital and liquidity position is strong and would continue to be the focus area for the Bank during this period.

In accordance with the RBI guidelines on 'COVID-19 Regulatory Package' of March 27, 2020, April 17, 2020 and May 23, 2020, the Bank granted moratorium on repayment of instalments and/or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers. For all eligible accounts, where the moratorium was granted, the asset classification was under standstill during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The quantitative disclosures as required by RBI circular dated April 17, 2020 for the year ended March 31, 2021 are given below:

(₹ in crore)

Particulars	Amount
Respective amounts in SMA/overdue categories, where the moratorium / deferment was extended, in terms of Para 2 and 3 of the circular* $	2,917.40
Respective amount where asset classification benefits is extended $	1,248.66
Provisions made in terms of Para 5 of the circular	287.78
Provisions adjusted against slippages in terms of Para 6 of the circular	(287.78)
Residual provisions as at March 31, 2021 in terms of Para 6 of the circular	-

* in respect of accounts in SMA/overdue categories as at February 29, 2020
$ represents outstanding balance as at March 31, 2021

The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order"), had directed banks that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Bank did not classify any account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020. Had there been no such interim order and the Bank classified borrower accounts as NPA after August 31, 2020, the gross NPA and net NPA as at December 31, 2020 would have been 4.18% and 2.04% respectively. The Bank had not recognized the unrealized interest income accrued on such loan accounts.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank has followed the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

During the quarter and year ended March 31, 2021, the Bank has made additional COVID-19 related provision (net) amounting to ₹ 375.00 crores.

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10 In accordance with the instructions in the RBI circular RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021, the Bank shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. As required by the RBI notification, the methodology for calculation of such interest on interest has recently been circulated by the Indian Banks' Association. The Bank is in process of implementing this circular. As at March 31, 2021, the Bank has created a liability towards estimated interest relief ₹ 55.00 crore and reduced the same from the interest income.

11 Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 for the financial year ended March 31, 2021.

(₹ in crore)

Type of Borrower	Number of accounts where resolution plan has been implemented under this window (A)	Exposure to accounts mentioned at (A) before implementation of the plan (B)*	Of (B), aggregate amount of debt that was converted into other securities (C)	Additional funding sanctioned, if any, including between invocation of the plan and implementation (D)	Increase in provisions on account of the implementation of the resolution (E)**
Personal Loans	81,007	961.48	-	-	96.15
Corporate Loans	1	100.00	-	-	- ***
Of which, MSMEs	-	-	-	-	-
Others	45	4.74	-	-	0.47
Total	**81,053**	**1,066.22**	**-**	**-**	**96.62**

* Refers to Outstanding balances of the restructured advances upon implementation of the resolution plan.

** Refers to provisions created on account of implmentation of the resolution plan.

*** The Bank is required to maintain higher of the provisions held as per the extant IRAC norms immediately before implementation, or 10 percent of the total debt, accordingly the Bank holds Provisions amounting to ₹ 25.00 crore

12 The disclosures as required under RBI circular DOR.No.BP.BC.62/21.04.048/2019-20 dated April 17, 2020 with respect to the number of accounts and the amount involved in those accounts where the resolution period was extended is given below:

Particulars	As at 31.03.2021
No. of accounts in which Resolution Period was extended	3
Amount Involved (Fund based outstanding) (₹ in crore)# *	585.13

* Excluding 1 case written off during the year

\# Include 1 case where RP was implemented and there is no balance outstanding as at March 31, 2021

13 During the year ended March 31, 2020, the Bank recognized a large telecom exposure of ₹ 3,243.77 crore (₹ 2,000.00 crore funded, ₹ 1,243.77 crore non funded) as stressed and created provisions of ₹ 1,622.00 crore, (50%) on the total of funded and non-funded exposure, of which the Bank has written back provision amounting to ₹ 324.40 crore during the quarter ended March 31, 2021 and ₹ 1,135.40 crore during the year ended March 31, 2021.

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IDFC FIRST BANK LTD.

14 During the year ended March 31, 2021, the Bank has sold bonds of a Non Banking Finance company and large housing finance company resulting into realised loss of ₹ 573.48 crore accounted in "Other Income" and corresponding existing provision release of ₹ 572.92 crore accounted in "Provisions (other than tax) and Contingencies".

During the year ended March 31, 2020, the Bank sold bonds of Financial Services Company resulting into realised loss of ₹ 381.98 crore accounted in "Other Income" and corresponding existing provision release of ₹ 374.63 crore accounted in "Provisions (other than tax) and Contingencies"

During quarter ended December 31, 2020, the Bank had sold bonds of a Non Banking Finance company resulting into realised loss of ₹ 110.25 crore accounted in "Other Income" and corresponding existing provision release of ₹ 112.50 crore accounted in "Provisions (other than tax) and Contingencies"

15 The Bank pays loan servicing fees to business correspondents for services rendered towards sourcing and servicing of loans and other related activities. These were hitherto netted off from "Interest/discount on advances/bills" in the profit and loss account till December 31, 2020. During the quarter ended March 31, 2021, the Bank has changed this presentation and accordingly reclassified them as part of "Operating Expenses" with the corresponding change in the previous periods. Basis this change, all relevant disclosures have been regrouped / reclassified wherever applicable.

(₹ in crore)

	Quarter ended 31.12.2020	**Quarter ended 31.03.2020**	**Year ended 31.03.2020**
Interest/discount on advances/bills - As reported	3,040.02	3,000.95	11,634.54
Interest/discount on advances/bills - As per reclassification	3,188.41	3,137.43	12,074.80
Operating Expenses - As reported	1,842.23	1,527.50	5,420.73
Operating Expenses - As per reclassification	1,990.62	1,663.99	5,860.99

16 The Finance Act, 2021 has provided that goodwill of a business or profession will not be considered as a depreciable asset and no depreciation on goodwill would be allowed effective April 1, 2020. The Bank had claimed depreciation on goodwill while computing provision for tax that arose pursuant to the merger with erstwhile Capital First Limited and its subsidiaries in FY2018, and a deferred tax asset had been recognised on carrying value of such goodwill as per Income Tax Act. Pursuant to the change in law, the Bank has now written off the deferred tax asset of ₹ 338.00 crores on depreciation on goodwill in excess of the depreciation claimed in its returns of income filed till FY 2020 by debiting the profit and loss account. Further, as at March 31, 2021, the Bank has reassessed the continuing recognition of deferred tax assets by assessing availability of sufficient future taxable profits, based on financial projections which have been approved by the Board of Directors, to absorb the carrying amount of deferred tax asset.

17 During the year ended March 31, 2020, the Bank elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank had recognised Provision for Income Tax in Q2 FY2020 and re-measured its Deferred tax assets/ liability basis the revised rate of 25.17% which resulted in one time tax impact of ₹ 750.50 crore.

18 The disclosures for NPA referred to in point 17(iv) above correspond to non performing advances.

19 The figures for the previous quarter/period have been regrouped wherever necessary in order to make them comparable.

20 The above financial results have been reviewed/audited by the statutory auditors, B S R & Co. LLP, Chartered Accountants.

21 The Bank did not declare any dividend for the financial year ended March 31, 2021 and March 31, 2020.

22 The figures for the quarter ended March 31, 2021 and March 31, 2020 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the relevant financial year which was subject to limited review.

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IDFC FIRST BANK LTD.

IDFC FIRST Bank

23 Cash Flow Statement of the Bank for the year ended March 31, 2021 is given below:

(₹ in lakhs)

		As at 31.03.2021 (Audited)	As at 31.03.2020 (Audited)
A	**Cash flow from operating activities**		
	Profit before taxes	**47578.43**	**(237851.75)**
	Adjustments for :		
	Depreciation on fixed assets	32937.52	30544.47
	Amortization of deferred employee compensation	9.74	-
	Amortisation of premium on held to maturity investments	10611.29	12869.52
	Provision/(Write back) on depreciation in value of investments	(82038.59)	105149.04
	Provision/(Write back) on non performing advances	94507.77	44158.07
	Provision on restructured assets	9931.98	2059.15
	Provision/(Write back) on specific advances	8110.04	(4106.18)
	Provision/(Write back) for standard assets	9581.47	33094.72
	Loss/(Profit) on sale of fixed assets (net)	(1565.65)	17.31
	Bad debts including technical / prudential write off (net of recoveries)	238701.90	138643.56
	Other provisions and contingencies	(72304.16)	112526.96
	Adjustments for working capital changes:		
	Decrease/(Increase) in investments (excluding held to maturity investment and investment in subsidiary)	299091.22	1526162.83
	Increase in advances	(1835787.18)	(110061.96)
	Increase/(decrease) in deposits	2358045.02	(537103.74)
	(Increase)/decrease in other assets	304593.00	(256396.00)
	Increase/(decrease) in other liabilities and provisions	(69375.90)	245849.31
	Direct taxes (paid) / refund (net)	53519.34	(12874.24)
	Net cash flow generated from operating activities (A)	**1406147.24**	**1092681.07**
B	**Cash flow from investing activities**		
	Purchase of fixed assets	(57740.02)	(40052.64)
	Proceeds from sale of fixed assets	3498.50	738.72
	Increase in held to maturity investments	(228380.21)	(337100.82)
	Net cash flow used in investing activities (B)	**(282621.73)**	**(376414.75)**
C	**Cash flow from financing activities**		
	Decrease in borrowings	(1161110.01)	(1258620.47)
	Proceeds from issue of share capital	201291.52	4754.96
	Net cash flow used in financing activities (C)	**(959818.49)**	**(1253865.51)**
D	**Net increase/(decrease) in cash and cash equivalents (A+B+C)**	**163707.02**	**(537599.19)**
	Cash and cash equivalents at the beginning of period	419078.51	956677.70
	Cash and cash equivalents at the end of period	**582785.53**	**419078.51**

For and behalf of the Board of Directors
of IDFC FIRST Bank Limited

V. Vaidyanathan
Managing Director & Chief Executive Officer

Date: May 8, 2021
Place: Mumbai

B S R & Co. LLP
Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of IDFC FIRST Bank Limited

Report on the Audit of the Consolidated Annual Financial Results

Opinion

We have audited the accompanying consolidated annual financial results of IDFC FIRST Bank Limited ("the Bank") and its subsidiary (the parent and its subsidiary together referred to as "the Group") and its share of the net loss of its associate for the year ended 31 March 2021, attached herewith, (the "consolidated financial results), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations') except for the disclosures relating to consolidated Pillar 3 disclosure as at 31 March 2021, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the consolidated financial results and have not been audited by us.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of another auditor on separate audited financial statements of one subsidiary and management certified accounts of one associate, the aforesaid consolidated financial results:

(i) include the annual financial results of the following entities

- IDFC FIRST Bank Limited
- Subsidiary: IDFC FIRST Bharat Limited and
- Associate: Millennium City Expressway Private Limited

(ii) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard except for the disclosures relating to consolidated Pillar 3 disclosure as at 31 March 2021, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the consolidated financial results and have not been audited by us; and

(iii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Accounting Standards specified under Section 133 of the Companies Act 2013 (the "Act") and the circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time to the extent applicable, and other accounting principles generally accepted in India of consolidated net profit and other financial information of the Group, including its associate for the year ended 31 March 2021.

INDEPENDENT AUDITORS' REPORT *(continued)*

IDFC FIRST Bank Limited

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditor referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated annual financial results.

Emphasis of Matter Paragraph

As more fully described in Note 9 to the consolidated financial results, the extent to which the COVID-19 pandemic will have impact on the Bank's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Annual Financial Results

These consolidated annual financial results have been prepared on the basis of the consolidated annual financial statements. The Bank's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net profit and other financial information of the Group including its associate in accordance with the recognition and measurement principles in conformity with the recognition and measurement principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Management and Board of Directors of the Companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated annual financial results by the Management and the Directors of the Bank, as aforesaid.

In preparing the consolidated annual financial results, the Management and the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

INDEPENDENT AUDITORS' REPORT *(continued)*

IDFC FIRST Bank Limited

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial results made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group and its associate to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in section titled "Other Matters" in this audit report.

- We communicate with those charged with governance of the Bank and such other entities included in the consolidated annual financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT *(continued)*

IDFC FIRST Bank Limited

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results *(Continued)*

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular No CIR/CFD/CMD1/44/2019 issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 29,934 lakhs as at 31 March 2021, total revenues of Rs. 46,376 lakhs and net cash flows amounting to Rs. 11,070 lakhs for the year ended on that date as considered in the consolidated financial results. These financial statements have been audited by another auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of the one subsidiary is based solely on the audit report of the other auditor.

The consolidated financial results also include the Group's share of net loss of Rs. NIL for the year ended 31 March 2021, as considered in the consolidated financial results, in respect of one associate, whose financial statements have not been audited by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial results is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements certified by the Management.

The consolidated annual financial results include the results for the quarter ended 31 March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882
UDIN: 21046882AAAAAJ3171

Mumbai
8 May 2021

IDFC FIRST Bank

IDFC FIRST Bank Limited

Registered Office: KRM Towers, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai 600031, Tamilnadu

CIN : L65110TN2014PLC097792

Statement of Audited Financial Results for the quarter and year ended March 31, 2021 (Consolidated)

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 31.03.2021	Quarter ended 31.12.2020	Quarter ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	**Interest Earned (a)+(b)+(c)+(d)**	**399302.86**	**410087.40**	**409245.04**	**1596815.23**	**1630795.12**
	(a) Interest/discount on advances/bills (refer note 8)	321484.19	318841.20	313743.38	1263297.81	1207479.96
	(b) Income on investments	68464.93	84413.03	86528.60	303921.07	391728.49
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	3002.62	3088.61	4538.21	11231.26	8052.43
	(d) Others	6351.12	3744.56	4434.85	18365.09	23534.24
2	**Other Income**	**84116.52**	**75928.62**	**48358.80**	**225380.21**	**172240.87**
3	**TOTAL INCOME (1+2)**	**483419.38**	**486016.02**	**457603.84**	**1822195.44**	**1803035.99**
4	Interest Expended	203168.74	220778.52	239173.43	858512.73	1022826.95
5	**Operating Expenses (i) + (ii) (refer note 8)**	**214429.90**	**197983.56**	**165348.91**	**705294.90**	**583242.80**
	(i) Employees cost	61066.04	61128.02	43980.01	230151.56	179500.57
	(ii) Other operating expenses	153363.86	136855.54	121368.90	475143.34	403742.23
6	**TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)**	**417598.64**	**418762.08**	**404522.34**	**1563807.63**	**1606069.75**
7	**Operating Profit (3–6) (Profit before provisions and contingencies)**	**65820.74**	**67253.94**	**53081.50**	**258387.81**	**196966.24**
8	Provisions (other than tax) and Contingencies (Net)	60273.13	48222.84	41268.35	206489.41	431555.72
9	Exceptional Items	-	-	-	-	-
10	**Profit / (Loss) from Ordinary Activities before tax (7–8–9)**	**5547.61**	**19031.10**	**11813.15**	**51898.40**	**(234589.48)**
11	Tax Expense	(8145.15)	5315.96	4176.69	3580.48	49749.55
12	**Net Profit / (Loss) from Ordinary Activities after tax (10–11)**	**13692.76**	**13715.14**	**7636.46**	**48317.92**	**(284339.03)**
13	Extraordinary Items (net of tax expense)	-	-	-	-	-
14	**Net Profit / (Loss) for the period (12–13)**	**13692.76**	**13715.14**	**7636.46**	**48317.92**	**(284339.03)**
15	Share in Profit / (Loss) of Associate	-	-	-	-	-
16	**Consolidated Net Profit / (Loss) for the period (14+15)**	**13692.76**	**13715.14**	**7636.46**	**48317.92**	**(284339.03)**
17	**Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 5 & 6)**	**567584.99**	**567291.00**	**480990.30**	**567584.99**	**480990.30**
18	Reserves excluding Revaluation Reserves				1222376.76	1059361.99
19	**Analytical Ratios (refer note 13)**					
	Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 5 & 6)					
	- Basic (₹)	0.24	0.24	0.16	0.88	(5.94)
	- Diluted (₹)	0.24	0.24	0.16	0.87	(5.86)

IDFC FIRST BANK LTD.

IDFC FIRST Bank

Consolidated Segment Information in accordance with the Accounting Standard on Segment Reporting (AS 17) of the operating segments of the Group is as under :

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 31.03.2021 (Audited)	Quarter ended 31.12.2020 (Unaudited)	Quarter ended 31.03.2020 (Audited)	Year ended 31.03.2021 (Audited)	Year ended 31.03.2020 (Audited)
1	**Segment Revenue**					
	a Treasury	254757.32	272879.48	287917.57	1077355.06	1286601.96
	b Wholesale Banking	139689.35	151763.15	189745.33	611804.19	802832.92
	c Retail Banking	419290.28	399632.02	333184.68	1501115.31	1177836.33
	d Other Banking Business	6167.09	5153.50	4,033.78	15267.27	15852.66
	e Unallocated	5019.16	112.77	373.85	5060.44	4349.09
	Total Segment Revenue	**824923.20**	**829540.92**	**815255.21**	**3210602.27**	**3287472.96**
	Add/(Less) : Inter Segment Revenue	(341503.82)	(343524.90)	(357651.37)	(1388406.83)	(1484436.97)
	Income from Operations	**483419.38**	**486016.02**	**457603.84**	**1822195.44**	**1803035.99**
2	**Segment Results After Provisions & Before Tax**					
	a Treasury	66997.47	52417.28	35928.12	259493.84	(124168.21)
	b Wholesale Banking	62563.02	19950.43	3413.98	69850.37	(2560.72)
	c Retail Banking	(124509.95)	(46719.83)	(27590.05)	(255151.46)	(88470.51)
	d Other Banking Business	1683.19	(18.63)	(952.71)	(1724.23)	(628.64)
	e Unallocated	(1186.12)	(6598.15)	1013.80	(20570.12)	(18761.41)
	Total Profit / (Loss) Before Tax and Earnings from Associates	**5547.61**	**19031.10**	**11813.14**	**51898.40**	**(234589.49)**
3	**Segment Assets**					
	a Treasury	5619046.97	5438610.91	5749738.22	5619046.97	5749738.22
	b Wholesale Banking	2916788.81	2952374.84	3066045.37	2916788.81	3066045.37
	c Retail Banking	7459735.81	6853128.47	5751048.34	7459735.81	5751048.34
	d Other Banking Business	4160.64	4282.68	7636.90	4160.64	7636.90
	e Unallocated	307420.20	313335.55	341386.36	307420.20	341386.36
	Total Segment Assets	**16307152.43**	**15561732.45**	**14915855.19**	**16307152.43**	**14915855.19**
4	**Segment Liabilities**					
	a Treasury	4084358.60	4477818.85	5829304.85	4084358.60	5829304.85
	b Wholesale Banking	3589090.60	2957544.30	3906331.02	3589090.60	3906331.02
	c Retail Banking	6730874.57	6315237.26	3614909.80	6730874.57	3614909.80
	d Other Banking Business	2736.42	3112.52	6878.93	2,736.42	6878.93
	e Unallocated	110120.75	32951.40	18078.30	110120.75	18078.30
	Total Segment Liabilities	**14517180.94**	**13786664.33**	**13375502.90**	**14517180.94**	**13375502.90**
5	**Capital Employed (Segment Assets - Segment Liabilities)**	**1789971.49**	**1775068.12**	**1540352.29**	**1789971.49**	**1540352.29**

Business segments have been identified and reported taking into account the target customer segment, the nature of products, internal business reporting system, transfer pricing policy approved by Asset Liability Committee (ALCO), the guidelines prescribed by the Reserve Bank of India ('the RBI'), which has been relied upon by the auditors.

IDFC FIRST BANK LTD.

Notes:

1 **Statement of Assets and Liabilities of the Group as at March 31, 2021 is given below :**

(₹ in lakhs)

Particulars	As at 31.03.2021 (Audited)	As at 31.03.2020 (Audited)
CAPITAL AND LIABILITIES		
Capital (refer note 5 & 6)	567584.99	480990.30
Employee's stock options outstanding	9.74	-
Reserves and surplus	1222376.76	1059361.99
Deposits	8853624.42	6507894.13
Borrowings	4578608.54	5739718.55
Other liabilities and provisions	1084947.98	1127890.21
TOTAL	**16307152.43**	**14915855.18**
ASSETS		
Cash and balances with Reserve Bank of India	466954.75	334841.98
Balances with banks and money at call and short notice	110357.70	81442.41
Investments	4518158.65	4517442.35
Advances	10055012.59	8559535.95
Fixed Assets	129593.04	107323.14
Other Assets	1027075.70	1315269.35
TOTAL	**16307152.43**	**14915855.18**

2 The above financial results represent the consolidated financial results for IDFC FIRST Bank Limited ('the Bank' or 'Holding company'), its subsidiary together constituting the 'Group' and share of profit / loss of its associate. The above results for the quarter and year ended March 31, 2021 were reviewed by the Audit Committee on May 7, 2021 and approved by the Board of Directors on May 8, 2021. The statutory auditors have issued an unmodified audit opinion on the financial statements for year ended March 31, 2021. The information presented above is extracted from the audited financial statements.

3 The consolidated financial results are prepared in accordance with the provisions of the Banking Regulation Act, 1949, Generally Accepted Accounting Principles in India, including Accounting standards as specified under Section 133 of the Companies Act, 2013 and Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 in so far as they apply to banks, and the guidelines issued by the RBI.

4 In accordance with the RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on 'Basel III Capital Regulations' and the RBI circular DBR.No.BP.BC.80/21/21.06.201/2014-15 dated March 31, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards Amendments', banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III framework. The Bank has made these disclosures on its website at the link : http://www.idfcfirstbank.com/regulatory-disclosures.html. These disclosures have not been subjected to audit or limited review by the Statutory Auditors of the Bank.

5 During the quarter ended June 30, 2020, the Holding company raised additional capital aggregating to ₹ 2,000 crore (rounded off) on a preferential basis through issuance of 862440704 equity shares, fully paidup, at the price of ₹ 23.19/- per equity share (including premium).

6 During the quarter and year ended March 31, 2021, the Holding company has issued 2939855 and 3506135 equity shares respectively of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.

7 The Capital Raising Committee of the Board of Directors of the Bank at its meeting held on April 6, 2021, approved the issue and allotment of 523103660 equity shares of face value of ₹ 10 each to qualified institutional buyers at an issue price of ₹ 57.35 per equity share (including a premium of ₹ 47.35 per equity share), aggregating to ₹ 3,000 crore (rounded off), pursuant to the Issue.

8 The Bank pays loan servicing fees to business correspondents for services rendered towards sourcing and servicing of loans and other related activities. These were hitherto netted off from "Interest/discount on advances/bills" in the profit and loss account till December 31, 2020. During the quarter ended March 31, 2021, the Bank has changed this presentation and accordingly reclassified them as part of "Operating Expenses" with the corresponding change in the previous periods. Basis this change, all relevant disclosures have been regrouped / reclassified wherever applicable.

(₹ in crore)

	Quarter ended 31.12.2020	Quarter ended 31.03.2020	Year ended 31.03.2020
Interest/discount on advances/bills - As reported	3,164.11	3,114.47	12,007.17
Interest/discount on advances/bills - As per reclassification	3,188.41	3,137.43	12,074.80
Operating Expenses - As reported	1,955.53	1,630.52	5,764.80
Operating Expenses - As per reclassification	1,979.83	1,653.49	5,832.43

IDFC FIRST BANK LTD.

9 The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are being lifted. While the easing of restrictions has driven a revival in economic activity across sectors, the continued slowdown has impacted lending business, fee income generation from sale of third party products, collection efficiency etc. Further, there may be a rise in the number of customer defaults and consequently an increase in provisions. The extent to which the COVID-19 pandemic, including the current "second wave" will continue to impact the Bank's operations and asset quality will depend on future developments, which are highly uncertain. The current second wave COVID-19 pandemic where the number of cases have increased significantly in India, has resulted into re-imposition of localised / regional lock down measures in various parts of the country. The Holding Company's capital and liquidity position is strong and would continue to be the focus area for the Holding Company during this period.

In accordance with the RBI guidelines on 'COVID-19 Regulatory Package' of March 27, 2020, April 17, 2020 and May 23, 2020, the Holding Company granted moratorium on repayment of instalments and/or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers. For all eligible accounts, where the moratorium was granted, the asset classification was under standstill during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order"), had directed Holding Companys that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Holding Company did not classify any account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020. Had there been no such interim order and the Holding Company classified borrower accounts as NPA after August 31, 2020, the gross NPA and net NPA as at December 31, 2020 would have been 4.18% and 2.04% respectively. The Holding Company had not recognized the unrealized interest income accrued on such loan accounts.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Holding Company has followed the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

During the quarter and year ended March 31, 2021, the Holding Company has made an additional COVID-19 related provision (net) amounting to ₹ 375.00 crores.

10 In accordance with the instructions in the RBI circular RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021, the Holding Company shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. As required by the RBI notification, the methodology for calculation of such interest on interest has recently been circulated by the Indian Banks' Association. The Holding Company is in process of implementing this circular. As at March 31, 2021, the Holding Company has created a liability towards estimated interest relief of ₹ 55.00 crore and reduced the same from the interest income.

11 The Finance Act, 2021 has provided that goodwill of a business or profession will not be considered as a depreciable asset and no depreciation on goodwill would be allowed effective April 1, 2020. The Holding Company had claimed depreciation on goodwill while computing provision for tax that arose pursuant to the merger with erstwhile Capital First Limited and its subsidiaries in FY2018, and a deferred tax asset had been recognised on carrying value of such goodwill as per Income Tax Act. Pursuant to the change in law, the Holding Company has now written off the deferred tax asset of ₹ 338.00 crores on depreciation on goodwill in excess of the depreciation claimed in its returns of income filed till FY 2020 by debiting the profit and loss account. Further, as at March 31, 2021, the Holding Company has reassessed the continuing recognition of deferred tax assets by assessing availability of sufficient future taxable profits, based on financial projections which have been approved by the Board of Directors, to absorb the carrying amount of deferred tax asset.

12 During the year ended March 31, 2020, the Holding Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Holding Company had recognised Provision for Income Tax in Q2 FY2020 and re-measured its Deferred tax assets/ liability basis the revised rate of 25.17% which resulted in one time tax impact of ₹ 750.50 crore.

13 Analytical ratios are part of standalone financial results available on the Bank's website (www.idfcfirstbank.com) and on the Stock Exchange websites (www.nseindia.com and www.bseindia.com).

14 The above consolidated financial results have been reviewed/audited by the statutory auditors, B S R & Co. LLP, Chartered Accountants.

15 The figures for the quarter ended March 31, 2021 and March 31, 2020 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the financial year which was subject to limited review.

IDFC FIRST BANK LTD.

IDFC FIRST Bank

16 Cash Flow Statement of the Group for the year ended March 31, 2021 is given below:

(₹ in lakhs)

	Particulars	As at 31.03.2021 (Audited)	As at 31.03.2020 (Audited)
A	**Cash flow from operating activities**		
	Profit before taxes	**51898.40**	**(234589.49)**
	Adjustments for :		
	Depreciation on fixed assets	34250.65	32000.69
	Amortization of deferred employee compensation	9.74	-
	Amortisation of premium on held to maturity investments	10611.29	12869.52
	Provision / (write back) for depreciation in value of investments	(82038.59)	105149.04
	Provision/ (write back) on non performing advances	94507.77	44158.07
	Provision / (write back) for restructured assets	9931.98	2059.15
	Provision / (write back) on identified standard assets	8110.04	(4106.18)
	Provision for standard assets	9581.47	33094.72
	Loss/(Profit) on sale of fixed assets (net)	(1575.97)	(1.61)
	Bad debts including technical / prudential write off	238701.90	138643.56
	Other provisions and contingencies	(72305.16)	112557.35
	Adjustments for working capital changes:		
	Decrease in investments (excluding held to maturity investment and investment in subsidiary)	299091.21	1526162.83
	Increase in advances	(1835787.18)	(110061.96)
	Increase / (Decrease) in deposits	2345730.29	(527464.94)
	(Increase) / Decrease in other assets	304899.77	(257517.83)
	Increase / (Decrease) in other liabilities and provisions	(63202.21)	238536.57
	Direct taxes (paid) / refund (net)	51755.91	(14935.93)
	Net cash flow generated from / (used in) operating activities (A)	**1404171.31**	**1096553.56**
B	**Cash flow from investing activities**		
	Purchase of fixed assets	(58597.28)	(42759.61)
	Proceeds from sale of fixed assets	3652.71	841.44
	Increase in held to maturity investments	(228380.21)	(337100.82)
	Net cash flow used in investing activities (B)	**(283324.78)**	**(379018.99)**
C	**Cash flow from financing activities**		
	Decrease in borrowings	(1161110.00)	(1258620.47)
	Proceeds from issue of share capital (other than shares issued on amalgamation)	201291.52	4754.96
	Net cash flow used in financing activities (C)	**(959818.48)**	**(1253865.51)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**161028.05**	**(536330.94)**
	Cash and cash equivalents at the beginning of the year	416284.40	952615.34
	Cash and cash equivalents at the end of the year	**577312.45**	**416284.40**

For and behalf of the Board of Directors
of IDFC FIRST Bank Limited

V. Vaidyanathan
Managing Director & Chief Executive Officer

Date: May 8, 2021
Place: Mumbai

IDFC FIRST Bank Q4 FY21 Profit after Tax at Rs. 128 crore

CASA deposits grow 122% YoY; CASA% reaches 51.75%; Retail advances up 26%; NIM at 5.1%

Mumbai, May 8, 2021:

Financial results at a glance

The Board of Directors of IDFC FIRST Bank, in its meeting held today, approved the combined audited financial results for the quarter and the year ended March 31, 2021.

Summary of Results

- **PAT**: Rs. 128 crore in Q4-FY21 as compared to Net Profit of Rs. 72 crore in Q4-FY20. For the full year, PAT was Rs. 452 crore in FY21 as compared to loss of Rs. 2,864 crore in FY20.
- **NII:** Grew by 15% YoY basis to reach Rs. 1,960 crore in Q4-FY21.
- **NIM%**: 5.09% in Q4-FY21 as compared to 4.61% in Q4-FY20.
- **Total Income** grew by 14% YoY basis to reach Rs. 2,801 crore in Q4 FY21.
- **CASA ratio**: 51.75% as of March 31, 2021, as compared to 31.87% as of March 31, 2020.
- **Average CASA ratio**: 50.23% as of March 31, 2021, as compared to 27.72% as of March 31, 2020.
- **CASA balance**: Grew by 122% YoY basis to reach Rs. 45,896 crore.
- **Reduced Savings Rates**: Bank reduced savings account interest rates to 4% for < 1 lac deposits and peak rates of 5%, effective May 1, 2021, because of surplus liquidity.
- **Bank started offering** of Prime Home Loans to employees of top corporates starting at 6.9%.
- **Overall Customer Deposits:** Rs. 82,725 crore (grew by 43% YoY, 7% QoQ).
- **Overall Funded Asset:** Rs. 1,17,127 crore (grew by 9% YoY, 6% QoQ).
- **Retail Loan Assets:** Rs. 73,673 crore (grew by 26% YoY excluding ECLGS, 11% QoQ).
- **Asset quality**: GNPA and NNPA at 4.15% and 1.86% respectively (PCR at 56%). Including COVID provisions of Rs. 375 crs created in Q4-2021, the PCR would be 65%.
- **Restructured Book** (approved & implemented) of the Bank stood at **0.9%** of the overall funded assets.
- **Capital Adequacy Ratio**: Strong at 16.32% including equity capital raised on April 6, 2021, with CET-1 ratio at 15.62%. Excluding the equity capital raise, the Capital Adequacy is reported at 13.77%, with CET 1 at 13.27%.
- **Average Liquidity Coverage Ratio (LCR)**: Average at 153% for Q4-FY21.

DETAILED NOTE ON BUSINESS & FINANCIAL PERFORMANCE OF THE BANK

Earnings

- **Profit After Tax:** The Profit after Tax for Q4 FY21 was at Rs. 128 crore, recording a growth of 79% as compared to Rs. 72 crore in Q4 FY20. The Profit after Tax for the year ended March 31, 2021, is reported at Rs. 452 crore.
- **Net Interest Income (NII)**: Net Interest Income (NII) grew by 15% Y-o-Y to Rs. 1,960 crore, up from Rs. 1,700 crore in Q4 FY20. The sequential Q-o-Q NII grew by 4%.
  - The above accounts for Interest on Interest provision of Rs. 55 crore in Q4 FY21.
  - Interest income from the loans originated through business correspondents (BCs), were earlier being booked net of the origination and servicing expense incurred by BCs. Effective Q4 FY21, such income is now booked on a gross basis, and the origination and servicing expenses pertaining to this book is included in the operating expense line of the Bank. For fair comparison purposes, the previous period interest income, opex figures, and the resulting NIM% have been reinstated.
- **Net Interest Margin (NIM%) (quarterly annualized):** NIM% rose to 5.09% in Q4 FY21 from 4.61% in Q4 FY20 and 5.04% in Q3 FY21. This accounts for interest on interest provision of Rs. 55 crore in Q4 FY21, excluding which the NIM% for Q4 FY21 would have been higher by about 15 bps on a normalized basis.
- **Fee and Other Income** (without trading gains) increased 39% to Rs. 600 crore in Q4 FY21 as compared to Rs. 432 crore in Q4-FY20. Similarly, the Fee Income has grown by 3% sequentially QoQ.
- **Total Income** (net of Interest Expense) grew 14% at Rs. 2,801 crore for Q4-FY21 as compared to Rs. 2,451 crore for Q4-FY20.
- **Provisions:** The provision for Q4 FY21 was at Rs. 603 crore as compared to Rs. 679 crore for Q4 FY20 and as compared to Rs. 595 crore in Q3 FY21. In Q4 FY21, the Bank released Rs. 324 crores from provisions made for one Telecom Account based on mark to market value of the instruments and made additional provisions of Rs. 375 crore for COVID-19 which is carried forward to the next financial year for the unprecedented situation arising due to COVID-19 second wave in India.

  Earlier, erstwhile Capital First had portfolios like loan against shares with ticket sizes above Rs. 20 lac and loans with annual interest payments, which were allowed for NBFCs but are not allowed for a Bank. On merger with the Bank, dispensation was provided by the RBI for the said portfolio which is no longer available, due to which the Bank had to make 100% provision on these loans amounting to Rs. 89 crore in Q4-FY21.

- Without the impact of interest on interest provision of Rs. 55 crore and additional provisioning impact of Rs. 89 crore on non-availability of dispensation on the said portfolio, the revised Profit before Tax of the Bank would have been Rs. 188 crore in Q4-FY21 and PAT for the quarter Q4-FY21 would be Rs. 140 crore considering the normalized tax rate.

Liabilities – Strong and Steady growth

- **CASA Deposits** posted strong growth, rising 122% YoY to Rs. 45,896 crore as on March 31, 2021, as compared to Rs. 20,661 crore as on March 31, 2020.
- **CASA Ratio** improved to 51.75% as on March 31, 2021, as compared to 31.87% as on March 31, 2020, and 48.31% as on December 31, 2020.
- The **Average CASA Ratio** (calculated on daily CASA balance) during the quarter also improved to 50.23% as on March 31, 2021 as compared to 27.72% as on March 31, 2020.
- The total **Customer Deposits** increased by 43% to Rs. 82,725 crores as of March 31, 2021, as compared to Rs. 57,719 crore as of March 31, 2020.
- Customer Deposits as a percentage of the overall deposits & borrowings improved to 61.52% as on March 31, 2021, as compared to 47.22% as on March 31, 2020.
- The Bank increased customer deposits with **outstanding balance of Rs. 5 crore and below** to 82% of the overall customer deposits as on March 31, 2021, as compared to 59% as on March 31, 2020 which has significantly strengthened the deposit base.
- **The Fixed Deposits** of the Bank have the highest rating "F AAA/Stable" by CRISIL.
- As of March 31, 2021, the Bank has 596 branches and 592 ATMs and 85 Recyclers across the country.

Loans and Advances

- **Total Funded Loan Assets** stood at Rs. 1,17,127 crore as on March 31, 2021, compared to Rs. 1,07,004 crore as on March 31, 2020, and as compared to Rs. 1,10,469 crore as on December 31, 2020.
- **Retail Loan Book**, increased to Rs. 73,673 crore as on March 31, 2021, compared to Rs. 57,310 crore as on March 31, 2020. The year-on-year growth of the Retail Loan Book was 26% excluding Emergency Credit Guarantee Line loan book of Rs. 1,687 crore.
- Retail loans including retail PSL portfolio constitute **67% of the overall loan assets**.
- **Wholesale Loan Book** reduced by 14% from Rs. 41,739 crore as of March 31, 2020, to Rs. 36,017 crore as of March 31, 2021.

- This includes Security Receipts of Rs. 924 crore (43% provided) and Loans against Equity of Rs. 1,173 crore (99% provided) as of March 31, 2021.
- Within the wholesale segment, the **Infrastructure loan book** reduced by 27% to Rs. 10,808 crore as on March 31, 2021, from Rs. 14,840 crore as on March 31, 2020, and reduced by 7% from Rs. 11,602 crore at December 31, 2020.
- **Infrastructure financing book as % of overall funded assets** has now reduced to just 9.23% of funded assets as on March 31, 2021, as compared to 13.87% as on March 31, 2020, and as compared to 19.44% as on March 31, 2019.
- **The bank reduced concentration risk by reducing the exposure to Top 10 borrowers** as % of the total funded assets to 5.9% as on March 31, 2021, as compared to 7.2% as on March 31, 2020, and as compared to 9.8% as on March 31, 2019.

Asset Quality

- The **Gross NPA** of the Bank is reduced by 3 bps to 4.15% as of March 31, 2021, as compared to proforma GNPA of 4.18% as of December 31, 2020.
- The **Net NPA** reduced by 18 bps to 1.86% as of March 31, 2021, as compared to proforma Net NPA of 2.04% as of December 31, 2020.

Particulars	Dec-19 *(pre Covid)* *(A)*	Mar-20 (B)	Proforma Dec-20 *(post Covid)* *(C)*	Mar-21 *(post Covid)* *(D)*	QoQ movement (D – C)
Gross NPA	2.83%	2.60%	4.18%	4.15%	Decreased by 3 bps
Net NPA	1.23%	0.94%	2.04%	1.86%	Decreased by 18 bps
PCR (%)	57.35%	64.53%	52.35%	56.23%	Improved by 388 bps

- Including the additional COVID-19 provision of Rs. 375 crore made in Q4-FY21 and carried forward to FY22, the PCR would be **64.95%** on reported GNPA and NNPA as on March 31, 2021.

- The **Gross NPA % of the Retail Loan Book,** as of March 31, 2021, increased by 13 bps to 4.01% as compared to proforma Gross NPA of 3.88% as of December 31, 2020, and **Net NPA % of the Retail Loan Book** reduced by 45 bps to 1.90% as compared to proforma Net NPA of 2.35% as of December 31, 2020.

Particulars	Dec-19 *(pre Covid) (A)*	Mar-20 (B)	Proforma Dec-20 *(post Covid) (C)*	Mar-21 *(post Covid) (D)*	QoQ movement (D – C)
Retail - Gross NPA	2.26%	1.77%	3.88%	4.01%	Increased by 13 bps
Retail - Net NPA	1.06%	0.67%	2.35%	1.90%	Decreased by 45 bps
PCR (%)	53.10%	62.15%	39.43%	52.62%	Improved by 1319 bps

- The total **restructured (approved & implemented) book** including retail and wholesale loans stood at **0.9%** of the total funded assets.
- **Collection Efficiency** for the Bank has improved every month since July 2020 and in March 2021, the collection efficiency for early buckets has reached 100% of the Pre-COVID collection efficiency levels. The Bank would continue to actively monitor the portfolio quality in the context of the second wave of Covid-19 pandemic.

Capital and Liquidity Position

- **Capital Adequacy** of the Bank was strong at 16.32% with CET-1 Ratio at 15.62% including equity capital raised through QIP on April 6, 2021, as compared to regulatory requirement for the Capital Adequacy Ratio of 10.875% and for CET-1 Ratio of 7.375%. Excluding this additional equity raised of Rs. 3,000 crore on April 6, 2021, the capital adequacy as of March 31 is reported at 13.77% with CET-1 Ratio of 13.27%.
- **Average LCR** was at 153% for the quarter ending on March 31, 2021.

Mr. V Vaidyanathan, Managing Director and CEO, IDFC FIRST Bank, said, "Including the equity capital of Rs. 3000 crore raised through QIP on April 6, 2021, our overall capital adequacy is strong at 16.32%. We maintain high levels of liquidity with liquidity coverage ratio of 153%. We therefore approach FY 22 with strength and confidence.

Strong inflows from retail customers based on our strong brand, our excellent service levels, and strong product proposition has resulted in surplus liquidity at the bank. Our CASA grew 122% last year and we reached a record CASA ratio of 51.75%. We have therefore reduced our savings rates to as low as 4% and peak savings rates to 5%, effective May 1.

This reduction of savings rates to market benchmarks is a seminal moment in our journey as a Bank, as we will now be able to participate in the Prime Home loans market, which is largely to employees of top

Corporates. The Bank has started offering prime Home loans at as low as 6.9%. This will set the Bank up for perennial growth with even better asset quality going forward.

Our home loan book grew strongly at 37% during FY21. Home loans is a large Rs. 25 lac crore market in India and home loans will continue to be our key business line going forward as well.

When COVID 1.0 struck in March 2020, we made necessary changes by restricting lending to COVID affected industries and by tightening credit norms accordingly. Thus the loans booked after June 2020 already factor in the COVID impact, and are in fact behaving better than pre-COVID bookings, adjusted for like-to-like vintage.

On the collections front, we're happy to report that our collection efficiency for early buckets in March '21 reached 100% of pre-Covid (Jan- Feb 2020) levels. We will closely watch the impact of COVID second wave and deal with the situation accordingly. Our bounce back of collections to 100% when economic activity revived in H2 2021 demonstrates that our underlying portfolio quality is high and when the economy revives, customers do start repaying well again.

With accelerated digital initiatives, new product launches including credit cards, and significant investment in creating superior customer experience, the Bank is now on a strong footing to participate in the emerging opportunities of FY22."

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 financial solutions to individuals, small businesses and corporates. The Bank offers savings and current accounts, NRI accounts, salary accounts, demat accounts, fixed and recurring deposits, home and personal loans, two-wheeler loans, consumer durable loans, small business loans, forex products, payment solutions and wealth management services. 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: 596 Bank liability branches, 151 asset branches, 592 ATMs and 85 recyclers and 655 rural business correspondent centres across the country, net Banking, mobile Banking and 24/7 Customer Care services.

IDFC FIRST Bank

Investor Presentation – Q4 FY21

Disclaimer

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

	Particulars	Dec-18 (At Merger)	Mar-19	Mar-20	Mar-21 (YoY %)	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. 20,808 Cr (36%)^		
	CET – 1 Ratio	16.14%	15.27%	13.30%	15.62%^		
	Capital Adequacy (%)	16.51%	15.47%	13.38%	16.32%^		
LIABILITIES	CASA Deposits	Rs. 5,274 Cr	Rs. 7,893 Cr	Rs. 20,661 Cr	Rs. 45,896 Cr		
	CASA as a % of Deposits (%)	8.68%	11.40%	31.87%	51.75%	30% (FY24), 50% thereafter	Achieved
	Average CASA Ratio (%)	8.39%	9.40%	27.72%	50.23%		
	Core Deposits as a % of Total Deposits & Borrowings	8.04%	9.49%	27.76%	47.51%	50%	On Track
	Branches (#)	206	242	464	596	800-900	On Track
	Customer Deposits <=5 crore (% of Customer Deposits)	31%	37%	59%	82%	80%	On Track
	Top 20 Depositors concentration (%)	40%	35%	20%	8%	~5%	On Track
	Certificate of Deposits	Rs. 22,312 Cr	Rs. 28,754 Cr	Rs. 7,111 Cr	Rs. 5,964 Cr		On Track

^ Including fresh equity capital raise of Rs. 3000 crore in April 2021. Without the additional capital, the total CRAR and CET-1 ratios are 13.77% and 13.27% respectively as on March 31, 2021.

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

IDFC FIRST Bank

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

	Particulars	Dec-18 (At merger)	Mar-19	Mar-20	Mar-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. 73,672 Cr (26%^)	Rs. 100,000 Cr	On Track
	Retail as a % of Total Funded Assets	35%	37%	54%	63%	70%	On Track
	Wholesale Funded Assets	Rs. 56,809 Cr	Rs. 53,649 Cr	Rs. 39,388 Cr	Rs. 33,920 Cr (-14%)	< 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 (-27%)*	*Nil in 5 years*	*On Track*
	Top 10 borrowers as % of Total Funded Assets (%)	12.8%	9.8%	7.2%	5.9%	< 5%	On Track
	GNPA (%)	1.97%	2.43%	2.60%	4.15%	2-2.5%	On Track
	NNPA (%)	0.95%	1.27%	0.94%	1.86%	1.1.2%	On Track
	Provision Coverage Ratio (%)	52%	48%	65%	55%	~70%	On Track
EARNINGS	Net Interest Margin (%)	3.10%	2.61%	3.91%	4.98%	5-5.5%	On Track
	Cost to Income Ratio (%) without trading gains	81.56%	82.74%	76.86%	78.79%	55%	On Track
	Return on Asset (%)	-3.70%	-1.33%	-1.75%	0.29%	1.4-1.6%	On Track
	Return on Equity (%)	-36.81%	-11.64%	-17.10%	2.73%	13-15%	On Track
	Quarterly Avg. LCR (%)	123%	120%	111%	153%		

^ excluding the ECLGS portfolio of Rs. 1,687 crore as on March 31, 2021

Note: Earnings ratios are quarterly annualized for the quarter ended on Dec-18

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

Results at a glance for Period ended on March 31, 2021:
IDFC FIRST Bank: Strong Strides across all the Strategic Priorities

We are happy to report that we are making strong progress on the guidance since merger.

1. Strong Growth in Retail Assets:

- **Retail Book** increased **26%^ YoY** to **Rs. 73,673 crore** as on March 31, 2021 from **Rs. 57,310 crore** as on March 31, 2020.
- **Retail** constitutes **67%** of funded loan assets as on March 31, 2021 including retail PSL buyouts.
- **Wholesale funded book decreased by 14%** to **Rs. 33,920 crore** as on March 31, 2021 from **Rs. 39,388 crore** as on March 31, 2020
- **Infrastructure loans** (part of wholesale) **decreased by 27%** to **Rs. 10,808** crore as on March 31 2021 from **Rs. 14,840 crore** as on March 31, 2020.
- **Infrastructure loans** are only **9.23%** of total funded assets as on March 31, 2021 as compared to **13.87%** as on March 31, 2020

2. Strong growth in Retail Liabilities

- **CASA Deposits** increased by **122% YOY** to **Rs. 45,896 crore** as on March 31, 2021 from **Rs. 20,661 crore** as on March 31, 2020
- **CASA Ratio** improved to **51.75%** as on March 31, 2021 from **31.87%** as on March 31, 2020.
- **Average CASA Ratio** (calculated on daily CASA balance) also improved to **50.23%** as on March 31, 2021 from **27.72%** as on March 31, 2020.
- **Total Customer Deposits** increased to **Rs. 82,725 crore** as on March 31, 2021 from **Rs. 57,719 crore** as on March 31, 2020, **Y-o-Y increase of 43%**.
- **Top 20 Depositors' concentration** as % to total customer deposits has reduced to **7.75%** as on March 31, 2021 from **20.36%** as on March 31, 2020
- IDFC First Bank Fixed Deposit program have the highest safety rating of **FAAA by CRISIL**

^ excluding the ECLGS portfolio of Rs. 1,687 crore as on March 31, 2021

Results at a glance for Period ended on March 31, 2021:
IDFC FIRST Bank: Strong Strides across all the Strategic Priorities

3. Strong growth in Core Earnings:

a. **Strong NII Growth:** For the full year, the Total Net Interest Income increased by **21%** to **Rs. 7,380 crore** in FY21 from **Rs. 6,076 crore** in FY20. NII for Q4-FY21 grew by 15% YOY to **Rs. 1,960 crore** from Rs. **1,700 crore** in Q4 FY20.
   i. *The NII in Q4-F21 includes the impact of **Rs. 55 crore** on account of interest on interest provision, following the order of the Honorable Supreme Court.*

b. **Strong NIM improvement:** The NIM for the full year FY21 was at **4.98%** as compared to **3.91%** in FY20. Quarterly NIM has improved to 5.09% in Q4 FY21 as compared to 4.61% in Q4 FY20.

c. **Strong growth in Total Income (NII + Fees and Other Income+ Trading Gain):** The total income for the full year increased by **24%** to **Rs. 10,207 crore** in FY21 from **Rs. 8,237 crore** in FY20. Quarterly Total income grew 14% YOY to **Rs. 2,801 crore** in Q4 FY21 from **Rs. 2,451 crore** in Q4 FY20.

d. **Core Pre-Provisioning Operating Profit (excluding Trading gains & impact of interest on interest reversal):** For the full year, the Core PPOP grew by **11%** to **Rs. 1,964 crore** in FY21 from **Rs. 1,764 crore** in FY20. Quarterly Core PPOP de-grew by 1.5% YOY to Rs. 460 crore in Q4 FY21 as compared to Core PPOP of Rs. 468 crore in Q4 FY20.

e. **Provision:** For the full year, Total Provisions stood at **Rs. 2,638 crore** in FY21 as compared to **Rs. 4,754 crore** in FY20. Quarterly provisions for Q4 FY21 was Rs. 603 crore as compared to Rs. 679 crore in Q4 FY20.
   i. *Earlier, Capital First had portfolios like Loan Against Shares with ticket sizes above Rs. 20 lac and Loans with annual interest payments, which were permitted for an NBFC but are not permitted for a Bank. On merger with the Bank, the dispensation was provided by the RBI for the said portfolio which is no longer available. Because of the above, the Bank had to make one time provision of 100% to this outstanding portfolio amounting to Rs. 89 crore in Q4-FY21.*

f. **Profit After Tax:** The Net Profit for the Full year FY21 was **Rs. 452 crore** as compared to **loss of Rs. 2,864 crore** in FY20. Quarterly Net Profit grew by 79% YOY to Rs. 128 crore in Q4 FY21 from Rs. 72 crore in Q4 FY20. Without the impact as mentioned in a(i) and e(i), the Net Profit of the Bank at the normalized tax rate, would be Rs. 140 crore for Q4-FY21 and Rs. 464 crore for FY21.

Results Update: IDFC FIRST Bank: Strong Strides across all the Strategic Priorities

4. Asset Quality of the Bank remains resilient

- Bank's Gross NPA marginally improved by 3 bps to **4.15%** as of March 31, 2021 as compared to **4.18%** as of December 31, 2020 (proforma).
- Bank Net NPA improved by 18 bps to **1.86%** as of March 31, 2021 from **2.04%** as of December 31, 2020 (proforma).
- Bank's Gross & Net NPA were 2.60% and 0.94% respectively as on March 31, 2020 which increased in FY21 due to COVID-19 impact.
- Provision Coverage Ratio (PCR) improved by 388 bps to **56.23%** as of March 31, 2021 from **52.35%** as of December 31, 2020 (proforma). The PCR is at **64.95%** including the additional COVID-19 provision of Rs. 375 crore made in Q4-FY21 and carried forward to FY22.

Asset Quality on Retail Loan Book:

- Retail Asset Gross NPA increased by **13 bps** to **4.01%** as of March 31, 2021 from **3.88%** as of December 31, 2020 (proforma). Retail Asset Net NPA improved by 45 bps to **1.90%** as of March 31, 2021 from **2.35%** as of December 31, 2020 (proforma).
- The GNPA and NNPA as on March 31, 2021 are higher by 175 bps and 77 bps respectively from the Pre-COVID average GNPA and NNPA of 2.27% and 1.13% respectively (details provided in Page no 41). This is considered to be quite normal considering the pandemic situation. The management believes, as the economic activities revive, a significant portion of overdues will be collected bring the GNPA and NNPA back to pre-COVID level.
- The Bank has implemented a list of initiatives, specifically in credit policy and collections to factor for COVID-19 impact on its retail loans and the results of the same have been very positive.
    - *The New to Credit customers represent only 10% of the disbursals (by value) in Q4-FY21 as compared to 18% in Q4-FY19.*
    - *83% of the customers sourced (by value) now in Q4-FY21 has Credit Bureau Score above 700 as compared to 61% in Q4-FY19.*
    - *The overall collection efficiency for standard loans improved every month since July 2020 and in March 2021, it was near 100 % of the pre-covid (Feb-20) levels.*
    - *Going forward, the Bank would continue to actively monitor the portfolio quality and tighten credit standard further in the context of the second wave of COVID-19 pandemic.*

Results Update: IDFC FIRST Bank: Strong Strides across all the Strategic Priorities

5. Strong Capital Adequacy:

- **Capital Adequacy Ratio** of the Bank was strong at **16.32%** with **CET-1 Ratio at 15.62%** including additional equity capital of Rs. 3,000 crore raised through QIP on April 6, 2021, calculated on figures as on March 31, 2021.
- Excluding the capital raised, the capital adequacy as of March 31 would have been 13.77% with CET-1 ratio of 13.27%.

6. Franchise:

- The Branch Network now stands at **596** branches, **592** ATMs and **85 recyclers** across the country as on March 31, 2021.

Table of Contents

IDFC FIRST Bank

Section 1: The Founding of IDFC FIRST Bank..

IDFC BANK

CAPITAL FIRST

IDFC FIRST Bank

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

Section 1: The Founding of IDFC FIRST Bank..

Erstwhile IDFC BANK

IDFC Limited was set up in 1997 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, whether adding value through innovative products to the infrastructure value chain or asset maintenance of existing infrastructure projects, the company focused on supporting companies to get the best return on investments. The Company's ability to tap global as well as Indian financial resources made it the acknowledged 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. He applied for a commercial banking license to the RBI in 2013. 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 who had built ICICI Bank's Retail Banking business from 2000-2009 and was then the MD and CEO of ICICI Prudential Life Insurance Company in 2009-10, started an entrepreneurial foray to acquire a stake in an existing NBFC with the stated plan to convert the NBFC to a commercial bank focused on financing small businesses.

During 2010-12, he acquired a significant stake in a real-estate financing NBFC through personal leverage, and launched businesses of financing small entrepreneurs and consumers. The NBFC wound down existing businesses and instead started businesses of financing such segments within consumer and micro-entrepreneurs that not financed by existing banks, by using alternative and advanced technology led models.

He built a prototype for such financing (Rs 12000-Rs. 30,000, ~$300-$500), built a loan book of Rs. 770 crore ($130m, March 2011) within a year, and presented the proof of concept to many global private equity players for a Leveraged Management Buyout.

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..

Section 1: The Founding of IDFC FIRST Bank..

Erstwhile IDFC BANK

Continued from page 11

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.

As part of its strategy to diversify its loan book from infrastructure, the bank was looking for a merger with a retail finance institution with adequate scale, profitability and specialized skills.

Erstwhile CAPITAL FIRST LIMITED

Continued from page 11

.. Between March 31, 2010 to March 31, 2018, the Company's Retail Assets under Management increased from Rs. 94 crore ($14m) to Rs. 29,625 crore ($4.3 b, Sep 2018). The company financed seven million customers for Rs. 60,000 crore ($8.5b) through new age technology models.

The company turned around 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 29%.

The ROE steadily rose from losses in 2010 to 15% by 2018. The market capitalization of the company increased ten-fold from Rs. 780 crore on in March 2012 at the time of the MBO to over Rs. 8,282 crore in January 2018 at the time of announcement of the merger.

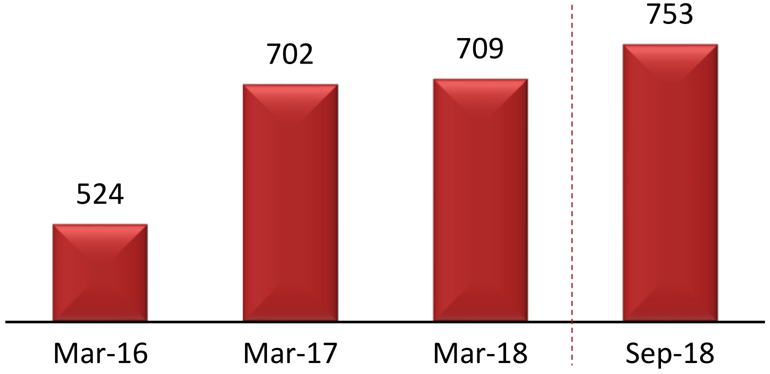
As per its stated strategy, the company was looking out for a banking license to convert to a bank.

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

Section 1: Erstwhile IDFC Bank history and track record (pre-merger)

IDFC Limited was an acknowledged leader and expert in financing Infrastructure Sector

Gross Funded Assets (INR bn)

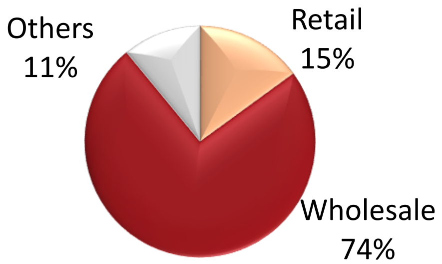


Liabilities (Sep 30,2018)

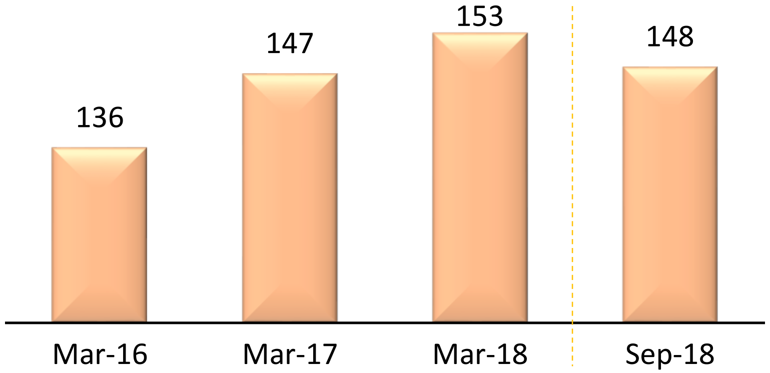
- **CASA balance** was at **Rs. 6,426 crore** out of which Retail CASA was Rs. 2,609 crore
- Total **Term Deposits** was at **Rs. 29,943 crore** with Retail Term Deposits at Rs. 6,804 crore
- CASA Ratio was at **13.3%**
- **Legacy Borrowings** through Long Term Bonds and Infra Bonds were at **Rs. 29,066 crore**
- The Bank had **203 branches**

Gross Funded Assets mix [1]

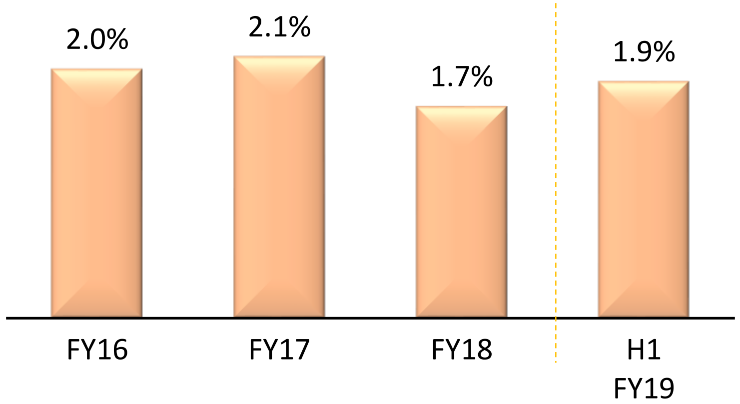
INR 753bn



Net Worth (INR bn)

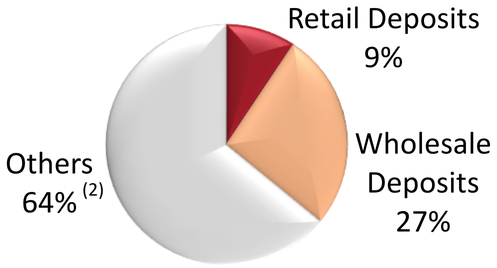


NIM (%)



Borrowings + Deposits [1] [2]

INR 1,012bn



Erstwhile IDFC Bank was focused on infrastructure financing in India, corporate banking and had took steps to diversify into retail banking

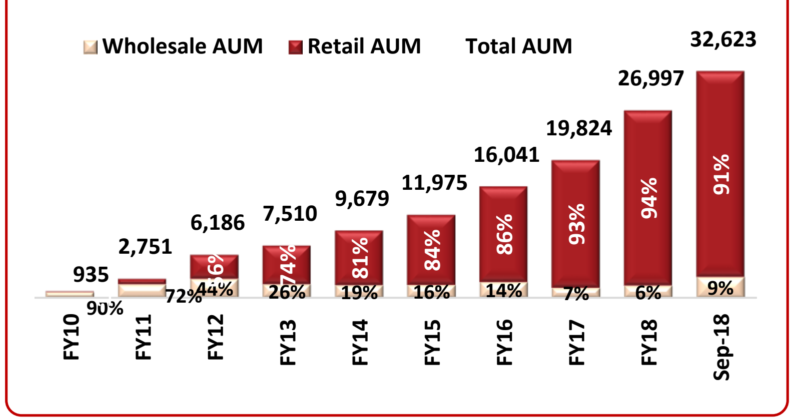
1. As on Sep 30, 2018
2. Others include borrowings, money market borrowings and Certificate of Deposits

Source: Annual Reports, Investor Presentations of IDFC Bank

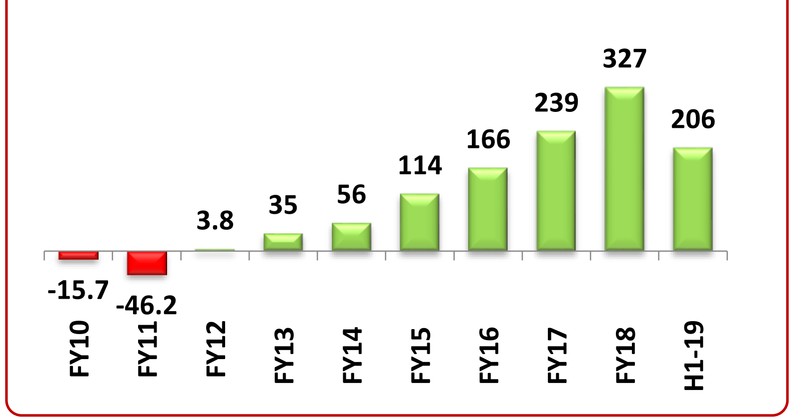
IDFC FIRST Bank

Section 1: Erstwhile Capital First history and track record (pre-merger)

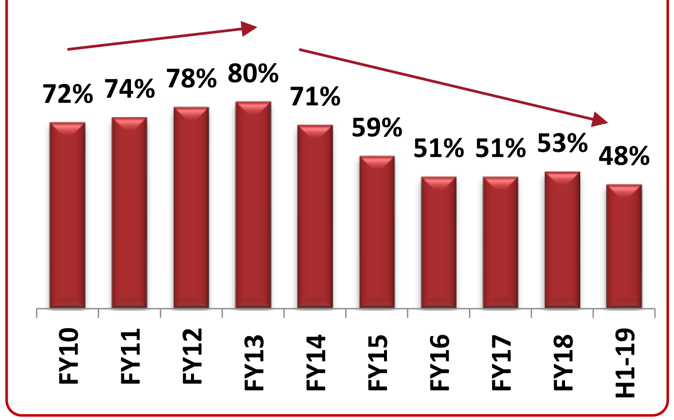
AUM (Rs. Cr)



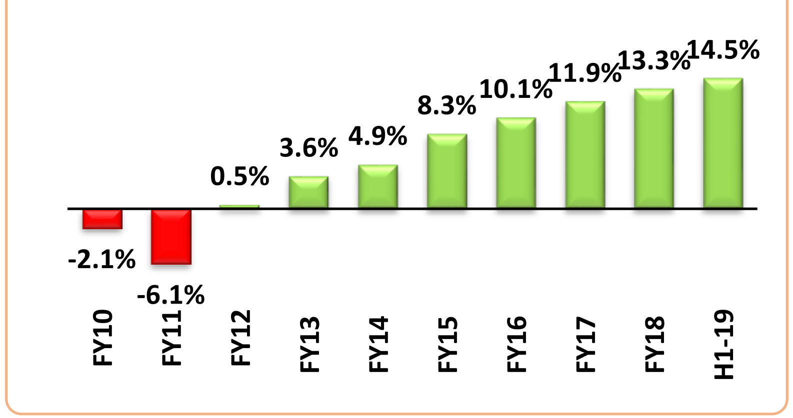
Profit (Rs. Cr)



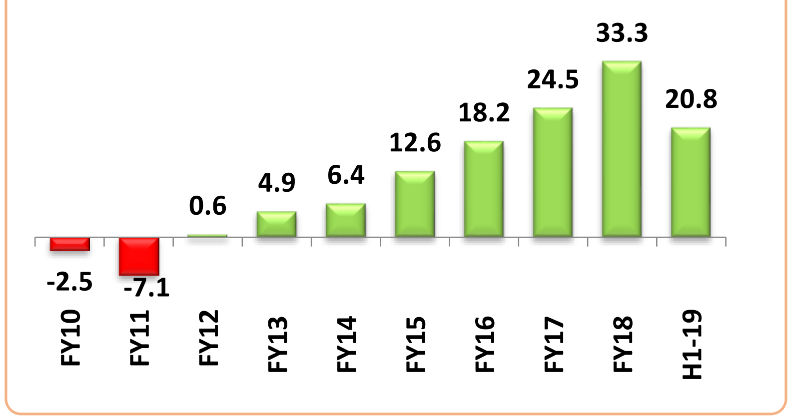
Cost to Income (%)



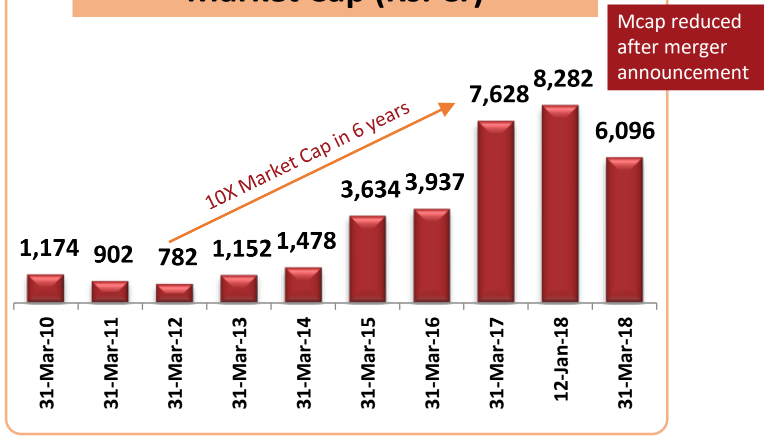
Return on Equity (%)



Earning Per Share (Rs.)



Market Cap (Rs. Cr)



Pre merger - Proforma Financials – P&L (H1 FY19)

In Rs. Crore	Erstwhile IDFC Bank	Erstwhile Capital First	Proforma Total
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)**
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

Section 1: The Founding of IDFC FIRST Bank..

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 51.75% as of March 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.

IDFC FIRST Bank

Section 2: Vision and Mission

Our Vision:

To create a world-class bank in India for larger 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.

Section 2: Key excerpts from MD & CEO's Letter - Annual Report 2019-20

*Theme of 2nd Annual Report after merger: AR 19-20: "**Building a Strong Foundation**"*

"The financial year 2019-20 was a year of building the foundation for the Bank. This was a year of non-stop, high octane action at our Bank; we completed the merger, integrated two systems, technology, processes and people, re-defined reporting hierarchies, energised the teams, went all out for retail liabilities (up 157%), grew retail loans (up 40%), changed the composition of the balance sheet, reduced dependence on institutional deposits, reduced Top-20 borrower exposure percentages, reduced Top-20 depositor percentages, dealt with unexpected hits on some wholesale banking accounts, appointed a brand ambassador, dealt with COVID-19 and lockdowns, raised ₹ 2,000 crore of equity capital in the midst of the lockdown, and are submitting this annual report to you from behind screens."

"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."

"Our Bank enjoys an excellent brand image. Q4 FY20 was, without doubt, the most trying period of our lifetime. Global indices crashed 20-25%, and NYSE shut down at lower circuit breakers, twice in March 2020. Our own stock exchanges were crashing by the day due to COVID-19. There was total panic in the markets. At the same time, news about one private sector bank was quite negative and that bank was put on moratorium by the regulatory authorities. You will be happy to note even in a quarter of such chaos, the Retail Deposits of our Bank grew by ₹ 4,658 crore in Q4 FY20 alone, representing a sequential QoQ growth of 16%. Such is the confidence our Bank enjoys in the market."

"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."

IDFC FIRST Bank

Section 3: Loan offerings – IDFC FIRST Bank offers a bouquet of loan products..

.. 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 the 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

Section 3: Since Launch in January 2021, the Bank has issued 1.5 Lac Credit Cards till March 31, 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

Section 3: Product Offerings – Liabilities, Payments and other Services

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*

IDFC FIRST Bank

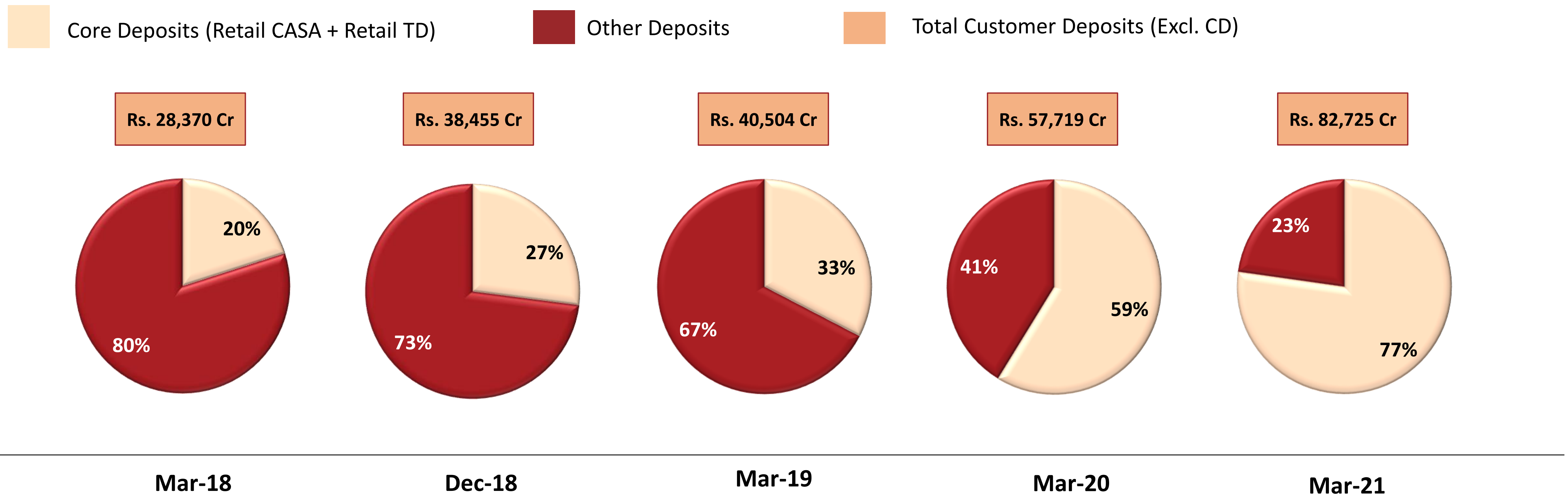
SECTION 4:
FINANCIAL PERFORMANCE OF THE BANK FOR Q3 FY21

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

IDFC FIRST Bank

Section 4: The Bank has made strong progress in retailization of Liabilities. Retail liabilities now comprise 77% of customer deposits, up from 27% at merger.

- The Bank is focused for retailization of the liabilities which is reflected in the growth in its Core Deposits.
- Such Deposits are sticky and sustainable in nature in comparison to Corporate Deposits or Certificate of Deposits.
- We are happy to report that the Bank has increased the Core Deposits (Retail CASA + Retail Term Deposits) as a % of Total Customer Deposits of the Bank as on March 31, 2021 to **77%** from **27%** as on December 31, 2018 (merger quarter).
- The Liability Franchise is strong and well diversified across retail depositors.



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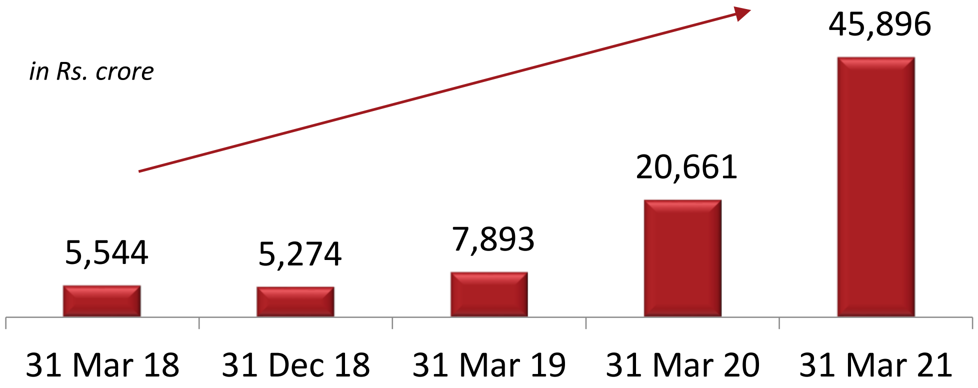
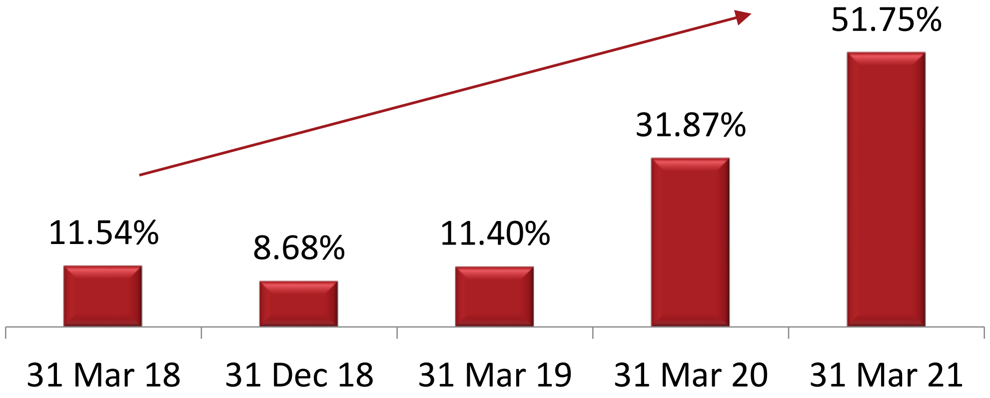
Section 4: The Bank now has a strong and well diversified liability franchise

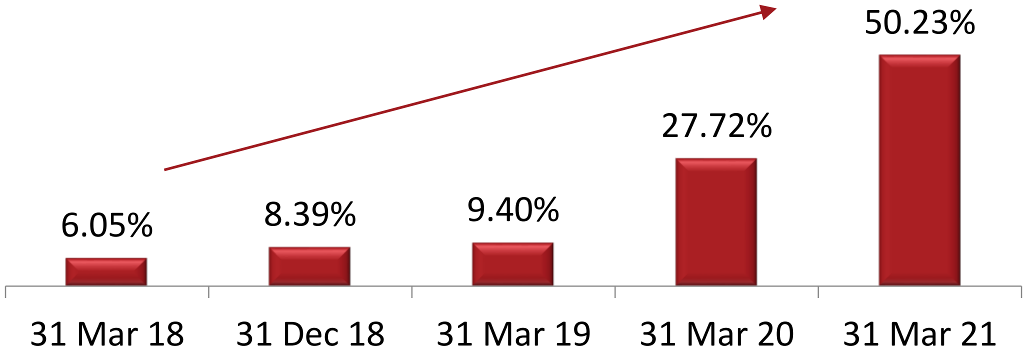
1 **CASA Deposits has grown by Rs. 40,622 crore since merger with YoY growth (FY21) of 122%**



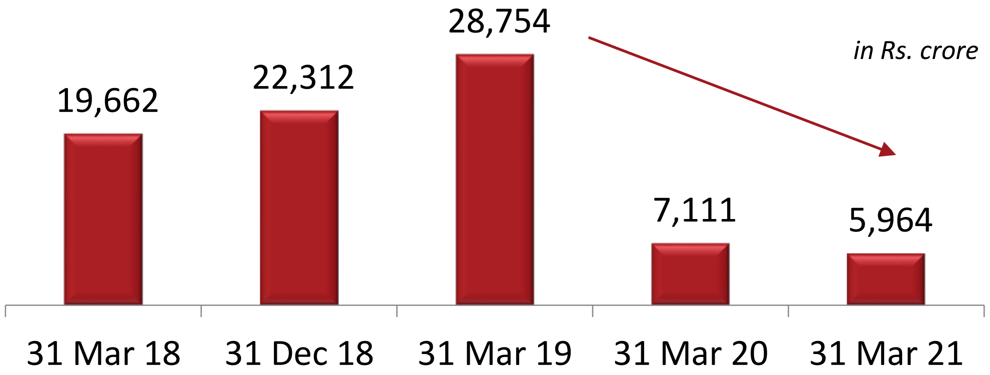
2 **As a result, the CASA Ratio (%) of the Bank has grown from 8.68% (Dec-18) at merger to 51.75% (Mar-21)**



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

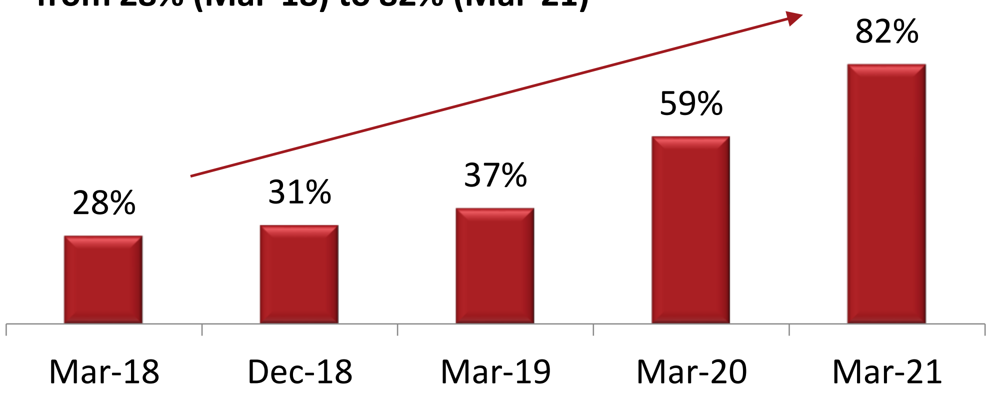


4 **With healthy growth of the Retail Deposits including CASA, the Bank successfully reduced dependency on Certificate of Deposits in the last 2 years**

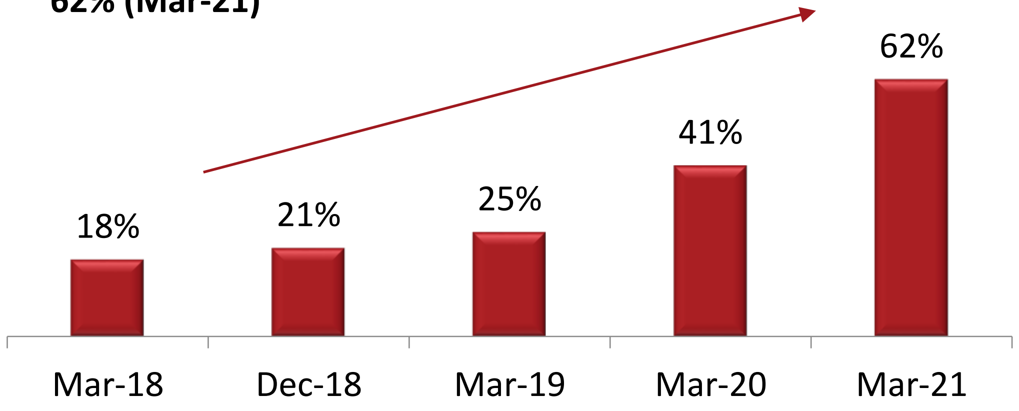


Section 4: Granularization of the Customer Deposits through quality liability franchise

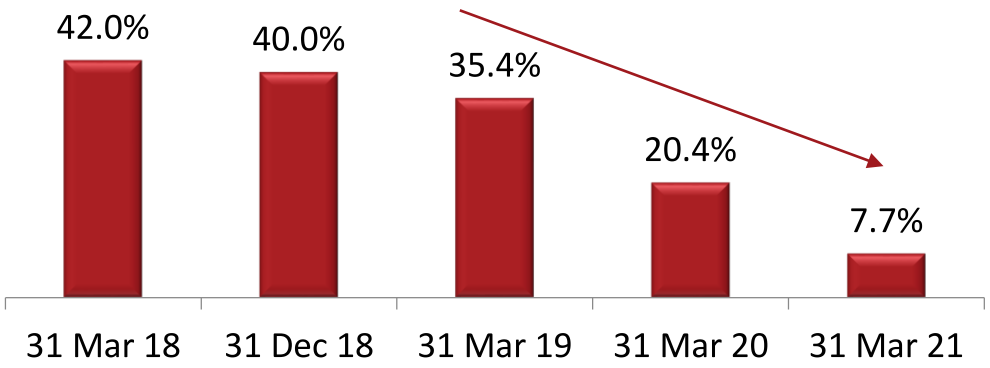
1 As part of the granularization, the Bank increased its Deposits with balance Rs. 5 crore and less, as % of total customer deposits, from 28% (Mar-18) to 82% (Mar-21)



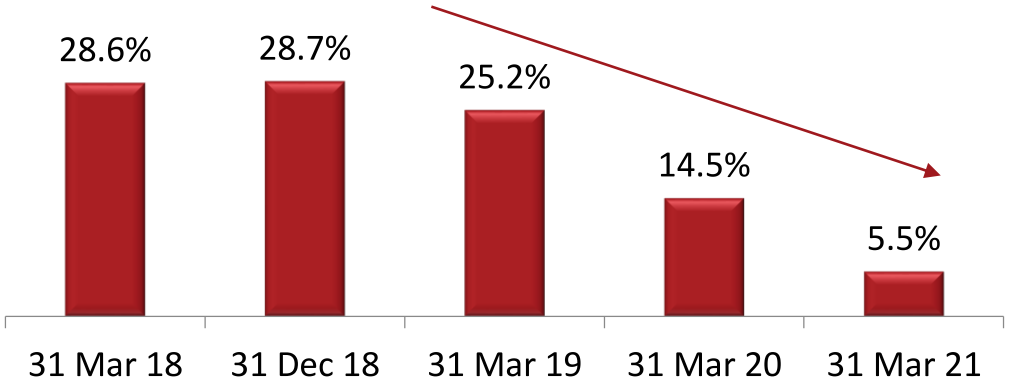
2 Similarly, the Bank increased Deposits with balance Rs. 1 crore and less, as % of total customer deposits, from 18% (Mar-18) to 62% (Mar-21)



3 The Bank reduced the top 20 borrowers' concentration as % of customer deposits from 42.0% (Mar-18) 7.7% (Mar-21), thus curtailing the concentration risk



4 The Bank reduced the Top 10 borrowers' concentration as % of customer deposits from 28.6% (Mar-18) to 5.5% (Mar-21) on similar lines



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Section 4: The Bank continues to see strong growth in Retail Deposits. This has reduced the dependence on wholesale deposits and has provided greater stability.

In Rs. Crore	Mar-20	Dec-20	Mar-21	YOY%
Legacy Long Term Bonds	12,013	9,460	7,892	-34%
Legacy Infra Bonds	10,434	9,514	9,508	9%
Refinance	14,738	8,297	15,438	5%
Other borrowings	12,984	8,997	7,618	-41%
Total Borrowings (A)	**50,169**	**36,267**	**40,456**	**-19%**
CASA	20,661	40,563	45,896	122%
Term Deposits*	37,058	36,726	36,829	-1%
Total Customer Deposits (B)	**57,719**	**77,289**	**82,725**	**43%**
Certificate of Deposits (C)	7,111	6,673	5,964	-16%
Money Market Borrowings (D)	7,228	4,538	5,330	-26%
Borrowings + Deposits (A)+(B)+(C)+(D)	**122,227**	**124,768**	**134,475**	**10%**
CASA % of Deposits	31.87%	48.31%	51.75%	
Customer Deposits as % of Borrowings + Deposits	47.22%	61.95%	61.52%	

** Though the customer Term Deposits at Rs. 36,829 crores as of March 31 2021 has not grown YOY, the underlying composition of Terms Deposits have improved substantially. Retail Term Deposits were up 21% over last year and Wholesale Term Deposits were reduced by 21% YOY.*

SECTION 4:
FINANCIAL PERFORMANCE OF THE BANK FOR Q4 FY21

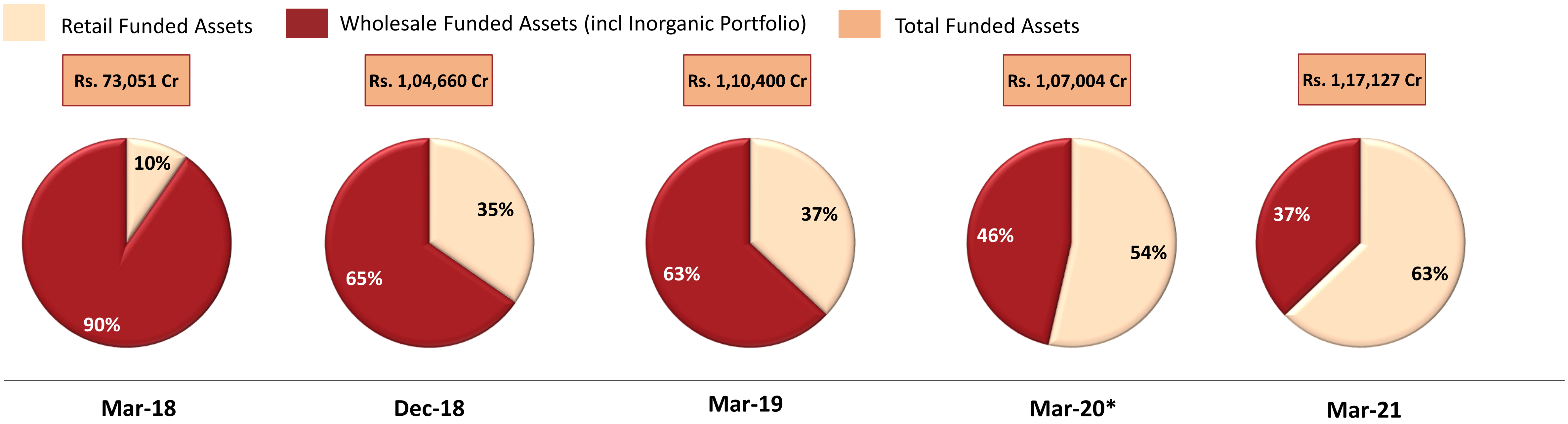
- Update on Liabilities
- **Assets Update**
- Assets Quality
- Key Business & Financial Parameters
  - ✓ Income Statement
  - ✓ Balance Sheet
  - ✓ Net Interest Margin
  - ✓ Capital Adequacy

IDFC FIRST Bank

Section 4: Retail loans as a % of total loans has improved to 67% (including Retail PSL buyouts).

- 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.



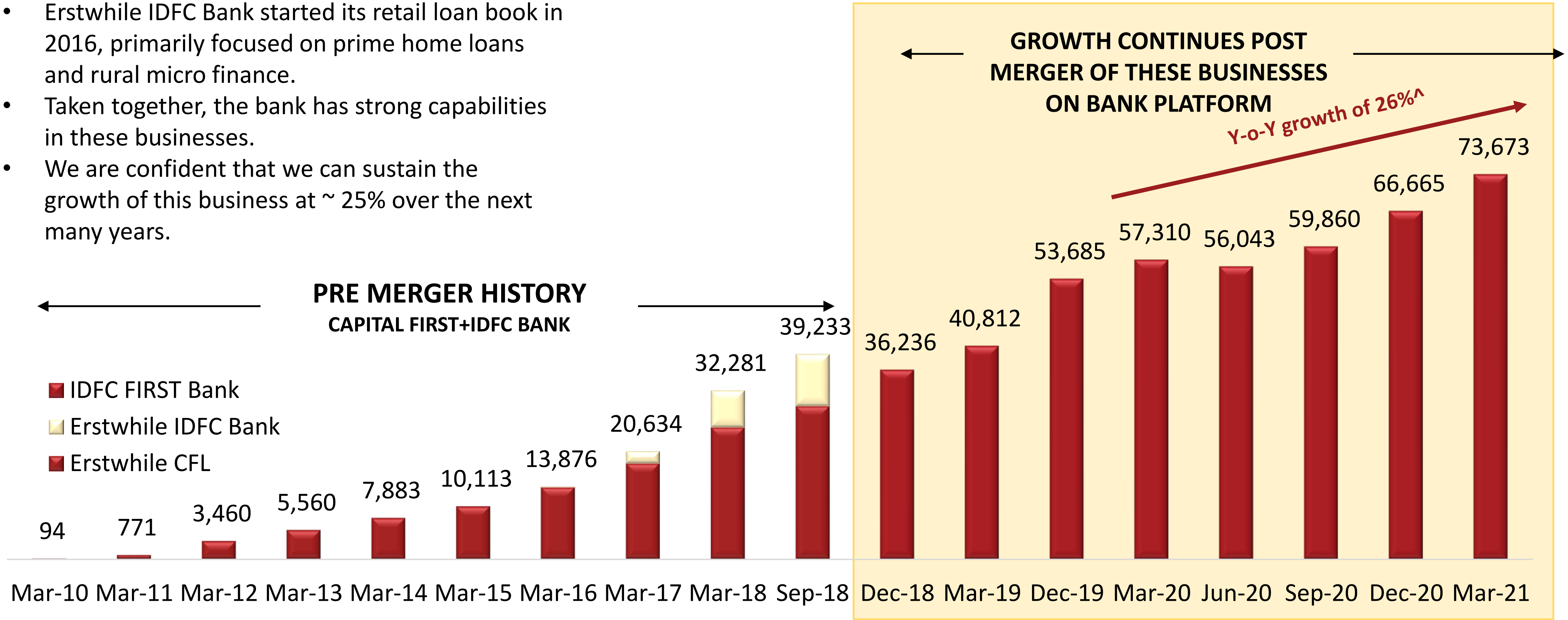
The Bank inorganically acquired portfolio as PSL retail loans. Including this as part of Retail Loan Book, the Retail contribution to the overall Loan Assets is 67% as of March 31, 2021.

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

Section 4: Together, the Consumer and SME business has a rich history of 10 years with stable growth and high Asset quality.

All amounts are in Rs. crore unless specified

- Capital First was focused on growing the home loans, business loans, Consumer Loans, car loans and loan against property. The retail loan book of erstwhile Capital First grew at CAGR of 35% between FY13 to FY18 to reach Rs. 29,625 crore.
- During this time, asset quality was high with GNPA maintained at 2% and Net NPA maintained at 1%.
- Erstwhile IDFC Bank started its retail loan book in 2016, primarily focused on prime home loans and rural micro finance.
- Taken together, the bank has strong capabilities in these businesses.
- We are confident that we can sustain the growth of this business at ~ 25% over the next many years.

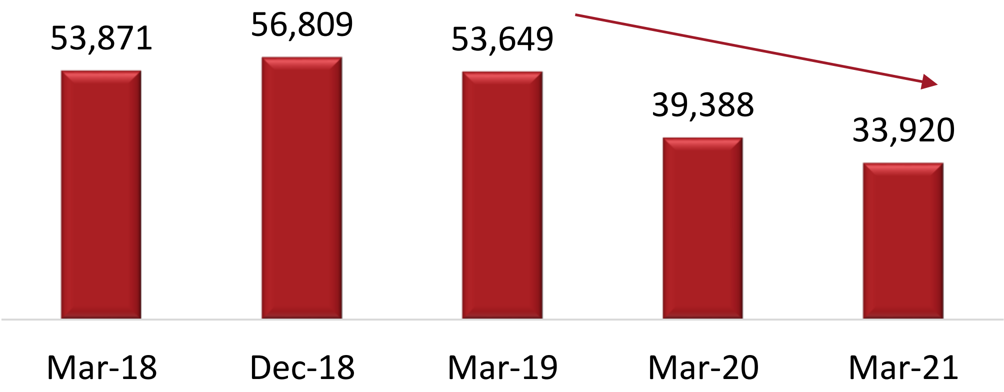


^ *Excluding ECLGS portfolio of Rs. 1,687 crore as of March 31, 2021*

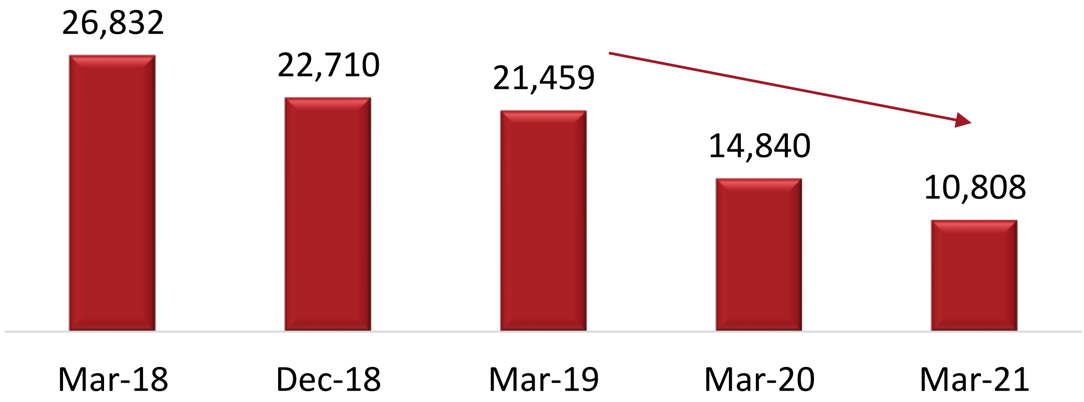
IDFC FIRST Bank

Section 4: The Bank reduced wholesale, infrastructure loan assets since merger; Top 10 borrowers' concentration reduced.

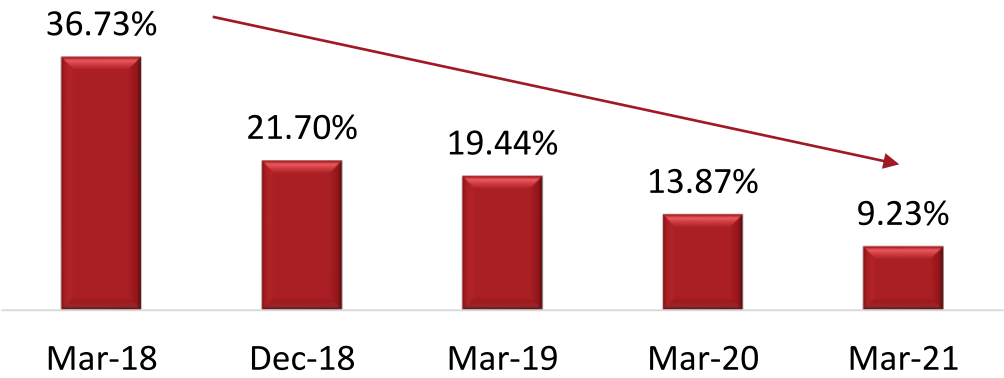
1 The Bank reduced the wholesale funded assets by CAGR of 29% between Mar-19 and Mar-21



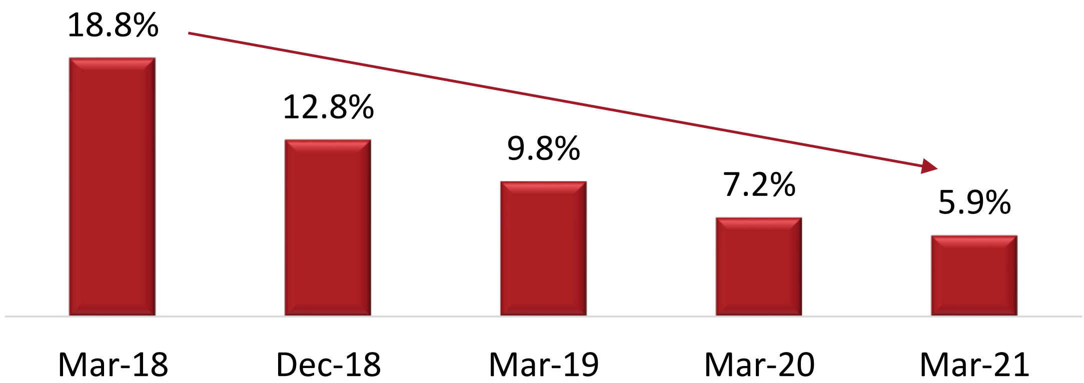
2 Out of this, infrastructure financing (Rs crore) has reduced by 41% CAGR between Mar-19 to Mar-21



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



4 The Bank also proactively reduced the concentration risk by improving top 10 borrowers' concentration from 18.8% (Mar-18) to 5.9% (Mar-21)



Section 4: Total Funded Assets Breakup

In Rs. Crore	Mar-20	Dec-20	Mar-21	Growth% (YoY)
Home Loans	7,736	9,367	10,613	37%
Loan against Property	12,578	13,817	15,320	22%
SME Loans	8,871	9,415	10,812	22%
Wheels	8,875	10,162	10,763	21%
Consumer Loans	11,722	13,159	13,949	19%
Credit Card	-	86	428	-
Rural	6,687	7,247	7,658	15%
Others	841	1,714	2,443	190%
Total Retail Funded Assets (Excl. ECLGS Portfolio)	**57,310**	**64,967**	**71,987**	**26%**
ECLGS Portfolio	-	1,699	1,687	-
Total Retail Funded Assets (A)	**57,310**	**66,665**	**73,673**	**29%**
Corporates	24,548	23,207	23,112	-6%
- Conglomerates	*839*	*1,401*	*1,345*	*60%*
- Large Corporates	*1,540*	*1,782*	*1,898*	*23%*
- Emerging Large Corporates	*6,629*	*6,864*	*7,115*	*7%*
- Financial Institutional Group	*12,645*	*10,876*	*10,960*	*-13%*
- Others	*2,894*	*2,283*	*1,794*	*-38%*
Infrastructure	14,840	11,602	10,808	-27%
Total Wholesale Funded Assets (B)	**39,388**	**34,809**	**33,920**	**-14%**
PSL Inorganic (C)	**7,954**	**6,694**	**7,436**	**-7%**
SRs and Loan Converted into Equity (D)	**2,351**	**2,300**	**2,097**	**-11%**
Total Funded Assets (A)+(B)+(C)+(D)	**107,004**	**110,469**	**117,127**	**9%**

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.

Section 4: Key Strategic Step going forward..

- Thus far, the bank has specialised in providing loans in the affordable segment, where yields have been between 8 to 9%. Our asset quality has been high and experience in the segment has been excellent.
- Based on the strong inflow on retail liabilities into the Bank and surplus liquidity, the Bank has reduced the Savings Rate to 4% for balance below Rs. 1 lac and reduced the peak savings account interest rate to 5%.
- Consequent to the rate reduction of savings accounts, the Bank can now afford to participate in the prime segments of all businesses including the prime home loans to employees of top corporates at a very competitive interest rate starting at 6.9%, in line with market for this segment.
- This will open up a new and large market with higher asset quality for our Bank and set up the Bank for continuous and sustainable book growth as home loans have comparative longer tenure up to 20 years.

SECTION 4:

FINANCIAL PERFORMANCE OF THE BANK FOR Q3 FY21

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

IDFC FIRST Bank

Section 4: Bank maintains strong overall Asset Quality

In Rs. Crore	Dec-19 (Pre-Covid)	Mar-20	Proforma Dec-20 (Post-Covid)	Mar-21 (Post-Covid)	Sequential (QoQ) movement
GNPL	2,511	2,280	4,044	4,303	Increased by Rs. 259 crore
Provisions for GNPL	1,440	1,471	2,117	2,420	Increased by Rs. 303 crore
NNPL	1,071	809	1,927	1,883	Decreased by Rs. 44 crore
GNPA (%)	2.83%	2.60%	4.18%	4.15%	Decreased by 3 bps
NNPA (%)	1.23%	0.94%	2.04%	1.86%	Decreased by 18 bps
Provision Coverage Ratio %	57.35%	64.53%	52.35%	56.23%	Increased by 388 bps

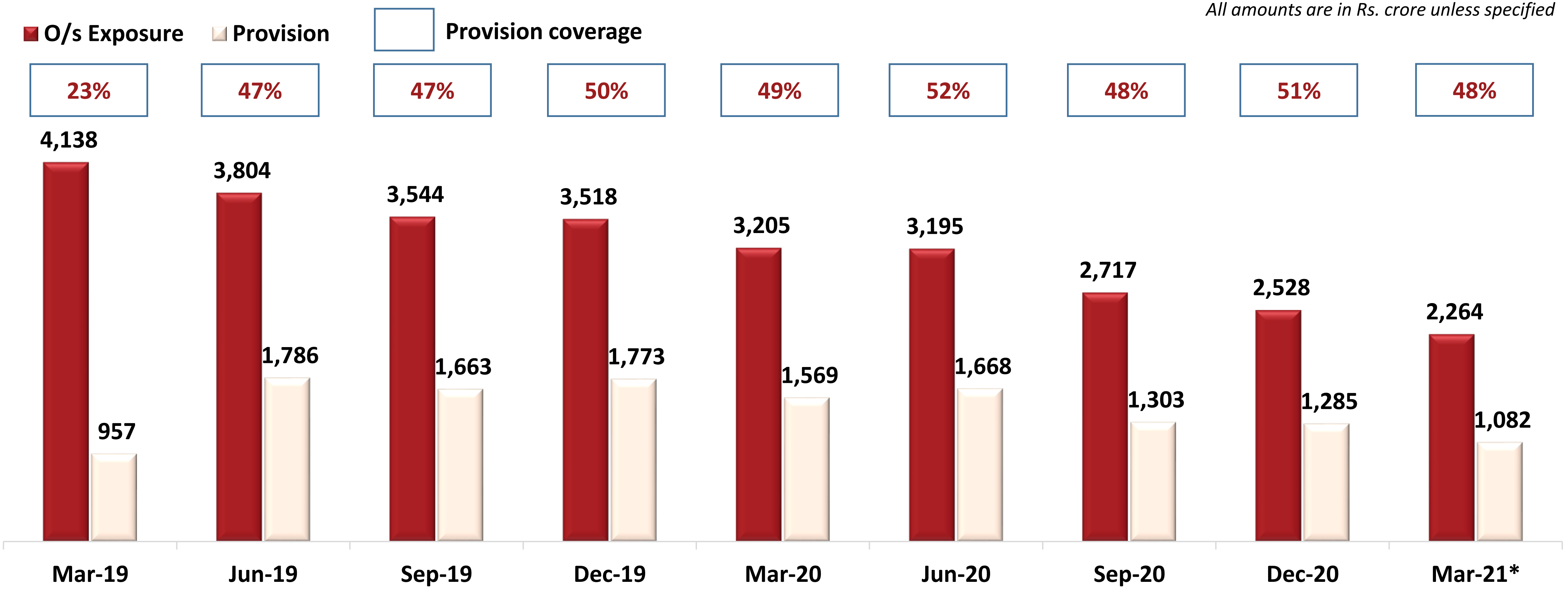
- Earlier, the Supreme Court vide an interim order dated September 03, 2020 had directed to stop NPA classification till further orders. The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Honourable Supreme Court. Accordingly, the Bank has continued with asset classification of borrower accounts as per the extant RBI Instructions.
- Including the additional COVID-19 provision of Rs. 375 crore made in Q4-FY21 and carried forward to FY22, the PCR would be **64.95%** on reported GNPA and NNPA as on March 31, 2021.
- The total restructured (approved & implemented) book including retail and wholesale loans stood at 0.9% of the total funded assets.

Section 4: In addition to declared Wholesale NPA accounts, Bank has proactively identified the following wholesale accounts, which are standard on the books but are stressed or potential NPAs, and taken provisions for the same proactively.

Client Description (Rs. Crore)	O/S Exposure	Provision	PCR%	Comments
Toll Road Projects in MH	873	154	18%	The repayment has been consistently delayed (SMA2) but account is regular as of date.
Thermal Power Project in Orissa	534	534	100%	Account suffers from delayed payments from Discoms. The account is regular as it is benefiting from the RBI Covid schemes. 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%	Operating project, toll is being collected, account is being serviced. <5% of project work unfinished.
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. We expect to partial recovery which will be PnL accretive to us, as the account is fully provided.
Wind Power Projects in AP, GJ, KN, RJ	157	39	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.
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 are putting together a maintenance plan.
Toll Road Projects in TN	34	10	30%	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	17	17	100%	The project is generating required cashflows and is servicing debt. However, the parent entity is undergoing resolution. Repayments have been regular so far.
Total Stressed Pool Identified	**2,264**	**1,082**	**48%**	

Section 4: Exposure to identified Stressed Assets mentioned in previous slide, has reduced by 45% since March 2019

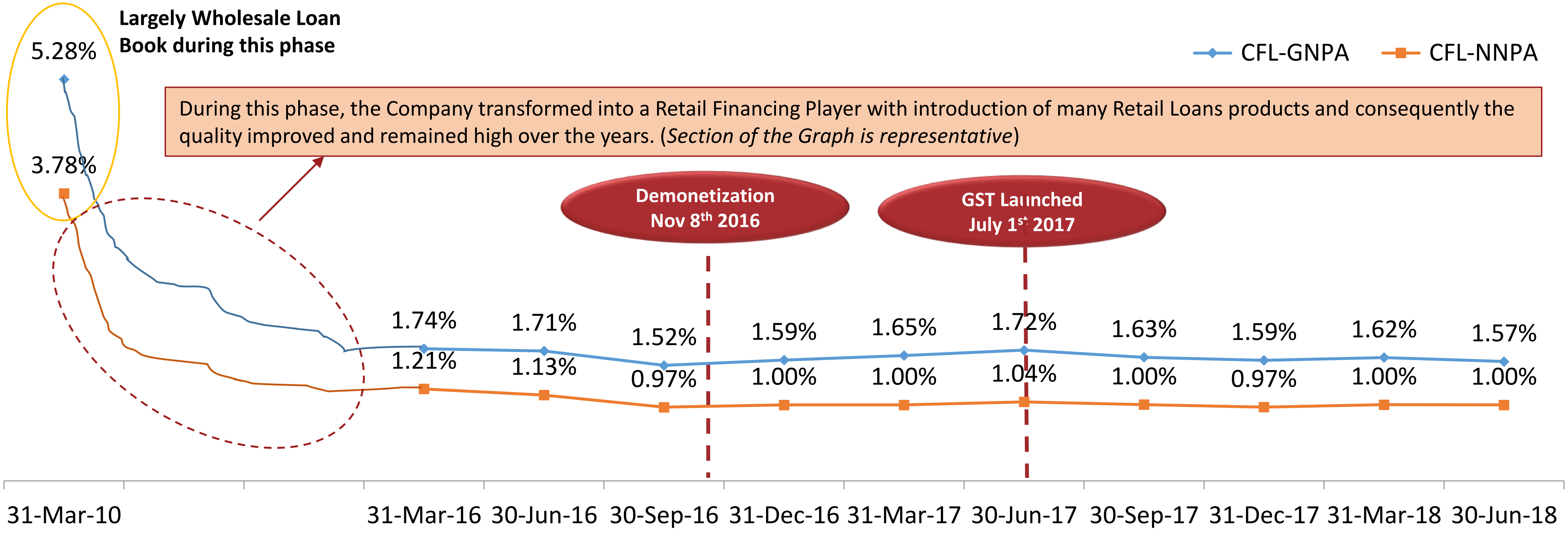
All amounts are in Rs. crore unless specified



*Apart from the accounts mentioned above, the Bank had also marked one large telecom account as stressed and provisioned 15% against outstanding of Rs. 2,000 crore (Funded) and against Rs. 1,244 crore (Non Funded). The said account is current and has no overdues as of March 31 2021.

Section 4: The asset quality trends over the last 8 years at Capital First is displayed below as a demonstration of our trend in asset quality and our capabilities in this space.

Since most of the loan book in the merged entity has been built and seasoned in Capital First prior the merger and the same model is being scaled up now, we present below the asset quality trends of the book in Capital First which have stayed steady over the years, i.e. Gross NPA ~2% and Net NPA ~1%. The portfolio remained stable even after being stress tested through economic slowdown in 2010-2014, demonetization (2016), GST implementation (2017) and economic slowdown in recent times. Hence gives us confidence to grow in future on this strong asset quality model.



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

Section 4: Retail Loans - Gross and Net NPA

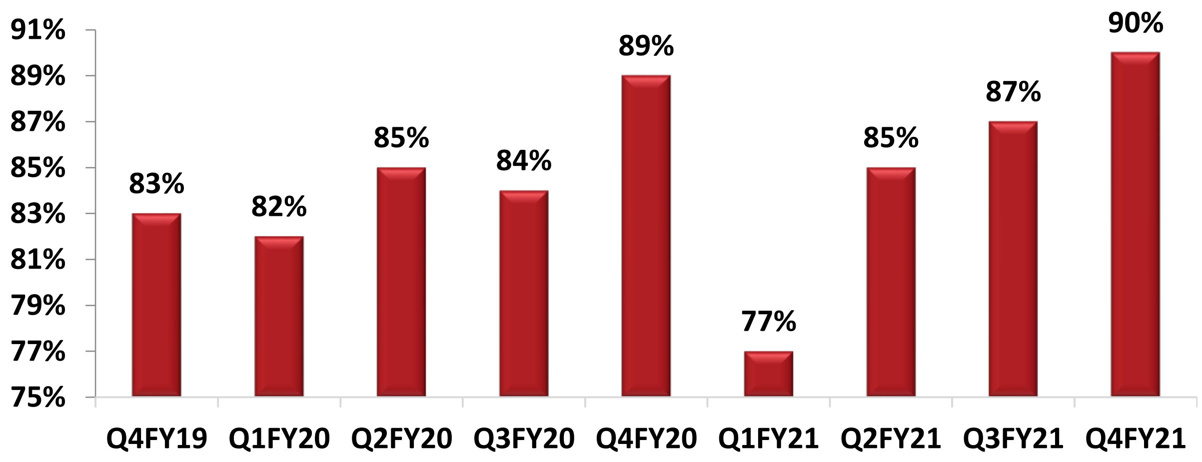
	Long term pre-COVID Average (A) (Mar-19 to Dec-19)	Proforma Dec-20 (B)	Mar-21 (C)	Covid Impact (C – A) (bps)	Sequential (QoQ) Change (C - B) (bps)
Gross NPA - Retail	2.27%	3.88%	4.01%	175	Increased by 13 bps
Net NPA - Retail	1.13%	2.35%	1.90%	77	Decreased by 45 bps
Provision Coverage Ratio (%)	51%	39%	53%	300	Increased by 1319 bps

- In the Pre-Covid time, the Bank was sustainably maintaining the Gross NPA and Net NPA level of the Retail Loan Book around 2.3% and 1.1% respectively. Due to the Covid-19 impact and the subsequent lockdown and moratorium which ended by August 2020, the GNPA and NNPA of the Bank in Retail Loans increased by 175 bps and 77 bps respectively as compared to Pre-Covid average level. This magnitude of increase in NPA levels in considered normal in the context of COVID-19 impact on the banking system.
- The Cheque/ECS/NACH bounce trend over the months has improved since July 2020 and the Bank is confident of getting back to pre-Covid level of GNPA and NNPA in due course, as and when the economy revives to normalcy.

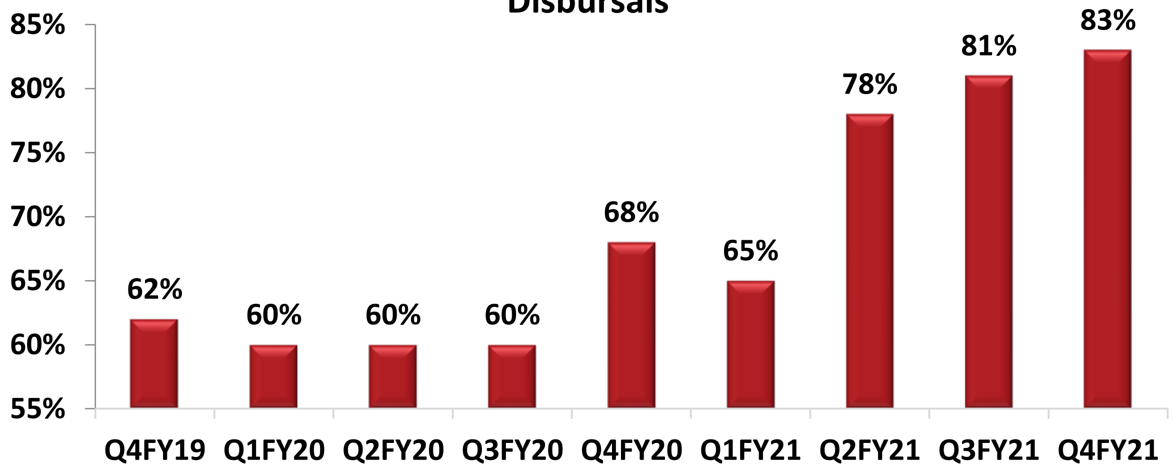
Section 4: Continuous improvement in Retail Loan Underwriting over the years

- The first step in disbursing retail loans is credit policy and underwriting. Even prior to arrival of Covid-19, the bank has been continuously improving its credit underwriting based on experience by tightening its underwriting policy filters.
- This has resulted in increased percentage of customers who have credit track record on the credit bureau. In Q4 FY19, 83% of loan bookings done by the bank (by value) had a credit bureau record, and 17% were new to credit customers. As a result of continuous improvement in underwriting, in Q4 FY21, only 10% customers disbursed are new to credit customers.

Retail Loan Disbursal: Customers (by Value) with Credit Bureau Record as % of total Retail Disbursals



Retail Loan Disbursals: Customers (by Value) with Credit Bureau Score of more than 700 as % of total Retail Disbursals



Section 4: Incremental controls implemented in the light of COVID-19

- Further, in the light of the Covid-19, the bank has implemented a number of new measures to restrict lending to sectors affected by the pandemic. All new bookings that have been done post-pandemic already factors for pandemic related restrictions for lending to sectors and segments affected by COVID-19. Examples of such initiatives include –
    - i. Implemented sector restrictions for underwriting in the COVID-19 affected sectors
    - ii. Reduction of Authority Limits for Credit Appraisals
    - iii. Implemented additional caps on individual ticket sizes on incremental loans
    - iv. Reduced the LTV limits in certain categories
    - v. Revised restrictions on collaterals
    - vi. Revised criteria for bureau score cut-offs and tightened the criteria for number of credit enquiries on the bureau
    - vii. Increased requirement for FOIR (Fixed Obligations to Income Ratio to estimate the customer's ability to repay monthly instalments)
    - viii. Increased checking whether the customer has availed moratorium, also subsequent track record
    - ix. Increased average balance requirements for our average Bank Balance based lending program
    - x. Revised preapproved prequalified program with increased scrutiny;
- Consequent to these new criteria and restrictions implemented in the light of Covid-19, the new bookings done post-July 2020 are showing significantly better credit performance (adjusted for like-to-like vintage) as compared to pre-pandemic loan bookings, as these new loan bookings post July 2020 already factor for Covid-19 impacted industries.
- During COVID wave 1, the cheques/ECSs/NACHs bounce increased to 2.5X from the Pre-COVID bounce levels, but when economic revival happened between September 20 to March 21, cheque returns have been dropping consistently and reached to 1.2X of Pre-Covid level in March 2021.
- Collection Efficiency for the Bank has improved every month since July 2020 and in March 2021, the collection efficiency has reached 100% of the Pre-COVID collection efficiency levels.

SECTION 4:
FINANCIAL PERFORMANCE OF THE BANK FOR Q3 FY21

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

IDFC FIRST Bank

Section 4: Income Statement – For the year ended March 31, 2021

In Rs. Crore	FY20	FY21	Growth (%)Y-o-Y
Interest Income	16,308	15,968[1]	-2%
Interest Expense	10,232	8,588	-16%
Net Interest Income	**6,076**	**7,380**	**21%**
Fee & Other Income	1,550	1,622	5%
Operating Income (Excl Trading Gain)	**7,625**	**9,002**	**18%**
Trading Gain	612	1,204	97%
Operating Income	**8,237**	**10,207**	**24%**
Operating Expense	5,861	7,093	21%
Pre-Provisioning Operating Profit (PPOP)	**2,376**	**3,113**	**31%**
Core PPOP (Ex. Trading gain and Interest on interest reversal)	**1,764**	**1,964**	**11%**
Provisions	4,754	2,638[2,3]	-45%
Profit Before Tax	**(2,379)**	**476[4]**	
Tax	486	24[5]	-95%
Profit After Tax	**(2,864)**	**452**	

1. *Includes reversal of Interest on Interest Rs. 55 crore in Q4 FY21 following the Supreme Court order*
2. *Earlier, Capital First had portfolios of Loan Against Shares with ticket sizes above Rs. 20 lac and Loans with annual interest payments, which were permitted for an NBFC, but not permitted in the Bank. On merger with the Bank, the dispensation was provided by the RBI for the said portfolio which is no longer available. Because of the same, the Bank was required to make 100% provision to this outstanding portfolio, and the provisions on this count amounted to Rs. 89 crore in Q4-FY21.*
3. *The provisions included the reversal of provisions of Rs. 324 crores on account of one large telecom account. The Bank created COVID 19 provisions for Rs. 375 crores and carried it into FY 22.*
4. *Without the impact of the point 1 and 2 mentioned above, the PBT for FY21 would be Rs. 620 crore and with normalized tax rate, the corresponding PAT would be Rs. 464 crore for FY21*
5. *Includes de-recognition of DTA on goodwill pursuant to recent changes in Finance Act and benefit on account of DTA reassessment at March 31, 2021*

Section 4: Quarterly Income Statement

In Rs. Crore	Q4 FY20	Q3 FY21	Q4 FY21	Growth% (QoQ)	Growth% (YoY)
Interest Income	4,092	4,101	3,993[1]	-3%	-2%
Interest Expense	2,392	2,209	2,033	-8%	-15%
Net Interest Income	**1,700**	**1,892**	**1,960**	**4%**	**15%**
Fee & Other Income	432	582	600	3%	39%
Operating Income (Excl Trading Gain)	**2,132**	**2,474**	**2,561**	**3%**	**20%**
Trading Gain	319	290	241	-17%	-24%
Operating Income	**2,451**	**2,764**	**2,801**	**1%**	**14%**
Operating Expense	1,664	1,991	2,156	8%	30%
Pre-Provisioning Operating Profit (PPOP)	**787**	**773**	**646**	**-16%**	**-18%**
Core PPOP (Ex. Trading gain and Interest on interest reversal)	**468**	**484**	**460**	**-5%**	**-2%**
Provisions	679	595	603[2,3]	1%	-11%
Profit Before Tax	**107**	**179**	**43**[4]	**-76%**	**-60%**
Tax	36	49	(85)[5]	-272%	-336%
Profit After Tax	**72**	**130**	**128**	**-1%**	**79%**

1. *Includes reversal of Interest on Interest Rs. 55 crore in Q4 FY21 following the Supreme Court order*
2. *Earlier, Capital First had portfolios of Loan Against Shares with ticket sizes above Rs. 20 lac and Loans with annual interest payments, which were permitted for an NBFC, but not permitted in the Bank. On merger with the Bank, the dispensation was provided by the RBI for the said portfolio which is no longer available. Because of the same, the Bank was required to make 100% provision to this outstanding portfolio, and the provisions on this count amounted to Rs. 89 crore in Q4-FY21.*
3. *The provisions included the reversal of provisions of Rs. 324 crores on account of one large telecom account. The Bank created COVID 19 provisions for Rs. 375 crores and carried it into FY 22.*
4. *Without the impact of the point 1 and 2 mentioned above, the PBT for Q4FY21 would be Rs. 188 crore and with normalized tax rate, the corresponding PAT would be Rs. 140 crore for Q4FY21*
5. *Includes de-recognition of DTA on goodwill pursuant to recent changes in Finance Act and benefit on account of DTA reassessment in Q4-FY21*

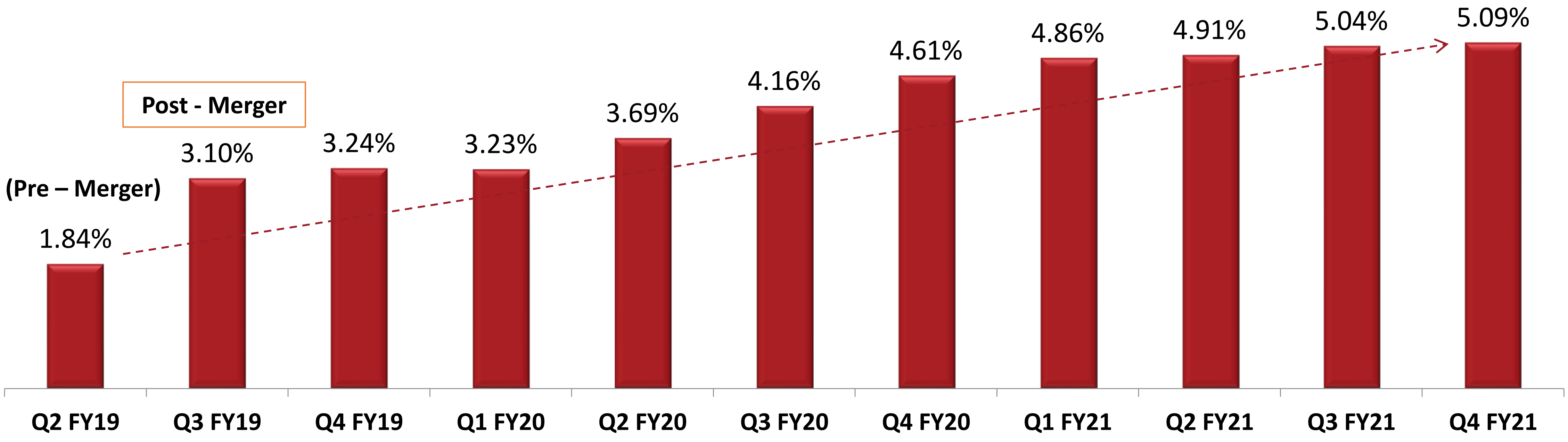
Section 4: Balance Sheet

In Rs. Crore	Mar-20	Dec-20	Mar-21	Growth (%) (Y-o-Y)
Shareholders' Funds	15,343	17,668	17,808	16%
Deposits	65,108	84,294	88,688	36%
- *Retail Deposits*	33,924	58,435	63,894	88%
- *Wholesale Deposits (including CD)*	31,184	25,859	24,795	-20%
Borrowings	57,397	40,805	45,786	-20%
Other liabilities and provisions	11,353	12,909	10,861	-4%
Total Liabilities	**149,200**	**155,676**	**163,144**	**9%**
Cash and Balances with Banks and RBI	4,191	7,141	5,828	39%
Net Funded Assets	98,062	106,263	111,758	14%
- *Net Retail Funded Assets*	54,848	66,731	72,334	32%
- *Net Wholesale Funded Assets**	43,214	39,532	39,425	-9%
Investments	35,841	33,037	36,719	2%
Fixed Assets	1,038	1,233	1,266	22%
Other Assets	10,069	8,003	7,572	-25%
Total Assets	**149,200**	**155,676**	**163,144**	**9%**

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

Section 4: Strong improvement in Net Interest Margin %

- The NIM of the bank has accelerated to **5.09%** post merger (Q4-FY21) despite accounting for reversal of Interest on Interest of Rs. 55 crore.
- Interest income from the loans originated through Business correspondents being booked net of the origination and servicing expense incurred by business correspondents. Effective from Q4 FY21 such income is now booked as gross interest income and the origination expenses pertaining to this book is included in the operating expense line of the Bank. For the fair comparison purposes, the previous period interest income and opex figures, and as a result, the NIM% have been reinstated.
- As per our earlier guidance, we aspire to take it to 5-5.5% in the next 5 years. We are on track for reaching there.



Section 4: Capital Adequacy Ratio, including additional equity capital of Rs. 3,000 crore raised in April 2021, is at 16.32% with CET-1 Ratio at 15.62%

In Rs. Crore	Mar-20	Dec-20	Mar-21	Mar-21 (Incl Capital Raise)
Common Equity	14,690	17,287	16,974	19,988
Tier 2 Capital Funds	90	629	647	887
Total Capital Funds	**14,780**	**17,917**	**17,622**	**20,875**
Total RWA	**110,481**	**125,052**	**1,27,944**	**1,27,944**
CET 1 Ratio (%)	**13.30%**	**13.82%**	**13.27%**	**15.62%**
Total CRAR (%)	**13.38%**	**14.33%**	**13.77%**	**16.32%**

- 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.
- The Bank has successfully raised Rs. 3,000 crore of equity capital through QIP process by allotting new equity shares to marquee international and domestic investors in April 2021. The process began in the last week in February 2021 and was completed in the first week of April 2021.

IDFC FIRST Bank

Section 5: Board of Directors

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 March 2021, he has increased retail loan book from 13.16% pre-merger to 62.89% (Rs. 73,673 crores) of the total funded assets, increased Net Interest margin from 1.84% pre-merger to 5.09%, increased CASA from 8.68% to 51.75%, 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. He has run 23 half-marathons and 8 full marathons.

Section 5: Board of Directors

MR. SUNIL KAKAR - NON-EXECUTIVE NON INDEPENDENT DIRECTOR (REPRESENTING IDFC LIMITED)

Mr. Sunil Kakar is the Managing Director & CEO of IDFC Limited. He started his career at Bank of America where he worked in various roles, covering Business Planning & Financial Control, Branch Administration and Operations, Project Management and Internal Controls. After Bank of America, Mr. Kakar was the CFO at Max New York Life Insurance. He led numerous initiatives including Planning, Investments / Treasury, Finance and Accounting, Budgeting and MIS, Regulatory Reporting and Taxation.

MR. S GANESH KUMAR - INDEPENDENT DIRECTOR

Mr. S Ganesh Kumar was the Executive Director of the Reserve Bank of India. 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. He has rich experience in the Information Technology area and has honed skills in this area of specialisation.

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. 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 has an MBA in Marketing and has completed an Advanced Management Program.

Section 5: Board of Directors

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, State Bank of India, 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. 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 State Bank of India 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.

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. Mr. Kamat 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, Mr. Kamat 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.

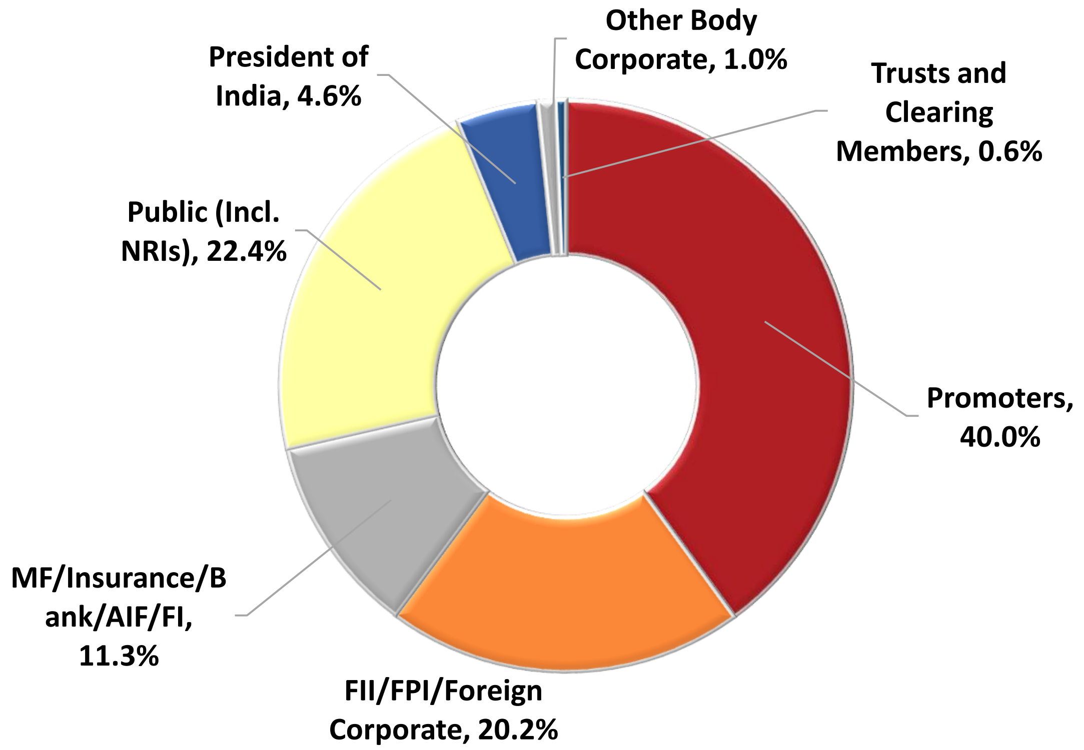
MR. VISHAL MAHADEVIA – NON-EXECUTIVE NON INDEPENDENT DIRECTOR

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

IDFC FIRST Bank

Section 5: Shareholding Pattern as of March 31, 2021

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



Total # of shares as of March 31, 2021 : 567.58 Cr
Book Value per Share as of March 31, 2021: Rs. 31.37
Market Cap. as on March 31, 2021: Rs. 31,614 Crore

Key Shareholders *(through their respective various funds and affiliate companies wherever applicable)*	**% Holding**
IDFC Financial Holding Company Limited	39.98
Warburg Pincus through its affiliated entities	9.93
President of India	4.61
ICICI Prudential Life Insurance	4.56
Odyssey 44	4.03
Aditya Birla Asset Management	1.88
Bajaj Allianz Life Insurance	1.62
HDFC Life Insurance Company	1.53
Vanguard	1.62
Ishares	0.66
Wellington	0.46
V Vaidyanathan*	0.55

**On a fully diluted basis, including shares and options, Mr. Vaidyanathan holds 2.33% of the equity of the Bank including shares held in his social welfare trust.*

IDFC FIRST Bank

SECTION 6:

STRATEGY GOING FORWARD FOR THE COMBINED ENTITY

(as declared at merger in December 2018)

- **Key Strategies for the combine entity –**
  - ✓ Asset Strategy
    - *Growth of Assets*
    - *Diversification of Assets*
    - *Gross Yield expansion*
  - ✓ Liability Strategy
    - *CASA Growth*
    - *Diversification of Liability*
    - *Branch Expansion*
  - ✓ Profitability
    - *Expand Net Interest Margin*
    - *Reduce Cost to Income Ratio*
    - *Improve RoA and RoE*
  - ✓ History of Capital First

IDFC FIRST Bank

Section 6: Asset Strategy for IDFC FIRST Bank as guided at the time of merger in December 2018.

- **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.

Section 6: Liability Strategy for IDFC FIRST Bank as guided at the time of merger in December 2018.

- **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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Section 6: 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%

Since the business model of Capital First with sustainable and profitable Retail Asset growth is an important part of the business being built in the merged bank, the brief history and the business progression of Capital First are provided further for reference to the investors.

Section 6: 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.

Section 6: 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)

Section 6: Summary – Strategy for IDFC FIRST Bank

In summary, **IDFC FIRST Bank** has been building a granular retail deposit and asset franchisee with healthy incremental margins, supported by the digital innovations and analytics platforms. The Bank provides excellent service to its customers under its theme "Customer First".

The Bank is known for its high levels of integrity and Corporate Governance standards and will make every effort to sustain the same.

THANK YOU