



IDFC FIRST
Bank



IDFC FIRST Bank | आई डी एफ सी फर्स्ट बैंक

BKC BRANCH

Investor Presentation – Q1 FY23

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Bank At a Glance (as on June 30, 2022)

Funded Assets¹

US\$ 17,426 Mn

(21% YoY) ▲

Customer Deposits



US\$ 13,021 Mn

(21% YoY) ▲

CASA Ratio



50.04%
(-82 bps YoY) ▼

Core Operating Profit



Q1-FY23: US\$ 125 Mn
(64% YoY) ▲

Net Interest Margin



5.89%
(39 bps YoY) ▲

Asset Quality⁴

GNPA% : 3.36%

NNPA% : 1.30%

PCR%² : 73.13%

Capital Adequacy Ratio (%)



15.77%³
(21 bps YoY) ▲

Profit After Tax



Q1-FY23: US\$ 60 Mn
(Q1-FY22: **US\$ -80 Mn**)

Return on Assets (%)



Q1-FY23: 0.97%
(Q4-FY22: 0.77 %)

Return on Equity (%)



Q1-FY23: 8.96%
(Q4-FY22: 6.67%)

1. Net of IBPC. 2. Provision Coverage Ratio is including technical write w/offes. 3. Including profits of Q1 FY23.
4. GNPA & NNPA as on March 31, 2022 stood at 3.70% and 1.53% with PCR of 70.29%;

Salient Features of our Business Model

Corporate Governance

- We maintain the highest levels of corporate governance at all times.
- Our Board members are highly experienced and held senior positions in leading global corporations, government institutions or regulatory bodies.
- All significant Board Committees are headed by independent directors.

Growth

- We have specialized capabilities and skills in financing consumers and small businesses in India which have enormous opportunities for growth ahead.
- We expect to grow the overall loan book **~20-25%** on a sustainable basis from here on for the foreseeable future.
- On the deposits side, we have grown retail deposits by 3-Year CAGR of **73%**, based on our strong brand, customer first propositions, high service levels and reached CASA % of **~50%**. We have created the strong capabilities to comfortably grow the deposit base from here on as required.

Asset Quality

- For retail and commercial finance, which is the majority of the book, our GNPA and NNPA has reduced to **2.12%** and **0.93%**, respectively.
- Post COVID, NPAs in this segment has quickly reverted back to our long-term trend of GNPA and NNPA levels of **~2%** and less than **1%** respectively and we expect to sustain these levels going forward based on input trends of cheque bounce, collection efficiency, recoveries, vintage analysis etc.
- All stressed legacy large-ticket wholesale exposures accounted for.

Technology

- We invest in contemporary technology architectures and digital capabilities that will help the bank to enable efficiency, resilience, and growth.
- We employ high end technologies in credit underwriting, portfolio management, collection strategy, fraud risk mitigation, deposit mobilization, digital marketing and other such areas.

Customer First

- We believe in making customer friendly products and services. We apply a “Near-and-Dear” test while designing all our products and services, meaning, we only sell such products which we are happy to sell to our family members. We were the first universal bank to offer monthly interest credit for savings accounts and launched credit card with differentiated offerings like dynamic interest rate.

Profitability

- Our NIM is strong at **~ 6%**. Our Incremental ROE on Retail and commercial finance is between **18-20%** after adjusting for credit costs and tax. As a result, over the last 4 trailing quarters, our ROE has increased from **2.97%** in Q2-FY22 to **5.44%** in Q3-FY22, to **6.67%** in Q4-FY22 and to **8.96%** in Q1-FY23. This clearly demonstrates the strong ROE generation of our incremental business which is rapidly increasing the ROE of the Bank. We expect this phenomenon to continue to play out going forward. Our business model is fundamentally geared for high-teens ROE.

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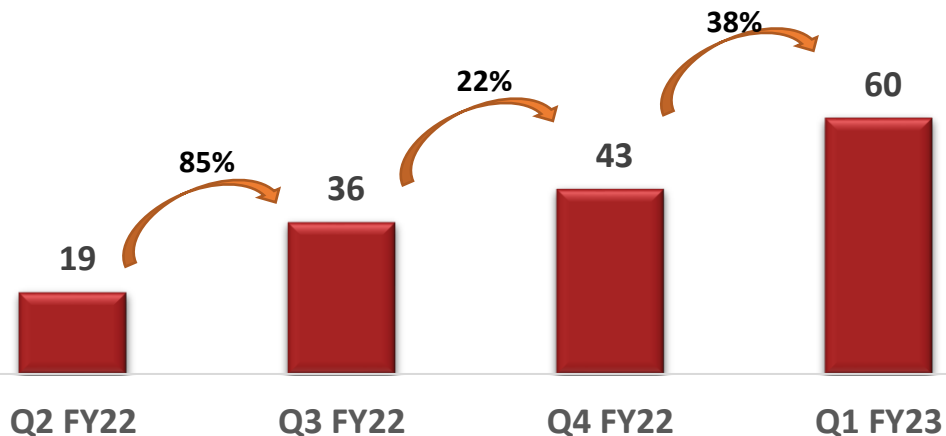
Key Financial Highlights of Q1 FY23

Area	Key Parameters	Q1 FY22	Q1 FY23	Growth (%/bps)
Assets	Total Funded Assets ¹	US\$ 14,404 Mn	US\$ 17,426 Mn	21% ▲
Deposits	Customer Deposits	US\$ 10,746 mn	US\$13,021 Mn	21% ▲
	CASA Ratio (%)	50.86%	50.04%	82 bps ▼
Asset Quality	Bank Level	GNPA: 4.61%, NNPA: 2.32%	GNPA: 3.36%, NNPA: 1.30%	125 bps, 102 bps ▼
	Retail & Commercial Finance ²	GNPA: 3.86%, NNPA: 1.82%	GNPA: 2.12%, NNPA: 0.93%	174 bps, 89 bps ▼
Profitability	Core Operating Income ³	US\$ 462 Mn	US\$ 333 Mn	39% ▲
	Cost to Income ⁴ (%)	77.16%	72.95%	419 bps ▼
	Core Operating Profit ⁴	US\$ 76 Mn	US\$ 125 Mn	64% ▲
	Profit/(Loss) After Tax	US\$ (80) Mn	US\$ 60 Mn	- ▲
	RoA% ⁵	-1.51%	0.97%	- ▲
	RoE% ⁵	-13.31%	8.96%	- ▲

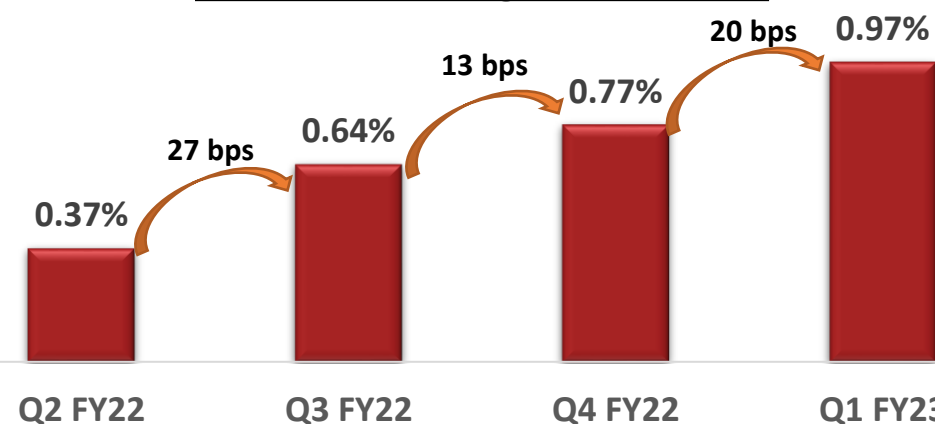
1. Net of IBPC; 2. Commercial Finance consists of business installment loans, micro business loans, small business working capital, commercial vehicle, trade advances etc.; 3. Core Operating Income comprises of Net Interest Income & Fee and Other Income excluding trading gain; 4. Excluding trading gain; 5. RoA/RoE are quarterly annualized

Strong growth in profitability; ROA touches ~1%

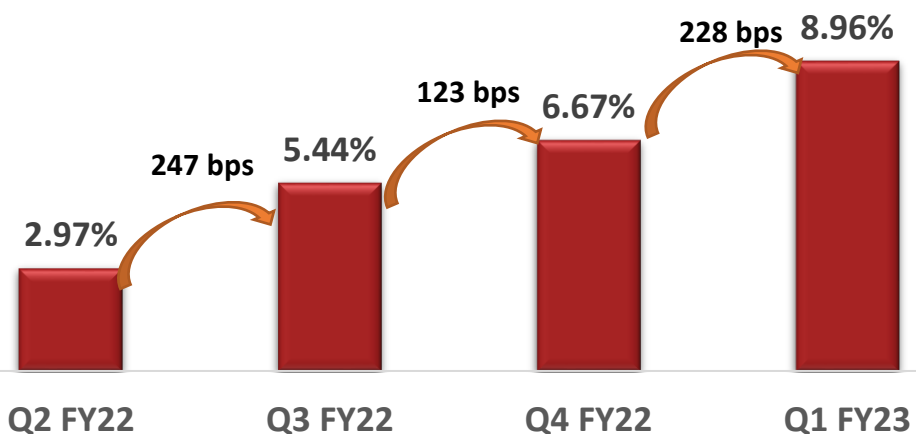
Profit After Tax (US\$ Mn)



Return on Average Total Assets



Return on Average Equity



The strong profitability trajectory of the Bank is driven by

- Powerful unit economics
- Retail lending business ROE of 18-20%
- Retiring of high-cost liabilities
- Growth in credit cards business
- Improving branch productivity
- New Business launches (Wealth, FASTag, CMS, etc.)
- Profitable wholesale business
- Reduced provisions
- Improved operating leverage

We expect profitability to further improve going forward.

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The IDFC Bank- Capital First Merger

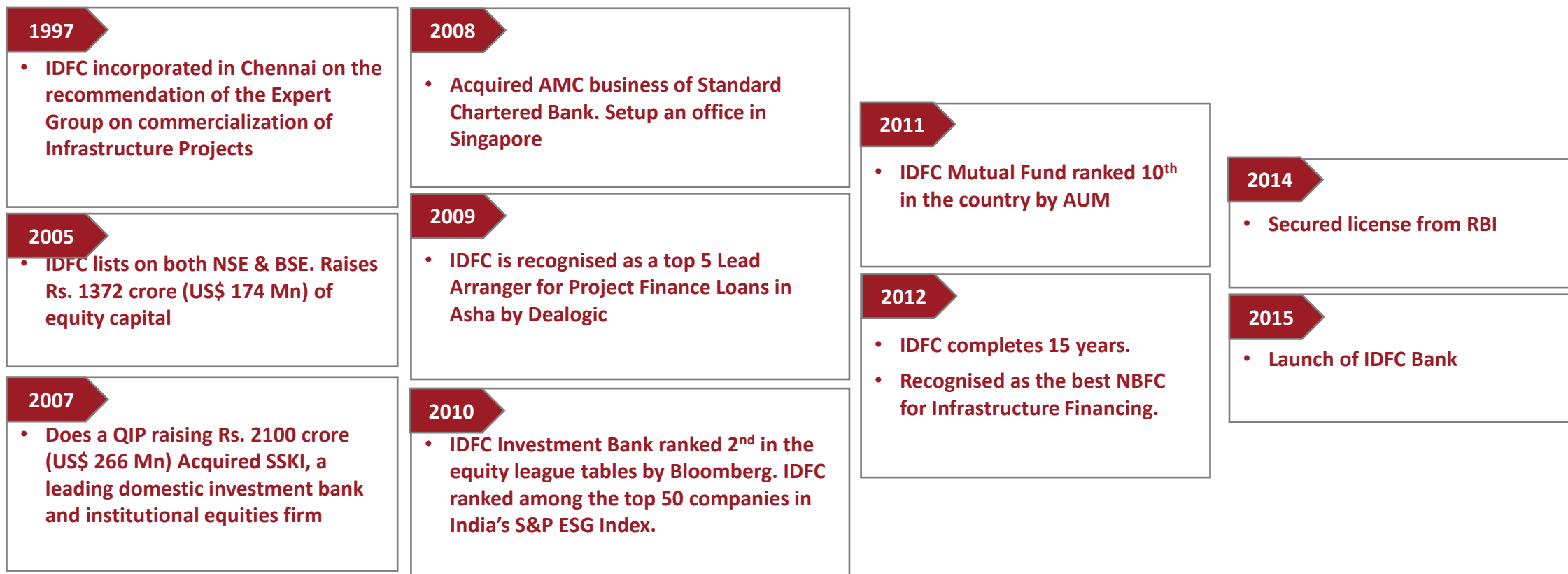
- **IDFC FIRST Bank was created by the merger of Erstwhile IDFC Bank and Erstwhile Capital First on December 18, 2018.**
- **Erstwhile IDFC Bank started its operation as a Bank after demerger from IDFC Ltd, a premier infrastructure Financing Domestic Financial Institution renowned for its contribution to infrastructure in India since 1997.**
- **Capital First was a successful consumer and MSME financing entity since 2012 with strong track record of growth, profits and asset quality.**

On merger, 13.9 shares of IDFC Bank were issued for every share of Capital First as part of the merger scheme in December 2018

Background - Erstwhile IDFC Bank

About IDFC Bank

In 2015, IDFC Bank was formed out of demerger from IDFC Ltd which was one of the biggest infrastructure finance company in India. The institution diversified into Asset Management, Institutional Broking and Investment Banking. It applied for and acquired a Commercial Banking License from RBI. IDFC Bank created a strong banking framework creating all the necessary systems, risk management, infrastructure, IT architecture and processes for future growth. It created efficient cash management system and treasury and for managing trading.



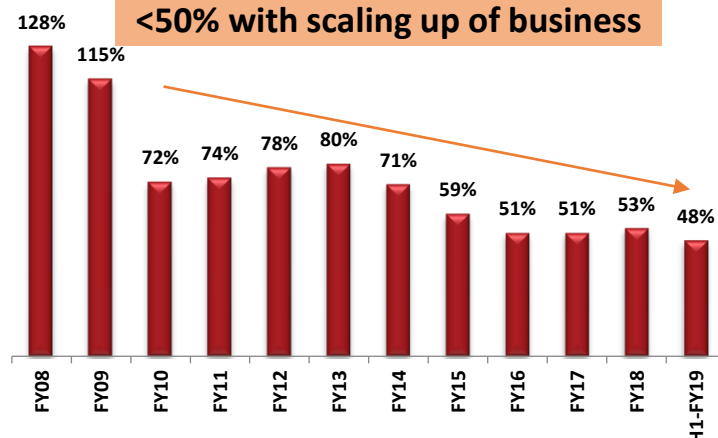
Background - Erstwhile Capital First

3. Background of IDFC FIRST Bank

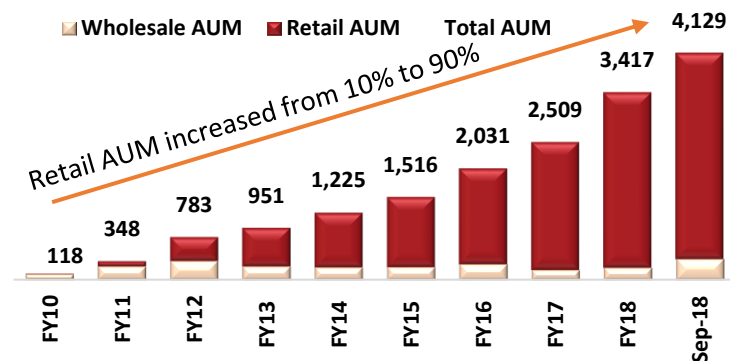
Background

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

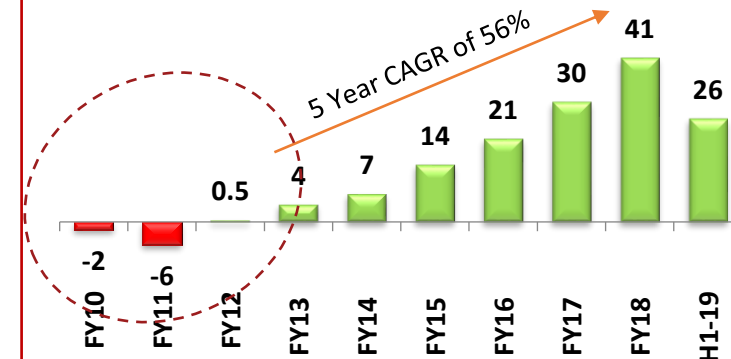
Cost to income came down to <50% with scaling up of business



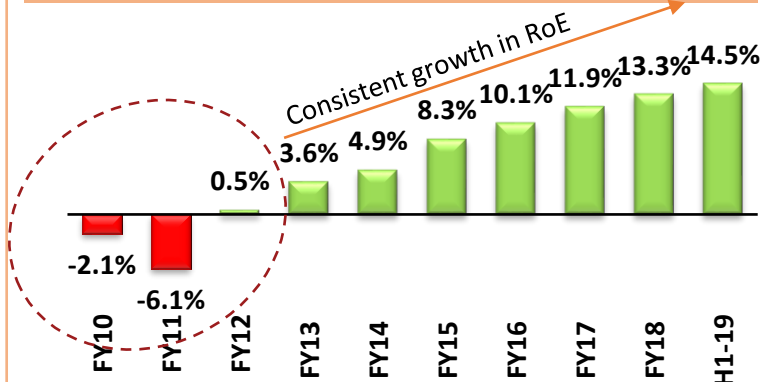
Strong growth in AUM



5 Yr PAT CAGR of 56%



Continuous Increase in Return on Equity (%)



Stock Price increased 7x from Rs. 120 to Rs. 845 in 6 years

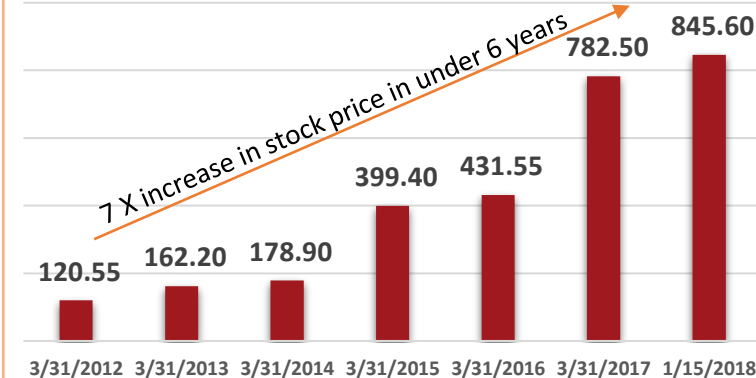


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Key Excerpts from MD & CEO's letter to shareholders in AR 2020-21

Our Vision:

*“To build a **world class** bank in India, guided by **ethics**, powered by **technology** and be a force for **social good**.”*



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first values,

we make products with transparent pricing and fees. Working on the theme of Customer First, we came up with many unique features as follows:

We advise our product teams to design products in such a way that it is meant to be sold to our “near and dear” ones.

- **Monthly credits:** We have started “monthly” credit of interest on savings accounts, against the industry practice of Quarterly credits. So, our customers earn “interest on interest” monthly on their savings accounts. To the best of our knowledge, no large

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Don’t underestimate the power of the 50% CASA Bank with a powerful and tested lending machine attached to it.

I express our sincere thanks to our regulator the Reserve Bank of India who have constantly guided us on our approach and supported us throughout. Our Board members are eminent people with rich experience, have great intellect, highest levels of integrity and have constantly guided the Bank with strategic inputs and towards very high standards of corporate governance.

I sincerely thank our customers for banking with us. I also

- 2- 1- 2 Formula:** We will be targeting a 2-1-2 formula, i.e. Gross NPA of 2%, Net NPA of 1% and provisions of 2% on funded assets on a steady state basis.

We will be targeting a 2-1-2 formula, i.e. Gross NPA of 2%, Net NPA of 1% and provisions of 2% on funded assets

Key Excerpts from MD & CEO's letter to shareholders in AR 2021-22

I have always maintained that we are building a world class bank for the longer run and are not rushing it. We tick all boxes except one. We currently don't make the cut on only one count-net profits. I believe we will address this issue in FY23 comprehensively.

working seriously on the same. The cost to income ratio is coming down every year since the merger and will continue

CLOSING

I have always maintained that we are building a world class bank for the longer run and are not rushing it. We tick all boxes except one. We currently don't make the cut on only one count-net profits. I believe we will address this issue in FY23 comprehensively.

members are on identified the Board.

us on only a

ep our focus compare well t, hence the yst reviews. e etc. could ter publicly. shortcuts to culture and o the genes our vision to

We are a universal bank with highly diversified sources of income. Apart from lending, we have launched several other new businesses such as cash management, Trade Forex, Wealth management, toll and transit, credit card business, segmented current accounts, start-up banking, and distribution of insurance and investment products.

online purchase through a payment gateway and not insist

mutual funds, PMS, AIF, insurance, Sovereign Gold bonds, and many such products where we will make distribution

One key development is that our funding costs have come down over time, and as a result we have migrated to safer customer segments while maintaining similar margins.

early bucket collection efficiency, including cheque clearance plus field collections, has increased from

The trend line on ROE is very encouraging. In Q4 FY21, our annualized ROE was 2.92%, in Q4 FY22 was 6.67%, and for Q4FY23, we have guided for double digit ROE. You can see for yourself how this chart is rising.

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Risk

We ha are dis to cau As a years, 29% t

responsibility to Shikha Hora, a senior person at our bank, for focussed attention on this matter. She has written a note for us on the initiatives of the bank in this report.

We believe we will have strong ROE, with the growth potential of a youthful-stage bank and strong technology orientation to leverage the future.

We will not dilute credit norms to get more business. We are very careful with our portfolio quality and we monitor indicators minutely. We rigorously subject the applications through 10 specific filters. We generally reject about 40-60% of the applications received by us based on product category as part of the above stringent filtration process.

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The Bank has a wide bouquet of fund based and non-fund based products across urban and rural consumer, MSMEs and Corporates

5. Product & Digital Innovations

For salaried & self-employed individuals, the Bank provides various products to fulfill different financial needs across urban and rural India.

For business professionals, the bank provides a number of solutions including working capital and business loans.

Comprehensive funded and non-funded product solutions for Corporate customers

Prime Home Loans



Affordable Home Loans



JLG Loans - Microfinance



Loan against Property



Micro Business Loans



Term Loans



Car Loans



Education Loans



Gold Loans



Business Loans



Professional Loans



Working Capital Loans



Personal Loans



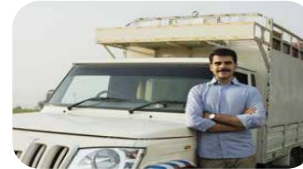
Credit Cards



Agri / Farmer Loans



Commercial Vehicle



Business Banking



Trade Finance, Forex & CMS Solutions



Consumer Durable Loans



Two Wheeler Loans



Tractor Loans



The Bank has a wide range of Current and Savings Account Offerings

CURRENT ACCOUNTS:

The Bank has multiple current account offerings doorstep banking, CMS solutions, best in class digital platforms etc, to cater to enterprises, entrepreneurs, start-up and professionals like Doctors / Chartered Accountants



SAVINGS ACCOUNTS:

The Bank offers savings accounts with attractive interest rates and multiple features including health benefits, doorstep banking, higher insurance limits which cater to different customer segments with specific offerings to women customers, senior citizens, minors, rural customers and salaried individuals in defence



Savings Account
Rs. 25,000 AMB



Senior Citizen SA



FIRST Power SA



Vishesh Savings Account



Savings Regular
Rs. 10,000 AMB



Minor Savings Account



Honour FIRST Defence Account



Corporate Salary account with Debit card

The Bank also offers Term Deposits to individuals and corporate at attractive interest rates

Our Digital Initiatives

Significant traction on electronic platforms

5. Product & Digital Innovations



RTGS & NEFT

payments through CMS solutions up by 173% (vol.) and 146% (throughput) on YoY Basis



94%

Retail Digital Transactions



Ranked 6th

Bharat Bill Payment System (BBPS): amongst 30 biller operating units



1st Mover

in adoption of account aggregator framework



8.5 mn+

FASTag issued since launch



First to introduce FASTag recharge via WhatsApp;
Payment for fuel and green tax from FASTag balances



1 mn+

Credit cards issued since launch in January 2021



45%

Retail SA sourced digitally



Voice-based payments,
Launched UPI123 PAY for non-internet based UPI transactions & feature phone users.



Launched UFILL
For fuel prepayment through UPI for an OMC

India's FIRST FASTAG with Triple Benefits – Toll, Fuel and Parking!

85,00,000 +

Number of FASTag issued

432

Toll Plaza Merchants

19,000

Fuel Merchants

22

Parking Merchants



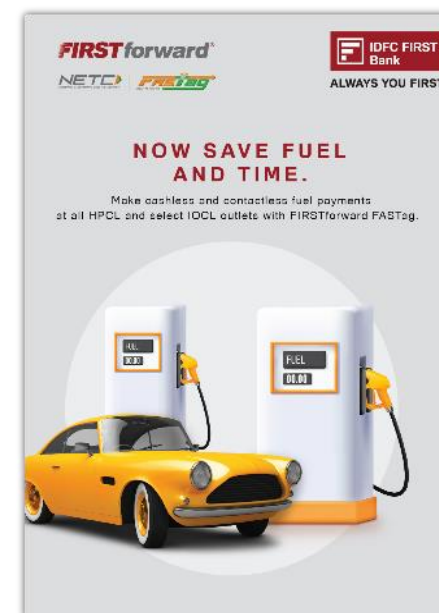
30% Market Share

(Average Daily Toll Value Paid in June 2022)



39% Market Share

(Average Daily Toll Value Acquired in June 2022)



Largest Fuel Acquirer

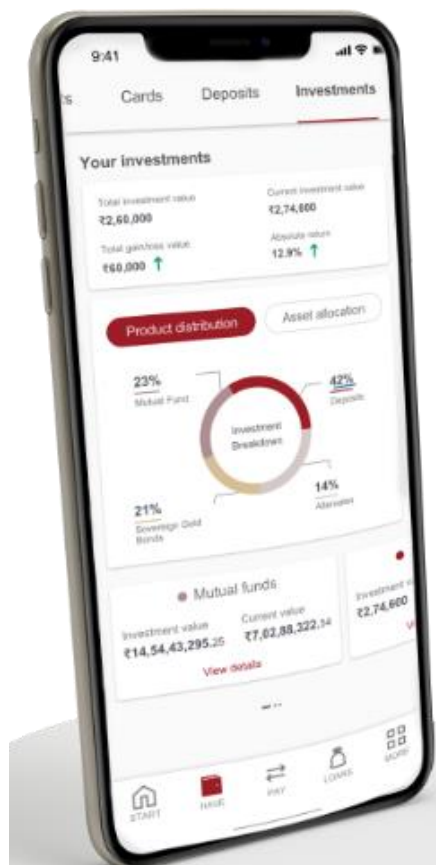


Largest Parking Acquirer

Wealth Management: Easy to use Wealth Management Application

AUM of Wealth Management Business has grown 92% YoY to reach US\$ 847 Mn as on June 30, 2022.

Award winning Digital Investing Platform



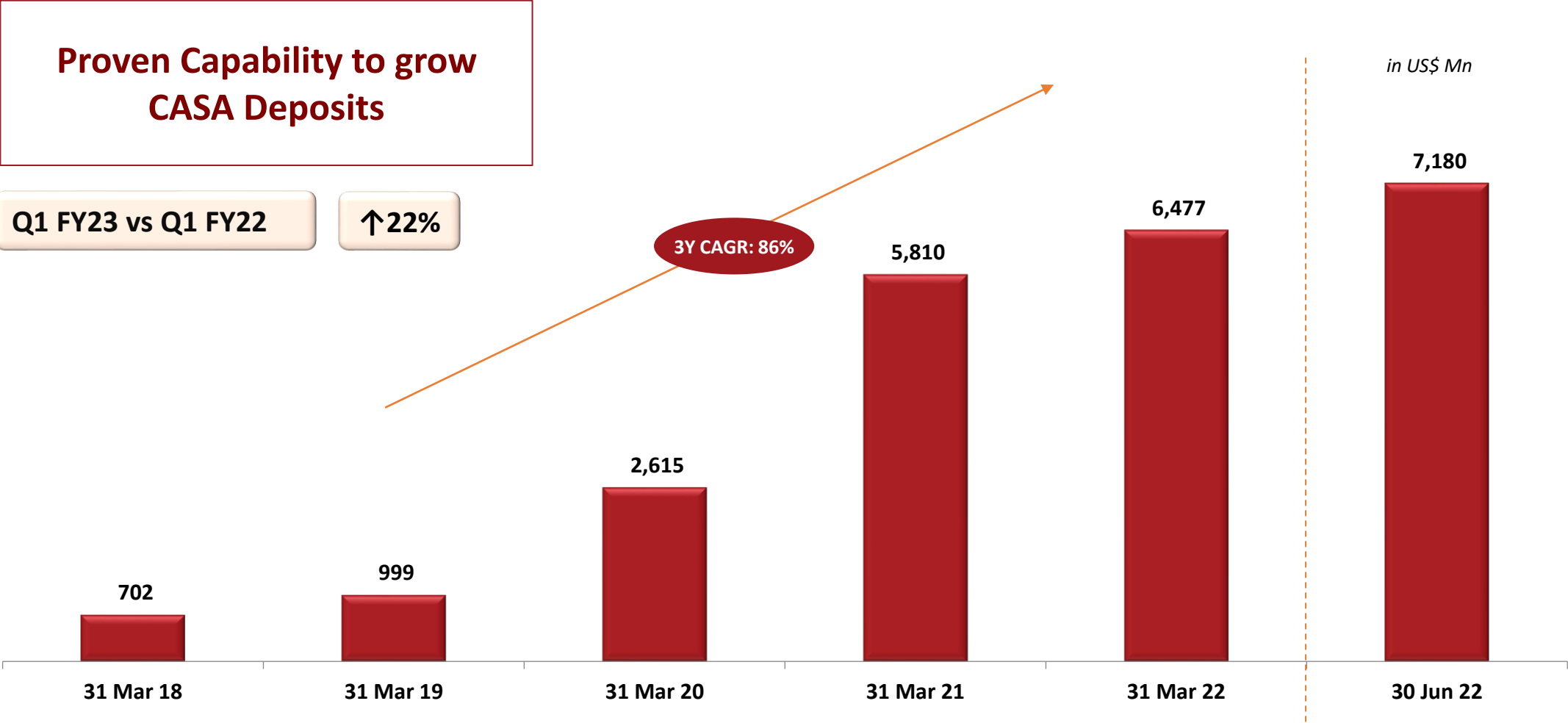
- ★ 1 On-line Mutual Fund Investing
- ★ 2 Consolidated Investment Dashboard
- ★ 3 MF Holdings & Transaction Management
- ★ 4 Investor Risk Profiling
- ★ 5 Quant based Research Recommendations
- ★ 6 Investment Ideas for Mutual Funds
- ★ 7 Sovereign Gold Bonds
- ★ 8 IDFC FIRST Demat Account Opening
- ★ 9 Goal Based Investing
- ★ 10 Term Insurance Quote Comparison
- ★ 11 Edit SIP Features – Pause, Change Amount & Date

★ Differentiators – Asia Pacific Banking Apps

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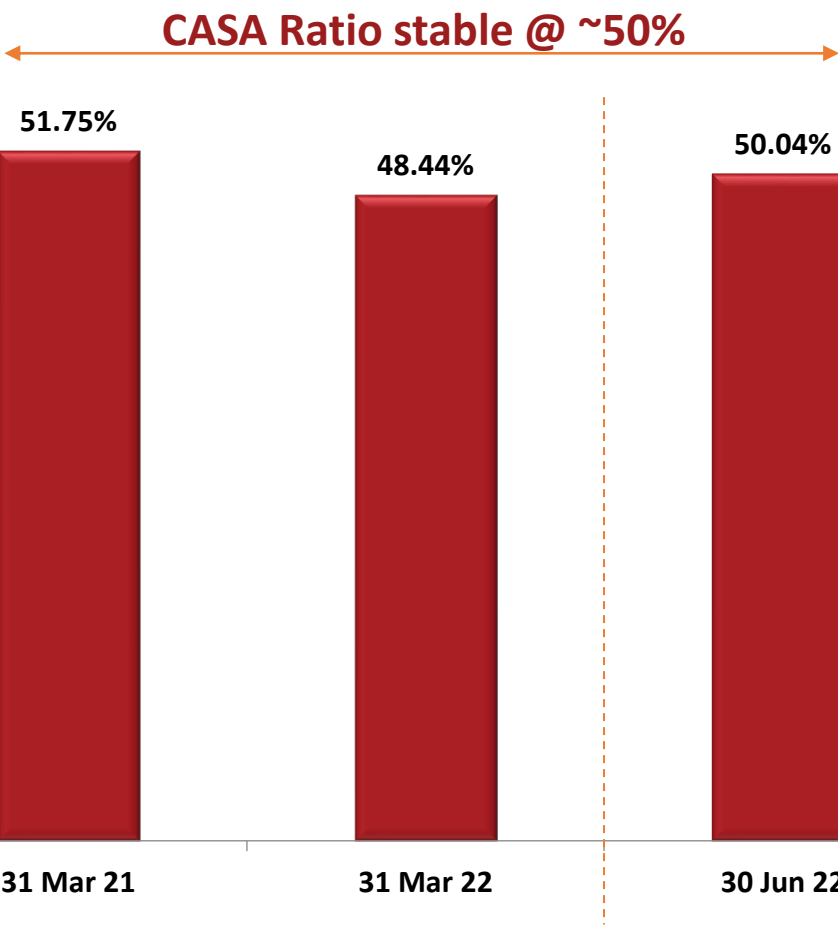
Deposits: Strong growth in CASA Deposits



Deposits: CASA Ratio stable at ~ 50%

The CASA ratio has been stable at ~ 50% for over a year now despite our reducing the interest rate in FY 21-22.

Bank is confident of maintaining the same going forward as we expand the book from here on.



Deposits: Strong growth in Retail Deposits (Retail CASA + Retail Term Deposit)

Retail Deposits (Retail CASA & Retail Term Deposits) have grown significantly based on on high service levels, strong brand and excellent customer first products.

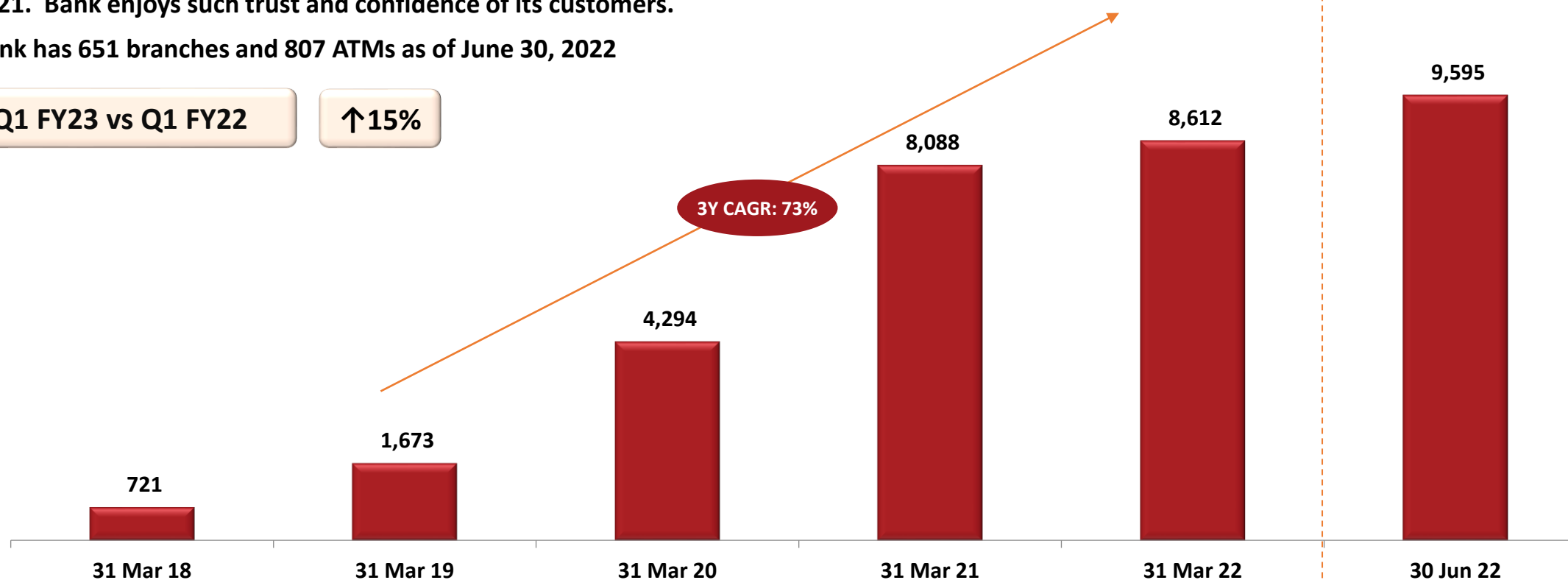
Even during COVID-19 pandemic, the bank's retail deposits grew by US\$ 3,794 Mn in FY21. Bank enjoys such trust and confidence of its customers.

Bank has 651 branches and 807 ATMs as of June 30, 2022

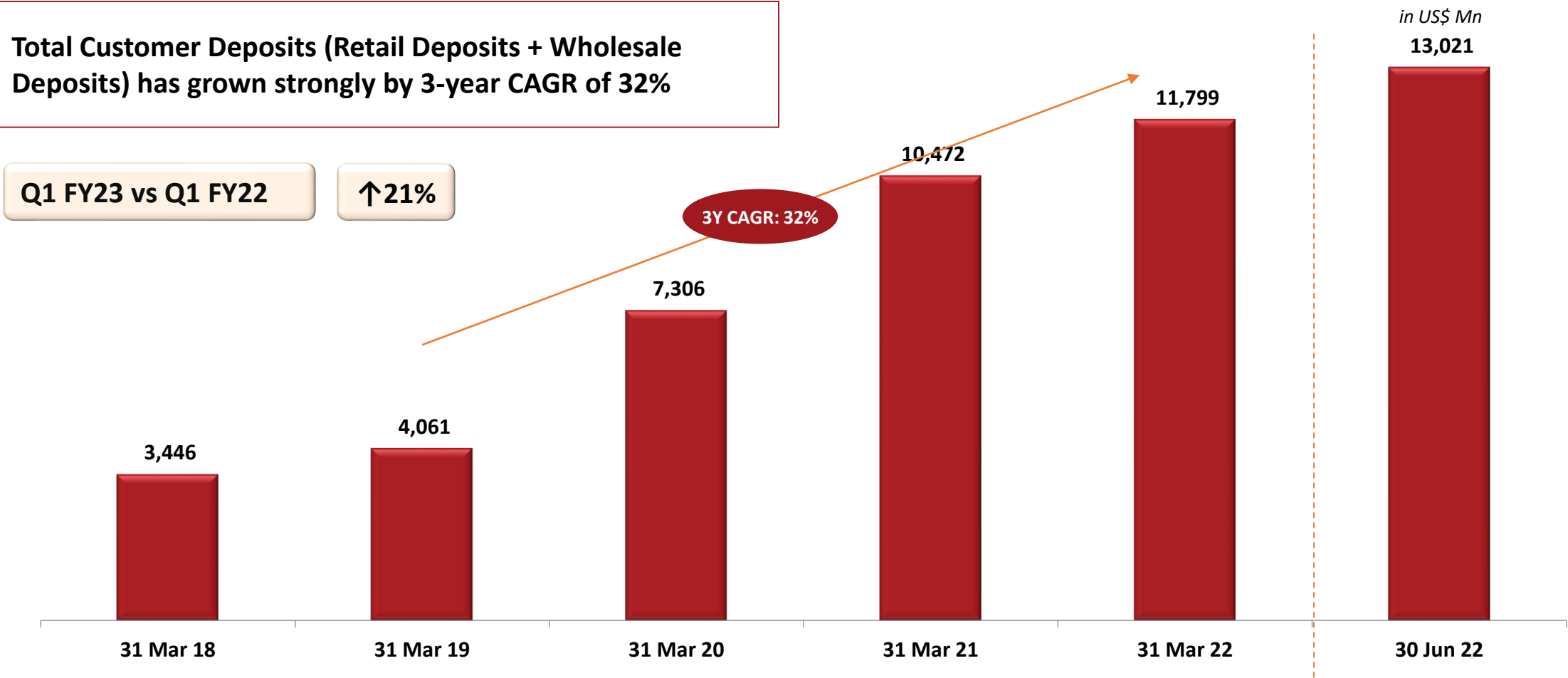
Q1 FY23 vs Q1 FY22

↑15%

In US\$ Mn



Deposits: Strong growth in Total Customer Deposits



Summary of Deposits & Borrowings

In US\$ Mn	Jun-21	Mar-22	Jun-22	YoY%
Legacy Long Term Bonds	968	843	838	-13%
Legacy Infrastructure Bonds	1,201	1,153	1,007	-16%
Refinance	1,772	2,077	2,232	26%
Tier II Bonds	-	190	190	-
Other borrowings	903	722	673	-25%
Total Borrowings (A)	4,843	4,985	4,940	2%
CASA	5,878	6,477	7,180	22%
Term Deposits	4,868	5,322	5,842	20%
Total Customer Deposits (B)	10,746	11,799	13,021	21%
Certificate of Deposits (C)	813	1,572	1,327	63%
Money Market Borrowings (D)	1,287	1,719	2,109	64%
Borrowings + Deposits (A)+(B)+(C)+(D)	17,689	20,076	21,397	21%
CASA Ratio (%)	50.86%	48.44%	50.04%	
Average CASA Ratio (Quarterly)	50.26%	49.28%	46.97%	

Legacy High Cost Borrowing continues to run down.

In US\$ Mn	Balance		Maturity					RoI (%)
	As on Jun-21	As on Jun-22	FY23	FY24	FY25	FY26	Beyond FY26	
Infrastructure Bonds	1,201	1,007	60	138	696	113	-	8.89%
Long Term Legacy Bonds	968	838	-	210	165	463	-	9.04%
Other Bonds	513	374	171	97	19	42	45	8.83%
Refinance	854	616	260	238	118	-	-	8.07%
Total	3,536	2,836	492	684	997	618	45	8.75%

High cost borrowing reduced by US\$ 700 Mn during last one year

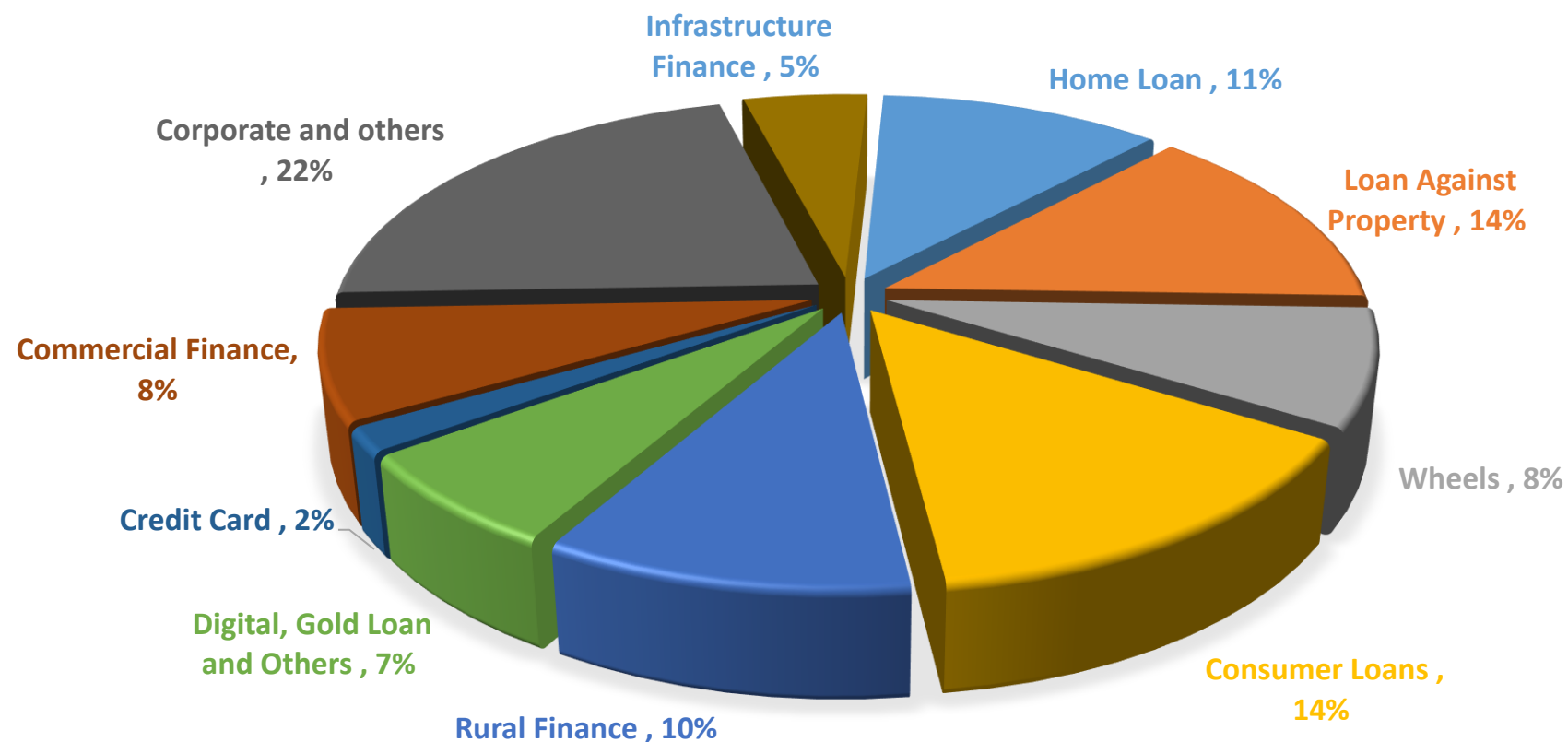
As we replace the balance high cost borrowings of US\$ 2,836 Mn with our incremental cost of ~5-5.50%, it will add about ~US\$ 95-100 Mn to the net interest income of the bank on an annualized basis in due course.

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Diversified Funded Assets

Composition of Funded Assets



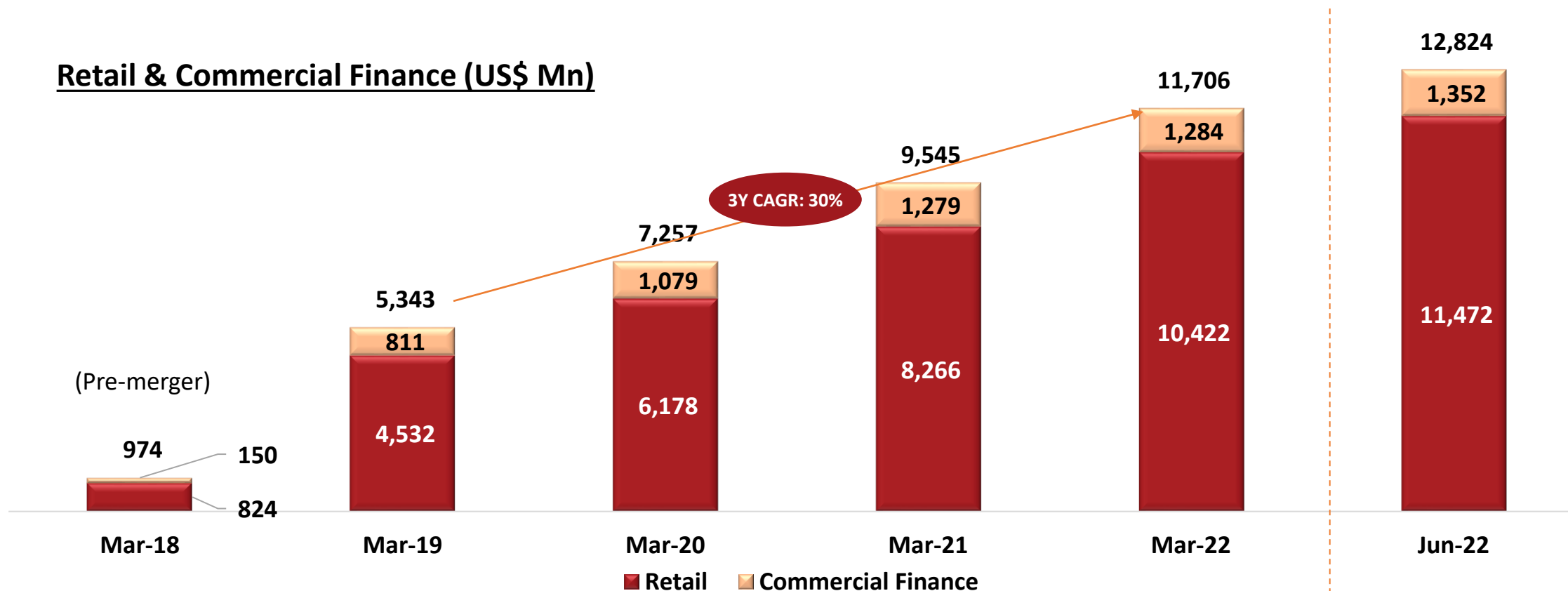
**Overall Funded Assets
(as on June 30, 2022)
US\$ 17,426 Mn**

- Commercial Finance consists of Loans to small business owners and entrepreneurs through products like business installment loans, micro business loans, small business working capital, commercial vehicle, trade advances etc. with most loans < US\$ 0.6 Mn.
- Funded Assets are net of IBPC.
- Corporate and Others include Security Receipts, Loans converted into Equity, PTC and RIDF.

Consistent growth in Retail and Commercial Finance

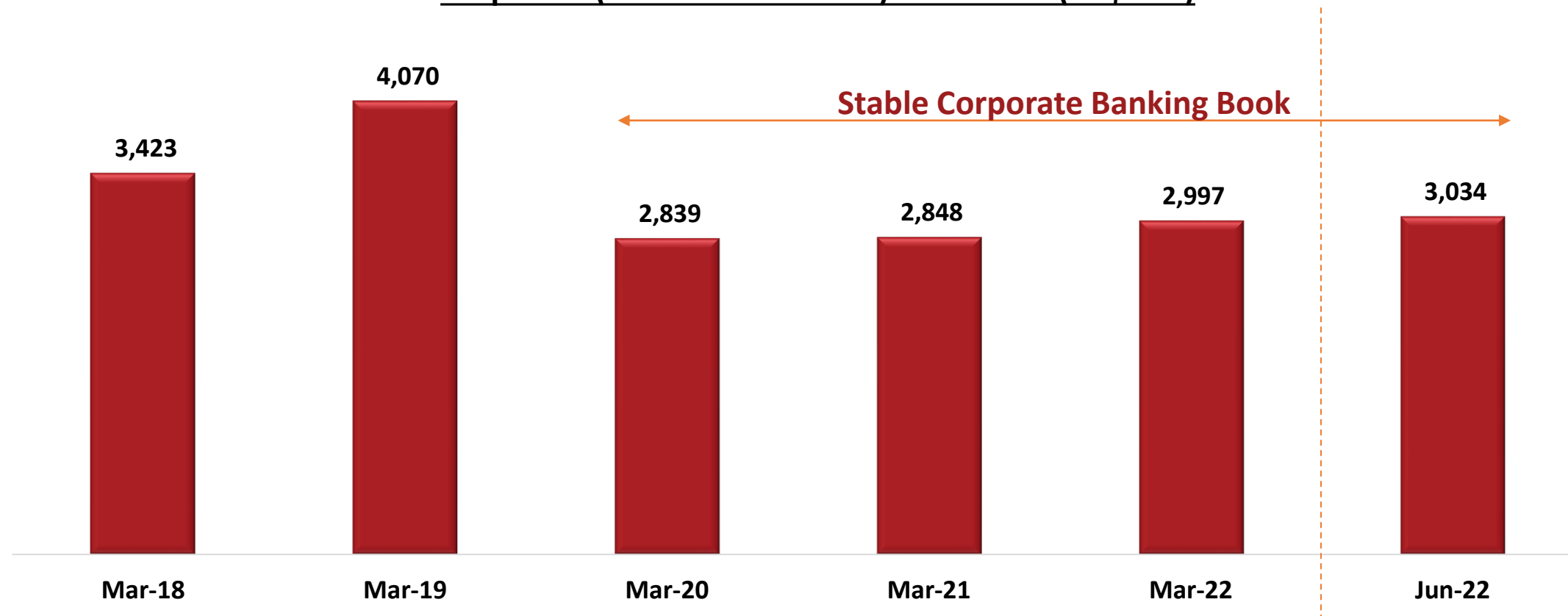
The bank has developed deep specialisation in providing retail and commercial financing for over a decade with low NPA levels of Gross and Net NPA of ~2% and 1% respectively. (including the experience of both institutions put together)

Retail & Commercial Finance (US\$ Mn)



Stable Corporate Banking Loan Book

Corporate (Non-infrastructure) Loan Book (US\$ Mn)



- The Bank has brought down the legacy infrastructure financing portfolio from **US\$ 2,875 Mn** at time of merger to **US\$ 853 Mn** as on June 30, 2022
- Infrastructure financing book now consists only **4.9%** of the total funded assets down from **22%** at the time of merger.

Summary of Funded Assets

Gross Funded Assets (In US\$ Mn) ¹	Jun-21	Mar-22	Jun-22	Growth YoY%
Retail Book	8,177	10,422	11,472	40%
- Home Loan	1,204	1,786	1,943	61%
- Loan Against Property	2,053	2,296	2,358	15%
- Wheels	1,163	1,228	1,438	24%
- Consumer Loans	1,752	2,197	2,491	42%
- Rural Finance	1,381	1,640	1,788	29%
- Digital, Gold Loan and Others	521	1,020	1,160	123%
- Credit Card	104	255	293	183%
Commercial Finance²	1,194	1,284	1,352	13%
Wholesale Funded Assets³	5,033	4,630	4,602	-9%
- Corporate	2,712	2,997	3,034	12%
- Infrastructure	1,310	872	853	-35%
- Others ⁴	1,011	760	715	-29%
Total Gross Funded Assets	14,404	16,336	17,426	21%

Note:

1. The figures above are net of Inter-Bank Participant Certificate (IBPC) transactions; 2. Commercial Finance consists of Loans to small business owners and entrepreneurs through products like business installment loans, micro business loans, small business working capital, commercial vehicle, trade advances etc. with most loans < US\$ 0.6 Mn; 3. Includes credit substitutes; 4. Others include Security Receipts, Loan converted into Equity, PTC and RIDF.

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Risk Management in Retail & Commercial Finance

Asset quality in retail and commercial finance lending is driven by 3 factors:

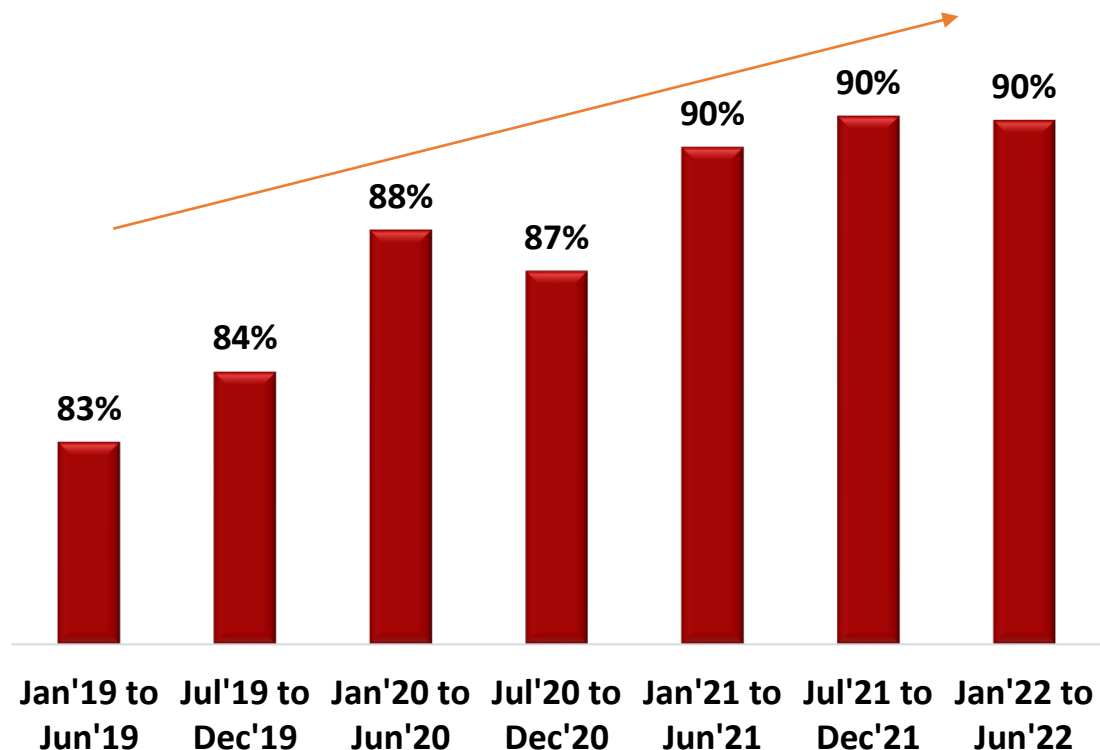
- Sourcing & Underwriting Quality (trends described in 8a)
- Cheque bounce on presentation (trends described in 8b)
- Collection Efficiency (trends described in 8c)

The above indicators combine to result in the GNPA, NNPA and Provision requirements as demonstrated in subsequent slides.

8a. Improved quality of sourcing

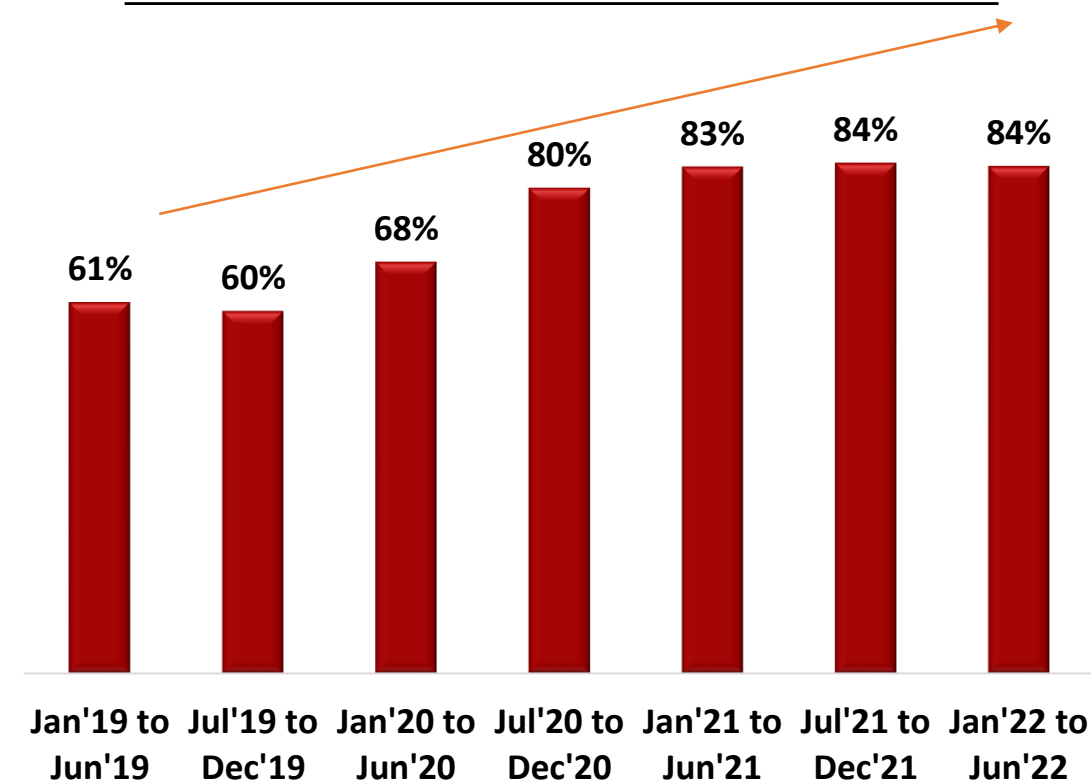
90% of customers are credit tested before we onboard them, as compared to 83% in 2019, indicating migration to safer credit profiles. We are able to afford it because of our reduced cost of funds over time.

Increasing % of Customers with Credit History



Of the 90% customers who are credit tested, 84% have credit bureau score of > 700, compared to 61% in 2019, indicating higher quality of sourcing.

Increased % of customers with bureau score >700



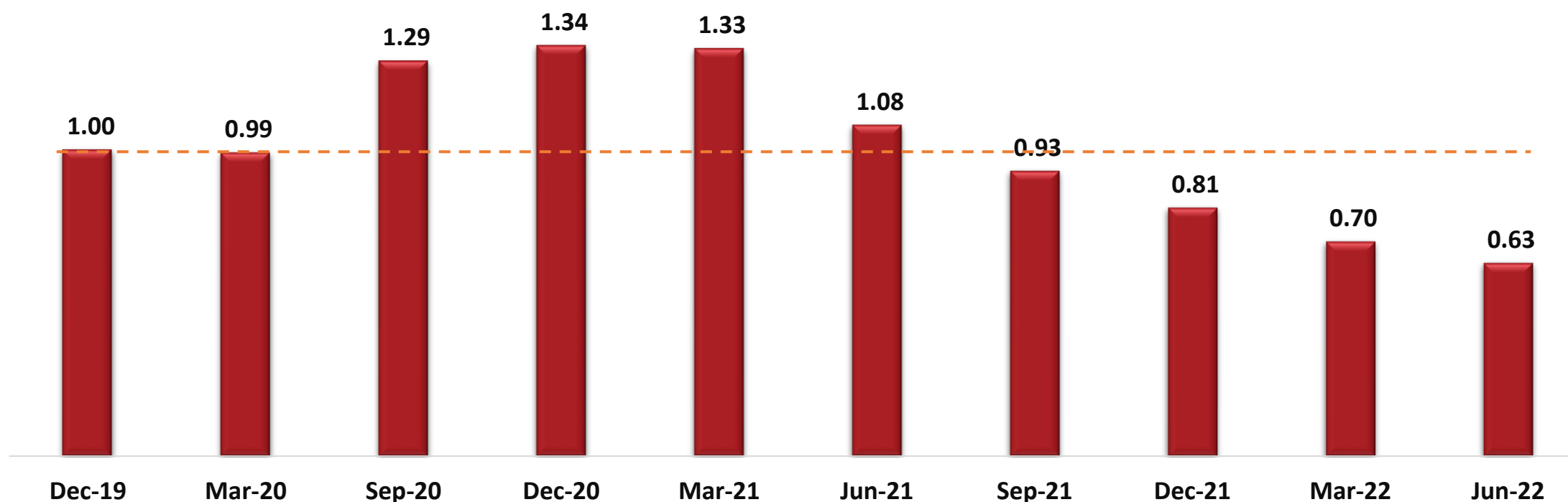
8b. Reduced Cheque Bounce on Presentation

The number of cheques returned on presentation after **1st month after booking** is a direct indicator of asset quality.

Such bounces on presentation **have reduced by over 30%** as compared to Dec-19 (Pre – COVID)

Thus, the requirement for field collections have reduced, saving the bank in collection costs.

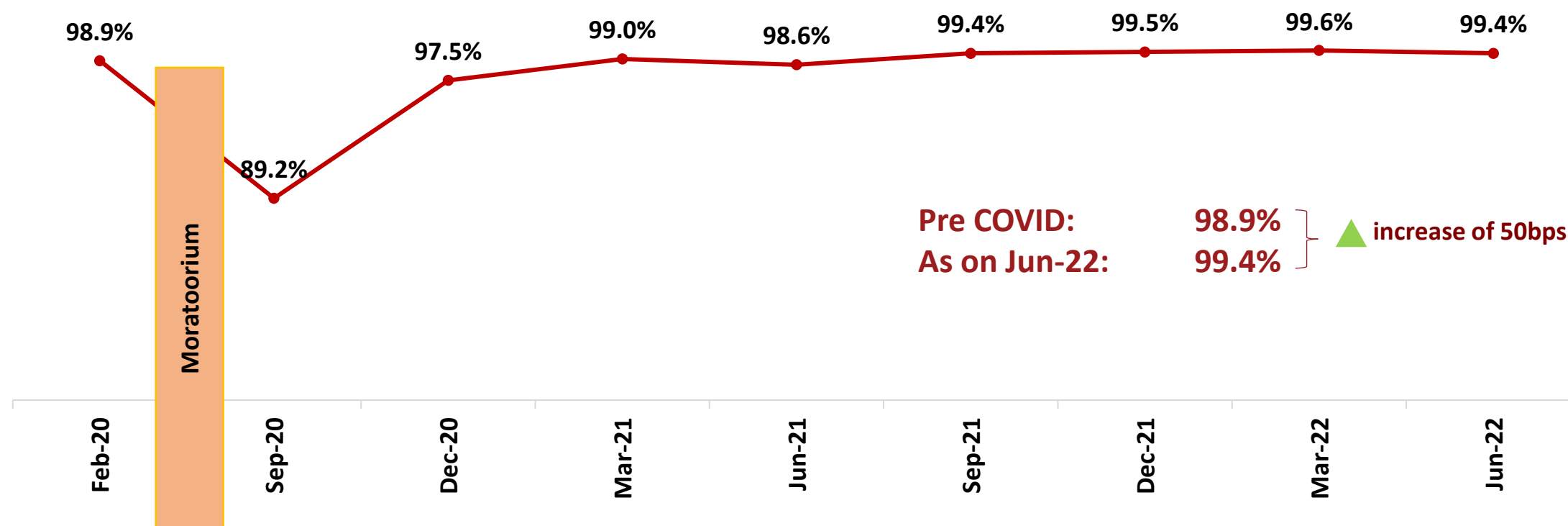
The improved quality of sourcing will lead to lower delinquency and credit losses in future.



On trailing 12-month averages

8c. Increased Collection Efficiency Trend

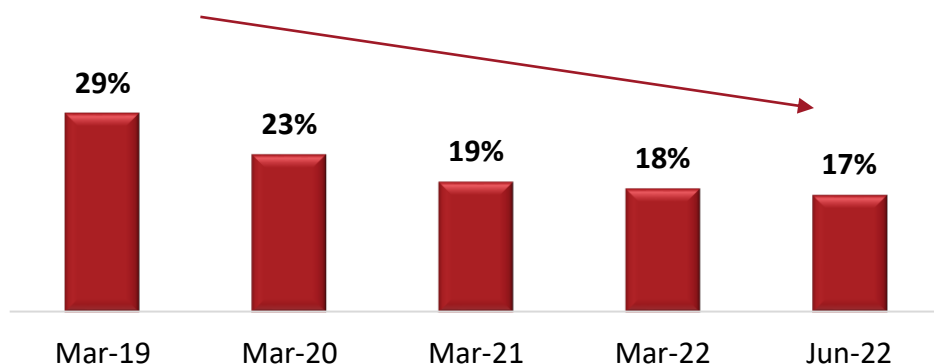
Post return of cheques, the collection team contacts customers. Here the indicator of success is collection efficiency. The collection efficiency in early-stage bucket (urban retail) has increased from 98.9% pre COVID to 99.4%, an increase of 50 bps, which will result in correspondingly reduced NPA and provisions going forward.



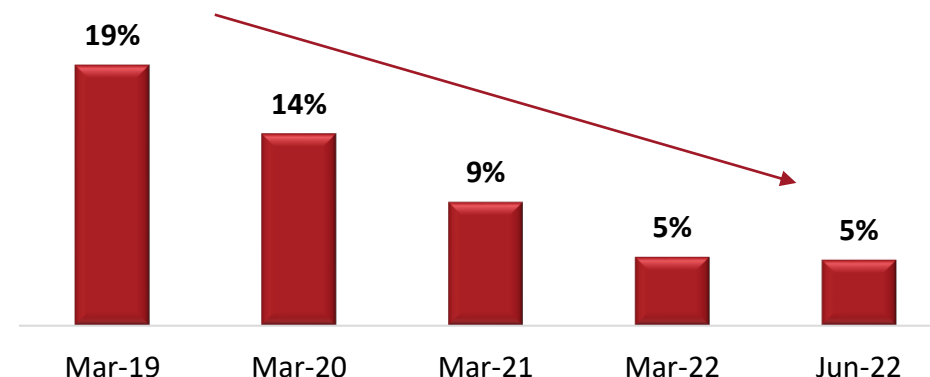
Similar experience of improvement is observed in the Rural financing also.

Risk Management in Wholesale Banking

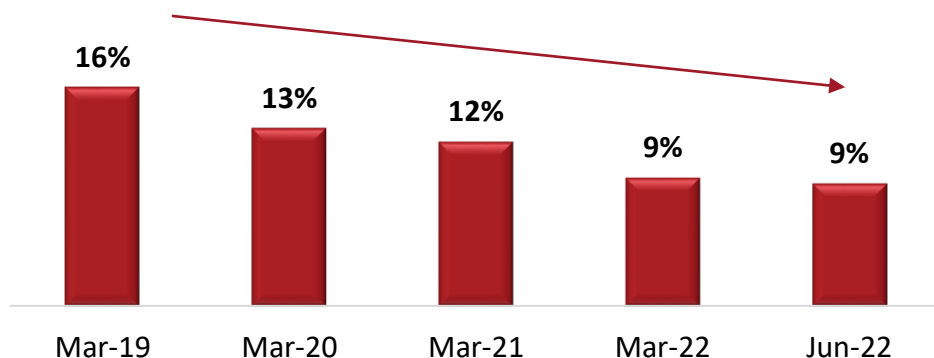
The Bank has reduced its exposure to corporate sector from 29% in Mar-19 to 17% in Jun-22



Similarly, the Bank has reduced its exposure to infrastructure sector from 19% in Mar-19 to 5% in Jun-22



Also, the exposure to top 20 single borrowers reduced from 16% in Mar-19 to 9% in Jun-22



Further, the exposure to top 5 industries also reduced from 41% Mar-19 to 23% in Jun-22 which has further strengthened the balance sheet.

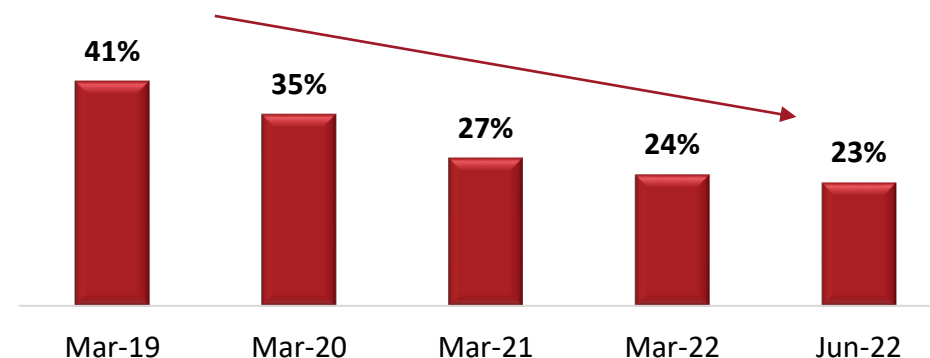
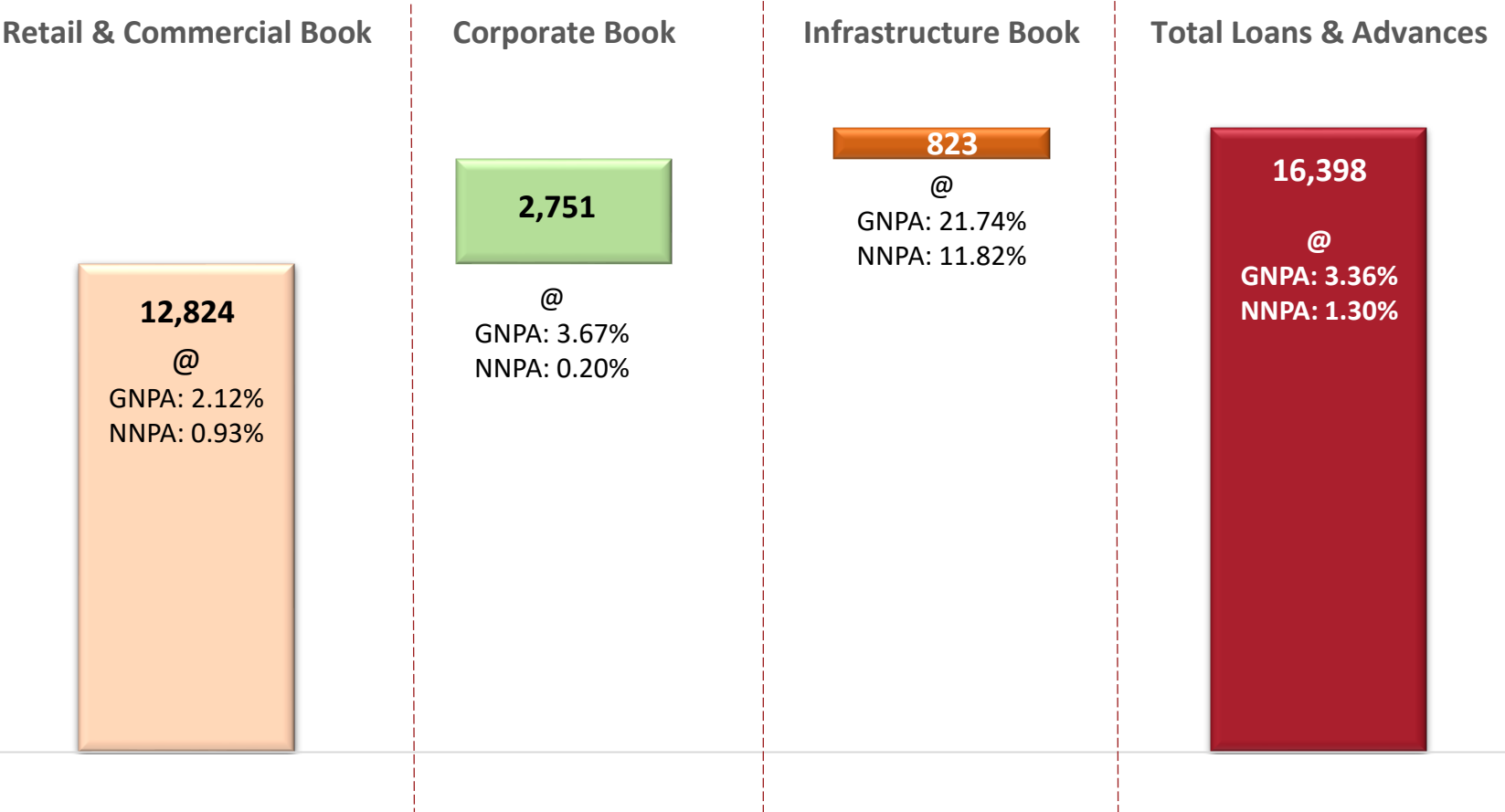


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Asset Quality Composition

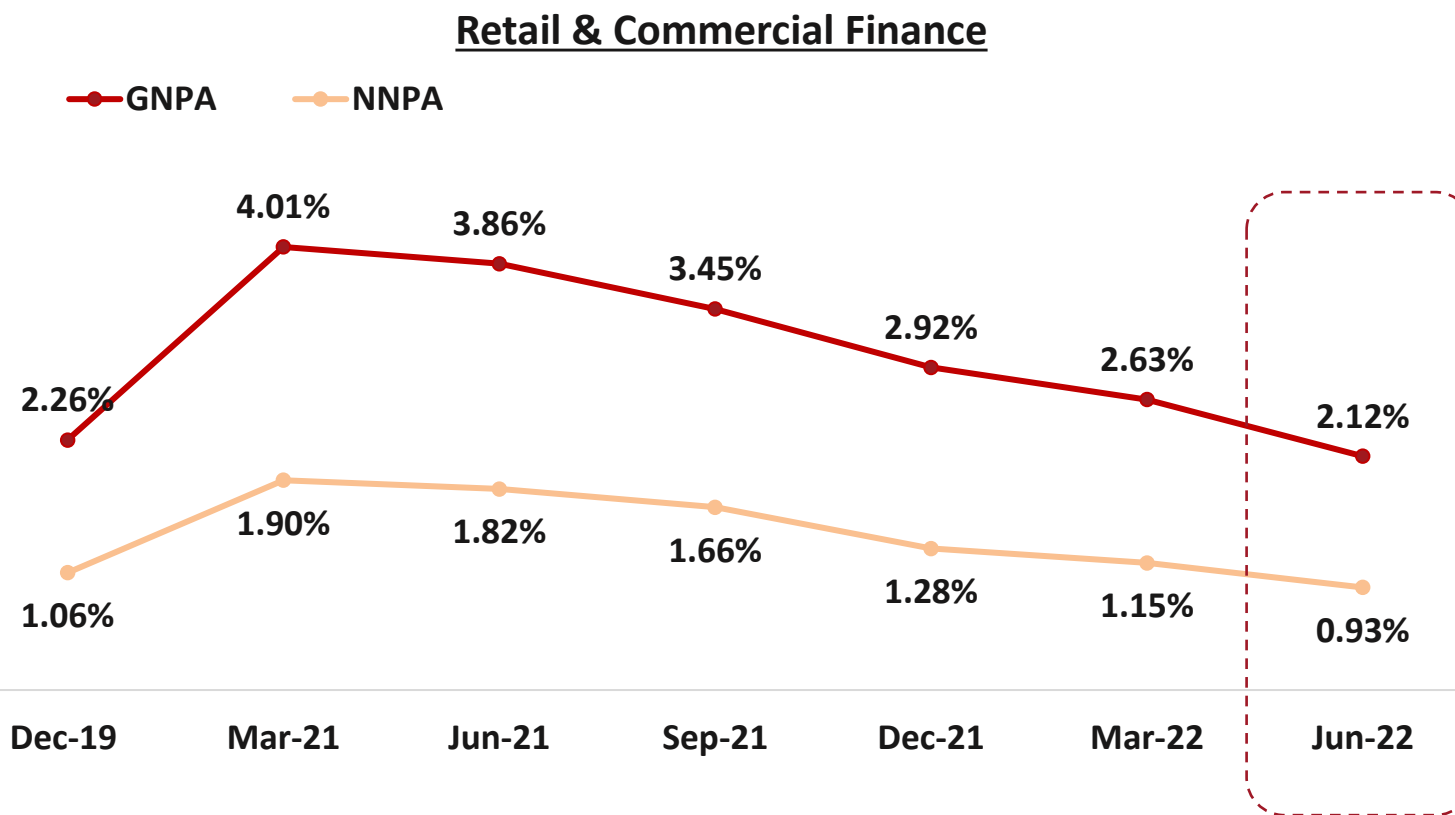
Advances (US\$ Mn)



The significant part of the book, i.e. the Retail and Small business financing has low NPA levels because of high-quality underwriting, credit bureaus, technology, cash flow based lending and advanced scorecard- based lending.

Asset Quality in the Corporate Book is strong with PCR of **97%**.

Retail & Commercial Finance – Asset Quality continues to improve



- Our portfolio tracking indicators (sourcing quality, bounces and collection %) indicate that our GNPA and NNPA is expected to remain range bound at <2% and <1% respectively.
- The fact that the NPA has quickly rationalised even after Covid demonstrates the resiliency of a diversified lending model which is cash flow based.

PCR%*

55.35%

57.53%

61.05%

61.37%

68.21%

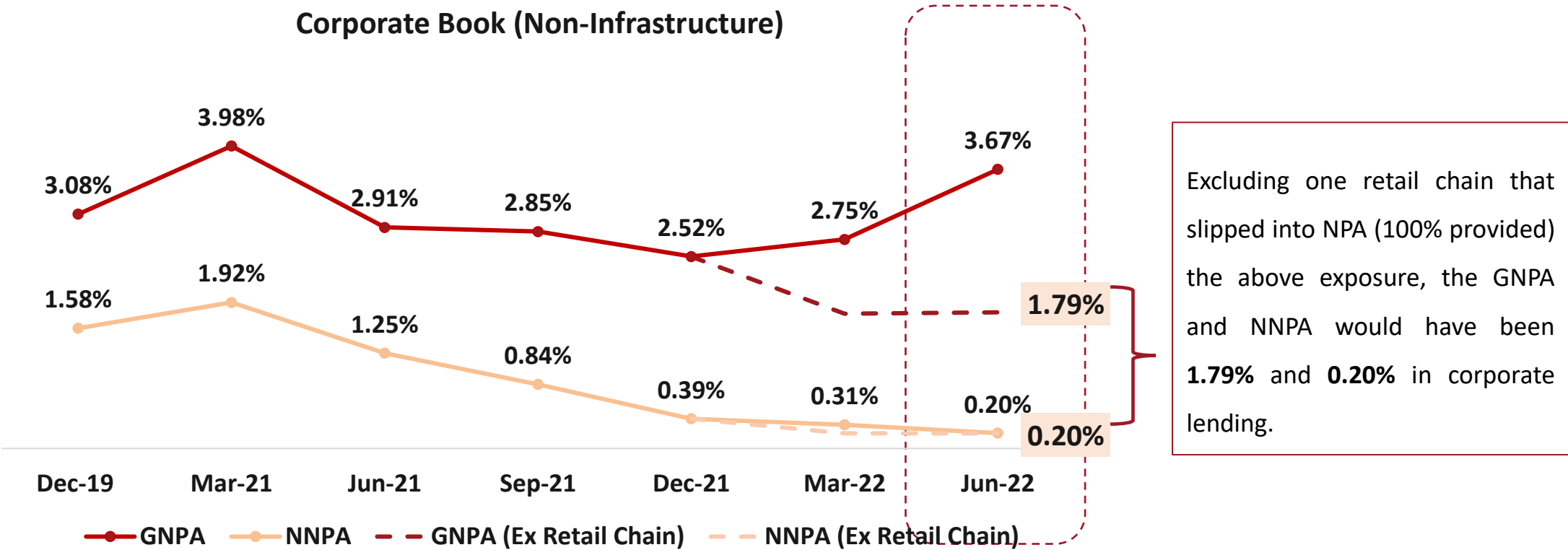
69.59%

72.16%

*Includes technical write-offs

Corporate Book (Non-Infrastructure) - Asset Quality Trend

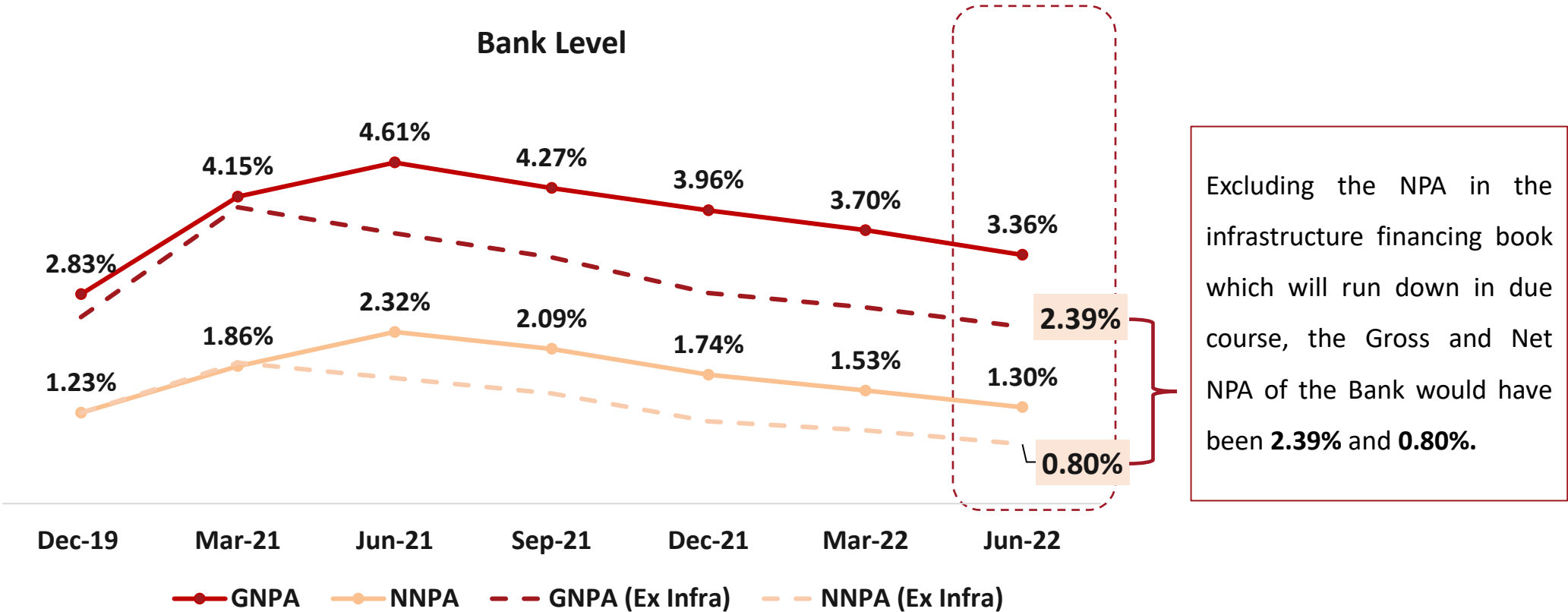
We follow prudent underwriting, reduction of concentration risk, proper industry and customer selection processes for corporate credit.



PCR%*	49.61%	72.32%	80.67%	87.43%	92.26%	94.50%	96.98%
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*Includes technical write-offs

Bank level Asset quality continues to improve



PCR%*	58.14%	63.57%	61.06%	63.00%	67.16%	70.29%	73.13%
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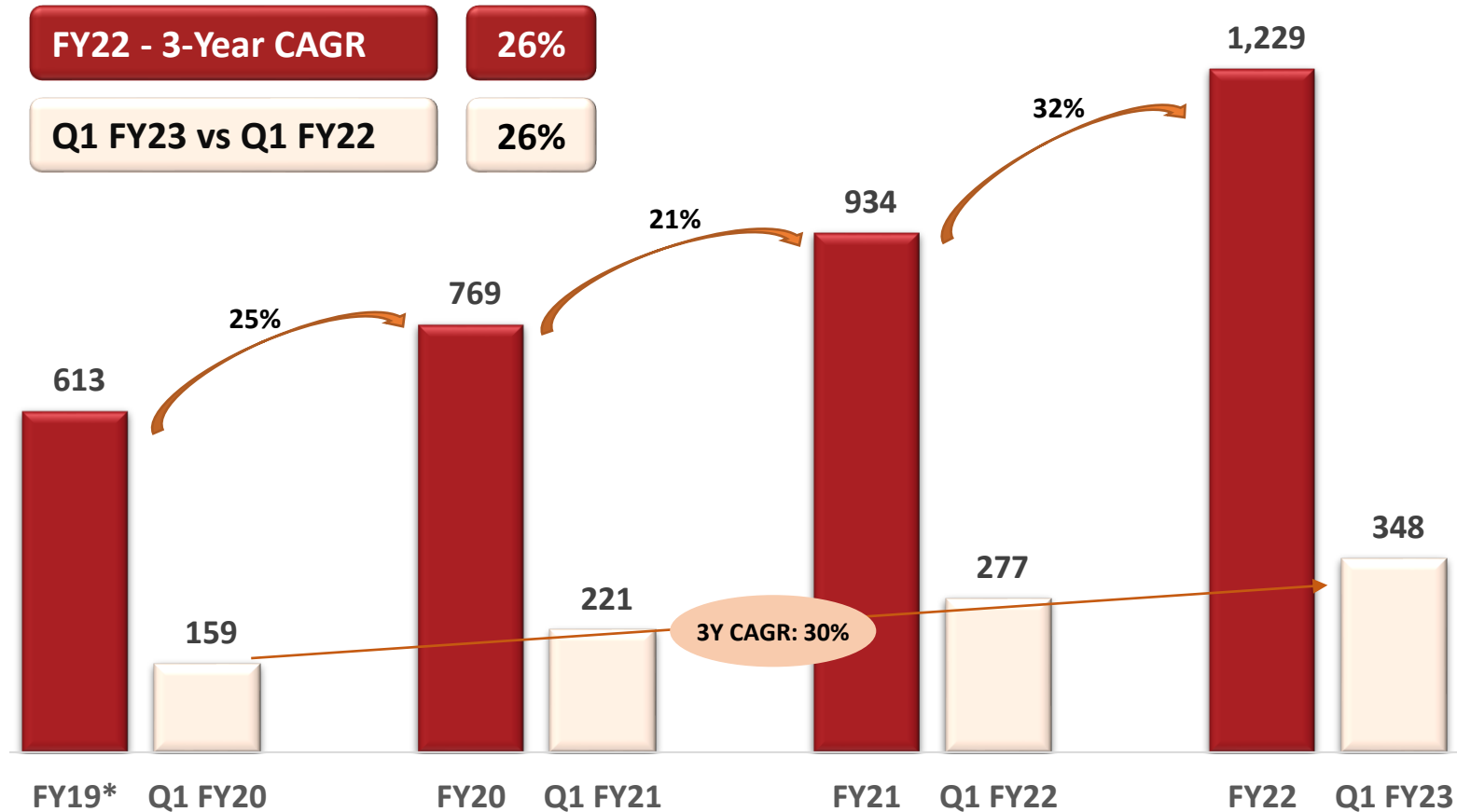
*Includes technical write-offs

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Strong rise in Net Interest Income

Net Interest Income (In US\$ Mn)

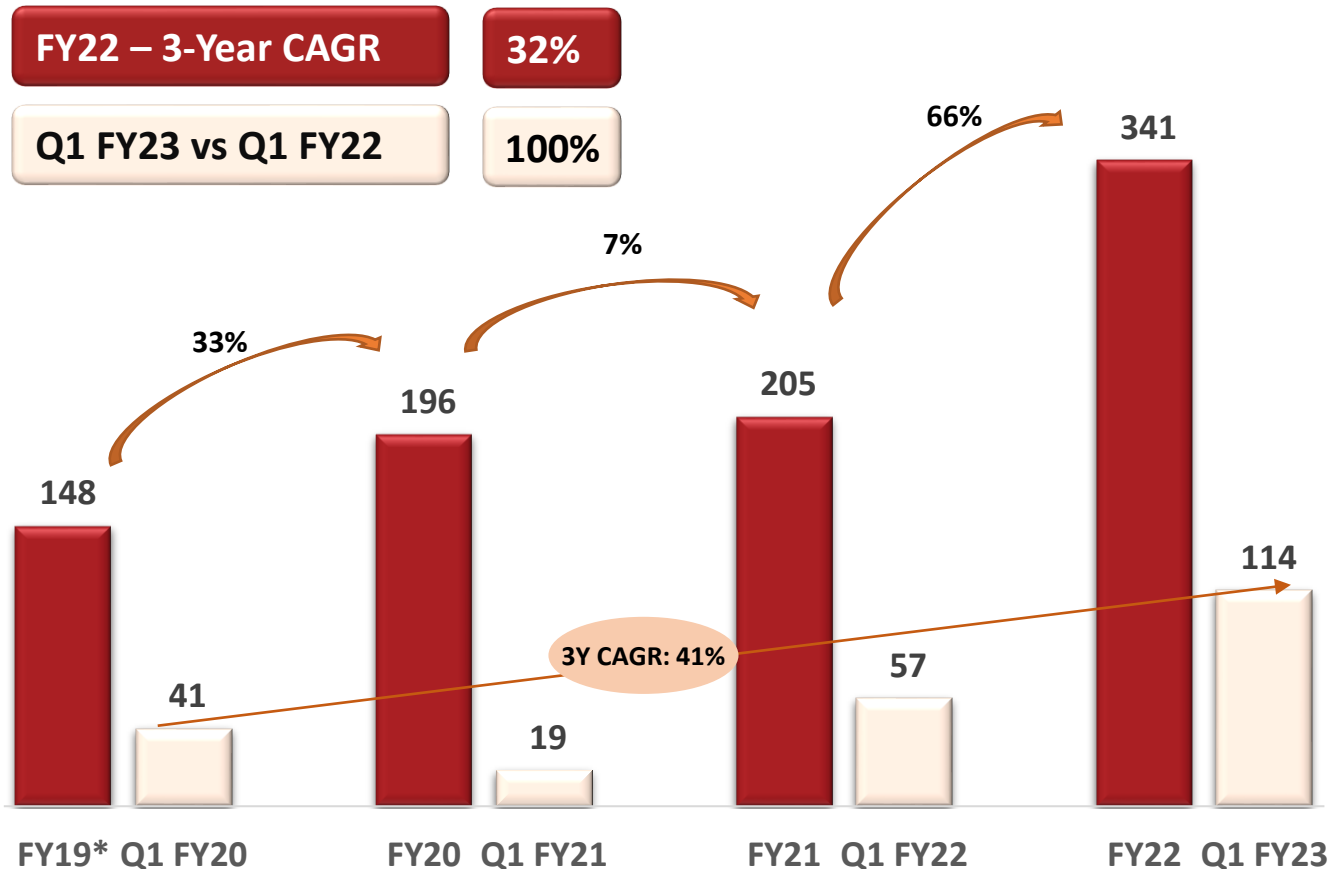


NII has grown at a 3-Year CAGR of **26%**. We expect to sustain similar growth in the foreseeable future. We expect to maintain NIM% at around **6%** during FY23.

* H2-FY19 actual annualized

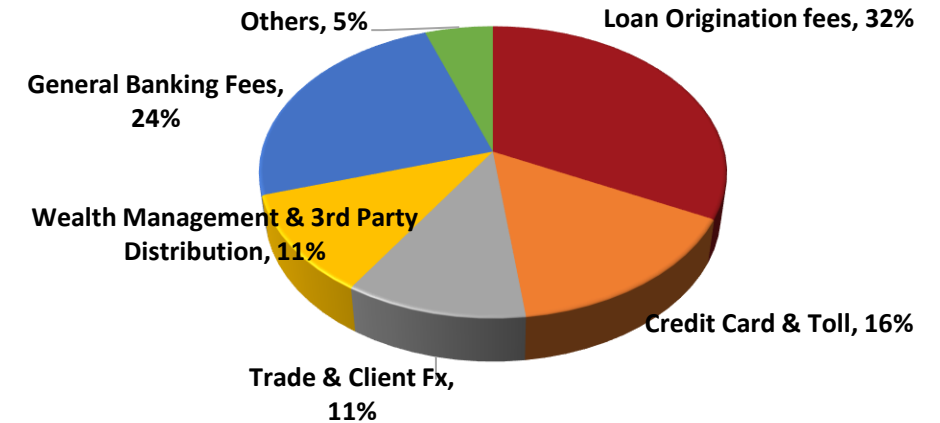
Strong growth in Fee & Other Income

Fee and Other Income (In US\$ Mn)



* H2-FY19 actual annualized

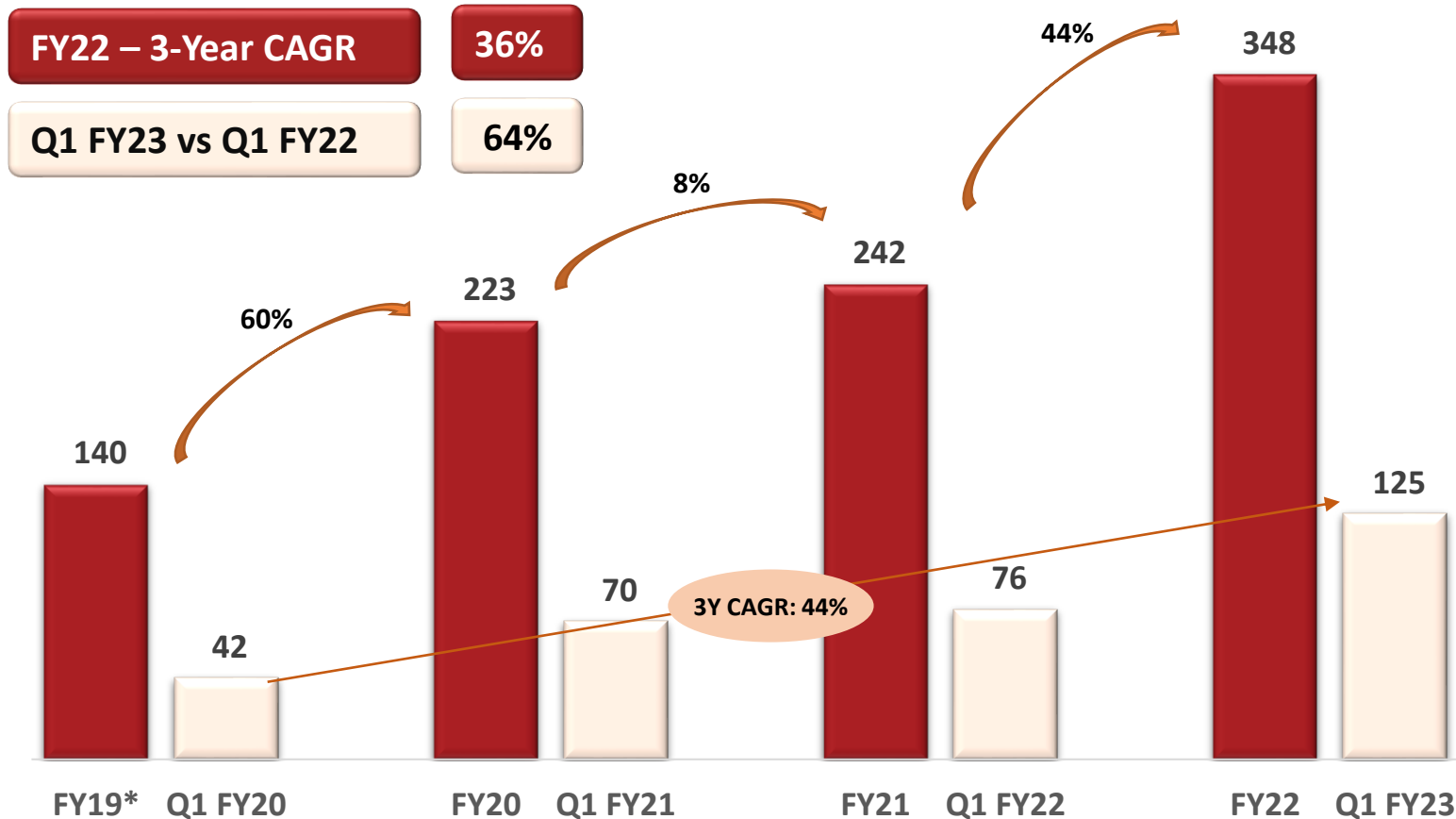
Fee Income Break up for Q1-FY23



- The Bank has launched and scaled up many fee-based products in the last 3 years and would continue to do so.
- Many of these products are in the early stage of their lifecycle and have the potential to grow in significant way going forward.
- **91%** of the fee income & other income is from the retail banking operations which is granular and sustainable.

Strong increase in Core Operating Profit

Core Operating Profit (In US\$ Mn)



- The core operating profit has grown at a 3 year CAGR of **36%** against the overall 3 year loan book growth of **6%**.
- Such strong outperformance of Operating Profit over the growth of loan book demonstrates the power of incremental profitability in the business model.
- We expect Core Operating profit to continue to rise from here based on strong operating leverage.

* H2-FY19 actual annualized

Core Operating Profit = Net Interest Income + Fee and Other income – Operating Expenses - Trading gain

Quarterly Income Statement

In US\$ Mn	Q1 FY22	Q4 FY22	Q1 FY23	Growth (%) YoY
Interest Income	518	576	623	20%
Interest Expense	241	239	275	14%
Net Interest Income	277	338	348	26%
Fee & Other Income	57	106	114	100%
Trading Gain ¹	50	(1)	(6)	-111%
Operating Income	383	443	457	19%
Operating Income (Excl Trading Gain)	333	444	462	39%
Operating Expense	257	338	337	31%
Operating Profit (PPOP)	126	105	119	-5%
Operating Profit (Ex. Trading gain)	76	106	125	64%
Provisions ¹	237	47	39	-84%
Profit Before Tax	(111)	58	80	
Tax	(31)	14	20	
Profit After Tax	(80)	43	60	

1. As per the RBI guidelines dated 30th Aug, 2021, provisions/write-back for mark-to market depreciation on investments in AFS and HFT has been classified under "Other Income", prior period numbers are reclassified accordingly

Balance Sheet

In US\$ Mn	Jun-21	Mar-22	Jun-22	Growth (%) (YoY)
Shareholders' Funds	2,553	2,659	2,720	7%
Deposits	11,558	13,371	14,348	24%
- CASA Deposits	5,878	6,477	7,180	22%
- Term Deposits	5,680	6,894	7,168	26%
Borrowings	6,130	6,704	7,049	15%
Other liabilities and provisions	1,149	1,339	1,271	11%
Total Liabilities	21,391	24,074	25,388	19%
Cash and Balances with Banks and RBI	1,237	1,995	1,362	10%
Net Funded Assets	13,750	15,706	16,779	22%
- Net Retail Funded Assets	9,174	11,531	12,670	38%
- Net Wholesale Funded Assets*	4,577	4,175	4,109	-10%
Investments	5,236	5,259	5,961	14%
Fixed Assets	164	172	184	12%
Other Assets	1,002	942	1,101	10%
Total Assets	21,391	24,074	25,388	19%

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

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Capital Adequacy Ratio is strong at 15.77% as on June 30, 2022

In US\$ Mn	Jun-21	Mar-22	Jun-22
Common Equity	2,463	2,557	2,636
Tier 2 Capital Funds	116	320	331
Total Capital Funds	2,579	2,876	2,967
Total Risk Weighted Assets	16,575	17,181	18,810
CET 1 Ratio (%)	14.86%	14.88%	14.01%
Total CRAR (%)	15.56%	16.74%	15.77%

- Capital Adequacy Ratio is including profits for Q1 FY23.
- Risk weight assets during the quarter includes the impact of increase in operational risk RWA which is done in the beginning of the financial year, and this impacted capital adequacy by 58 bps.
- The Bank is well capitalized for growth in future.

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Board of Directors: MD & CEO Profile



Vaidyanathan aspires to create “a world-class bank Indian Bank which offers high-quality affordable and ethical banking for India”. He left a Board level position at ICICI group in 2010 and bought shares of a small listed, loss making, real-estate financing NBFC with market cap of Rs. 780 crore (US\$ 99 Mn). He did so by borrowing Rs. 78 crore (US\$ 9.9 Mn), which he raised by pledging the purchased stock and his home as collateral for the leveraged buyout.

He changed the business model to financing micro and small entrepreneurs by use of technology with ticket sizes of US\$100-US\$100K, and raised fresh PE backed equity by demonstrating the proof of concept to investors. He renamed the company Capital First and became its Chairman and CEO.

He then turned the company around from losses of Rs. 30 crores (US\$4m, 2010) to profit of Rs. 358 crore (US\$ 45m, 2018). The share price of Capital First rose from Rs. 122 (US\$ 15.44) in 2010 to Rs. 846 (US\$ 107) in 2018 and the market cap increased >10 times from Rs. 780 crore (US\$99 m, 2010) to Rs. 8200 crores (US\$1.0 b, 2018). Per stock exchange filings, he bought the NBFC shares at Rs. 162 (US\$20.5) through leverage, and sold part of his holdings at Rs. 688 in 2017 to close the loan availed to purchase the shares.

Capital First's retail loan grew from Rs. 94 crores (US\$12m, 2010) to Rs. 29,600 crores (US\$4 b, 2018) with 7 million customers. Having built Capital First to scale, he looked out for a commercial banking license to convert it to a Bank. In 2018, opportunity struck in the form of an offer for merger from IDFC Bank. Post the merger, and took over as the MD and CEO of the merged bank, renamed IDFC First Bank. Since then he has increased retail and commercial finance book to Rs. 1,01,309 crores, increased NIM from 2.9% at merger to 5.9%, increased CASA from 8.7% to 50.0%, and turned the bank into profitability.

The vision of IDFC First Bank is "To build a world class bank in India, guided by ethics, powered by technology and be a force for social good."

Earlier, Vaidyanathan worked with Citibank from 1990-2000. He joined ICICI Group in 2000 and set up its retail banking business since inception, took the branch network to 1411, built a large CASA book, and built retail lending including mortgages, auto loans, and credit cards of Rs. 1.35 trillion (US\$30 bn) by 2009. He joined the Board of ICICI Bank in 2006 at age 38 and became MD and CEO of ICICI Prudential Life Insurance Company at 41.

He has received many domestic and international awards notably CNBC Awaaz "Entrepreneur of the Year" 2020, "Most Inspirational Leveraged Management Buyout, India 2018" by CFI Awards, London, CNBC Asia's "Most Innovative Company of the Year" 2017, "Entrepreneur of the Year" at Asia Pacific Entrepreneurship Award 2016 & 2017, "Most Promising Business Leaders of Asia" by Economic Times. in 2016, 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, "Outstanding contribution to Financial Inclusion, India, 2017" from Capital Finance, London, "Most Promising Business Leaders of Asia" 2016 by Economic Times. He is an alumnus of Birla Institute of Technology and Harvard Business School (Advanced Management Program). He has run 23 half-marathons and 8 full marathons.

Board of Directors



MR. SANJEEB CHAUDHURI – PART-TIME NON-EXECUTIVE CHAIRPERSON (INDEPENDENT DIRECTOR)

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



MR. AASHISH KAMAT - INDEPENDENT DIRECTOR

Mr. Aashish Kamat has over 32 years of experience in the corporate world, with 24 years being in banking & financial services & 6 years in public accounting. He was the Country Head for UBS India, from 2012 until his retirement in January 2018. Prior to that he was the Regional COO/CFO for Asia Pacific at JP Morgan based out of Hong Kong. Before moving to Hong Kong, he was in New York, where he was the Global Controller for the Investment Bank (IB) at JP Morgan in New York; & at Bank of America as the Global CFO for the IB, and, Consumer and Mortgage Products. Mr. Kamat started his career with Coopers & Lybrand, a public accounting firm, in 1988 before he joined JP Morgan in 1994.



DR. (MRS.) BRINDA JAGIRDAR - INDEPENDENT DIRECTOR

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

Board of Directors



MR. HEMANG RAJA - INDEPENDENT DIRECTOR

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



MR. PRAVIR VOHRA - INDEPENDENT DIRECTOR

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



MR. S GANESH KUMAR - INDEPENDENT DIRECTOR

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

Board of Directors



MR. AJAY SONDHI - NON-EXECUTIVE NON INDEPENDENT DIRECTOR

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



DR. JAIMINI BHAGWATI - NON-EXECUTIVE NON INDEPENDENT DIRECTOR

Dr. Jaimini Bhagwati is a former IFS officer, economist and foreign policy expert. He received his PhD in Finance from Tufts University, USA. He did his Master's in Physics from St Stephen's College, Delhi and a Master's in Finance from the Massachusetts Institute of Technology, USA. He was the High Commissioner to the UK and Ambassador to the European Union, Belgium and Luxembourg. Dr. Bhagwati has served in senior positions in the Government of India, including in foreign affairs, finance and atomic energy. In his earlier role at the World Bank, he was a specialist in international bond and derivatives markets and was the RBI chair professor at ICRIER. He is currently a Distinguished Fellow at a Delhi based think-tank called the Centre for Social and Economic Progress (CSEP).



MR. VISHAL MAHADEVIA – NON-EXECUTIVE NON INDEPENDENT DIRECTOR

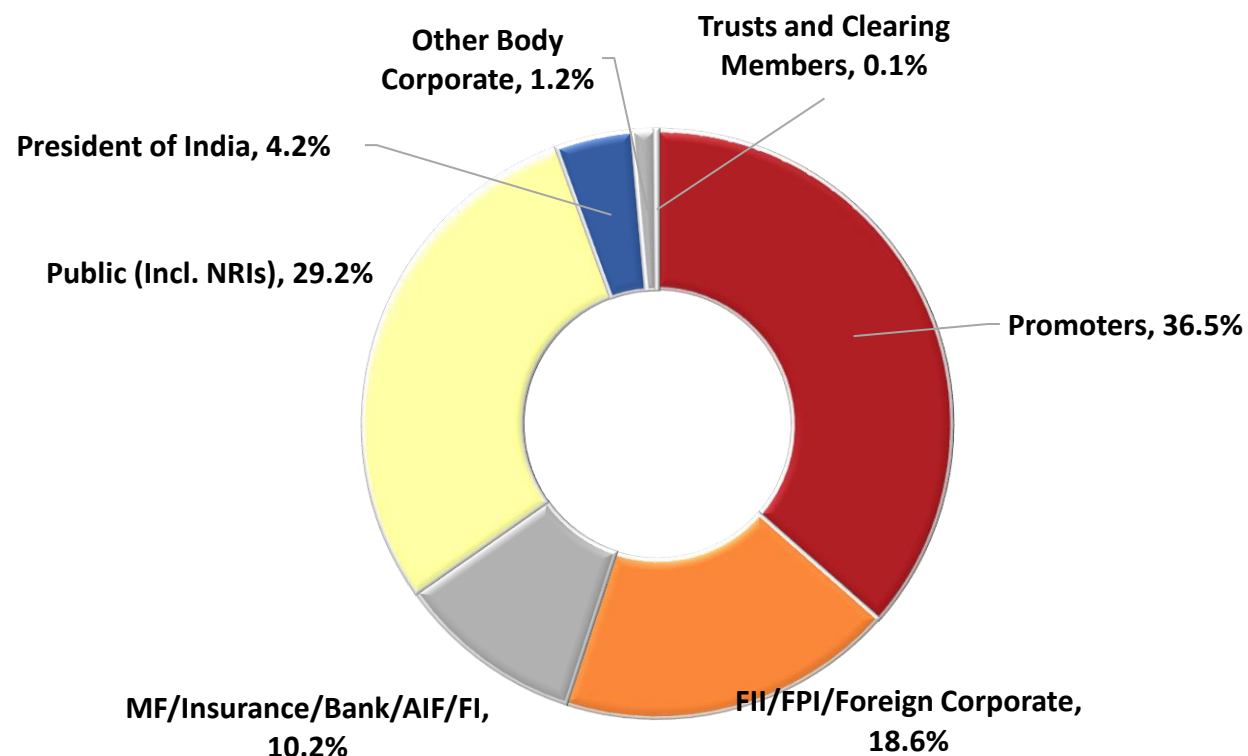
Mr. Vishal Mahadevia joined Warburg Pincus in 2006 & is a member of the firm's executive management group. Previously, he was a Principal at Greenbriar Equity Group, a fund focused on private equity investments in the transportation sector. Prior to that, Mr. Mahadevia worked at Three Cities Research, 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.

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Shareholding Pattern as of June 30, 2022

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



Total # of shares as of June 30, 2022

6219.1 Mn

Book Value / Share as of June 30, 2022

US\$ 0.44

Market Cap as of June 30, 2022

US\$ 2,376 Mn

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FIRST Compass at IDFC FIRST Bank

2022 Highlights

14. FIRST Compass (ESG)

I ESG Journey



Committed to scaling up ESG/ sustainability efforts led by continuous Stakeholder Engagement & Innovation



We are building up capabilities by leveraging a broader ecosystem to engage on the sustainability agenda

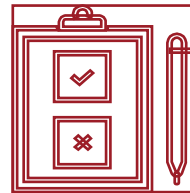


Participant in Dow Jones Sustainability Index Rating

II Integrating ESG within our Governance structure



- ✓ ESG Steering Committee
- ✓ ESG Head
- ✓ Integrating ESG within our processes



- ✓ ESG Policy
- ✓ ESG Risk Management Framework
- ✓ Human Rights Policy
- ✓ Responsible Tax Policy
- ✓ AML & ABAC policy
- ✓ IT Security Policy
- ✓ Focus on Sustainable Finance

III ESG Framework @ IDFC FIRST



Supporter of Task Force on Climate-Related Financial Disclosures



United Nations Global Compact (UNGC) Supporter



We follow Equator Principles



Aligned with UN Sustainable Development Goals



UN Principles of Responsible Banking –UN Environment Program supporter



Value Reporting Foundation SASB Standards



Scaling up Sustainability efforts led by our Vision & Mission

ESG Microsite @ FIRST Compass

FIRST Compass at IDFC FIRST Bank

2022 Highlights

14. FIRST Compass (ESG)



Social

- ✓ **Financial Inclusion** - Serving + 6 million customers across 70,000 villages/towns across the country and 75% of borrowers are women
- ✓ **Micro-loans** to borrowers through the Joint Liability Groups (JLGs) framework
- ✓ **Sustainable livelihood** - Affordable housing, Health & sanitation loans (Suvidha Shakti Loans) for 'transforming lives' initiative across rural banking
- ✓ **Financial Literacy campaign** - Created awareness about our financial products and services in 11 regional languages with an aim to provide good financial practices
- ✓ **Strong voluntary focus on CSR activities (Last 3 years: \$ 5.2 Mn. CSR voluntary spent)**
- ✓ **MSME Lending** - MSME loans with no collateral requirement and a doorstep collection policy
- ✓ **Digital Payment solutions** and access to credit for rural customers
- ✓ **Employee Development, welfare initiatives & learning & rewards:** Best in class covid welfare scheme launched for employees during pandemic, Employee wellness programs for mental & physical wellbeing, etc.
- ✓ **Awarded as Social Impact Bank of the Year 2022 –** Received from the European



Environmental

- ✓ **Green buildings & LEED building** - IGBC certification & LEED Certified Gold Standard for some of our offices
- ✓ **EV Financing** - Lending to environment-friendly sectors
- ✓ **Digitisation and automation** to adopt paperless journey
- ✓ **Tree planting** – Total 25,000 saplings planted for new accounts opened during (FY 2021-22)
- ✓ Adopted **motion sensors** for lights and lamps and introduced **Internet of Things (IoT)** in our air conditioning systems
- ✓ **Waste segregation methods** for dry and wet waste
- ✓ **Best Sustainable Banking Strategy Award –** Received from CFI
- ✓ **Received Water.org & Sa-Dhan Awards, 2021**
- ✓ **Best Consumer Digital Bank in India, 2021 -** Received from Global Finance Magazine



Governance

- ✓ **Strong Board Structure:**
 - Non-Executive Directors (NED): 90%
 - Diverse skill sets: 40% specialized in IT/cyber security
 - Board Committees: majority members are independent
 - Each of the management committee is mapped to Board Committee
 - Independent Board Chair
 - Quarterly Board Committee engagement
 - Dynamic & engaged board: Average board age 61 years
 - 100% average board attendance (FY2021-22)
- ✓ **ISO 270001**
- ✓ **Strong focus on Fraud risk management**
- ✓ **Stringent credit policy and provisioning policy**
- ✓ **Strong Capital adequacy, LCR, PCR, credit rating**
- ✓ **Rigor on transparency**
- ✓ **No political contributions**
- ✓ **Strong risk management framework**
- ✓ **Strong Vigilance Mechanism**
- ✓ **Best Corporate Governance, India 2022 -** Received from World Finance Organisation

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Awards and Recognition



Breaking Ground in WASH Financing



- Best Payments & Collections Solution Award 2021** - Asset Asian Awards
- Best Innovative Payment Solution** - Phi Commerce
- Best Consumer Digital Bank in India – 2021** - Global Finance Magazine
- Best Wealth management provider for Digital CX** - Digital CX
- Excellence in User Experience – Website** - Digital CX
- Asia Private Banking Award** - Asia Money
- Best BFSI Brands in Private Bank Category** - ET BFSI
- Best Corporate Governance, India 2022** - World Finance Corporation
- Most Trusted Brands of India 2021** - CNBC TV18
- Most Harmonious Merger Award** - The European
- Social Impact Bank of the Year 2022** - The European
- Most Innovative Digital Transformation Bank 2022** - The European
- Most Innovative Banks** - IFTA 2021
- Most Trusted Companies Awards 2021** - IBC
- Most Promising Brand Awards 2022** - ET BFSI
- Outstanding Digital CX – Internet Banking (WM)** - Digital CX
- ET Most Inspiring CEO Award** - by Economic Times

IDFC FIRST Bank



We are building a world class bank with:

- Highest levels of corporate governance
- Stable balance sheet growth of ~20-25%,
- Robust asset quality of GNPA less than 2% and net NPA of < 1%
- High teens ROE
- Contemporary technology and
- High levels of Customer Centricity.

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THANK YOU

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

Annexure 1

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Particulars	Dec-18 (At Merger)	Guidance for FY24-FY25	Jun-22 Latest quarter
Net-worth (Share Capital and Reserves & Surplus)	US\$ 2,326 Mn	--	US\$ 2,720 Mn
CET – 1 Ratio	16.14%	>12.5 %	14.01%
Capital Adequacy (%)	16.51%	>13.0 %	15.77%
CASA Deposits	US\$ 668 Mn	--	US\$ 7,180 Mn
CASA as a % of Deposits (%)	8.68%	30% (FY24), 50% thereafter	50.04%
Average CASA Ratio (%)	8.39%	--	46.97%
Branches (#)	206	800-900	651
CASA + Term Deposits< Rs. 5 crore (% of Customer Deposits)	39%	85%	83%
Certificate of Deposits	17%	<10% of liabilities	6%
Quarterly Avg. LCR (%)	123%	>110%	128%

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

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

Annexure 1

Particulars	Dec-18 (At merger)	Guidance for FY24-FY25	Jun-22 Latest quarter
Retail and Commercial Finance (Net of IBPC)	US\$ 4,674 Mn	US\$ 12,650 Mn (Rs. 1,00,000 Cr)	US\$ 12,824 Mn (37%)
Retail and Commercial Finance as a % of Total Funded Assets	35%	70%	74%
Wholesale Funded Assets ¹	US\$ 7,186 Mn	< US\$ 5,063 Mn (Rs. 40,000 Cr)	US\$ 3,887 (-3%)
- of which Infrastructure loans	US\$ 2,875 Mn	Nil in 5 years	US\$ 853 Mn (-35%)
Top 10 borrowers as % of Total Funded Assets (%)	12.8%	< 5%	3.5%
GNPA (%)	1.97%	2-2.5%	3.36%
NNPA (%)	0.95%	1.1.2%	1.30%
Provision Coverage Ratio ³ (%)	53%	~70%	73%
Net Interest Margin (%)	3.10%	5-5.5%	5.89%
Cost to Income Ratio ² (%)	81.56%	55%	72.95%
Return on Asset (%)	-3.70%	1.4-1.6%	0.97%
Return on Equity (%)	-36.81%	13-15%	8.96%

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

2. Excluding Trading Gains

3. Including technical write-offs.

Earnings for Dec-18 and Jun-22 are for the quarter. ()brackets represent YoY growth. Retail and commercial finance book and Wholesale Funded assets are net of Inter Bank Participation Certificate.

Annexure 2

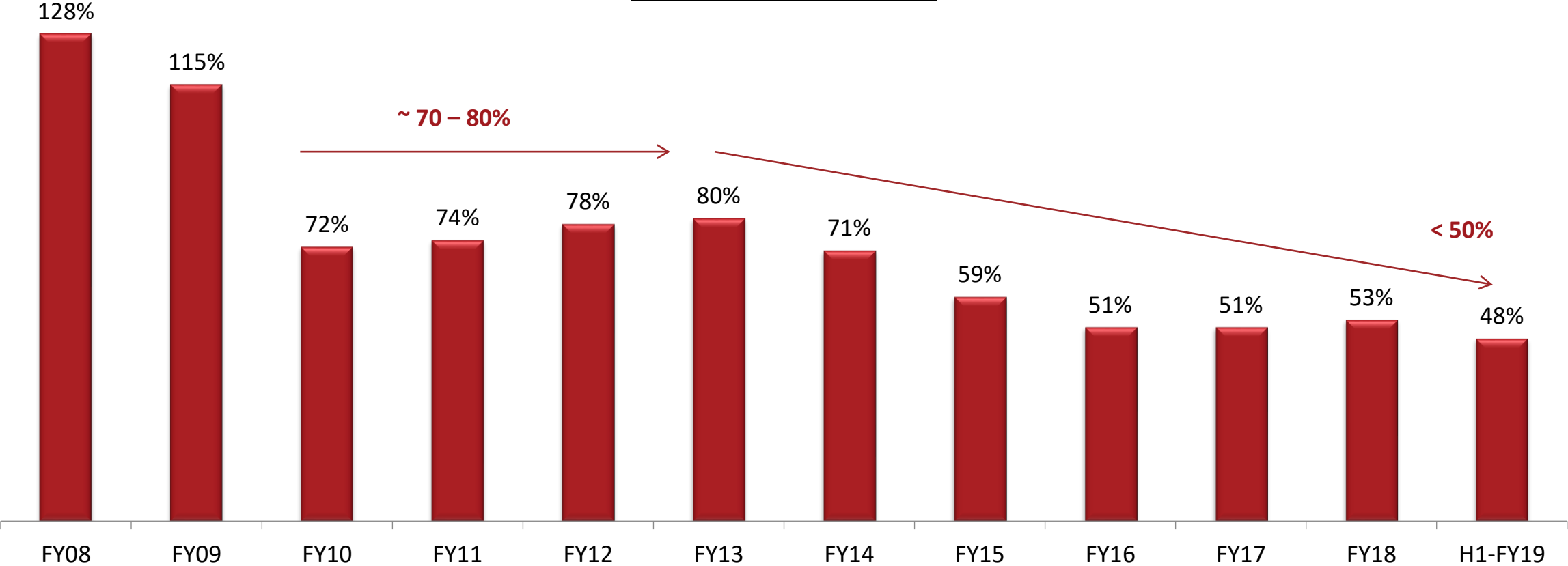
Since the business model of Capital First is an important part of the business being built in the merged bank, the brief history and the progress of Capital First is being provided for ready reference to investors.

Successful Trajectory of Growth and Profits at Capital First

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.

The Cost to Income ratio, which was high at ~130% in the early stages of the company, reduced to <50% once the business model stabilized over the years.

Cost to Income ratio (%)

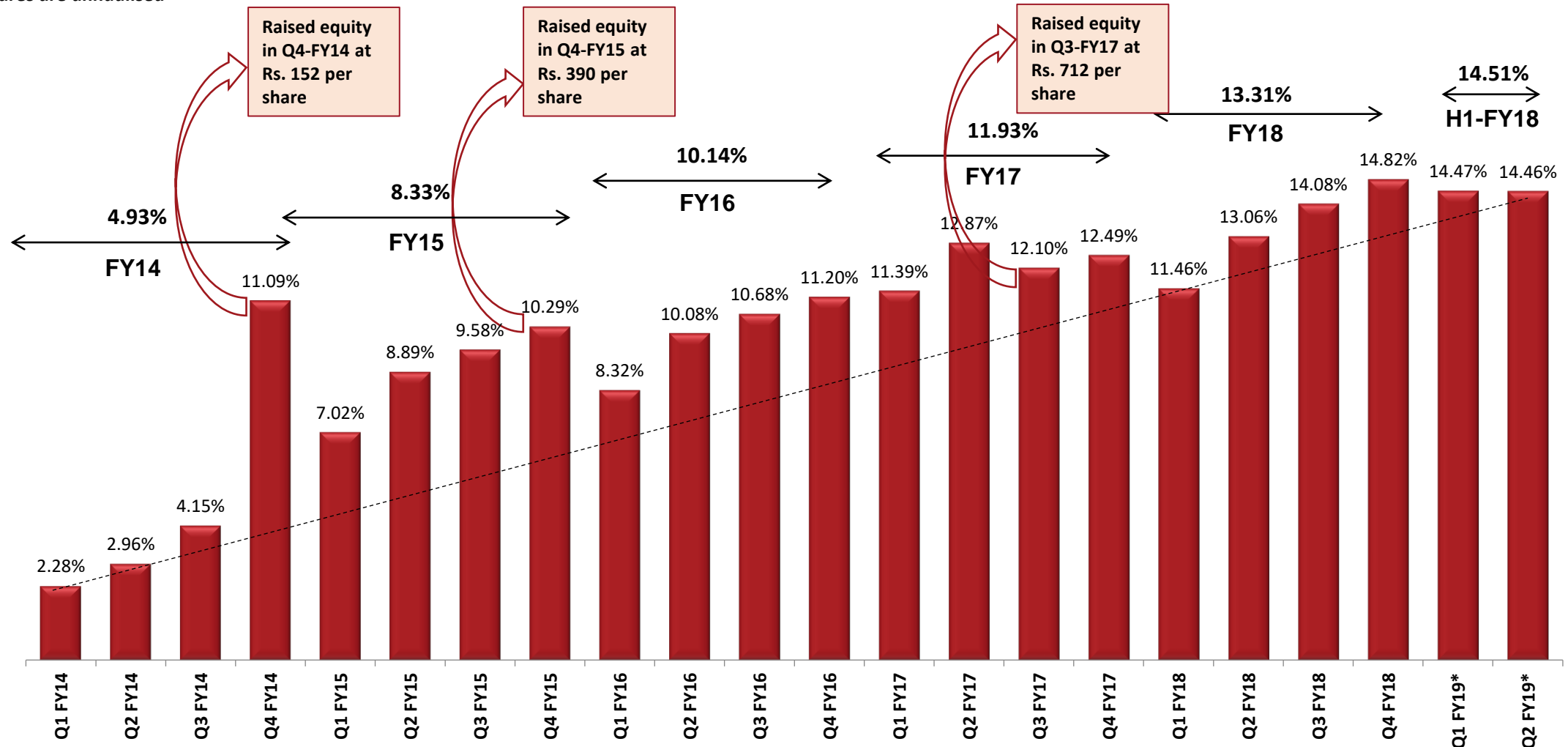


Capital First: the Return on Equity continuously improved over the quarters...

Annexure 2

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.

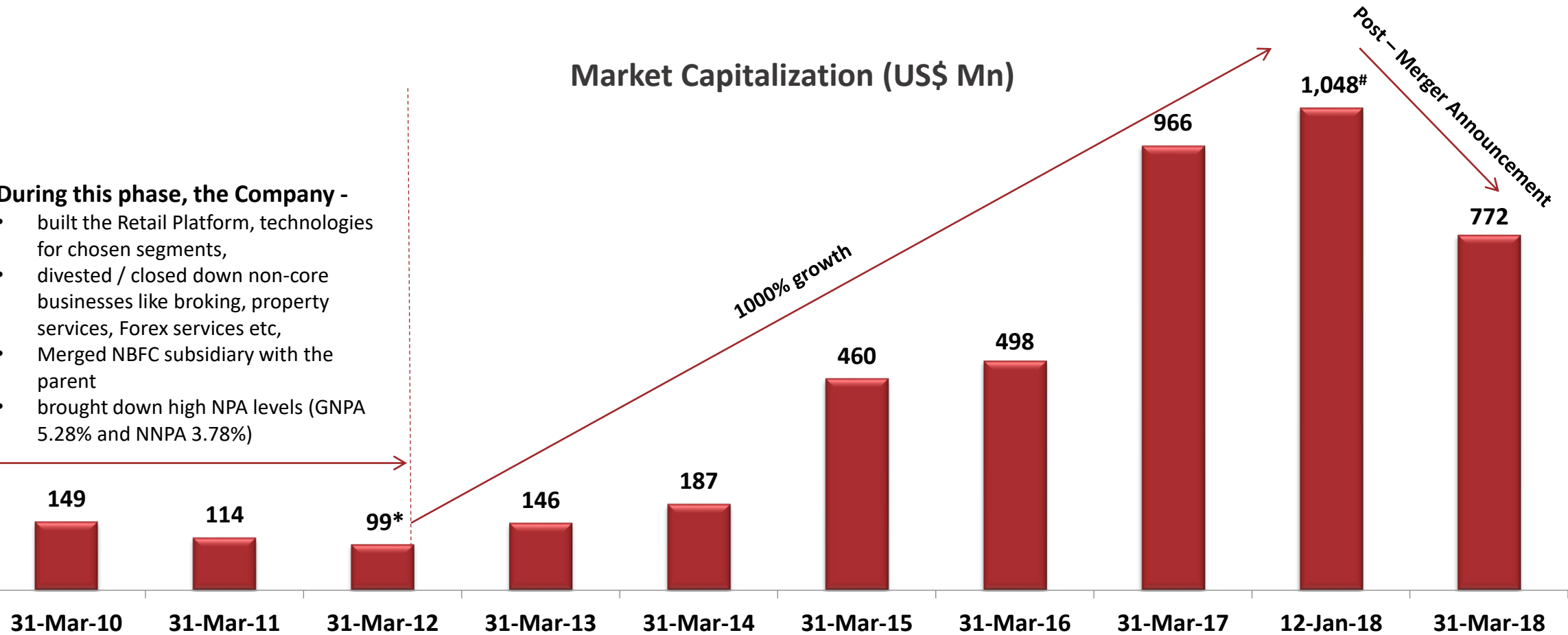
All figures are annualised



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

Successful Trajectory of Growth and Profits at Capital First

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* Market Cap as on 31-March-2012, the year of Management Buyout
Market Cap on the day before the announcement of merger with IDFC Bank (Jan 13, 2018).

Successful Trajectory of Growth and Profits at Capital First

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Stock Price increased 7x from Rs. 120.55 to Rs. 845.60 in 6 years

(In Rs.)

