IDFC FIRST Bank

Investor Presentation – Q1 FY23

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

Funded Assets[1]	Customer Deposits	CASA Ratio	Core Operating Profit	Net Interest Margin
Rs. 1,37,663 Cr (21% YoY)▲	Rs. 1,02,868 Cr (21% YoY)▲	50.04% (-82 bps YoY)▼	Q1-FY23: Rs. 987 Cr (64% YoY)▲	5.89% (39 bps YoY)▲

Asset Quality[4]	Capital Adequacy Ratio (%)	Profit After Tax	Return on Assets (%)	Return on Equity (%)
GNPA% : 3.36% NNPA% : 1.30% PCR%[2] : 73.13%	15.77%[3] (21 bps YoY)▲	Q1-FY23: Rs. 474 Cr (Q1-FY22: -Rs. 630 Cr)	Q1-FY23: 0.97% (Q4-FY22: 0.77 %)	Q1-FY23: 8.96% (Q4-FY22: 6.67%)

1. Net of IBPC. 2. Provision Coverage Ratio is including technical write w/offs. 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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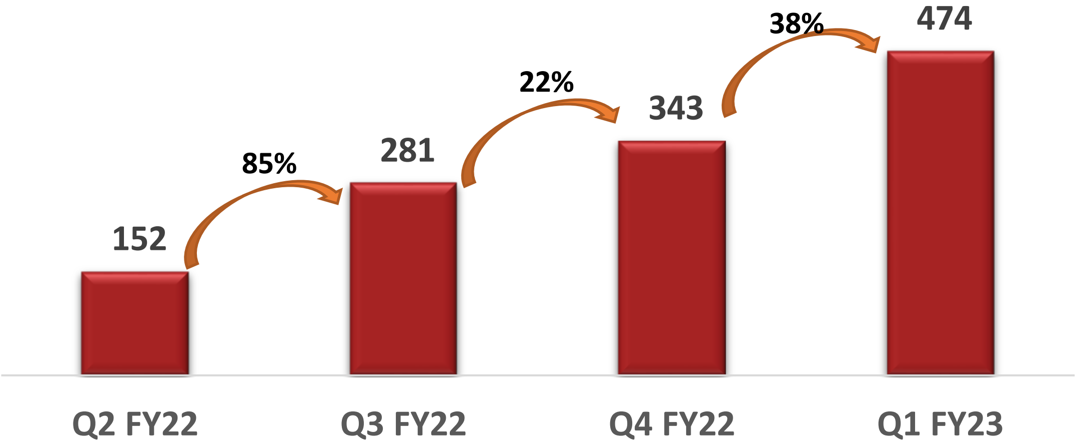
Key Financial Highlights of Q1 FY23

Area	Key Parameters	Q1 FY22	Q1 FY23	Growth (%/bps)
Assets	Total Funded Assets[1]	Rs. 1,13,794 Cr	Rs. 1,37,663 Cr	21% ▲
Deposits	Customer Deposits	Rs. 84,893 Cr	Rs. 1,02,868 Cr	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]	Rs. 2,634 Cr	Rs. 3,650 Cr	39% ▲
	Cost to Income[4] (%)	77.16%	72.95%	419 bps ▼
	Core Operating Profit[4]	Rs. 601 Cr	Rs. 987 Cr	64% ▲
	Profit/(Loss) After Tax	Rs. (630) Cr	Rs. 474 Cr	- ▲
	RoA%[5]	-1.51%	0.97%	- ▲
	RoE%[5]	-13.31%	8.96%	- ▲

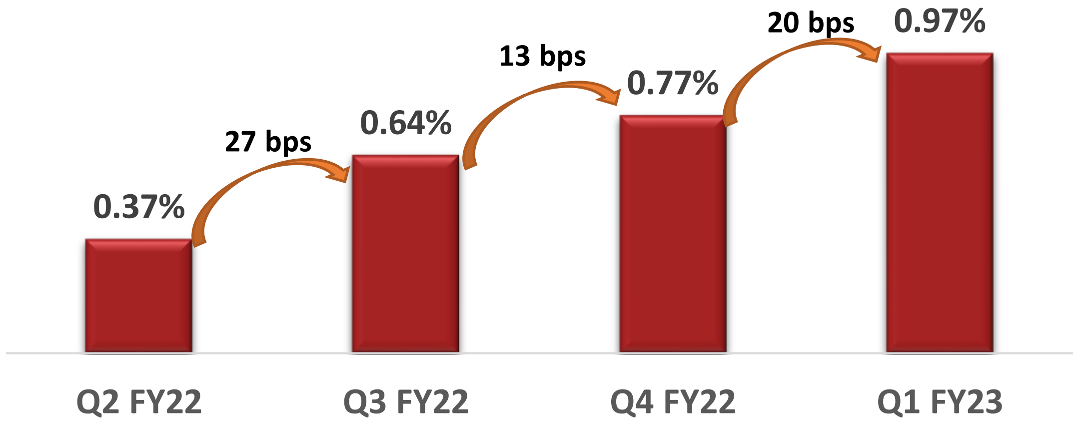
1. Net of IBPC; 2. Commercial Finance consists of business installment loans, micro business loans, small business working capital, commercial vehicle, trade advances etc. with most loans < Rs. 5 crore; 3. Core Operating Income comprises of Net Interest Income & Fee and Other Income excluding trading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

Strong growth in profitability; ROA touches ~1%

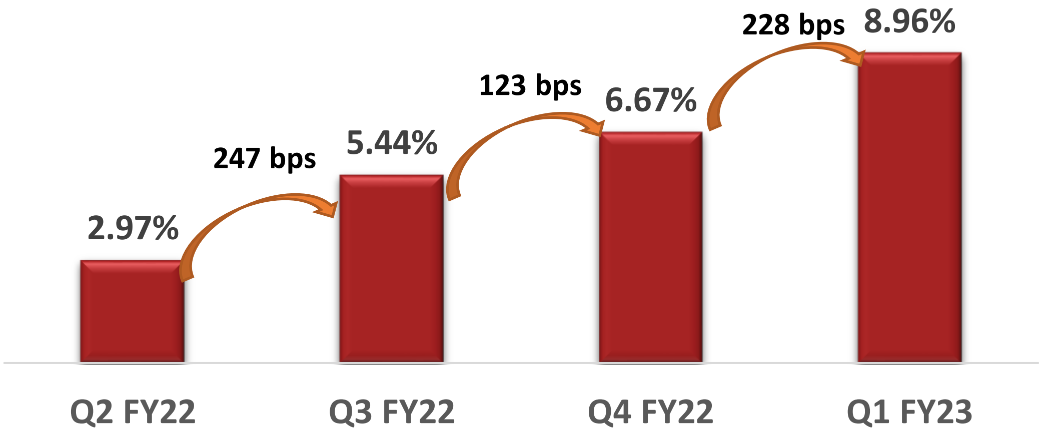
Profit After Tax (Rs. Cr)



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.

RoA(%) and RoE(%) are quarterly annualized

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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.

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

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

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

2008
- Acquired AMC business of Standard Chartered Bank. Setup an office in Singapore

2009
- IDFC is recognised as a top 5 Lead Arranger for Project Finance Loans in Asha by Dealogic

2010
- IDFC Investment Bank ranked 2nd in the equity league tables by Bloomberg. IDFC ranked among the top 50 companies in India's S&P ESG Index.

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

2012
- IDFC completes 15 years.
- Recognised as the best NBFC for Infrastructure Financing.

2014
- Secured license from RBI

2015
- Launch of IDFC Bank

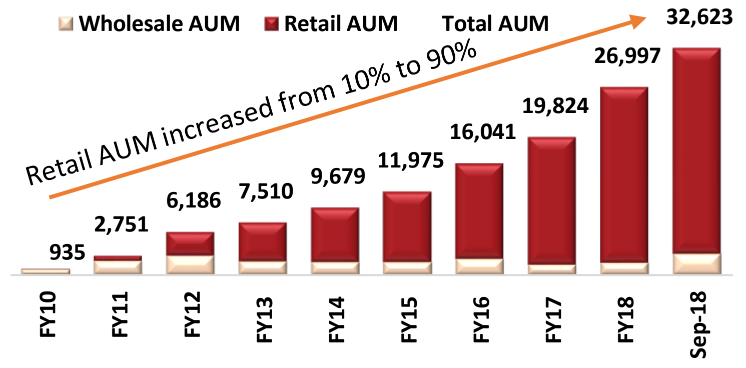
Background - Erstwhile Capital First

(Rs. Cr)

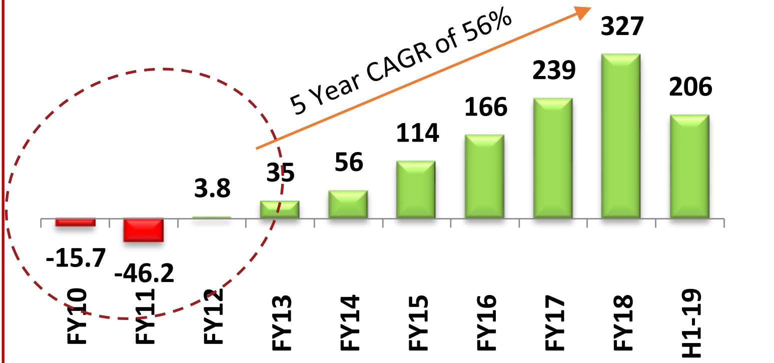
Background

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.

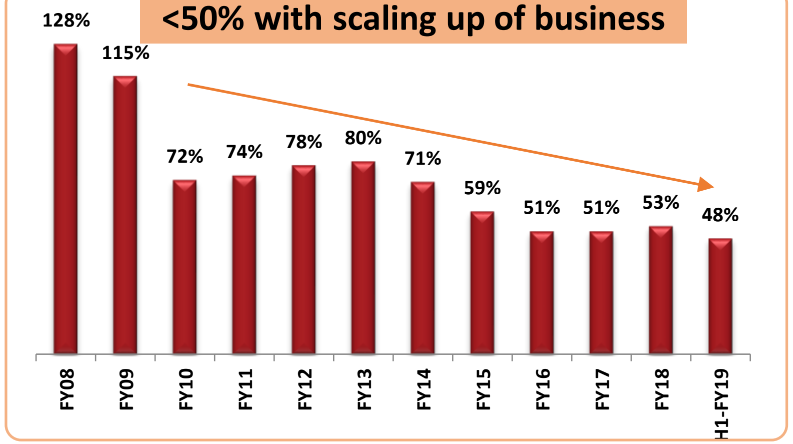
Strong growth in AUM



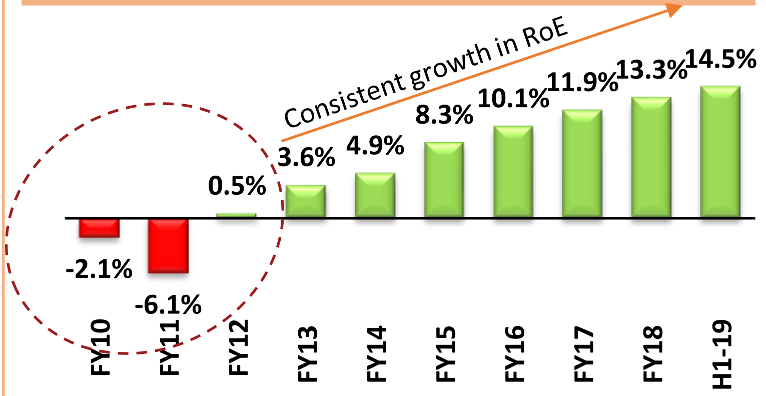
5 Yr PAT CAGR of 56%



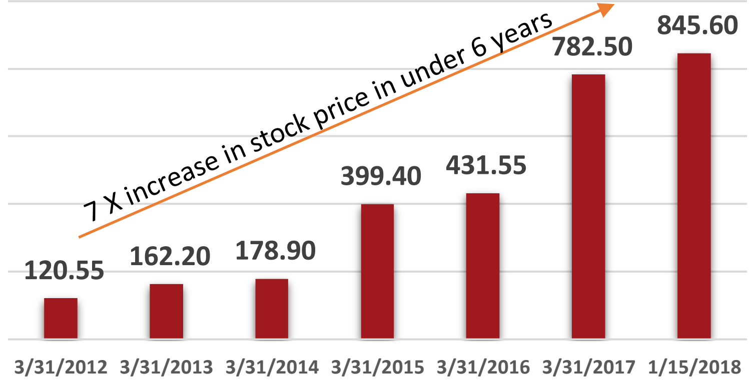
Cost to income came down to <50% with scaling up of business



Continuous Increase in Return on Equity (%)



Stock Price increased 7x from Rs. 120 to Rs. 850 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."

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

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. **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

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.

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

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

Prime Home Loans

Affordable Home Loans

JLG Loans - Microfinance

Car Loans

Education Loans

Gold Loans

Personal Loans

Credit Cards

Agri / Farmer Loans

Consumer Durable Loans

Two Wheeler Loans

Tractor Loans

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

Loan against Property

Micro Business Loans

Business Loans

Professional Loans

Commercial Vehicle

Business Banking

Comprehensive funded and non-funded product solutions for Corporate customers

Term Loans

Working Capital Loans

Trade Finance, Forex & CMS Solutions

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

Freedom Current Account

MERCHANT MULTIPLIER ACCOUNT

FIRSTWINGS Startup Banking Program

DYNAMIC PROFESSIONAL CURRENT ACCOUNT

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

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

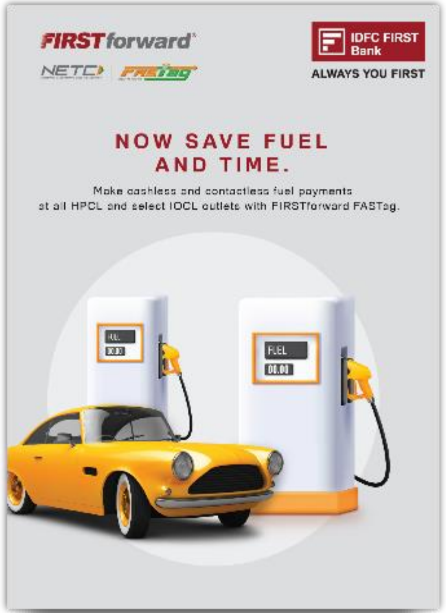
432
Toll Plaza Merchants

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)

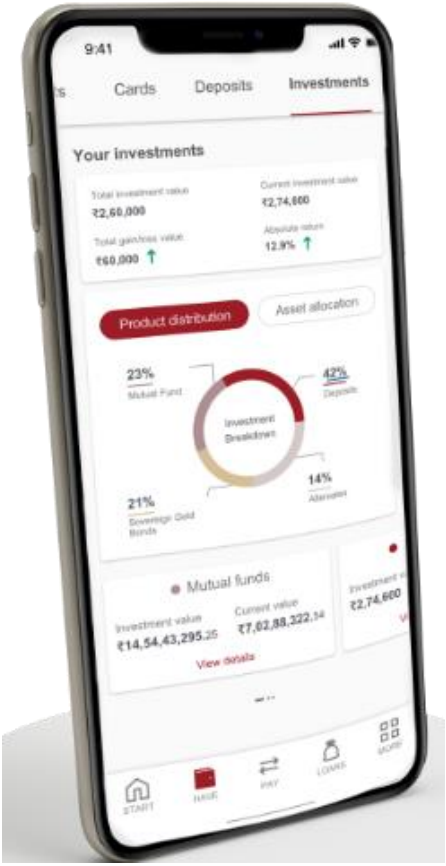


Largest Fuel Acquirer

Largest Parking Acquirer

Wealth Management: Easy to use Wealth Management Application

AUM of Wealth Management Business has grown 92% YoY to reach Rs. 6,693 crore as on June 30, 2022.



- ★ 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
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- ★ 11 Edit SIP Features – Pause, Change Amount & Date

★ Differentiators – Asia Pacific Banking Apps

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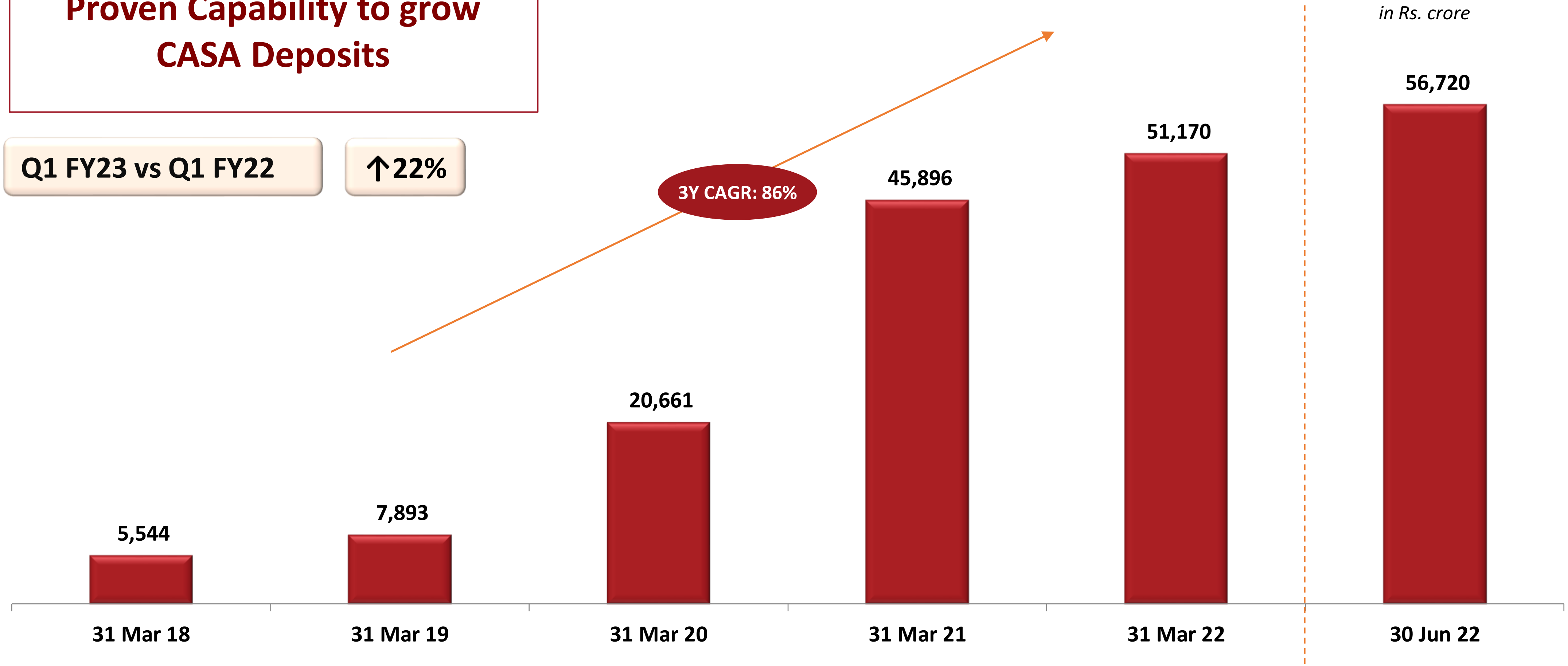
Deposits: Strong growth in CASA Deposits

Proven Capability to grow CASA Deposits

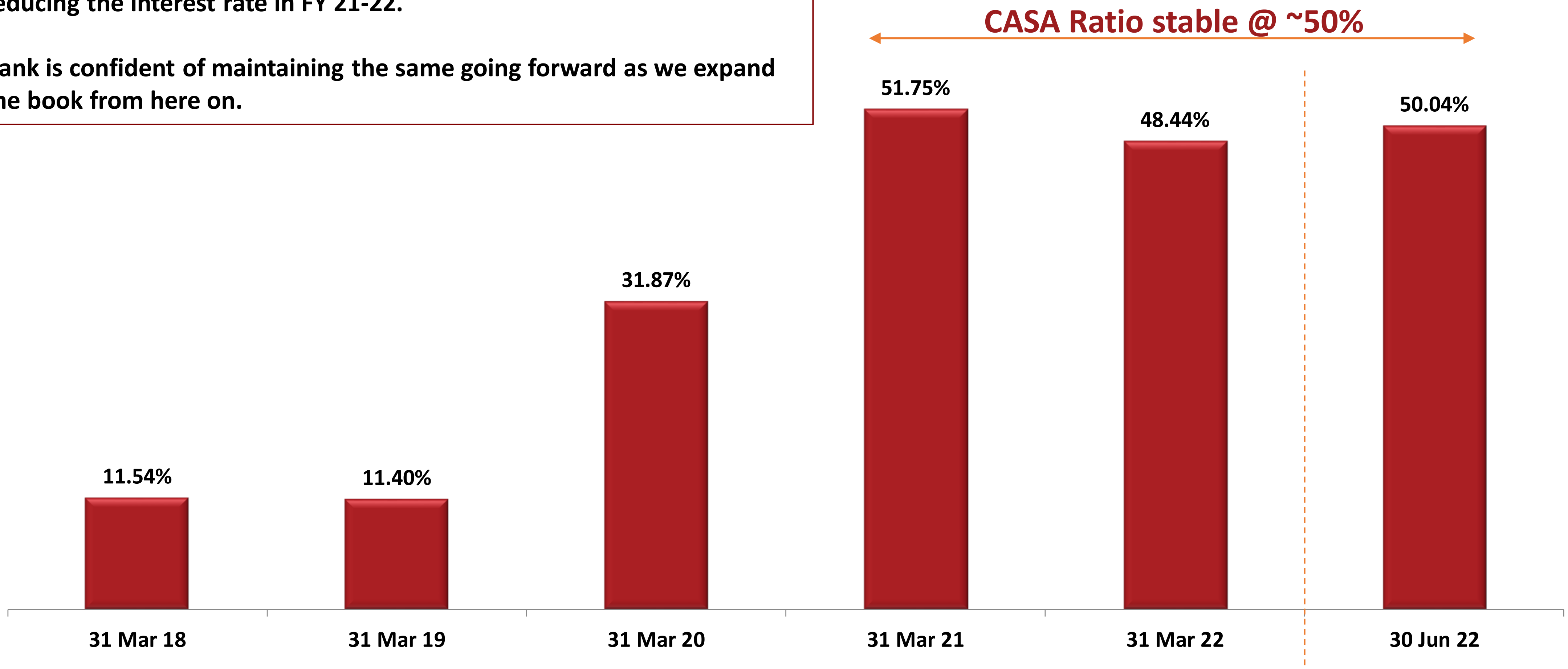
Q1 FY23 vs Q1 FY22	↑22%



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.



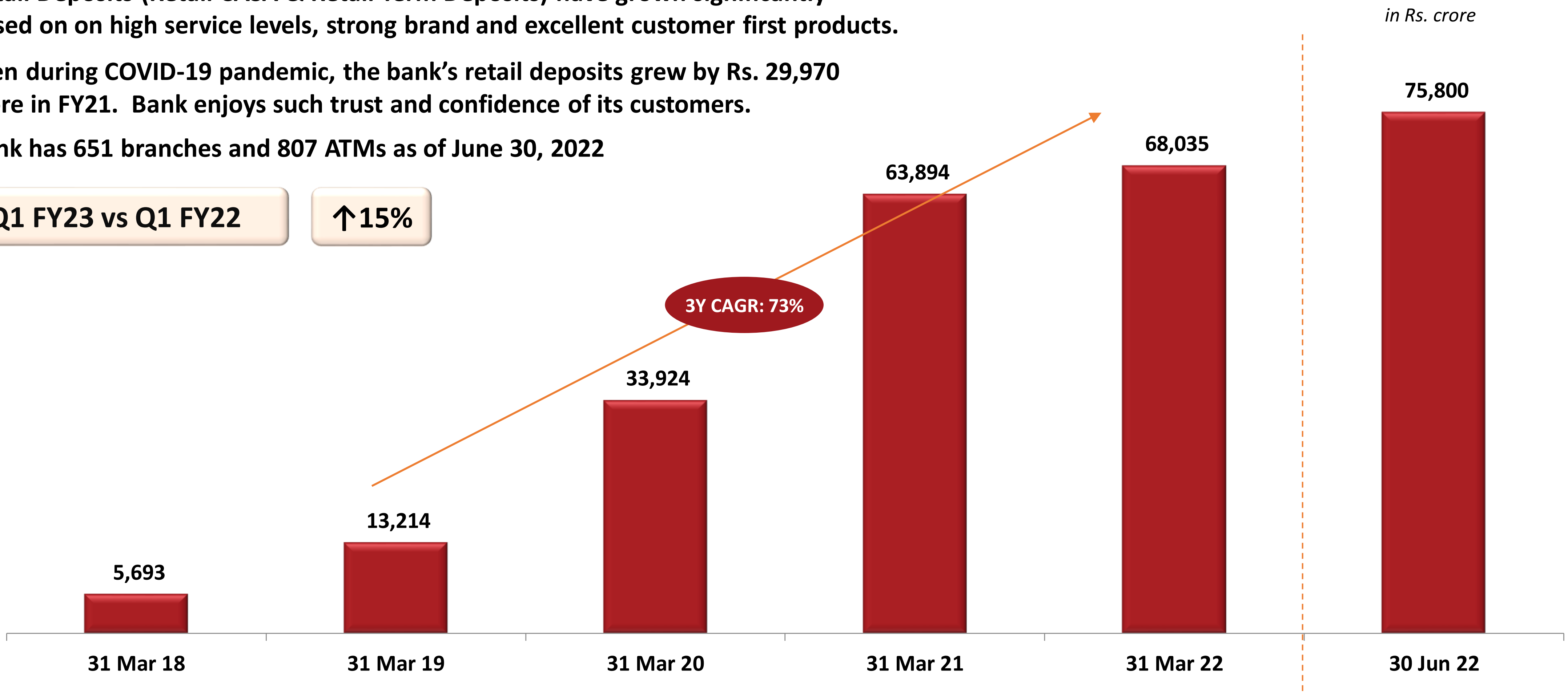
Deposits: Strong growth in Retail Deposits (Retail CASA + Retail Term Deposit)

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 Rs. 29,970 crore in FY21. Bank enjoys such trust and confidence of its customers.

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

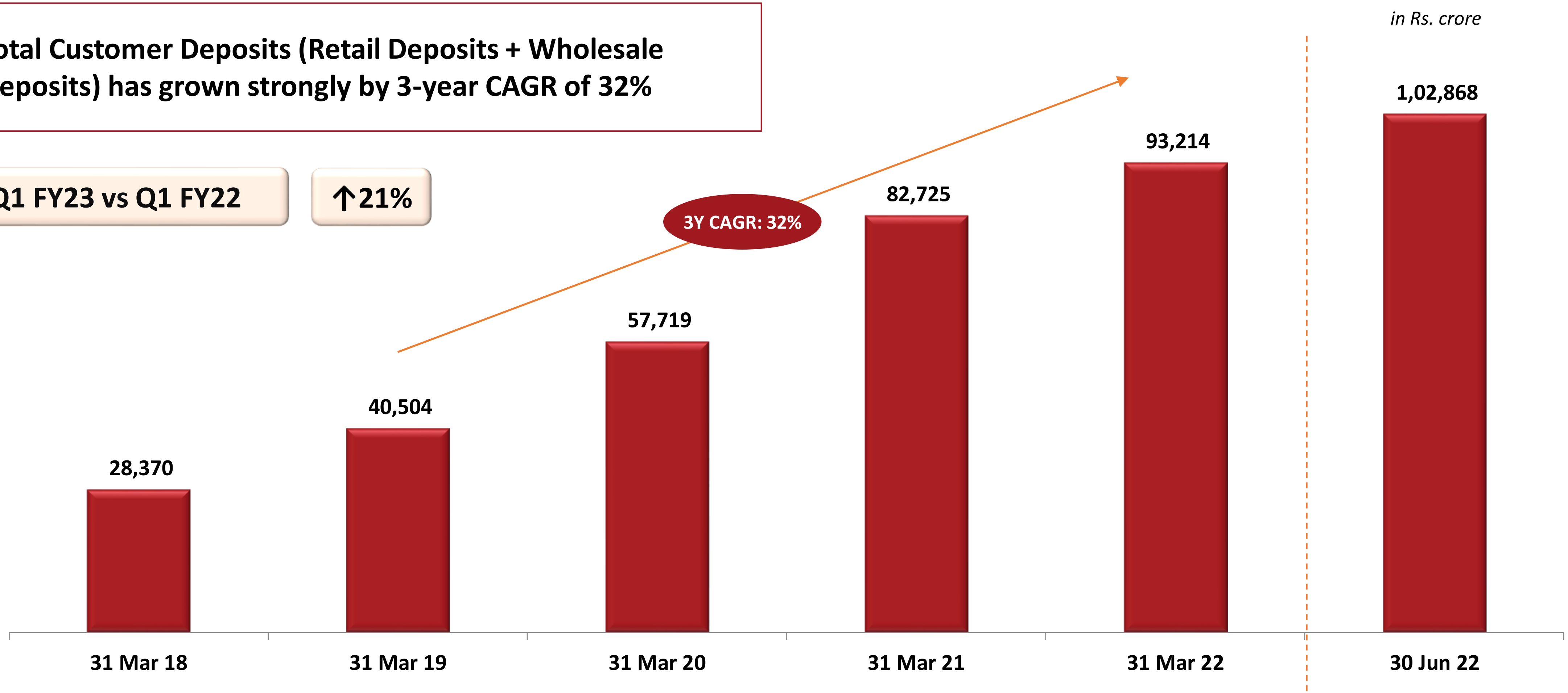
Q1 FY23 vs Q1 FY22 ↑15%



Deposits: Strong growth in Total Customer Deposits

Total Customer Deposits (Retail Deposits + Wholesale Deposits) has grown strongly by 3-year CAGR of 32%

Q1 FY23 vs Q1 FY22 **↑21%**



Summary of Deposits & Borrowings

In Rs. Crore	Jun-21	Mar-22	Jun-22	YoY%
Legacy Long Term Bonds	7,645	6,663	6,624	-13%
Legacy Infrastructure Bonds	9,487	9,111	7,958	-16%
Refinance	13,999	16,407	17,630	26%
Tier II Bonds	-	1,500	1,500	-
Other borrowings	7,131	5,701	5,315	-25%
Total Borrowings (A)	**38,262**	**39,382**	**39,026**	**2%**
CASA	46,439	51,170	56,720	22%
Term Deposits	38,453	42,044	46,148	20%
Total Customer Deposits (B)	**84,893**	**93,214**	**1,02,868**	**21%**
Certificate of Deposits (C)	6,419	12,420	10,481	63%
Money Market Borrowings (D)	10,168	13,580	16,662	64%
Borrowings + Deposits (A)+(B)+(C)+(D)	**1,39,741**	**158,597**	**1,69,037**	**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 Rs. Cr	Balance		Maturity					RoI (%)
	As on Jun-21	As on Jun-22	FY23	FY24	FY25	FY26	Beyond FY26	
Infrastructure Bonds	9,487	7,958	477	1,094	5,495	892	-	8.89%
Long Term Legacy Bonds	7,645	6,624	-	1,660	1,306	3,658	-	9.04%
Other Bonds	4,055	2,956	1,354	765	149	333	356	8.83%
Refinance	6,749	4,869	2,055	1,884	930	-	-	8.07%
Total	**27,936**	**22,406**	**3,886**	**5,403**	**7,879**	**4,883**	**356**	**8.75%**

High cost borrowing reduced by Rs. 5,530 crore during last one year

As we replace the balance high cost borrowings of Rs. 22,406 crore with our incremental cost of ~5-5.50%, it will add about ~Rs. 750-800 crore to the net interest income of the bank on an annualized basis in due course.

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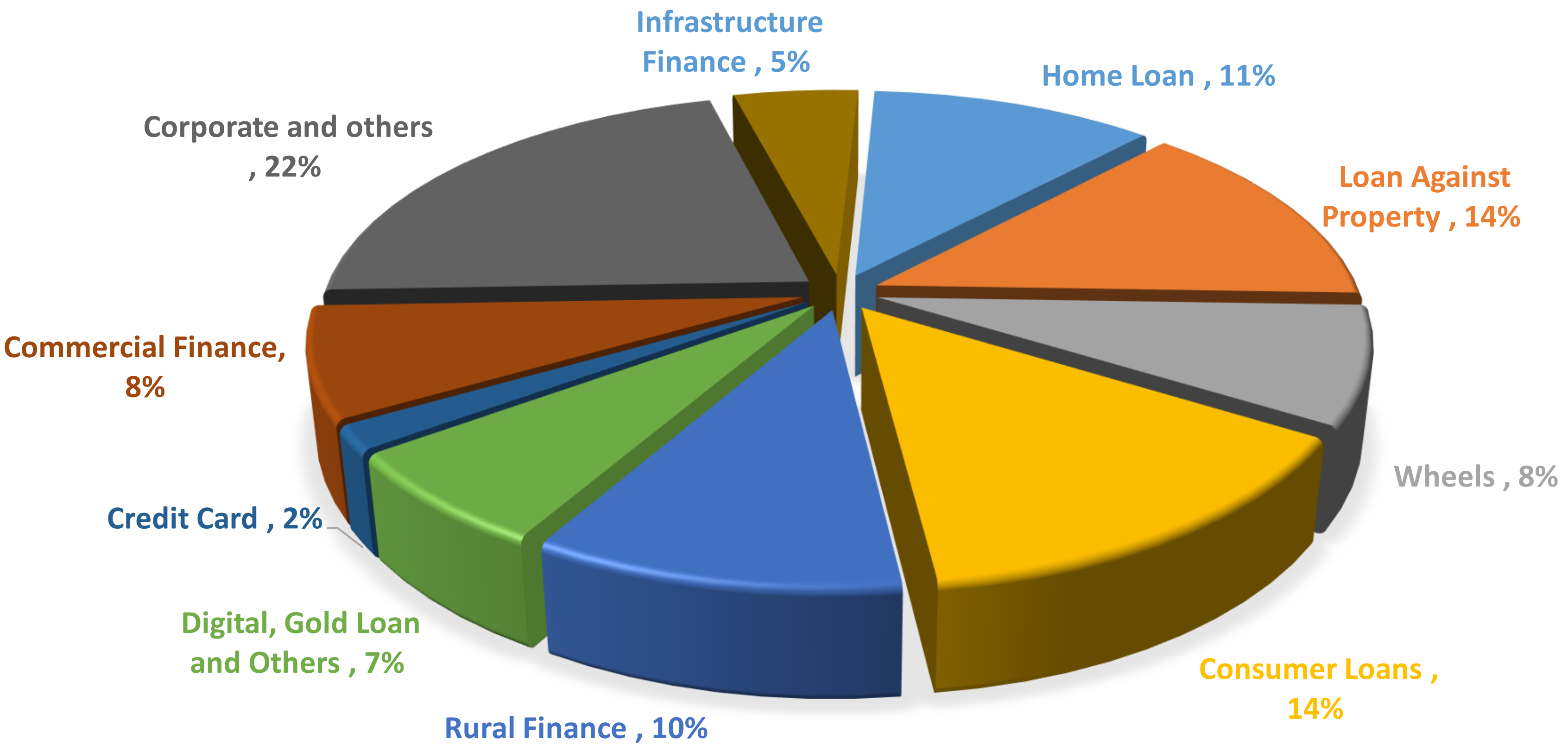
Diversified Funded Assets

Composition of Funded Assets

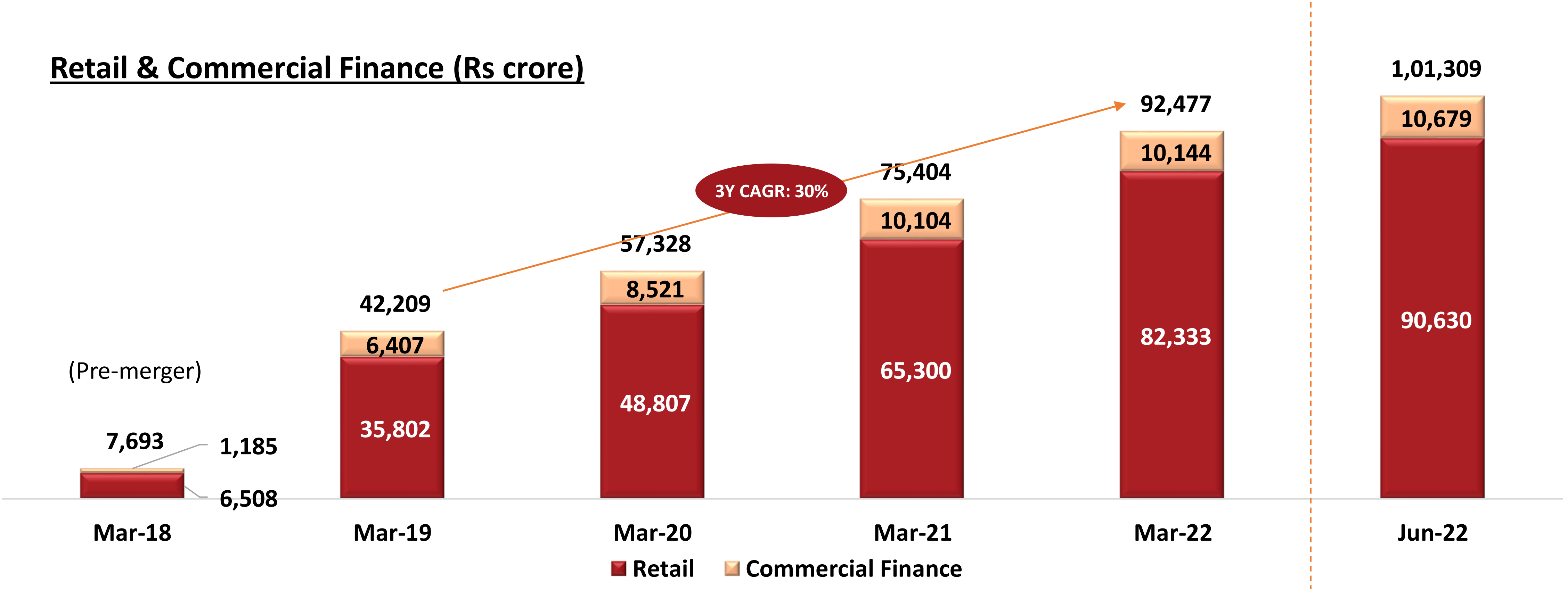


Overall Funded Assets (as on June 30, 2022)
Rs. 1,37,663 crore

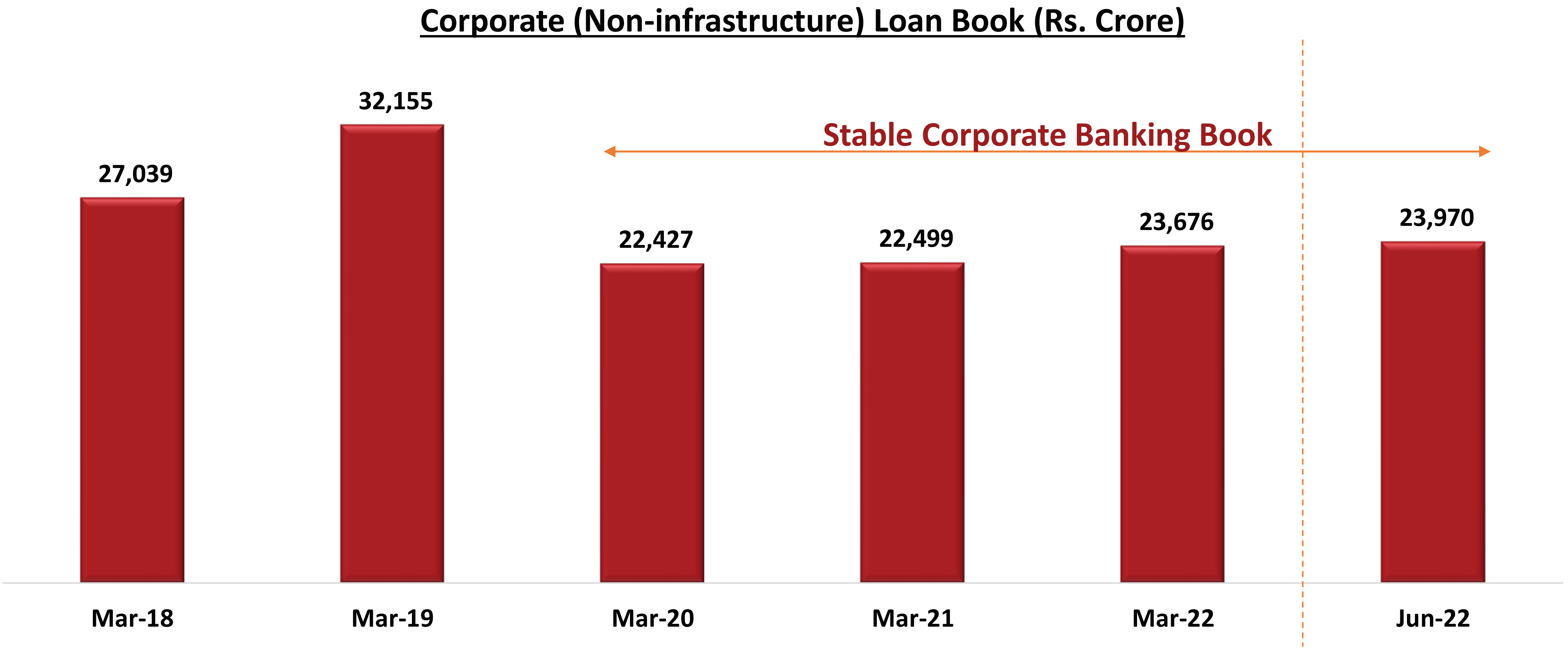
- *Commercial Finance consists of Loans to small business owners and entrepreneurs through products like business installment loans, micro business loans, small business working capital, commercial vehicle, trade advances etc. with most loans < Rs. 5 crore.*
- *Funded Assets are net of IBPC.*
- *Corporate 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)



Stable Corporate Banking Loan Book



- The Bank has brought down the legacy infrastructure financing portfolio from **Rs. 22,710 crore** at time of merger to **Rs. 6,739 crore** 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 Rs. Crore)[1]	Jun-21	Mar-22	Jun-22	Growth YoY%
Retail Book	**64,600**	**82,333**	**90,630**	**40%**
- Home Loan	9,511	14,106	15,352	61%
- Loan Against Property	16,217	18,142	18,631	15%
- Wheels	9,185	9,703	11,359	24%
- Consumer Loans	13,843	17,355	19,679	42%
- Rural Finance	10,909	12,955	14,127	29%
- Digital, Gold Loan and Others	4,116	8,059	9,166	123%
- Credit Card	819	2,013	2,315	183%
Commercial Finance[2]	**9,435**	**10,144**	**10,679**	**13%**
Wholesale Funded Assets[3]	**39,759**	**36,574**	**36,354**	**-9%**
- Corporate	21,428	23,676	23,970	12%
- Infrastructure	10,346	6,891	6,739	-35%
- Others[4]	7,985	6,007	5,645	-29%
Total Gross Funded Assets	**1,13,794**	**1,29,051**	**1,37,663**	**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 < Rs. 5 crore; 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)

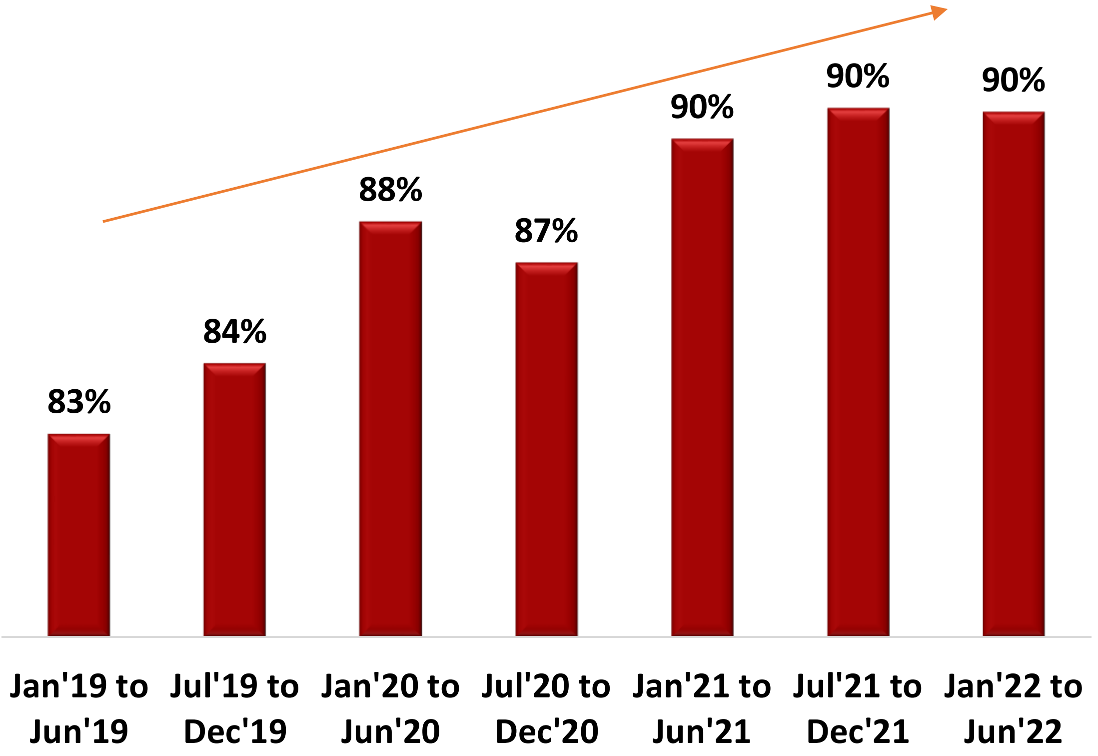
The above indicators combine to result in the GNPA, NNPA and Provision requirements as demonstrated in subsequent slides.

8a. Improved quality of sourcing

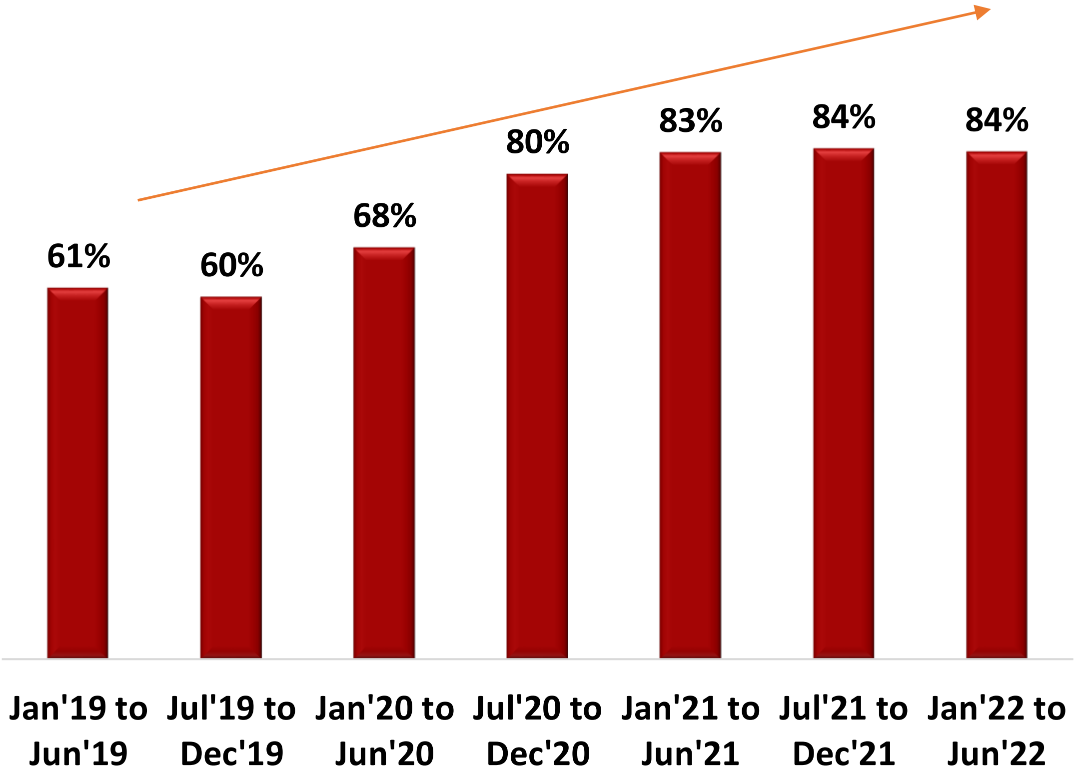
90% of customers are credit tested before we onboard them, as compared to 83% in 2019, indicating migration to safer credit profiles. We are able to afford it because of our reduced cost of funds over time.

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.

Increasing % of Customers with Credit History



Increased % of customers with bureau score >700



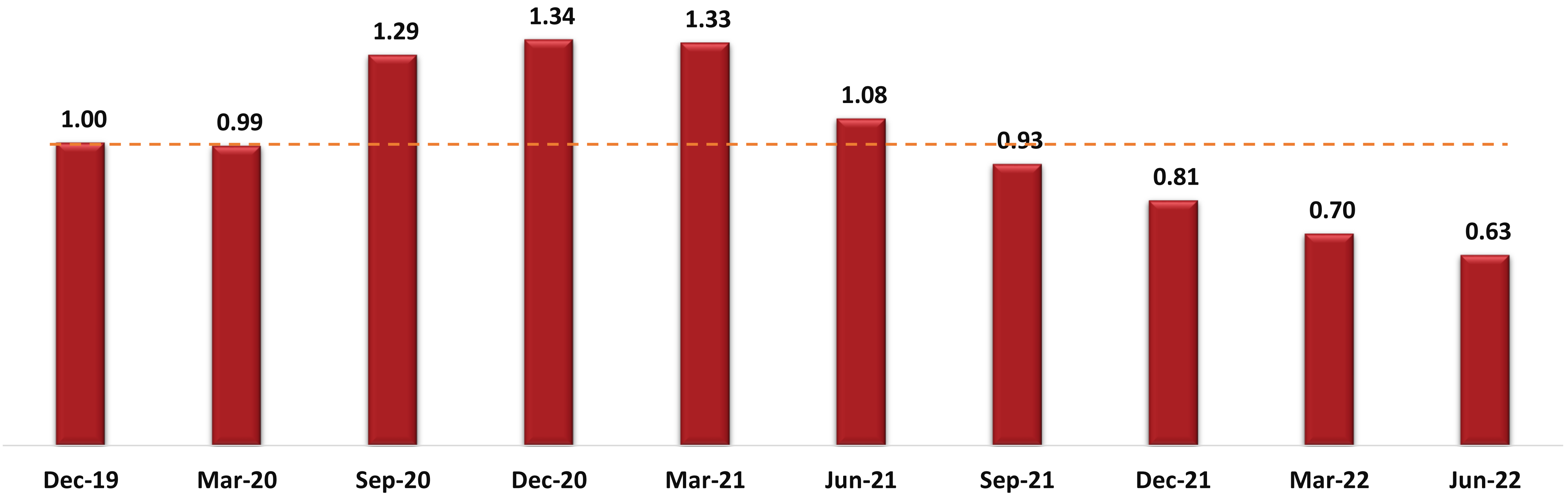
8b. Reduced Cheque Bounce on Presentation

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.

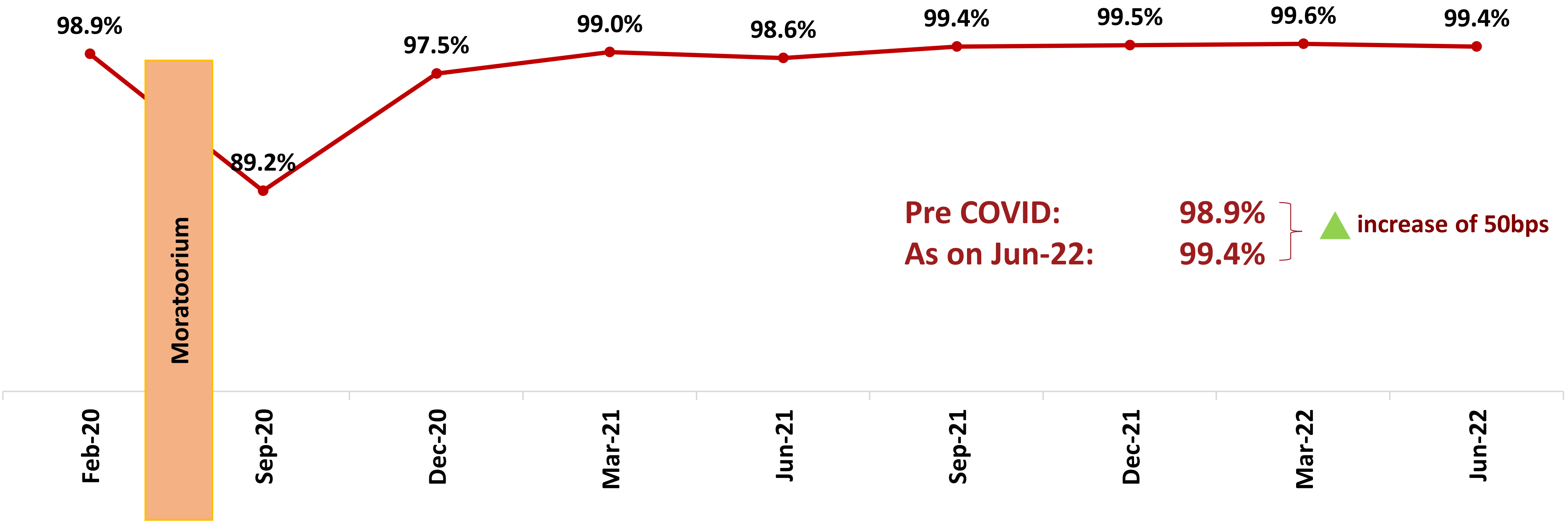
The improved quality of sourcing will lead to lower delinquency and credit losses in future.



On trailing 12-month averages

8c. Increased Collection Efficiency Trend

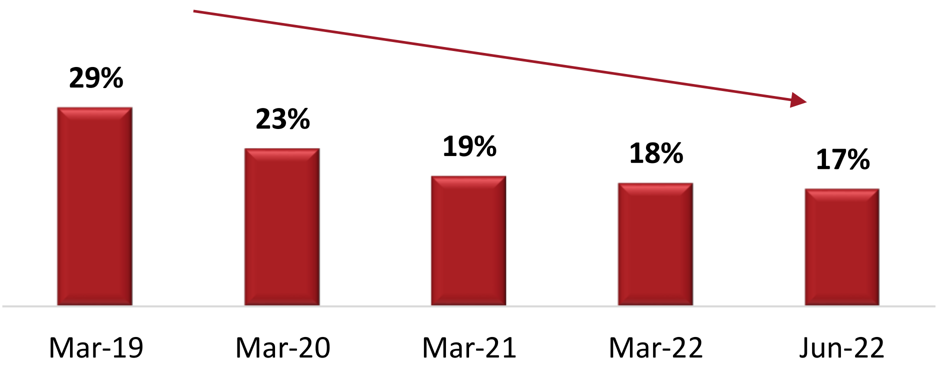
Post return of cheques, the collection team contacts customers. Here the indicator of success is collection efficiency. The collection efficiency in early-stage bucket (urban retail) has increased from 98.9% pre COVID to 99.4%, an increase of 50 bps, which will result in correspondingly reduced NPA and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



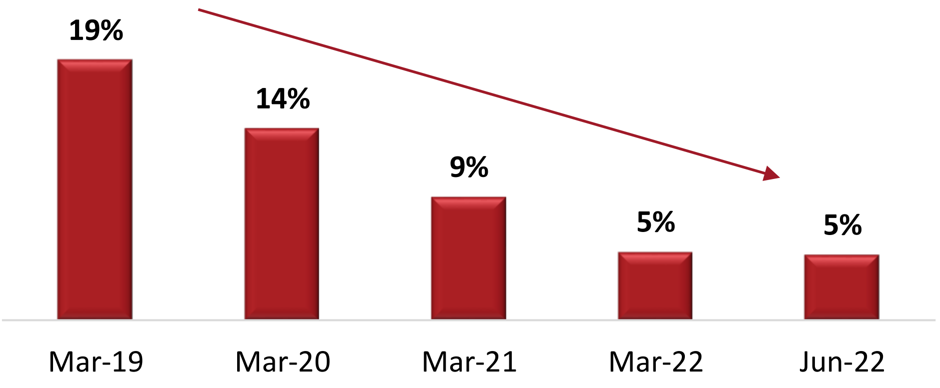
Similar experience of improvement is observed in the Rural financing also.

Risk Management in Wholesale Banking

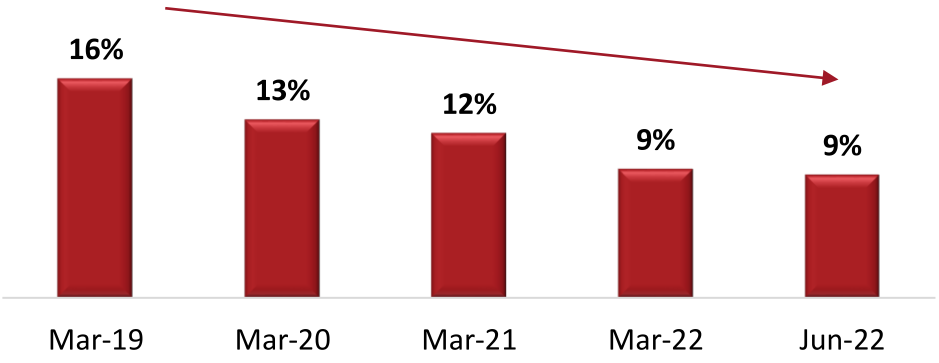
The Bank has reduced its exposure to corporate sector from 29% in Mar-19 to 17% in Jun-22



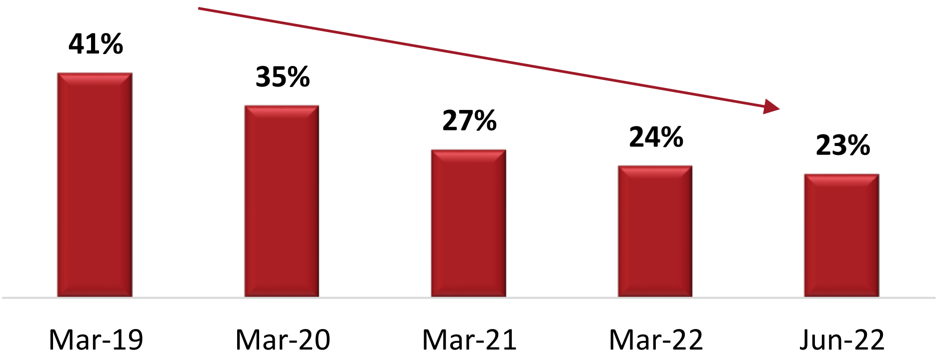
Similarly, the Bank has reduced its exposure to infrastructure sector from 19% in Mar-19 to 5% in Jun-22



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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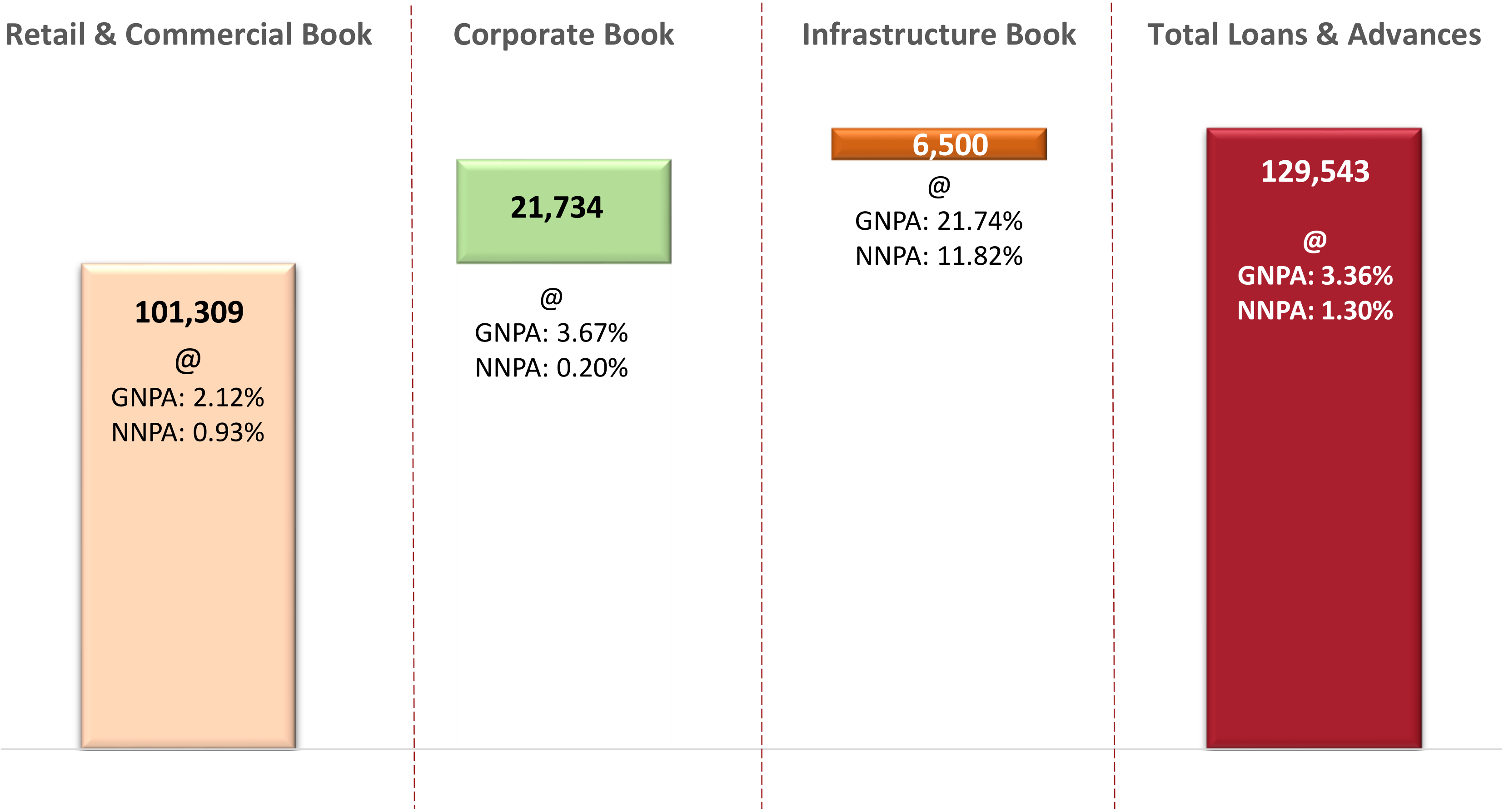
Asset Quality Composition

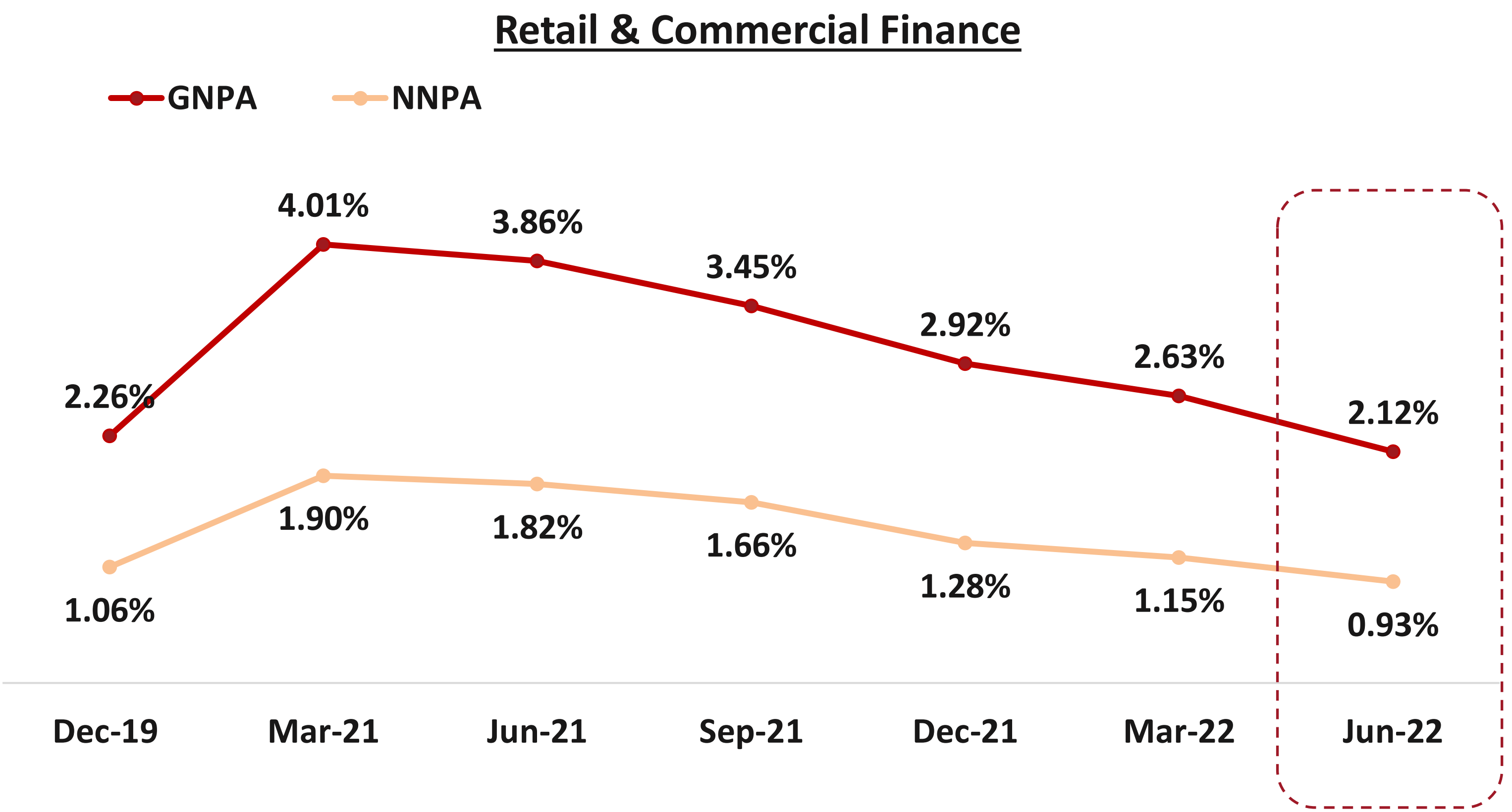
Advances (Rs. Crore)



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



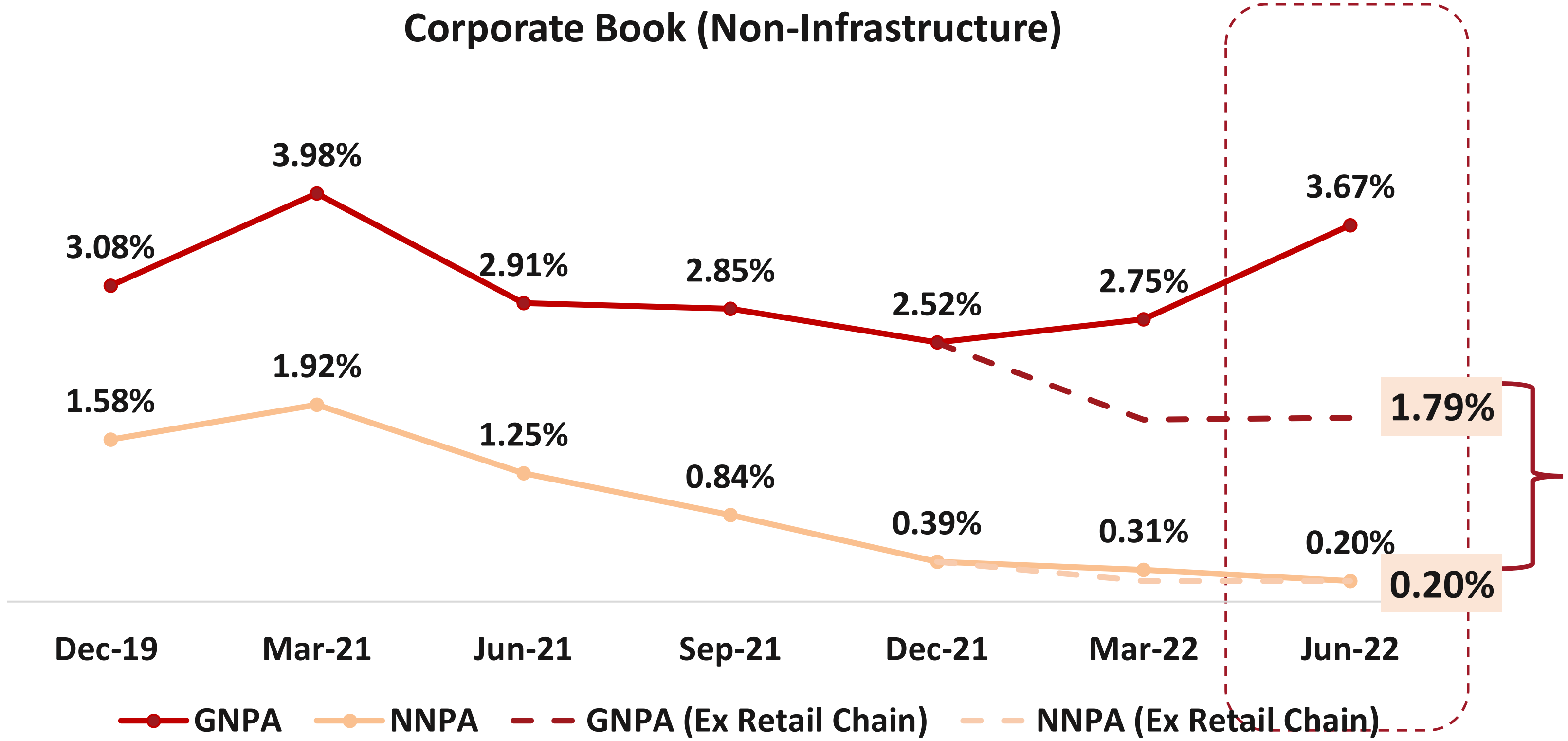
	Dec-19	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
PCR%*	55.35%	57.53%	61.05%	61.37%	68.21%	69.59%	72.16%

- 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.

*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.

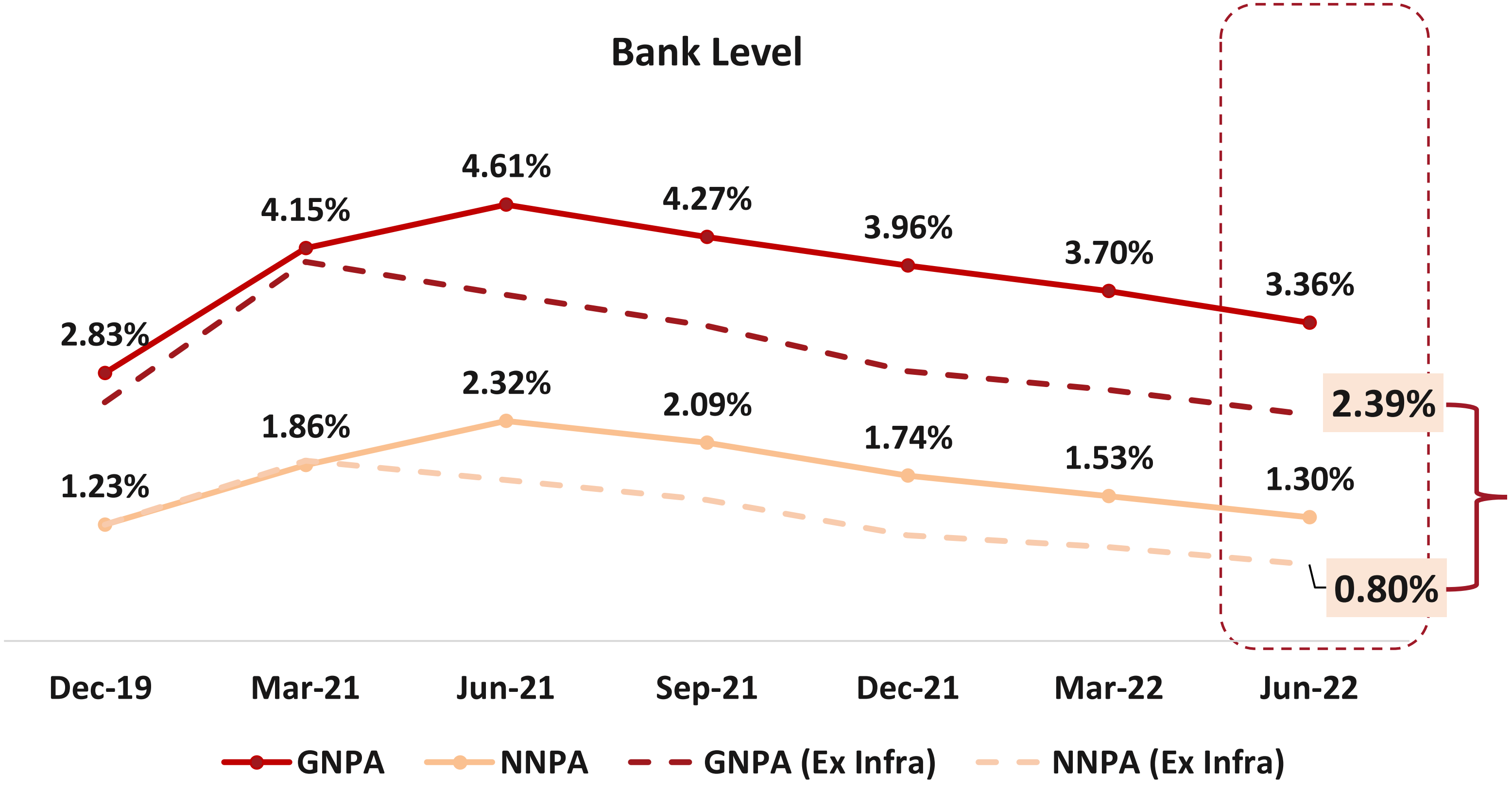


Excluding one retail chain that slipped into NPA (100% provided) the above exposure, the GNPA and NNPA would have been **1.79%** and **0.20%** in corporate lending.

PCR%*	49.61%	72.32%	80.67%	87.43%	92.26%	94.50%	96.98%

**Includes technical write-offs*

Bank level Asset quality continues to improve



Excluding the NPA in the infrastructure financing book which will run down in due course, the Gross and Net NPA of the Bank would have been **2.39%** and **0.80%.**

PCR%*	58.14%	63.57%	61.06%	63.00%	67.16%	70.29%	73.13%

**Includes technical write-offs*

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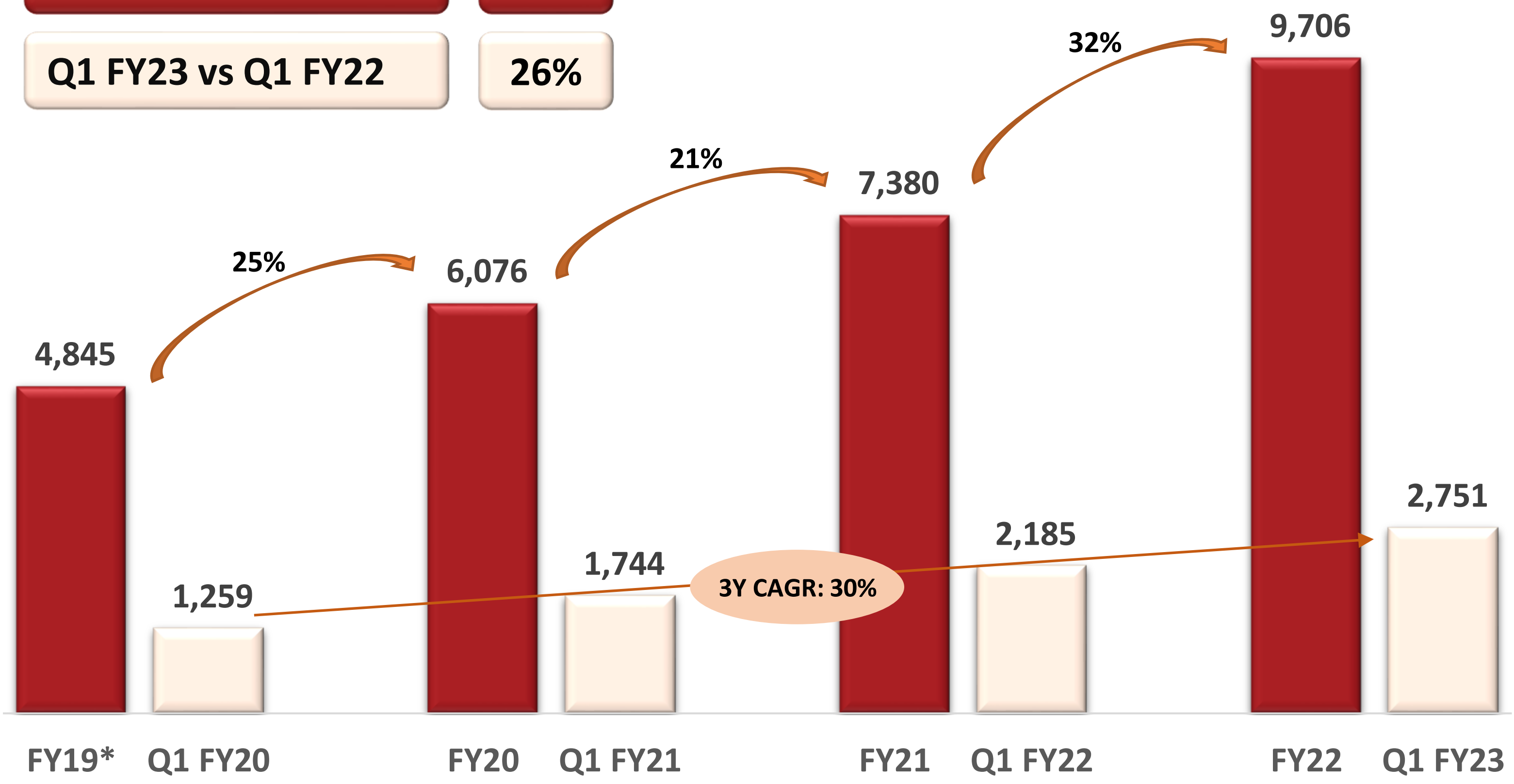
Strong rise in Net Interest Income

Net Interest Income (In Rs. Crore)

FY22 - 3-Year CAGR	26%
Q1 FY23 vs Q1 FY22	26%



** H2-FY19 actual annualized*

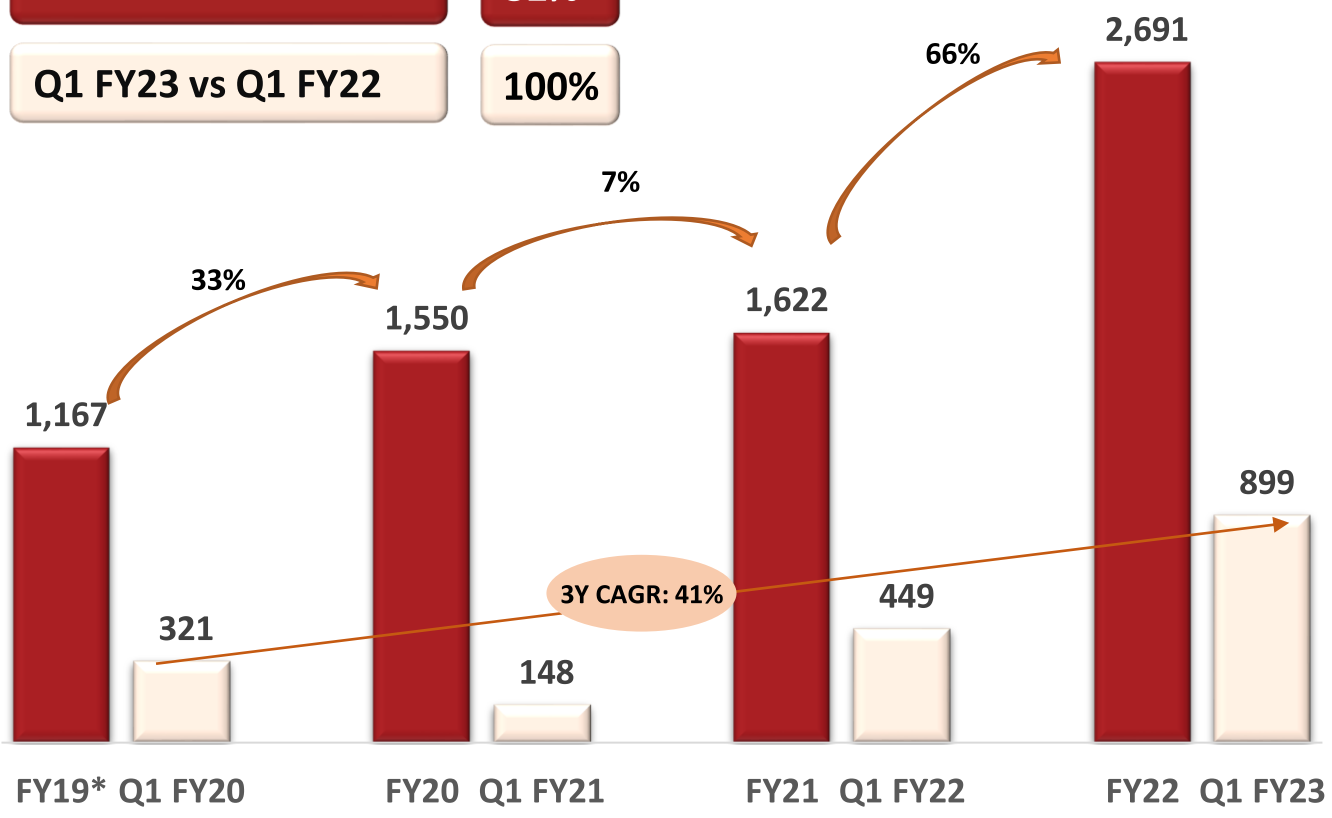
NII has grown at a 3-Year CAGR of **26%.** We expect to sustain similar growth in the foreseeable future.

We expect to maintain NIM% at around **6%** during FY23.

Strong growth in Fee & Other Income

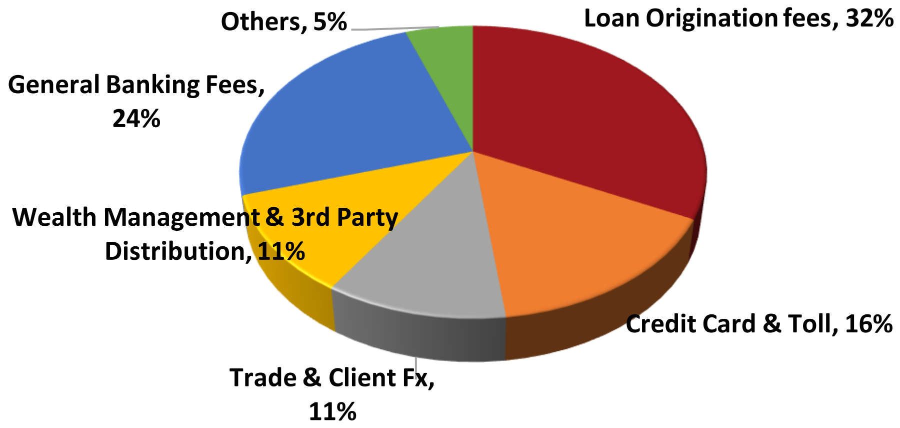
Fee and Other Income (In Rs. Crore)

FY22 – 3-Year CAGR	32%
Q1 FY23 vs Q1 FY22	100%



* H2-FY19 actual annualized

Fee Income Break up for Q1-FY23

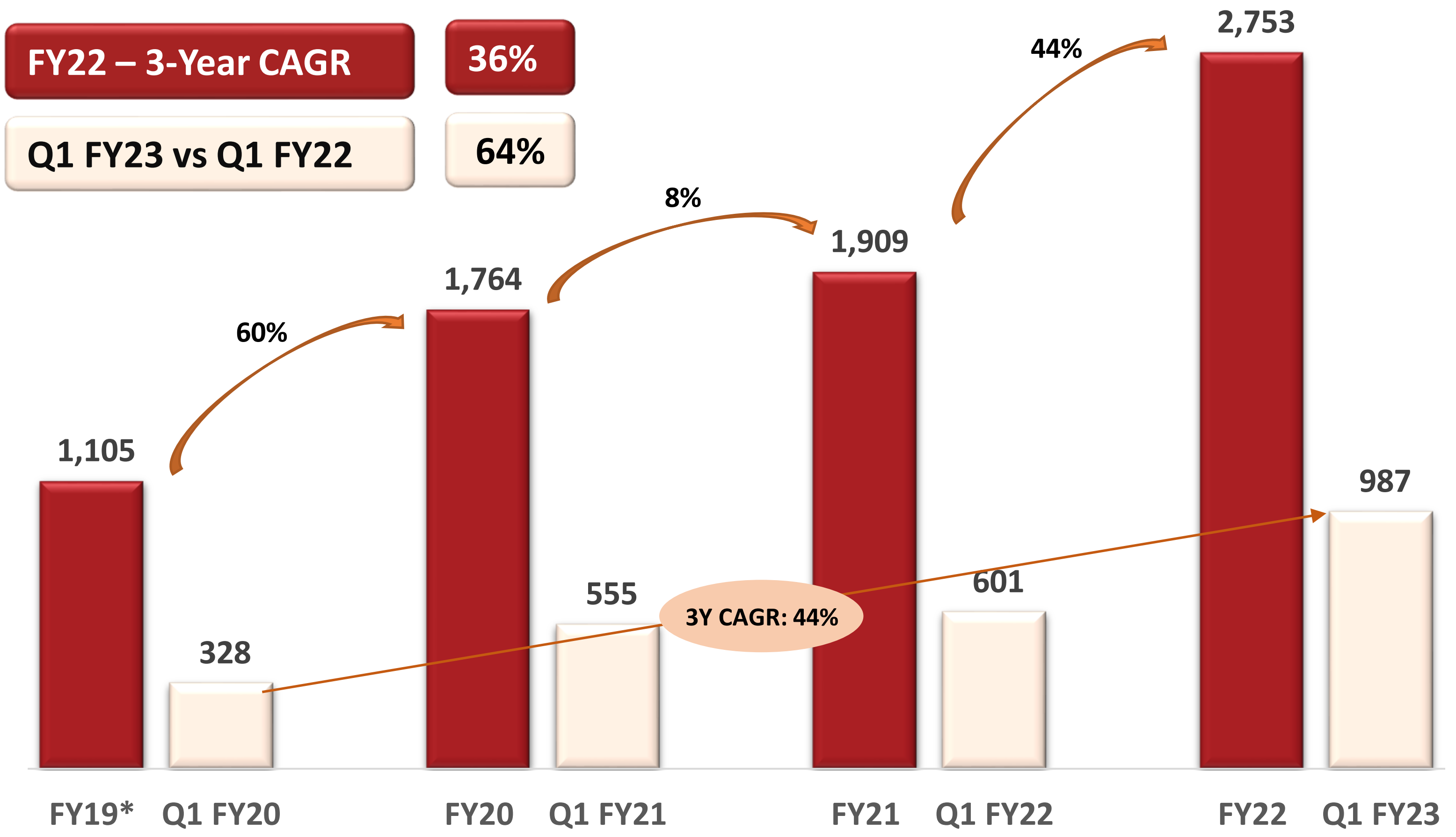


- The Bank has launched and scaled up many fee-based products in the last 3 years and would continue to do so.
- Many of these products are in the early stage of their lifecycle and have the potential to grow in significant way going forward.
- **91%** of the fee income & other income is from the retail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

Strong increase in Core Operating Profit

Core Operating Profit (In Rs. Crore)

FY22 – 3-Year CAGR	36%
Q1 FY23 vs Q1 FY22	64%



- 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

IDFC FIRST Bank

Quarterly Income Statement

In Rs. Crore	Q1 FY22	Q4 FY22	Q1 FY23	Growth (%) YoY
Interest Income	4,089	4,554	4,922	20%
Interest Expense	1,905	1,884	2,171	14%
Net Interest Income	**2,185**	**2,669**	**2,751**	**26%**
Fee & Other Income	449	841	899	100%
Trading Gain[1]	393	(9)	(44)	-111%
Operating Income	**3,027**	**3,500**	**3,607**	**19%**
Operating Income (Excl Trading Gain)	**2,634**	**3,510**	**3,650**	**39%**
Operating Expense	2,032	2,674	2,663	31%
Operating Profit (PPOP)	**995**	**827**	**944**	**-5%**
Operating Profit (Ex. Trading gain)	**601**	**836**	**987**	**64%**
Provisions[1]	1,872	369	308	-84%
Profit Before Tax	**(877)**	**457**	**636**	
Tax	**(247)**	**114**	**162**	
Profit After Tax	**(630)**	**343**	**474**	

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 reclassed accordingly

Balance Sheet

In Rs. Crore	Jun-21	Mar-22	Jun-22	Growth (%) (YoY)
Shareholders' Funds	20,170	21,003	21,485	7%
Deposits	91,312	1,05,634	1,13,349	24%
- *CASA Deposits*	46,439	51,170	56,720	22%
- *Term Deposits*	44,872	54,464	56,629	26%
Borrowings	48,430	52,963	55,688	15%
Other liabilities and provisions	9,075	10,581	10,044	11%
Total Liabilities	**1,68,986**	**1,90,182**	**2,00,565**	**19%**
Cash and Balances with Banks and RBI	9,774	15,758	10,761	10%
Net Funded Assets	1,08,628	1,24,075	1,32,555	22%
- *Net Retail Funded Assets*	72,472	91,093	1,00,094	38%
- *Net Wholesale Funded Assets**	36,156	32,983	32,461	-10%
Investments	41,368	41,544	47,095	14%
Fixed Assets	1,298	1,361	1,456	12%
Other Assets	7,918	7,443	8,698	10%
Total Assets	**1,68,986**	**1,90,182**	**2,00,565**	**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 Rs. Crore	Jun-21	Mar-22	Jun-22
Common Equity	19,460	20,199	20,821
Tier 2 Capital Funds	916	2,525	2,618
Total Capital Funds	**20,376**	**22,724**	**23,439**
Total Risk Weighted Assets	**1,30,946**	**1,35,728**	**1,48,600**
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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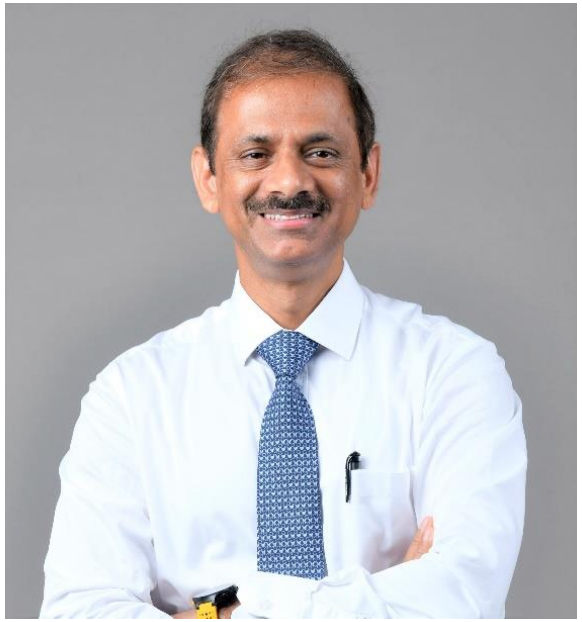
Board of Directors: MD & CEO Profile



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 crores. He did so by borrowing Rs. 78 crore, 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 $100-$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 ($5m, 2010) to profit of Rs. 358 crore ($ 50m, 2018). The share price of Capital First rose from Rs. 122 (2010) to Rs. 850 (2018) and the market cap increased >10 times from Rs. 780 crores ($120 m, 2010) to Rs. 8200 crores ($1.2 b, 2018). Per stock exchange filings, he bought the NBFC shares at Rs. 162 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 ($14m, 2010) to Rs. 29,600 crores ($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 ($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 is was the Global Controller for the Investment Bank (IB) at JP Morgan in New York; & at Bank of America as the Global CFO for the IB, and, Consumer and Mortgage Products. Mr. Kamat started his career with Coopers & Lybrand, a public accounting firm, in 1988 before he joined JP Morgan in 1994.

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

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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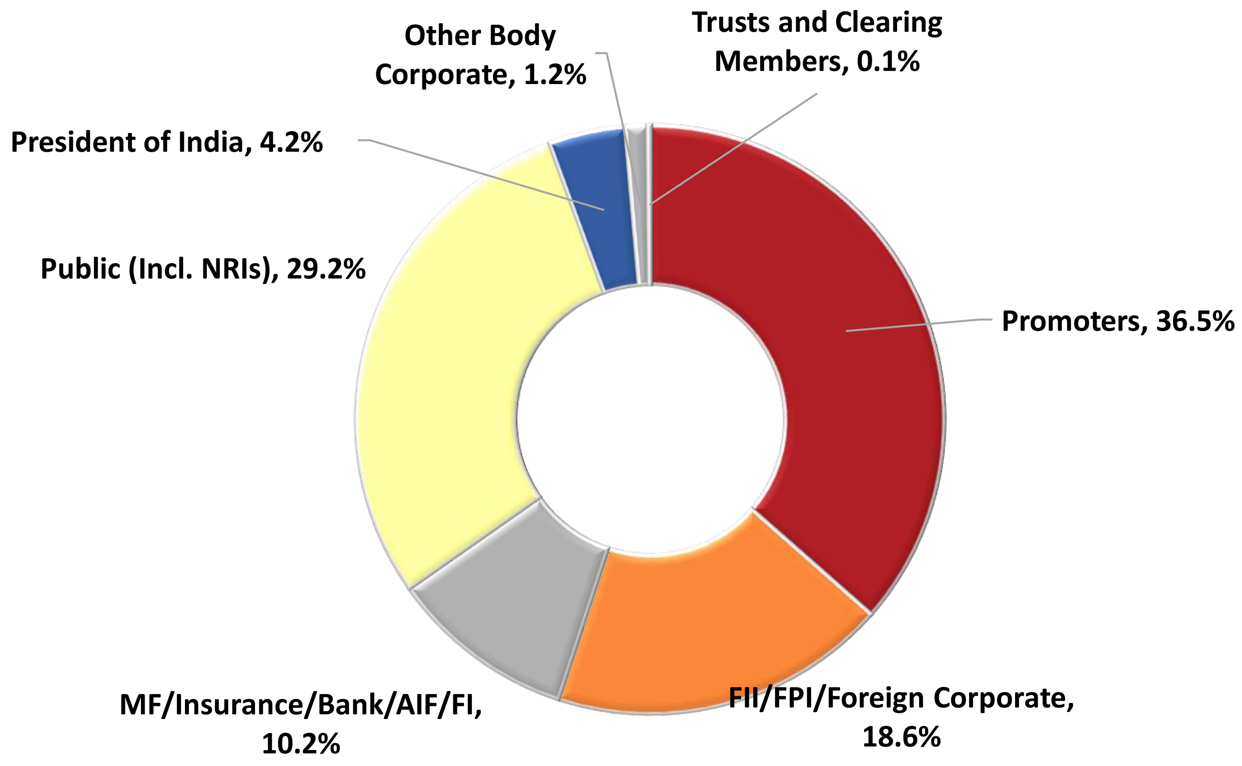
Shareholding Pattern as of June 30, 2022

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



Total # of shares as of June 30, 2022	*621.91 Cr*
Book Value / Share as of June 30, 2022	*Rs. 34.55*
***Basic EPS** (Q1-FY23 annualized)*	*Rs. 3.04*

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FIRST Compass at IDFC FIRST Bank

2022 Highlights

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

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: INR 41.27 Cr. 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

IDFC FIRST Bank

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
CAPITAL	Net-worth (Share Capital and Reserves & Surplus)	Rs. 18,376 Cr	--	Rs. 21,485 Cr
	CET – 1 Ratio	16.14%	>12.5 %	14.01%
	Capital Adequacy (%)	16.51%	>13.0 %	15.77%
LIABILITIES	CASA Deposits	Rs. 5,274 Cr	--	Rs. 56,720 Cr
	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<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)	Rs. 36,927 Cr	Rs. 100,000 Cr	Rs. 1,01,309 Cr (37%)
Retail and Commercial Finance as a % of Total Funded Assets	35%	70%	74%
Wholesale Funded Assets[1]	Rs. 56,770 Cr	< Rs. 40,000 Cr	Rs. 30,709 Cr (-3%)
- of which Infrastructure loans	*Rs. 22,710 Cr*	Nil in 5 years	*Rs. 6,739 Cr (-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%

ASSETS

EARNINGS

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

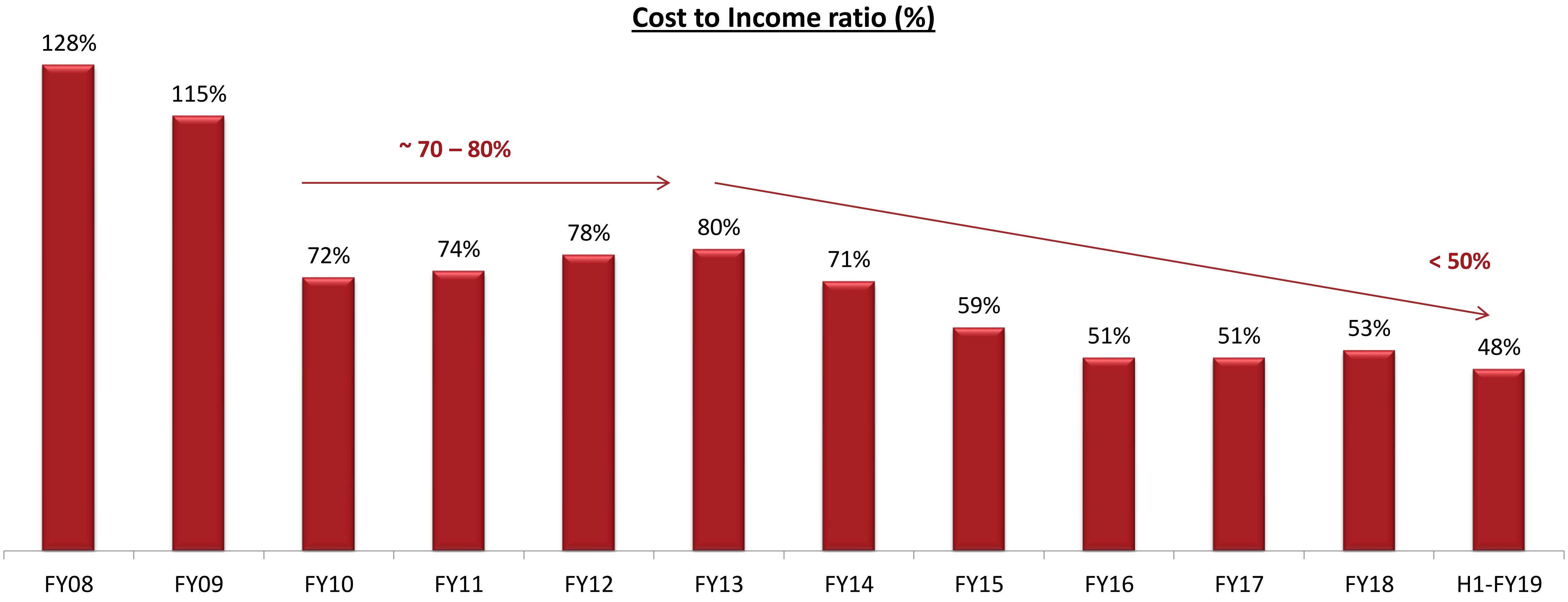
Since the business model of Capital First is an important part of the business being built in the merged bank, the brief history and the progress of Capital First is being provided for ready reference to investors.

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.

Annexure 2

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.



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

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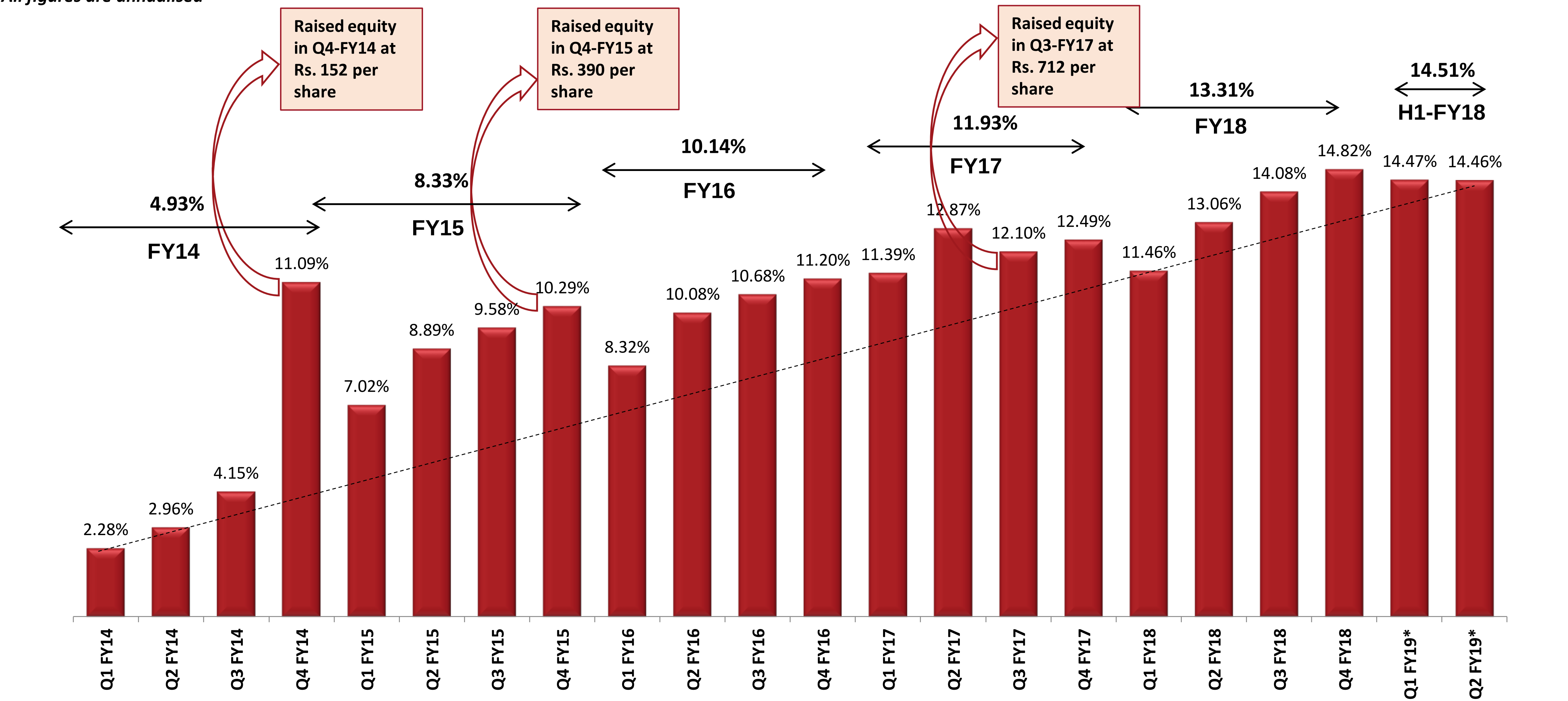
Annexure 2

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

Annexure 2

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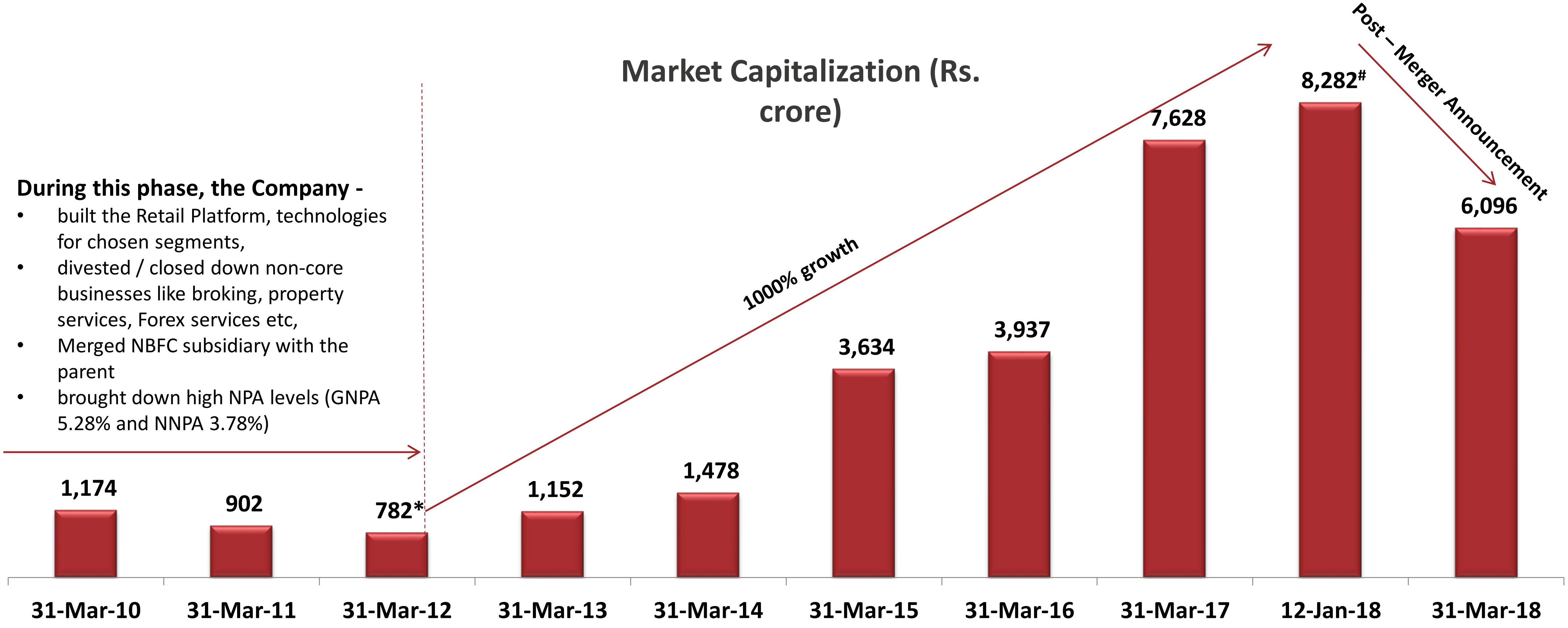
During this phase, the Company -

- built the Retail Platform, technologies for chosen segments,
- divested / closed down non-core businesses like broking, property services, Forex services etc,
- Merged NBFC subsidiary with the parent
- brought down high NPA levels (GNPA 5.28% and NNPA 3.78%)



** 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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Annexure 2

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