IDFC FIRST Bank

Investor Presentation – Q2 FY22

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Bank At a Glance (as of 30 September 2021)

Gross Funded Assets
₹ 1,17,270 Cr
▲ 10% (Y-o-Y)

Retail Assets (%)
67%*
(64%)
% of Gross Funded Assets

Customer Deposits
₹ 83,889 Cr
▲ 21% (Y-o-Y)

CASA Ratio
51.28%
(50.86%)
% of Total Deposits

Capital Adequacy Ratio (%)
15.60%
(15.56%)

NIM% Q2-FY22
5.76%
(5.51%)

Rating
★★★★★
Tier-2 bonds:
AA (CRISIL)
Fixed Deposits:
FAAA (CRISIL)

GNPA %
4.27%
(4.61%)
NNPA %
2.09%
(2.32%)

Retail Assets including Inorganic PSL Buyouts, where the underlying assets are retail, constitutes 70% of the Overall Funded Assets

() Figures in brackets are for the sequential quarter unless specified otherwise

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

	Particulars	Dec-18 (At Merger)	Guidance for FY24-FY25	Sep-21 Latest quarter	Status
CAPITAL	Net-worth	Rs. 18,736 Cr	--	Rs. 20,350 Cr	
	CET – 1 Ratio	16.14%	>12.5 %	14.85%	On Track
	Capital Adequacy (%)	16.51%	>13.0 %	15.60%	On Track
LIABILITIES	CASA Deposits	Rs. 5,274 Cr	--	Rs. 46,269 Cr	
	CASA as a % of Deposits (%)	8.68%	30% (FY24), 50% thereafter	51.28%	On Track
	Average CASA Ratio (%)	8.39%	--	49.45%	
	Branches (#)	206	800-900	599	On Track
	Customer Deposits <=5 crore (% of Customer Deposits)	31%	80%	81%	On Track
	Top 20 Depositors concentration (%)	40%	~5%	9%	On Track
	Certificate of Deposits	Rs. 22,312 Cr	<10% of liabilities	Rs. 6,346 Cr	On Track
	Quarterly Avg. LCR (%)	123%	>110%	174%	On Track

"On Track" status represents that the Bank is progressing well on the parameter and in confident of achieving the guidance by the defined date
-- No guidance provided earlier for these parameters

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

	Particulars	Dec-18 (At merger)	Guidance for FY24-FY25	Sep-21 Latest quarter	Status
ASSETS	Retail Funded Assets	Rs. 36,236 Cr	Rs. 100,000 Cr	Rs. 78,048 Cr (30%^)	On Track
	Retail as a % of Total Funded Assets	35%	70%	67%	On Track
	Wholesale Funded Assets	Rs. 56,809 Cr	< Rs. 40,000 Cr	Rs. 31,198 Cr (-16%)	On Track
	- of which Infrastructure loans	*Rs. 22,710 Cr*	Nil in 5 years	*Rs. 10,142 Cr (-19%)*	On Track
	Top 10 borrowers as % of Total Funded Assets (%)	12.8%	< 5%	5.5%	On Track
	GNPA (%)	1.97%	2-2.5%	4.27%	On Track
	NNPA (%)	0.95%	1.1.2%	2.09%	On Track
	Provision Coverage Ratio (%)	52%	~70%	52%	On Track
EARNINGS	Net Interest Margin (%)	3.10%	5-5.5%	5.76%	Achieved
	Cost to Income Ratio (%)	82.18%	55%	77.31%	On Track
	Return on Asset (%)	-3.70%	1.4-1.6%	0.37%	On Track
	Return on Equity (%)	-36.81%	13-15%	2.97%	On Track

^ Including ECLGS portfolio of Rs. Rs. 1,555 crores.
Earnings for Dec-18 and Sep-21 are for the quarter
()brackets represent YoY growth

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IDFC FIRST Bank

Q2-FY22 results: Incremental Liabilities driven by growth in Deposits

Deposits:

- The Branch Network of the Bank now stands at **599** branches, **720** ATMs (including **99 recyclers**) across the country as on September 30, 2021.
- **CASA Deposits** of the Bank increased by **53% YOY** from **Rs. 30,181 crore** as on September 30, 2020 to **Rs. 46,269 crore** as on September 30, 2021. We are happy to report that CASA balances of the bank sustained despite reduction in Savings Interest rate based on our strong Brand and excellent service levels for our customers.
- The Bank CASA Ratio improved from **40.37%** as on September 30, 2020 to **51.28%** as on September 30, 2021.
- **Customer Deposits** increased from **Rs. 69,368 crore** as on September 30, 2020 to **Rs. 83,889 crore** as on September 30, 2021, **Y-o-Y increase of 21%**.
- The quality of the deposits franchise has improved over the last two years.
    - The Top 20 Deposits as % to total customer deposits has reduced to 9.39% as on September 30, 2021 from 12.40% as on September 30, 2020.
    - Deposits for <= Rs. 5 crore increased from 74% as of Sep 30, 2020 to 81% as of Sep 30, 2021.
- The bank has significant strengths in terms of branches, ATM, attractive savings account interest rate, high level of customer service, excellent product features such as monthly interest payments on savings account, no prepayment charges on breaking FD for senior citizens, excellent digital solutions, video KYC capability, highest rating of FAAA for Fixed Deposit by CRISIL, and a strong brand, and trust as ethical and clean institution. These strengths, coupled with the strong track record of raising deposits give us confidence that we can grow deposits comfortably as and when required, going forward.

Strong Capital Position & Liquidity. **Capital Adequacy ratio** at **15.60%** and average **LCR** for Q2-FY22 at **174%**

Q2-FY22 results: Sustainable Growth in Retail Assets

Retail Assets:

- **The Retail Loan Book** of the Bank increased **30% YoY** to **Rs. 78,048 crore** as on September 30, 2021 from **Rs. 59,860 crore** as on September 30, 2020. **Retail** constitutes **70%** of funded loan assets as on September 30, 2021 including PSL buyouts, where underlying assets are retail.
- We are seeing strong growth in home loan business. Home loans have grown by **46%** YoY. Considering the strong demand in home loans, we expect this trend to continue.
- Our Retail loan book is highly diversified over multiple lines of businesses. Of which, Home Loan constitutes **16%**, Loan Against Property **20%**, SME loans **14%**, Wheels **13%**, Consumer Loans **19%**, JLG and KCC **9%**.
- Bank has issued over **4 lakh** Credit Cards till Sep-21 with portfolio outstanding of **Rs. 1,233 crore**. As of September 30, 2021, most of our customers has been acquired by cross-selling to the existing customers.
- We have significant presence in the Retail lending market of the country and are confident of maintaining growth momentum going forward. We are confident of ~25% growth from hereon. Further, with launch of Prime Home Loan business, we see sustained growth on the lending side.

Q2-FY22 results: Moderation in Wholesale Assets

MANAGEMENT COMMENTARY ON Q2-FY22 RESULTS

Wholesale Assets:

- **Wholesale funded book** decreased by **16% YOY** from **Rs. 36,987 crore** as on September 30, 2020 to **Rs. 31,198 crore** as on September 30, 2021.
  - ✓ Corporate Loan constitutes **Rs. 21,056 crore** as on September 30, 2021.
  - ✓ Infrastructure Loan book constitutes **Rs. 10,142** crore as on September 30, 2021.
- Infrastructure loans are only 8.65% of total funded assets as on September 30, 2021 as compared to 11.70% as on September 30, 2020. The Bank will continue to run down this legacy infrastructure financing book.
- The Bank would attempt to sustain corporate loan book at current level. Our ability to do so will depend upon the risk reward trade off dynamic pricing in Corporate Banking in the country.
- We will, however, continue to run down the legacy infrastructure financing book.
- Though the Bank had significant credit losses in the wholesale book over the last 5 years, both in infrastructure and corporate, we feel that most of our issues are largely behind us barring uncertainty on one Telecom account which is due for complete repayment in Dec 21 and Jan 22.
- Bank has sanctioned about Rs. 7500 Cr. of fresh corporate loans to more than 100 customers post merger till Mar-21 and the performance of this corporate loan book portfolio has been pristine.
- **Top 10 Borrowers concentration** as % of total Funded Assets has reduced from **7.1%** as on Sept. 30, 2020 to **5.5%** as on Sept. 30, 2021.

Q2-FY22 results: Asset Quality Parameters improved during the quarter

Asset Quality

- Gross NPA of the Bank reduced from **4.61%** as of June 30, 2021 to **4.27%** as on September 30, 2021
- Net NPA of the Bank reduced from **2.32%** as of June 30, 2021 to **2.09%** as on September 30, 2021.
- PCR of the Bank has improved from **50.86%** as of June 30, 2021 to **52.06%** as of September30, 2021.
- The above NPA figures includes one large legacy infrastructure (toll) account of Rs. 838 crores which became NPA in Q1 FY22. Since this is an operating toll road, we expect to eventually recover all our dues and do not expect to see any material losses on this account on long run. The account continues to make partial payments despite moving to NPA.
  - ✓ But for this account, the Gross NPA would have been **3.47%** and Net NPA would have been **1.42%**.
  - ✓ Similarly, excluding this account, the PCR would have been 60%
- **Non Infra Corporate Book**:
  - Gross NPA for non-infra corporate book reduced from **2.91%** as on June 30, 2021 to **2.85%** as on September 30, 2021.
  - Net NPA for non-infra corporate book reduced from **1.25%** as on June 30, 2021 to **0.84%** as on September 30, 2021.

Q2-FY22 results: Asset Quality Parameters improved during the quarter

Asset Quality

- **Infrastructure Financing Book**:
  - Again, excluding the above-mentioned infrastructure account, the GNPA and NNPA for Infrastructure Financing book would have been **5.21%** and **0.60%** respectively with PCR at **89%**.
- **Retail Financing Book:**
  - In retail financing, the Bank has maintained GNPA of ~ 2% and NNPA of ~ 1% for over 10 years (including the history of Capital First). Only during COVID, GNPA and NNPA increased to 4.01% and 1.90% respectively (March 2021). We are confident that we will revert to our pre-COVID history of GNPA and NNPA of 2% and 1% as COVID situation eases.
  - We are seeing strong improvement in collection percentages and in most early buckets, collection efficiency has exceeded pre-COVID levels, thus we are confident that it is only a matter of time before GNPA and NNPA reverts to pre-COVID levels.
  - As far as NPA of Wholesale Banking is concerned, it will depend on individual cases, but we feel our issues are largely accounted for.

Q2-FY22 results: Profitability

Profitability

- **Net Interest Margin** (quarterly annualized) of the Bank improved to **5.76%** for Q2-FY22 from **4.91%** in Q2-FY21 and **5.51%** in Q1-FY22. The NIM expansion was primarily driven by the gradual improvement in the cost of funds, mainly the cost of deposits.
- **Bank's core operating income** (net of interest expense and excluding trading gains) increased by 41% YOY to **Rs. 2,930 crore** in Q2-FY22 from **Rs. 2,075 crore** in Q2-FY21 aided by strong NII and Fee Income growth. Fee Income growth was contributed primarily by the fees related to retail loans, higher transaction fees, distribution and wealth management fees.
- **Operating Expense** grew 47% YOY at **Rs. 2,359 crore** for Q2-FY22 as compared **to Rs. 1,610 crore** for Q2-FY21. During Q2 FY21, there was COVID lockdown and economy was stalled and on the other hand, during Q2 FY22, economy has normalized. Hence, there have been expenses on loan origination. Similarly, collection is in full swing resulting in relatively higher collection expenses. Thus, resumption of business activity and investment has resulted in increased expenses in Q2-FY22 as compared to Q2-FY21.
- **Pre-Provisioning Operating Profit (excluding Trading gains)** increased by **23% YOY** to **Rs. 571 crore** for Q2-FY22 from **Rs. 465 crore** Q2-FY21.
- The **Provisions** was at **Rs. 475 crore in Q2-FY22** as compared to **Rs. 674 crore in Q2-FY21**. The Bank utilized Rs. 560 crore of COVID provision in Q2-FY22 and yet carries forward Rs. 165 crore of provision for future.
- **Profit Before Tax** of the Bank increased by **72% YOY** to **Rs. 218 crore** in Q2-FY22 from **Rs. 126 crore** in Q2-FY21.
- **Profit After Tax** of the Bank increased by **50% YOY** to **Rs. 152 crore** in Q2-FY22 from **Rs. 101 crore** in Q2-FY21.

Q2-FY22 results: Impact of a. legacy liabilities, b. investment in Retail branches and c. credit cards

- **Legacy High Cost Borrowings to run off**: The Bank is carrying Rs. 27,667 crore of legacy high cost borrowings which is currently dragging the P&L by around Rs. 250 crore every quarter(if replaced at our incremental cost of funds of less than 5%). These liabilities have residual average maturity of 2.25 years. As these legacy borrowings mature and are replaced by incremental low cost deposits and borrowings, this drag will gradually diminish and will add back to the core earnings.
- **Loss on Retail Liabilities:** Since the Bank is new, and was a DFI with a large loan book at merger, and since our CASA % was very low, the Bank had to initially invest in setting up branches, ATMs, manpower and technology, most of which have been undertaken in the last two years. Since merger in Dec-18, the Bank has opened 393 branches and have installed 608 ATMs apart from investing in necessary digital capabilities. The Bank is currently incurring losses every quarter from the Retail Liabilities business segment to the tune of about Rs. 325 crores per quarter. As the Bank scales up its retail liability businesses and utilize on the cross-sell potential going forward, the retail liabilities would reduce these losses in this business.
- **Investment in setting up the Credit Cards business:** The Credit Cards business had highly successful launch. Our cards are highly successful because they are extremely customer friendly, have no joining or annual fees, low interest rates, no hidden charges, informing the customer in advance if they are nearing utilization limit, easy rewards redemption processes, and many other such unique and customer friendly features. Credit Card business usually has high setup and technology costs because of complicated nature of building the credit cards businesses. Profitability is achieved when the outstanding book achieves the required scale, and when interest and fees exceed cost of business. The Bank has already issued more than 400,000 credit cards since launch in January 2021. Our business is directly originated and we have yet not had to engage DSAs for our business. We expect this business to break even in due course. Loss from this business at this stage is around Rs. 75 crore per quarter at this stage.
- We believe that all the above three items mentioned above which are currently yielding negative returns for the will get addressed in due course. The management feels that if we will get to mid-teens ROE as these three items are addressed, hence the profitability, ROA and ROE will naturally get address in due course as these events of retiring high cost of debt and building scale plays out.
- Finally, we have excess liquidity and have LCR of 174% against the regulatory requirement of 100%. This is a -ve drag to the P&L and the Bank would work forward to reducing the excess liquidity so as to reduce the drag on the P&L in the upcoming quarters.

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IDFC FIRST Bank

The Creation of IDFC FIRST Bank : Merger of erstwhile Capital First & IDFC Bank

IDFC BANK

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

Prior to this IDFC First Bank was a premier infrastructure Financing Domestic Financial Institution since 1997 and Capital First was a successful consumer and MSME financing entity since 2012.

Background information of the two merging entities

Erstwhile IDFC BANK

IDFC Limited was set up in 1997 with equity participation from the Government of India, to finance infrastructure focusing primarily on project finance and mobilization of capital for private sector infrastructure development. Whether it is financial intermediation for infrastructure projects and services, or innovative products to the infrastructure value chain, or asset maintenance of existing infrastructure projects, the company built a substantial franchise and became acknowledged as experts in infrastructure finance.

Dr. Rajiv Lall joined the company in 2005 and successfully expanded the business to Asset Management, Institutional Broking and Infrastructure Debt Fund. In 2014, the Reserve Bank of India (RBI) granted an in-principle approval to IDFC Limited to set up a new bank in the private sector.

Following this, the IDFC Limited divested its infrastructure finance assets and liabilities to a new entity - IDFC Bank- through demerger. Thus IDFC Bank was created by demerger of the infrastructure lending business of IDFC to IDFC Bank in 2015.

Contd..

Erstwhile CAPITAL FIRST LIMITED

Mr Vaidyanathan had built ICICI Bank's Retail Banking business between 2000-2009 and was later the MD and CEO of ICICI Prudential Life Insurance Company in 2009-10.

During 2010-12, he acquired a significant stake in a small real-estate financing NBFC through leverage, wound down existing businesses of broking, wealth and Foreign Exchange, and instead used the NBFC vehicle to start financing consumers (Rs 12000-Rs. 30,000) and micro-entrepreneurs (Rs. 1-5 lacs) who were not financed by existing banks, by using alternative and advanced technology led models.

Within a year he built a prototype loan book of Rs. 770 crore ($130m, March 2011), and presented the proof of concept to many global private equity players for a Leveraged Buyout (LBO).

In 2012, he concluded India's largest Leveraged Management Buyout, got fresh equity of Rs. 100 crore into the company and founded Capital First as a new entity with new shareholders, new Board, new business lines, and fresh equity infusion.

Contd..

Background information of the two merging companies.. Contd.

Erstwhile IDFC BANK

… The bank was launched through this demerger from IDFC Limited in November 2015. During the subsequent three years, the bank developed a strong and robust framework including strong IT capabilities for scaling up the banking operations.

- The Bank designed efficient treasury management system for its own proprietary trading, as well as for managing client operations. The bank started building Corporate banking businesses.

- Recognizing the change in the Indian landscape, emerging risk in infrastructure financing, and the low margins in corporate banking, the bank launched retail business for assets and liabilities and put together a strategy to retailize its loan book to diversify and to increase margins.

- Since retail required specialized skills, seasoning, and scale, the Bank was looking for inorganic opportunities for merger with a retail lending partner who already had scale, profitability and specialized skills.

the bank was looking for a merger with a retail finance institution with adequate scale, profitability and specialized skills.

Erstwhile CAPITAL FIRST LIMITED

… He then turned around the company from losses of Rs. 30 crore and Rs. 32 crore in FY 09 and FY 10 respectively, to PAT of Rs. 327 crore ($ 4.7b) by 2018, representing a 5 year CAGR increase of 56%.

- The loan assets grew at a 5 year CAGR of 35%. Rs. 94 crore to Rs. 29,625 crore (Sep 2018). The company financed seven million customers for Rs. 60,000 crore ($8.5b) through new age technology models.

- The market capitalization of the company increased ten-fold from Rs. 780 crore on in March 2012 at the time of the LBO to over Rs. 8,282 crore in January 2018 at the time of announcement of the merger.

- As per its stated strategy, Capital First was looking out for a banking license to convert to a bank when opportunity struck in the form of an offer from IDFC Bank to merge with Capital First, with Mr. Vaidyanathan to become the CEO of the merged bank.

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

Erstwhile IDFC Bank pre-merger history and track record

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

2003
- IDFC raises Rs. 893 crore for India's first infrastructure dedicated growth equity fund2.8

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

2006
- IDFC raises over Rs. 2000 crore for its second infrastructure focused growth equity fund

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

2008
- IDFC raises Rs. 700 million in a second growth equity fund and Rs. 930 million in a new asset-class to recycle equity in completed infrastructure projects
- 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
- IDFC becomes a signatory to UNPRI, CDP and the UNGC Global Compact

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.
- IDFC launches the National PPP Capacity Building programme to train over 10,000 government officials

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

2012
- IDFC completes 15 years.
- Recognised as the best NBFC for Infrastructure Financing.
- Set up an office in New York, USA.

2013
- IDFC becomes the first signatory to the Equator Principles

2014
- Secured license from RBI

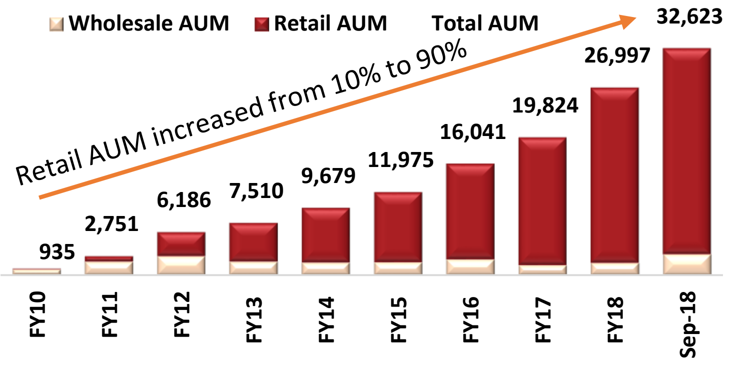
2015
- Launch of IDFC Bank

Erstwhile Capital First pre-merger history and track record

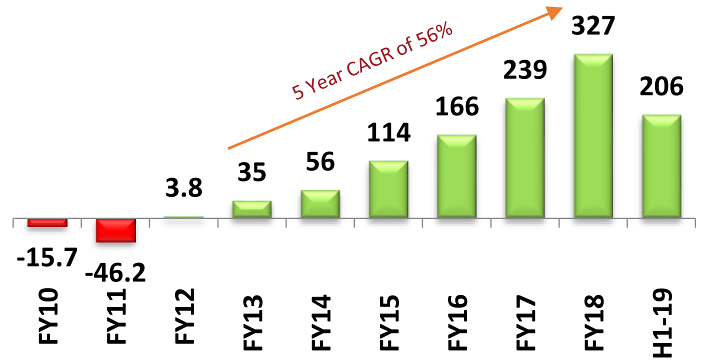
Background

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.

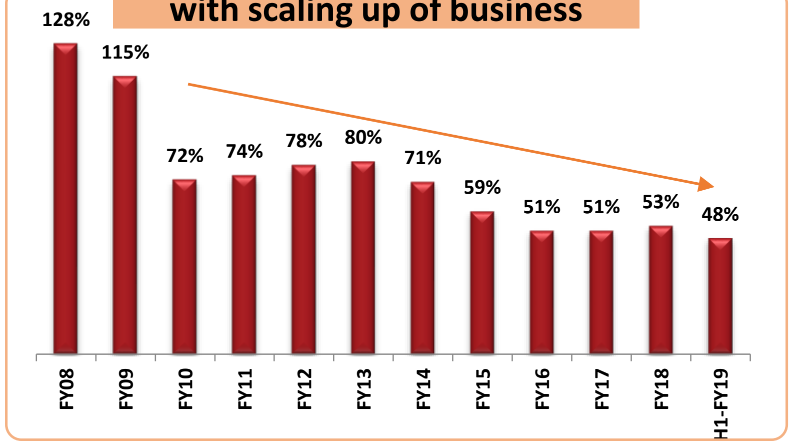
AUM (Rs. Cr)



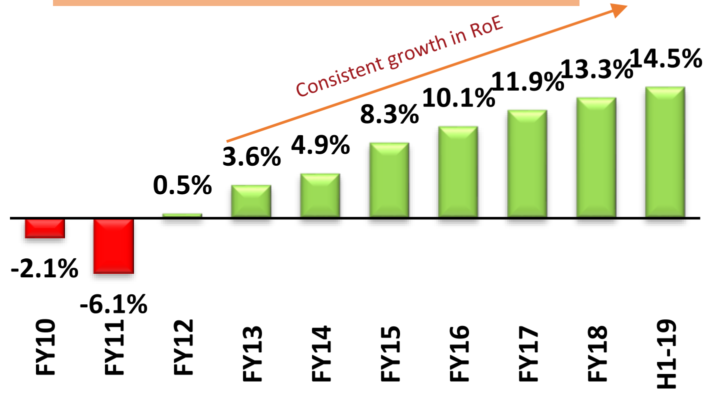
Profit (Rs. Cr)



Cost to income came down with scaling up of business

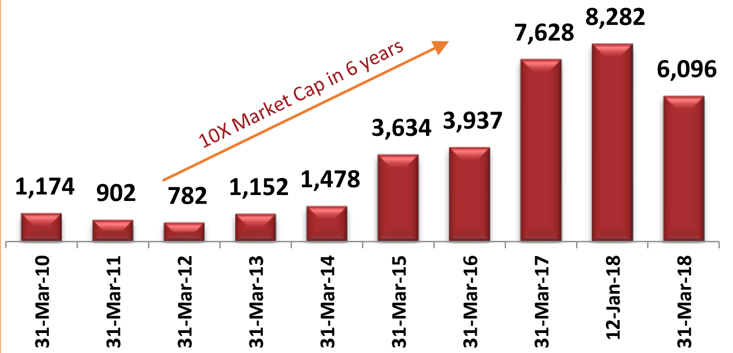


Return on Equity (%)



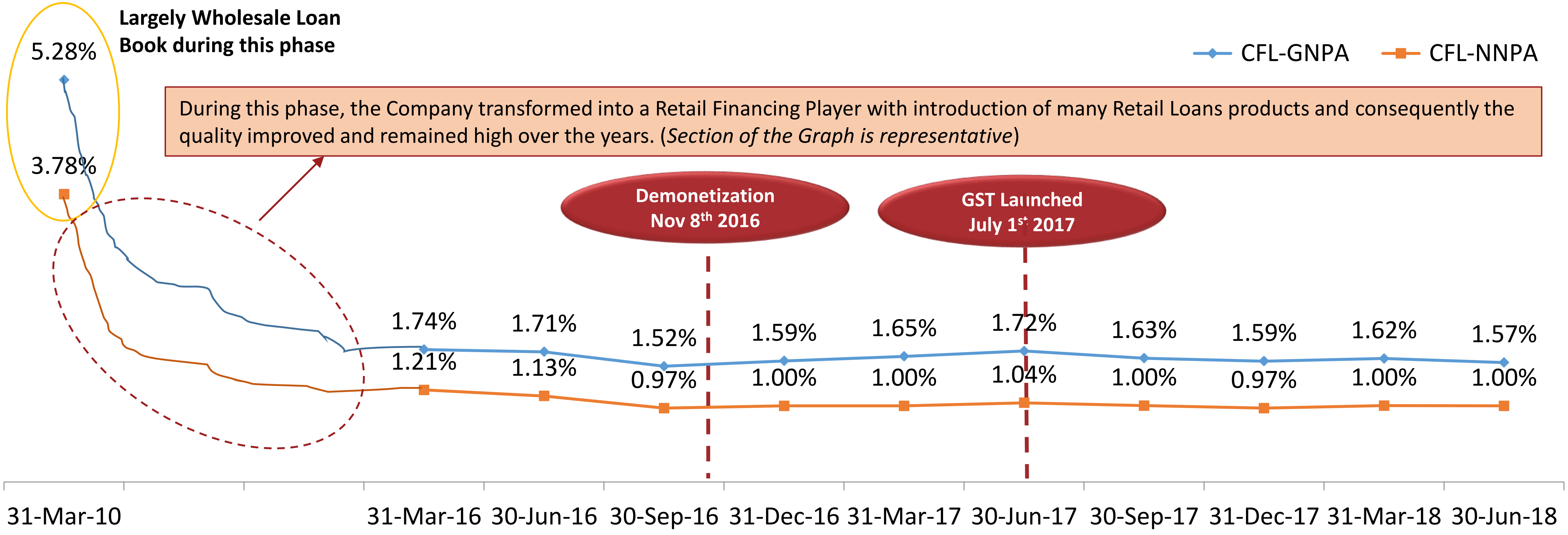
Market Cap (Rs. Cr)

Mcap fell after merger announcement



The asset quality trends over the last decade (including Pre-merger history) displayed below as a demonstration of our capabilities in this space. Further, our Bank is moving to safer credit categories based on our lower cost of funds incrementally.

We present below the asset quality trends of our bank (including pre-merger history at Capital First) as demonstration of our skills and track record in managing stable and high asset quality, i.e. Gross NPA and Net NPA stayed at ~2% and 1% respectively over a long time. The portfolio remained stable even after being stress tested through economic slowdown in 2010-2014, demonetization (2016), GST implementation (2017) and economic slowdown. Hence gives us confidence to grow in future on this strong asset quality model. After the merger, the bank has been able to move to even safer credit categories like prime home loans because of reduced cost of funds of a bank, and further, the Bank has improved underwriting by usage of data and analytics. Based on the above, we expects to maintain the business at Gross NPA of 2%, Net NPA of 1% and credit costs of ~2% in a stable manner.



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

Pre merger - Proforma Financials of IDFC Bank and Capital First – P&L (H1 FY19)

In Rs. Crore	Erstwhile IDFC Bank (H1 FY 19)	Erstwhile Capital First (H1 FY 19)	Proforma Total (H1 FY 19)
Funded Assets / AUM	**75,332**	**32,623**	**1,07,955**
Net-Worth	**14,776**	**2,928**	**17,704**
NII	**912**	**1,143**	**2,055**
Fees & Other Income	256	153	409
Treasury Income	31		31
Total Income	**1199**	**1,297**	**2,496**
Opex	1108	616	1,724
PPOP	**91**	**681**	**772**
Provisions	562	363	925
PBT	**-471**	**317**	**(154)**
Key Ratios			
NIM %	**1.56%**	**8.20%**	**2.85%**
RoA at PBT level %	**(0.75%)**	**2.26%**	**(0.20%)**
RoE % (at normalized level)	**(4.18%)***	**14.51%**	**(1.21%)**
Cost to Income Ratio %	**92.41%**	**47.52%**	**69.09%**

Note: IDFC Bank and Capital First Limited (CFL) were in IGAAP and IND-AS respectively in H1-FY19

Since merger, IDFC FIRST Bank as a merged entity, has been building strong foundation for a long term growth engine

In January 2018, Erstwhile IDFC Bank and Erstwhile Capital First announced a merger. Shareholders of Erstwhile Capital First were to be issued 13.9 shares of the merged entity for every 1 share of Erstwhile Capital First. Thus, IDFC FIRST Bank was founded as a new entity by the merger of Erstwhile IDFC Bank and Erstwhile Capital First on December 18 2018.

- Post the merger, the Bank invested in the people, processes, products, infrastructure and technology to put together all the necessary building blocks of a stronger foundation which is essential for a long-term growth engine.
- The bank restricted loan growth for initial two years in order to strengthen the liabilities franchise (CASA 8.7% at merger) first.
- Between 2018-2020 the Bank also accounted for legacy Infrastructure and Corporate loans that turned bad post-merger, which resulted in reduction of net worth, and thus the Book Value per share reduced from Rs. 38.4 on December 31, 2018 to Rs. 31.90 on March 31, 2020.
- The COVID 19 crisis struck the system in March - April 2020.
- Because the Bank had successfully raised large quantities of retail CASA deposits prior to COVID19 and had replaced Certificate of Deposits and bulk Corporate Deposits prior to the crisis, the Bank comfortably sailed through the COVID crisis on liquidity.
- Further, the Bank also successfully raised fresh equity of Rs. 2000 crores to strengthen the balance sheet in June 2020.
- The Bank now has a strong retail and CASA deposits franchise (CASA 51.28% as of September 30, 2021) and looks forward for to steady growth from here on.
- Further, the Bank raised additional equity capital of Rs. 3,000 crore through QIP on April 6, 2021.
- We are proud about our heritage of transparent disclosures, high levels of corporate governance, and swift action on dealing with pressing strategic issues and for laying the foundation for future long-term growth.
- We sincerely thank our shareholders for their faith and trust in us during this period.

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IDFC FIRST Bank

Vision and Mission of IDFC FIRST Bank

Our Vision:

"To build a world class bank in India,
Guided by ethics and customer first values,
Powered by technology,
And be a force for social good."

Our Mission:

"We want to touch the lives of millions of Indians in a positive way by providing high-quality banking products and services to them, using contemporary technologies"

Organisation Theme Line:

#alwaysyoufirst

When IDFC FIRST Bank was formed with the merger between erstwhile Capital First and erstwhile IDFC Bank, we deliberated a lot on what our founding theme should be and finalised on the theme 'Always You First' - where 'You' refers to our customer. This theme cuts across the entire organisation and binds the bank to a single theme.

Key Excerpts from MD & CEO's letter in Annual Report 2020-21

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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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borrowings of our DFI background, and these are the challenges of converting a DFI into a bank. When our Bank will replace this at say, 5.0%, we would save about ₹ 1,000 crore per year on an annuity basis compared to today. This is a legacy issue on the liability side and will go away with time.

When our bank will replace this at say, 5.0%, we would save about ₹ 1,000 crore per year on an annuity basis

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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.

loans profitably which has multiplied our market opportunities.

Reducing our savings account interest rates had another positive side benefit; we can now participate in prime Home loans profitably which has multiplied our market opportunities.

ducing Concentration risk: Deposits from our Top depositors have reduced from 40.0% of customer osits at merger to only 7.7% as of March 31, 2021.

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Mumbai based Toll Road
based power account, a te
few other such accounts
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merger to ₹ 10,808 crore as

c. **On the Corporate Bank**
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list: We have brought down

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

expect mortgage backed loans to form 40% of our loan book in due course.

We expect mortgage backed loans to form 40% of our loan book in due course.

Credit Costs: Our provisions for FY 21-22 is expected to be only 2.5% of the average loan book which is quite reasonable by industry standards, of which a substantial portion has already been

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IDFC FIRST Bank

Our key philosophy

In all products we launch, we are driven about one thing: to deliver high quality products and services at affordable rates. Employees' DNA are being coded to be sincere about working in the customer's interest at all times.

"Customer First"

IDFC First Bank is extremely focused on Customer experience and Customer Service.

We believe to build a bank where we can offer High Quality Banking at affordable rates to reach millions of customers is a great privilege of our lifetime.

Being a new bank, we have no baggage of past practices. We do business in the most ethical and transparent way. We have brought a fresh perspective to banking through our unique products and customer first approach.

We use all our resources - service, technology, product innovation, and good spirit to try and deliver exceptional customer experience.

Customer First Approach

We have an unique approach to new and existing products and services, manifested in the many First's to our credit viz.,

- Higher interest rates on savings
- Monthly interest credits on savings accounts,
- Higher spending limits and insurance cover on Debit Cards than the market,
- Lifetime free credit cards with
  - never expiring rewards
  - lowest APR,
  - zero interest on ATM cash
- Many such unconditional benefits and USPs which make us a Customer First, Transparent and Ethical Bank.
- No "Fine Print Banking" all information transparently displayed in simple language

Bank has wide bouquet of Consumer and MSME loans

.. across varied customer segments including Consumers and MSMEs in different parts of India

Prime Home Loans:
Starting at 6.9% to select Prime Salaried Customer of top corporates, Self-employed customers for buying house property.
Ticket Size Range ~Rs. 35-50 lacs

Affordable Home Loans:
Smaller ticket size home loans to salaried and self-employed customers for purchasing house property.
Ticket Size Range ~Rs. 5-30 lacs

Loan Against Property:
Long term loans to MSMEs after proper evaluation of cash flows; against residential or commercial property
Ticket Size Range ~Rs. 1-1.5 crore

New and Pre-owned Car Loan:
To salaried and self-employed customers for purchasing a new car or a pre-owned car
Ticket Size Range ~Rs. 6-8 lacs

Business Loans:
Unsecured Loans to the self-employed individual or entity against business cash-flows
Ticket Size Range ~Rs. 15-25 lacs

Personal Loans:
Unsecured Loans to salaried and self-employed customers for fulfilling their financial needs
Ticket Size Range ~Rs. 4-5 lacs

Consumer Durable Loans:
financing to individuals for purchasing of LCD/LED panels, Laptops, Air-conditioners etc
Ticket Size Range ~Rs. 18-20k

Two Wheeler Loans:
To the salaried and self-employed customers for purchasing new two wheelers
Ticket Size Range ~Rs. 50-1 lakh

Micro Enterprise Loans:
Loan solutions to small business owner
Ticket Size Range ~Rs. 1-1.5 lakh

JLG Loan for Women:
Sakhi Shakti loan is especially designed as the livelihood advancement for women, primarily in rural areas
Ticket Size Range ~Rs. 30-40k

Apart from these products, IDFC FIRST Bank also offers Working Capital Loans, Corporate Loans for Business Banking and Corporate Customers in India

Comprehensive product suite on Savings, Current, Transaction services, Advisory, Payments, Fleet, Corporate solutions digitally.

IDFC FIRST Bank provides wide range of Deposit facilities along with Savings Accounts, Deposit accounts, Wealth Management, Forex Services, Cash Management Services and Insurance services to its customers.

Deposit Accounts:
- ✓ Savings Account
- ✓ Current Account
- ✓ Corporate Salary Account
- ✓ Fixed Deposit
- ✓ Recurring Deposit

Wealth Management Services, Investments and Insurance Distribution:
- ✓ Investment Solutions
- ✓ Personal Insurance Solutions
- ✓ Business Insurance Solutions
- ✓ Mutual Funds distribution
- ✓ Life, Health and General Insurance distribution

Payments and Online Services:
- ✓ Debit Cards & Prepaid Cards
- ✓ NACH & BHIM UPI

Forex Services:
- ✓ Import and Export Solutions
- ✓ Domestic Trade Finance
- ✓ Forex Solutions and Remittances
- ✓ Overseas Investments & Capital A/C Transactions

Special Features	Average Monthly Balance of ₹ 10,000	Average Monthly Balance of ₹ 25,000
Personal Accident Insurance	₹ 2,00,000	₹ 35,00,000
ATM Withdrawal	5 FREE transactions monthly	Unlimited FREE withdrawals
Daily ATM Withdrawal Limit	₹ 1,00,000	₹ 2,00,000
Daily Purchase Limit (POS)	₹ 1,50,000	₹ 6,00,000
Air Accident Insurance	NIL	₹ 1,00,00,000
Airport Lounge Access	NIL	Complimentary 2 per quarter
Lost Card Liability	₹ 50,000	₹ 6,00,000
Purchase Protection	NIL	₹ 1,00,000
Debit Card	FREE - VISA Classic	FREE - VISA Signature
IMPS	FREE	FREE
Cheque Book	FREE	FREE

For Balances up to ₹ 1 lakh	4%
> ₹ 1 lakh up to ₹ 10 lakhs	4.5%
> ₹ 10 lakhs up to ₹ 2 crores	5%

Our Savings Account Proposition Highlights

Monthly Interest credit on Savings account: India’s first large universal bank to offer this feature, a Customer First

Interest up to 5% : This enables our customers to earn between 34% and 58% more with IDFC FIRST Bank Savings Account as compared to leading banks who pay 3% for deposits upto Rs. 50 lacs, and 3.5% above Rs. 50 lacs of balances.

No penalty for senior citizens on early withdrawal: If a senior citizen customer gets his/her FD pre-matured, no penal charges are levied

Higher limits and Insurance: ₹6 lakhs/day Purchase limit and ₹ 2 lakhs/day ATM withdrawals and ₹35 lakhs free personal accident insurance cover & 1 crore free air accident insurance cover on Debit Card

Interest payment on Employee Reimbursement Accounts for corporate salary customers *and many more:* ….

Key Features of the new App -

- Fast Payments with Beneficiary name validation
- UPI with linkage to any Bank Account
- Pay to Contacts
- Google like Universal Search
- ML based categorisation of transactions
- Income and Expense Analyser for Cash flow analysis
- Instant Online Loans (pre-approved)
- Instant Online Credit Cards (pre-approved)
- Ready to use virtual credit card
- In app Video calling
- Consolidated Investments Dashboard covering MF, Gold Bonds, Deposits, Alternate Investment Funds etc.
- ASBA facility
- 2 click MF investments
- 1 Click OD against FD
- Current Account and Personal Savings Accounts access within same App with single login
- Input and Approver management for MSME transactions

Since Launch in Jan 2021, the Bank has issued 4+ Lac Credit Cards till Sept 30, 2021

A Credit Card, like no other

Customer friendly card launched by the Bank, keeping in line with the ethos of always customer first.

- ✓ **Since launch he Bank has issued 4+ Lac cards.**
- ✓ **QoQ Spends witnessed 45% growth.**
- ✓ **Cards in Force grew by 27% QoQ.**
- ✓ **Total Book crosses Rs. 1,200 crore.**
- ✓ **Activation rate of 71%.**

Lifetime free Credit Card

10X Super Rewarding Program

Super Saver Interest Rate (% APR Starting from 9%)

Interest Free Cash Withdrawal (up to next billing cycle or 48 days, whichever is earlier)

*Spending over limit is usually inadvertent by customers. Hence as a customer friendly measure, the Bank will intimate the customers if their spends are going above limit to avoid any charges incurred by them. $Customer rates depending on algorithm, factoring in credentials, relationship with the bank and many other parameters

Festive offer on Credit Cards!

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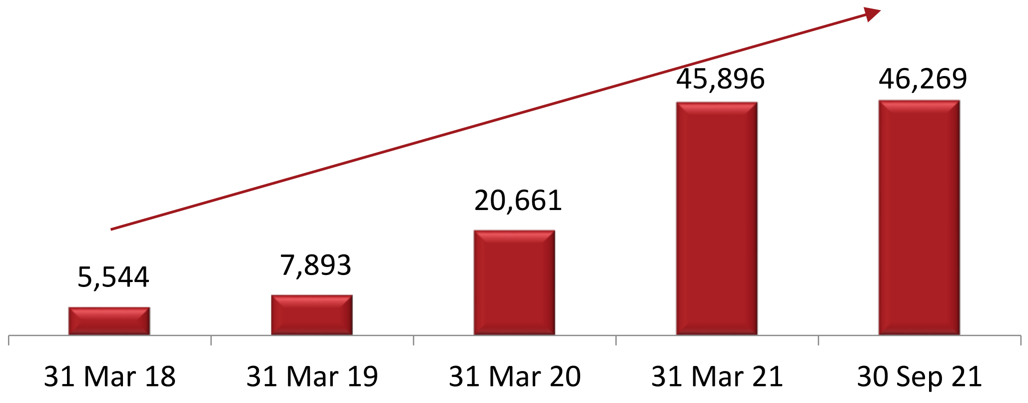
IDFC FIRST Bank

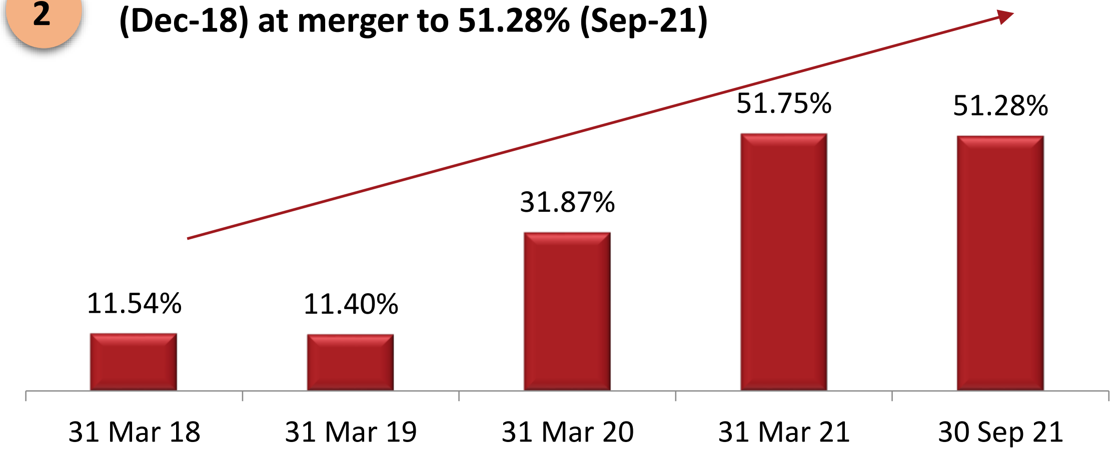
The Bank now has a strong and well diversified liability franchise

1 **CASA Deposits has grown by Rs. 40,995 crore since merger with YoY growth of 53%**

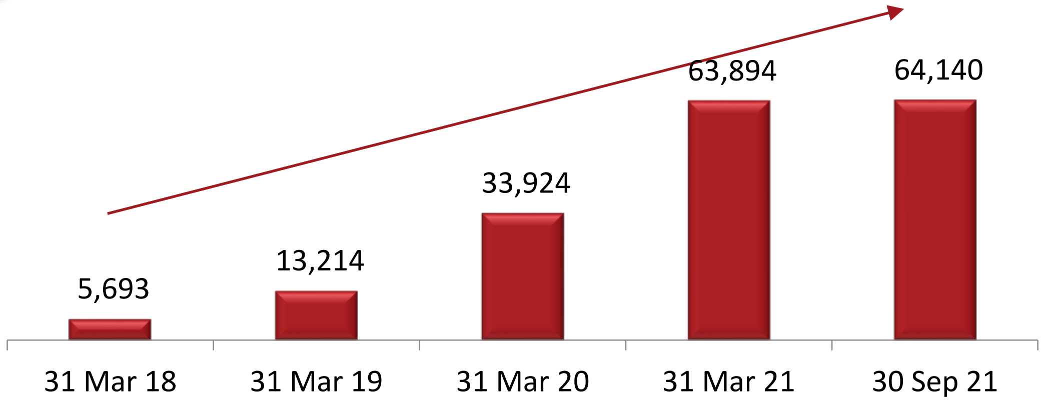
in Rs. crore



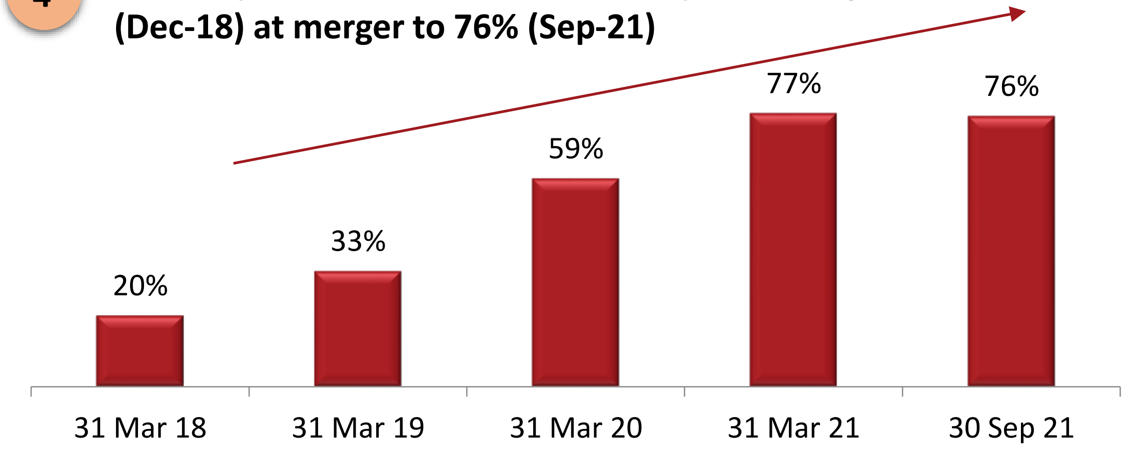
2 **As a result, the CASA Ratio (%) of the Bank has grown from 8.68% (Dec-18) at merger to 51.28% (Sep-21)**



3 **Core Deposits (Retail CASA and Retail Term Deposits) also shows strong improvement over the years**

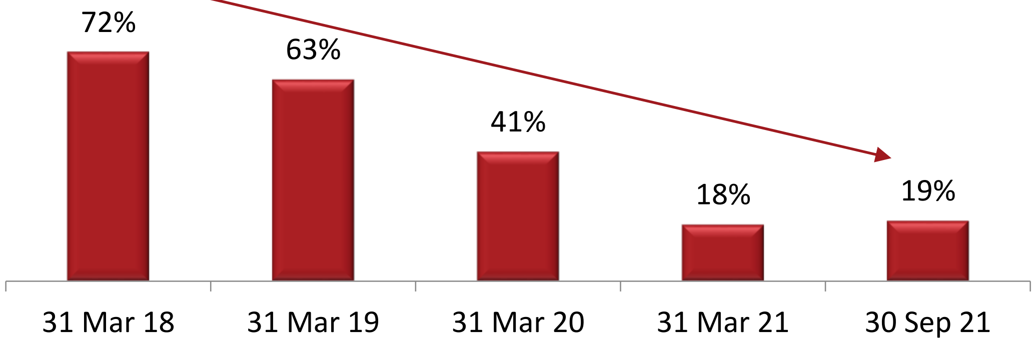


4 **Core Deposits as a % of Customer Deposits has grown from 27% (Dec-18) at merger to 76% (Sep-21)**

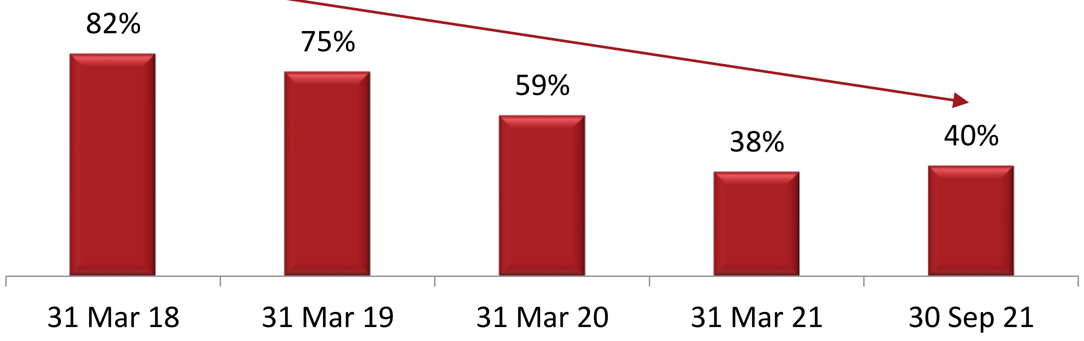


Granularization of the Customer Deposits through quality liability franchise

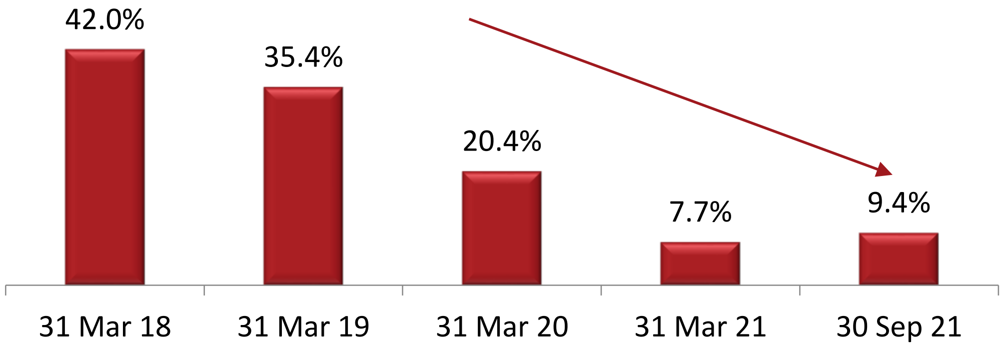
1 As part of the granularization, the Bank decreased its Deposits with balance above Rs. 5 crore, as % of total customer deposits, from 72% (Mar-18) to 19% (Sep-21)



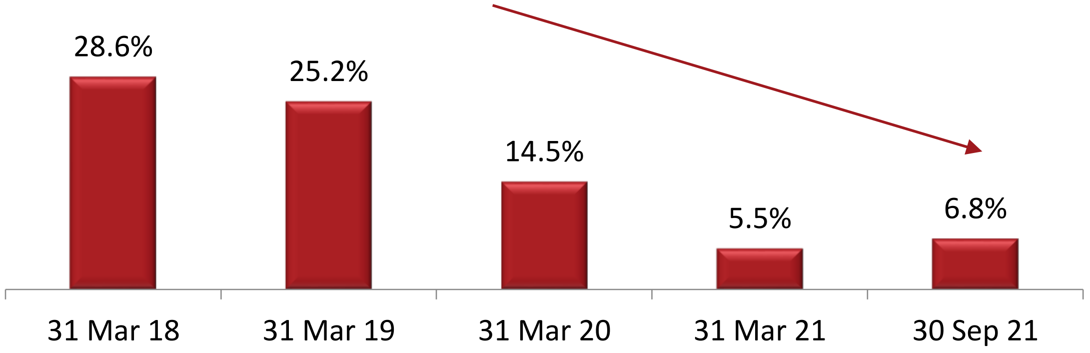
2 Similarly, the Bank decreased Deposits with balance above Rs. 1 crore, as % of total customer deposits, from 82% (Mar-18) to 40% (Sep-21)



3 The Bank reduced the top 20 depositors' concentration as % of customer deposits from 42.0% (Mar-18) 9.4% (Sep-21), thus curtailing the concentration risk



4 The Bank reduced the Top 10 depositors' concentration as % of customer deposits from 28.6% (Mar-18) to 6.8% (Jun-21) on similar lines



Strong growth in retail deposits has reduced the dependence on wholesale deposits and has provided greater stability.

In Rs. Crore	Sep-20	Jun-21	Sep21	YOY%
Legacy Long Term Bonds	10,331	7,645	7,588	-27%
Legacy Infra Bonds	9,522	9,487	9,395	-1%
Refinance	10,566	13,999	17,345	64%
Other borrowings	11,310	7,131	6,265	-45%
Total Borrowings (A)	**41,729**	**38,262**	**40,592**	**-3%**
CASA	30,181	46,439	46,269	53%
Term Deposits	39,187	38,453	37,620	-4%
Total Customer Deposits (B)	**69,368**	**84,893**	**83,889**	**21%**
Certificate of Deposits (C)	5,399	6,419	6,346	18%
Money Market Borrowings (D)	5,984	10,168	12,011	101%
Borrowings + Deposits (A)+(B)+(C)+(D)	**122,479**	**1,39,741**	**142,838**	**17%**
CASA % of Deposits	40.37%	50.86%	51.28%	
Customer Deposits as % of Borrowings + Deposits	56.64%	60.75%	58.73%	

Long Term Borrowing Maturity – Positions as on September 30, 2021

In Rs. Cr	As of Sep 30, 2021	Maturity					RoI (%)	Wtd. Res. Tenor (Yrs)
		Upto FY22	FY23	FY24	FY25	Beyond FY 25		
Infra Bonds	**9,395**	0	1,466	1,411	5,581	937	**8.87%**	**2.60**
Long Term Legacy Bonds	**7,588**	855	0	1,710	1,308	3,714	**9.00%**	**2.87**
Other Bonds	**4,020**	469	1,934	767	150	700	**8.72%**	**1.79**
Refinance	**6,665**	798	3,053	1,884	930	0	**7.98%**	**1.30**
Total	**27,667**	**2,122**	**6,454**	**5,772**	**7,969**	**5,351**	**8.67%**	**2.25**

As we replace these high cost borrowings with our incremental cost of funds of less than 5%, it will add about ~Rs. 1,000 crore to the net interest income of the bank on an annualized basis in due course.

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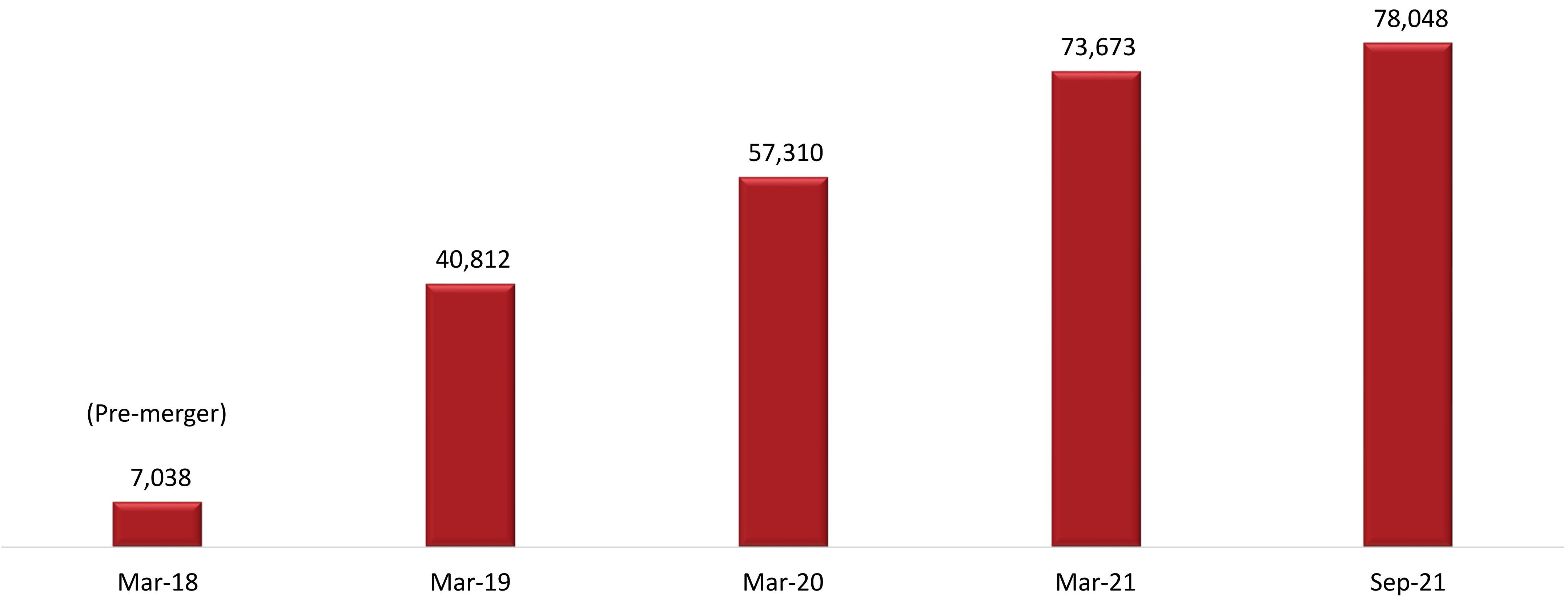
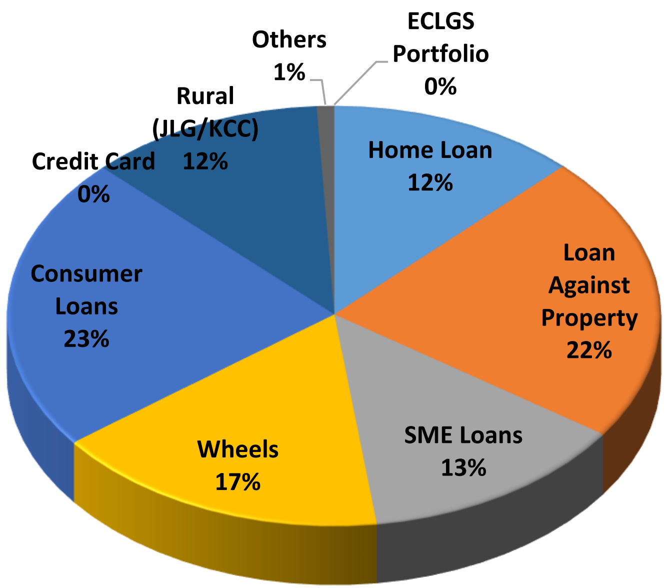
Strong and consistent growth in retail financing over the last decade.

The bank has a rich history of 10 years of growing the retail loans book. Rs. 94 crores to ~ Rs. 36,000 crores in 10 years, and to Rs. 78,048 crores today. We have maintained stable growth, strong margins, and high Asset quality of Gross and Net NPA of ~2% and 1% respectively for close to a decade, except during COVID. We expect to revert to pre COVID asset quality by end FY 22.

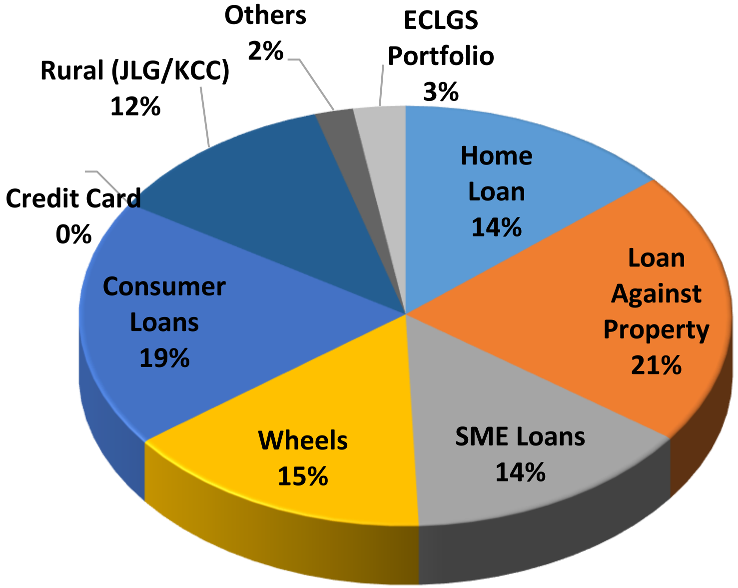


Loan book well diversified across more than 10 business lines

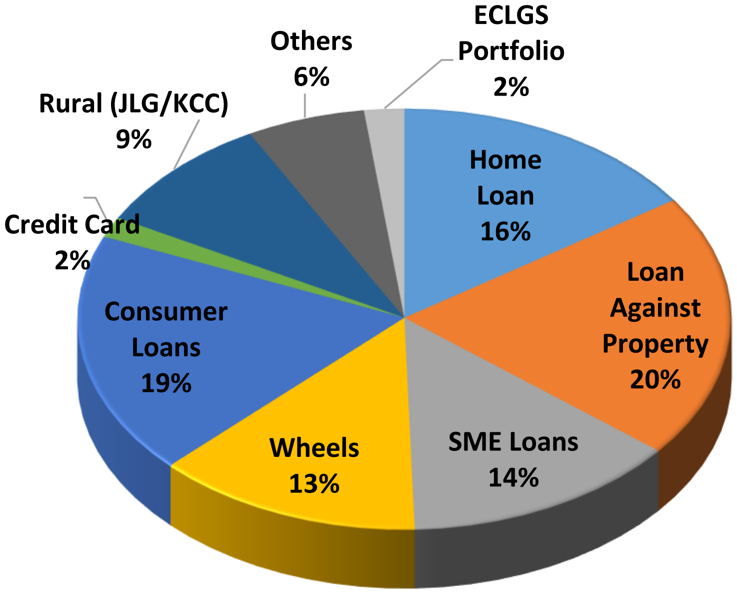
Dec-18



Sep-20



Sep-21

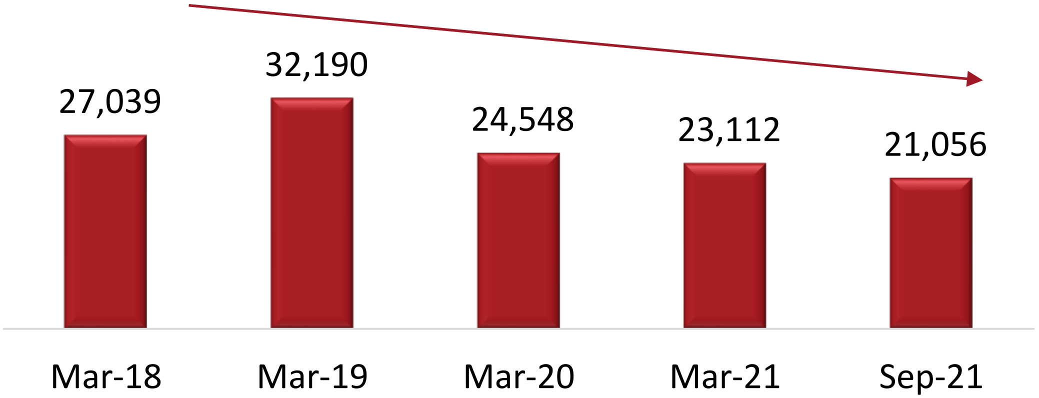


	Dec-18	Sep-20	Sep-21
Retail Funded Assets	Rs. 36,236 Cr	Rs. 59,860 Cr	Rs. 78,048 Cr
Retail Funded Assets (% of Total Funded Assets)	35%	56%	67%

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

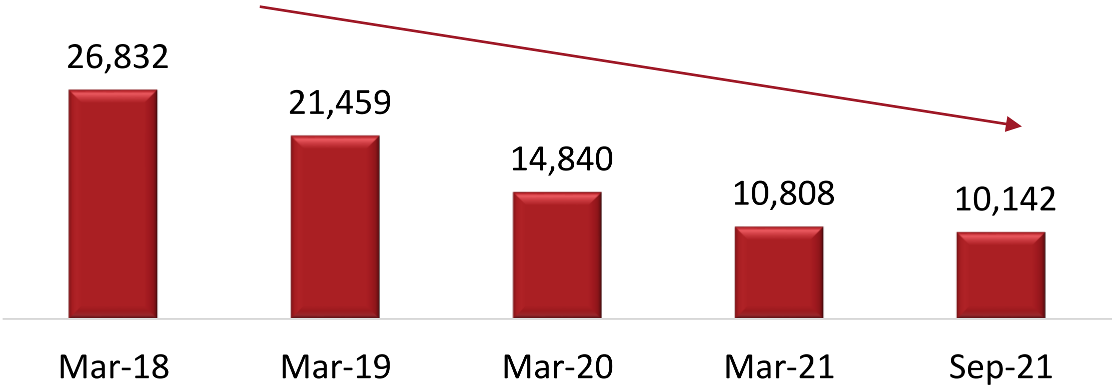
1 **The non-infra corporate funded assets were reduced by 14% in the last year**

in Rs. crore

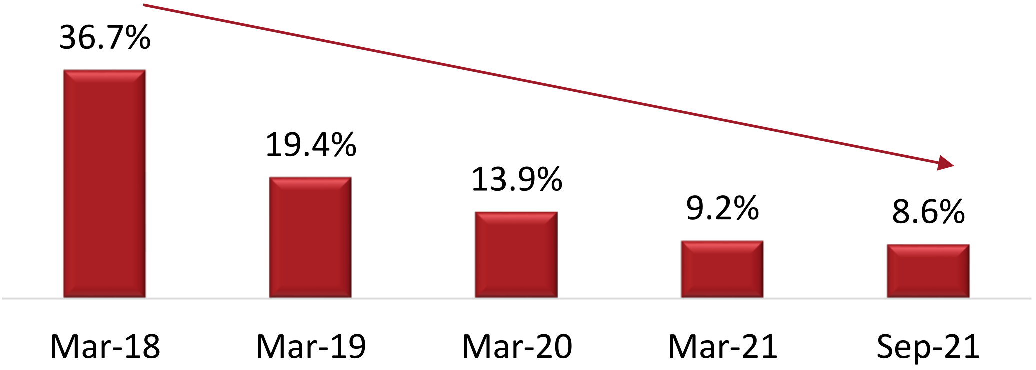


2 **Infrastructure financing (Rs crore) has reduced by 19% in the last year**

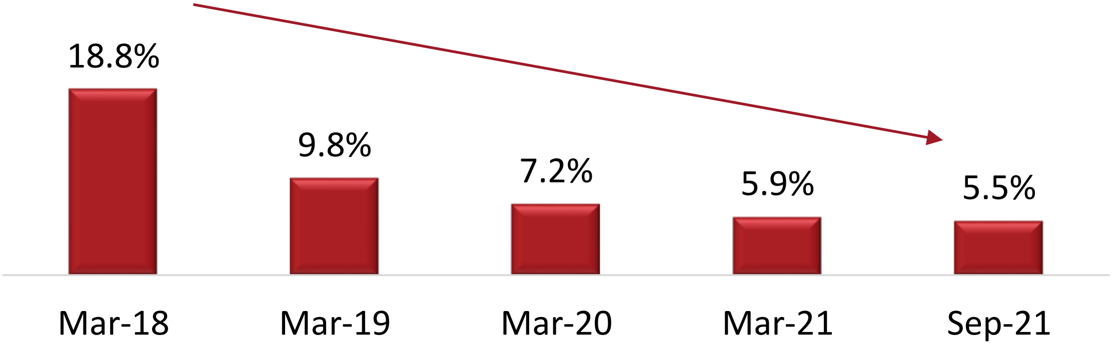
in Rs. crore



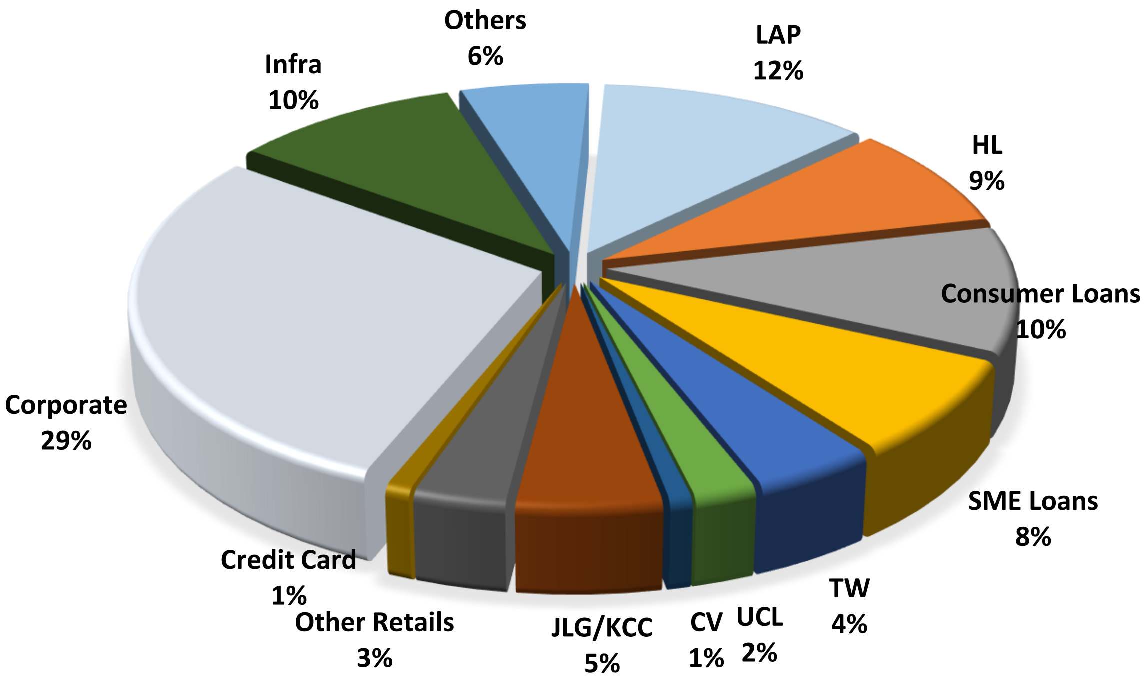
3 **The Bank reduced Infrastructure financing portfolio as % of total funded assets from 37% (Mar-18) to 8.6% (Sep-21)**



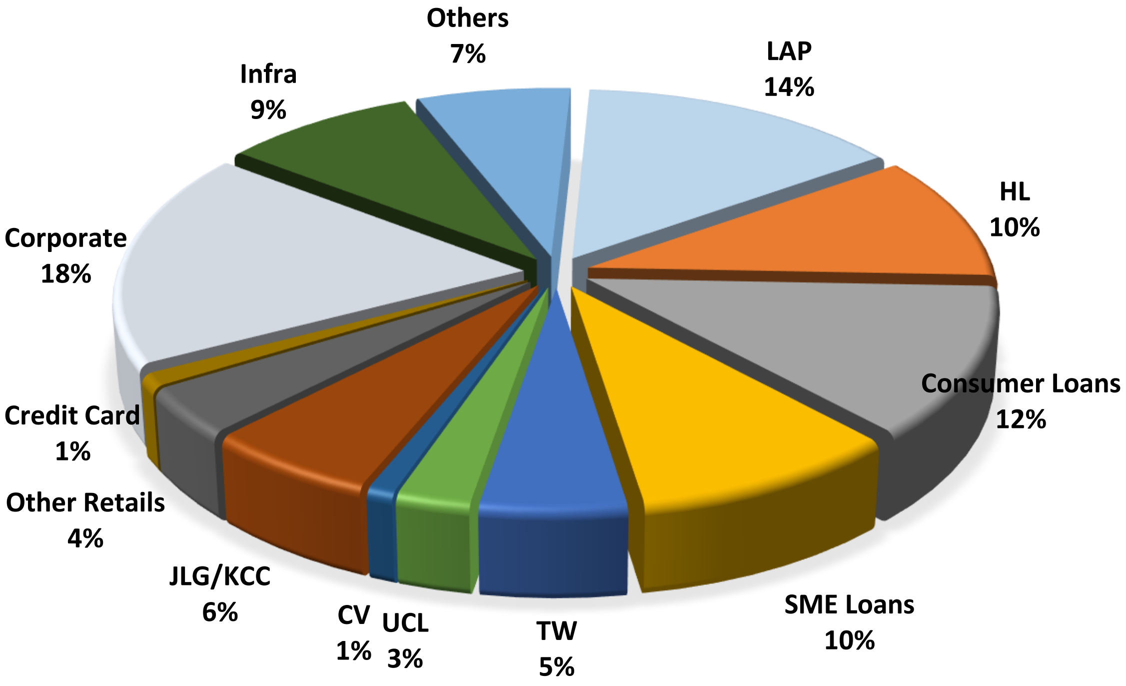
4 **The Bank also proactively reduced the concentration risk by improving top 10 borrowers' concentration from 18.8% (Mar-18) to 5.5% (Sep-21)**



Well Diversified business lines (Break up as % of exposure)



Breakup as a % of Total Exposure: Funded + Non-Funded



Breakup as % of Funded Book

Funded Assets Breakup

In Rs. Crore	Sep-20	Jun-21	Sep-21	Growth% (YoY)
Home Loans	8,267	10,919	12,107	46%
Loan against Property	12,688	15,087	15,891	25%
SME Loans	8,589	10,100	10,634	24%
Wheels	9,184	10,169	10,274	12%
Consumer Loans	11,480	13,843	14,564	27%
Credit Card	-	819	1,233	-
Rural (JLG/KCC)	6,944	7,093	7,182	3%
Others	1,149	3,092	4,606	301%
Total Retail Funded Assets (Excl. ECLGS Portfolio)	**58,301**	**71,122**	**76,492**	**31%**
ECLGS Portfolio	1,558	1,645	1,555	0%
Total Retail Funded Assets (A)	**59,860**	**72,766**	**78,048**	**30%**
Corporates	24,485	21,802	21,056	-14%
- Conglomerates	1,915	1,403	1,245	-35%
- Large Corporates	1,943	2,206	2,005	3%
- Emerging Large Corporates	6,166	7,173	7,428	20%
- Financial Institutional Group	11,562	9,352	8,838	-24%
- Others	2,899	1,669	1,541	-47%
Infrastructure Financing (Legacy run/off book)	12,502	10,346	10,142	-19%
Total Wholesale Funded Assets (B)	**36,987**	**32,148**	**31,198**	**-16%**
PSL Inorganic (C)	**7,682**	**6,796**	**5,953**	**-23%**
SRs and Loan Converted into Equity (D)	**2,300**	**2,083**	**2,072**	**-10%**
Total Funded Assets (A)+(B)+(C)+(D)	**106,828**	**113,794**	**117,270**	**10%**

Note: The figures above are gross of Inter-Bank Participant Certificate (IBPC) transactions.

The SME Loans include Business Loans, Business Banking, Micro Credit. The Wheels include TW Loans, Car Loans and CV Loans. The Consumer Loans include Consumer Durable Loans, PL including cross-sell loans. Others includes portfolio buyout, trade finance, digital lending etc.

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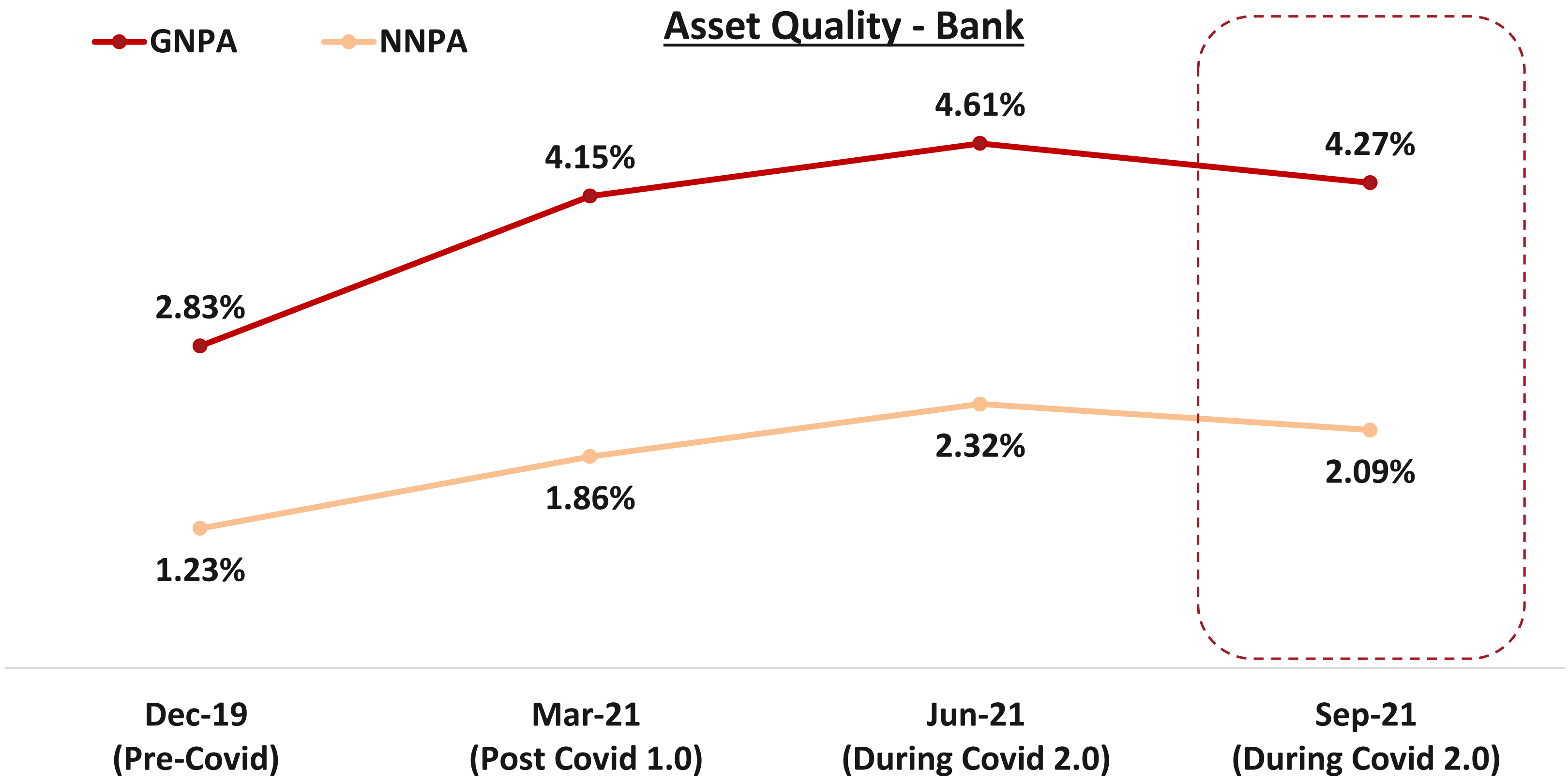
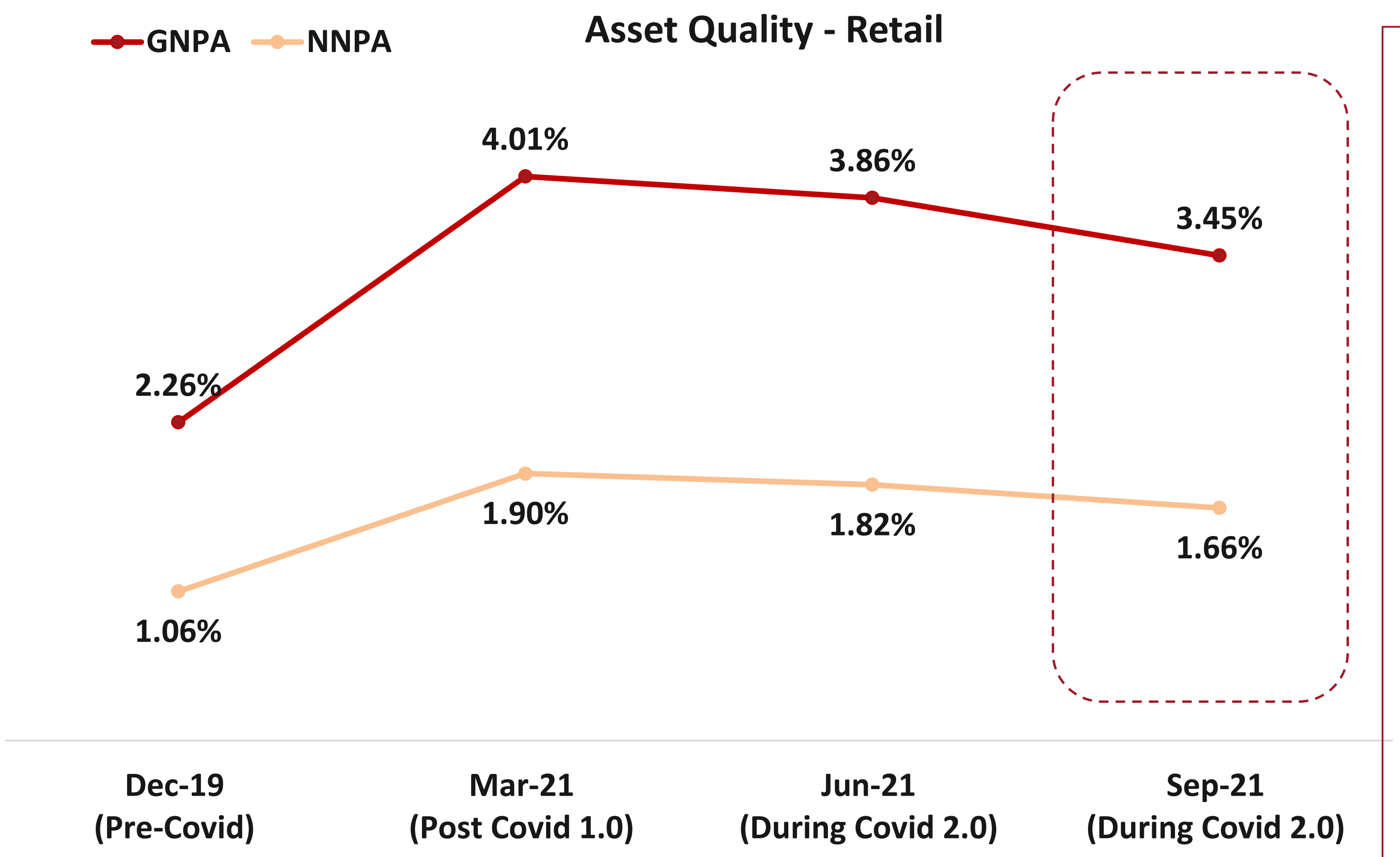
IDFC FIRST Bank

Asset Quality Trends: The Bank is confident of asset quality returning to pre-COVID levels of 2% and 1%.



- The Asset Quality of the Bank has improved for all its business segments including retail loans, non-infra corporate loans and infrastructure loans.
- PCR at Bank level was at 52.06% as of September 30, 2021
- Without the one legacy infrastructure (toll) NPA account as mentioned earlier, the GNPA and NNPA would have been 3.47% and 1.42% with PCR at 60% as of September 30, 2021

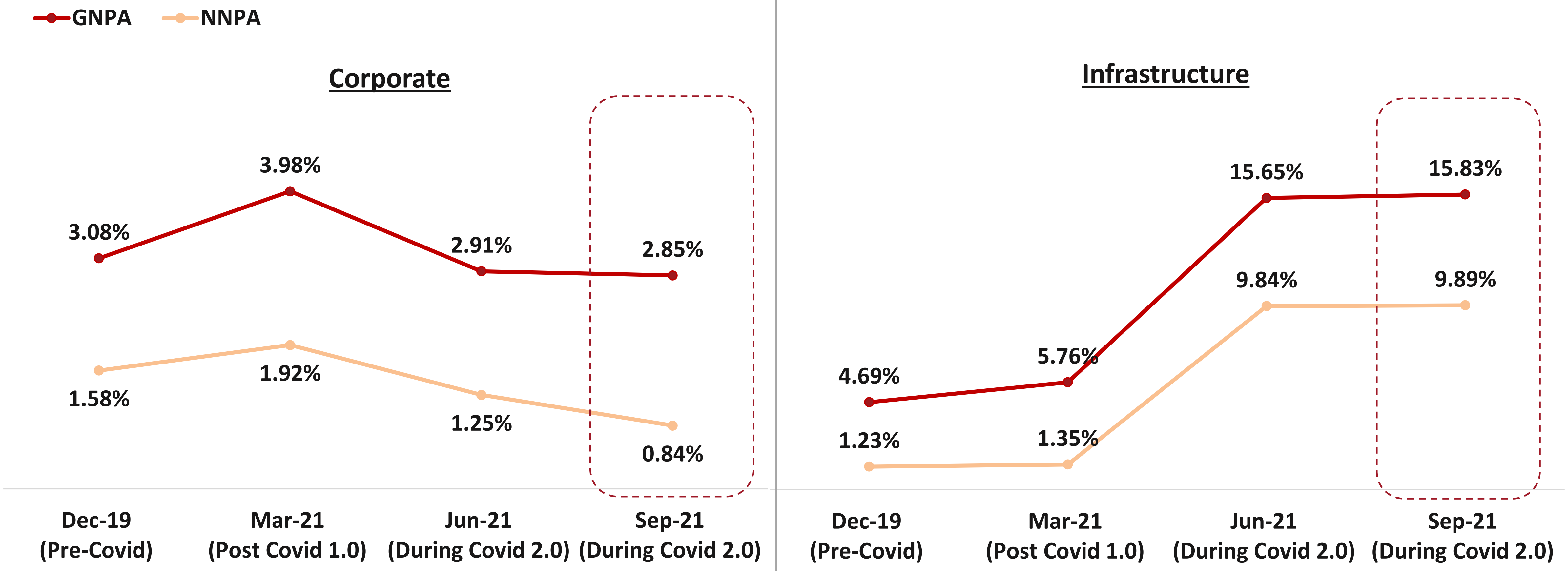
Asset Quality Trends - Retail Assets



- The lead indicators, including improvement in cheque bounces on first presentation, collection efficiency, and recovery rates point to lower NPA and lower credit losses going forward.
- The Bank has also started doing prime Home Loans as we can now afford the same based on our recued cost of funds. This will give us further improvement in asset quality going forward.

Asset Quality Trends: Wholesale Asset Quality

- Without one large legacy road infrastructure account (toll) which moved to NPA from SMA-2 in Q1-FY22, (which we expect to resolve in due course) the GNPA and NNPA for infrastructure finance would have been 5.21% and 0.60% respectively as of Sep 30, 2021 with PCR at 89% as of Sep 30, 2021.
- Non-infra Corporate Book PCR stood at 71%. Hence, barring one aforementioned toll account, the PCR on the wholesale book would have been 79%.



Asset Quality Trends: The Bank is confident of improving asset quality over coming quarters.. Contd..

- Q2-FY22 has witnessed better recovery pattern as compared to Q1-FY22 as most of geographies have been returning into normalcy in terms of business and operation.

- The Bank was sensitive to customers affected by COVID and provided restructuring solution to the eligible customers during the last quarter as well. Standard restructured outstanding portfolio (under the COVID-19 relief package provided by the RBI) for the overall portfolio stood at 2.9% of the total Funded Assets as of September 30, 2021. The Rural portfolio has contributed largely to the increase in the restructured loans during Q2-FY22.

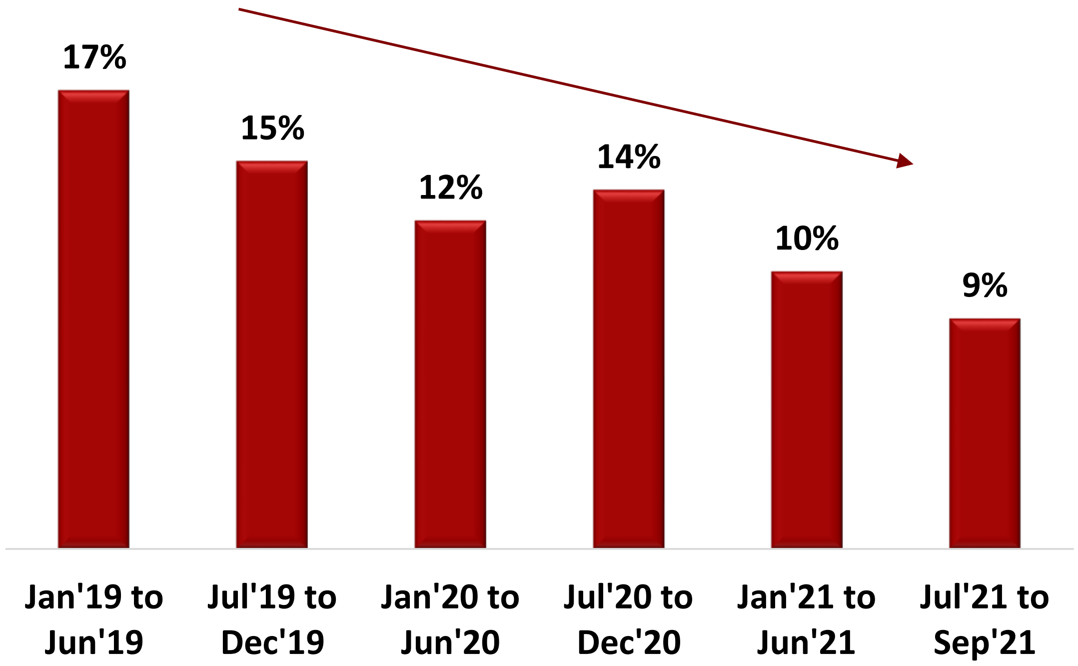
- The Bank has seen gradual and consistent improvement in key indicators, like (a) Improving customer profile for on-boarding (b) improving cheque bounce trends of portfolio (c) improving collection efficiencies and improved vintage analysis indicators.

- Based on the above portfolio analysis of these key indicators, the Bank continues to remain confident of reducing Gross NPA and Net NPA to pre-COVID levels and expects to reduce annualized credit costs to less than 2% by Q4 FY22 for the retail loan book.

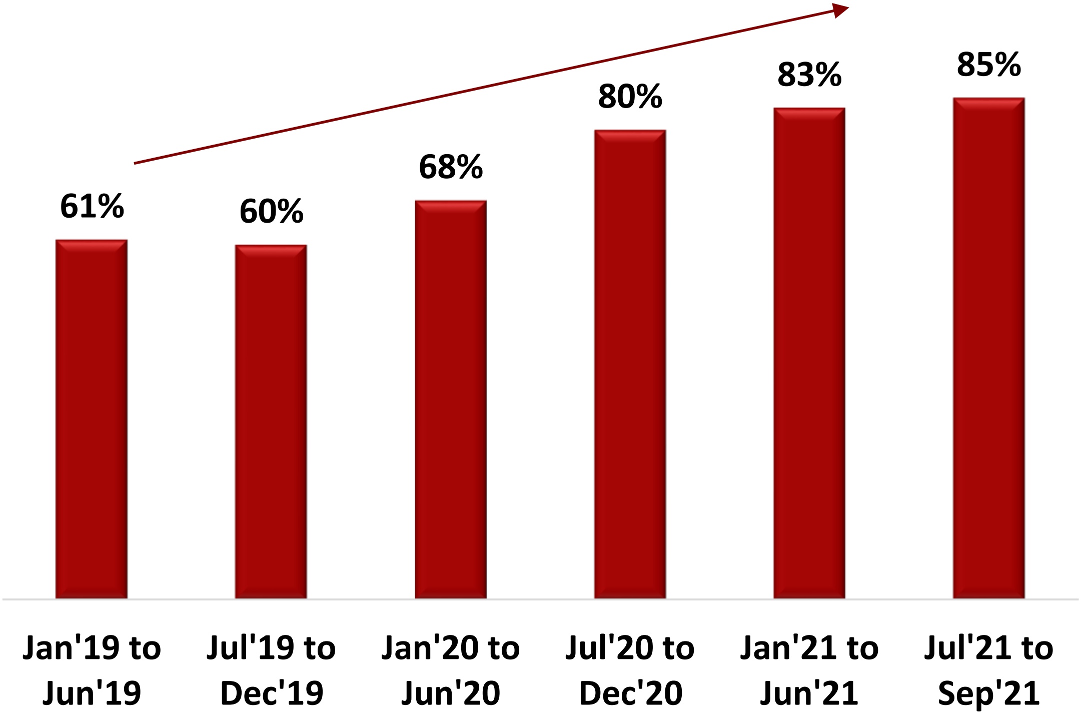
Future Asset Quality Indicators: Key quality Indicators showing improvement which points to lower delinquency and credit losses in future.

Management commentary on Q2-FY22 results

Improved quality of Sourcing: New to Credit customers as % incremental bookings have reduced sharply, indicating improved quality.



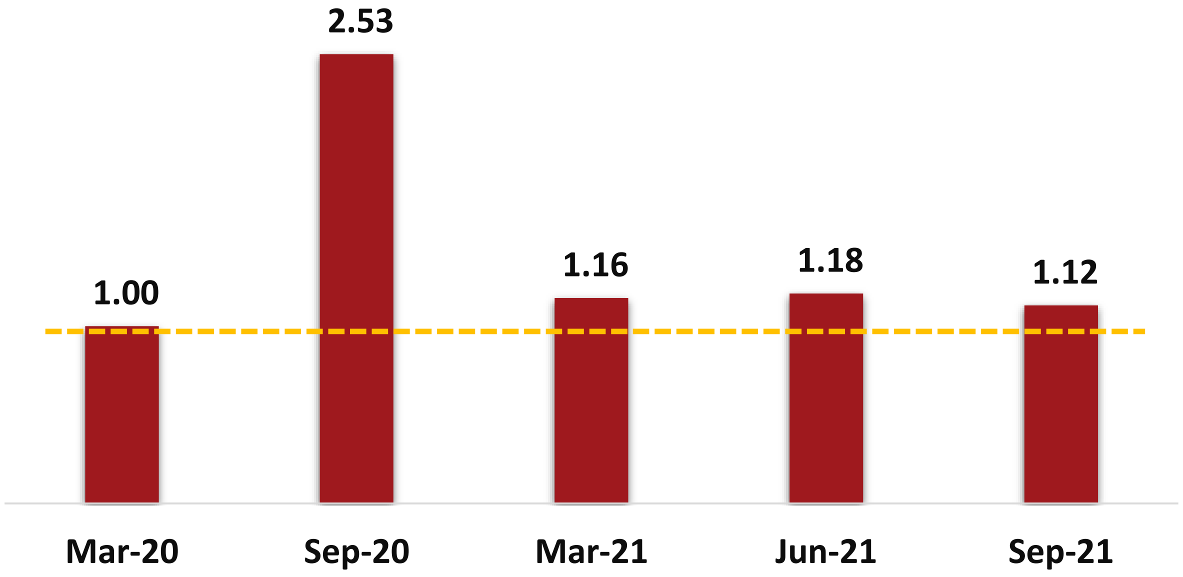
Improved quality of Sourcing: Customers having Bureau score > 700 has sharply improved from 61% to 85%.



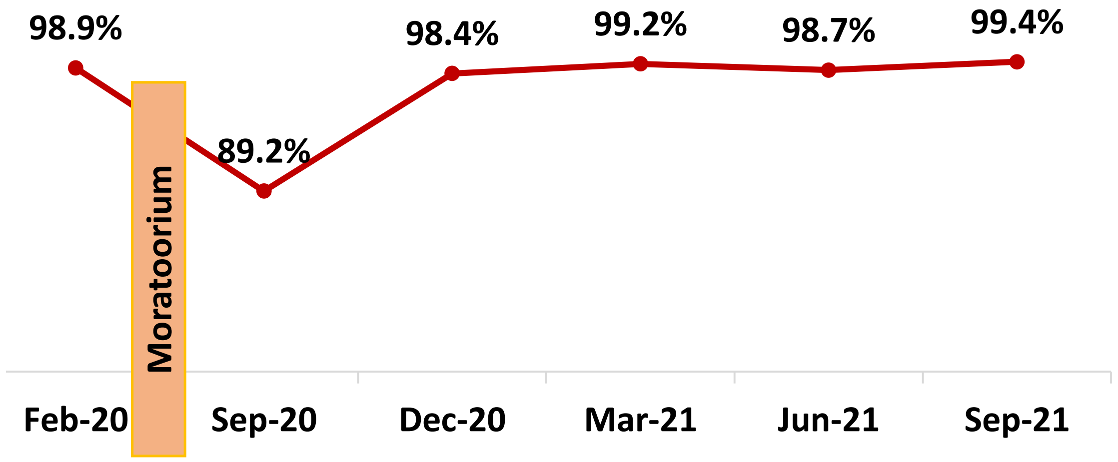
Future Asset Quality Indicators: Key quality Indicators showing improvement which points to lower delinquency and credit losses in future.

Management commentary on Q2-FY22 results

Early Bucket cheque Bounce Rates (on Principal Outstanding) is almost as good as Pre-Covid (Mar-20) Levels (x) for urban retail.



Early Bucket Collection Efficiency (urban retail) in Sep, 2021 surpassed pre COVID levels (Feb 2020).



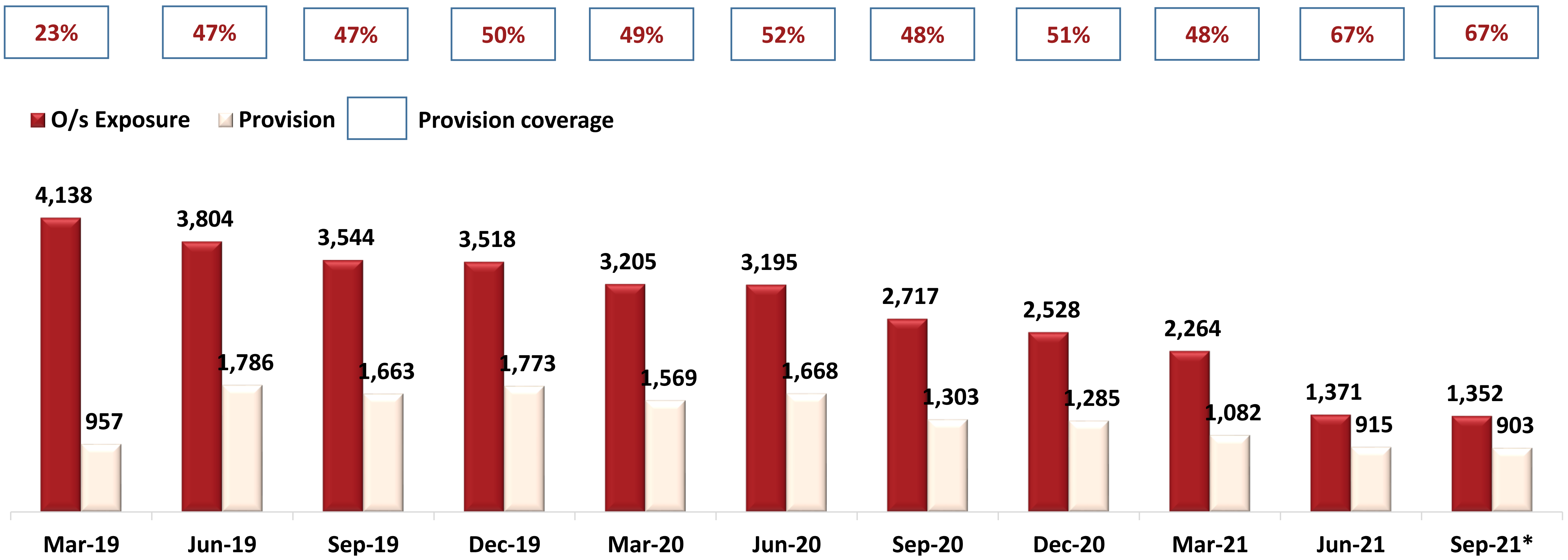
IDFC FIRST Bank

The Bank has proactively identified the accounts, which are standard on the books as of now, but are stressed or potential NPAs, and taken provisions for the same

Client Description (Rs. Crore)	O/S Exposure	Provision	PCR%	Comments
Thermal Power Project in Orissa	513	513	100%	Account suffers from delayed payments from Discoms. We expect the account to be resolved leading to a positive economic value to the Bank, as the account is fully provided for.
Toll Road (BOT) project in MH	248	13	5%	<5% of project work remains to be completed. Toll is being collected and the account is being serviced. Toll collection which reduced on account of 2nd covid wave has now recovered.
Housing Finance Arm of a large Corporate Conglomerate headquartered in Mumbai	215	215	100%	Our exposure is to Housing Finance Company belonging to this distressed Conglomerate engaged in infrastructure, financial services, media etc. Lending banks are running a process for management change, where a new potential owner has been identified by the CoC. We expect to get partial recovery which will be P&L accretive to us, as the account is fully provided.
Wind Power Projects in AP, GJ, KN, RJ	155	40	26%	Account servicing was earlier delayed. The project is now showing improved financial performance and is servicing debt regularly from cash flows from the project, with DSRA getting built up. However, the sponsor is still undergoing a resolution process.
Logistics Company in Karnataka	100	100	100%	The group is a Bengaluru based Coffee Group, and has been under financial stress. The Bank has initiated legal proceedings against the company. An RP has been appointed to manage the company affairs and look for potential bidders.
Solar Projects in RJ	80	-	0%	The projects are performing well and have serviced debt regularly. However, the sponsor entity is undergoing resolution process leading to a deteriorating maintenance of the project. Lenders have put together a maintenance plan – we expect economic value to be preserved.
Toll Road Projects in TN	29	10	34%	The account has been servicing debt. However, the sponsor entity is undergoing resolution process and the project requires additional cash flows for pending maintenance work.
Wind Power Projects in KN and RJ	13	13	100%	The project is generating required cashflows and is servicing debt. However, the sponsor is undergoing resolution. Repayments have been regular so far.
Total Stressed Pool Identified	**1,352**	**903**	**67%**	

Business & Financial Performance

Identified Stressed Assets pool (apart from the declared NPAs) reduced by 50% from Rs. 2,717 crores to Rs. 1,352 crore during the last one year. Provision Coverage at 67%.



*Apart from the accounts mentioned above, the Bank had also marked one large telecom account as stressed and provisioned 15% (Rs. 487 crore) against outstanding exposure of Rs. 3,244 crore (Funded and Non-Funded). This provision translates to 24% of the Funded exposure on this account. The said account is current and has no overdues as of September 30, 2021.

BUSINESS & FINANCIAL PERFORMANCE OF THE BANK

- Update on Liabilities
- Assets Update
- Asset Quality
- **Key Financial Parameters**
  - ✓ Income Statement
  - ✓ Balance Sheet
  - ✓ Capital Adequacy

IDFC FIRST Bank

Quarterly Income Statement

In Rs. Crore	Q2 FY21	Q1 FY22	Q2 FY22	Growth (%) Y-o-Y
Interest Income[1]	3,925	4,089	4,101	4%
Interest Expense	2,141	1,905	1,828	-15%
Net Interest Income	**1,784**	**2,185**	**2,272**	**27%**
Fee & Other Income	291	449	658	126%
Operating Income (Excl Trading Gain)	**2,075**	**2,634**	**2,930**	**41%**
Trading Gain[2]	335	393	122	-64%
Operating Income	**2,410**	**3,027**	**3,052**	**27%**
Operating Expense[1]	1,610	2,032	2,359	47%
Pre-Provisioning Operating Profit (PPOP)	**800**	**995**	**693**	**-13%**
Core PPOP(Ex. Trading gain)	**465**	**601**	**571**	**23%**
Provisions[2]	674	1,872	475	-29%
Profit Before Tax	**126**	**(877)**	**218**	**72%**
Tax	**25**	**(247)**	**66**	**164%**
Profit After Tax	**101**	**(630)**	**152**	**50%**

1. Loan Servicing Fees paid to Business correspondents (incl IFBL) has been re-classified from interest income to operating expenses effective Q4 FY21, prior period numbers are also reclassed accordingly.
2. 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

Half Yearly Income Statement

In Rs. Crore	H1 FY21	H1 FY22	Growth (%) Y-o-Y
Interest Income[1]	7,874	8,190	4%
Interest Expense	4,346	3,733	-14%
Net Interest Income	**3,528**	**4,457**	**26%**
Fee & Other Income	440	1,107	152%
Operating Income (Excl Trading Gain)	**3,967**	**5,564**	**40%**
Trading Gain[2]	675	515	-24%
Operating Income	**4,642**	**6,079**	**31%**
Operating Expense[1]	2,947	4,392	49%
Pre-Provisioning Operating Profit (PPOP)	**1,695**	**1,687**	**0%**
Core Pre-Provisioning Operating Profit (Ex. Trading gain)	**1,020**	**1,172**	**15%**
Provisions[2]	1,441	2,347	63%
Profit Before Tax	**254**	**(660)**	
Tax	59	(181)	
Profit After Tax	**195**	**(478)**	

1. Loan Servicing Fees paid to Business correspondents (incl IFBL) has been re-classified from interest income to operating expenses effective Q4 FY21, prior period numbers are also reclassed accordingly.
2. 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	Sep-20	Jun-21	Sep-21	Growth (%) (Q-o-Q)	Growth (%) (Y-o-Y)
Shareholders' Funds	17,538	20,170	20,350	1%	16%
Deposits	75,800	91,312	90,235	-1%	19%
- Retail Deposits	49,610	65,811	64,140	-3%	29%
- Wholesale Deposits (including CD)	26,190	25,500	26,095	2%	0%
Borrowings	47,713	48,430	52,603	9%	10%
Other liabilities and provisions	11,611	9,075	9,314	3%	-20%
Total Liabilities	**152,661**	**168,986**	**172,502**	**2%**	**13%**
Cash and Balances with Banks and RBI	5,257	9,774	17,019	74%	224%
Net Funded Assets	102,534	108,628	111,353	3%	9%
- Net Retail Funded Assets	59,979	71,412	75,983	6%	27%
*- Net Wholesale Funded Assets**	42,556	37,217	35,370	-5%	-17%
Investments	35,600	41,368	34,881	-16%	-2%
Fixed Assets	1,131	1,298	1,329	2%	17%
Other Assets	8,139	7,918	7,920	0%	-3%
Total Assets	**152,661**	**168,986**	**172,502**	**2%**	**13%**

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

Capital Adequacy Ratio is strong at 15.60% as on September 30, 2021

In Rs. Crore	Sep-20	Jun-21	Sep-21
Common Equity	17,146	19,460	19,606
Tier 2 Capital Funds	475	916	993
Total Capital Funds	**17,621**	**20,376**	**20,600**
Total RWA	**1,19,659**	**130,946**	**1,32,057**
CET 1 Ratio (%)	**14.33%**	**14.86%**	**14.85%**
Total CRAR (%)	**14.73%**	**15.56%**	**15.60%**

The regulatory requirement for the Capital Adequacy Ratio is **10.875%** with CET-1 Ratio at **7.375%** and Tier I at **8.875%** as per the RBI Guidelines.

Table of Contents

IDFC FIRST Bank

Board of Directors: MD & CEO Profile

With over two decades in financial services in India, V. Vaidyanathan has seen India through many lens – first as a banker (1990-2010, Citibank), then as an entrepreneur (2010-2019, Capital First) and a professional banker again (2019- date, after merging Capital First with IDFC Bank). He worked with Citibank Consumer Banking from 1990-2000, then set up ICICI Group's retail banking from 2000-2009 since its inception, built ICICI Bank's branch network to 1411 branches and 28 million customers, built a large CASA and retail deposits franchise, and built the retail lending businesses including mortgages, auto loans, credit cards and personal credit businesses to Rs. 1.35 trillion ($30 bn). He was appointed at the Board of ICICI Bank in 2006 at age 38. In 2009, he became the MD and CEO of ICICI Prudential Life Insurance Company in India.

In 2010, he quit ICICI Group for an entrepreneurial opportunity to acquire an NBFC with an idea to convert it to a bank focused on consumer and MSME lending. On acquiring equity stake, he shut down all non-core businesses like broking and real estate financing, and instead used the NBFC platform to build MSME and Consumer Financing businesses, based on new technologies and algorithms. Between 2010 to 2018, he grew the loan book from start-up stage to Rs. 29,600 crores (US$4.05 bn), grew the equity capital from Rs. 691 crores (US$118 mn) to Rs. 3,993 crores (US$600 mn), reduced Gross NPA from 5.28% to 1.94%, reduced Net NPA from 3.6% to 1%, acquired 7 million customers, got the long-term credit rating upgraded from A+ to AAA, turned around the company from losses of US$5 mn (2010) to profit of US$50 mn (2018), increased ROE from -6% to +15%, and increased the market cap 10 times from Rs. 780 crores (US$120 mn) to Rs. 8,200 crores (US$1.2 bn) in 8 years. Capital First was growing at a 5-year CAGR of loan growth of 30%, and 55% in PAT between 2013-2018.

Then, in order to secure a commercial banking license, he agreed to merge Capital First with IDFC Bank in December 2018 and took over as the MD and CEO of the merged entity. Since then, between December 2018 to September 2021, he has increased retail loan book from 13% pre-merger to 67% (Rs. 78,048 crores) of the total funded assets, increased Net Interest margin from 1.84% pre-merger to 5.76%, increased CASA from 8.68% to 51.28%, turned the bank into profitability, and is currently busy converting the bank into a world-class retail bank in India. The bank now has over 10 million customers and loan book of more than Rs. 1 lac crores (~US$14 bn). He believes India provides unlimited opportunity in financial services in India.

During his career, he and his organization have received a number of domestic and international awards including the prestigious CNBC Awaaz Entrepreneur of the year 2020, CNBC Asia's "Innovative company of the year" India Business Leader Awards-2017, "Most Inspirational Leveraged Management Buyout, India 2018" by CFI Awards, "Entrepreneur of the Year" Award at Asia Pacific Entrepreneurship Awards 2017, "Transformational Leader 2018" by CFI Awards UK, "Financial Services Company of the Year, 2018 - VC Circle", "Outstanding contribution to Financial Inclusion, India, 2017" from Capital Finance International, London, "Most Promising Business Leaders of Asia" 2016 by Economic Times, 'Outstanding Entrepreneur Award' in Asia Pacific Entrepreneurship Awards 2016, Greatest Corporate Leaders of India- 2014, Business Today - India's Most Valuable Companies 2016 & 2015, Economic Times 500 India's Future Ready Companies 2016, Fortune India's Next 500 Companies 2016, Dun & Bradstreet India's Top 500 Companies & Corporates 2016 & 2015. During his prior stint, awards included "Best Retail bank in Asia 2001", "Excellence in Retail Banking Award" 2002, "Best Retail Bank in India 2003, 2004, and 2005" from the Asian Banker, "Most Innovative Bank" 2007, "Leaders under 40" from Business Today in 2009, and was nominated "Retail Banker of the Year" by EFMA Europe for 2008.

He is an alumnus of Birla Institute of Technology and Harvard Business School (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 30 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.

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.

Board of Directors

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.

MR. AJAY SONDHI - NON-EXECUTIVE NON INDEPENDENT DIRECTOR

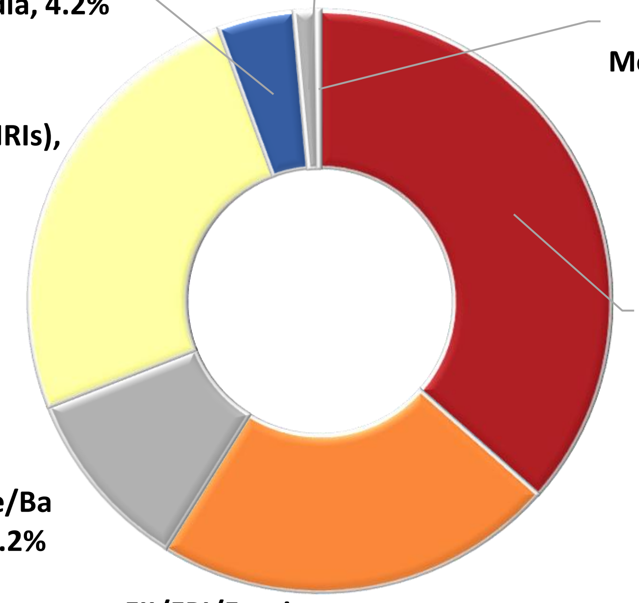
Mr. Ajay Sondhi, is a 2017 Fellow, Harvard Advanced Leadership Initiative, MBA - Finance from JBIMS, Mumbai University, and B.A. in Economics (Honors) from St. Stephens College, Delhi University. He is a seasoned Financial Services and Board professional with extensive Indian and global experience. Most 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.

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.

Shareholding Pattern & Key Shareholders as of September 30, 2021

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



Total # of shares as of September 30, 2021 : 621.21 Cr
Book Value per Share as of September 30, 2021: Rs. 32.76
Market Cap. as on September 30, 2021: Rs. 29,601 Crore

Key Shareholders *(through their respective various funds and affiliate companies wherever applicable)*	**% Holding**
IDFC Financial Holding Company Limited	36.52
Warburg Pincus through its affiliated entities	9.07
President of India	4.21
Odyssey 44	3.68
ICICI Prudential Life Insurance	3.31
Baillie Gifford	2.70
Aditya Birla Asset Management	1.84
Vanguard	1.71
Bajaj Allianz Life Insurance	1.17
City of New York Group Trust	0.74
Ishares	0.67

On a fully diluted basis, including shares and options, Mr. Vaidyanathan holds 2.25% of the equity of the Bank including shares held in his social welfare trust.

IDFC FIRST Bank

- ✓ Set for Growth.
- ✓ Set for Profitability.
- ✓ Set for Scale.
- ✓ Customer First.
- ✓ Digital.

THANK YOU

Annexure

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

History of Capital First Limited

The Company was first listed on Stock Exchanges in January 2008. Between 2010 to 2012, Mr Vaidyanathan acquired a stake in the company and executed a Management Buyout (MBO) of the Company with equity backing of Rs. 810 crore from Warburg Pincus, and created a new brand and entity called Capital First. As part of the MBO, the company raised fresh equity, reconstituted a new Board and got new shareholders, including open offer to public. A brief history of the company is as follows:

2008-10	The Company was largely in the business of Wholesale Financing, PE, Asset Management, Foreign Exchange and Retail Equity Broking. The total AUM of the Company was Rs. 935 crore of which Retail AUM was 10%, Rs. 94 crore.
2010-11	Mr. V Vaidyanathan joined the Company and prepared the ground for executing a Management Buyout by taking significant corporate actions including divesting Forex JV to JV partner, merging a subsidiary NBFC with itself, by winding down other non core businesses and launching retail businesses in the Company. The Company launched technology driven financial businesses for the consumer and SME segments. The Retail loan book crossed Rs. 700 crore by March 2011. The Company presented this as proof of concept to many global private equity players for Buyout.
2011-12	The company continued to present the concept to prospective PE players throughout the year. The Company undertook additional corporate actions and further wound down non-core business subsidiaries and launched more retail financing businesses. The concept, model and volume of retail financing businesses gained traction and reached to Rs. 3,660 crore, 44% of the overall AUM.
2012-13	Mr. Vaidyanathan secured equity backing of Rs. 810 crore from Warburg Pincus for an MBO and thus Capital First was founded. As part of the transaction an open offer was launched, the Company raised Rs. 100 crore of fresh equity capital, a new Board was reconstituted and a new brand and entity "Capital First" was created.
2013-14	The Company further raised Rs. 178 crore as fresh equity at Rs. 153/ share. It acquired HFC license from NHB and launched housing finance business under its wholly owned subsidiary.
2014-15	Company's Assets under Management reached Rs. ~12,000 crore and the number of customers financed since inception crossed 10 lacs. The Company raised Rs. 300 crore through QIP at Rs. 390 per share from marquee foreign and domestic investors.
2015-16	The Company received recognition as "Business Today – India's most Valuable Companies 2015" and "Dun & Bradstreet – India's top 500 Companies, 2015". The Company scrip was included in S&P BSE 500 Index.
2016-17	Company's Assets under Management reached ~ Rs. 20,000 crore and the number of customers financed since inception crossed 4.0 million. The Company raised fresh equity capital of Rs. 340 crore from GIC, Singapore through preferential allotment @ Rs. 712 per share. The Company received recognition as "CNBC Asia – Innovative Company of the Year, IBLA, 2017", "Economic Times – 500 India's Future Ready Companies 2016" and "Fortune India's Next 500 Companies, 2016".
2017-18	The Company's Asset Under Management touch ~Rs. 27,000 crore and number of customers financed crossed 6.0 million. The Company received "Best BFSI Brand Award 2018" at The Economic Times Best BFSI Brand Awards 2018 and "Financial Services Company of the Year 2018" at VC Circle Awards 2018. In January 2018, the Company announced the merger with IDFC Bank subject to regulatory approvals.

Successful Trajectory of Growth and Profits at Capital First.

This page is an extract from Capital First investor Presentation of September 2018, which is the last quarter prior to merger. Presented here to demonstrate the capability of the core loan book and the track record of growth and profitability.

From 31-March-2010 to 31-Mar-2018, the company has transformed across all key parameters including:

• The total Capital has grown	from Rs. 691 crore to Rs. 3,993 crore
• The Assets under Management increased	from Rs. 935 crore to Rs. 26,997 crore
• The Retail Assets Under Management increased	from Rs. 94 crore to Rs. 25,243 crore
• The long term credit rating has upgraded	from A+ to AAA
• The number of lenders increased	from 5 to 297
• The Gross NPA reduced	from 5.28% to 1.62%
• The Net NPA reduced	from 3.78% to 1.00%
• Cumulative customers financed reached	over 7 million
• The Net Profit/(Loss) increased	from loss of Rs. 32.2 crore in FY 09 to Profit of Rs. 327.4 crore (FY18)

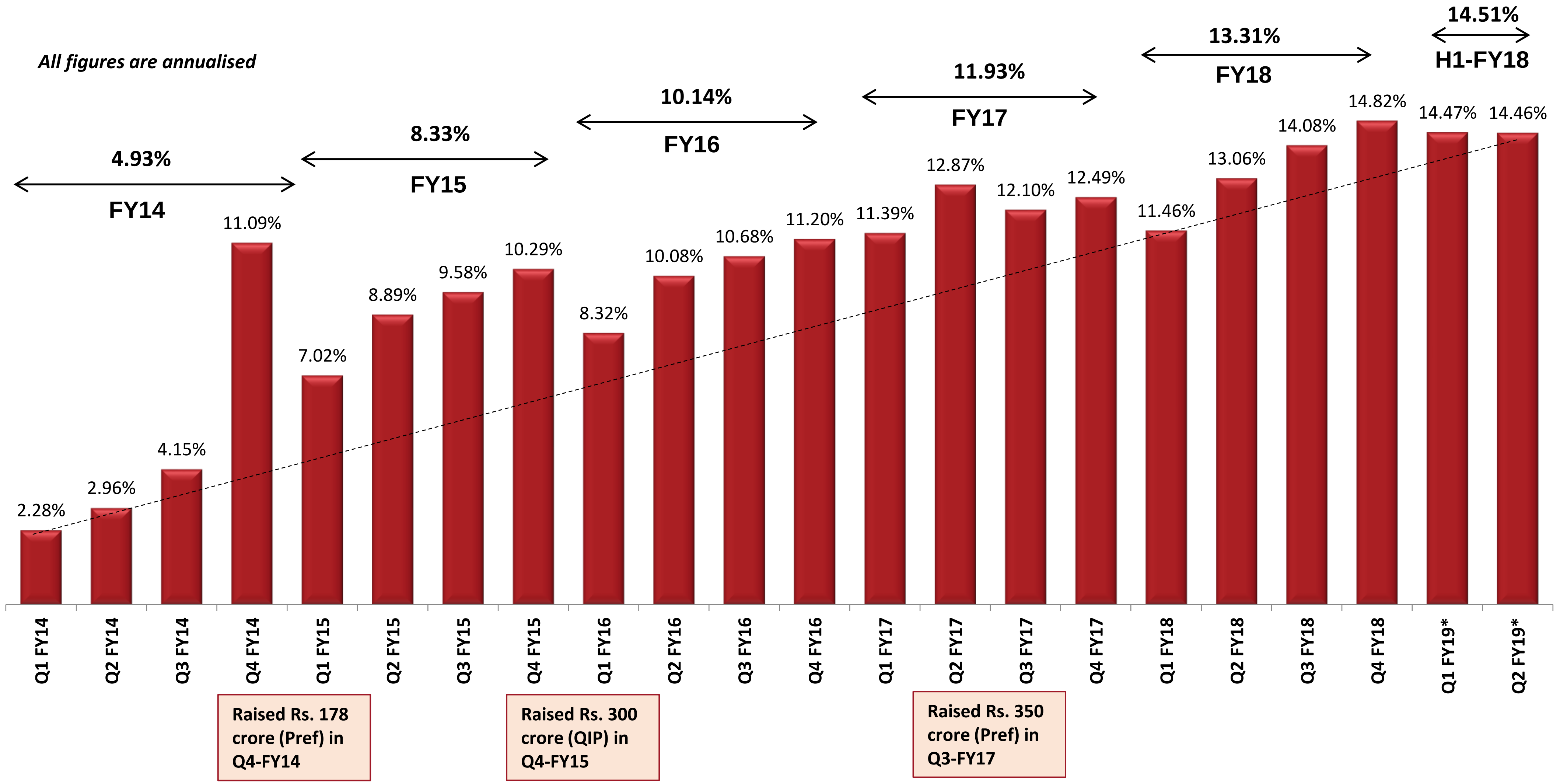
	8-Yr CAGR%	%Growth – FY18
Total Capital	25%	17%
Total AUM	52%	36%
Retail AUM	101%	38%

The 5 year CAGR for key parameters are as follows:

○ **Total Asset Under Management** has grown at a CAGR of	**29%** from Rs. 7,510 crore (FY13) to Rs. 26,997 crore (FY18)
○ **Total Income** has grown at a CAGR of	**47%** from Rs. 357.5 crore (FY13) to Rs. 2429.6 crore (FY18)
○ **Profit After Tax** has grown at a CAGR of	**56%** from Rs. 35.1 crore (FY13) to Rs. 327.4 crore (FY18)
○ **Earning Per Share** has grown at a CAGR of	**46%** from Rs. 4.94 (FY13) to Rs. 33.04 (FY18)

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

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.



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