IDFC FIRST Bank

Investor Presentation – Q2 FY23

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Our Vision:

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

Culture and Ethos @ IDFC FIRST Bank

"The founding years, which I call the next five years, are particularly important, as the DNA we establish now will be hard to correct later. We will make every effort to sell the right products to customers, avoid mis-selling, avoid selling such third-party products that make wonderful fees for us but at the cost of expensive products for the customer. If we make a mistake, we will apologise and correct it. After all, we do not want to take this Bank to great heights in profits and profitability while having earned any penny that truly does not belong to us."

(Annual Report 2018-19)

We want to touch the lives of millions of Indians in a positive way by providing high quality banking services to them, with particular focus on aspiring consumers and entrepreneurs of our new India, using contemporary technologies

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(Annual Report 2018-19)

Growth, you will agree, is not an issue in India. Mid-teens ROE can be built for sure, most good banks have achieved it. Our incremental margins are strong. Our business is highly scalable. We have a very high level of corporate governance. We focus on the customer. I believe it is inevitable that value will be created in this approach.

V Vaidyanathan
Managing Director & CEO,
IDFC FIRST Bank

(Annual Report 2019-20)

Culture is not just about how things get done around here, it's a much longer list such as, about how people conduct themselves in office and in society, how committed they are to the mission, how to resolve conflicts, not using offensive or abusive words, imbibing the organisation's policy that the customer comes first and so on.

(Annual Report 2019-20)

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

(Annual Report 2019-20)

return on equity, and enjoying international respect and admiration. We aspire to be on that list, and are passionate about building such a bank. We have already sown the seeds for such a bank.

For a country as large and diverse as India, and a country set to be world's third largest economy by 2030, there are few "world-class" banks in India.

(Annual Report 2019-20)

for customers across cross section of society, that can create great social good.

To create social good is the purpose of our existence.

(Annual Report 2020-21)

Culture and Ethos @ IDFC FIRST Bank

After much debate, we settled in on three themes: Ethical Banking, Digital Banking and Social Good. This also goes well with our vision statement.

Coding the DNA: By making this seal and sharing with employees, we are attempting to code the DNA of our employees. That's because we are an early stage bank and the DNA code we build will affect the long

(Annual Report 2020-21)

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

(Annual Report 2020-21)

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

(Annual Report 2021-22)

We know that we are on to a wonderful model, and I am confident that if we stay the course and play with a straight bat, we will meet all aspirations of investors and other stakeholders. Hence, no matter the pressure, we communicate our strategy to all stakeholders in simple terms, stick to the plan, and deliver on the stated strategy. I am confident that with this approach, results will follow, it's only a matter of time.

(Annual Report 2021-22)

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.

Now coming to business, let me answer some key questions that may be on your mind.

(Annual Report 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 to trend materially down from hereon.

(Annual Report 2021-22)

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.

(Annual Report 2021-22)

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

Funded Assets
Rs. 1,45,362 Cr
(25% YoY)▲

Customer Deposits
Rs. 1,14,004 Cr
(36% YoY)▲

CASA Ratio
51.28%
(124 bps QoQ)▲

Core Operating Profit
Q2-FY23: Rs. 1,052 Cr
(84% YoY)▲

Net Interest Margin
5.98%
(15 bps YoY)▲

Asset Quality
GNPA% : 3.18%
NNPA% : 1.09%
PCR% : 76.49%

Capital Adequacy Ratio (%)
15.35%
(Sep-21: 15.60%)

Profit After Tax
Q2-FY23: Rs. 556 Cr
(Q2-FY22: Rs. 152 Cr)

Return on Assets (%)
Q2-FY23: 1.07%
(Q1-FY23: 0.97 %)

Return on Equity (%)
Q2-FY23: 10.13%
(Q1-FY23: 8.96%)

1. *Funded Assets are net of IBPC. 2. Capital Adequacy is computed by Including profits for H1 FY23. 3. GNPA & NNPA as on June 30, 2022 stood at 3.36% and 1.30% with PCR of 73.13%; 4. Provision Coverage Ratio is including technical write w/offs.*

Key Financial Highlights of Q2 FY23

Area	Key Parameters	Q2 FY22	Q2 FY23	Growth (%/bps)
Assets	Total Funded Assets	Rs. 1,16,470 Cr	Rs. 1,45,362 Cr	25% ▲
Deposits	Customer Deposits	Rs. 83,889 Cr	Rs. 1,14,004 Cr	36% ▲
	CASA Ratio (%)	51.28%	51.28%	-
Asset Quality	GNPA (%) – Bank level	4.27%,	3.18%	-108 bps ▼
	NNPA (%) – Bank level	2.09%	1.09%	-100 bps ▼
	Provision Coverage Ratio - Bank	63.00%	76.49%	1,349 bps ▲
	GNPA (%) – Retail & Commercial	3.45%	2.03%	-142 bps ▼
	NNPA (%) – Retail & Commercial	1.66%	0.73%	-93 bps ▲
Profitability	Core Operating Profit	Rs. 571 Cr	Rs. 1,052 Cr	84% ▲
	Profit/(Loss) After Tax	Rs. 152 Cr	Rs. 556 Cr	266% ▲
	RoA%	0.35%	1.07%	71 bps ▲
	RoE%	2.97%	10.13%	715 bps ▲

1. Total Funded Assets are 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 NII & Fee and Other Income excluding trading gain; 4. Core operating Profit is NII & Fee and Other Income excluding trading gain; 5. RoA/RoE are quarterly annualized. 6. Provision Coverage ratio includes technical write-offs as we continue to collect from the write off pool

Management Commentary (1/2)

Culture	• **We design highly 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 charge minimal fees, if at all, and certainly not in ways the customer does not notice. We have taken being ethical and transparent to a philosophical level within the bank. Whether in savings accounts, credit cards or any other service, we introduce features in favor of the customer, such as online redemption of rewards points, evergreen rewards points, monthly interest credit, no fees on non- home branch transactions, and over 25-30 such services.
Safety First	• **We think of safety first.** So building deposits was our first priority. At merger, the bank had institutional deposits and borrowings of **Rs. 1,05,541 crore** (Breakup: Corporate Deposits of **Rs. 25,577 crore**, Certificate of Deposits of **Rs. 22,312 crore** and institutional borrowings of **Rs. 57,652 crore**), and retail CASA of only **Rs. 2,795 crore**. So we slowed down growth in advances to 3-year CAGR of only 6% and instead grew a strong retail deposit base for three years. The deposit side transformation is now complete and we have CASA of 50%. **On this strong foundation, we expect to grow the overall loan book ~20-25% on a sustainable basis from here on for the foreseeable future.**
Legacy Accounts	• **All Legacy Accounts provided for, or already part of reported NPA.** We have sufficiently provided for all legacy stressed corporate and infrastructure loans. The share of Infrastructure book has further reduced to **4.1%** of the total Funded Assets from **22%** as on December 31, 2018 (merger quarter)
Wholesale Lending	• **High quality of incremental Wholesale Lending:** Since merger, we have sanctioned ~**Rs. 20,000 crore** of loans to new corporate clients and asset quality is pristine.
Deposits	• **We have grown retail deposits by 3-Year CAGR of 73% and reached CASA of 50%,** based on our strong brand and high service levels. We have created the strong capabilities to comfortably grow the deposit base from here on as required.
Asset Quality	• **We have a track record of 12 years of maintaining our Gross NPA at ~2% and ~1%** respectively, including Capital First vintage, • Our portfolio has been subjected to multiple stress-tests, including economic slowdown (2010-2014), Demonetisation (2016), GST implementation (2017), ILFS crisis (2018), Covid (2020-21), yet the Gross and Net NPA has remained in the corridor of GNPA and NNPA of 2% and 1% respectively, except during COVID. Even post COVID, retail NPA has reverted to the long term averages (Gross and Net NPA=**2.03%** and NNPA=**0.73%** as of September 30, 2022).

Management Commentary (2/2)

Capital	• **The bank is well capitalised** at with capital adequacy of **15.4%** and has significant headroom for Tier 2 capital, and loan growth.
Unit Economics	• **Our incremental unit economics of the bank are excellent.** Incremental ROE on Retail lending is around 20% after adjusting for opex, credit costs and tax. This is already showing in the P & L line and ROE build up. Our ROE is increasing every quarter and has crossed 10%, literally from 0% in at the time of merger.
Fee Income	• **As a universal Bank, we have launched multiple lines of new businesses** such as Fastag, Cash management, wealth management, etc. in addition to the wholesale loans, retail loans, insurance distribution, mutual fund distribution etc. In all businesses we feel we are yet at the start of the journey. We continue to launch new business lines. Retail Fees constitutes **92%** of the total fee income which points to granularity and sustainability of this line item.
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 5 trailing quarters, our ROE has increased from **2.97%** in Q2-FY22 to **5.44%** in Q3-FY22, to **6.67%** in Q4-FY22, to **8.96%** in Q1-FY23 and to **10.13**% in Q2 FY23. This clearly demonstrates the strong ROE generation of our incremental business which is rapidly increasing the overall ROE of the Bank quickly. We expect this phenomenon to continue to play out going forward.
Corporate Governance	Eminent, qualified and experienced Board of Directors. All committees are headed by independent directors except CSR which is headed by the MD and CEO. We say things as they are, with transparent communication, both internal and external, and detailed investor presentation.
Technology	**Contemporary Technologies:** The bank continues to invest in laying a strong, modular and contemporary technology architecture that will help the bank to simultaneously enable efficiency, resilience, and growth. The Bank continues to strengthen its superior capabilities of predictive analytics in the area of credit underwriting, portfolio management, collection strategy , fraud risk mitigation and other such areas.

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 since 1997. The loan assets and borrowings of IDFC limited were transferred to IDFC Bank at inception of IDFC Bank.
- Capital First was a successful consumer and MSME financing entity since 2012 with strong track record of growth, profits and asset quality.
- On merger, the Bank was renamed IDFC FIRST Bank.

IDFC BANK + CAPITAL FIRST = IDFC FIRST Bank

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 and history of erstwhile IDFC Bank

About IDFC Bank

IDFC Limited was a leading and reputed infrastructure financing Domestic Finance Institution. The institution diversified into Asset Management, Institutional Broking and Investment Banking. It applied for and acquired a Commercial Banking License from RBI. IDFC Bank laid the foundation for a strong banking framework and created 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

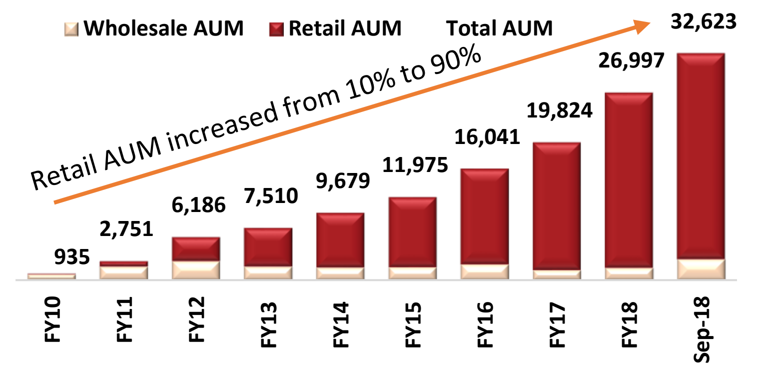
Background and history of Capital First

(Rs. Cr)

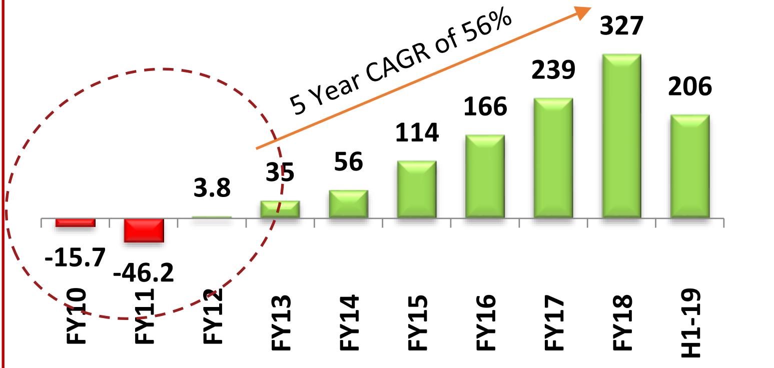
Background

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.

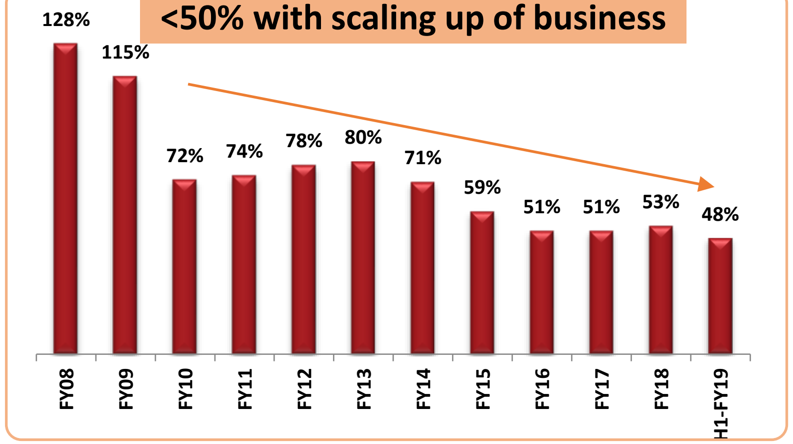
Strong growth in AUM



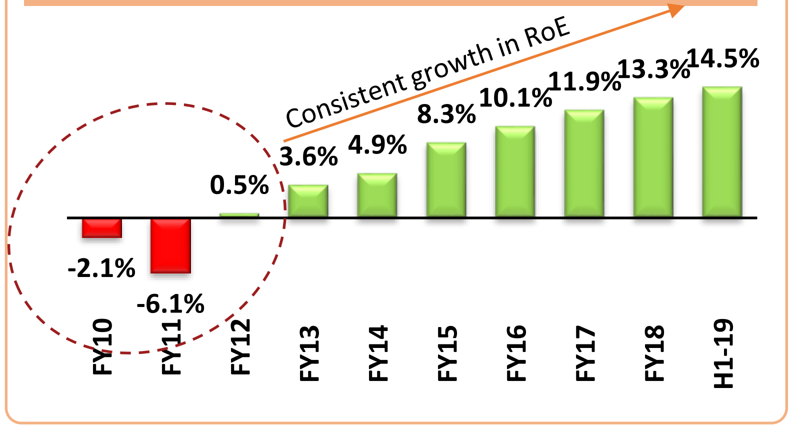
5 Yr PAT CAGR of 56%



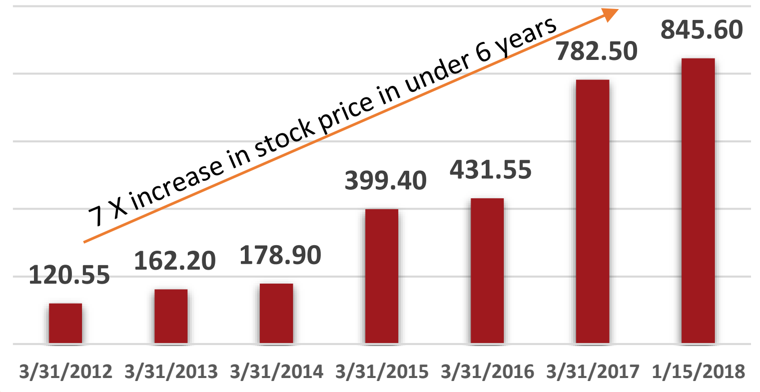
Cost to income came down to <50% with scaling up of business



Continuous Increase in Return on Equity (%)



Stock Price increased 7x from Rs. 120 to Rs. 850 in 6 years



IDFC FIRST Bank

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

Personal Banking: 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

Business Banking: The bank provides a wide range of solutions including working capital and business loans for businesses.

Loan against Property

Micro Business Loans

Business Loans

Professional Loans

Commercial Vehicle

Business Banking

Corporate Banking: Comprehensive funded and non-funded product solutions for Corporate customers

Working Capital Loans

Trade Finance, Forex & CMS Solutions

Term Loans

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

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

Freedom Current Account

MERCHANT MULTIPLIER ACCOUNT

FIRSTWINGS Startup Banking Program

DYNAMIC PROFESSIONAL CURRENT ACCOUNT

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

Savings Account Rs. 25,000 AMB

Senior Citizen SA

FIRST Power SA

Vishesh Savings Account

Savings Regular Rs. 10,000 AMB

Minor Savings Account

Honour FIRST Defence Account

Corporate Salary account with Debit card

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

Our Digital Initiatives

Significant traction on electronic platforms

RTGS & NEFT
payments through CMS solutions up by 50% YoY (vol.)

96%
Retail Digital Transactions

Ranked 6th
Bharat Bill Payment System (BBPS): amongst 30 biller operating units

UPI Transactions: Growth of ~25% over the last quarter

10 mn+
FASTag issued since launch

Credit Card Spends:
Growth of 136% YoY and 23% QoQ

1.2 mn+
Credit cards issued since launch in January 2021

POS Transactions: (Vol): 29% growth QoQ

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

10 Million FASTag Issued

IDFC FIRST Bank issuance business crossed 10 Million FASTAGS.

Leading Issuer bank

IDFC FIRST is one of the leading issuers among 35+ Issuer banks in NETC

Largest Acquirer Bank

Largest Acquirer Bank with 450 Toll plazas as merchants.

Rs. 50 Cr Per Day Issuance Value (September 2022)

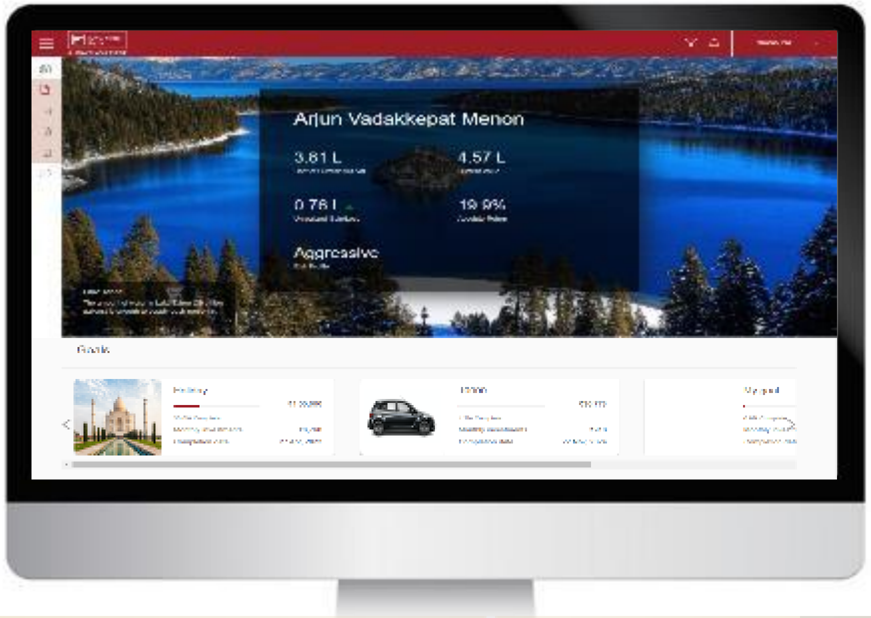
Source: NPCI website

IDFC FIRST Bank Credit Card customers can now link their card with IDFC FIRST FASTAG and enjoy seamless **auto recharge**

FIRST Bank to enable **FASTAG recharges on WhatsApp Chat** using UPI

Empowering RMs – Assisted Wealth Management Journeys Now Live

AUM of Wealth Management Business has grown 50% YoY to reach Rs. 7,947 crore as on September 30, 2022.

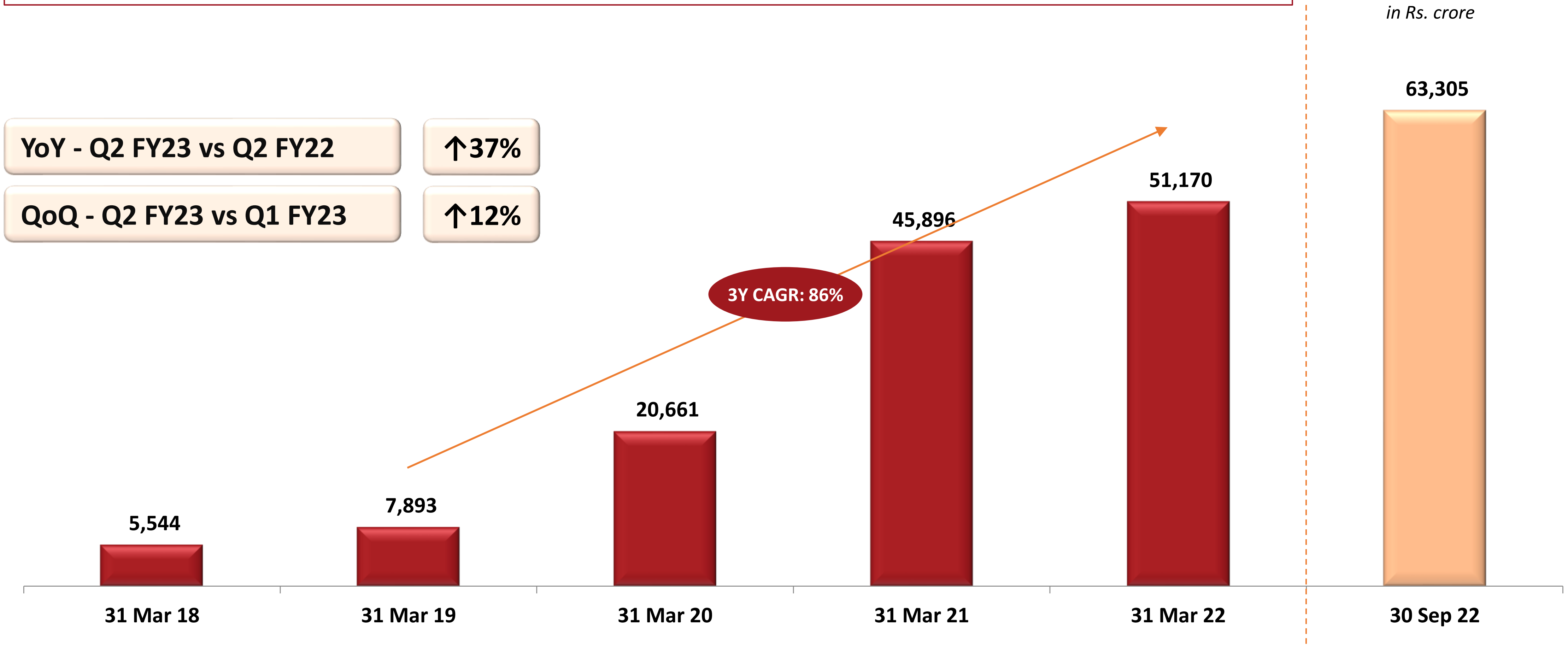


1. **Assisted Transactions**: Digitally assisted transaction execution for Mutual Funds
2. **Investment Dashboard:** Assets managed by RM & Team, including Product & Asset-Class split
3. **Held-away Portfolio** - to track client's non-IDFC First portfolio along with in-house portfolio
4. **Actionable insights:** FD/SIP maturity, customer cash-flows, birthday reminders, asset allocation, sectoral exposure
5. **Portfolio Analytics**: Customer portfolio drill down with Asset-class wise holdings & Capital Gain Reports
6. **Investment Ideas**: Risk adjusted curated portfolios,product discovery via collections & filters
7. **Goal Based Investing:** Goal creation, implementation and progress tracking
8. **Detailed Product Information**: scheme performance, risk profile suitability & minimum investment details

Deposits: Strong growth in CASA Deposits

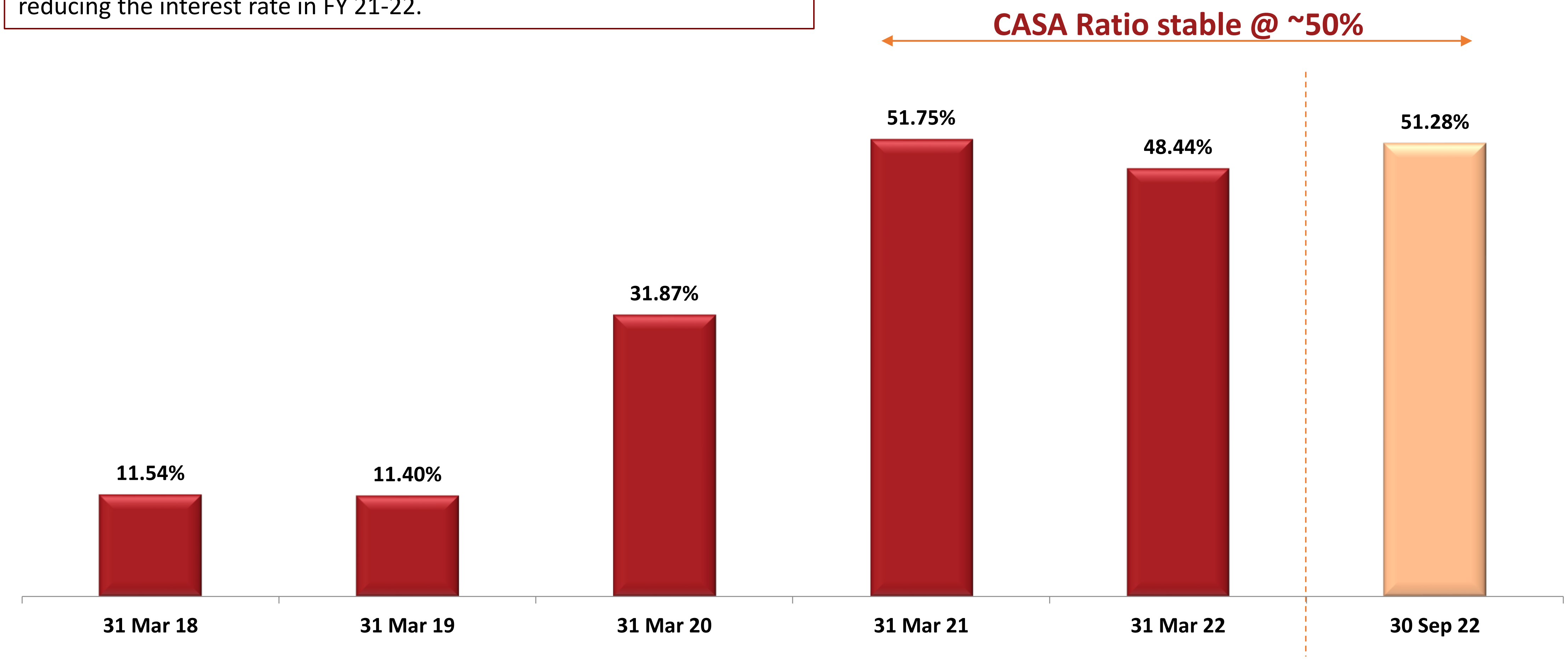
- Bank has a demonstrated capability to grow CASA deposits. The Bank provides high levels of customer service, excellent brand, and attractive customer first products.

YoY - Q2 FY23 vs Q2 FY22	↑37%
QoQ - Q2 FY23 vs Q1 FY23	↑12%



Deposits: CASA Ratio stable at ~ 50%

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

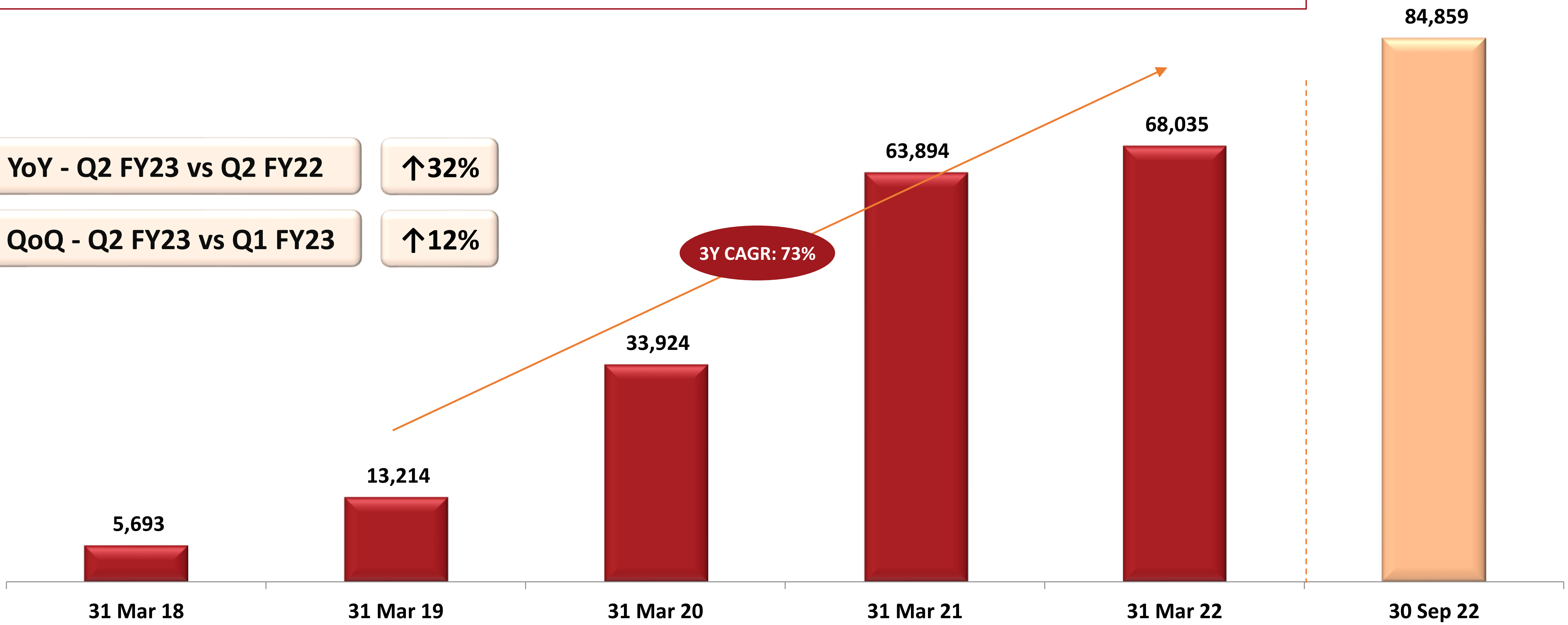


Deposits: Strong growth in Retail Deposits (Retail CASA + Retail Term Deposit)

- Even during an extreme stress such as Covid, the bank's retail deposits grew by **Rs. 29,970** crore in FY21. Our core retail deposits has risen strongly at a 3-Year CAGR of 73%.
- Bank has 670 branches and 812 ATMs as of September 30, 2022.

in Rs. crore

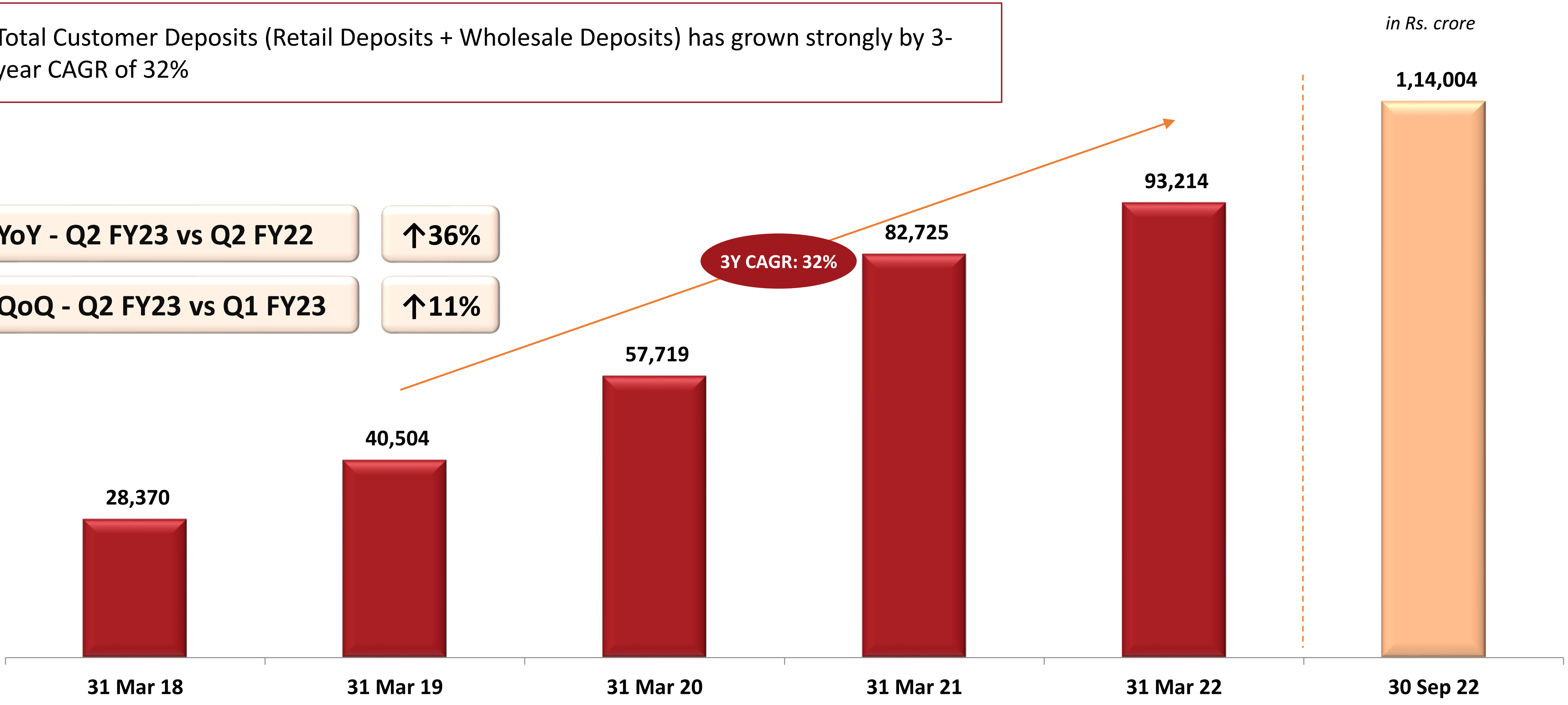
YoY - Q2 FY23 vs Q2 FY22	**↑32%**
QoQ - Q2 FY23 vs Q1 FY23	**↑12%**



Deposits: Strong growth in Total Customer Deposits

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

YoY - Q2 FY23 vs Q2 FY22	↑36%
QoQ - Q2 FY23 vs Q1 FY23	↑11%



Summary of Deposits & Borrowings

Particulars (in Rs Cr)	Sep-21	Jun-22	Sep-22	YoY
Legacy Long Term Bonds	7,588	6,624	6,508	-14%
Legacy Infrastructure Bonds	9,395	7,958	7,742	-18%
Refinance including Legacy Borrowings	17,345	17,630	20,109	16%
Other legacy Bonds and other borrowings	6,265	5,315	4,749	-24%
Tier II Bonds	-	1,500	1,500	-
Total Borrowings (A)	**40,592**	**39,026**	**40,609**	**0%**
CASA Deposits	46,269	56,720	63,305	37%
Term Deposits	37,620	46,148	50,700	35%
Total Customer Deposits (B)	**83,889**	**1,02,868**	**1,14,004**	**36%**
Certificate of Deposits (C)	6,346	10,481	9,438	49%
Money Market Borrowings (D)	12,011	16,662	16,034	33%
Borrowings & Deposits (A) + (B) + (C) + (D)	**1,42,838**	**1,69,037**	**1,80,085**	**26%**
CASA Ratio (%)	**51.28%**	**50.04%**	**51.28%**	
Average CASA Ratio % (On Daily Average Balance for the Quarter)	**49.45%**	**46.97%**	**49.20%**	

Legacy High Cost Borrowing continues to run down.

In Rs. Cr	Balance		Maturity					RoI (%)
	As on Sep-21	As on Sep-22	FY23	FY24	FY25	FY26	Beyond FY26	
Infrastructure Bonds	9,395	7,742	477	1,094	5,319	852	-	8.89%
Long Term Legacy Bonds	7,588	6,508	-	1,660	1,231	3,617	-	9.04%
Other Bonds	4,020	2,392	794	765	149	333	352	8.97%
Refinance	6,665	3,807	993	1,884	930	-	-	8.18%
Total	**27,667**	**20,449**	**2,264**	**5,403**	**7,628**	**4,802**	**352**	**8.82%**

The Bank repaid high cost borrowing of Rs. 7,218 crore between 01 October 2021 and 30 September 2022.

As we replace the balance high cost borrowings of Rs. 20,449 crore with our incremental cost of ~5.50%, it will add about ~Rs. 650 crore to the net interest income of the bank on an annualized basis in due course.

Risk Management in Retail & Commercial Finance

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

- Sourcing & Underwriting Quality (Refer Page 24-27)
- Cheque /ECS bounce on presentation (Refer Page 28)
- Collection Efficiency on cheque/ ECS bounces (Refer Page 29)

NPA formation is ultimately a combination of the leading indicators or input parameters as described above.

Our leading indicators on each of the above parameters are strong, hence we expect asset quality to remain high going forward.

Stringent Underwriting Process in Retail Business

1	**No-Go Criteria**	The Bank evaluates certain quick no-go criteria such as deduplication against existing records, bank validation and minimum credit parameter rules.
2	**Credit Bureau Check**	The Bank pings the Credit Bureaus to check the customer's credit behavior history, number of credit inquiries, age in bureau, limit utilization, recency of inquiries, level of unsecured debt, etc.
3	**Fraud Check**	The Bank uses certain file screening techniques, banking transaction checks and industry fraud databases to weed out possible fraudulent applications. The bank also uses Fraud Scorecards and real-time video-based checks to identify fraudulent applications
4	**Underwriting Scorecard & Cashflows**	The application is then put through scorecards which have been developed based on experience with similar cohort of customers in the past. It includes criteria such as leverage, volatility of average balances, cheque bounces in bank account, profitability ratios, liquidity ratios and study of working capital, etc.
5	**Field Verification**	The Bank conducts field level verifications, including residence checks, office address checks, reference verification, lifestyle checks (to see if the product / quantum of loan correlates with lifestyle profile) and business activity checks.
6	**Personal Discussion**	Based on inputs received, from our processes, a personal discussion is conducted with the customer which includes establishment of business credentials, understanding financials, seeking clarifications on financials, queries on banking habits, queries on the credit bureau report, clarification on banking entries if any, and understanding the requirement and end use of funds.
7	**Industry Check**	The Bank checks for further credit history and industry level exposure by doing CRILC checks and checks by external entities, where required, to study financials, access to group companies whether legal cases have been filed against the company, disqualification of directors, etc.
8	**Banking Analysis**	The bank statement of account is analyzed for business credits, transaction velocity, average balances at different periods of the month, EMI debits, account churning, interest servicing, etc. This helps us understand the cash flow on the basis of which we calculate the permissible EMI, loan amount, etc.
9	**Financial Verification**	Detailed financial analysis is performed covering, Ratio analysis, debt to net-worth, turnover, working capital cycle, leverage, etc.
10	**Title Deeds**	Evaluation of title deeds of the property and collateral, legality validity, enforceability etc.,

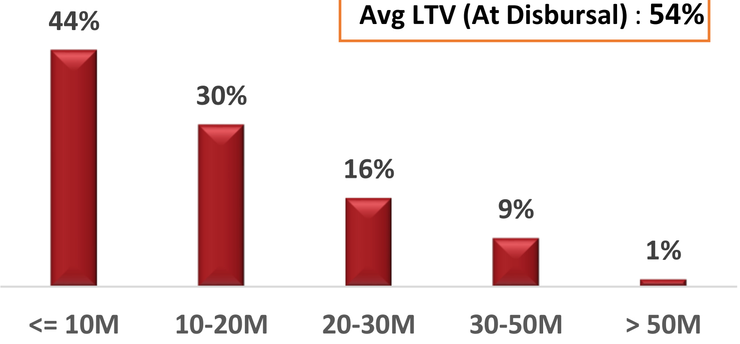
Repayment : Bank takes standing instructions to debit the bank account of the customers on a monthly basis and thus pulls the EMI from the customers naturally operated account. The cheque returns are low, but the returned cheques are subsequently followed up for collections.

Note: The underwriting process mentioned above, may change depending on product to product.

Ticket size analysis for key products *(based on H1-FY23 bookings)*

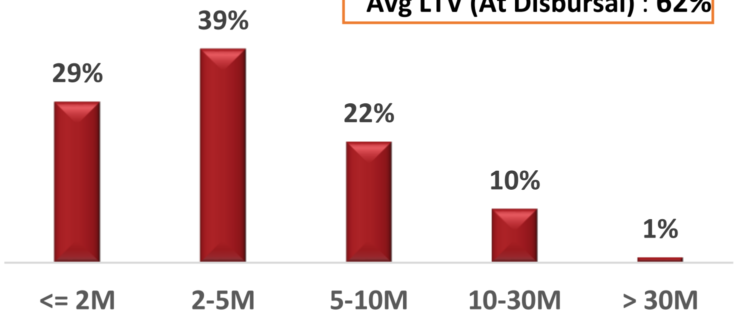
Loan Against Property: Provided to customers against property after bank statement/ cashflow analysis.

Avg Ticket Size: ~**Rs. 11M**
Avg LTV (At Disbursal) : **54%**



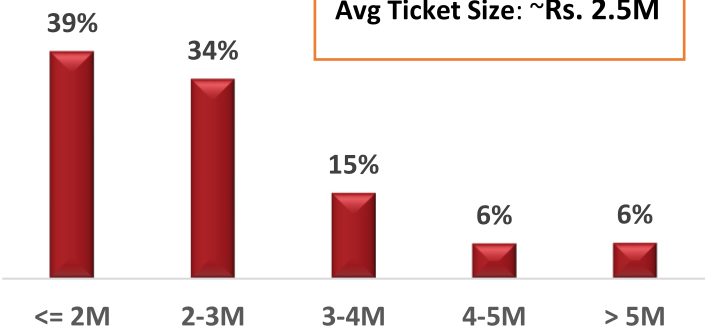
Home Loan: Provided to primarily salaried and self-employed individuals based on salary / cashflows

Avg Ticket Size: ~**Rs. 5M**
Avg LTV (At Disbursal) : **62%**



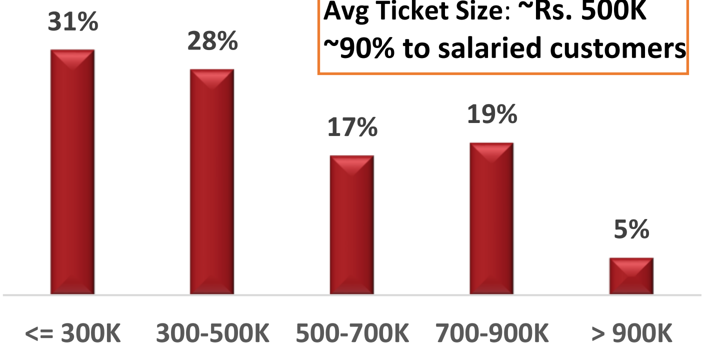
Business Loans: Short-term loans provided to primarily SME customers against their bank statement/ cashflow analysis.

Avg Ticket Size: ~**Rs. 2.5M**



Personal Loans: Short term loans provided to salaried & self-employed individuals against their salary / cashflows

Avg Ticket Size: **~Rs. 500K**
~90% to salaried customers

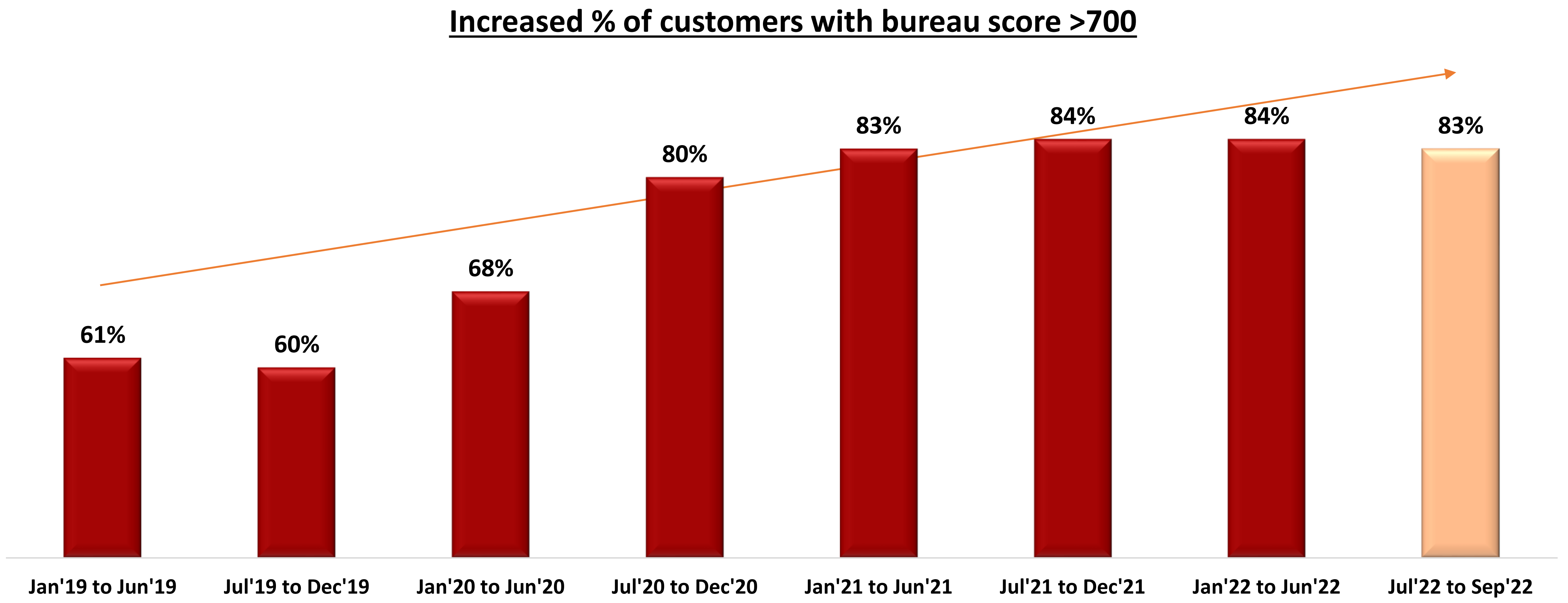


- **Granular portfolio**
- **Underwritten through Cashflow analysis and/or advanced scorecards**
- **Well diversified across geographies:**
  - **South – 34%,**
  - **West – 32%,**
  - **North – 25%**
  - **East – 8%**

Note: The X-Axis i.e. ticket size are in Rupees.

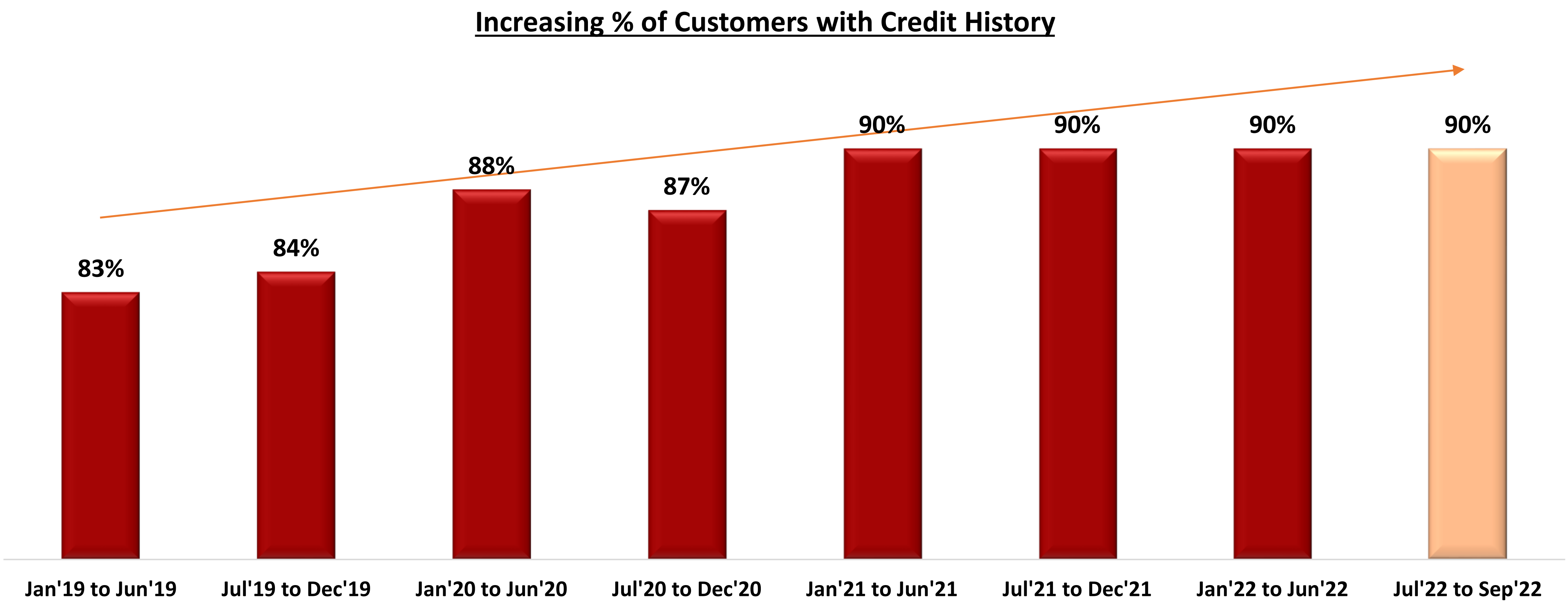
High quality of sourcing

Quality of customers onboarded continues to improve as evidenced by bureau score of onboarded customers. Customers with bureau score >700 has increased to 83% of new bookings from 61% of new bookings in 2019



High quality of sourcing

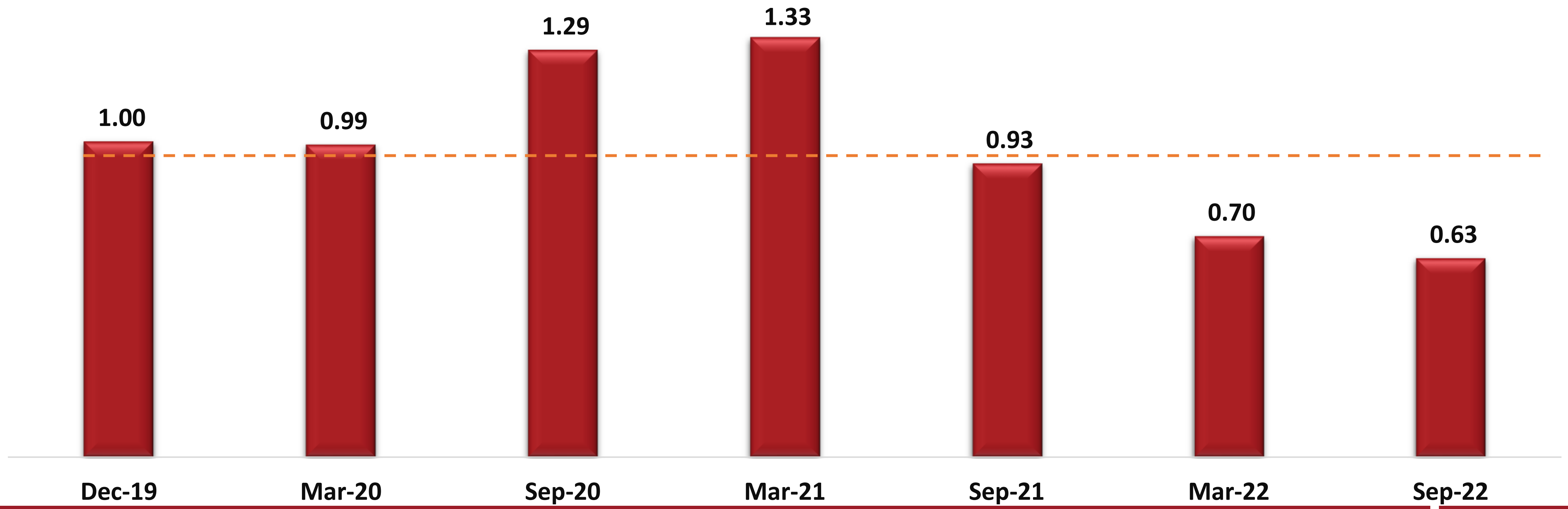
90% of customers are credit tested before we onboard them, as compared to 83% in 2019, indicating migration to safer credit profiles. We are able to afford migration to safer customer segments because of cost of funds has reduced over time.



Low Cheque Bounce on Presentation

- The number of cheques returned on presentation after **1st month after booking** is a direct indicator of asset quality.
- Bounces on presentation of ECS/ Cheques **have reduced by 35%** as compared to Dec-19 (Pre – COVID)
- Thus, apart from improving quality of the loan book, we are having lesser requirement for field collections, saving the bank in collection costs.
- The improved quality of sourcing is expected to lead to lower delinquency and credit losses in future.

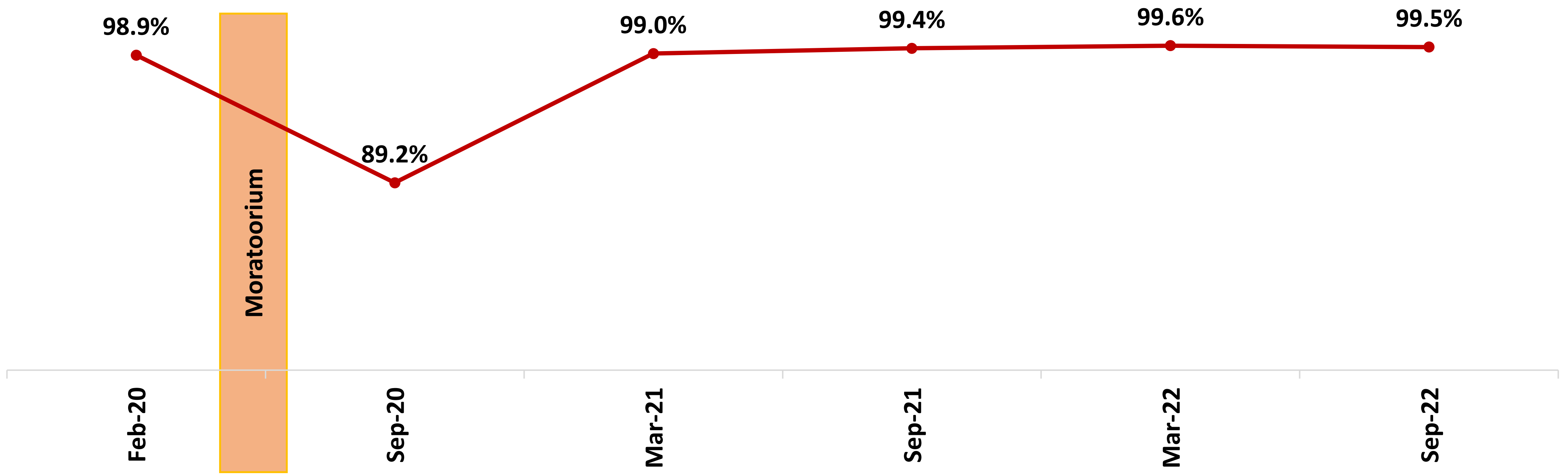
~95% collections simply by presenting cheque/ECS/NACH in the First EMI, rest are collected through normal processes.



On trailing 12-month averages

High Collection Efficiency

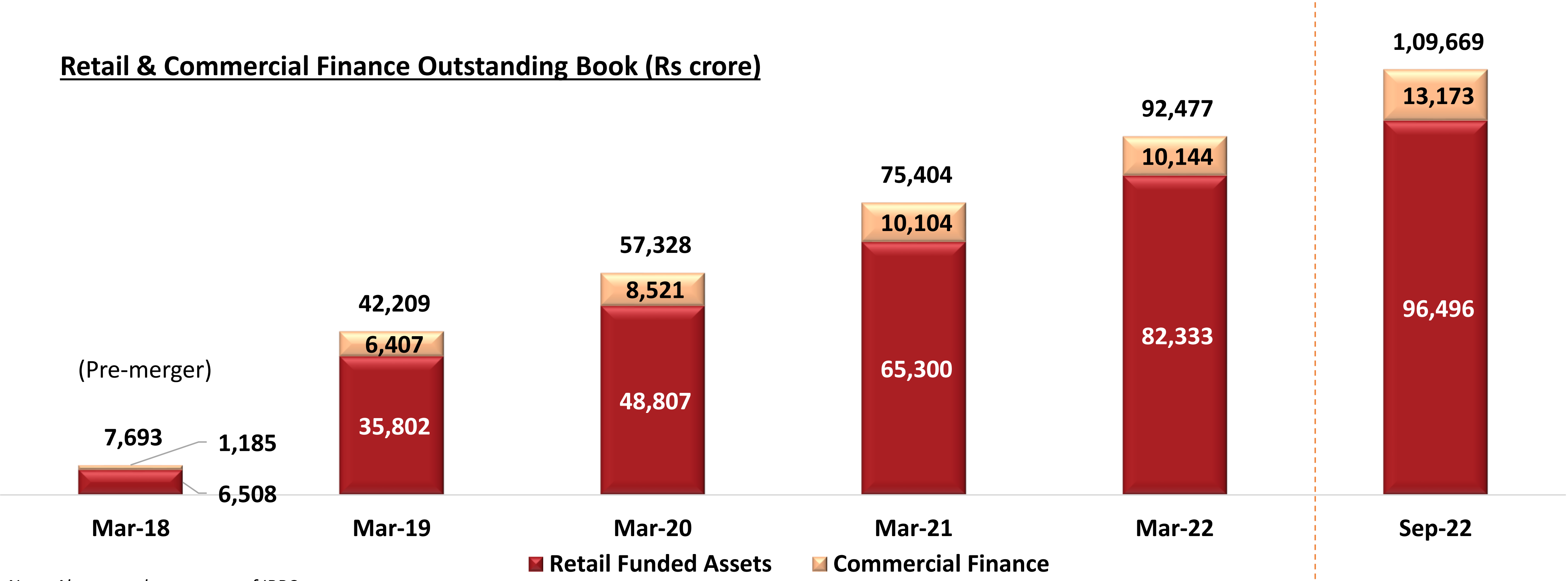
- Post return of cheques, the collection team contacts customers. Here the indicator of success is collection efficiency.
- The collection efficiency in early-stage bucket (urban retail) has increased from 98.9% pre COVID to 99.5%, an increase of 60 bps, which will result in correspondingly reduced NPA and it explains a little more on how this benefits the portfolio going forward.
- Our Collection efficiency has been upwards 98-99% for over 10 years now, and this has now increased to 99.5% indicating consistently high portfolio asset quality.



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

Consistent growth in Retail and Commercial Finance

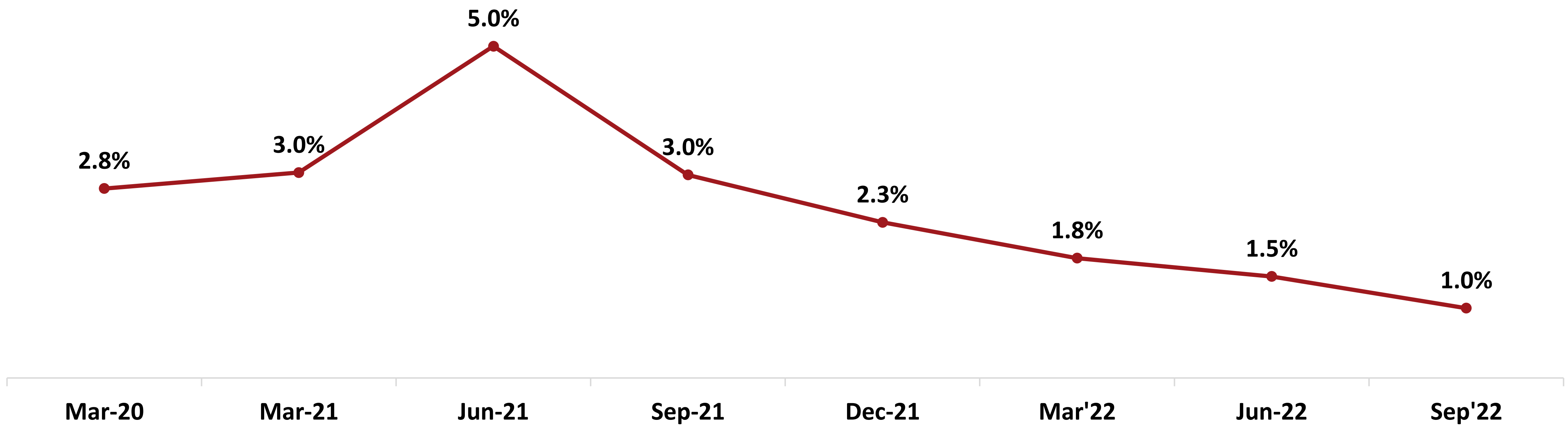
- The bank has developed deep specialisation in providing retail and commercial financing for over a decade with consistently low NPA levels of Gross and Net NPA.
- Based on the above controls mentioned in **page 24 to page 29** the bank has grown retail book with high asset quality over a decade.



Note: Above numbers are net of IBPC.

Reduced SMA 1 and SMA 2 in Retail & Commercial loan portfolio

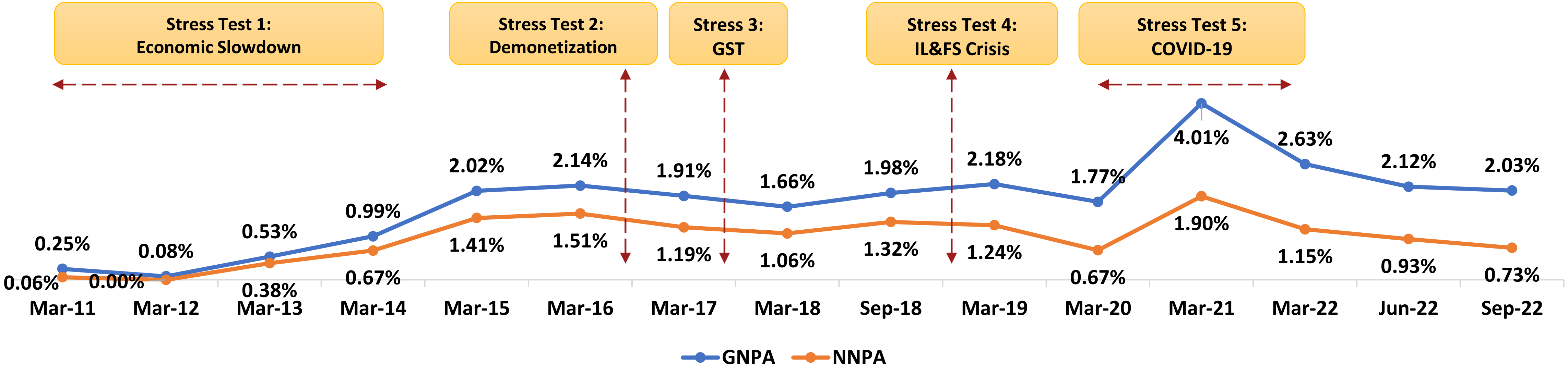
SMA 1 is the overdue portfolio in Bucket 31-60 days, and SMA 2 is the overdue portfolio in 61-90 days. SMA 1 and 2 put together is come down to just 1% of the Book. Based on this, we expect a lower level of NPA formation in future.



- The SMA figures in the chart above exclude JLG portfolio
- Even including the JLG portfolio, SMA 1 & 2 improved to **1.1%** (Sep-22) as compared **1.7%** (Jun-22) and as compared to **2.2%** (Mar-22)

Consistently high Retail asset quality with GNPA of ~2% and NNPA ~1% for more than 10 years (FY11-FY22)

- The Bank has a track record of maintaining Gross NPA at ~ 2% and Net NPA at around 1% for over 10 years
- Our cost of funds has come down as we are bank, thus Bank has shifted to more prime segment. This is reflected in our better credit score for onboarded customers, Lower cheque bounce, higher collection efficiency
- Since we have moved to the prime of each segment we operate in, we expect our Gross NPA and Net NPA to be lesser less than our historical Gross and Net NPA of 2% and 1%
- Based on the above, our Gross and net NPA have come down to **2.03%** and **0.73%** as of September 2022 and we expect to continue to maintain retail asset at these levels going forward, based on our past track record, and our moving to prime of every segment we operate in.
- The portfolio has been put through repeated stress test over the last 12 years but our strong and disciplined underwriting capabilities helped to maintain the high asset quality in the corridor of Gross NPA of ~2% and Net NPA of ~ 1% for over a decade. Such long-term consistent performance demonstrates the inherent strength of the portfolio.



Note: The figures till Sep-18 pertains to the retail portfolio at Capital First Limited. For comparison purposes, all the NPA figures have been provided at 90 DPD. In the above calculations, GNPA and NNPA were on 180 DPD basis for March 31, 2011 and March 31, 2022. For March 2011 and 2012, numbers above represented were at Company level.

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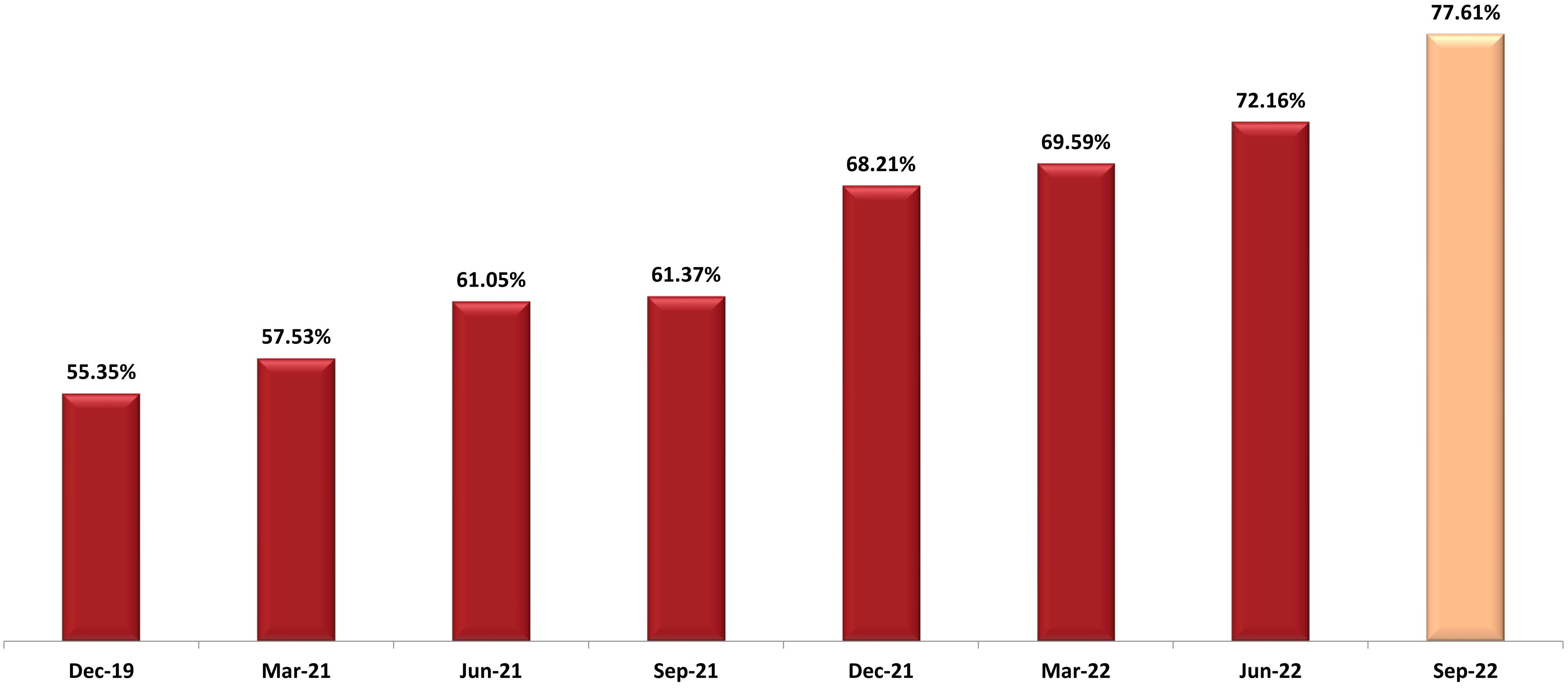
Provision Coverage Ratio of the Retail & Commercial book has reached 78%



Note: Provision Coverage Ratio as shown above are including technical write-offs as we continue to collect from the write off pool.

Risk Management in Wholesale Banking

- The Bank has been replacing concentrated Infrastructure oriented Project Finance exposure with a well-diversified, mid-tier corporate exposure
- 330 New-To-Bank clients added in the past 42 months (Rs. ~20,000 crore of sanctions) with pristine asset quality
- Each exposure is approved only after a thorough quantitative & qualitative risk analysis with a multi-committee approval process
- Over the years, the Bank has reduced the concentration risk on this portfolio including reduction in the Top 20 borrowers' concentration and Top 5 industry concentration.
- More than 80% of Overall Corporate (non-infra) rated portfolio (funded & non-funded) has external credit rating of A and above
- To Corporate Banking clients, we offer comprehensive banking services including Payments & Cash management, Employee Salary Accounts, Trade Finance, Fx Management etc.

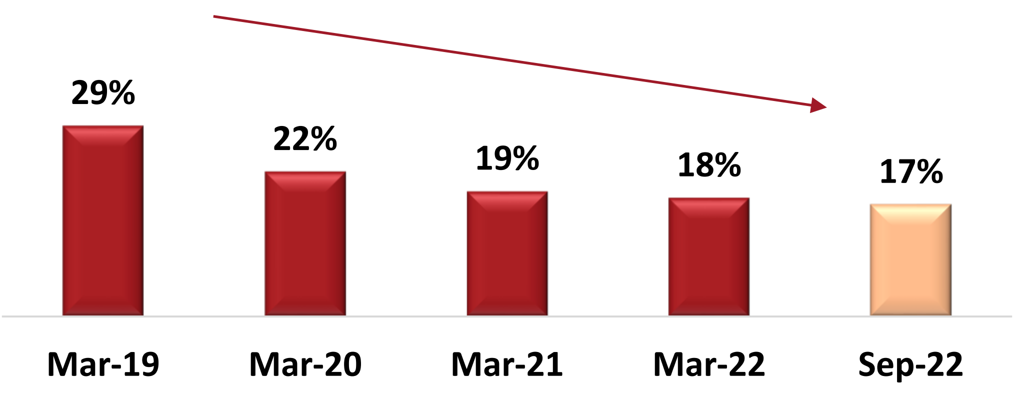
Stringent Underwriting Process in Wholesale Business

1 **Customer Selection**	• All New-To-Bank potential borrowers (incl. promoter/ directors) are checked including CIBIL, Suit filed, CFR, CRILC, etc. • Further, bank has also defined minimum internal rating thresholds for onboarding any borrower, which acts as a guiding factor for loan originations.
2 **Due Diligence with focus on Cash Flows**	• The Bank follows a conservative underwriting approach wherein primary assessment of debt servicing ability is based on underlying cash flows of the borrower. • The Bank conducts detailed due diligence of the borrower including objective financial assessment, assessment of borrower's business profile, industry, ownership & management, key risks and customer's past track record, which in turn helps determining the Bank's appetite for the exposure.
3 **Smell Check**	• As part of underwriting process market feedback is obtained from borrower's peers, customers, suppliers, external rating agencies, banks, etc.
4 **Granular Exposure**	• Focusing on granular small to medium ticket size credit exposures with average ticket size of New to Bank exposure at Rs. 60 Cr.
5 **Risk based approvals**	• The Bank follows a 'risk-based' approach for credit sanctions wherein higher risk exposures (basis internal rating, quantum and tenure) require approval from higher approval authority.

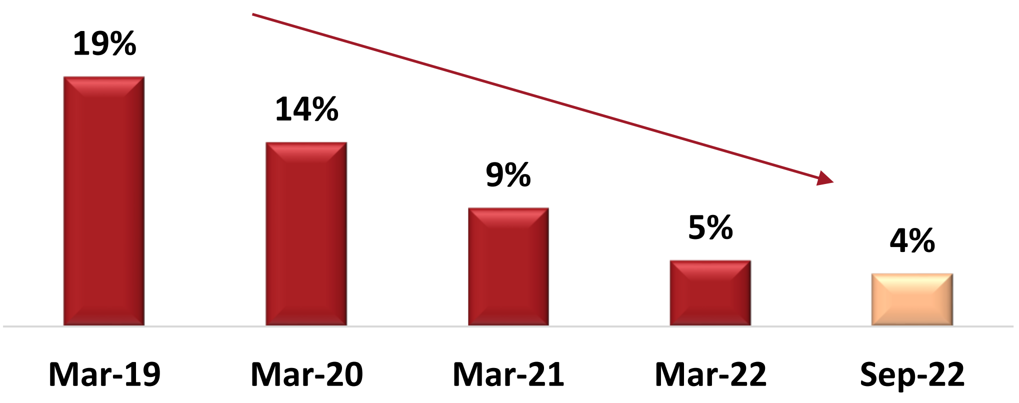
Note: The underwriting process mentioned above, may change depending on product to product.

Risk Management in Wholesale Banking

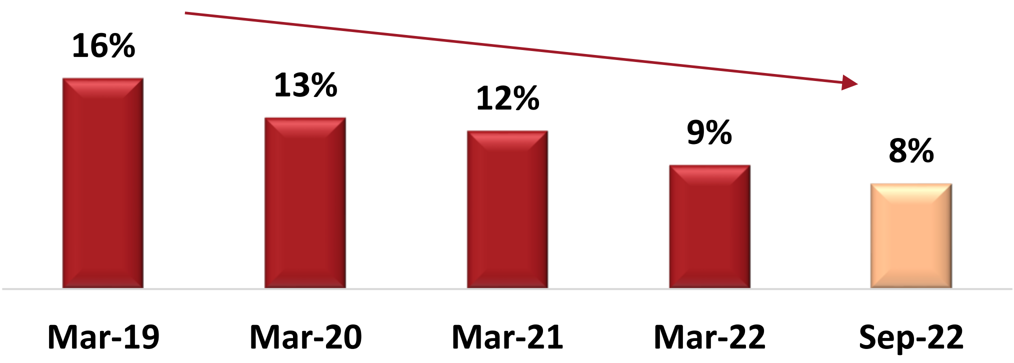
The Bank has reduced its corporate (non-infra) book from 29% in Mar-19 to 17% in Sep-22



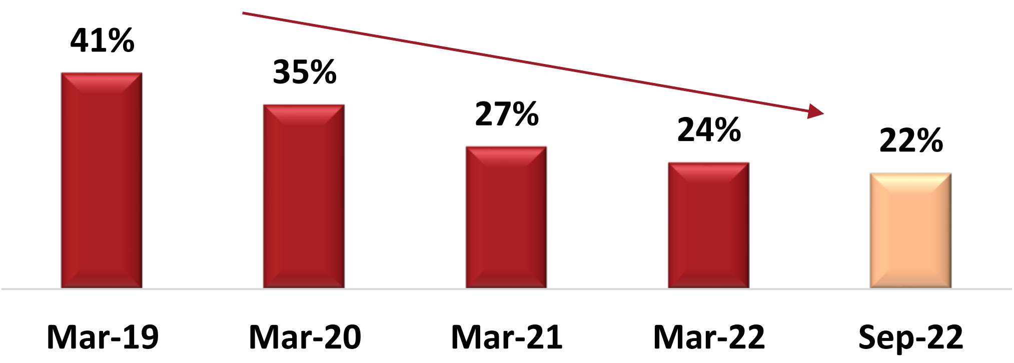
Similarly, the Bank has reduced its infrastructure financing portfolio from 19% in Mar-19 to 4% in Sep-22



Also, the exposure to top 20 single borrowers reduced from 16% in Mar-19 to 8% in Sep-22

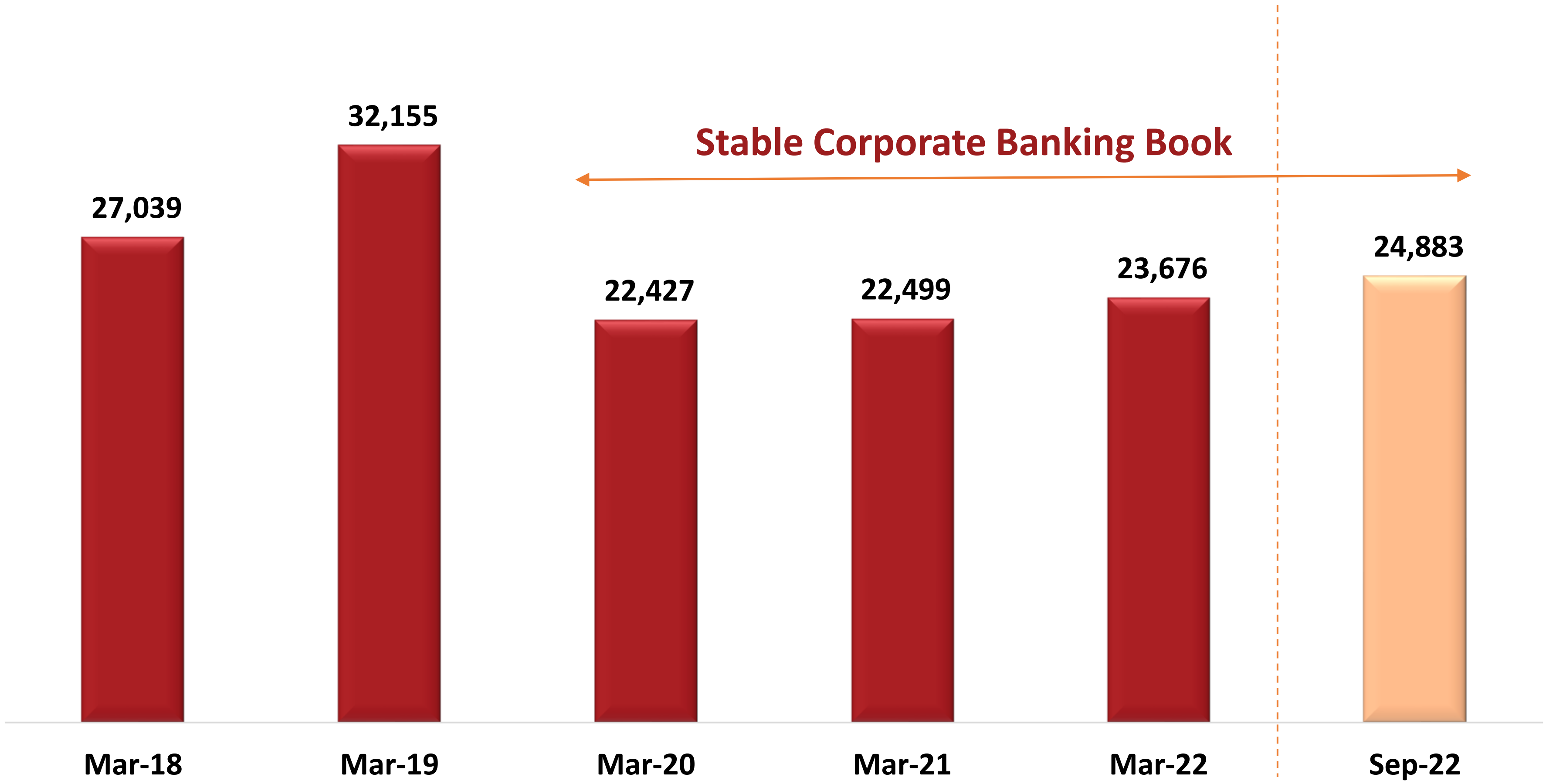


Further, the exposure to top 5 industries also reduced from 41% Mar-19 to 22% in Sep-22 which has further strengthened the balance sheet.



Stable Corporate Banking Book

Corporate (Non-infrastructure) Book (Rs. Crore)

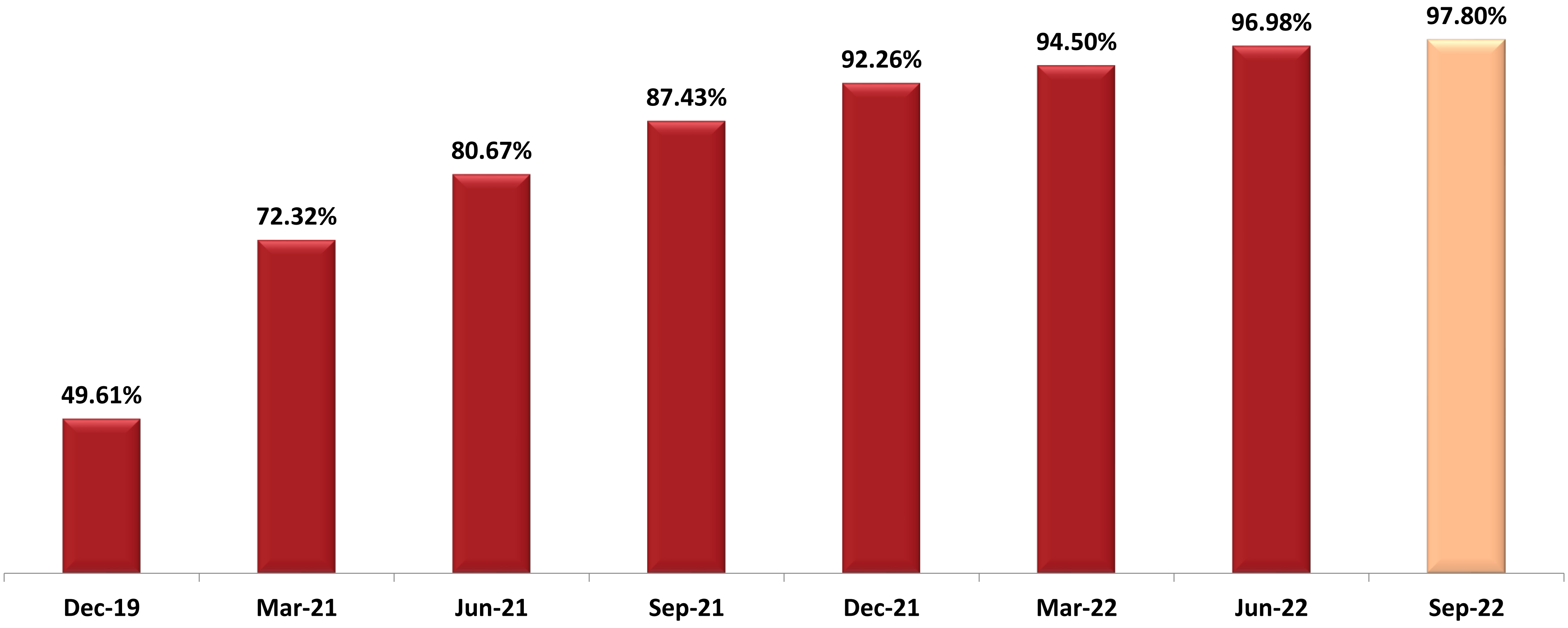


As on Sep 30, 2022

GNPA %	3.43%
NNPA %	0.14%
PCR %	98%

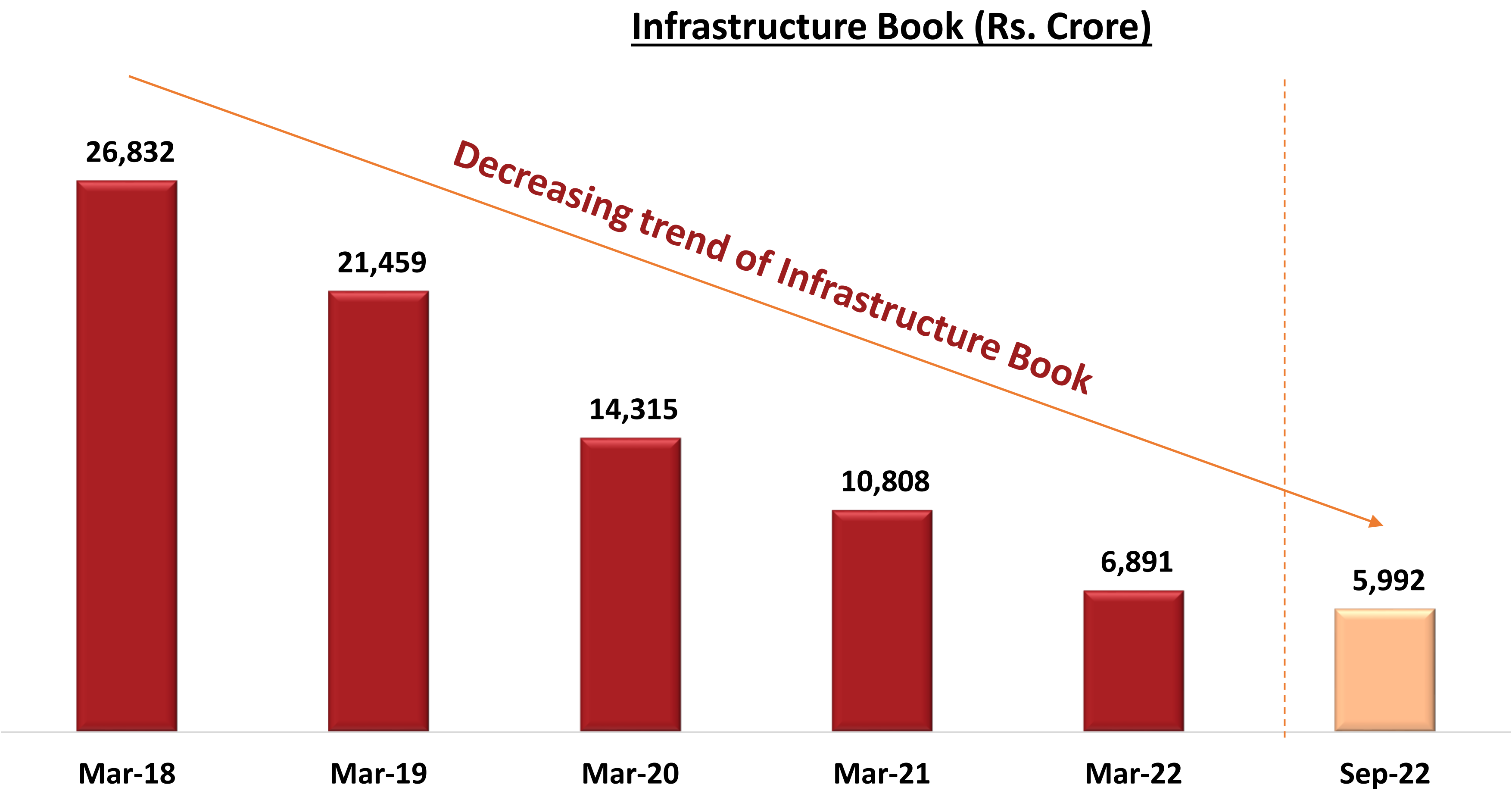
Provision coverage ratio is including technical write-offs

Provision Coverage in Corporate Book (Non-infra) has improved from 50% to 98% in the last 3 years



**PCR is including technical write-offs*

Reduced infrastructure financing Book



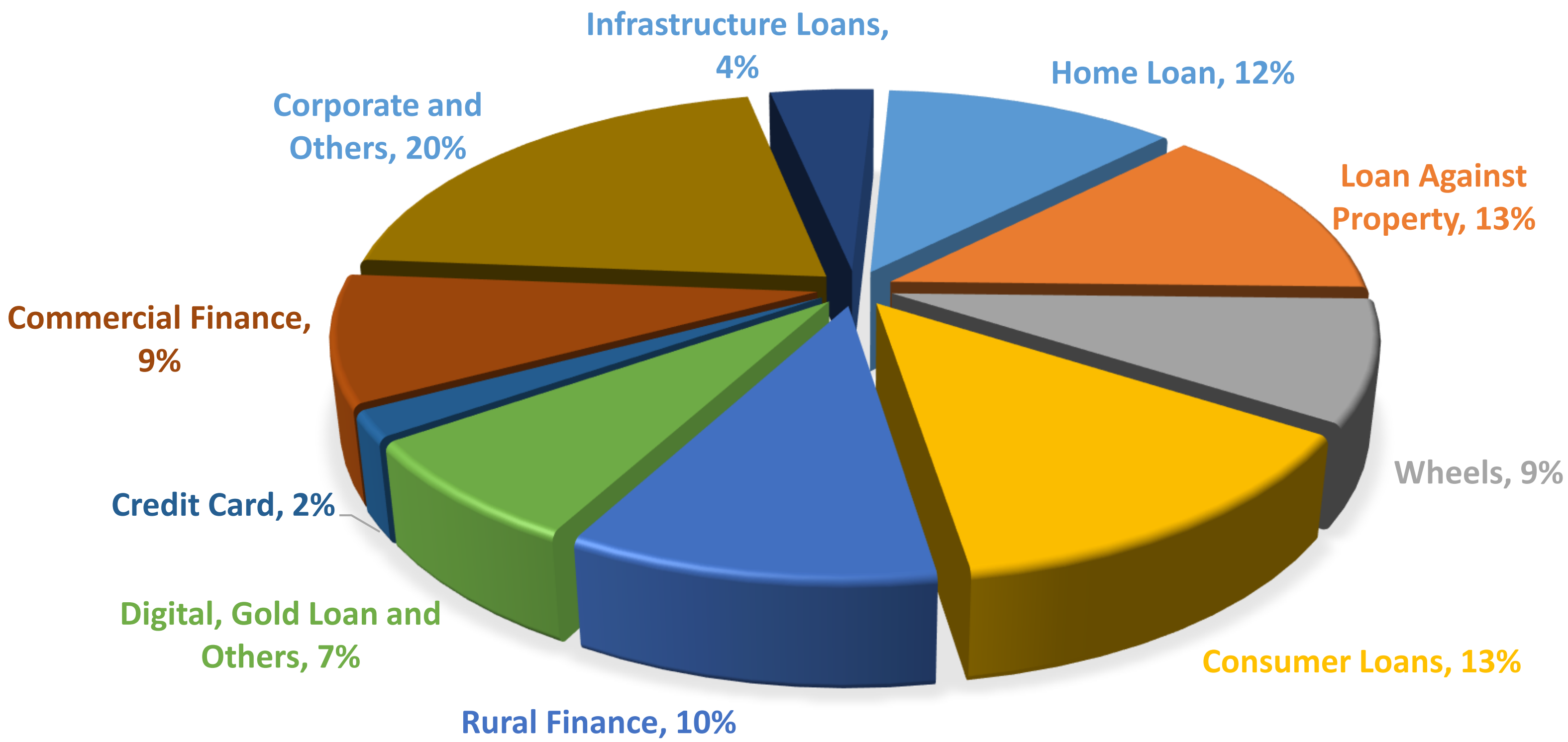
As on Sep 30, 2022

GNPA %	24.48%
NNPA %	13.40%
PCR %	52.27%

Provision coverage ratio is including technical write-offs

Diversified Funded Assets

Composition of Funded Assets



Overall Funded Assets (as on September 30, 2022)
Rs. 1,45,362 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.*
- *Consumer Loans include personal loans, education loan, consumer durable loan and cross sell.*

Summary of Funded Assets

Gross Funded Assets (In Rs. Crore)	Sep-21	Jun-22	Sep-22	Growth YoY (%)
Home Loan	10,671	15,352	16,925	59%
Loan Against Property	16,945	18,631	18,740	11%
Wheels	8,479	11,263	12,615	49%
Consumer Loans	14,448	19,679	19,579	36%
Rural Finance	11,317	14,223	15,142	34%
Digital, Gold Loan and Others	5,292	9,166	10,789	104%
Credit Card	1,233	2,315	2,706	119%
Commercial Finance	9,865	10,679	13,173	34%
Corporate	20,822	23,970	24,883	20%
Infrastructure	10,142	6,739	5,992	-41%
Others	7,256	5,645	4,818	-34%
Total Gross Funded Assets	**1,16,470**	**1,37,663**	**1,45,362**	**25%**

Growth driven by Prime Home Loans launched in 2021

New Businesses launched – Low base effect

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. Others include Security Receipts, Loan converted into Equity, PTC and RIDF.

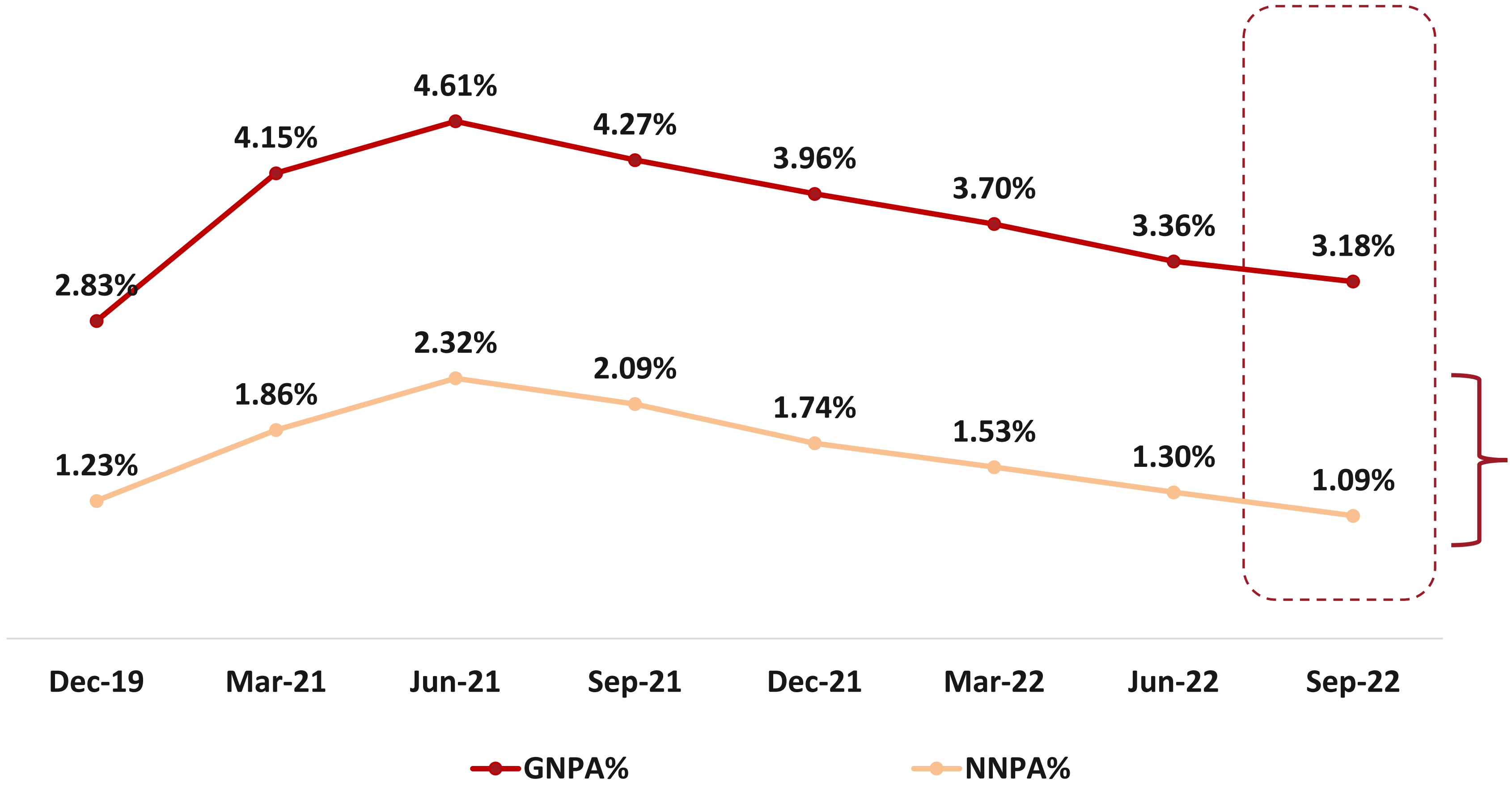
Asset Quality Composition as on September 30, 2022

Segment	Gross Advances Breakup	Gross NPA	Net NPA
Retail and Commercial Finance	1,09,669	2.03%	0.73%
Corporate (Non-Infrastructure)	22,790	3.43%	0.14%
Infrastructure Financing	5,653	24.48%	13.40%
Overall Bank Level	1,38,113	3.18%	1.09%

The significant and growing part of the book, i.e. the Retail and commercial business financing business 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 too is strong with adequate PCR of 98%.

Bank's GNPA and NNPA (excluding Infrastructure) was 2.27% and 0.63% respectively with PCR (including technical write-offs) of 83%. We expect infrastructure book to wind down in due course and hence this reference range excluding infrastructure financing is relevant.

Overall Asset quality of the Bank continues to improve and it reflects the better incremental underwriting in retail, commercial and wholesale loans



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 **2.27%** and **0.63%** and the PCR including technical write off would be **83%.**

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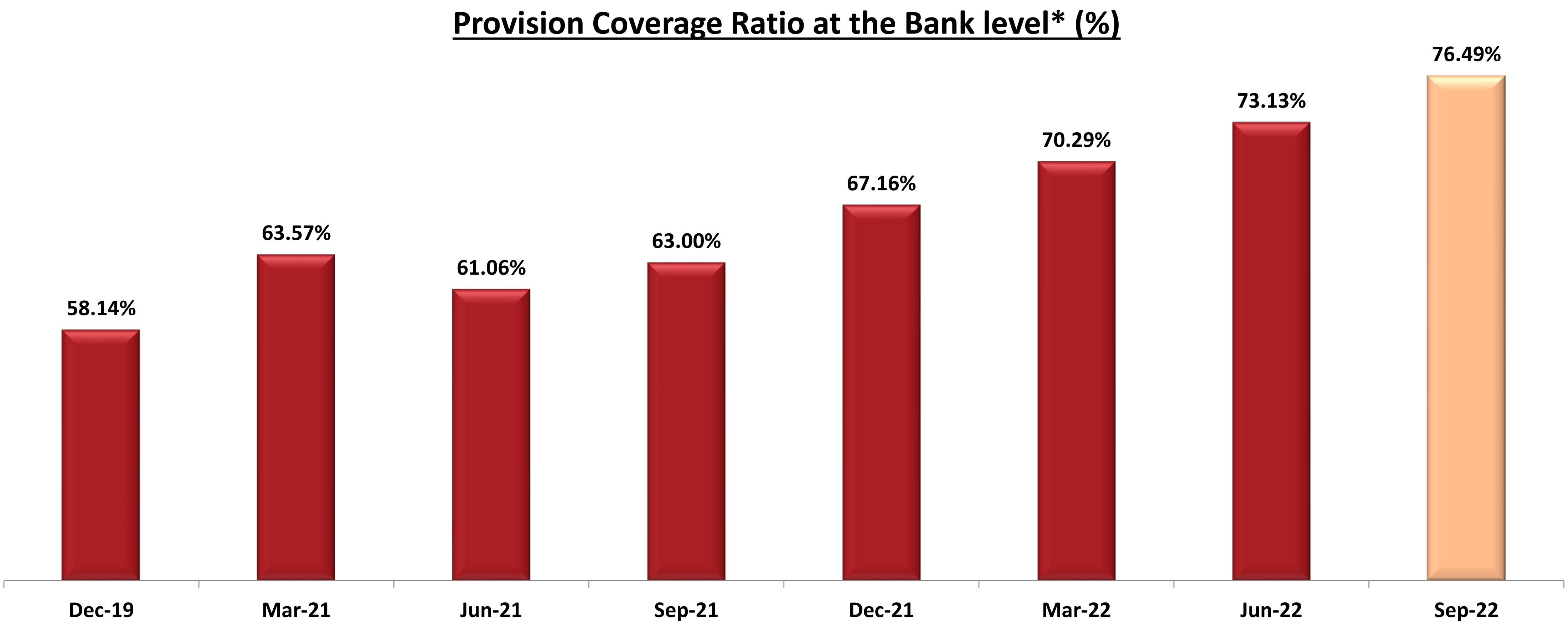
The Bank has improved its provision coverage ratio in the last three years from 58% to 76%

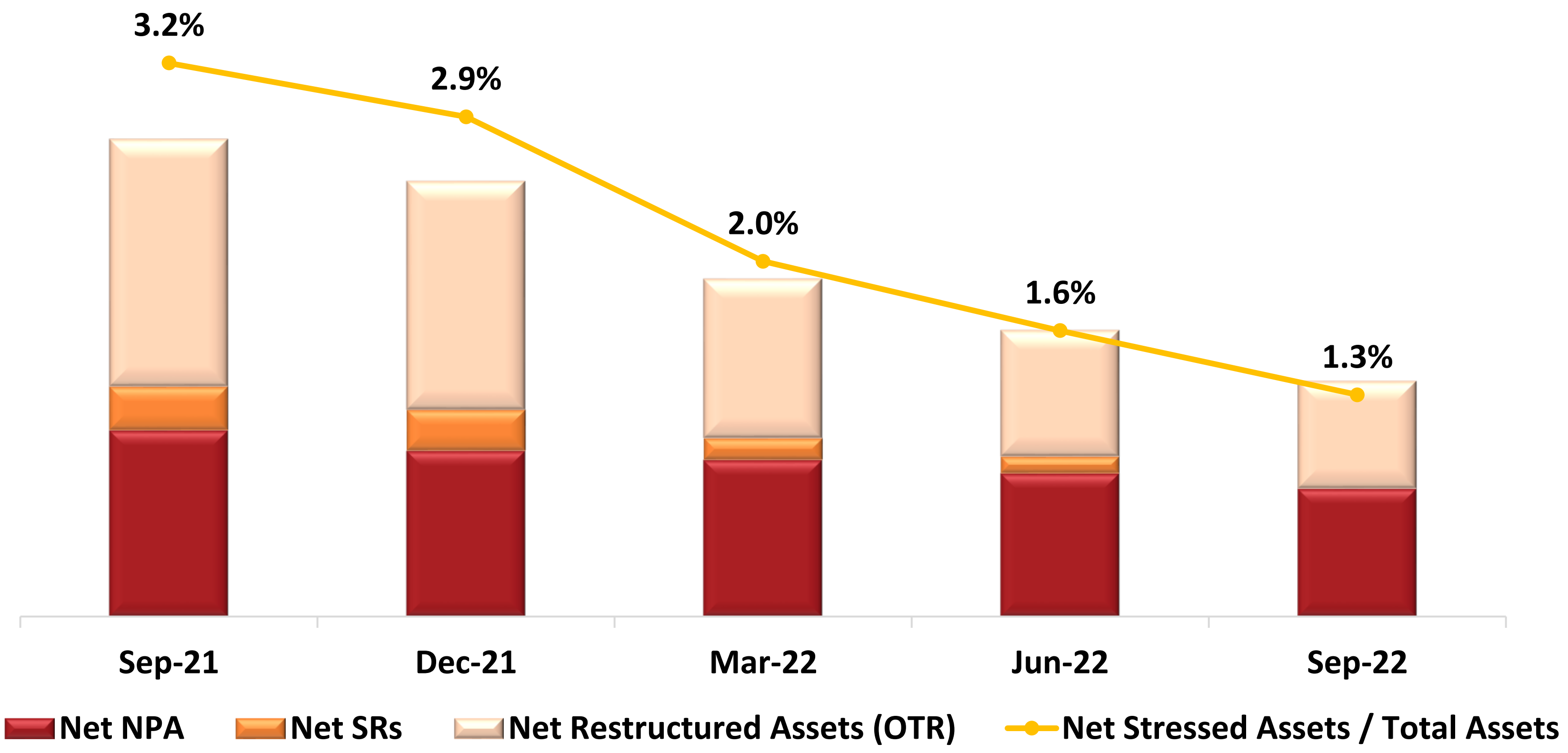


The Provision Coverage Ratio of the Bank after excluding the infrastructure book would be **83% as on September 30, 2022.*

**PCR is including technical write-offs*

Net Stressed Assets is reduced significantly to 1.3% of total asset as on September 30, 2022 from 3.2% last year

Net stressed Assets = Net NPA + Net SRs + Net Restructured Assets (OTR)

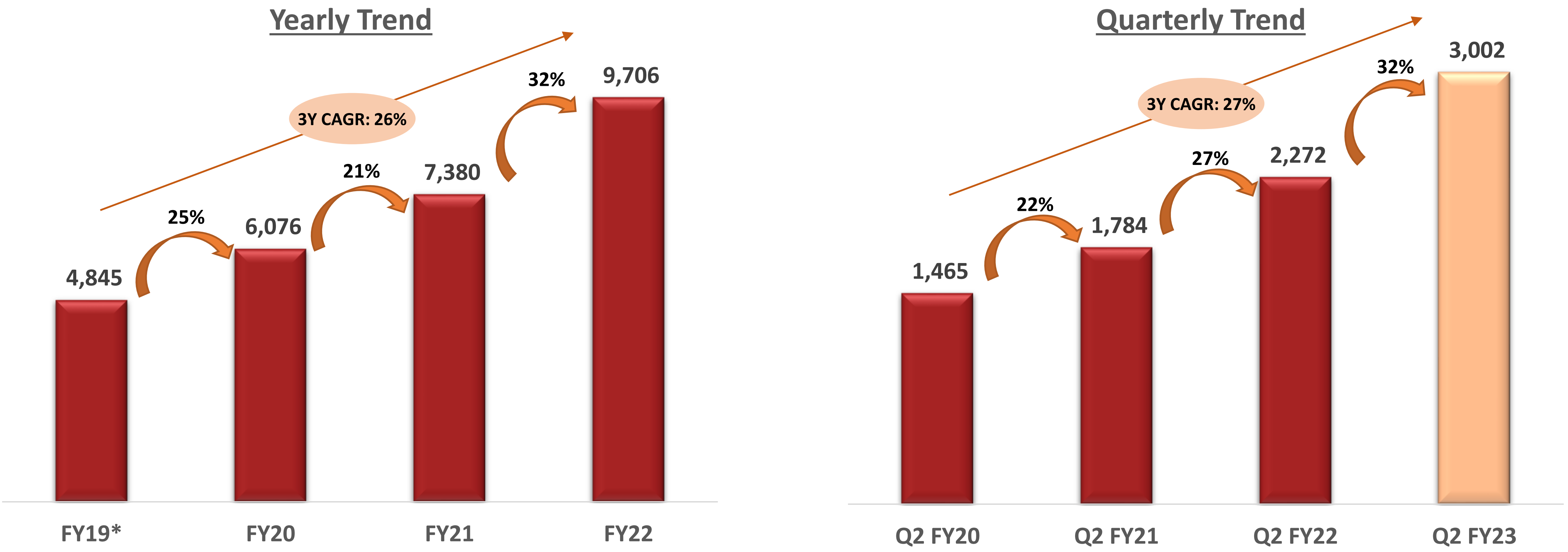


The Bank has reduced the net stressed assets, both in absolute value and as % of the total assets.

This indicates lower NPA levels going forward.

Strong rise in Net Interest Income

Net Interest Income (In Rs. Crore)

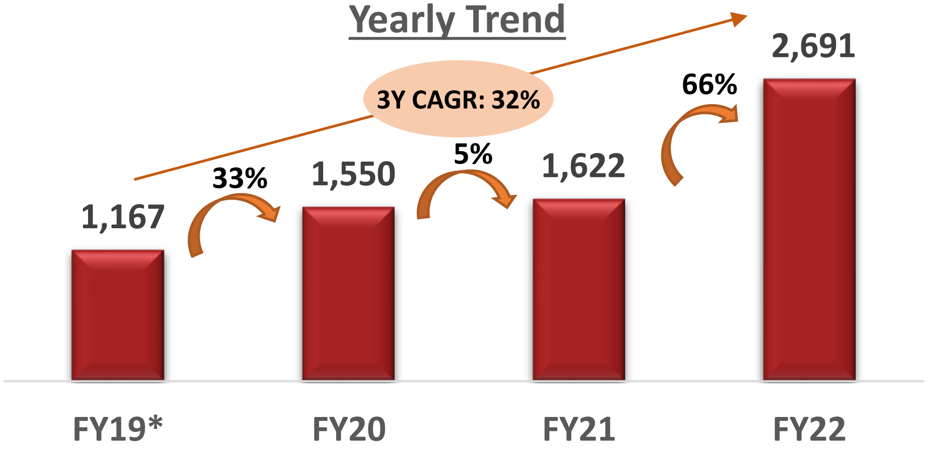


** H2-FY19 actual annualized*

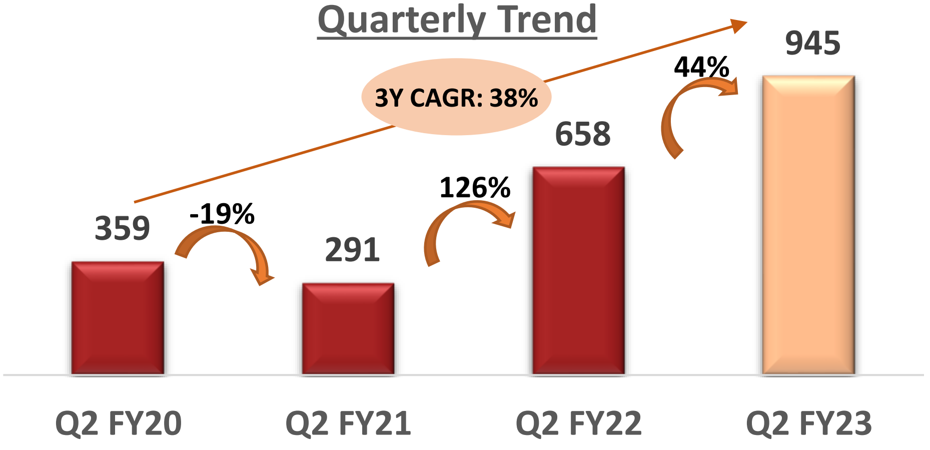
For Q2 FY23, the Net Interest Income grew by 32% YoY. Also, the NIM% (annualized) stood at 5.98%. We expect to maintain NIM% at around 6% during FY23.

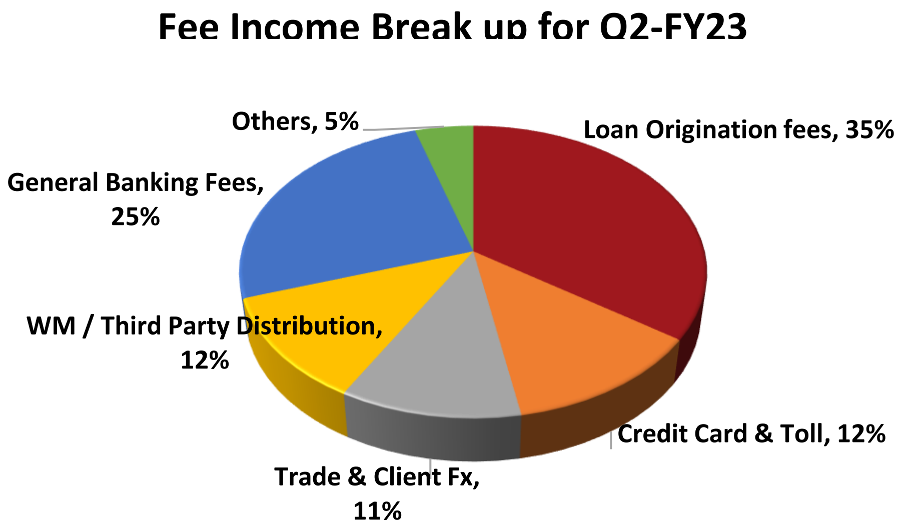
Strong growth in Fee & Other Income

Fee and Other Income (In Rs. Crore)



* H2-FY19 actual annualized





- **During Q2 FY23, the Fee and Other Income of the Bank increased by 44% YoY.**
- The Bank has launched and scaled up many fee-based products in the last 3 years.
- Many of these products are in the early stage of their lifecycle and have the potential to grow significantly going forward.
- **92%** of the fee income & other income is from retail banking operations which is granular and sustainable.

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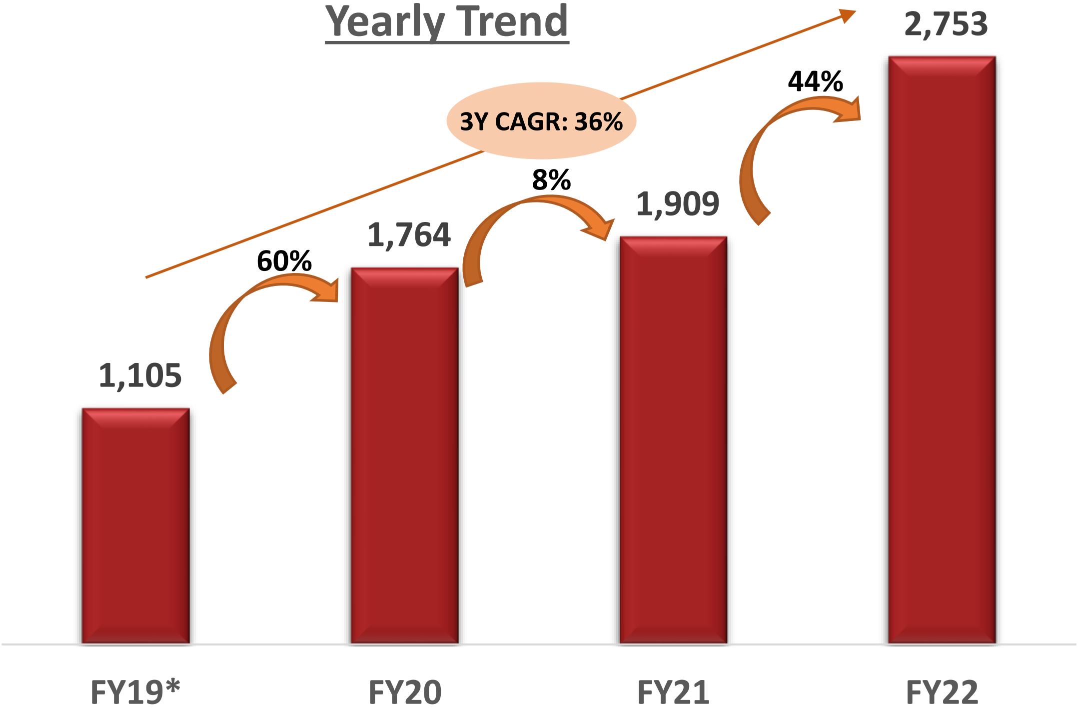
Strong increase in Core Operating Profit

- **The core operating profit (Net Interest Income + Fee and Other Income excluding trading gains) of the Bank has grown by 84% YoY during Q2 FY23.**
- 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.

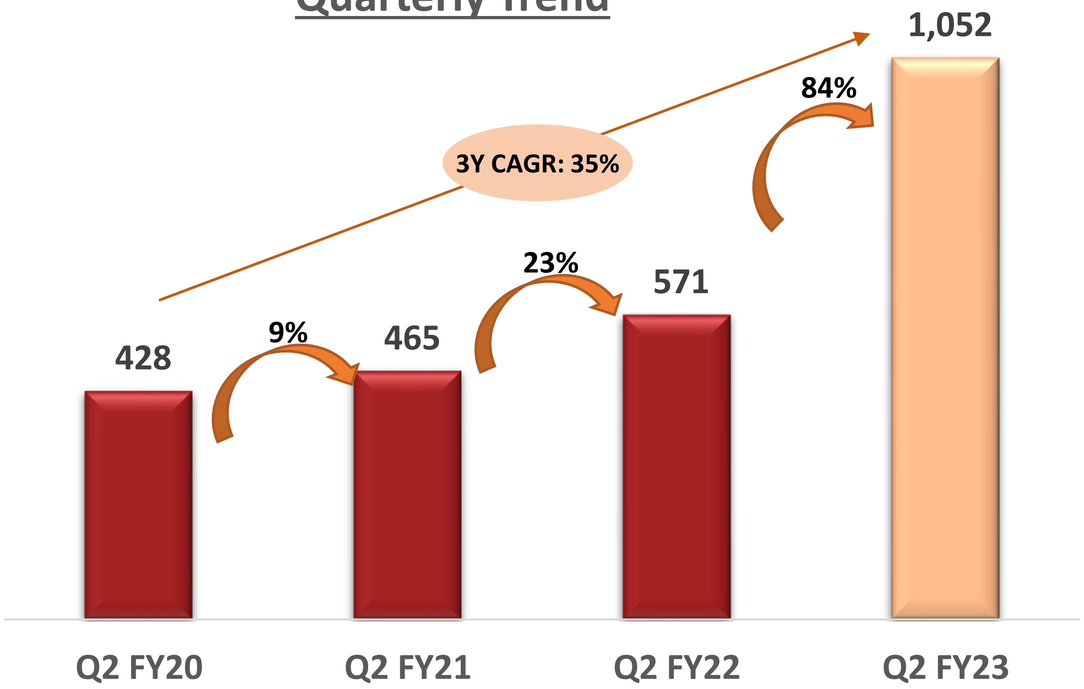
Core Operating Profit (In Rs. Crore)

Yearly Trend



** H2-FY19 actual annualized*

Quarterly Trend



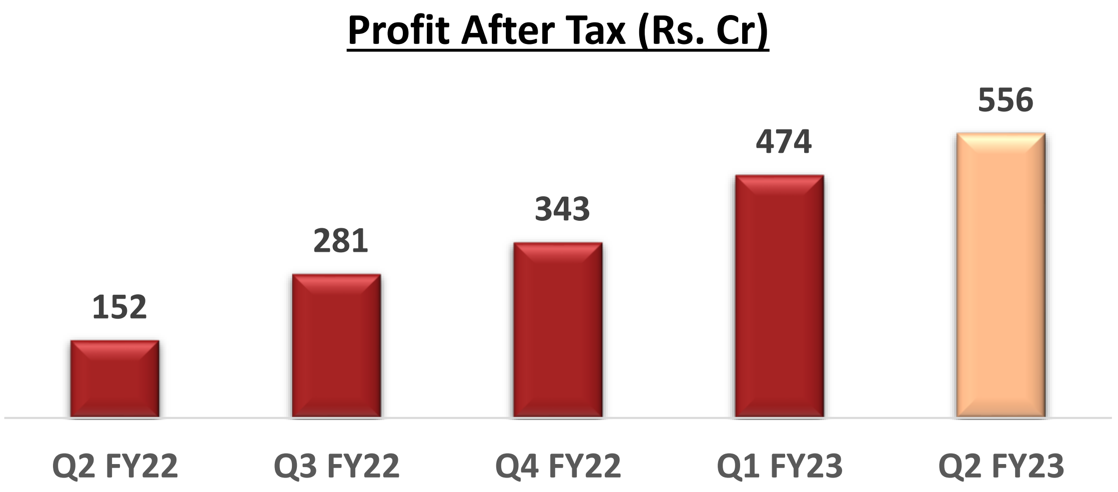
Quarterly Income Statement

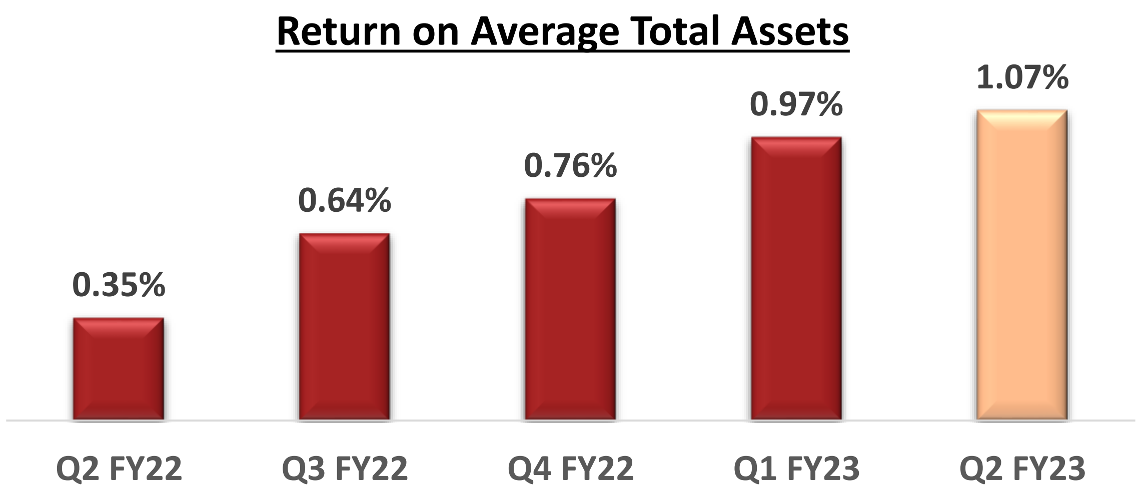
In Rs. Crore	Q2 FY22	Q1 FY23	Q2 FY23	Growth (%) YoY
Interest Income	4,101	4,922	5,470	33%
Interest Expense	1,828	2,171	2,468	35%
Net Interest Income	**2,272**	**2,751**	**3,002**	**32%**
Fee & Other Income	658	899	945	44%
Trading Gain	122	(44)	116	-5%
Operating Income	**3,052**	**3,607**	**4,064**	**33%**
Operating Income (Excl Trading Gain)	**2,930**	**3,650**	**3,947**	**35%**
Operating Expense	2,359	2,663	2,895	23%
Operating Profit (PPOP)	**693**	**944**	**1,169**	**69%**
Operating Profit (Ex. Trading gain)	**571**	**987**	**1,052**	**84%**
Provisions	475	308	424	-11%
Profit Before Tax	**218**	**636**	**745**	**242%**
Tax	66	162	189	187%
Profit After Tax	**152**	**474**	**556**	**266%**

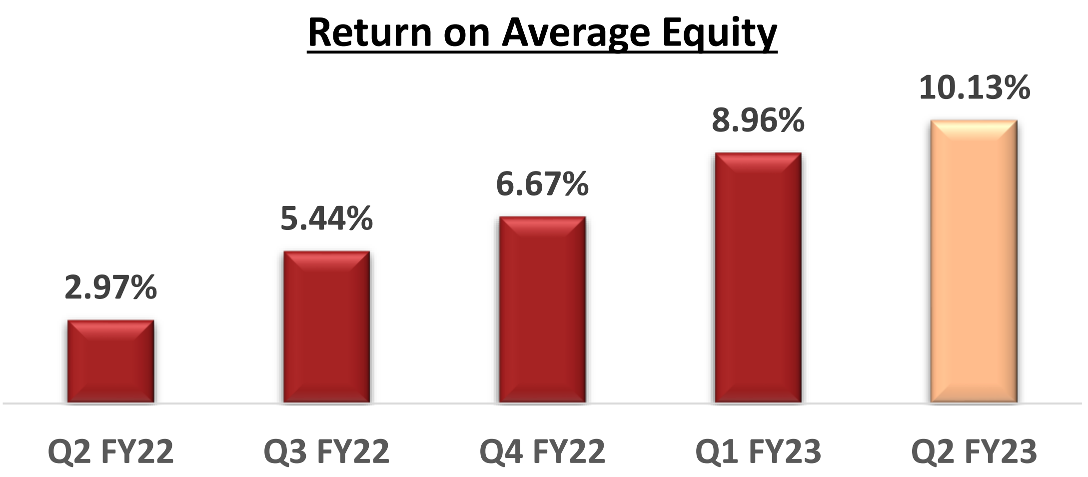
Half Yearly Income Statement

In Rs. Crore	H1 FY22	H1 FY23	Growth (%) YoY
Interest Income	8,190	10,391	27%
Interest Expense	3,733	4,638	24%
Net Interest Income	**4,457**	**5,753**	**29%**
Fee & Other Income	1,107	1,844	67%
Trading Gain	515	73	-86%
Operating Income	**6,079**	**7,670**	**26%**
Operating Income (Excl Trading Gain)	**5,564**	**7,598**	**37%**
Operating Expense	4,392	5,558	27%
Operating Profit (PPOP)	**1,687**	**2,113**	**25%**
Operating Profit (Ex. Trading gain)	**1,172**	**2,040**	**74%**
Provisions	2,347	732	-69%
Profit Before Tax	**(660)**	**1,380**	**-**
Tax	(181)	350	-
Profit After Tax	**(478)**	**1,030**	**-**

Strong growth in profitability; ROA crosses 1%.







The strong profitability trajectory of the Bank is driven by

- Powerful incremental 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

Balance Sheet

In Rs. Crore	Sep-21	Jun-22	Sep-22	Growth (%) (YoY)
Shareholders' Funds	20,350	21,485	22,052	8%
Deposits	90,235	1,13,349	1,23,442	37%
- *CASA Deposits*	46,269	56,720	63,305	37%
- *Term Deposits*	43,966	56,629	60,138	37%
Borrowings	52,603	55,688	56,643	8%
Other liabilities and provisions	9,314	10,044	10,639	14%
Total Liabilities	**1,72,502**	**2,00,565**	**2,12,776**	**23%**
Cash and Balances with Banks and RBI	17,019	10,761	14,847	-13%
Net Retail and Wholesale Funded Assets	1,11,353	1,32,555	1,40,239	26%
- *Net Retail Funded Assets*	76,793	1,00,094	1,08,228	41%
- *Net Wholesale Funded Assets**	34,560	32,461	32,011	-7%
Investments	34,881	47,095	46,580	34%
Fixed Assets	1,329	1,456	1,615	22%
Other Assets	7,920	8,698	9,495	20%
Total Assets	**1,72,502**	**2,00,565**	**2,12,776**	**23%**

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

Capital Adequacy Ratio is strong at 15.35% as on September 30, 2022

In Rs. Crore	Sep-21	Jun-22	Sep-22
Common Equity	19,606	20,821	21,478
Tier 2 Capital Funds	993	2,618	2,642
Total Capital Funds	**20,600**	**23,439**	**24,120**
Total Risk Weighted Assets	**1,32,057**	**1,48,600**	**1,57,120**
CET 1 Ratio (%)	**14.85%**	**14.01%**	**13.67%**
Total CRAR (%)	**15.60%**	**15.77%**	**15.35%**

- Capital Adequacy Ratio is including profits.
- The Bank is well capitalized for growth in future.

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 acquired stakes in of a small listed, loss making, real-estate financing NBFC with market cap of Rs. 780 crores ($140m) with the idea of converting it to a Bank. He did so through a leveraged buyout which was funded by personal borrowing Rs. 78 crore ($14m), which he raised by pledging the purchased stock and his home as collateral.

He then 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 of (by demonstrating the proof of concept to investors. He renamed the company Capital First and became its Chairman and CEO.

He 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 (2012) 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, in order to close the loan availed to purchase the shares, sold part of his holdings at Rs. 688 in 2017.

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. He led the integration and took over as the MD and CEO of the merged bank, renamed to IDFC First Bank. Since then he has increased retail and commercial finance book to Rs. 1,09,669 crores, increased NIM from 2.9% at merger to 6.0%, increased CASA from 8.7% to 51.3%, 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 when the retail banking business was in its inception. He 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. The retail banking business he built helped transform the institution from a wholesale DFI to a retail banking institution. 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 ET Most inspiring CEO 2022, 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 is a member, Banking and Finance Committee, Indian Merchants Chamber and also nominated as member, Depositor Education and Awareness (DEA) Fund Committee by the RBI. 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 Abilene Christian University, Texas, with a major in finance. He has also completed an Advanced Management Programme (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

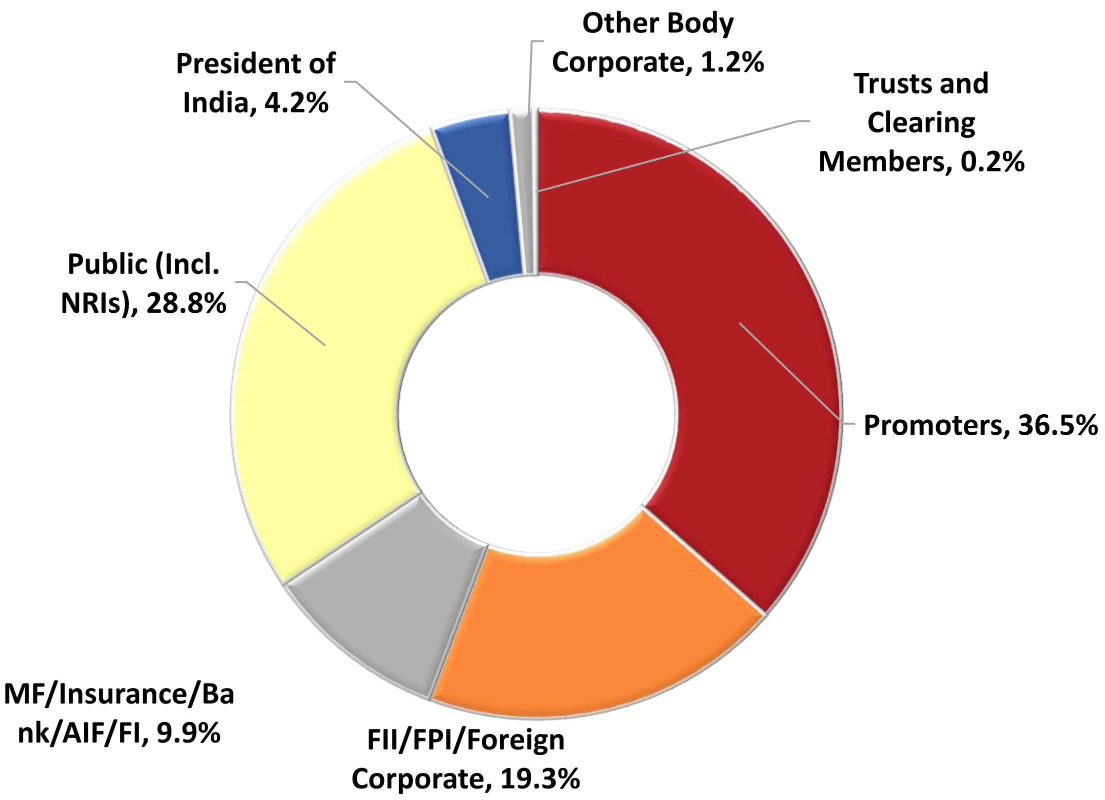
Dr. Jaimini Bhagwati is a former IFS officer, economist and foreign policy expert. He received his PhD in Finance from Tufts University, USA. He did his Master's in Physics from St Stephen's College, Delhi and a Master's in Finance from the Massachusetts Institute of Technology, USA. He was the High 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 and is Managing Director, Head of India and 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 as of September 30, 2022

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



Total # of shares as of Sep 30, 2022	***622.13 Cr***
Book Value / Share as of Sep 30, 2022	***Rs. 35.45***
***Basic EPS** (Q2-FY23 annualized)*	***Rs. 3.54***

FIRST Compass at IDFC FIRST Bank

2022 Highlights

FIRST COMPASS
Progress with sustainability - Environment. Social. Governance.

IDFC FIRST Bank will utilize the FIRST Compass identity to inform and communicate to all its stakeholders, its ESG priorities and sustainability agenda. It signifies the strategic direction IDFC FIRST Bank is taking to create value and build a business that stays relevant and sustainable in the long term.

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

II — *Integrating ESG within our Governance structure*

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

- ✓ Focus on Sustainable Finance
- ✓ E&S Framework
- ✓ New policies:
  - ✓ Responsible Tax Policy
  - ✓ Human Rights Policy

III — Integrating Governance Driving Sustainability at Organizational Levels

- Board Committee: Stakeholder, ESG and Customer Relationship Committee - Chaired by Independent Board member
- ESG Management Committee:
  - Chaired by MD & CEO
  - Drives the strategic integration of sustainability
  - 11 executive members including heads of Group functions
- ESG Working Group (ESG Head, ESG Lead and Functional owners):
  - Specific working groups with cross-functional composition and expertise
  - In charge of delivering the strategic view of Sustainability
  - Providing technical input to ensure appropriate implementation of the strategy

FIRST Compass at IDFC FIRST Bank

2022 Highlights

14. FIRST Compass (ESG)

Social

- ✓ **Financial Inclusion** - Serving 6 million + customers across 70,000 villages/towns across the country and 75% of borrowers are women
- ✓ **Micro-Loans** to borrowers through the Joint Liability Groups (JLGs) framework
- ✓ **Sustainable Livelihood -** Affordable housing, Health & sanitation loans (Suvidha Shakti Loans) for 'transforming lives' initiative across rural bank branches.
- ✓ **Financial Literacy Campaign -** Created awareness about our financial products and services in 11 regional languages with an aim to provide good financial practices
- ✓ **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**
- ✓ **Focus on Employee Learning & Upskilling**
- ✓ **Strong focus on CSR activities. Voluntary Spends Over Last 3 Years of Over 40 Cr**
- ✓ **Our flagship rural development program, Shwetdhara**, supports 17,000+ households for cattle breed improvement

Environmental

- ✓ **IGBC certification & LEED Certified Gold Standard** for some of our offices
- ✓ **EV Financing**
  - Total 35K units financed in EV sales in FY 22 and we have a share of 58% of 20,754 units. YTD FY 23 37.5k units financed.
  - We are the leading financier with maximum finance tie ups for EV financing
- ✓ **ESG Evaluation for New Projects**
  - Dedicated Environment Risk function
  - Evaluates E&S performance of projects / transactions to comply with national E&S legislations.
- ✓ **Digitisation and Automation** to adopt paperless journey
- ✓ Adopted M**otion Sensors** for lights and lamps & introduced **Internet of Things (IoT)** in our air conditioning systems
- ✓ **Establishing Roadmap for Waste Segregation** at multiple offices**.**
- ✓ **Swachh Worli Koliwada Program:** Making deeper inroads in community solid waste management.

Governance

- ✓ **Strong Board Structure**:
  - Independence: 60% IDs
  - Diverse skill sets
  - 11 Board Committees (majority IDs) mapped to management committees Independent Board Chair
  - Strong focus on Digitalization and IT/cyber security (40%)
  - Average age: 61
  - Higher Frequency of meetings
  - 100% average board attendance
- ✓ **Stringent Credit Policy and Provisioning Policy**
- ✓ **Capital Adequacy, LCR, PCR, Credit Rating**
- ✓ **Strong Risk Management Framework**
- ✓ **Strong Vigilance Mechanism**
- ✓ **Transparency:** No penalties on the bank for non-disclosure
- ✓ **Higher Frequency of Meetings**
- ✓ **No Political Contributions**
- ✓ **Certified with ISO 27001 (Information Security Management System)**

ESG Key highlights at IDFC FIRST Bank

ESG approach deep-rooted in our business philosophy

Our approach to ESG is ingrained in our business philosophy, which counts ethics, use of technology and social good as our core ethos.

- **Participated for the 1st time in DJSI (CSA – 2022 Assessment)**
  Score - 44
- Bank has started monitoring GHG emissions with aim to reduce contribution to global climate change.
- The Bank has received Indian Green building council (IGBC) certificate for green interiors for the new corporate office and it has large offices presence in LEED Certified Gold Standard buildings.
- Micro Business Loan branches operate on rechargeable batteries instead of diesel which helps in saving diesel.
- Flexible learning opportunities for employees, resulted in an increase in learning hours. 5 lakh no. of learning hours of training clocked in FY22 (online / offline)
- With the aim to improve ESG Governance, the bank has been continuously striving towards excellence in policies and frameworks related to ESG.

Board Level Committee

- IDFC FIRST Bank has formed board level ESG committee - **Stakeholder's Relationship, ESG and Customer Service Committee.**

Leadership Level

- ESG Management committee will play a key role in implementation and execution of policies, strategies, programs, initiatives, reporting & disclosures and matters related to ESG.

Business Level

- Functional owners drive ESG frameworks and initiatives relevant to their respective business functions.

ESG Awards

Navabharat BFSI Award 2022 - Best Sustainable Bank Strategy, Oct 2022

Awarded as Social Impact Bank of the Year, Sept 2022

Best Corporate Governance, India - Received from World Finance Organisation: June 2022

Won Breaking Ground in WASH Financing Award- Received from Inclusive Finance India Awards- Dec 2021

Best Sustainable Banking Strategy Award, 2021 – Received from CFI

Water.org & Sa-Dhan Awards, Oct 2021

Awards and Recognition

Best Consumer Digital Bank in India, Sept 2021 - Received from Global Finance Magazine

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

IDFC FIRST Bank

We are building a world class bank with:

- Highest levels of corporate governance

- Stable balance sheet growth of ~20-25%,

- Robust asset quality of GNPA less than 2% and net NPA of < 1%

- High teens ROE

- Contemporary technology and

- High levels of Customer Centricity.

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THANK YOU

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

Annexure 1

	Particulars	Dec-18 (At Merger)	Guidance for FY24-FY25	Sep-22 Latest quarter
CAPITAL	Net-worth (Share Capital and Reserves & Surplus)	Rs. 18,376 Cr	--	Rs. 22,052 Cr
	CET – 1 Ratio	16.14%	>12.5 %	13.67%
	Capital Adequacy (%)	16.51%	>13.0 %	15.35%
LIABILITIES	CASA Deposits	Rs. 5,274 Cr	--	Rs. 63,305 Cr
	CASA as a % of Deposits (%)	8.68%	30% (FY24), 50% thereafter	51.28%
	Average CASA Ratio (%)	8.39%	--	49.20%
	Branches (#)	206	800-900	670
	CASA + Term Deposits<5 crore (% of Customer Deposits)	39%	85%	84%
	Certificate of Deposits	17%	<10% of liabilities	5%
	Quarterly Avg. LCR (%)	123%	>110%	131%

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

ASSETS

EARNINGS

Particulars	Dec-18 (At merger)	Guidance for FY24-FY25	Sep-22 Latest quarter
Retail and Commercial Finance (Net of IBPC)	Rs. 36,927 Cr	Rs. 100,000 Cr	Rs. 1,09,669 Cr (40%)
Retail and Commercial Finance as a % of Total Funded Assets	35%	70%	75%
Wholesale Funded Assets[1]	Rs. 56,770 Cr	< Rs. 40,000 Cr	Rs. 30,875 Cr (0%)
- of which Infrastructure loans	*Rs. 22,710 Cr*	Nil in 5 years	*Rs. 5,992 Cr (-41%)*
Top 10 borrowers as % of Total Funded Assets (%)	12.8%	< 5%	3.3%
GNPA (%)	1.97%	2-2.5%	3.18%
NNPA (%)	0.95%	1.1.2%	1.09%
Provision Coverage Ratio[3] (%)	53%	~70%	76%
Net Interest Margin (%)	3.10%	5-5.5%	5.98%
Cost to Income Ratio[2] (%)	81.56%	55%	73.34%
Return on Asset (%)	-3.70%	1.4-1.6%	1.07%
Return on Equity (%)	-36.81%	13-15%	10.13%

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 Sep-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.

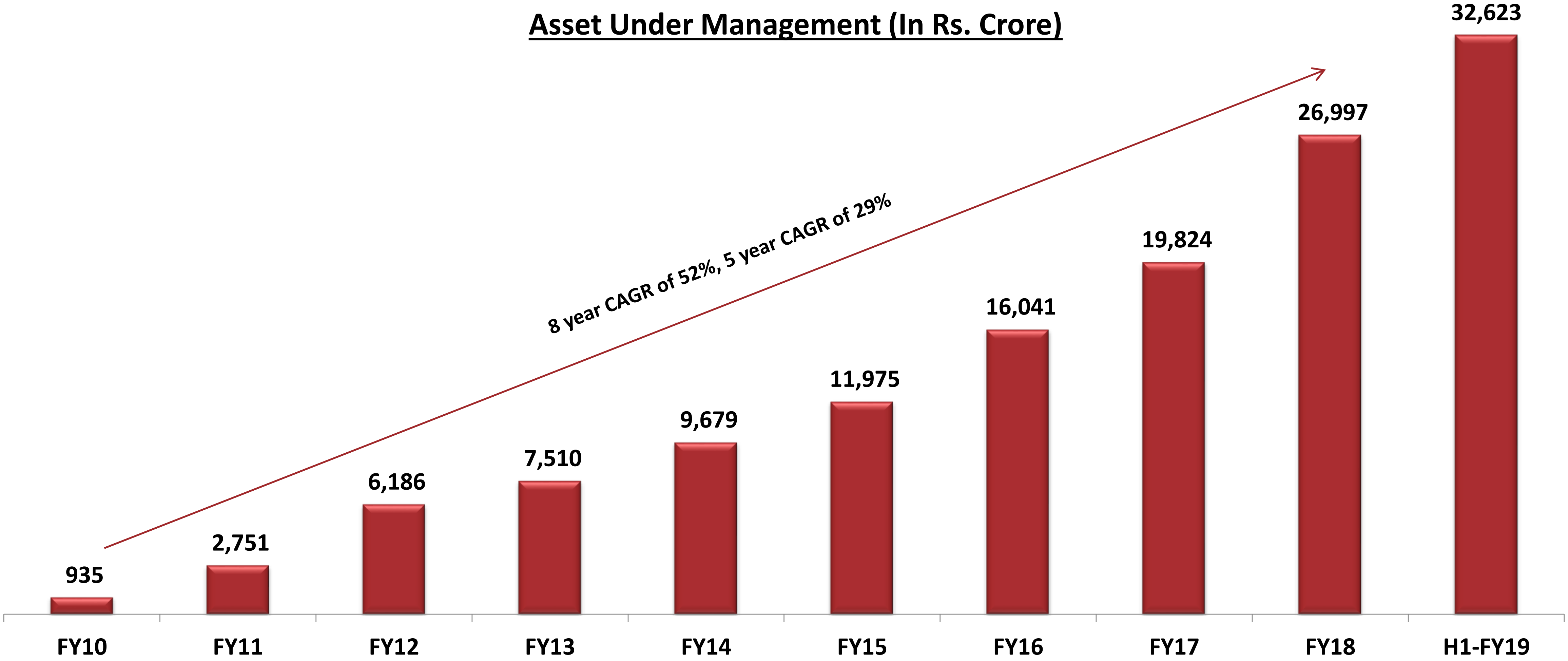
Annexure 2

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

Financial Performance: The Asset Under Management has consistently grown at 5-Year CAGR of 29%

Annexure 2



Successful Trajectory of Growth and Profits at Capital First

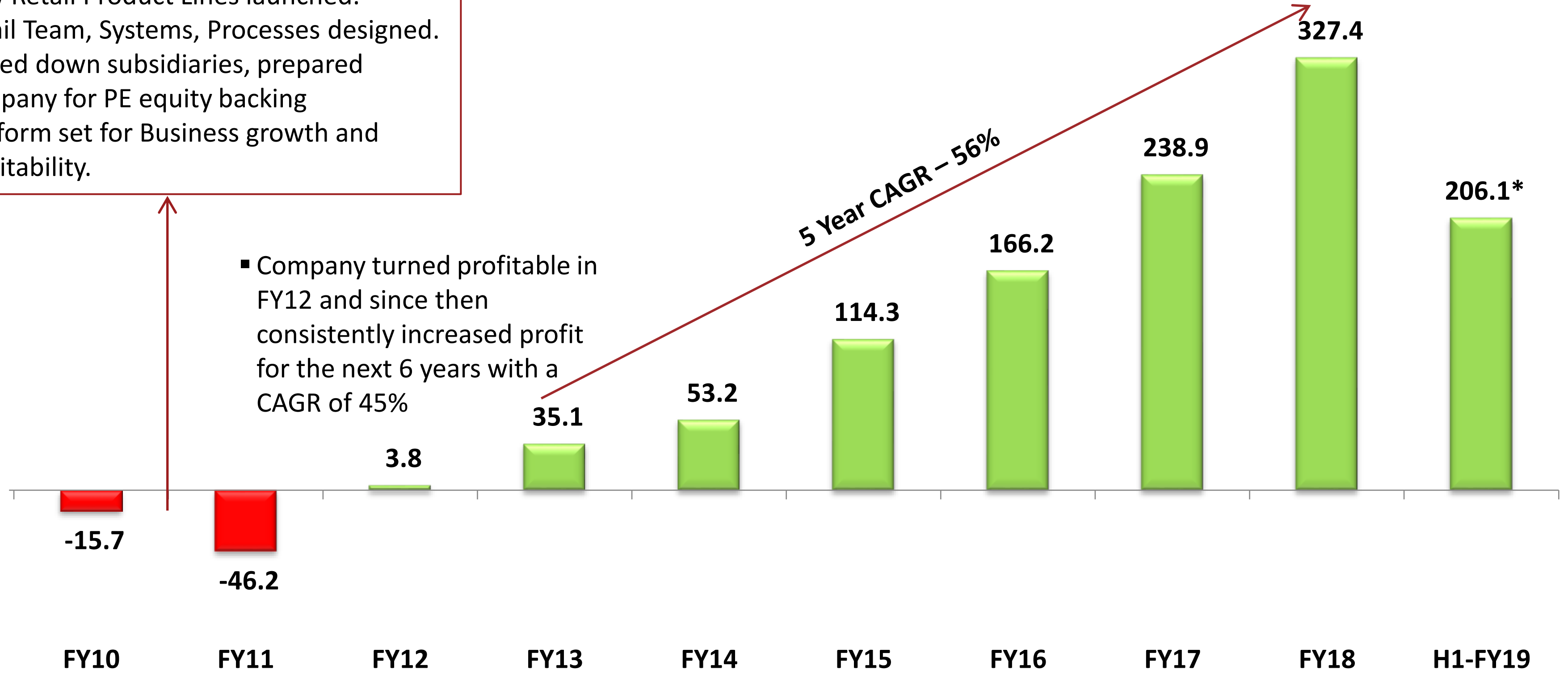
Financial Performance: Yearly Trend of Profit After Tax

In FY 08 and 09, the Company had made losses. Even after the new leadership took over, for two years the company continued to post losses as the building blocks for new age retail lending were prepared. Once the company got scale, Capital First posted a CAGR growth in profits of 56% for last 5 years.

- New Leadership takes over in 2010.
- New Retail Product Lines launched.
- Retail Team, Systems, Processes designed.
- Closed down subsidiaries, prepared company for PE equity backing
- Platform set for Business growth and Profitability.

Profit After Tax (Normalized) – Rs. crore

** For Half Year H1-FY19*



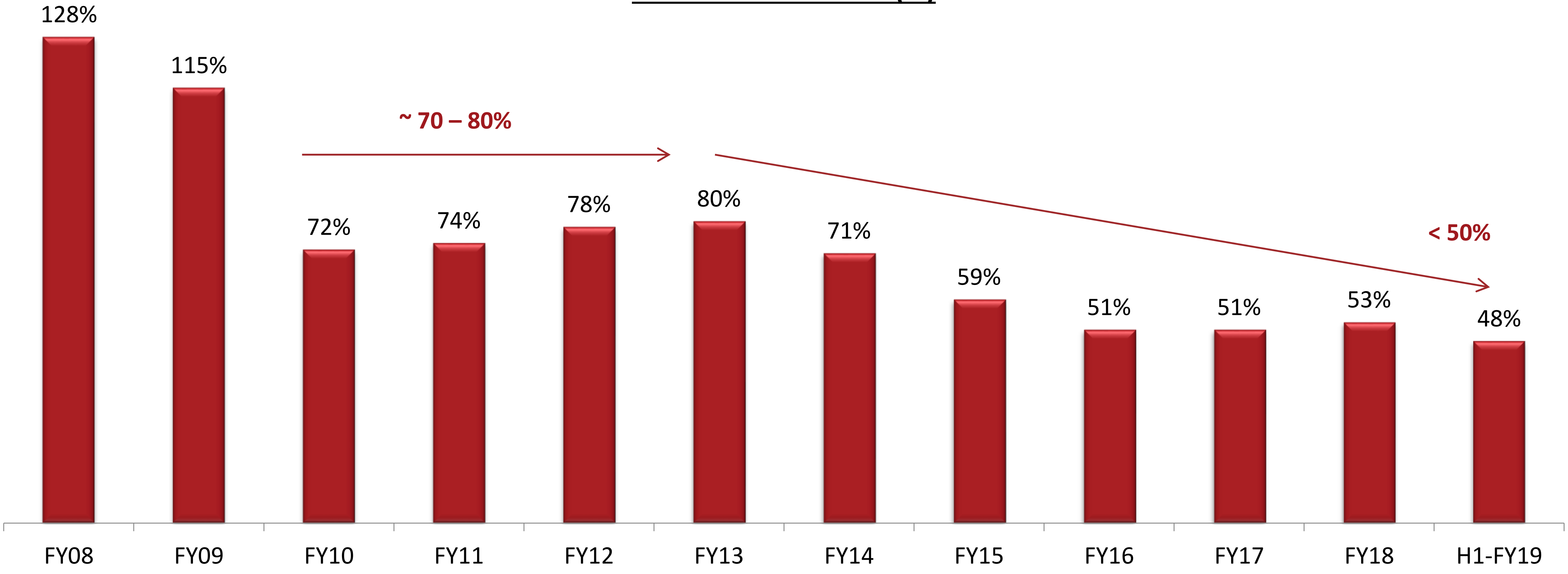
Successful Trajectory of Growth and Profits at Capital First

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.

Cost to Income ratio (%)

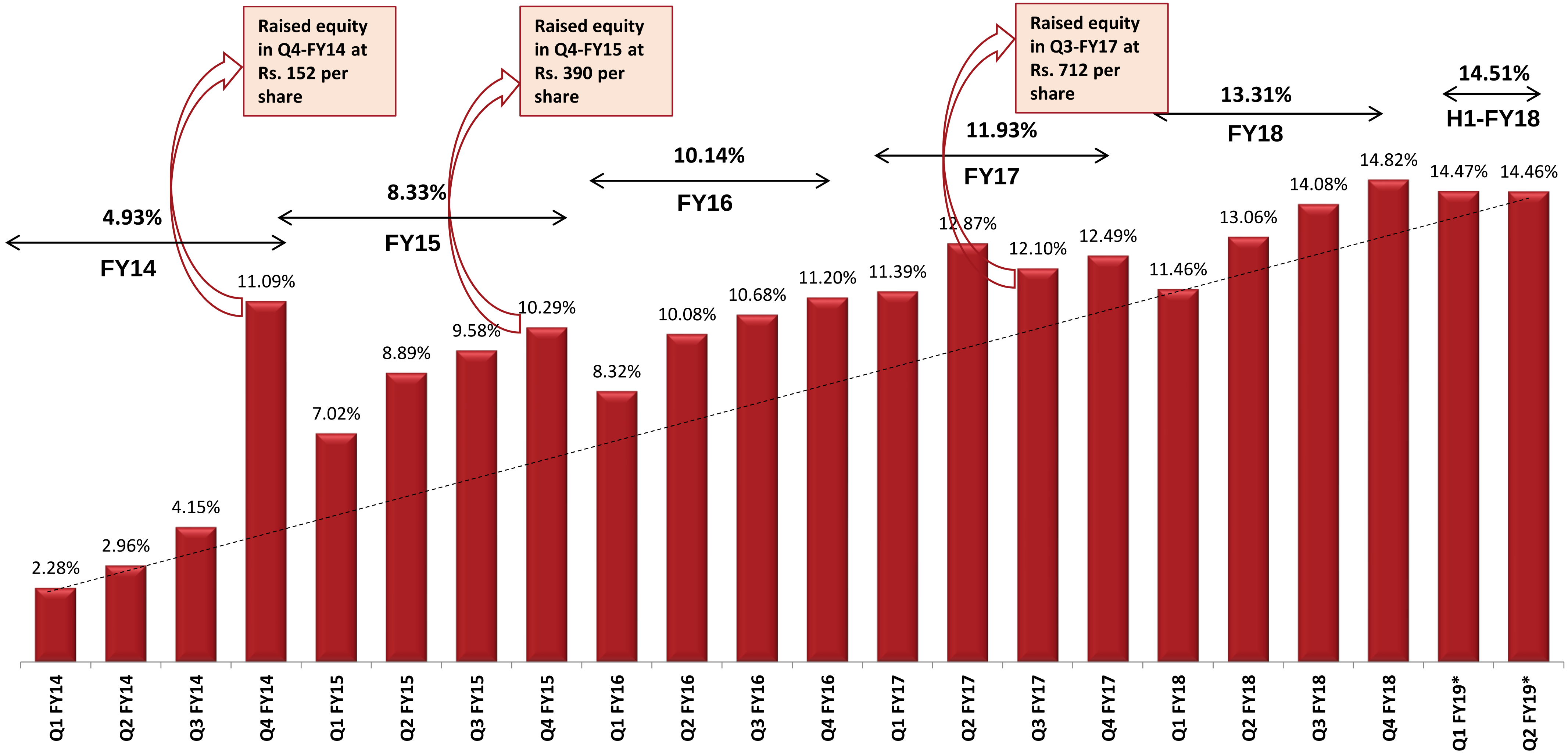


Capital First: the Return on Equity continuously improved over the quarters…

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.

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.

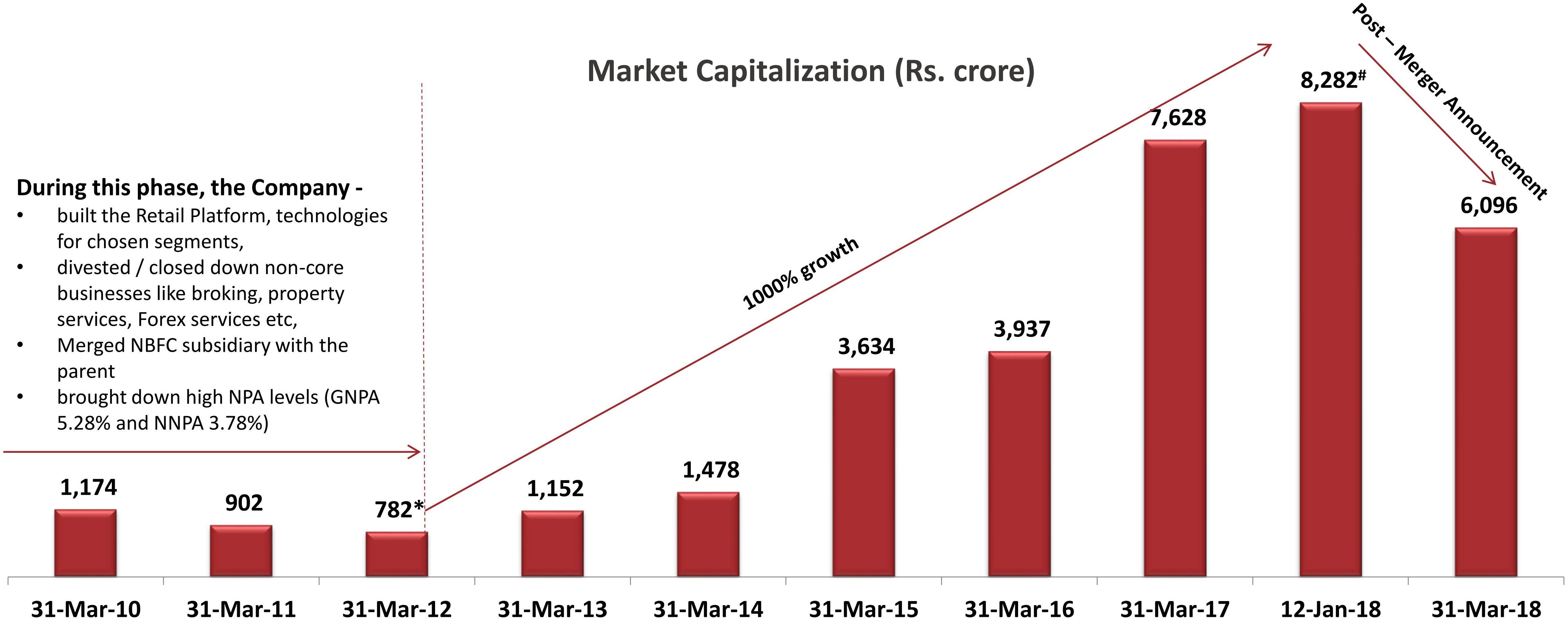
Successful Trajectory of Growth and Profits at Capital First

Annexure 2

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.

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*

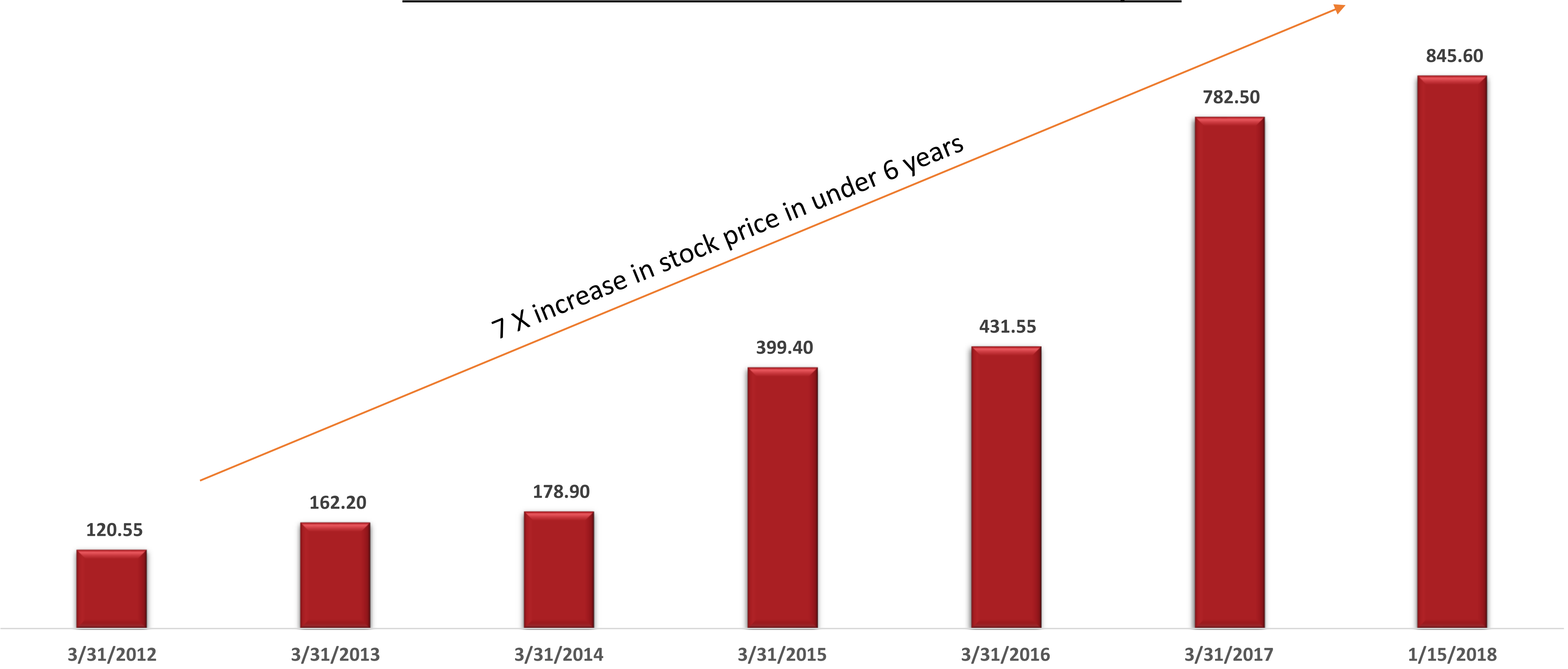
 # Market Cap on the day before the announcement of merger with IDFC Bank (Jan 13, 2018).

Successful Trajectory of Growth and Profits at Capital First

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

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



IDFC FIRST Bank