IDFC FIRST Bank

Investor Presentation – Q3 FY22

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IDFC FIRST Bank

Bank At a Glance (as of 31 December 2021)

Profitability Q3 FY22

Core Operating Profit
Rs. 745 Cr
▲ 54% (Y-o-Y)

Profit After Tax
Rs. 281 Cr
▲ 117% (Y-o-Y)

NII & NIM% Q3 FY22

NII
Rs. 2,580 Cr
▲ **36% (Y-o-Y)**

NIM%
5.90%[1] (5.76%)

Fee & Other Income Q3 FY22

Rs. 744 Cr
▲ **28% (Y-o-Y)**

CASA Ratio (%)

51.59% (51.28%)
% of Total Deposits

Customer Deposits

Rs. 85,818 Cr
▲ **11% (Y-o-Y)**

Funded Assets

Rs. 1,22,219 Cr
▲ **11% (Y-o-Y)**

Retail Book

Retail Mix: 62%[2] (59%)
▲ 28% (Y-o-Y)

Home Loans Growth
▲ 44% (Y-o-Y)

Asset Quality

GNPA %
3.96% (4.27%)

NNPA %
1.74% (2.09%)

PCR%
57%[3] (52%)

Capital Adequacy Ratio (%)

15.38% (15.60%)

Reg. Requirement: 11.5%

Liquidity

Average LCR (%) Q3 FY22

149% (174%)

Reg. Requirement:100%

1. For one large telecom company, where the interest income was accounted on cash basis, the NIM% of 5.90% excludes interest income pertaining to prior periods. Including the same NIM% for Q3 FY22 is 6.18%.
2. The Bank has reclassified Commercial Banking Loans separately from this quarter. Including the same, Retail and Commercial Banking will be 70% of the gross funded assets
3. Including Technical write-offs and Excluding one large toll accounts, where we expect no material economic loss, the PCR would have been 75%
() Figures in brackets are for the sequential quarter unless specified otherwise.

Highlights of Q3 FY22 Results

Earnings

- **Net Profit** grew by **117%** YoY basis to reach **Rs. 281 crore** in Q3-FY22
- **Core operating profit (excluding trading gains)** grew by **54%** YOY to reach **Rs. 745 crore**
- **NII** grew by **36%** on a YoY basis to reach **Rs. 2,580 crore** in Q3-FY22. NIM stood at **5.90%** excluding interest income pertaining to prior period for one telecom account. Including the same, NIM is at **6.18%** for the quarter.
- **Fee and Other Income** grew by **13%** QoQ and **28%** YoY to reach **Rs. 744 crore** in Q3 FY22
- **Core operating income** (excluding trading gains) grew by **34%** YOY to Rs. **3,324 crore** in Q3-FY22
- **Provisions other than tax** were lower by **32%** Y-o-Y basis at **Rs. 392 crore** in Q3-FY22

Deposits

- **CASA balance**: Grew by **18%** YoY basis to reach **Rs. 47,859 crore**
  - ✓ **CASA ratio**: **51.59%** as of Dec 31, 2021, as compared to **48.31%** as of Dec 31, 2020
  - ✓ **Avg. CASA Ratio: 50.54%** as on Dec 31, 2021, as compared to **44.66%** as on Dec 31,2020
- **Customer Deposits:** Grew by **11%** YoY to reach **Rs. 85,818 crore**

Highlights of Q3 FY22 Results

Funded Assets & Asset Quality

- **Funded Assets:** Grew by **11%** YoY to reach **Rs. 1,22,219 crore**
  - ✓ **Retail Loan and Commercial Finance** grew by **26%** Y-o-Y to reach **Rs. 86,052 crore**, primarily driven by growth in **Home Loans** which grew by **44%** YOY
- **Asset quality at Bank Level**: **GNPA and NNPA** reduced sequentially by **31** bps and **35** bps to reach **3.96%** and **1.74%** respectively Gross and Net NPA of Retail and Commercial Finance reduced by **53** bps and **37** bps respectively
  - ✓ **PCR increased from 52.06%** as at Sept 30, 2021 to **57.06%** at December 31, 2021 in order to strengthen the balance sheet. (67% including technical write-off)
  - ✓ **Collection Efficiency**: Early bucket collection efficiency in Retail surpassed Pre-COVID levels for both urban and rural retail loans

Capital Adequacy Ratio & Liquidity

- **Capital Adequacy Ratio**: Strong at **15.38%** with CET-1 Ratio at **14.83%**
- **Average Liquidity Coverage Ratio (LCR)**: Strong at **149%** for Q3-FY22.

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

	Particulars	Dec-18 (At Merger)	Guidance for FY24-FY25	Dec-21 Latest quarter
CAPITAL	Net-worth	Rs. 18,736 Cr	--	Rs. 20,649 Cr
	CET – 1 Ratio	16.14%	>12.5 %	14.83%
	Capital Adequacy (%)	16.51%	>13.0 %	15.38%
LIABILITIES	CASA Deposits	Rs. 5,274 Cr	--	Rs. 47,859 Cr
	CASA as a % of Deposits (%)	8.68%	30% (FY24), 50% thereafter	51.59%
	Average CASA Ratio (%)	8.39%	--	50.54%
	Branches (#)	206	800-900	599
	CASA + Term Deposits<5 crore (% of Customer Deposits)	39%	85%	87%
	Certificate of Deposits	Rs. 22,312 Cr	<10% of liabilities	Rs. 6,947 Cr
	Quarterly Avg. LCR (%)	123%	>110%	149%

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 guidance given at the time of the merger.

	Particulars	Dec-18 (At merger)	Guidance for FY24-FY25	Dec-21 Latest quarter
	Retail and Commercial Book	Rs. 36,927 Cr	Rs. 100,000 Cr	Rs. 86,052 Cr (27%)
ASSETS	Retail and Commercial Book as a % of Total Funded Assets	35%	70%	70%
	Wholesale Funded Assets[1]	Rs. 56,770 Cr	< Rs. 40,000 Cr	Rs. 29,697 Cr (-14%)
	- of which Infrastructure loans	*Rs. 22,710 Cr*	Nil in 5 years	*Rs. 8,051 Cr (-31%)*
	Top 10 borrowers as % of Total Funded Assets (%)	12.8%	< 5%	4.3%
	GNPA (%)	1.97%	2-2.5%	3.96%
	NNPA (%)	0.95%	1.1.2%	1.74%
	Provision Coverage Ratio[4] (%)	53%	~70%	67%
EARNINGS	Net Interest Margin (%)	3.10%	5-5.5%	5.90%[3]
	Cost to Income Ratio[2] (%)	81.56%	55%	77.59%
	Return on Asset (%)	-3.70%	1.4-1.6%	0.66%
	Return on Equity (%)	-36.81%	13-15%	5.59%

1. Excluding Security Receipts, Loan converted into Equity, RIDF and PTC.
2. Excluding Trading Gains
3. Excluding interest income pertaining to prior period for one telecom account. Including the same, NIM is at **6.18%** for the quarter
4. Including technical write-offs.

Earnings for Dec-18 and Dec-21 are for the quarter. ()brackets represent YoY growth

Key Strengths of IDFC FIRST Bank

1. Vision:

The summary of our vision statement can be captured in three words **"Ethical, Digital and Social Good"**. We believe **ethical banking** is at the core of everything we do. **Digital** is how we do it. And we believe our business has to contribute to larger **social-good**.

2. Customer First approach

We are built on the foundation of customer-first principles. We believe in being transparent and not in billing the customer fees or charges in small bits and pennies through fine-prints. For instance, unlike common market practice in India and elsewhere, we do not charge non-home branch charges, SMS update fees, IMPS fees, Annual card fees etc.

We were the first universal bank to offer monthly interest credit for savings accounts. In credit cards, we were the first bank to introduce low, dynamic pricing, zero interest rate on cash withdrawal till billing date, lifetime Free credit cards and so on. Similarly, in every product we launch, whether current accounts, fleet cards or wealth management, we are bringing something new and customer-first special to the market. Thus, there are many "firsts" we have introduced to the industry. On the lending side, we are attractively priced like regular mainstream banks.

3. 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.

Key Strengths of IDFC FIRST Bank

4. Strong capital adequacy

Capital Adequacy is strong at 15.38% with CET-I Ratio of 14.83% as on December 31, 2021. We always keep our capital at levels significantly higher than the regulatory requirements.

5. Strong Deposits business

We have a strong, stable and growing deposits franchise with a strong pan-India branch network of 599 branches. For instance, we grew our retail deposits by a whopping Rs. 29,970 crores even in the COVID affected year FY 20-21. We can comfortably grow deposits depending on requirements, based on our strong customer focus, customer-first products, technology focus and our strong brand.

6. Strong Liquidity

The Bank is conservative in liabilities management, and always maintains a strong Liquidity Position. The Average LCR for Q3 FY22 was 149%. Even during the peak of the once-in-a-century COVID crisis we comfortably cruised through the situation with high LCR levels because we proactively planned our liquidity before the crisis.

7. Improving asset quality and strong risk management practices

We have a track record of maintaining high asset quality with Gross NPA of ~2% and net NPA of ~1% (including Capital First and IDFC Bank experience) for close to a decade and we are confident of returning to the same metrics soon on the retail loans side. Retail Gross and Net NPA reduced to 2.92% and 1.28% in Q3 FY 22.

Key indicators of trends such as cheque bounces, collections, recovery, vintage analysis, indicate that Gross and Net NPA would reduce from here on to reach 2% and 1% respectively.

Key Strengths of IDFC FIRST Bank

8. Legacy wholesale account issues largely behind us

Over the last three years, we have decisively dealt with, and accounted for almost all legacy infrastructure and corporate accounts. The quality of incremental corporate loans has been excellent in the last three years.

9. Contemporary Technology

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. Our newly launched mobile app based on these technologies is top rated and provides several unique services and experiences to our customers. 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.

10. Strong unit economics on an incremental basis

Our retail lending is giving us strong ROE of 18 to 20% on an incremental basis. Its not hard to see how. The NBFC, whose business is now subsumed in the bank was posting ROE of 15% and rising, with ~9% cost of funds. Therefore, with cost of funds now under 5%, we can comfortably generate ROE of ~18 to 20% on retail lending. Even though we have additionally started doing lesser margin products like prime home loans and new car loans, the overall returns are strong because of lower cost of funds.

Currently, we are incurring cost of legacy borrowing of the DFI background @ 8.7% for Rs. 26,163 crores of borrowings. Further, since the bank is in set-up stage, we are incurring cost of launching/scaling many new businesses. These factors are masking these strong underlying economics and ROE, but this will get addressed in due course with scale and repayment of legacy liabilities.

Key Strengths of IDFC FIRST Bank

11. Diversified business lines

We are a full-service bank. Our lending is diversified over millions of customers and over many business lines including Home Loans, Loan against property, business loans, gold loans, credit cards, small business working capital loans, bank guarantees, trade finance, etc. No business except wholesale loans are > 15% of the overall loan book. Similarly, on the liabilities and fee businesses side, we have a complete array of deposits, payment products, Fleet card, wealth management, distribution of insurance, mutual funds etc. We provide high quality corporate banking services and Cash management solutions.

12. Strong growth opportunities

In virtually all our businesses, across assets, deposits, and fee businesses, we have huge scope for growth. India is hugely underserved in financial services. Our opportunities for growth have increased substantially as we have started providing prime low-risk prime home loans and new auto loans where the market is larger.

13. Successful Track record

The senior management has a track record of turning around and building successful institutions. Our senior management earlier turned a loss-making real-estate financing NBFC and converted it to a large diversified highly profitable institution with significant increase in shareholder value.

14. An employee friendly organisation

We believe in meritocracy. We provide our employees with growth opportunities, empowerment, training, digital tools and capabilities to be able to make a difference. For employees affected by COVID wave 1, wave 2 and currently Omicron, we offer the most generous COVID welfare program.

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IDFC FIRST Bank

IDFC FIRST Bank was created through Merger of two institutions

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 renowned for its contribution to infrastructure in India since 1997 and Capital First was a successful consumer and MSME financing entity since 2012.

Background information of IDFC Bank

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.
- 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 and diversified from infrastructure.
- 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.

Background information of Capital First

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 the then 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 ($130m, March 2011), and presented the proof of concept to many global private equity players for a Leveraged Buyout (LBO).
- In 2012, he concluded India's largest Leveraged Management Buyout, got fresh equity of Rs. 100 crore into the company and founded Capital First as a new entity with new shareholders, new Board, new business lines, and fresh equity infusion.
- He then turned around the company from losses of Rs. 30 crore and Rs. 32 crore in FY 09 and FY 10 respectively, to PAT of Rs. 327 crore ($ 4.7b) by 2018, representing a 5 year CAGR increase of 56%.
- The loan assets grew at a 5 year CAGR of 35% to reach 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 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 was an eminent institution respected for its corporate governance and its contribution to Indian Infrastructure.

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

About IDFC Bank

In 2015, IDFC Bank was formed out of demerger from IDFC Ltd which was one of the biggest infrastructure finance company in India.

The institution diversified into Asset Management, Institutional Broking and Investment Banking. It applied for and acquired a Commercial Banking License from RBI

IDFC Bank created a strong banking framework creating all the necessary systems, risk management, infrastructure, IT architecture and processes for future growth.

It created efficient cash management system and treasury and for managing trading.

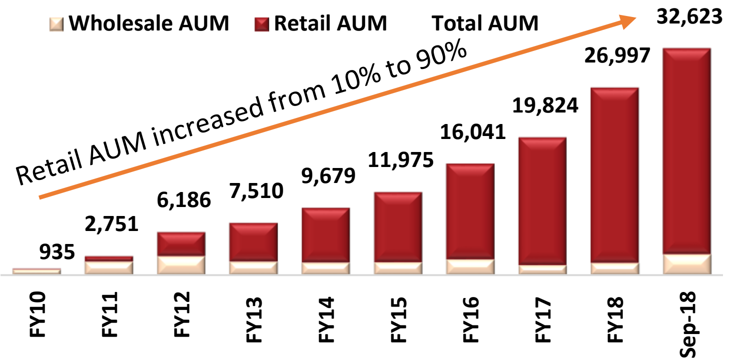
Erstwhile Capital First had a history of strong growth and profitability.

(Rs. Cr)

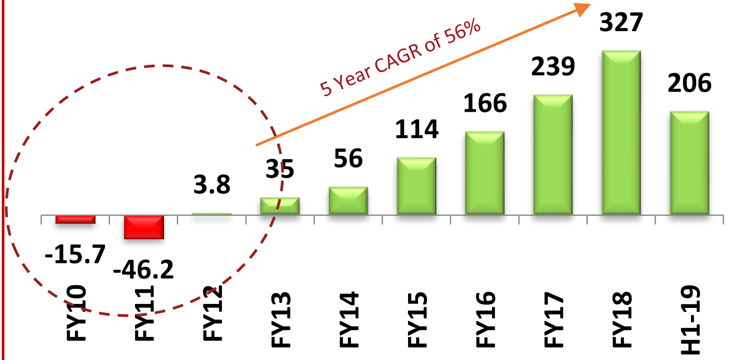
Background

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.

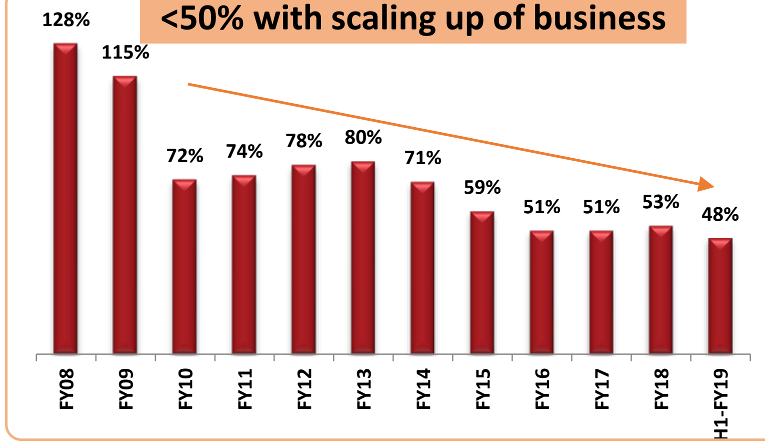
Strong growth in AUM



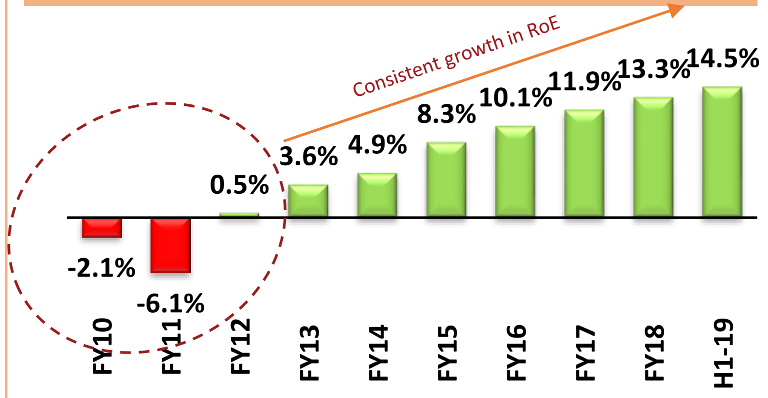
5 Yr PAT CAGR of 56%



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

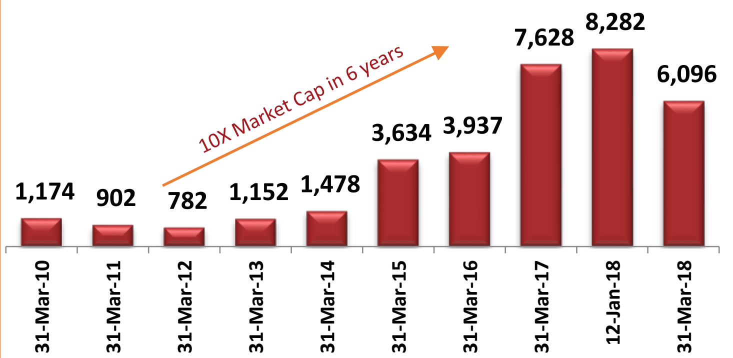


Continuous Increase in Return on Equity (%)



10X growth in the Market Cap in 6 years

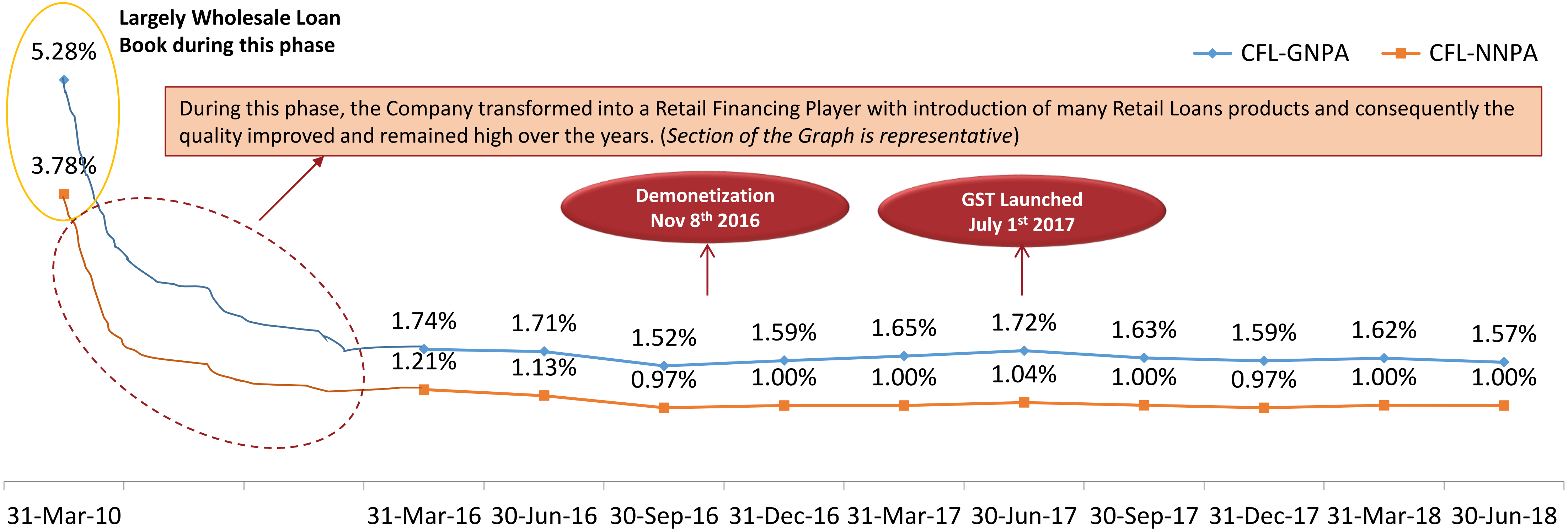
Mcap fell after merger announcement



Asset quality remained high for close to a decade at Capital First.

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 was maintained 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).

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. Based on the above, we expect 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

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Vision and Mission of IDFC FIRST Bank

Our Vision:

"To build a world class bank in India, guided by ethics, 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 them high-quality affordable banking"

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.

ETHICAL – DIGITAL – SOCIAL GOOD

Our vision is captured in 3 simple words

We made a seal to capture our vision and shared with our employees.

In all products we launch, we are driven about one thing: to deliver high-quality affordable banking services.

Employees' DNA are being coded to be sincere about working in the customer's interest at all times.

Key excerpts from MD & CEO's letter in Annual Report 2019-20

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

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

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

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

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

d profitability are carrying rgely legacy, are replaced

r Bank, you ability of our ump straight ncremental

ur Bank.

d class bank irst values,

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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21-22 is loan book tandards, ady been ct to see , Q3 and keep our an book.

g a 2-1-2 of 1% and a steady

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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say that were tayed motivated OVID. They were ssist customers. are scheme for salary credit to loan, extension ths, scholarship until graduation, ing allowance of ated this greatly. ization program. ew products. We ank. Our senior onus cuts to lead

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.

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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 posits at merger to only 7.7% as of March 31, 2021.

from large corporate accoun finance company, a finan Mumbai based Toll Road based power account, a te few other such accounts cycle in infrastructure financ financial conglomerates go exposure to the telecom ac the issues are behind us.

b. **Infrastructure financing** because of dependence o and dependence on ecosys limited control. We have b outstanding to infrastructure merger to ₹ 10,808 crore as

c. **On the Corporate Bank** implemented good controls recent portfolio performanc

d. **Significant reduction in th list:** We have brought down

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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

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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

Thus our incremen is estimated at 18

b. **Strong increme Lending busines** business ROE is

But you are not ye because of the fol

c. **Higher cost of ₹ currently:** As of J crore of liabilities borrowings of our challenges of con Bank will replace t ₹ 1,000 crore per

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IDFC FIRST Bank

The 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. 35-500 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

Key Features of the new App launched by us.

- Fast Payments with Beneficiary name validation
- UPI with linkage to any Bank Account
- Pay to Contacts
- 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

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

Attractive Interest Rates p.a. on Savings Account

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

For a host of Debit Card activation and cashback offers, reward vouchers on on-boarding, digital platforms, 24 X 7 call center and full interest rate table, please refer to www.idfcfirstbank.com

Differentiated Features of Savings Account

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: ….*

Wealth Management

FIRST Private FIRST Wealth FIRST Select

IDFC FIRST Bank

Wealth Management – Customer Segment led Approach

Brands	Segmenting basis customer profile	Wealth Management Solutions	Delivery Model
FIRST Private	HNI & UHNI	Mutual Funds, Bonds, LAS, Pre- IPO Investing, Estate - Inheritance & Succession Planning, Immigration linked Investing, Private Equity & Real Estate AIFs, Broking Services, Offshore Investment Solutions	Full Scale Private Banking
FIRST Wealth	Affluent	Mutual Funds, Gold Bonds, Loan Against Securities, Broking Services	RM Assisted Digital
FIRST Select	Mass Affluent	Goal based investing Insurance	RM Assisted Digital
	Mass	Goal based investing Insurance	DIY Digital

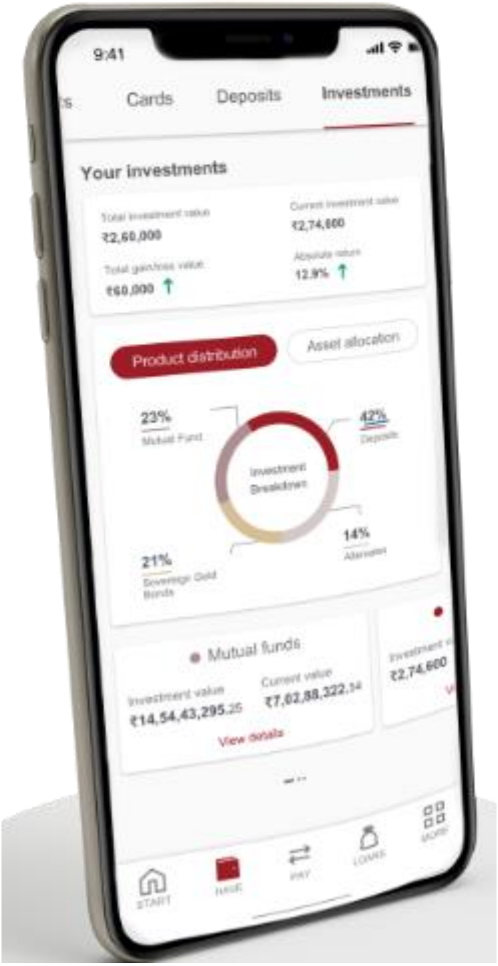
Campaigns, Rewards and Offers

Automated Customer Lifecycle Management

Digital Onboarding

Wealth Management – Differentiated Banking & Wealth Experience

Easy to use Wealth Management Application



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

★ Differentiators – Asia Pacific Banking Apps

Credit Cards Business

IDFC FIRST Bank

Launch of our Credit Card Business was based on Unique Industry First Features

Customer Segments

- Millennials
- Mass Household
- Emerging Affluent
- Affluent

Core Value Proposition

- Life Time Free Credit Card
- Dynamic lowest interest rate from 9% to 36% pm$
- Interest free cash withdrawals
- 10X rewards above spends of Rs 20,000 | Never expiring points
- Movie, Travel & Lounge privileges

FIRST Classic

Exceptional value** and **classic features

FIRST Millennia

Uber cool looks** & **slick features

FIRST Select

*Life's **little luxuries***

FIRST Wealth

*All **premium** features for **international traveler***

*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

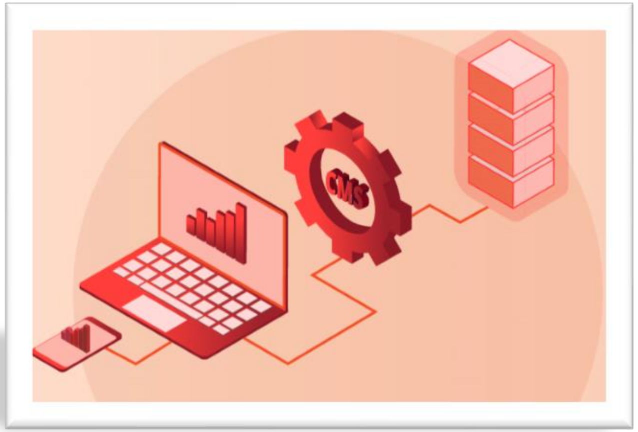
Since Launch in Jan 2021, the Bank has issued 5.3+ Lac Credit Cards till December 31, 2021

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 the Bank has issued over 0.5 million cards and that too without any intermediaries.
- ✓ The Credit card is loaded with customer-first features that has made it a huge hit in the market.
- ✓ Cards in Force grew by 34% QoQ.
- ✓ Activation rate of 71%.

Cash Management Solutions



IDFC FIRST Bank

Best-in-Class Cash Management Solutions

CMS Solutions are best-in-class, technology-led, client centric customized offerings with seamless experience.

Client Centric Approach

- ✓ Responsive to business requirements
- ✓ Provide Customised solutions
- ✓ Bringing financial & operational efficiency

Differentiated Offering

- ✓ Sector specific solutions with product innovation at core.
- ✓ Extensive reach to provide unified experience across locations
- ✓ Enabling customers to move from physical to digital cost-effective automated solutions

Technology Led

- ✓ Simple, convenient, one channel Banking experience.
- ✓ Comprehensive API banking to provide real time banking
- ✓ Integrated and flexible IT architecture to improve customer's experience

Key Highlights :

- ✓ *Growing @ 40+% CAGR over 3 yrs.*
- ✓ *1300+ Active CMS customers across industry segments*
- ✓ *Volume growth of 2x (last 12 months)*
- ✓ *Digital / Electronic txn :*
  - *95+% of Payments*
  - *75+% of Receivables*

Best-in-Class Cash Management Solutions

Innovative online banking platform

- ***Completely paperless transactions***

  No physical documentation for any kind of payment

- ***Single-Window Experience for all transactions***

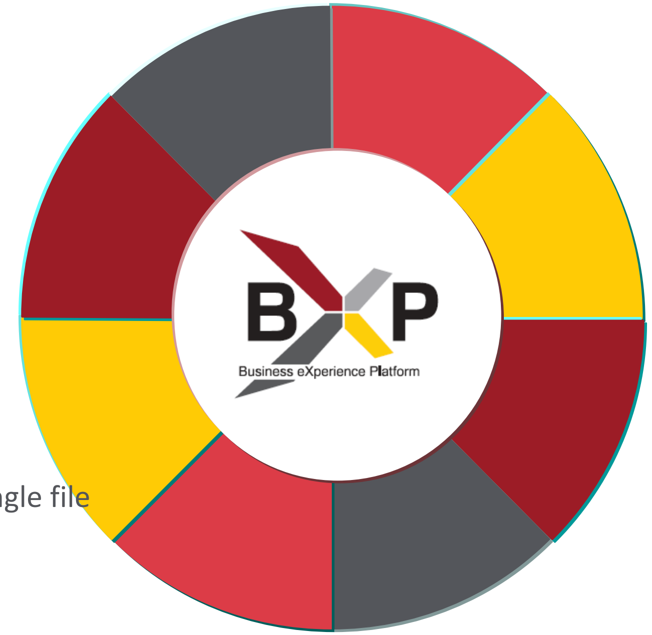
  Unified platform for Cash, Trade, Treasury and Channel Finance

- ***Unified balance position***

  View balances of all your bank accounts (even outside IDFC FIRST BANK) in one screen

- ***Intelligent report builder – Build your Own***

  Pick and choose the required fields required by you



- ***One file any payment***

  Initiate payments across modes through single file

- ***FX rates on a click***

  First-of-its-Kind User Level Functionality for blocking FX rates

- ***Online Trade regulatory reporting***

  Online regularization of I/EDPMS and download of related data

Best-in-Class Cash Management Solutions

A complete product suite

Range of CMS Products

Receivables Solutions

- Cheque / Cash
- m-Cheque
- Kiosk
- Walk-in (Partner Tieup)
- PG / POS
- Virtual Account
- NACH / eNACH
- UPI
- BBPS Collect
- Fastag

Payment Solutions

- Cheque / DD
- Cash Delivery
- Remote Cheque Printing
- Tax Payments
- BBPS Pay
- Bulk Electronic Payments

Escrow & Liquidity Solutions

- Escrow Structures
- Nodal Solutions
- Penny Drop Solution
- API Alerts
- Flexi Deposit Solutions
- Auto Recon Solutions

Connectivity Solutions

- BXP (Internet Banking)
- Host to Host
- API
- Branch

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IDFC FIRST Bank

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Q3-FY22 results – Gross Funded Assets

Sustainable Growth in Overall Funded Assets

Funded Assets:

- **Gross Funded Assets** increased by **11%** to **Rs. 1,22,219 crore** as on December 31, 2021 from **Rs. 1,10,469 crore** as on December 31, 2020
- Effective December 31, 2021, the Bank has reclassified businesses into retail loans, commercial finance, infrastructure book and corporate book for greater visibility of underlying portfolio.

A. Retail Funded Assets:

- Retail loans constitutes **62%** of the overall funded asset book at December 31, 2021. The bank has developed deep specialization in this business and this will be the mainstay of our profitability growth going forward.
- **The Retail funded book** increased **28% YoY** to **Rs. 75,556 crore** as on December 31, 2021 from **Rs. 58,988 crore** as on December 31, 2020.
    - **Housing loans** book grew by **44%** YOY to **Rs. 11,968 crore** as of December 31, 2021. Mortgage-backed businesses grew **26%** YoY as of December 31, 2021. The Bank sees strong growth in housing loans going forward.

B. Commercial Finance:

- **Commercial Finance Book** of the Bank increased by **16%** YoY to **Rs. 10,496 crore** as on December 31, 2021 from **Rs. 9,072 crore** as on December 31, 2020. This book constitutes **9 %** of funded loan assets as on December 31, 2021. The Bank sees this as a strong driver of growth going forward.

Q3-FY22 results – Gross Funded Assets

Sustainable Growth in Overall Funded Assets

C. Corporate (Non-infra) Financing:

- **Corporate funded book** decreased by **3%** YOY to **Rs. 21,647 crore** as on December 31, 2021 from **Rs. 22,374 crore** as on December 31, 2020. However, it increased by **4%** on a sequential basis. The Bank would attempt to sustain or grow the corporate book from here in a measured manner based on risk reward dynamics, with close watch on credit quality.

- **Others** (Incl Security Receipts, Loans converted into Equity, RIDF and PTC) decreased by **23%** YOY to **Rs. 6,470 crore** as on December 31, 2021 from **Rs. 8,433 crore** as on December 31, 2020. The Bank intends to reduce this in due course.

D. Infrastructure Financing:

- **Infrastructure Financing** reduced by **31%** on a Y-o-Y basis and constitutes only **6.6%** of total funded assets as on December 31, 2021 as compared to **10.5%** as on December 31, 2020. As stated earlier The Bank will continue to run down this legacy infrastructure financing book.

Q3-FY22 results - Deposits

Incremental Liabilities driven by growth in Deposits

Deposits:

- The Branch Network of the Bank stands at **599** branches, **727** ATMs (including **103 recyclers**) across the country as on December 31, 2021.
- **Customer Deposits** increased by **11% YOY** to **Rs. 85,818 crore** at December 31, 2021 from **Rs. 77,289 crore** at December 31, 2020. The Bank has a demonstrated capability to raise deposits.
- **CASA Deposits** of the Bank increased by **18% YOY** to **Rs. 47,859 crore** at December 31, 2021 from **Rs. 40,563 crore** at December 31, 2020. We have demonstrated capability to grow CASA over the last 2 years.
- **CASA Ratio** improved to **51.59%** at December 31, 2021 from **48.31%** at December 31, 2020.
- **Average CASA** calculated on daily basis was healthy at **50.54%** for Q3 FY22
- The bank has substantially granularized the liabilities base since merger and is placed comfortably on this account as **CASA and TD <5 crore** stands at **87%** as on Dec 31. 2021

Liquidity Coverage Ratio (LCR):

- Average LCR for **Q3-FY22** was strong at **149%** against the regulatory requirement of 100%**.**

Q3-FY22 results: Profitability

Profitability

- **Pre-Provisioning Operating Profit** (excl. Trading gains) increased by **54%** YOY to **Rs. 745 crore** for Q3-FY22 from **Rs. 484 crore** Q3-FY21.

- **Profit After Tax** of the Bank increased by **117%** YOY to **Rs. 281 crore** in Q3-FY22 from **Rs. 130 crore** in Q3-FY21.

Income

- **Net Interest Income** increased by **36%** YoY. **Net Interest Margin** (quarterly annualized) of the Bank improved to **5.90%** for Q3-FY22 from **4.80%** in Q3-FY21 and **5.76%** in Q2-FY22. In one large telecom account the interest income was accounted on cash basis. Above-mentioned NIM for Q3 FY22 and Q3 FY21 excludes interest income pertaining to prior periods for the said large telecom company. Including the same the actual NIM is 6.18% for Q3 FY22 and 5.04% for Q3 FY21.

- **Fee and Other Income** grew by **28%** YoY to reach **Rs. 744 crore** in Q3 FY22 as compared to **Rs. 582 crore** in Q3 FY21**.**

  - Fee Income growth was contributed primarily by the fees related to loan sourcing, higher transaction fees, distribution and wealth management fees etc. Retail fees constitutes **82%** of the overall fees for the quarter.

- **Core operating income** (net of interest expense and excluding trading gains) increased by **34%** YOY to **Rs. 3,324 crore** in Q3-FY22 from **Rs. 2,474 crore** in Q3-FY21 aided by strong NII and Fee Income growth.

Contd…

Q3-FY22 results: Profitability

Contd..

- **Trading gains** were lower at **Rs. 25 crores** during Q3-FY22 on account of increase in yields and market volatility, as compared to **Rs. 269 crores** during Q3-FY21 and Rs. 122 crores in the previous quarter.

Operating Expenses

- **Operating Expense** grew **30%** YOY at **Rs. 2,579 crore** for Q3-FY22 as compared to **Rs. 1,991 crore** for Q3-FY21 on account of increased business activities and lower base last year due to subdued economic activity due to COVID.

Provisions

- **Provisions** was lower by **32%** on a Y-o- Y basis at **Rs. 392 crore** in Q3-FY22 as compared to **Rs. 574 crore** in Q3-FY21.
  - During the quarter, the Bank has released entire provision of **Rs. 487 crore** held on one large telecom account pursuant to timely bond redemptions of Rs. 2,000 crore made by the account which were due in Dec 21/ Jan 22.
  - During the quarter, Provision Coverage Ratio of the Bank has been increased from **52.06%** as on September 30, 2021 to **57.06%** as on December 31, 2021 which will strengthen the Balance sheet.
  - The Bank has made additional provisions on legacy corporate / infrastructure account amounting to ~Rs. 250 crores
  - During the quarter, the bank has not utilized any Covid provision created earlier and carries forward Covid Provisions of **Rs. 165 crore** as on December 31, 2021.

Q3-FY22 results - Asset Quality

Asset Quality Parameters improved during the quarter

- **Bank's Gross NPA** has reduced from **4.27%** as on September 30, 2021 to **3.96%** as on December 31, 2021. The **Net NPA** has reduced from **2.09%** as on September 30, 2021 to **1.74%** as on December 31, 2021.

- The above mentioned NPA figures includes one large toll road Account of **Rs. 819 crore** which is an operating toll account and we expect no material economic loss to the principal. Excluding this account, the Gross NPA and Net NPA of the Bank would have been **3.24% and 1.14%** as of December 31, 2021.

- The **Provision Coverage Ratio of the Bank** improved from **52%** as on September 30, 2021 to **57%** as of December 31, 2021. Excluding the abovementioned account and including the technical write-offs, the Provision Coverage Ratio would have been **75%.**

- Our Gross NPA and Net NPA on **Retail and Commercial Loans** has reduced to **2.92%** and **1.28%** respectively (GNPA of **3.45%** and NNPA of **1.66%** as on September 30, 2021).

- GNPA and NNPA in Retail is decreasing and we maintain our outlook that this will further reduce to **2%** and **1%** respectively in due course based on current trends.

- On the **Wholesale side** (Corporate and Infrastructure), most of the legacy accounts has been accounted for and we are left with very few troubled accounts on this count.

- Our Gross NPA on **Infrastructure Book** is **20.07%** and Net NPA of **11.58%**. Since merger, we have already brought down the book from **Rs. 22,710 crore** to **Rs. 8,051 crore** (degrowth of 65%).

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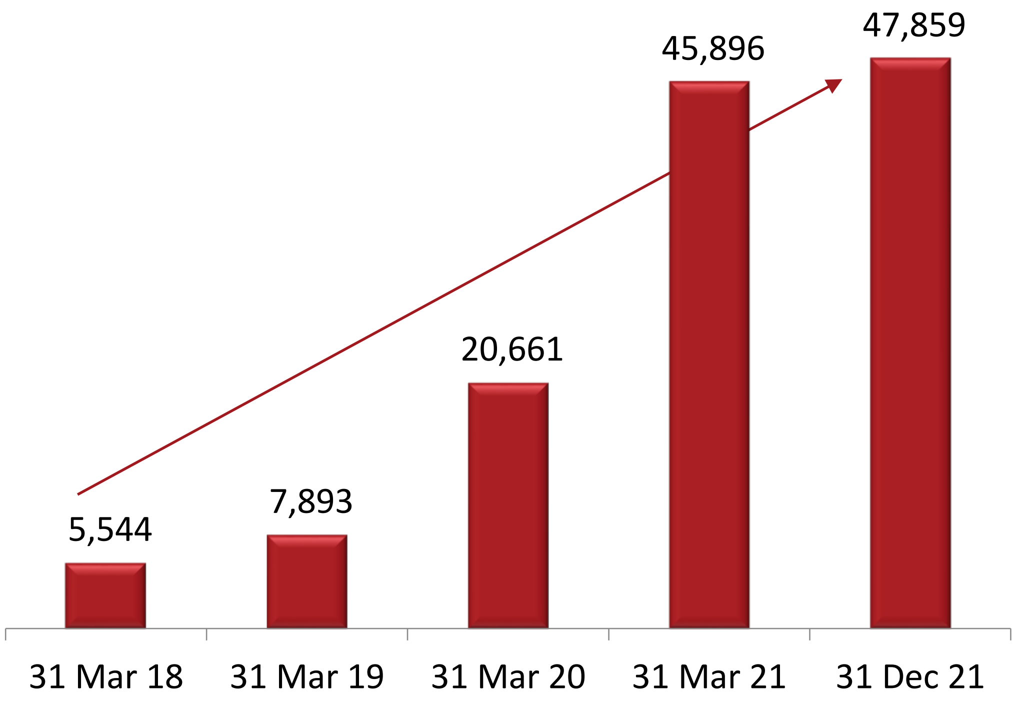
The Bank now has a strong and well diversified deposits base

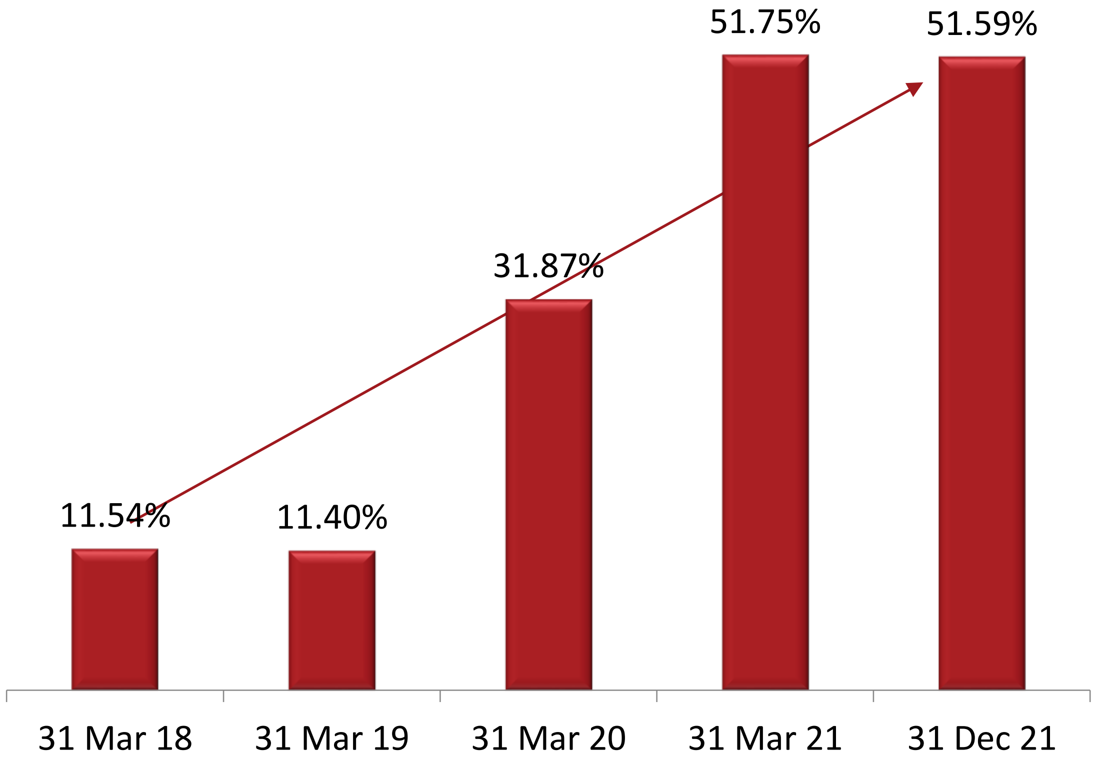
Demonstrated Capability to raise deposits

1 **CASA Deposits has grown by Rs. 42,585 crore since merger with YoY growth of 18% based on strong service levels, attractive pricing, strong brand and excellent customer first products .**

in Rs. crore



2 **As a result, the CASA Ratio (%) of the Bank has grown from 8.68% (Dec-18) at merger to 51.59% (Dec-21)**

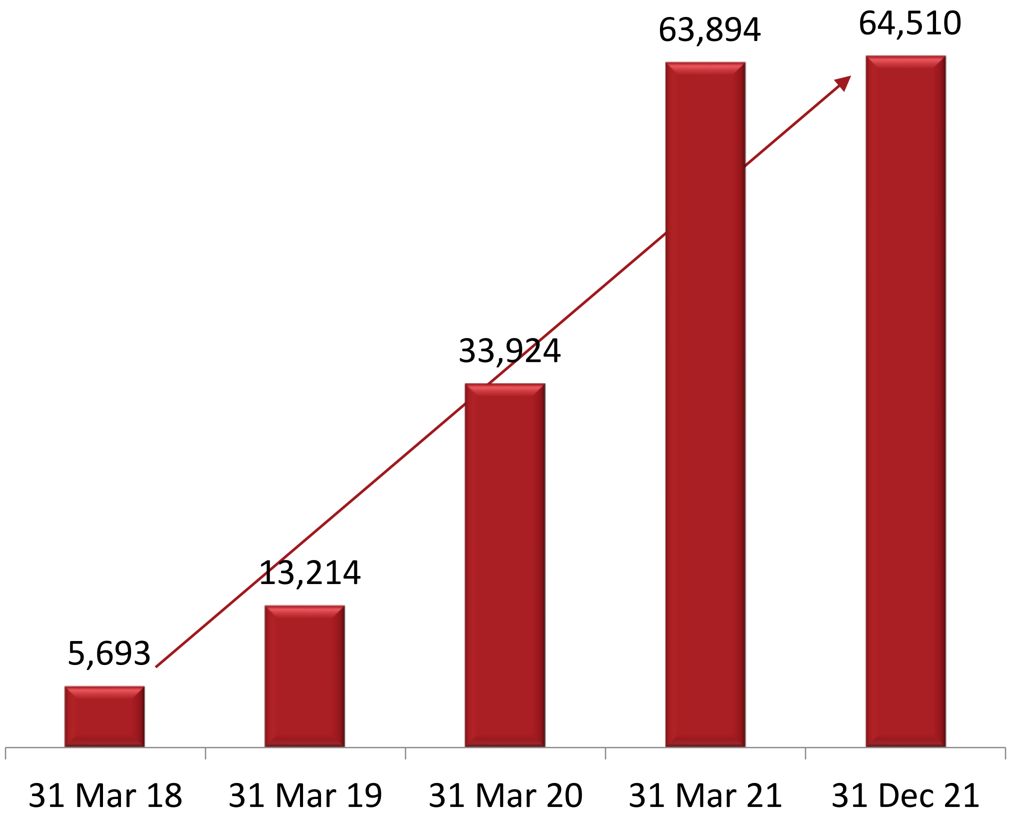


*The Average CASA Ratio of the Bank has increased to **50.54%** as on December 31, 2021 as compared to **44.66%** as on December 31, 2020.*

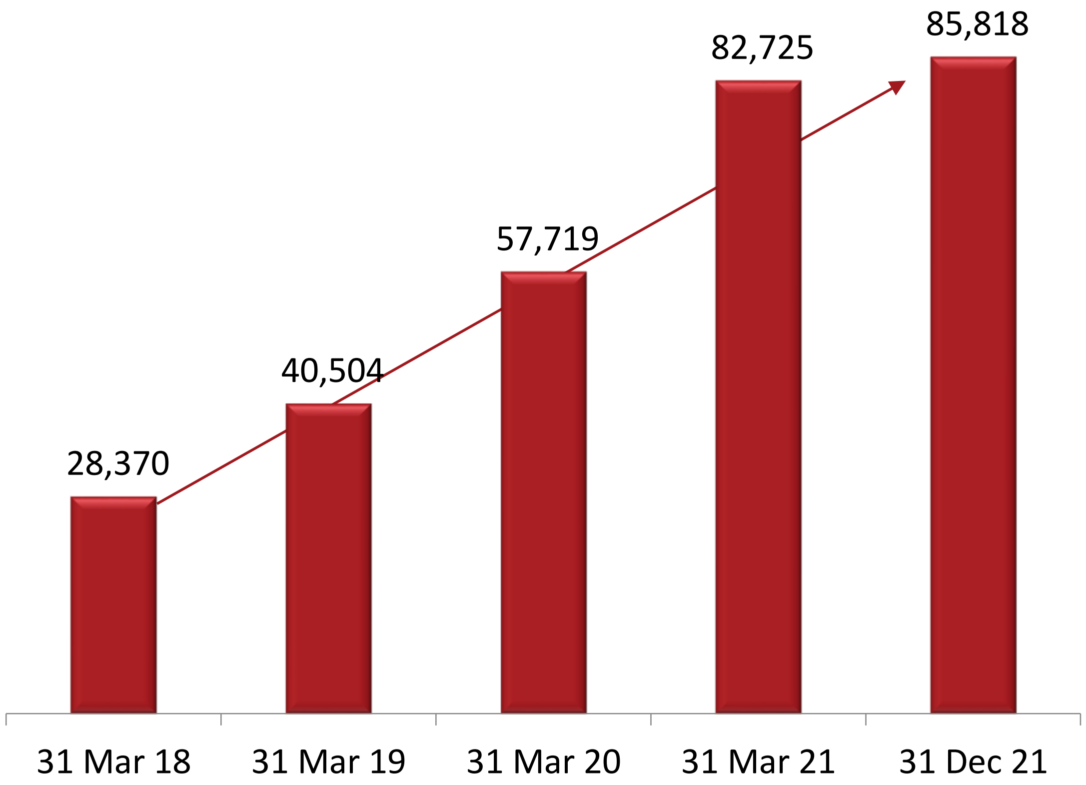
The Bank now has a strong and well diversified deposits base

Demonstrated Capability to raise deposits

3 **Core Deposits (Retail CASA and Retail Term Deposits) also shows strong improvement over the years based on strong service levels, attractive pricing, and strong brand and excellent customer first products .**



4 **Customer Deposits has grown strongly since merger. It has grown by 11% during the last year to reach Rs. 85,818 crore**



Strong growth in retail deposits has reduced the dependence on wholesale deposits and has provided greater stability to the liability side

In Rs. Crore	Dec-20	Sep-21	Dec-21	YOY%
Legacy Long Term Bonds	9,460	7,588	7,311	-23%
Legacy Infra Bonds	9,514	9,395	9,357	-2%
Refinance	8,297	17,345	16,561	100%
Other borrowings	8,997	6,265	5,749	-36%
Total Borrowings (A)	**36,267**	**40,592**	**38,978**	**7%**
CASA	40,563	46,269	47,859	18%
Term Deposits	36,726	37,620	37,959	3%
Total Customer Deposits (B)	**77,289**	**83,889**	**85,818**	**11%**
Certificate of Deposits (C)	6,673	6,346	6,947	4%
Money Market Borrowings (D)	4,538	12,011	11,814	160%
Borrowings + Deposits (A)+(B)+(C)+(D)	**124,768**	**142,838**	**143,557**	**15%**
CASA % of Deposits	48.31%	51.28%	51.59%	
Average CASA % of Average Deposits	44.66%	49.45%	50.54%	

During the last one year, the Bank has grown its borrowings through Refinance as it was available at attractive rates for the longer tenor

Status of Legacy High Cost Long Term Borrowing as on December 31, 2021

Bank continues to bring down the legacy high cost borrowings

In Rs. Cr	As of Dec 31, 2021	Maturity					RoI (%)	Wtd. Res. Tenor (Yrs)
		Upto FY22	FY23	FY24	FY25	Beyond FY 25		
Infra Bonds	9,357	-	1,465	1,386	5,575	931	8.9%	2.35
Long Term Legacy Bonds	7,311	582	-	1,710	1,308	3,710	9.0%	2.72
Other Bonds	3,545	-	1,934	767	150	694	8.8%	1.75
Refinance	5,951	84	3,053	1,884	930	-	8.0%	1.20
Total	**26,163**	**666**	**6,452**	**5,747**	**7,963**	**5,335**	**8.7%**	**2.11**

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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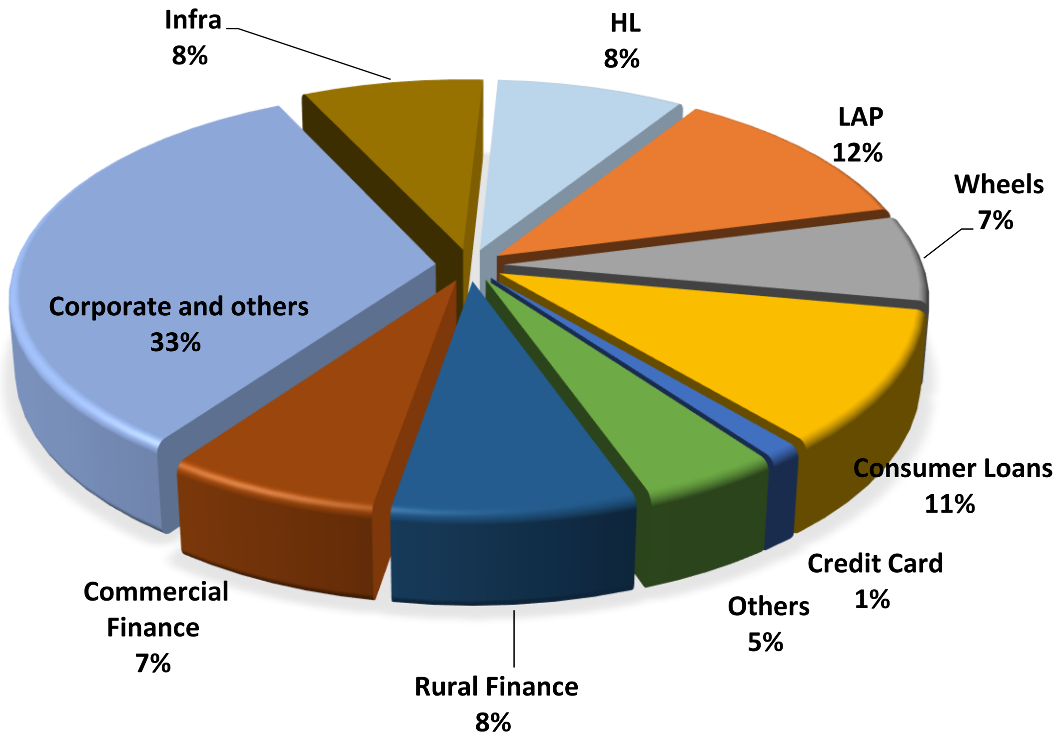
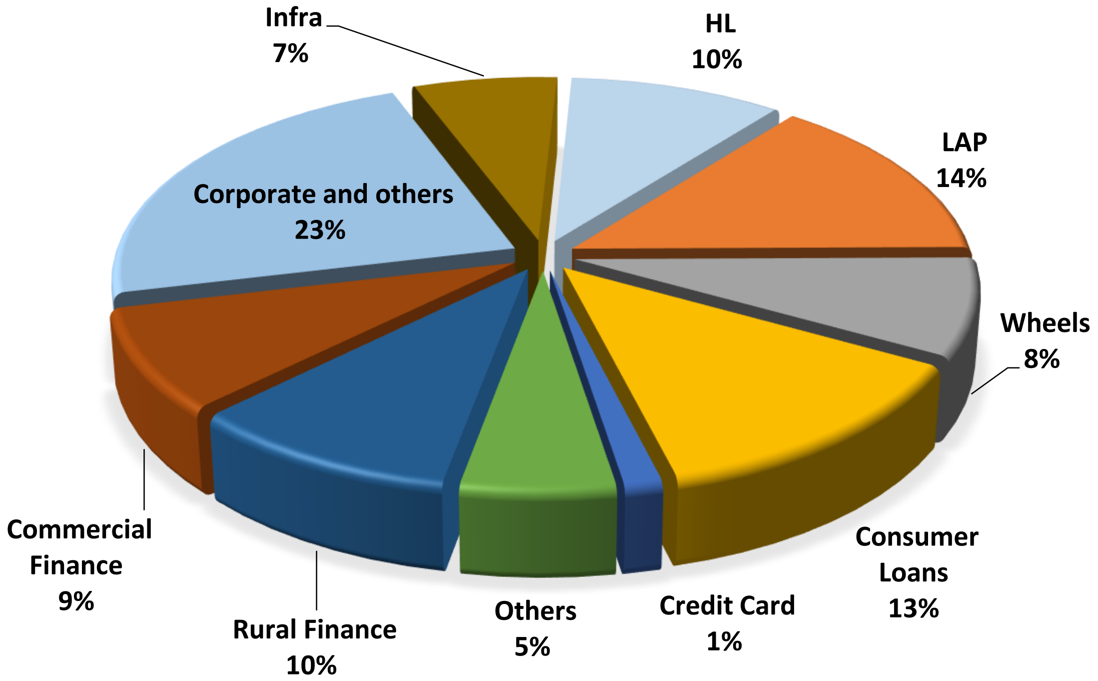
IDFC FIRST Bank

The Bank's Book is well diversified in large number of businesses



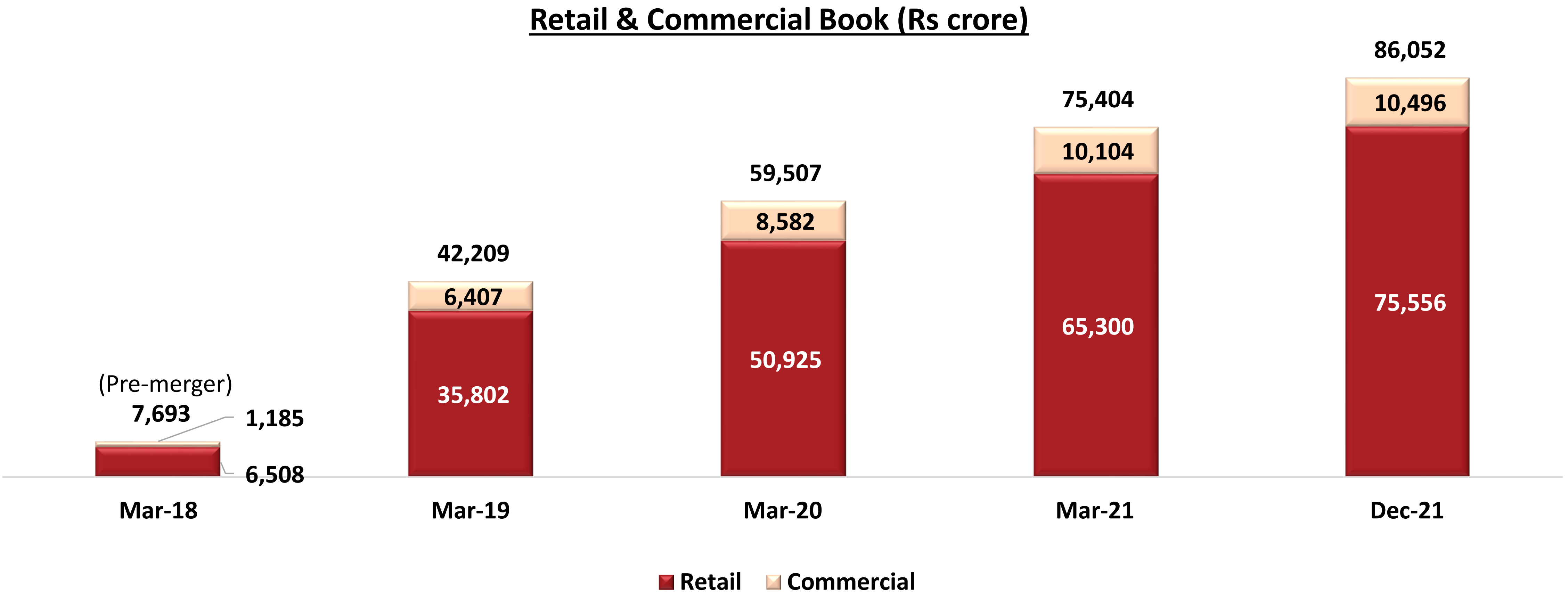
Breakup as a % of Total Funded + Non Funded Book



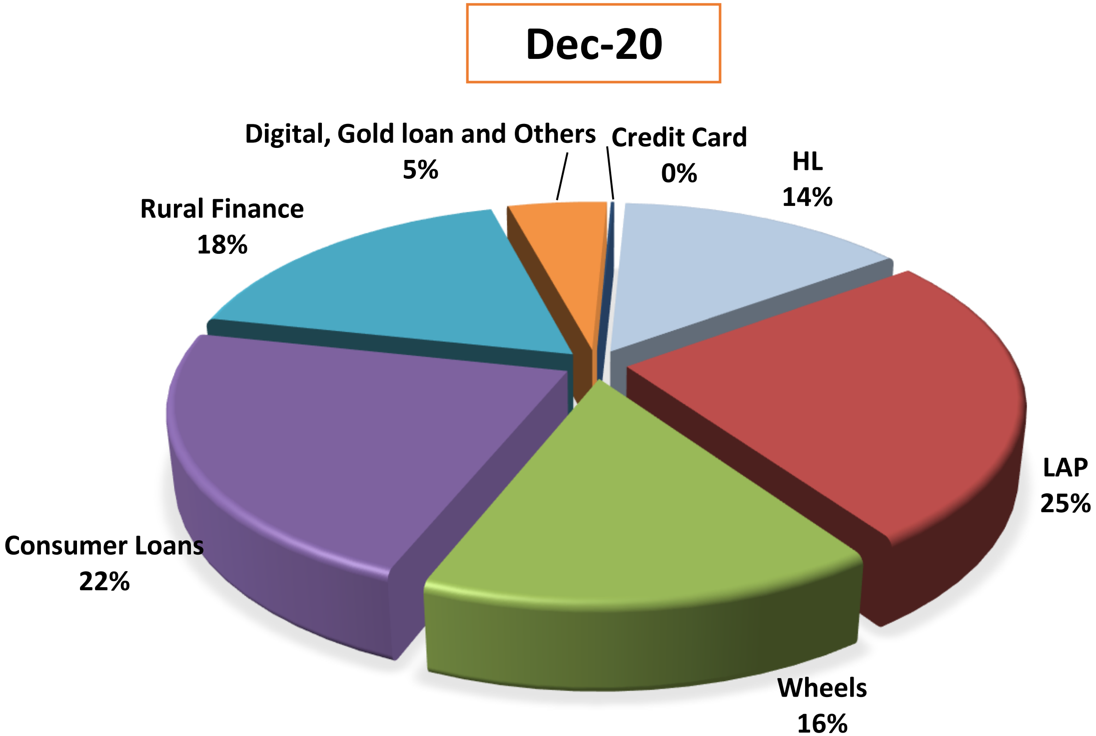
Breakup as % of Funded Book

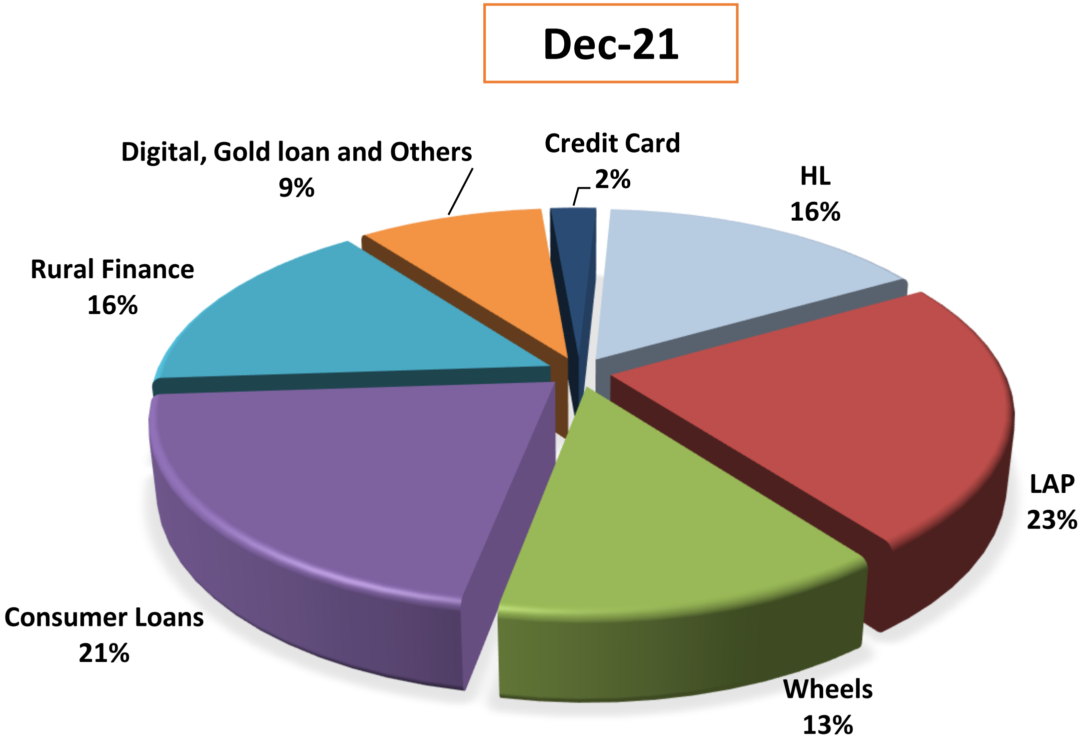
Strong & consistent growth in Retail and Commercial Book over the last decade.

The bank has a rich history of growing the loan book in retail and commercial finance with low NPA levels of Gross and Net NPA of ~2% and 1% respectively including the experience of both institutions put together. We have developed deep expertise in this business.



Further, the Loan book in Retail segment is well diversified across many business lines and now constitutes 62% of total Funded Assets



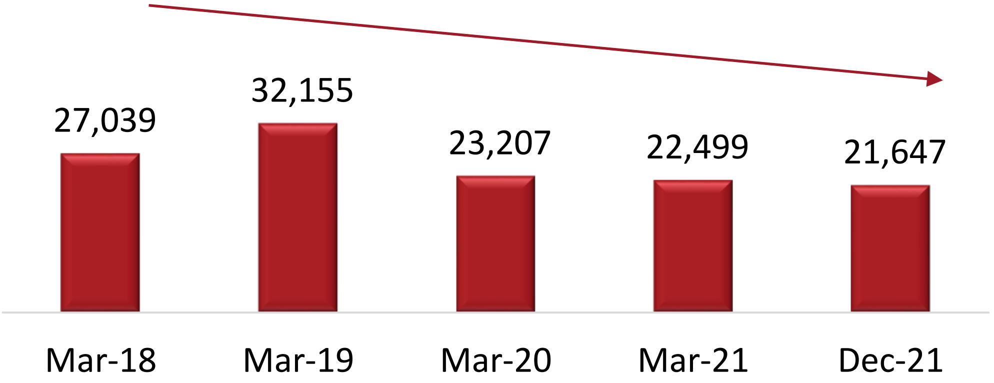


	Dec-20	Dec-21
Retail Book	Rs. 58,988 Cr	Rs. 75,556 Cr
Retail Book (% of Total Funded Assets)	53%	62%

The Bank has reduced concentration risk on the asset side since merger; Top 10 borrowers' concentration reduced significantly

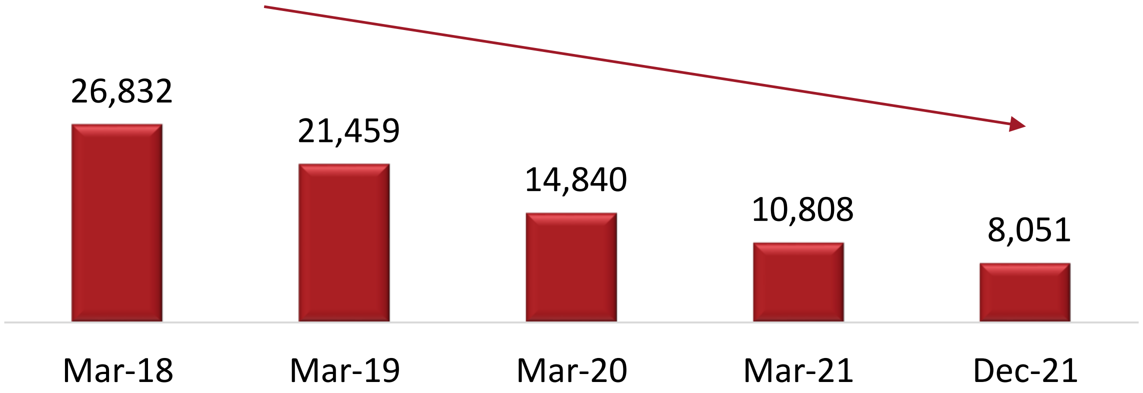
1 **The non-infra corporate funded assets were reduced by 3% in the last year**

in Rs. crore

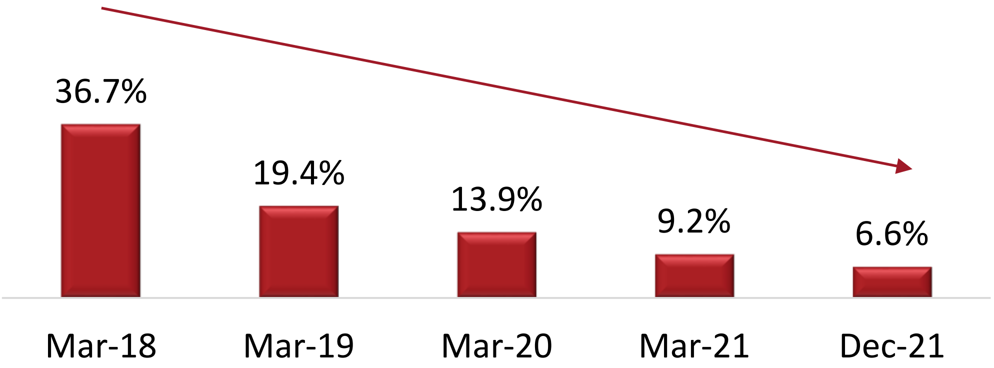


2 **Infrastructure financing (Rs crore) has reduced by 31% in the last year**

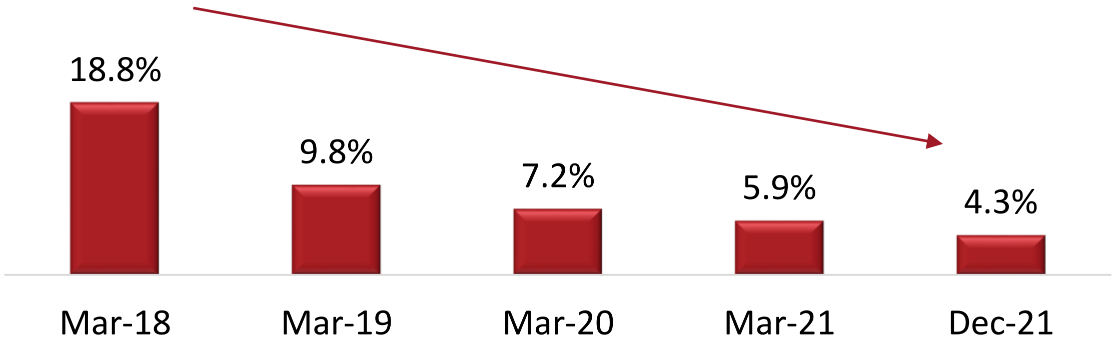
in Rs. crore



3 **The Bank reduced Infrastructure financing portfolio as % of total funded assets from 37% (Mar-18) to 6.6% (Dec-21)**



4 **The Bank also proactively reduced the concentration risk by improving top 10 borrowers' concentration from 18.8% (Mar-18) to 4.3% (Dec-21)**



Funded Assets Breakup

Funded Assets (In Rs. Crore)[1]	Dec-20	Sep-21	Dec-21	Growth YoY%
- Home Loan	8,307	10,671	11,968	44%
- Loan Against Property	15,012	16,945	17,412	16%
- Wheels	9,268	9,164	10,033	8%
- Consumer Loans	13,159	14,564	15,818	20%
- Rural Finance[2]	10,304	11,315	11,934	16%
- Digital, Gold Loan and Others	2,852	5,292	6,729	136%
- Credit Card	86	1,233	1,662	1833%
Retail Book	**58,988**	**69,185**	**75,556**	**28%**
Commercial Finance[3]	**9,072**	**9,865**	**10,496**	**16%**
- Corporate	22,374	20,822	21,647	-3%
- Infrastructure	11,602	10,142	8,051	-31%
- Others[4]	8,433	7,256	6,470	-23%
Wholesale Funded Assets	**42,409**	**38,220**	**36,167**	**-15%**
Total Funded Assets	**110,469**	**117,270**	**122,219**	**11%**

Note:
1. The figures above are gross of Inter-Bank Participant Certificate (IBPC) transactions.
2 Rural Finance includes funding to Self Help Groups, Kisan Credit Cards and Small Enterprise loans.
3. Commercial Finance includes Business Loans, Commercial Vehicle loans and Trade Advances.
4. Others include Security Receipts, Loan converted into Equity, PTC and RIDF.

SECTION 5:
BUSINESS & FINANCIAL PERFORMANCE OF THE BANK

- 5A. Management Commentary on Q3 FY22 Results
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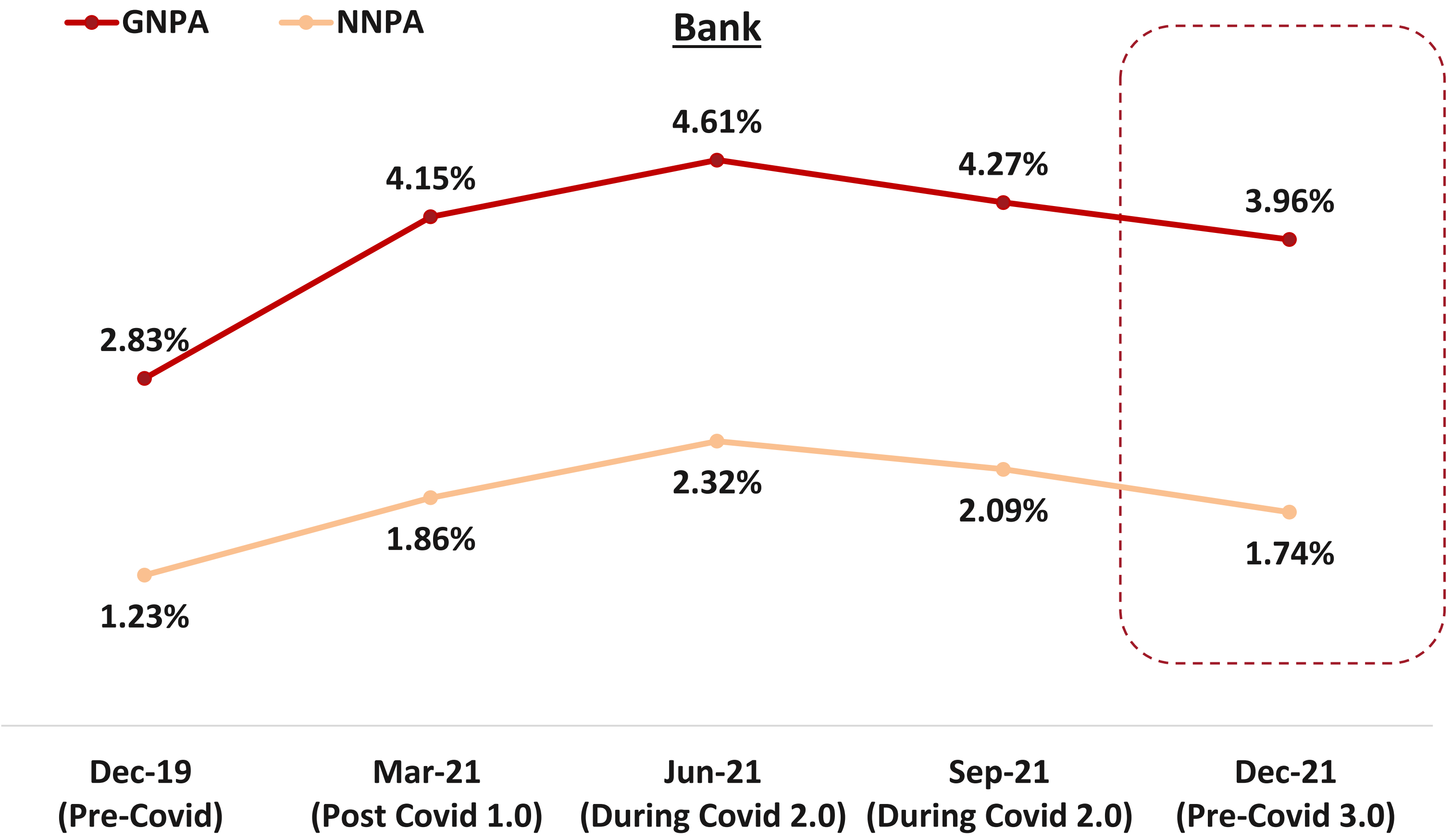
Q3-FY22 results - Asset Quality

Asset Quality Parameters improved during the quarter

Particulars	Dec-21	QoQ Change (in bps)	Comments
Retail & Commercial Loans			
GNPA	2.92%	(53)	The Gross and Net NPA of the Bank has come down significantly by **109 bps** since Mar-21. We expect this to further come down to ~2% and ~1% in due course. The Provision Coverage Ratio stood at **57%** as on December 31, 2021.
NNPA	1.28%	(37)	
Corporate			
GNPA	2.52%	(33)	The quality of the accounts which are getting added incrementally to the Corporate book is excellent. The PCR% on NPA Book stood at **85%** as on December 31, 2021.
NNPA	0.39%	(45)	
Infrastructure			
GNPA	20.07%	424	The legacy infrastructure book is already reduced to **6.6%** of the total funded assets from **21.7%** since merger. We feel that there are no significant legacy accounts that would bother us going forward.
NNPA	11.58%	169	
Total			
GNPA	3.96%	(31)	**At Bank Level, the Provision Coverage Ratio stood at 57%. Excluding the one toll account where we expect to recover our dues, and gross of technical write-offs, our PCR would have been 75%.**
NNPA	1.74%	(35)	

Asset quality of the Bank continues to improve sequentially

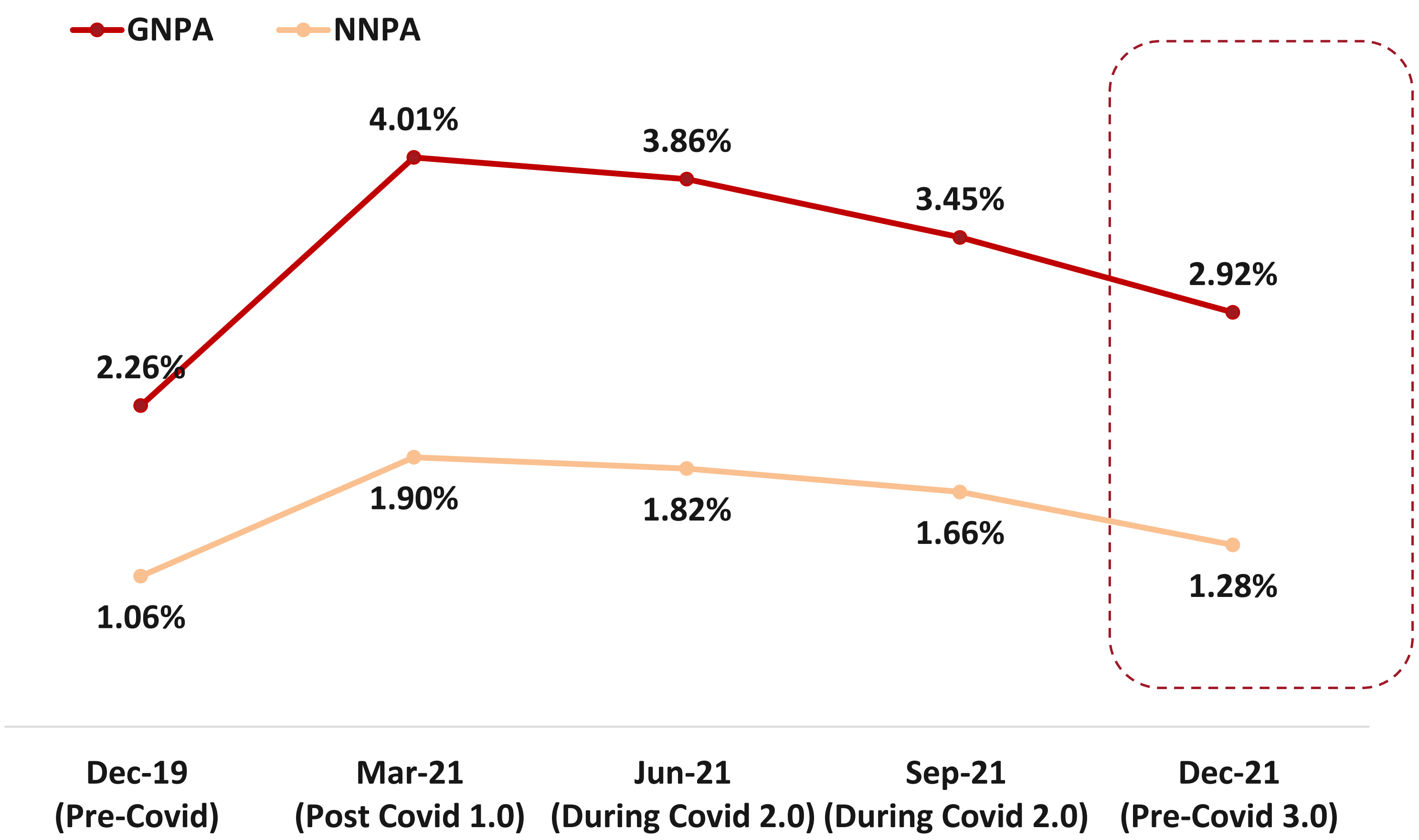


PCR%	57.34%	56.23%	50.86%	52.06%	57.06%

- The Asset Quality of the Bank has improved as compared to last quarter driven by the improvements in retail, commercial and corporate segments.
- PCR including technical write-offs and excluding one large legacy road infrastructure account (toll) which moved to NPA in Q1-FY22 was at **75%** as on December 31, 2021
- Without the one legacy infrastructure (toll) NPA account as mentioned earlier, the GNPA and NNPA would have been **3.24%** and **1.14%** with PCR at **66%** as on December 31, 2021

Asset Quality – Retail And Commercial Finance

Retail and Commercial Segment asset quality continues to improve sequentially.

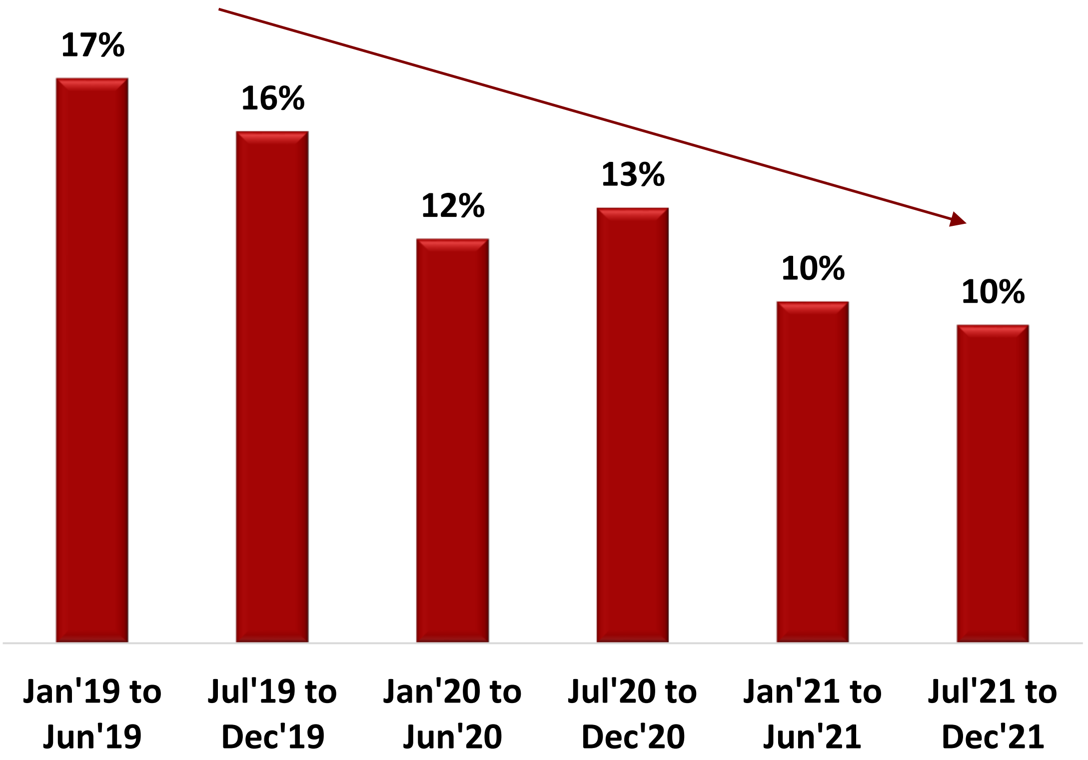


	Dec-19 (Pre-Covid)	Mar-21 (Post Covid 1.0)	Jun-21 (During Covid 2.0)	Sep-21 (During Covid 2.0)	Dec-21 (Pre-Covid 3.0)
PCR%	53.67%	53.68%	53.84%	52.90%	56.86%

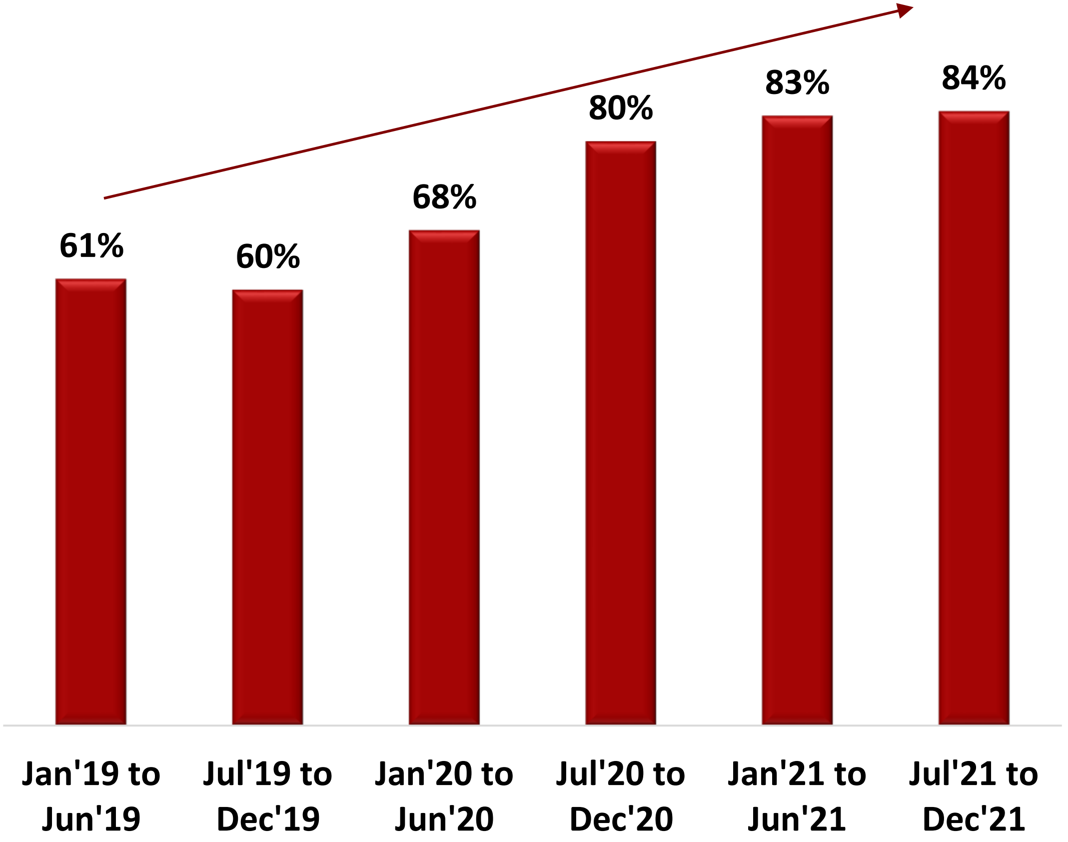
- The GNPA and NNPA of Retail and Commercial Finance has improved by **53 bps** and **37 bps** respectively during the quarter.
- The lead indicators, including improvement in cheque bounces on first presentation, collection efficiency, and recovery rates point to lower NPA and lower credit losses going forward.
- Based on the portfolio analysis of the key indicators, the Bank expects to reduce Gross NPA and Net NPA to pre-COVID levels.

Key input Indicators are showing improvement, which points to lower delinquency and credit losses in future.

The bank has Improved quality of Sourcing as a result, New to Credit customers as % incremental bookings have reduced from 17% to 10%, indicating improved quality.



Similarly, the Customers having Bureau score > 700 has sharply improved from 61% to 84%.

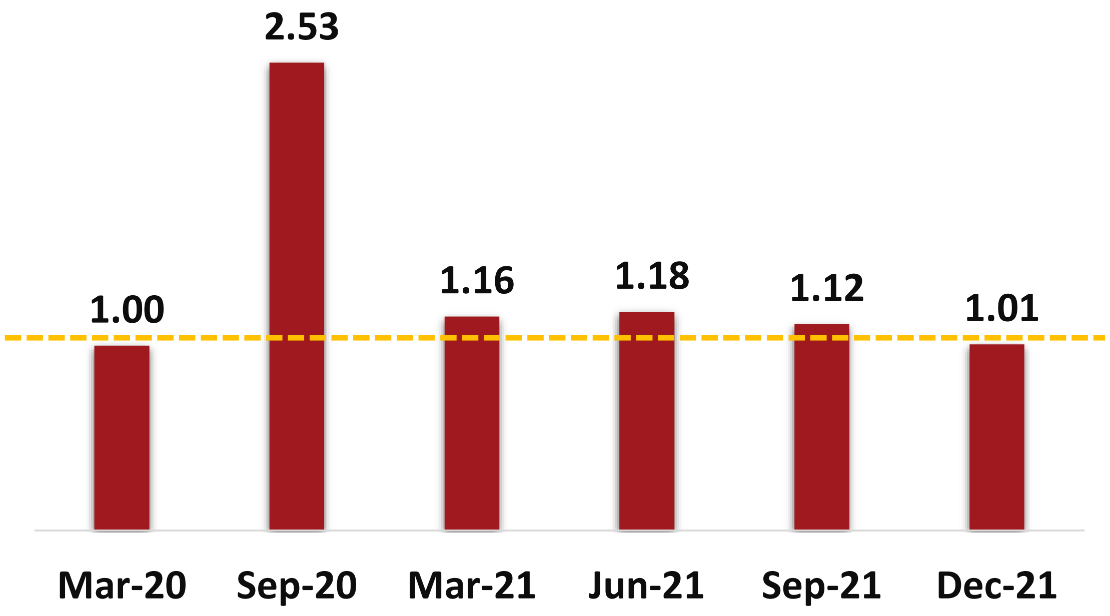


Improved indicators of Credit Quality

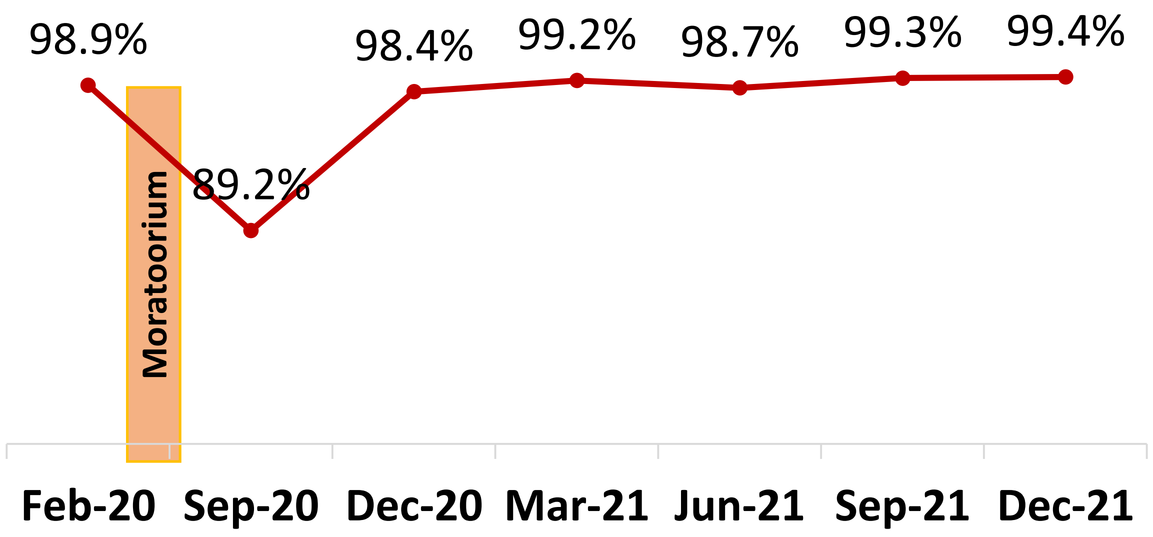
The Bank tracks its Asset Quality on a) Cheque Bounces on Portfolio b) Cheque bounces on new book c) collection on Cheque Bounces d) Recovery on NPA accounts e) Vintage Analysis of the Book

Key quality Indicators showing improvement which points to lower delinquency and credit losses in future. We are improving on all these points. The Bank is confident of meeting the guidance of 2:1:2, i.e. 2% GNPA, 1% NNPA and 2% of Credit Loss, in due course.

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

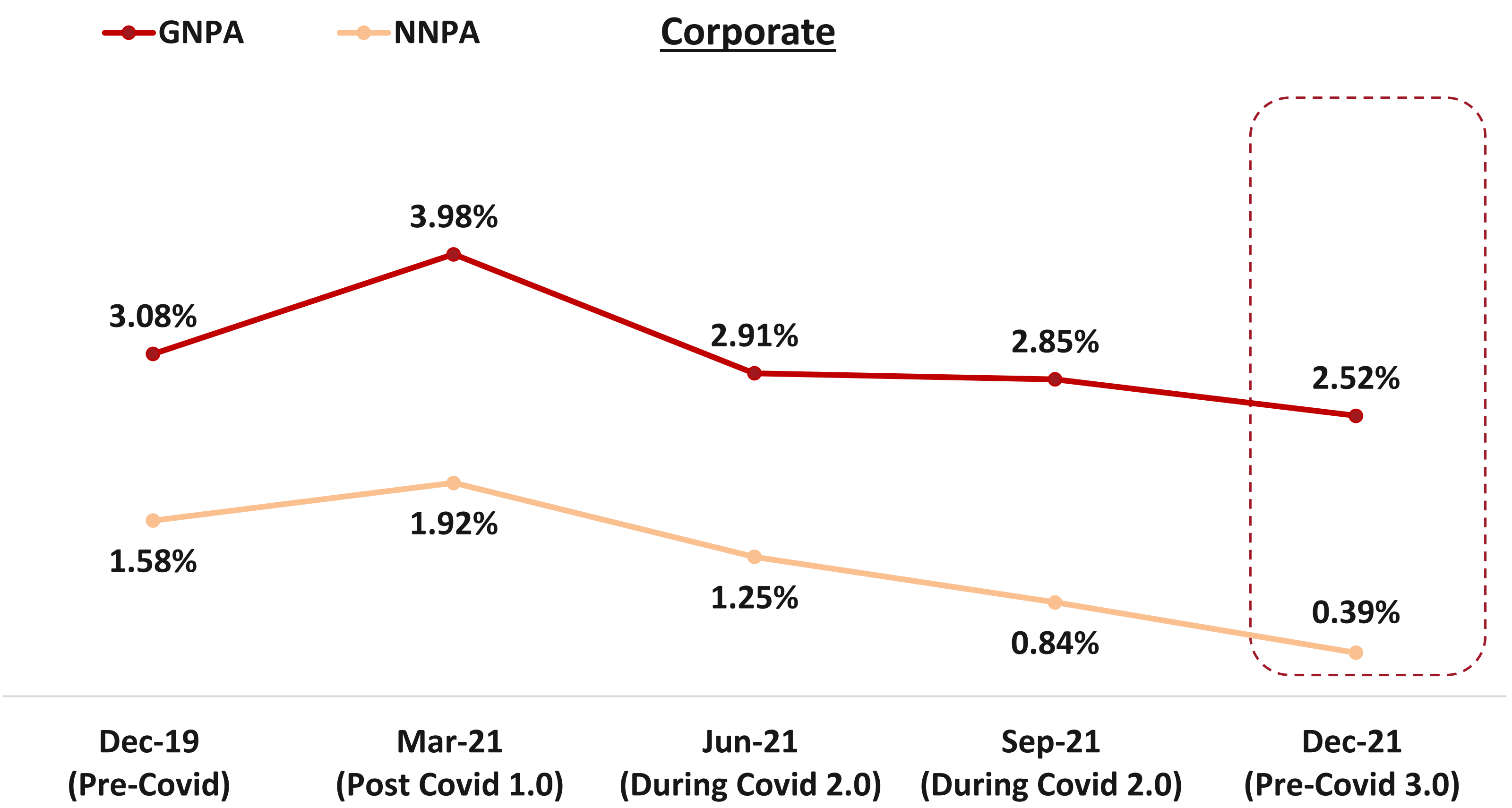


Early Bucket Collection Efficiency (urban retail) has surpassed pre COVID levels (Feb 2020).



Asset Quality – Corporate and Infrastructure Financing

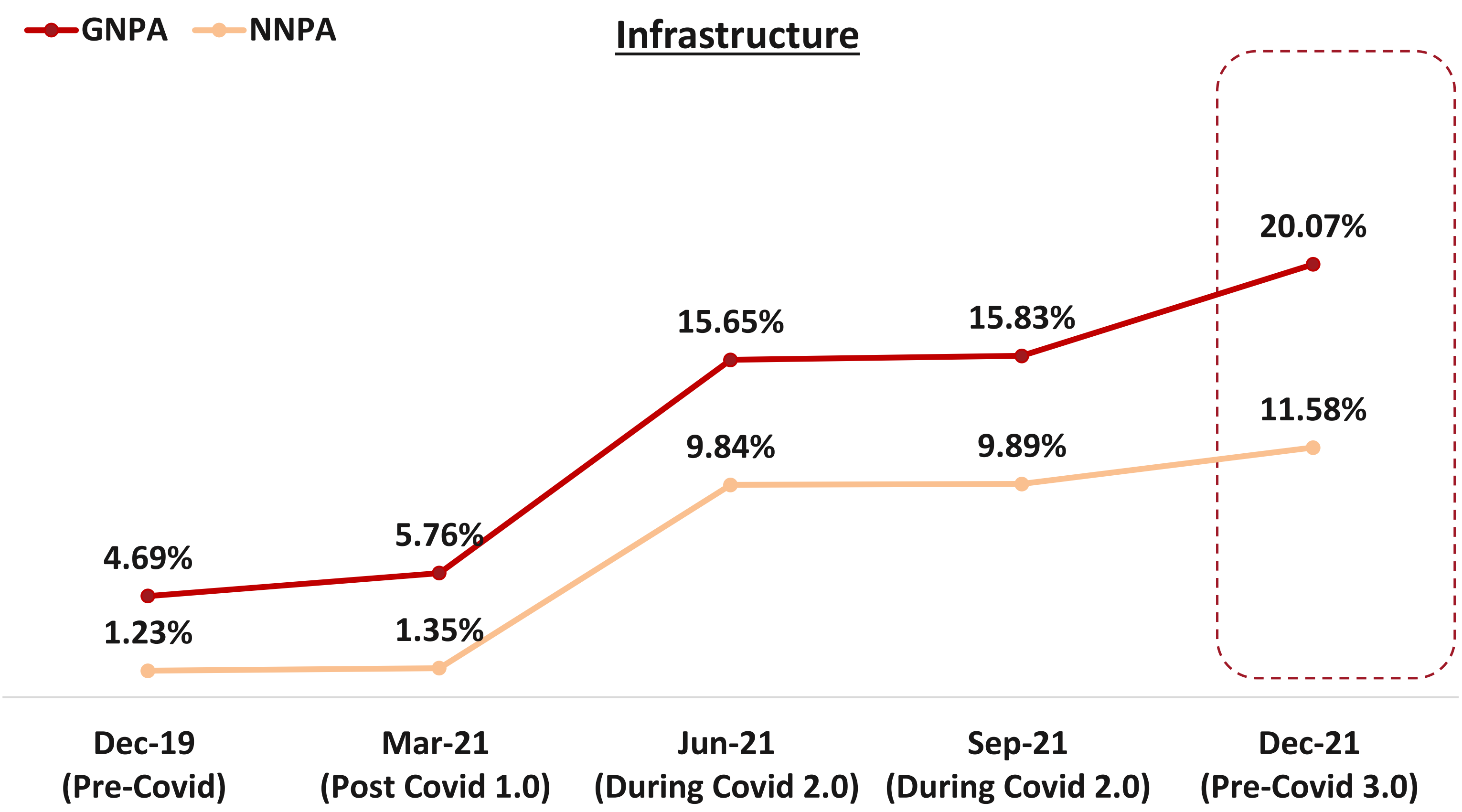
Asset Quality of Corporate book (Non-Infra) continues to improve



	Dec-19 (Pre-Covid)	Mar-21 (Post Covid 1.0)	Jun-21 (During Covid 2.0)	Sep-21 (During Covid 2.0)	Dec-21 (Pre-Covid 3.0)
PCR%	49.35%	52.73%	57.60%	71.02%	84.83%

- The Book in the corporate segment has seen improvement in asset quality on a consistent basis since the spike due to COVID-19.
- We follow prudent underwriting, reduction of concentration risk, proper industry and customer selection processes.
- The PCR on this segment is **85%** as on December 31, 2021.

NPA in Infrastructure book is high, but constituted only 6.6% of the Total Funded Assets as on Dec 31, 2021.



	Dec-19 (Pre-Covid)	Mar-21 (Post Covid 1.0)	Jun-21 (During Covid 2.0)	Sep-21 (During Covid 2.0)	Dec-21 (Pre-Covid 3.0)
PCR%	**74.64%**	**77.66%**	**41.13%**	**41.67%**	**47.87%**

- During the current quarter, a toll account of **Rs. 248 crore** slipped into NPA which was part of the reported identified standard asset pool in previous quarters.
- Infrastructure book continues to decline as planned.
- The infrastructure book has shrunk to just **Rs. 8,051 crore** from **Rs. 22,710 crores** at merger.

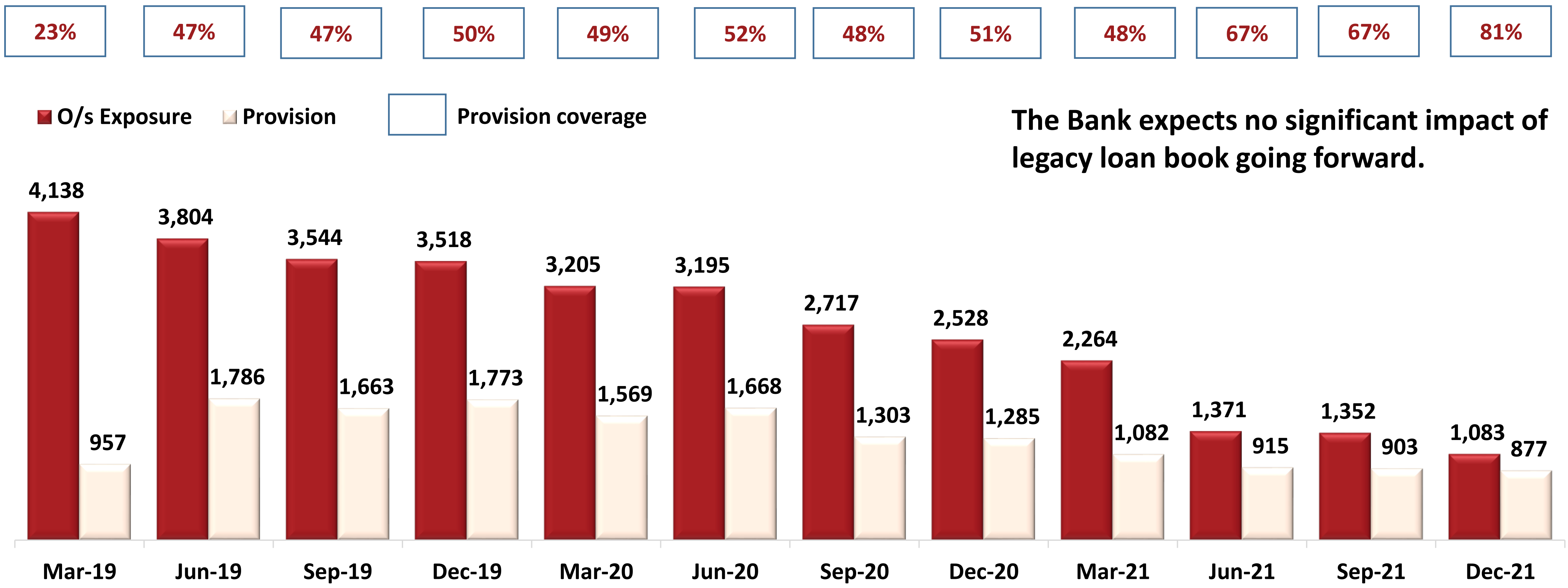
In addition to the declared NPAs, the Bank has proactively identified stressed accounts out of the standard accounts, and provided for the same.

Client Description (Rs. Crore)	O/S Exposure	Provision	PCR %	Comments
Thermal Power Project in Orissa	501	501	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.
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	150	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. RP along with the COC is working towards identifying appropriate resolution plan.
Solar Projects in RJ	79	-	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	27	10	37%	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	11	11	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	**1,083**	**877**	**81%**	

The Identified Stressed Book of Rs. 1,083 crore has a Provision Coverage of 81% as on December 31, 2021.

Identified Stressed Assets pool (apart from declared NPAs) significantly reduced from Rs. 4,138 crore at merger to only Rs. 1,083 crore as on December 31, 2021.

All amounts are in Rs. crore unless specified



The Bank expects no significant impact of legacy loan book going forward.

Note: The Bank has received the repayment of Bonds of one large telecom account (not forming part of the above pool) on schedule which was due in Dec-21 and Jan-22. Also, a toll account of **Rs. 248 crore** slipped into NPA which was part of the reported identified standard asset pool in previous quarters.

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IDFC FIRST Bank

Balance Sheet

In Rs. Crore	Dec-20	Sep-21	Dec-21	Growth (%) (Y-o-Y)
Shareholders' Funds	17,668	20,350	20,649	17%
Deposits	84,294	90,235	92,765	10%
- Retail Deposits	58,435	64,140	64,510	10%
- Wholesale Deposits (including CD)	25,859	26,095	28,255	9%
Borrowings	40,805	52,603	50,792	24%
Other liabilities and provisions	12,909	9,314	10,027	-22%
Total Liabilities	**155,676**	**172,502**	**174,232**	**12%**
Cash and Balances with Banks and RBI	7,141	17,019	17,567	146%
Net Funded Assets	106,263	111,353	116,422	10%
- Net Retail Funded Assets	67,966	76,838	83,837	23%
*- Net Wholesale Funded Assets**	38,297	34,515	32,585	-15%
Investments	33,037	34,881	31,550	-4%
Fixed Assets	1,233	1,329	1,333	8%
Other Assets	8,003	7,920	7,360	-8%
Total Assets	**155,676**	**172,502**	**174,232**	**12%**

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

Quarterly Income Statement

In Rs. Crore	Q3 FY21	Q2 FY22	Q3 FY22	Growth (%) Y-o-Y
Interest Income[1]	4,101	4,101	4,429	8%
Interest Expense	2,209	1,828	1,849	-16%
Net Interest Income	**1,892**	**2,272**	**2,580**	**36%**
Fee & Other Income	582	658	744	28%
Operating Income (Excl Trading Gain)	**2,474**	**2,930**	**3,324**	**34%**
Trading Gain[2]	269	122	25	-91%
Operating Income	**2,743**	**3,052**	**3,349**	**22%**
Operating Expense[1]	1,991	2,359	2,579	30%
Pre-Provisioning Operating Profit (PPOP)	**753**	**693**	**770**	**2%**
Core PPOP(Ex. Trading gain)	**484**	**571**	**745**	**54%**
Provisions[2]	574	475	392	-32%
Profit Before Tax	**179**	**218**	**378**	**111%**
Tax	**49**	**66**	**97**	**97%**
Profit After Tax	**130**	**152**	**281**	**117%**

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

Nine Months - Income Statement

In Rs. Crore	9M FY21	9M FY22	Growth (%) Y-o-Y
Interest Income[1]	11,975	12,619	5%
Interest Expense	6,555	5,582	-15%
Net Interest Income	**5,420**	**7,037**	**30%**
Fee & Other Income	1,022	1,851	81%
Operating Income (Excl Trading Gain)	**6,442**	**8,887**	**38%**
Trading Gain[2]	944	540	-43%
Operating Income	**7,386**	**9,428**	**28%**
Operating Expense[1]	4,938	6,970	41%
Pre-Provisioning Operating Profit (PPOP)	**2,448**	**2,457**	**0%**
Core Pre-Provisioning Operating Profit (Ex. Trading gain)	**1,504**	**1,917**	**27%**
Provisions[2]	2,015	2,739	36%
Profit Before Tax	**433**	**(282)**	
Tax	108	(85)	
Profit After Tax	**324**	**(197)**	

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

Q3-FY22 results: Our Profits are subdued due to 3 reasons, which will be addressed in due course

- **Legacy High Cost Borrowings to run off**: The Bank is carrying Rs. 26,163 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 2.1 years. As they mature and are replaced by incremental low cost liabilities, the Bank expects to add Rs. 1,000 crore at PBT level.
- **Loss on Retail Liabilities to reduce as we scale up:** Since merger in Dec-18, the Bank has opened 393 branches and have installed 615 ATMs apart from investing in necessary digital capabilities. The Bank is currently incurring losses of ~Rs. 325-350 crore every quarter from the Retail Liabilities business segment. As the Bank scales up its retail liability businesses and effectively start cross-sell, then losses will reduce/fade away and this will add to profit to that extent.
- **Investment in setting up the Credit Cards business:** The Credit Cards business had highly successful launch. Credit Card business usually has high setup and technology costs. Profitability is achieved when the outstanding book achieves the required scale. The Bank has already issued more than 5.3 lakh 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 and become profitable at scale. 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. We feel that as these three items are addressed, ROA and ROE will naturally get addressed and we will move towards RoE of around 15-16%.
- Finally, we have excess liquidity and have LCR of 149% 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.

Capital Adequacy Ratio is strong at 15.38% as on December 31, 2021

In Rs. Crore	Dec-20	Sep-21	Dec-21
Common Equity	17,287	19,606	19,921
Tier 2 Capital Funds	629	993	740
Total Capital Funds	**17,917**	**20,600**	**20,661**
Total RWA	**1,25,052**	**1,32,057**	**1,34,296**
CET 1 Ratio (%)	**13.82%**	**14.85%**	**14.83%**
Total CRAR (%)	**14.33%**	**15.60%**	**15.38%**

The regulatory requirement for the Capital Adequacy Ratio is 11.5%.

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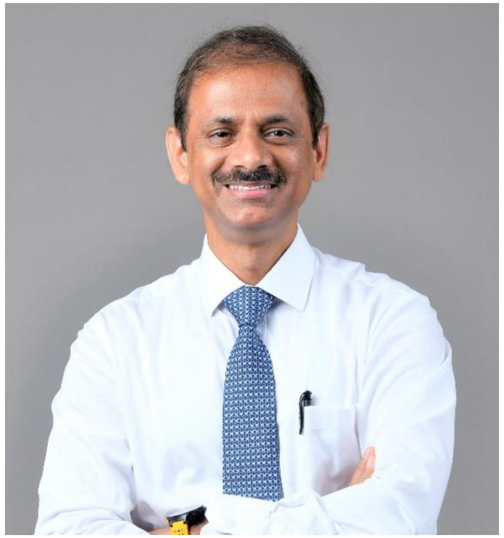


Vaidyanathan worked with Citibank from 1990-2000 in retail banking, then set up ICICI Group's retail banking from 2000-2009. He built ICICI Bank's branch network to 1411 branches and 28 million customers, built a large retail deposits & CASA business, and built retail loans including mortgages, auto 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 stakes, 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 Rs. 94 crores to Rs. 29,600 crores (US$4.05b), grew the equity capital from Rs. 691 crores (US$118 m) to Rs. 3,993 crores (US$600 m), reduced Gross NPA from 5.3% to 1.9%, 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 m (2010) to profit of US$50 m (2018), and increased the market cap 10 times from Rs. 780 crores (US$120 m) to Rs. 8,200 crores (US$1.2 b) between 2012 to 2018. 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 he has increased retail loan book to Rs. 85,337 crores, and grown retail from 36% at merger to 70% of loans, increased NIM from 2.9% at merger to 5.90%, increased CASA from 8.7% to 51.5%, 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 Rs. 1.2 lac crores (~US$16 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, London, "Most Promising Business Leaders of Asia" 2016 by Economic Times, 'Outstanding Entrepreneur Award' in Asia Pacific Entrepreneurship Awards 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. 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 for "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

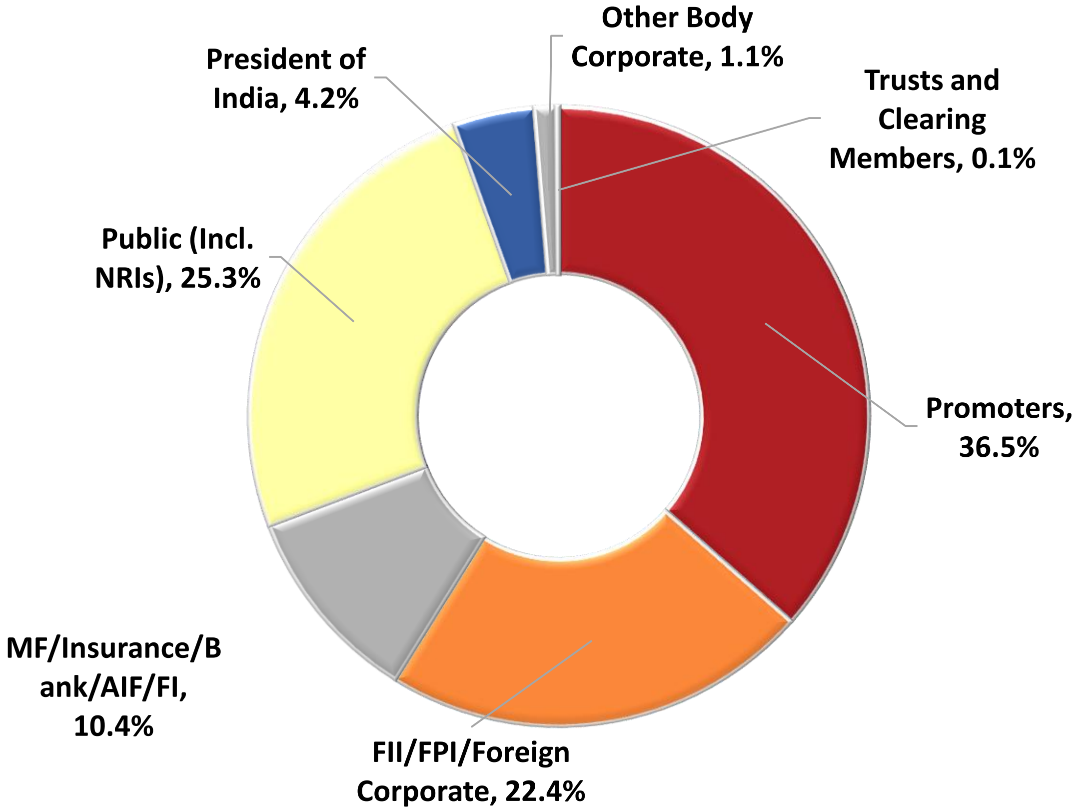
Mr. Ajay Sondhi, is a 2017 Fellow, Harvard Advanced Leadership Initiative, MBA - Finance from JBIMS, Mumbai University, and B.A. in Economics (Honors) from St. Stephens College, Delhi University. He is a seasoned Financial Services and Board professional with extensive Indian and global experience. Most 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 December 31, 2021

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



Total # of shares as of December 31, 2021 : 621.21 Cr
Book Value per Share as of December 31, 2021: Rs. 33.24
Market Cap. as on December 31, 2021: Rs. 30,036 Crore

Key Shareholders *(through their respective various funds and affiliate companies wherever applicable)*	**% Holding**
IDFC Financial Holding Company Limited	36.51
Warburg Pincus through its affiliated entities	9.07
President of India	4.21
Odyssey 44	3.68
ICICI Prudential Life Insurance	3.30
Baillie Gifford	2.83
Aditya Birla Asset Management	1.81
Vanguard	1.78
Bajaj Allianz Life Insurance	1.20
City of New York Group Trust	0.74
Ishares	0.71

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

With our Customer Centric Approach, the Bank is

- ✓ Set for Growth.
- ✓ Set for Scale.
- ✓ Set for Profitability.

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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%

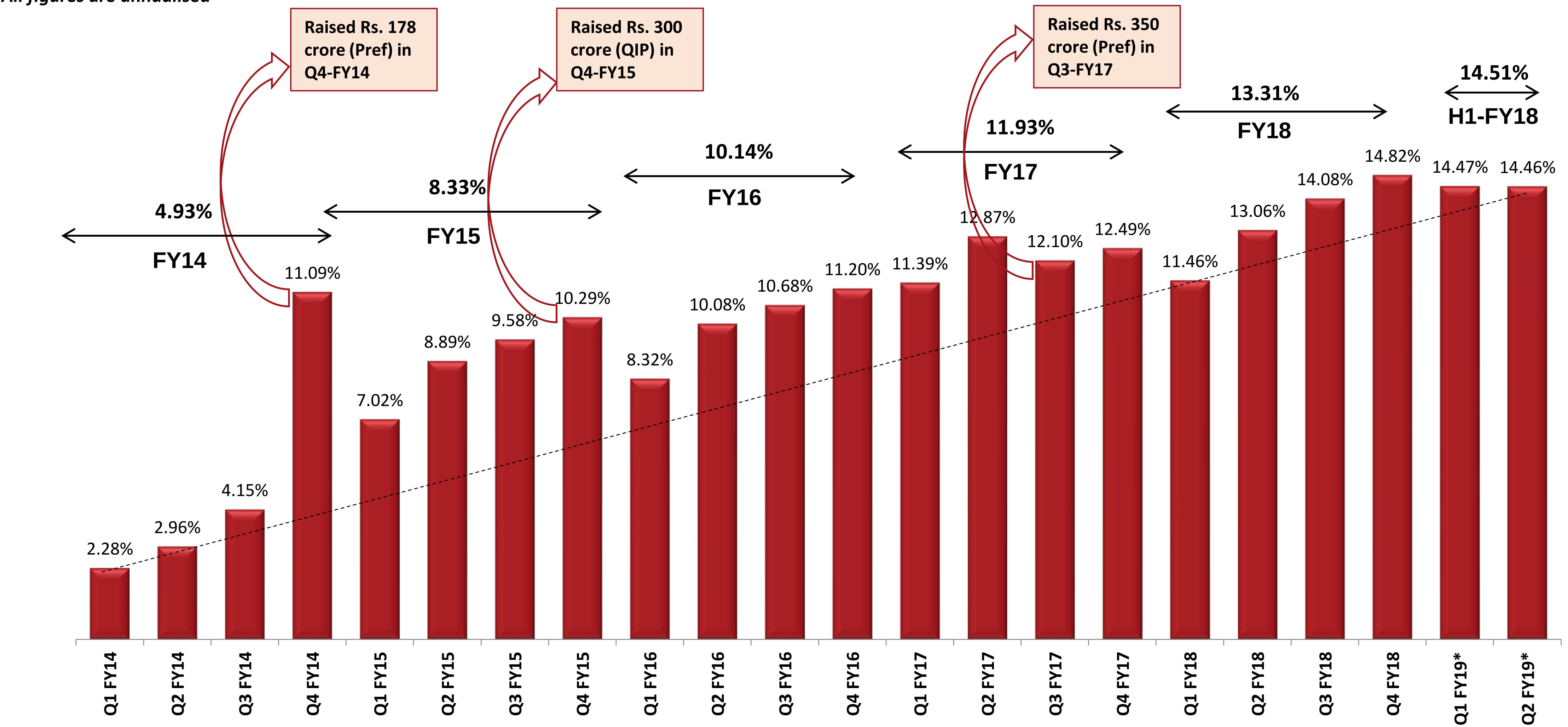
The 5 year CAGR for key parameters are as follows:

- **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.

All figures are annualised



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