

Press Release

## Board of Directors of IDFC FIRST Bank approves amalgamation of IDFC Limited with IDFC FIRST Bank

Mumbai, 3<sup>rd</sup> July, 2023: The Board of Directors of IDFC FIRST Bank Limited (“IDFC FIRST Bank” or “the Bank”) at its meeting held today, July 03, 2023, have approved the Scheme of Amalgamation of IDFC limited with IDFC FIRST Bank. The Share Exchange Ratio for the amalgamation of IDFC Limited with IDFC FIRST Bank shall be 155 equity shares of face value of ₹ 10/- each fully paid-up of IDFC FIRST Bank for every 100 equity shares of face value of ₹ 10/- each fully paid-up of IDFC Limited.

As a result of the proposed merger, the standalone book value per share of the Bank would increase by 4.9%, as calculated on audited financials as of March 31, 2023.

### Rationale:

1. The merger will lead to simplification of the corporate structure of IDFC FHCL, IDFC Limited and IDFC FIRST Bank by consolidating them into a single entity and will help streamline the regulatory compliances of the aforesaid entities.
2. The merger will help create an institution with diversified public and institutional shareholders, like other large private sector banks, with no promoter holding.

The Scheme is subject to the receipt of requisite approvals from the Reserve Bank of India (“RBI”), Securities and Exchange Board of India (“SEBI”), the Competition Commission of India, the National Company Law Tribunal, BSE Limited and the National Stock Exchange of India Limited (collectively, the “Stock Exchanges”) and other statutory and regulatory authorities, and the respective shareholders, under applicable law.

**Background:** IDFC Limited, a premier, successful infrastructure Financing Domestic Financial Institution (DFI) since 1997, was granted “in-principle” approval by the RBI to set up a Bank in April 2014, leading to the creation of IDFC Bank Limited. The Bank started its operation in October 2015. The loan assets and liabilities of IDFC Limited were transferred to IDFC Bank. Capital First Limited was a successful consumer and MSME financing institution since 2012 with a strong track record of growth, profits, and asset quality.

On December 18, 2018, the IDFC Bank and Capital First merged, and subsequently renamed IDFC FIRST Bank. As of June 30, 2023, IDFC Limited through its non-financial holding company has 39.93% shareholding of IDFC FIRST Bank.

**IDFC FIRST Bank** is a full-service universal bank with pan-India presence. The Bank has transformed from infrastructure financing to a universal banking franchise in the last four years. The Bank has built a strong deposit franchise, which has grown at a 4-year CAGR of 36% since the merger to reach Rs. 136,812 crore by March 31, 2023. The Bank has increased CASA ratio from 8.6% at the time of merger with Capital First in December 2018, to 49.77% (March 31, 2023) and

has set up 809 branches and 925 ATMs as of March 31, 2023.

In terms of assets, the Bank has a well-diversified loan book of Rs. 1,60,599 crore with a balance sheet size of Rs. 239,942 crore as on March 31, 2023. The Bank recorded a PAT of Rs. 2,437 crore in FY23, with strong Capital Adequacy of 16.82% as of March 31, 2023. The Bank aims to grow its balance sheet by 20-25% per year in the near to medium term.

Speaking about the merger Mr. Sanjeeb Chaudhuri, Chairperson, IDFC FIRST Bank, said *“This is an important event for the Bank and for all the shareholders of the Bank as well as IDFC Limited. We now embark on the next phase of our growth journey towards our long-term vision, and to create sustainable shareholder value in the years to come.”*

Speaking about the merger, Mr. V. Vaidyanathan, MD & CEO, IDFC FIRST Bank, said *“With this merger, we are very happy to welcome all the shareholders of IDFC Limited to become direct shareholders of IDFC FIRST Bank. We have built a strong foundation for our Bank including a strong deposit franchise, digital innovation, customer friendly products, strong capital buffer, growing profitability and high corporate governance. We look forward to building on our vision to create a world class Bank in India with the support of existing and new shareholders.”*

*“India provides terrific opportunities for growth, and we have built significant specialization in our business lines. We look forward to strong growth with quality in the years to come.”*

**Advisors:**

Deloitte Touche Tohmatsu India LLP and Mr. Harsh Chandrakant Ruparelia (Registered Valuer) acted as valuers to IDFC FIRST Bank.

ICICI Securities, provided a Fairness Opinion on the valuation provided by the valuers.

AZB & Partners acted as legal advisors to IDFC FIRST Bank.

JM Financial Limited acted as Financial Advisor to IDFC FIRST Bank.

## About IDFC FIRST Bank

**Vision:** IDFC FIRST Bank's vision is to build a world-class bank in India that's guided by ethics, powered by technology, and a force for social good.

**Philosophy:** The Bank has a customer-first philosophy offering high-quality products including current accounts, savings accounts, fixed deposits, retail loans, business loans, corporate banking, cash management solutions, FASTag, wealth management, and 24/7 customer care services. IDFC FIRST bank is one of the select banks to work with the regulator for pilot projects for many banking technology initiatives for India like CBDC, UPI for foreigners etc.

**Unique Benefits for customers:** The Bank is the first and only bank in India that offers Zero fees for 28 essential services on savings accounts including for ATM cash withdrawals, IMPS, RTGS, NEFT, Cash Deposits and Cash withdrawals at branches, SMS Alerts, Cheque book, Demand Drafts, Pay-order, duplicate statements, etc. IDFC FIRST Bank is the first bank to offer monthly credit on savings accounts, so customers earn more with us. The bank's credit cards have unique features such as lifetime free, never-expiring rewards points, zero interest on cash withdrawal at ATMs and low APR.

**Ethics First:** IDFC FIRST Bank prioritizes ethics in all our dealings and product design. We believe income earned unethically is not worth earning. The Bank applies a "Near and Dear" Test in all product design, so that the employees of the Bank serve only such products to customers that they'd want for their own loved ones.

**Transformation:** IDFC FIRST Bank has transformed from infrastructure to retail banking in four years since merger, increasing CASA ratio from 8.6% to 49.77% (March 31, 2023) and increased retail deposits from 27% to 76% of total deposits, and set up 809 branches and 925 ATMs.

**Financial Performance:** The Bank recorded a PAT of Rs. 2,437 crore (US\$ 301 million) in FY23, with strong Capital Adequacy of 16.82%. The Bank has high asset quality, with retail loans having Gross NPA of 1.65% and Net NPA of 0.55% as of March 31, 2023. Overall Gross NPA including legacy infrastructure financing book is 2.51% and Net NPA is 0.86%.

**ESG Goals:** The Bank is highly committed to ESG. The Bank has high governance scores, the business lines naturally support social goals, and efforts are ongoing to achieve environmental goals.