

IDFC FIRST Bank announces the successful completion of merger with IDFC Limited

Mumbai, 27th September 2024: IDFC FIRST Bank, in its Board meeting held today announced the completion of merger of IDFC Limited with IDFC FIRST Bank, following the receipt of all requisite shareholder and regulatory approvals, effective from October 01, 2024.

As a result of the merger, **155 equity shares of the Bank will be allotted for every 100 equity shares of IDFC Limited** held by such shareholder in IDFC Limited as on the Record Date i.e., October 10, 2024. The shares are expected to be credited to shareholders of IDFC Limited on or before October 31, 2024, subject to regulatory processes and clearances.

The following are the advantages of the amalgamation for IDFC FIRST Bank:

1. **Simplified Corporate Structure:** Post the amalgamation, there will be a simplified corporate structure at the Bank with no holding company.
2. **Simplified shareholding Structure:** The shareholding structure will be like other leading institutional Indian private sector banks with no promoter holding. The Bank will continue to be professionally managed institution.
3. **Cash and cash equivalents:** As part of the merger, about ₹ 600 crores of cash and cash equivalents will flow to the Bank.
4. **Reduction of outstanding paid-up shares:** 2,64,64,38,348 equity shares held by IDFC Limited in IDFC FIRST Bank will stand cancelled and in lieu of the same, IDFC FIRST Bank will issue 2,47,99,75,876 new equity shares to the shareholders of IDFC Limited as per the agreed swap ratio. Hence there will be a reduction of 16,64,62,472 equity shares in the paid-up share capital of the Bank, and the paid-up capital of the Bank will stand reduced from 7,48,27,31,991 shares to 7,31,62,69,519 equity shares post the transaction.
5. **Eligible to pay dividends:** Due to losses posted by the Bank in its early years largely due to legacy infrastructure and corporate loan accounts and due to goodwill write-off, the Bank had accumulated losses. This was restricting the Bank's ability to pay dividends to shareholders. The accumulated losses of the Bank will be set off against the Securities premium Account of the Bank as part of the merger scheme. This would now enable the Bank to explore opportunities to pay dividend in future.
6. **Unification & streamlining** of the regulatory compliances.
7. India is a fast-growing country, and such growth will open up immense opportunities over the next couple of decades. With a simplified shareholding and corporate structure, and strong capabilities and brand built at the Bank, and with a complete range of services of a Universal Bank, the Bank is well placed to grow with the enormous opportunities India offers.

Speaking about the merger, Mr. Vaidyanathan, MD & CEO, IDFC FIRST Bank Limited, said:

“The announcement of merger today between IDFC FIRST bank and IDFC Ltd brings closure to the intense work over the last 2 years. I am sincerely thankful for IDFC Ltd for simplifying the structure and clearing the decks and for fruitful discussions, which helped put the merger together. I am also thankful to all the regulatory authorities for their excellent guidance and support which led to the successful completion of this merger.

IDFC FIRST Bank will now have a simplified corporate structure with no promoter holding. All global corporations like Bank of America, JP Morgan, HDFC Bank, ICICI Bank are professionally managed institutions with no promoter holding. Similarly, IDFC FIRST Bank can also build itself into a perennial institution like them. In that sense this merger is a landmark moment for the Bank.

The Indian economy is expected to increase from USD 3.5 trillion to USD 30-35 trillion by 2047 which will lead to immense opportunities across all parts of banking. Notably the Indian credit market is expected to grow 15x in the next 20 years. Being an early-stage bank with a lower base, IDFC FIRST Bank can now participate in this growth at an accelerated pace.

In addition to the credit growth, such growth in the Indian Economy also opens opportunities for trade finance, foreign exchange, transaction banking, cash management etc. Further, the wealth management industry is also expected to grow exponentially as India grows richer, a business in which IDFC FIRST Bank has made strong presence in the past many years with AUM of over Rs. 18,000 crores, growing at over 50% per year.

Over the last 5 years, IDFC FIRST Bank has built a strong foundation, excellent working culture, ethical banking approach, high focus on digitization & technology and a focus on Social good. We believe these essential foundations built will help IDFC FIRST Bank to grow into a world class bank in the future.”

About IDFC FIRST Bank

IDFC FIRST Bank is a new age Universal Bank in India built on the foundations of Ethical Banking, Digital Banking, and Social Good Banking. We are building a world class bank in India.

As part of the Bank’s **ethical banking** approach, it applies a "Near and Dear" Test to its products, so that the employees of the Bank serve only such products they'd want for their own loved ones. It believes income earned unethically is not worth earning.

Therefore, the Bank avoids complicated descriptions, calculations, and legalese that customers don’t understand. It abolished all charges on Savings Accounts including for Debit Cards, IMPS, RTGS, NEFT, Cash Deposit, “Non-Home branch” access, Cash withdrawals at ATMs and at branches, 3rd party transaction charges at branches, SMS Alert, Cheque book, Demand Drafts, Pay-order, duplicate statement, and all such services that are usually charged in the market. It follows the principle that it won’t touch its customers’ bank account for one reason or other. It is the first and only bank in India till date to do so. This applies for all variants of savings accounts including Rural Savings accounts with minimum monthly balance of only Rs. 5000/- and for urban savings account with minimum monthly balance of Rs. 10000/-

IDFC FIRST Bank is the first bank in India to offer monthly credit on savings accounts. The credit cards have no hidden charges. It offers Lifetime Free without minimum spend conditions, never-expiring rewards points, zero interest on cash withdrawal at ATMs, dynamic low APR and much more. Fees if any are transparent and described neatly in a manner a common person can understand. Every product offered by the bank is highly customer friendly, most often the best in the industry.

As part of **technology led banking**, the Bank has built a modern technology stack and has built an advanced mobile app with 250+ features such as Goal based investing, MF investment assistance, electric-speed payments, Account Aggregator, MF Aggregator, Personal Finance Manager, Auto categorisation of spends, single app for personal and business banking, UPI on Credit Cards, travel and shop, bill and recharges, deals and reward redemptions, which offer great convenience to the customers. For business customers the Bank offers on-the-go bulk payments, ability to pay income tax, GST, customs duty, and connected banking with ERP solutions.

As part of the **Social Banking theme**, the Bank's business model is naturally geared to social banking. It has developed unique capabilities for financing bottom of pyramid customers with consistently high asset quality. The Bank has financed over 40 million customers including 0.3 million SMEs, 0.9 million livelihood (cattle loans), 16 million lifestyle improvement loans (for laptops, washing machine, etc.), 1 million sanitation loans (toilets, water fittings), 6.5 million mobility loans (2-wheelers and cars), and home financing (over 100,000 homes), and 15 million loans to 4.3 million women-entrepreneurs. It also offers other retail and rural loans such as Kisan Credit Cards, harvest financing, gold loans etc.

IDFC FIRST Bank is a **Universal Bank**, and offers end to end Corporate Banking, Trade Finance such as issuance of LCs & BGs, SBLC, Packing Credit, Pre-shipment and Post-shipment Finance, Treasury products including risk hedging solutions like Forwards, Swaps, Options, and other Forex Solutions, SME Banking, Wealth Management, NRI banking, Cash Management, Nostro & Vostro account operations, Escrow facilities, Correspondent Banking, Fastag, Toll-acquiring, Dealer Finance and Purchase/Sales Invoice discounting.