IDFC FIRST Bank

IDFCFIRSTBANK/SD/194/2019-20

October 24, 2019

The Manager-Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051.
Tel No.: 022 – 2659 8237/ 38
NSE - Symbol – IDFCFIRSTB

The Manager-Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001.
Tel No.: 022 – 2272 2039/ 37/3121
BSE- Scrip Code: 539437

Sub.: IDFC FIRST Bank Limited - Outcome of the Board Meeting held on October 24, 2019.

Ref: Unaudited Financial Results (Standalone and Consolidated) for the quarter and half year ended September 30, 2019.

Dear Sir / Madam,

Pursuant to Regulation 33 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), please find enclosed copies of Unaudited Financial Results (Standalone and Consolidated) of IDFC FIRST Bank Limited for the quarter and half year ended September 30, 2019, considered and approved by the Board of Directors at its meeting held on October 24, 2019, together with copies of Limited Review Reports issued by the Statutory Auditors of the Bank viz. M/s. B S R & Co. LLP, Chartered Accountants on the aforesaid Unaudited Financial Results.

M/s. B S R & Co. LLP, Statutory Auditors of the Bank have issued unmodified opinion with respect to the Unaudited Financial Results (Standalone and Consolidated) of the Bank for the quarter and half year ended September 30, 2019.

Further, please find enclosed copies of Press Release & Investor presentation along with the Commentary on the financials for the quarter and half year ended September 30, 2019.

As required under the Listing Regulations, all the above-mentioned documents are also being posted on our website www.idfcfirstbank.com

The meeting of the Board of Directors of Bank commenced at 2:00 p.m. and concluded at 7:15 p.m.

Please take the above on record and acknowledge receipt of the same.

Thanking you,

Yours faithfully,

For **IDFC FIRST Bank Limited**
(Formerly known as IDFC Bank Limited)

Satish Gaikwad
Head – Legal & Company Secretary
Encl.: as above

IDFC FIRST BANK LTD.

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
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India

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Limited review report on the unaudited quarterly standalone financial results and standalone year to date financial results of IDFC FIRST Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
IDFC FIRST Bank Limited
(formerly, IDFC Bank Limited)

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of IDFC FIRST Bank Limited (formerly, IDFC Bank Limited) (the 'Bank') for the quarter ended 30 September 2019 and year to date results for the period from 1 April 2019 to 30 September 2019 (the 'Statement'), except for the disclosures relating to "Pillar 3 under Basel III Capital Regulations", and those relating to "Leverage Ratio", "Liquidity Coverage Ratio" under Capital Adequacy and Liquidity Standards issued by Reserve Bank of India ('RBI') as have been disclosed on the Bank's website and in respect of which a link has been provided in the Note 8 to the Statement and have not been reviewed by us. This Statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of Unaudited Standalone Financial Results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement

Limited review report on the unaudited quarterly standalone financial results and standalone year to date financial results of IDFC FIRST Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)

IDFC FIRST Bank Limited
(formerly, IDFC Bank Limited)

or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

4. The comparatives figures for the quarter ended 30 June 2019 and quarter and half year ended 30 September 2018 provided in Statement of Unaudited Standalone Financial Results were reviewed by the predecessor auditors, who have expressed an unmodified opinion on those Statement of Unaudited Standalone Financial Results vide their review report dated 24 July 2019 and 24 October 2018 respectively. The comparatives figures provided in Statement of Unaudited Standalone Financial Results for the year ended 31 March 2019 were audited by the predecessor auditors, who have expressed an unmodified opinion on those Statement of audited Standalone Financial results vide their Independent Auditors' Report dated 10 May 2019.

   Our conclusion on the Statement is not modified in respect of the above matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No:46882
UDIN: 19046882AAAAGH6150

Place: Mumbai
Date: 24 October 2019

IDFC FIRST Bank Limited (Formerly IDFC Bank Limited)

Registered Office: KRM Towers, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai 600031, Tamilnadu

CIN : L65110TN2014PLC097792

Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2019 (Standalone)

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 30.09.2019 (refer note 9)	Quarter ended 30.06.2019	Quarter ended 30.09.2018	Half year ended 30.09.2019 (refer note 9)	Half year ended 30.09.2018	Year ended 31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Interest Earned (a)+(b)+(c)+(d)**	**401816.00**	**379311.86**	**233415.59**	**781127.86**	**465530.48**	**1194817.24**
	(a) Interest/discount on advances/bills	288338.61	276662.11	134135.11	565000.72	259168.34	782553.75
	(b) Income on investments	106247.19	96084.28	94744.30	202331.47	194619.02	390565.35
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	1259.69	1648.57	311.35	2908.26	792.41	2318.68
	(d) Others	5970.51	4916.90	4224.83	10887.41	10950.71	19379.46
2	**Other Income (refer note 6)**	**34895.90**	**31045.14**	**11931.91**	**65941.04**	**31804.09**	**85208.39**
3	**TOTAL INCOME (1+2)**	**436711.90**	**410357.00**	**245347.50**	**847068.90**	**497334.57**	**1280025.63**
4	Interest Expended	265508.73	261865.32	188294.26	527374.05	371425.60	874908.34
5	**Operating Expenses (i)+(ii)+(iii)**	**129451.12**	**116718.11**	**55183.32**	**246169.23**	**99827.10**	**328738.65**
	(i) Employees cost	40437.16	36108.67	20974.71	76545.83	41130.44	111819.15
	(ii) Depreciation on bank's property	7340.11	7793.06	4908.90	15133.17	9453.99	21332.83
	(iii) Other operating expenses	81673.85	72816.38	29299.71	154490.23	49242.67	195586.67
6	**TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)**	**394959.85**	**378583.43**	**243477.58**	**773543.28**	**471252.70**	**1203646.99**
7	**Operating Profit (3–6) (Profit before provisions and contingencies)**	**41752.05**	**31773.57**	**1869.92**	**73525.62**	**26081.87**	**76378.64**
8	Provisions (other than tax) and Contingencies (Net)	31735.68	128075.68	60138.43	159811.36	63537.74	145962.61
9	Exceptional Items (refer note 4)	-	-	-	-	-	259934.67
10	**Profit / (Loss) from Ordinary Activities before tax (7–8–9)**	**10016.37**	**(96302.11)**	**(58268.51)**	**(86285.74)**	**(37455.87)**	**(329518.64)**
11	Tax Expense (refer note 7)	77966.49	(34566.49)	(21300.00)	43400.00	(18642.16)	(135100.81)
12	**Net Profit / (Loss) from Ordinary Activities after tax (10–11)**	**(67950.12)**	**(61735.62)**	**(36968.51)**	**(129685.74)**	**(18813.71)**	**(194417.83)**
13	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
14	**Net Profit / (Loss) for the period (12–13)**	**(67950.12)**	**(61735.62)**	**(36968.51)**	**(129685.74)**	**(18813.71)**	**(194417.83)**
15	**Paid-up Equity Share Capital (Face Value ₹ 10 per share)** (refer note 5)	**478276.59**	**478247.71**	**340441.25**	**478276.59**	**340441.25**	**478167.64**
16	Reserves excluding Revaluation Reserves						1337758.50
17	**Analytical Ratios**						
	(i) Percentage of shares held by Government of India (refer note 5)	5.47%	5.47%	7.68%	5.47%	7.68%	5.47%
	(ii) Capital adequacy ratio (Basel III)	14.65%	14.01%	19.18%	14.65%	19.18%	15.47%
	(iii) Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 5)						
	- Basic (₹)	(1.42)	(1.29)	(1.09)	(2.71)	(0.55)	(4.75)
	- Diluted (₹)	(1.38)	(1.27)	(1.09)	(2.67)	(0.55)	(4.71)
	(iv) NPA ratios						
	(a) Amount of gross NPAs	230626.26	241856.25	89549.81	230626.26	89549.81	213604.28
	(b) Amount of net NPAs	101095.87	121513.22	32117.50	101095.87	32117.50	110662.76
	(c) % of gross NPAs to gross advances	2.62%	2.66%	1.63%	2.62%	1.63%	2.43%
	(d) % of net NPAs to net advances	1.17%	1.35%	0.59%	1.17%	0.59%	1.27%
	(v) Return on assets (annualized)	(1.63%)	(1.47%)	(1.19%)	(1.57%)	(0.30%)	(1.20%)

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IDFC FIRST Bank Ltd. Mumbai

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Segment Information in accordance with the Accounting Standard on Segment Reporting (AS 17) of the operating segments of the Bank is as under :

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 30.09.2019 (refer note 9)	Quarter ended 30.06.2019	Quarter ended 30.09.2018	Half year ended 30.09.2019 (refer note 9)	Half year ended 30.09.2018	Year ended 31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Segment Revenue**						
	a Treasury	336183.39	331069.11	136000.41	667252.50	290161.84	655268.25
	b Wholesale Banking	209403.67	204746.64	110277.41	414150.31	216088.20	467171.63
	c Retail Banking	263135.08	243397.18	35380.94	506532.26	64754.94	389920.99
	d Other Banking Business	5945.39	884.57	282.36	6829.96	555.89	2105.82
	e Unallocated	(14.07)	1.33	6.02	(12.74)	3126.63	3486.42
	Total Segment Revenue	**814653.46**	**780098.83**	**281947.14**	**1594752.29**	**574687.50**	**1517953.11**
	Add/(Less) : Inter Segment Revenue	(377941.56)	(369741.83)	(36599.64)	(747683.39)	(77352.93)	(237927.48)
	Income from Operations	**436711.90**	**410357.00**	**245347.50**	**847068.90**	**497334.57**	**1280025.63**
2	**Segment Results After Provisions & Before Tax**						
	a Treasury	11864.06	(89961.66)	(23241.45)	(78097.60)	(6347.68)	(17595.95)
	b Wholesale Banking	30630.10	19151.38	(5498.39)	49781.48	15831.92	53286.89
	c Retail Banking	(30901.33)	(19261.86)	(14199.61)	(50163.19)	(22465.69)	(42748.37)
	d Other Banking Business	5373.69	255.51	41.83	5629.20	(1.63)	746.61
	e Unallocated	(6950.15)	(6485.48)	(15370.89)	(13435.63)	(24472.79)	(323207.82)
	Total Profit Before Tax	**10016.37**	**(96302.11)**	**(58268.51)**	**(86285.74)**	**(37455.87)**	**(329518.64)**
3	**Segment Assets**						
	a Treasury	7233067.17	7330237.79	6423803.87	7233067.17	6423803.87	7262483.59
	b Wholesale Banking	3682841.86	4245811.04	4365029.99	3682841.86	4365029.99	4555751.24
	c Retail Banking	5118399.27	4882649.60	1271848.54	5118399.27	1271848.54	4494344.46
	d Other Banking Business	73.54	20.88	774.67	73.54	774.67	748.92
	e Unallocated	343351.53	411764.69	264011.14	343351.53	264011.14	405157.94
	Total Segment Assets	**16377733.37**	**16870484.00**	**12325468.21**	**16377733.37**	**12325468.21**	**16718486.15**
4	**Segment Liabilities**						
	a Treasury	7743821.87	10187379.94	5418475.17	7743821.87	5418475.17	6251666.20
	b Wholesale Banking	4469138.43	3041838.54	4189363.44	4469138.43	4189363.44	4344524.56
	c Retail Banking	2454618.16	1865382.99	1224422.15	2454618.16	1224422.15	4281297.30
	d Other Banking Business	5289.52	-	212.99	5289.52	212.99	957.98
	e Unallocated	18262.00	21414.90	15398.52	18262.00	15398.52	24113.97
	Total Segment Liabilities	**14691129.98**	**15116016.37**	**10847872.27**	**14691129.98**	**10847872.27**	**14902560.01**
5	**Capital Employed (Segment Assets - Segment Liabilities)**	**1686603.39**	**1754467.63**	**1477595.94**	**1686603.39**	**1477595.94**	**1815926.14**

Business segments have been identified and reported taking into account the target customer segment, the nature of products, internal business reporting system, transfer pricing policy approved by Asset Liability Committee (ALCO), the guidelines prescribed by the Reserve Bank of India ('the RBI'), which has been relied upon by the auditors.

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IDFC FIRST Bank Ltd. Mumbai

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Notes:

1 Statement of Assets and Liabilities of the Bank as at September 30, 2019 is given below :

(₹ in lakhs)

Particulars	As at 30.09.2019 (refer note 9)	As at 30.09.2018	As at 31.03.2019
	(Unaudited)	(Unaudited)	(Audited)
CAPITAL AND LIABILITIES			
Capital (refer note 5)	478276.59	340441.25	478167.64
Reserves and surplus	1208326.80	1137154.69	1337758.50
Deposits	6932149.35	4835644.58	7047900.87
Borrowings	6866468.91	5287461.12	6998339.02
Other liabilities and provisions	892511.72	724766.57	856320.12
TOTAL	**16377733.37**	**12325468.21**	**16718486.15**
ASSETS			
Cash and balances with Reserve Bank of India	530066.11	372374.51	414953.14
Balances with banks and money at call and short notice	140717.54	176644.92	541724.56
Investments	5886966.45	5283260.19	5847538.54
Advances	8590829.89	5386802.54	8630228.59
Fixed Assets	98654.84	80051.70	95020.51
Other Assets	1130498.54	1026334.35	1189020.81
TOTAL	**16377733.37**	**12325468.21**	**16718486.15**

2 The above financial results for the quarter and half year ended September 30, 2019 were reviewed by the Audit Committee and approved by the Board of Directors on October 24, 2019 and have been subjected to a "Limited Review" by the Statutory Auditors.

3 The above financial results of the Bank have been prepared in accordance with the provisions of the Banking Regulation Act, 1949, Generally Accepted Accounting Principles in India, including Accounting Standards as specified under Section 133 of the Companies Act, 2013, Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 in so far as they apply to Banks, and the guidelines issued by the RBI. In addition, the Bank has automated its key operations with key applications largely integrated with core banking solution and general ledger system. Accordingly, branch returns are not required to be submitted.

4 The merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited with erstwhile IDFC Bank Limited ('IDFC - CFL Merger') has been accounted under the 'Purchase Method' as per Accounting Standard 14 on 'Accounting for Amalgamations' and as per the specific provisions of the scheme. Accordingly, net assets of erstwhile Capital First Limited and its subsidiaries aggregating to ₹ 2,752.98 crore as at appointed date has been recorded by the Bank at fair value as determined by an independent valuer. In view of the share swap ratio of 13.9:1, the Bank issued 137,71,09,057 equity shares as purchase consideration at fair value. The difference between the purchase consideration and fair value of net assets is represented by Goodwill on amalgamation of ₹ 2,390.53 crore and recorded accordingly.

Under Section 15 of the Banking Regulation Act 1949, banks are restricted from declaring dividend in the event a bank carries intangible assets such as goodwill on its Balance Sheet. Therefore, as a prudent measure, intangible assets acquired or arising on amalgamation had been fully amortised through profit and loss account in the year ended March 31, 2019. This accelerated amortisation charge to profit and loss account for the year ended March 31, 2019 of ₹ 2,599.35 crore was exceptional in nature and resulted in loss for the year.

5 During the quarter and half year ended September 30, 2019, the Bank has issued 288750 and 1089464 equity shares respectively of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.

6 "Other Income" includes non-fund based income such as commission, fees, earnings from foreign exchange and derivative transactions, profit / loss from sale of investments.

7 The Bank has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank has recognised Provision for Income Tax for the quarter and half year ended September 30, 2019 and re-measured its Deferred tax assets/ liability basis the revised rate of 25.17% which resulted in one time tax impact of ₹ 750.50 crore.

8 In accordance with the RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on 'Basel III Capital Regulations' and the RBI circular DBR.No.BP.BC. 80/21/21.06.201/ 2014-15 dated March 31, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards Amendments', banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III framework. The Bank has made these disclosures on its website at the link : http://www.idfcfirstbank.com/regulatory-disclosures.html. These disclosures have not been subjected to audit or limited review by the Statutory Auditors of the Bank.

9 In view of accounting for IDFC - CFL merger from appointed date of October 1, 2018, the figures of the quarter and half year ended September 30, 2019 are not comparable to the corresponding figures of the previous periods. The figures for the previous quarter/period have been regrouped wherever necessary in order to make them comparable.

10 The Bank has followed the same significant accounting policies in the preparation of these financial results as those followed in the annual financial statements for the year ended March 31, 2019.

B S R & Co. LLP Chartered Accountants

IDFC FIRST Bank Ltd. Mumbai

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11 Cash Flow Statement of the Bank for the half year ended September 30, 2019 is given below:

(₹ in lakhs)

		As at 30.09.2019 (refer note 9) (Unaudited)	As at 30.09.2018 (Unaudited)	As at 31.03.2019 (Audited)
A	**Cash flow from operating activities**			
	Profit before taxes	**(86285.74)**	**(37455.87)**	**(329518.64)**
	Adjustments for :			
	Depreciation on fixed assets	15133.17	9453.99	281267.51
	Amortisation of premium on held to maturity investments	6668.77	6806.18	13354.69
	Provision for/(release of) depreciation in value of investments	55742.73	27821.80	37410.35
	Provision/(Write back) on provision for advances	21446.34	(50870.27)	(7092.88)
	Provision/(Write back) on Provision for standard assets	(1503.59)	(492.66)	372.15
	Loss on sale of fixed assets (net)	30.23	157.21	122.57
	Loss on sale of loans to ARC	-	81368.30	81368.30
	Bad debts including technical / prudential write off (net of recoveries)	56827.09	499.56	28661.87
	Other provisions and contingencies	23291.61	924.98	5243.88
	Adjustments for working capital changes:			
	Decrease in investments (excluding held to maturity investment and investment in subsidiary)	152675.42	937128.10	351449.87
	Increase in advances	(38874.72)	(200811.32)	(751287.77)
	Increase/(decrease) in deposits	(115751.52)	15824.33	2228080.61
	Increase in other assets	(7040.20)	(277249.69)	(245437.29)
	Increase in other liabilities and provisions	37695.19	146921.97	27595.30
	Direct taxes paid (net of refunds)	(1129.14)	16415.31	7747.27
	Net cash flow generated from/(used in) operating activities (A)	**118925.64**	**676441.92**	**1729337.80**
B	**Cash flow from investing activities**			
	Purchase of fixed assets	(18958.51)	(11454.51)	(26085.04)
	Proceeds from sale of fixed assets	160.78	204.73	419.80
	Increase in held to maturity investments	(254514.84)	(141558.84)	(109277.32)
	Dividend from subsidiary	-	6696.00	6696.00
	Net cash flow generated used in investing activities (B)	**(273312.57)**	**(146112.62)**	**(128246.56)**
C	**Cash flow from financing activities**			
	Decrease in borrowings	(131870.11)	(441245.42)	(1190994.15)
	Proceeds from issue of share capital (other than shares issued on amalgamation)	362.99	158.21	215.41
	Payment of securities issue expenses	-	-	(473.88)
	Payment of dividend (including dividend distribution tax)	-	(29402.40)	(29402.40)
	Net cash flow generated used in financing activities (C)	**(131507.12)**	**(470489.61)**	**(1220655.02)**
D	**Net increase/(decrease) in cash and cash equivalents (A+B+C)**	**(285894.05)**	**59839.69**	**380436.22**
	Cash and cash equivalents at the beginning of period	956677.70	489179.74	489179.74
	Cash and cash equivalents acquired on amalgamation	-	-	87061.74
	Cash and cash equivalents at the end of period	**670783.65**	**549019.43**	**956677.70**

In terms of our report attached

B S R & Co. LLP Chartered Accountants

Date: October 24, 2019
Place: Mumbai

For and behalf of the Board of Directors
of IDFC FIRST Bank Limited

V. Vaidyanathan
Managing Director & Chief Executive Officer

KY SB

B S R & Co. LLP
Chartered Accountants

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Independent Auditor's Review Report on consolidated unaudited quarterly and year to date financial results of IDFC FIRST Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
IDFC FIRST Bank Limited
(formerly, IDFC Bank Limited)

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of IDFC FIRST Bank Limited (formerly, IDFC Bank Limited) (the 'Bank'/ the 'Parent') and its subsidiaries (the Parent and its subsidiaries together referred to as the 'Group'), and its share of the net loss after tax of its associates for the quarter ended 30 September 2019 and year to date results for the period from 1 April 2019 to 30 September 2019 (the 'Statement'), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, except for the disclosures relating to consolidated Pillar 3 disclosure as at 30 September 2019, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in Note 5 in the Statement and have not been reviewed by us. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 30 September 2018, the corresponding period from 1 April 2018 to 30 September 2018 and the cash flow statement for the corresponding period from 1 April 2018 to 30 September 2018, as reported in the Statement have been approved by the Bank's Board of Directors, but have not been subjected to review by us since the requirement of submission of quarterly consolidated financial results and cash flow statement has become mandatory only from 1 April 2019.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" ('AS 25'), prescribed under Section 133 of the Companies Act, 2013, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ('RBI Guidelines') and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements ('SRE') 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons

Independent Auditor's Review Report on consolidated unaudited quarterly and year to date financial results of IDFC FIRST Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 *(Continued)*

IDFC FIRST Bank Limited

(formerly, IDFC Bank Limited)

responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable

4. The Statement includes the results of the following entities:

   Subsidiary: IDFC First Bharat Limited (formerly IDFC Bharat Limited); and
   Associate: Millennium City Expressway Private Limited.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, and based on the consideration of the review report of the other auditor referred to in paragraph 7 below and based on our assessment of the Financial Results/ financial information certified by the Board of Directors as stated in paragraph 8 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standard, RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, except for the disclosures relating to consolidated Pillar 3 disclosure as at 30 September 2019, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in Note 5 in the Statement and have not been reviewed by us, or that it contains any material misstatement.

6. We did not review the interim financial results of one subsidiary included in the Statement, whose interim financial results reflect total assets of Rs. 22,496 lakhs as at 30 September 2019 and total revenues of Rs. 8,822 lakhs and Rs. 16,310 lakhs and total net profit after tax of Rs. 295 lakhs and Rs. 867 lakhs for the quarter ended 30 September 2019 and for the period from 1 April 2019 to 30 September 2019, respectively, and cash flows (net) Rs 16 lakhs for the period from 1 April 2019 to 30 September 2019, as considered in the consolidated unaudited financial results. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and

Independent Auditor's Review Report on consolidated unaudited quarterly and year to date financial results of IDFC FIRST Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)

IDFC FIRST Bank Limited
(formerly, IDFC Bank Limited)

joint ventures, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matter.

7. The Statement also includes the Group's share of net loss after tax of Rs. Nil and Rs. Nil for the quarter ended 30 September 2019 and for the period from 1 April 2019 to 30 September 2019, respectively, as considered in the consolidated unaudited financial results, in respect of one associate, based on their interim financial information which have not been reviewed. According to the information and explanations given to us by the management, these interim financial statements are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter

8. The comparatives figures for the quarter ended 30 June 2019 provided in Statement of Unaudited consolidated financial results of the Bank were reviewed by the predecessor auditors, who have expressed an unmodified opinion on those financial results vide their review report dated 24 July 2019. The Comparatives figures for the year ended 31 March 2019 provided in the Statement of Unaudited consolidated financial results of the Bank were audited by the predecessor auditors, who have expressed an unmodified opinion on those financial results vide their Independent Auditors' Report dated 10 May 2019.

Our conclusion on the Statement is not modified in respect of the above matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 46882
UDIN:19046882AAAAGG5824

Place: Mumbai
Date: 24 October 2019

IDFC FIRST Bank

IDFC FIRST Bank Limited (Formerly IDFC Bank Limited)

Registered Office: KRM Towers, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai 600031, Tamilnadu
CIN : L65110TN2014PLC097792

Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2019 (Consolidated) **(₹ in lakhs)**

Sr. No.	Particulars	Quarter ended 30.09.2019 (refer note 9)	Quarter ended 30.06.2019	Quarter ended 30.09.2018 (refer note 10)	Half year ended 30.09.2019 (refer note 9)	Half year ended 30.09.2018 (refer note 10)	Year ended 31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Interest Earned (a)+(b)+(c)+(d)**	**410606.60**	**386571.21**	**239998.50**	**797177.81**	**477818.85**	**1220401.64**
	(a) Interest/discount on advances/bills	297119.99	283911.23	140709.02	581031.22	271439.85	808097.57
	(b) Income on investments	106247.19	96084.28	94744.30	202331.47	194619.02	390565.35
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	1259.69	1648.57	311.42	2908.26	792.48	2318.68
	(d) Others	5979.73	4927.13	4233.76	10906.86	10967.50	19420.04
2	**Other Income**	**34819.63**	**31147.06**	**11938.16**	**65966.69**	**31814.04**	**85216.26**
3	**TOTAL INCOME (1+2)**	**445426.23**	**417718.27**	**251936.66**	**863144.50**	**509632.89**	**1305617.90**
4	Interest Expended	265400.46	261739.37	188175.91	527139.83	371089.50	874324.14
5	**Operating Expenses (i) + (ii) + (iii)**	**137850.05**	**123391.96**	**60065.10**	**261242.01**	**109085.03**	**349128.91**
	(i) Employees cost	47269.67	41385.14	24925.56	88654.81	48523.63	127937.48
	(ii) Depreciation on group's property	7648.59	8058.61	5093.71	15707.20	9784.13	22097.02
	(iii) Other operating expenses	82931.79	73948.21	30045.83	156880.00	50777.27	199094.41
6	**TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)**	**403250.51**	**385131.33**	**248241.01**	**788381.84**	**480174.53**	**1223453.05**
7	**Operating Profit (3–6) (Profit before provisions and contingencies)**	**42175.72**	**32586.94**	**3695.65**	**74762.66**	**29458.36**	**82164.85**
8	Provisions (other than tax) and Contingencies (Net)	31735.68	128076.09	58229.84	159811.77	60903.39	143187.28
9	Exceptional Items (refer note 4)	-	-	-	-	-	259934.67
10	**Profit / (Loss) from Ordinary Activities before tax (7–8–9)**	**10440.04**	**(95489.15)**	**(54534.19)**	**(85049.11)**	**(31445.03)**	**(320957.10)**
11	Tax Expense	78092.13	(34325.43)	(20603.89)	43766.70	(17399.79)	(132955.37)
12	**Net Profit / (Loss) from Ordinary Activities after tax (10–11)**	**(67652.09)**	**(61163.72)**	**(33930.30)**	**(128815.81)**	**(14045.24)**	**(188001.73)**
13	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
14	**Net Profit / (Loss) for the year (12–13)**	**(67652.09)**	**(61163.72)**	**(33930.30)**	**(128815.81)**	**(14045.24)**	**(188001.73)**
15	Share in loss of Associate	-	-	(1908.59)	-	(2634.35)	(2786.25)
16	**Consolidated Net Profit / (Loss) for the year (14+15)**	**(67652.09)**	**(61163.72)**	**(35838.89)**	**(128815.81)**	**(16679.59)**	**(190787.98)**
17	**Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 6)**	**478276.59**	**478247.71**	**340441.25**	**478276.59**	**340441.25**	**478167.64**
18	Reserves excluding Revaluation Reserves						1341768.74
19	**Analytical Ratios (refer note 8)**						
	Earnings per share (EPS) for the year (before and after extraordinary items)						
	- Basic (₹)	(1.41)	(1.28)	(1.05)	(2.69)	(0.49)	(4.66)
	- Diluted (₹)	(1.37)	(1.26)	(1.05)	(2.65)	(0.49)	(4.63)

B S R & Co. LLP
Chartered Accountants
Mumbai

IDFC FIRST Bank Ltd.
Mumbai

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IDFC FIRST Bank

Consolidated Segment Information in accordance with the Accounting Standard on Segment Reporting (AS 17) of the operating segments of the Group is as under :

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 30.09.2019 (refer note 9)	Quarter ended 30.06.2019	Quarter ended 30.09.2018 (refer note 10)	Half year ended 30.09.2019	Half year ended 30.09.2018 (refer note 10)	Year ended 31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Segment Revenue**						
	a Treasury	336,183.39	331069.11	216493.65	667252.50	442,239.06	655,268.25
	b Wholesale Banking	209,403.67	204746.64	213939.84	414150.31	420,825.05	467,171.63
	c Retail Banking	271,849.41	250758.45	67808.27	522607.86	122,690.87	415,513.27
	d Other Banking Business	5,945.39	884.57	282.36	6829.96	555.89	2,105.82
	e Unallocated	(14.07)	1.33	21.98	(12.74)	3,140.05	3,486.42
	Total Segment Revenue	**823367.79**	**787460.10**	**498546.10**	**1610827.89**	**989450.92**	**1543545.39**
	Add/(Less) : Inter Segment Revenue	(377941.56)	(369741.83)	(246609.44)	(747683.39)	(479818.03)	(237927.48)
	Income from Operations	**445426.23**	**417718.27**	**251936.66**	**863144.50**	**509632.89**	**1305617.90**
2	**Segment Results After Provisions & Before Tax**						
	a Treasury	11864.06	(89961.66)	(27435.55)	(78097.60)	(11103.86)	(14809.70)
	b Wholesale Banking	30630.10	19151.38	(1078.27)	49781.48	21514.94	53286.89
	c Retail Banking	(30477.66)	(18448.90)	(16498.76)	(48926.56)	(29065.24)	(36973.08)
	d Other Banking Business	5,373.69	255.51	(27.22)	5629.20	(93.67)	746.61
	e Unallocated	(6950.15)	(6485.48)	(9494.39)	(13435.63)	(12697.20)	(323207.82)
	Total Profit Before Tax and Earnings from Associates	**10440.04**	**(95489.15)**	**(54534.19)**	**(85049.11)**	**(31445.03)**	**(320957.10)**
3	**Segment Assets**						
	a Treasury	7210051.54	7307222.16	6576958.68	7210051.54	6576958.68	7239467.97
	b Wholesale Banking	3682841.86	4245811.04	4369469.70	3682841.86	4369469.70	4555751.24
	c Retail Banking	5133733.99	4897253.71	1142849.25	5133733.99	1142849.25	4508142.94
	d Other Banking Business	73.54	20.88	83.87	73.54	83.87	748.92
	e Unallocated	343553.49	412582.32	227071.84	343553.49	227071.84	405782.32
	Total Segment Assets	**16370254.42**	**16862890.11**	**12316433.34**	**16370254.42**	**12316433.34**	**16709893.39**
4	**Segment Liabilities**						
	a Treasury	7743752.34	10187288.26	6989533.83	7743752.34	6989533.83	6251595.81
	b Wholesale Banking	4468619.74	3041396.63	2878069.41	4468619.74	2878069.41	4344210.07
	c Retail Banking	2443089.14	1854042.96	955920.48	2443089.14	955920.48	4270051.53
	d Other Banking Business	5286.71	-	621.75	5286.71	621.75	957.98
	e Unallocated	18022.90	21112.48	12177.40	18022.90	12177.40	23141.62
	Total Segment Liabilities	**14678770.84**	**15103840.33**	**10836322.87**	**14678770.83**	**10836322.87**	**14889957.01**
5	**Capital Employed (Segment Assets - Segment Liabilities)**	**1691483.58**	**1759049.78**	**1480110.47**	**1691483.59**	**1480110.47**	**1819936.38**

Business segments have been identified and reported taking into account the target customer segment, the nature of products, internal business reporting system, transfer pricing policy approved by Asset Liability Committee (ALCO), the guidelines prescribed by the Reserve Bank of India ('the RBI'), which has been relied upon by the auditors.

B S R & Co. LLP Chartered Accountants

IDFC FIRST Bank Ltd. Mumbai

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IDFC FIRST Bank

Notes:

1 Statement of Assets and Liabilities of the Group as at September 30, 2019 is given below :

(₹ in lakhs)

Particulars	As at 30.09.2019 (refer note 9)	As at 30.09.2018 (refer note 10)	As at 31.03.2019
	(Unaudited)	(Unaudited)	(Audited)
CAPITAL AND LIABILITIES			
Capital (refer note 6)	478276.59	340441.25	478167.64
Reserves and surplus	1213207.00	1139669.22	1341768.74
Deposits	6923501.75	4825103.60	7035359.07
Borrowings	6866468.91	5287461.12	6998339.02
Other liabilities and provisions	888800.17	723758.15	856258.92
TOTAL	**16370254.42**	**12316433.34**	**16709893.39**
ASSETS			
Cash and balances with Reserve Bank of India	525465.45	369231.24	410093.21
Balances with banks and money at call and short notice	141443.84	177268.33	542522.13
Investments	5863950.83	5260244.56	5824522.91
Advances	8590829.89	5386802.54	8630228.59
Fixed Assets	101348.99	82019.26	97404.09
Other Assets	1147215.42	1040867.41	1205122.46
TOTAL	**16370254.42**	**12316433.34**	**16709893.39**

2 The above results represent the consolidated financial results for IDFC FIRST Bank Limited ('the Bank' or 'Holding company'), its subsidiary together constituting the 'Group' and share of profit / loss of its associate. The above results were reviewed by the Audit Committee and approved by the Board of Directors on October 24, 2019 and have been subjected to a 'Limited Review' by the Statutory Auditors.

3 The consolidated financial results are prepared in accordance with the provisions of the Banking Regulation Act, 1949, Generally Accepted Accounting Principles in India, including Accounting standards as specified under Section 133 of the Companies Act, 2013 and Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 in so far as they apply to banks, and the guidelines issued by the RBI.

4 The merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited with erstwhile IDFC Bank Limited ('IDFC - CFL Merger') has been accounted under the 'Purchase Method' as per Accounting Standard 14 on 'Accounting for Amalgamations' and as per the specific provisions of the scheme. Accordingly, net assets of erstwhile Capital First Limited and its subsidiaries aggregating to ₹ 2,752.98 crore as at appointed date has been recorded by the Bank at fair value as determined by an independent valuer. In view of the share swap ratio of 13.9:1, the Bank issued 137,71,09,057 equity shares as purchase consideration at fair value. The difference between the purchase consideration and fair value of net assets is represented by Goodwill on amalgamation of ₹ 2,390.53 crore and recorded accordingly.

Under Section 15 of the Banking Regulation Act 1949, banks are restricted from declaring dividend in the event a bank carries intangible assets such as goodwill on its Balance Sheet. Therefore, as a prudent measure, intangible assets acquired or arising on amalgamation had been fully amortised through profit and loss account in the year ended March 31, 2019. This accelerated amortisation charge to profit and loss account for the year ended March 31, 2019 of ₹ 2,599.35 crore was exceptional in nature and resulted in loss for the year.

5 In accordance with the RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on 'Basel III Capital Regulations' and the RBI circular DBR.No.BP.BC.80/21/21.06.201/2014-15 dated March 31, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards Amendments', banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III framework. The Bank has made these disclosures on its website at the link : http://www.idfcfirstbank.com/regulatory-disclosures.html. These disclosures have not been subjected to audit or limited review by the Statutory Auditors of the Bank.

6 During the quarter and half year ended September 30, 2019, the holding company has issued 288750 and 1089464 equity shares respectively of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.

7 The Bank has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank has recognised Provision for Income Tax for the quarter and half year ended September 30, 2019 and re-measured its Deferred tax assets/ liability basis the revised rate of 25.17% which resulted in one time tax impact of ₹ 750.50 crore.

8 Analytical ratios are part of standalone financial results available on the Bank's website (www.idfcfirstbank.com) and on the Stock Exchange websites (www.nseindia.com and www.bseindia.com).

9 In view of accounting for IDFC - CFL merger from appointed date of October 1, 2018, the figures of the quarter and half year ended September 30, 2019 are not comparable to the corresponding figures of the previous periods. The figures for the previous quarter/period have been regrouped wherever necessary in order to make them comparable.

10 The financial results for the quarter ended September 30, 2018 and for the half year ended September 30, 2018 are not reviewed / audited by the statutory auditors.

11 The Group has followed the same significant accounting policies in the preparation of these financial results as those followed in the annual financial statements for the year ended March 31, 2019.

IDFC FIRST Bank

12 Consolidated Cash Flow Statement for the half year ended September 30, 2019 is given below :

(₹ in lakhs)

	Particulars	As at 30.09.2019 (refer note 9) (Unaudited)	As at 30.09.2018 (refer note 10) (Unaudited)	As at 31.03.2019 (Audited)
A	**Cash flow from operating activities**			
	Profit before taxes	**(85049.11)**	**(34079.38)**	**(323743.36)**
	Adjustments for :			
	Depreciation on fixed assets	15707.20	9784.13	282031.69
	Amortisation of premium on held to maturity investments	6668.77	6806.18	13354.69
	Provision for/(release of) depreciation in value of investments	55742.73	25187.46	34624.40
	Provision/(Write back) on advances	21446.34	(51370.27)	(7092.88)
	Provision/(Write back) on standard assets	1503.59	(492.66)	372.15
	Loss on sale of fixed assets (net)	16.35	153.14	119.29
	Loss on sale of loans to Asset Reconsuruction Companies	-	81368.30	81368.30
	Bad debts including technical / prudential write off	56827.09	499.56	28661.87
	Other provisions and contingencies	23292.02	5124.98	5253.80
	Share in loss of associates	-	2634.35	2786.25
	Adjustments for :			
	Decrease in investments (excluding held to maturity investment and investment in subsidiary)	152675.42	937128.10	351449.87
	Increase in advances	(38874.72)	(200811.32)	(751287.77)
	Increase/(decrease) in deposits	(111857.32)	21159.46	2231414.92
	Increase in other assets	(7142.96)	(280328.55)	(245522.59)
	Increase in other liabilities and provisions	31037.68	146112.86	27233.42
	Direct taxes paid (net of refunds)	(2008.72)	15297.02	5353.54
	Net cash flow generated from / (used in) operating activities (A)	**119984.36**	**684173.36**	**1736377.60**
B	**Cash flow from investing activities**			
	Purchase of fixed assets	(19883.67)	(12144.95)	(27634.45)
	Proceeds from sale of fixed assets	215.22	214.38	437.55
	Increase in held to maturity investments	(254514.83)	(141558.85)	(109277.32)
	Net cash flow generated used in investing activities (B)	**(274183.28)**	**(153489.42)**	**(136474.22)**
C	**Cash flow from financing activities**			
	Decrease in borrowings	(131870.11)	(441245.42)	(1190994.15)
	Proceeds from issue of share capital (other than shares issued on amalgamation)	362.99	158.21	215.41
	Payment of securities issue expenses	-	-	(473.88)
	Payment of dividend (including dividend distribution tax)	-	(30778.78)	(30778.78)
	Net cash flow generated used in financing activities (C)	**(131507.12)**	**(471865.99)**	**(1222031.40)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(285706.04)**	**58817.95**	**377871.98**
	Cash and cash equivalents at the beginning of the year	952615.34	487681.62	487681.62
	Cash and cash equivalents acquired on amalgamation	-	-	87061.74
	Cash and cash equivalents at the end of the year	**666909.30**	**546499.57**	**952615.34**

In terms of our report attached

B S R & Co. LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, Chartered Accountants

Date: October 24, 2019
Place: Mumbai

For and behalf of the Board of Directors
of IDFC FIRST Bank Limited

V. Vaidyanathan
Managing Director & Chief Executive Officer

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IDFC FIRST Bank Q2 FY20 Profit Before Tax at Rs. 100 crore;
Strong and sustained growth in CASA Deposit franchise, Retail loans

Highlights:

- **Profit Before Tax of Rs. 100 crore for the quarter ended September 30, 2019,** as compared to a Loss of Rs. 583 crore in the corresponding period last year and loss of Rs 963 crore last quarter
- **Bank decides to mark down Deferred Tax Assets as a result of reduction in Corporate Tax Rates from 35% to 25%**
- **Because of the DTA markdown, Net Loss (after tax) of Rs. 680 crore for the quarter, as a result of one-time tax impact** of Rs 751 crore due to markdown of existing Deferred Tax Assets
- **CASA Deposits posted strong growth rising 99% YoY and 30% sequentially** to Rs. 12,473 crore as of September 30, 2019
- **Retail CASA & Retail Term Deposits (which the bank calls Core Retail Deposits) as percentage of the overall liability book increased sharply to 16.72%** as compared to 8.04% as on December 31, 2018, at merger
- **Gross Loan Book stood at Rs. 1,07,656 crore**
- **Total Retail Loans as a percentage of Total Loans increased to 45% post-merger from 13%** as on September 30, 2018 (pre-merger)
- **NIM for the quarter rose sharply to 3.43% from 3.01% in the previous quarter Q1 FY 20, and as compared to 1.56% pre-merger.**
- **Net worth of the Bank was strong at Rs. 16,866 crore**
- **Tier 1 Capital Adequacy was strong at 14.51%. Total Capital adequacy is 14.65%**
- **Total Balance Sheet size of the Bank was at Rs. 1,63,777 crore**

Mumbai, October 24, 2019: The Board of Directors of IDFC FIRST Bank founded by the merger of IDFC Bank and Capital First recently, in its meeting held today, approved the combined unaudited financial results for the quarter and half year ended September 30, 2019, as summarized below.

PROFIT & LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2019

The Bank reported a **Profit Before Tax** of Rs. 100 crore for the quarter ended September 30, 2019, as compared to a Loss of Rs. 583 crore as on September 30, 2018.

The Bank chose to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, introduced by the Taxation Law Amendment Ordinance, 2019, to move to new corporate tax rate of 25% which will give long term benefits to the Bank. After considering the tax impact of Rs. 751 crore due to markdown of existing Deferred Tax Assets, the Bank reported a Net Loss of Rs. 680 crore for Q2 FY20. The full impact of this change has been incorporated in the tax line of the Profit & Loss Statement.

Net Interest Income for the reported quarter was at Rs. 1,363 crore, up **202% Y-o-Y** from Rs 451 crore (pre-merger), and **up 16% QoQ (Rs. 1,174 crore)**.

Total Income (Net Interest Income plus fees and other revenues) for the quarter was at Rs. 1,712 crore, up **200% Y-o-Y (Rs. 571 crores)**, and up 15% QoQ (**Rs. 1485 crore**).

The Net Interest Margin for the Bank grew to **3.43%** for the quarter, from **1.56% pre-merger**, in a span of just nine months since merger.

The Cost to Income ratio of the Bank improved to 75.61% for the quarter, from 96.72% per-merger, and compared to 78.60% last quarter Q1 FY20.

The Pre-Provisioning Operating Profit of the Bank has increased to Rs. 417 crore, up 2133% YoY from Rs. 19 crore in the corresponding period last year, and by 31% sequentially (Rs. 318 crore in Q1 FY20)

The Profit Before Tax of the Bank for the quarter was at Rs. 100 crore, as against a loss of Rs. 583 crore in the corresponding period last year and as against a loss of Rs. 963 crore in Q1 FY20.

BALANCE SHEET AS OF SEPTEMBER 30, 2019

The total Balance Sheet size of the Bank as of September 30, 2019, was Rs 1,63,777 crore.

The Gross Loan Book, including credit investments, stood at Rs. 1,07,656 crore.

The Bank is making quick progress on retailisation of the Loan Book. The Retail Loan Book which stood at Rs. 48,069 crore, contributed 45% to the Gross Loan Book as of September 30, 2019, increasing from 13% pre-merger, in just three quarters since the merger.

The Wholesale Loan Book stood at Rs. 46,377 crore as on September 30, 2019. Of this, the infrastructure segment was at Rs. 17,211 crore, declining from Rs. 20,322 crore sequentially.

During the quarter, the Bank gained strong momentum in raising CASA Deposits. As on September 30, 2019, CASA Deposits were at Rs. 12,473 crore as compared to Rs. 6,253 crore as on September 30, 2018, representing a growth of 99%. Savings deposits of Rs. 2,614 crore, received from one government banking account, have been excluded from these calculations, as it is considered non-sustainable in the future by us.

CASA Ratio increased to 18.70% as of September 30, 2019, up from 8.68%, as on December 31, 2018 at merger, representing an increase of 1,002 bps within nine months.

Retail CASA & Retail Term Deposits (Core Retail Deposits) as percentage of the overall liability book stood at 16.72% as compared to 8.04% as on December 31, 2018 at merger, representing an increase of 868 bps within nine months.
As of September 30, 2019, the Net Worth of the Bank was at Rs. 16,866 crore and the Book Value per share was at Rs. 35.26.

ASSET QUALITY

The Gross NPA of the Bank was stable at 2.62% in Q2 FY 20 as compared to 2.66% as of Q1 FY 20.
The NET NPA of the bank was stable at 1.17% as compared to 1.35% as of June 30, 2019.

The asset quality in the retail business continues to be stable. The gross NPA was 2.31% (Q2 FY 20) as compared to 2.32% (Q1 FY 20); **the Net NPA** reduced to 1.08% (Q2 FY 20) as compared to 1.14% (Q1 FY 20).

CAPITAL ADEQUACY

The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 14.65%, and Tier I CAR was at 14.51% as on September 30, 2019, significantly higher than regulatory requirements.

Mr. V Vaidyanathan, Managing Director and CEO, IDFC FIRST Bank, said, "the Bank is making excellent progress on all parameters. CASA growth is 99% year on year. Including retail deposits and retail casa, the bank raised nearly ₹ 6000 crores during Q2 FY20, giving us a strong liquidity surplus. Our liquidity coverage ratio was 125%, much higher than regulatory requirements of 100%. Finally, we are delighted to post a profit before tax of Rs. 100 crores for Q2 FY 20, which represents a strong revival of profitability. The Bank is ahead of its plans for the 5-year strategic growth path guided earlier."

About IDFC FIRST Bank

IDFC FIRST Bank was founded by the merger of IDFC Bank and Capital First in December 2018. The Bank provides a range of financial solutions to individuals, small businesses and corporates. The Bank offers savings and current accounts, NRI accounts, salary accounts, demat accounts, fixed and recurring deposits, home and personal loans, two wheeler loans, consumer durable loans, small business loans, forex products, payment solutions and wealth management services. IDFC FIRST Bank has a nationwide presence and operates in the Retail Banking, Wholesale Banking and other banking segments. Customers can choose where and how they want to bank: 351 bank liability branches, 103 asset branches, 216 ATMs and 534 rural business correspondent centres across the country, net banking, mobile banking and 24/7 toll free Banker-on-Call service.

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IDFC FIRST Bank

Corporate Presentation – Q2 FY20

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The Founding of IDFC FIRST Bank

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  - ✓ Erstwhile IDFC Bank - Origin & History
  - ✓ Erstwhile Capital First - Origin & History
  - ✓ Merger between Erstwhile IDFC Bank and Erstwhile Capital First
  - ✓ Erstwhile IDFC Bank Financials Trends leading to merger
  - ✓ Erstwhile Capital First Financials Trend leading to merger

Section 1: The Founding of IDFC FIRST Bank..

IDFC BANK

CAPITAL FIRST

IDFC FIRST Bank

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

Section 1: The Founding of IDFC FIRST Bank..

Erstwhile IDFC BANK

IDFC Limited was set up in 1997 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, whether adding value through innovative products to the infrastructure value chain or asset maintenance of existing infrastructure projects, the company focused on supporting companies to get the best return on investments. The Company's ability to tap global as well as Indian financial resources made it the acknowledged 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. He applied for a commercial banking license to the RBI in 2013. In 2014, the Reserve Bank of India (RBI) granted an in-principle approval to IDFC Limited to set up a new bank in the private sector.

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

Contd..

Erstwhile CAPITAL FIRST LIMITED

Mr Vaidyanathan who had built ICICI Bank's Retail Banking business from 2000-2009 and was then the MD and CEO of ICICI Prudential Life Insurance Company in 2009-10, quit the group for an entrepreneurial foray to conclude a Management Buyout of a listed NBFC with the stated intent of converting it to a commercial bank financing small businesses.

During 2010-12, he acquired a significant stake in a real-estate financing NBFC through personal leverage, and launched businesses of financing small entrepreneurs and consumers (loan against property, two wheeler loans, micro enterprise loans, home loans, personal loans etc). The key focus was customers and purposes not financed by existing banks.

He built a prototype for such financing (Rs 12000-Rs. 30,000, ~$300-$500), built a loan book of Rs. 770 Cr ($130m, March 2011) within a year, and presented the proof of concept to many global private equity players for a management Buyout.

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

Contd..

Section 1: The Founding of IDFC FIRST Bank..

Erstwhile IDFC BANK

Continued from page 6

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. Reconnizing 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 retailise 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.

As part of its strategy to diversify its loan book from infrastructure, the bank was looking for a merger with a retail finance institution with adequate scale, profitability and specialized skills.

Erstwhile CAPITAL FIRST LIMITED

Continued from page 6

.. Between March 31, 2010 to March 31, 2018, the Company's Retail Assets under Management increased from Rs. 94 Cr ($14m) to Rs. 29,625 Cr ($4 b, Sep 2018). The company financed seven million customers for Rs. 60,000 crores ($8.5b) through new age technology models.

The company turned around from losses of Rs. 30 Cr and Rs. 32 Cr in FY 09 and FY 10 respectively, to Rs. 327 Cr by 2018, representing a 5 year CAGR increase of 56%. The loan assets grew at a 5 year CAGR of 29%.

The ROE steadily rose from losses in 2010 to 15% by 2018. The market capitaliation of the company increased ten-fold from Rs. 780 Cr on in March 2012 at the time of the LBO to over Rs. 8000 Cr in January 2018 at the time of announcement of the merger.

As per its stated stratedy, the company was looking out for a banking license as it was a non-deposit taking NBFC and funding could be a constraint for growth.

Erstwhile Capital First, as part of its stated strategy, was on the lookout for a commercial banking license in order to access retail deposits.

Section 1: The Founding of IDFC FIRST Bank..

In January 2018, Erstwhile IDFC Bank and Erstwhile Capital First announced a merger. Shareholders of Erstwhile Capital First were to be issued 13.9 shares of the merged entity for every 1 share of Erstwhile Capital First.

Thus, IDFC FIRST Bank was founded as a new entity by the merger of Erstwhile IDFC Bank and Erstwhile Capital First on December 18 2018.

IDFC FIRST Bank

<u>Section 2</u>: Key Excerpts about Vision, Mission and Strategy from MD and CEO's letter to Shareholders in Annual Report 2019

On Our founding philosophy:

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

On Strategy for the new Bank:

" We plan to implant the erstwhile Capital First's tried and tested model of financing small entrepreneurs and consumers [a retail franchise, growing at 29% per annum and 5-year profit CAGR of 55%, (FY18 PAT grew by 37%)], on a bank platform, (IDFC Bank's strong branch network of 242 and growing, excellent technology stack, quality internet and mobile banking, and strong rural presence). "

On the Vision of the New Bank:

" Our new bank has a new vision. We want to create the world's best bank, right here in India, for aspiring Consumers and for Entrepreneurs "

On Our Mission:

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

On the Future Outlook:

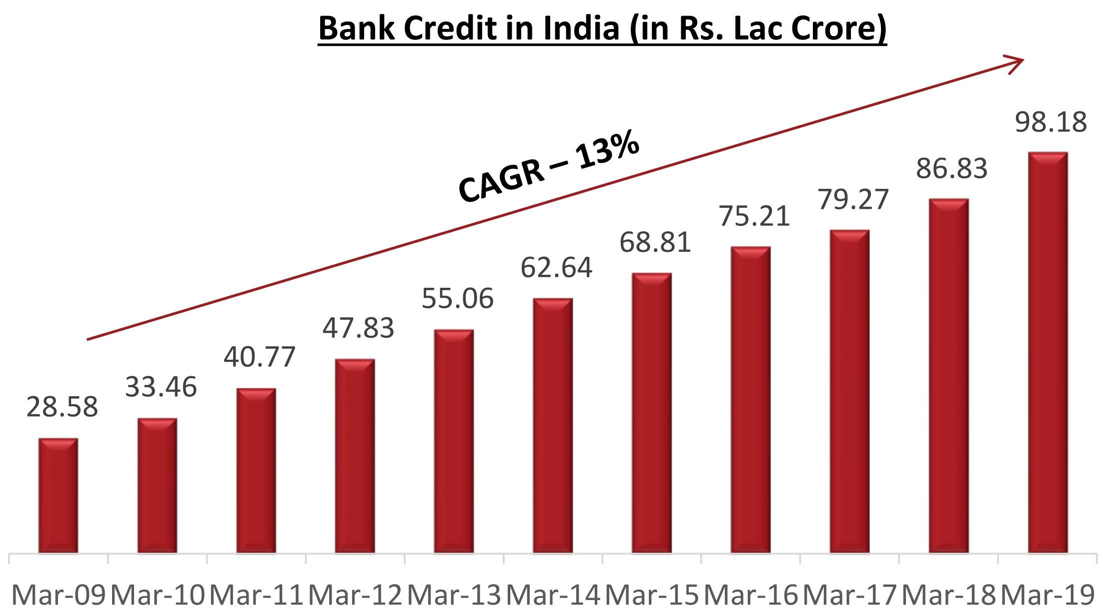
" I am quite confident that once we see through this investment phase (expansion of branch network, retailising assets, retailising liabilities), barring unforeseen circumstances, the Bank is set for a continuous and one-way growth in profitability from thereon. "

On Contribution to the Country:

" We aspire to create millions of employment opportunities, and finance the growth of business and consumption. This will lead to greater domestic production, greater consumption, and we want to contribute in further the virtuous cycle of growth for our great nation "

IDFC FIRST Bank

Section 3: IDFC FIRST Bank's addressable credit market is growing at ~ 15% in India



- The Total Credit Outstanding in India for all the Banks has increased at a CAGR of 13% over the last 10 years primarily driven by rising disposable income, better credit framework, digital innovation, strong economic growth and increasing consumption.

Source: RBI Data & CIBIL Transunion reports

- The total credit market in India including lending by the banks as well as non-banks was at Rs. 117 lac crore as of March 2019.

- Of this, around Rs. 64 Lac crore loan outstanding was in the commercial segment which includes Large Corporates, Mid Corporates, SMEs and Micro Enterprises.

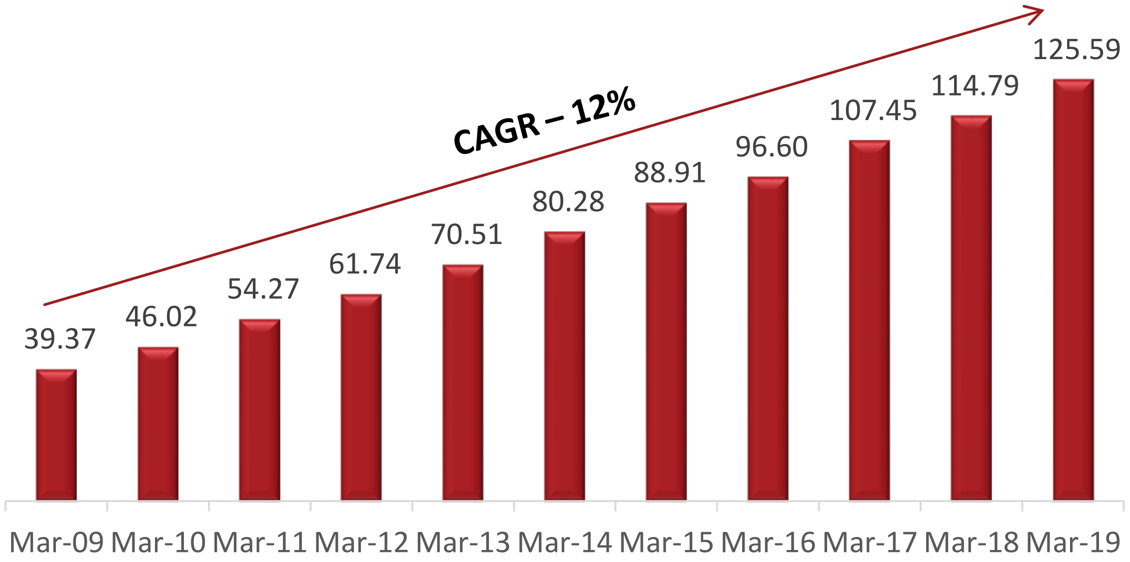
- Loans to Large Corporates (exposure more than Rs. 100 Cr) stood at Rs. 42 Lac crore whereas the Micro and SME segment loans stood at Rs. 16 lacs crore.

- The loan outstanding for the individual category including consumer lending, rural lending and individual business lending was Rs. 53 Lac crore as of March 2019.

- For IDFC FIRST Bank, the market size of the Micro and SME segment as well as Individual Lending, which is our key focus area and expertise, is Rs. 69 Lac crore as of March 2019, growing at ~15%.

Section 3: Bank Deposits continue to grow at more than 9% in India

Bank Deposits in India (in Rs. Lac Crore)



- The Total Aggregate Deposits of the Banks in India has increased at a CAGR of 12% over the last 10 years primarily driven by rising disposable income.

- 42% of the total deposits are CASA deposits which have grown by 9.6% in FY19 to Rs. 53 Lac crore. 29% of the CASA deposits are held by private banks in India.

- Overall Banking habits for the Indian population has been on the rise along with the consumption level as well.

- Access to banking system has improved over the years due to persistent government effort to promote banking technology and promote financial inclusion in the unbanked and non-metropolitan areas.

- There has been significant improvement in the digital banking and payment systems in India which facilitated the ease of banking.

Source: RBI Data, IBEF report on Banking in India

IDFC FIRST Bank

IDFC FIRST Bank

Section 4: Product Offering (Assets) – IDFC FIRST Bank offers a bouquet of loan products..

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

Loan Against Property: Long term loans to MSMEs after proper evaluation of cash flows; against residential or commercial property

Business Loans: Unsecured Loans to the self-employed individual or entity against business cashflows

Consumer Durable Loans: financing to individuals for purchasing of LCD/LED panels, Laptops, Air-conditioners etc

Two Wheeler Loans: To the salaried and self-employed customers for purchasing new two wheelers

Home Loans: To the salaried and self-employed customers for purchasing house property

Micro Enterprise Loans: Loan solutions to small business owner

Commercial Vehicle Loans: Term Loans for individuals and firms for purchasing new and pre-owned CVs

JLG Loan for Women: Sakhi Shakti loan is especially designed as the livelihood advancement for women, primarily in rural areas

Pre-owned Car Loan: To the salaried and self-employed customers for purchasing a pre-owned car

Personal Loans: Unsecured Loans to the salaried and self-employed customers for fulfilling their financial needs

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

Section 4: Product Offerings – Liabilities, Payments and other Services

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

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

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

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

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

IDFC FIRST Bank

SECTION 5:

FINANCIAL PERFORMANCE OF THE BANK FOR Q2-FY20

- **Snapshot of Key Parameters**
- Assets Update
- Update on Liabilities
- Key Business & Financial Parameters
  - ✓ Snapshot for the quarter
  - ✓ Income Statement
  - ✓ Balance Sheet

IDFC FIRST Bank

Section 5: Snapshot of Key Parameters for the Quarter Q2 FY20

Rs. 1,07,656 Cr Funded Assets	**45%** Retail Assets/Total Funded Assets	**Rs. 1,37,986 Cr** Borrowing & Deposits	**18.70%** CASA Ratio
Rs. 16,866 Cr Net Worth-Standalone	**2.62%, 1.17%** GNPA, NNPA	**351** No. of Bank Branches	**14.65%** Capital Adequacy ratio **Tier I – 14.51%**

SECTION 5:

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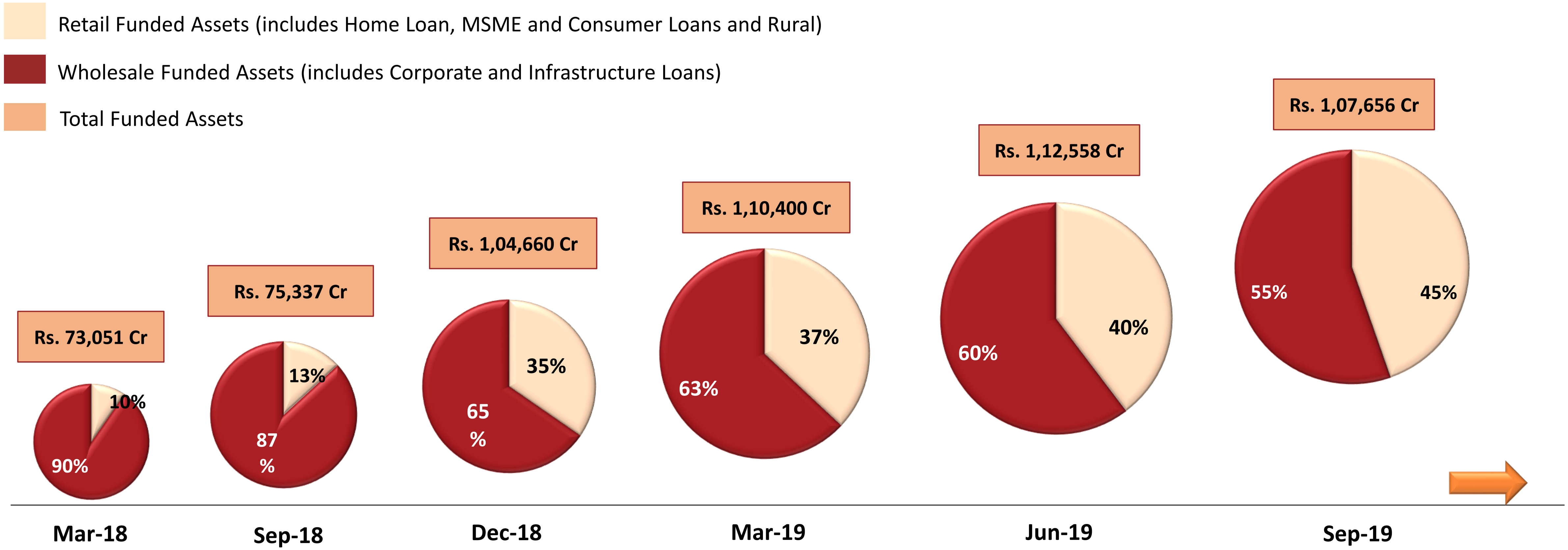
Section 5: Retail loans as a % of total loans has quickly improved to 45% as of 30 September 2019



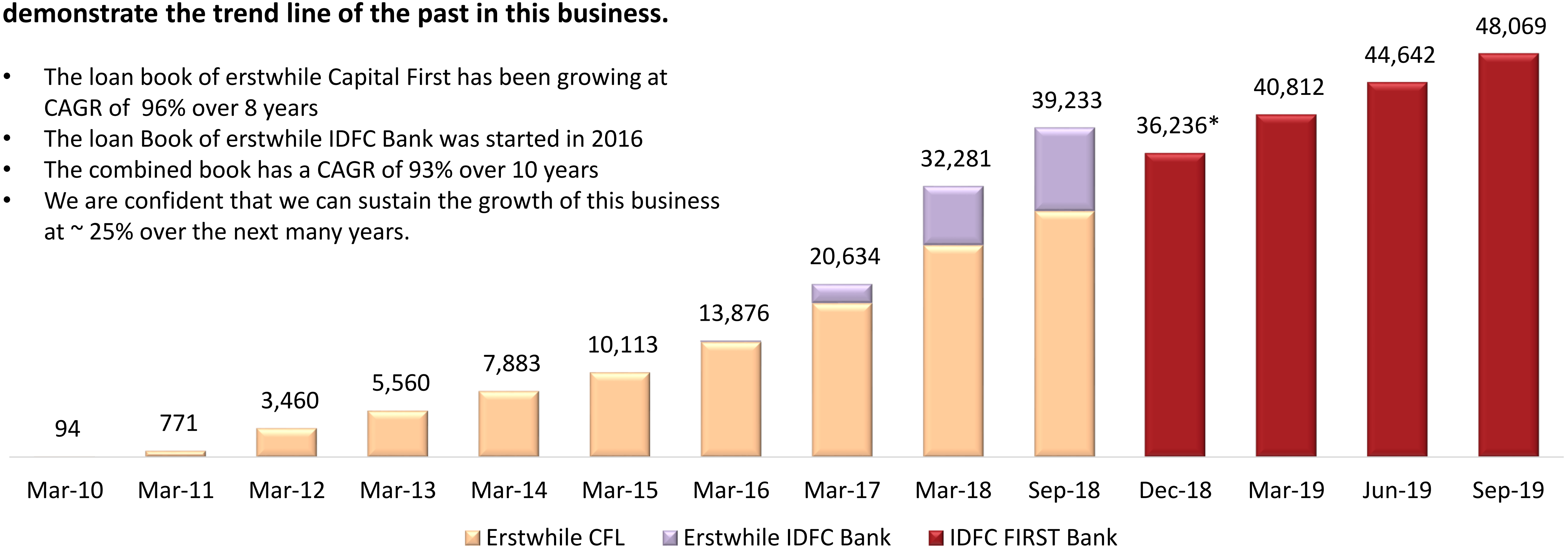
- The bank had provided guidance at merger in December 2018 that it would increase Retail Loans to 70% of Total Funded Assets within the next five years.
- Though such change may appear large, the bank would like to point out that such sharp change of mix of Retail Loans as a % of Total Loans has been achieved earlier at Capital First.
- Retail at Capital First increased from 10% of book in 2010 to 90% of book within 7 years. Retail Loans grew from Rs. 94 Cr as of 31/3/2010 to Rs. 29,625 Cr as of 30/09/2018.
- The merged entity proposes to follow the same strategy and build the retail loan book going forward. The Bank will continue to report this trend every quarter going forward.

Section 5: Trend of Retail Loan book for both institutions over the last 10 years.

This slide seeks to represent the trend of retail business of both entities since their entire history in order to demonstrate the trend line of the past in this business.

All amounts are in Rs. Cr unless specified

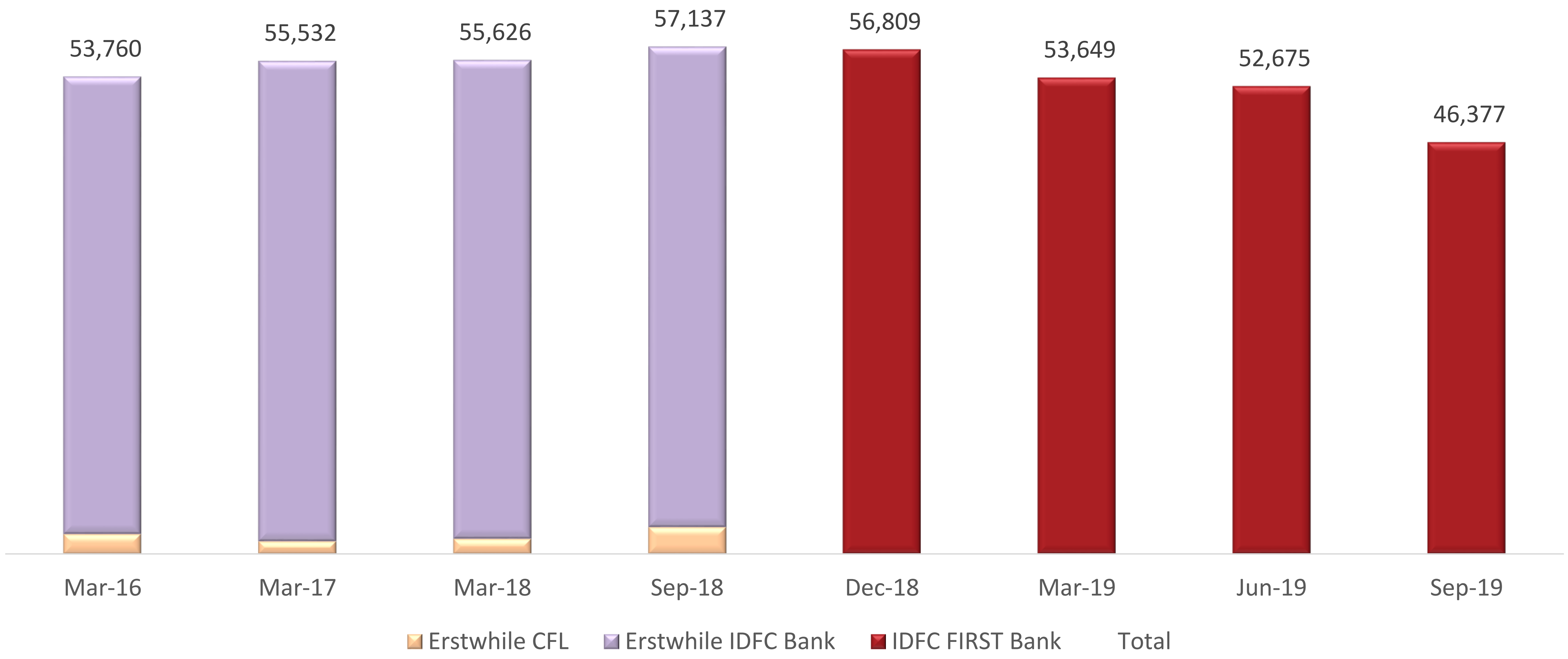
- The loan book of erstwhile Capital First has been growing at CAGR of 96% over 8 years
- The loan Book of erstwhile IDFC Bank was started in 2016
- The combined book has a CAGR of 93% over 10 years
- We are confident that we can sustain the growth of this business at ~ 25% over the next many years.



** The Retail AUM in Capital First included the loan book assigned to banks. Figures in the above presentation for the period after merger in December 2018 represents only the loan assets on the books of the bank. The above presentation is presented to express the past trajectory of the Retail Loan Assets and expertise in this business segment. It establishes our confidence to continue the growth of this business model in similar trajectory.*

Section 5: Trend of Wholesale Loan Book for both institutions since the Bank's inception

All amounts are in Rs. Cr unless specified



IDFC FIRST Bank

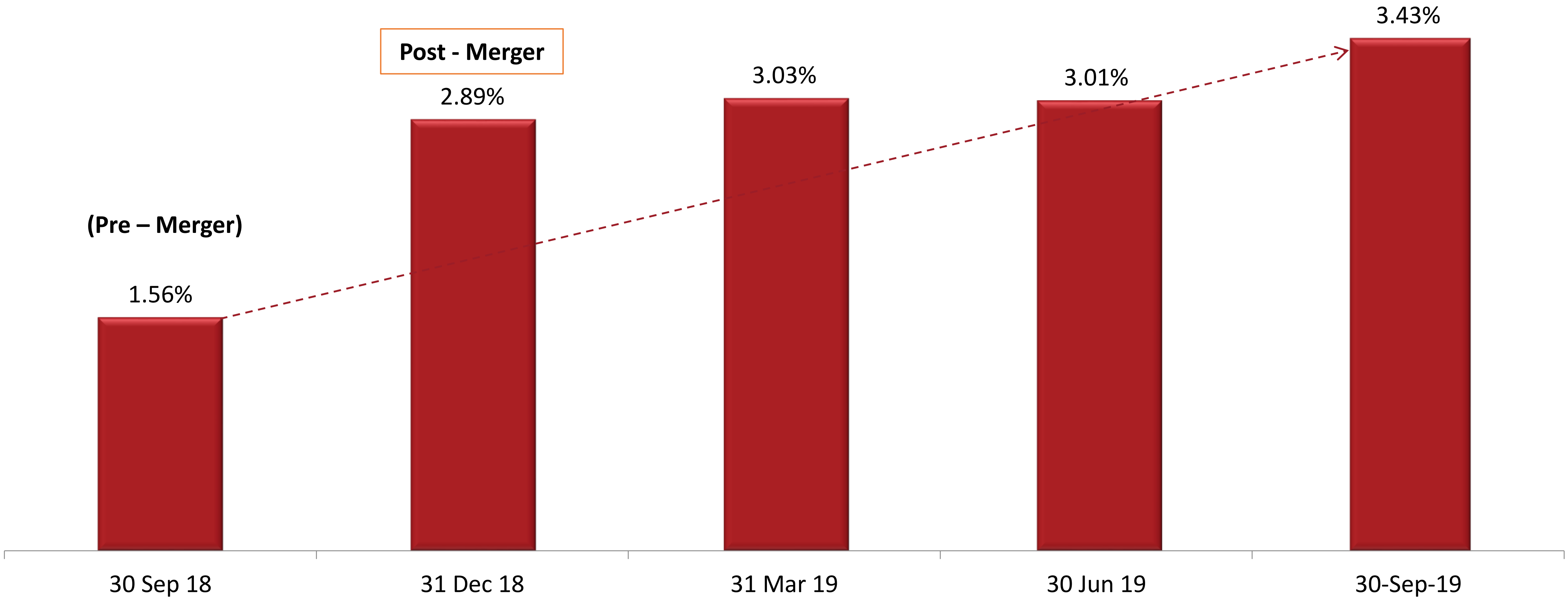
Section 5: Loan Assets Breakup

In Rs. Cr	Pre - Merger				Post - Merger			
	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	
Loan Against Property	622	776	997	8,046	9,123	9,945	10,654	
MSME Loans	1,342	1,597	2,069	5,891	7,122	7,925	8,491	
Housing Loans	1,617	1,923	2,246	4,509	5,145	5,675	6,274	
Consumer Loans	416	528	689	13,541	14,885	16,212	17,159	
JLG	3,041	3,383	3,913	4,243	4,515	4,848	5,415	
KCC	0	0	2	6	20	37	75	
Total Retail Funded Assets (A)	10% { **7,038**	**8,208**	**9,916**	**36,236** } 35%	**40,812** } 37%	**44,642** } 40%	**48,069**	} 45%
Corporates	27,039	28,861	30,447	34,098	32,190	32,352	29,165	
- *Emerging Large Corporates*	6,829	7,174	7,960	7,886	7,845	7,873	7,103	
- *Large Corporates*	5,617	5,473	6,073	5,852	2,951	2,415	2,438	
- *Financial Institutional Group*	4,960	6,728	6,727	10,158	11,988	12,933	12,610	
- *Others*	9,633	9,486	9,687	10,203	9,406	9,132	7,014	
Infrastructure	26,832	26,553	23,637	22,710	21,459	20,322	17,211	
Total Wholesale Funded Assets (B)	**53,871**	**55,414**	**54,084**	**56,809**	**53,649**	**52,675**	**46,377**	
PSL Inorganic (C)	90% **8,980**	**8,466**	**8,256**	**8,575**	**12,924**	**12,268**	**10,318**	55%
Stressed Equity and SRs (D)	**3,162**	**3,102**	**3,081**	**3,040**	**3,016**	**2,973**	**2,892**	
Total Funded Assets (A)+(B)+(C)+(D)	**73,051**	**75,190**	**75,337**	**1,04,660**	**1,10,400**	**1,12,558**	**1,07,656**	

IDFC FIRST Bank

Section 5: The Net Interest Margin of the bank has increased sharply from 1.56% pre merger to 3.43% post merger

- Our NIM which was 1.56% pre merger grew to 2.89% at merger which moved to 3.43% in the Q2 2019.
- NIMs are increasing every quarter usually by 15-20 bps due to gradual shift towards retail banking businesses.
- As per our earlier guidance, we aspire to take it to 5-5.5% in the next 5-6 years.



Section 5: Strong Asset Quality

In Rs. Cr	Mar-19	Jun-19	Sep-19
GNPL	*2,136*	*2,419*	*2,306*
Provisions for GNPL	*1,029*	*1,203*	*1,294*
NNPL	*1,107*	*1,216*	*1,012*
GNPA (%)	*2.43%*	*2.66%*	*2.62%*
NNPA (%)	*1.27%*	*1.35%*	*1.17%*

- In addition to the above, the bank has identified certain additional exposures as watch-list accounts, and as a prudent practice, has taken provisions against these as appropriate. These are:
  a) Two identified accounts (One HFC and one Financial Company). Total exposure: Rs. 1,231 Cr. Provisions made: Rs. 923 Cr. Provision Coverage 75%.
  b) One Infrastructure Account. Total Exposure : Rs. 985 Cr. Provision made : Rs. 154 Cr. Provision Coverage 15.6%. This account is a performing Tolling concession Road with strong cash flows but repaying behind schedule, hence flagged.
  c) Other Legacy Infrastructure loans: Total Exposure: Rs. 776 Cr. Provisions made: Rs. 540 Cr. Provision Coverage : 70%.

- Since the Retail Loan Assets are a significant key driver of the growth and business model going forward, we are reporting the NPA% details pertaining to Retail Loan Book of the Bank. As of 30 September 2019, the Gross NPA % of the Retail Loan Book was at 2.31% (as compared to 2.32% as of 30 June 2019) and Net NPA % of the Retail Loan Book of the Bank was at 1.08% (as compared to 1.14% as of 30 June 2019)
- Most of the Retail Loan Book have come from the Capital First business model where the asset quality trends have been consistently good (GNPA ~2, NNPA ~1%) over the 8 years of operation and marginal movements quarter on quarter even out over time.

Section 5: Capital Adequacy Ratio is strong at 14.65%. High Tier I ratio at 14.51%.

CAPITAL ADEQUACY

In Rs. Cr	Mar-19	Jun-19	Sep-19
Tier 1 Capital Funds	17,373	16,340	16,416
Tier 2 Capital Funds	219	156	158
Total Capital Funds	**17,592**	**16,496**	16,574
Total RWA	**1,13,744**	**1,17,733**	**1,13,104**
Tier 1 CRAR (%)	15.27%	13.88%	14.51%
Total CRAR (%)	**15.47%**	**14.01%**	**14.65%**
RWA/Total Assets	68.04%	69.79%	69.06%

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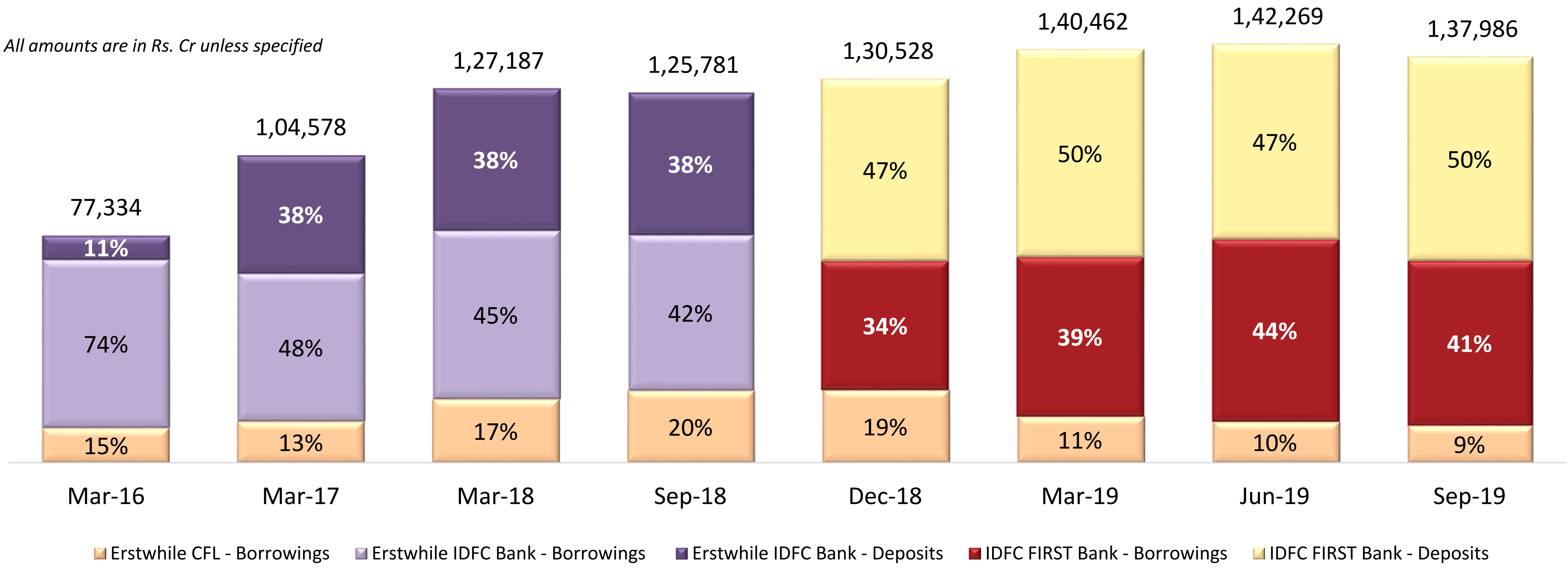
IDFC FIRST Bank

Section 5: Trend of Borrowings and Deposits for the two entities pre and post merger

- The Borrowings book of Erstwhile Capital First, which was comparatively higher priced, has gradually come down after the merger and likely to come to nil over the next 2 years
- The contribution of deposits to overall liabilities (including borrowings and deposits) are gradually increasing driven by the growth in CASA and Retail Term Deposits. The dependency on wholesale deposits like Certificate of Deposits and Wholesale term Deposit has also reduced over time.

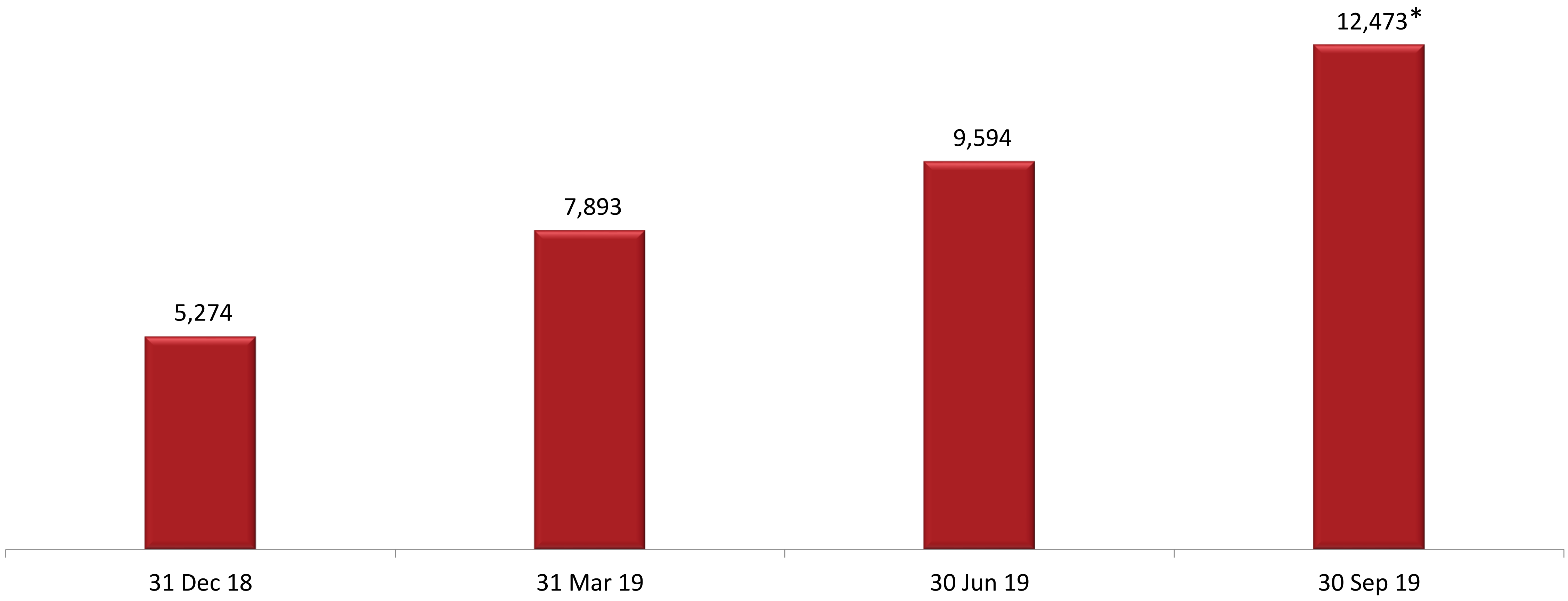
All amounts are in Rs. Cr unless specified



IDFC FIRST Bank

Section 5: Quarterly Trends of CASA over the last 4 quarters

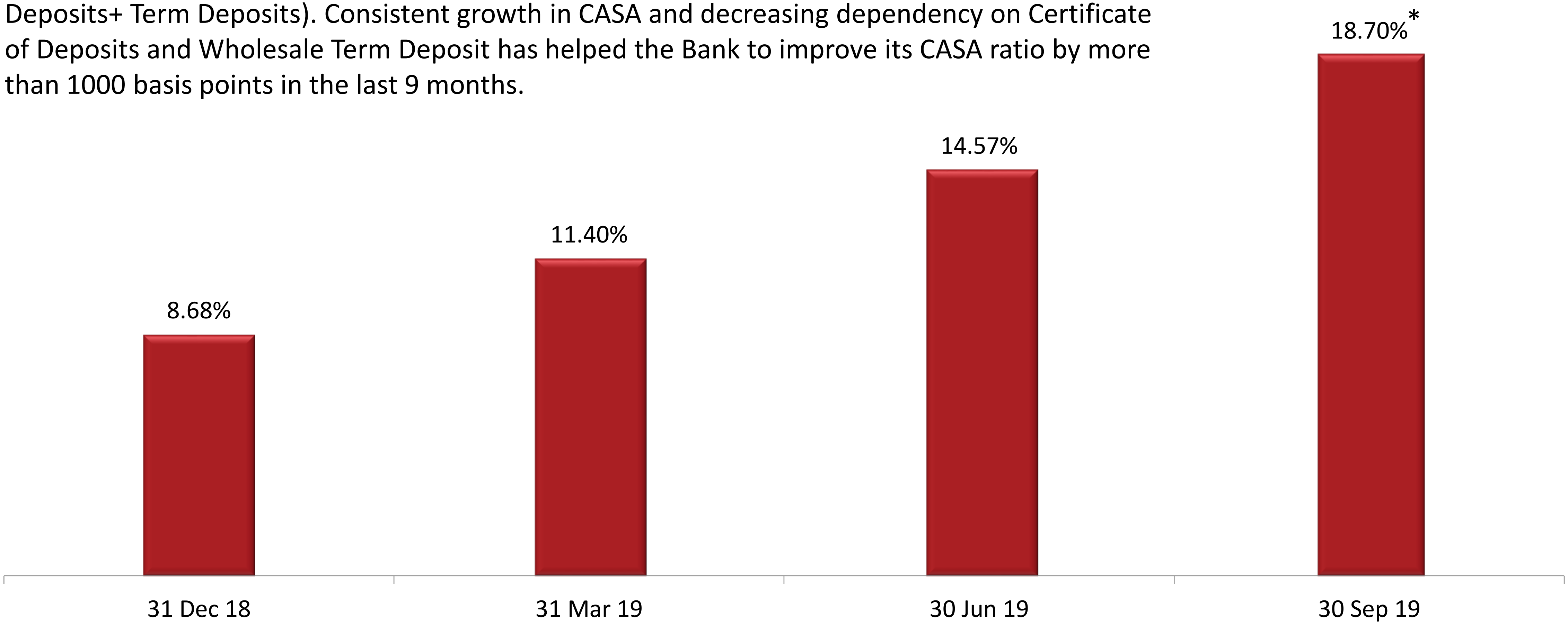
All amounts are in Rs. Cr unless specified



**This is excluding CASA deposits of Rs. 2,614 Cr from one government banking account which is non-sustainable in nature. Including this, the CASA would have been Rs. 15,087 Cr. The CASA Balance of the same Government Banking account has also been excluded from the previous quarters starting from the quarter ended on 31 Dec 2018*

Section 5: CASA Ratio has improved by more than 1000 bps in 9 months

CASA Ratio is computed in terms of CASA as a percentage of Total deposits (CASA+ Certificate of Deposits+ Term Deposits). Consistent growth in CASA and decreasing dependency on Certificate of Deposits and Wholesale Term Deposit has helped the Bank to improve its CASA ratio by more than 1000 basis points in the last 9 months.



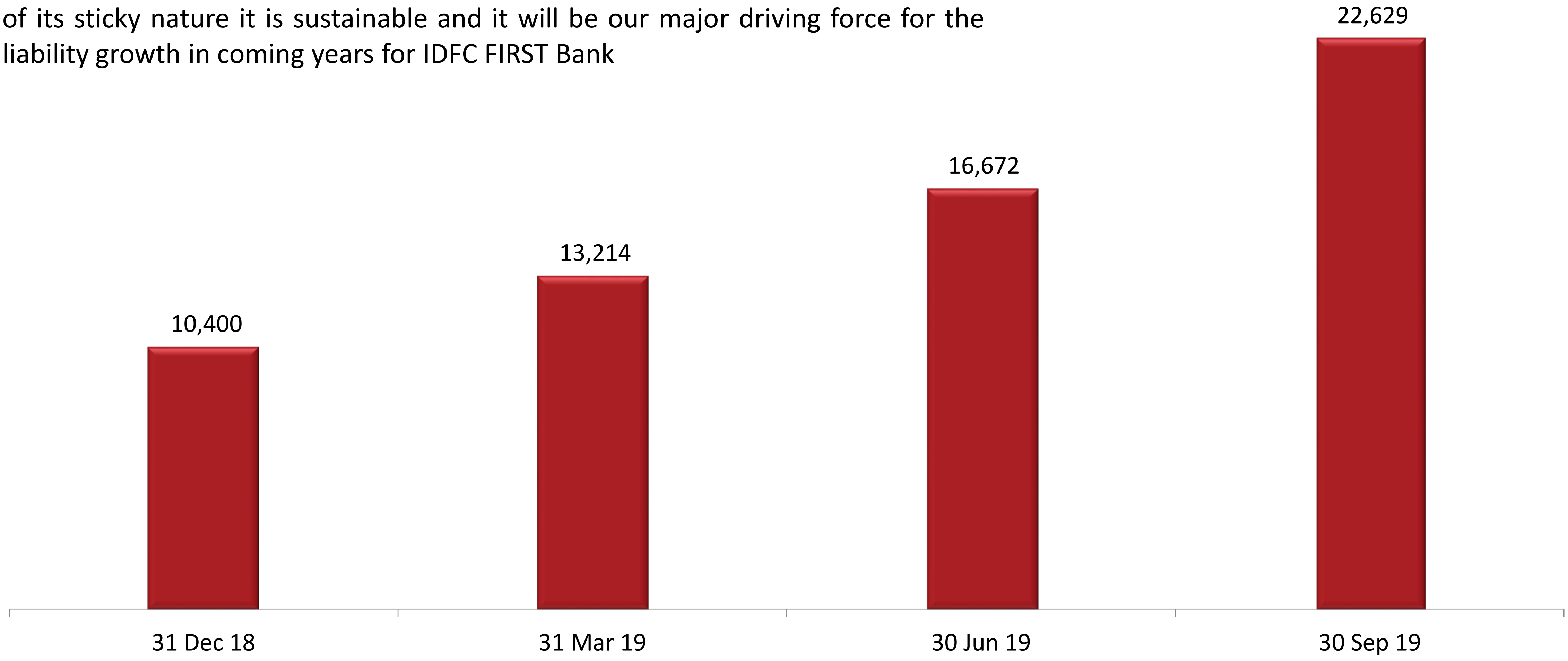
**This is excluding CASA deposits of Rs. 2,614 Cr from one government banking account which is non-sustainable in nature. Including this, the CASA to total deposits ratio would have been 21.76%.*

IDFC FIRST Bank

Section 5: Quarterly Trends of Core Retail Deposits

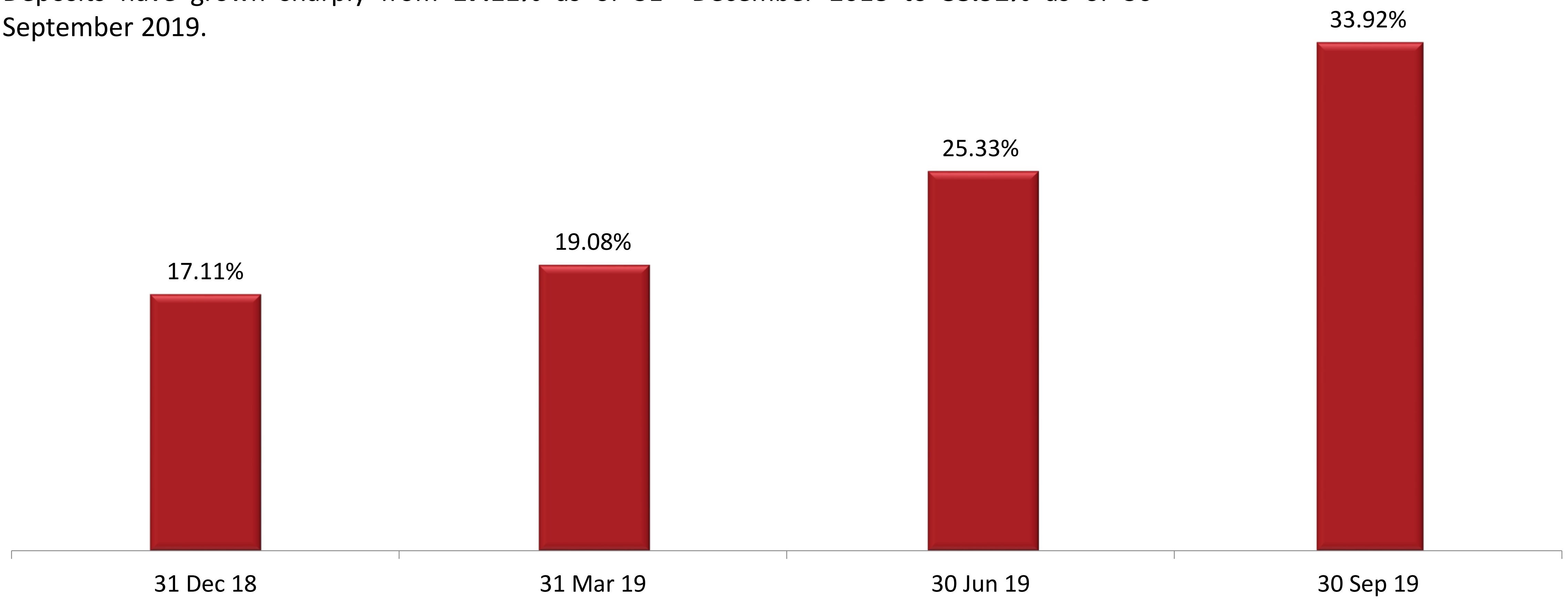
All amounts are in Rs. Cr unless specified

Core Retail Deposits constitutes of Retail CASA and Retail Term Deposits. Because of its sticky nature it is sustainable and it will be our major driving force for the liability growth in coming years for IDFC FIRST Bank



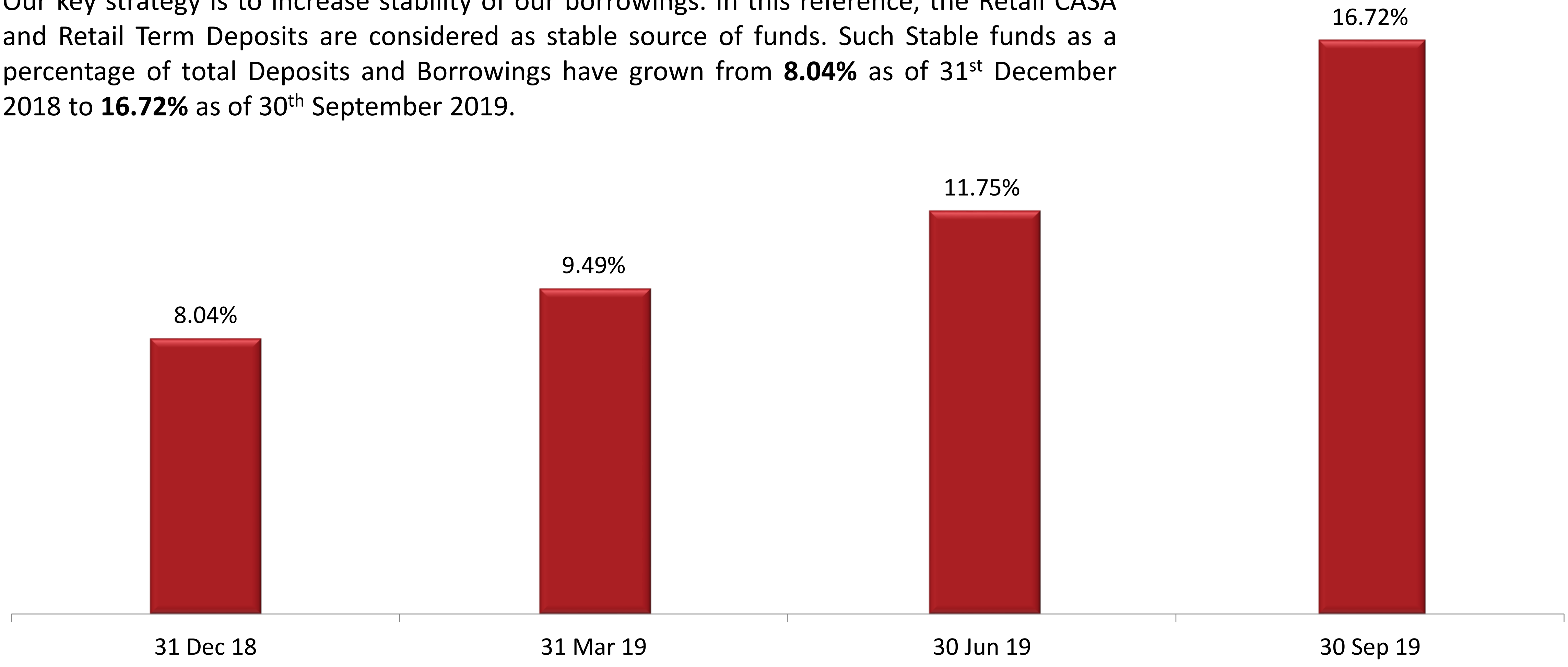
Section 5: Core Retail Deposits now contribute 33.92% of all Total Deposits showing decreasing dependence on Wholesale Fixed Deposits & Certificate of Deposits

The Core Retail Deposits i.e. the Retail CASA and Retail Term Deposits as a percentage of total Deposits have grown sharply from **17.11%** as of 31st December 2018 to **33.92%** as of 30th September 2019.



Section 5: Core Retail Deposits as a percentage of Total Deposits and Borrowings has also improved significantly in the last 9 months post merger

Our key strategy is to increase stability of our borrowings. In this reference, the Retail CASA and Retail Term Deposits are considered as stable source of funds. Such Stable funds as a percentage of total Deposits and Borrowings have grown from **8.04%** as of 31st December 2018 to **16.72%** as of 30th September 2019.



Section 5: The Bank continues to see strong growth in CASA and Retail Term Deposits

In Rs. Cr	Sep-18*	Jun-19	Sep-19	YOY %
Legacy Long Term Bonds	*18,632*	*13,865*	*13,452*	
Infra Bonds	*10,434*	*10,434*	*10,434*	
Refinance	*625*	*13,379*	*14,197*	
Other Borrowings	*8,152*	*23,966*	*18,996*	
Total Borrowings (A)	**37,844***	**61,644**	**57,079**	**51%**
CASA$	*6,253*	*9,594*	*12,473$*	99%
Retail Term Deposits	*6,453*	*10,296*	*13,548*	110%
Wholesale Term Deposits	*23,490*	*25,885*	*25,403*	8%
Certificate of Deposits	*11,988*	*20,058*	*15,283*	27%
Total Deposits (B)	**48,183**	**65,833**	**66,707**	**38%**
Borrowings + Deposits (A)+(B)	**86,027**	**1,27,477**	**1,23,786**	**44%**
Money Market Borrowings	15,031	14,399	11,586	
CASA % of Deposits	*12.98%*	*14.57%*	*18.70%*	
CASA % of Borrowings + Deposits	*6.19%*	*6.76%*	*9.21%*	

$Total CASA balance as of 30th September 2019 was Rs. 15,087 Cr on the books. However, for maintaining consistency, we have excluded Rs. 2,614 Cr of SA balance from the total CASA as this pertains to one government banking account which is temporary in nature and may not be sustainable.

**Total Borrowings are not comparable as borrowing figures of September 18 are pertaining to the Standalone IDFC Bank whereas September 19 figures pertains to borrowings of merged entity IDFC First Bank. However, CASA (↑ 99%) Term Deposits (↑ 30%) and Certificate of Deposits (↑ 27%) are comparable since these are being built on a banking franchise, earlier as well as now.*

SECTION 5:
FINANCIAL PERFORMANCE OF THE BANK FOR Q2-FY20

IDFC FIRST Bank

Section 5: Snapshot for the Quarter Q2 FY20

- The **Net Interest Income** for the quarter ended on 30 September 2019 was **Rs. 1,363 Cr** as compared to **Rs. 1,174 Cr** for the quarter ended on 30 June 2019. This is mainly driven by retailization of the book at better yields.
- The **Total Operating Income** (net of Interest Cost) for the quarter ended on 30 September 2019 was **Rs. 1,712 Cr** as compared to **Rs. 1,485 Cr** for the quarter ended on 30 June 2019.
- The **Net Interest Margin** for the quarter ended on 30 September 2019 was at **3.43%** as compared to **3.01%** for the quarter ended on 30 June 2019. The comparable NIM for last quarter would have been 3.15% but was reported at 3.01% due to reversal of interest on certain stressed accounts of Rs. 82 Cr.
- The **Cost to Income ratio** for the quarter ended on 30 September 2019 was at **75.61%** in comparison to **78.60%** for the quarter ended on 30 June 2019. This was **82.79%** for the quarter ended on 31st March 2019.
- The **Pre-Provisioning Operating Profit (PPOP)** for the quarter ended on 30 September 2019 was Rs. **417 Cr** as compared to **Rs. 318 Cr** for the quarter ended on 30 June 2019.
- The **Profit Before Tax** for the quarter ended on 30 September 2019 was **Rs. 100 Cr** as compared to **Loss before tax** of **Rs. 963 Cr** for the quarter ended 30 June 2019.
- The **Net Loss** for the quarter ended on 30 September 2019 was **Rs. 680 Cr** as compared to **Net Loss** of **Rs. 617 Cr** for the quarter ended 30 June 2019. This was primarily because of tax impact of Rs. 750.50 Cr due to markdown of existing Deferred Tax Assets as the bank has chosen to apply the reduced corporate tax rate of 25.17% which was announced by the Government through Ordinance *(Dated: 20th September 2019)*
- The **Capital Adequacy Ratio** as on 30 September 2019 was at **14.65%**.

Section 5: Income Statement

In Rs. Cr	Sep-18 (Pre-Merger)	Jun-19	Sep-19	Growth (%) Q-o-Q
Interest Income	2,334	3,793	4,018	
Interest Expense	1,883	2,619	2,655	
Net Interest Income (NII)	**451**	**1,174**	**1,363**	**11.03%***
Fee & Other Income	118	301	335	
Trading Gain	1	9	14	
Operating Income	**571**	**1,485**	**1,712**	**11.31%***
Operating Expense	552	1,167	1,295	
Pre-Provisioning Operating Profit (PPOP)	**19**	**318**	**417**	**12.56%***
Provisions	601	1,281	317	
Profit Before Tax	**(583)**	**(963)**	**100**	
Tax at the applicable rates	(213)	(346)	29**	
Profit After Tax	**(583)**	**(963)**	**71**	
Impact of DTA re-measurement at the new tax rate	-	-	751	
Profit After Tax (after the impact of DTA re-measurement)	**(370)**	**(617)**	**(680)**	

**The Q-o-Q Growth of 11.03% in NII is despite adding back the interest reversal of Rs. 53 Cr on certain specified stressed assets, pertaining to Q2-FY19 (1,363/1,227-1=11.03% Q-o-Q).*

*** Calculated at the new tax rate as per the option permitted under section 115BAA of the Income Tax Act, 1961 introduced by the Taxation Law Amendment Ordinance, 2019*

Section 5: Balance Sheet

In Rs. Cr	Sep-18 (Pre-Merger)	Jun-19	Sep-19
Shareholders' Funds	14,776	17,545	16,866
Deposits	48,356	66,226	69,321
Borrowings	52,875	76,044	68,665
Other liabilities and provisions	7,248	8,891	8,925
Total Liabilities	**1,23,255**	**1,68,705**	**1,63,777**
Cash and Bank Balances	2,409	3,100	2,901
Net Loan Assets	72,619	1,08,582	1,03,188
- Net Retail Loan Assets	9,908	44,453	47,829
- Net Wholesale Loan Assets	62,712	64,130	55,359
Investments	38,899	45,833	47,708
Fixed Assets	801	919	987
Other Assets	8,526	10,271	8,993
Total Assets	**1,23,255**	**1,68,705**	**1,63,777**

IDFC FIRST Bank

Section 6: Board of Directors

Mr. V. Vaidyanathan is the first Managing Director and CEO of IDFC FIRST Bank, a bank founded by the merger of Erstwhile Capital First and Erstwhile IDFC Bank in December 2018. He is a banker turned entrepreneur turned banker by merging the NBFC he founded with an existing commercial bank. He holds shares and options totalling 3.60% of the equity of the company on a fully diluted basis.

Prior to this role, he founded Capital First Limited by first acquiring an equity stake in an existing NBFC, and then executing a Leveraged Management Buyout (MBO) by securing an equity backing of Rs. 810 Cr in 2012 from PE Warburg Pincus. The MBO included (a) buyout of majority and minority shareholders through Open Offer to public; (b) Fresh capital raise of Rs. 100 Cr into the company; (c) Reconstitution of the Board of Directors (d) Change of business from wholesale to retail lending; (e) Creation of a new brand "Capital First".

As part of his entrepreneurial foray, he left ICICI Group in 2010 and acquired a stake in a small start-up NBFC. He then exited legacy businesses of Real estate financing, Foreign Exchange, Broking, Investment management businesses and instead transformed the company into a large retail financing institution with operations in more than 225 locations across India. Between March 2010 to September 2018, he grew the retail financing book from Rs. 94 Cr ($14 million) to Rs. 29,625 Cr ($4.06 billion), grew the Equity Capital from Rs. 690 Cr ($106 million) to Rs. 2,928 Cr ($401.1 million) reduced Gross NPA from 5.36% to 1.94% & reduced Net NPA from 3.78% to 1.00%, and from losses of Rs. 32 Cr to Profits of Rs. 328 Cr (FY 18) Under his leadership, Company's long term credit rating was upgraded four notches to AAA.

Earlier, he joined ICICI Limited in early 2000 when it was a Domestic Financial Institution (DFI) and the retail businesses he built helped the transition of ICICI from a DFI to a Universal Bank. He built the Retail Banking Business for ICICI Limited since its inception, and grew ICICI Bank (post merger in 2002) to 1411 Bank branches in 800 cities, 25 million customers, a vast CASA and retail deposit base, branch, internet and digital banking, built a retail loan book of over Rs. 1,35,000 Cr ($20 billion) in Mortgages, Auto loans, Commercial Vehicles, Credit Cards, Personal Loans. In addition, he also built the SME business and managed the Rural Banking Business for the bank. These businesses helped the conversion of the institution to a universal bank renowned for retail banking.

He was appointed the Executive Director on the Board of ICICI Bank in 2006 at 38, and later became the Managing Director on the Board of ICICI Prudential Life Insurance Company in 2009. He was also the Chairman of ICICI Home Finance Co. Ltd (2006), and served on the Board of CIBIL- India's first Credit Bureau (2005), and SMERA- SIDBI's Credit Rating Agency (2005). He started his career with Citibank India in 1990 and worked there till 2000, where he learnt the ropes in Consumer Banking.

During his career, he and his organization have received a number of domestic and international awards including the prestigious CNBC Asia "Innovative company of the year" IBLA-2017, "Most Inspirational Leveraged Management Buyout, India 2018" by CFI Awards, "Entrepreneur of the Year" Award at Asia Pacific Entrepreneurship Awards 2017, "Transformational Leader 2018" by CFI Awards UK, "Financial Services Company of the Year, 2018 - VC Circle", "Outstanding contribution to Financial Inclusion, India, 2017" from Capital Finance International, London, "Most Promising Business Leaders of Asia" 2016 by Economic Times, 'Outstanding Entrepreneur Award' in Asia Pacific Entrepreneurship Awards 2016, Greatest Corporate Leaders of India-2014, Business Today - India's Most Valuable Companies 2016 & 2015, Economic Times 500 India's Future Ready Companies 2016, Fortune India's Next 500 Companies 2016, Dun & Bradstreet India's Top 500 Companies & Corporates 2016 & 2015. During his prior stint, awards included "Best Retail bank in Asia 2001", "Excellence in Retail Banking Award" 2002, "Best Retail Bank in India 2003, 2004, and 2005" from the Asian Banker, "Most Innovative Bank" 2007, "Leaders under 40" from Business Today in 2009, and was nominated "Retail Banker of the Year" by EFMA Europe for 2008. He is an alumnus of Birla Institute of Technology and Harvard Business School. He is a regular marathoner and has run 22 half-marathons and 8 full marathons.

Section 6: Board of Directors

DR. RAJIV B. LALL - PART-TIME NON-EXECUTIVE CHAIRMAN

Dr. Rajiv Lall is the Non-Executive Chairman of IDFC Bank. He was the Founder MD & CEO of IDFC Bank from October 1, 2015 till December 18, 2018. Previously, he was the Executive Chairman of IDFC Limited. A veteran economist for 30 years, Dr. Lall has been an active part of the finance and policy landscape, both in India and internationally. In his diverse career, he has also held leadership roles in global investment banks and multilateral agencies.

MS. ANINDITA SINHARAY – NON-EXECUTIVE NON INDEPENDENT DIRECTOR (REPRESENTING THE GOVT. OF INDIA)

Ms. Anindita Sinharay is an Indian Statistical Service (2000) officer working as a Director in the Department of Financial Services, Ministry of Finance. She holds a post graduate degree in Statistics from the University of Calcutta. She has vast working experience of more than one decade in National Accounts Statistics in Central Statistics Office (CSO) and analysis of data of large scale sample surveys conducted by National Sample Survey Office (NSSO).

MR. SUNIL KAKAR - NON-EXECUTIVE NON INDEPENDENT DIRECTOR (REPRESENTING IDFC LIMITED)

Mr. Sunil Kakar is the Managing Director & CEO of IDFC Limited. He started his career at Bank of America where he worked in various roles, covering Business Planning & Financial Control, Branch Administration and Operations, Project Management and Internal Controls. After Bank of America, Mr. Kakar was the CFO at Max New York Life Insurance. He led numerous initiatives including Planning, Investments / Treasury, Finance and Accounting, Budgeting and MIS, Regulatory Reporting and Taxation.

MR. ANAND SINHA - INDEPENDENT DIRECTOR

Mr. Anand Sinha joined the Reserve Bank of India in July 1976 and rose to become Deputy Governor in January 2011. He was Adviser in RBI up to April 2014 after demitting the office of Deputy Governor in RBI on 18th January 2014. As Deputy Governor, he was in-charge of regulation of commercial banks, Non-Banking Financial Companies, Urban Cooperative Banks and Information Technology, among others.

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.

Section 6: Board of Directors

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, State Bank of India, 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. SANJEEB CHAUDHURI - 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 has an MBA in Marketing and has completed an Advanced Management Program.

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 State Bank of India 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. AASHISH KAMAT - INDEPENDENT DIRECTOR

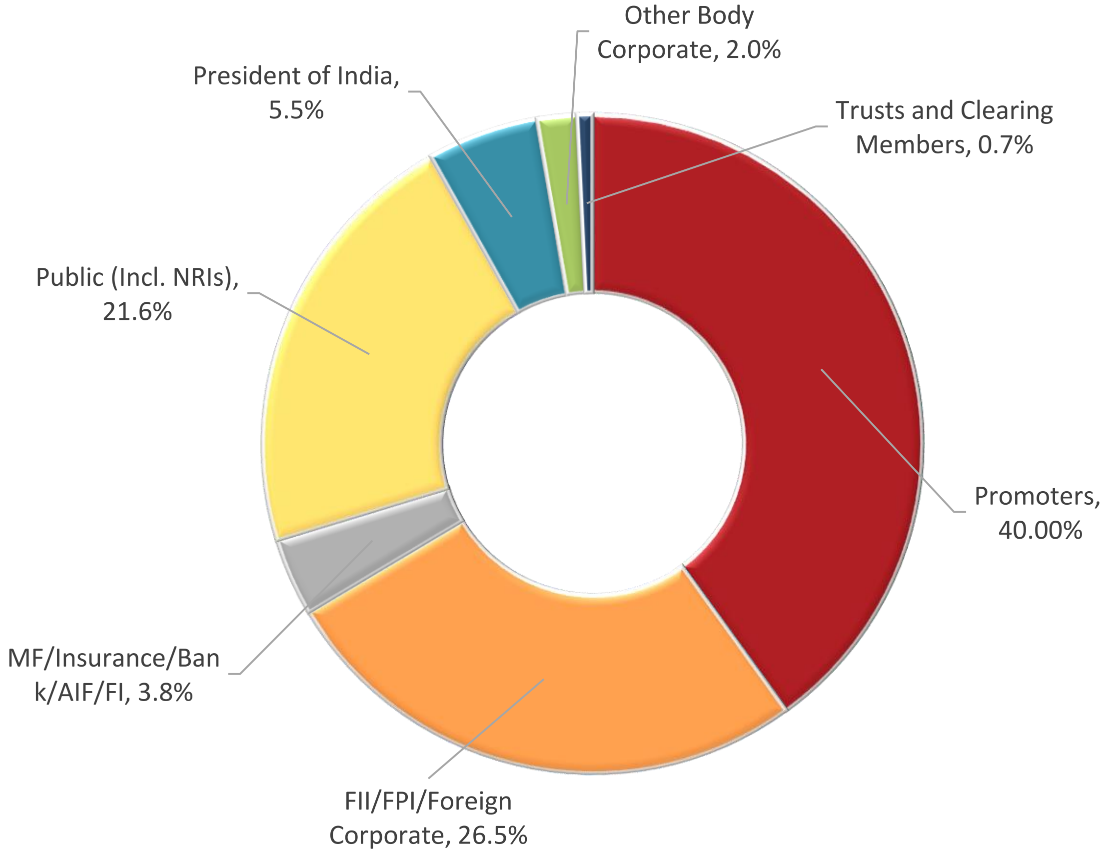
Mr. Aashish Kamat has over 30 years of experience in the corporate world, with 24 years being in banking & financial services & 6 years in public accounting. Mr. Kamat was the Country Head for UBS India, from 2012 until his retirement in January 2018. Prior to that he was the Regional COO/CFO for Asia Pacific at JP Morgan based out of Hong Kong. Before moving to Hong Kong, Mr. Kamat 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.

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

Section 6: Shareholding Pattern as of 30th September 2019

Scrip Name : IDFC FIRST Bank (BSE: 5394437, NSE:IDFCFIRSTB)



Total # of shares as of 30th September 2019 : 4,78,27,65,876
Book Value per Share as of 30th September 2019: Rs. 35.26
Market Cap as of 30th September 2019: Rs. 19,227 Cr

Key Shareholders *(through their respective various funds and affiliate companies wherever applicable)*	**% Holding**
IDFC Financial Holding Company Limited	40.00
Warburg Pincus through its affiliated entities	9.99
President of India	5.47
Odyssey 44	3.64
GIC Singapore	3.20
Aditya Birla Asset Management	2.20
Platinum Asset Management	2.01
Vanguard	1.68
V Vaidyanathan*	1.17
Dimensional Fund Advisors	0.92
Wellington	0.85

**On a fully diluted basis, including shares and options, Mr. Vaidyanathan holds 3.68% of the equity of the Bank including shares held in his social welfare trust.*

IDFC FIRST Bank

SECTION 7:

STRATEGY GOING FORWARD FOR THE COMBINED ENTITY

- **Key Strategies for the combine entity –**
  - ✓ Asset Strategy
    - *Growth of Assets*
    - *Diversification of Assets*
    - *Gross Yield expansion*
  - ✓ Liability Strategy
    - *CASA Growth*
    - *Diversification of Liability*
    - *Branch Expansion*
  - ✓ Profitability
    - *Expand Net Interest Margin*
    - *Reduce Cost to Income Ratio*
    - *Improve RoA and RoE*

IDFC FIRST Bank

Section 7: Asset Strategy for IDFC FIRST Bank as guided at the time of merger in December 2018.

- **Growth of Assets:**
  - The Bank plans to grow retail loan assets from Rs. 36,236 Cr (December 31, 2018) to over Rs. 100,000 Cr in the next 5 years
  - The Bank plans to wind down loans to infrastructure to NIL within five years (Rs. 22,710 as of 31 December 2018).
  - The Bank plans to reduce the total Wholesale loan assets (including the Infrastructure Loans) from Rs. 56,809 Cr (December 31, 2018) to Rs. 40,000 Cr by March 2020 in order to rebalance and diversify the overall Loan Book. Thereafter, the Bank plans to maintain it at the similar levels for the next 5 years and would grow the business based on opportunities available at the marketplace.

- **Diversification of Assets:** We recognize that loan book of the bank needs to be well diversified across sectors and a large number of consumers. The Bank plans to increase the retail book composition from 34.62% to 70% within 5 years and set the target to take it to 80% thereon.

- **Gross Yield Expansion:** As a result of the growth of the retail loan (at a relatively higher yield compared to the wholesale loans), the gross yield of the Bank's Loan Book was initially guided to increase from 9.4% (as per Q2-FY19, pre-merger) to more than 12% in the next 5 years, however we now upgrade our guidance and project the yield to be at 13.5% in the next 5 years. The bank will expand Housing loan portfolio as one of its important product lines.

Section 7: Liability Strategy for IDFC FIRST Bank as guided at the time of merger in December 2018.

- **CASA Growth:** This is a key focus and growth area for the bank. We plan to increase the CASA Ratio from 10.4% as of December 31, 2018 on a continuous basis year on year and strive to reach 30% CASA ratio within 5 years, and increase it to 40-50% from there on. An array of digital savings & current accounts are planned to be offered to the customer base (more than 7 million customers) of Erstwhile Capital First.

- **Diversification of Liabilities:** We will focus on Retail CASA and Retail Term Deposits in order to diversify the liabilities of the bank. As a percentage of the total borrowings, the Retail Term Deposits and Retail CASA is proposed to increase from 8.0% as of December 31, 2018, to over 50% in the next 5 years and set up a trajectory to reach 75% thereafter.

- **Branch Expansion:** In order to grow Retail Deposits and CASA, the bank plans to set up 600-700 more bank branches in the next 5 years from the branch count of 206 (as of 31 Dec 2018). This would be suitably supported by the attractive product propositions and other associated services as well as cross selling opportunities.

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Section 7: Profitability

- **Net Interest Margin:** The bank plans to expand the NIM to about 5.0% - 5.5% in the next 5 years based on better cost of funds and carefully selecting the product segments where we have strong proven capabilities over the years.
- **Asset Quality:** Over 90% of the Retail Loan Book of the bank constitutes of loan book brought from erstwhile Capital First. The book is seasoned over 8 years across business and loan cycles and has had stable performance throughout, and has been adequately stress tested across significant events such as high interest rate cycle (2010-2014), high inflation rate cycle (2010-2014), Demonetization (2016, where over 86% of the cash of the country was withdrawn overnight), GST implementation (2017, which changed the business environment and methods for MSMEs) and yet asset quality remained high over the period.
- **Cost to Income:** The Bank plans to improve Cost to Income ratio to ~50-55% over the next 5 years, down from ~80% (post merger results, Quarter ended December 31, 2018)
- **ROA and ROE:** With the improvement in the NIM and cost to income ratio, the bank aims to reach the following benchmarks in the next 5-6 years.
    - ROA of 1.4%-1.6%
    - ROE of 13%-15%

IDFC FIRST Bank

SECTION 8:

CAPITAL FIRST STRATEGY, LOAN GROWTH AND PROFITABILITY TRENDS FOR 8 YEARS (BEFORE MERGER WITH IDFC BANK)

- History of Capital First Limited
- Transformation into Retail Franchise
- Business Areas of Focus
- Past Financial Performances

Section 8: Successful Trajectory of Growth and Profits at Capital First

Since the business model of Capital First is an important part of the business to be built in the merged bank, we present to you the business model, business lines, business and profitability trajectory, and financial trends of Capital First Limited. The following slides are essentially an extract of the last official investor presentation of Capital First just prior to the merger (Period ending September 30 2018) and are meant to give the reader a picture of what the merged bank could look like in the years to come.

Section 8: 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 Cr 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 Cr of which Retail AUM was 10%, Rs. 94 Cr.
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 Cr 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 Cr, 44% of the overall AUM.
2012-13	Mr. Vaidyanathan secured equity backing of Rs. 810 billion 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 Cr 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 Cr 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 Cr and the number of customers financed since inception crossed 10 lacs. The Company raised Rs. 300 Cr 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 Cr and the number of customers financed since inception crossed 4.0 million. The Company raised fresh equity capital of Rs. 340 Cr 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 Cr 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.

Section 8: Successful Trajectory of Growth and Profits at Capital First

History of Capital First Limited

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 Cr to Rs. 3,993 Cr
- The Assets under Management increased — from Rs. 935 Cr to Rs. 26,997 Cr
- The Retail Assets Under Management increased — from Rs. 94 Cr to Rs. 25,243 Cr
- 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 Cr in FY 09 to Profit of Rs. 327.4 Cr (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 Cr (FY13) to Rs. 26,997 Cr (FY18)
- **Total Income** has grown at a CAGR of **47%** from Rs. 357.5 Cr (FY13) to Rs. 2429.6 Cr (FY18)
- **Profit After Tax** has grown at a CAGR of **56%** from Rs. 35.1 Cr (FY13) to Rs. 327.4 Cr (FY18)
- **Earning Per Share** has grown at a CAGR of **46%** from Rs. 4.94 (FY13) to Rs. 33.04 (FY18)

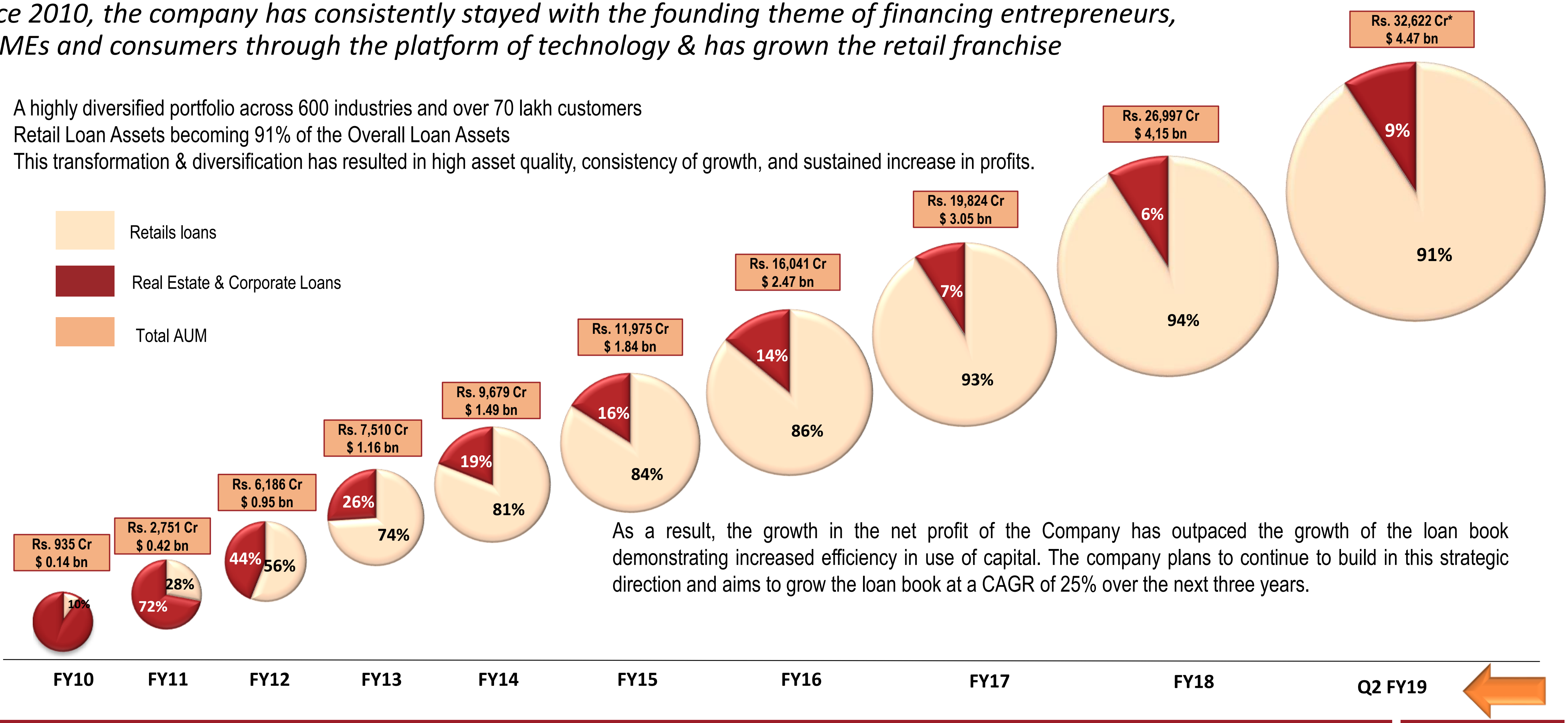
Section 8: Successful Trajectory of Growth and Profits at Capital First

Transformation into Retail Franchise

** As per Ind - AS*

Since 2010, the company has consistently stayed with the founding theme of financing entrepreneurs, MSMEs and consumers through the platform of technology & has grown the retail franchise

- A highly diversified portfolio across 600 industries and over 70 lakh customers
- Retail Loan Assets becoming 91% of the Overall Loan Assets
- This transformation & diversification has resulted in high asset quality, consistency of growth, and sustained increase in profits.

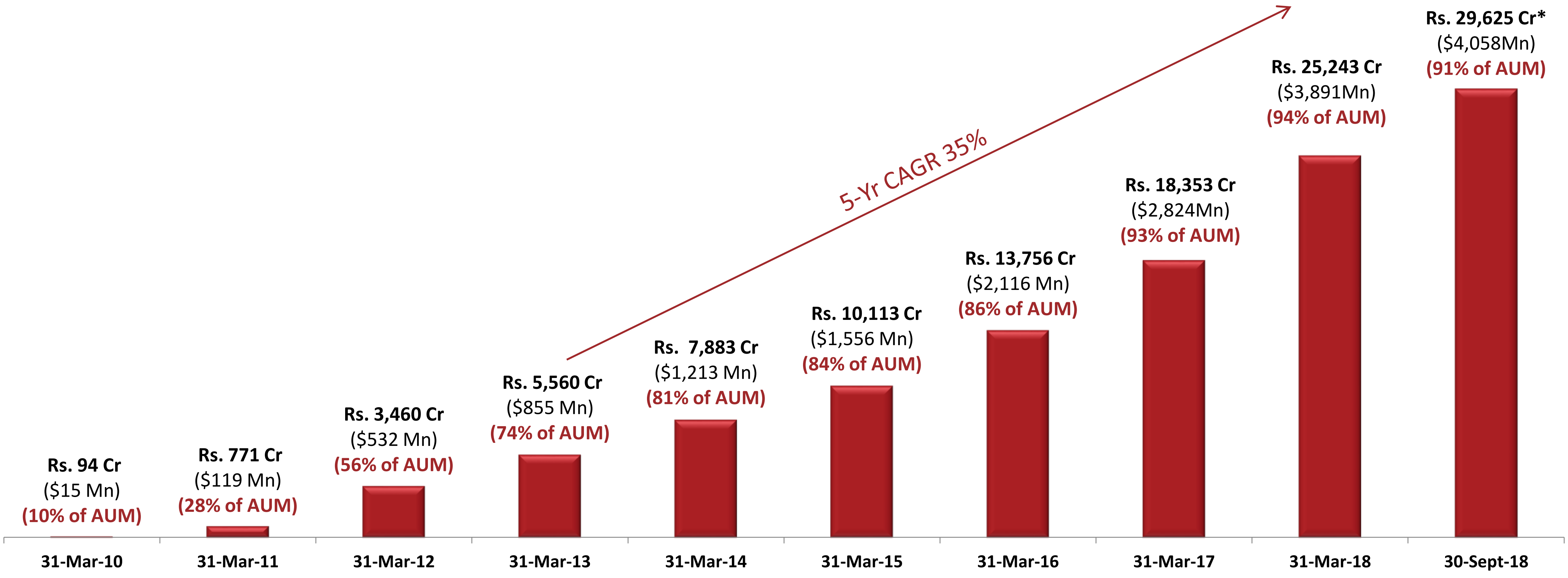


As a result, the growth in the net profit of the Company has outpaced the growth of the loan book demonstrating increased efficiency in use of capital. The company plans to continue to build in this strategic direction and aims to grow the loan book at a CAGR of 25% over the next three years.

Section 8: Successful Trajectory of Growth and Profits at Capital First

Transformation into Retail Franchise

The company's product launches had been highly successful in the marketplace and the company had emerged as a significant player in Indian retail financial services within eight years of inception with the Retail Loan Book crossing Rs. 29,625 Cr (USD 4.06 bn)



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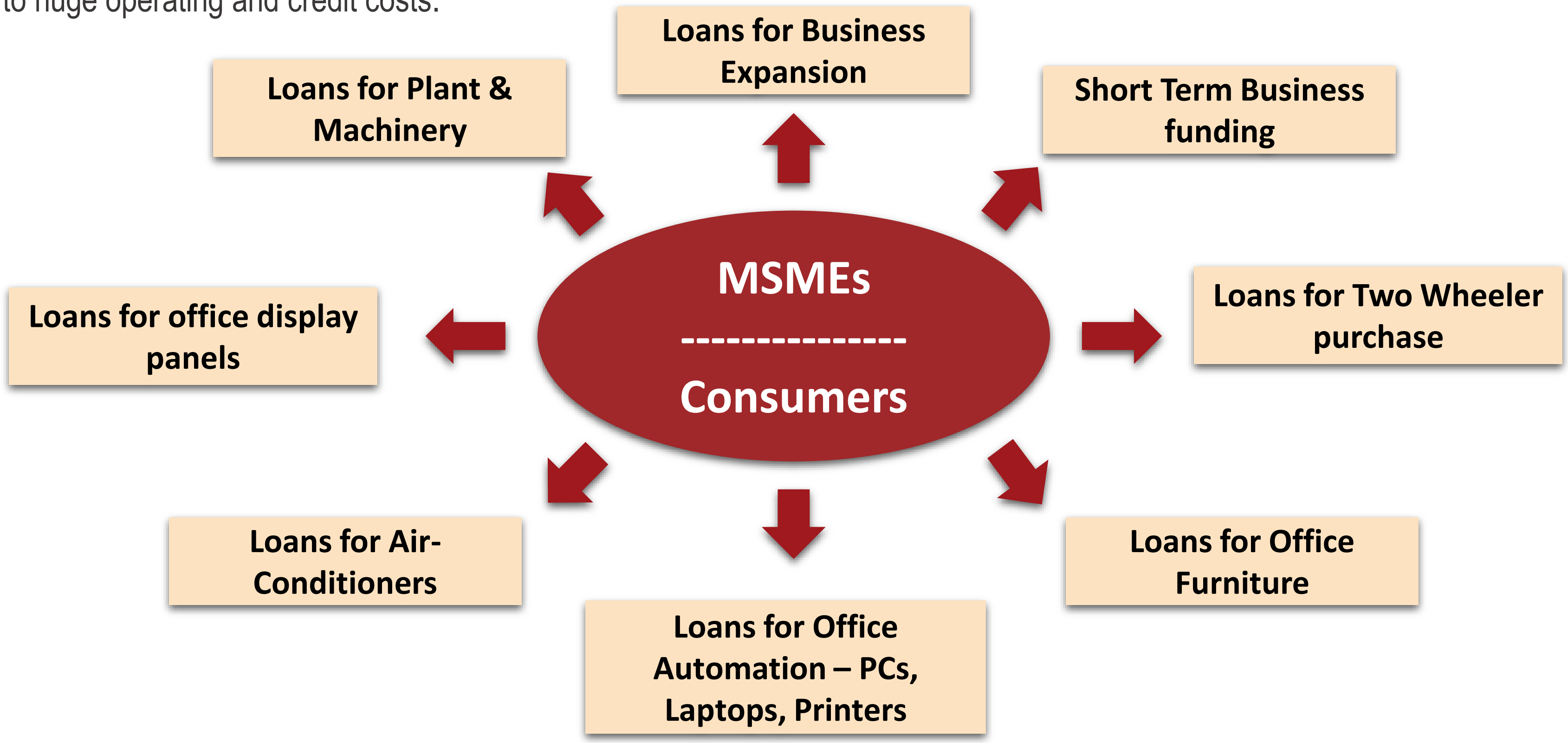
Section 8: Successful Trajectory of Growth and Profits at Capital First

Business Area of Focus

LINES OF BUSINESS: *Capital First provided financing to select segments that are traditionally underserved by the existing financing system*

- By staying focused on a specific niche (small entrepreneurs and Indian consumers), the company avoided competing with traditional large players.
- Capital First provides financing to select segments that are traditionally underserved by the existing financing system.
- Traditionally these end uses are underserved by the financial system as ticket sizes are small, credit evaluation is difficult, collections is difficult, and business is often unviable owing to huge operating and credit costs.



Section 8: Successful Trajectory of Growth and Profits at Capital First

Business Area of Focus

SPECIALITY: *MSME Financing – A key area of focus for Capital First*

Capital First has emerged as a Specialized Player in financing MSMEs by offering different products for their various financing needs

Typical Loan Ticket Size From CFL	Typical Customer Profile
Rs. 10 lacs - Rs. 2 crores	To Small and Medium Entrepreneurs financing based on customised cash flow analysis and references from the SME's customers, vendors, suppliers.
Rs. 1 lakh - Rs. 10 lacs	To Small Entrepreneurs/ partnership firms in need of immediate funds, for say, purchase of additional inventory for an unexpected large order.
Rs. 15k - Rs. 1 lakh	To Micro business owners and consumers for purchase of office PC, office furniture, Tablets, Two-Wheeler, etc.

Section 8: Successful Trajectory of Growth and Profits at Capital First

Credit Framework

STRONG RISK MANAGEMENT PROCEDURES:

Capital First is structured with inherent checks and balances for effective risk management

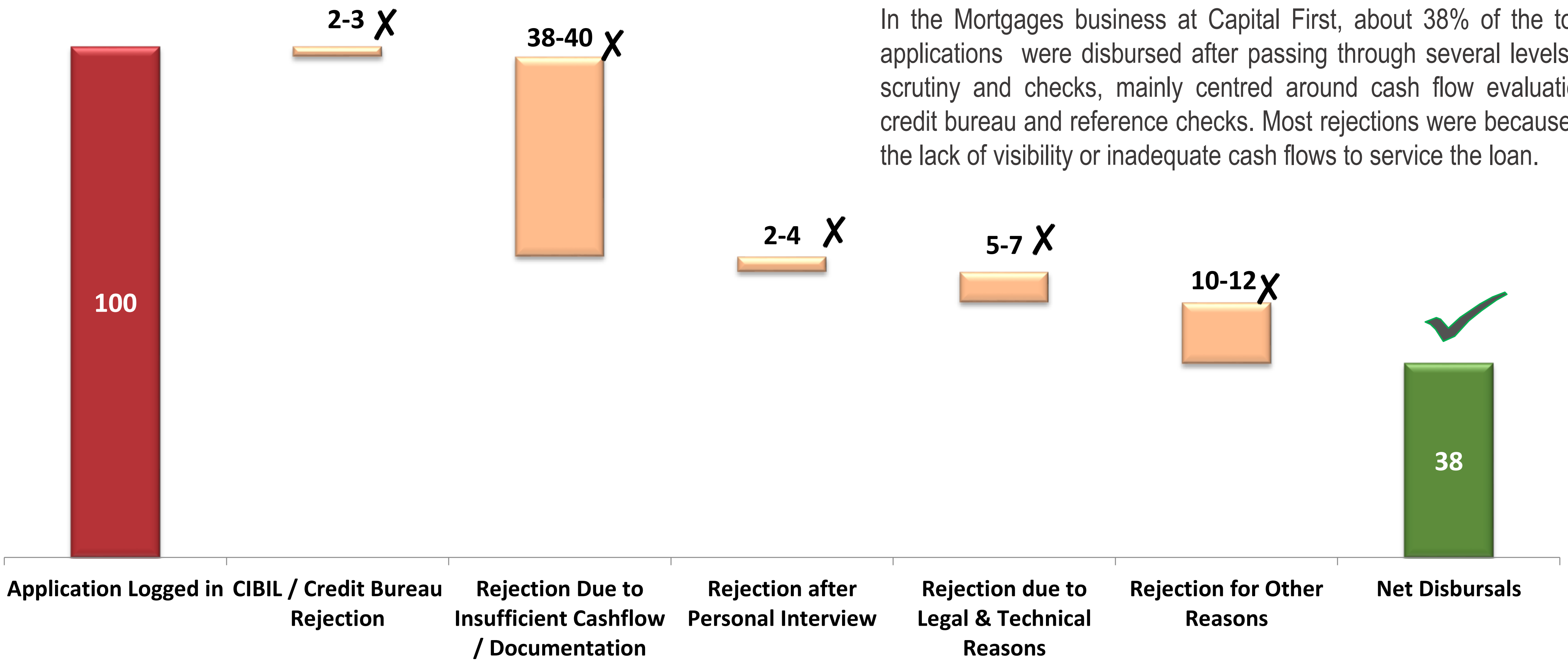
Credit Policy (For defining Lending Norms) → Business Origination Team → Credit Underwriting Team → Loan Booking & Operations Team → Portfolio Monitoring & Collections

Sales, credit, operations and collections are independent of each other, with independent reporting lines for checks and balances in the system

Credit Framework

Rigorous Credit Underwriting Process helped in maintaining high asset quality

In the Mortgages business at Capital First, about 38% of the total applications were disbursed after passing through several levels of scrutiny and checks, mainly centred around cash flow evaluation, credit bureau and reference checks. Most rejections were because of the lack of visibility or inadequate cash flows to service the loan.

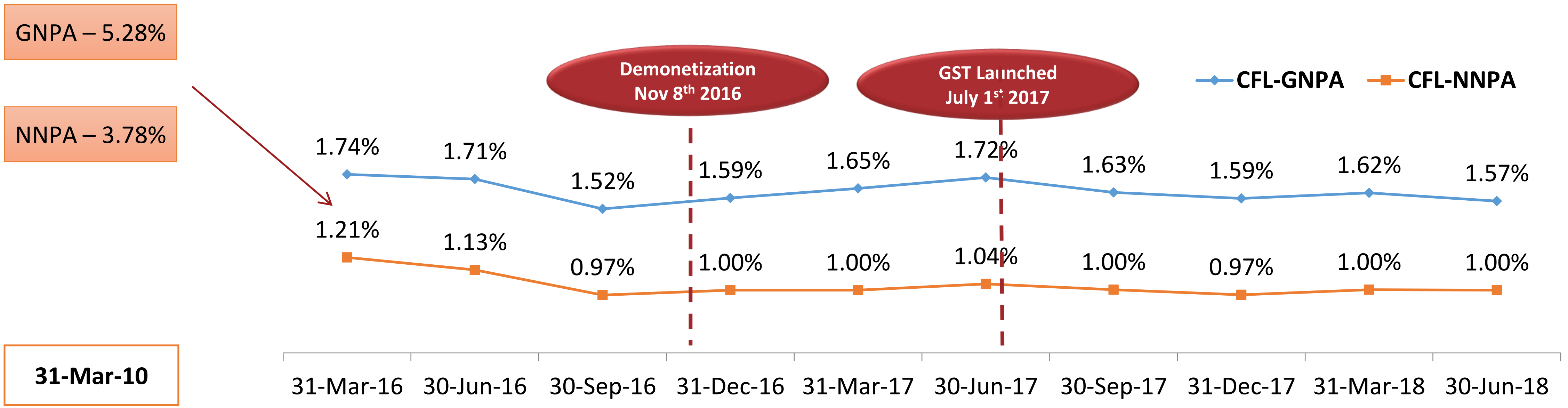


Section 8: Successful Trajectory of Growth and Profits at Capital First

Asset Quality

STABLE ASSET QUALITY: The Company's asset quality consistently remained high consistently over 8 years.

Over 8 years, the GNPA was ~1.7% and NNPA was ~1.0% which came down from 5.28% and 3.78% respectively (31-March-10)



This is despite the fact that the company was providing finance in a less banked segment. Further the portfolio has been stress tested over three significant events since inception :

a) FY 2010-2014 where there was high inflation, elevated interest rates and sharp Rupee Depreciation,

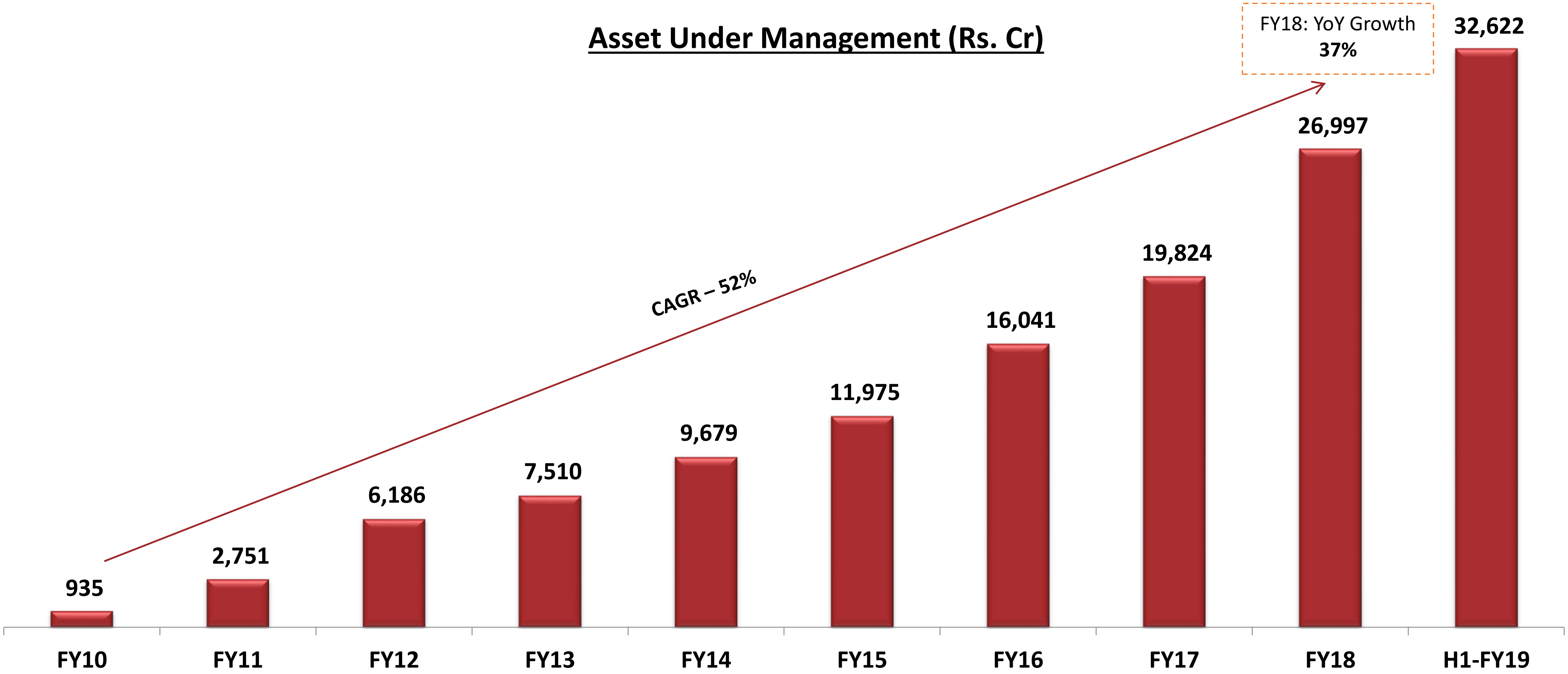
b) Demonetization (FY16) where 86% of the country's currency was invalidated and

c) GST Implementation (FY17) which affected our target segment directly.

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

Section 8: Successful Trajectory of Growth and Profits at Capital First

Financial Performance: The Asset Under Management has consistently grown at a 8 year CAGR of 52%, FY18 – 37%

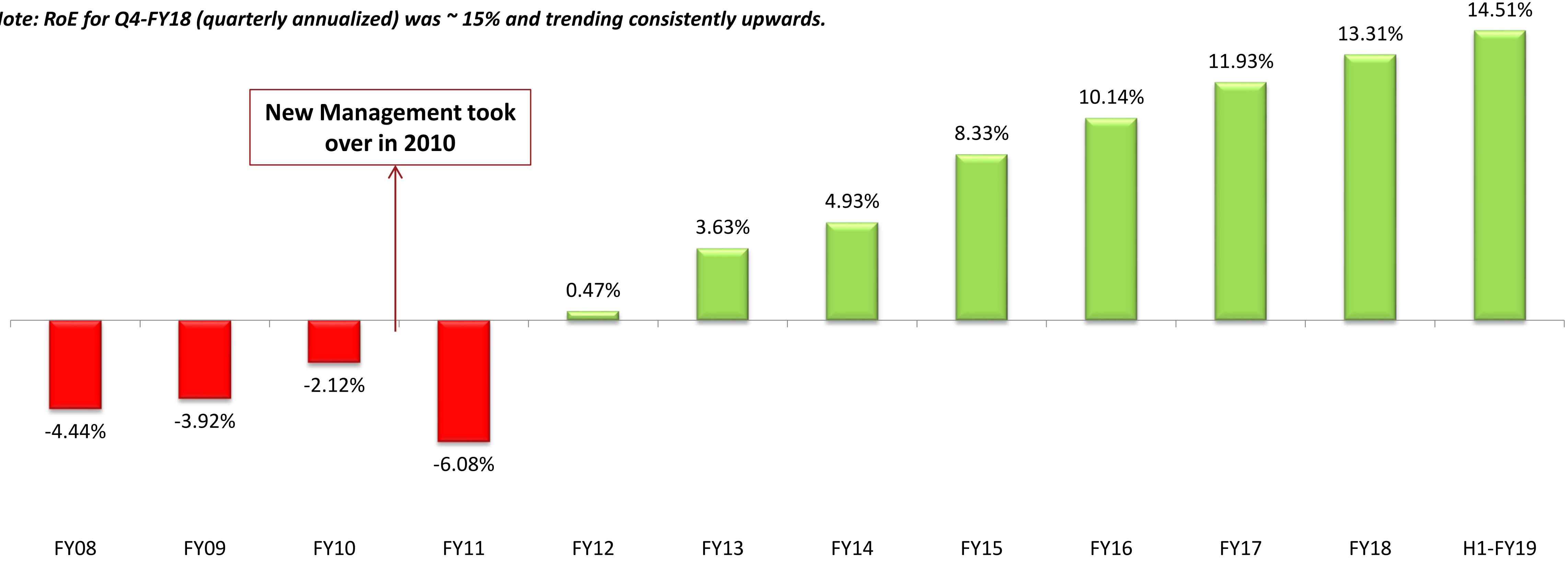


Section 8: Successful Trajectory of Growth and Profits at Capital First

Financial Performance: the ROE of the Company increased over the years as a result of transformation

Yearly Return on Equity (%)

Note: RoE for Q4-FY18 (quarterly annualized) was ~ 15% and trending consistently upwards.

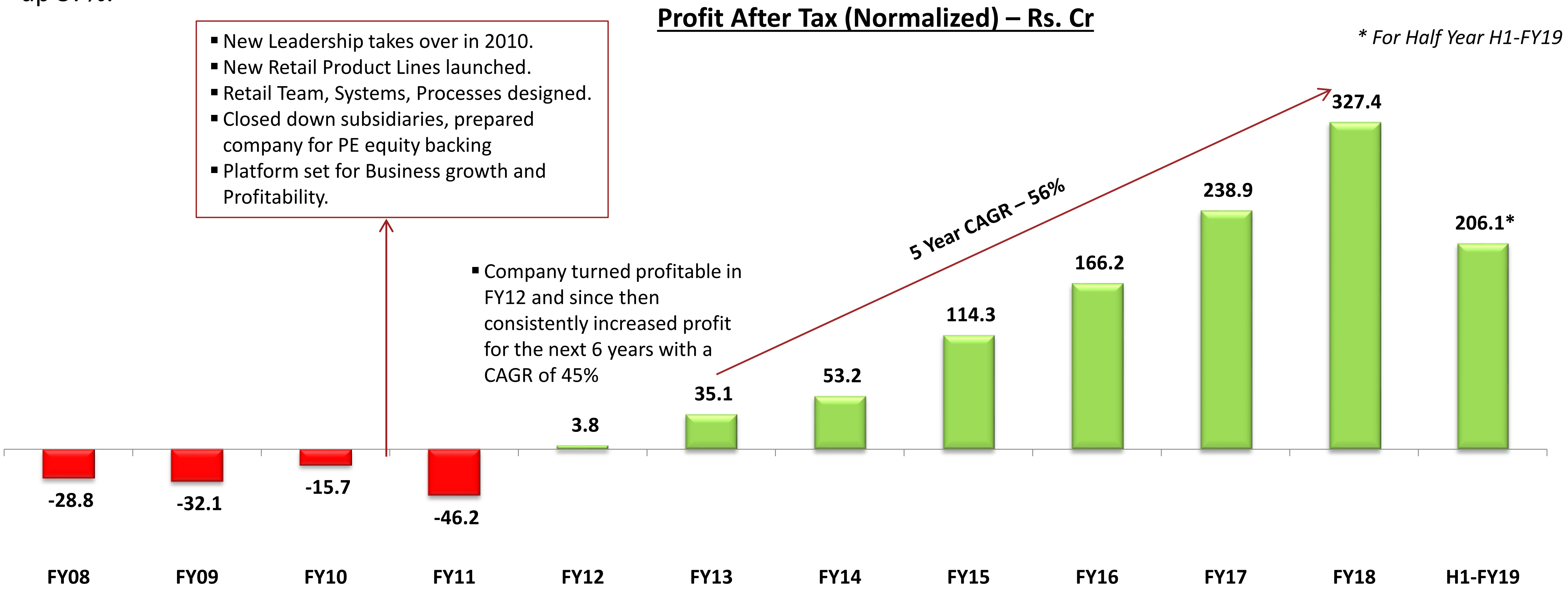


Note: FY13 onwards, the Company amortized securitization income. Prior periods are normalized for such items for consistency to arrive at normalized profitability

Section 8: Successful Trajectory of Growth and Profits at Capital First

Financial Performance: Yearly Trend of Profit After Tax

In FY 08 and 09, the Company had made losses. Even after the new leadership took over, for two years the company continued to post losses as the building blocks for new age retail lending were prepared. Once the company turned around and became profitable in FY 12, there was no looking back, Capital First posted a CAGR growth in profits of 56% for last 5 years, latest year profit up 37%.

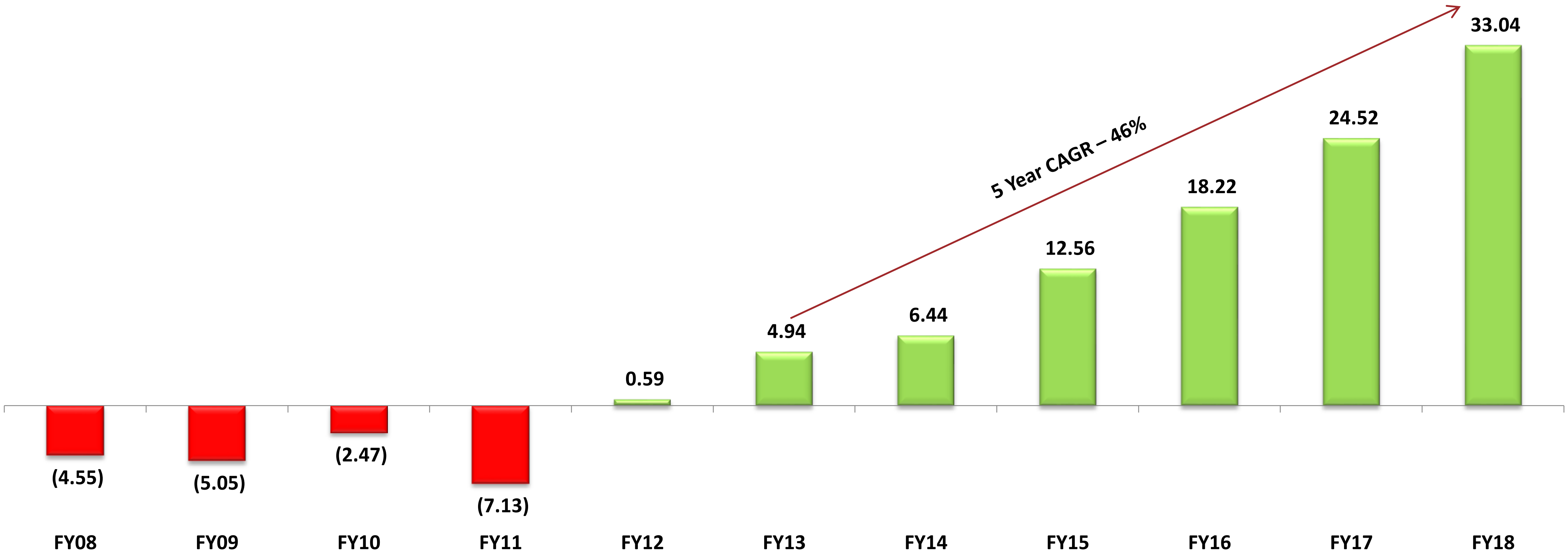


Section 8: Section 8: Successful Trajectory of Growth and Profits at Capital First

Financial Performance: Yearly Earning per Share (EPS) Trend

Earning per Share (EPS) has consistently grown at CAGR of 46% in the last 5 years, this created value for all shareholders.

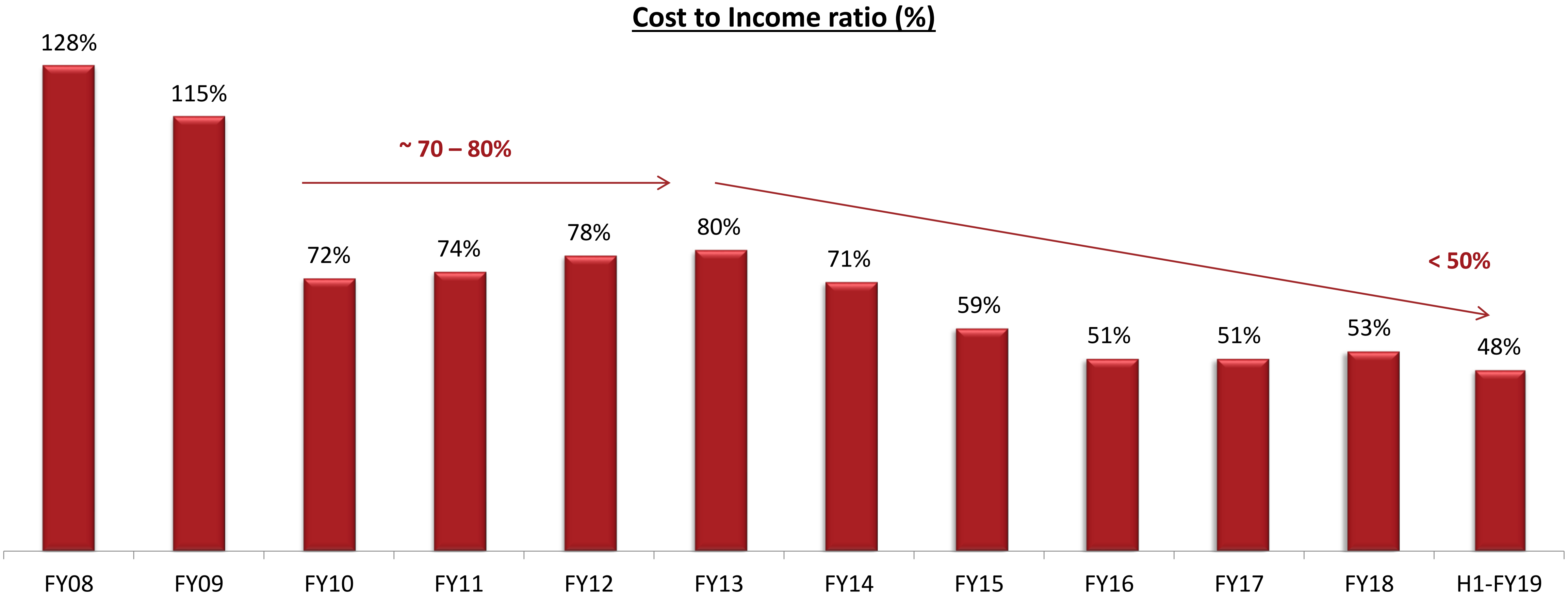
Earning Per Share (Rs.)



Section 8: Section 8: Successful Trajectory of Growth and Profits at Capital First

Financial Performance: Trend of Cost of Income Ratio (yearly)

The Cost to Income ratio, which was high at ~130% in the early stages of the company, reduced to <50% once the business model stabilized over the years.

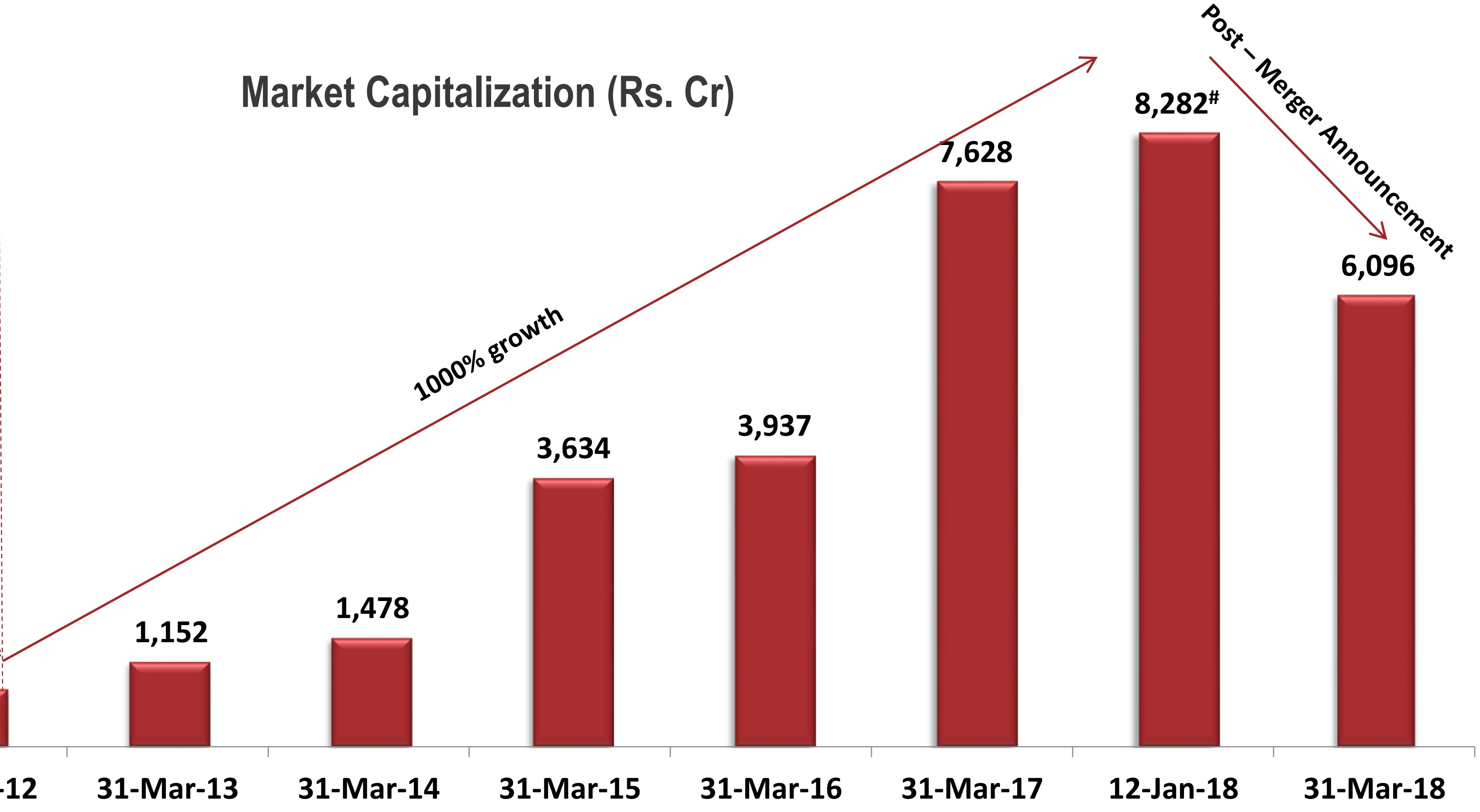


Section 8: Successful Trajectory of Growth and Profits at Capital First

The Market Cap of the Company has grown 800% since inception and 1,000% since the Management Buyout in 2012

During this phase, the Company -

- built the Retail Platform, technologies for chosen segments,
- divested / closed down non-core businesses like broking, property services, Forex services etc,
- Merged NBFC subsidiary with the parent
- brought down high NPA levels (GNPA 5.28% and NNPA 3.78%)



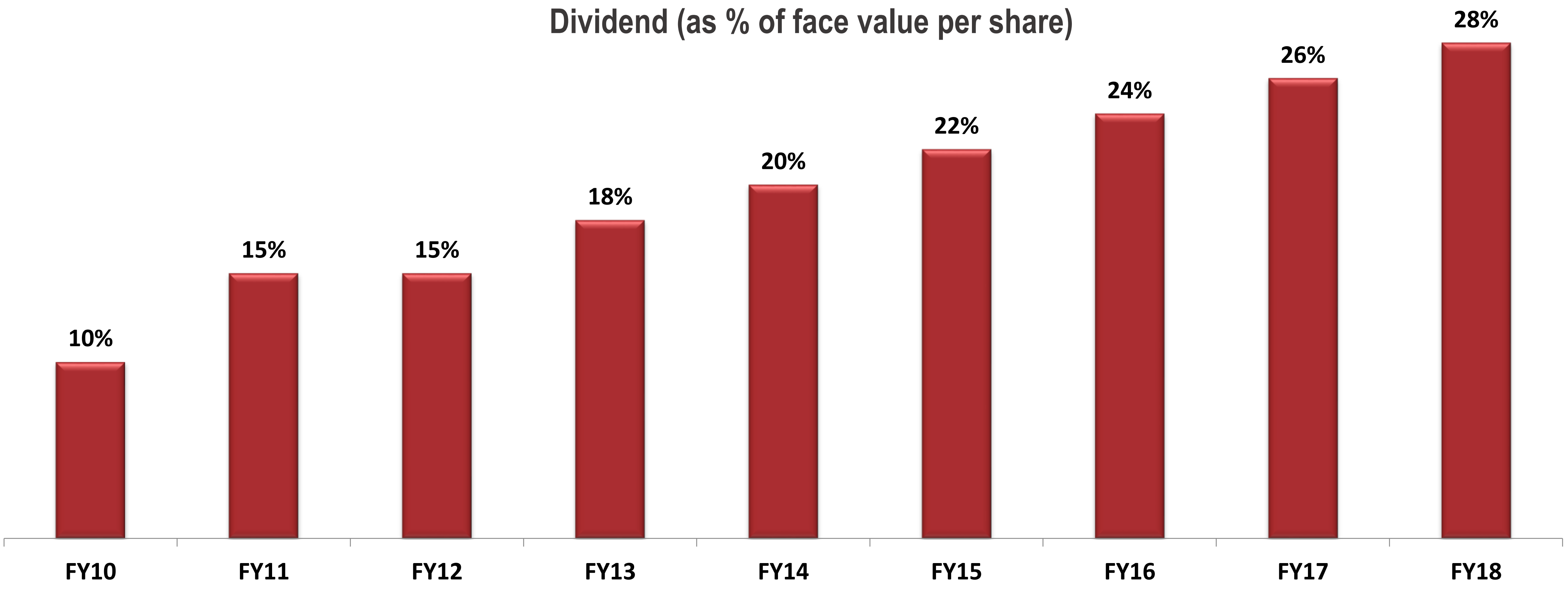
** Market Cap as on 31-March-2012, the year of Management Buyout*

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

<u>Section 8</u>: Successful Trajectory of Growth and Profits at Capital First

Financial Performance: Trend of Dividend Payouts

The Company has been steadily increasing dividend pay-out every year starting from 10% in FY10 to 28% in FY18.



Section 8: Summary – Strategy for IDFC FIRST Bank

In summary, under our stated strategy for the combined entity, **IDFC FIRST Bank**, the same successful model of **Capital First lending business** is now being built on a **Bank platform** from **IDFC Bank**, thus the business becomes more profitable, robust and sustaining because of availability of low cost and more abundant funding.

THANK YOU

Management Commentary on the Q2 FY20 results for IDFC FIRST Bank

Disclaimer: Certain statements contained in this note that are not statements of historical fact constitute "forward-looking statements." You can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "goal", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. For full text of our disclaimer on this matter kindly refer to page 2 of the investor presentation uploaded on the website of the bank.

A. Balance Sheet:

1. The funded loan book of the bank was Rs. 1,07,656 crore as of 30 September 2019 as compared to Rs. 1,12,558 crores as of 30 June 2019. The approach of the bank has been to continue to grow the retail loan book and to moderate the growth of the wholesale book. This strategy will help us to improve our liability profile through incremental funding raised during the year. Our performance during the last two quarters continues to reflect this stated strategy.

Particulars (in Rs Cr)	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Retail Funded Assets	9,916	36,236	40,812	44,642	48,069
Wholesale Funded Assets*	65,421	68,424	69,589	67,916	59,587
Total Funded Assets	75,337	1,04,660	1,10,400	1,12,558	1,07,656

*including PSL buyouts, SRs and Loan Equity

As can be seen, the proportion of retail loans as a percentage of total loan book has increased from 13% pre-merger, to 35% immediately on merger, and has swiftly grown to 45% within the last three quarters. We are confident that we will get to our guidance of 70% retailisation before the period of 5 years guided at the time of merger.

2. Such rapid transformation from wholesale loans to retail loans has been achieved at Capital First before, when retail rose from 10% to 90% in seven years. We are confident that we will continue with sustained focus in growing the retail franchisee at IDFC FIRST Bank.

3. While our Retail Book increased by Rs. 3,427 Cr during the Q2 2018, the wholesale book including the PSL buyouts, Loan Equity and SRs decreased sharply by Rs. 8,329 Cr which resulted an overall Loan Book de-growth of Rs. 4,902 Cr.

4. Specifically, as per strategy, the Infrastructure loan book was reduced by Rs. 3,111 Cr during Q2 FY20, and the Non-Infra Corporate Book reduced by Rs. 3,187 Cr over the previous quarter.

5. The Bank has met its priority sector target as well as target for the sub-segments including the Agriculture segment. During the quarter end on 30 September 2019, the Inorganic PSL buyouts have decreased by Rs. 1,950 Cr but as the retail book grows and organic PSL additions increase, the Bank has been able to carry surplus PSL assets as compared to the PSL requirements as per the Banking regulation.

B. Net Interest margin

The net interest margin for the bank pre-merger was 1.56%. Immediately on merger this touched 2.89%, which has now increased to 3.43% during Q2 FY 20. This is primarily driven by the increasing proportion of retail loans. We expect this trend to continue.

C. Asset quality:

1. The asset quality of the retail financing book has been stable. The retail Gross NPA during the quarter was 2.31% as compared to 2.32% as of 30 June 2019 and the retail Net NPA was at 1.08% as compared to 1.14% as of 30 June 2019.

2. Most of the Retail Loan Book has come from the Capital First where the asset quality trends have been consistently high over 8 years of operation. We are happy to share that the asset quality of the retail book has been stress tested many times during the last nine years through periods of high inflation (2010-2014), demonetization (2016), GST implementation (2017). Each of these events were significant events and get the asset quality remained stable, which gives us the confidence in our business model. We continue to refine and improve our underwriting skills every month.

3. The bank has identified certain additional exposures as watch-list accounts under stressed, and as a prudent practice, has taken provisions against these as appropriate. These are:

   - Two identified Financial Services Accounts (One HFC and one Financial Company). Total exposure: Rs. 1,231 crores. Provisions made: Rs. 923 crores. Provision Coverage 75%.
   - One Tolling concession Infrastructure Account. Total Exposure: Rs. 985 crores. Provision made: Rs. 154 crores. Provision Coverage 15%. This account is a

performing Tolling concession Road with strong cash flows but repaying behind schedule, hence this account has been flagged.

- Other Legacy Infrastructure loans: Total Exposure: Rs. 776 crores. Provisions made: Rs. 540 Crores. Provision Coverage: 70%.

D. Liabilities:

1. To grow the retail liabilities, both for retail CASA as well as retail term deposits, is the cornerstone of our strategy.
2. We are happy to report that the bank continues to have excellent success on growth of retail liabilities. The CASA of the bank has grown from Rs. 6,253 Cr as of 30 September 2018 to Rs. 12,473 Cr, an increase of 99%. CASA balance increased by 30% on Q-o-Q basis.
3. The above calculations exclude CASA of Rs. 2,614 Cr which pertains to one government banking account which we are aware is temporary in nature and hence excluded from the calculations.
4. CASA % has increased from
   - 8.68% as of 31st December 2018 (at merger) to
   - 11.40% as of 31st March 2019, to
   - 14.57% as of 30th June 2019 and to
   - 18.70% as of 30th September 2019.

   We have already announced our target to take this to 30% in 5 year but we believe we can comfortably get there before the target date. The performance in the last three quarters has strengthened our confidence (all the numbers above exclude the one government banking account which leaves short-term savings deposits with us only for a few days usually at month ends).

5. In our case, the bank also has a large proportion of liabilities in the form of other borrowings because of our unique history i.e. IDFC Limited was an infrastructure financing Domestic Financial Institution and Capital First was a retail and MSME financing NBFC. Both entities had institutional borrowings but no retail deposits. Hence we propose to improve the Core Retail Deposits (Retail CASA+ Retail Term Deposits) as a proportion of Total Deposits and Borrowings, and track ourselves for this. On this count too, the bank has sharply improved the liability profile as follows:

   This number increased from
   - 8.04% at the time of merger to
   - 11.75% as of 30th June 2019 and
   - 16.72% as of 30th September 2019.

We plan to take this to 50% within the next 5 years. The Bank is well placed to achieve these targets.

The Retail Term Deposits have grown by Rs. 3,252 Cr over the quarter ended 30 June 2019. This was a Q-o-Q increase 32% and Y-o-Y increase of 110%.

6. As of 30th June 2019, the Bank has distribution set up through 351 Bank branches and 216 ATMs across India.
7. The legacy long-term bonds inherited from IDFC limited has reduced from Rs. 16,385 crore as on 31st December 2018 to Rs. 13,452 crore, a drop of Rs. 2,932 crore within 9 months. We expect this will wind down to NIL over the next 6 years.
8. The cost of funds for the bank reduced from 7.75% (Q1-FY20) to 7.71% (Q2-FY20), primarily driven by the growth of CASA deposits and Retail term Deposits.

E. <u>Liquidity:</u>

The bank is highly liquid and is getting retail casa and retail deposits at a pace more than the normal business requirements of the bank. During the quarter ended on 30th September 2019, the overall loan book shrunk by Rs. 4,902 crore releasing cash of such amount to the bank. In addition to this, the bank raised Rs. 5,956 crores in retail casa and retail term deposits during the quarter, which are sticky and sustainable deposits for the Bank. The bank has used such surplus liquidity to reduce the dependency on wholesale deposits and borrowings, i.e. certificates of deposits reduced by Rs. 4,775 crore during last quarter.

Since 31 March 2019, the certificates of deposit balance has come down from Rs. 28,754 crore as on 31 March 2019 to Rs. 15,283 crore as of 30 September 2019, a reduction of Rs. 13,471 crore. Such limits are still available with the bank for drawing down as per rating. The bank enjoys limits of Rs. 40,000 crores by rating agencies of Certificate of Deposits (CD) and thus with Rs. 25,000 crore of limits on account of certificates of deposits continue to be unleashed. The bank enjoys a high long term credit and highest short term credit rating. The bank continues to enjoy high confidence in the market for our products and services with regard to savings accounts, current accounts and wealth management solutions which are a hit in the market and continue to grow rapidly.

The liquidity coverage ratio of the Bank as of 30 September 2019 is 125% which is much higher than the regulatory requirement of 100%.

F. <u>Capital Adequacy.</u>

1. As of 30th September 2019, the Bank has capital Adequacy Ratio of 14.65% out of which the Tier-1 Capital Adequacy Ratio is 14.51%. The Bank has de-grown its overall loan book due to the reduction in Wholesale Loans which has helped the Bank to conserve and utilize its Capital better.

G. Profit and Loss

1. The Net Interest Income (NII) during the quarter grew from Rs. 1,174 crores in Q1-FY20 to Rs. 1,363 crores in Q2-FY20, primarily driven by the growth in the retail loan book. Last quarter, the Bank reversed interest earning of Rs. 82 Cr pertaining to stressed assets out of which Rs. 53 Cr was for the quarter ended on 30 June 2019. Without the effect of one-time adjustments, the NII grew by 11% on Q-o-Q basis.

2. The Fee and Other Income from the normal business operations has increased from Rs. 301 Cr in Q1-FY20 to Rs. 335 Cr in Q2-FY20, an increase of 11% on Q-o-Q basis. This includes loan related fees, Trade and Cash management fees, wealth management and third party distribution and debit card, digital transaction fees and such fees.

3. The Bank's pre-provisioning profit has increased from Rs. 318 Cr in Q1-FY20 to Rs. 417 Cr in Q2-FY20 and the cost to income ratio has improved from 78.60% for Q1-FY20 to 75.61% in Q2-FY20, despite the heavy investments in branches as the Bank added 72 branches in Q2-FY20.

4. The Profit before Tax for the Bank has increased from a loss of Rs. 963 Cr in Q1-FY20 to Rs. 100 Cr in Q2-FY20. There were certain one-time write-backs and certain slippages on legacy infrastructure account during the quarter. We estimate that the core profit before tax net of all such movements was about ₹ 60 crore.

5. The Bank decided to exercise option permitted under section 115BAA of the Income Tax Act, 1961 introduced by the Taxation Law Amendment Ordinance, 2019 and accordingly measured the Income tax for the quarter and half-year ended on 30 September 2019 as well as re-measured the Deferred Tax Assets. The full impact of this change has been incorporated in the tax line of the Profit & Loss Statement. Hence, the Bank reported net loss (after tax) of Rs. 680 Cr for the quarter ended on 30 September 2019.

H. Impact of the change in corporate tax rate on the deferred tax balances and capital adequacy ratio

The Taxation Laws (Amendment) Ordinance, 2019 was promulgated on September 20, 2019. The Ordinance amends the Income Tax Act, 1961, and the Finance (No. 2) Act, 2019. The Ordinance provides domestic companies with an option to opt for lower tax rate of 25.17%, provided they do not claim certain deductions/ exemptions. Hitherto, the maximum marginal rate of tax applicable to the Bank has been 34.944%. The Bank has chosen to shift to the lower tax rate of 25.17% to its income for financial year 2019-20.

In accordance with the applicable accounting standards, based on the lower applicable tax rate, the Bank is required to restate its deferred tax assets ('DTA') standing as on March 31, 2019 and the deferred tax created during Q1 of FY 19-20. Accordingly, the DTA balance of Rs 2,519 Crore standing as on March 31, 2019 has been restated to Rs 1,839 Crore, thereby resulting in a write down of Rs 679 Crore. Further, the DTA created during Q1 FY 19-20 of Rs 346 Crore has been written down by around Rs 72 Crore to give effect to the downward revision in tax rate. Overall, the reduction in tax rate has resulted in a DTA write down of around Rs 751 Crore. The tax for Q2 FY 19-20 has been computed basis the revised tax rate of 25.17%.