IDFC FIRST Bank

IDFCFIRSTBANK/SD/300/2019-20 **January 29, 2020**

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 January 29, 2020.**

Ref: Unaudited Financial Results (Standalone and Consolidated) for the quarter and nine months ended December 31, 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, as amended from time to time, please find enclosed copies of Unaudited Financial Results (Standalone and Consolidated) of IDFC FIRST Bank Limited ('the Bank') for the quarter and nine months ended December 31, 2019, considered and approved by the Board of Directors at its meeting held on January 29, 2020, 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 aforesaid Unaudited Financial Results (Standalone and Consolidated).

Further, please find enclosed copies of Press Release & Investor presentation along with the Commentary on the financials for the quarter and nine months ended December 31, 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 the Bank commenced at 2:00 p.m. and concluded at 9:00 p.m.

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

Yours faithfully,

For **IDFC FIRST Bank Limited**

IDFC FIRST BANK LTD.

Satish Gaikwad
Head – Legal & Company Secretary

Encl.: as above

IDFC FIRST Bank Limited (formerly IDFC Bank Limited)
Naman Chambers, C 32, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051 Tel: +91 22 7132 5500 Fax: +91 22 2654 0354
Registered Office: KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai 600031. Tel: +91 44 4564 4000 Fax: +91 44 4564 4022
CIN: L65110TN2014PLC097792 bank.info@idfcbank.com www.idfcfirstbank.com

B S R & Co. LLP
Chartered Accountants

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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 31 December 2019 and year to date results for the period from 1 April 2019 to 31 December 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 7 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 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.

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)

4. The comparatives figures for the quarter ended 31 December 2018 and nine months ended 31 December 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 05 February 2019. 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 is not modified in respect of this matter.

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

Manoj Kumar Vijai
Partner
Membership No: 46882
UDIN: 20046882AAAAAM9639

Mumbai
29 January 2020

IDFC FIRST Bank

IDFC FIRST 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 nine months ended December 31, 2019 (Standalone) (₹ in lakhs)

Sr. No.	Particulars	Quarter ended 31.12.2019	Quarter ended 30.09.2019	Quarter ended 31.12.2018	Nine months ended 31.12.2019 (refer note 8)	Nine months ended 31.12.2018	Year ended 31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Interest Earned (a)+(b)+(c)+(d)**	**410016.63**	**401816.00**	**366408.05**	**1191144.49**	**831938.53**	**1194817.24**
	(a) Interest/discount on advances/bills	298359.11	288338.61	263206.41	863359.83	522374.75	782553.75
	(b) Income on investments	102868.42	106247.19	97694.88	305199.89	292313.90	390565.35
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	605.96	1259.69	691.29	3514.22	1483.70	2318.68
	(d) Others	8183.14	5970.51	4815.47	19070.55	15766.18	19379.46
2	**Other Income (refer note 5)**	**57897.74**	**34895.90**	**26072.22**	**123838.78**	**57876.31**	**85208.39**
3	**TOTAL INCOME (1+2)**	**467914.37**	**436711.90**	**392480.27**	**1314983.27**	**889814.84**	**1280025.63**
4	Interest Expended	256589.18	265508.73	251889.94	783963.23	623315.54	874908.34
5	**Operating Expenses (i)+(ii)+(iii)**	**143154.23**	**129451.12**	**114153.27**	**389323.46**	**213980.37**	**328738.65**
	(i) Employees cost	39856.79	40437.16	35885.67	116402.62	77016.11	111819.15
	(ii) Depreciation on bank's property	7917.70	7340.11	5816.34	23050.87	15270.33	21332.83
	(iii) Other operating expenses	95379.74	81673.85	72451.26	249869.97	121693.93	195586.67
6	**TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)**	**399743.41**	**394959.85**	**366043.21**	**1173286.69**	**837295.91**	**1203646.99**
7	**Operating Profit (3–6) (Profit before provisions and contingencies)**	**68170.96**	**41752.05**	**26437.06**	**141696.58**	**52518.93**	**76378.64**
8	Provisions (other than tax) and Contingencies (Net)	230475.59	31735.68	16893.42	390286.95	80431.16	145962.61
9	Exceptional Items (refer note 3)	-	-	259934.67	-	259934.67	259934.67
10	**Profit / (Loss) from Ordinary Activities before tax (7–8–9)**	**(162304.63)**	**10016.37**	**(250391.03)**	**(248590.37)**	**(287846.90)**	**(329518.64)**
11	Tax Expense (refer note 6)	1584.71	77966.49	(96589.95)	44984.71	(115232.11)	(135100.81)
12	**Net Profit / (Loss) from Ordinary Activities after tax (10–11)**	**(163889.34)**	**(67950.12)**	**(153801.08)**	**(293575.08)**	**(172614.79)**	**(194417.83)**
13	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
14	**Net Profit / (Loss) for the period (12–13)**	**(163889.34)**	**(67950.12)**	**(153801.08)**	**(293575.08)**	**(172614.79)**	**(194417.83)**
15	**Paid-up Equity Share Capital (Face Value ₹ 10 per share)** (refer note 4)	**478945.80**	**478276.59**	**340441.25**	**478945.80**	**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 4)	5.46%	5.47%	7.68%	5.46%	7.68%	5.47%
	(ii) Capital adequacy ratio (Basel III)	13.29%	14.65%	16.51%	13.29%	16.51%	15.47%
	(iii) Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 4)						
	- Basic (₹)	(3.43)	(1.42)	(3.22)	(6.14)	(4.47)	(4.75)
	- Diluted (₹)	(3.38)	(1.38)	(3.17)	(6.05)	(4.44)	(4.71)
	(iv) NPA ratios						
	(a) Amount of gross NPAs	251136.20	230626.26	167085.10	251136.20	167085.10	213604.28
	(b) Amount of net NPAs	107162.68	101095.87	79601.60	107162.68	79601.60	110662.76
	(c) % of gross NPAs to gross advances	2.83%	2.62%	1.97%	2.83%	1.97%	2.43%
	(d) % of net NPAs to net advances	1.23%	1.17%	0.95%	1.23%	0.95%	1.27%
	(v) Return on assets (annualized)	(4.02%)	(1.63%)	(3.92%)	(2.38%)	(1.70%)	(1.20%)

B S R & Co. LLP
Chartered Accountants
Mumbai

IDFC FIRST Bank Ltd.
Mumbai

IDFC FIRST Bank

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 31.12.2019	Quarter ended 30.09.2019	Quarter ended 31.12.2018	Nine months ended 31.12.2019 (refer note 8)	Nine months ended 31.12.2018	Year ended 31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Segment Revenue**						
	a Treasury	331431.89	336183.39	183847.23	998684.39	474009.07	655268.25
	b Wholesale Banking	198937.28	209403.67	126461.41	613087.59	342549.61	467171.63
	c Retail Banking	307670.51	263135.08	162180.27	814202.77	226935.21	389920.99
	d Other Banking Business	4988.92	5945.39	687.82	11818.88	1243.71	2105.82
	e Unallocated	3987.98	(14.07)	84.51	3975.24	3211.14	3486.42
	Total Segment Revenue	**847016.58**	**814653.46**	**473261.24**	**2441768.87**	**1047948.74**	**1517953.11**
	Add/(Less) : Inter Segment Revenue	(379102.21)	(377941.56)	(80780.97)	(1126785.60)	(158133.90)	(237927.48)
	Income from Operations	**467914.37**	**436711.90**	**392480.27**	**1314983.27**	**889814.84**	**1280025.63**
2	**Segment Results After Provisions & Before Tax**						
	a Treasury	(81998.73)	11864.06	11071.56	(160096.33)	4723.88	(17595.95)
	b Wholesale Banking	(55756.18)	30630.10	21302.27	(5974.70)	37134.19	53286.89
	c Retail Banking	(12905.01)	(30901.33)	(6190.05)	(63068.20)	(28655.74)	(42748.37)
	d Other Banking Business	(5305.13)	5373.69	258.20	324.07	256.57	746.61
	e Unallocated	(6339.58)	(6950.15)	(276833.01)	(19775.21)	(301305.80)	(323207.82)
	Total Profit Before Tax	**(162304.63)**	**10016.37**	**(250391.03)**	**(248590.37)**	**(287846.90)**	**(329518.64)**
3	**Segment Assets**						
	a Treasury	6838246.30	7233067.17	6531183.23	6838246.30	6531183.23	7262483.59
	b Wholesale Banking	3296404.25	3682841.86	4624592.99	3296404.25	4624592.99	4555751.24
	c Retail Banking	5581916.62	5118399.27	4155590.00	5581916.62	4155590.00	4494344.46
	d Other Banking Business	6198.02	73.54	792.21	6198.02	792.21	748.92
	e Unallocated	345674.40	343351.53	379437.89	345674.40	379437.89	405157.94
	Total Segment Assets	**16068439.59**	**16377733.37**	**15691596.32**	**16068439.59**	**15691596.32**	**16718486.15**
4	**Segment Liabilities**						
	a Treasury	7335314.69	7743821.87	5560603.93	7335314.69	5560603.93	6251666.20
	b Wholesale Banking	4000422.06	4469138.43	4367937.15	4000422.06	4367937.15	4344524.56
	c Retail Banking	3165546.76	2454618.16	3904092.13	3165546.76	3904092.13	4281297.30
	d Other Banking Business	9957.46	5289.52	467.94	9957.46	467.94	957.98
	e Unallocated	33199.26	18262.00	20930.90	33199.26	20930.90	24113.97
	Total Segment Liabilities	**14544440.23**	**14691129.98**	**13854032.05**	**14544440.23**	**13854032.05**	**14902560.01**
5	**Capital Employed (Segment Assets - Segment Liabilities)**	**1523999.36**	**1686603.39**	**1837564.27**	**1523999.36**	**1837564.27**	**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.

IDFC FIRST Bank

Notes:

1 The above financial results for the quarter and nine months ended December 31, 2019 were reviewed by the Audit Committee and approved by the Board of Directors on January 29, 2020 and have been subjected to a "Limited Review" by the Statutory Auditors.

2 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.

3 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') was 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 were 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 and corresponding quarter.

4 During the quarter and nine months ended December 31, 2019, the Bank has issued 6692160 and 7781624 equity shares respectively of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.

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

6 During the quarter ended December 31, 2019, the Bank received favourable income tax orders relating to matter under scrutiny by tax department, which has resulted in net write-back of tax provision for earlier years of ₹11.15 crore. Further during period ended September 30, 2019 the Bank 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 had recognised Provision for Income Tax for the quarter 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.

7 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.

8 In view of accounting for IDFC - CFL merger from appointed date of October 1, 2018, the figures for nine month ended December 31, 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.

9 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.

In terms of our report attached

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

V. Vaidyanathan
Managing Director & Chief Executive Officer

SB

Date: January 29, 2020
Place: Mumbai

B S R & Co. LLP
Chartered Accountants

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5th Floor, Lodha Excelus,
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N. M. Joshi Marg, Mahalaxmi
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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 profit after tax of its associates for the quarter ended 31 December 2019 and year to date results for the period from 1 April 2019 to 31 December 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 31 December 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 4 to the Statement and have not been reviewed by us. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 31 December 2018 and the corresponding period from 1 April 2018 to 31 December 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 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 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

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)

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 6 below and based on our assessment of the Financial Results/ financial information certified by the Board of Directors as stated in paragraph 7 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 31 December 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 4 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 revenues of Rs. 9,982 lakh and Rs. 26,282 lakh and total net profit after tax of Rs 583 lakh and Rs. 1,340 lakh for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the consolidated unaudited financial results. These interim financial results have been reviewed by other auditors whose report has 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 this subsidiary, is based solely on the report 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 matters.

7. The Statement also includes the Group's share of net profit/ (loss) after tax of Rs. Nil and Rs. Nil for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the consolidated unaudited financial results, in respect of one associate, based on their interim financial results which have not been reviewed/ audited. According to the information and explanations given to us by the management, these interim financial results are not material to the Group.

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

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)

8. 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 Statement of Unaudited consolidated 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: 046882
UDIN: 20046882AAAAAN3070

Mumbai
29 January 2020

IDFC FIRST 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 nine months ended December 31, 2019 (Consolidated) (₹ in lakhs)

Sr. No.	Particulars	Quarter ended 31.12.2019 (Unaudited)	Quarter ended 30.09.2019 (Unaudited)	Quarter ended 31.12.2018 (refer note 9) (Unaudited)	Nine months ended 31.12.2019 (refer note 8) (Unaudited)	Nine months ended 31.12.2018 (refer note 9) (Unaudited)	Year ended 31.03.2019 (Audited)
1	**Interest Earned (a)+(b)+(c)+(d)**	**419905.61**	**410606.60**	**372837.96**	**1217083.42**	**850656.81**	**1220401.64**
	(a) Interest/discount on advances/bills	308238.70	297119.99	269623.51	889269.92	541063.36	808097.57
	(b) Income on investments	102868.42	106247.19	97694.88	305199.89	292313.90	390565.35
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	605.96	1259.69	691.87	3514.22	1484.35	2318.68
	(d) Others	8192.53	5979.73	4827.70	19099.39	15795.20	19420.04
2	**Other Income**	**57915.38**	**34819.63**	**26065.07**	**123882.07**	**57879.11**	**85216.26**
3	**TOTAL INCOME (1+2)**	**477820.99**	**445426.23**	**398903.03**	**1340965.49**	**908535.92**	**1305617.90**
4	Interest Expended	256513.69	265400.46	251767.06	783653.52	622856.56	874324.14
5	**Operating Expenses (i) + (ii) + (iii)**	**152185.22**	**137850.05**	**119300.89**	**413427.23**	**228385.92**	**349128.91**
	(i) Employees cost	46865.75	47269.67	40023.75	135520.56	88547.38	127937.48
	(ii) Depreciation on group's property	8288.78	7648.59	5999.62	23995.98	15783.75	22097.02
	(iii) Other operating expenses	97030.69	82931.79	73277.52	253910.69	124054.79	199094.41
6	**TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)**	**408698.91**	**403250.51**	**371067.95**	**1197080.75**	**851242.48**	**1223453.05**
7	**Operating Profit (3–6) (Profit before provisions and contingencies)**	**69122.08**	**42175.72**	**27835.08**	**143884.74**	**57293.44**	**82164.85**
8	Provisions (other than tax) and Contingencies (Net)	230475.60	31735.68	16741.52	390287.37	77644.91	143187.28
9	Exceptional Items (refer note 3)	-	-	259934.67	-	259934.67	259934.67
10	**Profit / (Loss) from Ordinary Activities before tax (7–8–9)**	**(161353.52)**	**10440.04**	**(248841.11)**	**(246402.63)**	**(280286.14)**	**(320957.10)**
11	Tax Expense (refer note 6)	1806.16	78092.13	(96097.51)	45572.86	(113497.30)	(132955.37)
12	**Net Profit / (Loss) from Ordinary Activities after tax (10–11)**	**(163159.68)**	**(67652.09)**	**(152743.60)**	**(291975.49)**	**(166788.84)**	**(188001.73)**
13	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
14	**Net Profit / (Loss) for the period (12–13)**	**(163159.68)**	**(67652.09)**	**(152743.60)**	**(291975.49)**	**(166788.84)**	**(188001.73)**
15	Share in loss of Associate	-	-	(151.90)	-	(2786.25)	(2786.25)
16	**Consolidated Net Profit / (Loss) for the period (14+15)**	**(163159.68)**	**(67652.09)**	**(152895.50)**	**(291975.49)**	**(169575.09)**	**(190787.98)**
17	**Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 5)**	**478945.80**	**478276.59**	**340441.25**	**478945.80**	**340441.25**	**478167.64**
18	Reserves excluding Revaluation Reserves						1341768.74
19	**Analytical Ratios (refer note 7)**						
	Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 5)						
	- Basic (₹)	(3.41)	(1.41)	(3.20)	(6.10)	(4.39)	(4.66)
	- Diluted (₹)	(3.36)	(1.37)	(3.16)	(6.02)	(4.36)	(4.63)

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IDFC FIRST Bank Ltd.
Mumbai

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 31.12.2019	Quarter ended 30.09.2019	Quarter ended 31.12.2018 (refer note 9)	Nine months ended 31.12.2019 (refer note 8)	Nine months ended 31.12.2018 (refer note 9)	Year ended 31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Segment Revenue**						
	a Treasury	331431.89	336183.39	183847.23	998684.39	474009.07	655268.25
	b Wholesale Banking	198937.28	209403.67	126461.41	613087.59	342549.61	467171.63
	c Retail Banking	317577.13	271849.41	168603.03	840184.99	245656.29	415513.27
	d Other Banking Business	4988.92	5945.39	687.82	11818.88	1243.71	2105.82
	e Unallocated	3987.98	(14.07)	84.51	3975.24	3211.14	3486.42
	Total Segment Revenue	**856923.20**	**823367.79**	**479684.00**	**2467751.09**	**1066669.82**	**1543545.39**
	Add/(Less) : Inter Segment Revenue	(379102.21)	(377941.56)	(80780.97)	(1126785.60)	(158133.90)	(237927.48)
	Income from Operations	**477820.99**	**445426.23**	**398903.03**	**1340965.49**	**908535.92**	**1305617.90**
2	**Segment Results After Provisions & Before Tax**						
	a Treasury	(81998.73)	11864.06	11223.46	(160096.33)	7510.13	(14809.70)
	b Wholesale Banking	(55756.18)	30630.10	21302.27	(5974.70)	37134.19	53286.89
	c Retail Banking	(11953.90)	(30477.66)	(4792.03)	(60880.46)	(23881.23)	(36973.08)
	d Other Banking Business	(5305.13)	5373.69	258.20	324.07	256.57	746.61
	e Unallocated	(6339.58)	(6950.15)	(276833.01)	(19775.21)	(301305.80)	(323207.82)
	Total Profit Before Tax and Earnings from Associates	**(161353.52)**	**10440.04**	**(248841.11)**	**(246402.63)**	**(280286.14)**	**(320957.10)**
3	**Segment Assets**						
	a Treasury	6815230.68	7210051.54	6508167.60	6815230.68	6508167.60	7239467.97
	b Wholesale Banking	3296404.25	3682841.86	4624592.99	3296404.25	4624592.99	4555751.24
	c Retail Banking	5600227.89	5133733.99	4144089.31	5600227.89	4144089.31	4508142.94
	d Other Banking Business	6198.02	73.54	792.21	6198.02	792.21	748.92
	e Unallocated	347094.21	343553.49	379730.62	347094.21	379730.62	405782.32
	Total Segment Assets	**16065155.05**	**16370254.42**	**15657372.73**	**16065155.05**	**15657372.73**	**16709893.39**
4	**Segment Liabilities**						
	a Treasury	7335217.93	7743752.34	5560538.56	7335217.93	5560538.56	6251595.81
	b Wholesale Banking	3999830.37	4468619.74	4367718.05	3999830.37	4367718.05	4344210.07
	c Retail Banking	3157732.79	2443089.14	3896107.28	3157732.79	3896107.28	4270051.53
	d Other Banking Business	9844.51	5286.71	467.94	9844.51	467.94	957.98
	e Unallocated	32920.24	18022.90	20537.17	32920.24	20537.17	23141.62
	Total Segment Liabilities	**14535545.84**	**14678770.84**	**13845369.00**	**14535545.84**	**13845369.00**	**14889957.01**
5	**Capital Employed (Segment Assets - Segment Liabilities)**	**1529609.21**	**1691483.58**	**1812003.73**	**1529609.21**	**1812003.73**	**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 Mumbai-400011 India

IDFC FIRST Bank Ltd. Mumbai

IDFC FIRST Bank

Notes:

1 The above financial 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 for the quarter and nine months ended December 31, 2019 were reviewed by the Audit Committee and approved by the Board of Directors on January 29, 2020 and have been subjected to a 'Limited Review' by the Statutory Auditors.

2 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.

3 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') was 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 were 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 and corresponding quarter.

4 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.

5 During the quarter and nine months ended December 31, 2019, the holding company has issued 6692160 and 7781624 equity shares respectively of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.

6 During the quarter ended December 31, 2019, the Bank received favourable income tax orders relating to matter under scrutiny by tax department, which has resulted in net write-back of tax provision for earlier years of ₹11.15 crore. Further during period ended September 30, 2019 the Bank 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 had recognised Provision for Income Tax for the quarter 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.

7 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).

8 In view of accounting for IDFC - CFL merger from appointed date of October 1, 2018, the figures of the nine months ended December 31, 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.

9 The financial results for the quarter ended December 31, 2018 and for the nine months ended December 31, 2018 are not reviewed / audited by the statutory auditors.

10 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.

In terms of our report attached

B S R & Co. LLP
Chartered Accountants

Date: January 29, 2020
Place: Mumbai

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

V. Vaidyanathan
Managing Director & Chief Executive Officer

SB

IDFC FIRST Bank Q3 FY20 Loss at Rs. 1,639 crores due to provisioning of Rs. 1,622 crores towards stressed telecom account

Stellar growth in CASA deposits; Retail loans at 49% of Total Funded Book

Financial results at a glance

Earnings

- Q3 FY20 Net Interest Income (NII) grew 34% Y-o-Y to Rs. 1,534 crores, up from Rs. 1,145 crores in Q3 FY19
- Net Interest Margin rose sharply to 3.86% in Q3 FY 20 from 2.89% in Q3 FY19
- Strong growth in total income (NII+ Fees+ other income) YOY up 50% at Rs. 2,113 crores for Q3 FY 20 as compared to Rs. 1,406 crores for Q3 FY 19
- Pre-Provisioning Profit increased to Rs. 682 crores in Q3 FY20 compared to Rs. 264 crores in Q3 FY19
- Bank took 50% provision cover of Rs. 1,622 crores towards exposure of Rs. 3,245 crores to legacy stressed Telecom Account and Rs. 110 crores towards one legacy infrastructure account
- Net loss of Rs. 1,639 crores in Q3FY20 due above one-time provisions to telecom and infrastructure

Loans and Advances – stable with growing retail %

- Retail Loan Book increased to Rs. 51,506 crores Q3 FY20, compared to Rs. 36,236 crores (Q3 FY19)
- Total Loan book stable at Rs. 1,06,140 crores Q3 FY20, compared to Rs. 104,660 crores (Q3 FY19)
- Retail loans as percentage of the Total loan book rose to 49% in Q3 FY20 from 35% on merger
- Wholesale Loan Book reduced 24% to Rs. 42,951 crores Q3 FY20 from Rs. 56,809 crores Q3 FY19
- Infrastructure loan book reduced 34% to Rs. 15,016 crores Q3 FY20 from Rs. 22,710 crores Q3 FY19

Liabilities – Strong growth

- CASA Deposits posted strong growth, rising 207% YoY to Rs. 16,204 crores in Q3 FY20
- CASA Ratio grew to 24.06% at Q3 FY 20 from 8.68% in Q3 FY 19 (merger quarter)
- Core Deposits (Retail CASA and Retail Term Deposits) increased 135% to Rs. 29,267 crores Q3 FY20 from 10,400 crores in Q3 FY19.

Asset Quality

- Gross NPA was 2.83% as of December 31, 2019, as compared to 2.62% as of September 30, 2019
- Net NPA was 1.23% as of December 31, 2019, as compared to 1.17% as of September 30, 2019
- Retail Gross NPA improved to 2.26% from 2.31% as of September 30, 2019
- Retail Net NPA improved to 1.06% from 1.08% as of 30 September 2019

Tier 1 Capital Adequacy strong at 13.28% as of 31st December 2019, bank has headroom to raise it to beyond 18% through T1/ T2 bonds.

Mumbai, January 29, 2020: The Board of Directors of IDFC FIRST Bank, the 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 nine months ended December 31, 2019, as summarized below.

PROFIT & LOSS ACCOUNT FOR THE QUARTER ENDED DECEMBER 31, 2019

The Bank reported a net Loss of Rs. 1,639 crores for the quarter ended December 31, 2019, as compared to a Loss of Rs. 2,504 crores as on December 31, 2018. This was on account of a one-time provision towards an identified legacy telecom exposure, totaling Rs. 1,622 crores for which the Bank provided 50% of its exposure and provisions of Rs. 110 crores towards one legacy infrastructure account.

The Bank has a legacy exposure of Rs. 3,244 crores to this identified telecom company as of 31st December 2019, of which Rs. 2,000 crores is in the form of non-convertible debentures and Rs. 1,244 crores is in the form of non-funded exposure (Bank Guarantees) for spectrum. There has been no payment default so far from this telecom company. However, considering the financial stress in the telecom companies related to payments due to the Government, the Bank has taken provisioning of 50% of total exposure towards this identified telecom company which is in financial stress, during the quarter ended on December 31, 2019.

Total Income (Net Interest Income plus fees and other income) for the quarter was up 50% to Rs. 2,113 crores.

Net Interest Income (NII) for Q3 FY 20 was strong at Rs. 1,534 crores, up 34% Y-o-Y, primarily driven by steady growth in retail loans. NII grew 13% Q-o-Q.

The Net Interest Margin for the Bank grew to 3.86% for the quarter, from 1.56% pre-merger, in a span of just one year since merger.

Fee and Other Income was Rs. 413 Crores in Q3 FY20 as compared to Rs. 257 crores in the corresponding period last year and grew 23% sequentially.

The Pre-Provisioning Operating Profit of the Bank has increased to Rs. 682 crores for the quarter ended December 31, 2019, up 158% Y-o-Y from Rs. 264 crores in the corresponding period last year, and by 63% sequentially.

Treasury gains during the quarter accounted for Rs. 166 crores. Given that this income is not predictable, the bank does not consider this as core income. Net of such income, the core Pre Provisioning Profit would have been Rs. 516 crores for Q3 FY20 as compared to Rs 261 crores for Q3 FY19. PPOP is up 97% YOY.

BALANCE SHEET AS OF DECEMBER 31, 2019

The total Balance Sheet size of the Bank as of December 31, 2019, was Rs 1,60,062 crore.

The Gross Loan Book, including credit investments, stood at Rs. 1,06,140 crores as of December 31, 2019 as compared to Rs. 1,04,660 as of December 31, 2018, and Rs. 1,07,656 crores as of September 30, 2019. In line with its stated approach, the Bank grew the retail loan book by Rs. 3,437 Crores and reduced the size of the wholesale book by Rs. 4,953 crores during Q3 FY 20.

The Bank is making quick progress on retailisation of the Loan Book. The Retail Loan Book which stood at Rs. 51,506 crores, contributed 49% to the Gross Loan Book as of December 31, 2019, increasing from 13% pre-merger, in just four quarters since the merger.

The Wholesale Loan Book stood at Rs. 42,951 crores as on December 31, 2019.
The infrastructure loan book declined 34% YOY to Rs. 15,016 crores from Rs. 22,710 crores as of December 31, 2018 and declined Rs. 2,195 crores during the quarter

During the quarter, the Bank posted strong growth in its CASA Deposits. CASA Deposits stood at Rs. 16,204 crores as of December 31, 2019, rising 207% from Rs. 5,274 crores as of December 31, 2018. Savings deposits of Rs. 1,346 crores, received from one government banking account, have been excluded from these calculations, as the scheme will expire in June 2020.

CASA Ratio grew to 24.06% as of December 31, 2019, from 8.68% as of December 31, 2018, at merger, representing an increase of 15.38 % within one year.

Retail CASA & Retail Term Deposits (Core Retail Deposits) as percentage of the overall liability book stood at 21.78% as compared to 8.04% as on December 31, 2018 at merger, representing an increase of 1,3.74% within one year.

Liquidity: During the quarter ended December 31, 2019, the overall loan book shrunk by Rs. 1,516 crores releasing cash of equal amount to the Bank. In addition, the Bank raised Rs. 6,638 crores in Retail CASA and Retail Term Deposits during Q3 20, which are sustainable deposits and resulted in overall surplus liquidity. The Bank used such surplus liquidity of Rs. 8,154 crores to reduce the wholesale deposits and borrowings.

As of December 31, 2019, the Net Worth of the Bank was Rs. 15,240 crores and the Book Value per share was Rs. 31.82.

ASSET QUALITY

The Gross NPA of the Bank was stable at 2.83% in Q3 FY 20 as compared to 2.62% as of Q2 FY 20. The Net NPA of the Bank was stable at 1.23% as of December 31, 2019, as compared to 1.17% as of September 30, 2019.

The asset quality in the retail business continues to be stable. The gross NPA was 2.26% for the quarter as compared to 2.31% in Q2 FY 20. Net NPA reduced to 1.06% in Q3 FY 20 as compared to 1.08% in Q2 FY 20.

CAPITAL ADEQUACY

The Bank's total CET 1 Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 13.28%, as on December 31, 2019, significantly higher than regulatory requirements.

Mr. V Vaidyanathan, Managing Director and CEO, IDFC FIRST Bank, said, "In Q3, the Bank raised Rs 6,638 crore, including Retail Term deposits and Retail CASA, leading to surplus liquidity which was used to run down wholesale deposits like corporate deposits, bonds and Certificate of Deposits. With every passing quarter, the Bank is bolstering its business fundamentals on the stated strategy. The bank has provided 50% for the legacy stressed telecom account, and it is now time to look ahead for growth."

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: 424 bank liability branches, 104 asset branches, 272 ATMs and 567 rural business correspondent centres across the country, net banking, mobile banking and 24/7 toll free Banker-on-Call service.

Management Commentary on the Q3 FY20 results for IDFC FIRST Bank

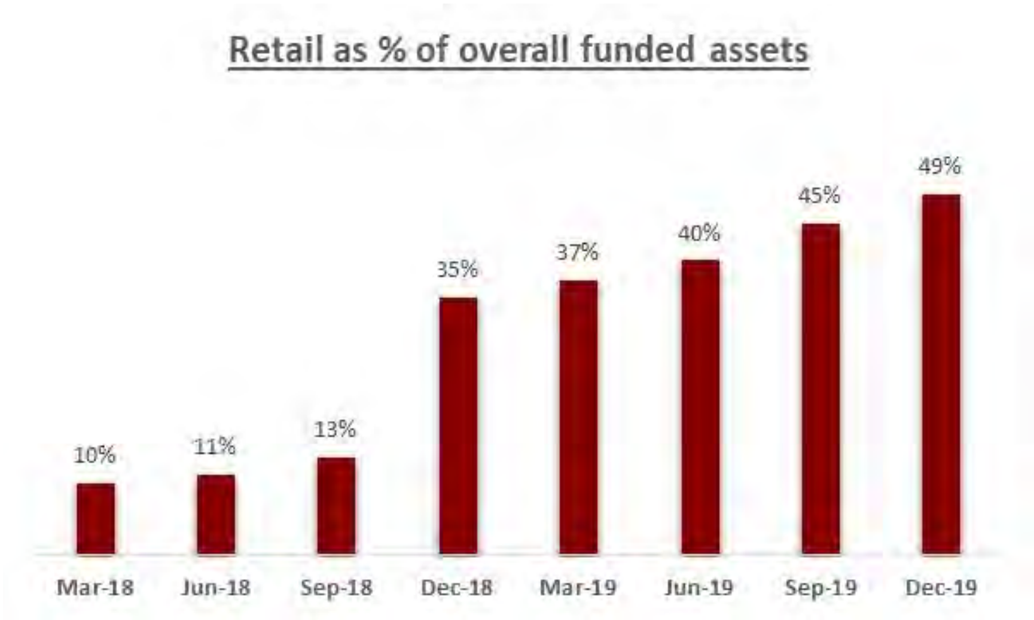
Disclaimer: This note is subject to our disclaimers as mentioned in page 2 of the investor presentation uploaded on the website of the bank.

1. The funded loan book of the bank was Rs. 1,06,140 Crore as of 31 December 2019 as compared to Rs. 1,07,656 crores as of 30 September 2019. As per the stated approach, the bank grew the retail loan book by Rs. 3,437 Crore and reduced the wholesale book by Rs. 4,953 Crore. 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	Dec-19
Retail Funded Loan Assets	9,916	36,236	40,812	44,642	48,069	51,506
Wholesale Funded Loan Assets*	65,421	68,424	69,589	67,916	59,587	54,634
Total Funded Loan Assets	75,337	1,04,660	1,10,400	1,12,558	1,07,656	1,06,140

*including PSL buyouts, SRs and Loan Equity

   a. The proportion of retail loans as a percentage of total loan book has swiftly increased from 13% pre-merger to 49% within four quarters.

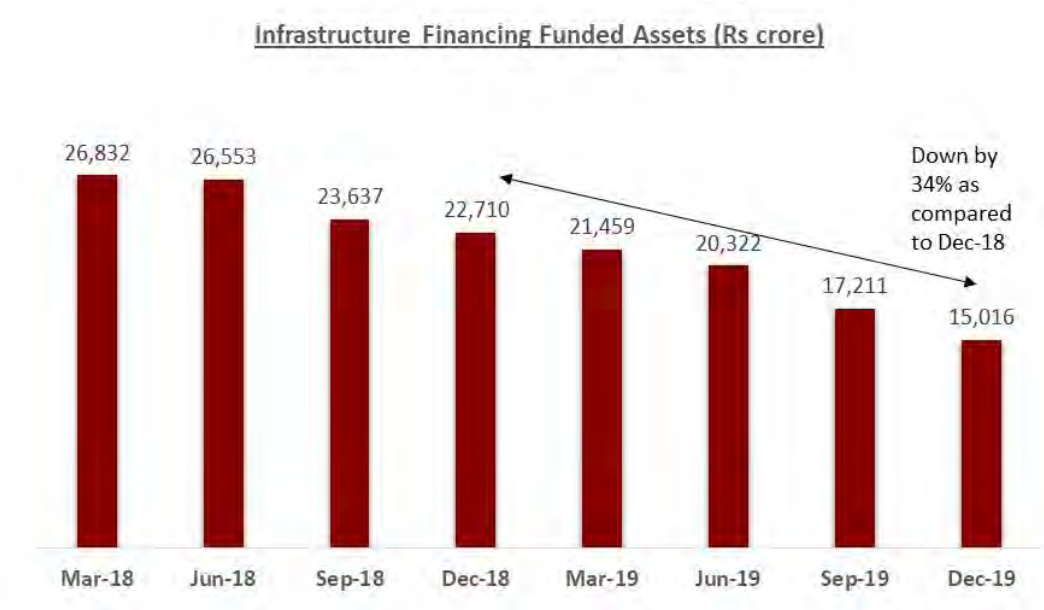


   b. We have guided to achieve target retailization of 70% within 5 years but are confident of getting there ahead of time.

   c. This is the same strategy that was earlier used at Capital First where the wholesale book was brought down from 90% to 10% in seven years and retail book increased from 10% to 90%

d. At merger in December 2018 the new management had stated intention to reduce infrastructure loan book to ZERO in five years.

e. Keeping in line with this, the infrastructure loan book was reduced by Rs. 2,196 Crore during Q3 FY20. The infrastructure loan book has been successfully reduced by Rs. 7,695 Crore in the last 4 quarters, a reduction of 34% within 1 year. The infrastructure book was Rs. 22,710 Crore at merger.



f. The Bank has met its priority sector target as well as target for the sub-segments including the Agriculture segment and target for small and marginal farmers. Since we are a new bank with a large wholesale and infrastructure book, the bank used to rely on buyouts to meet PSL requirements. Post the merger, the bank is developing strong capabilities to originate PSL compliant assets on its own and the dependency on buyouts is reducing every quarter.

2. **Net Interest margin (NII/ Average interest earning assets):** The net interest margin has significantly increased from 1.56% at pre-merger stage to 3.86% during Q3 FY 20. This excludes one non-recurring income of Interest on IT refund of Rs. 38 Crore which was recognized in the NII line.

   a. The NII growth is a result of steady growth in retail loans. We expect this trend to continue. NII has increased by 34% from Rs. 1,145 crores for Q3 FY19 to Rs. 1,534 crores in Q3 FY20.

3. **Asset quality:**

a. We recognise that the NPA in the banking system have risen significantly during the last decade. The GNPA and NNPA for the Banking System (all scheduled commercial banks) in India is 9.3% and 3.7% respectively (as of 30 September 2019). The Gross NPA % for our bank was 2.83% and the net NPA was 1.23% as of December 31, 2019 as compared to 2.62% (Gross) and 1.17% (net) as of September 30, 2019. The bank is closely monitoring all accounts that are behind schedule.

b. Since the retail loan growth is the significant driver of the overall growth and business model going forward, we would like to report the NPA% levels pertaining to the retail loan book of our Bank. For the retail loan book, the Gross NPA reduced marginally and stood at 2.26% as compared to 2.31% as of 30 September 2019 and the retail Net NPA% was 1.06% as compared to 1.08% as of 30 September 2019. Such marginal movements quarter on quarter, whether up or down, is normal in our business.

Particulars	Mar-19	Jun-19	Sep-19	Dec-19
Retail Loan GNPA%	2.18%	2.32%	2.31%	2.26%
Retail Loan NNPA%	1.24%	1.14%	1.08%	1.06%
Provision Coverage %	43%	51%	53%	53%

4. **Watchlist accounts:**

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

a. Companies (Legacy Accounts) affected by recent developments

i. Two identified Financial Services Accounts (One HFC and one Financial Company).

- Total exposure: Rs. 1,234 crores.
- Provisions made: Rs. 925 crores.
- The two companies have been under financial stress and the housing financing company case has been moved to NCLT during the last quarter.
- Provision Coverage 75%.

ii. One South India based Logistics Company (Legacy Account): The Company has been under financial stress at the group level since July 2019.
   - The Bank has Rs. 100 Crore exposure
   - Maintains a provision of Rs. 53 Crore provision against the same since last quarter,
   - Provision coverage 53%.

b. One Tolling Concession Infrastructure Account (Legacy Infrastructure Account).
   - Total Exposure: Rs. 963 crores.
   - Provision made: Rs. 154 crores.
   - This account is a performing Tolling concession Road with strong cash flows but repaying behind schedule and is in SMA 2 category.
   - The principal outstanding balance has reduced by Rs 22 Crore during the quarter ended 31 December 2019. Provision Coverage 16%.

c. Other Legacy Infrastructure loans under watch-list:
   - There are other infrastructure loan assets including wind energy projects, thermal energy project and toll roads totalling up to Rs. 852 Crore
   - These have been kept under watch due to the nature of the assets and the current situations in the respective cases.
   - The bank has a provision of Rs. 604 Crore against these assets.
   - Provision coverage 71%.

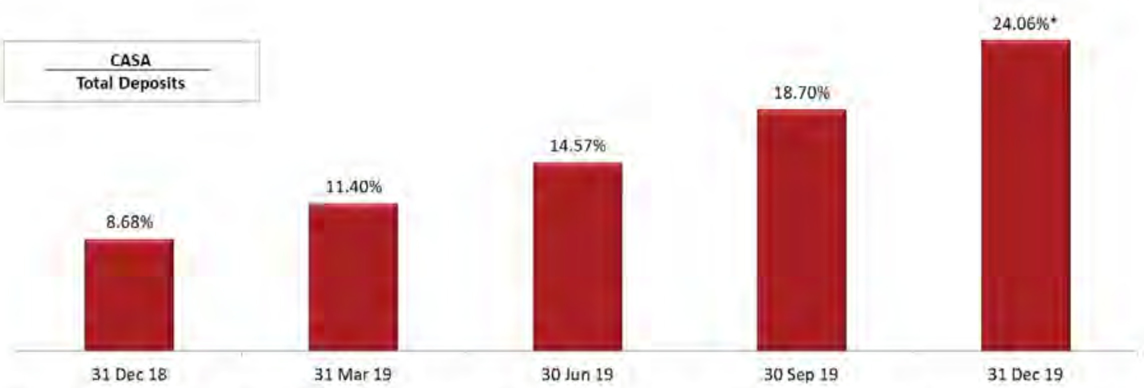
d. Restructured but performing infrastructure accounts under watch-list:
   - There are a few Toll Projects and one Coal Power project where the total exposure was Rs. 339 Crore as of 31 December 2019.
   - They have broadly been repaying on schedule, but delays may be expected in future, hence flagged.
   - The Bank carries provisions of Rs. 38 Crore against the exposure.
   - Provision Coverage 11%.

Over the quarters, the total outstanding exposure in all these watch-list accounts has gradually come down and the provisioning has remained stable. This has improved the provision coverage ratio over the last few quarters.

Stressed Assets under watch ***Funded Exposure (Rs crore)***	**Mar-19**	**Jun-19**	**Sep-19**	**Dec-19**
1. Legacy Accounts affected by recent development (HFC, financial services & logistics)	1,874	1,567	1,336	1,334
2. Legacy Toll Infrastructure Account	1,026	1,006	985	963
3. Other Legacy Infrastructure Accounts under watch list	866	863	858	852
4. Legacy restructured but performing accounts	339	337	333	339
Total Outstanding (Rs crore)	**4,106**	**3,772**	**3,513**	**3,487**
Total Provisions (Rs crore)	**912**	**1,786**	**1,663**	**1,773**
Provision Coverage %	**22%**	**47%**	**47%**	**51%**

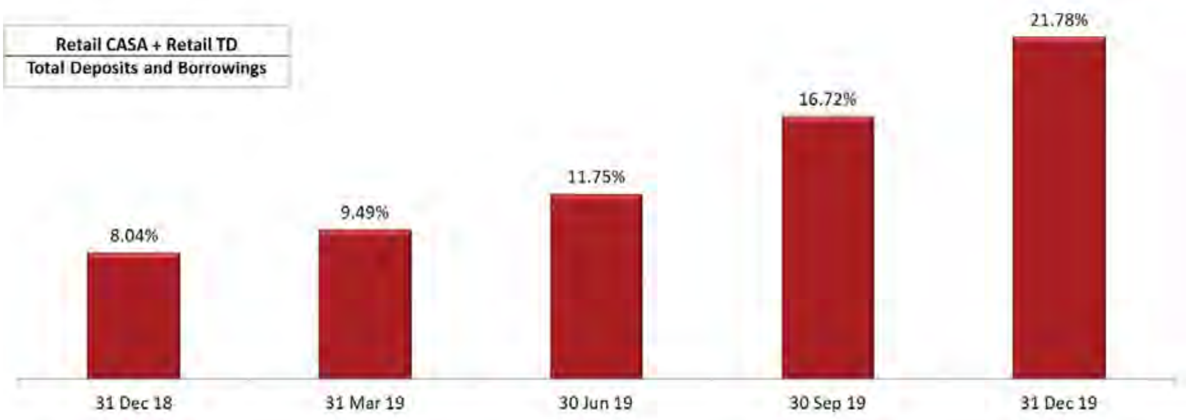
5. Liabilities:

a. Growing retail CASA and Term Deposits, is the cornerstone of our strategy.
b. 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. 5,274 Crore as of 31 December 2018 to Rs. 16,204 Crore. CASA balance increased by 30% on Q-o-Q basis.
c. The above calculations exclude CASA of Rs. 1,346 Crore* which pertains to one government banking account which we are aware is temporary in nature and hence excluded from the calculations. This arrangement would expire in June 2020 and it would reduce the overall cost of funds.
d. This has improved the CASA ratio significantly over the last 4 quarters.



*This is excluding CASA deposits of Rs. 1,346 Cr from one government banking account which is non-sustainable in nature with fluctuating balance. This was a special deal which would expire in June 2020. Including this, the CASA to total deposits ratio would have been 25.55%.

e. 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 as they are more sustainable and sticky in nature, and track ourselves for this. On this count too, the bank has sharply improved the liability profile as this ratio has improved from 8.04% as on 31 Dec 2018 (when the merger got consummated) to 21.78% as on 31 Dec 2019.



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

f. As of 30th June 2019, the Bank has distribution set up through 424 Bank branches and 272 ATMs across India.

g. The legacy long-term bonds inherited from IDFC limited has reduced from Rs. 16,385 crore as on 31st December 2018 to Rs. 12,705 crore, a drop of Rs. 3,680 crore within 12 months. We expect this will wind down to NIL over the next 6 years.

h. The cost of funds for the bank reduced from 7.71% (Q2-FY20) to 7.64% (Q3-FY20), primarily driven by the growth of CASA deposits and Retail Term Deposits.

6. Liquidity:

The bank is highly liquid and is getting Retail CASA and Retail Term Deposits at a pace more than the business requirements of the bank. During the quarter ended on 31st December 2019, the overall loan book shrunk by Rs. 1,516 crore releasing cash of equal amount to the bank. In addition, the bank raised Rs. 6,638 crores in retail casa and retail term deposits during Q3 20, which are sticky and sustainable deposits for the Bank resulting in overall surplus of liquidity.

Since merger, the bank has increased retail casa and retail term deposit balance by 18,866 crore from Rs. 10,400 crore to Rs. 29,267 crore. Since the loan book has not grown in this period, such surplus has been used to repay and reduce the corporate deposits and borrowings. The reduction in such corporate deposits and borrowings are shown below -

Particulars (in Rs crore)	Post – Merger					Reduction
	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Since Dec-18
Legacy Long Term Bonds	*16,385*	*15,752*	*13,865*	*13,452*	*12,705*	*3,680*
Other Borrowings (Incl. erstwhile CFL)	*27,388*	*23,256*	*23,966*	*18,996*	*15,196*	*12,192*
Wholesale Term Deposits	*25,577*	*23,842*	*25,885*	*25,403*	*21,719*	*3,858*
Certificate of Deposits	*22,312*	*28,754*	*20,058*	*15,283*	*12,720*	*9,592*
Total	**91,662**	**91604**	**83774**	**73134**	**62,340**	**29,322**

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 Bank has sanctions and rating for raising funds through Certificate of Deposits worth Rs. 45,000 crore but has utilized only Rs. 12,700 crore as of 31 Dec 2019. This provides a sufficient headroom to manage the liquidity by raising short term funds. The Bank has been creating a strong franchisee for the retail deposits, the dependency on instruments like Certificate of Deposits has come down. As can be seen in the table above, the Certificate of Deposit balance has come down by Rs. 9,592 crore from Rs. 22,312 crore as on 31 Dec 2018 to Rs. 12,720 crore as on 31 Dec 2019.

7. Capital Adequacy.

a. As of 31st December 2019, the Bank has capital Adequacy Ratio of 13.29% out of which the Tier-1 Capital Adequacy Ratio is 13.28%.

b. The strategy of the bank has been to conserve capital by not increasing the loan book and yet increase margins by growing the proportion of retail book. We expect to continue to conserve capital in the future too.

8. Profit and Loss

a. The Net Interest Income (NII) during the quarter grew from Rs. 1,363 crores in Q2-FY20 to Rs. 1,534 crores in Q3-FY20, primarily driven by the growth in the retail loan book. The NII grew by 13% on Q-o-Q basis.

b. The Fee and Other Income from the normal business operations has increased from Rs. 335 Crore in Q2-FY20 to Rs. 413 Crore in Q2-FY20, an increase of 23% 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.

c. The Bank's pre-provisioning profit has increased from Rs. 418 Crore in Q2-FY20 to Rs. 682 Crore in Q3-FY20.

d. The cost to income ratio has improved from 76.24% for Q2-FY20 to 73.52% in Q3-FY20, despite the heavy investments in branches as the Bank added 73 branches in Q3-FY20. (The bank made treasure trading gain of Rs. 166 crore this quarter which are not predictable on Q-o-Q basis and are not considered in income for C/I as we don't consider these as core repeatable income).

e. The Bank has a legacy exposure of Rs. 3,244 crore to an identified telecom company of which Rs. 2,000 crore is in the form of non-convertible debentures and Rs. 1,244 crore is in the form of non-funded exposure (Bank Guarantees) for spectrum. There has been no payment default so far from this telecom company or any other telecom company to the Bank. Still, considering the current economic situation and financial stress in the telecom companies related to the payments due to the Government, the Bank has taken 50% provisioning to the total exposure to this identified telecom company during the quarter ended on December 31, 2019. The bank also provided Rs. 110 crores of additional provision towards one legacy thermal power infrastructure account.

f. The Profit before Tax for the Bank has decreased from Rs. 100 Crore in Q2-FY20 to Loss Before Tax of Rs. 1,623 Crore in Q3-FY20. This was primarily because of additional provisioning taken during the quarter towards the above mentioned identified telecom services account to the extent of 50% of the total exposure on them. The Net Loss for Q3 FY20 was Rs. 1639 crores. We believe the government is interested in solving the issues related to the sector going forward but the timelines for the same is still uncertain.

We believe a significant portion of the issues on the infrastructure credit side are behind us. We would now like to look ahead towards the enormous opportunities in India, and coupled with the significant strengths we have developed in our chosen areas of business over the last decade.

IDFC FIRST Bank

Corporate Presentation – Q3 FY20

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Q3 FY 20 Results Update: IDFC FIRST Bank: Rapid Strides across all the Strategic Priorities

On merger between Capital First and IDFC Bank, the newly created Bank, IDFC First Bank, had put forward key Strategic Priorities. We are happy to report that we are staying steadfast on the course laid out as the future plan and are firmly on course on the projections.

During the quarter ended 31 December, 2019, the Bank recognized one legacy telecom exposure as stressed and provided 50% provisioning on the total exposure which resulted in a net loss for the quarter. We believe the bulk of the legacy troubled exposures inherited from IDFC Bank are now appropriately provided for.

We have made strong progress on the following fronts:

1. Assets (As of 31 Dec 2019)

a. Growing the Retail Loan book: Retail Book has increased to **Rs. 51,506 crores** (grown by **15,270 crores in 12 months since merger)**

b. Increase proportion of Retail Loans: Retail Book as a % of Total Funded Assets reached **49%** (36% at merger)

c. Reducing Infrastructure Book. Infrastructure book decreased to **Rs. 15, 016** crores (reduced by **Rs. 7,695 crore** in 12 months since merger)

d. Reducing Wholesale loan book: W/S loan book decreased to **Rs. 42,951** crore (reduced by **Rs. 13,858 crore** in 12 months since merger)

2. Liabilities (As of 31 Dec 2019)

a. Increasing CASA Deposits. CASA Deposits grown to **Rs. 16,204 crore** (Grown by **Rs. 10,930 crore** in 12 months since merger)

b. Improving CASA Ratio. CASA Ratio has improved to **24.06%** as on 31 Dec 2019 from **8.68% at merger** as on 31 Dec 2018.

c. Core Deposits (Retail CASA and Retail TD) **Rs. 29,267 crore** (Grown by **Rs. 18,866 crore** in 12 months since merger)

d. Improving Core Deposit Ratio. Improved to **21.78%** as on 31 Dec 2019 from **8.04% at merger** as on 31 Dec 2018.

Q3 FY 20 Results Update: IDFC FIRST Bank: Rapid Strides across all the Strategic Priorities

3. <u>Asset Quality remains high</u>

a. Bank GNPA at **2.83% (2.62% as of 30/09/19), Net NPA at 1.23% (1.17% as of 30/09/2019)**

b. Improved Retail Asset Quality: GNPA at **2.26% (2.31% as of 30/09/19), Net NPA at 1.06% (1.08% as of 30/09/2019)**

4. **<u>Strong Capital Adequacy:</u>**

a. Capital Adequacy Ratio is strong with CET-1 Ratio at **13.28%**.

b. Since Tier 1 capital is high, bank can comfortably raise total capital adequacy to 18% by raising T1/T2 bonds

<u>5. Earnings and Profitability:</u>

a. **<u>Strong NII Growth:</u>** NII grew 34% YOY to **Rs. 1,534 crore in Q3 FY20 compared to Rs. 1,145 crore in Q3 FY 19.**

b. **<u>Strong improvement in NIM:</u>** NIM has improved to **3.86%** Q3 FY20 from **2.89%** for Q3 FY19 (merger quarter).

c. **<u>Strong growth in Total Income (NII + Fees + other income)</u>** YOY up 50% at **Rs. 2,113 crore** for Q3 FY20 cs **Rs. 1406 crore** for Q3 FY19

d. **<u>Improving Cost to Income Ratio:</u> 73.52%** for Q3 FY20 as compared to **81.38%** for Q3 FY19 (merger quarter)

e. Bank recognized an legacy exposure of Rs. 3,244 crores (Rs. 2000 crore funded, Rs. 1,244 crores as Spectrum Guarantee) to a large telecom account as stressed and took provisions of Rs. 1,622 crores. Also provided Rs. 110 crores to one legacy Thermal Power account. As a result bank posted a loss of Rs. 1639 crores.

f. <u>With these provisions, bank has adequately provided for almost all legacy infrastructure accounts adequately.</u>

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IDFC FIRST Bank

SECTION 1:
The Founding of IDFC FIRST Bank

- **Events Leading to Merger –**
  - ✓ 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 crore ($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 crore ($14m) to Rs. 29,625 crore ($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 crore and Rs. 32 crore in FY 09 and FY 10 respectively, to Rs. 327 crore 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 crore on in March 2012 at the time of the LBO to over Rs. 8000 crore 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

Section 2: 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:

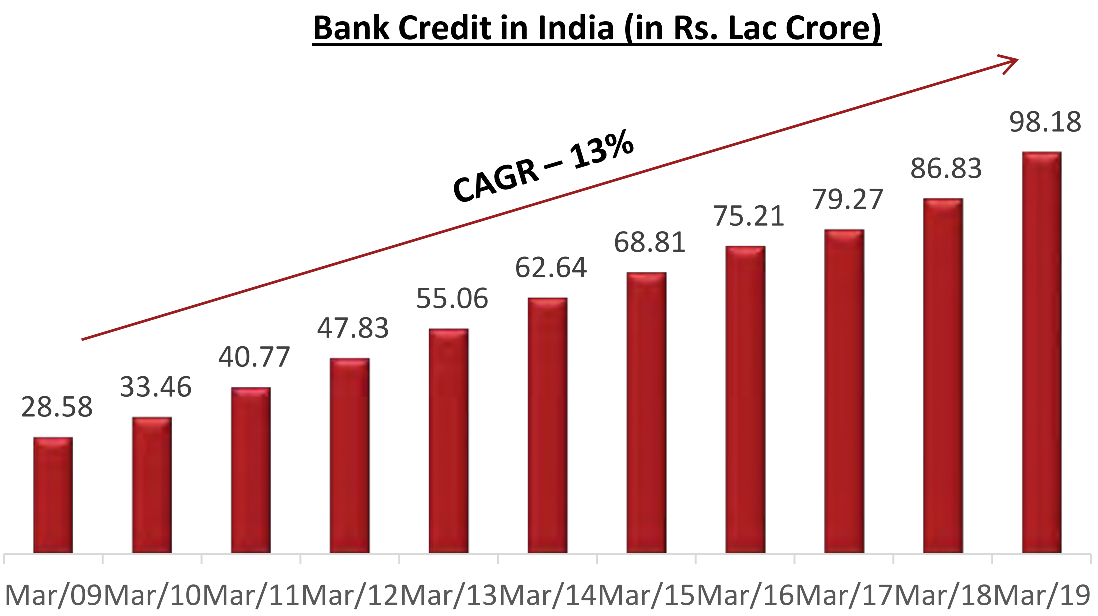
" I am quite confident that once we see through this investment phase (expansion of branch network, retailising assets, retailising liabilities), barring unforeseen circumstances, the Bank is set for a continuous and one-way growth in profitability from thereon. "

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



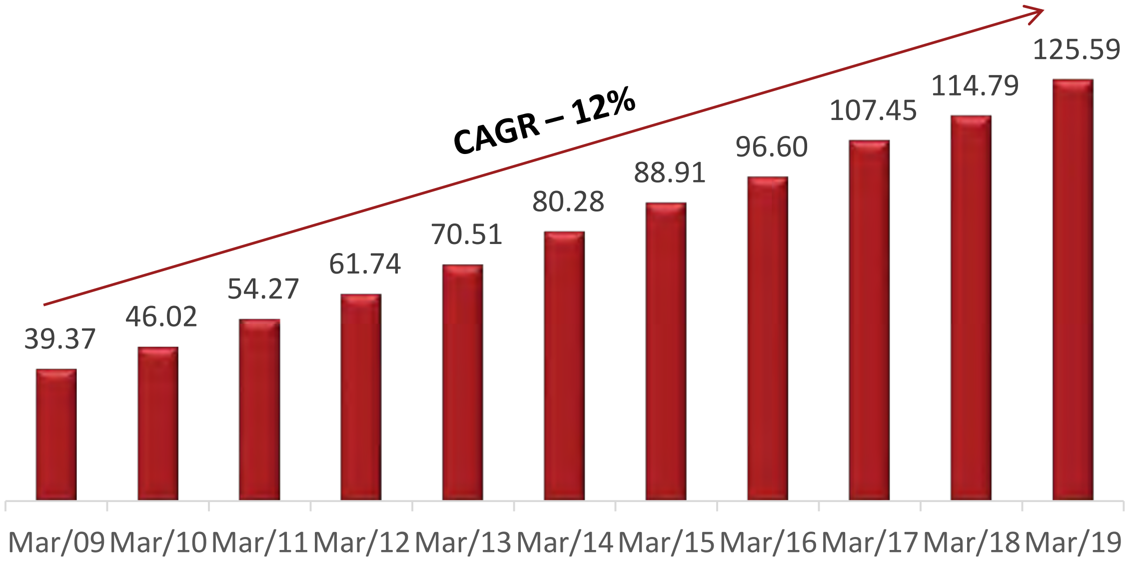
- The Total Credit Outstanding in India for all the Banks has increased at a CAGR of 13% over the last 10 years primarily driven by rising disposable income, better credit framework, digital innovation, strong economic growth and increasing consumption.

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 crore) 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)



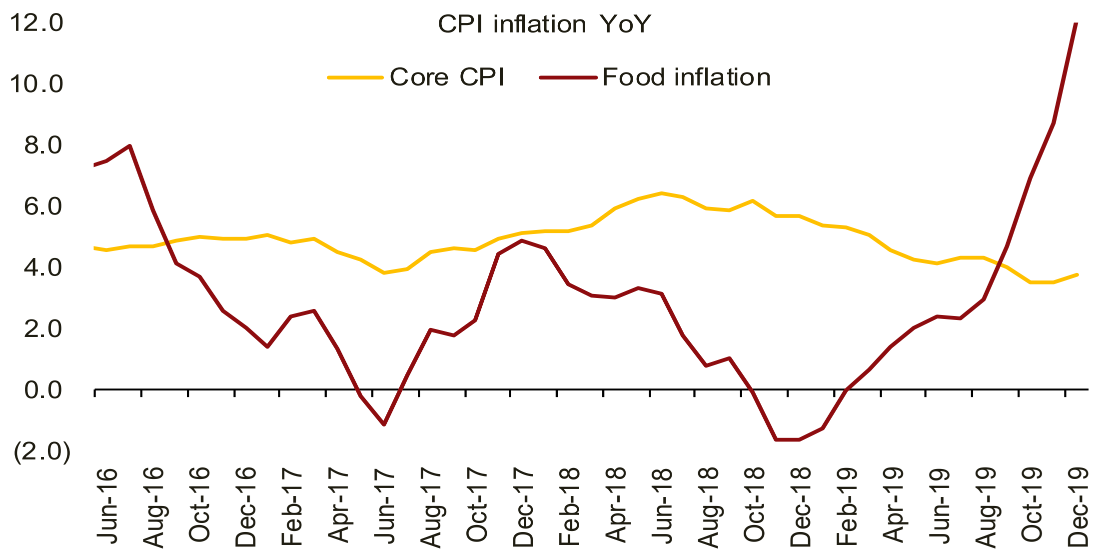
- The Total Aggregate Deposits of the Banks in India has increased at a CAGR of 12% over the last 10 years primarily driven by rising disposable income.

- 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

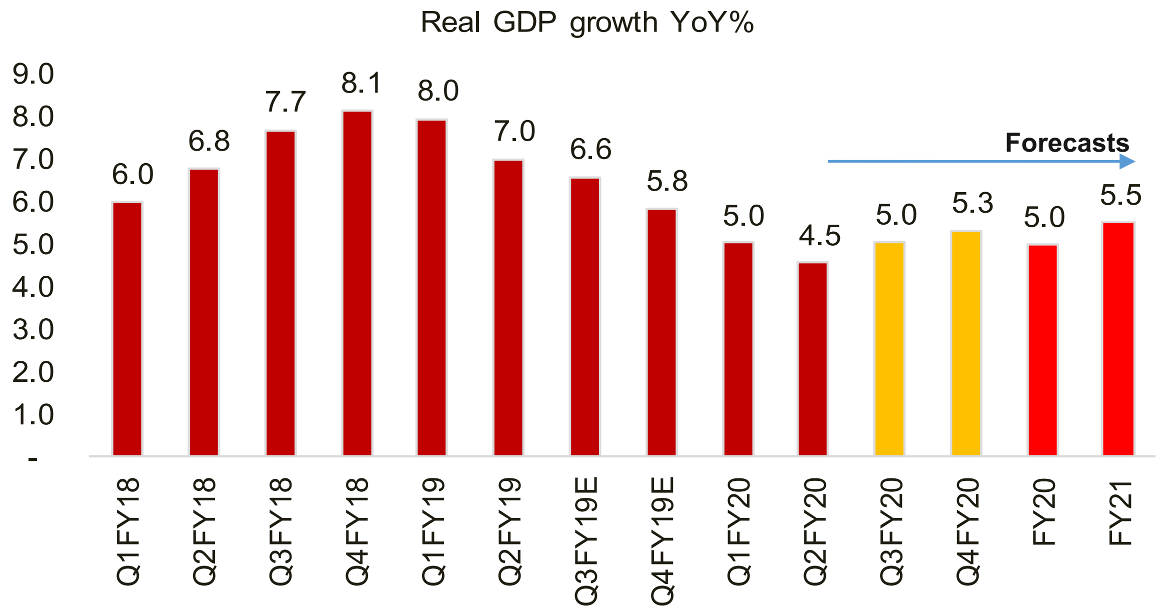
Section 3: Recently the Indian Economy has faced a few challenges

The Food inflation has recently increased



Source: CEIC, IDFC FIRST Bank Economics Research

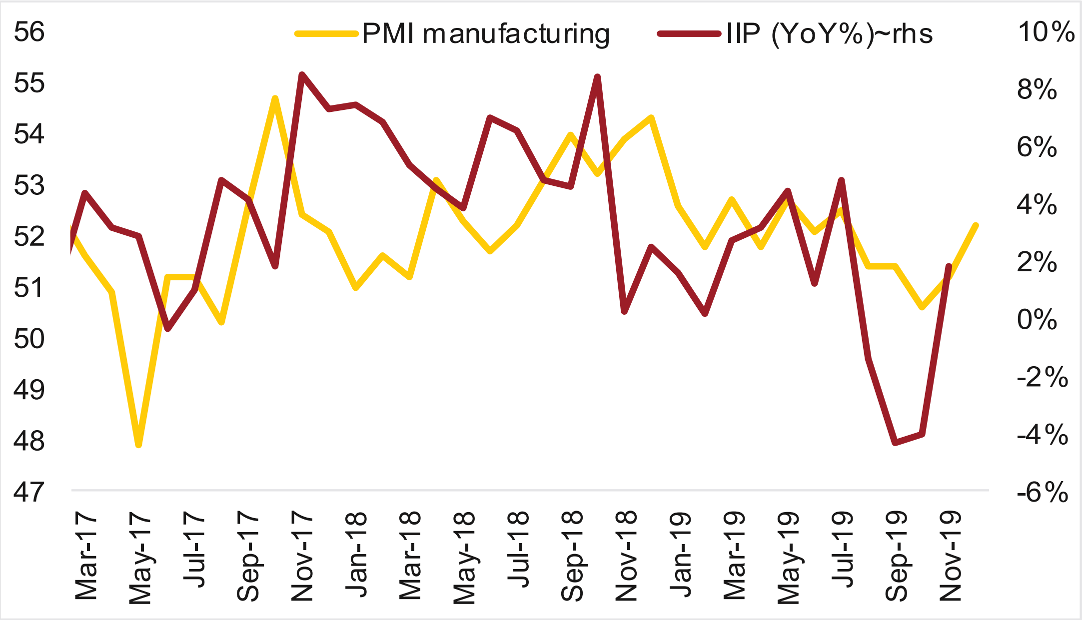
GDP growth in recent quarters has shown downward trend

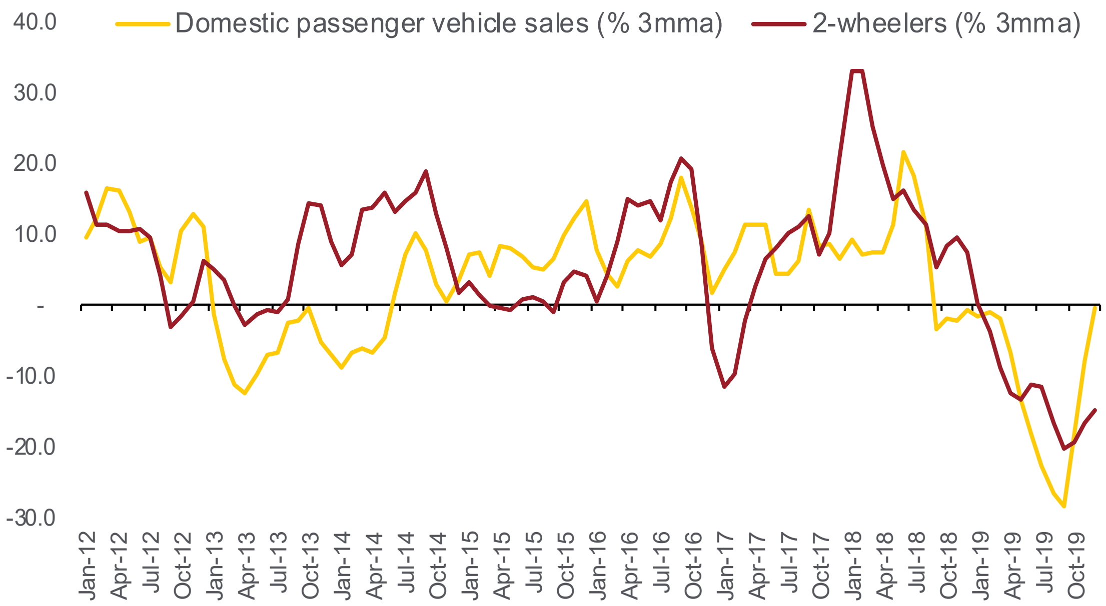


Source: MOSPI, IDFC FIRST Bank Economics Research

IDFC FIRST Bank

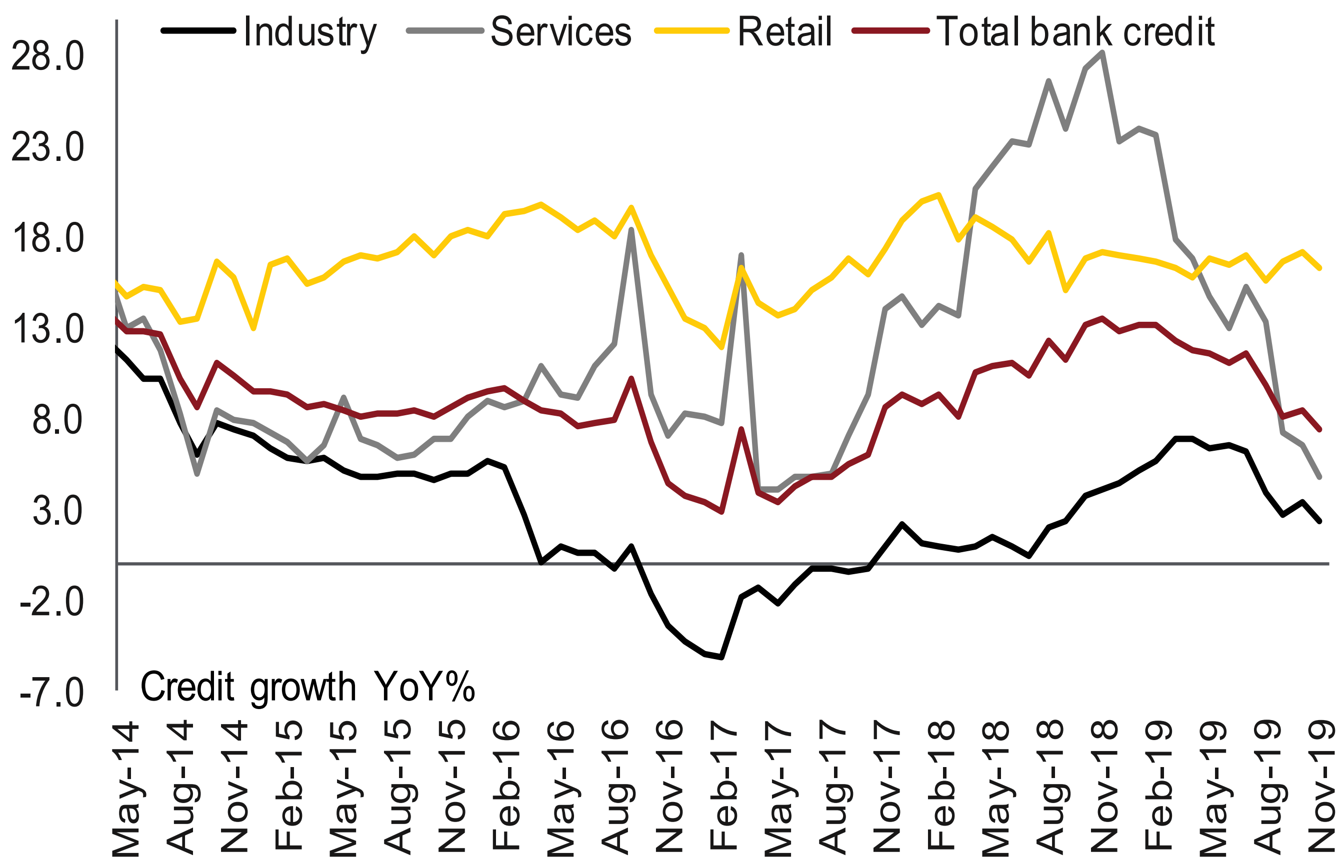
Section 3: There are some green shoots of recovery as well, will have to wait to see the trend going forward





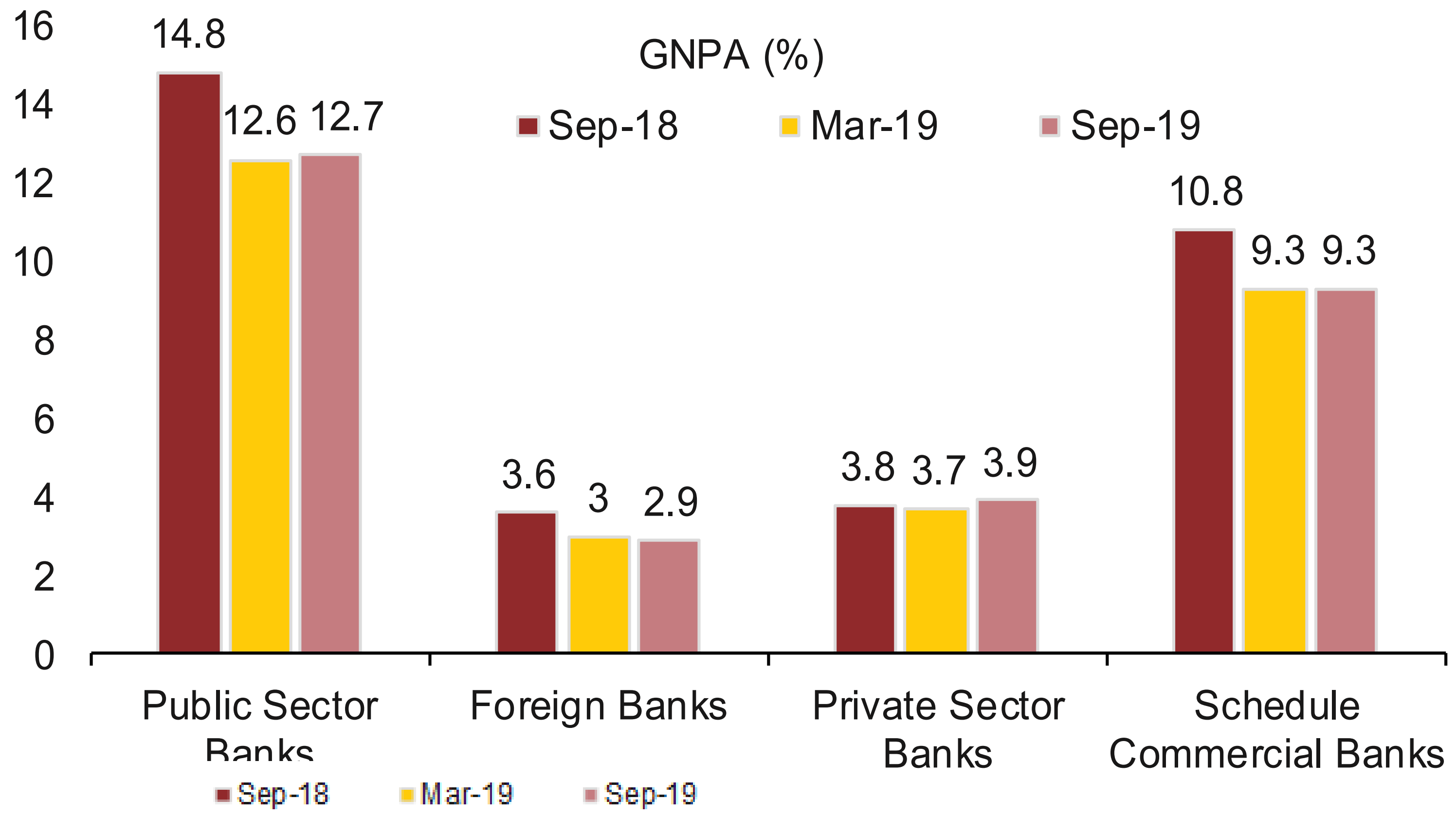
Source: CEIC, IDFC FIRST Bank Economics Research

Section 3: Although overall credit growth has been sluggish it is slowly recovering. Retail Credit growth has been strong and stable.



Source: CEIC, IDFC FIRST Bank Economics Research

<u>Section 3</u>: The NPAs in the Banks have been high but broadly stable during the last year



Sources: RBI, IDFC FIRST Bank Economics Research

IDFC FIRST Bank

<u>Section 4</u>: 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.

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

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*

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

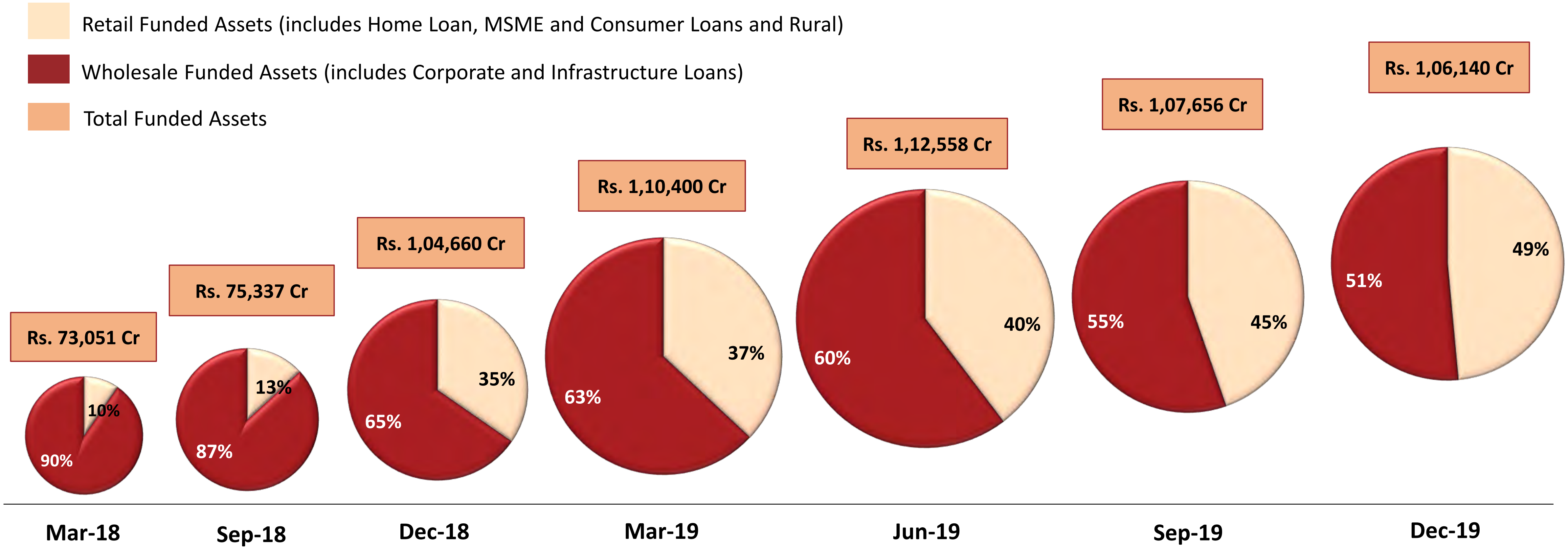
IDFC FIRST Bank

SECTION 5:

FINANCIAL PERFORMANCE OF THE BANK FOR Q2-FY20

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

Section 5: Retail loans as a % of total loans has quickly improved to 49% as of 31 December 2019



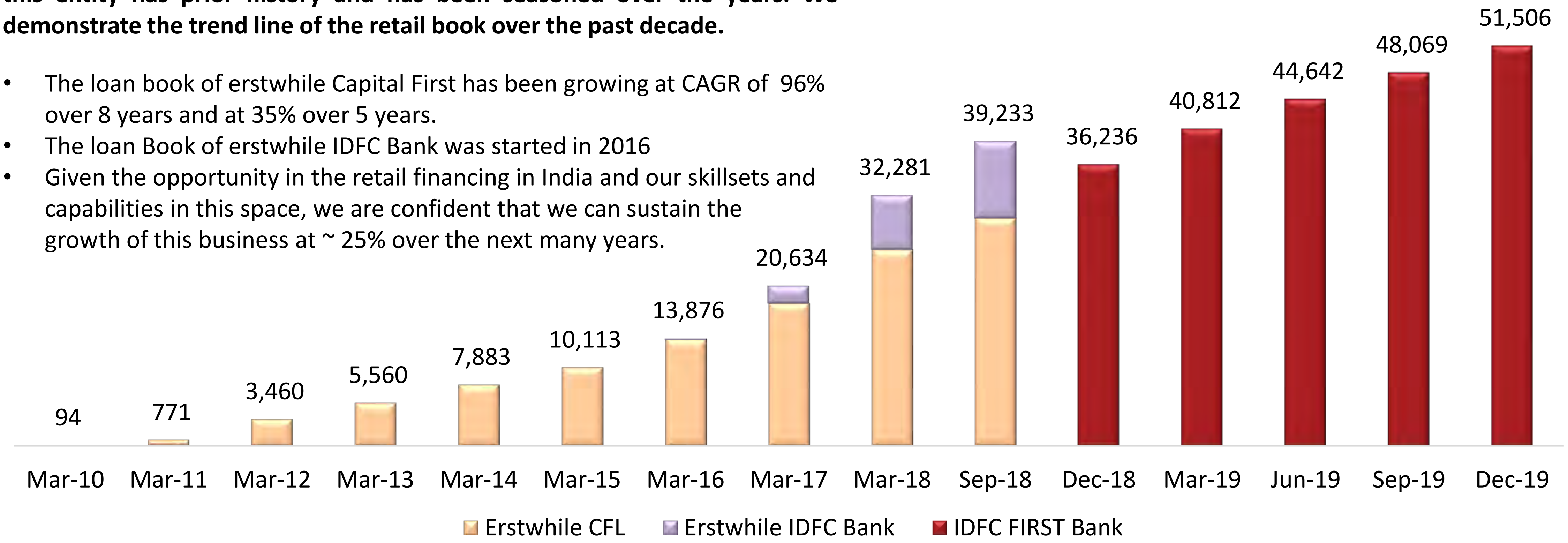
- The bank had provided guidance at merger in December 2018 that it would increase Retail Loans to 70% of Total Funded Assets by FY24.
- Though such change may appear large, the bank would like to point out that such sharp change of mix of Retail Loans as a % of Total Loans has been achieved earlier 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.

All amounts are in Rs. crore unless specified

This slide seeks to represent the trend of retail business of both entities. Though the new merged entity started in Dec 2018, the retail loan book of this entity has prior history and has been seasoned over the years. We demonstrate the trend line of the retail book over the past decade.

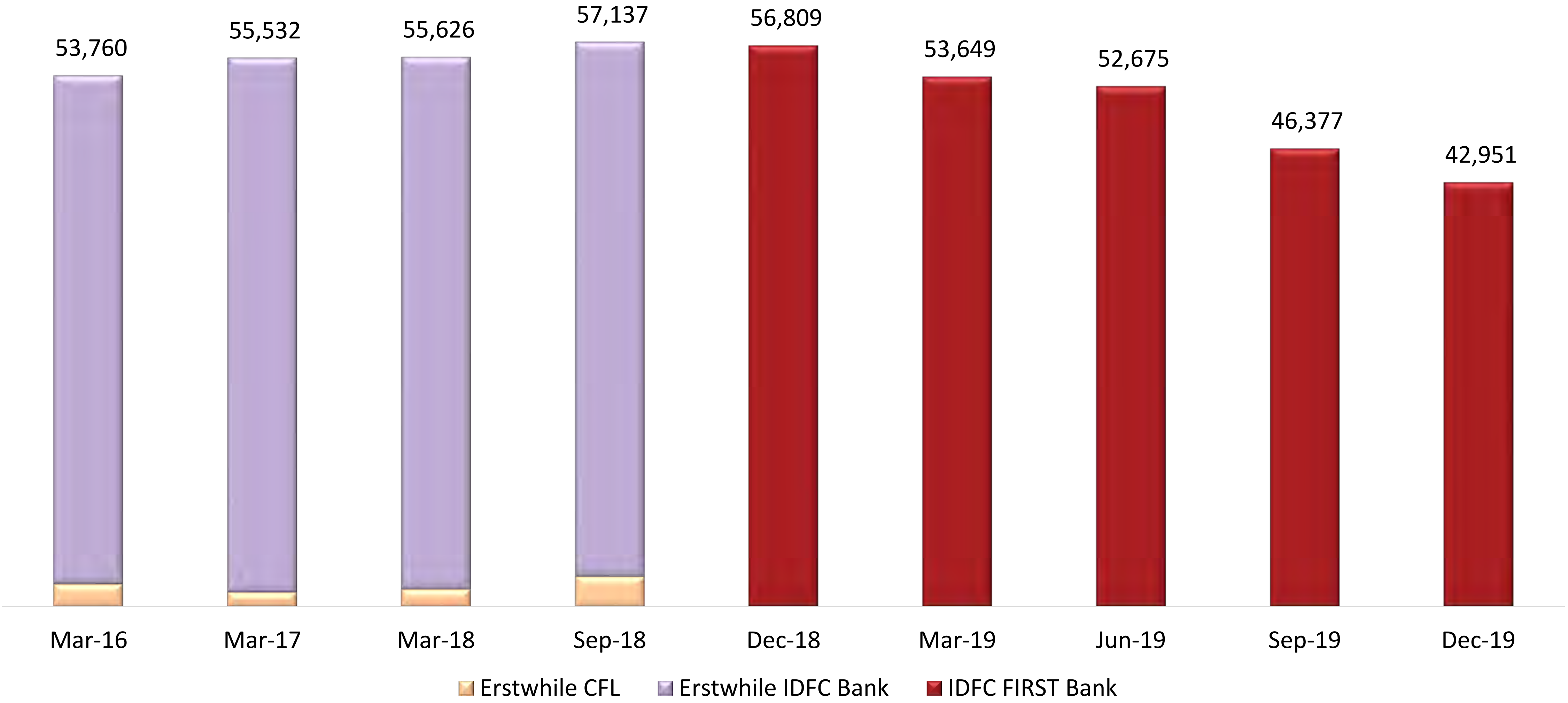
- The loan book of erstwhile Capital First has been growing at CAGR of 96% over 8 years and at 35% over 5 years.
- The loan Book of erstwhile IDFC Bank was started in 2016
- Given the opportunity in the retail financing in India and our skillsets and capabilities in this space, we are confident that 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.*

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

All amounts are in Rs. crore unless specified

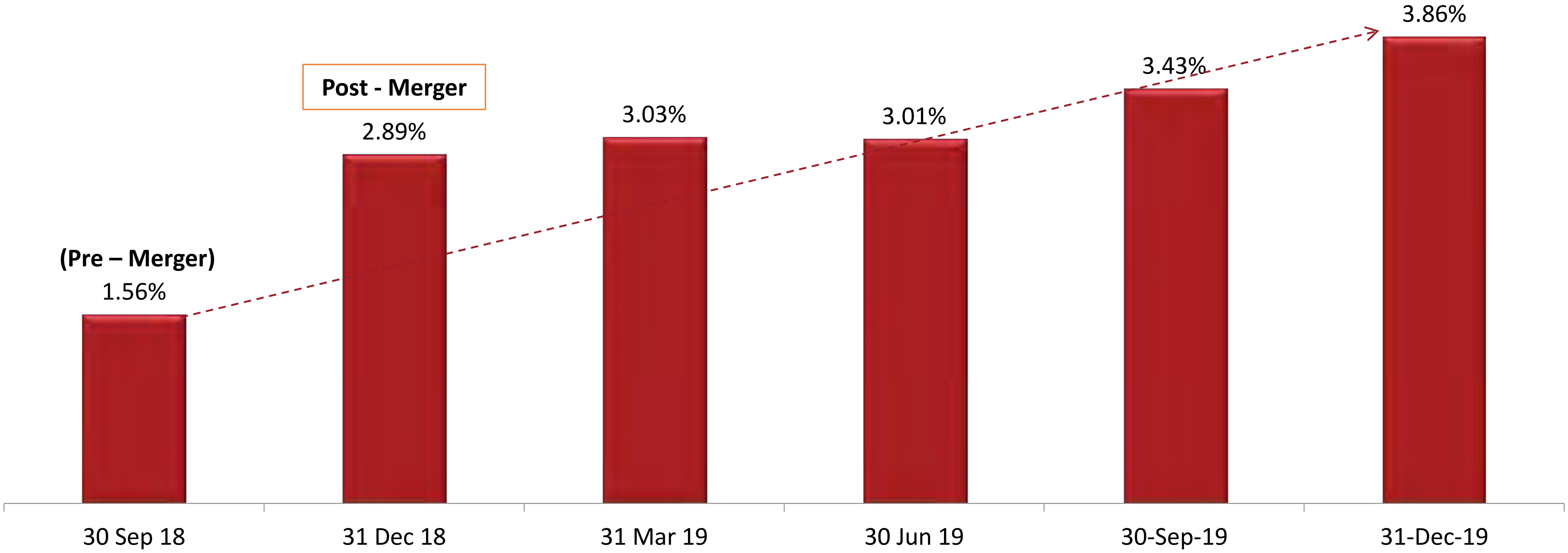


Section 5: Loan Assets Breakup

In Rs. Crore	Pre - Merger			Post - Merger				
	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Loan Against Property	622	776	997	8,046	9,123	9,945	10,654	10,841
MSME Loans	1,342	1,597	2,069	5,891	7,122	7,925	8,491	9,498
Housing Loans	1,617	1,923	2,246	4,509	5,145	5,675	6,274	6,082
Consumer Loans	416	528	689	13,541	14,885	16,212	17,159	19,134
JLG	3,041	3,383	3,913	4,243	4,515	4,848	5,415	5,814
KCC	0	0	2	6	20	37	75	137
Total Retail Funded Assets (A)	10% **7,038**	**8,208**	**9,916**	**36,236** 35%	**40,812** 37%	**44,642** 40%	**48,069** 45%	**51,506** 49%
Corporates	27,039	28,861	30,447	34,098	32,190	32,352	29,165	27,935
- *Emerging Large Corporates*	6,829	7,174	7,960	7,886	7,845	7,873	7,103	6,296
- *Large Corporates*	5,617	5,473	6,073	5,852	2,951	2,415	2,438	2,004
- *Financial Institutional Group*	4,960	6,728	6,727	10,158	11,988	12,933	12,610	13,604
- *Others*	9,633	9,486	9,687	10,203	9,406	9,132	7,014	6,031
Infrastructure	26,832	26,553	23,637	22,710	21,459	20,322	17,211	15,016
Total Wholesale Funded Assets (B)	**53,871**	**55,414**	**54,084**	**56,809**	**53,649**	**52,675**	**46,377**	**42,951**
PSL Inorganic (C)	90% **8,980**	**8,466**	**8,256**	**8,575**	**12,924**	**12,268**	**10,318**	**8,913** 51%
Stressed Equity and SRs (D)	**3,162**	**3,102**	**3,081**	**3,040**	**3,016**	**2,973**	**2,892**	**2,770**
Total Wholesale Funded Assets and Others	**66,013**	**66,982**	**65,421**	**68,424**	**69,589**	**67,916**	**59,587**	**54,634**
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**	**106,140**

Section 5: Sharp improvement in NIM from 1.56% pre-merger to 3.86% in a year.

- Our NIM which was 1.56% pre merger grew to 2.89% at merger which moved to 3.86% in the Q3 FY20.
- 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.



IDFC FIRST Bank

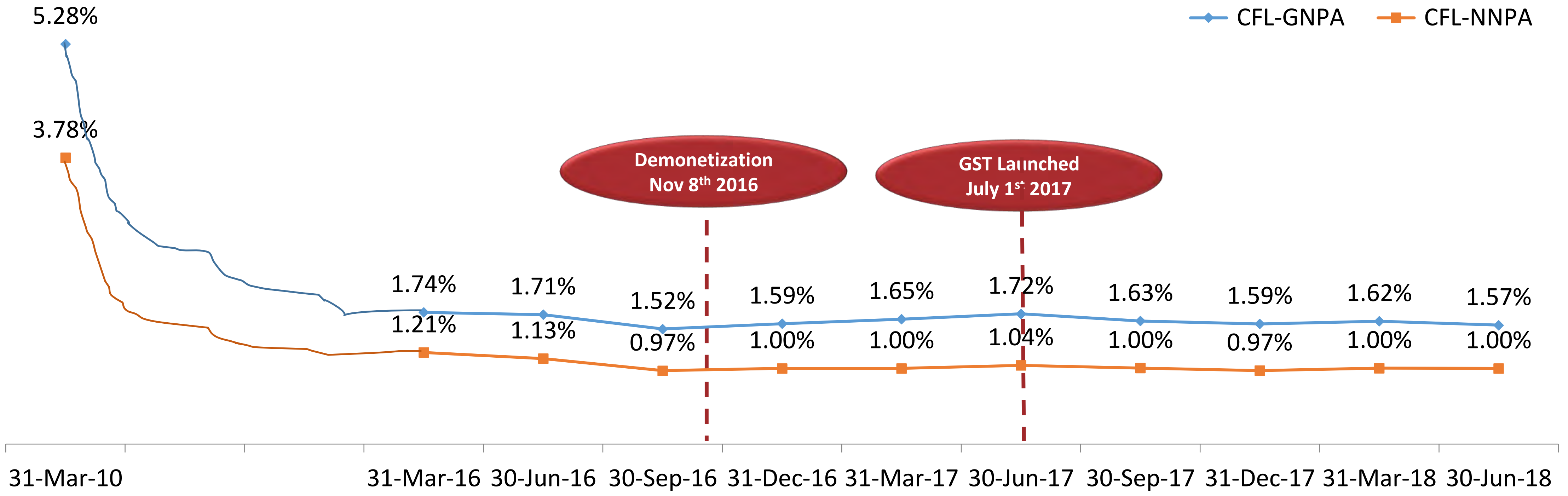
Section 5: Maintaining Strong Asset Quality overall, Retail Asset quality remains high

In Rs. Crore	Mar-19	Jun-19	Sep-19	Dec-19
GNPL	*2,136*	*2,419*	*2,306*	*2,511*
Provisions for GNPL	*1,029*	*1,203*	*1,294*	*1,440*
NNPL	*1,107*	*1,216*	*1,012*	*1,071*
GNPA (%)	*2.43%*	*2.66%*	*2.62%*	*2.83%*
NNPA (%)	*1.27%*	*1.35%*	*1.17%*	*1.23%*

- 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 31 December 2019, the **Gross NPA %** of the Retail Loan Book was at **2.26%** (as compared to **2.31%** as of 30 September 2019) and **Net NPA %** of the Retail Loan Book of the Bank was at **1.06%** (as compared to **1.08%** as of 30 September 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.

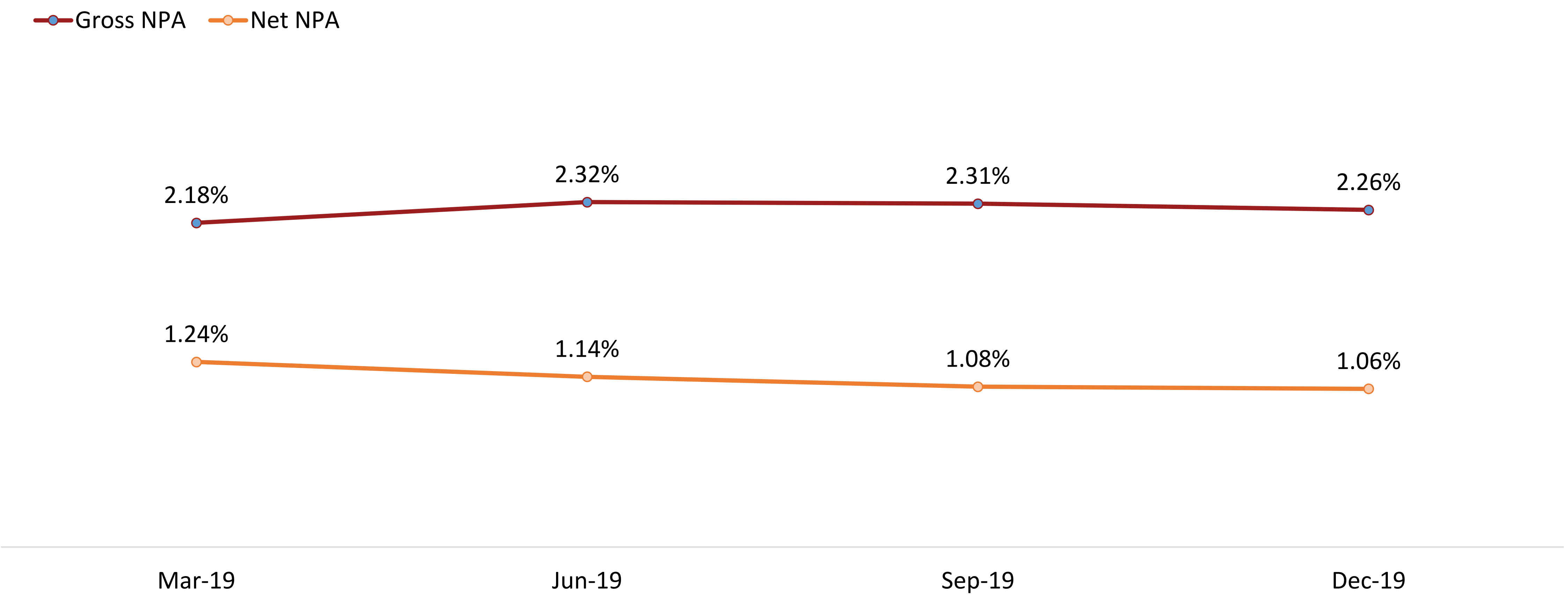
Section 5: Trendline: Retail Loan portfolio trends over the last 8 years (Capital First) which has been transported into the bank and is being scaled up, hence displayed below.

Since most of the loan book in the merged entity has been built and seasoned in Capital First prior the merger and the same model is being scaled up now, we present below the asset quality trends of the book in Capital First which have stayed continuous steady over the years, i.e. Gross NPA ~2% and Net NPA ~1%. The portfolio remained stable even after being stress tested through economic slowdown in 2010-2014, demonetization (2016), GST implementation (2017) and economic slowdown in recent times. Hence gives us confidence to grow in future on this strong asset quality model.



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

Section 5: Gross and Net NPA pertaining to Retail Loans have broadly remained steady over the last four quarters on the banking platform.



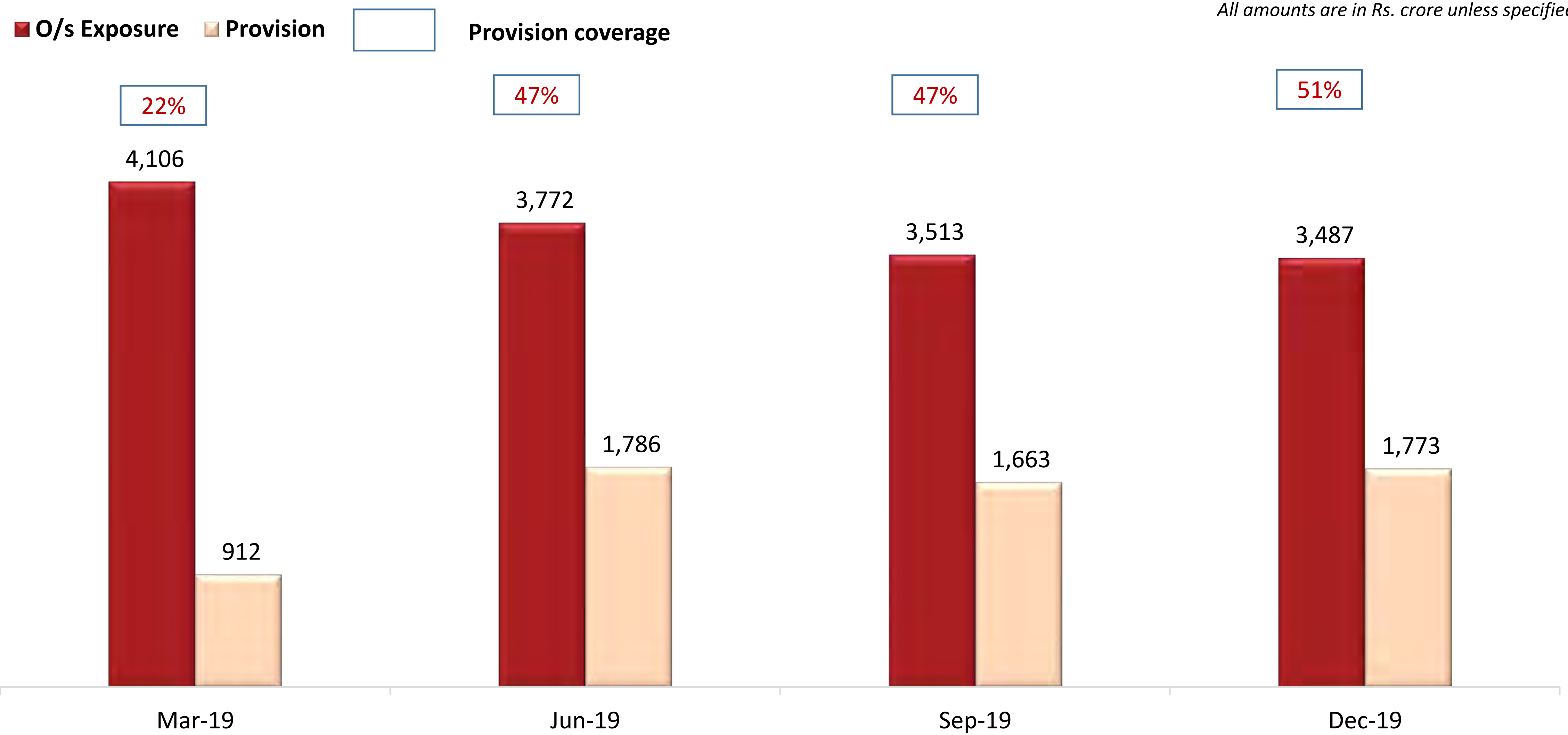
Section 5: List of Stressed Accounts under watch (Corporate Book)

Client Description	O/S Exposure (Rs crore)	Comments
Toll Road (BOT) project in MH	239	Repayments are regular thus far but certain developments at the company give us reason to believe that repayments may get delayed in future. Chance of eventually there may be economic loss in the long term.
Toll Road Projects in TN	47	Repayment are regular thus far; however recent concession agreement may get terminated due to poor maintenance. Likely to cause moderate economic losses going forward.
Wind Power Projects in AP, GJ, KN, RJ	172	Repayments regular thus far, but the company has experienced delay in repayment from certain discoms after change of government; repayment may be delayed from now on, but eventual economic loss may be low.
Solar Projects in RJ	89	Regular repayments thus far; however, due to poor Operations and Maintenance, the generation of cash flows deteriorating at the company; repayment likely to be delayed and even cause moderate economic losses to us.
Thermal Power Project in Odisha	548	Delayed payment receipts from three discoms due to PPA related dispute. While the account may become NPA, however it is likely that we will recover our dues; there may not be much economic loss to us.
Wind Power Projects in KN and RJ	25	Repayments are regular thus far; No delay in Discom payments in Karnataka but there is delay in Discom payments in Rajasthan; eventual economic loss may be low.
Toll Road Project in Punjab	17	Repayments with some delay as Toll receipts have reduced temporarily due to alternate village road; 100% provisioned account; eventual economic loss may be low.
Coal beneficiation & thermal power in Chattisgarh	53	Repayments has become regular with no overdues as new promoter has taken over; still under watch-list; eventual economic loss may be low.
Toll Road Projects in MH	963	The company has strong cash-flows through major tolls and entry points. However, the repayment has been consistently delayed (SMA2). eventual economic loss may be low.
Logistics Company in Karnataka	100	The company is a subsidiary of a company that went under financial stress recently due to unfortunate circumstances.
Large Housing Finance Company in Mumbai	596	The company's operations have virtually ceased, they have defaulted on repayments, and the company has been referred to NCLT. We expect significant principal loss from this account against our exposure but adequate provisions has been made.
Diversified Financial Conglomerate in Mumbai	638	This company has been in significant stress and has defaulted on repayments. We expect significant principal loss from this account against our exposure.

The Bank has kept the above Rs. 3,487 crore of assets under watch-list, out of which Rs. 2,253 crore are in the form of infrastructure financing. The Bank has 51% provision coverage against these loans. The provision coverage broadly varies from 11% to 87% depending on current status of the loans.

Section 5: Exposure to identified Stressed Assets (under watch), mentioned in previous slide, has reduced during last 4 quarters. At same time, provision coverage improved from 23% to 51%

All amounts are in Rs. crore unless specified



IDFC FIRST Bank

<u>Section 5</u>: Capital Adequacy Ratio is strong with CET 1 ratio at 13.28%.

In Rs. Crore	Mar-19	Jun-19	Sep-19	Dec-19
Common Equity	17,373	16,340	16,416	14,638
Tier 2 Capital Funds	219	156	158	6
Total Capital Funds	**17,592**	**16,496**	**16,574**	**14,644**
Total RWA	**1,13,744**	**1,17,733**	**1,13,104**	**1,10,228**
CET 1 Ratio (%)	15.27%	13.88%	14.51%	13.28%
Total CRAR (%)	**15.47%**	**14.01%**	**14.65%**	**13.29%**
RWA/Total Assets	68.04%	69.79%	69.06%	68.87%

- The regulatory requirement for the Total Capital Adequacy Ratio is 10.875% with CET-1 Ratio at 8.875% as per the RBI Guidelines.
- The Bank has strong Capital Adequacy as compared to regulatory requirements. The Bank also has significant headroom for raising AT1/Tier 2 Bonds to increase Capital Adequacy beyond 18%.

SECTION 5:

FINANCIAL PERFORMANCE OF THE BANK FOR Q2-FY20

- Assets Update
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  - ✓ Snapshot for the quarter
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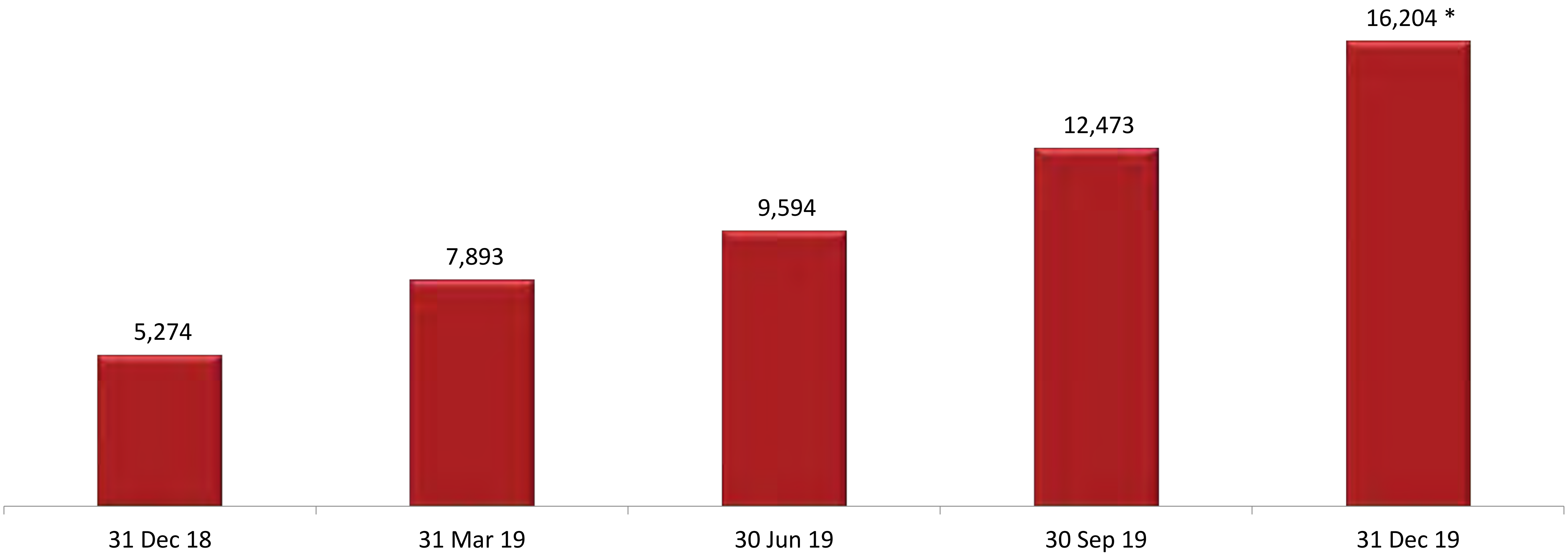
IDFC FIRST Bank

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

All amounts are in Rs. Crore unless specified

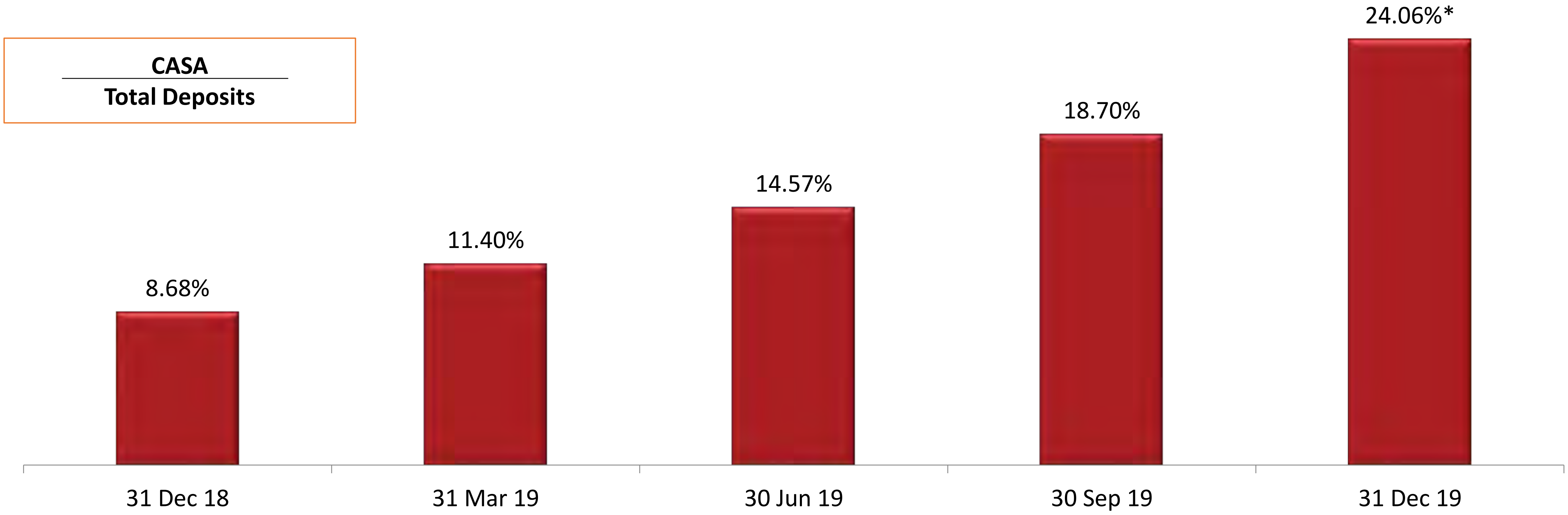


**This is excluding CASA deposits of Rs. 1,346 crore from one government banking account which is non-sustainable in nature with fluctuating balance. This was a special deal which would expire in June 2020 at special terms hence excluded from calculations.*

Section 5: CASA Ratio has improved by more than 15% in 12 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 15% in the last 12 months.

$$\frac{\textbf{CASA}}{\textbf{Total Deposits}}$$



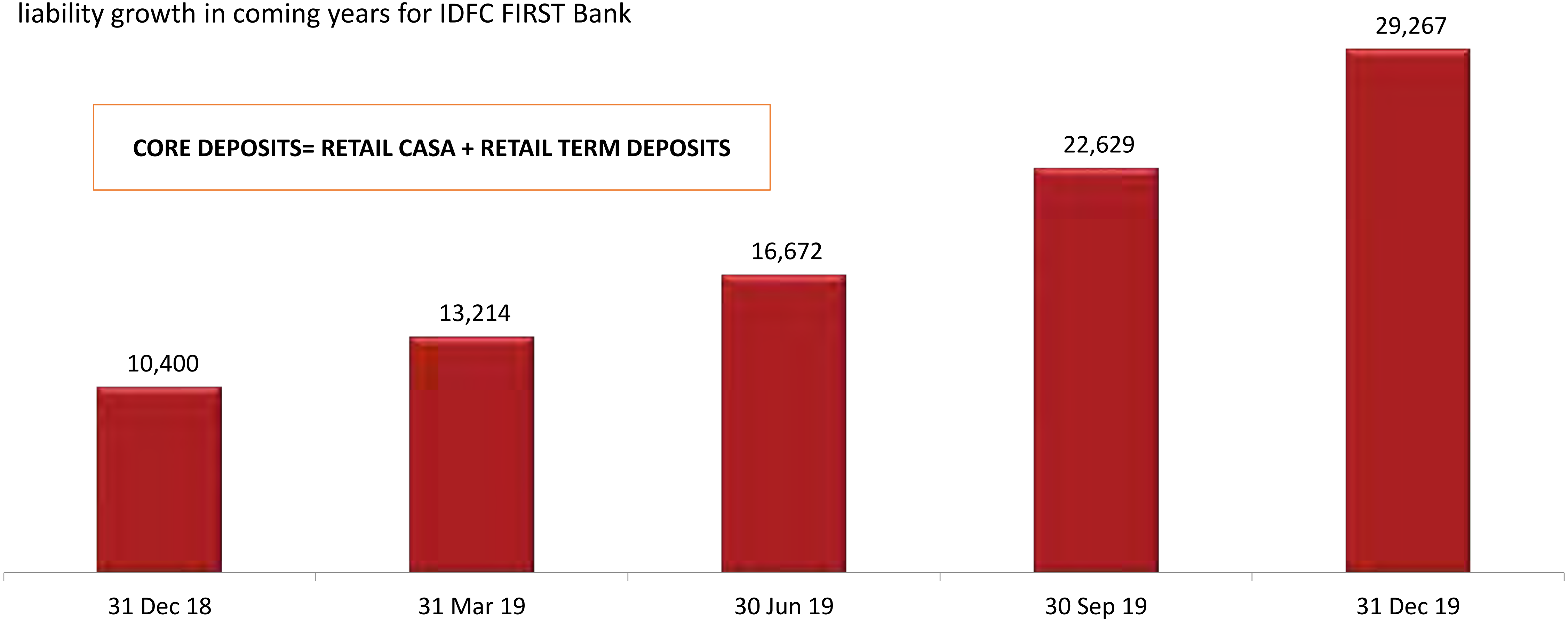
**This is excluding CASA deposits of Rs. 1,346 crore from one government banking account which is non-sustainable in nature with fluctuating balance. This was a special deal which would expire in June 2020 at special terms hence excluded from calculations.*

Section 5: Quarterly Trends of Core Retail Deposits

All amounts are in Rs. crore 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

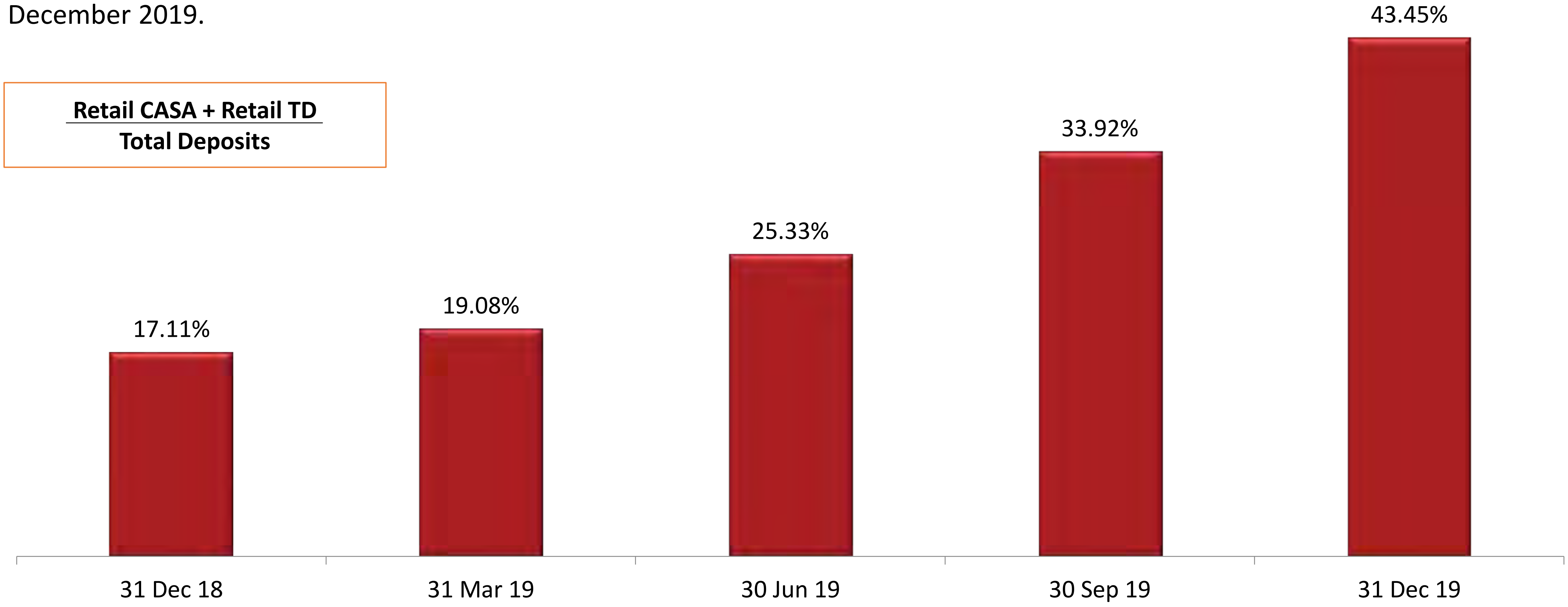
CORE DEPOSITS= RETAIL CASA + RETAIL TERM DEPOSITS



<u>Section 5</u>: Core Retail Deposits now contribute 43.45% of all Total Deposits showing decreasing dependence on Wholesale Fixed Deposits & Certificate of Deposits

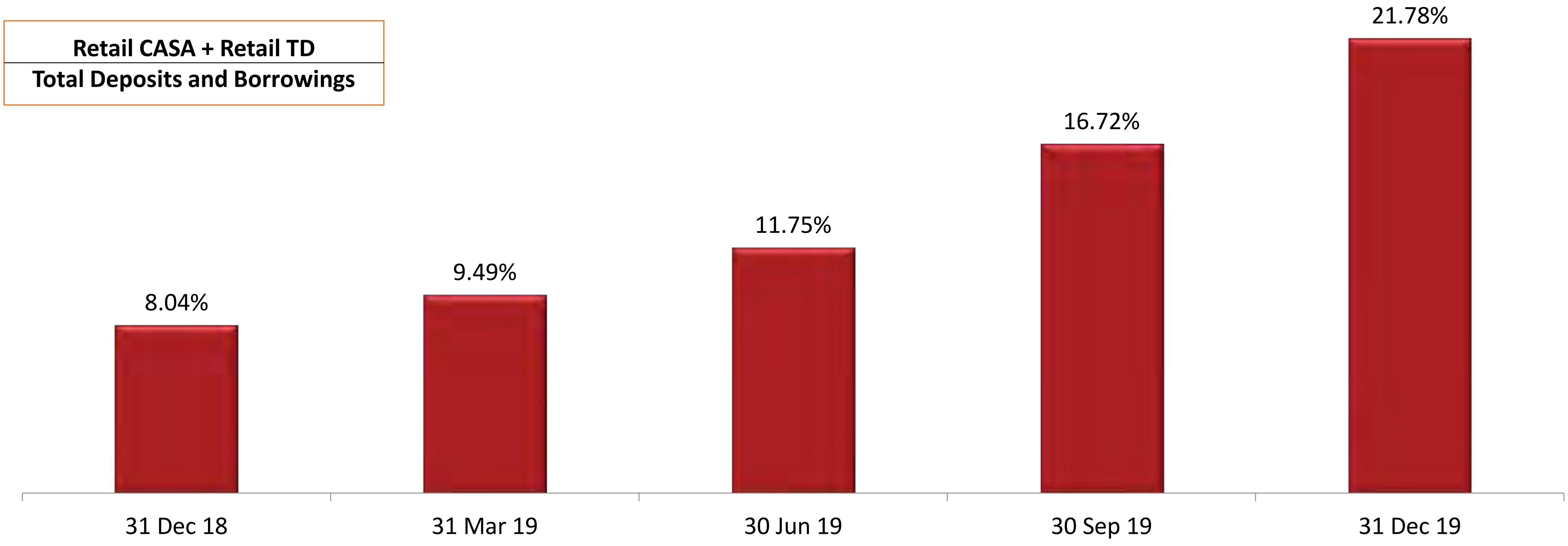
The Core Retail Deposits i.e. the Retail CASA and Retail Term Deposits as a percentage of total Deposits have grown sharply from **17.11%** as of 31st December 2018 to **43.45%** as of 31st December 2019.

$$\frac{\textbf{Retail CASA + Retail TD}}{\textbf{Total Deposits}}$$



Section 5: Core Retail Deposits as a percentage of Total Deposits and Borrowings has also improved significantly in the last year 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 **21.78%** as of 31st December 2019.



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

In Rs. Crore	Dec-18	Sep-19	Dec-19	YOY %
Legacy Long Term Bonds	16,385	13,452	12,705	
Infra Bonds	10,434	10,434	10,434	
Refinance	3,446	14,197	13,478	
Other Borrowings	27,388	18,996	15,196	
Total Borrowings (A)	**57,652**	**57,079**	**51,812**	**-10%**
CASA$	5,274	12,473	16,204	207%
Retail Term Deposits	7,605	13,548	16,708	120%
Wholesale Term Deposits	25,577	25,403	21,719	-15%
Certificate of Deposits	22,312	15,283	12,720	-43%
Total Deposits (B)	**60,767**	**66,707**	**67,351**	**11%**
Borrowings + Deposits (A)+(B)	**118,420**	**123,786**	**119,164**	**1%**
Money Market Borrowings	10,962	11,586	15,213	
CASA % of Deposits	8.68%	18.70%	24.06%	
CASA % of Borrowings + Deposits	4.08%	9.21%	12.06%	

**This is excluding CASA deposits of Rs. 1,346 crore from one government banking account which is non-sustainable in nature with fluctuating balance. This was a special deal which would expire in June 2020 at special terms hence excluded from calculations.*

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

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Section 5: Income Statement

In Rs. Crore	Dec-18	Sep-19	Dec-19	Growth (%) Q-o-Q
Interest Income	3,664	4,018	4,100	
Interest Expense	2,519	2,655	2,566	
Net Interest Income	**1,145**	**1,363**	**1,534**	**13%**
Fee & Other Income	257	335	413	
Trading Gain	3	14	166	
Operating Income	**1,406**	**1,712**	**2,113**	**23%**
Operating Expense	1,142	1,295	1,432	
Pre-Provisioning Operating Profit (PPOP)	**264**	**417**	**682**	**63%**
Provisions	169	317	2,305	
Profit Before Tax	**95**	**100**	**(1,623)**	
Less : Exceptional Items	2,599	-	-	
PBT after Exceptional Items	**(2,504)**	**100**	**(1,623)**	
Tax	**(966)**	**780**	**16**	
Profit After Tax	**(1,538)**	**(680)**	**(1,639)**	

Section 5: Balance Sheet

In Rs. Crore	Dec-18	Sep-19	Dec-19
Shareholders' Funds	18,376	16,866	15,240
Deposits	61,914	69,321	68,697
Borrowings	68,614	68,665	67,025
Other liabilities and provisions	8,012	8,925	9,100
Total Liabilities	**156,916**	**163,777**	**160,062**
Cash and Bank Balances	1,636	2,901	3,097
Net Loan Assets	101,694	103,188	99,796
- Net Retail Loan Assets	36,167	47,829	51,268
- Net Wholesale Loan Assets	65,527	55,359	48,528
Investments	43,475	47,708	47,302
Fixed Assets	957	987	1,029
Other Assets	9,154	8,993	8,838
Total Assets	**156,916**	**163,777**	**160,062**

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 crore 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 crore 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 crore ($14 million) to Rs. 29,625 crore ($4.06 billion), grew the Equity Capital from Rs. 690 crore ($106 million) to Rs. 2,928 crore ($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 crore to Profits of Rs. 328 crore (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 crore ($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

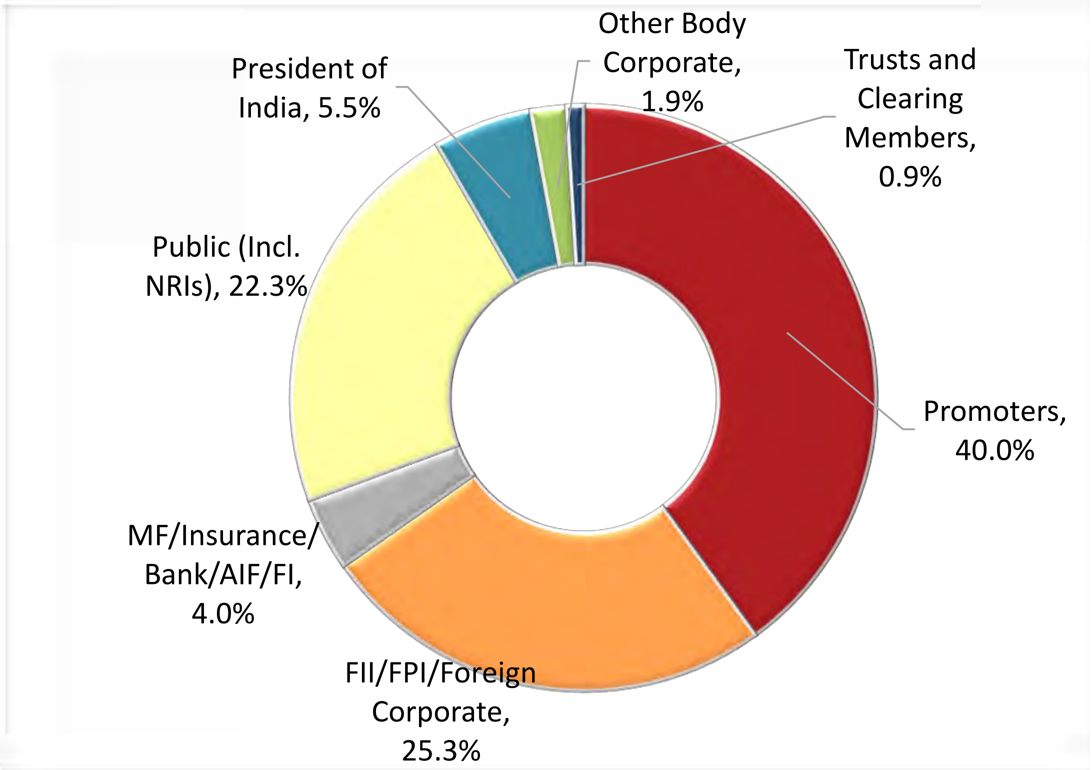
Mr. Aashish Kamat has over 30 years of experience in the corporate world, with 24 years being in banking & financial services & 6 years in public accounting. Mr. Kamat was the Country Head for UBS India, from 2012 until his retirement in January 2018. Prior to that he was the Regional COO/CFO for Asia 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 31st December 2019

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



Total # of shares as of 31st December 2019 : 478.95
Book Value per Share as of 31st December 2019: Rs. 31.82
Market Cap. as on 31st December 2019: Rs. 21,624 crore

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	9.97
President of India	5.46
Odyssey 44	4.48
Aditya Birla Asset Management	2.21
Platinum Asset Management	1.90
Vanguard	1.68
Dimensional Fund Advisors	1.24
GIC Singapore	1.20
V Vaidyanathan*	1.17
Wellington	0.77

**On a fully diluted basis, including shares and options, Mr. Vaidyanathan holds 3.63% 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 crore (December 31, 2018) to over Rs. 100,000 crore 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 crore (December 31, 2018) to Rs. 40,000 crore 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 8.68% 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 8.04% 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 crore from Warburg Pincus, and created a new brand and entity called Capital First. As part of the MBO, the company raised fresh equity, reconstituted a new Board and got new shareholders, including open offer to public. A brief history of the company is as follows:

2008-10	The Company was largely in the business of Wholesale Financing, PE, Asset Management, Foreign Exchange and Retail Equity Broking. The total AUM of the Company was Rs. 935 crore of which Retail AUM was 10%, Rs. 94 crore.
2010-11	Mr. V Vaidyanathan joined the Company and prepared the ground for executing a Management Buyout by taking significant corporate actions including divesting Forex JV to JV partner, merging a subsidiary NBFC with itself, by winding down other non core businesses and launching retail businesses in the Company. The Company launched technology driven financial businesses for the consumer and SME segments. The Retail loan book crossed Rs. 700 crore by March 2011. The Company presented this as proof of concept to many global private equity players for Buyout.
2011-12	The company continued to present the concept to prospective PE players throughout the year. The Company undertook additional corporate actions and further wound down non-core business subsidiaries and launched more retail financing businesses. The concept, model and volume of retail financing businesses gained traction and reached to Rs. 3,660 crore, 44% of the overall AUM.
2012-13	Mr. Vaidyanathan secured equity backing of Rs. 810 crore from Warburg Pincus for an MBO and thus Capital First was founded. As part of the transaction an open offer was launched, the Company raised Rs. 100 crore of fresh equity capital, a new Board was reconstituted and a new brand and entity “Capital First” was created.
2013-14	The Company further raised Rs. 178 crore as fresh equity at Rs. 153/ share. It acquired HFC license from NHB and launched housing finance business under its wholly owned subsidiary.
2014-15	Company’s Assets under Management reached Rs. ~12,000 crore and the number of customers financed since inception crossed 10 lacs. The Company raised Rs. 300 crore through QIP at Rs. 390 per share from marquee foreign and domestic investors.
2015-16	The Company received recognition as “Business Today – India’s most Valuable Companies 2015” and “Dun & Bradstreet – India’s top 500 Companies, 2015”. The Company scrip was included in S&P BSE 500 Index.
2016-17	Company’s Assets under Management reached ~ Rs. 20,000 crore and the number of customers financed since inception crossed 4.0 million. The Company raised fresh equity capital of Rs. 340 crore from GIC, Singapore through preferential allotment @ Rs. 712 per share. The Company received recognition as “CNBC Asia – Innovative Company of the Year, IBLA, 2017”, “Economic Times – 500 India’s Future Ready Companies 2016” and “Fortune India’s Next 500 Companies, 2016”.
2017-18	The Company’s Asset Under Management touch ~Rs. 27,000 crore and number of customers financed crossed 6.0 million. The Company received “Best BFSI Brand Award 2018” at The Economic Times Best BFSI Brand Awards 2018 and “Financial Services Company of the Year 2018” at VC Circle Awards 2018. In January 2018, the Company announced the merger with IDFC Bank subject to regulatory approvals.

<u>Section 8:</u> 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 crore to Rs. 3,993 crore
• The Assets under Management increased	from Rs. 935 crore to Rs. 26,997 crore
• The Retail Assets Under Management increased	from Rs. 94 crore to Rs. 25,243 crore
• The long term credit rating has upgraded	from A+ to AAA
• The number of lenders increased	from 5 to 297
• The Gross NPA reduced	from 5.28% to 1.62%
• The Net NPA reduced	from 3.78% to 1.00%
• Cumulative customers financed reached	over 7 million
• The Net Profit/(Loss) increased	from loss of Rs. 32.2 crore in FY 09 to Profit of Rs. 327.4 crore (FY18)

	8-Yr CAGR%	%Growth – FY18
Total Capital	25%	17%
Total AUM	52%	36%
Retail AUM	101%	38%

The 5 year CAGR for key parameters are as follows:

- **Total Asset Under Management** has grown at a CAGR of **29%** from Rs. 7,510 crore (FY13) to Rs. 26,997 crore (FY18)
- **Total Income** has grown at a CAGR of **47%** from Rs. 357.5 crore (FY13) to Rs. 2429.6 crore (FY18)
- **Profit After Tax** has grown at a CAGR of **56%** from Rs. 35.1 crore (FY13) to Rs. 327.4 crore (FY18)
- **Earning Per Share** has grown at a CAGR of **46%** from Rs. 4.94 (FY13) to Rs. 33.04 (FY18)

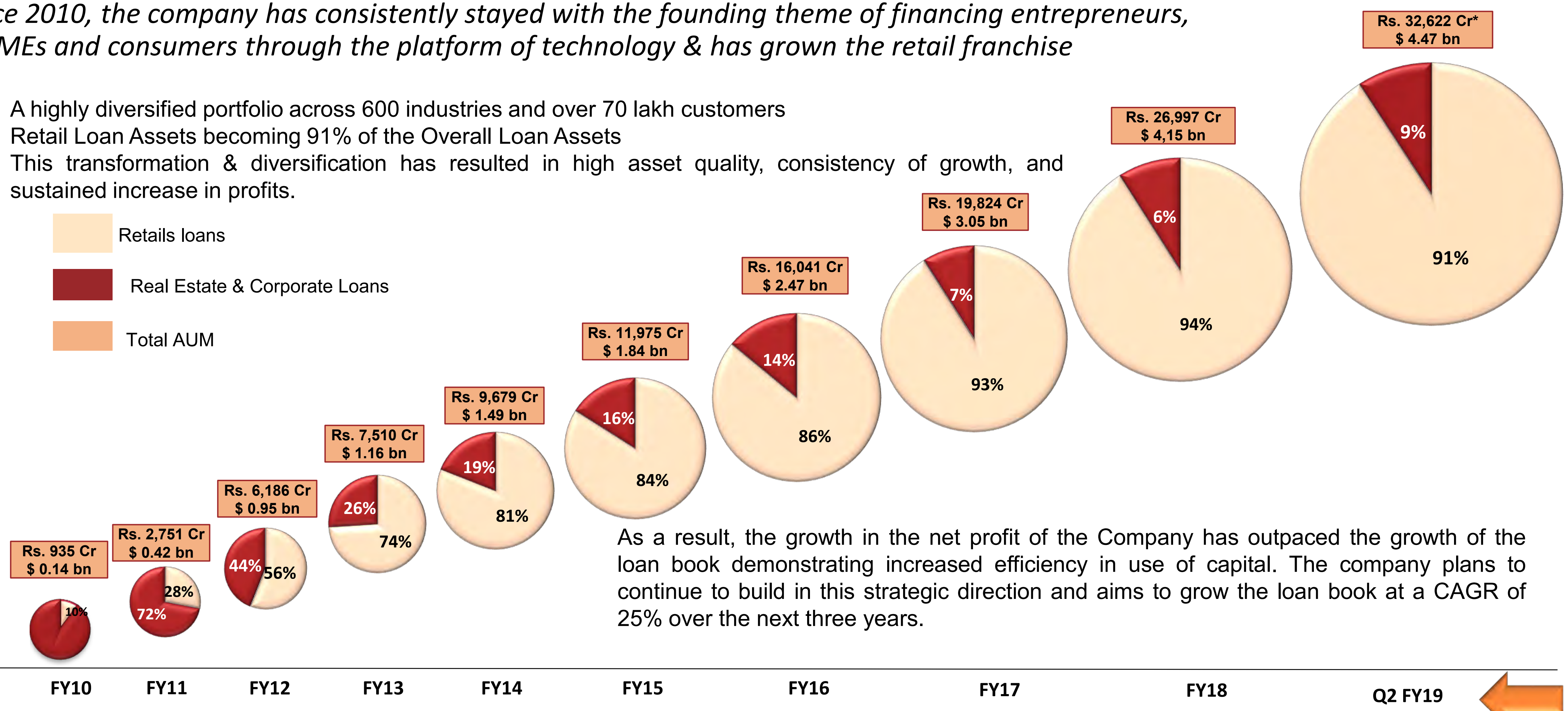
Section 8: Successful Trajectory of Growth and Profits at Capital First

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.



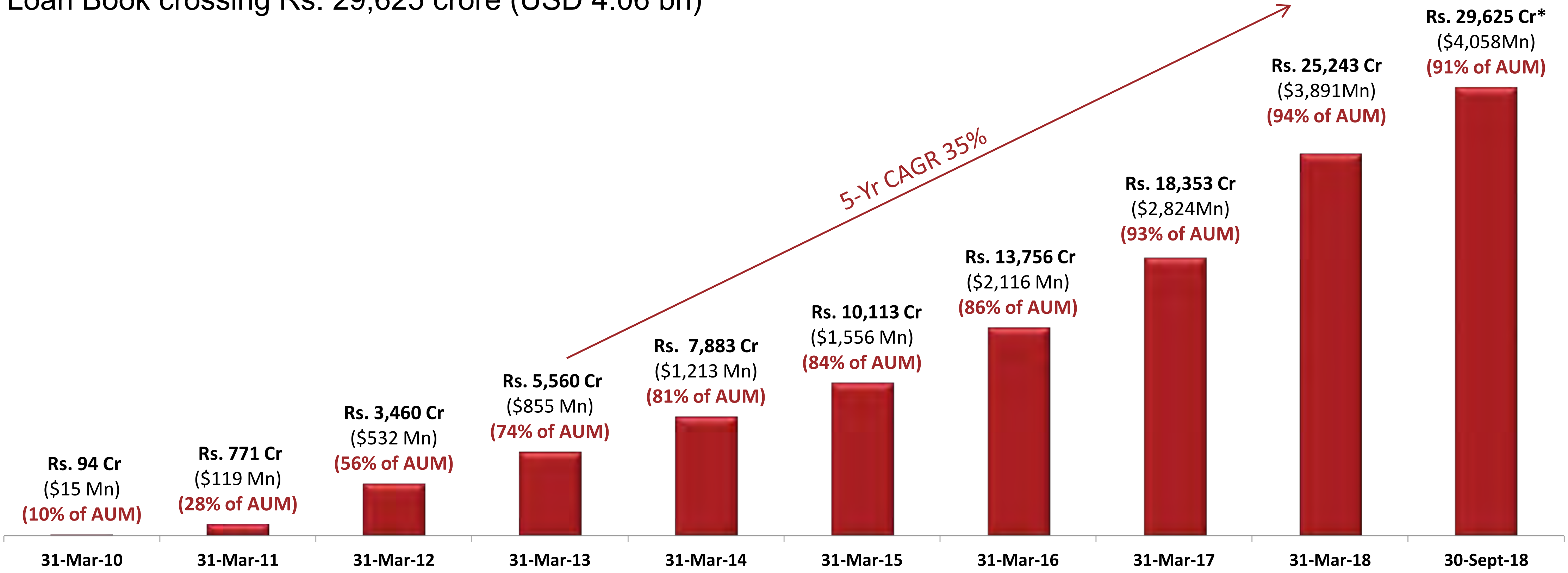
As a result, the growth in the net profit of the Company has outpaced the growth of the loan book demonstrating increased efficiency in use of capital. The company plans to continue to build in this strategic direction and aims to grow the loan book at a CAGR of 25% over the next three years.

IDFC FIRST Bank

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 crore (USD 4.06 bn)



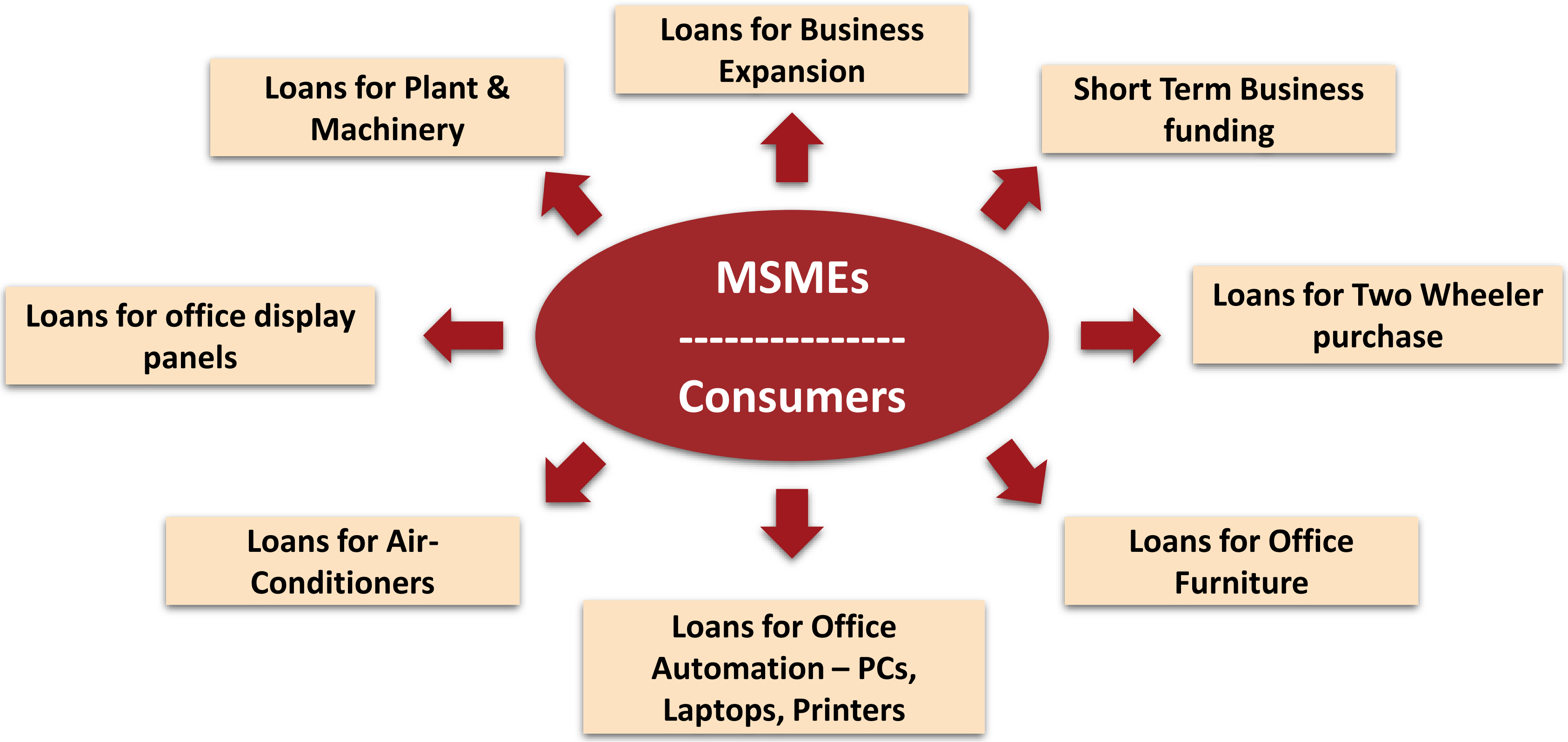
*Under Ind - AS

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

Business Area of Focus

<u>LINES OF BUSINESS</u>: *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.

STRONG RISK MANAGEMENT PROCEDURES:

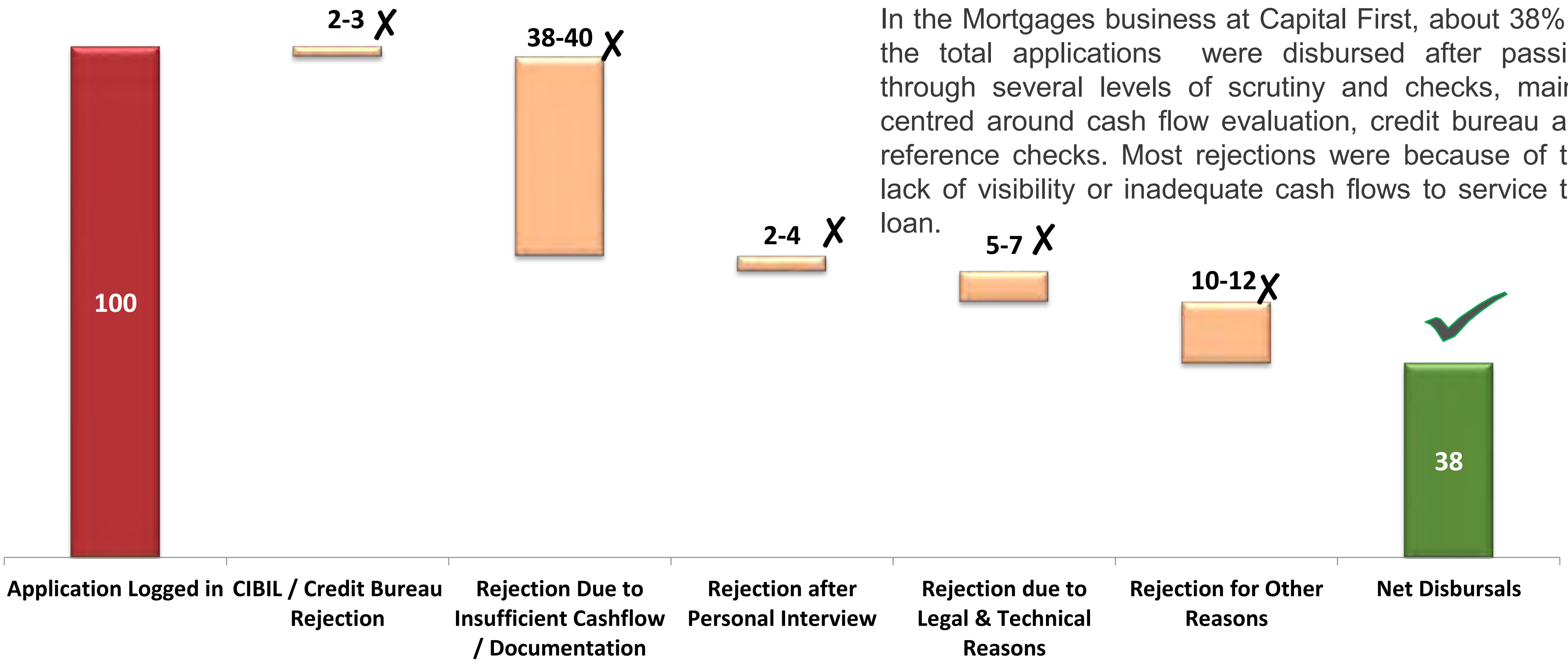
Capital First is structured with inherent checks and balances for effective risk management

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

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.

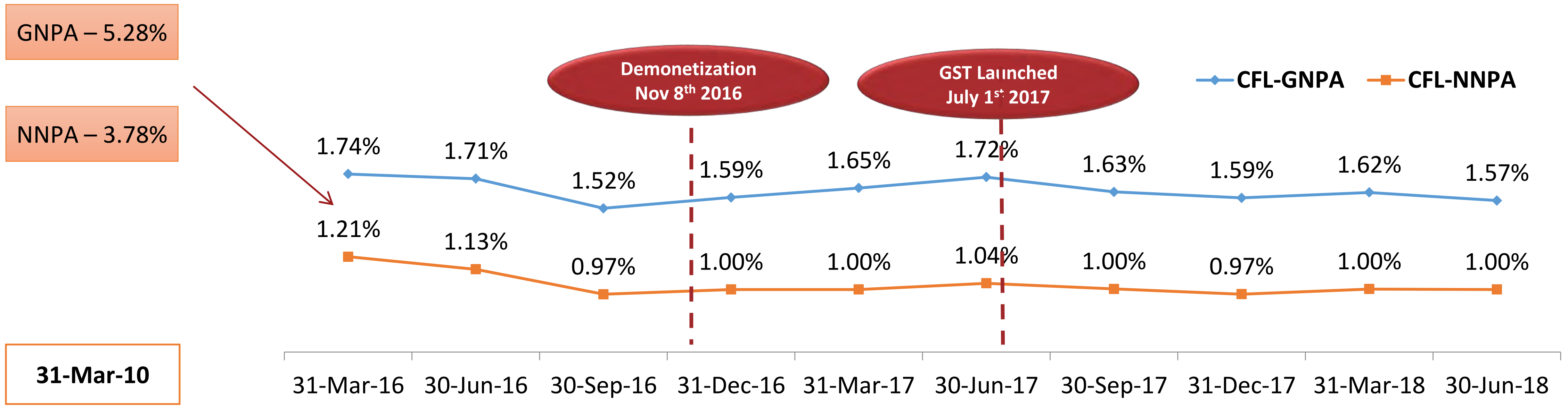


Section 8: Successful Trajectory of Growth and Profits at Capital First

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,

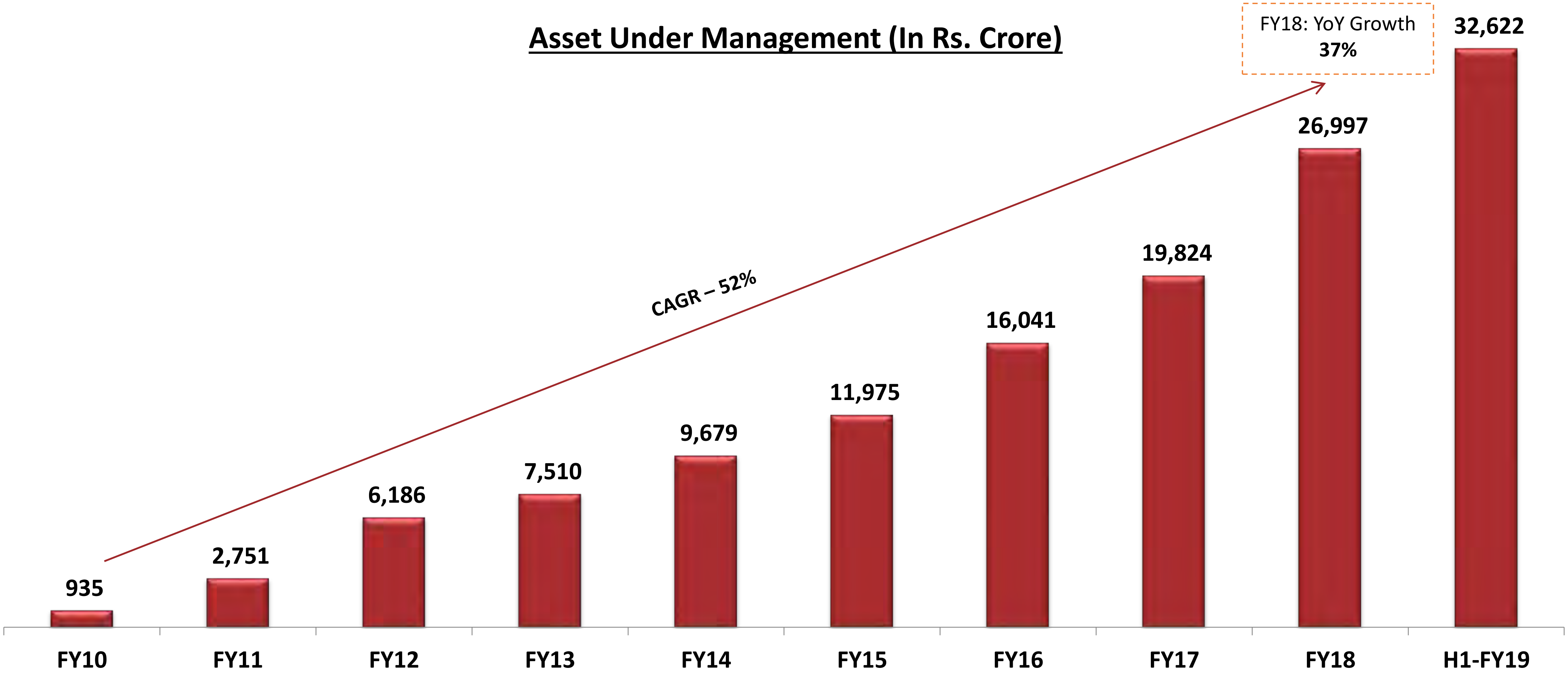
b) Demonetization (FY16) where 86% of the country's currency was invalidated and

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%

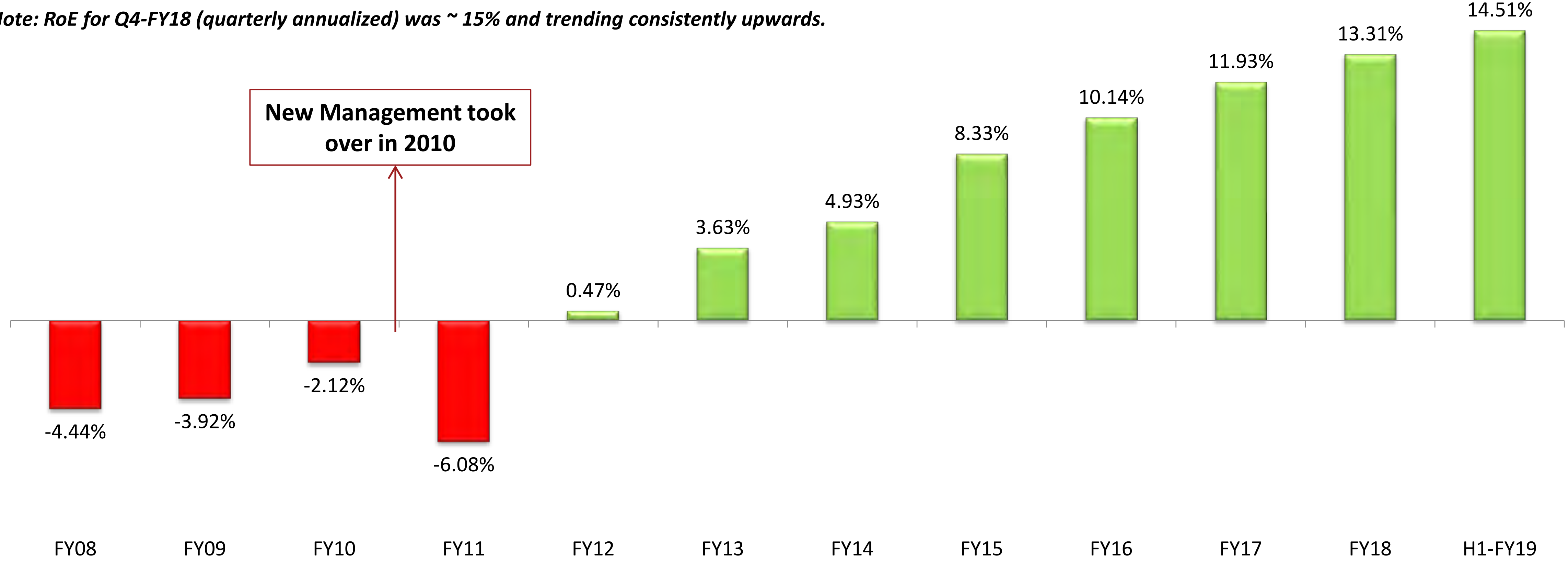


Section 8: Successful Trajectory of Growth and Profits at Capital First

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

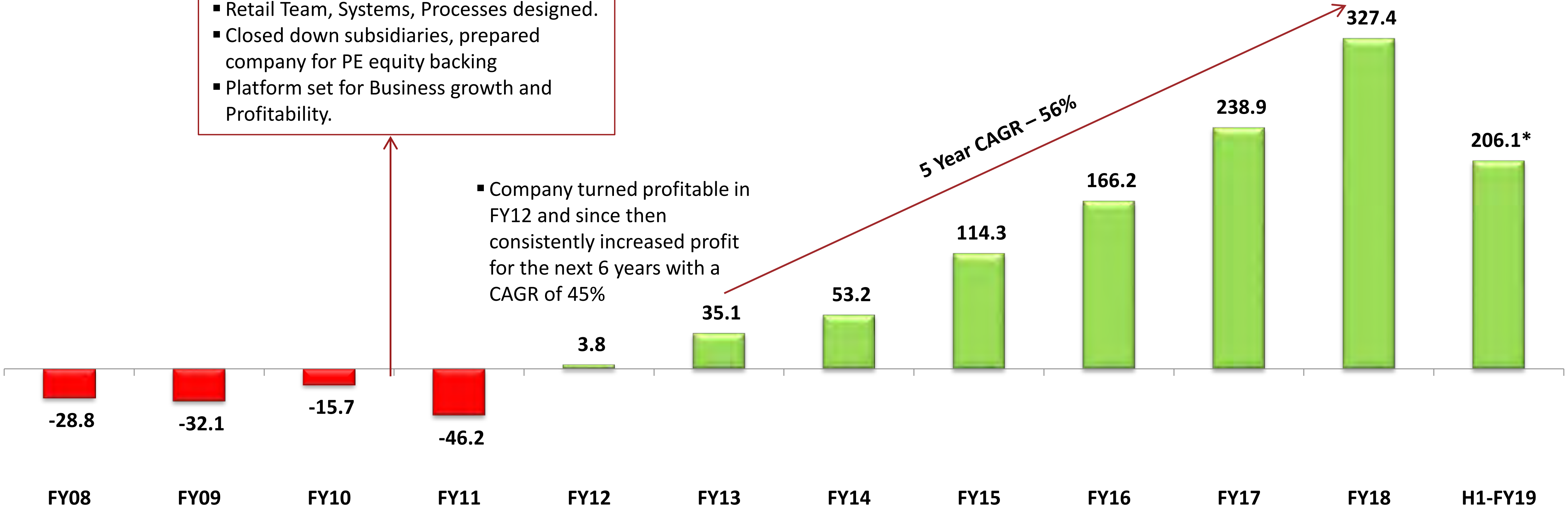
Financial Performance: Yearly Trend of Profit After Tax

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%.

Profit After Tax (Normalized) – Rs. crore

** For Half Year H1-FY19*

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



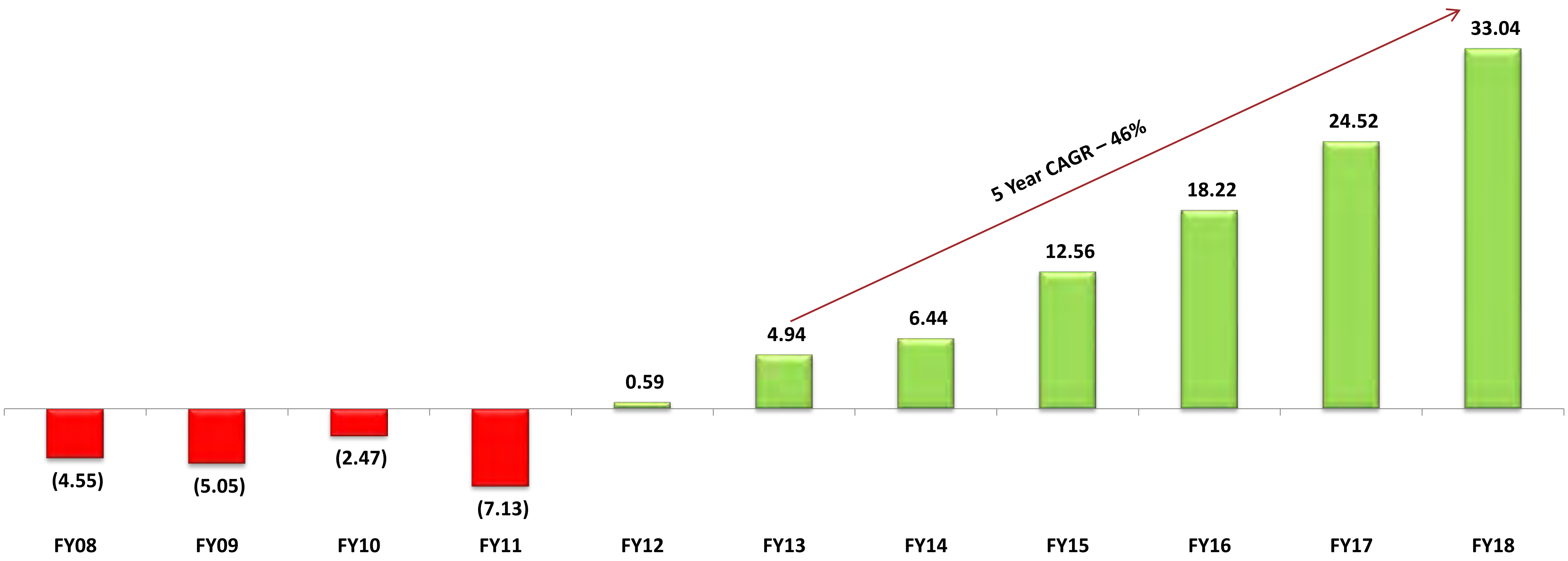
- Company turned profitable in FY12 and since then consistently increased profit for the next 6 years with a CAGR of 45%

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.

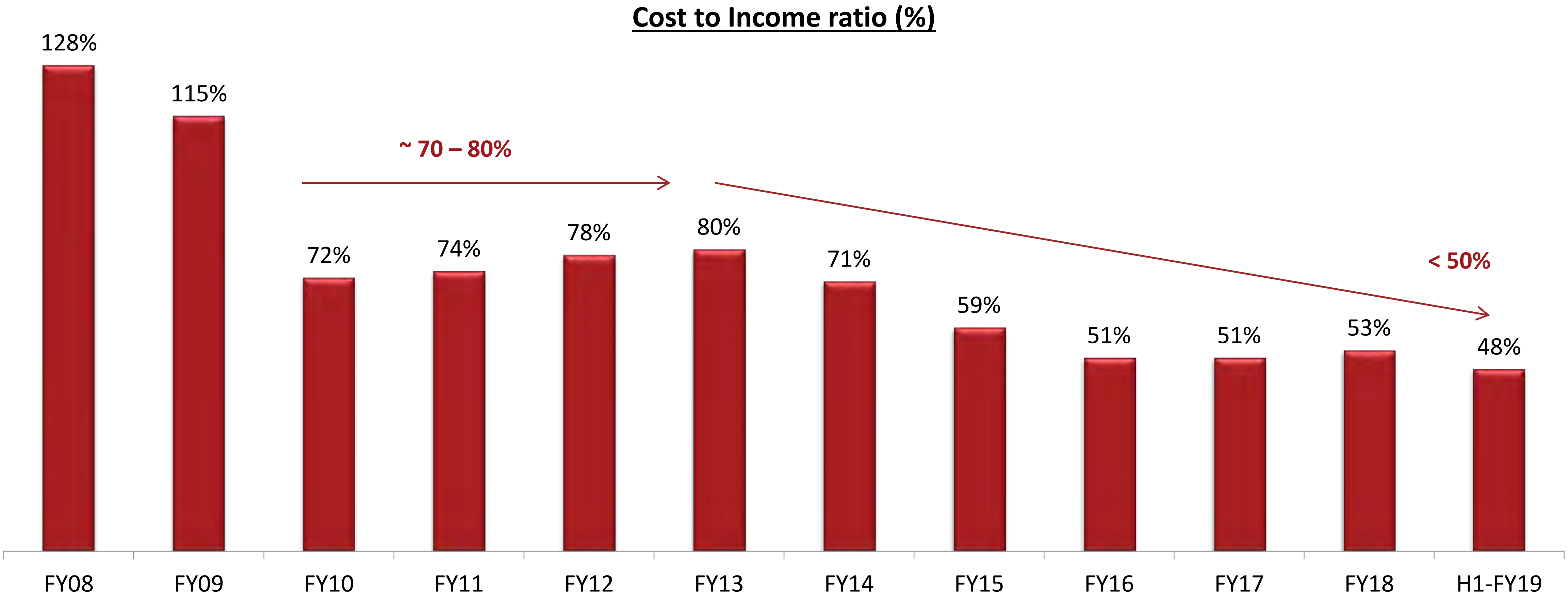
Earning Per Share (Rs.)



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.

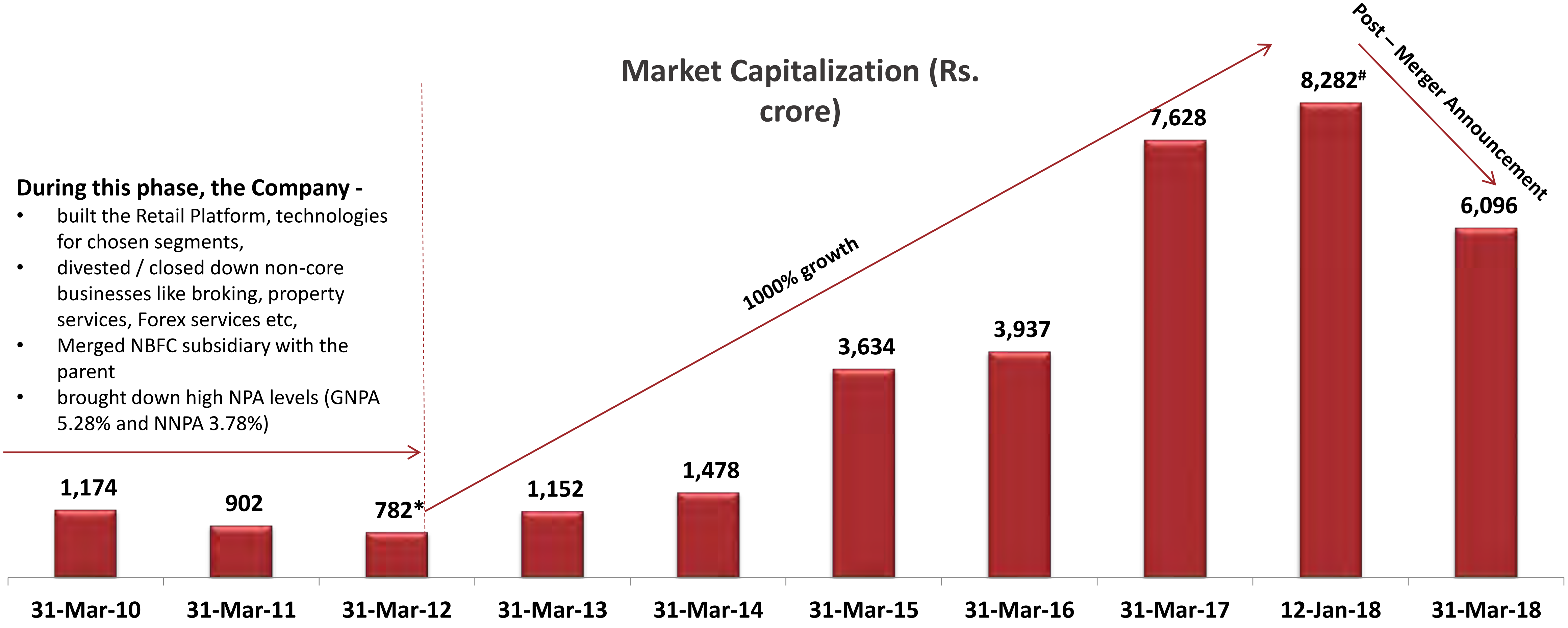


Section 8: Successful Trajectory of Growth and Profits at Capital First

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%)



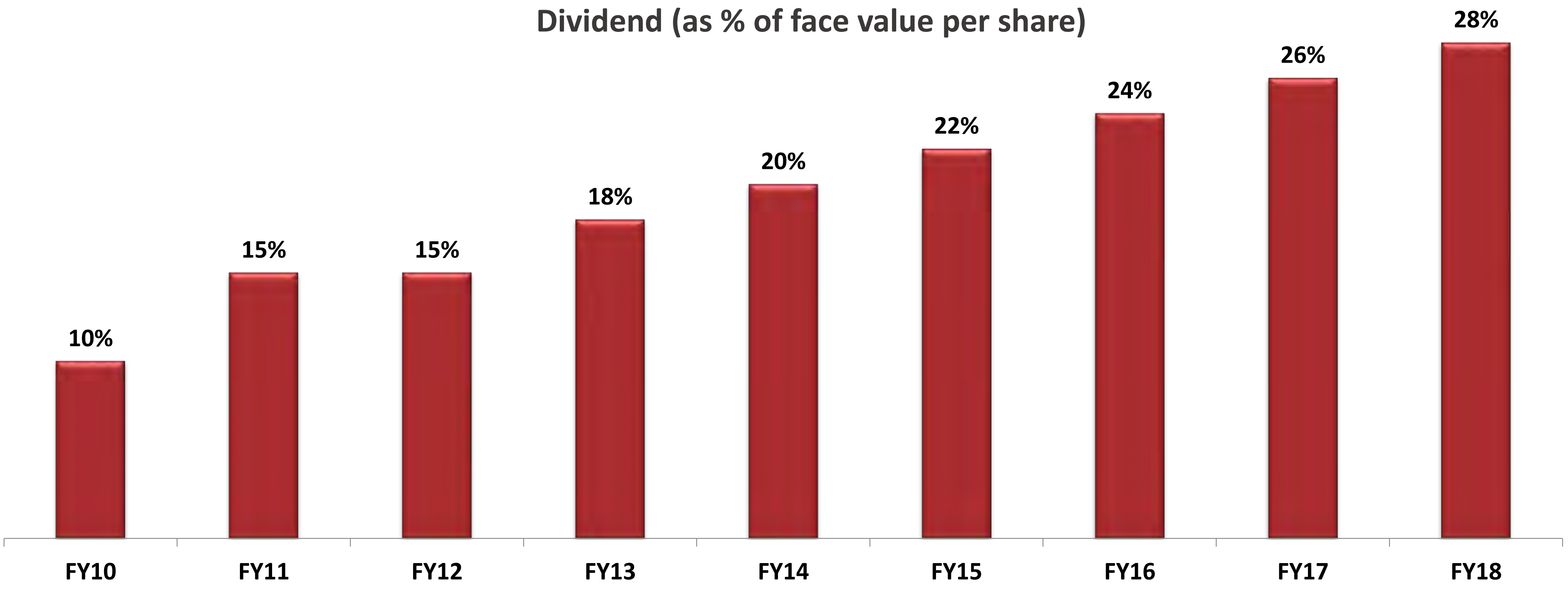
** Market Cap as on 31-March-2012, the year of Management Buyout*

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

Section 8: 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.



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

IDFC FIRST Bank