IDFC FIRST Bank

IDFCFIRSTBANK/SD/SE/049/2019-20 **May 15, 2019**

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

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

Sub.: IDFC FIRST Bank Limited – Updated Investor Presentation along with Commentary on the Q4 FY19 results – March 31, 2019

Dear Sir / Madam,

This is in furtherance to our letter dated May 10, 2019 bearing reference number IDFCFIRSTBANK/SD/SE/046/2019-20.

In regard to the captioned subject and pursuant to the Securities and Exchange Board India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of the updated Investor presentation along with the Commentary on the financials for the quarter and financial year ended March 31, 2019.

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

Thanking you,

Yours faithfully,

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

SATISH ASHOK GAIKWAD

Digitally signed by SATISH ASHOK GAIKWAD
DN: c=IN, o=Personal, postalCode=400078, st=Maharashtra, 2.5.4.20=d506d0806a3bdf5eb0d2137692e0c22af4c64e451e400f023db0b8bcf8b4b9d2, serialNumber=edce8e92f33ff5ae8664e7ee988f4ffd60f2d8c56e4de31ba1262fd22fde1987, cn=SATISH ASHOK GAIKWAD
Date: 2019.05.15 17:35:29 +05'30'

IDFC FIRST BANK LTD.

Satish Gaikwad
Head – Legal & Company Secretary

Encl.: as above

IDFC FIRST Bank

Corporate Presentation - FY19

Disclaimer

This presentation has been prepared by and is the sole responsibility of IDFC FIRST Bank (together with its subsidiaries, referred to as the “Company”). By accessing this presentation, you are agreeing to be bound by the trailing restrictions.

This presentation does not constitute or form part of any offer or invitation or inducement to sell or issue, or any solicitation of any offer or recommendation to purchase or subscribe for, any securities of the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contractor commitment therefore. In particular, this presentation is not intended to be a prospectus or offer document under the applicable laws of any jurisdiction, including India. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. There is no obligation to update, modify or amend this communication or to otherwise notify the recipient if information, opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Certain statements contained in this presentation that are not statements of historical fact constitute “forward-looking statements.” You can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “goal”, “plan”, “potential”, “project”, “pursue”, “shall”, “should”, “will”, “would”, or other words or phrases of similar import. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, among others: (a) material changes in the regulations governing our businesses; (b) the Company's inability to comply with the capital adequacy norms prescribed by the RBI; (c) decrease in the value of the Company's collateral or delays in enforcing the Company's collateral upon default by borrowers on their obligations to the Company; (d) the Company's inability to control the level of NPAs in the Company's portfolio effectively; (e) certain failures, including internal or external fraud, operational errors, systems malfunctions, or cyber security incidents; (f) volatility in interest rates and other market conditions; and(g) any adverse changes to the Indian economy.

This presentation is for general information purposes only, without regard to any specific objectives, financial situations or informational needs of any particular person. The Company may alter, modify, regroup figures wherever necessary or otherwise change in any manner the content of this presentation, without obligation to notify any person of such change or changes.

Table of Contents

IDFC FIRST Bank

SECTION 1:
The Founding of IDFC FIRST Bank

The Founding of IDFC FIRST Bank..

IDFC BANK + CAPITAL FIRST = IDFC FIRST Bank

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

The Founding of IDFC FIRST Bank..

EVENTS LEADING TO THE MERGER in January 2018- At IDFC Bank side.

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. Owing to his efforts, 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. Thus Erstwhile IDFC Bank was created by demerger of the infrastructure lending business of IDFC to IDFC Bank in 2015. The parent entity, IDFC Limited, retained businesses of AMC, Institutional Broking and Infrastructure Debt Fund business through IDFC Financial Holding Company Limited (NOFHC).

The shares of Erstwhile IDFC Bank Limited were listed in the exchanges in November 2015. During the subsequent three years, the bank developed a strong and robust framework including strong IT capabilities and infrastructure 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 diversified from being a predominantly infrastructure financier to wholesale banking operations. Since a large portion (90%) of the bank was wholesale (infrastructure and corporate loans) as a legacy from IDFC Limited until 2017, the company swiftly put together a strategy to retailise its loan book. Retail required specialised skills for the marketplace, seasoning, and scale for profitability, the Bank was looking for a retail lending partner who already had scale, profitability and specialized skills, to merge with.

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.

The Founding of IDFC FIRST Bank.. Contd.

EVENTS LEADING TO THE MERGER in January 2018- At Capital First side

Around the same time (2010-2017), while these events were playing out at IDFC Group, certain events were playing out in parallel at Capital First. Mr Vaidyanathan who had built ICICI Bank's Retail Banking business from 2000-2009 and was the MD and CEO of ICICI Prudential Life Insurance Company in 2009-10, quit the group for an entrepreneurial foray.

During 2010-11, he acquired a significant stake in a listed real-estate financing diversified NBFC and then prepared the ground for a Leveraged Management Buyout of the firm by launching retail financial businesses for small entrepreneurs and consumers. He built a technology-driven retail loan book of Rs. 770 Cr by March 2011, and presented this as proof of concept to global private equity players for a management Buyout. Meanwhile, he exited non-core businesses like retail equity broking, Foreign Exchange Business, and other unrelated business.

In 2012, he concluded India's largest Management Buyout by securing equity backing of Rs. 810 Crores from Warburg Pincus, 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.

Between March 31, 2010 to March 31, 2018, the Company's Retail Assets under Management increased from Rs. 94 crores to Rs. 25,243 Cr. The company financed seven million customers through new age technology models. The credit rating increased from A+ to AAA. The Gross and Net NPA reduced from 5.28% and 3.78% respectively to 2% and 1% respectively and the asset quality remained consistently high. Further, the company turned around from losses of Rs. 30 crores and Rs. 32 crores in FY 09 and FY 10 respectively, to Rs. 327 crores by 2018, representing a 5 year CAGR increase of 39.5%. The loan assets grew at a 5 year CAGR of 29%. The ROE steadily rose from 2.5% in 2013 to near 15%. The market cap of the company increased ten-fold from Rs. 780 crores on in March 2012 at the time of the LBO to over Rs. 7800 crores in January 2018 at the time of announcement of the merger. Funding could be a constraining factor, so the company was looking out for a banking license.

Capital First, in the meanwhile, was on the lookout for a commercial banking license in order to access large pool of funds for growth and to access low cost of funds.

The Founding of IDFC FIRST Bank

In January 2018, IDFC FIRST Bank and Capital First announced that they had reached an understanding to merge with each other and shareholders of Capital First were to be issued 139 shares of the merged entity for every 10 shares of Capital First.

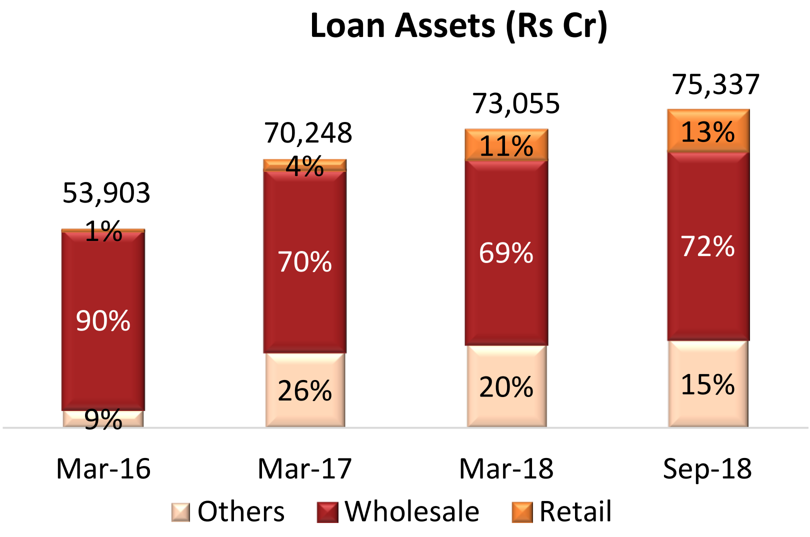
The Competition Commission of India approved the transaction in March 2018. The Reserve bank approved the transaction in June 2018.

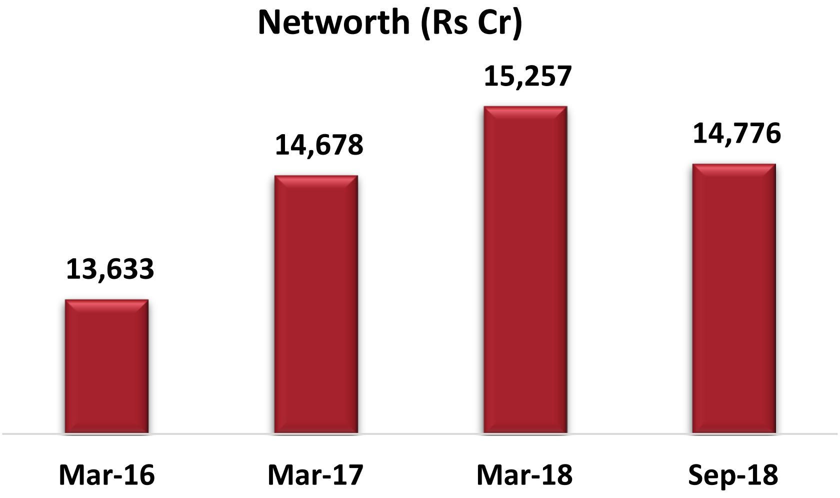
Shareholders of IDFC Bank approved the merger with an overwhelming 99.98% votes in favour. Capital First shareholders too approved the merger with an equally overwhelming approval rate of 99.9%. Such overwhelming approval rates for a merger were unprecedented for merger of listed companies in India.

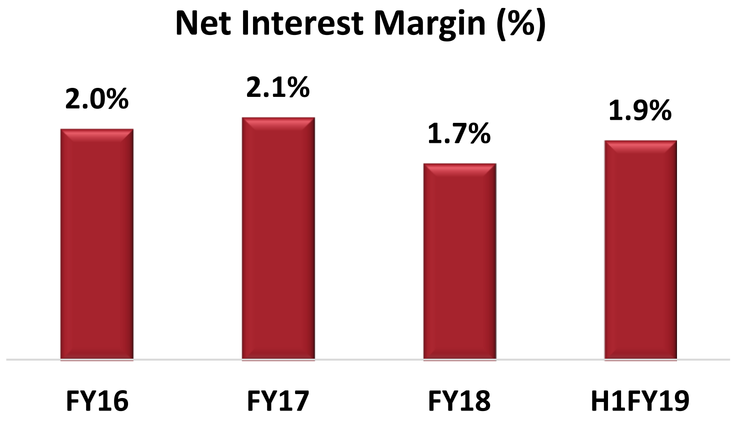
This was also the first merger between an NBFC and a commercial Bank. Mr. Vaidyanathan, who was the Chairman of Capital First prior to the merger, was appointed the first Managing Director and CEO of the new combined Bank, IDFC FIRST Bank.

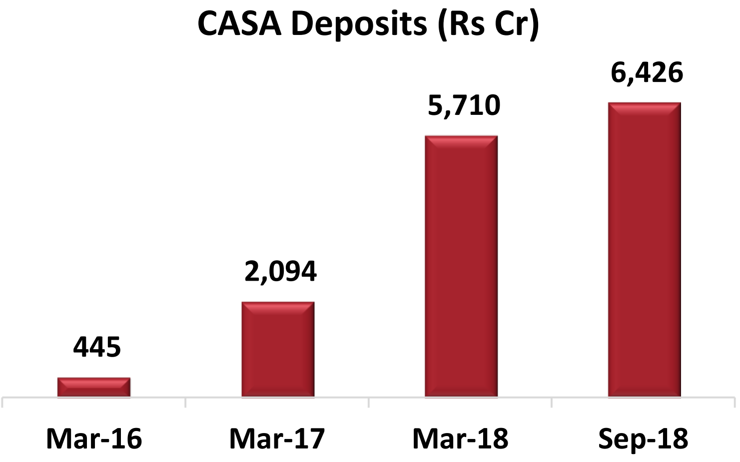
Thus, IDFC FIRST Bank was founded as a new entity by the merger of IDFC Bank and Capital First on December 18 2018.

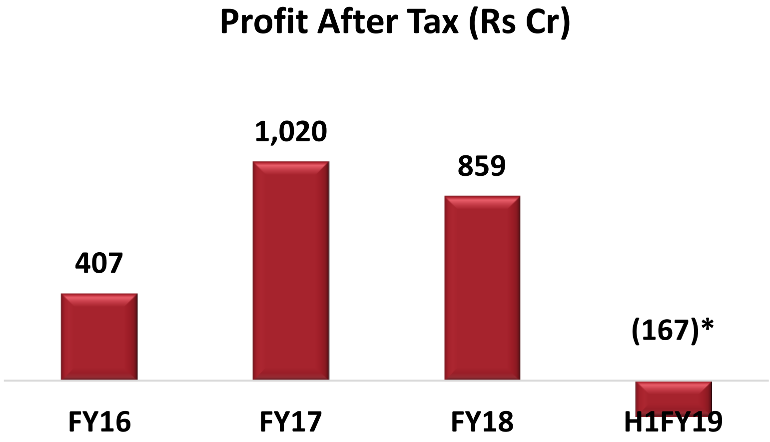
IDFC Bank – Financial Trends leading to the merger

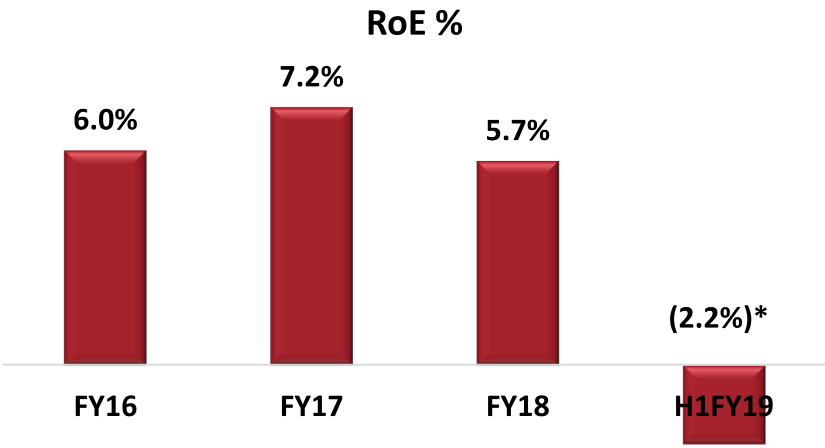










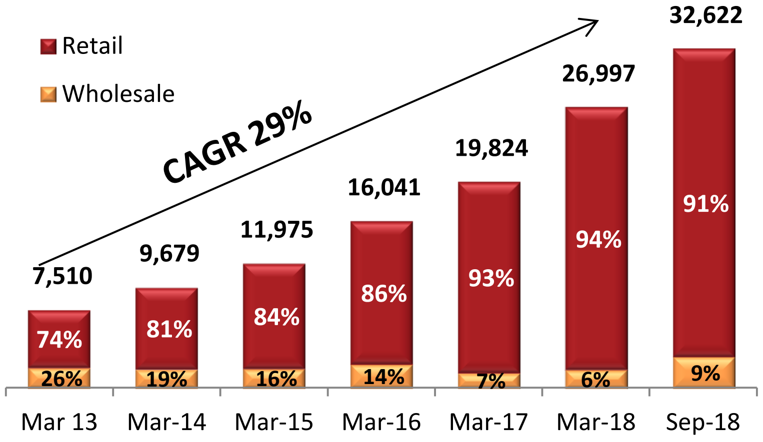


IDFC FIRST Bank

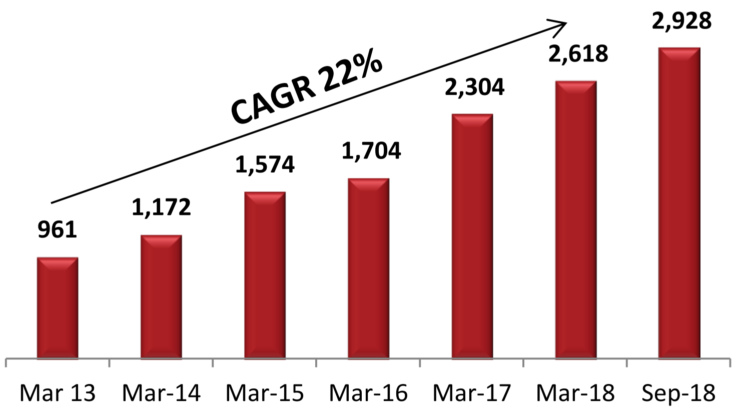
*The bank took one-time provisions relating to stressed infrastructure loans. Without such one-time charge off, the PAT for H1 FY19 would be Rs. 81 Cr

Capital First – Financial Trends leading to the merger

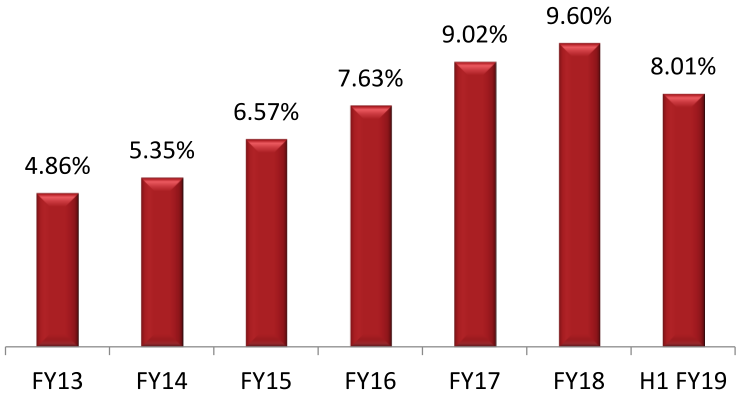
Assets Under Management (Rs Cr)



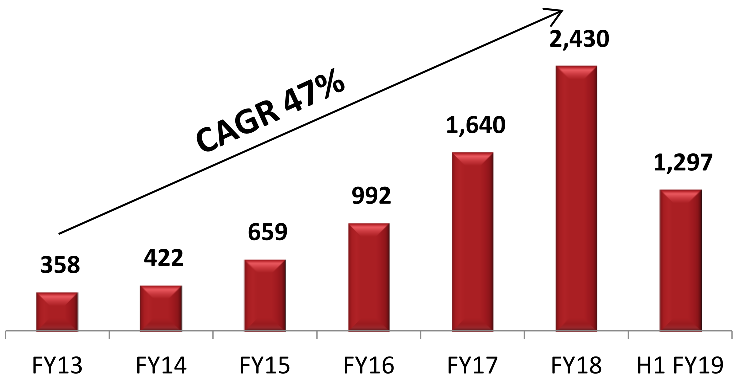
Net Worth (Rs Cr)



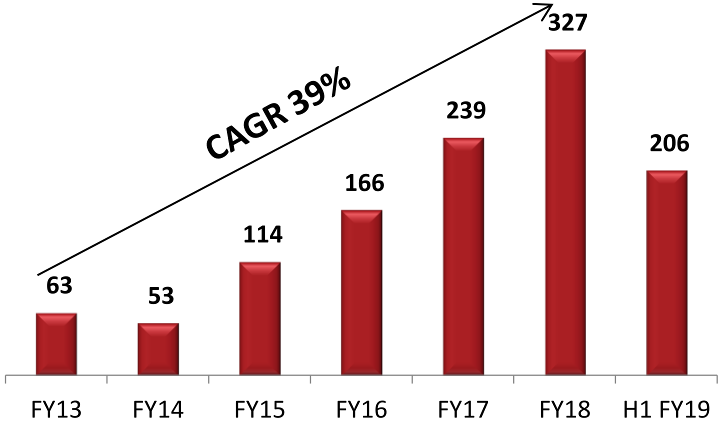
NIM (%)



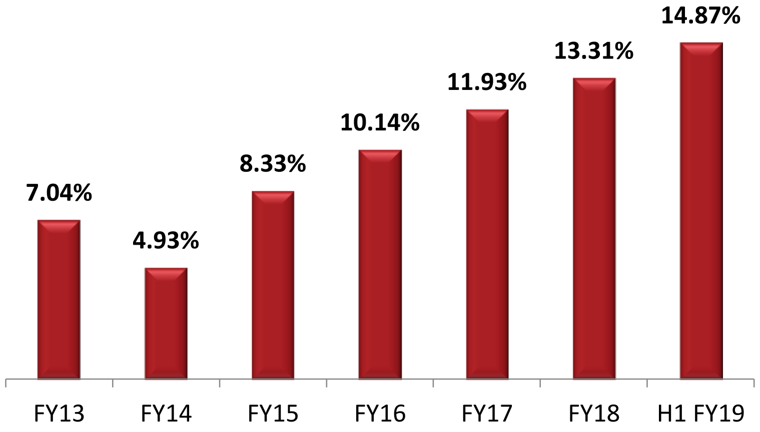
Total Income (Rs Cr)



Profit After Tax (Rs Cr)



RoE (%)



Note: Figures for Sep 18 and H1FY19 are under Ind-AS and for prior periods, it is under previous Indian GAAP

SECTION 2:
PATH AHEAD

IDFC FIRST Bank

Disclaimer

Certain statements contained in this presentation that are not statements of historical fact constitute “forward-looking statements.” You can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “goal”, “plan”, “potential”, “project”, “pursue”, “shall”, “should”, “will”, “would”, or other words or phrases of similar import. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. (for Full text of disclaimer please refer to page 2)

IDFC FIRST BANK - Path Ahead

IDFC BANK

- Strong Systems and Processes
- Launched retail liability operations. Opened 200 bank branches (Dec 18), raised retail CASA of Rs. 2,800 crores (Dec 18).
- Built efficient Treasury Management Systems
- Strong presence in Corporate and Infrastructure financing
- Launched contemporary payment systems, internet and mobile banking
- Launched retail lending businesses successfully

+

CAPITAL FIRST

- Strong Retail Franchise in niche segments with strong credit skills
- Track record of continuous growth
- Expanded to more than 220 locations across India supported by 102 branches
- Consistently increasing Profitability (5 year CAGR 39%) and high ROE (15%)
- High Asset quality across cycles including increasing interest rate, Demonetisation and GST
- Customer base of over seven million and 4 million live customers

=

IDFC FIRST Bank

- Strong Loan assets of more than Rs. 104660 Cr
- 34.62% of loans in retail segment
- Margins increased from 1.7% on standalone to 3.3% post merger
- Diversified asset profile
- Strong platform to grow retail deposits and CASA
- A large retail customer base of more than 70 lacs live customers including 30 lacs rural customers

1

Asset Strategy

- **Growth of Assets:**
  - The Bank plans to grow the retail asset book from Rs. 36,236 Cr (December 31, 2018) to over Rs. 100,000 Cr in the next 5-6 years
  - The Bank plans to reduce the loans to infrastructure segments (Rs. 22,710 as of 31 December 2018) as they mature.
  - For the Non-Infra Corporate Loans, the bank will continue to grow the loan book, based on opportunities available in the marketplace. The bank does not intend to have a specific target on this count.

- **Diversification of Assets:** The loan book of the bank needs to be well diversified across sectors and a large number of consumers. As of December 31, 2018, the retail book contributes to 34.62% of the total funded assets. The Bank plans to increase the retail book composition to more than 70% in the next 5-6 years

- **Gross Yield Expansion:** As a result of the growth of the retail loan assets (at a relatively higher yield compared to the wholesale loans), the gross yield of the Bank's Loan Book is planned to increase from 9.2% (as per Q2-FY19 published financials, before the merger) to ~ 12% in the next 5-6 years. The bank will expand Housing loan portfolio as one of its important product lines.

Liability Strategy

- **CASA Growth:** The key focus of the Bank would be to increase the CASA Ratio from 10.3% as of December 31, 2018 on a continuous basis year on year and strive to reach 30% CASA ratio with in the next 5-6 years, as well as set a trajectory to reach a CASA ratio of 40-50% there on. Array of digital savings & current accounts are to be offered to the customer base (more than 7 million customers) of Erstwhile Capital First.

- **Diversification of Liability:** Diversification of Liabilities in favour of the retail deposit (including CASA and Retail Term Deposits) is essential for the bank. As a percentage of the total borrowings, the Retail Term Deposits and CASA is proposed to increase from 10.5% as of December 31, 2018, to over 50% in the next 5-6 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 5-6 years from the current branch count of 206. This would be suitably supported by the attractive product propositions and other associated services as well as cross selling opportunities.

3

Profitability

- **Net Interest Margin:** As the retail asset contribution moves towards 70% of the total fund assets, it is planned that the gross yield will continuously increase. Coupled with lower cost of funds (From improved CASA ratio), it is planned to expand NIM to about 5.0% - 5.5% in the next 5-6 years.

- **Cost to Income:** The Bank plans to improve C:I ratio to ~50-55% over the next 5-6 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%

SECTION 3: PERFORMANCE HIGHLIGHTS

Snapshot of Key Parameters

(As of 31 March 2019)

Rs. 1,10,400 Cr

Funded Assets

37%

Retail Assets/Total Funded Assets

Rs. 140,462 Cr

Borrowing & Deposits

12.9%, 6.5%

CASA Ratio
(as % of Total Deposit, as % of Total Borrowing & Deposits)

Rs. 18,159 Cr

Net Worth-Standalone

2.4%, 1.3%

GNPA, NNPA

242

No. of Bank Branches

15.5%

Capital Adequacy ratio

Snapshot of Financial Performance for the Quarter

(For Q4 2019)

- The **Net Interest Income** for the quarter ended on 31 March 2019 was **Rs. 1,113 Cr** which stood at **Rs. 1,145 Cr** for the quarter ended on 31 December 2018.
- The **Total Operating Income** (net of Interest Cost) for the quarter ended on 31 March 2019 was **Rs. 1,429 Cr** whereas it was **Rs. 1,449 Cr** for the quarter ended on 31 December 2018.
- The **Net Interest Margin*** for the quarter ended on 31 March 2019 was at **3.03%** which was at **2.89%** for the quarter ended on 31 December 2018.
- The **Cost to Income ratio** for the quarter ended on 31 March 2019 was at **80.30%** in comparison to **78.75%** for the quarter ended on 31 December 2018.
- The **Profit Before Tax** for the quarter ended on 31 March 2019 was **Rs. (417) Cr** which was **Rs. 95 Cr** (without considering the exceptional item due to goodwill accounted for in Q3 FY19) for the quarter ended on 31 December 2018.
- The **Profit After Tax** for the quarter ended on 31 March 2019 was **Rs. (218) Cr,** including tax rebate of **Rs. 199 Cr**

** NIMs are calculated on average daily balances of assets*

Snapshot of Financial Performance for the Year

(For FY 2019)

IDFC FIRST Bank is practically a new entity formed by the merger of Capital First and IDFC Bank. Hence the results for the Financial Year 2019 are not comparable either with IDFC Bank or with Capital First prior Financial Year results. The results for the Financial Year ended March 31, 2019 for IDFC FIRST Bank are as follows:

- The **Net Interest Income** for the year ended on 31 March 2019 was **Rs. 3,199 Cr**
- The **Total Operating Income** (net of Interest Cost) for the year ended on 31 March 2019 was **Rs. 4,138 Cr.**
- The **Net Interest Margin*** for the year ended on 31 March 2019 was at **2.37%**
- The **Cost to Income ratio** for the year ended on 31 March 2019 was at **79.45%**
- The **Profit/(Loss) Before Tax** (without considering the exceptional item) for the year ended on 31 March 2019 was **Rs. (696) Cr**
- The **Book Value of the Share** (Net worth considering as of 31 March 2019 and total number of shares adjusted for shares issued pursuant to merger on 5th January 2019) was at **Rs. 37.98 per share**

** NIMs are calculated on average daily balances of assets*

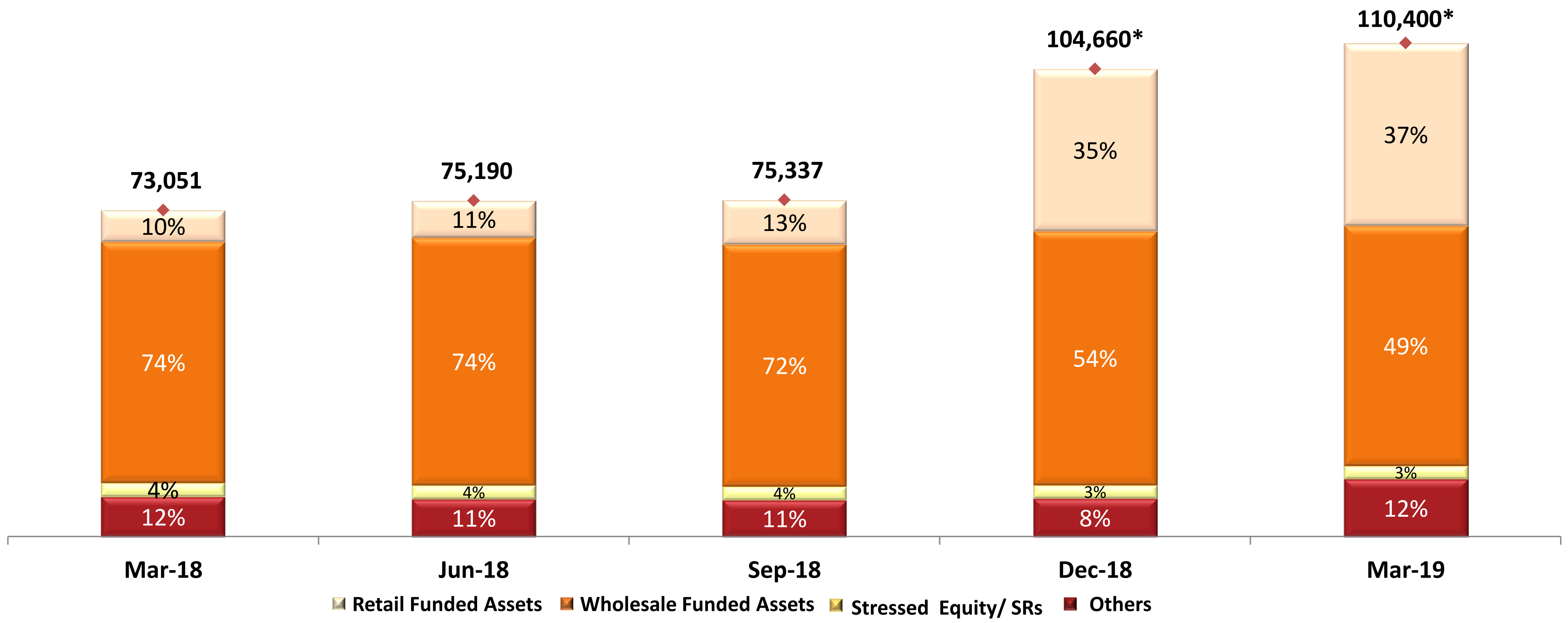
SECTION 5: ASSETS

Breakup of Loan Assets

Funded Assets (In INR Cr)	Mar-18 *(Erstwhile IDFC Bank)*	Jun-18 *(Erstwhile IDFC Bank)*	Sep-18 *(Erstwhile IDFC Bank)*	Dec-18 *(Merged new entity IDFC FIRST Bank)*	Mar-19 *(Merged new entity IDFC FIRST Bank)*
Retail Funded Assets	7,038	8,208	9,916	36,236	40,812
Rural	3,218	3,616	4,242	4,705	5,185
SME	1,794	2,153	2,772	13,574	15,767
Consumer	2,026	2,439	2,902	17,957	19,860
Wholesale Funded Assets	53,871	55,414	54,084	56,809	53,649
Corporates	27,039	28,861	30,447	34,098	32,190
Emerging Large Corporates	6,829	7,174	7,960	7,886	7,845
Large Corporates	5,617	5,473	6,073	5,852	2,951
Domestic Financial Institutional Group	4,668	6,484	6,330	10,645	12,436
Others	9,925	9,730	10,085	9,715	8,958
Infrastructure	26,832	26,553	23,637	22,710	21,459
PSL Inorganic	**8,980**	**8,466**	**8,256**	**8,575**	**12,924**
Stressed Equity and SRs	**3,162**	**3,102**	**3,081**	**3,040**	**3,016**
Total Funded Assets	**73,051**	**75,190**	**75,337**	**1,04,660**	**1,10,400**

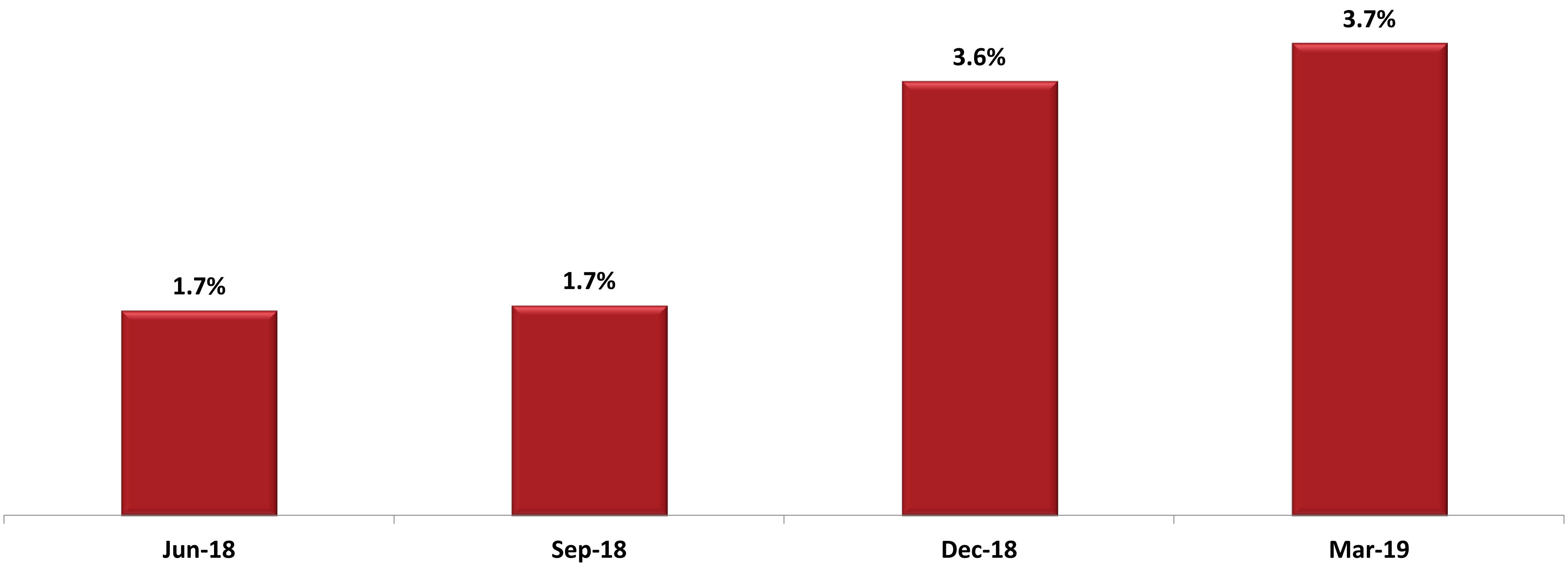
Retail Assets as a % of the total Funded Assets has improved from 35% to 37% in the last Quarter

All figures are in INR Crores unless specified



** Post merger with Capital First. Figures of prior quarters pertain to erstwhile IDFC Bank.*

Spreads have increased from 3.6% to 3.7% from Q3FY19 to Q4FY19



Note: The numbers for Q3-FY19 & Q4-FY19 are not comparable with numbers of earlier quarters.

Spreads have increased from 3.6% to 3.7% from Q3FY19 to Q4FY19

Particulars	Jun-18	Sep-18	Dec-18	Mar-19
Yields	**9.1%**	**9.4%**	**11.5%**	**11.7%**
Retail	15.7%	15.7%	16.6%	16.4%
Wholesale Bank	9.1%	9.2%	9.5%	9.5%
Corporate Banking	8.9%	9.0%	9.5%	9.9%
Infrastructure	9.4%	9.4%	9.6%	9.0%
PSL Buyout	6.7%	6.5%	6.4%	6.5%
Stressed Assets	2.5%	3.8%	5.7%*	5.6%
Average Cost of Funds	**7.4%**	**7.6%**	**8.0%**	**7.9%**
CASA	3.5%	3.3%	3.7%	4.7%
Retail TD	7.5%	7.6%	7.9%	8.0%
Corporate Deposits	7.0%	7.2%	7.4%	7.5%
Long Term Bonds & Infra Bonds	8.8%	8.8%	9.0%	9.1%
Other Borrowings (FCY, ECB, Refinance, Term & CP, Bonds)	6.1%	6.8%	8.4%	8.2%
Spreads	**1.7%**	**1.7%**	**3.6%**	**3.7%**

#The numbers for Q3-FY19 & Q4-FY19 are not comparable with numbers of earlier quarters

**Excluding one off recovery from stressed case of Rs. 81 Crore.*

Stressed Assets

In INR Cr	Mar-18 (Erstwhile IDFC Bank)	Jun-18 (Erstwhile IDFC Bank)	Sep-18 (Erstwhile IDFC Bank)	Dec-18 (Merged new entity IDFC FIRST Bank)	Mar-19 (Merged new entity IDFC FIRST Bank)
Stressed Assets	**3,884**	**3,836**	**3,120**	**3,826**	**5,616**
NPL	*1,779*	*1,774*	*895*	*1,671*	*2,136*
Others Loans	*927*	*918*	*856*	*787*	*2,113**
Stressed Equity	*1,178*	*1,144*	*1,149*	*1,149*	*1,149*
Stressed SRs (NPI)	*0*	*0*	*220*	*219*	*218*
Provisions	**2,717**	**2,726**	**2,542**	**2,788**	**3,141**
NPL	*888*	*893*	*574*	*874*	*1,029*
Others Loans	*814*	*825*	*599*	*545*	*745*
Stressed Equity	*1,015*	*1,008*	*1,149*	*1,149*	*1,149*
Stressed SRs (NPI)	*0*	*0*	*220*	*219*	*218*
PCR	**70.0%**	**71.1%**	**81.5%**	**72.9%**	**55.9%**
Security Receipts	1,984	1,958	1,712	1,672	1,650
Provision on SRs	349	349	196	196	196

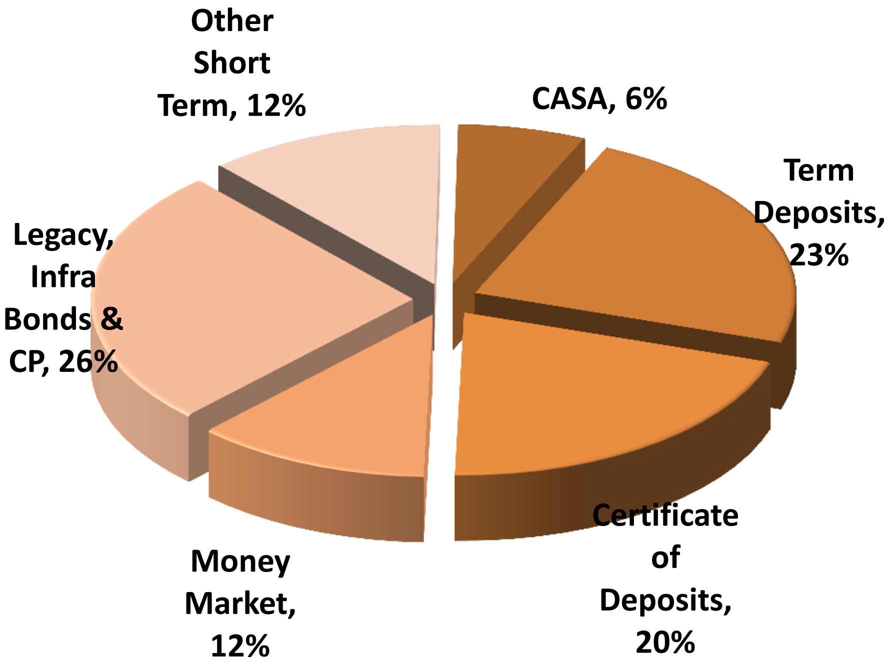
**This excludes identified bonds of Rs. 1,461 Cr that are currently performing satisfactorily where estimated valuation adjustment of Rs. 219 Cr has been provided, on a prudent basis.*

Investments

In INR Cr	Mar-18 (Erstwhile IDFC Bank)	Jun-18 (Erstwhile IDFC Bank)	Sep-18 (Erstwhile IDFC Bank)	Dec-18 (Merged new entity IDFC FIRST Bank)	Mar-19 (Merged new entity IDFC FIRST Bank)
CRR	3,124	3,089	3,081	3,510	4,166
SLR	16,334	16,483	16,806	17,946	22,432
LCR / Others	1,941	2,998	3,165	6,213	1,239
Bonds (Non - Repoable)	5,437	4,020	3,569	3,203	5,032
Certificate of Deposit	*249*	-	-	-	-
Commercial Paper	*524*	*24*	*24*	*25*	201
Bonds & Debentures (ex Tax free)	*2,046*	*1,367*	*930*	*579*	2,300
Tax Free Bonds	*2,619*	*2,629*	*2,615*	*2,599*	2,532
HFT Trading Book (Repoable)	20,547	13,787	12,423	12,604	11,714
Central Govt Securities	*17,349*	*10,279*	*7,670*	*6,967*	7,269
State Govt Securities	*3,171*	*1,970*	*1,139*	*1,154*	1,249
Treasury Bills	*28*	*1,538*	*3,614*	*4,483*	3,196
(Less) MTM Provisions	25	104	146	1	-
Net Investment Assets	**47,358**	**40,273**	**38,899**	**43,475**	**44,583**

SECTION 6: LIABILITIES

Borrowings and Deposits

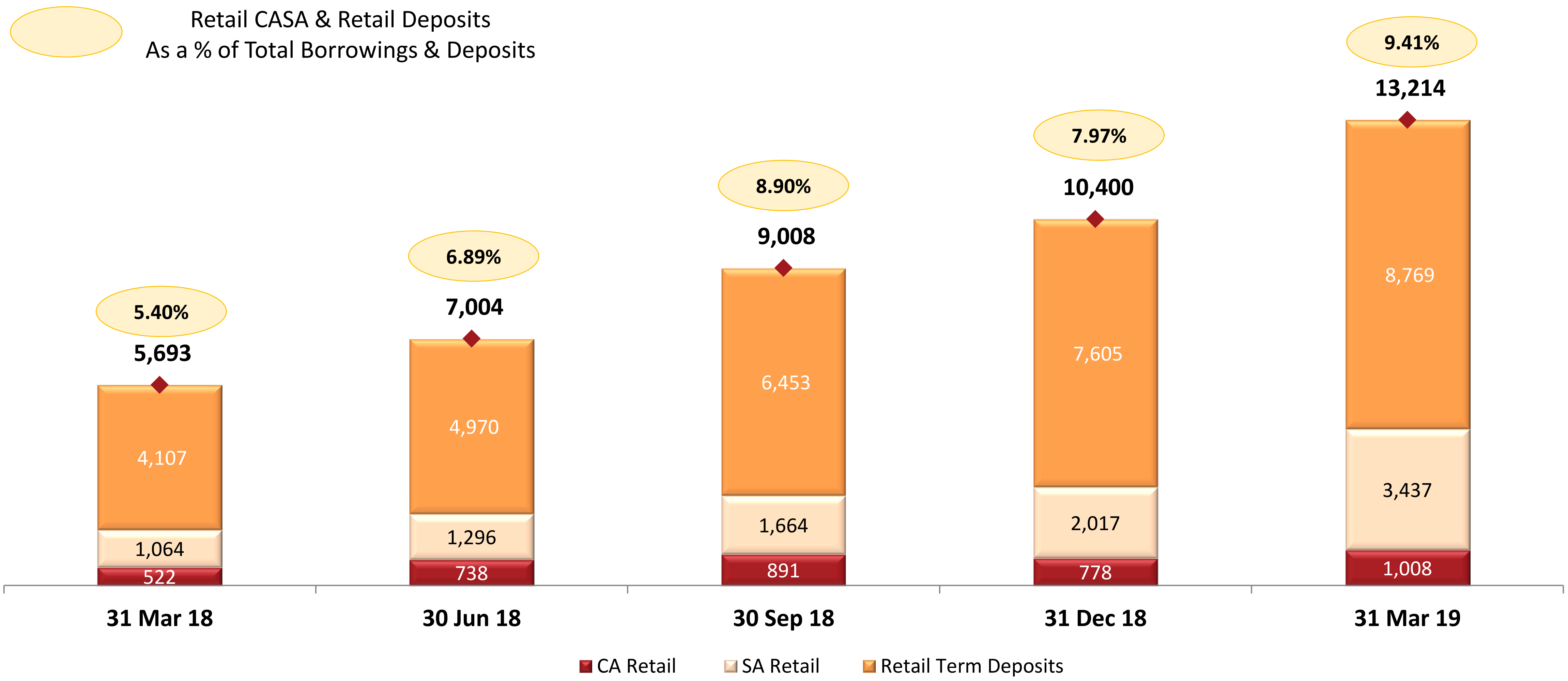


Rs. 1,40,462 Cr

In INR Cr	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Borrowings	**36,483**	**34,671**	**37,844**	**57,403**	**53,440**
Legacy Long Term Bonds	*21,405*	*18,909*	*18,632*	*16,385*	*15,752*
Infra Bonds	*10,434*	*10,434*	*10,434*	*10,434*	*10,434*
Other Borrowings	*4,644*	*5,328*	*8,778*	*30,584*	*27,254*
CASA	**5,710**	**6,083**	**6,426**	**6,421**	**9,114**
Current Account	*2,177*	*2,971*	*3,334*	*2,022*	*2,364*
Saving Account	*3,533*	*3,112*	*3,092*	*4,398*	*6,750*
Term Deposits	**22,826**	**26,888**	**29,943**	**33,181**	**32,611**
Retail	*4,107*	*4,970*	*6,453*	*7,605*	*8,769*
Wholesale	*18,719*	*21,918*	*23,490*	*25,577*	*23,842*
Certificate of Deposits	**19,662**	**21,086**	**11,988**	**22,312**	**28,754**
Borrowings + Deposits	**84,681**	**88,728**	**86,200**	**1,19,317**	**1,23,919**
Money Market Borrowings	20,804	12,921	15,031	11,212	16,543
Total Borrowings & Deposits	**1,05,485**	**1,01,649**	**1,01,231**	**1,30,529**	**1,40,462**

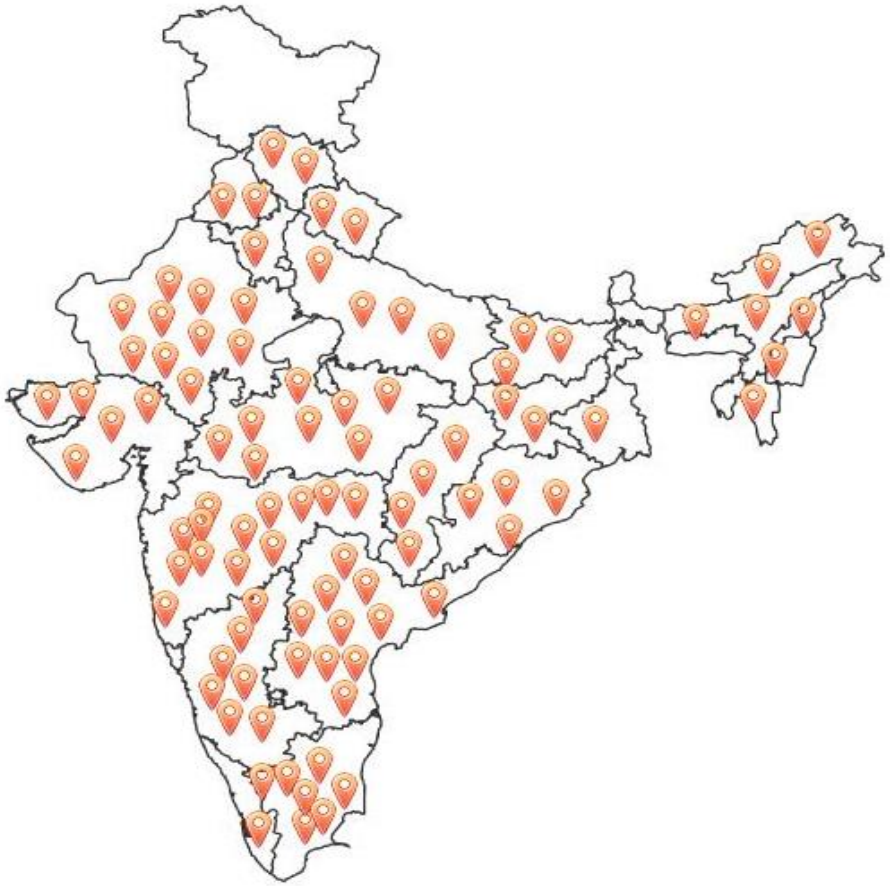
Trend of Retail Deposits (Retail CASA & Retail Term Deposits)

All figures are in INR Crores unless specified



The combined entity has presence across the length and breadth of the country, expanding its branch network to 242

Urban Bank Branches	133
Rural Bank Branches	109
ATMs	141
Asset Service Branches (Erstwhile Capital First Branches)	102
Rural BC Branches (IFBL)	354
Other BC Branches	100



SECTION 7: FINANCIAL STATEMENTS

IDFC FIRST Bank

Income Statement

In INR Cr	Jun-18	Sep-18	Dec-18	Mar-19	FY19
Interest Income	2,321	2,334	3,664	3,629	11,948
Interest Expense	1,831	1,883	2,519	2,516	8,749
Net Interest Income	**490**	**451**	**1,145**	**1,113**	**3,199**
Fee & Other Income	103	118	301	334	856
Core Operating Income	**593**	**569**	**1,446**	**1,447**	**4,055**
Operating Expense	446	552	1,142	1,148	3,287
Core Operating Profit	**146**	**17**	**305**	**299**	**768**
Add: Trading Gain/(Loss)	96	1	3	(18)	82
Less: Credit Provisions	14	539	338	680	1,571
Less: Treasury MTM provision Loss/(Write-back)	20	62	(125)	19	(25)
Profit Before Tax & Exceptional Item	**208**	**(583)**	**95**	**(417)**	**(696)**
Add: Exceptional Item	-	-	2,599	-	2,599
Profit Before Tax	**208**	**(583)**	**(2,504)**	**(417)**	**(3,295)**
Tax	27	(213)	(966)	(199)	(1,351)
Profit After Tax	**182**	**(370)**	**(1,538)**	**(218)**	**(1,944)**

Balance Sheet

In INR Cr	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Shareholders' Funds	15,257	15,438	14,776	18,376	18,159
Deposits	48,198	54,057	48,356	61,914	70,479
Borrowings	57,287	47,591	52,875	68,614	69,983
Other liabilities and provisions	5,778	5,934	7,248	8,012	8,563
Total Liabilities	**1,26,520**	**1,23,021**	**1,23,255**	**1,56,916**	**1,67,185**
Cash and Bank Balances	1,768	2,545	2,409	1,636	5,401
Net Retail and Wholesale Assets	70,099	72,240	72,619	1,01,694	1,06,865
Statutory Investments	19,458	19,572	19,887	21,456	26,598
Trading Investments	27,899	20,701	19,012	22,018	17,984
Fixed and Other Assets	7,296	7,962	9,327	10,112	10,336
Total Assets	**1,26,520**	**1,23,021**	**1,23,255**	**1,56,916**	**1,67,185**

SECTION 8: DIRECTORS & SHAREHOLDERS

V Vaidyanathan, Managing Director & CEO

Mr. V. Vaidyanathan is the first Managing Director and CEO of IDFC FIRST Bank, a bank founded by the merger of Capital First and IDFC Bank in December 2018.

Prior to this role, he founded Capital First Limited by first acquiring an equity stake in an existing NBFC, and then executing a Management Buyout (MBO) by securing an equity backing of Rs. 810 crores 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 crores 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 journey, 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 has grown the retail financing book from Rs. 94 crores ($14 million) to Rs. 29,625 crores ($4.06 billion), has grown the Equity Capital from Rs. 690 crores ($106 million) to Rs. 2,928 crores ($401.1 million) and reduced the Gross NPA and Net NPA from 5.36% & 3.78% to 1.94% & 1.00%. Under his leadership, Company's long term credit rating was upgraded four notches to AAA.

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 crores ($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 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 large number of domestic and international awards including the prestigious, "Transformational Leader 2018" by CFI Awards UK, "Most Inspirational Leveraged Management Buyout, India 2018" by CFI Awards, "Financial Services Company of the Year, 2018 - VC Circle", "Entrepreneur of the Year" Award at APEA 2017, CNBC Asia "Innovative company of the year" IBLA-2017, "Outstanding contribution to Financial Inclusion, India, 2017" from Capital Finance International, London, "Economic Times Most Promising Business Leaders of Asia" 2016, '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 and is a regular contributor on Financial and Banking matters in India and international forums.

He is a regular marathoner and has run 22 half-marathons and 8 full marathons.

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 emphasis on finance. Mr. Raja has also been the head of Capital Market activities in the Institutional and Retail Segments when he started and became the Managing Director and CEO of the then newly formed initiative by IL&FS, namely IL&FS Investsmart Ltd. His last assignment from the year 2006 onwards was in the area of Private Equity and Fund Management business with Credit Suisse and Asia Growth Capital Advisers in India as MD and Head - India.

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

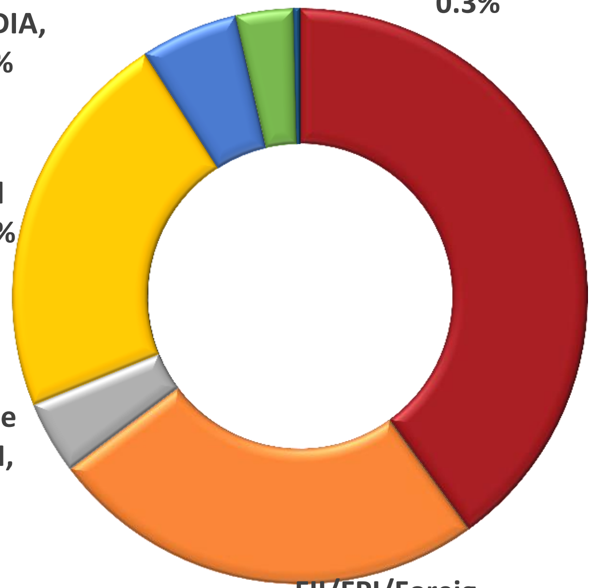
Mr. Aashish Kamat has over 30 years of experience in the corporate world, with 24 years being in banking & financial services & 6 years in public accounting. Mr. Kamat was the Country Head for UBS India, from 2012 until his retirement in January 2018. Prior to that he was the Regional COO/CFO for Asia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

Current Shareholding Pattern

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



Key shareholders	% Holding
IDFC Financial Holding Company Limited	40.00
Warburg Pincus through its affiliated entities	9.99
President of India	5.47
GIC Singapore	4.03
Platinum Asset Management	1.90
Aditya Birla Asset Management	1.88
Vanguard	1.59
V Vaidyanathan*	1.19
Wellington	0.84
Dimensional Fund Advisors	0.80
iShares	0.72

Total # of shares as of 31th March 2019 : 478,16,76,412
Book Value per Share as of 31st March 2019: Rs. 37.98

**Including shares amounting to 0.14% of the Bank transferred by him to a Social Welfare Trust where he is a Trustee.*

Since Capital First business model and profitability trends will form an important part of the new business trajectory, we present to you the business model and financial trends of Capital First Limited. These slides are essentially an extract of the last official investor presentation of Capital First prior to the merger (Period ending Q2 FY18.)

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 crores of which Retail AUM was 10%, Rs. 94 crores.
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 crores 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 crores, 44% of the overall AUM.
2012-13	Mr. Vaidyanathan secured equity backing of Rs. 810 billion from Warburg Pincus for an MBO and thus Capital First was founded. As part of the transaction an open offer was launched, the Company raised Rs. 100 Cr of fresh equity capital, a new Board was reconstituted and a new brand and entity "Capital First" was created.
2013-14	The Company further raised Rs. 178 Cr as fresh equity at Rs. 153/ share. It acquired HFC license from NHB and launched housing finance business under its wholly owned subsidiary.
2014-15	Company's Assets under Management reached Rs. ~12,000 Cr and the number of customers financed since inception crossed 10 lacs. The Company raised Rs. 300 Crores through QIP at Rs. 390 per share from marquee foreign and domestic investors.
2015-16	The Company received recognition as "Business Today – India's most Valuable Companies 2015" and "Dun & Bradstreet – India's top 500 Companies, 2015". The Company scrip was included in S&P BSE 500 Index.
2016-17	Company's Assets under Management reached ~ Rs. 20,000 Cr and the number of customers financed since inception crossed 4.0 million. The Company raised fresh equity capital of Rs. 340 Cr from GIC, Singapore through preferential allotment @ Rs. 712 per share. The Company received recognition as "CNBC Asia – Innovative Company of the Year, IBLA, 2017", "Economic Times – 500 India's Future Ready Companies 2016" and "Fortune India's Next 500 Companies, 2016".
2017-18	The Company's Asset Under Management touch ~Rs. 27,000 Cr and number of customers financed crossed 6.0 million. The Company received "Best BFSI Brand Award 2018" at The Economic Times Best BFSI Brand Awards 2018 and "Financial Services Company of the Year 2018" at VC Circle Awards 2018. In January 2018, the Company announced the merger with IDFC Bank subject to regulatory approvals.

History of Capital First Limited

From 31-March-2010 to 31-Mar-2018, the company has transformed across all key parameters including:

• The total Capital has grown	from Rs. 691 Cr to Rs. 3,993 Cr
• The Assets under Management increased	from Rs. 935 Cr to Rs. 26,997 Cr
• The retail Assets Under Management increased	from Rs. 94 Cr to Rs. 25,243 Cr
• The long term credit rating has upgraded	from A+ to AAA
• The number of lenders increased	from 5 to 297
• The Gross NPA reduced	from 5.28% (180 DPD) to 1.62% (90 DPD)
• The Net NPA reduced	from 3.78% (180 DPD) to 1.00% (90 DPD)
• Cumulative customers financed reached	over 60 lacs

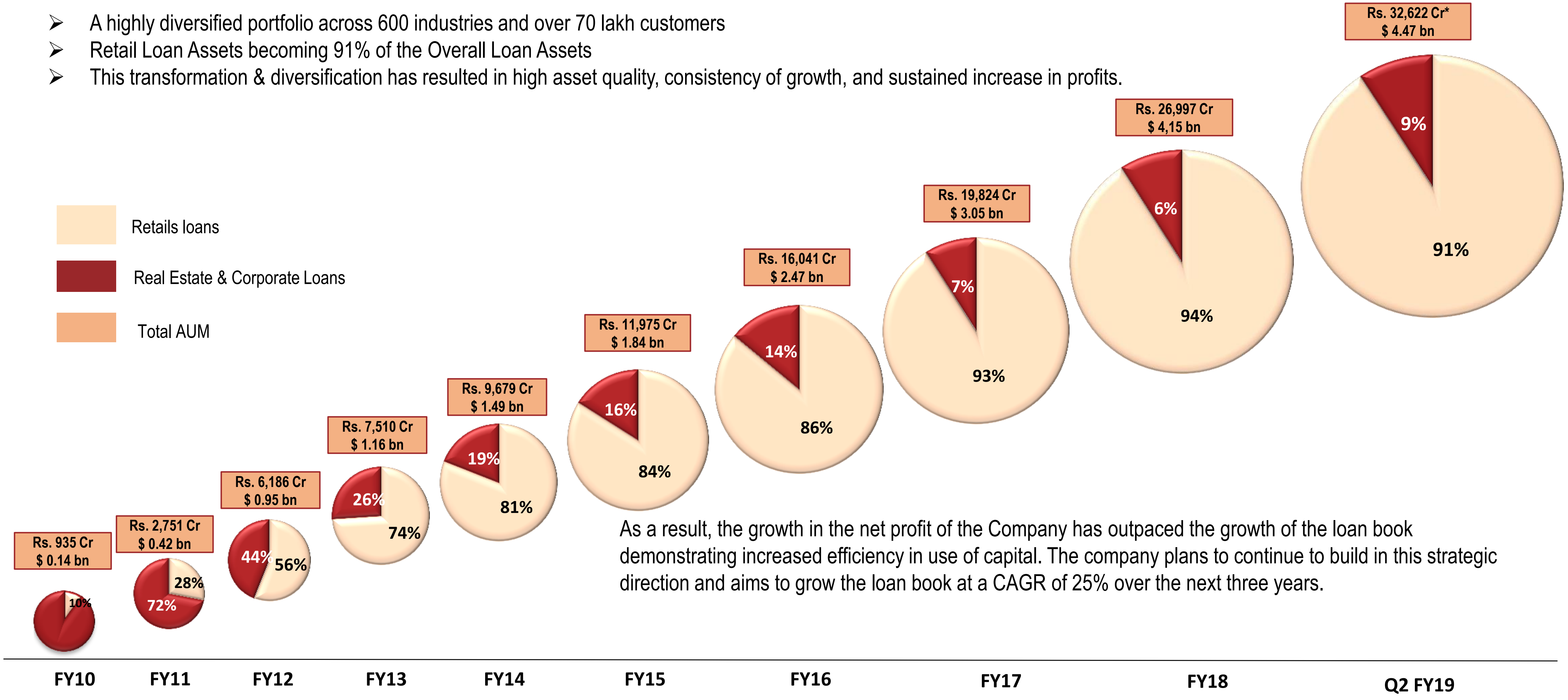
The growth of the key parameters are as follows:

○ **Total Asset Under Management** has grown at a CAGR (FY13-FY18) of	**29%** from Rs. 7,510 Cr (FY13) to Rs. 26,997 Cr (FY18)
○ **Total Income** has grown at a CAGR (FY13-FY18) of	**47%** from Rs. 357.5 Cr (FY13) to Rs. 2429.6 Cr (FY18)
○ **Profit After Tax** has grown at a CAGR (FY13-FY18) of	**39%** from Rs. 63.1 Cr (FY13) to Rs. 327.4 Cr (FY18)
○ **Earning Per Share** has grown at a CAGR (FY13-FY18) of	**30%** from Rs. 9 (FY13) to Rs. 33 (FY18)

Over the last Eight years the company has consistently stayed with the founding theme of financing self-employed entrepreneurs, MSMEs and consumers through the platform of technology & has grown the retail franchise

** As per Ind - AS*

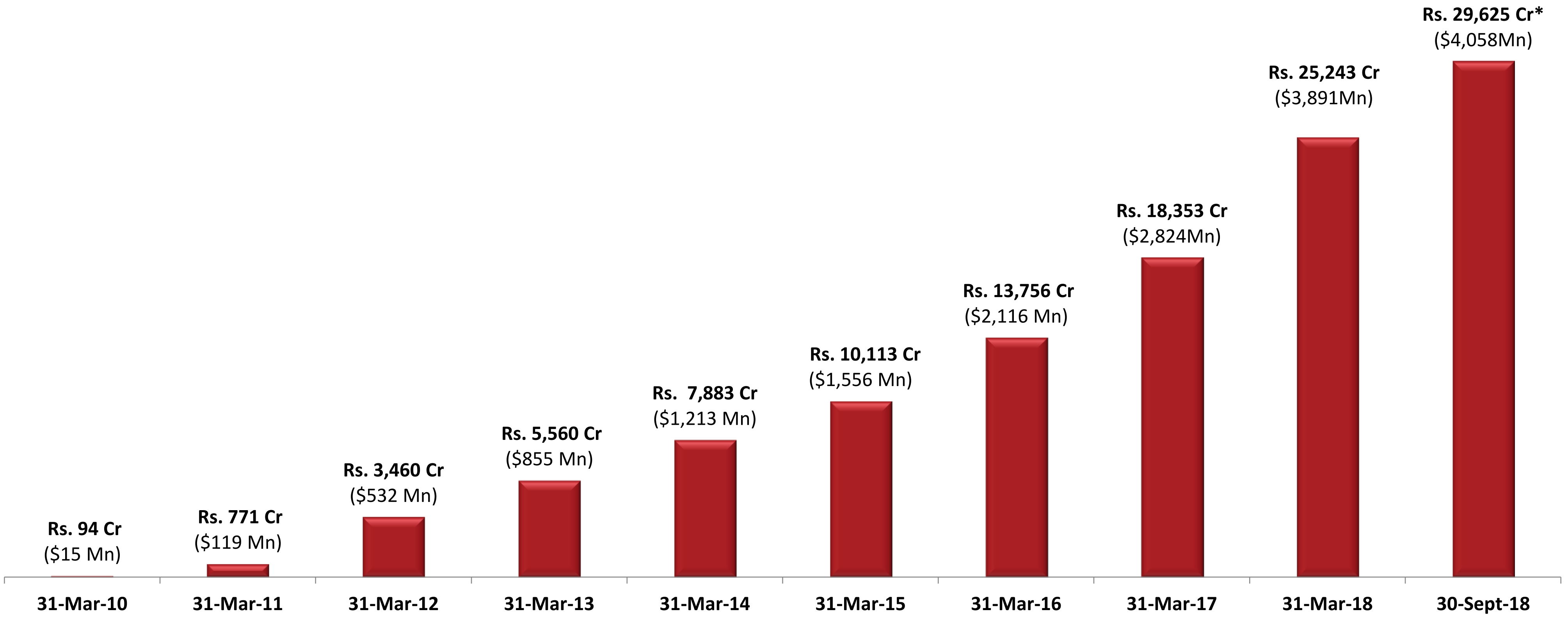
- A highly diversified portfolio across 600 industries and over 70 lakh customers
- Retail Loan Assets becoming 91% of the Overall Loan Assets
- This transformation & diversification has resulted in high asset quality, consistency of growth, and sustained increase in profits.



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.

Growth in Retail Assets

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

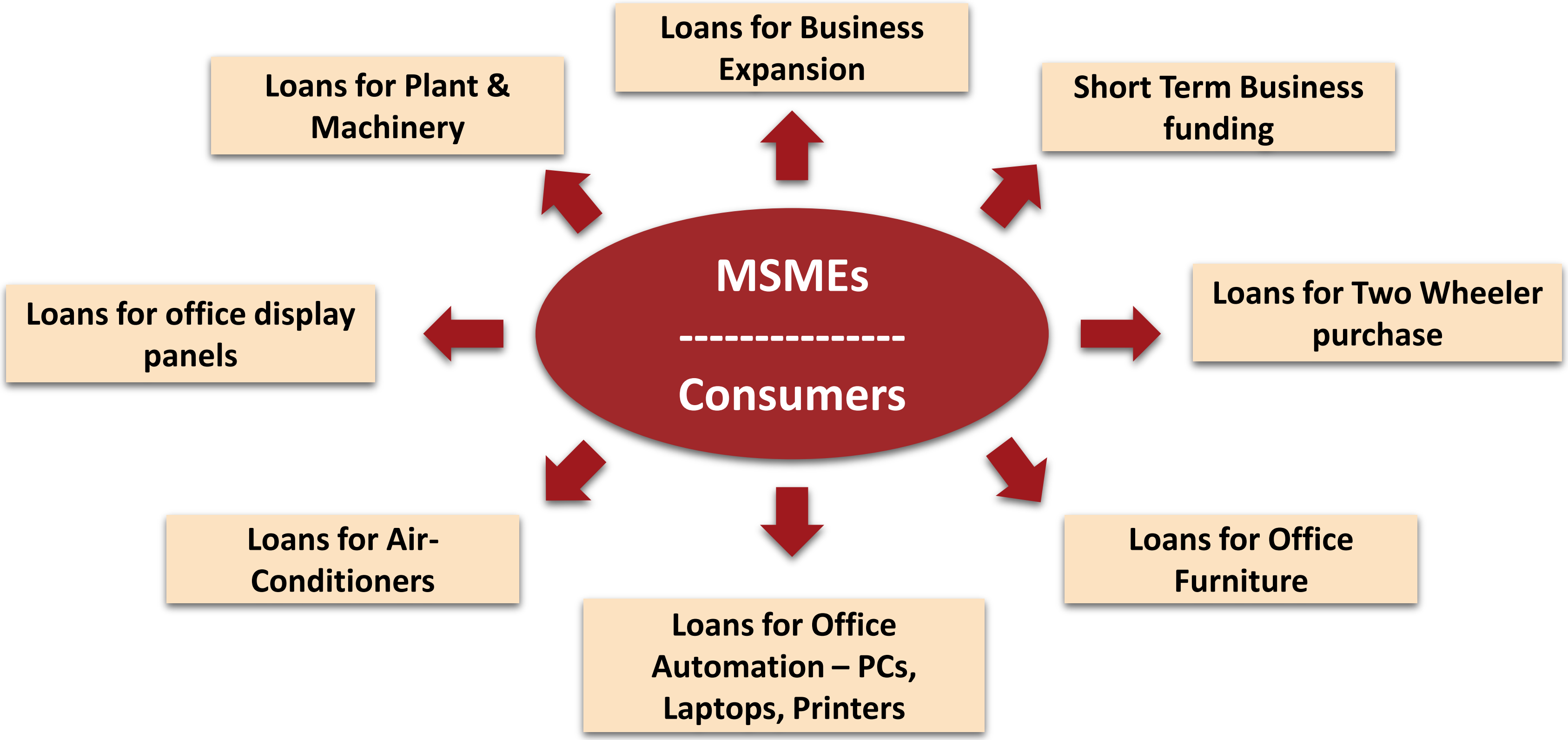


**Under Ind - AS*

IDFC FIRST Bank

Capital First provided 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.



MSME Financing – A key area of Focus

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.

Key Product Offerings

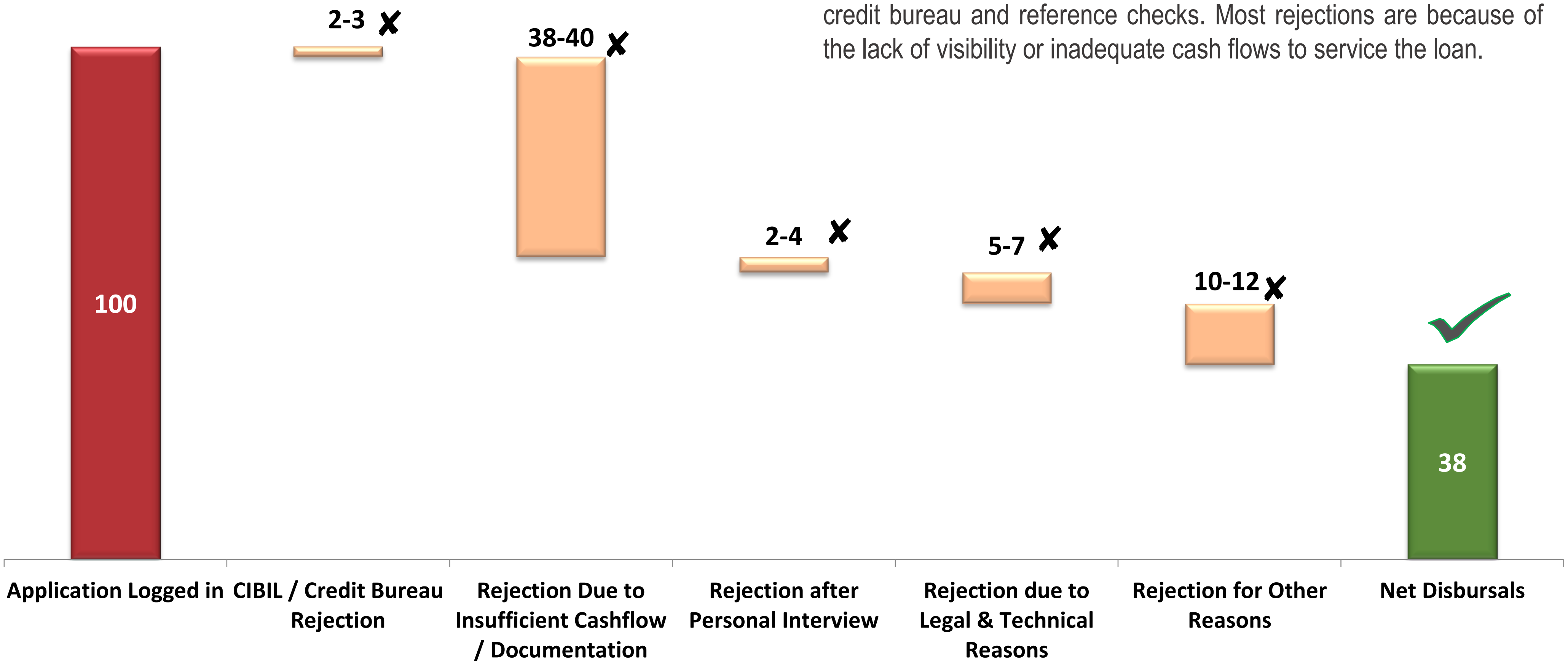
Products	Key Features	Average Loan Ticket Size (Rs.)	Average Loan Tenor (Months)	Average Loan to Value Ratio (%)	Challenges
MSME Loans 	▪ CFL provides long term loans to MSMEs after proper evaluation of cash flows. ▪ Backed by collateral of residential or commercial property. ▪ Monthly amortizing products with no moratorium. ▪ CFL also provides unsecured short tenure working capital loans to MSMEs.	7,400,000 ($ 114,000)	60*	45%	Evaluation of cash flows is a key challenge for credit appraisal of MSMEs. Businesses may undergo reverses over lifetime of the loan that may affect repayments
Two Wheeler Loans 	▪ CFL provides financing to salaried segment as well as self employed individuals like small traders, shop keepers for purchase of new two-wheelers.	53,000 ($815)	24	72%	High collection effort and costs as the collection efforts required are significant due to small ticket size and large number of customers running into millions. Operating expenditure is also very high.
Consumer Durable Loans 	▪ CFL provides financing to salaried and self-employed customers for purchasing of LCD/LED panels, Laptops, Air-conditioners and other such white good products. They are also availed by small entrepreneurs for official purposes.	22,000 ($338)	12	77%	High collection efforts and cost as the collection efforts required are significant due to small ticket size and large number of customers running into millions. Operating expenditure is also very high.

Note: All the loan product related figures are for the period FY18

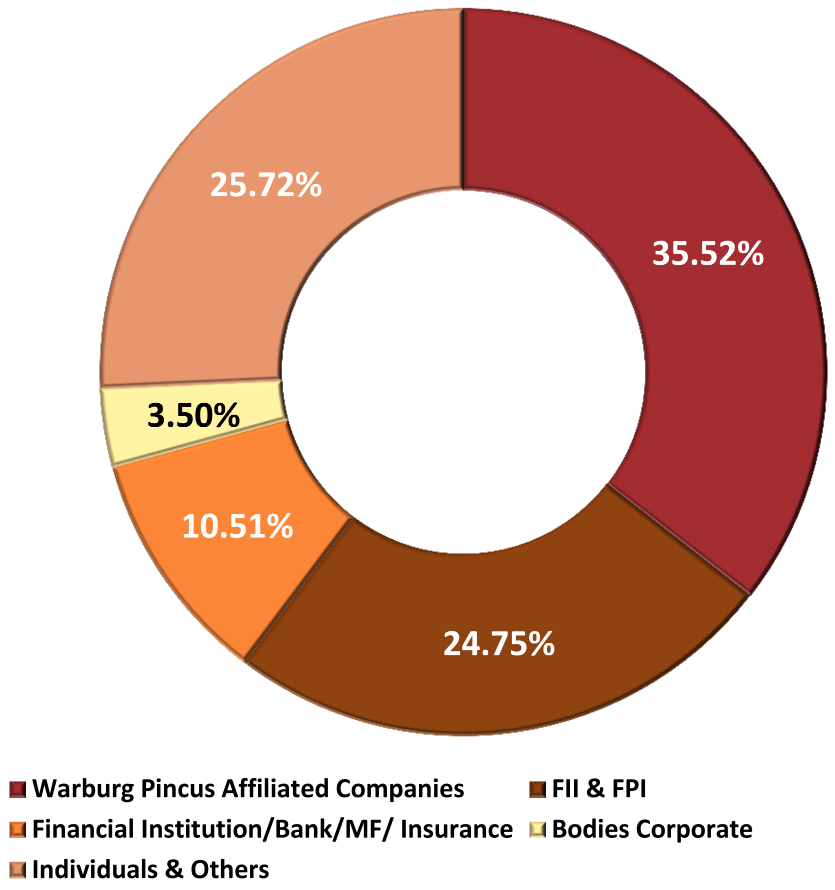
** On actuarial basis*

Rigorous Credit Underwriting Process helps in maintaining high asset quality

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



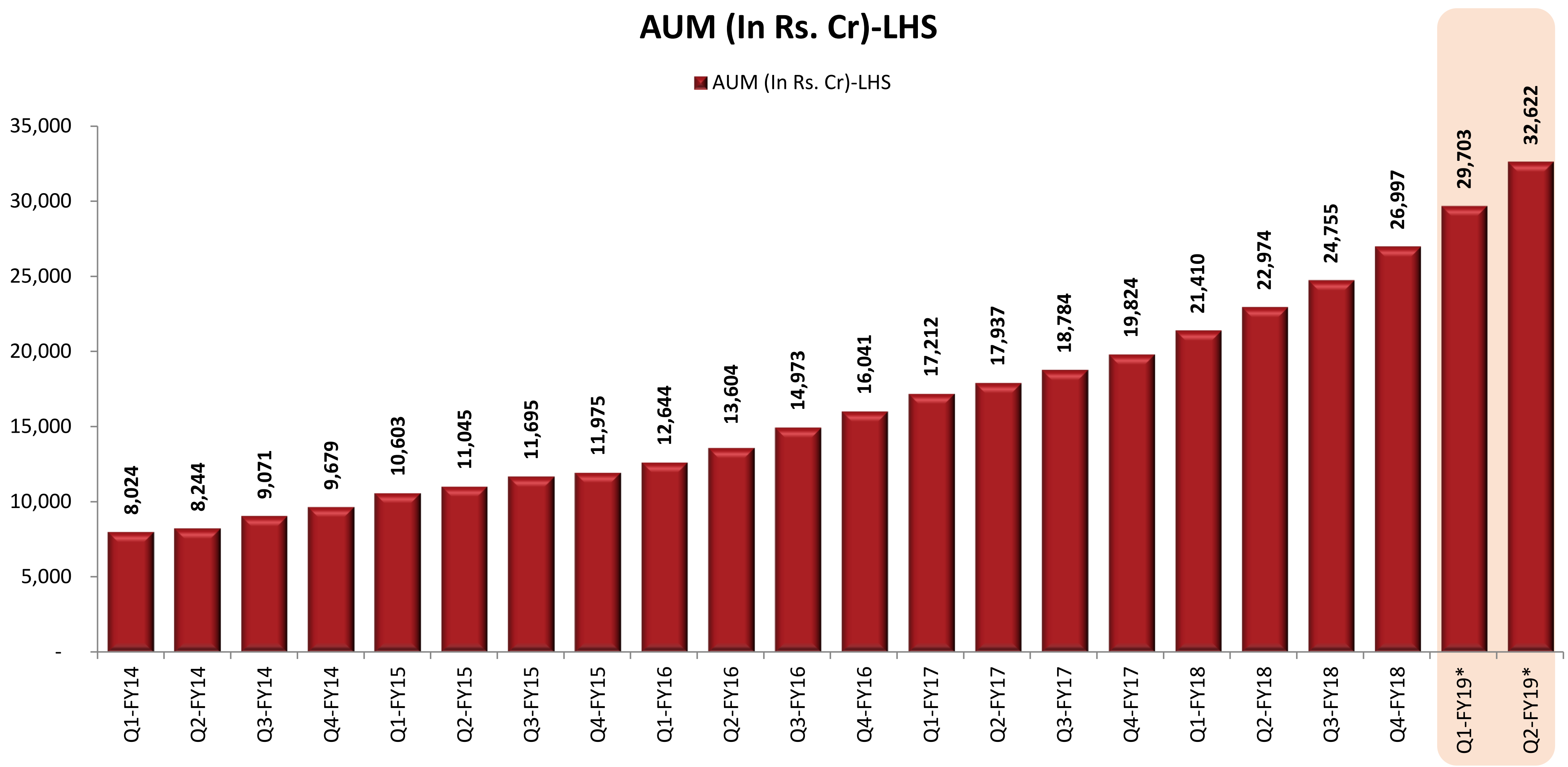
Reputed marquee FIIs and DIIs have invested in CFL



Total # of shares as of 30 September, 2018: 9,90,52,644
Book Value per Share as per Ind AS : Rs. 296 *(US$4.05)*

Key Shareholders of Capital First Limited (as of 30 September 2018)
Warburg Pincus, through its affiliate entities
V. Vaidyanathan
GIC, Sovereign Wealth Fund, Singapore
Government Pension Fund Global, Norway
Birla Asset Management, India
HDFC Mutual Fund, India
Vanguard, USA
Jupiter Asset Management, UK
TIAA, USA
DSP Blackrock, India
MV SCIF, Mauritius
Dimensions Group, USA
Kotak Mutual fund, India
ICICI Prudential Mutual Fund, India
JOM Silkkitie, Finland

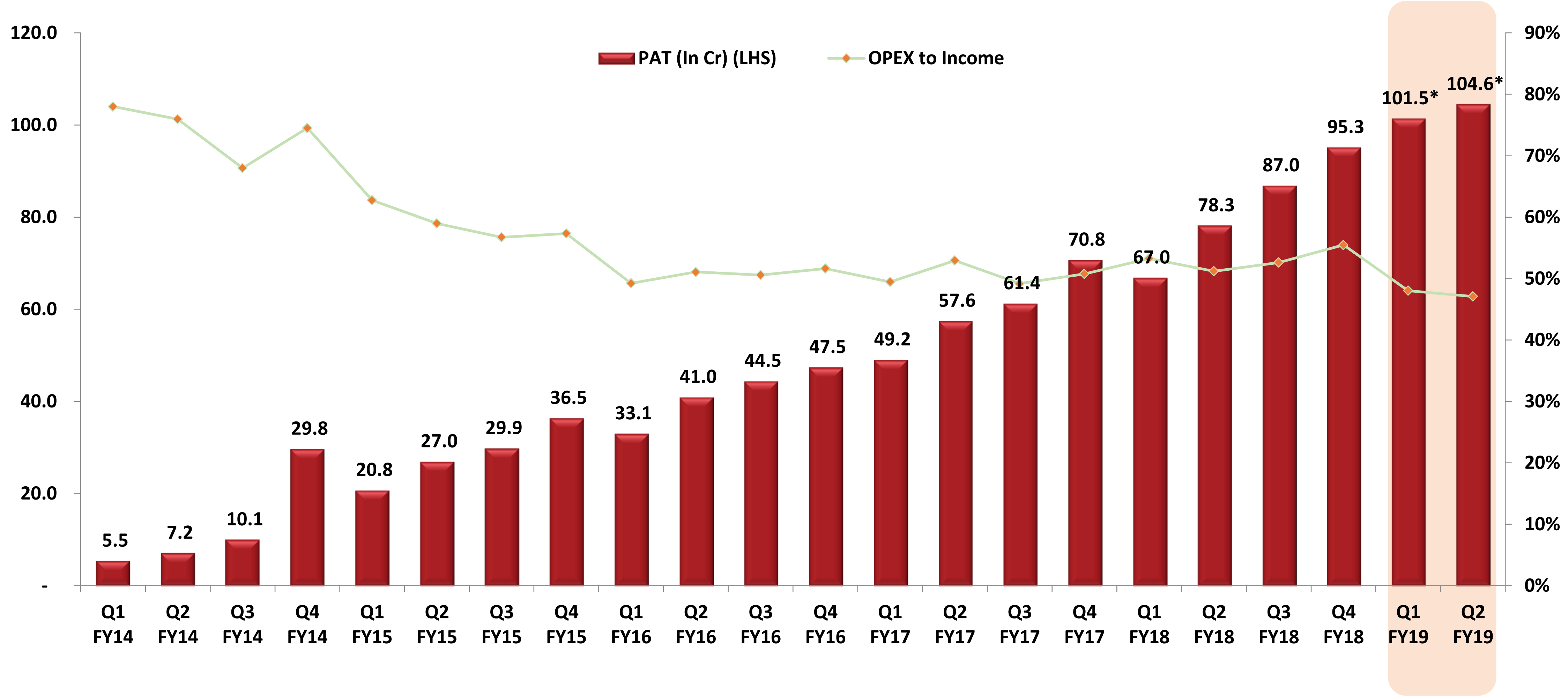
The Asset Under Management has consistently grown at a 5 year CAGR of 29%.



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

IDFC FIRST Bank

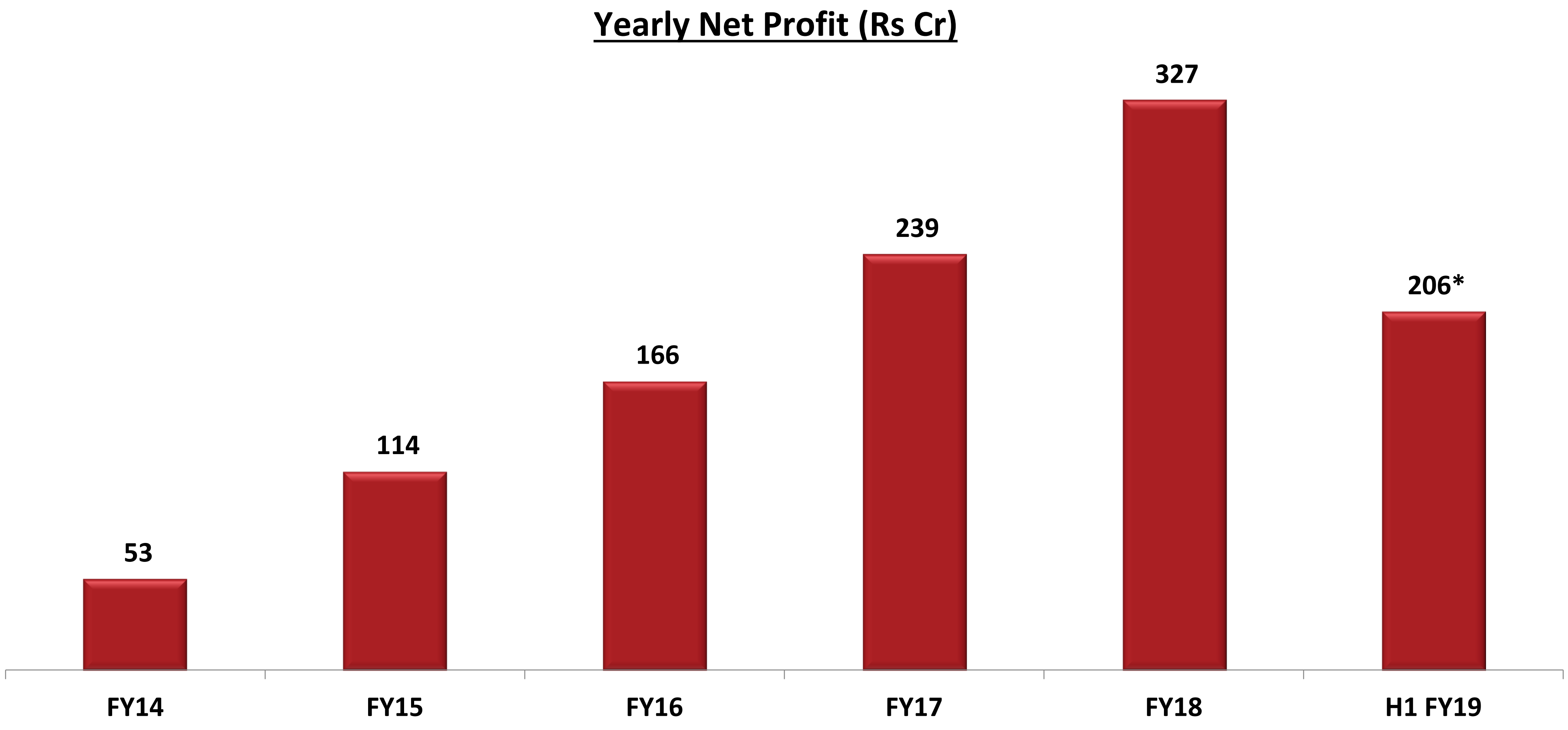
The Profit After Tax has grown steadily with improvement in Cost to Income ratio



Figures for Q1 FY19 and Q2 FY19 are based on Ind AS and earlier periods are under Indian GAAP

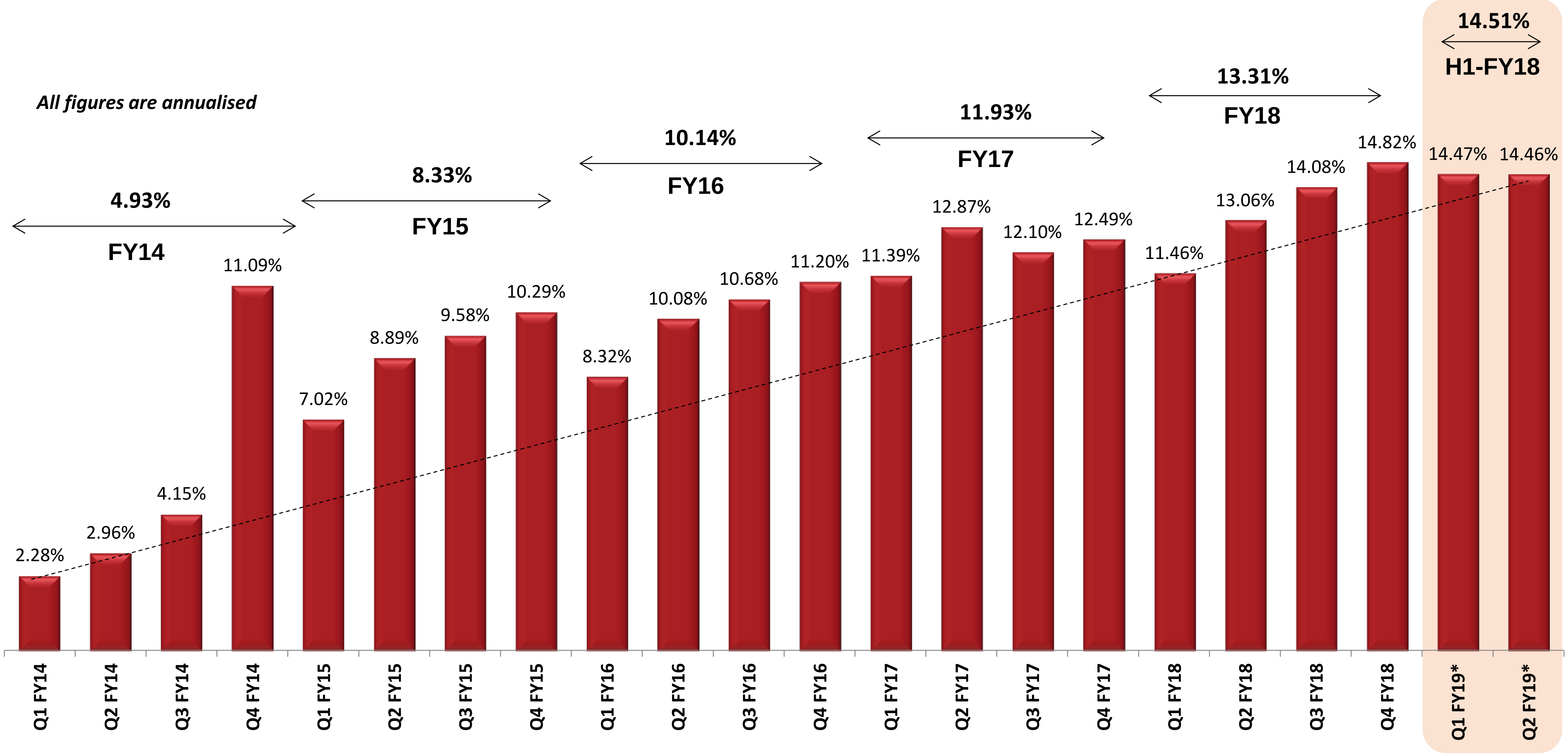
IDFC FIRST Bank

Yearly Profit Growth Trend..



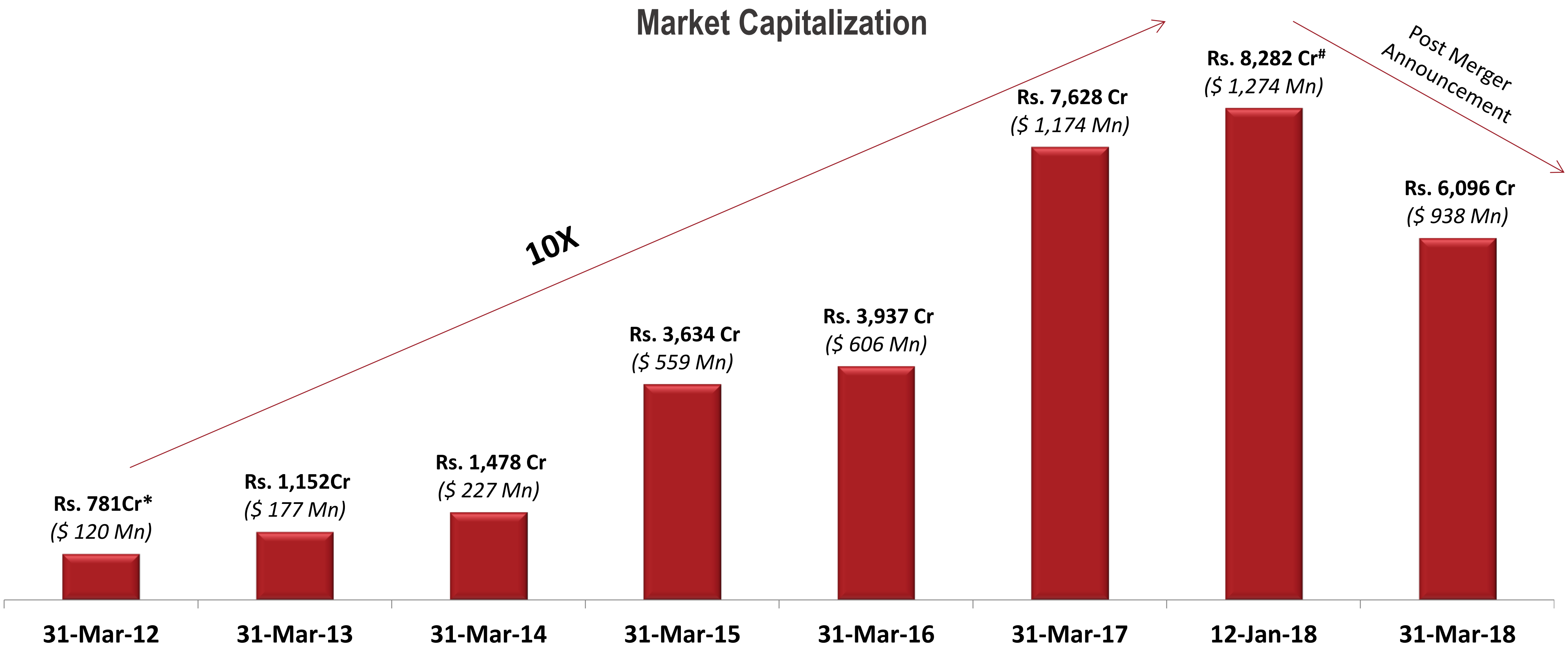
*Figures for H1-FY19 are based on Ind AS and earlier periods are under Indian GAAP

With enhanced business operations, the Return on Equity has continuously improved over the quarters…



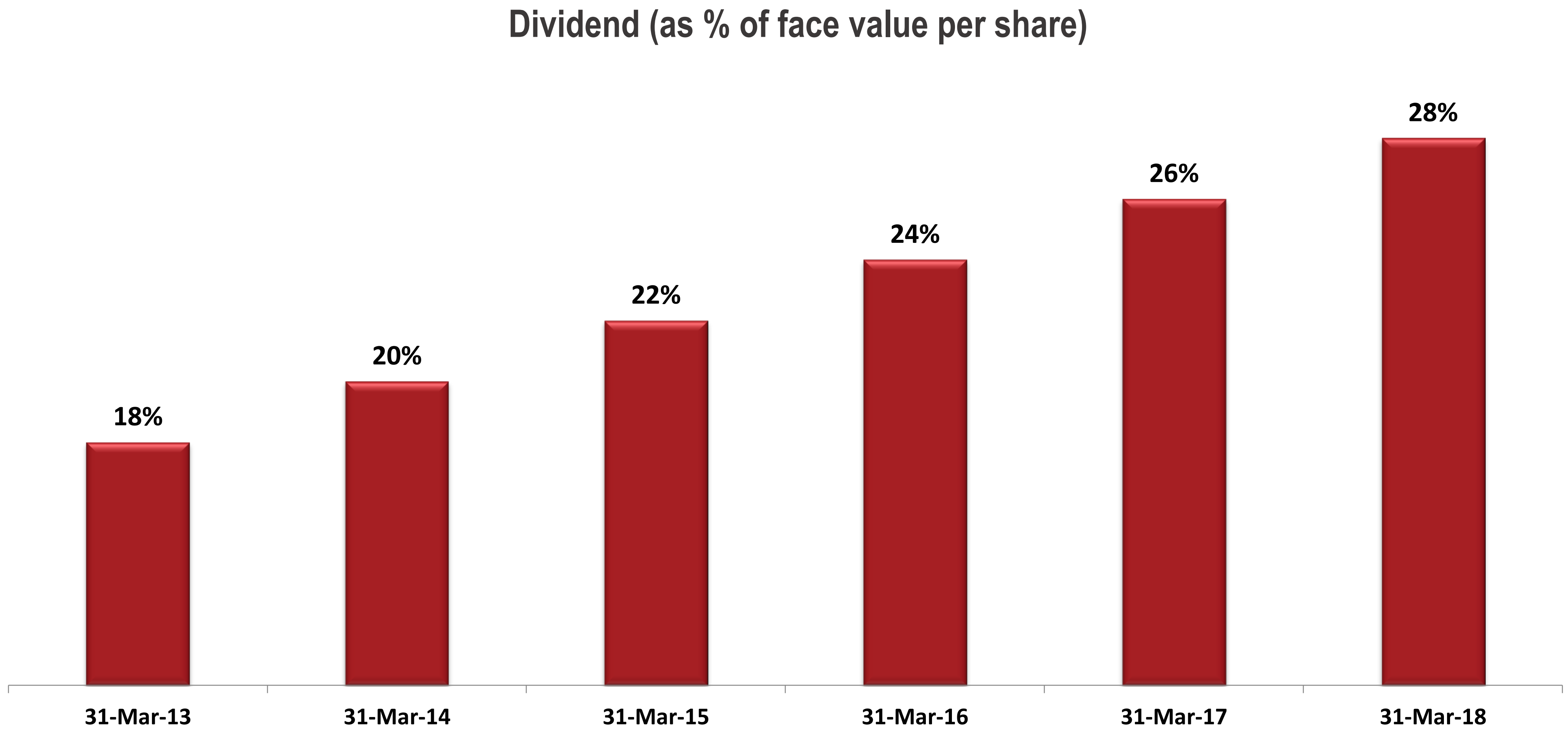
Highlighted figures are based on Indian AS in comparison to quarterly figures for earlier periods based on Indian GAAP.

The Market Cap of the Company grew more than 10X in the last 6 years..



** Last date of Financial Year immediately preceding the Management Buyout*
 # Market Cap on the day before the announcement of merger with IDFC Bank (Jan 13, 2018).

The Company has been steadily increasing dividend pay-out every year..



With the increasing assets size, returns have shown a consistent growth over the last six years…

	FY13	FY14	FY15	FY16	FY17	FY18	CAGR
AUM (Rs. Cr)	7,510	9,679	11,975	16,041	19,824	26,997	29%
Total Income (Rs. Cr)	357.3	422.2	658.8	991.8	1,640.3	2,429.6	47%
PAT (Rs. Cr)	63.1	52.6	114.3	166.2	238.9	327.4	39%
Earning per Share (Rs.)	9.00	6.37	12.56	18.24	24.53	33.34	30%
Market Cap (Rs. Cr)	1,152	1,478	3,634	3,937	7,628	6,096	40%

THANK YOU

IDFC FIRST Bank

Commentary on the Q4 FY 19 results for IDFC FIRST Bank

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

Q1: What is the update on the integration process, in terms of people, process and technology?

The integration is progressing very well. The HR process and systems have been integrated and streamlined for the employees. The Bank has integrated most of the IT systems for smooth functioning of the business processes based of different product and service requirements. From the customer perspective, the Bank has launched new website of the Bank www.idfcfirstbank.com, as well as revamped the mobile app. Only version 1.0 of the website and app has been launched, in due course these interfaces will continuously be improved and newer versions will be released in the interest of customer convenience and superior customer experience.

Q2: How the asset book has grown in this quarter and what are the key drivers for growth?

The Bank has grown its gross funded assets by 5.5% on a quarter on quarter basis and reached Rs. 110,400 Cr as of 31 March 2019. The Gross Funded Assets as of 31 March 2018 was at Rs. 73,051 crores. Most numbers are not comparable with the previous corresponding year, as during the last year IDFC Bank's reported numbers were on a standalone basis, i.e. before the merger. The growth of the loan book was driven by the growth in the retail loans which grew by 13% on quarter on quarter basis to reach Rs. 40,812 Cr as of 31 March 2019. The Retail funded assets now contribute to 37% of the overall funded assets. The Wholesale funded assets decreased by 6% on quarter on quarter basis to Rs. 53,649 Cr, mainly because of decrease in the large corporates and infrastructure book. To cater to the priority sector lending (PSL) requirements, the Bank had to acquire PSL assets of Rs. 4,500 Cr through inorganic origination in the quarter ended on 31 March 2019.

Q3: Are there any concerns in the Retail Lending segment, in terms of demand slowdown, sluggish growth in consumer segments?

Since we are coming off a small base, our growth continues as usual and is currently not affected by any slowdown in the market, if any.

Q4: Though your NPA as compared to last year has decreased, why have the Gross NPA and net NPA level increased sequentially?

The Gross and Net NPA of the Bank as of 31 March 2019 was at 2.43% and 1.27% as compared to 3.31% and 1.69% as of 31st March 2018 and as compared to 1.97% and 0.95% as of 31st December 2018.

Gross NPL and Stressed Asset for the bank has gone up from Rs 5,616 Crs to Rs 3,826 Crs , an increase of Rs 1,790 Crs. Of Rs 1,790 Crs , Gross NPL has increased by Rs 465 Crs and Stressed Assets has increased by Rs 1,326 Crs.

Stressed Assets has increased by Rs 1,326 Crs on account of 2 loans of erstwhile IDFC Bank which has been identified as watch list accounts by bank on a prudent basis.

As regards increase in NPA , the 2 key reasons for increase of NPL's is 1) Increase in wholesale NPA of Rs 194 Crs 2) Alignment of NBFC NPA norms with Bank NPA norms has resulted in increase in Gross NPA of Rs 174 Crs .

Of the in Net NPA of Rs. 311 crores, Rs. 136 crores is because of alignment of NBFC NPA norms to Bank NPA norms. Erstwhile Capital First as an NBFC was guided by NBFC NPA norms. The process for accounting and classifying the NPA assets is different in NBFC as compared to the Bank. For example, if an account is NPA in a Bank on any day during the quarter, it is to be reported as NPA at the end of the quarter. There are other such differences between NPA reporting for NBFC versus banks.

We would also like to state that , the bank has further identified bonds of erstwhile IDFC Bank of Rs 1,461 Crs which are performing satisfactorily however rating agency have recently downgraded the instruments of these borrowers and hence the bank has done a valuation adjustment on a prudent basis.

Q5: Do you have exposure to certain Corporates and financial service companies which are in the news for downgrades?

The Bank has an exposure to a large financial services group up to Rs. 1,186 Cr and also has Rs. 598 Cr exposure to a large housing finance company through subscription to bonds. Repayment by these companies has been on schedule and there has been no default so far. However, as both companies have faced credit rating downgrades recently, the bank has made provisioning on these exposures of Rs. 267 crores as a prudent measure.

Q6: What is the update on expansion of branches?

The Bank has incrementally opened 36 new branches in the quarter ended on 31 March 2019 out of which 17 branches have been opened in the rural areas and 19 branches have been opened in the urban areas. Currently the Bank has 242 branches as of 31 March 2019, out of which 133 branches are in the urban areas and 109 are in the rural areas. The Bank also has 141 ATMs and 102 Asset Service centres. In the year FY-2019, the Bank has added 92 branches out of which 75 were urban branches.

Q7: How the CASA and Deposits have grown in the last year?

The CASA of the bank has increased from Rs. 5,710 crores to Rs. 9,114 crores an increase of 60% over FY18. This includes approximately Rs. 1000 crores of CASA from government banking business which tends to be rate sensitive. Even excluding CASA from government banking, the customer has grown by over 42% over FY18.

Retail CASA of the bank has increased from Rs. 1,586 crores to Rs. 4,445 Crores, an increase of 180%.

CASA as % of total deposits has improved to 12.93% as of 31 March 2019 from 11.85% as of 31 March 2018. CASA as % of total deposits and borrowing has improved to 6.49% as of 31 March 2019 from 5.41% as of 31 March 2018.

Retail CASA and Retail Term Deposits which are stable sources of the liability, has grown to Rs. 13,214 Cr. Retail CASA + Retail Term Deposits as % of the overall liability book has grown to 9.41% as of 31 March 2019 from 5.40% as of 31 March 2018.

Q8: What has been the update on other borrowings' growth?

The total borrowings, apart from the money market borrowing (CBLO/Repo), have decreased by 7% to Rs. 53,440 Cr as of 31 March 2019 as compared to 31 December 2018. This is primarily driven by 39% decrease in the borrowing book from erstwhile Capital First Limited and 4% decrease in the Legacy Long Term Bonds on quarter on quarter basis.

Q9: What has been the gross yield for the quarter?

The Gross Yield of the Bank for the quarter Q4-FY19 has moved to 11.7% which is driven by the higher retail asset contribution to the overall asset book and improvement in the wholesale book yield. The yield of Retail Funded Assets has marginally decreased from 16.6% to 16.4% on a quarter on quarter basis due to higher concentration on the secured products like home loans and increased emphasis on the salaried segment. On the wholesale funded assets, the Bank's corporate loan portfolio to large corporates and infrastructure loans have reduced and the Bank focused more on the emerging corporates which helped the gross yield for overall wholesale funded assets to move to 9.8% from 9.5% on a quarter on quarter basis.

Q10: What is the improvement in Cost of Funds quarter on quarter?

The Bank has improved its cost of borrowing marginally from 8.0% (Q3-FY19) to 7.9% (Q4-FY19). This also was driven by the decrease of erstwhile Capital First Borrowing Book by about Rs. 8,500 Cr which was priced at more than 8.8%.

Q11: What is the NII growth and NIM% for the quarter?

The Net Interest Income for the quarter Q4-FY19 was Rs. 1,113 Cr. The Net Interest Income for the last quarter Q3-FY19 was Rs. 1,145 Cr which included one-time interest recovery amount of Rs. 81 Cr from one of the defaulted accounts. Without the effect of the one-time interest income, the Net Interest Income has grown by 4.5% quarter on quarter.

The Net Interest Margin (NIM) was 3.03% for the quarter Q4-FY19. From this quarter onwards, we have now moved to reporting NIM on a daily average balance basis to reflect accurately the NIM for the bank. On a like to like basis, the NIM has increased by 14 bps as NIM for the last quarter Q3-FY19 on daily average balance from 2.89% for Q3 FY 19 to 3.03% for Q4 FY 19. Last quarter we had reported NIM on the basis of period end basis, and hence the NIM reported last quarter is not comparable with the NIM reported this quarter. Going forward we will be consistent with the approach of reporting NIM on daily average basis for easy comparability.

Q12: What are the growth drivers for Fee and Other Income?

The Fee and Other Income from the normal business operations has increased by 11% on a quarter-on-quarter basis to reach Rs. 334 Cr for Q4-FY19. This was primarily driven by the loan related fees which increased by and 18% on quarter on quarter basis to reach Rs. 189 Cr for Q4-FY19. The contribution from loan related fees to overall fee and other income has increased to 57% in Q4-FY19 from 53% in Q3-FY19. Other operating fees like Trade and Cash management fees, wealth management and third party distribution and debit card, digital transaction fees have increased marginally over the last quarter.

Q13: What is the cost to income ratio for the quarter?

The Cost of Income Ratio for the quarter ending on 31 March 2019 is at 80.30% as compared to 78.75% as of 31 December 2018 (previous quarter).

Q14: What was the sale of investment asset in last quarter?

The Bank held 8.37% stake in Asset Reconstruction Company of India Limited (ARCIL) which it sold entirely to Avenue India Resurgence Pte. Ltd during the quarter ended on 31

March 2019. In this process, the Bank booked a profit of Rs. 17 Cr through this sale which has been accounted in the P&L of the Bank for the quarter Q4-FY19.

Q15: Why have Credit Provisions for the Q4 has gone up to Rs 680 Crs as against Rs 338 Crs in Q3FY19

There has been an increase of Rs 342 Crs in Q4-FY19.

The increase is mainly on account of Provisions on Stressed Loans and Identified Bonds of erstwhile IDFC Bank of Rs 419.46 Crs. Apart from that, credit provision decreased from Rs. 338 Cr in Q3-FY19 to Rs. 260 Cr in Q4-FY19.

Break up of Credit Provisions of Rs 680 Crs is as follows.

1. Provisions on Stressed Loans of erstwhile IDFC Bank of Rs 200.28 Crs
2. Provisions on Identified Bonds of erstwhile IDFC Bank of Rs 219.19 Crs
3. Balance Provisions of Rs 260.54 Crs is on other Retail and wholesale Loans of the merged entity.

Q16: When the Bank's PBT was at Rs. (417) Cr, how did you arrive at PAT of Rs. (218) Cr?

In the quarter Q4-FY19, the Bank got a write back on the tax line of Rs. 199 Cr which is on account of indexation benefit with respect to the sale of one investment and due to creation of Deferred Tax Credit on providing for stressed assets. This has reduced the loss to Rs. (218) Cr from Rs. (417) Cr.

Q17: How is the RoA and RoE of the Company likely to improve going forward?

The Bank is working towards stabilizing the building blocks of its business model, mainly retailization of the asset and retailization of the liability side, which would further improve its overall Net Interest Margin. The Bank is currently in the investment mode in terms of expansion of branches, which would help to create a sustainable retail liability base for the bank and this would reduce the overall cost of funds and improve the net interest margin. With increase in the branch productivity, the cost to income ratio is likely to come down. This would improve the return profiles of the Company.

Q18: Has the bank met its priority sector targets? Have you met your priority sector sub-targets?

Yes the bank has achieved its entire PSL targets on all counts including for agriculture, small and marginal farmers, micro enterprises and loan to weaker sections. This is the first time in the last three years that the bank has met these targets to the tune of 100%. For now, the bank purchased the necessary priority sector certificates from other sources in the Indian financial system by paying a fee to achieve the Agri PSL and other sub targets, however in due course, the bank is working on strategies to originate and build this business on its own so as to reduce the dependence on purchased portfolio, to save fees, and to improve yields.