



Our Vision

TO BUILD A WORLD
CLASS BANK IN INDIA,

GUIDED BY  **ETHICS,**

POWERED BY  **TECHNOLOGY,**

AND

BE A FORCE FOR  **SOCIAL GOOD**

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Consolidated Financial Statements

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DISCLAIMER

"Statements made in this Annual Report may contain certain forward-looking statements based on various assumptions on the Bank's present and future business strategies and the environment in which it operates. Actual results may differ from those expressed or implied due to risk and uncertainties. For further details kindly refer the "Cautionary Statement" in the Management Discussion and Analysis on page 201."

Key Highlights

Performance Snapshot



₹2,00,965 crore

LOANS & ADVANCES

↑25.14% Y-O-Y Growth



1.88%

GROSS NPA
(OVERALL BANK)



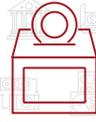
1.38%

GROSS NPA
(RETAIL, RURAL AND MSME)



86.58%

PROVISION COVERAGE
(OVERALL BANK)



₹2,00,576 crore

TOTAL DEPOSITS

↑38.68% Y-O-Y Growth



0.60%

NET NPA
(OVERALL BANK)



0.44%

NET NPA
(RETAIL, RURAL AND MSME)



47.25%

CASA RATIO

- All the numbers mentioned above are standalone figures as on 31st March, 2024.
- Loans and Advances includes credit substitutes and are net of IBPC
- Provision Coverage Ratio is gross of technical write-offs. Net of technical write-offs, the Provision Coverage Ratio was 68.79%

Performance Snapshot



16.11%

CAPITAL ADEQUACY RATIO



₹32,161 crore

**NET WORTH
(SHAREHOLDERS' FUNDS)**



₹6,030 crore

**CORE OPERATING PROFIT
(FY23: ₹4,607 CRORE)**

↑ 30.89% Y-O-Y Growth



₹2,957 crore

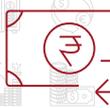
**PROFIT AFTER TAX
(FY23: ₹2,437 CRORE)**

↑ 21.31% Y-O-Y Growth



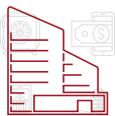
1.10%

RETURN ON ASSETS



10.30%

RETURN ON EQUITY



944

BRANCHES



1,164

ATMS

- All the numbers mentioned above are standalone figures as on/for the year ended 31st March, 2024.
- Core Operating Profit is Net Interest Income plus Fee & Other Income (excl. trading gain) minus Operating Expenses

Key Achievements at a Glance IDFC FIRST Bank 1.0 (Qualitative)

We are happy to share that IDFC FIRST Bank has made significant progress on all counts during the last 5 years including **Deposits, Loan, Capital, Assets** and **Leadership Team Building**. This section summarises the Key Qualitative and Quantitative Progress at the Bank.

01. **Concluded Smooth Integration of IDFC Bank and Capital First**

02. **Set the Vision of the Bank**

03. **Instilled Customer First Philosophy in all facets of the businesses**

04. **Built a strong Leadership Team with rich experience in Banking**

05. **Created Robust Risk Management framework and practices across businesses and functions**

06. **Built Culture of the Bank, driven by Governance and independence of Control Functions**

07. **Developed a Universal Bank with a comprehensive suite of products and services**

08. **Built a Strong Brand Image**

09. **Launched New Products & Services and scaled them up**

10. **Implemented Contemporary Technology driven by digital innovation & analytics**

11. **Long Term Credit Rating of the top credit rating agencies in India**

12. **Strengthened the ESG practices and improved ESG rating**

Key Achievements at a Glance IDFC FIRST Bank 1.0 (Quantitative)

01. Built **Essential Infrastructure** - Grew branches from 206 to 944 and ATMs from 112 to 1,164

02. Strengthened **Balance Sheet**, deposit growth outpaced loan growth for 5 years by wide margin

- **Loan** growth at 5-Year CAGR of only 13%

- **Customer Deposits** growth at 5-Year CAGR of 37%

03. Transformed **Liability Profile** by growing retail deposits from 9% to 65% of total deposits & borrowings

- Repaid ₹61,332 crore of **Legacy Borrowings & Certificate of Deposits** by raising retail deposits

04. Grew **Deposit Franchise** to reach ₹2,00,000 crore

05. **CASA Ratio** reached 47.2%

06. Diversified **Loan Book** across more than 25 products; no business more than 15% of the total book

07. Reduced **Infrastructure Financing** Book from 21.7% to 1.4% of total loan book

08. Reduced **RIDF** Investments from ₹3,368 crore to ₹926 crore by growing organic PSL products

09. Maintained **Strong Asset Quality** and reduced NPA levels (Gross NPA at 1.88% and Net NPA at 0.60%)

10. Improved **Provision Coverage Ratio** from 52% to 69% (73% excluding infrastructure financing book)

11. Turned around **Profitability** from net loss of ₹1,944 crore (FY19) to net profit of ₹2,957 crore (FY24)

12. Increased **Capital** by 75% from ₹18,376 crore to ₹32,161 crore with capital adequacy at 16.11%

Key Achievements IDFC FIRST Bank 1.0 (FY19-FY24) (Qualitative)



1. Completed a smooth integration of IDFC Bank and Capital First.

Merger between IDFC Bank and Capital First was awarded “Most Harmonious merger in Banking” by The European Global Business Awards 2022. Post the merger, during the last 5 years, the essential foundations have been set up for the future success of the Bank.



2. Set the vision statement for the Bank “To build a world class Bank guided by ethics, powered by technology, and to be a force for social good.” The setting of vision at start-up stage of the bank, aligned employees of the Bank to work towards a common goal.



3. Set philosophy of Customer-First thinking: IDFC FIRST Bank adopted a Customer-First philosophy. We eliminated complex descriptions, calculations, legal jargons, and fees on Savings Accounts, regardless of balance. We pioneered India's first Lifetime Free Credit Card without minimum spend conditions, enabled online Reward Point redemption at e-commerce sites, ended Reward Point expiration, and introduced dynamic APR across products, setting new standards in the Indian market.



4. People: Built a strong leadership team and established diverse expertise in Data Engineering, Data Science, AI, ML, Software Development, Cloud Computing, and Cybersecurity. Enhanced customer experience with specialised teams in CX, UI/UX Design, Digital Marketing, and CRM. Strengthened financial and regulatory functions with teams focusing on Compliance, Risk Management, and Financial Analysis, while adopting Agile “Squad” methodology.



5. Risk Management: The Bank promotes a strong risk culture to bolster resilience by managing risk and return holistically, including capital and reputation. Following the merger in December 2018, the Bank realigned its policies and risk framework. The Board oversees risk management, setting appetite, tolerance, and strategies. A Risk Management Committee ensures independence, challenges management decisions, and oversees comprehensive risk reporting and stress testing.

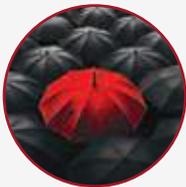


6. Built a culture for respecting independence of control functions - including risk, internal audit, and compliance. These teams are encouraged to flag gaps, which help the Bank to improve continuously and make performance more stable.

Key Achievements IDFC FIRST Bank 1.0 (FY19-FY24) (Qualitative)



- 7. Developed the Bank as a Full-Suite Universal Bank** with pan - India presence. The Bank is building Corporate Banking, Trade, CMS, Wealth Management, NRI banking and Treasury solutions apart from Retail Banking, SME Banking and Rural Banking.



- 8. Brand Image:** The brand has grown substantially with Top-of- Mind Awareness growing from 2 points in 2021 to 25 points in 2024. Brand image and character refers to the humanlike attributes including traits, emotions, and values that consumers can relate to at a personal level. IDFC FIRST Bank has a good brand image in the market and is associated with ethics, technology, and positive culture.



- 9. Launched New Products:** Bank has launched many new products and services in the last 5 years including prime home loans, credit card, education loan, gold loan, tractor loans, FASTag, Cash Management, Wealth Management etc which are being scaled up gradually. In the process, the Bank has been able to position itself as a Universal Bank with wide range of products and services which also helped the Bank to diversify risk and income sources



- 10. Contemporary Technology:** IDFC FIRST Bank is built on latest technology stack that enables great UI & UX, resulting in excellent customer experience. The Bank has developed a modern App with fintech type UX, solutions and performance. The App has received big endorsement by Forrester- IDFC FIRST Bank is the only Indian Bank app to feature in the Global Top 20 Banking apps by Forrester.



- 11. External rating of the Bank:** Four rating agencies have appreciated the Bank's progress and have upgraded the Long-Term credit rating of the Bank to AA+ last year.

Rating Agency	Long Term Credit Rating	
CARE Ratings	AA (stable)	→ AA+ (stable)
CRISIL	AA (stable)	→ AA+ (stable)
ICRA	AA (stable)	→ AA+ (stable)
India Ratings	AA (negative)	→ AA+ (stable)

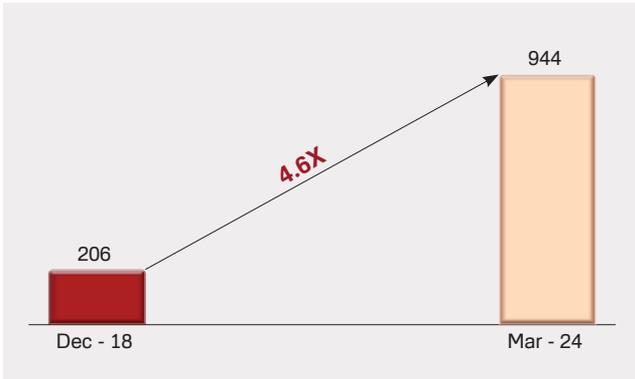


- 12. ESG:** The Bank has made significant progress on ESG. Inclusive lending: The Bank has truly committed to inclusive lending. Bank has built capability to serve over thousands of villages, across 20 Indian states, touching millions of households across India.

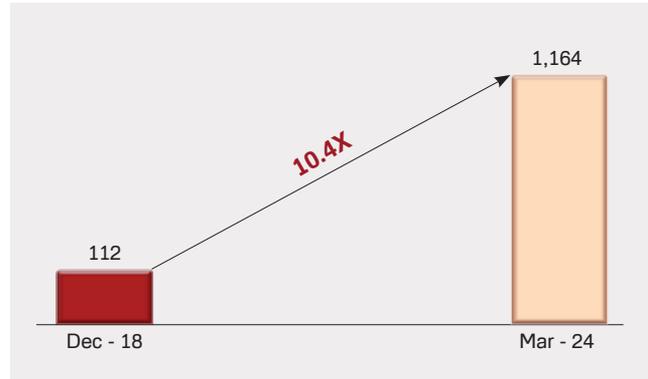
Key Achievements of IDFC FIRST Bank 1.0 (FY19-FY24), (Quantitative)

1. Built Essential Infrastructure: The Bank built an essential network of branches and ATMs

i. Branches

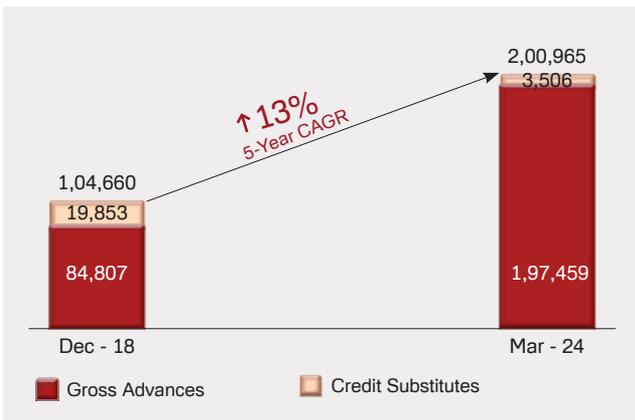


ii. ATMs



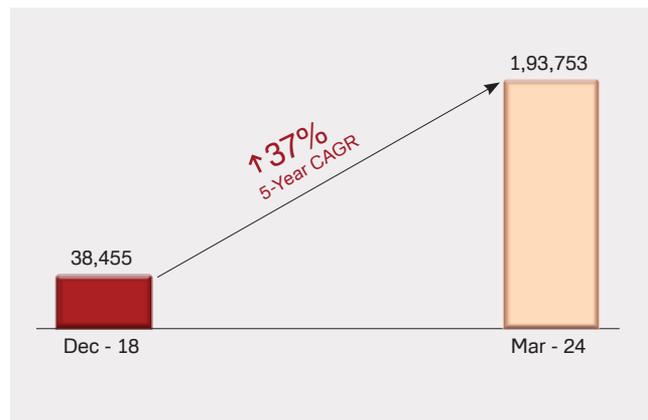
2. Strengthened the Balance Sheet: The Bank grew Loans and Advances by only 13% (5-Year CAGR) but grew Customer Deposits healthily by 37% (5-Year CAGR), this strengthened the Balance Sheet by improving the credit to deposit ratio

i. Loans and Advances (₹ crore)



Loans and Advances shown above are net of IBPC

ii. Customer Deposits (₹ crore)



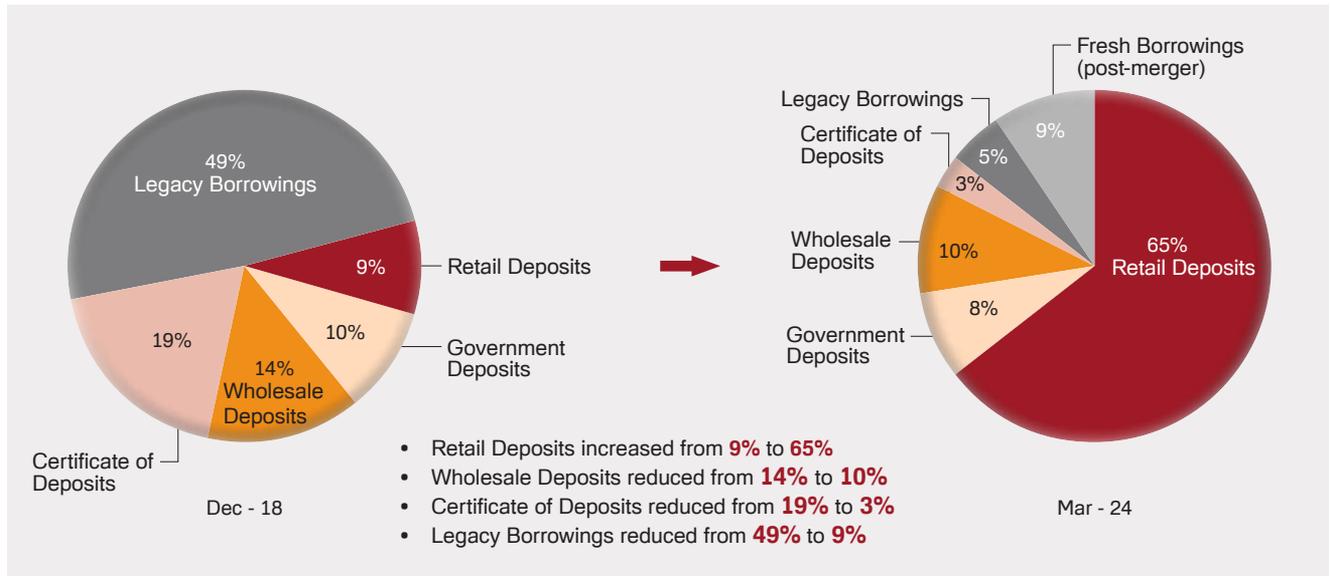
In addition to Customer Deposits mentioned above, the Bank also has Certificate of Deposits of ₹6,823 crore as on 31st March, 2024

5-Year CAGR in this section is for the period Mar-19 to Mar-24

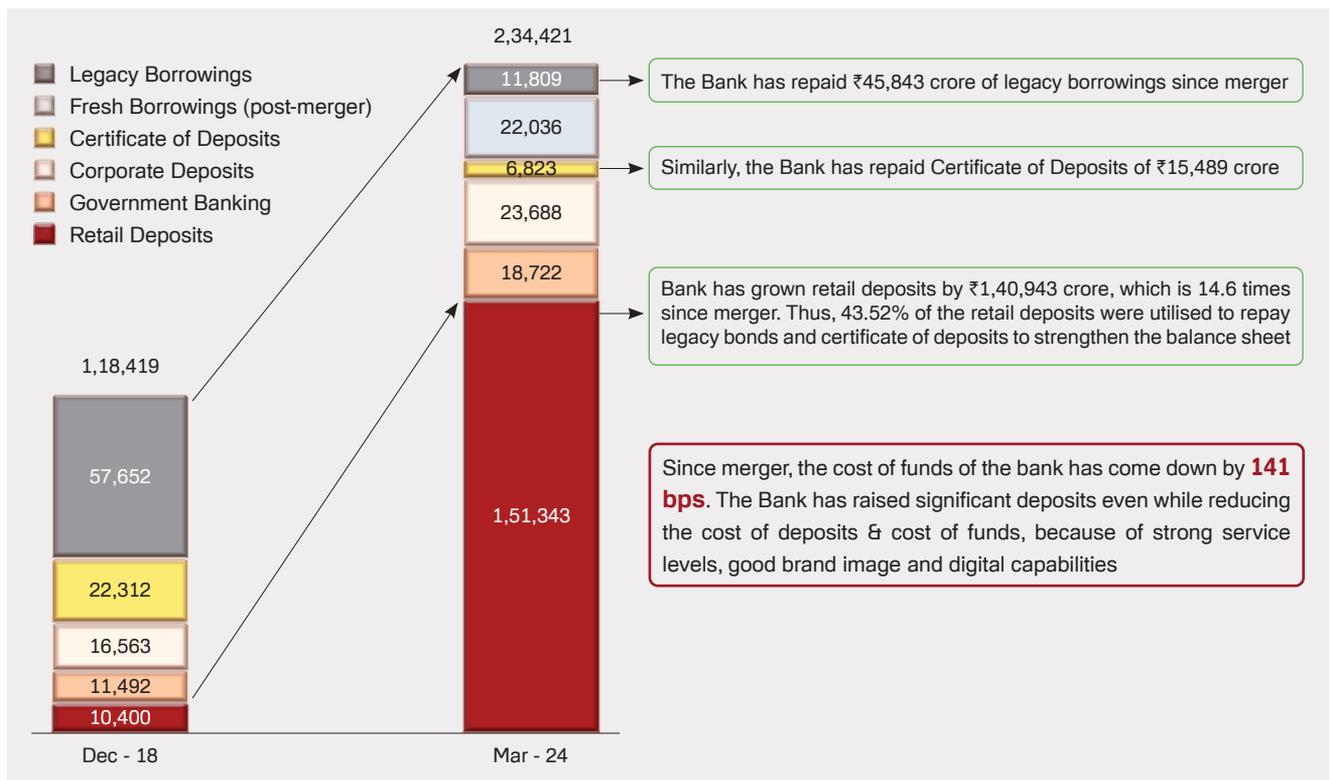
Key Achievements of IDFC FIRST Bank 1.0 (FY19-FY24), (Quantitative)

3. Strengthening of Liability Profile

i. **Strengthening of Liability Profile (%)**: Retail Deposits as a % of total liabilities increased from 9% to 65%



ii. **Strengthening Liability Profile (₹crore)**: The Bank raised ₹1,40,943 crore of retail deposits and used it to repay ₹45,843 crore of legacy borrowings, and to wind-down certificate of deposits by ₹15,489 crore



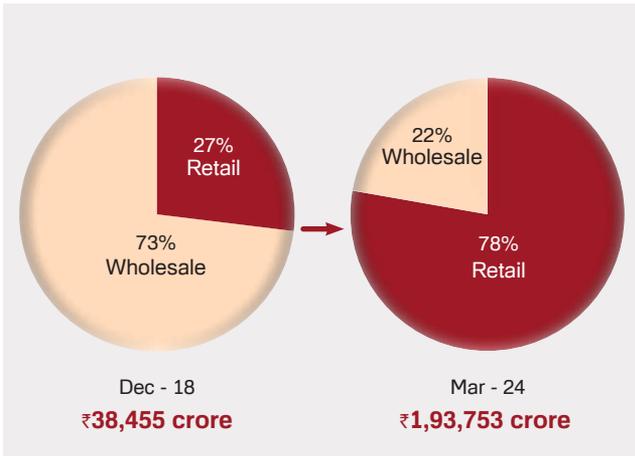
Liability profile above excludes money market borrowings

Key Achievements of IDFC FIRST Bank 1.0 (FY19-FY24), (Quantitative)

4. Retailised Deposits Franchise

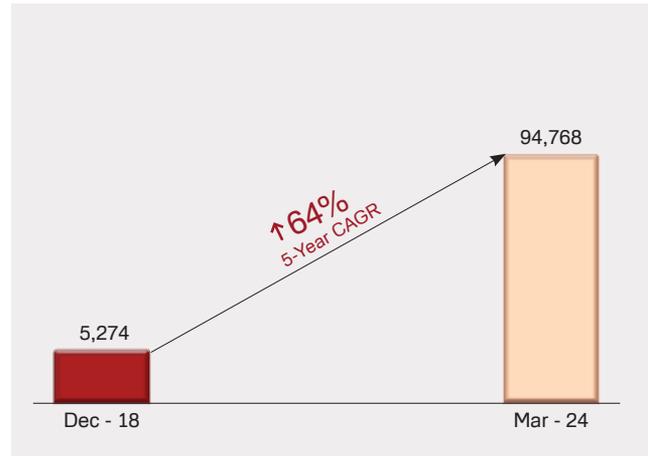
i. Overall Customer Deposits (%)

Retail Deposits grew from 27% to 78% of total customer deposits. Retail deposits are more granular, sticky and stable, and the bank achieved a strategic priority of retailising the deposits, to strengthen the liabilities franchise



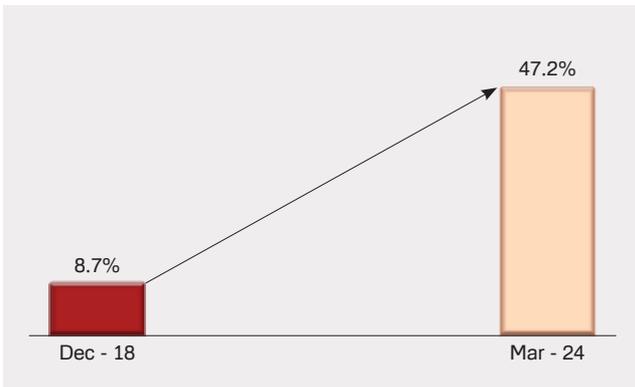
ii. CASA Deposits (₹ Crore)

CASA deposits has grown strongly to touch ₹94,768 crore



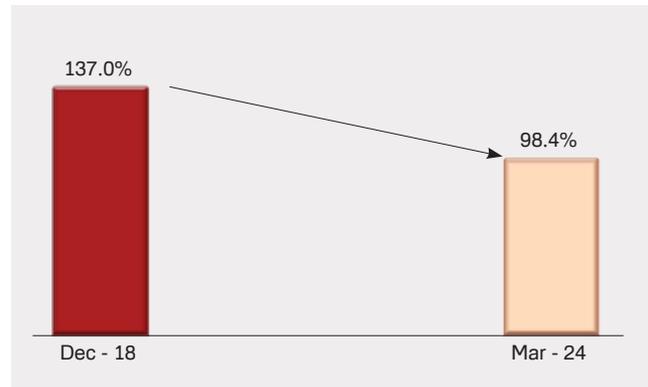
iii. Healthy CASA Ratio (%)

At 47.2%, the Bank has one of the healthiest CASA ratio in the banking system



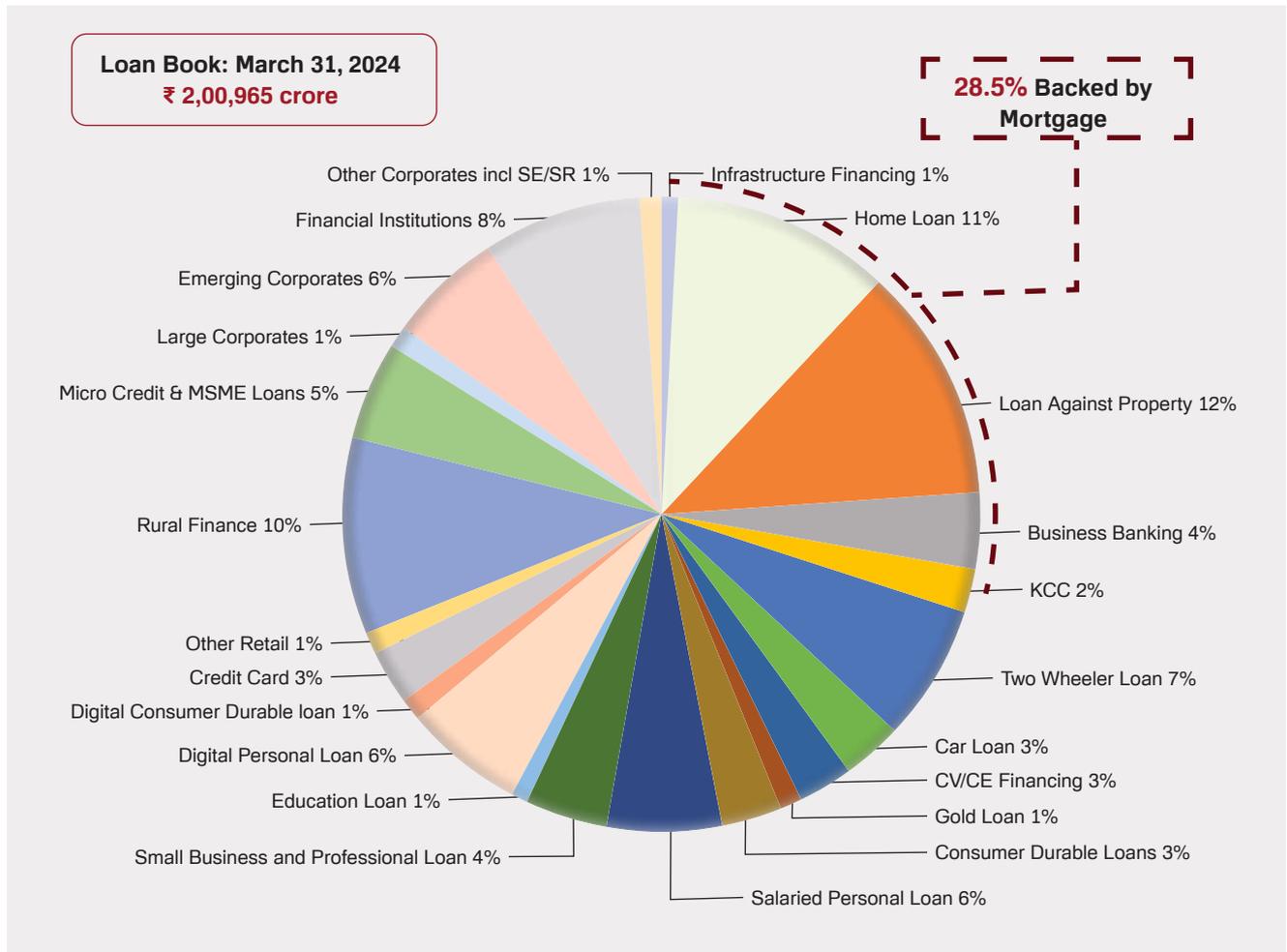
iv. Improved Credit to Deposit Ratio (%)

The Bank had a conservative balance sheet approach. Incremental credit deposit ratio was low for five years, and for FY24, it was only 76.2%

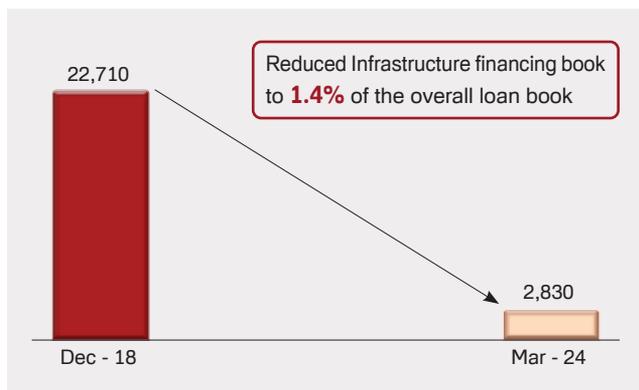


Key Achievements of IDFC FIRST Bank 1.0 (FY19-FY24), (Quantitative)

5. Well-Diversified Loan Book: Bank has built a well-diversified loan book which diversifies risk over 25 product segments No business exceeds 15% of the loan book

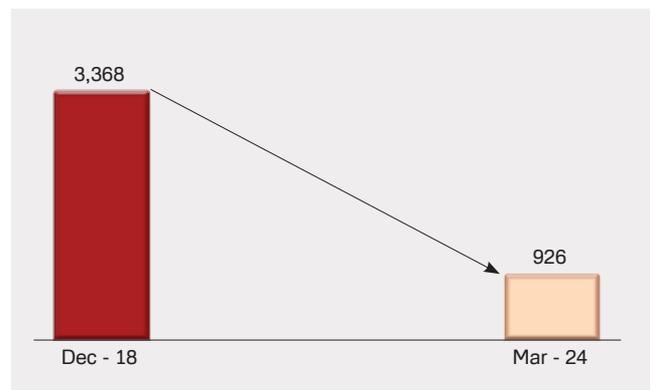


6. Infrastructure Financing Book (₹ Crore)



Bank has run-down Infrastructure financing book, which, as a % of overall loan book reduced from 21.7% as on Dec-18 to only 1.4% as on Mar-24, thereby reducing risk

7. RIDF Investments (₹ Crore)

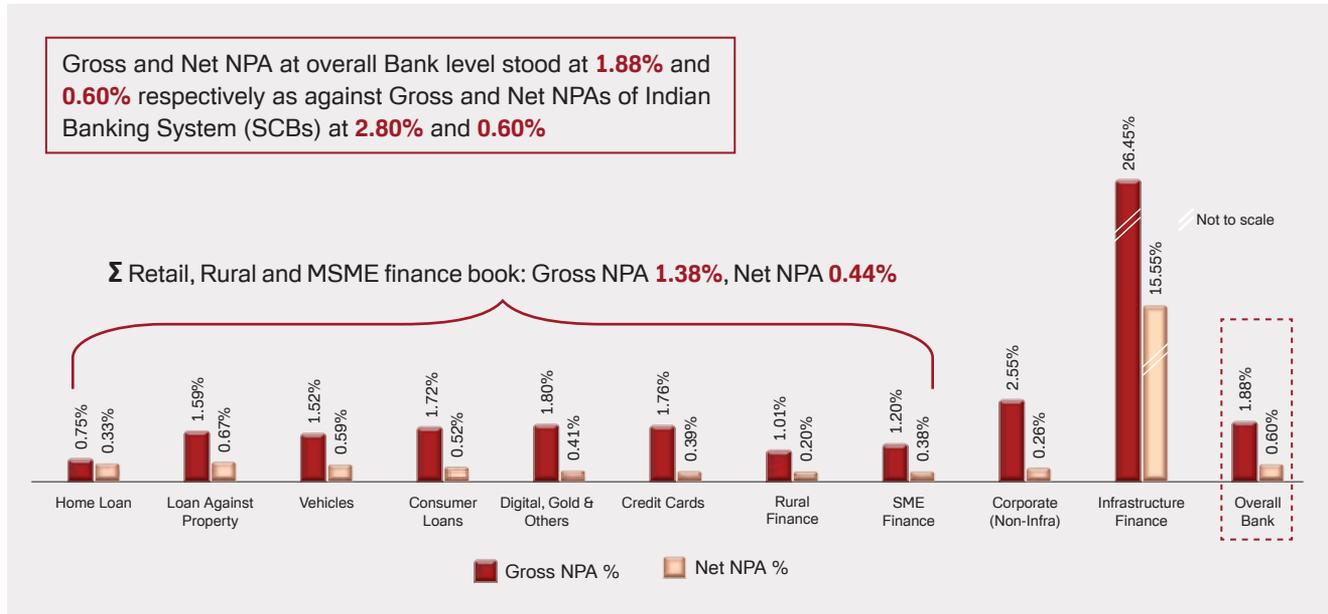


The Bank has developed ability to raise organic Priority Sector Loans which has reduced the need to make low-yield RIDF Investments

Key Achievements of IDFC FIRST Bank 1.0 (FY19-FY24), (Quantitative)

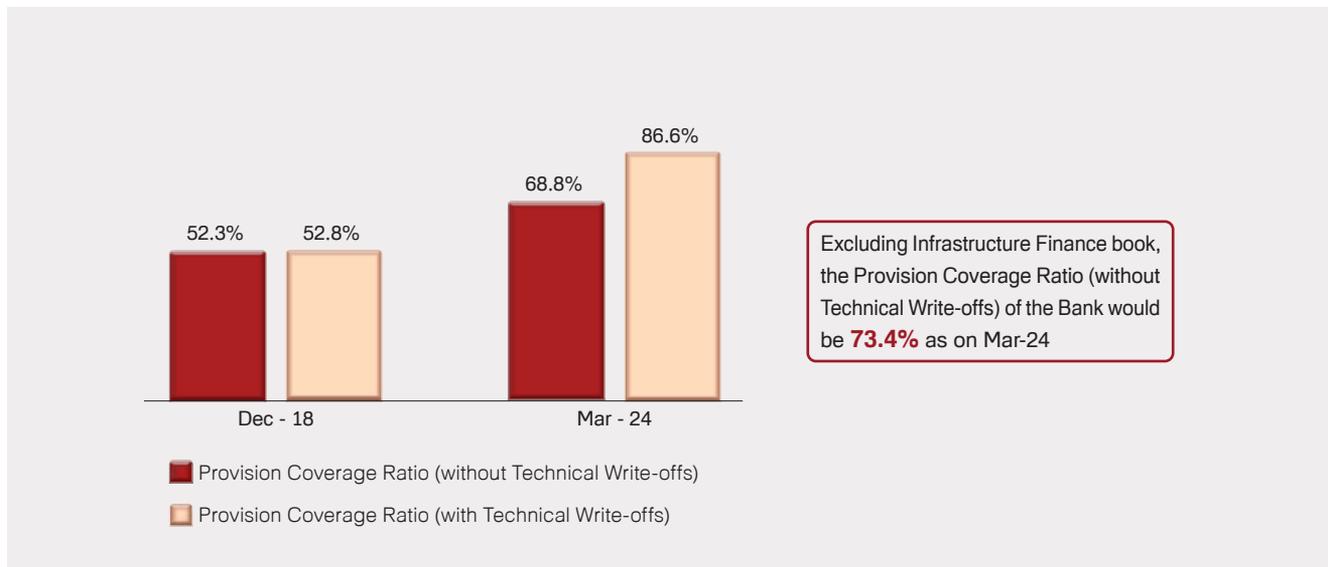
8. Strong Asset Quality

The Bank has maintained high asset quality across all businesses except for Infrastructure Project Finance book. The Bank follows the principle of Cash-Flow-based financing, that helps it to achieve high asset quality



Without including Infrastructure Project Finance book, the Gross and Net NPA of the Bank would have been 1.55% and 0.42% respectively

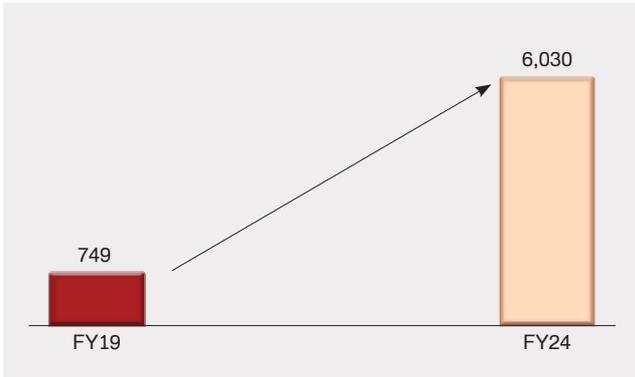
9. Improved Provision Coverage Ratio (%)



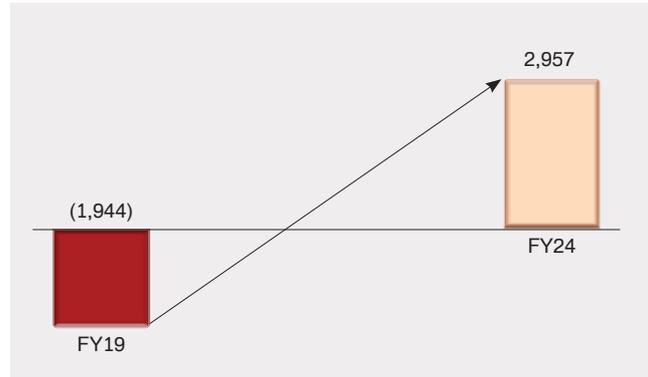
Key Achievements of IDFC FIRST Bank 1.0 (FY19-FY24), (Quantitative)

10. Profitability

i. Core Operating Profit (₹ Crore)

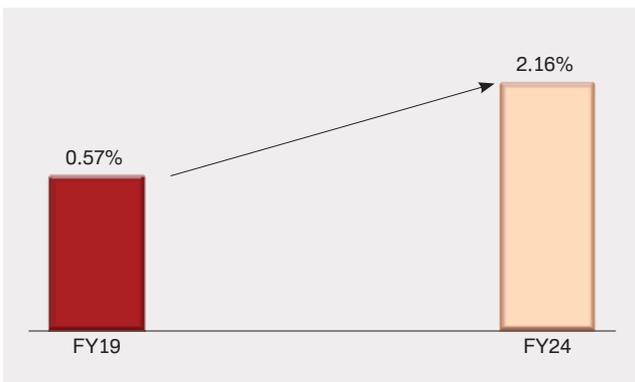


ii. Profit after Tax (₹ Crore)



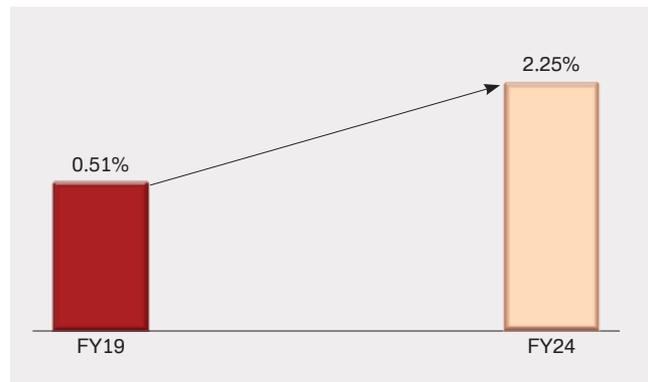
- Core Operating Profit is Net Interest Income plus Fees and Other Income (excluding trading gains) minus operating expenses
- The above numbers are as per the reported results of respective financial years
- The net loss above for FY19 includes the impact of goodwill write-off.
- Excluding the impact of goodwill write-off, the net loss for FY19 would have been only ₹253 crore
- Core Operating Profit for H2-FY19 of the merged entity, when annualised, stands at ₹1,105 crore

iii. Fee to Average Assets (%)



Fee business such as Wealth Management, Cash Management Solutions, Toll, Credit Cards, Transaction banking, Forex, Insurance and Mutual Funds are the new drivers of growth in the fee income of the Bank

iv. Core Operating Profit to Average Assets (%)



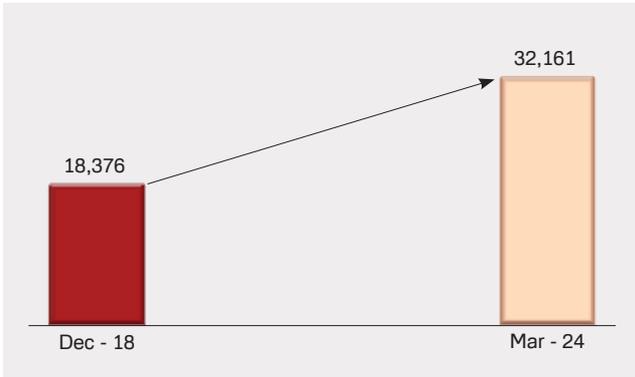
Based on strong financing business model, core operating profits as a % of average assets has increased substantially

For FY19, the numbers are as per the financial results of March 31, 2019 and includes H1-FY19 of the standalone entity and H2-FY19 of the merged entity i.e. IDFC FIRST Bank

Key Achievements of IDFC FIRST Bank 1.0 (FY19-FY24), (Quantitative)

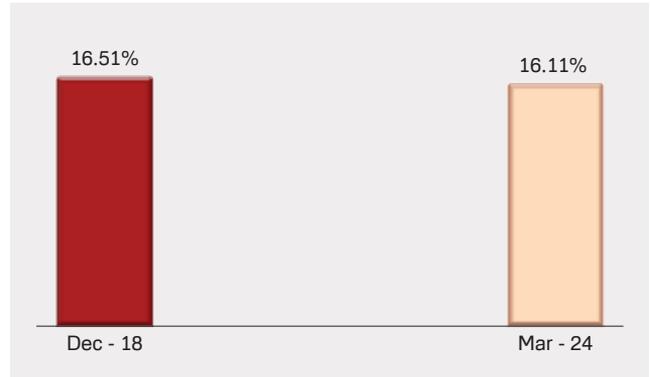
11. Capital

i. Networth (Shareholders' Funds) (₹ Crore)



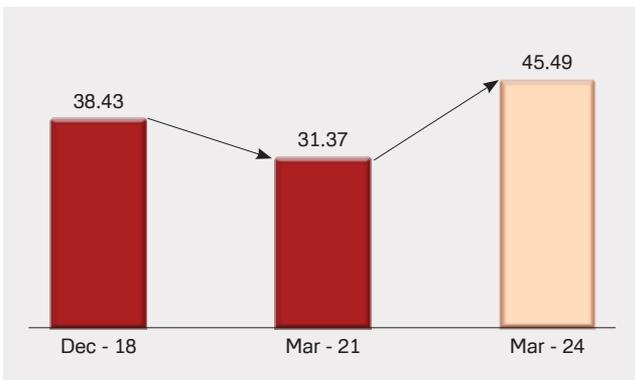
In Jul-24, the Bank successfully raised equity share capital of ₹3,200 crore. Including this, the Shareholders' Funds (with Mar-24 as a base) would be ₹35,361 crore

ii. Capital Adequacy Ratio (%)



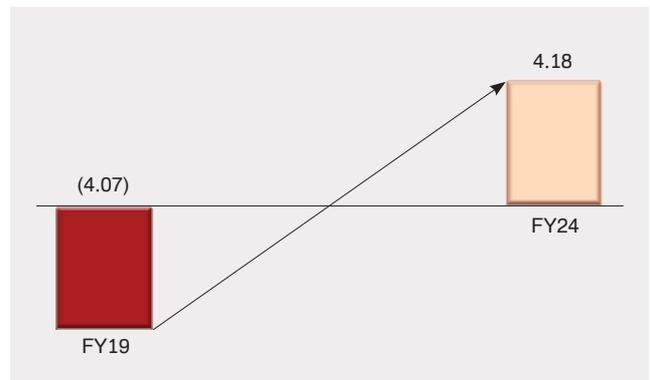
Capital Adequacy Ratio of the Bank continues to remain strong

iii. Book Value per share (₹)



Book Value per share reduced from ₹38.43 to ₹31.37 due to losses on account of legacy loans. Since then, as the Bank has been profitable, the BVPS has been increasing to reach ₹45.49 in the next 3 years ending FY24

iv. Earning per share (₹)

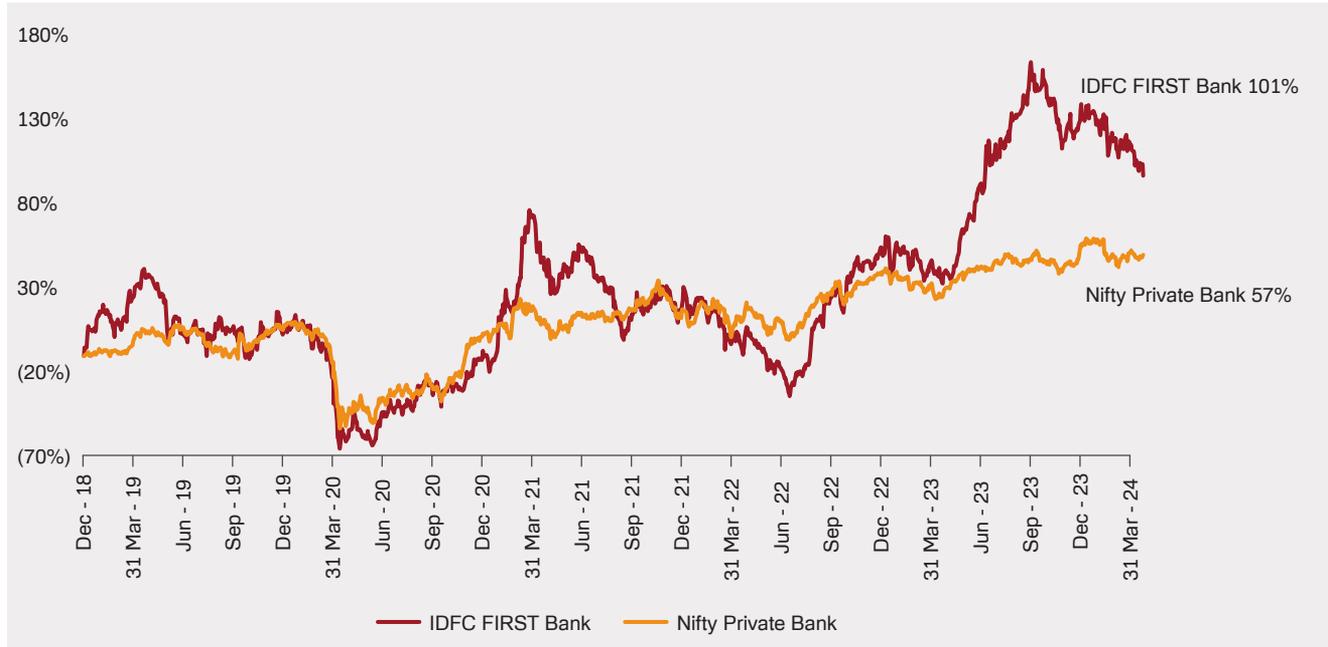


The EPS for FY19 includes the impact of goodwill write-off, excluding the same the EPS for the year would be ₹(0.53)

Key Achievements of IDFC FIRST Bank 1.0 (FY19-FY24), (Quantitative)

12. Share-price movement

i. Price movement since merger: IDFC FIRST Bank vs NIFTY Private Bank Index (%)



ii. Share Price Performance Since Merger: The Bank has outperformed the NIFTY Private Bank Index since merger

	At Merger*	28 - Mar - 2024	Growth (%)
Nifty Private Bank Index	15,041.8	23,555.9	57%
IDFC FIRST Bank	37.6	75.4	101%

*Price prevailing on the last trading day prior to the public announcement of the merger based on the NCLT order on 12st December, 2018

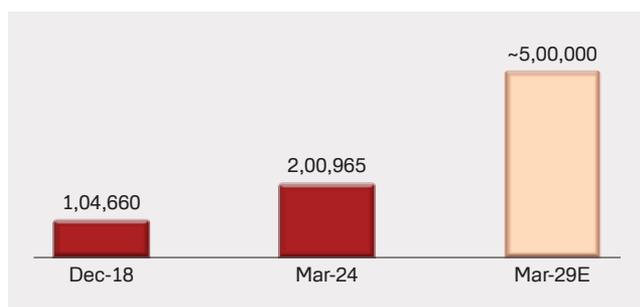
Aspirations for IDFC FIRST Bank 2.0 (FY24-FY29) (Quantitative)

IDFC FIRST BANK

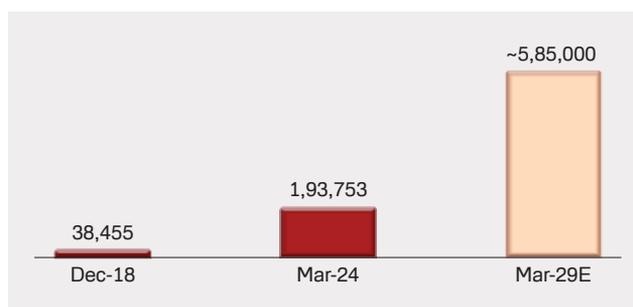
The Bank has exceeded or met or most likely to meet most targets as provided under Guidance 1.0. We have a strong proven business model that is incrementally very profitable. The Bank is now poised for its next stage of growth journey for the coming 5 years and declared the target milestones accordingly

We are building a world class bank with highest levels of corporate governance, a consistent balance sheet growth of ~20%, with strong asset quality of GNPA < 1.5% and net NPA of < 0.4%, with ROE of 17-18%, with contemporary technology, unique business model, and high levels of Customer Centricity

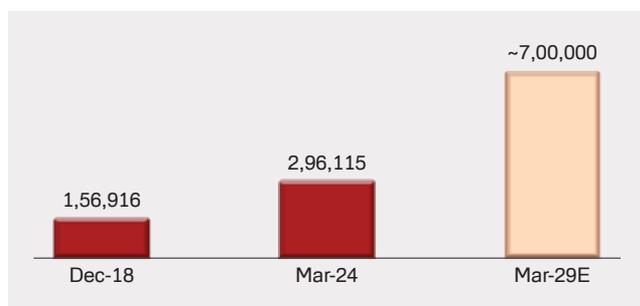
Loan Book (₹ Crore)



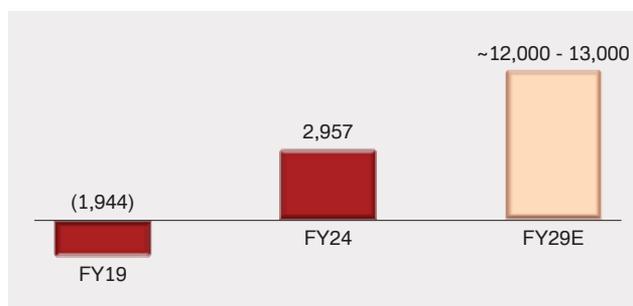
Customer Deposits (₹ Crore)



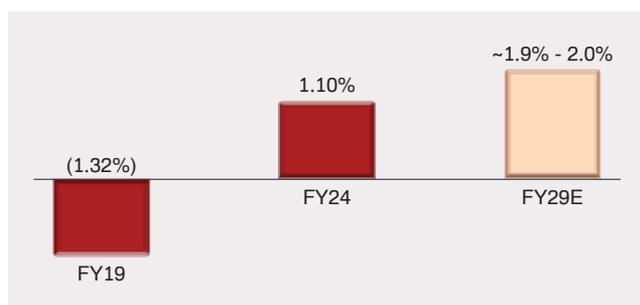
Balance Sheet (₹ Crore)



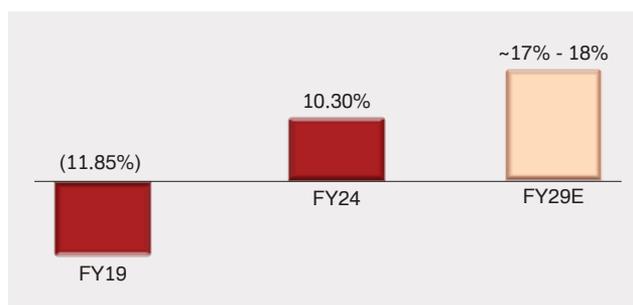
Profit After Tax (₹ Crore)



Return on Assets (%)



Return on Equity (%)



Note: Profit after tax, RoA and RoE for FY19 includes the impact of goodwill write-off, excluding the same the net loss for the year would have been ₹253 crore, RoA would have been (0.17%) and RoE would have been (1.54%).

Disclaimer: Kindly note that the aspirations mentioned above have been presented in good faith based on our internal estimates and current business environment. The Bank may or may not be able to achieve the same based on multiple factors such as interest rate movements, regulatory changes, macro-economic changes, geo-political factors, and any other factors unknown to us at this stage



Building a prosperous, sustainable, and inclusive future for all our stakeholders...



Our ESG priorities are a direct reflection of our vision and philosophy. We believe that banking must be ethical, socially responsible and engender trust among all our stakeholders. This is directly tied to continued sustainability of our business.”

Mr. Sanjeeb Chaudhuri
Chairman

Dear Shareholders,

I am delighted to present IDFC FIRST Bank's Integrated Annual Report for 2023-24.

In 2023, the global economy demonstrated resilience through multiple headwinds including geopolitical tensions and monetary tightening. It registered a growth of 3.2%, higher than earlier estimations. The IMF (International Monetary Fund) expects the world economy to grow 3.2% for 2024 as well as 2025. Inflation is expected to decline to 9% in 2024 and 4.5% in 2025. The war in Ukraine, conflict in the Middle East, Red Sea disturbances remain risks which could disrupt trade flows, negatively impacting inflation. The latest volatility in markets will require careful navigation of systemic risks.

Amid an uncertain global environment, India registered 8.2% growth during FY24, emerging as the fastest-growing major economy in the world once again, driven by continued public capital spending, steady consumption and robust manufacturing and services sector growth. Retail inflation has slowed down, with March 2024 reading at 4.82%, a 10-month low. RBI has now held its policy rate steady at 6.5%, for over a year and maintained its “withdrawal of accommodation stance”.

Despite a higher interest rate environment, bank credit expanded at 16.3%, the highest in a decade. This strong lending appetite has been backed by strong balance sheets and all-time low NPAs, thanks to regulatory and policy changes. Our government is expected to continue growth-oriented policies. RBI expects the Indian economy to grow 7.2% in FY25. India's strong macroeconomic environment provides a favourable tailwind to your Bank's growth and profitability ambitions.

Advancing on our ESG commitments

I wrote to you last year on our commitment to the highest ESG standards. I am happy to report that, in the year gone by, we have made significant progress in our ESG initiatives.

In FY24, we have worked on execution of our ESG goals and targets, identified a climate action roadmap, and baselined our Greenhouse Gas (GHG) emissions (including financed emissions for select portfolios). Further, we also progressed on achieving green certification for our large offices, created awareness among our employees, and continued to create societal impact through our social

outreach activities under our CSR programmes. As a Bank, we are strongly focused on inclusive and sustainable finance and continue to operate in deep rural geographies serving the financial needs of this population. Going forward, we expect to accelerate this focus, including a strong emphasis on green financing. We have created a culture of regular measurement and benchmarking of our progress against best-in-class institutions.

I am glad to report that in FY24, the Bank has improved on its key ESG ratings, including its score in the Corporate Sustainability Assessment (CSA) by S&P, and ESG Risk Rating by Sustainalytics. In October 2023, the Bank was also accorded the coveted Golden Peacock Award for ESG (National), a testimony of its ongoing efforts on the ESG front, which serves as an inspiration for the Bank to do more in this regard.

We realise that as a financial institution, we can play a significant role in accelerating positive impact across environmental and social aspects. India as a country has committed to becoming Net Carbon Zero by 2070, and the government is taking significant steps through policies and programmes to support a fair transition. In fact, by 2030, India has committed to reduce its emissions intensity by 45%. This will require sustained efforts from policymakers, businesses, financial institutions and communities alike. This is further supported and encouraged by the Reserve Bank of India (RBI) and several schemes of the Government of India. As a Bank, we are aligned to this opportunity, and we look forward to finance this transition with innovative models and products.

You can read more details of the Bank's ESG strategy, initiatives, highlights, goals, and performance in this Report.

Continuing focus on Risk Management

IDFC FIRST Bank maintains a robust operational risk management framework that emphasises the proactive identification and mitigation of risks across its operations. A strong risk culture is designed to reinforce the Bank's risk resilience through a holistic approach to management of risk and return and effective management of risk capital. This approach helps maintain a careful balance between risk and reward, aiming to protect the interests of all our stakeholders.

Creating an empowered and motivated team

IDFC First Bank's vision to be a strong and sustainable financial institution is anchored on a foundation of empowered employees and engaged stakeholders. Your Bank recognises that its employees are among its most valuable assets and strives to create a strong value system which empowers them to deliver world-class service with a human touch powered by the latest technology.

On behalf of the Board of Directors, I assure you that all of us on the Board of your Bank are very focused on the highest standards of corporate governance. We have created and constantly nurture an environment where all Board members participate in free and frank deliberations. As the Chairperson of the Board, it is my constant endeavour to encourage dialogue and ensure robust discussions around multiple viewpoints from the Board and the Management Team.

We are happy to report that your management team is transparent in sharing all relevant information with us. In the Board Committee meetings, we invite leaders from two or three levels down to present and talk to us in a free and frank atmosphere. This gives us visibility to the talent pool of your Bank and also enables us to hear of innovative initiatives, successes, and challenges across multiple levels in the organisation.

We constantly review our understanding of the dynamic financial landscape and evolving customer needs and are committed to establishing your Bank as a trusted partner for our customers and other stakeholders. Our diverse expertise and experiences fuel forward-looking discussions, leading to informed decisions that can drive sustainable growth and value creation for all stakeholders. Through collective wisdom and strategic decision-making, we are guiding the Bank towards a future of excellence. We have inculcated a culture of respect for all control functions at the Bank; I am happy to share that your MD and CEO and senior management are proactive, with a long-term perspective and passionate about customer service.

I extend my heartfelt gratitude to each and every one of our stakeholders. We are particularly fortunate to have very enlightened regulators, and I take this opportunity to thank them for their continued guidance throughout our journey. As the Bank embarks on the path ahead, we remain committed to delivering excellence and upholding the highest standards of corporate governance. Together, let us build a future that is prosperous, sustainable, and inclusive for all our stakeholders and the society in which we operate.

Yours Sincerely,

Sanjeeb Chaudhuri
Chairman

Steady Growth



We believe that the multiple lines of defence, including Business, Risk & Controls, Internal Audit and Compliance play an extremely important role in the Bank, and we greatly appreciate the value they add. We respect the independence of these functions. We explain to our employees that control functions at the bank are like the brakes of a car-you can never feel safe driving unless your brakes are strong. For us, Governance is everything.”

Mr. V Vaidyanathan
Managing Director & CEO

Dear Shareholders,

Thank you for taking time to read this document, IDFC FIRST Bank's Integrated Annual Report for 2023-24. Since this is a once-a-year letter, we are sharing a detailed note about what we are building, how we are doing it and what is the future direction we are pursuing.

Gratitude

I would like to begin by saying a sincere thanks to every employee of IDFC FIRST Bank for the hard work and dedication, which has brought us to a position of strength. We are immensely grateful to the Reserve Bank of India for their guidance, support, and mentorship on our journey to becoming a strong institution. Sincere thanks to Credit Rating agencies for recognising our progress. A heartfelt thank you to our shareholders for your unwavering confidence and capital support during our early, challenging times. To our Board of Directors, who are laser-focused on corporate governance, thank you for your steadfast support and guidance. And finally, to our customers, thank you for your support and goodwill, especially during our early stages as a bank.

Customer FIRST Bank

Being an early-stage bank created from an infrastructure Domestic Financial Institution, we were not measuring up to peer benchmarks in profitability, leading to performance pressure from stakeholders.

Despite such pressures, we took many decisions in line with our philosophy of customer-first, often incurring a financial cost.

We simplified our fees and charges, removed complex descriptions and requirements for calculators. The quality of products and services offered by us will gradually spread through experience and word of mouth and will reflect in long-term value creation.

Recently a research report by Moneylife Research report, independently studied Fees and Charges of the industry and called our Bank “A Class Apart Bank” for its “Transparency and Reasonableness in Fees and Charges.”

We have taken several measures to improve customer service, including increasing access points to reach us, Root Cause Analysis, business process reengineering, etc. detailed later in the note in the Section Service.

Universal Bank

We are building our Bank as a Universal Bank. Over the last few years, we launched or expanded our Cash Management Services, Transaction Banking, Current Account propositions, Corporate Banking Systems, Trade solutions, Credit Cards, Wealth Management, FASTag, NRI banking, Treasury and Forex solutions, Kisan Credit Cards, agriculture loans, small farmer loans, gold loans, tractor loans, education loans, etc. Our Bank is building these out in the longer-term interest for our Bank.

Milestones

We crossed many milestones during these few years, and each milestone is a step towards strengthening the Bank. Our Bank has crossed ₹2,00,000 crore of deposits (₹1.93 lakh crore of customer deposits and ₹7,000 crore of Certificate of Deposits). Our loan book has crossed ₹2,00,000 crore. These are significant milestones as they give us the necessary scale and income to continue to invest and grow into the future.

80% of our customer Deposits are originated from Retail Branches. Our CASA Ratio is strong at 47%. Our loan book is well-diversified across 25 product lines with no product contributing >15% of the loan book. We have the lowest ever NPA (GNPA of 1.88% and NNPA of 0.6%) in our history. We have the highest ever networth of ₹35,361 crore (including capital raised in July 24) and posted the highest ever profit of ₹2,957 crore (FY24) in the history of our bank. We have improved our ROA from 0% to 1% in a short time, and look forward to increasing it further because of benefits of scale and operating leverage.



Post merger, IDFC FIRST Bank shareholding will be as one of an independent standalone institution like ICICI Bank or HDFC Bank. We can grow for decades to come; today is only the beginning.”

Long term picture

We are in the process of merger with IDFC Limited. Post merger, IDFC FIRST Bank shareholding will be as one of an independent standalone institution like ICICI Bank or HDFC Bank. We can grow for decades to come; today is only the beginning.

HDFC Bank and ICICI Bank in India have posted advances at 20-30% for nearly 30 years and still growing advances at 16-17%.

To sustain growth over decades, we need strong corporate governance, scalable business model, strong risk controls, profitability, ability to adapt over time and market opportunity.

Market opportunity is provided by India, we are a growing economy expected to reach \$35 trillion in 2047. As the economy grows, every industry whether consumption or investment, will continue to grow and will be our opportunity. Formalisation, digitisation, financialisation, and entrepreneurship will be additional boosters.

India needs more banks for such growth over the next 20 years, and we are well-placed to be one such.

IDFC FIRST Bank is a universal bank and is connected to all new digital ecosystems with the latest technologies. On the lending side, we can serve a diverse profile of customers, including small businesses, micro-enterprises, rural entrepreneurs, retail borrowers, commercial & corporate banking customers. We have a pan India presence, and serve our customers across urban, semi-urban

and rural markets. On the deposits side, we can raise deposits at scale (more about this later). With strengths on both sides, we can grow strongly with the growth of the Indian economy for a long time.



What we are building at IDFC FIRST Bank At IDFC FIRST Bank, we are building a new-age, digital, world-class bank for our country. For all of us at the bank and our Board, this is a rare privilege of a lifetime.”

From a low loan asset base of ₹2,00,000 crore, we are well-placed for growth. So, even if we were to assume growth of at say, 20% for 5 years, 18% for next 5 years, 16% for next 5 years and 14% for next five years, which are very reasonable estimates in the context of our economy, our loan book could be ₹46,00,000 crore in 20 years.

We have laid the foundations for one such institution coming up in India.

The market is large, we do not need to hurry. If we grow steadily, we can build a great institution for the long run. The key is to maintain top quality corporate governance and continuously upgrading our capabilities to partake and participate in the emerging economy.

What we are building at IDFC FIRST Bank At IDFC FIRST Bank, we are building a new-age, digital, world-class bank for our country. For all of us at the bank and our Board, this is a rare privilege of a lifetime.

External endorsement is the best endorsement. Over the years, all four leading credit rating agencies—CRISIL, ICRA, India Ratings, and CARE Ratings—have upgraded us, with the latest upgrade being from AA to AA+ Stable.

We are just one step away from an AAA rating, the gold standard. I am confident that we will achieve this too because we are building the Bank with strong risk controls, top-quality corporate governance, and robust unit economics.

Safety First: As a Bank, our first requirement is to be safe. At the time of the merger in December 2018, both IDFC Bank and Capital First were primarily lending institutions. This resulted in ₹79,964 crore of upcoming legacy borrowings (₹57,652 crore) and Certificates of Deposits (CDs, ₹22,312 crore), which would have caused a serious asset-liability mismatch for the bank. The bank had only ₹10,400 crore in retail deposits (8.8%) and ₹1,08,019 crore (91.2%) of institutional liabilities at the time of merger.

I am happy to share that, since merger, we have repaid ₹61,332 crore of the said borrowings and CDs, by raising retail deposits, a major achievement that has tremendously strengthened the bank.

The legacy borrowings have significantly reduced to just ₹11,809 crore, and the certificates of deposits have also come down to ₹6,823 crore as of March 31, 2024.

Within five years, granular deposits originating from our branches increased from 27% to 78%. Retail deposits are more stable and engaging because customers become accustomed to our services, user interface, branches, relationship management, standing instructions for EMI, auto debits, mobile app, etc. making the deposits stickier and more sustainable.

Credit Deposit Ratio: At the time of the merger, our credit-deposit ratio was 137%. Including our investment in corporate bonds, which is a credit substitute, the ratio was 169% which has now been reduced to about 100% on a like-like-basis, which is a significant milestone for our bank. Our incremental Credit-Deposit ratio was only 76% for FY24. We expect the credit-deposit ratio to decrease to low 90s this year and enter the 80s by FY26. This has been possible because we built capability to raise retail deposits at scale at our Bank.



External endorsement is the best endorsement. Over the years, all four leading credit rating agencies—CRISIL, ICRA, India Ratings, and CARE Ratings—have upgraded us, with the latest upgrade being from AA to AA+ Stable.”

IDFC FIRST - A Digital Bank

At IDFC FIRST, we are building a digital bank for the future. We believe that, apart from the benefit of scalability, a digital bank can help us serve our customers in a more personalised manner and reach unserved market segments profitably, that conventional models cannot. With conventional technology, we could not have progressed this far in five years.

We have developed an advanced and contemporary technology stack, including core applications, middleware, CRM systems, channels, data engineering, and a data lake.

We have developed advanced data science and analytics using artificial intelligence and machine learning. We have hired skilled professionals in predictive analytics to leverage big data for customer insights and decision-making.

Our team includes professionals in software development, programming, application development, and software engineering to create and maintain digital banking platforms and apps. We have also strengthened our cybersecurity capabilities to protect our digital assets from cyber threats and ensure compliance with regulatory standards.

In terms of soft skills, we look for adaptability and agility, people skills, problem-solving, strong analytical and critical thinking skills, collaboration, and teamwork.

How a digital Bank plays out on business metrics

As you will see below, these capabilities are playing out across our universal banking products, our deposits, loans, and service levels.

Deposits

Within just five years of operation, our deposits per branch have reached around ₹212 crore, in the league of large established private sector banks.

As per LCR disclosures, our retail deposits per branch and incremental retail deposits per branch are already in the same league as these large private banks. Our ability to raise retail deposits at scale is a key strategic capability for the bank.



We have developed a top-class mobile app, which is a fintech app on a bank platform. We are happy that our mobile app is highly rated with a 4.9 rating on Google Play Store and a 4.8 rating on the App Store.”

Despite this growth, our branches have few footfalls because we offer extensive digital services. Our branches are welcoming, capable of accommodating and servicing more customers, which provides us with operating leverage.

Our service levels have substantially improved, and digital capabilities have enhanced our relationship management for individual customers.

We have developed a top-class mobile app, which is a fintech app on a bank platform. We are happy that our mobile app is highly rated with a 4.9 rating on Google Play Store and a 4.8 rating on the App Store.

This is not just a regular bank app; it is a hyper-personalised app with end-to-end journeys for fixed deposits, loans, financial planning, retirement planning, card controls, flight bookings, hotel bookings, rewards redemption, categorisation engine, and customer service.

Apart from our product teams for whom this is a core job, I am also personally focusing and pushing for great user experience on our App for our customers. I have got my friends and family to download our App and constantly test our app. Just last week, I got feedback from a well-meaning user that our App does not support linking Rupay cards of other card issuers to IDFC FIRST Virtual Payment Address (VPA or UPI id). Another feedback received was that IDFC FIRST VPA is not valid for IPO applications. On another occasion, I noticed that our Video KYC rushed the customer instead of focusing on smooth onboarding for customer. Such feedback flow is continuous, and we improve based on feedback.

IDFC FIRST Bank generated among the highest incremental customer deposits per branch per year



Being an early-stage bank, we make extra efforts to be available to public scrutiny post our results. It's a combination of transparency, addressing issues head-on, generate trust, attractive products, technology, an exceptional mobile app experience, culture, customer service, word-of-mouth business, motivated employees, and other factors."

in the country. You might think this is due to higher interest rates on savings accounts. To analyse this, let us compare with mid-tier banks with similar Cost Of Funds (COF). Our cost of funds at 6.38% is among the lowest in the peer group of mid-tier new-generation private sector banks, will further come down as we pay off residual high-cost legacy borrowings. Yet, compared to other mid-tier banks that have similar or higher COF than ours, we raised over 2X retail deposits per branch on an incremental basis based on LCR disclosures.

How is our bank achieving higher deposits per branch and at among the lowest cost of funds compared to other mid-size peer banks?

Being an early-stage bank, we make extra efforts to be available to public scrutiny post our results. It's a combination of transparency, addressing issues head-on, generate trust, attractive products, technology, an exceptional mobile app experience, culture, customer service, word-of-mouth business, motivated employees, and other factors.

Compared to rest of the private sector banks, IDFC FIRST Bank is generating about double incremental deposits per year per branch. Hence at industry benchmarks, we would need about 950 more branches to generate the deposits we raised last year. This would have costed us about additional ₹1,900 crore for the year. Thus, you can see the positive impact our strategies of customer service, transparency, brand image, and digitisation are having on the profitability of the Bank.

Lending

Being a digital bank enhances our controls by providing access to the latest information and enabling real-time synthesis. Today, I'd like to share how we underwrite loans using a combination of physical checks where necessary, and new-age technologies and digital ecosystems. The processes have multiple checks and balances. The processes are as described below. **(D)** denotes digital processes, **(P)** denotes physical processes

1. **Biometric KYC (D):** We access UIDAI to fetch the customer's photograph and other details to validate their identity through fingerprint or iris scan.
2. **NSDL Verification (D):** We access NSDL to compare the PAN name with the name from Biometric KYC.
3. **NPCI Validation (D):** We perform an IMPS Penny Drop to validate the repayment bank account, matching the name with the biometric KYC Aadhaar.
4. **Credit Bureau Access (D):** We retrieve customer behavior, repayment trends, credit lines etc. from credit bureaus like CIBIL, Equifax, Experian, or CRIF.
5. **Demographics (D):** We collect demographics such as age, residence, etc. from the application.
6. **Product Information (D):** We get information about the product financed, say MSME, Business, Brand being purchased, etc. from the digital application form.
7. **Cash Flow Checks and Scorecards (D, P):** We analyse bank statements, GST records, or credit bureau cash flow estimates. We calculate loan eligibility based on average bank balances to ensure the customer can afford the EMI. We support these assessments through scorecards.
8. **Fraud Detection (D):** We use algorithms to identify potential fraud by the customer, intermediary, or employee.
9. **Fraud Monitoring System (D):** We used advanced fraud monitoring tools to estimate probability of fraudulent intention.
10. **Field Verifications (D, P):** We conduct residence checks, office address checks,



Specialisation: We specialise in cash-flow financing supported by debit instructions of EMI to the customer's bank. As you can see, most of the processes are digital, which enables better controls and scalability."

reference verification, lifestyle checks, and business activity checks, aided by digital tools like geo-tagging.

11. **CRILC and Legal Checks (D):** We check for legal cases, disqualification of directors, etc.
12. **Financial Analysis (D, P):** We analyse ratios, debt to net worth, turnover, working capital cycle, leverage, etc.
13. **Property Evaluation (P):** We evaluate the title deeds and collateral for legality, validity, and enforceability.
14. **Vaahan Access (D):** We access Vaahan for vehicle registrations and depository information and such ecosystems as relevant and as available.
15. **Personal Discussion (P):** We conduct personal discussions where necessary (physical or video).
16. **Digital Agreement (D):** We sign a digital agreement.
17. **Electronic Mandate (D):** We set up an electronic mandate for repayment authenticated with Aadhaar OTP through e-NACH, Aadhaar NACH, or UPI Autopay.
18. **Portfolio Monitoring (D):** We monitor the portfolio by segment, LTV, geography, vintage, ticket size, age, etc. using advanced analytics tools.
19. **Digital Collections (D, P):** In case of unpaid repayment instructions, we send a UPI link for customers to make repayments compared to the earlier processes of sending an agent to physically pick up the EMI.

Following these digital processes (some physical too) and leveraging the new digital ecosystem enables our bank to diversify the portfolio beyond usual banking products, resulting in specialisation

in inclusive banking and resulting in higher NIM due to a diversified book. These technologies and controls also help us maintain low NPA.

Specialisation: We specialise in cash-flow financing supported by debit instructions of EMI to the customer's bank. As you can see, most of the processes are digital, which enables better controls and scalability.

Corporate Banking

Corporate banking is immensely important to us as a Universal Bank and we plan to grow this business, but in a careful way, and to take exposures in line with our risk appetite. It allows us to engage with its entire ecosystem comprising employees, vendors, dealers, and other such support mechanisms.

We have expanded our capability to provide multiple solutions to corporates, including payments and receivables through Cash Management Solutions; assisting their supply chains and delivery channels through various funded and non-funded trade instruments; providing retail banking to their employees; solving for their market risk hedging needs and providing Treasury solutions.

Here too, we are investing in adoption of technology to provide digital transactional journeys for the above products with an aim to help the corporate CFOs, Finance teams and Treasuries be even more efficient and productive.

Service

Customer service is the fundamental pillar we want to be known for. Our internal mission is to become the world's most customer-friendly bank.

Our digital capabilities also enable us to provide high levels of service to our customers.



Customer service is the fundamental pillar we want to be known for. Our internal mission is to become the world's most customer-friendly bank."



As a Bank, we disclose not only Gross NPA, Net NPA, and credit costs year-over-year (YoY) and quarter-over-quarter (QoQ), but also the entire funnel of risk management.”

To begin, we have opened multiple gates for customers to reach us, through website, app, email, branches, and WhatsApp.

For instance, we have dedicated a prominent space for customer service on our app and website, with easy access gates for each product, sub categorised by commonly requested service requests. Customers can log into the app or website, access the relevant product, and avail self-service.

We have established a root cause analysis (RCA) team that continuously analyses why customers needed to contact the bank in the first place.

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And what can be done to proactively address these issues. This initiative has been highly successful, reducing the number of calls to our agents by 34% over the last 12 months, even as the number of customer relationships increased by 21%. We track this metric product by product and see improvement across almost all products.

Traditionally, Contact Help centres track number of calls picked up within 20 seconds. We have begun tracking % calls answered within 3 seconds to raise the bar on service.

We also train our employees extensively to be highly customer-friendly in their approach and demeanour.

We believe our policies play a significant role in our customer experience. For instance, in November 2023, during a visit to review our customer service at the contact centre, I observed that we were receiving around 75,000 calls a month from customers regarding Average Minimum Balance (AMB) charges. Upon investigation, it was revealed

that if a customer's balance was Zero and if the customer owes us Average Monthly Balance charges of say ₹250 for non-maintenance of balances, our Bank was marking a lien on the account to the extent of AMB charges due. Whenever any credit was received to the customer's account, the bank would first deduct the amount due to us. This led to a reduced balance to that extent, which in turn made the customer fall below AMB again, and even causing his or her EMIs to bounce for loans taken from elsewhere.

We immediately decided to stop lien marking customer accounts for AMB. This change was implemented in January 2024, and the number of calls to the contact center fell sharply. If there is balance, we take our AMB, if not, we let it pass, we don't sweep-in our fees from the next credit to the account. Customers were pleased with the new experience. We go to such lengths to make our customers happy and earn their goodwill, even though the AMB is contractually due to us. We apply such customer-friendly policies in all our products.

We educate our employees to devise processes and systems to systemically enhance customer friendliness. This includes designing customer-friendly products and a culture for exceptional customer service. We are not perfect but are continuously improving and are raising the bar on service levels every single day keeping our internal mission of being a customer-friendly Bank in mind.

Disclosures on Credit Quality

As a bank, we disclose not only Gross NPA, Net NPA, and credit costs year-over-year (YoY) and quarter-over-quarter (QoQ), but also the entire funnel of risk management.



We have established a root cause analysis (RCA) team that continuously analyses why customers needed to contact the bank in the first place.”



One of our biggest achievements over the past few years is that we built the capability to originate priority sector loans organically.”

Public disclosures show that our NPAs and provisions benchmark well against other players in similar segments and who are considered among the best performers in the market.

We share the following:

1. Our detailed 10-step underwriting processes
2. Percentage of cheques returned on presentation for the first EMI
3. Collection Efficiency Percentage excluding foreclosure, source bucket (currently 99.5%)
4. SMA 1 and 2
5. Gross NPA, Net NPA for 14 years, including all cycles
6. Provision as % of Advances
7. Gross and Net NPA by product segment
8. Vintage analysis, showing 30 DPD delinquency of loans booked in different years (enabling like-to-like vintage comparisons for portfolio quality). We provide 30 DPD data for 3 MOB, 6 MOB, 9 MOB, 12 MOB, etc. (MOB refers to Months on Books performance). Our MOB analysis shows portfolio quality has been improving over the years.

In the Annual Report FY21, I shared our commitment to maintaining our Bank NPA at the 2-1-2 formula on a steady basis: i.e. Gross NPA of 2%, Net NPA of 1%, and Credit cost of 2%. I am pleased to report that we are in line with this guidance and currently are at 1.9% - 0.6% - 1.3% for FY24, performing better than the benchmark. For FY25, due to normalisation of COVID impact, we expect our provisions to be at 1.85%

For FY25, we expect provisions to be more upfront in H1-FY25 due to normalisation of credit costs post COVID, impact on MFI book in recent floods in Tamil Nadu, and a reduction in center-meeting discipline in MFI, among other factors. We have

communicated this during Analyst calls for Q4 FY24 and Q1 FY25. We will monitor performance on this portfolio and will share with the street faithfully. Except MFI, the rest of the book is performing on expected lines.

The microfinance business is crucial for us as it helps meet our PSL targets of lending 12% of the portfolio to weaker sections. Therefore, in terms of risk-reward and profitability, this business is important to us.

Overall, over the past five years, our credit performance remains within our overall internal risk frameworks and aligns with our public guidance.

Strategic capability built on Priority Sector Loan Origination

We were short in meeting Priority Sector Lending (PSL) targets five years ago because we were an infrastructure DFI converted to Bank. We had to invest ₹3,368 crore into RIDF at low yield for the same.

One of our biggest achievements over the past few years is that we built the capability to originate priority sector loans organically.

Cost to income Ratio

We had a high cost-to-income ratio of 95% (pre-merger). This fell to 85.2% on merger with Capital First, because Capital First had Cost to Income ratio of 48%.

We had to invest to build infrastructure (Branches up 4.5X and ATMs up 10X) for the Bank. But yet we reduced C:I to 72.9% in five years by undertaking numerous cost-saving projects. On Assets, our cost to income ratio is under control and is only



For instance, we plan to grow our branches by only 10% annually but grow deposits by ~25% CAGR until FY27. Many digitisation efforts are under implementation.”



We have allocated ESG responsibility to a senior leader Shikha Hora, directly reporting to me. The Board and the Chairman is personally keen on this, and no discussion in the Board meetings end without his cross questioning on ESG.”

53.2%. On deposits, for the reason cited above, the C:I ratio is high.

There are two reasons why our C:I will come down. One, many digitisation projects are bearing fruit and has helped us reduce costs. For instance, under our digitisation initiative, we centralised 86 CPAs (for loan processing at local level) across the country into only three centralised processing centres. Two, in all our businesses, our C:I ratio will come down through economies of scale.

For instance, we plan to grow our branches by only 10% annually but grow deposits by ~25% CAGR until FY27. Many digitisation efforts are under implementation.

Together, we plan to reduce the overall Cost to Income ratio by about 800 bps from 72.9% in FY24 to 65% by FY27 and continue to improve from there. This will meaningfully improve our profitability.

Profitability

The key issue at the Bank on merger in December 2018 was not legacy infrastructure loans, but low operating profits because this was a DFI converting to a Bank.

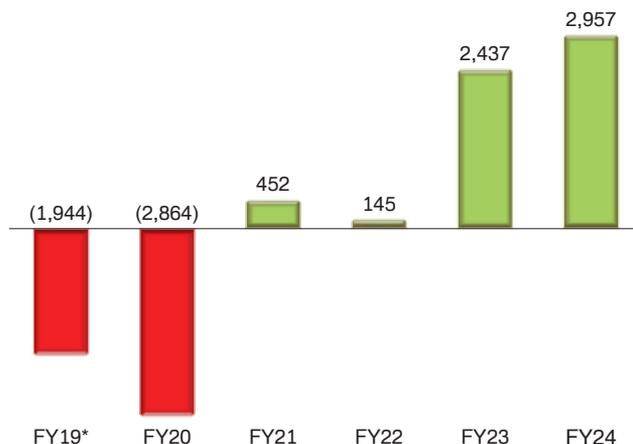
Since merger, our Bank's core operating profit has increased from 0.76% of Total Assets (after merger) to 2.25% of assets in FY24 which based on the strong business model of the Bank. Improving operating profits was a hard to fix issue for us, as the entire business model had to change.

Because the foundation that has been laid, we expect our Opex to grow only by 19-20% this FY25, while income is expected to grow by about 23-24%. This will result in continued increase in Core Operating Profits. During FY25, we expect provisions as a % of Assets to normalise, as the recovery from COVID provided portfolio has tapered off. Going forward, we expect provisions as % of assets to be stable.

We expect the phenomenon of Opex growth being lesser than the income growth to play out consistently over the next few years. This will structurally improve the profitability of the Bank. Based on this, we are planning for our PPOP% to reach around 3.3-3.5% of assets, on a core basis, in five years from levels of 2.25% in FY24. For context, the Opex growth for Q1 FY25 was only 20.5%.

Our Bank is now posting strong profits as seen from the following graph.

Net Profit (₹ in Crore)



The above numbers are as per the reported results of respective financial years. The net loss above for FY19 includes the impact of goodwill write-off. Excluding the impact of goodwill write-off, the net loss for FY19 would have been only ₹253 crore.

Culture

Since our inception, one of our core values has been ethical banking. We believe this must reflect in our practices and policies. We emphasise to our employees that every penny earned by the bank should be earned ethically, as it finds its way into our pockets in the form of bonuses, incentives, or salaries. We want our employees to confidently sell our products to their friends and family, near and dear ones.

Governance

We believe that the multiple lines of defense, including Business, Risk & Controls, Internal Audit and Compliance play an extremely important role in the Bank, and we greatly appreciate the value they add. We respect the independence of these functions. We explain to our employees that control functions at the bank are like the brakes of a car—you can never feel safe driving unless your brakes are strong. For us, Governance is everything.

ESG

Many of our business are naturally ESG-aligned and compliant, but over the past two years, we have specifically focused on enhancing our ESG efforts. We have financed over 300,000 MSMEs, provided over 3 million livelihood loans (cattle), 3,50,000 WASH loans (water and sanitation), financed over 60,000 rural homes, and 2,00,000 electric vehicles. Notably, around 55% of our rural borrowers are women.

We have allocated ESG responsibility to a senior leader Shikha Hora, directly reporting to me. The Board and the Chairman is personally keen on this, and no discussion in the Board meetings end without his cross questioning on ESG.

With digitisation, we have reduced millions of pieces of paper at the Bank. For instance, in some loan categories, applications have reduced from 20 pieces of paper to 1. On two million loans, that is 38 million pieces of paper saved. Moving forward, we plan to focus on green financing.

We believe our efforts are not enough yet there is a lot more focus required from our end. Especially the “E” of ESG.

I thank you all for a patient reading. Surely, we are working to build an institution all our stakeholders - our employees, Board, RBI, shareholders, customers, and the country is proud of.

With Best Wishes

V Vaidyanathan

Managing Director & CEO

IDFC FIRST Bank Limited

Customer First: Navigating A Shifting Landscape



Pradeep Natarajan, Executive Director

“In recent years, we have navigated challenges and embraced unprecedented change, opening doors to new opportunities. Since our beginning, we have prioritised empathetic customer service and innovative, accessible products.

Our commitment to ethical banking and digital innovation shapes us, with “Customer FIRST” guiding our product development and service delivery to create real impact.

Zero Fee Banking provides transparent, affordable services without hidden charges, paired with competitive rates through our top-rated mobile banking app. In Wealth Management and Private Banking, we have achieved notable progress, recognised in industry reports. We continue to launch innovative products and deliver outstanding digital customer experiences. Our investments in AI and Machine Learning bolster security and tailor banking solutions.

Looking forward, we aim to become a world-class bank anchored in ethics, customer-centricity, and digital innovation, driven by our team, customers, and shareholders to pursue opportunities with passion and integrity.”



Paritosh Mathur, Head, Wholesale Banking

“When engaging with our large Corporate clients, our Bank has become a holistic service provider. For us, a corporate is not just a single corporate legal entity, but also its employees, its vendors & suppliers, dealers of its finished goods and other support partners – effectively each corporate’s ecosystem. Our Relationship Managers are trained to, therefore, discuss and identify client’s needs on all aspects of banking across their ecosystem. And they put forth Product Specialists and Tech solutions to provide a seamless high frequency transaction experience to the client’s team.

Basis such approach for providing banking to corporate entities in the country, our Bank has been adding a growing number of clients each year.

The Bank has built a corporate client portfolio that is granular in nature, thus eliminating any large-ticket exposure risk. The portfolio is also very diversified in its industry-wise distribution. Even as we have grown, the Bank has enforced a much-strengthened credit process which ensures that the credit profile of our exposures remains pristine.

The ecosystem-engaging approach of our RMs has helped generate an increasing amount of non-interest income for the Bank. For this, we have embraced use of technology to provide best-in-class user interfaces and upgraded tech builds for our products. This has helped shorten transactions' turnaround time (TATs). For instance, in Cash Management Solutions arena, we are focusing on bringing the broadest and most efficient receivables and payments solutions to our customers. This will enable our clients to recognise and reconcile each payment or receipt faster and will allow funds to flow through any digital channel – RTGS, NEFT, UPI, payment gateways, credit cards, etc. For this,

we have digitised all our transactional journeys, introduced an API Developer portal for our clients to understand & play around with these journeys and we have built an online Onboarding tool for our customers.

Across products, we are also collaborating with various partners to augment our solution capabilities further. An initiative, for instance, is in providing cutting edge digital Escrow Accounts solutions working on top of the Cash Management Solutions build-out as described above. All such initiatives help us achieve a good balance between our assets and our liabilities. As a next step in becoming a Universal Bank for our corporate clients, the Bank has also started its branch at the GIFT City."

Headlines that Shine

OUTLOOK BUSINESS

THINK BEYOND. SEE AHEAD

INTERVIEW

'Good Governance Is The Cornerstone Of Good Business'

Shikha Hora Kamdar, head, retail assets & ESG, IDFC FIRST Bank, talks about how the bank is integrating sustainability in its operations

Can you give an overview of IDFC FIRST Bank's approach to environmental, social and governance (ESG) policies? How is it integrated into the business?

At IDFC FIRST Bank, our approach to ESG primarily involves three key priorities—integrating ESG into our products and services, engraining sustainability within the organisation and aligning to global and national frameworks on ESG. We also believe that good governance is the cornerstone of good business. Towards this intent, we have the Stakeholders' Relationship, ESG and Customer Service (SRECS) Board Committee and a dedicated management committee, steering ESG at the bank.

The core of our operations revolves around 'Always You First' customer philosophy. A unique proposition in this regard is our offering of 25 fee-free banking services, monthly interest credit, never expiring reward points among others.

From a lending angle, we have demonstrated our commitment to financial inclusion by being a truly universal bank. As part of our rural banking, we serve over 95,000 villages and over 12,000 pincodes, touching 6 million households across India.

We have also built a high-quality WASH (water, sanitation and hygiene) financing portfolio, where we have disbursed over 3.5 lakh loans. We were also early movers in the electric vehicles (EV) space. Today, in two-wheelers alone, we have a current portfolio of 1.9 lakh loans.

From an operational perspective, we are concentrating on making our infrastructure greener and sustainable. Several of our large offices are LEED (Leadership in Energy and Environmental Design) and IGBC (Indian Green Building Council) certified, with our corporate head office in Mumbai rated at IGBC Platinum. To reduce our carbon footprint, we have also adopted green cover in our head office.

What are your plans for ESG?

In the short term, we are seeking to accelerate employee awareness through regular initiatives, ensure our ESG reporting is at par with the best practices in the industry and evaluate opportunities and risks arising from various ESG aspects.

In the medium to long term, our plan is to delve deeper into sustainable finance as a domain. This would enable us to offer more purpose-led products to our customers, create conscious investments, and impact and reduce the environmental footprint from our lending activities at large.

How is IDFC FIRST Bank tapping into opportunities arising from the transition to a low-carbon economy?

We are committed to finding such opportunities which align well with a low-carbon economy. Our move to finance EVs and bicycles is a clear example of how we could find such interventions.

We are also emphasising on the benefits of energy efficiency in our consumer lending business, which is intended to educate the customers on the environmental benefits of adopting energy-efficient appliances.

How does IDFC FIRST Bank promote diversity and inclusion?

A core tenet of our people policy is equal treatment, safe working environment and zero discrimination based on gender, religion or social background. As a next-generation bank, with a large workforce, we constantly evaluate our internal diversity indicators, and work on various initiatives that move the needle. Over the past five years, we have progressively increased women participation in our workforce, and this metric is also high for the younger workforce and for new hires.

Some of the key initiatives we have taken for fostering and maintaining diversity include programmes such as Maternity Buddy and Day Care facilities, which have resulted in about 90% of return of women employees post their maternity leaves. We also offer internal opportunities and short-term projects for our employees, so that they can learn and enhance their skillsets.

In what ways does IDFC FIRST Bank engage with and support the communities where it operates?

As a Bank, we continue to foster a CSR (Corporate Social Responsibility) programme that does meaningful work in communities. In 2023-24 alone, the total individuals benefiting from our CSR programme amounted to over 1.96 lakh. Some of the initiatives include livelihood development through the Fagbie Shrotrachar programme, which is an animal husbandry initiative, education by providing scholarships for the disadvantaged, and so on. We also, particularly for women, health and sanitation, and disaster relief among others.

How are stakeholders' concerns integrated into ESG decision-making?

We maintain a strong focus on transparent customer communications and ensure that a significant number of banking services are offered free of charge.

We proactively align with globally recognised reporting frameworks and go beyond regulatory reporting to provide a transparent view to our investors, regulators and other stakeholders. In 2023-24, we published our first Integrated Report, and aligned our disclosures with GRI (Global Reporting Initiative) and SASB (Sustainability Accounting Standards Board) standards.

We also published our maiden Business Responsibility and Sustainability Report, which aligns with the regulatory disclosure requirements. We are also official participants of the United Nations Global Compact, which denotes our commitment towards realising the UN Sustainable Development Goals.

We have also initiated various actions on the climate action front, which include baselining of our Scope 1, 2 and 3 emissions and conducting a stress test for climate risk on our portfolio. We are also developing our decarbonisation roadmap, which, subject to ecosystem development, also provides us a clear path to achieving net-zero carbon emissions in the longer term.

Similarly, for our employees, we have conducted various initiatives, training and awareness sessions, noticing a trend of employees now switching to EVs, we have also introduced EV charging facilities in many of our large offices.

Overall, we believe that ESG is a collaborative journey, that involves everyone's inputs, since it affects our collective future.



Associate Sponsor



INR 72.39 Crores raised for Humanitarian Causes by NGOs, Corporates, and citizens at the Tata Mumbai Marathon 2024

Milestone effort in fundraising at the Largest Sporting Platform for Philanthropy

Mumbai, 5th April 2024: Spearheaded by United Way Mumbai, the Tata Mumbai Marathon has solidified its position as India's largest sporting platform for philanthropy and a beacon of hope for the social sector. This year's achievement underscores the unwavering commitment of participants and supporters towards driving positive change in society.

In a remarkable display of generosity, 1,157 fundraisers, 179 Corporates, 24,083 individual donors, and 12,000+ runners joined forces to support 268 NGOs working across Healthcare, Education, Animal Welfare & Environment, Women Empowerment, Livelihood, and Social and Civic & Community Development.

Rachana Iyer, Head - CSR, IDFC FIRST Bank said,

"As an organisation that considers being a Force for Social Good as one of our 3 Pillars, IDFC FIRST Bank is elated to be associated with the TATA Mumbai Marathon, a marathon that is recognised as the largest in Asia. The Bank's mission is to serve and contribute to the well-being of communities. Through the Bank's CSR Division- FIRST IMPACT and the contribution of our customers, we aim to create broader opportunities across our focus areas of social responsibility, namely Entrepreneurship & Livelihood, Education, and Sanitation. Along with physical fitness, we also aim to enrich your financial fitness along with making a social impact because alone, we can do little but collectively we can do much more!"



➔ Ms. Rachana Iyer, Head - Corporate Social Responsibility, IDFC FIRST Bank at the Tata Mumbai Marathon Philanthropy Nite



➔ Ms. Rachana Iyer, Head - Corporate Social Responsibility, IDFC FIRST Bank



Headlines that Shine

Budget expected to focus on capex, rural demand and support to state governments: IDFC First's Gaura Sen Gupta

The bank's chief economist also highlighted that the government may keep borrowings unchanged as the huge RBI dividend has resulted in a sharp rise in its cash surplus.

THE BUDGET | APR 26, 2024 | 10:41:07

The Union budget for fiscal year 2024-25 is expected to focus on capital expenditure, meeting rural demand and providing support to state governments, said Gaura Sen Gupta, chief economist, IDFC First Bank. She said that allocation towards agriculture and rural areas was kept steady at 1.3 percent of GDP in the interim budget and there could be increased allocation towards schemes such as the rural job guarantee scheme, farmer-focused measures and housing.

Additionally, Sen Gupta in an interview highlighted that there is leeway to reduce the fiscal deficit target to 3 percent of GDP versus the interim budget target of 5.1 percent, particularly owing to the jumbo dividend of Rs 2.1 lakh crore provided by the Reserve Bank of India (RBI).

➔ Money Control - 9th July, 2024

WINNER BEST SAVING PRODUCT

CHINMAY DHOLE, HEAD - RETAIL LIABILITIES, IDFC FIRST BANK

'Customer centricity is key'

Chinmay Dhole, head, Retail Liabilities, IDFC First Bank, tells **Piyush Shukla** good service has helped the bank garner strong deposits

usually eligible in the industry. We are the first universal bank (U Bank) to do so, and the difference we offer is a credit on savings accounts. This means a steady flow of monthly income to our account holders.

What are the new CASA products in the offering?
We have tried to make opening a digital savings account convenient and frictionless as possible. The robust journey powered by our digital KYC lets us welcome new customers. They can complete KYC and register the account from the comfort of their homes through video KYC within minutes. Today we have a savings product suited for all life stages of the customer including government offerings for senior citizens, women, students and kids. We also have safety offerings: Sign-up specifically for our defence forces and public sector employees.

Any digital innovations in the offering?
We are enabling a feature for all bank clients joining our privileged banking platform. We are also building one of India's finest digital engagement centres. Further, we are building core functional strategies and platforms to help our staff deliver better service digitally address all banking requirements across the customer life cycle.

Any incentives for seniors?
We will also soon launch 'Super Senior Citizen' fixed deposits for those over 60 years, giving them an additional interest rate over and above the regular return benefit of 0.3%. We are amongst the very few banks today that do not charge a penalty on premature closure of fixed deposits. We also provide free doorstep banking for senior citizens.

What are the usage trends among customers applying for products on your app?
Most of our customers access savings accounts via our mobile app. They find it easy and convenient to view all payments, deposits and other features digitally. We believe that customers want to use all their accounts in one place to be able to make seamless payments. We offer account aggregator services where customers can link all bank accounts and view categorised transactions in one place. Customers can also link and view external mutual funds at one place.

28 | FINANCIAL EXPRESS | MARCH 2024

➔ Financial Express - March, 2024

IDFC First Bank introduces UPI-based digital credit card

IDFC First Bank has introduced a UPI-based digital RuPay Credit Card for its customers. This card is an addition to customers' existing IDFC First Bank Credit Cards, and seamlessly blends the benefits of UPI transactions with core credit card offerings, the bank said in a statement. The Reserve Bank of India had approved linking RuPay credit cards with the UPI with customers benefitting from the ease of transacting through UPI nationwide, the bank added.

➔ The Hindu - 7th December 2023

IDFC FIRST Bank a class apart

May 2024: A path breaking new research benchmarks reasonableness of service charges levied by banks across India. The study, authored by Dr Ashish Das, Professor, Department of Mathematics, from the Indian Institute of Technology- Bombay (IIT-B), was commissioned by Moneylife Foundation. According to the Author, Dr. Das, this report is a holistic assessment of banks. The report says IDFC FIRST Bank come out as class apart vis-à-vis other banks in the private sector. The bank has featured in Category A Bank among commercial banks. Even among the Category A Banks, IDFC FIRST Bank is the only Bank that charges ZERO FEES.

➔ ThePrint - 23rd May, 2024

ALWAYS YOU FIRST

A pathbreaking study by

MONEYLIFE FOUNDATION | THE RIGHT THING TO DO

recognizes IDFC FIRST Bank for its fairness in service charges

IDFC FIRST Bank features in Category A in the report Benchmarking reasonableness of Service Charges by Banks in India, released on 22nd May 2024



IDFC FIRST Private Banking and Hurun India release India's Top 200 Self-made Entrepreneurs of the Millennia 2023

July 19, Mumbai: July 19, Mumbai: IDFC FIRST Private Banking and Hurun India launched the first edition of 'IDFC FIRST Private Hurun India's Top 200 Self-made Entrepreneurs of the Millennia 2023', a list of the 200 most valuable companies in India founded after the year 2000. These companies are ranked according to their value, defined as market capitalisation for listed companies and valuations for non-listed companies. The cut-off date to arrive at this list was 30th September 2023. This list refers to companies headquartered in India only (state-owned companies and subsidiaries of foreign companies are not included).

Mr. Vikas Sharma, Head-Wealth Management & Private Banking, IDFC FIRST Bank said: "The IDFC FIRST Private Hurun India's Top 200 Self-made entrepreneurs of the Millennia 2023 list recognises first generation people who have created valuable enterprises across different industries. The list showcases the immense talent, innovation, and accomplishments of India's visionary founders, those who are propelling the nation's entrepreneurial ecosystem to new heights. It is a great privilege for IDFC FIRST Bank to associate with Hurun India who have come up with this list after painstaking research."

Methodology

The 'IDFC FIRST Private Hurun India's Top 200 Self-made Entrepreneurs of the Millennia 2023' is a prestigious list that recognises the 200 most valuable companies based in India, all of which were established on or after the year 2000. This list specifically focuses on the exceptional achievements of selfmade Indian entrepreneurs who have successfully built and nurtured the most valuable companies during this millennium. The ranking of this list is in the order of the value of the enterprises created by the Founders and not the net-worth of the Founders themselves.

Hurun Report's team of researchers have travelled the length and breadth of the country, cross-checking information with entrepreneurs, industry experts, journalists, bankers, and other sources of publicly available data.

For listed companies, the market cap is based on the price of the respective companies as of the cut off date. For unlisted companies, Hurun Research's valuation is based on a comparison with their listed equivalents using prevailing industry multiples such as Price to Earnings, Price to Sales, EV to sales, EV to EBITDA. Other methodologies such as Discounted Cash Flow and Tobin's Q are also used. Financial information used is from the latest available annual reports or audited financial statements.

To maintain consistency in valuations, the Hurun research team has relied on the most recent valuations based on significant funding rounds. Additionally, in some instances, we have considered investorreported markdown valuations to provide a comprehensive analysis.

Disclaimer: Mr. V. Vaidyanathan, MD & CEO, IDFC FIRST Bank originally featured in the research by Hurun India in the Top 10 of this list. However, on the request of IDFC FIRST Bank, his name was excluded as IDFC First Bank is part of the program.



Mr. Vikas Sharma, Head-Wealth Management & Private Banking, IDFC FIRST Bank at the launch of the first edition of 'IDFC FIRST Private Hurun India's Top 200 Self-made Entrepreneurs of the Millennia 2023'

RBI Initiatives

75
Azadi Ka
Amrit Mahotsav

October 12, 2023

RBI announces results of second edition of its Global Hackathon – HARBINGER 2023

The Reserve Bank had launched the second edition of its global hackathon - 'HARBINGER 2023 – Innovation for Transformation' with the theme 'Inclusive Digital Services' which was communicated vide [Press Release dated February 14, 2023](#).

2. The hackathon received encouraging response with 154 proposals submitted by teams from both within India and 28 participating teams/entities from Australia, Canada, Germany, Singapore, Sweden, UK, USA among others. The Hackathon ran in three phases, with shortlisting of proposals in the first phase, solution development in the second phase, followed by the final evaluation in the third phase. In the first phase of preliminary screening and initial evaluation, 28 proposals were shortlisted by a panel of judges consisting of external experts, across four problem statements. In the second phase of solution development, which lasted for more than six weeks, shortlisted teams worked on building the solutions under the guidance of external mentors.

3. The third phase of final evaluation was held during October 10-11, 2023 in Bengaluru wherein 28 finalist teams presented their solutions for the problem statements to an independent Jury which evaluated and selected the winners and runners-up based on parameters like innovation, technology, demonstration, user experience, security, ease of implementation, etc.

The results of HARBINGER 2023 are as follows:

Sl. No.	Problem Statement	Results	Solution Description
1	Innovative, easy-to-use, digital banking services for differently abled (Divyaang).	Winner	<p>Ezetap Mobile Solutions Pvt Ltd (Now acquired by Razorpay), India</p> <p>The solution, DrishtiPay, facilitates effortless Card/UPI payments for the visually challenged. With DrishtiPay, a tap of the card or NFC-enabled phone allows blind users to provide OTP securely for transacting instead of struggling to enter PIN. Solution integrates with UPI apps, to facilitate UPI payments for the visually impaired.</p>
		Runner-up	<p>Crunchfish Digital Cash AB (Sweden) + IDFC First Bank (India)</p> <p>Crunchfish along with IDFC First Bank showcased "Digital Cash Telecom" as an easily scalable, resilient and secure offline payment product. Crunchfish Digital Cash augments CBDC online payment rail with a Trusted application supporting multiple offline payment options with both token-based and account-based payment rails.</p>

- ➔ RBI announces results of second edition of its Global Hackathon – HARBINGER 2023

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We express our gratitude to the President of United States of America, Mr. Joe Biden for meeting the RBI & NPCI team at the #G20Summit Pavilion here in New Delhi today.

The White House #JoeBiden #UnitedStatesofAmerica

Digital India Programme Reserve Bank of India (RBI) IDFC FIRST Bank Dilip Asbe G20 India NPCI International Payments Limited (NIPL)

#DigitalIndia #G20India #G20 #G20Summit2023 #NPCI #NIPL #NBBL #DFS #SBI #AxisBank



3,346 20 comments • 47 reposts

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- ➔ Mr. Joe Biden, President of United States Of America at the IDFC FIRST Bank G20 Summit kiosk

प्रेस प्रकाशनी PRESS RELEASE



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi
Website : www.rbi.org.in
ई-मेल/Email : helpdoc@rbi.org.in



संचार विभाग, वित्तीय कार्यालय, अहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001
Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai - 400 001 फोन/Phone: 022 - 2266 0502

February 21, 2023

Extending UPI for Inbound Travellers to India

The Reserve Bank of India (RBI) had announced in the [Statement on Developmental and Regulatory Policies dated February 08, 2023](#), a facility to enable all in-bound travellers visiting India to make local payments using Unified Payments Interface (UPI) while they are in India. This facility is made available from today.

To start with, it is available to travelers from G-20 countries, at select international airports (Bengaluru, Mumbai and New Delhi). Eligible travellers would be issued Prepaid Payment Instruments (PPI) wallets linked to UPI for making payments at merchant outlets. Delegates from G20 countries can also avail this facility at various meeting venues. To begin with, ICICI Bank, **IDFC First Bank** and two non-bank PPI issuers, Pine Labs Private Limited and Transcorp International Limited will issue UPI linked wallets.

Travellers visiting India can now experience the convenience of UPI payments at over five crore merchant outlets across India, that accept QR Code-based UPI payments.

(Yogesh Dayal)
Chief General Manager

Press Release: 2022-2023/1765

➤ Extending UPI for Inbound Travellers to India



➤ Shri Shaktikanta Das, Governor, Reserve Bank of India presenting an award to Mr. V. Vaidyanathan, MD & CEO, IDFC FIRST Bank at the Global Fintech Festival



➤ Shri Shaktikanta Das, Governor Reserve Bank of India at the IDFC FIRST Bank G20 Summit kiosk

Eye on the Prize: Playing to Win

Since IDFC FIRST Bank is a new entrant in the Indian Banking space, the brand is not very well known to the Indian population. Hence, the Bank has been building the brand through efforts.

The brand has grown in stature and is seen as an institution with ethical banking practices and high level of corporate governance.

Building the brand has helped customers approach the Bank for deposits rather than the Bank having to push its products; a major development for the organisation.

SAVINGS ACCOUNT

IDFC FIRST Bank
ALWAYS YOU FIRST

Enjoy **Zero Fee Banking**
on your Savings Account

 **IMPS, NEFT,
RTGS**

 **ATM Transactions,
Debit Card**

 **SMS Alerts &
30 more services**

The advertisement features a photograph of two men in a traditional Indian setting. The man on the left is wearing sunglasses and a patterned jacket, while the man on the right is wearing glasses and a dark jacket, holding a small round object. The background includes a table with various items like a vase and a pot. The text is overlaid on the image and a dark red banner at the bottom.

A New Playing Field

As technology offers newer platforms to consumers, media consumption has become increasingly fragmented, presenting both opportunities and challenges for marketers. Communication can no longer be 'one size fits all'. Associations must be leveraged across multiple channels to make considerable impact. We have identified the possibilities before us and embarked on a journey to make them a reality. Awareness precedes acceptance and the endeavour to

Bring on the Major Leagues

Our FIRST major cricket sponsorship with Mumbai Indians in March 2023 resulted in an encouraging **54%** increase in our spontaneous brand recall from **13%** points in March to **20%** points in June.

It was time to #GetMore from cricket, and IDFC FIRST Bank made headlines in September 2023 as we successfully bid for the Title Rights of India Home Cricket until September 2027.

The title rights gives the Bank high visibility in a live sporting property, followed by over a billion viewers annually across TV and digital mediums, in domestic and international markets.

build IDFC FIRST Bank as the most customer-friendly bank in the world gained momentum in FY24 as we drove visibility of our innovative products through thoughtful customer experiences. Presenting a unique and consistent creative narrative, building on existing partnerships, and forging strong new ones – our initiatives helped us break through into new territories and touchpoints, leaving deeper impressions on a wider swathe of audience.

The association covers a vast canvas of Indian cricket, including:

- The big ticket Senior Indian men's international bilateral series
- A fast-growing fanbase of Senior Indian women's bilateral series
- Integral competitions of the domestic system, including the Ranji Trophy (4 days/5 days), Irani Cup (5 days), Vijay Hazare Trophy (one day), Syed Mushtaq Ali Trophy (T20) and several age-group tournaments.



Mr. Sudhanshu Jain, Chief Financial Officer, IDFC FIRST Bank handing Player Of The Match Award to Shreyas Iyer



Mr. Satish Gaikwad, Head, Legal & Company Secretary, IDFC FIRST Bank handing Player of the match to Shivam Dube



Picture Courtesy: BCCI

Being the title rights holder, brand visibility was platform, channel and broadcast slot agnostic. Whether a fan is following the sport through social media, TV or OTT, or they watch it live or through highlights, the brand integration is unmissable. Team India's international and domestic fixtures for the season were prefixed with the Bank's name. All promotions, on-ground and media collaterals bore our brand name and logo as did in-broadcast activations as a part of our entitlements.

A packed calendar saw Indian men host Australia, Afghanistan, and England while the women hosted England and Australia. Off the field, with a total cumulative reach of 269.7 million, Top of Mind Awareness (TOMA) for the Bank grew to **27%** points in December from **23%** points in August before settling at **25%** points in March 2024, underlining the impact of the association and setting a new baseline for our brand awareness.

Coupled with the Mumbai Indians sponsorship during the IPL, the BCCI association puts the Bank in the major league of brands tied in with cricket, with priceless inbuilt brand visibility.

A Year in Top Gear

Our second year as Associate Sponsors of five of India's premier distance running events jogged associations with the brand across Bengaluru, Hyderabad, Kolkata, Mumbai, and New Delhi.

Leveraging the awareness created in our first year, this time the focus was on building deeper brand connections. Our tagline #JourneyToTheStart served as the plank for a series of moving brand films sharing the stories of self-determination, sacrifice, and strength of the runners. Runners who showed the drive to #GetMore out of themselves and finish their race categories in stipulated times could register on our website to receive the IDFC FIRST Bank Runners merchandise which celebrated their #JourneyToTheStart. The campaign was further supported through print, radio, digital platforms and on-ground activations that amplified our reach in each of the host cities.



Mr. Naarayan TV, Chief Marketing Officer, IDFC FIRST Bank at the TCS World 10K Bengaluru Philanthropy Awards Nite

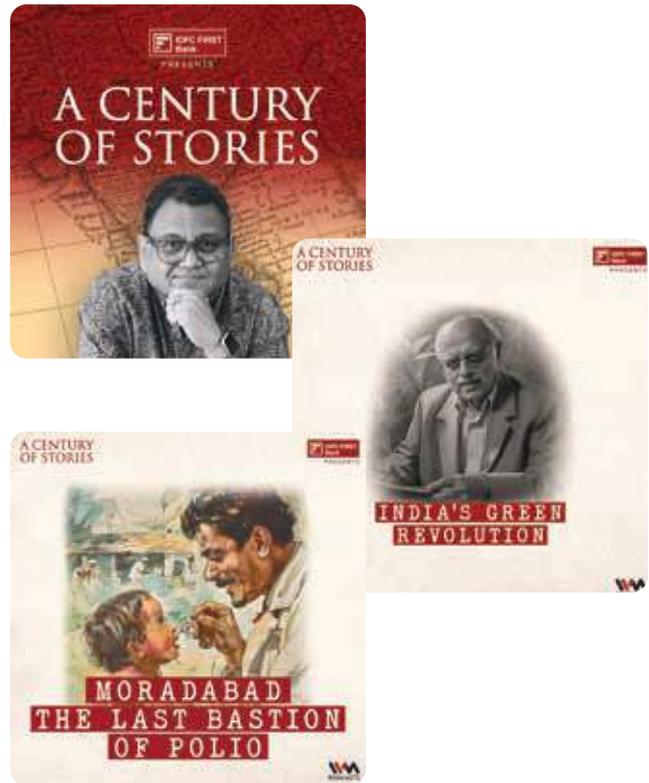


FIRST Forays

The Bank saw several new associations across a variety of properties, increasing our visibility through sponsorships and experiential and display channels.

A Century of Stories Podcast

IDFC FIRST Bank made a debut in the fast growing podcast space. We collaborated as the sole partner with award-winning media personality Kunal Vijayakar for a fascinating podcast series. Launched in August, the series shines light on untold stories from Independent India. This podcast is a seamless connect between a home-grown bank and independent India. Some of the episodes from this series were widely appreciated, and were featured on Spotify's top 10 trending episodes in India, earning 300,000+ organic listens on the platform.



Kala Ghoda Arts Festival

This year, we took part in the Kala Ghoda Arts Festival, the landmark multidisciplinary street arts festival of Mumbai, and set up a Kiosk to raise awareness about our Credit Cards and Safe Banking.

Times Of India Art of India Festival

The brand connected with an exclusive HNI audience to make a deep impression on them. The Art of India Festival was a rendezvous with timeless masters and tomorrow's blue-chip artists.

2023 G20 New Delhi Summit

The G20 Summit in September 2023, hosted by India, a historic first for our country, was a special occasion for us too. Our association was flagged off by the Delhi LG Shri Vinay Kumar Saxena as we commemorated India's G20 Presidency stint with 1,400+ cabs in Delhi NCR displaying our brand before, during and after the summit.

Brand Integration

Leap to Unicorn

Leap to Unicorn is a first-of-its kind 'Founder Success Programme' that provides Mentoring, Networking, and Fundraising opportunities to India's most promising startups through a meticulously planned journey.



Beyond Boundaries and Finish Lines

As the year draws to a close, our partnerships – much like a well-timed cover drive – have sent ripples across the financial landscape. The roar of the crowd echoes our triumphs, but we're not content, we're chasing more.

In the crucible of identity, we have cast our mark – a brand etched into the collective psyche. Our journey isn't just

cerebral; it's experiential, it's visceral. We have touched hearts, not just spreadsheets. Our customer-centric initiatives - the lifeblood of our existence - have woven threads of trust.

Our products are not mere commodities; they are built to make lives better. We don't just talk; we transform and all this starts with our litmus test - 'The Near & Dear' test.

Building a Universal Bank

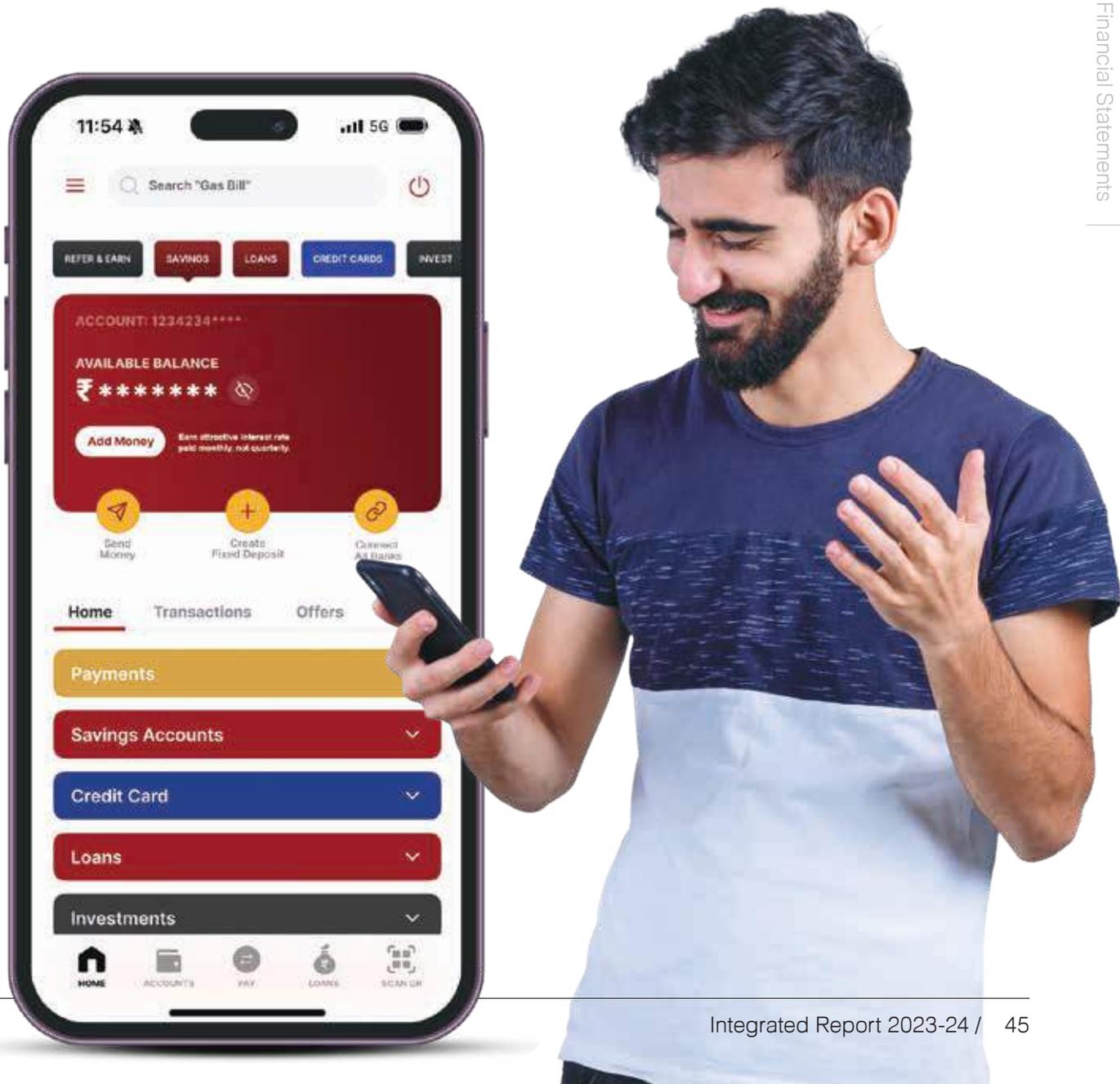
During the first five years, the Bank has developed a wide product suite across all segments – personal and business.

Most of these products are still under development and are built on the same promise of customer first and technology.



Transaction Banking – IDFC FIRST Mobile Banking App

As part of technology-led banking, we have developed a modern technology stack which has helped us build an advanced mobile app with 250+ features such as Google like search bar, goal-based investing, mutual fund investment assistance, electric speed payments, account aggregator, mutual fund aggregator, personal finance manager, auto categorisation of spends, single app for personal and business banking, UPI on credit cards, travel and shop, bill and recharges, and deals and reward redemptions, which offer great convenience to our customers. For business customers, we offer on-the-go bulk payments, ability to pay income tax, GST, customs duty, and connected banking with ERP solutions.



Wealth Management

Brand Campaigns/Partnerships/Sponsorships

Hurun

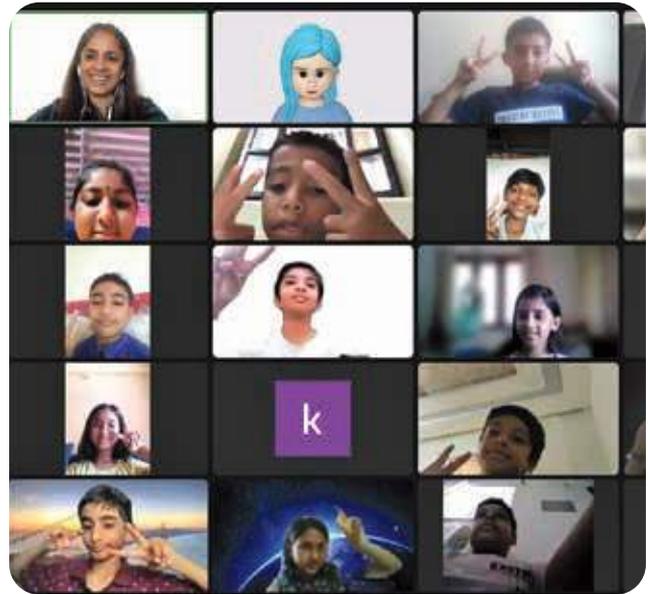
IDFC FIRST Private Banking and Hurun India launched the first edition of 'IDFC FIRST Private Hurun India's Top 200 Self-made Entrepreneurs of the Millennia 2023', a list of the 200 most valuable companies in India founded after the year 2000.



➔ Mr. Vikas Sharma, Head, Wealth Management & Private Banking, IDFC FIRST Bank at the Hurun event with Anas Rahman Junaid, MD and Chief Researcher, Hurun India

Social Impact Internal and External campaigns that the bank has launched

- **University of Wealth for Kids:** Financial literacy program for the next generation – Complimentary University of Wealth Certification course. Financial literacy program under IDFC FIRST Bank will be launched soon for children of our customers.



Customer First programmes we implemented

- **FIRST Fortune:** Quarterly newsletter for Private Banking clients aimed at covering global as well as domestic capital market trends and themes.
- **FIRSTTalk:** Virtual as well as physical client event platform aimed at bringing best of industry experts to directly engage and talk to our wealth customers.
- **FIRST experiences:** Curated exclusive 'FIRST Private Experiences' for our key wealth customers



New Partnership Initiatives

- **Investment Banking Services through partnership with DAM Capital:** One of the leading institutional platforms providing a full suite of investment banking services to a diverse group of Indian and multinational corporations, across sectors.
- **Trust and Will Services through partnership with Vistra:** We have renewed the Vistra partner for Trust and Will services to deepen our relationship with our clients

Launch of Industry-First Digital Insurance Platform for RM-assisted purchasing journey:

- Currently live across our insurance partners for Life Insurance Savings Plans & Health Insurance Plans.
- This platform facilitates RMs to understand the various products offered to our customers across categories and companies. Also learn about the benefits of those products & discover standout features.
- It automates the product selection, and the customer journey is structured to ensure a customer-first insurance experience by matching the risk and goals of the customer to the products displayed.
- Once selected, the plan opted journey fully digital, seamless and fast.
- FASTag Trip Insurance: Industry's first embedded end-to-end digital insurance buying journey in FASTags

Launch of Track External Mutual Fund via CAS Sync Feature on our Mobile Banking App

Customers can now follow a 2-click process to sync their consolidated account statement (CAS) containing all their mutual fund holdings across brokers. Feature Benefits include:

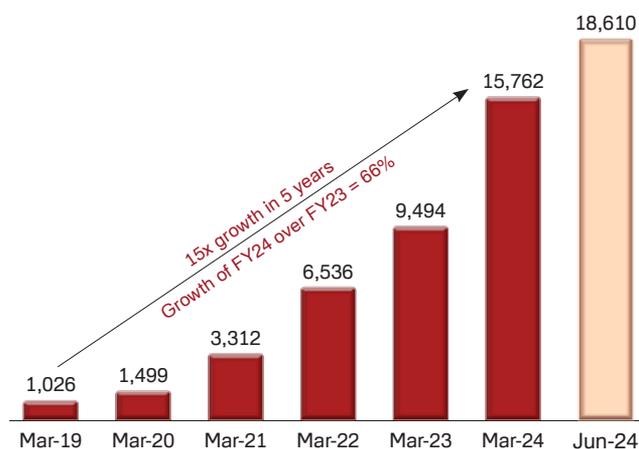
- Consolidate all your Mutual Fund investments in one app for a holistic view of your wealth.
- Stay informed with the latest NAV updates and performance insights, keeping your financial plans on track.

- Gain valuable insights into your portfolio, including asset allocation and performance tracking.
- Make informed decisions with comprehensive portfolio view and access to top Mutual Fund picks from each category.

Launch of Mutual Fund Digital KYC Feature enabling New-To-Mutual Fund customers to begin their investment journey by completing the necessary KYC process digitally within a few minutes using our Mobile Banking App.

Business Numbers

Wealth Management AUM (₹ in Crore)



Wealth Management in the Bank is based on comprehensive solutions, technology and customer friendly banking

NRI Account

EVERYTHING BACK HOME HAS BECOME BETTER
SO HAS BANKING WITH US

Introducing
NRI Banking Services
from **IDFC FIRST Bank**

NRI Services **IDFC FIRST Bank**
ALWAYS YOU FIRST

Our NRI customers enjoy many more benefits like:

- A Digital NRI Savings Account with monthly interest credits up to 7.25%* p.a.
- Zero charges on All Savings Account services
- Open Instant Portfolio Investment Scheme (PIS) Account
- Send money abroad digitally via our Mobile App
- Manage all your investments on our Mobile App
- Connect with your Dedicated Relationship Manager anytime

Get started today to
Get **#MoreFromYourBank**
Scan to know more!

Contact IDFC FIRST Bank representative to know more. 1800 10 888 idfcfirstbank.com *T&C Apply

With the vision of providing a digital-led approach for NRIs starting right from the onboarding stage:

- **Launched DIY Journey** (Non-Face to Face Digital Account Opening)
- **Launched Instacart:** Clients get an onboarding kit with their account number, debit card and cheque book instantaneously at the time of application
- **Retail Remittances:** Cross-border remittance services are offered at highly competitive exchange rates, zero processing fees along with zero correspondent bank charges.
- **Real-time tracking service over APIs:** Done in association with SWIFT, for money sent abroad using its mobile application and internet banking

New Service Launch

Digital Entity Onboarding Journey for Business card:

The assisted journey reduces the onboarding TAT by ~40%.

Unique Customer Experience

FIRST Symphony

A collaboration platform to bring together cross-functions team of the Bank to foster synergies with startups

Privilege Programme

IDFC FIRST Bank provides **Privilege Programme** banking with exclusive banking programmes that offer unrivalled benefits and privileges to match your lifestyle and make everyday banking a rewarding experience.

- Launched India's First **Digital Onboarding** journey which provides Direct-To-Customer Digital Onboarding and features ranging from Industry 1st Digital Grouping and Programme Upgrade
- **Best-in-league Banking Experience**, right from a robust investments platform to preferential pricing on financial products to exclusive lifestyle benefits along with an unparalleled banking experience comprising expert management services

Current Account

IDFC FIRST Bank
ALWAYS YOU FIRST

INTRODUCING
BRAVO

An auto-sweep feature on IDFC FIRST Bank MSME & Startup Current Accounts

Get **7.25%** interest on FD with **BRAVO**

Credit Cards

The last financial year was a landmark year for the credit card business where numerous milestones were achieved including **2.5 million Cards in force; 2.6+ lakh Digital Cards issued; 3 networks – RuPay, VISA, Mastercard – and 3 form factors – Digital, Metal, Plastic – and 11 new Cards were launched.**

Our Credit Card products truly satisfy the needs of our customers. With customer-centricity at its core, our Credit Cards embody innovation and ingenuity. They are synonymous with low and dynamic interest rates, interest-free ATM cash withdrawals and reward points as good as cash.



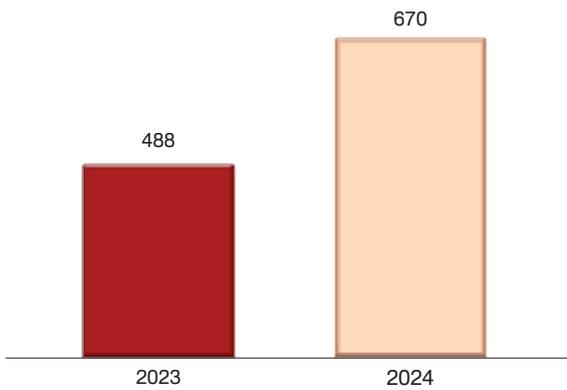
Toll and Transit

FASTag

Issuance

17.96 mn

Acquired Toll Plazas



Events



Customer Services and Digital FIRST Initiatives



Drive Forward Initiative

New Initiatives/Product Launches



Customers – Roadside assistance program linked to FASTag



Pilot tested GNSS (Global Navigation Satellite System) based tolling with the Ministry of Road Transport & Highways, Government of India



Smart fuel payments using on board infotainment system in vehicles

FAME 3.0 Safe Highway Challenge 2024

Safety Challenge, an initiative jointly organised by IDFC FIRST Bank and the Highway Operator Association-HOA(I), aims to tackle the critical issue of road accidents in India by fostering innovative ideas and viable solutions. As responsible stakeholders in the highway ecosystem, we are committed to contribute to the welfare of our society, and this event serves as a testament to our dedication.

The core objective of this event was to engage with various management institutes across the country and harness the creativity and intellect of young minds to address the challenges of road safety. Under the theme **Prevention of Accidents on Indian Highways**, B-School students were required to submit comprehensive and practical solutions in the form of project reports.

The Bank's outreach efforts resulted in an overwhelming response, with more than 400 group submissions received from 3,200 students across India.

RADIO Campaign on ONE VEHICLE ONE FASTag and National Road Safety Week

On January 19, 2024, ahead of the National Safety Week, IDFC FIRST Bank, in association with Radio Mirchi, organised an event focused on road safety and One Vehicle

One Tag. The esteemed chief guest, the CEO of Indian Highways Management Company Limited (IHMCL), graced the occasion and emphasised the crucial importance of road-safety awareness and responsible driving practices, along with the importance of having only tag attached to your vehicle number.

The event served as a platform to educate and engage the community, fostering a collective commitment towards safer roads and customer convenience.

More than 70 fleet operators attended the event and the Bank showcased its products and services for the commercial vehicle category.

FIRST FORWARD Cricket League

In December 2023, Mumbai hosted the 2nd edition of the FIRST Forward Cricket League, attracting 16 teams from toll and transit section and support functions. The primary aim of this event was to foster collaboration and cultivate a culture of teamwork among participants. Through spirited competition on the cricket field, teams engaged in friendly rivalry while also strengthening the bonds and synergies across departments. This initiative not only promoted camaraderie, but also underscored the importance of teamwork in achieving organisational goals.



Loans

Fastest Disbursal – Across the Industry

Analytics-driven decisioning clubbed with technology stack for seamless digital onboarding and document execution, enables first of its kind same day disbursal and a hassle-free loan experience to our customers.



Education Loan

We have partnered with multiple channels to engage with students. Here are a few events we participated in collaboration with our partners.

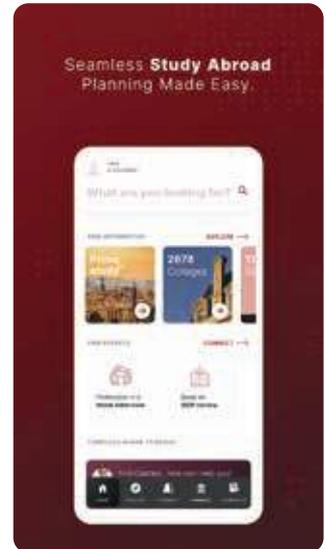
Events are held across India at multiple locations to attract aspirants to help them explore potential career paths and find a lending partner to fulfill their financial requirement.



First UNI: It is an industry-first education loan ecosystem comprising data of over **7.5k** colleges and **1.2 lakh** courses for Indian students who aspire to achieve quality higher education. The key features of this ecosystem are:

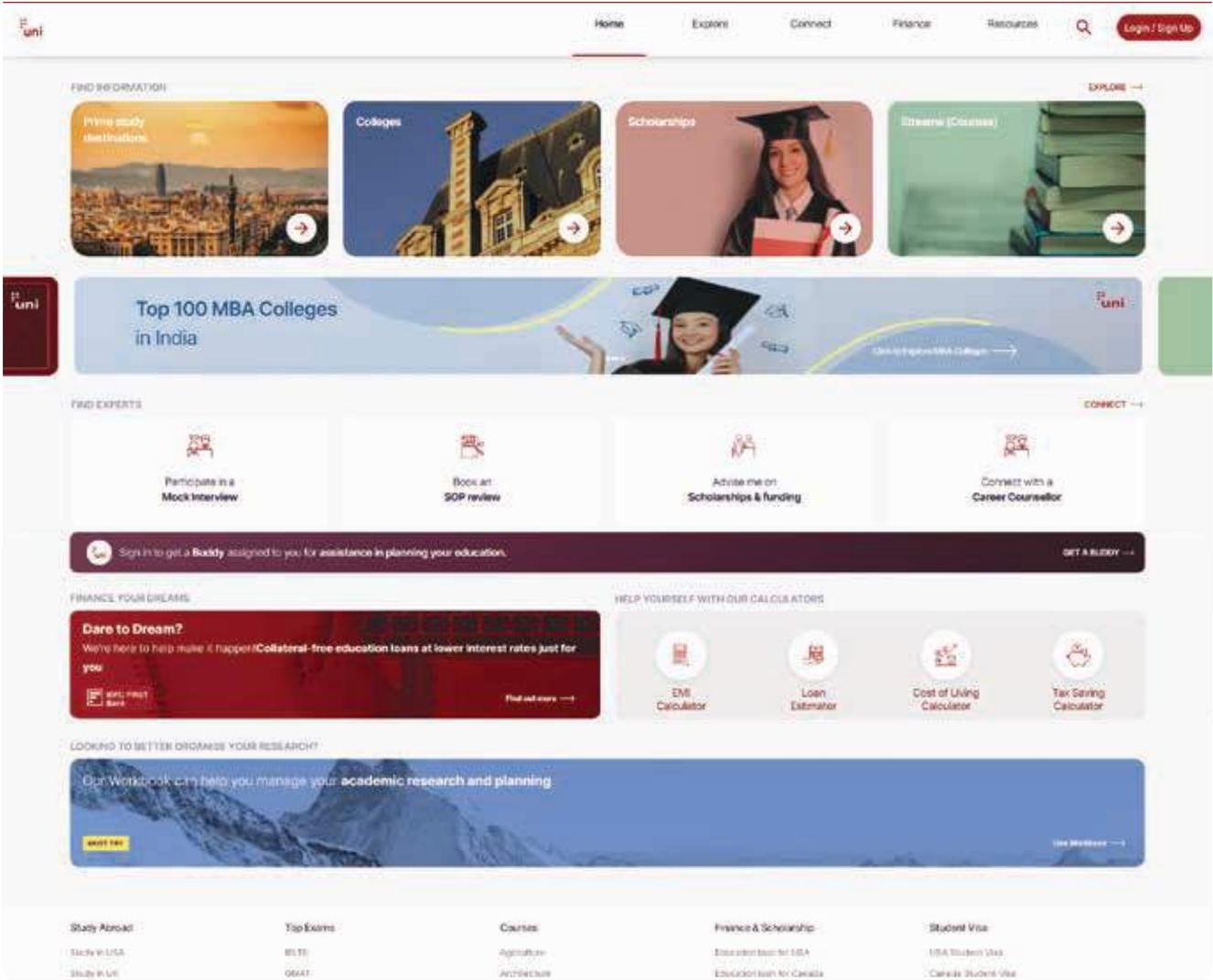
- Dedicated buddies assigned to students to help navigate educational decisions
- The platform provides expert advice from best local and international counsellors to make your application standout
- Gain access to a Global Scholarship Marketplace tailored for you, along with Exclusive IDFC FIRST Scholarship Awards curated specifically for your success!
- Digital fast-track access to education loans with largest unsecured amount at lowest interest rate in the industry

- Monitor and manage your education loan seamlessly as you progress along your journey using self-service portal 'FIRST ORIENT'
- Articles, blogs, videos, etc. on budgeting, expense management, study options, application best practices, etc.



Play Store Images of FIRST UNI

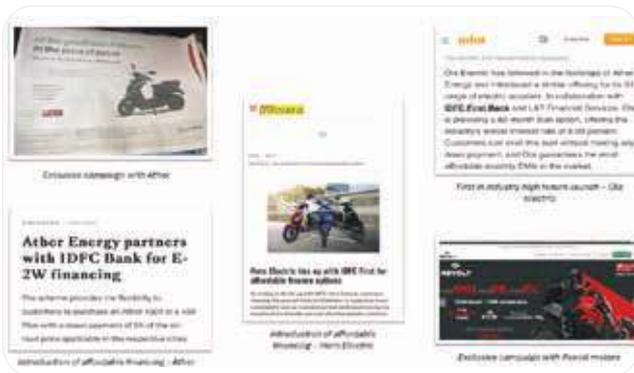






EV Social Impact – Vehicle Loans

Striving to minimise its carbon footprint, the Bank now offers financing solutions to customers buying electric vehicles for personal use. Through its electric vehicle funding programme that enables the customer to avail of finances to purchase a **New car, Two-wheeler or Commercial Electric Vehicle**, the Bank supports customers in their drive towards a more sustainable yet affordable mobility. The Bank, till date, has onboarded **3 lakh+** customers and thereby contributed towards its Environmental, Social and Governance responsibilities.



➔ IDFC FIRST Bank's EV initiatives making waves in the media



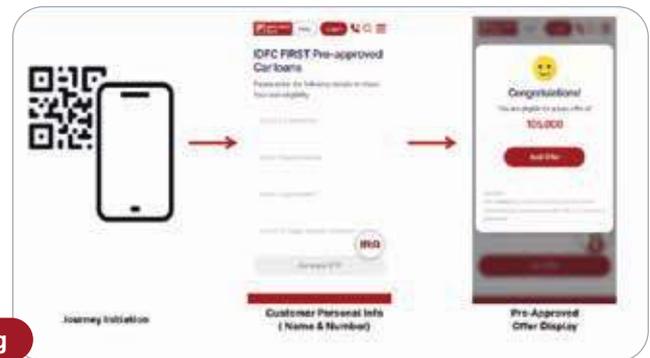
Few-clicks Instant Journey – Consumer Lending

Introducing Industry First “Few-clicks direct to customer loan journey”, for both existing as well as new to the Bank customers in **Consumer durable, Pre-Owned cars and Two-wheeler product segments**. With this seamless journey, financing experience is truly digital and hassle-free where a customer shares minimal data points (which are available at fingertips) and receives a loan in a blink of an eye.

Now customers can focus on selecting the right product and book it against an instant loan – without the worry of lengthy documentation and waiting for days to know their loan limit.



➔ Two-Wheeler instant approval journey



➔ Car loans instant approval journey



➔ Consumer Durable instant approval journey



Two-wheeler Loans



Acko Drive 2024

Partnered with Acko Drive Awards 2024! The Acko Drive Awards is an emerging and highly promising platform for recognition in the Indian automobile industry. The event was held in Goa this year with participation from all large EV and ICE segment manufacturers.

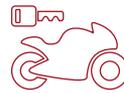


Employee Two-wheeler Loan Engagement

An employee engagement programme was held at BKC, Mumbai, that offered a unique opportunity to our employees to choose from a selection of mid-premium and premium segment of two-wheelers. This special initiative aimed to empower our workforce by providing them with the option to access favourable loan terms and acquire quality transportation.



- Employee engagement campaign hosted at BKC, Mumbai extending two-wheeler offerings of premium and mid premium segment.



Two-wheeler Loans

Unique Customer Experiences We Created



Instant loan foreclosure – anytime, anywhere

Customers can enquire and foreclose their loan instantly through a web service available 24*7*365



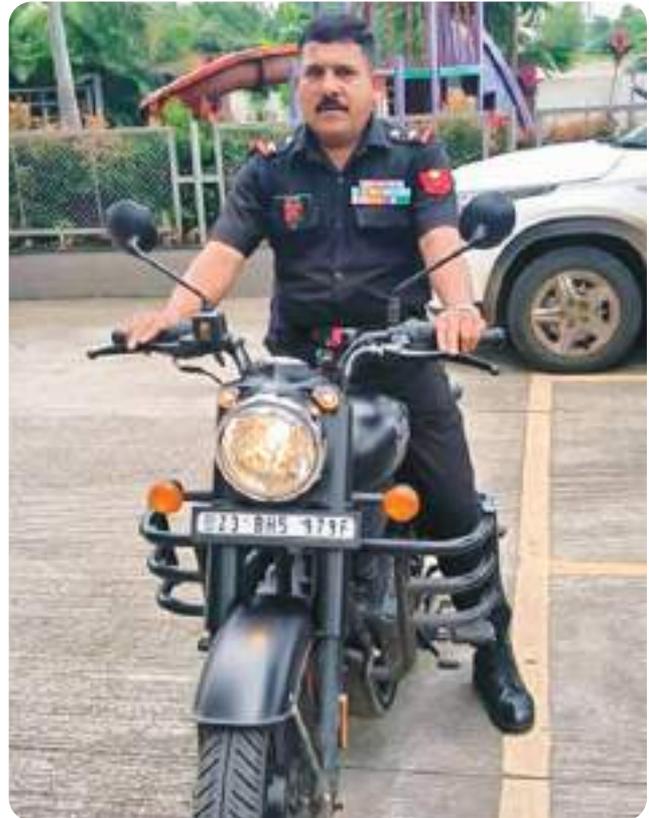
➔ Journey of instant loan foreclosure

Honour-FIRST Campaign

This was a very special offering curated by IDFC FIRST Bank for our defence personnel (Army, Air Force, and Navy). The biggest challenges that this customer segment faced were:

- Lack of awareness of loan facility being available for armed forces.
- The prevailing CSD finance journey discouraged defence personnel from availing loans due to long and cumbersome payment processes.

IDFC FIRST Bank pioneered direct payment to Army personnel for their two-wheeler purchase through CSD. While we eased the disbursement process, we have instituted robust back-end checks and processes to mitigate the risk.



➔ We took part in events held in Bengaluru and at the Western Naval Command in Mumbai to facilitate and increase awareness on two-wheeler funding programme through CSD for defence personnel in collaboration with Honda and Royal Enfield.



Consumer Durable Loan Upgrades

In order to give instant decisioning to the customer, the Consumer Durable business has launched a unique two-step journey, on the basis of which the customer is able to receive a pre-approved limit based on Credit Card history which can be used in the journey for loan processing. This functionality has significantly helped in creating a sense of instant gratification and delight for customers as well as enhanced their purchase experience.



➔ QR code being displayed on the ID card of the sales officer



Gold Loans launched during the year

Product Proposition

- Our customer onboarding journey is digitally enabled via e-KYC, e-Sign and e-Mandate
- Avail gold loan to cater to agriculture and non-agriculture loan purposes
- Range of repayment plans like Bullet, Monthly Interest, Agri Gold Loans are curated to suit individual's financial needs
- Instant, quick and over-the-counter disbursements, post-gold valuation
- No income document verification for availing gold loan
- Competitive and fixed interest rates with no step ups



Retail Liabilities

FY24 was a year of transformation for the Bank's Retail Liabilities business. Our Liabilities function achieved significant breadth and scale which enabled the Bank to deliver superior customer experience. The Bank's franchise strength is evident from the growth in its deposits franchise.

Government Banking

The Government Banking business has built a **robust Liability Business model** by creating partnerships with Central and state governments apart from public sector undertakings and multiple government entities by offering **new banking solutions**, backed by **technological capabilities** and **agile services**.

Proactive participation in the e-Governance initiatives of the government through customised solutions to meet their requirements and ease of transaction for the citizens has been the division's focus area. The Bank provides multiple product suites to government clients including Account Management Services, Corporate Salary Solutions,

Transaction Banking, e-Auction and other digital solutions, benefiting the citizens.

The Business works in tandem with the branch banking teams (Urban/Rural) to fulfil the banking needs at all levels viz. Central, State, Districts, Blocks, Panchayats.

A significant milestone has been achieved in the year ended March 2024, with Central Government departments and RBI granting Agency Banking Accreditation to IDFC FIRST Bank. With the roll out of these Agency Banking Services in current FY25, **Customers of IDFC FIRST Bank as well as the general public will be able to make payment of taxes and duties under Central Board of Direct Taxes (CBDT) and Central Board of Indirect Taxes & Customs (CBIC) through IDFC FIRST Bank.**

The Bank will also be able to extend banking services to Central Government pensioners and disburse pension under CPAO (Central Pension Accounting Office).

Empowering Customers and Community (Rural Banking)

The Rural Banking team of IDFC FIRST Bank continues championing its mission of Transforming Lives and Livelihoods across rural India. Guided by the Bank's pillars of Ethical, Digital and Social Good Banking, the Rural Banking unit strengthened its contribution to customers and communities via a comprehensive distribution network of **327** Banks and **700+** BC outlets, spread across 20 states and impacting **9.5 million+** customers in the hinterland of India.

This quest of spreading financial awareness, building banking habits and championing inclusive growth has guided the business expansion since inception. What started as a single state - single product proposition to empower the rural customer - has manifested into a multi-geography, multi-product customer offering, taking all Universal Banking products to the last mile in our country. The customer segments being served are diverse and inclusive, spanning small and medium farmers, first-time entrepreneurs, and women group borrowers. The rural customers have been educated and onboarded on state-of-the-art banking services such as the Bank's Optimus Mobile App and Internet Banking.

In this quest, customers and communities have been empowered, employees' lives transformed and traditional stereotypes and myths on rural customer behaviour challenged.

While heartening growth and success has been experienced, the business' core strength of **"Customer and Community Connect"** has remained its cornerstone. Growth devoid of responsibility is meaningless, and the unit has continued to pay it forward through every phase of its expansion. In FY24, we conducted several Community Outreach activities such as Cyber Security Awareness, Financial Literacy, Importance of Cleanliness and Hygiene, Tree Plantation Drives and Blood Donation Camps. Over **10,000** volunteering hours were invested in supporting the local communities and catchments through these initiatives.

Along with our responsibility towards local communities, we continue to heavily invest in the growth and development of our employees. Most of our employees belong to local catchments and are first-time formal workforce participants in their families. While their intent and passion are



327
Banks



700+
BC outlets



20 states
spread across



9.5 million+
customers

unquestionable, it is our responsibility to develop capabilities and provide opportunities for employee growth. As we enter the next phase of growth as a business, our focus aligns on transforming local/state leaders into national leaders via outsized investment in coaching, mentoring, and strategic thinking. Initiatives such as Management Development Programme in collaboration with IRMA, Fundamentals of Banking in collaboration with IIBF, and Leadership

Development Programmes with IIM Bangalore and ISB Hyderabad are steps we're taking in pursuit of this promise.

The Rural Banking team will continue to grow responsibly, championing the cause of transforming families and communities in the process, all along remaining humble and serving the diverse and unique opportunities provided in our country.



Online PF Collection Module

- To enable online payment mode for collecting Processing Fee from customer
- User will be able to get the real-time status in SFDC of his online PF paid

Impact: TAT reduction for PF status syncing



Digitalisation of Post-sanction Documents

Post sanction documents are system generated where all documents will be auto populated from the details entered in the system

Impact: Reduction of manual efforts and will assist in design estamp



Net Banking

Additional mode of providing bank statement to Perfios for analysis in system

Impact: Reduction of TAT for Perfios statement analysis and increase in convenience



Executive Build

Executive cases will now be logged in from SFDC. Previously such cases were logged in from Finnone

Impact: Reduction of manual efforts



FD as Collateral Build

FD cases (Partial as well as Full FD) will now be logged in from SFDC. Previously such cases were logged in from Finnone

Impact: Reduction of manual efforts



Deviation Approval Through System

Additional mode of providing bank statement to Perfios for analysis in system

Impact: Reduction of TAT for Perfios statement analysis and increase in convenience

Wholesale Banking

The Bank continued the transition of its exposure from infrastructure project lending and from large-ticket lending to a more diversified and mid-sized lending.

In doing so, not only did the Bank maintain excellent asset quality, it also has successfully resolved certain stressed loans and made significant recovery from them during the year. Your Bank continued its effort in providing a full-service suite of Corporate Banking to its clients, including Large Corporates, Emerging Large Corporates, NBFCs and Financial Institutions. We now offer all products encompassing Lending & Liability Accounts, Trade Financing, Financial Markets, Cash Management, Payments handling and Debt Syndication. Focused technological

developments to improve the customer experience is a target across all the above products. Further, the Bank is improving profitability from its Wholesale Division through improvement in its product penetration and fee earning across its clients.

Brand Campaigns/Partnerships/Sponsorships

IDFC FIRST Bank Limited and Maruti Suzuki India Limited announced the signing of a Memorandum of Understanding (MoU) on April 12, 2023. As part of this collaboration, the Bank will offer personalised finance options across New Car Loans, Pre-Owned Car Loans, and Commercial Vehicle Loans to customers looking to purchase Maruti Suzuki vehicles.

Nurturing Startups

We believe in India's tremendous potential in building an entrepreneurial ecosystem to fuel growth. Accordingly, we have designed an array of products and services to boost entrepreneurship.

New Product Launches

No Lien Account

Specialised accounts for startups to receive grants from government

Business Credit Card

Industry first corporate credit card for startups with step-up credit

ONDC Solution Stack

ONDC stack with ONDC compliant bank account and tech support

New Service Launch

Digital Entity Onboarding Journey for Business card – the assisted journey reduces the onboarding TAT by ~40%.

New Customer Journey

DIY journey - Enabling Startups to issue corporate credit cards to their employees.

Unique Customer Experience

FIRST Symphony

A collaboration platform to bring together cross-functions team of the Bank to foster synergies with startups.

With 3one4 Capital

Six startups across various sectors (Fintech, Agritech, Cleantech) participated in the inaugural FIRST Symphony session.

- Teams from Credit Cards, Treasury, 2W Loans, Rural Banking and HR ops represented the Bank.
- Helped position bank as the preferred banking for startups in India.

Key Highlights

- FIRST Demat a/c relationship opened with the Bank in the venture debt space.
- Partnered with a Fintech NBFC to provide housing finance to EWS and LIG households.
- NDA signed with 2 fintech startups to explore synergies with credit cards and payments team.

Customer Testimonial



Shailendra Tiwari
(Founder @ Fasal)

“ One thing that was remarkable and observable about this organisation is that it doesn't feel like a Bank. It feels like a tech company and people operate in that way. People are empathetic and pay attention to problem statements.”



Sonal Saldanha
(VP-Investment @
3one4 Capital)

“ Thanks to IDFC FIRST Bank team for putting FIRST Symphony together. It's a FIRST of its kind initiative.

Leap to Unicorn

Season 1 – ends on a high note.

- IDFC FIRST Bank 'Top 100 startups to watch out for' was published in Forbes Magazine
- 6 finalists of the initiatives pitched to leading investors on national television.
- 5 out of 6 startups received fund raise intent.



Pulkit Baldev
(Co-Founder @
Metalbook)

“ IDFC FIRST Bank has helped Metalbook extend credit to customers and scale our business.

Customer Testimonials



Siddhartha Sharma
(Co-Founder,
Thoughtle)

“ My advice to an early-stage startup would be to go for this programme. The programme does not just give you the validation but also visibility at the national stage”.



Pratik Lodha
(Co-Founder @
Neodocs)

“ IDFC FIRST Bank has been instrumental in the journey of Neodocs.”

Season 2

- Gets to a flying start with 6K+ registrations.
- Catalyst for Impact – as part of this programme, IDFC FIRST Bank commits CSR grants amounting to **₹1.5 Cr** to support startups in the social impact space.

6,000+
Number of registrations

Startup Mahakumbh 2024

India's biggest startup mahotsav **#StartupMahakumbh took place** at Bharat Mandapam in New Delhi in March 2024. Among the **100+** unicorns and **2,000+** startups, **IDFC FIRST Bank stood out as the exclusive Banking Partner** for the entire conclave! The biggest draw perhaps was Prime Minister Shri Narendra Modi's address to the visitors on making the startup ecosystem more robust as part of the 'Viksit Bharat 2047' vision.

Our Start-up Banking Team actively engaged at the Fintech Pavilion where our kiosk stood out as a hub of activity. Additionally, our **FIRST WINGS** Programme and **Leap To Unicorn** initiative were major attractions, aligned with our dedication to support budding entrepreneurs.

Powering MSMEs

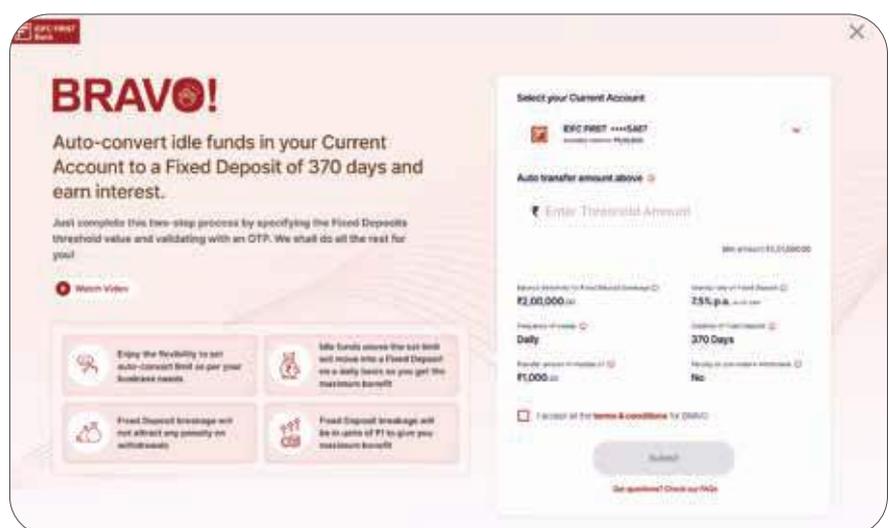
IDFC FIRST Bank’s wide suite of financial offerings is aimed at empowering Micro, Small, and Medium enterprises (MSMEs). Having developed deep insights into the distinct needs of the sector, our Bank’s tailored products and services enable these companies to accelerate their growth.

Current Account

- Industry FIRST, “BRAVO” – an auto sweep feature – on Platinum MSME current accounts and startup accounts. This unique feature allows users to set up an auto-sweep into Fixed Deposit (FD) without any penalty on premature FD breakage.
- ‘Banking with texting’ for Business is a reality now with WhatsApp Banking. WhatsApp Banking for Current Account and TASC segment users is available now for the most frequent user needs such as balance check, account statement, and mini-statement.
- MSME customers can enjoy a complimentary general insurance cover of up to ₹2 lakh for one year with IDFC FIRST Bank Current Account.
- Bank has collaborated with **~100** partners and provides **150+** offers for our customers.
- Bitly Banking is an industry FIRST feature that has been initiated by IDFC FIRST Bank for the new generation customer experience for our MSME customers. Users can fulfil servicing requests sitting at home.
- Inward Remittance Optimus and Mobile Journey: With this enhanced functionality, customers can conveniently submit disposal directly through their mobile devices, saving time and effort.
- SWIFT GPI Tracker: Enables real-time tracking of payments from initiation to receipt, ensuring greater predictability and reliability in international transactions.

BRAVO Feature

IDFC FIRST Bank is India’s first and only bank to offer this as a feature across new and existing customers. This can be enabled through branch and netbanking.





WhatsApp Banking for Current/TASC Accounts – Banking with Texting

The previously unimagined concept of 'Banking with Texting' for businesses is now a reality with WhatsApp Banking. Other business-critical services like Doorstep Pickup, Tax and Statutory payments, TDS Certificates, and Interest Certificates have also been made available.

Complimentary Insurance

In our commitment to support Micro, Small, and Medium Enterprises (MSMEs), we are pleased to offer a unique benefit to our customers. MSME customers who open a current account with IDFC FIRST Bank are eligible for a complimentary general insurance coverage of up to **₹2 lakh**. This initiative underscores our dedication to providing value-added services to our MSME customers.

Beyond Banking Offers

Our Bank has forged partnerships with approximately **100** entities, resulting in over **150** unique offers tailored to the needs of our MSME clients across various sectors and industries. These offers encompass a wide range of services, including tax assistance, HRMS, co-working spaces, and travel solutions, among others. Our aim is to provide our business customers with relevant benefits that support their growth, allowing them to concentrate on their core business operations.



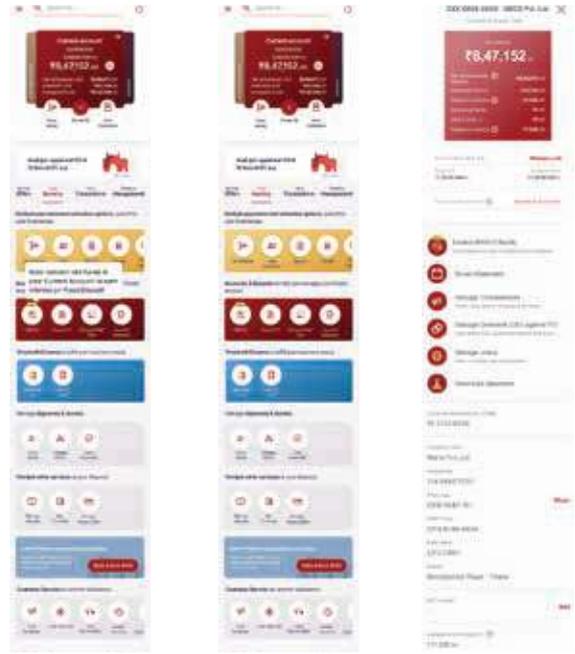
Bitly Banking for Sole Proprietorships

Customers can call their relationship managers and have their services managed without leaving their homes. Over **10+** service requests are available, such as account statements, cheque book requests, stop payments, card blocking, interest certificates, and many more.



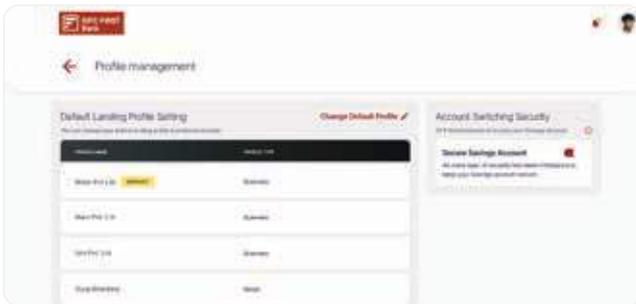
BRAVO DIY Setup on internet Banking/Mobile Banking

Is your business thriving? Are you noticing an influx of surplus funds in your account and seeking ways to generate returns on these additional resources? We are pleased to introduce the BRAVO feature, a solution designed with your convenience in mind. Accessible via both mobile and internet banking, this feature allows you to effortlessly manage and maximise your financial growth.



Preferred MSME Profile on Netbanking

As part of our commitment to innovation, we have introduced an industry-first feature for our MSME customers: the ability to create and manage their Current Account profiles directly through our internet banking platform. This feature empowers our valued customers to tailor their banking experience according to their preferences.



Our Bank has launched MSME pitchbook for communicating all the features and unique propositions to the customer in a simple, understandable way. The pitch book also allows customers to understand which offerings and selections are most in line with their business needs. In addition, this creates transparency and add to the ethical approach that the Bank is committed to.



Inward Remittance on Mobile Banking

The implementation of the Inward Remittance journey on net banking and mobile devices has significantly streamlined the process for customers, eliminating the need for physical

visits to the Bank branch. With this enhanced functionality, customers can conveniently submit disposal directly through their mobile devices, saving time and effort. Here are some of the benefits customers will enjoy:

Convenience

Customers can submit disposal directly, eliminating the need to visit a bank branch.

Accessibility

Transactions can be initiated from anywhere, at any time, providing customers with greater flexibility and accessibility.

Flexibility

Disposal can be submitted for all non-scrutiny purpose codes, offering customers more options and flexibility in managing their remittance needs.

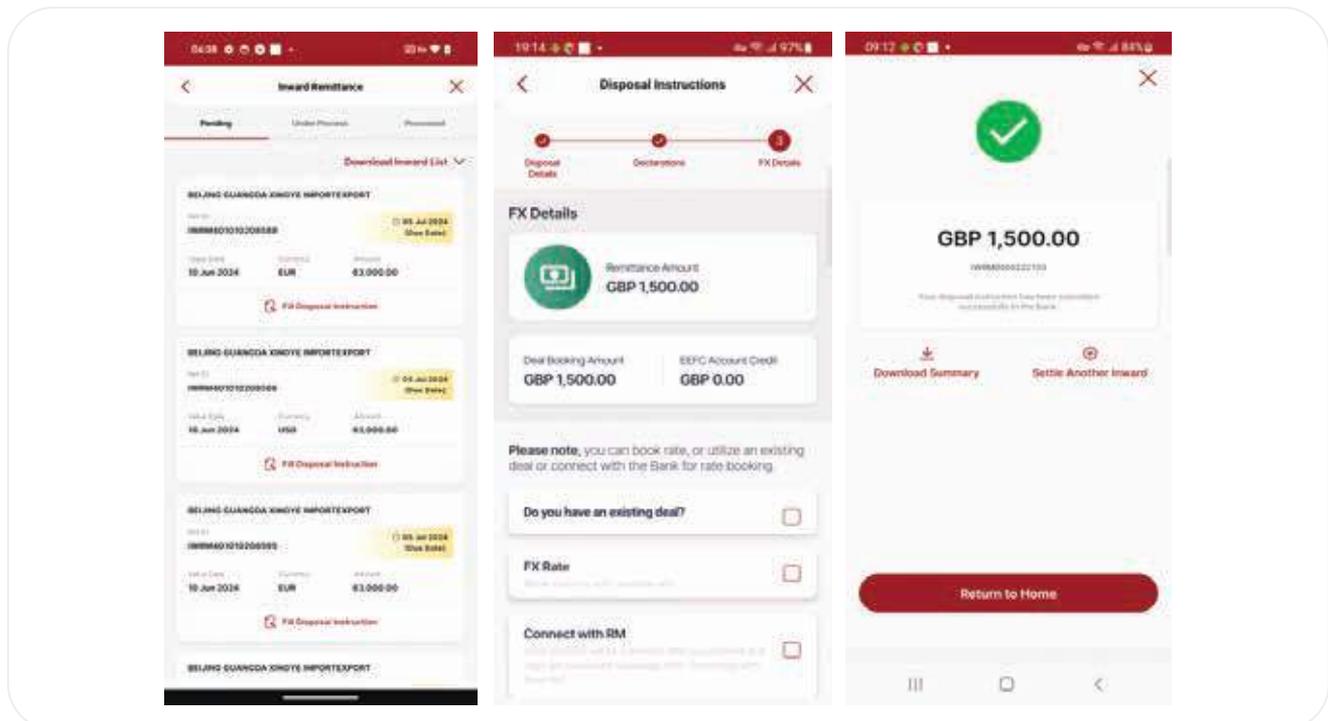
Online Rate Booking

The live rate booking option empowers customers to conveniently book rates online.

Operational Efficiency

Digitising the inward remittance process reduces dependency on manual processes, streamlines workflow, and reduces transaction processing time (TAT).

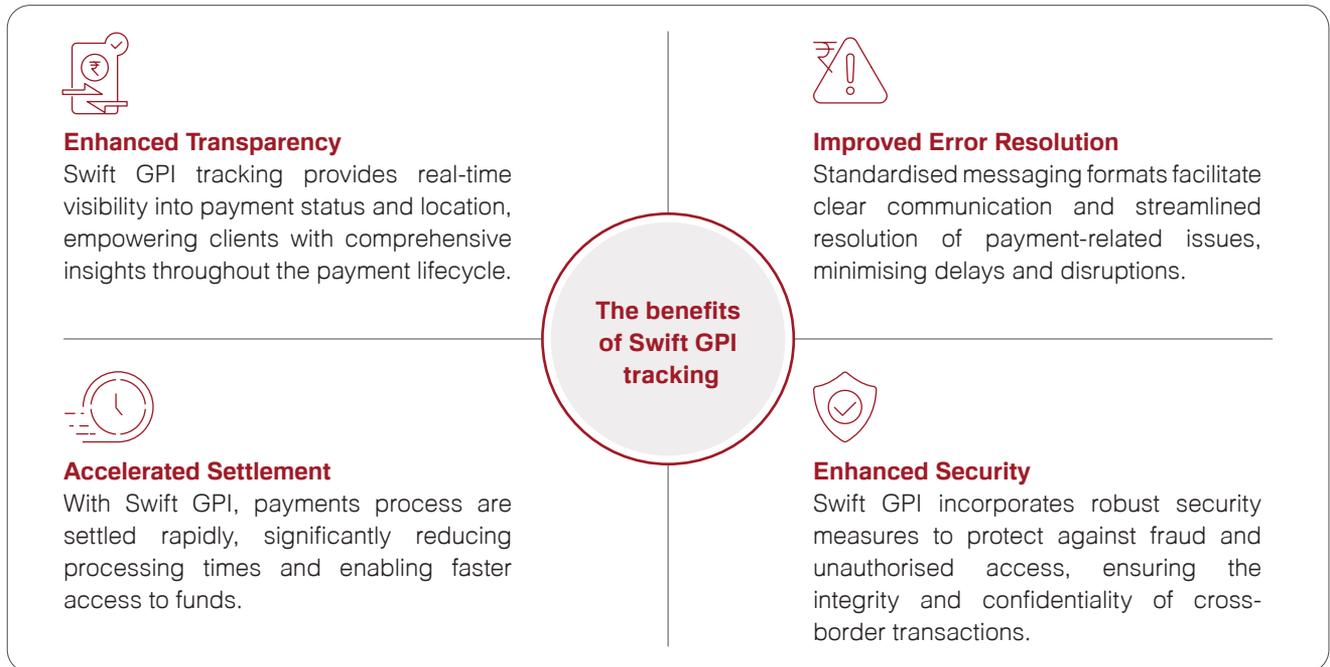
Overall, the implementation of the Inward Remittance journey on net banking and mobile devices brings tangible benefits to customers, including convenience, accessibility, ease of use, and cost savings, ultimately enhancing their banking experience.



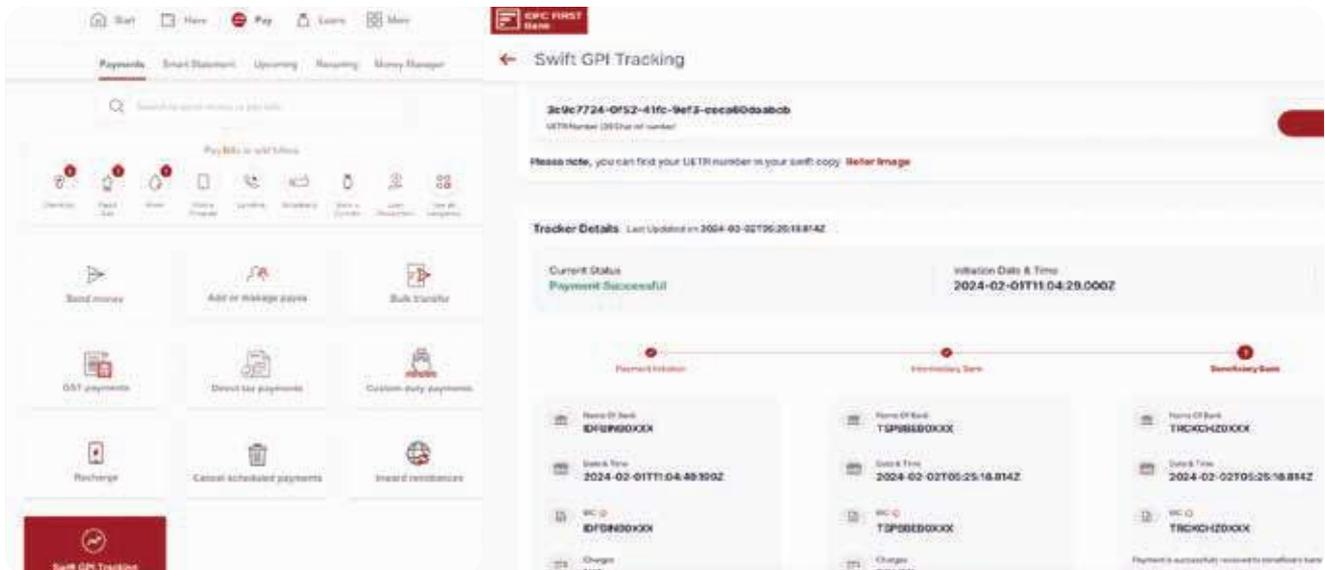
SWIFT GPI Tracker

Swift Global Payment Innovation (GPI) revolutionises international payments, offering unprecedented transparency, speed, and efficiency. By leveraging

advanced technology and standardised messaging formats, Swift GPI enables real-time tracking of payments from initiation to receipt, ensuring greater predictability and reliability in international transactions.



Moreover, IDFC FIRST business banking customer gets direct access to Swift GPI tracking through netbanking.



Personal Loan (Urban Assets)

MSME Loan and Overdraft

SME customers can now avail of Dropline Overdraft facility, which allows them to pay interest only on the amount that they use. An overdraft limit is provided to the customer, which reduces monthly till the end of facility tenure. This facility gives customers the flexibility to withdraw unutilised funds as needed or deposit excess funds into their account, thereby reducing the outstanding balance and the interest outgo.



Commercial Vehicle Loans to Fund Income-generating Assets

- We offer commercial vehicles loans to customers under SME lending solution. Customer uses the vehicle for transporting goods/passengers. Commercial vehicle generates employment opportunities and contributes to income generation for an MSME customer.
- Commercial vehicles loans (Urban and Rural) business grew by **34%** Y-o-Y (from **₹2,997 crore** in FY23 to **₹4,019 crore** in FY24 though the industry remained flat at **1.5%** for FY24.
- We have also been funding greener vehicles (CNG and Electric), which constitute **8%** of the total loans disbursed in the last financial year.

Swift GPI Tracking

3c9c7724-0f52-41fe-9ef3-ceca00daabcb
UETR Number (32 Char of Hex)

[Submit](#)

Please note, you can find your UETR number in your swift code. [Refer Image](#)

Tracker Details Last Updated on 2024-02-02T05:25:18.814Z

Current Status Payment Successful	Initiation Date & Time 2024-02-01T11:04:29.000Z	Instructed Amount USD 1200.00
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1 **Payment Initiation**

Name Of Bank	IFENB03XXX
Date & Time	2024-02-01T11:04:49.199Z
SWIFT	IFENB03XXX
Channel	REA

2 **Intermediary Bank**

Name Of Bank	TSPBBD03XXX
Date & Time	2024-02-02T05:22:16.014Z
SWIFT	TSPBBD03XXX
Channel	3D-URSD

3 **Beneficiary Bank**

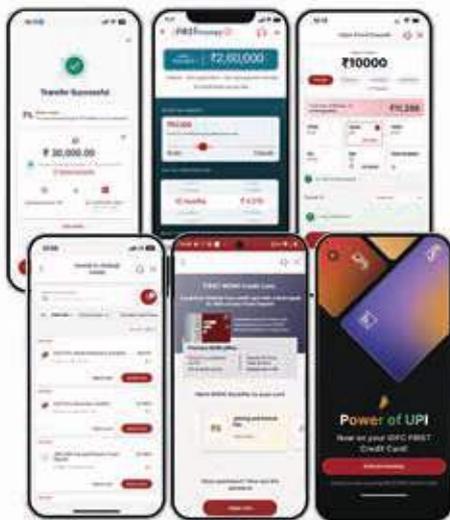
Name Of Bank	TRCKOI4203XXX
Date & Time	2024-02-02T05:25:18.814Z
SWIFT	TRCKOI4203XXX
Channel	Payment is successfully received to beneficiary bank.

Elevating Banking

The Bank has made significant enhancements in enriching and extending the coverage of our digital assets, which form the backbone of services offered to our customers, partners and employees. The Bank continues to invest in latest technologies and tools with a view to constantly modernise our tech stack and develop cloud native solutions to facilitate higher agility, availability and resilience driving operational efficiency through automation and dynamic scalability. The Bank also continues to enhance its core platforms and systems of collaboration along with its focus on differentiated digital experience for the banks stakeholders. All these have collectively strengthened our services and positioned us as a differentiated Bank powered by technology.

Digital Applications – Mobile Banking App

One stop Financial Solution



16M+
Users on app

1.2M+
Monthly transacting

6M+
Monthly active

600K+
Reviews

- CREATE FD in 2 CLICKS
- FIRSTMONEY PL – ETB/NT
- INVEST in MD / IPO
- SMART STATEMENT
- RUPAY CC on UPI

- PAY ABROAD
- RECHARGE & BILL PAY
- ACCOUNT AGGREGATOR
- FINANCIAL PLANNING
- TARVEL & SHOP



The Forrester Digital Functionality Review: Indian Mobile Banking Apps, Q3 2023



4.9



4.8



Our Digital Initiatives

Significant traction on electronic platforms



Digital Transactions

95%
of the overall transactions are digital



POS Transactions

YoY growth of

44%
in volume and 40% in value



UPI Transactions (Value)

Growth of

~62%
for FY24 over the last year



FASTag

Over

17 Mn
FASTags issued till March'24



Credit Cards Spends

58%
YoY Growth during FY24



Bharat Bill Payment System

Ranked

3rd
amongst 35 biller operating units



Debit Card Spends

Spends grew

39%
YoY over last year



API Tech Integration for CMS

Growth of

87%
YoY

Strong growth in business volumes from recently launched App



1. Mutual Fund Investments

Investments in Mutual Fund (including SIPs) in Q1 FY25 Increased 425% on YOY basis



2. Personal Loans

Personal Loan from mobile app in Q1 FY25 increased by 175% on YOY basis



3. Pay Abroad

Foreign Payments from mobile app in Q1 FY25 increased by 75% on YOY basis



4. UPI Payments

Payment through UPI from mobile app in Q1 FY25 increased by 49% on YOY basis



5. Retail Payments

Retail Payments from mobile app in Q1 FY25 increased by 48% on YOY basis



Voices of Satisfaction

Education Loan



“ I would like to appreciate the IDFC BANK Education Loan team for immensely supporting me. I applied for a loan in March and I don't think I have to mention what March means for bank employees but still they supported me and answered each of my queries.

Ashish Bhanushali

Georgian College, Canada (2022-26)

Micro Business Loans (MBL)



“ After receiving funds from IDFC FIRST bank, I was able to bag a big order and start manufacturing Hexa locks. It helped me scale up my business substantially. I was delighted with the digital journey and the smooth loan process of our Bank. It took just 15 days for the loan to be disbursed – the case was logged in on October 6, 2023, and the amount was disbursed on October 21, 2023.

Dushyant Sharma

Scheme: MICRO LAP

IDFC FIRST Bank Private Customer



“ My heartfelt thanks and appreciation to IDFC FIRST Bank Wealth Management Team for helping my investments grow even during uncertain times! It is indeed a delight to bank with an experienced and efficient team, a team par excellence to count on for future.

Manjusha Bhatnagar

IDFC FIRST Private Customer - Gurugram



“ I received my first dream two-wheeler within 2 hours, all thanks to IDFC FIRST Bank! When I came to know about it, I made up my mind to purchase a Scooty. This will help me run my general store effectively. Earlier, I used to spend substantial money on public transport to carry expensive store items, which impacted my profit margins. But things are different now as I can move freely and save money.

Mumthaz M receiving her two-wheeler loan in Mangalore



“ I write to you to convey my appreciation for the exceptional services I have received from IDFC FIRST Bank team. Your professional attitude and need-focused approach have been very helpful. Thank you for your services and keep up the good work.

Haverimatt Basavaraj Maheshwaraiah

IDFC FIRST Private Customer – Abu Dhabi



“ IDFC FIRST Bank’s customer-centric approach helped me with excellent investment solutions for myself. I would like to applaud and thank the entire team for making Wealth Management and Banking a smooth experience for me.

Mr. Rasik Gajanan Desai

IDFC FIRST Private Customer – Mumbai

Chairman - Ice Association, Maharashtra



“ It has been a pleasure to have IDFC FIRST Bank Wealth Management Team as our service provider. It has been a long and fruitful association with the team and we are happy with the services. We look forward to continuing with our relationship for many more years to come.

RK Arora

IDFC FIRST Bank Private Customer – Delhi

Arora & Arora Associates

Shaping Our Workforce for a Resilient Future



We are on track to fortify our Bank as a strong, stable, and sustainable institution, ensuring that it stands at the forefront of the banking industry and leads with strong ethics, enviable cutting-edge innovation, and strategic foresight. Our theme - Embarking on Vision 2.0, is a testament to our commitment towards our efforts in talent acquisition, talent management, learning and development, and comprehensive wellness programmes.”

Mr. Adrian Andrade
Chief Human Resources Officer



Adrian Andrade (CHRO) with the HR team

Let's take a look at our key initiatives, achievements, and future plans aligned with our vision.

HR Governance and Compliance

Our HR governance and compliance adhere to the highest standards. We diligently follow all applicable Statutory and Regulatory laws and guidelines in their true spirit and stay updated with the changing dynamics of the laws. All our offices and branches are compliant with all legal provisions. We ensure all statutory payments are timely remitted to the respective authorities and required compliance records are meticulously maintained. We furnish all necessary returns

and make all required disclosures to the relevant authorities in a timely manner according to the provisions of law. The ORM Unit rating for HR is consistently high, as we ensure complete adherence to all the components of the operation risk framework of the Bank. We conduct regular management committee reviews making sure of management oversight on the implementation of the operating principles, policies, and processes.

Talent Acquisition

Our talent acquisition strategy has been pivotal in building our brand among candidates and ensuring that we hire top-quality talent cost-effectively to help us build a world-class bank, right here in India. By focusing on internal and external talent experiences, we have achieved a near **100%** manning percentage and an onboarding experience rated 4.5/5 by **80%** of new joiners. This year, we reduced our external vendor dependency from **21%** to **18%** and formed a team of talent architects aimed at enhancing our internal sourcing capabilities.

We are also excited for the launch of **Bankathon Quest 1.0**, aimed at building a healthy talent pipeline across

high-volume roles. This initiative will help us build a database of high-potential talent via online platforms like LinkedIn, Instagram, glassdoor, Indeed, Naukri, and through videos. Candidates, who are selected through our auto screening process, will be asked to take customised role and skill-based tests (ICAT). Selected profiles will be then shared with hiring managers for further interview processes to ensure that quality resources match role requirements. Existing business team members will take the test to decide the benchmark scores that will be defined for each role. We are targeting over **25k** applications for more than 15 unique roles in the Bank.



➔ Engaging sessions conducted for new joiners



Campus Engagement

Empowering students towards a brighter future



➔ Campus engagement sessions

In terms of campus engagement, we onboarded **452** final-year students from reputed colleges through our **STAR** programme for management trainees and **Arete** programme for engineering trainees. This year, we launched the Campus **FIRST Ambassador** programme to enhance engagement with campuses. We offered first-year students exciting summer internship opportunities to work on real-life projects, grooming them for the industry. Remarkably, **45%** of interns bagged prestigious pre-placement offers with our Bank.

Our engagement activities include sponsorships of prestigious college festivals such as IIT-Bombay **Techfest**, SCMHRD's **NEEV**, and South IIMs' sports event **Sangram**, among others. We conducted a variety of competitions open to students across India, such as **IDFC FIRST Bank Case Study Competitions, FAME 2.0-DataRangers**, and **FAME 3.0-Safe Highway Challenge**.

We instituted **Academic Excellence (ACE) Scholarships** at NMIMS Mumbai and Delhi School of Economics and held top management leadership summits, seminars, and conclaves. Notable keynote addresses were delivered by Mr. V. Vaidyanathan at ISB Hyderabad's **Aartha** and Mr. Chinmay Dhoble at SCMHRD's **NEEV**. Several senior leaders delivered engaging and insightful leadership talks across 15 reputed campuses and participated in 6 conclaves across India. Our campus branding and events collaboration include video shoots showcasing the culture and reasons to join the Bank. IDFC FIRST Bank continues to offer young talent a youthful and dynamic work culture, a steep learning curve with high-intensity training, and accelerated development for speedy growth into managerial roles.

Employer Branding

External

Our aim is to become an employer of choice and a preferred workplace in India's banking domain. Our **Employee Value Proposition (EVP)** is a promise to every employee, built on five employee value proposition pillars – **Culture, Organisation Purpose and Values, Quality of Leadership, Growth, and Cutting edge Technology.** These EVP tenets guide our branding initiatives across internal and external channels.

Employer branding highlights for FY24 include achieving a **Glassdoor** rating of **4.1**, the highest among the top 4 private banks in India as of March 31, 2024. IDFC FIRST Bank was also recognised as the **'Most Preferred Workplace'** by Team Marksmen at the 3rd edition of Most Preferred Workplace Awards 2023.

On **LinkedIn**, we post regular updates on employee testimonials, life and culture, leadership quotes, and various initiatives, bringing our EVP pillars to life. We also share information on walk-in drives and job posts, ensuring our LinkedIn life page has fresh content regularly. We were ranked 4th on new follower metrics, 2nd under total post metrics, and 4th for total engagement metrics on LinkedIn compared to our peers – the Top 4 private banks in India at the end of March 2024.

Internal

Internally, **The Captain's Bridge** is a virtual leadership series recorded and hosted on the intranet. Each episode features a conversation with a leader, focusing on learning about different business verticals and various functions within the Bank. We completed **9** episodes by March 2024. There are various employee engagement programmes planned for FY25.



● "The Captain's Bridge" sessions organised for employees

Career Website

Our career website is updated with the latest open positions and proactively communicates with candidates to allow real-time tracking of their applications. It provides a world-class digital experience enriched by superior search engine capabilities and AI tools, resulting in an increase in first-time jobseekers and repeat visits, enhancing higher visitor traffic. Our career page had over **27 lakh** page views for FY24, with **8 lakh** visitors and **5 lakh** job seekers, with an average of **30k** candidates applying for a job at IDFC FIRST Bank every month.



➔ Career site snapshot

iBelong

We launched our diversity programme iBelong to help enhance gender diversity in our hiring processes, with a focus on increasing female participation in our workforce in the coming year. The iBelong initiative, a part of our Diversity, Equity, and Inclusion charter, aims to create an environment where every individual feels valued, respected, and empowered to contribute their best. Launched in March 2024, iBelong featured 15-plus varied sessions across the Bank, with a range of programmes and initiatives planned for FY25.



➔ "Diverse Voices - One Vision" roundtable discussion: Left to right - Adrian Andrade (CHRO), Swati Bhalla (Head - Digital Transformation - Customer Experience), Pankaj Singh (Head HR - Retail Banking, Operations & Customer Experience), Soju George (Head - Rural Branch Control and Monitoring), Rachana Iyer (Head - CSR), Alice Maniyar (Enterprise Architecture Lead), Kanverjeet Sabharwal (Head - Wholesale Banking Operations), Shaziya Khan (Zonal Head - West I, Branch Banking)

Talent Management

At IDFC FIRST Bank, we believe in giving every employee an opportunity to succeed with a commitment to objectivity, trust, and transparency in everything we do. We began our journey of building a skills-based organisation a few years back, reshaping and reimagining our HR practices in every way possible. To democratise careers and growth for our employees, we first designed a successful talent marketplace, providing opportunities to learn, engage, and grow for every employee in the Bank at the click of a button. A well-structured and comprehensive skills framework was the first step in this direction. We identified the skills needed for each role in the Bank, which gave us the head start required for designing and launching our **AI-driven Talent Marketplace – iTalent**.

iTalent, with its modules like **Talent Profile, Skills, Velocity (IJP), Mentoring, and Gigs**, acts as a compass to guide our employees in planning their development and owning their careers. This platform offers value from both employees' and managers' perspectives. We launched iTalent on **January 15, 2024**, for the entire Bank with a pre-launch event featuring **Mr. Kapil Dev** speaking about **Skilling for Winning** and a **Skills Symposium** at our corporate HQ.

Eight different businesses, including **ESG, Optimus, Rural Banking, Smart Banker, Digital Solutions, Finance, and Talent Acquisition**, participated in the event. The event, attended by over **900 employees**, included **20+** games and **100+** prizes, received outstanding feedback.

With the launch, our change management campaigns commenced in full swing. We conducted physical workshops across multiple cities and virtual campaigns, alongside Leaders Speak sessions across various mediums. These efforts led to iTalent achieving over **22k** logins, and the numbers are still growing. In just four months, we have also seen over **50** Gigs and **140+** Mentors join the platform. We enhanced our internal mobility programme, **Velocity**, by holding an internal talent career fair, offering opportunities for our employees to enhance their careers. The Velocity program saw a **4x** increase in role changes. The feedback from employees has been overwhelmingly positive, highlighting their enthusiasm and acceptance of this new approach. This is just the beginning. Our goal is to expand iTalent with new modules such as learning and career pathing, ultimately transforming it into a fundamental tool for career development at IDFC FIRST Bank.

Learning and Development

This year, the learning spectrum of the Bank underwent a transformative journey, revolutionising traditional learning approaches.

Excellence – Unveiling the Inaugural ‘Learning Hub’

We take great pride in the launch of the **Learning Hub**, a pinnacle in the knowledge and skill landscape. This modern facility features four state-of-the-art training rooms, a lively breakaway area for networking, and cutting-edge features like the **Beyond Reality** wall, which integrates virtual reality for an immersive learning experience. Additionally,

the **Impressions and Reflections** wall offers a space for sharing experiences. The Learning Hub reinforces the Bank’s dedication to advancing a culture of progressive learning and development, encouraging both individual growth and collective success.

Leadership Stack – Essential Strategies for Today’s Leaders



➔ Leadership Stack, a flagship programme for leadership team across the Bank

In an ever-evolving business landscape, leaders need to embody adaptability, resilience, strategic acumen, and expert communication. This year’s Leadership Stack journey, crucial for aligning the leadership bench with company values, comprised a three-pronged approach.

- The **ISB Hyderabad masterclass** delved into **Leadership for Growth and Transformation, Strengthening Partnerships, Design-Driven Decision-Making, Business Storytelling, Leading Agile Teams, and Digital Humanism.**

- **Gallup Strengths Finder** empowered leaders to recognise and transform strengths into talents.
- **Ken’s Narrative Thinking Workshop** enriched storytelling for retail banking leaders, providing concepts, examples, mental models, and application techniques.

This transformative programme, engaging over 160 participants, commenced in October 2023 and concluded in January 2024 across retail and non-retail units, fostering leadership excellence and a collective commitment to growth.

Bootcamps for Retail Asset Sales Managers

This year saw the successful launch of a series of **asset product bootcamps**, including **Home Loan 2.0, Gold Loan, Commercial Vehicle and Construction Equipment, Personal Loans, and Two-Wheeler and Car Loans**. These workshops, designed with an asset-specific curriculum, aimed to equip sales managers with essential skills in sales processes, customer understanding, service, relationship building, and market insights. The business and product heads played a vital role in conceptualising and designing the content, along with the L&D team and HR business partners.



➔ Retail Asset Sales Managers bootcamp

Functional Training for Retail Banking (Liabilities) New Joiners

Launched in August 2023, **Retail One** is a groundbreaking four-day initiative for Retail Liabilities' new hires, combining functional and behavioural sessions. Led by experienced Cluster Heads, this programme covered over **3,000** new hires till March 31, 2024. The curriculum, with its focus on personal development and holistic learning, has received high praise.



➔ Training session for new joiners from Retail Liabilities

Learning Week for New Age

LearningFIRST, a dynamic week-long event in December 2023, was packed with power capsule sessions to fuel minds and careers. Topics included **Generative AI, Agile Q&A, Creative Doodling for Collaboration, Tech Wiz**, and understanding personal strengths and the impact of **Brand YOU**. These concise, impactful sessions provided learners with skills for immediate workplace application. Led by industry experts and our leaders, including Tyagarajan Iyer (CTO), Adrian Andrade (CHRO), Avik Sarkar (Chief Data and Analytics Officer), Ashish Anchaliya (Chief Product Officer), Ashish Pancholi (Head – Digital Solutions and Projects – Retail Assets), Niraj Kumar (Head – Retail Liabilities Technology), Naarayan TV (Chief Marketing Officer), and Sayantan Mukherji (Head-VMO and IT Procurement), the programme achieved a 4.6/5 rating and amassed over **4,500** Learning Hours.



➔ New Age Learning Week

STAR – The Management Trainee Programme

Skills To Achieve Results (**STAR**), the flagship week-long induction program at IDFC FIRST Bank, was organised and conducted for Tier I management trainees. The underlying objective of the programme was to address the needs of the MTs and make them future-ready. Participants were exposed to profound subjects like **Stakeholder Management and Influencing, Understanding the 7 Habits for Success, Design Thinking, and Agile Mindset**. Breakfast with their respective Business Heads and interactions with the dream panel comprising Mr. V. Vaidyanathan (MD & CEO), Mr. Pradeep Natarajan (Head of Retail Banking), and Mr. Adrian Andrade (CHRO) created a sense of alignment for the MTs with their respective avenues.



Snippets of Leadership sessions from STAR programme

Rewards and Benefits

Lastly, but most importantly, one of our prime responsibilities as Human Resources is to ensure the overall well-being of the employees within the Bank. Our Wellness Programme is holistic and has various initiatives pertaining to physical, mental, and financial wellness, aiming to provide a comprehensive solution to help employees achieve a balanced and healthy lifestyle. Monthly wellness webinars cover a variety of topics related to wellness, such as nutrition, fitness, and mental health, designed to educate employees on different aspects of wellness and provide practical tips for maintaining good health. Monthly fitness sessions, led by certified fitness trainers, offer employees an opportunity to engage in physical activity. These sessions are typically held online, making it convenient for all employees to attend.

Wellness diaries are circulated every month on the prevalent situation or theme, providing useful health and wellness-related articles for our employees to stay abreast of the latest health tips and topics. Our annual health checkup programme offers employees the opportunity to receive a comprehensive health checkup at a discounted rate, including various medical tests such as blood pressure,

cholesterol, and glucose level tests. The Free Doctor on Call Facility provides employees with access to a doctor over the phone through online booking, allowing them to get medical advice or ask health-related questions. Our Emergency Assistance Programme offers emergency medical assistance to employees facing unexpected health situations, including emergency ambulance booking and first aid at very low rates.

The Maternity Buddy Programme aims to keep expecting mothers aware and healthy, ensuring they are on the correct course throughout their pregnancy phase and beyond with a holistic approach through guidance on physical and mental health. This programme includes frequent info-letters and health tips, access to videos for all trimesters of pregnancy, and discounts and deals for baby products. The Daycare Assistance Programme (**MyKids**), launched in March 2024, underscores our commitment to providing an inclusive and supportive work environment by ensuring proximity between parents and children. The benefit is extended to women employees (mothers only) and single parents (fathers) who are primary caregivers, allowing them to register their children from six months to six years and avail of the services provided by the daycare centre.



➔ HR team receiving the "Buddies of Wellness" award

Our Employee Assistance Programme (EAP), named **'ReachOut,'** provides access to free and confidential counselling services for employees struggling with personal or work-related issues. The 1to1 help website contains videos, articles, infographics, mental health assessments, podcasts, and much more for employees to explore. Monthly wellness webinars cover a range of topics related to mental health, such as stress management and mindfulness techniques, offering a safe and supportive environment for employees to discuss their concerns and receive professional guidance.

The Wellness Corner on our intranet, themed as **Tann-Mann-Dhan**, is a one-stop shop for all wellness programmes and initiatives, hosting numerous health and wellness resources for employees to explore. Recorded webinars are available as refreshers or for catching up on missed sessions. The Wellness Community allows employees to post wellness blogs, share personal wellness achievements, and connect with each other on wellness-related topics.

We also offer comprehensive insurance coverage through the Group Mediclaim Policy (GMC), Group Personal Accident Policy (GPA), and Group Term Life Insurance Policy (GTL). The GMC covers expenses incurred on hospitalisation, including room rent, medicines, and surgery, with 24-hour hospitalisation necessary for a claim to be admissible, except for identified daycare procedures. Employees are covered for a graded base sum insured, with the option to add a top-up at an additional cost,

increasing the sum insured and room rent limit. The policy also covers maternity cases, including pre and post-hospitalisation expenses. The GPA covers an insured person for up to four times their total fixed pay in case of disability caused by an accident, covering permanent total disability, permanent partial disability, and temporary total disablement. The GTL provides 100% of the sum assured in the event of the employee's death, with payment made to the nominated beneficiary.

These programmes are designed to support employees' physical, mental, and financial well-being, providing access to resources and support to maintain good health and achieve a balanced lifestyle. Our wellness initiatives are ever-evolving, continuously improving to meet the needs of our employees and support their overall well-being.

Our HR initiatives and programmes align seamlessly with our overarching goal of becoming a world-class bank with the world's most customer-friendly products and services. By implementing strategic talent acquisition practices, creating an inclusive and innovative workplace culture, and investing heavily in employee development and wellness programmes, we are not only preparing our workforce for the future but also driving sustained progress and excellence. As we continue to evolve and grow, our commitment to excellence remains steadfast, ensuring that we remain at the forefront of the banking industry, poised to meet and exceed the challenges of tomorrow. Together, we are shaping a brighter, more prosperous future for all.

Banking with Responsibility; Delivering on ESG



On the social side, we have been actively involved in reaching deep rural geographies, thereby accelerating financial inclusion. Today, we have customers in 85,000+ villages, touching 8 million households. Through our rural banking business, we have delivered 3 million livelihood (cattle) loans and under Water, Sanitation and Health (WASH), we have given over 3,50,000 loans. We have also maintained robust asset quality in the WASH segment. Further, about 55% of all our rural borrowers are women.”

Ms. Shikha Hora Kamdar
Head – Retail Assets and ESG

Dear Shareholders,

It's my pleasure to report to you on the progress we have made on IDFC FIRST Bank's sustainability and ESG journey. Over the past year, we have accelerated our initiatives, driven engagement, improved our ESG ratings and have achieved globally benchmarked reporting.

While we complete two full years of building ESG as a dedicated function, our business has always been ESG-compliant, right from the start. Our sustainability strategy is rooted in our organisational priorities of financial inclusion, asset quality, state-of-the-art technology, and a staunch belief in ethical banking. This ensures that our Bank is ESG-centric in all aspects, designed to drive social good in everything it does.

An Evolving Environment

In the past five years, ESG has emerged as a megatrend, transcending industries, businesses and geographies. While sustainability has been a focal point for multiple decades, ESG has ushered in new frameworks for defining environmental and social strategy; wide-ranging regulations for powering impact; and tools for stakeholders to gauge corporate sustainability performance.

This is indeed the need of the hour, especially with stark realities of climate change and other phenomena manifesting in our lives in more ways than one. As an economic powerhouse and the world's most populous country, India has a major role in ensuring that its impact on the environment and society is positive, while guarding against risks.

From an impact standpoint, India has taken a Net Zero Carbon target by 2070. Further, as highlighted in the recent COP 28, we have already surpassed our target of 33% reduction in emission intensity of our GDP as of 2019, well ahead of the initial 2030 target. This is a result of India's strong push on the renewables front, and delinking emissions from economic growth.

India's focus on green energy, environmental sustainability, and climate action was also duly emphasised in the recent budget. The Government's plan to empower 1 crore households through rooftop solarisation (via the PM Surya Ghar Muft Bijli Yojana) is a welcome move to enable retail solar revolution in India. Other initiatives that support

renewable energy, such as viability gap funding for offshore wind energy, and mandatory blending of biogas in CNG and PNG are also expected to power a greener India. As should be the case, the vision of the government is complemented by strong intent and initiative by the private sector, including climate-tech startups. Together, these efforts can go a long way in enabling India's energy security, climate resilience and as a leader in the global movement towards environmental stewardship.

The above developments in the ecosystem present a unique and pertinent opportunity for financial institutions. Transitioning to greener technologies and scaling up of renewable energies at the ground level requires innovative and inclusive financing models at both project and retail levels. The Indian banking system, under the guidance of the Reserve Bank of India, is responding to such new-age requirements and is directionally positive in its efforts to ensure a just and green transition.

Building a Sustainable and Impactful Portfolio

As a Bank, we are continuously exploring avenues that can accelerate positive environmental and social impact through our lending practices. A large part of our retail portfolio caters to various existing and emerging customer needs. These include affordable housing, rural finance, livelihood loans, small entrepreneurship loans, education loans and priority sector lending. Additionally, we have identified multiple thematic areas where we can build on creating this impact.

For example, sustainable mobility is a key area of focus for us, where our Electric Vehicle financing is seeing strong traction. As of March 2024, we had a live portfolio of over **1.96 lakh** two-wheeler EVs, and **5,100+** three-wheeler EVs. Another focus area for us has been campaigns being run on financing Energy Efficient appliances, which encourages customers to make a greener choice.

On the social side, we have been actively involved in reaching deep rural geographies, thereby accelerating financial inclusion. Today, we have customers in **85,000+** villages, touching **8 million** households. Through our rural banking business, we have delivered **3 million** livelihood (cattle) loans and under Water, Sanitation and Health (WASH), we have given over **3,50,000** loans. We have also maintained robust asset quality in the WASH segment. Further, about 55% of all our rural borrowers are women.

Further, on the wholesale lending side, we ensure that any large-scale lending on project or corporate side is evaluated by our Environmental and Social framework. This ensures that the lending abides by our exclusion criteria, and undergoes categorisation from an environmental and social risk standpoint.

A Year of Sustainable Progress

FY24 saw IDFC FIRST Bank establish its ESG systems, processes and initiatives, and focusing on emerging regulations, nurturing internal programmes, and managing ESG-aligned opportunities and risks.

On the environmental front, we achieved green building certification for about 4.4 lakh sq. ft. office area across five buildings, with our Corporate Head Office in Mumbai recertified as IGBC Platinum. Further, to encourage adoption of EVs among our employees, we have offered EV charging facilities in three of our offices, including the Corporate Head Office.

For our customers, we continue to find alignment between our businesses and avenues to create positive impact. A key highlight is this front has been our tree plantation initiative, whereby each new home loan customer gets a tree planted in their name.

FY24 also witnessed us develop and deploy a Board-approved GHG Emissions Management Policy which outlines our approach to the measurement, monitoring and management of greenhouse gas emissions. Further, aligned to the Paris Agreement, we also developed a glide path to Net Zero by 2050 for our own emissions (Scope 1+2).

On the social side, we improved our overall employee learning hours by 25%, and accelerated employee wellness initiatives, including on mental health. We also conducted dedicated training on climate risk and ESG to multiple stakeholders. We undertook carbon pledges and conducted awareness sessions, to build a culture of sustainability among our employees. On the communities front, our CSR programme continued to deliver on creating deep social impact, touching the lives of tens of thousands of individuals.



As a Bank, we are strongly focused on good governance. During the year, we obtained third-party assurance on our social parameters pertaining to code of conduct, privacy, etc. We also undertook a climate risk assessment for our portfolio, together with a stress test to plan our mitigation measures for the future. Independent Directors comprise over 50% of our Board, and includes two women Directors in its constitution.”

We remain a truly customer-centric organisation, continuing to uphold our fee-free services and customer-first proposition. In FY24, we also launched a unique personal loan product for our customers, with zero foreclosure charges.

Ratings and Recognition

As a result of our initiatives, we were able to improve our overall ESG ratings across the Board, particularly on DJSI (CSA by S&P), Sustainalytics, and CRISIL. Within a relatively short span of time, we have been able to find a place among our peers in achieving comparable ratings. Our future and ongoing initiatives are designed to further improve our ESG rating performance.

Another testament to our efforts has been the various awards the Bank has received on ESG in the recent times. A key recognition that was conferred upon the Bank was the Golden Peacock Award for ESG (National), in October 2023. The Bank was also featured as a Leading ESG Entity by Dun & Bradstreet India in March 2024.

Recently, we also won the Financial Inclusion Initiative of the Year - India in the Asian Banking & Finance Retail Banking Awards 2024.

Way Forward

Our focus for the future will be on finding avenues to create impact, identifying opportunities for sustainable lending, implementing our climate action plan and proactively aligning to emerging regulations. We are also launching our Green Deposits product in H1 FY25, which will power our sustainable finance initiatives. Our commitment remains steadfast in executing our ESG Strategy, and together with the profound guidance from our Board and Management, and the support of all stakeholders, we are positive in achieving our mission.

Best regards,

Shikha Hora Kamdar

Head – Retail Assets and ESG



Approach to Reporting

Continuing its commitment towards highly transparent and holistic reporting, IDFC FIRST Bank is progressing on its journey of Integrated Reporting. Elements of Integrated Reporting are covered within the ESG section and other parts of this Report.

Reporting Period

April 01, 2023 to March 31, 2024

Reporting Standards

This Report aligns with the following ESG standards and frameworks:

1. International Integrated Reporting Framework
2. GRI Standards, 2021
3. SASB Standards

This Report should be read in conjunction with the Bank's Business Responsibility and Sustainability Report (BRSR) 2024, published separately on the Bank's website. The BRSR is aligned to the SEBI (Securities and Exchange Board of India) regulations and follows disclosures according to the National Guidelines on Responsible Business Conduct (NGRBC) by the Ministry of Corporate Affairs (MCA). All quantitative disclosures with regard to ESG and Sustainability are included in the BRSR.

Reporting Boundary

All non-financial information forming part of this report pertains to IDFC FIRST Bank Limited.

Assurance

The disclosures aligned to BRSR Core have attained a reasonable assurance provided by TUV India Private Limited. The assurance statement is published along with the BRSR on the Bank's website.



Value Creation

IDFC FIRST Bank is committed to growth, ethical practices, and social responsibility, aiming to continuously generate and preserve long-term value for its stakeholders.

Capitals

As a Bank, we draw from various resources and relationships, to create stakeholder value. These are classified as our six 'capitals', defined as per guidance from the International Sustainability Standards Board (now part of the IFRS Foundation).





Financial Capital

We rely on different forms of monetary capital and customer deposits to carry out our operations effectively. This financial capital is crucial for serving a diverse customer base, encompassing retail and wholesale segments, through various lending activities and associated services.

Stakeholder Impact



Investors



Customers



Regulators

Approach to Creating Value

The Bank effectively manages its financial capital by employing stringent credit risk assessment procedures and maintaining a well-diversified lending portfolio. This approach ensures reliable returns while mitigating potential loan defaults and market risks.

Key Highlights

Universal Bank offering a large-portfolio of diversified products across **25** business lines

28.5% Loan Book backed by mortgage

High asset quality achieved through cash flow assessment and debit instruction

10 step stringent underwriting process

63% 5-year CAGR of core retail customer deposits



Manufactured Capital (Infrastructure)

We have a growing footprint of corporate offices, data centres, branches, ATMs, and other physical infrastructure. This infrastructure, combined with our digital processes, enhances customer touchpoints, and facilitates efficient operations.

Stakeholder Impact



Customers



Employees

Approach to Creating Value

The Bank effectively manages its manufactured capital by maintaining state-of-the-art facilities and investing in advanced technology infrastructure. This ensures operational efficiency, enhances customer service, and supports sustainable growth.

Key Highlights

4.6x growth in branches*

10.4x growth in ATMs*

*since December 2018



Intellectual Capital

Emphasising the use of modern technology and consistent innovation, we rely heavily on intellectual capital to deliver our services.

Stakeholder Impact



Partners



Customers

Approach to Creating Value

Emphasising the use of modern technology and consistent innovation, we rely heavily on intellectual capital to deliver our services. We leverage state-of-the-art technology for operational efficiency and explore multiple channels to extend our reach and serve a broader customer base.

Key Highlights

Latest technology stack that enables great UI UX resulting in excellent customer experience

12 million+ users on mobile banking application

95% transactions are digital

Strong technology adoption resulting in better risk management, fraud analysis and portfolio quality



Human Capital

We acknowledge the key role our large employee base plays in building and advancing the institution. We depend on the collective skills, efforts, diversity and knowledge of our employees to deliver services and achieve consistent growth.

Stakeholder Impact



Employees

Approach to Creating Value

The Bank effectively manages its human capital by prioritising comprehensive training programmes, fostering diversity, and creating new opportunities for career growth. This approach ensures a skilled, inclusive, and motivated workforce driving the Bank's success.

Key Highlights

40,000+ employees with diverse backgrounds and skills

25% y-o-y improvement in total learning hours

14,000+ active users of mental wellness services for employees



Social and Relationship Capital

We are powered by the trust of our customers, investors, regulators, partners, communities, and other stakeholders.

Stakeholder Impact



Communities



Customers



Regulators



Partners

Approach to Creating Value

We foster long-term relationships founded on trust, transparency and integrity.

Key Highlights

The Bank has removed all complicated verbiage and complex calculations in descriptions to make them more customer-friendly

Credit Cards with never expiring Reward Points

Zero Fee on all Savings Accounts services

₹25.63 Crore net CSR expenditure in FY24

2,18,501 people positively impacted through CSR

26,11,511 public shareholders



Natural Capital

We acknowledge our reliance on natural resources such as land, water, air, and others to conduct our operations.

Stakeholder Impact



Environment



Communities

Approach to Creating Value

We are dedicated to preserving nature and minimising our environmental impact, both in our operations and lending activities.

Key Highlights

Climate action plan and decarbonisation roadmap identified

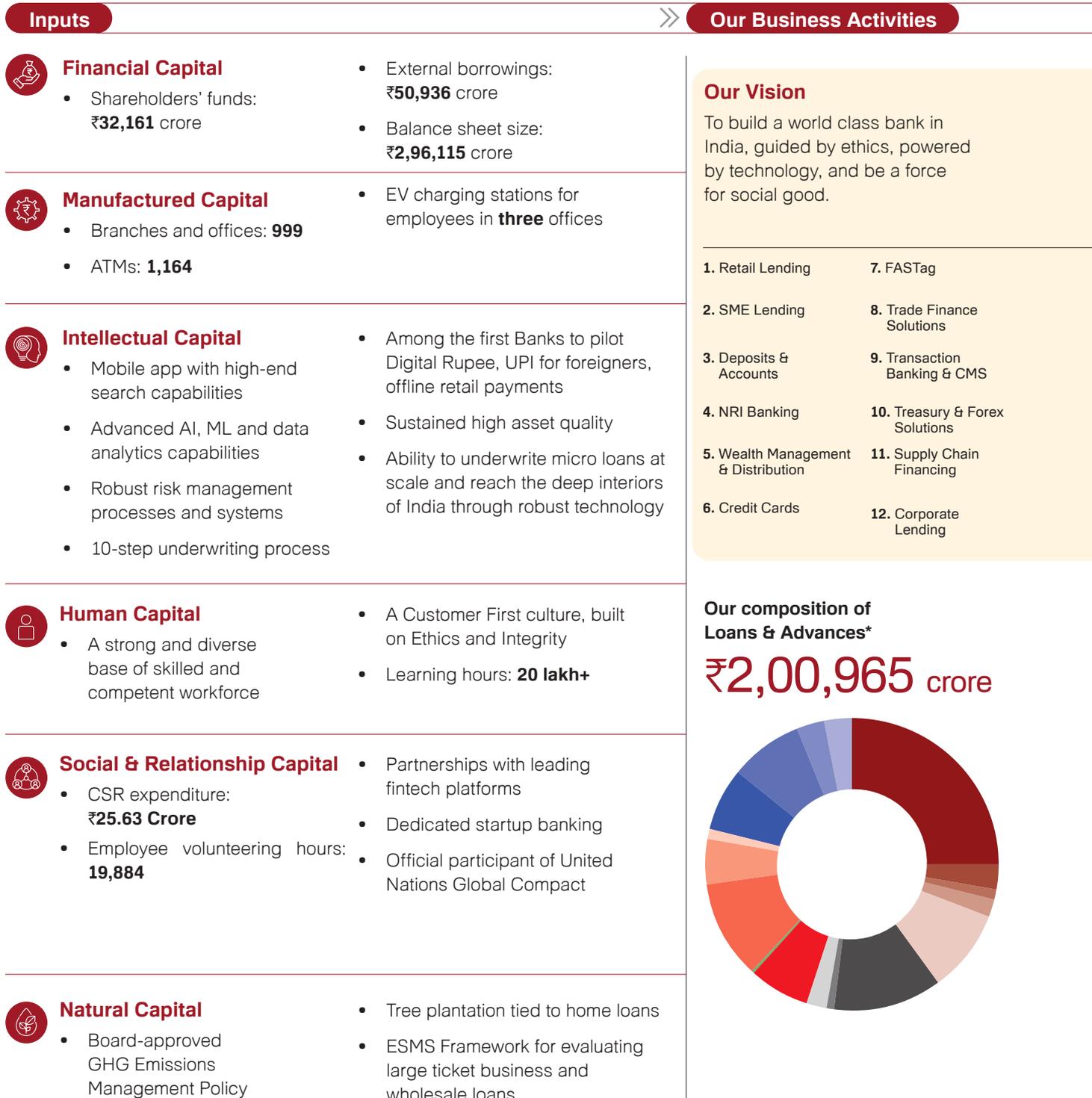
Five large offices green building certified

Leading financier of two-wheeler EVs

Board-approved GHG Emissions Management Policy

Value Creation Model

The below representation illustrates the Bank’s integrated business model that manages its various capitals and the value it creates for its stakeholders.



» Outputs » Outcomes



- 25% Mortgages
- 3% Business Banking (Mortgage backed)
- 1% KCC (Mortgage backed)
- 2% CV/CE Financing
- 9% Vehicle Financing
- 12% Consumer Loans
- 1% Education Loans
- 2% Credit Card
- 7% Other Retail Loans
- 0.2% Gold Loan
- 11% Rural Finance
- 5% Other SME Loans
- 1% Large Corporate
- 7% Emerging Enterprises
- 8% Financial Institutions
- 3% Other Corporates
- 3% Infrastructure Financing

Customer Deposits

₹1,93,753 Cr

Retail Deposits

₹1,51,343 Cr

Loans & Advances*

₹2,00,965 Cr

Retail & Rural Funded Assets

₹1,43,013 Cr

SME, Corporate & Infrastructure Funded Assets

₹57,952 Cr

Financial Capital

- Profit after tax: ₹2,957 crore (21.3% y-o-y↑)
- Return on assets: **1.10%**
- Return on equity: **10.30%**
- Cost-to-income ratio: **72.9%**
- Capital adequacy ratio: **16.11%**
- GNPA: **1.88%** (For Retail, Rural & SME: **1.38%**)
- NNPA: **0.60%** (For Retail, Rural & SME: **0.44%**)

Human Capital

- Employee engagement score: **88/100**
- Company mood score: **4.3/5**

Social & Relationship Capital

- CASA deposits growth: **64%** (5-year CAGR)
- Community participants
- Community participants reached through employee volunteering (FY24): **48,536**
- **Over 17 million** FASTags issued till March 2024
- Credit cards spends growth (y-o-y): **58%**

Manufactured Capital

- Coverage: **27 States, 4 UTs**
- **Five** large offices **green building certified**, including **Corporate Head Office** rated at **IGBC Platinum**
- Growth (y-o-y) in POS transactions: **44%** (volume)

Intellectual Capital

- **95%** overall transactions are digital
- **87%** Growth in CMS (API Tech Integration)
- Growth in UPI transactions (value): **~62%** (y-o-y)

Natural Capital

- Scope 1 and 2 emissions: **36,837 tCO₂e**
- **11.75 MT** paper waste recycled from three large offices in BKC, Mumbai

*Loans & Advances (including credit substitutes) are Net of IBPC

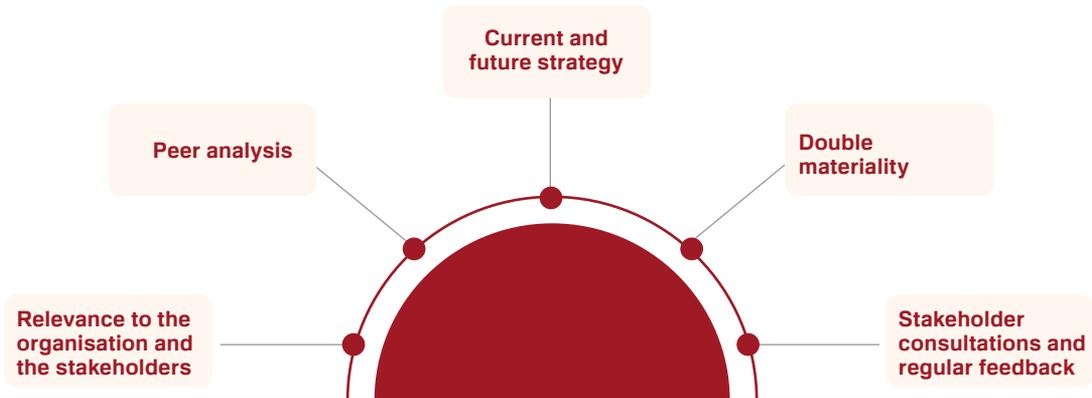
Materiality

In FY23, we conducted a detailed materiality assessment to ascertain our most important value-creating and impact-inducing topics.

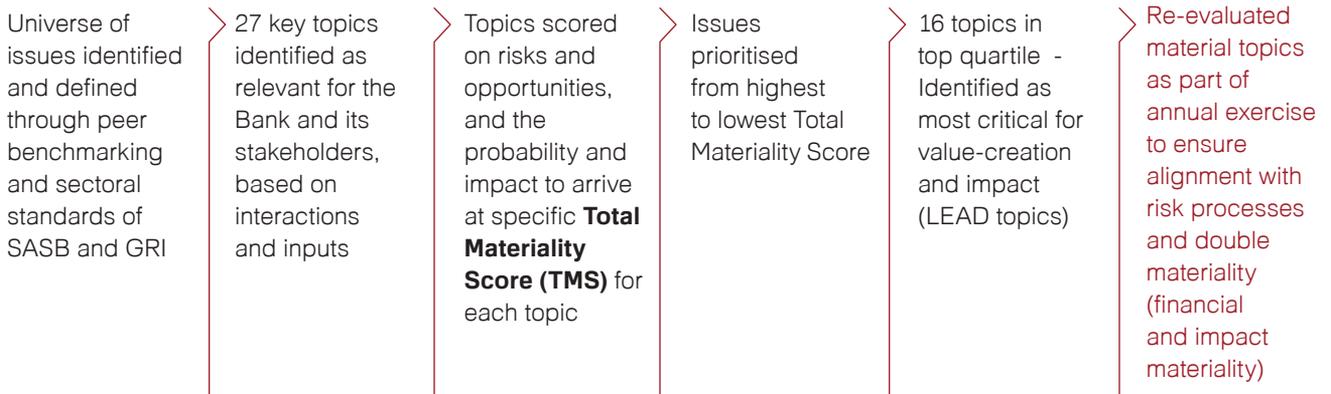
In FY24, we revisited our material topics from a lens of double materiality, ensuring that the topics are relevant from both business and impact standpoints.

These topics span strategic, economic, environmental, social and governance aspects that have a strong bearing on our ability to create and sustain value.

Criteria for Selection of Material Topics



Materiality Assessment Process



Materiality Matrix



COMPLY

- Human rights and equal opportunity
- Public policy engagement
- Fair competitive practices
- Waste management
- Water management



MANAGE

- Operational footprint
- Diversity, equity, inclusion and meritocracy
- E&S compliance for project finance
- Employee career progression and compensation
- Financed emissions
- Responsible procurement and Supply Chain Management



LEAD

- Corporate governance, ethics and integrity
- Regulatory Compliance
- Data security
- Customer privacy
- Product innovation
- Customer centricity and experience
- Financial performance, strength and stability
- Community Well-being
- Responsible sales and marketing
- Responsible finance
- Financial inclusion and credit access
- Systemic risk management
- Learning and development
- Employee wellness
- Climate action and environmental footprint
- Transparency, disclosures and stakeholder communications

COMPLY

The Bank will ensure that all compliances to regulations and norms are met on these topics, with regular monitoring of any deviation and emerging guidelines.

MANAGE

The Bank will proactively engage with stakeholders and actively manage these topics through policies and processes. These topics are important for organisational and stakeholder value-creation.

LEAD

The Bank aspires to be a frontrunner in the segment by attributing significant efforts and investments to these topics. Performance on LEAD topics will also be monitored and disclosed by the Bank periodically.

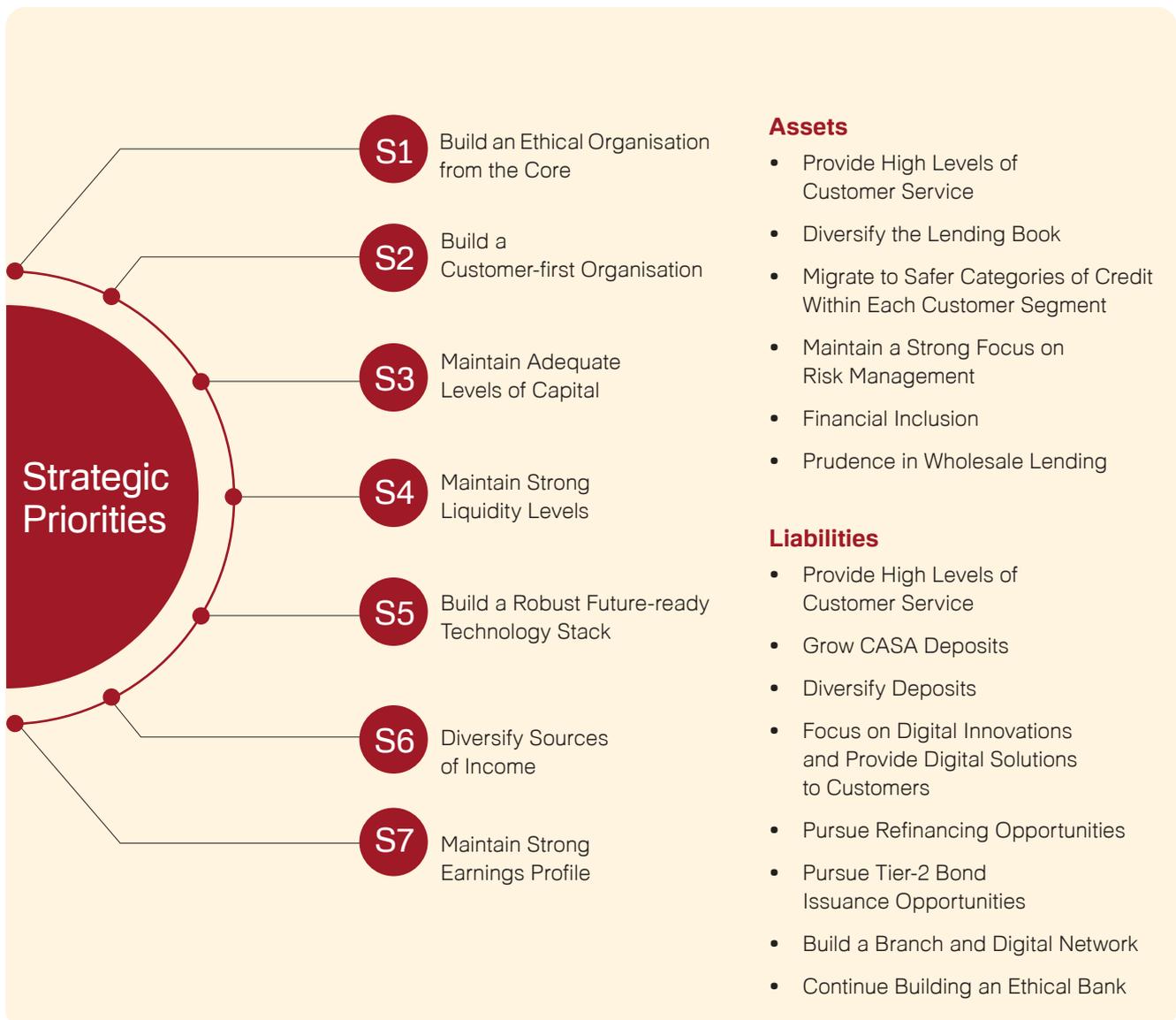
LEAD Material Topic	Approach	Linkage to Capitals
Corporate Governance, Ethics and Integrity	We prioritise ethical conduct and proactive governance, striving to maintain the highest standard of corporate governance in India's banking industry through aligned policies and processes.	<ul style="list-style-type: none"> • Financial capital • Human capital • Social and Relationship Capital
Regulatory Compliance	We fully comply with regulatory requirements from bodies such as the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) through proactive monitoring and strict adherence to the law.	<ul style="list-style-type: none"> • Financial Capital • Social and Relationship Capital
Data Security	We safeguard financial and customer data through comprehensive measures and prioritise customer privacy by ensuring awareness and compliance with relevant guidelines and regulations.	<ul style="list-style-type: none"> • Social and Relationship Capital • Intellectual Capital
Customer Privacy	We have strong policies that guide our customers' privacy. We ensure that the customer is clearly aware of the information they share with the Bank and comply with the relevant guidelines and regulations on customer privacy protection.	<ul style="list-style-type: none"> • Social and Relationship Capital
Product Innovation	We believe that innovation plays a crucial role in distinguishing the Bank and delivering substantial value to customers, whether through introducing new products and services or launching new channels for sourcing and servicing customers.	<ul style="list-style-type: none"> • Social and Relationship Capital • Intellectual Capital
Customer Centricity and Experience	Our motto of 'Always YOU First' denotes the paramount importance we accord to customer centricity. We constantly work towards redefining and improving our customer journeys and the IDFC FIRST Bank experience.	<ul style="list-style-type: none"> • Manufactured Capital • Intellectual Capital • Social and Relationship Capital
Financial Performance, Strength and Stability	We have always believed in building a clean institution and in carefully curating a granular portfolio that minimises concentration risks and NPAs. We continue to attract high-quality assets, through customer-first offerings, stringent underwriting, and efficient debt management, which contribute to our long-term performance.	<ul style="list-style-type: none"> • Financial Capital
Community Well-being	Giving back to the society is core to our ethos. From our inception, we have been actively running a CSR programme that has contributed to community development through flagship and annual initiatives.	<ul style="list-style-type: none"> • Social and Relationship Capital

LEAD Material Topic	Approach	Linkage to Capitals
Responsible Sales and Marketing	We have always held that transparency is key to our customer strategy. We truly believe that customers are our patrons and have resolved to stay away from publishing misleading information and charging any hidden fees and charges.	<ul style="list-style-type: none"> • Social and Relationship Capital
Responsible Finance	We continue to explore opportunities for funding socially responsible and environmentally friendly initiatives at both wholesale and retail levels.	<ul style="list-style-type: none"> • Social and Relationship Capital • Natural Capital
Financial Inclusion and Credit Access	We believe that India is full of opportunities and credit access significantly accelerates socio-economic development. Aligned with the national vision, we have built a resilient and growing rural banking portfolio, serving over 85,000 villages.	<ul style="list-style-type: none"> • Social and Relationship Capital
Systemic Risk Management	As a Bank, we operate in a dynamic business landscape, with continuously evolving regulatory updates, customer choices, and market preferences, among others. To counter risks arising from the external environment, the Bank has a robust risk management process, which plans for and mitigates existing and emerging externalities.	<ul style="list-style-type: none"> • Financial Capital • Social and Relationship Capital
Learning and Development	We lay significant emphasis on employee development through targeted training and initiatives to ensure that they are ready for changing market requirements.	<ul style="list-style-type: none"> • Human Capital
Employee Wellness	The holistic well-being of our people is our top priority. Towards this end, we continue to explore and instate policies and programmes that safeguard their physical and mental well-being.	<ul style="list-style-type: none"> • Human Capital
Climate Action and Environmental Footprint	We are fully aware of the threats that climate change and environmental damage pose to the world at large. While operationally our environmental footprint is small, the Bank has activated several initiatives that can help reduce and set off any negative impacts across emissions, water and waste. We are also evaluating physical and transition risks from our operating context.	<ul style="list-style-type: none"> • Natural Capital
Transparency, Disclosures and Stakeholder Communications	We maintain a regular connection with each stakeholder group and are aligned to following voluntary and mandatory disclosure requirements in letter and spirit.	<ul style="list-style-type: none"> • Social and Relationship Capital

Strategy

We are building a world-class bank with highest levels of corporate governance, strong asset quality, with contemporary technology, unique business model, and high levels of Customer Centricity. We have a set of strategic priorities that broadly define our growth path, together with individual focus areas for our assets and liabilities.

Strategic Priorities



S1

Build an Ethical Organisation from the Core

As a relatively new organisation, we recognise that the practices and culture we set today will translate into our DNA in the long run. Hence, ethical behaviour is the cornerstone of culture at our Bank. We ask our employees at all times to be always ethical when designing products and processes, charting terms and conditions, activating controls against mis-selling, and dealing in the best interest of the customer.

S4

Maintain Strong Liquidity Levels

Liquidity is our number one priority from an operational standpoint. Towards this extent, we strive to maintain high liquidity at all times, in excess of regulatory requirements.

S6

Diversify Sources of Income

The Bank strives to diversify its sources of income (including fee income) through launch of new business lines, which have significant growth opportunities. Some of these include Digital Cash Management Solutions, Trade Forex, Wealth Management, FASTag, Toll Acquisition, and Credit Cards, apart from investment and wealth management business.

S2

Building a Customer-First Organisation

A satisfied customer base built on a relationship of trust is key to our strategy. To earn such trust, we espouse things that are truly in the interest of the customer. This includes eschewing fine-print banking, avoiding mis-selling, and influencing employee behaviour to be customer-first. Sometimes, it would also involve breaking accepted norms and redesigning products, processes and services for the benefit of the customers.

S5

Build a Robust, Future-ready Technology Stack

The Bank has been building a robust, future-ready technology stack that can scale to meet its growth. We believe that digital innovation will drive customer experience, scale, effectiveness and efficiency for the Bank. One of our key requirements is that our technology stack should be contemporary and interoperable. Since API is one of the important ways banking will be done in the future, we need to build an advanced API stack. In addition, we need to continue to improve our capabilities for data lake, core operating systems and seamless integration with channels. We focus on scalability and architecture to give the best response times. The Bank will continue to invest in cyber security controls to stay ahead of the curve.

S7

Maintain Strong Earnings Profile

With a fundamentally strong business model powered by a good CASA ratio, profitability, margins and asset quality, the Bank will continue to focus on maintaining high asset quality, bringing in operating efficiencies and drive continuous improvements in operating profits.

We will also focus on incremental profitability, improving operating leverage and target sustainable return on equity.

S3

Maintain Adequate Levels of Capital

We will continue to maintain our capital adequacy levels in excess of regulatory requirements at all times.

Assets

Provide High Levels of Customer Service

The Bank will always maintain a 'Customer-First' stance while designing products and offering its services.

Diversify the Lending Book

We have implemented a long-term strategy to feature uniform and healthy mix on our overall lending portfolio. As part of its strategy, we plan to continue to keep the wholesale and retail loan book diversified, without testing the limits of regulatorily permitted limits on group or individual exposures.

Migrate to Safer Categories of Credit Within Each Customer Segment

As a strategy, the Bank will continue to be priced competitively in each business segment we operate in, which will help us get the better profile of customers of each segment and we will not get adverse selection of any segment. The Bank has improved its cost of funds over the years and maintained it well within the range offered by the midsize banks in India. This has helped us to migrate to safer forms of lending.

Strong Focus on Risk Management

We will be very careful with our portfolio quality, and we stringently monitor the applicable indicators to ensure this across areas, including underwriting and portfolio monitoring.

Financial Inclusion

We would like to be significant players in financial inclusion in the country. We are quite naturally in the business of financial inclusion as we have developed a specialisation on lending to new to Bank and new to credit customers, for self-employed, micro entrepreneurs and consumers. We have lent to millions of new to credit customers and have brought them to the banking system for the first time.

We can continue to play a role of expanding credit to the bottom of the pyramid apart from also participating in the already banked market with our better offerings. Similarly on the liability side, we see huge scope for financial inclusion particularly in rural areas where we have begun garnering retail deposits from the customer. Our ability to do this business at scale with high asset quality is a unique capability of this Bank.

Wholesale Lending

We would like to be cautious and underwrite wholesale loans carefully such that we do not have any large issues in the future. Further, we have seen that large exposures, that are disproportionate to the Bank's net worth, have the potential to cause damage to the Bank's asset quality and profitability. Hence we will limit our exposures within reasonable limits. We also evaluate corporate loans based on very strict criteria, including industry, company, net worth, financial ratios, cash flows, background and references.

Liabilities

Provide High Levels of Customer Service

The key strategy of the Bank is to provide highest levels of customer service. The Bank puts all efforts in this direction, including at the design stage of products, and across employee training for customer service, culture, customer-friendly approach, ethical banking and high level of digitisation. Customer service will be a key focus area for the Bank.

Growth of CASA Deposits

The Bank plans to continue its growth of the granular deposits including CASA and Retail Term Deposits across millions of customers. The strategy of the Bank is to grow the granular deposits beyond the overall loan book growth and maintain the CASA ratio between 40-50% level sustainably.

Diversification of Deposits

The long-term strategy of the Bank is to reduce the dependence of bulky corporate deposits and focus on the sustainable growth of the granular deposit base. The Bank has achieved massive success on this front by practically transforming the liabilities side with retail deposits.

Digital innovations

We plan to focus on digital innovations and customer journeys, excellent customer servicing, product innovations and cross-sell opportunities to grow the retail liability base further.

Refinancing

The Bank would look for opportunities to raise funds through borrowings in terms of refinancing at competitive rates which would provide long term funding.

Tier-2 Bond Issuance

The Bank would also explore opportunities to raise tier-2 capital by issuing tier-2 bonds which would strengthen its overall capital adequacy.

Branch Network

The Bank plans to create a nationwide footprint through bank branches and other touch points. While a certain number of footprint of branches is necessary, we need to incrementally build strong capabilities to scale up our bank in a digital manner by building excellent customer propositions, provide excellent journeys for concluding these propositions into actual transactions, and to build excellent UI/ UX for customer service.

Continue Building an Ethical Bank

IDFC FIRST Bank's approach to banking and building a sustainable organisation is rooted in ethics and transparency. The Bank will continue to avoid complex charges and complicated descriptions, and levying undue charges from its customers. Its fee-free banking for liability customers is an example of this philosophy in action.

Progress since merger

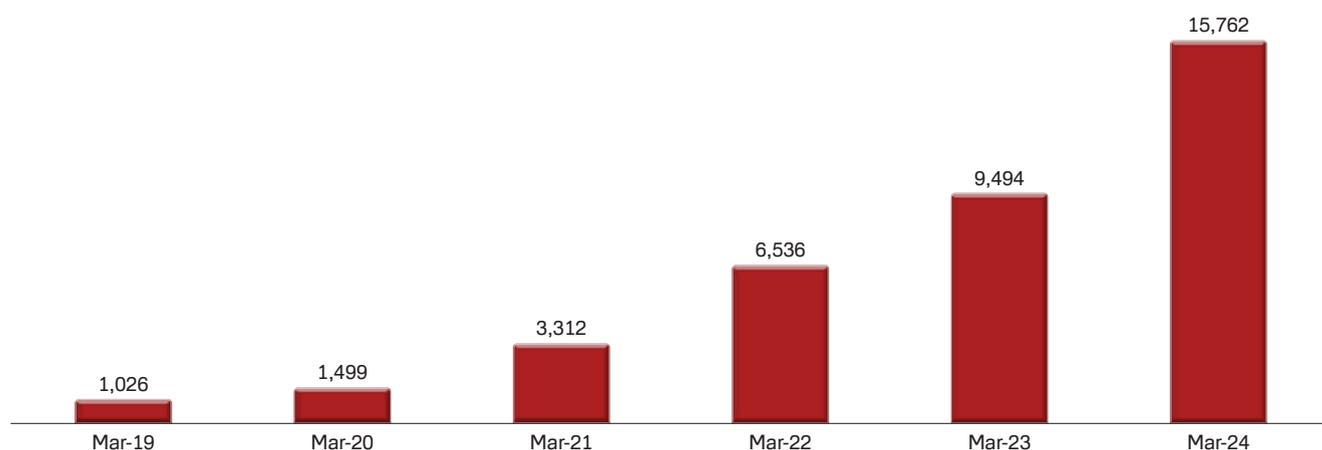
In the first five years of our operations post-merger, we have delivered on almost all targets as provided under Guidance 1.0. We have stayed true to the publicly announced strategy, and have focused incessantly on execution. A summary of our performance across key levers has been provided below.

First 5 years after merger			
Particulars	31-Dec-2018	31-Mar-2024	5 Year CAGR (%)*
Deposits			
Branches (#)	206	944	31%
Customer Deposits (₹ Cr)	38,455	193,753	37%
CASA Deposits (₹ Cr)	5,274	94,768	64%
Term Deposits (₹ Cr)	33,181	98,985	25%
Assets			
Loans & Advances** (₹ Cr)	104,660	200,965	13%
Total Assets (₹ Cr)	156,916	296,115	12%
Asset quality			
GNPA %	1.97	1.88%	-
NNPA %	0.95	0.60%	-
Profitability			
Profit (₹ Cr)	-1,568	2,957	-
ROA %	-	1.10%	-
ROE %	-	10.30%	-

*Between Mar-19 to Mar-24

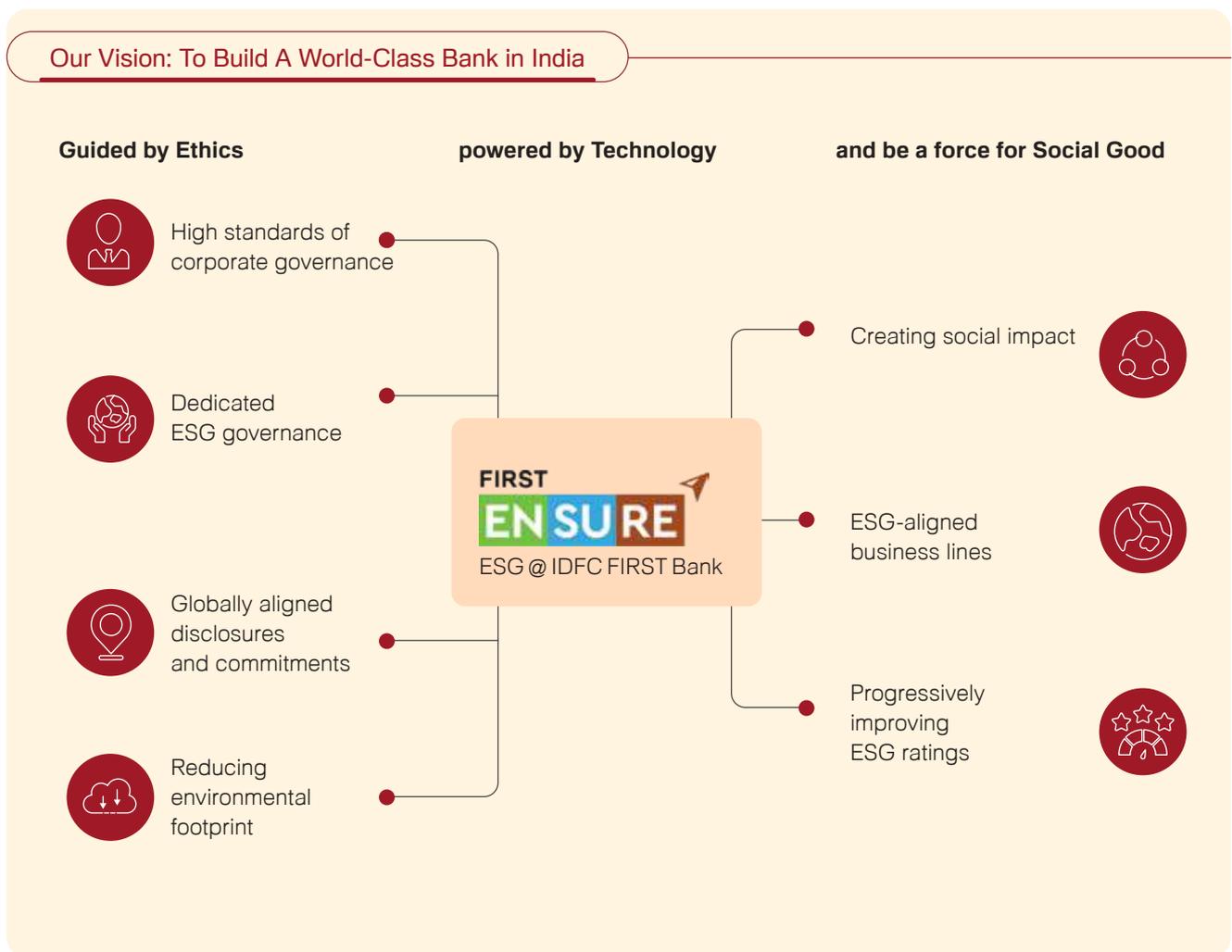
** (including Credit Substitutes, and net of IBPC)

Wealth Management AUM (₹ in Crore)



Approach to ESG

At IDFC FIRST Bank, our approach to ESG primarily straddles three key priorities. These include integrating ESG into our products and services, ingraining sustainability within the organisation, and aligning to global and national frameworks on ESG. Towards this end, IDFC FIRST Bank is undertaking both long and short term initiatives, to align with best practices in letter and spirit. We trust that our journey has begun and is on the right trajectory, and are committed to delivering positive impact across our operations.



ESG Governance

The ESG agenda of the Bank is directed by specific Board and Management committees steering its strategy and implementation. The Committees are further supported by a cross-functional working group, together with a dedicated ESG team.

Board Level Committee

- Stakeholders' Relationship, ESG and Customer Service Committee that meets quarterly to guide on ESG strategy
- Chaired by Independent Board member

Management Level Committee

- Chaired by MD & CEO, the Committee meets quarterly for all ESG management decisions
- Drives the strategic integration of sustainability into business functions
- Executive members including heads of Group functions constitute the Committee

Steering Committee and Working Group

- Specific working groups with cross-functional composition and expertise responsible for delivering on the ESG agenda
- Facilitated by a dedicated ESG team

All ESG-related policies, including the GHG Emissions Management Policy can be found here: <https://www.idfcfirstbank.com/scaling-up-sustainability-effort/policies-publications>



ESG Targets and Progress

Our ESG goals are underlined by specific targets across environmental and social parameters. During FY24, we have progressed and delivered on these goals, and continue to work towards accelerating the implementation of initiatives aligned to the respective targets.

Energy and Emissions	KPI	Goals for IDFC FIRST Bank	Performance
	% of renewable energy	20% renewable energy in energy mix by 2025 for large offices	
	Scope 1 & Scope 2 reduction	<ul style="list-style-type: none"> Third Party Assurance for Scope 1 & Scope 2 emissions by 2025 Formal targets for emissions reduction 	 
	Scope 3 Emissions coverage	<ul style="list-style-type: none"> Covering minimum 3 Scope 3 categories by FY24, apart from financed emissions 	
	Green & Climate Finance	<ul style="list-style-type: none"> 10% of finance towards wholesale responsible lending by 2027* 	

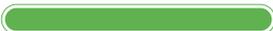
Water	KPI	Goals for IDFC FIRST Bank	Performance
	Water consumption/ Water Recycling	<ul style="list-style-type: none"> Estimate % of offices located in water stress areas by 2025 Implement water conservation initiatives for all large offices by 2025 	 

 Completed  In Progress

Waste Management	KPI	Goals for IDFC FIRST Bank	Performance
	Waste Reduction	<ul style="list-style-type: none"> 20% reduction of waste intensity from FY23 baseline by 2030* 	

Human Rights	KPI	Goals for IDFC FIRST Bank	Performance
	Assessment of value chain partners on human rights	<ul style="list-style-type: none"> Cover 25% of value chain partners under Human Rights Assessment by 2025 	

Employee Engagement	KPI	Goals for IDFC FIRST Bank	Performance
	% of Actively engaged employees % of Total Employees covered	<ul style="list-style-type: none"> Maintain employee engagement at healthy levels and aim for 100% coverage 	

Training & Development	KPI	Goals for IDFC FIRST Bank	Performance
	Total learning hours	<ul style="list-style-type: none"> Increase learning hours by 10% year on year 	

*Revised goal basis internal baselining, benchmarking and strategy

Building a Culture of Sustainability

Under FIRST ENSURE, our formal ESG identity, we have integrated all ESG communications, awareness and training sessions for our employees. We truly believe that we can create a real impact through the 'power of many', by inspiring our large and strong workforce to come together and do the right thing.

During the year, we conducted several awareness sessions and events which have accelerated the participation of ESG by our employees. This included training sessions on areas such as climate risk, and a dedicated training session for our Board of Directors on ESG Strategy and climate action.

We have also built and made mandatory an ESG training module for all employees to ensure that our employees have an inherent understanding of ESG and sustainability.

Further, with the ESG Champions and Ambassadors programme, we have also identified internal influencers who are key to implementing ESG within the Bank. We have also developed an internal platform on our intranet, where employees can understand more about ESG, participate in events and contests, and become ESG Ambassadors.



ESG Ratings

As we progress towards our ESG goals, our efforts are also externally evaluated by leading ESG ratings. A snapshot of our ESG Ratings (as of June 2024) is provided below.

Rating Agency	Score	Remarks
CSA by S&P (DJSI)	48/100	<ul style="list-style-type: none"> Scores comparable to leading banks in India Improved 2x from 2021 levels
Sustainalytics (by Morningstar) ESG Risk Rating	20.1/100 (lower risk rating is deemed better)	<ul style="list-style-type: none"> One of the best scores among peers in India Ranked among the top 33% performers among Banks, globally Improved from 38.8 in 2022
MSCI ESG Ratings	A	<ul style="list-style-type: none"> Improved from BBB in 2022
CRISIL	Strong	<ul style="list-style-type: none"> Comparable to peers in India

ESG Recognition

We continue to be recognised by leading platforms for our efforts in the ESG and Sustainability space. A list of the recent recognitions we have received are given below.



Golden Peacock Award for ESG (National) 2023 by the Institute of Directors (Oct 2023)



Outstanding Commitment to ESG Performance India by CFI (Sep 2023)



Sustainability Impact Award 2023 by UBS Forums at Sustainability Summit and Awards (May 2023)



ESG Rising Star Award 2023 by UBS Forums at Sustainability Summit and Awards (May 2023)



Best ESG Initiative to Improve Access to Sanitation by Transformance Forums (April 2023)



Best Bank Leading the way in ESG by Transformance Forums (April 2023)



Best CSR Sustainability Award by ET BFSI Excellence Awards (Feb 2023)



Best Sustainable Banking Strategy by Navabharat BFSI Award (Oct 2022)



Best Corporate Governance, India by World Finance Organisation (Jun 2022)

Environment

At IDFC FIRST Bank, we recognise the natural environment as a vital stakeholder, that provides the resources necessary for our operations and the prosperity of our communities. Despite our direct environmental footprint being relatively modest, our extensive lending and investment ecosystem offers substantial opportunities to drive positive environmental change. One of the biggest drivers of our sustainability strategy is the transition towards greener operations and greener lending. We are steadfast in our commitment to minimising our own environmental impact and managing our footprint across operational and lending activities.

IDFC FIRST BANK Tree Plantation in Madurai, Tamil Nadu



Climate Strategy

We take cognisance of the role we can play as a financial institution in ensuring a fair and just climate transition, while managing portfolio risk. In this context, our climate strategy is anchored by our decarbonisation roadmap and integrating climate risk in our stress testing exercises.

GHG Emissions Management Policy

We have also published a Board-approved GHG Emissions Management Policy which covers the measurement, management, monitoring, and reporting of our emissions.

To read the policy, scan the QR code below:



Financed Emissions

As part of our baselining, we also conducted a detailed exercise to understand our Financed Emissions (under Scope 3, Category 15 as per the GHG Protocol). We selected our corporate portfolio and select retail portfolios to conduct this exercise and utilised the PCAF (Partnership for Carbon Accounting Financials) methodology. This places IDFC FIRST Bank among the first movers in the Indian banking ecosystem to have measured its financed emissions profile for the retail portfolio.



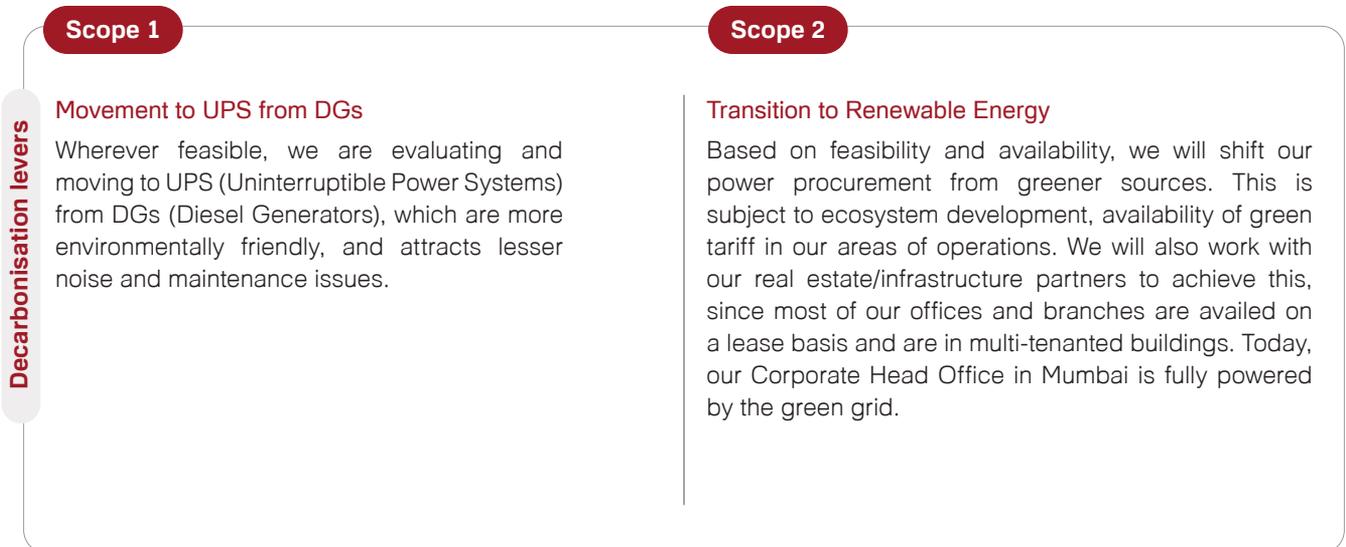
Reasonable exclusions, assumptions and estimations have been made while conducting this exercise, based on data availability and practical limitations.

Decarbonisation Roadmap and Path to Net Zero

As a growing Bank with an expanding geographic footprint, we recognise the inevitable increase in our direct and indirect emissions. However, our goal is to manage this growth sustainably, ensuring our emissions profile does not rise proportionately. To achieve this, we are adopting greener infrastructure, evaluating green power tariffs for large offices, and increasing the share of green lending in our portfolio.

Scope of Emissions

(as per the GHG Protocol)



Scope 3

Decarbonisation Levers

Operational Emissions**Creating Awareness**

We encourage our employees to opt for electric vehicles for commute and also provide EV Charging facilities in three large offices.

We also train our employees in utilising lesser resources such as paper, which add to overall wastage and indirect emissions.

Financed Emissions**Building a Greener Portfolio**

We are evaluating and building different market offerings that are greener in nature. Some of our offerings, such as EV financing, is a key tenet in this strategy. Further, we are also seeking to accelerate financing in the renewable energy space for retail consumption.

**Defining our Path to Net Zero**

As a Bank, we are committed to the global cause of decarbonisation and climate action. We have identified a glide path to achieve Net Zero (Scope 1 & 2) by 2050 (aligned to Science-based Targets), twenty years ahead of the national target of 2070. Within this timeframe, we expect green electricity grid to be progressively made available across states and deep geographies, which is essential to enable this transition.

As a Bank, we are further committed to ensuring our climate goals are aligned with our KPIs. For each business function, we have now made ESG as a mandatory requirement as part of their goal setting and KRA. These are directly tied to their annual performance evaluation and assessment.

Climate Risk

We are aware of the risks climate change poses to our operations and assets and have a dedicated process to consider climate risk as part of our annual ICAAP process. To estimate and guard against climate risk, we have conducted stress tests on our portfolio for both physical risks (for retail assets) and transition risks (for our wholesale portfolio).

For retail, rural and SME portfolio, we have conducted the stress test based on:

- Region-wise exposure concentration
- Vulnerability of the region to various extreme weather events and the type of exposure to such events (secured/unsecured, insured/uninsured, rural/urban, etc.)

- Correlation between the severity of the event and the potential credit loss for the Bank
- Post the analysis, we have arrived at state-wise estimate of stress impact of our retail, rural and SME portfolio.

For our wholesale portfolio, environmental and social risks are already evaluated before loan disbursement, as part of the standard process and alignment to Equator Principles. As an additional step, we have identified top sectors which are most susceptible to transition risk. Exposures to these sectors were further test stressed for default to arrive at possible impact.

Alignment with TCFD

As an official supporter of the Task Force on Climate-Related Financial Disclosures (TCFD), we have aligned to the principles of TCFD and have published our first TCFD document that includes our approach across the four pillars of TCFD. A summary has been provided below.

Pillar	Disclosure
 <p>Governance</p>	<ul style="list-style-type: none"> • Board-level (SRECS Committee) oversight of ESG practices and performances • ESG management committee and working group role in driving the Board-level agenda on ESG • Shared responsibility across teams on ESG and climate-related matters
 <p>Strategy</p>	<ul style="list-style-type: none"> • Focus on managing and reducing operational emissions through green grid adoption and green buildings • Decarbonisation goals and roadmap for own operations • Green deposits and sustainable finance framework in line with RBI guidance • Sustainable lending initiatives and products being evaluated by the Bank and few rolled out • Efforts around capacity building on sustainability across the Bank
 <p>Risk Management</p>	<ul style="list-style-type: none"> • Climate risk assessment conducted together with stress testing • Framework around screening of loan proposals basis Environmental & Social Policy along with alignment with Equator Principles • Collaborative efforts of Credit Risk and Market Risk to address the Bank's climate risk management • Efforts to account for physical and transition risks and work on making the overall portfolio greener and climate resilient • Reducing exposure to large-scale infra loans, which includes financing of power generation through coal and oil and gas.
 <p>Metrics and Targets</p>	<ul style="list-style-type: none"> • Own emissions: Path identified to achieve Net Zero by 2050 (Scope 1 & 2) • Decarbonisation levers identified for reducing emissions from own operations • Efforts around estimation of financed emissions for material loan portfolios

Green Infrastructure

From an operational perspective, we are concentrating on making our infrastructure greener and sustainable. In fact, several of our large offices are LEED and IGBC certified, with our Corporate Head Office in Mumbai rated at IGBC Platinum. In order to reduce our carbon footprint, we have also adopted green power in our Head Office, and are evaluating other locations where the ecosystem has developed to enable green power procurement.

Green Building Certification

Completed for 5 large offices (in Mumbai, Delhi and Hyderabad) and for pilot branches.

EV Charging for Employees

In three large offices (including the Head Office in Mumbai), our employees can avail in-situ EV charging facilities. In the Corporate Head Office, employees can avail DC fast charging for both two-and four-wheelers, fully free of cost.

ISO 14001 & 45001 Certification

Five large offices, including the HO, successfully certified under ISO.

Water Conservation

Optimisation of water usage in facilities in key offices.

Working from Green Spaces

IDFC FIRST Bank Tower HO (The Square, BKC) has been recertified with highest rating of IGBC Platinum.



Frontrunners in Financing Sustainable Mobility

As a Bank, we focus strongly on emerging opportunities in consumer finance. One of the areas that we had focused early on is EVs, which are being mainstreamed in India today. As an early mover in this space, today we have a live portfolio of over **1.96 lakh** two-wheelers that we have financed (as of March 2024). We have also extended this to EV three wheelers and four wheelers, where the traction is increasing. As part of our rural financing, we have also commenced the financing of bicycles under merchandise loans.



Sustainable Finance

The global transition to a low-carbon economy is finding strong inroads in India. The Government of India is creating awareness, adopting programmes, and offering subsidies to enable this transition. For IDFC FIRST Bank, the opportunity lies in finding the right products and niches and scaling them to be sustainable business models that create positive environmental impact.

As a Universal Bank with a sharp retail focus, we are keen to serve upcoming needs of our customers by being early movers. We are committed to finding such opportunities, which also align well with a low-carbon economy. Our move to finance EVs and bicycles is a clear example of how we could find such intersections. Similarly, we are also emphasising on the benefits of energy efficiency in our consumer lending business, which is intended to educate the customers on the environmental benefits of adopting energy efficient appliances.

From a liabilities standpoint, we have also launched our Green Deposits product, titled 'PlanetFix Deposits' following the RBI guidelines in 2023. Among the first few Banks in the country to offer this, the proceeds from green deposits will be exclusively used towards green projects and activities. The Bank's Green Deposit Policy and Financing Framework are available on its website.

One Tree for Every Home Loan

Demonstrating our commitment to reducing carbon emissions and lending responsibly, we have introduced our tree plantation project, tied to our home loans. A tree will be planted on behalf of every new home loan customer. Our customers would then be able to track the growth of their respective trees and see offsets and watch it becoming a haven for flora and fauna. By the end of FY25, we target to plant 25,000 trees on behalf of our home loan customers.



Social

Right from our beginning, we have maintained 'Social Good' as a key tenet of our vision. As a Bank, we emphasise our commitment to financial inclusion by serving deep geographies in India, while being a Universal Bank. For our employees, we remain an equal opportunity workplace, with several initiatives that accelerate workforce diversity. For our communities, we have a dedicated CSR programme that undertakes meaningful work that create positive impact.



Employee Engagement and Learning

- We maintain a strong focus on employee learning and development. During FY24, we achieved over **25%** growth in learning hours y-o-y, touching total learning hours of **over 20 lakh**.
- Holistic employee well-being programmes covering physical, mental and financial health of employees. In FY24, we crossed **14,000+** active users/participants of our internal mental wellness programmes.
- iTalent initiative launched in FY24, with a key focus on building a skill-based workplace. This platform provides employees with short-term project opportunities to work cross-functionally and gain skills and exposure.

Please find more information in the People section of this Report

Equal Opportunity and Inclusion

A core tenet of our people policy is the equal treatment of our employees, and zero discrimination based on gender, religion or social background. This is also extended to our compensation, rewards and benefits.

Over the past two years, we have progressively increased women participation in our workforce, and this metric is stronger for the younger workforce and for new hires. Some of the key initiatives we have taken for fostering and maintaining diversity include programmes such as Maternity Buddy and Day Care facilities.

We also arranged childcare facilities for returning mothers, and provide parental leave for both parents aligned to the regulations.

We also have in place a strong POSH (Prevention of Sexual Harassment) policy, that explicitly prohibits harassment of any kind and ensures zero tolerance towards any violation. All employees undergo mandatory POSH trainings.

Performance Reviews

We maintain a zero discrimination policy on remuneration and compensation, based on gender and other social factors. Our performance reviews (conducted half-yearly and annually) and appraisals include aspects of Management by Objectives, Multidimensional performance appraisal, Team-based performance appraisal and agile conversations. As part of employee satisfaction reviews, we also include metrics that evaluate job satisfaction, sense of purpose and overall happiness.





Customers and Financial Inclusion

Our strength lies in being Always Customer First, and we continue to cater to customers across socio-economic and geographic boundaries. We also offer unique customer-friendly services, including fee-free services for savings account customers and FIRST Money, a Smart Personal Loan variant, launched with zero foreclosure charges.

From a lending angle, we have demonstrated our commitment to financial inclusion by being a truly universal bank. As part of our rural banking, we serve over **85,000 villages, across 20 Indian states, touching 8 million households across India**. A few highlights:

- **3,00,000+** MSMEs financed
- **3 million** livelihood loans (Cattle) provided
- **16 million** lifestyle improvement loans disbursed (appliances such as laptops, washing machines, etc. that enhance the lifestyle of the lower middle class and lower income class)
- **3,50,000+** sanitation loans provided (toilets, water fittings) with disbursements of over **₹12 billion**
- **1,00,000** homes financed
- **6.5 million** mobility loans (two-wheelers and cars) disbursed
- **~55%** rural borrowers are women
- **15 million** loans disbursed to about **5 million** women entrepreneurs



Community Interventions

Our dedicated Corporate Social Responsibility (CSR) team works on thematic areas that can create maximum positive impact across communities. A few highlights include:

- Programmes spanning entrepreneurship, sports, health, education, disaster management initiatives
- **350** scholars awarded with MBA Scholarships for higher education
- **9,690** households covered under solid waste management services (Swachh Worli Koliwada Programme)
- **20,000+** families provided with disaster support kits as part of Sahayam Flood Relief
- **29,954** producer farmers covered through FPCs
- **48,536** individuals impacted via Lend-A-Shoulder employee volunteering

Please find more information in the CSR section of this Report

Governance

A key strength of IDFC FIRST Bank is its robust corporate governance that ensures integrity and ethics in everything it does.





Board of Directors

We have a single-tier Board, supported by **11 Board Committees**; majorly chaired and constituted by Independent Directors. A few highlights:

- Non-Executive and Independent Chairman of the Board
- Independent Directors constitute **over 50%** of our Board
- **Two** women Directors on Board (both Independent Directors)
- Highly competent Board with **over 30 years** of average experience
- Dynamic and engaged Board, with high frequency of Board meetings
- **100%** average Board attendance
- Clear Board-level focus on customer centricity, responsible lending, green finance and financial inclusion (steered by the Stakeholders' Relationship, ESG and Customer Centricity Committee)
- Board training conducted on ESG, Climate Action and risks
- Dedicated Risk Management Committee of the Board with designated and independent Risk Management Function headed by the Chief Risk Officer

Policies, Commitments and Processes

- Publicly available Board Diversity Policy
- Stringent Credit and Provisioning Policy
- Strong Capital Adequacy, LCR, PCR, and Credit Rating
- Zero political contributions of any kind
- Official participant of the United Nations Global Compact
- Employee performance appraisal systems integrates compliance and codes of conduct
- Committed to the cause of decarbonisation and climate action, aligned to the Paris Agreement, and taking active steps to integrate a Net Zero plan for the Bank

Certifications

- Certified with **ISO 27001** (Information Security Management System)
- Information on social parameters that pertain to Privacy Policy and Code of Conduct **ISO 26000** certified in accordance with **ISAE 3000** (revised)





Executive and Board Evaluation and Compensation

- Our Board of Directors is evaluated by its Nomination and Remuneration Committee, on an annual basis
- The Compensation structure of MD & CEO and other Material Risk Takers (MRTs) are aligned to the RBI's "Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff"
- The Bank has a robust system of defining, measuring and reviewing risk parameters. The risk parameters are a part of the Key Result Areas and Deliverables used for setting of performance objectives and for measuring performance, which includes both financial performance and non-financial performance in the areas of Risk, Governance and Compliance, Customer Centricity and People development. Weightage is assigned to each parameter which includes both financial (Quantitative) and non-financial (Qualitative) parameter detailing the outcome to be achieved in each areas.
- The aforesaid risk measures are included in the Key Result Areas and Key Performance Index of MD & CEO, WTD, MRTs and all employees. Inclusion of the above mentioned measures ensures that performance parameters are aligned to risk measures at the time of performance evaluation. The Nomination and Remuneration Committee takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.
- Performance and its linkage to levels of remuneration is guided by the objective/principles of the Remuneration and Performance Management Framework defined by the Bank. Cash Variable Pay in form of Incentives and Performance Bonus is determined by the achievement against the defined performance thresholds. The performance thresholds and KPIs cover financial and non-financial metrics defined for the year. Performance measures are clearly defined in the beginning of the year for all the employees. While setting performance measures of the MD & CEO, Senior Management team, MRTs & Control Function Staff, Strategy of the Bank is kept in context. Further, the Bank identifies key parameters that are important for the growth, success, stability and effective risk management of the Bank, as desired by the Board. Further, non-financial criteria such as maintaining high level of Compliance and Governance, Risk, Customer Centricity, Operations excellence & People management are also considered.
- Some of the metrics used to evaluate management performance include portfolio quality, customer centricity, people management, return on assets, growth, and others.

Fostering Resilience Through Proactive Risk Strategies



Over the last five years, our Bank has de-risked the balance sheet through diversifying our funding profile via granular deposits mobilisation, reducing concentration risk on advances and maintaining adequate capital on an ongoing basis. We cultivate a strong risk culture, optimise risk and return, and leverage data for informed decision-making.

We have implemented robust cyber security measures and cutting-edge technology to safeguard customer data and ensure seamless digital experiences. By prioritising cybersecurity, we've built a resilient infrastructure that mitigates risks and fosters trust.

We are committed to maintaining a robust risk management framework and driving sustainable growth.”

Mr. Chetan Sanghvi

Chief Risk Officer, IDFC FIRST Bank

Our Bank's risk analysis ensures secure growth in today's financial landscape. Guided by industry best practices, we identify and mitigate risks to protect investments and ensure stability.

Risk Management Framework

IDFC FIRST Bank aims to operate within an effective risk management framework to actively manage all the material risks faced by it, in a manner consistent with the Bank's risk appetite. It includes fortifying capital, liquidity, and reputational profile of the Bank, making it resilient to shocks in a rapidly changing environment.

The Board being the ultimate authority of the Bank's risk management framework approves the Bank's risk appetite, risk tolerance and related strategies and policies. The Board is assisted by the Risk Management Committee (RMC) and its other management committees as part of the risk governance framework to ensure that our Bank has a sound

system of internal controls. The RMC assists the Board in relation to the oversight and review of the Bank's risk management principles and policies, strategies, appetite, processes, and controls. The RMC of the Board reviews risk management policies of the Bank pertaining to credit, market, liquidity, operational risks, etc. The Committee also reviews the Risk Appetite and Enterprise Risk Management framework, Internal Capital Adequacy Assessment Process ('ICAAP'), and Stress Testing.

The Bank manages its capital position to maintain strong capital ratios well above the regulatory and Board-approved minimum capital adequacy at all times.

The robust Tier-I capital position of the Bank is a source of competitive advantage and provides assurance to regulators, credit rating agencies, depositors, and members. Capital management practices are designed to maintain a risk-reward balance, while ensuring that businesses are adequately capitalised to absorb the impact of stress events. Our Bank has also de-risked the portfolio by diversifying the credit portfolio and focusing more on granular exposures. More detailed information on type of risks and their management frameworks are detailed hereunder.

Credit Risk

Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, losses stem from outright default due to inability or unwillingness of a borrower or counterparty to meet commitments in relation to lending, trading, settlement, and other financial transactions.

Our Bank has well-defined lending policies approved by the Board that are supplemented by other policies, manuals, etc. to aid the underwriting of retail and wholesale portfolios in line with the strategy outlined in the Bank's Risk Appetite Statement.

The credit risk underwriting units have been established to independently evaluate all proposals to estimate the various risks as well as their mitigation.

In the Wholesale Banking segment

- The Bank follows a conservative underwriting approach wherein primary assessment of debt servicing ability is based on underlying cash flows of the borrower.
- The Bank follows a 'risk-based' approach for credit sanctions wherein higher risk exposures (basis internal rating, quantum, and tenure) require approval from higher approval authority.
- System-based FIRST Corp module has been developed to streamline end-to-end credit sanctioning process covering customer selection, credit appraisal of the proposal and facilitating credit approvals under a single digital platform.

In the Retail Banking segment

- The Bank aims to strike a balance between facilitating credit access to customers and mitigating potential risks associated with retail lending activities by leveraging strong risk assessment methodologies with state-of-the-art technology. The Bank recognises that effective credit risk management is crucial to maintaining a healthy and sustainable retail credit portfolio.
- The Bank has a robust risk management framework and its effective implementation through technology, followed by strong governance, enabled us to achieve sustained growth even during a very dynamic macro-economic environment. The Bank has established a time-tested and robust credit underwriting process where we rigorously subject the applications through 10-11 step filtration process, namely, deduplication (against existing records), Credit Bureau, Risk Scorecard, Banking Statement Analysis, Cash-flow Analysis, Financial Ratio Analysis, Personal Discussion with Customer, Contact Point Verification, Collateral Checks, Fraud checks and Industry checks. Loans are disbursed only to customers who clear this stringent filtration process, which is why NPA is historically low in this segment. These processes and checks are modified depending on the ticket size and nature of product.
- In addition to the above, the Bank has developed strong capabilities for monitoring the portfolio with latest tools, for collecting from customers, and for recovering payments from customers where we have already taken provisions. In the Retail portfolio, regular reviews and close monitoring are carried out at a granular level and specific actions are undertaken based on the periodic reviews. For e.g. vintage analysis is performed to review the quality of sourcing through early delinquency indicator and specific actions are undertaken based on the outcome of such reviews.

Market Risk

Market Risk refers to the risk of financial losses arising on account of movement in underlying risk factors/market prices of securities. It is measured based upon, but not limited to, an assessment of the sensitivity of the financial institution's earnings or the economic value of its capital to adverse changes in interest rates, credit spreads, foreign exchanges rates or equity prices.

The Bank has robust market risk management policies and processes which sets out the guidelines for managing market risk. Management of market risk encompasses risk identification, measurement, monitoring and reporting

of market risk positions and ensure that the risk positions are within the market risk appetite approved by the Board. The Limit Management Framework (LMF) articulates the limits approved by the Board/Board-nominated Committees.

The Bank uses various tools and techniques such as PV01, Net Overnight Open Position (NOOP), Value-at-Risk (VaR), Market Risk Capital Charge, Stress Testing, etc. The prescribed limits are independently monitored by the Market Risk Department and reported in line with the approved risk management framework.

Liquidity Risk

Liquidity risk is the bank's inability to meet the obligations, without incurring additional cost. Managing liquidity risk is a crucial part of banks' risk management framework. It requires a balance between maintaining sufficient liquidity to meet payment obligations and maximising returns on assets. A failure to manage liquidity risk effectively can have severe consequences for the bank and wider financial system. Our Bank's framework for assessing, managing, and mitigating liquidity risk is governed by the Board and managed by Asset Liability Committee (ALCO).

To manage liquidity risk, the Bank has a robust mechanism in place, comprising various tools from cashflow mismatches to various RBI/Basel III prescribed ratios (LCR, NSFR, etc.) and other additional internally designed tools. The Bank conducts liquidity risk stress testing on a regular basis and has a contingency funding plan in place, the efficacy of which is tested frequently. The Bank proactively manages liquidity by drafting a funding plan and incorporating projections for upcoming months in order to maintain liquidity buffer at adequate levels at all times. The Bank has well-defined limits in place for all the tools used for monitoring liquidity risk. The Bank also recognises liquidity risk as one of the Pillar II risks under the internal capital adequacy assessment and evaluates regularly whether any additional capital needs to be set aside towards this risk.

Interest Rate Risk on Banking Book (IRRBB)

While the interest rate risk on trading portfolio of the Bank is captured under Market Risk, the Interest Rate Risk on Banking Book (IRRBB) is the risk where changes in market rates might adversely affect the financial condition of the Bank's Balance Sheet (excluding trading portfolio). The immediate impact of changes in interest rates is on the Net Interest Income ('NII') of the Bank. A long-term impact of changing interest rates is on the Bank's net worth as the economic value of the assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates. The re-pricing risk arises due to differences in the timing of re-pricing of assets and liabilities. The re-pricing gaps affect the Bank's earnings as well as economic value. Our Bank's framework for assessing, managing, and mitigating IRRBB is governed by the Board-approved Asset Liability Management (ALM) Policy.

The Bank evaluates the IRRBB through both the regulatory prescribed approaches: Traditional Gap Approach as well as the Duration Gap Approach. The Bank computes the Earnings at Risk (EaR) as well as Impact on Market Value of Equity (MVE) after applying various interest rate shocks. The Bank also conducts stress testing on an ongoing basis and takes corrective measures in an event of any foreseeable risk. On similar lines as that of liquidity risk, the Bank has well defined limits in place for IRRBB which are monitored on an ongoing basis. The Bank also recognises IRRBB as one of the Pillar II risks under the internal capital adequacy assessment and evaluates regularly, whether any additional capital needs to be set aside towards this risk.

Operational Risk

Operational Risk is risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It also includes risk of loss due to legal risk, but excludes Strategic and Reputation Risk. Operational Risk in the Bank is identified, measured, mitigated, monitored and reported by the Operational Risk Management Department (ORMD). This unit develops and implements operational risk methodologies across the Bank, maintains internal loss database, evaluates control weaknesses in various operational areas and suggests appropriate remedial/corrective actions, etc.

The operational risk framework is governed by the Board-approved Operational Risk Management policy, which monitors and guides all operational risk management activities for each business and support function. The operational risk framework is overseen by the Operational Risk Management Committee (ORMC) who reports to the Risk Management Committee (RMC) of the Board. The main objective of this framework is to establish a risk culture and governance which guides employee at all levels to manage and report operational risk.

The ORMD provides independent challenge and guides the business and Support functions on risk management methodologies and tools to be used and action to be taken to manage operational risk. In order to achieve this objective, OMRD has devised tools and mechanism such as:

- Conducting risk control and self-assessment (RCSA) for effective management of operational risk
- Reporting of operational risk incidents and self-identified issues to strengthen internal controls
- Tracking of key risk indicators (KRI) breaches which enable monitoring of risk exposure trend.
- Reporting overall operational risk environment and key trends to the Board and/or senior management

The Bank's operational risk framework fosters the culture of proactively identifying, assessing, mitigating, and monitoring risks, and ensuring the resilience and stability of operational risk management as we continue to navigate an ever-evolving business landscape.



Fraud Risk

- Risk arising from fraud instances impacting the Bank's reputation, assets, information, and stakeholders' interest.
- Recognising the fact that frauds are a major operational risk, the Bank has put in place a Board-approved Fraud Risk Management Policy in accordance with RBI's Master Direction on Frauds, apart from various Standard Operating Procedures (SOPs) to provide guidance on aspects of frauds such as prevention, detection, monitoring, investigation, reporting of frauds, and fraud awareness in the Bank.
- The Board of Directors of the Bank, through the Audit Committee and ORM, oversee aspects of Fraud

Risk Management. Frauds of ₹1 crore and above are monitored by the Special Committee of the Board, i.e. Fraud Monitoring Committee in the Bank.

Fraud prevention being a pre-requisite for proactive fraud risk management, there are robust systems and procedures designed for facilitating timely detection of frauds such as screening, sampling, identification and monitoring of red-flagged accounts and early-warning signals, and 24*7 monitoring of transactions. The Bank also undertakes fraud awareness initiatives for employees through e-learning module, emailers, SMS, etc. apart from building focused awareness for customers through various channels such as the Bank's website, emails, SMS, mobile app, social media, etc.

Business Continuity Management Programme

IDFC FIRST Bank has a comprehensive Business Continuity Management (BCM) programme which commits to:

- Protecting staff lives
- Maintaining continuity of critical operations
- Protecting IDFC FIRST Bank assets and brand value

A Board-approved BCM policy provides the vision for implementing the BCM programme in the Bank. A senior management team, crisis management team (CMT) and a designated BCM Head run the BCM programme for the Bank. The programme helps the Bank identify potential risks and build strategies to ensure continuity of critical businesses and safeguarding staff lives.

A key component of the BCM programme is crisis management that helps the Bank proactively manage crisis events and take timely decisions.

A comprehensive DR programme (IT Infrastructure Recovery) exists under the BCM framework, which addresses technology risk as regards "availability". The Bank has identified critical systems and implemented DR infrastructure to help recover in times of technology outages.

Further, the Bank's pandemic plan guides it in addressing the threat of a pandemic. The plan was well-tested during COVID-19, enabling IDFC FIRST Bank to tide over the crisis without much impact.

The BCM programme is compliant to RBI and other regulatory guidelines and follows industry-best practices and is constantly reviewed to ensure it remains consistent with the changing business and risk environment.

Reputational Risk

Reputational risk is the risk arising from negative perception on the part of customers, shareholders, investors, debtholders, media reports that can adversely affect a bank's ability to maintain existing business relationships or establish new ones and continued access to sources of funding.

The Board of Directors of the Bank, through RMC, provide policy and framework for managing reputational risk in the Bank. RMC ensures implementation of policy guidelines, manage and monitor reputational risk in the Bank and approve changes in the Reputational Risk Management Policy.

Bank has put in place various risk management, compliance and business policies/framework, codes of conduct and standard operating procedures. The compliance of these help in meeting stakeholders' expectation and, in turn, controlling reputational risk in the Bank. While reputation risk can be difficult to quantify, the Bank has adopted a scorecard approach through Internal Capital Adequacy Assessment Process (ICAAP), to assess various reputation risk drivers identified by the Bank and the overall level of reputation risk.

Information Technology and Information Security Risk

The Bank's expansion strategy has progressively embraced digital transformation, rendering cyber/information security risk a material concern. The Information Security Group (ISG), in collaboration with the IT team, works jointly to address cyber/information security challenges, striving for the adoption of cutting-edge security protocols. Aligned with the Information Security Management System (ISMS) framework, which complies with ISO 27001 and RBI Cyber Security Framework, the Bank operates within a robust regulatory framework. Holding ISO 27001:2013 and PCI DSS certifications, the Bank implements a systematic approach encompassing people, processes,

and technological controls to proactively mitigate, detect, respond to, and recover from cyber threats, ensuring the secure management of sensitive company data.

The Bank maintains close collaboration with regulatory authorities to ensure adherence to evolving compliance standards and directives. Additionally, it is actively engaged in an augmentation plan aimed at enhancing its security posture, with renewed emphasis on risk-based remediation initiatives, reflecting its commitment to evolving into a more resilient and secure digital banking institution.

Information/Cyber Security Framework

Since its inception, IDFC FIRST Bank has put in place a robust Information/Cyber Security Framework. Being a greenfield set-up, the Bank has information security woven into its banking platform and seamlessly merges both, culturally and technologically.

The Bank has strategically invested in a diverse team – comprising security partners, subject matter experts (SMEs), and specialists – and robust processes to orchestrate, construct, manage, and oversee its information security operations.

The Bank has put in place state-of-the-art security technologies, including several 'industry-first' technology solutions, and adopted 'defence in depth' approach and industry-best practices as part of its security framework and architecture.

Our Bank continues to work closely with the Regulator to improve its cyber security posture maturity. This year, in

addition to that, the Bank focused on consolidation and improving deployment of the technologies invested in the previous years. Alongside these, we have begun some more initiatives including:

- Accelerating risk-based remediation programme
- Improving threat detection and response capabilities
- Enhancing cloud security programme
- Deploying zero trust model
- Strengthening data discovery and life cycle management

Our Bank continues to maintain compliance with standards such as ISO 27001 ISMS (Information Security Management System), PCI DSS (Payment Card Industry Data Security Standard) and other regulatory requirements. Given the changing threat landscape, the objective is to progressively move towards maturity of proactive and adaptive platforms for automated detection, response, recovery, and resilience.

Environment and Social Policy (E&S) and Appraisal Process

The Bank has a comprehensive environment and social policy and a robust environment and social risk management framework for its lending businesses. The Environmental Risk Group (ERG) of IDFC FIRST Bank works proactively with clients/internal teams to identify, mitigate, and manage E&S risks associated with projects/transactions. The Bank obtains environment-related regulatory compliance information to ensure that the projects/transactions it finances are in compliance with the applicable national environmental legislations. IDFC FIRST Bank has developed and adopted an exclusion list comprising sectors in which it will not engage in any financing activity.

IDFC FIRST Bank has also identified sensitive sectors which have potentially high impact on the environment and communities, and where the Bank may have to deal with critical E&S issue.



Stress Testing

The Bank has a robust Stress Testing framework in place, which is an integral tool for the Bank. The framework contains a range of qualitative and quantitative measurements enabling the Bank to identify current and potential vulnerabilities in its exposures, which can result in material losses for the Bank during stressed conditions. Stress Testing complements other approaches in risk assessment. It is the primary indicator of the Bank's ability to withstand tail events and maintain sufficient capital. It is used to evaluate the financial position of the Bank under a severe but plausible scenario to assist in decision-making.

As a risk management tool, stress testing serves the following purposes for the Bank:

- To estimate the Bank's risk exposures under stressed conditions

- To improve understanding of the Bank's risk profile and material risks
- To evaluate the Bank's capacity to withstand stressed situations and serve as an integral part in capital management
- To enable development of appropriate strategies for mitigating significant risks

The Bank has a Board-approved Stress Testing Policy, which is aligned with RBI's requirement. The risks covered under the policy are Credit Risk, Market Risk, Operational Risk, Credit Concentration Risk, Liquidity Risk, and IRRBB. Stress testing forms an essential part of the Bank's Internal Capital Adequacy Assessment Process (ICAAP).

Capital Adequacy

The Bank maintains a strong capital position, which is more than the regulatory and Board-approved minimum capital adequacy at all times. The robust Tier-I capital position of the Bank is a source of competitive advantage and provides assurance to regulators, credit-rating agencies, depositors, and shareholders. In accordance with the RBI guidelines on Basel III, the Bank adopts the standardised approach for credit risk, basic indicator approach for operational risk and standardised duration approach for market risk.

Capital management practices are designed to maintain a risk-reward balance, while ensuring that businesses are adequately capitalised to absorb the impact of plausible stress events. The ICAAP forms an integral part of the Supervisory Review Process (SRP) under Pillar 2 of the

Basel III Framework. SRP under the Basel III Framework (Pillar 2) envisages the establishment of appropriate risk and capital management processes in banks and their review by the supervisory authority. ICAAP is a structured approach to assess the risk profile of the Bank and determine the level of capital commensurate with the scale and complexity of operations. As part of the Basel III implementation, the Bank has developed a comprehensive ICAAP policy and document in line with regulations prescribed by the RBI. The document contains projections of financials for the Bank, and its capital adequacy projections for the next three years under normal and stress conditions. It also contains relevant details of plans and strategies for meeting capital requirements.

Because Opportunity Belongs to All



Reflecting on this year, I am filled with immense pride and gratitude. FIRST IMPACT has demonstrated that not just in business but also in social good - leverage is everything.

Ms. Rachana Iyer
Head - Corporate Social Responsibility

Dear Shareholders

FY24 has been one of leverage.

Leveraging all that we are, all that we are capable of to contribute towards the development of an inclusive nation where nobody is left behind.

For us CSR is not an obligation, it is a privilege.

We believe that influencing and increasing resilience within social development organisations is the need of the hour. Our social impact partners from across India are working on some of the most challenging problems to solve. Often times, these organisations given their limited pool of funding are unable to hire and retain the right talent and need to come out of a traditional charity model mindset and operate as strategically as a business would. This is where FIRST IMPACT comes in.

This year, we set up a volunteer-driven mentorship program for our rural flagship Shwethdara with subject matter experts on HR, Finance, Risk, Legal, Operations and Technology. Professionals from the Bank were able to spend time supporting our non-profit partners and Farmer Producer Companies and helped creating sound policies and structures.

We are delighted to share that our MD & CEO Mr. V. Vaidyanathan is also the Chairman of the CSR Committee and takes an active interest in shaping the CSR function. He leads quarterly reviews and also interacts with the individuals we support. Other members of the committee also oversee the governance and take a keen interest in the work we do.

I am immensely proud to say that the Lend-A-Shoulder employee volunteering programme has had over 11,000 plus volunteers actively participate. They typically take time out on Saturdays to volunteer their skills and time with communities based on their choice of thematic area. From training rural communities on Financial Literacy, mentoring youth on Career Readiness and working towards environment conservation, we have mobilised 79 departments across urban and rural India and with the help of 70 Goodwill Ambassadors were able to reach around 49,000 community participants. This approach not only inspired our leaders but also ignited a collective spirit of generosity within our teams consistently quarter on quarter.

I feel that with nearly 30% of the Bank employees to voluntarily participate in CSR is enabling us to make this a mass movement of social change and I am grateful to all employees of the Bank for their wholehearted involvement. For us CSR is not an obligation but a privilege.

This year, we also leveraged technology as a catalyst for social good. We are developing a platform to scale our scholarship programmes, connecting scholars with mentors, facilitating peer-to-peer networking, and building a robust alumni network. Our scholarships programmes have been scaling steadily and this platform will help us get there faster and help us build a strong community of young scholars.

We are also happy to share the launch of our social entrepreneurship programme, Catalyst for Impact, where we plan to incubate promise enterprises working on - Climate Change, Disability and Agriculture. This programme incubates enterprises that use business models to solve social and environmental problems - thereby making them self sustaining and not needing grant funding year on year.

Reflecting on this year, I am filled with immense pride and gratitude. FIRST IMPACT has demonstrated that not just in business but also in social good - leverage is everything.

This journey till date wouldn't have been possible without the unwavering support of our social impact partners, volunteers, and communities.

Looking Forward

As we look ahead, our commitment to being a force for social good remains steadfast. We will continue to nurture aspirations, leverage our ecosystems, and drive sustainable development.

Together, we can create a more inclusive and equitable future for all.

Best regards,

Rachana Iyer

Head of Corporate Social Responsibility
IDFC FIRST Bank



➔ Team FIRST IMPACT along with Shwethdara program team, Gram Sakhis and community members in Rajasthan

IDFC FIRST Bank’s mission is to serve and contribute to the well-being of communities in the broadest sense. We understand that while we can do little on our own, we can accomplish so much more when we work together. Through the Bank’s CSR division ‘FIRST IMPACT’ and the contributions of our customers, we hope to create broader opportunities across our focus areas of social responsibility, which are entrepreneurship, livelihood, education, and sanitation.

First Impact

- IDFC FIRST Bank’s CSR division, ‘FIRST IMPACT’, works on various initiatives which have a positive impact on communities, through which we can create a balance between economic, environmental, and social imperatives.
- For our Bank, sustainability has become an increasingly critical consideration. The Sustainable Development Goals (SDGs) allow us to align our corporate strategic goals with the globally agreed-upon sustainability principles.
- The SDG framework assists us in developing, implementing, monitoring, and reporting on our CSR

initiatives, enabling us to remain invested in and deepen our connection with sustainable development over time.

Overview – Our Social Impact till Date

51
Programmes

2,18,501
Community members impacted

45+
NGOs

The FIRST IMPACT Commitment



Thought-leadership

- Guiding our partner organisation leaders and program teams in impact strategy
- Enabling collaboration and peer-to-peer learning between organisations in our impact portfolio
- Driving long-term sustainability of programmes



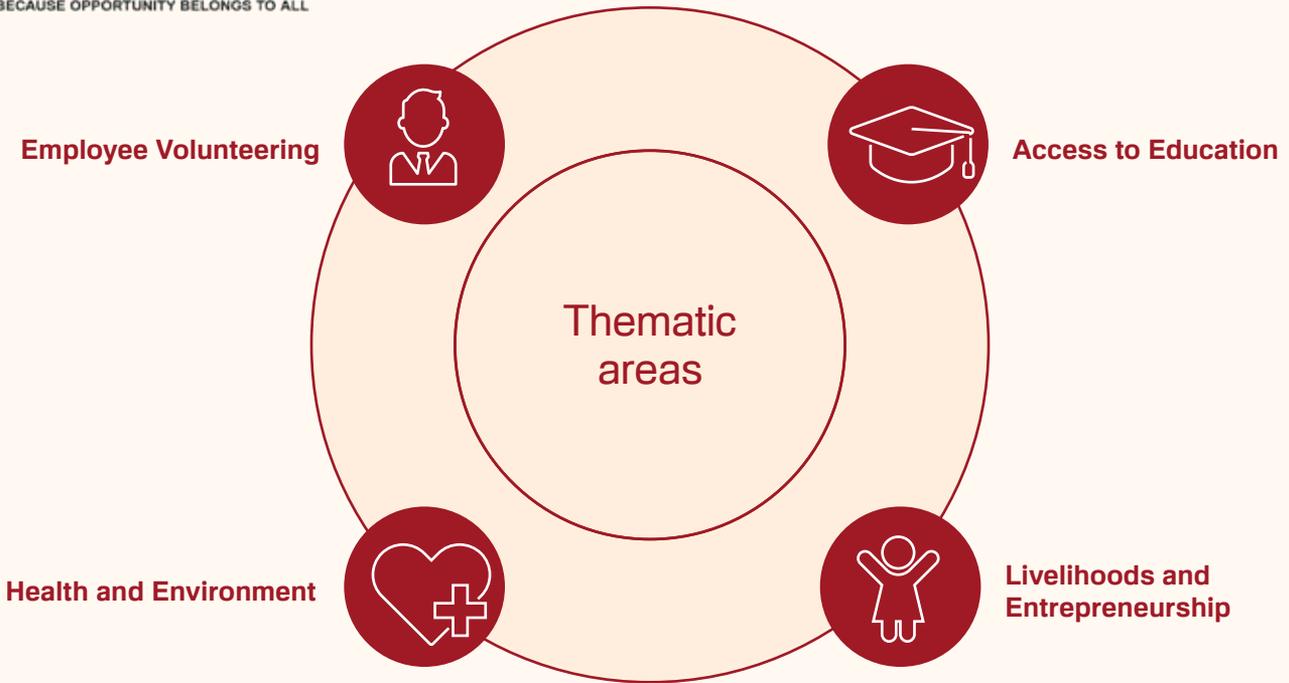
Technology for Social Good

- Leveraging technology to scale impact and enhancing Monitoring and Evaluation
- Enabling digital literacy and technology adoption across our eco-system



Leverage Eco-system

- Connecting our Banking eco-system with our impact partners for fundraising through the KARMA FIRST Programme
- Leveraging skills of a passionate volunteer force via Lend-A-Shoulder employee volunteering programme



Programme Interventions



Access to Education

IDFC FIRST Bank believes in providing quality education to all, regardless of financial, physical, or intellectual barriers. This thematic area seeks to improve access to quality education for students who want to pursue an MBA despite financial constraints. The Bank also strives to provide inclusive education to kids on the autism spectrum in both rural and urban settings. As of March 2023, these programmes had assisted over **7,400** individuals in achieving their educational goals.

7,400
individuals



Quality Education

Promoting inclusive and equitable quality education and lifelong learning opportunities for all



Gender Equality

Promote gender equality and empower women and girls

Reduce inequality within and between countries

MBA Scholarship

The IDFC FIRST Bank MBA Scholarship is a direct implementation programme that aims to provide need-based scholarship to eligible students who do not have the financial means to pursue postgraduate studies in business (MBA degree or equivalent). The target group includes aspirants from families with annual income of less than **₹6 lakh**. The scholarship programme supports **350** scholars each year and provides **₹2 lakh** for two years of full-time MBA studies if the applicant meets the eligibility criteria. We have been running this program for the last 10 years in 2016 and has since supported over **1,154** students from **24** states in India. Our students hail from families with diverse occupational backgrounds, such as those of retired government employees, auto-rickshaw drivers, teachers, and children of single parents. Our students hail from families with diverse occupational backgrounds, such as those of small and marginal farmers, low income teachers, differently-abled parents, auto-rickshaw drivers, and low-income single parents.

350
Scholars impacted each year

1,761
Students from 24 states in India



➔ IDFC FIRST Bank MBA Scholars meet Batch of 23-25

A message from our MD and CEO to the IDFC FIRST Bank Scholars batch of 2023-2025

Dear IDFC FIRST Scholars of FY23-25,

I warmly welcome you to IDFC FIRST Bank MBA Scholarship family.

At IDFC FIRST Bank, we are building a world class bank, a bank that is guided by ethics, powered by technology, and wants to be a force for social good.

Investment in education gives infinite returns. Exceptions apart, the lifetime income of a person increases disproportionately with higher education. With greater income, they get better living conditions, educate their next generation better, also pay more taxes which benefits our nation.

In our day-to-day life, we often come across children who don't get as many opportunities as the others because of their weak economic conditions. Otherwise, they are as enterprising and smart as any. Children without education end up doing low-earning jobs which affects the quality of their entire life.

Hence, we have been providing **IDFC First Scholarships** to meritorious students like yourselves, who belong to economically weaker sections, but get a seat for higher education on your own merits. In selecting our scholars, we don't bring in any other criteria like religion, community etc. I personally do not support them either. We support scholars from low-income families who belong to occupations such as autorickshaw drivers, farmers, small business owners, differently able parents, single parents, etc.

It was a pleasure speaking to all of you at the MBA scholar meet held recently at our head office and

understood your backgrounds and what got you to the point of success you have already achieved. Great show! I would like to share that you have reached here on merits, and you will go ahead only on your own merits. We are only levelling the field for you so that you get fair opportunities.

We pay ₹1 lac per student per year for two years to our selected scholars to ease the burden of expenses during these learning years.

This year alone, we awarded 345 new IDFC FIRST MBA scholarships to talented students from low-income families. We have been running this program since over 10 years. We have now extending this programme to EWS students aspiring for engineering colleges.

As you get ahead with your higher education, I would say, get success the right way, and you will savour it. Else you can't correct your past actions, even if you regret it. I read a quote somewhere "No one is rich enough to buy back their past." Neither will you be.

At the end of your programme, you are free to work anywhere, there is no obligation to join IDFC FIRST Bank.

Congratulations once again and thank you for being future flagbearers for our country.

Warm Regards

V Vaidyanathan

MD & CEO

IDFC FIRST Bank

Sports Scholarship – FIRST Foot Forward

IDFC FIRST Bank intends to help 10 young female athletes, aged 13 to 17 from Northeast India, pursue both academics and football at the prestigious Barnes Residential Academy in Nashik, Maharashtra. The Bank's support covers tuition, coaching fees, access to nutritious meals, and physiotherapy treatment costs for any sports-induced injuries. The programme will pay **₹4,66,065** for each of the **10** students.

₹4,66,065

The money allotted to each student in the programme

10

The number of students to be covered by this initiative



Bonifilia Shullai

National Football Championship (NFC)

Finished 3rd and was captain of her native state, Meghalaya (Sub Junior nationals).

Represented Maharashtra 4 times and was captain of the U-19 team.

Won player of the match twice, captained **Garhwal United FC** in the tournament in which the team remained unbeaten at **Delhi Women's Premier League**

Vice-captained India U-16 team at **South Asian Football Federation SAFF Championship** held in Kathmandu, Nepal

Background and Challenges

Since my childhood, I loved football. I was selected for the FIRST Foot Forward programme by IDFC FIRST Bank and the Indian Football Foundation and here is my story!

Early Life Experiences

I'm a 14-year-old girl who is passionate about the sport. You could say football runs in my blood as my family loves it too. My grandfather, who was a huge influence on me, always encouraged me to pursue the sport, and my parents too have been incredibly supportive.

I grew up playing football with my brother in our backyard. It started out as just something fun to do together, but as I got better, I realised how much I loved the sport. My brother and I would have these epic matches, and that's where I honed my skills.

Now, I'm fully dedicated to football. I train hard, play in leagues, and dream of making it to the big leagues one day. It's not just a hobby for me — it's passion, and lifestyle. I'm grateful for my family's support and encouragement every step of the way.

Navigating Challenges

Being a young footballer, I've faced my fair share of challenges, but I've also learned to tackle them head-on. One obstacle I've encountered is gender bias. Some people still underestimate female players, but I don't let that get to me. I stay confident about my abilities and let my performance speak for itself. Another hurdle is balancing school and football. It's not always easy, but I've found ways to manage my time effectively. I make sure to prioritise my schoolwork while still dedicating myself to training and games. Injuries have also been a big challenge. Injuries can be frustrating, but I've learned to listen to my body

and follow my doctor's advice. Rehabilitation can be tough, but I stay positive and focused on getting back on the field.

As I've progressed in my football journey, the competition has gotten tougher. But instead of feeling intimidated, I see it as an opportunity to improve. I work hard to refine my skills and stay mentally strong. Financial constraints have also been a hurdle. Playing the sport can be expensive, but I've found ways to make it work. **I am happy and grateful to have received the scholarship from IDFC FIRST Bank, which takes care of my education, footballing needs, stay and food, along with medical requirements.** Lastly, there is the pressure to succeed. It can come from family, coaches, or even myself. But I've learned to embrace the challenge and set realistic goals. I play because I love the game, and that passion drives me to overcome any obstacle in my way. Recently I played for my country in the SAFF U-16 Championship, and it was a life-changing experience for me.

A New World of Possibilities

Fortunately, the IDFC FIRST Bank Scholarship helped me push myself and I was able to represent my country at the U-16 level, which has opened the doors to a world of opportunities. It has given me a taste of international competition, connected me with mentors and peers, and caught the attention of talent scouts. But beyond that, it has instilled in me a sense of pride and responsibility to inspire the next generation of players. This experience has further fuelled my passion for the game and ignited my determination to pursue even greater heights in football.



Sonali Thangjam

Background and Challenges

From my early years, I harboured ambitions despite facing financial obstacles. Determined not to let barriers stand in the way of my aspirations, I've managed to carve out a path to success. IDFC FIRST Bank MBA Scholarship 2023-24 has been instrumental in furthering my educational goals.

Here's my journey...

Early Life

Throughout my childhood, my father, a tailor by profession, dedicated himself to providing for our family of seven, including my four siblings, managing our education expenses alongside other financial obligations. He made sure that nothing hindered my educational pursuits.

Navigating Challenges

After completing my graduation, I took on the role of an operations executive in a company while simultaneously preparing for the CAT exam. Even though I faced setbacks, the unwavering support of my family kept me motivated. I was able to secure admission to the renowned Universal Business School, Raigad, for a PGDM programme in Operations Management and Business Analytics. However, as banks were hesitant to grant me a loan, I had to fall back on my savings and the money offered by my siblings.

A New World of Possibilities

Luckily, I came across IDFC FIRST Bank MBA Scholarship 2023-24 programme and with the help of my college counsellor, received the grant promptly. This financial assistance not only relieved me of the burden of college paying expenses but also instilled in me renewed self-confidence, which helped in my academic achievements and greatly contributed to my personal growth. Going forward, my goal is to secure a leadership role in a multinational corporation, utilising my skills and experiences to drive its strategic expansion.

Engineering Scholarship

A direct implementation programme, the IDFC FIRST Bank Engineering Scholarship seeks to give need-based financial aid to students from lower socio-economic backgrounds, coming from the families of labourers, farmers, low-paid workers, and employees. This financial aid is for students who have been accepted in specific B.Tech/BE colleges in India. For shortlisted students, the programme will cover a portion of the tuition fee for a four-year full-time engineering degree. Till now, 56 scholars have been awarded scholarships.

56

Scholars impacted



Mukta Joshi

Background and Challenges

I never gave up on my dreams despite facing numerous financial challenges. In my educational journey, the IDFC FIRST Bank B.Tech Scholarship 2023-24 has played a pivotal role.

Here's my story...

Early Life

Growing up, I saw my father, a private sector employee, tirelessly supporting our family of six, and ensuring that our education was never hampered.

A New World of Possibilities

Fortunately, IDFC FIRST Bank awarded me a scholarship and released the money promptly, which eased my financial burden considerably. Brimming with self-confidence, I was able to perform well in studies. In the future, I aspire to attain a leadership position in a multinational corporation and contribute to its strategic growth.

School Support Programme

Partial School Support Programme

IDFC FIRST Bank, in partnership with Biswa Gouri Charitable Trust, supports human resources such as paying the salaries of 12 staff-teachers who provide special education to children on the autism spectrum who experience intellectual and developmental delays.

Through the initiative in FY24, 53 students from low-income families in Bengaluru received access to vital therapies and educational support. The programme also offers a comprehensive approach with a team of professionals specialising in various fields related to autism.



- IDFC FIRST Bank's education programme's student with autism, Jiwan, learning alphabets as part of early intervention in Bengaluru, Karnataka

Case Study

Before Intervention

Jiwan joined Bubbles School for Autism in May 2022, two years after the pandemic outbreak. The school was running a programme to help students adjust to being back in school, which was a nerve-wracking experience for children with autism. When he started school, he was very anxious about being away from home for so long.

Intervention

The school staff was incredibly understanding and accepting of him. They incorporated movement breaks into his routine and gave him the time he needed to settle in. This was paired with regular therapy and classroom



- IDFC FIRST Bank's education programme's students with autism, creating compost as part of life skills training session in Bengaluru, Karnataka

Impact

222

The number of students supported through this initiative till date

sessions tailored to his requirements, based on the need assessment baseline done at the start of the year to analyse Jiwan's strengths and areas of improvement.

After Intervention

With the CSR team's assistance, Jiwan's anxiety reduced significantly. At the monthly open house sessions, the parents felt supported and embraced neurodiversity as a way of being. The school's structured training class helped parents to create a proper workstation at home. Jiwan's parents felt confident about managing him at home without external intervention.

Ek Prayas

IDFC FIRST Bank, in partnership with the Biswa Gouri Charitable Trust, co-created the Ek Prayas programme, which incubates promising early-stage rural NGOs working to provide high-quality special needs services to children with intellectual disabilities. Ek Prayas helps in capacity-building, enabling these NGOs to work with children and their families in rural Karnataka and West Bengal.



➔ Mr. Ravi Sakhare from the IDFC FIRST Impact team interacting with the parents of children enrolled under the Ek Prayas program to understand their challenges and collectively problem solve.

About The Programme

As part of this programme, innovative training methodologies are employed to equip teachers with knowledge of developmental disabilities, utilising structured teaching principles in both traditional and virtual learning formats. This pioneering, industry-first approach aims to enable rural NGO partners to offer well-crafted early intervention and primary education service programmes in the fields of intellectual disabilities and autism.

The initiative is structured into three stages:

- 1. Pre-Incubation**
- 2. Incubation centre**
- 3. Maintenance**

We offer various training sessions and capacity-building workshops for teachers on topics such as Teaching and Learning Materials (TLM), Individualised Education Programme (IEP), goal-setting, and child-mapping.

Additionally, we provide infrastructure support to ensure that children have access to the best services and environment for their growth and development. Organisation development is a key component of our intervention, wherein we provide training to organisations on programme management, fundraising, proposal writing, etc. empowering them to strengthen and sustain their operations and continue their impactful work in the field.

Impact

6
NGOs incubated

6
Ek Prayas centres set up

44
Teachers trained

532
Children impacted

₹27,32,494
Money raised by 2 NGO partners,
Sankalpa and Shri BD Tatti (Annavaru)

3
NGO partners who received
organisation development training

Out of the six Ek Prayas centres, three are managed by BD TATTI, a charitable trust in Karnataka, and one overseen by SANKALPA, an NGO in Karnataka, and two operated by Kolkata-based Transcendent Knowledge Society (TKS).

Support offered to the stakeholders under the programme

About the Organisation

SANKALPA, based in Davangere, Karnataka, offers early intervention in which newborns are screened for developmental delays and provided rehabilitation and therapy. Education is an integral part of SANKALPA, which works with children in the age group of 4-14.

About the Ek Prayas Programme Journey

SANKALPA participated in the Ek Prayas programme in 2020-21, offering technical training to teachers. However, they withdrew due to compliance issues. Despite lacking CSR funding, they persisted in serving children. In FY24, SANKALPA sought incubation support under the programme and underwent thorough due diligence before being onboarded.

Intervention Support

We assisted SANKALPA by offering technical training to their staff, helping with infrastructure development for the programme, and providing organisational development training, encompassing 17 topics, to their leadership.

Outcome

- SANKALPA diligently implements various training techniques to ensure children receive optimal service and support. Consequently, they have enrolled and assisted 25 children.

- Following the Organisational Development (OD) training, SANKALPA integrated all the training components to meet its own requirements and accelerate its development. As a result, they secured ₹5,17,594 from individual donors and ₹4,00,000 from state government unrestricted funds for the Ek Prayas programme.
- By identifying gaps and reassessing the organisation's scope, SANKALPA refined its vision and mission statements, aligning its efforts accordingly.
- Utilising insights gained from the OD training, SANKALPA revised its HR and finance policies to incorporate best practices and improve governance.

Our Impact

SANKALPA associated with us in 2020-21 for a shorter duration and then without any donor support they sustained themselves and continued to work for society. They also focused on the compliance and documentation part of the organisation.

We onboarded SANKALPA in October 2023 and started incubating them. Within 6 months, they became the best performer in the programme.



➔ Teacher Manasa M. K. from IDFC FIRST Bank's Ek Prayas centre providing therapy to help the child develop cognitive skills, enabling him to identify parts of his face.

School Mental Health Programme

IDFC FIRST Bank, in partnership with Apnishala Foundation, aims to support the School Mental Health programme to improve the social-emotional competencies of **52** students between grades 3 and 8 at a government school in Chembur, Mumbai. These students belong to the families of daily wage labourers and migrants coming from North India in search of livelihood.

Under the programme, **97** sessions were held in the school and 4 mental health awareness sessions were conducted with care givers. In addition to this, we organised multiple community and home visits and executed educator engagement programmes across the year.

Ummeed Programme

IDFC FIRST Bank, in collaboration with Ummeed Child Development Centre, is implementing the Umeed programme that is focused on capacity building of community-based organisations in Northeast India, with special emphasis on Meghalaya. The initiative aims to promote awareness and understanding of early childhood development (ECD) and implement the International Guide for Monitoring Child Development (GMCD) tool.

The GMCD is both a monitoring and intervention tool that incorporates strengths-based, family-centred approaches. Participants will learn how to use this standardised tool to monitor child development, identify children who are developmentally delayed, and support the development of all children.

The objective of the project is to train community workers and co-create sustainable solutions for promoting ECD in low-resource communities.



➔ IDFC FIRST Bank's programme in partnership with Ummeed, focuses on capacity building of community workers on early intervention of children with developmental delays. In this photo, the community health workers in Meghalaya are being trained on the GMCD tool



➔ IDFC FIRST Bank's school mental health program in partnership with Apnishala focuses on social emotional learning in Government schools. In this photo, an Apnishala facilitator is leading conversations around empathy at Chembur's Collector Colony Municipal Marathi School.

Key Achievements of Ummeed

Impact

8
Mentorship sessions offered to community health workers

31
Community workers trained on GMCD tool

2,105
Home visits carried out

383
Children identified

209
GMCD conducted



Access to Livelihoods and Entrepreneurship

Our livelihood and entrepreneurship initiatives have a wide geographical reach, operating in Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, and Tamil Nadu.

Sustainable Development Goals (SDGs) Mapped



No Poverty

End poverty in all its forms everywhere



Zero Hunger

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



Good Health and Well-Being

Ensure healthy lives and promote well-being for all at all ages.



Gender Equality

Achieve gender equality and empower all women and girls.

Decent Work and Economic Growth

Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

Reduce Inequalities Within and Among Countries

Shwethdharma Programme

For the past 5 years, IDFC FIRST Bank's rural flagship programme, Shwethdharma, has been transforming dairy farming for small and marginalised farmers. Shwethdharma embodies a multi-faceted strategy aimed at enhancing the productivity of milch animals. Through advanced reproductive techniques, including artificial insemination with high-quality semen doses, and a focus on nutrition and animal management practices, we are driving substantial improvements in dairy farming. Collaborating with NGOs and incubating Farmer Producer Companies, we ensure the delivery of quality animal nutrition inputs and extension services to dairy farmers. Our doorstep AI (Artificial Insemination) delivery services, coupled with comprehensive animal treatment facilities, underscore our commitment to empowering farmers, especially women, at the grassroots level.

Shwethdharma emphasises building women leadership and entrepreneurship in the dairy sector. Our commitment goes beyond just financial support; we have engaged thought leaders from various divisions of the bank to contribute their expertise. From HR shaping policies to finance structuring, tech teams



In the photo, Lalit Vedula from the IDFC FIRST Impact Team training the all-women board members of Jeevanodak Farmer Producer Company in Pipariya, Madhya Pradesh, under the IDFC FIRST Bank Shwethdharma programme

digitising processes, legal teams ensuring compliance, and branding volunteers strategising rural marketing, everyone adds value to Shwethdara.

Central to our approach is institution-building, fostering a shared vision among stakeholders, and promoting good governance principles. We emphasise the importance of standard operating procedures for consistency and efficiency, coupled with robust project monitoring and

thought leadership initiatives. With a footprint spanning 803 villages across 3 states, Madhya Pradesh, Karnataka, and Rajasthan, and covering approximately 30,000 dairy farmers, our impact is tangible.

Through grassroots interventions and strategic partnerships, we are not only revolutionising dairy farming but also empowering communities and contributing to a sustainable future.

Impact

803

villages covered across 3 states

More than

100,000

Artificial Inseminations performed

₹6 crore

Total turnover of FPCs (Farmer Producer Companies) reached during FY24

29,954

The number of producer farmers covered through FPCs

4

The number of FPCs with all-women membership and leadership

25

The number of women trained as artificial insemination technicians with no dropouts



➤ In the photo, Mr. Adrian Andrade - Chief Human Resources Officer, Mr. Ashish Singh - Head of Rural Banking, Ms. Rachana Iyer - Head of CSR engage with the first cohort of 25 women Artificial Insemination technicians in Jaipur, Rajasthan under the IDFC FIRST Bank's Shwethdara programme



➤ IDFC First Bank's livelihood programme student Aniket Shendge during a practical session in the Electrician department at SAMPARC ITI, Lonavala

Rural Vocational Training Programme

IDFC FIRST Bank in partnership with SAMPARC aims to support livelihoods programme in rural Maharashtra. The programme supports the construction of centres for ITI courses and other vocational training and funds operational expenses at SAMPARC ITI.

The initiative encompasses various aspects, including building basic computer knowledge and English communication skills, in addition to core skills training. It follows a model that emphasises on strong industry linkages and youth counselling, ensuring that the training provided is relevant and aligned with market needs.

Our Impact

We have supported **306** youths from rural areas since the commencement of the programme in 2018, transforming them into certified, skilled individuals who are equipped to join the workforce and become self-reliant. The hands-on skills training, combined with industry exposure and counselling, enables these young men to secure employment opportunities. By empowering them to support themselves and their families, the programme contributes to the economic development and well-being of the rural communities. Those who received training through the programme have also **100%** placement.



Health and Sanitation Programme

Swachh Worli Koliwada

IDFC FIRST Bank, in collaboration with Stree Mukti Sanghatana and the Municipal Corporation of Greater Mumbai, is engaged in the 'Swachh Worli Koliwada' project. Initiated in 2019, the aim of the programme is to build a zero-waste neighbourhood in Worli Koliwada, ensuring cleanliness, raising awareness, and fostering behavioural and sustainable change regarding solid waste management practices and source segregation.

We have successfully completed the programme and significantly impacted **9,690** households covering an area of **360** acres in Worli Koliwada. Till date, we have collected **9,37,328** kg of wet waste and **1,15,544** kg of dry waste.

On September 29, 2023, we conducted a gratitude ceremony of the programme in the presence of MCGM Assistant Engineer Mr. Amit Shetye, former cooperator Mrs. Hemangitai Worlikar, SWK workers and the community leaders, and handed over the programme to the MCGM and the community to continue the intervention.



➤ Under IDFC FIRST Bank's Swachh Worli Koliwada programme, the wet waste is used to create high quality compost which is then sold to generate income for the sanitation workers working under this. In the photo, the compost is being packed.

Operational and Environmental Impact

Operational Impact		Environmental Impact	
● Segregation at source	● 102% increase (40% in Nov'20 to 81% in Mar'23)	● Avoidance in GHG emissions through dry waste recycling	● -87,307.62 kg of CO ₂ -equivalent emissions; equivalent to 17 homes' electricity use for one year
● Waste stopped from landfills	● 1,052,872 kg	● Avoidance in GHG emissions through wet waste composting	● 31,170.54 kg of CO ₂ -equivalent emissions
● Revenue generated from waste	● ₹4,39,312.44 (data is from 2021 onwards)	● Avoidance in emission due to transportation of waste to landfills	● Approx 30 km per day for 3 years of project duration
● Community	● Increased awareness of solid waste management, positive behaviour towards it, reduction in litter, and cleaner public spaces		

● Impact ● Change/Benefit



● Under the IDFC FIRST Bank Swacch Worli Koliwada we helped the Koliwada community with end-to-end waste segregation at source. In the photo, we see a sanitation worker of Stree Mukti Sanghatna segregating waste at Worli Koliwada

Sustainable Development Goals (SDGs) Mapped



Good Health and Well-Being

Ensure healthy lives and promote well-being for all at all ages.



Gender Equality

Achieve gender equality and empower all women and girls.

Paediatric Cancer Care Support Programme

IDFC FIRST Bank, in partnership with Impact Foundation, lends support to parents and guardians who are unable to fund initial diagnosis amounting to ₹30,000-50,000 for

their children admitted at Tata Memorial Hospital. So far, we have supported 48 children in the age group of 6 months to 15 years who were diagnosed with Hodgkin Lymphoma, Synovial Sarcoma, Retinoblastoma, Astrocytoma, Granulosa Cell Tumor, Round Cell Tumor.

Impact Story

Before Intervention

X (Name masked due to patient confidentiality), a 13-year-old girl from Harishchandrapur, West Bengal, was suffering from AML (a type of blood cancer). She experienced high fever and suddenly lost consciousness one day. Her family rushed her to the local hospital, where blood tests revealed her medical condition. After incurring expenses of ₹12,000 at the local hospital, the girl's father, acting on a friend's suggestion, decided to take her to Mumbai's Tata Memorial Hospital. He is a labourer, earning ₹8,000 in a month. To cover the costs, the family borrowed money from friends. As they had decided to travel to Mumbai for further treatment, at Tata Memorial Hospital, they were anxious about the expenses.

Intervention

On the first day at Tata Memorial, when her file was being prepared at the OPD, a social worker spoke to them in detail, did a complete psycho-social-economic assessment of the father and daughter and made both of them comfortable by answering all their questions. The patient assessment form was filled by the social worker. After thorough evaluation, they were put on IDFC FIRST Bank.

Emergency Support Programme. Not only did the programme cover the diagnostic expenses, they also got holistic support from the hospital for food, accommodation, blood products and counselling.

After Intervention

X is currently admitted at Tata Memorial Hospital for chemotherapy and her health is showing improvement.



Other Programmes

Odisha Train Crash Relief Support

IDFC FIRST Bank in partnership with **Odisha Relief Foundation** provided relief support to victims and families of the train accident.



➔ IDFC FIRST Bank Bharat Banking Volunteers distributing food and hygiene kits in Bhubaneswar

25 Bharat Banking volunteers helped in the distribution of the following -

- **Food and water to 614** victims and their families at 3 medical centres in Bhubaneswar, Cuttack and Balasore
- **Hygiene kits to 320** victims and their families in 2 medical centres in Cuttack and Bhubaneswar

FIRST IMPACT team also provided **travel allowance to 300** individuals to help them travel back home safely

Sahayam Flood Relief Programme

IDFC FIRST Bank collaborated with IFBL to support **Tamil Nadu flood relief programme called Sahayam** in Q4 FY24

- Under this initiative, employees from 14 branches of IFBL procured and distributed ration kits to **20,004 families** in **740 villages** across the districts of **Thoothukudi and Tirunelveli**
- The ration kit, comprising rice, wheat, rava, and dal, reached 1,00,020 individuals



➤ IDFC FIRST Bank Bharat banking volunteers at the distribution of ration kits flood relief survivors

Employee Volunteering



➤ Annual Champions of 'Social Good' meet with Mr. V. Vaidyanathan



➤ Ms. Ankita Sirohi from the Bharat Banking division volunteering to create upcycled notebooks



➤ Mr. Ashish Singh, Head of Rural Banking, creating seed pens along with children from Aashray Foundation



➤ Senior management of IDFC FIRST Bank along with FIRST Foot Forward athletes at a Football match



➤ Mr. Hitesh Malhotra, Mr. Gunjan Atal, Mrs. Gyandhara Jain from IDFC FIRST Bank Wholesale Banking volunteer for wheelchair assembly activity



➤ Ms. Hiramani Patra and Volunteers from IDFC FIRST Bank Bharat Banking conducting session on cleanliness and hygiene at a Government School in Odisha

Lend-A-Shoulder Employee Volunteering Programme

- Lend-A-Shoulder Volunteering programme leverages the strengths of our employees to bring a positive change in the communities around us. As part of this programme, employees are encouraged to utilise their skills and strengths and dedicate time to doing social good.
- By investing their time in the community, employees contribute their skills across various themes such as education, health, environment, skilling, marketing, and communications to make a positive impact.
- This programme has been implemented across 27 states ensuring a wide geographical reach.
- Collectively, our employees have volunteered for 19,884 hours and impacted 48,536 people from the underserved and vulnerable communities in FY24
- Rural banking teams volunteered within their communities in every financial quarter to build awareness on financial and digital frauds and

cybersecurity among adults. The teams also reached out to students in community schools during the Swachh Bharat week to highlight the importance of cleanliness and hygiene.

- Urban banking teams volunteered across Tier I and Tier II cities to conduct various training sessions with the youth on career and placement readiness and workplace preparedness. They also organised financial and digital literacy sessions for women from slum communities and undertook drives such as painting and tree plantation for schools and cleaning up beaches and lakes.

18,835
The number of
volunteers who have
taken part in the
initiative till date

74,039
The number of lives
impacted by the
programme till date

Key Programme Highlights In FY24

11,158
volunteers*

Implemented in

462 cities
across 27 states

2789
trees planted

980
events organised

19,884
hours volunteered

70
Goodwill Ambassadors
roped in

824
pints of blood donated

Undertaken
45
different volunteering
activities

79
departments engaged

48,536
community participants
reached

3,991
assets created and
donated

*includes repeat volunteers and off roll employees

Highlights

- We organised a Company-wide ‘Social Good Week’ that mobilised 2053 volunteers across Mumbai, Delhi, Bengaluru, Hyderabad, and Chennai.
- The Bank organised an annual meet up of ‘Social Good’ champion with MD & CEO of IDFC FIRST Bank Mr. V. Vaidyanathan as the guest of honour. The event was a culmination and celebration of the year-long volunteering efforts of all the employees and leaders that committed to doing social good. Top 300 volunteers were invited to the annual felicitation meeting. The event started with a felicitation ceremony for top volunteers and goodwill ambassadors who contributed the maximum number of hours and mobilised maximum volunteers, respectively. The top performing teams got a chance to share their valuable experience with colleagues and MD & CEO of IDFC FIRST Bank.



Mr. V. Vaidyanathan in conversation with the youth community of Catalysts for Social Action during an IDFC FIRST Bank branch visit where the youth learnt basics of Banking and Financial Literacy. In the photo, the youth felicitated him with a painting made by them



Let’s hear from our Lend-A-Shoulder volunteering champions!



Alice Maniyar,
Enterprise
Architecture
Lead-IT

During Ganpati festival in September, the Bank’s technology team organised a beach clean-up drive at Juhu Koliwada in Mumbai. Despite the beach appearing clean to the naked eye, our efforts revealed a different story. As a team, we managed to collect an impressive **700+ kg** of waste during this initiative.

This Lend-A-Shoulder volunteering activity served as an eye-opener for everyone involved. It highlighted the impact of human actions on our planet and allowed us to connect with nature.

Beyond the environmental impact, such clean-up drives also provide an opportunity for team bonding and personal growth. By participating, employees develop sensitive perspectives on society and contribute to a cleaner, healthier environment.

Let’s continue to protect our beautiful planet, one beach at a time.



Radhika Shenoy,
HEAD-CRES,
Volunteering
Champion –
Leader category

As a team committed to giving back to our community, we dedicated 559 hours collectively by volunteering month on month to drive the Bank’s mission of doing ‘Social Good’.

Driven by the belief that we have a responsibility to give back to those in need and recognising the privilege we possess, our team came together to harness our collective energy and resources to impact more than **250 lives**.

As a leader committed to the power of giving through time and service, I have witnessed firsthand the transformative impact of volunteering. It’s not just about the resources we provide, but the connections we forge and the lives we touch. Through volunteering, we cultivate empathy, understanding, and a sense of shared humanity. Every moment spent in service is an investment in building stronger and more compassionate communities. Volunteering isn’t just about what we give; it’s about the profound fulfilment we receive in return, knowing that we’ve made a tangible difference in the lives of others.”

Karma First Donation Programme

This programme is a unique philanthropic initiative that allows our customers to donate a part of their savings or a fixed amount in a recurring fashion to social causes of their choice from a portfolio of credible non-profits.

Currently, we have six non-profits under this initiative across education and livelihoods portfolio. The donations received by the NGOs go towards funding mutually agreed objectives with direct impact on the individuals. This FY24, we have raised around ₹1 lakh worth of donations for the NGOs.

Impact

With the help of Karma First donations, Biswa Gouri Charitable Trust was able to purchase suvidha suraksha kits and initiate conversations around personal safety and sex education with the parents of children with disabilities. The Trust was also able to enroll one of their teachers in the training programme offered by Enfold on personal safety and sex education using the suvidha kit.

The suvidha suraksha kit contains visual teaching-learning material on basics of sexual and reproductive health and personal safety for children and adolescents with intellectual disabilities and autism spectrum disorder. This kit has been developed by a single mother with a child with autism who was part of our Kamyab scholarship programme.

Sustainable Development Goals (SDGs) Mapped



Quality Education

Promoting inclusive and equitable quality education and lifelong learning opportunities for all



Clean Water and Sanitation

Ensuring availability and sustainable management of sanitation for all.



Decent Work and Economic Growth

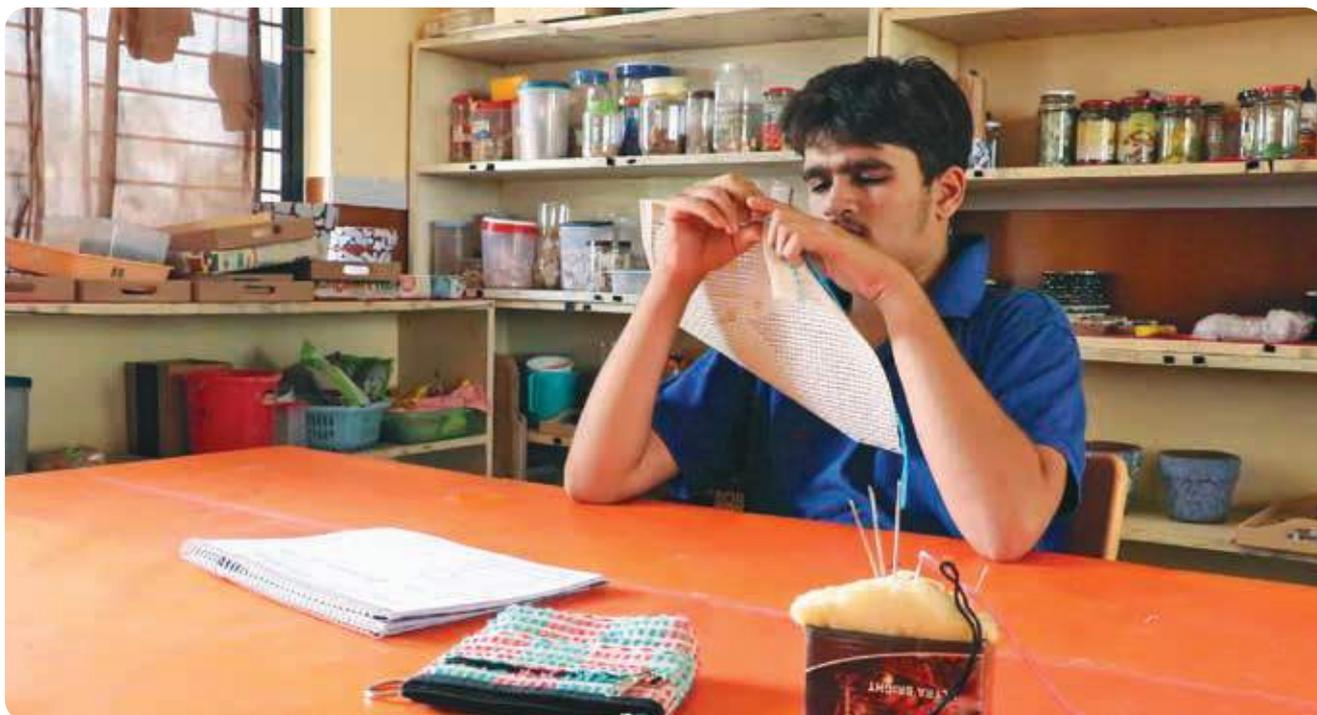
Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.



Reduce Inequalities Within and Among Countries

Responsible Consumption and Production

Ensuring sustainable consumption and production patterns.



➔ Ayan Dogra a student receiving support at the Biswa Gauri Charitable Trust, a Karma FIRST NGO partner in Bangalore



● Khushi Parmar, a Drive Forward scholar preparing for her 9th Standard final examinations

113

The number of scholars impacted by the programme

Drive Forward

IDFC FIRST Bank, in partnership with Animedh Charitable Trust, aims to support the academic goals of young female students. Drive Forward is a unique social good initiative by IDFC FIRST Bank's Toll & Transit Department, dedicated to supporting the education dreams of the children from the driver community across India. We have been running this programme since 2022.

This initiative recognises the pivotal role played by driver partners in the transit and logistics sector and aims to contribute to the welfare of their families by providing financial assistance for the education of their children. Drive Forward is not just a CSR initiative; but a testament to IDFC FIRST Bank's commitment to making a real impact on the lives of the driver community and their families. By focusing on education, Drive Forward seeks to create a multiplying effect, empowering future generations and contributing to the overall development of the community.

The primary objective of Drive Forward is to empower and educate young girls of proud driver-fathers associated with IDFC FIRST Bank. The focus is on students in the 9th, 10th, 11th, and 12th classes, with an initial emphasis on those attending government schools.

Khushi, a 9th-grade student at Parmanand Jethanand Pancholia High School in Kandivali, Mumbai, is a shining example of determination and resilience. She has been awarded the IDFC FIRST Bank Drive Forward scholarship to pursue her studies, a testament to her hard work and potential.

Khushi aspires to be a successful woman and support her family. She firmly believes that educating girls is just as important as educating boys, as women have the power to impact the lives of two families in the future. Her father, Mr. Atul Parmar, has been a cab driver in Mumbai for ten years and is the sole breadwinner of their family. He dreams of seeing his daughter excel in life and secure a good job. His dedication and support inspire Khushi to work hard and achieve her goals.

Khushi's story is one of hope and inspiration. Her belief in the power of education and her commitment to her dreams serve as a beacon of light for other young girls. With the support of her family and the IDFC FIRST Bank Drive Forward scholarship, Khushi is on her way to achieving great things and making her father's dreams come true.

Key Highlights

MBA Scholar Meet

Our Bank hosted the MBA Scholar Meet, which brought together 94 scholars from 35 colleges in 15 states who had been awarded scholarships to pursue their MBAs.

Mr. V. Vaidyanathan, MD & CEO of IDFC FIRST Bank, and the Bank's leadership met and interacted with the talented scholars from the FY23-25 batch of our flagship MBA Scholarship programme, an initiative that aims to assist talented youth seeking financial support to pursue higher education. This event was held as a part of the thought leadership programme to provide a platform for scholars to gather and meet with leaders and learn about their thoughts and opinions on career-building opportunities.

SKOCH Award

The esteemed SKOCH Award in the Financial Inclusion category was given to IDFC FIRST Bank's 'Shwetdhara' programme. This award is a testament to our work in improving the dairy farming practices of rural Madhya Pradesh, Rajasthan, and Karnataka, enabling women to become financially independent and raising their standard of living.

Karma Summit Award

IDFC FIRST Bank's FIRST IMPACT team received a Supercharger award for their Lend-A-Shoulder volunteering programme at the Goodera-hosted Karma Summit. The Supercharger Award recognises businesses that have experienced significant growth by involving large numbers of volunteers across multiple geographies. This year, the Bank covered 462 cities across 27 states.

The Bank's model of mobilisation encourages leaders to commit to championing the Bank's mission of doing social good. By way of appointing one goodwill ambassador from each of their teams in various locations and by volunteering themselves, leaders of various departments not only inspire their teams, but also bring forth a sense of collective giving among the participants. This year, we mobilised 79 departments via 70 goodwill ambassadors.



➊ IDFC FIRST Bank's Shwetdhara FIRST IMPACT's Shwetdhara program receives SKOCH Award for Financial Inclusion. In photo (from right) Dr Gursharan Dhanjal, Vice Chairman, SKOCH Group, Mr. Sameer Kochhar, Chairman, SKOCH Group and Ms. Rachana Iyer

Recognised for Excellence



Most Preferred Workplace of 2023-24 – 3rd edition of **Most Preferred Workplace Awards** 2023 by Team Marksmen



IDFC FIRST Bank wins two **'National Awards for Excellence'**



Sustainability Summit & Awards 2023 by UBS Forums



IDFC FIRST Bank emerges as the **'Best Digital Bank'** at **FE India's Best Banks Awards 2023**



ESG Summit & Awards 2023 by Transformance Forums



The **prestigious Golden Peacock Award** for ESG (National) 2023



The Best Corporate Governance Award 2023



CFI Award for Outstanding Commitment to ESG Performance in 2023



BFSI & FINTECH Summit 2024
– **India's Leading Private Bank (Mid)**



The **Digital Sourcing & Decisioning Excellence** award at **Lentra CNBC-TV18** Digital Lending Summit



Leap to Unicorn awarded as **'Best Innovation in Banking'** by **Aegis Graham Bell Awards** – A MeitY initiative

SKOCH Award in the Financial Inclusion Category



- In recognition of being the largest contributor in retail of Honda Motorcycle and Scooter India among the two-wheeler financiers, IDFC FIRST Bank was felicitated by the company's Director of Operations, Mr. Yogesh Mathur

Unwavering Commitment to Ethical Leadership and Integrity



MR. SANJEEB CHAUDHURI

Chairperson (Independent)

Mr. Sanjeeb Chaudhuri is a Board member and Advisor to large commercial and non-profit organisations across Europe, the USA, and Asia, with over four decades of senior multinational business experience across global banks and consumer companies. He was listed among the Top 25 Media Visionaries in Asia Pacific in 2016 and is a featured speaker at premier global marketing and media events in Europe and Asia. Mr. Chaudhuri was the Regional Business Head for India and South Asia for Retail, Commercial and Private Banking and the Global Head of Brand and Chief Marketing Officer at Standard Chartered Bank. Prior to this, he was CEO of Retail and Commercial Banking for Citigroup, Europe, Middle East, and Africa. He is an MBA in Marketing and has completed an Advanced Management Programme. He is also a Global Mentor at the Columbia Business School Center for Technology Management.



MR. PRAVIR VOHRA

Independent Director

Mr. Pravir Vohra is a postgraduate in Economics from St. Stephen's College, University of Delhi, and a Certified Associate of the Indian Institute of Bankers. He began his career in banking with the State Bank of India (SBI), 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 and 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 several functions like the Retail Technology Group and Technology Management Group. From 2005 to 2012, he was the President and Group CTO at ICICI Bank. Post his retirement from ICICI Bank in 2012, he mentored startups in the payments space and, more recently, completed a two-year assignment with New Development Bank, Shanghai. In the industry, Mr. Vohra has immense experience and knowledge in IT architecture, domain expertise in financial products, process re-engineering, IT operations and strategy and continues to serve on the Technology Advisory Committees of organisations like the Bombay Stock Exchange (BSE) Limited, Indian Clearing Corporation, and National Payments Corporation of India (NPCI), etc.

**MR. AASHISH KAMAT**

Independent Director

Mr. Aashish Kamat has over 32 years of experience in the corporate world, with 24 years in banking and financial services, six years in public accounting and two years in private equity. Until March 31, 2021, Mr. Kamat was the Co-managing Partner for the GCC Asia Growth Fund. He was the Country Head for UBS India from 2012 until his early 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 he was the Global Controller for the Investment Bank (IB) at JP Morgan and Bank of America as the Global CFO for the IB and Consumer & Mortgage Products. He started his career in 1988 with Coopers & Lybrand, a public accounting firm, before he joined JP Morgan in 1994. Mr. Kamat holds a B.A. in Accounting from Franklin & Marshall College, USA and is also a Certified Public Accountant (CPA).

**MR. S. GANESH KUMAR**

Independent Director

Mr. S. Ganesh Kumar is an M.B.A., B.Sc., Diploma in Banking, B.G.L., C.A.I.I.B. Mr. S Ganesh Kumar was the Executive Director of the Reserve Bank of India and was with it for more than three decades. His recent responsibilities included the entire gamut of Payment and Settlement Systems, the creation and development of strategic plans for the Bank and taking care of the external investments and managing the foreign exchange reserves.

He was associated with the Institute for Development and Research in Banking Technology. He had a key role in the establishment of new institutions such as the National Payments Corporation of India, the Reserve Bank Information Technology Private Limited, and the Indian Financial Technology and Allied Services (IFTAS), to name a few. He was also associated with the National Cyber Security Council of the Government of India, and in the framing of the Payment and Settlement Systems Act of the country. He had a role to play in ideating, design, development of innovative, technology based retail payment systems for India, including some of the payment systems now being operated by the National Payments Corporation of India (NPCI).



DR. (MRS.) BRINDA JAGIRDAR

Independent Director

Dr. (Mrs.) Brinda Jagirdar is an independent consulting economist with a specialisation in areas relating to banking and economics, including Agriculture Economics. She is a member of the Reserve Bank of India's Depositor Education and Awareness Fund Committee. She is on the Governing Council of Treasury Elite, a knowledge-sharing platform for finance and treasury professionals. She is a member of the Managing Committee of the All India Bank Depositors Association of the Forum of Free Enterprise. Dr. Jagirdar retired as General Manager and Chief Economist, at SBI, based at its corporate office in Mumbai. In March 2019, she was recognised as among India's Top 100 Women in Finance by the Association of International Wealth Management of India. She has a brilliant academic record, with a Ph.D. in Economics from the Department of Economics, University of Mumbai, an 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 a 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.



MS. MATANGI GOWRISHANKAR

Independent Director

Ms. Matangi Gowrishankar, a career business & human resources professional, has over four decades of experience in senior leadership roles in business and HR, both in India and overseas. She is an experienced Independent Director and has worked with large multinational corporations in regional and global roles, in diverse industry sectors like Banking, IT, Financial services, Manufacturing, Sports and Fitness and Oil & Gas. As an Executive Coach, Ms. Matangi had worked with a wide range of top leadership individuals and teams across several career stages and is actively involved in coaching and mentoring senior leaders across several organisations. She has deep expertise in business processes and is passionate about building high-performance teams.

Ms. Matangi holds a BA in sociology and a post-graduate degree in Personnel Management and Industrial Relations from XLRI, Jamshedpur. She has also completed Strategic Human Resources Executive Development Programmes from Harvard and Cornell and is a qualified Neuroscience, Brain Based Coach and is adept at using multiple psychometric tools and processes for enhancing leadership capabilities.

**DR. JAIMINI BHAGWATI****Non-Executive,
Non-Independent Director**

Dr. Jaimini Bhagwati is a former IFS officer, economist and foreign policy expert. He was the High Commissioner to the UK and Ambassador to the European Union, Belgium and Luxembourg. Dr. Bhagwati has served in senior positions in the Government of India, including in foreign affairs, finance and atomic energy. In his earlier role at the World Bank, he was a specialist in international bond and derivatives markets and was the RBI chair professor at ICRIER. He is currently a Distinguished Fellow at a Delhi based think - tank called the Centre for Social and Economic Progress.

Dr. Bhagwati received his PhD in Finance from Tufts University, USA. He did his Master's in Physics from St Stephen's College, Delhi and a Master's in Finance from the Massachusetts Institute of Technology, USA. Penguin published his book titled "The Promise of India: How Prime Ministers Nehru to Modi shaped the nation" in August 2019 and his papers have been carried in several books, ICRIER and at the World Bank. His Working Paper dated January 19, 2022 at CSEP is titled "Insolvency and Bankruptcy Code (IBC) and Long - term Bulk Lending in India".

Also, two of his recent Research Papers published by CSEP in February 2024 is titled "Riding the tracks of time: Indian Railways an Unfinished Revolution" and "Crossroads of Power: Economic Aspects of India's Relations with neighbours to its North and East".

**MR. MAHENDRA N. SHAH****Non-Executive,
Non-Independent Director**

Mr. Mahendra N. Shah was the Group Company Secretary & Group Chief Compliance Officer of IDFC Bank Limited and had been the Group Head - Governance, Compliance & Secretarial and Senior Advisor - Taxation at IDFC Limited for more than two decades. In this role, Mr. Shah was responsible for Secretarial, Governance and Compliance functions for over 26 companies/entities of IDFC Group. Mr. Shah was the Company Secretary & Compliance Officer of IDFC Limited since May 24, 2019 and currently has been the Managing Director of IDFC Limited with effect from August 24, 2022. Prior to joining IDFC in 2001, Mr. Shah worked with International Paper Limited for a period of six years as Director Finance and Company Secretary where he was in charge of finance function and regulatory compliances. Mr. Shah has worked as Head of Taxation in SKF Bearings India Limited where he was responsible for Direct and Indirect Taxation matters of the Company across India. He also worked for a short period with Pfizer Limited as Finance Officer.

He completed his articleship training for CA with M/s. Bansi S. Mehta & Co, CA for 3 years. He is a qualified member of the Institute of Chartered Accountants of India (ICAI), the Institute of Cost & Management Accountants of India (ICMA) and the Institute of Company Secretaries of India (ICSI).



MR. VISHAL MAHADEVIA

**Non-Executive,
Non-Independent Director**

Mr. Vishal Mahadevia is Head of Asia Private Equity and Co-Head of Financial Services, and a member of the Executive Management Group at Warburg Pincus. Prior to joining Warburg Pincus in 2006, he worked with private equity funds, Greenbriar Equity Group, and Three Cities Research. He also worked as a consultant with McKinsey & Company. He currently serves as a Managing Director of Warburg Pincus Singapore Pte. Ltd. Mr. Mahadevia is also Director of Apollo Tyres Limited and Warburg Pincus India Private Limited.

He received a B.S. in Economics with a concentration in Finance and a B.S. in Electrical Engineering from the University of Pennsylvania.



MR. V. VAIDYANATHAN

Managing Director & CEO

Mr. V. Vaidyanathan worked with Citibank and ICICI Bank (2000-2010). He then acquired a stake in an existing listed small wholesale NBFC, concluded a Leveraged Management Buyout of the company, recapitalised the company by raising fresh equity, and founded Capital First (2012) as a new entity and brand. He then built a Retail+MSME financing business and turned around the company from loss of ₹30 crores in 2009 to ₹327 crores in 2018. The market cap increased 10X. He later merged Capital First with IDFC Bank and became the Managing Director & CEO of the merged entity, then renamed IDFC FIRST Bank. He is currently working on the vision of the bank "To build a world-class bank in India, guided by ethics, powered by technology, and be a force for social good. He is an alumnus of Birla Institute of Technology and Harvard Business School.



MR. PRADEEP NATARAJAN
Executive Director

Mr. Pradeep Natarajan has been in a leadership position with IDFC FIRST Bank Limited for five years since December 2018, and is currently the Head of Retail Banking of the Bank. He is highly committed to the vision of the Bank to build a world-class Bank in India, guided by ethics, powered by technology, and to be a force for Social Good.

Mr. Natarajan is a customer focused and respected industry thought leader with a broad expertise in Business Development, Technology, Risk Analytics, Debt Management, Project Management, Customer Service and Marketing. Prior to this role Mr. Natarajan has had stints in reputed organisations such as Standard Chartered Bank, Dell India, Religare Macquarie Wealth Management and Capital First Limited where he held leadership roles. He is a management graduate from Sydenham Institute of Management Studies (batch of 1998) with a bachelor's degree in mechanical engineering, and his professional experience is spread across diverse industry segments such as Banking, Technology & Wealth Management.

Directors' Report

Dear Members,

Your Board of Directors are pleased to present the 10th Annual Report of IDFC FIRST Bank Limited ('IDFC FIRST Bank' or the 'Bank') together with the Audited Financial Statements for the Financial Year ('FY') ended March 31, 2024.

STATE OF AFFAIRS OF THE BANK

The Bank has successfully diversified its overall business mix and added new product/ product variants during FY 2023-24. The Bank launched many new products in Retail as well as Wholesale Banking segments over the last three years and scaled them up during FY 2023-24. The achievements during the FY 2023-24 are mentioned below:

1. Growth in Funded Assets:

- The Banks' Loan Book is well diversified across 25 business lines. All key Business lines of the Bank are growing healthily.
- Funded assets (including advances & credit substitutes and net of IBPC) increased by 25% YoY from ₹ 160,599 crore as on March 31, 2023 to ₹ 200,965 crore as on March 31, 2024.
- The Bank has reduced its corporate (non-infra) loan book to 15% as on March 31, 2024.
- Infrastructure financing reduced by 39% on a YoY basis and now constitutes only 1.4% of total funded assets as on March 31, 2024.
- In line with strategy to reduce the concentration risk, the Bank has reduced its exposure to top 20 single borrowers to 6% as of March 31, 2024.
- Similarly, the Bank has reduced its exposure to top 5 industries also to 19% in March 31, 2024, which has further strengthened the balance sheet.

2. Growth in Retail Liabilities:

- The Bank is seen as a "high quality institution", with high focus on customer service, strong digital capabilities and high levels of corporate governance, attracting the customers to open an account with the Bank and enabling the Bank to grow deposits at a strong pace.
- Customer Deposits of the Bank increased to ₹ 193,753 crore as on March 31, 2024 as compared to ₹ 136,812 crore as on March 31, 2023, YoY increase of 42%.
- The total CASA Deposits increased to ₹ 94,768 crore as on March 31, 2024 from ₹ 71,983 crore as on March 31, 2023, YoY increase of 32%.
- Average CASA Ratio for FY 2023-24 stood at 45.58% as compared to 48.48% for FY 2022-23.
- The total deposits including certificate of deposits increased by 39% YOY to reach ₹ 200,576 crore as of March 31, 2024 from ₹ 144,637 crore as of March 31, 2023.

- Retail Deposits are now 78% of the overall customer deposits as of March 31, 2024, in line with the strategic priority to retailize the deposits.
- The Bank continues to run-down, the pre-merger legacy borrowings. It has reduced the dependence on certificate of deposits and is building a high quality retail deposits franchise.
- The Bank maintained incremental credit to deposits ratio of only 76.2% in FY 2023-24.

3. Growth in Core Earnings:

- Strong Net Interest Income ('NII') Growth: For the full year, total NII increased by 30% to ₹ 16,451 crore in FY 2023-24 from ₹ 12,635 crore in FY 2022-23.
- Strong Net Interest Margin ('NIM') improvement: The NIM (NIM = Net Interest Income as a % of interest earning gross of IBPC and sell-down) for the full year FY 2023-24 was at 6.36% as compared to 6.05% in FY 2022-23.
- Strong growth in Total Income (NII + Fees and Other Income + Trading Gain): The total income for the full year increased by 31% to ₹ 22,453 crore in FY 2023-24 from ₹ 17,102 crore in FY 2022-23.
- Healthy Growth in Core Operating Profit (Operating Profit Net of Trading Income): For the full year, the Core Operating Profit grew by 31% to ₹ 6,030 crore in FY 2023-24 from ₹ 4,607 crore in FY 2022-23.
- Provision: For the full year, total Provisions stood at ₹ 2,382 crore in FY 2023-24 as compared to ₹ 1,665 crore in FY 2022-23.
- Profit After Tax: The Net Profit for the FY 2023-24 was ₹ 2,957 crore as compared to ₹ 2,437 crore in FY 2022-23.

4. Strong Asset Quality of the Bank:

- Bank's Gross NPA ratio as of March 31, 2024 stood at 1.88% as compared to 2.51% as on March 31, 2023.
- Bank's Net NPA ratio as on March 31, 2024 stood at 0.60% as compared to 0.86% as on March 31, 2023.
- Provision Coverage Ratio including technical write-offs was 86.58% as on March 31, 2024 as compared to 80.29% as on March 31, 2023. Net of technical write-off, the provision coverage ratio improved to 68.79% as on March 31, 2024 from 66.43% as of March 31, 2023.

Excluding the NPA in the infrastructure financing book which will run down in due course, the Gross and Net NPA of the Bank would be 1.55% and 0.42% and the PCR including technical write off would be 89.51%, as on March 31, 2024. Here, the provision coverage ratio, excluding technical write off, would be 73.42% as of March 31, 2024.

5. Improved Asset Quality on Retail, Rural & SME Finance Book:

- Gross NPA ratio of this segment improved to 1.38% as on March 31, 2024 as compared to 1.65% as on March 31, 2023.
- Net NPA ratio of this segment improved to 0.44% as on March 31, 2024 as compared to 0.55% as on March 31, 2023.
- Provision Coverage Ratio (including technical write-offs) was 88.34% as on March 31, 2024 as compared to 82.43% as on March 31, 2023.

6. Strong Capital Adequacy:

- The Bank raised equity capital of ~ ₹ 3,000 crore from set of Marquee investors through Qualified Institutional Placement in October, 2023.
- Capital Adequacy Ratio stood at 16.11% with CET-1 Ratio at 13.36% as on March 31, 2024.

7. Strong Franchise:

- As on March 31, 2024, the Bank has built a national footprint through the operation of 944 branches (out of which 617 are Urban Branches and 327 are Rural Branches) across India, 263 asset outlets, 1164 ATMs and 754 Corporate Business Correspondent ('BC') branches. The Bank added 135 new branches and 239 new ATMs during the year FY 2023-24.

Points of Presence comparison chart:

Particulars	FY 2023-24	FY 2022-23
Urban Bank Branches	617	487
Rural Bank Branches	327	322
ATMs (including Recyclers)	1,164	925
Asset Service Branches	263	260
Rural BC Branches (IDFC FIRST Bharat Limited)	638	614
Other BC Branches	116	189

- The Bank offers a wide gamut of products to cater to the needs of customers from all segments which can be viewed on our website at www.idfcfirstbank.com.

FINANCIAL HIGHLIGHTS

Particulars	FY 2023-24	FY 2022-23
Deposits	200,576	144,637
Borrowings	50,936	57,212
Investments	74,710	61,124
Advances	194,592	151,795
Total Assets/ Liabilities	296,115	239,942
Total Income	36,324	27,195

(₹ in crore)

Particulars	FY 2023-24	FY 2022-23
Profit Before Tax	3,855	3,267
Net Profit	2,957	2,437
Balance in Profit & Loss Account brought forward from previous year	(2,556)	(3,870)
Amount available for Appropriations	401	(1,433)
Appropriations		
Transfer to Statutory Reserve	740	610
Transfer to Capital Reserve	21	96
Transfer to Special Reserve	64	65
Transfer to Investment Reserve	49	79
Transfer to Investment Fluctuation Reserve	215	274
Balance in profit and loss account carried forward	(688)	(2,556)
Capital adequacy ratio (Basel III)	16.11%	16.82%
Gross NPA %	1.88%	2.51%
Net NPA %	0.60%	0.86%

DIVIDEND

Though the Bank has distributable profits in terms of the Reserve Bank of India ('RBI') Guidelines, there is a restriction under the Companies Act, 2013 ('Act') which prohibits a company from declaring dividend in case of accumulated losses. The Bank has a debit balance in the Profit and Loss account of ₹ 687.84 crore as of March 31, 2024 and hence, the Board of Directors of the Bank ('Board') has not recommended any dividend on Equity Shares for the FY 2023- 24.

In accordance with Regulation 43A of the Securities and Exchange Board of India ['SEBI'] (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('SEBI Listing Regulations'), our Bank has formulated a Dividend Distribution Policy, which ensures a fair balance between rewarding its members and retaining enough capital for the Bank's future growth.

This Policy is available on the Bank's website: www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → 'Policies' section.

CAPITAL

Authorised Share Capital

As on March 31, 2024, the Authorised Share Capital of the Bank was ₹ 753,80,000,000 comprising of 7,500,000,000 Equity Shares of ₹ 10 each and 3,800,000 preference shares of ₹ 100 each.

Paid-up Equity Share Capital

Qualified Institutions Placement ('QIP')

Basis approval of the Board at their meeting held on July 29, 2023 and by virtue of special resolution passed by the members of the Bank at the 9th Annual General Meeting ('AGM') of the Bank held on August 31, 2023, the duly authorized committee of the Board at its meeting held on October 06, 2023 approved the issue and allotment of 332,409,972 Equity Shares of face value of ₹ 10 each to several marquee investors at an issue price of ₹ 90.25 per Equity Share (including a premium of ₹ 80.25 per share) aggregating to ~ ₹ 3,000 crore.

The Bank has fully utilized the amount raised through QIP for the purpose for which it was raised. The Bank has also ensured to comply with all legal/ statutory guidelines and procedures with respect to the aforesaid QIP.

Allotment of Equity Shares pursuant to exercise of stock options

During FY 2023-24, 119,392,065 Equity Shares of ₹ 10 each were issued and allotted to the eligible employees of the Bank pursuant to exercise of stock options granted under 'IDFC FIRST Bank Limited Employee Stock Option Scheme 2015' ('IDFC FIRST Bank ESOS – 2015').

As on March 31, 2024, the issued, subscribed and paid-up Equity Share capital of Bank was ₹ 70,699,238,530 comprising 7,069,923,853 equity shares of ₹ 10 each.

Subsequent to the year under review and as on date of this report, the Bank has allotted 1,335,534 Equity Shares of ₹ 10 each to the allottees upon exercise of stock options granted under IDFC FIRST Bank ESOS – 2015. Post the said allotment and as on date of this report, the paid-up Equity Share Capital of the Bank stands at ₹ 70,712,593,870 comprising 7,071,259,387 Equity Shares of ₹ 10 each.

Our Bank has not issued any Equity Shares with differential voting rights.

Issuance of 'Basel III Tier-II Bonds' on Private Placement basis

In accordance with the powers granted by the Board, the duly authorized Committee of the Board had issued Tier II Bonds for an issue size of ₹ 1,500 crore. The Bonds were issued with 10 year door-to-door tenor with an annual Call Option beginning from the 5th year from date of allotment. The issue was successfully completed on June 27, 2023.

Capital Adequacy

Our Bank is well capitalised and has a Capital Adequacy Ratio under Basel III as at March 31, 2024 of 16.11% (as against the RBI minimum requirement of 11.50%) and with Tier-I Capital Adequacy Ratio being 13.36%. The Bank raised ~ ₹ 3,000 crore of fresh equity capital and ₹ 1,500 crore of Tier-2 capital during FY 2023-24.

With such capital buffer, our Bank continues to enjoy the highest levels of confidence from the Indian financial ecosystem including capital market participants, depositors and our customers.

Considering the strong growth opportunities in India (India is a growing emerging economy with under-penetrated market comprising large base of consumers and SMEs), the strong asset track record (combined with Capital First and IDFC Bank) with robust asset quality along with sustainable and granular liability franchise, our Bank is well placed to grow its business in the future.

As a Bank, it is our endeavour to be strong custodians of public depositors/ shareholders and to further strengthen the Balance Sheet immensely.

Ratings

The details of credit ratings obtained by the Bank along with revisions thereto, during the FY 2023-24, for various debt & financial instruments outstanding as on March 31, 2024, are disclosed in the Corporate Governance Report, forming part of this Annual Report.

PERFORMANCE AND CONTRIBUTION OF SUBSIDIARY AND ASSOCIATE COMPANIES

The Bank has one wholly owned Subsidiary Company, namely IDFC FIRST Bharat Limited ('IFBL').

IFBL is acting as a Business Correspondent ('BC') for distribution of the products of IDFC FIRST Bank and has given an added momentum to the financial inclusion plan of the Bank.

During FY 2023-24, IFBL has sourced loans worth ₹ 17,516 crore. IFBL reported a Profit After Tax of ₹ 58.41 crore for FY 2023-24 as against ₹ 47.61 crore for FY 2022-23 as per IND-AS.

IDFC FIRST Bank's policy for determining material subsidiaries is available on the Bank's website at www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → 'Policies' section.

The Bank has only one Associate Company as on March 31, 2024, viz. Millennium City Expressways Private Limited, in which it holds 29.31% equity stake.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Section 129(3) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, as amended, the Bank has prepared consolidated financial statements, which forms part of this Annual Report. The statement in Form AOC-1 containing the salient features of the financial statements of the Subsidiary and Associate Company of the Bank, also forms part of this Annual Report and is appended as **ANNEXURE 1**.

In accordance with the fourth proviso to Section 136(1) of the Act and Regulation 46(2)(s) of the SEBI Listing Regulations, the Annual Report of the Bank, containing standalone financial statements and the consolidated financial statements and all other documents required to be attached thereto are available on the Bank's website at www.idfcfirstbank.com under 'Investors' → 'View All Annual Reports'.

Further, in accordance with the fifth proviso to the said section, the Annual Report of IFBL containing therein its audited financial statements has been hosted on the Bank's website at www.idfcfirstbank.com under 'Investors' → 'View All Annual Reports'.

UPDATE ON THE AMALGAMATION OF IDFC LIMITED WITH BANK

The Board at its meeting held on July 03, 2023, had amongst others, approved the composite Scheme of Amalgamation of IDFC Financial Holding Company Limited into and with IDFC Limited, and Amalgamation of IDFC Limited into and with IDFC FIRST Bank Limited, and their respective shareholders, under Sections 230 to 232 of the Companies Act, 2013 and other applicable laws including the rules and regulations ('Scheme').

The Share Exchange Ratio for the Amalgamation of IDFC Limited into and with IDFC FIRST Bank Limited shall be 155 Equity Shares (credited as fully paid-up) of face value of ₹ 10 each of IDFC FIRST Bank Limited for every 100 fully paid-up Equity Shares of face value of ₹ 10 each of IDFC Limited. The proposed Amalgamation will result in simplification of the Corporate Structure and the Equity Shareholders of IDFC Limited will directly hold Equity Shares in the Bank, thereby offering them larger free public float of the combined listed company.

The Bank has received approvals/no-objections from various regulatory and statutory authorities, as required in terms of applicable laws. Further, basis the Joint Company Scheme Application filed with the Hon'ble National Company Law Tribunal ('NCLT'), Chennai Bench, Chennai, the Bank has received the Order from NCLT, Chennai Bench, Chennai dated March 22, 2024, directing the Bank, to *inter - alia* convene the meetings of its Equity Shareholders and Non-Convertible Debenture holders, on Friday, May 17, 2024, at 2:00 p.m. and at 4:00 p.m., respectively, for the purpose of considering and, if thought fit, approving with or without modification(s) the arrangement embodied in the Scheme.

The update on Amalgamation of IDFC Limited with Bank is available on the website of the Stock Exchanges i.e. BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') and on website of the Bank at www.idfcfirstbank.com under 'Investors' → [Composite Scheme of Amalgamation with IDFC Limited](#)

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment/ Re-appointment/ Cessation of Directors

All appointments/ re-appointments of Directors are made in accordance with the relevant provisions of the Act and the rules framed thereunder, the SEBI Listing Regulations, the Banking Regulation Act, 1949 ('Banking Regulation') and the rules, guidelines and circulars issued by the RBI from time to time. The Bank has in place a framework for Board Diversity, Fit & Proper Criteria and Succession Planning for appointment of Directors on the Board of the Bank.

The Nomination and Remuneration Committee of the Board ('NRC') conducts due diligence before appointment of Directors and ensures adherence to 'Fit and Proper' criteria, as prescribed by RBI.

Changes in the Board of the Bank during the Financial Year 2023-24, are as follows:

Mr. Vishal Mahadevia

Mr. Vishal Mahadevia (DIN: 01035771), was re-appointed as a Non-Executive Non-Independent Director of the Bank for his second term of 3 consecutive years commencing from December 18, 2023 upto December 17, 2026 (both days inclusive). The said re-appointment was approved by the shareholders of the Bank at the 9th AGM of the Bank held on August 31, 2023.

Mr. Mahendra N. Shah

Mr. Mahendra N. Shah (DIN: 00124629) was appointed as an Additional Director in the category of Non-Executive Non-Independent Director of the Bank for a period of 1 year commencing from August 30, 2023 upto August 29, 2024 (both days inclusive). The said appointment was approved by the shareholders of the Bank through Postal Ballot on November 27, 2023.

Mr. Aashish Kamat

Mr. Aashish Kamat (DIN: 06371682), was re-appointed as an Independent Director of the Bank for his second term of 3 consecutive years commencing from December 18, 2023 upto December 17, 2026 (both days inclusive). The said re-appointment was approved by the shareholders of the Bank through Postal Ballot on November 27, 2023.

Dr. (Mrs.) Brinda Jagirdar

Dr. (Mrs.) Brinda Jagirdar (DIN: 06979864), was re-appointed as an Independent Director of the Bank for her second term of 1 year commencing from December 18, 2023 upto December 17, 2024 (both days inclusive). The said re-appointment was approved by the shareholders of the Bank through Postal Ballot on November 27, 2023.

Ms. Matangi Gowrishankar

Ms. Matangi Gowrishankar (DIN: 01518137) was appointed as an Additional Director in the category of Independent Director of the Bank for a period of 4 consecutive years commencing from January 20, 2024 up to January 19, 2028 (both days inclusive), subject to approval of the shareholders of the Bank. The said appointment was approved by the shareholders of the Bank through Postal Ballot on March 27, 2024.

Mr. Madhivanan Balakrishnan

Mr. Madhivanan Balakrishnan (DIN: 01426902) was appointed as an Whole Time Director (Additional Director), designated as 'Executive Director' and Chief Operating Officer' of the Bank, for a period of 3 consecutive years, commencing from June 20, 2023 upto June 19, 2026 (both days inclusive), subject to the approval of the shareholders of the Bank. The said appointment was approved by the shareholders of the Bank at the 9th AGM of the Bank held on August 31, 2023.

Mr. Madhivanan Balakrishnan tendered his resignation and ceased to be the Executive Director of the Bank with effect from the close of business hours on December 06, 2023.

Mr. Pradeep Natarajan- Application to the RBI for appointment as Whole-Time Director designated as Executive Director

The Board at its meeting held on December 30, 2023 had approved making of an application to the RBI for the appointment of Mr. Pradeep Natarajan (DIN: 10499651) as the Whole-Time Director designated as Executive Director of the Bank, for a period of 3 years and on such terms as may be approved by the RBI, and subject to approval of the shareholders of the Bank. The Bank has made an application to RBI for appointment of Mr. Pradeep Natarajan, as the Whole-Time Director designated as Executive Director of the Bank.

Mr. Ajay Sondhi

Mr. Ajay Sondhi (DIN: 01657614) tendered his resignation and ceased to be a Non-Executive Non-Independent Director of the Bank with effect from August 23, 2023.

Mr. Hemang Raja

Mr. Hemang Raja (DIN: 00040769) ceased to be an Independent Director of the Bank with effect from December 17, 2023, upon completion of his term as an Independent Director of the Bank.

Re-appointment of Director retiring by rotation

Dr. Jaimini Bhagwati (DIN: 07274047), Non-Executive Non-Independent Director whose office is liable to retire at the ensuing AGM, being eligible, seeks re-appointment in terms of the provisions of Section 152(6) of the Act. The resolution for the said re-appointment will form part of the Notice of ensuing AGM.

Brief profiles of all the Directors of the Bank are available on the Bank's website at www.idfcfirstbank.com under 'About Us' → 'Board of Directors'.

None of the Directors of the Bank are disqualified in accordance with Section 164 of the Act.

Further, the Bank has received certificate from M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, Bank's Secretarial Auditor, certifying that during the Financial Year under review, the Board of the Bank is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors.

Also, as per the SEBI Listing Regulations, the Bank has received certificate from M/s. Bhandari & Associates, Practicing Company Secretaries, stating that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI / Ministry of Corporate Affairs or any such other statutory authority.

As on the date of this report, in terms of Section 203(1) of the Act, Mr. V. Vaidyanathan, Managing Director & Chief Executive Officer ('**MD & CEO**'), Mr. Sudhanshu Jain, Chief Financial Officer & Head – Corporate Centre and Mr. Satish Gaikwad, Head – Legal & Company Secretary are the Key Managerial Personnel ('**KMP**') of the Bank.

Statement on Declaration by Independent Directors

The Bank had received declaration from all the Independent Directors ('**IDs**'), at the time of appointment and also at the first meeting of the Board held in FY 2023-24, that they meet the criteria of independence specified under sub-section (6) of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended and Regulation 16(1)(b) of the SEBI Listing Regulations, for holding the position of ID and that they shall abide by the 'Code for Independent Directors' as per Schedule IV of the Act. There has been no change in the circumstances affecting their status as ID. In the opinion of the Board, the IDs possess the requisite integrity, experience, expertise and proficiency required under all applicable laws and the policies of the Bank.

Further, all the IDs of the Bank have complied by Rule 6 (Compliances required by a person eligible and willing to be appointed as an independent director) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, and have also declared their enrolment in the databank of ID maintained by Indian Institute of Corporate Affairs ('**IICA**').

Familiarisation Programmes for Board Members

At the time of appointment, all Directors of our Bank are familiarized with their roles, responsibilities, rights and duties along with a brief overview of our Bank's operations in a nutshell.

The Board is further provided with necessary documents, reports and internal policies to enable them to familiarize with the Bank's procedures and practices. These include in particular, Board Committees Chart, Code of Conduct for Board of Directors, Code of Conduct for Prohibition of Insider Trading, Policy of Related Party Transactions, Details of payment of Sitting Fees to Non-Executive Director, etc. Also, a web-link to access the historical data on Financial Results, Annual Reports, Investor Presentation, Memorandum & Articles of Association of the Bank and other relevant regulatory documents is provided to the Directors.

Directors are given opportunity to attend to select programmes organized by reputed institutions e.g. Centre for Advance Financial Research and Learning, the Institute for Development and Research in Banking Technology, Indian Institute of Corporate Affairs etc.

Detailed presentations are made at the Board and Committee meetings on business and its performance of the Bank on a periodic basis, global business environment, business strategy and associated risks, responsibilities of the Directors, regulatory updates, etc.

Detailed presentations on the Bank's business and updates thereon were made at the meetings of the Board and Committees held during the year.

BOARD MEETINGS

The Board met 12 times during FY 2023-24, i.e. on April 29, 2023, June 20, 2023, June 26, 2023, June 27, 2023, June 30, 2023, July 03, 2023, July 29, 2023, October 28, 2023, December 06, 2023, December 30, 2023, January 20, 2024 and March 27, 2024, details of which alongwith attendance are given in the Corporate Governance Report, forming part of this Annual Report. The maximum gap between any two consecutive meetings were within the statutory limit of 120 days.

BOARD COMMITTEES

In compliance with various regulatory requirements, several Board-level Committees have been constituted to delegate matters that require greater and more focused attention.

Details on the constitution, brief terms of reference, meetings held and attendance of all the Board-level Committees are given in the Corporate Governance Report forming part of this Annual Report.

A brief overview of some of the Board-level Committees are furnished below:

Audit Committee of the Board ('ACB')

The ACB met 6 times during FY 2023-24, i.e. on April 28, 2023, July 03, 2023, July 28, 2023, October 27, 2023, December 30, 2023 and January 19, 2024.

All recommendations made by the ACB during the year were accepted by the Board.

Further, the ACB comprised of the following members as on the date of this report:

Mr. Aashish Kamat	- Chairperson Independent Director
Mr. Pravir Vohra	- Member Independent Director
Mr. S. Ganesh Kumar	- Member Independent Director

Nomination and Remuneration Committee ('NRC')

The NRC met 8 times during FY 2023-24, i.e. on April 26, 2023, June 20, 2023, July 26, 2023, October 26, 2023, December 06, 2023, December 30, 2023, January 17, 2024 and March 26, 2024.

The meetings held on April 26, 2023 & July 26, 2023 were adjourned to April 29, 2023 & July 28, 2023 respectively, to consider matters pending from the said original meeting.

Further, the NRC comprised of the following members as on the date of this report:

Dr. (Mrs.) Brinda Jagirdar	- Chairperson Independent Director
Mr. Aashish Kamat	- Member Independent Director
Ms. Matangi Gowrishankar	- Member Independent Director
Mr. S. Ganesh Kumar	- Member Independent Director
Mr. Vishal Mahadevia	- Member Non-Executive Non-Independent Director

Remuneration Policy

The Bank has formulated and adopted the Remuneration Policies for the (i) Non-Executive Part-Time Chairman and Non-Executive Directors; (ii) Whole Time/ Executive Directors, Material Risk Takers, Key Managerial Personnel, Senior Management Personnel and Control Function and all other employees; ('the **Remuneration Policies**'), in terms of the relevant provisions of the Act and rules made thereunder, SEBI Listing Regulations, Banking Regulation and the RBI guidelines issued in this regard, from time to time.

During the year, the Remuneration Policies were reviewed and approved by the NRC and the Board.

The Remuneration Policies have been hosted on the website of the Bank at www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → 'Policies' section.

Weblink:

[Remuneration Policy](#) - (For Non-Executive Part-Time Chairman and Non-Executive Directors)

[Remuneration Policy](#) - (For the Whole Time/ Executive Directors, Material Risk Takers, Key Managerial Personnel, Senior Management Personnel and Control Function and all other employees)

All the Non-Executive Directors are paid sitting fees for attending meetings of the Board and its Committees, which are determined by the Board based on applicable regulatory provisions. Further, expenses incurred by them for attending meetings of the Board and Committees in person are reimbursed at actuals.

Pursuant to the relevant RBI guidelines and approval of the members, for FY 2023-24, a fixed remuneration of ₹ 19.80 lakh p.a. was paid to each of the Non-Executive Directors of the Bank, other than the Chairperson of the Bank, who was paid ₹ 24 lakh p.a.

Mr. Vishal Mahadevia and Mr. Mahendra N. Shah, Non-Executive Non-Independent Director(s), have opted not to receive any fixed remuneration and sitting fees from the Bank.

Stakeholders' Relationship, ESG and Customer Service ('SRECS') Committee

The SRECS Committee met 4 times during FY 2023-24, i.e. on April 27, 2023, July 27, 2023, October 26, 2023 and January 18, 2024.

Further, the SRECS Committee comprised of the following members as on the date of this report:

Dr. (Mrs.) Brinda Jagirdar	- Chairperson Independent Director
Ms. Matangi Gowrishankar	- Member Independent Director
Mr. Pravir Vohra	- Member Independent Director
Mr. Sanjeeb Chaudhuri	- Member Independent Director
Mr. S. Ganesh Kumar	- Member Independent Director
Mr. V. Vaidyanathan	- Member MD & CEO

Corporate Social Responsibility ('CSR') Committee

The CSR Committee met 4 times during FY 2023-24, i.e. on April 26, 2023, July 26, 2023, October 18, 2023 and January 17, 2024.

Further, the CSR Committee comprised of the following members as on the date of this report:

Mr. V. Vaidyanathan	- Chairperson MD & CEO
Dr. (Mrs.) Brinda Jagirdar	- Member Independent Director
Ms. Matangi Gowrishankar	- Member Independent Director
Mr. Sanjeeb Chaudhuri	- Member Independent Director

The Bank has formulated and adopted a CSR Policy which provides the focus areas (in accordance with Schedule VII of the Act) under which various developmental initiatives are undertaken and the same is available on the Bank's website at www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → 'Policies' section.

The CSR initiatives of the Bank in FY 2023-24 were implemented directly or through various implementation agencies/partners. In order to achieve impact and scale, the CSR activities undertaken during the year mainly focused on areas: [a] Livelihoods, [b] Health and Sanitation, [c] Education [d] Environment and [e] Employee Volunteering Programme.

In terms of the provisions of the Act, the Bank was obligated to spend ₹ 16.80 crore in FY 2023-24, however the bank has spent ₹ 25.63 crore based on its commitment to CSR programs.

The Annual Report on CSR activities and details of amount spent or unspent by the Bank during FY 2023-24, in accordance with the CSR Rules, is attached as **ANNEXURE 2** to this Report.

Risk Management Committee ('RMC')

The RMC met 4 times during FY 2023-24, i.e. on April 28, 2023, July 28, 2023, October 27, 2023 and January 19, 2024.

Further, the RMC comprised of the following members as on the date of this report:

Mr. S. Ganesh Kumar	- Chairperson Independent Director
Ms. Matangi Gowrishankar	- Member Independent Director
Mr. Pravir Vohra	- Member Independent Director
Mr. Sanjeeb Chaudhuri	- Member Independent Director
Dr. Jaimini Bhagwati	- Member Non-Executive Non-Independent Director
Mr. V. Vaidyanathan	- Member MD & CEO

RISK MANAGEMENT FRAMEWORK

Our Bank promotes a strong risk culture throughout the organization. A strong risk culture is designed to help reinforce the Bank's resilience by encouraging a holistic approach to

management of risk & return and an effective management of risk, capital, and reputational profile. Consequent to the Amalgamation of erstwhile Capital First Group with IDFC Bank, effective December 18, 2018, Bank has re-aligned its key policies and Risk Framework forming an overall Risk Framework of the merged entity.

Our Bank has established a robust & effective risk governance framework to actively manage all the material risks faced by the Bank, in a manner consistent with the Bank's risk appetite statement. Our Bank aims to establish itself as an industry leader in the management of risks and strive to reach the efficient frontier of risk and return for the Bank and its shareholders. The Board has ultimate responsibility for the Bank's Risk Management Framework. It is responsible for approving the Bank's risk appetite, risk tolerance and related strategies and policies. The Board is assisted by RMC of the Board and its various management committees as part of the Risk Governance framework to ensure that our Bank has sound system of risk management and internal controls. The RMC assists the Board in relation to the oversight and review of the Bank's risk management principles and policies, strategies, appetite, processes, and controls. The RMC of the Board reviews risk management policies of the Bank pertaining to credit, market, liquidity, operational risks etc. The Committee also reviews the Risk Appetite & Enterprise Risk Management framework, Internal Capital Adequacy Assessment Process ('ICAAP') and Stress Testing. ICAAP & Stress Testing requires the Bank to undertake rigorous, forward-looking assessment of risks by identifying severe events or changes in market conditions which could adversely impact the Bank.

Our Bank has in place a Board approved Risk Management Policy. The Policy aims at establishing a risk culture and governance framework to enable identification, measurement, mitigation and reporting of risks within the Bank in line with the Bank's risk appetite, risk - return trade-off and the escalation & accountability framework. Having a comprehensive risk management framework in the Bank including well-articulated risk appetite statements, policies and robust stress testing program facilitates our Bank to manage any potential susceptibility to extreme but plausible business risk. Taking best use of the proactive risk assessment frameworks & risk mitigation techniques, our Bank has built adequate Capital and Liquidity buffers and ensured business continuity during stressed conditions.

Financial year 2023-24 was a dynamic year due to fast paced macro-economic changes. Inflationary pressure continued in the early months of the year leading to RBI changing its stance on liquidity from 'accommodative' to 'withdrawal of accommodation', thereby resulting in tightening of liquidity in the banking system. Despite this, the pace of credit offtake (YoY growth 20%) in the system was much higher than that of deposits (YoY growth 13%) growth in the banking system. The Bank's funded book grew ~25% (YoY), largely in line

with the advances growth in the system. The Bank has been proactive in mobilising the required deposits. Through meticulous planning customer deposits grew by ~42%(YoY), which was much higher than that of the banking sector. This has helped the Bank to bring down its Credit to Deposit Ratio below 100% for the first time. The Bank has been very vigilant and proactive in managing its credit quality of the book. Both Gross NPA and Net NPA saw a significant improvement during the year. The Bank had maintained optimal liquidity throughout the year to support its funding requirements. The same is reflected through healthy LCR and NSFR levels. The Bank has taken numerous initiatives to diversify its product suite on both asset and liability side to balance the portfolio and avoid concentration risks on both the sides.

To contain the growth in unsecured advances in the banking system, RBI had increased risk weights on bank's credit to NBFCs and consumer credit during the year. Despite increase in risk-weights by RBI on NBFCs and consumer credit segments, the Bank was able to maintain healthy Capital Adequacy ratio during the year.

The strong Tier-I capital position of the Bank is a source of competitive advantage and provides assurance to regulators, credit rating agencies, depositors, and members. Capital management practices are designed to maintain a risk reward balance, while ensuring that businesses are adequately capitalized to absorb the impact of stress events including pandemic risks. Our Bank has continued to proactively work on the resolution of the stressed asset portfolio and has further reduced the position. Our Bank has also de-risked the portfolio by diversifying the credit portfolio and focusing more on granular exposures. The Bank has been continuously working towards ensuring that the asset growth is funded by diversified & granular stable funds, is adequately capitalized and asset quality is maintained within the acceptable threshold.

INTERNAL FINANCIAL CONTROLS

The Bank has adequate internal controls and processes in place with respect to its financial statements that provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements. These controls and processes are driven through various policies, procedures and certifications which also ensure the orderly and efficient conduct of the Bank's business, including adherence to Bank's policies, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The controls and processes are being reviewed periodically. The Bank has a mechanism of testing the controls and processes at regular intervals for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

RELATED PARTY TRANSACTIONS

The Bank has always been committed to good corporate governance practices, including matters relating to the Related Party Transactions ('RPTs'). All the RPTs that were entered into during the financial year were on an arm's length basis and were in ordinary course of business. Transactions entered into by the Bank with related parties in the normal course of its business were placed before the ACB. Prior omnibus approval for normal banking transactions is also obtained from the ACB for the RPTs which are repetitive in nature as well as for the normal banking transactions which cannot be foreseen. A statement giving details of all RPTs, entered pursuant to the omnibus approval so granted, is placed before the ACB for their review.

The Bank has not entered into any material financial or commercial transactions with its subsidiaries and other related parties as per Accounting Standard - 18 and the SEBI Listing Regulations that may have potential conflict with the interest of the Bank at large.

In terms of Regulation 23(9) of the SEBI Listing Regulations, the Bank submits the disclosure of RPTs, in a prescribed format, on half yearly basis to the Stock Exchanges and updates its website accordingly.

There were no transactions entered into individually or taken together with the previous transactions during the financial year with related parties, which were not in the normal/ordinary course of the business of the Bank, nor were there any transactions with related parties or others, which were not on an arm's length basis. Hence, pursuant to Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules, 2014, as amended, there are no RPTs to be reported under Section 188(1) of the Act. Hence, Form AOC-2 is not applicable to the Bank.

Pursuant to the provisions of the Act and the rules made thereunder, SEBI Listing Regulations, the Bank has in place a Board approved policy on related party transactions. The said policy is also uploaded on the Bank's website at www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → 'Policies' section.

INFORMATION/ CYBER SECURITY FRAMEWORK

IDFC FIRST Bank since its inception has put in place a robust Information/ Cyber Security Framework. The Bank has Information Security woven into its banking platform and seamlessly merges both culturally and technologically.

The Bank has strategically invested in a diverse team comprising security partners, subject matter experts (SMEs), specialist teams, and robust processes to orchestrate, construct, manage, and oversee the Information Security operations of the Bank.

The Bank has put in place state of the art security technologies including several industries 'firsts' technology solutions and adopted 'defence in depth' approach & industry best practices as part of its security framework and architecture.

This year, while continuing on its journey to continually mature its posture, Bank's focus will continue to be on consolidation and improving its deployment posture of the technologies invested in the previous years.

Bank continued to maintain and upkeep its compliance posture to standards such as ISO 27001 ISMS (Information Security Management System), PCI DSS (Payment Card Industry Data Security Standard) and regulatory requirements. Given the changing threat landscape, the attempt is to progressively move towards maturity of proactive and adaptive platforms for automated detection, response, recovery and resilience.

BOARD EVALUATION

The Board members carries out an annual evaluation of the Board, Board Committees, and Individual Directors, including Chairperson, pursuant to the provisions of the Act and the SEBI Listing Regulations.

The evaluation brings out the cohesiveness of the Board, a Boardroom culture of trust and co-operation, and Boardroom discussions which are open, transparent and encourage diverse viewpoints. Other areas of strength includes effective discharge of Board's roles and responsibilities.

The detailed process indicating the manner in which the annual evaluation has been carried out pursuant to the SEBI Listing Regulations and Act, is provided in the Corporate Governance Report, which forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as required by Regulation 34(2)(e) of the SEBI Listing Regulations, forms part of this Annual Report.

REPORT ON CORPORATE GOVERNANCE

Your Directors are committed to achieve the highest standards of Corporate Governance. A separate section on Corporate Governance standards followed by our Bank and the relevant disclosures, as stipulated under the SEBI Listing Regulations, Act, and rules made thereunder forms part of this Annual Report.

A certificate from the Secretarial Auditors of the Bank, M/s. Makarand M. Joshi & Company, Practicing Company Secretaries, confirming compliance to the conditions of Corporate Governance as stipulated under the SEBI Listing Regulations is enclosed in the Corporate Governance Report and forms part of this Annual Report.

CEO & CFO Certification

A certificate issued by Mr. V. Vaidyanathan, MD & CEO and Mr. Sudhanshu Jain, Chief Financial Officer & Head - Corporate Centre of the Bank, in terms of Regulation 17(8) of the SEBI Listing Regulations, for the year under review was placed before the Board and forms part of this Annual Report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

The Business Responsibility and Sustainability Report ("BRSR"), in terms of Regulation 34(2)(f) of the SEBI Listing Regulations, describing the initiatives taken by IDFC FIRST Bank from an environmental, social and governance perspective is hosted on the Bank's website at www.idfcfirstbank.com under 'Investors' → '[View All Annual Reports](#)' and constitutes a part of this Annual Report. Further in terms of the said regulation the Bank has obtained reasonable assurance on BRSR Core from TUV India Private Limited ("TUV"). The assurance statement issued by TUV forms part of the BRSR provided on the website.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Act, it is hereby confirmed that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2024 and of the profit of the Bank for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the annual accounts on a going concern basis;
- e. the Directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DEPOSITS

Being a Banking Company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, as amended, read with Sections 73 and 74 of the Act, are not applicable to our Bank.

As per the applicable provisions of the Banking Regulation details of the Bank's deposits have been included under Schedule 3 - Deposits, in the preparation and presentation of the financial statements of the Bank.

PARTICULARS OF LOANS, GUARANTEES, AND INVESTMENTS

Pursuant to Section 186 (11) of the Act, the provisions of Section 186 of the Act, except sub-section (1), do not apply to a loan made, guarantee given, or security provided, or any investment made by a banking company in the ordinary course of business. The particulars of investments made by the Bank are disclosed in Schedule 8 - Investments of the Financial Statements as per the applicable provisions of the Banking Regulation.

REQUIREMENT FOR MAINTENANCE OF COST RECORDS

The Bank is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Act.

INSTANCES OF FRAUD, IF ANY, REPORTED BY THE AUDITORS

During the year under review, no instances of fraud committed against the Bank by its officers or employees were reported by the Statutory Auditors and Secretarial Auditors under Section 143(12) of the Act to the Audit Committee or the Board.

The details of provisioning pertaining to Fraud Accounts during the year under review are provided in Note No. 18.05(g) to the Standalone Financial Statements as at March 31, 2024.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Detailed initiatives taken for environmental management and conservation of energy has been mentioned in the Business Responsibility and Sustainability Report, which is hosted on the Bank's website at www.idfcfirstbank.com under 'Investors' → 'View All Annual Reports'.

Also, our Bank has been increasingly using information technology in its operations, for more details, please refer Management Discussion and Analysis Report, which forms part of this Annual Report.

Further, Foreign Exchange earnings and outgo are part of the normal banking business of the Bank.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS/ TRIBUNALS

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status or the operations of the Bank.

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there has been no change in the nature of business of the Bank.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE BANK

There are no material changes and commitments, affecting the financial position of the Bank between the end of the financial year of the Bank i.e. March 31, 2024 and the date of the Board Meeting in which the Directors' Report was approved i.e. April 27, 2024.

INTERNAL OMBUDSMAN

In compliance with regulatory guidelines, the Bank has appointed Mr. Sharad Vinayak Rao Patil as Internal Ombudsman for a period of 3 years with effect from December 1, 2021, as per the Internal Ombudsman Scheme, 2018 to enhance our Bank's customer grievance redressal mechanism and to improve service delivery.

EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is appended as **ANNEXURE 3**.

In terms of Section 197(12) of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of limits set out in said rules forms part of this Annual Report.

In accordance with the provisions of Section 136(1) of the Act, the Annual Report excluding the aforesaid information, is being sent to the members of the Bank and others entitled thereto. Any member interested may obtain the said statement by writing to the Company Secretary of the Bank.

Employee Stock Option Scheme

IDFC FIRST Bank ESOS – 2015 was framed with an object of encouraging higher participation on the part of employees in the Bank's growth and success. An effective stock option scheme enables retention of talent and aligning employee interest to that of the shareholders.

There were 253,802,866 stock options outstanding at the beginning of FY 2023-24. During FY 2023-24, 72,448,105 stock options were granted to the eligible employees under IDFC FIRST Bank ESOS - 2015.

Further, 28,332,175 stock options had lapsed/forfeited and 119,392,065 stock options were exercised during the year ended March 31, 2024. Accordingly, 178,541,835 stock options remained outstanding as on March 31, 2024. All stock options vests in a graded manner and are required to be exercised within a specific period in accordance with IDFC FIRST Bank ESOS - 2015 and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 [**SEBI (SBEB & SE) Regulations**].

There has been no material change in IDFC FIRST Bank ESOS - 2015 during FY 2023-24 and the said IDFC FIRST Bank ESOS - 2015 is in compliance with the SEBI (SBEB & SE) Regulations.

The details and disclosures with respect to ESOS as required under SEBI (SBEB & SE) Regulations and circulars issued thereunder, have been uploaded on the Bank's website www.idfcfirstbank.com under 'Investors' → 'View All Annual Reports'.

Further, disclosure as per the 'Guidance Note on Accounting for Employee Share-based Payments' issued by the Institute of Chartered Accountants of India, are appearing under the Note 18.22 to the Standalone Financial Statements of IDFC FIRST Bank, forming part of this Annual Report.

STATUTORY AUDIT

The Reserve Bank of India vide its Circular No. RBI/2021-22/25 Ref. No. DoS.CO.ARG/ SEC.01/08.91.001/2021-22 dated April 27, 2021, had issued the Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ('**RBI Guidelines**').

Pursuant to the RBI Guidelines, the Bank is required to appoint at least two (2) Joint Statutory Auditors, considering its asset size (i.e. more than ₹ 15,000 crore). Accordingly, the Members of the Bank at their 7th AGM held on September 15, 2021, had approved the appointment of MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W) as one of the Joint Statutory Auditors of the Bank, for a period of 3 years, i.e. from the conclusion of 7th AGM until the conclusion of the 10th AGM.

Also, pursuant to expiry of term of B S R & Co. LLP (Firm Registration No. 101248W/ W-100022), the Members of the Bank at their 8th AGM held on August 5, 2022, had approved the appointment of Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/W100166) as one of the Joint Statutory Auditors of the Bank, for a period of 3 years, i.e. from the conclusion of 8th AGM until the conclusion of the 11th AGM.

In terms of RBI Guidelines, the appointment of Kalyaniwalla & Mistry LLP, is subject to it satisfying the eligibility norms and approval of the RBI, each year. Accordingly, the Board of Directors of the Bank recommends to RBI for approval, the re-appointment of Kalyaniwalla & Mistry LLP, for its 3rd year, as one of the Joint Statutory Auditor.

Since MSKA & Associates would be completing 3 years of continuous association with the Bank at the conclusion of the 10th AGM, which is maximum permitted tenure as per RBI Guidelines, the Bank is required to appoint a new Joint Statutory Auditor in place of MSKA & Associates. Accordingly, the Bank is in the process of identifying the Statutory Auditor in place of MSKA & Associates.

Further, in terms of the provisions of Section 139 of the Act, the appointment of Statutory Auditors is subject to approval of Members. Accordingly, the proposal of appointment of one of the Joint Statutory Auditor will be placed in place of MSKA & Associates before the Members of the Bank at the ensuing AGM for their approval and would be forming part of the AGM Notice.

Auditors' Report

There were no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors in their report for the financial year ended March 31, 2024.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, the Bank had appointed M/s. Makarand M. Joshi & Co., Practicing Company Secretaries to undertake the Secretarial Audit of the Bank for the financial year ended March 31, 2024.

The Bank provided all assistance and facilities to the Secretarial Auditors for conducting their audit. The Secretarial Audit Report is appended as **ANNEXURE 4** to this report.

There were no qualifications, reservations, adverse remarks or disclaimers made by the Secretarial Auditors in their report for the financial year ended March 31, 2024.

CONCURRENT AUDIT

Our Bank has a regular and well-defined process of concurrent audits for important functions such as treasury, trade finance operations, retail operations, wholesale operations, information technology, data center, etc. in line with the extant regulatory guidelines. Reputed Chartered Accountant/ CERT-IN certified firms carry out these Concurrent Audits. Key findings of these audits are placed before the Audit Committee of the Board on a quarterly basis.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2024 is available on the Bank's website www.idfcfirstbank.com under 'Investors' → '[View All Annual Reports](#)'

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Bank has implemented a Whistle Blower Policy in compliance with the provisions of the SEBI Listing Regulations, the Act and RBI notification on Introduction of 'Protected Disclosures Scheme for Private Sector and Foreign Banks'. Pursuant to this policy, the Whistle Blowers can raise concerns relating to reportable matters (as defined in the policy) such as breach of IDFC FIRST Bank's Code of Conduct, employee misconduct, fraud, illegal, unethical, imprudent behavior, leakage of UPSI, corruption, safety and misappropriation or misuse of Bank funds/ assets, etc.

Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower to those who avail such mechanism and also provides for direct access to the Chairperson of the Audit Committee, in exceptional cases. During the year, no person has been denied access to the Audit Committee of the Board.

The Audit Committee reviews the functioning of the Vigil Mechanism from time to time. The Bank has formulated a Vigilance Policy for effectively managing the risks faced by the Bank on account of corruption, malpractices and other misconducts.

The Whistle Blower Policy is available on the Bank's website at: www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → '[Policies](#)' section.

The Whistle Blower Policy is communicated to the employees and is also posted on the Bank's intranet.

Mr. Nilesh Doshi is the Chief Vigilance Officer of the Bank.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

Our Bank has complied with the provisions relating to constitution of Internal Committee to investigate and inquire into sexual harassment complaints in line with 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013'.

Our Bank has in place a policy on Anti-Sexual Harassment, which reflects the Bank's zero-tolerance towards any form of prejudice, gender bias and sexual harassment at the workplace. Our Bank undertakes ongoing trainings to create awareness on this policy.

The Bank conducts online training for its employees in order to understand the Policy on Prevention of Sexual Harassment and framework for reporting and resolving instances of sexual harassment, details of which have been mentioned in the Business Responsibility and Sustainability Report, which is hosted on the Bank's website at www.idfcfirstbank.com under 'Investors' → '[View All Annual Reports](#)'.

There were 'Nil' cases/complaints reported during the year.

AWARDS AND RECOGNITIONS

During the year under review, our Bank was recognized in various ways and the significant awards presented to our Bank are listed below:

- Excellence in Onboarding Program - The Economic Times Human Capital Awards
- Asset Triple A Treasure Awards 2023
- Most Preferred Workplace of 2023-24 - 3rd edition of Most Preferred Workplace Awards 2023 by Team Marksmen
- Sustainability Summit & Awards 2023 by UBS Forums
- ESG Summit & Awards 2023 by Transformance Forums
- Two 'National Awards for Excellence'
- Best Digital Bank at FE India's Best Banks Awards 2023
- IDFC FIRST Bank wins the prestigious Golden Peacock Award for ESG (National) for 2023

- CFI Award for Outstanding Commitment to ESG Performance in 2023
- 'Digital Sourcing & Decisioning Excellence' award at Lentra CNBC-TV18 Digital Lending Summit
- Aegis Graham Bell Award for 'Innovation In Banking'
- India's Leading Private Bank (Mid) award at the Dun & Bradstreet - BFSI & FinTech Awards 2024
- SKOCH Award in the Financial Inclusion Category
- Best Corporate Governance Award for 2023

GREEN INITIATIVE

To support the 'Green Initiative', the members who have not updated their e-mail addresses are requested to update the same with their respective Depository Participants (DPs), in case shares held are in electronic form or communicate their e-mail address to the Registrar and Share Transfer Agent i.e. KFin Technologies Limited or to the Bank, in case shares are held in physical form, so that future communications can be sent to members in electronic mode. Note on Green Initiative forms part of the 10th AGM Notice.

ACKNOWLEDGMENT

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from the Reserve Bank of India and other government and regulatory agencies. The Board would also like to take this opportunity to express appreciation to its valued customers for their continued patronage and to the members of the Bank for their continued support.

Your Directors sincerely acknowledge the commitment and hard work put in by all employees of the Bank through its transformational journey. Their valuable contribution has enabled the Bank to make significant progress towards building a great institution.

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

Sanjeeb Chaudhuri

Chairperson

DIN: 03594427

Date : April 27, 2024

Place : Mumbai

ANNEXURE 1

Form No. AOC -1

Statement containing Salient Features of the Financial Statement of Subsidiaries/ Associate Companies/ Joint Ventures as on the Financial Year ended on March 31, 2024

[Pursuant to first proviso to Section 129(3) of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014, as amended]

A. SUBSIDIARIES

(₹ in crore)

Sr. No.	Name of Subsidiary Company	Date since when subsidiary was acquired	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities (Note 3)	Investments	Turnover	Profit Before Tax	Provision For Tax	Profit After Tax	Proposed Dividend (%)	% of Shareholding
1	IDFC FIRST Bharat Limited	October 13, 2016	5.58	176.05	423.92	242.28	-	1015.62	74.67	16.26	58.41	-	100%

Notes:

- Names of Subsidiaries which are yet to commence operations: Not Applicable
- Names of Subsidiaries which have been liquidated or sold during the year: Not Applicable
- Total Liabilities is excluding Share Capital and Reserves & Surplus
- Numbers are as per IND-AS financial statements

B. ASSOCIATES AND JOINT VENTURES

Sr. No.	Name of Associate Company	Millennium City Expressways Private Limited (Note 3)
1	Date on which the Associate or Joint Venture was associated or acquired	October 21, 2014
2	Latest audited Balance Sheet Date	March 31, 2024
3	Shares of Associate held by the Bank on the year end	
	Number of Equity Shares	21,88,83,431
	Amount of Investment in Associate Company (₹ in crore)	218.88
	Extent of Holding (%)	29.31%
4	Description of how there is significant influence	Extent of equity holding in the associate company exceeds 20%
5	Reason why the Associate is not consolidated	Refer Note 4
6	Net worth attributable to Bank's Shareholding as per latest audited Balance Sheet (₹ in crore)	Nil
7	Profit/ (Loss) for the year ended March 31, 2024 (₹ in crore)	
	I. Considered in Consolidation	(68.11)
	II. Not considered in Consolidation	Refer Note 4
		-

Notes:

- Names of Associates or Joint Ventures which are yet to commence operations: Not Applicable
- Names of Associates or Joint Ventures which have been liquidated or sold during the year: Not Applicable
- The financials of Millennium City Expressways Private Limited for the year ended March 31, 2024 are unaudited
- The Bank has considered the financials of Associate Company for consolidation purpose. Further, the Associate Company is a loss making entity and has accumulated losses more than Bank's investment in it. Hence, there is no impact on the Bank's consolidated financials as the investment in 'Millennium City Expressways Private Limited' is fully provided.

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

V. Vaidyanathan
Managing Director & Chief Executive Officer
DIN: 00082596

Aashish Kamat
Director
DIN: 06371682

Date : April 27, 2024
Place : Mumbai

Sudhanshu Jain
Chief Financial Officer and Head-Corporate Centre

Satish Gaikwad
Head - Legal and Company Secretary

ANNEXURE 2

Annual Report on CSR Activities

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended]

1. Brief outline on CSR Policy of the Bank:

The Corporate Social Responsibility ('CSR') policy is to ensure that CSR activities are not performed in silos and that it be skillfully and inextricably woven into the fabric of the Bank's business strategy for overall value creation for all stakeholders. As a conscientious corporate citizen, IDFC FIRST Bank believes in a sense of responsibility towards all stakeholders with a view to make a material, visible and lasting difference to the lives of disadvantaged sections of the people, preferably in the immediate vicinity in which the Bank operates but at the same time ensure widespread spatial distribution of its CSR activities Pan-India. In accordance with the provisions of Section 135 of Companies Act, 2013 ('the Act') read with Companies (Corporate Social Responsibility Policy) Rules 2014, as amended, the Bank was required to spend ₹ 16.80 crore on CSR activities during the FY 2023-24. Accordingly, the Bank carried out CSR activities through various **not-for-profit** implementing partners/ agencies.

IDFC FIRST Bank undertook the following CSR activities which fall within the ambit of the activities listed in Schedule VII of the Act for promoting the development of:

- (a) Livelihoods
- (b) Health and sanitation
- (c) Education
- (d) Others

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. V. Vaidyanathan	Chairperson MD & CEO	4	4
2	Dr. (Mrs.) Brinda Jagirdar	Member Independent Director	4	4
3	Mr. Sanjeeb Chaudhuri ¹	Member Independent Director	4	1
4	Ms. Matangi Gowrishankar ²	Member Independent Director	NA	NA
5	Mr. Hemang Raja ³	Member Independent Director	4	3

Notes:

1. Mr. Sanjeeb Chaudhuri was appointed as the member of the Committee w.e.f. December 18, 2023.
2. Ms. Matangi Gowrishankar was appointed as the member of the Committee w.e.f. January 20, 2024.
3. Mr. Hemang Raja ceased to be an Independent Director of the Bank and as member of the committee w.e.f. December 17, 2023, upon completion of his term as an Independent Director of the Bank.

3. Web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Bank

- Composition of the CSR Committee shared above and is available on the Bank's website at <https://www.idfcfirstbank.com/content/dam/idfcfirstbank/pdf/corporate-governance/IDFC-FIRST-Bank--Composition-of-Board-level-Committees.pdf>
- CSR policy - <https://www.idfcfirstbank.com/content/dam/idfcfirstbank/images/csr-pages/csr-new/Corporate-Social-Responsibility-Policy.pdf>
- CSR projects - <https://www.idfcfirstbank.com/csr-activities>

4. **Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8, if applicable.**

The Bank takes cognizance of sub-rule (3) of Rule 8 of the Companies CSR Policy Rules 2014, as amended. There are no projects undertaken or completed for the FY 2023-24, for which the impact assessment was required.

5. (a) **Average net profit of the Bank as per sub-section (5) of section 135:** ₹ 840.01 crore
 (b) **Two percent of average net profit of the Bank as per sub-section (5) of section 135:** ₹ 16.80 crore
 (c) **Surplus arising out of the CSR Projects or programmes or activities of the previous financial years:** NIL
 (d) **Amount required to be set-off for the financial year, if any:** ₹ 16.80 crore
 (e) **Total CSR obligation for the financial year [(b)+(c)-(d)]:** NIL[#]
6. (a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 24.35 crore*
 (b) **Amount spent in Administrative Overheads:** ₹ 1.28 crore
 (c) **Amount spent on Impact Assessment, if applicable:** Not applicable
 (d) **Total amount spent for the financial year [(a)+(b)+(c)]:** ₹ 25.63 crore*
 (e) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the financial year (₹ in crore)	Amount Unspent (₹ in crore)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
25.63	NIL	Not Applicable	Not Applicable	NIL	Not Applicable

(f) **Excess amount for set-off, if any:**

Sr. No.	Particular	Amount (₹ in crore)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	NIL [#]
(ii)	Total amount spent for the financial year	25.63*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	25.63
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	25.63

[#] In terms of section 135(5) of the Companies Act 2013, the CSR Obligation for the Bank for financial year 2023-24 was ₹ 16.80 crore. The Bank has utilized the amount available for set-off from previous years i.e. ₹ 14.42 crore from financial year 2021-22 and ₹ 2.38 crore from financial year 2022-23 and accordingly the amount required to be spent during the financial year 2023-24 was NIL.

^{*} During the year ended March 31, 2024, the Bank spent ₹ 25.70 crore towards CSR projects. After considering refund/adjustment of ₹ 0.07 crore from the amount spent in earlier years, the net balance available for set-off in the succeeding financial years is ₹ 25.63 crore.

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years: NA

1 Sr. No	2 Preceding financial year(s)	3 Amount transferred to Unspent CSR account under sub- section (6) of section 135 (₹ in crore)	4 Balance Amount in Unspent CSR Account under sub- section (6) of section 135 (₹ in crore)	5 Amount Spent in the financial year (₹ in crore)	6 Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		7 Amount remaining to be spent in succeeding financial years (₹ in crore)	8 Deficiency, if any
					Amount (₹ in crore)	Date of Transfer		
1	-	NA	NA	NA	NA	NA	NA	-
2	-	NA	NA	NA	NA	NA	NA	-
3	-	NA	NA	NA	NA	NA	NA	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:

Yes No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year:

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin-code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered Address
Not Applicable							

9. Specify the reason(s), if the Bank has failed to spend two percent of the average net profit as per sub-section (5) of section 135: Not Applicable

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

Sanjeeb Chaudhuri

Chairperson
DIN: 03594427
Date: April 27, 2024
Place: Mumbai

V. Vaidyanathan

Chairman – CSR Committee
Managing Director & Chief Executive Officer
DIN: 00082596

ANNEXURE 3

Details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended:

I. Ratio of Remuneration of each director to the median employees' remuneration for the FY 2023-24

Sr. No.	Name of the Director/KMP	Designation	Ratio
1	Mr. Sanjeeb Chaudhuri	Part-Time Non-Executive Chairperson (Independent)	12.01 : 1
2	Mr. V. Vaidyanathan	Managing Director & Chief Executive Officer	98.29 : 1
3	Mr. Aashish Kamat	Independent Director	9.71 : 1
4	Dr. (Mrs.) Brinda Jagirdar	Independent Director	10.78 : 1
5	Ms. Matangi Gowrishankar ¹	Independent Director	1.25 : 1
6	Mr. Pravir Vohra	Independent Director	11.08 : 1
7	Mr. S. Ganesh Kumar	Independent Director	10.47: 1
8	Dr. Jaimini Bhagwati	Non-Executive Non-Independent Director	6.62 : 1
9	Mr. Mahendra N. Shah ²	Non-Executive Non-Independent Director	-
10	Mr. Vishal Mahadevia ²	Non-Executive Non-Independent Director	-
11	Mr. Ajay Sondhi ³	Non-Executive Non-Independent Director	3.48:1
12	Mr. Madhivanan Balakrishnan ⁴	Executive Director	29.56:1
13	Mr. Hemang Raja ⁵	Independent Director	8.86:1

Notes:

- Ms. Matangi Gowrishankar was appointed as an Independent Director on the Board of the Bank with effect from January 20, 2024.
- Mr. Mahendra N. Shah and Mr. Vishal Mahadevia, Non-Executive Non-Independent Director(s) of the Bank have opted not to receive any fixed remuneration and sitting fees from the Bank.
- Mr. Ajay Sondhi ceased to be a Non-Executive Non-Independent Director of the Bank with effect from August 23, 2023.
- Mr. Madhivanan Balakrishnan ceased to be the Executive Director of the Bank with effect from December 06, 2023.
- Mr. Hemang Raja ceased to be an Independent Director of the Bank with effect from December 17, 2023, upon completion of his term as an Independent Director of the Bank.

II. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the FY 2023-24

Sr. No.	Name of the Director/KMP	Designation	Percentage Increase
1.	Mr. V. Vaidyanathan	MD & CEO	9.62%
2.	Mr. Sudhanshu Jain	Chief Financial Officer & Head – Corporate Centre	10.00%
3.	Mr. Satish Gaikwad	Head – Legal & Company Secretary	25.08%

Note:

The remuneration considered for the purpose of aforesaid tables is Total Fixed Pay and Siting fees paid to the Directors. For MD & CEO, the components of remuneration are as per RBI approval and it also includes perquisites as per Income Tax Act.

Independent/ Non-Executive Directors ('NEDs'):

The RBI vide its circular no. RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 issued formal guidelines on 'Corporate Governance in Banks'. By virtue of the said RBI circular, the Bank may provide for payment of compensation to its NEDs in the form of a fixed remuneration commensurate with an individual director's responsibilities and demands on time, which are considered sufficient to attract qualified competent individuals. Such fixed remuneration proposed to be paid to the NED, other than the Chair of the Board, shall not exceed ₹ 20 lakh per annum.

Pursuant to aforesaid RBI circular and based on the recommendation of the Board, the shareholders of the Bank at its 7th AGM held on September 15, 2021, approved the payment of fixed remuneration to the NEDs (except Chairperson of the Board) upto amount not exceeding ₹ 20 lakh per annum.

Based on the overall limit of fixed remuneration approved by shareholders of the Bank and recommendation of the NRC, the Board approved a fixed remuneration of ₹ 19.80 lakh per annum payable to NEDs (except Chairperson of the Board) for FY 2023-24. The said remuneration is within the overall limit for fixed remuneration as per RBI circular and as approved by the shareholders of the Bank at its 7th AGM.

In accordance with the approval received from RBI vide its letter dated August 25, 2021 and based on the approval of shareholders of the Bank through Postal Ballot, Mr. Sanjeeb Chaudhuri, Part-Time Non-Executive Chairperson (Independent) is paid a remuneration of ₹ 24,00,000 per annum for his position as Chairperson of the Board for period of three (3) years effective from August 25, 2021 to August 24, 2024 (both days inclusive). Mr. Chaudhuri is also paid sitting fees for attending Board and Committee meetings and reimbursement of expenses incidental thereto.

In addition to fixed remuneration, the NEDs are also paid sitting fees. Based on the recommendation of the NRC, the Board approved sitting fees to be paid to NEDs at ₹ 1,00,000 per Board meeting and ₹ 82,500 per Committee meeting. The Board approved sitting fees of ₹ 82,500 per Committee meeting with effect from April 01, 2023 onwards. Mr. Vishal Mahadevia and Mr. Mahendra N. Shah have opted not to receive any fixed remuneration and sitting fees from the Bank.

III. The percentage increase in the median remuneration of Employees in the financial year

The median remuneration of the employees of IDFC FIRST Bank Limited increased by 8.00% in the financial year.

Remuneration includes Total Fixed Pay of all employees.

IV. The number of permanent Employees on the rolls of the Bank

There were 41,141 permanent employees on the rolls of the Bank as on March 31, 2024.

V. Average percentage increase already made in the salaries of Employees other than the Managerial Personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Average percentage increase inclusive of Key Managerial Personnel for the last financial year is 9.62%.

Average percentage increase for all employees other than the Key Managerial Personnel for the last financial year is 9.61%.

The average increase in the remuneration of employees compared to the increase in remuneration of Managerial Personnel is in line with the market bench mark study.

VI. Affirmation that the remuneration is as per the remuneration policy of the Bank

The Bank affirms that the remuneration is as per the remuneration policy of the Bank, as applicable.

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

Sanjeeb Chaudhuri
Chairperson
DIN: 03594427

Date : April 27, 2024
Place : Mumbai

ANNEXURE 4

FORM NO. MR.3 SECRETARIAL AUDIT REPORT

for the Financial Year ended March 31, 2024

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IDFC FIRST Bank Limited
KRM Tower, 7th Floor, No. 1,
Harrington Road, Chetpet,
Chennai - 600031

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC FIRST Bank Limited** (hereinafter called "**the Bank**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Auditor's Responsibility:

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2024 (hereinafter called the "**Audit Period**") complied with the statutory provisions listed hereunder and also that the Bank has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of:

- (i) The Companies Act, 2013 ("**the Act**") and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings.

The Bank did not have any Overseas Direct Investment during the Audit Period;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (**Not Applicable to the Bank during the Audit Period**); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**Not Applicable to the Bank during the Audit Period**).

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereunder (Hereinafter referred as "**Listing Regulations**").

During the period under review, the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc. as mentioned above.

We further report that, having regard to the compliance system prevailing in the Bank and on the examination of the relevant documents and records in pursuance thereof, on test -check basis the Bank has complied with the following specific law to the extent applicable to the Bank:

- The Banking Regulation Act, 1949 read with applicable circulars/ notifications/ guidelines, etc. issued by RBI from time to time;
- The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994;
- The Securities and Exchange Board of India (Stock Brokers) Regulations, 1992;
- The Securities and Exchange Board of India (Depositories and Participants) Regulation, 2018;
- Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015.

We further report that

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act and Listing Regulations.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except in few case where meeting is convened at a shorter notice for which necessary approvals obtained as per applicable provisions) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Bank has undertaken following events/ actions:

1. Issued and allotted 1,500 unsecured, subordinated, rated, listed, non-convertible, fully paid-up, taxable, redeemable Basel III compliant tier-2 Bonds (in nature of debentures) at a face value of ₹ 1 crore each and were raised through private placement on the NSE E-bidding platform.
2. Issued and allotted 11,93,92,065 Equity Shares under IDFC FIRST Bank Employee Stock Option Scheme 2015.
3. Altered its Article of Association by inclusion of the new clause 101A providing for appointment of a person nominated by the debenture trustee(s) as a director on its Board, by passing special resolution at 9th Annual General Meeting held on August 31, 2023.
4. Approved the raising of fund through issuance of securities of the Bank by way of Qualified Institutions Placements in its at 9th Annual General Meeting held on August 31, 2023 and issued and allotted 33,24,09,972 Equity Shares of face value of ₹ 10 each to qualified institutional buyers at an issue price of ₹ 90.25/- per Equity Share (including a premium of ₹ 80.25/- per Equity Share), aggregating to ₹ 3,000 crore (Rupees Three Thousand crore) (approx.).
5. The Bank has approved issuance of Debt Securities on Private Placement basis up to an amount not exceeding ₹ 5,000 crores (Rupees Five Thousand crores Only) by passing special resolution in the 9th Annual General Meeting held on August 31, 2023.

Makarand M. Joshi & Co.
Company Secretaries

Kumudini Bhalerao
Partner
FCS No. 6667
CP No. 6690
P.R. No: 640/2019
UDIN: F006667F000259691

Date: April 27, 2024

Place: Mumbai

* This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

To
The Members,
IDFC FIRST Bank Limited
KRM Tower, 7th Floor, No. 1,
Harrington Road, Chetpet,
Chennai – 600031

Our Secretarial Audit Report for the financial year ended March 31, 2024 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

Makarand M. Joshi & Co.
Company Secretaries

Kumudini Bhalerao
Partner

FCS No. 6667

CP No. 6690

P.R. No: 640/2019

UDIN: F006667F000259691

Date: April 27, 2024

Place: Mumbai

MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL MACRO-ECONOMIC ENVIRONMENT

Global monetary policy rates peaked in FY24 as central banks made significant progress in their fight against inflation. The Covid-19 induced supply-side shock eased with moderation in global commodity prices and normalization of supply chains. The US Fed Funds rate peaked at 5.38% as of July 2023, after cumulative rate hikes of 525bps since Jan 2022. Apart from rate hikes, the Fed also initiated Quantitative tightening, which resulted in Fed balance sheet reducing to US\$7.5 trillion as of March 2024 vs post Covid-19 peak of US\$9 trillion.

Core PCE inflation reduced from peak levels of 5.4% as of September 2022 to 2.6% as of March 2024. The moderation was led by goods disinflation with moderation in global commodity prices and supply chain normalization. Meanwhile, tight monetary policy kept services inflation contained, despite strong growth conditions. The imbalance in US labour market reduced with reduction in excess demand for labour, as demand for labour reduced and supply picked-up.

The disinflation process was uneven with inflation pressures briefly rising in Q4FY24. As a result, the FOMC members indicated that restrictive policy will be maintained for as long as needed. The FOMC dot plot indicated one rate cut in 2024 versus three rate cuts earlier. Growth conditions in the US remains on the stronger side compared to other DMs, supported by consumption demand. While the labour market is more balanced, the demand for labour remains higher than supply, keeping wage growth, above pre-Covid-19 levels. Another factor which has supported consumption demand is expansionary fiscal policy in the US, supporting employment creation. The US consumer has been able to withstand aggressive pace of Fed rate hikes as household leverage reduced and majority of mortgage loans are fixed rate.

The US is facing a unique combination of strong growth and sticky inflation, which could force the Fed to remain on a prolonged pause. Economic conditions in other DMs differ from the US, with weakness in growth and easing of inflation pressures. This has force DM central banks to diverge from the Fed in FY25 and initiate rate cuts.

DOMESTIC MACRO-ECONOMIC ENVIRONMENT

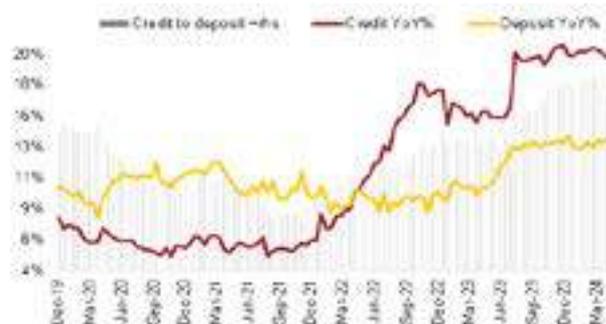
India's growth recovery remains on strong footing with FY24 GDP growth at 8.2%. Growth recovery was led by investment, supported by government capex- both Centre and state government. As a result, investment to GDP growth rose to 33.5% in FY24, which is a 11-year high. Meanwhile consumption expenditure remained muted with rural demand showing weakness, countering strong urban demand. Uneven monsoon and weak rural wage growth dampened rural demand. Meanwhile, urban demand remains on the stronger side, supported by relatively stronger urban wage growth and formal sector employment. Drag from net imports

increased in FY24, led by weakness in merchandise exports.

By sector, growth recovery has been led by services sector with continued recovery in contact intensive 'trade, hotels and transportation' and real estate sector. Manufacture sector growth also improved with improvement in profit growth of listed companies. Listed company profit growth in both services and manufacturing sector was supported by lower input cost in FY24. Construction sector growth was supported by government capital expenditure.

The strong growth in urban demand conditions is also indicated by revival in bank credit growth which rose to 20.2% in FY24, led by retail and services loans. A more gradual recovery was seen in industrial loan growth, especially large industries. Share of retail credit in overall bank credit has risen to 32% vs 26.3% in FY20. Credit growth was led by private sector banks, whose share in bank credit increased to 42% as of March 2024 from 39% as of FY23. Meanwhile the share of PSBs reduced to 53% of total bank credit vs 55.9% in FY23.

Strong credit growth was associated with improvement in credit quality with overall banking system GNPA's reducing to multi-year lows to 2.8% as of March 2024. Improvement is seen across public and private sector banks. To ensure credit quality holds-up and enhanced transmission, RBI increased the risk weights for consumer credit for Banks and NBFCs in November 2023. Risks weights on bank lending to NBFCs was also increased.



Source: CEIC, RBI, IDFC FIRST Bank Economics Research

RBI – strong growth provides policy space to remain on pause

RBI is facing a combination of strong growth conditions and moderation in inflation pressure. CPI inflation moderated to 5.4% in FY24 from 6.7% in FY23. Food inflation has been volatile in FY24, due to adverse weather conditions. Monsoon in 2023 was uneven both temporal and spatial distribution, due to El Nino conditions. There have been successive food price shocks, spread-over vegetables, cereals and pulses. Food inflation remains elevated at 7.0% in FY24 vs 6.7% in FY23. Meanwhile, core inflation dynamics have been much more favourable with broad-based moderation spread across

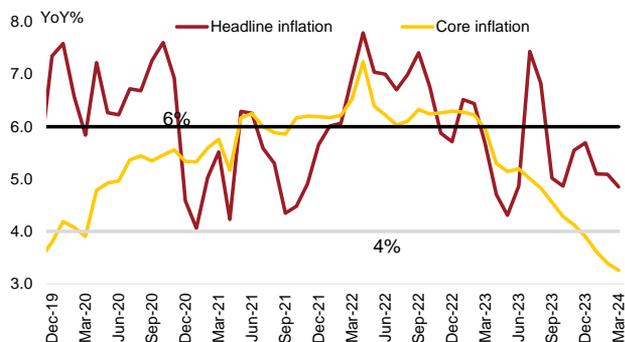
services and goods. Core CPI inflation has eased to 4.4% in FY24 vs 6.3% in FY23. The coexistence of strong growth conditions and softness in core inflation indicates that the economy is not overheating. The RBI paused its rate hiking cycle in April 2023, after hiking repo rate by 250bps (over May 2022 to February 2023).

To improve transmission of rate hikes, RBI tightened liquidity conditions by imposing ICRR of 10% on incremental NDTL in August 2023. Liquidity conditions had eased in H1FY24, due to surge in Balance of Payment surplus in Q1FY24, higher government expenditure and reduction in currency leakage due to withdrawal of 2000 rupee note. The ICRR was withdrawn in a phased manner over September 2023 to first week of October 2023. Subsequently, liquidity conditions tightened post the festival season due to rise in currency leakage and reduction in BoP inflows. The weighted average call rate was closer to MSF over October 2023 to January 2024. RBI liquidity management showed preference to keep overnight rates near MSF. This is likely to aid transmission of RBI rate hikes.

The transmission via the banking system has been faster due to external benchmark regime and tight liquidity conditions in H2FY24. Weighted average lending rates on fresh loans increased by 174bps over April 2022 to March 2024. Meanwhile weighted average lending rates on fresh term deposit rose by 250bps over April 2022 to March 2024. Higher deposit rates also reflected focus on mobilizing deposits, as credit growth at 20.1% outpaced deposit growth at 13.5% in FY24.

From February 2024 onwards there has been a change in RBI liquidity management with RBI conducting two-way operations (VRR and VRRR) to align weighted average call rate with repo rate. Interbank liquidity conditions eased from March 2024 onwards, with pick-up in government expenditure. Moreover, RBI used FX operations to infuse INR liquidity. BoP surplus increased in Q4FY24 with reduction in trade deficit and strong services surplus.

Strong growth conditions provided RBI policy space to remain on hold, to ensure CPI inflation aligns with target levels. The key risk to inflation outlook in FY25 remains from food inflation, which has been volatile in FY24.



Source: CEIC, IDFC FIRST Bank Economics Research

10-yr G-sec yields reduce to 7.06% as of March 2024

For more than half of FY24, G-sec yields closely followed the trend of UST yield, rising to peak levels of 7.38% in October 2023 and subsequently eased to 7.06% by March-end 2024. The higher G-sec yield in H1FY24, was led by higher UST yields, rise in crude oil prices and Fed rate hikes. On the monetary policy front, the RBI paused its rate hike cycle in April 2023, while the Fed rate hiking cycle only paused in September 2023. In H2FY24, there was a moderation in both G-sec yields and UST yields, but the moderation in G-sec yields was more pronounced due to index inclusion expectation and announcements. India's inclusion into the JP Morgan EM Bond Index started from June-end 2024 onwards and will bespread-over 10 months. Index inclusion is expected to get inflows of US\$25bn to US\$30bn in FAR G-secs. In anticipation of index related inflows, there was a pick-up in FPI inflows into FAR G-secs in H2FY24. As a result, FPI ownership of FAR G-sec rose to 4.5% as of March 2024 vs 2.8% as of September 2023. Another factor which supported moderating in G-sec yields was easing of CPI inflation pressures in H2FY24, led by moderation in core inflation and some easing in food inflation pressures.

The G-sec yield curve flattened in FY24 with reduction in long-term yields due to investor demand. Investor demand for g-secs has been rising, supported by formalization of the economy and households allocating a wider share of their financial savings in insurance, PFs and pensions. The ownership of long-only players increased to 39% of outstanding g-sec as of March 2024 vs 35% as of FY20.

Banks demand for government securities (centre and state government bonds) was strong in H1FY24 and weaker in H2FY24, due to changing liquidity conditions. In H1FY24 banks demand was supported by easing inter-bank liquidity conditions. In H2FY24, liquidity conditions had tightened considerably in Q3FY24, resulting in lower demand from banks. In Q4FY24, revival was seen as liquidity conditions eased. As a % of NDTL, banks investment in government securities reduced marginally to 29.2% as of March 2024 vs 29.9% as of March 2023. The slight moderation in banks holdings of government securities (% of NDTL) was also due to surge in credit growth. Credit-to-deposit ratio rising to 80.3% as March 2024 vs 75.8% as of March 2023.

USDINR: ranged-bound depreciation in FY24

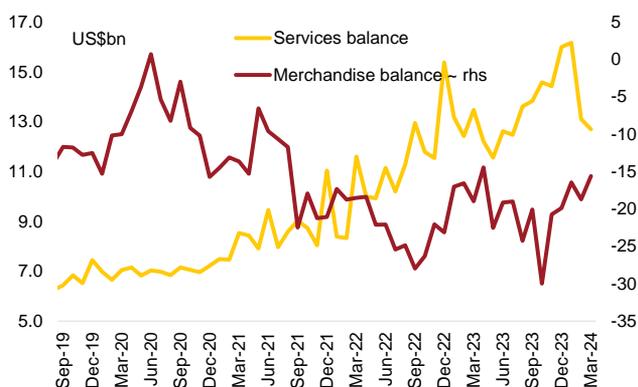
In FY24, INR depreciated against the USD by 1.5%, reflecting dollar strength (DXY was higher by 1.9%) and CNY weakness (depreciation of 5.1%). There was a lot of volatility in DXY which saw phases of strength supported by unwinding of market's Fed rate cut expectation. The first phase of dollar strength was from Q2FY24 to Q3FY24, supported by rise in UST yields as Fed remained on pause contrary to market expectation of sharp rate cuts. Meanwhile, the second phase of dollar strength was in Q4FY24, again led by unwinding of market expectation of Fed rate cuts in 2024. Growth conditions in the US remained strong with consumption demand supported by strong labour market. Meanwhile, fiscal policy in the US remains expansionary which has supported employment growth.

Against the volatile global backdrop, USDINR remained relatively stable with RBI intervention limiting two-way volatility. The relative low volatility in USDINR also reflected improved external metrics of India with subdued current account deficit and adequate reserves. The reduction in current account deficit was led by lower trade deficit and robust services surplus. Trade deficit reduced to US\$240bn in FY24 vs deficit of US\$265bn in FY23, reflecting normalization of global supply chains and lower commodity prices. Indian Crude Basket averaged at US\$82.5pb in FY24 vs US\$93.5pb in FY23. Apart from lower crude oil prices, the decline in oil import bill was also aided by rising share of imports from Russia. In FY24, the share of Russia in India's crude oil imports (volume) rose to 36% vs 22% share in FY23.

Meanwhile, services surplus surged to US\$162bn in FY24 from US\$143bn in FY23. The rise in surplus was partly due to decline in services imports (-3%YoY in FY24) which balanced the slowdown in services exports growth (4.5% in FY24 vs 27.8% in FY23). Current account details reveal that the pick-up in services surplus is led by software services and professional services. Post Covid-19 there has been a sustained rise in professional services surplus, reflecting the rise of global capability centres (GCCs).

On the flows front strong pick-up was seen in FPI inflows spread-over equity and debt. Net inflows rose to US\$41bn in FY24 vs -US\$5.5bn in FY23. However, there has been a slowdown in FDI inflows to US\$15.4bn in FYTD24 vs US\$25bn in FYTD23.

FX reserves remain adequate at US\$646bn as of March 2024 vs US\$578bn as of March 2023. The rise in FX reserves was led by RBI FX purchases followed by revaluation gains. Import cover is tracking at 11.6 months including spot reserves plus forward book.



Source: CEIC, IDFC FIRST Bank Economics Research

FINANCIAL SUMMARY

In FY24, the Bank celebrates a significant milestone as we mark five years since the successful merger that propelled us into a new era of growth and opportunity. Over this period, the economy encountered various convulsions, including the NBFC crisis of 2019 and 2020 when the bank has to write-off large amounts that eroded the network and book value per share significantly. Then unprecedented challenges brought by the COVID-19 pandemic in FY21 and FY22 impacted

the growth and earning further during these two years. The global economic uncertainty stemming from the Eurozone conflict in 2022 along-side the geopolitical tensions in the Asian sub-continent, compounded by subsequent global rate hikes including rate hikes in the US and the European regions, further impacted the economic growth.

Overcoming from such adverse circumstances, Indian Banking System's Credit grew by 20% in FY24 to reach ₹ 164 trillion; adjusting for the merger of a large NBFC to a large private sector bank, the credit growth was around 16%. Loans and Advances (including credit substitutes) of our Bank grew by 25% in FY24 to reach ₹ 2,00,965 crore.

Similarly, the Deposits in the banking system grew by 13% to reach ₹ 205 trillion, primarily driven by time deposits due to high interest rate scenario. Against this industry backdrop, the deposits of our Bank grew strongly by 39% to reach ₹ 2,00,576 crore which forms 1.0% of the total deposits in the Banking system.

Our steadfast commitment to prudent risk management, operational excellence, and unwavering dedication to our customers have been instrumental in our ability to not only weather these storms but to thrive and deliver exceptional performance against all odds. Despite navigating through these tumultuous times, the Bank has emerged remarkably resilient, exceeding expectations set at the time of the merger on certain growth parameters and met most guidance given at the time of the merger (Guidance 1.0).

Deposits

FY24 witnessed policy rates getting peaked with central banks globally making progress in the battle against inflation. The Reserve Bank of India (RBI) also maintained status quo in the policy rate during FY24 after increasing the repo rate by 250 basis points in six tranches from May 2022 to February 2023.

Even amidst this rigorous competition, the Bank managed to amass ₹ 56,941 crore of incremental customer deposits during FY24, a 42% YoY growth, increasing from ₹ 1,36,812 crore as of March 31, 2023, to ₹ 1,93,753 crore as of March 31, 2024. This surge was primarily driven by a 46% YoY growth in granular retail deposits, rising from ₹ 1,03,870 crore to ₹ 1,51,343 crore during the same period. Total retail deposits now constitute 78% of overall customer deposits as of March 31, 2024, compared to 76% as of March 31, 2023.

FY24 posed a challenge for the industry in terms of CASA (Current Account, Savings Account) mobilization due to increase in interest rate in the previous year, as CASA deposits outflows resulted into inflows of Time Deposits which grew comparatively faster in FY24. However, IDFC FIRST Bank saw a steady increase of ₹ 22,785 crore in CASA deposits during FY24, representing a 32% YoY growth from ₹ 71,983 crore as of March 31, 2023, to ₹ 94,768 crore as of March 31, 2024. Notably, the Bank's current account deposits increased by 25% YoY, and savings account deposits rose by 33% YoY in FY24.

The granular retail term deposits of the Bank increased by ₹ 27,060 crore, or 66% YoY in FY24 and it was the main driver for the growth of the overall term deposits of the Bank which increased by ₹ 34,156 crore in FY24, a 53% YoY growth, from ₹ 64,829 crore as of March 31, 2023, to ₹ 98,985 crore as of March 31, 2024.

Further solidifying its financial position, IDFC FIRST Bank reduced its reliance on Certificates of Deposit by 13%, decreasing from ₹ 7,826 crore as of March 31, 2023, to ₹ 6,823 crore as of March 31, 2024.

Consequently, Bank's overall deposits crossed a landmark of ₹ 2,00,000 crore during the year. The Bank's overall deposits, including CASA, Term Deposits, and Certificates of Deposit, expanded by 39% YoY in FY24, growing from ₹ 1,44,637 crore as of March 31, 2023, to ₹ 2,00,576 crore as of March 31, 2024.

Despite slowdown in overall deposit growth across the banking system, IDFC FIRST Bank managed to maintain a CASA ratio of 47.2% as of March 31, 2024. This figure ranks among the higher CASA ratios within the private sector banks in India. The Bank has successfully maintained its CASA ratio in the high 40s during the last four years.

Borrowings

In FY24, the Bank successfully reduced the total borrowings, excluding money market borrowings, by 16% YOY, from ₹ 40,292 crore as of March 31, 2023, to ₹ 33,845 crore as of March 31, 2024. IDFC FIRST Bank is successfully repaying its legacy borrowings, including long-term bonds, infra bonds, and high-cost refinancing by raising retail deposits. Such amounts repaid declined from ₹ 17,673 crore as of March 31, 2023, to ₹ 11,809 crore as of March 31, 2024. The Bank also decreased its new refinancing portfolio from ₹ 18,176 crore as of March 31, 2023, to ₹ 15,682 crore as of March 31, 2024.

In FY24, the Bank also successfully raised ₹ 1,500 crore of additional Tier-II capital through the issuance of Tier-II bonds to prominent domestic institutional investors which aided to its overall capital adequacy.

Network

The Bank has made moderate expansions during FY24, with the addition of 135 new branches and 239 new ATMs. As of March 31, 2024, the Bank's network encompasses a total of 944 branches and 1,164 ATMs across the country.

Further, the Bank has invested in robust digital capabilities to enhance efficiency and elevate the customer experience. It remains committed to further developing its digital infrastructure in the future. Moreover, the Bank has plans to continue expanding its branch network in different regions of India, adapting to the specific requirements of each geography. By doing so, it aims to strengthen its presence and better serve its customers across the nation. However, the Bank would have slower branch additions in the near to mid-term, depending on the incremental deposit requirements and utilization of the digital capabilities.

Funded Assets (including advances and credit substitutes)

Overall funded assets of the Bank crossed ₹ 2,00,000 crore mark during the fiscal year 2023-2024 which was driven by steady momentum in its well diversified loan book across retail, rural, commercial and corporate segments. Total Funded Assets, which include advances, credit investments, and PSL buyouts, net of Inter-Bank Participation Certificates (IBPC), increased by 25% year on year to ₹ 2,00,965 crore as of March 31, 2024, compared to ₹ 1,60,599 crore as of March 31, 2023. The legacy infrastructure finance portfolio continued to decrease through normal book run-off and stood at ₹ 2,830 crore which is just 1.4% of the total funded assets.

Among the different retail and commercial financing product segments, products with higher vintage and seasoning experienced steady growth, while new segments like credit cards, education loans, digital loans, and gold loans registered comparatively higher growth due to the low base effect. The Bank introduced prime home loans in 2021, which became a key driver for the growth in the overall home loan portfolio.

This Home Loan portfolio increased by 14% year on year to reach ₹ 22,325 crore as of March 31, 2024, accounting for 11% of the overall funded assets. The Bank has been increasing the home loan origination to its existing liability customers using the branch as a channel. The Loan Against Property (LAP) portfolio plays an important role in the Bank's overall book for catering to the MSME segment with secured financing. The Bank has steadily growth the LAP portfolio to reach ₹ 24,247 crore which constitutes 12% of the overall loan book of the Bank as of March 31, 2024. The Bank has made steady progress in the vehicle financing segment during the year and maintained position in two-wheeler financing, maintaining its credit quality over cycles and multiple economic downturns. The Bank's vehicle financing portfolio reached ₹ 20,827 crore, constituting almost 10% of the overall loan of the Bank as of March 31, 2024. The Bank's consumer loan portfolio primarily caters to the growing personal financing and durable financing needs of the customers, especially in the urban geographies. The Bank's consumer loans portfolio reached ₹ 26,499 crore, 13% of the overall loan book as of March 31, 2024. Majority of the retail and commercial products have a vintage of around 14 years on the book including Capital First's vintage, as it merged with the Bank in December 2018.

During the last 3 years, the Bank has also launched many new products like credit cards, gold loan, education loans etc which have been growing steadily from a small base. In the credit card segment, the Bank started the business in FY22 and by FY24, has issued 2.5 million credit cards primarily to its existing customers without involving any third party / DSA sourcing. The credit card portfolio of the bank stood at ₹ 5,546 crore, 2.8% of the overall loan book by March 31, 2024. The Bank issued 14.57 lac new credit cards during FY24. The Bank has a strong focus on increasing its gold loan portfolio which was launched in FY22 and has grown to ₹ 1,029 crore as of March 31, 2024. The Bank has also

launched Education loans in FY22, primarily catering to the urban customers opting for financial assistance in fulfilling their higher education and skill development aspirations. Education loans portfolio has reached ₹ 2,160 crore, 1% of the overall portfolio by March 31, 2024.

The rural finance portfolio of the Bank plays a critical role for the Bank as it caters to the regulatory requirement on priority sector lending for the Bank and drives the financial inclusion agenda for the economy. The rural finance portfolio of the Bank grew to ₹ 23,882 crore as of March 31, 2024. This growth was primarily driven by growth in Kisan Credit Cards (KCC), tractor loans, and in microfinance through joint liability groups (JLG), which now contribute to 53% of the overall rural portfolio.

As a Universal Bank, IDFC FIRST Bank strengthened its product offerings for the SME and corporate banking segment with products like Business Banking, Business Instalment Loans, Micro Business Credit, Trade Credit, Term Loans, Working Capital Loans, Commercial Vehicle, and Construction Equipment Loans. Some of these products were launched in the last three years and being scaled up steadily, which are also catering to a specific section of the priority sector lending requirements as per the regulatory guidelines. As per the strategic plan disclosed during the merger in December 2018, the Bank has been reducing its long-term legacy large ticket corporate and infrastructure financing book. Instead, it has been focusing on good quality corporate credit at lower ticket sizes, primarily in terms of working capital loans or term loans. The non-infrastructure corporate loan book grew by 17% year on year in the fiscal year 2023-2024, reaching ₹ 30,306 crore as of March 31, 2024. This growth was driven by new credit provided to emerging corporates and the financial services sector, which grew by 18% year on year. The emerging corporate and financial service financing portfolio now contribute to almost 90% of the overall non-infrastructure corporate book as of March 31, 2024. The legacy infrastructure financing portfolio decreased by 39% in the fiscal year 2023-2024, reaching ₹ 2,830 crore through normal run-off. It accounted for 1.41% of the overall funded assets as of March 31, 2024.

Over the last five years, since merger, the Bank has grown its organic capabilities to cater to the priority sector lending required as mandated by the RBI. In this regard, the Bank has launched and scaled many products like tractor financing, kisan credit cards (KCC), micro finance, MSME credit, commercial vehicle financing etc. As a result, the Bank has fulfilled its priority sector lending requirements and did not need to subscribe to any additional RIDF bonds over the last 5 years. The RIDF portfolio outstanding has reduced from ₹ 3,456 crore as of March 31, 2019 to ₹ 926 crore as of March 31, 2024. The Bank reduced the PSL Buyout by 35% during the year. The Bank has also reduced the PSL certificate (PSLC) requirements of the Bank over the years and has been able to sell PSLCs with the help of surplus organic PSL compliant loan assets on the book. The Bank had a net earnings of ₹ 58 crore in FY24 by selling more PSLCs than buying as compared to PSLC buying cost of ₹ 33 crore in FY23.

Overall, the wholesale banking book, including corporate loans, infrastructure financing, PSL buyout, stressed equity, and security receipts, remained stable in the fiscal year 2023-2024.

IDFC FIRST Bank has built strong capabilities and foundations, including a diversified granular product portfolio with strong asset quality, customer-friendly processes, robust credit underwriting, efficient collection machinery, and digital innovations. These factors will drive the Bank's growth going forward, catering to different customer segments such as urban and rural consumers, entrepreneurs, SMEs, and corporates across the country. With strong regulatory frameworks and ongoing digital innovations and interventions by government bodies, the Indian credit market, especially for consumers and SMEs, is expected to experience steady growth. IDFC FIRST Bank, with its capabilities and competitive strengths, is well-positioned to participate in this growth journey.

Asset Quality

During the year FY24, IDFC FIRST Bank made steady improvement in its asset quality, primarily driven by the improvements of NPA ratios in the retail, rural and MSME financing segment which forms the majority in its advances book. At the same point of time, the Bank has significantly improved its provision coverage ratio in the retail, rural and MSME finance segment as well as for the overall advances at the bank level.

The improvement in the asset quality was driven by improvement in the Loan Underwriting standards focusing on better customer profiles; especially for the recent sourcing; improvement in collection efficiencies and recovery and improvement in early delinquency buckets as depicted by Vintage Analysis. The Bank continues to onboard around 90% of its portfolio with customers with credit bureau history.

The Bank proactively tightened the credit policies across different product segments to strengthen proper customer selections through underwriting. The Bank maintained high collection efficiency throughout the quarters in FY24. The early bucket collection efficiency was maintained at 99.6% by the end of March 2024. The collection efficiency is calculated as the following – the total EMI collected in the month (excluding EMI arrears and prepayments), as % of total EMI due in that month. In retail and commercial financing portfolio, steady collection efficiencies during the year FY24 have helped the bank to significantly reduce the SMA ratios (SMA book as % of the total retail and commercial finance portfolio). SMA ratio, especially SMA 1 (31-60 days overdue) and SMA-2 (61-90 days overdue) are the indication of the NPA formation in the near future. The Bank has improved the SMA1+SMA2 ratio from 0.87% as of March 31, 2023 to 0.85% as of March 31, 2024.

All the factors as mentioned above played significant role to improve the NPA ratios of the Bank. The Gross NPA (GNPA) ratio of the Bank improved by 63 bps in FY24, from 2.51% as on March 31, 2023 to 1.88% as on March 31, 2024. The Net NPA (NNPA) ratio of the Bank improved by 26 bps in

FY24, from 0.86% as on March 31, 2023 to 0.60% as on March 31, 2024. Provision coverage ratio (including technical write-off) of the Bank increased by 629 bps in FY24, from 80.29% as on March 31, 2023 to 86.58% as on March 31, 2024. Provision coverage ratio (excluding technical write-off) of the Bank also increased by 236 bps in FY24, from 66.43% as on March 31, 2023 to 68.79% as on March 31, 2024.

The Gross NPA% of the Retail, Rural and MSME Finance Book improved by 27 bps in FY24, from 1.65% as on March 31, 2023 to 1.38% as on March 31, 2024. The Net NPA % in this segment improved by 11 bps in FY24, from 0.55% as of 31 March 2023 to 0.44% as on March 31, 2024. The Provision Coverage Ratio (including the technical write-off) of the retail, rural and MSME lending segment has also improved by 591 bps in FY24, from 82.43% as on March 31, 2023 to 88.34% as of March 31, 2024.

For the wholesale financing book, the Bank continues to improve on asset quality as the incremental credit underwriting process remains prudent and stringent. The Bank has reduced the concentration risk in the wholesale portfolio in a significant way. As a proactive strategy, the exposure to top 20 single borrowers has been reduced from 7% as of March 31, 2023 to 6% as of March 31, 2024. Further, the exposure to top 5 industries also has also been reduced from 22% as of March 31, 2023 to 19% as of March 31, 2024 which has further strengthened the balance sheet. The legacy infrastructure financing book has been brought down from 2.9% of the overall funded assets as of March 31, 2023 to 1.4% of the overall funded assets as of March 31, 2024.

In the non-infra corporate book, the Gross NPA also reduced by 32 bps in FY24, from 2.87% as of March 31, 2023 to 2.55% as of March 31, 2024 and Net NPA was at 0.26% as of March 31, 2024 as compared to 0.01% as of March 31, 2023. The provision coverage ratio (including technical write-off) in this segment was at 94.84% as of March 31, 2024 as compared to 99.84% as of March 31, 2023.

The legacy infrastructure financing portfolio is a run-down portfolio which was reduced by 39% during FY24, from ₹ 4,664 crore as of March 31, 2023 to ₹ 2,830 crore as of March 31, 2024. In this infrastructure financing segment, the Gross NPA was at 26.45% as of March 31, 2024 as compared to 25.11% as of March 31, 2023 and Net NPA was at 15.55% as of March 31, 2024 as compared to 15.73% as of March 31, 2023. The Gross NPA in infrastructure financing segment has reduced by 37% YOY, from ₹ 1,114 crore as of March 31, 2023 to ₹ 699 crore as of March 31, 2024. The provision coverage ratio (including technical write-off) in this legacy infrastructure financing segment has improved to 64.00% as of March 31, 2024 as compared to 56.18% of March 31, 2023.

As the legacy infrastructure book is a run-down book, without the same, the Gross NPA and Net NPA of the Bank would be 1.55% 0.42% respectively as of March 31, 2024 with provision coverage ratio (including technical write-off) at 89.51%.

The restructured pool of the Bank has reduced by 36% in FY24 and forms 0.31% of the overall funded assets as of March 31, 2024 as compared to 0.59% as of March 31, 2023. The Bank improved the net stressed assets including net NPA, net Security Receipts and net Restructured Assets as % of the total asset from 0.84% as of March 31, 2023 to 0.56% as of March 31, 2024.

Although the recent natural calamities like floods in Tamil Nadu and heatwaves across India along with usual seasonality in early summer of FY25 have temporarily impacted the collection efficiencies, especially in the rural areas, the Bank has taken corrective steps to mitigate the impacts to remain range-bound and cleaned up within couple of quarters. With all the guardrails and initiatives in place as well the improving key indicators including the bounce rates, collection efficiency and the SMA ratios, the Bank is well placed to maintain its high asset quality and improve certain aspects further going forward as it gears for the steady growth in the near future.

Net Worth (Share Capital and Reserves & Surplus) & Capital Adequacy

The Bank's net worth stood at ₹ 32,161 crore as on March 31, 2024 compared to ₹ 25,721 crore as on March 31, 2023. The Bank raised ₹ 3,000 crore of fresh equity capital by way of QIP at ₹ 90.25. The book value per share stood at ₹ 45.49 as of March 31, 2024. The Bank reported Capital Adequacy of 16.11% with CET-1 ratio of 13.36% as on March 31, 2024 as compared to 16.82% with CET-1 ratio of 14.20% as on March 31, 2023. During October 2023, the RBI increased the risk weightage of some of the product segments for the Banking industry, which consumed 105 bps of overall Capital Adequacy Ratio and 87 bps of CET-1 ratio during the year. Even with this, the Bank still maintains a healthy capital buffer much higher than the regulatory requirement for the Capital Adequacy Ratio of 11.5% with CET-1 ratio of 9.5% as per the RBI Guidelines. In July 2024, the Bank has further raised ₹ 3,200 crore of fresh equity capital at ₹ 80.30 per shares from marquee domestic investors including the largest life insurance player in the country to have enough capital buffer and improve its capital adequacy beyond 17%.

Profit and Loss Statement

Operating Income

The Total Operating Income (Net Interest Income plus other revenues) of the Bank grew by 31% YOY from ₹ 17,102 crore in FY23 to ₹ 22,453 crore in FY24. The growth in the Total Operating Income included the 36% decline in the trading gains which was ₹ 207 crore in FY24 as compared to ₹ 325 crore in FY23. Excluding the same, the core operating income of the Bank increased by 33% from ₹ 16,777 crore in FY23 to ₹ 22,245 crore in FY24.

The Bank reported 30% growth in Net Interest Income (interest earned less interest expended) from ₹ 12,635 crore in FY23 to ₹ 16,451 crore in FY24 against the growth of funded assets at 25% YOY. The Net Interest Margin (NIM = Net Interest Income as a % of interest earning assets gross of IBPC and sell-down) for the year FY24 was 6.36% as compared to 6.05% in FY23.

In FY24, the Bank had a strong YOY growth of 40% in fee & other income, from ₹ 4,142 crore in FY23 to ₹ 5,795 crore in FY24. Fee Income growth was contributed primarily by the fees related to loan sourcing, higher transaction fees, third party product distribution and wealth management fees, CMS, trade finance, toll & transit etc. Fee & Other income as % of total average assets improved from 1.93% in FY23 to 2.16% in FY24.

The Bank intends to generate fee income through sale of insurance, mutual funds and other wealth management products to our customers including wealth management customers. The Bank has significantly expanded its Wealth management business last year. The Wealth management AUM has increased by 66% from ₹ 9,494 crore as on March 31, 2023 to ₹ 15,762 crore as on March 31, 2024. The Bank is a significant player in the FASTag and Toll Business and has already issued 17 million FASTags as on March 31, 2024.

The fee & other income also included the fees obtained from the non-funded assets of our Bank, which increased by 7% from ₹ 22,465 crore as on March 31, 2023 to ₹ 24,063 crore as on March 31, 2024.

Operating Expenses

The operating expenses for the year ended March 31, 2024, were ₹ 16,216 crore, an increase of 33% YOY from ₹ 12,170 crore for the year ended March 31, 2023.

Compared to its large peers who have been around for 20-25 years, our bank has lesser vintage, and hence it had not yet developed the number of technology-based solutions for products and services which are essential for our customers, such as current account propositions, saving account solutions, launching new loan products like prime home loans, credit card, education loan, gold loans, tractor loans etc, revamping the mobile app, creating effective and efficient customer service units and so on. These investments are unavoidable as the Bank needed to grow the granular retail liability base to replace the bulk deposits and wholesale borrowings in order to de-risk the balance sheet.

During the last 5 years, our Bank has built many such capabilities which will help to shape up our future. The Bank launched advanced new Mobile App with state-of-the-art features Personal Finance management, customer service, Mutual Fund investing, ASBA-IPO facility, and more. The Bank also launched contemporary wealth management solution with dedicated RMs, online MF research, PE investments, AIFs, PMS, paperless Demat account opening, offshore investment solutions, etc. The Bank launched digital Cash Management solutions including mobile-based cheque scan, chatbot based auto-pay (e-NACH), corporate wallet solutions, API based working capital solutions. The Bank launched its start-up banking programs with special features.

The Bank launched integrated app for individual and business banking with single sign-on across trade workflow, forex rate booking, cash management and paperless working capital based on GST filing. For corporate banking customers, the Bank launched cutting-edge corporate banking portal

with unique industry-first features such as single window experience, intelligent report builder capability, and unique online trade regulatory portal. In the toll & transit segment, the Bank was the first bank to launch '3-in-1' FASTag solutions with Tolling+Fuel+Parking on single Fastag with complete mobility solutions.

The Bank also introduced revamped, easy, digital customer journeys for the retail loans with quick processing and attractive interest rates. The Bank had introduced many new products including credit card, gold loans, education loans, tractor loans etc. Specifically, the Credit Card product was launched with many differentiated customer features such as low and dynamic interest rates, never expiring reward points, zero annual renewal charges etc for which the necessary systems, technology, architecture, workflows, API connects required to be built. Further, as a new bank, the Bank also required to invest in developing the modern technology stack to be able to incorporate all the new products and services mentioned above which involved acquiring licenses, building core systems, enterprise service layers, integration with channels, API connects with external counter parties while taking care of the cyber and digital security aspects.

Retail businesses, both assets and liabilities, by their very nature, are opex intensive in their early stages. Since the strategy was to build a stable Bank with high level of granular retail deposits and low dependency on corporate deposits, the Bank launched large number of branches and ATM in order to raise the necessary retail deposits of the Bank. The Bank increased its footprints across India by opening 738 new Bank branches and 1,052 new ATMs (incl. Recyclers) since merger, out of which 135 branches and 239 ATMs were opened during FY24. The expansion of branches also has come with increased cost of employees. The newly launched businesses like credit cards, toll & transit businesses, retail liabilities have high cost to income ratio (C:I) in their initial stages.

Despite the above essential investments that the Bank had to make to build the infrastructure and product propositions of the Bank, the cost to income ratio (on core income excluding the trading gains) for the bank reduced from 95.1% (pre-merger, Q2-FY19) to 72.9% in FY24. The cost to income ratio in three businesses i.e., Assets, Credit Card and Retail Liabilities broadly sum up to the overall cost to income ratio of the Bank. The cost to income ratio for the asset businesses including retail loans as well as wholesale banking was 53.2% in FY24, broadly flattish over FY23. In credit card segment, with the Bank improved cost to income ratio from 165% in FY23 to 116% in FY24, driven by the increase in business volume and scale. In the Retail Liabilities (Branch Banking) business, the cost to income ratio remained high in FY24 at 196.7% as the competition for deposit mobilization intensified.

In order to drive the improvement in cost to income ratio from the current level, the Bank initiated a number of cost saving measures. There were multiple cross functional squads created to work on specific areas which included reducing administrative expenses like courier, printing, stationary,

travel, and other such overhead expenses. Successful implementation of technology projects also helped reduce costs. Such concerted efforts over the last two years have been helping the Bank in reinvesting such savings into productive measures and initiatives.

Subsequently, the Bank has been witnessing improvement in cost to income ratio in all these three segments during the first quarter of FY25. The Bank plans to reduce C:I to around 65% by FY27 from the current level of 72.9% in FY24, aided by the increase in profitability in credit card business, gradual replacement of high-cost legacy borrowing of ₹ 11,809 crore at 8.90% and scale in retail liabilities & branch banking.

Pre-Provision Operating Profit (PPOP)

The Bank followed a multipronged approach to increase core pre-provisioning operating profit (excluding the trading gains) in a sustainable way. The Bank scaled up the overall loan book and other fee-based businesses in a steady manner which increased the overall core revenues for the Bank. In FY24, the Bank reduced the interest rate from 4.00% to 3.00% for the savings accounts up to ₹ 1,00,000 which helped the Bank manage the overall cost of funds. In parallel, as explained in the section above, the Bank also undertook many initiatives to manage the operating cost and bring efficiency, while making productive investments to improve its product and services propositions to its customers.

Such multipronged approach has resulted in the Core Pre-Provision Operating Profit (PPOP excluding the trading gains) growing by 31% YOY, from ₹ 4,607 crore in FY23 to ₹ 6,030 crore in FY24 while the funded assets (net of IBPC) of the Bank grew by 25% from ₹ 1,60,599 crore as of March 31, 2023 to ₹ 2,00,965 crore as of March 31, 2024. This establishes the improved operating efficiency and the inherent strength of the overall business model which would drive the profitability improvement going forward as the business volume grows.

The core PPOP of the Bank as % of the average total assets has improved to 2.25% for FY24 as compared to 2.14% in FY23. The quarterly annualized core PPOP to average total assets for Q4-FY24, the exit quarter of FY24, was 2.32%. Including the trading gain, the Pre-Provision Operating Profit (PPOP) increased by 26% YOY, from ₹ 4,932 crore in FY23 to ₹ 6,237 crore in FY24.

Provisions

The incremental provisions for the year ended March 31, 2024 was at ₹ 2,382 crore, which as a % of the total average funded assets stood at 1.32% for FY24, which is below the guidance and in line with internal risk estimates. With the normalization of the credit environment and shrinking of the written-off pool for recovery, the Bank expects the credit cost to increase in a range bound manner in the near to mid-term.

Net Profit (Loss)

The Bank posted a growth of 21% YoY in its net profit, from ₹ 2,437 crore in FY23 to ₹ 2,957 crore in FY24. The ROA of the Bank was at 1.10% in FY24 as compared to 1.13% in

FY23. Similarly, the ROE of the Bank was 10.30% in FY24 as compared to 10.79% in FY23. The Bank is executing on the strategy to build a profitable retail lending book and reduce overall cost of liabilities with strong retail deposit growth. As the Bank achieves the scale in businesses, and as the legacy liabilities are paid off, the profitability ratios of the Bank would continue to improve further.

Financial Performance of Subsidiary

IDFC FIRST Bank has one wholly owned Subsidiary Company, namely IDFC FIRST Bharat Limited (IDFC FIRST Bharat/ 'IFBL').

During FY 2023-24, IFBL has sourced loans worth ₹ 17,516 crore. IDFC FIRST Bharat reported a Profit After Tax of ₹ 58.41 crore for FY 2023-24 as against ₹ 47.61 crore for FY 2022-23 as per IND-AS.

IDFC FIRST Bank has only one Associate Company as on March 31, 2024, viz. Millennium City Expressways Private Limited, in which it holds 29.31% equity share.

RETAIL LIABILITIES

Fiscal 2024 was a year of transformation for the Bank's Retail Liabilities business. Our Liabilities function achieved significant breadth and scale which enabled the Bank to have a competitive advantage and deliver superior customer experience. The Bank's franchise strength is evident from the growth in its Liabilities franchise. The Bank has well diversified product suite for its liability customers as given below:

Savings Account

The Bank offers Savings Bank Accounts to its customer with attractive interest rates and zero fee banking on all Savings Account services such as IMPS, NEFT, RTGS, ATM transactions, Debit Card, and SMS Alerts among others. In Savings Accounts, 55% of customers connect to an agent on video on the date of account opening for KYC and managed customers get allocated a Relationship Manager within one hour of account opening. Customers get to know their Relationship Manager through the Mobile App and can reach out to them directly via a phone call, Email or WhatsApp. Along with the normal savings accounts, the Bank offers other products like corporate salary accounts, senior citizens savings accounts, First Power Savings accounts for women customers with specific health benefits and offerings. The Bank is the only universal bank in India to offer monthly credit of interest to all its savings account customers.

Current Account

IDFC FIRST Bank provides varied range of Current Account solutions featured with solution offerings:

- "BRAVO" – an auto sweep feature – on all MSME current accounts and startup accounts. This unique feature allows users to set up an auto-sweep into Fixed Deposit (FD) without any penalty on premature withdrawal of FD
- 'Banking with texting' for Business is a reality now with WhatsApp Banking. WhatsApp Banking for Current

Accounts and TASC segment users is available now for the most frequent user need like - balance check, account statement, mini-statement & offers

- MSME customers can enjoy a complimentary general insurance cover of up to ₹ 2 Lakhs with IDFC FIRST Bank
- Bank has collaborated with ~ 100 Partners and provides 150+ Offers for our customers
- Bitly Banking is a unique feature that has been initiated by IDFC FIRST Bank for the new generation customer experience for our MSME Customers. Users can fulfill servicing requests by sitting at home
- INWARD REMITTANCE OPTIMUS & MOBILE JOURNEY: With this enhanced functionality, customers can conveniently submit disposal directly through their mobile devices, saving time and effort
- SWIFT GPI Tracker: Enables real-time tracking of payments from initiation to receipt, ensuring greater predictability and reliability in international transactions

NR Account

The Bank offers various products and services to its non-resident Indian customers, including NRE Accounts, NRO Accounts, Seafarer Accounts, NRI deposits etc. With the Vision of providing a digital led approach for NRIs starting right from the Onboarding stage, the Bank launched the DIY Journey for Non-Face to Face Digital Account Opening. The Bank also launched Instacart with NRI customer getting an onboarding kit with account number, debit card and cheque book instantaneously at the time of application. The Bank offer excellent services like retail remittances where cross border remittance services are offered at highly competitive exchange rates, zero processing fees along with zero correspondent bank charges. The bank undertakes real-time tracking service over APIs, in association with SWIFT, for money sent abroad using its Mobile Application and Internet Banking.

Startup Banking

Startup Banking sector has emerged as a powerhouse, achieving remarkable growth. The division now proudly serves over 15,000 startups, witnessing a year-over-year growth of 100%. Total book value of the startup portfolio has soared to more than ₹ 5,700 crore, which is a significant 2.3 fold increase from the previous year. Some of the new product launches include No Lien Account – Specialized accounts for startups to receive grants from government, Business Credit Card – Industry first corporate credit card for startups with step-up credit, ONDC Solution Stack – ONDC stack with ONDC compliant bank account and tech support. Additionally, bank has introduced a new Digital Entity Onboarding Journey for the Business card, which has revolutionized the onboarding process by reducing the turnaround time by nearly 40%. Division has also focused on delivering unique customer experiences. Bank's FIRST Symphony initiative is a collaborative platform that brings

together cross-functional teams within the bank to enhance synergy with startups. In its inaugural session, in partnership with 3one4 Capital, 6 startups from sectors like Fintech, Agritech, and Cleantech participated. Another key program, 'Leap to Unicorn' program ended its first season on a high note, with 100 startups being featured in Forbes India as "Top Startups to Watch Out For," marking a significant recognition for these burgeoning enterprises.

Business Banking

The Bank's Business Banking vertical supports Micro, Small and Medium Enterprises (MSMEs) by meeting their working capital requirements through a diverse range of offerings for both funded and non-funded lending. The Bank developed capabilities for the Relationship Manager to onboard customers digitally in a hassle-free manner. This includes e-stamp and e-sign for loan documents through which Digital stamping has expedited the stamp duty payment process and has reduced the turnaround time for loan agreement stamping by over 70%, from days to mere minutes. The Bank also launched Legal-technical valuation workflow which allows better tracking and monitoring of the valuation process and facilitates real time handshake between relationship manager operations and vendors.

Government Banking

The Government Banking business has built a robust Liability Business model by creating partnerships with Central & State Governments apart from Public Sector Undertakings and multiple government entities by offering new banking solutions, backed by technological capabilities and agile services. The Bank has taken proactive participation in the e-Governance initiatives of the government through customized solutions to meet their requirements and ease of transacting for the citizens has been the division's focus area. The Bank is offering multiple product suites to government clients including Account Management Services, Corporate Salary Solutions, Transaction Banking, e-Auction and other digital solutions, benefiting the citizens. A significant milestone has been achieved in the year ended March 2024, with Central Government Departments & RBI granting Agency Banking Accreditation to IDFC First Bank. With the roll out of these Agency Banking Services in FY 2024-25, customers of IDFC FIRST Bank as well as General Public will be able to make payment of Taxes and duties under Central Board of Direct Taxes (CBDT) & Central Board of Indirect Taxes & Customs (CBIC) through IDFC FIRST Bank. The Bank will also be able to extend banking services to Central Government Pensioners and disburse pension under CPAO (Central Pension Accounting Office).

Privilege Program

IDFC FIRST Bank provides Privilege program banking with exclusive banking programs that offer unrivalled benefits and privileges to match their lifestyle and make everyday banking a rewarding experience. The Bank launched a Digital Onboarding Journey which provides Direct-To-Customer Digital Onboarding and features ranging from Digital Grouping & Program Upgrade. The Bank provides best-in-

class banking experience, right from a robust investments platform to preferential pricing on financial products, to exclusive lifestyle benefits along with an unparalleled banking experience comprising expert management services.

RETAIL, RURAL & MSME LOAN ASSETS

Within Retail, Rural and MSME asset segment, the Bank has witnessed profitable book growth with focus on high quality assets. Secured business like wheels, mortgage & new businesses like gold loan, education loan have been drivers for growth in FY24.

Urban Assets business journey over last 5 years has been focused on driving operating leverage through digitization. Bank has adopted all cutting-edge digital solutions as part of Digital Public Infrastructure (DPI) such as Account Aggregator (for instant cash-flow assessment-based underwriting), biometric eKYC, e-Sign, eStamp, e-Mandate, UPI based mandate etc. Adopting digital first approach has helped the bank reduce cost of acquisition, ease consumer journey and drive broader financial inclusion agenda.

In vehicles business, the Bank has significant presence and book size and has large volumes across OEMs. In used car loans, Bank is positioned as key players amongst Pvt banks. The focus on electric (EV) & CNG vehicles has increased across wheels business establishing the Bank as leader in Green Financing. The Bank has stayed invested in enhancing customer and partner experience through seamless and automated processes e.g., using QR code for quick approval at point of sale in consumer durable, car loans & two-wheeler business.

The Bank has built customer centric business banking proposition where we provide loans for income generation and business expansion purpose to small and medium entrepreneurs (Loan against property). The Bank additionally offers different business loan solutions for MSME's. Drop line overdraft proposition has enabled the Bank to provide funds for business requirements to MSMEs with flexibility of need-based utilization.

Micro Business loans has enabled providing quick and accessible credit to the underserved and unserved segments. Operating with unique persona-based lending approach, the business has provided avenues for funds to small business owners while maintaining excellent asset quality leveraging a strong connect with local communities.

FIRSTmoney is a unique credit line personal loan product offering for new to bank & existing to bank customers, providing flexibility & convenience. It extends line up to 10 Lacs through the Mobile Banking App with pre-approved sanction process using the automated credit underwriting models and analytics with instant seamless disbursals, fully digital journey with unlimited withdrawals. Customers can get additional funds for emergency needs with a do it yourself journey on IDFC FIRST Bank mobile app. In line with ethical banking philosophy, FIRSTmoney offers industry-first zero foreclosure charges on repayment.

Funding for productivity enhancement and skill development has also been a key focus area for the bank, contributing to 17% of total advances. The bank has maintained its position to be a key player in consumer durable loans, with best-in-class proposition of instant approval at point of sale. In education loans bank has created an Industry first Edu Loan ecosystem – FIRSTUNI, with 30k+ courses approved for financing across 4000+ universities.

In Gold Loans the Bank offers Instant, quick and over-the-counter disbursements Range of repayment plans like Bullet, Monthly Interest, Nil Foreclosure, Agri Gold Loans are curated to suit individual's financial needs.

The fundamental underwriting framework of bank has two pillars i.e., cash-flow based assessment (to onboard high-quality customer with good credit bureau history) and direct debit instruction to bank (digital repayment). Further, the Bank has leveraged digital capabilities in collections by utilising artificial intelligence/ machine learning models to derive preferred touch point channels to optimise customer experience. This has increased collection efficiency in collection across buckets, which has helped in maintaining high asset quality.

Rural Banking

The Rural Banking has continued its mission of transforming lives and livelihoods across Rural India. The unit was setup with the objective of providing access to formal banking services to the last mile customer in Bharat. Over the last several years, this objective has been delivered, across 8.5 million + customers spanning 20 states of our country.

This quest of spreading financial awareness, building banking habits and championing inclusive growth has guided the business expansion since inception. What started as a single state – single product proposition to empower the rural customer, has manifested into a multi geography – multi product customer offering, taking all universal banking products to the last mile in our country. The customer segments being served are diverse and inclusive, spanning small and medium farmers, first time entrepreneurs, and women group borrowers. The rural customers have been educated and onboarded on state of art banking services such as the Bank's Mobile App and Internet Banking.

In this quest, customers and communities have been empowered, employees' lives transformed and traditional stereotypes and myths on rural customer behaviour challenged.

The business' core strength of "Customer and Community Connect" has remained its cornerstone. The unit has continued to pay it forward through every phase of its expansion. In FY24, we conducted several Community Outreach activities such as Cyber Security Awareness, Financial Literacy, Importance of Cleanliness and Hygiene, Tree Plantation drives and Blood Donation Camps. Over 10,000 volunteering hours were invested in supporting the local communities and catchments through these initiatives.

Along with our responsibility towards local communities, we continue to heavily invest in the growth and development of our employees. Most of our employees in rural locations belong to local catchments and are first-time formal workforce participants in their families. While their intent and passion are unquestionable, it is our responsibility to develop capabilities and provide opportunities for employee growth. As we enter the next phase of growth as a business, our focus aligns on transforming local/state leaders into national leaders via outsized investment in coaching, mentoring, and strategic thinking. Initiatives such as Management Development Program in collaboration with IRMA, Fundamentals of Banking in collaboration with IIBF, and Leadership Development Programs with IIM Bangalore and ISB Hyderabad are steps we're taking in pursuit of this promise.

The Rural Banking team will continue to grow responsibly, championing the cause of transforming families and communities in the process, all along remaining humble and serving to the diverse and unique opportunities provided in our country.

Some of the noteworthy achievements of the unit in the FY23-24 are mentioned below:

1. The Aadhar project delivered by our government has been a resounding success; the Unique National Identity is now a ubiquitous presence across rural markets.
- o As a financial service provider, we are riding on the Aadhar Stack to deliver last mile financial services at scale; championing our cause of Financial Inclusion.
2. Digitization of Bharat: Over 98% of our customers are digitally onboarded via Electronic KYC and sign loan agreements via Electronic Signatures; in some pockets customers are even executing document stamping via Electronic Stamps.
3. Paperless Lending: We've turned lengthy loan documents into electronic communication.
4. We've financed over 4 million small entrepreneurs via our flagship business loan product.
5. Creation of Culture of Credit Awareness in Rural India

Progress in extending of Banking Services through Business Correspondents (BCs)

To extend the Bank's outreach and to provide banking services to underserved customers, the Bank has engaged Corporate BCs to disburse / service loans and appoint / manage customer service points through the said BCs for providing interoperable transactions services (Deposits, Withdrawal and Remittance) on behalf of the Bank, primarily in Rural and Semi Urban areas.

As on March 31, 2024, the Bank has engaged 7 corporate BC partners (including its wholly owned subsidiary IFBL) who have presence across 27 states and union territories in India through 754 branches and 9,656 active customer service points as of March 31, 2024. Out of 754 branches, IFBL branch count stood at 638. The Bank originates Joint Liability Group (JLG) Loans in the rural geographies through IFBL and other business correspondents.

IFBL disbursed ₹ 12,768 crore of JLG Loans in FY24 as compared to ₹ 9,011 crore in FY23. Apart from JLG Loans, IFBL also disbursed ₹ 4,748 crore of other loans including personal loans, mortgages, vehicle loans, consumer durable loans etc in FY24.

However, the Bank reduced the loan book originated by the other corporate BC partners, which decreased to ₹ 180 crore as of March 31, 2024 from ₹ 392 crore as of March 31, 2023. The disbursement through other corporate BC partners reduced from ₹ 450 crore in FY23 to ₹ 153 crore in FY24.

Digital Banking Unit

Digital Banking Units ('DBUs') play a crucial role in delivering banking services through advanced digital infrastructure. DBUs act as catalysts in expanding and accelerating the digital footprint, surpassing the limitations of traditional brick-and-mortar banking outlets.

In fiscal 2023, the Government of India announced the launch of DBUs to encourage customers to engage in and benefit from digital transactions. The Bank launched its first DBU in October 2022, offering a wide range of services such as account opening, cash deposits and withdrawals (via ATM, debit card, cardless, or cheque), RTGS/NEFT/fund transfers, cheque book issuance, demographic detail updates, loan servicing, product cross-selling, credit and debit card services, bill payments, and internet banking access. As on March 31, 2024, the Bank had 4 DBUs, out of which 2 DBUs were opened during the FY 2023-24.

The number of deposit accounts including saving bank accounts, current accounts and term deposit accounts through DBU was 3,166 in FY24. The Bank also originated 18 loans through DBU in FY24. The Bank carried out 45,240 financial transactions and 2,055 non-financial transaction through DBU in FY24. During the last financial year, the Bank also carried out 46 digital awareness / literacy camps for using DBU for banking services.

WHOLESALE BANKING

During FY23-24, your Bank continued its focus on the long-term strategy for Wholesale Bank as set by the board. The team succeeded in achieving excellent portfolio-level performance as per the board guidance. Wholesale Bank has shown 8% YoY funded balances growth mainly on the 17% YoY growth in corporate sectors and reduction of 39% in infrastructure sector. Non funded book grew by 5% YoY. On liability side, Wholesale Bank achieved 25% Y-o-Y growth in average CASA and 8% Y-o-Y growth in Fixed Deposit balances. Wholesale Banking has added ~175 NTB clients, thereby continuously working on the granularization strategy of the book.

The Bank continued the transition of its exposure from infrastructure project lending and from large-ticket lending to a more diversified and mid-sized lending. In doing so, not only did the bank maintained excellent asset quality, it also has successfully resolved legacy stressed loans and made significant recovery from them during the year. The Bank continued its effort in providing a full-service

suite of Corporate Banking to its clients, including Large Corporates, Emerging Large Corporates, NBFCs and Financial Institutions. The Bank now offers wide array of products encompassing Lending & Liability Accounts, Trade Financing, Financial Markets, Cash Management, Payments handling and Debt Syndication. Focussed technological developments to improve the customer experience is a target across all the above products. Further, the Bank is improving profitability from its Wholesale division through improvement in its product penetration and fee earning across its clients.

Corporate Coverage

The Bank's Corporate Coverage Group further improved its performance in getting higher number of new to bank clients from operating mid-sized corporates. This is leading to granular assets from the corporate sector and is substantially reducing portfolio credit risk on the Bank's balance sheet as compared to earlier years' long-term and big-ticket infrastructure legacy assets. The bank continued following a very disciplined credit evaluation process which has led to a steady performance on the wholesale loan book.

During the year under review, the bank grew the corporate sector (non-infrastructure loans) balances by 17% from Rs 25,894 crore as on 31st March, 2023 to Rs 30,306 crore as on 31st March, 2024. This growth was the outcome of last few years continued effort focused on granularizing the portfolio and working on new to bank clients in the sector.

The Bank's credit rating threshold for initiating a relationship continues to be in a healthy zone with most of the business being initiated with the high-quality investment grade corporates. Going forward, Bank will continue to focus on growth of corporate book built through more new-to-bank customers and enhancing the limits utilisation by the existing clients.

Financial Institutions Group

The Bank's Financial Institutions Group (FIG) addresses the finance and banking needs of Domestic as well as International Financial Institutions apart from addressing the cross-border requirements of the Bank's customers.

The FIG team engages with the domestic commercial banks, Insurance Companies and Capital Market participants such as Exchanges, Clearing Houses, Mutual Funds, FPIs, AIFs etc. The Bank works on-boarding large liability-strong Institutions by offering superior transaction banking services through innovative products and assuring client-centricity for product delivery. The Bank has been able to create traction with large Institutions, thereby improving its footprint substantially.

The Bank's FIG team is also responsible for relationship management with International Banks, Multilateral Agencies and offshore Financial Institutions. Further, the FIG team actively engages with Institutions like SIDBI, NABARD, NHB and Exim Bank to avail refinance and with overseas branches of domestic banks to avail foreign currency borrowings. Leveraging on its strong relationships with banks, the Bank has been a serious player in the Priority Sector Loans Certificate (PSLC) market. The bank, in order

to meet its regulatory requirements on Priority Sector, actively participates in IBPC buyout and sell-down with other relationship banks.

The Bank continues to strengthen its network of international banks and FIs to deliver efficient Treasury and Trade Finance solutions to the Bank's local customers, who have banking requirements offshore. The Bank also offers complete suite of products encompassing Financial Markets, trade finance and financial advisory to the offshore banks and FIs, thereby enabling them to provide seamless India linked service to their clientele. Through strong relationship management and distinctive service, the Bank has built up strong network in prominent India linked trade corridors. As of March 2024, the Bank has been able to develop strong correspondent banking network of over 330 global entities, spread across 57 countries.

In line with your bank's vision and ethos of using technology to achieve the status of world class bank, the FIG has been using technology to offer cutting edge solutions in some products being offered to the clientele. This has resulted in your bank gaining a sizable market share in certain products. The team shall continue to focus on implementing technological solutions going forward.

Financial Markets Group

The Bank's Financial Markets Group consists of Balance Sheet Management (BSMG), Trading desk, Foreign Exchange (Fx) & Derivative Sales and Fixed Income Sales.

BSMG is responsible for management of funds and liquidity in all currencies and for compliance with various limits as per the Asset Liability Management ('ALM') Policy, Investment Policy and FX and Derivatives Policy of the Bank. This desk is also responsible for managing the interest rate risk in the banking book.

Trading desk is responsible for dealing and market making in Fixed Income, FX and derivatives products and other Investment products. All transactions are carried out within risk limits of the Bank as per the Investment Policy and FX and Derivatives Policy, with an aim to facilitate customer transactions.

Financial Markets Sales desk is a customer centric desk catering to customer requirements in FX and Derivatives products, subject to regulatory and internal requirements as per the FX and Derivatives Policy and Suitability and Appropriateness Policy. There are ten dealing centres pan India to facilitate client requirements. The team provides automated pricing channels for dealing along with end-to-end solutions to handle remittances for both retail and corporate clients. Technology is used as an effective lever by the Sales team, thereby delivering customized solutions to various client segments.

Fixed Income Sales team caters to delivering customized investment solutions in government / corporate bonds to various client segments.

In-house research desk disseminates timely reports on macro-economic developments and trends in Financial Markets to keep our clients abreast of market developments.

Transaction Banking

The Bank's Transaction Banking business has embarked into a fully digital transformation journey covering the overall ecosystem requirements of corporate customers. All solutions & digital journeys are designed keeping in mind 4 key principles viz. a) Right customized Solution, b) Seamless onboarding & migration, c) Convenience of transacting platform and d) Effective customer service on an on-going basis.

Keeping these principles at the core, refer below are the steps taken to provide solutions which are best-in-class, technology-led and client centric with seamless experience.

- a) Right Customized Solution – Sector specific customised solutions (such as NBFCs, Pharma, Utility, etc) are designed keeping in mind needs of customers Treasury, Finance and Operations team along with their end consumers. Transaction Banking team has also launched two variants of Current Accounts offering viz Rocket Current Account and Super Current Account, which provides return led proposition along with ease of liquidity, especially for credit-light and liability heavy corporate customers.
- b) Seamless onboarding & migration – IDFC FIRST Onboard platform has been developed which provides seamless onboarding journey for customers to avail various Transaction Banking solutions including pricing, documentation, digital agreements, digital forms, etc. In addition, state of the art, API developer portal has been launched, which provides self-serve access to core APIs to accelerate path to production for digital savvy clients.
- c) Convenience of transaction platform – Fully in-house developed one-stop universal financial platform has been developed as the corporate internet banking channel for customers. This platform empowers faster business decision to optimize earning for customers, in addition to having all products access under one umbrella of platform.
- d) Effective customer service – For our anchor and high value customers, a platinum customer service desk has been created which provides personalised and timely customer service, along with periodic visits and reviews with customers for seamless experience. We have also launched Techbot, which provides real time information on any technical and functional queries of customers. In addition, whatsapp based chatbot has been created for customers, which is a self-service tool for various reports and statements.

The Transaction Banking franchise continues to work closely with technology partners, regulators and service providers on various strategic projects & dedicated focus across the customer engagement layers led to ensure that our customers are well equipped to be digital FIRST in all forms of transactions bringing financial benefits & superior client experience.

During the year, specific emphasis was made around system stability and multiple technology led initiative were undertaken such as system performance regression testing, scheduled downtime to perform system and regulatory changes, enabling data server to archive the data for better system performance, etc. The Bank has also initiated working on re-vamping the existing CMS system with completely new micro-services architecture-based platform, along with analytics as well as eco-system related journeys. The building blocks include various initiatives which will enable better system performance, enhance customer experiences and have industry FIRST innovations.

Few new solutions introduced earlier such as Connected Banking, Virtual Account plus (Payment on behalf of solution), real time API notification for Cash & Cheque to update instant pick-up status, Corporate Mobile App, etc continues to gain traction and the team continues to build enhancements over such unique solutions.

The positive impact has also been corroborated by the Bank being awarded with two prestigious awards by AAA Asset team at Asia Pacific level: 1) Best Solution for Clix Capital Services and 2) Best Solutions for Fivestar Business Services. In addition, 4 team members of the Bank has been awarded as Best Sales Manager and Best Relationship Manager by AAA Asset team, as well. The Bank has been actively collaborating with key partners by offering unique propositions around Digital Escrows and Corporate Expense management solutions. The Bank continues to explore synergies in this domain. In the Trade Finance & Remittances space, Bank consistently focused on the digital agenda for Trade flows, providing smooth and faster turnaround time for clients for transaction processing. A next-generation portal technology integrating Trade Finance Solutions, Remittances, FX Solutions and Regulatory Submissions (IEDPMS) enables clients to transact from anywhere in a few clicks. With its comprehensive and unique solutions, Bank has converted substantial percentage of Trade Finance & Remittance transaction flow to Digital mode.

During the year, the Bank has implemented e-Bank Guarantee facility in partnership with National E-Governance Services Ltd (NESL) to facilitate clients with end-to-end digital solution for BG facility and e-BRC facility introduced by DGFT to facilitate digital solution for BRC issuance for exporter clients. In addition, Bank upgraded Trade Finance systems to timely comply with key market developments like SWIFT SR2023 for cross border transactions. On the Supply Chain Finance space, Bank implemented paperless and scorecard-based credit appraisal document process for supply chain finance solution to enable faster credit sanction to customers. Bank also started key projects to revamping the supply chain financing system which will enable customers for seamless onboarding, financing & tracking under defined credit programmes.

In addition, the team has embarked on a new journey to start International Banking Unit (IBU) in GIFT City, Gandhinagar, which shall enable offering overseas financing for trade transactions to client in India.

OPERATIONS

The Bank's retail banking operations team has played a crucial role in successfully executing business priorities and digitization processes across various business. Their Operating Model services various businesses with best-in-class Delivery model which include Retail Assets, Liabilities, Business Banking Group, Credit Cards and Retail trade with promised Service Level Agreements and performance metrics with continuous focus on building operational resilience.

To enhance efficiency and turnaround time, the Bank has implemented paperless processes through nodal hubs, which have also contributed significantly to advancing the Bank's environmental, social, and governance (ESG) agenda.

Guided by the Bank's vision to be a world-class bank powered by technology, their core operating philosophy & principles are coupled with customer delivery mindset and right technology platforms to keep pace with fast changing environments and Business responsiveness.

The Bank's Wholesale Banking Operations provide exceptional transaction delivery to meet business needs and priorities. They provide focused customer advisory and services as evidenced through client surveys wherein we have received market leading NPS scores. Wholesale Banking Operations cater to cash management, treasury, trade finance, lending, and structured finance needs of corporates, financial institutions, and government entities. Furthermore, they handle common enterprise functions like Clearing and Cash, supporting all customer segments. They also support the bank's E-tolling business wherein we are market leaders in both the acquisition side and in fast tag issuance handling the largest volumes of transactions in this segment. The team takes pride in its strong, knowledgeable, and professional members who ensure best-in-class delivery support and assurance for customers. Wholesale Banking Operations continues to constantly leverage technology across all areas to improve turnaround and efficiency and maintain a strong control environment.

TECHNOLOGY

The bank continues to invest and build on its technology platforms to create differentiated end to end digital products and services to address the needs of our next generation customer expectations. The bank is focused on creating customer experiences that enable a range of services across retail & corporate banking, lending, cards, payments and remittance services across customer acquisition, transaction management and servicing while maintaining customer privacy with high degree of security. The bank is also working towards developing innovative and disruptive solutions to simplify customer experience, deliver market leading products with high degree of digital engagement and adoption.

The Bank is stilling building a number of new product variants and features, and has a large workbook of pending projects, which the technology team is working upon on continuous basis.

RISK

The Bank promotes a strong risk culture throughout the organization. A strong risk culture is designed to help reinforce the Bank's resilience by encouraging a holistic approach to management of risk and return, and an effective management of risk, capital and reputational profile.

The Bank operates within an effective risk management framework to actively manage all the material risks that it is exposed to or the ones it may face in the future, in a manner consistent with the Bank's risk appetite, making the Bank resilient to shocks in a rapidly changing environment. The Bank aims to establish itself as one of the key leaders in risk management practices and strives to reach the efficient frontier of risk and return for the Bank and to its shareholders, consistent with its risk appetite. The Board has the ultimate responsibility for the Bank's risk management framework. It is responsible for approving the Bank's risk appetite, risk tolerance and related strategies and policies.

Following are the key principles followed by the Bank to set up a robust risk management framework:

- Segregation of duties across the three-lines of defence model whereby front office functions, risk management & oversight and assurance roles are played by functions independent of one another.
- Risk strategy is approved by the Board on an annual basis and is defined based on the Bank's Risk Appetite to align risk, capital and performance targets.
- All major risks are managed via risk management processes including credit risk, market risk, operational risk, liquidity risk, business risk and reputational risk.
- Policies, processes and systems are in place to enable the risk management capability.
- Risk Management has the appropriate representation in management committees of the Bank and its respective businesses, and other governance forums as appropriate. At these forums, Risk Management's approval is required for decisions impacting the Bank's risk profile.
- Risk monitoring, stress testing tools and management review processes have been established to monitor the performance against approved risk appetite.

The Bank has a robust risk governance framework. The Board reviews all risk exposures on a Bank wide basis. The Board has established Risk Management Committee (RMC) to ensure that the Bank has a sound system of risk management and internal controls in place. The RMC assists the Board in relation to the oversight and review of the Bank's risk management principles and policies, strategies, risk appetite, processes and controls. The Risk Management Committee assures independence of Risk Management to the Board and constructively challenges the management's proposals and decisions on all aspects of risk management arising from the Bank's activities. The RMC also ensures comprehensive periodical risk reporting for all segments of

risk including credit risk, market risk, liquidity risk, operational risk, reputational risk, fraud risk etc. It also oversees stress testing framework to measure the plausible impact of unusual market conditions on the Bank's financials and plans for contingencies.

Management Committees like the Credit and Market Risk Management Committee (CMRC), Asset Liability Management Committee (ALCO), Operational Risk Management Committee (ORMC) and Information Security Committee (ISC) together play a key role in the risk management of the Bank. They receive guidance from the Risk Management Committee (RMC) of the Board, and oversee risk by identification, measurement, monitoring and mitigation.

Credit Risk

Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a Bank's portfolio, losses stem from outright default due to inability or unwillingness of a borrower or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions. The Bank's credit risk is controlled and governed by the Board approved Credit Risk Management Policy and Credit Policy. The Credit Risk group has been established to independently evaluate all proposals to estimate various risks as well as their mitigation.

The credit risk governance framework establishes the responsibility and approach through which the Board of Directors and the management functions (viz. Business, Risk, Control functions) of the Bank govern credit risk management issues. An effective governance framework ensures the independence of the credit risk function (viz. risk managing function) from the business function (viz. risk-taking function). The Bank's governance model is transparent and accountable which ensures all material credit risks are identified and measured, exposures are accurately aggregated and reported.

The Bank has rigorously adhered to the RBI mandated prudential norms on provisioning, which is aimed at creating and protecting shareholder value. The Bank has also de-risked the portfolio by diversifying the credit portfolio across sectors and focused on increasing granular retail advances. Further, the Bank has run down its legacy large infrastructure exposure and has reduced the concentration risk in the portfolio.

Market & Liquidity Risk

Market Risk refers to the risk of financial losses arising on account of movement in market prices of securities. The Market risk is measured based upon, but not limited to, an assessment of the following evaluation factors:

- The sensitivity of the Financial Institution's earnings or the economic value of its capital to adverse changes in interest rates, credit spreads, foreign exchanges rates or equity prices.
- The nature and complexity of market risk exposure arising from both the trading / non-trading positions.

The Bank has robust Board approved Market Risk management policies such as Market Risk Management Policy, Funds and Investment Policy, Forex and Derivatives Policy & Limit Management Framework which sets out broader Market Risk frameworks and processes. Management of market risk encompasses risk identification, measurement, monitoring & reporting of market risk positions and ensure that the risk positions are within the Market Risk Appetite approved by the Board.

The Market Risk Department independently measures and reviews the risk of its investment and trading activities using advanced tools & techniques such MTM, PV01, VaR, Stress testing, Capital Charge assessment etc. and continuously monitors all risk limits as stipulated by the Market Risk Committee / Board on daily basis.

Liquidity is a bank's ability to meet the scheduled and unscheduled funding requirements, asset growth and obligations at reasonable costs without incurring unacceptable losses. Liquidity risk is the inability of a bank to meet such obligations as they become due, without adversely affecting the Bank's financial condition. The Board approved The Asset Liability Management Policy primarily governs the liquidity risk management framework of the Bank. The Asset-Liability Management (ALM) of the Bank is governed by the Asset Liability Management Committee (ALCO). The purpose of The ALCO is to act as a decision-making unit responsible for integrated balance sheet risk-management from risk-return perspective including strategic management of interest rate and liquidity risks. ALM function within Risk Management department supports measurement and monitoring of Liquidity Gaps, resilience to liquidity stress using tools like Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Interest Rate Risk in Banking Book (IRRBB) by assessing impact on Net Interest Income (NII) and Market Value of Equity due to changes in underlying interest rates. The Bank strives to support asset growth through suitable stable funding avenues. The Bank has been building a stable & granular retail deposits base over past few years. The Bank is replacing legacy borrowings with customer deposits thereby moving towards the objective of attaining optimal funding mix.

Operational Risk

Deregulation and globalisation of financial services, together with growing sophistication of financial technology and increasing complexity and volume of financial transactions, are making the risk profiles of banks more complex. A growing number of operational losses and risk events, recent regulations, industry trends and new types of threats and exposures have highlighted the importance of Operational Risk management. Operational Risk touches every part of the organisation from products, people, processes and technology and hence it is important to identify and manage proactively. The Bank has put in place Board approved governance and organisational structure to manage Operational Risks. A Committee comprising senior management personnel namely 'Operational Risk Management Committee' (ORMC) is responsible for overseeing implementation of

the Board approved Operational Risk Management policy and framework. Operational Risk Management Department engages with the First Line of Defence (Business and Operating Units) on a continuous basis to identify and mitigate operational risks to minimise the Risk and its impact.

Information Technology and Information Security Risk

The Bank's expansion strategy has been progressively more and more digital. Given this, cyber/Information Security risk is identified as a material risk for the Bank. The Information Security Group (ISG) as a governing team works with IT team and are jointly responsible for Cyber/Information Security and works continually towards adoption of newer and better security practices. The Bank operates under the Information Security Management System framework (ISMS), which is aligned to ISO 27001 and RBI Cyber Security Framework and other guidance's issued from time to time. The Bank is an ISO 27001: 2013 and PCI DSS certified organisation. The Bank follows systematic approach through people, process and technological security controls to prevent, detect, respond and recover from cyber-attacks and manage sensitive company information so that it remains secure by design and practice.

This risk is governed by the Information Technology Steering Committee and Information Technology Strategy Committee (ITSC) a Board level Committees responsible for the Information Technology governance in terms of direction, advice, regulatory guidance & support.

The Bank is working closely with the Regulators to ensure that high level of compliance is maintained across various advisories received. The Bank is also working on an augmentation plan in maturing its security posture with renewed focus on risk based remediations towards improved Secured Digital Bank as a continuous endeavour.

Information / Cyber Security Framework

The Bank, since its inception, has put in place a robust Information/ Cyber Security Framework. Information Security woven into its banking platform and seamlessly merges both culturally and technologically. A dedicated team of security professionals are part of the Information Security Group ('ISG') who govern the Information Security practices in the Bank. The Bank has put in place state of the art security technologies including several industry 'firsts' technology solutions and adopted 'defence in depth' approach & industry best practices as part of its security framework and architecture. In addition to the ITSC, the Information/ Cyber Security is governed by the Information Security Committee (ISC) which is responsible for the information security governance and also oversees the risks related to Information / Cyber Security.

Last year, the Bank worked closely with the Regulator towards an augmentation plan to improve its cyber security maturity.

This year, while continuing on its journey to mature its posture, the Bank's focus will continue to be on consolidation and improving its deployment posture of the technologies invested in the previous years. In addition, the Bank has

initiated some additional initiatives including:

- Accelerating its risk-based remediation program
- Improving its threat detection and response capabilities
- Enhancing its cloud security program
- Deploying zero trust model
- Data discovery and life cycle management

The Bank continued to maintain and upkeep its compliance posture to standards such as ISO 27001 ISMS (Information Security Management System), PCI DSS and regulatory requirements. Given the changing threat landscape, the attempt is to progressively move towards maturity of proactive and adaptive platforms for automated detection, response and recovery.

Capital Adequacy

The Bank manages its capital position to maintain strong capital position well in excess of regulatory and Board approved minimum capital adequacy at all times. The strong Tier-I capital position of the Bank is a source of competitive advantage and provides assurance to regulators, credit-rating agencies, depositors and shareholders. In accordance with the RBI guidelines on Basel III, the Bank adopts the standardised approach for credit risk, basic indicator approach for operational risk and standardised duration approach for market risk.

Capital management practices are designed to maintain balance between risk- reward, while ensuring that businesses are adequately capitalised to absorb the impact of stress events. The Internal Capital Adequacy Assessment Process (ICAAP) forms an integral part of the Supervisory Review Process under Pillar 2 of the Basel III Framework. ICAAP is a structured approach to assess the risk profile of the Bank and determine the level of required capital, commensurating the scale and complexity of Bank's business model and operations. As part of the Basel III implementation, the Bank has developed a comprehensive ICAAP policy and document, in line with regulations prescribed by the RBI.

The ICAAP assessment aims to assess the risk profile of the Bank and plan for required capital under normal and stressed conditions. It also contains projections of financials for the Bank, and its capital adequacy projections for next three years under normal and stress conditions. It also contains relevant details of plans and strategies for meeting capital requirements. Stress testing forms an essential part of ICAAP. It requires the Bank to undertake rigorous, forward-looking assessment of risks by identifying severe events or changes in market conditions which could adversely impact the Bank. Bank uses Stress-testing framework as its primary indicator to evaluate the ability to withstand tail events and maintain sufficient levels of capital under all circumstances. It is used to evaluate the financial position of the Bank under various plausible scenarios (base, medium and severe) to assist in decision-making. It also assists the Bank in improving its risk monitoring processes.

Environment and Social Policy (E&S) and Appraisal Process

The Bank has a comprehensive environment and social policy and a robust environment and social risk management framework for its lending businesses. The Environmental Risk Group (ERG) of the Bank works proactively with clients/ internal teams to identify, mitigate and manage E&S risks associated with projects/ transactions. The Bank obtains environment-related regulatory compliance information so as to ensure that the projects/ transactions it finances are in compliance with the applicable national environmental legislations.

The Bank has developed and adopted an exclusion list comprising sectors in which it will not engage in any financing activity. The Bank continues to hold the distinction of being India's first financial institution to sign up for the Equator Principles (EP) – a credit risk management framework for determining and managing environmental and social risk in Project Finance transactions.

For the purpose of financing activities, the Bank has also identified sensitive sectors which have potentially high impact on the environment and communities, and where the Bank may have to deal with critical E&S issue.

INTERNAL CONTROLS

The Bank has an independent Internal Audit Function, headed by the Chief Internal Auditor. The Internal Audit Function of the Bank constitutes the third line of defence of the Bank and adopts a risk-based approach to provide independent, objective assurance to the Board, Management and other stakeholders, on the effectiveness of internal controls, risk management practices, information systems and cyber security, compliance with regulatory requirements and corporate governance. The Internal Audit Department is appropriately staffed with qualified and competent personnel and is provided with full budgetary support to perform their duties as outlined in the Internal Audit Charter, which is approved by the Board of Directors. The Internal Audit Function adopts appropriate international and local audit standards and is also subjected to periodic independent external reviews.

Internal Audit reports all significant observations and their follow-up actions to the Audit Committee of the Board. Further, the Audit Committee reviews adequacy and effectiveness of the Bank's internal control environment and also monitors the implementation of audit recommendations. The Audit Committee reviews and evaluates the functioning of the Bank's Internal Audit Department through independent meetings, reviews and formal annual evaluations.

HUMAN RESOURCES

At IDFC FIRST Bank, we value our strongest and most valuable asset: our people. They are central to the Bank's growth - demonstrating resilience and ambition by contributing to the Bank's vision. Over the past year, our Human Resources (HR) department has placed significant focus on partnering with business units to achieve organizational goals.

Key HR Focus Areas

The key focus areas for HR included aligning with the organization's goal, vision, mission, and brand promise;

making learning the USP for the Bank; providing a world-class experience to employees; building a high-performance workplace; and creating the right culture guided by our SEAL and One Bank principles, while driving efficiency and productivity.

Talent Acquisition and Management

We have built capabilities to attract and hire for edge and niche skills, particularly in Technology, Data and Analytics, Digital Platforms, and Digital Marketing—our new-age functions. The Bank has become more resilient - managing change more easily and excelling in retaining top talent. Numerous tools and initiatives have been introduced to improve the employee experience to customer-grade levels. These include digital hiring and candidate journeys, seamless onboarding, transparent and fair performance management, competitive rewards, world-class learning platforms, and comprehensive employee wellness programs covering mental, physical, and financial aspects. Recognition schemes to motivate and award employees are also key initiatives.

Employee Experience

The employee experience platform, iConnect, helps streamline work for employees and managers, thereby enhancing workplace productivity. Another aspect of employee experience is ensuring a safe working environment, which has been achieved through quick resolutions to employee queries and grievances. The Bank scored 4.1 on Glassdoor. Our LinkedIn page has over 1 million followers, ranking us 4th in engagement, and 2nd in post engagement metrics. Our career site has over 27 lakh page views.

Talent Management Platform - iTalent

The launch of the Talent Management platform iTalent is in line with our vision to create a skill-based organization, ensuring the right person is hired for the right role. This initiative will shape the Bank's future horizon on hiring, developing, and retaining great talent. With the introduction of mentorship programmes and gigs, the iTalent platform is set to redefine our talent management approach within the Bank. Moving onto our workforce strength, our overall headcount has increased to 41,141, an increase of 16% from the previous year. At the time of merger, the bank was short of priority sector lending by a wide margin and subsequently hired a large number of employees in rural locations to build the necessary franchise and cater to the priority sector lending requirements organically. In rural locations the entire activity of sales, relationship management, operations, credit, monitoring, collections, servicing, and many other related functions are directly managed by our local employees. Over 30% of the total employees of the Bank are in rural locations. For servicing our customers at the contact centre, again, our bank directly employs agents on its rolls and does not outsource its customer call centres. We believe the experience of customers are better when employees are taken on rolls. Close to 5% of our staff are in servicing customers at different contact centres of the Bank. Close to 5% of the bank's staff are in backend operations for booking, presentation of debit instructions, cash management and reconciliation etc. Our branches engage about 30% of our total staffs, most of whom are in account soliciting and

account opening activities. We have about 15% of our staff in underwriting and collections. The above roles account for close to 85% of our staff. Our onboarding program, Get Set. Go!, makes new employees productive within their first 90 days.

Learning and Development

The Bank's strong focus on capacity building and learning is evidenced by an average of 59 learning hours per employee, this year. There was particular emphasis on leadership training while ensuring robust delivery of technical knowledge and skills, with 100% completion rate for mandatory learning. Training programs were curated to individual needs in partnership with businesses and functions. The Bank also invested in developing leadership skills to create leaders for tomorrow. Digital learning platforms like Pluralsight, Immersive Labs, and CUBE complemented various virtual and classroom training sessions in our journey to make learning the USP of the Bank. Self-service learning options for essential skills were also introduced.

Employee Engagement and Wellness

Strong employee commitment is the foundation of an enhanced customer experience. The Bank rolled out a range of initiatives aimed at creating an environment that helps employees stay committed and succeed. These included virtual wellness sessions, rewards and recognition programs, sports tournaments, and a transparent performance management system. A dedicated team addresses employee queries, and to encourage physical, mental, and financial well-being, the Bank has introduced the wellness microsite - Tan Mann Dhan. Employee communication has been timely and frequent, ensuring employees are fully aware of what is happening in the Bank and their responsibilities. Ongoing branded initiatives like 'The Captain's Bridge', iBelong, and communications from the MD, CHRO, and other leaders at regular intervals align and engage employees to build the right culture within their teams and ultimately the Bank. Amber, our employee engagement BOT, has shown increased traction with higher response rates and industry-best engagement scores.

Data and Analytics

The Bank's approach to business is influenced by the latest developments in technology and data science. To enable informed decision-making and predictive modelling of human resource data, data-rich dashboards have been made sharper and available to more managers. This enhancement has improved the Bank's ability to track employee effectiveness, productivity, and key KPIs.

Through strategic talent acquisition practices, creating an inclusive and innovative workplace culture, and investing heavily in employee development and wellness programs, the Bank is not only preparing its workforce for the future but also driving sustained progress and excellence. Our commitment to excellence remains steadfast, ensuring that we remain at the forefront of the banking industry, poised to meet and exceed the challenges of tomorrow. Together, we are shaping a brighter, more prosperous future for everyone.

ESG

On ESG, IDFC FIRST Bank has taken an integrated approach to embed Environmental, Social and Governance (ESG) considerations into its business, employees, and customer operations. The Bank is constantly working on how to create sustainable business value for customers, communities and all stakeholders. The Bank is closely monitoring global developments in climate related financial risks, especially physical risks which can translate into credit risk on the banks' lending portfolio. Based on emerging regulatory and global trends, the Bank has focused its attention on ESG right from the management and board levels. IDFC FIRST Bank is an official participant of the United Nations Global Compact (UNGC), an official supporter of Task Force on Climate-Related Financial Disclosures (TCFD) in the Indian Banking sector (now under IFRS Sustainability), and compliant with the Equator Principles for project finance together with an ESMS framework.

IDFC FIRST Bank has achieved significant milestones in its ESG initiatives since the past two years. On the environmental front, the Bank has received IGBC & LEED Gold certification for multiple large offices. Its headquarters are fully powered by green energy and certified under ISO 14001 and 45001 certifications for safety, facilities and environment. The Bank has a live portfolio of over 1.96 lakh units (₹ 1452 crore) of EV 2-wheelers and over 5,100 units of EV 3-wheelers as of FY 24. IDFC FIRST Bank has free EV charging facility for employees in its headquarters and additional EV charging points in two other offices, encouraging EV adoption among employees. As part of its commitment to sustainability, the Bank is planting a tree for every home loan disbursed from March 2024 onwards and sharing the tracking details with customers.

On the social front, IDFC FIRST Bank employees spent over 20 lakh learning hours in FY 24 and impacted over 2 lakh lives through their volunteering activities. Around 11,150 employees volunteered approximately 19,800 hours in various programmes in FY 24 for social good. Over 14,000 employees are also registered on the Bank's mental wellness portal averaging participation of over 500 employees per session. On governance, IDFC FIRST Bank is certified with ISO 27001 (Information Security Management System) to mitigate risks related to data security and ISO 26000 certified in accordance with ISAE 3000 (revised) on social parameters.

Looking at the road ahead, IDFC FIRST Bank is transforming its ESG challenges into opportunities by bringing in new initiatives such as automation of ESG data collection; identifying a glide path towards Net Zero and Climate Action; identifying possible responsible lending opportunities; proactively assessing climate risks at a Bank level through detailed assessments and scenario analysis; and adhering to guidelines from RBI on green deposits, to name a few. The Bank is also aligned to global and national best practices in reporting and adheres to Frameworks such as Integrated Reporting, GRI, SASB and BRSR.

Detailed information on ESG initiatives is covered in the ESG section of the Integrated Report.

OPPORTUNITIES & OUTLOOK

FY24 has been a challenging year for the Banking industry as it went through a liquidity crunch and high interest rate environment following the repo rate hikes in FY23. Some of the regulatory announcements like increase in the risk weightage in certain product categories also impacted the financials and capital buffers for the banking players. The global macro scenarios have improved although sticky inflations remained a concern pushing the early rate-cut expectations by the Fed further. Even within the high interest rate scenario, the growth in the domestic environment remained quite strong as India's GDP growth continued to improve. The comparatively high inflation is still a concern which also percolates to a hold stance on the policy rates by the central bank. The credit growth in the overall economy remained quite strong and the personal credit segment continued to grow steadily as the economy recovered strongly after COVID in the last two years and the asset quality remained strong across the system. With the strengthening of the overall digital stack and infrastructure in India including AADHAR, UPI, Account aggregator framework, increasing mobile penetration, strong matured credit bureau database etc created the necessary guardrails for a strong growth opportunity, yet with caution. The emerging technologies and digital innovation including generative artificial intelligence framework are opening door for new opportunities for product and service offering across customer segments and geographies. The credit growth, hence, remained strong at 15%+ during the year, higher than the historical levels before COVID and likely to remain strong growing forward.

The Banking industry faced the tough challenge in deposit mobilization in terms of liquidity crunch and high interest rate environment. Especially, across the industry, there was little movement of CASA mobilization as money moved from CASA accounts to Fixed Deposits during the year and hence, the CASA ratios declined resulting in the increase in incremental cost of funds for the Banks. There has been an intense competition in the market for deposit mobilization which is beyond the interest rate war. The digital innovation, ease of use, customer experience, product innovations are becoming the key factors for attracting the new depositors. Despite the challenges, as the credit growth remained strong in the economy, it also fuelled the growth of the overall bank deposits for the country. The deposits in the overall system grew by more than 13% in FY24 which was one of the highest yearly growth of deposits in the last decade. The payment businesses in the economy also surged due to more adoption of digital processes and cash-less transactions. The outstanding credit cards increased by 19% whereas the QR codes including UPI QR codes and Bharat QR codes increased by 35% in FY24. This has been helping a get a large segment of individual and small business owner under the umbrella of banking which were largely unserved for a long time before COVID.

IDFC FIRST Bank, has been building strong capabilities to utilize such opportunities in all the facets of businesses including deposits, credit as well as payments. Despite the intense competition and tough liquidity, the Bank has been able to register a strong growth of overall customer deposits as well as CASA deposits, primarily due to its

digital innovation, customer experience, expanding network, customer-friendly products and services using contemporary systems, analytical engines, AI capabilities etc. The Bank is well positioned to cater to the new generation of banking customer with its differentiated value propositions as a one-stop financial solution provider including savings, investment, insurance, payments and life-style requirements. The Bank is confident on maintaining steady deposit growth much higher than its balance sheet growth in the near to medium term with CASA ratios between 45-50% going forward.

On the credit growth front, the Bank has one of the most well diversified and granular loan portfolios in the country with more than 25 products across retail, rural, MSME and corporate customer segments which are primarily driven by robust underwriting framework and strong digital process for origination and servicing of these customers' needs. The Bank has been creating specific capabilities to service the wide spectrum of customers through a large bouquet of products suitable for the specific requirements which utilizing the industry credit guardrails and infrastructure like Aadhaar, UPI, account aggregators, ONDC framework, OGEN etc. The Bank has a unique blend of niche products usually offered by the non-banking lenders as well as usual traditional products offered by the banking players. The Bank's decade-long experience in such products, across multiple economic cycles, adds to its advantage for future growth with strong asset quality.

With the growing consumption in India, the Bank is also making a strong footmark across multiple payment products and ecosystems. The Bank has emerged as the market leader in the FASTag segment, both as an issuer bank and toll acquirer bank with more than 25% market share. The rapid development of road infrastructure programs by the government of India, coupled with the growth of the auto segment, presents significant opportunities for the Bank in this business.

The Bank is well positioned with the capabilities built to utilize the opportunities provided by the growth in Indian economy in various product segments in India. We endeavour to have stable asset quality and improved profitability, driven by effective leadership and an energetic team, and to provide steady growth at the Bank.

CAUTIONARY STATEMENT

"Statements made in this Management Discussion and Analysis Report may contain certain forward-looking statements based on various assumptions on the Bank's present and future business strategies and the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and in the securities market new regulations and Government policies that may impact the Bank's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Bank does not undertake any obligation to update these statements. The Bank has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed."

Corporate Governance Report

IDFC FIRST BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

IDFC FIRST Bank Limited ('IDFC FIRST Bank' or the 'Bank'), since its inception is committed to adopting the highest standards of Corporate Governance through its commitment to values and ethical business conduct. The Bank strongly believes that sound Corporate Governance is an essential ingredient for corporate success and sustainable economic growth and the same is imbibed in the vision and mission statement of the Bank. The Bank, through its stringent adherence to compliances, aims to enhance and retain investors' trust and social acceptability.

The Bank endeavors to conduct its operations with transparency and honesty towards all its stakeholders including customers, shareholders, regulators, employees and the general public at large. The Bank's business focuses on maximizing return on assets while managing inherent risks, thus ensuring that the Bank's performance goals are met with integrity. The Bank's systems, policies and frameworks are regularly upgraded to meet the challenges of rapid growth in a dynamic external business environment. Governance practices not only deal with the growing size of business, but also deal with the increase in complexities of the organizational structure that supports such growth. The Bank's Board members are eminent people with rich experience and high levels of integrity, who are constantly guiding the Bank with strategic inputs towards very high standards of Corporate Governance.

The Bank is built on three pillars in line with the vision statement: (a) Ethical, (b) Digital and (c) Social-Good.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India ('SEBI') through SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and Companies Act, 2013 ('Companies Act'). Further, being a banking company, the Bank is also regulated by the Banking Regulation Act, 1949 ('Banking Regulation Act') and the governance norms issued by the Reserve Bank of India ('RBI') through various circulars, guidelines, notifications, etc. from time to time. As a Bank, which believes in implementing Corporate Governance practices that go beyond just meeting the letter of law, IDFC FIRST Bank not only complies with the requirements of Companies Act, Banking Regulation Act and mandated elements of Listing Regulations, but also endeavors to comply with non-mandatory recommendations.

This Chapter, read with the chapters on Management Discussion and Analysis Report, Business Responsibility and Sustainability Report and Directors' Report confirms

IDFC FIRST Bank's compliance with the Listing Regulations, Companies Act, Banking Regulation Act, etc.

BOARD OF DIRECTORS

The Board of Directors of the Bank (the 'Board') brings with them, a wide range of significant professional expertise, skills and rich experience across a wide spectrum of functional areas such as Management, Economics, Banking, Finance, Law, Accounting, Auditing, Information Technology, Payment & Settlement Systems, Human Resources, Business Management, Risk Management, Agricultural Economics, etc.

The Bank encourages Board diversity and balance of skills at the same time, to ensure effective decision making.

The Board has been constituted in compliance with the Banking Regulation Act, the Companies Act, Listing Regulations and in accordance with the best Corporate Governance practices across the industry.

The Board oversees the standards of Corporate Governance at the Bank.

Appointment of Directors

The Directors are appointed by the shareholders and they represent the interest of shareholders and other stakeholders of the Bank. The Managing Director & Chief Executive Officer ('MD & CEO') is responsible for overall management of the Bank in an executive position.

The selection and appointment of Directors of the Bank is done in accordance with the extant laws. The Bank has formulated and adopted various policies with respect to appointment of Directors i.e., Succession Policy, Board Diversity Policy, etc. The Succession Policy and Plan are periodically reviewed by the Nomination and Remuneration Committee ('NRC') and the Board.

The NRC considers the profile, skill set, experience, expertise, functional capabilities, qualifications, and other relevant information, adherence to the fit and proper norms, serving the business interests of the Bank and enhances the overall effectiveness of the Board, before making recommendations to the Board with regard to appointment/ re-appointment of Directors. Wherever necessary, the NRC engages the services of an external consultant/ expert, to identify and assess the suitability of candidates for the post of Director of the Bank.

Resignation of Independent Director(s)

Mr. Hemang Raja (DIN: 00040769) ceased to be an Independent Director of the Bank with effect from December 17, 2023, pursuant to completion of his term as an Independent Director of the Bank.

Mr. Hemang Raja had served as an Independent Director on the Board of erstwhile Capital First Limited since February 2013. Post the amalgamation of Capital First with IDFC Bank Limited in December 2018, he continued to serve on the Board of IDFC FIRST Bank.

Mr. Raja's first term of five (5) years as an Independent Director on the Board of IDFC FIRST Bank was to expire on December 17, 2023. Since, Mr. Raja had effectively served for almost ten (10) years, including the two institutions put together, he requested to retire at the end of his tenure, which expired on December 17, 2023. The Board, basis the recommendation of NRC, noted and approved the same.

Composition of Board as on March 31, 2024

Name of the Director (DIN)	Position on the Board
Mr. Sanjeeb Chaudhuri (DIN: 03594427)	Part-Time Non-Executive Chairperson (Independent)
Mr. V. Vaidyanathan (DIN: 00082596)	Managing Director & Chief Executive Officer
Mr. Aashish Kamat (DIN: 06371682)	Independent Director
Dr. (Mrs.) Brinda Jagirdar (DIN: 06979864)	Independent Director
Ms. Matangi Gowrishankar (DIN: 01518137)	Independent Director
Mr. Pravir Vohra (DIN: 00082545)	Independent Director
Mr. S. Ganesh Kumar (DIN: 07635860)	Independent Director
Dr. Jaimini Bhagwati (DIN: 07274047)	Non-Executive Non-Independent Director
Mr. Mahendra N. Shah (DIN: 00124629)	Non-Executive Non-Independent Director
Mr. Vishal Mahadevia (DIN: 01035771)	Non-Executive Non-Independent Director

Brief profiles of all the Directors of the Bank are available on the Bank's website at www.idfcfirstbank.com under the 'About Us' → '[Board of Directors](#)' section.

The Board has complete access to all the information about the Bank. The Board is frequently provided with necessary documents, reports and internal policies to enable them to get familiarised with the Bank's procedures and practices. The details of familiarisation programmes imparted to Directors

are disclosed on the Bank's website: www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → '[Corporate Governance](#)' section.

Skills/ Expertise/ Competence of the Board

The Bank recognizes and embraces the importance of a diverse Board and is endowed with appropriate balance of skills, experience, competence and diversity of perspectives thereby ensuring effective Board governance. The Board has reviewed and adopted the Policy on Board Diversity, which sets out its approach to ensure Board diversity, so as to enhance its effectiveness while discharging its fiduciary obligations towards the stakeholders of the Bank. The Bank considers diversity in skills, regional and industry experience, expertise and educational background whilst determining the composition of its Board. The Bank also considers the principles relating to fit and proper norms as prescribed by the RBI and confirms that each Director is also in compliance with the norms as prescribed by the Ministry of Corporate Affairs ('MCA') and SEBI under applicable laws, whilst determining the composition of its Board.

IDFC FIRST Bank, being a Banking Company, is regulated by the provisions of Banking Regulation Act, Listing Regulations and the Companies Act. In terms of Section 10A(2)(a) of the Banking Regulation Act, read with RBI notification no. DBR. Appt. BC. No.38/29.39.001/2016-17 dated November 24, 2016, requires that not less than 51% of the total number of members of the Board of a Banking Company shall consist of persons, who shall have special knowledge or practical experience in respect of one or more of the following matters, viz.:

(i) Accountancy, (ii) Agriculture and rural economy, (iii) Banking, (iv) Co-operation, (v) Economics, (vi) Finance, (vii) Law, (viii) Small-scale industry, (ix) Information Technology, (x) Payment & Settlement Systems, (xi) Human Resources, (xii) Risk Management, (xiii) Business Management, (xiv) any other matter the special knowledge of, and practical experience in, which would, in the opinion of the RBI, be useful to the Banking Company.

The Board is guided by the above provisions and the business requirements, during appointment/re-appointment of any Director on the Board of the Bank.

The Bank has identified above skills/ expertise/ competencies as required to be possessed by the Board, to function effectively in the context of businesses and the sectors in which the Bank deals.

Based on the confirmation and declaration obtained from the Directors of the Bank, the Board at its meeting held on April 27, 2024 noted the following skill sets, special knowledge or practical experience of the Directors:

Name of the Director	Position on the Board	Skill set, special knowledge or practical experience
Mr. Sanjeeb Chaudhuri	Part-Time Non-Executive Chairperson (Independent)	Banking, Business Management, Rural Economics, Risk Management, Information Technology and Payment & Settlement Systems
Mr. V. Vaidyanathan*	MD & CEO	Banking, Finance, Business Management and Risk Management
Mr. Aashish Kamat	Independent Director	Accountancy, Auditing, Banking, Finance, Risk Management and Business Management
Dr. (Mrs.) Brinda Jagirdar	Independent Director	Banking and Economics including Agriculture Economics
Ms. Matangi Gowrishankar	Independent Director	Banking, Finance, Small-scale industry, Information Technology, Human Resources, Risk Management, Business Management
Mr. Pravir Vohra	Independent Director	Information Technology, Banking, Economics and Payment & Settlement Systems
Mr. S. Ganesh Kumar	Independent Director	Banking, Regulation and Supervision, Accounting, Information Technology, Payment & Settlement Systems, Risk Management, Business Continuity Management, Institution Setting-up and Law
Dr. Jaimini Bhagwati	Non-Executive Non-Independent Director	Economics, Finance and International Affairs
Mr. Mahendra N. Shah	Non-Executive Non-Independent Director	Accountancy, Finance, Law, Governance
Mr. Vishal Mahadevia	Non-Executive Non-Independent Director	Economics and Finance

* Due to Mr. V. Vaidyanathan's extensive experience in the banking and finance industry over 3 decades, he also has expertise in agriculture and the rural economy, economics, MSME, information technology, payment and settlement systems, and human resources. In addition, he has entrepreneurial experience, organizational building skills, and experience in scaling large institutions.

Performance Evaluation

The Companies Act and Listing Regulations contain broad provisions on Board evaluation i.e. evaluation of the performance of (a) Board as a Whole, (b) Various Committees of the Board and (c) Individual Directors (including Independent Directors and Chairperson).

SEBI vide its circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 05, 2017 issued a guidance note on Board evaluation in order to guide listed entities by elaborating various aspects of the board evaluation that may help them to improve the evaluation process, derive the best possible benefit and achieve the objective of the entire process.

For FY 2022-23

Three (3) questionnaires for the above categories were circulated to all the Directors of the Bank for the Evaluation Process of FY 2022-23.

Evaluation process for "Board as a Whole", "Committee(s) of the Board" and "Individual Directors (including Independent Directors and Chairperson of the Board)" was carried out.

Questionnaire for performance evaluation of Chairperson of the Board was sent to all the Directors of the Bank (except the Chairperson himself) and the results thereon was sent directly to the Chairperson of the NRC. Further, Questionnaire

for performance evaluation of other Individual Directors (excluding the Chairperson of the Board) was sent to all the Directors and the results thereon were sent directly to the Chairperson of the Board.

Mr. Sanjeeb Chaudhuri and Mr. Hemang Raja informed Mr. Satish Gaikwad, Head – Legal & Company Secretary, that the performance evaluation results for evaluation of "Individual Directors (including Independent Directors and Chairperson)" were communicated to each individual Director and accordingly, the entire evaluation process for FY 2022-23 has been completed satisfactorily.

For FY 2023-24

Evaluation Process for FY 2023-24 will be carried out in a similar manner, wherein three (3) questionnaires viz. "Board as a Whole", "Committee(s) of the Board" and "Individual Directors (including Independent Directors and Chairperson of the Board)" will be circulated to all the Directors of the Bank for evaluation.

Questionnaire for performance evaluation of Chairperson of the Board, will be sent to all the Directors of the Bank (except the Chairperson himself). Further, Questionnaire for evaluation of other individual Directors (excluding the Chairperson of the Board) will be sent to all the Directors. The outcome of the performance evaluation process for FY 2023-

24, once completed, will be placed before the Independent Directors meeting, and at the respective meetings of the NRC and the Board.

Remuneration of Directors

Pursuant to requirements of the Companies Act read with rules made thereunder and provisions of the Listing Regulations, as amended from time to time, the Board on the recommendation of NRC has adopted the following Remuneration Policy:

- (i) Remuneration Policy (For Non-Executive Part-Time Chairperson and Non-Executive Directors)
- (ii) Remuneration Policy (For the Whole-Time/ Executive Directors, Material Risk Takers, Key Managerial Personnel, Senior Management Personnel and Control Function and all other employees)

These policies are in line with the provisions of the Companies Act, Listing Regulations, Banking Regulation Act and RBI guidelines issued in this regard, from time to time.

The aforesaid policies are available on the Bank's website at www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → '[Policies](#)' section.

Weblink:

[Remuneration Policy](#) - (For Non-Executive Part-Time Chairperson and Non-Executive Directors)

[Remuneration Policy](#) - (For the Whole-Time/ Executive Directors, Material Risk Takers, Key Managerial Personnel, Senior Management Personnel and Control Function and all other employees)

The NRC, in accordance with the Remuneration Policy, recommends remuneration of the Directors, Senior Management Personnel and Key Managerial Personnel to the Board for its approval.

IDFC FIRST Bank pays remuneration to the Executive Directors by way of salary, allowance, perquisites including retirement benefits, stock options and a variable component, based on the recommendation of the NRC and approval of the Board, RBI and shareholders of the Bank.

The RBI vide its circular no. RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 titled 'Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board' dated April 26, 2021 ('RBI circular') permitted the payment of compensation to Non-Executive Directors ('NEDs') in the form of a Fixed Remuneration in addition to sitting fees and expenses related to attending meetings of the Board and its committees as per extant statutory norms/ practices. However, such fixed remuneration for an NED, other than the Chair of the Board, shall not exceed ₹ 20,00,000 per annum.

Accordingly, the members of the Bank at its 7th Annual General Meeting ('AGM') held on September 15, 2021, approved the payment of fixed remuneration to each NED of the Bank (except Part-Time Non-Executive Chairperson (Independent) ['PTC']), for an amount up to ₹ 20,00,000 per annum, as may be determined by the Board or NRC, from time to time, with effect from the Financial Year 2021-22, in addition to payment of sitting fees and reimbursement of out of pocket expenses for attending the meetings of Board and Committees thereof, in supersession of earlier resolution passed by the Members at 2nd AGM of the Bank held on July 27, 2016.

Basis the recommendation of NRC, the Board at its meeting held on April 29, 2023, had approved the payment of fixed remuneration of ₹ 19,80,000 per annum to NEDs, except PTC, of the Bank for the FY 2023-24, in accordance with the Remuneration Policy (For Non-Executive Part-Time Chairperson and Non-Executive Directors), in addition to payment of sitting fees and reimbursement of out of pocket expenses for attending the Board and Committee meetings.

The RBI vide its circular RBI/2023-24/121DoR.HGG.GOV.REC.75/29.67.001/2023-24 on 'Review of Fixed Remuneration granted to Non-Executive Directors' dated February 9, 2024, has revised the above-mentioned ceiling under the RBI Circular to ₹ 30,00,000 per annum. Accordingly, basis the recommendations of the NRC and the Board, approval of the shareholders is hereby sought at the 10th AGM of the Bank to revise the fixed remuneration of the NEDs (except PTC) of the Bank within the overall ceiling limit of ₹ 30,00,000 per annum.

In accordance with the approval received from RBI vide its letter dated August 25, 2021 and based on the approval of shareholders of the Bank through Postal Ballot, Mr. Sanjeeb Chaudhuri, PTC, is paid a remuneration of ₹ 24,00,000 per annum for his position as Chairperson of the Board.

Basis the recommendation of NRC, the Board at its meeting held on March 27, 2024, recommended the re-appointment of Mr. Sanjeeb Chaudhuri as the PTC, of the Bank to the RBI, for a second term with effect from August 25, 2024 up to May 09, 2027 (*i.e. the date when his existing term as an Independent Director of the Bank is expiring synchronously*) at a Fixed Remuneration of ₹ 30,00,000 per annum.

In addition to fixed remuneration, the NEDs are also paid sitting fees for attending Board and Committee meetings and reimbursement of expenses incidental thereto. Based on the recommendation of the NRC, the Board approved sitting fees to be paid to NEDs at ₹ 1,00,000 per Board meeting and ₹ 82,500 per Committee meeting. The Board approved sitting fees of ₹ 82,500 per Committee meeting with effect from April 01, 2023 onwards.

It is to be noted that Mr. Vishal Mahadevia and Mr. Mahendra N. Shah has opted not to receive any fixed remuneration and sitting fees from the Bank.

The criteria for making payments to NEDs is available on the Bank's website: www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → 'Policies' section.

During FY 2023-24, the Bank had not granted any stock options to NEDs of the Bank. The Bank did not advance loans to any of its Directors during FY 2023-24, except personal credit card issued and overdraft facility extended to Directors in normal course of business. The Executive Director(s) are not entitled to severance fee and the notice period shall be subject to compliance with the provisions of the Banking Regulation Act, Banks' policy and other regulations, as applicable. None of the employees of the Bank are related to any of the Directors. None of the Directors of the Bank are related to each other.

Mr. V. Vaidyanathan, MD & CEO, holds 6,43,67,464 equity shares of the Bank as on March 31, 2024. It is disclosed that Mr. V. Vaidyanathan is a Trustee of Rukmani Social Welfare Trust ('Trust'). In January 2018, Mr. V. Vaidyanathan donated 5,00,000 equity shares of erstwhile Capital First Limited to the Trust amounting to market value of ₹ 39.26 crore at the time of the donation. Later, the said shares were converted to IDFC FIRST Bank equity shares in the ratio of 13.9 equity shares of IDFC FIRST Bank for every 1 equity share of Capital First Limited as per the share exchange ratio between the two merging organizations. The Trust sells these shares from time to time and undertakes social activities. Neither Mr. Vaidyanathan, his family or his successor are beneficiaries in any manner, directly or indirectly. Net of sale for social purposes over time, the Trust currently holds 50,93,860 equity shares in IDFC FIRST Bank. It is disclosed that the Trust intends to sell these equity shares from time to time for social purposes. He also has 1,55,84,970 outstanding ESOPs in the Bank.

Except below, none of the NEDs held any shares or convertible instruments of IDFC FIRST Bank as on March 31, 2024:

Name of the Director	No. of equity shares held
Mr. Aashish Kamat	75,000
Mr. Pravir Vohra	7,10,000
Mr. Sanjeeb Chaudhuri	21,000
Mr. Vishal Mahadevia	27,855
Ms. Matangi Gowrishankar*	500

* Ms. Matangi Gowrishankar is the joint shareholder of the aforesaid 500 equity shares, primarily held by her mother.

There were no other pecuniary relationships or transactions of NEDs vis-à-vis the Bank during FY 2023-24 (except banking transactions in the ordinary course of businesses and on arm's length basis) which has potential conflict with the interest of the Bank at large.

The remuneration paid to the Directors is well within the limits prescribed under the Companies Act, Banking Regulation

Act and is in line with the guidelines issued by the RBI, from time to time.

Details of remuneration paid to the Directors during FY 2023-24 are as below :

Name of the Director	Stock Options granted during the year (No.)	Sitting Fees (in ₹)	Remuneration (in ₹)
Mr. Sanjeeb Chaudhuri ¹	-	40,87,500	24,00,000
Mr. V. Vaidyanathan ²	30,59,514	-	5,30,79,130
Mr. Aashish Kamat	-	32,62,500	19,80,000
Dr. (Mrs.) Brinda Jagirdar	-	38,40,000	19,80,000
Ms. Matangi Gowrishankar	-	2,82,500	3,91,648
Mr. Pravir Vohra	-	40,05,000	19,80,000
Mr. S. Ganesh Kumar	-	36,75,000	19,80,000
Dr. Jaimini Bhagwati	-	15,95,000	19,80,000
Mr. Mahendra N. Shah ³	-	-	-
Mr. Vishal Mahadevia ³	-	-	-
Mr. Ajay Sondhi ⁴	-	10,95,000	7,85,545
Mr. Hemang Raja ⁵	-	33,75,000	14,09,683
Mr. Madhivanan Balakrishnan ⁶	-	-	1,59,60,007

Notes:

- Remuneration paid to Mr. Sanjeeb Chaudhuri as Chairperson of the Board is as approved by the RBI.
- The aforesaid remuneration for FY 2023-24 paid to Mr. V. Vaidyanathan, MD & CEO of IDFC FIRST Bank, includes perquisites as per the Income Tax Act and is on a paid basis.

Out of the aforesaid amount, ₹ 13,78,253/- p.a. pertained to salary arrears of prior years but paid in FY 2023-24.

For FY 2023-24, Mr. V. Vaidyanathan was given an increase of 9.62% over the Fixed remuneration of FY 2022-23, after receiving requisite approvals from RBI. Further, during FY 2023-24, he was granted 30,59,514 stock options of the Bank for FY 2022-23 after receiving requisite approvals from the RBI.
- During FY 2023-24, no remuneration/ sitting fees was paid to Mr. Vishal Mahadevia and Mr. Mahendra N. Shah.
- Consequent to the cessation of Mr. Ajay Sondhi (DIN: 01657614) as the Non-Executive Non-Independent Director of the Bank, with effect from August 23, 2023, he has been paid remuneration on proportionate basis.
- Consequent to the cessation of Mr. Hemang Raja (DIN: 00040769) as the Independent Director of the Bank, with effect from December 17, 2023, he has been paid remuneration on proportionate basis.
- Mr. Madhivanan Balakrishnan (DIN: 01426902) was paid the amount as mentioned above during his tenure as the Executive Director of the Bank.

The aforesaid remuneration for FY 2023-24 paid to Mr. Madhivanan Balakrishnan includes perquisites as per the Income Tax Act and is on a paid basis.

7. None of the NEDs received remuneration exceeding 50% of the total annual remuneration paid to all NEDs for the financial year ended March 31, 2024.

Directors and Officers Insurance

The Bank has a Directors and Officers Liability Insurance policy in place. This policy covers directors, officers, and managers against claims that may be brought against them as a result of their actual or alleged wrongful acts while performing their managerial or fiduciary duties.

Code of Conduct

The Bank has in place a Code of Conduct for Board of Directors and Senior Management Personnel of the Bank ('Code'). The Code is available on the Bank's website: www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → '[Policies](#)' section.

All Directors and designated Senior Management Personnel ('SMP') have affirmed their compliance with the Code. A declaration to this effect duly signed by the MD & CEO is enclosed at the end of this Report.

Further, all the Independent Directors have confirmed that they meet the criteria mentioned under Regulation 16(1) (b) of the Listing Regulations read with Section 149(6) of the Companies Act. Also, they have given a declaration of independence pursuant to Section 149(7) of the Companies Act, read with Rule 5 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 along with their affirmation to the Code for Independent Directors as prescribed under Schedule IV of the Companies Act. The Board confirms that in the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the Management.

Further, in terms of Regulation 34(3) of the Listing Regulations, the Bank has received a certificate from M/s. Bhandari & Associates, Company Secretaries that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of Companies, by the SEBI, MCA or any such statutory authority. A certificate in this regard is enclosed at the end of this Report.

The terms and conditions of appointment of Independent Directors are also disclosed on the Bank's website: www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → '[Corporate Governance](#)' section.

BOARD MEETINGS

The Board meets at least once a quarter to review the quarterly results along with other agenda items and additional meetings are conducted from time to time to consider significant/ urgent matters, whenever required. The dates of Board Meetings for the next financial year are decided well

in advance and are informed to the Directors so as to enable them to manage their schedule effectively.

The Bank also makes available video conferencing facility or other audio-visual means, to enable larger participation of Directors in the meetings, whenever required.

The Chairpersons of Board Committees independently meet the Senior Management prior to Committee meetings, as required.

The Senior Management of the Bank, including their team members, are also invited to attend the Board / Committee meetings, make presentations and provide additional inputs to the agenda items under discussion, as required.

The responsibilities of the Board *inter-alia* include formulating and monitoring plans, business strategies, budgets, information security methods, reviewing financial results, overseeing and reviewing risk management practice within the Bank, appointment/ cessation and remuneration of SMP and Key Managerial Personnel ('KMP'), perusing of policies and procedures, etc. The Board reviews on a quarterly basis the compliance reports of all laws applicable to the Bank, including the Corporate Governance reports submitted to the Stock Exchanges. Further, the roles and responsibilities of Directors are such as provided under the Companies Act, Banking Regulation Act, Listing Regulations, RBI circular/ guidelines, etc. and such other applicable laws, from time to time.

The RBI prescribes seven (7) comprehensive critical themes in Board deliberation, to be placed before the Board, vide its circular on 'Calendar of Reviews'. These themes include Business Strategy, Risk, Financial Reports and their integrity, Compliance, Customer Protection, Financial Inclusion and Human Resources. The agenda items within the scope of these themes are primarily presented to the relevant Committees of the Board, report of which are then placed at the Board meetings.

During FY 2023-24, twelve (12) Board meetings were held on April 29, 2023, June 20, 2023, June 26, 2023, June 27, 2023, June 30, 2023, July 03, 2023, July 29, 2023, October 28, 2023, December 06, 2023, December 30, 2023, January 20, 2024, and March 27, 2024.

The maximum gap between any two consecutive meetings was less than 120 days. All the meetings were held during the year with requisite quorum.

Periodic presentations are made at the Board/ Committee meetings on business strategy, performance updates, financial statements, etc. Minimum Information to be placed before the Board as mentioned in Schedule II Part A of the Listing Regulations is placed before the Board for its consideration, as and when applicable.

The details of the Board of Directors, along with their attendance at the Board meetings and AGM held during FY 2023-24, other directorships, Memberships/ Chair position in Committees, etc. as on March 31, 2024 can be referred on the following page :

Composition of Board of Directors of the Bank during FY 2023-24 and other details as on March 31, 2024

Name of the Director (DIN)	Date of first Appointment	Completed Age	Position on the Board	Board Meetings attended in FY 2023-24
Mr. Sanjeeb Chaudhuri (DIN: 03594427)	May 10, 2019	71	Part-Time Non-Executive Chairperson (Independent)	12/12
Mr. V. Vaidyanathan (DIN: 00082596)	December 19, 2018	56	Managing Director & Chief Executive Officer	12/12
Mr. Aashish Kamat (DIN: 06371682)	December 18, 2018	58	Independent Director	12/12
Dr. (Mrs.) Brinda Jagirdar (DIN: 06979864)	December 18, 2018	71	Independent Director	12/12
Ms. Matangi Gowrishankar (DIN: 01518137)	January 20, 2024	66	Independent Director	2/2
Mr. Pravir Vohra (DIN: 00082545)	August 01, 2018	69	Independent Director	12/12
Mr. S. Ganesh Kumar (DIN: 07635860)	April 30, 2021	64	Independent Director	12/12
Dr. Jaimini Bhagwati (DIN: 07274047)	February 18, 2022	70	Non-Executive Non-Independent Director	11/11
Mr. Mahendra N. Shah (DIN: 00124629)	August 30, 2023	65	Non-Executive Non-Independent Director	5/5
Mr. Vishal Mahadevia (DIN: 01035771)	December 18, 2018	51	Non-Executive Non-Independent Director	7/12
Mr. Ajay Sondhi (DIN: 01657614)	July 22, 2021	63	Non-Executive Non-Independent Director	6/6
Mr. Hemang Raja (DIN: 00040769)	December 18, 2018	65	Independent Director	9/9
Mr. Madhivanan Balakrishnan (DIN: 01426902)	June 20, 2023	54	Executive Director & Chief Operating Officer	7/7

Notes:

- Mr. Sanjeeb Chaudhuri was appointed as Part-Time Non-Executive Chairperson (Independent) ('PTC') of the Bank, with effect from August 25, 2021.
Pursuant to the recommendation of the NRC, the Board at its meeting held on March 27, 2024, recommended the re-appointment of Mr. Sanjeeb Chaudhuri as the PTC of the Bank to RBI, for a second term with effect from August 25, 2024 up to May 09, 2027 (*i.e. the date when his existing term as an Independent Director of the Bank is expiring synchronously*). An application in this regard was made to RBI on April 05, 2024 and the Bank is awaiting approval of the RBI.
- Mr. V. Vaidyanathan, MD & CEO, was not on Board of any other company.
- Pursuant to the requisite approvals, Mr. Mahendra N. Shah was appointed as the Non-Executive Non-Independent Director of the Bank for a period of one (1) year, effective from August 30, 2023 upto August 29, 2024 (both days inclusive).
- Pursuant to the requisite approvals, Ms. Matangi Gowrishankar was appointed as the Independent Director of the Bank for her first term of four (4) consecutive years, commencing from January 20, 2024 upto January 19, 2028 (both days inclusive).
- Mr. Ajay Sondhi tendered his resignation as a Non-Executive Non-Independent Director of the Bank, with effect from August 23, 2023.
- Mr. Hemang Raja ceased to be an Independent Director of the Bank, with effect from December 17, 2023, pursuant to completion of his term as an Independent Director of the Bank.

Whether attended 9 th AGM held on August 31, 2023*	Number of Directorships		Directorship in other Listed Company excluding IDFC FIRST Bank (Category of Directorship)	No. of Committee Membership (Chair position) of Companies (including IDFC FIRST Bank)#
	of Indian Public Limited Companies (including IDFC FIRST Bank)	of other Companies^		
Yes	1	0	None	1(0)
Yes	1	0	None	1(0)
Yes	2	0	None	2(2)
Yes	5	1	Rane Holdings Limited (Independent Director) Rane Brake Lining Limited (Independent Director)	4(2)
Not Applicable	7	4	Cyient Limited (Independent Director) Gujarat Pipavav Port Limited (Independent Director) Gabriel India Limited (Independent Director) Greenlam Industries Limited (Independent Director) Suven Pharmaceuticals Limited (Independent Director)	4(1)
Yes	5	1	Thomas Cook (India) Limited (Independent Director) Kirloskar Ferrous Industries Limited (Independent Director) Kirloskar Pneumatic Company Limited (Independent Director)	6(1)
Yes	2	0	None	2(0)
Yes	3	0	IDFC Limited (Independent Director) Apollo Tyres Limited (Independent Director)	2(0)
Yes	4	0	IDFC Limited (Managing Director) IDFC Financial Holding Company Limited (Nominee Directors) Surekha Properties Limited (Independent Director)	1(0)
Yes	2	1	Apollo Tyres Limited (Non-Executive Non-Independent Director)	None
Not Applicable				
Yes			Not Applicable, as ceased to be Directors of the Bank	
Yes				

7. Pursuant to regulatory and statutory approvals, Mr. Madhivanan Balakrishnan was appointed as Executive Director of the Bank, with effect from June 20, 2023. Further, during the year under review, he resigned with effect from December 06, 2023.
8. None of the Directors of the Bank were member of more than 10 committees or acted as chairperson of more than 5 committees across all Public Limited Companies in which they were Directors in terms of Regulation 26 of the Listing Regulations.
9. None of the Directors held directorship in more than 10 Public Limited Companies.
10. None of the Directors were related to each other.
11. None of the Directors of the Bank served as Director or Independent Director in more than 7 listed companies.

* Chairpersons of the Audit Committee, the Nomination and Remuneration Committee, and the Stakeholders' Relationship, Environment, Social & Governance ('ESG') & Customer Service Committee were present at the 9th AGM held on August 31, 2023.

^ Excludes directorship held in Foreign Companies but includes Private Limited Companies and Section 8 Companies in India.

Includes memberships of Audit Committee and Stakeholders' Relationship Committee of all Indian Public Limited Companies including IDFC FIRST Bank Limited; figures in brackets indicate number of Committee Chair position as per Regulation 26 of the Listing Regulations. Private Limited Companies, Foreign Companies and Section 8 Companies have been excluded for the purpose of Committee Memberships/ Chair position.

All Directors of the Bank have submitted forms/ declarations/ undertakings/ consent as required under the extant laws. Pursuant to review of the said forms/ declarations/ undertakings/ consent as submitted by the Directors of the Bank, the NRC and the Board confirmed that all the Directors are in compliance with the applicable norms and are fit and proper to continue as Directors of the Bank.

BOARD COMMITTEES

The Board has constituted various Board-level Committees to delegate particular matters that require greater and more focused attention. These Committees take informed decisions in the best interest of the Bank. Also, these Committees monitor the activities falling within their respective Terms of Reference and recommend their views to the Board, wherever necessary.

The Board and its Committee are constituted in accordance with RBI Circular No. RBI/2021-22/24DOR. GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 on 'Corporate Governance in Banks – Appointment of Directors and Constitution of Committees of the Board', Companies Act, Listing Regulations and other applicable laws.

As on March 31, 2024, the Bank had following Board-level Committees, which have been constituted in accordance with the applicable provisions of law, wherever applicable:

- Audit Committee
- Risk Management Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship, ESG & Customer Service Committee
- Information Technology Strategy Committee
- Fraud Monitoring Committee
- Corporate Social Responsibility Committee
- Credit Committee
- Wilful Defaulter or Non-Cooperative Borrower Review Committee
- Capital Raise and Corporate Restructuring Committee
- Allotment, Transfer, and Routine Matters Committee

Majority of the members of Board-level Committees are Independent Directors and most of these Committees are chaired by them. There were no instances during FY 2023-24, wherein the Board had not accepted recommendations made by any Committee of the Board.

Mr. Satish Gaikwad, Head–Legal & Company Secretary acts as the Secretary for all the Board and Board-level Committees meeting and ensures adherence to all laws and regulations for conducting such meetings.

Also, the Bank has put in place a Management Committee framework to ensure that various submissions to the Board and its Committees are first reviewed, approved and recommended by the Management Committees.

This enhances governance and helps to strengthen the compliances within the Bank.

As on March 31, 2024, the Bank had the following Management Committees:

- Credit and Market Risk Committee
- Operational Risk Management Committee
- Asset Liability Management Committee
- Product Approval Committee
- Premises Committee
- Customer Service Committee
- Executive Committee
- Human Resources Committee
- Information Technology Steering Committee
- Investment Committee
- Internal Audit and Controls Committee
- Environmental, Social, & Governance Management Committee
- Debentures Issue Committee
- Information Security Committee

Details on composition of the Board-level Committees, brief terms of reference and number of meetings held and attended by Directors during FY 2023-24, are given hereinafter.

1. Audit Committee

As on March 31, 2024, the Audit Committee comprised of Mr. Aashish Kamat – Chairperson, Mr. Pravir Vohra, and Mr. S. Ganesh Kumar.

Also, the Chief Financial Officer, Joint Statutory Auditors and the Internal Auditors were invitees to the meetings of the Audit Committee, wherever necessary. The representatives of the Joint Statutory Auditors have attended the meetings of the Audit Committee held during FY 2023-24, for review of the quarterly/ annual financial results of the Bank.

All members of the Audit Committee are financially literate and have accounting or related financial management expertise.

The Committee met six (6) times during FY 2023-24, on April 28, 2023, July 03, 2023, July 28, 2023, October 27, 2023, December 30, 2023, and January 19, 2024. The maximum gap between any two consecutive meetings was less than 120 days. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the Audit Committee meetings held during FY 2023-24 are given in **Table No. 1**.

Table No. 1: Attendance Details of the Audit Committee Meetings held during FY 2023-24

Name of the Member	Position on the Board	Category	No. of Meetings attended in FY 2023-24
Mr. Aashish Kamat	Independent Director	Chairperson	6/6
Mr. Pravir Vohra	Independent Director	Member	6/6
Mr. S. Ganesh Kumar	Independent Director	Member	6/6
Mr. Ajay Sondhi ¹	Non-Executive Non-Independent Director	Member	2/2

Note

- Pursuant to the resignation of Mr. Ajay Sondhi as the Non-Executive Non-Independent Director of the Bank, he ceased to be a Member of the Audit Committee, with effect from August 23, 2023.

The Terms of Reference of the Audit Committee of the Board *inter-alia* includes and is not limited to the following:

- Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing, with management, the financial statements & results and auditor's report before submission to the Board for approval, with particular reference to: (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, (b) Changes, if any, in accounting policies and practices and reasons for the same, (c) Major accounting entries involving estimates based on the exercise of judgment by management, (d) Significant adjustments made in the financial statements arising out of audit findings, (e) Compliance with the SEBI Listing Regulations and other legal requirements relating to financial statements, (f) Disclosure of related party transactions and other legal requirements relating to financial statements, (g) Modified Opinion(s) in the draft Audit report.
- Approval or any subsequent modification of transactions of the Bank with related parties, including, grant of omnibus approval for related party transactions in accordance with applicable regulations.
- To scrutinize inter-corporate loans and investments.
- Review of Intra Group Transactions & Exposures.
- Recommending to the Board, the appointment, re-appointment, remuneration, terms of appointment and, if required, the replacement or removal of the statutory auditor and fixation of audit fees.
- Reviewing, with the management, performance of statutory auditors & internal auditors and adequacy of the internal control systems.
- Review the long form audit report ('LFAR') and management letters/ letters of internal control weaknesses issued by statutory auditors, reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process, etc.
- Approve the Annual Risk Based Audit Plan, internal audit resourcing and budgets and any mid-term reviews thereof.
- Review audit plan and status of the plan.
- Reviewing the findings of internal investigations, if any conducted by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Review of the Internal Audit reports relating to internal control weaknesses.
- Review of report on Revenue leakage detected by Internal / External Auditors and status of recovery thereof - reasons for undercharges and steps taken to prevent revenue leakage (Annual).
- Review of the appointment, removal, and terms of remuneration of the Chief Internal Auditor.
- Evaluation of internal financial controls and risk management systems.
- Review compliance report on directives issued by ACB/ Board/ RBI.
- Review the functioning of the Whistle Blower/Vigil Mechanism.
- Abide by any other requirement in accordance with the applicable provisions of the SEBI Listing Regulations, Companies Act read with relevant rules thereunder and/ or comply with the applicable RBI Guidelines / Banking Regulations Act read with relevant circulars issued by RBI, or any re-enactment, amendment or modification thereto from time to time.

2. Risk Management Committee

The Board is responsible for framing, implementing and monitoring the Risk Management framework for the Bank. The Board has delegated authority to the Risk Management Committee ('RMC') of the Board for oversight and review of risk management practices within the Bank. The RMC maintains active supervision of the Bank's exposures including asset quality, portfolio performance, capital planning

and risk strategy. Further, RMC reviews the Risk appetite framework, policies, strategies and associated frameworks for risk management. RMC assures independence of Risk Management to the Board and constructively challenges and engages with the management's proposals and decisions on all aspects of risk management arising from the Bank's activities. The RMC also ensures comprehensive periodical risk reporting for all segments of risk including credit risk, market risk, liquidity risk, operational risk, reputational risk, fraud risk, etc. The RMC also oversees the stress testing framework to measure the plausible impact of unusual market conditions on the Banks financials and plan for contingencies. The RMC is supported by the management sub-committees to facilitate effective execution of the above responsibilities.

As on March 31, 2024, the RMC comprised of Mr. S. Ganesh Kumar – Chairperson, Mr. Pravir Vohra,

Ms. Matangi Gowrishankar, Mr. Sanjeeb Chaudhuri, Dr. Jaimini Bhagwati and Mr. V. Vaidyanathan.

Mr. Chetan Sanghvi is the Chief Risk Officer ('CRO') of the Bank. The Bank has formulated and adopted a Policy defining the roles and responsibilities of the CRO, in line with the guidelines issued by the RBI.

The Committee met four (4) times during FY 2023-24, on April 28, 2023, July 28, 2023, October 27, 2023, and January 19, 2024. The maximum gap between any two consecutive meetings did not breach the provisions of the Listing Regulations and other applicable provisions of law. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the RMC meetings held during FY 2023-24 are given in **Table No. 2**.

Table No. 2: Attendance Details of the Risk Management Committee Meetings held during FY 2023-24

Name of the Member	Position on the Board	Category	No. of Meetings attended in FY 2023-24
Mr. S. Ganesh Kumar	Independent Director	Chairperson	4/4
Mr. Pravir Vohra	Independent Director	Member	4/4
Mr. Sanjeeb Chaudhuri	Independent Director	Member	4/4
Dr. Jaimini Bhagwati	Non-Executive Non-Independent Director	Member	4/4
Mr. V. Vaidyanathan	MD & CEO	Member	4/4
Ms. Matangi Gowrishankar ¹	Independent Director	Member	-
Mr. Hemang Raja ²	Independent Director	Member	3/3

Notes:

- Consequent to the appointment of Ms. Matangi Gowrishankar as an Independent Director of the Bank, she was appointed as a Member of the RMC, with effect from January 20, 2024.
- Pursuant to completion of Mr. Hemang Raja's term as an Independent Director of the Bank, he ceased to be a Member of the RMC, with effect from December 17, 2023.

The Terms of Reference of the Risk Management Committee *inter-alia* includes and is not limited to the following:

- To identify, monitor and measure the risk profile of the Bank (including market risk, liquidity risk, operational risk, reputational risk, fraud management and credit risk).
- To monitor and review the cyber security risks/ arrangements/ preparedness of the Bank on a quarterly basis.
- To recommend to the Board the annual Risk Appetite Statement for the Bank as well as review the implementation the same.
- To monitor and review the risk management plan of the Bank.
- To oversee the Bank's integrated risk measurement system.
- To review and evaluate the overall risk faced by the Bank including market risk and liquidity risk.
- To review management's formulation of procedures, action plans and strategies to mitigate risks on short term as well as long term basis.
- To review and recommend to the Board, the Bank's ICAAP proposal.
- Design stress scenarios to measure the impact of unusual market conditions and monitor variance between actual volatility of portfolio value and that predicted by risk measures.
- To develop/recommend policies related to credit risk, operational risk, fraud management, liquidity risk, information security risk and market risk etc. for approval by the Board.
- To oversee promotion of awareness of a risk-based culture and achieving a balance between risk minimization and reward for risks accepted.
- To oversee the Bank's Basel (Standardized and Advance Approaches) preparedness and Reserve Bank of India Application
- To carry out any other function as referred by the Board from time to time or enforced by any statutory authority, as may be applicable.

- Abide by any other requirement in accordance with the applicable provisions of the Listing Regulations, Companies Act read with relevant rules thereunder and/ or comply with the applicable RBI Guidelines / Banking Regulation Act read with relevant circulars issued by RBI, or any re-enactment, amendment or modification thereto from time to time.

3. Nomination and Remuneration Committee

As on March 31, 2024, the NRC comprised of Dr. (Mrs.) Brinda Jagirdar – Chairperson, Mr. Aashish Kamat, Ms. Matangi Gowrishankar, Mr. S. Ganesh Kumar and Mr. Vishal Mahadevia.

The Committee met eight (8) times during FY 2023-24, on April 26, 2023, June 20, 2023, July 26, 2023, October 26, 2023, December 06, 2023, December 30, 2023, January 17, 2024 and March 26, 2024. The meetings held on April 26, 2023 & July 26, 2023 were adjourned to April 29, 2023 & July 28, 2023 respectively, to consider matters pending from the said original meeting. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the NRC meetings held during FY 2023-24 are given in **Table No. 3**.

Table No. 3: Attendance Details of the Nomination and Remuneration Committee Meetings held during FY 2023-24

Name of the Member	Position on the Board	Category	No. of Meetings attended in FY 2023-24
Dr. (Mrs.) Brinda Jagirdar ¹	Independent Director	Chairperson	8/8
Mr. Aashish Kamat	Independent Director	Member	8/8
Ms. Matangi Gowrishankar ³	Independent Director	Member	1/1
Mr. S. Ganesh Kumar ²	Independent Director	Member	3/3
Mr. Vishal Mahadevia	Non-Executive Non-Independent Director	Member	7/8
Mr. Hemang Raja ⁴	Independent Director	Chairperson	5/5

Notes:

- Dr. (Mrs.) Brinda Jagirdar has been a Member of the NRC. During the year, she was appointed as the Chairperson of NRC, with effect from December 18, 2023.
- Mr. S. Ganesh Kumar was appointed as a Member of the NRC, with effect from December 18, 2023.
- Ms. Matangi Gowrishankar was appointed as a Member of the NRC, with effect from January 20, 2024.
- Pursuant to completion of Mr. Hemang Raja's term as an Independent Director of the Bank, he ceased to be a Chairperson and Member of the NRC, with effect from December 17, 2023.

The Terms of Reference of the Nomination and Remuneration Committee of the Board *inter-alia* includes and is not limited to the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors, a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- Determine the Bank's policy on specific remuneration packages for Whole-time Directors/ Executive Directors/ KMPs/ other employees including pension rights and any compensation payment.
- To review and recommend to the Board the payment of fixed remuneration to the Non-Executive Directors of the Bank within the overall limits as may be approved by the shareholders of the Bank, in terms of the Companies Act and RBI Guidelines.
- To periodically review and suggest revision of the total remuneration package of the Whole-time Directors keeping in view performance of the Bank, standards prevailing in the industry, Norms specified by RBI, statutory guidelines, etc.
- To formulate the detailed terms and conditions of the schemes framed under applicable SEBI Regulations.
- Oversee the succession planning for the Directors and Management.
- Approve and monitor grant of employee stock options as a part of compensation of Whole-time Directors, Senior Management Personnel, Key Managerial Personnel and other eligible employees.
- Provide a framework for the remuneration of all employees (including risk-takers).
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

- To provide guidance and help shape management's efforts in embedding ethical practices in the organization.
- To co-ordinate and oversee the annual self-review of the performance of the Board, its Committees and of the Individual Directors (including Independent Directors) in the governance of the Bank.
- Abide by any other requirement in accordance with the applicable provisions of the Listing Regulations, Companies Act read with relevant rules thereunder and/or comply with the applicable RBI Guidelines / Banking Regulation Act read with relevant circulars issued by RBI, or any re-enactment, amendment or modification thereto from time to time.

4. Credit Committee

As on March 31, 2024, the Credit Committee comprised of Dr. (Mrs.) Brinda Jagirdar– Chairperson, Mr. Pravir Vohra, Mr. Vishal Mahadevia and Mr. V. Vaidyanathan.

The Committee met eleven (11) times during FY 2023-24, on May 31, 2023, June 27, 2023, July 24, 2023, August 28, 2023, September 27, 2023, October 25, 2023, November 29, 2023, December 14, 2023, January 30, 2024, February 27, 2024, and March 26, 2024. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the Credit Committee meetings held during FY 2023-24 are given in **Table No. 4**.

Table No. 4: Attendance Details of the Credit Committee Meetings held during FY 2023-24

Name of the Member	Position on the Board	Category	No. of Meetings attended in FY 2023-24
Dr. (Mrs.) Brinda Jagirdar ¹	Independent Director	Chairperson	11/11
Mr. Pravir Vohra ²	Independent Director	Member	3/3
Mr. Vishal Mahadevia	Non-Executive Non-Independent Director	Member	9/11
Mr. V. Vaidyanathan	MD & CEO	Member	11/11
Mr. Hemang Raja ³	Independent Director	Chairperson	8/8

Notes:

- Dr. (Mrs.) Brinda Jagirdar has been a Member of the Credit Committee. She was appointed as the Chairperson of Credit Committee, with effect from December 18, 2023.
- Mr. Pravir Vohra was appointed as a Member of the Credit Committee, with effect from December 18, 2023.
- Pursuant to completion of Mr. Hemang Raja's term as an Independent Director of the Bank, he ceased to be a Chairperson and Member of the Credit Committee, with effect from December 17, 2023.

The Terms of Reference of the Credit Committee *inter-alia* includes and is not limited to the following:

- To approve credit exposures which are beyond the powers delegated to executives of the Bank as per the Delegation of Authority.
- To control the risk through review of approvals (including takeover cases).
- To control risk by supporting the RMC in effective monitoring of the portfolio where required in line with extant DOA/Policies etc.

5. Information Technology (IT) Strategy Committee

As on March 31, 2024, the IT Strategy Committee ('ITSC') comprised of Mr. Pravir Vohra – Chairperson, Mr. Sanjeeb Chaudhuri, Mr. S. Ganesh Kumar and Mr. V. Vaidyanathan.

The Committee met eight (8) times during FY 2023-24, on April 27, 2023, May 09, 2023, July 06, 2023, July 27, 2023, October 26, 2023, January 18, 2024, March 12, 2024 and March 22, 2024. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the IT Strategy Committee meetings held during FY 2023-24 are given in **Table No. 5**.

Table No. 5: Attendance Details of the IT Strategy Committee Meetings held during FY 2023-24

Name of the Member	Position on the Board	Category	No. of Meetings attended in FY 2023-24
Mr. Pravir Vohra	Independent Director	Chairperson	8/8
Mr. Sanjeeb Chaudhuri	Independent Director	Member	8/8
Mr. S. Ganesh Kumar	Independent Director	Member	8/8
Mr. V. Vaidyanathan	MD & CEO	Member	8/8
Mr. Madhivanan Balakrishnan ¹	Executive Director	Member	1/1

Notes:

- Pursuant to the appointment of Mr. Madhivanan Balakrishnan as the Executive Director of the Bank, with effect from June 20, 2023, he was appointed as a Member of the ITSC with effect from July 29, 2023. However, consequent to his resignation as Executive Director of the Bank, he ceased to be a Member of the ITSC, with effect from December 06, 2023.

The Terms of Reference of the IT Strategy Committee *inter-alia* includes and is not limited to the following:

- Approving IT strategy and policy documents (incl IT, ISMS, Cyber Security and other Policies as applicable) and ensuring that the management has put an effective strategic planning process in place.
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
- Ensuring IT investments represent a balance of risks and benefits and budgets are acceptable.
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- Ensuring proper balance of IT investments for sustaining Bank's growth and becoming aware about exposure towards IT risks and controls.
- Such other roles and functions as may be prescribed by Reserve Bank of India or as may be delegated by the Board of Directors from time to time.

Information Security related

- Development of information/ cyber security policies, implementation of policies, standards and procedures to ensure that all identified risks are managed within the RE's risk appetite.
- Approving and monitoring information security projects and security awareness initiatives.
- Reviewing cyber incidents, information systems audit observations, monitoring and mitigation activities.
- Any deviations/differences noted in environments (the version and configuration) related to production and lower/test environments where due to unavoidable reasons VA/PT needed be conducted in the lower/test environment for providing go-live sign offs both for New IT projects/System upgrades.
- Oversee the cyber security/resilience framework and to ensure cyber security preparedness on a continuous basis.

- Consider the review of cyber security arrangements/ preparedness/KRI/KPI.
- Evaluation of the extent to which the information security strategy is meeting the needs of the business.
- Approve and accord consent for cyber/information security policies to be presented to the Board for approval.
- Overseeing the aggregate funding of Information Security at a bank-level and ascertaining if the management has resources to ensure the proper management of IS risks.
- Monitoring the success of information security management arrangements, the extent of overall compliance with information security-related legislation and regulation, and overall implications of the changing threat landscape.
- Make note of the vulnerabilities and cyber security risks the Bank is exposed to.
- Discuss and assess current/emerging cyber threats to banking industry including payment systems and Bank's preparedness.
- Monitor and manage cyber/information security risks related to outsourced business/ IT service providers.
- Review issues related to data privacy- internal as well as external to the organization.

6. Fraud Monitoring Committee

As on March 31, 2024, the Fraud Monitoring Committee ('FMC') comprised of Mr. Pravir Vohra – Chairperson, Mr. Aashish Kamat, Mr. Sanjeeb Chaudhuri, Dr. Jaimini Bhagwati and Mr. V. Vaidyanathan.

The Committee met six (6) times during FY 2023-24, on April 26, 2023, July 27, 2023, October 26, 2023, November 15, 2023, January 18, 2024 and March 01, 2024. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the FMC meetings held during FY 2023-24 are given in **Table No. 6**.

Table No. 6: Attendance Details of the Fraud Monitoring Committee Meetings held during FY 2023-24

Name of the Member	Position on the Board	Category	No. of Meetings attended in FY 2023-24
Mr. Pravir Vohra	Independent Director	Chairperson	6/6
Mr. Aashish Kamat	Independent Director	Member	6/6
Mr. Sanjeeb Chaudhuri	Independent Director	Member	6/6
Dr. Jaimini Bhagwati ¹	Non-Executive Non-Independent Director	Member	2/2
Mr. V. Vaidyanathan	MD & CEO	Member	6/6
Mr. Ajay Sondhi ²	Non-Executive Non-Independent Director	Member	2/2
Mr. Madhivanan Balakrishnan ³	Executive Director	Member	2/2

Notes:

1. Dr. Jaimini Bhagwati was appointed as a Member of the FMC, with effect from December 18, 2023.
2. Pursuant to the resignation of Mr. Ajay Sondhi as the Non-Executive Non-Independent Director of the Bank, he ceased to be a Member of the FMC, with effect from August 23, 2023.
3. Mr. Madhivanan Balakrishnan was appointed as a Member of the FMC, with effect from August 23, 2023. However, consequent to his resignation as Executive Director of the Bank, he ceased to be a Member of the FMC with effect from December 06, 2023.

The Terms of Reference of the Fraud Monitoring Committee *inter-alia* includes and is not limited to the following:

The major function of the Fraud Monitoring Committee would be to monitor and review of all the frauds of ₹ 10 million and above so as to:

- Identify the systemic lacunae, if any, that facilitated perpetration of the fraud, and put in place measures to plug the same.
- Identify the reasons for delay in detection, if any, reporting to top management of the Bank and RBI.
- Monitor progress of CBI / Police Investigation, and recovery position.
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.
- To initiate process of fixing staff accountability for cases involving very senior executive of the Bank.
- To monitor and review the progress of the mitigating steps taken by the Bank in case of electronic frauds and efficacy of the same in containing fraud numbers and values.
- To review a report providing *inter-alia*, a synopsis of the remedial action taken together with their current status of the Red Flagged Accounts.

7. Stakeholders' Relationship, ESG & Customer Service Committee

As on March 31, 2024, the Stakeholders' Relationship, ESG & Customer Service Committee ('SRECS') comprised of Dr. (Mrs.) Brinda Jagirdar – Chairperson, Mr. Pravir Vohra,

Ms. Matangi Gowrishankar, Mr. Sanjeeb Chaudhuri, Mr. S. Ganesh Kumar and Mr. V. Vaidyanathan.

Mr. Satish Gaikwad, Head – Legal and Company Secretary is the designated person responsible for handling Investor/ Shareholder Grievances and is the Compliance Officer of the Bank under Listing Regulations. He is also the Nodal Officer of the Bank for handling Investor Grievances with respect to Investor Education and Protection Fund ('IEPF').

SRECS is responsible to enhance Board's oversight over ESG matter and monitor various aspects of interest of shareholders, debenture holders, investors, customers and other security holders, if any, including complaints relating to transfer of shares, non-receipt of annual report and non-receipt of declared dividends. The Committee also assists the Board and the Bank in monitoring the quality of services rendered to the customers and to ensure implementation of directives received from the Reserve Bank of India in this regard.

The Bank receives investor complaints through various sources such as from Stock Exchanges, SEBI Complaints Redress System (SCORES), Registrar of Companies, through the Bank's Registrar and Transfer Agents, directly from investors' correspondence and from the investors personal visits to the Bank, etc. The Bank has a dedicated team of professionals to respond to queries and grievances received from the investors, customers, shareholders and bond holders. The Board and the SRECS Committee are updated on a quarterly basis on the resolution and redressal of the complaints.

The Bank has designated e-mail id bank.info@idfcfirstbank.com for equity investors and ig@idfcfirstbank.com for bond holders for reporting complaints/ grievances.

The Committee met four (4) times during FY 2023-24, on April 27, 2023, July 27, 2023, October 26, 2023 and January 18, 2024. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the SRECS Committee meetings held during FY 2023-24 are given in **Table No. 7**.

Table No. 7: Attendance Details of the Stakeholders' Relationship, ESG & Customer Service Committee Meetings held during FY 2023-24

Name of the Member	Position on the Board	Category	No. of Meetings attended in FY 2023-24
Dr. (Mrs.) Brinda Jagirdar	Independent Director	Chairperson	4/4
Mr. Pravir Vohra	Independent Director	Member	4/4
Mr. Sanjeeb Chaudhuri	Independent Director	Member	4/4
Mr. S. Ganesh Kumar	Independent Director	Member	4/4
Mr. V. Vaidyanathan	MD & CEO	Member	4/4
Ms. Matangi Gowrishankar ¹	Independent Director	Member	-
Mr. Ajay Sondhi ²	Non-Executive Non-Independent Director	Member	2/2

Notes:

1. Ms. Matangi Gowrishankar was appointed as a Member of the SRECS, with effect from January 20, 2024.
2. Pursuant to the resignation of Mr. Ajay Sondhi as the Non-Executive Non-Independent Director of the Bank, he ceased to be a Member of the SRECS, with effect from August 23, 2023.

The details of Complaints received and attended by the Bank during FY 2023-24 for Equity Shares and Infrastructure Bonds issued under Section 80CCF of the Income Tax Act, 1961 are given in **Table No. 7A**.

Table No. 7A: Nature of Complaints received and attended during FY 2023-24

Complaints pending as on April 01, 2023	Complaints received during the year	Complaints redressed during the year	Complaints pending as on March 31, 2024
6	144	143	7

During FY 2023-24, no Complaints were received in respect of the bonds/ Non-Convertible Debentures issued by the Bank on private placement basis.

The Terms of Reference of the Stakeholders' Relationship, ESG & Customer Service Committee of the Board *inter-alia* includes and is not limited to the following:

For Security and Other Stakeholders:

- To consider and resolve the grievances of security holders of the Bank including complaints related to transfer/ transmission of shares, non-receipt of balance sheet, non-receipt of annual report, non-receipt of declared dividend, issue of new/ duplicate certificates, general meetings etc.
- Propose to the Board of Directors, the appointment/ re-appointment of the Registrar and Share Transfer Agent, including the terms and conditions, remuneration, Service charge/ fees.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent.
- Review the existing "Stakeholder Redressal System" and suggest measures for improvement.
- Take measures to enhance operational transparency to Stakeholders and suggest measures for improvement in Stakeholder relations.
- Develop mechanism to provide access to Stakeholders to relevant, sufficient and reliable information on a timely and regular basis to enable them to participate in Corporate Governance process.
- Any other requirement in accordance with the applicable provisions of the Companies Act, Listing Regulations and RBI Guidelines.

For Customers:

- To oversee the functioning of the Bank's internal committee set-up for customer service.
- To review the level of customer service in the Bank including customer complaints and the nature of their resolution and provide guidance in improving the customer service level.

- To examine any other issues having a bearing on the quality of customer service rendered.
- To formulate comprehensive deposit policy incorporating the issues arising out of the demise of a depositor for operation of his account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.
- To monitor implementation of awards under the Banking Ombudsman Scheme.
- To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.
- Any other requirement in accordance with the applicable provisions of RBI Guidelines.

For ESG:

- Monitor implementation and execution of policies, strategies, programs, initiatives, reporting & disclosures and such other matters related to ESG.
- Focus on the macro-level trends and developments in ESG measurement, reporting standards and frameworks to create ESG goals for the Bank.
- To periodically review the ESG activities, implementation of targets and related performance.
- To review any statutory reporting relating to sustainability initiatives e.g., Business Responsibility and Sustainability Report.

8. Corporate Social Responsibility Committee

As on March 31, 2024, the Corporate Social Responsibility ('CSR') Committee comprised of Mr. V. Vaidyanathan – Chairperson, Dr. (Mrs.) Brinda Jagirdar, Ms. Matangi Gowrishankar and Mr. Sanjeeb Chaudhuri.

The Committee met four (4) times during FY 2023-24, on April 26, 2023, July 26, 2023, October 18, 2023 and January 17, 2024. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the CSR Committee meetings held during FY 2023-24 are given in **Table No. 8**.

Table No. 8: Attendance Details of the Corporate Social Responsibility Committee Meetings held during FY 2023-24

Name of the Member	Position on the Board	Category	No. of Meetings attended in FY 2023-24
Mr. V. Vaidyanathan	MD & CEO	Chairperson	4/4
Dr. (Mrs.) Brinda Jagirdar	Independent Director	Member	4/4
Mr. Sanjeeb Chaudhuri ¹	Independent Director	Member	1/1
Ms Matangi Gowrishankar ²	Independent Director	Member	-
Mr. Hemang Raja ³	Independent Director	Member	3/3

Notes:

- Mr. Sanjeeb Chaudhuri was appointed as a Member of the CSR Committee, with effect from December 18, 2023.
- Ms. Matangi Gowrishankar was appointed as a Member of the CSR Committee, with effect from January 20, 2024.
- Pursuant to completion of Mr. Hemang Raja's term as an Independent Director of the Bank, he ceased to be a Member of the CSR Committee, with effect from December 17, 2023.

Details of CSR initiatives undertaken by IDFC FIRST Bank can be referred in the Directors' Report, which forms part of this Annual Report.

The Board approved CSR Policy is placed on the Bank's website: www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → 'Policies' section.

The Terms of Reference of the Corporate Social Responsibility Committee *inter-alia* includes and is not limited to the following:

- Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013 and the Companies (CSR Policy) Rules, 2014 ('CSR Rules'), as amended from time to time and monitor CSR Policy.
- Recommend the amount of expenditure to be incurred on the activities referred to in Point above.
- Review and monitor the CSR activities of the Bank on behalf of the Board to ensure that the Bank is in compliance with appropriate laws and legislations.
- Formulate a transparent monitoring mechanism for implementation of CSR Projects or programs or activities undertaken by the Bank.
- Formulate and recommend to the Board, an annual action plan and any modifications thereof.
- Regularly report to the Board on the CSR initiatives and status and also provide reasons to the Board if the amount earmarked for CSR initiatives has not been spent and action steps for the same.

- Review management's position on key stakeholder expectations involving CSR and provide perspectives for Board's consideration.
- Review on a continuous basis the Bank's communication strategies relating to CSR.
- Review the Bank's annual CSR report prior to its issuance.
- Review and assess the remit and reports of any audit process to gain assurance over the CSR activities.
- Review management-identified opportunities to optimize the use of technology for the use of CSR activities.
- Review the certification from CFO or any person responsible for financial management on utilisation of the funds disbursed for the approved purposes and recommend to the Board.

9. Wilful Defaulter or Non-Cooperative Borrower Review Committee

As on March 31, 2024, the Wilful Defaulter or Non-Cooperative Borrower Review ('WDNCBR') Committee comprised of Mr. V. Vaidyanathan – Chairperson, Mr. Aashish Kamat, Dr. (Mrs.) Brinda Jagirdar, Ms. Matangi Gowrishankar and Mr. S. Ganesh Kumar.

The Committee met twice (2) during FY 2023-24, on July 26, 2023, and January 17, 2024. All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the WDNCBR Committee meetings held during FY 2023-24 are given in **Table No. 9**.

Table No. 9: Attendance Details of the Wilful Defaulter or Non-Cooperative Borrower Review Committee Meetings held during FY 2023-24

Name of the Member	Position on the Board	Category	No. of Meetings attended in FY 2023-24
Mr. V. Vaidyanathan	MD & CEO	Chairperson	2/2
Mr. Aashish Kamat	Independent Director	Member	2/2
Dr. (Mrs.) Brinda Jagirdar	Independent Director	Member	2/2
Mr. S. Ganesh Kumar	Independent Director	Member	2/2
Ms. Matangi Gowrishankar ¹	Independent Director	Member	-

Notes:

- Ms. Matangi Gowrishankar was appointed as a Member of the WDNCBR Committee, with effect from January 20, 2024.

The Terms of Reference of the Wilful Defaulter or Non-Cooperative Borrower Review Committee *inter-alia* includes and is not limited to the following:

- To review the recommendation/ order of the Identification Committee for classification of the borrower as wilful defaulter or non-cooperative borrower.
- To issue the final order on the declaration/ classification of the borrower as wilful defaulter or non-cooperative borrower by the Bank.
- To review as on half yearly basis the status of non-cooperative borrowers for deciding whether their names can be declassified as evidenced by its return to credit discipline and cooperative dealings.
- To review the status of and matters relating to Non-Cooperative Borrowers or Wilful Defaulters.
- Any other requirement in accordance with the applicable provisions of RBI Guidelines.
- Any other matters which the Committee may deem fit in this connection and as may be required by any regulatory authority, from time to time.

10. Allotment, Transfer, and Routine Matters Committee

As on March 31, 2024, the Allotment, Transfer, and Routine Matters Committee ('ATRCM') comprised of Mr. V. Vaidyanathan – Chairperson, Mr. Sanjeeb Chaudhuri, Mr. Sudhanshu Jain, Chief Financial Officer & Head - Corporate Centre, and Mr. Adrian Andrade, Chief Human Resources Officer.

The purpose of ATRCM of the Bank is (i) to assist the Board to expedite the process of Securities Allotment and Transfers, (ii) to approve such matters which are required to be approved on a day to day basis for smooth functioning of the Bank and which have been mentioned in the Terms of Reference, and (iii) to borrow money(ies) from time to time for the purpose of carrying on the business of the Bank, using various products, on being authorised by the Board.

The Terms of Reference of the Allotment, Transfer, and Routine Matters Committee *inter-alia* includes and is not limited to the following:

- To address, approve and monitor all matters related with the allotment, transfer, transmission, transposition, name deletion, consolidation, rematerialization, dematerialization and splitting of share and debenture certificates of the Bank.
- To apply for memberships to various exchanges, central counterparties and other quasi regulatory bodies.
- To grant authorization for labour and HR operations matter including signing of leave and license agreement(s).
- To appoint/ empanel such intermediaries and consultants or service providers, as may be required from time to time.
- To open/ operate/ close dividend account/ G Sec account.
- To give authority for signing documents for treasury transactions.
- To do such other things as may be delegated by the Board/ any other Committee of the Bank.

11. Capital Raise and Corporate Restructuring Committee

As on March 31, 2024, the Capital Raise and Corporate Restructuring ('CR & CR') Committee comprised of Mr. Sanjeeb Chaudhuri - Chairperson, Mr. Aashish Kamat, Mr. Vishal Mahadevia and Mr. V. Vaidyanathan.

The Committee met nine (9) times during FY 2023-24, on April 12, 2023, June 19, 2023, June 27, 2023, July 26, 2023, September 18, 2023, October 03, 2023 (*two meetings held in a day*), and October 06, 2023 (*two meetings held in a day*). All the meetings were held during the year with requisite quorum.

The composition, names of members and chairperson, and their attendance at the CR & CR Committee meetings held during FY 2023-24 are given in **Table No. 10**.

Table No. 10: Attendance Details of the Capital Raise and Corporate Restructuring Committee meetings held during FY 2023-24

Name of the Member	Position on the Board	Category	No. of Meetings attended in FY 2023-24
Mr. Sanjeeb Chaudhuri ¹	Independent Director	Chairperson	9/9
Mr. Vishal Mahadevia	Non-Executive Non-Independent Director	Member	5/9
Mr. V. Vaidyanathan	MD & CEO	Member	9/9
Mr. Aashish Kamat ²	Independent Director	Member	-
Mr. Hemang Raja ³	Independent Director	Chairperson	9/9

Notes:

1. Mr. Sanjeeb Chaudhuri has been a Member of the CR & CR Committee. He was appointed as the Chairperson of the Committee, with effect from December 18, 2023.
2. Mr. Aashish Kamat was appointed as a Member of the CR & CR Committee, with effect from December 18, 2023.
3. Pursuant to completion of Mr. Hemang Raja's term as an Independent Director of the Bank, he ceased to be a Chairperson and Member of the CR & CR Committee, with effect from December 17, 2023.

The Terms of Reference of the Capital Raise and Corporate Restructuring Committee *inter-alia* includes and is not limited to the following:

- To consider, approve and monitor all matters related with the capital raising and/or corporate restructuring activities, including other incidental matters thereto.
- To decide on mode, manner, issue size, pricing, timelines and other terms & conditions of the capital raising and/or corporate restructuring activities like Scheme of Arrangement, Valuation, Swap Ratio, etc.
- To engage and appoint various agencies for capital raising/ corporate restructuring activities and finalise the terms of capital raising/ corporate restructuring activities and other related matters in consultation with the lead managers, merchant bankers, bankers, brokers, liquidators, government officials, auditors, advisors, lawyers, Stock Exchanges, Registrar of Companies and/ or any other authorities or agencies, as required and involved in such activities.
- To make applications to any regulatory or statutory authorities, as may be required, for the purpose of offering, issuance, placement and allotment of securities to the investors, and for the purpose of corporate restructuring activities.
- To make regulatory filings and applications with various statutory bodies (Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, Registrar of Companies, and/or any other authorities or agencies, as involved), such as in-principle application, corporate action, listing application, & such other requisite applications, and seeking shareholders' approval, and other necessary statutory/regulatory approvals, and finalizing all the terms and conditions of the capital raising and/or corporate restructuring activities and to accept any amendments, modifications, variations or alterations thereto.

- To approve and finalise various documents, deeds, agreements, instruments and to do all such acts, deeds, matters and things as may be necessary including opening and operating any bank account(s) for the purpose of Capital Raising and/or Corporate Restructuring activities.

MEETING OF INDEPENDENT DIRECTORS

As per Schedule IV of the Companies Act and the rules made thereunder, the Independent Director of a Company shall hold at least one (1) meeting in a financial year, without the attendance of Non-Independent Directors and members of the Management. This meeting is expected to review the performance of Non-Independent Directors and the Board as a whole; review the performance of the Chairperson of the Board, taking into account the views of Executive Directors and Non-Executive Directors; and assess the quality, quantity and timeliness of the flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Accordingly, during FY 2023-24, a separate meeting of Independent Directors of the Bank was held on July 28, 2023 without the presence of MD & CEO, Non-Independent Directors and SMP. The meeting was attended by all the six (6) Independent Directors of the Bank.

SENIOR MANAGEMENT PERSONNEL

In terms of Regulation 16 (1) of the Listing Regulations, "Senior Management" shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

The particulars of senior management of the Bank as on March 31, 2024 are as follows:

Name of SMP	Designation
Mr. V. Vaidyanathan	Managing Director & CEO
Mr. Pradeep Natarajan	Head - Retail Banking
Mr. Paritosh Mathur	Head - Wholesale Banking
Mr. Chetan Sanghvi	Chief Risk Officer
Mr. Sudhanshu Jain	Chief Financial Officer & Head - Corporate Centre
Mr. Adrian Andrade	CHRO
Mr. Tyagarajan Iyer	Head - Operations & Technology
Mr. Neerav Maniar ¹	Chief Compliance Officer ('CCO')
Mr. Deep Chelawat ²	Chief Internal Auditor ('CIA')
Mr. Satish Gaikwad	Head - Legal & Company Secretary
Mrs. Shikha Hora Kamdar	Head - Retail Assets & ESG
Mr. Neeraj Naidu	Chief Information Security Officer
Mr. Nilesh Doshi	Chief Vigilance Officer

Notes:

1. Mr. Neerav Maniar was appointed as CCO of the Bank, with effect from August 21, 2023, consequent to the resignation Mr. Vinod Patil, former CCO of the Bank.
2. Mr. Deep Chelawat was appointed as CIA of the Bank, with effect from January 01, 2024, consequent to the resignation of Mr. Suketu Kapadia, former CIA of the Bank.

RELATED PARTY TRANSACTIONS

During FY 2023-24, all transactions entered into with related parties as defined under the Companies Act and the Listing Regulations, were in the ordinary course of business and on arm's length basis and did not attract the provisions of Section 188 of the Companies Act. The Bank has not entered into any materially significant transactions with the related parties including Promoters, Directors, Key Managerial Personnel, Subsidiaries or Relatives of the Directors, which could lead to a potential conflict with the interest between the Bank and these parties. Suitable disclosures as required under the Accounting Standards (AS18) have been made in the notes to the Financial Statements. The details of the transactions with related parties are placed before the Audit Committee, from time to time. Further, the details of Related Party Transactions are also submitted to stock exchanges as per the Listing Regulations norms on a half yearly basis. The Board has approved a policy for Related Party Transactions in compliance with the provisions of the Companies Act, Banking Regulation Act and the Listing Regulations. The said policy is available on the Bank's website: www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → '[Policies](#)' section.

CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING

The Bank has adopted a Code of Conduct for Prohibition of Insider Trading (the 'PIT Code') in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time ('SEBI Insider Trading Regulations'), with a view to regulate trading in securities by the Board and Designated Person ('DPs') of IDFC FIRST Bank, their immediate relatives as defined in the PIT Code. When the trading window is open, DPs and their immediate relatives, as defined in the PIT Code, are required to obtain pre-clearance from the Compliance Officer before trading (buy/ sell/ deal) in securities of IDFC FIRST Bank. Also, during the period of closure of the trading window, no DPs and their immediate relatives are permitted to trade with or without pre-clearance in securities of Bank. Further, a list of restricted companies is updated, from time to time, wherein employees having Unpublished Price Sensitive Information ('UPSI') are restricted to trade in securities of such companies.

No Employee/ Designated Person is permitted to communicate, provide, or allow access to any UPSI relating to IDFC FIRST Bank, its securities or any other company (listed or proposed to be listed), to any person except where such communication is in furtherance of legitimate purpose, performance of duties or discharge of legal obligations.

The Bank periodically monitors and facilitates compliance with the SEBI Insider Trading Regulations, and reports the status to the Audit Committee on a periodic basis.

During FY 2023-24, the identified DPs of the Bank were mandated to complete online training in order to understand the Bank's PIT Code as well as framework of the SEBI Insider Trading Regulations, as amended. Further, efforts were made to create awareness and sensitize the employees (including DPs) of the Bank about important topics such as updating details of immediate relative and their holdings, taking pre-clearance before executing trades, no trading during window closure, post-trade intimation over portal, ESOP awareness, etc. and aspects of the PIT Code and SEBI Insider Trading Regulations through periodic e-mailers.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Bank has implemented a Whistle Blower Policy in compliance with the provisions of the Listing Regulations, Companies Act and RBI notification on Introduction of 'Protected Disclosures Scheme for Private Sector and Foreign Banks'. Pursuant to this policy, the Whistle Blowers can raise concerns relating to reportable matters (as defined in the policy) such as breach of IDFC FIRST Bank's Code of Conduct, employee misconduct, fraud, illegal, unethical, imprudent behavior, leakage of UPSI, corruption, safety and misappropriation or misuse of Bank funds/ assets, etc.

Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower to those who avail such mechanism and also

provides for direct access to the Chairperson of the Audit Committee, in exceptional cases. During the year, no person has been denied access to the Audit Committee of the Board.

The Audit Committee reviews the functioning of the Vigil Mechanism from time to time. The Bank has formulated a Vigilance Policy for effectively managing the risks faced by the Bank on account of corruption, malpractices and any other misconduct.

The Whistle Blower Policy is available on the Bank's website at: www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → 'Policies' section.

The Whistle Blower Policy is communicated to the employees and is also posted on the Bank's intranet.

Mr. Nilesh Doshi is the Chief Vigilance Officer of the Bank.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank has complied with the provisions relating to constitution of the Internal Committee to investigate and inquire into sexual harassment complaints in line with 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013'.

The Bank has in place a policy on Anti-Sexual Harassment, which reflects the Bank's zero-tolerance towards any form of prejudice, gender bias and sexual harassment at the workplace. The Bank undertakes ongoing trainings to create awareness on this policy.

The Bank conducts online training for its employees in order to understand the Policy on Prevention of Sexual Harassment and framework for reporting and resolving instances of sexual harassment, details of which have been mentioned in the Business Responsibility and Sustainability Report, which is hosted on the Bank's website at www.idfcfirstbank.com under 'Investors' → '[View All Annual Reports](#)' → 'IDFC FIRST Bank Annual Reports' → 'IDFC FIRST Bank - Annual Report FY 2023-24' section.

There were 'Nil' cases/complaints reported during the year.

PENALTIES AND STRICTURES – CAPITAL MARKET

During the last three (3) years, the instances of non-compliance by the Bank, or any penalties and/or strictures imposed on the Bank, by the RBI or stock exchange(s) or SEBI or any other statutory authority, on any matter relating to capital markets are as below:

During the FY 2021-22, the SEBI vide its Order had imposed a monetary penalty of ₹ 6,00,000/-. The said SEBI Order pertains to non-disclosure of certain Non-Disposal Undertakings/ Security Net Agreements executed during the year 2011-12 under SEBI regulations. The Bank has complied with the said Order.

POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

In accordance with the provisions of Listing Regulations, every listed entity shall formulate a policy for determining its 'material' subsidiaries. IDFC FIRST Bank has one subsidiary

company viz. IDFC FIRST Bharat Limited and it does not fall under the definition of material subsidiary as per Regulation 16(1)(c) of the Listing Regulations. The policy for determining 'material' subsidiaries is available on the Bank's website: www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → 'Policies' section.

CERTIFICATION

MD & CEO and CFO Certificate

In compliance with Regulation 17 of the Listing Regulations, the MD & CEO and Chief Financial Officer certification on the financial statements and internal controls relating to financial reporting for FY 2023-24 is enclosed at the end of this Report.

Compliance Certificate

Pursuant to Regulation 17(3) of the Listing Regulations, a quarterly confirmation on laws applicable to the Bank is obtained and a report duly signed thereof, confirming compliances with all applicable laws, is placed before the Audit Committee and Board, on a quarterly basis.

Certificate on Corporate Governance

As required under Schedule V of Listing Regulations, the Secretarial Auditors' Certificate on Corporate Governance is provided at the end of this Report.

MEANS OF COMMUNICATION

The Bank has formulated and adopted the Policy for Determination of Materiality of Events/ Information of the Bank, in terms of Regulation 30 of the Listing Regulations. The policy for Determination of Materiality of Events is available on the Bank's website: www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → 'Policies' section.

The Board has authorised KMPs for determining materiality of events or information and making necessary disclosures to the Stock Exchanges.

As per Regulation 46 of the Listing Regulations, IDFC FIRST Bank maintains a website viz. www.idfcfirstbank.com containing information about the Bank, such as details of its business, financial results, shareholding pattern, compliance with the Corporate Governance requirements and contact details of the designated officials who are responsible for assisting and handling investor grievances.

The Bank also displays on its website, all official press releases and presentations to institutional investors or analysts made by the Bank.

All necessary information is regularly updated on the Bank's website: www.idfcfirstbank.com.

The National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') have their respective electronic platforms namely NSE Electronic Application Processing System ('NEAPS') and BSE Listing Centre Online Portal for submission of various filings / communications by listed companies. IDFC FIRST Bank ensures that the requisite compliances / communications are filed through these platforms.

The financial and other information filed by the Bank from time to time is also available on the website of the Stock Exchanges i.e. NSE and BSE.

The quarterly, half-yearly and annual results of IDFC FIRST Bank's performance and other news articles are usually published in leading newspapers in India which *inter-alia* includes the Business Line and Makkal Kural (in Chennai) and are also displayed on the Bank's website: www.idfcfirstbank.com under 'Investors' section.

COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

IDFC FIRST Bank has duly complied with all the mandatory Corporate Governance requirements as given under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of the Listing Regulations, to the extent applicable.

The Bank has also adopted and complied with the non-mandatory requirements as follows:

Separate Posts of Chairperson and the Managing Director or the Chief Executive Officer

The Bank has complied with the requirement of having separate persons for the post of Chairperson and the Managing Director or the Chief Executive Officer. Mr. Sanjeeb Chaudhuri is the PTC of the Bank and Mr. V. Vaidyanathan is the MD & CEO of the Bank. Mr. Chaudhuri is paid fixed remuneration, sitting fees for attending Board and Committee meetings and reimbursement of expenses incidental thereto.

Audit Qualification

For the year under review, there were no audit qualifications with respect to Bank's financial statements. IDFC FIRST Bank strives to adopt the best practices to ensure a regime of financial statements with unmodified audit opinion.

Reporting of Internal Auditor

The Internal Auditor of the Bank reports to the MD & CEO of the Bank and the Audit Committee of the Board, in compliance with extant regulatory guidelines.

Shareholder Rights

Quarterly, half-yearly and annual financial results along with Investor Presentations thereon are uploaded on the Bank's website: www.idfcfirstbank.com.

TOTAL FEES FOR STATUTORY AUDITORS OF THE BANK

During FY 2023-24: a] ₹ 2.65 Crore was paid / provided as Audit Fees to Joint Statutory Auditors viz. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W) and Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/W100166). b] ₹ 2.35 Crore was paid/ provided for rendering other services such as LFAR, Tax Audit, RBI Certificates, QIP, etc.

The above fees exclude applicable taxes and out of pocket expenses.

GENERAL SHAREHOLDER INFORMATION

10th Annual General Meeting:

The day / date / time/ venue of the 10th AGM and matters related thereto will be decided by the Board in due course and the details thereof will be communicated to the relevant stakeholders. Relevant details shall also form part of 10th AGM Notice.

As required under Regulation 36(3) of the Listing Regulations and Secretarial Standard 2, particulars of Director seeking appointment / re-appointment at the 10th AGM is given in the Annexure to the Notice of this AGM.

Financial Calendar

Financial year: The financial year of the Bank is from April 01 to March 31 of the following year.

➤ For the financial year ended March 31, 2024, results were announced on:

- July 29, 2023 for the first quarter
- October 28, 2023 for the second quarter and half year
- January 20, 2024 for the third quarter and nine months
- April 27, 2024 for the fourth quarter and full year

➤ For the financial year ending March 31, 2025, results will be announced latest by:

- Second week of August 2024 for the first quarter
- Second week of November 2024 for the second quarter and half year
- Second week of February 2025 for the third quarter and nine months
- Last week of May 2025 for the fourth quarter and full year

Dividend

The Board did not recommend any dividend on equity shares for the FY 2023-24. Though the Bank has distributable profits in terms of the RBI Guidelines, there is a restriction under the Companies Act which prohibits a company from declaring dividend in case of accumulated losses. The Bank has a debit balance in the Profit and Loss account of ₹ 687.84 crore as of March 31, 2024 and hence, Board did not propose any dividend for FY 2023-24.

In accordance with Regulation 43A of the Listing Regulations, the Bank has formulated a Dividend Distribution Policy, which ensures a fair balance between rewarding its shareholders and retaining enough capital for the Bank's future growth.

The Dividend Distribution Policy is available on the Bank's website at www.idfcfirstbank.com under 'Investors' → 'Other Investor Information' → 'Corporate Governance - Know More' → '[Policies](#)' section.

ANNUAL GENERAL MEETINGS

Details of the Annual General Meetings held in the last three (3) financial years have been given in **Table No. 11**.

Table No. 11: Annual General Meetings held in last three (3) financial years

Financial Year	Location of the Meeting	Day, Date & Time	Special Resolutions passed with requisite majority
*FY 2022-23 9 th AGM	Through Video Conferencing: Deemed to be conveyed at registered office of the Bank	Thursday, August 31, 2023 at 02:00 p.m.	<ol style="list-style-type: none"> 1. Alteration of Articles of Association of the Bank. 2. Raising of Funds through issuance of Securities of the Bank. 3. Offer and issue Debt Securities on a Private Placement basis.
*FY 2021-22 8 th AGM	Through Video Conferencing: Deemed to be conveyed at registered office of the Bank	Wednesday, August 05, 2022 at 02:00 p.m.	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Sanjeeb Chaudhuri (DIN: 03594427) as an Independent Director of the Bank 2. Offer and Issue of Debt Securities on Private Placement basis.
*FY 2020-21 7 th AGM	Through Video Conferencing: Deemed to be conveyed at registered office of the Bank	Wednesday, September 15, 2021 at 02:00 p.m.	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Pravir Vohra (DIN: 00082545) as an Independent Director of the Bank. 2. Offer and Issue of Debt Securities on Private Placement basis.

* All the aforesaid AGM were held through Video Conferencing/ Other Audio-Video Visual Means, in accordance with relevant circulars issued by MCA and SEBI, from time to time.

POSTAL BALLOT

Procedure for Postal Ballot

The Postal Ballot process is conducted in accordance with the provisions of Section 110 of the Companies Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended from time to time.

The MCA vide its relevant circulars, has permitted companies to conduct the Postal Ballot by sending the Notice in electronic form only.

Accordingly, the Postal Ballot procedure for Postal Ballot Notice dated October 28, 2023 and February 09, 2024 has been carried out as per the above provisions, as applicable and therefore, physical copy of the Notices along with Postal Ballot Form and pre-paid business reply envelope were not sent to the shareholders for the aforesaid Postal Ballots and shareholders were required to communicate their assent or dissent through the remote electronic voting ('e-Voting')

system only. The Bank published a notice in the newspaper informing the details of completion of dispatch of the Postal Ballot Notice and other details.

The Bank had engaged the services of KFin Technologies Limited ('KFin') for providing e-voting facility to its members. Voting rights were reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date mentioned in the respective Postal Ballot Notices. The communication of the assent or dissent of the members took place through the process of remote e-voting only, in accordance with the SEBI Circular on e-voting facility provided by Listed Entities.

Details of Postal Ballot activities undertaken during the FY 2023-24 and results thereof are given in **Table No. 12**.

Table No. 12 : Postal Ballot Outcome

Resolution	Date of Result	Votes - in favour		Votes - against	
		No. of votes	% votes	No. of votes	% votes
Postal Ballot Notice dated October 28, 2023 Special Resolution: i. Re-appointment of Mr. Aashish Kamat (DIN: 06371682) as an Independent Director of the Bank. ii. Re-appointment of Dr. (Mrs.) Brinda Jagirdar (DIN: 06979864) as an Independent Director of the Bank. Ordinary Resolution: i. Appointment of Mr. Mahendra N. Shah (DIN: 00124629) as a Non-Executive Non-Independent Director of the Bank.	Monday, November 27, 2023	4,06,53,59,527	97.96	8,46,94,767	2.04
		2,09,02,97,581	90.29	22,47,35,704	9.71
		4,12,89,26,452	99.49	2,10,24,274	0.51
Postal Ballot Notice dated February 09, 2024 Special Resolution: Appointment of Ms. Matangi Gowrishankar (DIN: 01518137) as an Independent Director of the Bank.	Wednesday, March 27, 2024	1,98,54,43,672	94.27	12,07,80,638	5.73

Scrutinizer: Ms. Manisha Maheshwari (Membership No. A30224) of M/s. Bhandari & Associates, Practicing Company Secretaries was the Scrutinizer for conducting the aforesaid Postal Ballots e-Voting process in a fair and transparent manner.

The results of the aforesaid Postal Ballot were posted on the Bank's website www.idfcfirstbank.com and were communicated to the Stock Exchanges where the Bank shares are listed.

Apart from the above, resolution(s), if any, to be passed through Postal Ballot during the FY 2024-25 will be taken up as and when necessary, in accordance with the relevant provisions of the Companies Act and Listing Regulations and circulars, notifications, etc. issued in this regard from time to time.

STOCK EXCHANGES WHERE SECURITIES OF IDFC FIRST BANK ARE LISTED

Equity Shares

The equity shares of IDFC FIRST Bank are listed on BSE and NSE.

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

National Stock Exchange of India Limited

Exchange Plaza, C/1, G Block, Bandra-Kurla Complex Bandra (East), Mumbai 400 051.

The Stock Exchange Codes and ISIN for equity shares of the Bank are as follows:

BSE: 539437

NSE: IDFCFIRSTB

ISIN: INE092T01019

The annual listing fees for FY 2023-24 to aforesaid Stock Exchanges where the equity shares of Bank are listed, have been paid.

Market Price Data

Table No. 13 gives the monthly high and low quotation of IDFC FIRST Bank's equity shares traded on BSE and NSE during FY 2023-24.

Table No. 13: Monthly High & Low Prices of Bank's Equity Shares during FY 2023-24 along with traded volumes

Month	BSE			NSE		
	High (in ₹)	Low (in ₹)	Volume	High (in ₹)	Low (in ₹)	Volume
April 2023	62.00	53.35	3,58,26,301	62.00	53.35	43,30,42,050
May 2023	72.00	63.00	7,83,23,138	72.00	63.00	77,51,89,360
June 2023	84.52	70.90	7,62,53,784	84.50	70.85	90,78,02,000
July 2023	88.25	77.10	6,21,15,986	88.30	77.05	94,24,53,269
August 2023	95.54	85.51	6,06,82,861	95.80	85.55	1,10,97,64,624
September 2023	100.74	89.00	33,74,39,010	100.70	89.10	82,83,54,368
October 2023	95.99	81.50	6,56,63,550	95.65	81.45	62,47,82,124
November 2023	88.86	80.80	4,34,41,748	88.90	80.80	50,01,73,454
December 2023	92.33	85.40	21,20,30,918	92.45	85.40	78,85,76,702
January 2024	89.60	78.88	9,05,30,184	89.65	78.90	98,98,28,327
February 2024	84.60	77.83	7,79,03,157	84.65	77.80	67,01,66,783
March 2024	82.89	75.10	23,44,64,293	82.85	75.05	69,47,01,447

Performance of the Bank's Equity Shares in comparison to Nifty Private Bank since Merger is given below:



Share Transfer System

IDFC FIRST Bank has appointed KFin as its Registrar and Share Transfer Agent. All share transfers and related operations are conducted by KFin, which is registered with SEBI as a Category-I Registrar.

In terms of the Listing Regulations, effective from April 01, 2019, securities of listed companies can only be transferred in demat form.

Further, SEBI Circular dated January 25, 2022, requires listed companies to issue securities in demat form only while processing service requests viz. issue of duplicate securities certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of certificates/folios and transmission and transposition. Accordingly, the members are required to request for such services by submitting a duly filled and signed Form ISR-4, the format of which is available on the Bank's website.

In view of the above, members holding equity shares of the Bank in physical form are requested to kindly get their equity shares converted into demat form.

Section 72 of the Companies Act, provides that every holder of securities of a company may, at any time nominate, in the prescribed manner, any person to whom the securities shall vest in the event of death. Members are encouraged to avail the nomination facility. The relevant Nomination Form can be downloaded from the website of the Bank. In case equity shares are held in electronic form, members are requested to contact their Depository Participants for availing nomination facility.

The relevant forms can be downloaded from:
<https://www.idfcfirstbank.com/investors>.

IDFC FIRST Bank has a Stakeholders' Relationship, ESG & Customer Service Committee, which oversees and monitors complaints redressal mechanism and queries raised by shareholders, investors and customers, from time to time.

IDFC FIRST Bank's equity shares/ bonds are compulsorily traded in dematerialised mode. A yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) and 61(4) of the Listing Regulations is obtained from the Practising Company Secretary and a copy of the same is filed with the Stock Exchanges.

As required by SEBI, Reconciliation of Share Capital Audit is conducted by a Practising Company Secretary on a quarterly basis, for the purpose, *inter-alia*, of reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/ paid-up equity share capital of the Bank. Certificates issued in this regard are filed with Stock Exchanges on a quarterly basis.

Unclaimed Shares lying in the Escrow Account

Pursuant to SEBI Circular No. CIR/ CFD/ DIL/ 10/ 2010 dated December 16, 2010, IDFC Limited had credited the unclaimed shares lying in the Escrow Account, allotted in the Initial Public Offer of the company during July – August 2005, into a Demat Suspense Account opened specifically for this purpose. Pursuant to the Demerger Scheme, the shareholders of IDFC Limited as on the record date i.e. October 05, 2015 were allotted one equity share of IDFC FIRST Bank for every one equity share held by them in IDFC Limited. Accordingly, 100 shareholders who were holders of 28,453 shares lying in the Demat Suspense Account of IDFC Limited were eligible and were allotted equity shares of IDFC FIRST Bank.

As on April 01, 2023, the Demat Suspense Account of IDFC FIRST Bank held 28,253 equity shares of ₹ 10 each belonging to 99 shareholders. Out of the aforesaid equity shares, the Bank transferred 27,455 equity shares belonging to 96 shareholders to Investor Education and Protection Fund during FY 2023-24, in accordance with the applicable law.

However, as on March 31, 2024, the Demat Suspense Account of IDFC FIRST Bank held 798 equity shares of ₹ 10 each belonging to 3 shareholders. The said equity shares shall be transferred to Investor Education and Protection Fund in accordance with applicable law.

The voting rights on the shares outstanding shall remain frozen till the rightful owner claims their shares. The details of the shareholders whose equity shares are lying in the Demat Suspense Account are available on the Bank's website at <https://www.idfcfirstbank.com/investors>.

Unclaimed/ Unpaid Dividend and Shares

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), any dividend(s) which has remained unclaimed/ unpaid for a period of seven years from the date of its transfer to the 'Unpaid Dividend Account' is required to be transferred to the IEPF established by the Central Government. Further, all the shares on which dividend(s) has not been claimed/ encashed for seven consecutive years or more, also needs to be transferred to the IEPF Account. After such transfer, no claim shall lie against the Bank. However, the investor may claim both the unclaimed dividend amount and the shares transferred to the IEPF Authority including all benefits accruing on such shares, from the IEPF Authority.

As on March 31, 2024, the amounts lying in the unclaimed/ unpaid dividend account with respect to the final dividend(s) that were declared by erstwhile Capital First Limited and the Bank are mentioned in **Table No. 14**:

Table No. 14: Unclaimed/ Unpaid Dividend

Financial Year	IDFC FIRST Bank (₹ in crore)	Erstwhile Capital First Limited (₹ in crore)
2016-17	₹ 0.43	₹ 0.05
2017-18	₹ 0.47	₹ 0.06
2018-19		
2019-20		
2020-21	No Dividend Declared	Not Applicable
2021-22		
2022-23		

During FY 2024-25, the Bank would be transferring unclaimed Dividend amount declared for the FY 2016-17 by erstwhile Capital First Limited ('eCFL') and IDFC FIRST Bank. The Bank will send an intimation to concerned shareholders, in respect of the shares on which the dividend was declared for FY 2016-17 and which had remained unpaid or unclaimed for seven consecutive years or more, requesting them to claim such dividend(s) and before the due date of its transfer to IEPF. Simultaneously, an advertisement to this effect will also be published in leading English and vernacular newspapers.

Shareholders who either have not received or have not encashed their dividend warrant(s) as specified above, are requested to write to KFin, mentioning the relevant Folio number(s)/ DP ID and Client ID, for credit of unclaimed dividend amount electronically to their bank account.

Further, all shares in respect of which dividend has not been claimed or paid for a period of seven consecutive years or more from the date they became due for payment are required to be transferred to the demat account of IEPF in the manner prescribed under the IEPF rules. Upon transfer of such shares, all benefits (e.g. bonus, split etc.), if any, accruing on such shares shall also be credited to the IEPF Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares.

Table No. 15: Distribution of Shareholding as on March 31, 2024 (Total) (By Size)

SN	Category (Shares)	No. of Holders	% To Holders	No. of Equity Shares	% To Equity
1.	1 - 5000	2564141	98.19	80,92,95,341	11.45
2.	5001 - 10000	25758	0.99	18,64,78,601	2.64
3.	10001 - 20000	11883	0.46	16,70,16,049	2.36
4.	20001 - 30000	3669	0.14	9,06,42,424	1.28
5.	30001 - 40000	1575	0.06	5,51,97,744	0.78
6.	40001 - 50000	1010	0.04	4,64,26,039	0.66
7.	50001 - 100000	1772	0.07	12,49,42,776	1.77
8.	100001 and above	824	0.03	11,40,14,271	1.61
9.	200001 and above	880	0.02	5,47,59,10,608	77.45
TOTAL		2611512	100.00	7,06,99,23,853	100.00

In this connection, during FY 2023-24, IDFC FIRST Bank had sent intimation letters to shareholders in respect of the shares on which dividend declared by eCFL for FY 2015-16, had remained unpaid or unclaimed for seven consecutive years or more, requesting them to claim such dividend(s) and/or shares so as to avoid their transfer to the IEPF. Simultaneously, an advertisement to this effect was published in leading English and vernacular newspapers.

During FY 2023-24, the Bank has transferred ₹ 4,30,328 unclaimed dividend(s) declared by eCFL for FY 2015-16 to the IEPF Account. Further, 'Nil' underlying equity shares thereof were transferred to the IEPF account.

During FY 2023-24, the Bank has transferred ₹ 10,69,166 unclaimed dividend(s) declared by IDFC FIRST Bank for FY 2015-16 to the IEPF Account. Further, the Bank has also transferred underlying 5,58,120 equity shares on which dividend(s) had remained unpaid or unclaimed for seven consecutive years or more to the IEPF account.

The dividend amount and shares transferred to the IEPF can be claimed by the concerned shareholders from the IEPF Authority after complying with the procedure prescribed under the IEPF rules. The details of the unclaimed dividends are also available on the Bank's website at <https://www.idfcfirstbank.com/investors> and the said details have also been uploaded on the website of the IEPF i.e. www.iepf.gov.in.

10,33,884 equity shares are lying with the IEPF as on March 31, 2024 and the voting rights on the said equity shares shall remain frozen until the rightful owner claims the shares.

Distribution of Shareholding

The distribution of the shareholding of IDFC FIRST Bank's equity shares by size and by ownership (based on grouping of PAN) as on March 31, 2024 are given in **Table No. 15** and **Table No. 16** respectively. Top ten equity shareholders of IDFC FIRST Bank as on March 31, 2024 are given in **Table No. 17**.

Table No. 16: Distribution of Shareholding as on March 31, 2024 (Total) (By Ownership)

SN	Description	No. of Holders	No. of Equity Shares	% To Equity
1	Promoters Bodies Corporate	1	2,64,64,38,348	37.43
2	Qualified Institutional Buyer	16	24,93,28,198	3.53
3	President of India	1	26,14,00,000	3.70
4	Alternative Investment Fund	25	3,69,21,602	0.52
5	Banks	5	22,62,666	0.03
6	NBFC	11	6,82,229	0.01
7	Mutual Funds	22	18,87,78,064	2.67
8	Insurance Companies	3	33,14,745	0.05
9	Indian Financial Institutions	1	100	β
10	Bodies Corporates	3,687	6,20,27,527	0.88
11	Clearing Members	21	81,45,045	0.12
12	Foreign Nationals	1	3,500	β
13	Foreign Portfolio - Corp	511	1,51,33,10,752	21.40
14	Overseas Corporate Bodies	2	15,88,53,123	2.25
15	IEPF	1	10,33,884	0.01
16	Non-Resident Indian Non Repatriable	10,556	3,02,48,078	0.43
17	Non-Resident Indians	13,661	7,82,40,169	1.11
18	Resident Individuals	25,60,306	1,77,79,30,291	25.14
19	Employees	480	1,01,31,415	0.14
20	HUF	22,162	4,04,90,204	0.57
21	Trusts	39	3,83,913	0.01
TOTAL		26,11,512	7,06,99,23,853	100.00

β denotes negligible value

Table No. 17: Top Ten Equity Shareholders as on March 31, 2024

SN	Name	No. of Equity Shares	% To Equity
1.	IDFC Financial Holding Company Limited	2,64,64,38,348	37.43
2.	Odyssey 44 A S	27,00,00,000	3.82
3.	President of India	26,14,00,000	3.70
4.	Cloverdell Investment Ltd	15,88,53,018	2.25
5.	Goldman Sachs Trust II - Goldman Sachs GQG Partners International Opportunities Fund	13,25,89,849	1.88
6.	GQG Partners Emerging Markets Equity Fund	7,78,04,224	1.10
7.	ICICI Prudential Life Insurance Company Limited	7,23,09,459	1.02
8.	V. Vaidyanathan*	6,43,67,464	0.91
9.	Vanguard Total International Stock Index Fund	4,76,46,586	0.67
10.	East Bridge Capital Master Fund I Ltd	4,52,38,455	0.64

* It is disclosed that, in addition to the abovementioned 6,43,67,464 equity shares of the Bank as on March 31, 2024, a Trust named Rukmani Social Welfare Trust, where Mr. V. Vaidyanathan is a Trustee, holds equity shares of IDFC FIRST Bank.

In January 2018, Mr. V. Vaidyanathan donated 5,00,000 equity shares of erstwhile Capital First Limited to the Trust amounting to market value of ₹ 39.26 crore at the time of the donation. Later, the said shares were converted to IDFC FIRST Bank equity shares in the ratio of 13.9 equity shares of IDFC FIRST Bank for every 1 equity share of Capital First Limited as per the share exchange ratio between the two merging organizations. The Trust sells these shares from time to time and undertakes social activities. Neither Mr. Vaidyanathan, his family or his successor are beneficiaries in any manner, directly or indirectly. Net of sale for social purposes over time, the Trust currently holds 50,93,860 equity shares in IDFC FIRST Bank. It is disclosed that the Trust intends to sell these equity shares from time to time for social purposes. He also has 1,55,84,970 outstanding ESOPs in the Bank.

Dematerialisation of Equity Shares and Liquidity

The Bank's equity shares are compulsorily traded in dematerialised form on NSE and BSE and are available for trading on both the depositories in India i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on March 31, 2024, over 99.99% equity shares of IDFC FIRST Bank were held in dematerialised form. Details on the same are given in **Table No. 18**.

Table No. 18: Statement of Dematerialisation of Shares as on March 31, 2024

Category	No. of Equity Shares	% To Equity
NSDL	6,15,85,48,886	87.11
CDSL	91,12,89,611	12.89
Physical	85,356	β
TOTAL	7,06,99,23,853	100.00

β denotes negligible value

Bonds & Debentures

80CCF Infrastructure Bonds

Pursuant to the Demerger Scheme, the Financial Undertaking of IDFC Limited was transferred to IDFC FIRST Bank with effect from October 01, 2015 (Effective Date of Demerger Scheme).

Accordingly, the Retail Infrastructure Bonds issued by IDFC Limited under Section 80CCF of the Income Tax Act, 1961 ('Retail Bonds') and the Bonds issued by IDFC Limited on private placement basis were transferred to IDFC FIRST Bank Limited on October 01, 2015.

The maturity intimations were made to bondholders well in advance, by way of sending e-mails/ physical letter, including necessary intimations to Stock Exchanges about the record/ maturity dates.

The Bank also proactively undertook series of initiatives including newspaper advertisements, sending e-mails and SMS, to encourage the bondholders to update their Bank Account/ Address and other details in order to ensure seamless redemption of maturity proceeds.

In order to facilitate payment of maturity proceeds of Retail Bonds redemption, we urge our Bondholders to visit <https://www.idfcfirstbank.com/investors/ifb-infra-bonds-equity-shares> and update their Bank account, Address and other details, as per the process mentioned therein.

Pursuant to the provisions of Section 125 of the Companies Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, any matured debentures and interest accrued which remains unclaimed/ unpaid for a period of seven years from the date it became due for payment, is required to be transferred to the IEPF established by the Central Government. After such transfer, no claim shall lie against the Bank. However, the bondholders can claim the unpaid amount from the IEPF Authority by following the due process.

The bondholders are requested to visit the Bond Section on our website www.idfcfirstbank.com for any further information.

For any query related to Bond redemption/ interest payment kindly contact our Registrar and Transfer Agent, KFin Technologies Limited on Toll Free No.: 1800 309 4001 or send an e-mail at einward.ris@kfintech.com. You may also reach us on Toll Free No.: 1800 266 0404 or send an e-mail at ig@idfcfirstbank.com.

Private Placement Bonds

Private Placement bonds of IDFC FIRST Bank are listed and traded on NSE, as per their respective Information Memorandum/ Term Sheets. The trading details for Private Placement bonds can be obtained by sending an e-mail at bank.info@idfcfirstbank.com

The annual listing fees for FY 2023-24 to aforesaid Stock Exchanges where bonds of Bank are listed, have been paid.

Details of utilization of funds raised through preferential allotment or qualified institutions placement

During FY 2023-24, the Bank raised funds aggregating to ~ ₹ 3,000 crore through Qualified Institutions Placement on October 06, 2023 and the said funds have been utilized by the Bank for the purposes which was stipulated in the Placement Document.

Further, during the year under review, the duly authorised Committee of the Board at its meeting held on June 27, 2023, approved the allotment of ₹ 1,500 crore of Tier-2 bonds in domestic Indian Bonds market on Private Placement basis and the said funds have been utilized by the Bank for the purposes which was stipulated in the Placement Memorandum.

Credit Ratings and Change/ Revisions in Credit Ratings

As on March 31, 2024, the Tier II Bonds of the Bank are rated CRISIL AA+ and IND AA+; the NCDs of the Bank are rated ICRA AA+, IND AA+, CARE AA+ and BWR AA+; the Infrastructure Bonds of the Bank are rated ICRA AA+ and IND AA+, the Bank Loan (*transferred from Capital First Limited and Capital First Home Finance Limited*) are rated as CARE AA+; and the Certificate of Deposits (CDs) of the Bank are rated CRISIL A1+.

The updated Credit Ratings are available on the website of the Bank at www.idfcfirstbank.com under 'Investors' → '[Other Investor Information](#)' section.

During FY 2023-24, the following revisions in credit rating took place:

CRISIL Ratings: Long-term rating assigned to IDFC FIRST Bank's BASEL III Compliant Tier II Bonds was upgraded to CRISIL AA+/Stable from CRISIL AA/Positive and the rated amount was enhanced from ₹ 5000 crore to ₹ 8000 crore.

India Ratings: Long-term rating of IND AA+/Stable was assigned to IDFC FIRST Bank's enhanced BASEL III Compliant Tier II Bonds (enhanced from ₹ 5000 crore to ₹ 8000 crore)

ICRA: Long-term rating assigned to IDFC FIRST Bank's Non-Convertible Debenture Program was upgraded to ICRA AA+/Stable from ICRA AA/Stable.

CARE: Long-term rating assigned to IDFC FIRST Bank's Non-Convertible Debenture Program was upgraded to CARE AA+/Stable from CARE AA/Stable.

Brickwork Ratings: Long-term rating assigned to IDFC FIRST Bank's Non-Convertible Debenture Program was reaffirmed at BWR AA+ and the outlook was revised to 'Rating Watch with Developing Implications' from 'Stable'.

There is no change in aforesaid ratings till date of this report.

Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity

The Bank does not have any Outstanding GDRs/ ADRs/ Warrants or any other convertible instruments as on date.

Commodity Price Risk or Foreign Exchange Risk and Commodity Hedging Activities

The Bank has a Board approved Foreign Exchange and Derivatives Policy, Market Risk Management Policy and Limit Management Framework which defines the risk control framework for undertaking foreign exchange transactions and for managing the risks associated with it. The Board has defined Net Overnight Open Position ("NOOP") Limit, Stop Loss Limit, Value at Risk ("VaR") limit to manage the Foreign exchange risk within the approved framework. The Bank uses derivatives including Forwards and Swaps for hedging its currency risk in its balance sheet and offers these products to customers and proprietary trading in due compliance with overall risk limits, control framework and applicable regulatory guidelines. The Bank does not offer commodity hedging products.

The management of these products is governed by the policies mentioned above. The Bank did not exceed any of the Board approved risk limits during the period under review.

Plant Location

As the Bank is engaged in the business of banking / financial services, the Bank does not have any plant location.

INVESTOR CORRESPONDENCE MAY BE ADDRESSED TO:

Mr. Satish Gaikwad

Head-Legal & Company Secretary
(Compliance Officer)

Corporate Office Address IDFC FIRST Bank Limited

IDFC FIRST Bank Tower (The Square), C-61, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India; Tel: +91 22 7132 5500

Registered Office Address IDFC FIRST Bank Limited

KRM Tower, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India; Tel: +91 44 4564 4000; Toll Free No.: 1800 266 0404; E-mail: bank.info@idfcfirstbank.com; Website: www.idfcfirstbank.com

Details of the Registrar and Share Transfer Agent

For Equity Shares and Retail Bonds

KFin Technologies Limited

(Unit: IDFC FIRST Bank Limited)
Selenium Tower B, Plot 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad 500 032, Telangana, India; Tel: +91 40 6716 2222/ 7961 1000 Toll Free: 1800 309 4001; E-mail: einward.ris@kfintech.com; Website: www.kfintech.com

For Bond Related Query you can contact:

RTA Toll Free No.: 1800 309 4001;
E-mail: einward.ris@kfintech.com;
Bank Toll Free No.: 1800 266 0404; E-mail: ig@idfcfirstbank.com;
Website: www.kfintech.com

For Certificate of Deposits, Bonds and Debentures issued on Private Placement basis

NSDL Database Management Limited

4th Floor, Trade World, A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra, India; Tel: +91 22 4914 2700; E-mail: pratikt@nsdl.co.in; Website: www.ndml.in

Details of the Debenture Trustee

IDBI Trusteeship Services Limited

Universal Insurance Building, Ground Floor, Sir P.M. Road, Fort, Mumbai 400 001; Tel: +91 22 4080 7000; E-mail : itsl@idbitrustee.com; Website: www.idbitrustee.com

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

Date : April 27, 2024

Place: Mumbai

Sanjeeb Chaudhuri

Chairperson

DIN: 03594427

Corporate Governance Compliance Certificate

To,
The Members,
IDFC FIRST Bank Limited
KRM Tower, 7th Floor, No. 1,
Harrington Road, Chetpet,
Chennai - 600031

We have examined the compliance of conditions of Corporate Governance by **IDFC FIRST Bank Limited** ("the Bank") for the year ended on March 31, 2024, as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the management, we certify that the Bank, to the extent applicable, has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted

by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Makarand M. Joshi & Co.
Company Secretaries

Kumudini Bhalerao
Partner

FCS No. 6667

CP No. 6690

P.R. No: 640/2019

UDIN: F006667F000259733

Date: April 27, 2024

Place: Mumbai

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and clause (10)(i) of Para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members
IDFC FIRST Bank Limited
KRM Tower, 7th Floor
No. 1 Harrington Road
Chetpet, Chennai 600 031, Tamil Nadu

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **IDFC FIRST Bank Limited**, having CIN: L65110TN2014PLC097792 and having registered office at KRM Tower, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai 600 031 (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with clause 10(i) of Para-C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Bank and its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the financial year ended March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment
1.	Mr. Sanjeeb Chaudhuri	03594427	May 10, 2019
2.	Mr. Aashish Kamat	06371682	December 18, 2018
3.	Dr. (Mrs.) Brinda Jagirdar	06979864	December 18, 2018
4.	Mr. Pravir Kumar Vohra	00082545	August 01, 2018
5.	Mr. S. Ganesh Kumar	07635860	April 30, 2021
6.	Ms. Matangi Gowrishankar	01518137	January 20, 2024
7.	Dr. (Mr.) Jaimini Bhagwati	07274047	February 18, 2022
8.	Mr. Vishal Mahadevia	01035771	December 18, 2018
9.	Mr. Mahendra Narandas Shah	00124629	August 30, 2023
10.	Mr. Vaidyanathan Vembu	00082596	December 19, 2018

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For **Bhandari & Associates**
Company Secretaries
Unique Identification No.: P1981MH043700
Peer Review Certificate No.: 611/2019

Manisha Maheshwari
Partner
ACS No: 30224; C P No.: 11031
Mumbai | April 27, 2024
ICSI UDIN: A030224F000217950

CEO & CFO Certificate

We, V. Vaidyanathan, Managing Director & Chief Executive Officer and Sudhanshu Jain, Chief Financial Officer & Head - Corporate Centre of IDFC FIRST Bank Limited ('the Bank') hereby certify to the Board that:

- [a] We have reviewed financial statements and the cash flow statement for the year ended March 31, 2024 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- [b] There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.
- [c] We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- [d] We have indicated to the Auditors and the Audit Committee:
- (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.
- [e] We affirm that no personnel has been denied access to the Audit Committee of the Bank (in respect of matters involving alleged misconduct, if any).
- [f] We further declare that all Board members and Senior Management Personnel have affirmed compliance with the 'Code of Conduct for Board of Directors & Senior Management Personnel'.

For IDFC FIRST Bank Limited

Sudhanshu Jain
Chief Financial Officer &
Head - Corporate Centre

V. Vaidyanathan
Managing Director &
Chief Executive Officer
DIN 00082596

Date: April 27, 2024
Place: Mumbai

Independent Auditor's Report

To the Members of IDFC FIRST Bank Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of IDFC FIRST Bank (the "Bank"), which comprise the Balance Sheet as at March 31, 2024, the Profit and Loss Account, the Cash Flow Statement for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India (the "RBI") from time to time, as applicable (the "RBI Guidelines") and the Companies Act, 2013 (the "Act") in the manner so required for banking companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2024, and its profit, and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the "ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters**How the key audit matters were addressed in our audit****Identification of non-performing advances (NPA) and provisions on advances**

Total Advances (net of provisions) as at March 31, 2024: ₹ 1,94,592 Crores

Provision for NPA, Provision for specific assets and Restructuring provision: ₹ 2,866.93 crore as at March 31, 2024

(Refer to Schedule 9 – Advances, Accounting Policy 17.02 – Advances, Note 18.05 – Assets Quality.

The Reserve Bank of India (the “RBI”) guidelines on Prudential Norms on Income recognition, asset classification and provisioning pertaining to Advances (“IRAC”) and other circulars and directives issued by the RBI from time to time pertaining to Advances, prescribes the norms for identification and classification of performing and non - performing advances (“NPA”) and the minimum provisions required for such advances.

The Bank is required to have a Board approved policy in place for NPA identification and classification of advances and provisioning thereon. The Bank is also expected to apply its judgement to determine the identification and provisioning required against NPA by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.

The provision on NPA is estimated based on its ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning as per IRAC and Board approved policy in this regard.

Additionally, the Bank also makes provisions on standard accounts where it estimates a possibility of eventual economic loss or prolonged delay in recovery which may lead to eventual economic loss i.e. Identified Standard Advances (ISA). Such advances are stated net of such provisions.

Provisions in respect of restructured advances are made based on management’s assessment of the degree of impairment of the advances subject to the minimum provisioning levels as per IRAC and other relevant RBI Guidelines.

Since the identification of NPAs and provisioning for advances require a significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.

Our audit procedures in respect of this area included, but not limited to:**Process understanding and testing of controls**

- Obtained an understanding of management’s process, systems / applications and controls implemented in relation to advances, identification, classification and provisioning of NPA, restructured advances, identified standard advances (ISA) and provisions thereon.
- Tested system / application controls including automated process, controls and system-based reconciliations pertain to the advances, NPA identification, classification and provision on advances.
- Tested the design, implementation and operating effectiveness of key internal financial controls pertaining to the identification, classification and provisioning on NPA accounts, identified standard advances, computation of provisions on advances (including restructured and ISA) as per IRAC norms and Board approved policy.
- Verified the governance process to the Audit Committee and Board of Directors pertaining to the reporting of NPA and provisioning thereon.
- Verified controls over the adequacy of disclosures made in the financial statements.

Performed other substantive procedures including the following, but not limited to:

- Selected samples for testing, based on quantitative and qualitative risk factors. For the selected samples, tested accuracy of days past due computation, assets classification at borrower level and provisioning as per IRAC norms and Board approved policy.
- Verified selected samples based on quantitative and qualitative factors pertaining to the large sized corporate borrowers to test their conduct, security evaluation and its value, impairment indicators basis their financial strength or external factors if any.
- Obtained and verified the accounts identified by management i.e. accounts forming a part of credit watchlist, by obtaining management’s assessment on recoverability of these exposures and evaluating the appropriateness of provisions.
- Considered the accounts reported by the Bank and other Banks as Special Mention Accounts (“SMA”) in RBI’s Central Repository of Information on Large Credits (CRILC) to identify stressed accounts.

Key audit matters

How the key audit matters were addressed in our audit

- Inquired with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needs to be factored in classification of account as NPA.
- Discussed with the management of the Bank on sectors where there is perceived credit risk and the steps taken by management to mitigate the risks pertaining to identified stress sectors.
- Selected and tested samples for accounts which are restructured as per RBI Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances; and
- Assessed the appropriateness, accuracy and adequacy of related presentation and disclosures in accordance with the applicable accounting standards, IRAC and other requirements of RBI.

Information Technology

Information Technology (IT) systems and controls

The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated.

Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting.

The Bank has also undertaken few data migration projects in the current financial year.

Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.

Further, IT applications have been made accessible on a remote basis.

We have identified 'IT systems and controls' as a key audit matter considering high level of automation, significant number of systems being used by management and the complexity of the IT architecture and its impact on overall financial reporting process and regulatory expectation on automation.

Key IT audit procedures performed included the following, but not limited to:

- For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of our audit. The team also assisted in testing the completeness and accuracy of the information produced by the Bank's IT systems where applicable.
- Obtained an understanding of IT applications implemented in the Bank and verified design and operating effectiveness of controls over user access management, change management, segregation of duties, system interface controls, system application controls and Information Produced by entity (IPE) controls over key financial accounting and reporting systems.
- Verified key controls, on a sample basis, for data migration operating over the information technology in relation to financial accounting and reporting systems, user acceptance test (UAT) sign offs, incidents monitoring.
- For a selected group of key controls over financial reporting systems, performed procedures to independently determine that these controls remained unchanged during the year or were changed by following the change management process.
- Evaluated other areas including password policies, security configurations, controls over changes to applications and databases and controls to ensure that developers and production support did not have access to change applications, the operating system or databases in the production environment.
- Inquired for data security controls in the context of staff working from remote locations during the year.
- Verified compensating controls and performed alternate procedures, where necessary.

Information other than the Standalone Financial Statements and Auditor's Report thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the Bank's Annual Report but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and those charged with governance for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars and guidelines issued by the RBI from time to time ("RBI Guidelines"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, Banking Regulation Act, 1949 and RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors of the Bank is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended March 31, 2024 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.
2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - b. the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - c. since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. During the course of our audit, we have visited 25 branches / asset centres.
3. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the guidelines prescribed by the RBI.
 - e. On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, the Bank is a banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Act do not apply.
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Schedule 12 and Note 18.29 to the standalone financial statements;
 - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Schedule 12 and Note 18.29 to the standalone financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank. Refer Note 18.28 to the standalone financial statements.
 - iv. a. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 18.30 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any

- other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- b. The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the Note 18.30 to the standalone financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the management in this regard nothing has
- come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material mis-statement.
- v. The Bank has neither declared nor paid any dividend during the year ended March 31, 2024.
- vi. Based on our examination, which included test checks, the Bank has used the accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same operated throughout the year for all relevant transactions recorded in the accounting softwares. Further, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with.
- | | |
|---|--|
| For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number:
105047W | For Kalyaniwalla & Mistry LLP
Chartered Accountants
ICAI Firm Registration Number:
104607W/W100166 |
| Swapnil Kale
Partner
Membership Number: 117812
UDIN: 24117812BKFIEC7068 | Roshni Marfatia
Partner
Membership Number: 106548
UDIN: 24106548BKCSTC1279 |
| Mumbai
April 27, 2024 | Mumbai
April 27, 2024 |

Annexure A to the Independent Auditor's Report

of even date on the Standalone Financial Statements of IDFC FIRST Bank Limited

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

Opinion

We have audited the internal financial controls with reference to standalone financial statements of IDFC FIRST Bank Limited (the "Bank") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

In our opinion, the Bank has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, based on the internal control with reference to standalone financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI") (the "Guidance Note").

Management's responsibility for internal financial controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit

to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to standalone financial statements.

Meaning of internal financial controls with reference to Standalone Financial Statements

A Bank's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the standalone financial statements.

Inherent limitations of internal financial controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration Number:
105047W

Swapnil Kale

Partner

Membership Number: 117812

UDIN: 24117812BKFIEC7068

Mumbai

April 27, 2024

For **Kalyaniwalla & Mistry LLP**

Chartered Accountants

ICAI Firm Registration Number:
104607W/W100166

Roshni Marfatia

Partner

Membership Number: 106548

UDIN: 24106548BKCSTC1279

Mumbai

April 27, 2024

Balance Sheet

as at March 31, 2024

(₹ in Thousands)

	Schedule No.	As at March 31, 2024	As at March 31, 2023
CAPITAL AND LIABILITIES			
Capital	1	70,699,239	66,181,218
Employees stock options outstanding	1a	589,257	371,152
Reserves and surplus	2	250,324,555	190,659,255
Deposits	3	2,005,763,123	1,446,373,101
Borrowings	4	509,355,743	572,120,920
Other liabilities and provisions	5	124,419,099	123,710,950
TOTAL		2,961,151,016	2,399,416,596
ASSETS			
Cash and balances with Reserve Bank of India	6	110,750,172	107,397,389
Balances with banks and money at call and short notice	7	14,051,948	31,582,159
Investments	8	747,103,933	611,235,520
Advances	9	1,945,923,662	1,517,945,314
Fixed assets	10	26,194,275	20,901,345
Other assets	11	117,127,026	110,354,869
TOTAL		2,961,151,016	2,399,416,596
Contingent liabilities	12	3,023,480,519	3,611,840,392
Bills for collection		36,243,957	21,967,830
Significant accounting policies and notes to accounts	17 & 18		

The schedules and the accompanying notes to accounts referred to above form an integral part of the Standalone Balance Sheet.

The Balance Sheet has been prepared in conformity with form 'A' of the Third Schedule to the Banking Regulation Act, 1949

As per our report of even date.

For **M S K A & Associates**
Chartered Accountants
(Firm Registration No: 105047W)

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
(Firm Registration No: 104607WW100166)

Swapnil Kale
Partner
(Membership No: 117812)

Roshni Marfatia
Partner
(Membership No: 106548)

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

Aashish Kamat
Director
DIN: 06371682

V. Vaidyanathan
Managing Director &
Chief Executive Officer
DIN: 00082596

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Date : April 27, 2024
Place : Mumbai

Profit & Loss Account

for the year ended March 31, 2024

(₹ in Thousands)

	Schedule No.	Year ended March 31, 2024	Year ended March 31, 2023
I INCOME			
Interest earned	13	303,225,012	227,275,446
Other income	14	60,019,939	44,669,676
TOTAL		363,244,951	271,945,122
II EXPENDITURE			
Interest expended	15	138,717,458	100,922,088
Operating expenses	16	162,157,804	121,703,500
Provisions and contingencies	18.15 (e)	32,804,574	24,948,185
TOTAL		333,679,836	247,573,773
III NET PROFIT / (LOSS) FOR THE YEAR (I-II)		29,565,115	24,371,349
Balance in Profit and Loss Account brought forward from previous year		(25,558,523)	(38,704,872)
IV AMOUNT AVAILABLE FOR APPROPRIATION		4,006,592	(14,333,523)
V APPROPRIATIONS :			
Transfer to statutory reserve	18.02 (b)	7,400,000	6,095,000
Transfer to investment reserve	18.02 (b)	490,000	790,000
Transfer to capital reserve	18.02 (b)	210,000	955,000
Transfer to special reserve	18.02 (b)	635,000	650,000
Transfer to investment fluctuation reserve	18.02 (b)	2,150,000	2,735,000
Dividend paid	18.26	-	-
Balance in Profit and Loss Account carried forward		(6,878,408)	(25,558,523)
TOTAL		4,006,592	(14,333,523)
VI EARNINGS PER SHARE	18.21		
(Face value ₹ 10 per share)			
Basic (₹)		4.32	3.91
Diluted (₹)		4.25	3.84
Significant accounting policies and notes to accounts	17 & 18		

The schedules and the accompanying notes to accounts referred to above form an integral part of the Standalone Profit and Loss Account. As per our report of even date.

For **M S K A & Associates**
Chartered Accountants
(Firm Registration No: 105047W)

Swapnil Kale
Partner
(Membership No: 117812)

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
(Firm Registration No: 104607WW100166)

Roshni Marfatia
Partner
(Membership No: 106548)

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

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DIN: 00082596

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Date : April 27, 2024
Place : Mumbai

Cash Flow Statement

for the year ended March 31, 2024

(₹ in Thousands)

	Schedule No.	Year ended March 31, 2024	Year ended March 31, 2023
A Cash flow from operating activities			
Profit after tax		29,565,115	24,371,349
Add: Provision for tax		8,988,116	8,300,000
Net profit before taxes		38,553,231	32,671,349
Adjustments for :			
Depreciation on fixed assets	16 (V)	6,183,220	4,246,843
Amortisation of deferred employee compensation		218,105	209,950
Amortisation of premium on held to maturity investments		2,679,447	2,701,980
Write back of provision for depreciation in value of investments	18.15 (e)	(1,019,468)	(890,674)
Provision for non - performing advances including write off (net of recoveries)	18.15 (e)	26,065,444	22,764,583
Dividend from Subsidiary	14 (VI)	(703,079)	-
Profit on sale of fixed assets (net)	14 (IV)	(87,479)	(7,360)
Write back of provision on standard assets and other contingencies	18.15 (e)	(1,229,518)	(5,225,725)
Adjustments for :			
Increase in investments (excluding held to maturity investments)		(50,296,068)	(43,440,633)
Increase in advances		(452,163,284)	(362,004,112)
Increase in deposits		559,390,022	390,029,462
Increase in other assets		(8,085,654)	(22,068,398)
Increase in other liabilities and provisions		1,506,730	20,206,989
Direct taxes paid (net)		(7,731,989)	(3,197,797)
Net cash flow generated from operating activities (A)		113,279,660	35,996,458
B Cash flow from investing activities			
Purchase of fixed assets		(13,488,962)	(11,607,099)
Proceeds from sale of fixed assets		2,100,290	78,501
Increase in held to maturity investments		(87,232,324)	(108,157,841)
Dividend from Subsidiary		703,079	-
Net cash flow used in investing activities (B)		(97,917,917)	(119,686,439)

Cash Flow Statement

for the year ended March 31, 2024

(₹ in Thousands)

	Schedule No.	Year ended March 31, 2024	Year ended March 31, 2023
C Cash flow from financing activities			
Proceeds from issue of additional tier II bonds		15,000,000	15,000,000
Net proceeds / (repayments) in other borrowings		(77,765,177)	27,494,927
Proceeds from issue of share capital (net of share issue expenses)		33,226,006	22,595,512
Net cash flow (used in) / generated from financing activities (C)		(29,539,171)	65,090,439
D Net increase in cash and cash equivalents (A+B+C)		(14,177,428)	(18,599,542)
Cash and cash equivalents at the beginning of the year		138,979,548	157,579,090
Cash and cash equivalents at the end of the year		124,802,120	138,979,548
Represented by :			
Cash and Balances with Reserve Bank of India	6	110,750,172	107,397,389
Balances with Banks and Money at Call and Short Notice	7	14,051,948	31,582,159
Cash and cash equivalents at the end of the year		124,802,120	138,979,548

As per our report of even date.

For **M S K A & Associates**
Chartered Accountants
(Firm Registration No: 105047W)

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
(Firm Registration No: 104607WW/100166)

Swapnil Kale
Partner
(Membership No: 117812)

Roshni Marfatia
Partner
(Membership No: 106548)

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

Aashish Kamat
Director
DIN: 06371682

V. Vaidyanathan
Managing Director &
Chief Executive Officer
DIN: 00082596

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Date : April 27, 2024

Place : Mumbai

Schedules

forming part of the Balance Sheet as at March 31, 2024

SCHEDULE 1 - CAPITAL

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
Authorised Capital		
7,500,000,000 (Previous Year - 7,500,000,000) equity shares of ₹ 10 each	75,000,000	75,000,000
3,800,000 (Previous Year - 3,800,000) preference shares of ₹ 100 each	380,000	380,000
Equity Share Capital ^		
Issued, Subscribed, Called up and Paid-up capital		
7,069,923,853 (Previous Year - 6,618,121,816) equity shares of ₹ 10 each, fully paid up	70,699,239	66,181,218
TOTAL	70,699,239	66,181,218

^ Includes 119,392,065 equity shares (Previous Year 22,912,647 equity shares) allotted pursuant to the exercise of options under the Employee Stock Option Scheme.

During the year ended March 31, 2024, the Bank raised additional capital aggregating to ₹ 3,000.00 crore (rounded off) from qualified institutional buyers through issuance of 332,409,972 equity shares, fully paid-up, at the price of ₹ 90.25 per equity share (including securities premium of ₹ 80.25 per equity share).

During the year ended March 31, 2023, the Bank raised additional capital aggregating to ₹ 2,196.30 crore (rounded off) on a preferential basis through issuance of 377,500,859 equity shares, fully paid-up, at the price of ₹ 58.18 per equity share (including securities premium of ₹ 48.18 per equity share).

SCHEDULE 1a - EMPLOYEES' STOCK OPTIONS OUTSTANDING

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
Employees stock option outstanding	589,257	371,152
TOTAL	589,257	371,152

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Statutory reserves		
Opening balance	15,792,951	9,697,951
Additions during the year (refer note 18.02 (b))	7,400,000	6,095,000
Deduction during the year	-	-
Closing balance	23,192,951	15,792,951
II Capital reserves		
Opening balance	7,465,100	6,510,100
Additions during the year (refer note 18.02 (b))	210,000	955,000
Deduction during the year	-	-
Closing balance	7,675,100	7,465,100
III Share premium		
Opening balance	173,125,517	154,534,142
Additions during the year	29,116,585	18,591,375
Deduction during the year (share issue expenses)	(408,599)	-
Closing balance	201,833,503	173,125,517

Schedules

forming part of the Balance Sheet as at March 31, 2024

	(₹ in Thousands)	
	As at March 31, 2024	As at March 31, 2023
IV General reserve		
Opening balance	6,882,161	6,882,161
Additions during the year (refer note 18.02 (b))	1,060,736	-
Deduction during the year	-	-
Closing balance	7,942,897	6,882,161
V Amalgamation reserve	(2,317,951)	(2,317,951)
VI Special reserve		
Opening balance	6,400,000	5,750,000
Additions during the year (refer note 18.02 (b))	635,000	650,000
Deduction during the year	-	-
Closing balance	7,035,000	6,400,000
VII Investment fluctuation reserve		
Opening balance	2,735,000	-
Additions during the year (refer note 18.02 (b))	2,150,000	2,735,000
Deduction during the year	-	-
Closing balance	4,885,000	2,735,000
VIII Investment reserve account		
Opening balance	6,135,000	5,345,000
Additions during the year (refer note 18.02 (b))	490,000	790,000
Deduction during the year	-	-
Closing balance	6,625,000	6,135,000
IX Cash flow hedge reserve		
Opening balance	-	-
Additions during the year (refer note 18.02 (b))	331,463	-
Deduction during the year	-	-
Closing balance	331,463	-
X Balance in Profit and Loss Account	(6,878,408)	(25,558,523)
GRAND TOTAL	250,324,555	190,659,255

SCHEDULE 3 - DEPOSITS

	(₹ in Thousands)	
	As at March 31, 2024	As at March 31, 2023
A I Demand deposits		
(i) From banks	6,998,587	6,467,024
(ii) From others	178,375,484	141,794,320
TOTAL	185,374,071	148,261,344
II Savings bank deposits	762,308,119	571,565,929
III Term deposits		
(i) From banks	75,496,229	46,318,206
(ii) From others	982,584,704	680,227,622
TOTAL	1,058,080,933	726,545,828
GRAND TOTAL	2,005,763,123	1,446,373,101
B I Deposits of branches in India	2,005,763,123	1,446,373,101
II Deposits of branches outside India	-	-
GRAND TOTAL	2,005,763,123	1,446,373,101

Schedules

forming part of the Balance Sheet as at March 31, 2024

SCHEDULE 4 - BORROWINGS

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Borrowings in India		
(i) Reserve Bank of India	70,000,000	-
(ii) Other banks [^]	19,337,410	14,343,371
(iii) Other institutions and agencies [§]	416,826,507	553,622,385
TOTAL	506,163,917	567,965,756
II Borrowings outside India	3,191,826	4,155,164
GRAND TOTAL	509,355,743	572,120,920

Secured borrowings included in I and II above are ₹ Nil (Previous Year ₹ Nil) except borrowings of ₹ 17,089.24 crore (Previous Year ₹ 16,918.56 crore) under repurchase transactions (including tri-party repo) and transactions under Liquidity Adjustment Facility.

During the year ended March 31, 2024, the Bank has raised Basel III compliant Additional Tier II bond amounting to ₹ 1,500.00 crore (Previous Year ₹ 1,500.00 crore).

[^] Borrowings from banks include long term infrastructure bonds of ₹ 230.00 crore (Previous Year ₹ 241.50 crore).

[§] Borrowings from other institutions and agencies include long term infrastructure bonds of ₹ 5,280.00 crore (Previous Year ₹ 6,673.40 crore).

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Bills payable	10,150,417	11,944,379
II Inter-office adjustments (net)	-	-
III Interest accrued	17,548,247	15,031,928
IV Contingent provision against standard assets	8,515,315	9,304,025
V Deferred Tax Liabilities (net)	-	-
VI Others (including provisions)	88,205,120	87,430,618
GRAND TOTAL	124,419,099	123,710,950

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Cash in hand (including foreign currency notes)	10,159,665	8,313,311
II Balances with Reserve Bank of India :		
(i) In current accounts	97,580,507	75,054,078
(ii) In other accounts	3,010,000	24,030,000
GRAND TOTAL	110,750,172	107,397,389

Schedules

forming part of the Balance Sheet as at March 31, 2024

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I In India		
(i) Balance with banks		
(a) In current accounts	1,832,064	1,842,719
(b) In other deposit accounts	-	-
(ii) Money at call and short notice		
(a) With banks	-	18,575,744
(b) With other institutions	6,565,356	7,489,766
TOTAL	8,397,420	27,908,229
II Outside India		
(i) In current accounts	561,501	462,771
(ii) In other deposit accounts	-	-
(iii) Money at call and short notice	5,093,027	3,211,159
TOTAL	5,654,528	3,673,930
GRAND TOTAL	14,051,948	31,582,159

SCHEDULE 8 - INVESTMENTS

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Investments in India in :		
(i) Government securities	695,729,352	560,317,490
(ii) Other approved securities	-	-
(iii) Shares #	4,905,114	4,361,897
(iv) Debentures and bonds	28,130,728	25,478,209
(v) Subsidiaries and / or joint ventures *	2,125,228	2,125,228
(vi) Others ^	16,193,990	18,949,436
TOTAL	747,084,412	611,232,260
II Investments Outside India in :		
(i) Government securities (including local authorities)	-	-
(ii) Subsidiaries and / or joint ventures abroad	-	-
(iii) Others (Equity Shares)	19,521	3,260
TOTAL	19,521	3,260
GRAND TOTAL	747,103,933	611,235,520
III Investments in India :		
(i) Gross value of investments	749,632,651	622,457,052
(ii) Aggregate of provisions for depreciation	(2,548,239)	(11,224,792)
(iii) Net investment	747,084,412	611,232,260
IV Investments Outside India :		
(i) Gross value of investments	19,521	3,260
(ii) Aggregate of provisions for depreciation	-	-
(iii) Net investment	19,521	3,260
GRAND TOTAL	747,103,933	611,235,520

Includes investments in associates.

* Dividend received from pre-acquisition profits is reduced from cost of investments as per AS - 13 Accounting for Investments.

^ Includes investments in venture capital funds, security receipts and pass through certificates.

Schedules

forming part of the Balance Sheet as at March 31, 2024

SCHEDULE 9 - ADVANCES

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
A (i) Bills purchased and discounted	22,991,545	21,409,445
(ii) Cash credits, overdrafts and loans repayable on demand	323,092,439	214,570,756
(iii) Term loans	1,599,839,678	1,281,965,113
TOTAL	1,945,923,662	1,517,945,314
B (i) Secured by tangible assets *	1,051,948,197	796,228,665
(ii) Covered by bank / government guarantees §	22,399,895	7,171,828
(iii) Unsecured	871,575,570	714,544,821
TOTAL	1,945,923,662	1,517,945,314
C I Advances in India		
(i) Priority sector	639,375,033	478,229,625
(ii) Public sector	-	1,200,000
(iii) Banks	2,278,337	2,090,869
(iv) Others	1,304,270,292	1,036,424,820
TOTAL	1,945,923,662	1,517,945,314
C II Advances Outside India		
(i) Due from banks	-	-
(ii) Due from others :		
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	-	-
(c) Others	-	-
TOTAL	-	-
GRAND TOTAL	1,945,923,662	1,517,945,314

The above advances are net of provisions of ₹ 2,866.93 crore (Previous Year ₹ 3,035.17 crore).

Net of borrowings under Inter Bank Participation Certificate (IBPC) of ₹ 7,775.00 crore (Previous Year ₹ 5,425.00 crore).

* Includes advances against book debts.

§ Includes advances against LCs issued by banks.

SCHEDULE 10 - FIXED ASSETS

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Premises (including Land)		
Gross block		
At cost at the beginning of the year	2,835,547	2,835,547
Additions during the year	-	-
Deductions during the year	(2,540,640)	-
TOTAL	294,907	2,835,547
Depreciation		
As at the beginning of the year	702,908	653,548
Charge for the year	30,910	49,360
Deductions during the year	(626,178)	-
Depreciation to date	107,640	702,908
Net block of premises (including land)	187,267	2,132,639

Schedules

forming part of the Balance Sheet as at March 31, 2024

	(₹ in Thousands)	
	As at March 31, 2024	As at March 31, 2023
II Other fixed assets (including furniture and fixtures) (refer note 18.24)		
Gross block		
At cost at the beginning of the year	35,747,902	51,979,975
Additions during the year	14,683,262	10,261,685
Deductions during the year	(492,872)	(26,493,758)
TOTAL	49,938,292	35,747,902
Depreciation		
As at the beginning of the year	19,118,719	41,343,852
Charge for the year	6,152,309	4,197,484
Deductions during the year	(394,522)	(26,422,617)
Depreciation to date	24,876,506	19,118,719
Net block of other fixed assets (including furniture and fixtures)	25,061,786	16,629,183
III Leased assets		
Gross block		
At cost at the beginning of the year	-	-
Additions during the year	-	-
Deductions during the year	-	-
TOTAL	-	-
Depreciation		
As at the beginning of the year	-	-
Charge for the year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
Net block of Leased Assets	-	-
IV Capital Work-In-Progress (including capital advances and leased assets net of provisions)	945,222	2,139,523
GRAND TOTAL	26,194,275	20,901,345

SCHEDULE 11 - OTHER ASSETS

	(₹ in Thousands)	
	As at March 31, 2024	As at March 31, 2023
I Inter-office adjustments (net)	-	-
II Interest accrued	31,639,088	23,949,737
III Tax paid in advance / tax deducted at source (net of provisions)	5,101,738	3,889,995
IV Stationery and stamps	197	153
V Non banking assets acquired in satisfaction of claims	-	-
VI Deferred Tax Assets (net)	10,926,709	14,214,350
VII Others	69,459,294	68,300,634
GRAND TOTAL	117,127,026	110,354,869

Schedules

forming part of the Balance Sheet as at March 31, 2024

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Claims against the bank not acknowledged as debts	1,244,623	1,674,398
II Liability for partly paid investments	149,779	64,779
III Liability on account of outstanding forward exchange and derivative contracts:		
(a) Forward contracts	1,517,459,338	1,766,043,442
(b) Interest rate swaps, currency swaps, forward rate agreement and interest rate futures	1,234,160,301	1,559,284,733
(c) Foreign currency options	20,408,202	50,567,824
TOTAL (a+b+c)	2,772,027,841	3,375,895,999
IV Guarantees given on behalf of constituents		
(a) In India	183,777,608	153,501,151
(b) Outside India	-	-
V Acceptances, endorsements and other obligations	56,852,771	71,144,940
VI Other items for which the Bank is contingently liable	9,427,897	9,559,125
GRAND TOTAL	3,023,480,519	3,611,840,392

Schedules

forming part of the Profit and Loss Account for the year ended March 31, 2024

SCHEDULE 13 - INTEREST EARNED

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Interest / discount on advances / bills	259,158,872	191,593,820
II Income on investments	41,176,915	32,322,071
III Interest on balances with Reserve Bank of India and other inter-bank funds	936,439	1,483,680
IV Others	1,952,786	1,875,875
GRAND TOTAL	303,225,012	227,275,446

SCHEDULE 14 - OTHER INCOME

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Commission, exchange and brokerage	52,881,116	38,765,244
II Profit / (loss) on sale of investments (net)	2,026,227	3,180,777
III Profit / (loss) on revaluation of investments (net)	27,959	84,323
IV Profit / (loss) on sale of land, buildings and other assets (net)	87,479	7,360
V Profit / (loss) on exchange / derivative transactions (net)	3,360,940	2,141,445
VI Income earned by way of dividends etc. from subsidiaries / companies and / or joint venture abroad / in India	703,079	-
VII Income earned by way of lease finance, lease management fee, overdue charges and Interest on lease rent receivables	-	-
VIII Miscellaneous Income	933,139	490,527
GRAND TOTAL	60,019,939	44,669,676

SCHEDULE 15 - INTEREST EXPENDED

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Interest on deposits	101,608,017	62,317,231
II Interest on borrowings from Reserve Bank of India / inter-bank borrowings	2,099,910	484,950
III Others	35,009,531	38,119,907
GRAND TOTAL	138,717,458	100,922,088

Schedules

forming part of the Profit and Loss Account for the year ended March 31, 2024

SCHEDULE 16 - OPERATING EXPENSES

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Payments to and provisions for employees	48,925,300	37,422,339
II Rent, taxes and lighting	6,451,508	4,495,420
III Printing and stationery	1,191,255	597,574
IV Advertisement and publicity	4,069,701	2,808,383
V (a) Depreciation on Bank's property other than Leased Assets	6,183,220	4,246,843
(b) Depreciation on Leased Assets	-	-
VI Directors' fees, allowance and expenses	42,815	36,678
VII Auditors' fees and expenses	38,243	35,010
VIII Law charges	445,686	447,894
IX Postage, telegrams, telephones etc.	1,684,985	1,426,791
X Repairs and maintenance	1,864,995	1,310,011
XI Insurance	2,097,775	1,497,666
XII Other expenditure	89,162,321	67,378,891
GRAND TOTAL	162,157,804	121,703,500

Schedules

forming part of the Financial Statements as at and for the year ended March 31, 2024

17 Significant accounting policies forming part of the financial statements for the year ended March 31, 2024

A Background

IDFC FIRST Bank Limited (The "Bank") was incorporated on October 21, 2014 as a Company under the Companies Act, 2013 and had commenced its banking operations on October 01, 2015 after receiving universal banking license from the Reserve Bank of India (The "RBI") on July 23, 2015. The Bank provides a complete suite of banking and financial services including retail banking, wholesale banking, digital banking and treasury operations. The Bank is primarily governed by the Banking Regulation Act, 1949.

The Bank's shares are listed on National Stock Exchange of India Limited and BSE Limited.

B Basis of preparation

The financial statements have been prepared and presented based on historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with the requirements prescribed under Section 29 and Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements are in conformity with Generally Accepted Accounting Principles in India ("Indian GAAP"), circulars and guidelines issued by the RBI from time to time, the Accounting Standards notified under section 133 of the Companies Act, 2013 read together with para 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 to the extent applicable and practices generally prevalent in the banking industry in India.

C Use of estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affects the reported amount of assets and liabilities, disclosure of contingent liabilities as of the date of the financial statements and revenues and expenses during the reporting period. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

D Significant accounting policies :

17.01 Investments

Classification and Valuation of the Bank's investments is carried out in accordance with the RBI guidelines and

Fixed Income Money Market and Derivatives Association ('FIMMDA') and Financial Benchmark India Private Limited ('FBIL') guidelines respectively, prescribed in this regard from time to time.

Classification :

In accordance with the RBI guidelines on investment classification and valuation; Investments are classified into following categories :

- Held for Trading ('HFT'),
- Available for Sale ('AFS') and
- Held to Maturity ('HTM').

However, for disclosure in the Balance Sheet, Investments in India are classified under six categories - (i) Government securities, (ii) Other approved securities, (iii) Shares, (iv) Debentures and bonds, (v) Investment in subsidiaries and / or joint ventures and (vi) Others.

Investments made outside India are classified under three categories – (i) Government securities, (ii) Subsidiaries and / or joint ventures abroad and (iii) Others.

Transfer of security between categories :

Transfer of securities between categories of investments is accounted as per the RBI guidelines. Transfer of scrip from AFS / HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS / HFT category, the investments held under HTM category originally acquired at a discount are transferred to AFS / HFT category at the acquisition price and investments held under the HTM category originally acquired at a premium are transferred to AFS / HFT at the amortised cost.

Transfer of investments from AFS to HFT or vice-versa is done at the book value.

Depreciation carried, if any, on such investments is also transferred from one category to another.

Basis of classification and accounting :

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified to AFS category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category. Investments in the equity of subsidiaries / joint ventures are categorised as HTM / HTM or AFS respectively, in accordance with the RBI guidelines. Purchase and sale transactions in securities are recorded under settlement date of accounting, except in the case of equity shares where trade date accounting is followed.

Schedules

forming part of the Financial Statements as at and for the year ended March 31, 2024

Cost of acquisition :

- Costs such as brokerage and commission pertaining to investments paid at the time of acquisition are charged to the Profit and Loss Account.
- Cost of investments is computed based on First in First Out Method (FIFO) for all categories of Investments including short sales.
- Broken period interest (the amount of interest from the previous interest payment date till the date of purchase / sale of instrument) on debt instrument is treated as a revenue item.

Valuation :

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a straight line method basis, while discount is not accreted. Such amortisation of premium is adjusted against interest income under the head "Income on Investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments in HTM category is provided for each investment individually.

- The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the prices published by FBIL.
- Special bonds such as oil bonds, DISCOM bonds, fertilizer bonds, etc. that do not qualify for SLR are valued using the prices published by FBIL or as per the extant FIMMDA / RBI guidelines.
- Traded bond investments are valued based on the trade / quotes on the recognised stock exchanges, or prices / yields published by Primary Dealers Association of India ('PDAI') jointly with FIMMDA / FBIL, periodically. The valuation of other unquoted fixed income securities (viz. State Government securities, Other approved securities, Bonds and Debentures) and preference shares, wherever linked to the YTM rates, is done with a mark - up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA / FBIL. For Tax - free bonds, the valuation is done after grossing up the coupon in line with FIMMDA / FBIL guidelines.
- Traded equity investments are valued at the closing price as available on National Stock Exchange (NSE). In case the equity script is not listed on NSE, then closing price as available on BSE is considered. In case the script is not listed in either NSE or BSE then closing from the exchange on which the script is listed shall be considered.

- Unquoted equity shares are valued at the break - up value, if the latest Balance Sheet is available (which should not be more than 18 Months prior to the date of valuation) or at ₹ 1 as per the RBI guidelines in case the latest Balance Sheet is not available.
- Units of mutual funds are valued at the latest repurchase price / Net Asset Value ('NAV') declared by the mutual fund.
- The valuation of discounted instruments such as Treasury Bills, Commercial Papers, Certificate of Deposits is reckoned at carrying cost, while STRIPS are valued as per the prices published by FBIL / FIMMDA, in line with FIMMDA / Market Risk Management Policy. The accretion of discount on discounted money market securities (CP / CD / T-Bill) is computed basis the straight line method while the STRIPS is reckoned as per constant yield method.
- Security receipts ('SR') are valued at the lower of realisation value and Net Asset Value ('NAV') considering as per the Net Asset Value provided by the Asset Reconstruction Companies ('ARCs').
- Investments in units of Venture Capital Funds ('VCF') / Alternate Investment Fund ('AIF') are classified under HTM for an initial period of three years and valued at cost during this period, in accordance with the RBI guidelines. Units of VCF / AIF held under AFS category are marked to market based on the NAV provided by VCF / AIF based on the latest financial statements. Valuation is based on audited financial statements at least, once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1.
- Banks do not make investments in any scheme of AIF's which has downstream investments (exclude investment in equity shares but shall include all other investment including investment in hybrid instruments) either directly or indirectly in a debtor company of the Bank. If the Bank has already invested into such schemes having downstream investment in the AIF Scheme in their debtor companies as on the date of RBI circular including investment in subordinate units of an AIF scheme, the 30-day period for liquidation shall be counted from date of issuance of this circular i.e. December 19, 2023. In case the Banks is not able to liquidate their investments within the above - prescribed time limit, it shall make 100 percent provision on such investments. As clarified by the RBI, provisioning will be required only to the extent of investment by the Bank in AIF scheme which is further invested by the AIF in the debtor company, and not on the entire investment of the Bank in the AIF scheme.

Schedules

forming part of the Financial Statements as at and for the year ended March 31, 2024

- Pass Through Certificates ('PTCs') and Priority Sector PTCs are valued as per extant FIMMDA guidelines.

Investments in subsidiaries are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines. Dividend received from pre - acquisition profits is reduced from cost of investments as per AS - 13 - Accounting for Investments.

Investments classified under AFS and HFT categories are marked to market as per the extant RBI guidelines. Book value of the individual securities does not undergo any change after the marked to market.

Securities are valued script wise and depreciation / appreciation is aggregated for each category of investment in their respective classifications. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net appreciation in each category, if any, is not recognised. Net depreciation required to be provided for in any one classification is not reduced on account of net appreciation in any other classification.

Non - performing investments ('NPI') are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision against NPI is not set - off against the appreciation in respect of other performing securities. Interest on non - performing investments is recognised on cash basis.

As a prudent risk measure, specific provision against identified investments are made based on management's assessment of impairment based on qualitative factors, subject to minimum provision determined as per valuation guidelines. These provisions are netted - off from carrying value of such investments. Further, interest on such identified investments is recognised on cash basis.

Bonds and debentures are classified as other receivables under other assets on maturity date and disclosed under Schedule - 11.

Investment fluctuation reserve ('IFR') :

The RBI had advised banks to create an Investment Fluctuation Reserve ('IFR'). An amount not less than the lower of net profit on sale of investments in the HFT and AFS portfolio during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

Further, the Bank may, at its discretion, draw down the balance available in IFR in excess of 2 percent of its HFT and AFS portfolio, for credit to the balance of Profit / Loss as disclosed in the Profit and Loss Account at the end of any accounting year. In the event the balance in the IFR is less than 2 percent of the HFT and AFS

investment portfolio, a draw down is permitted subject to the following conditions :

- (a) The drawn down amount is used only for meeting the minimum Common Equity Tier 1 / Tier 1 capital requirements by way of appropriation to free reserves or reducing the balance of loss and
- (b) The amount drawn down shall not be more than the extent, the MTM provisions made during the aforesaid year exceed the net profit on sale of investments during that year.

IFR is eligible for inclusion in Tier 2 capital.

Short sales :

The Bank undertakes short sale transactions in Central Government dated securities in accordance with the RBI guidelines and these are shown under Schedule 8 - Investments. The short sale position is categorised under HFT category and netted - off from HFT investments. The short position is marked to market along with other securities in that category and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / loss on settlement of the short position is recognised in the Profit and Loss Account.

Repurchase and reverse repurchase transactions :

In accordance with the RBI guidelines, Repurchase (Repo) and Reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities, including transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standing Facility ('MSF') with RBI are reflected as collateralised borrowing and lending transactions respectively. Balances held under Standing Deposit Facility ('SDF') are reported under Schedule 6 - Cash and Balance with Reserve Bank of India. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions are accounted as interest income.

As per the RBI circular RBI/2022-23/55 DOR.ACC.REC. No.37/21.04.018/2022-23 dated May 19, 2022, reverse repos with banks and other institutions having original tenors more than 14 days are classified under Schedule 9 - Advances.

17.02 Advances

In accordance with the RBI guidelines, advances are classified as performing and non - performing. Non - Performing Advances ('NPA') are further classified as Sub - Standard, Doubtful and Loss Assets in accordance with the RBI guidelines on Income Recognition and Asset Classification ('IRAC'). In addition, based on extant environment or specific information on risk of possible slippages or current pattern of servicing, the Bank makes provision on specific advances which are classified as standard advances as these are not non - performing advances ('identified standard advances'). Advances

Schedules

forming part of the Financial Statements as at and for the year ended March 31, 2024

are stated net of provisions against NPA, specific provisions against identified advances, claims received from Export Credit Guarantee Corporation, provisions for non - performing funded interest term loan, net of direct assignment and provisions in lieu of diminution in the fair value of restructured asset.

The Bank may transfer advances through inter - bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified as due from banks under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

The Bank makes general provisions on all standard advances and restructured advances based on the rates under each category of advance as prescribed by the RBI. In addition, the Bank makes provisions for standard assets in stressed sectors, at rates higher than the regulatory minimum, based on evaluation of risk and stress as per the Board approved policy. The provision on standard advances is not reckoned for arriving at net NPAs. The provision against standard advances (other than provision against identified advances) is shown separately as "Contingent Provisions against Standard Assets" under "Schedule 5 - Other Liabilities".

In case of corporate loans, specific loan loss provisions in respect of identified advances and non - performing advances are made based on the management's assessment of the degree of impairment, subject to the minimum provisioning level prescribed by the RBI. The Bank can provide additional specific provision on standard advances at higher than prescribed rates as a prudent risk measure. These provisions are reviewed and reassessed at least once in a year. Provision on / write - off of homogeneous retail loans and advances, subject to minimum provisioning requirement of the RBI, is assessed on the basis of ageing of loans as prescribed in the Board approved policy of the Bank. Provision due to diminution in the fair value of restructured / rescheduled loans and advances is made in accordance with the applicable RBI guidelines.

Non - performing and restructured loans are upgraded to standard as per the extant RBI guidelines.

Under the Large Exposure Framework, the sum of all exposure values of the Bank to a counterparty or a group of connected counterparties is considered as a 'Large Exposure', if it is equal to or more than 10 percent of the Bank's eligible capital base (i.e. Tier 1 capital). The Bank's incremental exposures from FY 2018-19 onwards to the specified borrowers exceeding the Net

Permitted Lending Limits ('NPLL') shall attract prudential measures. Incremental Exposure of the Banking System to a specified borrower beyond NPLL shall be deemed to carry higher risk which shall be recognised by way of additional standard asset provisioning and higher risk weights.

Further, the RBI has issued guidelines on "Prudential Framework for Resolution of Stressed Assets dated June 07, 2019" with a view to providing a framework for early recognition, reporting and time bound resolution of stressed assets. The Bank has put in place Board approved policy for resolution of distressed borrowers with an objective to initiate the process of resolution even before a default and prior to the initiation of proceedings under the Insolvency Bankruptcy Code.

The Bank is required to make an additional provisioning for the delayed implementation of Resolution Plan (RP) as under :

- (a) Additional provision of 20% of total outstanding if RP is implemented beyond 180 days from the end of the review period.
- (b) Additional provision of 35% of total outstanding if RP is implemented beyond 360 days from the end of the review period.

The additional provisions shall be made over and above the higher of the following, subject to the total provisions held being capped at 100% of total outstanding :

- (a) The provisions already held; or,
- (b) The provisions required to be made as per IRAC norms.

In the event of substantial erosion in value of loan and remote possibility of collection, non - performing loans with adequate provisions are evaluated for technical / prudential write - off based on Bank's policy and the RBI guidelines. Such write - off does not have an impact on the Bank's legal claim against the borrower. The Bank may also write - off non - performing loans on One Time Settlement ('OTS') with the borrower or otherwise. Amounts recovered from borrowers against debts written - off is recognised in the Profit and Loss Account under "Provisions and contingencies".

Loans reported as fraud are classified as loss assets, and fully provided for immediately without considering the value of security.

In respect of borrowers classified as non - cooperative and wilful defaulters, the Bank makes accelerated provisions as per the extant RBI guidelines.

Unhedged foreign currency exposure :

Provision for Unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines and disclosed under Contingent Provision against Standard Assets.

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Country risk :

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories as mentioned in the ECGC guidelines namely Insignificant, Low, Moderately Low, Moderate, Moderately High, High and Very High and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the funded exposure (net) of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure.

17.03 Revenue recognition

Interest income :

Interest income is recognised on accrual basis in the Profit and Loss Account, except in the case of Non - Performing Assets ('NPAs') and identified standard advances, where it is recognised upon realisation. The unrealised interest booked in respect of NPAs and identified standard advances and any other facility given to the same borrower is reversed to the Profit and Loss Accounts and subsequent interest income is accounted into interest suspense.

The unrealised interest represented by Funded Interest Term Loan ('FITL') is reversed in Profit and Loss Account with the corresponding credit in Sundry Liabilities Account - Interest Capitalisation account. Interest income is booked in Profit and Loss Account upon realisation, by debiting the sundry liabilities account.

Subvention income on loans is recognised as income over the tenor of the loan agreements. The unamortised balance is disclosed as part of other liabilities. On foreclosure, balance unamortised subvention income is recognised in the Profit and Loss Account. Income on retained interest in the assigned asset, if any, is accounted on accrual basis except in case of NPAs wherein interest income is recognised on receipt basis as per the RBI guidelines.

Interest income on coupon bearing securities is recognised over the tenure of the instrument on a straight line method and on non - coupon bearing securities over the tenure on yield basis. Any premium on acquisition of securities held under HTM category is amortised over the remaining maturity period of the security on a straight line method basis.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Fees and charges :

Loan originating fees, when it becomes due, is recognised upfront as income. Arrangements / Syndication fee is accounted on completion of the agreed service and when right to receive is established. Fee and commission income is recognised as income when due and reasonable right of recovery is established and can be reliably measured.

Commission received on guarantees and letter of credit issued is recognised on straight line basis over the period of the contract or the period for which commission is received.

Fee on rescheduling of outstanding debt is recognised on accrual basis over the period of time covered by the rescheduled extension period.

Underwriting commission earned to the extent not reduced from the cost of the securities is recognised as fees on closure of issue.

All other fees and charges are recognised as and when they become due and revenue can be reliably measured and reasonable right of recovery is established.

Investments :

Profit / loss on sale of investments under the HTM, AFS and HFT categories are recognised in the Profit and Loss Account. The profit from sale of investment under HTM category, is appropriated from Profit and Loss Account to "Capital Reserve" (net of applicable taxes and transfer to Statutory Reserve) in accordance with the RBI guidelines.

Exchange gain or loss arising on account of revaluation of monetary assets and liabilities is recognised in the Profit and Loss Account as per the revaluation rates published by Foreign Exchange Dealers' Association of India ('FEDAI').

Other operating income :

Gain / loss on sell down of loans is recognised in line with the extant RBI guidelines.

Securitisation transactions :

The Bank enters into sale of retail loans through Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the SPV. The Bank also provides credit enhancement in the form of cash collaterals and / or by subordination of cash flows to Senior Pass - Through Certificate holders. In respect of credit enhancements provided or recourse obligations accepted by the Bank, appropriate disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as specified under section 133 and the relevant provision of the Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2021.

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In accordance with the RBI guidelines on Securitisation of Standard Assets dated September 24, 2021, the profit, loss or premium on account of securitisation of assets at the time of sale is computed as the difference between the sale consideration and the book value of the securitised asset.

Any resultant profit, loss or premium realised on account of securitisation is recognised to the Profit and Loss Account in the period in which the sale is completed.

In case of non - performing assets sold to Securitisation Company ('SC') / Reconstruction Company ('RC') for cash, excess provision is reversed to Profit and Loss Account. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. If sale is against issuance of Security Receipts (SRs) by SC / RC, the SR is recognised at lower of redemption value of SRs and net book value of underlying loan sold. On realisation, the proceeds are reduced against the carrying value of SRs and surplus, if any, is recognised in the Profit and Loss Account.

In cases of investments in SRs by more than 10 percent of the SRs backed by the assets sold and issued under the scheme of securitisation, provisioning requirement on SRs will be higher of provisioning rate required in terms of net asset value declared by the SCs / RCs or provisioning rate as applicable to the underlying loans, assuming that the loans notionally continued in the books.

Direct assignments :

Assets transferred through direct assignment of cash flows are de - recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received by the Bank.

Profit / premium arising on account of sale of standard asset, being the difference between the sale consideration and book value, is amortised over the residual life of the loan. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. In case of gain on sale of non - performing assets, the excess provision shall not be reversed but will be utilised to meet the shortfall / loss on account of sale of other non - performing financial assets and shortfall, if any, is charged to the Profit and Loss Account.

17.04 Priority sector lending certificates ('PSLCs')

The Bank enters into transactions for the purchase or sale of Priority Sector Lending Certificates ('PSLCs'). In case of a purchase transaction, the Bank buys the fulfilment of priority sector obligation and in case of a sale transaction, the Bank sells the fulfilment of priority sector obligation through the RBI trading platform without any transfer of underlying risk or loan assets. Fees paid for purchase of the PSLCs is recorded as 'Other Expenditure' and fees received for the sale of PSLCs is

recorded as 'Miscellaneous Income' in Profit and Loss Account. These are amortised on straight line basis over the tenor of the certificate.

17.05 Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by FEDAI relevant to the Balance Sheet date. The resulting gain or loss on revaluation are included in the Profit and Loss Account in accordance with the RBI / FEDAI guidelines. All outstanding forward exchange contracts are revalued based on the Forward rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The forward exchange contracts of longer maturities (i.e. greater than or equal to 2 years) where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognized in the Profit and Loss Account.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are valued and disclosed at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

17.06 Accounting for derivative transactions

Derivative transactions comprises of forward contracts, futures, swaps and options. The Bank undertakes derivative transactions for trading and hedging Balance Sheet assets and liabilities. All trading transactions are marked to market and resultant gain or loss is recognised in the Profit and Loss Account.

Foreign exchange contracts and derivative contracts are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value).

For hedge transactions, the Bank identifies the hedged item (asset or liability) and assesses the effectiveness at inception as well as at each reporting date. Funding swaps are accounted in accordance with FEDAI guidelines. The hedge swaps and funding swaps are accounted on accrual basis except the swap designated with an asset or liability that is carried at lower of cost or market value in the financial statements. In such cases swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Hedge transactions that are entered after June 26, 2019 through rupee interest rate derivatives are accounted for as per the guidance note issued by ICAI on accounting for derivative contracts. Any

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resultant profit or loss on termination of hedge swaps is amortised over the life of the swap or underlying liability whichever is shorter. Upon ineffectiveness of hedge on re - assessment or termination of underlying, the Bank designates the derivative as trade.

Premium / discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognised as interest income / expense on accrual basis and is amortised on a pro - rata basis over the underlying swap period.

Premium in option transaction is recognised as income / expense on expiry or early termination of the transaction. Mark to market gain / loss (adjusted for premium received / paid on options contracts) is recorded as other income. The amounts received / paid on cancellation of option contracts are recognised as realised gain / loss on options. Pursuant to the RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark to market gains on all derivative contracts with the same counter parties are reversed in Profit and Loss Account.

Currency futures contracts are mark to market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss settled with the exchange. Charges receivable / payable on cancellation / termination of foreign exchange forward contracts is recognised as income / expense on the date of cancellation / termination under 'Other Income'.

Valuation of Exchange Traded Currency Options is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures is carried out on the basis of the daily settlement price of each contract provided by the exchange.

As per the RBI guidelines on 'Prudential Norms for Off Balance Sheet Exposures of Banks' a general provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions. For provisioning purpose, the exposure for all the counterparties with whom the Bank has bilateral agreement in place / Qualified Central Counter Party ('QCCP'), is reckoned as net positive MTM adjusted for collateral, if any, at the counterparty level. The exposure under standard provisioning for remaining counterparties is computed as the gross positive MTM at deal level and adjusted for collateral at the counterparty level.

17.07 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

The Bank believes that the useful life of assets assessed, pursuant to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets.

Capital work - in - progress includes cost of fixed assets that are not ready for their intended use and also include advances paid to acquire fixed assets.

Depreciation is charged over the estimated useful life of a fixed asset on a straight line basis. The rates of depreciation for fixed assets, which are not lower than the rates prescribed in Part C of Schedule II of the Companies Act, 2013, are given below :

Asset	Estimated Useful Life
Building – RCC Frame	60 Years
Building – Other than RCC Frame	30 Years
Computers – Desktops, Laptops, End User Devices	3 Years
Computers – Server & Network	6 Years
Vehicles	4 Years
Furniture	10 Years
Office Equipment	5 Years
Leasehold Improvements	Over the extended period of lease
Others (Including Software and System Development)	5 Years

Depreciation on vehicles and mobile phones is higher than the rates prescribed under the Schedule II of the Companies Act, 2013, based on the internal assessment of the useful life of these assets.

Fixed assets individually costing less than ₹ 5,000 are fully depreciated in the year of installation.

Depreciation on assets sold during the year is recognised on a pro - rata basis to the Profit and Loss Account till the date of sale. The gain or loss on sale of fixed assets is recognised to Profit and Loss Account. Profit on sale of premises net of taxes and transfer to Statutory Reserve is appropriated to Capital Reserve as per the RBI guidelines.

17.08 Income tax

Income tax expense is the aggregate amount of current tax and deferred tax charge. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per As 22 - Accounting for Taxes on Income respectively.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and

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liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date.

Current tax assets and liabilities and deferred tax assets and liabilities are off - set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off - set and when the Bank intends to settle on a net basis.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realised. The impact of changes in the deferred tax assets / liabilities is recognised in the Profit and Loss Account.

17.09 Employees stock option scheme

The Bank has formulated Employees Stock Option Scheme - IDFC FIRST Bank Limited ESOS - 2015 ('the Scheme') in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ['SEBI (SBEB & SE) Regulations']. The scheme provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Bank follows the intrinsic value method to account for its stock - based employee compensation plans (for employees other than Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff). Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price on the options. The quoted market price is the closing price on the stock exchange with highest trading volume of the underlying shares, immediately prior to the grant date. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the grant price as determined under the option plan. Compensation cost is amortised over the vesting period on a straight line method with a corresponding credit to Employee Stock Options Reserve. In case the vested stock options get lapsed / cancelled / expire unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed / cancelled, the balance in stock option outstanding account is transferred to the Profit and Loss Account.

Further, the Bank recognises fair value of share - linked instruments on the date of grant as an expense for all instruments granted after the accounting period

ending March 31, 2021 for Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff as required in the RBI clarification dated August 30, 2021 on Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff. The fair value of the stock - based compensation is estimated on the date of grant using Black - Scholes model and the inputs used in the valuation model include assumptions such as the stock price, volatility, risk free interest rate, exercise price, time to maturity / expected life of options, Expected dividend yield. The cost of stock options is recognised as compensation expense over the vesting period.

17.10 Employee benefits

Provident fund, superannuation fund and pension fund :

The contribution to provident fund, superannuation fund and pension fund are considered as defined plans and are charged to the Profit and Loss Account as they fall due, based on the amount of contribution required to be made and when services are rendered.

Gratuity :

The net present value of obligations towards gratuity to employees is actuarially determined as at the Balance Sheet based on the projected unit credit method. The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15, Employee Benefits, to determine the present value of the defined benefit obligation and the related service costs. The actuarial calculations entail assumptions about discount rate, expected rate of return on plan assets, salary escalation rate, demographics assumptions include retirement age, mortality, leaving service, disability. Actuarial gains and losses are recognised in the Profit and Loss Account for the year.

Compensated absences :

Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Profit and Loss Account for the year based on estimates of availment / encashment of leaves.

17.11 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

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Provisions for onerous contracts are recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

A disclosure of contingent liability is made when there is :

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non - occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

17.12 Earnings per share

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share. Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti - dilutive.

17.13 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Amount due under the operating leases, including cost escalation, are charged on a straight line method over the lease term in the Profit and Loss Account. Initial direct cost incurred specifically for operating leases are recognised as expense in the Profit and Loss Account in the year in which they are incurred.

17.14 Reward points

The Bank grants reward points in respect of certain cards. The Bank estimates the probable redemption of

such loyalty / reward points using an actuarial method at the Balance Sheet date by employing an independent actuary which includes assumptions such as redemption rate, lapse rate, discount rate, value of reward points. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary as at the Balance Sheet date and included under Schedule 5 - Other liabilities and provisions.

17.15 Securities issue expenses

Securities issue expenses are adjusted from Securities Premium Account in terms of Section 52 of the Companies Act, 2013.

17.16 Segment reporting

As per the RBI guidelines, business segments are divided under a) Treasury b) Corporate and Wholesale Banking c) Retail Banking and d) Other Banking Business.

Further, the RBI vide its circular dated April 07, 2022, for the purpose of disclosure under AS - 17, Segment Reporting, had prescribed for reporting of 'Digital Banking' as a sub - segment under Retail Banking.

Business segments are identified and reported considering 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 RBI.

17.17 Impairment of assets

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

17.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with the RBI, Central Bank Digital Currency (CBDC), balances with other banks and money at call and short notice.

17.19 Corporate social responsibility

Amount spent towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss Account. Further, any amount spent in excess of the mandatory CSR contribution is carried forward in the "CSR Pre - Spent Account", as the said amount can be set - off against the required 2% CSR expenditure up to the immediately succeeding three financial years.

17.20 Accounting for dividend

As per AS - 4, the Bank does not account for proposed dividend as a liability through appropriation from the Profit and Loss Account. The same is recognised in the year of actual payout post approval of shareholders. However, the Bank reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

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18 Notes forming part of the Financial Statements as at and for the year ended March 31, 2024

Amounts in notes forming part of the financial statements for the year ended March 31, 2024 are denominated in ₹ crore.

18.01 Proposed scheme of amalgamation

The Board of Directors of the Bank at its meeting held on July 03, 2023, had inter - alia, approved a composite scheme of amalgamation which envisages (i) amalgamation of (a) IDFC Financial Holding Company Limited into and with IDFC Limited; and (b) IDFC Limited into and with IDFC FIRST Bank Limited and their respective shareholders; and (ii) reduction of securities premium account of the Bank ("Scheme") pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 ("Companies Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("CAA Rules") and the other applicable provisions of the Companies Act and applicable rules thereunder. The Share Exchange Ratio for the amalgamation of IDFC Limited into and with IDFC FIRST Bank Limited shall be 155 equity shares (credited as fully paid-up) of face value of ₹ 10/- each of IDFC FIRST Bank Limited for every 100 fully paid-up equity shares of face value of ₹ 10/- each of IDFC Limited. Upon the Scheme becoming effective, the Bank will issue equity shares to the shareholders of IDFC Limited as on the record date as per the Scheme. The equity shares held by IDFC Limited in the Bank through IDFC Financial Holding Company Limited will be extinguished as per the Scheme.

The Bank has received requisite approvals / no objection letters from regulators, viz. the Reserve Bank of India ("RBI"), Securities and Exchange Board of India ("SEBI"), the Competition Commission of India, BSE Limited and the National Stock Exchange of India Limited ("Stock Exchanges") and other statutory and regulatory authorities, as applicable, where the Bank holds licences. In January 2024, the Bank filed a joint Company Scheme Application with the Hon'ble National Company Law Tribunal, Chennai, ("NCLT") in relation to the proposed Scheme. The Hon'ble NCLT has, in its order dated March 22, 2024, directed the Bank, to inter - alia, convene the meeting of its equity shareholders and non - convertible debenture holders on Friday, May 17, 2024, for the purpose of considering, and if thought fit, approving, the arrangements embodied in the Scheme.

The Scheme remains subject to various statutory and regulatory approvals inter - alia including from the National Company Law Tribunal and the respective shareholders and creditors of the companies involved in the Scheme, under applicable laws.

18.02 Regulatory capital

(a) Composition of regulatory capital

The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below :

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Common Equity Tier 1 capital (CET 1)	30,940.07	24,816.42
Additional Tier 1 capital	-	-
Tier 1 capital	30,940.07	24,816.42
Tier 2 capital	6,366.46	4,584.65
Total Capital	37,306.53	29,401.07
Total Risk Weighted Assets (RWA)	231,576.73	174,761.84
Common equity Tier 1 capital ratio (%)	13.36%	14.20%
Tier 1 capital ratio (%)	13.36%	14.20%
Tier 2 capital ratio (%)	2.75%	2.62%
Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	16.11%	16.82%
Leverage Ratio (%)	9.46%	9.25%
Percentage of the shareholding of :		
(a) Government of India	3.70%	3.95%
(b) State Government	-	-
Amount of paid - up equity capital raised during the year *	3,000.00	2,196.30

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Particulars	March 31, 2024	March 31, 2023
Amount of non - equity Tier 1 capital raised during the year; of which		
Perpetual non cumulative preference shares	-	-
Perpetual debt instruments	-	-
Amount of Tier 2 capital raised during the year; of which		
Debt capital instrument #	1,500.00	1,500.00
Preference share capital instruments	-	-

* During the year ended March 31, 2024, the Bank raised additional capital aggregating to ₹ 3,000.00 crore (rounded off) from qualified institutional buyers through issuance of 332,409,972 equity shares, fully paid - up, at the price of ₹ 90.25 per equity share (including securities premium of ₹ 80.25 per equity share).

During the year ended March 31, 2023, the Bank raised additional capital aggregating to ₹ 2,196.30 crore on a preferential basis through issuance of 377,500,859 equity shares, fully paid - up, at the price of ₹ 58.18 per equity share (including securities premium of ₹ 48.18 per equity share).

During the year ended March 31, 2024, the Bank has raised Basel III compliant Additional Tier II bond amounting to ₹ 1,500.00 crore (Previous Year ₹ 1,500.00 crore).

In accordance with the RBI guidelines, banks are required to make Pillar 3 disclosures under the Basel III framework. The Bank has made these disclosures which are available on its website at the link: <http://www.idfcfirstbank.com/regulatory-disclosures.html>. These disclosures have not been subjected to audit by the Joint Statutory Auditors of the Bank.

(b) Draw down from reserves

The Bank has not undertaken any draw down from reserves during the year ended March 31, 2024 and March 31, 2023.

Reserves and Surplus

i. Statutory Reserve

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the Profit and Loss Account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. During the year, the Bank has transferred an amount of ₹ 740.00 crore (Previous Year ₹ 609.50 crore) to Statutory Reserve Account.

ii. Investment Reserve Account (IRA)

As per RBI guidelines, if provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to Investment Reserve Account. Further, the Bank may draw down from the IRA to the extent of provision made during the year towards depreciation in investment in AFS and HFT categories (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provision). During the year, the Bank has transferred an amount of ₹ 49.00 crore (Previous Year ₹ 79.00 crore) to Investment Reserve Account.

iii. Investment Fluctuation Reserve (IFR)

The RBI vide circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 02, 2018 advised banks to create an Investment Fluctuation Reserve (IFR). Accordingly, an amount not less than the lower of net profit on sale of investments in the HFT and AFS portfolio during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years. Accordingly, the Bank has appropriated ₹ 215.00 crore (Previous Year ₹ 273.50 crore) to IFR.

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iv. Capital Reserve

As per RBI Guidelines, profit on sale of investments in the 'Held to Maturity' category is recognised in the Profit and Loss Account and profit is thereafter appropriated (net - off applicable taxes and statutory reserve requirements) to Capital Reserve. Profit / loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the Profit and Loss Account. Profit on sale of premises net of taxes and transfer to Statutory Reserve is also appropriated to Capital Reserve as per the RBI guidelines. Accordingly, the Bank has appropriated ₹ 21.00 crore (Previous Year ₹ 95.50 crore) to Capital Reserve.

v. Special Reserve

As per the provisions under Section 36(1)(viii) of Income Tax Act, 1961, specified entities like banks are allowed deduction in respect of any special reserve created and maintained, i.e. an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" is carried to such reserve account. This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves of the entity. During the year, the Bank has transferred an amount of ₹ 63.50 crore (Previous Year ₹ 65.00 crore) to Special Reserve.

vi. Cash Flow Hedge Reserve

During the year ended March 31, 2024, the Bank has recognised ₹ 33.15 crore (Previous Year ₹ Nil) as Cash Flow Hedge Reserve on derivative contracts designated as cash flow hedge.

vii. General Reserve

During the year ended March 31, 2024, the Bank has transferred ₹ 106.07 crore (Previous Year ₹ Nil) to the General Reserve. The Bank reversed provision on loan of one corporate borrower amounting to ₹ 106.07 crore (net - off of DTA) which has been transferred to General Reserve.

18.03 Asset liability management

(a) Maturity pattern of certain items of assets and liabilities

A maturity pattern of certain items of assets and liabilities as at March 31, 2024 :

(₹ in crore)

Particulars	Day 1	2 days to 7 days	8 days to 14 days	15 days to 30 days	31 days to 2 months	Over 2 months to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Deposits	973.18	7,342.77	6,943.01	4,677.01	5,862.98	9,609.54	18,952.24	36,912.97	107,191.60	1,621.34	489.67	200,576.31
Advances	444.05	6,231.21	2,231.84	4,087.86	6,777.15	3,877.98	18,255.23	25,986.97	72,663.03	16,795.27	37,241.78	194,592.37
Investments	18,649.54	20,285.49	1,022.93	1,099.33	1,103.05	2,520.44	3,368.00	6,586.27	17,299.48	185.52	2,590.34	74,710.39
Borrowings	-	17,090.74	51.97	975.00	841.97	191.04	6,435.21	4,441.34	17,658.71	3,249.59	-	50,935.57
Foreign Currency assets	568.74	17.16	7.79	111.68	88.92	434.61	274.72	123.72	129.68	6.73	85.90	1,849.65
Foreign Currency liabilities	11.33	69.25	79.98	167.23	15.59	303.63	1,753.27	403.86	1,567.20	400.93	-	4,772.27

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

A maturity pattern of certain items of assets and liabilities as at March 31, 2023 :

(₹ in crore)

Particulars	Day 1	2 days to 7 days	8 days to 14 days	15 days to 30 days	31 days to 2 months	Over 2 months to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Deposits	598.46	5,328.23	4,818.20	4,485.07	4,360.41	6,372.63	9,451.51	19,468.65	87,427.84	1,374.81	951.50	144,637.31
Advances	928.18	4,692.46	865.96	2,031.24	4,091.14	5,418.27	14,229.92	20,496.94	53,017.62	13,046.86	32,975.94	151,794.53
Investments	13,150.41	20,220.01	774.10	805.09	1,131.46	2,045.07	2,160.55	3,375.05	14,831.06	780.89	1,849.86	61,123.55
Borrowings	-	16,920.56	75.97	1,280.00	2,011.48	2,275.25	2,490.95	4,244.73	24,579.65	3,284.00	49.50	57,212.09
Foreign Currency assets	369.31	13.49	6.78	118.85	65.57	206.91	296.13	109.81	181.67	15.24	83.38	1,467.14
Foreign Currency liabilities	5.03	31.89	37.28	69.78	809.68	950.60	46.05	226.19	1,249.09	638.39	-	4,063.98

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors. Maturity profile of foreign currency assets and liabilities is excluding Off - Balance sheet items.

(b) Liquidity coverage ratio

Qualitative disclosure

Liquidity risk management of the Bank is undertaken by the Balance Sheet Management Group (BSMG) under the central oversight of the Asset Liability Management Committee (ALCO) in accordance with the Board approved policies. The Bank has adopted the Basel III framework on liquidity standards as prescribed by the RBI for reporting of the Liquidity Coverage Ratio (LCR). The mandated regulatory threshold as per the transition plan is embedded into the Limit Management Framework of the Bank with appropriate cushion to ensure maintenance of adequate liquidity buffers. Risk department computes the LCR and reports the same to the Asset Liability Management Committee (ALCO), Risk Management Committee of the Board and Board for oversight and periodical review.

The Bank follows the criteria laid down by the RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30 day's period. HQLA predominantly comprises cash, excess CRR and investments qualifying to be HQLA as per the RBI guidelines. The Bank has maintained LCR above RBI and internal thresholds on an ongoing basis.

The Bank is funded through term deposits, CASA, refinance, issuance of bonds and foreign currency borrowings. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.

The risk department measures and monitors the liquidity profile of the Bank and monitor against Board approved limits using the gap analysis technique supplemented by monitoring of key liquidity ratios and periodical liquidity stress testing. The Bank assesses the impact on short term liquidity gaps dynamically under various scenarios covering business projections under normal as well as varying market conditions. Periodical reports are placed before the Bank's ALCO for perusal and review.

Notes

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Quantitative disclosure

(₹ in crore)

Particulars	Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	March 31, 2024		December 31, 2023		September 30, 2023		June 30, 2023	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High quality liquid assets								
1. Total high quality liquid assets (HQLA)		47,620.08		43,960.46		42,810.82		42,335.53
Cash outflows								
2. Retail deposits and deposits from small business customers, of which :	115,746.76	10,706.85	106,706.85	9,850.77	98,620.11	9,113.13	89,273.64	8,263.12
i. Stable deposits	17,356.71	867.84	16,398.25	819.91	14,977.70	748.89	13,284.82	664.24
ii. Less stable deposits	98,390.05	9,839.01	90,308.60	9,030.86	83,642.41	8,364.24	75,988.82	7,598.88
3. Unsecured wholesale funding, of which :	52,474.12	30,961.01	48,317.89	27,642.35	45,838.93	26,741.96	43,379.52	26,179.37
i. Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
ii. Non-operational deposits (all counterparties)	35,855.19	14,342.08	34,459.23	13,783.69	31,828.28	12,731.31	28,666.92	11,466.77
iii. Unsecured debt	16,618.93	16,618.93	13,858.66	13,858.66	14,010.65	14,010.65	14,712.60	14,712.60
4. Secured wholesale funding		-		-		-		-
5. Additional requirements, of which :	45,678.05	39,258.06	62,349.88	56,259.24	50,413.18	44,705.80	49,001.53	43,595.56
i. Outflows related to derivative exposures and other collateral requirements	38,602.77	38,602.77	55,642.81	55,642.81	44,161.64	44,161.64	43,081.77	43,081.77
ii. Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii. Credit and liquidity facilities	7,075.28	655.29	6,707.07	616.43	6,251.54	544.16	5,919.76	513.79
6. Other contractual funding obligations	3,575.39	3,575.39	3,471.77	3,471.77	3,276.10	3,276.10	3,036.50	3,036.50
7. Other contingent funding obligations	56,357.14	2,338.48	41,801.93	1,616.66	38,412.11	1,468.86	36,961.09	1,406.38
8. Total cash outflows		86,839.79		98,840.79		85,305.85		82,480.93
Cash inflows								
9. Secured lending (e.g.reverse repos)	894.17	-	1,088.97	-	2,137.79	-	3,456.42	-
10. Inflows from fully performing exposures	9,484.46	5,589.41	10,264.71	6,134.13	9,115.93	5,334.48	8,797.18	5,216.21
11. Other cash inflows *	40,325.59	39,344.54	56,855.78	56,048.54	45,429.12	44,665.61	44,295.93	43,586.85
12. Total Cash Inflows	50,704.22	44,933.95	68,209.46	62,182.67	56,682.84	50,000.09	56,549.53	48,803.06
		Total Adjusted Value						
TOTAL HQLA		47,620.08		43,960.46		42,810.82		42,335.53
Total Net Cash Outflows		41,905.84		36,658.12		35,305.76		33,677.87
Liquidity Coverage Ratio (%)		113.64%		119.92%		121.26%		125.71%

* "Other Cash inflows" include inflows related to derivative exposure. The corresponding outflows related to derivative exposures are shown separately under "5.i. Outflows related to derivative exposures and other collateral requirements".

The average weighted and unweighted amounts are calculated taking daily averages.

All the figures are extracted from the ALM quarterly return filed by the Bank with the RBI.

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(₹ in crore)

Particulars	Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	March 31, 2023		December 31, 2022		September 30, 2022		June 30, 2022	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High quality liquid assets								
1. Total high quality liquid assets (HQLA)		37,298.86		34,068.23		33,070.07		33,000.31
Cash outflows								
2. Retail deposits and deposits from small business customers, of which :	81,296.02	7,561.02	75,180.14	7,034.70	68,596.78	6,443.33	60,821.97	5,710.14
i. Stable deposits	11,371.49	568.57	9,666.32	483.32	8,326.89	416.34	7,441.18	372.06
ii. Less stable deposits	69,924.53	6,992.45	65,513.82	6,551.38	60,269.90	6,026.99	53,380.79	5,338.08
3. Unsecured wholesale funding, of which :	40,452.75	24,987.97	36,291.11	22,514.15	35,701.08	21,753.59	35,998.84	22,631.63
i. Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
ii. Non-operational deposits (all counterparties)	25,774.63	10,309.85	22,961.61	9,184.65	23,245.83	9,298.33	22,278.68	8,911.47
iii. Unsecured debt	14,678.12	14,678.12	13,329.50	13,329.50	12,455.26	12,455.26	13,720.15	13,720.15
4. Secured wholesale funding		-		-		-		-
5. Additional requirements, of which :	59,638.84	54,208.30	35,129.53	29,800.81	21,919.33	16,714.07	29,822.79	24,944.01
i. Outflows related to derivative exposures and other collateral requirements	53,662.28	53,662.28	29,254.47	29,254.47	16,167.68	16,167.68	24,431.68	24,431.68
ii. Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii. Credit and liquidity facilities	5,976.56	546.02	5,875.06	546.34	5,751.65	546.39	5,391.11	512.33
6. Other contractual funding obligations	2,818.95	2,818.95	2,478.21	2,478.21	2,387.22	2,387.22	2,478.61	2,478.61
7. Other contingent funding obligations	38,170.29	1,441.30	37,354.13	1,404.93	35,632.86	1,334.61	34,551.81	1,289.30
8. Total cash outflows		91,017.53		63,232.80		48,632.82		57,053.68
Cash inflows								
9. Secured lending (e.g.reverse repos)	3,160.33	-	2,851.87	-	2,298.97	-	6,869.49	-
10. Inflows from fully performing exposures	9,094.10	5,827.10	8,834.17	5,673.90	9,721.23	6,921.50	9,022.46	6,486.54
11. Other cash inflows*	54,818.82	54,136.49	30,245.57	29,646.75	17,046.80	16,479.52	25,222.57	24,659.02
12. Total Cash Inflows	67,073.25	59,963.59	41,931.61	35,320.65	29,067.00	23,401.02	41,114.52	31,145.56
		Total Adjusted Value						
TOTAL HQLA		37,298.86		34,068.23		33,070.07		33,000.31
Total Net Cash Outflows		31,053.95		27,912.14		25,231.80		25,908.12
Liquidity Coverage ratio (%)		120.11%		122.06%		131.07%		127.37%

* "Other Cash inflows" include inflows related to derivative exposure. The corresponding outflows related to derivative exposures are shown separately under "5.i. Outflows related to derivative exposures and other collateral requirements".

The average weighted and unweighted amounts are calculated taking daily averages.

All the figures are extracted from the ALM quarterly return filed by the Bank with the RBI.

Note : Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the Joint Statutory Auditors.

Notes

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(c) Net stable funding ratio

Banks are required to disclose Net Stable Funding Ratio (NSFR) under the Basel III framework in accordance with RBI guidelines. The Bank has made these disclosures which are available 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 Joint Statutory Auditors of the Bank.

18.04 Investments

(a) Composition of Investment Portfolio

Year ended March 31, 2024

(₹ in crore)

Particulars	Investments in India						Investments outside India				Total Investments	
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and / or Joint ventures	Others	Total Investment in India	Government securities (including local authorities)	Subsidiaries and / or Joint ventures	Others		Total Investments outside India
Held to Maturity												
Gross Investment	42,817.56	-	-	-	212.52	1.50	43,031.58	-	-	-	-	43,031.58
Less: Provision for Non-Performing Investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net Investment	42,817.56	-	-	-	212.52	1.50	43,031.58	-	-	-	-	43,031.58
Available For Sale												
Gross Investment	19,094.36	-	606.07	2,181.08	-	1,632.18	23,513.69	-	-	1.95	1.95	23,515.64
Less: Provision for depreciation and NPI [§]	-	-	(115.56)	(125.00)	-	(14.26)	(254.82)	-	-	-	-	(254.82)
Net Investment	19,094.36	-	490.51	2,056.08	-	1,617.92	23,258.87	-	-	1.95	1.95	23,260.82
Held For Trading												
Gross Investment	7,661.00	-	-	756.99	-	-	8,417.99	-	-	-	-	8,417.99
Less: Provision for depreciation and NPI [§]	-	-	-	-	-	-	-	-	-	-	-	-
Net Investment	7,661.00	-	-	756.99	-	-	8,417.99	-	-	-	-	8,417.99
Total Investment	69,572.92	-	606.07	2,938.07	212.52	1,633.68	74,963.26	-	-	1.95	1.95	74,965.21
Less: Provision for Non-Performing Investments for HTM category	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI for AFS and HFT categories	-	-	(115.56)	(125.00)	-	(14.26)	(254.82)	-	-	-	-	(254.82)
Net Investment	69,572.92	-	490.51	2,813.07	212.52	1,619.42	74,708.44	-	-	1.95	1.95	74,710.39

[§] Including provision towards non - performing investments, specific provision against identified investments, mark to market depreciation on investments and provision for diminution in value of investments.

Year ended March 31, 2023

(₹ in crore)

Particular	Investments in India						Investments outside India				Total Investments	
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and / or Joint ventures	Others	Total Investment in India	Government securities (including local authorities)	Subsidiaries and / or Joint ventures	Others		Total Investments outside India
Held to Maturity												
Gross Investment	34,363.79	-	-	-	212.52	-	34,576.31	-	-	-	-	34,576.31
Less: Provision for Non-Performing Investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net Investment	34,363.79	-	-	-	212.52	-	34,576.31	-	-	-	-	34,576.31
Available For Sale												
Gross Investment	19,001.47	-	1,284.87	1,801.95	-	2,040.94	24,129.23	-	-	0.33	0.33	24,129.56
Less: Provision for depreciation and NPI [§]	-	-	(848.68)	(125.00)	-	(146.00)	(1,119.68)	-	-	-	-	(1,119.68)
Net Investment	19,001.47	-	436.19	1,676.95	-	1,894.94	23,009.55	-	-	0.33	0.33	23,009.88
Held For Trading												
Gross Investment	2,668.60	-	-	871.56	-	-	3,540.16	-	-	-	-	3,540.16
Less: Provision for depreciation and NPI [§]	(2.10)	-	-	(0.70)	-	-	(2.80)	-	-	-	-	(2.80)
Net Investment	2,666.50	-	-	870.86	-	-	3,537.36	-	-	-	-	3,537.36
Total Investment	56,033.86	-	1,284.87	2,673.51	212.52	2,040.94	62,245.70	-	-	0.33	0.33	62,246.03
Less: Provision for Non-Performing Investments for HTM category	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI for AFS and HFT categories	(2.10)	-	(848.68)	(125.70)	-	(146.00)	(1,122.48)	-	-	-	-	(1,122.48)
Net Investment	56,031.76	-	436.19	2,547.81	212.52	1,894.94	61,123.22	-	-	0.33	0.33	61,123.55

[§] Including provision towards non - performing investments, specific provision against identified investments, mark to market depreciation on investments and provision for diminution in value of investments.

Notes

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(b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
(I) Movement of provisions held towards depreciation on investments *		
Opening balance	1,122.48	1,587.25
Add: Provisions made during the year	19.29	228.95
Less: Write - back of Provisions during the year [§]	(886.95)	(693.72)
Closing balance	254.82	1,122.48
(II) Movement of investment fluctuation reserve		
Opening balance	273.50	-
Add: Amount transferred during the year	215.00	273.50
Less: Drawdown	-	-
Closing balance	488.50	273.50
(III) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT / Current category	1.54%	1.03%

* Including provision towards non - performing investments, specific provision against identified investments, mark to market depreciation on investments and provision for diminution in value of investments.

[§] Includes provision release on account of technical write - off amounting to ₹ 770.41 crore (Previous Year ₹ 367.27 crore).

(c) Sale and Transfers to / from HTM Category

During the year ended March 31, 2024 and March 31, 2023, the value of sales / transfers of securities to / from HTM category (excluding one - time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year with the approval of the Board of Directors, sales to the RBI under open market operation auctions and redemptions in units of Venture Capital Funds as these are not initiated by the Bank) did not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
Market value of investments held in HTM category	-	-
Excess of book value over market value for which provision is not made	-	-

(d) Non - SLR Investment portfolio

i. Issuer composition of non - SLR investments as at March 31, 2024 * :

No.	Issuer	(₹ in crore)				
		Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities [^]	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public sector undertakings	β	-	-	-	β
ii.	Financial institutions	1,229.70	735.13	-	-	88.72
iii.	Banks	1,669.72	1,096.38	-	-	-
iv.	Private corporates	646.22	646.22	125.00	-	174.88
v.	Subsidiaries / joint ventures	212.52	212.52	-	-	212.52
vi.	Others	1,634.12	1,634.12	-	-	1,634.12
vii.	Provision held towards depreciation [@]	(254.82)		-	-	-
TOTAL		5,137.46	4,324.37	125.00	-	2,110.24

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

* Excludes investments in excess SLR governments securities of ₹ 16,836.70 crore.

^ Excludes investments in special bonds, equity shares, units of equity oriented mutual funds / unit issued by category I and II Alternative Investment funds (AIFs) and security receipts.

@ Including provision towards non - performing investments, specific provision against identified investments, mark - to - market depreciation on investments and provision for diminution in value of investments.

Issuer composition of Non - SLR investments as at March 31, 2023 * :

(₹ in crore)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities ^	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public sector undertakings	β	-	-	-	β
ii.	Financial institutions	1,439.67	1,439.67	-	-	87.22
iii.	Banks	1,105.20	1,005.20	-	-	-
iv.	Private corporates	1,413.52	1,413.52	125.00	-	855.91
v.	Subsidiaries / joint ventures	212.52	212.52	-	-	212.52
vi.	Others	2,041.27	2,041.27	-	-	2,041.27
vii.	Provision held towards depreciation @	(1,120.38)	-	-	-	-
TOTAL		5,091.80	6,112.18	125.00	-	3,196.92

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

* Excludes investment in excess SLR government securities of ₹ 13,039.96 crore.

^ Excludes investments in special bonds, equity shares, units of equity oriented mutual funds / unit issued by category I and II Alternative Investment funds (AIFs) and security receipts.

@ Including provision towards non - performing investments, specific provision against identified investments, mark to market depreciation on investments and provision for diminution in value of investments.

ii. Non - performing Non - SLR investments :

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
(a) Opening balance of Non - performing Non - SLR investments	295.16	561.77
Additions during the year	27.27	125.00
Reductions during the year §	(161.04)	(391.61)
Closing balance of Non - performing Non - SLR investments	161.39	295.16
(b) Opening provision on Non performing Non - SLR investments	293.80	553.76
Additions during the year @	29.34	132.10
Reductions during the year §	(163.47)	(392.06)
Closing provision on Non - performing Non - SLR investments	159.67	293.80
(c) Opening balance of Non - performing Non - SLR investments (Under 'Schedule 11 - Other Assets')	100.00	315.00
Additions during the year	-	-
Reductions during the year	-	(215.00)
Closing balance of Non - performing Non - SLR investments (Under 'Schedule 11 - Other Assets')	100.00	100.00

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

Particulars	March 31, 2024	March 31, 2023
(d) Opening provision on Non - performing Non - SLR investments (Under 'Schedule 11 - Other Assets')	100.00	315.00
Additions during the year	-	-
Reductions during the year	-	(215.00)
Closing provision on Non - performing Non - SLR investments (Under 'Schedule 11 - Other Assets')	100.00	100.00

@ Includes provision for diminution in value of investments.

§ Including technical write - off.

(e) Repo transactions

- i) The following tables set forth for the period indicated, the details of securities sold and purchased under repo / reverse repo transactions excluding tri - party repo / reverse repo (in face value terms) respectively including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) during the year ended March 31, 2024 and March 31, 2023 :

Year ended March 31, 2024

Particulars	(₹ in crore)			
	Minimum Outstanding During the Year	Maximum Outstanding During the Year	Daily Average Outstanding During the Year	Outstanding As On March 31, 2024
Securities sold under repo				
i. Government securities	-	15,257.29	4,137.23	11,408.35
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	380.00	9,358.28	1,805.25	645.00
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

Year ended March 31, 2023

Particulars	(₹ in crore)			
	Minimum Outstanding During the Year	Maximum Outstanding During the Year	Daily Average Outstanding During the Year	Outstanding As On March 31, 2023
Securities sold under repo				
i. Government securities	108.00	7,770.91	3,247.82	2,502.15
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	1,236.43	11,286.09	3,214.32	2,535.00
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

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ii) The following tables set forth for the period indicated, the details of tri - party repo / reverse repo transactions (in terms of amount borrowed or lent) executed during the year ended March 31, 2024 and March 31, 2023 :

Year ended March 31, 2024

(₹ in crore)

Particulars	Minimum Outstanding During the Year	Maximum Outstanding During the Year	Daily Average Outstanding During the Year	Outstanding As On March 31, 2024
Securities sold under Tri - party repo				5,500.00
i. Government securities	-	21,482.34	9,899.35	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under Tri-party reverse repo				-
i. Government securities	-	4,668.48	140.75	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

Year ended March 31, 2023

Particulars	Minimum Outstanding During the Year	Maximum Outstanding During the Year	Daily Average Outstanding During the Year	Outstanding As On March 31, 2023
Securities sold under Tri - party repo				
i. Government securities	4,190.80	18,984.11	13,954.24	14,403.50
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under Tri - party reverse repo				
i. Government securities	-	3,587.68	284.29	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

18.05 Asset Quality

(a) Classification of advances and provisions held

Year ended March 31, 2024

(₹ in crore)

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub - standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening balance	150,945.26	1,654.42	2,069.66	160.37	3,884.45	154,829.71
Add: Additions during the year					5,257.78	
Less: Reductions during the year *					(5,423.87)	
Closing balance	193,740.94	2,053.10	1,138.38	526.88	3,718.36	197,459.30
* Reductions in Gross NPAs due to :					(5,423.87)	
i) Upgradation					(1,297.38)	
ii) Recoveries (excluding recoveries from upgraded accounts)					(1,142.86)	
iii) Technical / Prudential Write - offs					(2,983.63)	
iv) Write - offs other than those under (iii) above						
Provisions (excluding Floating Provisions)						
Opening balance of provisions held [§]	930.40	1,081.90	1,338.13	160.37	2,580.40	3,510.80
Add: Fresh provisions made during the year					4,436.66	
Less: Excess provision reversed / Write - off loans					(4,459.17)	
Closing balance of provisions held [§]	851.53	1,330.04	700.97	526.88	2,557.89	3,409.42
Net NPAs						
Opening balance		572.52	731.53	-	1,304.05	
Add: Fresh additions during the year					821.12	
Less: Reductions during the year					(964.70)	
Closing balance		723.06	437.41	-	1,160.47	
Floating Provisions						
Opening balance						-
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						-
Technical write - offs and the recoveries made thereon						
Opening balance						2,731.05
Add: Technical / Prudential write - offs during the year						2,983.63
Less: Recoveries made from previously technical / prudential written - off accounts during the year						(788.74)
Closing balance						4,925.94

[§] Excludes specific provision against identified standard advances.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

Year ended March 31, 2023

(₹ in crore)

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening balance	1,16,475.84	3,324.68	980.35	164.10	4,469.13	120,944.97
Add: Additions during the year					4,543.05	
Less: Reductions during the year *					(5,127.73)	
Closing balance	1,50,945.26	1,654.42	2,069.66	160.37	3,884.45	154,829.71
* Reductions in Gross NPAs due to :						
i) Upgradation					(1,084.04)	
ii) Recoveries (excluding recoveries from upgraded accounts)					(1,246.41)	
iii) Technical / Prudential Write - offs					(1,386.13)	
iv) Write - offs other than those under (iii) above					(1,411.15)	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held §	1,158.63	1,626.13	870.83	164.10	2,661.06	3,819.69
Add: Fresh provisions made during the year					4,081.64	
Less: Excess provision reversed / Write - off loans					(4,162.30)	
Closing balance of provisions held §	930.40	1,081.90	1,338.13	160.37	2,580.40	3,510.80
Net NPAs						
Opening balance		1,698.55	109.52	-	1,808.07	1,808.07
Add: Fresh additions during the year					461.41	
Less: Reductions during the year					(965.43)	
Closing balance		572.52	731.53	-	1,304.05	1,304.05
Floating Provisions						
Opening Balance						-
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						-
Technical write - offs and the recoveries made thereon						
Opening balance						1,617.52
Add: Technical / Prudential write - offs during the year						1,386.13
Less: Recoveries made from previously technical / prudential written - off accounts during the year						(272.60)
Closing balance						2,731.05

§ Excludes specific provision against identified standard advances.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

Particulars	March 31, 2024	March 31, 2023
i. Gross NPA to Gross Advances	1.88%	2.51%
ii. Net NPAs to Net Advances (%)	0.60%	0.86%
iii. Provision Coverage Ratio (Gross of Outstanding Technical Write - offs)	86.58%	80.29%
iv. Provision Coverage Ratio (NPA Provision / Gross Non - Performing Advances)	68.79%	66.43%

(b) Sector - wise advances

(₹ in crore)

Sector	March 31, 2024		
	Outstanding total advances #	Gross NPAs	% of Gross NPAs to total advances in that sector
A Priority Sector			
i. Agriculture and allied activities	24,410.63	213.06	0.87%
ii. Advances to industries sector eligible as priority sector lending	12,409.54	122.55	0.99%
iii. Services	22,351.32	268.84	1.20%
iv. Personal loans, of which : *	5,226.65	67.59	1.29%
Housing	4,726.20	64.92	1.37%
Subtotal (A)	64,398.14	672.04	1.04%
B Non Priority Sector			
i. Agriculture and allied activities	181.63	-	-
ii. Industry, of which : *	12,146.16	832.70	6.86%
Infrastructure - Transport	2,004.38	563.64	28.12%
iii. Services	18,794.83	634.83	3.38%
iv. Personal loans, of which : *	101,938.54	1,578.79	1.55%
Housing	18,285.97	117.17	0.64%
Vehicle Loans	20,828.30	286.40	1.38%
Subtotal (B)	133,061.16	3,046.32	2.29%
TOTAL (A)+(B)	197,459.30	3,718.36	1.88%

Outstanding total advances represents Gross Advances.

* Sub - sectors have been disclosed where advances exceed 10% of total advances in that sector at reporting date.

Classification of advances into sector is based on Sector wise Industry Bank Credit return submitted to the RBI.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

(₹ in crore)

Sector	March 31, 2023		
	Outstanding total advances #	Gross NPAs	% of Gross NPAs to total advances in that sector
A Priority Sector			
i. Agriculture and allied activities	19,129.07	135.21	0.71%
ii. Advances to industries sector eligible as priority sector lending	10,051.96	188.51	1.88%
iii. Services	14,097.16	248.01	1.76%
iv. Personal loans, of which : *	4,976.20	76.66	1.54%
Housing	4,439.20	73.30	1.65%
Subtotal (A)	48,254.39	648.39	1.34%
B Non Priority Sector			
i. Agriculture and allied activities	306.35	-	-
ii. Industry, of which : *	13,940.89	1,306.13	9.37%
Infrastructure - Transport	3,141.70	970.66	30.90%
iii. Services	14,550.38	566.87	3.90%
iv. Personal loans, of which : *	77,777.69	1,363.06	1.75%
Housing	16,271.66	156.50	0.96%
Vehicle Loans	14,824.16	271.62	1.83%
Subtotal (B)	106,575.31	3,236.06	3.04%
TOTAL (A)+(B)	154,829.71	3,884.45	2.51%

Outstanding total advances represents Gross Advances.

* Sub - sectors have been disclosed where advances exceed 10% of total advances in that sector at reporting date.

Classification of advances into sector is based on Sector - wise Industry Bank Credit return submitted to RBI.

(c) Overseas assets, NPAs and revenue

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Total assets	-	-
Total NPAs	-	-
Total revenue	-	-

Note : The Bank does not have any overseas operations as on March 31, 2024 and March 31, 2023.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

(d) Implementation of Resolution Plans (RPs) *

(₹ in crore)

Cases eligible for RPs during FY24		RPs successfully implemented during FY24		RPs under implementation during FY24	
No. of cases	Balance Outstanding	No. of cases	Balance Outstanding	No. of cases	Balance Outstanding
1	47.75	-	-	1	47.75

Cases eligible for RPs during FY23		RPs successfully implemented during FY23		RPs under implementation during FY23	
No. of cases	Balance Outstanding	No. of cases	Balance Outstanding	No. of cases	Balance Outstanding
-	-	-	-	-	-

* Aggregate exposure of the borrower to lenders above ₹ 1,500 crore.

(e) Divergence in asset classification and provisioning for NPAs

In terms of the RBI circular no. RBI/DOR/2021-22/83 DOR.ACC.REC.No.45/21.04.018/2021-22 August 30, 2021, banks are required to disclose the divergences in asset classification and provisioning consequent to the RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied :

- the additional provisioning for NPAs assessed by the RBI exceeds 5 per cent of the reported profit before provisions and contingencies for the reference period and
- the additional Gross NPAs identified by the RBI exceed 5 per cent of the published incremental Gross NPAs for the reference period.

Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to the RBI's annual supervisory process for the year ended March 31, 2023 and March 31, 2022.

(f) Disclosure of transfer of loan exposures

(i) The Bank has not transferred any stressed loan classified as Non - Performing Asset.

(ii) Details of loans not in default transferred by the Bank are given below :

(₹ in crore)

Particulars	March 31, 2024		March 31, 2023	
	Assignment / Novation	Loan Participation	Assignment / Novation	Loan Participation
Aggregate amount of loans transferred (₹ in crore)	3,395.57	-	4,691.56	-
Weighted average residual maturity (in years)	8.75	-	4.31	-
Weighted average holding period by originator (in years)	1.15	-	1.08	-
Retention of beneficial economic interest by the originator	10%	-	10%	-
Tangible security coverage	55%	-	6%	-

The loans acquired are not rated.

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(iii) Details of loans not in default acquired by the Bank are given below :

(₹ in crore)

Particulars	March 31, 2024		March 31, 2023	
	Assignment / Novation	Loan Participation	Assignment / Novation	Loan Participation
Aggregate amount of loans acquired (₹ in crore)	1,030.78	-	1,441.59	-
Weighted average residual maturity (in years)	2.08	-	1.97	-
Weighted average holding period by originator (in years)	0.48	-	0.77	-
Retention of beneficial economic interest by the originator *	10%	-	3%	-
Tangible security coverage	33%	-	1%	-

* During the year ended March 31, 2024, the Bank has acquired loans amounting to ₹ 3.91 crore (Previous Year ₹ 1,023.13 crore) from another lender which is in the process to exit the line of business completely. Accordingly, there was no retention of beneficial economic interest by the originator.

The loans acquired are not rated.

(iv) Details of stressed loan acquired by the Bank (excluding prudentially written - off accounts) are given below :

(₹ in crore)

Particulars	March 31, 2024		March 31, 2023	
	From SCBs, RRBs, Co-operative Banks, AIFI's, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARC's	From SCBs, RRBs, Co-operative Banks, AIFI's, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARC's
Aggregate principal outstanding of loans acquired (₹ in crore)	0.55	-	25.02	-
Aggregate consideration paid (₹ in crore)	0.20	-	13.36	-
Weighted average residual tenor of loans acquired (in years)	0.61	-	1.16	-

(v) Details of stressed loan classified as Special Mention Account transferred by the Bank are given below :

(₹ in crore)

Particulars	March 31, 2024		March 31, 2023	
	To ARC's	To permitted transferees	To ARC's	To permitted transferees
Number of accounts	2.00	-	-	-
Aggregate principal outstanding of loans transferred	40.10	-	-	-
Weighted average residual tenor of the loans transferred (in years)	5.69	-	-	-
Net book value of loans transferred (at the time of transfer) *	35.97	-	-	-
Aggregate consideration	40.10	-	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-	-

* Excess provision reversed to Profit and Loss Account on account of sale of loan to ARC's was ₹ 4.13 crore (Previous Year ₹ Nil) and to other permitted transferees was ₹ Nil (Previous Year ₹ Nil).

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(vi) The Bank has not made any investment in Security Receipts during the year ended March 31, 2024 and March 31, 2023. The book value of outstanding Security Receipts as on March 31, 2024 is ₹ Nil.

(g) Provisioning pertaining to fraud accounts

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
Number of frauds reported	1,541	728
Amount involved in fraud (₹ crore)	17.57	61.56
Amount involved in fraud net of recoveries / write - offs at the end of the year (₹ crore) *	1.85	40.13
Amount of provision made for such frauds (₹ crore) *	1.85	40.13
Unamortised provision debited from 'other reserves' as at the end of the year	-	-

* Includes advances amounting to ₹ 0.87 crore (Previous Year ₹ 38.66 crore) classified as NPA and are fully provided for net - off recoveries within the financial year. This excludes advances amounting to ₹ 3.29 crore (Previous Year ₹ 17.39 crore) reported as fraud during the year and subsequently written off net of recoveries within the financial year.

(h) Resolution Framework for COVID-19 related Stress

Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per the RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at March 31, 2024 are given below :

For the half year ended September 30, 2023 :

Type of Borrower	(₹ in crore)				
	Exposure to accounts classified as Standard consequent to implementation of resolution plan - position as at the beginning of April 01, 2023 (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year ^	Of (A) amount paid by the borrowers during the half-year #	Exposure to accounts classified as Standard consequent to implementation of resolution plan - position as at the end of September 30, 2023 **
Personal loans	309.75	19.49	3.62	58.41	228.23
Corporate loans *	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	237.19	14.98	2.15	32.80	187.26
TOTAL	546.94	34.47	5.77	91.21	415.49

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.

^ Represents debts that slipped into NPA and was subsequently written - off during the half year ended September 30, 2023.

This amount represents amount paid by the borrowers during the half year net - off Interest capitalised / FITL amounts.

** Loans restructured under the above framework amounting to ₹ 12.15 crore, which were not standard as at March 31, 2023 and upgraded to standard during the half year ended September 30, 2023 are not included.

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For the half year ended March 31, 2024 :

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - position as at the beginning of October 01, 2023 (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year ^	Of (A) amount paid by the borrowers during the half-year #	Exposure to accounts classified as Standard consequent to implementation of resolution plan - position as at the end of March 31, 2024 **
Personal loans	228.23	8.94	1.18	38.09	180.02
Corporate loans *	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	187.26	19.99	0.56	21.23	145.48
TOTAL	415.49	28.93	1.74	59.32	325.50

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.

^ Represents debts that slipped into NPA and was subsequently written - off during the half year ended March 31, 2024.

This amount represents amount paid by the borrowers during the half year net - off Interest capitalised / FITL amounts.

** Loans restructured under the above framework amounting to ₹ 12.92 crore, which were not standard as at September 30, 2023 and upgraded to standard during the half year ended March 31, 2024 are not included.

(i) Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

RBI vide a circular dated January 01, 2019, permitted a one - time restructuring of existing loans to Micro Small and Medium Enterprises (MSMEs) without a downgrade in the asset classification, and this facility was extended vide circular dated February 11, 2020, circular dated August 06, 2020, and circular dated May 05, 2021, subject to certain conditions. Details of such loans to MSMEs that are restructured under the extant guidelines and classified as standard are as below :

Year ended March 31, 2024

No. of accounts restructured	Amount (₹ in crore) ^
1427	318.53

^ Outstanding balance of restructured loan accounts.

Year ended March 31, 2023

No. of accounts restructured	Amount (₹ in crore) ^
1427	542.54

^ Outstanding balance of restructured loan accounts.

(j) Specific provision against identified standard advances

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Opening balance	451.42	409.99
Addition during the year	148.53	44.92
Reduction during the year	(294.27)	(3.49)
Closing balance	305.68	451.42

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

18.06 Exposure

(a) Exposure to real estate sector

Category	(₹ in crore)	
	March 31, 2024	March 31, 2023
1. Direct exposure		
i. Residential mortgages	24,219.58	19,943.13
of which housing loans eligible for inclusion in priority sector advances	4,734.05	3,439.24
ii. Commercial real estate	2,266.76	1,110.02
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures	-	-
a. Residential	461.33	584.31
b. Commercial real estate	-	-
2. Indirect exposure	-	-
Fund based and non - fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	2,282.95	2,168.21
Others	312.50	233.33
Total Exposure to Real Estate Sector	29,543.12	24,039.00

(b) Exposure to capital market

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
1. Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt *	600.29	1,011.14
2. Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	0.56	-
4. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	2,474.00	1,662.58
6. Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
7. Bridge loans to companies against expected equity flows / issues	-	-
8. Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
9. Financing to stockbrokers for margin trading	-	-
10. All exposures to venture capital funds (both registered and unregistered)	23.51	15.20
Total Exposure to Capital Market	3,098.36	2,688.92

* Excludes investment in equity shares has been technical write - off.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

(c) Risk category wise country exposure

(₹ in crore)

Risk Category	March 31, 2024		March 31, 2023	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	3,505.69	-	4,432.59	-
Low	3,048.28	-	2,405.86	-
Moderately Low	388.82	-	30.18	-
Moderate	50.00	-	50.00	-
Moderately High	75.00	-	134.00	-
High	-	-	-	-
Very High	-	-	-	-
TOTAL	7,067.79	-	7,052.63	-

Country Risk classification is in accordance with guidelines issued by Export Credit Guarantee Corporation of India Limited (ECGC).

(d) Unsecured advances

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Total unsecured advances of the Bank	87,157.56	71,454.48
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	2,546.03	2,401.22
Estimated value of such intangible securities	10,053.11	8,110.20

(e) Disclosure on Factoring

As per the RBI circular Ref No. DBR.No.FSD.BC.32/24.01.007/2015-16 dated July 30, 2015, banks are required to disclose factoring exposures. Receivables acquired under factoring are treated as part of loans and advances and reported under the head 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet. The Bank has factoring exposure of ₹ 1,967.77 crore (Previous Year ₹ 1,649.29 crore) and outstanding of ₹ 1,257.67 crore (Previous Year ₹ 1,134.47 crore) as on March 31, 2024.

(f) Intra - group exposures

Intra - group exposures in accordance with the RBI guidelines are as follows :

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
i. Total amount of intra - group exposures	212.52	212.52
ii. Total amount of top 20 intra - group exposures	212.52	212.52
iii. Percentage of intra - group exposures to total exposure of the Bank on borrowers / customers	0.08%	0.09%
iv. Details of breach of limits on intra - group exposures and regulatory action thereon, if any	-	-

(g) Unhedged Foreign Currency Exposure (UFCE)

The Banks Credit Policy outlines the framework for evaluating the risks arising out of unhedged foreign currency exposure of the corporates, while extending credit facilities. Computation of UFCE is in line with the extant regulatory guidelines. At the time of sanctioning of limits, the Bank may stipulate limits on the unhedged foreign currency exposure of the corporate. Additionally, the Bank also monitors the unhedged portion of foreign currency exposures of such corporates on a periodic basis and also adhere to the extant regulatory requirements with regards to capital and provisioning requirements for exposures to entities with UFCE. During the year ended March 31, 2024, incremental capital held towards borrowers having unhedged foreign currency exposures is ₹ 128.09 crore (Previous Year ₹ 149.34 crore) and provision held towards UFCE is ₹ 45.44 crore (Previous Year ₹ 54.50 crore).

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18.07 Concentration of deposits, advances, exposures and NPAs

a. Concentration of advances

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Total advances to the twenty the largest borrowers [§]	14,999.98	15,566.13
Percentage of advances to the twenty largest borrowers to total advances of the Bank	5.66%	7.19%

[§] Advances represent credit exposure (funded and non - funded) including derivative exposure computed as per current exposure method in accordance with the RBI guidelines.

b. Concentration of exposures *

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Total exposure to the twenty largest borrowers / customers	15,825.83	16,658.81
Percentage of exposures to the twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	5.80%	7.34%

* Exposure includes credit exposure (funded and non - funded), derivative exposure and investment exposure (including underwriting and similar commitments) in accordance with the RBI guidelines.

c. Concentration of deposits

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Total deposits of the twenty largest depositors	21,266.17	18,170.09
Percentage of deposits of the twenty largest depositors to total deposits of the Bank	10.60%	12.56%

d. Concentration of NPAs

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Total exposure to the top twenty NPA accounts *	1,407.99	1,799.05
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs	37.87%	46.31%

The above disclosure is for Non - Performing Advances.

* Exposure represents advances outstanding for top twenty NPA accounts.

18.08 Derivative

(a) Forward rate agreement (FRA) / Interest rate swap (IRS)

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
i. The notional principal of IRS / FRA	117,633.30	150,431.04
ii. Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	757.01	840.33
iii. Collateral required by the Bank upon entering into IRS / FRA	-	-
iv. Concentration of credit risk arising from the IRS / FRA (%) *	64.73%	70.99%
v. Concentration of credit risk arising from the IRS / FRA *	480.52	576.08
vi. The fair value of the IRS / FRA (Net MTM)	118.55	52.04

* Concentration of credit risk based on Current Exposure Method arising from IRS / FRA with Banks & Financial Institutions (i.e. CEM for IRS / FRA as % of total CEM as applicable for Bank & Financial Institutions) as at March 31, 2024 and March 31, 2023.

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The nature and terms of the IRS / FRA as on March 31, 2024 are set out below :

(₹ in crore)

Nature	No. of deals	Notional principal	Benchmark	Terms
Trading	1,149	43,478.00	INROIS	Pay Fixed / Receive Floating
Trading	1,079	46,509.47	INROIS	Pay Floating / Receive Fixed
Trading	64	6,810.49	SOFR	Pay Fixed / Receive Floating
Trading	57	8,414.73	SOFR	Pay Floating / Receive Fixed
Trading	20	675.00	INR MOD MIFOR	Pay Fixed / Receive Floating
Trading	25	1,575.96	INR MOD MIFOR	Pay Floating / Receive Fixed
Trading	2	2,502.15	USD Term SOFR	Pay Fixed / Receive Floating
Trading	5	3,577.18	USD Term SOFR / SOFR	Pay Floating / Receive Floating
Trading	2	340.32	-	Pay Fixed / Receive Fixed
Trading	44	650.00	Bond Yield	Sell FRA
Total Trading	2,447	114,533.30		
Banking	42	3,100.00	INROIS	Pay Floating / Receive Fixed
Total Banking	42	3,100.00		
TOTAL	2,489	117,633.30		

The nature and terms of the IRS as on March 31, 2023 are set out below :

(₹ in crore)

Nature	No. of deals	Notional principal	Benchmark	Terms
Trading	1,058	37,303.81	INROIS	Pay Fixed / Receive Floating
Trading	1,406	85,737.41	INROIS	Pay Floating / Receive Fixed
Trading	76	9,390.30	USD LIBOR	Pay Fixed / Receive Floating
Trading	39	7,324.38	USD LIBOR	Pay Floating / Receive Fixed
Trading	6	215.52	INRMIFOR	Pay Fixed / Receive Floating
Trading	34	1,786.14	INRMIFOR	Pay Floating / Receive Fixed
Trading	13	1,125.73	SOFR	Pay Fixed / Receive Floating
Trading	20	1,747.75	SOFR	Pay Floating / Receive Fixed
Trading	9	425.00	INR MOD MIFOR	Pay Fixed / Receive Floating
Trading	7	375.00	INR MOD MIFOR	Pay Floating / Receive Fixed
Total Trading	2,668	145,431.04		
Banking	39	5,000.00	INROIS	Pay Floating / Receive Fixed
Total Banking	39	5,000.00		
TOTAL	2,707	150,431.04		

(b) Exchange traded interest rate derivatives

(₹ in crore)

Sr. No.	Particulars	March 31, 2024	March 31, 2023
i.	Notional principal amount of exchange traded interest rate derivatives undertaken during the years	-	-
ii.	Notional principal amount of exchange traded interest rate derivatives outstanding	-	-
iii.	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective'	-	-
iv.	Mark to market value of exchange traded interest rate derivatives outstanding and not 'highly effective'	-	-

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(c) Disclosures on risk exposure in derivatives

Qualitative disclosures :

- a. Structure and organization for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants :
 - i. The Bank undertakes transactions in FX and derivatives for the purpose of hedging the Balance Sheet, support customer FX and derivatives hedging / business requirements and takes proprietary positions. The Bank deals in various kinds of products viz. FX spot and forwards, INR and CCY swaps and foreign currency options. The Bank undertakes trading positions FX spot, forward, swaps, futures and FX options.
 - ii. Treasury Sales Desk is a customer centric desk that caters to customers requirements in FX and derivatives products subject to regulatory and internal requirements. Product offering to the clients is based on suitability and appropriateness policy of the Bank as well as by the extant RBI guidelines. The policy ensures that the product being offered by the Bank are in sync with the nature of the underlying risk sought to be hedged giving due regard to the risk appetite of the customer and understanding of the risk by the customer. The credit risk related to off Balance Sheet exposures of clients arising out of FX and derivative transactions are monitored by the Bank daily through current exposure method. Exposures are independently monitored and reported.
 - iii. The Bank recognizes all derivative contracts (other than those designated as hedges) at fair value. The mark to market movement on the positions is monitored daily. Changes in the fair value of derivatives other than those designated as hedges are recognised in the Profit and Loss Account. Hedge transactions are accounted for on an accrual basis or fair value in line with the approved policy. Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying Balance Sheet item.
 - iv. All the derivative transactions are governed by the FX & Derivative policy, Market Risk Management policy and Limit Management Framework of the Bank. Limit Management Framework details various types of market risk limits which are monitored daily and breaches, if any, are reported promptly. Risk assessment of the portfolio is undertaken periodically and presented to the Market Risk Committee / Asset Liability Management Committee. These limits are set up considering market volatility, risk appetite, business strategy and management experience. The Bank has a clear functional segregation of treasury operations between Front Office, Market Risk and Back Office.
- b. Accounting policy for recording hedge and non - hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts, provisioning, collateral and credit risk mitigation :

For hedge transactions, the Bank identifies the hedged item (asset or liability) and assesses the effectiveness at inception as well as at each reporting date. Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting based on guidelines issued by the RBI. Funding swaps are accounted in accordance with FEDAI guidelines.

Interest rate swaps are booked with the objective of managing the interest rate risk on assets / liabilities. Interest rate swaps in the nature of hedge are recorded on accrual basis or fair value in line with approved policy. Any resultant profit or loss on termination of the hedge swaps is amortised over the life of the swap or underlying liability, whichever is shorter.

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis or fair value basis in line with the approved policy. Any resultant profit or loss on termination of hedge swaps is amortised over the life of swap or underlying liability, whichever is shorter. The foreign currency balances on account of principal of currency interest rate swaps outstanding as at the Balance Sheet date are revalued using the closing rate.

The Bank offers a mix of loan products designed in accordance to the need of customers. The interest rates for these products may be fixed or variable as per the customer requirements. Further, the Bank raises liabilities to meet its funding requirements.

To manage the interest rate risk in the Banking Book (net interest margin / market value of equity), the Bank has executed interest rate swaps to hedge or minimize the duration gap in the Balance Sheet. The Bank has reckoned cash flow hedges and the fair value / MTM is recognised in the cash flow hedge reserve account, in accordance with the ICAI guidance note on accounting of derivatives contracts. The MTM of the derivative contracts reckoned as cash flow hedge is about ₹ 33.15 crore (gain) for the year ended March 31, 2024.

The Bank assesses and monitors the hedge strategy on a periodic basis and reports the current status to the Market Risk Committee / Asset Liability Management Committee, as per the internally approved framework.

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Quantitative disclosure on risk exposure in derivatives :

(₹ in crore)

Sr. No.	Particulars	March 31, 2024	
		Currency Derivatives	Interest Rate Derivatives
1	Derivatives (notional principal amount) *		
	a. For hedging	4,361.17	3,100.00
	b. For trading	151,019.62	114,533.30
2	Marked to market positions *		
	a. Asset (+)	507.48	757.01
	b. Liability (-)	(511.02)	(638.46)
3	Credit exposure *	3,957.10	1,643.70
4	Likely impact of one percentage change in interest rate (100*PV01)^		
	a. On hedging derivatives	0.12	79.31
	b. On trading derivatives	5.53	185.04
5	Maximum and minimum of 100*PV01 observed during year ^		
	a. On hedging		
	- minimum	0.12	-
	- maximum	0.26	89.26
	b. On trading		
	- minimum	0.13	9.24
	- maximum	12.26	185.04

* Excluding Tom and Spot contracts.

^ Excluding FX contracts such as Tom, Spot, Forwards, Swaps etc. and figures are presented in absolute terms.

(₹ in crore)

Sr. No.	Particulars	March 31, 2023	
		Currency Derivatives	Interest Rate Derivatives
1	Derivatives (notional principal amount) *		
	a. For hedging	3,555.53	5,000.00
	b. For trading	180,230.25	145,431.04
2	Marked to market positions *		
	a. Asset (+)	1,022.48	840.33
	b. Liability (-)	(854.44)	(788.29)
3	Credit exposure *	4,965.28	1,931.99
4	Likely impact of one percentage change in interest rate (100*PV01)^		
	a. On hedging derivatives	0.28	77.96
	b. On trading derivatives	11.86	60.40
5	Maximum and minimum of 100*PV01 observed during year ^		
	a. On hedging		
	- minimum	0.18	-
	- maximum	0.40	99.56
	b. On trading		
	- minimum	10.26	5.92
	- maximum	21.09	75.04

* Excluding Tom and Spot contracts.

^ Excluding FX contracts such as Tom, Spot, Forwards, Swaps etc. and figures are presented in absolute terms.

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- i. The notional principal amount of derivatives reflect the volume of transactions outstanding as at the Balance Sheet date and do not represent the amounts at risk.
- ii. The Bank has computed maximum and minimum of PV01 for the year based on monthly averages.
- iii. In respect of derivative contracts, the Bank evaluates the credit exposure arising therefrom. Credit exposure has been computed using the Current Exposure Method (CEM) which is the sum of :
 - a. the current replacement cost (marked to market value including accrued interest) of the contract or zero whichever is higher; and
 - b. the Potential Future Exposure (PFE) is a product of the notional principal amount of the contract and credit conversion factors derived basis the type / residual maturity of the contract, in line with the extant RBI guidelines.

(d) Credit default swaps

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended March 31, 2024 and March 31, 2023. Further, there are no outstanding CDS as on March 31, 2024 and March 31, 2023.

18.09 Details of securitisation transactions undertaken by the Bank under the RBI Master Direction on Securitisation of Standard Assets, 2021 are given below :

Particulars	(₹ in crore except number)	
	March 31, 2024	March 31, 2023
1. No. of SPEs holding assets for securitisation transactions originated by the Bank	1	-
2. Total amount of securitised assets as per books of the SPEs	597.31	-
3. Total amount of exposures retained by the Bank to comply with MRR (Minimum Retention Requirement) as on the date of Balance Sheet		
a Off - Balance Sheet exposures		
• First loss	-	-
• Others	-	-
b On - Balance Sheet exposures		
• First loss	29.87	-
• Others	47.78	-
4. Amount of exposures to securitisation transactions other than MRR		
a Off - Balance Sheet exposures		
i. Exposure to own securitisations		
• First loss	-	-
• Others	-	-
ii. Exposure to third party securitisations		
• First loss	-	-
• Others	-	-
b On - Balance Sheet exposures		
i. Exposure to own securitisations		
• First loss	-	-
• Others	53.76	-
ii. Exposure to third party securitisations		
• First loss	-	-
• Others	-	-
5. Sale consideration received for the securitised assets and gain / loss on sale on account of securitisation		

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Particulars		March 31, 2024		March 31, 2023	
- Sales Consideration		597.31		-	
- Gain / Loss		-		-	
6. Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.		-		-	
Services Provided	Form of facility	No. of Transaction	Value of Facility*	No. of Transaction	Value of Facility
Post Securitisation Assets Servicing	Servicing Agent	1	597.31	-	-
7. Performance of facility provided viz. credit enhancement, liquidity support, servicing agent etc.		Credit enhancement	Servicing agent	Credit enhancement	Servicing agent
(a) Amount paid		59.73	-	-	-
(b) Repayment received		-	-	-	-
(c) Outstanding amount		59.73	-	-	-
8. Average default rate of portfolios observed in the past**		-		-	
- Consumer Loans		1.72%		-	
9. Amount and number of additional / top up loan given on same underlying asset		-		-	
10. Investor complaints		-		-	
(a) Directly / indirectly received		-		-	
(b) Complaints outstanding		-		-	

* Value of facility is outstanding amount of the facility as on March 31, 2024.

** Default rate % is calculated on the basis of Gross NPA as % to Gross advances as on March 31, 2024.

18.10 Off - Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

There are no Off - Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms.

18.11 Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Opening balance of amounts transferred to DEAF	-	-
Add : Amounts transferred during the year	-	-
Less : Amounts reimbursed towards claims	-	-
Closing balance of amounts transferred to DEAF	-	-

18.12 Disclosure of complaints

Summary information on complaints received by the Bank from customers and from the Offices of Ombudsman :

Particulars	March 31, 2024	March 31, 2023
Complaints received by the Bank from its customers		
a. No. of complaints pending at the beginning of the year	395	298
b. No. of complaints received during the year	26,998	20,755
c. No. of complaints disposed during the year	26,924	20,658
-of which, number of complaints rejected by the Bank	61	108

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Particulars	March 31, 2024	March 31, 2023
d. No. of complaints pending at the end of the year	469	395
Maintainable complaints received by the Bank from Office of Ombudsman *		
e. Number of maintainable complaints received by the Bank from Office of Ombudsman	3,943	3,045
f. Of 'e', number of complaints resolved in favour of the Bank by Office of Ombudsman	1,450	1,106
g. Of 'e', number of complaints resolved through conciliation / mediation / advisories issued by Office of Ombudsman	2,493	1,939
h. Of 'e', number of complaints resolved after passing of Awards by Office of Ombudsman against the Bank	-	-
i. Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

* Number of maintainable complaints have been reported as per the clarification received from the RBI-CEPD (Consumer Education and Protection Department) and accordingly, previous period numbers have been reinstated to make them comparable.

Top five grounds of complaints received by the Bank from customers

March 31, 2024

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Credit cards	101	7530	211%	181	14
Loans and advances	136	5704	17%	86	14
ATM / Debit cards	14	4316	(40%)	1	1
Internet / Mobile / Electronic banking	35	2529	18%	42	8
Charges related	26	1206	3%	16	1
Others	83	5713	92%	143	17
TOTAL	395	26998	30%	469	55

March 31, 2023

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
ATM / Debit Cards	13	7134	(43%)	14	2
Loans and advances	177	4895	6%	136	-
Credit cards	23	2424	291%	101	7
Internet / Mobile / Electronic Banking	28	2150	117%	35	5
Charges related	6	1176	59%	26	1
Others	51	2976	17%	83	6
TOTAL	298	20755	(5%)	395	21

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18.13 Disclosure of penalties imposed by RBI

There were two penalties of ₹ 0.001 crore and ₹ 1 crore imposed on the Bank by the RBI during the year ended March 31, 2024 (Previous Year ₹ 0.002 crore), one with respect to deficiencies observed on exchange of notes during the incognito visit by the RBI at one branch and another for non-compliance with certain directions issued by the RBI on 'Loans and Advances – Statutory and Other Restrictions', on March 19, 2024 and March 27, 2024 respectively.

18.14 Disclosures on remuneration

(i) Qualitative disclosures

a. Information relating to the composition and mandate of the Nomination and Remuneration Committee :

Name, composition and mandate of the main body overseeing remuneration :

The Nomination and Remuneration Committee of the Board oversees the framing, review and implementation of the Remuneration Policy of the Bank on behalf of the Board. The Committee works in close co-ordination with the Board. Nomination and Remuneration Committee comprised of the following members :

Mr. Hemang Raja	Chairman (ceased to be member w.e.f. Decemeber 17, 2023)
Dr. (Mrs.) Brinda Jagirdar	Chairperson
Mr. S. Ganesh Kumar	Member (effective from December 18, 2023)
Mr. Vishal Mahadevia	Member
Mr. Aashish Kamat	Member
Ms. Matangi Gowrishankar	Member (effective from January 20, 2024)

Some of the key functions of the Committee *inter-alia* include the following :

- i. Review and recommend to the Board the overall remuneration framework and associated policies of the Bank.
- ii. Evaluate performance of the Whole Time Directors (WTDs) (including the Managing Director & CEO) against predetermined parameters.
- iii. Evaluate performance of Senior Management.
- iv. Make recommendations on remuneration (including Variable Pay (Cash and Non-cash and perquisites)) of Whole Time Directors.
- v. Approve policy and quantum of variable pay, bonus, stock options and increments for the employees of the Bank.
- vi. Frame guidelines for the Employees Stock Option Scheme (ESOS) and recommend grants of the Bank's stock options to Whole Time Directors of the Bank.
- vii. Review and recommend to the Board the payment of profit related commission to the Non-Executive Directors of the Bank within the overall limits as may be approved by the shareholders of the Bank, in terms of the Companies Act, 2013 and RBI guidelines.

External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process :

The Bank's Human Resource function commissions 'Aon Consulting Pvt Limited', to conduct market benchmarking of employee compensation. In this process, the Bank participates in the salary benchmarking survey conducted by Aon for the Private Banking firms. Every year Aon conducts salary benchmarking survey and the information gathered by Aon on fixed and variable salary from various private sector peer banks across functions, levels and roles is referred to by the human resource function to evaluate the market competitiveness of Bank's compensation positioning and practices.

A description of the scope of the Bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches :

The Bank has defined the below policies to cover its respective personnel as highlighted in the title :

1. Remuneration Policy for Whole Time / Executive Directors, Material Risk Takers, Key Managerial Personnel, Senior Management Personnel, Control Function and all other employees. The scope of this policy covers pan India employees across management levels. Currently, the Bank doesn't have any foreign subsidiaries and branches.

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2. Remuneration Policy (For Independent Directors). The scope of this policy covers all Independent Directors.

A description of the type of employees covered and number of such employees :

Employees are categorised into the following four categories from remuneration structure and administration stand point. The Head count as at March 31, 2024 is stated against each category :

1. MD & CEO	1
2. Material Risk Takers	20 (including 1 MRT & 1 WTD resigned during the year)
3. Control Function Staff	7
4. Other Staff	41,115

b. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy :

Objective, Principles and Key Features : The remuneration philosophy of the Bank is guided by the organization's Philosophy for enabling employee performance to achieve the organisation's short term and long term objectives, balanced with prudent risk taking and are in compliance with the regulatory guidelines.

To achieve this the following principles are adopted :

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate talent.
- Respect employee needs basis relevant market anchors and to compensate adequately for the contribution towards the Bank's growth.
- The cost / income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
- The remuneration is balanced between fixed pay and variable pay, with adequate focus on prudent risk taking and the short term as well as the long term objectives of the Bank and its shareholders.
- The variable pay is balanced between cash linked and share linked component as well as between immediate and deferred component so that remuneration is aligned to performance and risk outcomes over both short term and long term.
- Establish relationship between remuneration and performance with adequate focus on achievement of performance objectives incorporating elements of risk, compliance and service measures.

The Compensation structure of MD & CEO and other Material Risk Takers (MRTs) are aligned to the RBI's "Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff" dated November 04, 2019.

The Remuneration Policy was reviewed and revised in FY 2023 - 24 to strengthen the linkage of performance and remuneration and describe the governance process around it and ensure that its in order with the RBI Compensation guidelines :

i) Governance Framework :

All components of remuneration for Whole Time Directors, Executive Directors and Chief Executive Officers is recommended by Nomination and Remuneration Committee (NRC) and approved by the Board and the same is approved by the shareholders of the Bank and Reserve Bank of India.

All components of remuneration for Key Managerial Personnel (KMP), Senior Management Personnel (SMP), Material Risk Takers (MRTs) and Control Function is recommended by Nomination and Remuneration Committee to the Board of Directors of the Bank for their necessary approval.

The remuneration of other employees is determined by CHRO in consultation with MD & CEO of the Bank and placed before the NRC & Board for approval.

A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee :

The Bank ensures that risk, internal audit and compliance employees are remunerated independently of the businesses they oversee and is guided by the individual employee performance. The remuneration is determined

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on the basis of relevant risk measures included in the key deliverables of the respective employee across levels in these functions. The parameters reviewed for performance based rewards are independent of performance of the business area they oversee and commensurate with their individual role in the Bank. Additionally, the ratio of fixed and variable compensation is weighed towards fixed compensation in case of employees in risk, internal audit, and compliance function.

ii) Identification of Material Risk Takers (MRTs) for the Bank based on RBI guidelines :

The Bank has used the combination of qualitative and quantitative criteria in order to identify whether an employee is a material risk taker as per the compensation guidelines of RBI dated November 04, 2019.

Standard Qualitative Criteria

Relates to the role and decision-making power of staff members (e.g. senior manager, member of management body) having jointly or individually, the authority to commit significantly to risk exposures, etc.

In the context of the Bank, this qualitative criterion translates into members of various committees of the Bank who have decision making authority to cause significant risk exposure, individually or jointly with other committee members.

In addition, following quantitative criteria shall be used to identify the Material Risk Takers (MRTs)

- Quantitative Criteria 1: Their total remuneration exceeds ₹ 1.5 crore or
- Quantitative Criteria 2: They are included among top 0.3% of the highest paid employees of the Bank or
- Quantitative Criteria 3: Their remuneration is equal to or greater than the lowest total remuneration of senior management and other risk-takers.

Any employee who meets the qualitative criteria and any one of the quantitative criteria will be considered as a Material Risk Taker.

iii) Compensation Structure of WTD, MD & CEO and MRTs :

- At least 50% of total compensation shall be Variable Pay.
- Value of stock options will be included in definition of 'Total Variable Pay'.
- Total Variable Pay for the MD & CEO / Whole Time Directors / Material Risk Takers of the Bank would be capped at 300% of Fixed Pay.
- If the Total Variable Pay is up to 200% of the Fixed Pay, a minimum of 50% of the Variable Pay; and in case Variable Pay is above 200%, a minimum of 67% of the Variable Pay shall be paid via employee stock options.
- Minimum 60% of the Total Variable Pay shall be deferred over 3 years. If cash component is part of Total Variable Pay, at least 50% of the cash component of Variable Pay should also be deferred over 3 years. In cases where the cash component of Total Variable Pay is under ₹ 25 lakh, Variable Pay shall not be deferred.
- All the fixed items of compensation, including retiral benefits and perquisites, will be treated as part of Fixed Pay.

iv) Components of Remuneration – Risk Control and Compliance Staff (Control Function) :

Risk Control and Compliance Staff (Control Function Staff) including Internal Audit include heads of functions who have a role and responsibility in defining and monitoring the Bank's Policies, Credit & Regulatory processes etc and such other functions as may be determined by CHRO in consultation with MD & CEO. They may also be member(s) of various committees of the Bank, however, not directly responsible for business. The total target variable pay for risk control, internal audit and compliance staff shall be less than or equal to fixed pay. Further, a substantial portion of the variable pay should be deferred in the form of cash based or share linked instruments. All other elements of the compensation policy shall be same as that for WTDs and MRTs.

v) Guidelines on Malus & Clawback :

The Bank has defined guidelines on Malus and Clawback Conditions applicable under various scenarios. These conditions are included in the Remuneration Policy and employee terms and conditions.

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- c. Description of the ways in which current and future risks are taken into account in the remuneration process including the nature and type of the key measures used to take account of these risks :

An overview of the key risks that the Bank takes into account when implementing remuneration measures : 'Risk Appetite Statement Framework' has been designed for the Bank, which provides strategic guidance around various parameters. It includes the Bank's risk appetite, limits framework and policies and procedures governing various types of risk.

Bank's Board Approved Risk Appetite Statement (RAS) has clearly articulated & quantified portfolio level risk metrics / measures stipulated for each business segment which includes parameters like on-boarding criteria basis internal rating threshold, restrictions pertaining to specific industries / transactions, portfolio quality metrics, risk-based caps related to exposure, rating concentration, product concentration, group exposure etc. The RAS is communicated to the stakeholders in the form of the various limits and mandates. MD & CEO along with Risk Management Committee of the Bank ensures overall adherence to Risk Appetite Statement of the Bank. Some of the Bank level metrics includes limits on strategic risk, capital adequacy, liquidity risk, reputation risk etc.

Performance and risk measures are part of the performance assessment framework and are factored in while assessing performance. Remuneration is decided basis performance evaluation for the year. The remuneration framework is designed to focus on achieving financial and non-financial objectives, risk-adjusted returns that are consistent with our prudent risk and capital management, as well as emphasis on long term sustainable outcomes.

The pay-out structure for the WTD, MD & CEO, Senior Management Team, MRTs & Control Function are designed to align to performance payments with the long term sustainable performance of the Bank through deferral and claw-back arrangements.

An overview of the nature and type of key measure used to take account of these risks, including risk difficult to measure : The Bank has a robust system of defining, measuring and reviewing risk parameters. The risk parameters are a part of the Key Result Areas and Deliverables used for setting of performance objectives and for measuring performance, which includes both financial performance and non-financial performance in the areas of Risk, Governance and Compliance, Customer Centricity and People development. Weightage is assigned to each parameter which includes both financial (Quantitative) and non-financial (Qualitative) parameter detailing the outcome to be achieved in each areas.

A discussion of the ways in which these measure affect remuneration : The aforesaid risk measures are included in the Key Result Areas and Key Performance Index of MD & CEO and WTD, MRTs and all employees. Inclusion of the above mentioned measures ensures that performance parameters are aligned to risk measures at the time of performance evaluation. The Nomination and Remuneration Committee takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.

A discussion of how the nature and type of these measures have changed over the past year and reasons for the changes as well as the impact of changes on remuneration : In the FY 2023-24, The Bank has sharpened the KPIs around Risk, Governance and Compliance besides the metrics around financial performance, people development, customer centricity and operational excellence. It continues to track performance outcome against these key metrics as a part of overall Bank's performance objective for FY 2023-24 and linked it to Bank's strategy, with focus on growth, profitability, compliance and sustainability.

- d. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration :

An overview of main performance metrics for bank, top level business lines and individual : Performance and its linkage to levels of remuneration is guided by the objective / principles of the Remuneration and Performance Management Framework defined by the Bank. Cash Variable Pay in form of Incentives and Performance Bonus is determined by the achievement against the defined performance thresholds. The performance thresholds and KPIs covers financial and non-financial metrics defined for the year.

Performance measures are clearly defined in the beginning of the year for all the employees.

While setting performance measures of the MD & CEO, Senior Management team, MRTs & Control Function Staff, Strategy of the Bank is kept in context. Further, Bank identifies key parameters that are important for the growth, success, stability and effective risk management of the Bank, as desired by the Board. Further, non-financial criteria such as maintaining high level of Compliance and Governance, Risk, Customer Centricity, Operations excellence & People management are also considered.

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A discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance : The Bank follows balance scorecard approach for managing performance and pay-outs. Individual performances are assessed annually, and the rewards are determined on the basis of the achievements against the various financial and non-financial objectives. The performance measures are revised annually to reflect the priorities for the year and ensure its in line with the short term, long term, financial and non-financial objectives. This ensures close linkage between total compensation and our annual and long term business objectives .

A discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak. This should include the Bank's criteria for determining weak performance metrics : The Bank uses deferral, malus and staff accountability tools to impact compensation pay offs for failures becoming apparent in future years. On an annual basis, Performance matrices is defined in the goal sheets of each individual, financial and non-financial - risk measures. The outcomes against these measures are considered and adjustment made basis performance and risk outcomes, where necessary. The Bank evaluates employees on a rating scale of 1-5, with 5 being the highest. For people who have been rated 1 & 2, the Bank pays Zero variable pay, including Zero annual salary increment. Further if there is significant impact owing to issues arising out of conduct or items listed under the malus / claw-back clause, the Bank pays Zero variable pay. (Owing to Bank's subdued or negative financial performance on account of external factors or any other factors, the variable pay could be zero in particular year). For Non-Cash (ESOP) component of variable pay, Bank has a deferral period of up to 5 years, which adequately covers the time horizon for risk to materialise. A minimum 75% of grants are deferred over a period of 5 years ensuring sensitivity to risk outcomes over a multi year risk horizon. Under the ESOP Scheme of the Bank, there is check made on the ratings of the employees every year to ascertain if the grants vesting for that year can be vested. Grants lapse for those employees who get a rating of 2 or 1 on the 5 point rating scale of the Bank. In case of significantly adverse risk outcomes, malus & claw back provisions become applicable as has been defined in the guideline and the Bank's remuneration policy.

- e. **Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance disclosure :**

A discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or group of employees, a description of the factors that determine the fraction and their relative importance :

The Bank's Remuneration Policy / Framework is in line with the RBI "Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff" dated November 04, 2019.

The Remuneration Policy is approved by the Bank's Nomination and Remuneration Committee and the Board.

The Bank remuneration framework consist of guarding against excessive risk taking, wherein Bank has focus on achieving risk adjusted returns that are consistent with our prudent risk management, as well as emphasis on long term sustainable outcomes. Pay-out structures are designed to align variable pay with the long term performance of the Bank through deferral and malus / claw back arrangements.

Compensation in the Bank has linkages to risk outcomes, time horizon sensitive pay-out schedule in the form of a longer deferral period of 3 to 5 years for the variable remuneration. The cash component of variable pay for WTD and MRTs over ₹ 25 lakhs vest in 3 years as per the guidelines. The ESOP vest from 2nd to 6th year (20 % each year). In addition, cash bonus, unvested and / or vested shares is subject to malus / clawback and subject to the events triggered as stated in the Remuneration Policy. The ESOP guideline is applicable to employees across categories, who are eligible for ESOP.

A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after :

The Total Variable Pay for MD & CEO, Whole Time Directors and other Material Risk Takers of the Bank is subject to malus and clawback clauses, which are defined in the Remuneration Policy of the Bank. Detailed scenarios under which said clauses can be applied, such as event of an enquiry determining gross negligence or breach of integrity, or significant deterioration in financial performance are defined in the Remuneration Policy of the Bank.

The Bank follows a Balanced Scorecard approach for measuring performance at all levels. The Nomination and Remuneration Committee reviews the achievements against the set of parameters which determines the performance of the individuals in these roles.

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For all other employees, performance appraisals are conducted annually and initiated by the employee with self-appraisal. The immediate supervisor reviews the appraisal ratings in a joint consultation meeting with the employee and assigns the performance rating. The final ratings are discussed and approved by the head of the departments. Both relative and absolute individual performances are considered for the moderation process. Individual fixed pay increases, variable pay and ESOPs are linked to the final performance ratings.

- f. Description of the different forms of variable remuneration (i.e. Cash, Shares, Share-linked instruments and other forms) that the Bank utilizes and the rationale for using these different forms :

An Overview of the forms of variable remuneration offered, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance :

The Bank has the following forms of variable remuneration pay for WTD & MRTs, Control Function staff and other employees :

- Cash Variable pay - In form of Incentives for frontline sales staff and Performance Bonus for Senior Management (including WTD, MRTs,CF) and Non-sales staff members. Performance Bonus is part of the annual performance and compensation review cycle and is paid on the basis the performance rating of the individual employee. Incentive payments are subject to achievement of short term minimum threshold target performance on both quantitative and qualitative parameters, as defined in the plan.
- Non cash variable pay - In the form of an ESOP scheme has been designed for MD,CEO, WTD, MRTs and Control Function staff members, Senior Management staff with a view to ensure an appropriate risk balanced remuneration architecture and establish a sense of ownership amongst these categories of employees.

Variable pay in the form of performance based cash bonus and ESOP is paid out annually and is linked to performance achievement against performance measures and aligned with the principles of meritocracy. The proportion of variable pay in total pay shall be higher at senior management levels. The payment of all forms of variable pay is governed by the affordability of the Bank and based on financial and risk performance outcomes. For MD and CEO and MRTs, a portion of variable compensation as stated above may be paid out in a deferred manner in order to drive prudent behaviour as well as long term & sustainable performance orientation. The quantum of grant of stock options is determined and approved by the Nomination and Remuneration Committee. The current ESOP design has an inbuilt deferral intended to spread and manage risk.

(ii) Quantitative disclosures

The quantitative disclosures cover the Bank's Whole Time Directors / Chief Executive Officer / Material Risk Takers

Particulars	March 31, 2024	March 31, 2023
g. i. Number of meetings held by the Nomination and Remuneration Committee during the financial year	8	4
ii. Remuneration paid to its members (sitting fees for the above NRC meetings) (₹ in crore)	0.21	0.09
h. i. Number of employees having received a variable remuneration award during the financial year ¹	21	22
ii. Number and total amount of sign-on / joining bonus made during the financial year (₹ in crore)	-	-
iii. Details of severance pay, in addition to accrued benefits, if any	-	-
i. i. Total amount of outstanding deferred remuneration, split into		
- Cash (₹ in crore)	17.17	11.75
- Shares		
- Share - linked instruments (number of unvested stock options outstanding as on 31 st March and fair value of the same)	39,820,666 options with a fair value of ₹ 83.84 crore	41,675,229 options with a fair value of ₹ 71.38 crore
- Share- linked instruments (number of vested stock options outstanding as on 31 st March and fair value of the same)	17,571,239 options with a fair value of ₹ 24.26 crore	100,114,407 options with a fair value of ₹ 152.81 crore

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Particulars	March 31, 2024	March 31, 2023
ii. Total amount of deferred remuneration paid out in the financial year		
- Cash ² (₹ in crore)	4.29	1.58
- Share linked instruments (number of stock options vested during the year and fair value of the same)	8,472,694 options with a fair value of ₹ 12.13 crore	28,947,575 options with a fair value of ₹ 52.16 crore
j. Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred		
- Fixed ³ (₹ in crore)	51.96	48.16
- Variable (₹ in crore)		
- Deferred Cash variable pay ⁴	10.74	9.52
- Non-Deferred Cash variable pay ⁵	10.74	9.99
- Deferred	15,283,721 options granted with a fair value of ₹ 39.49 crore	16,333,611 options granted with a fair value of ₹ 28.59 crore
k. i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments		
- Deferred Cash ⁶ (₹ in crore)	17.17	11.75
- Deferred Non Cash (Share Linked instruments)	57,391,905 options with a fair value of Rs. 108.10 crore	141,789,636 options with a fair value of Rs. 224.19 crore
ii. Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil
iii. Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil
l. Number of MRTs identified	21	22 (Including 1 Retired during the year)
m. i. Number of cases where malus has been exercised	Nil	Nil
ii. Number of cases where clawback has been exercised	Nil	Nil
iii. Number of cases where both malus and clawback have been exercised	Nil	Nil
n. The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.		
Mean Pay of the Bank ⁷ (₹ in crore)	0.09	0.09
Deviation of the pay of WTD from the mean pay of the Bank		
- MD & CEO ⁷ (₹ in crore)	4.84	3.94
- WTD ⁷ (₹ in crore)	3.26	-

¹ For FY 2023-24, Remuneration paid includes MD & CEO, Whole Time Director (WTD) and 19 Material Risk Takers (MRTs) identified in current year, of which 1 MRT and 1 Whole Time Director resigned during the year. For FY 2022-23, it includes MD & CEO and 21 Material Risk Takers (MRTs) identified in previous year.

² FY 2023-24 represents portion of Deferred Cash Variable Pay for FY 2020-21 and for FY 2021-22 including payment to 1 WTD resigned during the year. FY 2022-23 represents portion of Deferred Cash Variable Pay for FY 2020-21 paid in FY 2022-23 including payment to 1 MRT retired during the year.

³ Fixed pay of MRTs includes "Total Fixed pay, leave encashment, perquisites, Gratuity". Fixed pay excludes perquisites on Employee Stock Options, Provident fund etc.

⁴ FY 2023-24 represents portion of Cash Variable Pay for FY 2022-23 payable in April 2024 to April 2026. FY 2022-23 represents portion of Cash Variable Pay for FY 2021-22 payable in April 2023 to April 2025.

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- ⁵ FY 2023-24 represents portion of Variable pay for FY 2022-23 paid in FY 2023-24, this does not include Cash Variable pay of ₹ 2.23 crores paid to the 1 WTD and 1 MRT who exited during the year. FY 2022-23 represents portion of Variable pay for FY 2021-22 paid in FY 2022-23, this includes Cash Variable Pay for 1 MRT who retired during the year & does not include amount of ₹ 2.22 crores paid to the 3 exiting MRTs and ₹ 1.49 crores paid to 3 newly appointed MRTs.
- ⁶ FY 2023-24 represents portion of Cash Variable pay for FY 2020-21 payable in April 2024, Variable pay for FY 2021-22 payable from April 2024 to April 2025 and Variable pay for FY 2022-23 payable from April 2024 to April 2026. FY 2022-23 represents portion of Cash Variable pay for FY 2020-21 payable in April 2023 to April 2024 and Variable pay for FY 2021-22 payable from April 2023 to April 2025.
- ⁷ Mean pay calculation of the Bank employees is based on Total Fixed Pay, which includes "Basic Pay, Allowances, and Employer's contribution to Provident Fund". Deviation of the pay of MD & CEO and WTD from the mean pay of the Bank is the difference between MD & CEO's and WTD's RBI approved remuneration excluding gratuity and mean pay of the Bank. Deviation of the pay from mean pay is computed using the annual fixed pay for WTD who resigned during the year.
- ⁸ Fair value is calculated using fair value of stock options computed using Black-Scholes options pricing models on the grant date.
- (iii) During the year ended March 31, 2024, the Bank has paid fixed remuneration of ₹ 1.49 crores to the Non - Executive Directors (Previous Year ₹ 1.50 crores).

18.15 Other Disclosures

(a) Business ratios / Information

Particulars	March 31, 2024	March 31, 2023
Interest income as a percentage to working funds [§]	11.43%	10.32%
Non - interest income as a percentage to working funds [§]	2.26%	2.03%
Cost of deposits ^{^^}	6.12%	5.10%
Net interest margin [*]	6.64%	6.24%
Operating profit as a percentage to working funds ^{§&}	2.35%	2.24%
Return on assets [@]	1.10%	1.13%
Business (deposits plus advances) per employee ^{#^} (₹ in crore)	8.67	8.11
Net Profit per employee [^] (₹ in crore)	0.08	0.08

[§] Working funds to be reckoned as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

^{^^} Cost of deposit is based on daily average of total deposits during the year.

^{*} Net interest income / average earning assets. Net interest income is interest income less interest expense. Average earning assets is the daily average of total earning assets during the year.

[§] Operating profit is profit before provisions and contingencies.

[@] Return on assets is based on the simple average of opening and closing total assets.

[#] Business is the total of average net advances and average deposits (net of inter - bank deposits). The average advances and the average deposits represents the simple average of the opening and closing figures.

[^] Productivity ratios are based on monthly average of employee numbers, which excludes contract staff, intern etc.

(b) Bancassurance business

The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by the Bank are as under :

Nature of Income	March 31, 2024	March 31, 2023
1. For selling life insurance policies	384.14	152.53
2. For selling non-life insurance policies	253.89	61.36
TOTAL	638.03	213.89

(₹ in crore)

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(c) Marketing and distribution

The details of fees / remuneration earned in respect of the marketing and distribution function (excluding bancassurance business) are as under :

Nature of Income	(₹ in crore)	
	March 31, 2024	March 31, 2023
1. For display of publicity and branding materials of insurance companies	80.02	170.06
2. For selling mutual fund products	28.97	20.48
3. Others	27.82	34.42
TOTAL	136.81	224.96

(d) Priority sector lending certificates (PSLCs)

Details of PSLCs (category wise) purchased :

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
PSLC - Agriculture	9,500.00	5,200.00
PSLC - Small / Marginal farmers	-	1,300.00
PSLC - Micro enterprises	-	-
PSLC - General	-	-
TOTAL	9,500.00	6,500.00

Details of PSLCs (category wise) sold :

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
PSLC - Agriculture	-	-
PSLC - Small / Marginal farmers	10,881.25	4,000.00
PSLC - Micro enterprises	200.00	3,000.00
PSLC - General	-	-
TOTAL	11,081.25	7,000.00

(e) Provisions and contingencies

Provisions and contingencies shown under the head expenditure in Profit and Loss Account comprise of :

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
Provision made towards income tax		
- Current Tax	649.32	328.57
- Deferred Tax	249.49	501.43
Provisions for depreciation on investment *	(101.94)	(89.07)
Provision on non - performing advances ^	2,606.54	2,276.46
Provision and other contingencies #	(122.95)	(522.57)
TOTAL	3,280.46	2,494.82

* Including specific provision / (write back of provision) against identified investments and write - offs (net of recoveries).

^ Including bad debts write - off net of recoveries and specific provision / (write back of provision) against identified advances.

Including provision on restructured assets and provision against standard asset.

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(f) Implementation of IFRS converged Indian Accounting Standards (Ind - AS)

The Reserve Bank of India vide Circular RBI/2018-2019/146 DBR.BP.BC.No.29/21.07.001/2018-19 dated March 22, 2019 had deferred the implementation of Ind AS for banks till further notice.

The Bank has made considerable progress on Ind AS implementation. The Bank is an associate company of the IDFC Limited ('IDFC'), which is a Non-Banking Finance Company (NBFC) that falls under the "Ind AS Road map" and to whom the Ind AS is mandatorily applicable from April 01, 2018 and accordingly, the Bank has been preparing and submitting special purpose condensed "Fit-for-Consolidation" consolidated financial information under Ind AS to IDFC Limited. The said financial information is also reviewed by the Audit Committee and approved by the Board. Further, these are also subject to review / audit by the Statutory Auditors of the Bank. Under the RBI guidelines, banks are not allowed to early adopt Ind AS. Accordingly, the general-purpose financial statements of the Bank presented in the Annual Report are not under Ind AS. The results of the Bank upon its first-time adoption of and transition to Ind AS, based on the updated regulations and accounting standards / guidance and business strategy at the date of actual transition, could differ from those reported in the Fit-for-Consolidation information. The Bank also submits Standalone Proforma financials in the format and frequency as prescribed by the RBI.

The implementation of Ind AS is expected to result in significant changes to the way the Bank prepares and presents its financial statements. The key impact areas would include valuation and classification of financial assets, effective interest rate, fair valuation inputs, methodologies and assumptions, impairment requirement of Ind AS 109 – expected credit loss (ECL) etc.

The RBI issued regulatory guidelines on investment classification and valuation, the Master Directions – Classification, Valuation and Operations of Investment Portfolio of Commercial Banks (Directions), 2023. These Guidelines are effective from April 01, 2024. The RBI, through the introduction of these guidelines, has taken the initial stride towards aligning more closely with the Ind AS guidelines.

The RBI had issued a discussion paper on "Introduction of Expected Credit Loss framework for provisioning by Banks" which demonstrates the intention of the RBI to move towards Ind AS on piecemeal basis.

It may further be noted that the above significant impacted areas may change based on the final guidelines to be issued by the RBI. This will further change the way financial statements would be read and would bring people, business, and technology changes across the Bank.

(g) Payment of DICGC insurance premium

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Payment of DICGC insurance premium *	214.76	152.03
Arrears in payment of DICGC premium	-	-

* Includes GST of ₹ 32.76 crore (Previous Year ₹ 23.19 crore).

18.16 Provision for credit card and debit card reward points

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Opening provision for reward points	47.64	36.90
Provision for reward points made during the year	204.91	133.63
Utilisation / write - back of provision for reward points	(183.84)	(122.89)
Closing provision for reward points	68.71	47.64

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18.17 Employee benefits

- i. The Bank has charged the following amounts in the Profit and Loss Account towards contribution to defined contribution plans which are included under schedule 16 (I) :

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
Provident fund	138.15	107.31
Pension fund	8.60	5.57

ii. Gratuity

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the gratuity benefit plan :

Profit and Loss Account

Net employee benefit expenses :

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
Current service cost	30.19	22.63
Interest on defined benefit obligation	9.42	6.66
Expected return on plan assets	(4.58)	(3.79)
Net actuarial losses / (gains) recognised in the year	6.40	2.33
Past service cost	-	4.31
Total included in "Payments to and provisions for employees" [schedule 16(I)]	41.43	32.14
Actual return on plan assets	7.16	1.74

Balance Sheet

Details of provision for gratuity :

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
Present value of funded obligations	146.47	103.38
Fair value of plan assets	(109.48)	(67.82)
Unrecognised past service cost	-	-
Net liability included under Schedule 5 - Other Liabilities	36.99	35.56

Changes in the present value of the defined benefit obligation are as follows :

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
Opening defined benefit obligation	103.38	78.82
Current service cost	30.19	22.63
Interest cost	9.42	6.66
Actuarial losses / (gains)	8.98	0.28
Past service cost	-	4.31
Liabilities assumed on acquisition / (settled on divestiture)	-	-
Benefits paid	(5.50)	(9.32)
Closing defined benefit obligation	146.47	103.38

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Changes in the fair value of plan assets are as follows :

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
Opening fair value of plan assets	67.82	55.40
Expected return on plan assets	4.58	3.79
Actuarial gains / (losses)	2.58	(2.05)
Contributions by employer	40.00	20.00
Assets acquired on acquisition / (distributed on divestiture)	-	-
Benefits paid	(5.50)	(9.32)
Closing fair value of plan assets	109.48	67.82
Expected Employers Contribution Next Year	30.00	6.00

Experience adjustments :

Particulars	(₹ in crore)				
	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Defined benefit obligations	146.47	103.38	78.82	62.91	54.41
Plan assets	109.48	67.82	55.40	45.16	44.32
Surplus / (deficit)	(36.99)	(35.56)	(23.42)	(17.74)	(10.08)
Experience adjustments on plan liabilities	8.51	3.77	2.47	(3.76)	(6.33)
Experience adjustments on plan assets	2.58	(2.05)	(0.16)	2.38	(0.35)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets :

Particulars	March 31, 2024	March 31, 2023
Government securities	59.34%	45.51%
Bonds, debentures and other fixed income instruments	29.31%	35.12%
Deposits and money market instruments	3.30%	8.18%
Equity shares	8.05%	11.19%

Principal actuarial assumptions at the Balance Sheet date :

Particulars	March 31, 2024	March 31, 2023
Discount rate (p.a.)	7.20%	7.35%
Expected rate of return on plan assets (p.a.)	7.00%	7.00%
Salary escalation rate (p.a.)	8.00%	8.00%

The estimates of future salary increase takes into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long - term rate of return expected on investments of the fund during the estimated term of the obligations.

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18.18 Segment reporting

Business Segments :

The business of the Bank is divided into four segments : Treasury, Corporate / Wholesale Banking, Retail Banking Business and Other Banking Business. These 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 Joint Statutory Auditors.

Segment	Principal activities
Treasury	The treasury segment primarily consists of Bank's investment portfolio, money market borrowing and lending, investment operations and foreign exchange and derivative portfolio of the Bank. Revenue of treasury segment consist of interest income on investment portfolio, inter segment revenue, gains or losses from trading operations, trades and capital market deals. The principal expenses consists of interest expenses from external sources and on funds borrowed from inter segments, premises expenses, personnel cost, direct and allocated overheads.
Corporate / Wholesale Banking	The wholesale banking segment provides loans, non - fund facilities, loan syndication and transaction services to corporate relationship not included under Retail Banking. Revenues of the wholesale banking segment consists of interest earned on loans to customers, inter segment revenue, interest / fees earned on transaction services, earnings from trade services, fees on client FX & derivative and other non-fund facilities. The principal expenses of the segment consists of interest expense on funds borrowed from internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, and support groups.
Retail Banking	Retail Banking constitutes lending to individuals / business banking customers through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are derived from interest earned on retail loans, inter segment revenue and fees from services rendered, fees on client FX & derivative. Expenses of this segment primarily comprise interest expense on deposits and funds borrowed from inter segments, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated and support groups. This also includes digital banking products acquired by Digital Banking Units (DBUs) / digital banking products which are disclosed under 'Digital Banking' Segment.
Other Banking Business	This segment includes revenue from distribution of third party products and the other associated cost.
Unallocated	All items which are reckoned at an enterprise level are classified under this segment. This includes assets and liabilities which are not directly attributable to any segment. Revenue and expense of this segment includes income and expenditure which are not directly attributable to any of the above segments. Revenue includes interest on income tax refund and expense of this segment mainly includes employee cost, establishment & technology expense which is not directly attributable to any segment.

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Segmental reporting for the year ended March 31, 2024 are set out below :

(₹ in crore)

Particulars	Treasury	Corporate/ Wholesale Banking	Retail Banking			Other Banking Business	Total
			Digital Banking	Other Retail Banking	Total Retail Banking		
Revenue (i)	17,610.49	8,042.63	5,845.59	32,554.55	38,400.14	903.20	64,956.46
Add : Unallocated revenue (ii)							53.96
Less : Inter segment revenue (iii)							(28,685.92)
Total Revenue (i+ii-iii)							36,324.50
Segment Results before tax (iv)	361.57	1,400.16	(92.45)	2,116.79	2,024.34	515.61	4,301.68
Less : Unallocated expenses (net of revenue) (v)							(446.36)
Operating Profit (iv-v)							3,855.32
Less : Provision for tax							(898.81)
Net Profit							2,956.51
Segment assets	90,540.96	33,996.22	19,656.66	148,197.44	167,854.10	87.14	292,478.42
Add : Unallocated assets							3,636.68
Total Segment assets							296,115.10
Segment liabilities	43,620.16	60,796.33	36,816.69	121,809.32	158,626.01	51.79	263,094.29
Add : Unallocated liabilities							859.50
Total Segment Liabilities							263,953.79
Capital employed (Segment Assets - Segment Liabilities)	46,920.80	(26,800.11)	(17,160.03)	26,388.12	9,228.09	35.35	29,384.13
Add : Unallocated capital employed							2,777.18
Total Capital Employed							32,161.31
Capital expenditure for the year	6.39	136.46	16.28	1,293.11	1,309.39	8.30	1,460.54
Add : Unallocated capital expenditure							7.79
Total Capital Expenditure							1,468.33
Depreciation on fixed assets for the year	6.92	50.16	8.90	540.12	549.02	7.18	613.28
Add : Unallocated depreciation							5.04
Total Depreciation							618.32

The above Segmental Reporting includes revenue and other income earned from Insurance Companies as under :

- Commission income from sale of insurance policies of ₹ 638.03 crore {refer note 18.15(b)}.
- Income on account of display of publicity and branding material of Insurance Companies of ₹ 80.02 crore {refer note 18.15(c)}.
- Others (CMS Fee, remittances fee etc.) of ₹ 0.30 crore.

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Segmental reporting for the year ended March 31, 2023 are set out below :

Particulars	(₹ in crore)				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Revenue (i)	12,984.04	6,507.02	26,518.08	531.83	46,540.97
Add : Unallocated revenue (ii)					2.90
Less : Inter segment revenue (iii)					(19,349.36)
Total Revenue (i+ii-iii)					27,194.51
Segment Results before tax (iv)	537.07	1,014.19	1,891.13	274.24	3,716.63
Less : Unallocated expenses (net of revenue) (v)					(449.50)
Operating Profit (iv-v)					3,267.13
Less : Provision for tax					(830.00)
Net Profit					2,437.13
Segment assets	79,108.32	30,222.57	127,325.22	55.44	236,711.55
Add : Unallocated assets					3,230.11
Total Segment assets					239,941.66
Segment liabilities	47,142.05	55,764.17	110,533.00	52.38	213,491.60
Add : Unallocated liabilities					728.89
Total Segment Liabilities					214,220.49
Capital employed (Segment Assets - Segment Liabilities)	31,966.27	(25,541.60)	16,792.22	3.06	23,219.95
Add : Unallocated capital employed					2,501.22
Total Capital Employed					25,721.17
Capital expenditure for the year	15.87	106.47	894.39	3.45	1,020.18
Add : Unallocated capital expenditure					5.99
Total Capital Expenditure					1,026.17
Depreciation on fixed assets for the year	5.51	33.46	377.74	5.75	422.46
Add : Unallocated depreciation					2.22
Total Depreciation					424.68

The above Segmental Reporting includes revenue and other income earned from Insurance Companies as under :

- Commission income from sale of insurance policies of ₹ 213.89 crore {refer note 18.15(b)}.
- Income on account of display of publicity and branding material of Insurance Companies of ₹ 170.06 crore {refer note 18.15(c)}.
- Others (CMS Fee, remittances fee etc.) of ₹ 0.17 crore.

The RBI's Master Direction on Financial Statements – Presentation and Disclosures, requires to sub - divide 'Retail Banking' into (a) Digital Banking (as defined in the RBI circular on Establishment of Digital Banking Units dated April 07, 2022) and (b) Other Retail Banking segment. Accordingly, the Bank started the reporting of Digital Banking as a sub - segment under Retail Banking from the quarter ended March 31, 2023 based on clarification issued by the RBI to Indian Banks' Association (IBA) dated February 21, 2023.

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(₹ in crore)

Particulars	Segment Revenue	Segment Results After Provisions & Before Tax	Segment Assets	Segment Liabilities
Retail Banking	7,596.27	506.25	127,325.22	110,533.00
(i) Digital Banking	1,006.65	(26.00)	13,324.42	22,912.15
(ii) Other Retail Banking	6,589.62	532.25	114,000.80	87,620.85

Geographic segments

The business of the Bank is concentrated in India. Accordingly, geographical segment results have not been reported.

18.19 Deferred tax

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under :

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Deferred tax assets on account of provisions for loan losses	993.04	1,057.21
Deferred tax assets on account of provision for diminution in value of investments	76.90	293.61
Deferred tax assets on account of long term capital loss	5.52	-
Deferred tax assets on account of other contingencies	197.88	197.81
Deferred tax assets (A)	1,273.34	1,548.63
Deferred tax liabilities on account of depreciation on fixed assets (Including intangible assets)	72.92	28.69
Others (Special Reserve under section 36(1)(viii) of Income Tax Act, 1961)	107.75	98.50
Deferred tax liabilities (B)	180.67	127.19
Net Deferred tax assets (A - B)	1,092.67	1,421.44

18.20 Related party disclosure :

As per AS-18, Related Party Disclosure, the Bank's related parties for the year ended March 31, 2024 are disclosed below :

a. Entities having Significant Influence

IDFC Limited
IDFC Financial Holding Company Limited

b. Subsidiary

IDFC FIRST Bharat Limited

c. Associates

Millennium City Expressways Private Limited

d. Key Management Personnel

Mr. V. Vaidyanathan - (MD & CEO)
Mr. Madhivanan Balakrishnan - Whole Time Director (WTD) (w.e.f. June 20, 2023 upto December 06, 2023)

e. Relatives of Key Management Personnel

Relatives of Mr. V. Vaidyanathan

Mrs. Jeyashree Vaidyanathan, Mr. Krishnamurthy Vembu, Mr. Pranav Vaidyanathan, Mr. Amartya Vaidyanathan, Ms. Anusha Vaidyanathan, Group Captain V. Satyamurthy, Mr. Maj V Krishnamurthy, Ms. Savitri Krishnamoorthy.

Relatives of Mr. Madhivanan Balakrishnan (w.e.f. June 20, 2023 upto December 06, 2023)

Mrs. Ranu Madhivanan, Mr. Balakrishnan Madaswamy, Mrs. Sornamani B, Mr. Samarth Madhivanan, Ms. Sumedha Madhivanan, Mr. B. Vasant Kumar, Mr. B. Satishwar, Mr. B. Sendhilvel

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f. Enterprises over which KMP / Relatives of KMP have control / significant influence

Rukmani Social Welfare Trust , V Satyamurthy Security Agency , Chanakya Talent

Aegon Life Insurance Company Limited - (w.e.f. June 20, 2023 upto December 06, 2023)

The significant transactions between the Bank and related parties for the year ended March 31, 2024 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category :

- **Interest expense :**

IDFC Financial Holding Company Limited ₹ 15.48 crore (Previous Year ₹ 23.60 crore)

- **Dividend received :**

IDFC FIRST Bharat Limited ₹ 70.31 crore (Previous Year ₹ Nil)

- **Managerial remuneration :**

Mr. V. Vaidyanathan ₹ 5.31 crore (Previous Year ₹ 4.46 crore)

Mr. Madhivanan Balakrishnan ₹ 1.60 crore (Previous Year ₹ Nil)

- **Receiving of services :**

IDFC FIRST Bharat Limited ₹ 1,009.08 crore (Previous Year ₹ 771.64 crore)

- **Swaps / forward contract (notional amount)**

IDFC Limited ₹ 0.68 crore (Previous Year ₹ 0.20 crore)

- **Purchase of investment :**

Aegon Life Insurance Company Limited ₹ 30.28 crore (Previous year ₹ Nil)

The details of the transactions of the Bank with its related party during the year ended March 31, 2024 are given below :

(₹ in crore)

Particulars	Related Party					
	Entities having Significant Influence	Subsidiary	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP / relatives of KMP have control / significant influence
Interest expense	15.62	1.45	-	0.40	0.08	0.01
Managerial remuneration ^	-	-	-	6.90	-	-
Receiving of services	-	1,009.08	-	-	-	-
Rendering of services	β	-	-	-	β	β
Swaps / forward contract	0.68	-	-	-	-	-
Dividend received	-	70.31	-	-	-	-
Purchase of investment (Inclusive of Broken Period Interest Paid)	-	-	-	-	-	30.28

^ Based on the performance evaluation of the Bank and the MD & CEO for FY 2022-23 and considering the recommendations of the Nomination & remuneration committee and the Board, the Reserve Bank of India approved the grant of ₹ 7.30 crore as variable pay for FY 2022-23 to MD & CEO which converts to 3,059,514 stock options. The said RBI approval was subsequently noted by the NRC and the Board at their respective meetings held on January 17, 2024 and January 20, 2024.

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The balances payable to / receivable from the related parties of the Bank as on March 31, 2024 are given below :

(₹ in crore)

Particulars	Related Party					
	Entities having Significant Influence	Subsidiary	Associates #	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP / relatives of KMP have Control / Significant Influence
Deposits with the Bank	140.31	6.11	-	2.54	1.27	0.26
Interest accrued on deposit	0.54	-	-	0.01	0.01	β
Loans & advances including credit card balances	-	-	295.07	0.06	0.05	-
Investment of the Bank	-	212.52 [^]	218.88	-	-	-
Investment of related party in the Bank [§]	-	-	-	-	-	-
Other receivables *	-	88.63	-	-	-	-
Other payables	-	87.96	-	-	-	-

* Other receivable includes cash with business correspondents.

[§] As at March 31, 2024, Entities having significant influence holds 2,646,438,348, MD & CEO holds 64,367,464, Relatives of KMP holds 319,500 & Entities over which KMP / Relatives of KMP have control / significant influence holds 5,093,860 equity shares in the Bank.

Loans and investments in the Associate company have been technically written - off during the year ended March 31, 2023.

[^] Net of dividend received from pre-acquisition profits reduced from cost of investment as per AS-13 Accounting for Investments.

The maximum balances payable to / receivable from the related parties of the Bank during the year ended March 31, 2024 are given below :

(₹ in crore)

Particulars	Related Party					
	Entities having Significant Influence	Subsidiary	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP / relatives of KMP have Control / Significant Influence
Deposits with the Bank	229.66	165.04	-	12.17	1.56	0.26
Loans & advances including credit card balances	-	-	295.07	0.10	0.05	-
Investment of the Bank	-	212.52	226.38	-	-	-
Other receivables #	-	230.04	-	-	-	-
Other payables	-	89.92	-	-	-	-

Other receivable includes cash with business correspondents.

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The details of the transactions of the Bank with its related party during the year ended March 31, 2023 are given below :

(₹ in crore)

Particulars	Related Party					
	Entities having Significant Influence	Subsidiary	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP / relatives of KMP have Control / Significant Influence
Interest expense	23.62	1.56	-	0.01	0.02	-
Interest income earned	-	-	18.73	-	β	-
Managerial remuneration [^]	-	-	-	4.46	-	-
Receiving of services	-	771.64	-	-	-	-
Rendering of services	β	0.05	-	β	β	β
Swaps / forward contract	0.20	-	-	-	-	-

[^] During FY 2022-23, the Board of Directors of the Bank, based on the recommendation of Nomination and Remuneration Committee, at its meeting held on April 30, 2022 had approved grant of 3,125,708 stock options to Mr. V. Vaidyanathan, MD & CEO under 'IDFC FIRST Bank – Employees Stock Option Scheme 2015'. In terms of Section 35B of the Banking Regulation Act, 1949, the said grant was duly approved by the RBI vide its letter dated November 29, 2022.

The balances payable to / receivable from the related parties of the Bank as on March 31, 2023 are given below:

(₹ in crore)

Particulars	Related Party					
	Entities having Significant Influence	Subsidiary	Associates [#]	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP / relatives of KMP have Control / Significant Influence
Deposits with the Bank	377.42	167.89	-	0.18	0.69	0.07
Interest Accrued on deposit	1.05	0.12	-	β	0.01	-
Loans & advances including credit card balances	-	-	301.38	-	β	-
Investment of the Bank	-	212.52 [^]	226.38	-	-	-
Investment of related party in the Bank [§]	-	-	-	-	-	-
Other receivables [*]	-	178.84	-	-	-	-
Other payables	-	78.99	-	-	-	-

^{*} Other receivable includes cash with business correspondents.

[§] As at March 31, 2023, Entities having significant influence holds 2,646,438,348, MD & CEO holds 33,007,11, Relatives of KMP holds 324,500 & Entities over which KMP / Relatives of KMP have control / significant influence holds 5,693,860 equity shares in the Bank.

[#] Loans and investments in the Associate company were technically written - off during the year ended March 31, 2023

[^] Net of dividend received from pre - acquisition profits reduced from cost of investment as per AS - 13 Accounting for Investments.

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The maximum balances payable to / receivable from the related parties of the Bank during the year ended March 31, 2023 are given below :

(₹ in crore)

Particulars	Related Party					
	Entities having Significant Influence	Subsidiary	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP / relatives of KMP have Control / Significant Influence
Deposits with the Bank	377.42	167.89	-	0.73	0.76	0.07
Loans & advances including credit card balances	-	-	315.02	0.14	0.01	-
Investment of the Bank	-	212.52	226.38	-	-	-
Other receivables #	-	178.84	-	-	-	-
Other payables	-	78.99	-	-	-	-

Other receivable includes cash with business correspondents.

18.21 Earnings per share ('EPS')

Basic and diluted earnings per equity share are computed in accordance with AS - 20 Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti - dilutive. Dilution of equity is on account of stock options granted by the Bank.

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Basic		
Weighted average number of equity shares outstanding (₹ in crore)	684.57	623.60
Net Profit / (Loss) after Tax (₹ in crore)	2,956.51	2,437.13
Basic earnings per share (₹)	4.32	3.91
Diluted		
Weighted average number of equity shares outstanding (₹ in crore)	696.36	633.89
Net Profit / (Loss) after Tax (₹ in crore)	2,956.51	2,437.13
Diluted earnings per share (₹)	4.25	3.84
Nominal value of shares (₹)	10.00	10.00

18.22 Movement in stock options granted is as under :

Employee Stock Option Scheme (ESOS) of IDFC FIRST Bank Limited viz. IDFC FIRST Bank ESOS-2015 ("the Scheme") was framed with an object of encouraging higher participation on the part of employees in the Bank's financial growth and success. An effective stock option scheme enables retention of talent and aligning employee interest to that of the shareholders.

The shareholders of the Bank at its Extra-Ordinary General Meeting held on December 09, 2014 had approved IDFC FIRST Bank ESOS-2015. The Scheme was further amended and was approved by the shareholders at its the 1st Annual General Meeting (AGM) held on September 29, 2015, at the 2nd AGM held on July 27, 2016 and at 5th AGM held on July 25, 2019.

The Scheme is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended from time to time. The Scheme is administered by the Nomination and Remuneration Committee ('NRC') of the Bank. As per the Scheme, the NRC is authorised to determine the specific employees to whom Employee Stock Options ('options') would be granted. The options granted under the Scheme would vest for period not less than one year and not more than five year from the date of grant of options, as approved by the NRC and the vesting would be subject to continued employment and achievement of performance criterias. The specific vesting schedule and conditions subject to which vesting would take place is outlined in the letter of grant given to option grantee at the time of grant of options.

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Options granted under the Scheme shall be capable of being exercised within a period of 3 years from the date of vesting of the respective options or such other period as may be determined by the NRC. Options granted under the Scheme are settled with equity shares being allotted to the beneficiary upon exercise.

During the year ended March 31, 2024, there has been no material change in IDFC FIRST Bank ESOS - 2015.

The Bank has used the intrinsic value method to account for the compensation cost of stock options to employees of the Bank (other than Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff). Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price on the option. Accounting for the stock options has been in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2012 to the extent applicable. Further, the Bank recognises fair value of share-linked instruments on the date of grant as an expense for all instruments granted after the accounting period ending March 31, 2021 for Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff as required in the RBI clarification dated August 30, 2021 on "Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff". The fair value of the stock-based compensation is estimated on the date of grant using Black-Scholes model and is recognised as compensation expense over the vesting period.

Stock option activity under the Scheme for the year ended March 31, 2024 is set out below :

Particulars	Stock Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	253,802,866	11.20-74.20	35.50	2.70
Granted during the year	72,448,105	54.50-93.10	59.61	5.09
Re-instated during the year	15,104	39.50	39.50	4.08
Forfeited during the year	(26,135,455)	19.25 - 74.20	49.30	-
Expired during the year	(2,196,720)	33.24 - 74.20	54.54	-
Exercised during the year	(119,392,065)	11.20 - 74.20	30.07	-
Outstanding at the end of the year	178,541,835	12.53 - 93.10	46.67	3.86
Exercisable at the end of the year	45,821,801	12.53 - 63.25	38.87	1.53

The weighted average share price in respect of options exercised during the year was ₹ 91.79.

Stock option activity under the Scheme for the year ended March 31, 2023 is set out below :

Particulars	Stock Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	260,141,857	11.20 - 74.20	36.04	2.72
Granted during the year	56,319,723	34.05 - 59.20	40.08	5.10
Re-instated during the year	85,375	19.25 - 53.35	31.61	2.99
Forfeited during the year	(17,212,852)	19.25 - 74.20	43.08	-
Expired during the year	(22,618,590)	38.26 - 74.20	55.27	-
Exercised during the year	(22,912,647)	14.64 - 58.75	27.61	-
Outstanding at the end of the year	253,802,866	11.20 - 74.20	35.50	2.70
Exercisable at the end of the year	140,736,143	11.20 - 74.20	32.10	1.09

The weighted average share price in respect of options exercised during the year was ₹ 54.48.

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Fair value methodology

On applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows :

Particulars	March 31, 2024	March 31, 2023
Net Profit / (Loss) (as reported) (₹ in crore)	2,956.51	2,437.13
Add: Stock based employee compensation expense included in net income (₹ in crore)	1.63	0.86
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crore)*	67.39	50.31
Net Profit / (Loss) (Proforma) (₹ in crore)	2,890.75	2,387.68
Earnings per share: Basic (in ₹)		
As reported	4.32	3.91
Proforma	4.22	3.83
Earnings per share: Diluted (in ₹)		
As reported	4.25	3.84
Proforma	4.15	3.77

* Does not include fair value of stock-based compensation estimated on date of grant using Black-Scholes model for "Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff" amounting to ₹ 24.66 crore (Previous Year ₹ 20.14 crore) already accounted under "payment to and provisions for employees".

The weighted average fair value of options granted during the year ended March 31, 2024 was ₹ 26.74 (Previous Year ₹ 17.78)

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions :

Particulars	March 31, 2024	March 31, 2023
Dividend yield	-	-
Expected life	4.51 years	4.51 years
Risk free interest rate	6.92%	6.40%
Volatility	41.68%	43.56%

Expected dividend during the estimated expected term of the option are based on the dividend declared for one financial year prior to the date of grant. Expected life of option is the period for which the Bank expects the option to be in existence. Risk free interest rates over the expected term of the option are based on the maturity zero coupon yield curve for Government Securities at the time of grant. Expected volatility during the estimated expected term of the option is based on historical volatility determined based on the daily closing market prices of the Bank's publicly traded equity shares.

18.23 Leases

Disclosures in respect of operating leases are given below :

(This comprise of office premises / branches / ATMs taken on lease)

Particulars	March 31, 2024	March 31, 2023
Future lease rentals payable as at the end of the year :		(₹ in crore)
Not later than one year	538.74	407.65
Later than one year and not later than five years	1,577.59	1,248.81
Later than five years	344.51	249.46
Total of minimum lease payments recognised in the Profit and Loss Account for the year	581.85	415.99
Total of future minimum sub - lease payments expected to be received under non - cancellable sub - leases	-	-
Sub - lease payments recognised in the Profit and Loss Account for the year	-	-

The Bank has not sub - leased any of its properties taken on lease. There are no provisions relating to contingent rent. The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

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18.24 Other fixed assets

The movement in fixed assets capitalised as application software (included in other Fixed Assets) is given below :

(₹ in crore)

Particulars	March 31, 2024		March 31, 2023	
	Software	Other Intangibles	Software	Other Intangibles ^
Cost				
At the beginning of the year	1,513.88	-	1,223.84	2,599.35
Additions during the year	768.35	-	290.04	-
Deductions during the year	(1.13)	-	-	(2,599.35)
Total (i)	2,281.10	-	1,513.88	-
Depreciation				
Accumulated depreciation at the beginning of the year	972.01	-	810.70	2,599.35
Depreciation charge for the year	240.23	-	161.31	-
Deductions during the year	(1.89)	-	-	(2,599.35)
Total (ii)	1,210.35	-	972.01	-
Net Value (i-ii)	1,070.75	-	541.87	-

^ The amalgamation of Bank had resulted in recognition of Intangible assets – (Brand and Goodwill) aggregating to ₹ 2,599.35 crore during the year ended March 31, 2019 which was charged off to the Profit and Loss Account in the same year. During the year ended March 31, 2023, the Bank had written off Goodwill and Brand out of gross fixed asset and corresponding accumulated depreciation. This did not have any impact in the Profit and Loss Account for the year ended March 31, 2023.

18.25 Corporate social responsibility (CSR)

- Amount required to be spent by the Bank on CSR during the year is ₹ 16.80 crore (Previous Year ₹ Nil).
- Amount approved by the Board to be spent during the year ₹ 25.51 crore (Previous Year ₹ 20.44 crore)
- Amount spent towards CSR related activities during the year ended March 31, 2024 is ₹ 25.63 crore (Previous Year ₹ 17.52 crore), which comprise of following :

Year ended March 31, 2024

(₹ in crore)

Nature of activities	Amount Spent	Amount Unpaid / Provision	Total
Construction / acquisition of any asset	-	-	-
On purpose other than above	25.63	-	25.63

Year ended March 31, 2023

(₹ in crore)

Nature of activities	Amount Spent	Amount Unpaid / Provision	Total
Construction / acquisition of any asset	-	-	-
On purpose other than above	17.52	-	17.52

- The Bank in line with Rule 7 (3) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 has deferred the CSR spent of ₹ 25.63 crore for succeeding 3 financial years.

(₹ in crore)

Balance excess spent as at April 01, 2023	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at March 31, 2024
31.93	16.80	25.63	40.77

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

18.26 Proposed dividend

The Bank did not declare any dividend for the financial year ended March 31, 2024 and March 31, 2023.

18.27 Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. During the year ended March 31, 2024, ₹ 36.84 crore (Previous Year ₹ 20.00 crore) worth bills were paid with delays to Micro and Small Enterprises and ₹ 0.51 crore (Previous Year ₹ 2.04 crore) worth bills remained unpaid as at March 31, 2024. There have been no demand of interest on these payments during the year.

18.28 Investor education and protection fund

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

18.29 Description of contingent liabilities

i. Claims against the Bank not acknowledged as debts

The Bank is a party to taxation matters which are in dispute and are under appeal. The demands are either in the process of being stayed or have been partly or wholly paid / adjusted and will be received as refund (where paid / adjusted) to the extent the matters are decided in favour of the Bank.

The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial condition, results of operations or cash flows.

ii. Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments. These payment obligations of the Bank do not have any profit / loss impact.

iii. Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter - bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest / principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange - traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An exchange traded currency option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre - agreed exchange rate on a specified date on the date of expiry. Currency futures contract is a standardised, exchange - traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

With respect to transactions entered by customers, the Bank generally takes off - setting positions in the inter - bank markets which results into higher numbers of outstanding contracts. The same also leads to representation of large gross notional principal of the portfolio, while the actual credit / market risk is much smaller.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

Further, the notional amounts of the financial instruments do not represent the current fair value or future cash flows and hence do not indicate the Banks' exposure to credit or price risk. The derivative instrument becomes an asset / liability basis change in underlying market rates compared to contracted rates.

iv. Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfil its financial or performance obligations.

v. Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

vi. Other items

Other items represent estimated amount of contracts remaining to be executed on capital account, certain undrawn non-cancellable loan commitments and credit enhancements in respect of securitised and assigned loans. This also includes investments bought and remaining to be settled on the date of financial statements.

18.30 Utilisation of borrowed funds

The Bank, as part of its normal banking business, grants loans and advances, makes investment, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons. These transactions are part of Bank's normal banking business, which is conducted ensuring adherence to all regulatory requirements.

Given the nature and background of transactions explained above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

The Bank has also not received any fund from any person(s) or entity(ies), including foreign entities (Funding Parties) with the understanding, whether recorded in writing or otherwise, that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2024

18.31 Particulars of items under Others (including provisions), Other Assets-“Others”, Other Income, Other expenditure

Others (including provisions)

Others (including provisions) under the "Schedule 5(VI) - Other Liabilities and Provisions" includes Nil items (Previous Year Nil) which are exceeding 1% of the total assets of the Bank.

Other Assets - “Others”

Others under the head "Schedule 11 (VII) - Other Assets" includes Nil items (Previous Year Nil items) which are exceeding 1% of the total assets of the Bank.

Other Income

Miscellaneous Income under the head "Schedule 14 (VIII) - Other Income" includes Nil items (Previous Year Nil items) which are exceeding 1% of the total income of the Bank.

Other Expenditure

Other expenditure under the head “Schedule 16 (XII) - Operating Expenses” includes commission to sales agents and business correspondents, commission to collection agents, system management and software subscription fees which are more than 1% of total income of the Bank.

18.32 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year’s presentation.

18.33 The figures of ₹ 50,000 or less have been denoted by β .

For **M S K A & Associates**
Chartered Accountants
(Firm Registration No: 105047W)

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
(Firm Registration No: 104607WW100166)

Swapnil Kale
Partner
(Membership No: 117812)

Roshni Marfatia
Partner
(Membership No: 106548)

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

Aashish Kamat
Director
DIN: 06371682

V. Vaidyanathan
Managing Director &
Chief Executive Officer
DIN: 00082596

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Date : April 27, 2024

Place : Mumbai

Independent Auditor's Report

To the Members of IDFC FIRST Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of IDFC FIRST Bank Limited (hereinafter referred to as the "Bank" or "Holding Company") and its subsidiary (Bank / Holding Company and its subsidiary together referred to as the "Group"), its associate, which comprise the Consolidated Balance Sheet as at March 31, 2024, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditor on separate financial statements of subsidiary and the financial information certified by the management of the associate company, the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949, the guidelines issued by the Reserve Bank of India (the "RBI") from time to time (the "RBI Guidelines") and the Companies Act, 2013 (the "Act") in the manner so required for banking companies and give a true and fair view in conformity with the Accounting Standards prescribed under Section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in

India, of their consolidated state of affairs of the Group, its associate as at March 31, 2024 and its consolidated profit, and its consolidated cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and on consideration of audit reports of other auditor referred to in paragraph (a) of the "Other Matters" section below is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters**How the key audit matters were addressed in our audit****Identification of non - performing advances (NPA) and provisions on advances**

Total Advances (net of provisions) as at March 31, 2024: ₹ 1,94,592.30 Crores

Provision for NPA, Provision for specific assets and Restructuring provision: ₹ 2,866.93 crore as at March 31, 2024

(Refer to Schedule 9 – Advances, Accounting Policy 17.02 – Advances).

The Reserve Bank of India (the “RBI”) guidelines on Prudential Norms on Income recognition, asset classification and provisioning pertaining to Advances (“IRAC”) and other circulars and directives issued by the RBI from time to time pertaining to Advances, prescribes the norms for identification and classification of performing and non - performing advances (“NPA”) and the minimum provisions required for such advances.

The Bank is required to have a Board approved policy in place for NPA identification and classification of advances and provisioning thereon. The Bank is also expected to apply its judgement to determine the identification and provisioning required against NPA by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.

The provision on NPA is estimated based on its ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning as per IRAC and Board approved policy in this regard.

Additionally, the Bank also makes provisions on standard accounts where it estimates a possibility of eventual economic loss or prolonged delay in recovery which may lead to eventual economic loss i.e. Identified Standard Advances (ISA). Such advances are stated net of such provisions.

Provisions in respect of restructured advances are made based on management’s assessment of the degree of impairment of the advances subject to the minimum provisioning levels as per IRAC and other relevant RBI Guidelines.

Since the identification of NPAs and provisioning for advances require a significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.

Our audit procedures in respect of this area included, but not limited to:**Process understanding and testing of controls**

- Obtained an understanding of management’s process, systems / applications and controls implemented in relation to advances, identification, classification and provisioning of NPA, restructured advances, identified standard advances (ISA) and provisions thereon.
- Tested system / application controls including automated process, controls and system - based reconciliations pertain to the advances, NPA identification, classification and provision on advances.
- Tested the design, implementation and operating effectiveness of key internal financial controls pertaining to the identification, classification and provisioning on NPA accounts, identified standard advances, computation of provisions on advances (including restructured and ISA) as per IRAC norms and Board approved policy.
- Verified the governance process to the Audit Committee and Board of Directors pertaining to the reporting of NPA and provisioning thereon.
- Verified controls over the adequacy of disclosures made in the financial statements.

Performed other substantive procedures including the following, but not limited to:

- Selected samples for testing, based on quantitative and qualitative risk factors. For the selected samples, tested accuracy of days past due computation, assets classification at borrower level and provisioning as per IRAC norms and Board approved policy.
- Verified selected samples based on quantitative and qualitative factors pertaining to the large sized corporate borrowers to test their conduct, security evaluation and its value, impairment indicators basis their financial strength or external factors if any.
- Obtained and verified the accounts identified by management i.e. accounts forming a part of credit watchlist, by obtaining management’s assessment on recoverability of these exposures and evaluating the appropriateness of provisions.
- Considered the accounts reported by the Bank and other Banks as Special Mention Accounts (“SMA”) in RBI’s Central Repository of Information on Large Credits (CRILC) to identify stressed accounts.

Key audit matters

How the key audit matters were addressed in our audit

- Inquired with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needs to be factored in classification of account as NPA.
- Discussed with the management of the Bank on sectors where there is perceived credit risk and the steps taken by management to mitigate the risks pertaining to identified stress sectors.
- Selected and tested samples for accounts which are restructured as per RBI Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances; and
- Assessed the appropriateness, accuracy and adequacy of related presentation and disclosures in accordance with the applicable accounting standards, IRAC and other requirements of RBI.

Information Technology

Information Technology (IT) systems and controls

The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated.

Amongst its multiple IT systems, we scoped in systems that are key for the overall financial reporting.

The Bank has also undertaken few data migration projects in the current financial year.

Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.

Further, IT applications have been made accessible on a remote basis.

We have identified 'IT systems and controls' as a key audit matter considering high level of automation, significant number of systems being used by management and the complexity of the IT architecture and its impact on overall financial reporting process and regulatory expectation on automation.

Key IT audit procedures performed included the following, but not limited to:

- For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of our audit. The team also assisted in testing the completeness and accuracy of the information produced by the Bank's IT systems where applicable.
- Obtained an understanding of IT applications implemented in the Bank and verified design and operating effectiveness of controls over user access management, change management, segregation of duties, system interface controls, system application controls and Information Produced by entity (IPE) controls over key financial accounting and reporting systems.
- Verified key controls, on a sample basis, for data migration operating over the information technology in relation to financial accounting and reporting systems, user acceptance test (UAT) sign offs, incidents monitoring.
- For a selected group of key controls over financial reporting systems, performed procedures to independently determine that these controls remained unchanged during the year or were changed by following the change management process.

Key audit matters**How the key audit matters were addressed in our audit**

- Evaluated other areas including password policies, security configurations, controls over changes to applications and databases and controls to ensure that developers and production support did not have access to change applications, the operating system or databases in the production environment.
- Inquired for data security controls in the context of staff working from remote locations during the year.
- Verified compensating controls and performed alternate procedures, where necessary.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the Bank's Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and those charged with governance for the Consolidated Financial Statements

The Bank's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the RBI from time to time (the "RBI Guidelines") as applicable to the Bank. The respective Board of Directors of the companies included in the Group and of its associate are

responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the bank has internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express

an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

- a. We did not audit the financial statements of subsidiary, whose financial statements reflect Group's share of total assets (before consolidated adjustments) of ₹ 345 crore as at March 31, 2024, Group's share of total revenues (before consolidated adjustments) of ₹ 1,015 crore and Group's share of net cash outflows (before consolidated adjustments) amounting to ₹ 112 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statement have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

- b. The consolidated financial statements also include the Group's share of net loss of ₹NIL for the year ended March 31, 2024, in respect of one associate, whose financial information have not been audited by us. These financial information is unaudited and has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial information certified by the management. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial information certified by the Management.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of the subsidiary and the financial information certified by the management of the associate company, as noted in the Other Matters Section above we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor except for the matters stated in paragraph 1(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended), as stated in the report issued by the independent auditor of the subsidiary Company.
 - c. The Consolidated Balance Sheet, the Consolidated Profit and Loss Account, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act to the extent they are not inconsistent with the guidelines prescribed by RBI.
 - e. On the basis of the written representations received from the directors of the Bank as on March 31, 2024 taken on record by the Board of Directors of the Bank and the report of the other auditor of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
 - g. With respect to the matters to be included in the Auditor's Report under Section 197(16): In our opinion, according to information, explanations given to us and based on the report of the other auditor, the remuneration paid by the subsidiary to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder. Further, the Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply to the Bank.
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us based on our audit and on the consideration of report of the other auditor on separate financial statements of the subsidiary and financial information certified by the Management for the associate as noted in the 'Other Matters' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate – Refer Note 18.14 to the consolidated financial statements.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long - term contracts including derivative contracts – Refer Schedule 12 and Note 18.14 to the

consolidated financial statements; in respect of such items as it relates to the Group.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank and its subsidiary company and its associate company incorporated in India.
- iv.
 - a. The respective Managements of the Bank and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary, to the best of their knowledge and belief, other than as disclosed in the Note 18.15 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank or its subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank or its subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b. The respective Managements of the Bank and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary respectively that, to the best of their knowledge and belief, other than as disclosed in the Note 18.15 to the consolidated financial statements, no funds have been received by the Bank or its subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank or its subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditor of its subsidiary which is company incorporated in India whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Bank in this regard nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub - clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material mis - statement.
- v. The Bank has neither declared nor paid any dividend during the year ended March 31, 2024. On the basis of our verification and on consideration of the reports of the statutory auditor of the subsidiary is Indian company under the Act, interim dividend declared and paid by the subsidiary during the year and until the date of this audit report is in accordance with section 123 of the Companies Act 2013 and based on the financial information certified by the management, the associate company has neither declared nor paid any dividend during the year.
- vi. Based on our examination, which included test checks and that performed by the auditor of the subsidiary which is a company incorporated in India whose financial statements have been audited under the Act, except for the instances pertaining to the subsidiary mentioned below, the Bank and the subsidiary have used the accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all the relevant transactions recorded in the accounting softwares. Further, during the course of our audit, we and the auditor of above referred subsidiary did not come across any instance of the audit trail feature being tampered with, other than the consequential impact of exceptions given below, which is solely based on the report of such auditor.

Nature of exceptions noted for the subsidiary

Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software

Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not available.

Details of exceptions

In respect of the subsidiary, the audit trail feature was not enabled at the database level for accounting software (COSMOS) to log any direct data changes, used for maintenance of all accounting records by the Company for the period April 01, 2023 to August 22, 2023.

Based on the examination performed by the respective auditor of the subsidiary which included test checks, the Company, in respect of financial year commencing on or after April 01, 2023 has used the accounting software (Darwin Box), used for maintenance of books of accounts of the Company, which is operated by third party software service provider. In the absence of any information on the existence of audit trail feature in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issue in accordance with ISAE 3402, Assurance Reports on Controls at a Service Organization), the respective auditor of subsidiary company is unable to comment on whether audit trail feature at the database level of the said software was enabled and operated throughout the year.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration Number: 105047W

Swapnil Kale

Partner

Membership Number: 117812

UDIN: 24117812BKFIEA6693

Mumbai

April 27, 2024

For **Kalyaniwalla & Mistry LLP**

Chartered Accountants

ICAI Firm Registration Number: 104607W/W100166

Roshni Marfatia

Partner

Membership Number: 106548

UDIN: 24106548BKCSTE3501

Mumbai

April 27, 2024

Annexure A to the Independent Auditor's Report

Of even date on the Consolidated Financial Statements of IDFC First Bank Limited

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of IDFC FIRST Bank Limited on the Consolidated Financial Statements for the year ended March 31, 2024

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

Opinion

In conjunction with our audit of the consolidated financial statements of the Bank as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of IDFC FIRST Bank Limited (hereinafter referred to as the "Holding Company" / the "Bank") and its subsidiary company (Bank and its subsidiary together referred to as the "Group"), which are companies incorporated in India, as of that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Bank, its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI").

Management's responsibility for internal financial controls

The respective Board of Directors of the Bank, its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Bank based on our audit. We conducted

our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Bank.

Meaning of internal financial controls with reference to Consolidated Financial Statements

A Bank's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in

accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the consolidated financial statements.

Inherent limitations of internal financial controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to a subsidiary company, which is company incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For M S K A & Associates Chartered Accountants ICAI Firm Registration Number: 105047W	For Kalyaniwalla & Mistry LLP Chartered Accountants ICAI Firm Registration Number: 104607W/W100166
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Swapnil Kale Partner Membership Number: 117812 UDIN: 24117812BKFIEA6693	Roshni Marfatia Partner Membership Number: 106548 UDIN: 24106548BKCSTE3501
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Mumbai April 27, 2024	Mumbai April 27, 2024
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Consolidated Balance Sheet

as at March 31, 2024

(₹ in Thousands)

	Schedule No.	As at March 31, 2024	As at March 31, 2023
CAPITAL AND LIABILITIES			
Capital	1	70,699,239	66,181,218
Employees stock options outstanding	1a	589,257	371,152
Reserves and surplus	2	251,447,289	191,923,139
Minority Interest	2a	-	-
Deposits	3	2,005,702,010	1,444,695,041
Borrowings	4	509,357,371	572,120,920
Other liabilities and provisions	5	124,302,617	123,529,041
TOTAL		2,962,097,783	2,398,820,511
ASSETS			
Cash and balances with Reserve Bank of India	6	109,884,557	105,622,825
Balances with banks and money at call and short notice	7	14,927,020	32,163,975
Investments	8	745,001,163	609,132,751
Advances	9	1,945,923,662	1,517,945,314
Fixed assets	10	26,745,629	21,330,619
Other assets	11	118,219,055	111,228,330
Goodwill on consolidation		1,396,697	1,396,697
TOTAL		2,962,097,783	2,398,820,511
Contingent liabilities	12	3,023,611,742	3,612,072,998
Bills for collection		36,243,957	21,967,830
Significant accounting policies and notes to accounts	17 & 18		

The schedules and the accompanying notes to accounts referred to above form an integral part of the Consolidated Balance Sheet.

The Balance Sheet has been prepared in conformity with form 'A' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For **M S K A & Associates**
Chartered Accountants
(Firm Registration No: 105047W)

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
(Firm Registration No: 104607W/W100166)

Swapnil Kale
Partner
(Membership No: 117812)

Roshni Marfatia
Partner
(Membership No: 106548)

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

Aashish Kamat
Director
DIN: 06371682

V. Vaidyanathan
Managing Director &
Chief Executive Officer
DIN: 00082596

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Date : April 27, 2024
Place : Mumbai

Consolidated Profit & Loss Account

for the year ended March 31, 2024

(₹ in Thousands)

	Schedule No.	Year ended March 31, 2024	Year ended March 31, 2023
I INCOME			
Interest earned	13	303,251,147	227,278,129
Other income	14	59,317,272	44,672,782
TOTAL		362,568,419	271,950,911
II EXPENDITURE			
Interest expended	15	138,703,029	100,906,368
Operating expenses	16	161,477,320	121,082,356
Provisions and contingencies	18.03	32,964,548	25,112,893
TOTAL		333,144,897	247,101,617
Net Profit / (Loss) before share in Earnings / (Loss) in associates		29,423,522	24,849,294
Add: Share of Earnings / (Loss) in associates		-	-
Consolidated Net Profit / (Loss) for the year before deducting Minorities' Interest		29,423,522	24,849,294
Less: Minorities' Interest		-	-
CONSOLIDATED PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE GROUP		29,423,522	24,849,294
Add: Brought forward consolidated Profit / (Loss) attributable to the group		(24,294,196)	(37,918,490)
AMOUNT AVAILABLE FOR APPROPRIATION		5,129,326	(13,069,196)
III APPROPRIATIONS :			
Transfer to statutory reserve	18.02	7,400,000	6,095,000
Transfer to investment reserve	18.02	490,000	790,000
Transfer to capital reserve	18.02	210,000	955,000
Transfer to special reserve	18.02	635,000	650,000
Transfer to investment fluctuation reserve	18.02	2,150,000	2,735,000
Dividend paid	18.12	-	-
Balance in Profit and Loss Account carried forward		(5,755,674)	(24,294,196)
TOTAL		5,129,326	(13,069,196)
IV EARNINGS PER SHARE	18.08		
(Face value ₹ 10 per share)			
Basic (₹)		4.30	3.98
Diluted (₹)		4.23	3.92
Significant accounting policies and notes to accounts	17 & 18		

The schedules and the accompanying notes to accounts referred to above form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date.

For **M S K A & Associates**
Chartered Accountants
(Firm Registration No: 105047W)

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
(Firm Registration No: 104607W/W100166)

Swapnil Kale
Partner
(Membership No: 117812)

Roshni Marfatia
Partner
(Membership No: 106548)

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

Aashish Kamat
Director
DIN: 06371682

V. Vaidyanathan
Managing Director &
Chief Executive Officer
DIN: 00082596

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Date : April 27, 2024
Place : Mumbai

Cash Flow Statement

for the year ended March 31, 2024

(₹ in Thousands)

	Schedule No.	Year ended March 31, 2024	Year ended March 31, 2023
A Cash flow from operating activities			
Profit after tax		29,423,522	24,849,294
Add : Provision for tax		9,148,090	8,464,709
Net profit before taxes		38,571,612	33,314,003
Adjustments for :			
Depreciation on fixed assets	16 (V)	6,307,598	4,349,870
Amortisation of deferred employee compensation	16 (I)	218,105	209,950
Amortisation of premium on held to maturity investments		2,679,447	2,701,980
Write back of provision for depreciation in value of investments	18.03	(1,019,468)	(890,674)
Provision on non - performing advances (net of recoveries)	18.03	26,065,444	22,764,583
Profit on sale of fixed assets (net)	14 (IV)	(87,863)	(7,477)
Write back of provision on standard assets and other contingencies	18.03	(1,229,518)	(5,225,725)
Adjustments for :			
Increase in investments (excluding held to maturity investments)		(50,296,068)	(43,440,632)
Increase in advances		(452,163,284)	(362,004,112)
Increase in deposits		561,006,968	389,298,774
Increase in other assets		(8,124,072)	(22,103,914)
Increase in other liabilities and provisions		1,572,152	20,222,822
Direct taxes paid (net)		(8,072,116)	(3,559,402)
Net cash flow generated from operating activities (A)		115,428,937	35,630,047
B Cash flow from investing activities			
Purchase of fixed assets		(13,736,078)	(11,881,025)
Proceeds from sale of fixed assets		2,101,352	81,453
Increase in held to maturity investments		(87,232,324)	(108,157,841)
Net cash flow used in investing activities (B)		(98,867,050)	(119,957,413)

Cash Flow Statement

for the year ended March 31, 2024

(₹ in Thousands)

	Schedule No.	Year ended March 31, 2024	Year ended March 31, 2023
C Cash flow from financing activities			
Proceeds from issue of additional tier II bonds		15,000,000	15,000,000
Net proceeds / (repayments) in other borrowings		(77,763,549)	27,494,927
Proceeds from issue of share capital (net of share issue expenses)		33,226,439	22,595,512
Net cash flow (used in) / generated from financing activities (C)		(29,537,110)	65,090,439
D Net increase in cash and cash equivalents (A+B+C)		(12,975,223)	(19,236,927)
Cash and cash equivalents at the beginning of the year		137,786,800	157,023,727
Cash and cash equivalents at the end of the year		124,811,577	137,786,800
Represented by :			
Cash and Balances with Reserve Bank of India	6	109,884,557	105,622,825
Balances with Banks and Money at Call and Short Notice	7	14,927,020	32,163,975
Cash and cash equivalents at the end of the year		124,811,577	137,786,800

As per our report of even date.

For **M S K A & Associates**
Chartered Accountants
(Firm Registration No: 105047W)

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
(Firm Registration No: 104607WW100166)

Swapnil Kale
Partner
(Membership No: 117812)

Roshni Marfatia
Partner
(Membership No: 106548)

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

Aashish Kamat
Director
DIN: 06371682

V. Vaidyanathan
Managing Director &
Chief Executive Officer
DIN: 00082596

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Date : April 27, 2024
Place : Mumbai

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2024

SCHEDULE 1 - CAPITAL

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
Authorised Capital		
7,500,000,000 (Previous Year - 7,500,000,000) equity shares of ₹ 10 each	75,000,000	75,000,000
3,800,000 (Previous Year - 3,800,000) preference shares of ₹ 100 each	380,000	380,000
Equity Share Capital [^]		
Issued, Subscribed, Called up and Paid - up Capital		
7,069,923,853 (Previous Year - 6,618,121,816) equity shares of ₹ 10 each, fully paid up	70,699,239	66,181,218
TOTAL	70,699,239	66,181,218

[^] Includes 119,392,065 equity shares (Previous Year 22,912,647 equity shares) allotted pursuant to the exercise of options under the Employee Stock Option Scheme.

During the year ended March 31, 2024, the Bank raised additional capital aggregating to ₹ 3,000.00 crore (rounded off) from qualified institutional buyers through issuance of 332,409,972 equity shares, fully paid-up, at the price of ₹ 90.25 per equity share (including securities premium of ₹ 80.25 per equity share).

During the year ended March 31, 2023, the Bank raised additional capital aggregating to ₹ 2,196.30 crore (rounded off) on a preferential basis through issuance of 377,500,859 equity shares, fully paid-up, at the price of ₹ 58.18 per equity share (including securities premium of ₹ 48.18 per equity share).

SCHEDULE 1a - EMPLOYEES STOCK OPTIONS OUTSTANDING

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
Employees stock option outstanding	589,257	371,152
TOTAL	589,257	371,152

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Statutory reserves		
Opening balance	15,792,951	9,697,951
Additions during the year (refer note 18.02)	7,400,000	6,095,000
Deduction during the year	-	-
Closing balance	23,192,951	15,792,951
II Capital reserves		
Opening balance	7,465,100	6,510,100
Additions during the year (refer note 18.02)	210,000	955,000
Deduction during the year	-	-
Closing balance	7,675,100	7,465,100
III Share premium		
Opening balance	173,125,074	154,534,140
Additions during the year	29,117,028	18,590,934
Deduction during the year (share issue expenses)	(408,599)	-
Closing balance	201,833,503	173,125,074
IV General reserve		
Opening balance	6,882,161	6,882,161
Additions during the year (refer note 18.02)	1,060,736	-
Deduction during the year	-	-
Closing balance	7,942,897	6,882,161

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2024

	As at March 31, 2024	As at March 31, 2023
		(₹ in Thousands)
V Amalgamation reserve	(2,317,951)	(2,317,951)
VI Special reserve		
Opening balance	6,400,000	5,750,000
Additions during the year (refer note 18.02)	635,000	650,000
Deduction during the year	-	-
Closing balance	7,035,000	6,400,000
VII Investment fluctuation reserve		
Opening balance	2,735,000	-
Additions during the year (refer note 18.02)	2,150,000	2,735,000
Deduction during the year	-	-
Closing balance	4,885,000	2,735,000
VIII Investment reserve account		
Opening balance	6,135,000	5,345,000
Additions during the year (refer note 18.02)	490,000	790,000
Deduction during the year	-	-
Closing balance	6,625,000	6,135,000
IX Cash flow hedge reserve		
Opening balance	-	-
Additions during the year (refer note 18.02)	331,463	-
Deduction during the year	-	-
Closing balance	331,463	-
X Balance in Profit and Loss Account	(5,755,674)	(24,294,196)
GRAND TOTAL	251,447,289	191,923,139

SCHEDULE 2a - MINORITY INTEREST

	As at March 31, 2024	As at March 31, 2023
		(₹ in Thousands)
Opening balance	-	-
Addition during the year	-	-
Deletion during the year	-	-
Closing balance	-	-

SCHEDULE 3 - DEPOSITS

	As at March 31, 2024	As at March 31, 2023
		(₹ in Thousands)
A I Demand deposits		
(i) From banks	6,998,587	6,467,024
(ii) From others	178,314,371	140,366,260
TOTAL	185,312,958	146,833,284
II Savings bank deposits	762,308,119	571,565,929
III Term deposits		
(i) From banks	75,496,229	46,318,206
(ii) From others	982,584,704	679,977,622
TOTAL	1,058,080,933	726,295,828
GRAND TOTAL	2,005,702,010	1,444,695,041
B I Deposits of branches in India	2,005,702,010	1,444,695,041
II Deposits of branches outside India	-	-
GRAND TOTAL	2,005,702,010	1,444,695,041

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2024

SCHEDULE 4 - BORROWINGS

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Borrowings in India		
(i) Reserve Bank of India	70,000,000	-
(ii) Other banks [^]	19,339,038	14,343,371
(iii) Other institutions and agencies [§]	416,826,507	553,622,385
TOTAL	506,165,545	567,965,756
II Borrowings outside India	3,191,826	4,155,164
GRAND TOTAL	509,357,371	572,120,920

Secured borrowings included in I and II above are ₹ Nil (Previous Year ₹ Nil) except borrowings of ₹ 17,089.24 crore (Previous Year ₹ 16,918.56 crore) under repurchase transactions (including tri-party repo) and transactions under Liquidity Adjustment Facility.

During the year ended March 31, 2024, the Bank has raised Basel III compliant Additional Tier II bond amounting to ₹ 1,500.00 crore (Previous Year ₹ 1,500.00 crore).

[^] Borrowings from banks include long term infrastructure bonds of ₹ 230.00 crore (Previous Year ₹ 241.50 crore).

[§] Borrowings from other institutions and agencies include long term infrastructure bonds of ₹ 5,280.00 crore (Previous Year ₹ 6,673.40 crore).

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Bills payable	10,150,417	11,944,379
II Inter-office adjustments (net)	-	-
III Interest accrued	17,548,247	15,029,668
IV Contingent provision against standard assets	8,515,315	9,304,025
V Deferred Tax Liabilities (net)	-	-
VI Others (including provisions)	88,088,638	87,250,969
GRAND TOTAL	124,302,617	123,529,041

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Cash in hand (including foreign currency notes)	9,294,050	6,538,747
II Balances with Reserve Bank of India :		
(i) In current accounts	97,580,507	75,054,078
(ii) In other accounts	3,010,000	24,030,000
GRAND TOTAL	109,884,557	105,622,825

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2024

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I In India		
(i) Balance with banks		
(a) In current accounts	2,707,136	2,374,535
(b) In other deposit accounts	-	50,000
(ii) Money at call and short notice		
(a) With banks	-	18,575,744
(b) With other institutions	6,565,356	7,489,766
TOTAL	9,272,492	28,490,045
II Outside India		
(i) In current accounts	561,501	462,771
(ii) In other deposit accounts	-	-
(iii) Money at call and short notice	5,093,027	3,211,159
TOTAL	5,654,528	3,673,930
GRAND TOTAL	14,927,020	32,163,975

SCHEDULE 8 - INVESTMENTS

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Investments in India in :		
(i) Government securities	695,729,352	560,317,490
(ii) Other approved securities	-	-
(iii) Shares #	4,927,572	4,384,356
(iv) Debentures and bonds	28,130,728	25,478,209
(v) Others *	16,193,990	18,949,436
TOTAL	744,981,642	609,129,491
II Investments Outside India in :		
(i) Government securities (including local authorities)	-	-
(ii) Subsidiaries and / or joint ventures abroad	-	-
(iii) Others (Equity Shares)	19,521	3,260
TOTAL	19,521	3,260
GRAND TOTAL	745,001,163	609,132,751
III Investments in India :		
(i) Gross value of investments	747,529,880	620,354,283
(ii) Aggregate of provisions for depreciation	(2,548,238)	(11,224,792)
(iii) Net investment	744,981,642	609,129,491
IV Investments outside India :		
(i) Gross value of investments	19,521	3,260
(ii) Aggregate of provisions for depreciation	-	-
(iii) Net investment	19,521	3,260
GRAND TOTAL	745,001,163	609,132,751

Includes investment in associates.

* Includes investments in venture capital funds, security receipts and pass through certificates.

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2024

SCHEDULE 9 - ADVANCES

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
A		
(i) Bills purchased and discounted	22,991,545	21,409,445
(ii) Cash credits, overdrafts and loans repayable on demand	323,092,439	214,570,756
(iii) Term loans	1,599,839,678	1,281,965,113
TOTAL	1,945,923,662	1,517,945,314
B		
(i) Secured by tangible assets *	1,051,948,197	796,228,665
(ii) Covered by bank / government guarantees §	22,399,895	7,171,828
(iii) Unsecured	871,575,570	714,544,821
TOTAL	1,945,923,662	1,517,945,314
C I		
Advances in India		
(i) Priority sector	639,375,033	478,229,625
(ii) Public sector	-	1,200,000
(iii) Banks	2,278,337	2,090,869
(iv) Others	1,304,270,292	1,036,424,820
TOTAL	1,945,923,662	1,517,945,314
CII		
Advances outside India		
(i) Due from banks	-	-
(ii) Due from others :	-	-
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	-	-
(c) Others	-	-
TOTAL	-	-
GRAND TOTAL	1,945,923,662	1,517,945,314

The above advances are net of provisions of ₹ 2,866.93 crore (Previous Year ₹ 3,035.17 crore).

Net of borrowings under Inter Bank Participation Certificate (IBPC) ₹ 7,775.00 crore (Previous Year ₹ 5,425.00 crore).

* Includes advances against book debts

§ Includes advances against LCs issued by banks.

SCHEDULE 10 - FIXED ASSETS

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Premises (including land)		
Gross block		
At cost at the beginning of the year	2,873,161	2,873,161
Additions during the year	-	-
Deductions during the year	(2,540,640)	-
TOTAL	332,521	2,873,161
Depreciation		
As at the beginning of the year	702,908	653,548
Charge for the year	30,910	49,361
Deductions during the year	(626,178)	-
Depreciation to date	107,640	702,909
Net block of premises (including land)	224,881	2,170,252

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2024

	(₹ in Thousands)	
	As at March 31, 2024	As at March 31, 2023
II Other fixed assets (including furniture and fixtures) (refer note 18.10)		
Gross block		
At cost at the beginning of the year	36,715,910	52,729,510
Additions during the year	14,976,606	10,489,383
Deductions during the year	(512,839)	(26,502,983)
TOTAL	51,179,677	36,715,910
Depreciation		
As at the beginning of the year	19,741,295	41,869,791
Charge for the year	6,276,687	4,300,510
Deductions during the year	(413,831)	(26,429,008)
Depreciation to date	25,604,151	19,741,293
Net block of other fixed assets (including furniture and fixtures)	25,575,526	16,974,617
III Leased assets		
Gross block	-	-
At cost at the beginning of the year	-	-
Additions during the year	-	-
Deductions during the year	-	-
TOTAL	-	-
Depreciation		
As at the beginning of the year	-	-
Charge for the year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
Net block of Leased Assets	-	-
IV Capital work-in-progress (including capital advances and leased assets) net of provisions	945,222	2,185,750
GRAND TOTAL	26,745,629	21,330,619

SCHEDULE 11 - OTHER ASSETS

	(₹ in Thousands)	
	As at March 31, 2024	As at March 31, 2023
I Inter-office adjustments (net)	-	-
II Interest accrued	31,639,088	23,950,164
III Tax paid in advance / tax deducted at source (net of provisions)	5,762,938	4,404,802
IV Stationery and stamps	197	153
V Non banking assets acquired in satisfaction of claims	-	-
VI Deferred Tax Assets (net)	11,008,158	14,262,041
VII Others	69,808,674	68,611,170
GRAND TOTAL	118,219,055	111,228,330

Schedules

forming part of the Consolidated Balance Sheet as at March 31, 2024

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Claims against the Group not acknowledged as debts	1,375,846	1,805,621
II Liability for partly paid investments	149,779	64,779
III Liability on account of outstanding forward exchange and derivative contracts :		
(a) Forward contracts	1,517,459,338	1,766,043,442
(b) Interest rate swaps, currency swaps, forward rate agreement and interest rate futures	1,234,160,301	1,559,284,733
(c) Foreign currency options	20,408,202	50,567,824
TOTAL (a+b+c)	2,772,027,841	3,375,895,999
IV Guarantees given on behalf of constituents		
(a) In India	183,777,608	153,501,151
(b) Outside India	-	-
V Acceptances, endorsements and other obligations	56,852,771	71,144,940
VI Other items for which the Group is contingently liable	9,427,898	9,660,508
GRAND TOTAL	3,023,611,742	3,612,072,998

Schedules

forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2024

SCHEDULE 13 - INTEREST EARNED

	(₹ in Thousands)	
	As at March 31, 2024	As at March 31, 2023
I Interest / discount on advances / bills	259,158,872	191,593,820
II Income on investments	41,176,915	32,322,071
III Interest on balances with Reserve Bank of India and other inter-bank funds	940,035	1,486,274
IV Others	1,975,325	1,875,964
GRAND TOTAL	303,251,147	227,278,129

SCHEDULE 14 - OTHER INCOME

	(₹ in Thousands)	
	As at March 31, 2024	As at March 31, 2023
I Commission, exchange and brokerage	52,881,128	38,767,711
II Profit / (loss) on sale of investments (net)	2,026,227	3,180,777
III Profit / (loss) on revaluation of investments (net)	27,959	84,323
IV Profit / (loss) on sale of land, buildings and other assets (net)	87,863	7,477
V Profit / (loss) on exchange / derivative transactions (net)	3,360,940	2,141,445
VI Income earned by way of dividends etc from subsidiaries / companies and / or joint venture abroad / in India	-	-
VII Income earned by way of lease finance, lease management fee, overdue charges and Interest on lease rent receivables	-	-
VIII Miscellaneous Income	933,155	491,049
GRAND TOTAL	59,317,272	44,672,782

SCHEDULE 15 - INTEREST EXPENDED

	(₹ in Thousands)	
	As at March 31, 2024	As at March 31, 2023
I Interest on deposits	101,593,564	62,301,511
II Interest on borrowings from Reserve Bank of India / inter-bank borrowings	2,099,934	484,950
III Others	35,009,531	38,119,907
GRAND TOTAL	138,703,029	100,906,368

Schedules

forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2024

SCHEDULE 16 - OPERATING EXPENSES

(₹ in Thousands)

	As at March 31, 2024	As at March 31, 2023
I Payments to and provisions for employees	56,336,613	42,785,851
II Rent, taxes and lighting	6,820,654	4,746,040
III Printing and stationery	1,288,538	670,581
IV Advertisement and publicity	4,070,715	2,809,346
V a. Depreciation on Group's property other than Leased Assets	6,307,598	4,349,870
b. Depreciation on Leased Assets	-	-
VI Directors' fees, allowance and expenses	52,889	41,385
VII Auditors' fees and expenses	42,093	38,410
VIII Law charges	445,686	447,894
IX Postage, telegrams, telephones etc.	1,739,362	1,471,350
X Repairs and maintenance	2,202,814	1,532,456
XI Insurance	2,100,826	1,499,672
XII Amortisation of Goodwill, If any	-	-
XIII Other expenditure	80,069,532	60,689,501
GRAND TOTAL	161,477,320	121,082,356

Schedules

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2024

17. Significant accounting policies forming part of the Consolidated Financial Statements for the year ended March 31, 2024

A Background

IDFC FIRST Bank Limited (The "Bank") was incorporated on October 21, 2014 as a Company under the Companies Act, 2013 and had commenced its banking operations on October 01, 2015 after receiving universal banking license from the Reserve Bank of India (The "RBI") on July 23, 2015. The Bank provides a complete suite of banking and financial services including retail banking, wholesale banking, digital banking and treasury operations. The Bank is primarily governed by the Banking Regulation Act, 1949.

IDFC FIRST Bharat Limited is the subsidiary of the Bank. IDFC FIRST Bharat Limited (The "Subsidiary") has been operating as business correspondent.

B Principles of Consolidation

The Consolidated Financial Statements comprise the financial statements of IDFC FIRST Bank Limited (The "Holding company" or The "Bank") and its subsidiary, which together constituting the "Group" and share of profit / loss of its associates.

The Bank consolidates its subsidiary in accordance with AS-21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with para 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 on a line - by - line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter - company accounts and transactions are eliminated on consolidation. Further, the Bank accounts for investments in associates in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, notified under Section 133 of the Companies Act, 2013 read together with para 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 using the equity method of accounting.

C Basis of preparation

The financial statements have been prepared and presented based on historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with the requirements prescribed under Section 29 and Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements are in conformity with Generally Accepted Accounting Principles in India ("Indian GAAP"), circulars and guidelines issued by the RBI from time to

time, the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with para 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 to the extent applicable and practices generally prevalent in the banking industry in India.

The Consolidated Financial Statements of the Group present the accounts of IDFC FIRST Bank Limited, IDFC FIRST Bharat Limited and its associate for the full year.

Name	Relation	Country of Incorporation	Ownership Interest	
			March 31, 2024	March 31, 2023
IDFC FIRST Bharat Limited (formerly IDFC Bharat Limited)	Subsidiary	India	100.00%	100.00%
Millennium City Expressways Private Limited	Associate	India	29.31%	29.98%

The audited financial statements of the subsidiary company and the un-audited financial statements of the associate have been drawn up to the same reporting date as that of the Bank, i.e. March 31, 2024.

The Standalone Financial Statements of the subsidiary have been prepared in accordance with notified Indian Accounting Standards ('Ind-AS') with effect from April 01, 2018. The financial statements of the subsidiary used for consolidation of the Consolidated Financial Statements are special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021.

In case the accounting policies followed by a subsidiary are different from those followed by the Bank, the same have been disclosed in the respective accounting policy.

D Use of estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affects the reported amount of assets and liabilities, disclosure of contingent liabilities as of the date of the financial statements and revenues and expenses during the reporting period. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

Schedules

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2024

E Significant accounting policies :

17.01 Investments

Classification and Valuation of the Bank's investments is carried out in accordance with the RBI guidelines and Fixed Income Money Market and Derivatives Association ('FIMMDA') and Financial Benchmark India Private Limited ('FBIL') guidelines respectively, prescribed in this regard from time to time.

Classification :

In accordance with the RBI guidelines on Investment classification and valuation; Investments are classified into following categories :

- Held for Trading ('HFT'),
- Available for Sale ('AFS') and
- Held to Maturity ('HTM')

However, for disclosure in the Balance Sheet, Investments in India are classified under six categories - (i) Government securities, (ii) Other approved securities, (iii) Shares, (iv) Debentures and bonds, (v) Investment in subsidiaries / joint ventures and (vi) Others.

Investments made outside India are classified under three categories – (i) Government securities, (ii) Subsidiaries and / or joint ventures abroad and (iii) Others.

Transfer of security between categories :

Transfer of securities between categories of investments is accounted as per the RBI guidelines.

Transfer of scrip from AFS / HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS / HFT category, the investments held under HTM category originally acquired at a discount are transferred to AFS / HFT category at the acquisition price and investments held under the HTM category originally acquired at a premium are transferred to AFS / HFT at the amortised cost

Transfer of investments from AFS to HFT or vice-a-versa is done at the book value.

Depreciation carried, if any, on such investments is also transferred from one category to another.

Basis of classification and accounting :

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified to AFS category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category. Purchase and sale transactions in securities are recorded under settlement date of accounting, except in the case of equity shares where trade date accounting is followed.

Cost of acquisition :

- Costs such as brokerage and commission pertaining to investments paid at the time of acquisition are charged to the Profit and Loss Account.
- Cost of investments is computed based on First in First out (FIFO) method for all categories of Investments including short sales.
- Broken period interest (the amount of interest from the previous interest payment date till the date of purchase / sale of instrument) on debt instrument is treated as a revenue item.

Valuation :

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a straight line method basis, while discount is not accreted. Such amortisation of premium is adjusted against interest income under the head "Income on Investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments in HTM Category is provided for each investment individually.

- The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the prices published by FBIL.
- Special bonds such as oil bonds, DISCOM bonds, fertilizer bonds etc. that do not qualify for SLR are valued using the prices published by FBIL or as per the extant FIMMDA / RBI guidelines.
- Traded Bond investments are valued based on the trade / quotes on the recognised stock exchanges, or prices / yields published by Primary Dealers Association of India ('PDAI') jointly with FIMMDA / FBIL periodically. The valuation of other unquoted fixed income securities (viz. State Government securities, Other approved securities, Bonds and Debentures) and preference shares, wherever linked to the YTM rates, is done with a mark - up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA / FBIL. For Tax - free bonds, the valuation is done after grossing up the coupon in line with FIMMDA / FBIL guidelines.
- Traded equity investments are valued at the closing price as available on National Stock Exchange (NSE). In case the equity Scrip is not listed on NSE, then closing price as available on BSE is considered. In case the Scrip is not listed in either NSE or BSE then closing from the exchange on which the scrip is listed shall be considered.

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forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2024

- Unquoted equity shares are valued at the break - up value, if the latest Balance Sheet is available (which should not be more than 18 months prior to the date of valuation) or at ₹ 1 as per the RBI guidelines in case the latest Balance Sheet is not available.
 - Units of mutual funds are valued at the latest repurchase price / Net asset value ("NAV") declared by the mutual fund.
 - The valuation of discounted instruments such as Treasury Bills, Commercial Papers, Certificate of Deposits is reckoned at carrying cost, while STRIPS are valued as per the prices published by FBIL / FIMMDA, in line with FIMMDA / Market Risk Management Policy. The accretion of discount on discounted money market Securities (CP / CD / T-Bill) is computed basis the straight line method while the STRIPS is reckoned as per constant yield method.
 - Security receipts ('SR') are valued at the lower of realisation value and Net Asset Value ("NAV") considering as per the Net Asset Value provided by the Asset Reconstruction Companies ('ARCs').
 - Investments in units of Venture Capital Funds ('VCF') / Alternate Investment Fund ('AIF') are classified under HTM for an initial period of three years and valued at cost during this period, in accordance with the RBI guidelines. Units of VCF / AIF held under AFS category are marked to market based on the NAV provided by VCF / AIF based on the latest financial statements. Valuation is based on audited financial statements at least, once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1.
 - Banks do not make investments in any scheme of AIF's which has downstream investments (exclude investment in equity shares but shall include all other investment including investment in hybrid instruments) either directly or indirectly in a debtor company of the Bank. If the Bank has already invested into such schemes having downstream investment in the AIF scheme in their debtor companies as on the date of RBI circular including investment in subordinate units of an AIF scheme, the 30 days period for liquidation shall be counted from date of issuance of this circular i.e. December 19, 2023. In case the Banks is not able to liquidate their investments within the above prescribed time limit, it shall make 100 percent provision on such investments. As clarified by the RBI, provisioning will be required only to the extent of investment by the Bank in AIF scheme which is further invested by the AIF in the debtor company, and not on the entire investment of the Bank in the AIF scheme.
 - Pass Through Certificates ('PTCs') and Priority Sector PTCs are valued as per extant FIMMDA guidelines.
- Investments classified under AFS and HFT categories are marked to market as per the extant RBI guidelines. Book value of the individual securities does not undergo any change after the marked to market.
- Securities are valued Scrip wise and depreciation / appreciation is aggregated for each category of investment in their respective classifications. Net depreciation, if any, compared to the acquisition cost, in any of the categories, is charged to the Profit and Loss Account. The net appreciation in each category, if any, is not recognised. Net depreciation required to be provided for in any one classification is not reduced on account of net appreciation in any other classification.
- Non - performing investments ('NPI') are identified and depreciation / provision is made thereon based on the RBI guidelines. The depreciation / provision against NPI is not set off against the appreciation in respect of other performing securities. Interest on non - performing investments is recognised on cash basis.
- As a prudent risk measure, specific provision against identified investments are made based on management's assessment of impairment based on qualitative factors, subject to minimum provision determined as per valuation guidelines. These provisions are netted - off from carrying value of such investments. Further, interest on such identified investments is recognised on cash basis.
- Bonds and debentures are classified as other receivables under other assets on maturity date and disclosed under Schedule - 11.
- Investment fluctuation reserve ('IFR') :**
- The RBI had advised banks to create an Investment fluctuation reserve ('IFR'). Amount not less than the lower of net profit on sale of investments in HFT and AFS portfolio during the year or net profit for the year less mandatory appropriations shall be transferred to IFR by the Holding company, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.
- Further, the Holding company may, at its discretion, draw down the balance available in IFR in excess of 2 percent of its HFT and AFS portfolio, for credit to the balance of profit / loss as disclosed in the Profit and Loss Account at the end of any accounting year. In the event the balance in the IFR is less than 2 percent of the HFT and AFS investment portfolio, a draw down is permitted subject to the following conditions :
- (a) The drawn down amount is used only for meeting the minimum Common Equity Tier 1 / Tier 1 Capital

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requirements by way of appropriation to free reserves or reducing the balance of loss and

- (b) The amount drawn down shall not be more than the extent, the MTM provisions made during the aforesaid year exceed the net profit on sale of investments during that year.

IFR is eligible for inclusion in Tier 2 Capital.

Short sales :

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines and these are shown under Schedule 8 - Investments. The short sale position is categorised under HFT category and netted - off from HFT investments. The short position is marked to market along with other securities in that category and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / loss on settlement of the short position is recognised in the Profit and Loss Account.

Repurchase and reverse repurchase transactions :

In accordance with the RBI guidelines Repurchase (Repo) and Reverse Repurchase (Reverse Repo) transactions in government securities and corporate debt securities, including transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standing Facility ('MSF') with the RBI are reflected as collateralised borrowing and lending transactions respectively. Balances held under Standing Deposit Facility (SDF) are reported under Schedule 6 - Cash and Balance with Reserve Bank of India. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions are accounted as interest income.

As per the RBI circular RBI/2022-23/55 DOR.ACC.REC. No.37/21.04.018/2022-23 dated May 19, 2022, reverse repos with banks and other institutions having original tenors more than 14 days are classified under Schedule 9 – Advances.

17.02 Advances

In accordance with the RBI guidelines, advances are classified as performing and non - performing. Non - Performing Advances ('NPA') are further classified as Sub - Standard, Doubtful and Loss Assets in accordance with the RBI guidelines on Income Recognition and Asset Classification ('IRAC'). Advances are stated net of provisions against NPA, specific provisions against identified advances, claims received from Export Credit Guarantee Corporation, provisions for non - performing funded interest term loan, net of direct assignment and provisions in lieu of diminution in the fair value of restructured asset.

The Holding company may transfer advances through inter - bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified as due from banks under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

The Holding company makes general provisions on all standard advances and restructured advances based on the rates under each category of advance as prescribed by the RBI. In addition, the Bank makes provisions for standard assets in stressed sectors, at rates higher than the regulatory minimum, based on evaluation of risk and stress as per the Board approved policy. The provision on standard advances is not reckoned for arriving at net NPAs. The provision against standard advances (other than provision against identified advances) is shown separately as "Contingent Provisions against Standard Assets" under "Schedule 5 - Other Liabilities".

In case of corporate loans, specific loan loss provisions in respect of identified advances and non-performing advances are made based on the management's assessment of the degree of impairment, subject to the minimum provisioning level prescribed by the RBI. The Bank can provide additional specific provision on standard advances at higher than prescribed rates as a prudent risk measure. These provisions are reviewed and reassessed at least once in a year. Provision on / write - off of homogeneous retail loans and advances, subject to minimum provisioning requirement of the RBI, is assessed on the basis of ageing of loans as prescribed in the Board approved policy of the Bank. Provision due to diminution in the fair value of restructured / rescheduled loans and advances is made in accordance with the applicable RBI guidelines.

Non - performing and restructured loans are upgraded to standard as per extant RBI guidelines.

Under the Large Exposure Framework, the sum of all exposure values of the Bank to a counterparty or a group of connected counterparties is considered as a 'Large Exposure', if it is equal to or more than 10 percent of the Bank's eligible capital base (i.e. Tier 1 capital). The Bank's incremental exposures from FY 2018-19 onwards to the specified borrowers exceeding the Net Permitted Lending Limits ('NPLL') shall attract prudential measures. Incremental exposure of the banking system to a specified borrower beyond NPLL shall be deemed to carry higher risk which shall be recognised by way of additional standard asset provisioning and higher risk weights.

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Further, the RBI has issued guidelines on “Prudential Framework for Resolution of Stressed Assets dated June 07, 2019” with a view to providing a framework for early recognition, reporting and time bound resolution of stressed assets. The Bank has put in place Board approved policy for resolution of distressed Borrowers with an objective to initiate the process of resolution even before a default and prior to the initiation of proceedings under the Insolvency Bankruptcy Code.

The Bank is required to make an additional provisioning for the delayed implementation of Resolution Plan (RP) as under:

- (a) Additional provision of 20% of total outstanding if RP is implemented beyond 180 days from the end of the review period.
- (b) Additional provision of 35% of total outstanding if RP is implemented beyond 360 days from the end of the review period.

The additional provisions shall be made over and above the higher of the following, subject to the total provisions held being capped at 100% of total outstanding :

- (a) The provisions already held; or,
- (b) The provisions required to be made as per IRAC norms.

In the event of substantial erosion in - value of loan and remote possibility of collection, non - performing loans with adequate provisions are evaluated for technical / prudential write - off based on Bank’s policy and the RBI guidelines. Such write - off does not have an impact on the Bank’s legal claim against the borrower. The Bank may also write - off non - performing loans on one time settlement (‘OTS’) with the borrower or otherwise. Amounts recovered from borrowers against debts written - off is recognised in the Profit and Loss Account under “Provisions and Contingencies”.

Loans reported as fraud are classified as loss assets and fully provided for immediately without considering the value of security.

In respect of borrowers classified as non - cooperative and wilful defaulters, the Bank makes accelerated provisions as per the extant RBI guidelines.

Unhedged Foreign Currency Exposure :

Provision for Unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines and disclosed under Contingent Provision against Standard Assets.

Country Risk :

In addition to the provisions required to be held according to the asset classification status, provisions are held for

individual country exposure (other than for home country as per the RBI guidelines). The countries are categorised into seven risk categories as mentioned in the ECGC guidelines namely Insignificant, Low, Moderately Low, Moderate, Moderately High, High and Very High and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the funded exposure (net) of the Bank in respect of each country does not exceed 1% of the total assets, no provision is maintained on such country exposure.

17.03 Revenue recognition

Interest income :

Interest income is recognised on accrual basis in the Profit and Loss Account, except in the case of Non - Performing Assets (‘NPAs’) and identified standard advances, where it is recognised upon realisation. The unrealised interest booked in respect of NPAs and identified standard advances and any other facility given to the same borrower is reversed to the Profit and Loss Accounts and subsequent interest income is accounted into interest suspense.

The unrealized interest represented by Funded Interest Term Loan (‘FITL’) is reversed in Profit and Loss Account with the corresponding credit in sundry liabilities account - interest capitalization account. Interest income is booked in Profit and Loss Account upon realization, by debiting the sundry liabilities account.

Subvention income on loans is recognised as income over the tenor of the loan agreements. The unamortised balance is disclosed as part of other liabilities. On foreclosure, balance unamortised subvention income is recognised in the Profit and Loss Account. Income on retained interest in the assigned asset, if any, is accounted on accrual basis except in case of NPAs wherein interest income is recognised on receipt basis as per RBI guidelines.

Interest income on coupon bearing securities is recognised over the tenure of the instrument on a straight line method and on non - coupon bearing securities over the tenure on yield basis. Any premium on acquisition of securities held under HTM category is amortised over the remaining maturity period of the security on a straight line method basis.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Fees and charges :

Loan originating fees, when it becomes due, is recognised upfront as income. Arrangership / Syndication fee is accounted on completion of the agreed service

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and when right to receive is established. Fee and commission income is recognised as income when due and reasonable right of recovery is established and can be reliably measured.

Commission received on guarantees and letter of credit issued is recognised on straight line basis over the period of the contract or the period for which commission is received.

Fee on rescheduling of outstanding debt is recognised on accrual basis over the period of time covered by the rescheduled extension period.

Underwriting commission earned to the extent not reduced from the cost of the securities is recognised as fees on closure of issue.

All other fees and charges are recognised as and when they become due and revenue can be reliably measured and reasonable right of recovery is established.

Investments :

Profit / loss on sale of investments under the HTM, AFS and HFT categories are recognised in the Profit and Loss Account. The profit from sale of investment under HTM category is appropriated from Profit and Loss Account to "Capital Reserve" (net of applicable taxes and transfer to Statutory Reserve) in accordance with the RBI guidelines.

Exchange gain or loss arising on account of revaluation of monetary assets and liabilities is recognised in the Profit and Loss Account as per the revaluation rates published by Foreign Exchange Dealers' Association of India ('FEDAI').

Other operating income :

Gain / Loss on sell down of loans is recognised in line with the extant RBI guidelines.

Securitisation transactions :

The Bank enters into sale of retail loans through Special Purpose Vehicle ('SPV'). In most cases, post securitisation, the Bank continues to service the loans transferred to the SPV. The Bank also provides credit enhancement in the form of cash collaterals and / or by subordination of cash flows to Senior Pass - Through Certificate holders. In respect of credit enhancements provided or recourse obligations accepted by the Bank, appropriate disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as specified under Section 133 and the relevant provision of the Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2021.

In accordance with the RBI guidelines on Securitisation of Standard Assets dated September 24, 2021, the

profit, loss or premium on account of securitisation of assets at the time of sale is computed as the difference between the sale consideration and the book value of the securitised asset.

Any resultant profit, loss or premium realised on account of securitisation is recognised to the Profit and Loss Account in the period in which the sale is completed.

In case of non - performing assets sold to Securitisation Company ('SC') / Reconstruction Company ('RC') for cash, excess provision is reversed to Profit and Loss Account. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. If sale is against issuance of Security Receipts (SRs) by SC / RC, the SR is recognised at lower of redemption value of SRs and net book value of underlying loan sold. On realisation, the proceeds are reduced against the carrying value of SRs and surplus, if any, is recognised in the Profit and Loss Account.

In cases of investments in SRs by more than 10 percent of the SRs backed by the assets sold and issued under the scheme of Securitisation, provisioning requirement on SRs will be higher of provisioning rate required in terms of net asset value declared by the SCs / RCs or provisioning rate as applicable to the underlying loans, assuming that the loans notionally continued in the books.

Direct assignments :

Assets transferred through direct assignment of cash flows are de - recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received by the Bank.

Profit / premium arising on account of sale of standard asset, being the difference between the sale consideration and book value, is amortised over the residual life of the loan. Any loss arising on account of sale is recognised in the Profit and Loss Account in the year in which the sale occurs. In case of gain on sale of non - performing assets, the excess provision shall not be reversed but will be utilised to meet the shortfall / loss on account of sale of other non - performing financial assets and shortfall if any is charged to the Profit and Loss Account.

17.04 Priority sector lending certificates (PSLCs)

The Holding company enters into transactions for the purchase or sale of Priority Sector Lending Certificates ('PSLCs'). In case of a purchase transaction, the Bank buys the fulfilment of priority sector obligation and in case of a sale transaction, the Bank sells the fulfilment of priority sector obligation through the RBI trading platform without any transfer of underlying risk or loan assets. Fees paid for purchase of the PSLCs is recorded as 'Other Expenditure' and fees received for the sale of PSLCs is recorded as 'Miscellaneous Income' in Profit and Loss Account. These are amortised on straight line basis over the tenor of the certificate.

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17.05 Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by FEDAI relevant to the Balance Sheet date. The resulting gain or loss on revaluation are included in the Profit and Loss Account in accordance with the RBI / FEDAI guidelines. All outstanding forward exchange contracts are revalued based on the forward rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The forward exchange contracts of longer maturities (i.e. greater than or equal to 2 years) where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognized in the Profit and Loss Account.

Contingent liabilities on account of forward exchange and derivative contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are valued and disclosed at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

17.06 Accounting for derivative transactions

Derivative transactions comprises of forward contracts, futures, swaps and options. The Holding company undertakes derivative transactions for trading and hedging Balance Sheet assets and liabilities. All trading transactions are marked to market and resultant gain or loss is recognised in the Profit and Loss Account.

Foreign exchange contracts and derivative contracts are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value).

For hedge transactions, the Bank identifies the hedged item (asset or liability) and assesses the effectiveness at inception as well as at each reporting date. Funding swaps are accounted in accordance with FEDAI guidelines. The Hedge swaps and funding swaps are accounted on accrual basis except the swap designated with an asset or liability that is carried at lower of cost or market value in the financial statements. In such cases swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. Hedge transactions that are entered after June 26, 2019 through rupee interest rate derivatives are accounted for as per the guidance note issued by The Institute of Chartered Accountants of India ("ICAI") on accounting for derivative contracts. Any resultant profit or loss on termination of hedge swaps is

amortised over the life of the swap or underlying liability whichever is shorter. Upon ineffectiveness of hedge on re - assessment or termination of underlying, the Bank designates the derivative as trade.

Premium / discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognized as interest income / expense on accrual basis and is amortised on a pro - rata basis over the underlying swap period.

Premium in option transaction is recognised as income / expense on expiry or early termination of the transaction. Mark to market gain / loss (adjusted for premium received / paid on options contracts) is recorded as other income. The amounts received / paid on cancellation of option contracts are recognised as realised gain / loss on options. Pursuant to the RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark to market gains on all derivative contracts with the same counterparties are reversed in Profit and Loss Account.

Currency futures contracts are marked to market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss settled with the exchange. Charges receivable / payable on cancellation / termination of foreign exchange forward contracts is recognised as income / expense on the date of cancellation / termination under 'Other Income'.

Valuation of Exchange Traded Currency Options is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures is carried out on the basis of the daily settlement price of each contract provided by the exchange.

As per the RBI guidelines on 'Prudential Norms for Off - Balance Sheet Exposures of Banks' a general provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions. For provisioning purpose, the exposure for all the counterparties with whom the Bank has bilateral agreement in place / Qualified Central Counter Party ('QCCP'), is reckoned as net positive MTM adjusted for collateral, if any, at the counterparty level. The exposure under standard provisioning for remaining counterparties is computed as the gross positive MTM at deal level and adjusted for collateral at the counterparty level.

17.07 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost

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includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

The Bank believes that the useful life of assets assessed pursuant to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets.

Capital work - in - progress includes cost of fixed assets that are not ready for their intended use and also include advances paid to acquire fixed assets.

Depreciation is charged over the estimated useful life of a fixed asset on a straight line basis. The rates of depreciation for fixed assets, which are not lower than the rates prescribed in Part C of Schedule II of the Companies Act, 2013, are given below:

Asset	Estimated Useful Life
Building – RCC Frame	60 Years
Building – Other than RCC Frame	30 Years
Computers – Desktops, Laptops, End User Devices	3 Years
Computers – Server & Network	6 Years
Vehicles	4 Years
Furniture	10 Years
Office Equipment	5 Years
Leasehold Improvements (Holding Company)	Over the extended period of lease
Leasehold Improvements (Subsidiary)	Over the period of lease or estimated useful life of the asset, whichever is shorter
Others (including software and system development)	5 Years

Depreciation on vehicles and mobile phones is higher than the rates prescribed under the Schedule II of the Companies Act, 2013, based on the internal assessment of the useful life of these assets.

Fixed assets individually costing less than ₹ 5,000 are fully depreciated in the year of installation.

Depreciation on assets sold during the year is recognised on a pro - rata basis to the Profit and Loss Account till the date of sale. The gain or loss on sale of fixed assets is recognised to Profit and Loss Account. Profit on sale of premises net of taxes and transfer to Statutory Reserve is appropriated to Capital Reserve as per the RBI guidelines. The Subsidiary Company recognises the gains or losses arising on the disposal of the tangible

assets in the Profit and Loss Account within other income or other expenses, as the case may be.

17.08 Income tax

Income tax expense is the aggregate amount of current tax and deferred tax charge. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per AS 22 - Accounting for Taxes on Income respectively.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date.

Current tax assets and liabilities and deferred tax assets and liabilities are off - set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off - set and when the Bank intends to settle on a net basis.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realised. The impact of changes in the deferred tax assets / liabilities is recognised in the Profit and Loss Account.

17.09 Employee stock option scheme

The Holding company has formulated Employee Stock Option Scheme - IDFC FIRST Bank Limited ESOS -2015 ('the Scheme') in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ['SEBI (SBEB & SE)' Regulations]. The scheme provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Holding company follows the intrinsic value method to account for its stock - based employee compensation plans (for employees other than Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff). Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price on the options. The quoted market price is the closing price on the stock exchange with highest trading volume of the underlying shares, immediately prior to the grant date. Compensation cost is measured

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by the excess, if any, of the market price of the underlying stock over the grant price as determined under the option plan. Compensation cost is amortised over the vesting period on a straight line method with a corresponding credit to Employee Stock Options Reserve. In case the vested stock options get lapsed / cancelled / expire unexercised, the balance in stock options outstanding is transferred to the general reserve. In case the unvested stock options get lapsed / cancelled, the balance in stock option outstanding account is transferred to the Profit and Loss Account.

Further, the Holding company recognises fair value of share - linked instruments on the date of grant as an expense for all instruments granted after the accounting period ending March 31, 2021 for Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff as required in the RBI clarification dated August 30, 2021 on Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff. The fair value of the stock - based compensation is estimated on the date of grant using Black-Scholes model and the inputs used in the valuation model include assumptions such as the stock price, volatility, risk free interest rate, exercise price, time to maturity / expected life of options and expected dividend yield. The cost of stock options is recognised as compensation expense over the vesting period.

17.10 Employee benefits

Provident fund, superannuation fund and pension fund :

The contribution to provident fund, superannuation fund and pension fund are considered as defined plans and are charged to the Profit and Loss Account as they fall due, based on the amount of contribution required to be made and when services are rendered.

Gratuity :

The net present value of obligations towards gratuity to employees is actuarially determined as at the Balance Sheet date based on the projected unit credit method. The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS 15 - Employee Benefits, to determine the present value of the defined benefit obligation and the related service costs. The actuarial calculations entail assumptions about discount rate, expected rate of return on plan assets, salary escalation rate, demographics assumptions include retirement age, mortality, leaving service, disability. Actuarial gains and losses are recognised in the Profit and Loss Account for the year.

Compensated absences :

Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Profit and Loss Account for the year based on estimates of availment / encashment of leaves.

17.11 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Group has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

A disclosure of contingent liability is made when there is :

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non - occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

17.12 Earnings per share

The Group reports basic and diluted earnings per share in accordance with AS 20 - Earnings per Share. Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

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Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti - dilutive.

17.13 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Amount due under the operating leases, including cost escalation, are charged on a straight line method over the lease term in the Profit and Loss Account. Initial direct cost incurred specifically for operating leases are recognised as expense in the Profit and Loss Account in the year in which they are incurred.

17.14 Reward Points

The Bank grants reward points in respect of certain cards. The Bank estimates the probable redemption of such loyalty / reward points using an actuarial method at the Balance Sheet date by employing an independent actuary which includes assumptions such as redemption rate, lapse rate, discount rate, value of reward points. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary as at the Balance Sheet date and included under Schedule 5 - Other liabilities and Provisions.

17.15 Securities issue expenses

Securities issue expenses are adjusted from Securities Premium Account in terms of Section 52 of the Companies Act, 2013.

17.16 Segment reporting

As per the RBI guidelines, the Holding company's business segments are divided under a) Treasury b) Corporate and Wholesale Banking c) Retail Banking and d) Other Banking Business.

Further, the RBI vide it's circular dated April 07, 2022, for the purpose of disclosure under AS 17 - Segment reporting, had prescribed for reporting of 'Digital Banking' as a sub - segment under Retail Banking.

Business segments have been identified and reported considering 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 RBI.

17.17 Impairment of assets

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

17.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with the RBI, balances with other banks and money at call and short notice.

17.19 Corporate social responsibility

Amount Spent towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss Account. Further, any amount spent in excess of the mandatory CSR contribution by the Bank is carried forward in the "CSR Pre - Spent Account", as the said amount can be set - off against the required 2% CSR expenditure up to the immediately succeeding three financial years.

17.20 Accounting for dividend

As per AS 4, the Holding company does not account for proposed dividend as a liability through appropriation from the Profit and Loss Account. The same is recognised in the year of actual payout post approval of shareholders. However, the Holding Company reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

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18 Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2024

Amounts in notes forming part of the financial statements for the year ended March 31, 2024 are denominated in ₹ crore.

18.01 Proposed scheme of amalgamation

The Board of Directors of the Bank at its meeting held on July 03, 2023, had inter - alia, approved a composite scheme of amalgamation which envisages (i) amalgamation of (a) IDFC Financial Holding Company Limited into and with IDFC Limited; and (b) IDFC Limited into and with IDFC FIRST Bank Limited and their respective shareholders; and (ii) reduction of securities premium account of the Bank ("Scheme") pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 ("Companies Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("CAA Rules") and the other applicable provisions of the Companies Act and applicable rules thereunder. The Share Exchange Ratio for the amalgamation of IDFC Limited into and with IDFC FIRST Bank Limited shall be 155 equity shares (credited as fully paid - up) of face value of ₹ 10/- each of IDFC FIRST Bank Limited for every 100 fully paid - up equity shares of face value of ₹ 10/- each of IDFC Limited. Upon the Scheme becoming effective, the Bank will issue equity shares to the shareholders of IDFC Limited as on the record date as per the Scheme. The equity shares held by IDFC Limited in the Bank through IDFC Financial Holding Company Limited will be extinguished as per the Scheme.

The Bank has received requisite approvals / no objection letters from regulators, viz. the Reserve Bank of India ("RBI"), Securities and Exchange Board of India ("SEBI"), the Competition Commission of India, BSE Limited and the National Stock Exchange of India Limited ("Stock Exchanges") and other statutory and regulatory authorities, as applicable, where the Bank holds licences. In January 2024, the Bank filed a joint Company Scheme Application with the Hon'ble National Company Law Tribunal, Chennai, ("NCLT") in relation to the proposed Scheme. The Hon'ble NCLT has, in its order dated March 22, 2024, directed the Bank, to inter - alia, convene the meeting of its equity shareholders and non - convertible debenture holders on Friday, May 17, 2024, for the purpose of considering, and if thought fit, approving, the arrangements embodied in the Scheme.

The Scheme remains subject to various statutory and regulatory approvals inter - alia including from the National Company Law Tribunal and the respective shareholders and creditors of the companies involved in the Scheme, under applicable laws.

18.02 Draw down from reserves

The Group has not undertaken any draw down from reserves during the year ended March 31, 2024 and March 31, 2023.

Reserves and Surplus

i. Statutory Reserve

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the Profit and Loss Account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. During the year, the Group has transferred an amount of ₹ 740.00 crore (Previous Year ₹ 609.50 crore) to Statutory Reserve Account.

ii. Investment Reserve Account (IRA)

As per RBI guidelines, if provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to Investment Reserve Account. Further, the bank may draw down from the IRA to the extent of provision made during the year towards depreciation in investment in AFS and HFT categories (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provision). During the year, the Group has transferred an amount of ₹ 49.00 crore (Previous Year ₹ 79.00 crore) to Investment Reserve Account.

iii. Investment Fluctuation Reserve (IFR)

The RBI vide circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 02, 2018 advised banks to create an Investment Fluctuation Reserve (IFR). Accordingly, an amount not less than the lower of net profit on sale of investments in the HFT and AFS portfolio during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. Where feasible, this should be achieved within a period of 3 years. During the year, the Group has appropriated ₹ 215.00 crore (Previous Year ₹ 273.50 crore) to IFR.

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iv. Capital Reserve

As per RBI Guidelines, profit on sale of investments in the 'Held to Maturity' category is recognised in the Profit and Loss Account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit / loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the Profit and Loss Account. Profit on sale of premises net of taxes and transfer to Statutory Reserve is also appropriated to Capital Reserve as per the RBI guidelines. Accordingly, the Bank has appropriated ₹ 21.00 crore (Previous Year ₹ 95.50 crore) to Capital Reserve.

v. Special Reserve

As per the provisions under Section 36(1)(viii) of Income Tax Act, 1961, specified entities like banks are allowed deduction in respect of any special reserve created and maintained, i.e. an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" is carried to such reserve account. This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves of the entity. During the year, the Group has transferred an amount of ₹ 63.50 crore (Previous Year ₹ 65.00 crore) to Special Reserve.

vi. Cash Flow Hedge Reserve

During the year ended March 31, 2024, the Bank has recognised ₹ 33.15 crore (Previous Year ₹ Nil) as Cash Flow Hedge Reserve on derivative contracts designated as cash flow hedge.

vii. General Reserve

During the year ended March 31, 2024, the Bank has transferred ₹ 106.07 crore (Previous Year ₹ Nil) to the General Reserve. The Bank reversed provision on loan of one corporate borrower amounting to ₹ 106.07 crore (net off of DTA) which has been transferred to General Reserve.

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18.03 Provisions and contingencies

Provisions and contingencies shown under the head expenditure in Profit and Loss Account comprise of :

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Provision made towards income tax		
- Current tax	668.69	347.41
- Deferred tax	246.11	499.06
Provisions for depreciation on investment *	(101.94)	(89.07)
Provision on non - performing advances ^	2,606.54	2,276.46
Provision and other contingencies #	(122.95)	(522.57)
TOTAL	3,296.45	2,511.29

* Including specific provision / (write back of provision) against identified investments and write - off net of recoveries.

^ Including bad debts write - off net of recoveries and specific provision / (write back of provision) against identified advances.

Including provision on restructured assets and provision against standard asset.

18.04 Employee benefits

i. The Group has charged the following amounts in the Profit and Loss Account towards contribution to defined contribution plans which are included under schedule 16(I) :

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Provident fund	170.69	132.17
Pension fund	8.60	5.57

ii. Gratuity

The following tables summarise the components of net benefit expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the gratuity benefit plan :

Profit and Loss Account

Net employee benefit expenses:

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Current service cost	37.04	28.41
Interest on defined benefit obligation	11.80	8.30
Expected return on plan assets	(6.81)	(5.75)
Net actuarial losses / (gains) recognised in the year	13.08	4.81
Past service cost	-	4.31
Total included in "Payments to and provisions for employees" [schedule 16(I)]	55.11	40.08
Actual return on plan assets	9.16	5.13

Balance Sheet

Details of provision for gratuity :

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Present value of funded obligations	191.15	135.55
Fair value of plan assets	(139.95)	(96.51)
Unrecognised past service cost	-	-
Net liability included under schedule 5 - other liabilities	51.20	39.04

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Changes in the present value of the defined benefit obligation are as follows :

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Opening defined benefit obligation	135.55	101.79
Current service cost	37.04	28.41
Interest cost	11.80	8.30
Actuarial losses / (gains)	15.43	4.18
Past service cost	-	4.31
Liabilities assumed on acquisition / (settled on divestiture)	-	-
Benefits paid	(8.67)	(11.44)
Closing defined benefit obligation	191.15	135.55

Changes in the fair value of plan assets are as follows :

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Opening fair value of plan assets	96.51	82.23
Expected return on plan assets	6.81	5.75
Actuarial gains / (losses)	2.36	(0.62)
Contributions by employer	42.94	20.59
Assets acquired on acquisition / (distributed on divestiture)	-	-
Benefits paid	(8.67)	(11.44)
Closing fair value of plan assets	139.95	96.51
Expected employers contribution next year	35.00	15.03

Experience adjustments :

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Defined benefit obligations	191.15	135.55	101.79	84.52	75.53
Plan assets	139.95	96.51	82.23	69.87	62.09
Surplus / (deficit)	(51.20)	(39.04)	(19.56)	(14.65)	(13.44)
Experience adjustments on plan liabilities	8.51	3.77	2.47	(3.76)	(6.33)
Experience adjustments on plan assets	2.58	(2.05)	(0.16)	2.38	(0.35)

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets (Holding Company) :

Particulars	March 31, 2024	March 31, 2023
Government securities	59.34%	45.51%
Bonds, debentures and other fixed income instruments	29.31%	35.12%
Deposits and money market instruments	3.30%	8.18%
Equity shares	8.05%	11.19%

Principal actuarial assumptions at the Balance Sheet date (Holding Company) :

Particulars	March 31, 2024	March 31, 2023
Discount rate (p.a.)	7.20%	7.35%
Expected rate of return on plan assets (p.a.)	7.00%	7.00%
Salary escalation rate (p.a.)	8.00%	8.00%

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Principal actuarial assumptions at the Balance Sheet date (Subsidiary) :

Particulars	March 31, 2024	March 31, 2023
Discount rate (p.a.)	7.20%	7.49%
Expected rate of return on plan assets (p.a.)	7.00%	7.49%
Salary escalation rate (p.a.)	10.00%	10.00%

The Groups estimates of future salary increase takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return on plan assets is based on the average long - term rate of return expected on investments of the fund during the estimated term of the obligations.

18.05 Segment reporting

Business Segments :

The business of the Group is divided into four segments : Treasury, Corporate / Wholesale Banking, Retail Banking Business and Other Banking Business. These 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 Joint Statutory Auditors.

Segment	Principal activities
Treasury	The treasury segment primarily consists of Group's investment portfolio, money market borrowing and lending, investment operations and foreign exchange and derivative portfolio of the Group. Revenue of treasury segment consist of interest income on investment portfolio, inter segment revenue, gains or losses from trading operations, trades and capital market deals. The principal expenses consists of interest expenses from external sources and on funds borrowed from inter segments, premises expenses, personnel cost, direct and allocated overheads.
Corporate / Wholesale Banking	The wholesale banking segment provides loans, non - fund facilities, loan syndication and transaction services to corporate relationship not included under Retail Banking. Revenues of the wholesale banking segment consists of interest earned on loans to customers, inter segment revenue, interest / fees earned on transaction services, earnings from trade services, fees on client FX & derivative and other non - fund facilities. The principal expenses of the segment consists of interest expense on funds borrowed from internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, and support groups.
Retail Banking	Retail Banking constitutes lending to individuals / business banking customers through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are derived from interest earned on retail loans, inter segment revenue and fees from services rendered, fees on client FX & derivative. Expenses of this segment primarily comprise interest expense on deposits and funds borrowed from inter segments, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated and support groups. This also includes digital banking products acquired by Digital Banking Units (DBUs) / digital banking products which are disclosed under 'Digital Banking' Segment.
Other Banking Business	This segment includes revenue from distribution of third party products and the other associated cost.
Unallocated	All items which are reckoned at an enterprise level are classified under this segment. This includes assets and liabilities which are not directly attributable to any segment. Revenue and expense of this segment includes income and expenditure which are not directly attributable to any of the above segments. Revenue includes interest on income tax refund and expense of this segment mainly includes employee cost, establishment & technology expense which is not directly attributable to any segment.

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Segmental reporting for the year ended March 31, 2024 are set out below :

(₹ in crore)

Particulars	Treasury	Corporate / Wholesale Banking	Retail Banking			Other Banking Business	Total
			Digital Banking	Other Retail Banking	Total Retail Banking		
Revenue (i)	17,610.49	8,042.63	5,845.59	32,486.89	38,332.48	903.20	64,888.80
Add : Unallocated Revenue (ii)							53.96
Less : inter segment revenue (iii)							(28,685.92)
Total Revenue (i+ii-iii)							36,256.84
Segment Results before tax (iv)	361.57	1,400.16	(92.45)	2,118.63	2,026.18	515.61	4,303.52
Less : Unallocated expenses (net of revenue) (v)							(446.36)
Operating Profit before earnings from Associate (iv-v)							3,857.16
Less : Provision for tax							(914.81)
Net Profit / (Loss) before earnings from Associate							2,942.35
Add : Share of Profit / (Loss) in Associate							-
Net Profit							2,942.35
Segment assets	90,330.68	33,996.22	19,656.66	148,502.40	168,159.06	87.14	292,573.10
Add : Unallocated assets							3,636.68
Total Segment Assets							296,209.78
Segment liabilities	43,620.16	60,796.33	36,816.69	121,791.73	158,608.42	51.79	263,076.70
Add : Unallocated liabilities							859.50
Total Segment Liabilities							263,936.20
Capital employed (Segment Assets - Segment Liabilities)	46,710.52	(26,800.11)	(17,160.03)	26,710.67	9,550.64	35.35	29,496.40
Add : Unallocated capital employed							2,777.18
Total Capital Employed							32,273.58
Capital expenditure for the year	6.39	136.46	16.28	1,322.44	1,338.72	8.30	1,489.87
Add : Unallocated capital expenditure							7.79
Total Capital Expenditure							1,497.66
Depreciation on fixed assets for the year	6.92	50.16	8.90	552.56	561.46	7.18	625.72
Add : Unallocated depreciation							5.04
Total Depreciation							630.76

The above Segmental Reporting includes revenue and other income earned from Insurance Companies as under :

- Commission income from sale of insurance policies of ₹ 638.03 crore.
- Income on account of display of publicity and branding material of Insurance Companies of ₹ 80.02 crore.
- Others (CMS fee, remittances fee etc.) of ₹ 0.30 crore.

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Segmental reporting for the year ended March 31, 2023 are set out below :

Particulars	(₹ in crore)				
	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Business	Total
Revenue (i)	12,984.04	6,507.02	26,518.66	531.83	46,541.55
Add : Unallocated Revenue (ii)					2.90
Less : inter segment revenue (iii)					(19,349.36)
Total Revenue (i+ii-iii)					27,195.09
Segment Results before tax (iv)	537.07	1,014.19	1,955.40	274.24	3,780.90
Less : Unallocated expenses (net of revenue) (v)					(449.50)
Operating Profit before earnings from Associate (iv-v)					3,331.40
Less : Provision for tax					(846.47)
Net Profit / (Loss) before earnings from Associate					2,484.93
Add : Share of profit / (Loss) in Associate					-
Net Profit					2,484.93
Segment assets	78,898.04	30,222.57	127,419.61	55.44	236,595.66
Add : Unallocated assets					3,286.39
Total Segment Assets					239,882.05
Segment liabilities	47,142.05	55,764.17	110,347.01	52.38	213,305.61
Add : Unallocated liabilities					728.89
Total Segment Liabilities					214,034.50
Capital employed (Segment Assets - Segment Liabilities)	31,755.99	(25,541.60)	17,072.60	3.06	23,290.05
Add : Unallocated capital employed					2,557.50
Total Capital Employed					25,847.55
Capital expenditure for the year	15.87	106.47	917.16	3.45	1,042.95
Add : Unallocated capital expenditure					5.99
Total Capital Expenditure					1,048.94
Depreciation on fixed assets for the year	5.51	33.46	388.05	5.75	432.77
Add : Unallocated depreciation					2.22
Total Depreciation					434.99

The above Segmental Reporting includes revenue and other income earned from Insurance Companies as under :

- Commission income from sale of insurance policies of ₹ 213.89 crore.
- Income on account of display of publicity and branding material of Insurance Companies of ₹ 170.06 crore.
- Others (CMS fee, remittances fee etc.) of ₹ 0.17 crore.

The RBI's Master Direction on Financial Statements – Presentation and Disclosures, requires to sub - divide 'Retail Banking' into (a) Digital Banking (as defined in the RBI circular on Establishment of Digital Banking Units dated April 07, 2022) and (b) Other Retail Banking segment. Accordingly, the Bank started the reporting of Digital Banking as a sub - segment under Retail Banking from the quarter ended March 31, 2023 based on clarification issued by the RBI to Indian Banks' Association (IBA) dated February 21, 2023.

Particulars	(₹ in crore)			
	Segment Revenue	Segment Results After Provisions & Before Tax	Segment Assets	Segment Liabilities
Retail Banking	7,596.67	524.41	127,419.61	110,347.01
(i) Digital Segment	1,006.65	(26.00)	13,324.41	22,912.15
(ii) Other Retail Banking	6,590.02	550.41	114,095.20	87,434.86

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Geographic Segments

The business of the Group is concentrated in India. Accordingly, geographical segment results have not been reported.

18.06 Deferred tax

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under :

Particulars	(₹ in crore)	
	March 31, 2024	March 31, 2023
Deferred tax assets on account of provisions for loan losses	993.04	1,057.21
Deferred tax assets on account of provision for diminution in value of investments	76.90	293.61
Deferred tax assets on account of depreciation on fixed assets	4.06	3.81
Deferred tax assets on account of long term capital loss	5.52	-
Deferred tax assets on account of other contingencies	201.97	198.76
Deferred tax assets (A)	1,281.49	1,553.39
Deferred tax liabilities on account of depreciation on fixed assets (including intangible assets)	72.92	28.69
Others (special reserve under section 36(1)(viii) of Income Tax Act, 1961)	107.75	98.50
Deferred tax liabilities (B)	180.67	127.19
Net Deferred tax assets (A-B)	1,100.82	1,426.20

18.07 Related party disclosure :

As per AS-18, Related Party Disclosure, the Group's related parties for the year ended March 31, 2024 are disclosed below :

a. Entities having Significant Influence

IDFC Limited

IDFC Financial Holding Company Limited

b. Associates

Millennium City Expressways Private Limited

c. Key Management Personnel

Mr. V. Vaidyanathan - (MD & CEO)

Mr. Madhivanan Balakrishnan - Whole Time Director (WTD) (w.e.f. June 20, 2023 upto December 06, 2023)

d. Relatives of Key Management Personnel

Relatives of Mr. V. Vaidyanathan

Mrs. Jeyashree Vaidyanathan, Mr. Krishnamurthy Vembu, Mr. Pranav Vaidyanathan, Mr. Amartya Vaidyanathan, Ms. Anusha Vaidyanathan, Group Captain V. Satyamurthy, Mr. Maj V Krishnamurthy, Ms. Savitri Krishnamoorthy.

Relatives of Mr. Madhivanan Balakrishnan (w.e.f. June 20, 2023 upto December 06, 2023)

Mrs. Ranu Madhivanan, Mr. Balakrishnan Madaswamy, Mrs. Sornamani B, Mr. Samarth Madhivanan, Ms. Sumedha Madhivanan, Mr. B. Vasant Kumar, Mr. B. Satishwar, Mr. B. Sendhilvel

e. Enterprises over which KMP / Relatives of KMP have control / significant influence

Rukmani Social Welfare Trust, V Satyamurthy Security Agency, Chanakya Talent

Aegon Life Insurance Company Limited - (w.e.f. June 20, 2023 upto December 06, 2023)

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The significant transactions between the Group and its related parties for the year ended March 31, 2024 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category :

- **Interest expense :**
IDFC Financial Holding Company Limited ₹ 15.48 crore (Previous Year ₹ 23.60 crore).
- **Managerial remuneration :**
Mr. V. Vaidyanathan ₹ 5.31 crore (Previous Year ₹ 4.46 crore).
Mr. Madhivanan Balakrishnan ₹ 1.60 crore (Previous Year ₹ Nil)
- **Swaps / forward contract (notional amount) :**
IDFC Limited ₹ 0.68 crore (Previous Year ₹ 0.20 crore)
- **Purchase of investment :**
Aegon Life Insurance Company Limited ₹ 30.28 crore (Previous Year ₹ Nil)

The details of the transactions of the Group with its related parties during the year ended March 31, 2024 are given below :

(₹ in crore)

Particulars	Related Party				
	Entities having Significant Influence	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP / relatives of KMP have Control / Significant Influence
Interest expense	15.62	-	0.40	0.08	0.01
Managerial remuneration ^	-	-	6.90	-	-
Rendering of services	β	-	-	β	β
Swaps / forward contract	0.68	-	-	-	-
Purchase of investment (inclusive of broken period interest paid)	-	-	-	-	30.28

^ Based on the performance evaluation of the Bank and the MD & CEO for FY 2022-23 and considering the recommendations of the Nomination & remuneration committee and the Board, the Reserve Bank of India approved the grant of ₹ 7.30 crore as variable pay for FY 2022-23 to MD & CEO which converts to 3,059,514 stock options. The said RBI approval was subsequently noted by the NRC and the Board at their respective meetings held on January 17, 2024 and January 20, 2024.

The balances payable to / receivable from the related parties of the Group as on March 31, 2024 are given below :

(₹ in crore)

Particulars	Related Party				
	Entities having Significant Influence	Associates #	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP / relatives of KMP have Control / Significant Influence
Deposits with the Bank	140.31	-	2.54	1.27	0.26
Interest accrued on deposit	0.54	-	0.01	0.01	β
Loans & advances including credit card balances	-	295.07	0.06	0.05	-
Investment of the Bank	-	218.88	-	-	-
Investment of related party in the Bank §	-	-	-	-	-

§ As at March 31, 2024, Entities having significant influence holds 2,646,438,348, MD & CEO holds 64,367,464, Relatives of KMP holds 319,500 & Entities over which KMP / Relatives of KMP have control / significant influence holds 5,093,860 equity shares in the Bank.

Loans and investments in the Associate company have been technically written - off during the year ended March 31, 2023.

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The maximum balances payable to / receivable from the related parties of the Group during the year ended March 31, 2024 are given below :

(₹ in crore)

Particulars	Related Party				
	Entities having Significant Influence	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP / relatives of KMP have Control / Significant Influence
Deposits with the Bank	229.66	-	12.17	1.56	0.26
Loans & advances including credit card balances	-	295.07	0.10	0.05	-
Investment of the Bank	-	226.38	-	-	-

The details of the transactions of the Group with its related parties during the year ended March 31, 2023 are given below :

(₹ in crore)

Particulars	Related Party				
	Entities having Significant Influence	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP / relatives of KMP have Control / Significant Influence
Interest expense	23.62	-	0.01	0.02	-
Interest income earned	-	18.73	-	β	-
Managerial remuneration [^]	-	-	4.46	-	-
Rendering of services	β	-	β	β	β
Swaps / forward contract	0.20	-	-	-	-

[^] During FY 2022-23, the Board of Directors of the Bank, based on the recommendation of Nomination and Remuneration Committee, at its meeting held on April 30, 2022 had approved grant of 3,125,708 stock options to Mr. V. Vaidyanathan, MD & CEO under 'IDFC FIRST Bank – Employees Stock Option Scheme 2015'. In terms of Section 35B of the Banking Regulation Act, 1949, the said grant was duly approved by the RBI vide its letter dated November 29, 2022.

The balances payable to / receivable from the related parties of the Group as on March 31, 2023 are given below:

(₹ in crore)

Particulars	Related Party				
	Entities having Significant Influence	Associates [#]	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP / relatives of KMP have Control / Significant Influence
Deposits with the Bank	377.42	-	0.18	0.69	0.07
Interest Accrued on deposit	1.05	-	β	0.01	-
Loans & advances including credit card balances	-	301.38	-	β	-
Investment of the Bank	-	226.38	-	-	-
Investment of related party in the Bank [§]	-	-	-	-	-

[§] As at March 31, 2023, Entities having significant influence holds 2,646,438,348, MD & CEO holds 33,007,117, Relatives of KMP holds 324,500 & Entities over which KMP / Relatives of KMP have control / significant influence holds 5,693,860 equity shares in the Bank.

[#] Loans and investments in the Associate company were technically written - off during the year ended March 31, 2023.

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The maximum balances payable to / receivable from the related parties of the Group during the year ended March 31, 2023 are given below :

(₹ in crore)

Particulars	Related Party				
	Entities having Significant Influence	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which KMP / relatives of KMP have Control / Significant Influence
Deposits with the Bank	377.42	-	0.73	0.76	0.07
Loans & advances including credit card balances	-	315.02	0.14	0.01	-
Investment of the Bank	-	226.38	-	-	-

18.08 Earning per share ('EPS')

Basic and diluted earnings per equity share are computed in accordance with AS - 20 Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year, except where the results are anti - dilutive. Dilution of equity is on account of stock options granted by the Bank.

Particulars	March 31, 2024	March 31, 2023
Basic		
Weighted average number of equity shares outstanding (₹ in crore)	684.57	623.60
Net Profit / (Loss) after Tax (₹ in crore)	2,942.35	2484.93
Basic earnings per share (₹)	4.30	3.98
Diluted		
Weighted average number of equity shares outstanding (₹ in crore)	696.36	633.89
Net Profit / (Loss) after Tax (₹ in crore)	2,942.35	2484.93
Diluted earnings per share (₹)	4.23	3.92
Nominal value of shares (₹)	10.00	10.00

18.09 Leases

Disclosures in respect of operating leases are given below :

(This comprise of office premises / branches / ATMs taken on lease)

(₹ in crore)

Particulars	March 31, 2024	March 31, 2023
Future lease rentals payable as at the end of the year :		
Not later than one year	559.42	418.10
Later than one year and not later than five years	1656.46	1,290.28
Later than five years	363.16	255.73
Total of minimum lease payments recognised in the Profit and Loss Account for the year	614.31	438.28
Total of future minimum sub - lease payments expected to be received under non - cancellable sub - leases	-	-
Sub - lease payments recognised in the Profit and Loss Account for the year	-	-

The Group has not sub - leased any of its properties taken on lease. There are no provisions relating to contingent rent. The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

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18.10 Other fixed assets

The movement in fixed assets capitalised as application software (included in Other Fixed Assets) is given below :

(₹ in crore)

Particulars	March 31, 2024		March 31, 2023	
	Software	Other Intangibles	Software	Other Intangibles ^
Cost				
At the beginning of the year	1,524.27	-	1,232.72	2,599.35
Additions during the year	768.69	-	291.78	-
Deductions during the year	(1.13)	-	(0.23)	(2,599.35)
Total (i)	2,291.83	-	1,524.27	-
Depreciation				
Accumulated depreciation at the beginning of the year	980.03	-	817.54	2,599.35
Depreciation charge for the year	241.17	-	162.50	-
Deductions during the year	(1.89)	-	(0.01)	(2,599.35)
Total (ii)	1,219.31	-	980.03	-
Net Value (i-ii)	1,072.52	-	544.24	-

^ The amalgamation of Bank had resulted in recognition of Intangible assets – (Brand and Goodwill) aggregating to ₹ 2,599.35 crore during the year ended March 31, 2019 which was charged off to the Profit and Loss Account in the same year. During the year ended March 31, 2023, the Bank had written off Goodwill and Brand out of gross fixed asset and corresponding accumulated depreciation. This did not have any impact in the Profit and Loss Account for the year ended March 31, 2023.

18.11 Corporate social responsibility (CSR)

- Amount required to be spent by the Group on CSR during the year is ₹ 17.82 crore (Previous Year ₹ 0.79 crore).
- Amount approved by the Board to be spent during the year ₹ 27.07 crore (Previous Year ₹ 21.59 crore).
- Amount spent towards CSR related activities during the year ended March 31, 2024 is ₹ 27.34 crore (Previous Year ₹ 18.68 crore), which comprise of following :

Year ended March 31, 2024

(₹ in crore)

Nature of activities	Amount Spent	Amount Unpaid / Provision	Total
Construction / acquisition of any asset	-	-	-
On purpose other than above	27.34	-	27.34

Year ended March 31, 2023

(₹ in crore)

Nature of activities	Amount Spent	Amount Unpaid / Provision	Total
Construction / acquisition of any asset	-	-	-
On purpose other than above	18.68	-	18.68

- The Bank in line with Rule 7 (3) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 has deferred the CSR spent of ₹ 25.63 crore for succeeding 3 financial years.

(₹ in crore)

Balance excess spent as at April 01, 2023	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at March 31, 2024
31.93	16.80	25.63	40.77

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18.12 Proposed dividend

The Bank did not declare any dividend for the financial year ended March 31, 2024 and March 31, 2023.

18.13 Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. During the year ended March 31, 2024, ₹ 36.84 crore (Previous Year ₹ 20.00 crore) worth bills were paid with delays to Micro and Small Enterprises and ₹ 0.51 crore (Previous Year ₹ 2.04 crore) worth bills remained unpaid as at March 31, 2024. There have been no demand of interest on these payments during the year.

18.14 Description of contingent liabilities

i. Claims against the Group not acknowledged as debts

The Group is a party to taxation matters which are in dispute and are under appeal. The demands are either in the process of being stayed or have been partly or wholly paid / adjusted and will be received as refund (where paid / adjusted) to the extent the matters are decided in favour of the Group. The Group is a party to various legal proceedings in the normal course of business. The Group does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial condition, results of operations or cash flows.

ii. Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments. These payment obligations of the Group do not have any Profit / loss impact.

iii. Liability on account of forward exchange and derivative contracts

The Group enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter - bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest / principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardised, exchange - traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time. An exchange traded currency option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre - agreed exchange rate on a specified date on the date of expiry. Currency futures contract is a standardised, exchange - traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

With respect to transactions entered by customers, the Bank generally takes off - setting positions in the inter - bank markets which results into higher numbers of outstanding contracts. The same also leads to representation of large gross notional principal of the portfolio, while the actual credit / market risk is much smaller.

Further, the notional amount of the financial instruments do not represent the current fair value or future cash flows and hence do not indicate Bank's exposure to credit or price risk. The derivative instrument becomes an asset / liability basis change in underlying market rates compared to contracted rates.

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iv. Guarantees given on behalf of constituents

As a part of its banking activities, the Group issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Group will make payments in the event of the customer failing to fulfil its financial or performance obligations.

v. Acceptances, endorsements and other obligations

These include documentary credit issued by the Group on behalf of its customers and bills drawn by the Group's customers that are accepted or endorsed by the Group.

vi. Other items

Other items represent estimated amount of contracts remaining to be executed on capital account and certain undrawn non - cancellable loan commitments and credit enhancements in respect of securitised and assigned loans. This also includes the amount of investments bought and remaining to be settled on the date of financial statements.

18.15 Utilisation of borrowed funds

The Bank, as part of its normal banking business, grants loans and advances, makes investment, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons. These transactions are part of Bank's normal banking business, which is conducted ensuring adherence to all regulatory requirements.

Given the nature and background of transactions explained above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

The Bank has also not received any fund from any person(s) or entitie(s), including foreign entities (Funding Parties) with the understanding, whether recorded in writing or otherwise, that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

18.16 Particulars of items under Others (including provisions), Other Assets - "Others", Other Income, Other Expenditure

Others (including provisions)

Others (including provisions) under the "Schedule 5 (VI) - Other Liabilities and Provisions" includes Nil items (Previous Year : Nil) which are exceeding 1% of the total assets of the Group.

Other Assets - "Others"

Others under the head "Schedule 11 (VII) - Other Assets" Includes Nil items (Previous Year : Nil) which are exceeding 1% of the total assets of the Group.

Other Income

Miscellaneous Income under the head "Schedule 14 (VIII) - Other Income" includes Nil items (Previous Year : Nil) which are exceeding 1% of the total income of the Group.

Other Expenditure

Other expenditure under the head "Schedule 16 (XII) - Operating Expenses" includes commission to sales agents, commission to collection agents, system management and software subscription fees which are more than 1% of total income of the Group.

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18.17 Statement of net assets as per Schedule III to the Companies Act, 2013

Year ended March 31, 2024

Name of the entity	Net assets, i.e. Total Assets Minus Total Liabilities		Share of Profit or (Loss)	
	% of Total Net Assets	Amount (₹ in crore)	% of Total Net Profit / (Loss)	Amount (₹ in crore)
Holding company				
IDFC FIRST Bank	99.65	32,161.31	100.48	2,956.51
Subsidiary				
IDFC FIRST Bharat Limited	0.57	182.88	1.91	56.15
Associate				
Millennium City Expressways Private Limited	-	-	-	-
Inter - company adjustments	(0.22)	(70.61)	(2.39)	(70.31)
Total Net Assets / Net Profit	100.00	32,273.58	100.00	2,942.35

Year ended March 31, 2023

Name of the entity	Net assets, i.e. Total Assets Minus Total Liabilities		Share of Profit or (Loss)	
	% of Total Net Assets	Amount (₹ in crore)	% of Total Net Profit / (Loss)	Amount (₹ in crore)
Holding company				
IDFC FIRST Bank	99.51	25,721.16	98.08	2,437.13
Subsidiary				
IDFC FIRST Bharat Limited	0.76	197.00	1.92	47.80
Associate				
Millennium City Expressways Private Limited	-	-	-	-
Inter - company adjustments	(0.27)	(70.61)	-	-
Total Net Assets / Net Profit	100.00	25,847.55	100.00	2,484.93

18.18 Additional disclosure

Additional statutory information disclosed in the Separate Financial Statements of the Bank and subsidiary have no material bearing on the true and fair view of the Consolidated Financial Statements and the information pertaining to the items which are not material have not been disclosed in the Consolidated Financial Statements.

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2024

18.19 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

18.20 The figures of ₹ 50,000 or less have been denoted by 0 .

For **M S K A & Associates**
Chartered Accountants
(Firm Registration No: 105047W)

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
(Firm Registration No: 104607WW100166)

Swapnil Kale
Partner
(Membership No: 117812)

Roshni Marfatia
Partner
(Membership No: 106548)

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

Aashish Kamat
Director
DIN: 06371682

V. Vaidyanathan
Managing Director &
Chief Executive Officer
DIN: 00082596

Sudhanshu Jain
Chief Financial Officer &
Head Corporate Centre

Satish Gaikwad
Head - Legal &
Company Secretary

Date : April 27, 2024
Place : Mumbai

Basel Pillar III Disclosures

as at March 31, 2024

Pillar 3 disclosures as at March 31, 2024 as per Basel III guidelines of Reserve Bank of India have been disclosed separately on the Bank's website under "Regulatory Disclosures" on the home page.

THE SECTION CONTAINS FOLLOWING DISCLOSURES:

1. Qualitative and Quantitative disclosures as at March 31, 2024

- Scope of Application
- Capital Adequacy
- Credit Risk - General Disclosures for all Banks
- Credit Risk – Disclosures for portfolios subject to the standardised approach
- Credit Risk Mitigation - Disclosures under standardised approaches
- Securitisation Exposures - Disclosures under standardised approach
- Market Risk in Trading Book
- Operational Risk
- Interest rate risk in the Banking Book ("IRRBB")
- General Disclosure for exposures related to Counterparty Credit Risk
- Disclosure requirements for remuneration
- Equities - Disclosure for Banking Book Positions

2. Leverage Ratio as at March 31, 2024

3. Reconciliation of leverage ratio exposure under common disclosure template as at March 31, 2024

4. Liquidity Coverage Ratio as at March 31, 2024

5. Disclosure on NSFR as at Mar 31, 2024

6. Capital Disclosure

- Composition of Capital & reconciliation requirements
- Main Features of Regulatory Capital Instruments March 31, 2024
- Terms and Conditions of Equity Shares

The link to this section is <https://www.idfcfirstbank.com/regulatory-disclosures.html>



ALWAYS YOU FIRST

IDFC FIRST Bank Limited

CIN: L65110TN2014PLC097792

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