IDFCFIRSTBANK/SD/164/2025-26 **October 01, 2025**

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1, G-Block
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051
NSE Symbol: IDFCFIRSTB

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai 400 001
BSE Scrip Code: 539437

Sub.: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations").

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI Listing Regulations, we wish to inform that CARE Ratings Limited ("CARE") has re-affirmed the existing rating of the Bank's long-term debt instruments amounting to ₹1,242.18 crore at '**CARE AA+ / Stable**'.

A detailed Rating Rationale for the above is enclosed herewith.

Request you to take the above on record.

Thanking you,

Yours faithfully,
For **IDFC FIRST Bank Limited**
SATISH ASHOK GAIKWAD
Digitally signed by SATISH ASHOK GAIKWAD
Date: 2025.10.01 14:54:53 +05'30'
Satish Gaikwad
General Counsel and Company Secretary

Encl.: as above

IDFC First Bank Limited (Revised)

September 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term instruments	1,242.18 (Reduced from 1,307.38)	CARE AA+; Stable	Reaffirmed

Details of instruments in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to long-term debt instruments of IDFC First Bank Limited (IFBL) factors in improvement in the bank's scale of operations and the diversification and granularisation of its advances and deposits. The bank's liability profile is strengthening with retail-led deposit growth replacing borrowings, while its current account saving account (CASA) base remains healthy. However, cost of funds of the bank is higher compared to larger private banks due to higher cost of deposits and presence of high-cost legacy borrowings in its funding profile, which has come down significantly over the years. The rating also considers adequate capitalisation levels supported by periodic equity infusions of ₹3,000 crore in FY24, ₹3,200 crore in FY25 and ₹7,500 crore through preferential issue in Q2FY26 to fund its asset growth.

However, these rating strengths are partially offset by moderate profitability considering high operating cost as the bank continues scaling up its book, especially in the retail segment. The cost to income ratio is also expected to improve going forward, as the bank attains higher scale of operations. Profit after taxation (PAT) for FY25 and Q1FY26 was impacted significantly due to increased provisions considering ongoing stress in the microfinance book. Although, the proportion of microfinance book in the overall portfolio has come down, the bank's ability to keep asset quality under control remains a key monitorable. While profitability will remain subdued in H1FY26 due to faster repricing of yield on advances than in cost of funds, it is expected to improve in H2FY26 with lower credit costs and reduced cost of deposits.

CareEdge Ratings has withdrawn the rating assigned to non-convertible debenture (NCD; ISIN No. INE688I08202) of IFBL with immediate effect in line with CareEdge Ratings withdrawal policy, as the bank has redeemed the instrument and there is no amount outstanding under the issue.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating actions/upgrade:

- Sustained improvement in market share and resource profile with a higher share of retail deposits.
- Improving operating performance and improving cost to income ratio.

Negative factors: Factors that could individually or collectively lead to negative rating actions/downgrade:

- Higher-than-expected deterioration in asset quality, with gross non-performing assets (GNPA) level increasing to above 5%.
- Weakening in capitalisation levels with capital cushion over minimum regulatory requirement remaining less than 3.5% on a sustained basis.
- Declining return on total assets (ROTA) below 1% on a sustained basis.

Analytical approach:

Standalone

Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectation that the bank will report a healthy advances growth, while improving its profitability and asset quality and maintaining adequate capitalisation levels.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Comfortable capitalisation levels

IFBL has been maintaining comfortable capitalisation levels to support the growth in business and to have cushion to absorb credit costs. The bank has demonstrated its ability to raise capital, having raised equity of ₹2,196 crore in FY23, ₹3,000 crore in FY24 and ₹3,200 crore in FY25. The bank raised ₹7,500 crore from Warburg Pincus and the Abu Dhabi Investment Authority (ADIA) in Q2FY26 to support its growth and capitalisation. The bank reported capital adequacy ratio (CAR) excluding profits of total CAR of 14.86% and Tier-I CAR (entirely CET-I) of 12.64% as on June 30, 2025, (March 31, 2025: CAR: 15.48% and CET-1: 13.18%), which is above the regulatory requirement of 11.5% and 9%, respectively. Post capital raise of ₹7,500 crore and conversion to equity, CAR and Tier-I would improve from June 30, 2025 levels. However, it will normalise going forward as the bank scales its loan book. CareEdge Ratings expects the bank to maintain adequate capitalisation levels going forward in line with other private sector banks.

Diversified advances book with retail focus

Post the merger of IDFC Bank Limited with Capital First Limited (CFL) in December 2018, the bank has been focussed in diversifying its advances book with increase in retail while gradually moderating and balancing corporate lending book with steady decline in infrastructure lending book. The bank's retail book has a diversified product mix including home loans, loan against property (LAP), SME loans, vehicle loans, consumer durable loans, credit cards, personal loans, and micro-finance, among others with no segment exceeding 20% of retail. Advances book witnessed a strong growth of 21% YOY with total advances (including credit substitutes) at ₹2,53,233 crore as on June 30, 2025 (March 31, 2025: ₹2,41,926 crore) led by growth in mortgage loans, vehicle loans, MSME loans and wholesale loans. The wholesale loans stood at 19% of total advances as on June 30, 2025. Going forward, advances mix is likely to hover around these levels, although the composition within retail may change.

Strong deposit growth with healthy CASA

IFBL has reported a robust 30% CAGR in total deposits in the last four years up to FY25, with deposits rising 26% y-o-y to ₹2,64,971 crore as on June 30, 2025. The CASA ratio stood at a healthy 47.99% (March 31, 2025: 46.91%), the highest among private banks, while retail customer deposits accounted for 80% of total customer deposits, underscoring a strong granular liability base. However, despite high CASA, the bank's cost of deposits remains relatively higher than that of larger private banks (though broadly in line with peers), despite the gap in cost of funds has narrowed meaningfully over time. The high-cost legacy borrowings have come down significantly in the last few years and stood at ~₹2,200 crore as on June 30, 2025, most of which are scheduled to mature by FY26-end. The bank is increasing its share of deposits in the liability profile with lower reliance on borrowings and improving the credit-to-deposit ratio (92% as on June 30, 2025; incremental y-o-y at 76%). Going forward, the bank's ability to sustain its strong CASA and retail deposit franchise while bringing down its cost of funds will remain a key monitorable.

Key weaknesses

Moderate profitability due to high cost to income ratio

IFBL witnessed compression in net income margin (NIM) to 6.05% in FY25 (PY: 6.17%) due to faster growth in the relatively low-yielding secured book (including wholesale), reduction of microfinance book and reversal of interest on microfinance loans due to high delinquencies. Operating expense continues to remain high due to investment in technology, branch expansion and people. Cost to income stood high although improved marginally to 71.82% (72.2% in FY24) as income growth outpaced operating cost growth and would come down going forward as the bank scales up. Credit costs more than doubled to 1.73% in FY25 from 0.89% in FY24 due to higher provisioning requirements in the microfinance book, with provision coverage rising by 347 basis points from 68.8% in March 2024 to 72.3% in March 2025.As a result, ROTA declined to 0.48% for FY25 compared to 1.11% in FY24 which is relatively lower compared to peer private banks.

IFBL reported ROTA of 0.53% for Q1FY26 compared to 0.91% in Q1FY25. The fall was primarily due to compression in NIM which was affected by increase in wholesale book, reduction in micro-finance book, impact of repo rate reduction and high credit cost. IFBL's profitability is expected to improve in H2FY26 supported by the reduction of cost of funds and lower credit cost on microfinance segment.
Going forward, the bank's ability to control its cost to income ratio and credit costs, while it scales up its business, would be a key rating monitorable.

Asset quality remains monitorable

GNPA marginally increased in Q1FY26 (to 1.97%) after staying flat for FY25 (March 31, 2025: 1.87% against March 31, 2024: 1.88%). All segments saw increase in GNPA levels in Q1FY26 with microfinance segment experiencing deterioration throughout

FY25 and Q1FY26. Microfinance segment remains under stress and IFBL has scaled down its proportion from 6.6% as on March 31, 2024, to 3.3% as on June 30, 2025. IFBL maintained provision coverage ratio (PCR) excluding technical write-offs at 72.3% on GNPA as on June 30, 2025. Gross stressed assets to gross advances and net stressed assets to net worth were at 2.14% and 4.19% respectively as on June 30, 2025, compared to 2.21% and 5.34% as on March 31, 2024. The bank's ability to achieve stated moderation in credit costs in FY26 would remain a key monitorable.

Liquidity: Adequate

IFBL's liquidity profile remained adequate with no negative cumulative mismatches in time buckets up to three months per asset liability maturity (ALM) statement as on June 30, 2025. IFBL had excess statutory liquidity ratio (SLR) investment of ~₹11,369 crore (4.02% of NDTL) as on June 30, 2025. IFBL's liquidity coverage ratio and net stable funding ratio (NSFR) remained comfortable at 117.65% and 121.10%, respectively, for quarter ended June 30, 2025, against the minimum regulatory requirement of 100%. The bank has access to systemic liquidity through RBI's Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) schemes.

Environment, social, and governance (ESG) risks

Although IFBL's service-oriented business model limits its direct exposure to environmental risks, credit risk may arise if operations of asset class of the portfolio are adversely impacted by environmental factors. The bank has a well-articulated board approved ESG policy. It is also among the first few banks to launch green deposits aligned to RBI Framework.

Social risks in the form of cybersecurity threat or customer data breach or mis-selling practices can affect IFBL's regulatory compliance and reputation, and hence, remain a key monitorable. Of IFBL's portfolio, 47% remained aligned to responsible segments. While IFBL is enhancing financial inclusion by offering products and services aimed at marginalised sections of society, addressing social concerns, it must be weighed in the context of asset quality risks, including borrower creditworthiness, economic vulnerabilities, and regulatory uncertainties.

IFBL's Board comprised 80% independent directors including two women directors.

Applicable criteria

Definition of Default
Rating Outlook and Rating Watch
Banks
Financial Ratios - Financial Sector
Withdrawal Policy

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Banks	Private sector bank

IFBL was incorporated in October 2015 and the bank's name underwent a change from 'IDFC Bank Limited' (IBL) to 'IDFC First Bank Limited' on January 12, 2019, following the merger of Capital First Limited with the bank. The merger of Capital First Limited and its two subsidiaries with IDFC Bank Limited became effective December 18, 2018. IDFC Financial Holding Company Limited and IDFC Limited were merged into IFBL effective October 01, 2024. IFBL's operations are across its three business verticals: corporate banking, consumer banking and rural banking. As on June 30, 2025, it has a network of 1,016 branches across the country. IFBL is led by MD-CEO, V Vaidyanathan, who has over 25 years of banking experience. RBI has granted its approval for re-appointment of V Vaidyanathan as the bank's MD and CEO for three years effective December 19, 2024, to December 18, 2027.

IFBL Standalone

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total income	36,324	43,523	11,869
PAT	2,957	1,525	463
Total assets	2,95,022	3,42,941	3,60,547
Net NPA (%)	0.60	0.53	0.55
ROTA (%)	1.11	0.48	0.53
Interest coverage (times)	NM	NM	NM

A: Audited UA: Unaudited; NM: Not meaningful; Note: these are latest available financial results
Net worth and total assets are net of intangible assets, revaluation reserve and deferred tax
All calculations per CareEdge Ratings.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Long-term bank facilities#	-	-	-	-	692.38	CARE AA+; Stable
Non-convertible debentures	INE688I08053	17-05-2013	9.5	17-05-2028	49.40	CARE AA+; Stable
Non-convertible debentures	INE688I08087	29-09-2015	9.4	29-09-2025	43.40	CARE AA+; Stable
Non-convertible debentures	INE688I08095	30-10-2015	9.25	30-10-2025	66.80	CARE AA+; Stable
Non-convertible debentures	INE688I08103	20-11-2015	9.25	20-11-2025	25.00	CARE AA+; Stable
Non-convertible debentures	INE688I08111	15-12-2015	9.25	15-12-2025	25.00	CARE AA+; Stable
Non-convertible debentures	INE688I08129	29-12-2015	9.25	29-12-2025	11.20	CARE AA+; Stable
Non-convertible debentures	INE688I08145	01-03-2016	10.5	01-03-2099	52.30	CARE AA+; Stable
Non-convertible debentures	INE688I08152	06-06-2016	9.75	06-06-2099	26.00	CARE AA+; Stable
Non-convertible debentures	INE688I08160	25-07-2016	9.24	24-07-2026	25.50	CARE AA+; Stable
Non-convertible debentures	INE092T08DM3	20-09-2016	8.75	18-09-2026	25.00	CARE AA+; Stable
Non-convertible debentures	INE688I08178	24-08-2017	8.25	24-08-2027	144.90	CARE AA+; Stable
Non-convertible debentures	INE688I08186	18-09-2017	8.6	18-09-2099	55.30	CARE AA+; Stable
Non-convertible debentures	INE688I08202	07-06-2018	9.1	06-06-2025	-	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Borrowings-Secured Long Term Borrowings	LT	1242.18	CARE AA+; Stable	-	1)CARE AA+; Stable (01-Oct-24)	1)CARE AA+; Stable (03-Oct-23)	1)CARE AA; Stable (04-Oct-22)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1.	Borrowings-Secured Long-term Borrowing	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Sanjay Agarwal Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3500 E-mail: Sanjay.agarwal@careedge.in
Relationship Contact Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Priyesh Ruparelia Director **CARE Ratings Limited** Phone: +91 22 6754 1593 E-mail: priyesh.ruparelia@careedge.in Sudam Shrikrushna Shingade Associate Director **CARE Ratings Limited** Phone: +91 - 22 - 6754 3453 E-mail: sudam.shingade@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information, please visit www.careratings.com