IDFCFIRSTBANK/SD/50/2025-26

May 17, 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 ICRA Limited ("ICRA") has re-affirmed rating of **ICRA AA+/Stable** for the Bank's Tier II Bonds (under BASEL III) of ₹ 3,000 crore and its existing Long-Term instruments.

Further, ICRA has also withdrawn the rating outstanding on the matured non-convertible debentures (NCDs), amounting to ₹ 8,084 crore, as these have been fully redeemed and no amount is outstanding against the same.

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: 2025.05.17 14:49:25 +05'30'

Satish Gaikwad
General Counsel and Company Secretary

Encl.: as above

May 16, 2025

IDFC FIRST Bank Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Basel III Tier II bonds	3,000.00	3,000.00	[ICRA]AA+ (Stable); reaffirmed
NCD**	3,883.70	3,883.70	[ICRA]AA+ (Stable); reaffirmed
NCD**	8,084.00	-	[ICRA]AA+ (Stable); reaffirmed and withdrawn
NCD^	9,520.00	9,520.00	[ICRA]AA+ (Stable); reaffirmed
Total	**24,487.70**	**16,403.70**	

**Instrument details are provided in Annexure I; **Non-convertible debentures (NCDs) of erstwhile IDFC Limited reassigned to erstwhile IDFC Bank Limited (now IDFC FIRST Bank Limited) following the transfer of business with effect from October 1, 2015; ^Infrastructure bonds*

Rationale

The rating reaffirmation factors in IDFC FIRST Bank Limited's (IDFC FIRST) comfortable capital position, with the CET-I and capital-to-risk weighted assets ratio (CRAR) at 13.17% and 15.48%, respectively, as on March 31, 2025, and its demonstrated ability to raise capital, with the latest capital raise in July 2024 through a preferential allotment of Rs. 3,200 crore. Moreover, the bank announced board approval in April 2025 for an aggregate fund raise[1] of Rs. 7,500 crore {2.7% of risk-weighted assets (RWAs) as of March 2025} through a preferential allotment, which is expected to be concluded in the next few months. The rating also considers the significant granularisation of the asset and liability base, undertaken by the bank over the past few years, which drove an expansion in its yield on earning assets and net interest income (NII). However, the overall earnings profile continues to be weighed down by the high operating expenses towards the scaling up of operations. Additionally, the increase in credit costs due to high slippages in the unsecured retail loan segment {driven by the stress in the microfinance (MFI) sector} led to a moderation in the return indicators, on account of higher provisioning which impacted profitability in FY2025.

Going forward, the overall earnings profile is expected to improve with the increasing scale of operations and improving cost metrics along with the expected reduction in credit costs. However, the stress in the MFI segment on account of the deterioration in credit discipline, overleveraging of borrowers in the MFI sector and the impact of economic shocks/disruptions on the asset quality will remain monitorable. Slower-than-expected transmission of deposit rate cuts, discretionary expenditure to expand the customer franchise and the impact of regulatory changes, like the implementation of expected credit loss (ECL), on profitability will also remain monitorable. ICRA expects the bank's profitability to remain moderate in H1FY2026, though the same is expected to witness steady quarterly improvement trend in H2FY2026.

The Stable outlook on the rating factors in the expectation that the bank will continue to witness a steady credit profile, supported by its expanding retail franchise and improvement in the asset quality and profitability, while maintaining capital cushions.

ICRA has withdrawn the rating outstanding on the matured non-convertible debentures (NCDs), amounting to Rs. 8,084.00 crore, as these have been fully redeemed and no amount is outstanding against the same. The rating has been withdrawn in accordance with ICRA's policy on withdrawal and suspension (click here for the policy).

[1] Subject to regulatory and shareholder approval

Key rating drivers and their description

Credit strengths

Comfortable capitalisation profile – IDFC FIRST's capitalisation ratios remained strong with the CET-I and CRAR at 13.17% and 15.48%, respectively, as on March 31, 2025 (13.36% and 16.11%, respectively, as on March 31, 2024). While the overall internal capital generation moderated in FY2025 as higher credit costs impacted the overall profitability, the equity capital raise of Rs. 3,200 crore in Q2 FY2025, coupled with the timely capital raising during FY2021-FY2024 amounting to ~Rs. 10,200 crore, supported its capital cushions. This was despite its focus on growth and at a time when comparatively higher operating expenses due to franchise expansion, technological investments and credit costs were weighing down on its profitability levels. ICRA also notes IDFC FIRST's recently approved fund raise via a preferential allotment in April 2025, amounting to Rs. 7,500 crore, which is expected to be concluded in the second quarter of FY2026. This would support its growth ambitions for the medium term.

Healthy growth in deposits; share of granular retail deposits remains high – The overall deposit base expanded by ~26% to Rs. 2.52 lakh crore in FY2025 with the share of retail current account and savings account (CASA) and retail term deposits at 76% of the total customer deposits as on March 31, 2025. The bank's overall CASA level declined to 46.9% of total deposits as on March 31, 2025 from 47.2% as on March 31, 2024, a trend witnessed across the industry, though it remained above the private sector banks' average. Although deposit growth was supported by a higher interest rate proposition compared to larger private sector banks, the rate proposition remained comparable to some of the banks in the rated category.

IDFC FIRST's high-cost legacy long-term borrowings, which accounted for 4.7% of its total borrowings and deposits as on March 31, 2024, further declined to 1.6% as on March 31, 2025. These will largely mature over the next year, which will drive up the share of total deposits in total liabilities/resources (excluding net worth) from ~83% as on March 31, 2025, leading to further moderation in the overall cost of funds.

Improving scale of operations while maintaining granular loan book – The bank's net advances grew by 20% YoY to Rs. 2.33 lakh crore as on March 31, 2025, with continued focus on increasing the share of the granular and diversified retail book. Including credit substitutes and advances, its total funded assets grew by 20% YoY as on March 31, 2025 to Rs. 2.42 lakh crore. Also, in line with its stated strategy, IDFC FIRST's retail, rural and small and medium enterprise (SME) banking, as a proportion of total gross advances, remained healthy and stood at ~82% as on March 31, 2025 (~82% as on March 31, 2024). The corporate book (non-infrastructure) too saw an uptick and grew by 34% YoY even as the share of infrastructure loans in wholesale assets declined. The rapid transition in the loan book profile over the last few years has supported the granularisation levels. Going forward, IDFC FIRST's ability to sustain the asset quality in these segments will be key from an asset quality as well as profitability standpoint.

Credit challenges

Asset quality remains monitorable – The gross fresh slippage rate increased to 4.2% of standard advances in FY2025 from 3.5% in FY2024 on account of higher slippages from the MFI book, remaining higher than the banking sector average. Higher slippages in the non-MFI segment can also be attributed to the segments the bank operates in and the product mix. However, IDFC FIRST has consistently maintained high collection efficiency (over 99.5% excluding MFI), excluding prepayments and collection arrears in these segments. As the bank maintains a high provision cover, the headline net non-performing advances (NNPAs) improved in FY2025. Given the elevated stress in the MFI segment as well as provisioning in one legacy toll road account, IDFC FIRST's credit cost spiked to 2.6% of average total advances in FY2025 (1.4% in FY2024). This, coupled with the high cost-to-income ratio, translated into a moderate profitability profile in FY2025. Going forward, the management has guided towards a moderation in credit costs to 1.9% in FY2026, with H2 FY2026 expected to be better than H1 FY2026. This is likely to improve the RoA to a level better than the negative trigger by the end of FY2026. Nevertheless, the ability to achieve the guidance will be critical in the backdrop of the current macro-economic environment and geopolitical issues.

Cost-to-income remains higher than private sector average – IDFC FIRST's cost-to-income ratio continues to trend high and stood at 72% in FY2025 (73% in FY2024) on account of higher operating costs largely due to the growth in the retail segment as well as the expansion of the branch network and capabilities, including investment in technology. As a result, the operating profitability remains lower than the private sector banks' average at present. Nonetheless, it has seen a gradual and sustained improvement and is expected to continue increasing over the near to medium term as IDFC FIRST further expands the scale and adheres to its guidance for a moderation in the growth in operating expenses.

Environmental and social risks

While banks like IDFC FIRST do not face material physical climate risks, they are exposed to environmental risks indirectly through their asset portfolio. If the entities or businesses, to which banks and financial institutions have exposure, face business disruptions because of physical climate adversities or if they face climate transition risks because of technological, regulatory or customer behaviour changes, the same could translate into credit risks for banks. However, such risks are not material for IDFC FIRST as it benefits from adequate portfolio diversification. Further, the lending is typically short-to-medium term, allowing it to adapt and take incremental exposure to businesses that face relatively fewer downside environmental risks.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for banks as material lapses could be detrimental to their reputation and invite regulatory censure. IDFC FIRST has not faced such lapses over the years, which highlights its sensitivity to such risks. It is seen to be operating responsibly in terms of its selling practices, with no instances of fines being imposed by the regulatory authorities because of misconduct. Customer preference is increasingly shifting towards digital banking, which provides an opportunity to reduce operating costs. IDFC FIRST has been at the forefront of making the requisite investments to enhance its digital interface with its customers. While it contributes to promoting financial inclusion by lending to the underserved segments, its lending practices remain prudent, as reflected in the healthy asset quality numbers in this segment compared with its peers.

Liquidity position: Strong

IDFC FIRST's liquidity position remains supported by the healthy growth in its granular deposit base over the last 5-6 years. Additionally, the bank's daily average liquidity coverage ratio remained comfortable at 117% in Q4 FY2025 (114% in Q4 FY2024) and the net stable funding ratio stood at 118% as of March 31, 2025. IDFC FIRST has also increased its use of longer-term refinance against its eligible portfolio, which aided its liquidity profile. Moreover, it can avail liquidity support from the Reserve Bank of India (RBI; through repo against excess statutory liquidity ratio investments and the marginal standing facility mechanism) in case of urgent requirement.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the bank is able to improve its profitability with RoA above 1.5% while maintaining strong asset quality coupled with capital cushions above 4% of the Tier I regulatory levels (9.5% including capital conservation buffers) will be positive factors.

Negative factors – ICRA could downgrade the rating if the profitability weakens further and the RoA remains below 1% on a sustained basis. Additionally, weakening of the solvency (NNPA/core capital deteriorating to more than 20%) or a reduction in the capital cushions to less than 3% will be a negative factor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Rating Methodology for Banks and Financial Institutions ICRA's Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the standalone financials of IDFC First. However, in line with ICRA's consolidation approach, the standalone assessment of the bank factors in the ordinary and extraordinary support that it is expected to extend to its subsidiary.

About the company

IDFC Bank Limited was set up after IDFC Limited received a banking licence from the RBI in 2014. IDFC Limited's infrastructure assets and liabilities were demerged into IDFC Bank Limited. Apart from the Government of India (GoI), the leading shareholders of IDFC Limited included foreign financial institutions involved in infrastructure development worldwide. IDFC Limited was classified as an infrastructure finance company by the RBI in June 2010. It was granted in-principle approval by the RBI in April 2014 for undertaking banking business in India. IDFC Bank Limited started operations on October 1, 2015, after receiving the final licence from the RBI in July 2015.

Capital FIRST Limited, a non-deposit taking, systemically important, non-banking financial company (NBFC-ND-SI) registered with the RBI, was founded in 2012 by Mr. Vaidyanathan through a management buyout of an existing listed NBFC. The company specialised in providing finance to Indian consumers in the form of home loans and other consumption loans and to small businesses for working capital, business expansion, plant and machinery purchase, office automation and other such purposes. Following the receipt of approval from the National Company Law Tribunal (NCLT) for the merger of Capital FIRST Limited and its two subsidiaries with IDFC Bank Limited, which became effective on December 18, 2018, the merged entity was named IDFC FIRST Bank Limited.

After receipt of all regulatory and shareholder approvals on October 01, 2024, the amalgamation of IDFC Limited (bank's promoter; 35.37% stake as on September 30, 2024) with IDFC FIRST was completed under a reverse merger process.

Key financial indicators (standalone)

IDFC FIRST Bank Limited	FY2024	FY2025
Total income	22,245	25,968
Profit after tax	2,957	1,525
Total assets (Rs. lakh crore)	2.96	3.44
CET I	13.36%	13.17%
CRAR	16.11%	15.48%
PAT/ATA	1.10%	0.48%
Gross NPAs	1.88%	1.87%
Net NPAs	0.60%	0.53%

Source: IDFC FIRST Bank Limited, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore unless mentioned otherwise
Total income = Net interest income + Non-interest income (excluding trading income)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026) Amount rated (Rs. crore)	May 16, 2025	FY2025 Date	FY2025 Rating	FY2024 Date	FY2024 Rating	FY2023 Date	FY2023 Rating
Non-convertible debenture programme^	Long term	9,520.00	[ICRA]AA+ (Stable)	May 17, 2024	[ICRA]AA+ (Stable)	May-23-2023	[ICRA]AA+ (Stable)	Jun-28-2022	[ICRA]AA (Stable)
Non-convertible debenture programme^	Long term	-	-	May-17-2024	[ICRA]AA+ (Stable); withdrawn	May-23-2023	[ICRA]AA+ (Stable)	Jun-28-2022	[ICRA]AA (Stable)
Non-convertible debenture programme**	Long term	3,883.70	[ICRA]AA+ (Stable)	May-17-2024	[ICRA]AA+ (Stable)	May-23-2023	[ICRA]AA+ (Stable)	Jun-28-2022	[ICRA]AA (Stable)
Non-convertible debenture programme**	Long term	8,084.00	[ICRA]AA+ (Stable); withdrawn	May-17-2024	[ICRA]AA+ (Stable)	May-23-2023	[ICRA]AA+ (Stable)	Jun-28-2022	[ICRA]AA (Stable)
Non-convertible debenture programme	Long term	-	-	May-17-2024	[ICRA]AA+ (Stable); withdrawn	May-23-2023	[ICRA]AA+ (Stable)	Jun-28-2022	[ICRA]AA (Stable)
Basel III Tier II bonds	Long term	3,000.00	[ICRA]AA+ (Stable)	May-17-2024	[ICRA]AA+ (Stable)	-	-	-	-

***Non-convertible debentures (NCDs) of erstwhile IDFC Limited reassigned to erstwhile IDFC Bank Limited (now IDFC FIRST Bank Limited) following the transfer of business with effect from October 1, 2015 ^Infrastructure bonds*

Complexity level of the rated instruments

Instrument	Complexity indicator
Non-convertible debenture programme	Very Simple
Basel III Tier II bonds	Highly Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE092T08469	NCD	May 13, 2010	8.95%	May 13, 2025	500.00	[ICRA]AA+ (Stable)
INE092T08BU0	NCD	May 20, 2015	8.70%	May 20, 2025	741.00	[ICRA]AA+ (Stable)
INE092T08485	NCD	May 28, 2010	8.84%	May 28, 2025	200.00	[ICRA]AA+ (Stable)
INE092T08493	NCD	Jun 15, 2010	8.80%	Jun 15, 2025	200.00	[ICRA]AA+ (Stable)
INE092T08BY2	NCD	Jun 23, 2015	8.70%	Jun 23, 2025	395.00	[ICRA]AA+ (Stable)
INE092T08501	NCD	Jul 08, 2010	8.80%	Jul 08, 2025	200.00	[ICRA]AA+ (Stable)
INE092T08519	NCD	Jul 21, 2010	8.80%	Jul 21, 2025	300.00	[ICRA]AA+ (Stable)
INE092T08527	NCD	Aug 06, 2010	8.95%	Aug 06, 2025	200.00	[ICRA]AA+ (Stable)
INE092T08543	NCD	Sep 15, 2010	8.89%	Sep 15, 2025	100.00	[ICRA]AA+ (Stable)
INE092T08568	NCD	Sep 20, 2010	8.86%	Sep 20, 2025	120.00	[ICRA]AA+ (Stable)
INE092T08584	NCD	Sep 29, 2010	8.82%	Sep 29, 2025	260.00	[ICRA]AA+ (Stable)
INE092T08592	NCD	Nov 19, 2010	8.90%	Nov 19, 2025	260.00	[ICRA]AA+ (Stable)
INE092T08626	NCD	Jan 06, 2011	9.15%	Jan 06, 2026	208.00	[ICRA]AA+ (Stable)
INE092T08014	NCD	Jan 17, 2006	7.75%	Jan 17, 2026	199.70	[ICRA]AA+ (Stable)
INE092T08BW6	NCD	May 29, 2015	8.71%	May 29, 2024	200.00	[ICRA]AA+ (Stable); withdrawn
INE092T08BN5	NCD	Aug 07, 2014	9.30%	Aug 07, 2024	174.00	[ICRA]AA+ (Stable); withdrawn
INE092T08BO3	NCD	Aug 21, 2014	9.36%	Aug 21, 2024	1,025.00	[ICRA]AA+ (Stable); withdrawn
INE092T08246	NCD	Aug 25, 2009	9.15%	Aug 25, 2024	150.00	[ICRA]AA+ (Stable); withdrawn
INE092T08253	NCD	Aug 31, 2009	9.05%	Aug 31, 2024	150.00	[ICRA]AA+ (Stable); withdrawn
INE092T08BP0	NCD	Sep 12, 2014	9.38%	Sep 12, 2024	1,055.00	[ICRA]AA+ (Stable); withdrawn
INE092T08279	NCD	Sep 15, 2009	9.00%	Sep 15, 2024	50.00	[ICRA]AA+ (Stable); withdrawn
INE092T08BQ8	NCD	Oct 14, 2014	9.17%	Oct 14, 2024	1,000.00	[ICRA]AA+ (Stable); withdrawn
INE092T08BR6	NCD	Dec 11, 2014	8.49%	Dec 11, 2024	480.00	[ICRA]AA+ (Stable); withdrawn
INE092T08BS4	NCD	Jan 05, 2015	8.67%	Jan 03, 2025	2,000.00	[ICRA]AA+ (Stable); withdrawn
INE092T08378	NCD	Jan 15, 2010	8.83%	Jan 15, 2025	100.00	[ICRA]AA+ (Stable); withdrawn
INE092T08386	NCD	Jan 15, 2010	8.81%	Jan 15, 2025	100.00	[ICRA]AA+ (Stable); withdrawn
INE092T08394	NCD	Jan 27, 2010	8.80%	Jan 27, 2025	200.00	[ICRA]AA+ (Stable); withdrawn
INE092T08BT2	NCD	Feb 27, 2015	8.52%	Feb 27, 2025	300.00	[ICRA]AA+ (Stable); withdrawn
INE092T08428	NCD	Apr 05, 2010	9.03%	Apr 05, 2025	250.00	[ICRA]AA+ (Stable); withdrawn
INE092T08436	NCD	Apr 05, 2010	8.96%	Apr 05, 2025	250.00	[ICRA]AA+ (Stable); withdrawn
INE092T08444	NCD	Apr 09, 2010	8.90%	Apr 09, 2025	250.00	[ICRA]AA+ (Stable); withdrawn
INE092T08451	NCD	Apr 28, 2010	8.90%	Apr 28, 2025	350.00	[ICRA]AA+ (Stable); withdrawn
NA	NCD		Not placed		9,520.00	[ICRA]AA+ (Stable)
NA	Basel III Tier II bonds		Not placed		3,000.00	[ICRA]AA+ (Stable)

Source: IDFC FIRST Bank Limited

Annexure II: List of entities considered for consolidated analysis

Company name	IDFC FIRST ownership	Consolidation approach
IDFC FIRST Bharat Limited	100%	Full consolidation

Source: IDFC FIRST Bank Limited

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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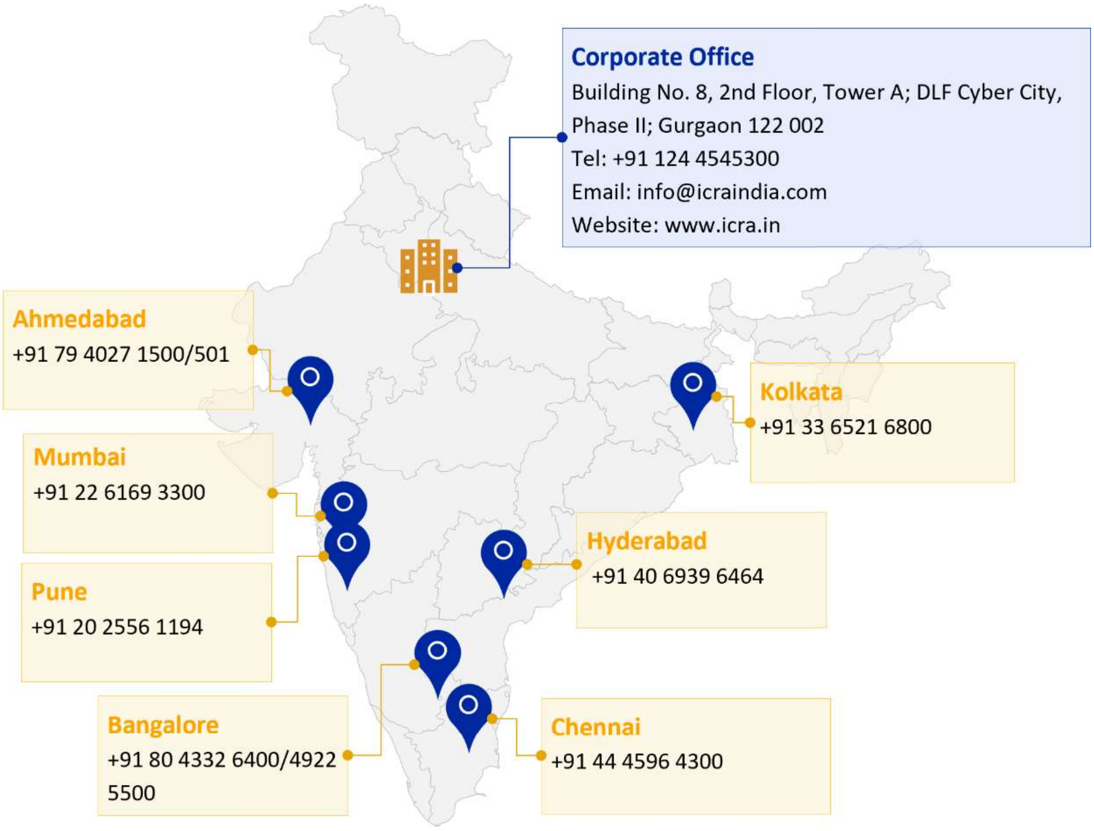

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