

IDFC FIRST Bank Q3 FY25 PAT at Rs. 339 crore, Core Operating Profit up 15% YoY.**Mumbai, January 25, 2025:****Financial results**

IDFC FIRST Bank today announced the unaudited financial results for the quarter and nine months ended December 31, 2024.

Deposits & Borrowings

- **Customer Deposits** increased **28.8%** YOY from **Rs. 1,76,481 crore** as of December 31, 2023 to **Rs. 2,27,316 crore** as of December 31, 2024.
- **Retail Deposits** grew by **29.6%** YOY from **Rs. 1,39,431 crore** as of December 31, 2023 to **Rs. 1,80,752 crore** as of December 31, 2024.
- **CASA Deposits** grew by **32.3%** YOY from **Rs. 85,492 crore** as of December 31, 2023 to **Rs. 1,13,078 crore** as of December 31, 2024.
- **CASA Ratio** stood at **47.7%** as of December 31, 2024.
- **Retail Deposits** constitute **~80%** of total customer deposits as of December 31, 2024.
- **Cost of Funds** for the Bank was **6.49%** in Q3-FY25. Excluding the high-cost legacy borrowings, the cost of funds was **6.43%** in Q3-FY25. The cost of deposits remained stable at **6.38%** over Q2 FY 25.

Other Businesses

- **Credit card** issued by the Bank crosses 3.2 million mark during last quarter.
- **Wealth Management** AUM (including deposit balances) grew **53%** YoY to touch **Rs. 42,778 crore**
- **Fastag**: Bank remains the largest issuer bank with **22 million FASTag** issued.
- **Tax collections**: Bank has been empaneled to collect Direct Taxes on behalf of Central Board of Direct Taxes (CBDT) and GST collections on behalf of Central Board of Indirect Taxes and Customs (CBIC), Govt. of India. Bank has completed technical integration and started collecting taxes.

Loans and Advances

- **Loans and Advances** (including credit substitutes) increased by **22.0%** YOY from **Rs. 1,89,475 crore** as of December 31, 2023 to **Rs. 2,31,074 crore** as of December 31, 2024.
- The retail book of the bank grew by **21.3% YoY** while the corporate (non-infrastructure) loans grew by **28.9%** YoY at December 31, 2024.
- The Bank's legacy infrastructure book reduced by **15%** YoY to **Rs. 2,546 crore** as of December 31, 2024, constitutes **1.1%** of the total funded assets of the Bank.
- Microfinance portfolio as % of overall loan book reduced from **5.6%** in Sep-2024 to **4.8%** in Dec-2024.

Assets Quality mmm

Considering the increase in delinquency of the micro finance business across the industry, the bank is tracking the microfinance business closely. The asset quality indicators, including gross NPA, net NPA, SMA, and Provisions of the Non-microfinance business, which is ~95% of the total loan book, is stable.

- **NPA Details**
 - **Gross NPA** was **1.94%** as of December 31, 2024, against **2.04%** as of December 31, 2023.
 - **Net NPA** was **0.52%** as of December 31, 2024, against **0.68%** as of December 31, 2023.
 - Excluding micro-finance business, the GNPA was at **1.81%** as of December 31, 2024 as compared to **1.88%** as of September 30, 2024

- **Gross NPA** of the **Retail, Rural and MSME Finance** stood at **1.63%** as of December 31, 2024 as compared to **1.45%** as of December 31, 2023.
- **Net NPA** of the **Retail, Rural and MSME Finance** was **0.59%** as of December 31, 2024 and **0.51%** as of December 31, 2023.
- **PCR** of the bank stood at **73.6%** as of December 31, 2024 as compared to **66.9%** as of December 31, 2023.
- The gross slippage for Q3-FY25 was **Rs. 2,192 crore** as compared to **Rs. 2,031 crores** in Q2 FY 2025, an increase of **Rs. 162 crores**. Majority of the increase in slippage during Q3FY 25 was from the micro-finance business which constituted Rs. 143 crores out of the said Rs. 162 crores. Hence, gross slippage on the Retail, MSME, Agri and Corporate Loans, i.e the non-microfinance business was stable. These businesses constituted ~95% of the total book of the Bank.

• **SMA Positions:**

- **SMA-1+2** in Retail, Rural and MSME Finance portfolio excluding the micro-finance book improved by 3 bps on QoQ basis from **0.85%** as of September 30, 2024 to **0.82%** as of December 31, 2024.
- **SMA-1+2** in all the key products including Mortgages, Vehicle Loans, Personal Loans and Credit Cards remained stable as compared to Q2 FY25.
- The **SMA-1+2** in the micro-finance business increased to **4.56%** as of December 31, 2024 from **2.54%** as of September 30, 2024.

• **Provisions:**

- Provisions for Q3 FY25 stood at **Rs. 1,338 crore**, driven by the higher slippages in in the Micro-Finance book. Excluding micro-finance, the provisions were stable for the Non-microfinance book.
- **The Bank has not utilized any micro-finance provision buffers in Q3-FY25 during the quarter on a prudent basis.**
- The annualized provision for Q3-FY25 including micro-finance stood at **2.31%** of the total funded assets.
- Excluding the micro-finance portfolio, the quarterly annualized credit cost for the loan book for Q3-FY25 was stable at **1.8%**.
- The incremental disbursements in micro-finance are insured by **CGFMU**. The **insurance coverage** of the overall portfolio has increased from 0% to **58%** in one year.

Profitability

- **Net Interest Income (NII)** grew **14%** YOY from **Rs. 4,287 crore** in Q3 FY24 to **Rs. 4,902 crore** in Q3 FY25. For the **9M-FY25**, the growth of NII was **20.1%** on YoY basis.
- **Net Interest Margin (NIM)** of the Bank was at **6.04%** for Q3-FY25 as compared to **6.18%** in Q2-FY25. NIM declined during the quarter largely due to decline in the micro-finance business and increase in composition of Wholesale Banking business.
- **Fee and Other Income** grew by **20%** YOY from **Rs. 1,469 crore** in Q3 FY24 to **Rs. 1,757 crore** in Q3 FY25. For the **9M-FY25**, the growth of Fee and Other Income was **18.9%** on YoY basis.
- **Operating income** grew **15%** from **Rs. 5,803 crore** in Q3 FY24 to **Rs. 6,682 crore** in Q3 FY25. For the **9M-FY25**, the growth of Operating Income was **19.4%** on YoY basis.
- **Operating Expense** grew by **16%** YOY from **Rs. 4,241 crore** in Q3 FY24 to **Rs. 4,923 crore** in Q3 FY25. For the **9M-FY25**, the growth of Operating Expenses was **18.2%** on YoY basis.
- **Core Operating Profit** (excluding trading gain) grew by **15%** YOY from **Rs. 1,515 crore** in Q3 FY24 to **Rs. 1,736 crore** for Q3 FY25, impacted by micro-finance business.

- Including trading gains, **operating profit** increased by **13%** YOY. For the **9M-FY25**. The Core Operating Profit (excluding trading gains) was **23.9%** on YoY basis.
- **Net Profit** de-grew by **53%** from **Rs.716 crore** in Q3 FY24 to **Rs. 339 Crore** in Q3 FY25, sequentially it grew by **69%** QoQ from **Rs. 201 crore** in Q2 FY25. For the **9M-FY25**, the Net profit decreased by **45.3%** on YoY basis. The profit was largely impacted by reduced income from slowing down disbursal of micro-finance loans, increase in provisions on micro-finance and normalization of credit costs of non-microfinance business.

Capital Position

- The Bank successfully completed merger with IDFC Ltd in October 2024 through which **Rs. 618 crore** of capital have been added to the net-worth whereas, the outstanding share count has reduced by 16.64 crore shares.
- Including profits for 9M-FY25 and post the impact of merger as mentioned above, total CRAR as on December 31, 2024 would have been **16.11%** with CET-1 ratio of **13.68%**.

Comments from Managing Director & CEO

Mr. V Vaidyanathan, Managing Director and CEO, IDFC FIRST Bank, said,

“Our bank continues to grow well on loans and deposits. Our customer deposits is growing strongly at 29% YoY to reach Rs. 2,27,316 crores, with the CASA ratio sustaining at 48%. The loans & advances grew steadily by 22% YoY to reach Rs. 2,31,074 Crores.”

We are specifically tracking Micro-finance loan book closely considering the industry situation. The asset quality of the overall Bank’s loan book is stable with Gross NPA at 1.94% and Net NPA at 0.52%. Excluding the micro-finance loan book, the GNPA and NNPA of the book of the bank is even lower 1.81% and 0.49%.

The credit issues in Microfinance segment as a transitional issue which is likely to be resolved within a few quarters. The Bank built this business because it was important from priority sector lending norms point of view, particularly meeting PSL norms for Weaker Sections and Small and marginal farmers PSL categories.

All other businesses being built as part of universal banking, including deposits, loans, Credit Cards, Wealth, Cash Management, Corporate Banking, Fastag, Gold Loans are doing well. Over the next few years, the C:I will come down because of operating leverage, as we scale up. As mentioned earlier, the bank is growing steadily in scale.”

About IDFC FIRST Bank

Vision: IDFC FIRST Bank is building a **world-class** bank in India, guided by four core principles: **Ethical** Banking, **Customer-Friendly Banking**, **Digital** Banking, and **Social Good** Banking.

IDFC FIRST Bank was created by the merger of infrastructure financing Giant IDFC Bank and retail financing specialist Capital First in December 2018. Earlier, IDFC Bank launched commercial Banking operations in 2016.

“Universal” Bank: IDFC FIRST Bank offers products and services across all segments including Retail, MSME, Rural, startups, Corporate Banking, Cash Management, Wealth Management, Retail Deposits, Government Banking, Working Capital, Trade Finance, and Treasury solutions.

Ethical Banking: The Bank follows a "Near and Dear" test to ensure that all products are so friendly that the employees can confidently recommend to their loved ones. The Bank holds the belief that income earned unethically is not worth earning. The bank is committed to doing right by customers, even when no one is watching.

In line with the above, the Bank has simplified descriptions, calculations, and legal jargon to avoid confusing customers. The Bank offers zero fees on most services in savings accounts, such as SMS alerts, IMPS, RTGS, NEFT, cash deposits, non-home branch access, ATM and branch cash withdrawals, third-party transactions, cheque books, demand drafts, pay orders, duplicate statements, and other commonly charged services. It is the first and only bank in India till date to do so.

Customer Friendly Banking: IDFC FIRST Bank provides monthly interest credit on savings accounts. In credit cards, the Bank offers lifetime free cards without minimum spend conditions, rewards points that do not expire, zero interest on cash withdrawal at ATMs and dynamic low APR. Fees, if applicable are transparent and clearly described for easy understanding. We love making great products that customer love to have.

Technology led banking: The Bank has built a modern technology stack which has enabled the Bank to offer our customers an advanced mobile banking app with 250 features. It has a high rating of 4.8 on Google Playstore and Appstore. FORRESTER the internationally renowned rating entity has rated the app the best in India and among the top 20 apps in the world for two years in a row.

The advanced technology stack has also enabled us to offer high quality service across all channels including mobile banking, branch, internet banking, Call Centre, Relationship Managers, and all other channels.

Social Good Banking: The Bank's business is inherently designed to promote financial inclusion while maintaining consistently high asset quality. The Bank has financed over 40 million customers, including 16 million lifestyle improvement loans for laptops, washing machines and such purposes, 15 million loans to 4.3 million women entrepreneurs, 6.5 million loans for two-wheelers and cars, 1 million sanitation loans for toilets, water fittings etc., 1 million livelihood loans for cattle, 3,00,000 SME loans and 1,00,000 Home loans.

ESG Goals: The Bank is incorporating ESG in every aspect of working and has high ESG scores. The Bank believes that to get an opportunity to create a new age, ethical and world class Bank for India is a great privilege for its employees.