

IDFC FIRST Bank Q1-FY20 loss at Rs. 617 crore; CASA Deposits, Retail Loans post strong growth

- Bank reported loss of Rs. 617 crore for the quarter ended June 30, 2019; as a prudent measure, the Bank took provision coverage to 75% for two identified corporate loans in the financial services sector. Bank believes the provision is adequate and does not expect to take any more provisions on these accounts in the near future.
- CASA increased by 64% to Rs. 9,987 crore as of June 30, 2019, from Rs. 6,083 crore as of June 30, 2018.
- Retail Loans as % of Total Loans increased to 40% (post-merger) as of June 30, 2019, from 11% as on June 30, 2018 (pre-merger).
- Net worth of the Bank stood at Rs. 17,545 crore as of June 30, 2019.
- Total Balance Sheet size of the Bank was at Rs 1,68,705 crore as on June 30, 2019.
- Total Loan book was at Rs. 1,12,558 crore as on June 30, 2019.

Mumbai / Chennai, July 24, 2019: The Board of Directors of IDFC FIRST Bank founded by the merger of IDFC Bank and Capital First recently, in its meeting held today to consider the financial results, approved the combined unaudited financial results for the quarter ended June 30, 2019, as summarized below.

PROFIT & LOSS ACCOUNT FOR THE QUARTER ENDED JUNE 30, 2019

The Bank reported a Net Loss of Rs. 617 crore for the quarter ended June 30, 2019, primarily due to additional provisioning for two identified stressed Corporate Loans to a Housing Finance Company and a Financial Services company (recently downgraded by credit rating agencies), taking the provision coverage on these accounts to 75%. The Bank stated that the provisions on these accounts is adequate and the Bank does not expect to take any more provisions on this account in the near future.

The Net Interest Income during the quarter grew to Rs. 1,174 crore in Q1-FY20 from Rs. 1,113 crore in Q4-FY19.

Total Income (Net Interest Income plus other revenues) was at Rs. 1,485 crore for the quarter ended June 30, 2019.

The Net Interest Margin for the Bank pre-merger was 1.56% which has now crossed 3.01% in Q1-FY20, within six months of the merger. The increase in NIM is sustainable as the mix of the loan book is changing towards retail.

The cost to income ratio of the Bank decreased sequentially and stood at 78.60% for the quarter ended on June 30, 2019.

BALANCE SHEET AS OF JUNE 30, 2019

The total Balance Sheet size of the Bank as of June 30, 2019, was Rs 1,68,705 crore.

The Gross Loan Book, including credit investments, stood at Rs. 1,12,558 crore. The Bank is making quick progress on retailisation of the loan book. The Retail Loan Book which stood at Rs. 44,642 crore,

contributed 40% to the Gross Loan Book as of Q1 2019. The proportion of retail loans as a percentage of total loan book has increased from 13% pre-merger to 40% within two quarters into Q1 2019.

The Wholesale Loan Book stood at Rs. 52,675 crore as on June 30, 2019. Of this, Infrastructure Financing was at Rs. 20,322 crore, which declined from Rs. 21,459 crore sequentially.

The Bank has gained strong momentum in raising CASA Deposits. As on June 30, 2019, CASA Deposits were at Rs. 9,987 crore as compared to Rs. 6,083 crore as on June 30, 2018, representing a growth of 64%. CASA% increased from 10.37% on December 31, 2018, at merger, to 15.08% as of June 30, 2019, an increase of 471 bps within six months.

As of June 30, 2019, Retail CASA & Retail Term Deposits (Core Retail Deposits) as percentage of the overall liability book stood at 11.72% as compared to 7.97% at merger as on December 31, 2018, an increase of 375 bps within six months.

As of June 30, 2019, the Net Worth of the Bank was at Rs. 17,545 crore and the book value per share was at Rs. 36.69.

ASSET QUALITY

The Gross and Net NPA of the Bank as of June 30, 2019, was 2.66% and 1.35%, as compared to 2.43% and 1.27% as of March 31, 2019.

In the Retail Loan business, which is a significant key driver of the Bank's growth and business model, the asset quality continues to be stable at 2.32% as compared to 2.18% as of March 31, 2019, and the Net NPA was 1.14% as compared to 1.24% as of March 31, 2019.

The rest of the portfolio continues to perform normally, with no major concerns being witnessed in the rest of the loan book.

CAPITAL ADEQUACY

The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 14.01%, and Tier I CAR was at 13.88% as on June 30, 2019, significantly higher than regulatory requirements.

NETWORK

As of June 30, 2019, the Bank's distribution network comprised 279 bank branches and 199 ATMs, as compared to 170 branches and 99 ATMs in the previous year.

Mr. V Vaidyanathan, Managing Director and CEO, IDFC FIRST Bank, said, "We are witnessing strong YoY growth of 64% in CASA deposits, healthy growth in the retail loan book, increase in Net interest margins and expanding product lines. The Bank is headed for a strong performance as this strategy plays out. I am confident we have a great growth story in the years ahead."

About IDFC FIRST Bank

IDFC FIRST Bank was founded by the merger of IDFC Bank and Capital First in December 2018. The Bank provides a range of financial solutions to individuals, small businesses and corporates. The Bank offers savings and current accounts, NRI accounts, salary accounts, demat accounts, fixed and recurring deposits, home and personal loans, two wheeler loans, consumer durable loans, small business loans, forex products, payment solutions and wealth management services. IDFC FIRST Bank has a nationwide presence and operates in the Retail Banking, Wholesale Banking and other banking segments. Customers can choose where and how they want to bank: 279 bank liability branches, 102 asset branches, 199 ATMs and 520 rural business correspondent centres across the country, net banking, mobile banking and 24/7 toll free Banker-on-Call service.

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