

IDFC FIRST Bank Q1 FY24 Profit After Tax up 61% YoY at Rs. 765 crore

Mumbai, July 29, 2023:

Financial results at a glance

The Board of Directors of IDFC FIRST Bank, in its meeting held today, approved the unaudited financial results for the quarter ended June 30, 2023.

Profitability

- **Net Profit** for Q1-FY24 grew **61%** YOY from **Rs. 474 crore** in Q1-FY23 to **Rs. 765 crore** in Q1-FY24 driven by strong growth in core operating income.
- **Core Operating Profit** (pre provision operating profit excluding trading gains) grew strongly by **45%** YOY from **Rs. 987 crore** in Q1-FY23 to **Rs. 1,427 crore** for the quarter Q1-FY24.
- **Net Interest Income (NII)** grew **36%** YOY from **Rs. 2,751 crore** in Q1-FY23 to **Rs. 3,745 crore** in Q1-FY24.
- **Net interest Margin** (gross of IBPC and selldown) was **6.33%** in Q1-FY24 as compared to **5.77%** in Q1-FY23 and **6.41%** in Q4-FY23
- **Fee and Other Income** grew by **49%** YoY from **Rs. 899 crore** in Q1-FY23 to **Rs. 1,341 crore** in Q1-FY24. **Retail fees** constitute **91%** of the overall fees for the quarter Q1-FY24.
- **Core Operating income** (NII plus Fees, excluding trading gains) grew **39%** from **Rs. 3,650 crore** in Q1-FY23 to **Rs. 5,086 crore** in Q1-FY24.
- **Operating Expense** grew by **37%** YoY from **Rs. 2,663 crore** in Q1-FY23 to **Rs. 3,659 crore** in Q1-FY24, primarily on account of employee increments, branch expansion and increase in business volumes.
- **Provisions** increased **55%** YOY from **Rs. 308 crore** in Q1-FY23 to **Rs. 476 crore** in Q1-FY24. The **credit cost** (quarterly annualized) as % of average funded assets for Q1-FY24 was **1.16%** as against **1.26%** in Q4-FY23.
- **RoA** (annualized) improved from **0.97%** in Q1-FY23 to **1.26%** in Q1-FY24.
- **RoE** (annualized) improved from **8.96%** in Q1-FY23 to **11.78%** in Q1-FY24, including the impact of about 60 bps due to equity capital raise in March 2023.

Deposits & Borrowings

- **Customer Deposits** increased by **44%** YoY from **Rs. 1,02,868 crore** as of June 30, 2022 to **Rs. 1,48,474 crore** as of June 30, 2023.
- **CASA Deposits** grew by **27%** YoY from **Rs. 56,720 crore** as of June 30, 2022 to **Rs. 71,765 crore** as of June 30, 2023.
- **CASA Ratio** reduced from **50.0%** as of June 30, 2022 to **46.5%** as of June 30, 2023, because of shift from savings accounts to term deposits due to prevailing interest rates.
- **Retail deposits** grew by **51%** YoY from **Rs. 75,800 crore** as of June 30, 2022 to **Rs. 1,14,272 crore** as of June 30, 2023.
- **Retail deposits** constitutes **77%** of total customer deposits as of June 30, 2023.
- **Legacy High Cost Borrowings** reduced from **Rs. 22,406 crore** as of June 30, 2022 to **Rs. 16,055 crore** as of June 30, 2023.

Funded Assets

- **Funded assets** (including advances & credit substitutes) increased by **25% YoY** from **Rs. 1,37,663 crore** as of 30 June 2022 to **Rs. 1,71,578 crore** as of June 30, 2023.
- The Bank continues to wind down infrastructure financing as per stated strategy and now constitutes only **2.2%** of total funded assets as of June 30, 2023.
- **Exposure to top 20** single borrowers reduced from **9%** as of June 30, 2022 to **7%** as of June 30, 2023.

Assets Quality

- **Gross NPA (GNPA)** of the bank has **improved** to **2.17%** as of 30 June 2023 from **3.36%** of 30 June 2022 and **2.51%** as of 31 March 2023.
- **Net NPA (NNPA)** of the bank has **improved** to **0.70%** as of 30 June 2023 from **1.30%** of 30 June 2022 and **0.86%** as of 31 March 2023.
- **GNPA of the Retail, Rural and SME Finance** has **improved** to **1.53%** as of 30 June 2023 from **2.12%** of 30 June 2022 and **1.65%** as of 31 March 2023.
- **NNPA of the Retail, Rural and SME Finance** has **improved** to **0.52%** as of 30 June 2023 from **0.93%** of 30 June 2022 and **0.55%** as of 31 March 2023.
- **Excluding the infrastructure financing book** which the Bank is running down, the **GNPA** and **NNPA** of the Bank would have been **1.71%** and **0.44%** respectively as of June 30, 2023.
- **SMA-1 and SMA-2** (31-90 DPD which is the pre-NPA stage) in Retail, Rural and SME Finance portfolio has reduced from **1.25%** as of June 30, 2022 to **0.85%** as of June 30, 2023.
- **Collection efficiency** for urban retail business (excluding prepayments and EMI arrears) in current bucket continues to remain high at **99.5%**.
- **Provision coverage ratio** of the bank has **increased** to **83.12%** as of June 30, 2023 from **73.13%** as of June 30, 2022.
- **Standard restructured book** stood at **0.47%** of the funded asset book as against **1.27%** at June 30, 2022 and **0.59%** at March 31, 2023.

Capital Position & Liquidity

- **Capital Adequacy** of the Bank was strong at **16.96%** with CET-1 Ratio at **13.70%** as on June 30, 2023.
- **Average LCR** was strong at **125%** for the quarter ending on June 30, 2023.

Comments from Managing Director & CEO

Mr. V Vaidyanathan, Managing Director and CEO, IDFC FIRST Bank, said, "We continue to build a strong franchise with a high CASA Ratio of 46.5%. Our retail deposits are growing well, based on our strong positive brand, ethics, customer-friendly products and digital innovations.

We are happy to share that our asset quality continues to remain strong. On the Retail, Rural & SME business, where our Bank particularly specializes in, the Gross NPA has come down to as low as 1.53% and the Net NPA has come down to 0.52%.

We are happy to state that we have registered profit of Rs. 765 crore in Q1-FY24, representing a growth of 61% over PAT of Rs. 474 crore in Q1 FY 23.

During the last four years, we underwent some transformational changes at our Bank. During the period, we got terrific support from all of our shareholders and customers, and we thank you all for the same. We are confident of improving our performance from here on."

About IDFC FIRST Bank

IDFC FIRST Bank's vision is to build a world-class bank in India that's guided by ethics, powered by technology, and a force for social good.

Philosophy: The Bank has a customer-first philosophy offering high-quality products including current accounts, savings accounts, fixed deposits, retail loans, business loans, corporate banking, cash management solutions, FASTag, wealth management, and 24/7 customer care services. IDFC FIRST bank is one of the select banks to work with the regulator for pilot projects for many banking technology initiatives for India like CBDC, UPI for foreigners etc.

Unique Benefits for customers: The Bank is the first and only bank in India that offers Zero fees for 28 essential services on savings accounts including for ATM cash withdrawals, IMPS, RTGS, NEFT, Cash Deposits and Cash withdrawals at branches, SMS Alerts, Cheque book, Demand Drafts, Pay-order, duplicate statements, etc. IDFC FIRST Bank is the first bank to offer monthly credit on savings accounts, so customers earn more with us. The bank's credit cards have unique features such as lifetime free, never-expiring rewards points, zero interest on cash withdrawal at ATMs and low APR.

Ethics First: IDFC FIRST Bank prioritizes ethics in all our dealings and product design. We believe income earned unethically is not worth earning. The Bank applies a "Near and Dear" Test in all product design, so that the employees of the Bank serve only such products to customers that they'd want for their own loved ones.

Transformation: IDFC FIRST Bank has transformed from infrastructure to retail banking in four years since merger, increasing CASA ratio from 8.6% to 46.5% (June 30, 2023) and increased Retail Deposits as % of total deposits from 27% to 77%, and set up 824 branches and 1,069 ATMs.

Financial Performance: The Bank recorded a PAT of Rs. 765 crore (~US\$ 93 million) in Q1-FY24, with strong Capital Adequacy of 16.96%. The Bank has high asset quality, with Retail, Rural & SME book having Gross NPA of 1.53% and Net NPA of 0.52% as of June 30, 2023. Overall Gross NPA including infrastructure is 2.17% and Net NPA is 0.70%.

ESG Goals: The Bank is highly committed to ESG. The Bank has high governance scores, the business lines naturally support social goals, and efforts are ongoing to achieve environmental goals

Cautionary Statement: *"Statements made in this release 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."*