

IDFC FIRST Bank Q1 FY 25 PAT at Rs. 681 crores, Core Operating Profit up 30.2% YoY.

PAT impacted by increased provisions in JLG business due to Floods in Tamil Nadu.

Mumbai, July 27, 2024:

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, 2024.

Deposits & Borrowings

- **Total Deposits** of the Bank increased by **35.8%** YOY from **Rs. 1,54,427 crore** as of June 30, 2023 to **Rs. 2,09,666 crore** as of June 30, 2024.
- **Customer Deposits** increased by **37.8%** YOY from **Rs. 1,48,474 crore** as of June 30, 2023 to **Rs. 2,04,572 crore** as of June 30, 2024.
- **CASA Deposits** grew by **36.1%** YOY from **Rs. 71,765 crore** as of June 30, 2023 to **Rs. 97,692 crore** as of June 30, 2024.
- **CASA Ratio** stood at **46.6%** as of June 30, 2024.
- **Retail Deposits** grew by **43.5%** YOY from **Rs. 1,14,272 crore** as of June 30, 2023 to **Rs. 1,64,001 crore** as of June 30, 2024.
- **Retail Deposits** constitutes **80.2%** of total customer deposits as of June 30, 2024.
- **Legacy High Cost Borrowings** reduced from **Rs. 16,055 crore** as of June 30, 2023 to **Rs. 10,084 crore** as of June 30, 2024.
- The Bank opened **11 new branches** during Q1 FY25 to reach branch count of **955** by June 30, 2024.

Loans and Advances

- **Loans and Advances** (including credit substitutes) increased by **22.0%** YOY from **Rs. 1,71,578 crore** as of June 30, 2023 to **Rs. 2,09,361 crore** as of June 30, 2024.
- The Bank continues to wind down infrastructure financing as per the stated strategy and now constitutes only **1.3%** of total funded assets as of June 30, 2024.
- **Exposure to top 20** single borrowers improved from **7.0%** as of June 30, 2023 to **5.4%** as of June 30, 2024.
- **Credit to Deposit Ratio** improved from **107.3%** as of June 30, 2023 to **98.1%** as of June 30, 2024.
- **Incremental Credit to Deposit ratio** between June 30, 2023 to June 30, 2024 was **72.1%**.

Assets Quality

- **Gross NPA** of the bank has improved from **2.17%** as of June 30, 2023 to **1.90%** of June 30, 2024, improved by **27 bps** on YOY basis.
- **Net NPA** of the bank has improved from **0.70%** as of June 30, 2023 to **0.59%** of June 30, 2024, improved by **11 bps** on YOY basis.
- **Gross NPA** of the **Retail, Rural and MSME Finance** has improved from **1.53%** as of June 30, 2023 to **1.46%** as of June 30, 2024, improved by **7 bps** on YOY basis.
- **Net NPA** of the **Retail, Rural and MSME Finance** has improved from **0.52%** as of June 30, 2023 to **0.46%** as of June 30, 2024, improved by **6 bps** on YOY basis.
- **Excluding the infrastructure financing book**, which the Bank is running down, the **GNPA** and **NNPA** of the Bank would have been **1.60%** and **0.43%** respectively as of June 30, 2024.

- **SMA-1 and SMA-2** in Retail, Rural and MSME Finance portfolio continues to be low at **1.01%**, but increased from **0.85%** as of March 31, 2024 due to rise in SMAs of JLG book (due to floods) which increased from **1.26%** as of March 31, 2024 to **1.70%** as of June 30, 2024.
- **Provision coverage ratio** (excluding technical write-off) of the bank has **increased** from **68.11%** as of June 30, 2023 to **69.38%** as of June 30, 2024. Excluding the run-down infrastructure book, PCR was at **73.48%** at June 30, 24.

Profitability

- **Net Interest Income (NII)** grew **25%** YOY from **Rs. 3,745 crore** in Q1 FY24 to **Rs. 4,695 crore** in Q1 FY25.
- **Net Interest Margin** (Gross of IBPC and sell-down) reduced from **6.33%** in Q1 FY24 to **6.22%** in Q1 FY25.
- **Fee and Other Income** grew by **19%** YOY from **Rs. 1,341 crore** in Q1 FY24 to **Rs. 1,595 crore** in Q1 FY25.
- **Core Operating income** grew **24%** from **Rs. 5,086 crore** in Q1 FY24 to **Rs. 6,290 crore** in Q1 FY25.
- **Operating Expense** grew by **21%** YOY from **Rs. 3,659 crore** in Q1 FY24 to **Rs. 4,432 crore** in Q1 FY25.
- **Core Operating Profit** grew by **30%** YOY from **Rs. 1,427 crore** in Q1 FY24 to **Rs. 1,858 crore** for Q1 FY25.
- **Provisions** increased **109%** YOY from **Rs. 476 crore** in Q1 FY24 to **Rs. 994 crore** in Q1 FY25. This was primarily due to rise in provisions of JLG portfolio, impacted by the flood in Tamil Nadu and seasonal impact.
- The annualized **credit cost** as % of average funded assets (gross of IBPC) for Q1 FY25 was **1.90%**. Without the impact of JLG book, the annualized credit cost as % of average funded assets for Q1-FY25 was **1.70%**. Bank expects the credit cost to get normalized from Q3-FY25 onwards.
- **Net Profit** de-grew **11%** YOY from **Rs. 765 crore** in Q1 FY24 to **Rs. 681 crore** in Q1 FY25. Excluding trading gains from respective period, the degrowth in profit was at **7%** YOY.
- Provisions for JLG business was higher by Rs. 132 crores in Q1 FY 25 over the Q1 FY 24. Excepting this impact, the PAT for the quarter would have been higher by Rs. 100 crores.
- **RoA** stood at **0.91%** and **RoE** stood at **8.32%** in Q1 FY25.

Capital Position

- **Capital Adequacy** including profit for Q1-25 was strong at **15.88%** with CET-1 Ratio at **13.34%** as on June 30, 2024. Including Capital raised in July 2024, the Capital Adequacy Ratio as on June 30, 2024 would be **17.21%**, with CET-1 ratio at **14.67%**.

Comments from Managing Director & CEO

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

“The biggest requirement in Banking today is the ability to raise deposits. On this front, we continue to get strong growth in deposits based on top quality service levels, top in class mobile App, and excellent corporate governance. Our CASA ratio is sustained at 46.6%. Our customer deposits have grown 38% YoY. We thank our customers for their goodwill towards us.

Overall Gross NPA was stable at 1.90% and Net NPA was 0.59%. Provisions normalized this quarter in line with the industry. We took extra provisions for MFI business because of massive floods in Tamil Nadu and because of seasonality. We expect credit cost to normalise in H2 FY25 as guided earlier.

On the profitability front, the Core Operating Profit (Income less Opex) rose 31% YoY excluding trading gains. This continues on the back of strong core Operating Profit in FY24, which was up 31% from Rs. 4,607 crore in FY23 to Rs. 6,030 crore in FY24”

About IDFC FIRST Bank

IDFC FIRST Bank is a new age Universal Bank in India built on the foundations of **Ethical Banking, Digital Banking, and Social Good Banking**. We are building a world class bank in India.

As part of the Bank’s **ethical banking** approach, it applies a "Near and Dear" Test to its products, so that the employees of the Bank serve only such products they'd want for their own loved ones. It believes income earned unethically is not worth earning.

Therefore, the Bank avoids complicated descriptions, calculations, and legalese that customers don’t understand. It abolished all charges on Savings Accounts including for Debit Cards, IMPS, RTGS, NEFT, Cash Deposit, “Non-Home branch” access, Cash withdrawals at ATMs and at branches, 3rd party transaction charges at branches, SMS Alert, Cheque book, Demand Drafts, Pay-order, duplicate statement, and all such services that are usually charged in the market. It follows the principle that it won’t touch its customers’ bank account for one reason or other. It is the first and only bank in India till date to do so.

IDFC FIRST Bank is the first bank in India to offer monthly credit on savings accounts. The credit cards have no hidden charges. It offers Lifetime Free without minimum spend conditions, never-expiring rewards points, zero interest on cash withdrawal at ATMs, dynamic low APR and much more. Fees if any are transparent and described neatly in a manner a common person can understand. Every product offered by the bank is highly customer friendly, most often the best in the industry.

As part of **technology led banking**, the Bank has built a modern technology stack and has built an advanced mobile app with 250+ features such as Goal based investing, MF investment assistance, electric-speed payments, Account Aggregator, MF Aggregator, Personal Finance Manager, Auto categorisation of spends, single app for personal and business banking, UPI on Credit Cards, travel and shop, bill and recharges, deals and reward redemptions, which offer great convenience to the customers. For business customers the Bank offers on-the-go bulk payments, ability to pay income tax, GST, customs duty, and connected banking with ERP solutions.

As part of the **Social Banking theme**, the Bank’s business model is naturally geared to social banking. It has developed unique capabilities for financing bottom of pyramid customers with consistently high asset quality. The Bank has financed over 40 million customers including 0.3 million SMEs, 0.9 million livelihood (cattle loans), 16 million lifestyle improvement loans (for laptops, washing machine, etc.), 1 million sanitation loans (toilets, water fittings), 6.5 million mobility loans (2-wheelers and cars), and home financing (over 100,000 homes), and 15 million loans to 4.3 million women-entrepreneurs. It also offers other retail and rural loans such as Kisan Credit Cards, harvest financing, gold loans etc.

IDFC FIRST Bank is a **Universal Bank**, and offers end to end Corporate Banking, Trade Finance such as issuance of LCs & BGs, SBLC, Packing Credit, Pre-shipment and Post-shipment Finance, Treasury products including risk hedging solutions like Forwards, Swaps, Options, and other Forex Solutions, SME Banking, Wealth Management, NRI banking, Cash Management, Nostro & Vostro account operations, Escrow facilities, Correspondent Banking, Fastag, Toll-acquiring, Dealer Finance and Purchase/Sales Invoice discounting.

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.

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.”*