

IDFC FIRST Bank Q1 FY26 PAT at Rs. 463 crore, PAT down 32% YoY, QoQ up 52%

Mumbai, July 26, 2025:

Financial results

IDFC FIRST Bank today published the unaudited financial results for the quarter ended June 30, 2025

A. Deposits & Borrowings

- Customer Deposits increased 25.5% YOY from Rs. 2,04,572 crore as of June 30, 2024 to Rs. 2,56,799 crore as of June 30, 2025
- Retail Deposits grew by 24.5% YOY from Rs. 1,64,001 crore as of June 30, 2024 to Rs. 2,04,222 crore as of June 30, 2025
- CASA Deposits grew by 30.2% YOY from Rs. 97,692 crore as of June 30, 2024 to Rs. 1,27,158 crore as of June 30, 2025
- CASA Ratio stood at 48.0% as of June 30, 2025 (46.6% as of June 30, 2024)
- Retail Deposits constitute 80% of total customer deposits as of June 30, 2025

B. Other Businesses

- Credit card issued by the Bank reached 3.8 million during last quarter
- Private Wealth Management AUM grew 34% YoY, crossed Rs. 50,000 crore milestone & stood at Rs. 51,287 crore
- In FASTag business, Bank remains the largest issuer bank with 19.1 million FASTags in force.

C. Loans and Advances

- Loans and Advances increased by 21.0% YOY from Rs. 2,09,361 crore as of June 30, 2024 to Rs. 2,53,233 crore as of June 30, 2025. The growth was primarily driven by Mortgage loans, Vehicle loans, Business Banking, MSME loans and Wholesale loans, which contributed 82% of the total YoY growth.
- Retail, Rural and MSME book grew by 17.4% YoY from Rs. 1,73,796 crore as of June 30, 2024 to Rs. 2,03,954 crore as of June 30, 2025
- Microfinance portfolio reduced by 36.9% YoY and its proportion to overall loan book reduced from 6.3% as of June 30, 2024 to 3.3% in June 30, 2025
- Wholesale book grew by 38.6% YOY from Rs. 35,564 crore as of June 30, 2024 to Rs. 49,279 crore as of June 30, 2025.

** Loans and advances includes credit substitutes*

D. Assets Quality

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 book excluding MFI are stable

1. NPA Details:

- Gross NPA of the Bank stood at 1.97% as of June 30, 2025 as compared to 1.87% as of March 31, 2025
- Net NPA of the Bank stood at 0.55% as of June 30, 2025 as compared to 0.53% as of March 31, 2025
- Gross NPA of Retail, Rural and MSME Book stood at 1.82% as of June 30, 2025 as compared to 1.70% as of March 31, 2025

- Gross and Net NPA of Retail, Rural and MSME Book (ex. microfinance) stood at 1.48% and 0.60%, respectively
- PCR of the bank was healthy at 72.3% as of June 30, 2025

2. SMA Positions:

- SMA-1+2 in Retail, Rural and MSME Finance portfolio reduced by 6 bps on QoQ basis from 1.07% as of March 31, 2025 to 1.01% as of June 30, 2025.
- Excluding Microfinance portfolio, SMA-1+2 in Retail, Rural and MSME Finance portfolio was at 0.94% at June 30, 2025 as compared to 0.87% at March 31, 2025
- SMA-1+2 in the Microfinance portfolio improved significantly to 2.64% as of June 30, 2025 from 5.10% as of March 31, 2025.

3. Provisions:

- Provisions for the quarter stood at Rs. 1,659 crore, impacted by slippages in the micro-Finance book
- Excluding microfinance and one legacy infrastructure toll account, credit cost for the overall loan book of the Bank was ~2.0% in Q1 FY26, compared to ~1.8% in FY25, increase was primarily on account of seasonality
- The Bank has not utilized micro-finance provision buffer of Rs. 315 crore during the quarter on a prudent basis
- The incremental disbursements in Microfinance are insured by CGFMU. The insurance coverage of the outstanding Microfinance portfolio has reached 72% as of June 30, 2025

E. Profitability

- Net Interest Income (NII) grew 5.1% YOY from Rs. 4,695 crore in Q1 FY25 to Rs. 4,933 crore in Q1 FY26
- Net Interest Margin (NIM) on AUM of the Bank reduced by 24 bps QoQ, from 5.95% in Q4-FY25 to 5.71% in Q1-FY26, largely due to Repo impact, asset mix change (including sharp decline in the micro-finance business) and decline in investment yields.
- Fee and Other Income grew by 8.5% YoY from Rs. 1,595 crore in Q1 FY25 to Rs. 1,731 crore in Q1 FY26
- Excluding Microfinance business, NII & Fee and Other income increased by 12.2% on a YOY basis in Q1 FY26
- Total Operating income (including trading gains) grew by 13.4% from Rs. 6,314 crore in Q1 FY25 to Rs. 7,160 crore in Q1 FY26
- Operating Expense grew by 11.0% YOY from Rs. 4,432 crore in Q1 FY25 to Rs. 4,921 crore in Q1 FY26
- Operating Profit (excluding trading gains) reduced by 6.2% from Rs. 1,858 crore in Q1 FY25 to Rs. 1,744 crore in Q1 FY26. Sequentially, it increased by 7.8%.
- Operating Profit (including trading gains) grew 19.0% from Rs. 1,882 crore in Q1 FY25 to Rs. 2,239 crore in Q1 FY26
- Net Profit sequentially grew 52.1% to Rs. 463 crore in Q1FY26, on a YoY basis it de-grew by 32%, largely impacted by microfinance business and interest rate movement.

F. Capital Position

- The Capital adequacy ratio, including profits for Q1 FY26 was at 15.01% with CET-I ratio of 12.80%
- Including the announced capital raise of Rs. 7,500 crore and on conversion to equity, CRAR and CET-1 Ratio would be 17.60% and 15.38% (as computed on the financials as of June 30, 2025)

Comments from Managing Director & CEO

Mr. V Vaidyanathan, Managing Director and CEO, IDFC FIRST Bank, said, *“We are pleased to share that our core franchise continues to grow well. In banking, Capital is the foundation and Deposits are the raw material for our business. With the impending equity raise, our capital adequacy will be at 17.6% (if computed at June 30, 2025). With customer deposits growing at 25.5%, our funding is strong. Our incremental Credit Deposit Ratio for the last 1 year is only 75.8%. On Asset Quality, all our businesses, other than microfinance continue to perform well, GNPA and NNPA are at 1.97% and 0.55%, respectively.*

Our margins reduced because we passed on the benefit of repo rate to eligible borrowers and asset mix change, but term deposits broadly would take a year to reprice downwards. So, by H2 FY26 margins is likely to be better. Also, by H2 FY26, MFI issue should largely be behind us. Our customer franchise is strong. So all-in-all we are well positioned well for the future.”

About the Bank

IDFC FIRST Bank is a fast growing, new age Private Sector Bank created in India with a vision of building a world-class Bank in India, focused on Ethical, Digital, and Social Good Banking. The Bank has 35.5 million live customers, a customer deposit base of Rs. 2,56,799 crore and loans and advances of Rs. 2,53,233 crore, spread over 60,000 cities, towns, and villages across India. It has 1,016 branches but is built as a digital first Bank in scale, scope, and approach.

Its customer deposits are growing at 26% YoY and Loans & Advances growing by 21% YoY (June 30, 2025) based on friendly user digital interface, ethical approach, customer friendly products, strong brand, and high corporate governance. Its technology stack is built on advanced technology using cloud native experience layer, microservices led architecture, and powered by advanced data platform, analytics, and Artificial Intelligence.

Its mobile App has over 2 million views and is rated 4.9 on Google Playstore and 4.8 on Appstore. The App is rated #1 in India and #4 App in the world by **The Forrester Digital Experience Review™**: Global Mobile Banking Apps, Q4 2024 for prioritising Customers' financial well-being, comprehensive suite of financial management features, and personalized financial insights, providing educational resources and expert guidance through its Financial Wellness Corner and IDFC First Academy.

The 7 Core Principles of IDFC FIRST Bank

1. **Vision:** Building a world-class Bank in India, focused on Ethical, Digital, and Social Good Banking.
2. **Universal Bank:** IDFC FIRST Bank is a Universal Bank, offering a comprehensive range of services, including Retail, MSME, Rural, Startups, Corporate Banking, Cash Management, Wealth Management, Deposits, Government Banking, Working Capital, Trade Finance, and Treasury solutions.
3. **Ethical Banking:** The Bank adheres to a "Near and Dear" test, ensuring its products are so customer-friendly that employees can confidently recommend them to loved ones. The Bank is committed to doing right by customers even when no one is watching and believes that income earned unethically is not worth earning.

So, the Bank has simplified descriptions, calculations, and legal jargon to avoid confusing customers and offers "ZERO FEE Banking" on all savings account services, including SMS alerts, IMPS, RTGS, NEFT, cash deposits, non-home branch access, ATM withdrawals, cheque books, Demand Drafts, Pay Orders, duplicate statements, and other commonly charged services. It is the first and only bank in India to do so.

4. **Customer Friendly Banking:** IDFC FIRST Bank credits interest monthly on savings accounts. For credit cards, it offers lifetime-free cards with no minimum spend conditions, non-expiring reward points, zero interest on ATM cash withdrawals, and dynamic low APR. Any applicable fees are transparent and clearly explained.
5. **Digital Banking:** The Bank's modern technology stack delivers high-quality services across mobile, branch, internet banking, call centres, and relationship managers.
6. **Social Good Banking:** The Bank is financially inclusive with high asset quality. It has financed over 38 million customers, including 16 million lifestyle improvement loans, 15 million loans to 4.3 million women entrepreneurs, 6.5 million vehicle loans, 1 million sanitation loans, 1 million livelihood loans, 300,000 SME loans, and 100,000 home loans.
7. **ESG:** The Bank holds high ESG scores, reflecting its commitment to financial inclusion and social responsibility.