

IDFC FIRST Bank Q2 FY24 Profit After Tax up 35% YoY at Rs. 751 crore

Mumbai, October 28, 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 and half year ended September 30, 2023.

Profitability

- **Net Profit** for Q2-FY24 grew **35% YOY** from **Rs. 556 crore** in Q2-FY23 to **Rs. 751 crore** in Q2-FY24 driven by strong growth in core operating income.
- **Core Operating Profit** (pre provision operating profit excluding trading gains) grew strongly by **38% YOY** from **Rs. 1,052 crore** in Q2-FY23 to **Rs. 1,456 crore** for Q2-FY24.
- **Net Interest Income (NII)** grew **32% YOY** from **Rs. 3,002 crore** in Q2-FY23 to **Rs. 3,950 crore** in Q2-FY24.
- **Net interest Margin** (gross of IBPC and sell-down) was **6.32%** in Q2-FY24 as compared to **5.83%** in Q2-FY23 and **6.33%** in Q1-FY24.
- **Fee and Other Income** grew by **46% YoY** from **Rs. 945 crore** in Q2-FY23 to **Rs. 1,376 crore** in Q2-FY24. **Retail fees** constitute **93%** of the overall fees for the quarter Q2-FY24.
- **Core Operating income** (NII plus Fees, excluding trading gains) grew **35%** from **Rs. 3,947 crore** in Q2-FY23 to **Rs. 5,326 crore** in Q2-FY24.
- **Operating Expense** grew by **34% YoY** from **Rs. 2,895 crore** in Q2-FY23 to **Rs. 3,870 crore** in Q2-FY24.
- **Provisions** increased **25% YOY** from **Rs. 424 crore** in Q2-FY23 to **Rs. 528 crore** in Q2-FY24. The **credit cost** (quarterly annualized) as % of average funded assets for Q2-FY24 was **1.19%**.
- **RoA** (annualized) improved from **1.07%** in Q2-FY23 to **1.16%** in Q2-FY24.
- **RoE** (annualized) improved from **10.13%** in Q2-FY23 to **11.03%** in Q2-FY24.

Deposits & Borrowings

- **Customer Deposits** increased by **44% YoY** from **Rs. 1,14,004 crore** as of September 30, 2022 to **Rs. 1,64,726 crore** as of September 30, 2023.
- **CASA Deposits** grew by **26% YoY** from **Rs. 63,305 crore** as of September 30, 2022 to **Rs. 79,468 crore** as of September 30, 2023. CASA Ratio stood at **46.4%** as of September 30, 2023.
- **Retail deposits** grew by **50% YoY** from **Rs. 84,859 crore** as of September 30, 2022 to **Rs. 1,27,595 crore** as of September 30, 2023.
- **Retail deposits** constitutes **77%** of total customer deposits as of September 30, 2023.
- **Legacy High Cost Borrowings** reduced from **Rs. 20,449 crore** as of September 30, 2022 to **Rs. 15,002 crore** as of September 30, 2023.

Funded Assets

- **Funded assets** (including advances & credit substitutes) increased by **26% YoY** from **Rs. 1,45,362 crore** as of 30 September 2022 to **Rs. 1,83,236 crore** as of September 30, 2023.
- The Bank continues to wind down infrastructure financing as per stated strategy and now constitutes only **1.8%** of total funded assets as of September 30, 2023.
- **Exposure to top 20** single borrowers improved from **8%** as of September 30, 2022 to **6%** as of September 30, 2023.

Assets Quality

- **Gross NPA (GNPA)** of the bank has improved to **2.11%** as of 30 September 2023 from **3.18%** of 30 September 2022.
- **Net NPA (NNPA)** of the bank has improved to **0.68%** as of 30 September 2023 from **1.09%** of 30 September 2022.
- **GNPA of the Retail, Rural and SME Finance** has improved to **1.53%** as of 30 September 2023 from **2.03%** of 30 September 2022.
- **NNPA of the Retail, Rural and SME Finance** has improved to **0.52%** as of 30 September 2023 from **0.73%** of 30 September 2022.
- **Excluding the infrastructure financing book** which the Bank is running down, the **GNPA** and **NNPA** of the Bank would have been **1.69%** and **0.46%** respectively as of September 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 **0.89%** as of September 30, 2022 to **0.77%** as of September 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** (including technical write-off) of the bank has increased to **84.09%** as of September 30, 2023 from **76.49%** as of September 30, 2022.
- **Standard restructured book** as % of total funded assets improved to **0.38%** from **1.03%** at September 30, 2022.

Capital Position & Liquidity

- **Capital Adequacy** of the Bank was strong at **16.54%** with CET-1 Ratio at **13.49%** as on September 30, 2023.
- During the first week of October 2023, the Bank successfully raised **Rs. 3,000 crore** from set of Marquee investors via **qualified institutional placement (QIP)** at an issue price of Rs. 90.25 per share.
- Factoring the above capital raise, the total CRAR as on September 30, 2023 would be 18.06% with CET-1 at 15.01%.
- **Average LCR** was strong at **122%** for the quarter ending on September 30, 2023.

Comments from Managing Director & CEO

Mr. V Vaidyanathan, Managing Director and CEO, IDFC FIRST Bank, said, "As mentioned before, we are firmly fixated on building our Bank for the "long-run" and are building our fundamentals, our culture and our products keeping long run thinking in mind.

Diversified customer deposits are the most important foundational capability for a Bank. We are sincerely thankful for such goodwill of our esteemed customers because of which our customer deposits continue to grow well at 44% YOY, and our CASA ratio continues to be strong at 46.4%.

We are happy that our asset quality continued to improve. On the Retail, Rural & SME business, where our Bank particularly specializes in, the Gross NPA and Net NPA have remained very low at 1.53% and 0.52% respectively. We will stay very watchful on this front all the time.

We have registered profit of Rs. 1,516 crore in H1-FY24, representing a growth of 47% over PAT of Rs. 1,030 crore in H1-FY23."

About IDFC FIRST Bank

Introduction: 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. IDFC FIRST is a new age bank that works in the best interest of its customers.

Customer-First Philosophy: The Bank has a customer-first philosophy and offers high-quality products to our customers. In any product we launch, we bring something special to our customers. For instance, 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 at branches, 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 in 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, so customer incur less fees on our Credit Cards

Ethics First: IDFC FIRST Bank prioritizes ethics in all its dealings and product design. The Bank believes that 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 8.7% to 46.4% (September 30, 2023). Total Customer Deposits have increased by 4X from Rs. 39,602 crores at the time of merger as of December 31, 2018, to Rs. 1,64,726 crores as of September 30, 2023. The Bank has set up 862 branches and 1,111 ATMs.

Financial Performance: The Bank recorded a PAT of Rs. 1,516 crore (~US\$ 185 million) in H1-FY24, with strong Capital Adequacy of 18.06%, including Rs. 3000 crores of fresh equity capital raised in October 2023. The Bank has high asset quality, with Retail, Rural & SME book having Gross NPA of only 1.53% and Net NPA of 0.52% as of September 30, 2023. Overall Gross NPA including infrastructure is 2.11% and Net NPA is 0.68%.

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."*