

IDFC FIRST Bank Q2 FY25 PAT at Rs. 201 crore, Core Operating Profit up 28% YoY.

Earnings impacted by prudent provisions of Rs. 568 cr including Rs. 315 cr in MFI business (stress in MFI industry) and Rs. 253 cr in one Maharashtra based toll account (recent waiver of toll fees at Mumbai entry points)

Mumbai, October 26, 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 and half year ended September 30, 2024.

Deposits & Borrowings

- **Customer Deposits** increased by **32.4%** YOY from **Rs. 1,64,726 crore** as of September 30, 2023 to **Rs. 2,18,026 crore** as of September 30, 2024.
- **Retail Deposits** grew by **37.4%** YOY from **Rs. 1,27,595 crore** as of September 30, 2023 to **Rs. 1,75,300 crore** as of September 30, 2024.
- **CASA Deposits** grew by **37.5%** YOY from **Rs. 79,468 crore** as of September 30, 2023 to **Rs. 1,09,292 crore** as of September 30, 2024.
- **CASA Ratio** stood at **48.9%** as of September 30, 2024.
- **Retail Deposits** constitutes **80.4%** of total customer deposits as of September 30, 2024.
- The Cost of Funds for the Bank was **6.46%** in Q2-FY25, improved marginally from last quarter. Excluding the high-cost legacy borrowings, the cost of funds was **6.37%** in Q2-FY25.

Payment & Fee Businesses

- The number of total credit card issued crosses 3 million mark during last quarter. With growing business, the cost to income ratio for credit card business continues to improve and was at **99.8%** in Q2-FY25 as compared to **104.1%** in Q1-FY25.
- Overall, Wealth Management AUM of the Bank crossed **Rs. 20,000 crore** during Q2 FY25.
- IN FASTag business, the Bank continues to remain the largest issuer bank with **20 million FASTag** issued.

Loans and Advances

- **Loans and Advances** (including credit substitutes) increased by **21.5%** YOY from **Rs. 1,83,236 crore** as of September 30, 2023 to **Rs. 2,22,613 crore** as of September 30, 2024.
- The retail book of the bank grew by **25% YoY** while the corporate (non-infrastructure) loans grew by **20.0%** YoY during the quarter.
- The Bank's legacy infrastructure book reduced by **21%** YoY to **Rs. 2,654 crore** as of September 30, 2024, **1.2%** of the total funded assets of the Bank.
- Microfinance portfolio as % of overall loan book reduced from **6.3%** in June-2024 to **5.6%** in Sep-2024.

Assets Quality

- **Gross NPA** was **1.92%** as of September 30, 2024, against **2.11%** as of September 30, 2023.
- **Net NPA** was **0.48%** as of September 30, 2024, against **0.68%** as of September 30, 2023.
- **Gross NPA of the Retail, Rural and MSME Finance** stood at **1.57%** as of September 30, 2024 as compared to **1.53%** as of September 30, 2023.

- **Net NPA** of the **Retail, Rural and MSME Finance** was **0.52%** as of September 30, 2023 and **0.53%** as of September 30, 2024.
- **Excluding the infrastructure financing book**, which the Bank is running down, the **GNPA** and **NNPA** of the Bank would have been **1.66%** and **0.47%** respectively as of September 30, 2024.
- **PCR** of the bank **increased** to **75.27%** as of September 30, 2024 from **68.18%** as of September 30, 2023 and **69.38%** as of June 30, 2024.
- **Collection Efficiency:**
 - The early bucket collection efficiency in the retail book excluding MFI remained stable at **99.5%**
 - In the Microfinance book, the collection efficiency reduced from **99.0%** in Q1-FY25 to **98.6%** Q2-FY25.
- **SMA Positions:**
 - **SMA-1+2** in Retail, Rural and MSME Finance portfolio excluding the micro-finance book improved on QoQ basis from **0.95%** as of June 30, 2024 to **0.87%** as of September 30, 2024.
 - The SMA-1+2 ratios in the microfinance business stood at **2.5%** as of Sep 30, 2024, increased from **1.7%** as of June 30, 2024.
 - Microfinance business is incrementally insured by **CGFMU** where the **insurance coverage** of the portfolio has increased from 0% to **50%** in 9 months and likely to go up to **75% by March 2025**.
- **Provisions:**
 - Provisions for Q2 FY25 stood at **Rs. 1,732 crore**, primarily on account of prudent provisioning buffer of **Rs. 568 crore** created for
 - a. MFI business (**Rs. 315 cr**). Covers ~ **99% of the SMA-1+2** portfolio. It is **2.5% of the entire portfolio** in this business segment as of Sep-2024.
 - b. One legacy toll account (**Rs. 253 cr**). Impact on the infrastructure borrower because of withdrawal of toll fees on LMV of State Government recognised). May be added back to Bank's profit depending on toll collections and if Government compensates client.
 - Without the MFI business and toll account mentioned above the credit costs for Q2-FY25 would be ~**1.8%**.

Profitability

- **Net Interest Income (NII)** grew **21%** YOY from **Rs. 3,950 crore** in Q2 FY24 to **Rs. 4,788 crore** in Q2 FY25.
- **Fee and Other Income** grew by **18%** YOY from **Rs. 1,376 crore** in Q2 FY24 to **Rs. 1,622 crore** in Q2 FY25.
- **Operating income** grew **21%** from **Rs. 5,380 crore** in Q2 FY24 to **Rs. 6,515 crore** in Q2 FY25.
- **Operating Expense** grew by **18%** YOY from **Rs. 3,870 crore** in Q2 FY24 to **Rs. 4,553 crore** in Q2 FY25.
- **Core Operating Profit** (excluding trading gain) grew by **28%** YOY from **Rs. 1,456 crore** in Q2 FY24 to **Rs. 1,857 crore** for Q2 FY25. Including Trading gains, **Core Operating Profit** increased by **30%** YOY.
- Due to the higher provisioning, primarily on account of Microfinance book and the infrastructure toll account, **Net Profit** de-grew **73%** YOY from **Rs. 751 crore** in Q2 FY24 to **Rs. 201 crore** in Q2 FY25.
- Excluding the additional provision on toll account and micro-finance business, the adjusted Profit after Tax would have been **Rs. 626 crore**

Capital Position

- The Bank successfully raised Rs. 3,200 crore of fresh equity capital from marquee domestic institutional investors in July 2024.

- The Bank also successfully completed merger with IDFC Ltd in October 2024 through which **Rs. 618 crore** of capital have been added to the net-worth whereas the outstanding share count has reduced by 16.64 crore shares.
- Including profits for Q2-FY25 and post the impact of merger as mentioned above, total CRAR as on September 30, 2024 would have been **16.60%** with CET-1 ratio of **14.08%**.

Comments from Managing Director & CEO

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

“Our core drivers are strong. Our brand, technology, and high service levels are enabling strong growth in deposits. Ability to grow deposits is a key strategic strength of the Bank. Deposits grew healthily at 32% YoY. Our CASA ratio sustained at 48.9%.

Our overall Loan growth is stable at 21.5% on YoY basis. We saw impact on microfinance business as is seen in rest of industry. Since January 2024, the MFI disbursals are insured with CGFMU. 50% of the book is now insured and expected to reach 75% by end March 2025.

Overall asset quality broadly remained stable with Gross NPA was at 1.92% and Net NPA at 0.48%.

Our PCR has now improved to 75%.

We have created additional provisioning buffer of Rs. 315 crore for microfinance segment as a prudent measure. Bank has taken additional provision of Rs. 253 cr for one toll road related to Mumbai's entry point which was affected because of the State government waiving toll on LMV. Bank will recognize this back as profits depending on toll collections and the government's compensation to the client.

This quarter, we have disclosed SMA 1+2 ratios and trend for every product segment. SMA 1+2 have improved QoQ, excluding the MFI business.

On the profitability front, the Core Operating Profit rose to 28% YoY to reach Rs. 1,857 crore excluding trading gains.

Our core operating performance is strong, we are confident to revive our profitability going forward.”

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."*