

## IDFC FIRST Bank FY23 Profit After Tax highest-ever at Rs. 2,437 Crore in FY23, as compared to Rs. 145 Crore in FY22.

Mumbai, April 29, 2023:

### Executive Summary

The Board of Directors of IDFC FIRST Bank, in its meeting held today, approved the audited financial results for the quarter and financial year ended March 31, 2023. The key highlights were:

- Profit after Tax increased to Rs. 2,437 crore for FY 23, up from Rs. 145 crores in FY 22.
- Profit after Tax for Q4-FY23 was at Rs. 803 crore, up 134% as compared to Q4-FY22.
- Customer deposits were at Rs. 1,36,812 crore, up 47% YOY.
- Loans & Advances\* were at Rs. 1,60,599 crore, up 24% YOY
- Asset quality improved with Gross NPA at 2.51% and Net NPA at 0.86%
- Asset quality for retail loans improved with Gross NPA of 1.65% and Net NPA of 0.55%
- Capital adequacy was strong at 16.82%

### Business update

Parameter	Unit	March 31, 2022	March 31, 2023	Growth
Customer Deposits	Rs. Crores	93,214	1,36,812	Up 47%
CASA Ratio	%	48.44%	49.77%	Up 133 bps
Loans & Advances*	Rs. Crores	1,29,051	1,60,599	Up 24%

### Asset Quality

Parameters (%)	March 31, 2022	March 31, 2023	Change
Gross NPA	3.70%	2.51%	Improved by 119 bps
Net NPA	1.53%	0.86%	Improved by 67 bps
Bank level PCR ^	70.29%	80.29%	Up 1,000 bps
Retail Gross NPA	2.63%	1.65%	Improved by 98 bps
Retail Net NPA	1.15%	0.55%	Improved by 60 bps
Retail PCR ^	69.59%	82.43%	Up 1,284 bps

- Bank's Gross and Net NPA excluding the infrastructure financing book which is a rundown mode, is 1.84% and 0.46% respectively.

^ Including technical write-offs; \* including credit substitutes

## Profitability

- **Net Profit** for the year stood at **Rs. 2,437 crore** compared to **Rs. 145 crore** in FY22. The quarterly net profit grew **134% YOY** from **Rs. 343 crore** in Q4-FY22 to **Rs. 803 crore** in Q4-FY23 driven by strong growth in core operating income.
- In Q4-FY23, the Bank had **trading gains** of **Rs. 216 crore** and the Bank **utilized Rs. 79 crore** to **increase the provision coverage ratio**. Adjusting for these one time items, the net profit of the Bank would have been **Rs. 701 crore** for Q4-FY23. The Core ROE on this basis would have been 12.3% which has increased from ROE of 6.67% for Q4 FY 22.
- **Net Interest Income (NII)** for the year grew **30% YOY**, from **Rs. 9,706 crore** in FY22 to **Rs. 12,635 crore** in FY23. NII grew **35% YOY** from **Rs. 2,669 crore** in Q4-FY22 to **Rs. 3,597 crore** in Q4-FY23.
- **Fee and other Income** for the year grew by **54% YOY** from **Rs. 2,691 crore** in FY22 to **Rs. 4,142 crore** in FY23. It grew **40% YOY** from **Rs. 841 crore** in Q4-FY22 to **Rs. 1,181 crore** in Q4-FY23. **Retail fees** constituted **91%** of the overall fees for the quarter Q4-FY23.
- **Core Operating Profit** (NII plus Fees less Opex, excluding trading gains) for the year grew **67% YOY** from **Rs. 2,753 crore** in FY22 to **Rs. 4,607 crore** in FY23. For the quarter, the core operating profit grew by **61% YOY** from **Rs. 836 crore** in Q4-FY22 to **Rs. 1,342 crore** in Q4-FY23.
- **Provisions** for the year decreased by **46% YOY** from **Rs. 3,109 crore** in FY22 to **Rs. 1,665 crore** in FY23. **Credit cost** for FY23 was **1.16%** against the guidance of 1.5%.
- **ROA** improved from **0.08%** in FY22 to **1.13%** in FY23.
- **ROE** for FY 23 improved to **10.95%** from **0.75%** in FY22.
- For the exit quarter, after adjusting for one-time items, RoA increased from **0.76%** in Q4-FY22 to **1.23%** in Q4-FY23. The ROE increased from **6.67%** in Q4 FY 22 to **12.30%** in Q4 FY 23.

## Comments from Managing Director & CEO

**Mr. V Vaidyanathan, Managing Director and CEO, IDFC FIRST Bank, said,** “We have built a strong foundation for the bank with a diversified customer deposits and diversified loan book.

More importantly, I’m happy to share that the asset quality remains high. On the retail side, the Gross NPA is 1.65% and the net NPA is at 0.55%, against the guidance of Gross NPA of 2.0% and NNPA of less than 1%. If we exclude the infrastructure financing book, which is anyway in run-down mode, the Gross NPA and Net NPA would be 1.84% and 0.46% at the overall bank level.”

We have registered our highest ever quarterly profit of Rs. 803 crores in Q4 FY 23 and highest ever yearly profit of Rs. 2,437 crores in FY23.

We sincerely thank all our stakeholders for their goodwill towards us even while we were building the foundation with a strong deposit franchise and CASA of nearly 50%. Now the bank is firmly into profits, and we believe we can deliver strong financial performance from here on. The Bank would continue to focus on building a strong culture of customer friendliness, customer service, ethics, and high levels of corporate governance in the bank”.

## ABOUT IDFC FIRST BANK

**Vision:** 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** and offers high-quality products including current accounts, savings accounts, fixed deposits, home loans, auto loans, consumer loans, small business loans, gold loans, education loans, corporate banking, cash management solutions, FASTag, wealth management, and 24/7 customer care services. The 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.

**Features:** IDFC FIRST 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. The Bank is the **first** bank to offer monthly credit on savings accounts, so customers earn more with the Bank. 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.

**Ethos:** The Bank prioritizes ethics in all its dealings and in its product design. The Bank believes income earned unethically is not worth earning. It applies a **"Near and Dear" Test** in all product design, so that the employees of the Bank serve only such products they'd want to serve to 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 49.77% (March 31, 2023) and increased retail deposits from 27% to 76% of total deposits, and set up 809 branches and 925 ATMs.

**Financial Performance:** The Bank recorded a **PAT of Rs. 2437 crores in FY23**, with strong Capital Adequacy of 16.82%. The Bank has high asset quality, with retail loans having Gross NPA of 1.65% and Net NPA of 0.55% as of March 31, 2023. Overall Gross NPA including infrastructure is 2.51% and Net NPA is 0.86%.

The Bank is committed to ESG. The Bank has high governance scores, its business lines support social goals, and is putting ongoing efforts 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."