

### Mixed quarter; Elevated Credit cost Weighs on performance

IDFC First Bank's 1QFY26 results were a mixed bag, largely in line with peer's performance on operational metrics. On the positive side, the Bank maintained industry-leading growth of 20%+ YoY in both advances and deposits while keeping operational expenditure growth well-contained at 11.5% YoY. However, margin compression (NIMs down 24bps QoQ) and asset quality pressure (GNPA up 10bps QoQ) led to higher credit costs, overshadowing the healthy growth momentum. Gross slippages remained elevated at 4.19% (annualized), the highest in the past nine quarters, impacted by stress in the MFI segment and one-offs. Annualized write-offs were also high at 2.6% vs. 1.91%/3.01% in 1QFY25/4QFY25, while recoveries and upgrades were muted. We have slightly trimmed our FY26/FY27 estimates to reflect operating leverage and sustained credit cost pressure. Given the delay in achieving desired return metrics, we retain our REDUCE rating with a revised target price of Rs63 (earlier Rs61), valuing the stock at 1x 1HFY28E ABV.

#### Higher credit cost continues to impact profitability

IDFC First Bank reported NII of Rs49.5bn (~5.3% YoY, +0.8% QoQ), below our expectation of Rs53.2bn. Operating expenses came in lower at Rs49.3bn (~12% YoY, -1.6% QoQ), below our estimate of Rs53bn, leading to CTI print of 68.7% (vs. 73.6% in 4QFY25 and our expectation of 72.5%). Non-interest income outperformed at Rs22.2bn (+41% YoY, 17% QoQ), PPOP inched up to Rs22.4bn (+25% QoQ). Credit cost was higher at Rs16.6bn while PAT stood at Rs4.64bn (-28% YoY, 57% QoQ), in line with our estimate of Rs4.65bn.

#### Strong growth in net advances and deposits even in a tough macro environment

IDFC First Bank reported robust growth in its loan and deposit portfolios. Net advances expanded by 20% YoY, driven by a 17% YoY increase in Retail, Rural and MSME loans. On the deposit front, customer deposits grew by ~26% YoY, with retail deposits contributing 80%, ensuring a stable funding base. CASA deposits saw an impressive 30% YoY growth, maintaining a strong CASA ratio at 48%.

#### SMA 1 & SMA 2 of two third of the book show improvement sequentially

The SMA-1 & SMA-2 portfolio reflects broadly stable asset quality across most segments, with a marginal uptick in certain categories on both YoY and QoQ basis. Mortgages remain the best-performing segment, with SMA levels rising slightly from 0.39% to 0.49% in 1QFY26. Vehicle loans have held steady at 1.05%, broadly in line with YoY levels but slightly higher compared to 0.94% in 4QFY25. MSME and Consumer Loans show a similar stable trend, with SMA levels at 1.16%, reflecting only a minor increase QoQ. Credit Cards asset quality has improved YoY (1.88% to 1.76% in 1QFY26) but has deteriorated sequentially from 1.53% in 4QFY25. The Microfinance segment shows a sharp improvement QoQ, declining to 2.64% from 5.10% in 4QFY25, despite ~13% QoQ run down in the book. Overall, SMA for the Retail, Rural & MSME book stands at 1.01%, reflecting stable underlying trends despite some segmental volatility.

#### Maintain Reduce

Management broadly maintained its guidance for FY26 with slight increase in credit costs at 2–2.05% (earlier 1.9%), NIM at 5.8% by Q4, and operating expense growth at 11–12% vs. business growth of 20%. They also reiterated a longer-term target of 65% CTI ratio by FY27. NIMs (rep.) have already declined 24 bps QoQ to 5.71%, and management expects further pressure in Q2 due to repo rate transmission. Recovery to 5.8% hinges on no further rate cuts—an uncertain assumption. The MFI book has shrunk 37% YoY amid sector challenges, and rising wholesale exposure is diluting yields. While structurally the bank is evolving toward its stated metrics, current margin pressure, credit cost risks, and slow normalization in business mix make the path to near-term profitability improvement uncertain.

### Financial and valuation summary

YE Mar (Rs mn)	1QFY26A	1QFY25A	YoY (%)	4QFY25A	QoQ (%)	FY26E	FY27E	FY28E
NII	49,446	46,954	5.3	49,076	0.8	2,17,262	2,82,156	3,51,442
PPoP	22,417	18,470	21.4	17,948	24.9	91,793	1,25,317	1,60,466
Provisions	16,591	9,944	66.8	14,505	14.4	53,849	62,661	77,699
Net profit	4,649	6,426	(27.7)	2,956	57.3	28,458	46,992	62,075
Loan growth (%)	20.3	21.0	(3.5)	19.8	2.5	20.0	24.0	24.0
NIM (%)	5.9	6.6	(10.9)	6.1	(3.3)	6.0	6.4	6.5
Cost/income (%)	68.7	70.5	(2.5)	73.6	(6.6)	69.5	67.1	65.8
GNPA (%)	2.0	1.9	3.7	1.9	5.3	2.1	1.9	1.9
RoA (%)	0.6	0.9	(39.8)	0.4	50.6	0.7	1.0	1.0
RoE (%)	5.1	8.6	(39.9)	3.4	53.2	6.6	9.2	11.0
P/ABV (x)	0.0	0.0	0.0	0.0	0.0	1.3	1.2	1.1

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

#### Result Update

India I BFSI

27 July, 2025

#### REDUCE

Price: Rs71

Target Price: Rs63

Forecast return: -11%

Institutional Research

#### Market Data

Bloomberg:	IDFCFB IN
52 week H/L:	79/52
Market cap:	Rs518.6bn
Shares Outstanding:	7335.0mn
Free float:	88.6%
Avg. daily vol. 3mth:	3,27,89,600

Source: Bloomberg

#### Changes in the report

Rating:	Unchanged
Target price:	Rs63; Changed by 3.3%
ABV:	FY26E:Rs54.4 FY27E; Rs59.6

Source: Centrum Broking

#### Shareholding pattern

	Jun-25	Mar-25	Dec-24	Sep-24
Promoter	0.0	0.0	0.0	35.4
FII's	23.8	25.7	27.1	19.6
DII's	32.6	28.5	25.3	15.2
Public/other	43.6	45.8	47.6	29.8

Source: BSE

#### Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q1FY26	Actual Q1FY26	Variance (%)
NII	53,231	49,446	-7.1%
PPOP	20,185	22,417	11.1%
Provision	13,958	16,591	18.9%
PAT	4,658	4,649	-0.2%

Source: Bloomberg, Centrum Broking



Shailesh Kanani

+91-22 4215 9001

shailesh.kanani@centrum.co.in

BFSI

# Thesis Snapshot

## Estimate revision

YE Mar (Rs bn)	FY26E New	FY26E Old	% chg	FY27E New	FY27E Old	% chg
NII	217.3	238.1	-8.7	282.4	298.4	-5.4
PPoP	91.8	91.9	-0.1	125.3	119.6	4.8
PAT	28.5	31.4	-9.2	46.9	45.0	4.2

Source: Centrum Broking

## IDFC First Bank versus NIFTY Midcap 100

	1m	6m	1 year
IDFCB IN	(1.9)	13.5	(5.3)
NIFTY Midcap 100	(1.5)	8.9	2.2

Source: Bloomberg, NSE

## Key assumptions

Y/E Mar	FY26E	FY27E
AUM Growth	19.7	19.8
NII Growth	12.6	29.9
Other Inc./Asset	2.2	2.0
Opex/Assets	5.4	5.3
Provision Cost/Avg. AUM	2.0	2.0

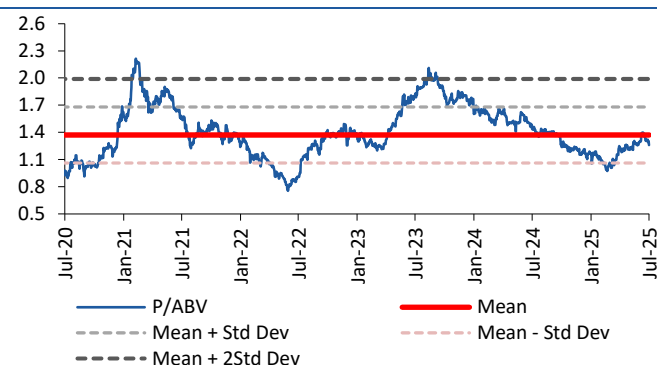
Source: Centrum Broking

## Valuations

We have slightly trimmed our FY26/FY27 estimates to reflect higher operating leverage and sustained credit cost pressure. Given the delay in achieving return metrics, we retain our REDUCE rating with a revised target price of Rs63 (earlier Rs61), valuing the stock at 1x 1HFY28E ABV.

Valuations	Rs/share
ABV/Share 1HFY28E	63.0
Multiple (x)	1.0
Target Price (Rs)	63
Downside to CMP	-11%

## P/ABV mean and standard deviation



Source: Bloomberg, Centrum Broking

## Peer comparison

Company	EPS (Rs)				BVPS (Rs)				RoAA (%)				RoAE (%)			
	FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E
City Union Bank	13.6	15.1	16.7	19.2	113.4	127.8	141.3	158.3	1.5	1.5	1.5	1.5	12.8	12.6	12.3	12.7
Federal Bank	15.3	16.5	16.6	22.0	119.4	136.1	151.3	171.9	1.3	1.2	1.1	1.3	14.7	13.0	11.6	13.6
Bandhan Bank	13.8	17.4	17.3	22.5	134.1	152.8	166.1	186.0	1.3	1.4	1.5	1.5	10.8	11.9	10.8	12.6
RBL BANK	20.8	11.8	18.9	23.7	245.2	257.8	275.4	296.6	1.0	0.2	0.7	0.8	8.9	2.3	7.1	8.3
<b>Average</b>	<b>15.9</b>	<b>15.2</b>	<b>17.4</b>	<b>21.9</b>	<b>153.0</b>	<b>168.6</b>	<b>183.5</b>	<b>203.2</b>	<b>1.3</b>	<b>1.1</b>	<b>1.2</b>	<b>1.3</b>	<b>11.8</b>	<b>10.0</b>	<b>10.5</b>	<b>11.8</b>
<b>IDFCBK</b>	<b>4.2</b>	<b>2.0</b>	<b>3.3</b>	<b>5.5</b>	<b>45.6</b>	<b>52.1</b>	<b>56.6</b>	<b>62.1</b>	<b>1.1</b>	<b>0.5</b>	<b>0.7</b>	<b>1.0</b>	<b>10.1</b>	<b>4.2</b>	<b>6.6</b>	<b>9.2</b>

Company	Mcap (Rs mn)	P/E (x)				P/BV (x)			
		FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E
City Union Bank	1,54,930	12.7	13.7	12.6	10.9	1.5	1.6	1.5	1.3
Federal Bank	5,11,480	13.6	12.6	12.5	9.5	1.7	1.5	1.4	1.2
Bandhan Bank	2,87,060	13.1	14.0	10.3	7.9	1.3	1.2	1.1	0.9
RBL BANK	1,55,020	12.2	21.5	13.4	10.7	1.0	1.0	0.9	0.9
<b>Average</b>		<b>12.9</b>	<b>15.5</b>	<b>12.2</b>	<b>9.8</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>
<b>IDFCBK</b>	<b>518,580</b>	<b>17.0</b>	<b>34.7</b>	<b>21.3</b>	<b>12.9</b>	<b>1.5</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>

Source: Company, Centrum Broking; Peers: Bloomberg estimates

**Exhibit 1: Key conference call takeaways and metrics**

Centrum Quarterly Monitor	Q4FY25	Q1FY26	Our Comments
<b>Margins and Profitability</b>	<ul style="list-style-type: none"> <li>The bank targets a RoA of ~2% by FY27 with a reduction in the CTI ratio to ~65%.</li> <li>Target to reach mid teen (15%) RoEs in next 4-5years</li> </ul>	<ul style="list-style-type: none"> <li>NIMs to continue to be under pressure in near to medium term.</li> <li>4QFY26 should normalize to normal rate.</li> </ul>	<ul style="list-style-type: none"> <li>We have baked in improvement in NIMs in 2H.</li> </ul>
<b>Asset quality</b>	<ul style="list-style-type: none"> <li>The gross slippages for MFI business increased from Rs437cr in 3QFY25 to Rs572cr in 4QFY25; slippages excluding microfinance business was lower by ~Rs150cr on a QoQ basis.</li> </ul>	<ul style="list-style-type: none"> <li>Gross slippages increased from Rs2175cr to Rs2464cr during the quarter.</li> <li>CE in MFI book improved from 98.1% in Q4FY25 to 99.0% in Q1FY26. SMA 1+2 portfolio in MFI business reduced from 5.1% to 2.64%</li> </ul>	<ul style="list-style-type: none"> <li>We have factored in ~3.6% slippage for full year FY26.</li> <li>We have factored slightly higher credit cost.</li> </ul>
<b>Outlook and guidance</b>	<ul style="list-style-type: none"> <li>Loan and deposit growth are projected at ~20% and ~22% for FY26, respectively, with MFI recovery anticipated by FY26.</li> </ul>	<ul style="list-style-type: none"> <li>Loan and deposit growth are projected at ~20% and ~22% for FY26.</li> <li>FY26 NIMs 5.8%.</li> <li>Opex growth - ~11-12% vs. 12-13% guidance earlier. Improvement in CTI to 65% by FY27.</li> </ul>	<ul style="list-style-type: none"> <li>We have marginally pruned our estimates for FY26/FY27, to reflect operating leverage and sustained credit cost pressure.</li> </ul>

Source: Centrum Broking, Company

## Earnings concall KTAs

### Guidance for FY26

- Loan book - +20%.
- Deposits - +22%.
- FY26 NIMs 5.8% from current 5.7% aided by TD rate cut and equity infusion.
- Opex growth - ~11-12% vs. 12-13% guidance earlier. Improvement in CTI to 65% by FY27.
- NIMs – 5.7%
- CASA to be maintained at current levels.
- Credit cost – 2-2.05% vs. earlier guidance of 1.9%.

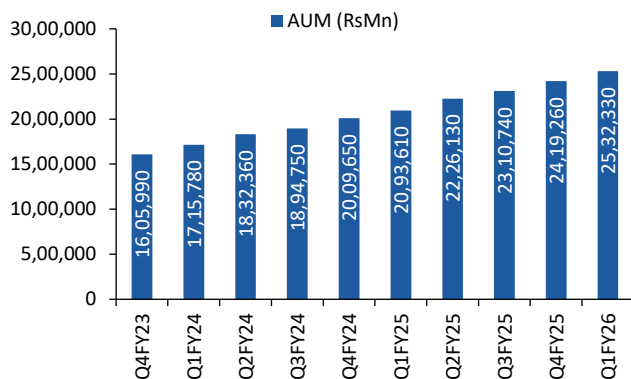
### Asset quality and margins

- CE in MFI book improved from 98.1% in Q4FY25 to 99.0% in Q1FY26. SMA 1+2 portfolio in MFI business reduced from 5.1% to 2.64%.
- SMA-1 & SMA-2 portfolio as % of Retail, Rural & MSME Loan Book is stable.
- Peak TD rates reduced during the quarter – 115bps.
- Corporate Book: 77% of wholesale rate A and above.
- GNPA increased 10bps increased QoQ basis.
- Gross slippages increased from Rs2175cr to Rs2464cr during the quarter. Includes slippages of Rs108cr of an ATM service Provider Company in Q1FY26 (fully provided).
- NIMs to continue to be under pressure in near to medium term. 4QFY26 should normalize to normal rate.

## Others

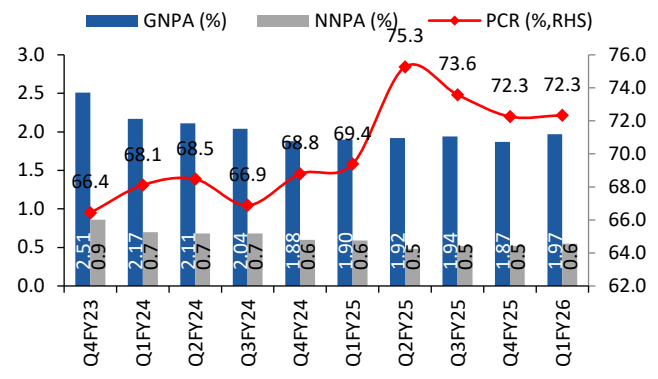
- The MFI loan book reduced from Rs13,239cr to Rs8,354cr (down 37% YoY), and is now only 3.3% of the overall loan book.
- Branches – 14+
- Rs2600cr legacy borrowings repaid with Rs2200cr pending in BS.
- CASA – CA 15% of total proportion of CASA therefore 7-8% out of 48%.

**Exhibit 2: AUM growth trend**



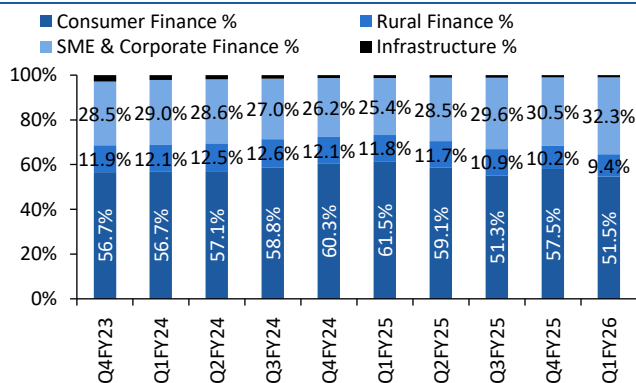
Source: Company Data, Centrum Broking

**Exhibit 3: GNPA and NNPA trend**



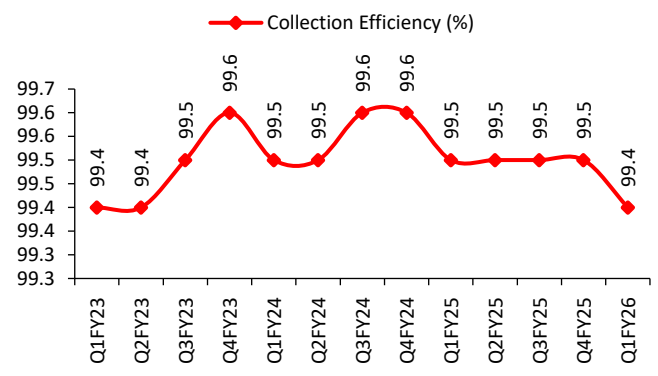
Source: Company Data, Centrum Broking

**Exhibit 4: Advances trend**



Source: Company, Centrum Broking

**Exhibit 5: Collection efficiency trend**



Source: Company, Centrum Broking

**Exhibit 6: Quarterly financial Snapshot**

Income statement	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Interest earned	59,119	64,244	68,689	73,563	78,795	82,205	87,887	89,570	93,430	94,129	96,422
Interest expended	26,259	28,271	31,224	34,056	35,924	37,500	40,933	41,687	44,405	45,053	46,976
<b>Net Interest Income</b>	<b>32,860</b>	<b>35,974</b>	<b>37,465</b>	<b>39,507</b>	<b>42,872</b>	<b>44,705</b>	<b>46,954</b>	<b>47,883</b>	<b>49,025</b>	<b>49,076</b>	<b>49,446</b>
Other income	11,524	13,978	13,636	14,095	15,166	16,420	15,740	17,273	17,799	18,955	22,269
<b>Total Income</b>	<b>44,384</b>	<b>49,952</b>	<b>51,101</b>	<b>53,602</b>	<b>58,037</b>	<b>61,125</b>	<b>62,694</b>	<b>65,156</b>	<b>66,824</b>	<b>68,031</b>	<b>71,714</b>
<b>Operating Expenses</b>	<b>31,615</b>	<b>34,184</b>	<b>36,377</b>	<b>38,490</b>	<b>42,192</b>	<b>44,418</b>	<b>44,225</b>	<b>45,386</b>	<b>49,223</b>	<b>50,083</b>	<b>49,298</b>
Employees	10,880	11,897	13,331	13,773	14,046	15,187	15,342	16,170	16,144	17,363	17,606
Others	20,735	22,286	23,046	24,717	28,146	29,232	28,883	29,216	33,079	32,720	31,692
<b>Operating profit</b>	<b>12,769</b>	<b>15,768</b>	<b>14,724</b>	<b>15,112</b>	<b>15,846</b>	<b>16,707</b>	<b>18,470</b>	<b>19,770</b>	<b>17,601</b>	<b>17,948</b>	<b>22,417</b>
Provisions	4,502	4,824	4,762	5,284	6,548	7,223	9,944	17,319	13,379	14,505	16,591
<b>Profit before tax</b>	<b>8,267</b>	<b>10,944</b>	<b>9,962</b>	<b>9,828</b>	<b>9,297</b>	<b>9,484</b>	<b>8,526</b>	<b>2,451</b>	<b>4,222</b>	<b>3,443</b>	<b>5,826</b>
Taxes	2,101	2,783	2,647	2,360	1,977	2,165	2,100	332	820	487	1,177
<b>Net Profit</b>	<b>6,166</b>	<b>8,161</b>	<b>7,315</b>	<b>7,469</b>	<b>7,321</b>	<b>7,319</b>	<b>6,426</b>	<b>2,120</b>	<b>3,402</b>	<b>2,956</b>	<b>4,649</b>
<b>Balance sheet</b>											
Shareholders' funds	2,26,980	2,58,476	2,65,310	2,77,637	3,14,510	3,22,736	3,35,176	3,69,761	3,78,871	3,81,558	3,87,876
Borrowings	5,44,060	5,72,121	5,57,410	5,31,655	4,51,090	5,09,357	5,18,736	4,63,515	4,63,984	3,89,838	4,28,154
Deposits	13,30,380	14,44,695	15,44,270	17,11,148	18,25,490	20,05,702	20,96,282	22,35,582	23,68,274	25,20,102	26,49,129
Other liabilities	1,12,320	1,23,529	1,22,510	1,26,763	1,16,290	1,24,303	1,18,932	1,36,659	1,48,439	1,47,589	1,50,096
<b>Total liabilities</b>	<b>22,13,740</b>	<b>23,98,821</b>	<b>24,89,500</b>	<b>26,47,203</b>	<b>27,07,380</b>	<b>29,62,098</b>	<b>30,69,126</b>	<b>32,05,517</b>	<b>33,59,568</b>	<b>34,39,087</b>	<b>36,15,255</b>
Cash&bank	1,23,190	1,37,787	1,32,070	1,30,498	1,14,330	1,24,812	1,69,794	1,45,828	1,58,510	1,50,991	1,55,214
Advances	14,71,090	15,17,945	16,73,740	17,48,138	18,55,030	19,45,924	20,25,681	21,50,613	22,31,039	23,31,125	24,36,789
Investments	5,10,160	6,09,133	5,62,690	6,29,224	6,03,960	7,45,001	7,34,139	7,61,180	8,08,228	8,05,052	8,61,690
Fixed assets	19,020	21,331	22,850	25,164	25,020	26,746	27,847	28,213	27,639	27,362	27,291
Other assets	90,280	1,12,625	98,150	1,14,179	1,09,040	1,19,616	1,11,665	1,19,683	1,34,152	1,24,557	1,34,272
<b>Total assets</b>	<b>22,13,740</b>	<b>23,98,821</b>	<b>24,89,500</b>	<b>26,47,203</b>	<b>27,07,380</b>	<b>29,62,098</b>	<b>30,69,126</b>	<b>32,05,517</b>	<b>33,59,568</b>	<b>34,39,087</b>	<b>36,15,255</b>
<b>Balance sheet(%)</b>											
Loan growth	31.8	26.4	28.8	26.3	29.7	26.1	28.2	21.0	23.0	19.8	20.3
Deposit growth	36.8	43.4	36.9	36.2	38.7	37.2	38.8	35.7	30.6	25.6	26.4
Loans/Deposits	109.2	110.6	105.1	108.4	102.2	101.6	97.0	96.6	96.2	92.5	92.0
Investment /Deposits	40.8	38.3	42.2	36.4	36.8	33.1	37.1	35.0	34.0	31.9	32.5
<b>Capital Adequacy</b>											
Tier-1	13.7	13.5	14.2	13.7	13.5	14.0	13.4	13.3	14.1	13.2	12.8
Tier-2	1.7	2.6	2.6	3.3	3.1	2.8	2.8	2.3	2.5	2.3	2.2
CRAR	15.4	16.1	16.8	17.0	16.5	16.7	16.1	15.6	16.6	15.5	15.0
<b>Profitability(%)</b>											
Yield on assets	11.4	11.7	11.9	11.9	12.1	12.5	12.2	12.4	12.1	11.7	11.5
Cost of funds	5.7	5.7	5.8	6.1	6.3	6.4	6.3	6.4	6.3	6.3	6.3
NIM	6.3	6.5	6.6	6.5	6.5	6.8	6.7	6.6	6.5	6.1	5.9
Other income/Assets	2.1	2.1	2.4	2.2	2.2	2.3	2.3	2.1	2.2	2.2	2.5
Cost/Income	70.9	71.2	68.4	71.2	71.8	72.7	72.7	70.5	69.7	73.6	68.7
Employees	25.7	24.5	23.8	26.1	25.7	24.2	24.8	24.5	24.8	25.5	24.6
Others	45.2	46.7	44.6	45.1	46.1	48.5	47.8	46.1	44.8	48.1	44.2
Cost/Assets	5.6	5.8	5.9	6.0	6.0	6.3	6.3	5.9	5.8	5.9	5.6
RoA	1.1	1.1	1.4	1.2	1.2	1.1	1.0	0.9	0.3	0.3	0.5
RoE	10.4	11.0	13.4	11.2	11.0	9.9	9.2	7.8	2.4	3.1	4.8
<b>Asset quality(%)</b>											
GNPA	3.18	2.96	2.51	2.17	2.11	2.04	1.88	1.9	1.92	1.87	1.97
NNPA	1.09	1.03	0.86	0.7	0.68	0.68	0.6	0.59	0.48	0.52	0.55
PCR	66.3	66.0	66.4	68.1	68.5	66.9	68.8	69.4	75.3	72.3	72.3
Credit Cost on gross AUM	1.2	1.2	1.2	1.1	1.2	1.4	1.5	1.9	3.2	2.5	2.7
Loan/Deposit	117.8	114.4	111.2	111.1	107.1	103.8	100.2	99.9	99.6	96.0	95.6

Source: Company, Centrum Broking

**Exhibit 7: ROAE Tree**

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Assets	12,63,820	16,70,989	14,91,586	16,30,715	19,01,457	23,98,821	29,62,098	34,39,087	43,05,848	53,42,980	66,30,445
Average total assets	11,92,232	14,67,405	15,81,287	15,61,150	17,66,086	21,50,139	26,80,459	32,00,593	38,72,468	48,24,414	59,86,712
Equity	1,52,741	1,81,994	1,54,035	1,78,997	2,10,821	2,58,476	3,22,736	3,81,558	4,85,016	5,32,008	5,94,083
Average Equity	1,49,757	1,67,367	1,68,014	1,66,516	1,94,909	2,34,648	2,90,606	3,52,147	4,33,287	5,08,512	5,63,045
Interest Income on term loans/ Average total assets	4.1%	5.3%	7.6%	8.1%	8.0%	8.9%	9.7%	9.6%	9.1%	9.2%	9.2%
Income on investments/money with RBI/other banks / Average total assets	3.4%	2.7%	2.5%	2.0%	1.6%	1.6%	1.6%	1.7%	1.5%	1.5%	1.5%
Non-Interest Income/ Average total assets	0.9%	0.6%	1.1%	1.4%	1.8%	2.0%	2.2%	2.2%	2.2%	2.0%	2.0%
<b>Total Income/ Average total assets</b>	<b>8.4%</b>	<b>8.6%</b>	<b>11.2%</b>	<b>11.5%</b>	<b>11.4%</b>	<b>12.5%</b>	<b>13.5%</b>	<b>13.5%</b>	<b>12.7%</b>	<b>12.8%</b>	<b>12.7%</b>
Interest on Deposits, borrowings and debt securities / Average total assets	6.0%	6.0%	6.5%	5.5%	4.2%	4.7%	5.17%	5.38%	5.03%	4.97%	4.94%
<b>Net Interest Income / Average total assets</b>	<b>1.7%</b>	<b>2.2%</b>	<b>3.8%</b>	<b>4.7%</b>	<b>5.5%</b>	<b>5.9%</b>	<b>6.1%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>5.8%</b>	<b>5.9%</b>
<b>Net Total Income/ Average total assets</b>	<b>2.6%</b>	<b>2.8%</b>	<b>4.9%</b>	<b>6.1%</b>	<b>7.3%</b>	<b>7.9%</b>	<b>8.4%</b>	<b>8.2%</b>	<b>7.8%</b>	<b>7.9%</b>	<b>7.8%</b>
Operating Expenses / Average total assets	1.5%	2.4%	3.6%	4.5%	5.4%	5.6%	6.0%	5.9%	5.4%	5.3%	5.2%
<b>PPOP/Average total assets</b>	<b>1.1%</b>	<b>0.4%</b>	<b>1.2%</b>	<b>1.6%</b>	<b>1.9%</b>	<b>2.3%</b>	<b>2.3%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>2.6%</b>	<b>2.7%</b>
Provision Cost / Average total assets	0.1%	0.3%	0.4%	1.3%	1.8%	0.8%	0.9%	1.7%	1.4%	1.3%	1.3%
<b>Profit before tax / Average total assets</b>	<b>1.0%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>1.5%</b>	<b>1.4%</b>	<b>0.6%</b>	<b>1.0%</b>	<b>1.3%</b>	<b>1.4%</b>
Tax expense/ Average total assets	0.2%	-0.9%	0.3%	0.0%	0.0%	0.4%	0.3%	0.1%	0.2%	0.3%	0.3%
One-time adjustment/Average Total Assets	0.0%	1.7%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>RoAA (before Share of Associate)</b>	<b>0.8%</b>	<b>1.0%</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>0.5%</b>	<b>0.7%</b>	<b>1.0%</b>	<b>1.0%</b>
Leverage (Average total assets/average Equity or average Net-worth)	7.96	8.77	9.41	9.38	9.06	9.16	9.22	9.09	8.94	9.49	10.63
<b>RoAE</b>	<b>6.4%</b>	<b>8.4%</b>	<b>4.9%</b>	<b>2.9%</b>	<b>0.7%</b>	<b>10.1%</b>	<b>10.1%</b>	<b>4.2%</b>	<b>6.6%</b>	<b>9.2%</b>	<b>11.0%</b>

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Interest earned	3,03,251	3,65,016	4,12,132	5,21,843	6,47,089
Interest expended	1,38,703	1,72,078	1,94,869	2,39,687	2,95,647
<b>Net Interest Income</b>	<b>1,64,548</b>	<b>1,92,938</b>	<b>2,17,262</b>	<b>2,82,156</b>	<b>3,51,442</b>
Other income	59,317	69,767	83,951	98,362	1,18,320
<b>Total Income</b>	<b>2,23,865</b>	<b>2,62,705</b>	<b>3,01,213</b>	<b>3,80,518</b>	<b>4,69,762</b>
<b>Operating Expenses</b>	<b>1,61,477</b>	<b>1,88,916</b>	<b>2,09,421</b>	<b>2,55,201</b>	<b>3,09,296</b>
Employees	56,337	65,018	70,511	86,764	1,06,763
Others	1,05,141	1,23,898	1,38,910	1,68,437	2,02,533
<b>PPoP</b>	<b>62,388</b>	<b>73,789</b>	<b>91,793</b>	<b>1,25,317</b>	<b>1,60,466</b>
Provisions	23,817	55,147	53,849	62,661	77,699
<b>Profit before tax</b>	<b>38,572</b>	<b>18,642</b>	<b>37,944</b>	<b>62,656</b>	<b>82,767</b>
Taxes	9,148	3,738	9,486	15,664	20,692
<b>Net Profit</b>	<b>29,424</b>	<b>14,904</b>	<b>28,458</b>	<b>46,992</b>	<b>62,075</b>

Ratios					
YE Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Growth (%)</b>					
Loans	28.2	19.8	20.0	24.0	24.0
Deposits	38.8	25.6	23.3	24.0	24.0
RWA growth	29.7	22.0	26.8	20.4	24.1
NII	30.2	17.3	12.6	29.9	24.6
Other income	9.0	19.6	32.3	6.5	1.5
Opex	277.4	17.0	10.9	21.9	21.2
PPoP	27.8	18.3	24.4	36.5	28.0
Provisions	43.1	131.6	(2.4)	16.4	24.0
Net profit	20.1	(49.3)	90.9	65.1	32.1
<b>Profitability (%)</b>					
Yield on assets	12.2	12.2	11.5	11.9	12.1
Cost of funds	6.1	6.3	5.9	5.7	5.6
NIM	6.6	6.5	6.0	6.4	6.5
Other income / Total inc.	26.5	26.6	27.9	25.8	25.2
Other inc. / avg assets	2.2	2.2	2.2	2.0	2.0
Cost/Income	72.1	71.9	69.5	67.1	65.8
Employee	25.2	24.7	23.4	22.8	22.7
Other	47.0	47.2	46.1	44.3	43.1
Opex/ Avg assets	6.0	5.9	5.4	5.3	5.2
Provisioning cost	1.4	2.6	2.1	2.0	2.0
Tax rate	23.7	20.1	25.0	25.0	25.0
RoE	10.1	4.2	6.6	9.2	11.0
RoA	1.1	0.5	0.7	1.0	1.0
RoRWA	1.5	0.6	0.9	1.2	1.3
<b>Du-pont (%)</b>					
Interest income	11.3	11.4	10.6	10.8	10.8
Interest expenses	5.2	5.4	5.0	5.0	4.9
<b>NII</b>	<b>6.1</b>	<b>6.0</b>	<b>5.6</b>	<b>5.8</b>	<b>5.9</b>
Other income	2.2	2.2	2.2	2.0	2.0
<b>Total income</b>	<b>8.4</b>	<b>8.2</b>	<b>7.8</b>	<b>7.9</b>	<b>7.8</b>
Operating expenses	6.0	5.9	5.4	5.3	5.2
Employee	2.1	2.0	1.8	1.8	1.8
Other	3.9	3.9	3.6	3.5	3.4
<b>PPoP</b>	<b>2.3</b>	<b>2.3</b>	<b>2.4</b>	<b>2.6</b>	<b>2.7</b>
Provisions	0.9	1.7	1.4	1.3	1.3
<b>PBT</b>	<b>1.4</b>	<b>0.6</b>	<b>1.0</b>	<b>1.3</b>	<b>1.4</b>
Tax	0.3	0.1	0.2	0.3	0.3
<b>RoA</b>	<b>1.1</b>	<b>0.5</b>	<b>0.7</b>	<b>1.0</b>	<b>1.0</b>

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Share capital	71,289	74,708	87,208	87,208	87,208
Reserves & surplus	2,51,116	3,06,850	3,97,807	4,44,800	5,06,875
Deposits	20,05,702	25,20,102	31,08,167	38,54,127	47,79,118
Borrowings	5,09,357	3,89,838	5,93,888	7,97,371	10,47,704
Other Liabilities	1,24,305	1,47,589	1,18,778	1,59,474	2,09,541
<b>Total liabilities</b>	<b>29,61,768</b>	<b>34,39,088</b>	<b>43,05,848</b>	<b>53,42,980</b>	<b>66,30,445</b>
Cash balances with RBI	1,09,885	1,39,855	1,86,490	2,31,248	2,86,747
Balances with banks	14,927	11,136	40,406	50,104	62,129
Investments	7,45,001	8,05,052	10,25,695	12,71,862	15,77,109
Advances	19,45,924	23,31,125	27,97,350	34,68,715	43,01,206
Fixed Assets	26,746	27,362	36,938	49,867	67,320
Other Assets	1,19,616	1,24,557	2,18,968	2,71,186	3,35,935
<b>Total assets</b>	<b>29,62,098</b>	<b>34,39,088</b>	<b>43,05,848</b>	<b>53,42,980</b>	<b>66,30,445</b>

Ratios					
YE Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Balance Sheet (%)</b>					
Loans / Deposits	97.0	92.5	90.0	90.0	90.0
Investments / Deposits	37.1	31.9	33.0	33.0	33.0
CASA	47.2	46.9	47.0	47.0	47.0
Assets/equity (x)	9.2	9.0	8.9	10.0	11.2
RWA / Total assets	76.5	80.4	81.4	79.0	79.0
<b>Capital ratios (%)</b>					
CET-1	13.8	13.2	13.3	12.2	11.0
Tier-1	13.8	13.2	13.3	12.2	11.0
Tier-2	2.7	2.3	1.8	1.5	1.2
CRAR	16.4	15.5	15.2	13.7	12.2
<b>Asset quality ratios (%)</b>					
GNPA (Rs mn)	37,184	44,328	60,497	65,166	82,095
NNPA (Rs mn)	11,605	12,299	18,939	21,444	25,840
GNPA	1.9	1.8	2.1	1.9	1.9
NNPA	0.6	0.5	0.7	0.6	0.6
PCR	68.8	72.3	68.7	67.1	68.5
Slippage	3.4	415.7	360.0	340.0	340.0
NNPA / Equity	3.6	3.2	3.9	4.0	4.3
<b>Per share</b>					
EPS	4.2	2.0	3.3	5.5	7.2
BVPS	45.6	52.1	56.6	62.1	69.3
ABVPS	44.0	50.4	54.4	59.6	66.3
<b>Valuation (x)</b>					
P/E	17.0	34.7	21.3	12.9	9.7
P/BV	1.5	1.4	1.2	1.1	1.0
P/ABV	1.6	1.4	1.3	1.2	1.1

Source: Company, Centrum Broking



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#### IDFC First Bank Ltd



Source: Bloomberg

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**Website:** [www.centrumbroking.com](http://www.centrumbroking.com)**Investor Grievance Email ID:** [investor.grievances@centrum.co.in](mailto:investor.grievances@centrum.co.in)**Compliance Officer Details:**

Chintan Madiya

(022) 4215 9000/9815; Email ID: [compliance@centrum.co.in](mailto:compliance@centrum.co.in)**Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)****Registered and Corporate Office:**

Level -9, Centrum House, C.S.T. Road,  
Vidyanagari Marg, Kalina,  
Santacruz (East) Mumbai – 400098  
Tel.: - +91 22 4215 9000