IDFCFIRSTBANK/SD/237/2025-26 **December 10, 2025**

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1, G-Block
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051
NSE Symbol: IDFCFIRSTB

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai 400 001
BSE Scrip Code: 539437

Sub.: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('SEBI Listing Regulations').

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI Listing Regulations, we wish to inform that 'India Ratings & Research' ("Ind-Ra") has re-affirmed the rating/outlook of Bank's Debt instruments (Basel III Tier 2 Bonds, Infrastructure Bonds and Non-Convertible Debt Instruments) amounting to ₹ 17,928 crore at **'IND AA+/Stable'.**

A detailed Rating Rationale for the above is enclosed herewith.

Request you to take the above on record.

Thanking you,

Yours faithfully,
For **IDFC FIRST Bank Limited**
SATISH ASHOK GAIKWAD
Digitally signed by SATISH ASHOK GAIKWAD
Date: 2025.12.10 12:05:22 +05'30'
Satish Gaikwad
General Counsel and Company Secretary

Encl.: as above

India Ratings & Research
A Fitch Group Company

India Ratings Affirms IDFC FIRST Bank’s NCDs, Bonds and Tier 2 Debt at ‘IND AA+’/Stable

Dec 09, 2025 | Private Sector Bank

India Ratings and Research (Ind-Ra) has affirmed IDFC FIRST Bank Limited’s (IDFCFB) debt instruments’ ratings as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (billion)	Rating assigned along with Outlook/Watch	Rating Action
Infrastructure bonds#	-	-	-	INR95.20	IND AA+/Stable	Affirmed
Non-convertible debenture*	-	-	-	INR4.08 (reduced from INR81.64)	IND AA+/Stable	Affirmed
Basel III Tier 2 debt*	-	-	-	INR80	IND AA+/Stable	Affirmed

*Details in Annexure
#unutilised

Analytical Approach

Ind-Ra continues to take a standalone view of IDFCFB to arrive at the ratings.

Detailed Rationale of the Rating Action

The affirmation reflects IDFCFB’s continued franchise expansion, its experienced management, stable liability franchise, diversified product portfolio and improved capital buffers. The ratings, however, remain constrained by higher operating expenditure and credit cost, which have been impacting the bank’s internal accruals, which remains on the lower side compared to higher or similar rated peers.

List of Key Rating Drivers

Strengths

-Sizeable retail franchise with diversified product lines
-Funding profile has seen sizable retailisation
-Capital buffers see improvement with recent capital raise

Weaknesses

-Higher operating expense remains drag on internal accruals
-Asset quality needs monitoring with current challenges in unsecured segment

Detailed Description of Key Rating Drivers

Sizeable Retail Franchise with Diversified Product Lines: IDFCFB's retail, rural and small and medium enterprises (SME) book accounted for 80% of the total funded exposure in 2QFY26 (2QFY25: 83%). The bank intends to continue focusing on maintaining the current mix of its overall loan portfolio, with sustained focus on retail and SME loans, thereby driving its granular loan portfolio. This increased retailisation has helped the bank maintain its margins, considering its cost of funds are higher compared to larger banking peers. IDFCFB's net interest margin moderated to 5.59% in 2QFY26 (2QFY25: 6.2%) because of a decrease in the proportion of unsecured loans, including microfinance book, and the impact of sharp changes in the repo rate. The share of microfinance (MFI) loans in the overall loan book moderated to 2.7% in 2QFY26 (2QFY25:5.6%) due to the current challenging operating environment. The bank has availed credit guarantee funds for micro units (CGFMU) cover for all its incremental microfinance loan disbursals since January 2024 and reached a coverage level of 77% of the MFI loan book by September 2025, which would aid recovery over FY27-FY28. The bank has been witnessing a recovery in growth in the corporate segment, largely in the emerging corporates and financial institutions segment, and this is likely to continue in the medium term, supported by the bank's strategy.

Funding Profile Has Seen Sizable Retailisation: IDFCFB's top 20 deposits-to-total deposits increased to 8.34% in 2QFY26 (FY25: 7.95%; FY24: 10.6%), thereby improving its overall granularity, in line with its peers. The current account saving account (CASA) ratio remained largely stable at 50.1% in 2QFY25 (2QFY25: 48.9%). In 2QFY25, IDFCFB's CASA deposits accounted for 43.6% (2QFY25: 40.5%) of the total liabilities (deposits + borrowing) and it has been on an improving trend compared to the industry. While the bank's cost of funds has moderated from the historical levels, its borrowing cost is likely to remain relatively high compared to its peers in the medium term, due to its higher share of borrowings in total liabilities, which have been moving down and are being replaced with retail deposits. As part of its strategy, the bank plans to maintain its higher saving rate until there is a moderation in the share of borrowings in the overall funding, post which there could be a reduction in the peak saving rate, providing a benefit.

Capital Buffers See Improvement with Recent Capital Raise: IDFCFB's capital buffers improved in 2QFY26, with its common equity tier-1 (CET1) ratio rising to 14.75% post the conversion of CCPS raised (FY25: 13.2%; FY24: 13.4%). The bank has shown the ability to raise capital at frequent intervals; this would continue to aid its growth until the growth in internal capital generation exceeds loan growth. The bank raised INR75 billion in 2QFY26 (2QFY25: INR32 billion), and this along with the recent merger of IDFC Limited led to an accretion of INR6.18 billion to the overall capital base. The capital raise provides adequate cushion. The guided growth being higher than the internal accruals would lead to higher absorption of capital, necessitating a capital raise in FY27 to maintain adequate capital buffers over the regulatory minimum, in line with similarly rated peers.

Higher Operating Expense Remains Drag on Internal Accruals: Despite the scaling up of its loan book, IDFCB's return ratios have moderated as the credit cost has remained elevated, primarily due to the microfinance industry crisis, which impacted its net interest margin and led to higher operating expense requirements. The return on assets stood at 0.4% in 1HFY26 (FY25: 0.5%; 1HFY25: 0.6%), with growth of 19.7% yoy in funded assets. IDFCFB's cost-to-income ratio (1HFY26: 70.9%; FY25: 71.8%) remains higher than that of its peers, largely due to slower growth in income, resulting from the reduction in high-yielding loan book, though the bank has substantially reduced the operating expense growth despite its investments for branch expansion, addition of manpower across product lines, and technology spends. Also, incrementally, as the bank lends more towards secured assets and better-rated borrowers with current calibration in unsecured lending, it could curtail margin expansion, though it would also reduce the operating expense growth, thereby neutralising the impact on the cost-to-income ratio in the medium term. Furthermore, the availability of leeway in the reduction of deposit cost could mitigate this impact on net interest margins. As per Ind-Ra, the improvement in internal accruals would be driven by a reduction in funding cost, higher loan growth calibrated with modest operating expense growth, and control and moderation in the overall credit cost, which remains a monitorable.

Asset Quality Needs to be Monitored with Current Challenges in Unsecured Segment: IDFCFB's overall gross non-performing assets (NPAs) remained flattish at 1.86% in 1HFY26 (FY25: 1.87%; FY24: 1.88%), with the provision coverage ratio rising to 72.2% (72.3%, 68.8%). The credit cost of average funded assets (annualised) remained elevated at 246bp for 1HFY26 (FY25: 249bp; FY24: 128bp), leading to a moderation in internal accruals. The credit cost was higher than the guided levels primarily because of the provision done in microfinance loan exposure; excluding this, the credit cost stood at 203bp. The management has guided to maintain overall credit cost for FY26 within 210bp, which remains a key monitorable. With the microfinance book reducing, incremental stress emanating from it would moderate, which could lead to normalisation of credit cost in 2HFY26.

Moreover, the share of the top 20 borrowers in terms of the overall advances fell to 4.47% in 2QFY25 (FY25: 4.89%, FY24: 5.66%). The bank's restructured book reduced to INR4.02 billion in 2QFY26, accounting for 0.15% of the funded exposure (FY25: 0.18%; FY24: 0.3%). Also, SMA 1 and SMA 2 as a percentage of retail, rural and MSME loans improved to 0.90% in 1HFY26 (FY25: 1.07 %). Incrementally, any pressure on borrowers' cashflows due to overleveraging or a broad economic slowdown, where the bank's ability to manage its asset quality is better than that of its peers, remain key monitorables.

Liquidity

Adequate: IDFCFB's liquidity remained stable in 2QFY26, with its quarterly liquidity coverage ratio standing at 115% (FY25: 116.6%; FY24: 114%). Moreover, the bank's asset-liability tenure had minor gaps across shorter buckets at 2HFYE26. Also, it has 4.3% of net demand time liabilities as an excess statutory liquidity ratio, which provided an adequate buffer to meet its short-term funding requirements at 2QFYE26.

Rating Sensitivities

Positive: A substantial improvement in the franchise size and scale, large granular retail funding in line with higher-rated banks, consistent profitability buffers and return ratios, maintaining stable through-the-cycle asset quality and stronger capital buffers could be key positive rating drivers.

Negative: The following events that could individually or collectively lead to a negative action:

- higher-than-expected credit costs or a weakening of the provision cover or diluted tangible capitalisation buffers.

- CET1 buffer falling and remaining below 12.5% on a sustained basis; and

- a material decline in the pace of granularisation of deposits in its funding mix or a sustained reduction of market share in advances or deposits

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on IDFCFB, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

Incorporated on 21 October 2014, IDFCFB is a new-age private sector bank. IDFCB received a banking license on 23 July 2015, and it commenced banking operations on 1 October 2015. IDFCB later merged with Capital First Ltd to form IDFC FIRST Bank in December 2018. The recently announced merger of IDFC Financial Holding Company with IDFC Ltd and IDFC Ltd with IDFCFB has dissolved the promoter holding. Post the merger of IDFC Limited, the President of India's shareholding stands at 9.11%; the remaining stake remains diversified across public, financial institutions and foreign investors.

Key Financial Indicators

Particulars	1HFY26	FY25	FY24
Total assets (INR billion)	3822.2	3438.2	2961.2
Total equity base (INR billion)	464.9	380.8	321.6

Net profit (INR billion)	8.15	15.25	29.6
Return on assets (%)	0.4	0.5	1.1
Tier 1 ratio (%)	14.75	13.2	13.4
Capital adequacy ratio (%)	16.8	15.5	16.1
Gross NPA (%)	1.86	1.87	1.9
Net NPA (%)	0.52	0.53	0.6
Source: IDFCFB; Ind-Ra			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (billion)	Current Ratings/Outlook	Historical Rating/Outlook		
				10 December 2024	11 December 2023	12 December 2022
Basel III Tier 2 debt	Long-term	INR80	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable
Infrastructure Bonds	Long-term	INR95.2	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable
Non-convertible debentures	Long-term	INR4.08	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Basel III Tier 2 debt	Low
Infrastructure bonds	Low
Non-convertible debenture	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

ISIN No.	Instrument	Date of Issuance	Coupon rate (%)	Maturity Date	Issue size (billion)	Rating/Outlook
INE092T08014	NCDs	17 January 2006	0	17 January 2026	INR2.00	IND AA+/Stable
INE092T08378	NCDs	15 January 2010	8.83	15 January 2025	INR1.00	WD
INE092T08386	NCDs	15 January 2010	8.81	15 January 2025	INR1.00	WD
INE092T08394	NCDs	27 January 2010	8.8	27 January 2025	INR2.00	WD
INE092T08428	NCDs	05 April 2010	9.03	05 April 2025	INR2.50	WD
INE092T08436	NCDs	05 April 2010	8.96	05 April 2025	INR2.50	WD
INE092T08444	NCDs	09 April 2010	8.9	09 April 2025	INR2.50	WD
INE092T08451	NCDs	28 April 2010	8.9	28 April 2025	INR3.50	WD
INE092T08469	NCDs	13 May 2010	8.95	13 May 2025	INR5.00	WD
INE092T08485	NCDs	28 May 2010	8.84	28 May 2025	INR2.00	WD

INE092T08493	NCDs	15 June 2010	8.8	15 June 2025	INR2.00	WD
INE092T08501	NCDs	08 July 2010	8.8	08 July 2025	INR2.00	WD
INE092T08519	NCDs	21 July 2010	8.8	21 July 2025	INR3.00	WD
INE092T08527	NCDs	06 August 2010	8.95	06 August 2025	INR2.00	WD
INE092T08543	NCDs	15 September 2010	8.89	15 September 2025	INR1.00	WD
INE092T08568	NCDs	20 September 2010	8.86	20 September 2025	INR1.20	WD
INE092T08584	NCDs	29 September 2010	8.82	29 September 2025	INR2.60	WD
INE092T08592	NCDs	19 November 2010	8.9	19 November 2025	INR2.60	WD
INE092T08626	NCDs	06 January 2011	9.15	06 January 2026	INR2.08	IND AA+/Stable
INE092T08AO5	NCDs	17 February 2011	9.35	17 February 2026	INR3.15	WD
INE092T08AQ0	NCDs	28 March 2011	9.33	28 March 2026	INR2.15	WD
INE092T08AR8	NCDs	15 April 2011	9.28	15 April 2026	INR2.50	WD
INE092T08AS6	NCDs	08 January 2014	9.65	08 January 2029	INR11.65	WD
INE092T08BR6	NCDs	11 December 2014	8.49	11 December 2024	INR4.80	WD
INE092T08BS4	NCDs	05 January 2015	8.67	03 January 2025	INR20.00	WD
INE092T08BT2	NCDs	27 February 2015	8.52	27 February 2025	INR3.00	WD
INE092T08BU0	NCDs	20 May 2015	8.7	20 May 2025	INR7.41	WD
INE092T08BY2	NCDs	23 June 2015	8.7	23 June 2025	INR3.95	WD
				Total outstanding*	INR4.08	

Source: NSDL, IDFCFB
WD – Rating Withdrawn
Note: The ratings have been withdrawn as the instruments have been paid in full
*this does not include the NCDs where the rating has been withdrawn

ISIN	Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Issue Size (billion)	Rating/Outlook
INE092T08EY6	Basel III Tier 2 debt	8 February 2022	8.42	8 February 2032	INR15	IND AA+/Stable
INE092T08EZ3	Basel III Tier 2 debt	1 December 2022	8.70	1 December 2032	INR15	IND AA+/Stable
INE092T08FA3	Basel III Tier 2 debt	27 June 2023	8.40	27 June 2033	INR15	IND AA+/Stable
	Total unutilised				INR35	IND AA+/Stable
	Total				**INR80**	

Source: NSDL, IDFCFB

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Rating Bank Subordinated and Hybrid Securities

The Rating Process

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