

# IDFC First Bank

## Elevated CTI level disappoints

IDFC First Bank (IDFCBK) reported 4QFY24 numbers which disappointed on high opex front. NII for the quarter came in line at Rs44.7bn (up +24%/+4% YoY/QoQ). However, opex came in higher at Rs44.5bn (up +30%/5.4% YoY/QoQ). Resultantly, CTI for the quarter and FY24 remained sticky at 72.7% and 72.1% (up 80bps), respectively. Other income witnessed an increase of +17%/+8% YoY/QoQ. Resultantly, PPOP came in at Rs16.6bn, up 6%/up +5% YoY/QoQ growth in line with our estimates. However, credit cost for the quarter was little higher at Rs7.2bn vs. Rs6.5bn in 3QFY24 leading to improvement in PCR. Hence, PAT came in at Rs7.3bn (up ~4%/flattish YoY (adjusted for one time in 4QFY23)/QoQ) vs. our expectations of Rs7.7bn. GNPA decreased sequentially and came in at 1.88% which is lower by 16bps QoQ, NNPA at 0.60% which also came lower by 8bps QoQ. CRAR came in at 16.11%. We maintain our BUY recommendation for the stock. We roll forward to FY26 from 1HFY26 and value IDFCBK at 2x ABVE for FY26E, resulting in a revised TP of Rs106.

### Financial performance broadly in line barring higher opex

NII came in at Rs44.7bn, (+24% YoY/+4% QoQ) exceeded our estimated NII of Rs44.1bn primarily due to better product mix – Consumer (+31%/6.9% YoY/QoQ) and Rural Finance (+25%/4.9% YoY/QoQ). PPOP came at Rs16.7bn, (+6% YoY/5.5% QoQ) in line with our estimates. PAT lower at Rs7.3bn due to credit cost for the quarter which was higher at Rs7.2bn vs. Rs6.5bn in 3QFY24 leading to increase in PCR. Credit cost on avg. AUM (cal. annualized) was at 1.6% Vs.1.5% in Q3FY24.

### Run-down of infrastructure loans continue with stable asset quality

Gross advances showed robust growth, increasing by an impressive +23% YoY /4.2% QoQ, reaching at Rs1,974.8bn. Further, this growth was driven by retailisation of advances. Notably, the infrastructure loan book further reduced by ~12% on qoq basis. GNPA for the quarter is lower by 16 bps at 1.88% and NNPA lower by 8bps at 0.60%

### Total deposits grew by 39% led by TDs; CASA improve (40bps QoQ)

On the liability front, total deposits grew by +39%/9.9% YoY/QoQ; the total TDs grew +53%/8.8% YoY/QoQ respectively. The bank achieved a noteworthy sequential increase in its CASA ratio by 40bps, distinguishing itself positively from its peers. While the LCR ratio came in lower at 114% vs. 121% in 3QFY24.

### Expect re-rating grounded in strong fundamentals and strategic vision

IDFCBK's stock trades at over 1SD above the 5-year mean, reflecting robust capitalization which will aid medium-term growth. We anticipate a positive re-rating, driven by factors including granular balance sheet, effective risk management, ~24% AUM growth, pristine asset quality, technological innovation, and the potential for sustainable high-teen RoEs. We maintain our BUY recommendation for the stock. We roll forward to FY26 from 1HFY26 and value IDFCBK at 2x ABVE for FY26E, resulting in a revised TP of Rs106.

## Financial and valuation summary

| YE Mar (Rs mn)  | 4QFY24A | 4QFY23A | YoY (%) | 3QFY24A | QoQ (%) | FY24A    | FY25E    | FY26E    |
|-----------------|---------|---------|---------|---------|---------|----------|----------|----------|
| NII             | 44,705  | 35,974  | 24.3    | 42,872  | 4.3     | 1,64,548 | 2,09,650 | 2,62,572 |
| PPoP            | 16,707  | 15,768  | 6.0     | 15,846  | 5.4     | 56,046   | 74,860   | 99,508   |
| Provisions      | 7,223   | 4,824   | 49.7    | 6,548   | 10.3    | 23,817   | 35,800   | 40,031   |
| Net profit      | 7,319   | 8,161   | (10.3)  | 7,321   | 0.0     | 23,082   | 29,295   | 44,608   |
| Loan growth (%) | 28.2    | 28.8    | (2.1)   | 26.1    | 8.0     | 28.2     | 23.0     | 23.0     |
| NIM (%)         | 7.1     | 7.2     | (1.7)   | 7.3     | (3.1)   | 6.6      | 6.8      | 6.9      |
| Cost/income (%) | 72.7    | 68.4    | 6.2     | 72.7    | 0.0     | 74.2     | 72.8     | 71.0     |
| GNPA (%)        | 1.9     | 2.5     | (25.1)  | 2.0     | (7.8)   | 1.9      | 2.3      | 2.3      |
| RoA (%)         | 1.1     | 1.5     | (28.1)  | 1.2     | (8.2)   | 0.9      | 0.9      | 1.1      |
| RoE (%)         | 10.1    | 13.9    | (27.6)  | 10.8    | (6.9)   | 7.9      | 8.7      | 11.9     |
| P/ABV (x)       |         |         |         |         |         | 1.9      | 1.8      | 1.6      |

Source: Company, Centrum Broking

## Result Update

India I BFSI

28 April, 2024

## BUY

Price: Rs85

Target Price: Rs106

Forecast return: 25%

Institutional Research

## Market Data

|                       |             |
|-----------------------|-------------|
| Bloomberg:            | IDFCFB IN   |
| 52 week H/L:          | 101/58      |
| Market cap:           | Rs599.5bn   |
| Shares Outstanding:   | 7069.9mn    |
| Free float:           | 55.3%       |
| Avg. daily vol. 3mth: | 4,45,82,980 |

Source: Bloomberg

## Changes in the report

|               |                            |
|---------------|----------------------------|
| Rating:       | Unchanged                  |
| Target price: | 106; Changed by 6.0%       |
| ABV:          | FY25E; 47.0<br>FY26E; 53.8 |

Source: Centrum Broking

## Shareholding pattern

|              | Mar-24 | Dec-23 | Sep-23 | Jun-23 |
|--------------|--------|--------|--------|--------|
| Promoter     | 37.4   | 37.5   | 39.4   | 39.9   |
| FII          | 23.7   | 24.3   | 24.5   | 20.9   |
| DII          | 10.5   | 10.4   | 9.5    | 11.7   |
| Public/other | 28.4   | 27.9   | 26.6   | 27.5   |

Source: BSE

## Centrum estimates vs Actual results

| YE Mar (Rs mn) | Centrum Q4FY24 | Actual Q4FY24 | Variance (%) |
|----------------|----------------|---------------|--------------|
| NII            | 44,117         | 44,705        | 1.3          |
| PPOP           | 16,617         | 16,707        | 0.5          |
| Provision      | 6,581          | 7,223         | 9.8          |
| PAT            | 7,676          | 7,319         | (4.7)        |

Source: Bloomberg, Centrum Broking



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BFSI

# Thesis Snapshot

## Estimate revision

| YE Mar (Rs bn) | FY25E New | FY25E Old | % chg  | FY26E New | FY26E Old | % chg  |
|----------------|-----------|-----------|--------|-----------|-----------|--------|
| NII            | 209.6     | 207.1     | 1.2    | 262.5     | 268.7     | (2.3)  |
| PPOP           | 74.8      | 81.1      | (7.8)  | 99.5      | 115.9     | (14.2) |
| PAT            | 29.2      | 39.4      | (25.9) | 44.6      | 60.1      | (25.8) |

Source: Centrum Broking

## IDFC First Bank versus NIFTY Midcap 100

|                  | 1m  | 6m    | 1 year |
|------------------|-----|-------|--------|
| IDFCFB IN        | 9.1 | (0.2) | 44.0   |
| NIFTY Midcap 100 | 5.9 | 32.8  | 62.1   |

Source: Bloomberg, NSE

## Key assumptions

| YE Mar                  | FY25E | FY26E |
|-------------------------|-------|-------|
| AUM Growth              | 24.0  | 24.0  |
| NII Growth              | 27.4  | 25.2  |
| Other Inc./Asset        | 2.0   | 1.9   |
| Opex/Assets             | 6.0   | 5.8   |
| Provision Cost/Avg. AUM | 1.6   | 1.5   |

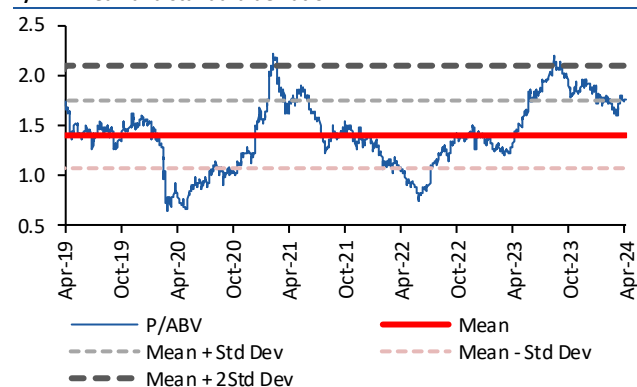
Source: Centrum Broking

## Valuations

We maintain our BUY recommendation for the stock. We roll forward to FY26 from 1HFY26 and value IDFCBK at 2x ABVE for FY26E, resulting in a revised TP of Rs106.

| Valuations        | Rs/share |
|-------------------|----------|
| ABV/Share (FY26E) | 52.9     |
| Multiple (x)      | 2.0      |
| Target Price (Rs) | 106      |
| Upside to CMP     | 25%      |

### P/ABV mean and standard deviation



Source: Bloomberg, Centrum Broking

## Peer comparison

| Company         | EPS (Rs) |       |       |       | BVPS (Rs) |       |       |       | RoAA (%) |       |       |       | RoAE (%) |       |       |       |
|-----------------|----------|-------|-------|-------|-----------|-------|-------|-------|----------|-------|-------|-------|----------|-------|-------|-------|
|                 | FY23A    | FY24A | FY25E | FY26E | FY23A     | FY24A | FY25E | FY26E | FY23A    | FY24A | FY25E | FY26E | FY23A    | FY24A | FY25E | FY26E |
| City Union Bank | 12.6     | 13.7  | 14.9  | 16.9  | 100.7     | 111.2 | 123.5 | 140.2 | 1.5      | 1.5   | 1.5   | 1.5   | 13.4     | 12.9  | 12.4  | 12.4  |
| Federal Bank    | 14.1     | 15.8  | 17.4  | 21.5  | 101.6     | 119.2 | 135.2 | 155.2 | 1.3      | 1.3   | 1.3   | 1.3   | 14.9     | 15.2  | 13.6  | 14.8  |
| Bandhan Bank    | 13.6     | 19.2  | 23.7  | 27.8  | 121.6     | 137.2 | 158.2 | 182.9 | 1.5      | 2.0   | 2.1   | 2.1   | 11.9     | 14.9  | 15.9  | 16.3  |
| RBL BANK        | 15.3     | 20.8  | 27.2  | 40.3  | 225.6     | 245.2 | 269.2 | 307.0 | 0.9      | 1.0   | 1.1   | 1.3   | 8.0      | 8.9   | 10.6  | 14.0  |
| Average         | 13.9     | 17.4  | 20.8  | 26.6  | 137.4     | 153.2 | 171.5 | 196.3 | 1.3      | 1.5   | 1.5   | 1.6   | 12.1     | 13.0  | 13.1  | 14.4  |
| IDFCBK          | 3.7      | 3.3   | 4.1   | 6.3   | 39.1      | 45.6  | 49.8  | 56.1  | 1.1      | 1.1   | 0.9   | 1.1   | 10.1     | 10.1  | 8.7   | 11.9  |

| Company         | Mcap (Rs mn) | P/E (x) |       |       |       | P/BV (x) |       |       |       |
|-----------------|--------------|---------|-------|-------|-------|----------|-------|-------|-------|
|                 |              | FY23A   | FY24A | FY25E | FY26E | FY23A    | FY24A | FY25E | FY26E |
| City Union Bank | 118,692      | 12.7    | 11.6  | 10.7  | 9.5   | 1.6      | 1.4   | 1.3   | 1.1   |
| Federal Bank    | 382,553      | 10.4    | 9.9   | 9.0   | 7.3   | 1.4      | 1.3   | 1.2   | 1.0   |
| Bandhan Bank    | 296,741      | 16.6    | 9.6   | 7.8   | 6.6   | 1.9      | 1.3   | 1.1   | 1.0   |
| RBL BANK        | 160,748      | 15.2    | 12.8  | 9.8   | 6.6   | 1.2      | 1.1   | 1.0   | 0.9   |
| Average         |              | 13.7    | 11.0  | 9.3   | 7.5   | 1.5      | 1.3   | 1.2   | 1.0   |
| IDFCBK          | 599,530      | 23.1    | 26.0  | 20.5  | 13.4  | 2.2      | 1.9   | 1.7   | 1.5   |

Source: Company, Centrum Broking; Peers: Bloomberg estimates

## Earnings concall KTAs

### Opening remarks

- IDFC is well placed to capture India's attractive and growing consumption growth story.
- Further, retail/micro enterprises/rural is the place where management is expecting huge growth opportunity.
- IDFC has been one of the most successful liability franchise over the last five years primarily due to its strong brand value. As on Dec 2018, the bank had retail TD of Rs10,800cr and as on date it stands at Rs1,51,000cr (CAGR of nearly 65% over the last five years).
- Further, on overall deposits front, IDFC (~Rs2 trillion) is less than 1% of overall system level deposits and hence the opportunity for the bank is huge.
- On advances front, IDFC offers unique products to rural India which is aiding to achieve multiple goals for the bank.
- CASA remained at impressive levels 47%.
- Opex was higher due to business volumes, branch expansion and tech spend

### Guidance

- Retail TD to be over Rs6 trillion over next five years (+30% CGAR).
- CTI is expected to be lower going ahead. By 2HFY25 – exit CTI should see meaningful recommendation primarily due to maturity of credit cost business.
- Expected branch addition is 900 over the next five years.
- FY25 credit cost expected to be at – 1.65%. 2HFY25 would be much better on various fronts – CTI/Credit costs.
- Advances growth would be ~22-23%.
- Deposits is expected to grow at rapid pace +30%.
- RoA target would be achieve 1.3-1.4% over next couple of years.

### Advances and deposits

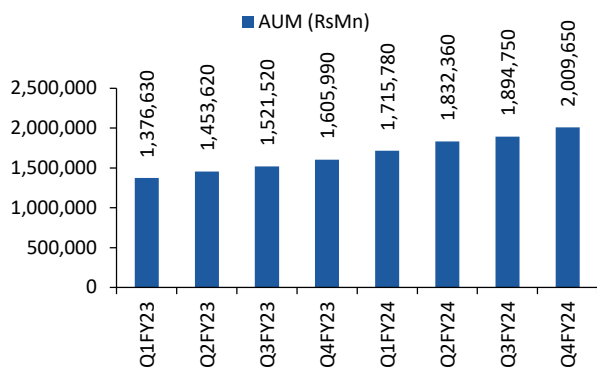
- CASA growth was due to increased focus.
- Deposits per branch are around Rs200cr. Targeted deposit per branch is to double from current levels

### Margins and Asset quality

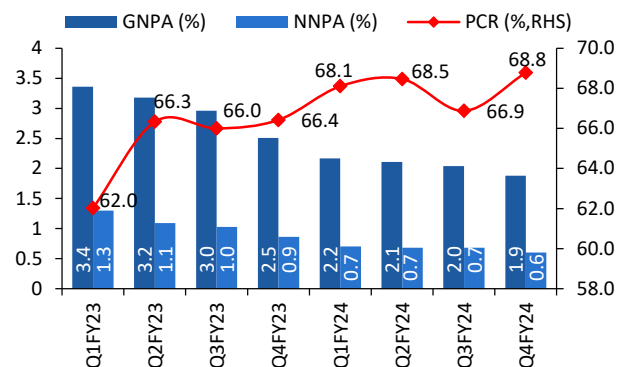
- Gross Slippages for 4QFY24 were Rs1,347cr compared to Rs1,422cr in 3QFY24.
- For FY24, CTI for the year (up 80bps) has been higher as bank invested for long term (technology and newer products) and hence lagged behind its earlier guidance.
- CTI would also improve as fee income improves going ahead.

### Others

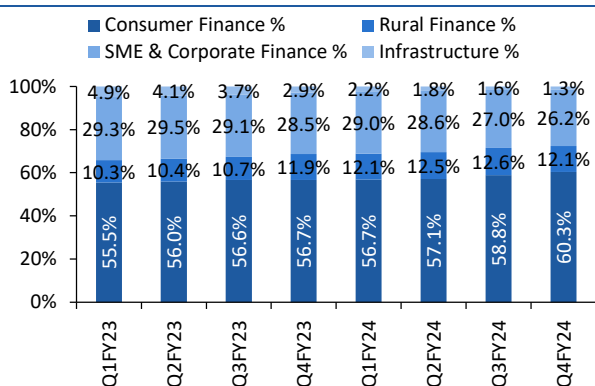
- LCR has sequential drop to 114% vs. 121% and the bank is expected to ~115% levels.

**Exhibit 1: AUM growth pick up pace with...**

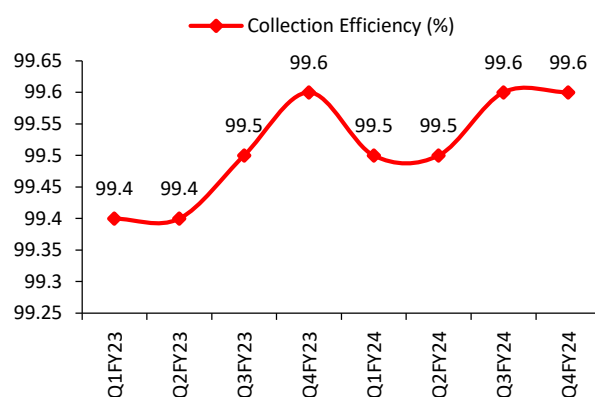
Source: Company Data, Centrum Broking

**Exhibit 2: GNPA and NNPA trend**

Source: Company Data, Centrum Broking

**Exhibit 3: Advances with increasing share of Consumer Finance...**

Source: Company, Centrum Broking

**Exhibit 4: ...Impressive Collection Efficiency**

Source: Company, Centrum Broking

**Exhibit 5: Quaterly financial Snapshot**

| Income statement           | Q3FY22           | Q4FY22           | Q1FY23           | Q2FY23           | Q3FY23           | Q4FY23           | Q1FY24           | Q2FY24           | Q3FY24           | Q4FY24           |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Interest earned            | 44,292           | 45,536           | 49,217           | 54,698           | 59,119           | 64,244           | 68,689           | 73,563           | 78,795           | 82,205           |
| Interest expended          | 18,490           | 18,842           | 21,704           | 24,673           | 26,259           | 28,271           | 31,224           | 34,056           | 35,924           | 37,500           |
| <b>Net Interest Income</b> | <b>25,802</b>    | <b>26,695</b>    | <b>27,514</b>    | <b>30,025</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>    |
| Other income               | 7,694            | 8,312            | 8,556            | 10,614           | 11,524           | 13,978           | 13,636           | 14,095           | 15,166           | 16,420           |
| <b>Total Income</b>        | <b>33,496</b>    | <b>35,007</b>    | <b>36,070</b>    | <b>40,639</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>Operating Expenses</b>  | <b>25,665</b>    | <b>26,612</b>    | <b>26,488</b>    | <b>28,795</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>    |
| Employees                  | 8,243            | 8,974            | 9,562            | 10,447           | 10,880           | 11,897           | 13,331           | 13,773           | 14,046           | 15,187           |
| Others                     | 17,422           | 17,638           | 16,926           | 18,349           | 20,735           | 22,286           | 23,046           | 24,717           | 28,146           | 29,232           |
| <b>Operating profit</b>    | <b>7,831</b>     | <b>8,395</b>     | <b>9,582</b>     | <b>11,843</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>    |
| Provisions                 | 3,919            | 3,695            | 3,080            | 4,242            | 4,502            | 4,824            | 4,762            | 5,284            | 6,548            | 7,223            |
| <b>Profit before tax</b>   | <b>3,913</b>     | <b>4,701</b>     | <b>6,502</b>     | <b>7,602</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>     |
| Taxes                      | 1,011            | 1,177            | 1,652            | 1,930            | 2,101            | 2,783            | 2,647            | 2,360            | 1,977            | 2,165            |
| <b>Net Profit</b>          | <b>2,902</b>     | <b>3,523</b>     | <b>4,850</b>     | <b>5,672</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>Balance sheet</b>       |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Shareholders funds         | 2,06,490         | 2,10,821         | 2,14,850         | 2,21,528         | 2,26,980         | 2,58,476         | 2,65,310         | 2,77,637         | 3,14,510         | 3,22,736         |
| Borrowings                 | 5,07,920         | 5,29,626         | 5,56,880         | 5,66,430         | 5,44,060         | 5,72,121         | 5,57,410         | 5,31,655         | 4,51,090         | 5,09,357         |
| Deposits                   | 9,27,650         | 10,55,396        | 11,33,490        | 12,34,141        | 13,30,380        | 14,44,695        | 15,44,270        | 17,11,148        | 18,25,490        | 20,05,702        |
| Other liabilities          | 1,00,270         | 1,05,614         | 1,00,440         | 1,06,069         | 1,12,320         | 1,23,529         | 1,22,510         | 1,26,763         | 1,16,290         | 1,24,303         |
| <b>Total liabilities</b>   | <b>17,42,320</b> | <b>19,01,457</b> | <b>20,05,650</b> | <b>21,28,168</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> |
| Cash&bank                  | 1,75,670         | 1,57,024         | 1,07,610         | 1,48,505         | 1,23,190         | 1,37,787         | 1,32,070         | 1,30,498         | 1,14,330         | 1,24,812         |
| Advances                   | 11,64,220        | 11,78,578        | 13,25,550        | 13,47,619        | 14,71,090        | 15,17,945        | 16,73,740        | 17,48,138        | 18,55,030        | 19,45,924        |
| Investments                | 3,15,500         | 4,59,346         | 4,70,950         | 5,03,762         | 5,10,160         | 6,09,133         | 5,62,690         | 6,29,224         | 6,03,960         | 7,45,001         |
| Fixed assets               | 13,330           | 13,873           | 14,560           | 16,466           | 19,020           | 21,331           | 22,850           | 25,164           | 25,020           | 26,746           |
| Other assets               | 73,600           | 92,637           | 86,980           | 1,11,815         | 90,280           | 1,12,625         | 98,150           | 1,14,179         | 1,09,040         | 1,19,616         |
| <b>Total assets</b>        | <b>17,42,320</b> | <b>19,01,457</b> | <b>20,05,650</b> | <b>21,28,168</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>Balance sheet(%)</b>    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Loan growth                | 9.6              | 17.2             | 22.0             | 31.8             | 26.4             | 28.8             | 26.3             | 29.7             | 26.1             | 28.2             |
| Deposit growth             | 10.0             | 19.2             | 24.1             | 36.8             | 43.4             | 36.9             | 36.2             | 38.7             | 37.2             | 38.8             |
| Loans/Deposits             | 125.5            | 111.7            | 116.9            | 109.2            | 110.6            | 105.1            | 108.4            | 102.2            | 101.6            | 97.0             |
| Investment /Deposits       | 34.0             | 43.5             | 41.5             | 40.8             | 38.3             | 42.2             | 36.4             | 36.8             | 33.1             | 37.1             |
| <b>Capital Adequacy</b>    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Tier-1                     | 14.8             | 14.9             | 14.0             | 13.7             | 13.5             | 14.2             | 13.7             | 13.5             | 14.0             | 13.4             |
| Tier-2                     | 0.6              | 1.9              | 1.8              | 1.7              | 2.6              | 2.6              | 3.3              | 3.1              | 2.8              | 2.8              |
| CRAR                       | 15.4             | 16.7             | 15.8             | 15.4             | 16.1             | 16.8             | 17.0             | 16.5             | 16.7             | 16.1             |
| <b>Profitability(%)</b>    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Yield on assets            | 11.4             | 11.2             | 11.2             | 12.4             | 12.6             | 12.9             | 12.9             | 13.6             | 13.5             | 13.1             |
| Cost of funds              | 5.5              | 5.1              | 5.6              | 6.1              | 6.3              | 6.3              | 6.6              | 6.7              | 6.9              | 6.6              |
| NIM                        | 6.6              | 6.6              | 6.3              | 6.8              | 7.0              | 7.2              | 7.0              | 7.3              | 7.3              | 7.1              |
| Other income/Assets        | 1.9              | 1.9              | 1.9              | 2.2              | 2.3              | 2.6              | 2.4              | 2.4              | 2.5              | 2.5              |
| Cost/Income                | 76.6             | 76.0             | 73.4             | 70.9             | 71.2             | 68.4             | 71.2             | 71.8             | 72.7             | 72.7             |
| Employees                  | 24.6             | 25.6             | 26.5             | 25.7             | 24.5             | 23.8             | 26.1             | 25.7             | 24.2             | 24.8             |
| Others                     | 52.0             | 50.4             | 46.9             | 45.2             | 46.7             | 44.6             | 45.1             | 46.1             | 48.5             | 47.8             |
| Cost/Assets                | 6.2              | 6.0              | 5.7              | 6.0              | 6.4              | 6.4              | 6.5              | 6.4              | 6.9              | 6.6              |
| RoA                        | 0.7              | 0.8              | 1.0              | 1.2              | 1.2              | 1.5              | 1.3              | 1.3              | 1.2              | 1.1              |
| RoE                        | 6.1              | 7.2              | 9.3              | 10.7             | 11.4             | 13.9             | 12.2             | 12.0             | 10.8             | 10.1             |
| <b>Asset quality(%)</b>    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| GNPA                       | 3.96             | 3.7              | 3.36             | 3.18             | 2.96             | 2.51             | 2.17             | 2.11             | 2.04             | 1.88             |
| NNPA                       | 1.74             | 1.53             | 1.3              | 1.09             | 1.03             | 0.86             | 0.7              | 0.68             | 0.68             | 0.6              |
| PCR                        | 57.1             | 59.5             | 62.0             | 66.3             | 66.0             | 66.4             | 68.1             | 68.5             | 66.9             | 68.8             |
| Credit Cost on gross AUM   | 1.3              | 1.2              | 1.0              | 1.3              | 1.3              | 1.3              | 1.2              | 1.3              | 1.5              | 1.6              |
| Loan/Deposit               | 131.8            | 122.3            | 121.5            | 117.8            | 114.4            | 111.2            | 111.1            | 107.1            | 103.8            | 100.2            |

Source: Company, Centrum Broking

**Exhibit 6: ROAE Tree**

|   | <b>FY18</b> | <b>FY19</b> | <b>FY20</b>  | <b>FY21</b>  | <b>FY22</b>  | <b>FY23</b>  | <b>FY24</b>  | <b>FY25E</b> | <b>FY26E</b> |
|---|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Assets  | 1,263,820   | 1,670,989   | 1,491,586    | 1,630,715    | 1,901,457    | 2,398,821    | 29,62,098    | 37,38,179    | 46,30,566    |
| Average total assets  | 1,192,232   | 1,467,405   | 1,581,287    | 1,561,150    | 1,766,086    | 2,150,139    | 26,80,459    | 33,50,138    | 41,84,372    |
| Equity  | 152,741     | 181,994     | 154,035      | 178,997      | 210,821      | 258,476      | 3,22,736     | 3,52,031     | 3,96,639     |
| Average Equity  | 149,757     | 167,367     | 168,014      | 166,516      | 194,909      | 234,648      | 2,90,606     | 3,37,383     | 3,74,335     |
| Interest Income on term loans/ Average total assets                         | 4.1%        | 5.3%        | 7.6%         | 8.1%         | 8.0%         | 8.9%         | 9.7%         | 9.8%         | 9.8%         |
| 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%         | 1.5%         | 1.5%         |
| Non-Interest Income/ Average total assets                                   | 0.9%        | 0.6%        | 1.1%         | 1.4%         | 1.8%         | 2.0%         | 2.2%         | 2.0%         | 1.9%         |
| <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>13.4%</b> | <b>13.3%</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%        | 5.23%        | 5.19%        |
| <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>6.3%</b>  | <b>6.3%</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>8.2%</b>  |
| Operating Expenses / Average total assets                                   | 1.5%        | 2.4%        | 3.6%         | 4.5%         | 5.4%         | 5.6%         | 6.0%         | 6.0%         | 5.8%         |
| <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>2.2%</b>  | <b>2.4%</b>  |
| Provision Cost / Average total assets                                       | 0.1%        | 0.3%        | 0.4%         | 1.3%         | 1.8%         | 0.8%         | 0.9%         | 1.1%         | 1.0%         |
| <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>1.2%</b>  | <b>1.4%</b>  |
| Tax expense/ Average total assets   | 0.2%        | -0.9%       | 0.3%         | 0.0%         | 0.0%         | 0.4%         | 0.3%         | 0.3%         | 0.4%         |
| One-time adjustment/Average Total Assets                                    | 0.0%        | 1.7%        | 1.6%         | 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>0.9%</b>  | <b>1.1%</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         | 9.93         | 11.18        |
| <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>8.7%</b>  | <b>11.9%</b> |

Source: Company, Centrum Broking

| P&L                        |                 |                 |                 |                 |                 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| YE Mar (Rs mn)             | FY22A           | FY23A           | FY24A           | FY25E           | FY26E           |
| Interest earned            | 1,71,727        | 2,27,278        | 3,03,251        | 3,84,988        | 4,79,866        |
| Interest expended          | 74,651          | 1,00,906        | 1,38,703        | 1,75,338        | 2,17,294        |
| <b>Net Interest Income</b> | <b>97,076</b>   | <b>1,26,372</b> | <b>1,64,548</b> | <b>2,09,650</b> | <b>2,62,572</b> |
| Other income               | 31,726          | 43,532          | 52,975          | 65,811          | 80,808          |
| <b>Total Income</b>        | <b>1,28,802</b> | <b>1,69,904</b> | <b>2,17,523</b> | <b>2,75,461</b> | <b>3,43,380</b> |
| <b>Operating Expenses</b>  | <b>95,967</b>   | <b>1,21,082</b> | <b>1,61,477</b> | <b>2,00,600</b> | <b>2,43,871</b> |
| Employees                  | 30,999          | 42,786          | 56,337          | 70,634          | 86,915          |
| Others                     | 64,968          | 78,297          | 1,05,141        | 1,29,967        | 1,56,956        |
| <b>PPoP</b>                | <b>32,836</b>   | <b>48,821</b>   | <b>56,046</b>   | <b>74,860</b>   | <b>99,508</b>   |
| Provisions                 | 31,086          | 16,648          | 23,817          | 35,800          | 40,031          |
| <b>Profit before tax</b>   | <b>1,750</b>    | <b>32,173</b>   | <b>32,230</b>   | <b>39,060</b>   | <b>59,477</b>   |
| Taxes                      | 427             | 8,465           | 9,148           | 9,765           | 14,869          |
| <b>Net Profit</b>          | <b>1,323</b>    | <b>23,708</b>   | <b>23,082</b>   | <b>29,295</b>   | <b>44,608</b>   |

| Ratios                    |            |            |            |            |            |
|---------------------------|------------|------------|------------|------------|------------|
| YE Mar                    | FY22A      | FY23A      | FY24A      | FY25E      | FY26E      |
| <b>Growth (%)</b>         |            |            |            |            |            |
| Loans                     | 17.2       | 28.8       | 28.2       | 23.0       | 23.0       |
| Deposits                  | 19.2       | 36.9       | 38.8       | 31.1       | 31.7       |
| RWA growth                | 6.1        | 28.8       | 29.7       | 28.7       | 25.5       |
| NII                       | 31.5       | 30.2       | 30.2       | 27.4       | 25.2       |
| Other income              | 0.4        | (17.4)     | 11.6       | 13.3       | 11.8       |
| Opex                      | 317.0      | 290.6      | 277.4      | 24.2       | 21.6       |
| PPoP                      | 29.2       | 48.7       | 14.8       | 33.6       | 32.9       |
| Provisions                | 53.7       | (46.4)     | 43.1       | 50.3       | 11.8       |
| Net profit                | (72.6)     | 1,752.3    | (5.8)      | 26.9       | 52.3       |
| <b>Profitability (%)</b>  |            |            |            |            |            |
| Yield on assets           | 10.0       | 11.2       | 12.2       | 12.5       | 12.6       |
| Cost of funds             | 7.4        | 5.6        | 6.1        | 6.1        | 5.9        |
| NIM                       | 5.6        | 6.3        | 6.6        | 6.8        | 6.9        |
| Other income / Total inc. | 24.6       | 25.6       | 24.4       | 23.9       | 23.5       |
| Other inc. / avg assets   | 1.8        | 2.0        | 2.2        | 2.0        | 1.9        |
| Cost/Income               | 74.5       | 71.3       | 74.2       | 72.8       | 71.0       |
| Employee                  | 24.1       | 46.1       | 25.9       | 25.6       | 25.3       |
| Other                     | 50.4       | 46.1       | 48.3       | 47.2       | 45.7       |
| Opex/ Avg assets          | 5.4        | 5.6        | 6.0        | 6.0        | 5.8        |
| Provisioning cost         | 4.6        | 1.2        | 1.4        | 1.6        | 1.5        |
| Tax rate                  | 24.4       | 26.3       | 28.4       | 25.0       | 25.0       |
| RoE                       | 0.7        | 10.4       | 7.9        | 8.7        | 11.9       |
| RoA                       | 0.1        | 1.1        | 0.9        | 0.9        | 1.1        |
| RoRWA                     | 0.1        | 1.6        | 1.2        | 1.1        | 1.4        |
| <b>Du-pont (%)</b>        |            |            |            |            |            |
| Interest income           | 9.7        | 10.6       | 11.3       | 11.5       | 11.5       |
| Interest expenses         | 4.2        | 4.7        | 5.2        | 5.2        | 5.2        |
| <b>NII</b>                | <b>5.5</b> | <b>5.9</b> | <b>6.1</b> | <b>6.3</b> | <b>6.3</b> |
| Other income              | 1.8        | 2.0        | 2.2        | 2.0        | 1.9        |
| <b>Total income</b>       | <b>7.3</b> | <b>7.9</b> | <b>8.4</b> | <b>8.2</b> | <b>8.2</b> |
| Operating expenses        | 5.4        | 5.6        | 6.0        | 6.0        | 5.8        |
| Employee                  | 1.8        | 2.0        | 2.1        | 2.1        | 2.1        |
| Other                     | 3.7        | 3.6        | 3.9        | 3.9        | 3.8        |
| <b>PPoP</b>               | <b>1.9</b> | <b>2.3</b> | <b>2.3</b> | <b>2.2</b> | <b>2.4</b> |
| Provisions                | 1.8        | 0.8        | 0.9        | 1.1        | 1.0        |
| <b>PBT</b>                | <b>0.1</b> | <b>1.5</b> | <b>1.4</b> | <b>1.2</b> | <b>1.4</b> |
| Tax                       | 0.0        | 0.4        | 0.3        | 0.3        | 0.4        |
| <b>RoA</b>                | <b>0.1</b> | <b>1.1</b> | <b>0.9</b> | <b>0.9</b> | <b>1.1</b> |

Source: Company, Centrum Broking

| Balance sheet            |                  |                  |                  |                  |                  |
|--------------------------|------------------|------------------|------------------|------------------|------------------|
| YE Mar (Rs mn)           | FY22A            | FY23A            | FY24A            | FY25E            | FY26E            |
| Share capital            | 62,338           | 66,552           | 71,289           | 71,289           | 71,289           |
| Reserves & surplus       | 1,48,483         | 1,91,923         | 2,51,447         | 2,80,742         | 3,25,350         |
| Deposits                 | 10,55,396        | 14,44,695        | 20,05,702        | 26,30,205        | 34,63,515        |
| Borrowings               | 5,29,626         | 5,72,121         | 5,09,356         | 6,29,953         | 6,42,010         |
| Other Liabilities        | 1,05,614         | 1,23,529         | 1,24,303         | 1,25,991         | 1,28,402         |
| <b>Total liabilities</b> | <b>19,01,457</b> | <b>23,98,821</b> | <b>29,62,096</b> | <b>37,38,179</b> | <b>46,30,566</b> |
| Cash balances with RBI   | 1,12,812         | 1,05,623         | 1,09,885         | 1,70,963         | 2,07,811         |
| Balances with banks      | 44,211           | 32,164           | 14,927           | 32,878           | 45,026           |
| Investments              | 4,59,346         | 6,09,133         | 7,45,001         | 9,20,572         | 11,42,960        |
| Advances                 | 11,78,578        | 15,17,945        | 19,45,924        | 23,93,486        | 29,43,988        |
| Fixed Assets             | 13,873           | 21,331           | 26,746           | 34,769           | 46,939           |
| Other Assets             | 92,637           | 1,12,625         | 1,19,616         | 1,85,511         | 2,43,843         |
| <b>Total assets</b>      | <b>19,01,457</b> | <b>23,98,821</b> | <b>29,62,096</b> | <b>37,38,179</b> | <b>46,30,566</b> |

| Ratios                          |        |        |        |        |        |
|---------------------------------|--------|--------|--------|--------|--------|
| YE Mar (Rs mn)                  | FY22A  | FY23A  | FY24A  | FY25E  | FY26E  |
| <b>Balance Sheet (%)</b>        |        |        |        |        |        |
| Loans / Deposits                | 111.7  | 105.1  | 97.0   | 91.0   | 85.0   |
| Investments / Deposits          | 43.5   | 42.2   | 37.1   | 35.0   | 33.0   |
| CASA                            | 48.4   | 49.7   | 47.2   | 46.5   | 46.5   |
| Assets/equity (x)               | 9.0    | 9.3    | 9.2    | 10.6   | 11.7   |
| RWA / Total assets              | 71.4   | 72.9   | 76.5   | 78.0   | 79.0   |
| <b>Capital ratios (%)</b>       |        |        |        |        |        |
| CET-1                           | 14.9   | 14.2   | 13.8   | 11.7   | 10.6   |
| Tier-1                          | 14.9   | 14.2   | 13.8   | 11.7   | 10.6   |
| Tier-2                          | 1.9    | 2.6    | 2.7    | 2.1    | 1.7    |
| CRAR                            | 16.7   | 16.8   | 16.5   | 13.8   | 12.2   |
| <b>Asset quality ratios (%)</b> |        |        |        |        |        |
| GNPA (Rs mn)                    | 44,691 | 38,845 | 37,184 | 56,802 | 70,138 |
| NNPA (Rs mn)                    | 18,081 | 13,041 | 11,605 | 20,503 | 26,274 |
| GNPA                            | 3.5    | 2.4    | 1.9    | 2.3    | 2.3    |
| NNPA                            | 1.5    | 0.9    | 0.6    | 0.9    | 0.9    |
| PCR                             | 59.5   | 66.4   | 68.8   | 63.9   | 62.5   |
| Slippage                        | 6.4    | 3.5    | 0.0    | 0.0    | 0.0    |
| NNPA / Equity                   | 8.6    | 5.0    | 3.6    | 5.8    | 6.6    |
| <b>Per share</b>                |        |        |        |        |        |
| EPS                             | 0.2    | 3.7    | 3.3    | 4.1    | 6.3    |
| BVPS                            | 33.9   | 39.1   | 45.6   | 49.8   | 56.1   |
| ABVPS                           | 31.0   | 37.1   | 44.0   | 46.9   | 52.4   |
| <b>Valuation (x)</b>            |        |        |        |        |        |
| P/E                             | 398.5  | 22.9   | 26.0   | 20.5   | 13.4   |
| P/BV                            | 2.5    | 2.2    | 1.9    | 1.7    | 1.5    |
| P/ABV                           | 2.7    | 2.3    | 1.9    | 1.8    | 1.6    |

Source: Company, Centrum Broking

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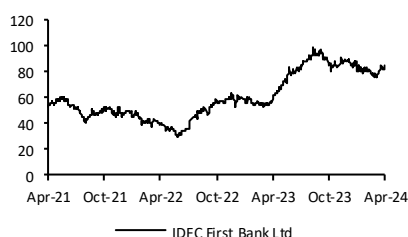
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#### IDFC First Bank



Source: Bloomberg

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