

29th April 2026

Close*: ₹68.71/-

View – **HOLD**

Key Highlights – Q4FY26

- IDFC First Bank Ltd.'s PAT was up + 5% YoY/ -36.5% QoQ to ₹3,191mn.
- Customer deposits rose +17% YoY/ +1% QoQ to ₹2,944bn.
- Loan book witnessed healthy +20% YoY / +4% QoQ growth to ₹2,837bn.
- Asset quality improved sequentially with GNPA at 1.61% and NNPA at 0.48%.
- Return ratios for the bank have come off with RoA at 0.57% up +6bps QoQ.
- The moderation in MFI-related asset quality pressure allowed credit costs to cool to 160bps this quarter – outperforming both the previous quarter's 205bps and the consensus estimate of 170bps.

IDFCB delivered a resilient underlying performance in Q4FY26, characterized by margin expansion and stabilizing asset quality, though shadowed by a one-time fraud impact.

Core metrics are improving as credit stress eases and operational leverage kicks in; however, reaching a 1% RoA will take longer than expected. Persistent investment requirements and high liability costs continue to act as a drag on the bank's return profile.

Important Statistics

Nifty	23,995.70
Sensex	76,886.91
Close* (₹)	68.71
M.CAP (₹ bn)	~₹603
52 Week H/L (₹)	87/58
NSE Code	IDFCFIRSTB
BSE Code	539437
Bloomberg Code	IDFCBK:IN

Close* as on 28th April 2026

Shareholding Pattern (%) Mar'26

Promoters	-
FII's	36.5
DII+Govt.	30.5
Public & Others	32.9

Q4FY26 Result Update

Financial

(₹ bn)

Profitability & Margins

- **NII & NIM:** Net Interest Income grew 16% YoY (+3% QoQ), fueled by a 17bps expansion in NIM to 5.93%.
- **Cost of Funds:** Savings Account (SA) rate cuts and term deposit repricing successfully reduced deposit costs by 14bps QoQ.
- **Fees:** Fee income remains a soft spot, showing a sequential de-growth.

Operating Efficiency

- **Opex:** Excluding the ₹6.4bn fraud impact, opex growth was contained at 12% YoY (flat QoQ).
- **Efficiency Gap:** The cost-to-income ratio (ex-fraud) remains high at 77% (5.9% opex/assets), posing a hurdle for sustainable RoA expansion beyond 1%.

Asset Quality & Credit Costs

- **MFI Recovery:** Stress in the Microfinance (MFI) segment has subsided significantly. MFI slippages dropped to just ₹960mn (5% share vs. 20% in Q2), with collection efficiency reaching a robust 99.7%.
- **Credit Costs:** Dropped to 160bps (vs. 205bps in Q3), outperforming the 170bps analyst consensus.
- **Slippages:** Total slippages fell 15% QoQ to 2.5% of loans, with the SMA book dipping to 78bps. Provision Coverage Ratio (PCR) remains strong at 70%.

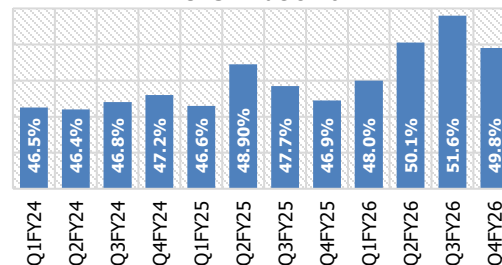
Business Growth & Liabilities

- **Loans:** Grew 20% YoY (+4% QoQ), led by retail (vehicles, consumer, gold) and commercial banking.
- **Deposits:** Growth was relatively muted at 16% YoY (+1% QoQ), trailing loan growth, though the CASA ratio remained steady at 50%.

Earnings Outlook

- **Impact:** While the Chandigarh branch fraud creates a base-effect drag on FY26, and FY27/28E estimates are revised downward by 22%, the bank's core earnings rebound is expected to be sharp.

CASA Ratio %



Source – Company, Way2Wealth Research

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
IDFC First Bank	4.5%	13.85%	27.9%
Nifty 50	-0.7%	41%	65%
Sensex	-3.48%	26.8%	55.7%

Source – Company, Way2Wealth Research

Loans & Advances

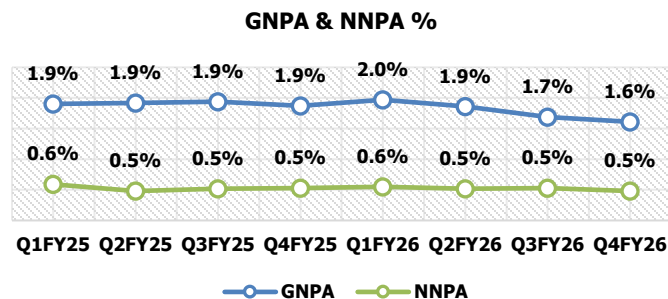
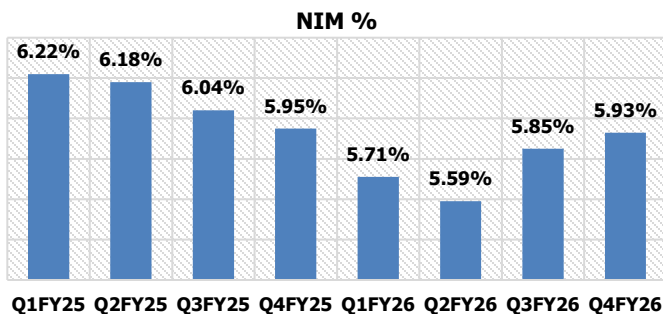
(₹ bn)	Q4FY26	%YoY	%QoQ
Mortgages	615	11%	2%
Consumer Loans	538	23%	5%
Credit Cards	92	22%	0%
Vehicle Finance	335	28%	5%
Gold Loans	39	79%	24%
Others	60	114%	28%
Rural Finance - KCC	241	-3%	3%
Microfinance	67	-30%	0%
Business Finance	947	25%	3%
Wholesale Loans	579	31%	3%
Business Banking	128	31%	8%
CV/CE Financing	99	32%	6%
Others	141	0%	-1%
Total Gross Advances	2,903	20%	4%

Source – Company, Way2Wealth Research

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Source – Company, Way2Wealth Research

Outlook

Profitability remains muted as high operating costs and past one-off disruptions (MFI and fraud) offset core gains. Although opex growth is being disciplined, the benefits of scale are delayed until at least FY27. The bank's core strengths—minimal asset quality stress and a solid liability profile—provide a sturdy foundation, but expanding RoA will require a decisive reduction in the opex-to-assets metric.

The "noise" of the fraud provision should not mask the "signal" of the **32% YoY growth in Core Operating Profit**. IDFC FIRST Bank has successfully completed its transition to a retail-funded bank and is now entering a phase of high-margin sustainability.

Hence, **we recommend HOLD the stock at current multiple of 1.3x of P/ABV for the target of 1.25x FY28E P/ABV multiple.**

Concall KTAs

➤ **On the Fraud Incident**

- **Management Stance:** They described the incident as "isolated" and "non-recurring." By taking the full provision hit in Q4 FY26, they aim to enter the new financial year with a completely clean balance sheet.

➤ **Cost of Funds and Savings Rates**

- **Interest Rate Glide Path:** The bank has been aggressively cutting savings account rates (previously 7%, now down to 3–5% in various buckets).
- **Guidance:** They expect the **full impact of these rate cuts** to flow through in FY27, which will significantly lower their cost of funds (already down 51 bps YoY to 6.00%) and further support NIMs.

➤ **Credit Cost & Profitability**

- **Credit Cost Target:** Management is maintaining a long-term credit cost guidance of **~2%**.
- **RoE/RoA Path:** With the legacy "IDFC Ltd" infrastructure costs mostly absorbed and the liability side stabilized, the bank guided toward a steady expansion in **Return on Equity (RoE)** and **Return on Assets (RoA)** for FY27.

➤ **Sectoral Focus**

- **MSME & Bharat Banking:** The bank will continue to pivot toward high-yield MSME and rural segments, while being selective in the urban unsecured retail space where some industry-wide stress has been noted.

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Quarterly Performance

(₹ mn)

Particulars	Q4FY25	Q3FY26	Q4FY26	YoY Growth	QoQ Growth	FY25	FY26	YoY Change
Int Income	94,129	1,04,170	1,05,528	12.1%	1.3%	3,65,015	4,05,488	11.1%
Int Expense	45,058	49,246	48,756	8.2%	-1.0%	1,72,095	1,93,336	12.3%
Net Interest Income	49,072	54,924	56,772	15.7%	3.4%	1,92,920	2,12,153	10.0%
Fee Income	17,020	20,290	20,630	21.2%	1.7%	70,217	78,733	12.1%
Operating Income	68,026	76,174	75,812	11.4%	-0.5%	2,63,137	2,90,886	10.5%
Operating Expense	49,910	55,841	62,487	25.2%	11.9%	1,88,988	2,18,772	15.8%
Operating Profit (PPOP)	18,116	20,334	13,325	-26.4%	-34.5%	74,149	72,114	-2.7%
Provisions	14,505	13,983	11,430	-21.2%	-18.3%	55,147	53,786	-2.5%
PBT	3,611	6,351	1,895	-47.5%	-70.2%	19,001	18,328	-3.5%
Tax	571	1,325	(1,296)			3,753	1,965	
PAT	3,041	5,026	3,191	5.0%	-36.5%	15,249	16,364	7.3%
CASA Ratio	46.9%	51.6%	49.8%					
GNPA %	1.87%	1.69%	1.61%					
NNPA%	0.53%	0.53%	0.48%					
PCR %	72.30%	69.10%	70.46%					

Source – Company, Way2wealth Research

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Financials

	(₹ mn)			
Profit & Loss	FY25	FY26	FY27E	FY28E
Interest Income	3,65,015	4,05,488	4,66,311	5,52,311
Interest Expense	1,72,095	1,93,336	2,04,287	2,37,584
Net Interest Income	1,92,920	2,12,153	2,62,025	3,14,727
% Growth	17%	10%	24%	20%
Treasury Income	5,661	0	4,678	5,036
Other Income from Banking Operations	64,556	78,733	83,503	93,726
Gross income	2,63,137	2,90,886	3,50,205	4,13,489
Employees Expenses	57,099	61,819	68,001	77,521
Other Operational Expenses	1,31,889	1,56,953	1,75,787	2,03,034
Operating Profit	74,149	72,114	1,06,417	1,32,934
% Growth	19%	-3%	48%	25%
Tax	3,753	1,965	10,988	14,814
Loan Loss Provisions	55,147	53,786	62,639	73,914
Net Profit	15,249	16,364	32,790	44,206
	-48%	7%	100%	35%

Source – Company, Way2wealth Research

	(₹ mn)			
Balance Sheet	FY25	FY26	FY27E	FY28E
Capital	73,221	88,896	88,896	88,896
Reserves and Surplus	3,07,559	3,84,623	4,12,142	4,53,120
Shareholder Funds	3,80,780	4,73,518	5,01,037	5,42,016
Deposits	25,20,653	29,44,747	33,86,459	38,94,428
Borrowings	3,89,748	3,66,207	3,73,531	3,81,002
Other Liabilities & Provisions	1,47,006	2,13,330	2,34,663	2,58,130
TOTAL	34,38,187	39,97,802	44,95,691	50,75,575
Cash & Balances with RBI	1,40,235	1,13,371	1,80,480	2,05,221
Balances with Banks & money at Call & Short Notice	10,739	14,253	22,560	25,653
Investments	8,07,155	8,59,663	7,56,773	6,90,547
Advances	23,31,125	28,03,906	33,08,609	39,04,159
Fixed Assets	25,430	25,573	28,130	30,943
Other Assets	1,45,169	1,81,036	1,99,139	2,19,053
TOTAL	34,59,853	39,97,801	44,95,691	50,75,575

Source – Company, Way2wealth Research

Per Share Data	FY25	FY26	FY27E	FY28E
Book value per share (₹)	52.0	53.3	56.4	61.0
Adj. Book value per share (₹)	49.8	49.2	53.8	58.9
Price/ Adj. Book value	1.4	1.4	1.3	1.2
EPS (₹)	2.1	2.0	3.7	5.0
EPS Growth	-51%	-5%	83%	35%
P/E Ratio	32.1	33.7	18.4	13.7
Asset Quality	2,025	2,026	2027E	2028E
Gross NPA, (₹ crs)	46,141	47,390	81,475	85,379
Gross NPA (%)	2.0	1.7	2.4	2.1
Net NPA, (₹ crs)	14,269	34,276	21,005	16,274
Net NPA (%)	0.6	1.2	0.6	0.4
% coverage of NPA	69.1%	27.7%	74.2%	80.9%

Source – Company, Way2wealth Research

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Business Ratios	FY25	FY26	FY27E	FY28E
Credit-Deposit(%)	92.5	95.2	97.7	98.2
Investment / Deposit (%)	32.0	29.2	22.3	17.7
Cash / Deposit (%)	6.0	4.3	6.0	5.9
RoAA (%)	0.5	0.4	0.8	0.9
Core RoE (%)	4.3	3.8	6.7	8.5
Dividend Yield (%)	-	0.0	0.0	0.0
CASA ratio (%)	46.9	49.8	47.6	47.6

Source – Company, Way2wealth Research

Earnings Ratios	2025	2026	2027E	2028E
Yield on Advances (%)	14.4	13.3	13.0	14.0
Yield on Investments (%)	6.9	7.2	6.4	6.4
Interest Income/ Avg.assets	11.4%	10.9%	11.0%	11.5%
Interest Expense/ Avg. assets	5.4%	5.2%	4.8%	5.0%
Net Interest Margin (%)	6.0	5.7	6.2	6.6
NIM based on avg. earning assets (%)	6.6	6.2	6.8	7.2
Cost Ratio	2025	2026	2027E	2028E
Interest Expended/ Interest Earned (%)	47.1	47.7	43.8	43.0
Cost/ Income Ratio (%)	71.8	75.2	69.6	67.9
Cost of Deposit (%)	6.1	-	5.6	5.7
Provisioning/ Operating Profit (%)	74.4	74.6	58.9	55.6
other income as % of total income	27%	27%	25%	24%
Cost to Asset (%)	5.5	5.5	5.4	5.5

Source – Company, Way2wealth Research

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Disclosure of Interest Statement: IDFC First Bank Ltd. as on April 29, 2026

Name of the Security	IDFC First Bank Ltd.
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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