IDFC First Bank

India | Banking & Financials | Result Update | Rating Downgrade

1 February 2026

On expected lines, still long way to go

IDFC First Bank (IDFCFB IN) reported a steady Q3FY26 performance, led by better revenue while asset quality trends still fell short of expectations. The key highlights were: a) stronger NII, up 5.5% QoQ, with a 17bp QoQ rise in NIM (drawing support from better funding cost) and healthy loan growth, b) opex looked higher given one-offs expenses (labor law change impact), excluding which core PPoP was better and c) asset quality outcomes were steady but improvement still lags expectations – credit cost still elevated even post buffer utilization and >3pp QoQ dip in coverage. Better growth outcomes and near-term earnings tailwinds will drive some re-rating. That said, a structural re-rating will hinge on improved cost ratios, the key to improving RoEs. The stock has outperformed ~20% post our coverage, and we expect any rerating to be more gradual hereon. Thus, we revise to **Accumulate from BUY** with TP pared to INR 90 (earlier INR 85) as we roll forward to December 2027E.

Sustained business momentum, improving margins: IDFCFB has been reorienting its balance sheet. Q3 saw similar trends with stronger growth in CV/CE, business banking, consumer and gold loans segment. Along with this, deposit growth at 22.9% YoY/5.2% QoQ was steady and driven by CASA, while the bank reduced its certificate of deposits. This has, resulted in 17bps QOQ NIM expansion, led by lower funding costs and CRR cut benefits of 2-3bps. The recent SA rate cuts provide further tailwinds but given various moving variables we would still await outcomes. We will continue to monitor the NIM trajectory, and how the bank balances liquidity, growth and margins outcomes.

Cost ratios – Continue to be a work-in-progress: Q3 saw 9% QoQ opex growth with 7.5% QoQ employee cost growth as IDFCFB had one-time impact of Labour Law changes of ~INR 650mn and other opex growth of 9.6% QoQ. Overall core profitability growth seems to be improving, but sustainability is the key. Our analysis on certain aspects of costs leaves some open questions which warrant monitoring. While spending is easy, improving productivity is critical. We believe, cost ratios will improve gradually, implying a steady re-rating.

Contained asset quality outcomes: Slippages were at ~INR 20.9bn (~3.1% of lagged loans, versus 3.5% in Q2FY26). While MFI slippages reduced QoQ, non-MFI slippages have been stickier. The bank has utilized MFI provisions of IRN 0.75bn and would likely continue to utilize the same. Coverage also dropped 3pp QoQ to sub-70%, which cushioned credit cost impact. IDFCFB believes there would be some increase in credit cost during ECL implementation. This could render some volatility and delay improvement in return ratios.

Revise to Accumulate with a higher TP of INR 90: IDFCFB has adeptly managed the tougher aspects of its balance sheet. So, expect near-term tailwinds, given turning rate tables and stabilizing credit cost (MFI pain likely at peak). Better credit growth outcomes would support earnings profile. However, any re-rating would hinge on improved cost ratios. Our FY27E/28E EPS estimates broadly remain the same. The stock has risen ~20% post our initiation and we see gradual re-rating hereon. Thus, we revise to **Accumulate from BUY with higher TP of INR 90** (earlier INR 85) as we roll forward to December 2027E.

Key Financials

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
PPoP (INR mn)	62,370	74,149	85,113	114,055	146,272
YoY (%)	26.5	18.9	14.8	34.0	28.2
NP (INR mn)	29,566	15,249	21,130	42,421	58,827
YoY (%)	21.3	(48.4)	38.6	100.8	38.7
EPS (INR)	4.2	2.1	2.5	4.9	6.9
YoY (%)	13.6	(50.2)	18.4	100.8	38.7
P/PPoP (x)	11.5	9.7	8.4	6.3	4.9
RoAE (%)	10.2	4.3	4.9	8.6	10.9
RoAA (%)	1.2	0.5	0.6	1.0	1.1
P/E (x)	20.0	40.1	33.9	16.9	12.2
P/ABV (x)	1.9	1.6	1.5	1.4	1.3

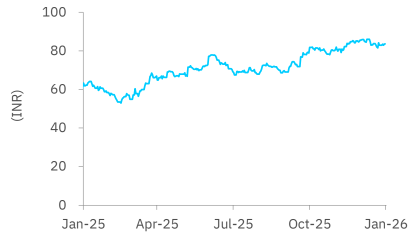
Note: Pricing as on 30 January 2026; Source: Company, Elara Securities Estimate

Rating: Accumulate
Target Price: INR 90
Upside: 7%
CMP: INR 84
As on 30 January 2026

Key data	
Bloomberg	IDFCFB IN
Reuters Code	IDFB.NS
Shares outstanding (mn)	8,597
Market cap (INR bn/USD mn)	719/7,811
EV (INR bn/USD mn)	0/0
ADTV 3M (INR mn/USD mn)	2,400/26
52 week high/low	87/52
Free float (%)	90

Note: as on 30 January 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Promoter	0.0	0.0	0.0	0.0
% Pledge	0.0	0.0	0.0	0.0
FII	25.7	23.8	21.9	36.8
DII	28.5	23.4	32.2	22.4
Others	45.8	52.8	46.0	40.9

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(1.6)	3.1	7.8
IDFC First Bank	2.2	21.6	32.2
NSE Mid-cap	(2.1)	2.4	8.3
NSE Small-cap	(9.0)	(6.5)	(1.2)

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Net interest income	**164,507**	**192,920**	**215,517**	**264,236**	**316,629**
Fee income	57,033	63,307	72,170	83,572	95,272
Trading profits	2,026	3,460	7,000	5,000	5,000
Non-interest income	60,020	70,217	83,069	93,017	105,340
Net operating revenue	224,527	263,137	298,586	357,253	421,969
Operating expenses	162,157	188,988	213,473	243,198	275,697
Pre-provisioning operating profit	**62,370**	**74,149**	**85,113**	**114,055**	**146,272**
Total provisions	23,816	55,147	58,092	58,113	68,695
Profit before tax	38,554	19,001	27,021	55,942	77,577
Tax	8,988	3,753	5,891	13,521	18,750
Minorities/exceptionals	-	-	-	-	-
Profit after tax	**29,566**	**15,249**	**21,130**	**42,421**	**58,827**

Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Customer loans	1,945,924	2,331,125	2,825,324	3,424,293	4,174,213
Investments	747,104	807,155	962,495	1,132,616	1,343,843
Cash & bank balances	124,802	150,974	120,444	147,157	169,656
Fixed assets	26,194	26,627	26,927	27,227	27,527
Other assets	118,934	122,306	135,760	150,693	167,269
Total Assets	**2,962,958**	**3,438,187**	**4,070,949**	**4,881,985**	**5,882,507**
Net worth	321,613	380,780	473,941	512,403	566,282
Deposits	2,005,763	2,520,653	3,075,196	3,782,491	4,633,552
Borrowings	509,356	389,748	366,064	421,987	507,554
Other liabilities	126,226	147,006	155,748	165,103	175,119
Total Liabilities	**2,962,958**	**3,438,187**	**4,070,949**	**4,881,985**	**5,882,507**

Key operating ratios (%)	FY24	FY25	FY26E	FY27E	FY28E
Lending yield	15.0	14.4	13.6	13.7	13.7
Cost of Funds	5.8	6.0	5.9	5.8	5.9
Spreads	6.1	5.9	5.6	5.7	5.7
Net interest margin	6.5	6.3	6.0	6.1	6.1
CASA Ratio	47.2	46.9	50.3	50.3	50.7
Non-interest income / operating income	26.7	26.7	27.8	26.0	25.0
Cost/income	72.2	71.8	71.5	68.1	65.3
Operating expense/avg assets	(6.4)	(6.2)	(5.9)	(5.6)	(5.3)
Credit costs / avg loans	(0.9)	(1.8)	(1.6)	(1.3)	(1.3)
Effective tax rate	23.3	19.7	21.8	24.2	24.2
Loan deposit ratio	97.0	92.5	91.9	90.5	90.1

ROA decomposition (%)	FY24	FY25	FY26E	FY27E	FY28E
NII /Assets	6.5	6.3	6.0	6.1	6.1
Fees/Assets	2.2	2.1	2.0	1.9	1.8
Invst profits/Assets	0.1	0.1	0.2	0.1	0.1
Net revenues/Assets	8.7	8.5	8.1	8.2	8.0
Opex /Assets	(6.4)	(6.2)	(5.9)	(5.6)	(5.3)
Provisions/Assets	(0.9)	(1.8)	(1.6)	(1.3)	(1.3)
Taxes/Assets	(0.4)	(0.1)	(0.2)	(0.3)	(0.4)
Total costs/Assets	(7.7)	(8.1)	(7.7)	(7.3)	(7.0)
ROA	1.2	0.5	0.6	1.0	1.1
Equity/Assets	11.4	11.5	11.9	11.5	10.4
ROAE	10.2	4.3	4.9	8.6	10.9

Key financial ratios (%)	FY24	FY25	FY26E	FY27E	FY28E
Tier I Capital adequacy	13.4	-	-	11.9	13.9
Gross NPL	1.9	1.9	1.6	1.6	1.7
Net NPL	0.6	0.5	0.5	0.5	0.5
Slippage ratio	3.4	4.1	3.6	3.2	3.0
Per share data (INR)					
EPS	4	2	2	5	7
BVPS	45	52	55	60	66
Adj- BVPS	44	51	54	58	64
Valuation (x)					
P/BV	1.8	1.6	1.5	1.4	1.3
P/ABV	1.9	1.6	1.5	1.4	1.3
P/E	20.0	40.1	33.9	16.9	12.2

Note: Pricing as on 30 January 2026; Source: Company, Elara Securities Estimate

IDFC First Bank: Q3FY26 conference call highlights

Deposit franchise

- Post the merger seven years ago, IDFCFB had total deposits and borrowings of INR 1,180bn with deposit base comprises ~INR 104bn of retail deposits and INR 280bn of bulk deposits – the latter largely comprising borrowings and CDs. Over the past seven years, IDFCFB has reset its funding mix through initiatives such as the mobile banking app, enhanced CASA offerings, NRI banking, and startup banking.
- During this seven-year period, the cost of funds declined from 7.8% to 6.11%, compared with a decline from 6.3% to 6.09% for mid-tier banks. *The bank aims to further reduce the cost of funds to below 6% in the coming quarter, supported by deposit repricing.*

Business momentum

- Loans and advances grew 21% YoY, with 89% of incremental disbursements during the quarter coming from Mortgage, vehicle, consumer, MSME, and wholesale loans.
- IDFCFB is not engaged in co-lending model and majority of the sourcing is third party led. Regarding credit card sourcing, the majority is done through in-house operations. IDFCFB is trying to reduce dependence on other channels with focus on in-house operations.
- **MFI disbursements improved this quarter with the pace of portfolio decline slowing down, and insured share at ~81.5% from 77% in the previous quarter.**
- Deposits grew 22.9% YoY, while customer deposits increased 24.3% YoY. CASA grew 33% YoY (32% on an average basis), led by growth in both CA and SA balances, with the CASA ratio at 51.6% and average CASA at ~50%.
- Retail deposits as per LCR stood at 64.7%, in line with large private banks, while CASA plus term deposits accounted for 83% of total deposits versus 82% YoY.
- Out of total CASA of 51.6%, CA will be 7% and the latter being SA.
- Credit card base reached 4.3mn cards with o/s of INR 91bn, while card spends increased 35% YoY. Revolvers were largely steady ~16.5% and EMI as a proportion has been increasing at ~36% and latter being transactors (~47.5%).
- Wealth management assets grew 31% YoY, with AUM reaching INR 600bn.
- *Average LCR for the quarter was 115% - expect positive impact of 1-1.5% on account of revised guidelines.*

Asset quality

- GNPA declined by 17bps QoQ to 1.69%, while NNPA stood at 0.53% versus 0.52% in the previous quarter.
- Slippages declined by 7% QoQ, driven by lower MFI slippages, while the SMA pool declined 33% QoQ.
- *Collection efficiency stood at 99.5%, compared with a pre-crisis level of 99.4% for MFI.*
- **IDFCFB utilized INR 0.75bn of MFI provisions during the quarter, with similar utilization as in Q2, and excess provisions of INR 1.65bn carried forward.**
- Standard asset provision for the quarter was INR 0.5bn and overall standard asset provisions stood at 30-35bps of total loans.
- ECL impact: Credit cost will be elevated on transitionary basis.
- SMA-1 & 2 for MFI reduced by 27bps from 1.76% in Sep-25 to 1.49% in Dec-25. SMA-1 & 2 for overall Retail, Rural & MSME (excl MFI) reduced from 0.87% in Sep-25 to 0.86% in Dec-25

Credit cost expected to trend down from hereon

- Over the last five years, credit costs averaged 1.95% of funded assets, equivalent to ~1.3% of total assets.
- On the lending front, IDFCFB operates across multiple yield segments: yields of 18–24% with credit costs of 3–6%, yields of ~14% with credit costs of 2–3%, and yields of ~9% with credit costs of 1–2%.
- Credit cost improved by 19bps QoQ to 2.05%; excluding MFI, credit cost stood at 1.99%, reflecting a ~10bps QoQ improvement. **IDFCFB expects credit cost to trend down in the coming quarter as MFI scenario is likely under control.**
- *As a portfolio strategy, IDFCFB targets overall credit costs of below 2%.*

Costs, margins, and other highlights

- NIMs improved by 17bps QoQ to 5.76% during the current quarter. The margin expansion was driven by a 2–3bps impact from CRR requirements, ~12bps improvement from lower cost of funds, and some offset due to capital raised during the middle of the quarter. IDFCFB has earlier guided for NIM to be ~5.80% levels which has been revised upward to ~5.85%.
- **SA rates were reduced by 200bps for balances in the INR 0.5–1.0mn bucket which reduced the overall cost of funds by 15-16bps. IDFCFB has not seen any material run-off following this reduction and will continue to monitor flows based on funding requirements.**
- IDFCFB continues to focus on improving operating efficiency, with cost-to-income expected to trend down to the mid-50% range with scale. Key productivity metrics are targeted to improve, with retail lending productivity moving from ~62% to 50%, wholesale banking from 36% to 30%, credit cards from 97.5% to 70%, and retail liabilities from 149% to 100%.
- Cost of deposits declined by 15bps and cost of funds by 12bps.
- During the quarter, 25 branches were added, taking the total network to 1,066 branches.
- Fees and other income increased, led by fee income growth of 15.5% YoY and 7.5% QoQ, while trading gains stood at INR 0.96bn versus INR 0.56bn in previous quarter.
- IDFCFB has tightly controlled cost in the past 3-4 quarters. It **grew by 13.5% YoY, including a one-time labor code impact of INR 650mn.**
- CRAR stood at 16.22% with CET-1 at 14.23%.

Exhibit 1: IDFCFB reported PAT of INR 5bn, led by better core income, even as opex was elevated

(INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
NII	37,451	39,502	42,866	44,689	46,949	47,879	49,021	49,072	49,331	51,126	54,924
Other Income	14,138	14,296	15,166	16,420	16,192	17,273	17,799	18,954	22,268	18,915	21,250
Net revenue	51,589	53,798	58,031	61,109	63,141	65,152	66,819	68,026	71,599	70,040	76,174
Opex	36,586	38,696	42,407	44,470	44,316	45,533	49,230	49,910	49,205	51,239	55,841
PPoP	15,003	15,103	15,625	16,639	18,825	19,619	17,589	18,116	22,394	18,801	20,334
Provisions	4,762	5,284	6,548	7,223	9,944	17,319	13,379	14,505	16,591	14,519	13,983
PBT	10,242	9,819	9,077	9,416	8,881	2,299	4,210	3,611	5,802	4,282	6,350
PAT	7,652	7,513	7,157	7,244	6,807	2,007	3,394	3,041	4,626	3,523	5,025
YoY (%)											
NII	36.1	31.6	30.5	24.2	25.4	21.2	14.4	9.8	5.1	6.8	12.0
Other Income	65.2	34.7	31.6	17.5	14.5	20.8	17.4	15.4	37.5	9.5	19.4
Net revenue	43.0	32.4	30.8	22.4	22.4	21.1	15.1	11.3	13.4	7.5	14.0
Opex	37.4	33.7	33.5	29.4	21.1	17.7	16.1	12.2	11.0	12.5	13.4
PPoP	59.0	29.2	23.9	6.8	25.5	29.9	12.6	8.9	19.0	(4.2)	15.6
Provisions	54.6	24.6	45.4	49.7	108.8	227.8	104.3	100.8	66.8	(16.2)	4.5
PAT	61.3	35.2	18.4	(9.8)	(11.0)	(73.3)	(52.6)	(58.0)	(32.0)	75.5	48.1
QoQ (%)											
NII	4.1	5.5	8.5	4.3	5.1	2.0	2.4	0.1	0.5	3.6	7.4
Other Income	1.2	1.1	6.1	8.3	(1.4)	6.7	3.0	6.5	17.5	(15.1)	12.3
Net revenue	3.3	4.3	7.9	5.3	3.3	3.2	2.6	1.8	5.3	(2.2)	8.8
Opex	6.5	5.8	9.6	4.9	(0.3)	2.7	8.1	1.4	(1.4)	4.1	9.0
PPoP	(3.7)	0.7	3.5	6.5	13.1	4.2	(10.3)	3.0	23.6	(16.0)	8.2
Provisions	(1.3)	11.0	23.9	10.3	37.7	74.2	(22.8)	8.4	14.4	(12.5)	(3.7)
PAT	(4.7)	(1.8)	(4.7)	1.2	(6.0)	(70.5)	69.1	(10.4)	52.1	(23.8)	42.6

Source: Company, Elara Securities Research

Exhibit 2: Loans grew by 21% YoY/5% QoQ

(INR bn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Loan book	1,626,801	1,781,100	1,855,030	1,945,924	2,025,681	2,150,613	2,231,039	2,331,125	2,436,789	2,571,007	2,699,878
% YoY	*22.7*	*32.2*	*27.3*	*28.2*	*24.5*	*20.7*	*20.3*	*19.8*	*20.3*	*19.5*	*21.0*
% QoQ	*7.2*	*9.5*	*4.2*	*4.9*	*4.1*	*6.2*	*3.7*	*4.5*	*4.5*	*5.5*	*5.0*

Source: Company, Elara Securities Research

Exhibit 3: Loan book growth led by gold loans, CV/CE and business banking

Loan-book mix	(INR mn)			Loan growth (%)		Loan mix (%)		
INR mn	**Q3FY25**	**Q2FY26**	**Q3FY26**	**QoQ**	**YOY**	**Q3FY25**	**Q2FY26**	**Q3FY26**
Consumer finance (Personal finance)	**1,349,500**	**1,562,520**	**1,641,210**	**5.0**	**21.6**	**58.4**	**58.6**	**58.7**
Mortgage Loans	520,770	590,670	601,610	1.9	15.5	22.5	22.2	21.5
Wheels	252,090	302,460	320,100	5.8	27.0	10.9	11.3	11.5
Consumer Loans	443,220	481,590	514,140	6.8	16.0	19.2	18.1	18.4
Education Loans	29,940	35,650	35,750	0.3	19.4	1.3	1.3	1.3
Credit Card	69,180	86,380	91,260	5.6	31.9	3.0	3.2	3.3
Gold Loans	18,960	26,680	31,460	17.9	65.9	0.8	1.0	1.1
Others	15,340	39,090	46,890	20.0	205.7	0.7	1.5	1.7
Rural Finance	**252,340**	**235,420**	**235,210**	**(0.1)**	**(6.8)**	**10.9**	**8.8**	**8.4**
Microfinance	109,970	73,060	66,570	(8.9)	(39.5)	4.8	2.7	2.4
SME & corporate finance (Business finance)	**708,910**	**867,840**	**917,850**	**5.8**	**29.5**	**30.7**	**32.6**	**32.8**
Corporate	537,670	502,510	540,950	7.6	0.6	23.3	18.9	19.4
CV/CE	72,660	86,210	94,320	9.4	29.8	3.1	3.2	3.4
Business Banking	90,490	109,340	118,560	8.4	31.0	3.9	4.1	4.2
Others	126,420	145,560	141,830	(2.6)	12.2	5.5	5.5	5.1
Infrastructure	**126,420**	**145,560**	**141,830**	**(2.6)**	**12.2**	**5.5**	**5.5**	**5.1**
Total Funded Assets	**2,310,750**	**2,665,780**	**2,794,270**	**4.8**	**20.9**	**100.0**	**100.0**	**100.0**

Source: Company, Elara Securities Research

Exhibit 4: Deposit growth was secular in nature, CASA ratio inched up to 51.6%

(INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Deposits	1,544,269	1,712,359	1,825,490	2,005,763	2,096,663	2,236,067	2,368,778	2,520,653	2,649,710	2,767,720	2,911,330
% YoY	*36.2*	*38.7*	*37.2*	*38.7*	*35.8*	*30.6*	*29.8*	*25.7*	*26.4*	*23.8*	*22.9*
% QoQ	*6.8*	*10.9*	*6.6*	*9.9*	*4.5*	*6.6*	*5.9*	*6.4*	*5.1*	*4.5*	*5.2*
CASA	717,650	794,680	854,920	947,680	976,920	1,092,920	1,130,780	1,182,370	1,271,580	1,385,830	1,503,500
% YoY	*26.5*	*25.5*	*28.6*	*31.7*	*36.1*	*37.5*	*32.3*	*24.8*	*30.2*	*26.8*	*33.0*
% QoQ	*(0.3)*	*10.7*	*7.6*	*10.9*	*3.1*	*11.9*	*3.5*	*4.6*	*7.5*	*9.0*	*8.5*
Term Deposits	767,090	852,580	909,900	989,850	1,068,800	1,087,340	1,142,380	1,243,060	1,296,400	1,305,120	1,323,120
% YoY	*66.2*	*68.2*	*59.4*	*52.7*	*39.3*	*27.5*	*25.6*	*25.6*	*21.3*	*20.0*	*15.8*
% QoQ	*18.3*	*11.1*	*6.7*	*8.8*	*8.0*	*1.7*	*5.1*	*8.8*	*4.3*	*0.7*	*1.4*
Certificate of Deposits	*59,529*	*65,099*	*60,670*	*68,233*	*50,943*	*55,807*	*95,618*	*95,223*	*81,730*	*76,770*	*84,710*
% YoY	*(43.2)*	*(31.0)*	*(35.9)*	*(12.8)*	*(14.4)*	*(14.3)*	*57.6*	*39.6*	*60.4*	*37.6*	*(11.4)*
% QoQ	*(23.9)*	*9.4*	*(6.8)*	*12.5*	*(25.3)*	*9.5*	*71.3*	*(0.4)*	*(14.2)*	*(6.1)*	*10.3*
CASA Ratio	46.5	46.4	46.8	47.2	46.6	48.9	47.7	46.9	48.0	50.1	51.6

Source: Company, Elara Securities Research

Exhibit 5: NIMs for the quarter increased by 17bps QoQ to 5.76%

(%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Interest Margin	6.42	6.35	6.22	6.18	6.04	5.95	5.71	5.59	5.76
Cost of Deposits	6.20	6.27	6.38	6.38	6.38	6.38	6.37	6.22	6.07
Cost of Funds	6.44	6.43	6.47	6.46	6.49	6.51	6.42	6.23	6.11

Source: Company, Elara Securities Research

Exhibit 6: Overall asset quality improves with controlled slippages and write off

(INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Opening GNPA	38,845	36,034	37,478	37,754	37,184	39,042	41,952	43,992	44,332	48,672	48,402
Slippages	11,280	13,500	14,000	13,470	16,570	20,310	21,920	21,750	24,860	22,600	20,920
Reductions	14,091	12,056	13,724	14,040	14,712	17,400	19,880	21,410	20,520	22,870	23,190
Recovery	7,480	5,000	5,500	6,230	5,250	6,380	6,510	6,550	4,870	5,220	5,180
Write-off	6,611	7,056	8,224	7,810	9,462	11,020	13,370	14,860	15,650	17,650	18,010
Closing GNPA	36,034	37,478	37,754	37,184	39,042	41,952	43,992	44,332	48,672	48,402	46,132
GNPL (%)	2.17	2.11	2.04	1.88	1.90	1.92	1.94	1.87	1.97	1.86	1.69
NNPL (%)	0.70	0.68	0.68	0.60	0.59	0.48	0.52	0.53	0.55	0.52	0.53
PCR (%) - Calculated	68.1	68.2	66.9	68.8	69.4	75.3	73.6	72.3	72.3	72.2	69.1
Credit cost (%) - Calculated	1.3	1.3	1.5	1.6	2.0	3.4	2.5	2.6	2.8	2.4	2.2

Source: Company, Elara Securities Research

Exhibit 7: IDFCFB is well capitalized with tier-1 of 16.2%

(%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Tier-1	13.7	13.5	14.0	13.4	13.3	13.8	13.7	13.2	12.8	12.3	14.2
Tier-2	3.3	3.1	2.8	2.8	2.5	2.2	2.4	2.3	2.2	2.1	2.0
CRAR	**17.0**	**16.5**	**16.7**	**16.1**	**15.9**	**16.0**	**16.1**	**15.5**	**15.0**	**14.3**	**16.2**

Source: Company, Elara Securities Research

Exhibit 8: Deposits and borrowings

(%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Legacy long term & Infra Bonds	119,280	101,320	94,350	70,820	60,680	42,150	16,610	5,780	3,460
Refinance & Other Borrowings	196,130	192,130	186,810	199,400	263,260	234,500	230,610	187,070	189,990
Tier II Bonds	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Total Borrowings	**360,410**	**338,450**	**326,160**	**315,220**	**368,940**	**321,650**	**292,220**	**237,850**	**238,450**
CASA Deposits	854,920	947,680	976,920	1,092,920	1,130,780	1,182,370	1,271,580	1,385,830	1,503,500
Term Deposits	909,900	989,850	1,068,800	1,087,350	1,142,370	1,243,060	1,296,400	1,305,120	1,323,120
Total Customer Deposits	**1,764,820**	**1,937,530**	**2,045,720**	**2,180,270**	**2,273,150**	**2,425,430**	**2,567,980**	**2,690,950**	**2,826,620**
Certificate of Deposits	60,680	68,230	50,950	55,800	95,620	95,220	81,730	76,770	84,710
Money Market Borrowings	90,670	170,910	192,530	148,230	94,960	68,090	135,830	169,970	141,330
Borrowings & Deposits	**2,276,580**	**2,515,120**	**2,615,360**	**2,699,520**	**2,832,670**	**2,910,390**	**3,077,760**	**3,175,540**	**3,291,110**

Source: Company, Elara Securities Research

Exhibit 9: Q3FY26 results highlights

(INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Interest income	104,170	93,430	11.5	99,369	4.8
Interest expenses	49,246	44,410	10.9	48,243	2.1
Net interest income	54,924	49,021	12.0	51,126	7.4
Other income	21,250	17,799	19.4	18,915	12.3
Operating expenses	55,841	49,230	13.4	51,239	9.0
Staff expense	16,020	14,203	12.8	14,901	7.5
Other opex	39,821	35,026	13.7	36,338	9.6
Pre prov op profit (PPP)	20,334	17,589	15.6	18,801	8.2
Provisions	13,983	13,379	4.5	14,519	-3.7
Profit before tax	6,350	4,210	50.8	4,282	48.3
Provision for tax	1,325	816	62.4	759	74.5
Profit after tax	5,025	3,394	48.1	3,523	42.6
EPS (INR)	1	0		0	
Ratios (%)					
NII / GII	52.7	52.5		51.5	
Cost - income	73.3	73.7		73.2	
Provisions / PPOP	68.8	76.1		77.2	
Tax rate	26.4	24.0		21.5	
Balance sheet data					
Advances (INR bn)	2,700	2,231	21.0	2,571	5.0
Deposits (INR bn)	2,911	2,369	22.9	2,768	5.2
CD ratio (%)	92.7	94.2		92.9	
Asset quality					
Gross NPA	46,141	43,993	4.9	48,409	-4.7
Gross NPAs (%)	2	1.9		1.9	
Net NPA	14,269	11,620	22.8	13,454	6.1
Net NPA(%)	1	0.5		0.5	
Provision coverage (%)	69.1	73.6		72.2	

Source: Company, Elara Securities Research

Exhibit 10: Change in estimates

INR mn	Revised			Old			% Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Interest Income	83,069	93,017	105,340	83,069	92,017	104,340	-	1.1	1.0
Operating Profit	85,113	114,055	146,272	89,162	115,654	146,251	(4.5)	(1.4)	-
Net Profit	21,130	42,421	58,827	26,847	42,893	59,112	(21.3)	(1.1)	(0.5)
TP (INR)		**90**			**85**			**5.9**	
Rating	**Accumulate**			**Buy**					

Source: Elara Securities Estimates

Exhibit 11: Valuation assumptions

Particulars	INR
BVPS on Dec'27E	64
Target multiple (x)	1.3
Target Price	90
CMP	84
Upside (%)	8

Note: Pricing as on 30 January 2026; Source: Elara Securities Estimate

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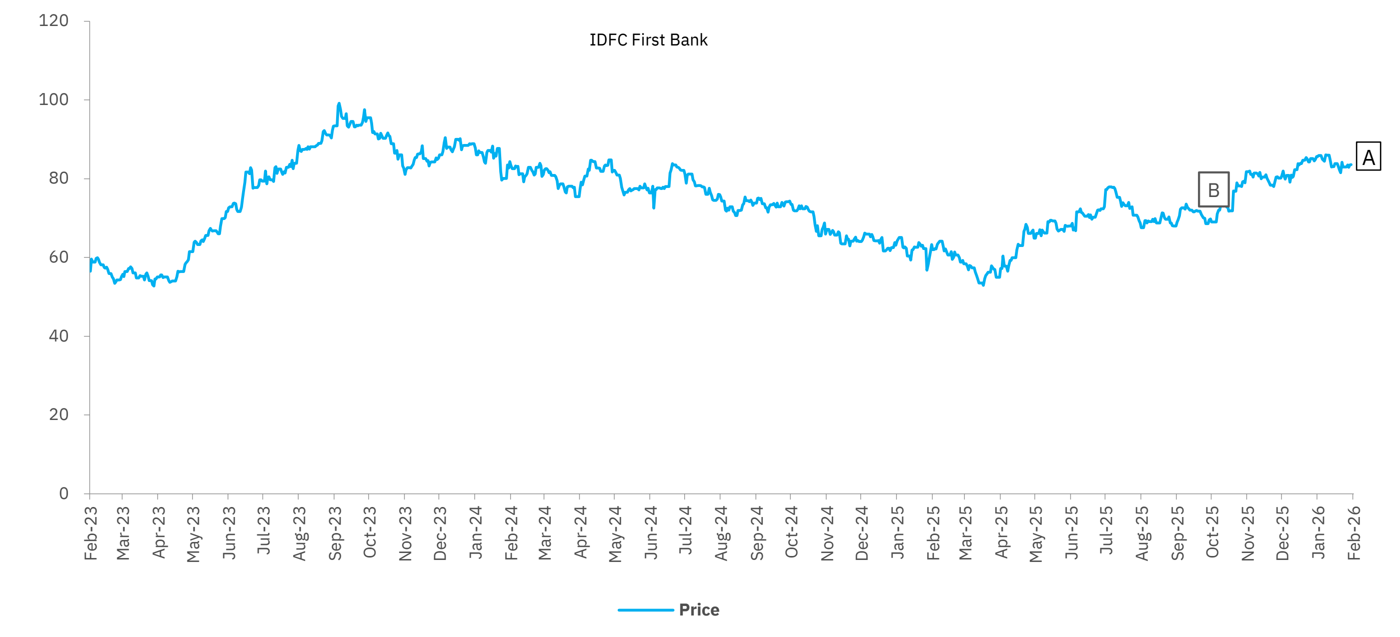

Date	Rating	Target Price (INR)	Closing Price (INR)
03-Oct-2025	Buy	85	69
30-Jan-2026	Accumulate	90	84

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