IDFCFIRSTBANK/SD/129/2026-27

August 27, 2026

National Stock Exchange of India Limited
Mumbai 400 051
NSE Symbol: IDFCFIRSTB

BSE Limited
Mumbai 400 001
BSE Scrip Code: 539437

Sub.: Intimation of Credit Ratings pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015

Dear Sir/ Madam,

We wish to inform you that S&P Global Ratings has assigned a 'BBB-' long-term issue rating to the Bank's US$350 million 5-year Senior Notes priced on August 24, 2026. The issue rating is consistent with the Bank's 'BBB-/Stable/A-3' issuer credit rating (Investment Grade), which was disclosed by the Bank on August 13, 2026.

The S&P Global Ratings publication can be accessed at:
https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/101703447

In addition, CareEdge Global Ratings ("CareEdge") has assigned a 'CareEdge BBB-/Positive' long-term foreign currency issuer rating (Investment Grade) to IDFC FIRST Bank Limited. Further, CareEdge has also assigned the same rating to the Bank's USD 600 million 3-year Senior Notes priced on August 18, 2026 and August 19, 2026.

The rating rationale issued by the CareEdge is enclosed herewith.

You are requested to kindly take the same on record.

Yours faithfully,

For **IDFC FIRST Bank Limited**

SATISH ASHOK GAIKWAD

Digitally signed by SATISH ASHOK GAIKWAD
Date: 2026.08.27 22:48:07 +05'30'

Satish Gaikwad
General Counsel and Company Secretary

'CareEdge BBB-/Positive' rating assigned to IDFC First Bank Limited

Long-term foreign currency issuer rating	**CareEdge BBB-/Positive**
USD 600 million senior unsecured notes	**CareEdge BBB-/Positive**

CareEdge Global Ratings has assigned a 'CareEdge BBB-/Positive' long-term foreign currency issuer rating to IDFC First Bank Limited (IDFC First Bank). It has also assigned the same rating to the bank's USD 600 million senior unsecured notes issue.

Rating rationale

The rating assigned to IDFC First Bank reflects its comfortable capitalisation profile, strong and granular retail deposit base, and a well-diversified loan book that has undergone a change since the merger of IDFC Bank Ltd and Capital First Ltd in December 2018. It has successfully pivoted from a predominantly infrastructure and wholesale-focused lender into a universal bank offering a full suite of retail as well as wholesale products. The bank focuses on the RAM segment – retail, agriculture and micro, small and medium enterprises (MSMEs) – comprising ~80% of advances. This has resulted in improved granularity of the loan book, low concentration risk and higher net interest margin (NIM) resulting from a well-diversified loan book across the yield spectrum.

The rating is further supported by the bank's demonstrated ability to access capital markets and attract marquee institutional investors. Since FY21, the bank has raised over Rs 200 billion of equity, including Rs 75 billion from an affiliate entity of Warburg Pincus LLP and a wholly owned subsidiary of private equity arm of Abu Dhabi Investment Authority (ADIA) in FY26, supporting growth while maintaining a comfortable capital adequacy ratio (CAR) of 15.6% as of March 31, 2026. The funding profile has strengthened materially within a decade of its operations, with customer deposits growing to ~Rs 3 trillion. The bank's current account savings account (CASA) ratio remained healthy at 48-50%, among the highest in the Indian banking sector. The bank's liquidity profile is also comfortable, supported by a healthy liquidity coverage ratio (LCR), sizeable high-quality liquid assets, and access to multiple systemic liquidity channels provided by the Reserve Bank of India (RBI).

The rating is, however, constrained by the bank's modest profitability metrics relative to other private sector banks, largely owing to its elevated operating expenses (opex) associated with franchise building, continued investments in distribution and technology platforms, and recent uptick in credit costs owing to stress in microfinance segment. While the return on assets (RoA) improved to 1.06% in Q1FY27, with the microfinance industry crisis largely over and core cost to income ratio improving, sustenance of profitability level is a key monitorable.

Improvement in profitability hinges on lowering its cost-to-income ratio (73.5% in FY26, improved to 70.7% in Q1FY27). The ratio is expected to improve to 65-70% over the next two fiscals as newer businesses (credit cards) and branches generate higher returns as the businesses scale up, providing operating leverage. The asset quality has improved over the past five years, and gross non-performing assets (GNPAs) was at 1.5% as of June 30, 2026, improving from 1.9% as of March 31, 2025, and 1.6% as of March 31, 2026. Fresh slippages reduced to 3.7% in FY26 (PY: 4.2%) from 7.6% in FY22, with prudent underwriting and gradual abating of macro level stress. In Q1FY27, the slippage ratio further improved to 2.5%. Notably, the performance of bank's unsecured retail and microfinance segments impacting the asset quality and profitability, remain important from a credit perspective.

Outlook

The positive outlook reflects CareEdge Global's expectation that IDFC First Bank will continue to increase its scale through sustained growth in deposits and advances and gradually improve profitability through operating leverage and expected moderation in opex and credit costs.

Rating sensitivity factors

Upward factors

- Sustained improvement in scale and profitability with RoA exceeding 1.2%
- Meaningful reduction in operating expenses and moderation in credit costs resulting in stronger earnings profile
- Continued strengthening of the bank's franchise while maintaining robust capitalisation and asset quality metrics

Downward factors

- Erosion in profitability due to high credit costs, narrowing spreads, or weakening business fundamentals resulting in RoA less than 0.8-1.0% on a sustained basis
- Significant deterioration in asset quality resulting in sustained GNPA above 2%
- Material weakening in capitalisation leading to leverage exceeding 9x

Analytical approach

CareEdge Global has evaluated IDFC First's business and financial risk profile on a consolidated basis, including its subsidiary IDFC First Bharat Limited, considering the strong operational, financial, and brand integration between the entities. The rating has been assigned in accordance with CareEdge Global's 'Financial Institutions Rating Methodology'.

Key rating drivers

Strengths

Growing retail-focused franchise with diversified products

IDFC First Bank witnessed a business transformation following the merger of IDFC Bank Ltd and Capital First Ltd in December 2018. It pivoted from a largely infrastructure and wholesale lending institution towards a diversified retail banking model. As of March 31, 2026, the RAM segment accounted for 80% of total advances compared with a wholesale-heavy portfolio prior to the merger (86% wholesale book).

The bank's gross funded advances increased to Rs 2.9 trillion as of March 31, 2026, from Rs 1.2 trillion as of March 31, 2021, growing at a compound annual growth rate (CAGR) of ~20%. Growth has been broad-based across mortgages, consumer loans, vehicle finance, MSME lending, rural finance, credit cards, education loans, and other retail product categories. The retail portfolio is highly diversified, reducing concentration risks associated with large-ticket corporate lending. Management's intention of growing the wholesale portfolio is being pursued with a more conservative underwriting framework and greater focus on relationship-led corporate banking rather than infrastructure financing exposure. Legacy infrastructure loans have been reduced substantially to less than Rs 20 billion, constituting much less than 1% of the overall book. Additionally, the microfinance portfolio witnessed a rebound in the first quarter of this fiscal after two years of decline, although its share is expected to remain below 5% of total mix. Notably, Credit Guarantee Fund for Micro Units (CGFMU's) guarantee covers 93% of the bank's microfinance exposure.

Comfortable capitalisation supported by demonstrated ability to raise capital

IDFC First Bank maintains a comfortable capitalisation profile, supported by periodic capital raising and growth in net worth through internal accruals. As of March 31, 2026, it reported a CAR of 15.6%, comfortably above the regulatory requirement of 11.5%. Historically, the CAR has ranged 15-17%. The bank further strengthened its capital base through a Rs 75 billion equity raise in FY26 from an affiliate entity of Warburg Pincus LLP and a wholly owned subsidiary of private equity arm of Abu Dhabi Investment Authority (ADIA). This followed cumulative equity infusions of ~Rs 134 billion during FY21-25, demonstrating the bank's ability to attract high quality institutional investors and maintain access to capital markets.

Adjusted tangible net worth increased to Rs 462 billion as of March 31, 2026 (March 31, 2022: Rs 192 billion) supported by regular capital raise and internal accruals. The leverage also improved to 7.2x from 8.5x over the same period. The current capital position provides sufficient headroom to support the bank's targeted growth while absorbing any potential stress arising from its lending portfolio.

Strong liability franchise with focus on maintaining its retail deposit base

The bank has developed a granular retail liability franchise over the past decade, which is one of the key strengths that support its credit profile. Customer deposits increased by 17.3% y-o-y to Rs 2.84 trillion as of March 31, 2026, from less than Rs 1 trillion as of March 31, 2022. Customer deposits further increased to Rs 2.99 trillion as of June 30, 2026, reflecting continued momentum in franchise expansion. The CASA ratio improved to 50.8% as of June 30, 2026, from 46.9% as of March 31, 2025, and remained among the highest in the Indian private banking sector. CASA has consistently ranged 47-50% during the past five years, supporting access to relatively low-cost and stable funding.

Retail deposits constituted 79.5% of overall customer deposits as of June 30, 2026, indicating a high degree of granularity within the deposit base. Moreover, IDFC First Bank's high-cost legacy long-term borrowings matured in recent years and were replaced with comparatively lower cost deposits. Borrowings declined to Rs 366 billion as of March 31, 2026, from Rs 530 billion as of March 31, 2022. The bank has gradually reduced its dependency on borrowings and as of June 30, 2026, borrowings (including money market borrowings) are only 11.7% of the total deposits & borrowings. This contributed to the moderation in the cost of funds, which was also supported by deposit repricing in the low systemic interest rate environment. The cost of deposits remained broadly stable at 6.1% in FY26 (PY: 6.2%), despite competitive pressures in the deposit market and improved further in Q1FY27 to 5.9%. The bank's strong retail franchise, healthy CASA mix, and diversified depositor profile are expected to continue supporting funding flexibility and resilience in funding costs.

Weaknesses

Modest profitability; higher operating expenses remain a drag on RoA

IDFC First Bank's net profit has been constrained in the past two fiscals because of higher investment for scaling up the business and credit costs emanating from the microfinance portfolio. As the share of microfinance portfolio has reduced sharply due to the industry-wide stress, it has affected the bank's overall interest income/NIM in the past few quarters. The RoA was 0.43% in FY26 (adjusted RoA of 0.57% factoring expenses related to the fraud incident in February 2026), against RoA of 0.47% and 1.1% in FY25 and FY24, respectively. In order to diversify its retail product offerings and enhance CASA deposits, the bank expanded its branch and automated teller machine (ATM) network. It also launched and scaled up wealth management, cash management and transaction banking services, entailing setting-up costs. As a result, operating cost is relatively high. The cost-to-income ratio improved to 73.5% in FY26 from 77.8% in FY22 but remained elevated in FY26 due to much lower income growth because of the microfinance crisis. Despite this, the opex y-o-y growth was sustained at 12-13%, against the business growth of 20%. Cost-to-income ratio is expected to improve to 65-70% over the next two fiscals as newer businesses (credit cards) and branches generate higher returns, with further scale up of businesses, i.e. respective loan products and deposits, reflecting the operating leverage. The bank has guided to maintain a 500 basis points (bps) differential in y-o-y income growth and y-o-y opex growth.

Despite reduction in credit costs[1] to 1.5% in FY26 from 1.7% for FY25, it continues to impact the bank's return metrics. NIM also dipped to 5.7% for FY26 from 6.0% of average total assets for FY25 (6.2% and 5.9%, respectively, for FY24 and FY23). This was due to the sharp decline in the share of high-yielding microfinance portfolio in overall advances and with transmission of cumulative 125 bps reduction in repo rate since February 2025. While profitability is expected to benefit from stabilisation of the loan book mix and reduction in the cost of funds, lowering reliance on high-cost wholesale borrowings and economies of scale, the bank's ability to keep credit costs under control – particularly in the unsecured retail portfolio (14% of overall advances as of March 31, 2026) – will bear watching. Further, the profitability improved

[1] Computed on average total assets

significantly in the first quarter of this fiscal, with the bank reporting its highest-ever quarterly profit of Rs 10.8 billion. Annualised RoA improved to 1.06% supported by lower credit costs and improvement in the cost to income ratio to 70.7% in Q1FY27 from 73.5% in FY26. The sustenance of improvement in profitability is a key monitorable.

Asset quality remains a monitorable, despite recent improvements
IDFC First Bank's asset quality has improved over the past five years with GNPA declining to 1.6% as of March 31, 2026, from 3.7% as of March 31, 2022. With gradual scaling down of the legacy infrastructure book, GNPA of the wholesale portfolio significantly improved to 2.2% as of March 31, 2026, from 7.2% as of March 31, 2022. The asset quality of the bank continuously improved and as of June 30, 2026, the GNPA stood at 1.5%.

Fresh slippages reduced to 3.7% in FY26 (PY: 4.2%) from 7.6% in FY22, with prudent underwriting and gradual abating of macro level stress. It has further improved to 2.5% in Q1FY27. While slippages in the non-microfinance segment can be attributed to the bank's customer segments and product mix, it has consistently maintained high collection efficiency of ~99.6% in the past few quarters. With the gradual reduction in stress, credit costs declined to 1.5% of average total assets in FY26 from 1.7% in FY25, and further to improved 1.13% in Q1FY27. Going forward, the management expects the credit costs to continue declining, which would improve its profitability. Further, the performance of the bank's unsecured retail and microfinance segments impacting its asset quality remain critical from a credit perspective.

Liquidity
The bank's liquidity coverage ratio was strong at 116% for Q1FY27, supported by a healthy retail and CASA deposit base, a strong pool of liquid investments, and access to diversified funding sources. Liquidity is reinforced by the bank's ability to tap systemic funding avenues, including the RBI's liquidity adjustment facility (LAF), marginal standing facility (MSF), repo against statutory liquidity ratio (SLR) securities, refinance from institutions such as National Bank for Agriculture and Rural Development (NABARD), National Housing Bank (NHB), and Small Industries Development Bank of India (SIDBI), as well as the call money market.

Environmental, social, and governance (ESG) considerations
IDFC First Bank's ESG profile is supported by its diversified retail-focused business model, established governance framework, and technology-driven operating platform. Environmental risks are indirect and arise through the bank's lending exposures, although portfolio diversification mitigates concentration risks.

From a social standpoint, the bank focuses on financial inclusion, customer protection, digital banking, cybersecurity, and data privacy. Its expanding RAM franchise supports wider financial access across customer segments.

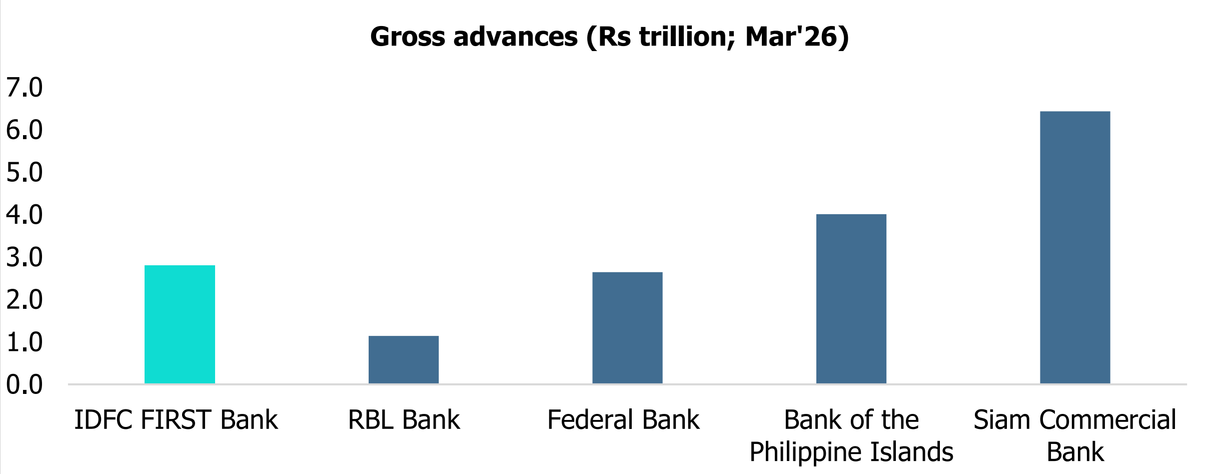
Governance is supported by an experienced board and management team, established risk management practices, and board-level oversight. The bank maintains strong underwriting standards and internal control systems. While the fraud incident reported in February 2026 is a monitorable, the bank responded promptly through remediation measures, enhanced control processes, and strengthened governance mechanisms.

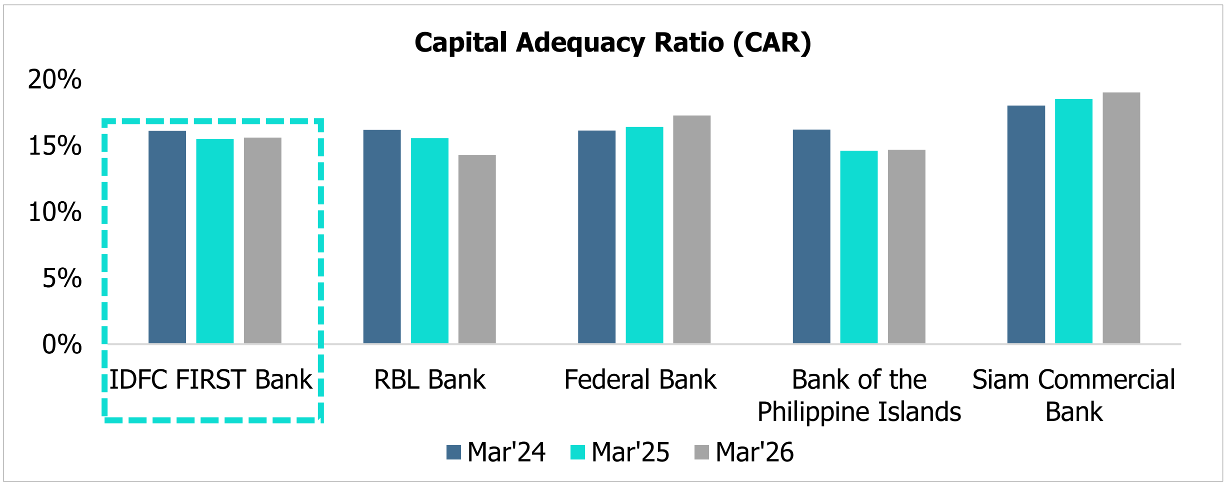
About the company

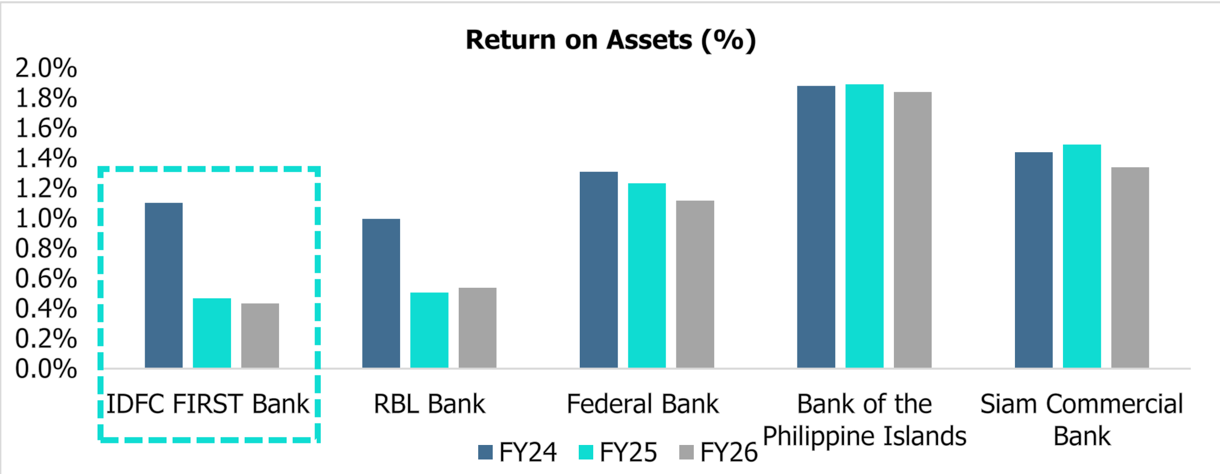
IDFC First Bank is a private sector universal bank formed through the merger of IDFC Bank Limited and Capital First Limited in December 2018. Since the merger, the bank has transformed into a predominantly retail-focused franchise, with the RAM segment accounting for nearly 80% of advances. As of March 31, 2026, the bank reported gross advances of Rs 2.9 trillion, customer deposits of Rs 2.84 trillion, and total assets of around Rs 4.0 trillion. The bank serves around 39 million customers through a network of over 1,150 branches across India.

The bank offers a diversified range of products across retail, MSME, rural, and corporate banking segments, including mortgages, vehicle finance, consumer loans, credit cards, and wholesale banking solutions. Its shareholding is diversified, with institutional investors forming a significant part of the shareholder base, including Warburg Pincus LLP and ADIA.

Comparison with other banks[2]

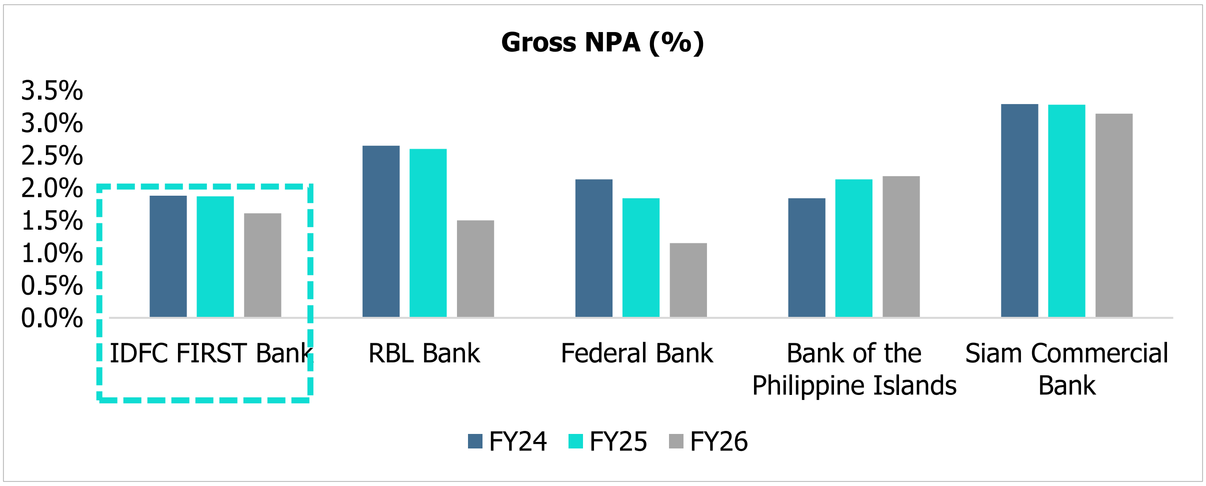






2 For Bank of the Philippine Islands (BPI) and Siam Commercial Bank (SCB), gross advances pertain to December 2025, GNPA and CAR relate to December 2023 - December 2025, while RoA reflects performance over the CY23-CY25 period

Gross advances have been converted into INR using exchange rates of PHP/INR 1.53 for BPI and THB/INR 2.86 for SCB as of December 31, 2025



Recent updates and financial summary

IDFC FIRST Bank reported a strong improvement in profitability, posting a net profit of Rs 10.8 billion for Q1 of FY27, against Rs 4.6 billion in the corresponding quarter of the previous year, reflecting a 132% y-o-y increase. As of June 30, 2026, the bank's total loan assets stood at Rs 3.05 trillion up around 21% y-o-y, while customer deposits increased to Rs 2.99 trillion, registering a 17% y-o-y growth.

Asset quality continued to improve, with GNPA and NNPA declining to 1.5% and 0.44%, respectively, as of June 30, 2026 (Q1FY26: 2.0% and 0.55%, respectively). It maintained a comfortable CAR of 15.1% as of June 30, 2026, marginally higher than 15.0% a year earlier and well above the regulatory requirement.

Key summary financial metrics (consolidated)

Particulars	Unit	March 31, 2024	March 31, 2025	March 31, 2026
Total assets	Rs billion	2,950	3,429	3,986
Profit after tax	Rs billion	29.4	14.9	16.1
CAR[3]	%	16.1	15.5	15.6
GNPA[3]	%	1.9	1.9	1.6
NNPA[3]	%	0.6	0.5	0.5
RoA	%	1.1	0.5	0.4

Solicitation status

The rating is solicited. The management has provided information to and held meetings with the CareEdge Global analytical team for the rating.

[3] As per reported standalone financials

Details of the instrument

Instrument	ISIN	Date of issuance	Coupon (%)	Maturity date	Issue size	Rating
Senior unsecured notes	XS3480648354	August 25, 2026	5.625	August 25, 2029	USD 600 million	CareEdge BBB-/Positive

Rating history

Instrument	Type	Rating	Date
Senior unsecured notes	Long-Term Foreign Currency	CareEdge BBB-/Positive	August 26, 2026
Issuer rating	Long-Term Foreign Currency	CareEdge BBB-/Positive	August 26, 2026

Criteria applied

CareEdge Global's Financial Institutions Rating Methodology

CareEdge Global's Consolidation Methodology

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