



August 27, 2020

The Manager – Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra-Kurla-Complex, Bandra (East),
Mumbai - 400 051
NSE Scrip Code: IDFC

The Manager – Listing Department
BSE Limited
1st Floor, P.J. Towers,
Dalal Street,
Mumbai - 400 001
BSE Scrip Code: 532659

Sub: IDFC Limited – Presentation on Q1FY21 (Quarter ended June 30, 2020)

Dear Sirs,

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached a copy of the presentation on the financials for the quarter ended June 30, 2020.

This is for your information and records

Thanking you,

Yours faithfully,
For IDFC Limited

Mahendra N. Shah
Company Secretary

Encl.: A/a



IDFC LIMITED

IDFC LIMITED – CONSOLIDATED

INVESTOR PRESENTATION

AUGUST 27, 2020



INDEX

1. IDFC consolidated financials

4

2. IDFC FIRST BANK

8

3. IDFC AMC

20

1. IDFC CONSOLIDATED FINANCIALS

Applicability of Ind As

- ✓ Financials of IDFC Ltd & all its group companies (except IDFC FIRST Bank) have been prepared in accordance with the Companies (Indian Accounting Standards) Rules , 2015 (Ind As)
- ✓ IDFC FIRST Bank has submitted “Fit for consolidation” financials approved by the Audit Committee & reviewed by KPMG

Consolidated PAT

Particulars	Q1 FY21 (INR core)
IDFC standalone PAT	(10)
<i>Add: profits of subsidiaries</i>	
<i>IDFC AMC</i>	30
<i>Others</i>	50
<i>Profits of subsidiaries</i>	<u>80</u>
<i>Add: profits from associates</i>	
<i>IDFC FIRST Bank*</i>	25
<i>Others</i>	(3)
<i>Profits from associates</i>	<u>22</u>
<i>IDFC standalone PAT + profits of subsidiaries + profits from associates</i>	92
<i>Less: dividend elimination</i>	(62)
Consolidated PAT	30

* As per Ind AS

Significant transactions during the quarter

- ✓ Invested INR 800 crore in preferential offer of IDFC FIRST Bank (issue size INR 2,000 crore) using internal resources of INR 600 crore and a loan from HDFC of INR 200 crore
- ✓ IDFC Securities sold to Mr. Dharmesh Mehta and other investors – sale proceeds received

2. IDFC FIRST BANK

IDFC FIRST Bank – highlights

1. Strong Growth in Retail Assets:

- Retail Book increased 26% YoY to **Rs. 56,043 crore** June 30, 2020 from **Rs. 44,642 crore** on June 30, 2019
- **Retail constitutes 61%** of funded loan assets June 30, 2020 including Inorganic portfolio, where the underlying assets are retail loans
- As per stated strategy, wholesale funded book **decreased by 28%** from **Rs. 52,675 crore** as on June 30, 2019 to **Rs. 37,928 crore** as on June 30, 2020
- Within Wholesale funded book, the Infrastructure loans **decreased by 34%** from **Rs. 20,322 crore** as on June 30, 2019 to **Rs. 13,416 crore** as on June 30 2020, as per stated plan to wind down infrastructure financing business.

2. Strong growth in retail Liabilities

- CASA Deposits increased to **Rs. 23,491 crore** as on June 30, 2020 from **Rs. 9,594 crore** as on June 30, 2019, **Y-o-Y increase of 145%**
- CASA Ratio improved to **33.74%** as on June 30, 2020 from **14.57%** as on June 30 2019
- Strong CASA growth of **Rs. 2,830 crore** during Q1 FY21, despite disturbance of COVID and other local bank issues
- Retail deposits increased to **Rs. 39,872 crore** as on June 30, 2020 from **Rs. 16,672 crore** as on June 30, 2019, **Y-o-Y increase of 139%.**
- **IDFC First Bank Fixed Deposit program** have the highest safety rating of **FAAA by CRISIL**
- **As per stated strategy to strengthen liabilities of the balance sheet, Certificate of Deposits (CD) was reduced** from **Rs. 20,058 crore** as on June 30, 2019 to **Rs. 7,212 crore** as on June 30, 2020, a Y-o-Y reduction of **64%**, CD are short term and institutional borrowing in nature, we have replaced them with retail FD and CASA deposits

IDFC FIRST Bank – highlights

3. Strong growth in Core Earnings:

- a. **Strong NII Growth:** NII grew by **38% YOY** from **Rs. 1,174 crore** in Q1 FY20 and by **4% QOQ** from **Rs. 1,563 crore** to **Rs. 1,626 crore** in Q1 FY21
- b. **Strong NIM improvement:** NIM has improved to **4.53%** in Q1 FY21 as compared to **3.01%** in Q1 FY20 and **4.24%** in Q4 FY20.
- c. **Strong growth in Total Income (NII + Fees+ OI):** Total income Grew **42% YOY** from **Rs. 1,485 crore** in Q1 FY20 and de-grew by **9% QOQ** from **Rs. 2,314 crore** in Q4 FY20 to **Rs. 2,111 crore** in Q1 FY21.
- d. **Strong Growth in Pre-Provisioning Operating Profit:**
 - ✓ PPOP grew **181% YOY** and **13% QOQ** to **Rs. 892 crore** in Q1 FY21 as compared to **Rs. 318 crore** in Q1 FY20 and as compared to **Rs. 787 crore** in Q4 FY20.
 - ✓ CORE PPOP (PPOP Net of treasury income), **grew 69% YOY** and **19% QOQ**, to **Rs. 555 crore** in Q1 FY21 as compared to **Rs. 328 crore** in Q1 FY20 and as compared to **Rs. 468 crore** in Q4 FY20.
- e. **Provision:** The total provisions for Q1 FY 21 was **Rs. 764 crores** as compared to **Rs. 1281 crores** in Q1 FY 20. This includes additional COVID-19 related provision of **Rs. 375 crore** in Q1-FY21, over and above **Rs.225 crore** taken in Q4 FY20 for COVID 19.
- f. **Profit After Tax: The PAT for Q1 FY21 is reported at Rs. 94 crore as compared to Loss of Rs. 617 crore for Q1 FY20 and as compared to Profit of Rs. 72 crore in Q4 FY20, up by 31%(QOQ). The bank reported second consecutive quarter of profits despite providing conservatively for COVID.**
- g. **Improved Cost to Income Ratio (excl. Trading gains):** **68.72%** for Q1 FY21 as compared to **78.06%** in Q1 FY20 and compared to **76.54%** in Q4 FY20.

IDFC FIRST Bank – highlights

4. Asset Quality of the Bank remains high

- Bank's Gross NPA reduced sequentially from **2.60%** as of March 31, 2020 to **1.99%** as of June 30, 2020.
- Bank Net NPA reduced sequentially from **0.94%** as of March 31, 2020 to **0.51%** as of June 30, 2020.
- Provision Coverage Ratio (PCR) has improved to **74.93%** as of June 30, 2020 as compared to **49.76%** as of June 30, 2019 and as compared to **64.53%** as of March 31, 2020.

Strong Asset Quality on Retail Loan Book:

- Retail Asset Gross NPA stood at **0.87%** as of June 30, 2020 as compared to **1.77%** as of March 31, 2020 and **2.32%** as of June 30, 2019.
- Retail Asset's Net NPA stood at **0.24%** as of June 30, 2020 as compared to **0.67%** as of March 31, 2020 and **1.14%** as of June 30, 2019.
- The numbers above are benefited by the moratorium provided to customers.

IDFC FIRST Bank – highlights

5. Strong Capital Adequacy:

- Capital Adequacy Ratio is strong at **15.03%** with CET-1 Ratio at **14.58%** as of June 30, 2020.
- The Bank has raised **Rs. 2,000 crore of fresh equity capital during Q1 FY 21.**

6. Franchise:

- The Branch Network now stands at **503** branches and **417** ATMs across the country as on June 30, 2020.

IDFC FIRST Bank – balance sheet

In Rs. Crore	Jun-19	Mar-20	Jun-20	Growth (%) (Y-o-Y)	Growth (%) (Q-o-Q)
Shareholders' Funds	17,545	15,343	17,436	-1%	14%
Deposits	66,226	65,108	69,832	5%	7%
- Retail Deposits	16,672	33,924	39,872	139%	18%
- Wholesale Deposits	49,553	31,184	29,959	-40%	-4%
Borrowings	76,044	57,397	52,397	-31%	-9%
Other liabilities and provisions	8,891	11,353	10,975	23%	-3%
Total Liabilities	168,705	149,200	150,641	-11%	1%
Cash and Balances with Banks and RBI	7,200	4,191	5,932	-18%	42%
Net Funded Assets	108,035	98,062	97,940	-9%	0%
- Net Retail Funded Assets	44,453	54,848	55,741	25%	2%
- Net Wholesale Funded Assets*	63,582	43,214	42,199	-34%	-2%
Investments	43,223	35,841	35,942	-17%	0%
Fixed Assets	919	1,038	1,079	17%	4%
Other Assets	9,328	10,069	9,747	4%	-3%
Total Assets	168,705	149,200	150,641	-11%	1%

*includes credit investments (Non-Convertible Debentures, RIDF, PTC, SRs and Loan Converted into Equity)

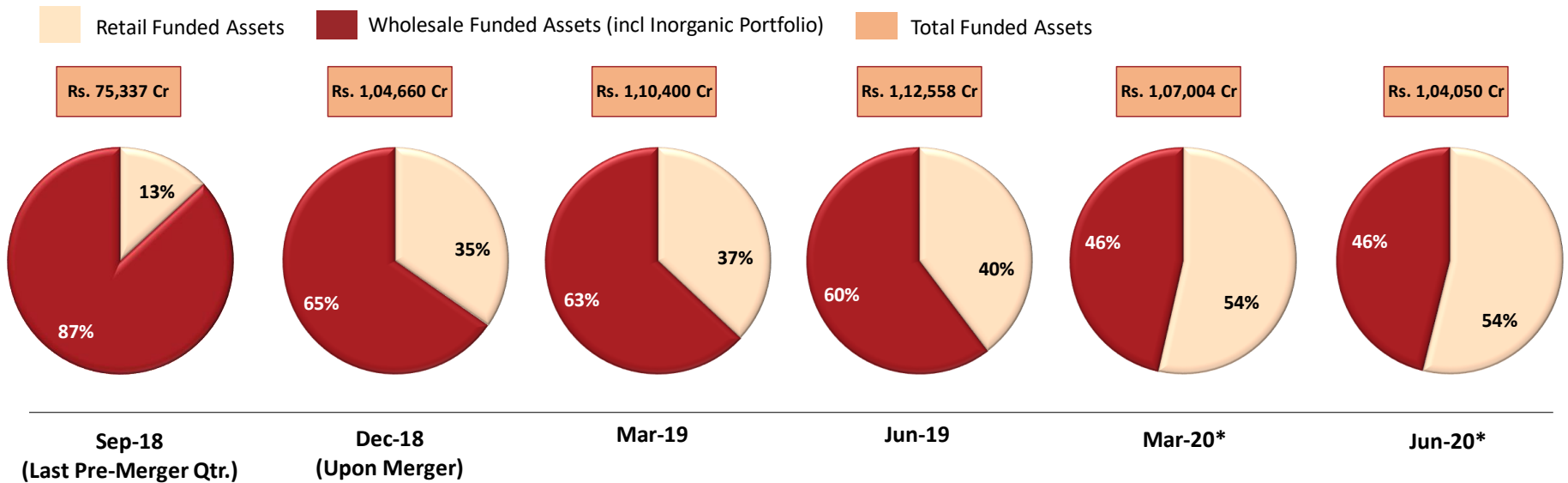
IDFC FIRST Bank – income statement

In Rs. Crore	Q1 FY20	Q4 FY20	Q1 FY21	Growth (%) Q-o-Q	Growth (%) Y-o-Y
Interest Income	3,793	3,956	3,831	-3%	1%
Interest Expense	2,619	2,392	2,205	-8%	-16%
Net Interest Income	1,174	1,563	1,626	4%	38%
Fee & Other Income	321	432	148	-66%	-54%
Trading Gain	(10)	319	337	6%	
Operating Income	1,485	2,314	2,111	-9%	42%
Operating Expense	1,167	1,527	1,219	-20%	4%
Pre-Provisioning Operating Profit (PPOP)	318	787	892	13%	181%
PPOP (Excluding Trading Gain)	328	468	555	19%	69%
Provisions	1,281	679	764*	12%	-40%
Profit Before Tax	(963)	107	128	19%	
Tax	(346)	36	34	-5%	
Profit After Tax	(617)	72	94	31%	

* This includes COVID-19 related additional provision was Rs. 375 crore for the quarter Q1-FY21. As of June 30, 2020, the total COVID-19 related provision for the Bank was Rs. 600 crore.

IDFC FIRST Bank – assets – retailisation

The Bank proposes to follow the strategy guided earlier - building strong capabilities on financing consumers, MSMEs, small businesses and other retail loans which is a large opportunity in India. We have strong capabilities on this front, have strong incremental margin, and the portfolio is diversified.



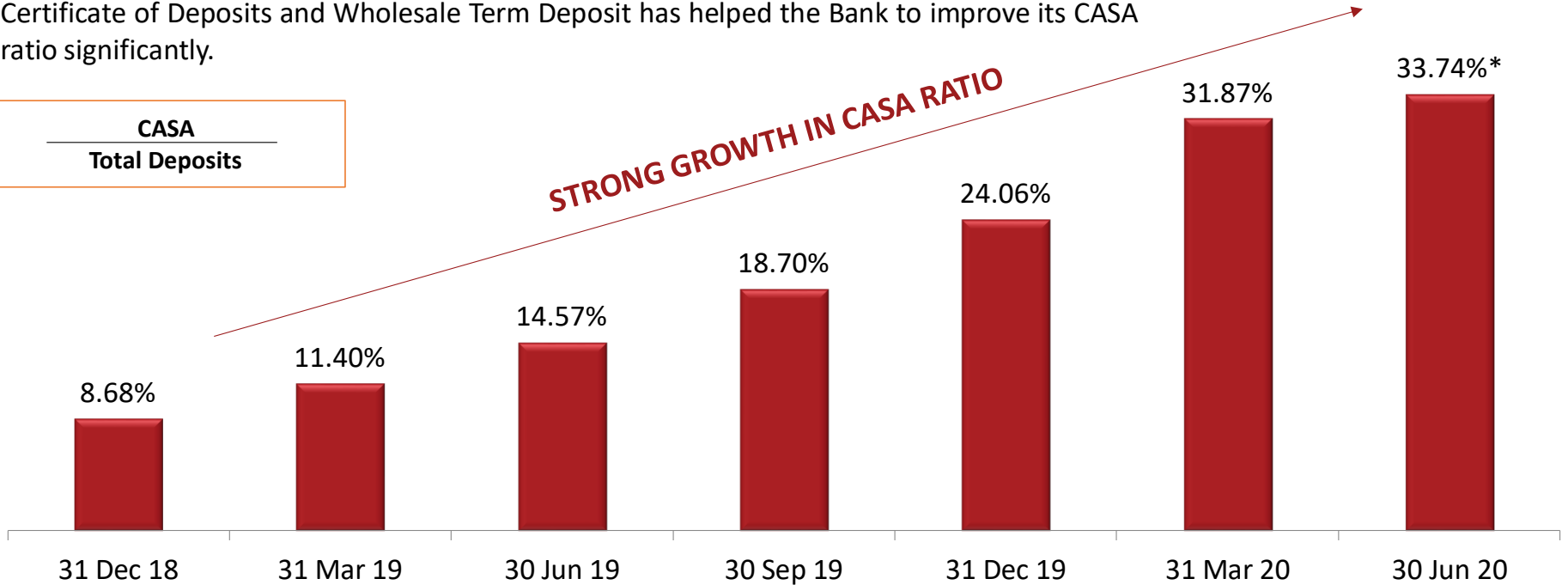
The Retail contribution to the overall Loan Assets is 61% as of June 30, 2020, if we include inorganically acquired portfolio (mostly PSL) as the underlying assets are retail loans,

**The figures above are gross of Inter-Bank Participant Certificate (IBPC) transactions.*

IDFC FIRST Bank – liabilities – CASA

CASA Ratio is computed in terms of CASA as a percentage of Total deposits (CASA+ Certificate of Deposits+ Term Deposits). Consistent growth in CASA and decreasing dependency on Certificate of Deposits and Wholesale Term Deposit has helped the Bank to improve its CASA ratio significantly.

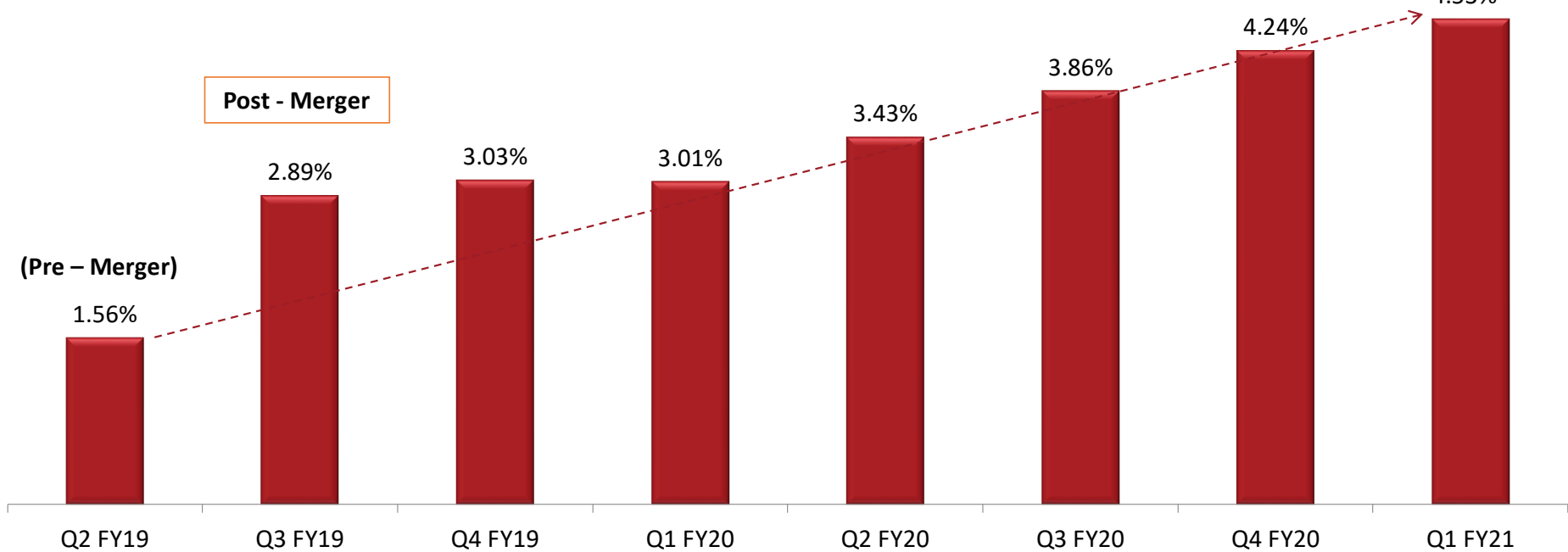
$$\frac{\text{CASA}}{\text{Total Deposits}}$$



**This is excluding CASA deposits of Rs. 211 crore from NHB which is non-sustainable in nature with fluctuating balance. This was a special deal which has expired in June 2020. Including this, the CASA to total deposits ratio would have been 33.94%.*

IDFC FIRST Bank – NIM

- The NIM of the standalone Bank IDFC bank was 1.56% in September 2018, which was the last quarter prior to the merger in December 2018. On merger, the NIM increased to 2.89%. This has fast accelerated to 4.53% in the Q1 FY21.
- NIMs have increased every quarter due to gradual shift towards retail banking businesses.
- As per our earlier guidance, we aspire to take it to 5-5.5% in the next 5 years. We are confident of getting there.

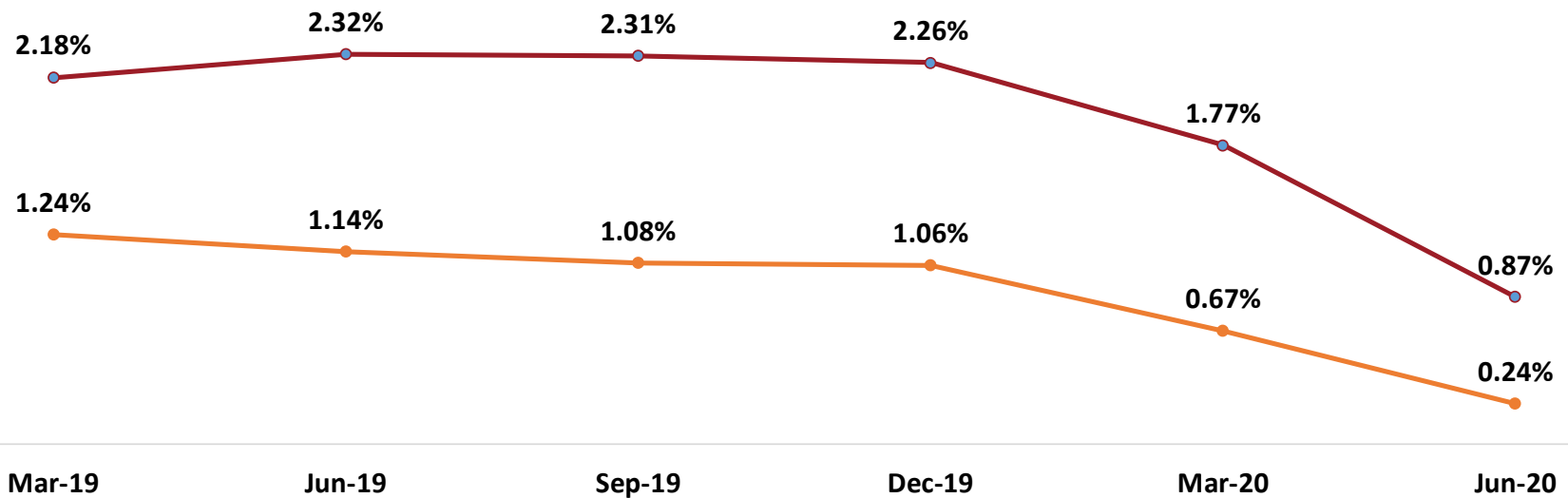


*Excluding Rs. 20 crore of interest recovery on account of one infrastructure loan which was classified as NPA

IDFC FIRST Bank – asset quality

Even post-merger, the asset quality trends have remained stable for the Bank. Prior to COVID-19 and related lockdowns, the Gross and Net NPA on the retail advances of the Bank were coming down gradually.

● Gross NPA ● Net NPA



IDFC FIRST Bank – capital adequacy

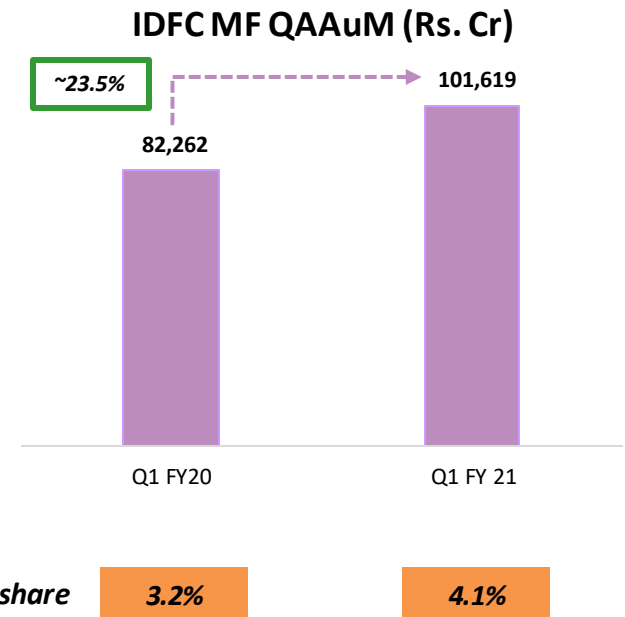
In Rs. Crore	Jun-19	Mar-20	Jun-20
Common Equity	16,340	14,690	17,065
Tier 2 Capital Funds	156	90	538
Total Capital Funds	16,496	14,780	17,593
Total RWA	1,17,733	1,10,481	1,17,077
CET 1 Ratio (%)	13.88%	13.30%	14.58%
Total CRAR (%)	14.01%	13.38%	15.03%

- The regulatory requirement for the Capital Adequacy Ratio is **10.875%** with CET-1 Ratio at **7.375%** and Tier I at **8.875%** as per the RBI Guidelines.
- The Bank has raised Rs. 2,000 crore of Equity Capital through the preferential issue during the quarter

3. IDFC AMC

Q1 FY21 – performance summary

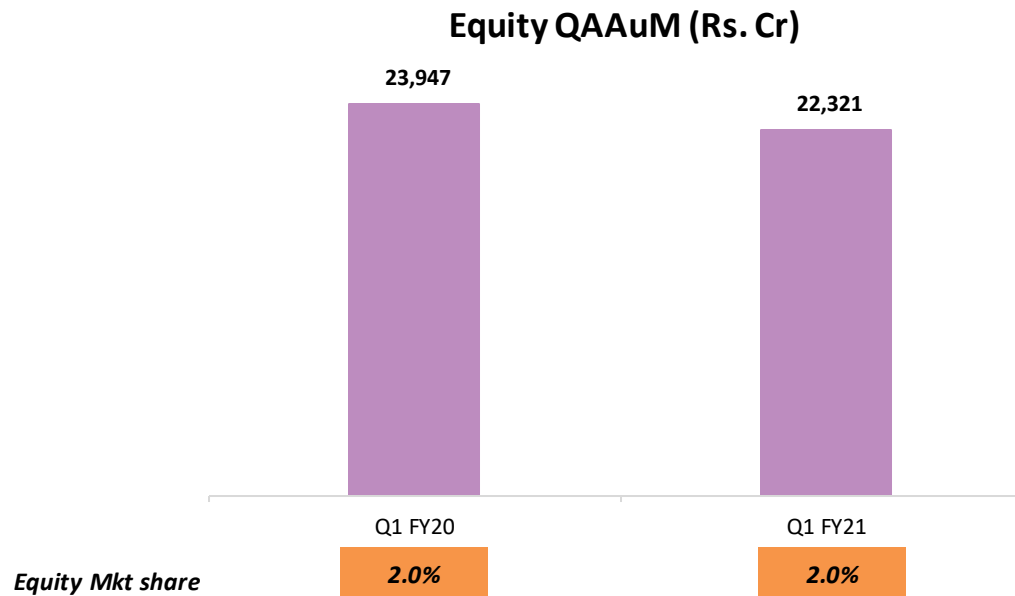
- Despite a turbulent start to the quarter, IDFC regained AUM growth momentum and improved market share in Q1
 - IDFC MF improved overall market share from 3.2% in Q1 FY20 to 4.1% in Q1'21 (and vs 3.8% in Q4 FY20)
 - In Q1 AAUM increased 23.5% YoY (vs Industry decline of 3.6%), with Q1 FY21 AAUM at Rs. 101,619 cr vs 82,262 in Q1 FY20 (and vs 103,893 in Q4 FY20)
- YoY Revenue grew 24%, and proactive cost management resulted in a PAT growth of 71%, with Q1'21 PAT at INR 30.3 Cr



1. QAAUM = Quarterly Average Assets Under Management
2. AUM data source: ICRA MFI Explorer

Equity AUM lower driven by MTM; Drawdown largely recovered by June

In Equity, after the sharp sell-off in March end, markets steadily recovered ground in Q1 FY21. Our Equity AUM in Jun'20 averaged Rs. 23,950 cr (-6.4% Vs Mar'20, but up 13.8% vs. Apr'20)

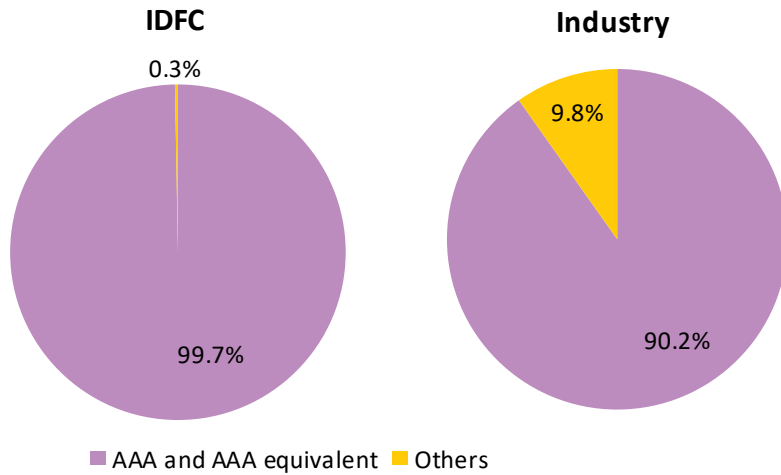


1. Equity AUM includes Equity and Hybrid schemes as per SEBI definition
2. QAAUM: Quarterly Average Assets Under Management

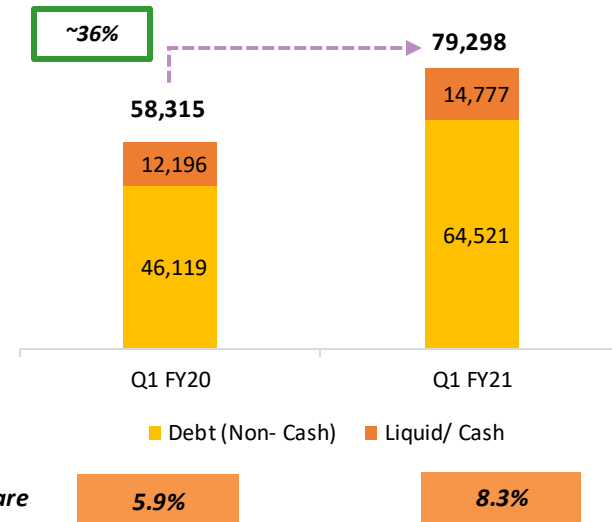
Strong AUM / market share gains in Fixed Income, driven by non-cash debt category

Continued quality focused portfolio stance and proactive retail distribution expansion helped us post AUM and market share gains

Portfolio credit rating distribution¹



Fixed Income QAAUM (Rs. Cr)



1. As of June 30, 2020
 Industry data includes top 15 AMCs excluding IDFC
 Source: ICRA MFI explorer

Strong Financial Performance

In INR Cr	Q1 FY21	Q1 FY20	YoY growth (%)
AAUM	101,619	82,262	23.5%
Total Income	80.5	64.8	24.2%
<i>Income from operations</i>	73.6	60.5	21.6%
<i>Other Income</i>	6.9	4.4	
Costs	39.9	40.6	-1.6%
PBT	40.6	24.3	67.3%
PAT	30.3	17.7	71.0%

- 23.5% YoY QAAUM growth (vs. industry de-growth of 3.6%), led to Fee growth of ~22%
- Strong income growth, coupled with proactive expense management drove YoYPAT growth of 71%

Costs were muted in Q1 due to lockdown; Investments in marketing and digital technology will lead to increase in operating costs in later part of the year vs. current run-rate



THANK YOU