

February 07, 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 Q3FY20 (Quarter ended December 31, 2019)

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 and nine months ended December 31, 2019.

This is for your information and records.

Thanking you,

Yours faithfully,
For IDFC Limited



Mahendra N. Shah
Company Secretary



Encl.: A/a

I D F C

IDFC LIMITED

IDFC LIMITED – CONSOLIDATED

INVESTOR PRESENTATION

FEBRUARY 06, 2020



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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

Contribution to consol PAT

<u>Particulars</u>	9 months ended Dec 31, 2019	Half year ended Sept 2019
Contribution by:		
IDFC FIRST Bank	(1296)	(524)*
IDFC AMC	64	35
	(1232)	(489)
Other adjustments	(1)	(23)
Consol PAT	(1233)	(512)

** includes DTA reversal of INR 300 crore (our share) due to revised rate of income tax of 25.17%*

- ✓ We continue to monetize all non-core assets & distribute the proceeds to shareholders as soon as possible

2. IDFC FIRST BANK

Q3 highlights: rapid strides across all strategic priorities

During the quarter ended 31 December, 2019, the Bank recognized one legacy telecom exposure as stressed and provided 50% provisioning on the total exposure which resulted in a net loss for the quarter.

1. Assets (As of 31 Dec 2019)

- a. Growing the Retail Loan book: Retail Book has increased to **Rs. 51,506 crores** (grown by **15,270 crores in 12 months since merger**)
- b. Increase proportion of Retail Loans: Retail Book as a % of Total Funded Assets reached **49%** (36% at merger)
- c. Reducing Infrastructure Book. Infrastructure book decreased to **Rs. 15, 016 crores** (reduced by **Rs. 7,695 crore** in 12 months since merger)
- d. Reducing Wholesale loan book: W/S loan book decreased to **Rs. 42,951 crore** (reduced by **Rs. 13,858 crore** in 12 months since merger)

2. Liabilities (As of 31 Dec 2019)

- a. Increasing CASA Deposits. CASA Deposits grown to **Rs. 16,204 crore** (Grown by **Rs. 10,930 crore** in 12 months since merger)
- b. Improving CASA Ratio. CASA Ratio has improved to **24.06%** as on 31 Dec 2019 from **8.68% at merger** as on 31 Dec 2018.
- c. Core Deposits (Retail CASA and Retail TD) **Rs. 29,267 crore** (Grown by **Rs. 18,866 crore** in 12 months since merger)
- d. Improving Core Deposit Ratio. Improved to **21.78%** as on 31 Dec 2019 from **8.04% at merger** as on 31 Dec 2018.

Q3 highlights: rapid strides across all strategic priorities

3. Asset Quality remains high

- a. Bank GNPA at **2.83%** (**2.62%** as of 30/09/19), Net NPA at **1.23%** (**1.17%** as of 30/09/2019)
- b. Improved Retail Asset Quality: GNPA at **2.26%** (**2.31%** as of 30/09/19), Net NPA at **1.06%** (**1.08%** as of 30/09/2019)

4. Strong Capital Adequacy:

- a. Capital Adequacy Ratio is strong with CET-1 Ratio at **13.28%**.
- b. Since Tier 1 capital is high, bank can comfortably raise total capital adequacy to 18% by raising T1/T2 bonds

5. Earnings and Profitability:

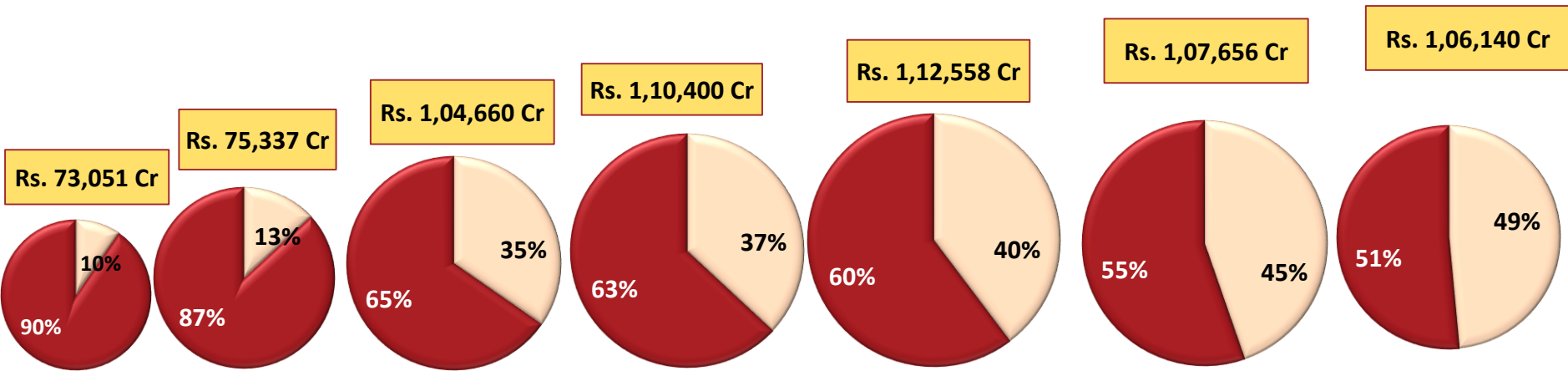
- a. Strong NII Growth: NII grew 34% YOY to **Rs. 1,534 crore in Q3 FY20 compared to Rs. 1,145 crore in Q3 FY 19.**
- b. Strong improvement in NIM: NIM has improved to **3.86%** Q3 FY20 from **2.89%** for Q3 FY19 (merger quarter).
- c. Strong growth in Total Income (NII + Fees + other income) YOY up 50% at **Rs. 2,113 crore** for Q3 FY20 cs **Rs. 1406 crore** for Q3 FY19
- d. Improving Cost to Income Ratio: **73.52%** for Q3 FY20 as compared to **81.38%** for Q3 FY19 (merger quarter)
- e. Bank recognized an legacy exposure of Rs. 3,244 crores (Rs. 2000 crore funded, Rs. 1,244 crores as Spectrum Guarantee) to a large telecom account as stressed and took provisions of Rs. 1,622 crores. Also provided Rs. 110 crores to one legacy Thermal Power account. As a result bank posted a loss of Rs. 1639 crores.

Retail loans as a % of total loans has quickly improved to 49%

Retail Funded Assets (includes Home Loan, MSME and Consumer Loans and Rural)

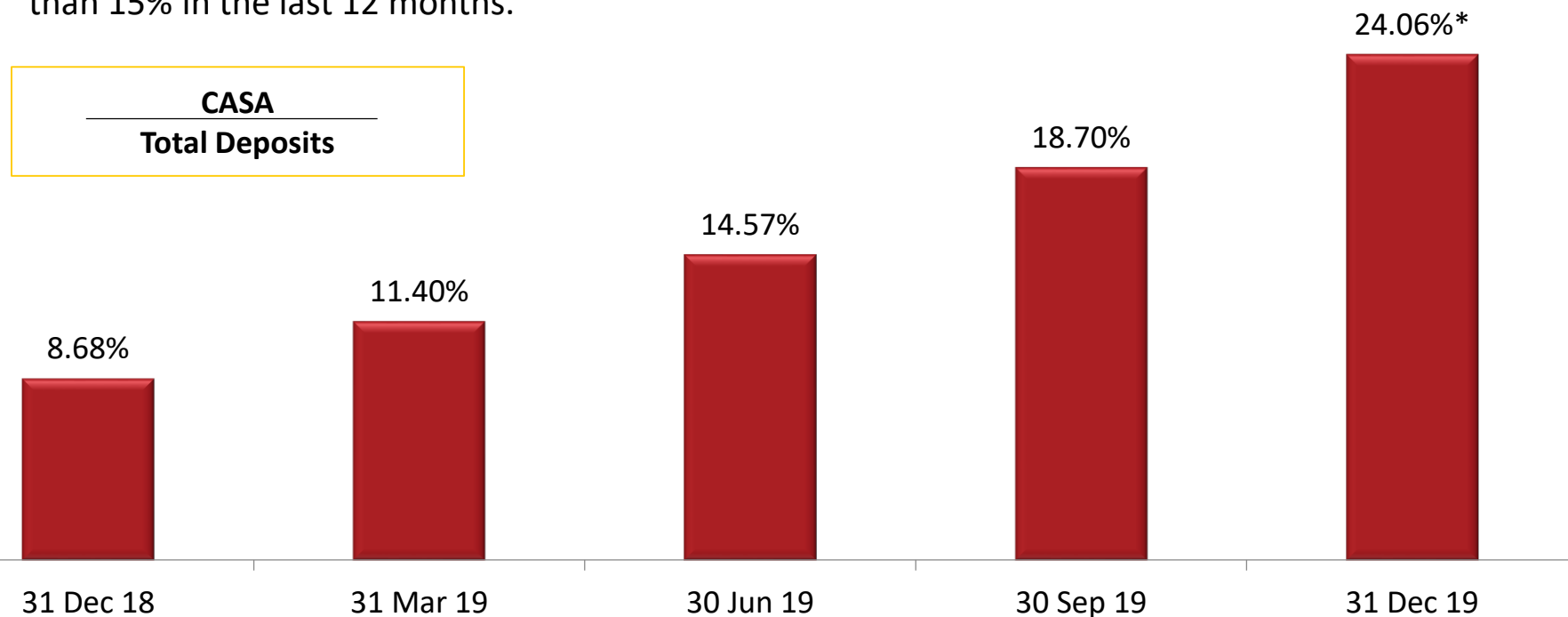
Wholesale Funded Assets (includes Corporate and Infrastructure Loans)

Total Funded Assets



Improving CASA deposit ratio

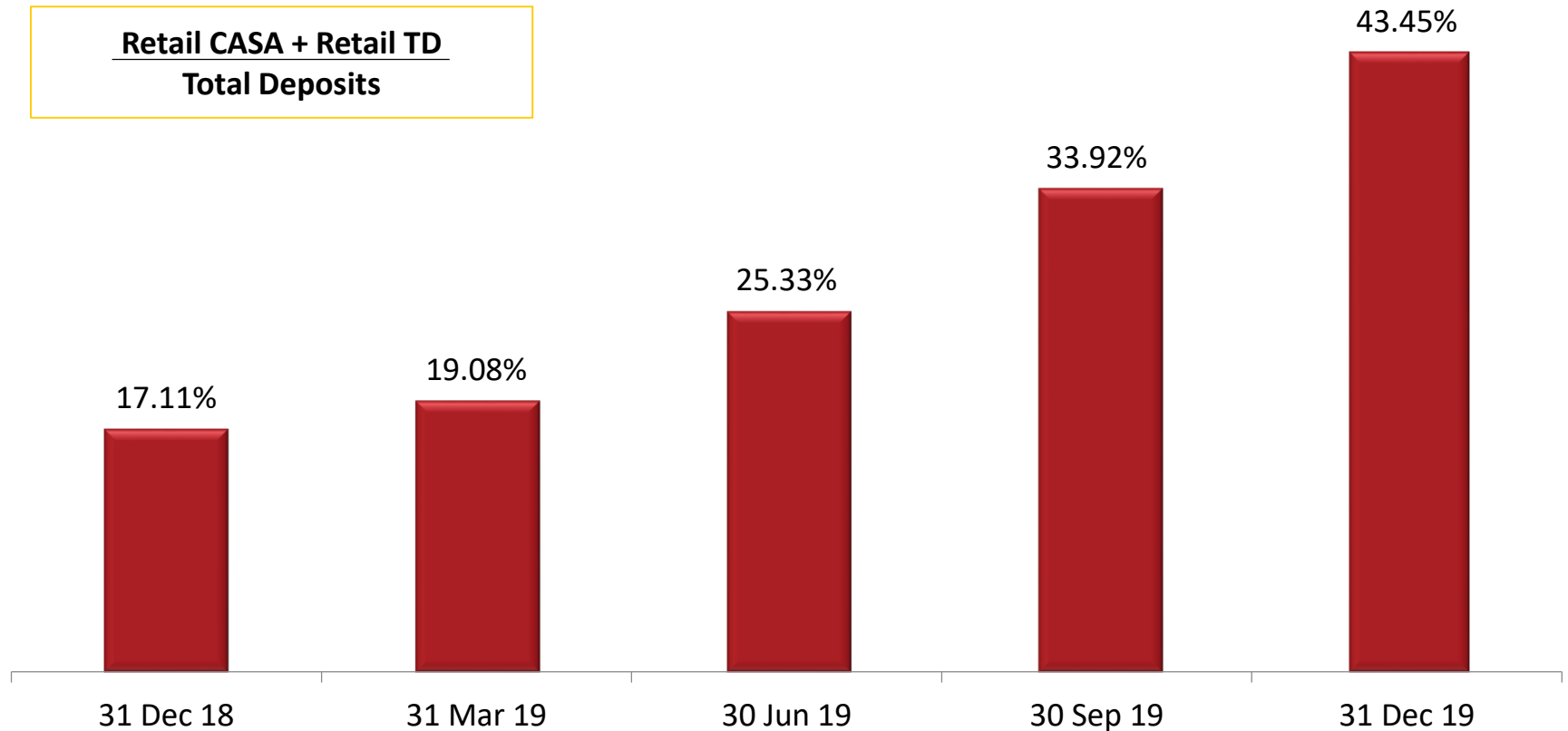
CASA ratio is computed in terms of CASA as a percentage of total deposits (CASA+ Certificate of Deposits+ Term Deposits). Consistent growth in CASA and decreasing dependency on Certificate of Deposits and Wholesale Term Deposit has helped the Bank to improve its CASA ratio by more than 15% in the last 12 months.



**This is excluding CASA deposits of Rs. 1,346 crore from one government banking account which is non-sustainable in nature with fluctuating balance. This was a special deal which would expire in June 2020 at special terms hence excluded from calculations.*

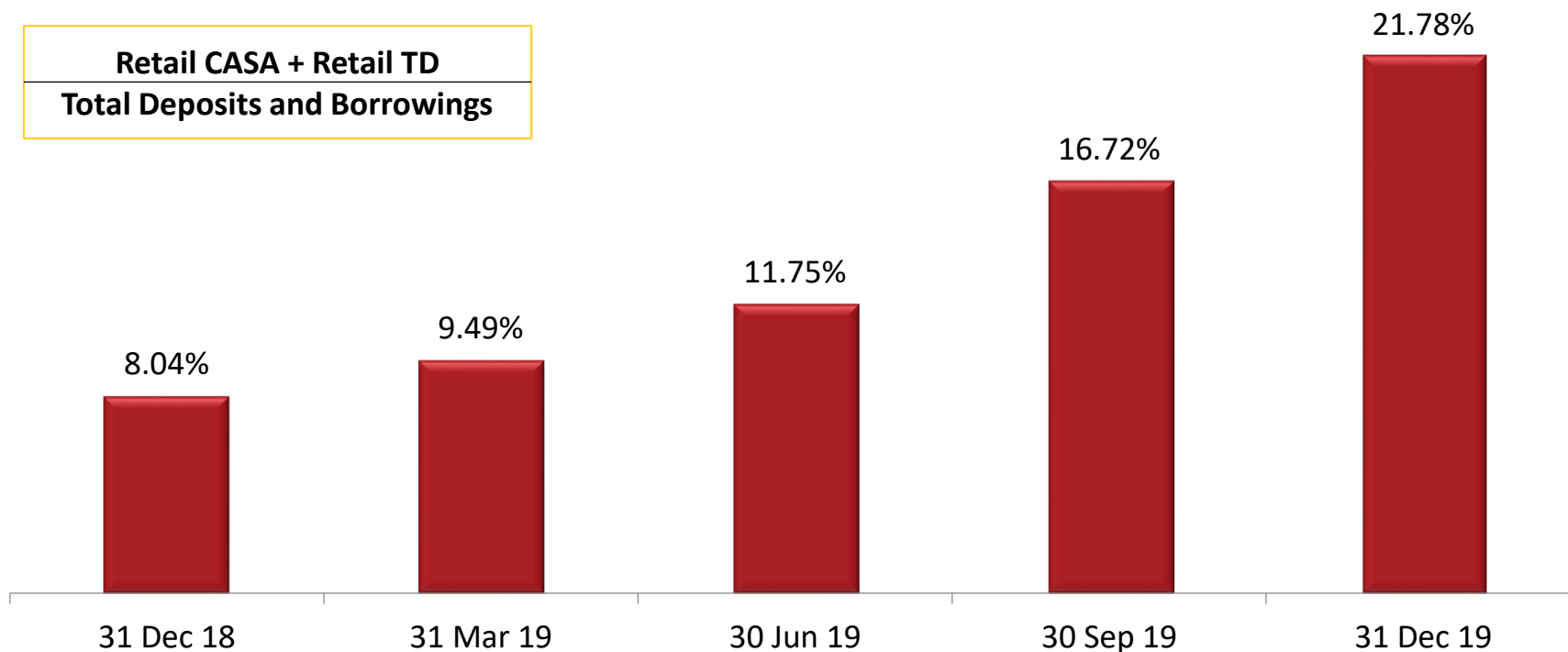
Improving core deposit ratio as a % of total deposits

Core retail deposits i.e. retail CASA and retail term deposits as a percentage of total deposits have grown sharply from **17.11%** as of 31st December 2018 to **43.45%** as of 31st December 2019.



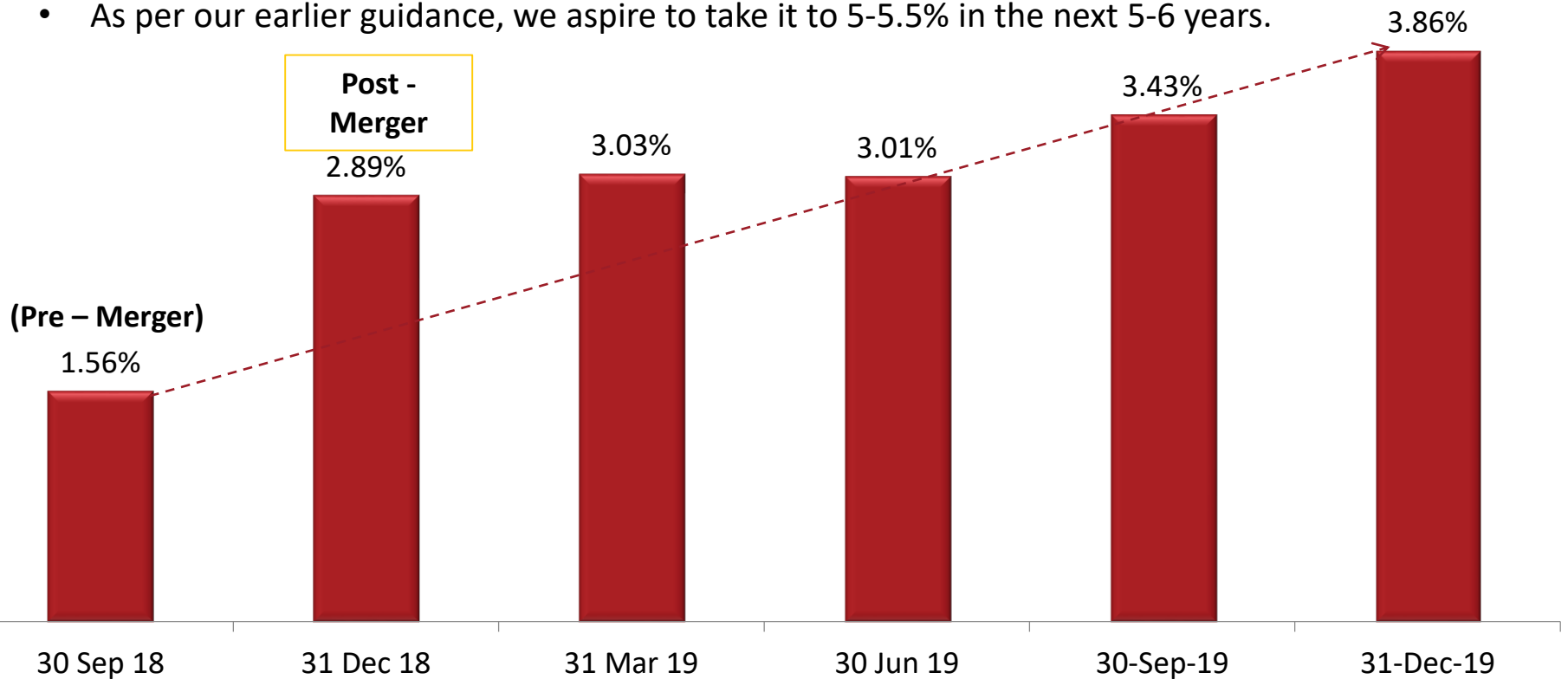
Improving core deposit ratio as a % of total deposits and borrowings

Our key strategy is to increase stability of our borrowings. Retail CASA and retail term deposits are considered as stable source of funds. Stable funds as a percentage of total deposits and borrowings have grown from **8.04%** as of 31st December 2018 to **21.78%** as of 31st December 2019.



Improving NIMs

- Our NIM which was 1.56% pre merger grew to 2.89% at merger which moved to 3.86% in the Q3 FY20.
- NIMs are increasing every quarter usually by 15-20 bps 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 5-6 years.



Income statement

In Rs. Crore	Dec-18	Sep-19	Dec-19	Growth (%) Q-o-Q
Interest Income	3,664	4,018	4,100	
Interest Expense	2,519	2,655	2,566	
Net Interest Income	1,145	1,363	1,534	13%
Fee & Other Income	257	335	413	
Trading Gain	3	14	166	
Operating Income	1,406	1,712	2,113	23%
Operating Expense	1,142	1,295	1,432	
Pre-Provisioning Operating Profit (PPOP)	264	417	682	63%
Provisions	169	317	2,305	
Profit Before Tax	95	100	(1,623)	
Less : Exceptional Items	2,599	-	-	
PBT after Exceptional Items	(2,504)	100	(1,623)	
Tax	(966)	780	16	
Profit After Tax	(1,538)	(680)	(1,639)	

Balance sheet

In Rs. Crore	Dec-18	Sep-19	Dec-19
Shareholders' Funds	18,376	16,866	15,240
Deposits	61,914	69,321	68,697
Borrowings	68,614	68,665	67,025
Other liabilities and provisions	8,012	8,925	9,100
Total Liabilities	156,916	163,777	160,062
Cash and Bank Balances	1,636	2,901	3,097
Net Loan Assets	101,694	103,188	99,796
- <i>Net Retail Loan Assets</i>	36,167	47,829	51,268
- <i>Net Wholesale Loan Assets</i>	65,527	55,359	48,528
Investments	43,475	47,708	47,302
Fixed Assets	957	987	1,029
Other Assets	9,154	8,993	8,838
Total Assets	156,916	163,777	160,062

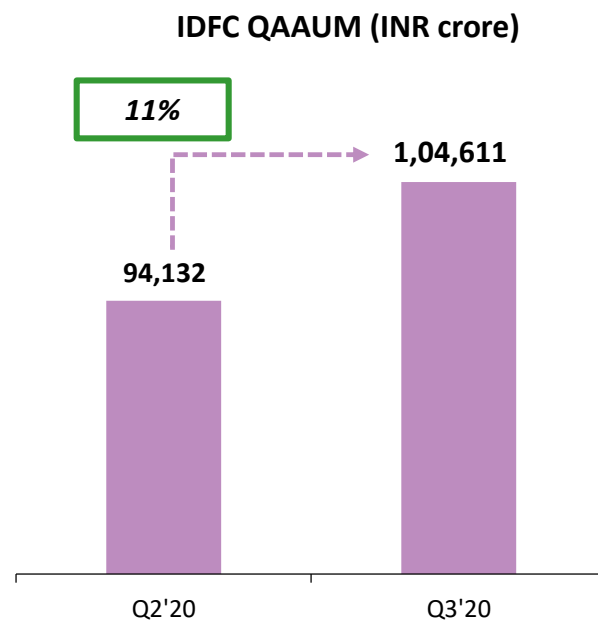
Milestones to be achieved in 5-6 years

Retail Assets	> Rs. 1,00,000 Crores		
% Retail Funded Assets	> 70% of total funded assets	% Retail Liabilities	> 50%
Net Interest Margin %	~ 5.0-5.5%	% CASA	~ 30%
Cost to Income Ratio %	~ 50-55%	Branches	~ 800-900
RoA%	~ 1.4 - 1.6%		
RoE %	~ 13 – 15%		

3. IDFC AMC

Performance summary – Q3

- ✓ In Q3, IDFC MF Average AUM (AAUM¹) grew by 11.1% (vs. industry growth of 4.3%), with Q3 Average AUM of INR 104,611 crore
 - During the quarter, overall market share increased from 3.7% to 3.9%, with non-cash market share improving from 4.0% to 4.3%
 - **Equity:** QAAUM² increased to ~INR 30,300 crore (+13.6% QoQ); Market share increased to 2.3% from 2.2% QoQ
 - **Fixed Income:** QAAUM increased to ~INR 74,200 crore (+10.2% QoQ); Market share increased to 5.4% from 5.0% QoQ
- ✓ Q3'20 revenue increased 13% driving operating PBT growth of 14% QoQ

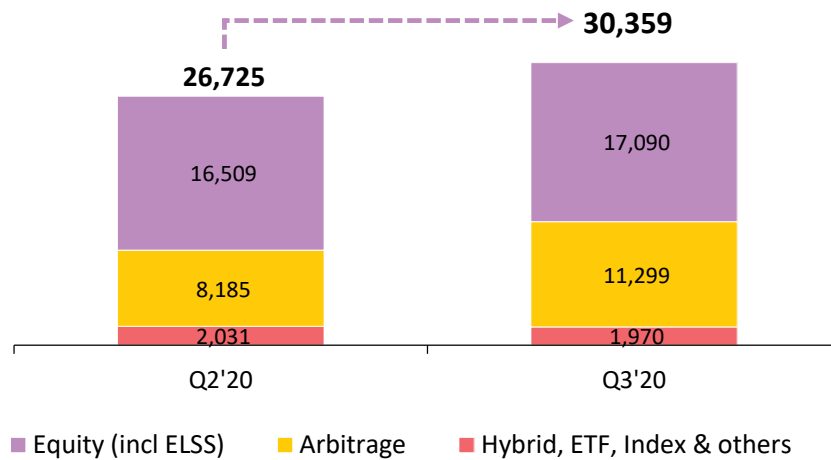


1. AAUM = Average Assets Under Management
2. QAAUM = Quarterly Average Assets Under Management
3. AUM data source: ICRA MFI Explorer

Equity AUM increased steadily, with portfolios well poised to capture broader market upside

We increased equity AUM by 13.6% or ~INR 3,600 crore QoQ

Equity QAAUM (INR crore)



Equity Mkt share

2.2%

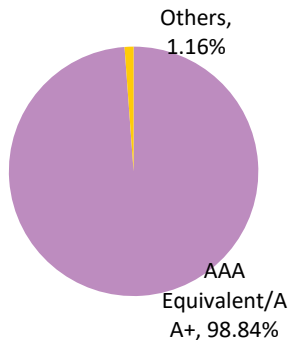
2.3%

Market share gains in Fixed Income, focused on longer term non-cash category

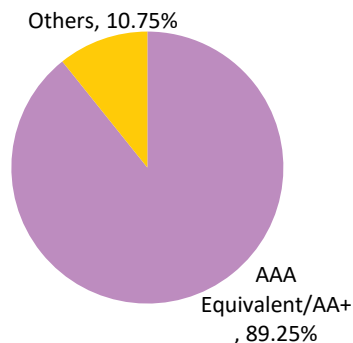
Our continued high quality portfolio stance coupled with proactive retail distribution expansion helped steadily build AUM and market share

Portfolio credit rating distribution¹

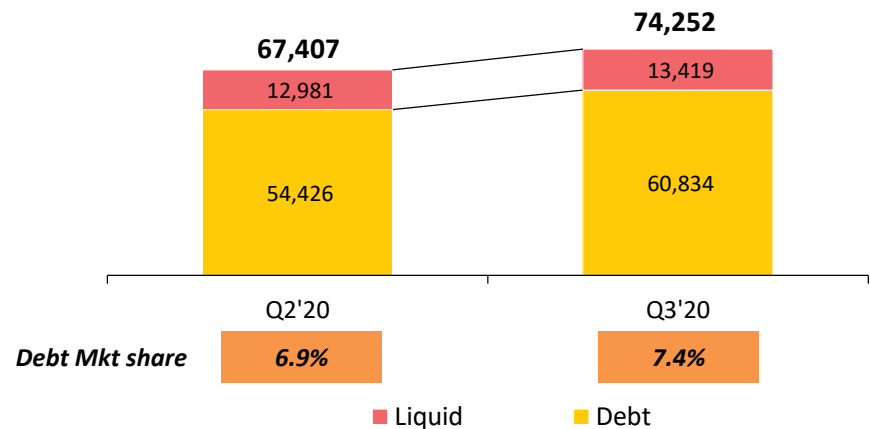
IDFC Mutual Fund



Industry Average



Fixed Income QAAUM (INR crore)



1. As on end of Dec 2019
 Industry data includes top 15 AMCs excluding IDFC
 Source: ICRA MFI explorer

Operating profitability improved QoQ

Driven by 11% growth in AAUM, our revenue rose 13% leading to a 14% rise in operating profit QoQ

In INR crore	Q1 FY20	Q2 FY20	Q3 FY20	QoQ Growth
AAUM¹	82,443	94,285	1,04,761	11%
Total Income	65.1	77.2	87.5	13%
<i>Income from operations</i>	<i>60.5</i>	<i>72.8</i>	<i>83.9</i>	
<i>Other Income</i>	<i>4.4</i>	<i>4.5</i>	<i>3.6</i>	
Costs	39.2	46.8	52.8	13%
Operating PBT	24.4	30.4	34.7	14%
One-offs ²	(0.1)	(6.5)	3.0	
Reported PBT	24.3	23.9	37.8	
<i>MF Revenue margin (bps)</i>	<i>29</i>	<i>31</i>	<i>32</i>	

1. Includes non MF AUM

2. One-offs include change in fair value of carry income in our VCF fund, which has closed in Q3 and certain group related expenses



THANK YOU