

February 15, 2021

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 Q3FY21(Quarter and nine months ended December 31, 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 and nine months ended December 31, 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 – Q3 FY21

FEBRUARY 13, 2021



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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

Update

- ✓ The report of the RBI constituted Internal Working Group set-up to review the extant licensing guidelines and regulations relating to ownership and control in Indian private sector banks is supportive of our unlock value strategy for our shareholders
 - We are awaiting final RBI guidelines relating to ownership and control in Indian private sector banks to formally move ahead and execute on our unlock value strategy
- ✓ HDFC loan of INR 200 crore has been fully paid-off

Consolidated PAT

<u>Particulars</u>	<u>Q3 FY 21</u>	<u>9M FY 21</u>
IDFC standalone PAT	(4.67)	(17.00)
Add: profit of subsidiaries		
<i>Profit of AMC</i>	40.84	104.25
<i>Profit of other subsidiaries</i>	(14.09)	17.18
Profit of subsidiaries	26.75	121.43
Add: Profit from assooiates, other adjustments		
<i>IDFC First bank*</i>	(247.38)	(222.07)
<i>Others/other adjustments</i>	2.68	6.11
Profit from assooiates	(244.70)	(215.96)
IDFC standalone PAT + Profit of subsidiaries + Profit f	(222.62)	(111.53)
<i>Less: Dividend elimination</i>	-	(61.62)
Consol PAT	(222.62)	(173.15)

* Under Ind AS

2. IDFC FIRST BANK

IDFC FIRST Bank – highlights

1. Strong Growth in Retail Assets:

- **Retail Book** increased **24% YoY** to **Rs. 66,665 crore** as on Dec 31, 2020 from **Rs. 53,685 crore** as on Dec 31, 2019
- **Retail** constitutes **65%** of funded loan assets as on Dec 31, 2020 including Inorganic PSL buyouts, where underlying assets are retail loans as compared to **57%** as on Dec 31, 2019
- Wholesale funded book **decreased by 21%** to **Rs. 34,809 crore** as on Dec 31, 2020 from **Rs. 44,329 crore** as on Dec 31, 2019
- Infrastructure loans (part of wholesale) **decreased by 26%** to **Rs. 11,602 crore** as on Dec 31 2020 from **Rs. 15,601 crore** as on Dec 31, 2019.

2. Strong growth in retail Liabilities

- CASA Deposits increased to **Rs. 40,563 crore** as on Dec 31, 2020 from **Rs. 16,204 crore** as on Dec 31, 2019, **Y-o-Y increase of 150%**
- CASA Ratio improved to **48.31%** as on Dec 31, 2020 from **24.06%** as on Dec 31, 2019. Average CASA Ratio also improved to **44.66%** as on December 31, 2020 from **20.88%** as on December 31, 2019.
- Core Deposits (Retail CASA and Retail Term Deposits) (A) increased **100% YOY** to **Rs. 58,435 crore** as on Dec 31, 2020 from **Rs. 29,267 crore** as on Dec 31, 2019.
- Wholesale deposit (wholesale CASA and Wholesale FD) (B) **reduced 26% YOY** to **Rs. 18,854 crore** (Dec 31, 2020) from **Rs. 25,364 crore** as of Dec 31, 2019 as per strategy to reduce bulk deposits.
- Thus, Total Customer Deposits (A + B) increased to **Rs. 77,289 crore** as on Dec 31, 2020 from **Rs. 54,631 crore** as on Dec 31, 2019, **Y-o-Y increase of 41%**. (IDFC First Bank Fixed Deposit program have the highest safety rating of **FAAA** by **CRISIL**)

IDFC FIRST Bank – highlights

3. Strong growth in Core Earnings:

- a. **Strong NII Growth:** NII grew by **14% YOY** to **Rs. 1,744 crore** in Q3 FY21 from **Rs. 1,534 crore** in Q3 FY20. It grew by **5% QOQ** from **Rs. 1,660 crore** in Q2 FY21. NII for the current quarter includes the impact of provision for interest reversal for proforma NPA cases.
- b. **Strong NIM improvement:** NIM has improved to **4.65%** in Q3 FY21 as compared to **3.86%** in Q3 FY20 and **4.57%** in Q2 FY21.
- c. **Strong growth in Total Income (NII + Fees and Other Income+ Trading Gain):** Total income grew **24% YOY** to **Rs. 2,616 crore** in Q3 FY21 from **Rs. 2,113 crore** in Q3 FY20. It grew by **14% QOQ** from **Rs. 2,288 crore** in Q2 FY21.
- d. **Total Income (Excluding Trading Gain)** grew by **18% YOY** to **Rs. 2,326 crore** in Q3 FY21 from **Rs. 1,972 crore** in Q3 FY20. It grew by **19% QOQ** from **Rs. 1,951 crore** in Q2 FY21
- e. **Growth in Pre-Provisioning Operating Profit:** PPOP including trading gains (Rs.290 cr) grew **13% YOY** to **Rs. 773 crore** in Q3 FY21 as compared to PPOP (including trading gains of Rs. 142 cr) of **Rs. 682 crore** in Q3 FY20. It de-grew by **4% QOQ** from PPOP (including trading gains of Rs. 337 cr) **Rs. 803 crore** in Q2 FY21.
- f. **Provision:** The total provisions for Q3 FY21 was **Rs. 595 crore** as compared to **Rs. 2,305 crore (including provision of Rs. 1,622 crore on one telecom exposure)** in Q3 FY20 and as compared to **Rs. 676 crore** in Q2 FY21. This includes additional COVID provisions of Rs. 390 crore made during the quarter.
- g. **Profit After Tax: The PAT for Q3 FY21 is reported at Rs. 130 crore as compared to Loss of Rs. 1,639 crore for Q3 FY20 and as compared to PAT of Rs. 101 crore in Q2 FY21.**

IDFC FIRST Bank – highlights

4. Asset Quality of the Bank remains high

- Bank's Gross NPA reduced sequentially from **1.62%** as of Sept 30, 2020 to **1.33%** as of Dec 31, 2020.
- Bank Net NPA reduced sequentially from **0.43%** as of Sept 30, 2020 to **0.33%** as of Dec 31, 2020 .
- Provision Coverage Ratio (PCR) was **75.14%** as of Dec 31, 2020 as compared to **57.34%** as of Dec 31, 2019.
- The above figures include the impact of the Hon. Supreme Court notification to stop NPA classification post August 31 2020 till further orders. Without this impact, the Proforma GNPA as on Dec 31, 2020 would have been **4.18%** and the Proforma NNPA would have been **2.04%**. As compared to Long Term Avg. of 4 pre-COVID quarters, the proforma GNPA is higher by 155 bps.
- **Provision Coverage including the General Provision, COVID19 provision, Specific Provisions on NPAs was 309% on reported NPA and 99% on Proforma NPA as of 31 Dec 2020 (without the SC order impact).**

Asset Quality on Retail Loan Book:

- Retail Asset Gross NPA stood at **0.27%** as of Dec 31, 2020 as compared to **0.41%** as of Sept 30, 2020 and **2.26%** as of Dec 31, 2019.
- Retail Asset's Net NPA stood at **0.13%** as of Dec 31, 2020 as compared to **0.17%** as of Sept 30, 2020 and **1.06%** as of Dec 31, 2019.
- Without the impact of Hon. Supreme Court's order, the Proforma GNPA for retail as on Dec 31 2020 would have been **3.88%** and the Proforma NNPA would have been **2.35%**. As compared to Long Term Avg. of 4 pre-COVID quarters, the proforma GNPA is higher by 161 bps.
- The overall collection efficiency for standard loans stood at 98% of the pre-covid levels (Jan-20 and Feb-20) as of 31 Dec 2020.

**Long term Average mentioned above is Average of Bank's GNPA's for the 4 quarters prior to COVID pandemic. (i.e. Mar-19, Jun-19, Sept-19 and Dec-19)*

IDFC FIRST Bank – highlights

5. Strong Capital Adequacy:

- Capital Adequacy Ratio is strong at **14.33%** with CET-1 Ratio at **13.82%** as of Dec 31, 2020.

6. Franchise:

- The Branch Network now stands at **576** branches and **541** ATMs across the country as on Dec 31, 2020.

IDFC FIRST Bank – balance sheet

In Rs. Crore	Dec-19	Sep-20	Dec-20	Growth (%) (Y-o-Y)	Growth (%) (Q-o-Q)
Shareholders' Funds	15,240	17,538	17,668	16%	1%
Deposits	68,697	75,800	84,294	23%	11%
- Retail Deposits	29,267	49,610	58,435	100%	18%
- Wholesale Deposits (including CD)	39,431	26,190	25,859	-34%	-1%
Borrowings	67,025	47,713	40,805	-39%	-14%
Other liabilities and provisions	9,722	11,611	12,909	33%	11%
Total Liabilities	160,684	152,661	155,676	-3%	2%
Cash and Balances with Banks and RBI	7,111	5,257	7,141	0%	36%
Net Funded Assets	100,418	102,534	106,263	6%	4%
- Net Retail Funded Assets	51,268	59,979	66,731	30%	11%
- Net Wholesale Funded Assets*	49,150	42,556	39,532	-20%	-7%
Investments	44,244	35,600	33,037	-25%	-7%
Fixed Assets	1,029	1,131	1,233	20%	9%
Other Assets	7,882	8,139	8,003	2%	-2%
Total Assets	160,684	152,661	155,676	-3%	2%

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

IDFC FIRST Bank – income statement

In Rs. Crore	Q3 FY20	Q2 FY21	Q3 FY21	Growth (%) Y-o-Y	Growth (%) Q-o-Q
Interest Income	4,100 ¹	3,801	3,952 ²	-4%	4%
Interest Expense	2,566	2,141	2,209	-14%	3%
Net Interest Income	1,534	1,660	1,744	14%	5%
Fee & Other Income	437	291	582	33%	100%
Operating Income (Excl Trading Gain)	1,972	1,951	2,326	18%	19%
Trading Gain	142	337	290 ³	105%	-14%
Operating Income	2,113	2,288	2,616	24%	14%
Operating Expense	1,432	1,486	1,842	29%	24%
Pre-Provisioning Operating Profit (PPOP)	682	803	773	13%	-4%
Core Pre-Provisioning Operating Profit (Ex. Trading gain)	540	465	484	-10%	4%
Provisions	2,305	676	595 ⁴	-74%	-12%
Profit Before Tax	(1,623)	126	179	-	41%
Tax	16	25	49	-	97%
Profit After Tax	(1,639)	101	130	-	28%

1. This included one time interest on Income tax refund of Rs. 38 crores.

2. Net of provision for interest reversal on Proforma NPA cases on Dec 31, 2020

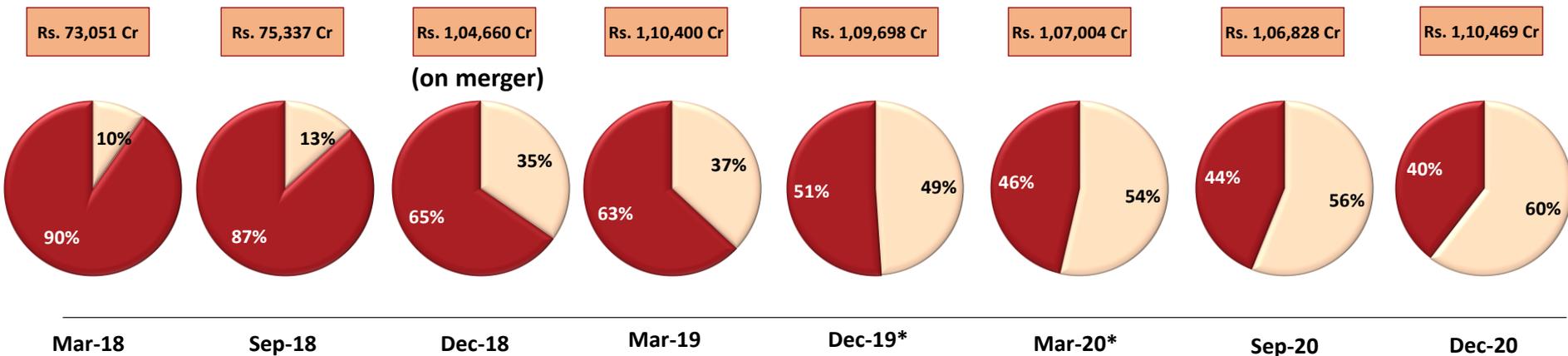
3. The Bank sold its entire exposure in NCD of a stressed financial service company in secondary market, net of provision reversal held on this case (Gain of Rs. 2 crore)

4. During this quarter, the Bank has made additional provision of Rs. 390 crore for COVID provision to further strengthen its balance sheet.

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.
- This is a crying social need in India for credit as large part of India is underserved. This is also in line with our mission statement.
- We have strong capabilities on this front, and aligned with our cost of funds, and the portfolio is diversified.

Retail Funded Assets
 Wholesale Funded Assets (incl Inorganic Portfolio)
 Total Funded Assets



The inorganically acquired portfolio, through various modes like direct assignments, buyouts, PTC for mostly PSL purposes, has the underlying assets as retail loans. Including this as part of Retail Loan Book, the Retail contribution to the overall Loan Assets is 65% as of Dec 31.

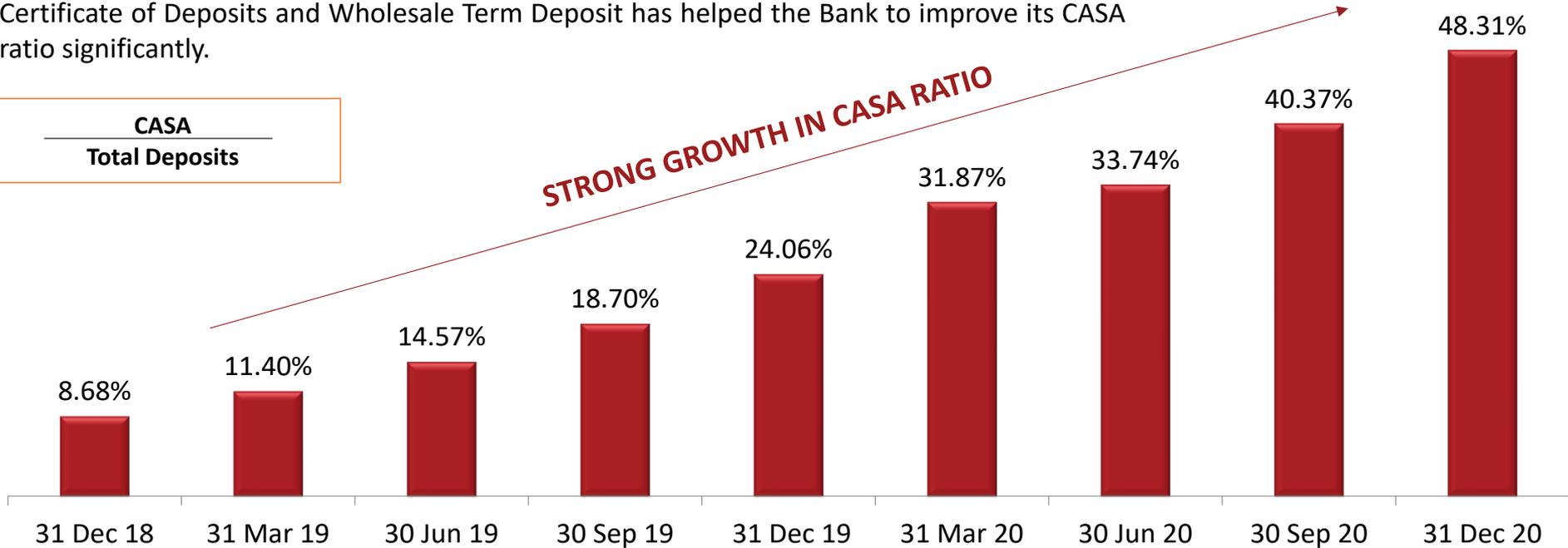
The figures above are gross of Inter-Bank Participant Certificate (IBPC) transactions.

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.

STRONG GROWTH IN CASA RATIO

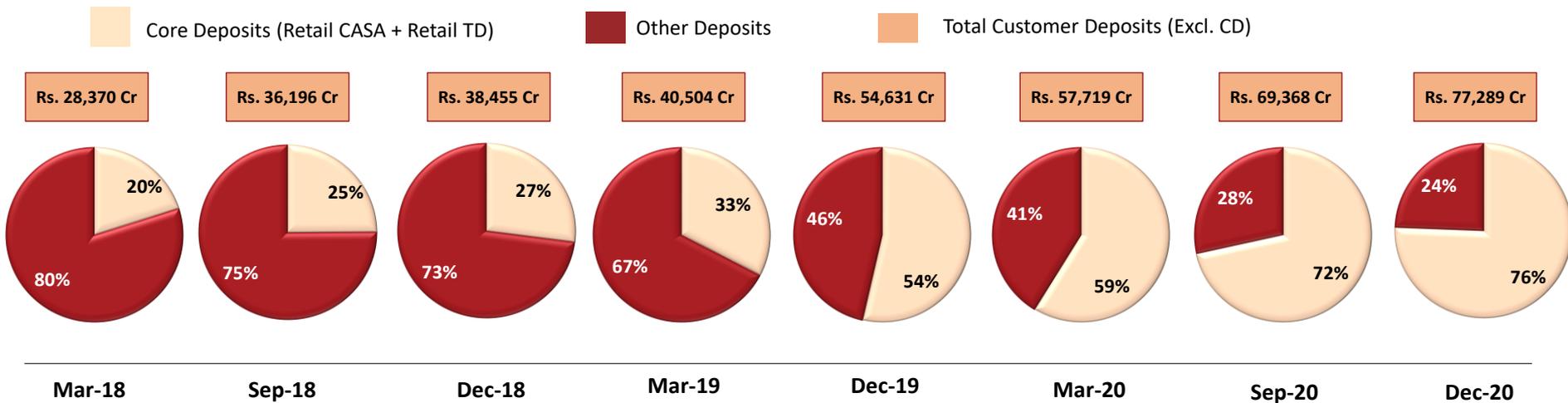
$$\frac{\text{CASA}}{\text{Total Deposits}}$$



Note: The figure as of 31 Dec 2020 is excluding CASA deposits of Rs. 332 crore from NHB which was raised under special high rate scheme. This has now been reduced at our standard rack rate. The Bank now has no special schemes for large ticket saving balance and in fact disincentivises such large deposits by keeping the interest offering low. Including this, the CASA to total deposits ratio would have been 48.51%.

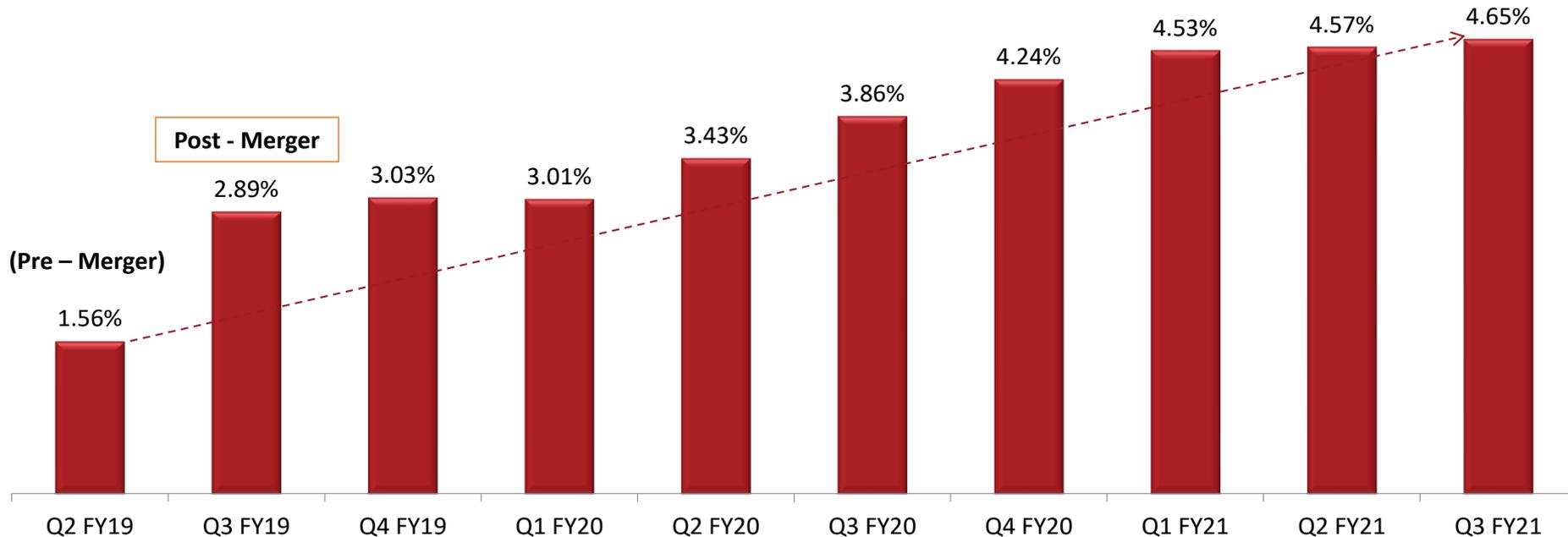
IDFC FIRST Bank – retailisation of liabilities

- The Bank recognises that large institutional deposits pose concentration risk to the Bank.
- Hence, the Bank is focused for retailization of the liabilities which is reflected in the growth in its Core Deposits.
- Such Deposits are sticky and sustainable in nature in comparison to institutional borrowings.
- We are happy to report that the Bank has increased the Core Deposits (Retail CASA + Retail Term Deposits) as a % of Total Customer Deposits of the Bank as on December 31, 2020 to **76%** as on December 31, 2020 from **27%** as on December 31, 2018 (merger quarter).



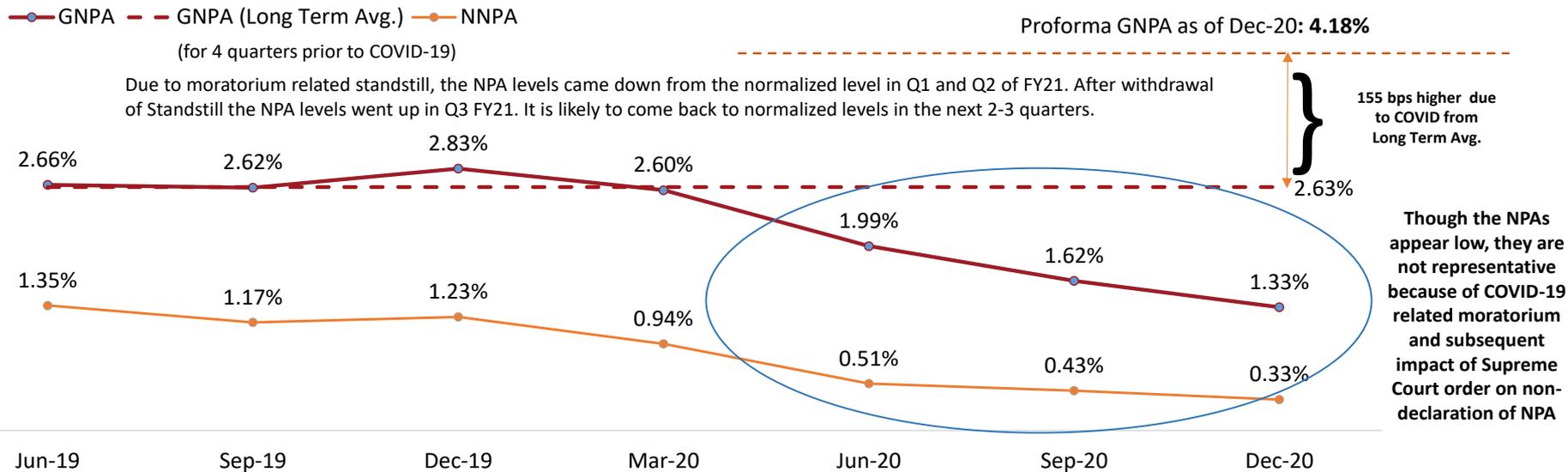
IDFC FIRST Bank – NIM

- 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%. Since then, this gradually accelerated to **4.65%** (Q3-FY21). This includes the roll back of interest income on the proforma NPAs (without the impact of the SC order on NPA classification)
- 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.



IDFC FIRST Bank – asset quality

These figures include the impact of the Supreme Court notification to stop NPA classification post August 31, 2020 till further orders. Without this impact the GNPA as on 31 December 2020 would have been **4.18%** and the NNPA would have been **2.04%**.



IDFC FIRST Bank – capital adequacy

In Rs. Crore	Dec-19	Sep-20	Dec-20
Common Equity	14,638	17,146	17,287
Tier 2 Capital Funds	6	475	629
Total Capital Funds	14,644	17,621	17,917
Total RWA	1,10,228	1,19,659	1,25,052
CET 1 Ratio (%)	13.28%	14.33%	13.82%
Total CRAR (%)	13.29%	14.73%	14.33%

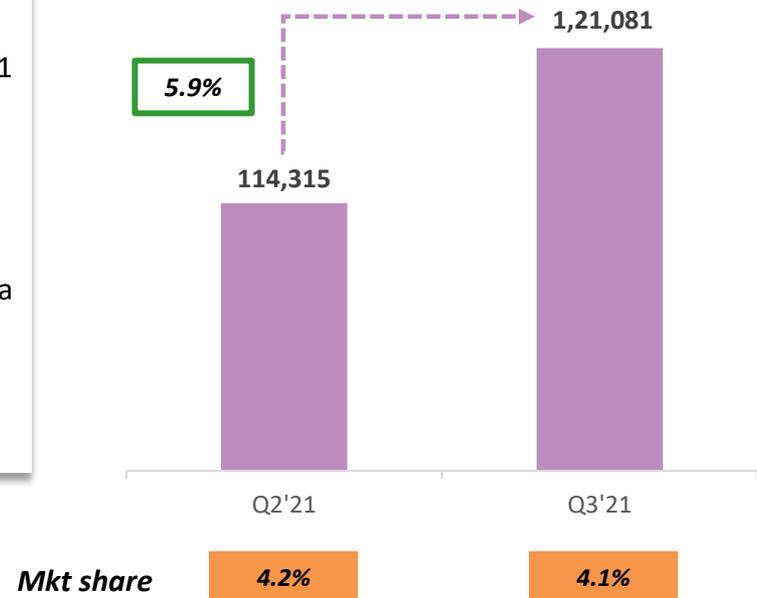
- The regulatory requirement for the Capital Adequacy Ratio is **10.875%** with CET-1 Ratio at **7.375%** and Tier I at **8.875%** as per the RBI Guidelines.

3. IDFC AMC

Performance Summary: Q3'21

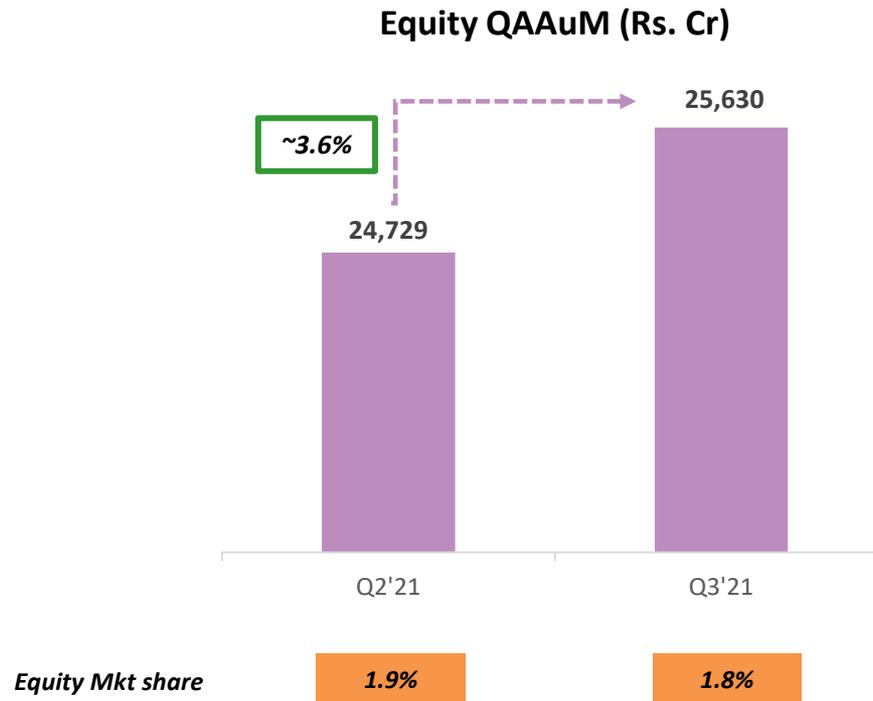
- YoY QAAUM grew 15.7%, while QoQ QAAUM grew 5.9%, with Q3'21 AUM at Rs. 1,21,081cr vs Rs. 1,14,315cr in Q2'21
 - YOY market share improved from 3.9% in Q3'20 to 4.1% in Q3'21
 - QoQ market share moved from 4.2% in Q2'21 to 4.1% in Q3'21
- YoY Revenue grew 14.9%, and proactive cost management resulted in a PAT growth of 37.6%, with Q3'21 PAT at INR 40.8 Cr

IDFC MF QAAuM (Rs. Cr)



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

Market Rebound Led to Equity AUM Improvement



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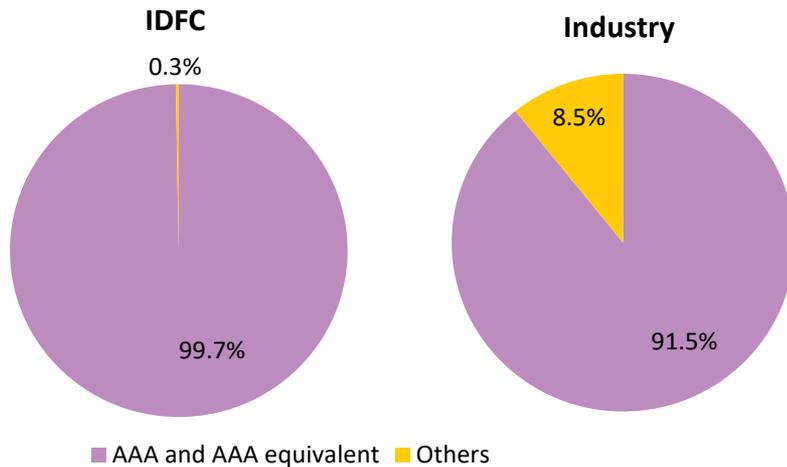
1. Equity AUM includes Equity and Hybrid schemes as per SEBI definition
2. AAUM: Average Assets Under Management



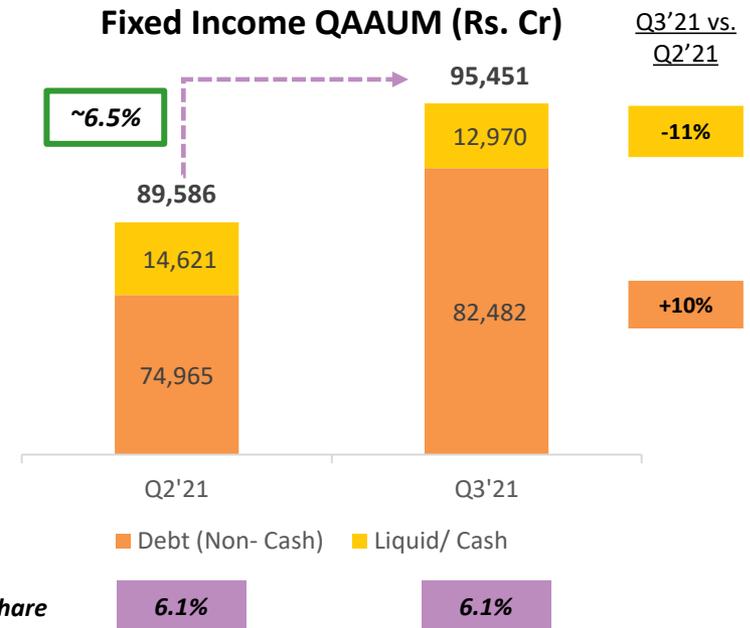
Strong AUM gains in Fixed Income, driven by Non-Cash Debt Category

Superior overall portfolio quality stance, strong performance and proactive retail distribution expansion helped us grow AUM

Portfolio credit rating distribution¹



Fixed Income QAAUM (Rs. Cr)



1. As of December 31, 2020
 Industry data includes top 15 AMCs excluding IDFC
 Source: ICRA MFI explorer



Strong Financial Performance | Q3'21 vs Q3'20

In INR Cr	Q3'21	Q3'20	YoY growth (%)
AAUM (QAAUM)	121,081	104,611	15.7%
Total Income	100.6	87.6	14.9%
<i>Income from operations</i>	92.5	83.9	10.2%
<i>Other Income</i>	8.1	3.6	
Costs	46.2	49.8	(7.3%)
PBT	54.5	37.8	44.1%
PAT	40.8	29.7	37.6%
<i>MF Margin (bps)</i>	30.1	31.6	

- 15.7% QAAUM growth YoY (vs. industry growth of 10.8%), led to Fee growth of ~10.6%
- Overall margins remained largely stable, despite faster growth in Fixed Income
- Solid income growth, coupled with proactive expense management resulted in a PAT of INR 40.8 Cr in Q3'21 vs. INR 29.7 Cr in Q3'20, reflecting 37.6% YoY growth

Costs included certain one-off group related costs, which are non-recurring in nature



Strong Financial Performance | Q3'21 vs Q2'21

In INR Cr	Q3'21	Q2'21	QoQ growth (%)
AAUM (QAAUM)	121,081	114,315	5.9%
Total Income	100.6	85.8	17.2%
<i>Income from operations</i>	<i>92.5</i>	<i>84.9</i>	<i>9.0%</i>
<i>Other Income</i>	<i>8.1</i>	<i>1.0</i>	
Costs	46.2	40.5	13.9%
PBT	54.5	45.3	20.1%
PAT	40.8	33.1	23.3%
<i>MF Margin (bps)</i>	<i>30.1</i>	<i>29.2</i>	

- 5.9% QAAUM growth QoQ (vs. industry growth of 7.6%), led to fee growth of ~9.1%
- Margins improved QoQ
- Strong income growth, drove QoQ PAT growth of 23.3% with Q3 PAT of INR 40.8 Cr vs. INR 33.1 Cr in Q2





THANK YOU