

February 11, 2022

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 Q3FY22(Quarter and nine months ended December 31, 2021)

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, 2021.

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 FY22

FEBRUARY 11, 2022



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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

Recent updates

- ✓ Citigroup Global Markets India Private Limited appointed as Investment Banker to divest mutual fund business of IDFC
- ✓ Mr Anil Singhvi appointed as chairperson of IDFC Board
- ✓ “In-principle” approval by Boards of IDFC and IDFC FIRST Bank to merger ‘IDFC’ and ‘IDFC FHCL’ with ‘IDFC FIRST Bank’ subject to necessary approvals. Also, committees constituted by Boards of IDFC and IDFC FIRST Bank to work on terms of proposed merger, including finalizing the scheme, valuation, hiring advisors etc. as required
- ✓ Shareholders approve scheme of amalgamation of IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited (wholly owned subsidiary Companies) into IDFC Limited
- ✓ Ms. Anita Belani appointed as independent director on IDFC Board
- ✓ DAM Capital Advisors appointed as Investment Banker to divest our stake held in two joint ventures with state governments

Consolidated PAT

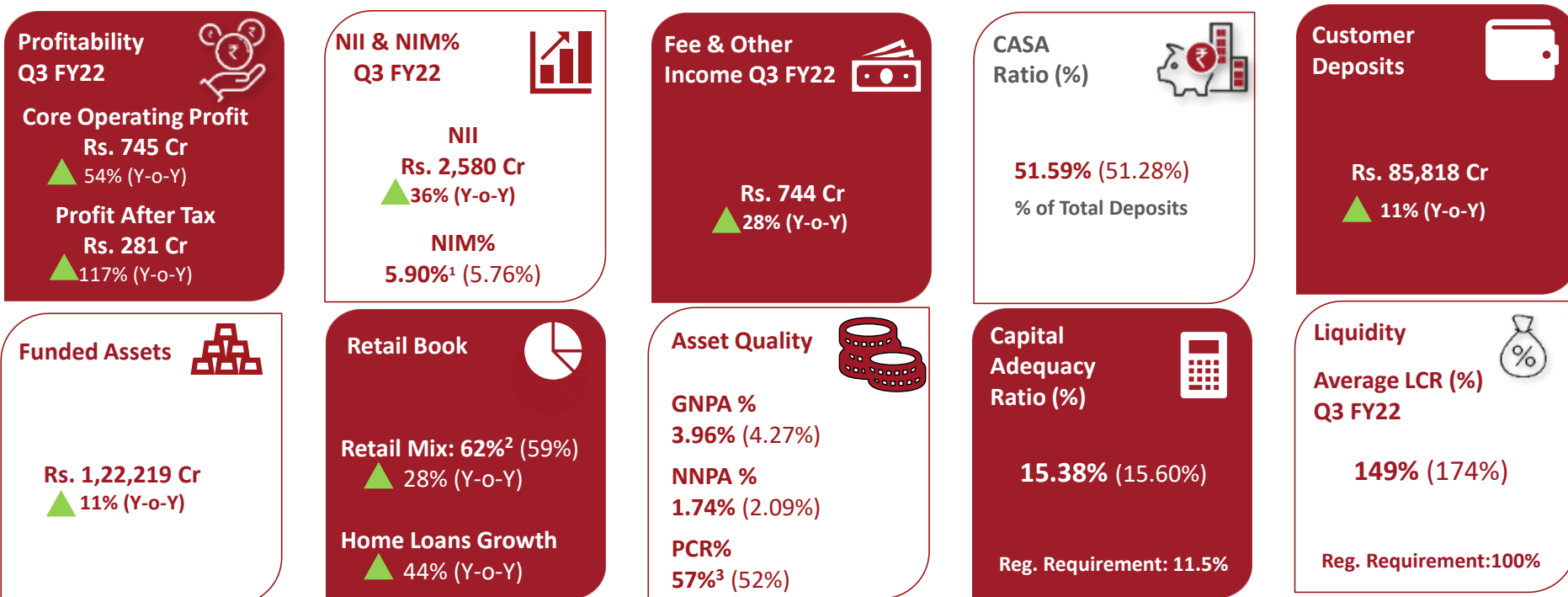
All figures in INR Crore

<u>Particulars</u>	<u>Q3FY 22</u>	<u>9MFY22</u>	<u>FY21</u>
IDFC Standalone PAT	14.60	18.66	8.87
Add: profit of Subsidiaries			
<i>Profit of AMC</i>	46.08	139.28	144.02
<i>Profit of other subsidiaries</i>	79.89	88.48	43.36
Profit of subsidiaries	125.97	227.76	187.38
Add: Profit from associates, other adjustments			
<i>IDFC FIRST Bank*</i>	88.11	(139.42)	(240.98)
<i>Others/other adjustments</i>	(4.95)	(13.73)	(6.22)
Total Profit from associates and other adjustments	83.16	(153.15)	(247.20)
IDFC standalone PAT + Profit of subsidiaries + Profit from associates	223.74	93.27	(50.95)
Less: Dividend elimination	91.09	91.09	61.62
Consol PAT	132.65	2.18	(112.57)

* Under Ind AS

2. IDFC FIRST BANK

Bank At a Glance (as of 31 December 2021)



1. For one large telecom company, where the interest income was accounted on cash basis, the NIM% of 5.90% excludes interest income pertaining to prior periods. Including the same NIM% for Q3 FY22 is 6.18%.

2. The Bank has reclassified Commercial Banking Loans separately from this quarter. Including the same, Retail and Commercial Banking will be 70% of the gross funded assets

3. Including Technical write-offs and Excluding one large toll accounts, where we expect no material economic loss, the PCR would have been 75%

() Figures in brackets are for the sequential quarter unless specified otherwise.

Highlights of Q3 FY22 Results

Earnings

- **Net Profit** grew by **117%** YoY basis to reach **Rs. 281 crore** in Q3-FY22
- **Core operating profit (excluding trading gains)** grew by **54%** YOY to reach **Rs. 745 crore**
- **NII** grew by **36%** on a YoY basis to reach **Rs. 2,580 crore** in Q3-FY22. NIM stood at **5.90%** excluding interest income pertaining to prior period for one telecom account. Including the same, NIM is at **6.18%** for the quarter.
- **Fee and Other Income** grew by **13%** QoQ and **28%** YoY to reach **Rs. 744 crore** in Q3 FY22
- **Core operating income** (excluding trading gains) grew by **34%** YOY to Rs. **3,324 crore** in Q3-FY22
- **Provisions other than tax** were lower by **32%** Y-o-Y basis at **Rs. 392 crore** in Q3-FY22

Deposits

- **CASA balance:** Grew by **18%** YoY basis to reach **Rs. 47,859 crore**
 - ✓ **CASA ratio:** **51.59%** as of Dec 31, 2021, as compared to **48.31%** as of Dec 31, 2020
 - ✓ **Avg. CASA Ratio:** **50.54%** as on Dec 31, 2021, as compared to **44.66%** as on Dec 31,2020
- **Customer Deposits:** Grew by **11%** YoY to reach **Rs. 85,818 crore**

Highlights of Q3 FY22 Results

Funded Assets & Asset Quality

- **Funded Assets:** Grew by **11%** YoY to reach **Rs. 1,22,219 crore**
 - ✓ **Retail Loan and Commercial Finance** grew by **26%** Y-o-Y to reach **Rs. 86,052 crore**, primarily driven by growth in **Home Loans** which grew by **44%** YOY
- **Asset quality at Bank Level:** **GNPA and NNPA** reduced sequentially by **31 bps** and **35 bps** to reach **3.96%** and **1.74%** respectively
Gross and Net NPA of Retail and Commercial Finance reduced by **53 bps** and **37 bps** respectively
 - ✓ **PCR increased from 52.06%** as at Sept 30, 2021 to **57.06%** at December 31, 2021 in order to strengthen the balance sheet. (67% including technical write-off)
 - ✓ **Collection Efficiency:** Early bucket collection efficiency in Retail surpassed Pre-COVID levels for both urban and rural retail loans

Capital Adequacy Ratio & Liquidity

- **Capital Adequacy Ratio:** Strong at **15.38%** with CET-1 Ratio at **14.83%**
- **Average Liquidity Coverage Ratio (LCR):** Strong at **149%** for Q3-FY22.

We are happy to say that the Bank is performing well on the guidances given at the time of the merger.

Particulars		Dec-18 (At Merger)	Guidance for FY24-FY25	Dec-21 Latest quarter
C A P I T A L	Net-worth	Rs. 18,736 Cr	--	Rs. 20,649 Cr
	CET – 1 Ratio	16.14%	>12.5 %	14.83%
	Capital Adequacy (%)	16.51%	>13.0 %	15.38%
L I A B I L I T I E S	CASA Deposits	Rs. 5,274 Cr	--	Rs. 47,859 Cr
	CASA as a % of Deposits (%)	8.68%	30% (FY24), 50% thereafter	51.59%
	Average CASA Ratio (%)	8.39%	--	50.54%
	Branches (#)	206	800-900	599
	CASA + Term Deposits<5 crore (% of Customer Deposits)	39%	85%	87%
	Certificate of Deposits	Rs. 22,312 Cr	<10% of liabilities	Rs. 6,947 Cr
	Quarterly Avg. LCR (%)	123%	>110%	149%

We are happy to say that the Bank is performing well on the guidances given at the time of the merger.

Particulars	Dec-18 (At merger)	Guidance for FY24-FY25	Dec-21 Latest quarter
Retail and Commercial Book	Rs. 36,927 Cr	Rs. 100,000 Cr	Rs. 86,052 Cr (27%)
Retail and Commercial Book as a % of Total Funded Assets	35%	70%	70%
Wholesale Funded Assets ¹	Rs. 56,770 Cr	< Rs. 40,000 Cr	Rs. 29,697 Cr (-14%)
- of which Infrastructure loans	Rs. 22,710 Cr	Nil in 5 years	Rs. 8,051 Cr (-31%)
Top 10 borrowers as % of Total Funded Assets (%)	12.8%	< 5%	4.3%
GNPA (%)	1.97%	2-2.5%	3.96%
NNPA (%)	0.95%	1.1.2%	1.74%
Provision Coverage Ratio ⁴ (%)	53%	~70%	67%
Net Interest Margin (%)	3.10%	5-5.5%	5.90% ³
Cost to Income Ratio ² (%)	81.56%	55%	77.59%
Return on Asset (%)	-3.70%	1.4-1.6%	0.66%
Return on Equity (%)	-36.81%	13-15%	5.59%

1. Excluding Security Receipts, Loan converted into Equity, RIDF and PTC.

2. Excluding Trading Gains

3. Excluding interest income pertaining to prior period for one telecom account. Including the same, NIM is at **6.18%** for the quarter

4. Including technical write-offs.

Earnings for Dec-18 and Dec-21 are for the quarter. ()brackets represent YoY growth

Key Strengths of IDFC FIRST Bank

1. Vision:

The summary of our vision statement can be captured in three words “**Ethical, Digital and Social Good**”. We believe **ethical banking** is at the core of everything we do. **Digital** is how we do it. And we believe our business has to contribute to larger **social-good**.

2. Customer First approach

We are built on the foundation of customer-first principles. We believe in being transparent and not in billing the customer fees or charges in small bits and pennies through fine-prints. For instance, unlike common market practice in India and elsewhere, we do not charge non-home branch charges, SMS update fees, IMPS fees, Annual card fees etc.

We were the first universal bank to offer monthly interest credit for savings accounts. In credit cards, we were the first bank to introduce low, dynamic pricing, zero interest rate on cash withdrawal till billing date, lifetime Free credit cards and so on. Similarly, in every product we launch, whether current accounts, fleet cards or wealth management, we are bringing something new and customer-first special to the market. Thus, there are many “firsts” we have introduced to the industry. On the lending side, we are attractively priced like regular mainstream banks.

3. Corporate governance

Eminent, qualified and experienced Board of Directors. All committees are headed by independent directors except CSR which is headed by the MD and CEO. We say things as they are, with transparent communication, both internal and external, and detailed investor presentation.

Key Strengths of IDFC FIRST Bank

4. Strong capital adequacy

Capital Adequacy is strong at 15.38% with CET-I Ratio of 14.83% as on December 31, 2021. We always keep our capital at levels significantly higher than the regulatory requirements.

5. Strong Deposits business

We have a strong, stable and growing deposits franchise with a strong pan-India branch network of 599 branches. For instance, we grew our retail deposits by a whopping Rs. 29,970 crores even in the COVID affected year FY 20-21. We can comfortably grow deposits depending on requirements, based on our strong customer focus, customer-first products, technology focus and our strong brand.

6. Strong Liquidity

The Bank is conservative in liabilities management, and always maintains a strong Liquidity Position. The Average LCR for Q3 FY22 was 149%. Even during the peak of the once-in-a-century COVID crisis we comfortably cruised through the situation with high LCR levels because we proactively planned our liquidity before the crisis.

7. Improving asset quality and strong risk management practices

We have a track record of maintaining high asset quality with Gross NPA of ~2% and net NPA of ~1% (including Capital First and IDFC Bank experience) for close to a decade and we are confident of returning to the same metrics soon on the retail loans side. Retail Gross and Net NPA reduced to 2.92% and 1.28% in Q3 FY 22.

Key indicators of trends such as cheque bounces, collections, recovery, vintage analysis, indicate that Gross and Net NPA would reduce from here on to reach 2% and 1% respectively.

Key Strengths of IDFC FIRST Bank

8. Legacy wholesale account issues largely behind us

Over the last three years, we have decisively dealt with, and accounted for almost all legacy infrastructure and corporate accounts. The quality of incremental corporate loans has been excellent in the last three years.

9. Contemporary Technology

The bank continues to invest in laying a strong, modular and contemporary technology architecture that will help the bank to simultaneously enable efficiency, resilience, and growth. Our newly launched mobile app based on these technologies is top rated and provides several unique services and experiences to our customers. The Bank continues to strengthen its superior capabilities of predictive analytics in the area of credit underwriting, portfolio management, collection strategy, fraud risk mitigation and other such areas.

10. Strong unit economics on an incremental basis

Our retail lending is giving us strong ROE of 18 to 20% on an incremental basis. Its not hard to see how. The NBFC, whose business is now subsumed in the bank was posting ROE of 15% and rising, with ~9% cost of funds. Therefore, with cost of funds now under 5%, we can comfortably generate ROE of ~18 to 20% on retail lending. Even though we have additionally started doing lesser margin products like prime home loans and new car loans, the overall returns are strong because of lower cost of funds.

Currently, we are incurring cost of legacy borrowing of the DFI background @ 8.7% for Rs. 26,163 crores of borrowings. Further, since the bank is in set-up stage, we are incurring cost of launching/scaling many new businesses. These factors are masking these strong underlying economics and ROE, but this will get addressed in due course with scale and repayment of legacy liabilities.

Key Strengths of IDFC FIRST Bank

11. Diversified business lines

We are a full-service bank. Our lending is diversified over millions of customers and over many business lines including Home Loans, Loan against property, business loans, gold loans, credit cards, small business working capital loans, bank guarantees, trade finance, etc. No business except wholesale loans are > 15% of the overall loan book. Similarly, on the liabilities and fee businesses side, we have a complete array of deposits, payment products, Fleet card, wealth management, distribution of insurance, mutual funds etc. We provide high quality corporate banking services and Cash management solutions.

12. Strong growth opportunities

In virtually all our businesses, across assets, deposits, and fee businesses, we have huge scope for growth. India is hugely underserved in financial services. Our opportunities for growth have increased substantially as we have started providing prime low-risk prime home loans and new auto loans where the market is larger.

13. Successful Track record

The senior management has a track record of turning around and building successful institutions. Our senior management earlier turned a loss-making real-estate financing NBFC and converted it to a large diversified highly profitable institution with significant increase in shareholder value.

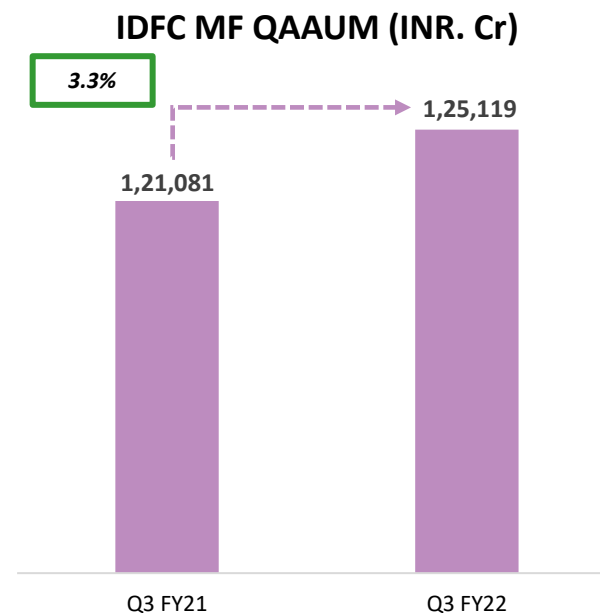
14. An employee friendly organisation

We believe in meritocracy. We provide our employees with growth opportunities, empowerment, training, digital tools and capabilities to be able to make a difference. For employees affected by COVID wave 1, wave 2 and currently Omicron, we offer the most generous COVID welfare program.

3. IDFC AMC

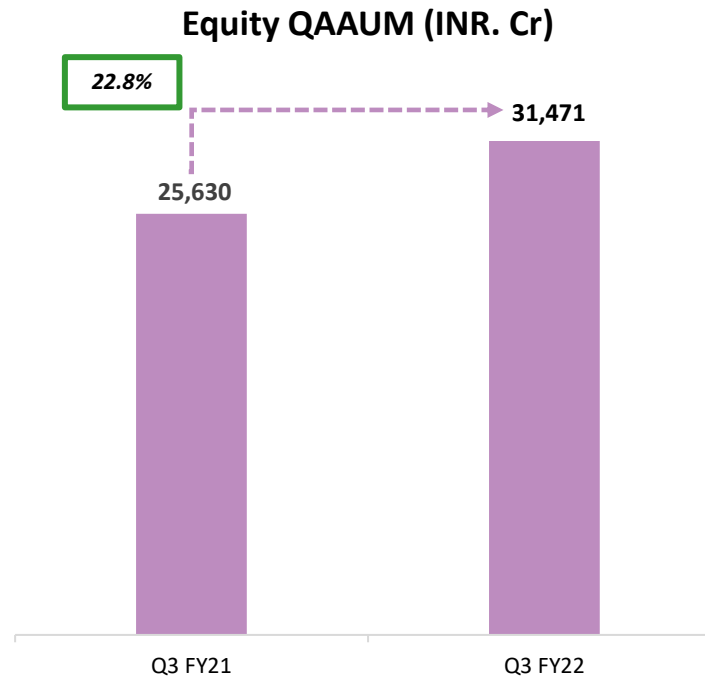
Performance Summary: Q3'22

- **IDFC AMC QAAUM grew 3.3% YOY**
 - Q3'22 QAAUM increased 3.3% YoY to INR 1,25,119 Cr
 - Q3'22 QoQ AAUM was largely unchanged Vs Q2'22 (-1.0%)
 - IDFC AMC's market share was at 3.3%
- **Financial outcomes**
 - Strong income growth, and operating leverage drove YoY Revenue growth of 7.6%, and PAT grew by 12.8%, with Q3'22 PAT at INR 46.1 Cr
 - Sequential PAT was largely unchanged at 46.1 Cr vs. 46.7 Cr in Q2'22



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

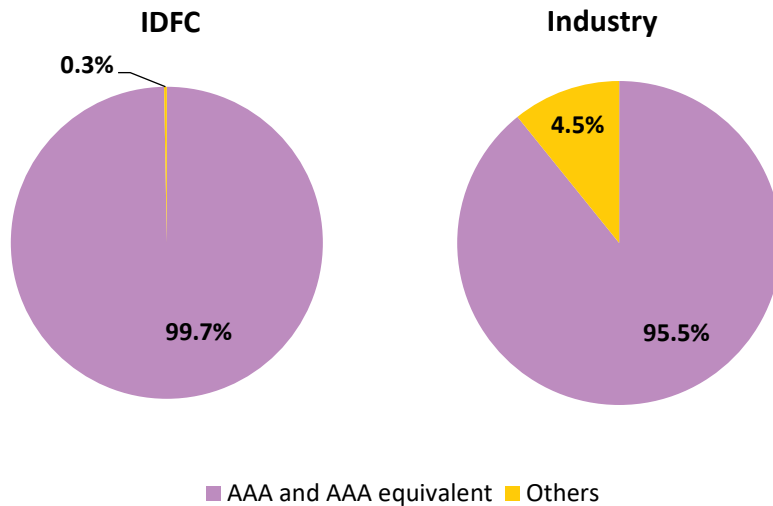
Equity AAUM crossed INR 30K Crores



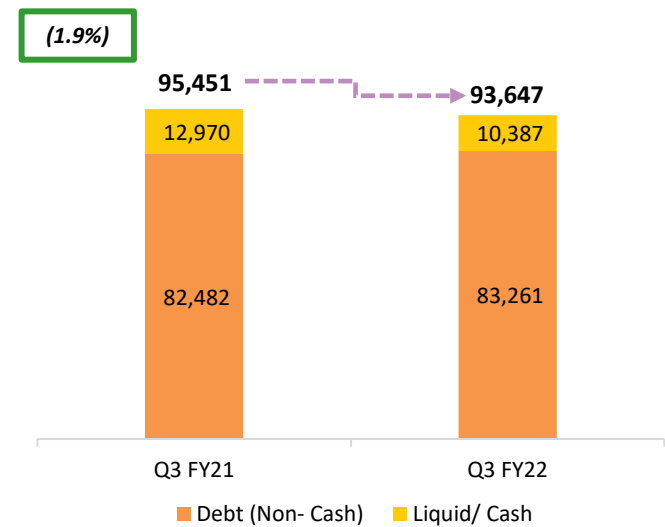
1. Equity AUM includes Equity and Hybrid schemes as per SEBI definition
2. AAUM: Average Assets Under Management

AUM gains in Non-Cash Debt Category

Portfolio credit rating distribution¹



Fixed Income QAAUM (INR. Cr)



1. As of December 31, 2021
 Industry data includes top 15 AMCs excluding IDFC
 Source: ICRA MFI explorers

Financial Performance | Q3'22 vs Q3'21

In INR Cr	Q3'22	Q3'21	YoY growth (%)
AAUM (QAAUM)	125,119	121,081	3.3%
Total Income	108.4	100.7	7.6%
<i>Income from operations</i>	<i>103.7</i>	<i>92.5</i>	<i>12.1%</i>
<i>Other Income</i>	<i>4.7</i>	<i>8.2</i>	
Costs	46.1	46.3	(0.3%)
PBT	62.2	54.5	14.3%
PAT	46.1	40.8	12.8%
<i>MF Margin (bps)</i>	<i>32.7</i>	<i>30.1</i>	<i>+2.6</i>

- Revenue growth of ~7.6% and overall margin improvement of +2.6bps YoY
- Strong income growth, and operating leverage drove YoY PAT growth of ~13%; Q3FY'22 PAT at INR 46.1 Cr

Financial Performance | Q3'22 vs Q2'22

In INR Cr	Q3'22	Q2'22	QoQ growth (%)
AAUM (QAAUM)	125,119	126,335	(1.0%)
Total Income	108.4	106.4	1.8%
<i>Income from operations</i>	<i>103.7</i>	<i>98.1</i>	<i>5.7%</i>
<i>Other Income</i>	<i>4.7</i>	<i>8.3</i>	
Costs	46.1	44.2	4.4%
PBT	62.2	62.2	0.0%
PAT	46.1	46.7	(1.4%)
<i>MF Margin (bps)</i>	<i>32.7</i>	<i>30.6</i>	<i>+2.1</i>

- Largely unchanged AUM with ~2.8% growth in equity AUM
- Fee income growth of ~5.7%, and margin improvement of +2.1bps QoQ
- PAT was INR 46.1 Cr, largely unchanged from last quarter



THANK YOU