



November 10, 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 Q2FY21 (Quarter ended September 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 September 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 – Q2 FY21

NOVEMBER 10, 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

RBI Update

We are awaiting 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

Consolidated PAT

Particulars	Q2 FY21 (INR core)	H1 FY21 (INR core)
IDFC standalone PAT	(2)	(12)
<i>Add: profits of subsidiaries</i>		
<i>IDFC AMC</i>	33	63
<i>Others</i>	(8)	41
<i>Profits of subsidiaries</i>	<u>25</u>	<u>104</u>
<i>Add: profits from associates, others</i>		
<i>IDFC FIRST Bank*</i>	-	25
<i>Others</i>	(3)	(6)
<i>Profits from associates, others</i>	<u>(3)</u>	<u>19</u>
<i>IDFC standalone PAT + profits of subsidiaries + profits from associates, others</i>	20	111
<i>Less: dividend elimination</i>	-	(62)
Consolidated PAT	20	49

* As per Ind AS

2. IDFC FIRST BANK

IDFC FIRST Bank – highlights

1. Strong Growth in Retail Assets:

- **Retail Book** increased **25% YoY** to **Rs. 59,860 crore** as on Sept 30, 2020 from **Rs. 48,069 crore** as on Sept 30, 2019
- **Retail** constitutes **63%** of funded loan assets (Sept 30, 2020) including Inorganic PSL buyouts, where underlying assets are retail loans
- Wholesale funded book **decreased by 20%** from **Rs. 46,377 crore** as on Sept 30, 2019 to **Rs. 36,987 crore** as on Sept 30, 2020
- Infrastructure loans (part of wholesale) **decreased by 27%** from **Rs. 17,211 crore** as on Sept 30, 2019 to **Rs. 12,502 crore** as on Sept 30 2020

2. Strong growth in retail Liabilities

- CASA Deposits increased to **Rs. 30,181 crore** as on Sept 30, 2020 from **Rs. 12,473 crore** as on Sept 30, 2019, **Y-o-Y increase of 142%**
- CASA Ratio improved to **40.37%** as on Sept 30, 2020 from **18.70%** as on Sept 30 2019
- Core Deposits (Retail CASA and Retail Term Deposits) (A) increased **119% YOY** to **Rs. 49,610 crore** as on Sept 30, 2020 from **Rs. 22,629 crore** as on Sept 30, 2019.
- Wholesale deposit (wholesale CASA and Wholesale FD) (B) **reduced 31% YOY** to **Rs. 19,757 crore** (Sep 30, 2020) from **Rs. 28,796 crore** as of Sep 30, 2019 as per strategy to reduce bulk deposits.
- Thus, Total Customer Deposits (A + B) increased to **Rs. 69,368 crore** as on Sept 30, 2020 from **Rs. 51,424 crore** as on Sept 30, 2019, **Y-o-Y increase of 35%**. (IDFC First Bank Fixed Deposit program have the highest safety rating of **FAAA by CRISIL**)
- **As per stated strategy to strengthen liabilities side of the balance sheet, Certificate of Deposits (CD) was reduced** from **Rs. 15,283 crore** as on Sept 30, 2019 to **Rs. 5,399 crore** as on Sept 30, 2020, a Y-o-Y reduction of **65%**. Since Certificate of Deposits 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 **22% YOY** from **Rs. 1,363 crore** in Q2 FY20 from **Rs. 1,626 crore** to **Rs. 1,660 crore** in Q2 FY21
- b. **Strong NIM improvement:** NIM improved to **4.57%** in Q2 FY21 as compared to **3.43%** in Q2 FY20.
- c. **Strong growth in Total Income (NII + Fees and Other Income +Trading Gain):** Total income grew **21% YOY** from **Rs. 1,884 crore** in Q2 FY20 to **Rs. 2,288 crore** in Q2 FY21.
- d. **Strong Growth in Pre-Provisioning Operating Profit:** PPOP including trading gains (Rs. 337 cr) grew **36% YOY** and de-grew by **10% QOQ** to **Rs. 803 crore** in Q2 FY21 as compared to PPOP of **Rs. 590 crore** in Q2 FY20 (including trading gain of Rs. 162 cr).
- e. **Provision:** The total provisions for Q2 FY21 was **Rs. 676 crore** as compared to **Rs. 489 crore** in Q2 FY20.
- f. The Bank has released **Rs. 811 crores** (out of existing provisions of **Rs. 1,622 crore**) against a large Telecom Exposure in Q2-FY21 based on improved prospects and management commentary at the company, and utilized it to create additional COVID provisions during Q2 FY 21.
- g. During Q2 FY21, Bank including the above **Rs. 811 crore** provision released and re-provisioned towards COVID 19, the bank has taken total additional provision of **Rs. 1,400 crore** towards COVID-19 to strengthen its balance sheet further. With this, as of 30 September 2020, the Bank holds such COVID 19 provision of Rs. 2,000 crore which is 2.21% of its standard advances.
- h. Profit After Tax: The PAT for Q2 FY21 is reported at Rs. 101 crore as compared to Loss of Rs. 680 crore for Q2 FY20 and as compared to Profit of Rs. 94 crore in Q1 FY21. The Bank reported third consecutive quarter of profits despite providing conservatively for COVID

IDFC FIRST Bank – highlights

4. Asset Quality of the Bank remains high

- Bank's Gross NPA reduced sequentially from **1.99%** as of June 30, 2020 to **1.62%** as of Sept 30, 2020.
- Bank Net NPA reduced sequentially from **0.51%** as of June 30, 2020 to **0.43%** as of Sept 30, 2020 .
- Provision Coverage Ratio (PCR) was **73.69%** as of Sept 30, 2020 as compared to **56.12%** as of Sept 30, 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 GNPA as on 30 September 2020 would have been **1.87%** and the NNPA would have been **0.60%**

Strong Asset Quality on Retail Loan Book:

- Retail Asset Gross NPA stood at **0.41%** as of Sept 30, 2020 as compared to **0.87%** as of June 30, 2020 and **2.31%** as of Sept 30, 2019.
- Retail Asset's Net NPA stood at **0.17%** as of Sept 30, 2020 as compared to **0.24%** as of June 30, 2020 and **1.08%** as of Sept 30, 2019.
- Without the impact of Hon. Supreme Court's order, the GNPA for retail as on 30 September 2020 would have been **0.79%** and the NNPA would have been **0.41%**.
- This is benefited because of moratorium extended to eligible customers until August 31 2020

IDFC FIRST Bank – highlights

5. Strong Capital Adequacy:

- Capital Adequacy Ratio is strong at **14.73%** with CET-1 Ratio at **14.33%** as of Sept 30, 2020

6. Franchise:

- The Branch Network now stands at **523** branches and **509** ATMs across the country as on Sept 30, 2020

IDFC FIRST Bank – balance sheet

In Rs. Crore	Sep-19	Jun-20	Sep-20	Growth (%) (Y-o-Y)	Growth (%) (Q-o-Q)
Shareholders' Funds	16,866	17,436	17,538	4%	1%
Deposits	69,321	69,832	75,800	9%	9%
- Retail Deposits	22,629	39,872	49,610	119%	24%
- Wholesale Deposits	46,693	29,959	26,190	-44%	-13%
Borrowings	68,665	52,397	47,713	-31%	-9%
Other liabilities and provisions	8,925	10,975	11,611	30%	6%
Total Liabilities	163,777	150,641	152,661	-7%	1%
Cash and Balances with Banks and RBI	6,708	5,932	5,257	-22%	-11%
Net Funded Assets	103,188	97,940	102,534	-1%	5%
- Net Retail Funded Assets	47,829	55,741	59,979	25%	8%
- Net Wholesale Funded Assets*	55,359	42,199	42,556	-23%	1%
Investments	44,818	35,942	35,600	-21%	-1%
Fixed Assets	987	1,079	1,131	15%	5%
Other Assets	8,077	9,747	8,139	1%	-16%
Total Assets	163,777	150,641	152,661	-7%	1%

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

IDFC FIRST Bank – income statement

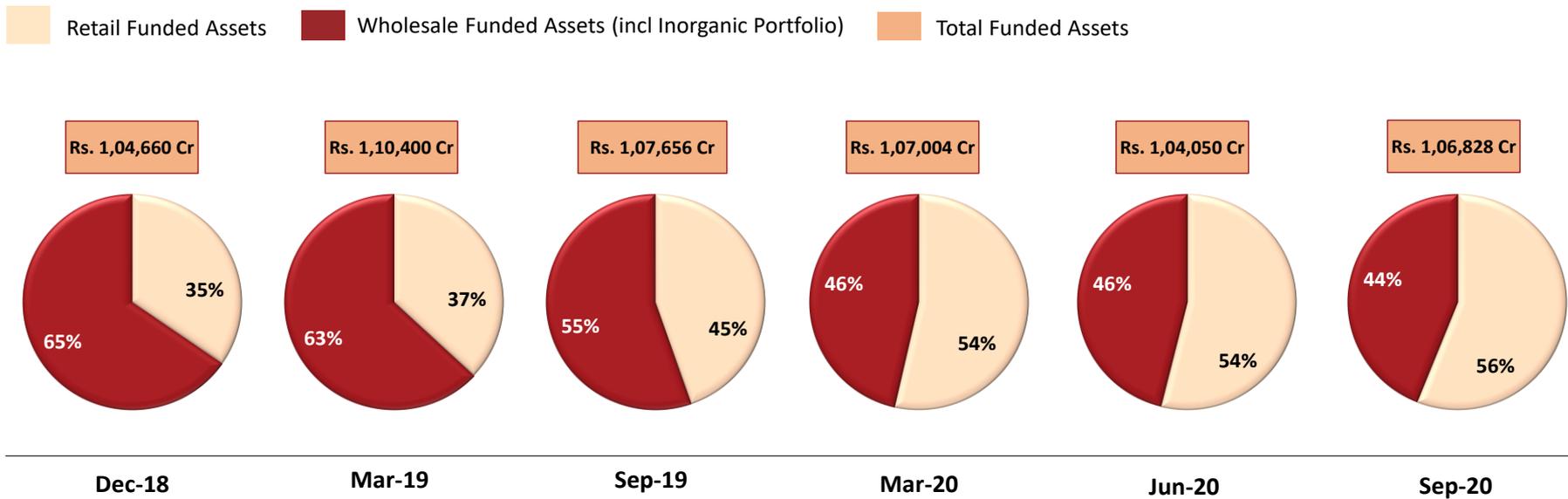
In Rs. Crore	Q2 FY20	Q1 FY21	Q2 FY21	Growth (%) Y-o-Y	Growth (%) Q-o-Q
Interest Income	4,018	3,831	3,801	-5%	-1%
Interest Expense	2,655	2,205	2,141	-19%	-3%
Net Interest Income	1,363	1,626	1,660	22%	2%
Fee & Other Income	359	148	291	-19%	97%
Trading Gain	162	337	337 [§]	109%	0%
Operating Income	1,884	2,111	2,288	21%	8%
Operating Expense	1,295	1,219	1,486	15%	22%
Pre-Provisioning Operating Profit (PPOP)	590	892	803	36%	-10%
Provisions	489	764	676* [§]	38%	-12%
Profit Before Tax	100	128	126	26%	-1%
Tax	780	34	25	-97%	-26%
Profit After Tax	(680)	94	101	-115%	8%

*The Bank has released 50% provision of Rs. 1,622 crore of existing provisions against one large Telecom Exposure during Q2-FY21 and used the same for creating additional COVID provisions. As of June 30, 2020, the total COVID-19 related provision for the Bank was Rs. 600 crore. During this quarter, the Bank has made additional provisions of Rs. 1,400 crore to strengthen its balance sheet. Including the above released and re-created provisions.

[§]During the quarter the Bank sold off its entire exposure through NCD in one of the stressed HFC through secondary market transaction. As a result, the Bank booked a loss of Rs. 463 crore in trading income and released the existing provision of Rs. 460 crore.

IDFC FIRST Bank – assets – retailisation

The Bank has strong capabilities on financing consumers, MSMEs, small businesses and other retail loans which is a large opportunity in India. We have strong incremental margin, and the portfolio is diversified under this strategy.

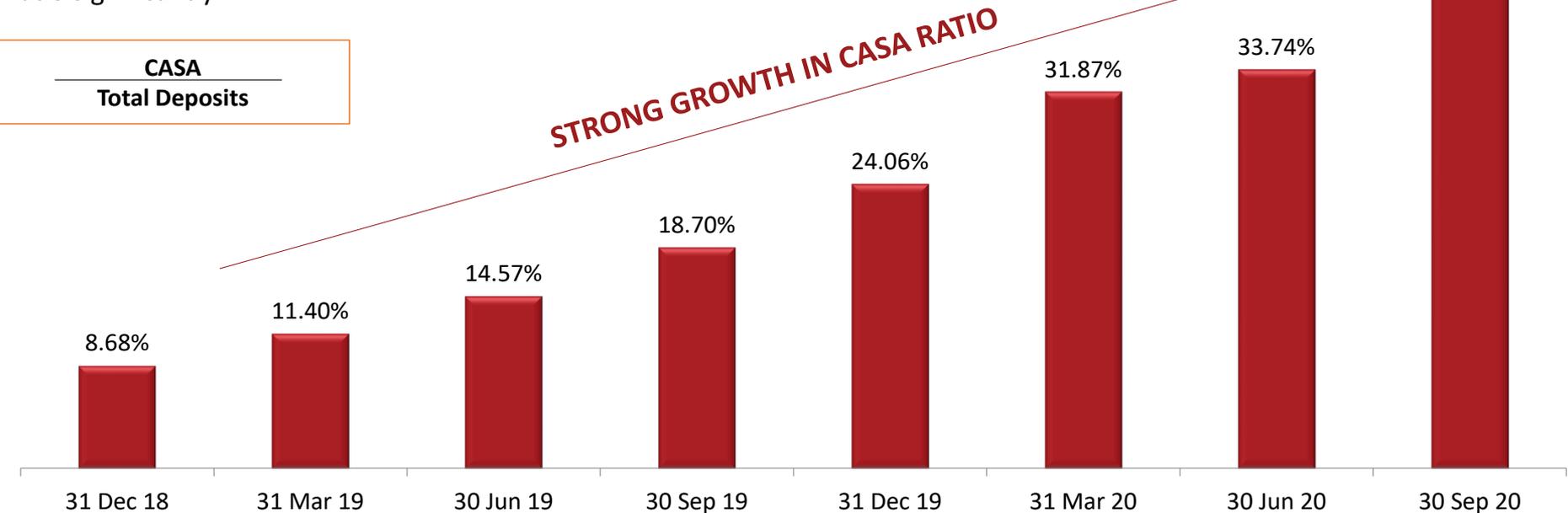


The Retail contribution to the overall Loan Assets is 63% as of Sept 30, 2020, if we include inorganically acquired portfolio (mostly PSL) as the underlying assets are retail loans,

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

IDFC FIRST Bank – liabilities – CASA

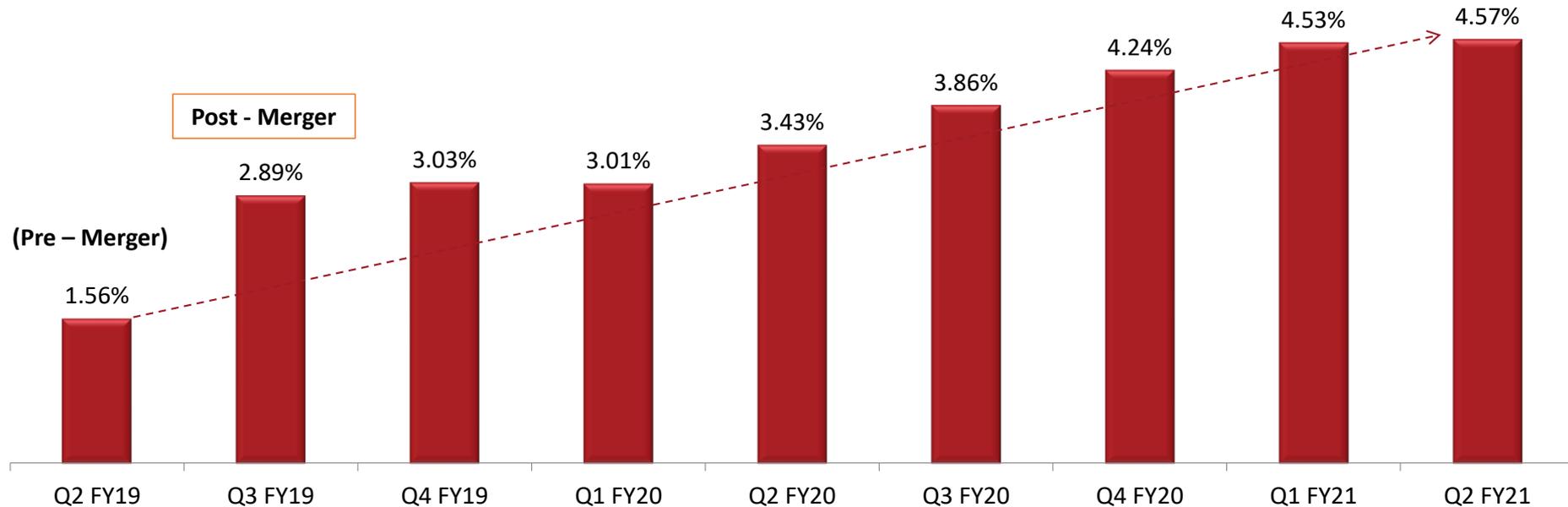
CASA Ratio is computed in terms of CASA as a percentage of Total deposits (CASA+ Certificate of Deposits+ Term Deposits). Consistent growth in CASA and decreasing dependency on Certificate of Deposits and Wholesale Term Deposit has helped the Bank to improve its CASA ratio significantly.



Note: The figure as of 30 Sep 2020 is excluding CASA deposits of Rs. 1,034 crore from NHB which is non-sustainable in nature with fluctuating balance. Including this, the CASA to total deposits ratio would have been 41.18%.

IDFC FIRST Bank – NIM

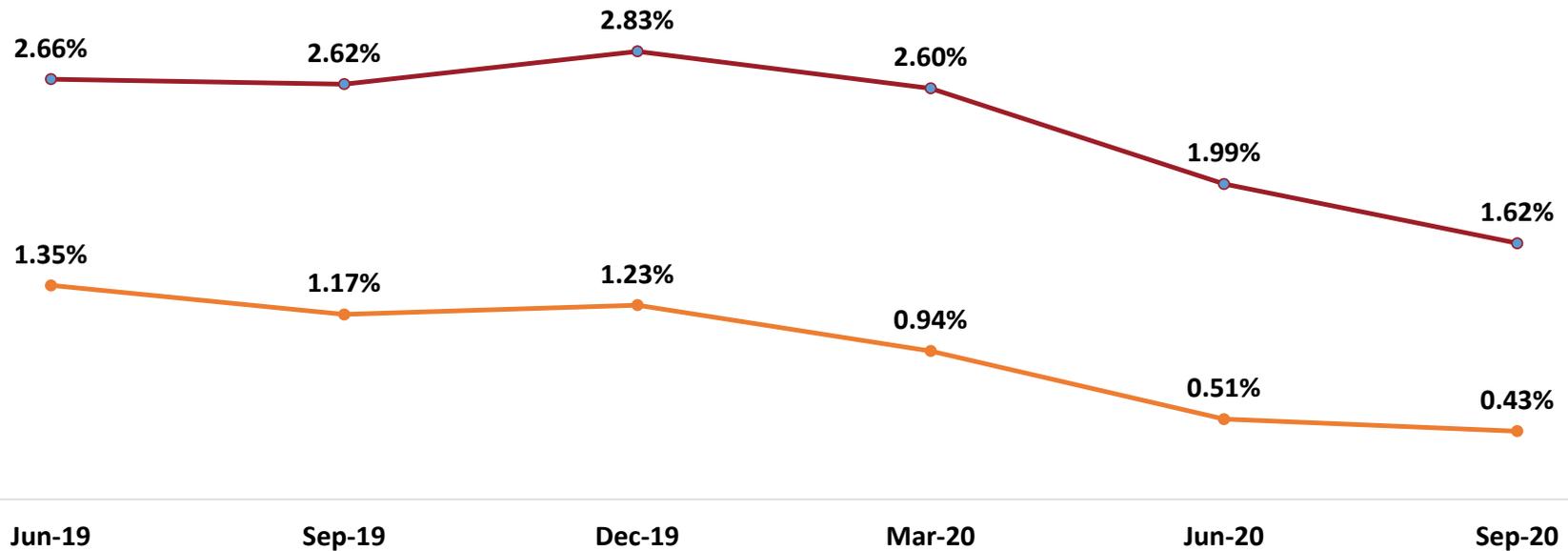
- The NIM of the standalone Bank IDFC bank was 1.56% in September 2018, which was the last quarter prior to the merger in December 2018. On merger, the NIM increased to 2.89%. This has fast accelerated to 4.57% in the Q2 FY21.
- NIMs have increased every quarter due to gradual shift towards retail banking 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.



IDFC FIRST Bank – asset quality

The above figures include the impact of the Hon Supreme Court notification to stop NPA classification post August 31 2020 till further orders, which would have otherwise slipped to NPA this quarter. Without this impact the GNPA as on 30 September 2020 would have been **1.87%** and the NNPA would have been **0.60%**.

● GNPL ● NNPL



IDFC FIRST Bank – capital adequacy

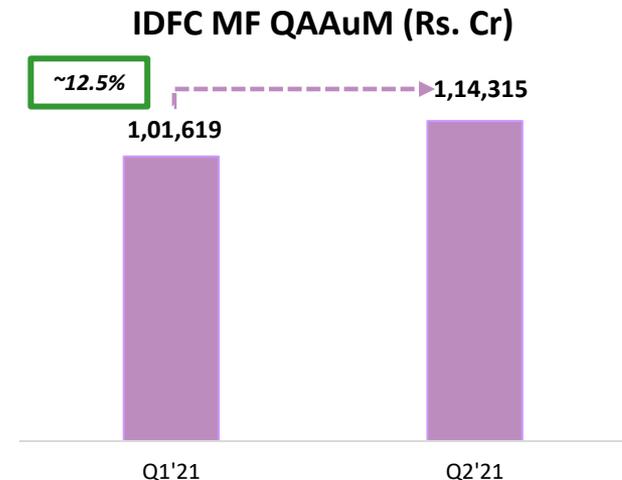
In Rs. Crore	Sep-19	Jun-20	Sep-20
Common Equity	16,416	17,065	17,146
Tier 2 Capital Funds	158	528	475
Total Capital Funds	16,574	17,593	17,621
Total RWA	1,13,104	1,17,077	1,19,659
CET 1 Ratio (%)	14.51%	14.58%	14.33%
Total CRAR (%)	14.65%	15.03%	14.73%

- 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

Q2 FY21 – performance summary

- IDFC AMC grew AUM and improved market share in Q2
 - QAAUM increased 12.5% QoQ, with Q2'21 at Rs. 114,315 Cr vs 101,619 Cr in Q1'21
 - IDFC MF improved market share from 4.1% in Q1'21 to 4.2% in Q2'21
- YoY QAAUM grew 21.4%, topline grew 17.4%, and proactive cost management resulted in a PAT growth of 94%+, with Q2'21 PAT at INR 33.1 Cr



Mkt share

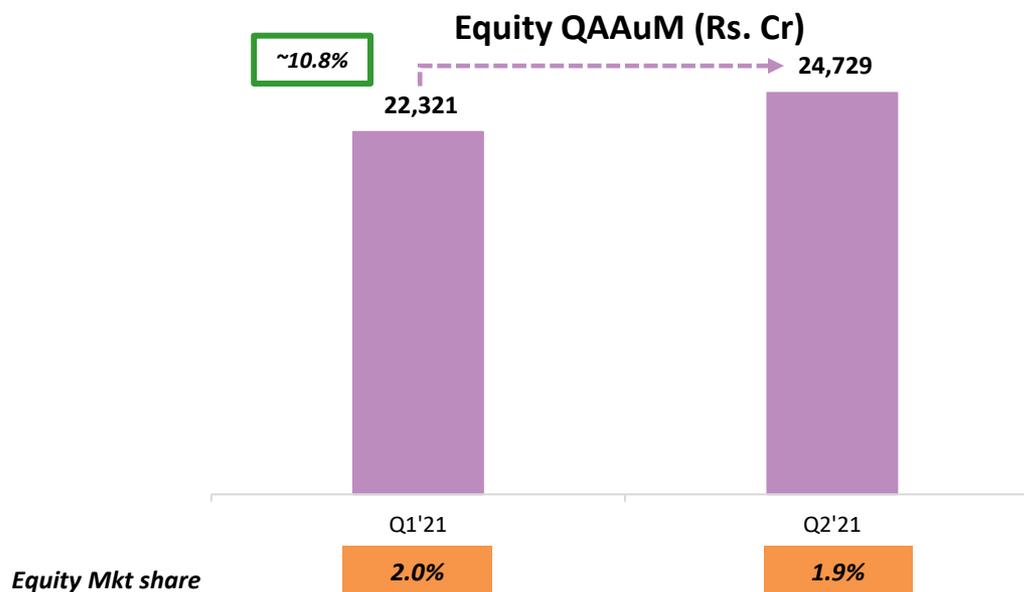
4.1%

4.2%

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

Market Rebound Led to Equity AUM Improvement

Despite equity outflows in the industry, market rebound led to Equity AUM growth; Market share remained steady

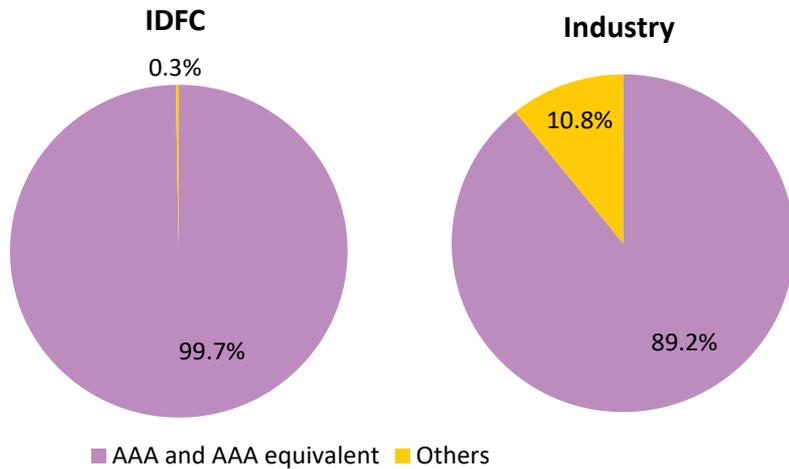


1. Equity AUM includes Equity and Hybrid schemes as per SEBI definition
2. AAUM: Average Assets Under Management

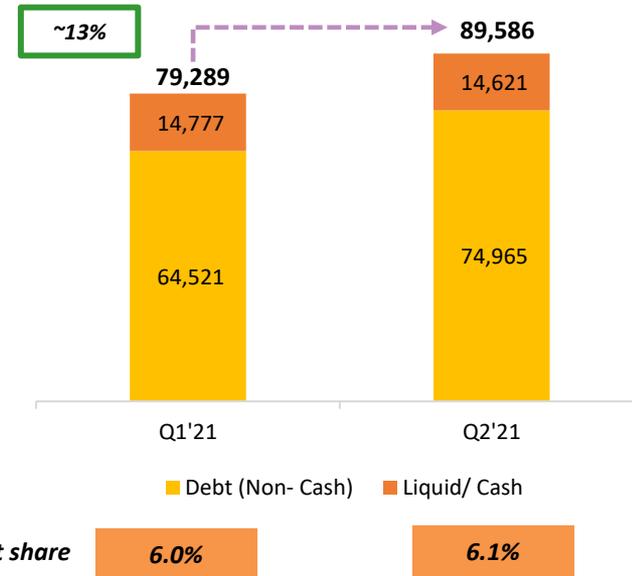
Strong AUM gains in Fixed Income, Driven by Non-Cash Debt Category

Steady portfolio stance on quality, strong performance, and proactive retail distribution expansion helped us grow AUM and Market share

Portfolio credit rating distribution¹



Fixed Income QAAUM (Rs. Cr)



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

Strong Financial Performance | Q2'21 vs Q2'20

In INR Cr	Q2'21	Q2'20	YoY growth (%)
AAUM (QAAUM)	114,315	94,132	21.4%
Total Income	85.8	73.1	17.4%
<i>Income from operations</i>	<i>84.9</i>	<i>72.8</i>	<i>16.6%</i>
<i>Other Income</i>	<i>1.0</i>	<i>0.4</i>	
Costs	40.5	49.2	
PBT	45.3	23.9	89.7%
PAT	33.1	17.1	94.3%
<i>MF Margin (bps)</i>	<i>29.2</i>	<i>30.5</i>	

- 21.4% QAAUM growth YoY (vs. industry growth of 7.4%), led to Fee growth of ~16.6%
- 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 33.1 Cr vs. INR 17.1 Cr in Q2'20, reflecting 94.3% YoY growth

Other income in Q2'20 includes -ve MTM on a VCF, which has now matured; Q2'20 costs included certain one-off group related costs, which are non-recurring in nature

Strong Financial Performance | Q2'21 vs Q1'21

In INR Cr	Q2'21	Q1'21	QoQ growth (%)
AAUM (QAAUM)	114,315	101,619	12.5%
Total Income	85.8	80.5	6.6%
<i>Income from operations</i>	84.9	73.6	15.3%
<i>Other Income</i>	1.0	6.9	
Costs	40.5	39.9	1.5%
PBT	45.3	40.6	11.7%
PAT	33.1	30.3	9.4%
<i>MF Margin (bps)</i>	29.2	28.8	

- 12.5% QAAUM growth QoQ (vs. industry growth of 12.4%), led to fee growth of ~15%
- Margins improved QoQ
- Strong income growth, coupled with muted expense growth drove QoQ PAT growth of 9.4% with Q2 PAT of INR 33.1 Cr vs. INR 30.3 Cr in Q1



THANK YOU