

August 09, 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 Q1FY23 (Quarter ended June 30, 2022)

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, 2022.

This is for your information and records.

Thanking you,

Yours faithfully,
For IDFC Limited

Mahendra N. Shah
Company Secretary



Encl.: A/a

IDFC LIMITED

IR PRESENTATION

Q1 FY23

AUGUST 9, 2022



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FINANCIALS

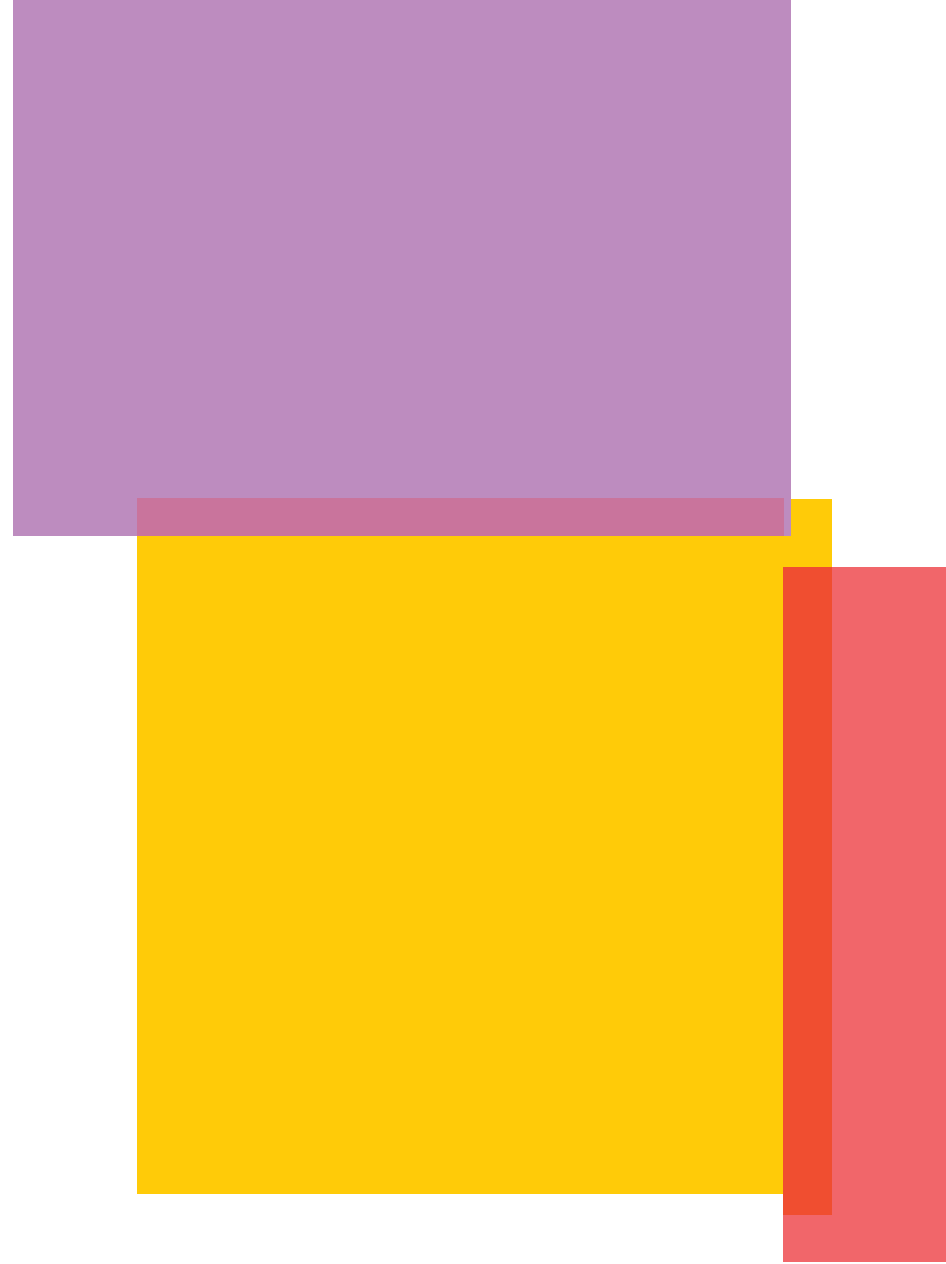
Applicability of Ind As

- ✓ 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 statutory auditors

Consolidated PAT

Particulars	All figures in INR Crore		
	Q1FY 23	Q1FY 22	FY22
IDFC Standalone PAT	167.48	(4.04)	21.86
Add: profit of Subsidiaries			
<i>Profit of AMC</i>	22.28	46.46	176.86
<i>Profit of FHCL</i>	(3.82)	(2.24)	291.41
<i>Profit of other subsidiaries</i>	12.33	0.95	18.58
Profit of subsidiaries	30.79	45.17	486.85
Add: Profit from associates, other adjustments			
<i>IDFC FIRST Bank*</i>	174.78	(426.56)	134.33
<i>Reversal of share of associate DIMTS and Ideck</i>	-	-	(105.60)
<i>Others/other adjustments</i>	1.19	(2.38)	(5.06)
Total Profit from associates and other adjustments	175.97	(428.94)	23.67
IDFC standalone PAT + Profit of subsidiaries + Profit from associates	374.25	(387.81)	532.38
<i>Less: Dividend elimination</i>	170.00	-	340.24
Consol PAT	204.25	(387.81)	192.14
* Under Ind AS			

IDFC FIRST BANK



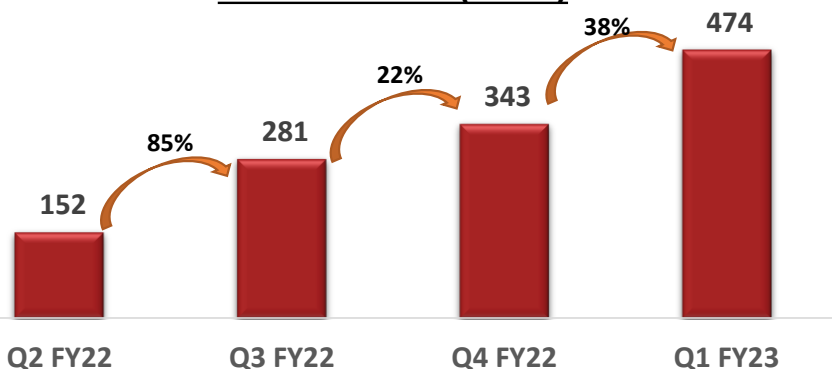
Key financial highlights of Q1 FY23

Area	Key Parameters	Q1 FY22	Q1 FY23	Growth (%/bps)
Assets	Total Funded Assets ¹	Rs. 1,13,794 Cr	Rs. 1,37,663 Cr	21% ▲
Deposits	Customer Deposits	Rs. 84,893 Cr	Rs. 1,02,868 Cr	21% ▲
	CASA Ratio (%)	50.86%	50.04%	82 bps ▼
Asset Quality	Bank Level	GNPA: 4.61%, NNPA: 2.32%	GNPA: 3.36%, NNPA: 1.30%	125 bps, 102 bps ▼
	Retail & Commercial Finance ²	GNPA: 3.86%, NNPA: 1.82%	GNPA: 2.12%, NNPA: 0.93%	174 bps, 89 bps ▼
Profitability	Core Operating Income ³	Rs. 2,634 Cr	Rs. 3,650 Cr	39% ▲
	Cost to Income ⁴ (%)	77.16%	72.95%	419 bps ▼
	Core Operating Profit ⁴	Rs. 601 Cr	Rs. 987 Cr	64% ▲
	Profit/(Loss) After Tax	Rs. (630) Cr	Rs. 474 Cr	- ▲
	RoA ⁵	-1.51%	0.97%	- ▲
	RoE ⁵	-13.31%	8.96%	- ▲

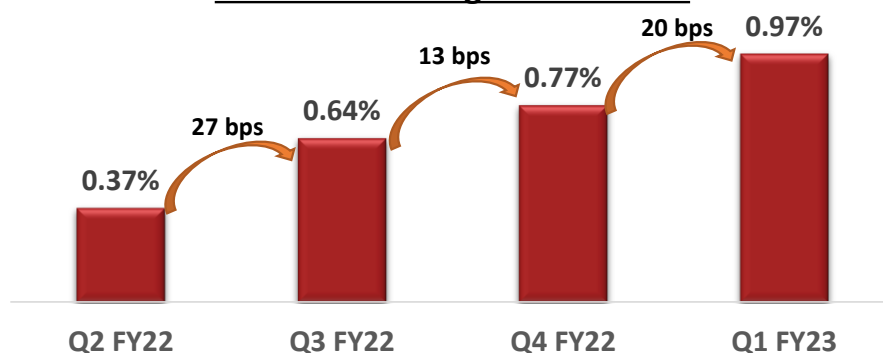
1. Net of IBPC; 2. Commercial Finance consists of business installment loans, micro business loans, small business working capital, commercial vehicle, trade advances etc. with most loans < Rs. 5 crore; 3. Core Operating Income comprises of Net Interest Income & Fee and Other Income excluding trading gain; 4. Excluding trading gain; 5. RoA/RoE are quarterly annualized

Strong growth in profitability; ROA touches ~1%

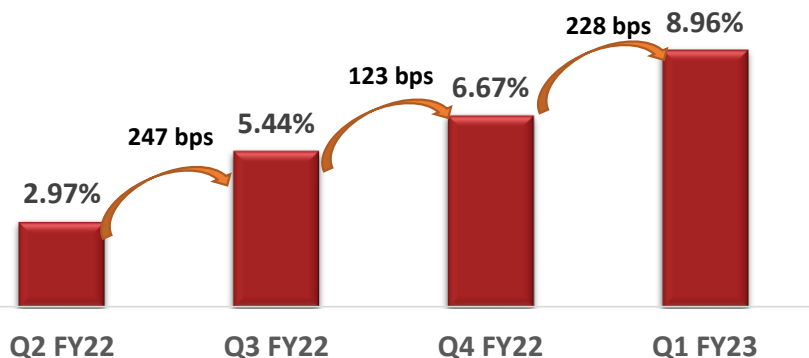
Profit After Tax (Rs. Cr)



Return on Average Total Assets



Return on Average Equity



RoA(%) and RoE(%) are quarterly annualized

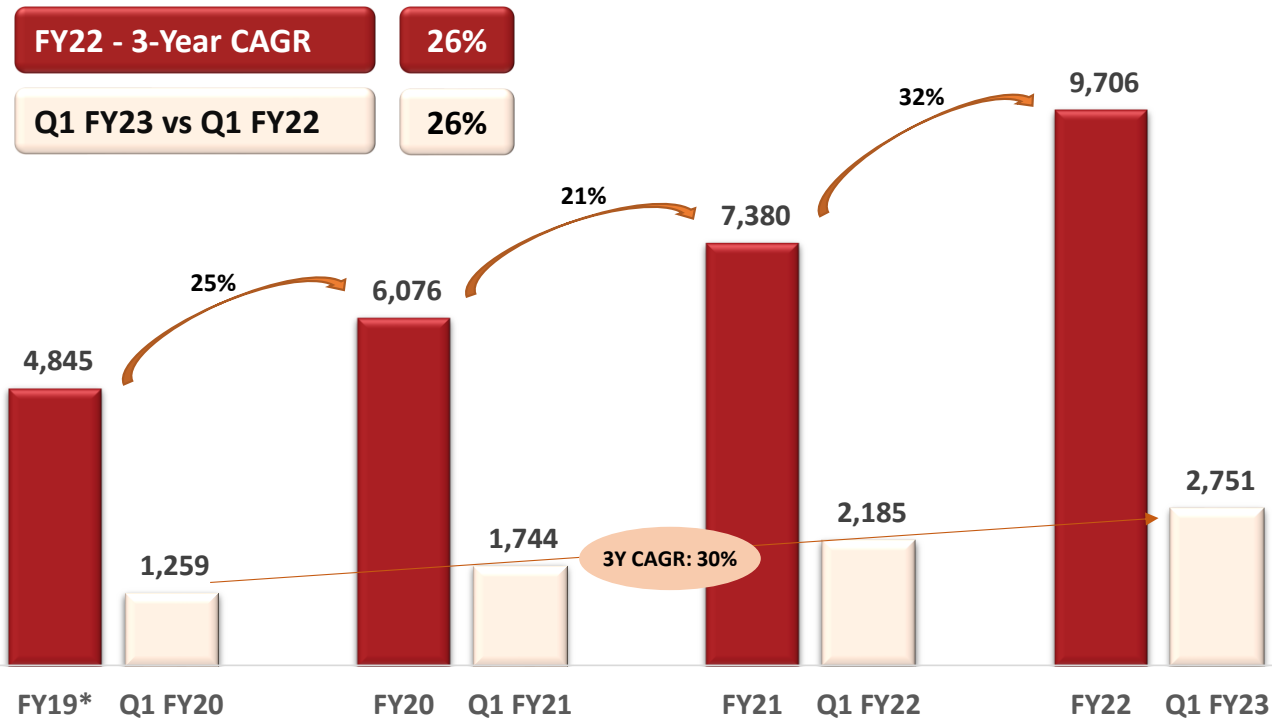
The strong profitability trajectory of the Bank is driven by

- Powerful unit economics
- Retail lending business ROE of 18-20%
- Retiring of high-cost liabilities
- Growth in credit cards business
- Improving branch productivity
- New Business launches (Wealth, FASTag, CMS, etc.)
- Profitable wholesale business
- Reduced provisions
- Improved operating leverage

We expect profitability to further improve going forward.

Strong rise in Net Interest Income

Net Interest Income (In Rs. Crore)

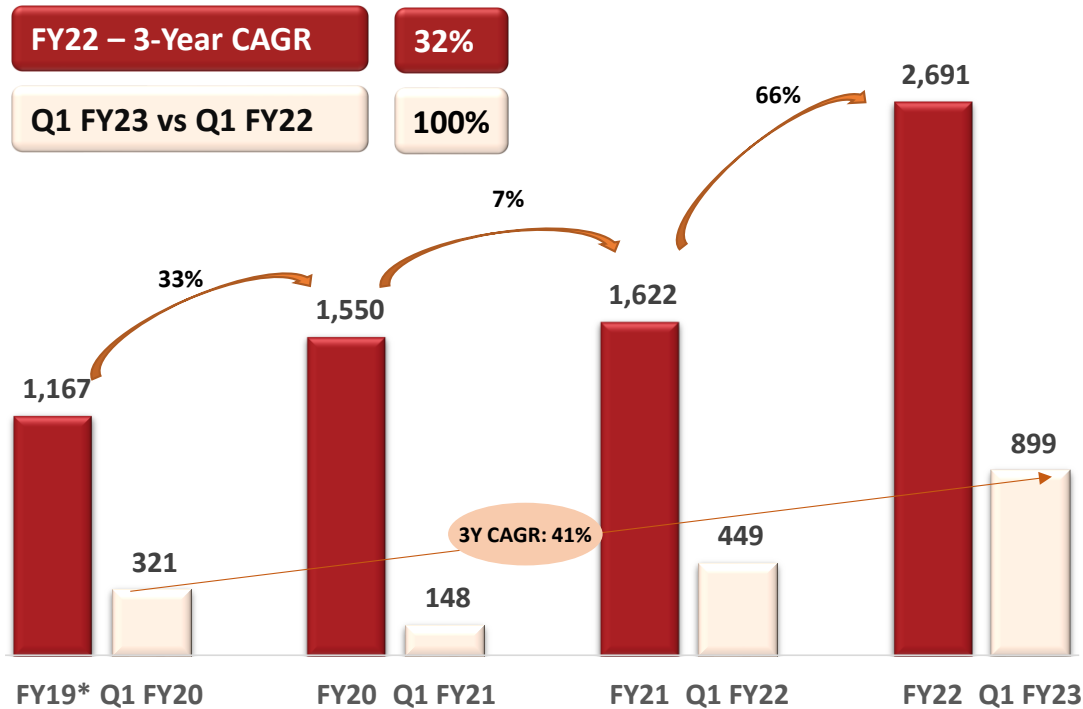


* H2-FY19 actual annualized

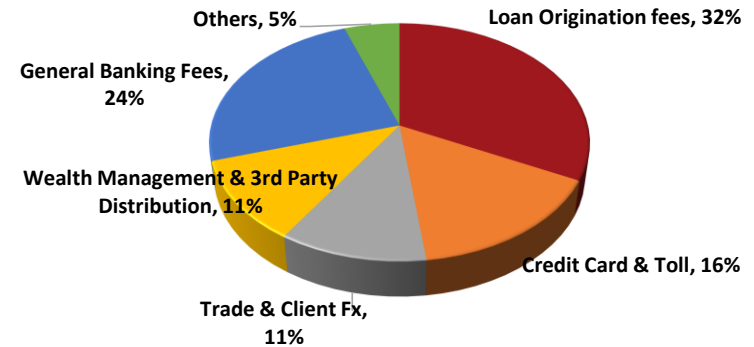
NII has grown at a 3-Year CAGR of **26%**. We expect to sustain similar growth in the foreseeable future. We expect to maintain NIM% at around **6%** during FY23.

Strong growth in Fee & Other Income

Fee and Other Income (In Rs. Crore)



Fee Income Break up for Q1-FY23

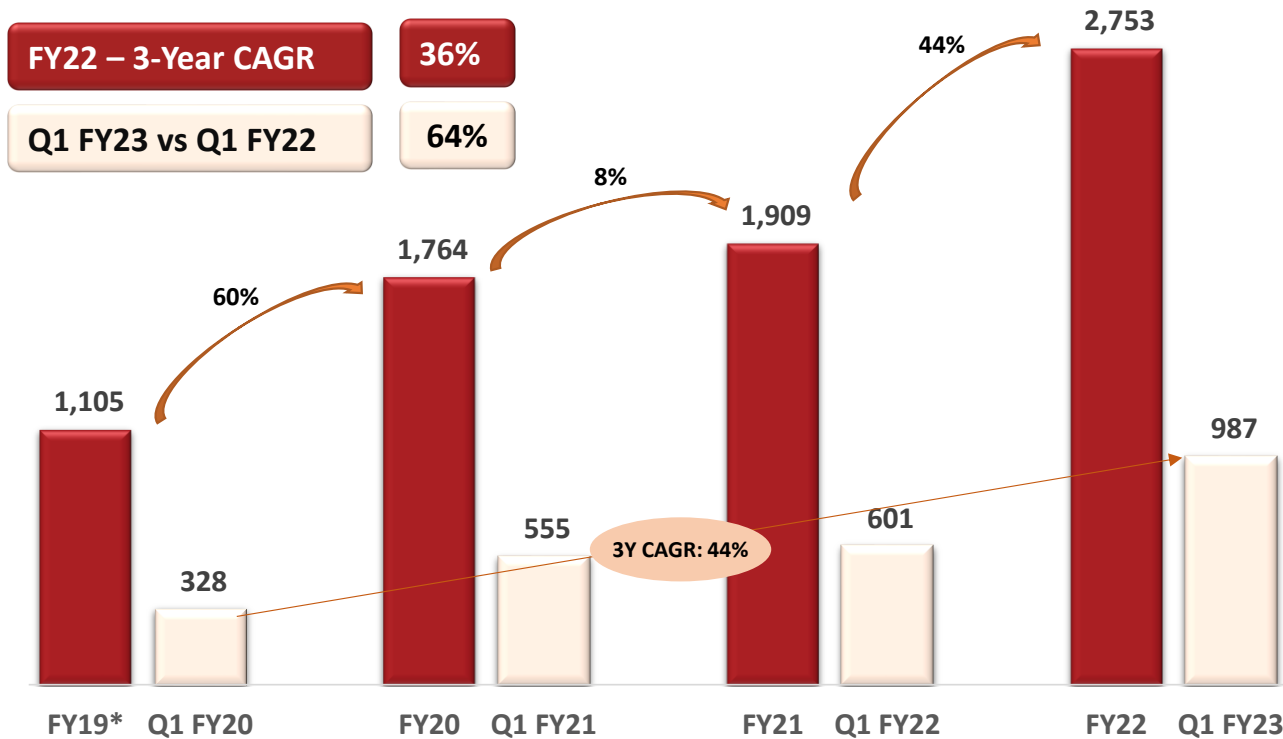


- The Bank has launched and scaled up many fee-based products in the last 3 years and would continue to do so.
- Many of these products are in the early stage of their lifecycle and have the potential to grow in significant way going forward.
- **91%** of the fee income & other income is from the retail banking operations which is granular and sustainable.

* H2-FY19 actual annualized

Strong increase in Core Operating Profit

Core Operating Profit (In Rs. Crore)



- The core operating profit has grown at a 3 year CAGR of **36%** against the overall 3 year loan book growth of **6%**.
- Such strong outperformance of Operating Profit over the growth of loan book demonstrates the power of incremental profitability in the business model.
- We expect Core Operating profit to continue to rise from here based on strong operating leverage.

* H2-FY19 actual annualized

Core Operating Profit = Net Interest Income + Fee and Other income – Operating Expenses - Trading gain

Quarterly income statement

In Rs. Crore	Q1 FY22	Q4 FY22	Q1 FY23	Growth (%) YoY
Interest Income	4,089	4,554	4,922	20%
Interest Expense	1,905	1,884	2,171	14%
Net Interest Income	2,185	2,669	2,751	26%
Fee & Other Income	449	841	899	100%
Trading Gain ¹	393	(9)	(44)	-111%
Operating Income	3,027	3,500	3,607	19%
Operating Income (Excl Trading Gain)	2,634	3,510	3,650	39%
Operating Expense	2,032	2,674	2,663	31%
Operating Profit (PPOP)	995	827	944	-5%
Operating Profit (Ex. Trading gain)	601	836	987	64%
Provisions ¹	1,872	369	308	-84%
Profit Before Tax	(877)	457	636	
Tax	(247)	114	162	
Profit After Tax	(630)	343	474	

1. As per the RBI guidelines dated 30th Aug, 2021, provisions/write-back for mark-to market depreciation on investments in AFS and HFT has been classified under "Other Income", prior period numbers are reclassified accordingly

Balance sheet

In Rs. Crore	Jun-21	Mar-22	Jun-22	Growth (%) (YoY)
Shareholders' Funds	20,170	21,003	21,485	7%
Deposits	91,312	1,05,634	1,13,349	24%
- CASA Deposits	46,439	51,170	56,720	22%
- Term Deposits	44,872	54,464	56,629	26%
Borrowings	48,430	52,963	55,688	15%
Other liabilities and provisions	9,075	10,581	10,044	11%
Total Liabilities	1,68,986	1,90,182	2,00,565	19%
Cash and Balances with Banks and RBI	9,774	15,758	10,761	10%
Net Funded Assets	1,08,628	1,24,075	1,32,555	22%
- Net Retail Funded Assets	72,472	91,093	1,00,094	38%
- Net Wholesale Funded Assets*	36,156	32,983	32,461	-10%
Investments	41,368	41,544	47,095	14%
Fixed Assets	1,298	1,361	1,456	12%
Other Assets	7,918	7,443	8,698	10%
Total Assets	1,68,986	1,90,182	2,00,565	19%

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

Capital adequacy

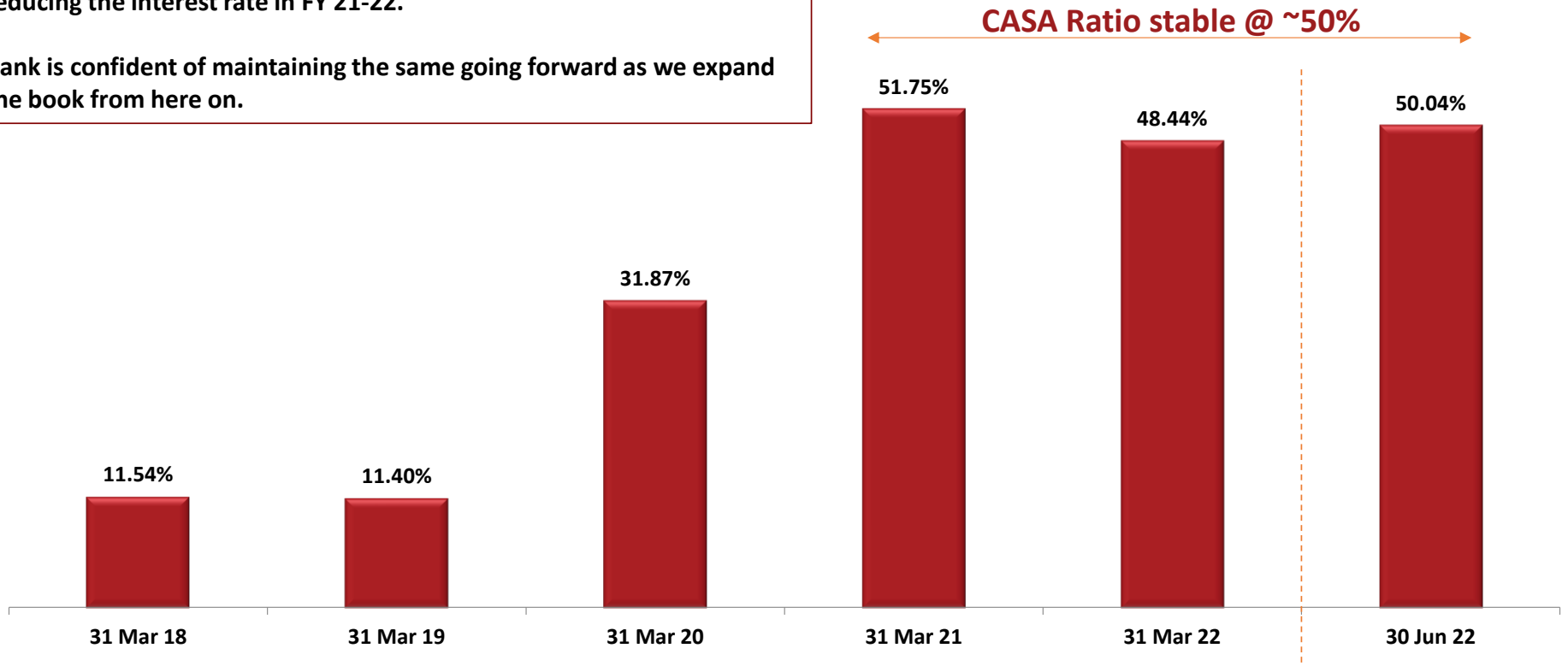
In Rs. Crore	Jun-21	Mar-22	Jun-22
Common Equity	19,460	20,199	20,821
Tier 2 Capital Funds	916	2,525	2,618
Total Capital Funds	20,376	22,724	23,439
Total Risk Weighted Assets	1,30,946	1,35,728	1,48,600
CET 1 Ratio (%)	14.86%	14.88%	14.01%
Total CRAR (%)	15.56%	16.74%	15.77%

- Capital Adequacy Ratio is including profits for Q1 FY23.
- Risk weight assets during the quarter includes the impact of increase in operational risk RWA which is done in the beginning of the financial year, and this impacted capital adequacy by 58 bps.
- The Bank is well capitalized for growth in future.

Deposits: CASA Ratio stable at ~ 50%

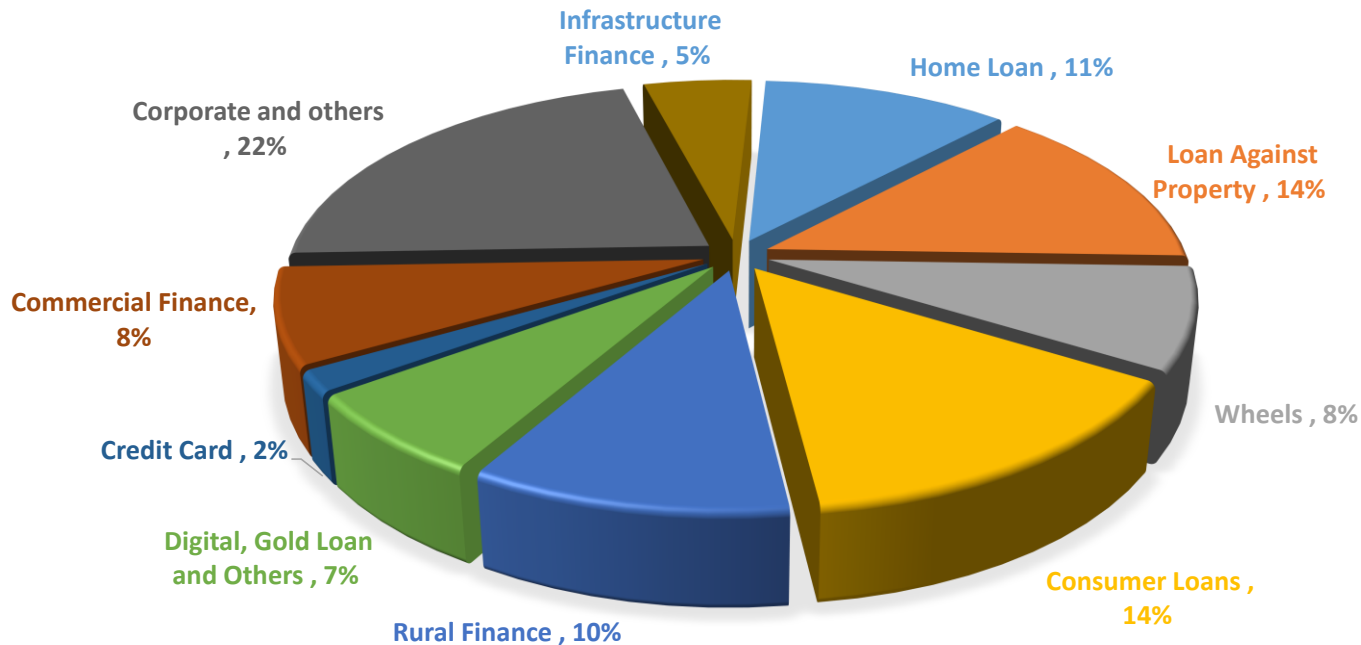
The CASA ratio has been stable at ~ 50% for over a year now despite our reducing the interest rate in FY 21-22.

Bank is confident of maintaining the same going forward as we expand the book from here on.



Diversified funded assets

Composition of Funded Assets



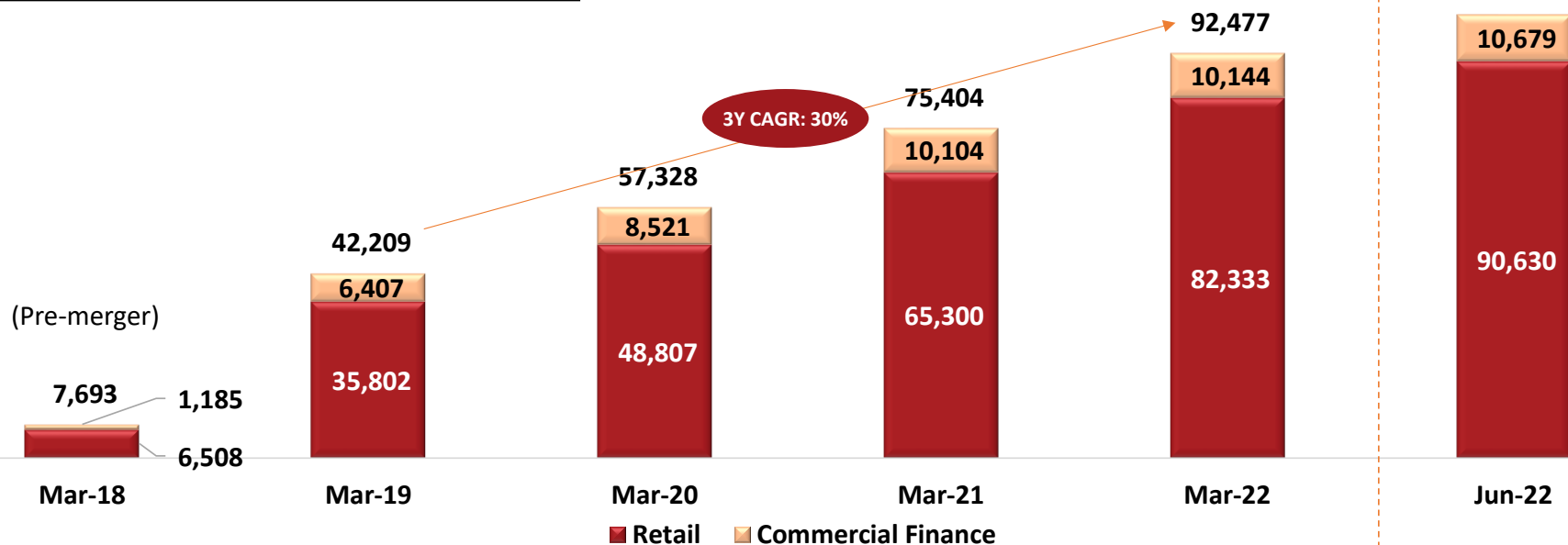
**Overall Funded Assets
(as on June 30, 2022)
Rs. 1,37,663 crore**

- Commercial Finance consists of Loans to small business owners and entrepreneurs through products like business installment loans, micro business loans, small business working capital, commercial vehicle, trade advances etc. with most loans < Rs. 5 crore.
- Funded Assets are net of IBPC.
- Corporate and Others include Security Receipts, Loans converted into Equity, PTC and RIDF.

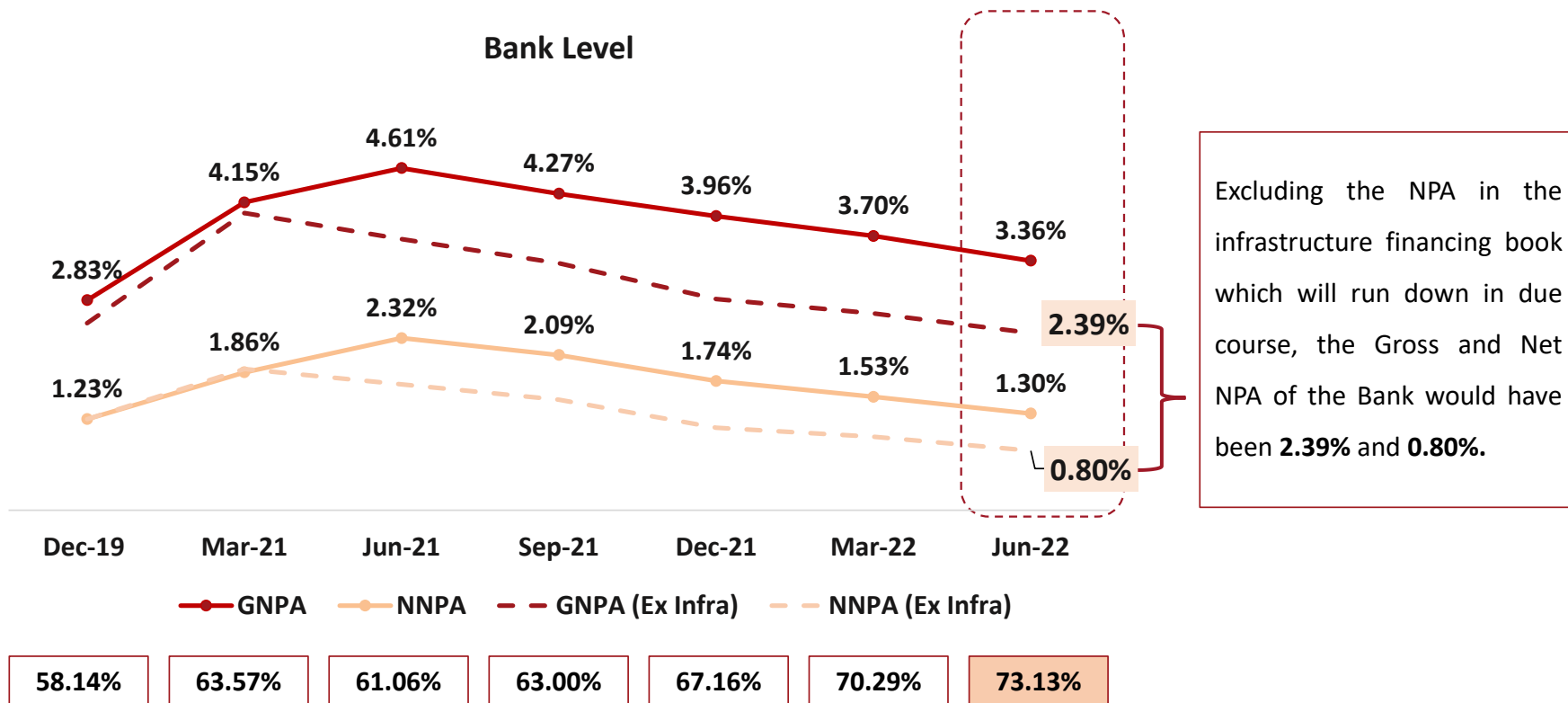
Consistent growth in retail and commercial finance

The bank has developed deep specialisation in providing retail and commercial financing for over a decade with low NPA levels of Gross and Net NPA of ~2% and 1% respectively. (including the experience of both institutions put together)

Retail & Commercial Finance (Rs crore)



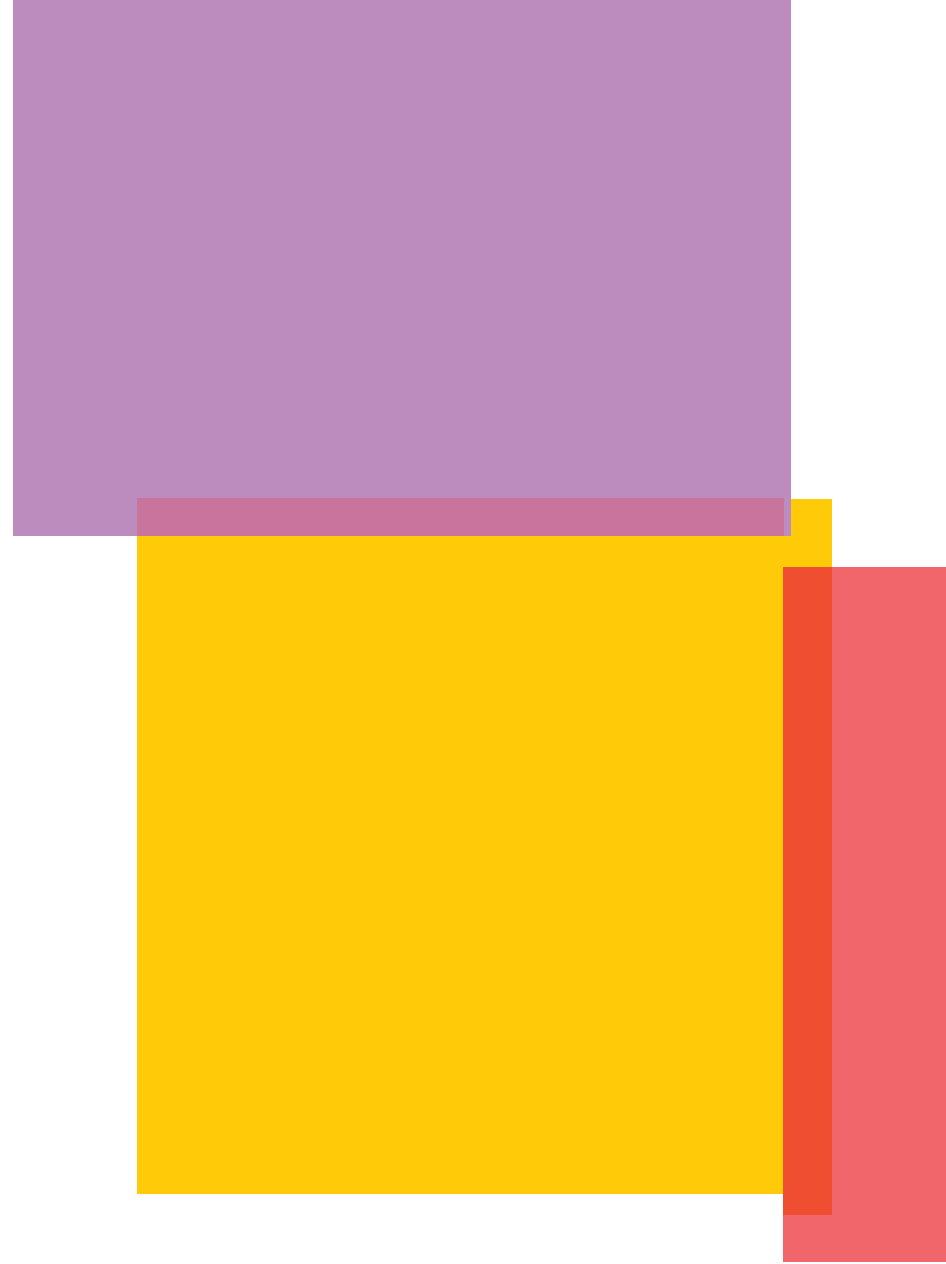
Bank asset quality continues to improve



Excluding the NPA in the infrastructure financing book which will run down in due course, the Gross and Net NPA of the Bank would have been **2.39%** and **0.80%**.

*Includes technical write-offs

IDFC AMC



Financial Performance | Q1'23 vs Q4'22

In INR Cr	Q1'23	Q4'22
AAUM (AAUM)	116,908	121,011
Total Income	81.9	101.4
PAT	22.3	37.6

Sale of IDFC AMC | Transaction update:

- *All regulatory applications have been filed with the respective regulators. CCI Approval was received on August 1, 2022.*