



May 20, 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 Q4FY22-(Quarter and year ended March 31, 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 and year ended March 31, 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

Q4 FY22

MAY 20, 2022



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FINANCIALS

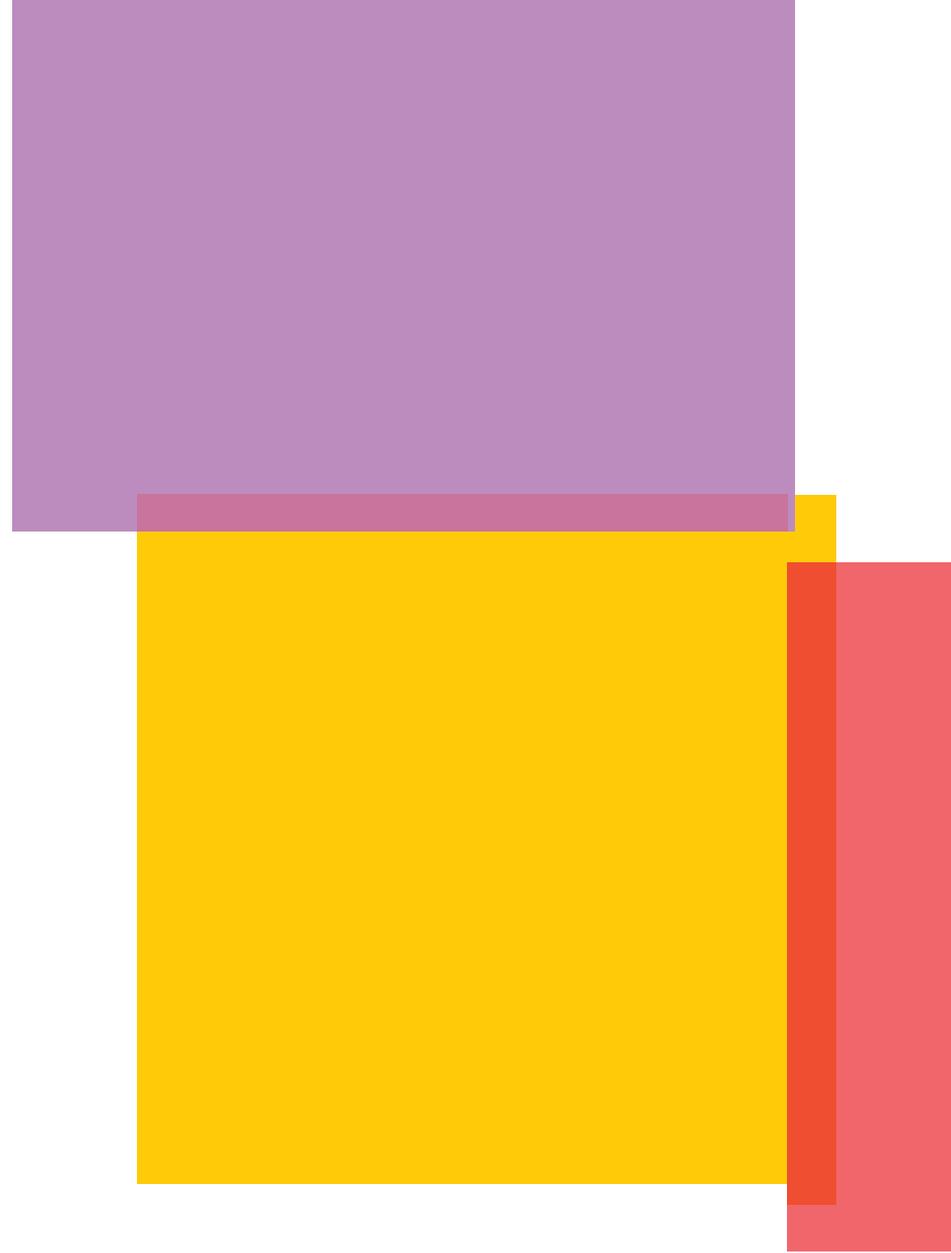
Applicability of Ind As

- ✓ 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		
	Q4FY 22	FY22	FY21
IDFC Standalone PAT	3.20	21.86	8.87
Add: profit of Subsidiaries			
<i>Profit of AMC</i>	37.58	176.86	144.02
<i>Profit of FHCL</i>	228.59	291.41	43.80
<i>Profit of other subsidiaries</i>	(6.26)	18.58	(9.51)
Profit of subsidiaries	259.91	486.85	178.31
Add: Profit from associates, other adjustments			
<i>IDFC FIRST Bank*</i>	273.76	134.33	(240.98)
<i>Reversal of share of Joint Venture (DIMTS and IDeCK)\$</i>	(92.53)	(105.60)	-
<i>Others/other adjustments</i>	(5.23)	(5.06)	2.85
Total Profit from associates and other adjustments	176.00	23.67	(238.13)
IDFC standalone PAT + Profit of subsidiaries + Profit from associates/ JVs	439.11	532.38	(50.95)
<i>Less: Dividend elimination</i>	249.15	340.24	61.62
Consol PAT	189.96	192.14	(112.57)
* Under Ind AS			
\$ Assets are held for sale. Under IndAS, to be valued at lower of cost or net realisable value. Assets held under IDFC Foundation, a section 8 company, which prohibits any repatriation back to shareholder. Hence, net realisable value for IDFC from these assets is NIL.			

IDFC FIRST BANK



FY 22 key highlights

Area	Key Parameters	FY21	FY22	Growth (%/bps)
Assets	Funded Assets	Rs. 1,17,127 Cr	Rs. 1,31,951 Cr	13% ▲
	Retail Funded Assets	Rs. 65,300 Cr	Rs. 83,740 Cr	28% ▲
Deposits	Customer Deposits	Rs. 82,725 Cr	Rs. 93,214 Cr	13% ▲
	Average CASA Ratio (%)	41.50%	49.88%	838 bps ▲
Asset Quality	Asset Quality (GNPA, NNPA) (%)	4.15%, 1.86%	3.70%, 1.53%	45 bps, 33 bps ▼
	Retail & Commercial (GNPA, NNPA) (%)	4.01%, 1.90%	2.63%, 1.15%	138 bps, 75 bps ▼
Capital	Capital Adequacy Ratio (%)	13.77%	16.74%	297 bps ▲
Profitability	Net Interest Margin (%)	5.03%	5.96%	93 bps ▲
	Cost to Income* (%) - Q4	84.18%	76.18%	800 bps ▼
	Core Operating Profit* - FY	Rs. 1,909 Cr	Rs. 2,753 Cr	44% ▲
	Core Operating Profit* - Q4	Rs. 405 Cr	Rs. 836 Cr	106% ▲
	Profit After Tax - FY	Rs. 452 Cr	Rs. 145 Cr	-68% ▼
	Profit After Tax - Q4	Rs. 128 Cr	Rs. 343 Cr	168% ▲

*Excluding trading gain

Management commentary 1/4

We focused on building a strong platform for the first three years: On merger, we had a large loan book of **Rs. 1,04,660 crore** but very low retail deposits of only **Rs. 10,400 crore**. This had to be addressed. So we slowed down overall loan growth for the first 3 years (loan growth of CAGR 6% FY19 to FY22), and grew deposits strongly (Retail Deposits growth CAGR 72%) to strategically strengthen the Bank. This phase of consolidation is now complete. We have built a strong foundation which we believe will be a springboard for growth from here on.

Loan book to grow from here on: We have made significant progress during the last three years (FY 19-22). We expect the loan book to grow at **~20-25%** on a sustainable basis from here on for the foreseeable future. We have strong and proven competence in building retail lending business with high asset quality (GNPA ~2% and NNPA ~1%), strong margins, and high ROE (~15%, incremental ROE ~20) for over a decade.

All Legacy Accounts provided for, or already disclosed in NPA: We have sufficiently provided for all legacy stressed corporate and infrastructure loans. The share of Infrastructure book has further reduced to **5.2%** of the total Funded Assets from **9.2%** as on March 31, 2021. The spectrum related telecom account BGs issued by the Bank have been released.

High quality of incremental Wholesale Lending: We have sanctioned **~Rs. 17,500 crores** of loans to new corporate clients since merger and there is nil NPA on this book.

Demonstrated capability to raise Deposits: We have demonstrated our strong capability to raise deposits based on our strong brand, customer first products and excellent service. We grew retail deposits by **Rs. 54,820 crore** to reach **Rs. 68,035 crore** in just three years. This shows that we can comfortably raise deposits as required for expected growth of 20-25% of the loan book.

Management commentary 2/4

Strong CASA Base: We have built a strong CASA base of ~50% which is best in class in the industry. In absolute terms we have grown CASA by ~Rs. 42,000 crore in 3 years that demonstrates our capability on this front.

Stable Asset Quality: For retail and commercial loans, which is majority of the book, our GNPA and NNPA has reduced to 2.63% and 1.15%. We are confident to continue the downward trajectory in retail NPA to reach our near 10-year long term GNPA and NNPA levels of 2% and 1% respectively. All input indicators of asset quality (such as cheque bounce, collection efficiency, recoveries, vintage analysis) point to the same.

Strong Capital Position: The bank is strongly capitalised at 16.8% and has significant headroom for Tier 2 capital, and loan growth.

Strong incremental Unit Economics: Our incremental unit economics of the bank are excellent. Our NIM is over 6%. Incremental ROE on Retail lending is between 18-20% after adjusting for credit costs and tax. This will show in the P & L in due course.

Diversified fee income: We have developed multiple and diversified streams of income in the bank across Fastag, Cash management, wealth management, wholesale loans, retail loans, insurance distribution, mutual fund distribution and in all businesses we feel we are yet at the start of the journey. We continue to launch new business lines. Retail Fees constitutes 84% of the total fee income which points to granularity and sustainability of this line item.

Management commentary 3/4

Strong Growth in Operating Profits: While the loan book grew by only 13% YoY, the Core Operating Profit has risen by 44% from **Rs. 1,909 crores** in FY 21 to **Rs. 2,753 crores** in FY 22. This clearly demonstrates that our incremental business is highly profitable and we are beginning to see strong improvement in operating leverage. We expect this phenomenon to continue to play out over the next few years, which will result in increase in overall profitability and ROE.

Net Profit for Q4 FY22: The bank posted net profit of **Rs. 343 crores** in Q4-FY22 driven by core operational income. Due to three specific factors (a) legacy high-cost liabilities, (b) retail branch/ ATM/ liabilities set up expenses, and (c) set up of credit cards, there is a net profit impact of **~ Rs. 500 crores/** quarter. This is reducing every quarter. We expect the drag caused by these three factors to be largely eliminated by FY 25 based on our internal analysis and trends. Adjusted for these, the return on equity of the bank is already at **~15%**, and we expect our return on equity to stabilise at **17-18%** based on calculations of incremental unit economics.

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.

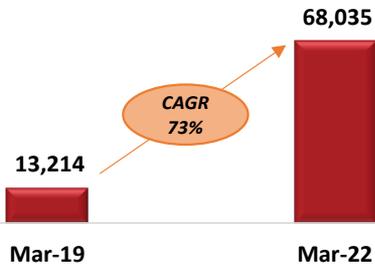
Management commentary 4/4

Our 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, 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, easy online redemption of rewards points, 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 a large number of “customer firsts” we have introduced to the industry. On the lending side, we are attractively priced like regular mainstream banks.

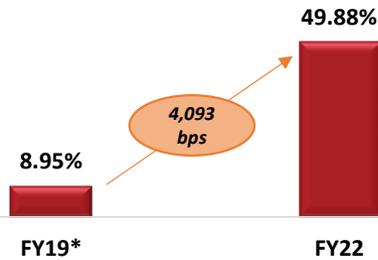
Contemporary Technologies: The bank continues to invest in laying a strong, modular and contemporary technology architecture that will help the bank to simultaneously enable efficiency, resilience, and growth. Our newly launched mobile app based on these technologies is top rated and provides several 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.

Financial performance since merger year FY19

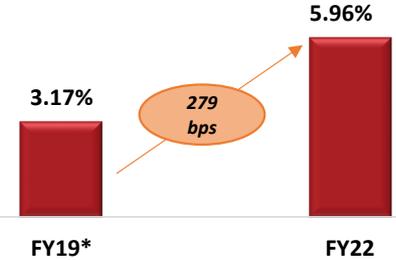
Retail Deposits (In Rs. Cr)



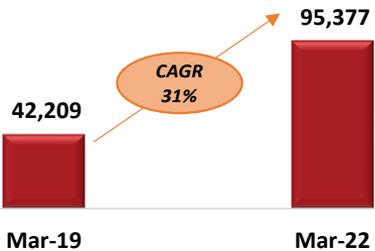
Avg CASA Ratio (%)



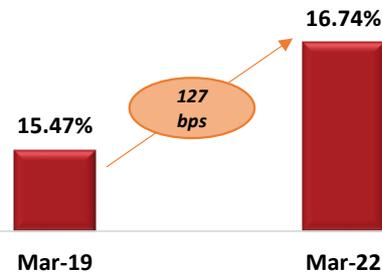
Net Interest Margin (%)



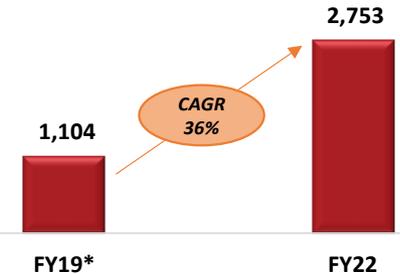
Retail & Commercial Finance (In Rs. Cr)



Capital Adequacy Ratio (%)



Operating Profit (Ex. Trading Gain) (In Rs. Cr)



*Average CASA Ratio is for H2FY19, NIM% and PPOP (ex trading gains) of H2-FY19 are annualized for FY19.

Quarterly income statement

In Rs. Crore	Q4 FY21	Q3 FY22	Q4 FY22	Growth (%) YoY
Interest Income	3,993	4,429	4,554	14%
Interest Expense	2,033	1,849	1,884	-7%
Net Interest Income	1,960	2,580	2,669	36%
Fee & Other Income	600	744	841	40%
Trading Gain ¹	218	25	(9)	-104%
Operating Income	2,779	3,349	3,500	26%
Operating Income (Excl Trading Gain)	2,561	3,324	3,510	37%
Operating Expense	2,156	2,579	2,674	24%
Operating Profit (PPOP)	623	770	827	33%
Operating Profit (Ex. Trading gain)	405	745	836	106%
Provisions ¹	580	392	369	-36%
Profit Before Tax	43	378	457	960%
Tax	(85)	97	114	-235%
Profit After Tax	128	281	343	168%

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

Yearly income statement

In Rs. Crore	FY21	FY22	Growth (%) YoY
Interest Income	15,968	17,173	8%
Interest Expense	8,588	7,467	-13%
Net Interest Income	7,380	9,706	32%
Fee & Other Income	1,622	2,691	66%
Trading Gain ¹	1,162 ²	531	-54%
Operating Income	10,164	12,928	27%
Operating Income (Excl Trading Gain)	9,002	12,397	38%
Operating Expense	7,093	9,644	36%
Operating Profit (PPOP)	3,071	3,284	7%
Operating Profit (Ex. Trading gain)	1,909	2,753	44%
Provisions ¹	2,595 ²	3,109	20%
Profit Before Tax	476	175	-63%
Tax	24	30	26%
Profit After Tax	452	145	-68%

- 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
- During FY21, there was a provision release of Rs. 573 crore on account of sale of investments in two large financial institutions, resulting into an equivalent amount of loss, the provisions and the Trading Gain for FY21 mentioned above are gross of these transactions.

Balance sheet

In Rs. Crore	Mar-21	Dec-21	Mar-22	Growth (%) (YoY)
Shareholders' Funds	17,808	20,649	21,003	18%
Deposits	88,688	92,765	105,634	19%
- CASA Deposits	45,896	47,859	51,170	11%
- Term Deposits	42,792	44,906	54,464	27%
Borrowings	45,786	50,792	52,963	16%
Other liabilities and provisions	10,861	10,027	10,581	-3%
Total Liabilities	163,144	174,232	190,182	17%
Cash and Balances with Banks and RBI	5,828	17,567	15,758	170%
Net Funded Assets	111,758	116,422	124,075	11%
- Net Retail Funded Assets	73,812	83,837	91,093	23%
- Net Wholesale Funded Assets*	37,946	32,585	32,983	-13%
Investments	36,719	31,550	41,544	13%
Fixed Assets	1,266	1,333	1,361	7%
Other Assets	7,572	7,360	7,443	-2%
Total Assets	163,144	174,232	190,182	17%

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

Capital adequacy

In Rs. Crore	Mar-21	Dec-21	Mar-22
Common Equity	16,974	19,921	20,199
Tier 2 Capital Funds	647	740	2,525
Total Capital Funds	17,622	20,661	22,724
Total RWA	1,27,943	1,34,296	1,35,728
CET 1 Ratio (%)	13.27%	14.83%	14.88%
Total CRAR (%)	13.77%	15.38%	16.74%

- The Bank is sufficiently capitalized and well above the regulatory requirement for Capital Adequacy Ratio of 11.5%
- During Q4 FY22, the Bank mobilised maiden Tier II Bonds of Rs. 1,500 crore.

Performance vis-à-vis guidance at the time of merger

Particulars		Dec-18 (At Merger)	Guidance for FY24-FY25	Mar-22 Latest quarter
C A P I T A L	Net-worth	Rs. 18,376 Cr	--	Rs. 21,003 Cr
	CET – 1 Ratio	16.14%	>12.5 %	14.88%
	Capital Adequacy (%)	16.51%	>13.0 %	16.74%
L I A B I L I T I E S	CASA Deposits	Rs. 5,274 Cr	--	Rs. 51,170 Cr
	CASA as a % of Deposits (%)	8.68%	30% (FY24), 50% thereafter	48.44%
	Average CASA Ratio (%)	8.39%	--	49.28%
	Branches (#)	206	800-900	641
	CASA + Term Deposits<5 crore (% of Customer Deposits)	39%	85%	84%
	Certificate of Deposits	17%	<10% of liabilities	8%
	Quarterly Avg. LCR (%)	123%	>110%	136%

Some new guidance has been included for greater clarity. No guidance given at the time of the merger has been amended
 -- No guidance provided earlier for these parameters

Performance vis-à-vis guidance at the time of merger

Particulars	Dec-18 (At merger)	Guidance for FY24-FY25	Mar-22 Latest quarter
Retail and Commercial Book	Rs. 36,927 Cr	Rs. 100,000 Cr	Rs. 95,377 Cr (26%)
Retail and Commercial Book as a % of Total Funded Assets	35%	70%	72%
Wholesale Funded Assets ¹	Rs. 56,770 Cr	< Rs. 40,000 Cr	Rs. 30,567 Cr (-8%)
- of which Infrastructure loans	Rs. 22,710 Cr	Nil in 5 years	Rs. 6,891 Cr (-36%)
Top 10 borrowers as % of Total Funded Assets (%)	12.8%	< 5%	3.7%
GNPA (%)	1.97%	2-2.5%	3.70%
NNPA (%)	0.95%	1.1.2%	1.53%
Provision Coverage Ratio ³ (%)	53%	~70%	70%
Net Interest Margin (%)	3.10%	5-5.5%	6.27%
Cost to Income Ratio ² (%)	81.56%	55%	76.18%
Return on Asset (%)	-3.70%	1.4-1.6%	0.77%
Return on Equity (%)	-36.81%	13-15%	6.67%

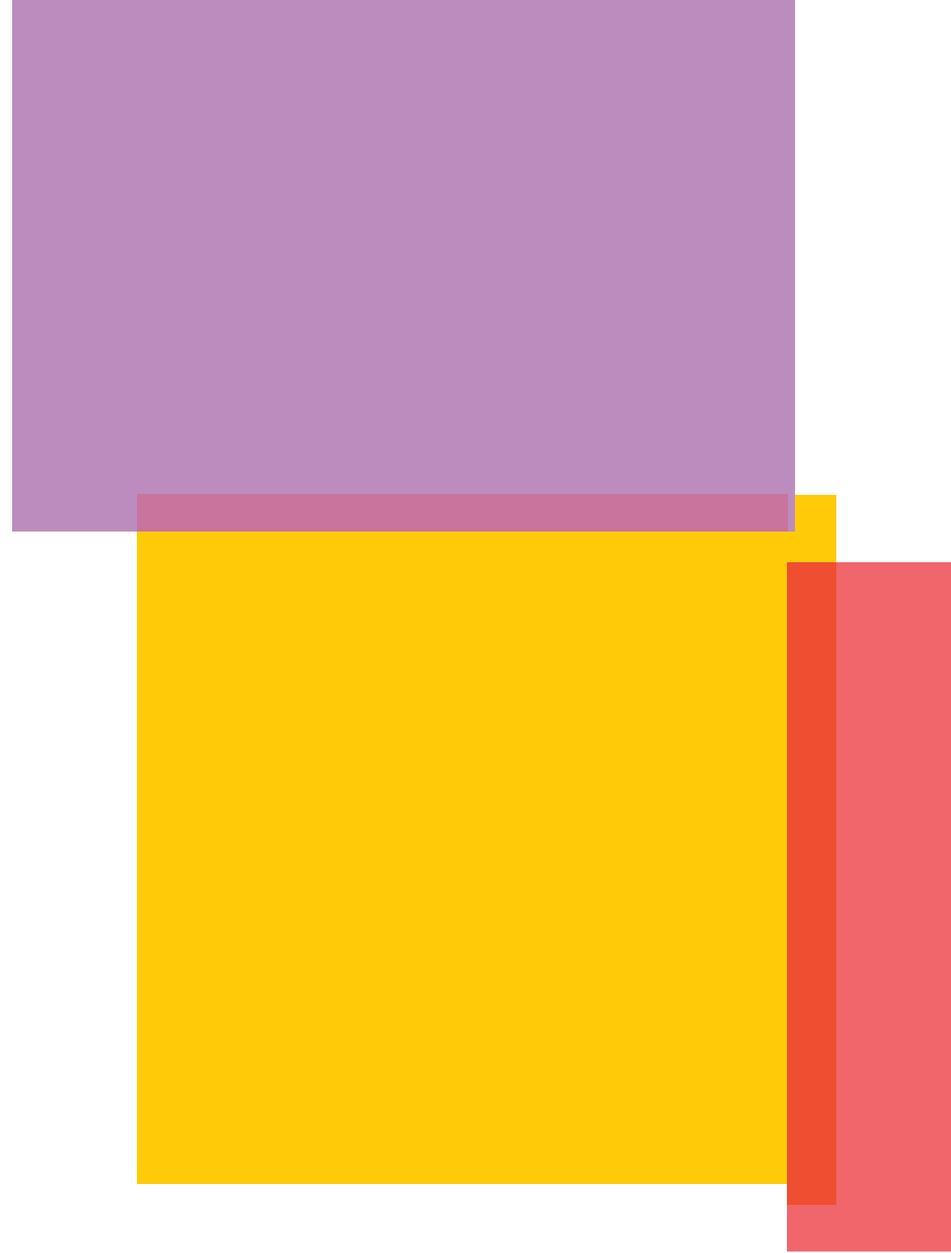
1. Excluding Security Receipts, Loan converted into Equity, RIDF and PTC.

2. Excluding Trading Gains

3. Including technical write-offs.

Earnings for Dec-18 and Mar-22 are for the quarter. ()brackets represent YoY growth. Retail and Commercial Book and Wholesale Funded assets are Gross of Inter Bank Participation Certificate.

IDFC AMC



Performance Summary: FY'22

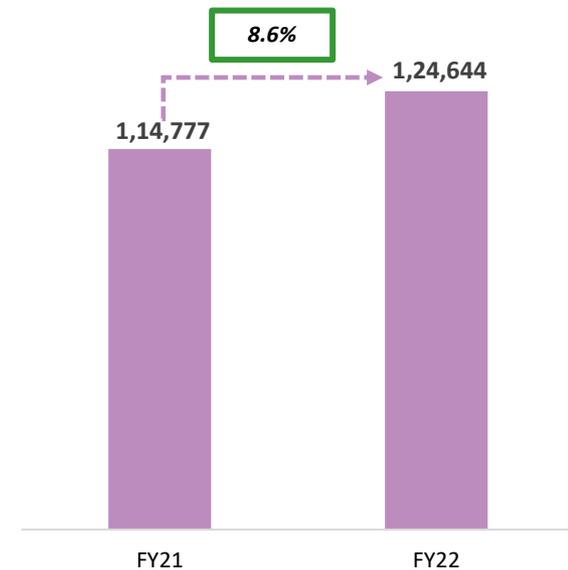
- **AAUM grew 8.6% YOY**

- FY'22 AAUM increased 8.6% YoY to INR 1,24,644 Cr
- FY22 average market share was 3.4%

- **Financial outcomes**

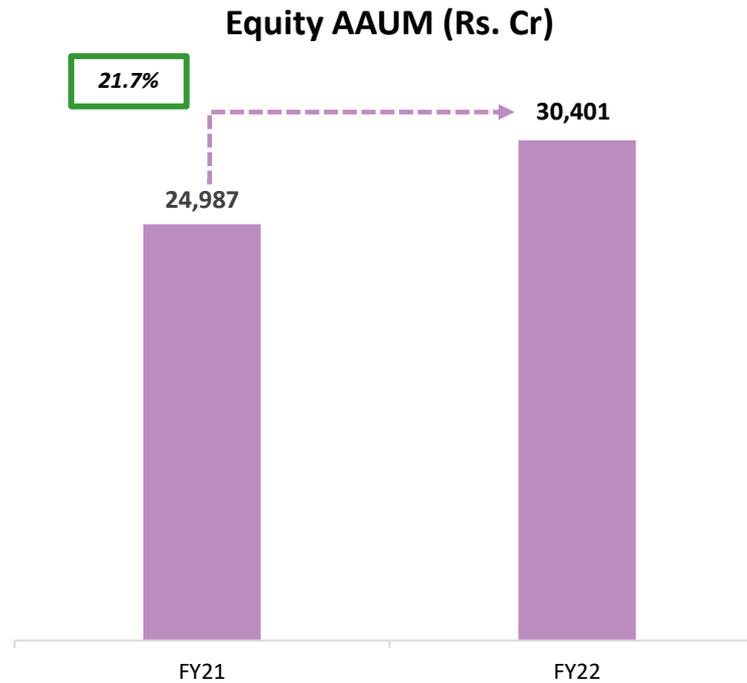
- FY'22 PAT was INR 176.9 (+22.8% YoY), driven by strong income growth and operating leverage
- Revenue grew 13.8%, with overall margin improving by +1.7bps

IDFC MF AAuM (Rs. Cr)



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

Equity AAUM crossed INR 30K Crores

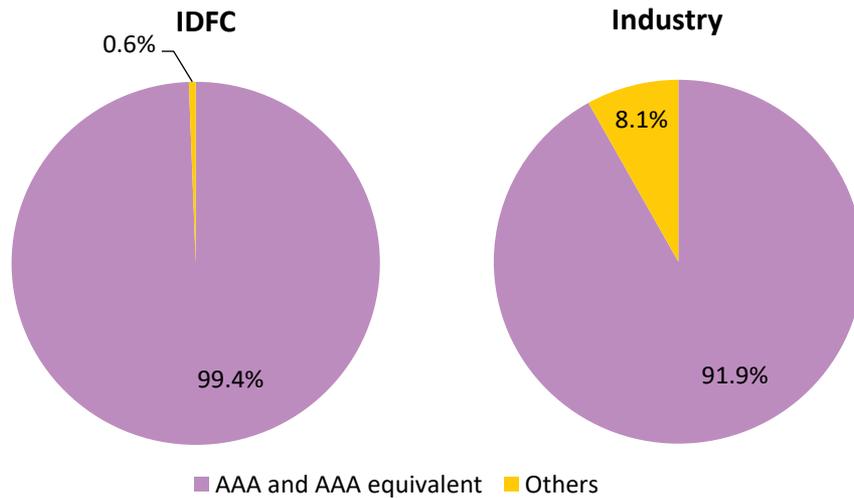


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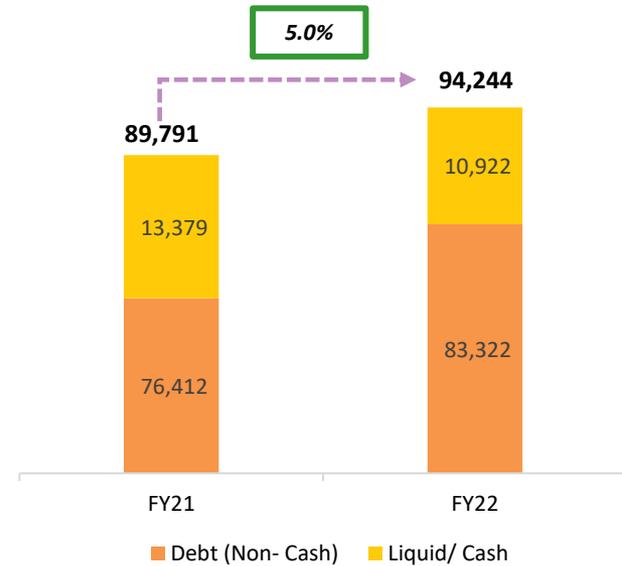
1. Equity AUM includes Equity and Hybrid schemes as per SEBI definition
2. AAUM: Average Assets Under Management

Non-cash category drove gains in Fixed Income AUM

Portfolio credit rating distribution¹



Fixed Income AAUM (Rs. Cr)



1. As of March 31, 2022
 Industry data includes top 15 AMCs excluding IDFC
 Source: ICRA MFI explorers

Financial Performance | FY'22 vs FY'21

In INR Cr	FY'22	FY'21	YoY growth (%)
AAUM (AAUM)	124,644	114,777	8.6%
Total Income	422.2	371.1	13.8%
<i>Income from operations</i>	397.9	347.8	14.4%
<i>Other Income</i>	24.3	23.3	
Costs	187.5	178.8	4.9%
PBT	234.8	192.3	22.1%
PAT	176.9	144.0	22.8%
<i>MF Margin (bps)</i>	31.7	30.1	+1.7bps

FY'22 Vs FY'21

- Revenue growth of 13.8% and overall margin improvement of +1.7bps YoY
- Strong income growth, and operating leverage drove YoY PAT growth of 22.8%; FY'22 PAT at INR 176.9 Cr

Financial Performance | Q4'22 vs Q3'22

In INR Cr	Q4'22	Q3'22	QoQ growth (%)
AAUM (QAAUM)	121,011	125,119	(3.3%)
Total Income	101.4	108.4	(6.4%)
<i>Income from operations</i>	98.6	103.7	(4.9%)
<i>Other Income</i>	2.8	4.7	
Costs	52.0	46.1	12.8%
PBT	49.4	62.2	(20.7%)
PAT	37.6	46.1	(18.5%)
<i>MF Margin (bps)</i>	32.9	32.7	+0.2bps

Q4'22 Vs Q3'22

- Q4'22 Mfees lower by INR 2.1 Cr vs. Q3'22 due to 90 days in Q4 vs. 92 in Q3
- Other income lower by INR 1.7 Cr in Q4'22 vs. Q3'22 due to market volatility