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Independent Auditor's Review Report on quarterly unaudited consolidated financial results of IDFC FIRST Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
IDFC FIRST Bank Limited

(formerly, IDFC Bank Limited)

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of IDFC FIRST Bank Limited (formerly, IDFC Bank Limited) (the 'Bank'/ the 'Parent') and its subsidiary (the Parent and its subsidiary together referred to as the 'Group'), and its share of the net profit after tax of its associate for the quarter ended 30 June 2020 (the 'Statement'), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, except for the disclosures relating to consolidated Pillar 3 disclosure as at 30 June 2020, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" ('AS 25'), prescribed under Section 133 of the Companies Act, 2013, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ('RBI Guidelines') and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements ('SRE') 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

B S R & Co (a partnership firm with
Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability, Partnership
with LLP Registration No. AAB-8181)
with effect from October 14, 2013

Registered Office:
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Independent Auditor's Review Report on quarterly unaudited consolidated financial results of IDFC FIRST Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)

IDFC FIRST Bank Limited

(formerly, IDFC Bank Limited)

4. Attention is drawn to the fact that the figures for the three months ended 31 March 2020 as reported in this Statement are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.
5. The Statement includes the results of the following entities:

Subsidiary: IDFC FIRST Bharat Limited (formerly, IDFC Bharat Limited); and

Associate: Millennium City Expressway Private Limited
6. Based on our review conducted and procedures performed as stated in paragraph 3 above, and based on the consideration of the review report of the other auditor referred to in paragraph 8 below and based on our assessment of the financial results/ financial information certified by the Board of Directors as stated in paragraph 9 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standard, RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, except for the disclosures relating to consolidated Pillar 3 disclosure as at 30 June 2020, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in Note 3 in the Statement and have not been reviewed by us, or that it contains any material misstatement.
7. As described in Note 6 to the Statement, the Bank has recognized provision on loans for which moratorium has been granted and asset classification benefit has been taken at 30 June 2020 in accordance with the COVID-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. During the quarter ended 30 June 2020, the Bank has provided incremental COVID-19 related provision of Rs.375 crore. This provision includes the provision prescribed by the RBI's notification dated 17 April 2020. Further, the extent to which the COVID-19 pandemic will have an impact on the Bank's financial performance is dependent on future developments, which are highly uncertain.

Our review report is not modified in respect of this matter.

8. We did not review the interim financial results of one subsidiary included in the Statement, whose interim financial results reflect total revenues of Rs. 97 crore and net profit after tax of Rs 7 crore for the quarter ended 30 June 2020, as considered in the consolidated unaudited financial results. These interim financial results have been reviewed by another auditor whose report has been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor and the procedures performed by us as stated in paragraph 3 above.

Our review report is not modified in respect of this matter.

Independent Auditor's Review Report on quarterly unaudited consolidated financial results of IDFC FIRST Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)

IDFC FIRST Bank Limited

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9. The consolidated unaudited financial results also includes the Group's share of net profit/ (loss) after tax of Rs. Nil for the quarter ended 30 June 2020, as considered in the consolidated unaudited financial results, in respect of one associate based on their interim financial information which have not been reviewed/ audited. This interim financial information has been furnished to us by the management. According to the information and explanations given to us by the management, this interim financial information is not material to the Group.

Our review report is not modified in respect of this matter.

10. The comparative figures for the quarter ended 30 June 2019 provided in the Statement were reviewed by the predecessor auditor, who have expressed an unmodified opinion on those figures vide their review report dated 24 July 2019.

Our review report is not modified in respect of this matter.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Mumbai
28 July 2020

Sd/-

Manoj Kumar Vijai

Partner

Membership No: 046882

UDIN: 20046882AAAACJ4240



IDFC FIRST Bank Limited

Registered Office: KRM Towers, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai 600031, Tamilnadu

CIN : L65110TN2014PLC097792

Statement of Unaudited Financial Results for the quarter ended June 30, 2020 (Consolidated)

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 30.06.2020	Quarter ended 31.03.2020	Quarter ended 30.06.2019	Year ended 31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Interest Earned (a)+(b)+(c)+(d)	392829.53	406948.48	386571.21	1624031.90
	(a) Interest/discount on advances/bills	310275.22	311446.82	283911.23	1200716.74
	(b) Income on investments	75045.19	86528.60	96084.28	391728.49
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	3508.06	4538.21	1648.57	8052.43
	(d) Others	4001.06	4434.85	4927.13	23534.24
2	Other Income	48490.23	48358.80	31147.06	172240.87
3	TOTAL INCOME (1+2)	441319.76	455307.28	417718.27	1796272.77
4	Interest Expended	220535.71	239173.43	261739.37	1022826.95
5	Operating Expenses (i) + (ii)	130732.47	163052.35	123391.96	576479.58
	(i) Employees cost	51255.73	43980.01	41385.14	179500.57
	(ii) Other operating expenses	79476.74	119072.34	82006.82	396979.01
6	TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)	351268.18	402225.78	385131.33	1599306.53
7	Operating Profit (3–6) (Profit before provisions and contingencies)	90051.58	53081.50	32586.94	196966.24
8	Provisions (other than tax) and Contingencies (Net)	76408.78	41268.35	128076.09	431555.72
9	Exceptional Items	-	-	-	-
10	Profit / (Loss) from Ordinary Activities before tax (7–8–9)	13642.80	11813.15	(95489.15)	(234589.48)
11	Tax Expense	3635.29	4176.69	(34325.43)	49749.55
12	Net Profit / (Loss) from Ordinary Activities after tax (10–11)	10007.51	7636.46	(61163.72)	(284339.03)
13	Extraordinary Items (net of tax expense)	-	-	-	-
14	Net Profit / (Loss) for the period (12–13)	10007.51	7636.46	(61163.72)	(284339.03)
15	Share in loss of Associate	-	-	-	-
16	Consolidated Net Profit / (Loss) for the period (14+15)	10007.51	7636.46	(61163.72)	(284339.03)
17	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 4 & 5)	567234.37	480990.30	478247.71	480990.30
18	Reserves excluding Revaluation Reserves				1059361.99
19	Analytical Ratios (refer note 7)				
	Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 4 & 5)				
-	Basic (₹)	0.20	0.16	(1.28)	(5.94)
-	Diluted (₹)	0.20	0.16	(1.26)	(5.86)



Consolidated Segment Information in accordance with the Accounting Standard on Segment Reporting (AS 17) of the operating segments of the Group is as under :

Sr. No.	Particulars	Quarter ended 30.06.2020	Quarter ended 31.03.2020	Quarter ended 30.06.2019	Year ended 31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue				
	a Treasury	299037.17	287917.57	331069.11	1286601.96
	b Wholesale Banking	164950.02	189745.33	204746.64	802832.92
	c Retail Banking	325938.74	330888.12	250758.45	1171073.11
	d Other Banking Business	1302.24	4033.78	884.57	15852.66
	e Unallocated	(60.70)	373.85	1.33	4349.09
	Total Segment Revenue	791167.47	812958.65	787460.10	3280709.74
	Add/(Less) : Inter Segment Revenue	(349847.71)	(357651.37)	(369741.83)	(1484436.97)
	Income from Operations	441319.76	455307.28	417718.27	1796272.77
2	Segment Results After Provisions & Before Tax				
	a Treasury	43561.33	35928.12	(89961.66)	(124168.21)
	b Wholesale Banking	1718.84	3413.98	19151.38	(2560.72)
	c Retail Banking	(20217.10)	(27590.04)	(18448.90)	(88470.50)
	d Other Banking Business	(2391.99)	(952.71)	255.51	(628.64)
	e Unallocated	(9028.28)	1013.80	(6485.48)	(18761.41)
	Total Profit Before Tax and Earnings from Associates	13642.80	11813.15	(95489.15)	(234589.48)
3	Segment Assets				
	a Treasury	5889687.08	5749738.22	7307222.16	5749738.22
	b Wholesale Banking	3005815.83	3066045.37	4245811.04	3066045.37
	c Retail Banking	5827197.70	5751048.34	4897253.71	5751048.34
	d Other Banking Business	181.96	7636.90	20.88	7636.90
	e Unallocated	336967.06	341386.36	412582.32	341386.36
	Total Segment Assets	15059849.63	14915855.19	16862890.11	14915855.19
4	Segment Liabilities				
	a Treasury	5558795.43	5829304.85	10187288.26	5829304.85
	b Wholesale Banking	3496450.12	3906331.02	3041396.63	3906331.02
	c Retail Banking	4230358.08	3614909.80	1854042.96	3614909.80
	d Other Banking Business	2054.27	6878.93	0.00	6,878.93
	e Unallocated	21831.90	18078.30	21112.48	18078.30
	Total Segment Liabilities	13309489.80	13375502.90	15103840.33	13375502.90
5	Capital Employed (Segment Assets - Segment Liabilities)	1750359.83	1540352.29	1759049.78	1540352.29

Business segments have been identified and reported taking into account the target customer segment, the nature of products, internal business reporting system, transfer pricing policy approved by Asset Liability Committee (ALCO), the guidelines prescribed by the Reserve Bank of India ('the RBI'), which has been relied upon by the auditors.



Notes:

- 1 The above financial results represent the consolidated financial results for IDFC FIRST Bank Limited ('the Bank' or 'Holding company'), its subsidiary together constituting the 'Group' and share of profit / loss of its associate. The above results for the quarter ended June 30, 2020 were reviewed by the Audit Committee and approved by the Board of Directors on July 28, 2020 and have been subjected to a "Limited Review" by the Statutory Auditors.
- 2 The consolidated financial results are prepared in accordance with the provisions of the Banking Regulation Act, 1949, Generally Accepted Accounting Principles in India, including Accounting standards as specified under Section 133 of the Companies Act, 2013 and Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 in so far as they apply to banks, and the guidelines issued by the RBI.
- 3 In accordance with the RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on 'Basel III Capital Regulations' and the RBI circular DBR.No.BP.BC.80/21/21.06.201/2014-15 dated March 31, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards Amendments', banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III framework. The Bank has made these disclosures on its website at the link : <http://www.idfcfirstbank.com/regulatory-disclosures.html>. These disclosures have not been subjected to audit or limited review by the Statutory Auditors of the Bank.
- 4 During the quarter ended June 30, 2020 the Holding company raised additional capital aggregating to ₹ 2,000 crore (rounded off) on a preferential basis through issuance of 862440704 equity shares, fully paid-up, at the price of ₹ 23.19/- per equity share (including premium).
- 5 During the quarter ended June 30, 2020, the Holding company has issued Nil equity shares pursuant to the exercise of options under the Employee Stock Option Scheme.
- 6 The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended until May 31, 2020 across the country to contain the spread of the virus. On May 30, 2020 the Government announced a phased reopening of certain activities outside specified containment zones, while the lockdown was extended to June 30, 2020 in such containment zones. Some of the States further extended the lockdown to July 31, 2020.

The impact of COVID-19, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. During the quarter ended June 30, 2020, the loan growth and fee income was impacted due to lower credit demand and consumer spends. The extent to which the COVID-19 pandemic will impact the Bank's operations and asset quality will depend on the future developments, which are highly uncertain, including among the other things any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by us. We believe that the Group's capital and liquidity position is strong and would continue to be the focus area for the Group during this period.
- In accordance with the RBI guidelines relating to COVID-19 Regulatory Package guidelines dated March 27, 2020 and April 17, 2020 the Holding company has granted a moratorium of three months on the payment of all installments and / or interest, as applicable, due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. Further, in line with the Regulatory Package guidelines dated May 23, 2020, the Holding company granted a second three-month moratorium on installments and / or interest, as applicable, due between June 1, 2020 and August 31, 2020. For all eligible accounts, where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms). During the quarter ended June 30, 2020, the Holding company has made an additional COVID-19 related provision amounting to ₹ 375 crores. The COVID-19 related provisions held by the Holding company are in excess of the prescribed RBI norms.
- 7 Analytical ratios are part of standalone financial results available on the Bank's website (www.idfcfirstbank.com) and on the Stock Exchange websites (www.nseindia.com and www.bseindia.com).
- 8 The figures for the quarter ended June 30, 2019 provided in the statement of financial results were reviewed by another firm of Chartered Accountants.



- 9 The figures for the quarter ended March 31, 2020 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the previous financial year which was subject to limited review.
- 10 The Group has followed the same significant accounting policies in the preparation of these financial results as those followed in the annual financial statements for the year ended March 31, 2020

**For and behalf of the Board of Directors
of IDFC FIRST Bank Limited**

Date: July 28, 2020
Place: Mumbai

**Sd/-
V. Vaidyanathan
Managing Director & Chief Executive Officer**