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Limited review report on the quarterly unaudited standalone 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 Standalone Financial Results of IDFC FIRST Bank Limited (formerly, IDFC Bank Limited) (the 'Bank') for the quarter ended 30 June 2020 (the 'Statement'), except for the disclosures relating to "Pillar 3 under Basel III Capital Regulations", and those relating to "Leverage Ratio", "Liquidity Coverage Ratio" under Capital Adequacy and Liquidity Standards issued by Reserve Bank of India ('RBI') 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. This Statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. 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. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. 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.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of Unaudited Standalone Financial Results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

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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IDFC FIRST Bank Limited

(formerly, IDFC Bank Limited)

5. 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.

6. 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:
20046882AAAACH5108



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 quarter ended June 30, 2020 (Standalone)

(₹ 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)	383139.12	395586.48	379311.86	1586730.97
	(a) Interest/discount on advances/bills	300592.13	300094.65	276662.11	1163454.48
	(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	3993.74	4425.02	4916.90	23495.57
2	Other Income (refer note 5)	48485.30	48376.99	31045.14	172215.77
3	TOTAL INCOME (1+2)	431624.42	443963.47	410357.00	1758946.74
4	Interest Expended	220549.13	239236.66	261865.32	1023199.89
5	Operating Expenses (i)+(ii)+(iii)	121912.01	152749.80	116718.11	542073.26
	(i) Employees cost	44316.17	36355.62	36108.67	152758.24
	(ii) Other operating expenses	77595.84	116394.19	80609.44	389315.02
6	TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)	342461.14	391986.46	378583.43	1565273.15
7	Operating Profit (3-6) (Profit before provisions and contingencies)	89163.28	51977.01	31773.57	193673.59
8	Provisions (other than tax) and Contingencies (Net)	76408.78	41238.39	128075.68	431525.34
9	Exceptional Items	-	-	-	-
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	12754.50	10738.62	(96302.11)	(237851.75)
11	Tax Expense	3400.00	3584.58	(34566.49)	48569.29
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	9354.50	7154.04	(61735.62)	(286421.04)
13	Extraordinary Items (net of tax expense)	-	-	-	-
14	Net Profit / (Loss) for the period (12-13)	9354.50	7154.04	(61735.62)	(286421.04)
15	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 3 & 4)	567234.37	480990.30	478247.71	480990.30
16	Reserves excluding Revaluation Reserves				1053269.74
17	Analytical Ratios				
	(i) Percentage of shares held by Government of India (refer note 3 & 4)	4.61%	5.43%	5.47%	5.43%
	(ii) Capital adequacy ratio (Basel III)	15.03%	13.38%	14.01%	13.38%
	(iii) Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 3 & 4)				
	- Basic (₹)	0.19	0.15	(1.29)	(5.98)
	- Diluted (₹)	0.19	0.15	(1.27)	(5.91)
	(iv) NPA ratios				
	(a) Amount of gross NPAs	174166.42	227956.44	241856.25	227956.44
	(b) Amount of net NPAs	43658.76	80857.45	121513.22	80857.45
	(c) % of gross NPAs to gross advances	1.99%	2.60%	2.66%	2.60%
	(d) % of net NPAs to net advances	0.51%	0.94%	1.35%	0.94%
	(v) Return on assets (annualized)	0.24%	0.18%	(1.47%)	(1.79%)

Segment Information in accordance with the Accounting Standard on Segment Reporting (AS 17) of the operating segments of the Bank 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	316243.40	319544.29	243397.18	1133747.06
	d Other Banking Business	1302.24	4033.80	884.57	15852.68
	e Unallocated	(60.70)	373.85	1.33	4349.09
	Total Segment Revenue	781472.13	801614.84	780098.83	3243383.71
	Add/(Less) : Inter Segment Revenue	(349847.71)	(357651.37)	(369741.83)	(1484436.97)
	Income from Operations	431624.42	443963.47	410357.00	1758946.74
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	(21105.40)	(28664.58)	(19261.86)	(91732.78)
	d Other Banking Business	(2391.99)	(952.71)	255.51	(628.64)
	e Unallocated	(9028.28)	1013.81	(6485.48)	(18761.40)
	Total Profit Before Tax	12754.50	10738.62	(96302.11)	(237851.75)
3	Segment Assets				
	a Treasury	5912702.71	5772753.85	7330237.79	5772753.85
	b Wholesale Banking	3005815.83	3066045.37	4245811.04	3066045.37
	c Retail Banking	5809753.62	5733425.62	4882649.60	5733425.62
	d Other Banking Business	181.96	7636.90	20.88	7636.90
	e Unallocated	335606.53	340178.12	411764.69	340178.12
	Total Segment Assets	15064060.65	14920039.86	16870484.00	14920039.86
4	Segment Liabilities				
	a Treasury	5558947.19	5829458.54	10187379.94	5829458.54
	b Wholesale Banking	3497383.59	3907267.83	3041838.54	3907267.83
	c Retail Banking	4239632.15	3623642.03	1865382.99	3623642.03
	d Other Banking Business	2180.43	7057.09	-	7057.09
	e Unallocated	22302.74	18354.33	21414.90	18354.33
	Total Segment Liabilities	13320446.10	13385779.82	15116016.37	13385779.82
5	Capital Employed (Segment Assets - Segment Liabilities)	1743614.55	1534260.04	1754467.63	1534260.04

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.

- 1 The above financial 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 above financial results of the Bank have been 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, 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. In addition, the Bank has automated its key operations with key applications largely integrated with core banking solution and general ledger system. Accordingly, branch returns are not required to be submitted.
- 3 During the quarter ended June 30, 2020 the Bank 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).
- 4 During the quarter ended June 30, 2020, the Bank has issued Nil equity shares pursuant to the exercise of options under the Employee Stock Option Scheme.
- 5 Other income relates to income (including commission) from non-fund based banking activities, fees, earnings from foreign exchange and derivative transactions, profit / loss from sale of investments.
- 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 the Bank. We believe that the Bank's capital and liquidity position is strong and would continue to be the focus area for the Bank 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 Bank 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 Bank 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 Bank has made an additional COVID-19 related provision amounting to ₹ 375 crores. The COVID-19 related provisions held by the Bank are in excess of the prescribed RBI norms.

- 7 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.
- 8 The figures for the previous quarter/period have been regrouped wherever necessary in order to make them comparable.
- 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 Bank 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
- 11 The figures for the quarter ended June 30, 2019 provided in the statement of financial results were reviewed by another firm of Chartered Accountants.

**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**