

Independent Auditor's Review Report on consolidated unaudited quarterly and year to date 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**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of IDFC FIRST 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 September 2020 and year to date results for the period from 1 April 2020 to 30 September 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 September 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.



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IDFC FIRST Bank Limited

4. The Statement includes the results of the following entities:

Subsidiary: IDFC FIRST Bharat Limited; and

Associate: Millennium City Expressway Private Limited

5. 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 7 below and based on our assessment of the financial results/ financial information certified by the Board of Directors of the subsidiary as stated in paragraph 8 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 September 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 4 in the Statement and have not been reviewed by us, or that it contains any material misstatement.

6. As described in Note 7 to the Statement, the Bank has recognized a 10 per cent provision on loans for which moratorium was granted and asset classification benefit has been taken at 30 September 2020 (days past due calculated considering the benefit of moratorium period) 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. Further no additional borrower accounts have been classified as non-performing assets which were not declared non-performing till 31 August 2020, in view of the Supreme Court order dated 3 September 2020. For the quarter ended 30 September 2020 and for the period from 1 April 2020 to 30 September 2020, the Bank has made an additional Covid-19 related provision of Rs. 1,400 crore and Rs. 1,775 crore respectively, which is more than the provision prescribed by the RBI's notification dated 17 April 2020.

Further, the extent to which the Covid-19 pandemic will have 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 these matters.



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7. We did not review the interim financial results of one subsidiary included in the Statement, whose interim financial results reflect total assets of Rs. 250 crore as at 30 September 2020 and total revenues of Rs. 113 crore and Rs. 210 crore and total net profit after tax of Rs. 8 crore and Rs. 14 crore for the quarter ended 30 September 2020 and for the period from 1 April 2020 to 30 September 2020, respectively, and cash flows (net) Rs. 40 crore for the period from 1 April 2020 to 30 September 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.

8. 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 September 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. 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.

For B S R & Co. LLP

Chartered Accountants

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



Manoj Kumar Vijai

Partner

Membership No: 046882

UDIN: 20046882AAAACS6485

Mumbai
31 October 2020

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 and half year ended September 30, 2020 (Consolidated)

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 30.09.2020 (Unaudited)	Quarter ended 30.06.2020 (Unaudited)	Quarter ended 30.09.2019 (Unaudited)	Half year ended 30.09.2020 (Unaudited)	Half year ended 30.09.2019 (Unaudited)	Year ended 31.03.2020 (Audited)
1	Interest Earned (a)+(b)+(c)+(d)	391289.01	392829.53	410606.60	784118.54	797177.81	1624031.90
	(a) Interest/discount on advances/bills	309390.77	310275.22	297119.99	619665.99	581031.22	1200716.74
	(b) Income on investments	75997.92	75045.19	106247.19	151043.11	202331.47	391728.49
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	1631.97	3508.06	1259.69	5140.03	2908.26	8052.43
	(d) Others	4268.35	4001.06	5979.73	8269.41	10906.86	23534.24
2	Other Income	16844.84	48490.23	34819.63	65335.07	65966.69	172240.87
3	TOTAL INCOME (1+2)	408133.85	441319.76	445426.23	849453.61	863144.50	1796272.77
4	Interest Expended	214029.76	220535.71	265400.46	434565.47	527139.83	1022826.95
5	Operating Expenses (i)+(ii)+(iii)	158842.54	130732.47	137850.05	289575.01	261242.01	576479.58
	(i) Employees cost	56701.77	51255.73	47269.67	107957.50	88654.81	179500.57
	(ii) Other operating expenses	102140.77	79476.74	90580.38	181617.51	172587.20	396979.01
6	TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)	372872.30	351268.18	403250.51	724140.48	788381.84	1599306.53
7	Operating Profit (3-6) (Profit before provisions and contingencies)	35261.55	90051.58	42175.72	125313.13	74762.66	196966.24
8	Provisions (other than tax) and Contingencies (Net) (refer note 7)	21584.66	76408.78	31735.68	97993.44	159811.77	431555.72
9	Exceptional Items	-	-	-	-	-	-
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	13676.89	13642.80	10440.04	27319.69	(85049.11)	(234589.48)
11	Tax Expense	2774.38	3635.29	78092.13	6409.67	43766.70	49749.55
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	10902.51	10007.51	(67652.09)	20910.02	(128815.81)	(284339.03)
13	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
14	Net Profit / (Loss) for the period (12-13)	10902.51	10007.51	(67652.09)	20910.02	(128815.81)	(284339.03)
15	Share in loss of Associate	-	-	-	-	-	-
16	Consolidated Net Profit / (Loss) for the period (14+15)	10902.51	10007.51	(67652.09)	20910.02	(128815.81)	(284339.03)
17	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 5 & 6)	567234.37	567234.37	478276.59	567234.37	478276.59	480990.30
18	Reserves excluding Revaluation Reserves	-	-	-	-	-	1059361.99
19	Analytical Ratios						
	Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 5 & 6)						
	- Basic (₹)	0.19	0.20	(1.41)	0.39	(2.69)	(5.94)
	- Diluted (₹)	0.19	0.20	(1.37)	0.39	(2.65)	(5.86)



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

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 30.09.2020 (Unaudited)	Quarter ended 30.06.2020 (Unaudited)	Quarter ended 30.09.2019 (Unaudited)	Half year ended 30.09.2020 (Unaudited)	Half year ended 30.09.2019 (Unaudited)	Year ended 31.03.2020 (Audited)
1	Segment Revenue						
	a Treasury	250681.09	299037.17	336183.39	549718.26	667252.50	1286601.96
	b Wholesale Banking	155401.67	164950.02	209403.67	320351.69	414150.31	802832.92
	c Retail Banking	352947.84	325938.74	271849.41	678886.58	522607.86	1171073.11
	d Other Banking Business	2644.44	1302.24	5945.39	3946.68	6829.96	15852.66
	e Unallocated	(10.79)	(60.70)	(14.07)	(71.49)	(12.74)	4349.09
	Total Segment Revenue	761664.25	791167.47	823367.79	1552831.72	1610827.89	3280709.74
	Add/(Less) : Inter Segment Revenue	(353530.40)	(349847.71)	(377941.56)	(703378.11)	(747683.39)	(1484436.97)
	Income from Operations	408133.85	441319.76	445426.23	849453.61	863144.50	1796272.77
2	Segment Results After Provisions & Before Tax						
	a Treasury	96517.76	43561.33	11864.06	140079.09	(78097.60)	(124168.21)
	b Wholesale Banking	(14981.92)	2318.84	30630.10	(12663.08)	49781.48	(2,560.72)
	c Retail Banking	(63104.58)	(20817.10)	(30477.66)	(83921.68)	(48926.56)	(88470.51)
	d Other Banking Business	(996.80)	(2391.99)	5373.69	(3388.79)	5629.20	(628.64)
	e Unallocated	(3757.57)	(9028.28)	(6950.15)	(12785.85)	(13435.63)	(18761.41)
	Total Profit Before Tax	13676.89	13642.80	10440.04	27319.69	(85049.11)	(234589.49)
3	Segment Assets						
	a Treasury	5659289.21	5889687.08	7210051.54	5659289.21	7210051.54	5749738.22
	b Wholesale Banking	3100670.82	3005815.83	3682841.86	3100670.82	3682841.86	3066045.37
	c Retail Banking	6183088.14	5827197.70	5133733.99	6183088.14	5133733.99	5751048.34
	d Other Banking Business	24.05	181.96	73.54	24.05	73.54	7636.90
	e Unallocated	318726.09	336967.06	343553.49	318726.09	343553.49	341386.36
	Total Segment Assets	15261798.31	15059849.63	16370254.42	15261798.31	16370254.42	14915855.19
4	Segment Liabilities						
	a Treasury	4913946.47	5558795.43	7743752.34	4913946.47	7743752.34	5829304.85
	b Wholesale Banking	3230306.18	3495850.12	4468619.74	3230306.18	4468619.74	3906331.02
	c Retail Banking	5333881.23	4230958.08	2443089.14	5333881.23	2443089.14	3614909.80
	d Other Banking Business	2549.49	2054.27	5,286.71	2549.49	5286.71	6878.93
	e Unallocated	19852.58	21831.90	18022.90	19852.58	18022.90	18078.30
	Total Segment Liabilities	13500535.95	13309489.80	14678770.83	13500535.95	14678770.83	13375502.90
5	Capital Employed (Segment Assets - Segment Liabilities)	1761262.36	1750359.83	1691483.59	1761262.36	1691483.59	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 Statement of Assets and Liabilities of the Group as at September 30, 2020 is given below :

Particulars	(₹ in lakhs)		
	As at 30.09.2020	As at 30.09.2019	As at 31.03.2020
	(Unaudited)	(Unaudited)	(Audited)
CAPITAL AND LIABILITIES			
Capital	567234.37	478276.59	480990.30
Reserves and surplus	1194027.99	1213207.00	1059361.99
Deposits	7573475.05	6923501.75	6507894.13
Borrowings	4771257.84	6866468.91	5739718.55
Other liabilities and provisions	1155803.06	888800.17	1127890.21
TOTAL	15261798.31	16370254.42	14915855.18
ASSETS			
Cash and balances with Reserve Bank of India	335860.89	525465.45	334841.98
Balances with banks and money at call and short notice	187831.13	141443.84	81442.41
Investments	4502865.49	5863950.83	4517442.35
Advances	8997727.26	8590829.89	8559535.95
Fixed Assets	116405.77	101348.99	107323.14
Other Assets	1121107.77	1147215.42	1315269.35
TOTAL	15261798.31	16370254.42	14915855.18

- 2 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 and half year ended September 30, 2020 were reviewed by the Audit Committee and approved by the Board of Directors on October 31, 2020 and have been subjected to a "Limited Review" by the Statutory Auditors.
- 3 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, 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.
- 4 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.
- 5 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).
- 6 During the quarter and half year ended September 30, 2020, the Group has not issued any equity shares pursuant to the exercise of options under the Employee Stock Option Scheme.
- 7 (a) Consequent to the outbreak of COVID-19 pandemic, the Indian government had announced a lockdown in March 2020. Subsequently, the lockdown has been lifted by the government for certain activities in a phased manner outside specified containment zones. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, 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. While there has been some improvement in economic activities during the current quarter, the continued slowdown has led to a decrease in loan originations, the sale of third party products, and the efficiency in collection efforts. The slowdown may lead to a rise in the number of customer defaults and consequently an increase in provisions there against. The extent to which the COVID-19 pandemic will continue to impact the Bank's results will depend on future developments, which are highly uncertain, including, among 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. The Group's capital and liquidity position is strong and would continue to be the focus area for the bank during this period.
- 7 (b) 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. In line with the additional 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 and half year ended September 30, 2020, the Bank has made an additional COVID-19 related provision amounting to ₹ 1400 crores and ₹ 1775 crore respectively. The COVID-19 related provisions held by the Bank are in excess of the prescribed RBI norms.



- 8 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).
- 9 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.
- 10 The figures for the previous quarter/period have been regrouped wherever necessary in order to make them comparable.
- 11 Consolidated Cash Flow Statement of the Bank for the period ended September 30, 2020 is given below:

		(₹ in lakhs)		
		As at 30.09.2020	As at 30.09.2019	As at 31.03.2020
		(Unaudited)	(Unaudited)	(Audited)
A	Cash flow from operating activities			
	Profit before taxes	27319.69	(85049.11)	(234589.49)
	Adjustments for:			
	Depreciation on fixed assets	16225.20	15707.20	32000.69
	Amortisation of premium on held to maturity investments	3958.00	6668.77	12869.52
	Provision/(release of) for depreciation in value of investments	(71372.32)	55742.73	105149.04
	Provision/(Write back) on advances	(37517.13)	21446.34	44158.07
	Provision for restructured assets	-	-	2059.15
	Provision/(Write back) on specific advances	8368.12	-	(4106.18)
	Provision/(Write back) on standard assets	178141.65	1503.59	33094.72
	(Profit)/Loss on sale of fixed assets (net)	92.06	16.35	(1.61)
	Bad debts including technical / prudential write off (net of recoveries)	68176.42	56827.09	138643.56
	Other provisions and contingencies	(47803.30)	23292.02	112557.35
	Share in loss of associates	-	-	-
	Adjustments for working capital changes:			
	(Increase)/decrease in investments (excluding held to maturity investment and investment in subsidiary)	(76188.09)	152675.42	1526162.83
	Increase in advances	(477218.71)	(38874.72)	(110061.96)
	Increase/(decrease) in deposits	1065580.92	(111857.32)	(527464.94)
	(Increase)/decrease in other assets	195353.51	(7142.96)	(257517.83)
	Increase/(decrease) in other liabilities and provisions	(150228.79)	31037.68	238536.57
	Direct taxes paid (net of refunds)	40201.86	(2008.72)	(14935.93)
	Net cash flow generated from/(used in) operating activities (A)	743089.09	119984.36	1096553.56
B	Cash flow from investing activities			
	Purchase of fixed assets	(25608.84)	(19883.67)	(42759.61)
	Proceeds from sale of fixed assets	208.81	215.22	841.44
	(Increase)/decrease in held to maturity investments	158179.27	(254514.83)	(337100.82)
	Net cash flow generated from/(used) in investing activities (B)	132779.24	(274183.28)	(379018.99)
C	Cash flow from financing activities			
	Decrease in borrowings	(968460.71)	(131870.11)	(1258620.47)
	Proceeds from issue of share capital (other than shares issued on amalgamation)	200000.00	362.99	4754.96
	Net cash flow used in financing activities (C)	(768460.71)	(131507.12)	(1253865.51)
D	Net increase/(decrease) in cash and cash equivalents (A+B+C)	107407.62	(285706.04)	(536330.94)
	Cash and cash equivalents at the beginning of period	416284.40	952615.34	952615.34
	Cash and cash equivalents at the end of period	523692.02	666909.30	416284.40

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

V. Vaidyanathan
Managing Director & Chief Executive Officer

Date: October 31, 2020
Place: Mumbai