

Limited review report on the unaudited quarterly standalone financial results and standalone 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 Standalone Financial Results of IDFC FIRST Bank Limited (the 'Bank') 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'), 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 Note 10 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. 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.



Limited review report on the unaudited quarterly standalone financial results and standalone 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 (Continued)

IDFC FIRST Bank Limited

4. 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 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 these matters.

For B S R & Co. LLP

Chartered Accountants

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



Manoj Kumar Vijai

Partner

Membership No: 046882

UDIN: 20046882AAAACR4728

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 (Standalone)

(₹ 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)	380067.91	383139.12	401816.00	763207.03	781127.86	1586730.97
	(a) Interest/discount on advances/bills	298173.93	300592.13	288338.61	598766.06	565000.72	1163454.48
	(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	4264.09	3993.74	5970.51	8257.83	10887.41	23495.57
2	Other Income (refer note 6 & 9)	16844.30	48485.30	34895.90	65329.60	65941.04	172215.77
3	TOTAL INCOME (1+2)	396912.21	431624.42	436711.90	828536.63	847068.90	1758946.74
4	Interest Expended	214095.09	220549.13	265508.73	434644.22	527374.05	1023199.89
5	Operating Expenses (i)+(ii)+(iii)	148591.39	121912.01	129451.12	270503.40	246169.23	542073.26
	(i) Employees cost	48868.40	44316.17	40437.16	93184.57	76545.83	152758.24
	(ii) Other operating expenses	99722.99	77595.84	89013.96	177318.83	169623.40	389315.02
6	TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)	362686.48	342461.14	394959.85	705147.62	773543.28	1565273.15
7	Operating Profit (3-6) (Profit before provisions and contingencies)	34225.73	89163.28	41752.05	123389.01	73525.62	193673.59
8	Provisions (other than tax) and Contingencies (Net) (refer note 7 & 9)	21584.66	76408.78	31735.68	97993.44	159811.36	431525.34
9	Exceptional Items	-	-	-	-	-	-
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	12641.07	12754.50	10016.37	25395.57	(86285.74)	(237851.75)
11	Tax Expense	2500.00	3400.00	77966.49	5900.00	43400.00	48569.29
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	10141.07	9354.50	(67950.12)	19495.57	(129685.74)	(286421.04)
13	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
14	Net Profit / (Loss) for the period (12-13)	10141.07	9354.50	(67950.12)	19495.57	(129685.74)	(286421.04)
15	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 4 & 5)	567234.37	567234.37	478276.59	567234.37	478276.59	480990.30
16	Reserves excluding Revaluation Reserves	-	-	-	-	-	1053269.74
17	Analytical Ratios						
	(i) Percentage of shares held by Government of India (refer note 4 & 5)	4.61%	4.61%	5.47%	4.61%	5.47%	5.43%
	(ii) Capital adequacy ratio (Basel III)	14.73%	15.03%	14.65%	14.73%	14.65%	13.38%
	(iii) Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 4 & 5)						
	- Basic (₹)	0.18	0.19	(1.42)	0.37	(2.71)	(5.98)
	- Diluted (₹)	0.18	0.19	(1.38)	0.36	(2.67)	(5.91)
	(iv) NPA ratios						
	(a) Amount of gross NPAs	148611.36	174166.42	230626.26	148611.36	230626.26	227956.44
	(b) Amount of net NPAs	39095.13	43658.76	101095.87	39095.13	101095.87	80857.45
	(c) % of gross NPAs to gross advances	1.62%	1.99%	2.62%	1.62%	2.62%	2.60%
	(d) % of net NPAs to net advances	0.43%	0.51%	1.17%	0.43%	1.17%	0.94%
	(v) Return on assets (annualized)	0.26%	0.24%	(1.63%)	0.25%	(1.57%)	(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 :

(₹ 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	341726.20	316243.40	263135.08	657969.60	506532.26	1133747.06
	d Other Banking Business	2644.44	1302.24	5945.39	3946.68	6829.96	15852.68
	e Unallocated	(10.79)	(60.70)	(14.07)	(71.49)	(12.74)	4349.09
	Total Segment Revenue	750442.61	781472.13	814653.46	1531914.74	1594752.29	3243383.71
	Add/(Less) : Inter Segment Revenue	(353530.40)	(349847.71)	(377941.56)	(703378.11)	(747683.39)	(1484436.97)
	Income from Operations	396912.21	431624.42	436711.90	828536.63	847068.90	1758946.74
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)	1718.84	30630.10	(13263.08)	49781.48	(2,560.72)
	c Retail Banking	(64140.40)	(21105.40)	(30901.33)	(85245.79)	(50163.19)	(91732.78)
	d Other Banking Business	(996.80)	(2391.99)	5373.69	(3388.80)	5629.20	(628.64)
	e Unallocated	(3757.57)	(9028.28)	(6950.15)	(12785.85)	(13435.63)	(18761.40)
	Total Profit Before Tax	12641.07	12754.50	10016.37	25395.57	(86285.74)	(237851.75)
3	Segment Assets						
	a Treasury	5682304.83	5912702.71	7233067.17	5682304.83	7233067.17	5772753.85
	b Wholesale Banking	3100670.82	3005815.83	3682841.86	3100670.82	3682841.86	3066045.37
	c Retail Banking	6166135.08	5809753.62	5118399.27	6166135.08	5118399.27	5733425.62
	d Other Banking Business	24.05	181.96	73.54	24.05	73.54	7636.90
	e Unallocated	316962.04	335606.53	343351.53	316962.04	343351.53	340178.12
	Total Segment Assets	15266096.82	15064060.65	16377733.37	15266096.82	16377733.37	14920039.86
4	Segment Liabilities						
	a Treasury	4914073.58	5558947.19	7743821.87	4914073.58	7743821.87	5829458.54
	b Wholesale Banking	3231312.68	3497383.59	4469138.43	3231312.68	4469138.43	3907267.83
	c Retail Banking	5344176.09	4239632.15	2454618.16	5344176.09	2454618.16	3623642.03
	d Other Banking Business	2667.95	2180.43	5289.52	2667.95	5289.52	7057.09
	e Unallocated	20110.90	22302.74	18262.00	20110.90	18262.00	18354.33
	Total Segment Liabilities	13512341.20	13320446.10	14691129.98	13512341.20	14691129.98	13385779.82
5	Capital Employed (Segment Assets - Segment Liabilities)	1753755.62	1743614.55	1686603.39	1753755.62	1686603.39	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.



Notes:

- 1 Statement of Assets and Liabilities of the Bank as at September 30, 2020 is given below :

(₹ in lakhs)

Particulars	As at 30.09.2020 (Unaudited)	As at 30.09.2019 (Unaudited)	As at 31.03.2020 (Audited)
CAPITAL AND LIABILITIES			
Capital (refer note 4 & 5)	567234.37	478276.59	480990.30
Reserves and surplus	1186521.25	1208326.80	1053269.74
Deposits	7580031.78	6932149.35	6510797.12
Borrowings	4771257.84	6866468.91	5739718.55
Other liabilities and provisions	1161051.58	892511.72	1135264.15
TOTAL	15266096.82	16377733.37	14920039.86
ASSETS			
Cash and balances with Reserve Bank of India	340558.85	530066.11	337992.09
Balances with banks and money at call and short notice	185155.40	140717.54	81086.42
Investments	4525881.12	5886966.45	4540457.98
Advances	8997727.26	8590829.89	8559535.95
Fixed Assets	113099.75	98654.84	103772.65
Other Assets	1103674.44	1130498.54	1297194.77
TOTAL	15266096.82	16377733.37	14920039.86

- 2 The above financial 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 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.
- 4 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).
- 5 During the quarter and half year ended September 30, 2020, the Bank has not issued any equity shares pursuant to the exercise of options under the Employee Stock Option Scheme.
- 6 "Other Income" includes non-fund based income such as commission, fees, earnings from foreign exchange and derivative transactions, profit / loss from sale of investments.
- 7 (a) The Honourable Supreme Court of India, in a public interest litigation (Gajendra Sharma vs. Union of India & Anr), vide an interim order dated September 03, 2020 has directed that accounts which were not declared as NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Bank has not classified any account (whether granted moratorium or not) as NPA after August 31, 2020. Had there been no such interim order and consequently the Bank would have classified borrower accounts as NPA after August 31, 2020, the gross NPA and net NPA as at September 30, 2020 would have been 1.87% and 0.60% respectively.
- 7 (b) 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 Bank's capital and liquidity position is strong and would continue to be the focus area for the bank during this period.

- 7 (c) 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.

The quantitative disclosures as required by RBI circular dated April 17, 2020 for the half year ended September 30, 2020 are given below:

(₹ in crore)	
Particulars	Amount
Respective amounts in SMA/overdue categories, where the moratorium / deferment was extended, in terms of Para 2 and 3 of the circular ^{*\$}	3,759.72
Respective amount where asset classification benefits is extended ^{\$@}	1,957.06
Provisions made in terms of Para 5 of the circular	287.78
Provisions adjusted against slippages in terms of Para 6 of the circular	-
Residual provisions as at September 30, 2020 in terms of Para 6 of the circular	287.78

* in respect of accounts in SMA/overdue categories as at February 29, 2020

^{\$} represents outstanding balance as at September 30, 2020

[@] determined based on position as at the end of moratorium period

- 8 The disclosures as required under RBI circular DOR.No.BP.BC.62/21.04.048/2019-20 dated April 17, 2020 with respect to the number of accounts and the amount involved in those accounts where the resolution period was extended is given below for the half year ended as on September 30, 2020:

Particulars	As at 30.09.2020
No. of accounts in which Resolution Period was extended	4
Amount Involved (Fund based outstanding) (₹ in crore)	147.75

- 9 The provisions made for the quarter and half year ended September 30, 2020 are net off write back of provision, which includes ₹ 811 crore on a large telecom exposure in Q2FY21. Further, during the current quarter, the Bank has sold bonds of a large housing finance company resulting into realised loss of ₹ 463 crore accounted in "Other Income" and corresponding existing provision release of ₹ 460 crore accounted in "Provisions (other than tax) and Contingencies"
- 10 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.
- 11 The figures for the previous quarter/period have been regrouped wherever necessary in order to make them comparable.
- 12 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.



13 Cash Flow Statement of the Bank for the period ended September 30, 2020 is given below:

(₹ in lakhs)

	As at 30.09.2020 (Unaudited)	As at 30.09.2019 (Unaudited)	As at 31.03.2020 (Audited)
A Cash flow from operating activities			
Profit before taxes	25395.57	(86285.74)	(237851.75)
Adjustments for :			
Depreciation on fixed assets	15535.42	15133.17	30544.47
Amortisation of premium on held to maturity investments	3958.00	6668.77	12869.52
Provision for/(release of) depreciation in value of investments	(71372.32)	55742.73	105149.04
Provision/(Write back) on provision for non performing advances	(37517.13)	21446.34	44158.07
Provision on restructured assets	-	-	2059.15
Provision/(Write back) on specific advances	8368.12	-	(4106.18)
Provision/(Write back) for standard assets	178141.65	(1503.59)	33094.72
Loss on sale of fixed assets (net)	97.18	30.23	17.31
Bad debts including technical / prudential write off (net of recoveries)	68176.42	56827.09	138643.56
Other provisions and contingencies	(47803.30)	23291.61	112526.96
Adjustments for working capital changes:			
Decrease/(Increase) 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	1069234.65	(115751.52)	(537103.74)
(Increase)/decrease in other assets	194453.85	(7040.20)	(256396.00)
Increase/(decrease) in other liabilities and provisions	(152354.20)	37695.19	245849.31
Direct taxes paid (net of refunds)	40969.77	(1129.14)	(12874.24)
Net cash flow generated from/(used in) operating activities (A)	741876.88	118925.64	1092681.07
B Cash flow from investing activities			
Purchase of fixed assets	(25160.25)	(18958.51)	(40052.64)
Proceeds from sale of fixed assets	200.55	160.78	738.72
(Increase)/decrease in held to maturity investments	158179.27	(254514.84)	(337100.82)
Net cash flow generated from/(used in) investing activities (B)	133219.57	(273312.57)	(376414.75)
C Cash flow from financing activities			
Decrease in borrowings	(968460.71)	(131870.11)	(1258620.47)
Proceeds from issue of share capital	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)	106635.74	(285894.05)	(537599.19)
Cash and cash equivalents at the beginning of period	419078.51	956677.70	956677.70
Cash and cash equivalents at the end of period	525714.25	670783.65	419078.51

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