

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 31 December 2020 and year to date results for the period from 1 April 2020 to 31 December 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 31 December 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 Note 3 to the Statement and have not been reviewed by us. Our responsibility is to issue a report on the Statement based on our review.
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.



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 (Continued)

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 associate 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 31 December 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.

6. As described in Note 6 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 31 December 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 31 December 2020 and year to date results for the period from 1 April 2020 to 31 December 2020, the Bank has made an additional Covid-19 related provision of Rs. 390 crore and Rs. 2,165 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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IDFC FIRST Bank Limited

7. We did not review the interim financial results of one subsidiary included in the Statement, whose interim financial results reflect total revenues of Rs. 124.91 crore and Rs. 334.87 crore and total net profit after tax of Rs. 7.63 crore and Rs. 21.77 crore for the quarter ended 31 December 2020 and for the year to date results for the period from 1 April 2020 to 31 December 2020, respectively, 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 Statement also includes the Group's share of net profit/ (loss) after tax of Rs. Nil for the quarter ended 31 December 2020 and year to date results for the period from 1 April 2020 to 31 December 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: 21046882AAAAAB9093

Mumbai
30 January 2021



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 and nine months ended December 31, 2020 (Consolidated)

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 31.12.2020	Quarter ended 30.09.2020	Quarter ended 31.12.2019	Nine months ended 31.12.2020	Nine months ended 31.12.2019	Year ended 31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Interest Earned (a)+(b)+(c)+(d)	407657.46	391289.01	419905.61	1191776.00	1217083.42	1624031.90
	(a) Interest/discount on advances/bills	316411.26	309390.77	308238.70	936077.25	889269.92	1200716.74
	(b) Income on investments	84413.03	75997.92	102868.42	235456.14	305199.89	391728.49
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	3088.61	1631.97	605.96	8228.64	3514.22	8052.43
	(d) Others	3744.56	4268.35	8192.53	12013.97	19099.39	23534.24
2	Other Income	75928.62	16844.84	57915.38	141263.69	123882.07	172240.87
3	TOTAL INCOME (1+2)	483586.08	408133.85	477820.99	1333039.69	1340965.49	1796272.77
4	Interest Expended	220778.52	214029.76	256513.69	655343.99	783653.52	1022826.95
5	Operating Expenses (i) + (ii)	195553.62	158842.54	152185.22	485128.63	413427.23	576479.58
	(i) Employees cost	61128.02	56701.77	46865.75	169085.52	135520.56	179500.57
	(ii) Other operating expenses	134425.60	102140.77	105319.47	316043.11	277906.67	396979.01
6	TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)	416332.14	372872.30	408698.91	1140472.62	1197080.75	1599306.53
7	Operating Profit (3-6) (Profit before provisions and contingencies)	67253.94	35261.55	69122.08	192567.07	143884.74	196966.24
8	Provisions (other than tax) and Contingencies (Net)	48222.84	21584.66	230475.60	146216.28	390287.37	431555.72
9	Exceptional Items	-	-	-	-	-	-
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	19031.10	13676.89	(161353.52)	46350.79	(246402.63)	(234589.48)
11	Tax Expense	5315.96	2774.38	1806.16	11725.63	45572.86	49749.55
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	13715.14	10902.51	(163159.68)	34625.16	(291975.49)	(284339.03)
13	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
14	Net Profit / (Loss) for the period (12-13)	13715.14	10902.51	(163159.68)	34625.16	(291975.49)	(284339.03)
15	Share in loss of Associate	-	-	-	-	-	-
16	Consolidated Net Profit / (Loss) for the period (14+15)	13715.14	10902.51	(163159.68)	34625.16	(291975.49)	(284339.03)
17	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 4 & 5)	567291.00	567234.37	478945.80	567291.00	478945.80	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 (₹)	0.24	0.19	(3.41)	0.64	(6.10)	(5.94)
	- Diluted (₹)	0.24	0.19	(3.36)	0.63	(6.02)	(5.86)



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

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 31.12.2020	Quarter ended 30.09.2020	Quarter ended 31.12.2019	Nine months ended 31.12.2020	Nine months ended 31.12.2019	Year ended 31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue						
	a Treasury	272879.48	250681.09	331431.89	822597.74	998684.39	1286601.96
	b Wholesale Banking	151763.15	155401.67	198937.28	472114.84	613087.59	802832.92
	c Retail Banking	397202.08	352947.84	317577.13	1076088.66	840184.99	1171073.11
	d Other Banking Business	5153.50	2644.44	4988.92	9100.18	11818.88	15852.66
	e Unallocated	112.77	(10.79)	3987.98	41.28	3975.24	4349.09
	Total Segment Revenue	827110.98	761664.25	856923.20	2379942.70	2467751.09	3280709.74
	Add/(Less) : Inter Segment Revenue	(343524.90)	(353530.40)	(379102.21)	(1046903.01)	(1126785.60)	(1484436.97)
	Income from Operations	483586.08	408133.85	477820.99	1333039.69	1340965.49	1796272.77
2	Segment Results After Provisions & Before Tax						
	a Treasury	52417.28	96517.76	(81998.73)	192496.37	(160096.33)	(124168.21)
	b Wholesale Banking	19950.43	(14981.92)	(55756.18)	7287.35	(5974.70)	(2560.72)
	c Retail Banking	(46719.83)	(63104.58)	(11953.90)	(130641.51)	(60880.46)	(88470.51)
	d Other Banking Business	(18.63)	(996.80)	(5305.13)	(3407.42)	324.07	(628.64)
	e Unallocated	(6598.15)	(3757.57)	(6339.58)	(19384.00)	(19775.21)	(18761.41)
	Total Profit Before Tax and Earnings from Associates	19031.10	13676.89	(161353.52)	46350.79	(246402.63)	(234589.49)
3	Segment Assets						
	a Treasury	5438610.91	5659289.21	6815230.68	5438610.91	6815230.68	5749738.22
	b Wholesale Banking	2952374.84	3100670.82	3296404.25	2952374.84	3296404.25	3066045.37
	c Retail Banking	6853128.47	6183088.14	5600227.89	6853128.47	5600227.89	5751048.34
	d Other Banking Business	4282.68	24.05	6198.02	4282.68	6198.02	7636.90
	e Unallocated	313335.55	318726.09	347094.21	313335.55	347094.21	341386.36
	Total Segment Assets	15561732.45	15261798.31	16065155.05	15561732.45	16065155.05	14915855.19
4	Segment Liabilities						
	a Treasury	4477818.85	4913946.47	7335217.93	4477818.85	7335217.93	5829304.85
	b Wholesale Banking	2957544.30	3230306.18	3999830.37	2957544.30	3999830.37	3906331.02
	c Retail Banking	6315237.26	5333881.23	3157732.79	6315237.26	3157732.79	3614909.80
	d Other Banking Business	3112.52	2549.49	9844.51	3112.52	9,844.51	6,878.93
	e Unallocated	32951.40	19852.58	32920.24	32951.40	32920.24	18078.30
	Total Segment Liabilities	13786664.33	13500535.95	14535545.84	13786664.33	14535545.84	13375502.90
5	Capital Employed (Segment Assets - Segment Liabilities)	1775068.12	1761262.36	1529609.21	1775068.12	1529609.21	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 and nine months ended December 31, 2020 were reviewed by the Audit Committee and approved by the Board of Directors on January 30, 2021 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 and nine months ended December 31, 2020, the Holding company has issued 566280 equity shares pursuant to the exercise of options under the Employee Stock Option Scheme.
- 6 The impact of COVID-19, including changes in customer behavior 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 being lifted. While the easing of restrictions has driven a revival in economic activity across sectors, the continued slowdown has impacted lending business, fee income generation from sale of third party products, collection efficiency etc. Further, there may be a rise in the number of customer defaults and consequently an increase in provisions. The extent to which the COVID-19 pandemic will continue to impact the Bank's operations and asset quality will depend on future developments, which are highly uncertain. 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 on 'COVID-19 Regulatory Package' of March 27, 2020, April 17, 2020 and May 23, 2020, the Bank granted moratorium on repayment of instalments and/or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers. For all eligible accounts, where the moratorium was granted, the asset classification was under standstill 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).

In accordance with Resolution Framework for COVID-19 announced by the RBI on August 6, 2020, the Bank has implemented a one-time restructuring for certain eligible borrowers and such borrowers are classified as Standard Restructured in accordance with this framework.

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 pro-forma gross NPA and pro-forma net NPA as at December 31, 2020 would have been 4.18% and 2.04% respectively. The reported gross NPA was 2.83% and net NPA was 1.23% as at December 31, 2019. As a prudent measure, the Bank has not recognized the unrealized interest on these pro-forma NPA accounts as income.

During the quarter and nine months ended December 31, 2020, the Bank has made an additional COVID-19 related provision amounting to ₹ 390 crores and ₹ 2165 crore respectively. The COVID-19 related provisions held by the Bank 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 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.
- 9 The figures for the previous quarter/period have been regrouped wherever necessary in order to make them comparable.

Date: January 30, 2021
Place: Mumbai

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



V. Vaidyanathan
Managing Director & Chief Executive Officer