

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 31 December 2020 and year to date results for the period from 1 April 2020 to 31 December 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 8 to 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. 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 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 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: 21046882AAAAAA9922

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 quarter and nine months ended December 31, 2020 (Standalone)

(₹ 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)	395245.99	380067.91	410016.63	1158453.02	1191144.49	1586730.97
	(a) Interest/discount on advances/bills	304001.92	298173.93	298359.11	902767.98	863359.83	1163454.48
	(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	3742.43	4264.09	8183.14	12000.26	19070.55	23495.57
2	Other Income (refer note 5 & 7)	75926.26	16844.30	57897.74	141255.86	123838.78	172215.77
3	TOTAL INCOME (1+2)	471172.25	396912.21	467914.37	1299708.88	1314983.27	1758946.74
4	Interest Expended	220854.87	214095.09	256589.18	655499.09	783963.23	1023199.89
5	Operating Expenses (i)+(ii)	184223.18	148591.39	143154.23	454726.58	389323.46	542073.26
	(i) Employees cost	52553.76	48868.40	39856.79	145738.33	116402.62	152758.24
	(ii) Other operating expenses	131669.42	99722.99	103297.44	308988.25	272920.84	389315.02
6	TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)	405078.05	362686.48	399743.41	1110225.67	1173286.69	1565273.15
7	Operating Profit (3-6) (Profit before provisions and contingencies)	66094.20	34225.73	68170.96	189483.21	141696.58	193673.59
8	Provisions (other than tax) and Contingencies (Net) (refer note 7)	48222.84	21584.66	230475.59	146216.28	390286.95	431525.34
9	Exceptional Items	-	-	-	-	-	-
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	17871.36	12641.07	(162304.63)	43266.93	(248590.37)	(237851.75)
11	Tax Expense	4920.00	2500.00	1584.71	10820.00	44984.71	48569.29
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	12951.36	10141.07	(163889.34)	32446.93	(293575.08)	(286421.04)
13	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
14	Net Profit / (Loss) for the period (12-13)	12951.36	10141.07	(163889.34)	32446.93	(293575.08)	(286421.04)
15	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 3 & 4)	567291.00	567234.37	478945.80	567291.00	478945.80	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%	4.61%	5.46%	4.61%	5.46%	5.43%
	(ii) Capital adequacy ratio (Basel III)	14.33%	14.73%	13.29%	14.33%	13.29%	13.38%
	(iii) Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 3 & 4)						
	- Basic (₹)	0.23	0.18	(3.43)	0.60	(6.14)	(5.98)
	- Diluted (₹)	0.23	0.18	(3.38)	0.59	(6.05)	(5.91)
	(iv) NPA ratios (refer note 9)						
	(a) Amount of gross NPAs	128924.36	148611.36	251136.20	128924.36	251136.20	227956.44
	(b) Amount of net NPAs	32061.78	39095.13	107162.68	32061.78	107162.68	80857.45
	(c) % of gross NPAs to gross advances	1.33%	1.62%	2.83%	1.33%	2.83%	2.60%
	(d) % of net NPAs to net advances	0.33%	0.43%	1.23%	0.33%	1.23%	0.94%
	(v) Return on assets (annualized)	0.33%	0.26%	(4.02%)	0.28%	(2.38%)	(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 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	384788.25	341726.20	307670.51	1042757.85	814202.77	1133747.06
	d Other Banking Business	5153.50	2644.44	4988.92	9100.18	11818.88	15852.68
	e Unallocated	112.77	(10.79)	3987.98	41.28	3975.24	4349.09
	Total Segment Revenue	814697.15	750442.61	847016.58	2346611.89	2441768.87	3243383.71
	Add/(Less) : Inter Segment Revenue	(343524.90)	(353530.40)	(379102.21)	(1046903.01)	(1126785.60)	(1484436.97)
	Income from Operations	471172.25	396912.21	467914.37	1299708.88	1314983.27	1758946.74
2	Segment Results After Provisions & Before Tax						
	a Treasury	52417.28	96517.76	(81998.73)	192496.37	(160096.33)	(124168.21)
	b Wholesale Banking	20550.44	(14981.92)	(55756.18)	7287.35	(5974.70)	(2560.72)
	c Retail Banking	(48479.58)	(64140.40)	(12905.01)	(133725.37)	(63068.20)	(91732.78)
	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)	(18761.40)
	Total Profit Before Tax	17871.36	12641.07	(162304.63)	43266.93	(248590.37)	(237851.75)
3	Segment Assets						
	a Treasury	5461626.54	5682304.83	6838246.30	5461626.54	6838246.30	5772753.85
	b Wholesale Banking	2952374.84	3100670.82	3296404.25	2952374.84	3296404.25	3066045.37
	c Retail Banking	6837802.70	6166135.08	5581916.62	6837802.70	5581916.62	5733425.62
	d Other Banking Business	4282.68	24.05	6198.02	4282.68	6198.02	7636.90
	e Unallocated	311493.56	316962.04	345674.40	311493.56	345674.40	340178.12
	Total Segment Assets	15567580.32	15266096.82	16068439.59	15567580.32	16068439.59	14920039.86
4	Segment Liabilities						
	a Treasury	4477902.85	4914073.58	7335314.69	4477902.85	7335314.69	5829458.54
	b Wholesale Banking	2958390.83	3231312.68	4000422.06	2958390.83	4000422.06	3907267.83
	c Retail Banking	6328054.05	5344176.09	3165546.76	6328054.05	3165546.76	3623642.03
	d Other Banking Business	3249.54	2667.95	9957.46	3249.54	9957.46	7057.09
	e Unallocated	33185.44	20110.90	33199.26	33185.44	33199.26	18354.33
	Total Segment Liabilities	13800782.71	13512341.20	14544440.23	13800782.71	14544440.23	13385779.82
5	Capital Employed (Segment Assets - Segment Liabilities)	1766797.61	1753755.62	1523999.36	1766797.61	1523999.36	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 The above financial 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 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 and nine months ended December 31, 2020, the Bank has issued 566280 equity shares pursuant to the exercise of options under the Employee Stock Option Scheme.
- 5 "Other Income" includes non-fund based income such as commission, fees, earnings from foreign exchange and derivative transactions, profit / loss from sale of investments.

- 6 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 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 During Q3FY21 the Bank has sold bonds of a Non Banking Finance company resulting into realised loss of ₹ 110 crore accounted in "Other Income" and corresponding existing provision release of ₹ 113 crore accounted in "Provisions (other than tax) and Contingencies"

The provisions made for the quarter 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 Q2FY21, the Bank had 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"



- 8 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.
- 9 The disclosures for NPA ratios referred to in point 17(iv) above correspond to non-performing advances.
- 10 The figures for the previous quarter/period have been regrouped wherever necessary in order to make them comparable.
- 11 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.

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