

IDFCFIRSTBANK/SD/206/2020-21

October 31, 2020

The Manager-Listing Department
National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051.
Tel No.: 022 – 2659 8237/ 38
NSE - Symbol – IDFCFIRSTB

The Manager-Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001.
Tel No.: 022 – 2272 2039/ 37/ 3121
BSE - Scrip Code – 539437

Sub.: Outcome of the Board Meeting held on October 31, 2020.

Ref.: *Unaudited Financial Results of IDFC FIRST Bank Limited (the 'Bank') for the quarter and half year ended September 30, 2020.*

Dear Sir / Madam,

Pursuant to Regulation 33 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('SEBI Listing Regulations'), we wish to inform that the Board of Directors ('the Board') of the Bank at its meeting held today i.e. Saturday, October 31, 2020, considered and approved the Unaudited Financial Results (Standalone and Consolidated) of the Bank for the quarter (Q2) and half year ended September 30, 2020.

Accordingly, we hereby submit a copy of Unaudited Financial Results of the Bank for the quarter and half year ended September 30, 2020 along with the Limited Review Report issued by the Statutory Auditors of the Bank, M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W / W-100022), thereon. We also submit a copy of Press Release on the Unaudited Financial Results of the Bank.

The meeting of the Board of Directors of the Bank commenced at 02:00 p.m. and concluded at 08:00 p.m.

All the above-mentioned documents will be posted on the Bank's website at www.idfcfirstbank.com.

Please take the above on record and acknowledge receipt of the same.

Thanking you,

Yours faithfully,
For IDFC FIRST Bank Limited



Satish Gaikwad
Head – Legal & Company Secretary



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	Quarter ended 30.06.2020	Quarter ended 30.09.2019	Half year ended 30.09.2020	Half year ended 30.09.2019	Year ended 31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(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	Quarter ended	Quarter ended	Half year ended	Half year ended	Year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(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	As at 30.09.2019	As at 31.03.2020
	(Unaudited)	(Unaudited)	(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.

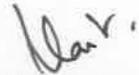


13 Cash Flow Statement of the Bank for the period ended September 30, 2020 is given below:

(₹ 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

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.



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 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.



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

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	Quarter ended 30.06.2020	Quarter ended 30.09.2019	Half year ended 30.09.2020	Half year ended 30.09.2019	Year ended 31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(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	Quarter ended 30.06.2020	Quarter ended 30.09.2019	Half year ended 30.09.2020	Half year ended 30.09.2019	Year ended 31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(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

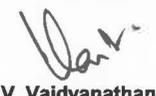
- 2 The above financial results represent the consolidated financial results for IDFC FIRST Bank Limited ('the Bank' or 'Holding company'), its subsidiary together constituting the 'Group' and share of profit / loss of its associate. The above results for the quarter and half year ended September 30, 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

IDFC FIRST Bank Q2 FY21 Profit after Tax at Rs. 101 crore

CASA deposits grow 142% YoY; CASA% reaches 40.4%; Retail advances up 25%; NIM at 4.57%

Mumbai, October 31, 2020:

Financial results at a glance

The Board of Directors of IDFC FIRST Bank, in its meeting held today, approved the combined audited financial results for the quarter ended September 30, 2020.

Summary of Results

- **PAT:** Rs. 101 crore in Q2-FY21 as compared to loss of Rs. 680 in Q2-FY20
- **NII:** Grew by 22% YoY basis to reach Rs. 1,660 crore in Q2-FY21
- **NIM%:** 4.57% in Q2-FY21 as compared to 3.43% in Q2-FY20
- **CASA ratio:** 40.37% as of 30-Sep-2020 as compared to 18.70% as of 30-Sep-2019
- **CASA balance:** Grew by 142% YoY basis to reach Rs. 30,181 crore
- **Overall Customer Deposits:** Rs. 69,368 crore (grew by 35% YoY, 11% QoQ)
- **Overall Funded Asset:** Rs. 1,06,828 crore (de-grew by 1% YoY, grew by 3% QoQ)
- **Retail Loan Assets:** Rs. 59,860 crore (grew by 25% YoY, 7% QoQ)
- **Asset quality:** Stable with GNPA and NNPA at 1.62% and 0.43% respectively (PCR at 74%)
- **Capital Adequacy Ratio:** Strong at 14.73% with tier-1 CAR at 14.33%
- **Average Liquidity Coverage Ratio (LCR):** Average at 138% for Q2-FY20
- **The Bank reversed Rs. 811 crore provision** out of existing provision of Rs. 1,622 crore on exposure to a large telecom player, based on improved prospects of the company, and used it for creating provisions for additional COVID-19 contingency of Rs. 1,400 crore; thus making the total COVID-19 contingency provision of Rs. 2,000 crore as of 30-Sep-2020, 2.21% of the standard advances.

DETAILED NOTE ON BUSINESS & FINANCIAL PERFORMANCE OF THE BANK

Earnings

- **Profit After Tax:** The Profit after Tax for Q2 FY21 is reported at Rs. 101 crore as compared to Loss of Rs. 680 crore for Q2 FY20. The Profit after Tax for the half year ended September 30, 2020, is reported at Rs. 195 crore. Thus the Bank reported three consecutive quarters of profitability.
- **Net Interest Income (NII):** Net Interest Income (NII) grew by 22% Y-o-Y to Rs. 1,660 crore, up from Rs. 1,363 crore in Q2 FY20. Despite the COVID-19 pandemic impact, the Q-o-Q NII grew by 2%.
- **Net Interest Margin (NIM%) (quarterly annualized):** NIM% rose to 4.57% in Q2 FY21 from 3.43% in Q1 FY20 and 4.53% in Q1 FY21.
- **Fee and Other Income** (without trading gains): It decreased 19% to Rs. 291 Crore in Q2 FY21 as compared to Rs. 359 crore in Q2-FY20 due to lower loan originations and reduced banking activity on account of COVID-19 pandemic. However, sequentially, the Fee Income has shown significant improvement, up by 97%, as the economic activities are coming back on track post the phased unlock throughout the country. The trading gain for Q2-FY21 was at Rs. 337 crore.
- **Total Income** (net of Interest Expense): It grew by 21% at Rs. 2,288 crore for Q2-FY21 as compared to Rs. 1,884 crore for Q2-FY20.
- **Release of Provisions on account of large telecom account:** As of 30 June 2020, the Bank carried Rs. 1,622 crore of provisions, which were done proactively in Q3-FY20, against a large telecom exposure of Rs. 3,244 crore (Rs. 2,000 crore funded exposure through NCDs maturing in Dec-2021 / Jan-2022 and Rs. 1,244 crore of non-funded exposure through Bank Guarantee) as there were adverse comments around the future of the Company.

After the verdict of the Honourable Supreme Court on September 1, 2020, our assessment is:

1. The payment of AGR dues have been staggered which helps the Company with immediate cashflow. The DoT has allowed telecom operators to defer spectrum related payments due for two years (FY21-FY22) and pay it in instalments over next 10-14 years provided the operators arrange incremental BGs covering such payments.
2. Post AGR judgement, the Company has obtained approval from Board/ Shareholders to raise up to Rs. 25,000 crore through mix of debt (incl. convertible, hybrid instrument) and equity.
3. The Company has met all the borrowing obligations, including payment of Rs. 2,875 crore of NCDs in July 2020.
4. Subsequent to the SC decision on September 1, 2020, there have been trades in the NCDS issued by the Company maturing in January 2022 at a price of Rs. 80.5 to Rs. 81.7, i.e. a discount of ~19%.

Considering the positive outcome of AGR verdict and moratorium as described above, fund raising plan, repayment record and the recent trades, the Bank has released 50% provision out of Rs. 1,622 crore of provisions held as of June 30, 2020. The Bank continues to hold at Rs. 811 crore of provisions for the total exposure of Rs. 3,244 crore (25% PCR) on this telecom account as of September 30, 2020, as a prudent measure.

- **Provisions:** The provision for Q2-FY21 was at Rs. 676 crore as compared to Rs. 489 crore for Q2 FY20 and as compared to Rs. 764 crore in Q1 FY21.
 - **Provisions for COVID-19 impact:** As of 30 June 2020, the Bank carried Rs. 600 crore of provisions towards COVID-19 pandemic & related moratorium driven impact on its lending portfolio. As described above, Rs. 811 crore of provision was released from the existing provision done on a telecom player and has been utilized now to create additional provisions for COVID19 as a conservative

measure. With this, during Q2-FY21, the Bank has taken additional provision of Rs. 1,400 crore towards COVID-19 to strengthen its balance sheet further. Including this, as of 30 September 2020, the Bank holds such provision of Rs. 2,000 crore which is 2.21% of its standard advances.

Liabilities – Strong and Steady growth

- **CASA Deposits** posted strong growth, rising 142% YoY to Rs. 30,181 crore as on September 30, 2020 as compared to Rs. 12,473 crore as on September 30, 2019.
- **CASA Ratio** improved to 40.37% as on September 30, 2020 as compared to 18.70% as on September 30, 2019 and 33.74% at June 30, 2020.
- **Core Deposits** (Retail CASA and Retail Term Deposits) increased 119% to Rs. 49,610 crore as on September 30, 2020 from Rs. 22,629 crore in September 30, 2019. This signifies the sticky and sustainable nature of the growing deposit balance.
- **The Fixed Deposits** of the Bank has the highest rating “FAAA/Stable” by CRISIL.
- **Certificate of Deposits:** The Bank has reduced its dependence on the wholesale and market borrowings which have been suitably replaced by the growth of core Retail Deposits. The borrowing through Certificate of Deposits (CD) of the Bank has reduced by 65% on YOY basis to Rs. 5,399 crore as on September 30, 2020 from Rs. 15,283 crore as of September 30, 2019.
- As of September 30, 2020, the Bank has 523 branches and 509 ATMs across the country.

Loans and Advances – stable with growing retail %

- **Total Funded Loan Assets** stood at Rs. 1,06,828 crore as on September 30, 2020, compared to Rs. 1,07,656 crore as on September 30, 2019, and as compared to Rs. 1,04,050 crore as on June 30, 2020. As per the stated strategy, the Bank focused on growing the retail loan book and decreased the wholesale loan book, primarily the infrastructure loans to reduce concentration risk on the portfolio.
- **Retail Loan Book**, out of the total book mentioned above, increased by 25% to Rs. 59,860 crore as on September 30, 2020, compared to Rs. 48,069 crore as on September 30, 2019.

- The Bank also has inorganic portfolio buyouts, primarily to cater to the PSL requirements where the underlying assets are retail loans. Retail loans including such inorganic portfolio constitute **63% of the overall loan assets**.
- **Wholesale Loan Book**, including Security receipts and Loans converted to equity reduced by 20% from Rs. 49,269 crore as of September 30, 2019, and from Rs. 40,275 crore at June 30, 2020, to Rs. 39,286 crore as of September 30, 2020 as per the stated objective.
- Within the wholesale segment as stated above, the **Infrastructure loan book** reduced by 27% to Rs. 12,502 crore as on September 30, 2020 from Rs. 17,211 crore as on September 30, 2019 and Rs. 13,416 crore at June 30, 2020.

Asset Quality

- The **Gross NPA** of the Bank reduced to 1.62% as of September 30, 2020, as compared to 1.99% as of June 30, 2020. The **Net NPA** was 0.43% as of September 30, 2020, as compared to 0.51% as of June 30, 2020. The Gross NPA and Net NPA of the Bank was at 2.62% and 1.17% respectively as of September 30, 2019.
- This is after the impact of the Supreme Court of India notification to stop fresh NPA classification post August 31, 2020, till further orders. Without this impact the GNPA as on September 30, 2020 would have been 1.87% and the NNPA as on September 30, 2020 would have been 0.60%.
- As of September 30, 2020, the **Gross NPA % of the Retail Loan Book** was at 0.41% as compared to 0.87% as of June 30, 2020 and **Net NPA % of the Retail Loan Book** of the Bank was at 0.17% as compared to 0.24% as of June 30, 2020. Without considering the impact of Honorable Supreme Court's notification the GNPA and NNPA of Retail Loan Book would have been 0.79% and 0.41% respectively. The Gross NPA and Net NPA for the retail loans of the Bank was at 2.31% and 1.08% respectively as of September 30, 2019.
- **The Provision coverage ratio** on NPA accounts improved to 74% at September 30, 2020 as compared to 56% at September 30, 2019 and 75% at June 30, 2020.
- Apart from the NPA, the identified stressed asset pool of the Bank, reduced by Rs. 827 crore during the last one year. This stressed pool stood at Rs. 2,717 crore as of September

30, 2020 against which the Bank has done provisioning of Rs. 1,303 crore, 48% of the pool. The Bank completely exited from its exposure towards a large HFC during the quarter at its carrying value in books.

Operations & Product Launches during the last quarter

- During Q2-FY21, the nation-wide lockdown due to COVID-19 pandemic got relaxed gradually across the nation.
- The loan disbursement levels across the product categories have improved every month and at a gross level the retail disbursements have reached 74% of the disbursement levels for the same quarter last year with the urban consumption-based retail products touching around 90% of the disbursement levels for same quarter last year.
- The Bank introduced the touchless debit card facility for its liability customers during the last quarter.
- During the quarter ended on September 30, 2020, the RBI announced the restructuring plan for the eligible customers with loan ticket sizes below Rs. 2 crore. The Bank has formed suitable policies to provide restructuring plans to eligible customers. The eligible customers can apply for such plan till December 31, 2020. As of September 30, 2020, the Bank has not received any sizeable request for restructuring.

Capital and Liquidity Position

- **Capital Adequacy** of the Bank was strong at 14.73% with CET-1 Ratio at 14.33% as of September 30, 2020, as compared to Capital Adequacy Ratio of 15.03% and CET-1 Ratio of 14.58% as of June 30, 2020.
- **Average LCR** for the quarter was at 138% which is much higher than the mandated regulatory levels.

Mr. V Vaidyanathan, Managing Director and CEO, IDFC FIRST Bank, said, “Since day one of the merger, our first priority was to strengthen the deposit side of the bank with stable retail deposits. We were very clear that we don’t want to grow the loan book until this is addressed. I

am happy to say that IDFC FIRST Bank CASA ratio has reached industry best standards of over 40%. With the liability side firmly addressed, you will see growth in the total loan book from Q3 FY21 and onwards. I am further happy to inform you that the collection performance on retail loans have improved sharply after the lockdown has been lifted, and in fact are much stronger than earlier anticipated.”

About IDFC FIRST Bank

IDFC FIRST Bank was founded by the merger of IDFC Bank and Capital First in December 2018. The Bank provides a range of financial solutions to individuals, small businesses and corporates. The Bank offers savings and current accounts, NRI accounts, salary accounts, demat accounts, fixed and recurring deposits, home and personal loans, two-wheeler loans, consumer durable loans, small business loans, forex products, payment solutions and wealth management services. IDFC FIRST Bank has a nationwide presence and operates in the Retail Banking, Wholesale Banking and other Banking segments. Customers can choose where and how they want to Bank: 523 Bank liability branches, 128 asset branches, 509 ATMs and 654 rural business correspondent centres across the country, net Banking, mobile Banking and 24/7 toll free Banker-on-Call service.

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