

IDFCFIRSTBANK/SD/329/2020-21

March 30, 2021

The Manager-Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C – 1, G – Block
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

Dear Madam/Sir,

Sub: Intimation in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”).

In compliance with Regulation 30 of the SEBI Listing Regulations, please find enclosed the unaudited condensed standalone interim financial statements of the Bank for nine months ended on December 31, 2020, along with its review report issued by the Statutory Auditor of the Bank, duly approved by the Capital Raising Committee of the Board of the Bank (“**Capital Raising Committee**”) at its meeting held today.

The condensed standalone interim financial statements of the Bank along with review report are also being uploaded on the Bank’s website at www.idfcfirstbank.com.

Further, the condensed standalone interim financial statements are being issued on a one-time basis only and should not be considered as any practice for disclosure of financial information that will be followed by the Bank going forward.

Thanking you,

For **IDFC FIRST Bank Limited**

Satish Gaikwad
Head – Legal & Company Secretary

B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

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Report on Review of Condensed Standalone Interim Financial Statements

To the Board of Directors of IDFC FIRST Bank Limited

Introduction

We have reviewed the accompanying Condensed Standalone Balance Sheet of IDFC FIRST Bank Limited (the 'Bank') as of 31 December 2020 and the related Condensed Standalone Statement of Profit and Loss and the Condensed Standalone Cash Flow Statement for the nine month period then ended and other explanatory notes (hereinafter referred to as the 'Condensed Standalone Interim Financial Statements'). Management is responsible for the preparation and fair presentation of these Condensed Standalone Interim Financial Statements 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 'Act'), the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (the 'RBI') from time to time (the 'RBI Guidelines') and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on this Condensed Standalone Interim Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the Condensed Standalone Interim Financial Statements 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.

Basis for Qualified Conclusion

As further described in the explanatory Note 19 of the accompanying the Condensed Standalone Interim Financial Statements, the Honorable Supreme Court vide its order dated 23 March 2021 (the 'Order') has vacated the interim relief granted earlier which had directed that accounts which were not declared as non performing asset ('NPA') till 31 August 2020 shall not be declared as NPA till further orders. For the reasons explained in Note 19, the Bank has considered the aforesaid Order as a non adjusting subsequent event and accordingly has not given effect to the same in the Condensed Standalone Interim Financial Statements. We believe that as per Accounting Standard 4 – Contingencies and Events Occurring After the Balance Sheet Date, the Order, is an adjusting subsequent event. Had the Bank classified borrower accounts as NPA after 31 August 2020, the gross NPA and net NPA as at 31 December 2020 would have been 4.18% and 2.04% respectively (reported as proforma NPAs in Note 19) as compared to the reported gross NPA and net NPA of 1.33% and 0.33% respectively as at 31 December 2020. There would be no change in the reported net profit for the nine month period ended 31 December 2020 due to additional provisions established by the Bank on account of COVID-19 impacts (described in Note 19 to the Consolidated Standalone Interim Financial Statements).



Registered Office:

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP
(a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco
Center, Western Express Highway, Goregaon (East), Mumbai - 400063

**Report on Review of Condensed Standalone Interim Financial Statements
(Continued)**

IDFC FIRST Bank Limited

Qualified Conclusion

Based on our review, with the exception of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying Condensed Standalone Interim Financial Statements are not prepared, in all material respects, in accordance with the recognition and measurement principles laid down in AS 25 "Interim Financial Reporting", prescribed under section 133 of the Act, the relevant provisions of Banking Regulation Act, 1949, the RBI Guidelines and other accounting principles generally accepted in India. Attention is also drawn to the fact that the figures of corresponding nine month period ended 31 December 2019, as reported in these Condensed Standalone Interim Financial Statements have been approved by the Capital Raising Committee constituted by the Board of Directors of the Bank, but have not been subjected to review.

Emphasis of Matter

As described in Note 19 of the Condensed Standalone Interim Financial Statements, the Bank has recognized a 10 percent provision on loans for which moratorium was granted and asset classification benefit has been taken as 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 RBI vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. For the nine month period ended 31 December 2020, the Bank has made an additional COVID-19 related provision of Rs. 21,650,000 thousand, 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: 21046882AAAAAF4217

Mumbai
30 March 2021



IDFC FIRST BANK LIMITED

Condensed Standalone Balance Sheet as at December 31, 2020

(₹ in thousands)

CAPITAL AND LIABILITIES	Refer Note No.	As at 31.12.2020 (Unaudited)	As at 31.03.2020 (Audited)
Capital		5,67,29,100	4,80,99,030
Reserves and surplus		11,99,50,661	10,53,26,974
Deposits	1	84,29,38,936	65,10,79,712
Borrowings	2	40,80,53,949	57,39,71,855
Other liabilities and provisions		12,90,85,386	11,35,26,415
Total		1,55,67,58,032	1,49,20,03,986
ASSETS			
Cash and balances with Reserve Bank of India		3,77,88,843	3,37,99,209
Balances with banks and money at call and short notice		3,36,16,685	81,08,642
Investments	3	41,83,57,336	45,40,45,798
Advances	4	94,90,88,638	85,59,53,595
Fixed assets		1,23,27,464	1,03,77,265
Other assets		10,55,79,066	12,97,19,477
Total		1,55,67,58,032	1,49,20,03,986
Contingent liabilities	8	1,87,40,40,184	2,80,67,60,832
Bills for collection		82,06,897	91,49,534

Significant accounting policies and explanatory notes to accounts form a part of the condensed standalone interim financial statement

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022


Manoj Kumar Vijai
Partner
Membership No. 046882
Date: March 30, 2021
Place: Mumbai

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


V. Vaidyanathan
Managing Director & Chief Executive Officer


Sudhanshu Jain
Chief Financial Officer & Head Corporate Centre

SB


IDFC FIRST BANK LIMITED
Condensed Standalone Statement of Profit & Loss for the period ended December 31, 2020
(₹ in thousands)

Sr. No.	Particular	Refer Note No.	For the nine months ended 31.12.2020 (Unaudited)	For the Year ended 31.03.2020 (Audited)	For the nine months ended 31.12.2019 (Unaudited)
1	Interest Earned (a)+(b)+(c)+(d)		11,58,45,302	15,86,73,097	11,91,14,449
	(a) Interest/discount on advances/bills		9,02,76,798	11,63,45,448	8,63,35,983
	(b) Income on investments		2,35,45,614	3,91,72,849	3,05,19,989
	(c) Interest on balances with Reserve Bank of India and other inter-bank funds		8,22,864	8,05,243	3,51,422
	(d) Others		12,00,026	23,49,557	19,07,055
2	Other Income	5	1,41,25,586	1,72,21,577	1,23,83,878
3	TOTAL INCOME (1+2)		12,99,70,888	17,58,94,674	13,14,98,327
4	Interest expended	6	6,55,49,909	10,23,19,989	7,83,96,323
5	Operating Expenses (i)+(ii)	7	4,54,72,658	5,42,07,326	3,89,32,346
	(i) Payments to and provisions for employees		1,45,73,833	1,52,75,824	1,16,40,262
	(ii) Other operating expenses		3,08,98,825	3,89,31,502	2,72,92,084
6	Total Expenditure (4+5) (excluding provisions and contingencies)		11,10,22,567	15,65,27,315	11,73,28,669
7	Operating Profit (3-6) (profit before provisions and contingencies)		1,89,48,321	1,93,67,359	1,41,69,658
8	Provisions and contingencies	22	1,46,21,628	4,31,52,534	3,90,28,695
9	Exceptional Items		-	-	-
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)		43,26,693	(2,37,85,175)	(2,48,59,037)
11	Tax Expense	22	10,82,000	48,56,929	44,98,471
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)		32,44,693	(2,86,42,104)	(2,93,57,508)
	Basic Earnings per share (₹)		0.60	(5.98)	(6.14)
	Diluted Earnings per share (₹)		0.59	(5.91)	(6.05)

Significant accounting policies and explanatory notes to accounts form a part of the condensed standalone interim financial statement

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022


Manoj Kumar Vljai
Partner
Membership No. 046882
Date: March 30, 2021
Place: Mumbai

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


V. Vaidyanathan
Managing Director & Chief Executive Officer


Sudhanshu Jain
Chief Financial Officer & Head Corporate Centre



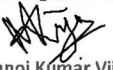
**Condensed Standalone Cash Flow Statement For The Period Ended December 31, 2020**

(₹ in thousands)

		For the nine months ended 31.12.2020 (Unaudited)	For the year ended 31.03.2020 (Audited)	For the nine months ended 31.12.2019 (Unaudited)
A	Cash flow from operating activities	20,21,15,131	10,92,68,106	3,72,97,646
B	Cash used in investing activities	(2,67,08,611)	(3,76,41,474)	(3,24,45,253)
C	Cash used in financing activities	(14,59,08,843)	(12,53,86,551)	(2,94,14,605)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	2,94,97,677	(5,37,59,919)	(2,45,62,212)
	Cash and cash equivalents at the beginning of the Period	4,19,07,851	9,56,67,770	9,56,67,770
	Cash and cash equivalents at the end of the Period	7,14,05,528	4,19,07,851	7,11,05,558

Significant accounting policies and explanatory notes to accounts form a part of the condensed standalone interim financial statement

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022


Manoj Kumar Vijai
Partner
Membership No. 046882
Date: March 30, 2021
Place: Mumbai

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


V. Vaidyanathan
Managing Director & Chief Executive Officer


Sudhanshu Jain
Chief Financial Officer & Head Corporate Centre

SB

IDFC FIRST BANK LIMITED

Select explanatory notes to condensed standalone interim financial statements for the period ended December 31, 2020.

Note: 1 - DEPOSITS

	(₹ in thousands)	
	As at 31.12.2020 (Unaudited)	As at 31.03.2020 (Audited)
Demand deposits	4,65,63,451	4,24,67,490
Savings bank deposits	36,23,79,010	16,69,29,213
Term deposits	43,39,96,475	44,16,83,009
Total	84,29,38,936	65,10,79,712

Note: 2 - BORROWINGS

	As at 31.12.2020 (Unaudited)	As at 31.03.2020 (Audited)
Borrowings In India		
- Reserve Bank of India	-	-
- Other Banks	2,68,38,829	4,09,24,349
- Other institutions and agencies	35,00,04,682	48,63,67,444
Borrowings Outside India	3,12,10,438	4,66,80,062
Total	40,80,53,949	57,39,71,855

Note: 3 - INVESTMENTS (Net of Provisions)

	As at 31.12.2020 (Unaudited)	As at 31.03.2020 (Audited)
Investments in India in :		
- Government securities	31,68,09,629	33,01,38,163
- Other approved securities	-	-
- Shares (includes equity and preference shares)	48,05,620	38,27,243
- Debentures and bonds	4,10,05,063	5,07,97,993
- Investment in subsidiaries / joint ventures	23,24,021	23,24,021
- Others	5,34,09,743	6,69,55,118
Total Investments in India	41,83,54,076	45,40,42,538
Investments Outside India in :		
- Government securities (including local authorities)	-	-
- Subsidiaries and/or joint ventures abroad	-	-
- Others	3,260	3,260
Total Investments Outside India	3,260	3,260
Total	41,83,57,336	45,40,45,798

Note: 4 - ADVANCES (Net of Provisions)

	As at 31.12.2020 (Unaudited)	As at 31.03.2020 (Audited)
Bills purchased and discounted	1,46,84,062	1,56,50,404
Cash credits, overdrafts and loans repayable on demand	5,98,37,875	5,57,98,000
Term loans	87,45,66,701	78,45,05,191
Net Advances	94,90,88,638	85,59,53,595

Note: 5 - OTHER INCOME

	For the nine months ended 31.12.2020 (Unaudited)	For the Year ended 31.03.2020 (Audited)	For the nine months ended 31.12.2019 (Unaudited)
Commission, exchange and brokerage	95,56,101	1,42,01,187	1,03,03,745
Profit / (loss) on sale of investments (net)	42,13,750	39,04,461	22,37,771
Profit / (loss) on revaluation of investments (net)	-	-	-
Profit / (loss) on sale of premises and other fixed assets (net)	(13,076)	(1,731)	(438)
Profit / (loss) on exchange/derivative transactions (net)	3,35,052	(11,06,447)	(2,12,504)
Income earned by way of dividends etc. from subsidiaries / companies and / or joint venture abroad / in India	-	-	-
Miscellaneous Income	33,759	2,24,107	55,304
Total	1,41,25,586	1,72,21,577	1,23,83,878



Note: 6 - INTEREST EXPENDED

	For the nine months ended 31.12.2020 (Unaudited)	For the Year ended 31.03.2020 (Audited)	For the nine months ended 31.12.2019 (Unaudited)
Interest on deposits	3,51,20,179	4,71,17,972	3,58,71,329
Interest on borrowings from Reserve Bank of India / inter-bank borrowings	86,67,382	1,59,25,879	1,24,94,009
Others	2,17,62,348	3,92,76,138	3,00,30,985
Total	6,55,49,909	10,23,19,989	7,83,96,323

Note: 7 - OPERATING EXPENSES

	For the nine months ended 31.12.2020 (Unaudited)	For the Year ended 31.03.2020 (Audited)	For the nine months ended 31.12.2019 (Unaudited)
Payments to and provisions for employees	1,45,73,833	1,52,75,824	1,16,40,262
Rent, taxes and lighting	24,29,527	27,85,191	20,53,996
Depreciation on bank's property	23,74,601	30,54,447	23,05,087
Repairs and maintenance	8,63,855	18,00,849	14,02,963
Other expenditure	2,52,30,842	3,12,91,015	2,15,30,038
Total	4,54,72,658	5,42,07,326	3,89,32,346

Note: 8 - CONTINGENT LIABILITIES

	As at 31.12.2020 (Unaudited)	As at 31.03.2020 (Audited)
I Claims against the bank not acknowledged as debts	6,48,260	6,40,506
II Liability for partly paid investments	2,55,816	1,43,993
III Liability on account of outstanding forward exchange and derivative contracts :		
(a) Forward Contracts	56,89,63,825	73,29,33,712
(b) Interest rate swaps, currency swaps, forward rate agreement and interest rate futures	1,03,68,19,010	1,74,08,55,788
(c) Foreign currency options	3,26,60,804	7,54,60,600
Total (a+b+c)	1,63,84,43,639	2,54,92,50,100
IV Guarantees given on behalf of constituents		
In India	14,52,30,596	16,52,22,583
Outside India	-	-
V Acceptances, endorsements and other obligations	8,63,55,790	8,92,79,212
VI Other items for which the bank is contingently liable	31,06,083	22,24,438
GRAND TOTAL (I+II+III+IV+V+VI)	1,87,40,40,184	2,80,67,60,832



IDFC FIRST BANK LIMITED

Select explanatory notes to condensed standalone interim financial statements for the period ended December 31, 2020.

9 Basis of Preparation

The condensed standalone interim financial statement for the period ended December 31, 2020 have been prepared in accordance with recognition & measurement principles laid down in Accounting Standard 25 'Interim Financial Reporting' as prescribed under section 133 of Companies Act, 2013, the relevant provision of Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) as applicable from time to time ('RBI Guidelines') and other accounting principles generally accepted in India.

10 Use of Estimates

The preparation of the condensed standalone interim financial statements in conformity with the Generally Accepted Accounting Principles requires the Management to make estimates and assumptions that are considered in the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. The management believes that the estimates used in preparation of the condensed standalone interim financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

11 Significant Accounting Policies

The Bank has followed the same accounting policies in the preparation of these condensed standalone Interim financial statements as those followed in the preparation of the annual financial statements for the year ended March 31, 2020.

12 During the nine months ended December 31, 2020, the Bank has issued 566,280 equity shares (28,226,604 equity shares for the year ended March 31, 2020 & 7,781,624 for the nine months ended December 31, 2019) pursuant to the exercise of options under the Employee Stock Option Scheme.

During the nine months ended December 31, 2020, the Bank has raised additional capital aggregating to ₹ 20,000,000 thousand (rounded off) on a preferential basis through issuance of 862,440,704 equity shares, fully paid-up, at the price of ₹ 23.19/- per equity share (including premium).

13 The Bank appropriates net profit towards various reserves only at the year end.
14 The capital adequacy ratio of the Bank as at December 31, 2020, calculated as per RBI Guidelines (under Basel III) is set out below:

Capital Adequacy Ratios	As at 31.12.2020 (Unaudited)	As at 31.03.2020 (Audited)
Total capital ratio (CRAR) (%)	14.33%	13.38%
CET 1 (%)	13.82%	13.30%
Tier I CRAR (%)	13.82%	13.30%
Tier II CRAR (%)	0.51%	0.08%

15 During the nine months period ended December 31, 2020, the Bank has sold bonds of a Non Banking Finance company and large housing finance company resulting into realised loss of ₹ 5,734,806 thousand accounted in "Other Income" and corresponding existing provision release of ₹ 5,729,215 thousand accounted in "Provisions (other than tax) and Contingencies".

During the year ended March 31, 2020, the Bank has sold bonds of Financial Services Company resulting into realised loss of ₹ 3,819,770 thousand accounted in "Other Income" and corresponding existing provision release of ₹ 3,746,250 thousand accounted in "Provisions (other than tax) and Contingencies"

During the nine month period ended December 31, 2019, the Bank had sold bonds of Financial Services Company resulting into realised loss of ₹ 1,647,729 thousand accounted in "Other Income" and corresponding existing provision release of ₹ 1,725,000 thousand accounted in "Provisions (other than tax) and Contingencies"

16 During the nine months period ended December 31, 2019, the Bank recognized a large telecom exposure of ₹ 32,437,672 thousand (₹ 20,000,000 thousand funded, ₹ 12,437,672 thousand non funded) as stressed and created provisions of ₹ 16,220,000 thousand, (50%) on the total of funded and non-funded exposure, of which the Bank had written back provision amounting to ₹ 8,110,000 thousand during the period ended December 31, 2020.
17 The condensed standalone interim financial statements have been approved by Capital Raising Committee constituted by the Board of Directors in its meeting held on March 30, 2021.
18 The Bank elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank had recognised Provision for Income Tax and re-measured its Deferred tax assets/ liability basis the revised rate of 25.17% which resulted in one time tax impact of ₹ 7,505,000 thousand for the nine months ended December 31, 2019.




19 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. As at December 31, 2020, out of a total of ₹ 967,424,444 thousand of gross advances outstanding, the Bank implemented resolution plan for ₹ 8,817,990 thousand.

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 had 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 had not classified any account (whether granted moratorium or not) as NPA after August 31, 2020 as at December 31, 2020. Had there been no such interim order and the Bank classified borrower accounts as NPA after August 31, 2020, the gross NPA and net NPA as at December 31, 2020 would have been 4.18% and 2.04% respectively. The reported gross NPA is 1.33% and net NPA is 0.33% as at December 31, 2020. The Bank has not recognized the unrealized interest income accrued on such loan accounts.

The Honourable Supreme Court of India vide their order dated March 23, 2021, has directed that interim relief granted earlier not to declare accounts of respective borrowers as NPA stands vacated. Based on independent legal advice, the Bank believes that the impact of this Supreme Court order on the financial statements and any other regulatory reporting requirement will be prospective. Accordingly, no adjustments on account of the Supreme Court order dated March 23, 2021 has been given effect in the Condensed Interim Financial Statements for the nine months ended December 31, 2020. The Bank for the nine month ended December 31, 2020 has made COVID-19 related provision amounting to ₹ 21,650,000 thousand which was in excess of the regulatory requirement. This provision also includes provisions towards loans which were not classified as NPAs on account of the interim order dated September 03, 2020. To give effect to the final Supreme Court order dated March 23, 2021, in future, the Bank will consider utilizing the COVID-19 provision towards making specific provisions on such NPAs.

The Supreme Court has also directed that there shall be a waiver of interest on interest/ compound interest/ penal interest for the period during the Moratorium for borrowers for lending institutions. Pursuant to the judgment, whatever the amount recovered by way of interest on interest/ compound interest/ penal interest for the period during the Moratorium, the same shall be refunded and adjusted in the next installment of the loan account. The Bank awaits further clarity on this judgement.

20 Segmental Results

Business Segments :

The business of the bank is divided into four segments : Treasury, Corporate / Wholesale Banking, Retail Banking Business and Other Banking Business. These 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.

Segment	Principal activities
Treasury	The treasury segment primarily consists of Bank's investment portfolio, money market borrowing and lending, investment operations and entire foreign exchange and derivative portfolio of the Bank. Revenue of treasury segment consist of interest income on investment portfolio, inter segment revenue, gains or losses from trading operations, trades and capital market deals. The principal expenses consists of interest expenses from external sources & on funds borrowed from inter segments, premises expenses, personnel cost, direct and allocated overheads.
Corporate / Wholesale Banking	The wholesale banking segment provides loans, non-fund facilities and transaction services to corporate relationship not included under Retail Banking, and syndication. Revenues of the wholesale banking segment consists of interest earned on loans to customers, inter segment revenue, interest / fees earned on transaction services, earnings from trade services, fees on client FX & derivative and other non-fund facilities. The principal expenses of the segment consists of interest expense on funds borrowed from internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, and support groups.
Retail Banking	Retail Banking constitutes lending to individuals / business banking customers through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are derived from interest earned on retail loans, inter segment revenue and fees from services rendered, fees on client FX & derivative. Expenses of this segment primarily comprise interest expense on deposits & funds borrowed from inter segments, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated and support groups.
Other Banking Business	This segment includes revenue from distribution of third party products.

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Segment	Principal activities
Unallocated	All items which are reckoned at an enterprise level are classified under this segment. This includes assets and liabilities which are not directly attributable to any segment. Revenue & expense of this segment includes income & expenditure which are not directly attributable to any of the above segments. Revenue includes interest on income tax refund and expense of this segment mainly includes employee cost, establishment & technology expense which is not directly attributable to any segment.

(₹ in Thousands)				
	For the nine months ended 31.12.2020 (Unaudited)	For the Year ended 31.03.2020 (Audited)	For the nine months ended 31.12.2019 (Unaudited)	
1 Segment Revenue				
a Treasury	8,22,59,774	12,86,60,196	9,98,68,439	
b Wholesale Banking	4,72,11,484	8,02,83,292	6,13,08,759	
c Retail Banking	10,42,75,785	11,33,74,706	8,14,20,277	
d Other Banking Business	9,10,018	15,85,268	11,81,888	
e Unallocated	4,128	4,34,909	3,97,524	
Total Segment Revenue	23,46,61,189	32,43,38,371	24,41,76,887	
Add/(Less) : Inter Segment Revenue	(10,46,90,301)	(14,84,43,697)	(11,26,78,560)	
Income from Operations	12,99,70,888	17,58,94,674	13,14,98,327	
2 Segment Results After Provisions & Before Tax				
a Treasury	1,92,49,637	(1,24,16,821)	(1,60,09,633)	
b Wholesale Banking	7,28,735	(2,56,072)	(5,97,470)	
c Retail Banking	(1,33,72,537)	(91,73,278)	(63,06,820)	
d Other Banking Business	(3,40,742)	(62,864)	32,407	
e Unallocated	(19,38,400)	(18,76,140)	(19,77,521)	
Total Profit Before Tax	43,26,693	(2,37,85,175)	(2,48,59,037)	
3 Segment Assets				
a Treasury	54,61,62,654	57,72,75,385	68,38,24,630	
b Wholesale Banking	29,52,37,484	30,66,04,537	32,96,40,425	
c Retail Banking	68,37,80,270	57,33,42,562	55,81,91,662	
d Other Banking Business	4,28,268	7,63,690	6,19,802	
e Unallocated	3,11,49,356	3,40,17,812	3,45,67,440	
Total Segment Assets	1,55,67,58,032	1,49,20,03,986	1,60,68,43,959	
4 Segment Liabilities				
a Treasury	44,77,90,285	58,29,45,854	73,35,31,469	
b Wholesale Banking	29,58,39,083	39,07,26,783	40,00,42,206	
c Retail Banking	63,28,05,405	36,23,64,203	31,65,54,676	
d Other Banking Business	3,24,954	7,05,709	9,95,746	
e Unallocated	33,18,544	18,35,433	33,19,926	
Total Segment Liabilities	1,38,00,78,271	1,33,85,77,982	1,45,44,44,023	
5 Capital Employed (Segment Assets - Segment Liabilities)	17,66,79,761	15,34,26,004	15,23,99,936	

Geographic segments

The business of the Bank is concentrated in India. Accordingly, geographical segment results have not been reported.

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.

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21 Provisions and contingencies

	(₹ in Thousands)		
	For the nine months ended 31.12.2020 (Unaudited)	For the Year ended 31.03.2020 (Audited)	For the nine months ended 31.12.2019 (Unaudited)
Provision made towards income tax			
Current tax	7,10,000	(1,23,071)	(1,11,529)
Deferred tax	3,72,000	49,80,000	46,10,000
Total	10,82,000	48,56,929	44,98,471
Provisions for depreciation on investment	(66,33,295)	1,05,14,904	1,47,65,877
Provision / (Write back) towards non-performing advances	(50,53,790)	44,15,800	41,02,484
Specific provision against identified advances	18,25,798	(4,10,618)	5,43,170
Provision / (Write back) for restructured assets	9,32,500	2,05,915	2,05,900
Provision against Standard Asset	2,17,77,392	33,09,472	57,002
Bad-debts written off / technical write off	77,21,398	1,38,64,356	97,35,803
Provision and other contingencies	(59,48,375)	1,12,52,705	96,18,459
Total Provisions and contingencies	1,57,03,628	4,80,09,463	4,35,27,166

22 Ratios

	As at 31.12.2020 (Unaudited)	As at 31.03.2020 (Audited)
Amount of gross NPAs (₹ in thousands)*	1,28,92,436	2,27,95,644
Amount of net NPAs (₹ in thousands)*	32,06,178	80,85,745
% of gross NPAs to gross advances (%)	1.33%	2.60%
% of net NPAs to net advances (%)	0.33%	0.94%
Return on assets (annualized) (%)	0.28%	(1.79%)

* Amount of gross non-performing assets ('gross NPAs') and net non-performing assets (net NPAs) (together referred to as "the NPAs") have primarily reduced in nine month period ended December 31, 2020, due to accounts which were not classified as NPA till August 31, 2020 have not been declared as NPA as per the Supreme Court order dated September 03, 2020.

23 Other Income" includes non-fund based income such as commission, fees, earnings from foreign exchange and derivative transactions, profit / loss from sale of investments.

24 The Bank had sought dispensation from RBI to grandfather certain loan accounts which were given by the erstwhile Capital First Limited as a Non-Banking Financial Company. In this regard, the RBI vide letter dated March 4, 2021, having not acceded to the dispensation, has advised the Bank to hold 100% provisions in respect of non-compliant non-performing assets. Further, for other non-compliant standard loans with insignificant outstanding balance, the Bank is required to assign additional risk weight of 25% and make such loan accounts compliant with the extant regulatory instructions by June 30, 2021. The Bank has estimated the additional increase in 'Provisions and contingencies' and corresponding decrease in 'Profit from ordinary activities before tax' of ₹ 950,000 thousand at December 31, 2020. The impact of additional provision on the P&L of the Bank may change basis further actions being / to be taken by the Bank.

25 The Finance Act 2021, has provided that goodwill of a business or profession will not be considered as a depreciable asset and no depreciation on goodwill should be allowed effective April 1, 2020. The Bank has claimed tax depreciation on goodwill that arose pursuant to the merger with Capital First Limited and its subsidiaries in FY2018, and a deferred tax asset has been recognised on such depreciation. As on April 1, 2020, the deferred tax asset on depreciation on goodwill in the books of the Bank was Rs 451.30 crores. A disallowability of depreciation on goodwill will lead to writing off the deferred tax asset on goodwill. The Bank is in the process of assessing the impact of this amendment, including determining its future course of action, making representations and seeking clarification.

26 The figures for the previous period have been regrouped and reclassified wherever necessary to conform to the current period's presentation.

27 The figures of corresponding period ended December 31, 2019, as reported in these condensed standalone interim financial statements have been approved by the Capital Raising Committee constituted by the Board of Directors, but have not been subjected to review. The figures of December 31, 2019 included in "Condensed Standalone Statement of Profit & Loss" have been derived from the Unaudited Financial Results for the quarter and nine months ended December 31, 2019 prepared pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

Manoj Kumar
Partner
Membership No. 046882
Date: March 30, 2021
Place: Mumbai

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

V. Vaidyanathan
Managing Director & Chief Executive Officer

Sudhanshu Jain
Chief Financial Officer & Head Corporate Centre

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