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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
(formerly, IDFC Bank Limited)

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of IDFC FIRST Bank Limited (formerly, IDFC Bank Limited) (the 'Bank'/ the 'Parent') and its subsidiaries (the Parent and its subsidiaries together referred to as the 'Group'), and its share of the net loss after tax of its associates for the quarter ended 30 September 2019 and year to date results for the period from 1 April 2019 to 30 September 2019 (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 2019, 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 5 in the Statement and have not been reviewed by us. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 30 September 2018, the corresponding period from 1 April 2018 to 30 September 2018 and the cash flow statement for the corresponding period from 1 April 2018 to 30 September 2018, as reported in the Statement have been approved by the Bank's Board of Directors, but have not been subjected to review by us since the requirement of submission of quarterly consolidated financial results and cash flow statement has become mandatory only from 1 April 2019.
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

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
(formerly, IDFC Bank Limited)

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

4. The Statement includes the results of the following entities:
Subsidiary: IDFC First Bharat Limited (formerly IDFC 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 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 2019, 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 5 in the Statement and have not been reviewed by us, or that it contains any material misstatement.
6. We did not review the interim financial results of one subsidiary included in the Statement, whose interim financial results reflect total assets of Rs. 22,496 lakhs as at 30 September 2019 and total revenues of Rs. 8,822 lakhs and Rs. 16,310 lakhs and total net profit after tax of Rs. 295 lakhs and Rs. 867 lakhs for the quarter ended 30 September 2019 and for the period from 1 April 2019 to 30 September 2019, respectively, and cash flows (net) Rs 16 lakhs for the period from 1 April 2019 to 30 September 2019, as considered in the consolidated unaudited financial results. These interim financial results have been reviewed by other auditors whose reports have 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 these subsidiaries, associates and

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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
(formerly, IDFC Bank Limited)

joint ventures, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matter.

7. The Statement also includes the Group's share of net loss after tax of Rs. Nil and Rs. Nil for the quarter ended 30 September 2019 and for the period from 1 April 2019 to 30 September 2019, respectively, as considered in the consolidated unaudited financial results, in respect of one associate, based on their interim financial information which have not been reviewed. According to the information and explanations given to us by the management, these interim financial statements are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter

8. The comparatives figures for the quarter ended 30 June 2019 provided in Statement of Unaudited consolidated financial results of the Bank were reviewed by the predecessor auditors, who have expressed an unmodified opinion on those financial results vide their review report dated 24 July 2019. The Comparatives figures for the year ended 31 March 2019 provided in the Statement of Unaudited consolidated financial results of the Bank were audited by the predecessor auditors, who have expressed an unmodified opinion on those financial results vide their Independent Auditors' Report dated 10 May 2019.

Our conclusion on the Statement is not modified in respect of the above matter.

For B S R & Co. LLP
Chartered Accountants

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



Manoj Kumar Vijai
Partner

Membership No: 46882

UDIN:19046882AAAAGG5824

Place: Mumbai
Date: 24 October 2019



IDFC FIRST Bank Limited (Formerly IDFC Bank Limited)

Registered Office: KRM Towers, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai 600031, Tamilnadu
CIN : L65110TN2014PLC097792

Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2019 (Consolidated)

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 30.09.2019 (refer note 9)	Quarter ended 30.06.2019	Quarter ended 30.09.2018 (refer note 10)	Half year ended 30.09.2019 (refer note 9)	Half year ended 30.09.2018 (refer note 10)	Year ended 31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Interest Earned (a)+(b)+(c)+(d)	410606.60	386571.21	239998.50	797177.81	477818.85	1220401.64
	(a) Interest/discount on advances/bills	297119.99	283911.23	140709.02	581031.22	271439.85	808097.57
	(b) Income on investments	106247.19	96084.28	94744.30	202331.47	194619.02	390565.35
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	1259.69	1648.57	311.42	2908.26	792.48	2318.68
	(d) Others	5979.73	4927.13	4233.76	10906.86	10967.50	19420.04
2	Other Income	34819.63	31147.06	11938.16	65966.69	31814.04	85216.26
3	TOTAL INCOME (1+2)	445426.23	417718.27	251936.66	863144.50	509632.89	1305617.90
4	Interest Expended	265400.46	261739.37	188175.91	527139.83	371089.50	874324.14
5	Operating Expenses (i) + (ii) + (iii)	137850.05	123391.96	60065.10	261242.01	109085.03	349128.91
	(i) Employees cost	47269.67	41385.14	24925.56	88654.81	48523.63	127937.48
	(ii) Depreciation on group's property	7648.59	8058.61	5093.71	15707.20	9784.13	22097.02
	(iii) Other operating expenses	82931.79	73948.21	30045.83	156880.00	50777.27	199094.41
6	TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)	403250.51	385131.33	248241.01	788381.84	480174.53	1223453.05
7	Operating Profit (3-6) (Profit before provisions and contingencies)	42175.72	32586.94	3695.65	74762.66	29458.36	82164.85
8	Provisions (other than tax) and Contingencies (Net)	31735.68	128076.09	58229.84	159811.77	60903.39	143187.28
9	Exceptional Items (refer note 4)	-	-	-	-	-	259934.67
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	10440.04	(95489.15)	(54534.19)	(85049.11)	(31445.03)	(320957.10)
11	Tax Expense	78092.13	(34325.43)	(20603.89)	43766.70	(17399.79)	(132955.37)
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	(67652.09)	(61163.72)	(33930.30)	(128815.81)	(14045.24)	(188001.73)
13	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
14	Net Profit / (Loss) for the year (12-13)	(67652.09)	(61163.72)	(33930.30)	(128815.81)	(14045.24)	(188001.73)
15	Share in loss of Associate	-	-	(1908.59)	-	(2634.35)	(2786.25)
16	Consolidated Net Profit / (Loss) for the year (14+15)	(67652.09)	(61163.72)	(35838.89)	(128815.81)	(16679.59)	(190787.98)
17	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 6)	478276.59	478247.71	340441.25	478276.59	340441.25	478167.64
18	Reserves excluding Revaluation Reserves	-	-	-	-	-	1341768.74
19	Analytical Ratios (refer note 8)						
	Earnings per share (EPS) for the year (before and after extraordinary items)						
	- Basic (₹)	(1.41)	(1.28)	(1.05)	(2.69)	(0.49)	(4.66)
	- Diluted (₹)	(1.37)	(1.26)	(1.05)	(2.65)	(0.49)	(4.63)



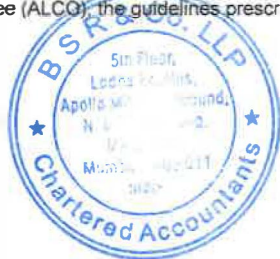
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Consolidated Segment Information in accordance with the Accounting Standard on Segment Reporting (AS 17) of the operating segments of the Group is as under :

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 30.09.2019	Quarter ended 30.06.2019	Quarter ended 30.09.2018	Half year ended 30.09.2019	Half year ended 30.09.2018	Year ended 31.03.2019
		(refer note 9) (Unaudited)	(Unaudited)	(refer note 10) (Unaudited)	(Unaudited)	(refer note 10) (Unaudited)	(Audited)
1	Segment Revenue						
	a Treasury	336,183.39	331069.11	216493.65	667252.50	442,239.06	655,268.25
	b Wholesale Banking	209,403.67	204746.64	213939.84	414150.31	420,825.05	467,171.63
	c Retail Banking	271,849.41	250758.45	67808.27	522607.86	122,690.87	415,513.27
	d Other Banking Business	5,945.39	884.57	282.36	6829.96	555.89	2,105.82
	e Unallocated	(14.07)	1.33	21.98	(12.74)	3,140.05	3,486.42
	Total Segment Revenue	823367.79	787460.10	498546.10	1610827.89	989450.92	1543545.39
	Add/(Less) : Inter Segment Revenue	(377941.56)	(369741.83)	(246609.44)	(747683.39)	(479818.03)	(237927.48)
	Income from Operations	445426.23	417718.27	251936.66	863144.50	509632.89	1305617.90
2	Segment Results After Provisions & Before Tax						
	a Treasury	11864.06	(89961.66)	(27435.55)	(78097.60)	(11103.86)	(14809.70)
	b Wholesale Banking	30630.10	19151.38	(1078.27)	49781.48	21514.94	53286.89
	c Retail Banking	(30477.66)	(18448.90)	(16498.76)	(48926.56)	(29065.24)	(36973.08)
	d Other Banking Business	5,373.69	255.51	(27.22)	5629.20	(93.67)	746.61
	e Unallocated	(6950.15)	(6485.48)	(9494.39)	(13435.63)	(12697.20)	(323207.82)
	Total Profit Before Tax and Earnings from Associates	10440.04	(95489.15)	(54534.19)	(85049.11)	(31445.03)	(320957.10)
3	Segment Assets						
	a Treasury	7210051.54	7307222.16	6576958.68	7210051.54	6576958.68	7239467.97
	b Wholesale Banking	3682841.86	4245811.04	4369469.70	3682841.86	4369469.70	4555751.24
	c Retail Banking	5133733.99	4897253.71	1142849.25	5133733.99	1142849.25	4508142.94
	d Other Banking Business	73.54	20.88	83.87	73.54	83.87	748.92
	e Unallocated	343553.49	412582.32	227071.84	343553.49	227071.84	405782.32
	Total Segment Assets	16370254.42	16862890.11	12316433.34	16370254.42	12316433.34	16709893.39
4	Segment Liabilities						
	a Treasury	7743752.34	10187288.26	6989533.83	7743752.34	6989533.83	6251595.81
	b Wholesale Banking	4468619.74	3041396.63	2878069.41	4468619.74	2878069.41	4344210.07
	c Retail Banking	2443089.14	1854042.96	955920.48	2443089.14	955920.48	4270051.53
	d Other Banking Business	5286.71	-	621.75	5286.71	621.75	957.98
	e Unallocated	18022.90	21112.48	12177.40	18022.90	12177.40	23141.62
	Total Segment Liabilities	14678770.84	15103840.33	10836322.87	14678770.83	10836322.87	14889957.01
5	Capital Employed (Segment Assets - Segment Liabilities)	1691483.58	1759049.78	1480110.47	1691483.59	1480110.47	1819936.38

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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Notes:

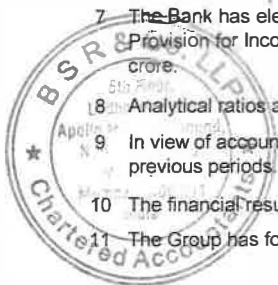
1 Statement of Assets and Liabilities of the Group as at September 30, 2019 is given below :

Particulars	(₹ in lakhs)		
	As at 30.09.2019 (refer note 9)	As at 30.09.2018 (refer note 10)	As at 31.03.2019
	(Unaudited)	(Unaudited)	(Audited)
CAPITAL AND LIABILITIES			
Capital (refer note 6)	478276.59	340441.25	478167.64
Reserves and surplus	1213207.00	1139669.22	1341768.74
Deposits	6923501.75	4825103.60	7035359.07
Borrowings	6866468.91	5287461.12	6998339.02
Other liabilities and provisions	888800.17	723758.15	856258.92
TOTAL	16370254.42	12316433.34	16709893.39
ASSETS			
Cash and balances with Reserve Bank of India	525465.45	369231.24	410093.21
Balances with banks and money at call and short notice	141443.84	177268.33	542522.13
Investments	5863950.83	5260244.56	5824522.91
Advances	8590829.89	5386802.54	8630228.59
Fixed Assets	101348.99	82019.26	97404.09
Other Assets	1147215.42	1040867.41	1205122.46
TOTAL	16370254.42	12316433.34	16709893.39

- 2 The above 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 were reviewed by the Audit Committee and approved by the Board of Directors on October 24, 2019 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 and Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 in so far as they apply to banks, and the guidelines issued by the RBI.
- 4 The merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited with erstwhile IDFC Bank Limited ('IDFC - CFL Merger') has been accounted under the 'Purchase Method' as per Accounting Standard 14 on 'Accounting for Amalgamations' and as per the specific provisions of the scheme. Accordingly, net assets of erstwhile Capital First Limited and its subsidiaries aggregating to ₹ 2,752.98 crore as at appointed date has been recorded by the Bank at fair value as determined by an independent valuer. In view of the share swap ratio of 13.9:1, the Bank issued 137,71,09,057 equity shares as purchase consideration at fair value. The difference between the purchase consideration and fair value of net assets is represented by Goodwill on amalgamation of ₹ 2,390.53 crore and recorded accordingly.

Under Section 15 of the Banking Regulation Act 1949, banks are restricted from declaring dividend in the event a bank carries intangible assets such as goodwill on its Balance Sheet. Therefore, as a prudent measure, intangible assets acquired or arising on amalgamation had been fully amortised through profit and loss account in the year ended March 31, 2019. This accelerated amortisation charge to profit and loss account for the year ended March 31, 2019 of ₹ 2,599.35 crore was exceptional in nature and resulted in loss for the year.

- 5 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.
- 6 During the quarter and half year ended September 30, 2019, the holding company has issued 288750 and 1089464 equity shares respectively of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.
- 7 The Bank has 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 has recognised Provision for Income Tax for the quarter and half year ended September 30, 2019 and re-measured its Deferred tax assets/ liability basis the revised rate of 25.17% which resulted in one time tax impact of ₹ 750.50 crore.
- 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 In view of accounting for IDFC - CFL merger from appointed date of October 1, 2018, the figures of the quarter and half year ended September 30, 2019 are not comparable to the corresponding figures of the previous periods. The figures for the previous quarter/period have been regrouped wherever necessary in order to make them comparable.
- 10 The financial results for the quarter ended September 30, 2018 and for the half year ended September 30, 2018 are not reviewed / audited by the statutory auditors.
- 11 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, 2019.



12 Consolidated Cash Flow Statement for the half year ended September 30, 2019 is given below :

(₹ in lakhs)

Particulars	As at 30.09.2019	As at 30.09.2018	As at 31.03.2019
	(refer note 9)	(refer note 10)	
	(Unaudited)	(Unaudited)	(Audited)
A Cash flow from operating activities			
Profit before taxes	(85049.11)	(34079.38)	(323743.36)
Adjustments for :			
Depreciation on fixed assets	15707.20	9784.13	282031.69
Amortisation of premium on held to maturity investments	6668.77	6806.18	13354.69
Provision for/(release of) depreciation in value of investments	55742.73	25187.46	34624.40
Provision/(Write back) on advances	21446.34	(51370.27)	(7092.88)
Provision/(Write back) on standard assets	1503.59	(492.66)	372.15
Loss on sale of fixed assets (net)	16.35	153.14	119.29
Loss on sale of loans to Asset Reconsurction Companies	-	81368.30	81368.30
Bad debts including technical / prudential write off	56827.09	499.56	28661.87
Other provisions and contingencies	23292.02	5124.98	5253.80
Share in loss of associates	-	2634.35	2786.25
Adjustments for :			
Decrease in investments (excluding held to maturity investment and investment in subsidiary)	152675.42	937128.10	351449.87
Increase in advances	(38874.72)	(200811.32)	(751287.77)
Increase/(decrease) in deposits	(111857.32)	21159.46	2231414.92
Increase in other assets	(7142.96)	(280328.55)	(245522.59)
Increase in other liabilities and provisions	31037.68	146112.86	27233.42
Direct taxes paid (net of refunds)	(2008.72)	15297.02	5353.54
Net cash flow generated from / (used in) operating activities (A)	119984.36	684173.36	1736377.60
B Cash flow from investing activities			
Purchase of fixed assets	(19883.67)	(12144.95)	(27634.45)
Proceeds from sale of fixed assets	215.22	214.38	437.55
Increase in held to maturity investments	(254514.83)	(141558.85)	(109277.32)
Net cash flow generated used in investing activities (B)	(274183.28)	(153489.42)	(136474.22)
C Cash flow from financing activities			
Decrease in borrowings	(131870.11)	(441245.42)	(1190994.15)
Proceeds from issue of share capital (other than shares issued on amalgamation)	362.99	158.21	215.41
Payment of securities issue expenses	-	-	(473.88)
Payment of dividend (including dividend distribution tax)	-	(30778.78)	(30778.78)
Net cash flow generated used in financing activities (C)	(131507.12)	(471865.99)	(1222031.40)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(285706.04)	58817.95	377871.98
Cash and cash equivalents at the beginning of the year	952615.34	487681.62	487681.62
Cash and cash equivalents acquired on amalgamation	-	-	87061.74
Cash and cash equivalents at the end of the year	666909.30	546499.57	952615.34

In terms of our report attached



Date: October 24, 2019
Place: Mumbai

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



V. Vaidyanathan
Managing Director & Chief Executive Officer

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