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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
(formerly, IDFC Bank Limited)

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of IDFC FIRST Bank Limited (formerly, IDFC Bank Limited) (the 'Bank') 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'), except for the disclosures relating to "Pillar 3 under Basel III Capital Regulations", and those relating to "Leverage Ratio", "Liquidity Coverage Ratio" under Capital Adequacy and Liquidity Standards issued by Reserve Bank of India ('RBI') as have been disclosed on the Bank's website and in respect of which a link has been provided in the Note 8 to the Statement and have not been reviewed by us. This Statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company 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

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
(formerly, IDFC Bank Limited)

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.

4. The comparatives figures for the quarter ended 30 June 2019 and quarter and half year ended 30 September 2018 provided in Statement of Unaudited Standalone Financial Results were reviewed by the predecessor auditors, who have expressed an unmodified opinion on those Statement of Unaudited Standalone Financial Results vide their review report dated 24 July 2019 and 24 October 2018 respectively. The comparatives figures provided in Statement of Unaudited Standalone Financial Results for the year ended 31 March 2019 were audited by the predecessor auditors, who have expressed an unmodified opinion on those Statement of audited Standalone 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: 19046882AAAAGH6150

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 (Standalone)

(₹ 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
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Interest Earned (a)+(b)+(c)+(d)	401816.00	379311.86	233415.59	781127.86	465530.48	1194817.24
	(a) Interest/discount on advances/bills	288338.61	276662.11	134135.11	565000.72	259168.34	782553.75
	(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	311.35	2908.26	792.41	2318.68
	(d) Others	5970.51	4916.90	4224.83	10887.41	10950.71	19379.46
2	Other Income (refer note 6)	34895.90	31045.14	11931.91	65941.04	31804.09	85208.39
3	TOTAL INCOME (1+2)	436711.90	410357.00	245347.50	847068.90	497334.57	1280025.63
4	Interest Expended	265508.73	261865.32	188294.26	527374.05	371425.60	874908.34
5	Operating Expenses (i)+(ii)+(iii)	129451.12	116718.11	55183.32	246169.23	99827.10	328738.65
	(i) Employees cost	40437.16	36108.67	20974.71	76545.83	41130.44	111819.15
	(ii) Depreciation on bank's property	7340.11	7793.06	4908.90	15133.17	9453.99	21332.83
	(iii) Other operating expenses	81673.85	72816.38	29299.71	154490.23	49242.67	195586.67
6	TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)	394959.85	378583.43	243477.58	773543.28	471252.70	1203646.99
7	Operating Profit (3-6) (Profit before provisions and contingencies)	41752.05	31773.57	1869.92	73525.62	26081.87	76378.64
8	Provisions (other than tax) and Contingencies (Net)	31735.68	128075.68	60138.43	159811.36	63537.74	145962.61
9	Exceptional Items (refer note 4)	-	-	-	-	-	259934.67
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	10016.37	(96302.11)	(58268.51)	(86285.74)	(37455.87)	(329518.64)
11	Tax Expense (refer note 7)	77966.49	(34566.49)	(21300.00)	43400.00	(18642.16)	(135100.81)
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	(67950.12)	(61735.62)	(36968.51)	(129685.74)	(18813.71)	(194417.83)
13	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
14	Net Profit / (Loss) for the period (12-13)	(67950.12)	(61735.62)	(36968.51)	(129685.74)	(18813.71)	(194417.83)
15	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 5)	478276.59	478247.71	340441.25	478276.59	340441.25	478167.64
16	Reserves excluding Revaluation Reserves	-	-	-	-	-	1337758.50
17	Analytical Ratios						
	(i) Percentage of shares held by Government of India (refer note 5)	5.47%	5.47%	7.68%	5.47%	7.68%	5.47%
	(ii) Capital adequacy ratio (Basel III)	14.65%	14.01%	19.18%	14.65%	19.18%	15.47%
	(iii) Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 5)						
	- Basic (₹)	(1.42)	(1.29)	(1.09)	(2.71)	(0.55)	(4.75)
	- Diluted (₹)	(1.38)	(1.27)	(1.09)	(2.67)	(0.55)	(4.71)
	(iv) NPA ratios						
	(a) Amount of gross NPAs	230626.26	241856.25	89549.81	230626.26	89549.81	213604.28
	(b) Amount of net NPAs	101095.87	121513.22	32117.50	101095.87	32117.50	110662.76
	(c) % of gross NPAs to gross advances	2.62%	2.66%	1.63%	2.62%	1.63%	2.43%
	(d) % of net NPAs to net advances	1.17%	1.35%	0.59%	1.17%	0.59%	1.27%
	(v) Return on Assets (annualized)	(1.63%)	(1.47%)	(1.19%)	(1.57%)	(0.30%)	(1.20%)



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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 30.09.2019 (refer note 9)	Quarter ended 30.06.2019	Quarter ended 30.09.2018	Half year ended 30.09.2019 (refer note 9)	Half year ended 30.09.2018	Year ended 31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue						
	a Treasury	336183.39	331069.11	136000.41	667252.50	290161.84	655268.25
	b Wholesale Banking	209403.67	204746.64	110277.41	414150.31	216088.20	467171.63
	c Retail Banking	263135.08	243397.18	35380.94	506532.26	64754.94	389920.99
	d Other Banking Business	5945.39	884.57	282.36	6829.96	555.89	2105.82
	e Unallocated	(14.07)	1.33	6.02	(12.74)	3126.63	3486.42
	Total Segment Revenue	814653.46	780098.83	281947.14	1594752.29	574687.50	1517953.11
	Add/(Less) : Inter Segment Revenue	(377941.56)	(369741.83)	(36599.64)	(747683.39)	(77352.93)	(237927.48)
	Income from Operations	436711.90	410357.00	245347.50	847068.90	497334.57	1280025.63
2	Segment Results After Provisions & Before Tax						
	a Treasury	11864.06	(89961.66)	(23241.45)	(78097.60)	(6347.68)	(17595.95)
	b Wholesale Banking	30630.10	19151.38	(5498.39)	49781.48	15831.92	53286.89
	c Retail Banking	(30901.33)	(19261.86)	(14199.61)	(50163.19)	(22465.69)	(42748.37)
	d Other Banking Business	5373.69	255.51	41.83	5629.20	(1.63)	746.61
	e Unallocated	(6950.15)	(6485.48)	(15370.89)	(13435.63)	(24472.79)	(323207.82)
	Total Profit Before Tax	10016.37	(96302.11)	(58268.51)	(86285.74)	(37455.87)	(329518.64)
3	Segment Assets						
	a Treasury	7233067.17	7330237.79	6423803.87	7233067.17	6423803.87	7262483.59
	b Wholesale Banking	3682841.86	4245811.04	4365029.99	3682841.86	4365029.99	4555751.24
	c Retail Banking	5118399.27	4882649.60	1271848.54	5118399.27	1271848.54	4494344.46
	d Other Banking Business	73.54	20.88	774.67	73.54	774.67	748.92
	e Unallocated	343351.53	411764.69	264011.14	343351.53	264011.14	405157.94
	Total Segment Assets	16377733.37	16870484.00	12325468.21	16377733.37	12325468.21	16718486.15
4	Segment Liabilities						
	a Treasury	7743821.87	10187379.94	5418475.17	7743821.87	5418475.17	6251666.20
	b Wholesale Banking	4469138.43	3041838.54	4189363.44	4469138.43	4189363.44	4344524.56
	c Retail Banking	2454618.16	1865382.99	1224422.15	2454618.16	1224422.15	4281297.30
	d Other Banking Business	5289.52	-	212.99	5289.52	212.99	957.98
	e Unallocated	18262.00	21414.90	15398.52	18262.00	15398.52	24113.97
	Total Segment Liabilities	14691129.98	15116016.37	10847872.27	14691129.98	10847872.27	14902560.01
5	Capital Employed (Segment Assets - Segment Liabilities)	1686603.39	1754467.63	1477595.94	1686603.39	1477595.94	1815926.14

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 Bank as at September 30, 2019 is given below :

(₹ in lakhs)

Particulars	As at 30.09.2019 (refer note 9)	As at 30.09.2018	As at 31.03.2019
	(Unaudited)	(Unaudited)	(Audited)
CAPITAL AND LIABILITIES			
Capital (refer note 5)	478276.59	340441.25	478167.64
Reserves and surplus	1208326.80	1137154.69	1337758.50
Deposits	6932149.35	4835644.58	7047900.87
Borrowings	6866468.91	5287461.12	6998339.02
Other liabilities and provisions	892511.72	724766.57	856320.12
TOTAL	16377733.37	12325468.21	16718486.15
ASSETS			
Cash and balances with Reserve Bank of India	530066.11	372374.51	414953.14
Balances with banks and money at call and short notice	140717.54	176644.92	541724.56
Investments	5886966.45	5283260.19	5847538.54
Advances	8590829.89	5386802.54	8630228.59
Fixed Assets	98654.84	80051.70	95020.51
Other Assets	1130498.54	1026334.35	1189020.81
TOTAL	16377733.37	12325468.21	16718486.15

- 2 The above financial results for the quarter and half year ended September 30, 2019 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 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 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 During the quarter and half year ended September 30, 2019, the Bank 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.
- 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 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 In accordance with the RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on 'Basel III Capital Regulations' and the RBI circular DBR.No.BP.BC. 80/21/21.06.201/ 2014-15 dated March 31, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards Amendments', banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III framework. The Bank has made these disclosures on its website at the link : <http://www.idfcfirstbank.com/regulatory-disclosures.html>. These disclosures have not been subjected to audit or limited review by the Statutory Auditors of the Bank.
- 9 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 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, 2019.



11 Cash Flow Statement of the Bank for the half year ended September 30, 2019 is given below:

(₹ in lakhs)

	As at 30.09.2019	As at 30.09.2018	As at 31.03.2019
	(refer note 9)	(Unaudited)	(Audited)
	(Unaudited)	(Unaudited)	(Audited)
A Cash flow from operating activities			
Profit before taxes	(86285.74)	(37455.87)	(329518.64)
Adjustments for :			
Depreciation on fixed assets	15133.17	9453.99	281267.51
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	27821.80	37410.35
Provision/(Write back) on provision for advances	21446.34	(50870.27)	(7092.88)
Provision/(Write back) on Provision for standard assets	(1503.59)	(492.66)	372.15
Loss on sale of fixed assets (net)	30.23	157.21	122.57
Loss on sale of loans to ARC	-	81368.30	81368.30
Bad debts including technical / prudential write off (net of recoveries)	56827.09	499.56	28661.87
Other provisions and contingencies	23291.61	924.98	5243.88
Adjustments for working capital changes:			
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	(115751.52)	15824.33	2228080.61
Increase in other assets	(7040.20)	(277249.69)	(245437.29)
Increase in other liabilities and provisions	37695.19	146921.97	27595.30
Direct taxes paid (net of refunds)	(1129.14)	16415.31	7747.27
Net cash flow generated from/(used in) operating activities (A)	118925.64	676441.92	1729337.80
B Cash flow from investing activities			
Purchase of fixed assets	(18958.51)	(11454.51)	(26085.04)
Proceeds from sale of fixed assets	160.78	204.73	419.80
Increase in held to maturity investments	(254514.84)	(141558.84)	(109277.32)
Dividend from subsidiary	-	6696.00	6696.00
Net cash flow generated used in investing activities (B)	(273312.57)	(146112.62)	(128246.56)
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)	-	(29402.40)	(29402.40)
Net cash flow generated used in financing activities (C)	(131507.12)	(470489.61)	(1220655.02)
D Net increase/(decrease) in cash and cash equivalents (A+B+C)	(285894.05)	59839.69	380436.22
Cash and cash equivalents at the beginning of period	956677.70	489179.74	489179.74
Cash and cash equivalents acquired on amalgamation	-	-	87061.74
Cash and cash equivalents at the end of period	670783.65	549019.43	956677.70

In terms of our report attached



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



V. Vaidyanathan
Managing Director & Chief Executive Officer

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