

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF IDFC FIRST BANK LIMITED (formerly, IDFC BANK LIMITED)

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **IDFC FIRST BANK LIMITED (formerly, IDFC BANK LIMITED)** ("the Parent/the Bank") and its subsidiary (the Bank and its subsidiary together referred to as "the Group"), and its share of the net loss after tax of its associate for the quarter ended 30 June 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 Pillar 3 disclosures, 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 to the Statement and have not been reviewed by us.
2. This Statement, which is the responsibility of the Bank's Management and approved by the Bank's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Accounting Standard 25 "Interim Financial Reporting" ("AS 25"), prescribed under Section 133 of the Companies Act, 2013, the relevant provisions of the Banking Regulations 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 (ICAI). A review of interim financial information consists of making inquiries, primarily of Bank's personnel 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 specified under Section 143(10) of the Companies Act, 2013 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.

Attention is drawn to Note 8 to the Statement which states that the consolidated figures for the corresponding quarter ended 31 March 2019 and 30 June 2018, as reported in the accompanying Statement have been approved by the Bank's Board of Directors, but have not been subjected to review.



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4. The Statement includes the results of the following entities:
Subsidiary: IDFC FIRST Bharat Limited (formerly, IDFC Bharat Limited)
Associate: Millennium City Expressways 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 reports of the other auditors referred to in paragraph 6 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 Pillar 3 disclosures, 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 to 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 consolidated unaudited financial results, whose interim financial financial results reflect total revenues of Rs. 7487.22 lakhs and total net profit after tax of Rs. 571.88 lakhs for the quarter ended 30 June 2019, as considered in the Statement. 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 this subsidiary, 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 this matter.
7. The consolidated unaudited financial results also includes the Group's share of loss after tax of nil for the quarter ended 30 June 2019, as considered in the Statement, in respect of one associate based on its interim financial results which have not been reviewed by their auditors. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group.

Our Conclusion on the Statement is not modified in respect of our reliance on the interim financial results certified by the Management.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)



Pallavi A. Gorakshakar
Partner
(Membership No. 105035)

UDIN: 19105035AAAADM5926



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 ended June 30, 2019 (Consolidated)

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 30.06.2019 (refer note 7)	Quarter ended 31.03.2019 (refer note 8)	Quarter ended 30.06.2018 (refer note 8)	Year ended 31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Interest Earned (a)+(b)+(c)+(d)	386571.21	369744.83	237820.35	1220401.64
	(a) Interest / discount on advances / bills	283911.23	267034.21	130730.83	808097.57
	(b) Income on investments	96084.28	98251.45	99874.72	390565.35
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	1648.57	834.33	481.06	2318.68
	(d) Others	4927.13	3624.84	6733.74	19420.04
2	Other Income	31147.06	27337.15	19875.88	85216.26
3	TOTAL INCOME (1+2)	417718.27	397081.98	257696.23	1305617.90
4	Interest Expended	261739.37	251467.58	182913.59	874324.14
5	Operating Expenses (i) + (ii) + (iii)	123391.96	120742.99	49019.93	349128.91
	(i) Employees cost	41385.14	39390.10	23598.07	127937.48
	(ii) Depreciation on group's property	8058.61	6313.27	4690.42	22097.02
	(iii) Other operating expenses	73948.21	75039.62	20731.44	199094.41
6	TOTAL EXPENDITURE (4+5) (Excluding Provisions and Contingencies)	385131.33	372210.57	231933.52	1223453.05
7	Operating Profit (3-6) (Profit Before Provisions and Contingencies)	32586.94	24871.41	25762.71	82164.85
8	Provisions (other than tax) and Contingencies (Net)	128076.09	65542.37	2673.55	143187.28
9	Exceptional Items (refer note 3)	-	-	-	259934.67
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	(95489.15)	(40670.96)	23089.16	(320957.10)
11	Tax Expense	(34325.43)	(19458.07)	3204.10	(132955.37)
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	(61163.72)	(21212.89)	19885.06	(188001.73)
13	Extraordinary Items (Net of tax expense)	-	-	-	-
14	Net Profit / (Loss) for the period (12-13)	(61163.72)	(21212.89)	19885.06	(188001.73)
15	Share in loss of Associate	-	-	(725.76)	(2786.25)
16	Consolidated Net Profit / (Loss) for the period (14+15)	(61163.72)	(21212.89)	19159.30	(190787.98)
17	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 5)	478247.71	478167.64	340410.71	478167.64
18	Reserves excluding Revaluation Reserves				1341768.74
19	Analytical Ratios (refer note 6)				
	Earnings per share (EPS) for the period (before and after extraordinary items)				
	- Basic (₹)	(1.28)	(0.44)	0.56	(4.66)
	- Diluted (₹)	(1.26)	(0.44)	0.56	(4.63)



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	Quarter ended	Quarter ended	Year ended
		30.06.2019 (refer note 7)	31.03.2019 (refer note 8)	30.06.2018 (refer note 8)	31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue				
	a Treasury	331069.11	310493.36	225745.41	991311.19
	b Wholesale Banking	204746.64	203565.22	206885.21	885724.07
	c Retail Banking	250758.45	230473.56	54882.60	586937.33
	d Other Banking Business	884.57	862.11	273.53	2105.82
	e Unallocated	1.33	278.79	3118.07	3365.17
	Total Segment Revenue	787460.10	745673.04	490904.82	2469443.58
	Add/(Less) : Inter Segment Revenue	(369741.83)	(348591.06)	(233208.59)	(1163825.68)
	Income from Operations	417718.27	397081.98	257696.23	1305617.90
2	Segment Results After Provisions & Before Tax				
	a Treasury	(89961.66)	(18930.02)	16331.69	(7289.05)
	b Wholesale Banking	19151.38	(3416.57)	22593.21	40365.66
	c Retail Banking	(18448.90)	(11407.07)	(12566.48)	(54516.83)
	d Other Banking Business	255.51	490.04	(66.45)	746.61
	e Unallocated	(6485.48)	(7407.34)	(3202.81)	(300263.49)
	Total Profit Before Tax and Earnings from Associates	(95489.15)	(40670.96)	23089.16	(320957.10)
3	Segment Assets				
	a Treasury	7307222.16	7495936.74	6632757.29	7495936.74
	b Wholesale Banking	4245811.04	4371279.52	4471163.18	4371279.52
	c Retail Banking	4897253.71	4470197.94	970017.60	4470197.94
	d Other Banking Business	20.88	22.86	23.78	22.86
	e Unallocated	412582.32	372456.33	211470.13	372456.33
	Total Segment Assets	16862890.11	16709893.39	12285431.98	16709893.39
4	Segment Liabilities				
	a Treasury	10187288.26	10431149.08	7312595.99	10431149.08
	b Wholesale Banking	3041396.63	2947349.17	2685329.80	2947349.17
	c Retail Banking	1854042.96	1486321.68	728862.14	1486321.68
	d Other Banking Business	-	-	-	-
	e Unallocated	21112.48	25137.08	12059.06	25137.08
	Total Segment Liabilities	15103840.33	14889957.01	10738846.99	14889957.01
5	Capital Employed (Segment Assets - Segment Liabilities)	1759049.78	1819936.38	1546584.99	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.



Notes:

- 1 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 July 24, 2019.
- 2 The consolidated 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.
- 3 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.

- 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, 2019, the holding company has issued 8,00,714 equity shares of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.
- 6 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).
- 7 In view of accounting for IDFC - CFL merger from appointed date of October 1, 2018, the figures of the quarter ended June 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.
- 8 The figures for the quarter ended March 31, 2019 are the balancing figures between audited figures for the full financial year and the unaudited figures upto December 31, 2018. The financial results for the quarter ended June 30, 2018 and for the period ended December 31, 2018 are not reviewed / audited by the statutory auditors.
- 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, 2019.

In terms of our report attached



Date: July 24, 2019
Place: Chennai

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


V. Vaidyanathan
Managing Director & CEO



