

IDFCBANK/SD/SE/96/2018-19

October 24, 2018

The Manager - Listing Department
National Stock Exchange of India Limited
Bandra Kurla Complex, Bandra (East)
Mumbai - 400 051
NSE Scrip Code: IDFCBANK

The Manager - Listing Department
BSE Limited
1st Floor, P.J. Towers, Dalal Street,
Mumbai - 400 001
BSE Scrip Code: 539437

Dear Sirs,

Sub: IDFC Bank Limited - Outcome of Board Meeting

Please find enclosed a copy of the Unaudited Financial Results (subjected to limited review by Statutory Auditors) of IDFC Bank Limited for the quarter and half year ended September 30, 2018, reviewed by the Audit Committee on October 23, 2018 and approved by the Board of Directors on October 24, 2018, together with a copy of the Limited Review Report issued by the Statutory Auditors of the Bank, Deloitte Haskins & Sells, Chartered Accountants on the aforesaid Unaudited Financial Results.

The Board Meeting commenced at 3.00 p.m. and concluded at 7.00 p.m.

Kindly take note of the same.

Thanking you,

Yours faithfully,

For IDFC Bank Limited



Mahendra N. Shah
Group Company Secretary &
Group Compliance Officer

Encl.: As above

INDEPENDENT AUDITORS' REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF IDFC BANK LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **IDFC BANK LIMITED** (the "Bank") for the Quarter and Half year ended 30 September 2018 (the "Statement"), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except for the matters in Note 11 to the Statement.
2. This Statement, which is the responsibility of the Bank's Management and approved by the Board of Directors, has been prepared in accordance with the accounting principles generally accepted in India along with the recognition and measurement principles laid down in Accounting Standard 25 for "Interim Financial Reporting" ("AS 25"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, in so far as they apply to banks, and circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time. Our responsibility is to issue a report 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. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Bank's 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.
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Accounting Standard, along with the other accounting principles generally accepted in India, in so far as they apply to banks, and circulars and guidelines issued by the RBI from time to time, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement or have not been prepared in accordance with the relevant prudential norms issued by the RBI in respect of income recognition, asset classification, provisioning and other related matters.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 117365W)



P. R. Ramesh
Partner

(Membership No. 70928)



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, 2018 (Standalone)

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended	Quarter ended	Quarter ended	Half year ended	Half year ended	Year ended
		30.09.2018	30.06.2018	30.09.2017	30.09.2018	30.09.2017	31.03.2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Interest Earned (a) + (b) + (c) + (d)	233415.59	232114.89	221983.79	465530.48	436498.36	893000.46
	(a) Interest / discount on advances / bills	134135.11	125033.23	121115.13	259168.34	235983.63	472294.52
	(b) Income on investments	94744.30	99874.72	97340.99	194619.02	194562.70	404130.69
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	311.35	481.06	114.46	792.41	239.24	827.41
	(d) Others	4224.83	6725.88	3413.21	10950.71	5712.79	15747.84
2	Other Income (refer note 5)	11931.91	19872.18	14522.55	31804.09	79405.96	111789.27
3	TOTAL INCOME (1+2)	245347.50	251987.07	236506.34	497334.57	515904.32	1004789.73
4	Interest Expended	188294.26	183131.34	175795.60	371425.60	351508.24	713190.74
5	Operating Expenses (i) + (ii) + (iii)	55183.32	44643.78	36231.70	99827.10	75167.81	165259.43
	(i) Employees cost	20974.71	20155.73	15801.55	41130.44	32342.63	67597.49
	(ii) Depreciation on bank's property	4908.90	4545.09	4016.90	9453.99	7934.47	16348.49
	(iii) Other operating expenses	29299.71	19942.96	16413.25	49242.67	34890.71	81313.45
6	TOTAL EXPENDITURE (4+5) (Excluding Provisions and Contingencies)	243477.58	227775.12	212027.30	471252.70	426676.05	878450.17
7	Operating Profit (3-6) (Profit Before Provisions and Contingencies)	1869.92	24211.95	24479.04	26081.87	89228.27	126339.56
8	Provisions (other than tax) and Contingencies (Net) (refer note 6)	60138.43	3399.31	(10037.26)	63537.74	(11497.20)	23609.57
9	Exceptional Items	-	-	-	-	-	-
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	(58268.51)	20812.64	34516.30	(37455.87)	100725.47	102729.99
11	Tax Expense (refer note 7)	(21300.00)	2657.84	11150.00	(18642.16)	33600.00	16799.66
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	(36968.51)	18154.80	23366.30	(18813.71)	67125.47	85930.33
13	Extraordinary Items (Net of tax expense)	-	-	-	-	-	-
14	Net Profit / (Loss) for the period (12-13)	(36968.51)	18154.80	23366.30	(18813.71)	67125.47	85930.33
15	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 9)	340441.25	340410.71	340188.26	340441.25	340188.26	340407.49
16	Reserves excluding Revaluation Reserves	-	-	-	-	-	1185246.35
17	Analytical Ratios						
	(i) Percentage of shares held by Government of India	7.68%	7.68%	7.68%	7.68%	7.68%	7.68%
	(ii) Capital adequacy ratio (Basel III)	19.18%	19.25%	19.32%	19.18%	19.32%	18.00%
	(iii) Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 9)						
	- Basic (₹)	(1.09)	0.53	0.69	(0.55)	1.97	2.53
	- Diluted (₹)	(1.09)	0.53	0.68	(0.55)	1.97	2.52
	(iv) NPA ratios (refer note 10)						
	(a) Amount of gross NPAs	89549.81	177447.20	200153.92	89549.81	200153.92	177906.20
	(b) Amount of net NPAs	32117.50	88108.43	80498.84	32117.50	80498.84	89115.77
	(c) % of gross NPAs to gross advances	1.63%	3.24%	3.92%	1.63%	3.92%	3.31%
	(d) % of net NPAs to net advances	0.59%	1.63%	1.61%	0.59%	1.61%	1.69%
	(v) Return on assets (annualized)	(1.19%)	0.58%	0.78%	(0.30%)	1.15%	0.72%



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 30.09.2018	Quarter ended 30.06.2018	Quarter ended 30.09.2017	Half year ended 30.09.2018	Half year ended 30.09.2017	Year ended 31.03.2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue						
	a Treasury	136000.41	154161.43	146682.06	290161.84	343625.84	648677.46
	b Wholesale Banking	110277.41	105810.79	113396.81	216088.20	227744.95	435858.18
	c Retail Banking	35380.94	29374.00	16695.42	64754.94	30254.47	78846.04
	d Other Banking Business	282.36	273.53	78.69	555.89	236.20	803.63
	e Unallocated	6.02	3120.61	130.09	3126.63	177.32	4117.58
	Total Segment Revenue	281947.14	292740.36	276983.07	574687.50	602038.78	1168302.89
	Add/(Less) : Inter Segment Revenue	(36599.64)	(40753.29)	(40476.73)	(77352.93)	(86134.46)	(163513.16)
	Income from Operations	245347.50	251987.07	236506.34	497334.57	515904.32	1004789.73
2	Segment Results After Provisions & Before Tax						
	a Treasury	(23241.45)	16893.77	22887.06	(6347.68)	80281.29	104881.81
	b Wholesale Banking	(5498.39)	21330.31	28977.98	15831.92	58880.58	83475.94
	c Retail Banking	(14199.61)	(8266.08)	(5445.43)	(22465.69)	(13429.89)	(33569.31)
	d Other Banking Business	41.83	(43.46)	(155.87)	(1.63)	(234.99)	(211.36)
	e Unallocated	(15370.89)	(9101.90)	(11747.44)	(24472.79)	(24771.52)	(51847.09)
	Total Profit Before Tax	(58268.51)	20812.64	34516.30	(37455.87)	100725.47	102729.99
3	Segment Assets						
	a Treasury	6423803.87	6507945.28	6686116.45	6423803.87	6686116.45	6947360.77
	b Wholesale Banking	4365029.99	4485943.93	4478447.45	4365029.99	4478447.45	4532599.05
	c Retail Banking	1271848.54	1058480.73	602499.57	1271848.54	602499.57	913955.02
	d Other Banking Business	774.67	766.09	181.83	774.67	181.83	709.11
	e Unallocated	264011.14	248932.92	227979.07	264011.14	227979.07	257393.93
	Total Segment Assets	12325468.21	12302068.95	11995224.37	12325468.21	11995224.37	12652017.88
4	Segment Liabilities						
	a Treasury	5418475.17	5433230.98	5689440.87	5418475.17	5689440.87	5891889.51
	b Wholesale Banking	4189363.44	4301909.77	4240563.14	4189363.44	4240563.14	4345150.20
	c Retail Banking	1224422.15	1010591.48	547090.66	1224422.15	547090.66	876006.93
	d Other Banking Business	212.99	254.82	234.99	212.99	234.99	211.36
	e Unallocated	15398.52	12258.21	12306.71	15398.52	12306.71	13106.04
	Total Segment Liabilities	10847872.27	10758245.26	10489636.37	10847872.27	10489636.37	11126364.04
5	Capital Employed (Segment Assets - Segment Liabilities)	1477595.94	1543823.69	1505588.00	1477595.94	1505588.00	1525653.84

Business segments have been identified and reported taking into account the target customer profile, the nature of products, the organisation structure, internal business reporting system and the guidelines prescribed by the Reserve Bank of India (the RBI).



Notes:

- 1 Statement of Assets and Liabilities of the Bank as at September 30, 2018 is given below :

Particulars	(₹ in lakhs)		
	As at 30.09.2018 (Unaudited)	As at 30.09.2017 (Unaudited)	As at 31.03.2018 (Audited)
CAPITAL AND LIABILITIES			
Capital	340441.25	340188.26	340407.49
Reserves and surplus (refer note 8)	1137154.69	1165399.74	1185246.35
Deposits	4835644.58	3888984.08	4819820.25
Borrowings	5287461.12	5994406.77	5728706.54
Other liabilities and provisions	724766.57	606245.52	577837.25
TOTAL	12325468.21	11995224.37	12652017.88
ASSETS			
Cash and balances with Reserve Bank of India	372374.51	277197.50	305085.56
Balances with banks and money at call and short notice	176644.92	230221.54	184094.18
Investments	5283260.19	5965528.10	6120153.42
Advances	5386802.54	4882966.78	5216488.81
Fixed Assets	80051.70	78807.59	78413.07
Other Assets	1026334.35	560502.86	747782.84
TOTAL	12325468.21	11995224.37	12652017.88

- 2 The above financial results for the quarter and half year ended September 30, 2018 were reviewed by the Audit Committee on October 23, 2018 and approved by the Board of Directors on October 24, 2018 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 the key applications largely integrated with the core banking solutions and general ledger system. Accordingly, branch returns are not required to be submitted.
- 4 On January 13, 2018, the Board of Directors of the Bank approved a merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited & Capital First Securities Limited with the Bank in an all-stock transaction through a Composite Scheme of Arrangement, subject to approvals of the Reserve Bank of India (RBI), the Competition Commission of India (CCI), the Securities and Exchange Board of India (SEBI) / Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal (NCLT). The appointed date for the transaction is proposed to be April 1, 2018 or mutually agreed date and the effective date shall be based on the receipt of the aforesaid approvals. In view of the pending approvals from NCLT, the proposed transaction however does not have any impact on the current financial results or the financial position of the Bank as at September 30, 2018.
- 5 "Other Income" includes non-fund based income such as commission, fees, earnings from foreign exchange and derivative transactions and profit / (loss) from sale of investments.
- 6 (a) In accordance with RBI circular DBR.No.BP.BC.113/21.04.048/2017-18 dated June 15, 2018, the Bank had exercised the option in Q1 FY 2019 to spread MTM loss on investment in Available For Sale (AFS) and Held For Trading (HFT) portfolio equally over four quarters. Accordingly, the Bank has provided for MTM loss of ₹ 19.80 crore for the quarter ended September 30, 2018 and MTM loss of ₹ 39.60 crore will be spread over remaining two quarters of the current financial year.
- (b) Of the total provisions of ₹ 601.38 crore in Q2 FY 2019, provision of ₹ 344.48 crore is due to reclassifications as per regulatory provisioning norms, ₹ 197.13 crore is provision against investments including mark to market provisions in accordance with RBI guidelines.
- 7 During the quarter ended June 30, 2018, the Bank received income tax orders relating to matter under appeal resulting in write-back of tax provision for earlier years of ₹ 12.42 crore.
- 8 In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, proposed dividend including dividend distribution tax was not recognised as a liability as on March 31, 2018. During the quarter ended September 30, 2018, the bank has paid and accounted for dividend (including dividend distribution tax) of ₹ 294.02 crore as appropriation.
- 9 During the quarter and half year ended September 30, 2018, the Bank has issued 305475 and 337642 equity shares respectively of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.

- 10 The disclosures for NPA referred to in point 17(iv) above correspond to non performing advances.
- 11 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.idfcbank.com/regulatory-disclosures.html>. These disclosures have not been subjected to audit or limited review by the Statutory Auditors of the Bank.
- 12 The Bank has followed the same significant accounting policies in the preparation of these financial results as those followed in the annual financial statements for the year ended March 31, 2018.
- 13 The figures for the previous quarter / period have been regrouped wherever necessary, in order to make them comparable.



Date: October 24, 2018
Place: Mumbai

For and behalf of the Board
of IDFC Bank Limited

Rajiv B. Lall
Founder Managing Director & CEO