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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 profit after tax of its associates for the quarter ended 31 December 2019 and year to date results for the period from 1 April 2019 to 31 December 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 31 December 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 4 to the Statement and have not been reviewed by us. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 31 December 2018 and the corresponding period from 1 April 2018 to 31 December 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 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 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

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)

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 6 below and based on our assessment of the Financial Results/ financial information certified by the Board of Directors as stated in paragraph 7 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 31 December 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 4 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 revenues of Rs. 9,982 lakh and Rs. 26,282 lakh and total net profit after tax of Rs 583 lakh and Rs. 1,340 lakh for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the consolidated unaudited financial results. These interim financial results have been reviewed by other auditors whose report has 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 report 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 matters.
7. The Statement also includes the Group's share of net profit/ (loss) after tax of Rs. Nil and Rs. Nil for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the consolidated unaudited financial results, in respect of one associate, based on their interim financial results which have not been reviewed/ audited. 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 the above matter.

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)

8. 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 Statement of Unaudited consolidated 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: 046882

UDIN: 20046882AAAAAN3070

Mumbai
29 January 2020



**IDFC FIRST
Bank**

IDFC FIRST 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 nine months ended December 31, 2019 (Consolidated)							(₹ in lakhs)	
Sr. No.	Particulars	Quarter ended 31.12.2019 (Unaudited)	Quarter ended 30.09.2019 (Unaudited)	Quarter ended 31.12.2018 (refer note 9)	Nine months ended 31.12.2019 (refer note 8)	Nine months ended 31.12.2018 (refer note 9)	Year ended 31.03.2019 (Audited)	
1	Interest Earned (a)+(b)+(c)+(d)	419905.61	410606.60	372837.96	1217083.42	850656.81	1220401.64	
	(a) Interest/discount on advances/bills	308238.70	297119.99	269623.51	889269.92	541063.36	808097.57	
	(b) Income on investments	102868.42	106247.19	97694.88	305199.89	292313.90	390565.35	
	(c) Interest on balances with Reserve Bank of India and other inter-bank funds	605.96	1259.69	691.87	3514.22	1484.35	2318.68	
	(d) Others	8192.53	5979.73	4827.70	19099.39	15795.20	19420.04	
2	Other Income	57915.38	34819.63	26065.07	123882.07	57879.11	85216.26	
3	TOTAL INCOME (1+2)	477820.99	445426.23	398903.03	1340965.49	908535.92	1305617.90	
4	Interest Expended	256513.69	265400.46	251767.06	783653.52	622856.56	874324.14	
5	Operating Expenses (i) + (ii) + (iii)	152185.22	137850.05	119300.89	413427.23	228385.92	349128.91	
	(i) Employees cost	46865.75	47269.67	40023.75	135520.56	88547.38	127937.48	
	(ii) Depreciation on group's property	8288.78	7648.59	5999.62	23995.98	15783.75	22097.02	
	(iii) Other operating expenses	97030.69	82931.79	73277.52	253910.69	124054.79	199094.41	
6	TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)	408698.91	403250.51	371067.95	1197080.75	851242.48	1223453.05	
7	Operating Profit (3-6) (Profit before provisions and contingencies)	69122.08	42175.72	27835.08	143884.74	57293.44	82164.85	
8	Provisions (other than tax) and Contingencies (Net)	230475.60	31735.68	16741.52	390287.37	77644.91	143187.28	
9	Exceptional Items (refer note 3)	-	-	259934.67	-	259934.67	259934.67	
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	(161353.52)	10440.04	(248841.11)	(246402.63)	(280286.14)	(320957.10)	
11	Tax Expense (refer note 6)	1806.16	78092.13	(96097.51)	45572.86	(113497.30)	(132955.37)	
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	(163159.68)	(67652.09)	(152743.60)	(291975.49)	(166788.84)	(188001.73)	
13	Extraordinary Items (net of tax expense)	-	-	-	-	-	-	
14	Net Profit / (Loss) for the period (12-13)	(163159.68)	(67652.09)	(152743.60)	(291975.49)	(166788.84)	(188001.73)	
15	Share in loss of Associate	-	-	(151.90)	-	(2786.25)	(2786.25)	
16	Consolidated Net Profit / (Loss) for the period (14+15)	(163159.68)	(67652.09)	(152895.50)	(291975.49)	(169575.09)	(190787.98)	
17	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 5)	478945.80	478276.59	340441.25	478945.80	340441.25	478167.64	
18	Reserves excluding Revaluation Reserves	-	-	-	-	-	1341768.74	
19	Analytical Ratios (refer note 7)							
	Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 5)	(3.41)	(1.41)	(3.20)	(6.10)	(4.39)	(4.66)	
	Basic (₹)	(3.36)	(1.37)	(3.16)	(6.02)	(4.36)	(4.63)	
	Diluted (₹)							





**IDFC FIRST
Bank**

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 31.12.2019	Quarter ended 30.09.2019	Quarter ended 31.12.2018 (refer note 9)	Nine months ended 31.12.2019 (refer note 8)	Nine months ended 31.12.2018 (refer note 9)	Year ended 31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue						
	a Treasury	331431.89	336183.39	183847.23	998684.39	474009.07	655268.25
	b Wholesale Banking	198937.28	209403.67	126461.41	613087.59	342549.61	467171.63
	c Retail Banking	317577.13	271849.41	168603.03	840184.99	245656.29	415513.27
	d Other Banking Business	4988.92	5945.39	687.82	11818.88	1243.71	2105.82
	e Unallocated	3987.98	(14.07)	84.51	3975.24	3211.14	3486.42
	Total Segment Revenue	856923.20	823367.79	479684.00	2467751.09	1066669.82	1543545.39
	Add/(Less) : Inter Segment Revenue	(379102.21)	(377941.56)	(80780.97)	(1126785.60)	(158133.90)	(237927.48)
	Income from Operations	477820.99	445426.23	398903.03	1340965.49	908535.92	1305617.90
2	Segment Results After Provisions & Before Tax						
	a Treasury	(81998.73)	11864.06	11223.46	(160096.33)	7510.13	(14809.70)
	b Wholesale Banking	(55756.18)	30630.10	21302.27	(5974.70)	37134.19	53286.89
	c Retail Banking	(11953.90)	(30477.66)	(4792.03)	(60880.46)	(23881.23)	(36973.08)
	d Other Banking Business	(5305.13)	5373.69	258.20	324.07	256.57	746.61
	e Unallocated	(6339.58)	(6950.15)	(276833.01)	(19775.21)	(301305.80)	(323207.82)
	Total Profit Before Tax and Earnings from Associates	(161353.52)	10440.04	(248841.11)	(246402.63)	(280286.14)	(320957.10)
3	Segment Assets						
	a Treasury	6815230.68	7210051.54	6508167.60	6815230.68	6508167.60	7239467.97
	b Wholesale Banking	3296404.25	3682841.86	4624592.99	3296404.25	4624592.99	4555751.24
	c Retail Banking	5600227.89	5133733.99	4144089.31	5600227.89	4144089.31	4508142.94
	d Other Banking Business	6198.02	73.54	792.21	6198.02	792.21	748.92
	e Unallocated	347094.21	343553.49	379730.62	347094.21	379730.62	405782.32
	Total Segment Assets	16065155.05	16370254.42	15657372.73	16065155.05	15657372.73	16709893.39
4	Segment Liabilities						
	a Treasury	7335217.93	7743752.34	5560538.56	7335217.93	5560538.56	6251595.81
	b Wholesale Banking	3999830.37	4468619.74	4367718.05	3999830.37	4367718.05	4344210.07
	c Retail Banking	3157732.79	2443089.14	3896107.28	3157732.79	3896107.28	4270051.53
	d Other Banking Business	9844.51	5286.71	467.94	9844.51	467.94	957.98
	e Unallocated	32920.24	18022.90	20537.17	32920.24	20537.17	23141.62
	Total Segment Liabilities	14535545.84	14678770.84	13845369.00	14535545.84	13845369.00	14889957.01
5	Capital Employed (Segment Assets - Segment Liabilities)	1529609.21	1691483.58	1812003.73	1529609.21	1812003.73	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.



(Signature)





Notes:

- 1 The above financial 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 for the quarter and nine months ended December 31, 2019 were reviewed by the Audit Committee and approved by the Board of Directors on January 29, 2020 and have been subjected to a 'Limited Review' by the Statutory Auditors.
- 2 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.
- 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') was 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 were 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 and corresponding quarter.
- 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 and nine months ended December 31, 2019, the holding company has issued 6692160 and 7781624 equity shares respectively of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.
- 6 During the quarter ended December 31, 2019, the Bank received favourable income tax orders relating to matter under scrutiny by tax department, which has resulted in net write-back of tax provision for earlier years of ₹11.15 crore. Further during period ended September 30, 2019 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 for the quarter 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.
- 7 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).
- 8 In view of accounting for IDFC - CFL merger from appointed date of October 1, 2018, the figures of the nine months ended December 31, 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.
- 9 The financial results for the quarter ended December 31, 2018 and for the nine months ended December 31, 2018 are not reviewed / audited by the statutory auditors.
- 10 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: January 29, 2020
Place: Mumbai

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

V. Vaidyanathan
Managing Director & Chief Executive Officer