

IDFCFIRSTBANK/SD/SE/145/2018-19

February 05, 2019

The Manager-Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051.
Tel No.: 022 – 2659 8237/ 38
NSE - Symbol – IDFCFIRSTB

The Manager-Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001.
Tel No.: 022 – 2272 2039/ 37/3121
BSE- Scrip Code: 539437

Sub.: IDFC FIRST Bank Limited - Outcome of the Board Meeting held on February 05, 2019

Dear Sir / Madam,

Pursuant to Regulation 33 and any other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of the Unaudited Financial Results (subjected to limited review by Statutory Auditors) of IDFC FIRST Bank Limited for the quarter and nine months ended December 31, 2018, *inter – alia* considered and approved by the Board of Directors at its meeting held on February 05, 2019, 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.

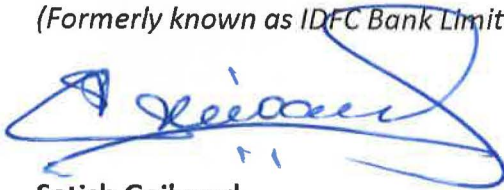
The meeting of the Board of Directors of Bank commenced at 02:00 p.m. and concluded at 06.30 p.m.

Please take the above on record and acknowledge receipt of the same.

Thanking you,

Yours faithfully,

For IDFC FIRST Bank Limited
(Formerly known as IDFC Bank Limited)



Satish Gaikwad
Company Secretary
Encl.: as above



INDEPENDENT AUDITORS' REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

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

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **IDFC FIRST BANK LIMITED (formerly, IDFC BANK LIMITED)** (the "Bank") for the Quarter and Nine Months ended December 31, 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 has 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.



**Deloitte
Haskins & Sells**

5. The audit of special purpose financial information of Capital First Limited and its subsidiaries Capital First Home Finance Limited and Capital First Securities Limited (together referred to as "the CFL Group") as at and for the period ended 30 September 2018, as considered for the merger accounting as on the appointed date, was carried out by the statutory auditors of the CFL Group.

Our Conclusion is not modified in respect of this matter.

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



Kalpesh J. Mehta
Partner
(Membership No. 48791)

MUMBAI, February 5, 2019



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, 2018 (Standalone) (₹ in lakhs)

Sr. No.	Particulars	Quarter ended 31.12.2018	Quarter ended 30.09.2018	Quarter ended 31.12.2017	Nine months ended 31.12.2018	Nine months ended 31.12.2017	Year ended 31.03.2018
		(refer note 13)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Interest Earned (a)+(b)+(c)+(d)	366408.05	233415.59	226371.92	831938.53	664870.28	893000.46
	(a) Interest / discount on advances / bills	263206.41	134135.11	122292.72	522374.75	358276.35	472294.52
	(b) Income on investments	97694.88	94744.30	102785.55	292313.90	297348.25	404130.69
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	691.29	311.35	243.95	1483.70	483.19	827.41
	(d) Others	4815.47	4224.83	3049.70	15766.18	8762.49	15747.84
2	Other Income (refer note 7)	30431.57	11931.91	23078.68	62235.66	102484.64	111789.27
3	TOTAL INCOME (1+2)	396839.62	245347.50	251450.60	894174.19	767354.92	1004789.73
4	Interest Expended	251889.94	188294.26	178875.57	623315.54	530383.81	713190.74
5	Operating Expenses (i)+(ii)+(iii)	114153.27	55183.32	41102.79	213980.37	116270.60	165259.43
	(i) Employees cost	35885.67	20974.71	17140.46	77016.11	49483.09	67597.49
	(ii) Depreciation on bank's property	5816.34	4908.90	4062.45	15270.33	11996.92	16348.49
	(iii) Other operating expenses	72451.26	29299.71	19899.88	121693.93	54790.59	81313.45
6	TOTAL EXPENDITURE (4+5) (Excluding Provisions and Contingencies)	366043.21	243477.58	219978.36	837295.91	646654.41	878450.17
7	Operating Profit (3-6) (Profit Before Provisions and Contingencies)	30796.41	1669.92	31472.24	56878.28	120700.51	126339.56
8	Provisions (other than tax) and Contingencies (Net) (refer note 8)	21252.77	60138.43	10860.79	84790.51	(636.41)	23609.57
9	Exceptional Items (refer note 5)	259934.67	-	-	259934.67	-	-
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	(250391.03)	(58268.51)	20611.45	(287846.90)	121336.92	102729.99
11	Tax Expense (refer note 9)	(96589.95)	(21300.00)	6000.00	(115232.11)	39600.00	16799.66
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	(153801.08)	(36968.51)	14611.45	(172614.79)	81736.92	85930.33
13	Extraordinary Items (Net of tax expense)	-	-	-	-	-	-
14	Net Profit / (Loss) for the period (12-13) (refer note 5)	(153801.08)	(36968.51)	14611.45	(172614.79)	81736.92	85930.33
15	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 3 & 6)	340441.25	340441.25	340267.61	340441.25	340267.61	340407.49
16	Reserves excluding Revaluation Reserves	-	-	-	-	-	1185246.35
17	Analytical Ratios						
	(i) Percentage of shares held by Government of India (refer note 3 & 6)	7.68%	7.68%	7.68%	7.68%	7.68%	7.68%
	(ii) Capital adequacy ratio (Basel III) (refer note 5)	16.51%	19.18%	19.15%	16.51%	19.15%	18.00%
	(iii) Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 5)						
	- Basic (₹)	(3.22)	(1.09)	0.43	(4.47)	2.40	2.53
	- Diluted (₹)	(3.17)	(1.09)	0.43	(4.44)	2.39	2.52
	(iv) NPA ratios (refer note 10)						
	(a) Amount of gross NPAs	167085.10	89549.81	277666.80	167085.10	277666.80	177906.20
	(b) Amount of net NPAs	79601.60	32117.50	120627.99	79601.60	120627.99	89115.77
	(c) % of gross NPAs to gross advances	1.97%	1.63%	5.62%	1.97%	5.62%	3.31%
	(d) % of net NPAs to net advances	0.95%	0.59%	2.52%	0.95%	2.52%	1.69%
	(v) Return on assets (annualized) (refer note 5)	(3.92%)	(1.19%)	0.49%	(1.70%)	0.94%	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 31.12.2018 (refer note 13)	Quarter ended 30.09.2018	Quarter ended 31.12.2017	Nine months ended 31.12.2018 (refer note 13)	Nine months ended 31.12.2017	Year ended 31.03.2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue						
	a Treasury	183847.23	136000.41	157319.25	474009.07	500945.09	648677.46
	b Wholesale Banking	126461.41	110277.41	113893.73	342549.61	341638.68	435858.18
	c Retail Banking	166539.62	35380.94	20132.10	231294.56	50386.57	78846.04
	d Other Banking Business	687.82	282.36	248.74	1243.71	484.94	803.63
	e Unallocated	84.51	6.02	(95.85)	3211.14	81.47	4117.58
	Total Segment Revenue	477620.59	281947.14	291497.97	1052308.09	893536.75	1168302.89
	Add/(Less) : Inter Segment Revenue	(80780.97)	(36599.64)	(40047.37)	(158133.90)	(126181.83)	(163513.16)
	Income from Operations	396839.62	245347.50	251450.60	894174.19	767354.92	1004789.73
2	Segment Results After Provisions & Before Tax						
	a Treasury	11071.56	(23241.45)	5971.02	4723.88	86252.31	104881.81
	b Wholesale Banking	21302.27	(5498.39)	36844.81	37134.19	95725.39	83475.94
	c Retail Banking	(6190.05)	(14199.61)	(8813.39)	(28655.74)	(22243.28)	(33569.31)
	d Other Banking Business	258.20	41.83	(25.71)	256.57	(260.70)	(211.36)
	e Unallocated (refer note 5)	(276833.01)	(15370.89)	(13365.28)	(301305.80)	(38136.80)	(51847.09)
	Total Profit Before Tax	(250391.03)	(58268.51)	20611.45	(287846.90)	121336.92	102729.99
3	Segment Assets						
	a Treasury	6531183.23	6423803.87	6663228.70	6531183.23	6663228.70	6947360.77
	b Wholesale Banking	4624592.99	4365029.99	4216584.56	4624592.99	4216584.56	4532599.05
	c Retail Banking	4155590.00	1271848.54	716513.60	4155590.00	716513.60	913955.02
	d Other Banking Business	792.21	774.67	490.87	792.21	490.87	709.11
	e Unallocated	379437.89	264011.14	223092.30	379437.89	223092.30	257393.93
	Total Segment Assets	15691596.32	12325468.21	11819910.03	15691596.32	11819910.03	12652017.88
4	Segment Liabilities						
	a Treasury	5560603.93	5418475.17	5597537.43	5560603.93	5597537.43	5891889.51
	b Wholesale Banking	4367937.15	4189363.44	4028279.63	4367937.15	4028279.63	4345150.20
	c Retail Banking	3904092.13	1224422.15	661254.36	3904092.13	661254.36	876006.93
	d Other Banking Business	467.94	212.99	260.70	467.94	260.70	211.36
	e Unallocated	20930.90	15398.52	11780.37	20930.90	11780.37	13106.04
	Total Segment Liabilities	13854032.05	10847872.27	10299112.49	13854032.05	10299112.49	11126364.04
5	Capital Employed (Segment Assets - Segment Liabilities)	1837564.27	1477595.94	1520797.54	1837564.27	1520797.54	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:

- The above financial results for the quarter and nine months ended December 31, 2018 were reviewed by the Audit Committee on February 4, 2019, approved by the Board of Directors on February 5, 2019 and have been subjected to a "Limited Review" by the Statutory Auditors.
- 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.
- The merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited with IDFC Bank Limited ('IDFC - CFL Merger') has been approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal (NCLT), with appointed date as October 1, 2018 and effective date as December 18, 2018. Accordingly, the scheme has been given effect to in the financial results for the quarter and nine months ended December 31, 2018 and it includes results for the merged entity for the period October 1, 2018 to December 31, 2018. The Bank has sought dispensation from the Reserve Bank of India to grandfather certain operational aspects of financial products which were permitted to the CFL Group as Non Banking Financial Company (NBFC). This has no impact on the results for the quarter.

The Board of Directors of the Bank at its meeting held on January 5, 2019 has approved the allotment of 137,71,09,057 equity shares of face value of ₹ 10 each, fully paid-up, to the eligible equity shareholders of erstwhile Capital First Limited based on record date of December 31, 2018, as per the Share Exchange Ratio of 13.9:1 as approved in the scheme. Accordingly, the paid up equity share capital of the Bank increased to ₹ 4,781.52 crore (478,15,21,604 equity shares of ₹ 10 each).

- Pursuant to approval from shareholders and Central Government - Ministry of Corporate Affairs, the name of the Bank has changed to IDFC FIRST Bank Limited with effect from January 12, 2019.
- The IDFC-CFL merger has been accounted under AS 14 on 'Accounting of Amalgamation' 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 resulted in Goodwill on amalgamation of ₹ 2,390.53 crore.

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 have been fully amortised through profit and loss account in the quarter and nine months ended December 31, 2018. This accelerated amortisation charge to profit and loss account for the quarter and nine months ended December 31, 2018 of ₹ 2,599.35 crore is exceptional in nature and resulted in loss for the quarter ended December 31, 2018. The Profit after Tax ("PAT") and key ratios (adjusted for one off exceptional item net of taxes) for the quarter and nine months ended December 31, 2018 is tabulated below. Overall the networth of the Bank has increased from ₹ 14,775.96 crore as on September 30, 2018 to ₹ 18,375.64 crore as on December 31, 2018, although the capital adequacy of the Bank as on December 31, 2018 has reduced, mainly due to increase in gross assets of the Bank due to merger.

	(₹ in crore)	
	Quarter ended 31.12.2018	Nine months ended 31.12.2018
PAT (as reported above)	(1,538.01)	(1,726.15)
Less: Exceptional item - Accelerated amortisation of intangible assets (net of taxes)	1,691.03	1,691.03
PAT (excluding exceptional item net of taxes)*	153.02	(35.12)
Earnings per share (excluding exceptional item net of taxes) (Basic and Diluted) (₹)	0.32	(0.09)

* Deferred tax asset is recognised on timing differences

§ Includes write-back of tax provisions for earlier years of ₹ 72.00 crore

During the nine months ended December 31, 2018 the Bank has issued 3,37,642 equity shares of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.

"Other Income" includes non-fund based income such as commission, fees, earnings from foreign exchange and derivative transactions, profit / (loss) from sale of investments and recovery from written off accounts



- 8 (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 December 31, 2018 and MTM loss of ₹ 19.80 crore will be spread over remaining quarter 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.
- 9 During the quarter ended December 31, 2018, the Bank received income tax orders relating to matter under appeal resulting in write-back of tax provision for earlier years of ₹ 72.00 crore.
- 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 In view of accounting for IDFC - CFL merger from appointed date of October 1, 2018, the figures of the current quarter and nine months ended 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.

In terms of our report attached



Date: February 5, 2019
Place: Mumbai

For and behalf of the Board
of IDFC FIRST Bank Limited



V Vaidyanathan
Managing Director & CEO