

# B S R & Co. LLP

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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 31 December 2019 and year to date results for the period from 1 April 2019 to 31 December 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 7 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 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.

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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 (Continued)**

**IDFC First Bank Limited**

*(formerly, IDFC Bank Limited)*

4. The comparative figures for the quarter ended 31 December 2018 and nine months ended 31 December 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 05 February 2019. The comparative 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 is not modified in respect of this matter.

For **B S R & Co. LLP**  
*Chartered Accountants*

Firm's Registration No: 101248W/W-100022



**Manoj Kumar Vijai**  
*Partner*

Membership No: 46882

UDIN: 20046882AAAAAM9639

Mumbai  
29 January 2020



**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 (Standalone)**

Sr. No.	Particulars	Quarter ended 31.12.2019		Quarter ended 30.09.2019		Quarter ended 31.12.2018		Nine months ended 31.12.2019 (refer note 8)		Nine months ended 31.12.2018		Year ended 31.03.2019	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Interest Earned (a)+(b)+(c)+(d)	410016.63	401816.00	401816.00	366408.05	1191144.49	831938.53	1191144.49	831938.53	1194817.24	1194817.24	1194817.24	
	(a) Interest/discount on advances/bills	298359.11	288338.61	288338.61	263206.41	863359.83	522374.75	863359.83	522374.75	762553.75	762553.75	762553.75	
	(b) Income on investments	102868.42	106247.19	106247.19	97694.88	305199.89	292313.90	305199.89	292313.90	390565.95	390565.95	390565.95	
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	605.96	1259.69	1259.69	691.29	3514.22	1483.70	3514.22	1483.70	2318.88	2318.88	2318.88	
	(d) Others	8183.14	5970.51	5970.51	4815.47	19070.55	15766.18	19070.55	15766.18	19379.46	19379.46	19379.46	
2	Other Income (refer note 5)	57897.74	34895.90	34895.90	26072.22	123838.78	57876.31	123838.78	57876.31	85208.39	85208.39	85208.39	
3	TOTAL INCOME (1+2)	467914.37	436711.90	436711.90	392480.27	1314983.27	88974.84	1314983.27	88974.84	1280025.63	1280025.63	1280025.63	
4	Interest Expended	256589.18	265508.73	265508.73	251889.94	783963.23	623315.54	783963.23	623315.54	874908.34	874908.34	874908.34	
5	Operating Expenses (i)+(ii)+(iii)	143154.23	129451.12	129451.12	114153.27	389323.46	213980.37	389323.46	213980.37	328738.55	328738.55	328738.55	
	(i) Employees cost	39856.79	40437.16	40437.16	35885.67	116402.62	77016.11	116402.62	77016.11	111819.15	111819.15	111819.15	
	(ii) Depreciation on bank's property	7917.70	7340.11	7340.11	5816.34	23050.87	15270.33	23050.87	15270.33	21332.83	21332.83	21332.83	
	(iii) Other operating expenses	95379.74	81673.85	81673.85	72451.26	249869.97	121693.93	249869.97	121693.93	195586.87	195586.87	195586.87	
6	TOTAL EXPENDITURE (4+5) (excluding provisions and contingencies)	398743.41	394959.85	394959.85	366043.21	1173286.69	837295.91	1173286.69	837295.91	1203546.99	1203546.99	1203546.99	
7	Operating Profit (3-6) (Profit before provisions and contingencies)	68170.96	41752.05	41752.05	26437.06	141696.58	52518.93	141696.58	52518.93	76378.64	76378.64	76378.64	
8	Provisions (other than tax) and Contingencies (Net)	230475.59	31735.68	31735.68	16893.42	390286.95	80431.16	390286.95	80431.16	145962.61	145962.61	145962.61	
9	Exceptional Items (refer note 3)	-	-	-	259934.67	-	259934.67	-	259934.67	259934.67	259934.67	259934.67	
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	(162304.63)	10016.37	10016.37	(250391.03)	(248590.37)	(287846.90)	(248590.37)	(287846.90)	(329518.64)	(329518.64)	(329518.64)	
11	Tax Expense (refer note 6)	1584.71	77966.49	77966.49	(96589.95)	44984.71	(115232.11)	44984.71	(115232.11)	(135100.81)	(135100.81)	(135100.81)	
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	(163889.34)	(67950.12)	(67950.12)	(153801.08)	(293575.06)	(172614.79)	(293575.06)	(172614.79)	(194417.83)	(194417.83)	(194417.83)	
13	Extraordinary Items (net of tax expense)	-	-	-	-	-	-	-	-	-	-	-	
14	Net Profit / (Loss) for the period (12-13)	(163889.34)	(67950.12)	(67950.12)	(153801.08)	(293575.06)	(172614.79)	(293575.06)	(172614.79)	(194417.83)	(194417.83)	(194417.83)	
15	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 4)	(163889.34)	(67950.12)	(67950.12)	(153801.08)	(293575.06)	(172614.79)	(293575.06)	(172614.79)	(194417.83)	(194417.83)	(194417.83)	
16	Reserves excluding Revaluation Reserves	478945.80	478276.59	478276.59	340441.25	478945.80	340441.25	478945.80	340441.25	478167.54	478167.54	478167.54	
17	Analytical Ratios												
	(i) Percentage of shares held by Government of India (refer note 4)	5.46%	5.47%	5.47%	7.68%	5.46%	7.68%	5.46%	7.68%	5.47%	5.47%	5.47%	
	(ii) Capital adequacy ratio (Basel III)	13.29%	14.65%	14.65%	16.51%	13.29%	16.51%	13.29%	16.51%	15.47%	15.47%	15.47%	
	(iii) Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 4)												
	- Basic (₹)	(3.43)	(1.42)	(1.42)	(3.22)	(6.14)	(4.47)	(6.14)	(4.47)	(4.75)	(4.75)	(4.75)	
	- Diluted (₹)	(3.36)	(1.38)	(1.38)	(3.17)	(6.05)	(4.44)	(6.05)	(4.44)	(4.71)	(4.71)	(4.71)	
	(iv) NPA ratios												
	(a) Amount of gross NPAs	251136.20	230626.26	230626.26	167085.10	251136.20	167085.10	251136.20	167085.10	213604.28	213604.28	213604.28	
	(b) Amount of net NPAs	107162.68	101095.87	101095.87	79601.60	107162.68	79601.60	107162.68	79601.60	110662.76	110662.76	110662.76	
	(c) % of gross NPAs to gross advances	2.83%	2.62%	2.62%	1.97%	2.83%	1.97%	2.83%	1.97%	2.43%	2.43%	2.43%	
	(d) % of net NPAs to net advances	1.23%	1.17%	1.17%	0.95%	1.23%	0.95%	1.23%	0.95%	1.27%	1.27%	1.27%	
	(v) Return on assets (annualized)	(4.02%)	(1.63%)	(1.63%)	(3.92%)	(2.38%)	(1.70%)	(2.38%)	(1.70%)	(1.20%)	(1.20%)	(1.20%)	



*Manoj*



(₹ in lakhs)

Sr. No.	Particulars	Quarter ended	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Year ended
		31.12.2019 (Unaudited)	30.09.2019 (Unaudited)	31.12.2018 (Unaudited)	31.12.2019 (refer note 8) (Unaudited)	31.12.2018 (Unaudited)	31.03.2019 (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	307670.51	263135.08	162180.27	814202.77	226935.21	389920.99
	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
	<b>Total Segment Revenue</b>	<b>847016.58</b>	<b>814653.46</b>	<b>473261.24</b>	<b>2441768.87</b>	<b>1047948.74</b>	<b>1517953.11</b>
	Add/(Less) : Inter Segment Revenue	(379102.21)	(377941.56)	(80780.97)	(1126785.60)	(158133.90)	(237927.48)
	<b>Income from Operations</b>	<b>467914.37</b>	<b>436711.90</b>	<b>392480.27</b>	<b>1314983.27</b>	<b>889814.84</b>	<b>1280025.63</b>
2	Segment Results After Provisions & Before Tax						
	a Treasury	(81998.73)	11864.06	11071.56	(160096.33)	4723.88	(17595.95)
	b Wholesale Banking	(55756.18)	30630.10	21302.27	(5974.70)	37134.19	53286.89
	c Retail Banking	(12905.01)	(30901.33)	(6190.05)	(63068.20)	(28655.74)	(42748.37)
	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)
	<b>Total Profit Before Tax</b>	<b>(162304.63)</b>	<b>10016.37</b>	<b>(250391.03)</b>	<b>(248590.37)</b>	<b>(287846.90)</b>	<b>(329518.64)</b>
3	Segment Assets						
	a Treasury	6838246.30	7233067.17	6531183.23	6838246.30	6531183.23	7262483.59
	b Wholesale Banking	3296404.25	3682841.86	4624592.99	3296404.25	4624592.99	4555751.24
	c Retail Banking	5581916.62	5118399.27	4155590.00	5581916.62	4155590.00	4494344.46
	d Other Banking Business	6198.02	73.54	792.21	6198.02	792.21	748.92
	e Unallocated	345674.40	343351.53	379437.89	345674.40	379437.89	405157.94
	<b>Total Segment Assets</b>	<b>16068439.59</b>	<b>16377733.37</b>	<b>15691596.32</b>	<b>16068439.59</b>	<b>15691596.32</b>	<b>16718486.15</b>
4	Segment Liabilities						
	a Treasury	7335314.69	7743821.87	5560603.93	7335314.69	5560603.93	6251666.20
	b Wholesale Banking	4000422.06	4469138.43	4367937.15	4000422.06	4367937.15	4344524.56
	c Retail Banking	3165546.76	2454618.16	3904092.13	3165546.76	3904092.13	4281297.30
	d Other Banking Business	9957.46	5289.52	467.94	9957.46	467.94	957.98
	e Unallocated	33199.26	18282.00	20930.90	33199.26	20930.90	24113.97
	<b>Total Segment Liabilities</b>	<b>14544440.23</b>	<b>14691129.98</b>	<b>13854032.05</b>	<b>14544440.23</b>	<b>13854032.05</b>	<b>14902560.01</b>
5	Capital Employed (Segment Assets - Segment Liabilities)	1523999.36	1686603.39	1837564.27	1523999.36	1837564.27	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.




**Notes:**

- 1 The above financial 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 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.
- 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.
- 4 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.
- 5 During the quarter and nine months ended December 31, 2019, the Bank 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 "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 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.
- 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 for nine month 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 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.

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