

INDEPENDENT AUDITORS' REVIEW REPORT ON REVIEW OF INTERIM STANDALONE 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 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 6 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 Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the 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, 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 the 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.
4. Based on our review conducted as stated in paragraph 3 above, 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, in so far as they apply to banks, 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 6 to the Statement and have not been reviewed by us, or that it contains any material misstatement.

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



Pallavi A. Gorakshakar
Partner
(Membership No. 105035)

UDIN: 19105035AAAADL9225



**IDFC FIRST
Bank**

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 (Standalone)

Sr. No.	Particulars	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Year ended
		30.06.2019 (refer note 7) (Unaudited)	31.03.2019 (refer note 8) (Unaudited)	30.06.2018 (Unaudited)	31.03.2019 (Audited)	31.03.2019 (Audited)
1	Interest Earned (a) + (b) + (c) + (d)	379311.86	362878.71	232114.89	1194817.24	1194817.24
	(a) Interest / discount on advances / bills	276662.11	259411.14	125033.23	782553.75	782553.75
	(b) Income on investments	96084.28	98251.45	99874.72	390565.35	390565.35
	(c) Interest on balances with Reserve Bank of India and other inter-bank funds	1648.57	834.98	481.06	2318.68	2318.68
	(d) Others	4916.90	4381.14	6725.88	19379.46	19379.46
2	Other Income (refer note 5)	31045.14	27332.08	19872.18	85208.39	85208.39
3	TOTAL INCOME (1 + 2)	410357.00	390210.79	251987.07	1280025.63	1280025.63
4	Interest Expended	261865.32	251592.80	183131.34	874908.34	874908.34
5	Operating Expenses (i) + (ii) + (iii)	116718.11	114758.28	44643.78	328738.65	328738.65
	(i) Employees cost	36108.67	34803.04	20155.73	111819.15	111819.15
	(ii) Depreciation on bank's property	7793.06	6062.50	4545.09	21332.83	21332.83
	(iii) Other operating expenses	72816.38	73892.74	19942.96	195586.67	195586.67
6	TOTAL EXPENDITURE (4 + 5) (Excluding Provisions and Contingencies)	375583.43	366351.08	227775.12	1203646.99	1203646.99
7	Operating Profit (3-6) (Profit Before Provisions and Contingencies)	31773.57	23859.71	24211.95	76378.64	76378.64
8	Provisions (other than tax) and Contingencies (Net)	128075.68	65531.45	3399.31	145962.61	145962.61
9	Exceptional Items (refer note 3)	-	-	-	259934.67	259934.67
10	Profit / (Loss) from Ordinary Activities before tax (7-8-9)	(96302.11)	(41671.74)	20812.64	(329518.64)	(329518.64)
11	Tax Expense	(34566.49)	(19868.70)	2657.84	(135100.81)	(135100.81)
12	Net Profit / (Loss) from Ordinary Activities after tax (10-11)	(61735.62)	(21803.04)	18154.80	(194417.83)	(194417.83)
13	Extraordinary Items (Net of tax expense)	-	-	-	-	-
14	Net Profit / (Loss) for the period (12-13)	(61735.62)	(21803.04)	18154.80	(194417.83)	(194417.83)
15	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 4)	478247.71	478167.64	340410.71	478167.64	478167.64
16	Reserves excluding Revaluation Reserves	-	-	-	1337758.50	1337758.50
17	Analytical Ratios					
	(i) Percentage of shares held by Government of India (refer note 4)	5.47%	5.47%	7.68%	5.47%	5.47%
	(ii) Capital adequacy ratio (Basel III)	14.01%	15.47%	19.25%	15.47%	15.47%
	(iii) Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 4)	(1.29)	(0.46)	0.53	(4.75)	(4.75)
	- Basic (₹)	(1.27)	(0.45)	0.53	(4.71)	(4.71)
	- Diluted (₹)	-	-	-	-	-
	(iv) NPA ratios					
	(a) Amount of gross NPAs	241856.25	213604.28	177447.20	213604.28	213604.28
	(b) Amount of net NPAs	121513.22	110662.76	88108.43	110662.76	110662.76
	(c) % of gross NPAs to gross advances	2.66%	2.43%	3.24%	2.43%	2.43%
	(d) % of net NPAs to net advances	1.35%	1.27%	1.63%	1.27%	1.27%
	(v) Return on assets (annualized)	(1.47%)	(0.55%)	0.55%	(1.20%)	(1.20%)



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**IDFC FIRST
Bank**

Segment Information in accordance with the Accounting Standard on Segment Reporting (AS 17) of the operating segments of the Bank is as under :

Sr. No.	Particulars	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Year ended
		30.06.2019 (refer note 7) (Unaudited)	31.03.2019 (refer note 8) (Unaudited)	30.06.2018 (Unaudited)	31.03.2019 (Audited)	31.03.2019
1	Segment Revenue					
	a Treasury	331069.11	310493.36	225745.41	991311.19	991311.19
	b Wholesale Banking	204746.64	203565.22	206885.21	885724.07	885724.07
	c Retail Banking	243397.18	223602.37	49173.44	561345.06	561345.06
	d Other Banking Business	884.57	862.11	273.53	2105.82	2105.82
e Unallocated	1.33	278.79	3118.07	3365.17	3365.17	
	Total Segment Revenue	780098.83	738801.85	485195.66	2443851.31	2443851.31
	Add/(Less) : Inter Segment Revenue	(369741.83)	(348591.06)	(233208.59)	(1163825.68)	(1163825.68)
	Income from Operations	410357.00	390210.79	251987.07	1280025.63	1280025.63
2	Segment Results After Provisions & Before Tax					
	a Treasury	(89961.66)	(18930.02)	15605.93	(10075.30)	(10075.30)
	b Wholesale Banking	19151.38	(3416.57)	22593.21	40365.66	40365.66
	c Retail Banking	(19261.86)	(12407.85)	(14117.24)	(60292.12)	(60292.12)
	d Other Banking Business	255.51	490.04	(66.45)	746.61	746.61
e Unallocated	(6485.48)	(7407.34)	(3202.81)	(300263.49)	(300263.49)	
	Total Profit Before Tax	(96302.11)	(41671.74)	20812.64	(329518.64)	(329518.64)
3	Segment Assets					
	a Treasury	7330237.79	7518952.37	6662468.91	7518952.37	7518952.37
	b Wholesale Banking	4245811.04	4371279.52	4471163.18	4371279.52	4371279.52
	c Retail Banking	4882649.60	4456399.44	957119.90	4456399.44	4456399.44
	d Other Banking Business	20.88	22.86	23.78	22.86	22.86
e Unallocated	411764.69	371831.96	211293.18	371831.96	371831.96	
	Total Segment Assets	16870484.00	16718486.15	12302068.95	16718486.15	16718486.15
4	Segment Liabilities					
	a Treasury	10187379.94	10431209.85	7312653.78	10431209.85	10431209.85
	b Wholesale Banking	3041838.54	2947663.23	2685580.79	2947663.23	2947663.23
	c Retail Banking	1865382.99	1498224.70	747734.13	1498224.70	1498224.70
	d Other Banking Business	-	-	-	-	-
e Unallocated	21414.90	25462.23	12276.56	25462.23	25462.23	
	Total Segment Liabilities	15116016.37	14902560.01	10758245.26	14902560.01	14902560.01
5	Capital Employed (Segment Assets - Segment Liabilities)	1754467.63	1815926.14	1543823.69	1815926.14	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 (ALC) the guidelines prescribed by the Reserve Bank of India (the RBI), which has been relied upon by the auditors.



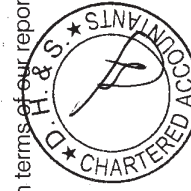
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Notes:

- 1 The above financial results for the quarter ended June 30, 2019 were reviewed by the Audit Committee and approved by the Board of Directors on July 24, 2019 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') 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.
- 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.
- 5 During the quarter June 30, 2019, the Bank 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 "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 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.
- 8 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.
- 9 The figures for the quarter ended March 31, 2019 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the relevant financial year which was subject to limited review.
- 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: July 24, 2019
Place: Chennai



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

V. Vaidyanathan
Managing Director & Chief Executive Officer