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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 Nine months ended December 31, 2017 ("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 7 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.

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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.

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

D. H. & S. CHARTERED ACCOUNTANTS

Kalpesh J. Mehta
Partner
(Membership No. 48791)

MUMBAI, 19 January, 2018

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 nine months ended December 31, 2017 (Standalone)

(₹ in lakhs)

Sr. No.	Particulars	Quarter ended 31.12.2017	Quarter ended 30.09.2017	Quarter ended 31.12.2016	Nine months ended 31.12.2017	Nine months ended 31.12.2016	Year ended 31.03.2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Interest Earned (a)+(b)+(c)+(d)	228371.92	221983.79	225088.02	664870.28	630933.71	853271.45
	(a) Interest / discount on advances / bills	122292.72	121115.13	128845.92	358276.35	381490.26	508841.82
	(b) Income on investments	102785.55	97340.99	91030.27	297348.25	238270.25	328878.22
	(c) Interest on balances with Reserve Bank of India and other inter- bank funds	243.95	114.46	1950.31	483.19	3529.57	5721.37
	(d) Others	3049.70	3413.21	3261.52	8762.49	7643.63	9830.04
2	Other Income (refer note 3)	23078.68	14522.55	33419.91	102484.64	95684.21	101311.56
3	TOTAL INCOME (1+2)	251450.60	236506.34	258507.93	767354.92	726617.92	954583.01
4	Interest Expended	178875.57	175795.60	173011.36	530383.81	479409.48	651539.43
5	Operating Expenses (i)+(ii)+(iii)+(iv)	41102.79	36231.70	37894.51	116270.60	97887.23	127697.64
	(i) Employees cost	17140.46	15801.55	19749.81	49483.09	47882.07	57362.20
	(ii) Depreciation on bank's property	4062.45	4016.90	3754.77	11996.92	9769.72	13434.42
	(iii) Professional fees	4126.55	2823.23	3199.75	11185.82	10279.28	14083.15
	(iv) Other operating expenses	15773.33	13590.02	11190.18	43604.77	29956.16	42817.87
6	TOTAL EXPENDITURE (4+5) (Excluding Provisions and Contingencies)	219978.36	212027.30	210905.87	646654.41	577296.71	779237.07
7	Operating Profit (3–6) (Profit Before Provisions and Contingencies)	31472.24	24479.04	47602.06	120700.51	149321.21	175345.94
8	Provisions (other than tax) and Contingencies (Net) (refer note 4)	10860.79	(10037.26)	23175.88	(636.41)	27770.72	28250.38
9	Exceptional Items	-	-	-	-	-	-
10	Profit / (Loss) from Ordinary Activities before tax (7–8–9)	20611.45	34516.30	24426.18	121336.92	121550.49	147095.56
11	Tax Expense	6000.00	11150.00	5300.00	39600.00	37171.77	45121.78
12	Net Profit / (Loss) from Ordinary Activities after tax (10–11)	14611.45	23366.30	19126.18	81736.92	84378.72	101973.78
13	Extraordinary Items (Net of tax expense)	-	-	-	-	-	-
14	Net Profit / (Loss) for the period (12–13)	14611.45	23366.30	19126.18	81736.92	84378.72	101973.78
15	Paid-up Equity Share Capital (Face Value ₹ 10 per share) (refer note 5)	340267.61	340188.26	339588.29	340267.61	339588.29	339900.62
16	Reserves excluding Revaluation Reserves						1127904.28
17	Analytical Ratios						
	(i) Percentage of shares held by Government of India	7.68%	7.68%	7.70%	7.68%	7.70%	7.69%
	(ii) Capital adequacy ratio (Basel III)	19.15%	19.32%	18.39%	19.15%	18.39%	18.90%
	(iii) Earnings per share (EPS) for the period / year (before and after extraordinary items) (not annualized) (refer note 5)						
	- Basic (₹)	0.43	0.69	0.56	2.40	2.49	3.00
	- Diluted (₹)	0.43	0.68	0.56	2.39	2.47	2.98
	(iv) NPA ratios (refer note 6)						
	(a) Amount of gross NPAs	277666.80	200153.92	358670.27	277666.80	358670.27	154210.14
	(b) Amount of net NPAs	120627.99	80498.84	124967.00	120627.99	124967.00	57647.24
	(c) % of gross NPAs to gross advances	5.62%	3.92%	7.03%	5.62%	7.03%	2.99%
	(d) % of net NPAs to net advances	2.52%	1.61%	2.57%	2.52%	2.57%	1.14%
	(v) Return on assets (annualized)	0.49%	0.78%	0.68%	0.94%	1.13%	1.04%

D. H. & Co. CHARTERED ACCOUNTANTS

IDFC BANK LIMITED MUMBAI

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 31.12.2017	Quarter ended 30.09.2017	Quarter ended 31.12.2016	Nine months ended 31.12.2017	Nine months ended 31.12.2016	Year ended 31.03.2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue						
	a Treasury	157319.25	146682.06	179949.55	500945.09	524237.07	675299.79
	b Wholesale Banking	113893.73	113396.81	129740.28	341638.68	391705.34	514464.06
	c Retail Banking	20132.10	16695.42	8598.70	50386.57	14080.29	24190.27
	d Other Banking Business	248.74	78.69	19.58	484.94	28.66	115.18
	e Unallocated	(95.85)	130.09	(162.55)	81.47	381.36	335.92
	Total Segment Revenue	291497.97	276983.07	318145.56	893536.75	930432.72	1214405.22
	Add/(Less) : Inter Segment Revenue	(40047.37)	(40476.73)	(59637.63)	(126181.83)	(203814.80)	(259822.21)
	Income from Operations	251450.60	236506.34	258507.93	767354.92	726617.92	954583.01
2	Segment Results After Provisions & Before Tax						
	a Treasury	5971.02	22887.06	24174.44	86252.31	84250.07	78196.33
	b Wholesale Banking	36844.81	28977.98	21395.97	95725.39	94791.37	142688.03
	c Retail Banking	(8813.39)	(5445.43)	(8967.83)	(22243.28)	(26919.25)	(34024.44)
	d Other Banking Business	(25.71)	(155.87)	19.58	(260.70)	28.66	115.18
	e Unallocated	(13365.28)	(11747.44)	(12195.98)	(38136.80)	(30600.36)	(39879.54)
	Total Profit Before Tax	20611.45	34516.30	24426.18	121336.92	121550.49	147095.56
3	Segment Assets						
	a Treasury	6663228.70	6686116.45	6308341.38	6663228.70	6308341.38	5827057.11
	b Wholesale Banking	4216584.56	4478447.45	4706504.36	4216584.56	4706504.36	4765873.54
	c Retail Banking	716513.60	602499.57	296260.99	716513.60	296260.99	375600.45
	d Other Banking Business	490.87	181.83	28.66	490.87	28.66	115.18
	e Unallocated	223092.30	227979.07	246510.45	223092.30	246510.45	247319.53
	Total Segment Assets	11819910.03	11995224.37	11557645.84	11819910.03	11557645.84	11215965.81
4	Segment Liabilities						
	a Treasury	5597537.43	5689440.87	5590170.25	5597537.43	5590170.25	4946422.67
	b Wholesale Banking	4028279.63	4240563.14	4226383.30	4028279.63	4226383.30	4419976.85
	c Retail Banking	661254.36	547090.66	280437.05	661254.36	280437.05	373779.51
	d Other Banking Business	260.70	234.99	-	260.70	-	-
	e Unallocated	11780.37	12306.71	12012.48	11780.37	12012.48	7981.88
	Total Segment Liabilities	10299112.49	10489636.37	10109003.08	10299112.49	10109003.08	9748160.91
5	Capital Employed (Segment Assets - Segment Liabilities)	1520797.54	1505588.00	1448642.76	1520797.54	1448642.76	1467804.90

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').

D. H. & S. CHARTERED ACCOUNTANTS

IDFC BANK LIMITED MUMBAI

1 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. These results for the quarter and nine months ended December 31, 2017 were reviewed by the Audit Committee on January 18, 2018, approved by the Board of Directors on January 19, 2018 and have been subjected to a "Limited Review" by the Statutory Auditors.

2 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. The Scheme is subject to the approval 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 and the effective date is based on the receipt of the aforesaid approvals. Pending the same, the proposed transaction does not have any impact on the current financial results or the financial position of the Bank as at December 31, 2017.

3 "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. Other income for the nine months ended December 31, 2017 includes profit on sale of investments in the 'Held to Maturity (HTM)' category of ₹ 410.17 crore. Profit on sale of investments in the HTM category (net of applicable taxes and statutory reserves) of approximately ₹ 202 crore will be appropriated to Capital Reserve at year end in accordance with the RBI guidelines.

4 During the quarter ended September 30, 2017, provisions include net writeback of ₹ 114.53 crore towards provision for diminution against shares on account of realized loss on sale of shares of ₹ 126.98 crore which is netted off in Other Income.

5 During the quarter and nine months ended December 31, 2017, the Bank has issued 793519 and 3669944 equity shares respectively of face value of ₹10 each pursuant to the exercise of options under the Employee Stock Option Scheme.

6 The disclosures for NPA referred to in point 17(iv) above correspond to non performing advances.

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.idfcbank.com/regulatory-disclosures.html. These disclosures have not been subjected to audit or limited review by the Statutory Auditors of the Bank.

8 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, 2017.

9 The figures for the previous quarter / period have been regrouped wherever necessary, in order to make them comparable.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kalpesh J. Mehta
Partner

Date: January 19, 2018
Place: Mumbai

For and behalf of the Board
of IDFC Bank Limited

Rajiv B. Lall
Founder Managing Director & CEO