

IDFCFIRSTBANK/SD/60/2026-2027

June 05, 2026

National Stock Exchange of India Limited

Mumbai 400 051

NSE Symbol: IDFCFIRSTB**BSE Limited**

Mumbai 400 001

BSE Scrip Code: 539437**Sub:** Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**Ref:** Earlier disclosures dated February 21, February 22, February 24, March 10 and March 13, 2026.

Dear Sir/ Madam,

This is with reference to our earlier disclosures, regarding the ongoing review of the unauthorised and fraudulent activities (“**Incident**”) detected by the Bank linked to its Sector 32 branch in Chandigarh (“**Branch**”). We wish to update that the Bank has received the Forensic Review Report from KPMG today. The Board of Directors of the Bank, at its meeting held today, took note of the findings set out in the aforesaid report. The management comments are set out below:

- a. The findings reaffirm that the Incident involved fraudulent activities linked to the aforesaid Branch, arising from collusion involving certain employees/ ex-employees of the Bank at the said Branch, certain employees of customers (i.e. departments of the State Governments) and some third parties.
- b. This was an isolated incident involving one branch of the Bank and such incidents have not been observed at any of the Bank's other branches.
- c. The net principal amount of ~₹ 646 crore quantified in the Forensic Report is in line with the Bank's previous disclosures.
- d. The Bank paid the aforesaid amount and applicable interest to the concerned departments and has recognised the same in the books of accounts in Q4FY26. The Bank is a victim of this financial fraud and is working with investigative authorities.
- e. The records in the Core Banking System (CBS) of the Bank were accurate. Customers were provided with monthly account statements reflecting their balances and transactions, and were notified, where applicable as per process, through SMS alerts regarding transactions in their accounts.
- f. Post the Incident, the Bank sent physical and/or email statements reflecting closing balances as of February 28, 2026, to all relevant government and TASC (Trust, Association, Societies & Clubs) account holders across India. No discrepancies or claims have been received from any other customers.
- g. The Bank has implemented additional preventive controls to strengthen oversight, particularly collusion risk at the Branch level. These additional measures include, *inter alia*, implementation of oversight processes by a centralized team in addition to branch-level authorization, enhanced customer communication processes, and other technology-led system controls.

The additional measures implemented pursuant to the Incident, will significantly enhance the control framework and help the Bank grow on stronger foundations, and pursue its vision to build a world-class bank in India. We sincerely thank all our stakeholders for their confidence and continued support.

The Board Meeting commenced at 06:00 p.m. and concluded at 07:45 p.m. We request you to kindly take the same on record.

For **IDFC FIRST Bank Limited**.**Satish Gaikwad***General Counsel and Company Secretary*

Enclosure: Report on Chandigarh incident



Project Ultra

Report on findings of Forensic review

Strictly private and confidential

KPMG

June 2026

This report contains 10 pages

Project Ultra_Report of Findings_05062026_Final

Glossary

Sr. No.	Acronym	Description
1	AML	Anti-Money Laundering
2	CCTV	Closed-Circuit Television
3	EL	Engagement Letter
4	FD	Fixed Deposit
5	FDA	Fixed Deposit Advice
6	GBG	Government Banking Group
7	NEFT	National Electronic Funds Transfer
8	RTGS	Real Time Gross Settlement
9	SAM	Shardul Amarchand Mangaldas & Co
10	TASC	Trust Association Society and Club
11	UFA	Unauthorised and Fraudulent Activities

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1 Notice to the reader

- a. This report has been prepared solely for the purpose set out in the Engagement Letter signed with IDFC FIRST Bank Limited (“**IDFC FIRST Bank**” or the “**Bank**”) and Shardul Amarchand Mangaldas & Co (“**SAM**”), dated 11 April 2026 w.e.f. 25 February 2026 (referred to as “**EL**”), and is not, without our prior written consent, to be used for any purpose other than as stipulated under the said EL.
- b. KPMG’s views are not binding on any person, entity, authority, or Court, and hence, no assurance is given that a position contrary to the contents of this report will not be asserted by any person, entity, authority and/or sustained by an appellate authority or a court of law.
- c. All amounts reported are in Indian Rupees, unless otherwise specified.
- d. This report is provided for information only and KPMG does not owe duty of care (whether in contract or in tort or under statute or otherwise) to any person or party or entity, other than the addressee of the report, to whom the report is circulated, and neither KPMG (nor any of its partners, directors or employees) shall be liable (including for their negligence) to any such person or party or entity who uses or relies on this report. The report is provided on an “as is” basis and KPMG thus disclaims all responsibility or liability for any costs, damages, losses, liabilities, expenses incurred by such third party arising out of or in connection with the report or any part thereof.
- e. The scope of work performed by us under this engagement was as considered necessary at the given point in time. This report is based on information and data obtained as a result of work completed until 25 May 2026 subject to certain restrictions and limitations. We reserve the right to amend any findings, if deemed necessary by us, should any further information become available to us post submission of this report.
- f. KPMG has not performed an audit and does not express an opinion or any other form of assurance. Further, comments in our report are not intended, nor should they be interpreted to be legal advice or opinion. KPMG does not make any form of representation regarding the sufficiency of procedures that it has performed.
- g. While performing work, KPMG assumed the genuineness and authenticity of all original documents and KPMG has not independently verified the correctness or authenticity of the same, unless specifically mentioned in the report.
- h. Our findings are based on the extent of procedures carried out during the engagement.
- i. Our procedures were limited to understanding the incident, to the extent possible, the financial impact and people responsible for the same. Hence, our procedures that included selective testing of data and understanding of process may not identify all errors/risks, including process risks and other illegal acts/regulatory non-compliance having a direct or indirect financial impact.
- j. Given the limitations of access to data, information and records beyond what was provided by the Bank, the results of our work with respect to review of transactions should

be considered only as a guide. Our report and comments should not be considered as a definitive pronouncement on any individual or entity.

- k. In preparing this report, KPMG:
 - 1. may have used and relied on information gathered from the Bank, public domain, secondary sources, through research reports and discussions with personnel within KPMG, as well as personnel in related industries.
 - 2. assumes no responsibility for the accuracy and completeness of the information and will not be held liable for it under any circumstances.
 - 3. has neither conducted due diligence, nor validated the financial statements and projections provided by the Bank or any of the quoted companies or personnel.
- l. By reading the report, the reader shall be deemed to have accepted the terms mentioned hereinabove. This report shall be disclosed to those authorized in entirety only without removing 'Notice to the reader' section of the report.

2 Findings of the Forensic review

2.1 Background

- 2.1.1 The Bank, vide their disclosure dated 21 February 2026, informed the stock exchanges, *inter-alia*, that certain discrepancies were identified between the prevailing account balance and the balance mentioned in the closure request received by the Bank from a particular Haryana Government department who held accounts with a particular branch in Chandigarh (i.e., Sector-32 branch (“**Branch**”)) of the Bank.
- 2.1.2 Letters were also received from other departments of Government of Haryana, Chandigarh administration, and two schools, seeking clarification on fixed deposits or balance amounts in their respective accounts that were linked to the Branch.
- 2.1.3 The Bank’s internal preliminary assessment indicated involvement of certain current (including at the time of occurrence of the incident) and former¹ employees of the Bank and potential involvement of employees/ representatives of customers and third parties.
- 2.1.4 The Bank, based on the claims received, paid the net principal amount amounting to INR 645.59 crores and applicable interest to 11 Government accounts and 2 school accounts.
- 2.1.5 Post identification of the issue, a specific exercise was undertaken by the Bank’s management in the month of March 2026 as part of which the Bank shared physical/email account statements with closing balances for the month of February 2026 with all Government Banking Group (“**GBG**”) and Trust Association Society and Club (“**TASC**”) customers of the Bank. This exercise of sharing account statements was done over and above the standard process of the Bank where system-generated monthly email statements with balances are sent to the registered email IDs of these entities. Notably, in addition to the claims already processed by the Bank as stated above, no other claims have been received by the Bank from any other entity across the country after March 2026 till date.

2.2 Appointment of KPMG

- 2.2.1 While the process of the Bank’s internal preliminary assessment was still underway, KPMG Assurance and Consulting Services (“**KPMG**”) was appointed by the Bank to conduct an independent forensic review of the incident. The key objectives of KPMG’s engagement were to:
- Understand the potential Unauthorised and Fraudulent Activities (“**UFAs**”) and process compliance failures, if any, with respect to the transactions in relation to the In-Scope Accounts² (*as defined hereinafter*);
 - Identify staff involvement in the potential UFA;
 - Identify potential beneficiaries of the potential UFA; and
 - Undertake quantification of the potential UFA.

¹ Former as on the date of report

² 56 GBG and TASC accounts.

2.3 KPMG's Scope of work

2.3.1 KPMG's scope of work for the engagement broadly included the following activities specifically in relation to Branch and the In-Scope Accounts:

- **Background and process understanding** - branch profile, roles and responsibilities of staff members, Bank policies and processes relating to account opening, static data changes, fixed deposit opening and closure requests.
- **Transaction review** - staff roles in transaction processing, document review of instruments (cheques, RTGS forms) for potential forgery, identification of system-based audit logs for transaction authorisation and authentication, fund flow tracing from affected In-Scope Accounts (*as defined hereinafter*) and review of Branch-level controls and deviations therefrom. Further, understand the modus operandi, staff involved and applicable controls.
- **Public domain review and linkage** – public domain analysis for recipients of UFA to identify common linkages between beneficiaries of fund flows from affected In-Scope Accounts and the suspected employees.
- **Analysis of electronic data** - imaging of available devices of suspected employees (excluding devices of former employees; and suspected employees who were under custody/ arrest by law enforcement agencies at the relevant time), keyword-based searches of electronically stored information, and identification of system access control logs and CCTV footage to identify potential anomalies or credential sharing.
- **Interviews with staff** - interviews with Bank personnel, including suspected employees, to check and corroborate facts based on data obtained from the foregoing procedures.

2.3.2 The primary review period was 1 Oct 2024 to 28 Feb 2026, and a total of 56 accounts were identified to be in-scope of the review primarily linked to the Branch ("**In-Scope Accounts**").

2.3.3 Considering the *sub judice* nature of this matter, this report provides key and material findings identified during the independent forensic review. A compendium containing details of the analysis, including account numbers, email addresses, telephone numbers and other sensitive details, is being shared separately.

2.4 Broad methodology of review

2.4.1 The review methodology involved understanding: Branch structure; roles and responsibilities of various Branch staff members; understanding Branch processes and staff involvement for In-Scope Accounts regarding account opening, static data changes and transaction processing.

2.4.2 The work steps of review included analysis of scanned copies of account opening forms, physical vouchers³ for cheque and non-cheque transactions, transaction surveillance/monitoring logs and bank account statements of relevant employees.

³ Reviewed debit transaction vouchers with a transaction threshold value above INR 0.50 crore, covering majority of transaction value across In-Scope Accounts.

Subsequently, discussions with relevant staff of the Bank were also conducted to validate the observations.

- 2.4.3 An analysis of electronic data obtained from the Bank's server for the employees under review and through the imaging of laptop/desktop and mobile phones of select employees was undertaken, basis keyword searches to identify additional information, such as manipulation of emails or corroborate/supplement observations and the sequence of events identified during the review.
- 2.4.4 An analysis for movement of funds from In-Scope Accounts was conducted to identify the recipient/beneficiaries of potential unauthorized transactions to the extent information was available with the Bank.
- 2.4.5 A public domain analysis was conducted on recipients/beneficiaries of the potential unauthorized transactions to identify any linkages with the Bank's staff.
- 2.4.6 Periodic updates were provided to the engaging parties (including Audit Committee of the Bank and Bank's board of directors) on the progress of the engagement.

2.5 Quantification of the UFAs

- 2.5.1 Of the 56 In-Scope Accounts, in relation to 13 In-Scope Accounts, the principal claim amount was INR 645.59 Cr, after adjusting INR 94.32 Cr of credit balance available in the respective customers' bank accounts. An interest of INR 30.60 Cr was also paid on the principal amount for such 13 In-Scope Accounts. The Bank paid the above-mentioned amounts to the account holders and recognized such amounts as an expense in the Bank's books of accounts for the quarter and year ended March 31, 2026⁴. The Bank also approached customers of the remaining 43 In-Scope Accounts for balance confirmation, and no additional claim has been identified. During the course of our review, no additional⁵ claim was identified during the review period.

2.6 Unauthorised and Fraudulent Activities (UFAs)

- 2.6.1 On review of the UFAs, it appears that the unauthorized transactions were processed through collusion of certain employees at the Branch to circumvent the existing processes put in place by the Bank. In addition to the Bank's employees, employees of customers in certain cases and third parties appear to be involved in these transactions⁶. Given the inherent nature of collusion risk, branch-level manual controls implemented at the Branch were circumvented. The broad modus operandi followed for the UFAs is outlined below in paragraph 2.8.

⁴ Refer page 10, paragraph 15 of IDFC First Bank annual financial results for FY 2026

⁵ Except for a potential claim of ~ INR 5 Cr for one of the In-Scope Account

⁶ Bank officials had met employees of certain customers to obtain a confirmation on transactions and account balance during the review period. Some of these employees, employees of customers and individuals related to the matter are under arrest/ suspension based on the available public reports.

2.7 Recipients and potential beneficiaries of UFAs

2.7.1 An analysis⁷ of fund flow from the affected In-Scope Accounts indicated certain key entities which were recipients⁸ had accounts with IDFC Bank and select other Banks. Some of these entities had familial or business connections with the former employees of the Bank. The list of such entities is set out below:

Sr. no	Recipients	Transferee bank
1	Recipient 1	IDFC First bank
		Other 'Bank 1 (Private Sector Bank)'
2	Recipient 2	Other 'Bank 2 (Private Sector Bank)'
		Other 'Bank 1 (Private Sector Bank)'
3	Recipient 3	Other 'Bank 1 (Private Sector Bank)'
		Other 'Bank 3 (Private Sector Bank)'
4	Recipient 4	Other 'Bank 3 (Private Sector Bank)'
5	Recipient 5	Other 'Bank 4 (Private Sector Bank)'
		Other 'Bank 5 (Private Sector Bank)'
6	Recipient 6	Other 'Bank 4 (Private Sector Bank)'
7	Recipient 7	Other 'Bank 6 (Private Sector Bank)'
		Other 'Bank 4 (Private Sector Bank)'
8	Recipient 8	Other 'Bank 1 (Private Sector Bank)'
9	Recipient 9	Other 'Bank 7 (Public Sector Bank)'
10	Recipient 10	Other 'Bank 8 (Public Sector Bank)'

2.7.2 Based on publicly available information, 19 accused persons are in custody of various law enforcement agencies. The list is set out below:

Sr. no	Category	Count
1	Former ⁹ branch employees of the Bank	5
2	Employees of the customers	7
3	Individuals external to the Bank (includes few individuals with connections to recipient entities – paragraph above)	7

2.7.3 Enforcement Directorate press release (dated 13 March 2026¹⁰ and 23 April 2026¹¹) regarding ongoing investigation at a few Banks (including IDFC First Bank) indicate embezzlement of funds “without authorisation” or “fake authorisation” documents.

⁷ Majority of the funds were transferred from IDFC FIRST Bank accounts to accounts held in other banks. Therefore, complete tracing of ultimate beneficiaries would require access to account statements from other financial institutions, requiring support of law enforcement agencies

⁸ Recipients other than in-scope and government accounts

⁹ As on the date of the report.

¹⁰ https://www.enforcementdirectorate.gov.in/media/press-release-documents/2878dc92-3b8c-46ac-a031-8b1b498708d5_Press%20Release--IDFC%20Scam-13032026-1.pdf

¹¹ https://enforcementdirectorate.gov.in/media/press-release-documents/7915bcbd-0c19-4b60-b95d-722f1f71da_Press%20Release_Kotak%20Mahindra%20Bank%20Case-2342026.pdf

2.8 Modus operandi

It appears that the modus operandi involves collusion between the Branch employees, certain employees of the customers, and certain individuals external to the Bank. Considering the sub judice¹² nature of the matter, a brief of modus operandi is provided below:

- 2.8.1 To process the unauthorised transactions, potentially modified/edited a) Authorisation letter, b) Cheques (including misuse of few cheques) and c) Approval emails were attached with the transaction vouchers by the then Branch Staff. In certain instances, signature inconsistencies were also observed. Subsequently, in certain instances non-existent Fixed Deposit Advices (FDA), edited interest certificates and modified bank account statements were shared with the customers.

2.9 Process compliances

- 2.9.1 Although system controls were broadly in place (e.g. SMS alerts, monthly bank statements including balance confirmation via email), certain transactions were processed in collusion by circumventing branch-level manual controls.
- 2.9.2 Based on certain alerts and communication, the Bank sought confirmations from the representatives of the customers including meetings with such representatives for obtaining confirmations on account statements. It now appears that some of these confirmations from the aforesaid officials/representatives of the customers were incorrect/ inaccurate. Currently, some of these officials/representatives of the customers as well as the former employees of the Bank appear to be under custody of various investigating agencies.

2.10 Select suggestions

- 2.10.1 During the review, other areas evaluated also included AML transaction monitoring, fraud monitoring, staff account monitoring, data leakage prevention and other aspects of branch level controls. Various monitoring mechanisms are in place at the Bank. However, certain additional controls can be put in place to further strengthen the processes at the Branch and centralized level.
- 2.10.2 We understand that Bank has been in the process of updating controls and has redefined processes at the branch level to incorporate the learnings arising from the current incident. We further suggest independent testing of newly instituted controls once they have been embedded within the Bank's operations/ systems for a sufficient period.

¹² Refer 2.3.3