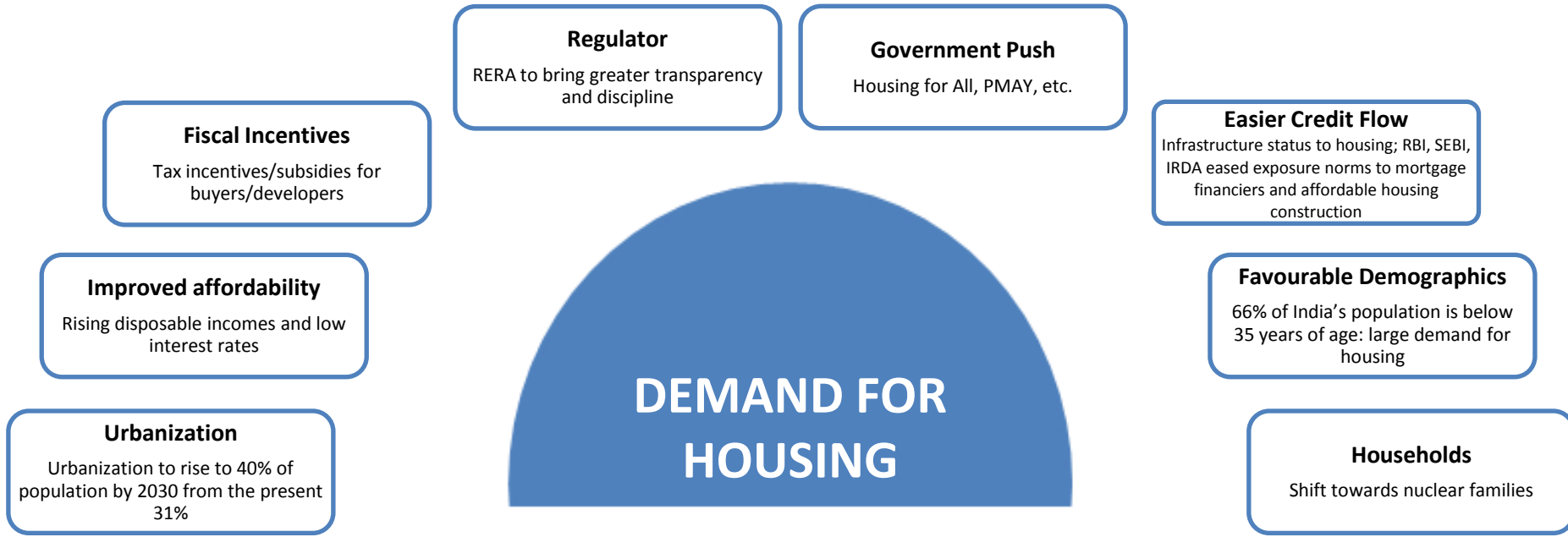


Indiabulls
HOUSING FINANCE

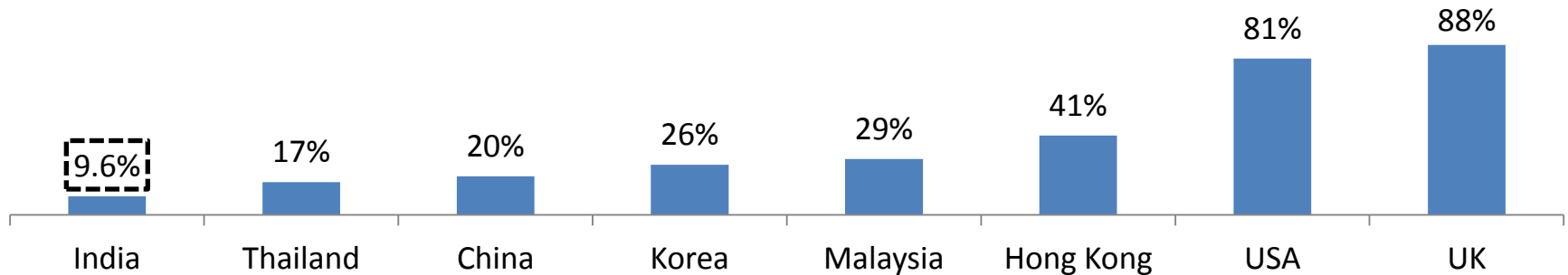
Indian Home Loans Market

Indian Housing Landscape



Mortgage rates in India are now the lowest in the world

- Low mortgage penetration compared to advanced and emerging economies implies huge opportunity for growth



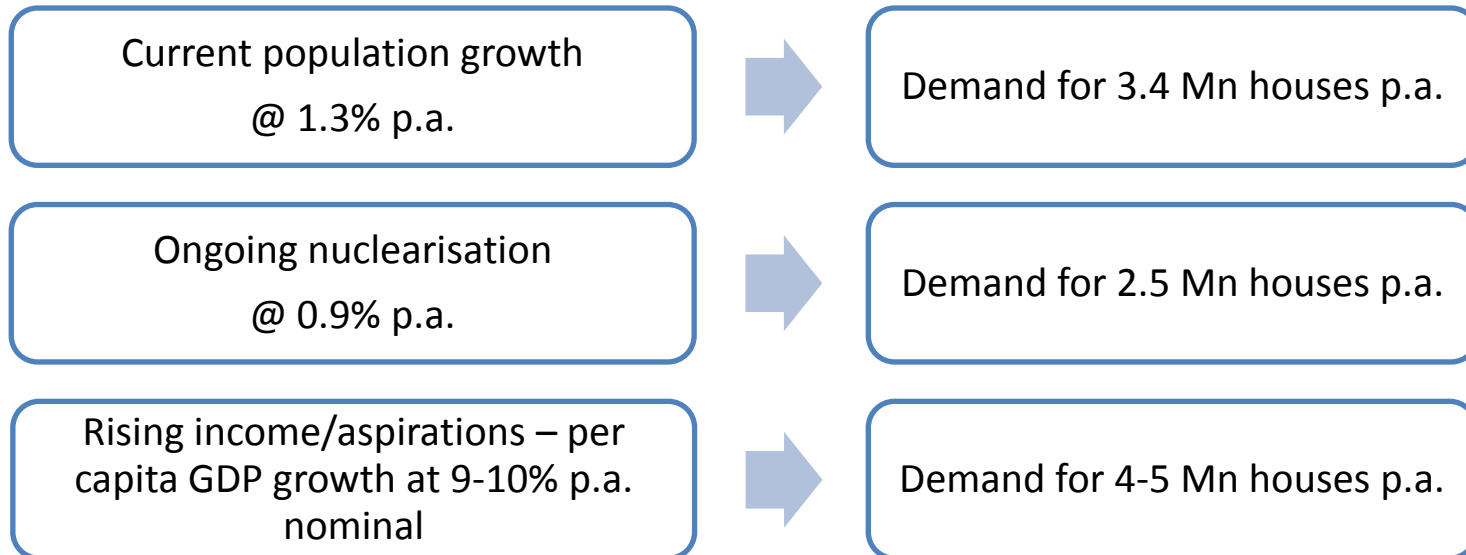
* Source: World Bank

^ Source: RERA Act

Source: Ministry of Statistics and Programme Implementation

Housing Demand in India

- Estimated housing shortage: ~ 40 Mn houses (urban & rural)
- Drivers of incremental demand:



- Total incremental demand for houses over 10 Mn p.a.
- Total opportunity over the next 7 years expected to be ~70 Mn houses

Housing: From Social Objective to Centrepiece Economic Policy

Opportunity to propel rural and urban economic activity and revive the capex cycle

- Housing sector: 4th largest employment provider in India*: employment for both semi-skilled and unskilled labour
- Housing and the larger real estate sector has a vast growth multiplier effect on the economy with linkages to over 250 ancillary industries
- Housing sector accounts for ~5% of GDP

Coordinated policy measures aimed at all sections of the housing market

Home Buyers

- Incentives from PMAY subsidy and tax deductions
- Home loan rates in affordable housing at 0.30%
- RERA in place: transparency and delivery visibility to buyers
- 90% of government run pension fund EPFO can be withdrawn for house purchase

Real Estate Developers

- 100% tax exemption on affordable housing construction for developers
- Faster building permissions
- RERA in place: transparency and delivery visibility to buyers

Mortgage Financiers

- Infrastructure status for affordable housing, enabling easier institutional credit
- RBI, SEBI and IRDA have coordinated policies to ease access to funding
- Reduction in risk weights and easing of LTV caps

PMAY and Tax Incentives for Mid-Income Affordable Housing

Illustration for Indiabulls Housing's average Home Loan

- House value : ₹ 3,500,000
- Home loan amount : ₹ 2,400,000 (Loan to value of 70%)
- PMAY subsidy : ₹ 230,156
- Net loan amount : ₹ 2,169,844

Years	Opening Loan Principal	Interest Payment (@ 8.35%)	Principal Repayment (pre-payment at least up till ₹ 150,000 p.a. to maximise tax benefit)	Tax Saved*	Net Amount Paid (Net of Tax Savings)
1	2,169,844	179,524	150,000	101,823	227,701
2	2,019,844	166,509	150,000	97,801	218,708
3	1,869,844	153,493	150,000	93,779	209,714
4	1,719,844	140,477	150,000	89,758	200,720
5	1,569,844	127,462	150,000	85,736	191,726
6	1,419,844	114,446	150,000	81,714	182,732
7	1,269,844	101,431	150,000	77,692	173,738
8	1,119,844	88,415	150,000	73,670	164,745
9	969,844	75,399	150,000	69,648	155,751
10	819,844	62,384	161,115	65,627	157,873
11	658,729	48,403	175,096	61,307	162,192
12	483,633	33,210	190,289	56,612	166,887
13	293,344	16,699	206,800	51,510	171,989
14	86,544	1,748	86,544	27,282	61,010
Total		1,309,600	2,169,844	1,033,959	2,445,486

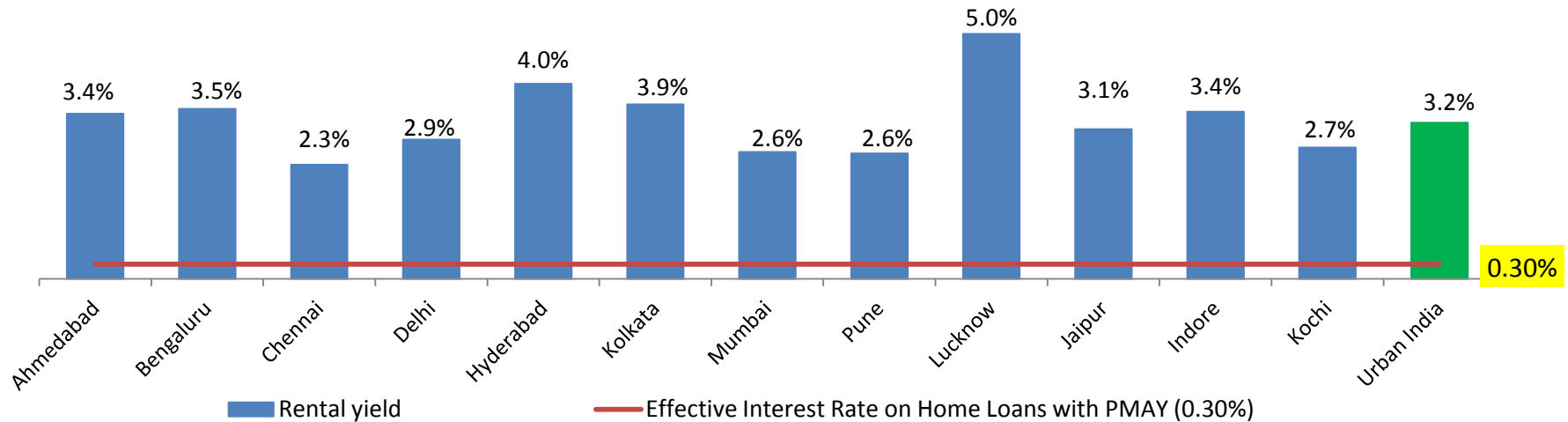
Effective Interest Rate on Home Loan	0.30% p.a.
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* Tax saved = 30.90% of [interest paid up to ₹ 250,000 + principal paid up to ₹ 150,000]

- Interest subsidy benefit under PMAY scheme extended by 15 months up till March 2019

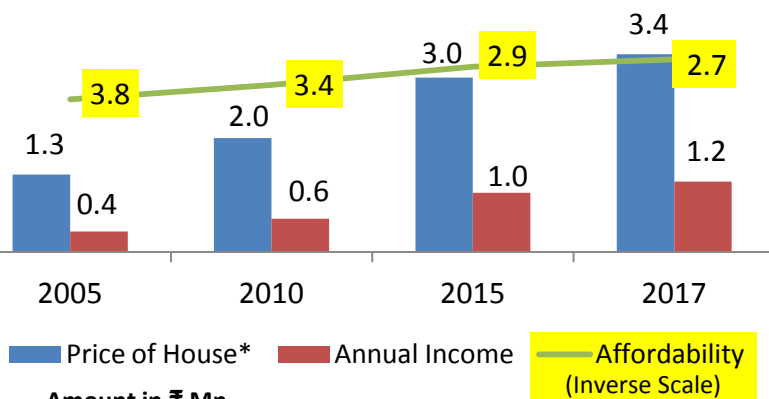
EMI Smaller than Rent Cheque: PMAY and Tax Incentive for Mid-Income Affordable Housing

Rental Yield v/s Home Loan Cost



Source: NHB; Industry reports

Increasing Affordability



- Owning a house costs only 30 bps against a 320 bps cost for renting the same house

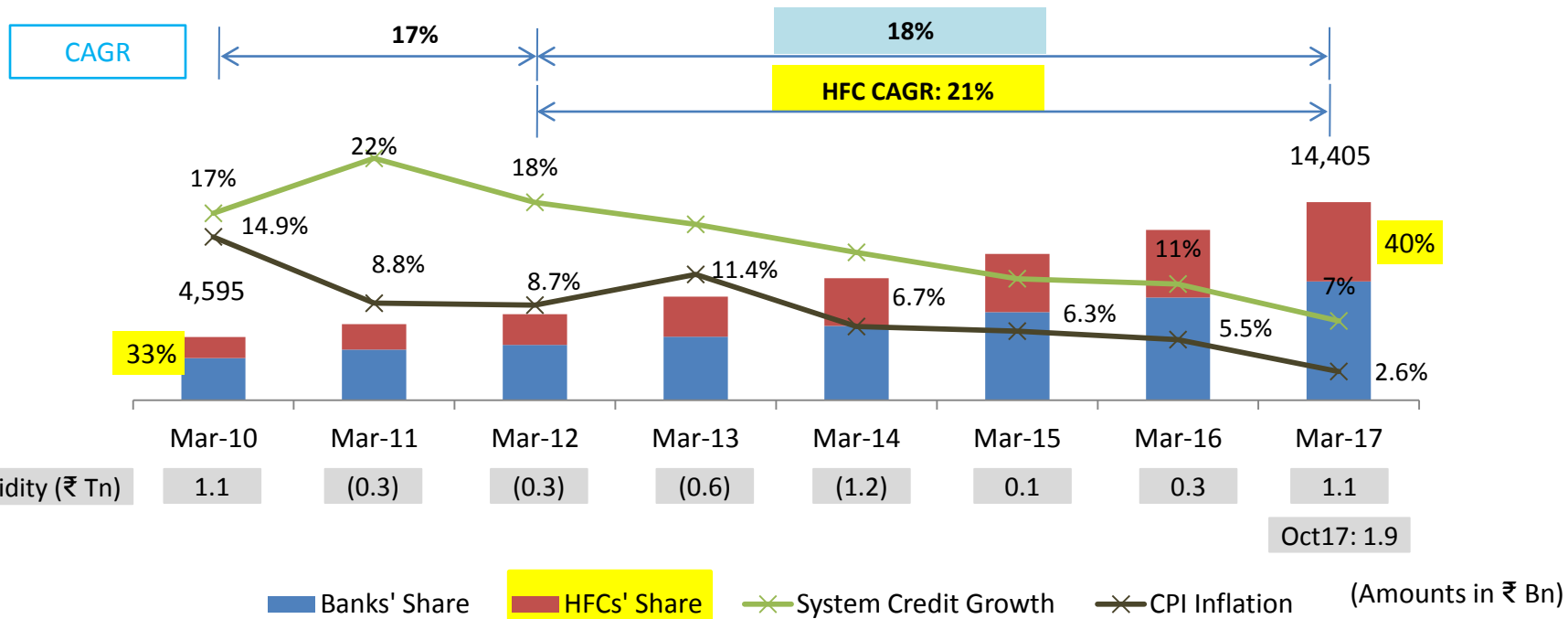
Affordability is defined as “Price of House” divided by the “Annual Income”

* Source: NHB; Industry reports

EMI: Equated Monthly Installment. Equal monthly installments of a principal amortising loan
PMAY: Pradhan Mantri Awas Yajana

Mortgage Market Growth: HFCs Stealing a March

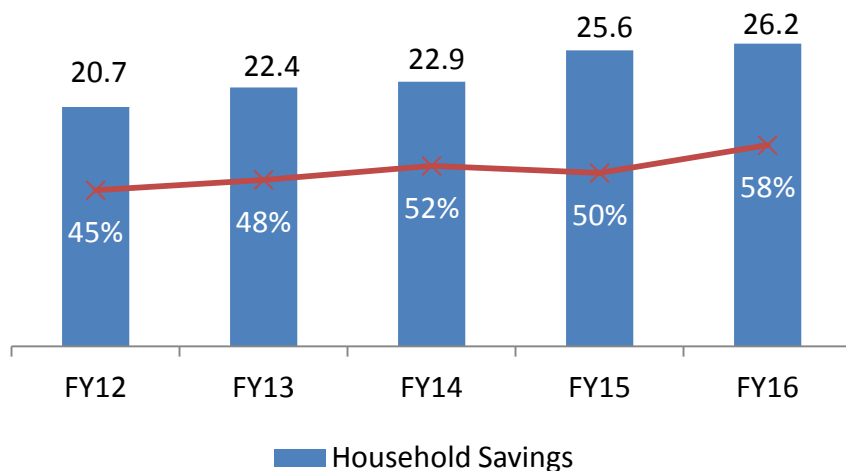
Growing HFC Market Share in a Steadily Expanding Home Loans Market



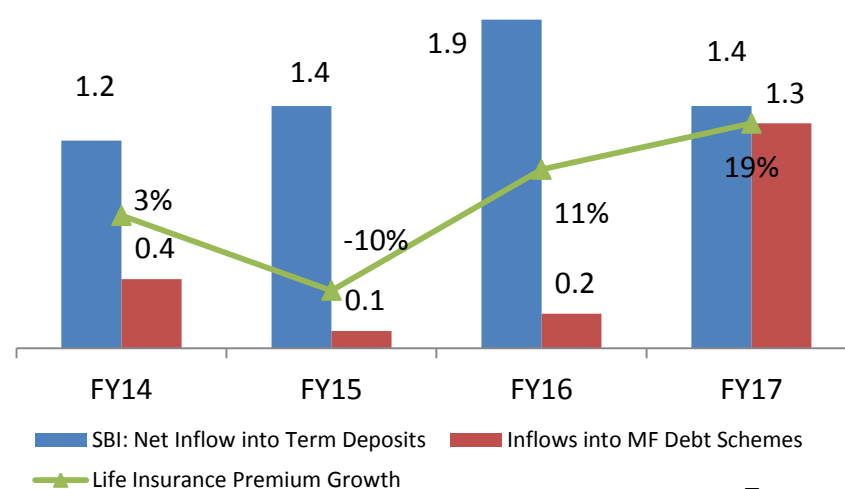
- HFCs continue to outpace banks in housing credit, growing between 15% and 30% vs. 11% for banks
- PSU banks lost market share through FY10 to FY14 despite there being no capital constraints
- Though Home Loans at 35% risk weight is the most capital efficient banks have continued to lose market share through FY14

Opening up of Funding Avenues, Deepening Debt Capital Markets and Increasing Financialization and Disintermediation

Share of Financial Savings in Total Household Savings



Savings Moving into Mutual Funds and Insurance

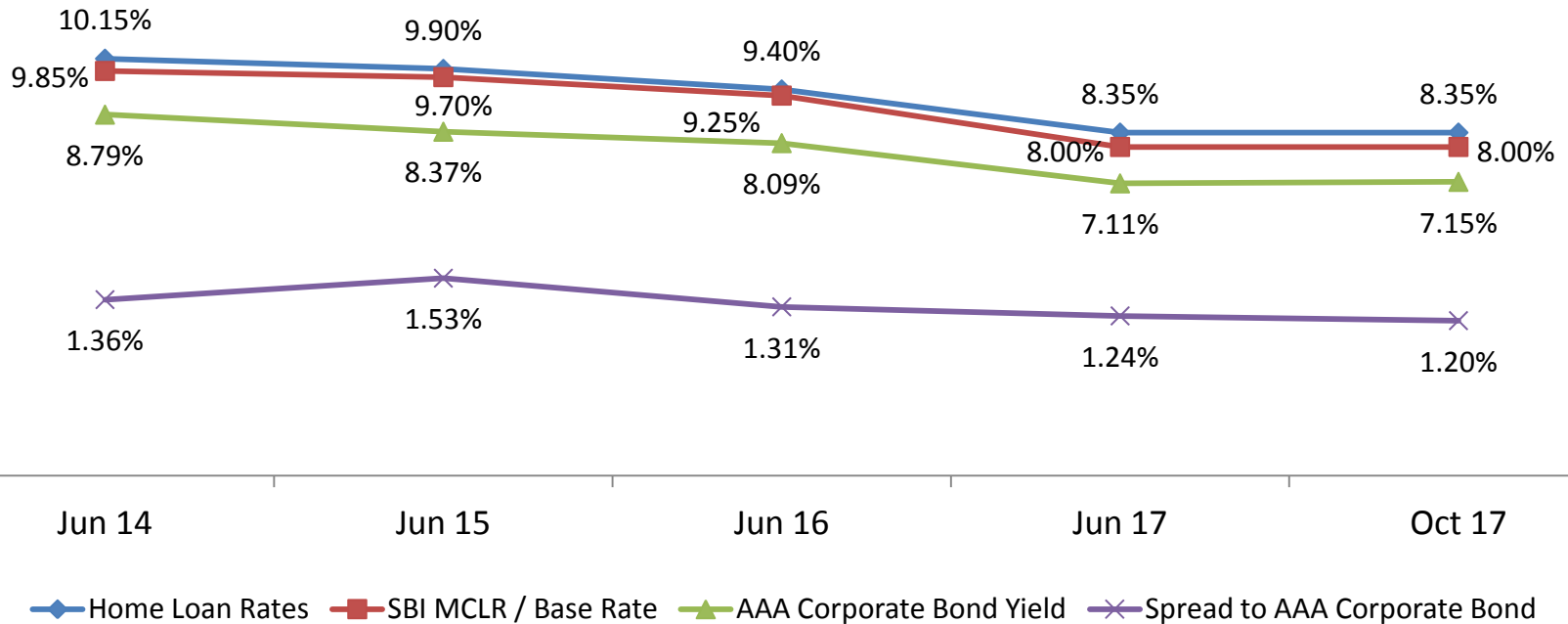


(Amounts in ₹ Tn)

The share of financial savings in total household savings has been rising at a CAGR of 13% from FY12 to FY16 as compared to 5% from FY08 to FY12 and is close to 60% as of FY16

- The AUMs of mutual funds have doubled to 21 trillion from September 14
- The number of new mutual fund folios has risen to 60,000 in number per day, and thrice the monthly average from the past 3 years
- Incremental inflows into CASA and term deposits are declining while inflows into mutual funds and life insurance premiums are growing strongly

Home Loan Rates v/s Corporate Bond Spreads



System Credit Growth

FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
17%	22%	18%	16%	13%	11%	11%	7%

- Home Loan Rates over AAA Corporate Bonds range from 1.00% to 1.50%

RoA Tree: Advantage on Cost of Funds More Than Offset by High Opex, Credit Costs & CRR/SLR

	AAA Rated HFCs	Banks*
Equity	13%	10%
Borrowings/Deposits	87%	90%
Loans	83%	66%
Investments	17%	34%

Home Loan Yield	8.35%	8.35%
Cost of Funds	7.3%	5.4%
Yield on Investments [adjusted for CRR]	7.0%	6.6% [6.0%]

Savings Deposit Rate	3.5%
Term Deposit Rate	6% to 7%

NIM	1.9%	2.7%
Fees	0.25%	0.25%
Revenues	2.2%	2.9%
Opex	0.7%	2.1%
PPOP	1.5%	0.9%
Credit Costs	0.2%	0.5%
Pre-tax RoA	1.4%	0.4%
Tax	0.4%	0.1%
RoA	1.1%	0.3%

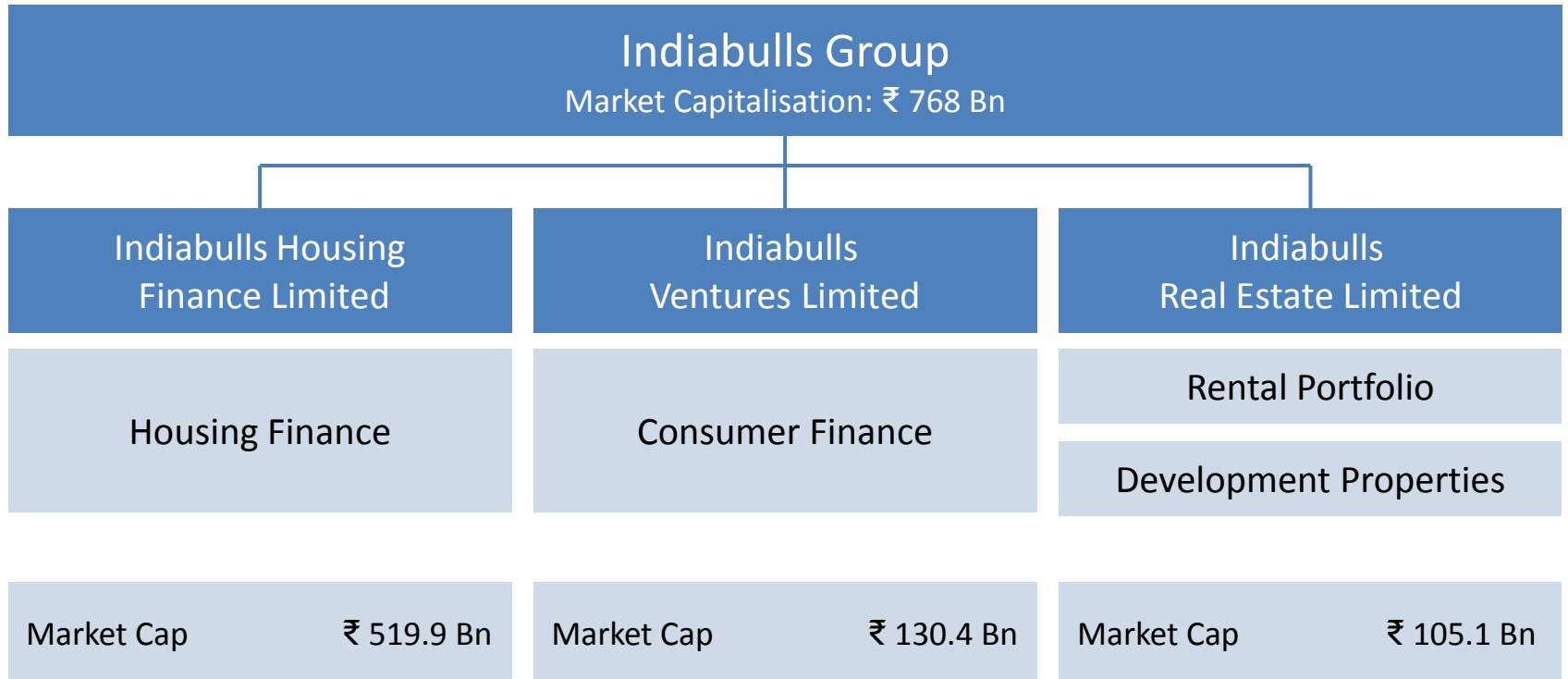
	AAA Rated HFCs	Banks*
Cost to Income Ratio	13%	42%

- While HFCs have home loan NPAs of 50 to 80 bps, home loan NPAs for banks is at 170 bps with many public sector banks' home loan NPAs at over 350 bps

* Average of three largest home loan lending banks

Indiabulls Housing Finance Limited

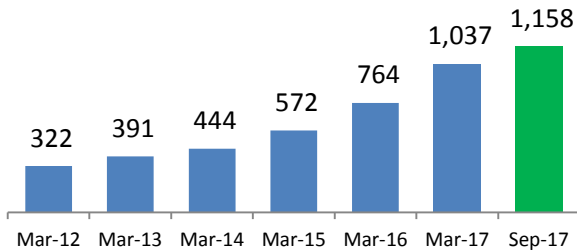
Indiabulls Group Companies



32 Quarters of 20%-25% Profit Compounding

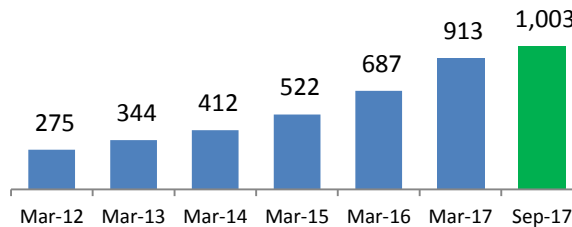
Balance Sheet

CAGR: 26%



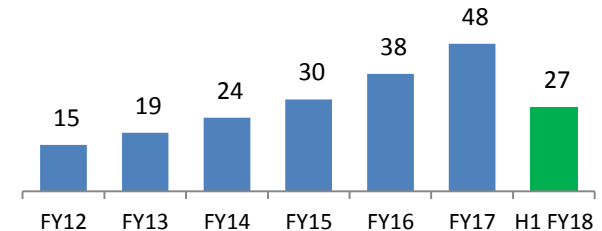
Loan Assets

CAGR: 26%



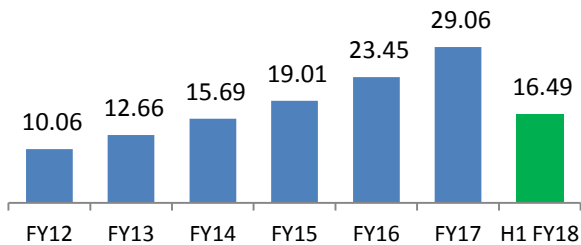
NII

CAGR: 26%



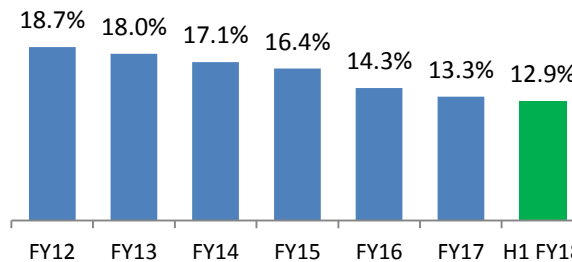
PAT

CAGR: 24%



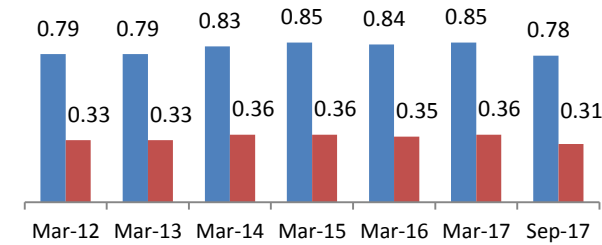
Cost-to-Income Ratio

107 bps of average annual decline



Asset Quality

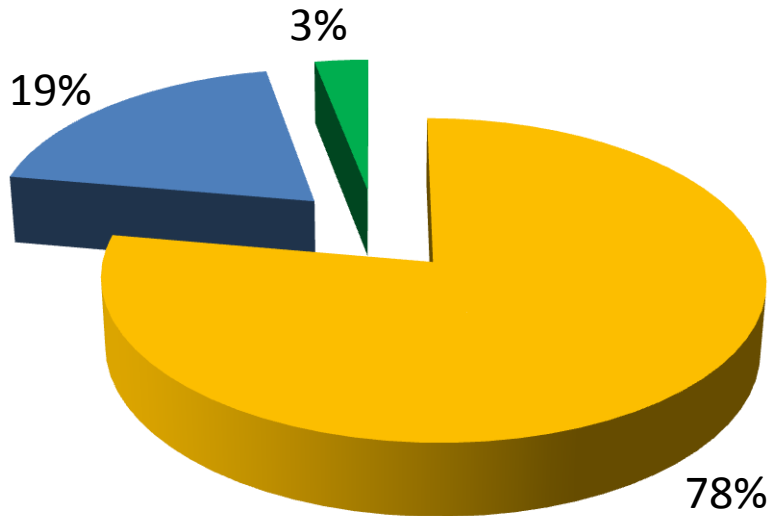
Lowest NPAs in 20 quarters



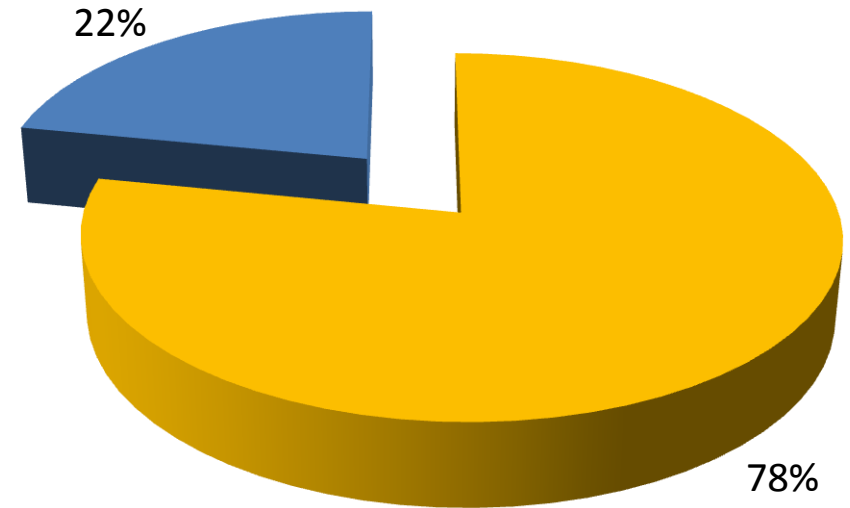
■ GNPA ■ NNPA

Balance Sheet Assets and Loan Assets

Balance Sheet Assets



Loan Assets



■ Loan Book ■ Cash & Liquid Investments* ■ Other Assets

■ Retail Mortgage Loan ■ Corporate Mortgage Loans

- Home loans, which form the majority of incremental disbursements, are disbursed at an average ticket size of ₹ 2.4 Mn; average LTV of 72% (at origination)

*Cash, Cash Equivalents and Investments in Liquid Debt Instruments

US \$ amounts are converted based on the exchange rate of US \$1 = ₹ 65

Home Loan Profile:

Focus on Mid-Income Affordable Housing



Average Loan Size	₹ 2.4 Mn
Maximum Loan to Value	80%
Average Loan to Value	73% (at origination)
Average Loan Term	15 years
Primary Security	Mortgage of property financed
Repayment Type	Monthly amortizing

- PMAY extended to Middle Income Group (MIG) - defined as households with annual income up to ₹ 1.8 Mn - for purchase of a house of carpet area of up to 1,185 Sq. Ft.
- Effective home loan rate for ₹ 2.4 Mn home loan, IBHFL's average ticket size is 0.30%

Smart City Home Loan: Technology-led Cost-effective Geographical Expansion through eHome Loans Platform

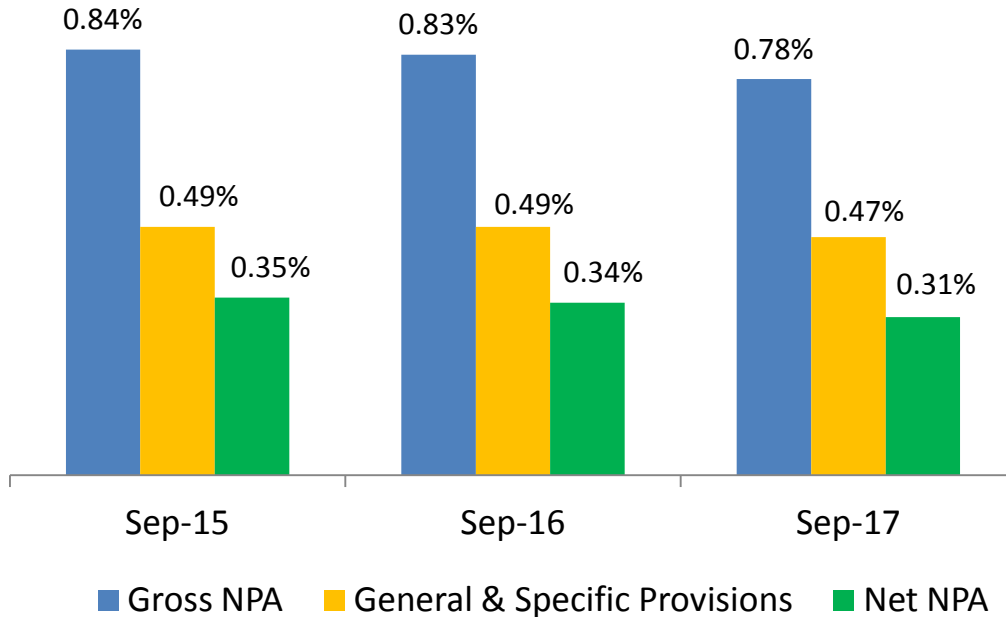
Minimum Loan Size	₹ 1.0 Mn
Average Loan Size	₹ 1.5 Mn
Maximum Loan Size	₹ 4.0 Mn
Maximum Loan to Value	80% (at origination)
Maximum Loan Term	20 years
Primary Security	Mortgage of property financed
Repayment Type	Monthly amortizing

- 59 Smart City Home Loan branches in new towns and cities now contribute 9% to incremental home loans' disbursements. On track for 100 Smart City Home Loan branches by Sep 2018
- Smart City Home Loans rides on the eHome Loans' infrastructure with lean spoke branches logging in digital/ scanned loan applications underwritten at centralised regional credit hubs
- Smart City Home Loans is driving expansion into geographies with lower competitive intensity contributing better margins at low cost-to-income without diluting credit standards

Conservative Loan Against Property Profile

Average Loan Size	₹ 7.3 Mn
Maximum Loan to Value	65%
Average Loan to Value	49% (at origination)
Average Loan Term	7 years
Primary Security	Mortgage of property financed
Repayment Type	Monthly amortizing
Basis of Credit Appraisal	Business cash flow analysis based

Asset Quality



(as % of Total Loan Assets)

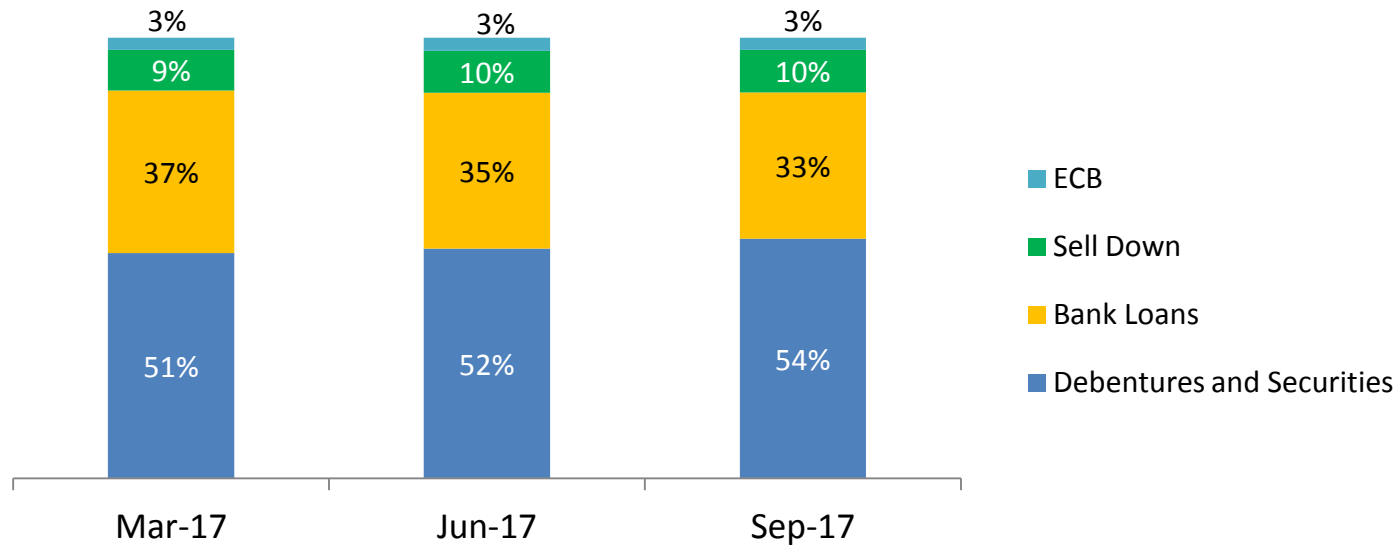
As at September 30, 2017

	(in ₹ Bn)
NPA (90+ dpd*):	7.82
Provisions for Contingencies:	12.24
Of which	
NPAs:	4.71
Other provisioning:	7.53
Regulatory Provisioning:	7.70
Excess Provisioning over Regulatory Provisioning:	4.54

Provisioning Cover : 157% of GNPA

- NPAs have dropped to their lowest level in 20 quarters with Gross NPA at 0.78% and Net NPA at 0.31% driven by increasing share of low-risk home loans
- Standard Asset Provision and Counter-cyclical Provisions are over and above General and Specific Provision pool and are not netted off against Gross NPAs in calculation of Net NPAs
- Standard asset provisioning rates are 0.4% for housing loans and 1.0% for non-housing loans


Funding Mix



	Total Funding (₹ Bn)		Net Incremental in 6 Months	Contribution to Incremental Borrowings in last 6 Months
	Sep 17	Mar 17		
Bank Loans	353.2	346.6	6.6	5.0%
Debentures and Securities	585.8	480.5	105.3	80.2%
ECB	29.4	25.9	3.5	2.6%
Total Borrowing	968.4	853.0	115.4	87.8%
Sell Down	102.9	86.9	16.0	12.2%
Total	1,071.3	939.9	131.4	100.0%

- 92% of incremental funding in H1 FY18 was from debentures and securities and loan sell downs
- ₹ 397.0 Bn of debenture and securities raised in 18 months since March 2016 is nearly twice that of ₹ 220 Bn raised in 36 months spanning FY 13-14 to FY 15-16; and is more than 4x of that raised in FY 2015-16

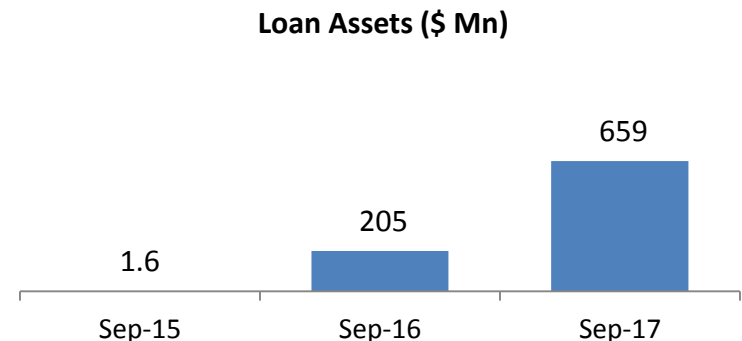
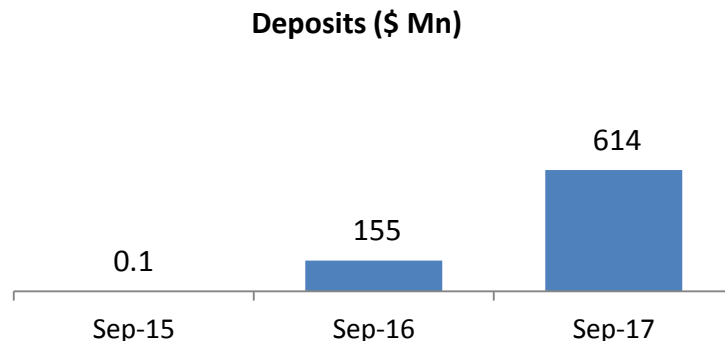
Evolution of Distribution Model and Geographical Coverage

	Sourcing	Underwriting Approach	Turn-around Time for Loan Appraisal*	Geographical Coverage
Pre-2010	Branch Based	Manual decisioning	5 to 7 days	Metro-centric: >85% for top-20 cities
2010	Point-of-sale: Construction sites	Pen-and-paper based underwriting	2 days	
2016	e Home Loans and Smart City Home Loans	Manual decisioning	8 hours	120 tier I cities 100 tier II & III cities 70% from top 20 30% from smaller cities
		Digitized underwriting		
		Q2 CY 2018	Instant credit decisioning	
		Score based automated decisioning		
Digitized underwriting				
2018	Analytics Driven Predictive Pre-approved Offers	Big-data driven customer life-stage monitoring Pre-approved customized offers Automated decisioning	Pre-approved offers	<div style="text-align: center;">  </div> 150 tier I cities 200 tier II & III cities 50% from top 20 50% from smaller cities

* Working days/hours

Update on OakNorth Bank

- Indiabulls Housing Finance Ltd has sold 10%, one-third of its stake, in OakNorth Bank to Govt of Singapore owned investment arm GIC for ₹ 7.7 Bn. In Nov 2015, IBHFL had invested ₹ 6.6 Bn in OakNorth Bank
- IBHFL still retains ~20% stake in OakNorth Bank valued at ₹ 15.1 Bn. OakNorth Bank is now valued at \$ 1.2 Bn (₹ 78 Bn)
- Within two years of operations OakNorth Bank's deposits have risen to \$ 614 Mn and loan assets stand at \$ 659 Mn
- NIM on existing book is ~ 6.5%, cost of fund is ~ 1.7% and gross yield is ~ 8.5% on the loan book. The bank is already profitable in second year of operations



2020 Goals

	FY17	FY20
Balance Sheet Size (₹ Bn)	1,037.1	2,010.0
Net Earnings (₹ Bn)	29.1	55.0
Cost-to-Income Ratio	13.3%	9.8%
Annualised Credit Cost	0.83%	0.65%
Home Loan Proportion	56%	66%
Spread	324 bps	300 to 325 bps
Geographical Mix		
<i>Top 20 cities</i>	70%	50%
<i>Other Towns & Cities</i>	30%	50%

Thank you