



Investor Presentation Sep 2020

Objective of Proposed Equity Capital Raise

For Ratings Upgrade: The main concern of rating agencies has been access to funding and diversity in sources of funding. Access to both equity and debt markets is important for ratings.

- *IBH has already demonstrated its access to debt markets by raising \$ 1.27 billion in the first quarter of this financial year*
- *On all key parameters IBH is on stronger footing than during the previous upgrade from AA level in 2014. Successful equity capital raise post the NBFC sector issues in India will demonstrate access to equity markets and fulfill the remaining and important point for rating agencies and support a ratings upgrade of IBH from the current AA ratings from CRISIL, ICRA & CARE.*

Performance Metrics

| Particulars | Q1 FY20-21 |
|----------------------|-------------|
| Loan Book | ₹ 73,129 Cr |
| Net Debt to Equity | 3.9x |
| Q1FY21 PAT | ₹ 273 Cr |
| FY20 PAT | ₹ 2,200 Cr |
| CRAR | 27.9% |
| Yield on Loans | 11.3% |
| Cost of Borrowings | 8.7% |
| Book Spread | 2.6% |
| Cost to Income Ratio | 14.0% |
| Gross NPA | 2.2% |
| RoA [FY20] | 1.9% |
| RoE [FY20] | 17.6% |

Robust profitability in tough market conditions: FY20 PAT of ₹ 22.0 Bn and dividend distribution of ₹ 31 per share in FY20. Financial performance amongst the top 5 companies in the sector

Funding Growth: FY21

| | FY21 |
|--|---------------|
| Long-term Borrowings | 21,000 |
| Retail Loan Sell Down | 2,000 |
| Developer loan refinance/ securitization | 5,000 |
| Total FY21 | 28,000 |
| Debt Repayment <i>[including pre-payment]</i> | 16,000 |
| Growth Capital <i>[for own balance sheet]</i> | 12,000 |

Amount in ₹ Cr

- The Company plans to grow its balance sheet by 7 - 8% in current fiscal
- The Company plans to grow its AUM in current fiscal by ~12%. In line with commercial terms mentioned in our co-origination model, we have executed an agreement for co-origination with a mid-sized private sector bank for LAP/ MSME loans. Active sourcing of loans shall begin from 1st Sep, 2020
- 40% of the target borrowings for FY21 have already been done, and 20% have been tied up. Thus, 60% of the borrowing plan for FY21 is achieved as on date

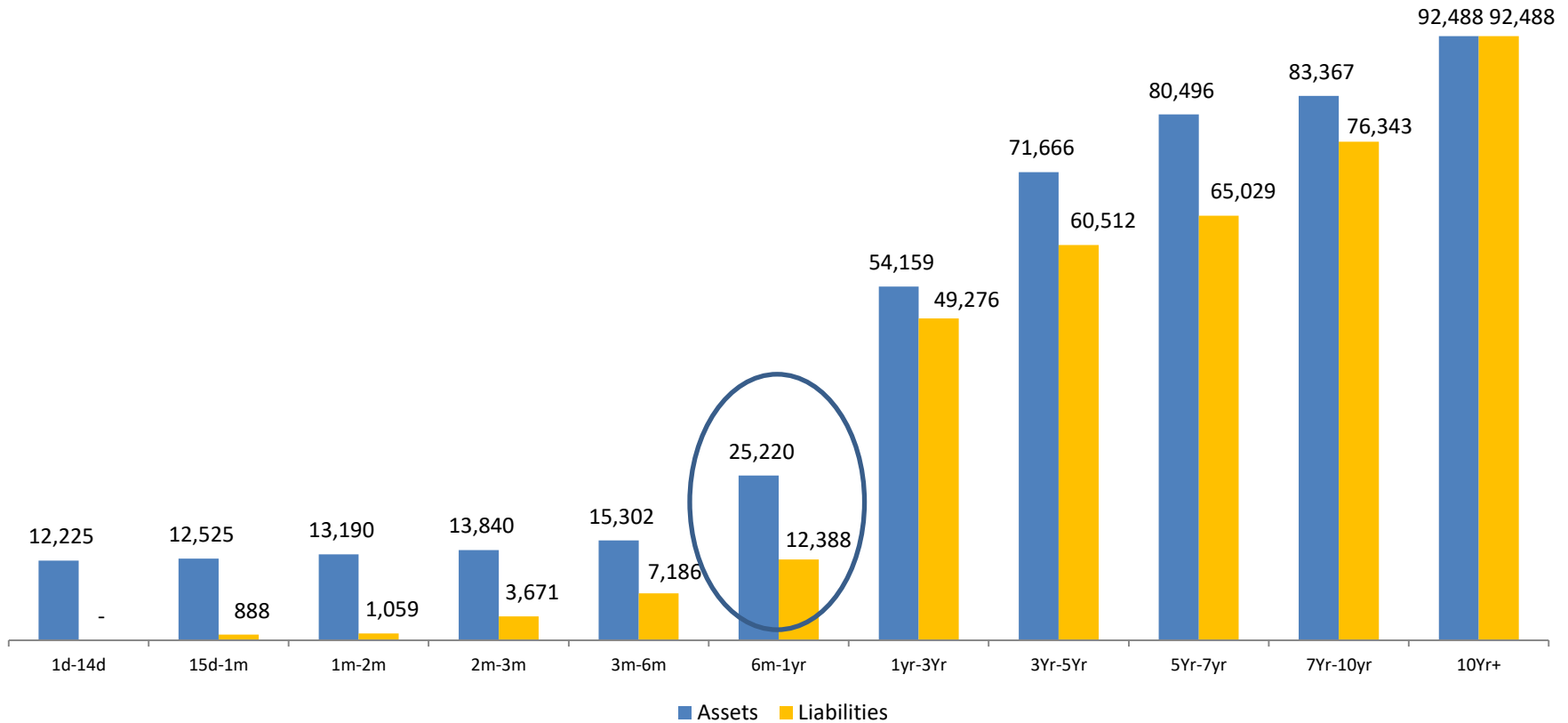
Asset Quality & Provision Levels

| | Q1 FY21 | Q1 FY20 |
|--------------------------|---------|----------|
| Gross Stage 3 | 2,042 | 1,662 |
| % Portfolio in Stage 3 | 2.20% | 1.47% |
| ECL Provision Stage 3 | 525 | 416 |
| Net Stage 3 | 1,517 | 1,246 |
| | | |
| Gross Stage 1&2 | 90,728 | 1,11,527 |
| % Portfolio in Stage 1&2 | 97.80% | 98.53% |

*As per IND AS
Amounts in ₹ Cr*

- Had the Company not chosen to de-grow its book in the past 1 year, the Gross NPAs would have been at 1.80%
- On total loan assets of ₹ 92,770 Cr, the loan assets in stage 1 & 2 are ₹ 90,728 Cr representing 97.80% of the total assets
- On total loan assets of ₹ 92,770 Cr, the loan assets in stage 3 are ₹ 2,042 Cr representing 2.20% of the total loan assets

Granular Asset Liability Maturity Management



The ALM above is shown on a cumulative basis up to each bucket, with positive cash of ₹ 12,832 Cr at the end of 1 year

Detailed quarter-wise break-up provided on page 17 of Q1FY21 Earnings Update
 * Cash, cash equivalent and other inflows

Figures as of Jun 30, 2020
 Amount in ₹ Cr

Track Record from FY10 to FY20 & Beyond FY20

- After the Global Financial Crisis, Company did QIP of ₹ 10.0 Bn in 2010 and for the next decade grew its business at a CAGR of 25% and distributed total of ₹ 282 per share in dividends to its shareholders [total of \$ 1.5 Bn distributed in dividends in last 10 years]. For the last decade, IBH has been amongst the top 10 dividend paying companies in the finance sector, including banks
- Access to debt market has normalised. Balance sheet has been fortified, and NPAs are moderate.
- Post QIP in 2020: Components for next phase of business growth are in place:
 - Robust Asset-light model: low risk and more resilient to sectoral downturns
 - Retail and developer loans co-origination model

Retail Business Model [60% HL, 40% LAP]

| Proportion of Origination | 40% | | 40% | | 20% | | 100% | |
|--|--------------------------------------|--------------|---------------------------------|---------------|----------------|---------------|-------------------------------|------|
| On-Balance Sheet Retention | 8% | | 4% | | 20% | | 32% | |
| | Co-origination [20% on IBH Books] | | Sell Down [10% on IBH Books] | | Onward Lending | | Total On-Balance Sheet RoA | |
| | HL | LAP | HL | LAP | HL | LAP | HL | LAP |
| Yield | 9.10% | 11.50% | 8.10% | 11.10% | 8.50% | 11.50% | | |
| Effective Yield to Customer | 7.35% | 9.50% | 8.10% | 11.10% | 8.50% | 11.50% | | |
| Cost of Funds/ Sell Down Rate | 8.10% | 8.10% | 7.25% | 8.70% | 8.10% | 8.10% | | |
| Spread [loaded on retained for sell down] | 1.00% | 3.40% | 8.50% | 24.00% | 0.40% | 3.40% | | |
| Processing Fees [+ Sourcing Fees from Bank for Co-origination] | 1.3% | 5.7% | 0.6% | 5.7% | 0.06% | 0.57% | | |
| On going Service Fees [for Co-origination] | 2.0% | 3.0% | | | | | | |
| Insurance Income | 2.5% | 2.5% | 5.0% | 5.0% | 0.5% | 0.5% | | |
| Operating + Sourcing Expenses | -1.8% | -5.8% | -3.6% | -11.4% | -0.4% | -1.1% | | |
| Credit Costs | -0.2% | -1.0% | -0.2% | -1.0% | -0.2% | -1.0% | | |
| RoA Pre-Tax | 4.8% | 7.8% | 10.3% | 22.3% | 0.4% | 2.3% | | |
| RoA Post-Tax | 3.8% | 5.8% | 8.2% | 16.7% | 0.3% | 1.7% | 2.2% | 4.6% |
| Blended RoA Post-Tax | 4.6% | | 11.6% | | 0.9% | | 3.0% | |

Steady state Blended Business RoE [@ 1:5 leverage]: **24%**

In the short term, during the ramp-up phase, RoE: 15% - 20%

Developer Loan Business Model: Co-origination with Credit Funds

| | |
|--|-------|
| On Fund's Balance Sheet | 80% |
| On IBH Balance Sheet | 20% |
| Yield | 15.0% |
| Cost of Funds for IBH | 8.1% |
| Spread for IBH | 6.9% |
| Processing Fees [1.0% of Disbursal] [Entirely to IBH] | 1.8% |
| Annual Service Fees [0.25% of book with PI – loaded on book with IBH] | 1.0% |
| Operating + Sourcing Expenses | -1.8% |
| Credit Costs [2.0% of Disbursals] [Pari passu shared] | -0.7% |
| RoA Pre-Tax | 7.2% |
| RoA Post-Tax | 5.4% |

- Pari passu risk sharing
- Loan processing fee to IBH
- Annual loan servicing fee to IBH

Retail Loan Book of Highest Quality

Portfolio performance of all sold down pools of ₹ 62,963 Cr

| Loan Pool Type | Number of Pools | Initial Pool Details | | | | Months on Book | Pool Principal [₹ Cr] | Amortisation | of Initial POS | |
|----------------|-----------------|----------------------|--|----------------------------|-----------|----------------|-----------------------|--------------|----------------|--|
| | | Disbursement [₹ Cr] | Average Ticket Size [at disbursement] [₹ Lakh] | Sold Down Principal [₹ Cr] | 90+ dpd % | | | | 180+ dpd % | |
| HL Pools | 125 | 40,401 | 0.24 | 32,219 | 37 | 16,293 | 53% | 0.12% | 0.11% | |
| LAP Pools | 89 | 22,562 | 0.75 | 17,514 | 42 | 5,781 | 71% | 0.29% | 0.25% | |
| Total | 214 | 62,963 | 0.32 | 49,733 | 39 | 22,074 | 60% | 0.18% | 0.16% | |

Portfolio performance of all 193 sold down DA pools is monitored on a monthly basis by the credit bureau Experian.

Remainder 21 PTC pools are being monitored monthly by CRISIL, ICRA and CARE and Brickwork Ratings [respective agencies that rated the PTCs]

IBHFL has 25 ongoing relationships with banks / mutual funds for sell down

| | | | |
|----------------------|-----------------------|---------------------------|----------------------|
| Axis Bank | Bank of Baroda | Bank of India | Canara Bank |
| ICICI Bank | Central Bank of India | Corporation Bank | Dena Bank |
| Deutsche Bank | IDFC First Bank | IDBI Bank | Indian Bank |
| Indian Overseas Bank | Kotak Mahindra Bank | Oriental Bank of Commerce | Punjab National Bank |
| State Bank of India | RBL Bank | Syndicate Bank | UCO BANK |
| Union Bank of India | Vijaya Bank | HDFC Bank | United Bank of India |
| Reliance Nippon | | | |

Asset-Light Model: Balance Sheet Growth of 3% v/s 23% AUM Growth

Amounts in ₹ Bn

| | FY20 | FY21 | FY22 | FY23 | FY24 | FY20-24 4-Yr CAGR |
|--------------------------|--------------|--------------|--------------|--------------|--------------|----------------------|
| Net Worth | 155 | 168 | 177 | 189 | 206 | 7% |
| Borrowings | 760 | 823 | 834 | 847 | 890 | 3% |
| Other Liabilities | 113 | 75 | 75 | 75 | 75 | |
| Total Liabilities | 1,029 | 1,066 | 1,086 | 1,111 | 1,171 | 3% |
| Loan Book | 731 | 792 | 813 | 842 | 899 | 4% |
| Cash & Other Investments | 273 | 250 | 248 | 244 | 247 | |
| Others Assets | 25 | 25 | 25 | 25 | 25 | |
| Total Assets | 1,029 | 1,066 | 1,086 | 1,111 | 1,171 | 3% |
| AUM | 930 | 1,026 | 1,221 | 1,529 | 1,908 | 23% |

Due to COVID-19 pandemic, meaningful disbursements have been assumed to commence only in H2FY21

As IBH pursues an asset-light model, balance sheet growth will be moderate at ~3% CAGR while AUM will grow at 23%+ CAGR

Asset-Light Model: 17% Growth in PAT & High Dividends

Amounts in ₹ Bn

| | FY20 | FY21 | FY22 | FY23 | FY24 | FY20-24 4-Yr CAGR |
|------------------------|------------|------------|------------|------------|------------|----------------------|
| Interest Income | 111 | 90 | 99 | 108 | 120 | |
| Cash & Fee Income | 20 | 16 | 17 | 19 | 22 | |
| Total Income | 131 | 105 | 115 | 127 | 142 | |
| Interest Expenses | 85 | 70 | 73 | 74 | 76 | |
| Staff & Admin Cost | 10 | 6 | 7 | 7 | 8 | |
| Credit Cost | 11 | 8 | 8 | 8 | 6 | |
| Total Expenses | 105 | 84 | 87 | 88 | 90 | |
| PBT | 26 | 21 | 28 | 39 | 52 | |
| PAT | 22 | 17 | 22 | 31 | 42 | 17% |
| Dividend per Share [₹] | 21 | 0 | 31 | 43 | 58 | |
| RoE [%] | 17.6% | 10.5% | 13.0% | 16.8% | 21.1% | |
| Cost-to-Income Ratio | 16.2% | 12.8% | 11.3% | 9.4% | 8.0% | |

Loan Book Movement

Amounts in ₹ Bn

| | FY20 | FY21 | FY22 | FY23 | FY24 | FY20-24 4-Yr CAGR |
|----------------------------------|------------|--------------|--------------|--------------|--------------|----------------------|
| AUM | 930 | 1,020 | 1,215 | 1,523 | 1,902 | 23% |
| Loan Book | 731 | 792 | 813 | 842 | 899 | 4% |
| Sold Down Book | 199 | 212 | 331 | 510 | 712 | |
| Book with Co-origination Partner | 0 | 17 | 71 | 172 | 292 | |

| Disbursals | FY21 | FY22 | FY23 | FY24 |
|---------------------------------------|------------|------------|------------|------------|
| Co-origination | 23 | 68 | 135 | 180 |
| On-Balance Sheet for Future Sell Down | 133 | 280 | 355 | 430 |
| Total | 155 | 348 | 490 | 610 |

Disbursal targets in FY22 and later years are reasonable, considering the Company disbursed over ₹ 480 Bn of loans in FY18

Safe Harbour Statement

This document contains certain forward-looking statements based on current expectations of Indiabulls Housing Finance Ltd. management (“IBH”). These forward looking statements and any other projections contained herein are predictions and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements to be materially different from any future results, performance or achievements, expressed or implied, by such forward looking statements or other projections. These risks and uncertainties include the effect of economic and political conditions in India, and outside India; volatility in interest rates and in the securities markets; new regulations and accounting standards, and government policies that might impact the business of IBH; the general state of the Indian economy; and the management’s ability to implement the company’s strategy. All of these factors are contingencies which may or may not occur and IBH is not in a position to express a view on the likelihood of any such contingency occurring.

The forward looking statements contained herein are based on the beliefs of the management of IBH, as well as the assumptions made by and information available to management as at the date hereof. Moreover, the statements made herein are on the basis of estimates which may undergo a change depending on market conditions and dynamics including changes in the operating costs and demand-supply scenario. There can be no assurance that the expectations will prove to be correct. Interest rates applicable for any product are highly sensitive to many factors beyond IBH’s control, including the monetary policies of the regulatory bodies, domestic and international economic and political conditions, inflation and other factors. IBH expressly disclaims any obligation or undertaking to release any updated information or revisions to any statements contained herein to reflect any changes in the expectations or assumptions with regard thereto or any change in the events, conditions or circumstances on which such statements are based.

All subsequent written and oral forward looking statements attributable to IBH are expressly qualified in their entirety by reference to these cautionary statements.

All information contained in this presentation has been prepared solely by IBH. No information contained herein has been independently verified by anyone else. No representation or warranty (express or implied) of any nature is made nor is any responsibility or liability of any kind accepted with respect to the truthfulness, completeness or accuracy of any information, projection, representation or warranty (expressed or implied) or omissions in this presentation. Neither IBH nor anyone else accepts any liability whatsoever for any for any direct, indirect or consequential loss or damage, howsoever, arising from any use or reliance on this presentation or its contents or otherwise arising in connection therewith. This presentation may not be used, reproduced, copied, distributed, shared, or disseminated in any other manner.

This document does not constitute an offer or recommendation. The receipt of this presentation by any recipient is not to be constituted as the giving of investment advice by IBH to that recipient. Any action taken by you on the basis of the information contained herein is your responsibility alone and IBH or its directors or employees will not be liable in any manner for the consequences of such action taken by you. The distribution of this presentation in certain jurisdictions may be restricted by law and persons into whose possession this presentation comes should inform themselves about, and observe any such restrictions.

Investor Contact

Ramnath Shenoy

indiabulls.update@indiabulls.com

+91 22 6189 1444

Media Contact

Ankit Banga

mediaguery@indiabulls.com

+91 22 6189 1153

Thank you