

Indiabulls Housing Finance Limited Announces its Q3 and 9M FY 2017 - 18 Financial Results. Quarter PAT of ₹ 1,167.7 Cr, up by 55%

For Immediate Use

Mumbai, 23rd January 2018: The Board of Directors of Indiabulls Housing Finance Ltd (IBHFL), India's second largest housing finance company, announced its unaudited financial results for the year ended December 31, 2017.

IBHFL's Profit After Tax (PAT):

Q3 FY18 (₹ Cr)	Q3 FY17 (₹ Cr)	Growth %
1,167.7	751.5	55.4%

9M FY18 (₹ Cr)	9M FY17 (₹ Cr)	Growth %
2,817.0	2,065.9	36.4%

Highlights Q3 FY18

- For the first time ever PAT crossed ₹ 1,000 Cr in a quarter to record the highest ever quarterly PAT of ₹ 1,167.7 Cr up by 55.4% over Q3 FY17 PAT of ₹ 751.5 Cr
- IBHFL declared an interim dividend of ₹ 14 per share of face value ₹ 2/-, amounting to 700%. The interim dividend of ₹ 14 includes ₹ 5 of dividend being paid from the one-time gain on the equity stake sale in OakNorth Bank.
- Net of one-off gains from sale of ~10% stake in OakNorth Bank, PAT for Q3 FY18 is at ₹ 930.2 Cr, a growth of 24.5% on Q3 FY17 PAT of ₹ 751.5 Cr
- NII for Q3 FY18 is at ₹ 1,410.4 Cr. NII, adjusted for one-time gains on the investment book in both FY17 and FY18, has grown by 23.6% Y-o-Y
- NPAs are at the lowest level in 21 quarters with Gross NPA at 0.77% and Net NPA at 0.31% as compared to 0.85% and 0.36% respectively at the end of Q3 FY17
- Cost to income ratio for Q3 FY18 lower at 12.5% from 13.8% in Q3 FY17
- Provision cover of 181% on Gross NPA
- Indiabulls Housing Finance Ltd. is only the second private non-bank lender on standalone strength to be rated AAA by CRISIL and ICRA; and is now rated at the highest AAA by CRISIL, ICRA, CARE and Brickworks
- In Q3 FY18, IBHFL received approval to raise USD 750 Mn of Masala Bonds. IBHFL has set up a USD 1.5 Bn MTN program to tap the offshore market time-to-time. This will help optimally diversify funding sources and increase funding efficiencies.

Highlights 9M FY18

- PAT up by 36.4% to ₹ 2,817.0 Cr
- NII up by 25.4% to ₹ 4,123.7 Cr

Key Financials:

Particulars (₹ Cr)	Q3 FY18	Q3 FY17	Y-o-Y Growth (%)	9M FY18	9M FY17	Y-o-Y Growth (%)
Balance Sheet	122,856.2	102,406.2	20.0%			
Total Loan Asset	107,328.2	81,422.4	31.8%			
Total Revenues	4,105.7	3,004.5	36.7%	10,673.2	8,476.9	25.9%
PAT	1,167.7	751.5	55.4%	2,817.0	2,065.9	36.4%
EPS (INR)	27.45	17.77	54.5%	66.34	48.95	35.5%
Gross NPA (%)	0.77%	0.85%				
Net NPA (%)	0.31%	0.36%				

Update on IBHFL

IBHFL now has the highest credit rating of AAA from all four leading domestic rating agencies including from CRISIL, an S&P Company and ICRA, a Moody's Investor Services Company.

IBHFL sold one-third of its stake in OakNorth Bank Ltd., i.e. ~10% of the bank to Government of Singapore owned investment arm GIC for ₹ 770 Cr. With this partial divestment, IBHFL has recovered its entire investment in OakNorth Bank made 2 years ago. IBHFL's remainder stake of ~20% is now valued at ₹ 1,510 Cr, multiplying its investment 3.6x in under 2 years.

An interim dividend of ₹ 14 per share of face value ₹ 2/-, amounting to 700%, has been declared. The interim dividend of ₹ 14 includes ₹ 5 of dividend being paid from the one-time gain on the equity stake sale in OakNorth Bank.

Macro Updates on Mid-Income Affordable Housing

Affordable housing continues to benefit both from inherent economic and demographic-driven demand and from government policy focus. This financial year, the government continued with policy measures and fiscal incentives to spur both housing demand and supply. The Union Budget 2017-18 announced a number of measures to boost affordable housing, which include: i. extension of interest rate subsidies to mid-income housing PMAY, along with tax deductions on home loan repayments, this has driven effective home loan rates to near-zero levels; ii. granting infrastructure status to affordable housing opening up access to efficient funding; iii. increasing the time for project completion to affordable housing builders from earlier 3 years to 5 years to avail of tax incentives; iv. revision of qualifying criteria for affordable housing from saleable area to carpet area. In April 2017, the government also permitted EPFO members to withdraw up to 90% of their accumulated corpus for purchase or construction of a house. The balance unutilized EPF corpus and monthly inflows into an individual's EPF can be used to service home loan EMIs. This both increased the ability to make down payments on house purchases and also increased home loan eligibilities for EPF members that number over 50 Mn. In June 2017, both the RBI and the NHB reduced standard asset provisions on incremental home loans extended to 0.25% from 0.40%. The regulators also cut risk weights by between 15% and 25% for various buckets of home loan ticket sizes. In Sep 2017, the government extended



the interest subsidy for MIG-I and MIG-II up till March 2019 from the initial cut-off date of Dec 2017. Further, in Nov 2017, the government increased the eligible carpet area for availing interest rate subsidy under CLSS for MIG-I and MIG-II to 1,292 Sq. Ft. and 1,615 Sq. Ft. from 969 Sq. Ft. and 1,184 Sq. Ft. respectively.

RBI's report on affordable housing in India released this month presents data on the traction affordable housing has gained from these measures. There has been a three - fold increase in stock of houses completed under PMAY – Urban since April 2017. In FY2016-17, housing loans of under ₹ 25 lacs has grown by 33% compared with a -0.5% growth for loans of over ₹ 25 lacs. Sub ₹ 25 lacs home loans now contribute to 76% of all home loan disbursements, up from 70% a year ago.

According to ICRA's Dec 2017 report, affordable housing portfolio continued to grow at a faster pace of 24% Y-o-Y supported by increase in supply of affordable housing projects following the infrastructure status accorded to the sector and improved borrower affordability supported by lower interest rates and capital subsidy through the credit-linked subsidy scheme.

The report estimates affordable housing credit growth over the medium to long term to be high at around 30%, which could increase mortgage penetration levels to over 12-14% by March 2022.

Expanding footprint and increasing operating efficiencies

Aided by increasing scale of operations, the cost to income slipped to 12.5% from 13.3% in FY17 and 18.0% five years ago in FY13.

On the back of the eHome loans' digitized workflow, we continue to expand into tier II, III and IV locations with our Smart City home loan branches, and now have 69 of these branches. By Sep 2018, we will have 100 Smart City home loan branches. These branches now contribute to 10% of home loan disbursements. These digitized workflow aided lean branches are catered to by hub credit branches in a hub-and-spoke model, permitting IBHFL to expand into smaller towns in a cost effective manner without loosening credit standards.

Mr. Gagan Banga, Vice Chairman and MD, IBHFL commented, "Q3 FY18 was a momentous quarter for us. We became only the second private non-bank lender to be upgraded to the highest AAA rating by CRISIL, an S&P Company. Including CRISIL and ICRA, we now have the highest long-term credit rating of AAA from all four leading Indian rating agencies. Another key development this quarter was the validation of our strategic investment in OakNorth Bank. Our investment multiplied 3.6x in the two years since Nov 15 and we sold about 10% in OakNorth bank for ₹ 768 Cr, recovering more than our total investment of ₹ 663 Cr. We continue to remain the single largest shareholder, retaining ~20% valued at ₹ 1,510 Cr."

About Indiabulls Housing Finance Limited

IBHFL is India's 2nd largest Housing Finance Company. IBHFL enjoys the highest long-term credit rating of AAA from all four leading rating agencies in India. IBHFL has a balance sheet size of ₹ 122,856 Cr and provides quick, convenient and competitively priced home loans in the affordable housing segment.