IIFL FINANCE

Investing in Tomorrow
Focusing on Small Businesses Today

Investor Presentation

January 2025

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Notes to the presentation:

- All numbers/data in the presentation are as per Company reports / presentations published on the company's website, unless otherwise stated
- Exchange rate used throughout the presentation: 1 USD = INR 83.790 as on 30th Sep 2024

Section 2:

COMPANY OVERVIEW

Strategy

Strong collaborations with banks to diversify and mitigate risks effectively

Focusing on the underserved retail market as a core driver for sustained long-term growth

Expanding Opportunities

The underserved retail market is poised for exponential growth, fuelled by India's robust digital infrastructure and strong government focus on financial inclusion

Alignment with national and banking sector priorities maximizes impact, ensuring a mutually beneficial ecosystem

Well-positioned to deliver

Branch & people network

Extensive reach enables superior sourcing and efficient collections in underserved areas

Underwriting & risk management

Proven expertise with three decades of impeccable performance, navigating through market cycles

Credit underwriting expertise

Significant experience in working with banks, leveraging time-tested and robust underwriting frameworks

Cutting-edge technology

Continuous investment in digital infrastructure ensures scalability and operational efficiency

Financial strength

Conservative liquidity and disciplined capital management bolsters resilience for sustainable growth

This strategic focus positions us strongly for sustained and scalable growth, leveraging off-balance-sheet risk management to enhance resilience and deliver long-term value creation for all stakeholders

Building a Strong Moat in India's Retail Lending Space

Snapshot of IIFL Finance (Consolidated)

Focused on small ticket loans to under-served individuals & businesses

Successfully navigated through multiple credit cycles in the last three decades

Extensive network of 4,810 own branches, 34,357 employees

Catering to Retail and PSL Customers	Asset-Light and Low-Risk Business Model	Strong Asset Quality	Well-Capitalized with Steady Profits	Marquee Investors & High Ratings
4.4mn + Customers served	**USD 7,992mn** Loan Assets ((75% secured)	**2.35%** GNPA	**35.19%**[1] CRAR	**Rated AA (Stable) Long term** A1+ short term by CRISIL
Retail Loans **98%** of Loan assets	**34% of Loan AUM** Managed Assets- Zero risk	**1.06%** NNPA	**2.7x**[2] Net Gearing	Marquee debt investors **ADB, IFC, DFC, BII, Fairfax, EDC**
Priority Sector Lending **69%** of Retail AUM *(excluding gold loan)*	**USD 463mn** Liquidity	**135.93%** Provision coverage	**3.42% / 18.42%** ROA (FY24) / ROE (FY24)	Marquee equity investors like **Fairfax, Capital Group, ADIA**

Source: Company IP, Company website, Figures for 30th Sep 2024 and on consolidated basis except where specifically mentioned; FX rate: USDINR = 83.790;

1. CRAR computed through aggregation of individual figures of parent and its subsidiaries
2. Net gearing is calculated after reducing free cash/ liquid assets and securitized assets from the gross debt as per Ind AS accounting

Group Structure

IIFL Finance is listed holding NBFC with two major subsidiaries for Housing finance & Micro-finance

Figures in USD mn

Consolidated AUM 7,992

- IIFL Finance *(Listed)*
  - 79.59% *(ADIA 20%)* → IIFL Home Finance
  - 99.56% → IIFL Samasta Finance

Standalone AUM	Gold Loan	MSME - Secured	MSME - Unsecured	Real Estate Finance	Capital Market Finance
2,074	1,289	16	647	78	45

HFC AUM	Home Loan	MSME - Secured	Construction Finance
4,428	3,475	859	94

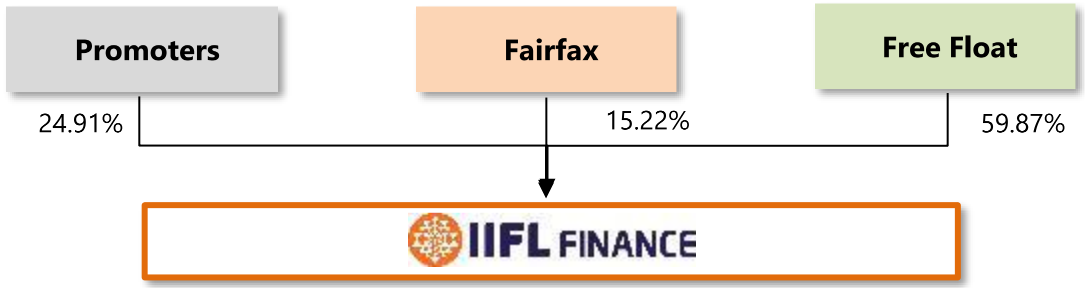
MFI AUM	MFI	MSME – Secured
1,490	1,350	140

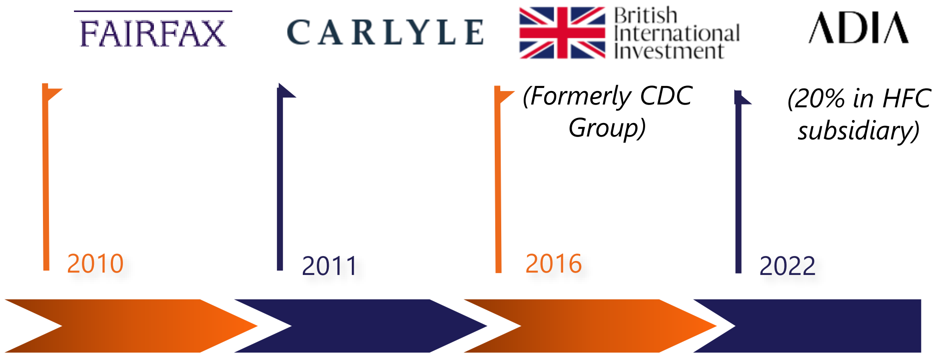
Core Product: Standalone AUM, Gold Loan, MSME - Secured, MSME - Unsecured, HFC AUM, Home Loan, Construction Finance, MFI AUM, MFI. Non-core Product: Real Estate Finance, Capital Market Finance.

Note: Figures for 30th Sep 2024 except where specifically mentioned

Group Structure and Ownership

The company's consistent growth has created significant value and enabled profitable exits for key investors such as Carlyle and British International Investment (formerly CDC).





Institutional Investors[1]	% holding
Fairfax	15.2
Capital Group	7.1
Bank Muscat India Fund	3.3
Vanguard	3.0
Nomura	2.4
Ward Ferry	2.2
Abakkus	1.8
SBI Life	1.6
Bavaria Industries AG	1.6
Theleme	1.5

Key investors in the group

- **Fairfax Financial Holdings Limited** "Fairfax" is a holding company which, through its subsidiaries, is primarily engaged in property and casualty insurance and reinsurance and the associated investment management. Fairfax is a shareholder in IIFL Finance since 2010, currently holding 15.2% of the company's shares.
- **The Capital Group** manages over USD 2tn worth of assets across the world is Headquartered in Los Angeles, United States and present in over 30 countries
- **ADIA,** established in 1976, ADIA is a globally-diversified investment institution that prudently invests funds on behalf of the Government of Abu Dhabi and currently holds c.20% of housing finance subsidiary.

Notes: 1. As of 30th Sep 2024
Source: Investor Presentation, Investor websites (for key investor description)

Update on RBI Directive and corrective action

Key Events

March 4, 2024: RBI imposed restrictions on gold loans primarily due to the following violations

1. **Cash Disbursement:** Cash disbursed up to ~USD 2,400 against the prescribed limit of ~USD 240
2. **Auction Process:** Conducted through hub locations instead of the mandated Tehsil level
3. **LTV Variations** due to gold purity assessment differences at loan origination and auction.

Remedial Actions

The company implemented comprehensive measures to ensure full compliance with RBI regulations:

- **Audits and Validation by:**
  - ✓ A forensic audit conducted by an RBI-appointed Special Auditor
  - ✓ A specific purpose internal audit by a global Big Four firm validated the remedial actions
- **Root Cause Analysis and Governance:**
  - ✓ Performed a thorough root cause analysis
  - ✓ Strengthened the assurance team, comprising compliance, risk, and audit functions
  - ✓ Enhanced governance mechanisms to prevent recurrence of issues

Outcome

Satisfied with the company's compliance and remedial actions, RBI lifted the restriction on September 19, 2024, allowing the gold loan business to resume. Subsequently, RBI sought compliance on similar issues from all the gold loan companies within 90 days.

Business Continuity During the Restriction Period

- **Employee Retention:**
  - Maintained workforce stability with no layoffs, salary cuts, or branch closures
- **Customer Relations:**
  - Successfully liquidated over 60% of gold loan assets, ensuring safe and orderly return of jewellery to 1.2mn customers
- **Bank and Lender Relations:**
  - Ensured timely repayment of USD 2.2bn to banks and lenders without any issues
- **Investor confidence**
  - Fairfax, the key investor, demonstrated confidence by investing in equity and bonds immediately after the restriction
- **Capital and Liquidity:**
  - USD 152mn raised by equity rights with full subscription by promoters
  - Secured additional liquidity of USD 1.1bn during the restriction
- **Credit Rating:**
  - Maintained a strong AA rating (CRISIL) throughout the restriction period, with no adverse impacts reported

Source: Company

Excerpted summary of Rating Rationale

S&P Global Ratings

B+ (Stable Outlook) – 30 December 2024

- **IIFL will likely maintain very strong capitalization -** We forecast the company's risk-adjusted capital (RAC) ratio will increase to 16%-17% over the next two fiscal years, compared with 15% as of March 31, 2024. This reflects a contraction of the loan book following the embargo, the company's INR12.7 billion equity rights issuance in May 2024, and limited dividend payouts over the next 24 months
- Our stable outlook on **IIFL reflects our view that the company's very strong capitalization and anticipated improvement in business volume and profitability will help it navigate operating challenges that may arise as it resumes business following the lifting of the embargo**. We believe IIFL's credit costs have peaked and should start decreasing from fiscal 2026. At the same time, we expect only a gradual increase in leverage during this period. The company will likely sustain its funding access despite sensitivity to market confidence

Criteria	Rating
Issuer Credit Rating	B+/Stable/B
Anchor	bb
Business position	Moderate (-1)
Capital and earnings	Very Strong (+2)
Risk position	Moderate (-1)
Funding & Liquidity	Moderate & Adequate (-1)
Comparable rating analysis	-1
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0
SACP-Stand Alone Credit Profile	

FitchRatings

B+ (Stable Outlook) – 12 November 2024

- **Gradual Business Stabilisation:** IIFL Finance Limited's rating and Stable Outlook reflect Fitch Ratings' expectation that the franchise should gradually stabilise after a regulatory ban on new gold-backed lending was lifted in September 2024.
- **Adequately Matched Asset-Liability Maturities -** IIFL Finance's positive asset-liability maturity position supports its ability to meet upcoming debt maturities and provides some surplus for new lending. We expect IIFL Finance to manage its liquidity position carefully as it ramps up loan disbursals.
- **IIFL Finance has adequately addressed the regulator's concerns on its gold-backed lending practices. Risk and compliance standards are therefore likely to have improved**. The company has also introduced new risk and compliance personnel, which may further strengthen controls and oversight.

Source: Rating Reports

Section 3:

STRATEGIC MOATS FOR SUSTAINED & RESILIENT GROWTH

Strategic Moats for Sustained & Resilient Growth

1. **Diverse Retail Product Portfolio**
2. **Strong Asset Quality Maintained Through Cycles**
3. **Low Risk Business Model with Strong Banking Partnerships**
4. **Conservative ALM and Strong Liquidity**
5. **Robust Risk Management Framework**
6. **Experienced Leadership and Distinguished Board**

1 Diverse retail product portfolio

Strategic focus on granular small ticket retail loans

Core growth segments	AUM USD (% share)	Tenor (Years)	Portfolio Yield (%)	Target Customers and Salient features
HOME	3.4bn (43%)	upto 20	11.1%	Salaried / Self-employed individuals. Focused on affordable and non-metro housing segments. Phygital infrastructure with social development intent to cater home finance needs of marginalized sections
GOLD	1.3bn (16%)	2	18.5%	Individuals. Small-ticket loans fully collateralized against gold jewelry and offer short-term working capital solutions and provide financial inclusion to customers without income proof
MICROFINANCE	1.4bn (17%)	2	24.5%	Medium, Small and Micro Enterprises. Based on a joint liability group model, provides small-ticket micro-loans to self-employed women for income-generating activities. Along with micro-loans, credit-linked insurance are also offered
MSME-Secured	1.0bn (13%)	upto 12	19.1%	MSME, Self-employed households. For secured business loans against residential, commercial and industrial property. This caters to the credit needs of microbusinesses such as small groceries store, vegetable vendors, small traders
MSME-Unsecured	0.6bn (8%)	upto 5	20.9%	Micro and small businesses- Partnership with multiple technology, fintech and large ecosystem players to scale and best-in-class experience to customers. Digital capabilities enable to provide instant sanctions and automated disbursals

Core growth segments account for around 97% of AUM

Synergistic segments

REAL ESTATE & CONSTRUCTION FINANCE + **CAPITAL MARKETS**

AUM USD (% share of portfolio)

0.2bn (3%)

- Developers/ Individuals
- Lending to residential projects and developers with a focus on affordable housing
- Provided by the company for the completion of its already funded projects, with appropriate internal approvals and in compliance with RBI guidelines.
- Loan against shares and margin funding to the retail clients

Notes: 1. As of 30th Sep 2024
Source: Company website, Company databook

2 Strong asset quality maintained through cycles

Our focus on the best talent, technology and systems has helped asset quality to be the best-in-class in the industry

GNPA %	Q2FY25	Q1FY25	QoQ	Q2FY24	YoY
Home Loan	1.25%	1.29%	(0.04%)	1.74%	(0.49%)
Gold Loan	2.40%	2.93%	(0.53%)	1.16%	1.24%
MSME - Secured	3.52%	3.59%	(0.07%)	2.58%	0.94%
MSME - Unsecured	3.29%	3.26%	0.03%	3.22%	0.07%
Microfinance	3.43%	2.32%	1.11%	2.10%	1.33%
Core Business	**2.40%**	**2.29%**	**0.11%**	**1.96%**	**0.44%**
Construction and Real Estate	1.47%	1.45%	0.02%	0.37%	1.10%
Capital Market	0.00%	0.00%	-	0.00%	-
Total	**2.35%**	**2.25%**	**0.10%**	**1.84%**	**0.51%**

Stage-wise break up

Loan book (USD mn)	0 dpd	1-30 dpd	31-90 dpd	90+ dpd	Total	Provision %			Provision	
	Stage 1		Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	As per RBI	As per ECL
Home Loans	90.2%	3.8%	4.7%	1.2%	2,080	0.5%	12.0%	33.7%	13	30
Gold Loans	74.2%	9.1%	14.3%	2.4%	637	0.7%	1.5%	26.0%	5	9
MSME - Secured	78.4%	6.8%	11.2%	3.5%	666	0.6%	12.8%	29.7%	7	20
MSME - Unsecured	90.1%	3.2%	3.3%	3.3%	783	2.2%	17.1%	78.6%	6	41
Microfinance	91.6%	2.1%	2.8%	3.4%	932	1.4%	24.6%	87.9%	13	47
CRE	64.1%	0.4%	34.1%	1.5%	172	0.7%	36.4%	54.4%	2	23
Capital Market	82.4%	15.7%	1.9%	0.0%	45	0.4%	1.9%	0.0%	0	0
Total	**86.1%**	**4.4%**	**7.1%**	**2.40%**	**5,314**	**0.9%**	**14.6%**	**55.5%**	**46**	**170**

Notes: 1. As of 30th Sep 2024
Source: Company website, Company databook

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3

Co-Lending: A "Win-Win" Partnership for Enhancing Credit Access

Why Win for NBFCs

Cost Effectiveness: Lean and efficient distribution networks enable NBFCs to operate cost-effectively in niche segments, deliver last-mile credit to underserved communities while optimizing fixed costs and maximizing outreach

Access to Capital and Resources: Collaborating with banks provides NBFCs access to larger pools of capital and liquidity. This partnership facilitates a capital-light model, enabling NBFCs to scale credit solutions efficiently without facing liquidity constraints

Risk Mitigation: Transferring assets and their associated risks to banks strengthens NBFCs' profitability and enhances their return-on-asset profile. Reduced reliance on market or bank borrowings further optimizes their balance sheets

Why Win for Banks

Fulfilment of Priority Sector Goals: Banks effectively meet their regulatory obligations for priority sector lending, avoiding penalties and enhancing compliance scores while improving their public and regulatory standing

Risk Reduction: Comprehensive risk management through dual KYC, credit checks, and robust governance frameworks—such as Co-Lending Master Policies and independent audits—ensures minimized risks and improved asset quality

Operational Efficiency: Partnership with NBFCs reduces banks' operational costs, especially for underserved customer segments, without undue credit risk, due to real-time data sharing, automated policy checks, and seamless process integration

IIFL's Right to Win

Proven Sourcing and Servicing Capabilities: IIFL's expansive branch network and experienced team make it a trusted partner for sourcing and servicing co-lending opportunities. It leverages its extensive reach to build and "own" a larger customer base

Exceptional Risk Management Track Record: With over 15 years of expertise in partnering with banks, IIFL has demonstrated a robust ability to manage risks for assets sourced or sold to partner banks, ensuring consistent performance and trust

Expertise in Process and Technology Integration: IIFL employs advanced technology, optimized workflows, and stringent underwriting standards to create seamless and efficient partnerships with banks, delivering superior outcomes

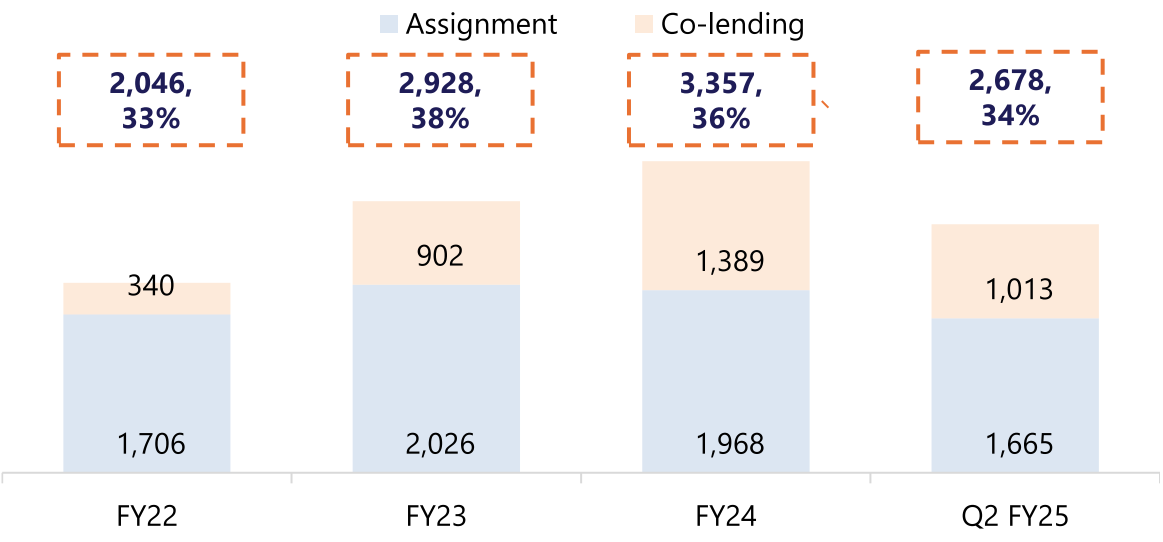
Operational Excellence: Through dual KYC, detailed credit checks, and cutting-edge governance systems, IIFL has established itself as an industry leader in providing efficient, compliant, and reliable co-lending solutions and PSL assets to banks

Notes: 1. As of 30th Sep 2024
Source: Company website, Company IP

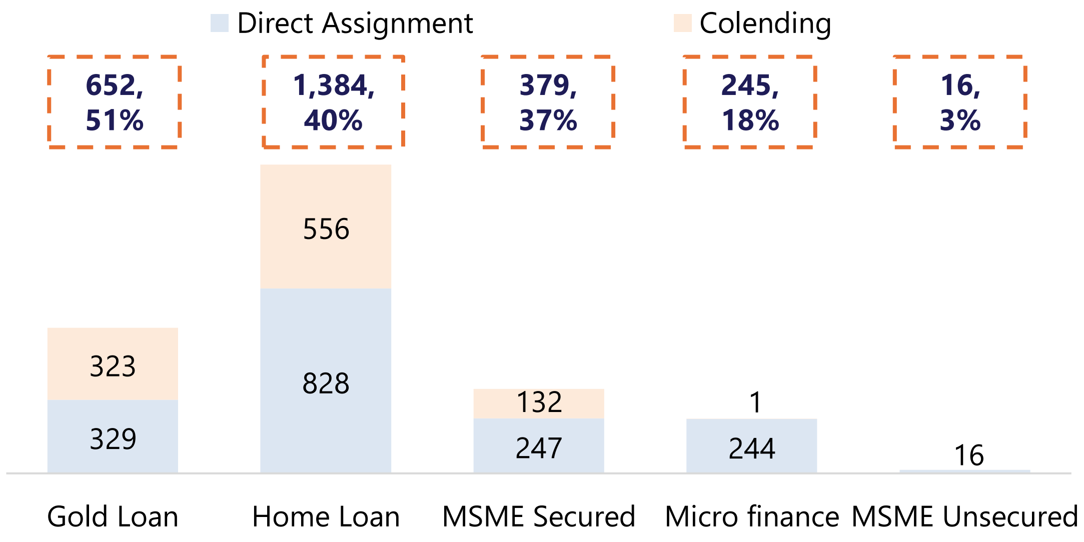
3 Low-risk business model with banking partnerships

Direct Assignment and Co-lending are with full risk transfer to banks; helping them fulfil Priority Sector Lending obligations

Outstanding off-Book Exposure (DA + Co Lending) (USD mn, % of total assets)



Product-wise off-book exposure (DA + Co Lending) (USD mn, % of total assets)



Partnership with banks

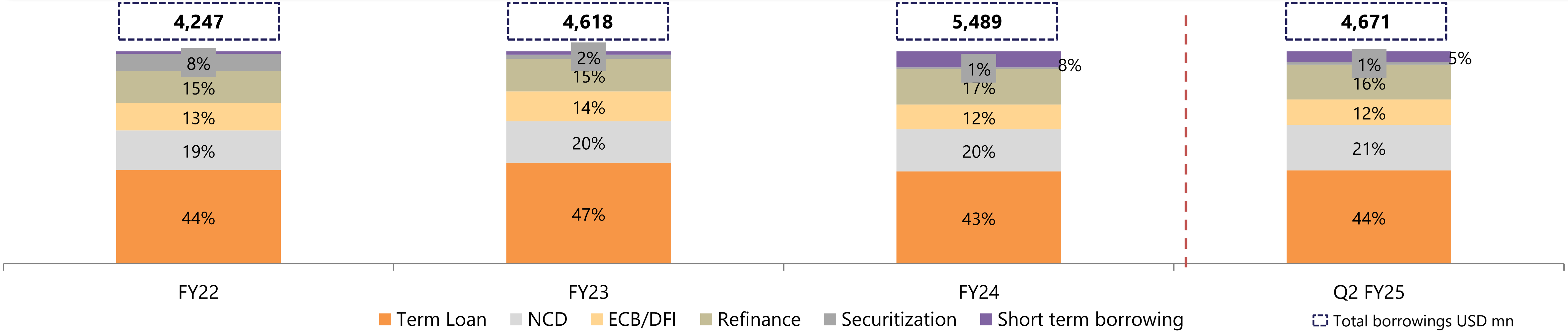
DBS, UCO Bank, DCB Bank, Canara Bank, Central Bank of India, SBI, Union Bank of India, Indian Bank, South Indian Bank, HSBC, Mizuho, Standard Chartered, Deutsche Bank, IDBI Bank, ICICI Bank, Indian Overseas Bank, Punjab & Sind Bank

Notes: 1. As of 30th Sep 2024
Source: Company website, Company IP

4

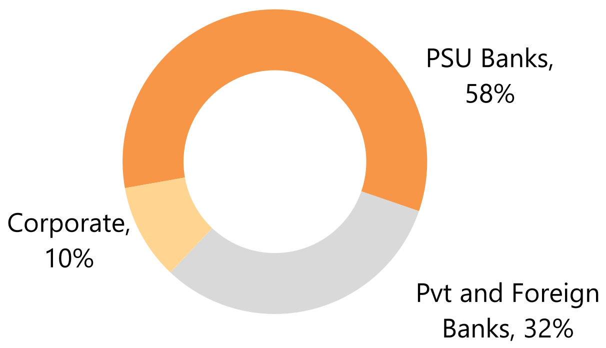
Conservative ALM and strong liquidity

Diversified Borrowing Mix (Outstanding On-Book exposure)

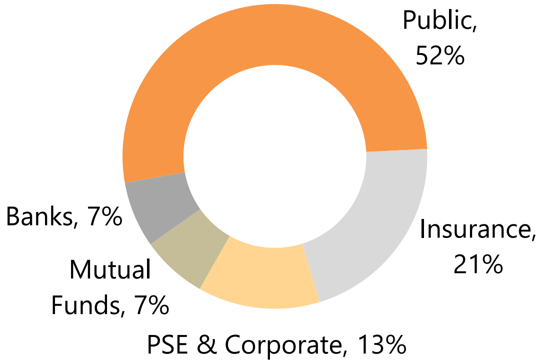


Lender Diversification

Term Loan Break-up



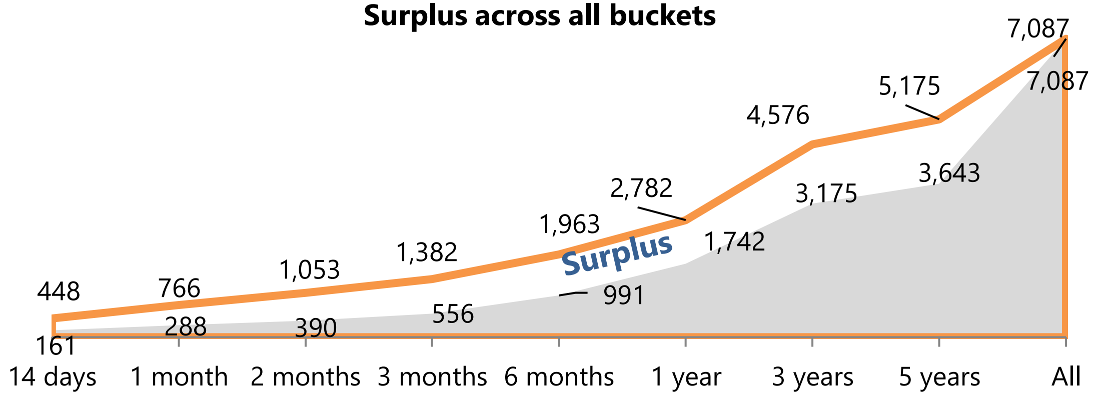
NCD Break-up



Positive ALM mismatch across all buckets with reduced dependance on short term borrowing

Asset Liability Match (ALM) Surplus across all buckets

USD mn



Notes: 1. As of 30th Sep 2024
Source: Company website, Company databook

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5 Robust risk management framework

IIFL FINANCE

Scope	Structure	Authority
• Risk Strategy & Advisory on Risk Appetite • Approve large-ticket cases	Board of directors Committees: Risk Management; IT Strategy; Audit; Asset Liability; ESG; CSR; Customer Service; Nomination & Remuneration; Stakeholder Relationships	Empower
• Risk policies • Controls & Review • Organizational communications		Oversee
• Process definition • Policy formulation	Chief Risk Officer: Credit Policy Committee; Operational Risk Committee Chief Compliance Officer: Compliance	Formulate
• Policy implementation • Risk monitoring & reporting	Credit Underwriting Fraud Control Unit; Business Functions	Execute
• Independent reviews • Reporting to Board Committees	Internal Audit Department + Risk Analytics	Check

Hedging Policy

- The Company has hedged all the ECB borrowings to cover the interest rate and currency risk and there is no exposure which is unhedged
- The Company has board approved hedging policy for all such transactions

Notes: 1. As of 30th Sep 2024
Source: Company website, Company IP

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6 Distinguished Board of Directors

Group Chairman

A K Purwar
M Com., Allahabad University

Former Chairman, State Bank of India

- Chairman & Independent Director, Jindal Panther Cement and ERoute Technologies
- Advisor, Mizuho Securities, Japan
- Former Chairman, Indian Bank Association
- Founding member SBI Life

HFC Chairman

Srinivasan Sridhar
MS (Physics)-IIT Delhi, MBA-JBIMS

Former Chairman & MD, National Housing Board of India (NHB)

- Former Chairman & MD, Central Bank of India
- ED & COO, Export Import Bank of India
- Responsible for initiatives like NHB Residex, Rural Housing Fund, Reverse Mortgage

MFI Chairman

Govinda Rajulu Chintala
Indian agricultural economist and bureaucrat

National Bank for Agriculture and Rural Development (NABARD)

- Played a pivotal role in rural development & agricultural financing policies in India
- Expert in rural credit, agricultural finance, and development economics

Non-Executive Nominee Directors

Gopalakrishnan Soundarajan
B. Com, CA, CFA

Fairfax Nominee

- COO, Fairfax India Holdings Corp.
- MD, Hamblin Watsa Investment Counsel
- Member, CFA Institute (USA)
- Board Member of several Fairfax and its investee companies

T S Ramakrishnan
B.Com (Hons.), PGDIM, Diploma in Health Insurance

LIC Nominee

- Former MD & CEO, LIC Mutual Fund
- Former General Manager, LIC Housing Finance
- Former Director, Association of Mutual Funds in India
- Fellow of Insurance Institute of India

Kabir Mathur
BSc (Hons.) Economics, London School of Economics & Political Science

ADIA Nominee

- Head, Private Equity (Asia Pacific), ADIA
- Prior experience of Asia Private Equity in Kohlberg Kravis Roberts & Co (KKR), TPG Capital and Investment Banking in Citigroup/Salomon Smith Barney

IIFL Finance Board | **IIFL Home Finance Board** | **IIFL Samasta Finance Board**

Source: Company website, Company IP

6 Distinguished Board of Directors (continued)

Independent Directors

Ramakrishnan Subramanian*
CA, CWA, M.Com

Former CEO, Shriram Capital

- Engaged as Sr. Advisor, Operating Partner, Consultant with PE, VC, FIs and Fintech in India
- Former Board Member of ING Vysya Bank, Shriram Capital, Shriram Transport, Shriram City Union

Bijou Kurien
MBA, XLRI Jamshedpur

Former COO, Titan

- Strategic Advisory Board Member of Premji Invest
- Former CEO, Reliance Retail
- Advisory Council Member of Retailers Association of India
- Mentor of the FICCI National Retail Committee

Mohua Mukherjee
MS (Economics), MBA, Boston University

World Bank Consultant

- Advisor, India Smart Grid Forum
- Led the India Solar Energy Team of the World Bank
- Led policy dialogue, formulated investment projects in 9 different sectors, in 44 countries pertaining to Sustainable Development Goals

Venkataramanan Anantharaman
BE-Jadavpur University, PGDBM-XLRI

Chairman, Transunion CIBIL

- Has led Corporate and Investment Banking teams in Standard Chartered Bank, Credit Suisse, Deutsche Bank, Bank of America
- Senior Advisor, BII (formerly CDC)
- Advisor, Lighthouse Funds

Kalengada Mandanna Nanaiah
Independent Director

Former MD, Equifax

- Visiting faculty at College of Supervisors, Reserve Bank of India
- Former Director, Infocredit Holdings (IHPL), Singapore
- Former Member, CII Committee on Inclusion & Digitization
- Former MD, Pitney Bowes in India

Nirma Bhandari
Cost Accountant

Partner, ANB Global

- 20+ years of experience in IT Risk, Audit, Cyber Security, Governance, Risk and Compliance, Data Privacy and Robotics GRC
- Actively volunteers through her family foundation and several NGOs that support various causes

Nihar Niranjan Jambusaria*
Chartered Accountant

Former President, Institute of Chartered Accountants of India

- Senior Partner, N. N. Jambusaria
- Former SVP, Reliance Industries
- Government Accounting Standards Advisory Board (GASAB) Member
- Audit Advisory Board Member, Comptroller & Auditor General

Mathew Joseph
BSc. CA

Former CRO, HDFC Limited

- Consultant with World Bank for their Affordable Housing Fund
- Advisor, Lok Capital (Impact Fund)
- Board Director, Veritas Finance, Tamil Nadu Urban Infrastructure, Tamil Nadu Urban Infrastructure Trustee

Mohan Sekar
BE-UVCE (Bangalore)

ED, Accenture

- 30 years' experience in transforming both large and midsized organizations
- Advisor in the startup ecosystem
- Has served on the board of both publicly listed and privately held companies

Sistla Uma Shanmukhi
BSc. MBA

Former MD & CEO, SBI-SG

- Former Chief General Manager, SBI
- Former Whole time Director, SBI Capital Markets
- Former Board Director of SBICAP Securities Ltd, SBICAP Ventures Ltd SBICAP Trustee Company Ltd, SBICAP UK & SBICAP Singapore

Note: Board of Directors for subsidiaries is excluding Executive Directors
**Denotes Common Directors on the board of parent and subsidiaries*
Source: Company website, Company IP

IIFL Finance Board | **IIFL Home Finance Board** | **IIFL Samasta Finance Board**

6 An experienced senior management with strong credentials

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Nirmal Jain
Managing Director
PGDM-IIMA, CA, CWA

Founded and led IIFL since 1995.
Worked with Unilever for 5 years

R Venkataraman
Joint Managing Director
PGDM-IIMB, BE – IIT, Kharagpur

Co-founder of IIFL.
Worked with ICICI Bank, Barclays

Monu Ratra
CEO, IIFL Home Finance
Qualified Architect, MBA

Experience of 25+ years
HDFC, ICICI Bank, Indiabulls Housing

N Venkatesh
MD, IIFL Samasta Finance
Leadership program in Microfinance at Harvard

Experience of 25+ years
Founder, Samasta Microfinance prior to acquisition by IIFL

Kapish Jain
Chief Financial Officer
CA, CWA, CS

Experience of 25+ years
PNB Housing, AU, ICICI Pru Life, Deutsche Bank

Abhiram Bhattacharjee
Chief Operating Officer
PGDM-IIMB, ME – IIT, Kanpur

Experience of 29+ years
Kotak Group, Morgan Stanley, E&Y, ICICI Securities

Pranav Dholakia
Chief Risk Officer
MBA, CA

Experience of 25+ years
Edelweiss Financial Services

Preeti Kannan
Chief Human Resource Officer
MBA-HR, MS-Psychotherapy & Counselling

Experience of 26+ years
Kotak Bank, Bajaj Finance, Fujitsu, Oracle, Mindtree

Kirti Timmanagoudar
Head - Co lending & Strategic Alliances
MBA

Experience of 23+ years
Co-founder & Partner, BrickEagle
Frost & Sullivan, Geojit, First Global

Rahul Sanklecha
Head – Credit & Policy
FRM, MBA, BE

16+ years of credit & policy experience
Poonawalla Fincorp, Lendingkart, ICRA

Shivalingam Pillai
Chief Compliance Officer
CA, CWA, CS

Experience of 25+ years
Mahindra Finance, HDFC Sales

Mayank Sharma
Head – Internal Audit
MBA, Leadership programs from IIMC, ISB

Experience of 23+ years in wealth management, broking, insurance and lending in IIFL Group of companies

Gaurav Sharma
Chief Technology Officer
BE – IIT, Roorkee

Experience of 29+ years
L&T Finance, MaxLife Insurance, TCS (Founding TCS Bancs member)

Source: Company website, Company IP

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Section 4:

BUSINESS OVERVIEW

Gold Loan

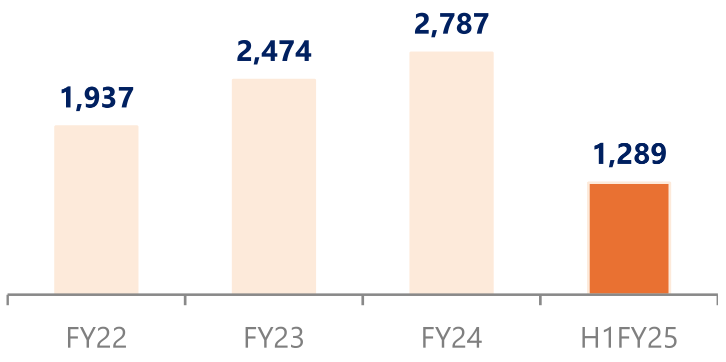
Key Highlights

- ✓ **Resumed Operations:** Full resumption of gold lending post-RBI lifting restrictions on September 19, 2024. Loan assets recovered from USD 1,217mn at the time of restriction removal to USD 1,791mn as of December 30, 2024
- ✓ **Customer Trust During Restriction:** Despite restrictions, 1.2 million customers repaid loans and retrieved jewellery, redirecting ~USD 2.2 billion to banks and lenders without any repayment issues
- ✓ **GNPA Levels:** Temporarily elevated due to reduced loan assets, but no loss risk anticipated due to liquid realizable collateral with adequate margin

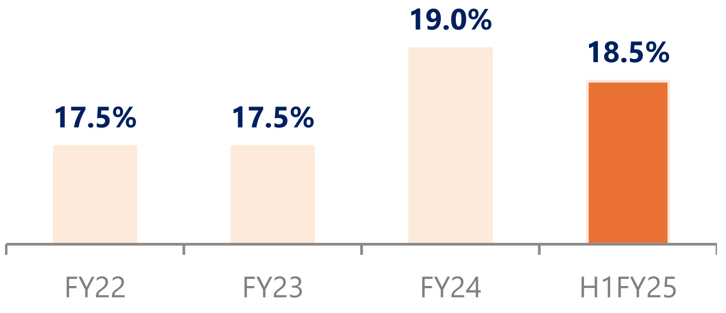
Portfolio Average Ticket Size
USD 1,384

Portfolio Loan to Value
64.9%

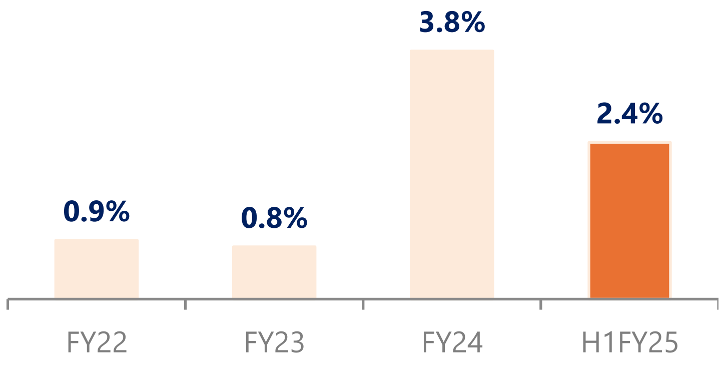
AUM (USD mn)



Portfolio Yield (%)



GNPA (%)



Notes: 1. As of 30th Sep 2024
Source: Company website, Company databook, Company IP

Home Loan

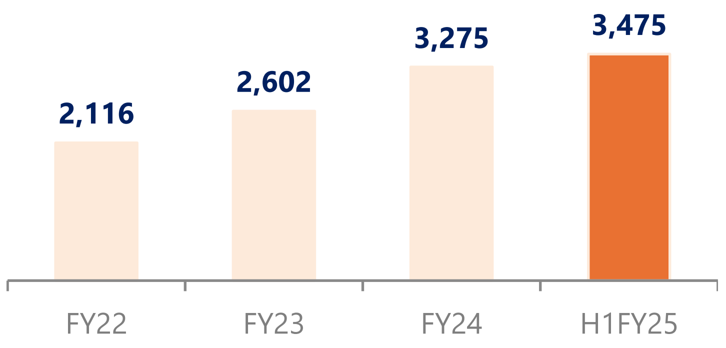
Key Highlights

- ✓ **Asset Growth with Quality Focus:** Consistent asset growth driven by a focus on improving portfolio quality
- ✓ **Target Segment:** Primarily low-income groups underserved by banks; average ticket size of ~USD 18,000
- ✓ **Priority Sector Alignment:** ~90% of home loans qualify as Priority Sector assets
- ✓ **First-Time Home Buyers:** Over 85% of the portfolio comprises loans to first-time buyers
- ✓ **Digital Onboarding Excellence:** 99% of customers onboarded digitally, setting an industry benchmark

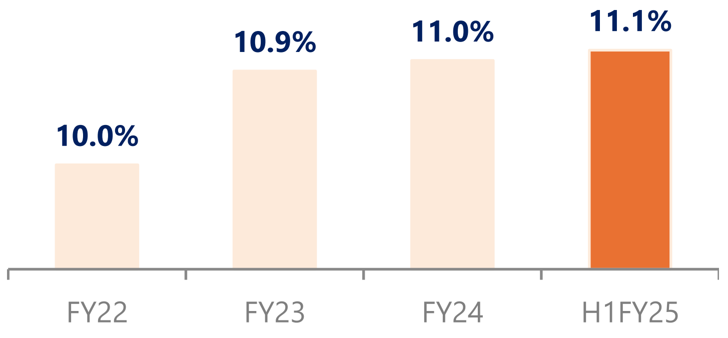
Portfolio Average Ticket Size
USD 18,928

Portfolio Loan to Value
71.6%

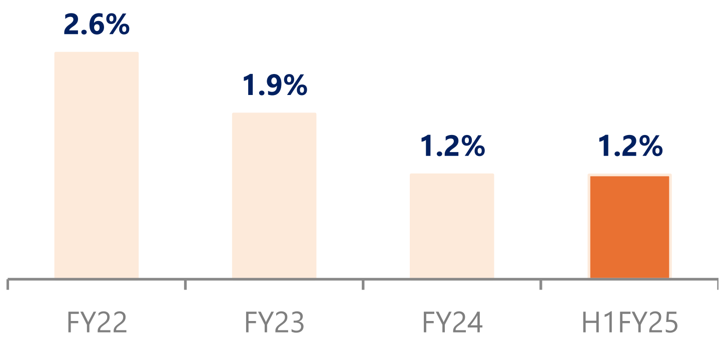
AUM (USD mn)



Portfolio Yield (%)



GNPA (%)



Notes: 1. As of 30th Sep 2024
Source: Company website, Company databook, Company IP

MSME Loan

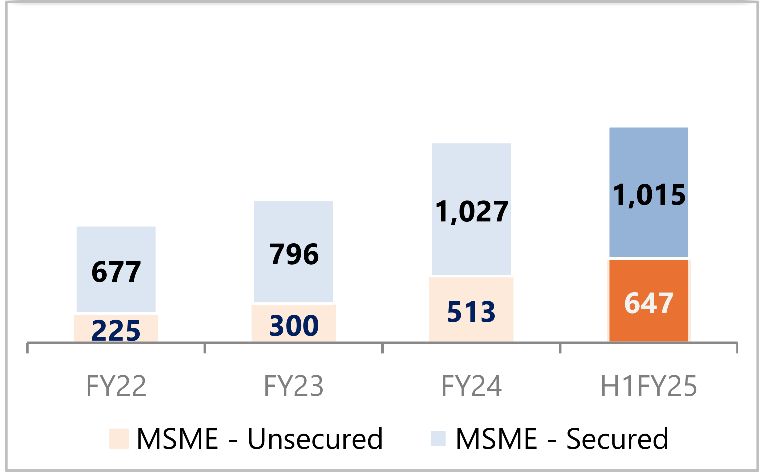
Key Highlights

- ✓ **Scalable Model:** Combines digital capabilities, physical infrastructure, and fintech partnerships for operational scalability
- ✓ **Focus on Underserved Clients:** Targets small-ticket customers who are typically underserved by traditional banks
- ✓ **Digital Underwriting Edge:** Offers instant, in-principle loan decisions based on projected cash flows
- ✓ **Diverse Product Mix:** Includes secured, unsecured, and supply chain financing options

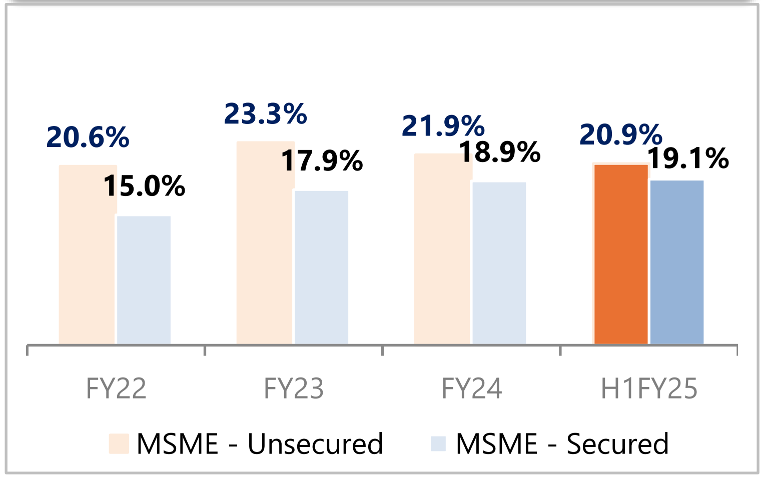
Portfolio Average Ticket Size
MSME-Secured: **USD 10,499**
MSME-Unsecured: **USD 4,893**

Portfolio Loan to Value
MSME-Secured: **53.5%**

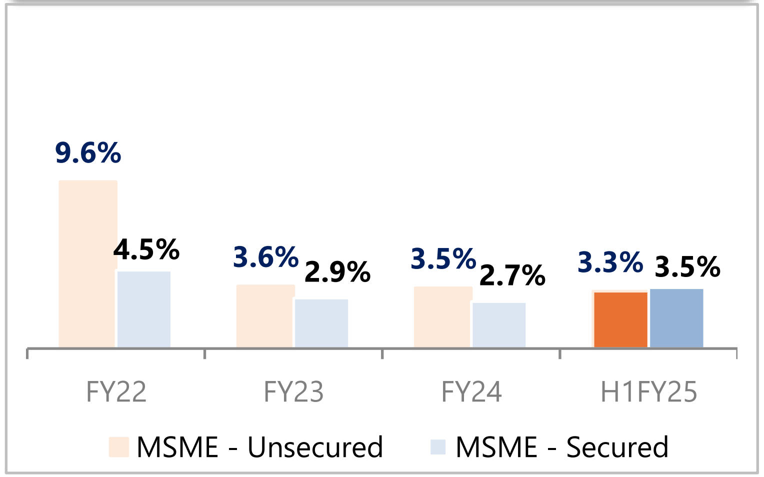
AUM (USD mn)



Portfolio Yield (%)



GNPA (%)



Notes: 1. As of 30th Sep 2024
Source: Company website, Company databook, Company IP

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Microfinance

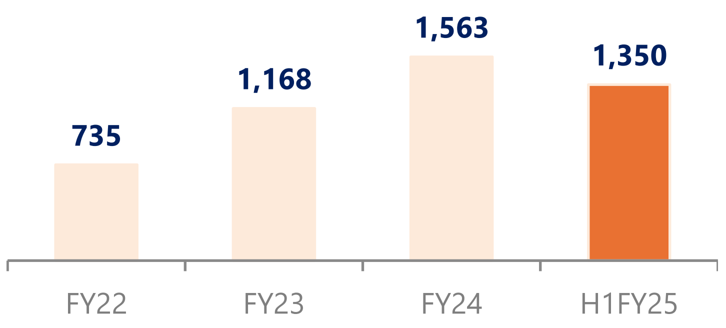
Key Highlights

- ✓ **Focus on Stability Over Growth:** Emphasis on consolidation and managing industry headwinds, even at the cost of growth
- ✓ **Portfolio Trends:** Contraction in portfolio and rise in GNPA aligned with industry trends
- ✓ **Proactive Risk Management:** Enhanced controls on loan counts and ticket sizes, ahead of industry benchmarks

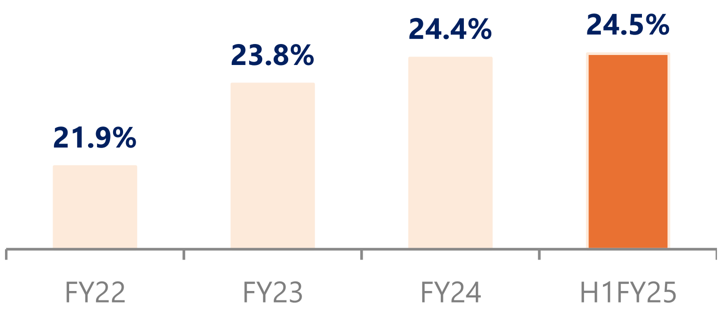
Portfolio Average Ticket Size
USD 561

Portfolio Income to Loan EMI:
Maximum 50%

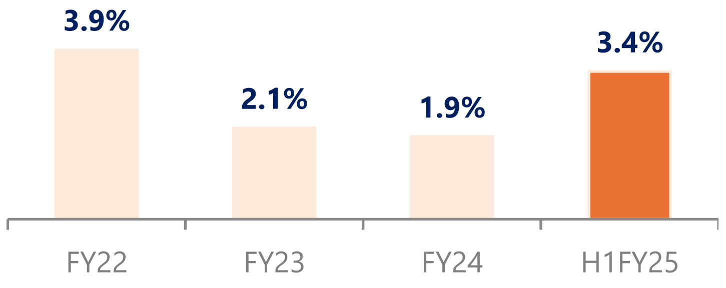
AUM (USD mn)



Portfolio Yield (%)



GNPA (%)



Notes: 1. As of 30th Sep 2024
Source: Company website, Company databook, Company IP

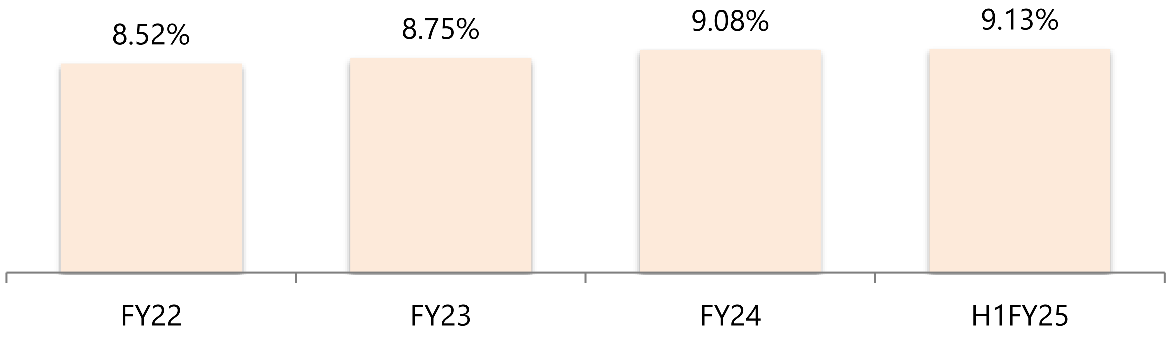
Section 5:

FINANCIAL PERFORMANCE

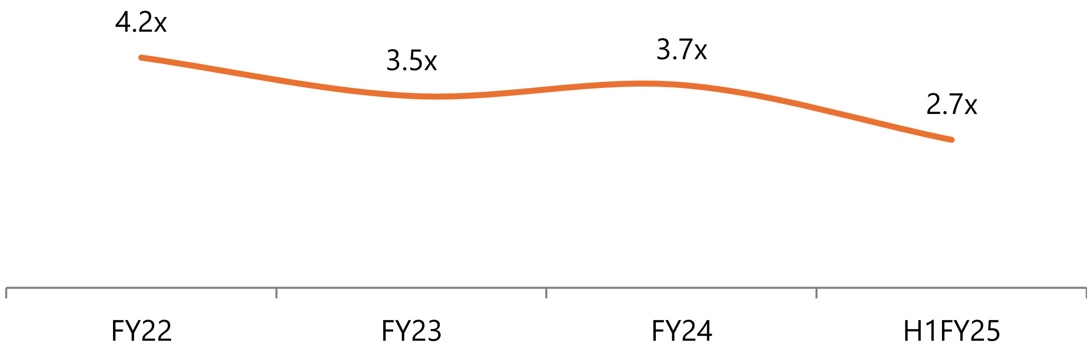
Strong Capitalization and Liquidity

Consistent track record of returns and strong balance sheet

Cost of Borrowing (%)



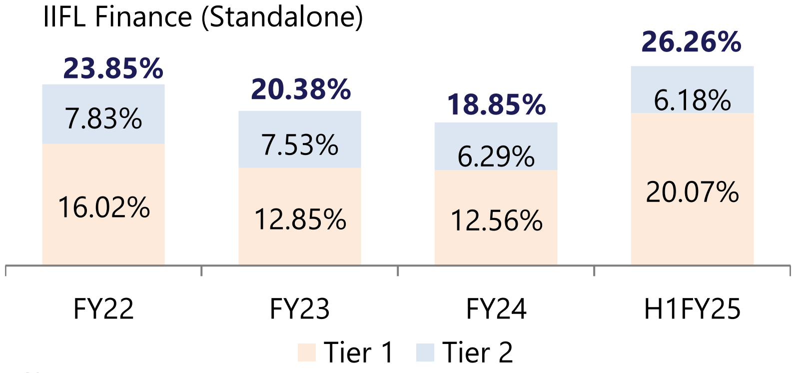
Net Gearing

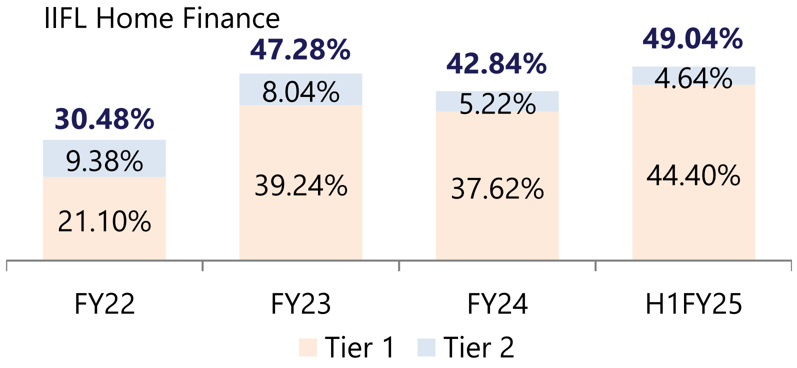


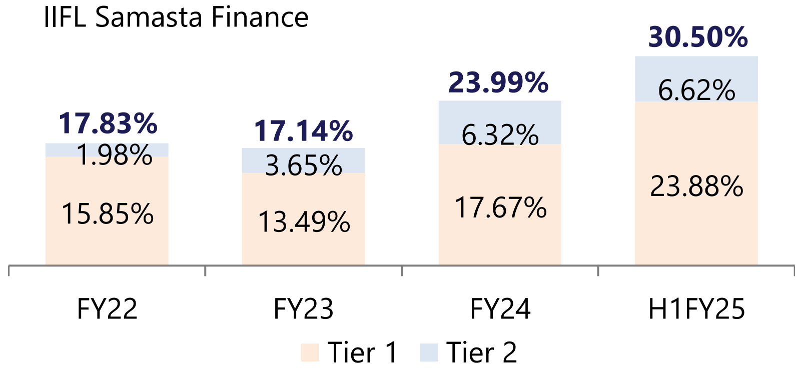
Capital Adequacy Ratio (%)

CRAR Regulatory minimum: 15%

CRAR (Consolidated): **35.19%**[1]







Note:
1. CRAR computed through aggregation of individual figures of parent and its subsidiaries
2. All figures as of 30th Sep 2024, Source: Company website, Company databook, Company IP

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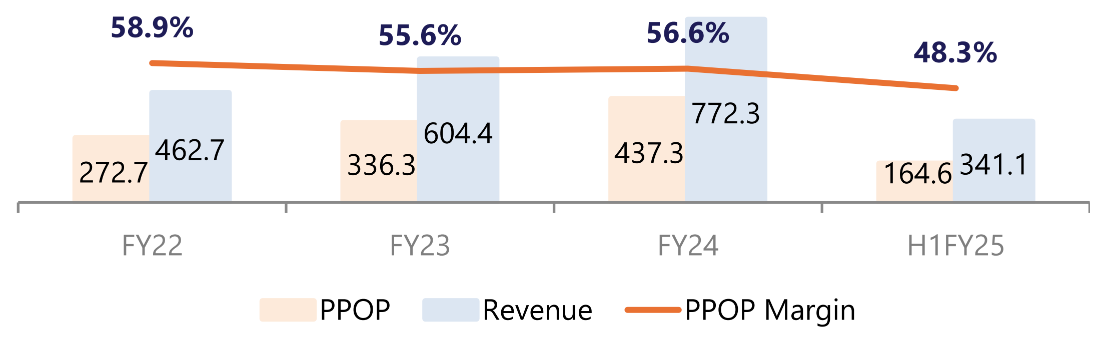
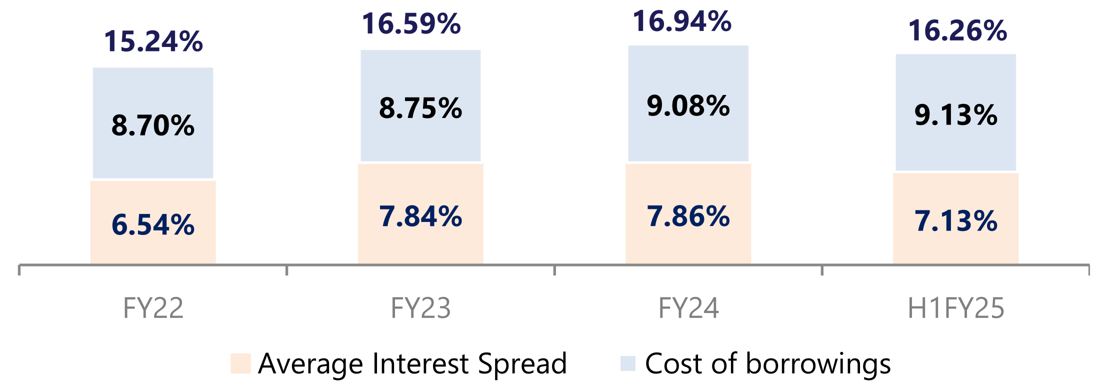
Sustained growth and prudent risk management

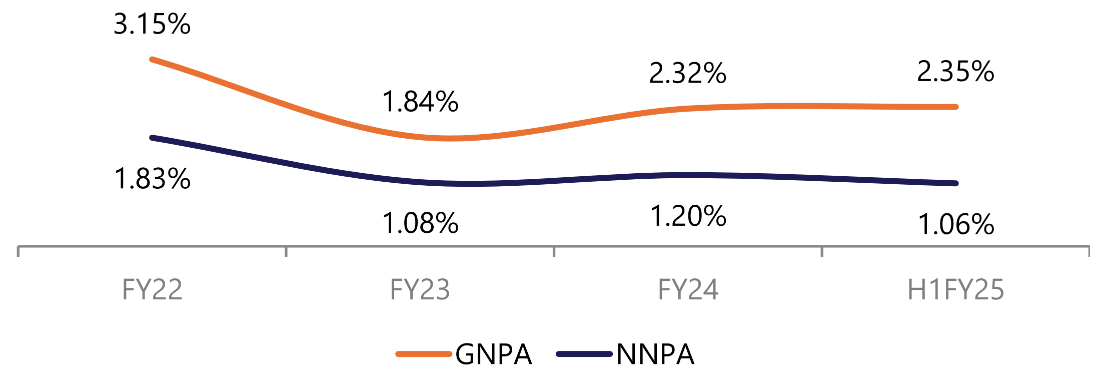
Profitability (USD mn)



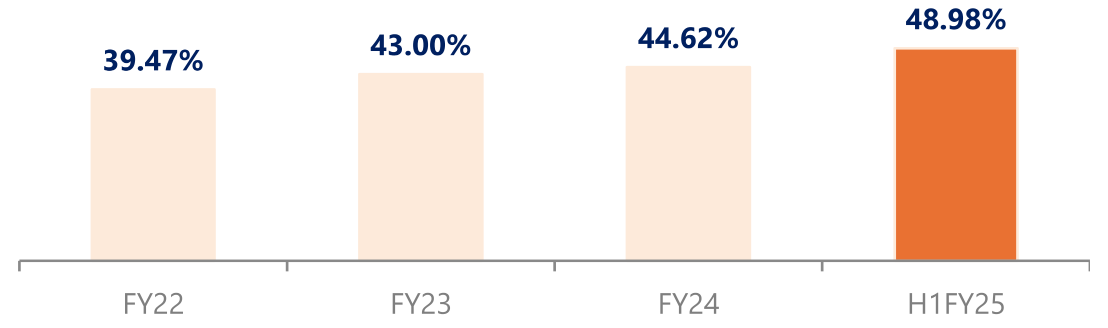
Yield, Cost of Borrowing and Spread (%)



GNPA and NNPA (%)



Cost to Income (%)



Notes: 1. As of 30th Sep 2024
Source: Company website, Company databook, Company IP

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Section 6:

ESG (ENVIRONMENT, SOCIAL, GOVERNANCE) UPDATE

Consistently strong ESG score of the Group companies

Overall ESG Score of IIFL Finance (CRISIL) – **64 (Strong)**

Overall ESG Score of IIFL Home Finance (CRISIL) – **64 (Strong)**

Environment

37 Pre-certified Green Projects under Green Value Partnership (GVP) as on November 30, 2023

Green housing units funded – 17,409 (as on March 31, 2023)

Savings under IGBC preliminary certified/certified projects under management

- Water Savings: 192 ML p.a.
- Energy Savings:3,323 MWH p.a.
- GHG Emission Offset-3,057 TCO2e

Received Gold Level LEED Certification for our office in Gurugram

Tree plantation projects by CSR teams – 11,000+ tress planted

Social

Loans to first-time home buyers **2,77,017+**
CSR spends (FY24) **USD 3.72mn**

Women borrowers/co-borrowers:
MFI : 99%
HFC : **56%**

Total workforce **34,357**

Average training Hours per employee and total training hours **22 and 730,067**

Diary farmers supported – **41,687+**
Total beneficiaries of CSR projects (FY24) – **786,091**

83% of the branches are in **non-metros, semi-urban and rural areas**

Governance

Independent/Non-executive Board Members
77.7%

Zero
Data breaches during FY 2022-23

No Cases of conflict of interest

Zero
Penalty/fine for non-compliance

Zero
Case of Anti-Corruption/ Bribery

Avg. Experience of the Board
34.5 Years

Source: Company

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ANNEXURES

Vision, Values and Key Milestones

Vision:
To be the most respected financial services group in India

Our Mission is to reach out and serve the underserved segments in the underserved areas of India

Core Values

Fairness	Integrity	Transparency
in our transactions with all stakeholders, bereft of fear or favour	of the utmost nature, in letter, in spirit, and in all our dealings with people	in all our dealings with stakeholders, media, investors, and the public

Source: Company provided

IIFL Finance Journey

IIFL's journey - Building an integrated platform around "retail" customers over two decades

Key business launches & corporate actions

1995 – Probity Research & Services

1999 – IndiaInfoline

2000 – 5paisa.com

2006 – Started Lending Business

2007 – Institutional Equities

2008 – Wealth Management

2011 – Asset Management

2017 – Samasta Microfinance

2019 – Demerged into three entities

2020 – Raised USD400mn through maiden USD bond

2022 – Equity infusion of USD263mn by ADIA in HFC subsidiary for 20% stake

2024 – Raised USD152mn via rights issue (oversubscribed 1.35x)

Source: Company provided, Company website, Company Reports

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Group Companies of the promoters

Other Companies owned by the promoters are independently listed with no cross-holdings with IIFL Finance

360 ONE

Promoter stake: 15.7%

Other Key Investor: Bain Capital: 24.3%

AUM: ₹ 5,694 Bn

Business:
360 One Plus, Financial Products distribution, Asset management (AIF/PMS/MF), Estate planning, Family office

IIFL CAPITAL

Promoter stake: 30.8%

Other Key Investor: Fairfax: 32.7%

AUM: ₹ 2,463 Bn

Business:
Affluent wealth management, Financial products distribution, Retail and Institutional broking, Investment banking, Research solutions

5paisa

Promoter stake: 32.8%

Other Key Investor: Fairfax: 32.8%

Avg daily turnover: 3.78 Tn

Business:
Discount broking, Algo trading, Research based products, Financial products distribution

Source: Company provided, Company website, Company Reports

IT forms the backbone, comprising state of the art business applications and robust IT infrastructure setup

In-house software capability

- Loan Origination System, Loan Management System, and servicing are in-house helping us have complete control on customer data and quality of service

Paperless digital setup

- 100% tablet based digital and paperless onboarding journey
- Customer friendly mobile and web application options

Partnerships / collaborations with tech ecosystem

- Partnered with and also incubating tech startups focused on innovative and new age use cases to solve traditional problems and improve customer experience

GenAI adoption aligned to Business strategy

- Leverage image analytics capabilities for intelligently interpreting documents and to strengthen audit by having near real time alerts for suspicious ornaments

Branch security

- Leveraging technology for branch security
- 24x7 surveillance along with OTP/biometric based vault access to branch employees

Stable and Secure Tech Infrastructure

- Efficient nationwide operations with 24x7 support
- Stable and secure tech setup with infra availability close to 100% (excl. scheduled downtime)

Source: Company provided

Securing Trust: Our advanced technology platform and robust information security empower our lending customers

Zero cyber security incidents and customer data breach in last five years

- IT and security audit by CERT-In empaneled agencies
- Cyber Insurance cover of Rs. 100 Crore against financial loss
- Network secured by next generation firewall and other security tools (around 159.4M suspected threat attacks blocked)
- 24/7 security monitoring (SOC) for IT systems and applications

Achievements & Recognitions

27001 22301

ISO27001 & ISO22301 certified

RBI - College of Agricultural Banking (CAB), Pune
3rd prize in case writing

DSCI Excellence Awards

DSCI Excellence Awards 2023
Finalist, Best Security practices in NBFC

Source: Company provided

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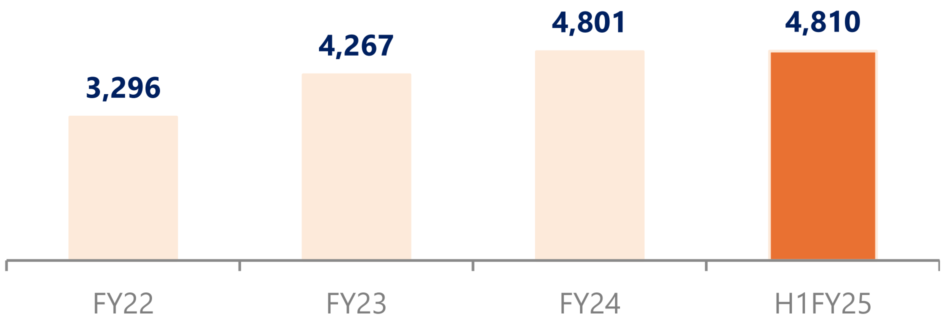
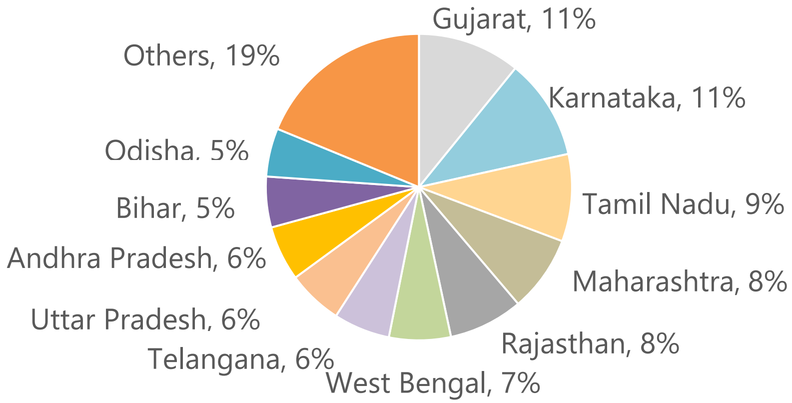
Well diversified geographical branch presence

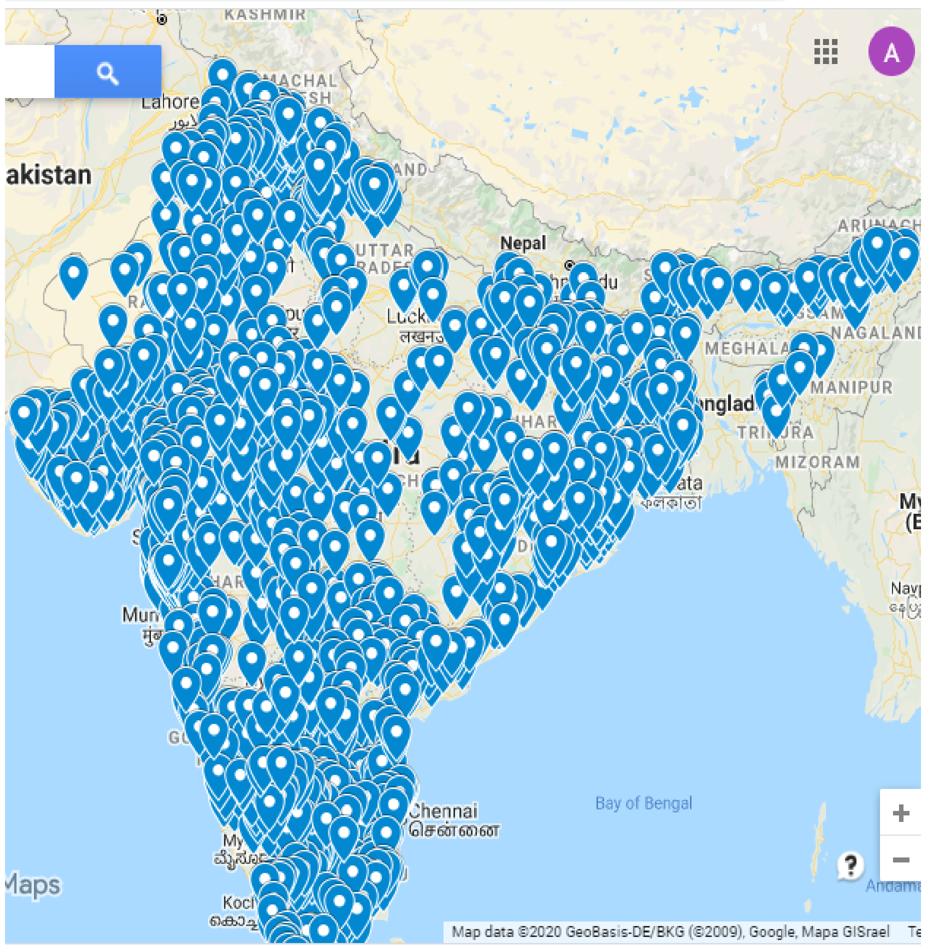
Wide-spread network across 29 states and union territories with 80%+ branches in non-metro locations

Number of branches



Branch distribution - Top states





As on September 30, 2024
Data is consolidated for IIFL Finance, IIFL Home Finance and IIFL Samasta Finance

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IIFL's brand and credibility recognized at various forums

Recognized as **'Iconic Brand'** by The Economic Times in 2023

Received **'Best NBFC of the Year Award'** at NBFC Leadership Awards 2023

Received **'Best Customer Experience Strategy'** at NBFC Leadership Awards 2023

Received **Best Sustainability Initiative award** at World Brand Congress Awards in 2023

Received **'Best Lending Tech'** award at World Brand Congress Awards in 2023

Received **Marketing Campaign of the Year** for **Sapna Aapka Loan Humaara** Campaign at Global Brand Excellence Awards in 2023

Source: Company provided

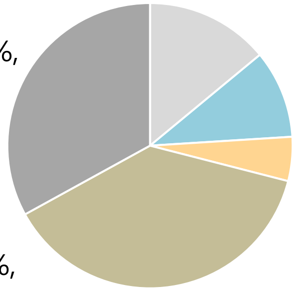
Exposure to Construction and Real Estate portfolio

IIFL FINANCE

Commercial Real Estate (CRE) exposure

Particulars	USD mn
Overall CRE on-book assets	172
Less : HFC Share in CRE (End stage construction finance for green/affordable projects)	(94)
CRE in the standalone entity	**78**
Add : BV of CRE SRs	373
Less : Total Provisions (SR's – USD73mn + CRE – USD23mn)	(96)
Net Carrying Value of CRE + CRE SR's	**355**

Expected recovery of 100%+ in 70% of security receipts pool



- ✓ **Provisioning and Recovery Focus:** Outstanding security receipts of USD 427mn with provisions of USD 73mn
- ✓ **Recovery Confidence:** ~70% of the security receipts pool expected to recover 100% or more
- ✓ **Retail Exposure:** 11% of the portfolio comprises unsecured business and personal loans.
- ✓ **Active Resolution Efforts:** Collaborating with ARCs to resolve and recover assets, confident of achieving full recovery.

As per pool rating estimate
Notes: 1. As of 30th Sep 2024
Source: Company website, Company databook, Company IP

Thank You