

**IIFL Finance Limited**

Press Release

For immediate publication

Mumbai, India

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**IIFL Finance Q2FY23 Results update**
**IIFL Finance Q2FY23 profits at Rs. 397 Crore, up 36% y-o-y.**

For the quarter ended September 30, 2022, the Company reported Total comprehensive income (TCI) of Rs. 422 Cr up 46% y-o-y and net profit after tax of Rs. 397 Cr (before non-controlling interest) up 36% y-o-y. Pre-provision operating profit (PPOP) was Rs. 685 Cr up 23% y-o-y. Loan growth in core products was robust – Gold loans and Home loans AUM grew by 31% and 25% y-o-y respectively. Microfinance and Business loans grew by 49% and 14% y-o-y respectively. Overall core loan portfolio grew by 28% y-o-y and non-core (primarily Construction & real estate finance) portfolio shrank by 9% y-o-y.

**IIFL Finance Limited Consolidated Results Quarterly – Q2FY23**

Rs Crore	Quarter ended September 30, 2022	Quarter ended September 30, 2021	Y-O-Y	Quarter ended June 30, 2022	Q-O-Q
<b>Loan growth</b>					
Loan AUM	55,302	44,249	25%	52,761	5%
Core loan AUM	52,221	40,851	28%	49,667	5%
Non-core loan AUM	3,081	3,398	(9%)	3,094	0%
<b>Profitability</b>					
Total Income (Net)*	1,236.1	943.3	31%	1,185.4	4%
Pre-provision operating profit*	685.3	555.8	23%	670.4	2%
Profit before tax	529.4	371.6	42%	433.9	22%
Profit after tax (pre-NCI <sup>1</sup> )	397.1	291.6	36%	329.7	20%
TCI (pre-NCI <sup>1</sup> )	421.8	289.4	46%	331.6	27%
<b>Return ratios</b>					
Return on assets	3.4%	2.8%		2.9%	
Return on equity	20.4%	20.5%		20.5%	
<b>Per share</b>					
Earnings per share (EPS)	10.0	7.7	30%	8.7	15%
Book value per share (BVPS)	215.2	152.5	41%	174.2	24%
<b>Asset quality</b>					
Gross NPA	2.4%	2.3%		2.6%	
Net NPA	1.2%	1.1%		1.5%	
<b>Balance sheet</b>					
Off-book to AUM	39%	35%		39%	

\*excluding Fair value changes

<sup>1</sup>NCI is Non-controlling interest

*Mr. Nirmal Jain, Managing Director, IIFL Finance Ltd., remarked on the financial results: “We are pleased to report another quarter of healthy growth. All our core businesses have delivered robust operating performance. The government and central bank continue their effort to drive financial inclusion, providing a very conducive environment for growth to companies like ours. Our branch network and online presence reach out primarily to individuals and entities not easily accessible to banks. We complement banks and partner with them for sourcing and servicing of retail and priority sector credit. We endeavour to be the most efficient player in our space by using technology and scale.”*

### Financial performance review

IIFL Finance had loan assets under management (loan AUM) of Rs 55,302 Cr as at September 30, 2022, with the home loans segment constituting 36%, gold loans 32%, business loans 14% and microfinance loans 12% of the total AUM.

The company’s annualized ROE and ROA for Q2FY23 stood at 20.4% and 3.4% respectively. Core pre-provision operating profit stood at Rs. 685 Cr. for the quarter up 23% y-o-y. Average borrowing costs for the quarter declined 3 bps q-o-q and 29 bps y-o-y to 8.4%.

95% of our loans are retail in nature and 69% of our retail loans (excluding gold loans which are not classified as PSL loans) are PSL compliant. The assigned loan book, currently at Rs 15,438 Cr. Besides, there are securitized assets of Rs 1,580 Cr. Apart from securitization and assignment, co-lending book is at Rs 4,703 Cr.

GNPA stood at 2.4% down from 2.6% q-o-q and NNPA stood at 1.2% down from 1.5% q-o-q, as at September 30, 2022. With implementation of Expected Credit Loss under Ind AS, provision coverage on NPAs stands at 147%.

Total CRAR<sup>2</sup> stood at 21.7% as at September 30, 2022, as against minimum regulatory requirement of 15%.

The total presence of branches stood at 3,766 as at the end of quarter, spanning the length and breadth of the country.

### Business segment review

**Home Loans:** At the end of the quarter, retail home loan assets grew by 25% y-o-y and 6% q-o-q to Rs 19,681 Cr. The primary focus in this segment is on affordable and non-metro housing loans. Over 55,700 customers were benefitted with a subsidy of more than Rs 1,300 Cr under the Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme.

**Gold Loans:** As of September 30, 2022 the gold loan AUM grew to Rs. 17,832 Cr, showing a strong growth of 31% y-o-y and 4% q-o-q. Gold loans are provided through our widespread presence in 1,346+ cities across 22 states to salaried, self-employed and MSME customer segments.

<sup>2</sup>CRAR is Capital adequacy ratio

**Microfinance:** The microfinance loan AUM stood at Rs. 6,724 Cr, up 49% y-o-y and 7% q-o-q, as at September 30, 2022. The microfinance customer base stood at 18.7 lakh customers.

**Business loans:** Business loan AUM grew by 14% y-o-y to Rs. 7,985. Secured business loan AUM grew by 11% y-o-y to Rs. 5,986 Cr. whereas unsecured business loan AUM grew by 21% y-o-y to Rs. 1,999 Cr.

**Construction and Real Estate:** Construction and real estate AUM stood at Rs. 2,593 Cr, down 5% y-o-y as at September 30, 2022.

### Liquidity position

Cash and cash equivalents and committed credit lines from banks and institutions of Rs 8,191 Cr were available as on September 30, 2022. During the quarter, we raised Rs 3,805 Cr through term loans, bonds and refinance. Additionally, Rs 3,500 Cr was raised through direct assignment of loans.

### ADIA subsidiary investment in IIFL Home Finance

IIFL Home Finance received Rs. 2,200 Cr from a wholly owned subsidiary of the Abu Dhabi Investment Authority (ADIA) in Aug, 2022, boosting the net worth of IIFL Home Finance by more than 80%. This will help the Company consolidate its competitive position in the affordable housing finance market in India, which has tremendous long term growth potential.

### IIFL Finance and ZestMoney enter into an Industry First partnership to drive financial inclusion

IIFL Finance has entered into a partnership with ZestMoney, which is India's leading and fastest-growing digital EMI/checkout financing platform, to offer credit to potentially millions of new to credit customers. Through this industry-first partnership, IIFL Finance, as a dedicated partner, will get access to a new customer base on the ZestMoney platform and play a crucial role in driving financial inclusion for a large section of people in the country. The partnership complies with the recently released RBI guidelines on digital lending and will leverage the joint technology capabilities, Zestmoney's reach, product delivery and IIFL's deep capital pool, solid financial and digital underwriting expertise.

### Awards and Accolades

- IIFL Finance received 'Customer Services Excellence Award' at Asia Awards for Excellence in BFSI
- IIFL Finance received 'Best Lending Tech of the Year Award' at Asia Awards for Excellence in BFSI
- IIFL Finance received 'Quick Loan Approval Award' for IIFL Instant Loan at National Awards for Excellence in BFSI
- IIFL Finance received 'Most Innovative Fintech Product' Award for WhatsApp Loan by IIFL Finance at National Awards for Excellence in BFSI

## About IIFL

IIFL Group is one of the leading players in the Indian financial services space. Prior to the Composite Scheme of Arrangement (effective May 2019), IIFL Finance Limited (Erstwhile “IIFL Holdings Limited”) (Bloomberg Code: IIFL IN, NSE: IIFL, BSE: IIFL) was engaged in the business of financing, asset and wealth management, retail and institutional broking, financial products distribution and investment banking through its various subsidiaries.

IIFL Finance Ltd is one of the leading retail focused diversified NBFC in India, engaged in the business of loans and mortgages along with its subsidiaries - IIFL Home Finance Limited and IIFL Samasta Finance Limited. IIFL Finance, through its subsidiaries, offers a wide spectrum of products such as Home loan, Gold loan, Business loan, Microfinance, Capital Market finance and Developer & Construction finance to a vast customer base of over 8 million+ customers. IIFL Finance has widened its pan-India reach through extensive network of branches spread across the country and various digital channels.

IIFL Securities Limited is one of the largest independent full-service retail and institutional broking house along with being a leading investment advisory firm in India providing diversified financial services and products to corporate, institutional investors, foreign portfolio investors, mutual funds, insurance companies, alternative investment funds, trusts, high net worth individuals and retail clients.

IIFL Wealth is one of the fastest growing private wealth management firms in India with an AUM including custody over USD 40 billion (as on September 2022). They serve the highly specialized and sophisticated needs of high net worth and ultra-high net worth individuals, affluent families, family offices and institutional clients through a comprehensive range of tailored wealth management solutions.

This document may contain certain forward looking statements based on management expectations. Actual results may vary significantly from these forward looking statements. This document does not constitute an offer to buy or sell IIFL products, services or securities. The press release, results and presentation for analysts/press for the quarter ended September 30, 2022, are available under the ‘Financials’ section on our website [www.iifl.com](http://www.iifl.com).

*IIFL Group refers to IIFL Finance Ltd and its group companies.*

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