

Ghar Ki Baat

Kshiti

(The Transformational Journey)

June 2017





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Key Milestones



1988	<ul style="list-style-type: none"> • Obtained NHB license for loans and deposits • Company commenced operations
1994	<ul style="list-style-type: none"> • Crossed INR 100 Crore loan portfolio
1997	<ul style="list-style-type: none"> • Crossed INR 100 Crore retail deposit
2003	<ul style="list-style-type: none"> • Notified under SARFESI Act
2006	<ul style="list-style-type: none"> • Crossed INR 1,000 Crore loan portfolio
2009	<ul style="list-style-type: none"> • Entered into a strategic financial partnership with Destimoney Enterprises Private Limited (DEPL) DEPL acquired 26% stake in the Company
2010	<ul style="list-style-type: none"> • Launched business process re-engineering project-"Kshitij"

2011	<ul style="list-style-type: none"> • New Brand positioning with completely refurbished, elegant, convenient and secured offices • Robust and scalable target operating model (TOM) implementation commenced
2012	<ul style="list-style-type: none"> • DEPL raises stake from 26% to 49% through conversion of compulsory convertible debentures (CCD)
2013	<ul style="list-style-type: none"> • Crossed INR 1,000 Crore deposits. • `CRISIL AA+` rating (for NCDs and bank term loans) and FAAA (for Deposits)
2014	<ul style="list-style-type: none"> • PAT crossed INR 100 Crore and Loan Assets crossed INR 10,000 Crore
2015	<ul style="list-style-type: none"> • Implementation of Enterprise System Solution • Quality Investments Holdings, owned by the Carlyle group, a global investment firm bought DEPL
2016	<ul style="list-style-type: none"> • Listed on Indian stock exchanges through IPO; raised 3,000 Crore • TOM implemented • Launch of first ever 360 degree brand campaign
2017	<ul style="list-style-type: none"> • AUM crossed INR 40,000 Crore mark • Certified as a "Great Place to Work" by building a 'High Trust, High Performance Culture'*

*Source: Great Place to Work Institute (GPTW)



Kshitij Interventions

Led to Company's Transformation

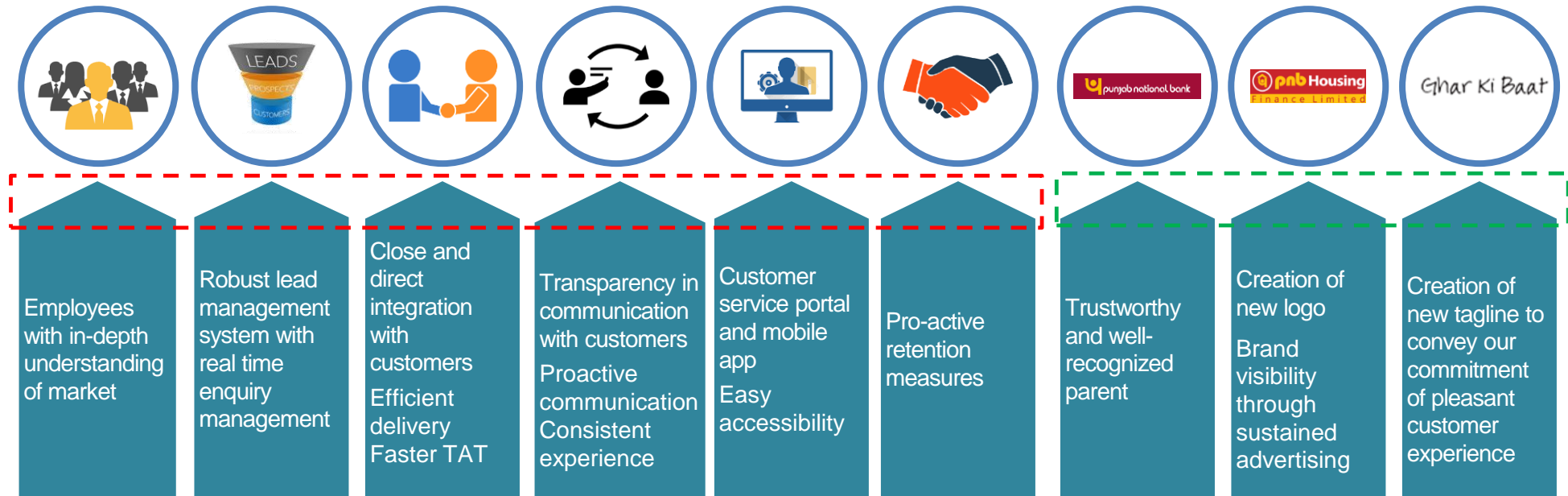
Strong Brand Recognition Driven by Customer-centric Approach



Customer-centric Approach

...together with...

Initiatives to Reposition Brand

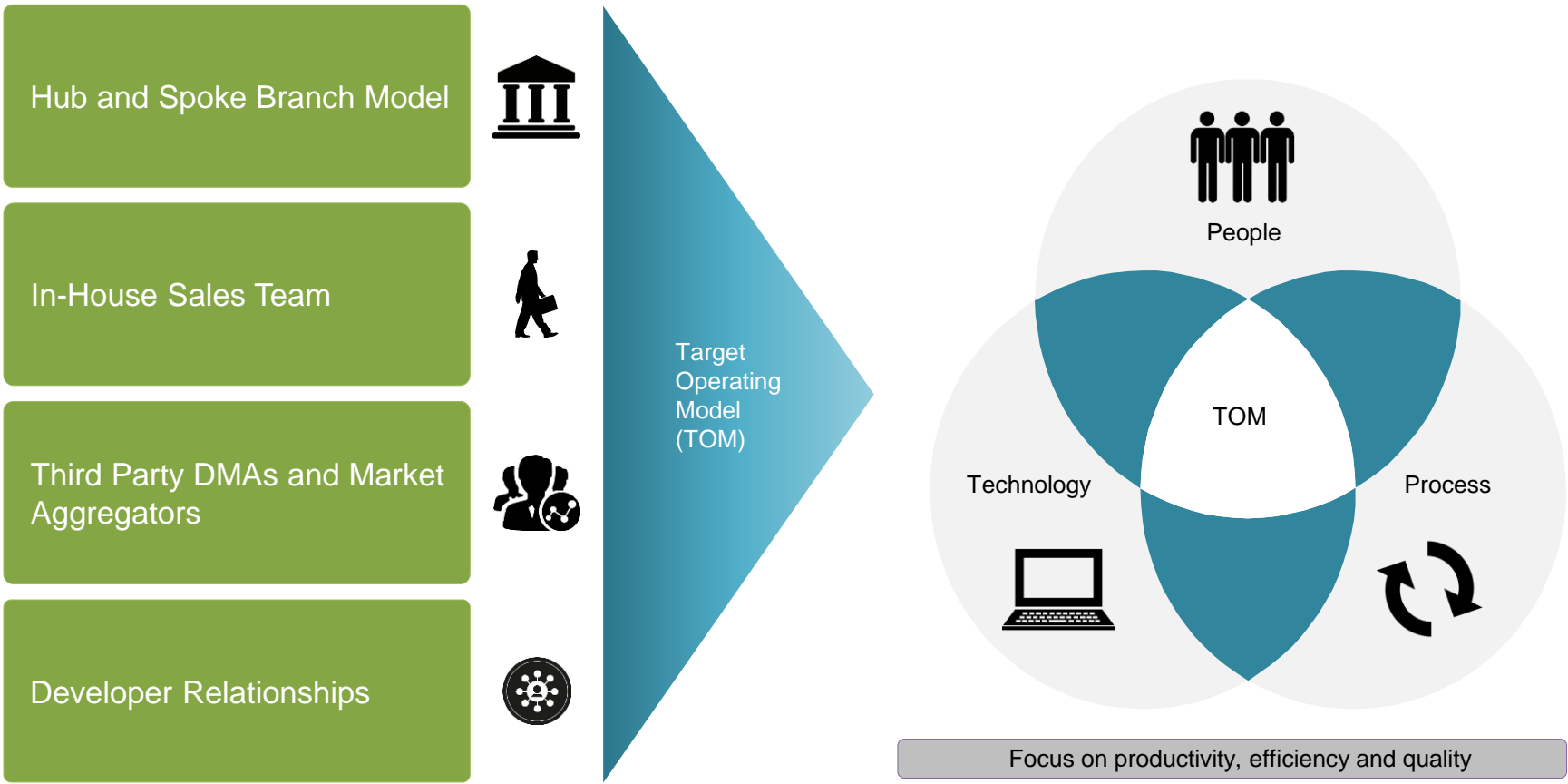


Resulting in Strong Brand Recognition

Robust Delivery Model

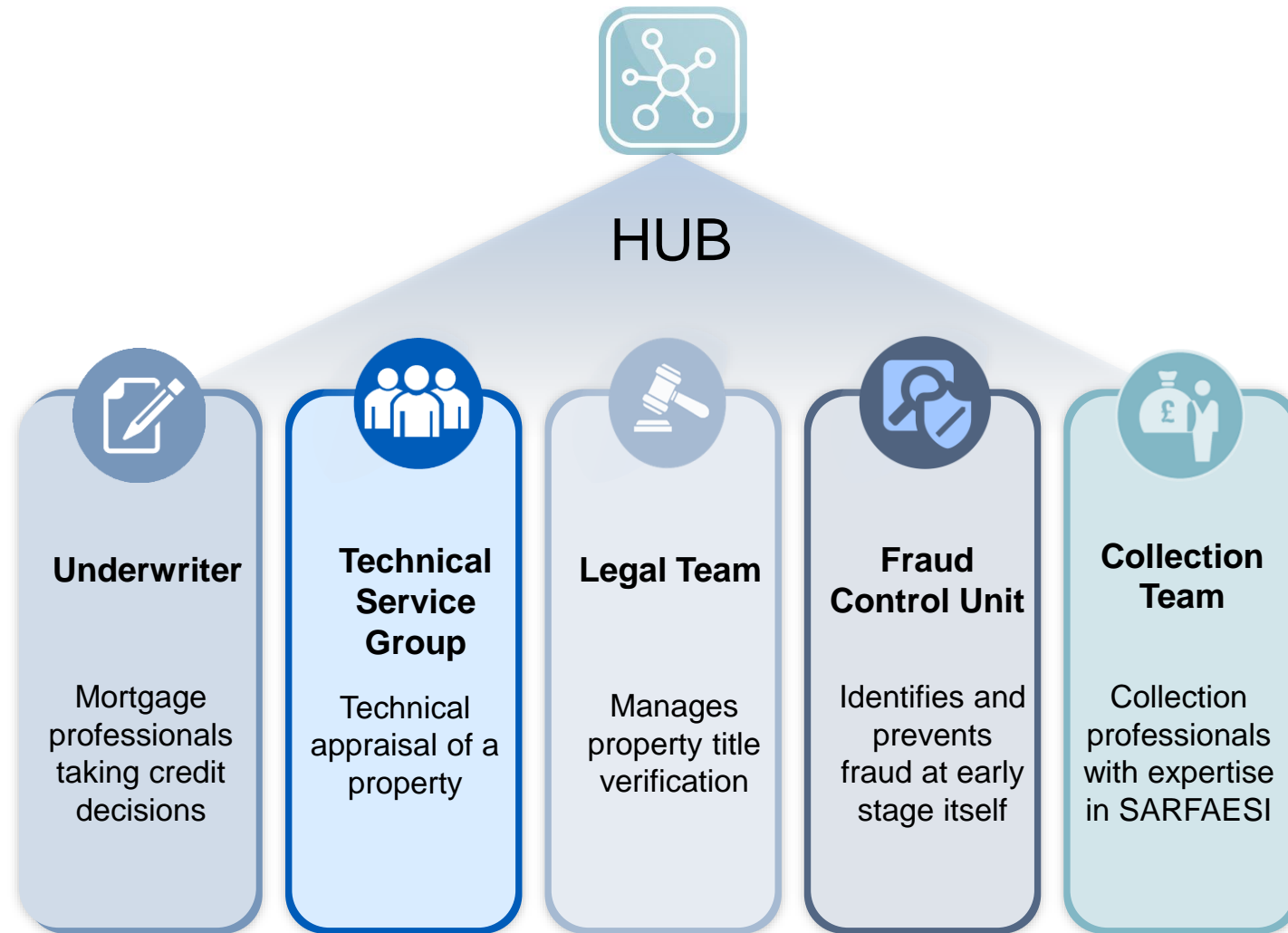


Robust Delivery Model...

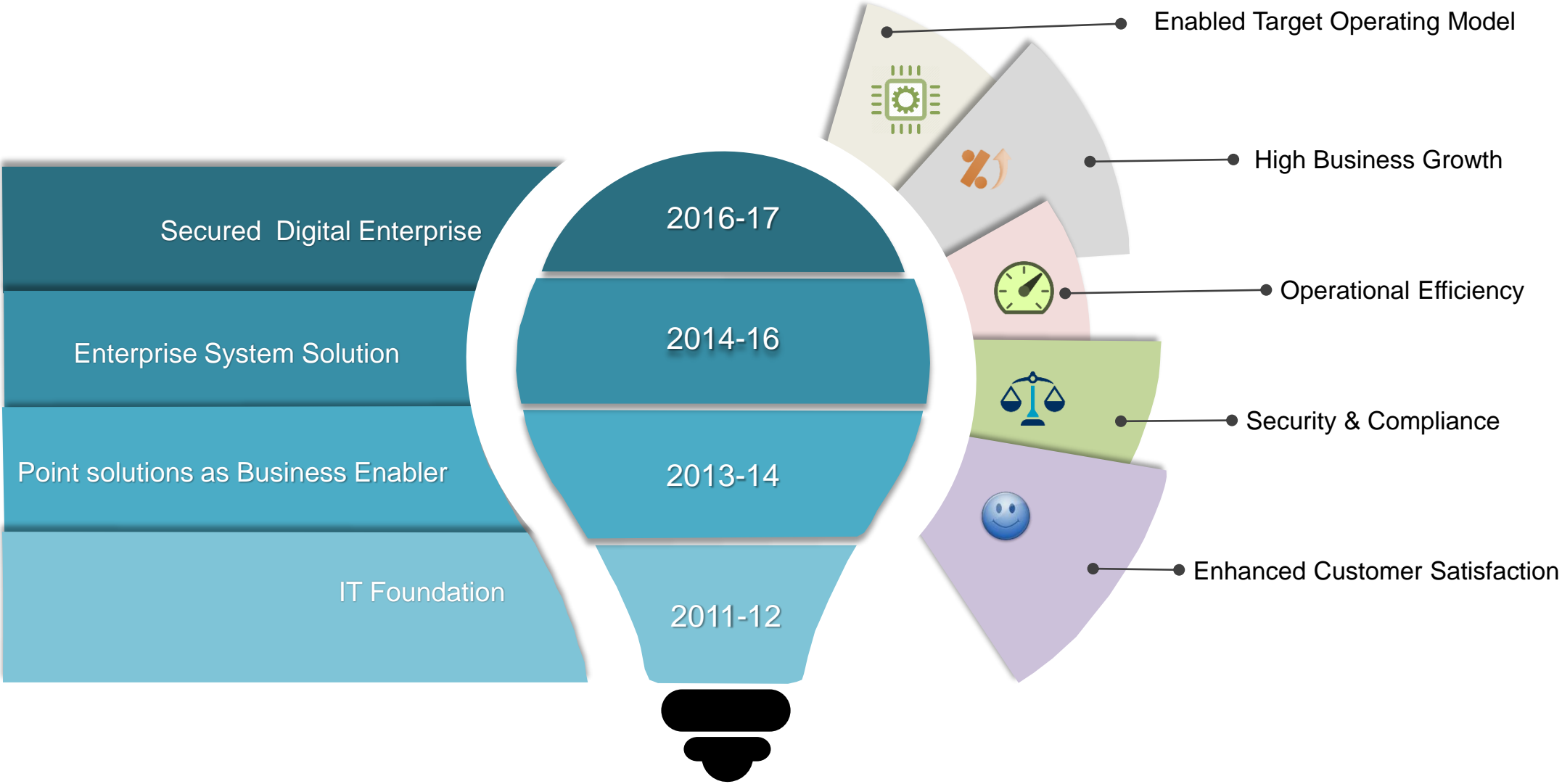


Supported by End-to-End Technology

Robust Credit Underwriting Processes and Monitoring of Portfolio



Technology enabled Growth





Harnessing digital as well as conventional sourcing Channels



Integrated Lead Management

Branch Operations: Loan Management



- Integrated loan servicing
- Integrated insurance accounting
- Master driven parameterized system

Underwriting: Loan Origination



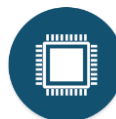
- Integrated Credit Bureau check
- Workflow based origination
- Interface with Legal, Technical & Field Investigation

Deposit: Deposit Management



- Paperless deposit processing
- Fast system processing TAT

Central Operations: Banking, Business Partner & Document Management



- Centralized Banking
- Centralized Document Storage
- Centralized Business Partner Management

Finance and Accounts: Accounting & Asset Liability Management



- Integrated Accounting System
- Integrated Asset and Liability Management

Compliance: Anti Money Laundering



- Integrated Anti Money Laundering
- Regulatory Reporting

Document Management System



- Integrated Digital Document Vault
- QR Code Indexing

Customer Service



- Self Service Customer Portal
- Integrated Customer Service



- ❖ Centralized operational process
- ❖ Standardization of processes



OPERATIONS



TRANSFORMED

- ❖ ISO 9001:2015 certified for quality management.
- ❖ Delivering services as per Service Level Agreement (SLA).
- ❖ Enhanced productivity through optimum resource utilization.



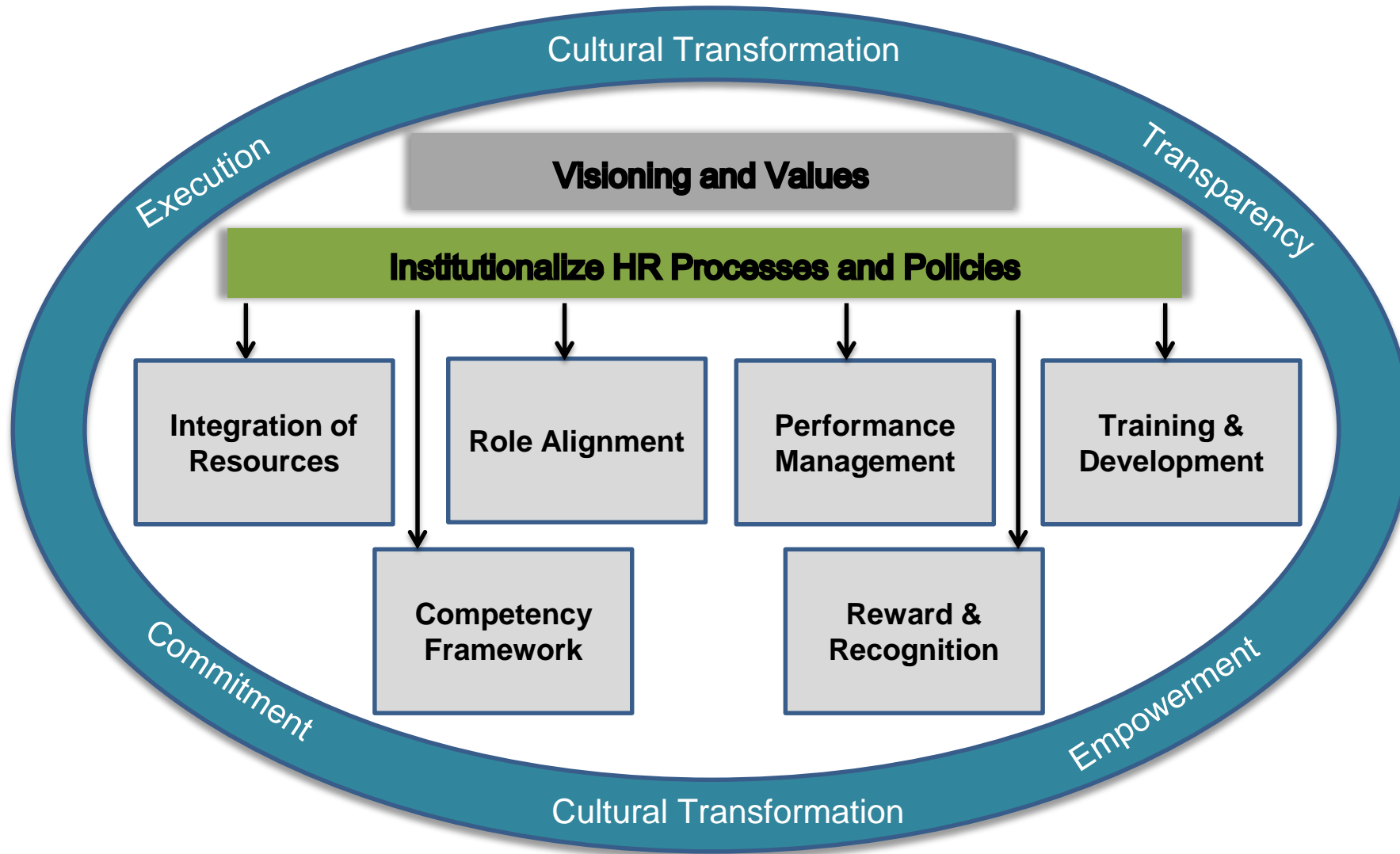
- ❖ Image based processing
- ❖ Reduction in turn around time
- ❖ Cost optimization



- ❖ Technology enable target operating model
- ❖ Scalable and flexible delivery model.
- ❖ Management of non-customer interface operational activities



- Central Operations formalized with an objective to implement best practices, standardize processes and provide predictable customer service experience.
- All back end operational activities moved from branches to Central Operations.
- Central Operations secured ISO Certification 9001:2015; a reflection of quality management and operational excellence.
- Enabling economies of scale



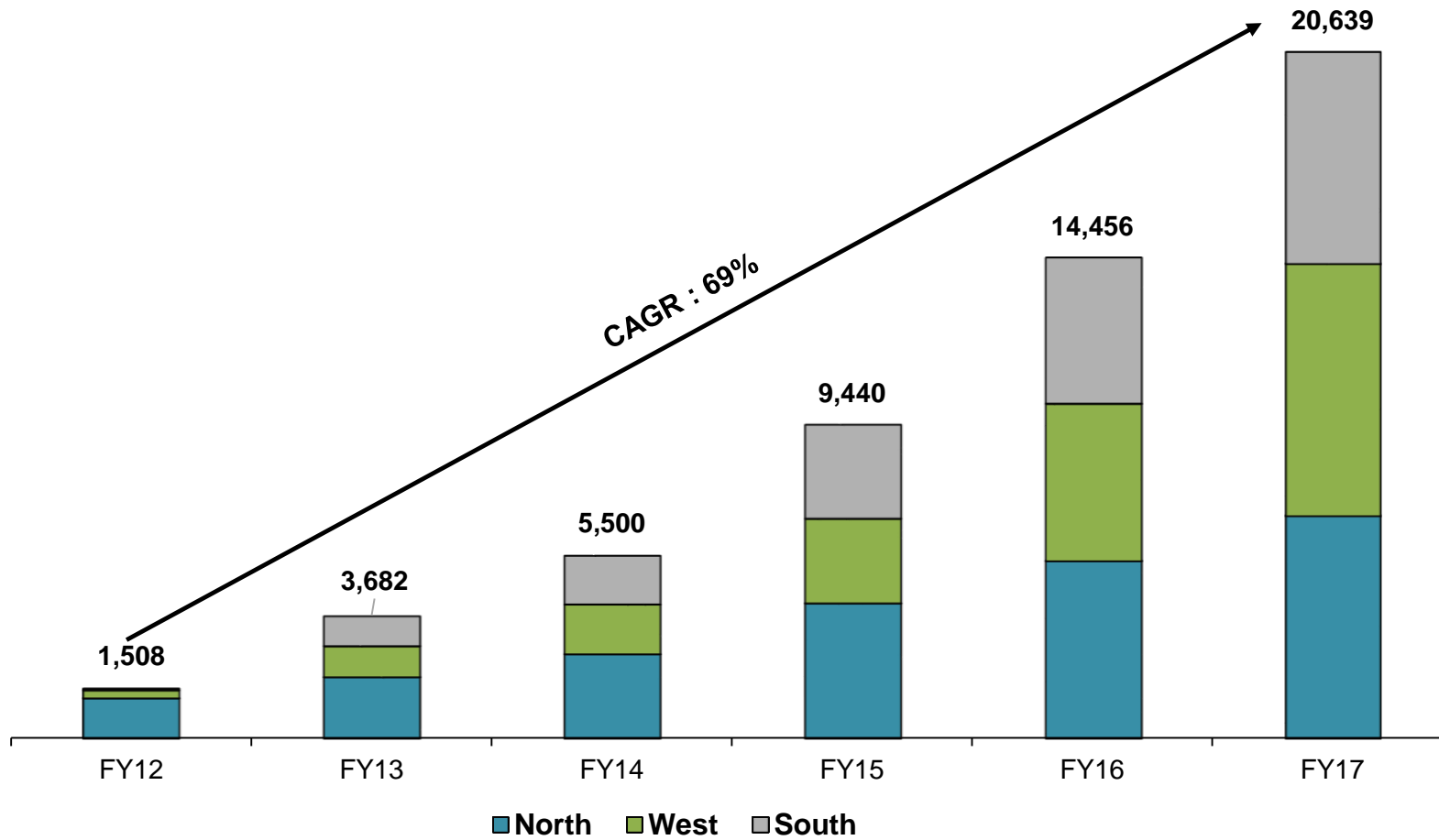


The Growth Journey

Year on Year Trends



Accelerated growth in Disbursements



- Fastest growing amongst top five HFCs in India*
- Consistent growth trend
- Pan India presence with well balanced geographical distribution

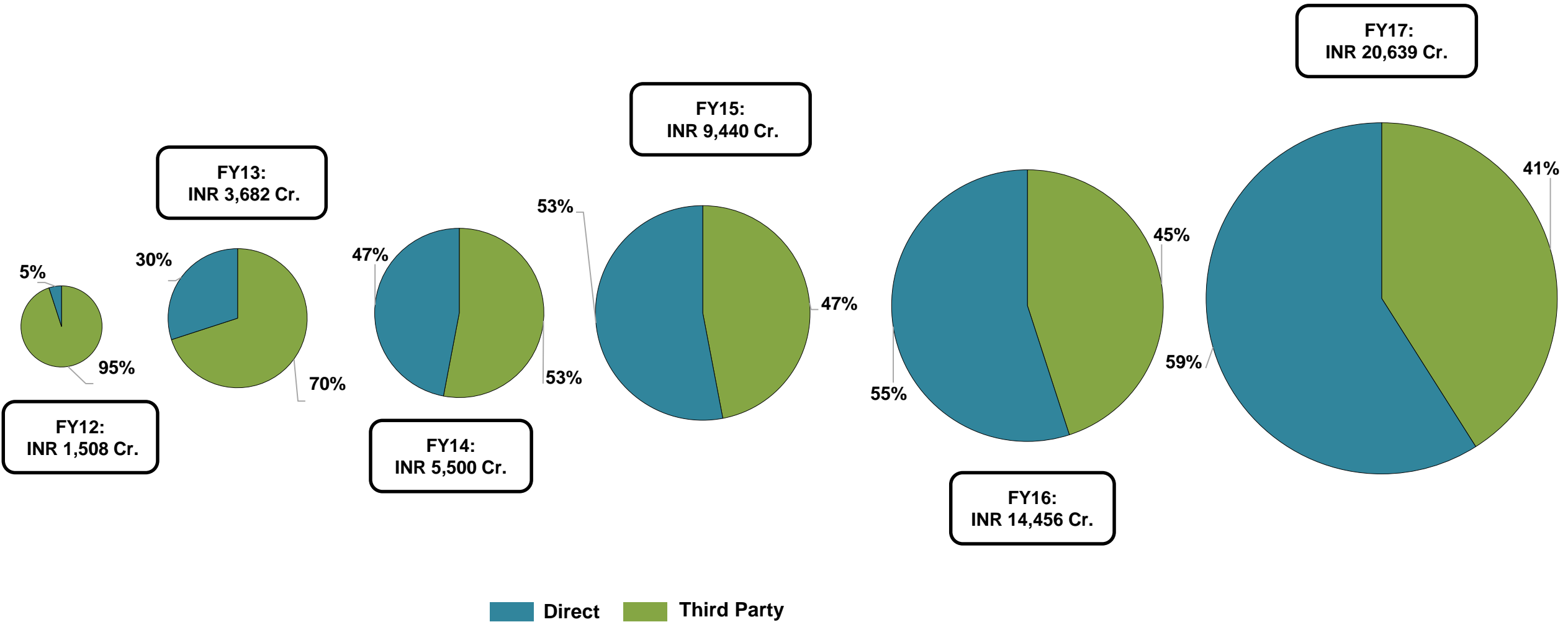
Values in INR Crore
One Crore = 10 Million

*Source: ICRA Industry Update for 9MFY2017; Based on growth rate of Loan assets as on Dec-16 over Mar-16

De-risked third party Dependency



Disbursements

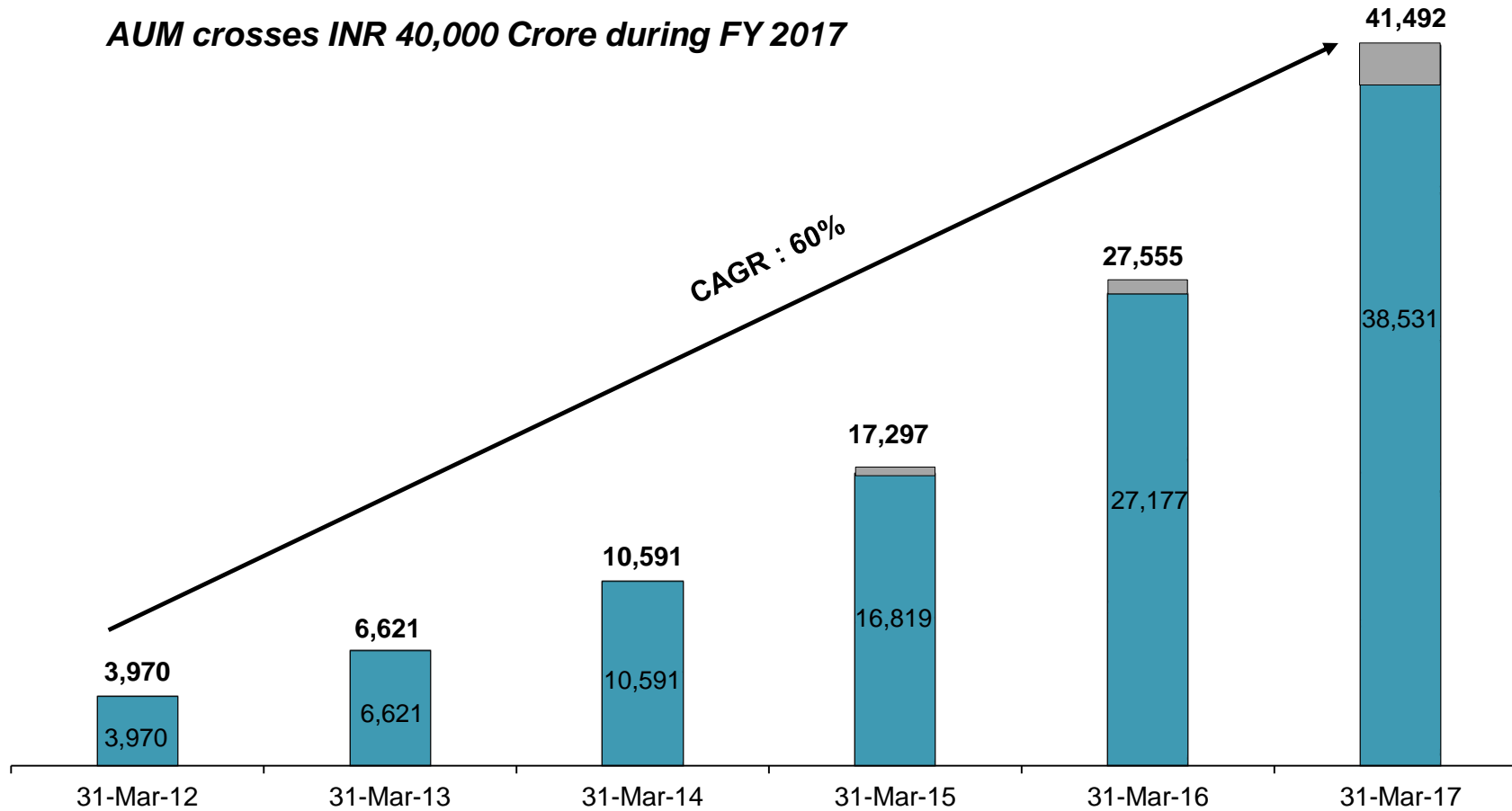


One Crore = 10 Million

High growth in Loan Assets



AUM crosses INR 40,000 Crore during FY 2017



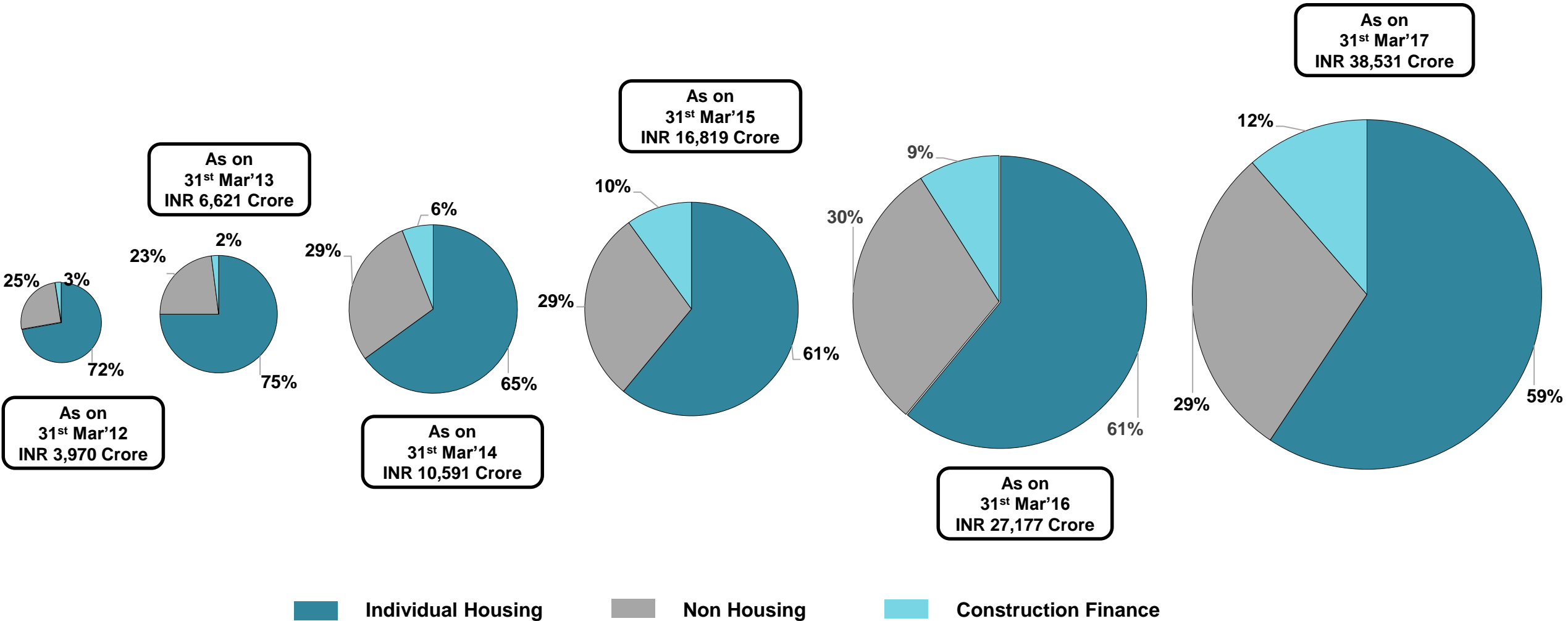
Values in INR Crore
One Crore = 10 Million

■ AUM ■ Loan Assets

- AUM of INR 10,000 Crore achieved in 26 years, AUM of next INR 30,000 Crore achieved in last 3 years
- AUM has grown nearly 10 times in the last 6 years; CAGR of 60%
- PNB Housing share in the HFC increased from 2.5% in FY14 to 4.7% in Dec 2016*
- Highest loan assets growth amongst top 5 HFCs in the Country*

*Source: ICRA Dec 16 report

Well Balanced Loan Assets Mix- Strong Competitive Edge



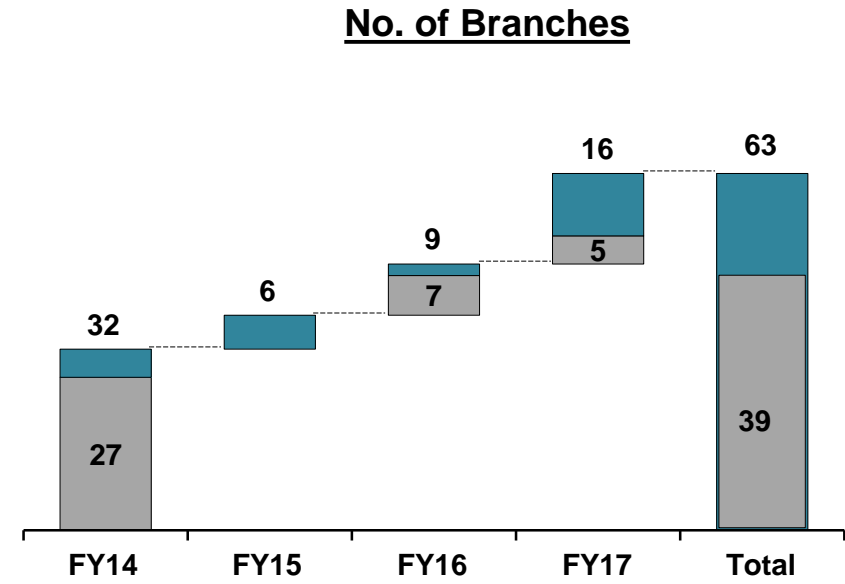
One Crore = 10 Million

Well Balanced - Pan India Presence



Branches – Point of Sales & Services
Processing Hubs – Fountain head for Decision Making
Zonal Hubs - Guides, Supervises & Monitors the HUB

Strategically positioned hubs to catalyse future growth



No. of Branches **Unique Cities***

- ✓ In-depth analysis of demographics and growth prospects
- ✓ Establish branches as per business potential
- ✓ Market deepening strategy
- ✓ Hubs aid and support branch expansion
- ✓ Track operational break-even for each establishment

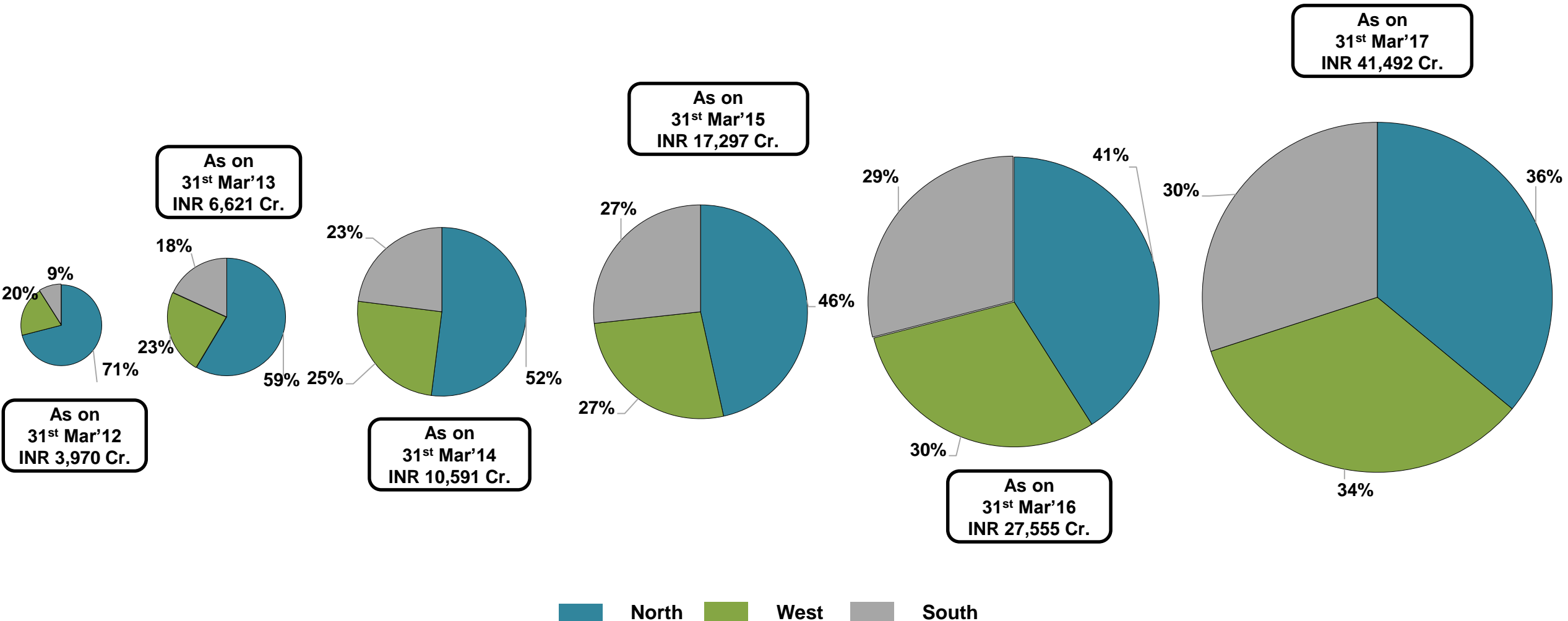
Map not to scale. All data, information and maps are provided “as is” without warranty or any representation of accuracy, timeliness or completeness.

* Unique cities are part of Branches

De-risked Geographical Concentration

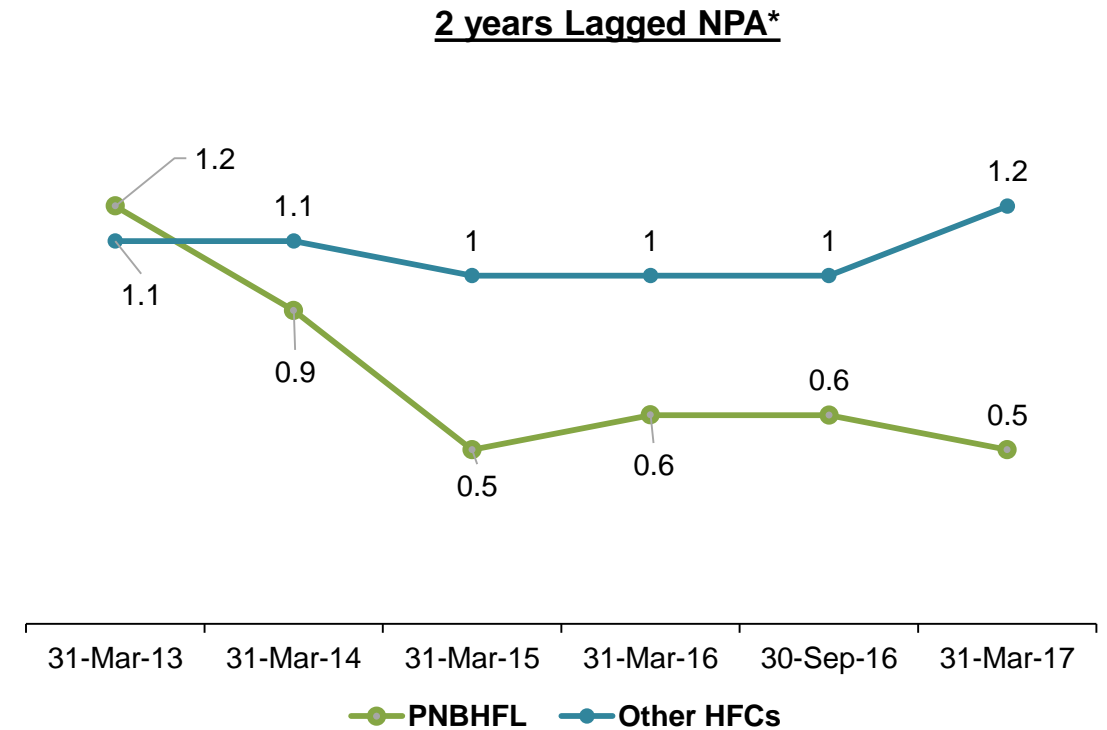
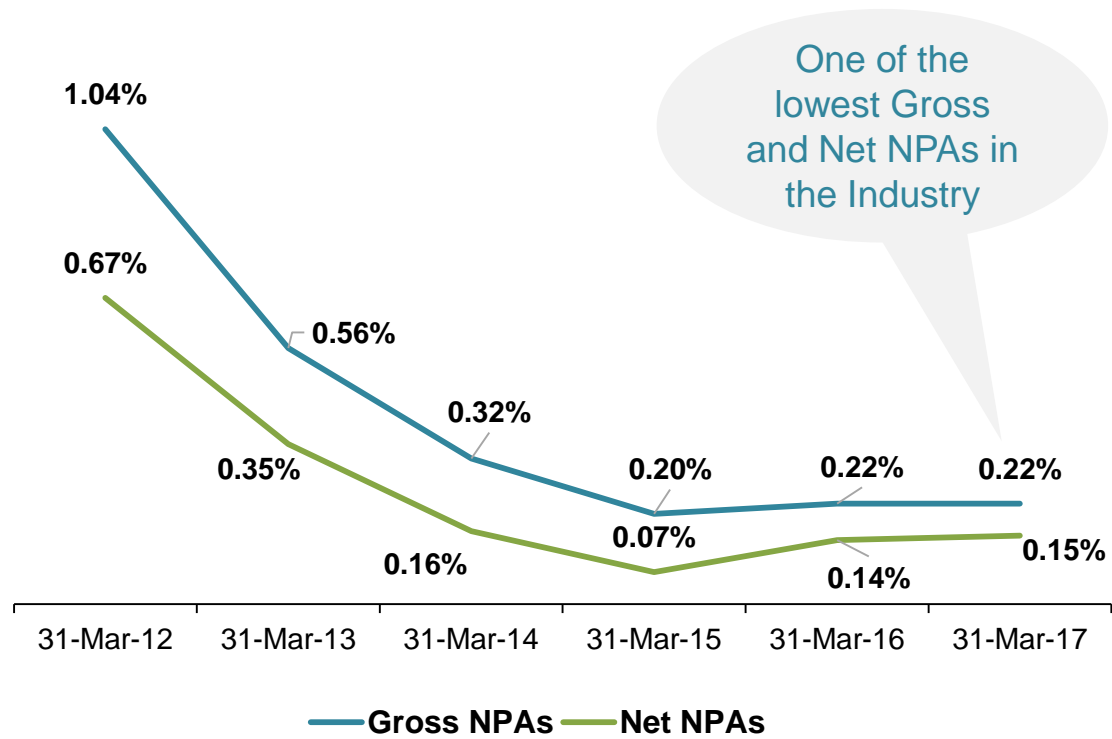


Asset Under Management



One Crore = 10 Million

Consistently maintaining NPAs below the Industry average

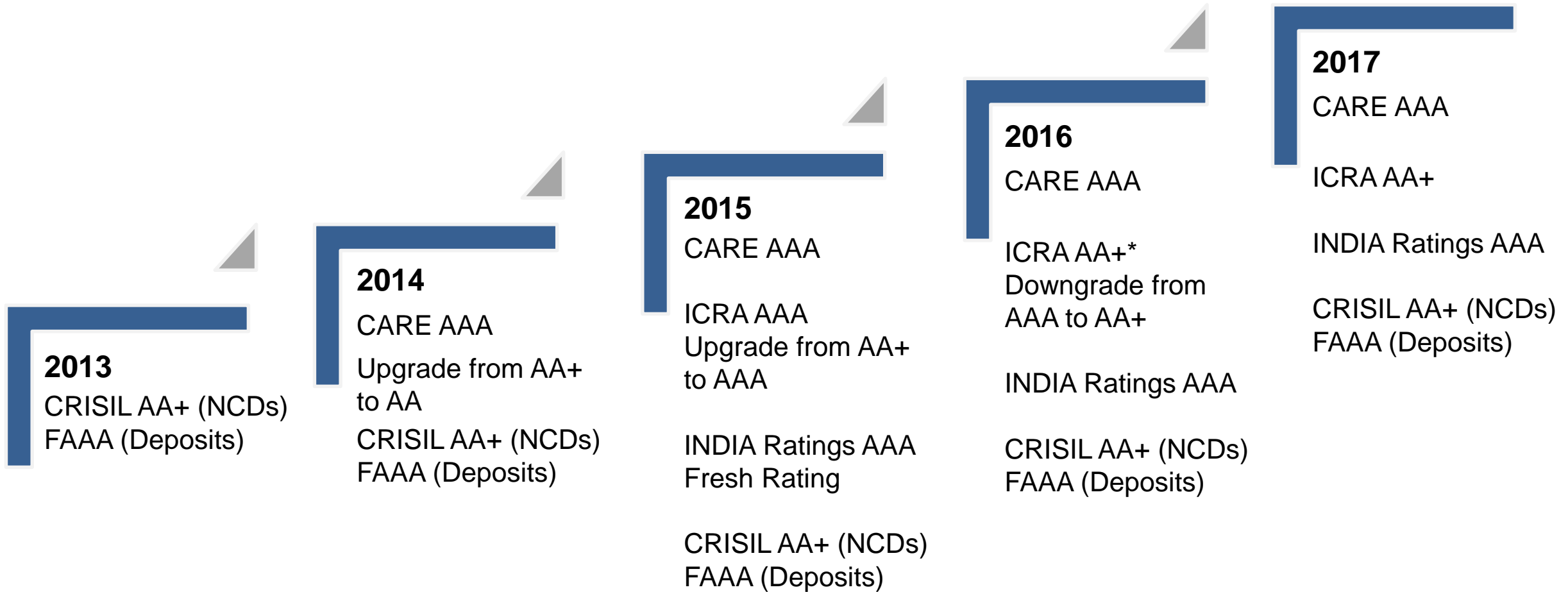


“Rigorous credit underwriting and better understanding of Customer segments resulted in lower NPAs”

2 years Lagged NPA is calculated as Gross NPA as on 'T' divided by Loan Assets as on 'T-2'

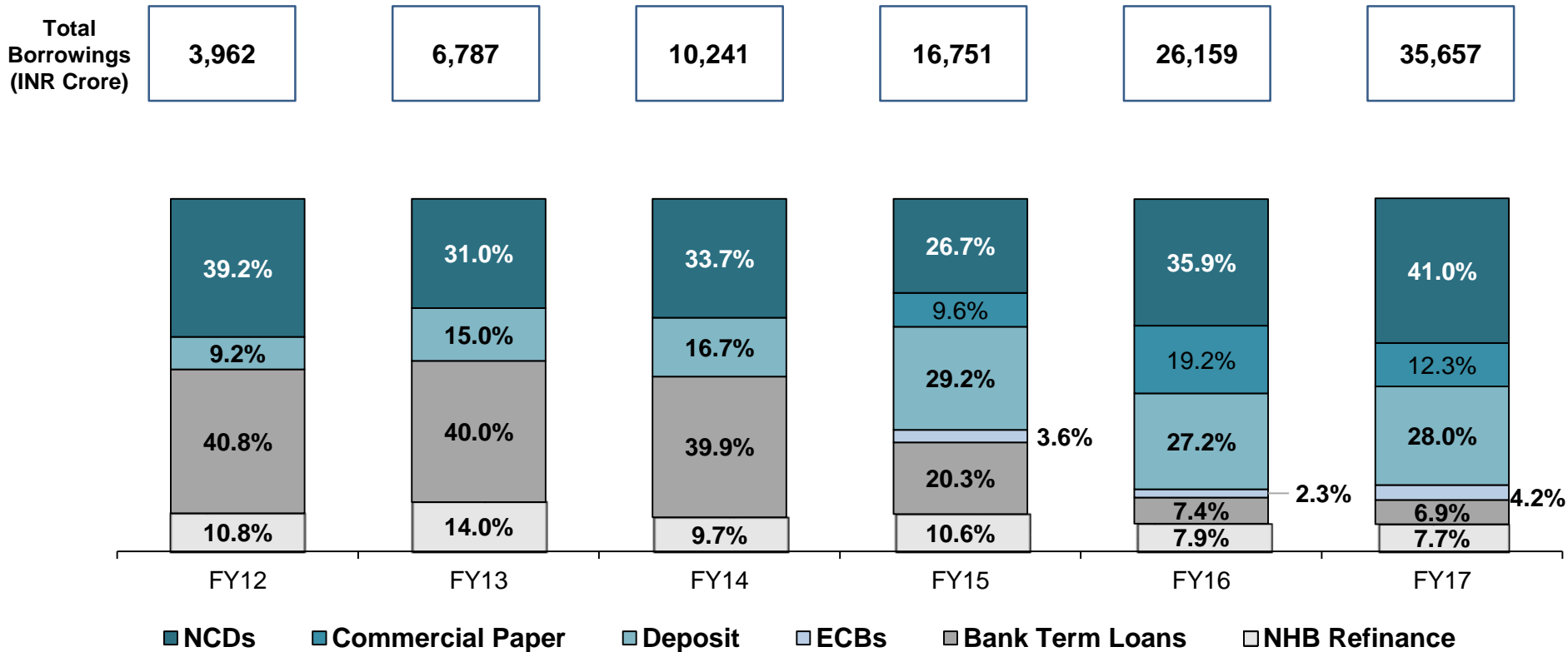
*Source: CRISIL

Robust Credit Rating



*Rating influenced by the rating of the parent company- PNB

Well Diversified Borrowing Composition

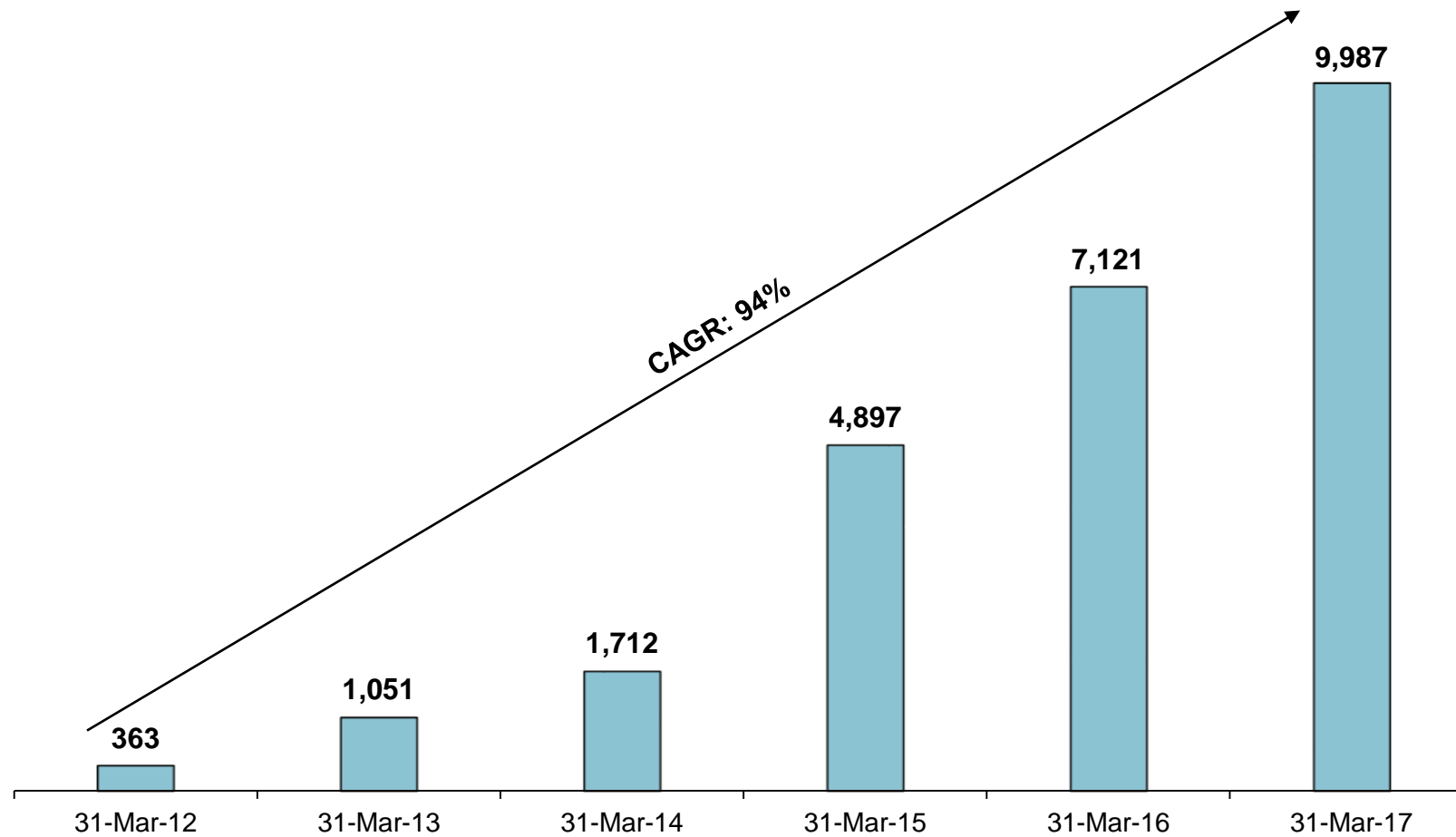


- Raised ECB of US\$ 100mn from IFC & US\$ 150mn from ADB
- First HFC to raise funds through Green Bonds
- Well diversified Investor base

Well diversified borrowing mix resulting in one of the lowest Cost of Borrowing

One Crore = 10 Million

Growth in Deposit Outstanding



Values in INR Crore
One Crore = 10 Million

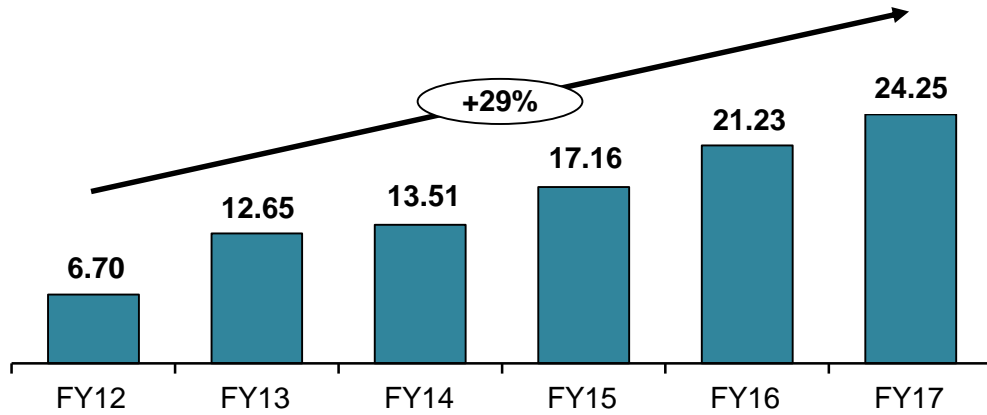
- 2nd Largest in Deposits among HFCs
- Deposit book saw a growth from INR 363 Crore in FY 2012 to over INR 9,900 Crore in FY 2017 on back of high credit rating, service quality and brand PNB
- Strong and predictable distribution channel- the base grew from around 300 brokers in FY 2011 to over 4,900 brokers end FY17



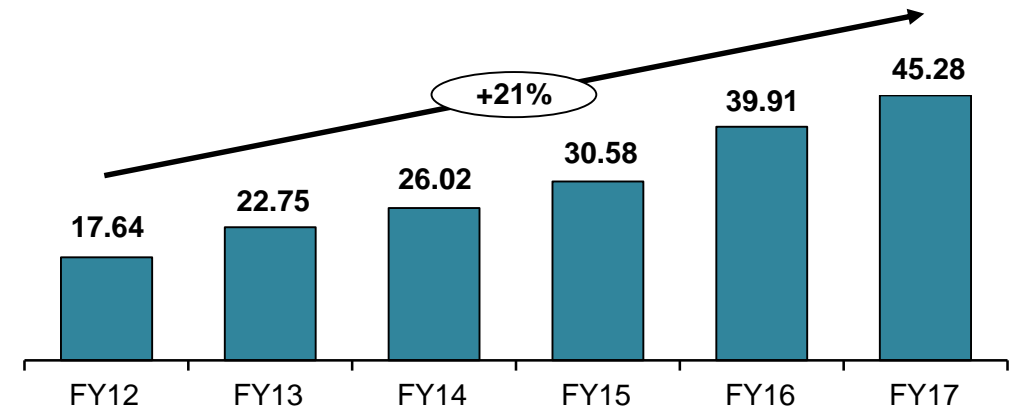
Financial Performance



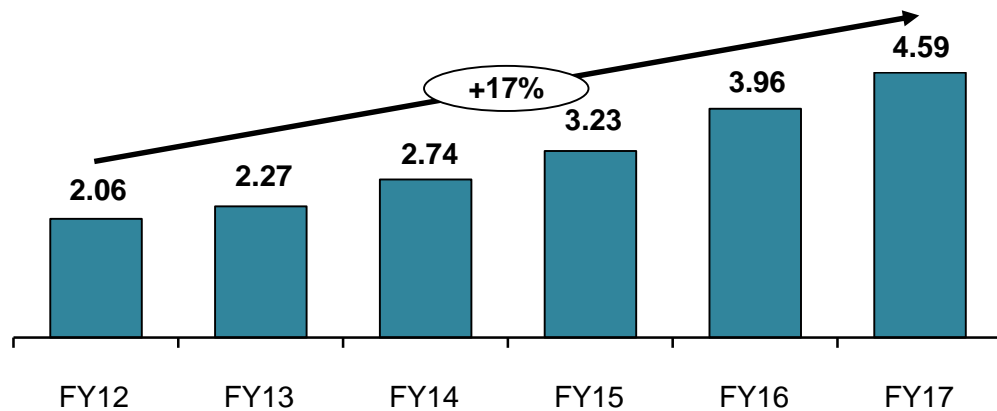
Disbursement / Employee (INR Crore / Employee)



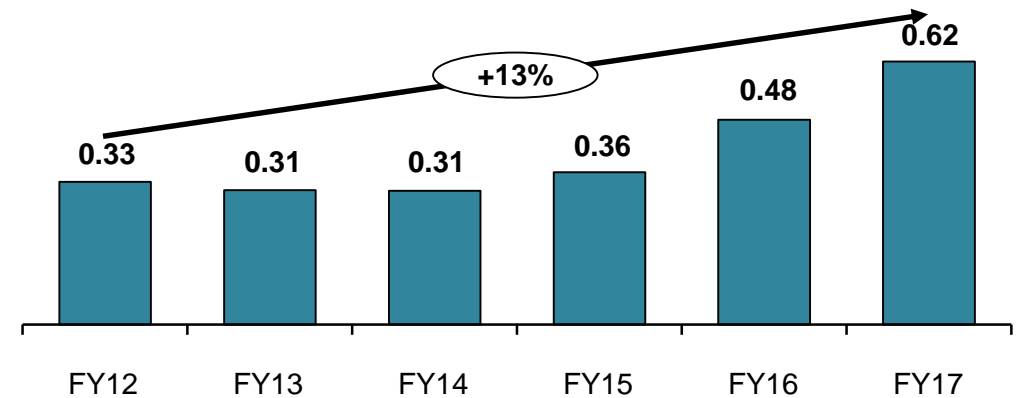
Loans Outstanding / Employee (INR Crore / Employee)



Revenue / Employee (INR Crore / Employee)



Profitability / Employee (INR Crore / Employee)

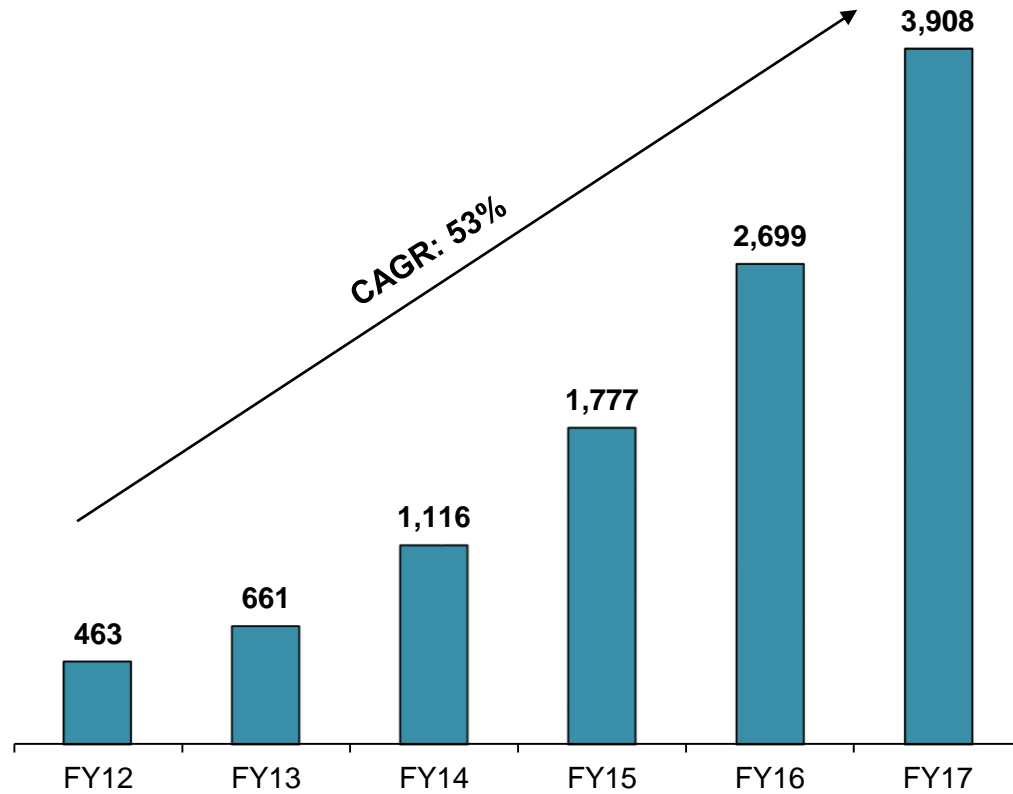


Calculated on Average employee for the Year

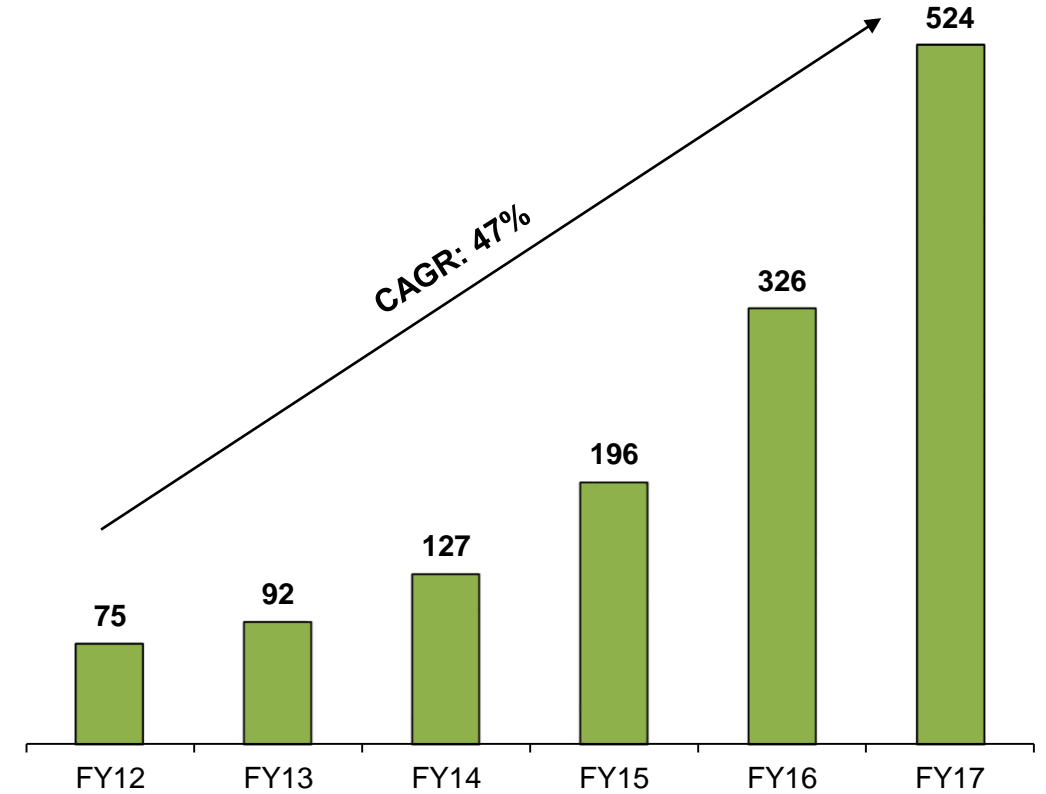
Strong Income & Profit growth



Total Income



Net Profit After Tax

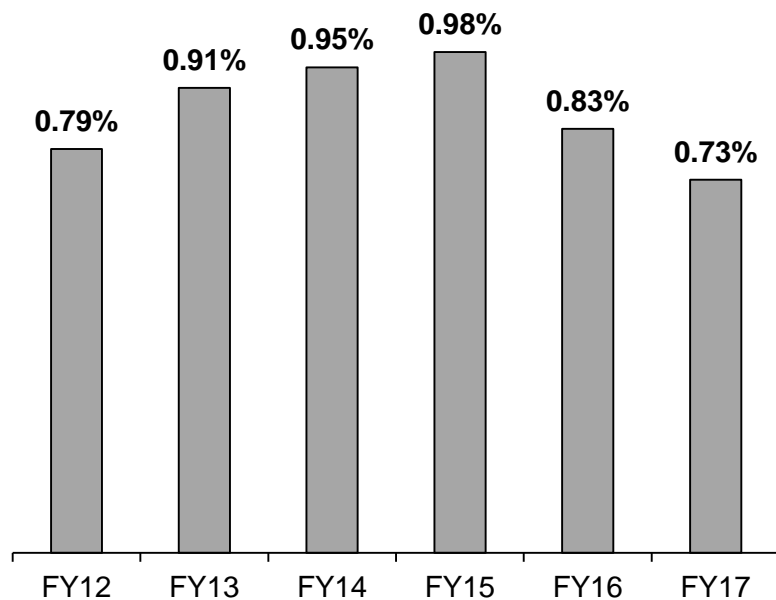


Values in INR Crore
One Crore = 10 Million

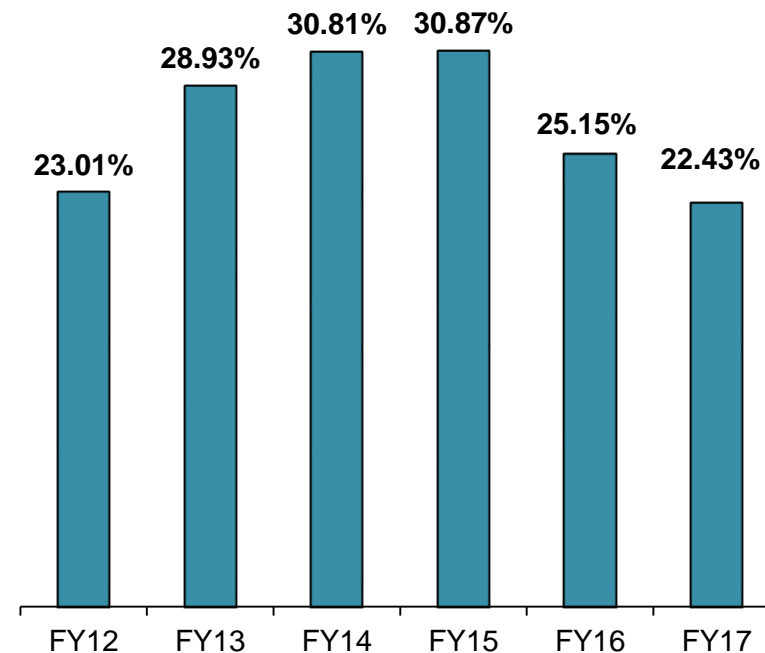
Operating Leverage Playing Out



Opex to Average Total Assets Ratio (%)



Cost to Income Ratio (%)



“Economies Of Scale Delivering Improved Efficiency and Operating Leverage”

Ratios are calculated on Monthly Average
Opex to ATA is calculated as Operating Expenditure/Average Total Assets as per Balance sheet

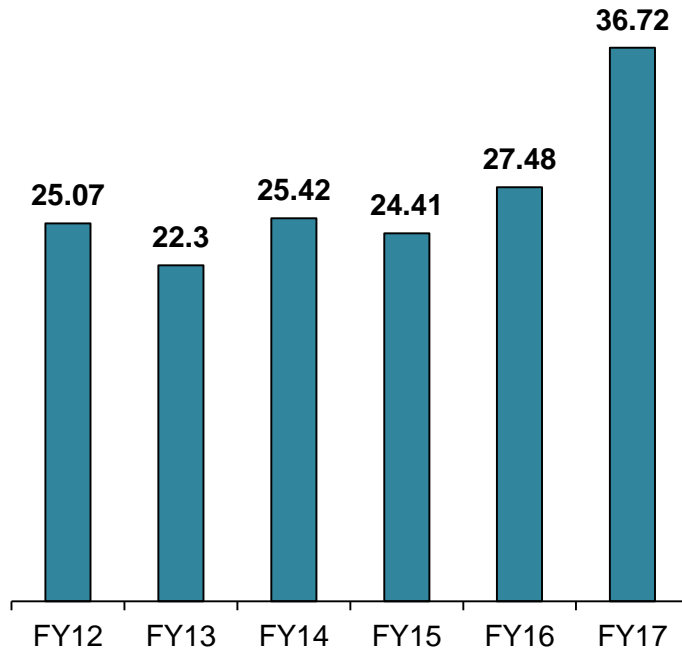


Valuation & Shareholding

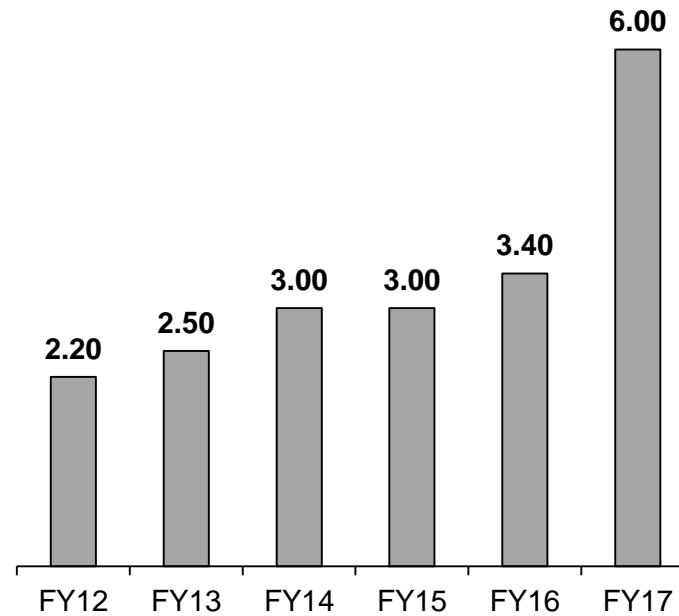
Creating Shareholder Value



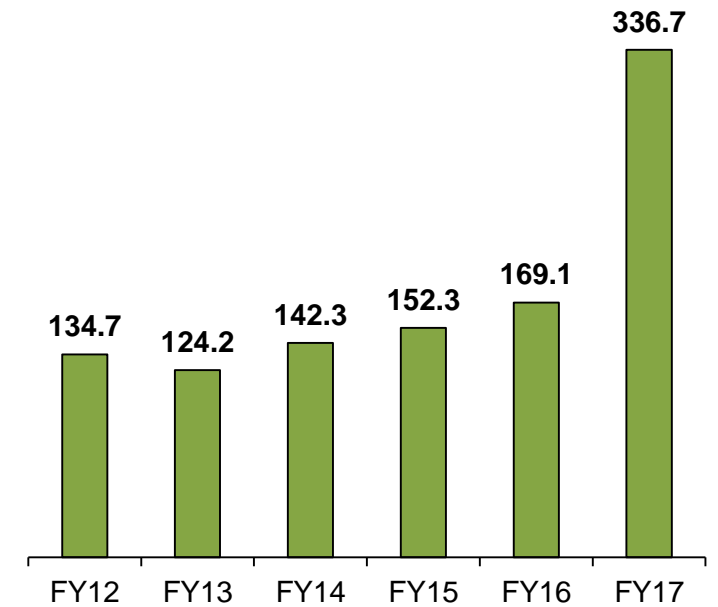
Earning Per Share



Dividend Per Share

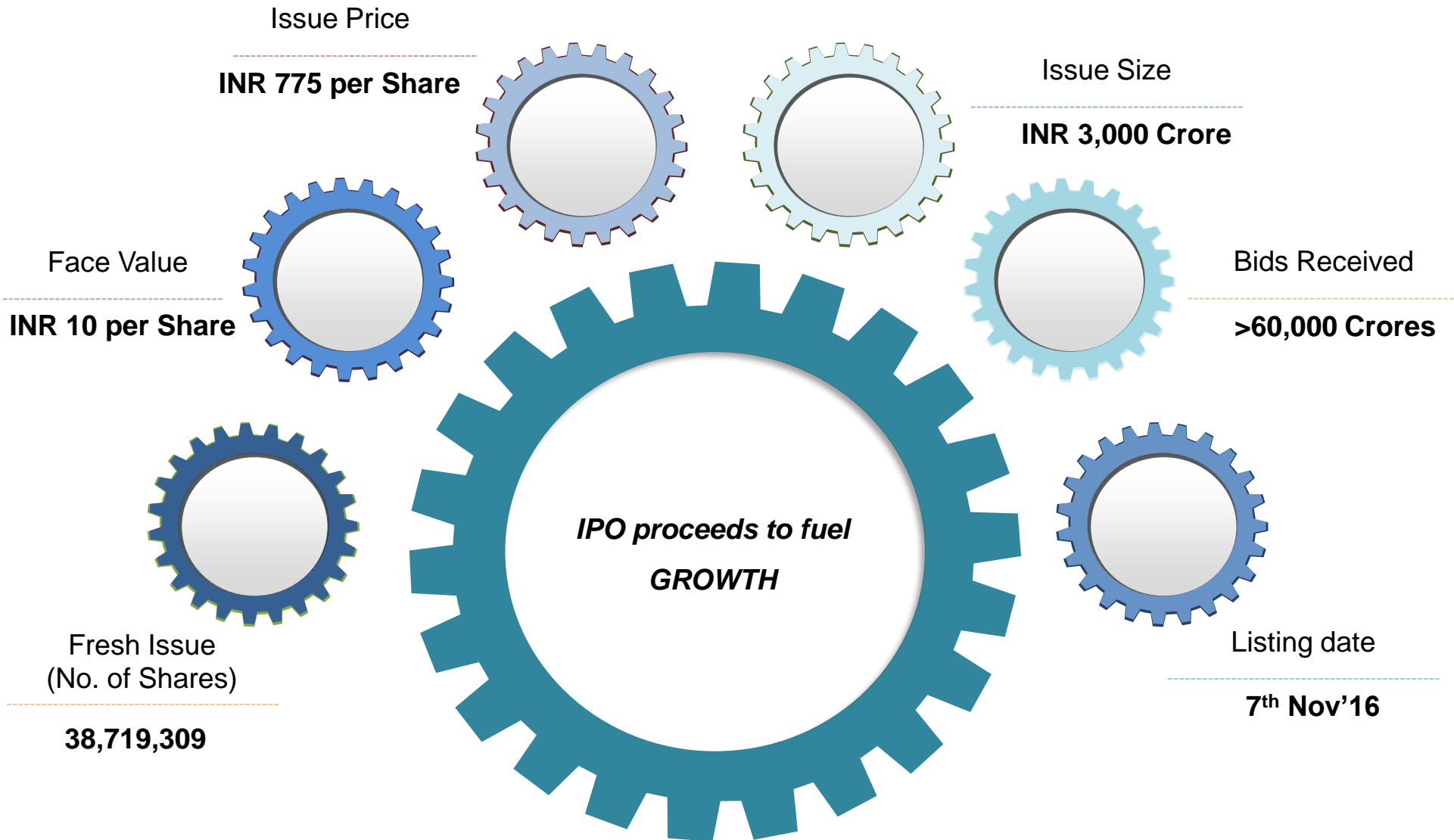


Book Value Per Share



“Sustainable Value Creation for Shareholders”

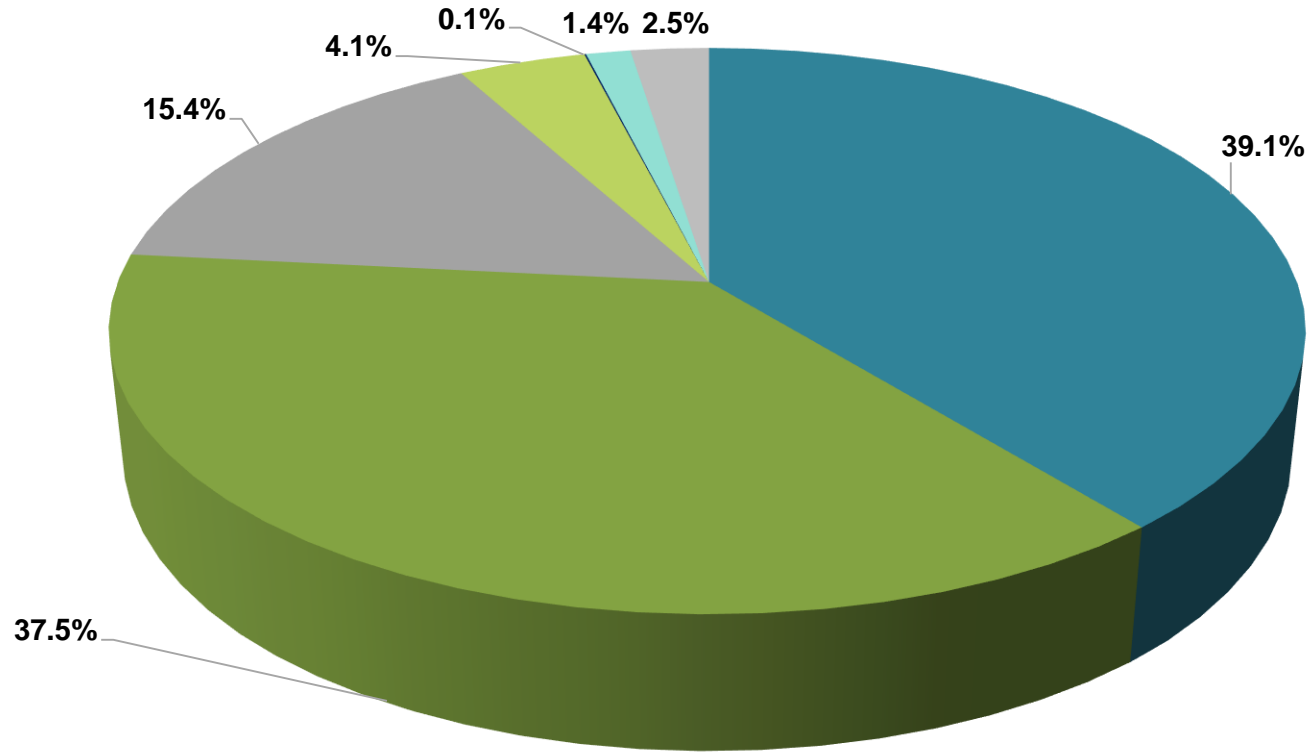
Successful Listing- “More than 20 times Oversubscribed ”



Key Anchor Book

- General Atlantic
- Singapore Fund,
- Wasatch, Government of Singapore, Motilal Oswal MF, Birla Sunlife MF, SBI Life Insurance, BNP Paribas Mutual Fund, HDFC Standard Life Insurance Company, ICICI Prudential Mutual Fund

Shareholding Pattern- as on 31st March'17



■ Promoters

■ Quality Investment Holdings

■ Foreign Inst. Investors

■ Mutual Funds

■ Financial Institutions / Banks

■ Bodies Corporates

■ Public & Others



Detailed Financials

Profit & Loss Statement



Particulars	FY17	FY16	FY15	FY14	FY13	FY12
Revenue from Operations	3,908	2,698	1,777	1,116	642	454
Other Income	0	1	-	-	19	9
Total Revenue	3,908	2,699	1,777	1,116	661	463
Expenditure:						
Finance Cost	2,644	1,860	1,265	801	462	315
Employee Benefit Expenses	101	75	67	40	26	16
Other Expenses	237	162	106	63	34	23
Depreciation Expense	19	15	5	5	2	0
Provisions and Write-Offs	103	83	38	30	12	6
Total Expenditure	3,104	2,196	1,481	940	535	361
Profit Before Tax	804	503	296	176	126	103
Tax Expenses	280	177	100	48	35	27
Net Profit After Tax	524	326	196	127	92	75
EPS (Basic)	36.7	27.5	24.4	25.4	22.3	25.1

Values in INR Crore
One Crore = 10 Million

Balance Sheet Statement- Equity & Liabilities



Particulars	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12
Equity and Liabilities						
Shareholder's Funds	5,577	2,146	1,581	935	621	404
Share Capital	166	127	104	66	50	30
Reserves and Surplus	5,412	2,019	1,477	869	571	374
Non-Current Liabilities	24,477	16,938	11,453	8,130	5,579	2,818
Long-Term Borrowings	24,084	16,646	11,105	7,947	5,536	2,802
Deferred Tax Liabilities (Net)	47	30	8	-	-	-
Other Long-Term Liabilities	104	101	259	134	15	-
Long-Term Provisions	242	161	82	49	28	16
Current Liabilities	12,905	10,587	5,999	2,465	1,666	1,310
Short-Term Borrowings	7,947	7,448	3,447	452	-	-
Short-Term Provisions	28	71	53	36	176	138
Trade Payables	94	75	57	22	6	3
Other Current Liabilities	4,836	2,992	2,442	1,956	1,484	1,170
Total	42,960	29,671	19,033	11,530	7,866	4,533

Values in INR Crore
One Crore = 10 Million

Balance Sheet Statement- Assets



Particulars	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12
Assets						
Non-Current Assets	37,744	26,656	14,782	8,868	6,449	3,845
Fixed Assets	60	62	58	26	16	4
-Tangible Assets	48	48	38	23	13	4
-Intangible Assets	11	10	1			
-Capital Work-in-Progress	2	4	18	3	4	1
Non-Current Investments	961	782	219	119	74	54
Deferred Tax Assets (Net)				15	12	12
Loans and Advances	36,444	25,624	14,382	8,641	6,318	3,774
Other Non-Current Assets	278	188	123	68	29	1
Current Assets	5,216	3,015	4,251	2,662	1,417	688
Current Investments	2,318	840	1,367	527	719	325
Cash and Bank Balances	151	249	293	138	188	11
Short-Term Loans and Advances	40	18	20	9	459	315
Other Current Assets	2,706	1,908	2,571	1,988	50	37
Total	42,960	29,671	19,033	11,530	7,866	4,533

Values in INR Crore
One Crore = 10 Million



Saksham – Contributing to the Society



Enhancing Human Potential

- Partnered with The Confederation of Real Estate Developers Association of India (CREDAI) to conduct on the job skill training programmes for construction workers



Reaching Out, Reaching Far

- Collaborated with Mobile Creches and various real estate developers to offer day care services to the children of construction workers on various construction sites and provide them with education, hygiene and nutrition

Investing in Education

- Partnered with VIDYA, a NGO working for the underprivileged children
- Adopted two school with Vidya- Rainbow Montessori School (Bal Vihar) and Primary School of South Delhi Municipal Corporation



Awards and Recognitions



Listing of PNB Housing on National Stock Exchange'



Recognized for Contribution in Promoting Green Buildings' Initiative



Adjudged Winners for Brand excellence in Banking, Finance and Insurance sector



Felicitated for Valuable Contribution to CREDAI Skilling Programme at CREDAI Conclave 2017



PNB Housing recognized among the Top 100 CIOs of 2016



PNB Housing felicitated at the RICS Cities Conference 2016



Awarded 'Certificate of Merit' as 'Housing Finance Company of the Year'



Awarded for Brand Excellence in NBFC Category



Awarded 'Housing Finance Company of the Year'



Certified as a "Great Place to Work" by building a 'High Trust, High Performance Culture



Awarded for 'Excellence in Financial Services'



'Best Adversity Management Stories of Asia Study 2016''



'PNB Housing awarded for contribution towards CSR at the India Pride Awards



Board Committees constitution: The Board has six committees as under:

Audit Committee (ACB)

Under section 177 of the Companies Act, 2013. It has 3 members, 2 are independent directors and 1 is a nominee director.

Nomination and Remuneration Committee (NRC)

Under section 178 of the Companies Act, 2013. It has 5 members, 2 are independent directors, 2 are nominee directors and Managing Director.

Corporate Social Responsibility Committee (CSR)

Under section 135 of the Companies Act, 2013. It has 4 members, 1 is a independent director, 2 are nominee directors and Managing Director.

Credit Committee of the Board (CCB)

Under section 179 of the Companies Act, 2013. It has 3 members, 1 is a independent director, 1 nominee director and Managing Director.

Stakeholders Relationship Committee (SRC)

Under section 178 of the Companies Act, 2013. It has 3 members, one of whom is the Managing Director.

Risk Management Committee (RMC)

It is a newly formed Committee to oversee various types of risks. It has 4 members, 2 are independent directors, 1 nominee director and the Managing Director.



Strong Management Team

Management Team



**Sanjaya Gupta -
Managing Director**

Age : 54 Years

No. of Years with PNB HF : 7 Years

Prior Engagements : AIG, ABN Amro Bank N.V. and HDFC Limited



Shaji Varghese – Business Head

Age : 45 Years

No. of Years with PNB HF
: 5 Years

Prior Engagements :
IndusInd Bank
ABN AMRO Bank NV
ICICI Bank Limited



Ajay Gupta - Chief Risk Officer

Age : 51 Years

No. of Years with PNB HF
: 5 Years

Prior Engagements :
Religare Finvest Ltd
GE Money Indiabulls
Financial Services



**Nitant Desai - Chief Centralized Operation &
Technology Officer**

Age : 55 Years

No. of Years with PNB HF
: 6 Years

Prior Engagements :
HDFC Standard Life
Insurance, Union National
Bank, ICICI Bank



Jayesh Jain – Chief Financial officer

Age : 39 Years

No. of Years with PNB HF
: 3 Years

Prior Engagements :
Gruh Finance Limited



**Sanjay Jain - Company Secretary & Head
Compliance**

Age : 53 Years

No. of Years with PNB HF
: 22 Years

Prior Engagements :
Ansal Buildwell Limited



Anshul Bhargava - Chief People Officer

Age : 50 Years

No. of Years with PNB HF
: 6 Years

Prior Engagements :
ARMS (Arcil)
Indian Army

Highly Experienced Board



Mr. Sunil Mehta
Chairman – Non Executive

Age:

57 Years

Current Position:

MD & CEO of PNB



Dr. Ram S. Sangapure
Non Executive Director

Age:

59 Years

Current Position:

Executive Director at
PNB



Sunil Kaul
Non Executive Director

Age:

56 Years

Current Position:

MD, Carlyle
Head, SE Asia, FIG,
Carlyle



Shital Kumar Jain
Independent Director

Age:

77 Years

Current Position:

Former Credit Head
India, Citigroup



Ashwani Kumar Gupta
Independent Director

Age:

63 Years

Current Position:

Member of Institute of
Chartered Accountants
of India



R Chandrasekaran
Independent Director

Age:

59 Years

Current Position:

Founder and Executive
Vice Chairman,
Cognizant



Nilesh S. Vikamsey
Independent Director

Age:

52 Years

Current Position:

Sr. Partner, Khimji
Kunverji and Co
President-ICAI



Gourav Vallabh
Independent Director

Age:

39 Years

Current Position:

Professor of Finance,
XLRI



Sanjaya Gupta
Managing Director

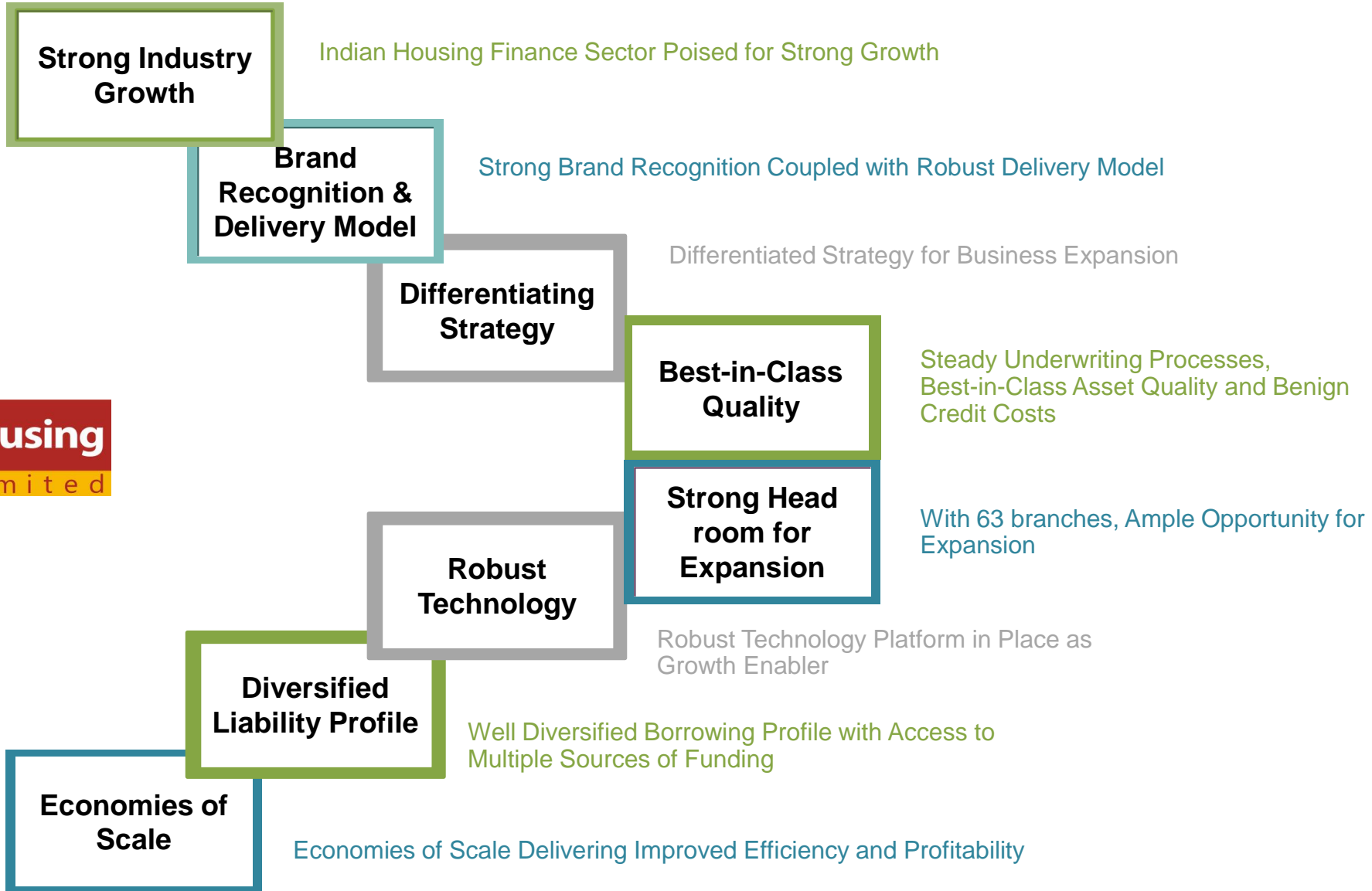
Age:

54 Years

Current Position:

MD, PNB Housing
Finance

Summary





ATA	Average Total Assets
ATS	Average Ticket Size
AUM	Asset Under Management
BVPS	Book-value per Share
C/I	Cost to Income
CAR	Capital Adequacy Ratio
CP	Commercial Paper
CTLs	Corporate Term Loans
DPS	Dividend per Share
DSA	Direct Selling Agents
ECBs	External Commercial Borrowings
EPS	Earning per Share
GNPA	Gross Non-Performing Assets

HFCs	Housing Finance Companies
LAP	Loan against Property
LRD	Lease Rental Discounting
NCDs	Non-Convertible Debentures
NII	Net Interest Income
NIM	Net Interest Margin
NNPA	Net Non-Performing Assets
NPA	Non-Performing Assets
NRPLs	Non-Residential Premises Loans
PAT	Profit After Tax
PCR	Provision Coverage Ratio
ROA	Return on Assets
ROE	Return on Equity



Thank You

Contact

PNB Housing Finance Limited
CIN: L65922DL1988PLC033856
Ms. Deepika Gupta Padhi - Head-Investor Relations
Phone: +91 11 23445214
Investor.relations@pnbhousing.com

www.pnbhousing.com
