



Investor Presentation

February 2018



Safe Harbor



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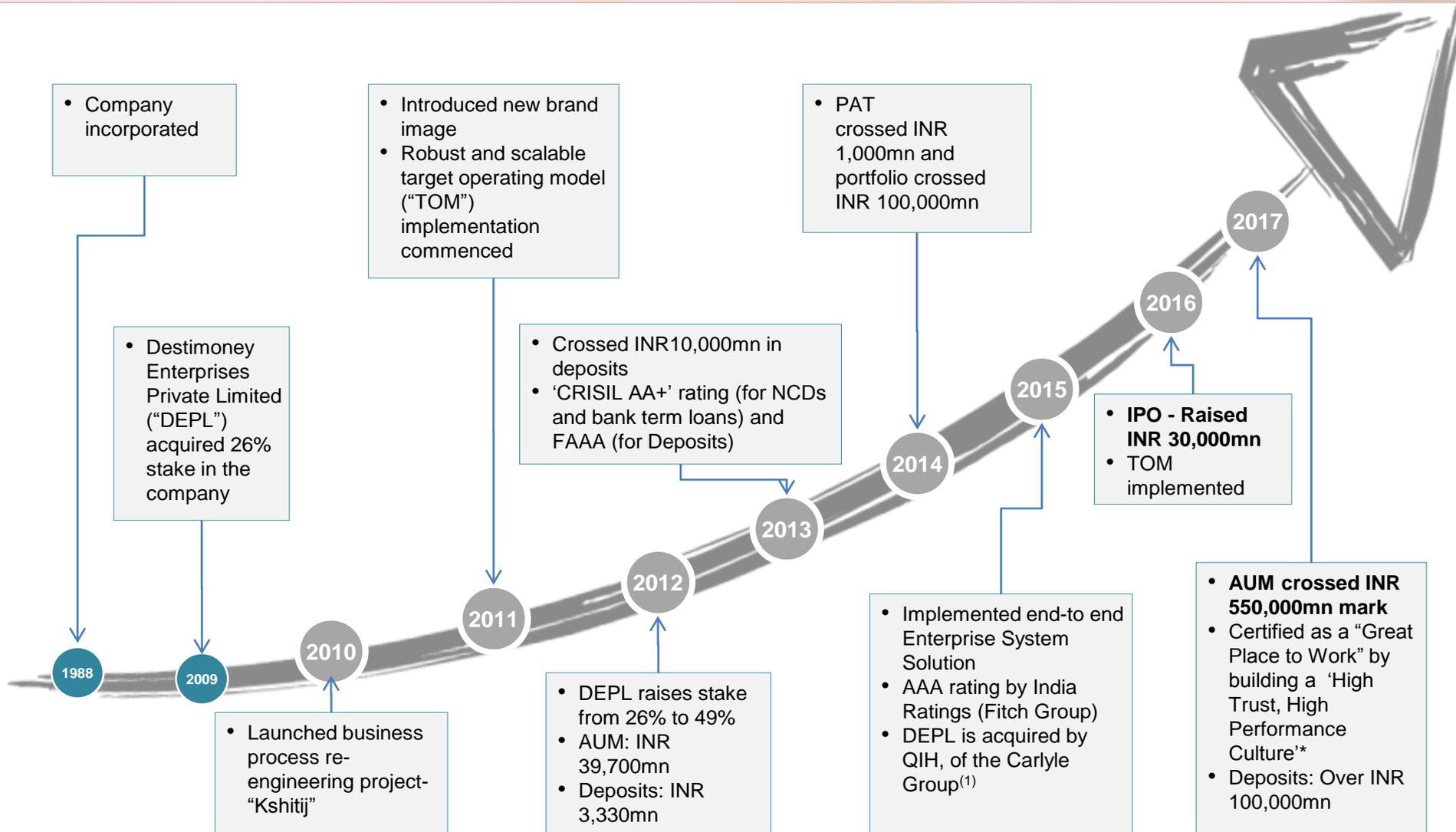
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About PNB Housing Finance

One of the Leading Housing Finance Companies in India



¹ QIH (Quality Investment Holdings) is an affiliate of Carlyle Asia Partners IV, L.P.

^{*}Source: Great Place to Work Institute (GPTW)

Insights into the Company



Fastest growing HFC amongst the Top 5 HFCs in India⁽¹⁾

5th largest by loan portfolio⁽¹⁾ and 2nd largest by deposits

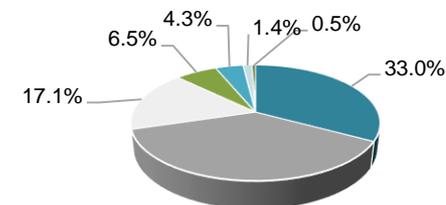
Diverse and cost effective funding mix with average cost of borrowing at 7.78%⁽²⁾

Lowest GNPA's amongst peers in India at 0.42%⁽³⁾

Robust and scalable technology-enabled target operating model

Independent and professional management team

Shareholding as at 31 December 2017



- Promoters
- Foreign Inst. Investors
- Public & Others
- Financial Institutions / Banks
- Quality Investment Holdings
- Mutual Funds
- Bodies Corporates

Key Institutional Shareholders	% stake
General Atlantic Singapore Fund	8.52%
Birla Sun Life MF	2.95%
Motilal Oswal MF	2.37%
Wasatch	1.93%
T Rowe Price	1.15%
GIC	1.06%

Operating and Financial Highlights

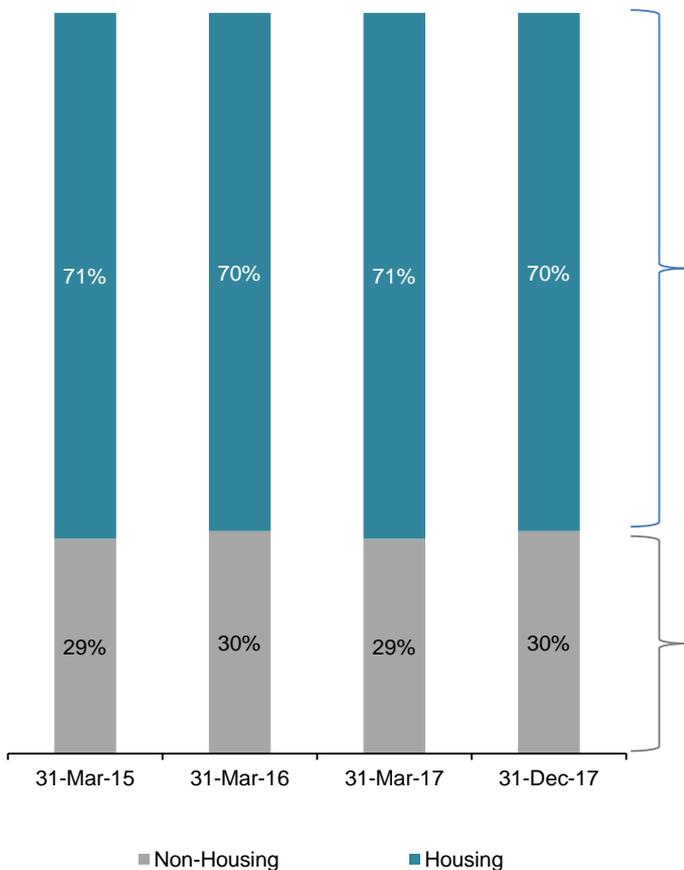
48% Disbursement CAGR FY2015-17 INR 206,387mn / 244,553mn Disbursements in FY2017 / 9M FY2018	55% AUM CAGR during FY2015-17 INR 576,685mn AUM as at 31 December 2017	2.97% NIM during FY2017 3.11% NIM during 9M FY2018	22.43% Cost to Income Ratio during FY2017 18.32% during 9M FY2018	8.55% Cost of Borrowing during FY17 7.78% during 9M FY2018	1.46% RoA during FY2017 1.62% RoA during 9M FY2018	21.62/16.48% CRAR / Tier 1 Ratio as at 31 March 2017 17.39/13.33% as at 31 December 2017	8.72x Average Gearing as at 31 March 2017 7.24X as at 31 December 2017	AAA Long Term rating by CARE/India Rating A1+ Short Term rating by CARE /CRISIL (S&P)
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(1) Source: : ICRA Report
(2) 9M FY2018
(3) As at 31 December 2017

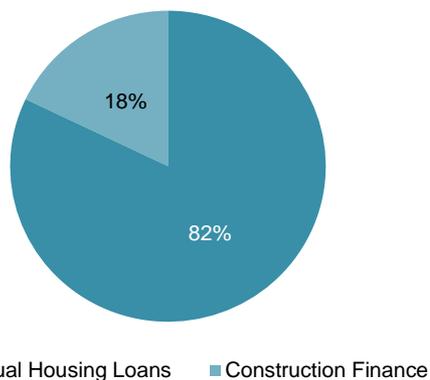
Consistent Portfolio Mix



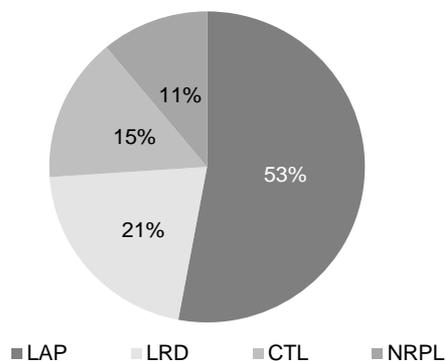
Product offering (% of Loan Assets)



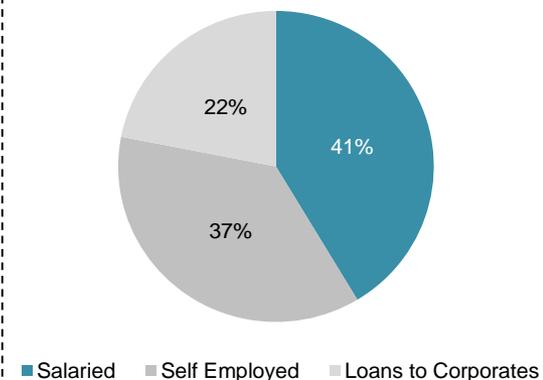
Break up of Housing Loan Book



Break up of Non-Housing Loan Book



Loan Book by Customer Segmentation (% of Loan Assets)

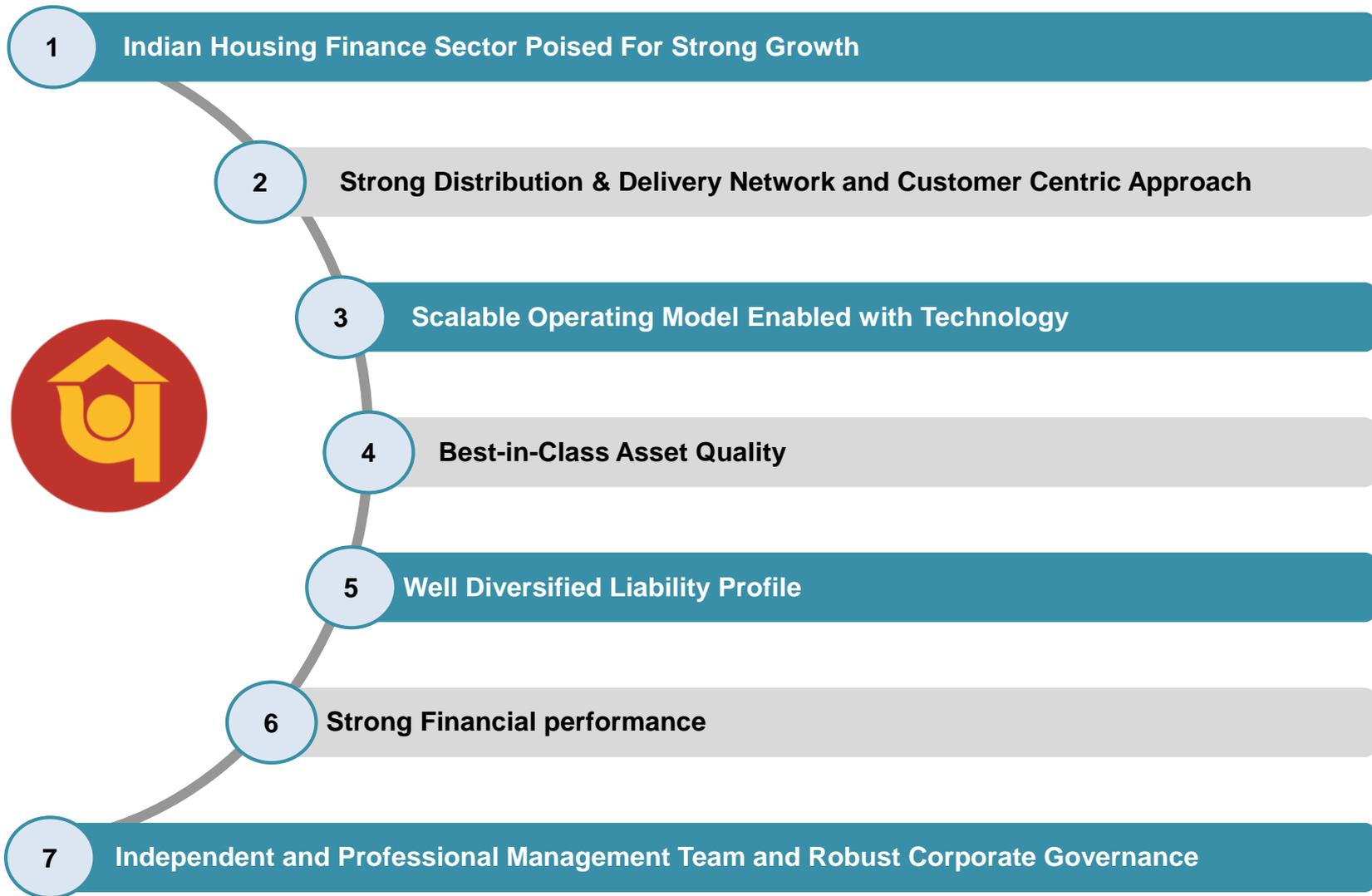


LAP: Loan Against Property / LRD: Lease Rental Discounting / NRPL: Non-Residential Property Loan / CTL: Corporate Term Loan

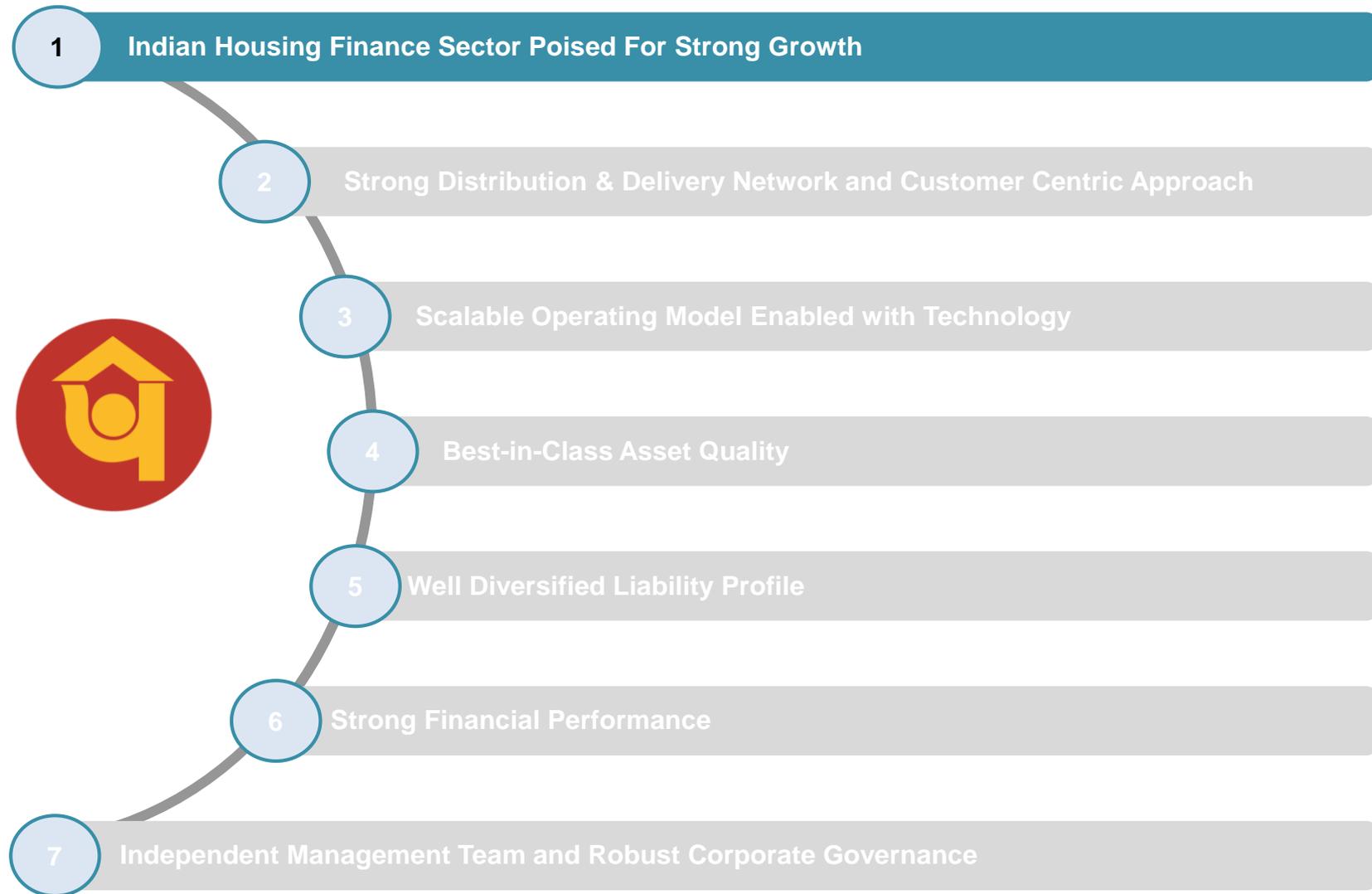


Business Highlights

Key Business Highlights



Key Business Highlights



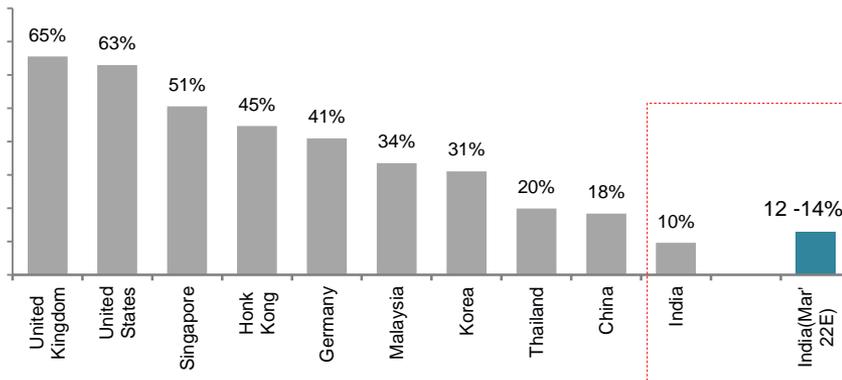
Strong Tailwinds Supporting Sector Growth



Under penetrated mortgage market, rising urbanization coupled with rising demand for urban housing and macro growth led demand for housing leading to mortgage market expansion

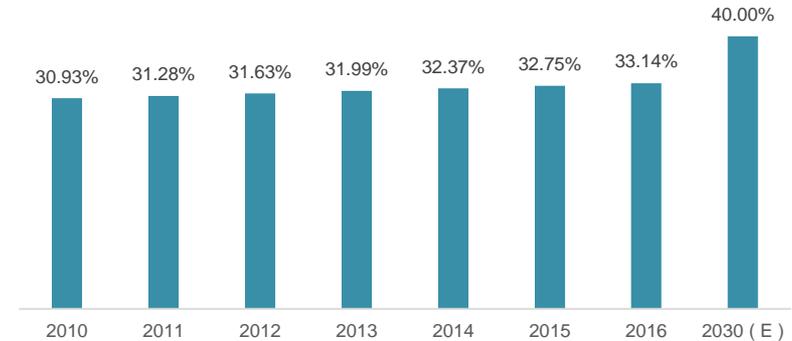
Indian mortgage market is significantly under-penetrated

Mortgage to GDP Ratio (%)



Source: ICRA Indian Mortgage Finance Market Update for H1FY2018

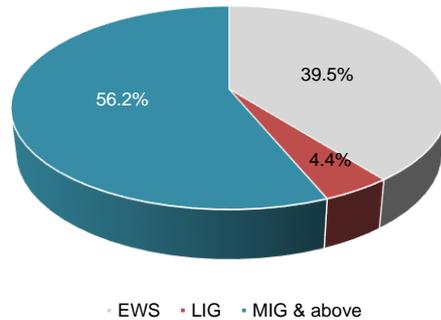
Increasing urban population



Source: NHB, RBI, CRISIL Research

Significant urban housing shortage

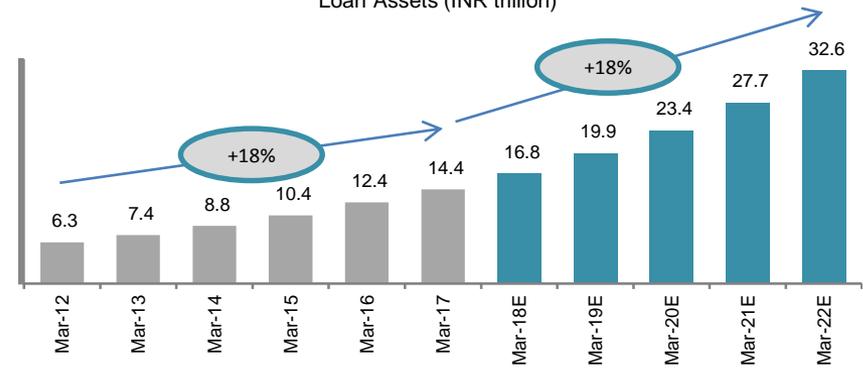
Split of Urban Housing Shortage in FY2012 – 18.8 million units



Source: Ministry of Housing and Urban Poverty Alleviation

Ramp-up expected in Indian mortgage market

Loan Assets (INR trillion)



Source: ICRA Indian Mortgage Finance Market Update for H1FY2018

Enabling Environment and Fiscal Initiatives



Urbanization

Improved
Affordability

Favourable
Demographics



Home Buyers

- Incentives from PMAY subsidy and tax deductions
- RERA : transparency and delivery visibility to buyers
- 90% of government run pension fund EPFO can be withdrawn for house purchase

Developers

- 100% tax exemption on affordable housing construction for developers
- Faster building permissions
- RERA : transparency and delivery visibility to buyers

Financers

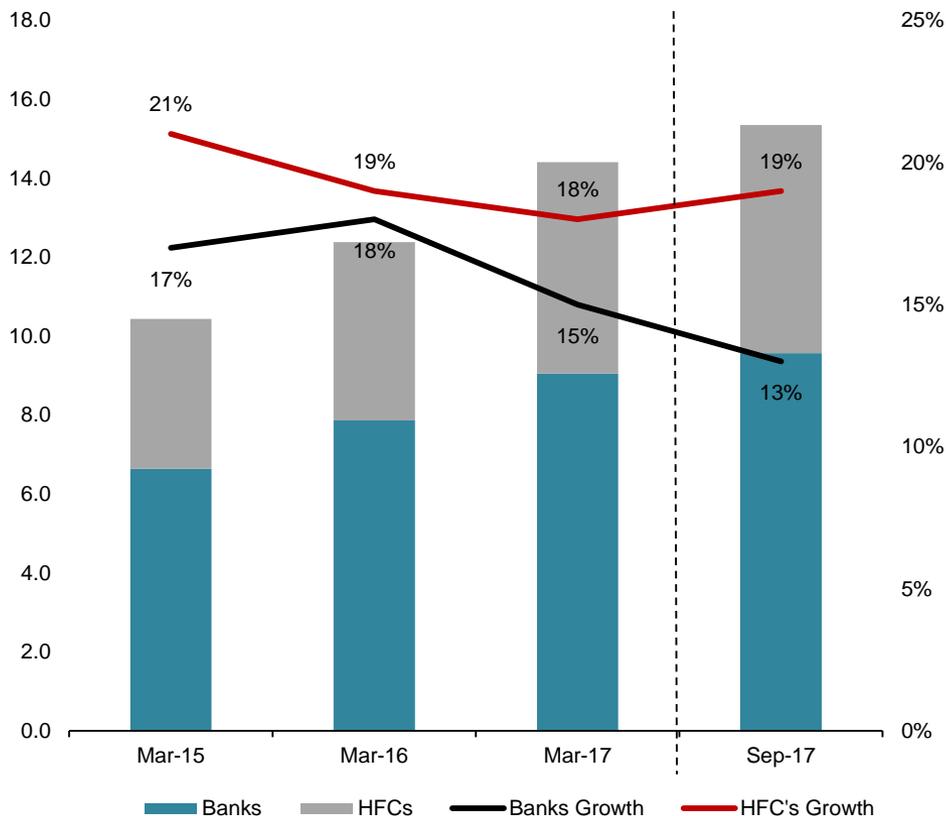
- Infrastructure status for affordable housing, enabling easier institutional credit
- RBI, SEBI and IRDA have coordinated policies to ease access to funding
- Reduction in risk weights and provisioning norms
- Recovery law in favour of financers

Housing Finance Companies on a Growth Trajectory

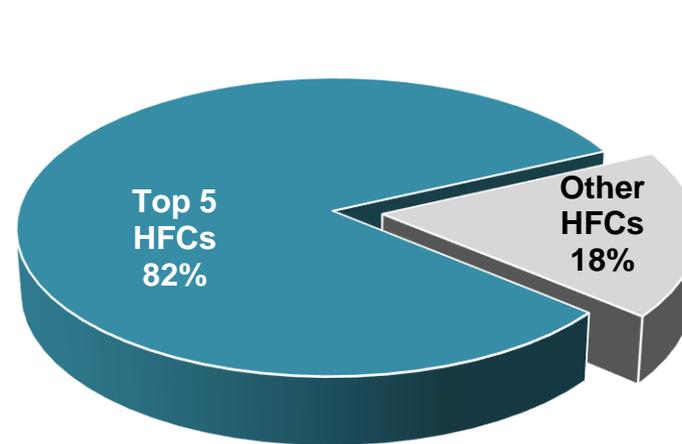


Increasing share of HFCs

(Loan Assets, INR trillion)



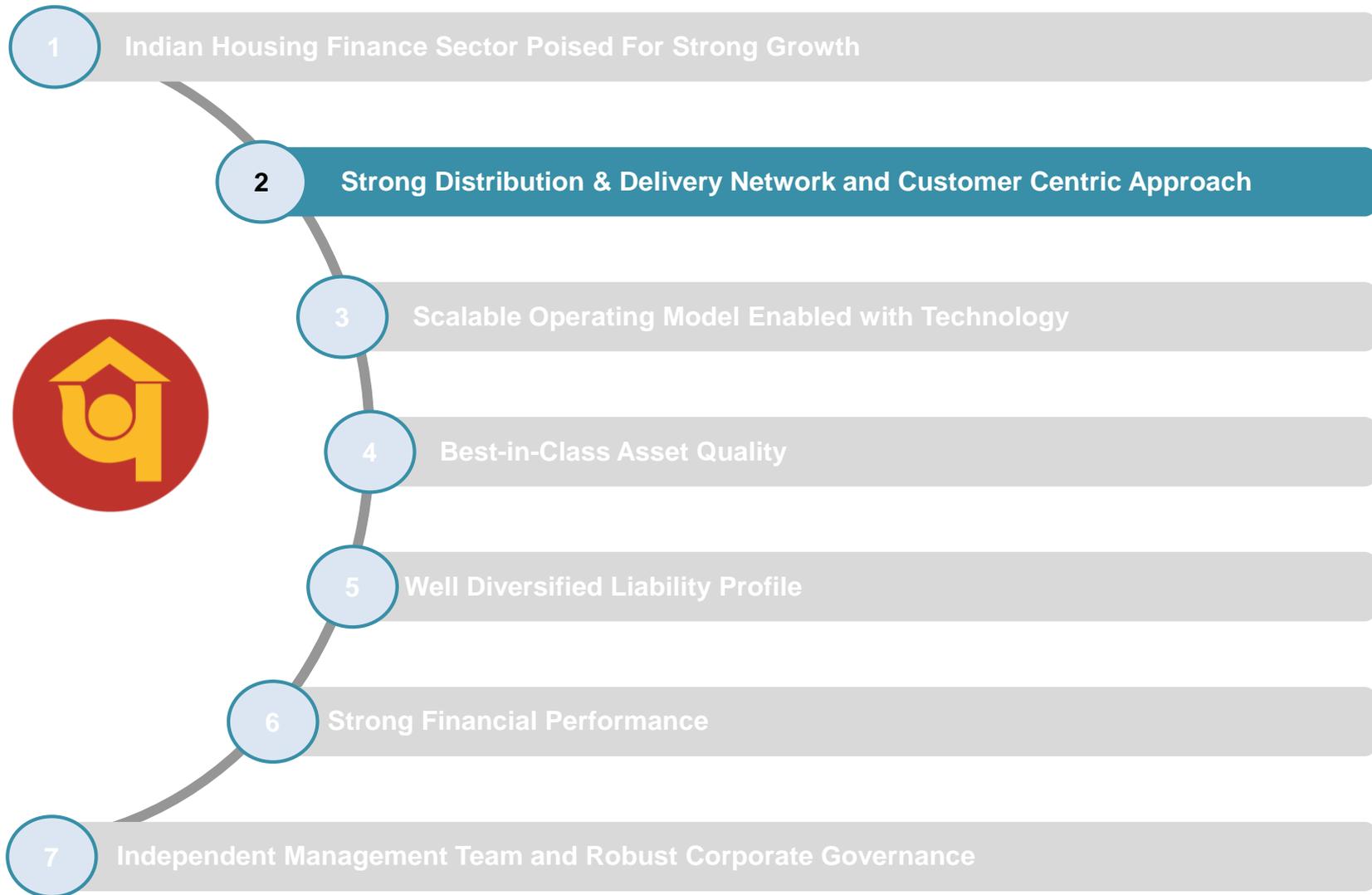
Total loan of all HFCs: INR 8.5 trillion (as at 30 September 2017)



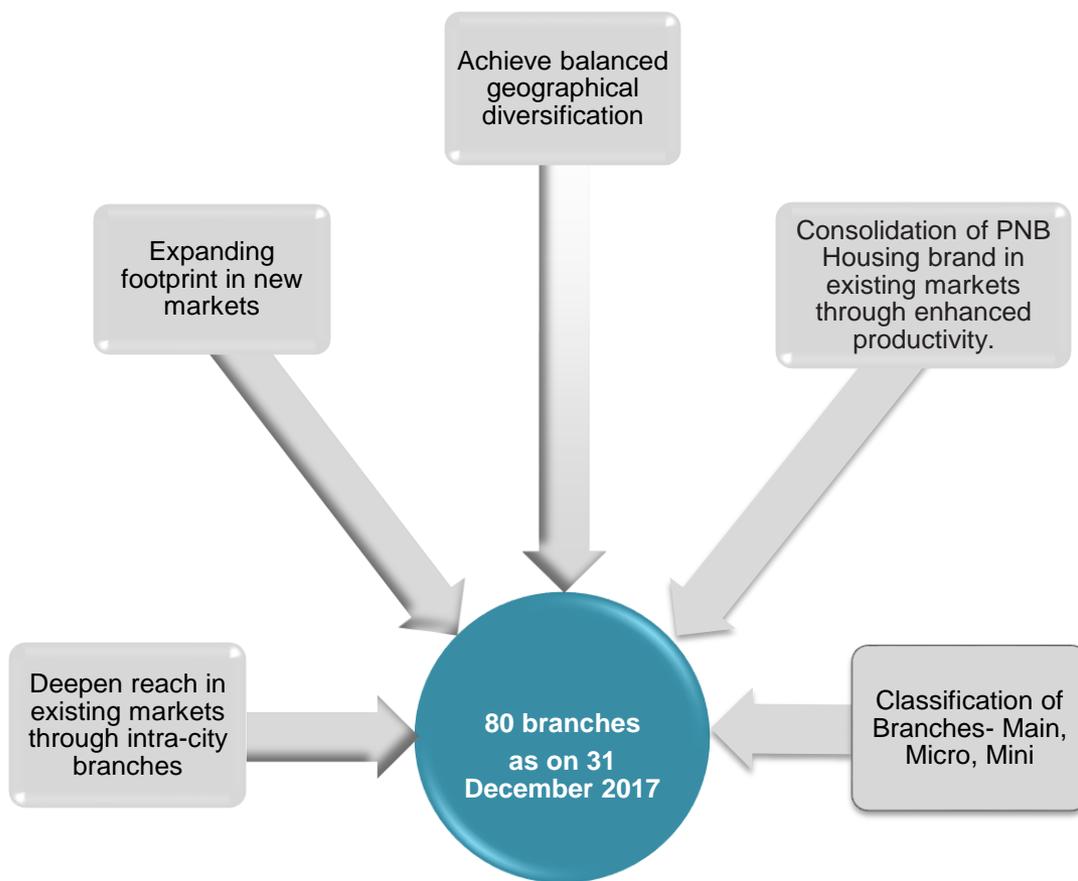
S.no	Top 5 HFCs
1	HDFC Ltd
2	LIC HF
3	IBHF
4	DHFL
5	PNBHFL

Source: ICRA Indian Mortgage Finance Market Update for H1FY2018
% Change is YoY

Key Business Highlights



Enhanced Distribution Helps Source Incremental Business



Sourcing models

Direct Sales Team-In House Managed

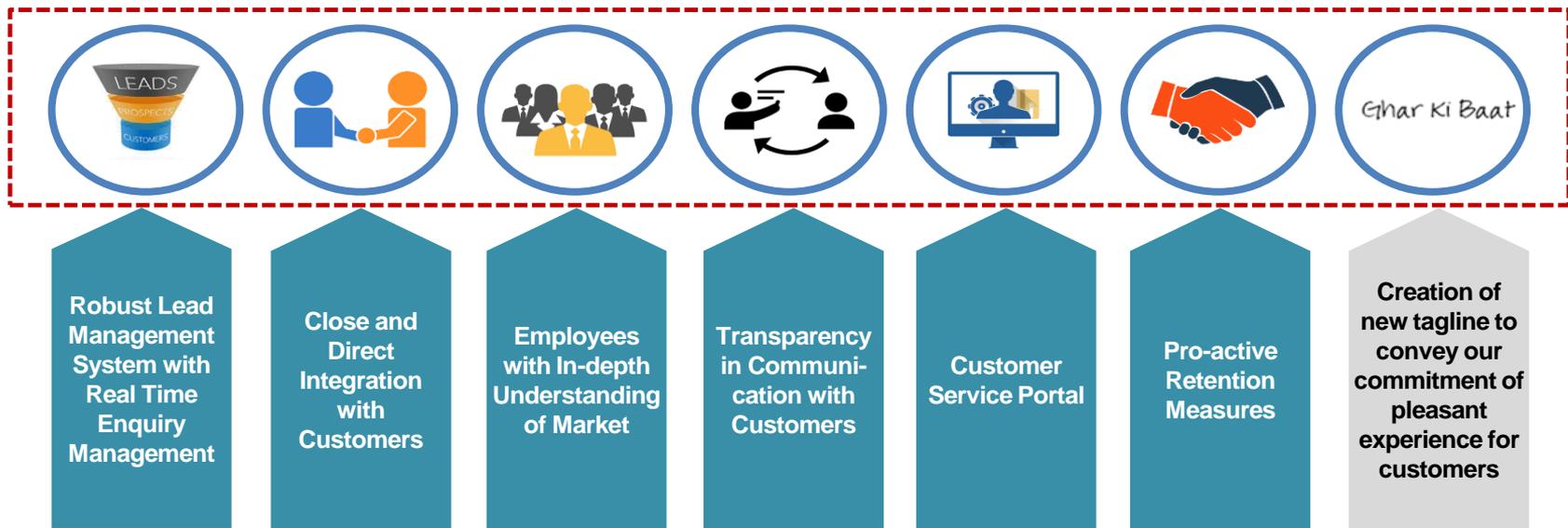
Direct Sales Agent-Third Party

Loans to Corporate - Direct

Branch Referrals- Direct

Distribution network of over 12,000 members including in-house sales team, direct sales agent, deposit brokers etc. spread across the Country

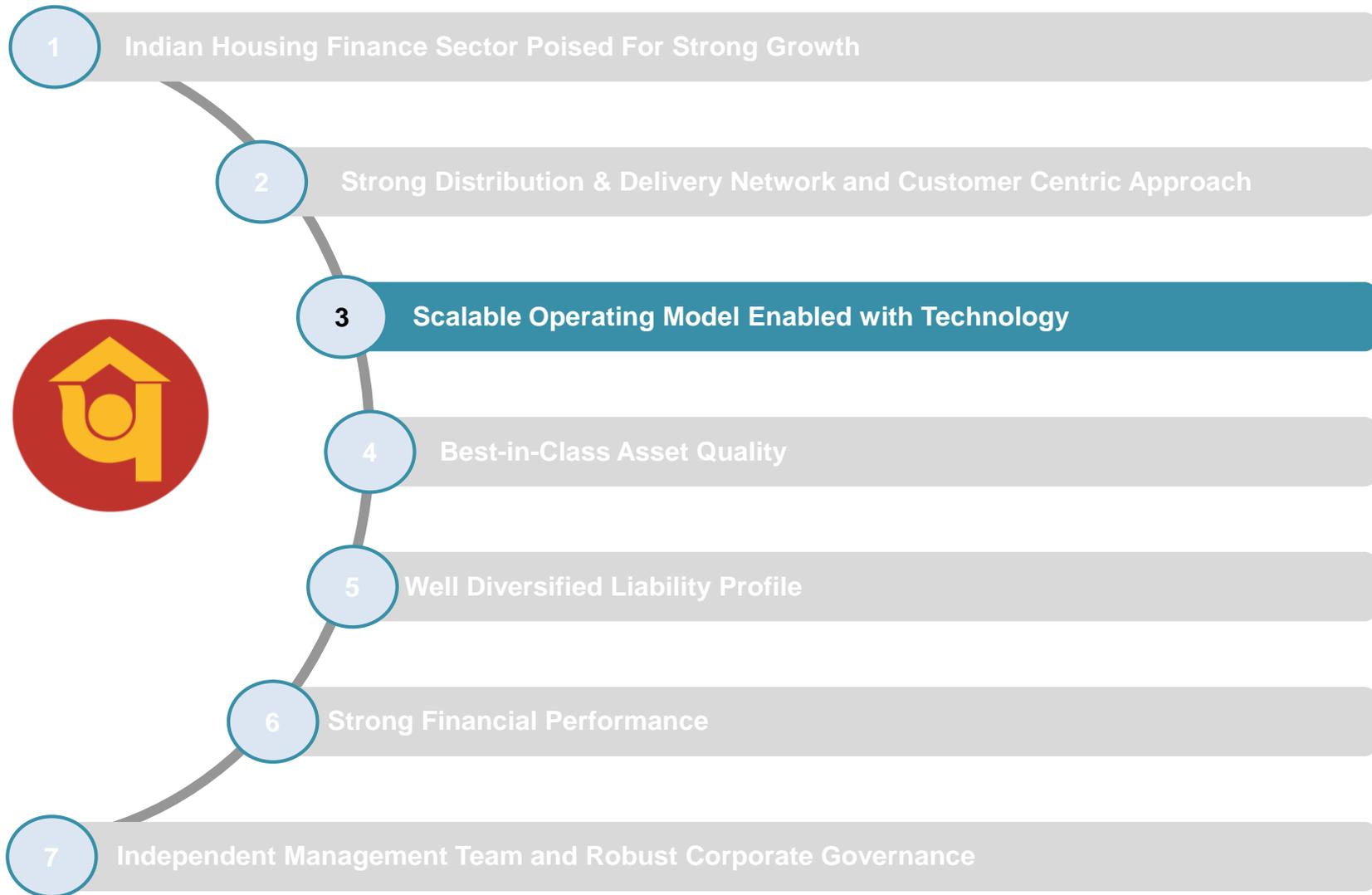
Customer-centric Approach



Omni-Channel Customer Service



Key Business Highlights



Expanding Footprint...



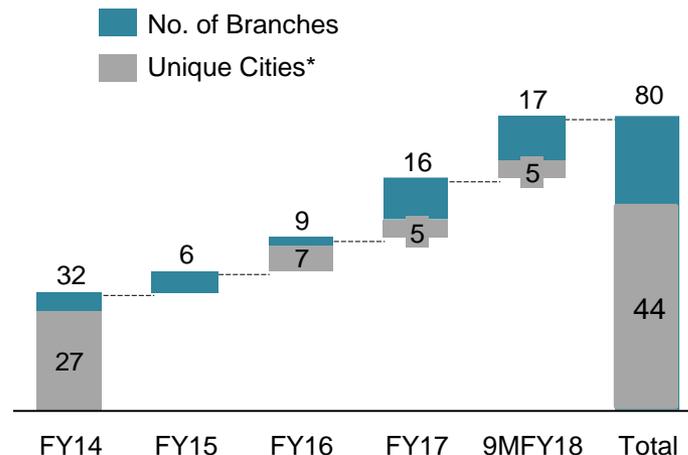
Branches – Point of Sales & Services
 Processing Hubs – Fountain head for Decision Making
 Zonal Hubs - Guides, Supervises & Monitors the HUB

OUR OFFICE NETWORK



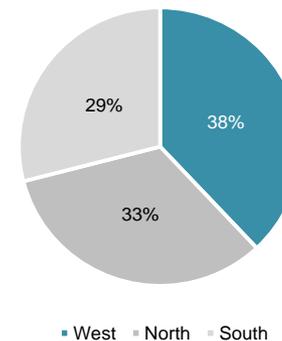
As on 31-Dec-17

Footprint expansion over the years



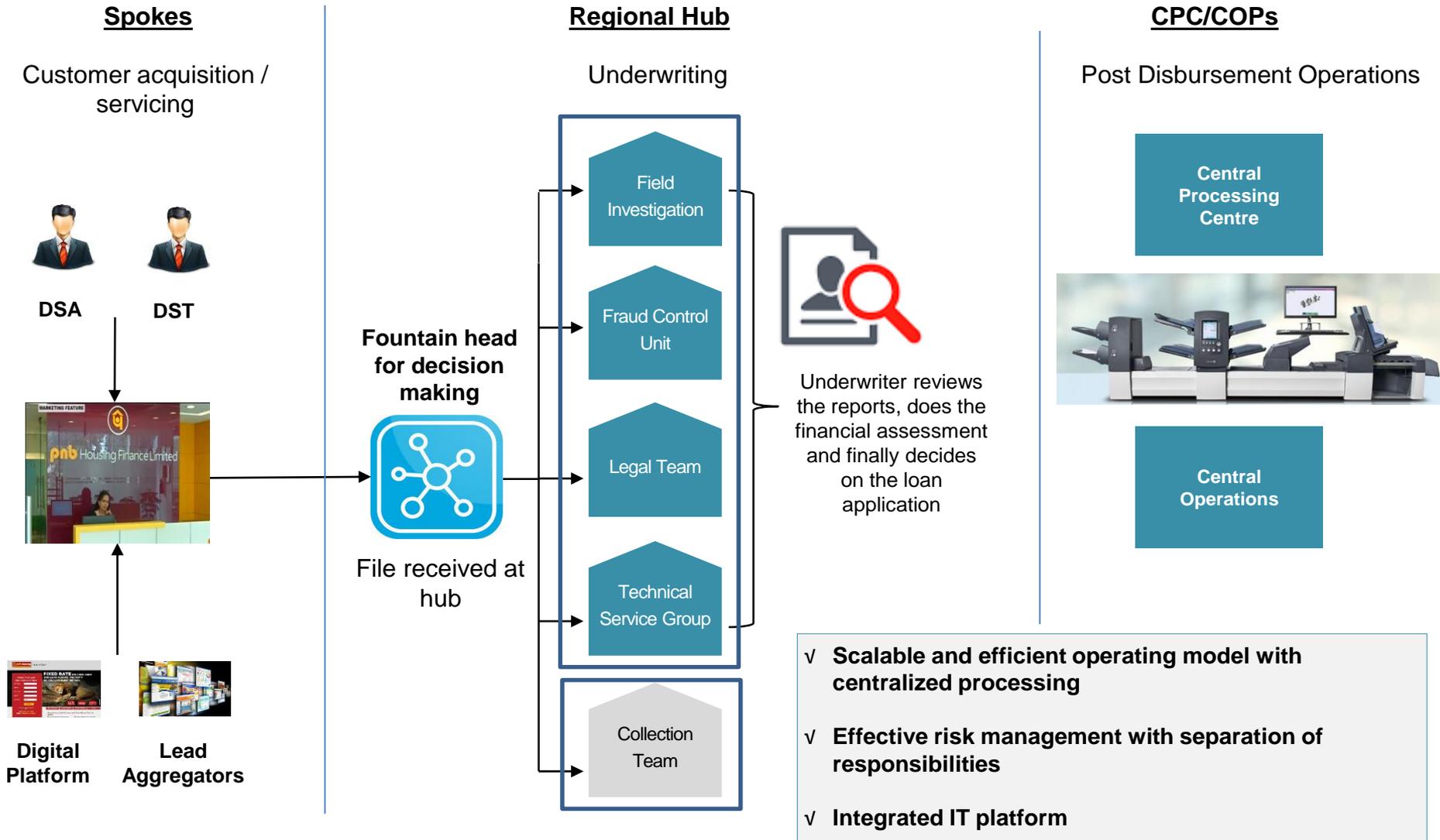
Geographic split of AUM

(as at 31 December 2017)





...Driven by Scalable Hub & Spoke Model...



DSA: Direct Sales Agent; DST: Direct Sales Team



...With Quality Approach...

Underwriting



Specialization

- ✓ Professionally qualified with vast mortgage experience
- ✓ Very stable and vintage cadre of hub heads and other senior personnel
- ✓ Specialized roles, distinguished responsibilities but collective decision making
- ✓ Predictable service level standards



Customer profiling

- ✓ Selective approach to customer profiling and their business model
- ✓ Evidence based income assessment and established banking relationship
- ✓ Seasoned mass affluent customers with multiple assets and credit tested
- ✓ Mandatory touch base with self employed customer at their work premises



Other mitigating measures

- ✓ Mark to Market policies with tailor made offering
- ✓ Multiple checks and balances with maker-checker approach
- ✓ Workflow based assessment on single IT platform
- ✓ Use of technology in verification of customer data points and geo tagging of properties



Collections



- ✓ 3C approach: Counsel, Collect and Cure
- ✓ Periodical portfolio scrub for early warning signals
- ✓ Centralised banking bring efficiencies
- ✓ In house call centre with payment gateway integration
- ✓ Special cadre of legal professionals for resolution through legal tools
- ✓ Collections on-the-go through mobility for effective supervision
- ✓ Adherence to regulator framework

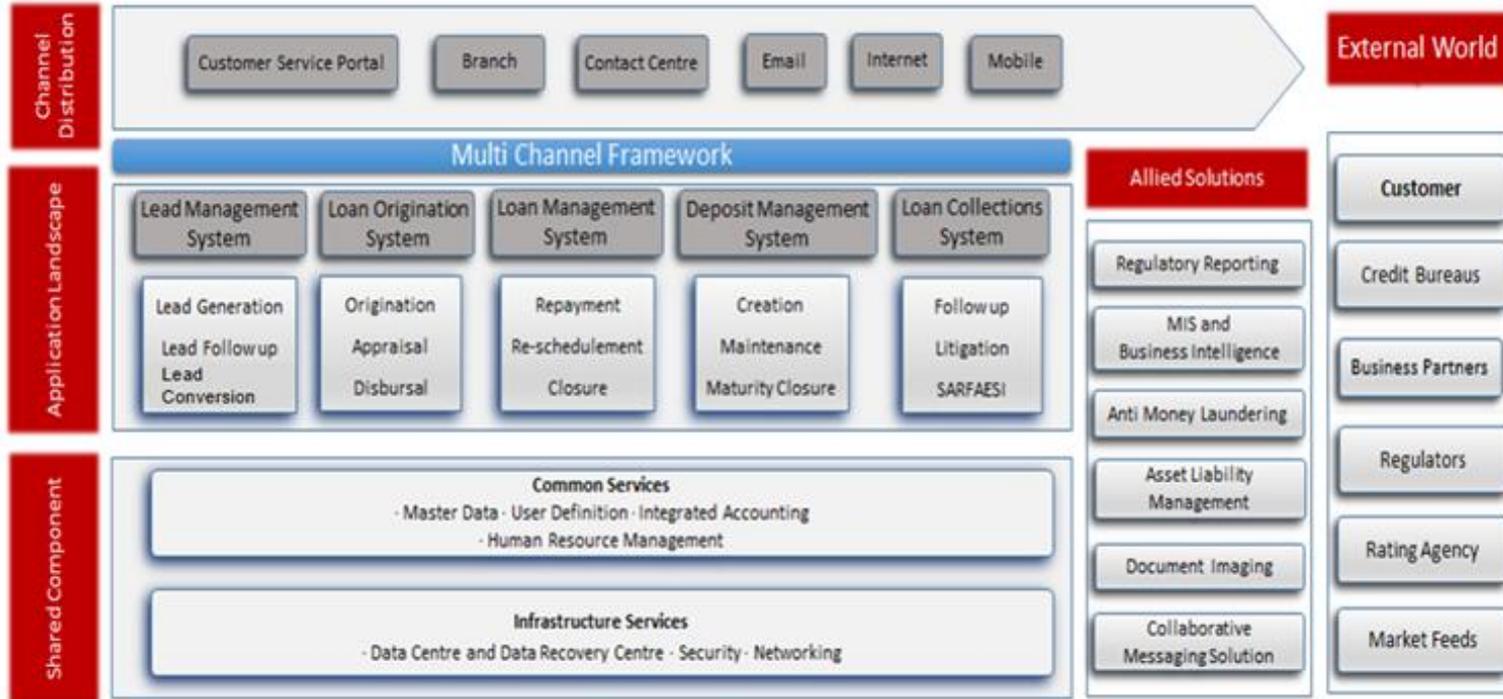


- ✓ **An independent audit function for all departments and processes, directly reporting to Audit Committee of Board**
- ✓ **A multi pronged control mechanism coupled with regular portfolio review**
- ✓ **Enterprise Risk Management framework**



...Enabled by Technology Platform

IT as backbone of Business Processing



Digitization to bring efficiencies and enhance customer service



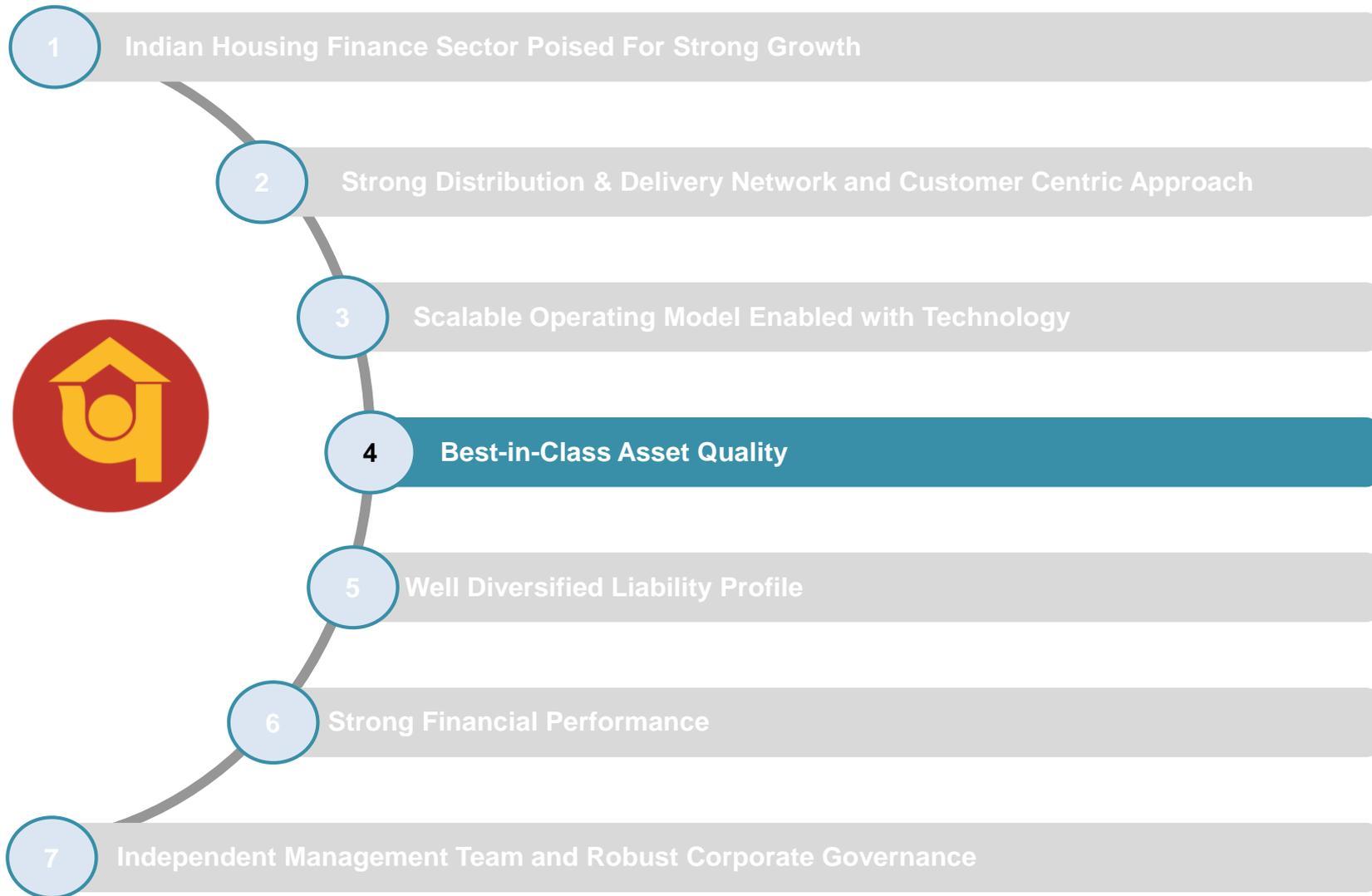
'Document Digitization Centre' – true amalgamation of People, Process and Technology

Scanned security and title documents are stored on dedicated private cloud for the Company

Mitigates operational and transit risk, reduction in retrieval cost and improvement in data security



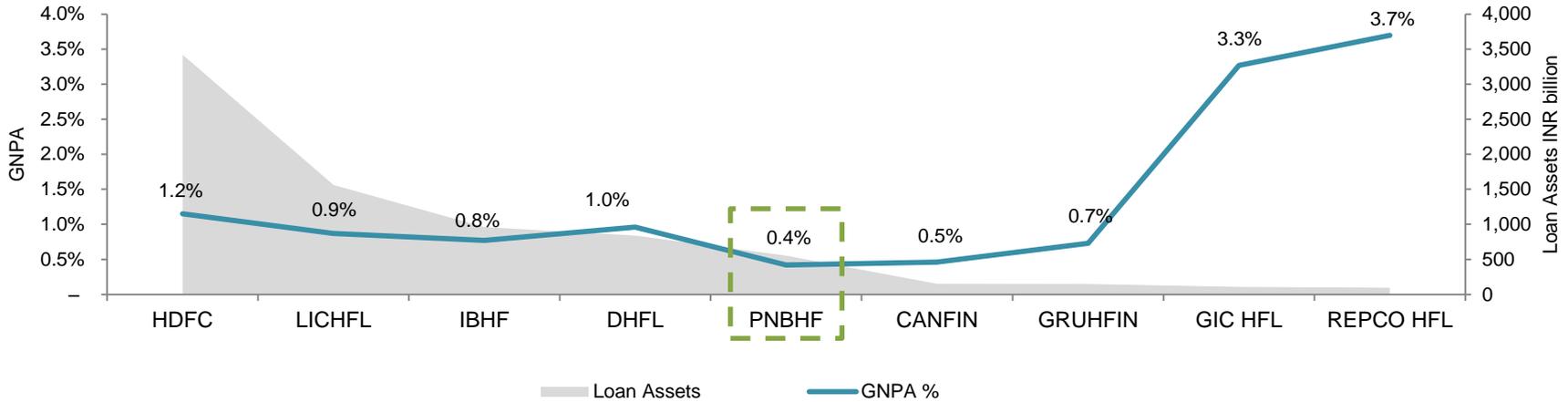
Key Business Highlights



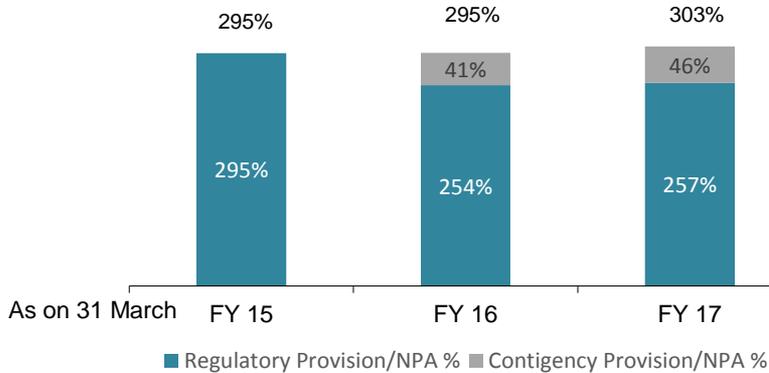
Best-in-Class Asset Quality and Adequate Credit Costs



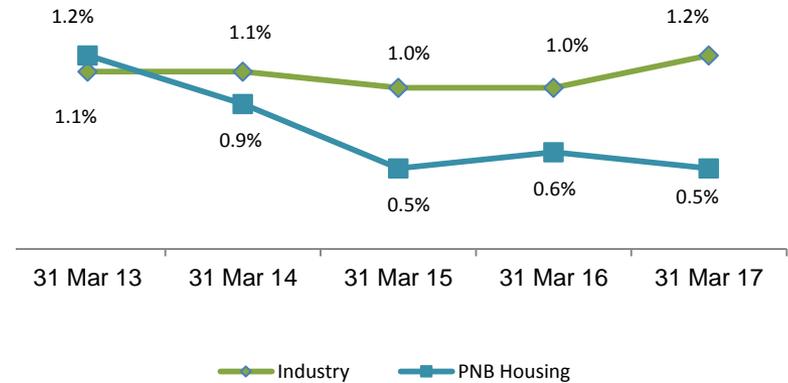
PNB Housing Finance has the lowest GNPA in the industry⁽¹⁾



Provision Coverage



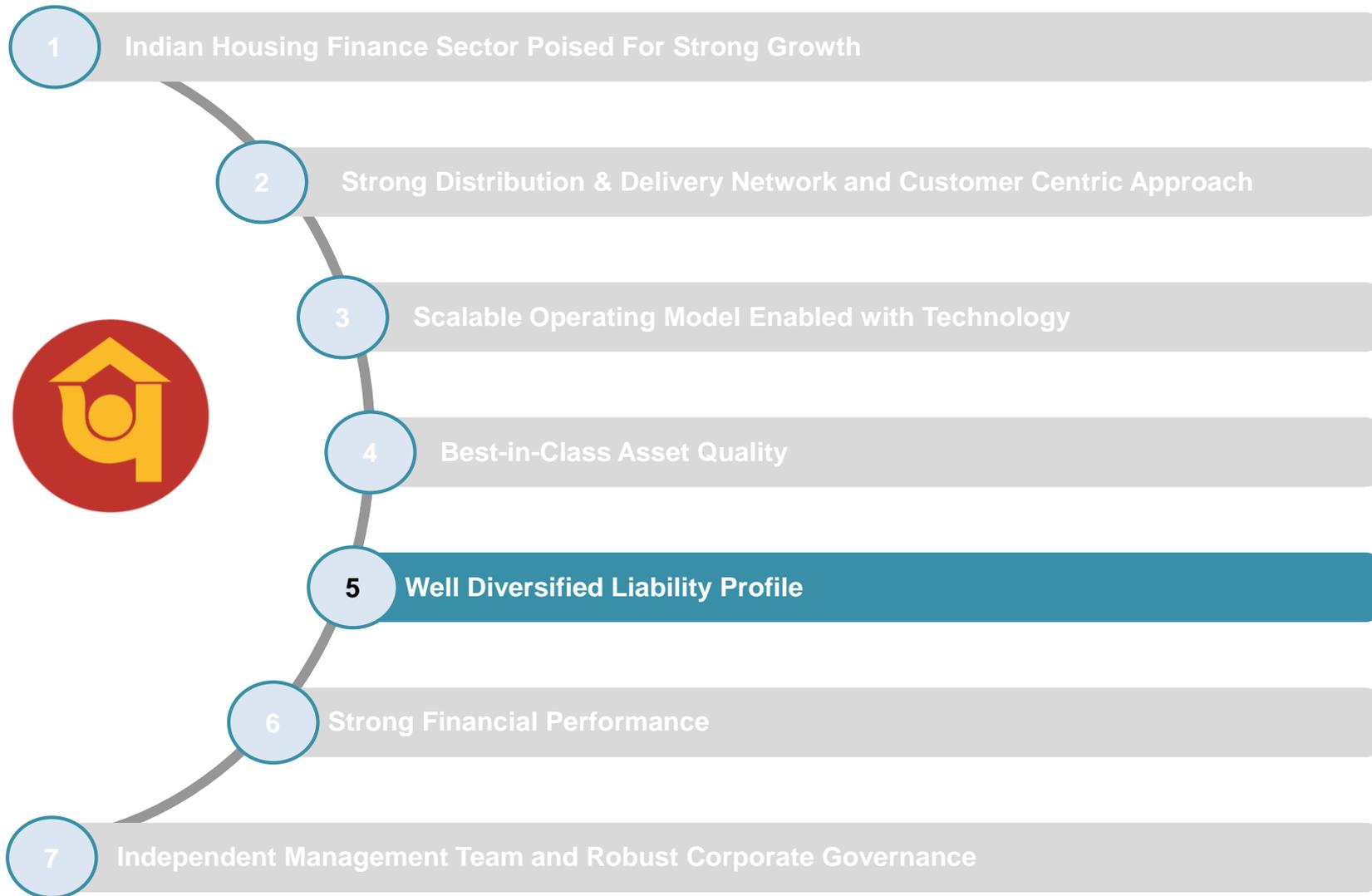
2 year lagged NPA⁽²⁾



(1) Data as of 31 December 2017

(2) Source: CRISIL

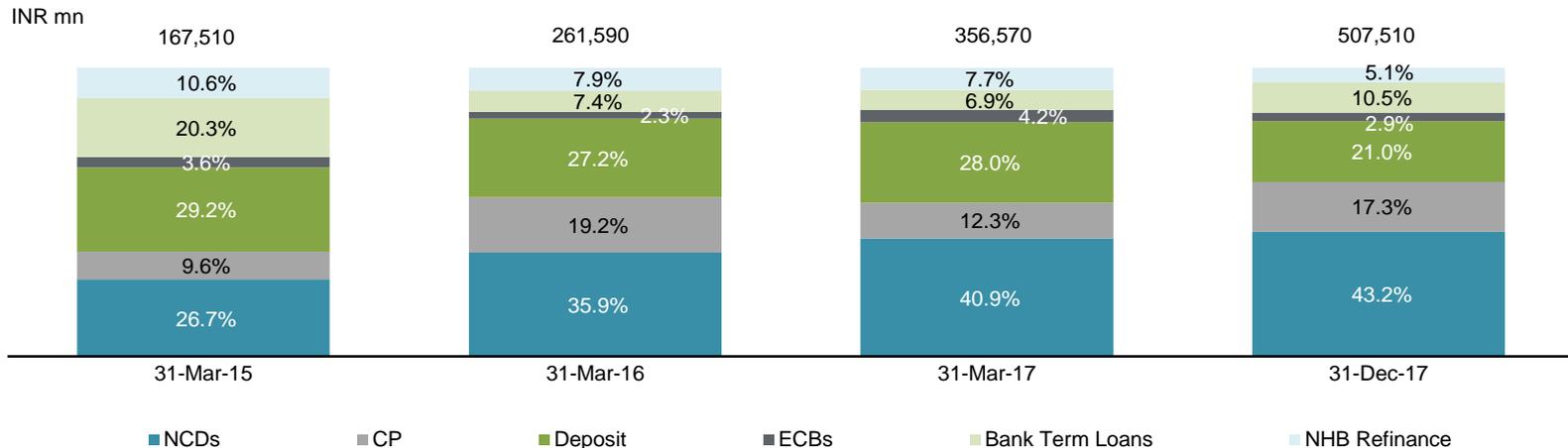
Key Business Highlights



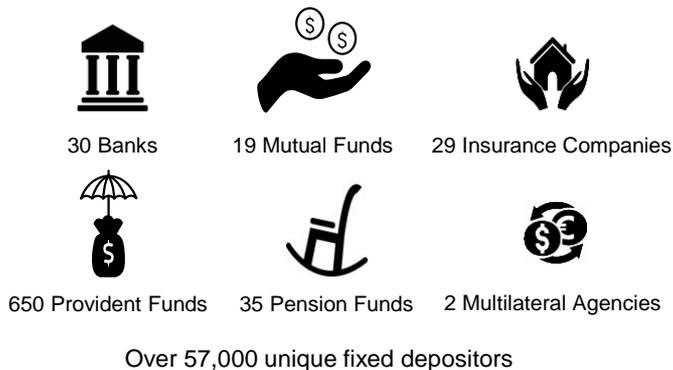
Well Diversified Liability Profile



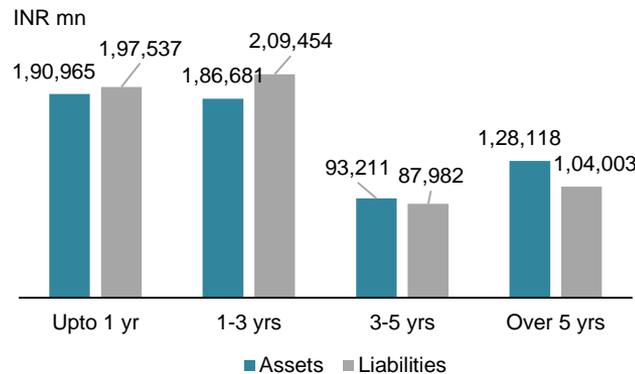
Access to a diverse base of funding ...



...Relationships with multiple lending partners



Balanced asset liability maturity profile...



Data as on 31-Dec-17

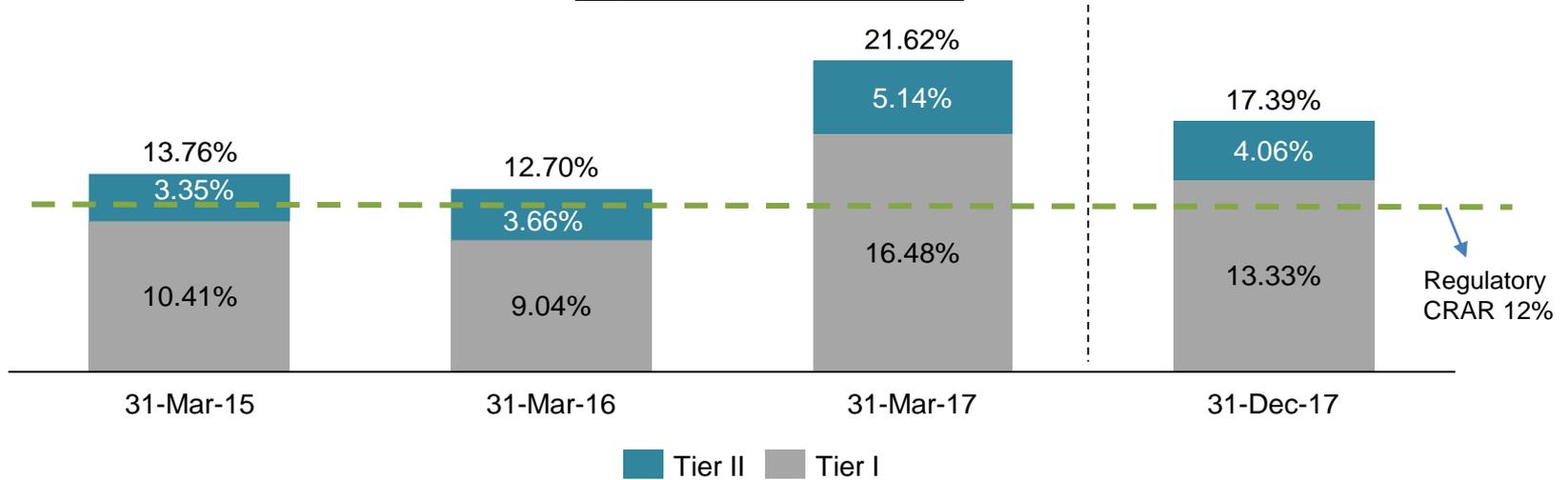
...and robust credit rating

- Fixed Deposit: Rated "FAAA" by CRISIL (S&P) and "AAA" by CARE
- Commercial Paper: Highest Rated at "A1(+)" by CARE & CRISIL (S&P)
- NCD: Rated "AAA" by CARE, "AAA" by India Ratings, "AA+" by CRISIL (S&P) and "AA+" by ICRA (Moody's)
- Bank Loans: Long Term Rating "AAA" by CARE and "AA+" by CRISIL (S&P)

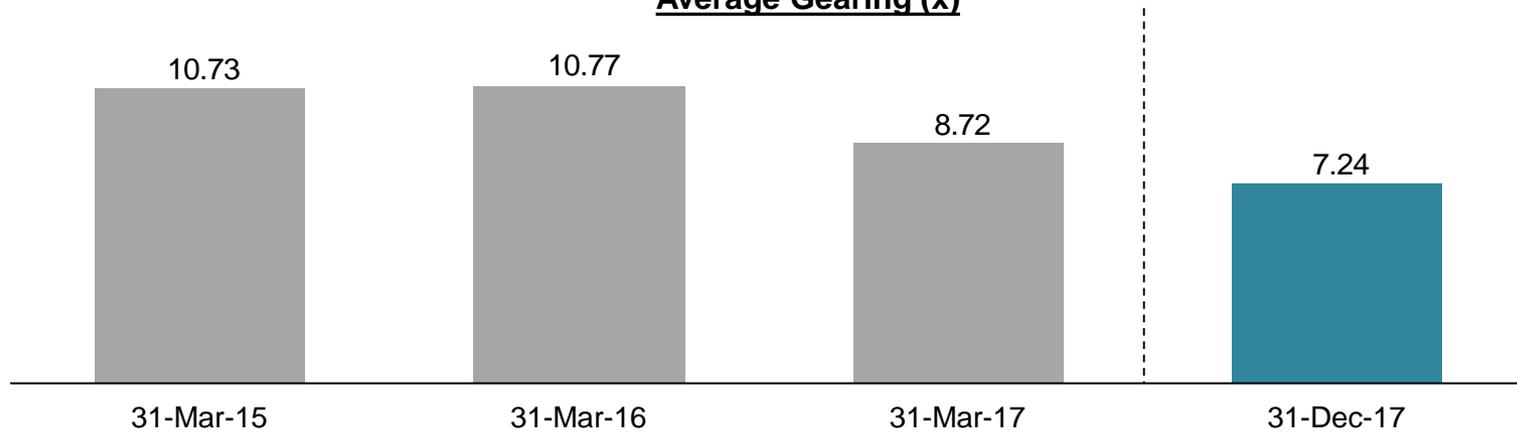
Adequate Capital and Comfortable Gearing



Capital to Risk Asset Ratio

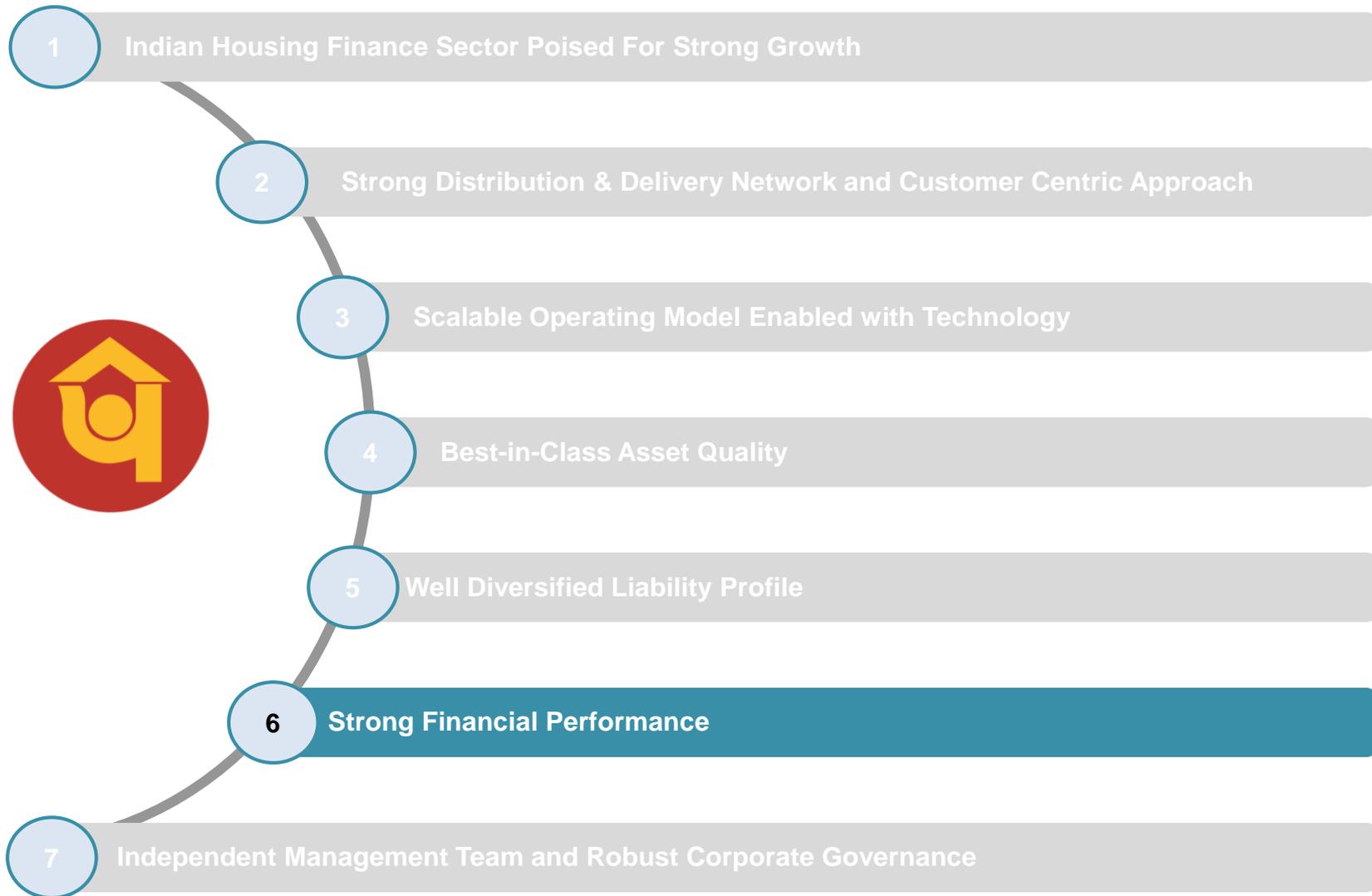


Average Gearing (x)



Ratio is calculated on Monthly Average

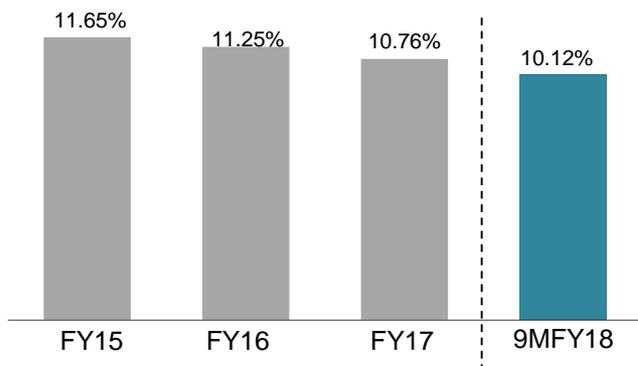
Key Business Highlights



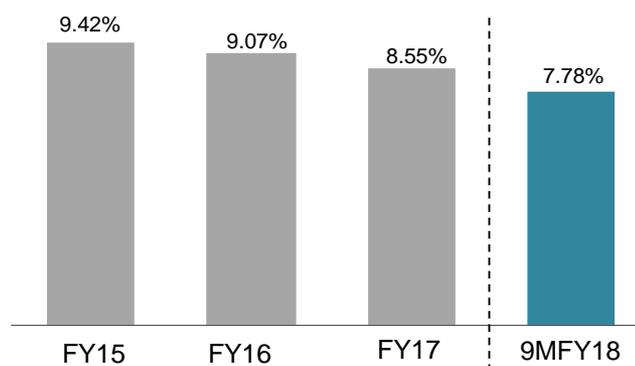
Margin Analysis



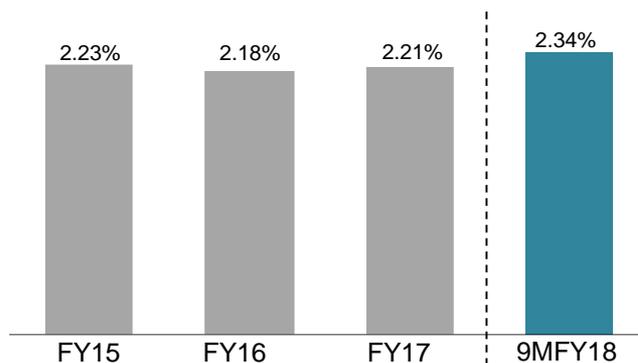
Average Yield



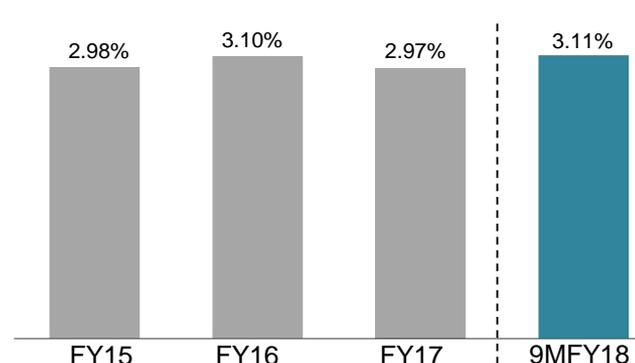
Average Cost of Borrowings



Spread



Net Interest Margin

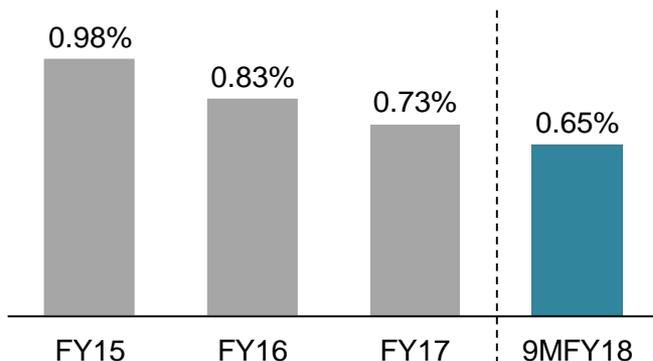


Ratios are calculated on Monthly Average

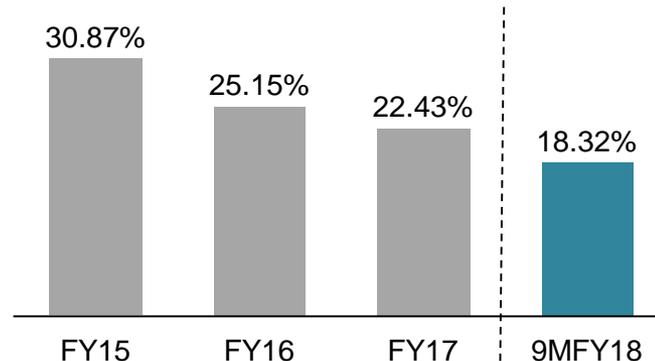
Operating Leverage Playing out with Better Return Profile



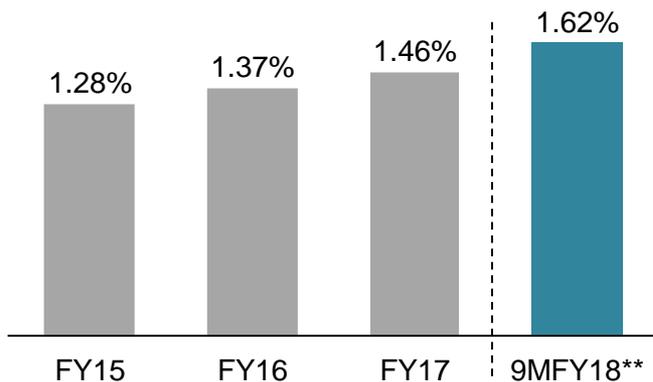
Opex to ATA Ratio



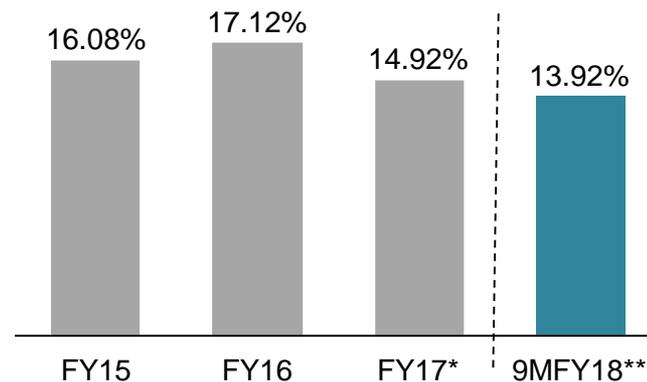
Cost to Income Ratio



Return on Asset



Return on Equity



Opex to ATA: Operating Expenditure(Employee Cost + Other Expenses + Depreciation - Acquisition Cost - CSR cost)/Average Total Assets as per Balance sheet

Cost to Income Ratio : Operating Expenditure(Employee Cost + Other Expenses + Depreciation - Acquisition Cost - CSR cost) / (Net Revenue-Acquisition Cost)

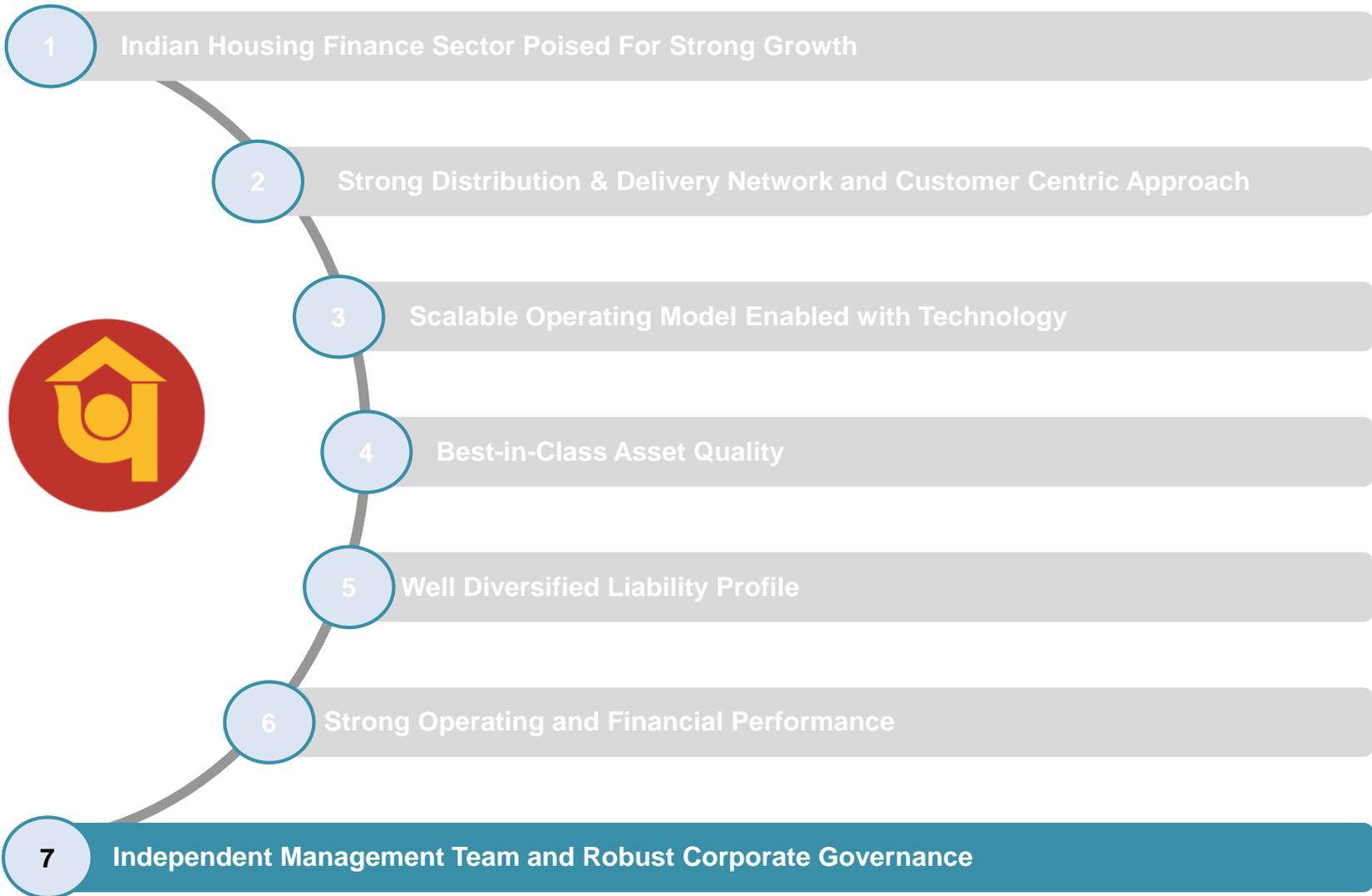
Return on Asset is on Average Total Assets as per Balance sheet

Ratios are calculated on Monthly Average

* Capital of INR 30,000m raised through IPO of 3,87,19,309 fresh equity shares

** Annualized

Key Business Highlights



Independent and Professional Management Team



Sanjaya Gupta
Managing Director

Age : 55Years

No. of Years with PNBHF : 7 Years

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



Shaji Varghese
ED - Business Development

Age : 45 Years

No. of Years with
PNBHF : 5 Years

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



Ajay Gupta
ED - Risk Management

Age : 51 Years

No. of Years with
PNBHF : 5 Years

Prior Engagements :
Religare Finvest Ltd
GE Money Indiabulls
Financial Services



Nitant Desai
Chief Centralised Operation &
Technology Officer

Age : 55 Years

No. of Years with
PNBHF : 6 Years

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



Kapish Jain
Chief Financial Officer

Age : 45 Years

Prior Engagements :
Xander Finance, Au
Small Finance Bank,
ICICI Prudential Life
Insurance, Deutsche
Bank



Sanjay Jain
Company Secretary & Head
Compliance

Age : 53 Years

No. of Years with
PNBHF : 22 Years

Prior Engagements :
Ansal Group



Anshul Bhargava
Chief People Officer

Age : 50 Years

No. of Years with
PNBHF : 6 Years

Prior Engagements :
ARMS (Arcil)
Indian Army

Highly Experienced Board



Mr. Sunil Mehta
Chairman – Non Executive

Age:

58 Years

Current Position:

MD & CEO of PNB



Dr. Ram S. Sangapure
Non Executive Director

Age:

59 Years

Current Position:

Executive Director
of PNB



Sunil Kaul
Non Executive Director

Age:

57 Years

Current Position:

MD, Carlyle
Head, SE Asia, FIG,
Carlyle



Shital Kumar Jain
Independent Director

Age:

78 Years

Current Position:

Ex Banker & Credit
Head India,
Citigroup



Gourav Vallabh
Independent Director

Age:

40 Years

Current Position:

Professor of
Finance, XLRI



R Chandrasekaran
Independent Director

Age:

60 Years

Current Position:

Founder and
Executive Vice
Chairman, Cognizant



Nilesh S. Vikamsey
Independent Director

Age:

53 Years

Current Position:

Sr. Partner, Khimji
Kunverji and Co
President-ICAI



Ashwani Kumar Gupta
Independent Director

Age:

63 Years

Current Position:

Financial Consultant



Shubhalakshmi Panse
Independent Director

Age:

63 Years

Current Position:

Ex-Banker, CMD,
Allahabad Bank



Sanjaya Gupta
Managing Director

Age:

55 Years

Current Position:

MD, PNB Housing
Finance



Detailed Financials



Profit & Loss Statement



Particulars (INR mn)	FY15	FY16	FY17	9MFY17	9MFY18
Interest Income	17,064	25,703	36,785	26,679	36,548
Fee & Other Operating Income	703	1,276	2,292	1,639	2,917
Other Income	0	8	2	1	3
Total Revenue	17,767	26,987	39,079	28,319	39,468
Expenditure:					
Finance Cost	12,648	18,602	26,437	19,658	25,140
Employee Benefit Expenses	671	753	1,012	737	969
Other Expenses	1,057	1,618	2,374	1,800	2,280
Depreciation Expense	52	150	186	138	171
Provisions and Write-Offs	381	832	1,029	363	1,544
Total Expenditure	14,809	21,956	31,038	22,695	30,104
Profit Before Tax	2,958	5,031	8,040	5,624	9,364
Tax Expenses	997	1,766	2,803	1,910	3,262
Net Profit After Tax	1,961	3,265	5,237	3,713	6,102
EPS (Basic)	24.41	27.48	36.72	27.57	36.66

Balance Sheet



Particulars (INR mn)	Mar-16	Mar-17	Sep-17
Equity and Liabilities			
Shareholder's Funds	21,459	55,773	58,802
Share Capital	1,269	1,656	1,666
Reserves and Surplus	20,190	54,117	57,136
Non-Current Liabilities	169,384	244,772	314,733
Long-Term Borrowings	166,462	240,840	308,692
Deferred Tax Liabilities (Net)	305	469	491
Other Long-Term Liabilities	1,008	1,039	2,345
Long-Term Provisions	1,609	2,425	3,205
Current Liabilities	105,866	129,050	163,863
Short-Term Borrowings	74,484	79,474	105,118
Short-Term Provisions	711	280	405
Trade Payables	752	936	1,244
Other Current Liabilities	29,919	48,360	57,097
Total	296,710	429,596	537,398

Particulars (INRmn)	Mar-16	Mar-17	Sep-17
Assets			
Non-Current Assets	266,558	377,440	477,906
Fixed Assets	623	604	683
-Tangible Assets	482	478	476
-Intangible Assets	100	106	138
-Capital Work-in-Progress	41	20	69
Non-Current Investments	7,821	9,614	11,030
Loans and Advances	256,236	364,438	462,590
Other Non-Current Assets	1,880	2,784	3,603
Current Assets	30,151	52,155	59,492
Current Investments	8,402	23,182	21,730
Cash and Bank Balances	2,485	1,515	4,313
Short-Term Loans & Advances	180	399	552
Other Current Assets	19,084	27,059	32,898
Total	296,710	429,596	537,398



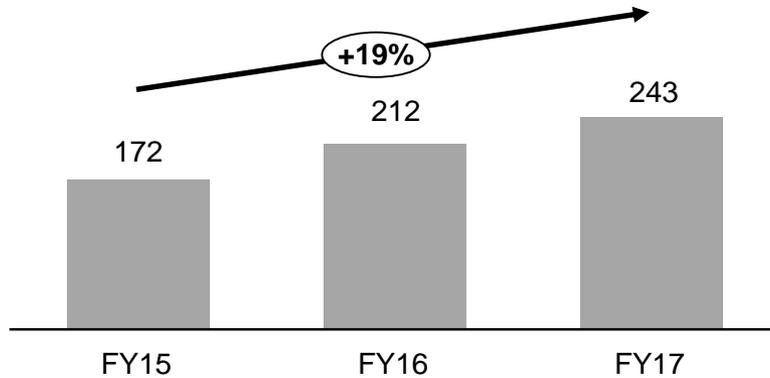
Appendix



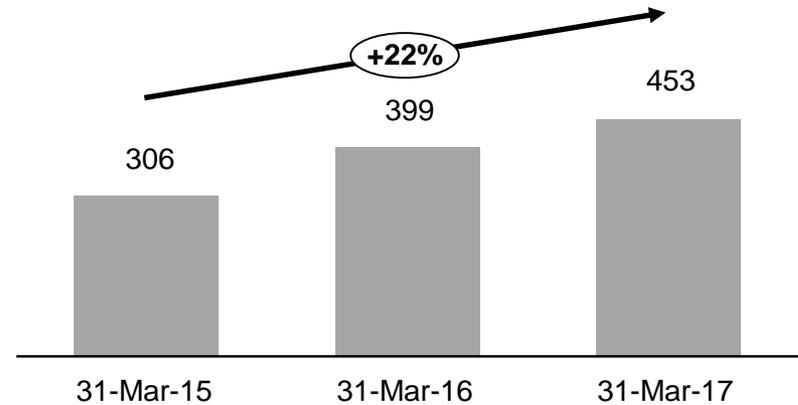
Employee Efficiency



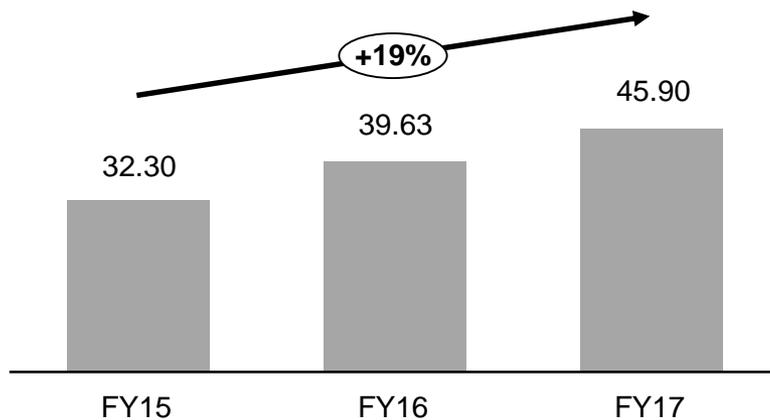
Disbursement / Employee (INR mn / Employee)



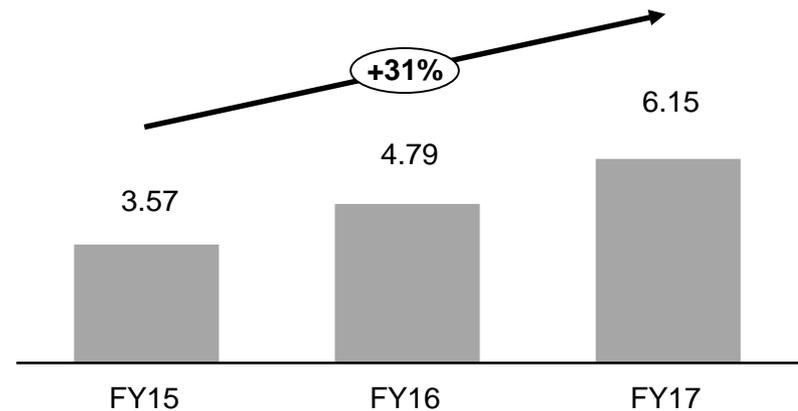
Loans Outstanding / Employee (INR mn / Employee)



Total Revenue / Employee (INR mn / Employee)



Profitability / Employee (INR mn / Employee)



Calculated on Average employee for the Year

Glimpses of Social Interventions



Enhancing Human Potential

- Partnered with The Confederation of Real Estate Developers Association of India (CREDAI) to conduct Onsite & Offsite skills 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



Improving Access to Health Care: Supporting Public hospitals with an aim to improve their Infrastructure

Glossary



ATA	Average Total Assets	HFCs	Housing Finance Companies
ATS	Average Ticket Size	LAP	Loan against Property
AUM	Asset Under Management	LRD	Lease Rental Discounting
BVPS	Book-value per Share	NCDs	Non-Convertible Debentures
C/I	Cost to Income	NII	Net Interest Income
CRAR	Capital to Risk Asset Ratio	NIM	Net Interest Margin
CP	Commercial Paper	NNPA	Net Non-Performing Asset
CTL	Corporate Term Loan	NPA	Non-Performing Asset
DPS	Dividend per Share	NRPLs	Non-Residential Premises Loans
DSA	Direct Selling Agents	PAT	Profit After Tax
ECB	External Commercial Borrowing	PCR	Provision Coverage Ratio
EPS	Earning Per Share	ROA	Return on Asset
GNPA	Gross Non-Performing Asset	ROE	Return on Equity

Formulas



Ratios	Formulas Used
Average Borrowings (%)	$\text{Interest Expense} / \text{Average Borrowings}$
Average Gearing Ratio (x)	$\text{Average Borrowings} / \text{Average Net worth}$
Average Yield (%)	$\text{Interest Income on Loans} / \text{Average Loan Assets}$
Cost to Income (%)	$\frac{\text{Operating Expenditure}(\text{Employee Cost} + \text{Other Expenses} + \text{Depreciation} - \text{Acquisition Cost} - \text{CSR cost})}{(\text{Net Revenue} - \text{Acquisition Cost})}$
NII (INR)	$\text{Interest Income} - \text{Interest Expenses}$
NIM (%)	$\text{NII} / \text{Average Earning Assets}$
Opex to ATA (%)	$\frac{\text{Operating Expenditure}(\text{Employee Cost} + \text{Other Expenses} + \text{Depreciation} - \text{Acquisition Cost} - \text{CSR cost})}{\text{Average Total Assets as per Balance sheet}}$
PCR (%)	Standard Asset and NPA provision as a % of GNPA
ROA (%)	$\text{Profit After Tax} / \text{Average Total Assets}$
ROE (%)	$\text{Profit After Tax} / \text{Average Net worth}$
Spread (%)	$\text{Average Yield} - \text{Average Cost of Borrowings}$

Ratio is calculated on Monthly Average



Thank You

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