



Investor Presentation

January 2018



Safe Harbor



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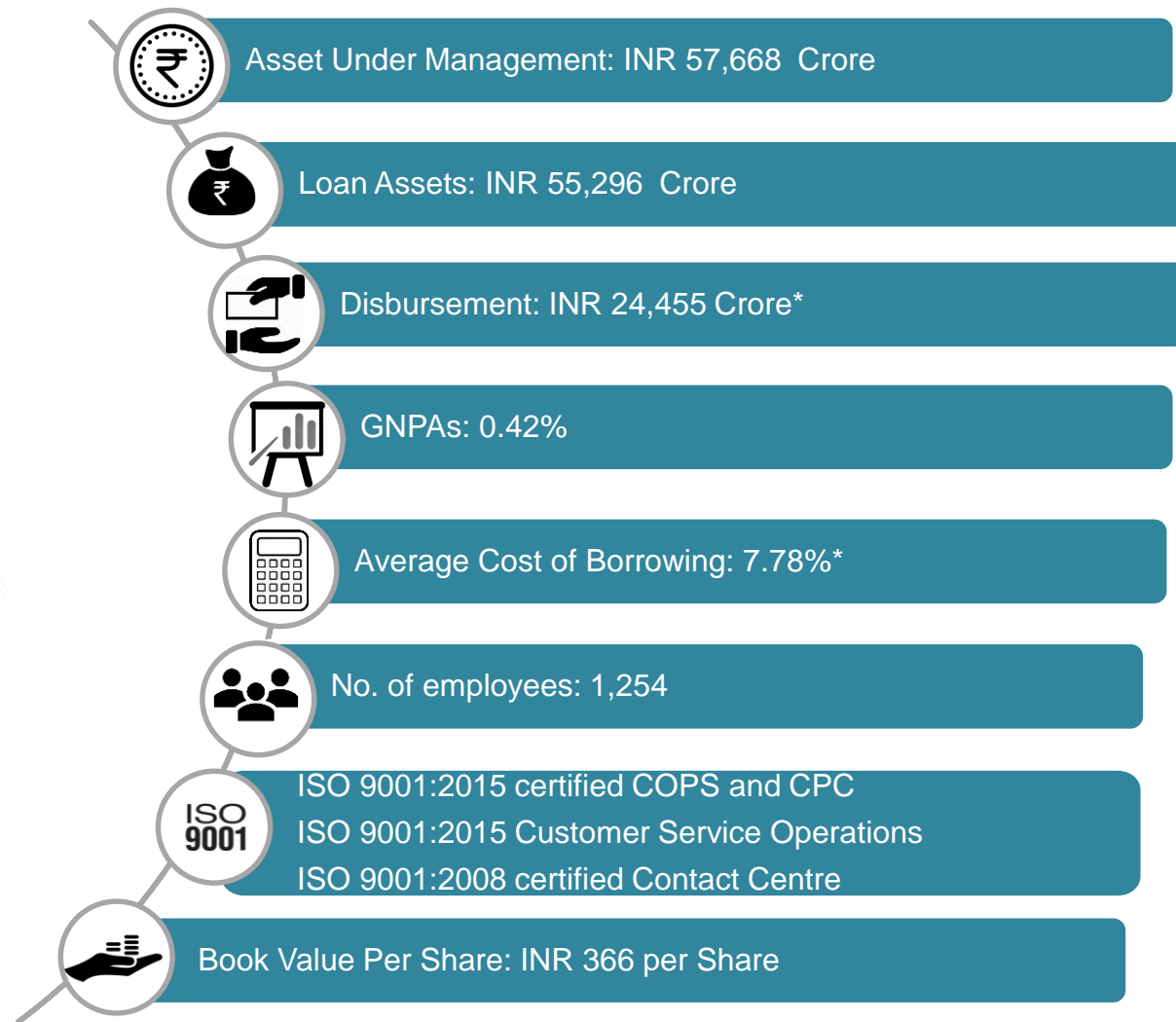
About PNB Housing Finance



One of the Leading Housing Finance Company...



Ghar Ki Baat



Fastest growing HFC amongst the Top 5 HFCs in India

1 Crore= 10 million

Data as on 31-Dec-17

*Data for 9M FY17-18

COPS: Central Operations, CPC: Central Processing Center

...started in 1988



Business process re-engineering sponsored by the Parent

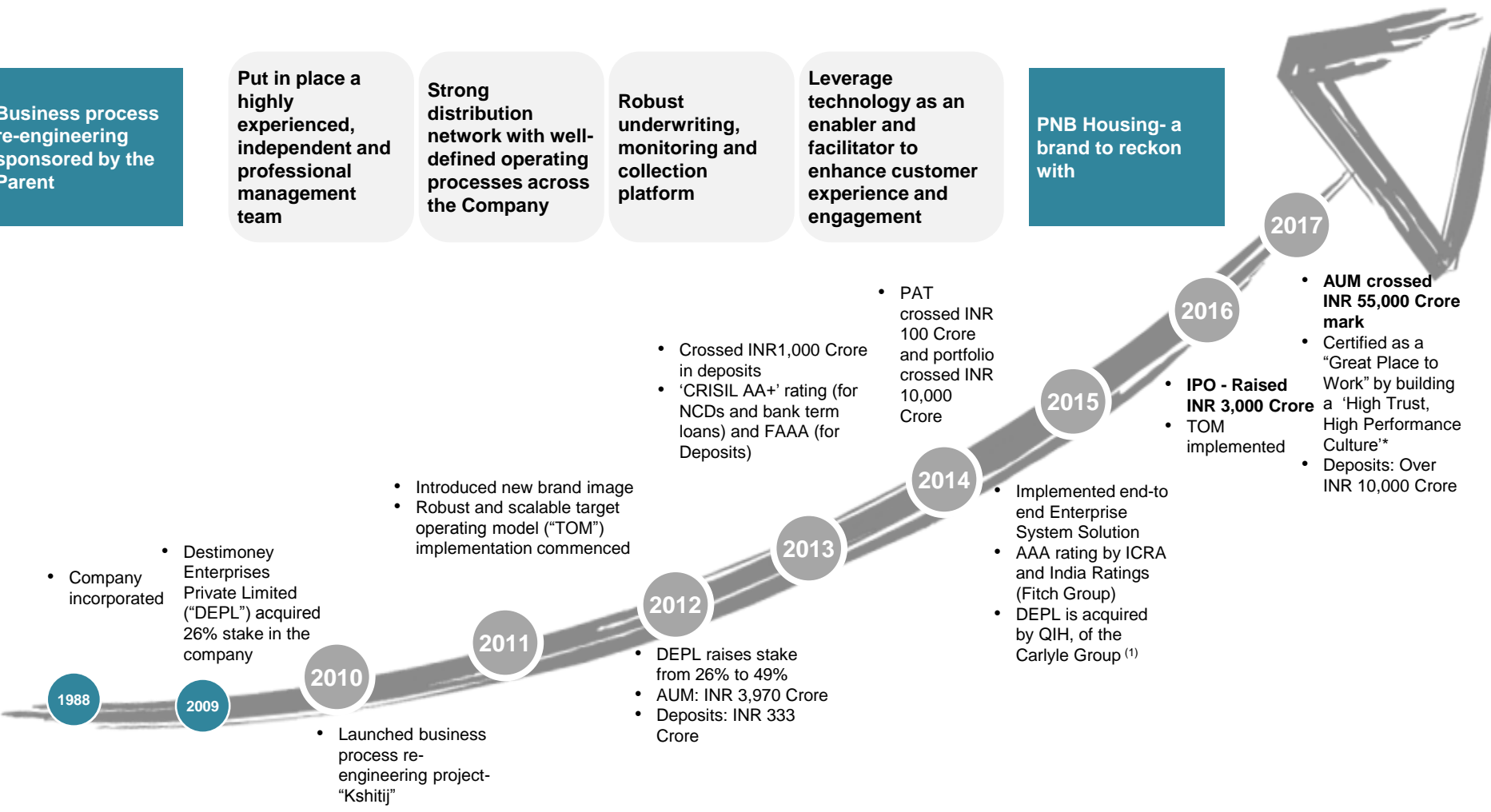
Put in place a highly experienced, independent and professional management team

Strong distribution network with well-defined operating processes across the Company

Robust underwriting, monitoring and collection platform

Leverage technology as an enabler and facilitator to enhance customer experience and engagement

PNB Housing- a brand to reckon with



Board Managed Entity with a Professional Management Team

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

*Source: Great Place to Work Institute (GPTW)



HFC Sector well placed...

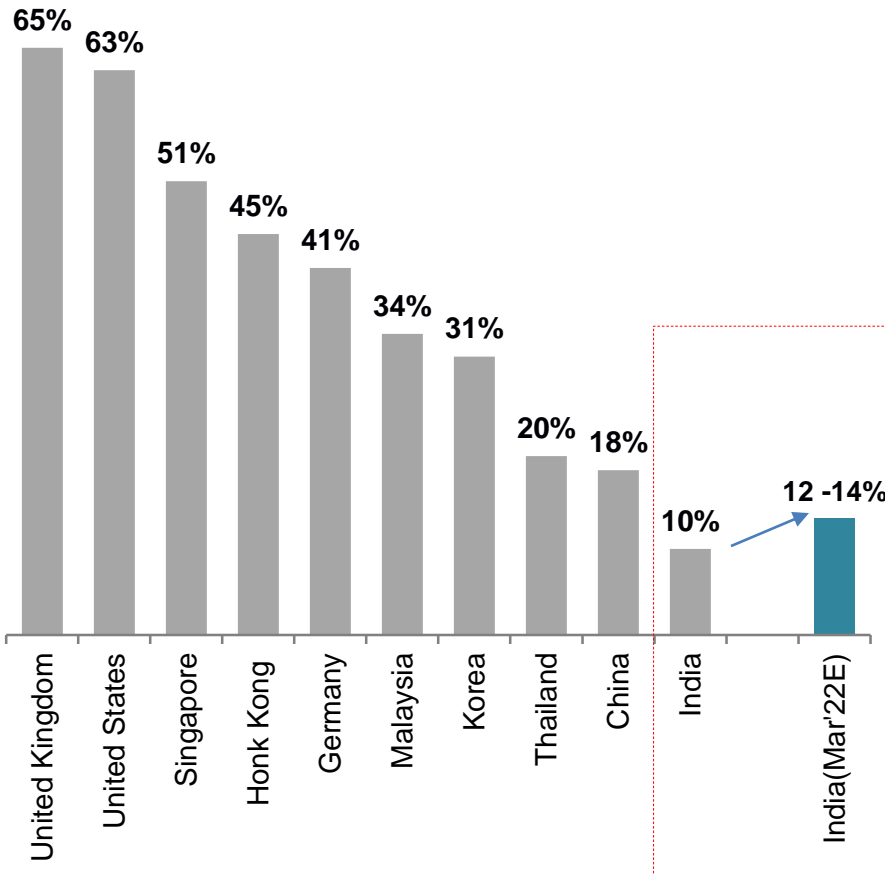


India's Mortgage Market...



Indian Mortgage Market is Significantly Under-penetrated

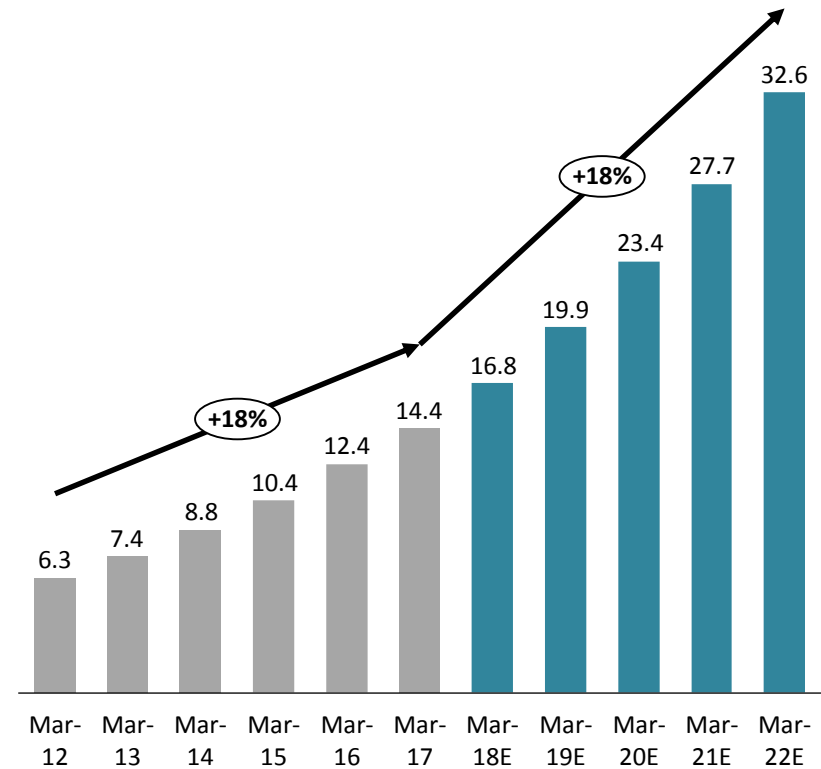
Mortgage to GDP Ratio



Source: ICRA Indian Mortgage Finance Market Update for H1FY2018

Ramp-up Opportunity for Mortgage Market in India

Loan Assets (INR Lakh Crore)



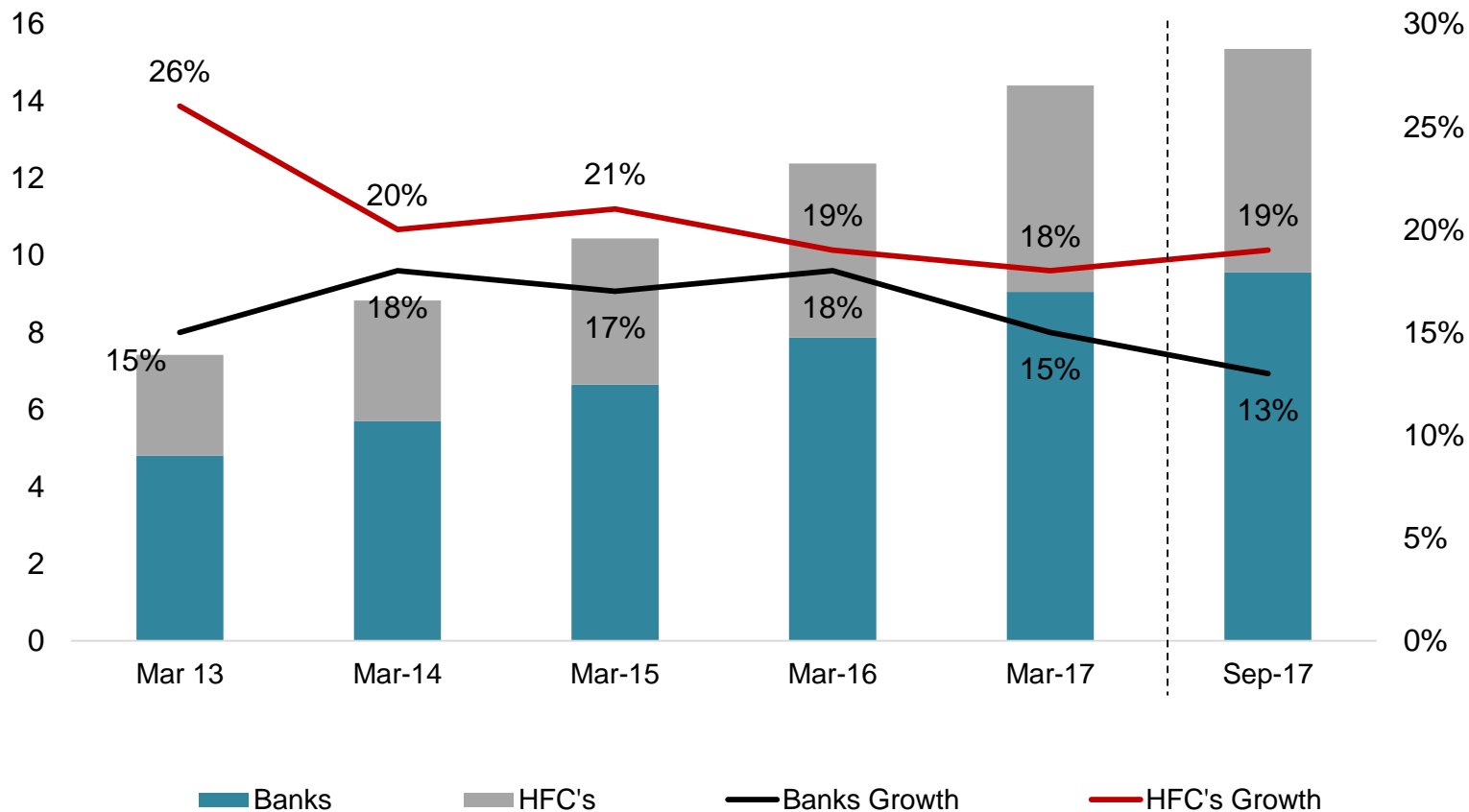
E: Estimated

...Outpacing Traditional Channels with...



Increasing HFCs Share in a Steadily Expanding Home Loan Portfolio

(INR Lakh Crore)



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

....Sustainable Growth of HFCs



Key HFC Metrics

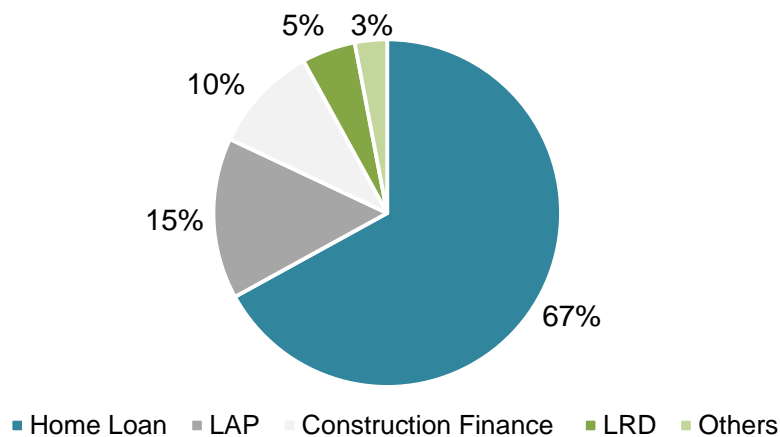
Total No. of HFCs (Dec-17) : 91

Deposit taking HFCs (Dec-17): 18

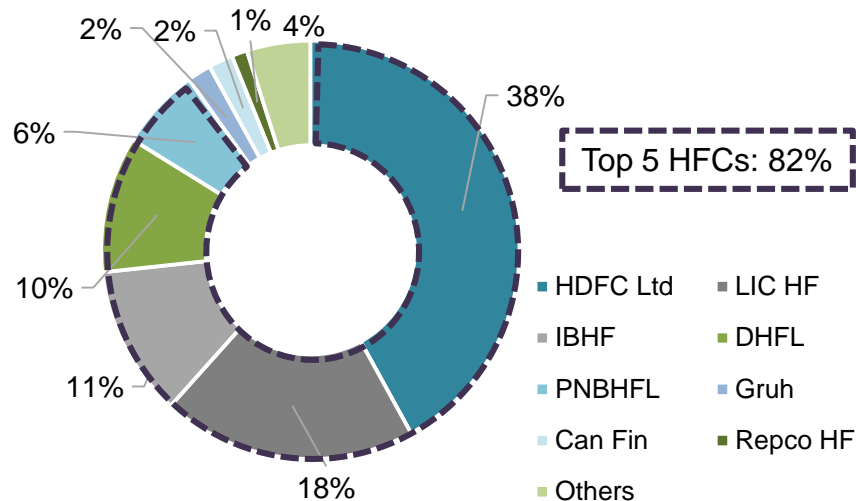
Total Loan (Sep-17): INR 8.5 Lakh Crore

3 Years CAGR (Mar-17): 21.3%

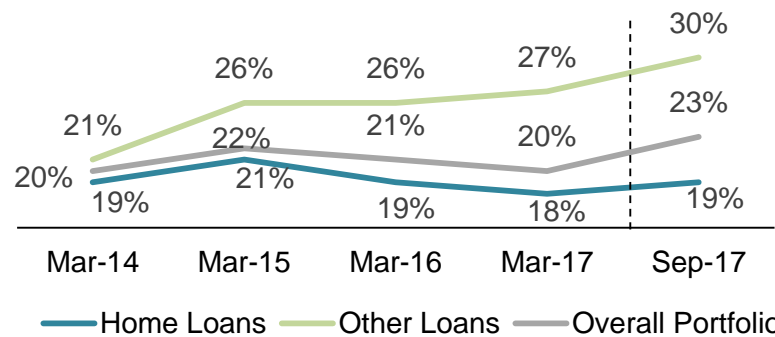
Portfolio Composition of All HFCs as on 31-Mar-17



Total Loan of all HFCs: INR 8.5 Lakh Crore as on 30-Sep-17



Portfolio Growth of HFCs



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



Government Initiatives





- **Changes/inclusion in the scheme effective 1-Jan-17**
 - Existing scheme renamed as PMAY-CLSS for EWS/LIG
 - Maximum tenure changed from 15 to 20 years
 - Scheme extended to Middle Income Group (MIG) available till March 2019

Category	EWS	LIG	MIG I	MIG II
Household Income (INR Lakhs per annum)	3	6	12	18
Loan Amount eligible for subsidy (INR Lakhs)	6	6	9	12
Interest Subsidy	6.5%	6.5%	4%	3%
Loan Tenure	20	20	20	20
Carpet Area (Sq. Mtr)	30*	60*	120	150
NPV Discount Rate (%)	9%	9%	9%	9%
Maximum Interest Subsidy Amount (INR)	267,280	267,280	235,068	230,156

Effective Interest Rate of ~2.63% post PMAY and Tax Benefit

* Applicable on Construction, Improvement, Extension



- RERA - A Game Changer
 - Short-term should pose some challenges; in the long run customer sentiments should be positive
 - Brings in accountability and functions in a more transparent manner

Customer's Benefit

- Raising the transparency levels
- Likely to restore confidence of buyers and investors in the real-estate sector
- Securing Customers Interest- 70% of the amount deposited shall be withdrawn by the promoter in proportion to the % completion of the project along with architect, engineer and chartered accountant certificate



Developer's Benefit

- Access to funds at competitive rates, which will lead to rationalization of prices within the sector
- The Act will lead to consolidation among players within the sector going forward



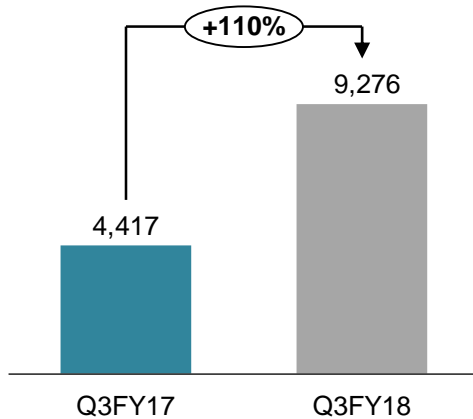


Financial Performance of the Company

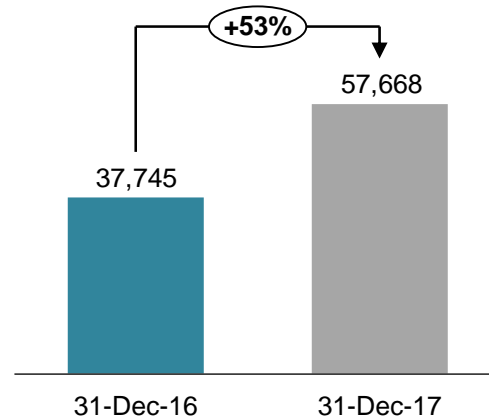
Key Highlights – Q3FY18 vs Q3FY17



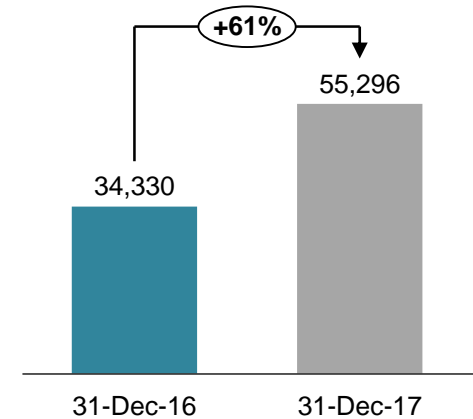
Disbursement (INR Crore)



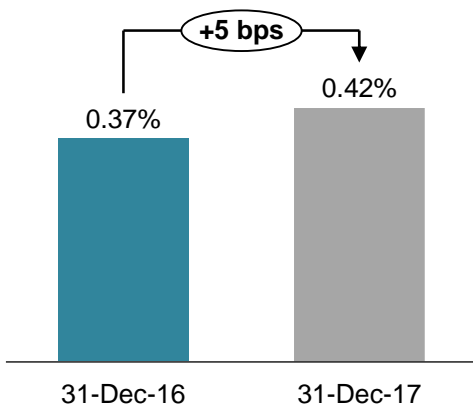
AUM (INR Crore)



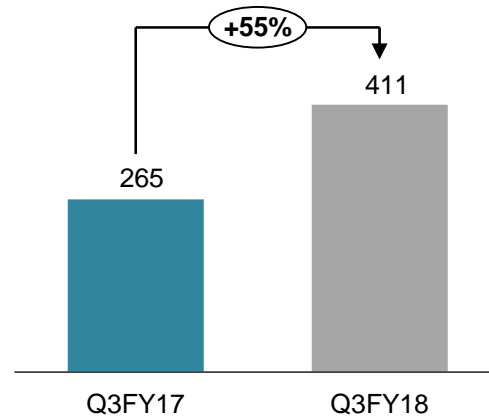
Loan Assets (INR Crore)



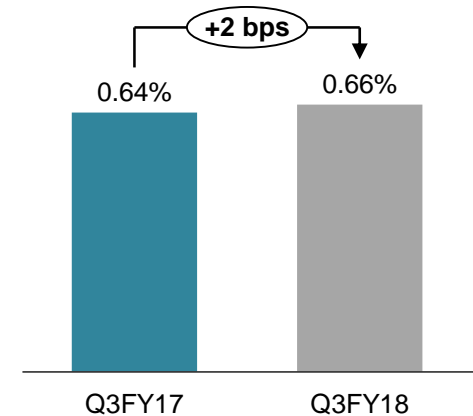
GNPA*



NII (INR Crore)



Opex to ATA



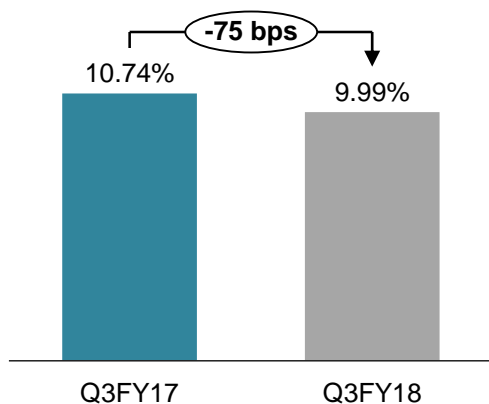
Ratios are calculated on Monthly Average
1 Crore = 10 million

*GNPA as a % of Loan Assets

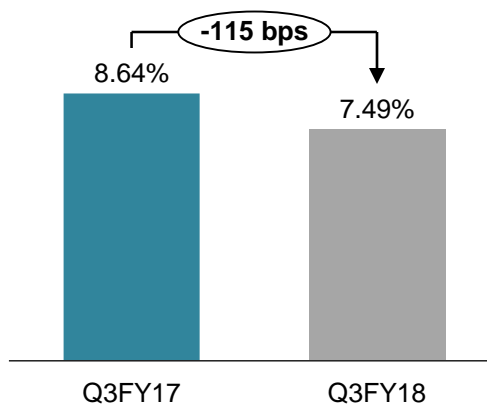
Key Highlights – Q3FY18 vs Q3FY17



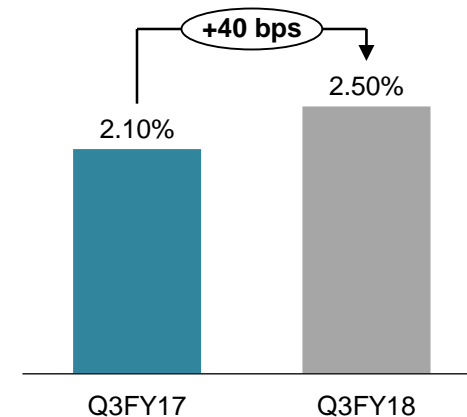
Average Yield



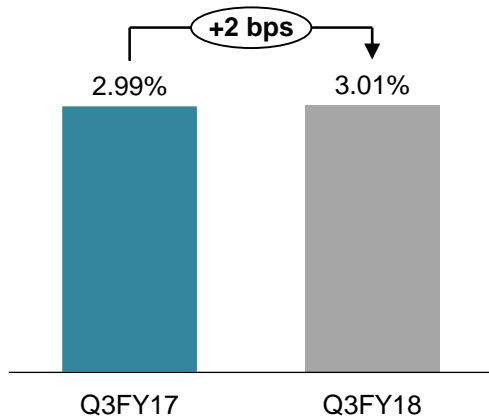
Average Cost of Borrowings



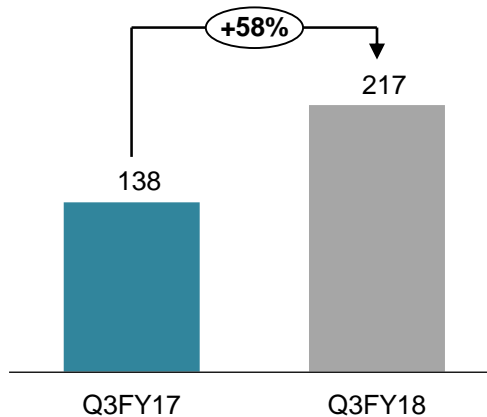
Spread



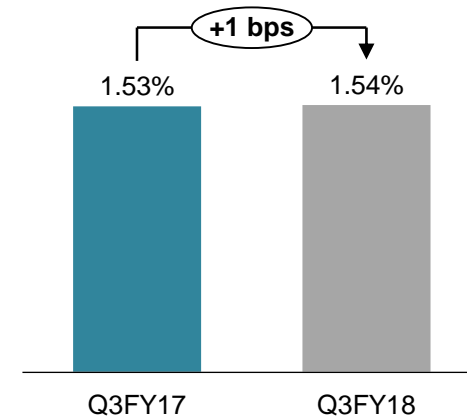
NIM



PAT (INR Crore)



ROA



Ratios are calculated on Monthly Average
1 Crore = 10 million



Expansion Led Growth and Robust TOM

Expanding Footprints...



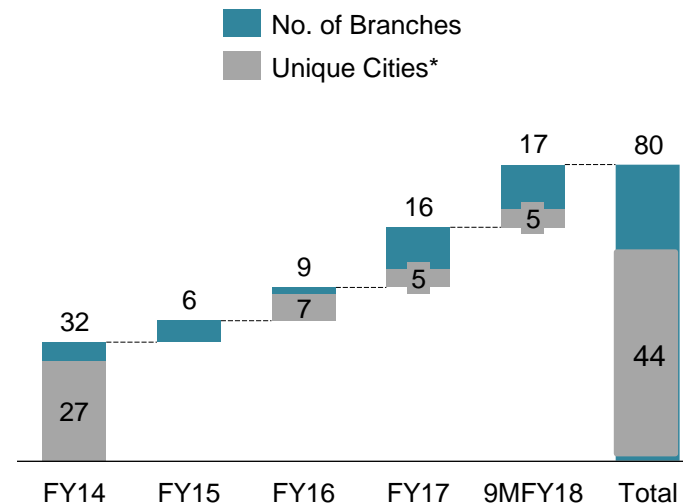
Branches – Point of Sales & Services
Processing Hubs – Fountain head for Decision Making
Zonal Hubs - Guides, Supervises & Monitors the HUB

OUR OFFICE NETWORK

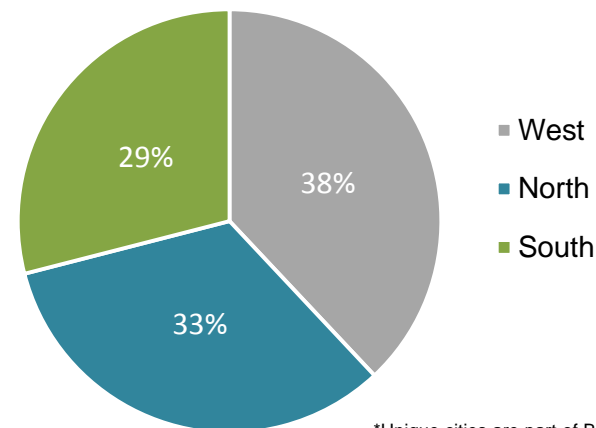


As on 31-Dec-17

No. of Branches



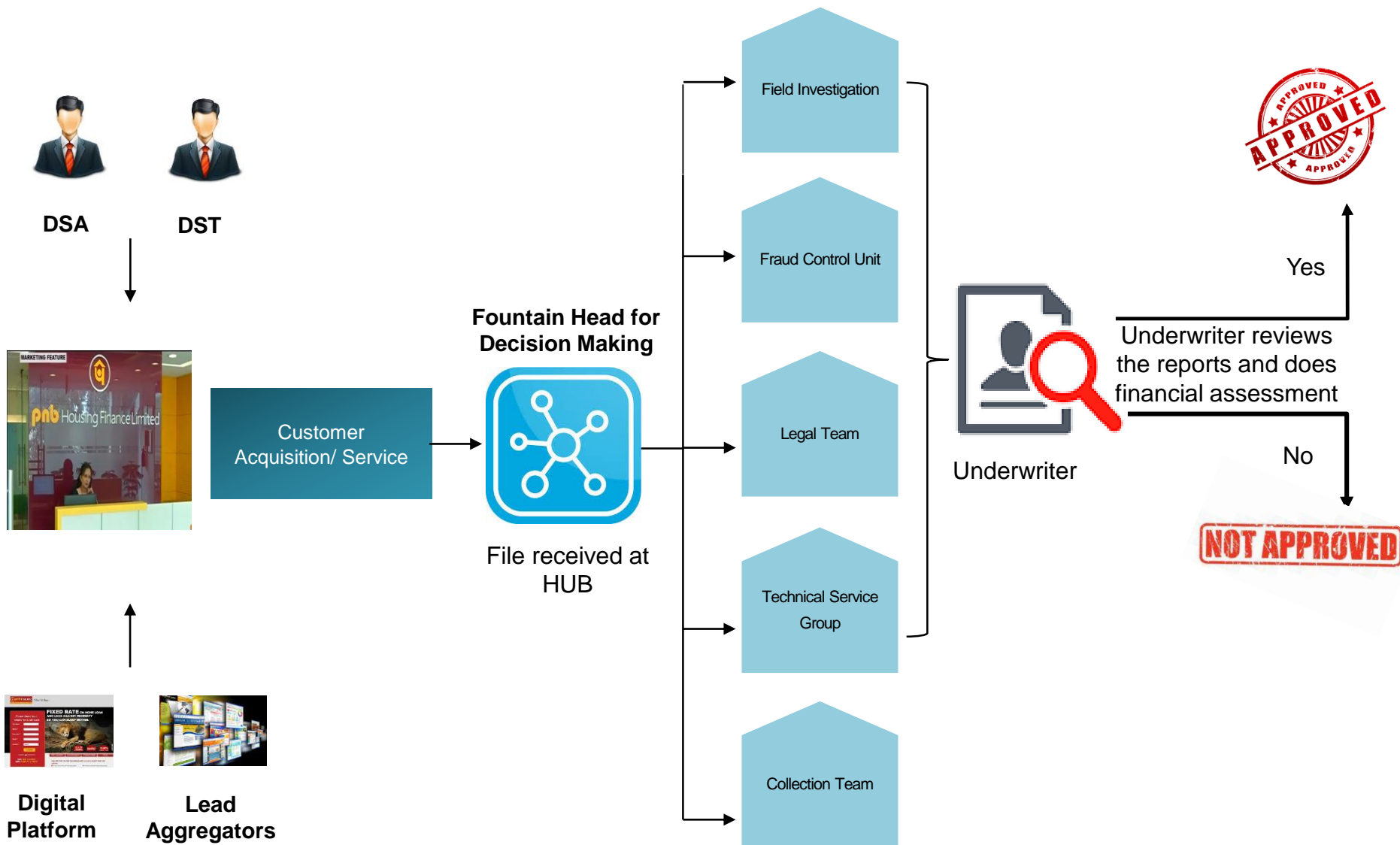
AUM- Geographical Distribution



*Unique cities are part of Branches

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

...with Robust Hub and Spoke Target Operating Model...

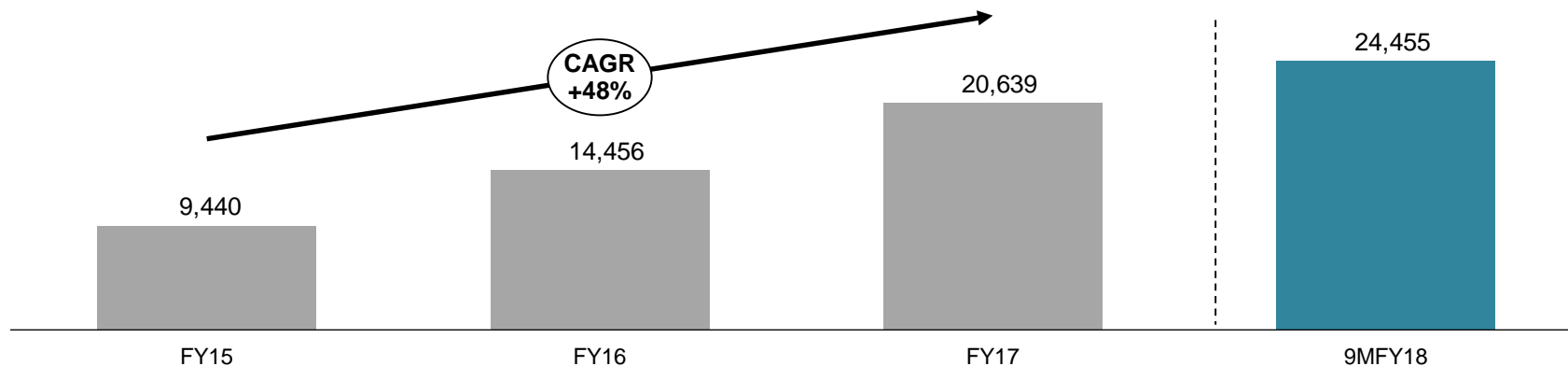


...leading to Strong Disbursement and Asset growth...

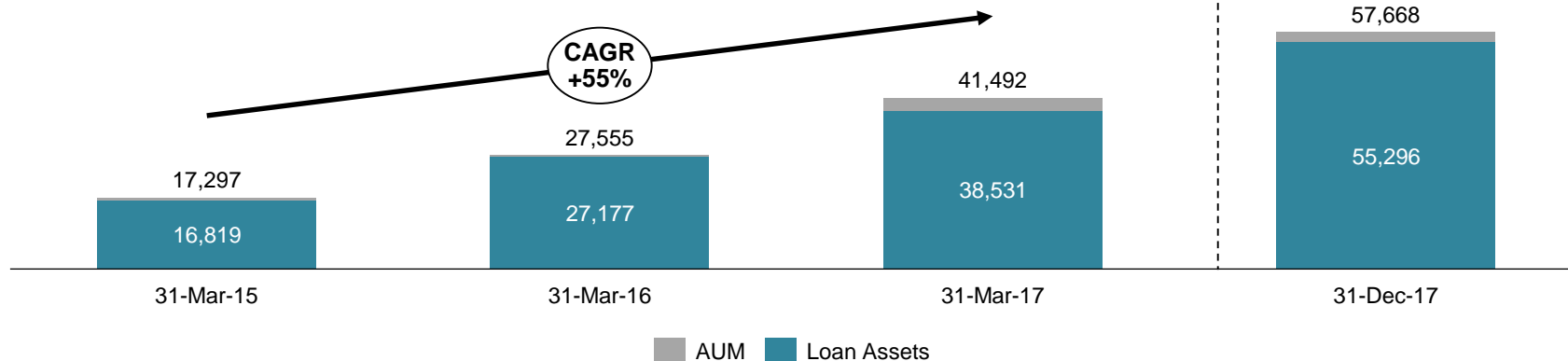


(INR Crore)

Disbursement



Asset

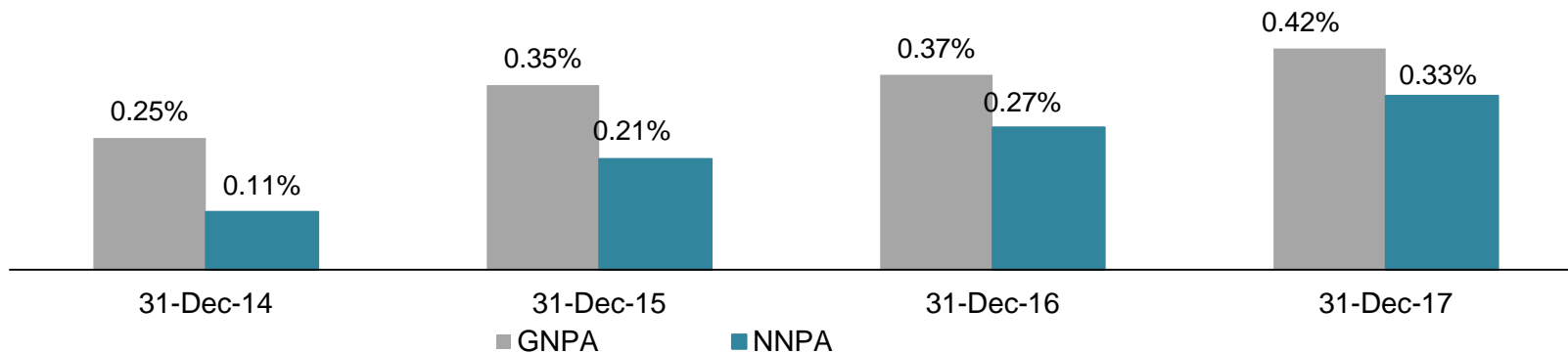


1 Crore = 10 million

...with Lower NPAs and Adequate Credit Cost

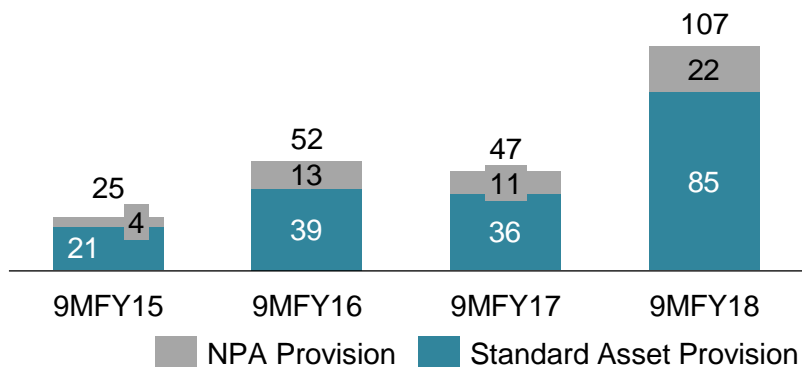


Non Performing Assets

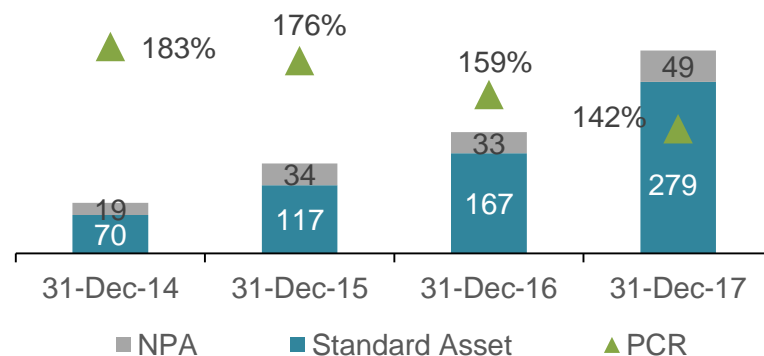


(INR Crore)

Credit Costs (Regulatory Provisions)



Provisions



In addition to Standard Asset and NPA provision, provision for Contingency of INR 36.5 Crore is made during 9M FY18 resulting in cumulative provision for Contingency of INR 76 Crore. The PCR considering the provision for Contingency is 175% as on 31-Dec-17

GNPA calculated as a % of Loan Assets

1 Crore = 10 million



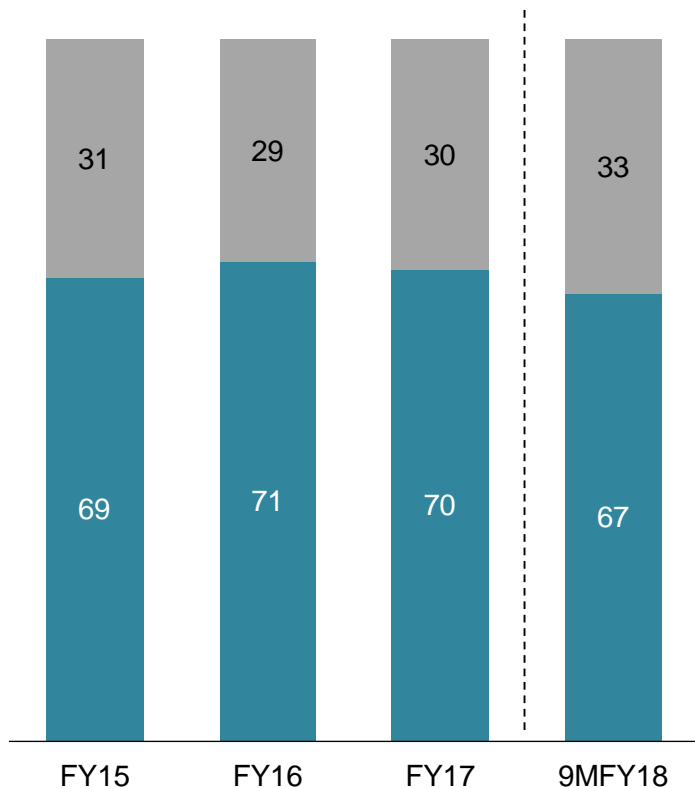
Sustainable Portfolio Mix



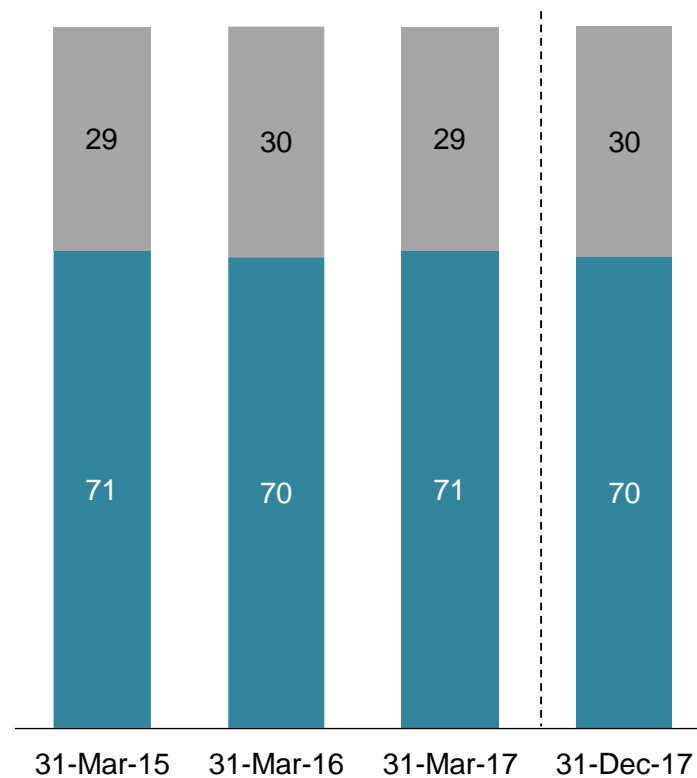
Sustainable Portfolio Mix



**Share of Housing Loans
(% of Incremental Disbursements)**



**Wide Product Offering
(% of Loan Assets)**



■ Non-Housing ■ Housing

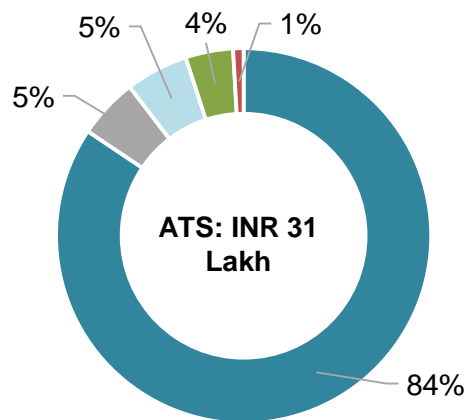
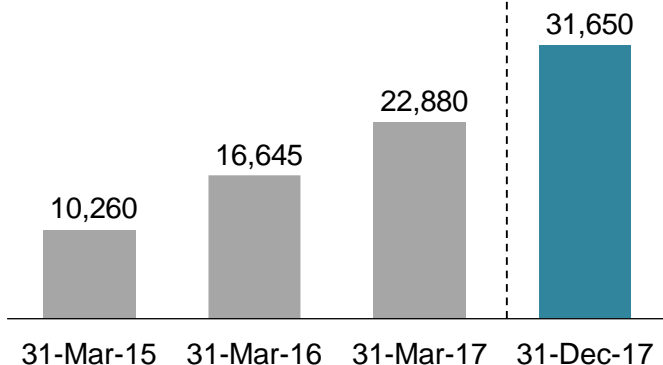
Housing Loan Assets Distribution



Housing Loans – 69.7%

Individual Housing Loans – 57.2%

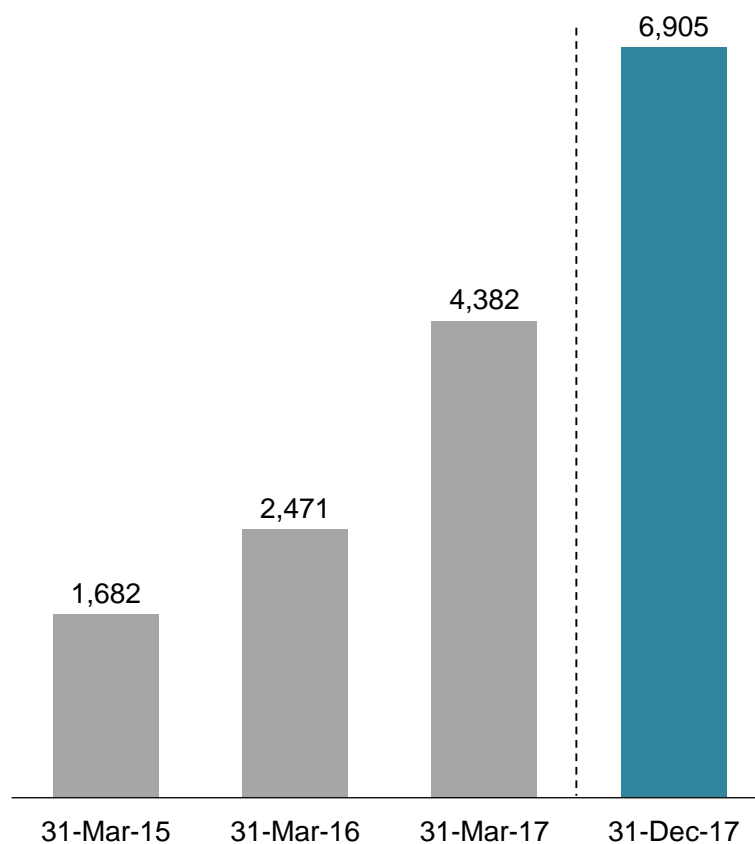
(INR Crore)



- Home Purchase Loans
- Residential Plot Loans
- Residential Plot cum Construction Loans
- Self Construction Loans
- Home Improvement/Extension Loans

Construction Finance Loans – 12.5%

(INR Crore)



Data as on 31-Dec-17
1 Crore = 10 million

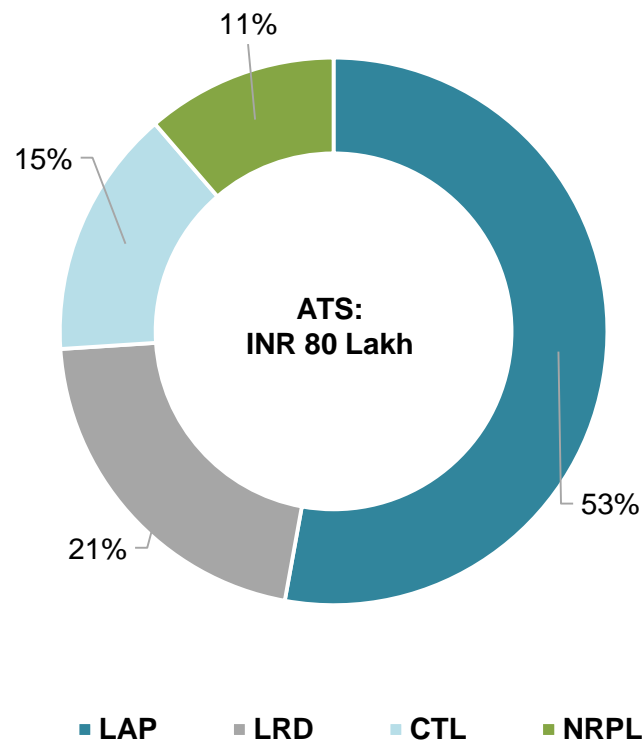
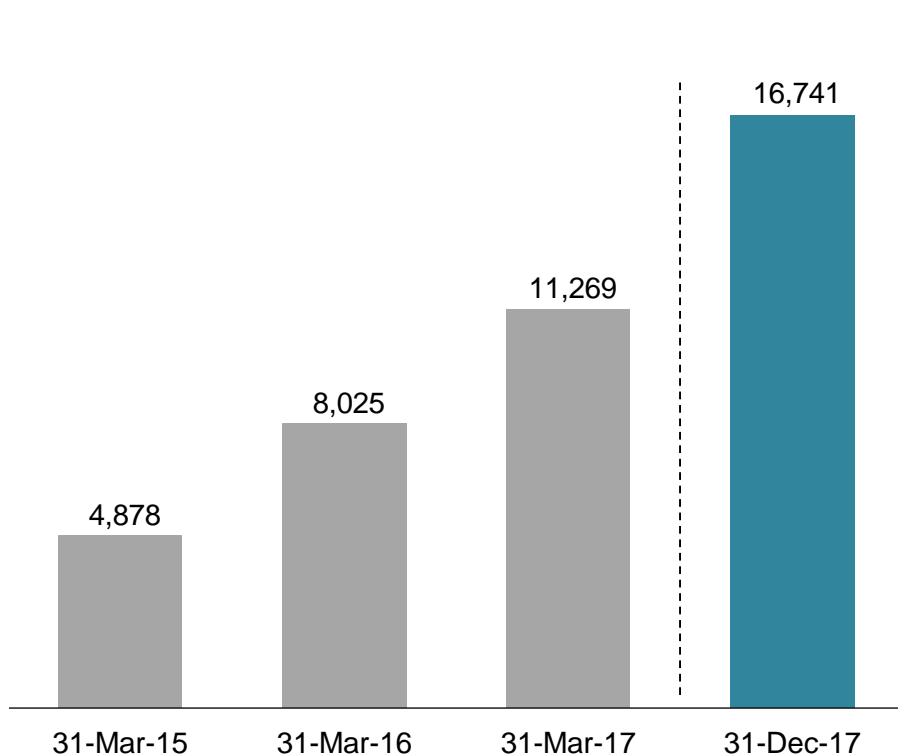
ATS: Average Ticket Size

Non- Housing Loan Assets Distribution



Non-Housing Loans - 30.3%

(INR Crore)



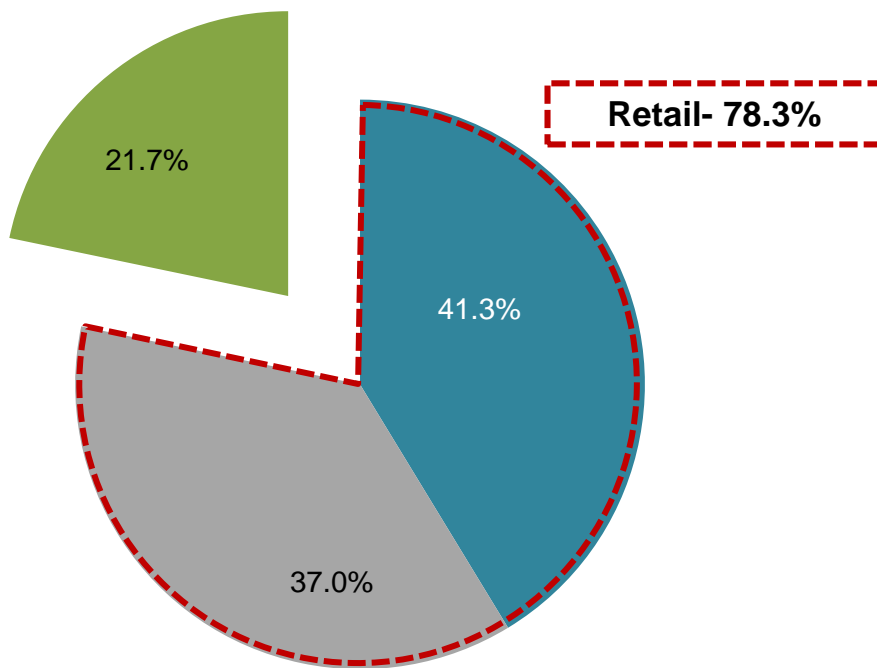
Data as on 31-Dec-17
1 Crore = 10 million

ATS: Average Ticket Size

Customer Segment & Origination

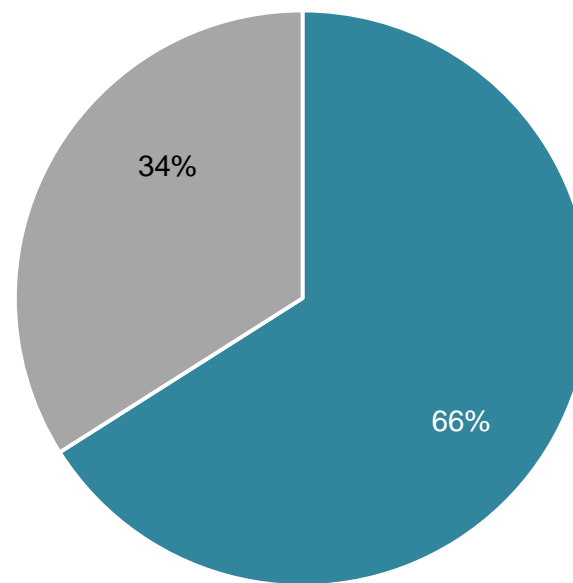


Loan Book Composition
As on 31-Dec-17



■ Salaried ■ Self-Employed ■ Loans to Corporates

Disbursement Origination
9M FY18



■ In-House ■ DSA

Individual Housing Loan Profile



Individual Housing Loans	
% of Loan Asset	57%
Average Ticket Size	INR 31 Lakh
Weighted Average Loan to Value (at Origination)	69%
Salaried vs Self-Employed	66% : 34%
Weighted Average Tenure	17 Years
Primary Security	Mortgage of Property Financed

Focus on Mass Housing

Loan Against Property Profile



Loan Against Property	
% of Loan Asset	16%
Average Ticket Size	INR 49 Lakh
Weighted Average Loan to Value (at Origination)	48%
Salaried vs Self-Employed proportion	18% : 82%
Weighted Average Tenure	12 Years
Primary Security	Mortgage of Property Financed

Conservative and Robust Credit Underwriting Process

Data is for LAP in retail segment
Data as on 31-Dec-17



Operational and Financial Performance

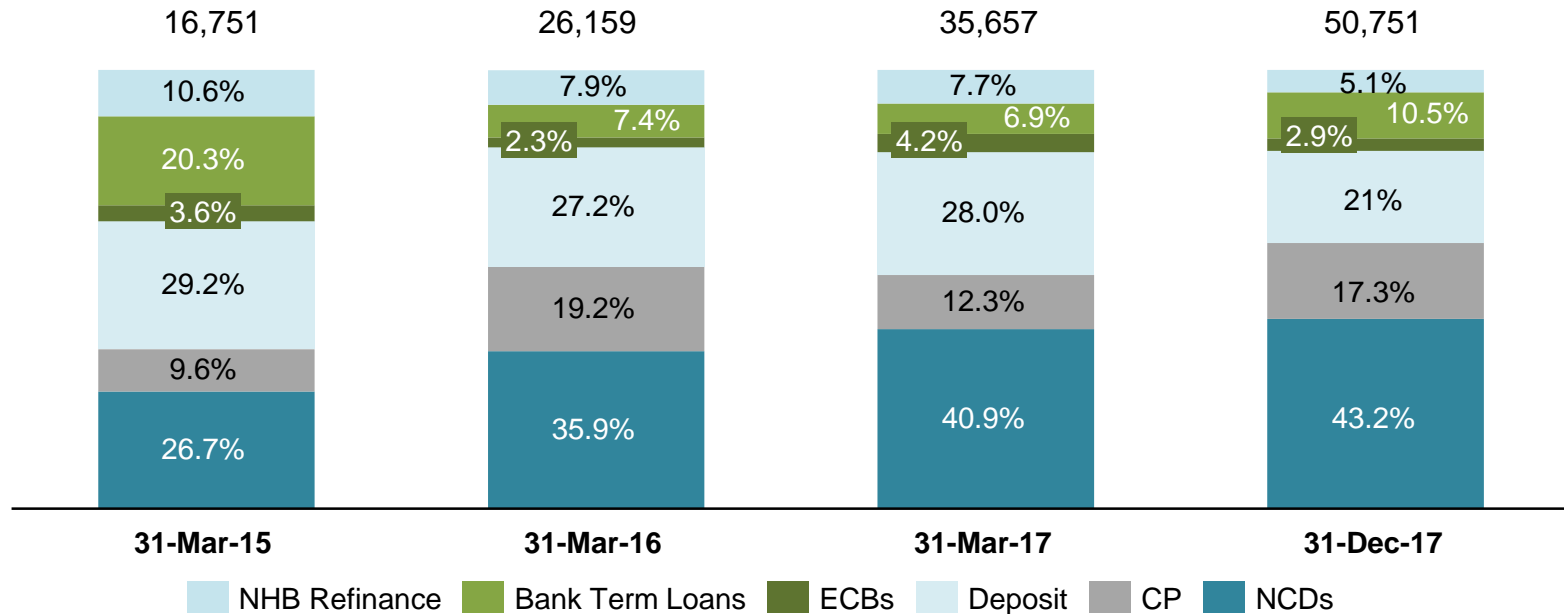


Well Diversified Borrowing Profile



Access to a Diverse Base of Funding...

Total Borrowing
(INR Crore)



Credit Rating

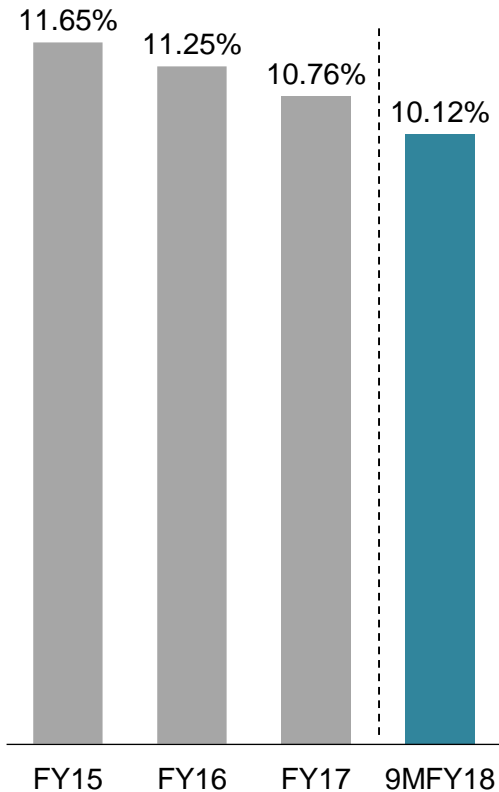
- Fixed Deposit has been rated “FAAA” by CRISIL and “AAA” by CARE. The rating of “FAAA” and “AAA” indicates “High Safety” with regards to the repayment of interest and principal.
- Commercial Paper is rated at “A1(+)” by CARE & CRISIL and Non-Convertible Debenture (NCD) are rated at “AAA” by CARE, “AAA” by India Ratings, “AA+” by CRISIL and “AA+” by ICRA
- Bank Loans Long Term Rating is rated at “AAA” by CARE and “AA+” by CRISIL

1 Crore = 10 million

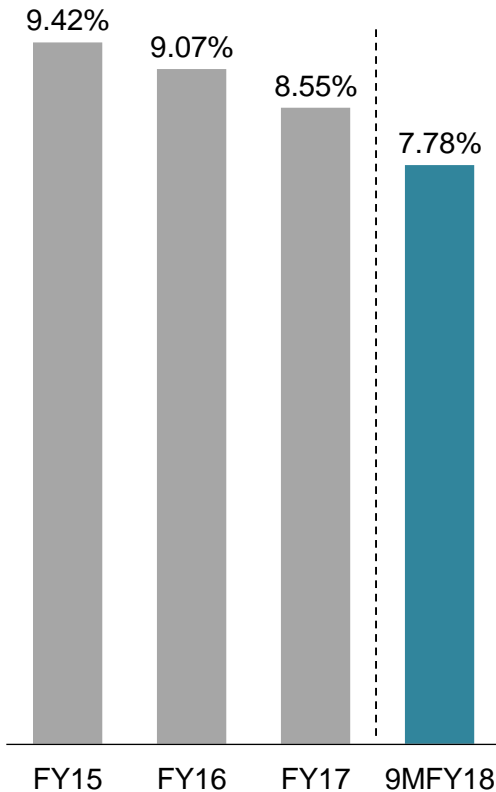
Margin Analysis



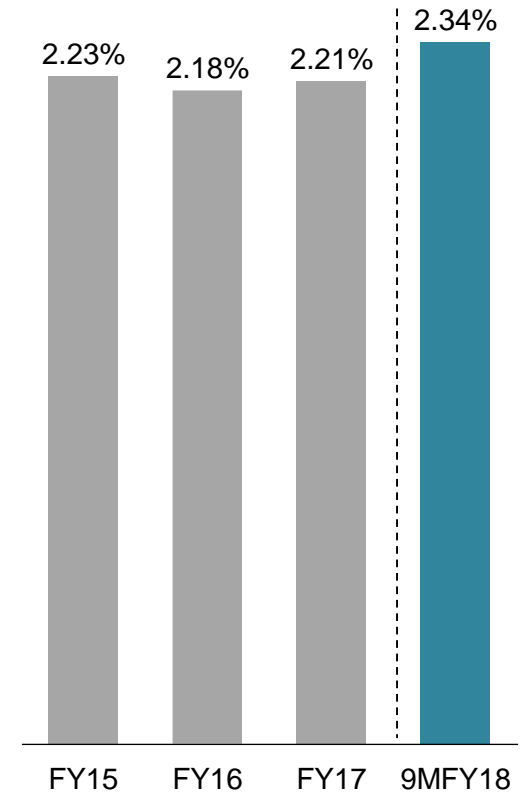
Average Yield



Average Cost of Borrowings



Spread

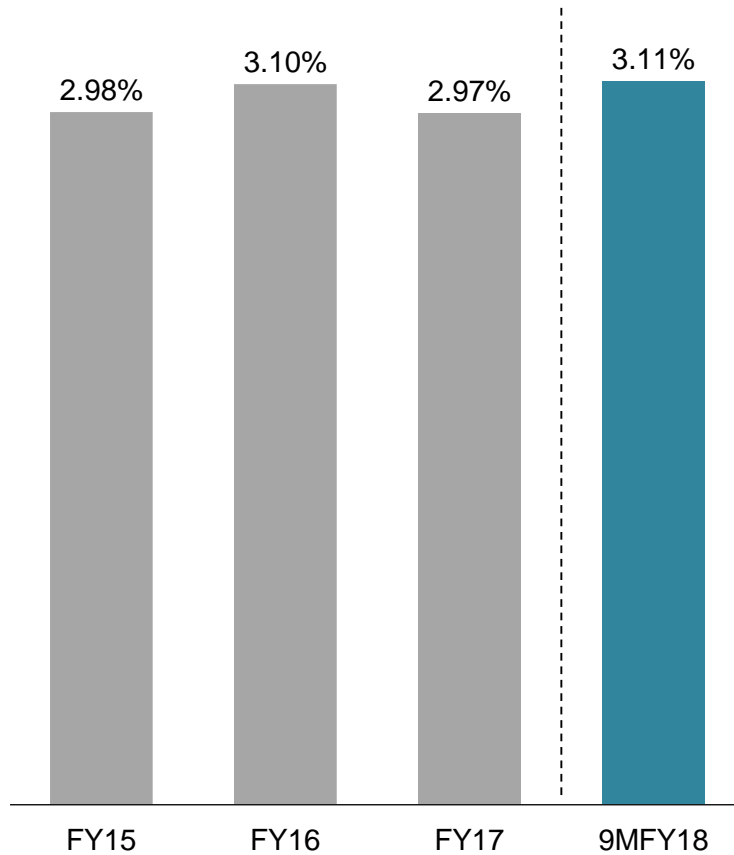


Ratios are calculated on Monthly Average

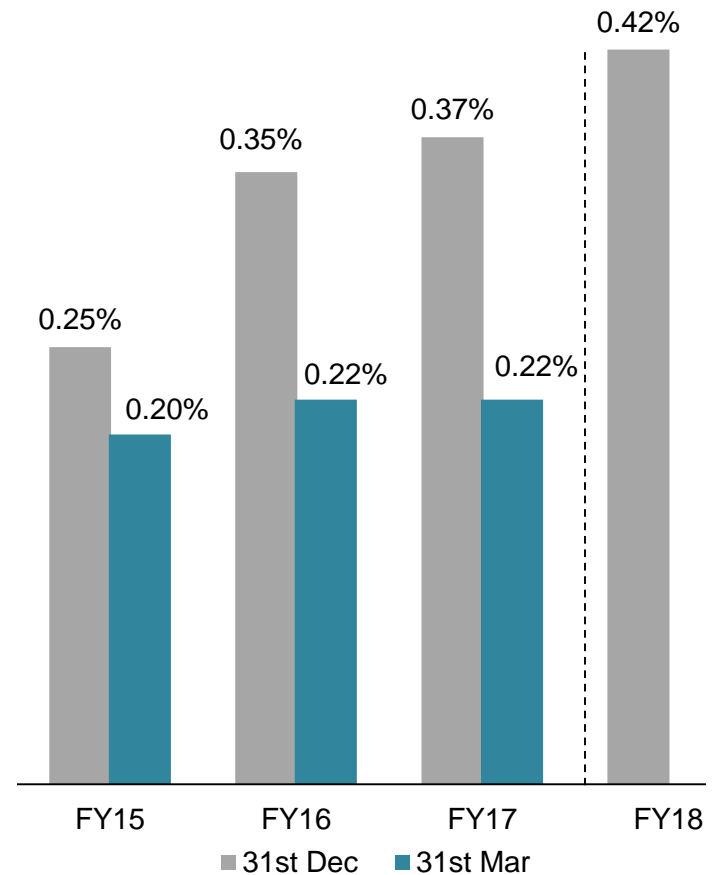
Income and Robust Asset Quality



Net Interest Margin



Gross Non-Performing Asset

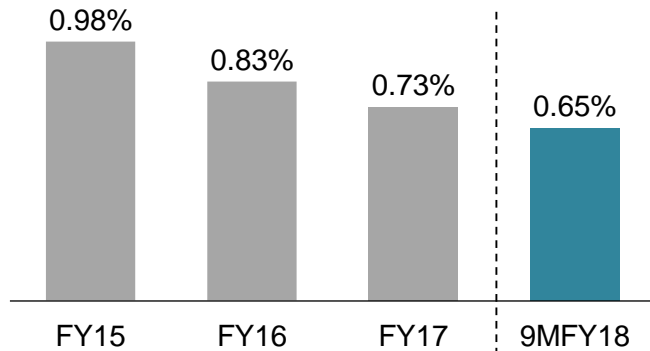


Ratios are calculated on Monthly Average

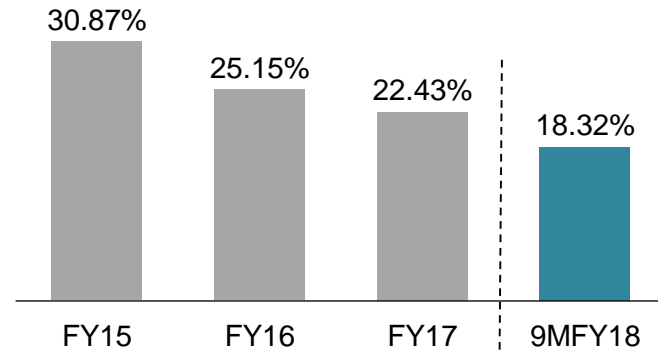
Operating Leverage playing out with Better Return Profile



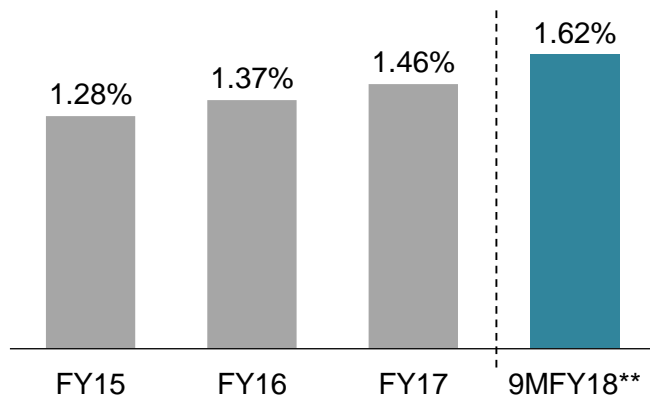
Opex to ATA Ratio



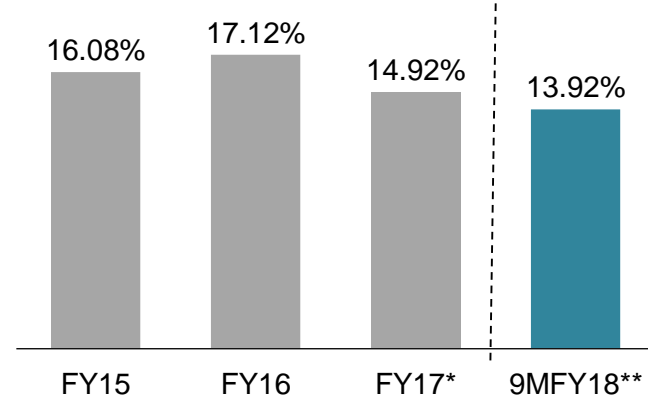
Cost to Income Ratio



Return on Asset



Return on Equity



Ratios are calculated on Monthly Average

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

Cost to Income Ratio is calculated as 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

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

** Annualized



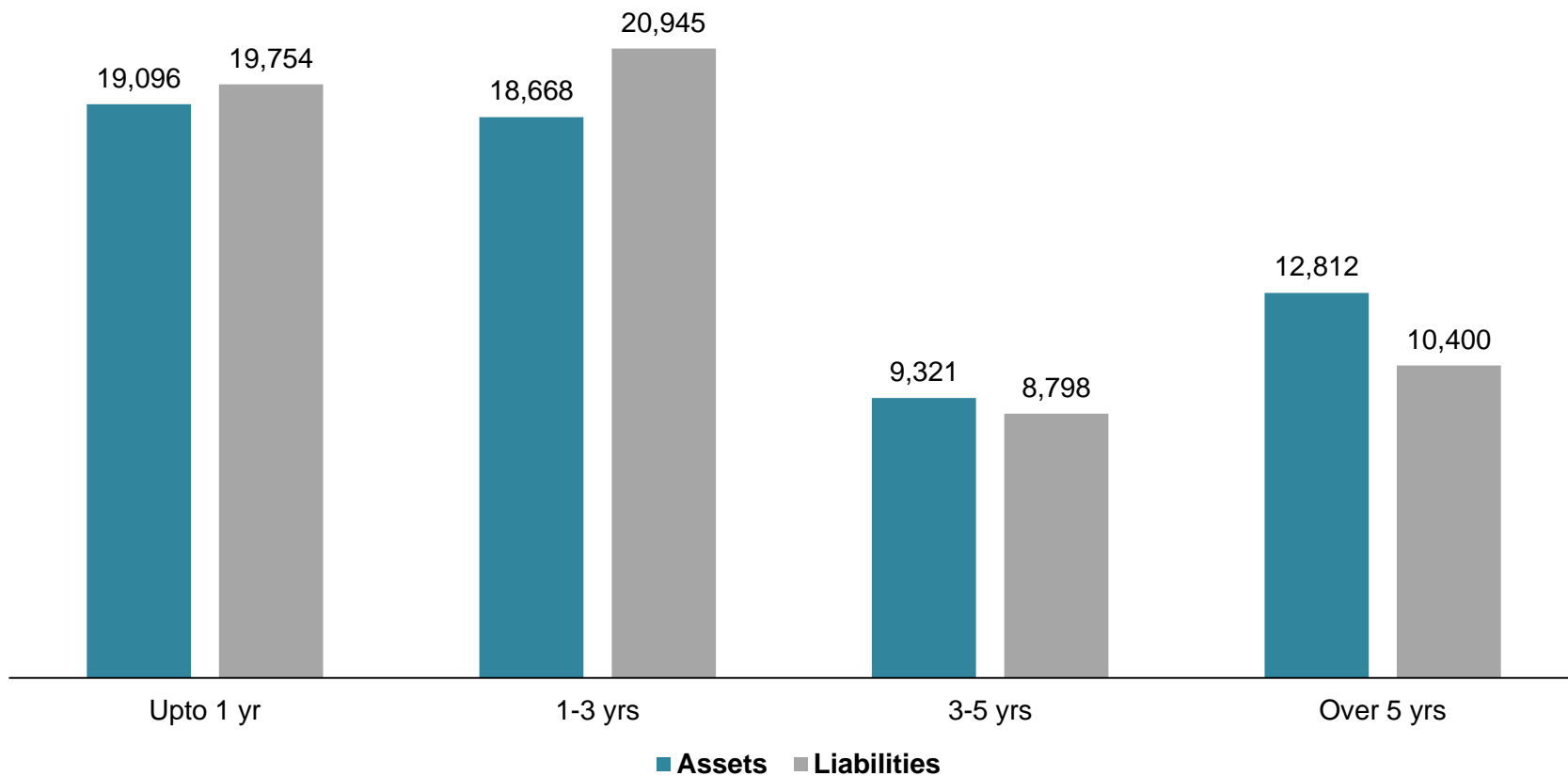
Maintaining Prudence...



...with balanced Asset Liability maturity profile...



(INR Crore)

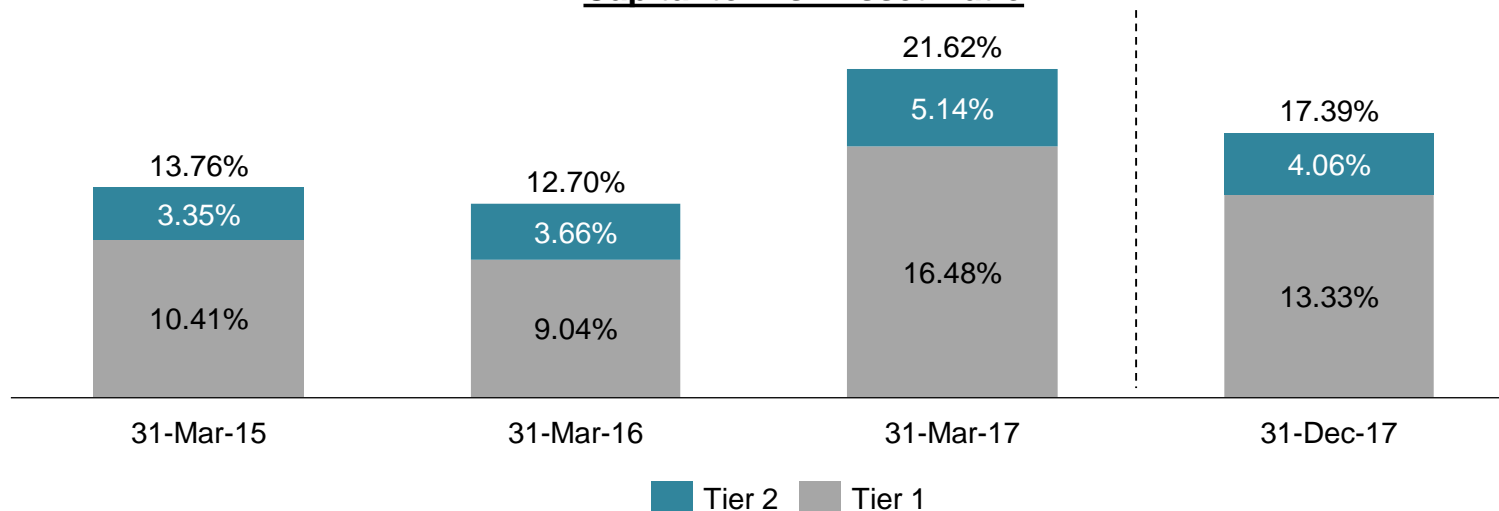


Data as on 31-Dec-17
1 Crore = 10 million

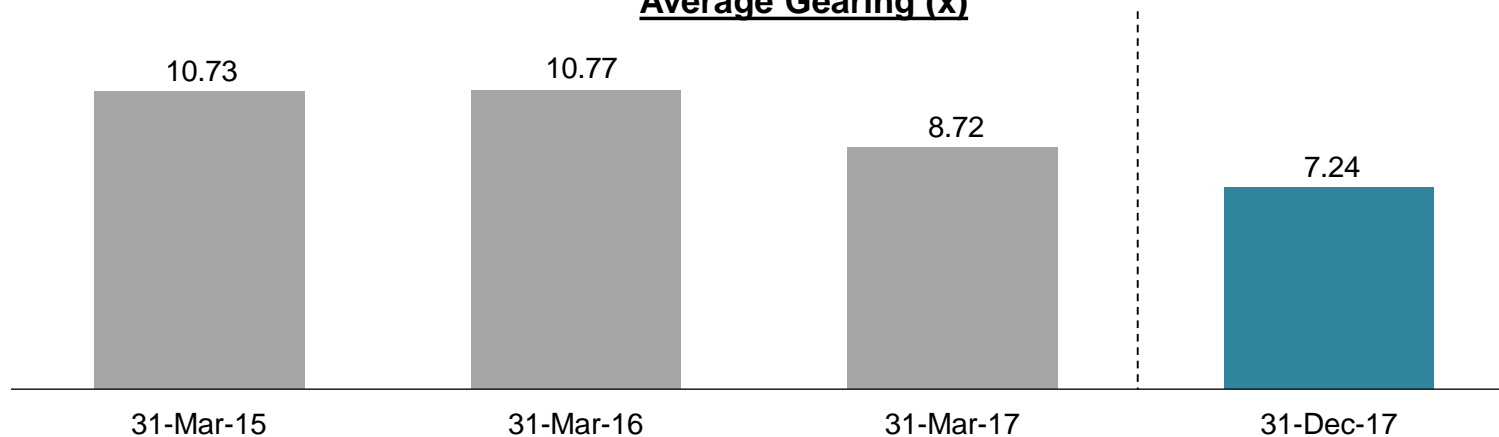
...and adequate Capital & Comfortable Gearing



Capital to Risk Asset Ratio



Average Gearing (x)



Ratio is calculated on Monthly Average



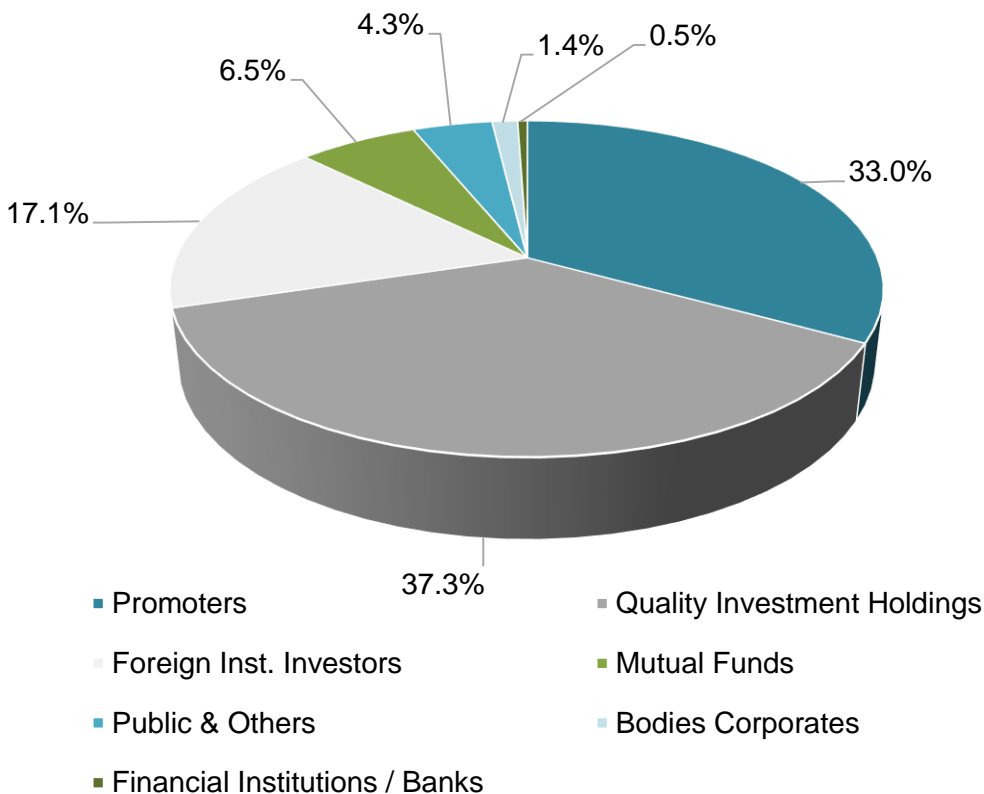
Shareholding



Shareholding



Shareholding as on 31-Dec-17



Outstanding Shares – 16,65,86,482

Top Shareholders

General Atlantic Singapore Fund, Birla Sunlife MF, Motilal Oswal MF, Wasatch, T.Rowe Price, Government of Singapore, Fidelity, Invesco, Reliance MF, Nomura Asset Management



Detailed Financials



Profit & Loss Statement



Particulars (INR Crore)	Q3 FY18	Q3 FY17	Y-o-Y	Q2 FY18	Q-o-Q	9MFY18	9MFY17	Y-o-Y	FY17
Interest Income	1,336	938		1,223		3,655	2,668		3,678
Fee & Other Operating Income	103	61		93		292	164		229
Other Income	0	-		0		0	0		0
Total Revenue	1,439	999	44.0%	1,316	9.3%	3,947	2,832	39.4%	3,908
Expenditure:									
Finance Cost	925	673		836		2,514	1,966		2,644
Employee Benefit Expenses	35	25		33		97	74		101
Other Expenses	82	57		72		228	180		237
Depreciation Expense	7	5		5		17	14		19
Provisions and Write-Offs	56	31		50		154	36		103
Total Expenditure	1,105	791	39.7%	996	10.9%	3,010	2,270	32.6%	3,104
Profit Before Tax	334	208		319		936	562		804
Tax Expenses	116	70		111		326	191		280
Net Profit After Tax	217	138	57.8%	208	4.6%	610	371	64.3%	524
EPS (Basic)	13.05	9.18		12.49		36.66	27.57		36.72

1 Crore = 10 million

Balance Sheet



Particulars (INR Crore)	Sep-17	Mar-17
Equity and Liabilities		
Shareholder's Funds	5,880	5,577
Share Capital	167	166
Reserves and Surplus	5,714	5,412
Non-Current Liabilities	31,473	24,477
Long-Term Borrowings	30,869	24,084
Deferred Tax Liabilities (Net)	49	47
Other Long-Term Liabilities	235	104
Long-Term Provisions	320	242
Current Liabilities	16,386	12,905
Short-Term Borrowings	10,512	7,947
Short-Term Provisions	40	28
Trade Payables	124	94
Other Current Liabilities	5,710	4,836
Total	53,740	42,960

Particulars (INR Crore)	Sep-17	Mar-17
Assets		
Non-Current Assets	47,791	37,744
Fixed Assets	68	60
-Tangible Assets	48	48
-Intangible Assets	14	11
-Capital Work-in-Progress	7	2
Non-Current Investments	1,103	961
Loans and Advances	46,259	36,444
Other Non-Current Assets	360	278
Current Assets	5,949	5,216
Current Investments	2,173	2,318
Cash and Bank Balances	431	151
Short-Term Loans and Advances	55	40
Other Current Assets	3,290	2,706
Total	53,740	42,960

1 Crore = 10 million



Saksham – Contributing to the Society



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

...winning Awards & Accolades



Awarded '**Best Project Finance Company of the Year**' at Construction Times Builders Award. The honour was bestowed by Shri Vijay Shivtare, Hon'ble Minister of State, Water Resources and Water Conservation, Maharashtra and Shri Rahul Shiwale, Hon'ble Member of Parliament, in a grand ceremony in Mumbai.

Awarded '**Excellence in Customer Relation**' at **GIHED CREDAI Property Show 2017**. This award testaments our belief in customer relations.



Our IPO has been awarded "**IPO of the Year**" by Finance Monthly Magazine (M&A Award)- A leading international business publication. This award is a testimony of investor confidence in our Organisation and recognition of 'Kshitij – Our transformation journey over last 6 years'.

Honored in the field of "**IT Security**" at **CSO 100 Awards** organized by CSO 100 Award and IDG Security. This accreditation is a testament of our dedication and commitment to serve our customers and stakeholders by giving them an unparalleled security.



Mr. Nitant Desai (Chief Centralized Operation & Technology Officer) has been awarded amongst **Top 100 CIOs of India**

PNB Housing Finance won bronze award at **Outdoor Advertising Awards 2017**, in the financial services category for its innovative outdoor campaign executed during the IPO. The award was presented by OAC (Outdoor Advertising Convention), one of the most credible outdoor advertising award & knowledge sharing industry platform.



"Leading Housing Finance Company 2017" at National Awards for Best Housing Finance Companies organized by CMO Asia on 24th November, 2017 in Mumbai.



Strong Management Team...



...with Extensive Industry Experience...



**Sanjaya Gupta -
Managing Director**

Age : 55 Years

No. of Years with PNB HF : 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
PNB HF : 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
PNB HF : 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
PNB HF : 6 Years

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



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

Age : 53 Years

No. of Years with
PNB HF : 22 Years

Prior Engagements :
Ansal Group



Anshul Bhargava - Chief People Officer

Age : 50 Years

No. of Years with
PNB HF : 6 Years

Prior Engagements
: ARMS (Arcil)
Indian Army

Joining of new CFO is in process

...under the Aegis of a 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

Key Takeaways



Strong Distribution Network and Robust TOM

Strong distribution network with pan India presence and over 12,500 channel partners across India

01

Improving Cost to Income Ratio

Operating leverage playing out, thereby improving our C/I Ratio

05

Growth in Loan Book

5th largest by Loan Assets ⁽¹⁾ and 2nd largest by deposits
Loans Assets of INR 55,296 Crore⁽²⁾

02



Efficient Capital Mix

Diverse and cost effective funding mix with average cost of borrowing at **7.78%⁽⁴⁾**

04

One of the Lowest NPA's amongst HFC's

Robust Asset Quality with one of the lowest Gross NPAs at **0.42⁽³⁾**

03

1. Source : ICRA Indian Mortgage Finance Market Update for H1FY2018
2. As on 30-Sept-17
3. As of 31-Dec-17
4. 9M FY17-18



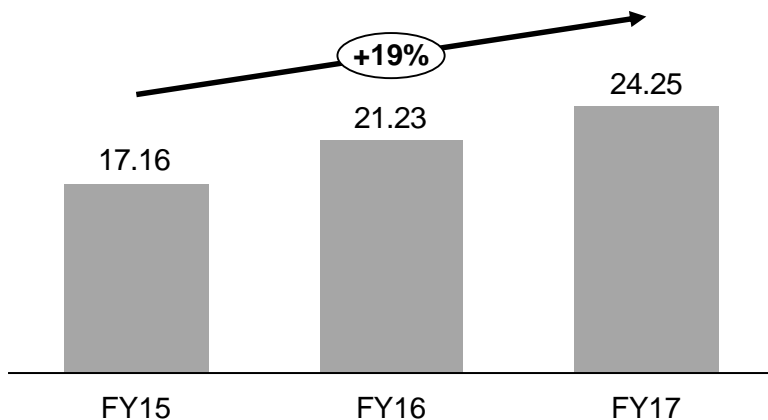
Annexure



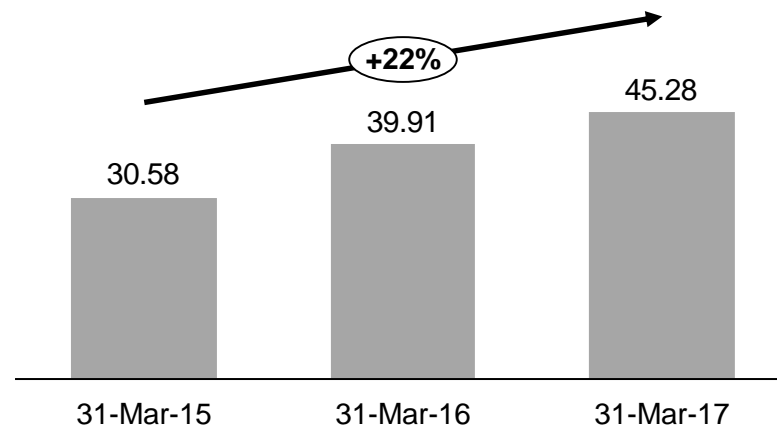
Employee Efficiency



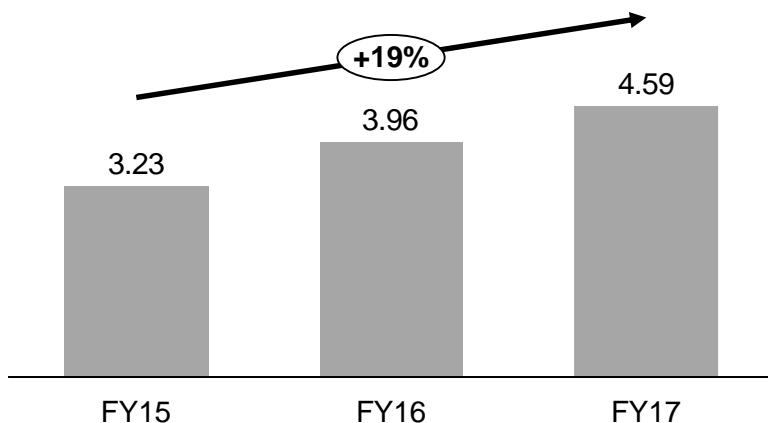
Disbursement / Employee (INR Crore / Employee)



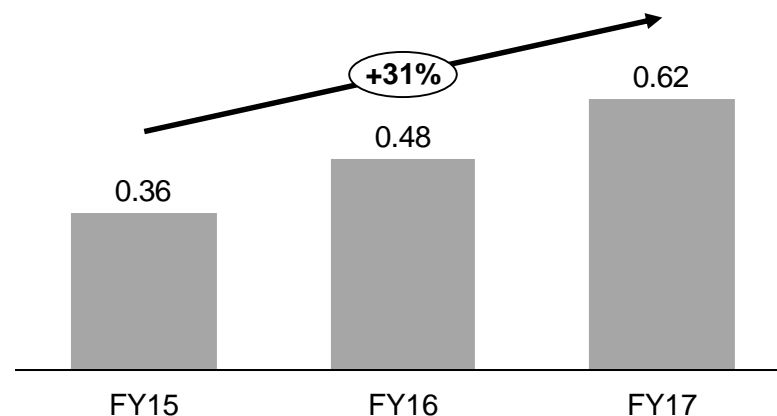
Loans Outstanding / Employee (INR Crore / Employee)



Total Revenue / Employee (INR Crore / Employee)



Profitability / Employee (INR Crore / Employee)



Calculated on Average employee for the Year

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

Company:

PNB Housing Finance Limited

CIN: L65922DL1988PLC033856

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