



PNB Housing Finance Investor Presentation September 2016



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- All About Home Loan Process**
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- Fixed vs Floating rate of interest - What suits you the best**
A home purchase is probably the biggest financial decision and transaction in a person's financial life...
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- How to choose a home loan lender**
Buying a dream home isn't something you do every day. The same goes for your home loan...
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- A fine balance between EMI amount and Home Loan Tenure**
A home loan helps you realize your dream of having your own home. A home loan comes...
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About PNB Housing



One of the Leading Housing Finance Company



Strong Parentage, Independent Professional Management and an Autonomous Board

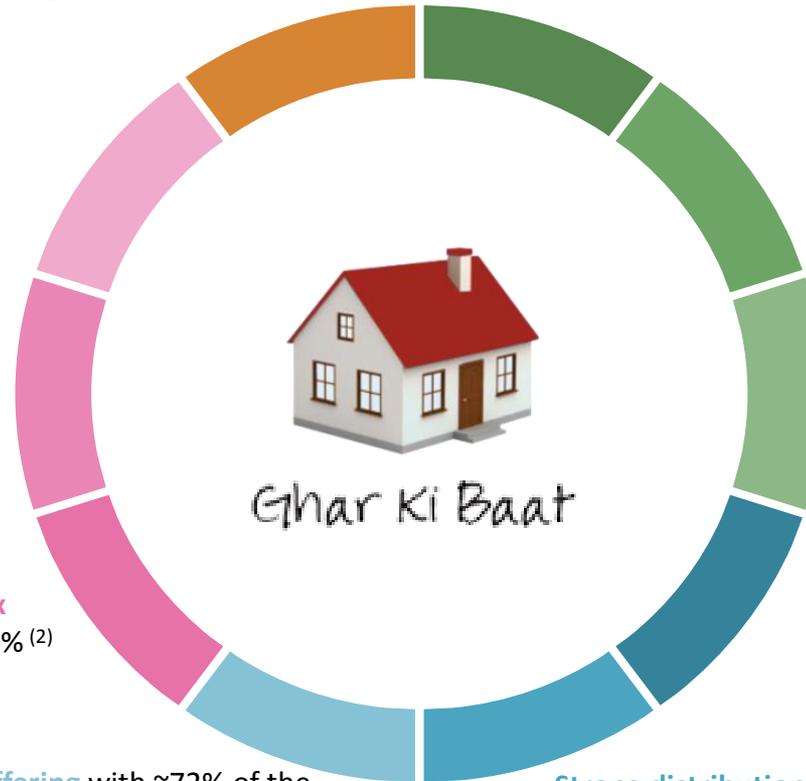
5th largest by Loan Assets and **2nd largest** by deposits ⁽¹⁾

Efficient capital utilization and delivering **healthy RoEs** consistently

Loans Assets of **INR 322 bn** ⁽²⁾

Lowest GNPAs amongst peers in India ⁽⁴⁾ at 0.26% ⁽⁵⁾

Fastest growing HFC amongst the Top 5 HFCs in India ⁽³⁾



Diverse and cost effective funding mix with average cost of borrowing at 8.79% ⁽²⁾

Robust and scalable technology-enabled target operating model

Wide product offering with ~72% of the Loan Assets as housing loans

Strong distribution network with pan India presence and over 9,200 ⁽²⁾ channel partners across India

1. Source CRISIL; 5th largest by loan assets as on 31st March, 16; Source IMACS: 2nd largest by deposits as on 31 March, 15 (amongst housing finance companies)
2. As on 30th Sept, 16
3. Source: IMACS; Based on CAGR of Loan Assets during FY2012-2016

4. Source: IMACS; Lowest GNPA's as on 31st March, 16 at 0.20%
5. As a % of Loan Assets as on 30th Sept, 16

Commenced Journey in 1988



Business process re-engineering sponsored by Parent

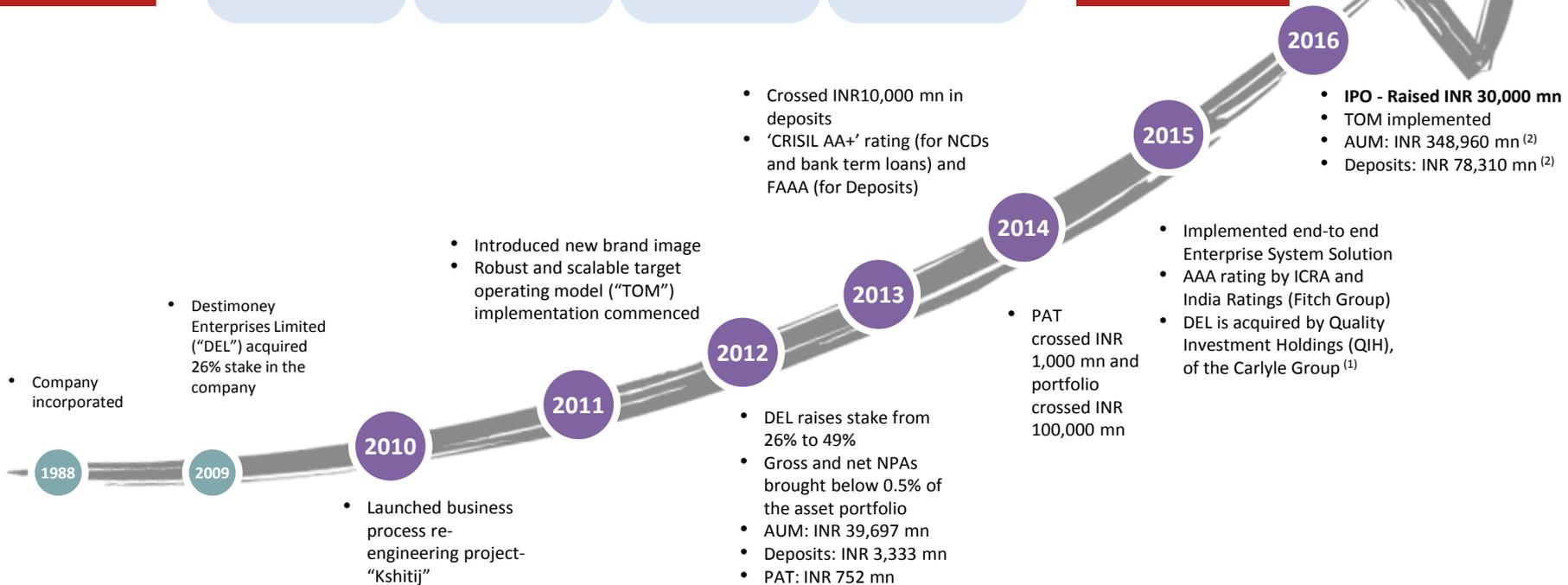
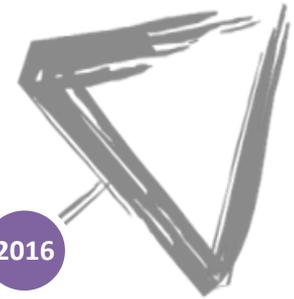
Put in place a highly experienced, independent and professional management team

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

Robust underwriting, monitoring and collection platform

Leverage technology as 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 is an affiliate of Carlyle Asia Partners IV, L.P.

² As on 30th Sept, 16

AUM: Asset Under Management, PAT: Profit After Tax



Operational and Financial Performance



Key Highlights - H1 FY17 vs H1 FY16



Disbursements

INR 102 bn
48% ↑

AUM

INR 349 bn
56% ↑

Loan Assets

INR 322 bn
47% ↑

Gross NPA

0.26% vs 0.23%

Net Interest Income

INR 4,376 mn
45% ↑

Profit After Tax

INR 2,336 mn
75% ↑

Return on Assets

1.46%
11 bps ↑

Opex to ATA

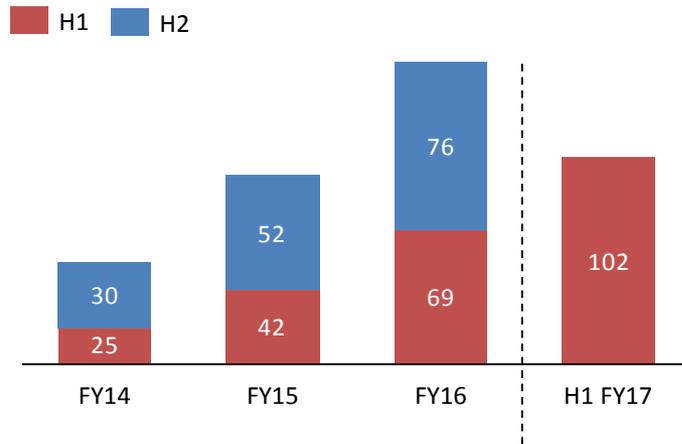
0.77%
12 bps ↓

Gross NPA calculated as a % of total loan assets as on 30th Sept, 16/15
ATA: Average Total Asset

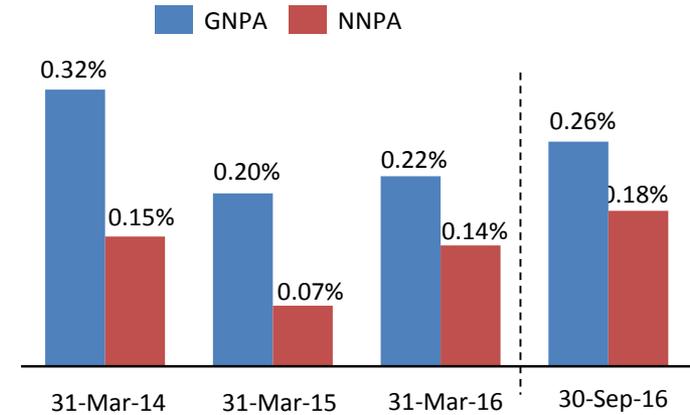
Strong Growth and Best in Class Asset Quality



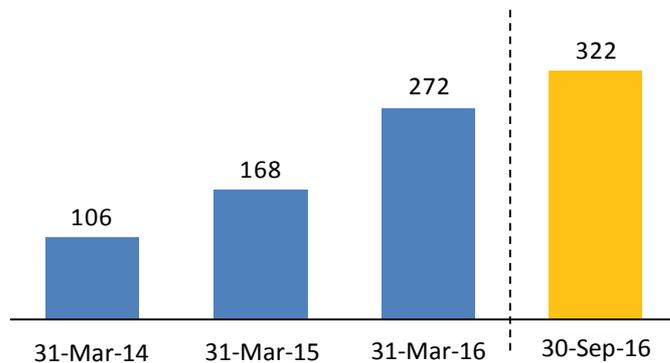
Disbursements (INR bn)



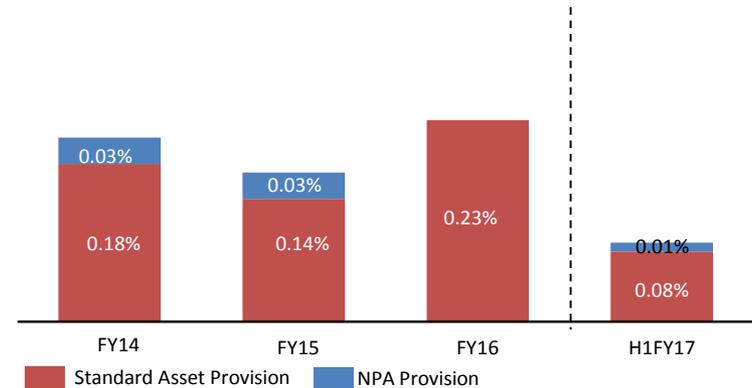
Asset Quality Improving over Years (% of Loan Assets)



Loan Assets (INR bn)



Credit Costs (% of Loan Assets)⁽¹⁾



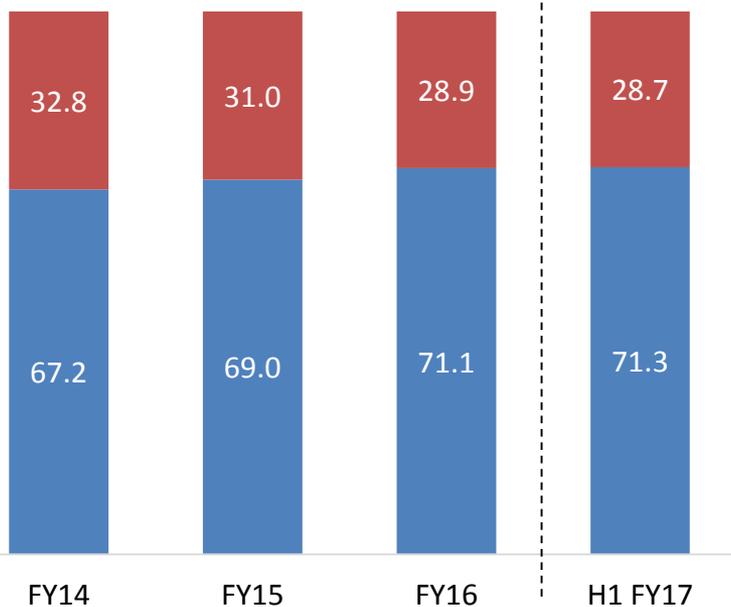
¹ Expenses on account of "Standard Asset and NPA Provisions"

Product - Breakup



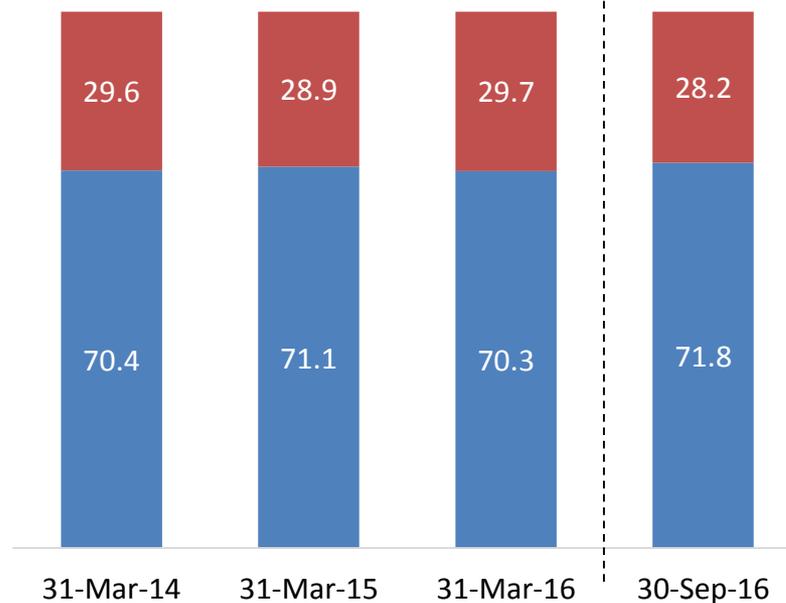
As a % of Total Disbursements

■ Housing ■ Non-Housing



As a % of Loan Assets

■ Housing ■ Non-Housing



Loan Assets Distribution

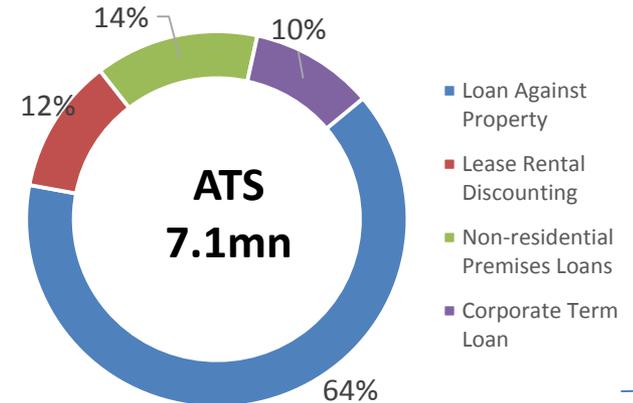
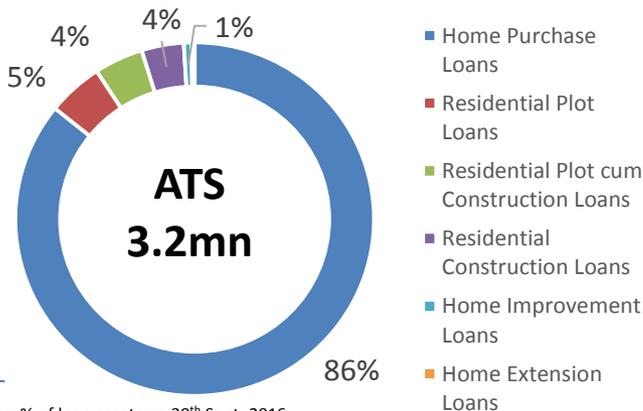
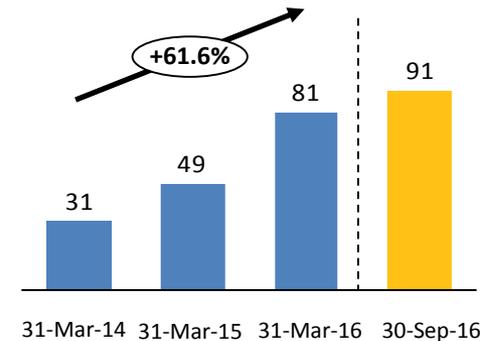
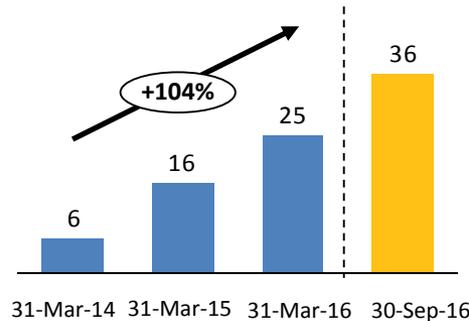
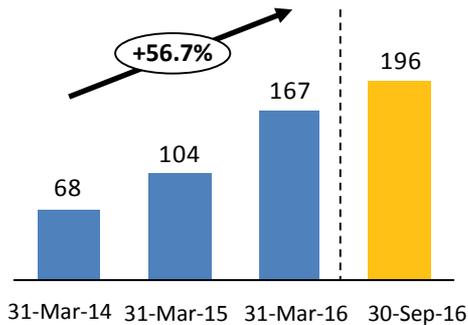


Housing Loan - 71.8% ⁽¹⁾

Non-Housing Loan⁽¹⁾ 28.2%

Individual Housing Loan ⁽¹⁾ – 60.7%

Construction Finance Loans ⁽¹⁾ – 11.2%



1. As a % of loan assets on 30th Sept, 2016

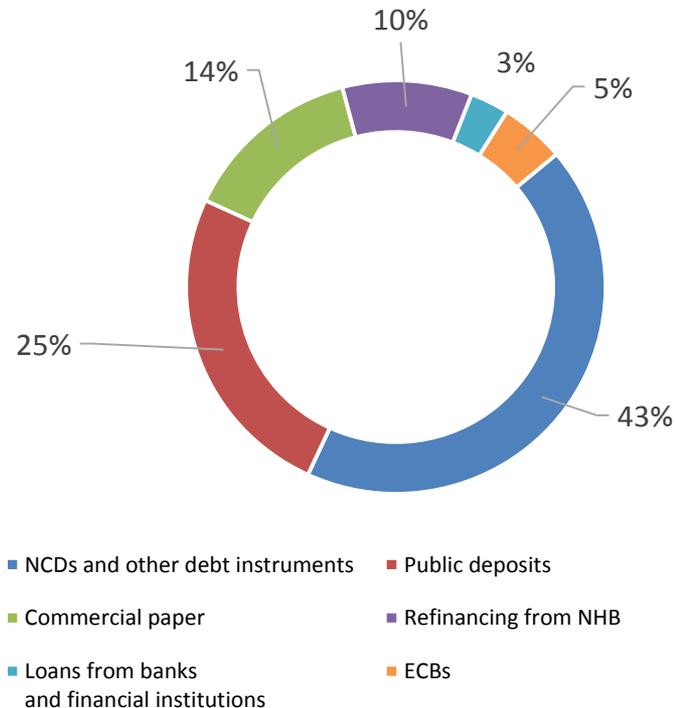
ATS: Average Ticket Size

One Of The Most Diversified Liability Profile



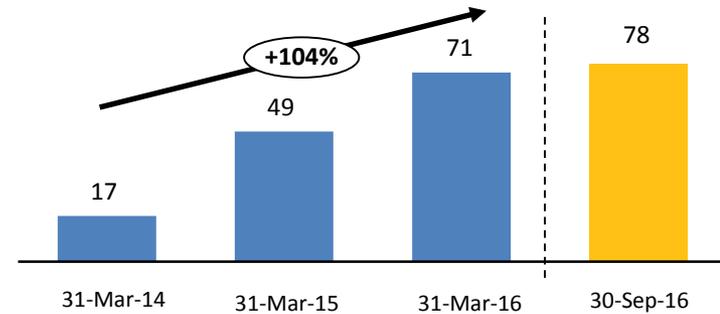
Access to a Diverse Base of Funding...

Total Borrowing of INR 315 bn as on 30th Sept, 16

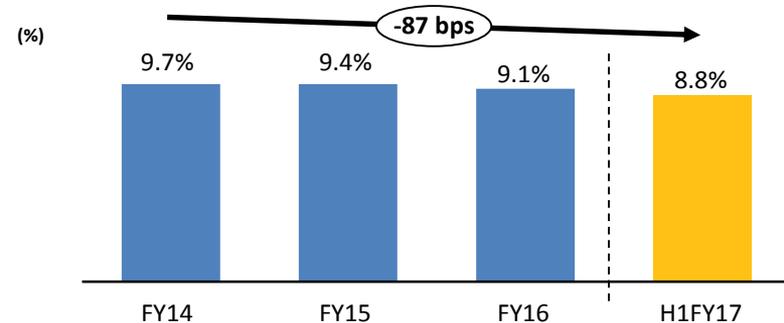


Amongst the few HFCs with strong deposit taking franchise

INR bn



...leading to decline in Cost of Borrowings



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 and Non-Convertible Debenture (NCD) are rated at "AAA" by CARE, "AAA" by India Ratings, "AA+" by CRISIL and "AA+" by ICRA

Margin Analysis



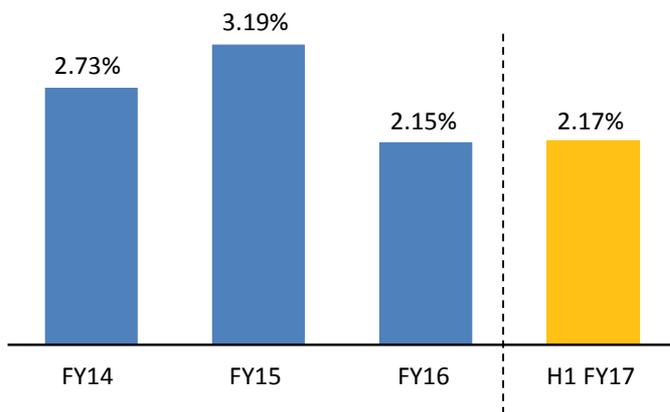
Average Yield on Loan Assets



Average Cost of Borrowings



Spread %



NIM %



Improved Efficiencies



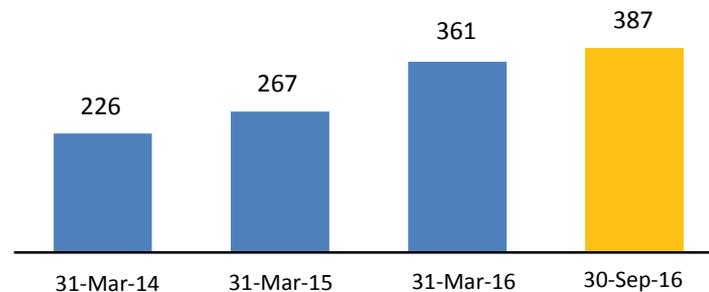
Disbursement / Employee

(INR mn / Employee)



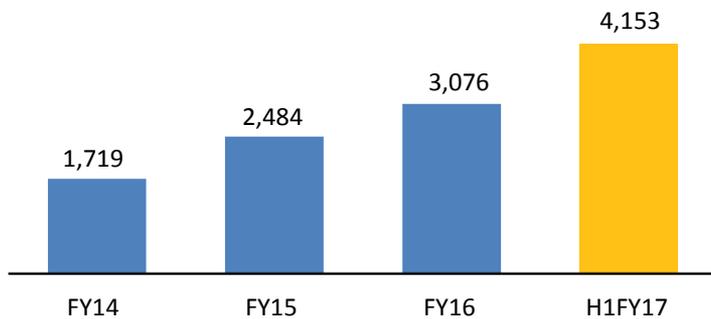
Loans assets / Employee

(INR mn / Employee)



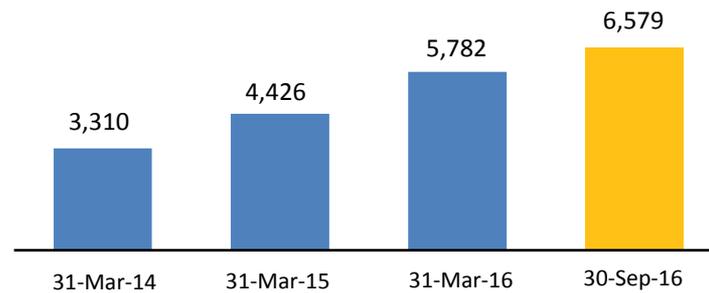
Disbursement / Branch

(INR mn / Branch)



Loans assets / Branch

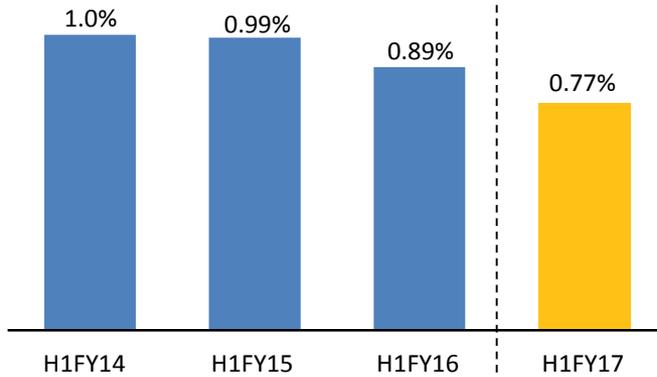
(INR mn / Branch)



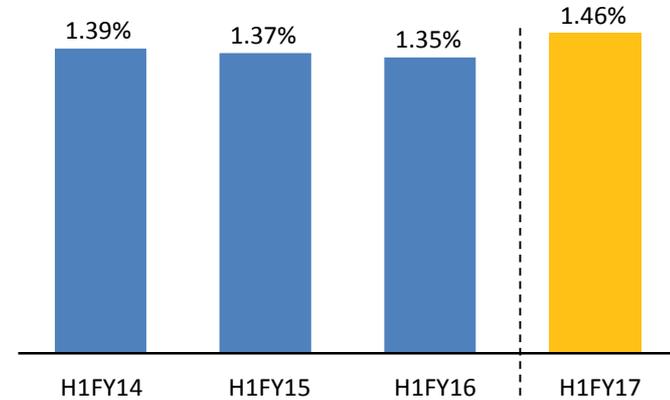
Operating Leverage Playing Out



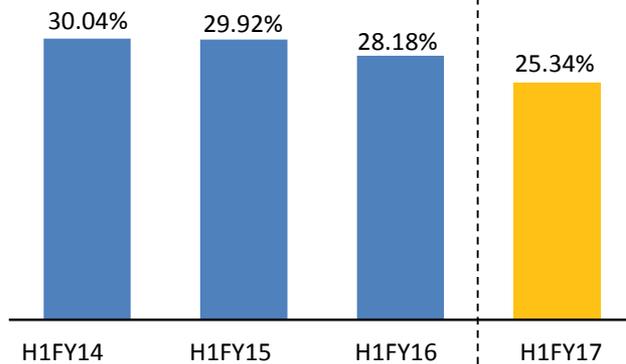
Opex to ATA



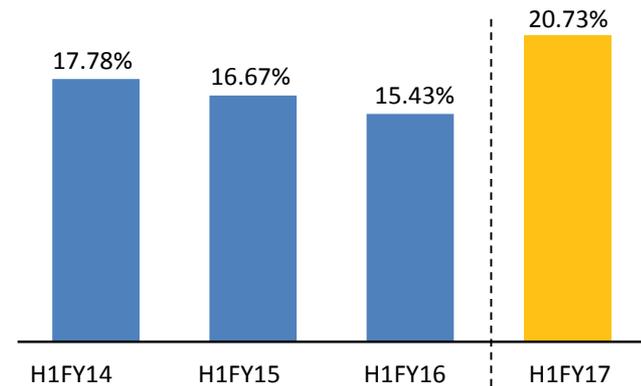
Return on Assets



Cost Income Ratio



Return on Equity

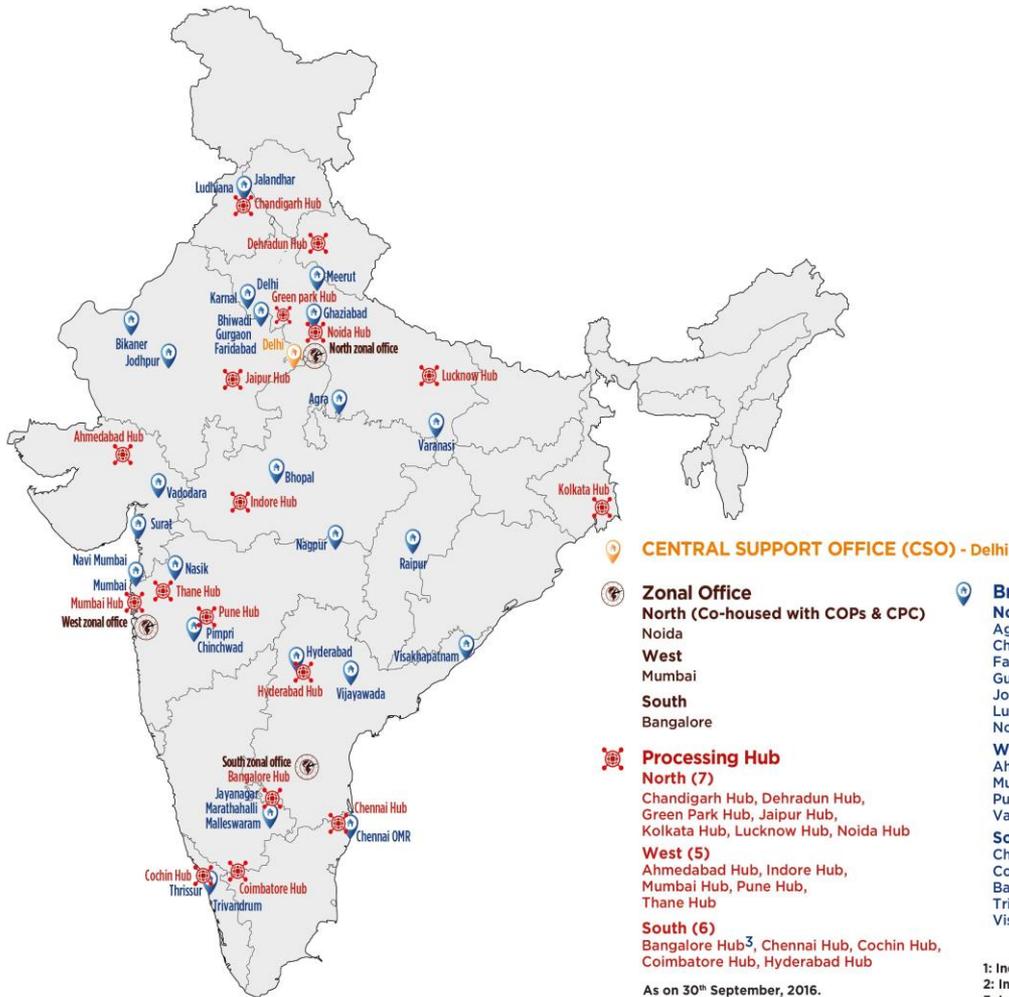




Our Business Model



Geographical Presence across India



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

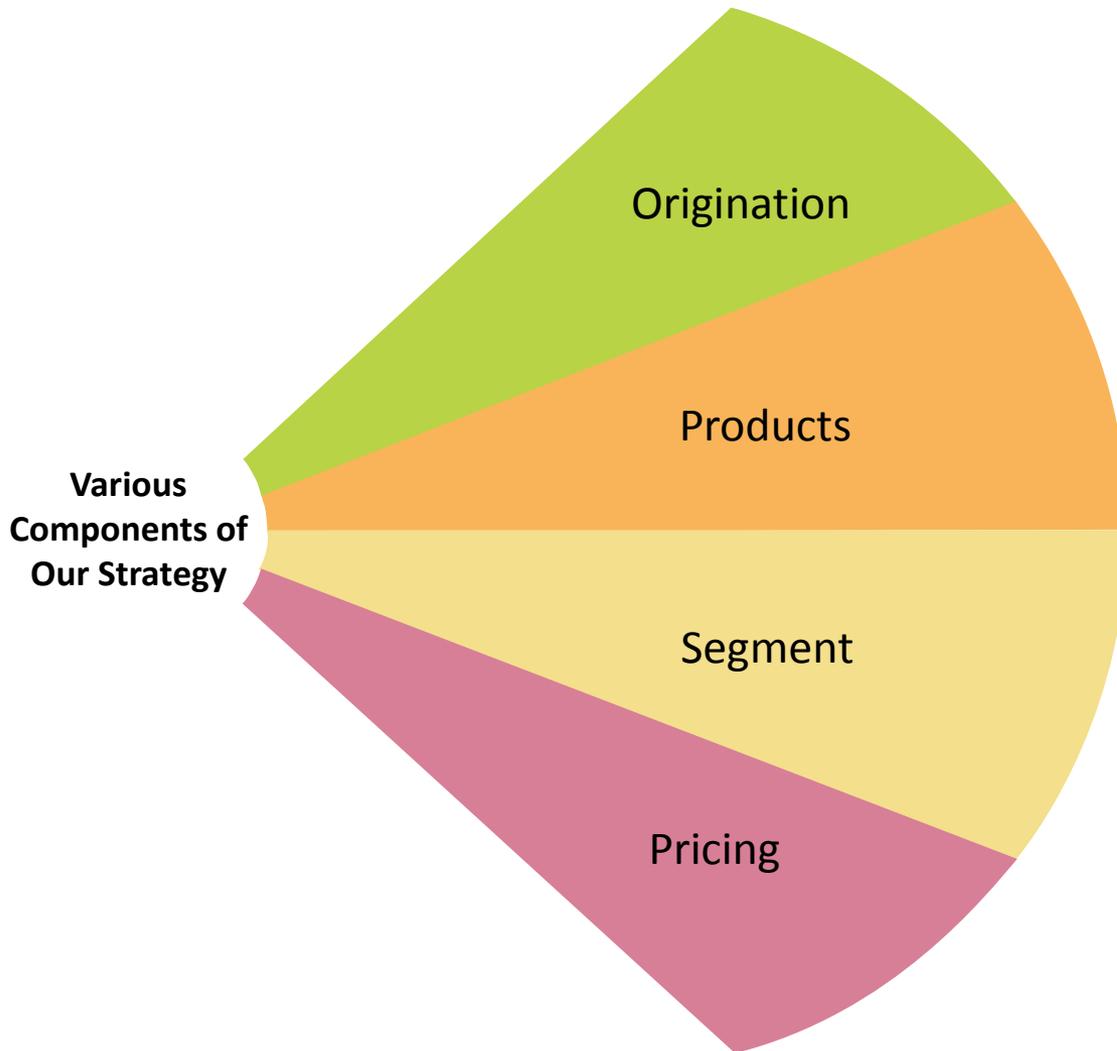
Branches – Point of Sales & Services

HUBs – Fountain head for Decision Making

Zonal Hubs - Guides, Supervises & Monitors the HUB

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

Well-thought Strategy



- 01** ▶
- In-house channels, third party channels including DMAs, market aggregators
 - ~57% loans sourced in-house to reduce third party dependability ⁽¹⁾
 - Over 9,200 channel partners spread across India ⁽²⁾

- 02** ▶
- Wide product basket to cater to needs of customers
 - Achieving growth across segments to maintain a diversified portfolio

- 03** ▶
- Product programs, capabilities around serving the self-employed segment
 - Self employed forms ~52% of loan Assets ⁽²⁾
 - LAP forms ~18% which is pre-dominantly self employed segment ⁽²⁾

- 04** ▶
- Pricing as per the customer segment and product category
 - Differentiated pricing for salaried and self employed segments

¹ For 3 months ended 30th Sept, 16

² As on 30th Sept, 16

Robust Delivery Model



Robust Delivery Model...

Hub and Spoke Branch Model



In-House Sales Team



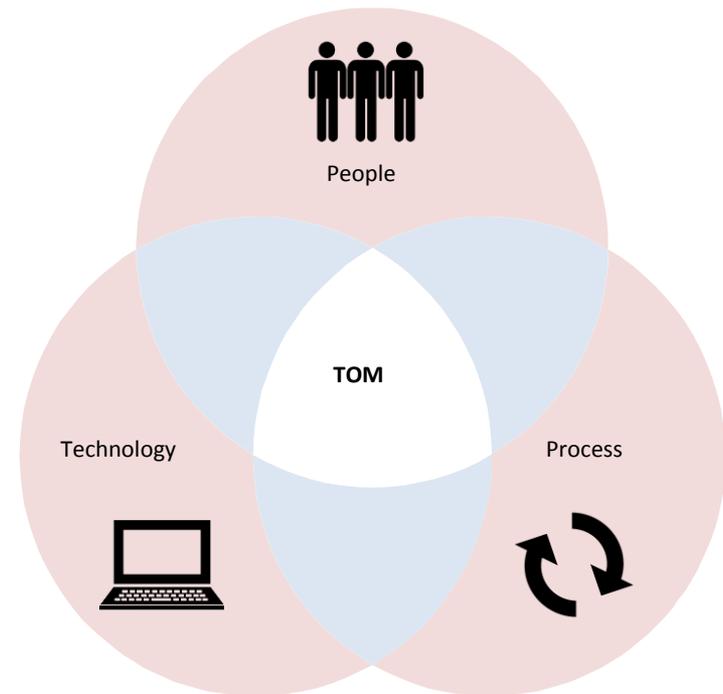
Third Party DMAs and Market Aggregators



Developer Relationships



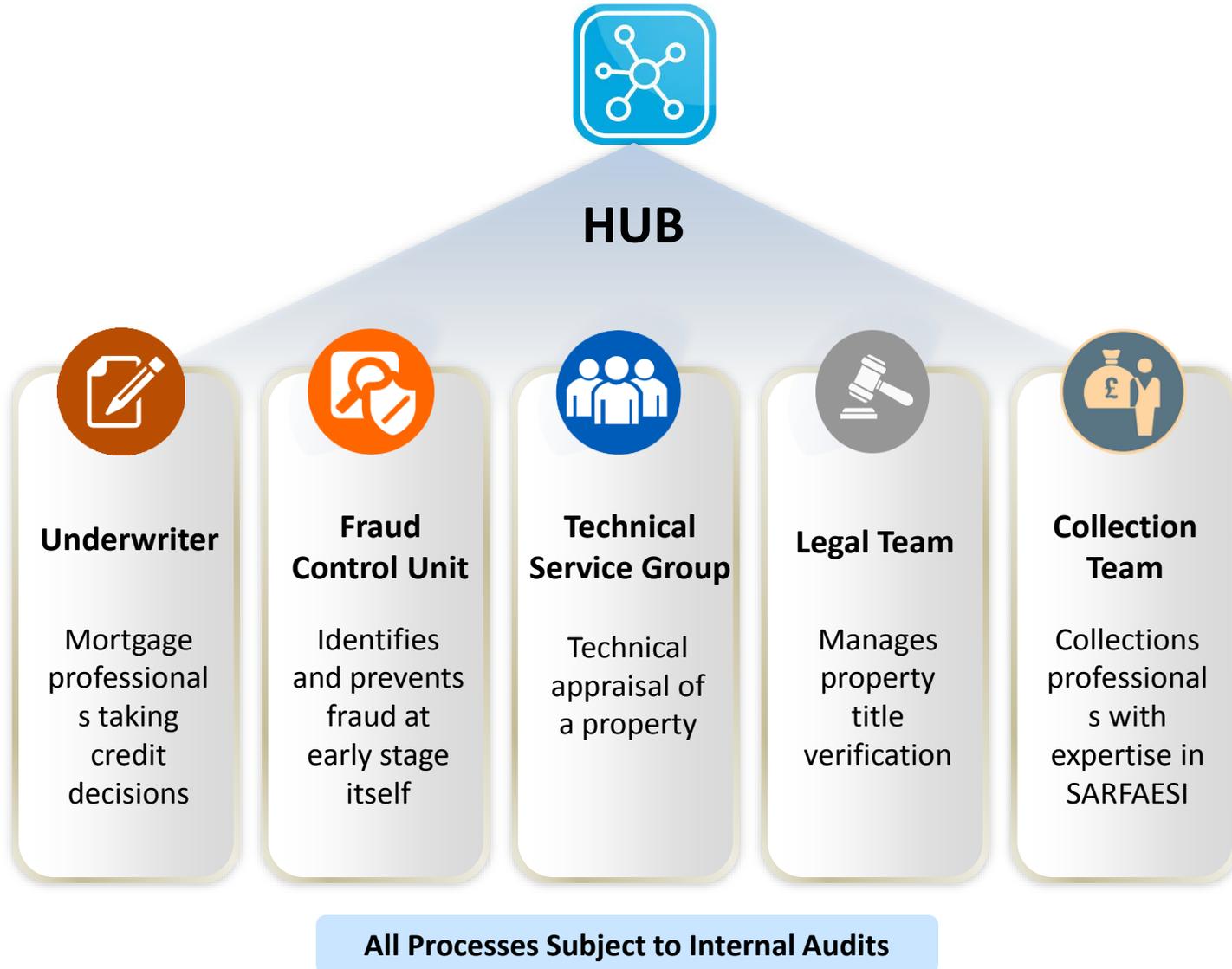
Target Operating Model (TOM)



Focus on productivity, efficiency and quality

Supported by End-to-End Technology

Robust Credit Underwriting Processes and Control



A Platform with Significant Growth Potential



Strong Industry Growth

Indian Housing Finance Sector Poised For Strong Growth

Brand Recognition & Delivery Model

Strong Brand Recognition Coupled with Robust Delivery Model

Differentiating Strategy

Differentiated Strategy for Business Expansion

Best-in-Class Asset Quality

Steady Underwriting Processes, Best-in-Class Asset Quality and Benign Credit Costs

Strong Head room for Expansion

With 49 Branches, good opportunity for expansion to untapped market

Robust Technology

Robust Technology Platform In Place as Growth Enablers

Diversified Liability Profile

Well Diversified Liability Profile With Access to Multiple Sources of Funding

Economies of Scale

Economies Of Scale Delivering Improved Efficiency and Profitability





Shareholding Pattern



Shareholding Pattern



Categories (%)	Pre-IPO	On Allotment in IPO
Promoter	51%	39.1%
Destimoney Enterprises Ltd (Carlyle Group)	49%	37.6%
FII/FPI		6.4%
Mutual Funds		3.1%
Financial Institutions/Banks		1.2%
Insurance Companies		0.9%
Bodies Corporate		1.7%
Retail & Others		10.0%
Total	100%	100%

IPO Proceeds to be used to augment our capital base to meet our future capital requirements



Appendix

Strong Team with Extensive Industry Experience



**Sanjaya Gupta -
Managing Director**

Age : 53 Years

No. of Years with PNB HF : 6 Years

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



Age : 43 Years

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

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

Shaji Varghese – Business Head



Age : 50 Years

**No. of Years with PNB
HF :** 4 Years

Prior Engagements :
Religare Finvest Ltd
GE Money Indiabulls
Financial Services

Ajay Gupta - Chief Risk Officer



Age : 54 Years

**No. of Years with PNB
HF :** 5 Years

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

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



Age : 38 Years

**No. of Years with PNB
HF :** 2 Years

Prior Engagements :
Gruh Finance Limited

Jayesh Jain – Chief Financial officer



Age : 52 Years

**No. of Years with PNB
HF :** 21 Years

Prior Engagements :
Ansal Buildwell Limited

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



Age : 49 Years

**No. of Years with PNB
HF :** 5 Years

Prior Engagements :
ARMS (Arcil)
Indian Army

Anshul Bhargava - Chief People Officer

And Overlooked by Highly Experienced Board



Usha Ananthasubramanian
Chairperson – Non Executive

Age:

57 Years

Current Position:

MD & CEO of PNB



Dr. Ram S. Sangapure
Non Executive Director

Age:

58 Years

Current Position:

Executive Director at
PNB



Sunil Kaul
Representative Carlyle Group

Age:

56 Years

Current Position:

MD, Carlyle
Head, SE Asia, FIG,
Carlyle



Devijit Singh
Representative Carlyle Group

Age:

49 Years

Current Position:

MD, Carlyle



Shital Kumar Jain
Independent Director

Age:

76 Years

Current Position:

Retired



Tejinder Singh Laschar
Independent Director

Age:

68 Years

Current Position:

Retired



R Chandrasekaran
Independent Director

Age:

58 Years

Current Position:

Founder and Executive
Vice Chairman,
Cognizant



Nilesh S. Vikamsey
Independent Director

Age:

51 Years

Current Position:

Partner, Khimji Kunverji
and Co



Gourav Vallabh
Independent Director

Age:

38 Years

Current Position:

Professor



Sanjaya Gupta
Managing Director

Age:

53 Years

Current Position:

MD, PNB Housing
Finance

Profit & Loss Statement



Particulars INR mn	Q2FY17	Q2FY16	Y-o-Y Change	H1FY17	H1FY16	Y-o-Y Change	FY16
Income							
Interest Income	9,011	6,082	48%	17,131	11,362	51%	25,441
Interest Expense	6,454	4,191	54%	12,287	8,117	51%	17,876
Net Interest Income	2,556	1,891	35%	4,844	3,245	49%	7,565
Other Operating Income	692	350	98%	1,200	674	78%	1,525
Total Operating Revenue	3,248	2,241	45%	6,044	3,919	54%	9,090
Expenses							
Other Finance Cost	392	271	45%	639	372	72%	727
Employee Benefit Expense	266	201	32%	487	392	24%	753
Office Operating Expenses	172	136	26%	332	264	26%	564
Other Expenses	525	240	119%	896	456	96%	1,053
Depreciation and Amortisation	45	35	30%	90	66	36%	150
Provision for Doubtful Debts and Contingencies	-225	196	-215%	48	361	-87%	786
Bad Debts Written Off/Business Loss	0			7	-		26
Total Expenses	1,175	1,079	9%	2,499	1,911	31%	4,059
Profit Before Tax	2,073	1,162	78%	3,545	2,008	77%	5,031
Less: Provision for Taxation							
Current Tax	541	367	48%	1,053	639	65%	1,673
Deferred Tax (Net)	155	23	573%	156	33	372%	93
Profit After Tax	1,377	772	78%	2,336	1,336	75%	3,265

Balance Sheet Statement



Particulars INR mn	Sept 2016	March 2016
Equity and Liabilities		
Shareholder's Funds	23,794	21,459
Share Capital	1,269	1,269
Reserves and Surplus	22,525	20,190
Non-Current Liabilities	235,130	169,384
Long-Term Borrowings	231,387	166,462
Deferred Tax Liabilities (Net)	460	305
Other Long-Term Liabilities	1,668	1,008
Long-Term Provisions	1,614	1,609
Current Liabilities	95,428	105,866
Short-Term Borrowings	54,667	74,484
Short-Term Provisions	268	711
Trade Payables	1,058	748
Other Current Liabilities	39,436	29,923
Total	354,353	296,708

Particulars INR mn	Sept 2016	March 2016
Assets		
Non-Current Assets	313,703	266,877
Fixed Assets	589	622
Tangible Assets	486	482
Intangible Assets	97	100
Capital Work-in-Progress	7	41
Non-Current Investments	8,932	8,140
Deferred Tax Assets (Net)	0	0
Loans and Advances	301,931	256,236
Other Non-Current Assets	2,251	1,880
Current Assets	40,650	29,832
Current Investments	2,617	8,083
Cash and Bank Balances	11,190	2,485
Short-Term Loans and Advances	758	180
Other Current Assets	26,085	19,083
Total	354,353	296,708



Thank You