



Investor Presentation

October 2017



Safe Harbor



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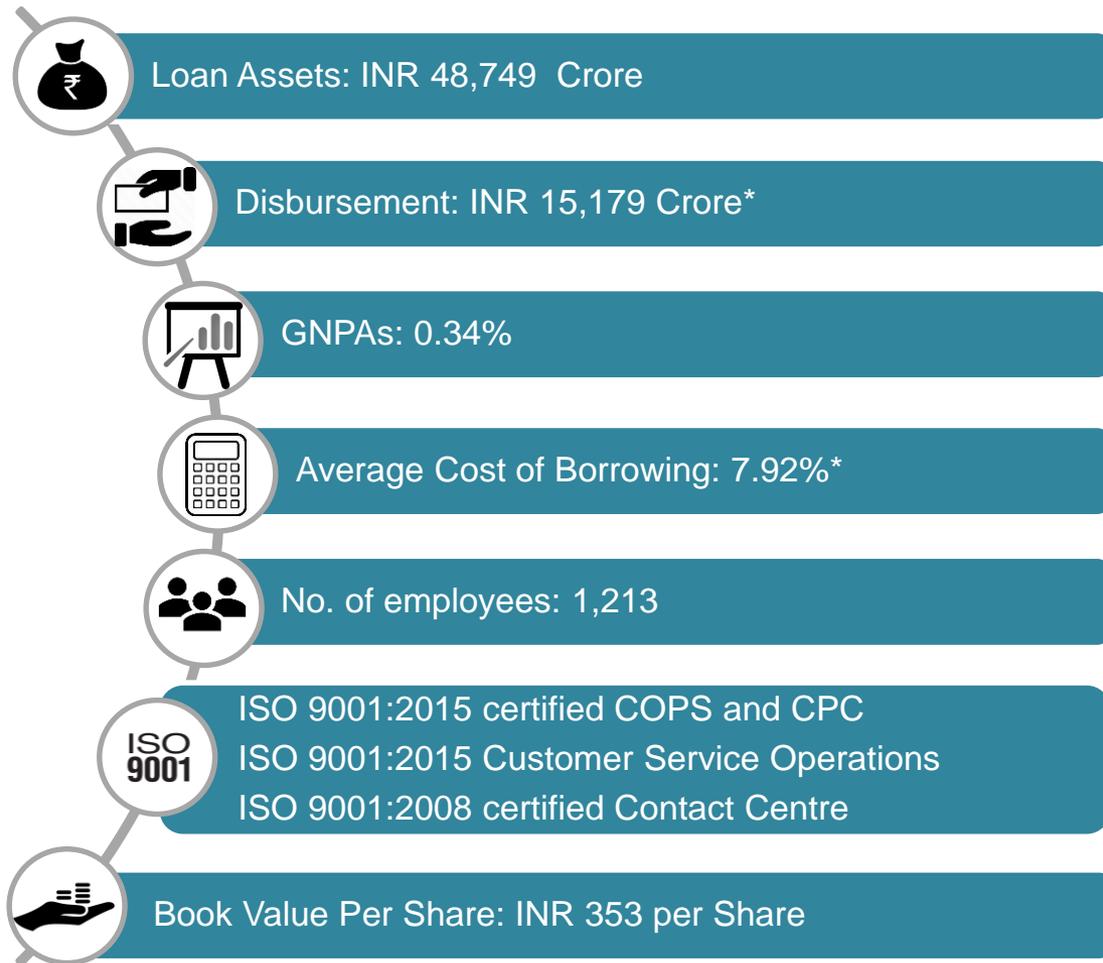


About PNB Housing Finance

One of the Leading Housing Finance Company...



Ghar Ki Baat



Fastest growing HFC amongst the Top 5 HFCs in India

Data as on 30-Sep-17
*Data for H1 FY17-18
1 Crore= 10 million

COPS: Central Operations, CPC: Central Processing Center

...started in 1988



Business process re-engineering sponsored by the Parent

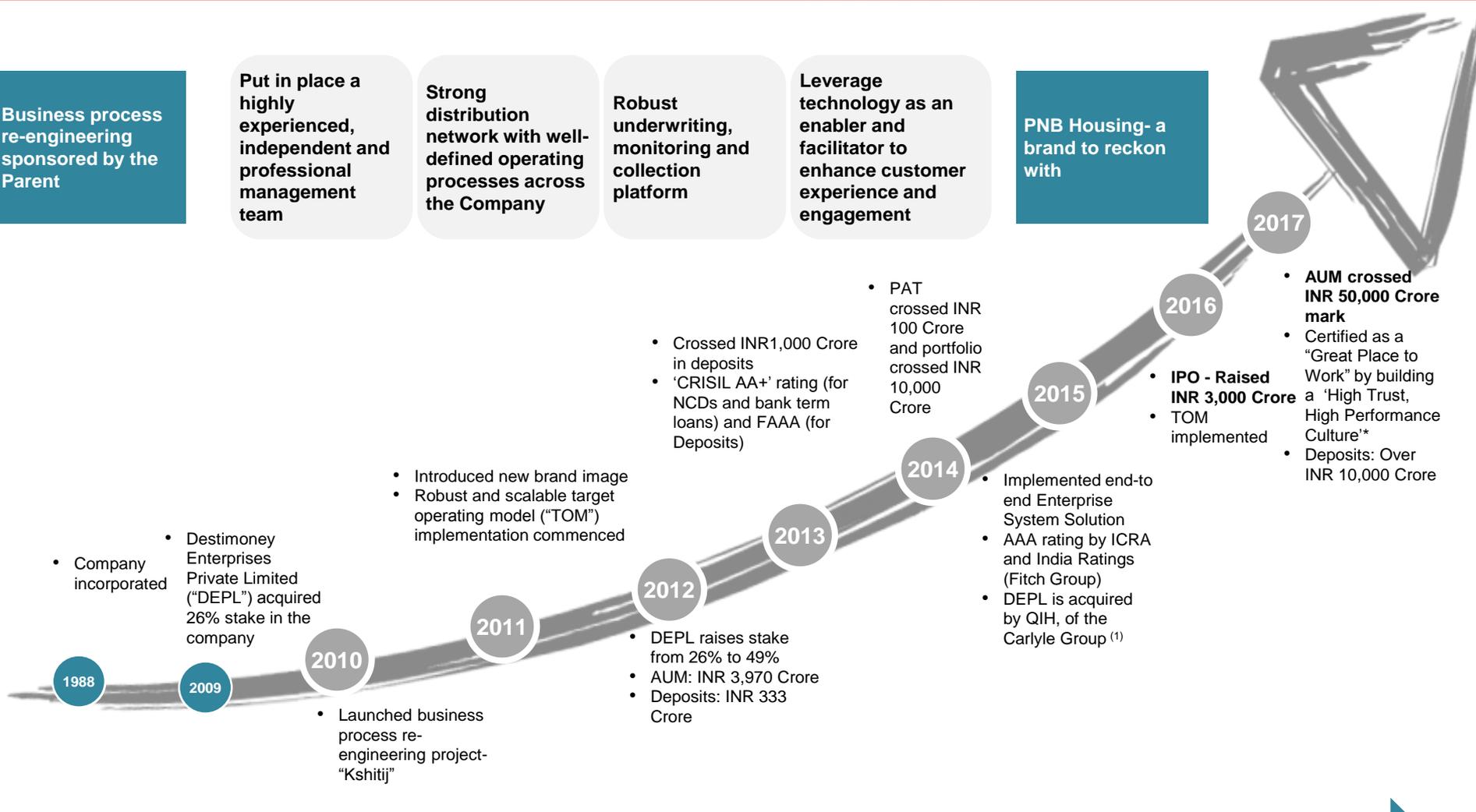
Put in place a highly experienced, independent and professional management team

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



1988

2009

2010

2011

2012

2013

2014

2015

2016

2017

- Company incorporated
- Destimoney Enterprises Private Limited ("DEPL") acquired 26% stake in the company

- Launched business process re-engineering project- "Kshitij"

- Introduced new brand image
- Robust and scalable target operating model ("TOM") implementation commenced

- DEPL raises stake from 26% to 49%
- AUM: INR 3,970 Crore
- Deposits: INR 333 Crore

- Crossed INR1,000 Crore in deposits
- 'CRISIL AA+' rating (for NCDs and bank term loans) and FAAA (for Deposits)

- PAT crossed INR 100 Crore and portfolio crossed INR 10,000 Crore

- Implemented end-to-end Enterprise System Solution
- AAA rating by ICRA and India Ratings (Fitch Group)
- DEPL is acquired by QIH, of the Carlyle Group ⁽¹⁾

- IPO - Raised INR 3,000 Crore
- TOM implemented

- AUM crossed INR 50,000 Crore mark
- Certified as a "Great Place to Work" by building a 'High Trust, High Performance Culture'*
- Deposits: Over INR 10,000 Crore

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...

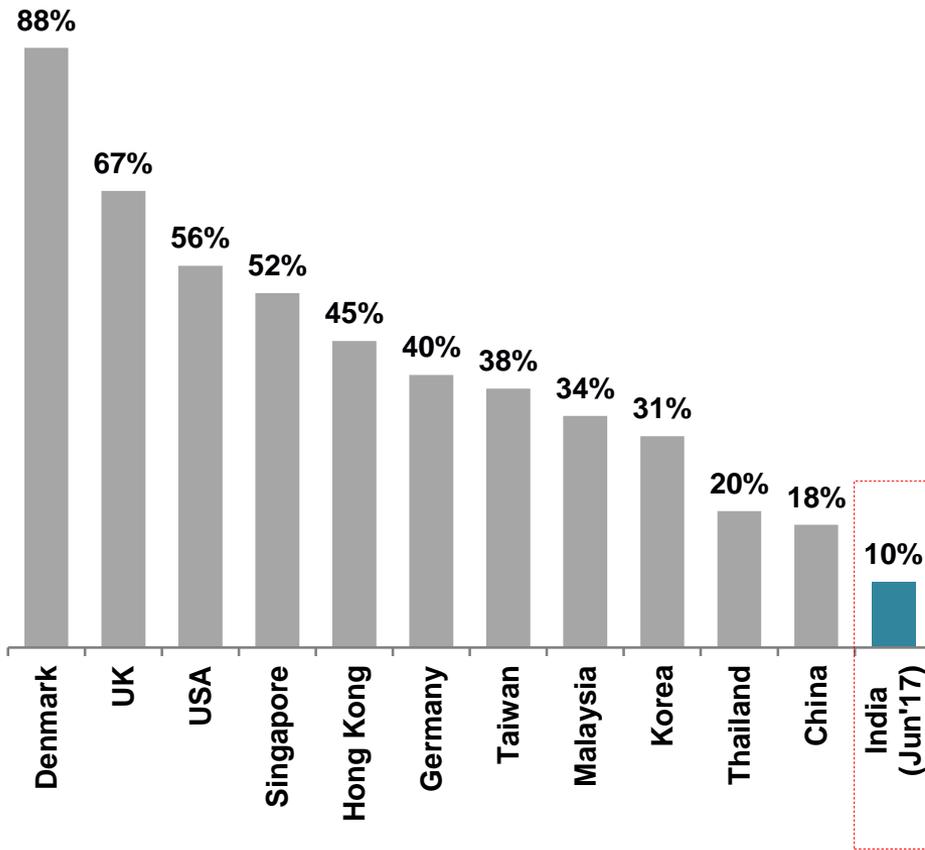


India's Mortgage Market...



Indian Mortgage Market is Significantly Under-penetrated

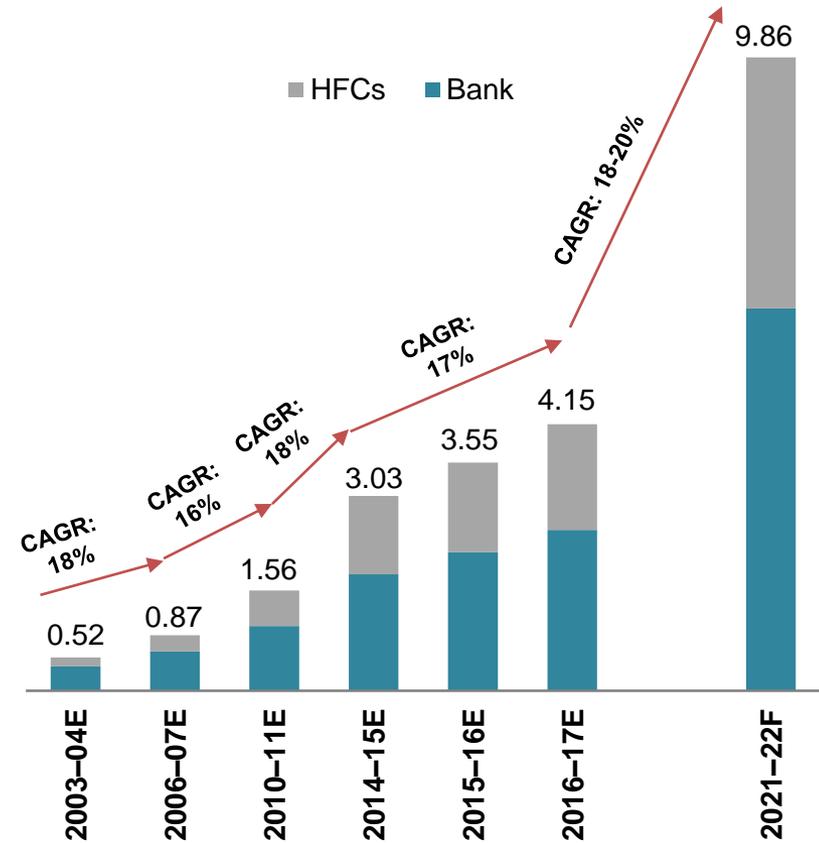
Mortgage to GDP Ratio for CY2015



Note: India data for FY17, Other countries data for CY15
Source: European Mortgage Federation, HOFINET, CRISIL Research

Ramp-up Opportunity for Mortgage Market in India

Annual Disbursements (INR Lakh Crore)



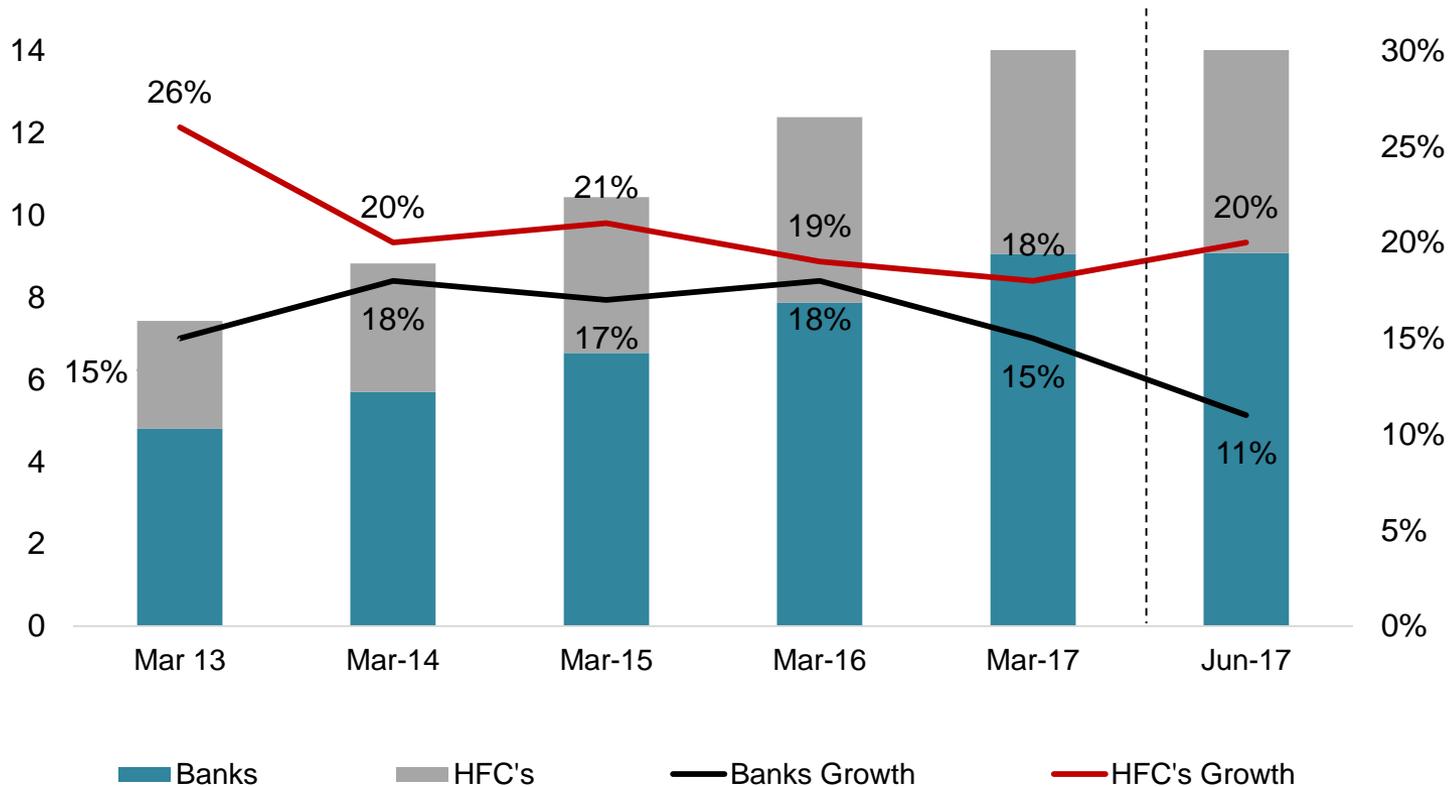
Source: CRISIL Research
E: Estimated, F: Forecasted

...Outpacing Traditional Channels with...



Increasing HFCs Share in a Steadily Expanding Home Loan Portfolio

(INR Lakh Crore)



Source: ICRA Industry Update for Jun-17
% Change is YoY

....Sustainable Growth of HFCs



Key HFC Metrics (Jun-17)

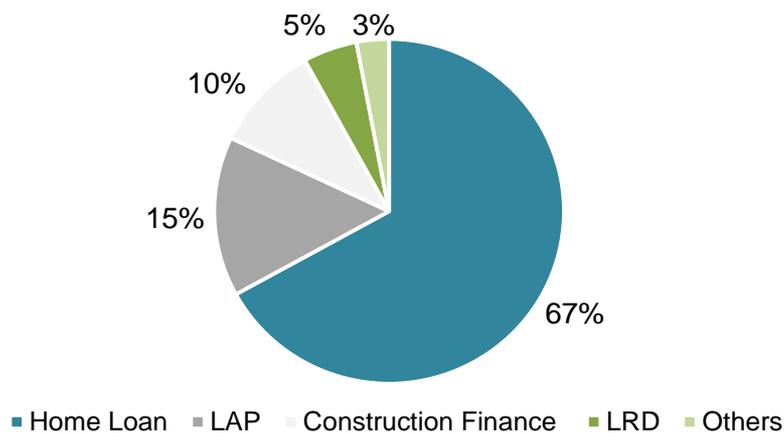
Total No. of HFCs: 85

Deposit taking HFCs: 18

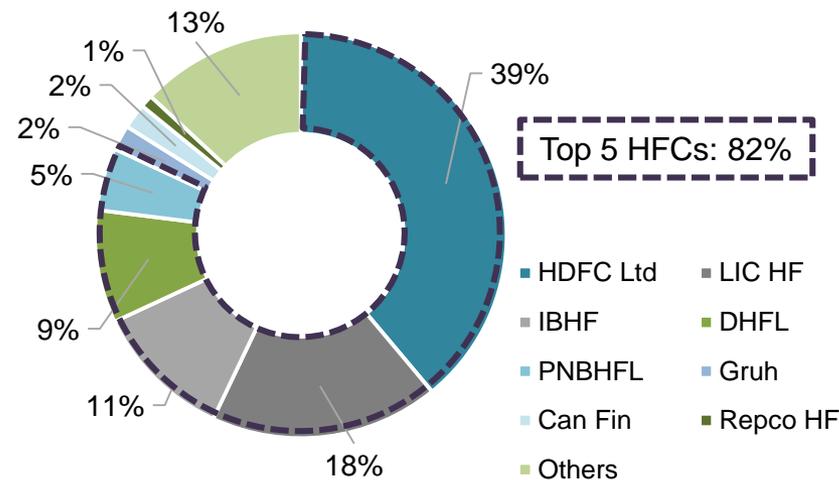
Total Loan: INR 8.0 Lakh Crore

3 Years CAGR (Mar-17): 21.3%

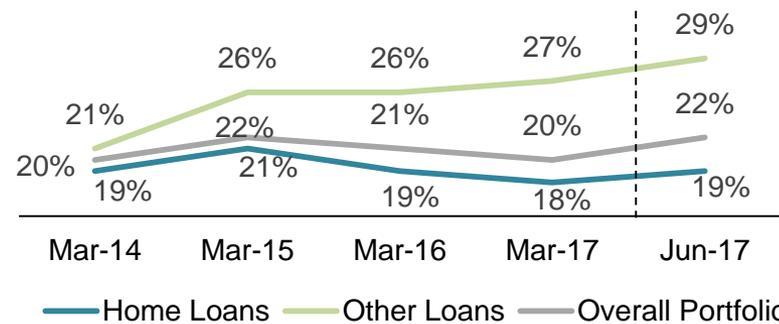
Portfolio Composition of All HFCs as on 31-Mar-17



Total Loan of all HFCs: INR 8.0 Lakh Crore as on 30-Jun-17



Portfolio Growth of HFCs



Source: ICRA Industry Update for Jun-17
% Change is YoY



Government Initiatives



PMAY-CLSS



- **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)

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*	90	110
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

Source: ICRA, Report



- 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



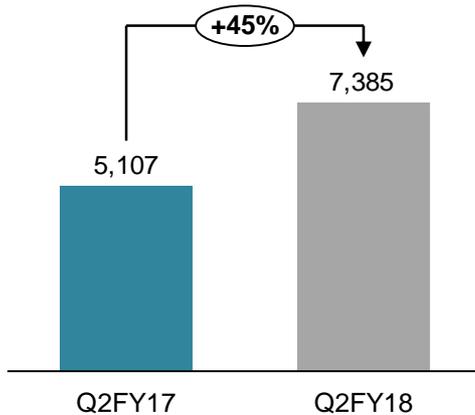


Financial Performance of the Company

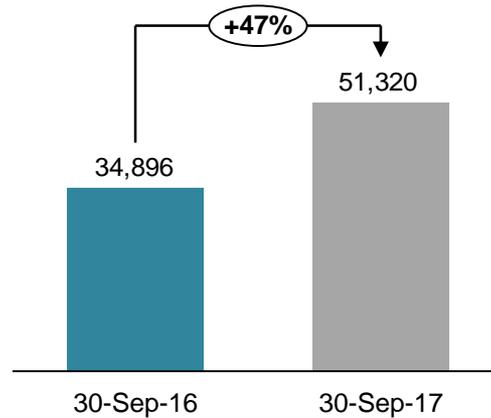
Key Highlights – Q2 FY18 vs Q2 FY17



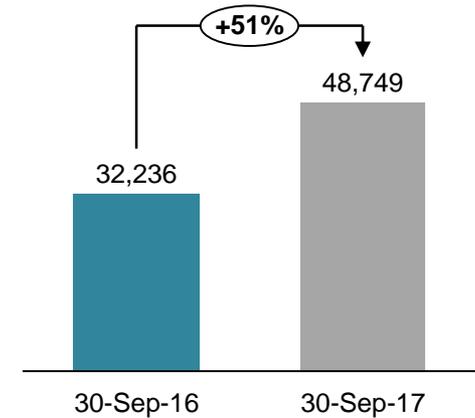
Disbursement (INR Crore)



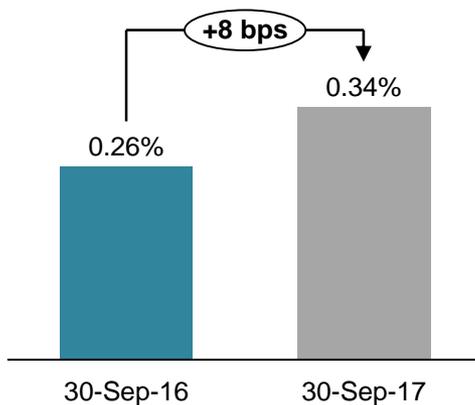
AUM (INR Crore)



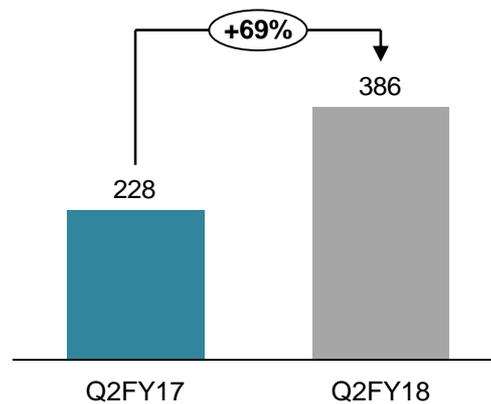
Loan Assets (INR Crore)



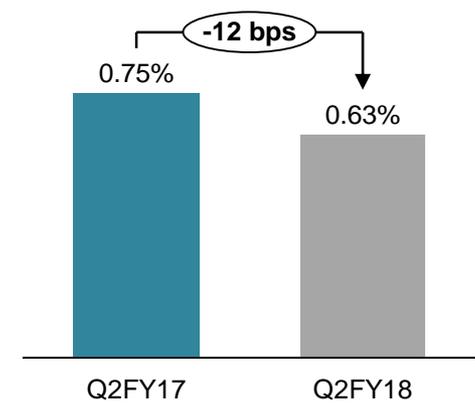
GNPA* (%)



NII (INR Crore)



Opex to ATA (%)



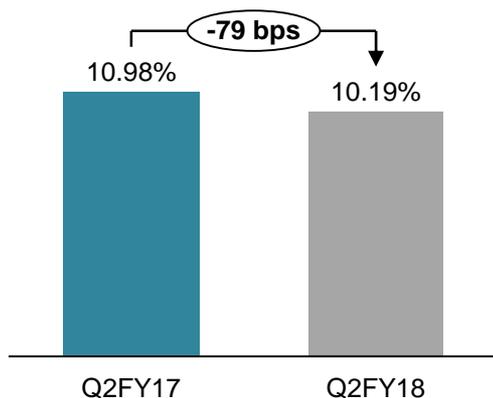
Ratios are calculated on Monthly Average
1 Crore = 10 million

*GNPA as a % of Loan Assets

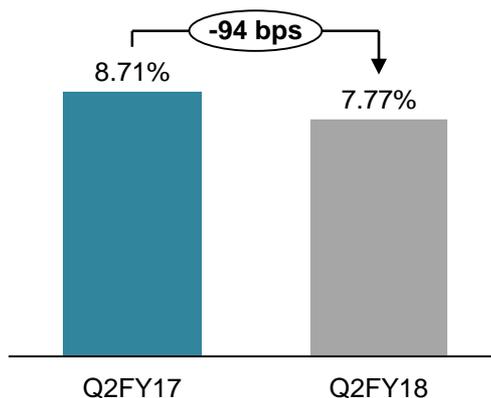
Key Highlights – Q2 FY18 vs Q2 FY17



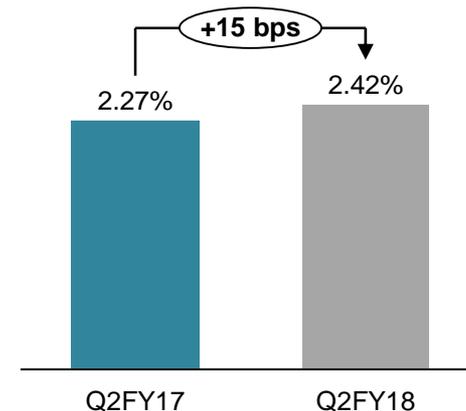
Average Yield (%)



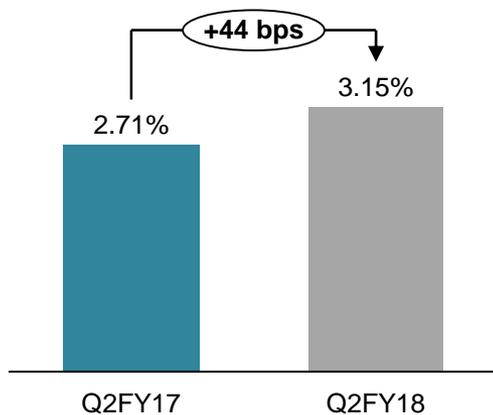
Average Cost of Borrowings (%)



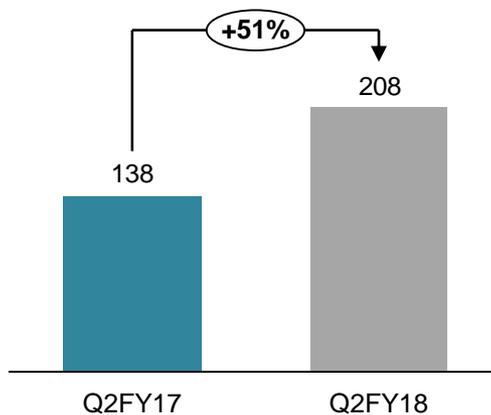
Spread (%)



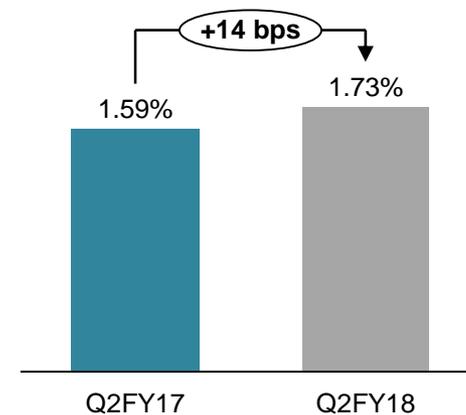
NIM (%)



PAT (INR Crore)



ROA (%)



Ratios are calculated on Monthly Average
1 Crore = 10 million



Expansion Led Growth and Robust TOM

Expanding Footprints...

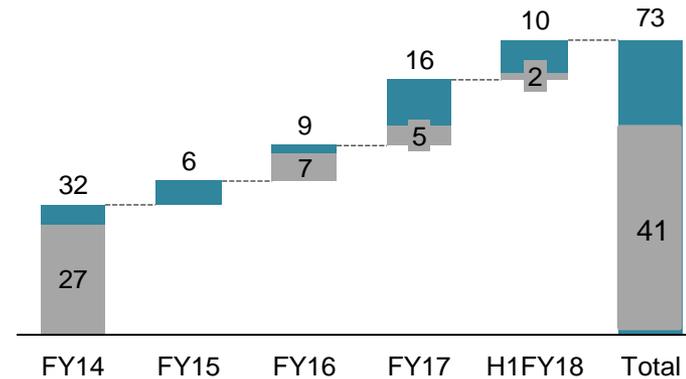


Branches – Point of Sales & Services
Processing Hubs – Fountain head for Decision Making
Zonal Hubs - Guides, Supervises & Monitors the HUB

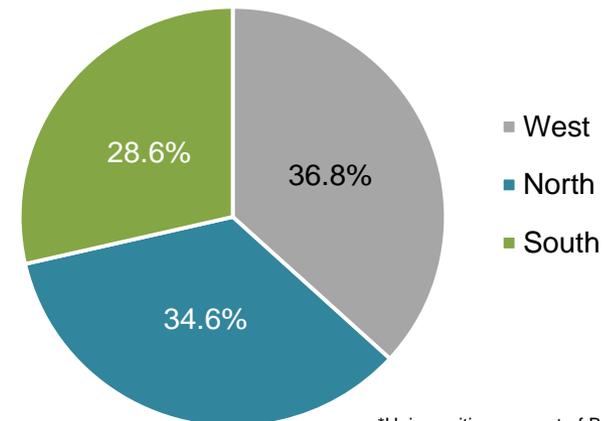


No. of Branches

■ No. of Branches
 ■ Unique Cities*



AUM- Geographical Distribution

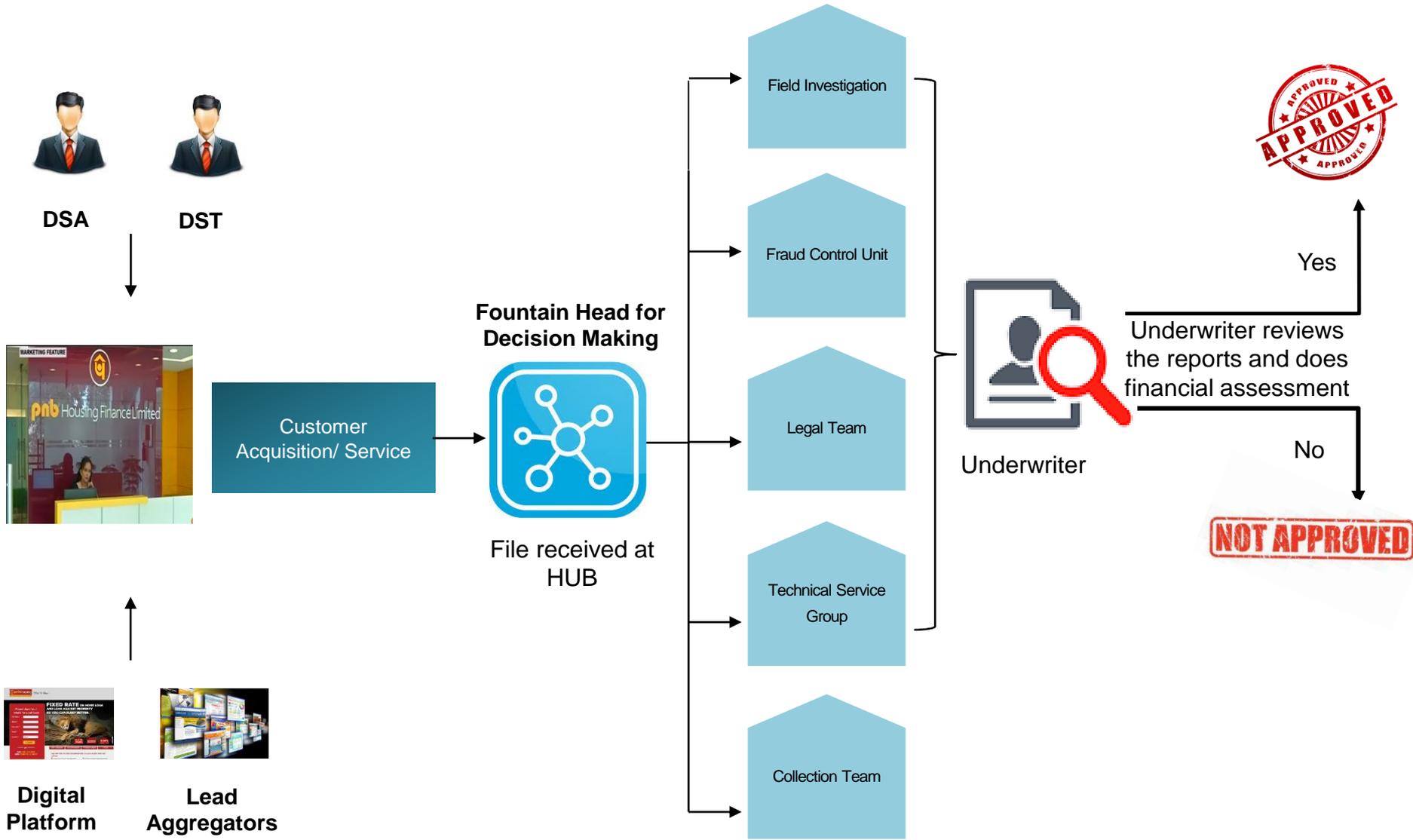


As on 30th September, 2017

*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...

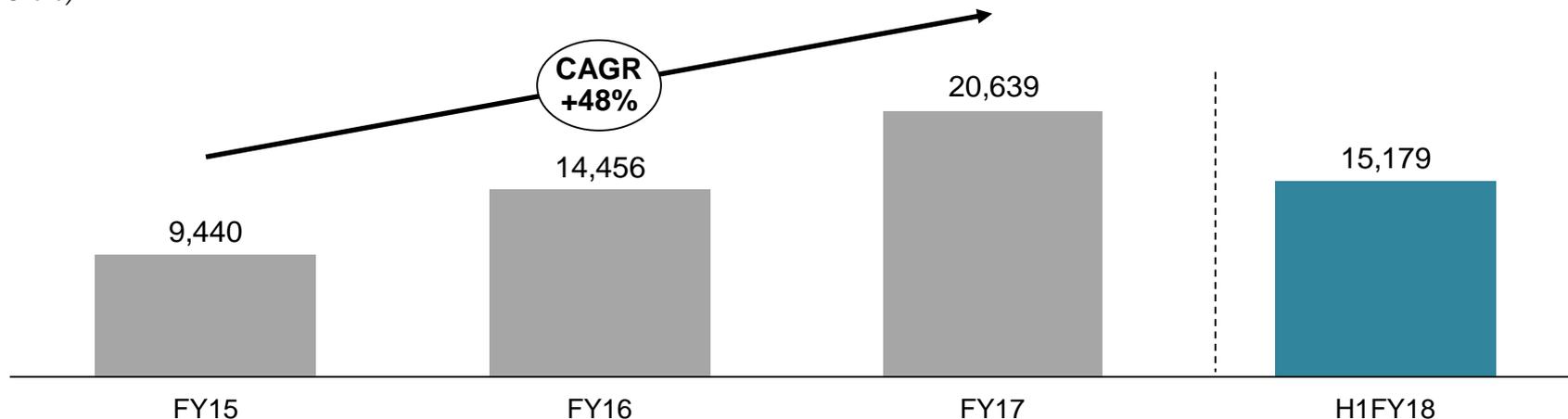


...leading to Strong Disbursement and Asset growth...

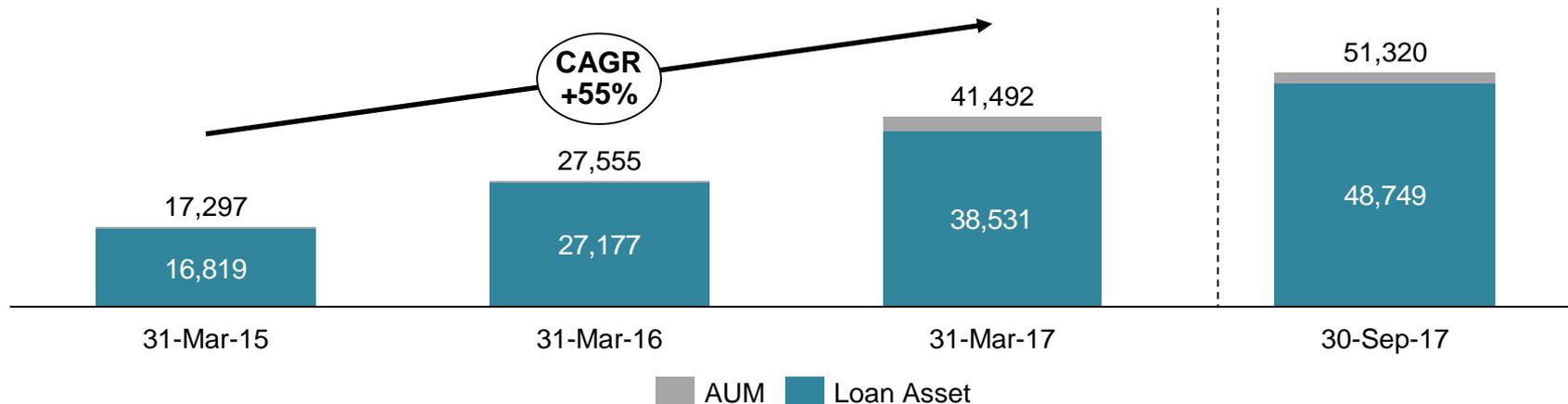


(INR Crore)

Disbursement

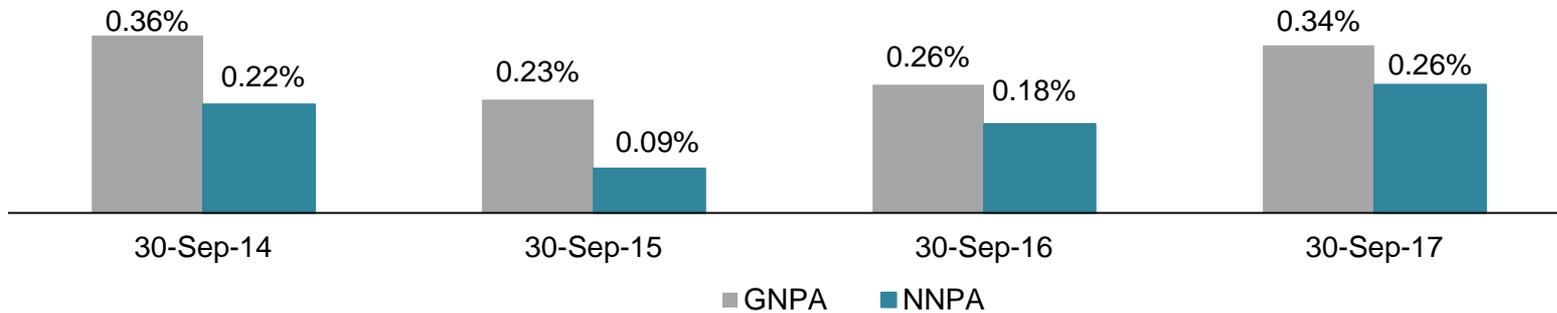


Asset

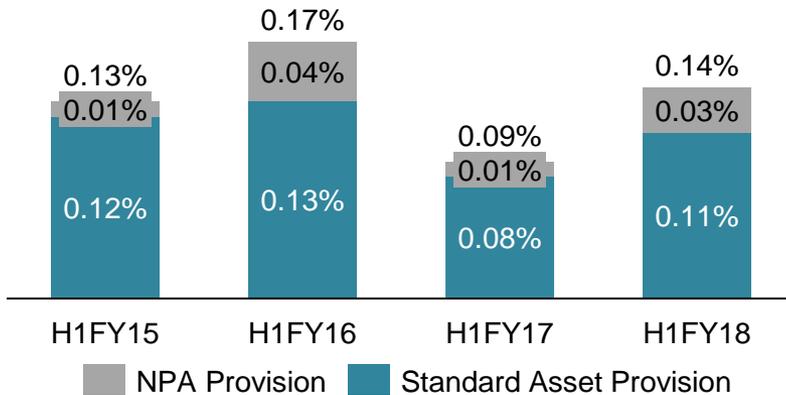


1 Crore = 10 million

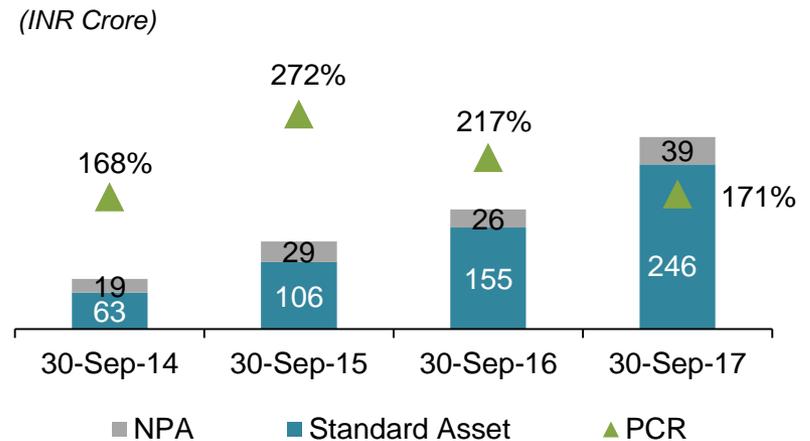
...with Lower NPAs and Credit Cost



Credit Costs (% of Loan Assets)



Provisions



In addition to Standard Asset and NPA provision, provision for Contingency of INR 26 Crore is made during H1 FY18 resulting in cumulative provision for Contingency of INR 65.5 Crore

GNPA calculated as a % of Loan Assets

Credit Cost is defined as total of Standard Asset and NPA provision for the year as a % of Loan Assets

Provision Coverage Ratio (PCR) is calculated as Standard Asset and NPA provision as a % of GNPA

1 Crore = 10 million



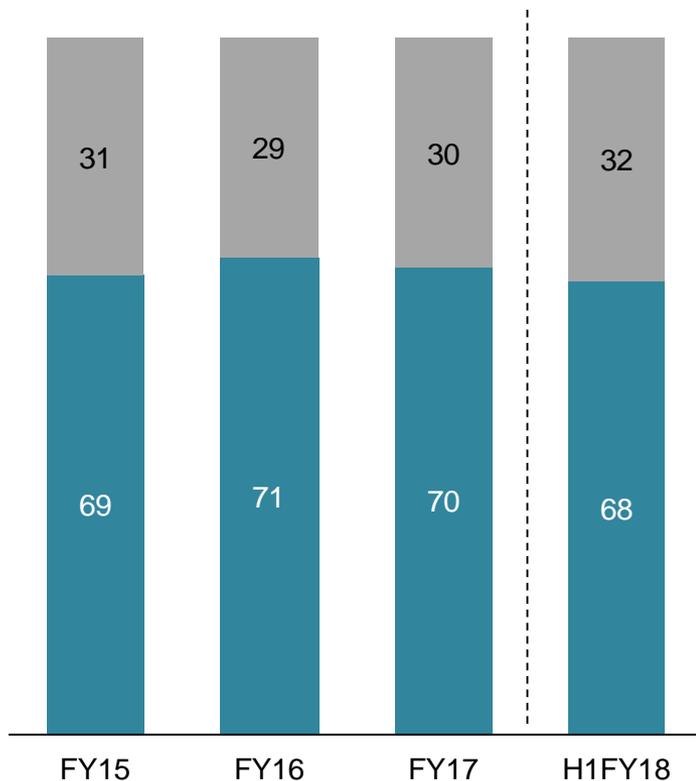
Sustainable Portfolio Mix



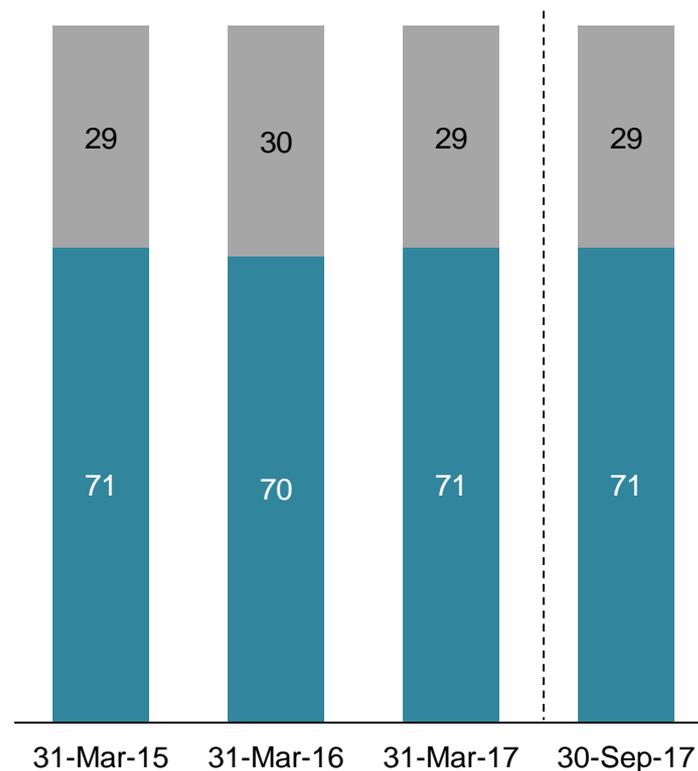
Sustainable Portfolio Mix



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



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



■ Non-Housing ■ Housing

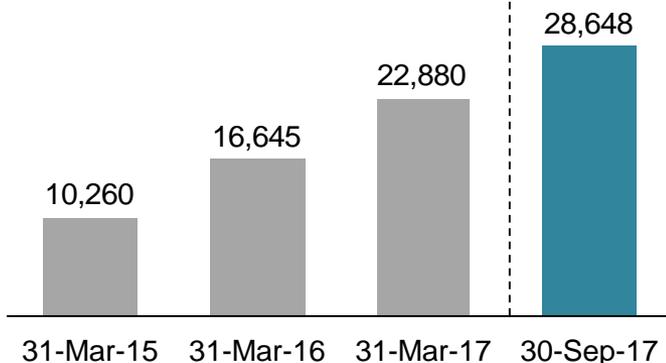
Housing Loan Assets Distribution



Housing Loan – 70.6% (1)

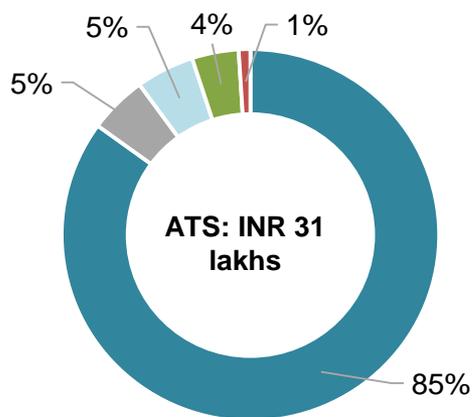
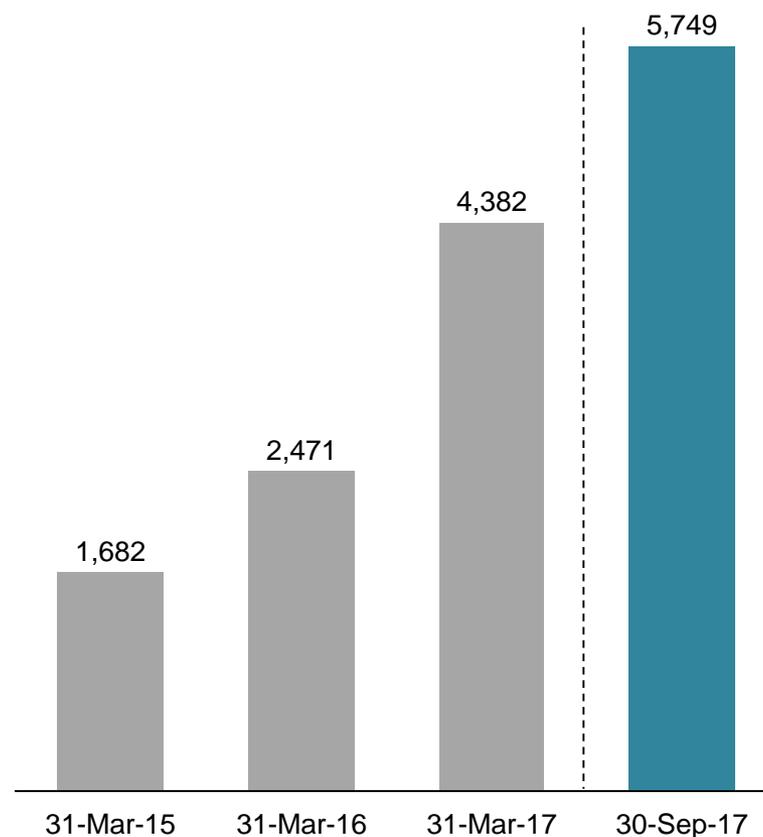
Individual Housing Loan (1) – 58.8%

(INR Crore)



Construction Finance Loans (1) – 11.8%

INR Crore



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

ATS: INR 31 lakhs

1. As on 30-Sep-17
1 Crore = 10 million

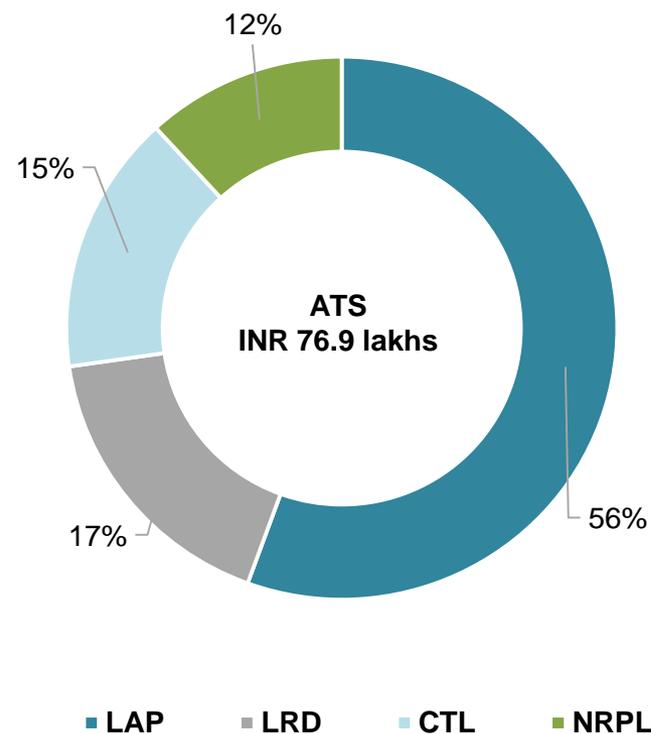
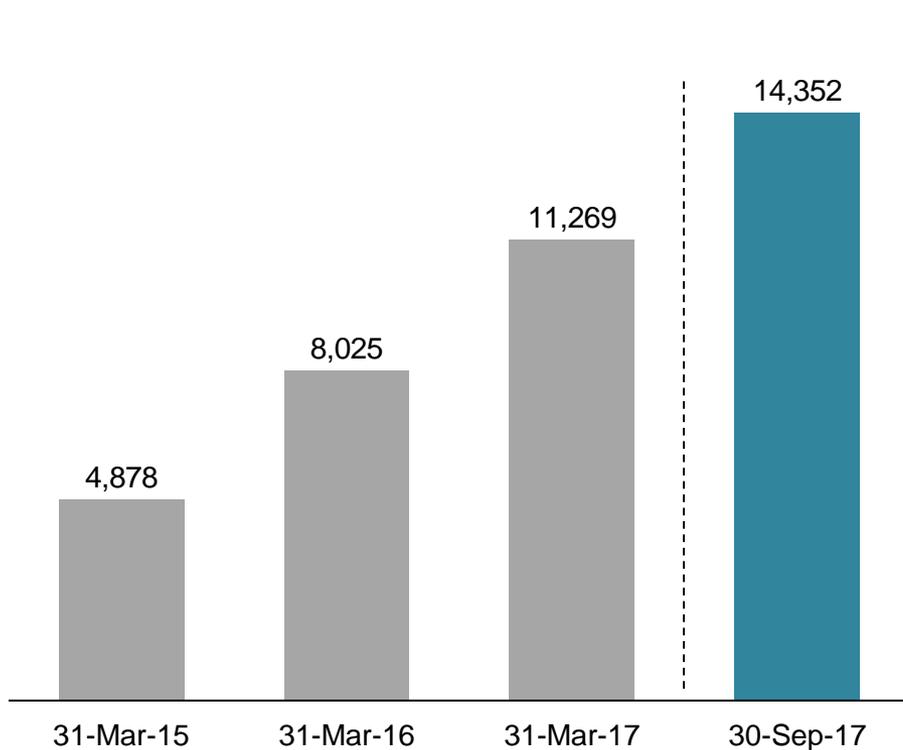
ATS: Average Ticket Size

Non- Housing Loan Assets Distribution



Non-Housing Loan⁽¹⁾ - 29.4%

(INR Crore)



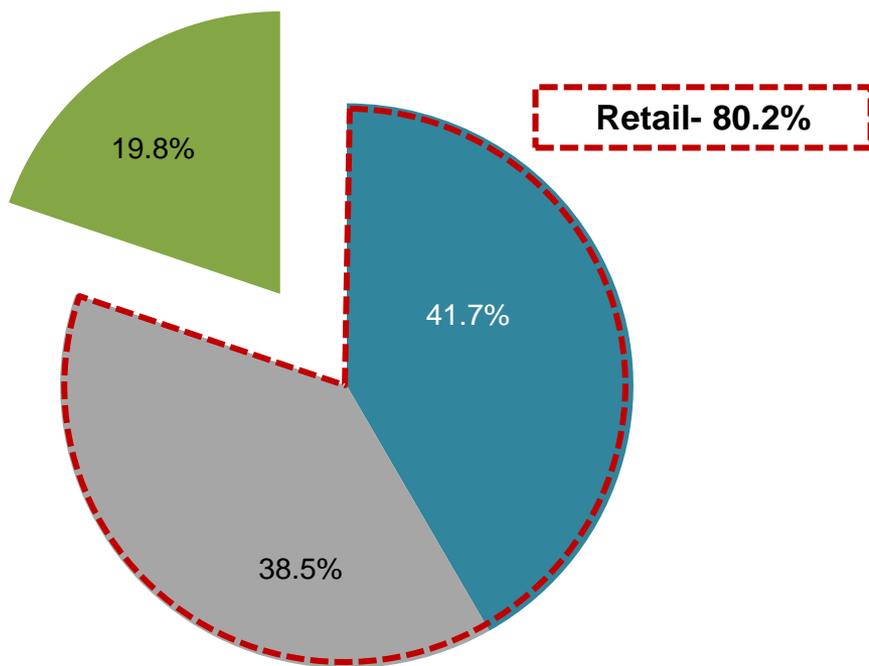
1. As on 30-Sep-17
2. 1 Crore = 10 million

ATS: Average Ticket Size

Customer Segment & Origination

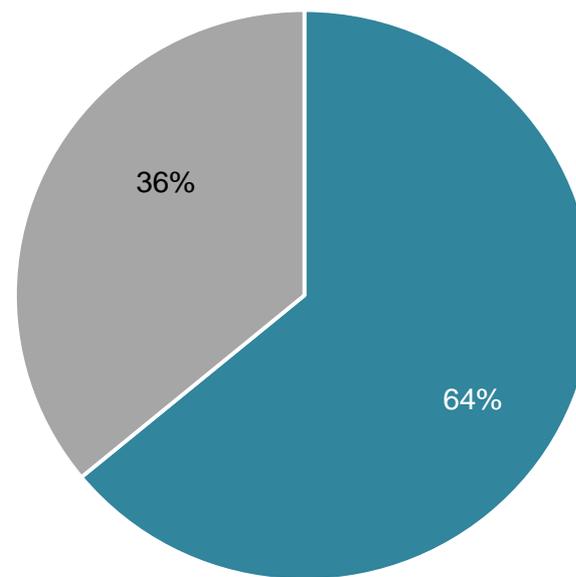


Loan Book Composition (%)
As on 30-Sep-2017



■ Salaried ■ Self-Employed ■ Loans to Corporates

Disbursement Origination (%)
H1 FY18



■ In-House ■ DSA

Individual Housing Loan Profile



Individual Housing Loan	
% of Loan Asset	59%
Average Ticket Size	INR 31 lakh
Weighted Average Loan to Value (at Origination)	68.5%
Salaried vs Self-Employed	65%:35%
Weighted Average Tenure	17 Years
Primary Security	Mortgage of Property Financed

Focus on Mass Housing

Data as on 30th Sept 2017

Loan Against Property Profile



Loan Against Property	
% of Loan Asset	16%
Average Ticket Size	INR 49 lakh
Weighted Average Loan to Value (at Origination)	47%
Salaried vs Self-Employed	17%:83%
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 30th Sept 2017



Operational and Financial Performance

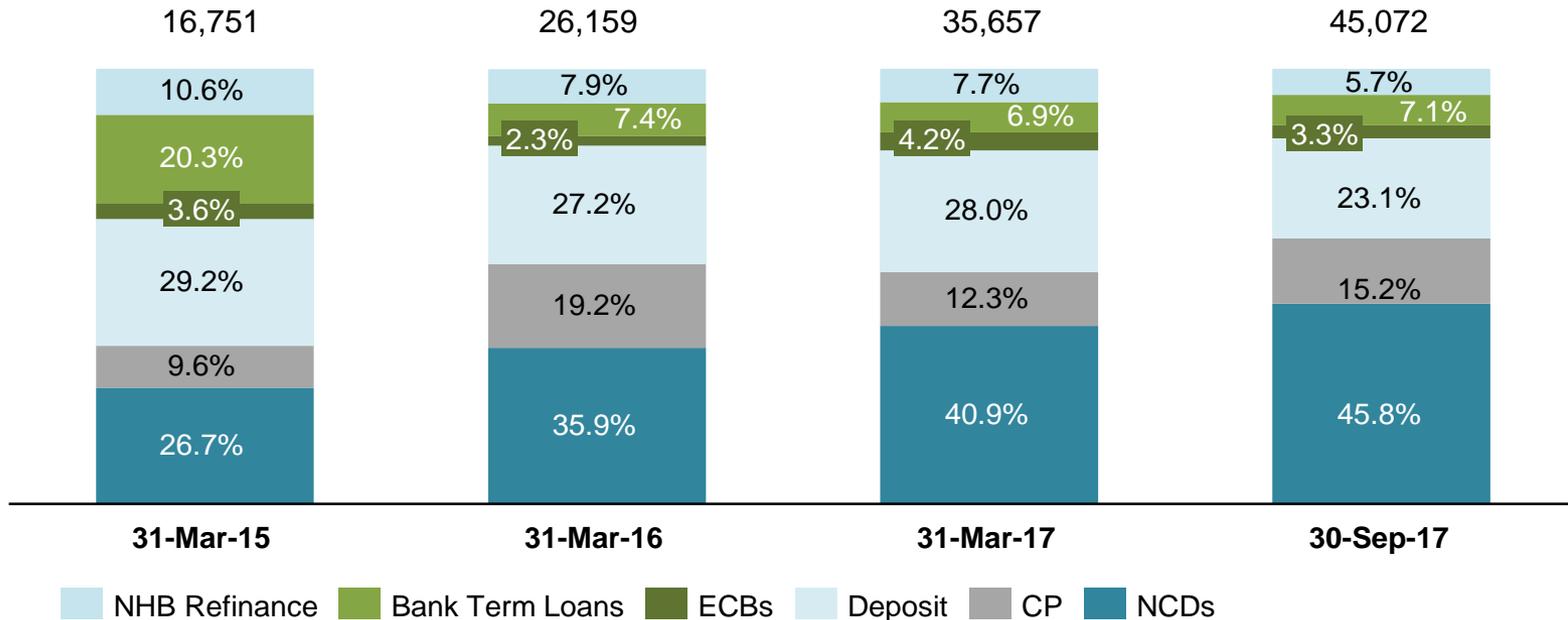


Well Diversified Borrowing Profile



Access to a Diverse Base of Funding...

Total Borrowing
(INR Crore)



Credit Rating

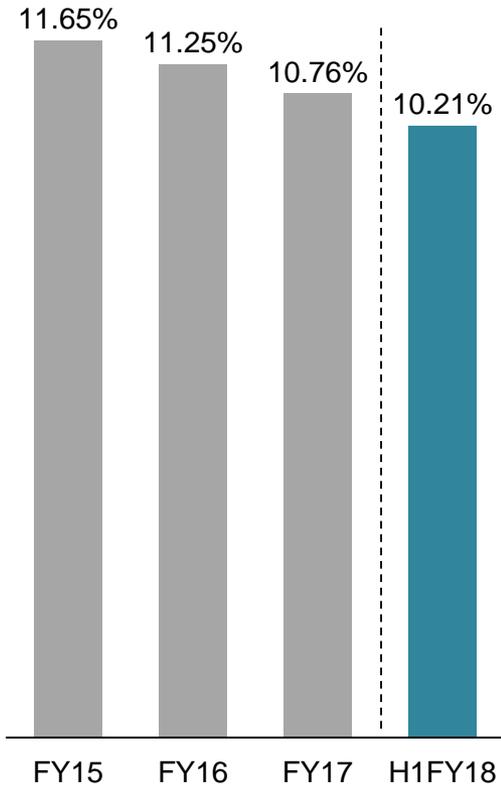
- Fixed Deposit has been rated “FAAA” by CRISIL and “AAA” by CARE. The rating of “FAAA” and “AAA” indicates “High Safety” with regards to the repayment of interest and principal.
- Commercial Paper is rated at “A1(+)” by CARE & CRISIL and Non-Convertible Debenture (NCD) are rated at “AAA” by CARE, “AAA”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

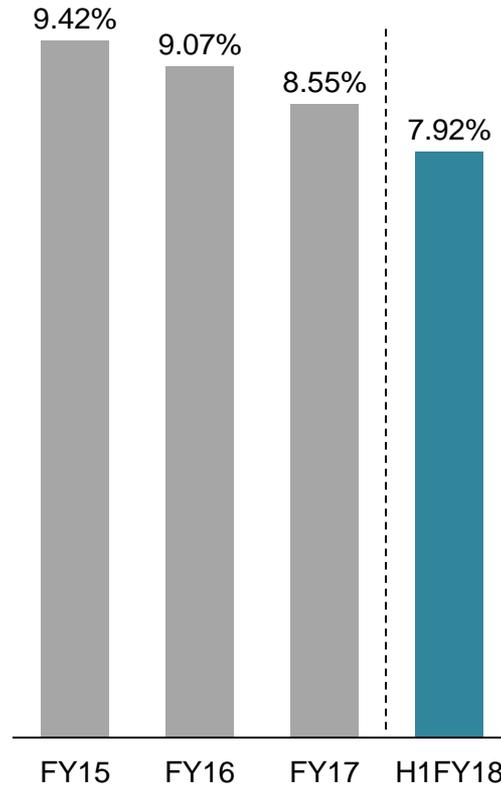
Margin Analysis



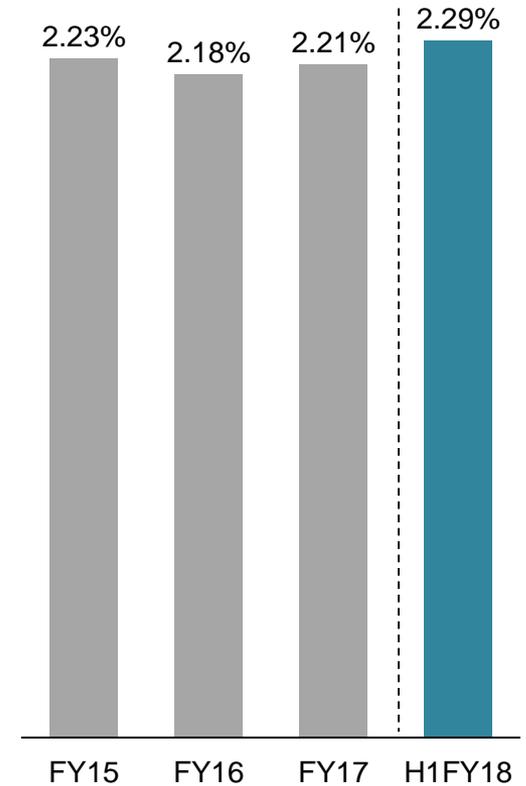
Average Yield (%)



Average Cost of Borrowings (%)



Spread (%)

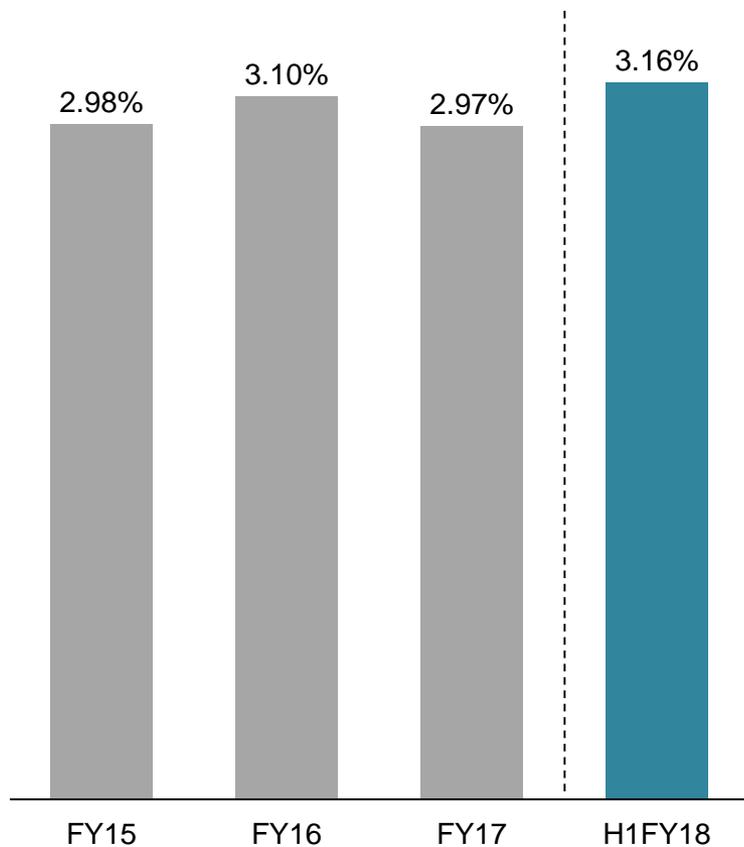


Ratios are calculated on Monthly Average

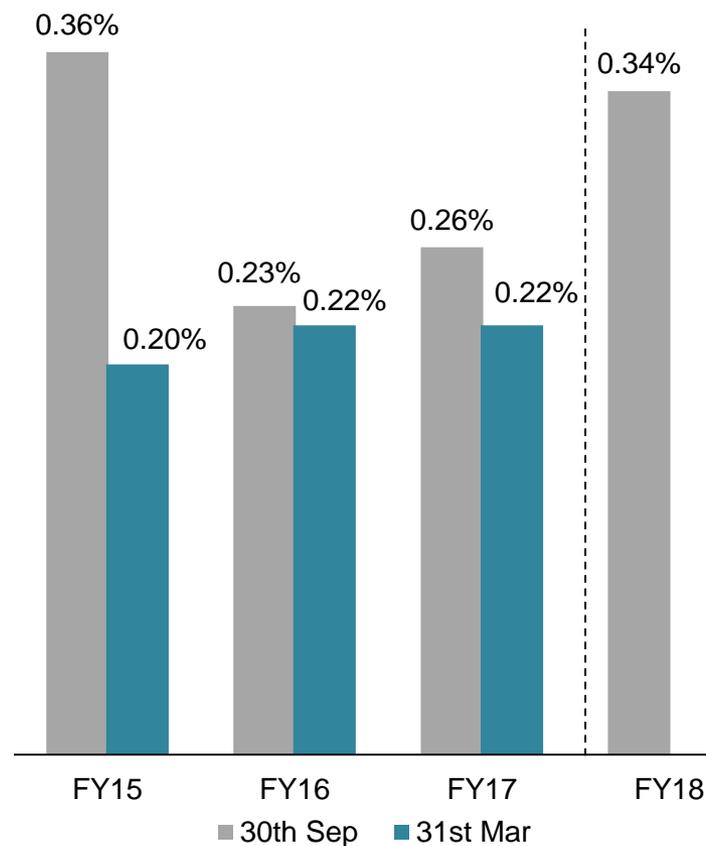
Income and Robust Asset Quality



NIM (%)



Gross Non-Performing Asset

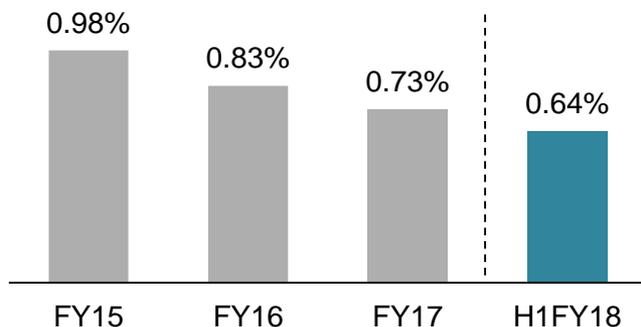


Ratios are calculated on Monthly Average

Operating Leverage playing out with Better Return Profile



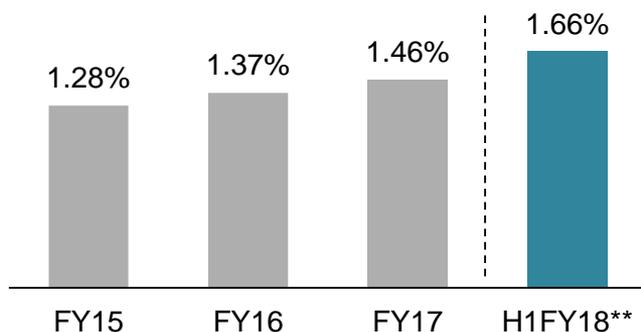
Opex to ATA Ratio



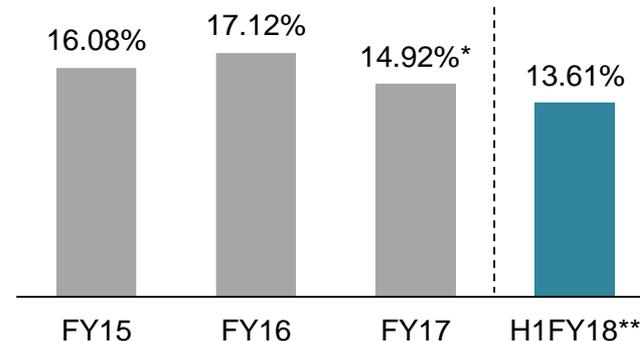
Cost to Income Ratio



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 Costs(Employee Cost + Other Expenses + Depreciation - Acquisition Cost - CSR cost)/(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



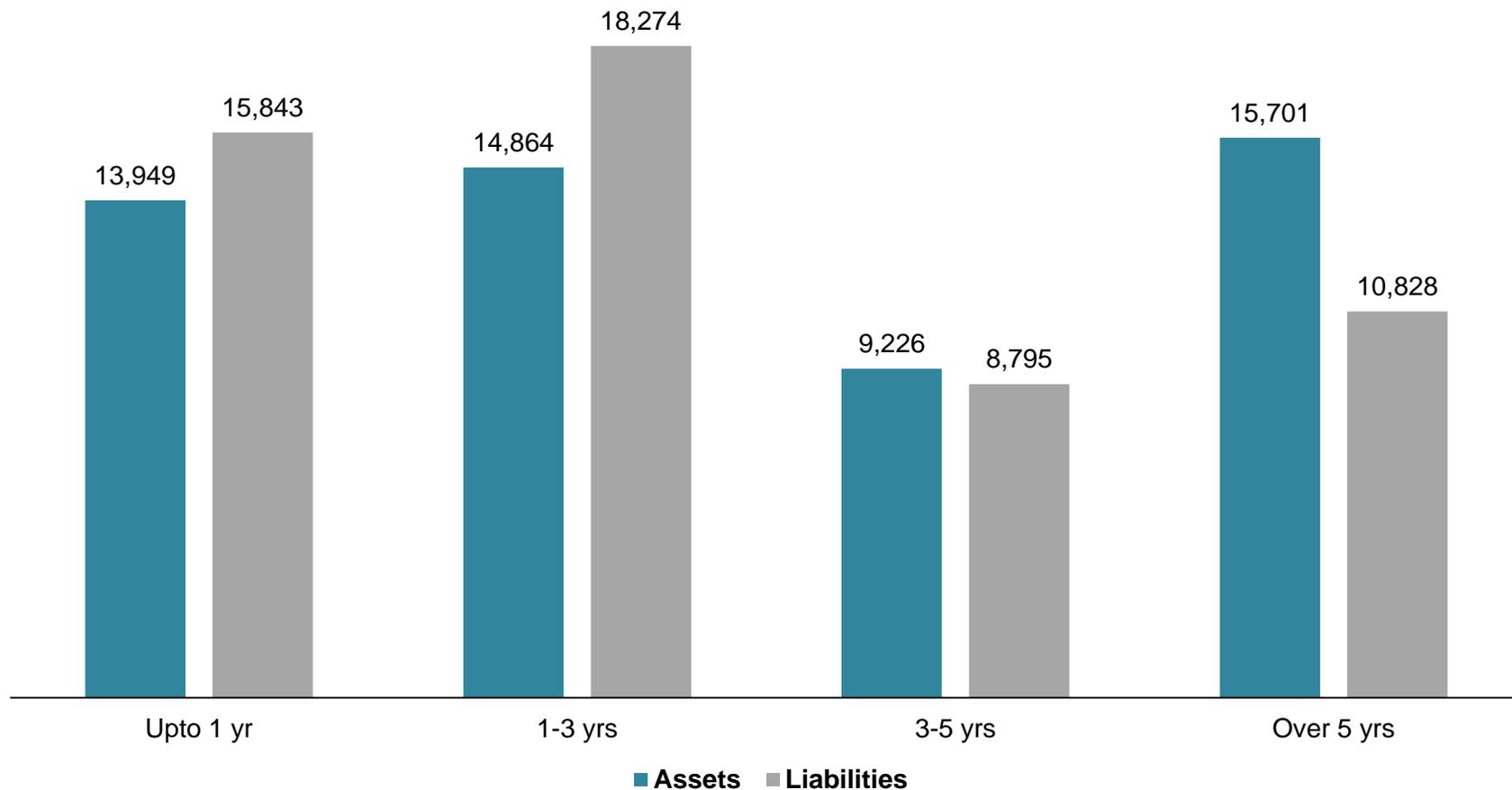
Maintaining Prudence...



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



(INR Crore)

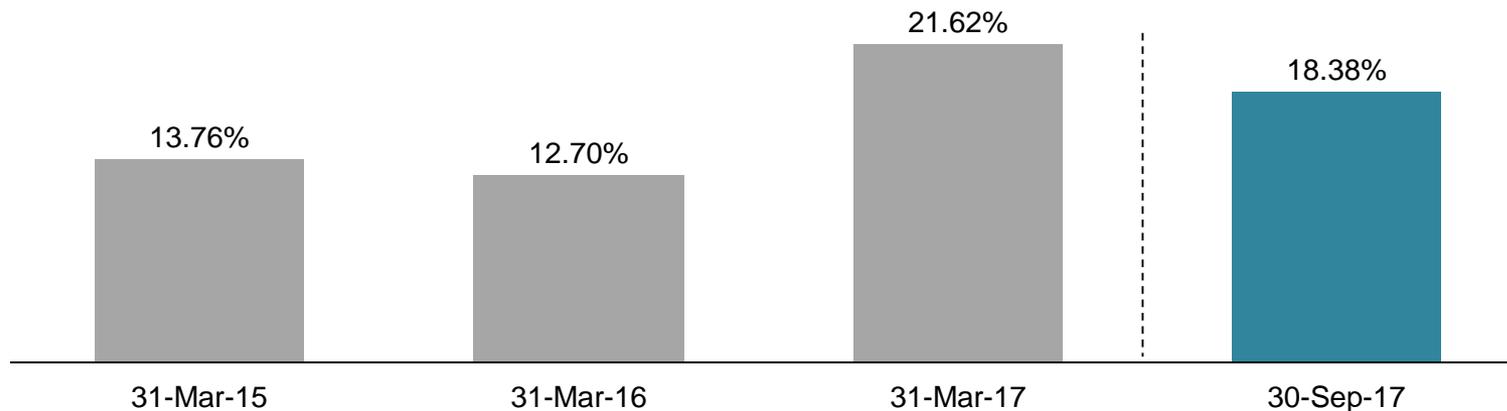


Data as on 30-Sep-17
1 Crore = 10 million

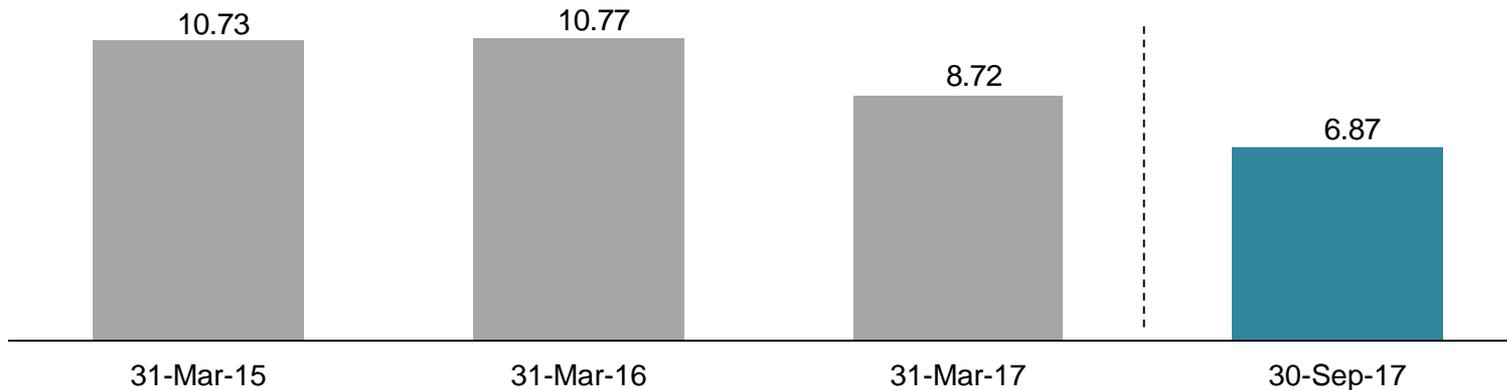
...and adequate Capital & Comfortable Gearing



Capital to Risk Asset Ratio



Average Gearing (x)



Ratio is calculated on Monthly Average



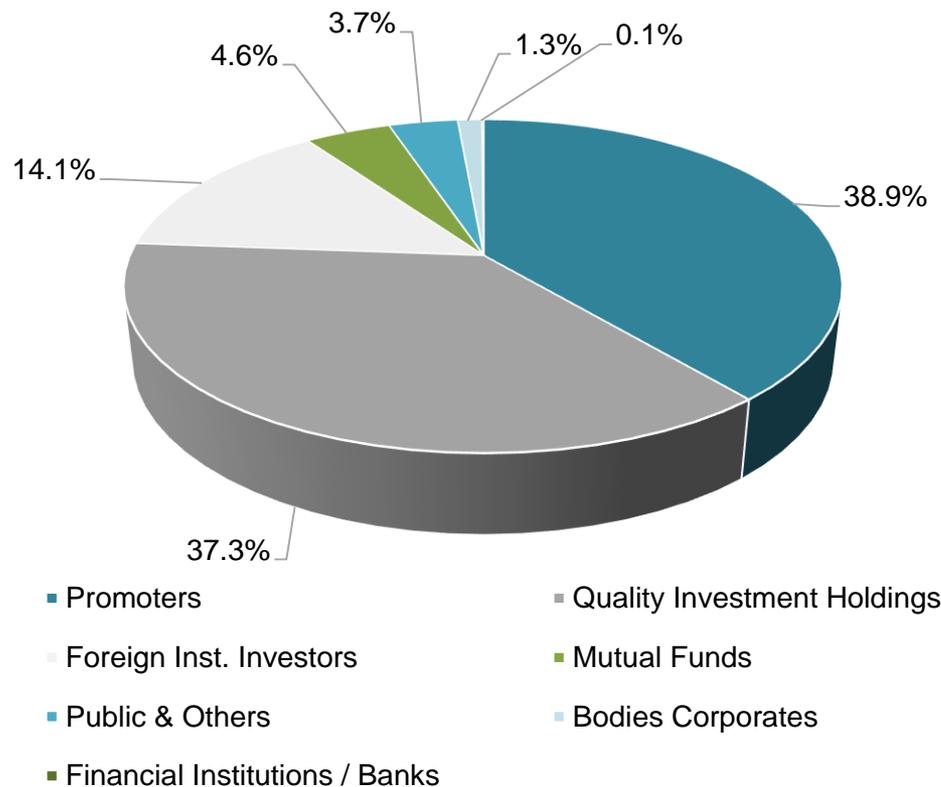
Shareholding



Shareholding



Shareholding as on 30-Sep-17



Key Anchor Book

General Atlantic Singapore Fund,
Wasatch, Government of Singapore,
Motilal Oswal MF, Birla Sunlife MF,
Fidelity Investments, Invesco, Nomura
Asset Management, SBI Life Insurance



Detailed Financials



Profit & Loss Statement



Particulars (INR Crore)	Q2 FY18	Q2 FY17	Y-o-Y	Q1 FY18	Q-o-Q	H1FY18	H1FY17	Y-o-Y	FY17
Interest Income	1,223	913		1,097		2,319	1,730		3,678
Fee & Other Operating Income	93	57		96		189	103		229
Other Income	0	0		0		0	0		0
Total Revenue	1,316	970	36%	1,192	10%	2,508	1,833	37%	3,908
Expenditure:									
Finance Cost	836	685		753		1,589	1,293		2,644
Employee Benefit Expenses	32	27		29		62	49		101
Other Expenses	72	70		74		146	123		237
Depreciation Expense	5	5		5		10	9		19
Provisions and Write-Offs	50	-23		48		98	5		103
Total Expenditure	996	763	31%	909	10%	1,906	1,479	29%	3,104
Profit Before Tax	319	207		283		603	354		804
Tax Expenses	111	70		98		210	121		280
Net Profit After Tax	208	138	51%	185	12%	393	234	68%	524
EPS (Basic)	12.49	10.85		11.12		23.60	18.40		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	47,789	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	46,257	36,444
Other Non-Current Assets	360	278
Current Assets	5,951	5,216
Current Investments	2,173	2,318
Cash and Bank Balances	431	151
Short-Term Loans and Advances	55	40
Other Current Assets	3,292	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 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



...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.



Mr. Jayesh Jain (Chief Financial Officer) has been awarded **CFO Award 2017** by Finance Monthly Magazine (M&A Award). This award is designed to honour the most respected companies and their Financial Officer's achievements.



Strong Management Team...



...with Extensive Industry Experience...



**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



Age : 45 Years

No. of Years with
PNB HF : 5 Years

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

**Shaji Varghese – ED - Business
Development**



Age : 51 Years

No. of Years with
PNB HF : 5 Years

Prior Engagements :
Religare Finvest Ltd
GE Money Indiabulls
Financial Services

Ajay Gupta – ED - Risk Management



Age : 55 Years

No. of Years with
PNB HF : 6 Years

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

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



Age : 40 Years

No. of Years with
PNB HF : 3 Years

Prior Engagements :
Gruh Finance
Limited

Jayesh Jain – Chief Financial Officer



Age : 53 Years

No. of Years with
PNB HF : 22 Years

Prior Engagements :
Ansal Group

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



Age : 50 Years

No. of Years with
PNB HF : 6 Years

Prior Engagements
: ARMS (Arcil)
Indian Army

Anshul Bhargava - Chief People Officer

...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:

54 Years

Current Position:

MD, PNB Housing
Finance

Key Takeaways



Strong Distribution Network and Robust TOM

Strong distribution network with pan India presence and over 11,000 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 and 2nd largest by deposits⁽¹⁾

Loans Assets of INR 48,749 Crore⁽²⁾

02



Efficient Capital Mix

Diverse and cost effective funding mix with average cost of borrowing at **7.92%⁽³⁾**

04

One of the Lowest NPA's amongst HFC's

Robust Asset Quality with one of the lowest Gross NPAs at **0.34%⁽²⁾**

03

1. Source : ICRA Industry Update for Jun-17 (amongst housing finance companies)
2. As of 30-Sep-17
3. H1 FY17-18



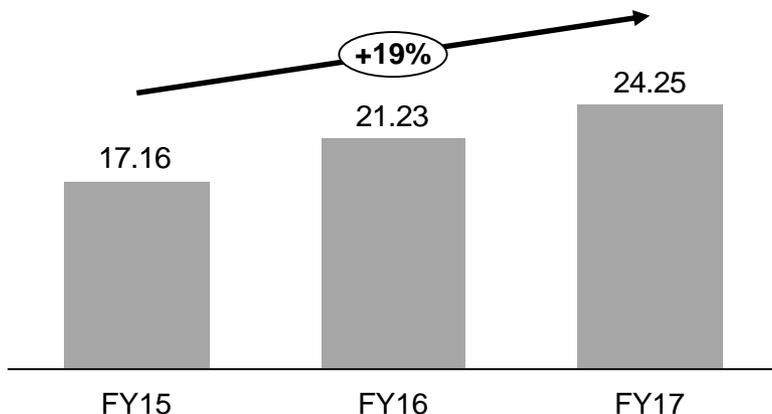
Annexure



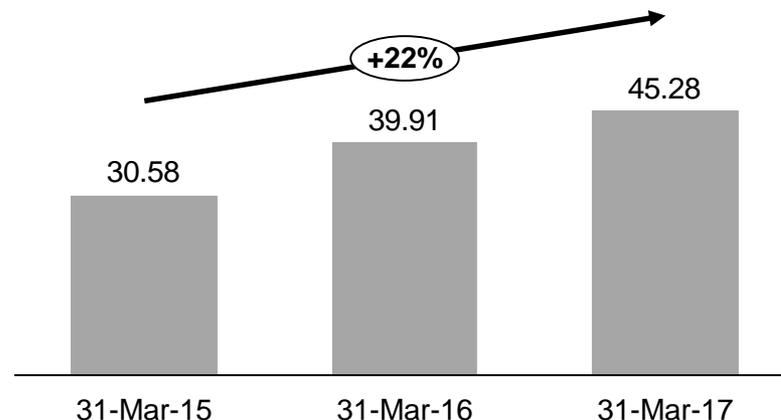
Employee Efficiency



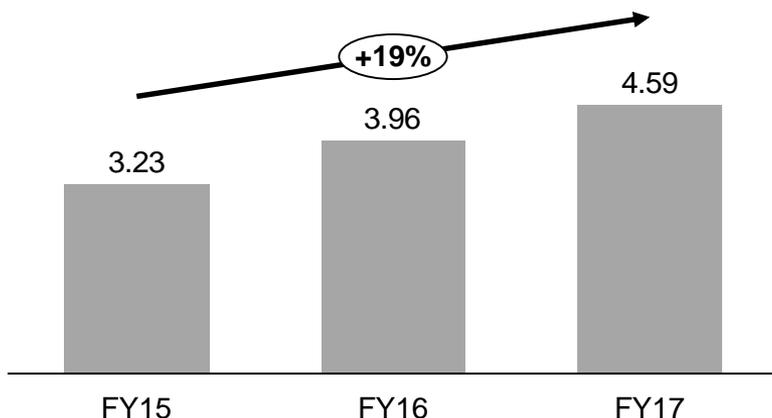
Disbursement / Employee (INR Crore / Employee)



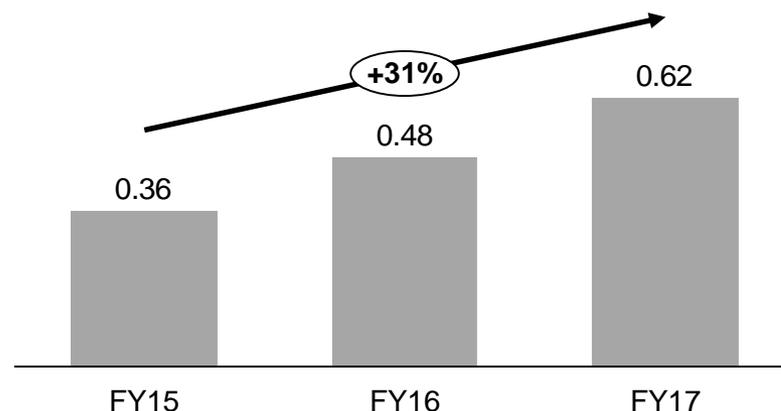
Loans Outstanding / Employee (INR Crore / Employee)



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



Thank You

Company:

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