

Press Release

For Immediate Release

24th January, 2017, New Delhi

Unaudited Financial Results for Quarter and Nine Months Ended 31st December, 2016

The Board of Directors of PNB Housing Finance Limited today approved the Un-audited Financial Results for quarter and nine months ended 31st December, 2016. The accounts have been subjected to a limited review by the Company's Statutory Auditors in line with the regulatory guidelines.

Initial Public Offer (IPO)

- During the quarter, the Company has successfully completed its IPO of 3,87,19,309 equity shares of INR 10 each at a price of INR 775/- per share aggregating to INR 3,000 crore. This is the second largest IPO for the year 2016 and one of the largest in the BFSI space.
- The Company got listed on National Stock Exchange and Bombay Stock Exchange on 7th November, 2016.
- The funds received from the IPO are being utilized for augmenting the capital base which will be utilized for business growth.

Financial performance (Q3 FY16-17 vs Q3 FY15-16)

- Net Interest Income registered a growth of 40% to INR 264.5 crore from INR 188.6 crore.
- Fees and Other Operating Income increased by 81% to INR 61.1 crore from INR 33.9 crore.
- Profit after Tax increased by 53% to INR 137.8 crore from INR 90.3 crore.
- During Q2 FY16-17, the Company had written back the provision for contingencies of INR 24.5 crore, created in previous years, in order to maintain the gearing ratio as per NHB guidelines. In Q3 FY16-17, post completion of the IPO, the Company created additional provision for contingencies of INR 12.5 crore.

Financial performance (Nine Months FY16-17 vs Nine Months FY15-16)

- Net Interest Income registered a growth of 43% to INR 702.1 crore from INR 490.1 crore.
- Fees and Other Operating Income increased by 88% to INR 163.9 crore from INR 87.2 crore.
- Profit after Tax increased by 66% to INR 371.3 crore from INR 223.9 crore.

Lending Operations

- Disbursements increased by 42% to INR 14,592 crore during the nine month period FY16-17 from INR 10,307 crore over same period of FY15-16. Disbursements towards housing loan accounted for 73.1% and non-housing loan at 26.9%.
- Asset under Management (AUM) grew by 53% to INR 37,745 crore as on 31st December, 2016 from INR 24,674 crore as on 31st December, 2015.
- The Company sold loans worth INR 3,377 crore under loan assignment route during the nine months FY16-17. The Outstanding Loans Sold/Assigned amounted to INR 3,415 crore as on 31st December, 2016.
- Loan Outstanding grew by a healthy rate of 41% YoY to INR 34,330 crore as on 31st December, 2016 of which Housing Loans consists 72.4% and Non Housing is 27.6%.

Asset Quality

- Gross Non-Performing Assets (NPA) stood at 0.37% of the Loan Assets as on 31st December, 2016 against 0.35% as on 31st December, 2015. The Gross NPAs on AUM basis were 0.33% as on 31st December, 2016. The gross NPA as on 31st December, 2016 is calculated considering the additional 60 days' time given by NHB in recognition to the Sub-Standard Assets.

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- Net NPA stood at 0.27% of the Loan Assets as on 31st December, 2016 against 0.21% as on 31st December, 2015.

Deposits

- The Deposit portfolio grew by 26% to INR 8,760 crore as on 31st December, 2016 from INR 6,934 crore as on 31st December, 2015.

Service Network

- As on 31st December, 2016 the Company has 58 branches and 18 Hubs including 11 new branches and 2 new hubs made operational during the nine month period of FY16-17. The Company also services the customers through its 25 outreach locations.

Spread and Net Interest Margin

- The spread on loans for nine months FY16-17 stood at 2.08% compared to 2.13% for nine months FY15-16. The spread for Q3 FY16-17 is at 2.10%.
- Net Interest Margin for nine months FY16-17 marginally declined to 2.82% compared to 3.01% for nine months FY15-16. The Net Interest Margin for Q3 FY16-17 is at 2.99%.

Capital Adequacy Ratio (CAR)

- The Company's CAR as on 31st December, 2016 stood at 24.62%, of which Tier I capital was 18.80% and Tier II capital was 5.82%. As per the regulatory norms, the minimum requirement for the CAR and Tier I capital is 12% and 6% respectively.

Credit Rating

- PNB Housing Finance Fixed Deposit programme 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. The Company's Commercial Paper (CP) 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. Further the bank loans long term rating is rated at "AAA" by CARE.

Commenting on the performance Mr. Sanjaya Gupta, Managing Director said:

"We witnessed double digit growth in our profitability during the nine month period for the fiscal year 2016-17 compared to the same period of the previous year. In line with our expansion plans, we have added 11 new branches which will support us in the next phase of growth. We continue to focus on expansion in Tier 2 and Tier 3 cities.

The demonetization exercise undertaken by the Government is a positive step towards bringing transparency in real estate sector in the long run. Valuations and transaction velocity will be more accurate and gain pace, respectively, over time. Currently the Credit to GDP ratio of our Country is very low and we expect there is a lot of growth potential to the overall housing finance/real estate industry."

About PNB Housing Finance Limited

PNB Housing Finance Limited (NSE: PNBHOUSING, BSE: 540173) is promoted by Punjab National Bank and is a registered Housing Finance Company with National Housing Bank (NHB). The Company got listed on the Indian stock exchanges on 7th November, 2016. The Company offer its retail customers "housing and non-housing loans". The Company is also into construction finance loans to real estate developers for residential housing. PNB Housing Finance is a deposit taking Housing Finance Company.

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Unaudited Financial Results for the Quarter and Nine Months ended December 31, 2016

₹ in crore

Particulars	Quarter ended 31.12.2016	Quarter ended 30.09.2016	Quarter ended 31.12.2015	Nine Month Ended 31.12.2016	Nine Month Ended 31.12.2015	Year ended 31.03.2016
Income:	(Reviewed)					(Audited)
Interest Income	937.62	913.04	675.25	2,667.86	1,825.55	2,568.26
Fees & Other Operating Income	61.13	57.13	33.85	163.91	87.19	127.58
Income from Operations	998.75	970.17	709.10	2,831.77	1,912.74	2,695.84
Expenditure:						
Finance Cost	673.08	684.68	486.65	1,965.75	1,335.44	1,860.29
Employee Benefit Expenses	24.97	26.58	20.21	73.67	59.40	75.28
Other Expenses	57.22	69.68	36.97	180.03	109.11	161.76
Depreciation Expense	4.77	4.56	4.30	13.80	10.87	15.04
Provisions and Write-offs	30.78	(22.51)	15.85	36.25	51.99	81.13
Total Expenditure	790.82	762.99	563.98	2,269.50	1,566.81	2,193.50
Profit Before Other Income	207.93	207.18	145.12	562.27	345.93	502.34
Other Income	-	0.08	0.63	0.10	0.63	0.75
Profit Before Tax	207.93	207.26	145.75	562.37	346.56	503.09
Tax Expenses	70.15	69.61	55.44	191.04	122.65	176.62
Net Profit After Tax	137.78	137.65	90.31	371.33	223.91	326.47
Paid up Equity Capital (Face value ₹ 10)	165.64	126.92	126.92	165.64	126.92	126.92
Reserves as at 31 st March						2,018.98
Earning Per Share:						
-Basic	9.18	10.85	7.12	27.57	19.29	27.48
-Diluted	9.04	10.64	7.12	27.14	19.29	27.48

Notes:

1. The main business of the Company is to provide loans for purchase or construction of residential houses. All other activities of the Company revolve around the main business and accordingly, there are no separate reportable segments as per the Accounting Standard on 'Segment Reporting' (AS 17) issued by the Institute of Chartered Accountants of India.

2. Assets under management (AUM) have increased from ₹ 24,674 crore as on December 31, 2015 to ₹ 37,745 crore as on December 31, 2016 registering a growth of 53%. Loan Assets have increased from ₹ 24,307 crore as on December 31, 2015 to ₹ 34,330 crore as on December 31, 2016 registering a growth of 41%.

3. Gross NPAs of the Company are 0.37% of the Loan Assets as on December 31, 2016, against 0.35% of the Loan Assets on December 31, 2015. The Gross NPA as on December 31, 2016 has been calculated considering the additional 60 days time given by NHB vide its circular NHB(ND)/DRS/POLICY CIRCULAR NO. 77/2016-17 in recognition of the Sub-Standard Assets. Net NPAs of the Company are 0.27% of the Loan Assets as on December 31, 2016, against 0.21% of the Loan Assets on December 31, 2015.

4. As on December 31, 2016 the Company is carrying provision for non-performing assets and provision for standard assets of ₹ 32.53 crore and ₹ 166.96 crore respectively. The same is created and maintained in compliance of the Housing Finance Companies (NHB) Directions, 2010 as amended up to date. During the quarter, provision for contingencies of ₹ 12.50 crore is created, over and above the provisions required to be maintained in terms of NHB Direction.

5. During the quarter ended December 31, 2016, the Company has successfully completed its Initial Public Offer (IPO) of 3,87,19,309 equity shares of ₹ 10 each at a price of ₹ 775/- per share aggregating to ₹ 3,000 crore. The equity shares of the Company were listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited on November 7, 2016. Post IPO, the shareholding of the promoter of the Company i.e. Punjab National Bank has reduced from 51% to 39.08%. Thus, the nature of relationship with PNB has changed and PNB is now no more a Holding Company.

6. Vide circular NHB (ND)/DRS/Policy Circular 65 / 2014-15 dated August 22, 2014, the National Housing Bank ("NHB") has directed Housing Finance Companies (HFCs) to provide for a deferred tax liability in respect of amount transferred to "Special Reserve" created under section 36(1) (viii) of the Income Tax Act, 1961. Accordingly, the Company has charged its Statement of Profit & Loss for the quarter and nine-month ended December 31, 2016 with the deferred tax liability on additional amount expected to be appropriated towards Special Reserve out of profits. This amount is reflected under the head "Tax Expenses".

As per the above circular, NHB has advised HFCs to create deferred tax liability in respect of accumulated balance of Special Reserve as on April 1, 2014 from the reserves over a period of 3 years starting with financial year 2014-15, in a phased manner in the ratio of 25:25:50. Accordingly, the Company has created first and second phase of deferred tax liability of 25% each aggregating to ₹ 26 crore on accumulated special reserve as at April 01, 2014 at the year-end in annual accounts of FY 2014-15 and FY 2015-16. The Company would create third and final phase of deferred tax liability of 50% amounting to ₹ 26 crore on accumulated Special Reserve as on April 01, 2014 at the year-end in annual accounts of FY 2016-17.

7. During the period ended December 31, 2016, there are no transactions in the nature of exceptional or extra ordinary items.

8. Previous period/year figures have been regrouped or reclassified, wherever necessary, to make them comparable with the current period figures.

The Statutory Auditors of the Company have carried out a limited review of the financial results for the quarter and nine-month ended December 31, 2016. The above results were reviewed and recommended by the Audit Committee of Board and subsequently approved by Board of Directors at the meeting held on January 24, 2017.

For PNB Housing Finance Limited

January 24, 2017
New Delhi

Sanjaya Gupta
Managing Director
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