

Press Release

For Immediate Release

20th January 2022, New Delhi

Consolidated Unaudited Financial Results for Q3 & 9M FY2021-22 Ended 31st December 2021

The Board of Directors of PNB Housing Finance Limited today approved the Consolidated Unaudited Financial Results for the quarter and nine months ended 31st December 2021. The accounts have been subjected to a limited review by the Company's Statutory Joint Auditors in line with the regulatory guidelines. The financial numbers are based on IndAS.

Financial performance (Q3 FY21-22 vs Q3 FY20-21)

- Net Interest Income stood at INR 439 crore compared to INR 590 crore registering a decline of 26%. During Q3 FY21-22, there is a net income reversal of INR 79 crore on derecognized loans due to unwinding impact of Spread contraction and run offs whereas during Q3 FY20-21, there was a net positive impact of INR 31 crore on derecognized loans due to fall in buying Banks' MCLR resulting in Spread widening and income from fresh securitization of INR 396 crore.
- Operating Expenditure increased by 15% to INR 116 crore vs INR 101 crore. The operating expenditure on QoQ basis has registered a decline of 2% from INR 119 crore in Q2 FY21-22.
- Pre provision Operating Profit stood at INR 383 crore vs INR 550 crore registering a decline of 30%.
- Profit after Tax stood at INR 188 crore vs INR 232 crore registering a decline of 19%.
- Net Interest Margin stood at 2.7% as compared to 3.2%. Excluding the unwinding impact on derecognized loans the Net Interest Margin is at 3.2% for Q3 FY21-22.
- Gross Margin, net of acquisition cost, stood at 3.0% compared to 3.5%.

Financial performance (9M FY20-21 vs 9M FY19-20)

- Net Interest Income stood at INR 1,492 crore compared to INR 1,729 crore registering a decline of 14%. During 9M FY21-22, there is a net income reversal of INR 159 crore on derecognized loans due to unwinding impact of Spread contraction and run off whereas during 9M FY20-21, there was a net positive impact of INR 120 crore on derecognized loans due to fall in buying Banks' MCLR resulting in Spread widening and income from fresh securitization of INR 396 cr.
- Operating Expenditure is at INR 350 crore vs INR 311 crore registering an increase of 13%.
- Pre provision Operating Profit decreased by 16% to INR 1,291 crore from INR 1,530 crore.
- The ECL provision as on 31st December 2021 is INR 2,494 crore resulting in the total provision to assets ratio at 4.4%. The Stage 3 provision coverage ratio is at 36.3%.
- Profit after Tax is at INR 667 crore vs INR 803 crore registering a decline of 17% YoY.
- The Spread on loans for 9M FY21-22 stood at 2.4% compared to 2.8% for 9M FY20-21. Excluding the net impact on securitization transactions, the Spread for 9M FY21-22 is 2.7%.

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CIN: L65922DL1988PLC033856

- Net Interest Margin stood at 3.0% compared to 3.1% YoY. Excluding the net impact on securitization transactions and lower gearing, the Net Interest Margin for 9M FY21-22 is 3.3%.
- Gross Margin, net of acquisition cost, stood at similar levels of 3.2%.
- Return on Asset is at 1.3% during 9M FY21-22 as compared to 1.4% during 9M FY20-21.
- Gearing as on 31st December 2021 is 5.6x compared to 7.3x as on 31st December 2020.
- Return on Equity of 9.6% for 9M FY21-22 vis a vis 12.8% for 9M FY20-21.

Business Operations

- The disbursements during Q3 FY22 stood at INR 2,828 crore compared to INR 3,203 crore in Q3 FY20-21 registering a decline of 12%. Retail disbursements were 97% of the total disbursements in Q3FY21-22.
- Asset under Management (AUM) degrew by 5% QoQ at INR 66,539 crore as on 31st December 2021. The degrowth in AUM is primarily on account of sell down/accelerated payments and no new sanctions in the corporate book. Retail book contribute 88% of the AUM.
- Loan Assets stood at INR 56,798 crore as on 31st December 2021 as compared to INR 59,283 crore as on 30th September 2021. Retail loans are at INR 49,046 crore as on 31st December 2021 which is similar to loans as on 30th September 2021. Corporate loans are at INR 7,761 crore registering a decline of 22% QoQ primarily on account of sell down/accelerated payments of INR 1080 crore during Q3 FY21-22.

Project Ignite – Business Transformation Project

- Phase 1 i.e. Diagnostic phase has been completed with various projects identified across the value chain of the organization
- Phase 2 i.e. Design and Implementation initiated across various functions viz Business, Underwriting, Collections and Cost.

Distribution and Service Network

- As on 31st December 2021, the Company has 94 branches with presence in 64 cities and 22 Hubs.
- Company opened 13 new Unnati locations during Q3 FY21-22
- The Company also services the customers through 30 outreach locations.

Asset Quality

- Post the RBI circular dated 12th November 2021, the Loan Asset of the Company are classified as:
 - Stage 1: upto30 DPD
 - Stage 2: >30-90 DPD
 - Stage 3a: <90 DPD, on account of asset classification norms as per RBI notification dated 12th November 2021

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- Stage 3b: >90 DPD (Non Performing Loans)

As per the RBI notification dated 12th November 2021 “Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications”, the account that has turned 90+DPD on any date should continue to be Gross NPA till such time all the overdue including principal and interest is paid.

- Gross Non-Performing Assets (NPA) at an AUM level is at 7.16% while it is 7.64% at Loan Assets as on 31st December 2021.
 - Gross NPA excluding asset classification norms as per RBI notification dated 12th November 2021 is at INR 3,511 crore (6.2% of Loan Assets), which is at similar levels compared to 30th September 2021.
- Net NPA stood at 4.87% of the Loan Assets as on 31st December 2021 as compared to 3.3% as on 30th September 2021.

Borrowings

- Total borrowings are at INR 53,827 crore as on 31st December 2021 as against INR 64,131 crore as on 31st December 2020.
- The Deposit portfolio stood at INR 17,838 crore as on 31st December 2021 as compared to INR 16,512 crore as on 31st December 2020.
- Total assigned loans outstanding as on 31st December 2021 is at INR 9,742 crore as compared to INR 13,186 crore as on 31st December 2020. No new loan assignment is done in 9M FY22.

Capital to Risk Asset Ratio (CRAR)

- The Company's CRAR based on IndAS stood at 21.59% as on 31st December 2021, of which Tier I capital was 18.90%.
- The risk-weighted assets as on 31st December 2021 stood at INR 43,163 crore.

Covid-19 Update

As advised by various State and Central Government, PNB Housing has complied with all the directives issued with respect to Covid-19. With the current increase in the Covid 19 cases, all the offices of the Company are following the directives issued by various state and central government. Around 100% of our employees have been vaccinated with atleast one dose.

As on 31st December 2021, INR 2,483 crore (4.4% of Loan Asset) has been restructured under the RBI's resolution framework for Covid19 related stress. Upto 31st December 2021, disbursed INR 462 crore under Emergency Credit Line Guarantee Scheme (ECLGS).

As a socially responsible corporate, we pledged support towards aiding the ongoing efforts of the government to control the pandemic by setting up 70 bedded ICU Facility, provide oxygen concentrators,

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establish PSA based oxygen plant and provide ambulances for emergency pre-hospital care. The same has been executed during the quarter and helping patients.

Commenting on the performance Mr. Hardayal Prasad, Managing Director & CEO said:

“The Company continues to focus on retail segment and in order to enhance Unnati business, has opened 13 new locations during the quarter. Further, 25 new Unnati locations are planned to be operationalised by March 2022. Under Project Ignite number of initiatives are implemented during the quarter and the outcome is expected to be visible in the coming quarters.”

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’s asset base comprises retail loans and corporate loans. The retail business focusses on organized mass housing segment financing for acquisition or construction of houses. In addition, it also provides loan against properties and loans for purchase & construction of non-residential premises. Corporate loans are mainly to developers for construction of residential / commercial properties, corporate term loans and lease rental discounting.

PNB Housing Finance is a deposit taking Housing Finance Company.

Disclaimer

No representation or warranty, express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or opinions contained in this release. The information contained in this release is only current as of its date. Certain statements made in this release may not be based on historical information or facts and may be “forward looking statements”, including those relating to the Company’s general business plans and strategy, its future financial condition and growth prospects, and future developments in its industry and its competitive

and regulatory environment. Actual results may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in the Company’s business, its competitive environment and political, economic, legal and social conditions in India. This communication is for general information purpose only, without regard to specific objectives, financial situations and needs of any particular person. This release does not constitute an offer or invitation to purchase or subscribe for any shares in the Company and neither any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The Company may alter, modify or otherwise change in any manner the content of this release, without obligation to notify any person of such revision or changes.

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Statement of consolidated financial results for the quarter and nine months ended December 31, 2021

(₹ in crore)

S. no.	Particulars	Quarter ended			Nine months ended		Year ended
		31-Dec-21	30-Sep-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Mar-21
		(Unaudited)			(Unaudited)		(Audited)
	Revenue from operations						
(i)	Interest income	1,411.24	1,499.88	1,757.86	4,522.52	5,519.69	7,189.83
(ii)	Fees and commission income	60.32	45.53	50.80	144.50	94.17	181.23
(iii)	Net gain on fair value changes	23.82	37.91	42.82	103.49	123.19	162.33
(iv)	Income on derecognised (assigned) loans	-	-	35.19	-	35.19	70.53
I	Total revenue from operations	1,495.38	1,583.32	1,886.67	4,770.51	5,772.24	7,603.92
II	Other income	0.23	3.09	9.68	4.39	17.94	20.16
III	Total income (I+II)	1,495.61	1,586.41	1,896.35	4,774.90	5,790.18	7,624.08
	Expenses						
(i)	Finance cost	996.11	1,034.78	1,246.22	3,133.77	3,949.42	5,099.78
(ii)	Impairment on financial instruments & write-offs	129.48	141.83	256.66	430.82	511.30	861.90
(iii)	Employee benefits expenses	50.01	56.50	42.68	162.34	158.70	211.29
(iv)	Depreciation and amortisation	13.13	13.43	14.04	39.38	44.66	59.01
(v)	Fees and commission expense	3.34	0.73	1.17	5.75	3.19	11.61
(vi)	Other expenses	49.81	47.94	41.74	142.66	104.02	173.46
IV	Total expenses	1,241.88	1,295.21	1,602.51	3,914.72	4,771.29	6,417.05
V	Profit before tax (III-IV)	253.73	291.20	293.84	860.18	1,018.89	1,207.03
	Tax expense:						
	-Current tax	(2.93)	74.91	109.53	190.00	317.75	413.25
	-Deferred tax ((credit)/charge)	68.21	(18.92)	(48.09)	3.24	(101.73)	(136.12)
VI	Total tax expense	65.28	55.99	61.44	193.24	216.02	277.13
VII	Net profit after tax (V-VI)	188.45	235.21	232.40	666.94	802.87	929.90
VIII	Other comprehensive income						
	A (i) Items that will not be reclassified to profit or loss:						
	Remeasurement gain/(loss) on defined benefit plan	1.20	(1.70)	(0.27)	0.66	0.16	2.43
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.31)	0.43	0.07	(0.17)	(0.04)	(0.61)
	B (i) Items that will be reclassified to profit or loss:						
	Cash flow hedge	31.63	17.21	8.59	33.68	(80.71)	(30.08)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(7.96)	(4.34)	(2.17)	(8.48)	20.31	7.57
IX	Total comprehensive income (VII+VIII)	213.01	246.81	238.62	692.63	742.59	909.21
	Earnings per share (of ₹ 10 each)*						
	-Basic (₹)	11.18	13.96	13.82	39.59	47.74	55.29
	-Diluted (₹)	11.15	13.92	13.82	39.48	47.74	55.26
	Paid-up equity share capital (Face value of ₹ 10)	168.59	168.58	168.19	168.59	168.19	168.27
	Reserves (excluding revaluation reserves) as at March 31						8,754.76

* EPS for the quarters are not annualized

Notes:

- The consolidated financial results have been prepared in accordance with Ind AS 110 – Consolidated Financial Statements, prescribed under section 133 of the Companies Act, 2013 (the “Act”) read with the relevant rules issued thereunder and the other relevant provisions of the Act.
- The above financial results of the Company have been prepared in accordance with Indian Accounting Standards (‘Ind AS’) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other accounting principles generally accepted in India. The financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles prescribed under Section 133 of the Companies Act, 2013, and other recognised accounting practices generally accepted in India and in compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”).
- The Company is principally engaged in the business of providing 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 Ind AS 108 “Operating Segment” specified under section 133 of the Companies Act, 2013.
- The extent to which the ongoing COVID 19 pandemic, including the current and any further spread would impact the Company’s future results will depend on economic situation, which is highly unpredictable. The Company will continue to closely monitor any material changes to future economic conditions. However, operating in the secured mortgage asset business we believe we hold a much stable asset class which can withstand the pandemic relatively better compared other asset classes.
- (i) Details of resolution plan implemented under Resolution Framework – 2.0 dated May 21, 2021: Resolution of Covid-19 related stress of Individuals and Small Businesses:

(₹ in crore)

S. No.	Description	Individual Borrowers		Small businesses*
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	2343	676	813
(B)	Number of accounts where resolution plan has been implemented under this window	494	285	389
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	146.20	218.10	379.67
(D)	Of (C), aggregate amount of debt that was converted into other securities	Nil	Nil	Nil
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Nil	Nil	Nil
(F)	Increase in provisions on account of the implementation of the resolution plan	8.06	19.48	37.40

* Including MSMEs

(ii) There were 89 borrower accounts having an aggregate exposure of ₹ 50.69 crore to the Company, where resolution plans had been implemented under RBI’s Resolution Framework 1.0 dated August 06, 2020 and now modified under RBI’s Resolution Framework 2.0 dated May 05, 2021.

- Disclosure pursuant to RBI Notification dated September 24, 2021 on "Transfer of Loan Exposures" are given below:
 - The Company has not transferred or acquired, any loans not in default during nine months ended December 31, 2021.
 - The Company has not transferred or acquired, any stressed loans during nine months ended December 31, 2021.
- Pursuant to the RBI circular dated November 12, 2021 "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications", the Company has implemented the requirements and aligned its definition of default accordingly. Such alignment has resulted in transition of sub 90 DPD assets of ₹ 829.19 crore as additional non-performing assets as at December 31, 2021 and provided as per norms".

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8. During the quarter ended December 31, 2021, the Company has allotted 8,000 equity shares of ₹ 10 each pursuant to exercise of stock options by employees.
9. During the quarter ended December 31, 2021, there were no transactions in the nature of exceptional items.
10. Figures for the previous periods have been regrouped wherever necessary in order to make them comparable with the current period.

The Statutory Auditors of the Company have reviewed the consolidated financial results for the quarter and nine months ended December 31, 2021, in compliance of Regulations 33 of SEBI (LODR) Regulations, 2015, as amended. The above consolidated financial results has been reviewed and recommended by the Audit Committee of Board and subsequently approved by Board of Directors at their meeting held on January 20, 2022.

For and on behalf of the Board of Directors

Date: January 20, 2022
Place: New Delhi

Hardayal Prasad
Managing Director & CEO
DIN: 08024304