

**Press Release**

For Immediate Release

**28<sup>th</sup> October 2020, New Delhi**

**Consolidated Unaudited Financial Results for Q2 & H1 FY 2020-21 Ended 30<sup>th</sup> September 2020**

The Board of Directors of PNB Housing Finance Limited today approved the Consolidated Unaudited Financial Results for the quarter ended 30<sup>th</sup> September 2020. The accounts have been subjected to a limited review by the Company's Statutory Auditors in line with the regulatory guidelines. The financial numbers are based on IndAS.

**Capital Raise Update**

- PNB Board has decided to infuse capital upto INR 600 crore in PNB Housing Finance Ltd, through Preferential Issue/Rights Issue subject to regulatory approvals.
- Board approved capital raise of upto INR 1,800 crore through Preferential Issue/Rights Issue.

**Financial performance (Q2 FY20-21 vs Q2 FY19-20)**

- Total Revenue of INR 2,022 crore vs INR 2,230 crore registered a decline of 9%. The Company had an assignment income on securitized pool of INR 110 crore in Q2 FY19-20. There is a net income on securitized pool of INR 105 crore in Q2 FY20-21 due to fall in buying Banks' MCLR.
- Operating Expenditure is at INR 107 crore vs INR 132 crore registering a decline of 19%. The decline is on account of the cost rationalization measures undertaken by the Company.
- Pre provision Operating Profit is maintained at similar levels of INR 575 crore compared to INR 578 crore.
- Profit after Tax is at INR 313 crore vs INR 367 crore registering a decline of 15% YoY.
- The Net Interest Margin stood at 3.5% as compared to 3.2% YoY.
- Gross Margin, net of acquisition cost, stood at 3.5% compared to 3.4% YoY.

**Financial performance (H1 FY20-21 vs H1 FY19-20)**

- Total Revenue at INR 3,894 crore vs INR 4,463 crore registering a decline of 13%.
- Operating Expenditure is at INR 211 crore vs INR 273 crore registering a decline of 23%. The decline is on account of the cost rationalization measures undertaken by the Company.
- Pre provision Operating Profit decreased by 15% to INR 980 crore from INR 1,156 crore.
- Profit after Tax is at INR 570 crore vs INR 651 crore registering a decline of 12% YoY.
- The Spread on loans for H1 FY20-21 stood at 2.7% compared to 2.6% for H1 FY19-20. Excluding the net positive impact, the Spread for H1 FY20-21 is 2.5%.
- Net Interest Margin stood at 3.1% compared to 3.2% YoY.
- Gross Margin, net of acquisition cost, stood at 3.1% compared to 3.4% YoY.

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CIN: L65922DL1988PLC033856

- The cumulative ECL provision as on 30<sup>th</sup> September 2020 is INR 2,004 crore resulting in the total provision to assets ratio at 3.0%. The total provision coverage ratio is at 115%.
- Return on Asset is at 1.5% during H1 FY20-21 as compared to 1.6% during H1 FY19-20
- Gearing as on 30<sup>th</sup> September 2020 is 7.8x compared to 8.9x as on 30<sup>th</sup> September 2019.
- Return on Equity of 13.8% for H1 FY20-21 vis a vis 16.7% for H1 FY19-20.

### **Business Operations**

- The disbursements stood at INR 2,444 crore during Q2 FY20-21 compared to INR 694 crore during Q1 FY20-21 and INR 4,969 crore during Q2 FY19-20. The disbursements during the quarter witnessed gradual pick up, primarily in the retail segment, and has reached 86% of pre COVID-19 levels.
- Asset under Management (AUM) is at INR 81,221 crore as on 30<sup>th</sup> September 2020 as compared to INR 83,495 crore as on 30<sup>th</sup> June 2020 and INR 89,471 crore as on 30<sup>th</sup> September 2019. Retail Loans contribute 82% and Corporate loans are 18% of the AUM.
- Loan Assets stood at INR 66,951 crore as on 30<sup>th</sup> September 2020 from INR 68,009 crore as on 30<sup>th</sup> June 2020 and INR 74,353 crore as on 30<sup>th</sup> September 2019.

### **Distribution and Service Network**

- As on 30<sup>th</sup> September 2020 the Company has 96 branches with presence in 64 unique cities and 22 Hubs.
- The Company also services the customers through 17 outreach locations.

### **Asset Quality**

- Gross Non-Performing Assets (NPA) at an AUM level is at 2.20% while it is 2.59% at Loan Assets as on 30<sup>th</sup> September 2020. Retail book GNPA stood at 1.23% and Corporate book GNPA stood at 7.60%. The GNPA in corporate book reduced during the quarter owing to the resolution in 4 accounts. Proforma GNPA not considering status quo as per the Honorable Supreme Court order would have been 3.04%.
- Net NPA stood at 1.46% of the Loan Assets as on 30<sup>th</sup> September 2020 against 0.65% as on 30<sup>th</sup> September 2019.

### **Borrowings**

- Total borrowings are at INR 66,237 crore as on 30<sup>th</sup> September 2020 from INR 71,457 crore as on 30<sup>th</sup> September 2019 registering a decline of 7%.

- The Deposit portfolio stood at INR 16,600 crore as on 30<sup>th</sup> September 2020 from INR 17,179 crore as on 30<sup>th</sup> September 2019 with expanding retail penetration.
- Total assigned loans outstanding as on 30<sup>th</sup> September 2020 is at INR 14,270 crore.

#### **Capital to Risk Asset Ratio (CRAR)**

- The Company's CRAR based on IGAAP stood at 18.66% as on 30<sup>th</sup> September 2020, of which Tier I capital was 16.13% and Tier II capital was 2.53% compared to 15.67% with Tier I at 12.69% and Tier II at 2.98% as on 30<sup>th</sup> September 2019.
- The risk-weighted assets as on 30<sup>th</sup> September 2020 stood at INR 50,297 crore.

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

“With the opening of the economy we are witnessing an increasing trend in retail disbursement and have reached 88% of the pre COVID-19 numbers. The measures undertaken by the Company around provisioning and retail business led to a robust balance sheet with total provision to total asset at 2.99%, CRAR at 18.66% and gearing at sub 8 times. The Company would continue to focus on disbursing lower risk weighted retail assets, enhance recovery and cost rationalisation to create value for its stakeholders”

#### **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 7<sup>th</sup> 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

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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 half year ended September 30, 2020**

(₹ in Crore)

S.no	Particulars	Quarter ended			Half year ended		Year ended
		30-Sep-20	30-Jun-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Mar-20
		(Reviewed)			(Reviewed)		(Audited)
	<b>Revenue from Operations</b>						
(i)	Interest Income	1,960.31	1,801.52	2,015.88	3,761.83	3,995.29	7,688.21
(ii)	Fees and commission Income	24.62	18.75	80.00	43.37	172.77	298.84
(iii)	Net gain on fair value changes	30.58	49.79	23.97	80.37	63.40	158.64
(iv)	Income on derecognised (assigned) loans	-	-	109.86	-	229.18	336.15
<b>I</b>	<b>Total Revenue from Operations</b>	<b>2,015.51</b>	<b>1,870.06</b>	<b>2,229.71</b>	<b>3,885.57</b>	<b>4,460.64</b>	<b>8,481.84</b>
<b>II</b>	<b>Other Income</b>	<b>5.99</b>	<b>2.27</b>	<b>0.63</b>	<b>8.26</b>	<b>2.28</b>	<b>7.71</b>
<b>III</b>	<b>Total Income (I+II)</b>	<b>2,021.50</b>	<b>1,872.33</b>	<b>2,230.34</b>	<b>3,893.83</b>	<b>4,462.92</b>	<b>8,489.55</b>
	<b>Expenses</b>						
(i)	Finance Cost	1,339.67	1,363.53	1,521.27	2,703.20	3,033.95	5,874.95
(ii)	Impairment on financial instruments & Write-offs	179.55	75.09	151.58	254.64	315.74	1,251.37
(iii)	Employee Benefit Expenses	55.02	61.00	70.98	116.02	138.95	233.06
(iv)	Depreciation and Amortisation	14.63	15.99	16.79	30.62	33.18	65.85
(v)	Fees and commission expense	1.14	0.88	2.65	2.02	6.12	8.92
(vi)	Other Expenses	35.92	26.36	41.10	62.28	94.98	244.39
<b>IV</b>	<b>Total Expenses</b>	<b>1,625.93</b>	<b>1,542.85</b>	<b>1,804.37</b>	<b>3,168.78</b>	<b>3,622.92</b>	<b>7,678.54</b>
<b>V</b>	<b>Profit Before Tax (III-IV)</b>	<b>395.57</b>	<b>329.48</b>	<b>425.97</b>	<b>725.05</b>	<b>840.00</b>	<b>811.01</b>
	Tax Expense:						
	- Current Tax	105.81	102.41	72.12	208.22	210.07	389.24
	- Deferred Tax (net)	(23.53)	(30.11)	(12.96)	(53.64)	(21.35)	(224.47)
<b>VI</b>	<b>Total Tax Expense</b>	<b>82.28</b>	<b>72.30</b>	<b>59.16</b>	<b>154.58</b>	<b>188.72</b>	<b>164.77</b>
<b>VII</b>	<b>Net Profit after Tax (V-VI)</b>	<b>313.29</b>	<b>257.18</b>	<b>366.81</b>	<b>570.47</b>	<b>651.28</b>	<b>646.24</b>
<b>VIII</b>	<b>Other Comprehensive Income (net of taxes)</b>	<b>19.50</b>	<b>(86.00)</b>	<b>(43.53)</b>	<b>(66.50)</b>	<b>(16.53)</b>	<b>(55.30)</b>
<b>IX</b>	<b>Total Comprehensive Income (VII+VIII)</b>	<b>332.79</b>	<b>171.18</b>	<b>323.28</b>	<b>503.97</b>	<b>634.75</b>	<b>590.94</b>
	<b>Earnings per Share (of ₹ 10 each)*</b>						
	-Basic (₹)	18.63	15.29	21.82	33.92	38.78	38.45
	-Diluted (₹)	18.63	15.29	21.76	33.92	38.66	38.41
	Paid-up Equity Share Capital (Face value ₹ 10)	168.19	168.19	168.12	168.19	168.12	168.19
	Reserve (excluding Revaluation Reserves) as at				8,340.84	7,867.15	7,829.58

\* EPS for the quarters are not annualised

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**Notes:**

**1. Consolidated Statement of Assets and Liabilities**

(₹ in Crore)

S.no.	Particulars	As at		
		30-Sep-20 (Reviewed)	30-Sep-19	31-Mar-20 (Audited)
	<b>ASSETS</b>			
1	<b>Financial Assets</b>			
(a)	Cash and cash equivalents	7,472.26	4,330.10	8,514.32
(b)	Bank Balance other than (a) above	0.07	0.05	0.07
(c)	Derivative financial instruments	-	-	125.66
(d)	Trade Receivables	1.17	27.41	44.90
(e)	Loans	65,868.83	74,269.12	66,628.02
(f)	Investments	2,080.19	1,916.97	2,075.74
(g)	Other Financial Assets	839.38	696.14	701.70
	<b>Subtotal - Financial Assets</b>	<b>76,261.90</b>	<b>81,239.79</b>	<b>78,090.41</b>
2	<b>Non - Financial Assets</b>			
(a)	Current tax assets (Net)	13.55	143.93	61.01
(b)	Deferred tax Assets (Net)	354.88	65.28	285.94
(c)	Investment Property	0.55	0.80	0.55
(d)	Property, Plant and Equipment	94.87	77.83	105.31
(e)	Right of use assets	97.64	135.85	119.80
(f)	Capital work-in-progress	0.90	9.48	1.23
(g)	Other Intangible assets	21.76	24.31	25.42
(h)	Intangible assets under developments	3.70	1.86	2.83
(i)	Other non-financial assets	59.12	37.83	30.67
(j)	Assets held for sale	175.93	203.14	206.56
	<b>Subtotal - Non - Financial Assets</b>	<b>822.90</b>	<b>700.31</b>	<b>839.32</b>
	<b>TOTAL - ASSETS</b>	<b>77,084.80</b>	<b>81,940.10</b>	<b>78,929.73</b>
	<b>LIABILITIES</b>			
1	<b>Financial Liabilities</b>			
(a)	Derivative financial instruments	91.52	172.90	-
(b)	Payables			
	(I) Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	97.31	114.41	86.92
	(II) Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Debt Securities	14,338.83	21,894.47	17,836.46
(d)	Borrowings (Other than Debt Securities)	33,647.26	30,830.15	32,328.12
(e)	Deposits	15,979.33	16,549.44	16,131.94
(f)	Subordinated Liabilities	1,438.58	1,438.58	1,438.58
(g)	Other financial liabilities	2,229.59	1,818.30	1,689.95
	<b>Subtotal - Financial Liabilities</b>	<b>67,822.42</b>	<b>72,818.25</b>	<b>69,511.97</b>
2	<b>Non Financial Liabilities</b>			
(a)	Provisions	27.79	35.51	18.94
(b)	Other non-financial liabilities	725.56	1,051.07	1,401.05
	<b>Subtotal - Non Financial Liabilities</b>	<b>753.35</b>	<b>1,086.58</b>	<b>1,419.99</b>
3	<b>EQUITY</b>			
(a)	Equity Share capital	168.19	168.12	168.19
(b)	Other Equity	8,340.84	7,867.15	7,829.58
	<b>Subtotal - Equity</b>	<b>8,509.03</b>	<b>8,035.27</b>	<b>7,997.77</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>77,084.80</b>	<b>81,940.10</b>	<b>78,929.73</b>

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2. 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.
3. 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 laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the the Companies Act, 2013, and other recognized 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”).
4. Assets under management (AUM) have decreased from ₹ 89,471 crore as on September 30, 2019 to ₹ 81,221 crore as on September 30, 2020 registering a decline of 9%. Loan Assets have decreased from ₹ 74,353 crore as on September 30, 2019 to ₹ 66,951 crore as on September 30, 2020 registering a decline of 10%.
5. Gross NPA as on September 30, 2020 is 2.59% as against 0.84% as on September 30, 2019. Net NPA of the Company is 1.46% of the loan assets as on September 30, 2020, against 0.65% of the loan assets as on September 30, 2019.
6. 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.
7. Reserve Bank of India (“RBI”) has issued guidelines relating to COVID 19 Regulatory Package dated March 27, 2020, Apr 17, 2020 and May 23, 2020. In accordance with the RBI guidelines, the Company has offered a moratorium on the payment of instalments falling due between March 01, 2020 and August 31, 2020 to all eligible borrowers classified as standard.

The extent to which the COVID 19 pandemic will impact the Company's future results will depend on economic situation, which are highly unpredictable, including among other thing, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company. 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.

Hon'ble Supreme Court, in a public interest litigation vide an interim order dated September 03, 2020 ('interim order'), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Company has not classified any account as NPA, as per RBI norms after August 31, 2020 which was not NPA as on August 31, 2020. Further, in light of the interim order, even accounts that would have otherwise been classified as NPA post August 31, 2020 have not been and will not be, classified as NPA till such time the Hon'ble Supreme Court decides on the matter.

The disclosure requirements as required by RBI circular dated April 17, 2020 for the half year ended September 30, 2020 is given below:

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Particulars	(₹ in crore)
Advances outstanding in SMA/overdue categories, where the moratorium / deferment was extended, as per the COVID 19 regulatory package as at February 29, 2020*	5,143.82
Advances outstanding where asset classification benefits is extended*	288.09
Provisions made in terms of paragraph 5 of the COVID 19 Regulatory Package	123.15
Provisions adjusted against slippages in terms of paragraph 6	Nil
Residual provisions in terms of paragraph 6 of the COVID 19 Regulatory Package	123.15

\* As of September 30, 2020 in respect of such accounts

8. During the quarter ended September 30, 2020, there were no transactions in the nature of exceptional or extraordinary items.
9. Figures for the previous periods have been regrouped wherever necessary in order to make them comparable.

The Statutory Auditors of the Company have reviewed the consolidated financial results for the quarter and half-year ended September 30, 2020. The above consolidated financial results have been reviewed and recommended by the Audit Committee of Board and subsequently approved by Board of Directors at their meeting held on October 28, 2020.

**For and on behalf of the Board of Directors**

Date: October 28, 2020  
Place: New Delhi

Hardayal Prasad  
Managing Director & CEO  
DIN: 08024303