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January 27, 2026

BSE Limited
Listing Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001
Scrip Code: 540173

National Stock Exchange of India Limited
Listing Department
Exchange Plaza
Bandra Kurla Complex,
Bandra (E), Mumbai – 400051
Symbol: PNBHOUSING

Dear Sir(s),

Sub: Transcript of Earnings Conference Call held on January 22, 2026 – Q3FY26

Ref: i. Our letter PNBHFL/SE/EQ/FY2025-26/130 dated January 13, 2026
ii. Our letter PNBHFL/SE/EQ/FY2025-26/133 dated January 22, 2026

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, please find attached the transcript pertaining to the earnings conference call held on January 22, 2026 on Un-Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and nine months ended December 31, 2025.

This intimation is pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same shall also be available on the website of the Company at www.pnbhousing.com

Kindly take the above document on record.

Thanking You,

Yours faithfully,
For **PNB Housing Finance Limited**

Veena G Kamath
Company Secretary

Encl: As above.



“PNB Housing Finance Limited
Q3 & 9M FY '26 Earnings Conference Call”
January 22, 2026



**MANAGEMENT: MR. AJAI KUMAR SHUKLA – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER – PNB HOUSING
FINANCE LIMITED
MR. VINAY GUPTA – CHIEF FINANCIAL OFFICER –
PNB HOUSING FINANCE LIMITED
MR. JATUL ANAND - EXECUTIVE DIRECTOR – PNB
HOUSING FINANCE LIMITED
MR.MUKESH AGGARWAL – CHIEF SALES OFFICER –
RETAIL-PNB HOUSING FINANCE LIMITED
MS. VALLI SEKAR – CHIEF BUSINESS OFFICER –
AFFORDABLE BUSINESS – PNB HOUSING FINANCE
LIMITED**

MR. CHAITANYA YADAV – NATIONAL HEAD, CORPORATE PLANNING AND INVESTOR RELATIONS – PNB HOUSING FINANCE LIMITED

Moderator: Ladies and gentlemen, good morning and welcome to the PNB Housing Finance Limited Q3 & 9M FY26 Earnings Conference Call. As a reminder, all participant lines will remain in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touchtone telephone.

Please note that this conference is being recorded. I will now hand the conference over to Mr. Chaitanya Yadav, National Head - Corporate Planning and Investor Relations for opening remarks. Thank you and over to you.

Chaitanya Yadav: Thank you, Ryan. Good morning and welcome, everyone. We are here to discuss PNB Housing Finance Q3 & 9M FY 25-26 results. You must have seen our business and financial numbers in the presentation and the press release shared with the Indian Stock Exchanges and are also available on our website. With me, we have our management team led by Mr. Ajai Kumar Shukla, Managing Director and CEO of the company. We will begin this call with the performance update by the management team followed by an interactive Q&A session.

Please note that this call may contain forward-looking statements which exemplify our judgement and future expectations concerning the development of our business. These forward-looking statements involve risks and uncertainties that may cause actual developments and results to differ materially from our expectations. PNB Housing Finance undertakes no obligation to publicly revise any forward-looking statement to reflect future events or circumstances.

A detailed disclaimer is on slide 44 of the investor presentation. With that, I will now hand over the call to our MD and CEO, Mr. Ajai Kumar Shukla. Over to you, sir.

Ajai Kumar Shukla: Good morning, everyone. I am pleased to present our Q3 & 9M FY 26 performance. Let me give you some industry update and guidance. This quarter, RBI announced an additional 25 basis point reduction in the repo rate, bringing it down to 5.25% with immediate effect. With this step, the RBI has delivered a cumulative 125 basis point cut in 2025, marking one of the most meaningful easing cycles in recent years. This latest policy action is a clear positive for the real estate sector as we close out the year.

It builds on the earlier rate reductions and further strengthens home-buying affordability, particularly in the affordable and mid-segments. The customers are more sensitive to interest rate movements. The decline in EMI is expected to draw fence-sitters back into the market, supporting sustained demand momentum.

With housing prices across the top seven cities rising by around 10% to 15% over 2025, the rate cut acts as an important cushion to preserve affordability. It offsets part of the price appreciation witnessed during the year and ensures that home ownership remains accessible to a wide base of

buyers. Overall, the combination of softer borrowing costs, resilient buyer sentiment and stable economic fundamentals positions the housing market on a strong footing as we move into 2026.

Let me talk about the performance of PNB Housing Finance Limited.

The retail loan book grew by 16% Y-o-Y to INR 81,931 crores as on 31st December 2025. The total loan book of the company stood at INR82,203 crores as on 31st December 2025.

The Affordable and Emerging Market segments now account for almost 39% of the retail loan book. With continued focus on collections, our credit cost for Q3 FY26 remains at minus 19 bps. The gross NPA stood at 1.04% as on 31st December 2025. As Affordable segment portfolio continues to season, we have witnessed some delinquencies and an expected trend at this stage of the business cycle. Importantly, delinquency level remains well within industry benchmark for the affordable housing segment.

We remain deeply focused on maintaining portfolio discipline and continue to work forward in achieving our long-stated target of 1%-1.1% GNPA. NIM remains stable at 3.63% during the quarter. Achieved ROA of 2.57% for 9M FY26 on an annualised basis.

Let me now talk about in more detail on the performance achieved during the quarter.

As far as disbursement is concerned, during the quarter, overall retail segment disbursement grew by 16% YoY reaching INR 6,217 crores.

Within this, the Affordable segment saw a 15% Y-o-Y drop and 4.5% QoQ decline in disbursement, driven by our strategic decision to recalibrate affordable business in few challenging geographies due to government ordinances. However, the Emerging Markets segment continues to outperform delivering a strong 25% Y-o-Y growth in disbursement. As this impacted pocket stabilises, we expect affordable disbursement to revert back to growth trajectory of Q4 FY26.

The Prime segment delivered 20% Y-o-Y growth despite the broader pressure on yields following the rate cuts. Looking ahead, our strategic priorities remain unchanged. We will continue to reinforce our focus on scaling the Affordable and Emerging Markets segment given their strong underlying demand and long-term growth potential.

Also, we are going to start Construction Finance business in calibrated way in Tier 1 cities. Apart from that, we are also going to start Emerging Developer Finance with average ticket size up to INR 25-30 crores range in selected cities to improve our yield and NIM.

As far as loan book is concerned, the retail loan book grew by 16% Y-o-Y as on 31st December 2025. The loan book for Emerging markets and Affordable segment grew 31% Y-o-Y, reinforcing our commitment and focus on these segments. As stated earlier, the company continues to focus on growth in Emerging and Affordable segments which contribute 39% of retail book. The corporate book now stands at INR 272 crores as on 31st December, 2025.

The total Loan Book stood at INR 82,203 crores and Asset Under Management is at INR 86,048 crores. The total live accounts serviced by the company crossed 3.6 lakhs.

As far as geographical presence is concerned, the total pan India branch network of the company is 358 with Affordable and Emerging market segment accounting for 79% of total branch network. Our expanding footprint in Tier 2 and Tier 3 cities positions us well to capture increasing demand in these markets. Aligned with our long-term growth ambitions, we expect to add 40 to 50 new branches annually to deepen our presence in Tier 2 and Tier 3 cities.

If I talk about asset quality, the gross NPA improved to 1.04% as on 31st December 2025 as compared to 1.19% on 31st December, 2024 and 1.04% as on 30th September, 2025. During the quarter, we recovered INR 49 crores from retail and corporate segments. The company has a remaining written off pool of around INR 650 crores in corporate and around INR 350 crores in retail.

As far as borrowing is concerned, our cost of borrowing improved by 19 bps sequentially to 7.50% in Q3 FY26, driven by ongoing negotiations with banks and the impact of repo rate cuts.

As far as margin is concerned, NIM remains in line with our guidance level at 3.63% for the quarter versus 3.67% in Q2 FY26.

In Profitability, Return on Asset stood at 2.57% annualised for 9M FY26 as compared to 2.48% in 9M FY25. Our ROE is at 12.31% annualised for 9M FY26.

Let me reiterate that we will continue the guidance of retail book growth in the range of 17% to 18% with higher focus on Emerging Markets and Affordable segments.

With this, I would like to hand over the call back to Chaitanya. Thank you so much.

Chaitanya Yadav:

Thank you, sir. I will now request Vinay, our CFO, to talk about the financial numbers.

Vinay Gupta:

Thank you, Chaitanya, and a very good morning to everyone.

I'm pleased to walk you through our financial results for the quarter ended 31st December 2025. As you have already heard, our total loan book as of 31st December stood at INR82,203 crores, growing 14% year on year. Our retail loan book grew 16%, reaching to INR81,931 crores. Affordable and emerging market segments grew 31% YoY put together and now constitute around 39% of our overall retail loan book.

Let me start with an overview of our financial performance.

This quarter, our yield declined to 9.72% versus 9.95% in Q2 FY26. This is driven by a reduction in corporate book. As we mentioned at the end of previous quarter, there was one large corporate account which got foreclosed. So that led to a reduction in our mix of corporate book and impacted 10 bps on my yield.

We covered it largely through reduction in cost of borrowing but there is still some marginal impact which was left out on the name. Also, the impact was there due to lower disbursement yields and higher run-offs.

At the same time, our cost of borrowings improved by 19 bps sequentially to 7.50% in Q3, driven by ongoing negotiations with banks and the impact of repo rate cuts. The incremental cost of borrowing improved to 7.2% in Q3 FY26 as compared to 7.42% in the previous quarter.

Our net interest income during the quarter was INR772 crores which is a growth of around 11% year-on-year. NIM, as I mentioned, is at 3.63% compared to 3.67% in Q2 FY '26.

Our operating expenses grew 16.7% YoY and 10.5% QoQ to INR 240 crores versus INR 217 crores in Q2 FY26. This increase includes one-time expense of INR 6 crores on account of implementation of new labour codes.

Plus, there is a timing difference in ESOP. There was a release last quarter on account of exit of previous MD and now the cost is normalized. So this cost looks a bit of an aberration. Overall, our opex to ATA for Q3 FY26 is 1.09%. We continue to maintain our opex to ATA guidance of being range-bound between 1% to 1.1%.

Our pre-provision operating profit has grown 8.4% YoY and ex-one-offs, it has grown 10% YOY.

Credit cost continues to be benign. It is 19 bps negative. As MD sir also clarified, we recovered around INR 49 crores from written-off pool during the quarter.

Our PAT stood at INR 520 crores, up 7.7% YoY.

ROA improved by 9 bps on a YoY basis at 2.57 in 9M FY26.

ROE is at 12.3% for 9M FY26 and our overall CRAR stands at 29.46% with Tier 1 capital at 28.92%. Our debt to equity is now 3.63 and our book value stands at INR 710.

With this, I now hand it over back to Chaitanya for taking the call forward.

Chaitanya Yadav:

Thank you, Vinay. Ryan, we can now open the call for the Q&A, please.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use their handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Ladies and gentlemen, if you wish to ask a question, please press star and one.

We take the first question from the line of Abhijit Tibrewal from Motilal Oswal Financial Services Limited. Please go ahead.

- Abhijit Tibrewal:** Yes, good morning, sir and thank you for taking my question. First of all, congratulations to Sir Ajai Shukla on assuming the role of MD/CEO at PNB Housing. Sir, first question on the affordable book.
- You have called out in the presentation and in your opening remarks as well that you have restricted ticket sizes in certain geographies. So, just trying to understand which geographies are these, right, and what are the underlying reasons for restricting ticket sizes, if you could just help us understand that?
- Ajai Kumar Shukla:** Thank you, Abhijit. As far as Affordable book is concerned, we saw some challenges especially in some part of southern market. It was not all across India. So, we recalibrated our strategy in those markets. This was primarily because of some government ordinance and that is already out. I think we will rework and we will come back again on the new methods of defining our affordable strategy for the southern market.
- Abhijit Tibrewal:** Got it. And sir, this ordinance that you are talking about, is it the MFI ordinance that came in last year, almost a year back?
- Ajai Kumar Shukla:** Yes, it was that, but it impacted the Affordable business also because when any information comes to the market, it impacts the other segments also.
- Abhijit Tibrewal:** Got it. And these are not geographies or customers which have got impacted by tariffs or anything, right?
- Ajai Kumar Shukla:** So, there was some partial impact on geography also. So, for example, Tamil Nadu, we saw some challenge. Because of that, we decided to re-evaluate our strategy in the TN market. And since the market is again stabilized and the government ordinance is also stabilized now, I think we will be focusing again on those markets.
- Abhijit Tibrewal:** Got it. So, the second question I had was, I mean, late last night, you declared a corporate account as a fraud account, despite you having called out that you've written out this account back in FY '23. So, just trying to understand, I mean, this come up during any of your RBI or NHB inspections?
- And a related question here is, I mean, while you've been around here for a little over a month now, have you had a chance to take stock of the loan book? Basically, how is the asset quality and would you need to take any higher provisioning on the book in the coming quarters?
- Ajai Kumar Shukla:** So, as far as this fraud which we reported, as you rightly said that we already written-off this account in 2022-23. And there is no material adverse effect on financial of the company. And we are currently undertaking appropriate legal measures in this case. The amount sanctioned was INR275 crores and the current outstanding is INR237 crores around. And since this is already provisioned, so no financial impact. I don't think...
- Vinay Gupta:** On the asset quality front, Abhijit, we don't foresee any increase in any of the segments. We are adequately provisioned across all the stages and that may continue.

- Abhijit Tibrewal:** Noted and sir declaring this account as a fraud now, was there some technical reason behind it?
- Vinay Gupta:** Yes, it was basically due to some recent developments which have happened in that particular account. And hence, as per the process, after following the due process, you know, of giving principles of natural justice, we have then decided to declare it as a fraud.
- Abhijit Tibrewal:** Okay. And so, then the last question I had was, I mean, have you made any PLR changes in the last quarter or any changes effective January this year?
- Vinay Gupta:** No, not yet.
- Abhijit Tibrewal:** Okay. So, this is all from my side. Maybe I'll come back in the question. Thank you. And I wish you and your team the very best.
- Moderator:** Thank you. We take the next question from the line of Viral Shah from IIFL Capital. Please go ahead.
- Viral Shah:** Yes. Hi. Thanks for the opportunity and congratulations, Ajai, on the new role. It has been now one month since you joined PNBHF. I just wanted to understand from your perspective, first of all, what is it that you are finding it, say, different versus your expectations when you were joining?
- And secondly, more importantly, if there is any change or an update to the strategy of, say, growing the share of Affordable, Emerging, any, say, anything within, say, underwriting or the collection practices where you think you can make it more robust, any of those things, what are the – what will be your views on those things?
- Ajai Kumar Shukla:** Thank you, Viral. You know, I think, you know, last 30 days, what I observed that we are on the almost similar kind of path which, you know, any other housing finance company works. And as already said, and I reiterated that we'll continue the guidance which has already been given in the market.
- We'll focus on our Emerging and Affordable business. So, there will not be much change in the strategy of the organization. We'll continue and we'll further improve and explore the opportunities where we can get the better yield and NIM.
- I don't see any challenges, as Vinay also confirmed that on the quality of portfolio because even in Affordable also, we are much better than any affordable company in this industry. So, I don't see there is any change as far as the, you know, quality and all those things.
- Viral Shah:** And just as part of this only, so I think earlier guidance with regards to, say, the share of affordable and emerging mix, stated number was 40%. And then I think a couple of quarters back, there was some reclassification in emerging and we had kind of highlighted that we can, that percentage now can look higher. Do you want to give any percentage target over a medium term?
- Ajai Kumar Shukla:** Yes, so currently we are 39% and we are expecting this to grow in the range of 45% to 50%.
- Viral Shah:** As a share, right? The emerging and affordable?

- Ajai Kumar Shukla:** Emerging and affordable, yes, put together.
- Viral Shah:** Got it. And just on the question that I asked, sorry if I am repeating, but with regards to the underwriting practices or collection practices, you don't anticipate any change because of which there can be any disruption to our growth or anything?
- Ajai Kumar Shukla:** No, I don't see that there will be any, disruption because I think things are going very well as far as underwriting and collections are concern.
- Viral Shah:** Got it. And my second question, Vinay, was to you. How soon can we get to, say or converge our overall cost of funds to now the incremental cost of funds of 7.2%? And what would, we are, say medium term now, NIM trajectory guidance, if you could help us with that?
- Vinay Gupta:** We will, so this NIM as of now, due to pressure on account of runoff and the new disbursement yields already running lower than our portfolio yields, so that pressure is going to continue. We are offsetting it with the reduction in cost of borrowing. So we continue to maintain the guidance of NIM between 3.6% to 3.7%.
- Post Q4, we will recalibrate, looking at, once the stability happens on repo, how it is going to play out in the next year. And once we launch CF, once we launch this Developer Finance, I think these will obviously add on to our overall yield profile. So next year, probably we might see, some expansion once these new segments start delivering.
- Viral Shah:** Got it. I think this was last question from my end. Thank you so much and all the very best.
- Vinay Gupta:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Kunal Shah from Citigroup. Please go ahead.
- Kunal Shah:** Continuing on the question with respect to, say, under the new management, just wanted to understand any key priorities that would be there, or maybe it's the business as usual, any key priorities from your end. And in terms of the ROA, we are still guiding for 3.6% to 3.7% ROA. We still have the benefit of, say the recoveries, which is there. So maybe in terms of picking the ROAs up, and what would be the aspirational ROA target over next 3 years?
- Ajai Kumar Shukla:** So, thank you, Kunal. So let me, slightly correct here. I think you're talking about, NIM or you're talking about ROA?
- Kunal Shah:** No, no. So I was saying, like, margins, we are guiding for 3.6% to 3.7%. And we still have the benefit of the recoveries, which would eventually go away over the medium term. So then maybe in that scenario of steady margins and maybe some normalization of credit cost, how do we see the ROA spanning out over 2 to 3 years?
- Ajai Kumar Shukla:** I think this will be in the range of 2.5% to 2.6%. If I tell you that 9 month financial '26, my ROA is 2.57% as of now, and which will be in the, range of 2.5% to 2.6%.

Vinay Gupta:

Just to add on, Kunal, there are three levers, as MD sir also mentioned. We are starting CF, so that will definitely support us on the NIM. Secondly, we are also starting a small developer finance, which is also going to be a new vertical, where average ticket size will range between 25% to 30% and yields will be in the range of 11% to 12%. So that will also be NIM accretive.

And on cost of borrowing, again, we have few levers like, if the rating upgrade happens in a quarter or two, that will also lead to substantial benefits on our cost of borrowing. So these factors, apart from shift that we are making towards emerging and affordable, it will be somewhere around 50%, let's say by end of next year.

So by then, we would have some benefits on credit cost. And after that, these things will definitely support the current NIM profile. Actually, it will help in improving the NIM profile.

Kunal Shah:

Yes, and in terms of this small developer and CF, we had gone through that cycle and we had run down this entire portfolio. So maybe learning from the past experiences, any differences in the business model that we would now incrementally cater to? And how much would it scale up to? Maybe is there any gap in terms of the proportion we would want to or maybe can it get towards like 3% - 5% of the AUM over a 3 year period or no, we'll not be so aggressive?

Ajai Kumar Shukla:

Yes, so Kunal, I think what we have planned is that we will be having almost 8% to 10% of my total book as our exposure in Construction Finance and Emerging Developer portfolio. Any given point of time, it would be in the range of 8% to 10% only. That's the maximum exposure we want to keep.

That all will remain the retail business. As far as policy is concerned, so Emerging Developer and Construction Finance both will have a separate policy. Okay, there will be a difference between both the policies.

Because where the Emerging Developer Financing will end, the Construction Finance will start. So we are in the process of designing Emerging Developer policy, the construction policy is already in place. And, that's how we have started, sourcing business also, but soon you will see that possible we'll start in Q4 or maybe first quarter of Q1.

Kunal Shah:

Sure. And one last question, if I can squeeze in, that's with respect to affordable again. So you are maybe when you mentioned like you have recalibrated the growth in some geographies and ticket size cap in select geographies.

Overall, when we look at it, it's like still the ticket size of more than 15 lakhs is something which is coming up, which is coming down, actually. So is that maybe in terms of the ticket size capping or this is something similar to what indicated challenges in the southern market. And even in terms of the repayment rates in affordable housing, when we look at it with the disbursements, which have been there of INR 786 crores, we are still seeing almost INR 600 crores of addition.

So there's hardly been any rundown, which has been there in that portfolio. So maybe what could be the reason for that? So, the repayment prepayment run-rate still appears to be quite low in the affordable housing. Yes. And where should we aim this segment to grow over the next 12 months in terms of the growth ratios?

Valli Sekar: Yes, hi, this is Valli Sekar. See, regarding this, you know, disbursement, which you are asking about in Q4, the ticket size will slightly go down, because now there is a slighter concentration towards the PMAY as well. So, the ticket size from the last year has slightly come down also. And this recalibration is particularly in the southern markets. As you all are aware that Tamil Nadu used to be our number one contributor in terms of the business.

So, when we faced that, you know, ordinance issue in the first quarter, end first quarter, by second quarter, we had recalibrated certain policies in certain branches and on the ticket size also. So, the effect has come as a spiral effect on the quarter three. But now in quarter three, since the ordinance, you know, has been retaken back, now we have again come back with the policies.

And by Q4, we will be coming back again, as usual in those markets. And the guidance remains the same, we will be growing quarter on quarter in the, you know, in 25% to 30% is the level of growth, which we are expecting.

Kunal Shah: Okay. Yes. That's helpful. Yes. Thank you. Thank you and all the best.

Valli Sekar: Thank you.

Moderator: Thank you. We take the next question from the line of Nischint Chawathe from Kotak. Please go ahead.

Nischint Chawathe: Yes, hi most of my questions have been answered, just a small one on competition. On the affordable side, you have kept the incremental rates stable sequentially. Do you see competition in the sector? And do you see these rates going down? And likewise in the prime side given the fact that we are probably towards the fag end of rate cuts, do you see the intensity of competition to reduce?

Ajai Kumar Shukla: So Nischint, I think the competition is all across in this industry. So I think it's a very competitive industry. In Affordable also, there is enough and good competition as we see in Prime business. But just that competition is there, you know, there will not be much impact on the pricing because the range wherein we are operating is already very competitive pricing in the market.

So I don't see there would be much more price drop in the market, especially in Affordable segment. I think this will remain as it is. And as far as Prime is concerned, there is definitely is, you know, because of recent repo rate cut, there is a challenge in the market from the nationalized banks and the private sector banks.

But we have segmented ourselves in a very different way. So close to 45% of my portfolio is self-employed and 55% salaried. So, we get better margin in self-employment. That is why we are able to maintain our margin and NIM.

Nischint Chawathe: Have you called out a difference in rates between salaried and self-employed?

Ajai Kumar Shukla: So, yes, there is a risk-based pricing. So, we always use risk-based pricing. So salaried, always rates are softer than self-employed.

- Nischint Chawathe:** Got it. And you're increasing the share of construction finance and emerging developers, sort of technically increasing the risk profile of the company to some extent. In this backdrop do we really see a rating upgrade given the fact that the risk will incrementally be slightly higher?
- Ajai Kumar Shukla:** So, yes, definitely the construction finance business is always a riskier business in the market. But I think the kind of policy and underwriting standard we have set, I think we will be sail through easily...
- Vinay Gupta:** Nischint, also there is a cap on the overall growth. We are not going to grow very aggressively here. It will remain range bound between 5% to 7% in the next two to three years. So it will not grow so aggressively. And large part is still retail. So that is not going to be a challenge.
- Nischint Chawathe:** And you're expecting an upgrade probably next one or two quarters, right?
- Vinay Gupta:** Yes, I mean, we are hoping for it.
- Nischint Chawathe:** Sure. Thank you very much. And all the best. Thank you.
- Moderator:** Thank you. We take the next question from the line of Nidhesh from Investec. Please go ahead.
- Nidhesh:** Thanks for the opportunity. And good morning. So first question is on yield. There is a 25-basis point decline in yields in this quarter. So if I look at the share of corporate that has slightly gone up, and I think share of emerging plus affordable has also been going up. So what explains the sharp drop in yield? Have we taken a price reduction on our back book? Because I see incremental yields are also broadly stable. So what is driving this sharp yield reduction and how you see yields going forward?
- Ajai Kumar Shukla:** Yes, see, Nidhesh, as I mentioned, out of this 25 or 23 bps, 10 bps is on account of one large corporate account, which got foreclosed at the end of previous quarter. So, since the book mix between retail and corporate has gone down, and that was a large account of around INR 340 crores. So that got foreclosed.
- So that has impacted my yield mix for this particular quarter specifically by 10 bps. Rest 12 to 15 bps is on account of disbursement yield being lower than the book yield. And the higher runoff pressure which entire industry is going through on the Prime and Emerging segment.
- Nidhesh:** And how do you see yields going forward?
- Vinay Gupta:** Going forward, So this 10 bps obviously is one-off of this quarter. Unless we see more run off happening on the corporate side, this should not impact again. Then the next 10 bps to 12 bps is something which will remain and that is what we are trying to offset through the reduction in cost of borrowing.
- Nidhesh:** Sure. And secondly, the runoff rate has also increased. You also mentioned that. But if I look at the calculated repayment rate was around 15% till Q1 and it has now increased to almost 19% in this quarter. So how much is balance transfer of out of it and how do you see what we are doing to arrest this?

- Vinay Gupta:** So, as you rightly mentioned, yes it has gone up from 15, 16 to around 19 now. And large part of this is on account of BT outs. The increase is actually on account of BT outs. And this is true because of the current rate cycle we are trying to manage. But I think it will remain somewhere around 18% to 19% till the rate stabilizes.
- Ajai Kumar Shukla:** So till quarter one, you know, Nidhesh the BT involves higher than the BT out. After the softening of rate of -- and repo rate cut by the RBI, the trend of BT in has changed. So if I talk about this quarter, earlier the story was whatever was the BT in, approximately same was the BT out.
- But now there is a difference between BT in and BT out of almost 2%, month-on-month. So quarter 3, there was a difference of almost 2% because the rates have softened. So customers are looking for better prospects or maybe where they can get a better rate. So this challenge is not with us. I think this is the industry challenge which industry is facing. Whenever there is a sharp rate cut, you will see this trend.
- Nidhesh:** Sure. And lastly, if you can also speak about the yields in the corporate, in the construction finance book. So on the Emerging Developer, you mentioned yield of around 11%. What will be the yield in the Construction Finance book of ticket size of more than INR30 crores?
- Ajai Kumar Shukla:** So yield, I think it would be in the range of around you can safely say between 12% to 12.5%. That would be the range in construction finance.
- Nidhesh:** Because in the Emerging segment, you mentioned yield of 11%. So I thought the...
- Ajai Kumar Shukla:** No, so emerging it will start from 11% because this Emerging Developer will have a combination of cities like Delhi and all those. So the prime, the super prime developer of this segment will definitely look for a better rate. So it will start from 11%, but it will go up to 13% and 14% also. So overall, we'll maintain in the range of 12.5% to 12.75%. So largely the corridor would be between 12% to 12.5%.
- Nidhesh:** Sure. Thank you, sir. That's it from my side.
- Ajai Kumar Shukla:** Thank you, Nidhesh.
- Moderator:** Thank you. We take the next question from the line of Bunty Chawla from ASK Investment Managers. Please go ahead.
- Bunty Chawla:** Thank you, sir. Thank you for giving me the opportunity. Firstly, on this, as you said that you have reported the frauds, which is already written off. So any internal implications or any steps needs to be taken internally in the system because of this, if you can highlight on that?
- Ajai Kumar Shukla:** Thank you Bunty for first of all for the question. I don't think there is any internal implication because there's a process which have to be followed. And already legal measures are going on. So I don't think there is any internal implication of this.
- Bunty Chawla:** Okay, that was very helpful, sir. And secondly, as you mentioned that you will be able to sustain the 17% growth for retail segment for this year also. So that gives a -- if you see the Q4 number in terms of disbursement slightly higher on a sequential basis like 45%, 50%. Is it possible after

you have you already said that we are now moving to normalization in terms of affordable. So this gives a large task in terms of disbursement in Q4?

Ajai Kumar Shukla: Yes, so always in the industry, the Q4 disbursement is always high. So currently on Y-o-Y basis, we are at 16%. So 18% should not be a challenge because that's how it's historically you see the data talks about. So I think we would be able to achieve those numbers.

Bunty Chawla: Okay. And sir lastly, you said we will be able to maintain the margin 3.6 to 3.7, along with the stability in ROA of 2.5% to 2.6%. But as we see currently, we are in the end of cycle of the negative provisioning. Next year, it should be normalization of credit cards and all. So what drives you to give the confidence of ROA remaining stable at this level?

Ajai Kumar Shukla: So – see there are two aspects of this. First of all, I think we have a pool there in, at least in four to five quarters, we will have a recovery from our write-off pool. So that's the first confidence. The second confidence is that once we will improve over this Affordable business and Emerging business from the level of 39% to 45% to 50%, that will give us better yield as well as since we are going to start our Corporate Construction Finance and the Emerging Developer Finance.

That will also give us edge to maintain the higher business volume and the higher yield. So this will maybe, if at all, we don't get much relief from after five -- four to five, six quarters, then I think by the time this business will build and will compensate from the scale of business and the margin.

Bunty Chawla: Okay. So you are saying that the recovery will continue still for next four to five quarters. So on that what should be the normalized credit cost for FY27?

Ajai Kumar Shukla: So FY27, I think it would be. we are expecting if I talk about next year from FY27-28 onward, it would be in the range of 20 to 25 bps credit cost.

Bunty Chawla: Okay. That was very helpful, sir. Thank you and congratulations Ajai sir.

Ajai Kumar Shukla: Thank you.

Moderator: Thank you. We take the next question from the line of Avinash Singh from Emkay Global Financial Services Limited. Please go ahead.

Avinash Singh: Yes. Good morning. Thanks for the opportunity. Again, a bit kind of continuing on that ROA and NIM question. So, I mean, currently that NIM is like 3.6, 3.7 that you kind of reaffirmed. And if we were to look at NIM plus fee, probably close to 4.1%-odd.

Now, I mean, beyond this four, five quarters where you have this benefit of provision reversal, a normalized credit cost, if it is going to be within a 20 basis point, assuming that, okay, anyway, you are going into construction and development finance. Probably, basically this is a kind of a reversal of nearly a 40-odd basis points in terms of where the credit cost is.

So mathematically speaking, to maintain ROA and also with your kind of, you know, growing book, the financial leverage will mathematically work against that NIM plus fee. Now, so when

you are looking, say, FY28 or even beyond two points, kind of a current level of ROA, basically that requires a NIM plus fee to go up mathematically by nearly 50 basis points.

So, I mean, of course there are push and pull factors, but are you sort of confident because we have very limited scope in opex, what I understand. And of course, credit cost side as like 40 basis point kind of a reversal. So do you see mathematically speaking that the 50 basis point is pull and pull factors taking this, let's put NIM and fee to 4.5%-odd, because that will be kind of a required level to deliver this 2.5%, 2.6% ROA. Thanks.

Ajai Kumar Shukla: So, yes, Avinash, I think you rightly said that there would be impact of almost 40 to 50 bps to get that kind of ROA. I think we are very pretty much confident that we'll be able to do it because the kind of yield and the NIM, you know, we'll get in my construction finance and my small emerging developer funding. I think this will help us.

Plus scale up business will also help us because once the business scales up, you know, your cost always goes down because it gives, you know, benefit of your book also. So, I don't think there will be any challenge on that.

Avinash Singh: So, yes, thanks. So, beyond FY 26, I mean, what is kind of further now you are going to start sort of a new segments and all. So, medium term growth guidance or aspiration, what's that level?

Ajai Kumar Shukla: So, we are working on that. We'll come back on that, you know.

Avinash Singh: Got it. Thank you. All the best.

Ajai Kumar Shukla: Thank you.

Moderator: Thank you. We take the next question from the line of Himanshu Taluja from Aditya Birla Sunlife AMC Limited. Please go ahead.

Himanshu Taluja: Hi, sir. Thanks for the opportunity. Just a couple of questions at my end. Can you just, given you in your opening remarks, you called out certain with respect to few challenges in the Southern market related to the MFI ordinance, which triggered some calibration.

Is there anything apart from this? Is there any other, basically, any other challenges with respect to overheating of these geographies? Because we are seeing various players operating in the southern markets are seeing some slowdown. Can you just call out if there is any, apart from this, and how do you plan to react to this situation?

Second is on the affordable housing. We are seeing some of the industry, bureau data, which suggests that there is volume softness in the ticket size of up to 25 lakhs for the industry. How do you plan to deliver growth if the industry volumes remains on a muted?

If you can just help us, how do you plan to deliver growth in the affordable? Or can we see some bit of calibration in the growth for next few quarters as well in the affordable housing? Thanks. And then I have one more question.

Valli Sekar:

Yes, Himanshu, hi. So, this, as far as this, you know, ordinance issue was there, it was an issue that came up in the end of Q1, where the spiral effects continued in Q2 also. In our collections, we found some heat coming in the delinquency, early delinquencies were coming. So, we immediately took a proactive action.

And because that being our biggest contributor of the business numbers, we immediately got into ticket size. And we have already given in one or two of our meetings that we, you know, converted the country as Tier 1, 2, 3, 4, and we bifurcated the ticket size as per the Tier 3 and Tier 4 markets as well.

So, now, by, you know, by end of October, November, around the festivities, the ordinance circular has again come from the government and we find the situation normalized. And by end of December, we are finding even the collections strategy become, becoming normal. So, now, again, we will go back into our original policies, because we had, we had completely slowed down there. Now, we will come back to the original policy.

And secondly, regarding up to 25 lakh cases, see, I would have slightly deviated, you know, statement on this, because with PMAY coming in, all the players are getting into more into EWS and LIG. So, it might be a very temporary slowdown, but I would not say because the PMAY everybody is getting into it, because it is until 5 years, the customer cannot leave out of doing a BT out, it is a very good proposition, which is come, which is given by the government.

So, everybody is following that. So, taking that in queue, you know, we will be in the same level of growth, which we were posting in the previous quarters. Yes, we were growing very rapidly in the first 2 years, because we were a startup mode. But now we will come as per the industry standard to 20% to 25% quarter-on-quarter growth ongoing, Himanshu.

Himanshu Taluja:

Yes, sure. Just the last question, what proportion of the PMAY, what proportion of the PMAY is in the total disbursement currently? So, probably, what proportion that will be in terms of the total disbursement, PMAY contribution?

Ajai Kumar Shukla:

So, PMAY 2.0 is not, see, it is just started. So, because the pool is building up now, till now. If I say the ballpark number, it would be the subsidy, which we customer have got is around in the range of INR 7 crores to INR 8 crores, which subsidy has been given. I think there were some challenges in teething trouble in initial days when the program was launched on technical challenges, which has been sorted now.

The process is also smoothened, because NHB and government has taken, you know, different measure for that, and they sorted it out. Now, I think this will scale up and it will move very fast in terms of getting subsidy to the customer. But as of now, if you talk about the contribution is very low, because the process was slightly cumbersome.

Himanshu Taluja:

Okay, but can you expect this PMAY 2.0 to be the game changer in the next six to nine months, probably from post 6 to 12 months, basically, can it become a game changer in terms of your disbursement volumes?

- Ajai Kumar Shukla:** Yes, so no, it may not be a very high game changer, I would say, but definitely it will be a game changer, because there is enough push from the government and the National Housing Bank also to promote this. And, that is how I think this again, some meeting is going to happen in few part of country, where a few of the, further deliberation will happen. And I think government focus is clearly on to improve this because the overall amount which they have allocated is substantial to facilitate to the underprivileged customers.
- Himanshu Taluja:** Okay, sure. Sir, just a small, if you can just provide even if Valli ma'am can provide this data point for the affordable housing, how is the 6 MOB and 12 MOB put for vintage portfolio for the affordable housing, how these numbers are trend and yes, thanks.
- Vinay Gupta:** We will get back to you separately.
- Himanshu Taluja:** Sure. Thank you.
- Vinay Gupta:** Yes, thank you.
- Moderator:** Thank you. We take the next question from the line of Harshit Toshnival from Premji Investment. Please go ahead.
- Harshit Toshnival:** Hi, sir. Am I audible?
- Vinay Gupta:** Yes, sure, you are audible.
- Harshit Toshnival:** Sir, the question was related to the 10 basis point impact, which you mentioned because of the corporate move, one of the account run down. When I look at the corporate developer loan movement this quarter, from I think INR 319 to INR250 crores, since we haven't done any disbursement, I think everything that repayments are not very high. It is to the tune of INR 70- INR 80 crores itself.
- So, actually, if you can help me tie up that 10 basis point impact on the yield seems too large for a run-down of INR 70 crores number itself. How should we look at that 10 basis points? And you mentioned that next quarter onwards, the reversal will happen for that 10 basis points. So, should we expect that the yields of 9.55, which we have come to normalize number would be 9.72 number, a normalized number would be 9.85 to look at from the next quarter?
- Vinay Gupta:** Yes, Harshit, as you mentioned, so it should not be compared with the, you know, this run-off happened at the end of previous quarter. So, the run-off happened on 30th of September. So, the 30th September book was already lower by INR 350 crores. So, it has actually run down at the end of Q2. So, hence it is not showing in the run-off. But if you see Q2 beginning book, and then compare, you will be able to see the difference.
- Harshit Toshnival:** Got it, got it. So, in that case, then my 9.72% reported yield this quarter, shouldn't this be the normalized base rather than, why would that 10 basis points normalize?
- Vinay Gupta:** That is right. This I was explaining walk of yield versus previous quarter. So, it has impacted negatively versus previous quarter. But this is a new normal now 9.72, which will continue going forward.

- Harshit Toshnival:** Okay, got it, got it.
- Vinay Gupta:** Thank you, Harshit.
- Moderator:** Thank you. We take the next question from the line of Praful Kumar from Dymon Asia. Please go ahead. Praful, please unmute your line and proceed with your question. Since there is no response, we will move on to the next question, which is from the line of Prithviraj Patil from Investec. Please go ahead.
- Prithviraj Patil:** Most of my questions have been answered. I just had one question on the disclosures that were given. So, affordable, prime and emerging, have we changed any classification there? Because I see that the Q3 FY 25 numbers are different from the ones that were reported earlier. So, I just wanted to know if there is any classification change there. Thank you.
- Ajai Kumar Shukla:** So, Prithvi, there is no change of classification. The classification as it is, the geography, the segment is, there is a difference of only segment of the geography. So, what we were following, we are following still. So, there is no classification change, rather we will increase our footprint in emerging and affordable segment.
- Prithviraj Patil:** Okay. Thank you.
- Moderator:** Thank you. We take the next question from the line of Umesh Jain from Kotak Life Insurance. Please go ahead. Umesh, please unmute your line and proceed with your question.
- Umesh Jain:** Yes. Thank you for the opportunity. Have you answered the reason for no change in the branch addition? If I look at the branch addition in the affordable and emerging market, we have not seen sequential change while from last couple of quarters, there was a very strong healthy branch expansion. And how should we see this number going forward in Q4 and FY 27?
- Ajai Kumar Shukla:** So, Umesh, I think the practice which we are following is that at the end of last quarter, we add new branches. If you see, why it has not happened sequentially in Q3, because this quarter, we will add some 35 to 40 branches, which will reflect and will be operational in Q1 of next year.
- Umesh Jain:** Sure. And what will be net branch addition in FY27?
- Ajai Kumar Shukla:** In FY27, we are expecting 50 branches almost.
- Umesh Jain:** Oh, 50 branches put together and what will be the affordable make into this?
- Ajai Kumar Shukla:** No, so 50 branches, if I take about end of FY27, it would be around 75 to 80 branches, but because these branches which will come up in Q4 will actually reflect in FY27, plus branches will also be working on that. So, the total number of branches put together for this year and next year would be around 70 to 80 branches.
- Umesh Jain:** And majority would be affordable?
- Ajai Kumar Shukla:** And majority would be affordable in Tier 3, Tier 4 cities.

Moderator: Thank you. Ladies and gentlemen, with that, we conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

Chaitanya Yadav: Thank you, everyone, for joining us on the call. If you have any questions unanswered, please feel free to get in touch with Investor Relations. The transcript of this call will be uploaded on our website, that is www.pnbhousing.com. Thank you for your participation. Thank you.

Moderator: Thank you. On behalf of PNB Housing Finance Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.