

Management Discussion and Analysis



The economic perspective

The global economy showed notable resilience in 2025, achieving growth of 3.4% as highlighted by the International Monetary Fund (IMF), despite a challenging backdrop of policy shifts and trade tensions. During 2025, tariffs imposed by the United States on key partners, including China and India, disrupted global trade flows. However, swift action by private enterprises through front-loading imports and reorganising supply chains helped to stabilise trade and keep the trading system open. This was further supported by renewed trade engagements and a measured global response, preventing a broader downturn.

Inflation moderated to 4.1% in 2025, according to the IMF¹, enabling major central banks such as the Federal Reserve and the European Central Bank to initiate rate cuts, boosting liquidity, credit flow, and investment activity. At the same time, increased investments in advanced technologies like artificial intelligence (AI) supported growth across major economies. Global trade volumes rose by 5.1%, reflecting early-year front-loading and subsequent supply chain adjustments, while emerging markets, led by India and Southeast Asia, continued to drive growth.

Entering 2026, the global economy faced renewed challenges from geopolitical tensions in West Asia, which impacted supply chains and energy prices. Global growth remains exposed to risks from geopolitical tensions and trade uncertainties, though easing trade tensions and faster AI-driven productivity gains could support economic activity.

India, being one of the largest economies, outpaced the global average with its real GDP expanding 7.7% in FY26 from 7.1% a year back. Stable fundamentals, proactive policy measures, and a firm domestic demand helped the economy to stay homed in on its growth trajectory. The country's Private Final Consumption Expenditure (PFCE) scaled a decade-high of 61.5% of the GDP, increasing by 7%, supported by rising household disposable income, personal income tax cuts and Goods and Services Tax (GST) rationalisation which has reduced the effective indirect tax rate. Along with that, capital expenditure also increased from ₹2 lakh crore in FY15 to ₹11.21 lakh crore in FY26, according to the Union Budget tabled in February 2026.

The Economic Survey 2025-26 claimed that India recorded one of the steepest declines in headline inflation among emerging markets and developing economies (EMDEs) to 1.8%. The Reserve Bank of India (RBI) too lowered the repo rate from 6.5% to 5.25% through a series of rate cuts in FY26, facilitating credit growth, boosting liquidity, and supporting the overall economic momentum.

The financial sector continued to be pivotal to India's economic resilience by backing capital formation, credit expansion, and financial inclusion. The growth has been supported by the expansion of existing institutions, entry of new players, and surge in financial technologies.

Structural developments such as digital payments and the rise of fintech Non-Banking Financial Companies (NBFCs) have significantly enhanced financial inclusion across the country. India has recorded 206 billion UPI transactions in 2025 with a value of nearly ₹300 trillion.

A steady growth in digital infrastructure, sustained demand from retail and micro, small, and medium enterprises (MSME) segments, improving rural economic activities, and positive consumption trends created room for bank credit to grow 16% and deposits by approximately 13.5% at the end of the fiscal year on 31st March 2026, data released by RBI showed.

Going forward, global growth is expected to be 3.1% in 2026 and 3.2% in 2027². Headline inflation is likely to rise slightly in 2026 before resuming its downward trend in 2027. As per the World Bank Group, India's economy is projected to grow at 6.6% in FY27³. However, private consumption may moderate slightly, as higher global oil prices could increase inflationary pressures and reduce household disposable income. The GST rate reductions introduced in September 2025 are expected to partly offset these pressures, helping to cushion the impact on consumers. In this environment, strengthening policy credibility, enhancing adaptability, and fostering international cooperation remain critical to manage current economic shocks and building resilience against future uncertainties.

Industry dynamics and trends

The residential market remained resilient in 2025, supported by lower interest rates, stable inflation, and sustained demand for premium housing. Demand for premium homes continued to rise, prompting developers to optimise new launches and offer attractive financing and sales incentives. In the residential segment, government support for affordable housing, urbanisation, easing financial conditions and pro-business reforms will continue to support end-user confidence.

Rapid urbanisation is a key growth driver for India's consumer economy, supported by an expanding middle class and favourable demographics. According to IBEF, India's consumer market is projected to grow by about 46% to reach roughly USD 4.3 trillion by 2030, becoming the world's second-largest, underpinned by a young population with a median age of around 28.

The housing sector growth in 2025 was driven largely by demand for premium homes. High-value homes — costing above ₹1 crore — dominated, making up 78% of total sales value, despite a 3.58% rise in prices during the year, according to the All-India House Price Index published by the RBI.

The growth momentum has also extended to Tier 2 and Tier 3 cities, setting developers in a rush to expand both premium and affordable housing projects in these markets.

¹IMF

²IMF

³World Bank

Policy measures, including tax rationalisation and easing of monetary policies, have improved liquidity and reduced borrowing costs, while lower interest rates and enhanced credit availability have supported affordability, sustaining the demand across urban and semi-urban markets.

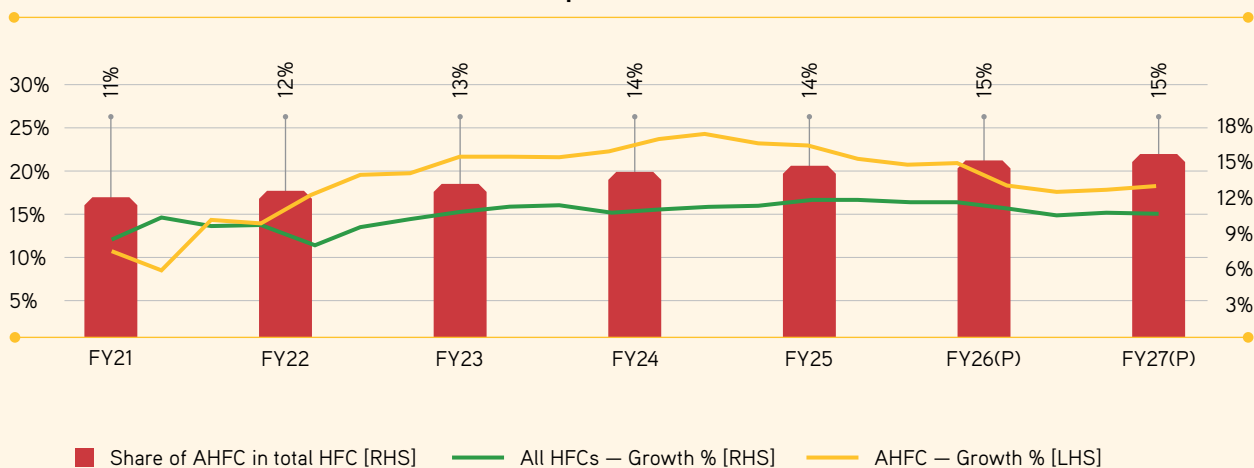
Affordable Housing Finance Companies (AHFCs) continued to grow steadily at a rate of 17% YoY, marginally higher than the overall Housing Finance Company (HFC) industry growth of 14%. The total on-book portfolio of AHFCs stood at approximately ₹1.35 lakh crore as on 31st December 2025, compared to ₹1.23 lakh crore as on 31st March 2025.

As per a report by National Housing Bank (NHB), the outstanding individual housing loan extended by banks and

HFCs increased from ₹28.26 lakh crore in March 2023 to ₹39.42 lakh crore in May 2026⁴. In the first half of FY26, housing credit growth stood at 12% for HFCs, 11% for NBFCs and 10% for scheduled commercial banks.

HFCs have played a key role in the development and expansion of the residential real estate sector in India. Initiatives such as Pradhan Mantri Awas Yojana Urban 2.0 (PMAY-U 2.0) and fundamentals like higher affordability supported this growth. Individual housing loan outstanding for HFCs increased from ₹6.72 lakh crore in March 2025 and to ₹7.27 lakh crore in May 2026⁴.

Share of AHFCs in overall HFC on-book portfolio



Source: ICRA Research; Note: Growth on YoY basis; P — Projected



⁴NHB

Affordable housing finance sector

Affordable housing has emerged as a high-growth segment within the home loan market, with AHFCs outpacing the broader industry. Growth is driven by rapid urbanisation, rural-to-urban migration, rising participation of younger homebuyers, increasing nuclear families, and evolving lifestyle aspirations. The growth in self-construction activity in semi-urban and rural areas has also supported this momentum, owing to cost efficiency resulting from the rationalisation of GST on key materials such as cement, sand-lime bricks, and marble/granite.

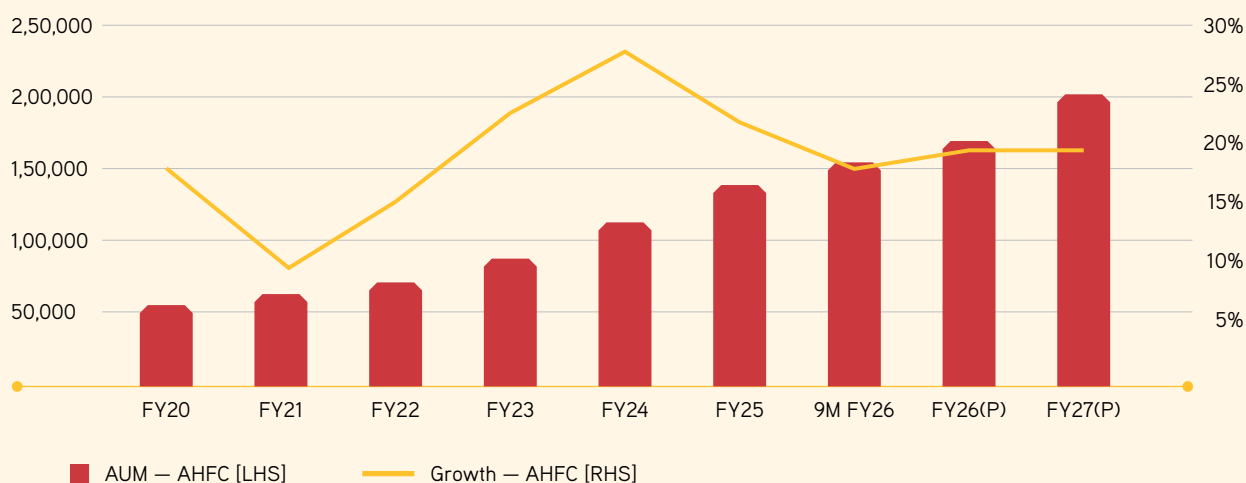
At the central level, initiatives such as PMAY-U 2.0 have significantly boosted credit flow through subsidies and financial assistance. Since 2015, the scheme has supported around 1.12 crore houses, having completed 96 lakh houses, and aims to support an additional 1 crore houses by 2029. State-level initiatives, including those by Tamil Nadu Housing Board, Maharashtra Housing and Area Development Authority, Basava Vasati Yojana, and Mukhyamantri GRUH Yojana, have further strengthened the ecosystem through targeted incentives.

According to an ICRA estimate, the AUM of AHFCs increased by 19% in this period to ₹1.58 lakh crore, setting the pace of growth in the Loan Against Property segment on a higher trajectory. The agency expects the AUM of AHFCs to rise 19-21% between FY26 and FY27.



Trend in AUM of AHFCs

(₹ crore)



Source: ICRA Research; Note: Growth on YoY basis; P — Projected



The share of AHFCs in the overall HFC on-book portfolio was estimated at 15% as on 31st December 2025. This has increased by 1% in comparison to the share as on 31st December 2024.

Asset quality indicators showed a slight erosion in Q1 FY26 due to seasonal factors but stabilised in Q2 and Q3 on account of controlled slippage and consistent recovery. The potential impact of disruptions stemming from the ongoing conflict in West Asia on asset quality will need to be monitored closely.

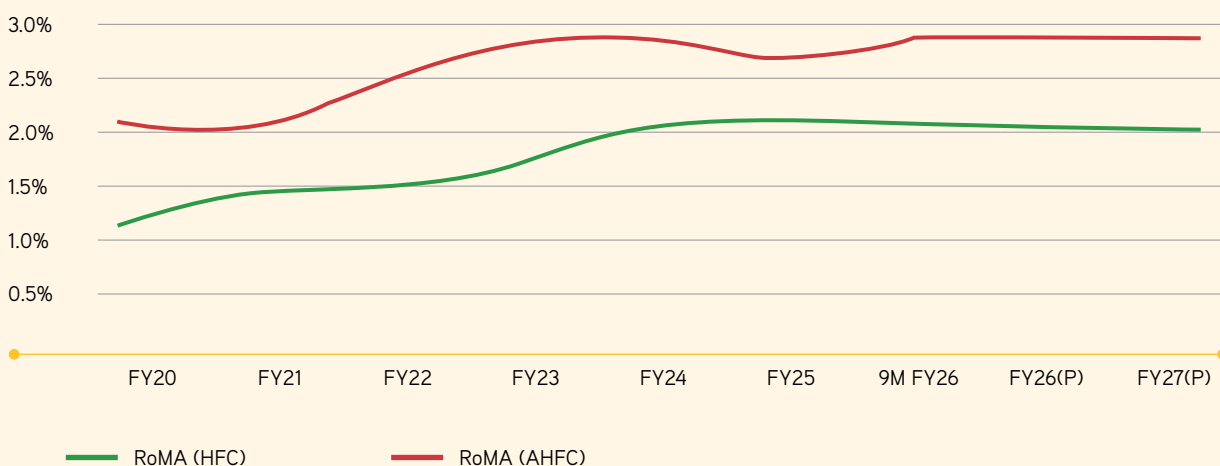
As per ICRA, bank borrowing and NHB refinance formed 59% of the overall borrowing mix as on 31st December 2025. Capital market funding remained limited, with only a few higher-rated entities tapping this segment. The overall cost of funds could be impacted by external factors like inflationary pressure and geopolitical conditions.

Profitability indicators were supported by healthy business margins, controlled credit costs (0.5%) and stable operating expenses (3.5%) in 9M of FY26. The impact of leverage, competition and seasoning on earnings, calls for a close watch over the medium term.

During the nine months to December 2025, AHFCs improved their cost-to-income ratio to 46% as the lenders slowed down on incremental branch expansion in the past three years from 48% in FY25. Their liquidity profile remained comfortable as they maintained a sizeable on-balance sheet liquidity.

AHFCs are expected to continue their growth, reaching a market size of ₹14.1 trillion by FY27, supported by an underpenetrated market, government push for Housing for All, favourable demographic profile, tax incentives, and a supportive regulatory environment. Asset quality is also anticipated to improve marginally. The RoMA is projected to remain in the range of 2.7–2.9% in the coming years.

Trend in profitability indicators of AHFCs



Budget boost to affordable housing

The Ministry of Housing and Urban Affairs (MoHUA) rolled out PMAY-U 2.0 in September 2024, where the government stepped up its focus on the 'Housing for All' mission, which is being implemented through four verticals: Beneficiary-Led Construction (BLC), Affordable Housing in Partnership (AHP), Affordable Rental Housing (ARH), and the Interest Subsidy Scheme (ISS).

As per ISS, households with an annual income of up to ₹9 lakh, availing loans up to ₹25 lakh for properties valued up to ₹35 lakh, are eligible for a 4% subsidy on the first ₹8 lakh of the loan for a tenure of up to 12 years.

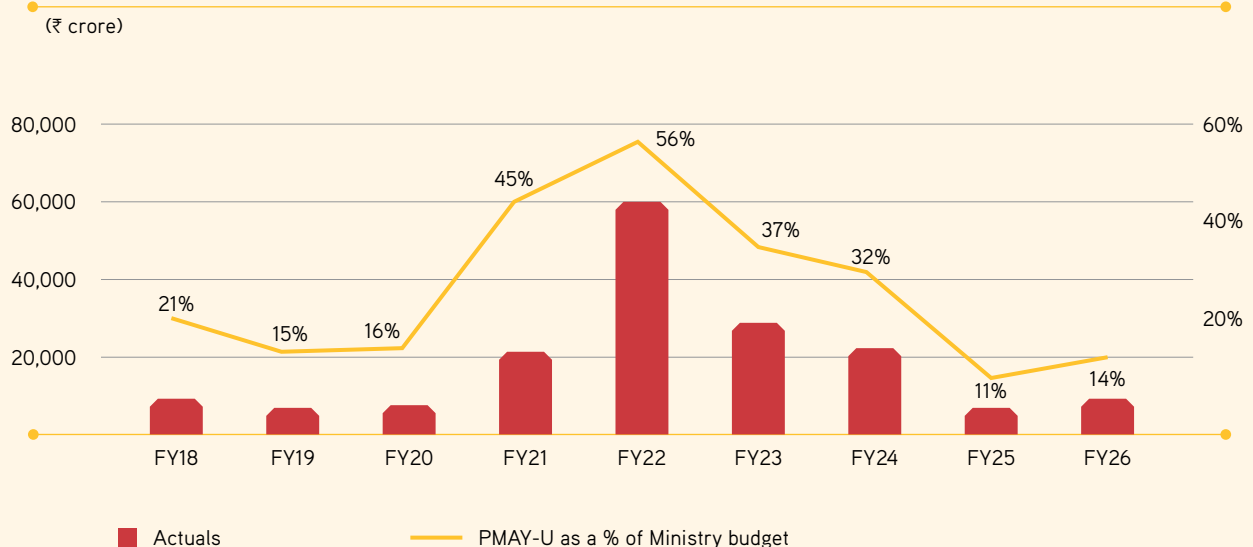
The government has restructured the Credit Risk Guarantee Fund Trust for Low-Income Housing (CRGFTLIH) for the Economically Weaker Section/ Low-Income Group (EWS/LIG) segment. The scheme aims to enhance credit accessibility and improve the creditworthiness of eligible households by providing guarantees on housing loans extended by Scheduled Commercial Banks, HFCs, and other financial institutions. It also supports beneficiaries under PMAY-U 2.0 to secure affordable housing finance. Launched on 15th January 2025, the scheme has, as of 31st January 2026, guaranteed 6,205 loans amounting to ₹614.76 crore⁵.

These new measures, along with the existing schemes, reflect the government's commitment to strengthening the sector and promoting its 'Housing for All' initiative at an accelerated pace.

For FY27, an allocation of ₹22,025 crore has been estimated for PMAY-U 2.0, reflecting a 179% increase over the revised estimates for FY26. However, the Ministry is only estimating to spend ₹7,900 crore at the revised stage against the budgeted allocation of ₹25,794 crore under the scheme⁶.



PMAY-U allocation as % of budget



Sources: Expenditure Budget for respective years, Ministry of Housing and Urban Affairs, Union Budget; PRS

⁵PIB

⁶PRS India

Opportunities for housing financiers

- » **Prosperity fuelling housing demand:** India's expanding middle class, backed by rising incomes and improving affordability, is set to drive strong housing demand — including growing interest in vacation and second homes. This is backed by India's rising Purchasing Power Parity (PPP), with an Ernst and Young study projecting India to become the world's second-largest economy by 2038, at a PPP-based GDP of USD 34.2 trillion.
- » **Urban migration:** With an increasing number of people migrating to cities, there is a rise in demand for dwelling units. The Economic Survey 2025-26 projected that urban areas will be home to 40% of the population, while contributing almost 70% to GDP.
- » **Growing pool of skilled professionals:** Technology-led growth, entrepreneurship and rising incomes are driving demand for asset creation and quality housing in India.
- » **Affordable housing:** India's housing market is witnessing demand for compact and affordable formats such as 1 BHKs, studio apartments, loft apartments, and compact 2 BHKs, particularly among first-time homebuyers, young professionals, and small families because of their limited affordability, efficient space utilisation, and lower maintenance costs.
- » **Growing self-employment:** The economy is supported by stable employment trends and improving labour force participation. Employment reached 56.2 crore in Q2 FY26, with 8.7 lakh jobs added over the previous quarter.⁷ Organised manufacturing contributed ~57 lakh jobs between FY16 and FY25. Nearly 60% of workers were self-employed in Q2 FY26, highlighting a shift towards entrepreneurship.
- » **Self-construction:** Self-construction offers a strong opportunity for HFCs, especially in the Affordable Housing segment. It helps in creating continuous and flexible credit demand rather than one-time loans, which aligns well with the business models of AHFCs.
- » **Loan Against Property (LAP):** The LAP segment has grown at 21.46% CAGR from FY21 to FY25. The market size has expanded from ₹7.43 trillion to ₹16.17 trillion over the period and is expected to grow at 18-20% between 2025 and 2028. LAP is well-suited for self-employed borrowers, offering lenders the advantage of secured financing, moderate ticket sizes, and portfolio diversification. Supported by rising property ownership and income formalisation, LAP is poised to drive growth for HFCs.⁸

Risks and mitigation strategies of housing financiers

- » **War and geopolitical instability:** Ongoing global uncertainties may pose risks to the economic outlook. Such developments could exert upward pressure on inflation, leading to a tightening of monetary policy by the central bank. A higher interest rate may moderate borrowing demand for housing loans, thereby impacting disbursement growth and profitability of HFCs.
- » **Income instability:** External factors, such as changes in foreign regulations affecting sectors like tourism and international trade may pose risks to housing finance growth by causing income instability among potential customers, especially in semi-urban and rural areas. Individuals engaged in contractual or informal employment are more susceptible to irregular income streams, which can affect their repayment capacity.
- » **Cost of funds/liquidity concerns for housing financiers:** Liquidity remains a critical requirement for HFCs to support the growth in loan disbursement volumes and value. Further, an increase in the cost of funds may lead to higher loan pricing, thus discouraging borrowers from availing loans from HFCs.
- » **Market saturation:** HFCs must focus on bringing innovation and differentiation to gain a competitive edge over their peers. HFCs can leverage digitalisation to streamline operations and simplify the loan process for borrowers, adapting to the evolving needs of customers. Through customised underwriting and assessment models, HFCs serve varied customer segments, including self-employed borrowers, enhancing credit decisions and strengthening customer acquisition.
- » **Regulatory changes:** The sector operates under a strict framework laid out by the banking regulator and the government. Adherence to those guidelines and continuous monitoring of compliance are essential to ensuring stability and transparency within the system.

⁷PIB⁸CDN



Company overview

PNB Housing Finance has a simple belief — owning a home is one of the most meaningful aspirations for individuals and families.

For nearly four decades, the Company has steadily grown into becoming one of the country's leading housing finance players. The long journey reflects a continuous effort to simplify and strengthen the financing process, making it more accessible, seamless, and dependable for customers aspiring to own a home.

We began as a housing-focused lender and evolved into a diversified financial solutions provider. We support customers not only in purchasing homes, but also in constructing, renovating, and improving their properties. As customer needs have changed, so has our portfolio, widening to finance commercial real estate, residential realty, and loans against property.

We are also backed by the strong legacy of Punjab National Bank, India's first Swadeshi bank. Our genes are designed to combine trust and capability, helping us adapt to the changing market dynamics while continuing to strengthen our presence across geographies.

Registered with the National Housing Bank (NHB), PNB Housing Finance went listed after a successful IPO in November 2016. Our equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

PNB Housing Finance operates through a strong and expanding footprint across India, with 392 branches as on 31st March 2026.

We remain focused on scaling our Affordable Housing (Roshni) and Emerging Markets segments, recognising their strong underlying demand and long-term growth potential. These segments have seen steady growth and continue to constitute a significant share of our retail disbursements. We are also strategically expanding our footprint in underserved markets, particularly across Tier 2, Tier 3, and Tier 4 cities.

We increased our PAT by 18% YoY while achieving an RoA of 2.66% and RoE of 12.73%. Our strong financial performance has helped us secure a credit rating upgrade by India Ratings from 'IND AA+' to 'IND AAA' with a Stable Outlook and continue to be rated AA+ with Stable outlook from Care, Crisil and ICRA.

Recoveries remained strong, supported by focused collection and resolution efforts, with total recoveries from written-off pool accounts standing at ₹332 crore in FY26. Our momentum strengthened further with the sale of 689 retail properties during the year in comparison to 537 in FY25, underscoring improved execution across recoveries.

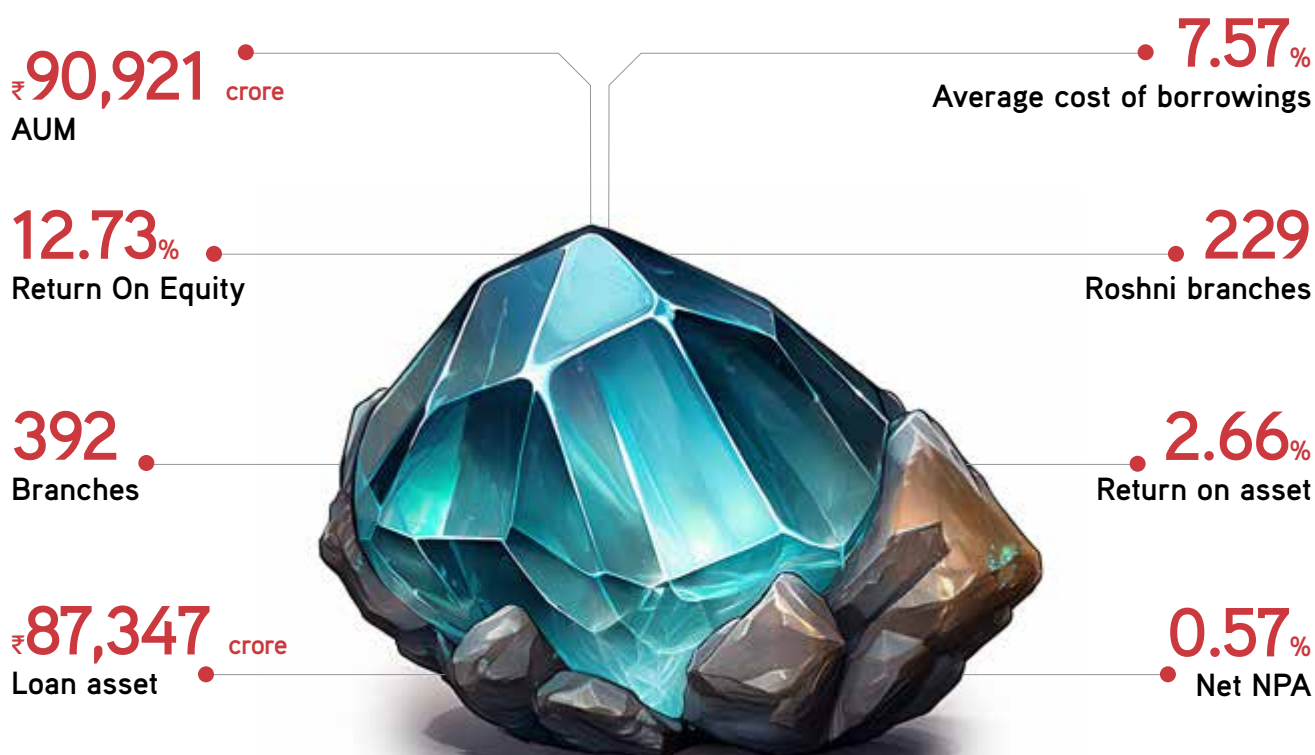
The Company maintains a strong governance framework, underpinned by robust internal controls and risk management practices. This has helped us maintain asset quality and minimise the risk of non-compliance. Regular quarterly reviews help identify gaps and implement corrective actions, while a zero-tolerance approach to operational lapses and strict data security measures ensure the highest standards of compliance and customer protection.

We have accelerated our digital transformation to enhance operational efficiency, customer experience and accessibility. By leveraging advanced technology platforms, we enable seamless, end-to-end service delivery across channels, with data analytics driving deeper customer insights and more tailored solutions. The Company has moved towards enhancing its onboarding and customer acquisition processes to offer a paperless customer journey. The fully digitised workflow, now widely adopted by the in-house sales team, has helped reduce turnaround times and operating costs while improving customer experience.

We have strengthened engagement with our partners to promote our retail business by actively interacting with branch teams, understanding market sentiment, and addressing operational challenges. Our focus remains on deepening relationships with partners engaged in the housing finance business while improving the productivity of the existing distribution network.



Key highlights of FY26





Financial performance

(₹ crore)

Particulars	FY26	FY25	Change
Net Interest Income	3,109.77	2,749.63	13.1%
Fee and Commission Income (Net of Fees and Commission Expense)	383.24	350.50	9.3%
Other Income	0.52	26.30	-98.0%
Gross Income	3,504.79	3,140.23	11.6%
Operating Expenditure	909.08	798.88	13.8%
Operating Profit	2,584.45	2,327.53	11.0%
Impairment of Financial Instruments and Write Offs	(386.15)	(158.24)	-144.0%
Profit Before Tax	2,970.60	2,485.77	19.5%
Profit After Tax	2,291.24	1,936.14	18.3%
Other Comprehensive Income (Net of Taxes)	146.51	(69.66)	-
Total Comprehensive Income	2,437.75	1,866.48	30.6%
Basic Earnings Per Share (₹)	88.01	74.52	-

Net interest income grew by 13% YoY, due to 17% increase in average retail loan book as compared to the previous year. Fee and commission income grew in proportion with the increase in disbursements during the year.

Operating expenses increased by 13% YoY, mainly on account of investments towards expansion of the affordable housing business, increase in the employee base in line with the expansion of branches & growth of loan book, and technological upgradation. During the year, the Company added 36 branches, taking its network to 392 branches/outreach locations as on

31st March 2026, compared to 356 branches/outreach locations as on 31st March 2025.

In FY26, provision reversals arising from improved asset quality and recoveries from written-off accounts led to a negative credit cost of 45 bps. Recoveries were supported by improved collection efficiency and focused recovery initiatives, including one-time settlements and property sales, among others.

Profit Before Tax (PBT) and Profit After Tax (PAT) increased by 20% and 18% YoY, respectively, driven by business growth and lower credit cost.

Key financial ratio

Particulars	FY26	FY25	Change
Average Yield	9.77%	10.05%	-28 bps
Average Cost of Borrowing	7.57%	7.86%	-29 bps
Spread	2.20%	2.19%	1 bps
NIM	3.68%	3.70%	-2 bps
Gross Margin	4.04%	4.11%	-7 bps
Cost-to-Income	24.80%	24.58%	22 bps
Return on Asset	2.66%	2.55%	11 bps
Return on Equity	12.73%	12.19%	51 bps
Total Provision/Total Asset Ratio	1.05%	1.48%	-43 bps
Gearing (x)	3.70	3.70	-
Book Value Per Share	738	649	-
CRAR	27.26%	29.38%	-212 bps
Tier 1 Capital	26.89%	28.39%	-150 bps
Tier 2 Capital	0.37%	0.99%	-62 bps
Net Worth (₹ crore)	19,219.13	16,863.13	14.0%



Growth across key segments

In FY26, PNB Housing Finance delivered a robust performance, driven by a strong customer-centric approach, operational excellence, and sustained momentum across key business segments. Throughout the year, we witnessed healthy growth across critical performance parameters. We sanctioned 1,27,055 loans during FY26, registering a growth of 10% over the previous year. Total disbursements increased by 21% to ₹26,548 crore, compared to ₹21,972 crore in FY25.

We delivered strong growth across our loan portfolio during FY26. Total loan assets increased by 15% YoY to ₹87,347 crore as on 31st March 2026. Retail loan assets grew by 16% YoY to ₹86,946 crore, while retail disbursements rose by 19% YoY to ₹26,213 crore. Growth was led by the Affordable Housing segment, where loan assets increased by 61% YoY to ₹8,153 crore, followed by the Emerging Markets segment, which grew by 21% YoY to ₹26,820 crore. The Prime segment also recorded steady growth, with loan assets increasing by 9% YoY to ₹51,953 crore. The retail portfolio remained well-diversified, with 68% comprising individual housing loans, and salaried customers accounting for 59% of the segment. Our focus continues to remain on the Emerging Markets and Affordable Housing segments. Together, they contribute 48% of the retail disbursement and 40% of the retail loan asset.

Our asset quality improved during FY26, with Gross NPA declining by 15 bps to 0.93% as on 31st March 2026 from 1.08% a year earlier, while Net NPA declined to 0.57% from 0.69%. Recoveries from the written-off pool stood at ₹332 crore, contributing to an improvement in credit costs to -45 bps from -21 bps in the previous year.

Return on Equity (RoE) stood at 12.73%, while Return on Assets (RoA) improved by 10 bps YoY to 2.66%. Our capital position remained robust, with a capital adequacy ratio of 27.26% as on 31st March 2026, comprising Tier 1 capital of 26.89% and Tier 2 capital of 0.37%. We maintained a strong liquidity position of ₹3,333 crore as on 31st March 2026, providing ample financial flexibility to support business growth and meet funding requirements.

We also entered into a partnership with India Mortgage Guarantee Corporation (IMGC) to strengthen risk management and expand responsible lending in the affordable housing segment. This association has enabled us to enhance borrower eligibility while ensuring robust risk management, and expand access to first-time homebuyers while maintaining prudent underwriting standards, portfolio resilience, and strong asset quality.

The Company is also planning to introduce micro housing to extend small-ticket loans to informal customer groups. This initiative is expected to grow in the coming quarters, particularly for self-construction purposes across semi-urban towns and cities.

In line with the Government's vision of financial inclusion, PNB Housing Finance supports key affordable housing initiatives such as the Pradhan Mantri Awas Yojana (PMAY), enabling economically weaker and low-income groups to access interest subsidies on home loans. Building on this commitment, we are targeting a retail loan asset book of ₹1 lakh crore by FY27, with a higher contribution from the Affordable Housing and Emerging Markets segments.

Developer Finance loans

The Company has restarted the Developer Finance segment in a calibrated way from the current financial year. As on 31st March 2026, the developer finance portfolio stood at ₹401 crore, which includes fresh disbursements amounting to ₹335 crore in Q4 FY26. Our sustained focus on resolution and recovery ensured Nil GNPA in the corporate book for FY26.

16% YoY
Retail loan asset growth

0.93%
Gross NPA

Advancing with responsible credit practices

Credit underwriting is a key pillar of PNB Housing Finance's strategy to drive sustainable growth while maintaining a high-quality portfolio. Functioning as an independent unit, the underwriting team carries out a detailed assessment of a borrower's financial strength and collateral adequacy by dedicated legal and technical teams. This disciplined framework helped us maintain a resilient and well-seasoned portfolio with steady YoY growth.

In FY26, we recorded growth in disbursements, with approximately 76% of it below ₹1 crore. Notably, 86% of incremental business originated from customers with bureau scores above 700, reflecting the Company's prudent credit standards.

The Company caters to a diverse customer base, including both salaried and non-salaried segments with formal and informal income documentation. Tailored underwriting approaches for each segment ensure a balanced evaluation of risk and opportunity, reinforcing the commitment to a stable and inclusive loan portfolio. Continuous improvements in turnaround time further underscore the Company's focus on better operations, faster deliveries, and smarter services to customers.

The Company continues to strengthen its technology-led credit ecosystem through advanced digitalisation, AI-powered intelligence, and automated decision-making capabilities. The adoption of Straight Through Processing (STP) for salaried customers, along with fully digitised credit lifecycle processes from login to disbursement, has significantly improved the operational efficiency. Key processes including e-verification, automated Credit Appraisal Memorandums (CAMs), and bank statement analysis have streamlined execution.

The Credit Policy GenAI Bot enables natural-language access to policies and deviations through a centralised and version-controlled framework, improving policy consistency and accelerating decision-making across branches. The initiative is expected to reduce SME clarification load by 25-35%, improve loan processing time by 10-20% and ensure 100% policy version consistency across the organisation.

The Agentic AI Bureau Summarisation & Scoring framework leverages machine learning-driven bureau synthesis, red-flag detection, and internal risk scoring to strengthen underwriting quality and pricing precision. The platform is expected to reduce underwriting turnaround time by 15-20%, improve underwriter productivity by 15%, and enhance STP rates by 5-12%.

Credit underwriting process flow

PNB Housing Finance has embedded digital interventions across the loan lifecycle to enhance efficiency and strengthen risk assessment. At the login stage, customers can submit key information digitally, including e-KYC, financial details, income tax records, and property-related documents. This is backed by Aadhaar-based e-KYC from UIDAI, automated bureau and de-duplication checks, as well as credibility assessments through alternate KYC and work email verification.

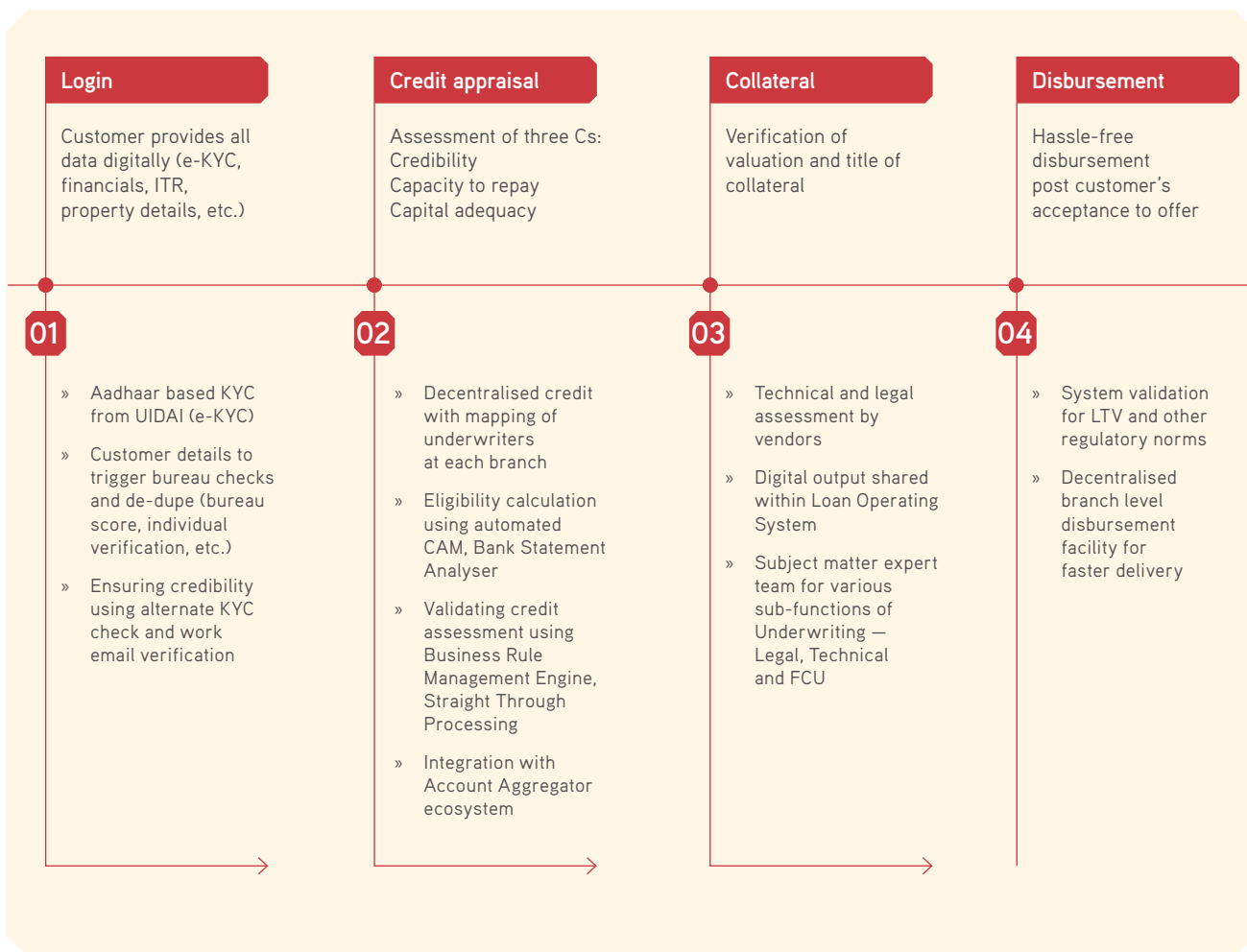
Credit appraisal process evaluates the three pillars of lending — credibility, capacity to repay, and capital adequacy. This is enabled through a decentralised credit model with underwriter mapping, automated eligibility assessment using Credit Assessment Memo (CAM) and Bank Statement Analysers, validation through a Business Rule Management Engine (BRME) and Straight Through Processing (STP), and integration with the Account Aggregator ecosystem.

For collateral assessment, we undertake verification through specialised vendors, with digital output integrated into the Loan Operating System.

The underwriting process is supported by teams across legal, technical, and Fraud Control Unit (FCU) functions. The disbursement is done through system-based validation of Loan-To-Value (LTV) and regulatory requirements, along with decentralised branch-level disbursement capabilities.



Digital intervention at each step



Collection and recovery

Retail segment

From an asset quality standpoint, we have maintained a strong focus on proactive portfolio monitoring, supported by data-driven insights, peer benchmarking, and real-time intelligence from credit bureaus and industry partners. This comprehensive approach enables timely decision-making and helps pre-empt risks.

The collections and recovery performance have shown steady and measurable improvement. Focused initiatives, including the deployment of pre-delinquency models, enhancement of call centre efficiency, and strengthening of field resolution teams, have resulted in a sequential reduction in NPA across quarters. Early bucket recoveries have improved meaningfully, driven by better curtailment within the first week of delinquency. Tech-powered collections application facilitates real-time tracking of field operations and digital payment collections, creating a more transparent and data-driven resolution process.

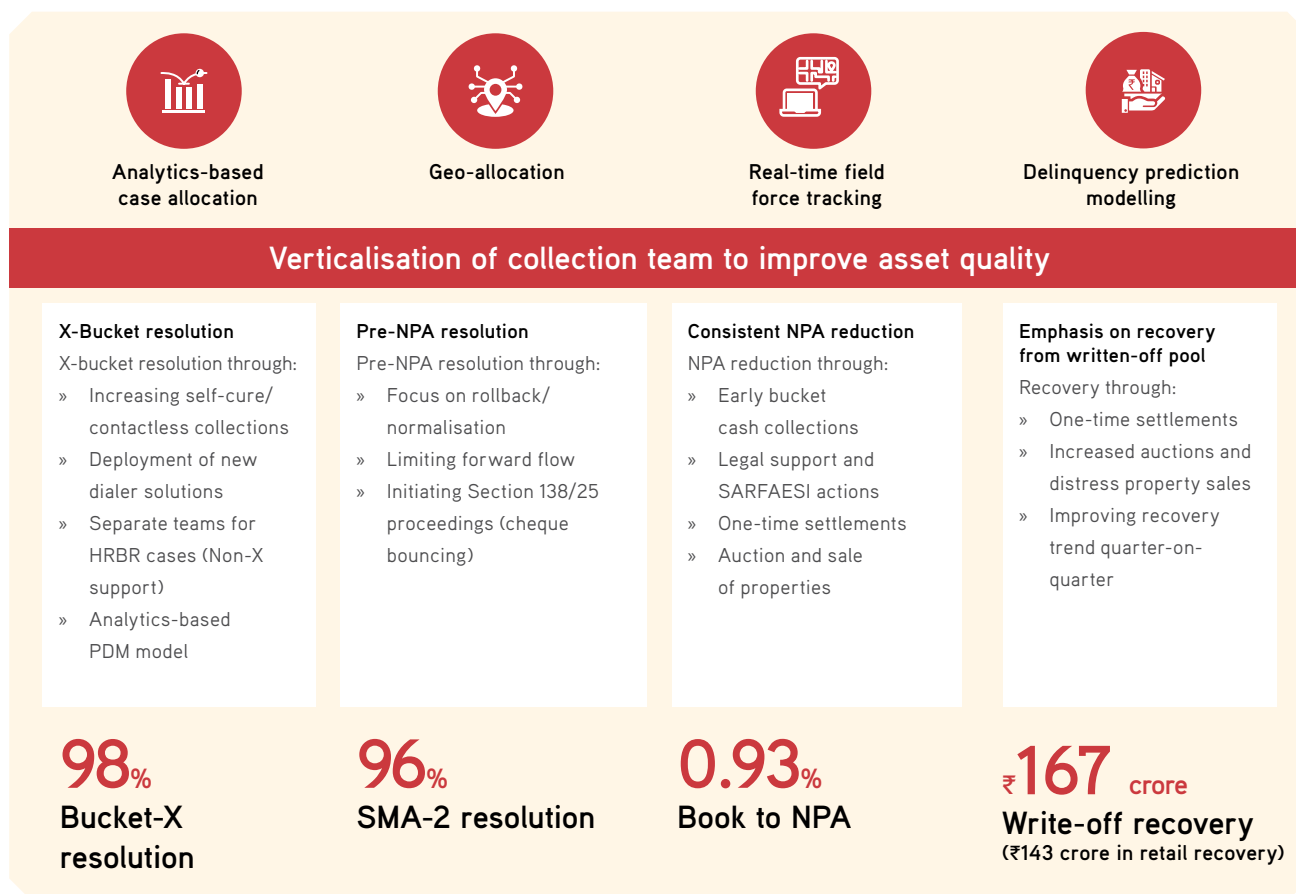
Recoveries from the technically written-off pool have been a key highlight. During the year under review, the Company recovered ₹332 crore, compared to ₹336 crore in FY25.

The entire recovery was achieved without any incremental manpower. Structured man-to-man case mapping and bundling of lower-ticket accounts enabled faster resolution of cases. Legal actions under the SARFAESI framework have also been scaled up significantly, further strengthening enforcement effectiveness. These measures have enhanced the Company's market reputation and reinforced a strong deterrent against delinquency.

We have further strengthened our recovery efficiency by optimising auction processes through enhanced OTS frameworks and refined pricing strategies, enabling consistent month-on-month sale of repossessed assets. These recoveries have increased profitability and reduced bad debt. The technology-enabled and strategically designed resolution framework supports the maintenance of a high-quality, well-diversified portfolio and underpins the Company's focus on steady and sustainable growth.

Our collection strategy

Collections supported by technology, data and analytics



Corporate segment

In the corporate segment, the Company maintained Nil Gross NPAs as on 31st March 2026.

Credit loss provision

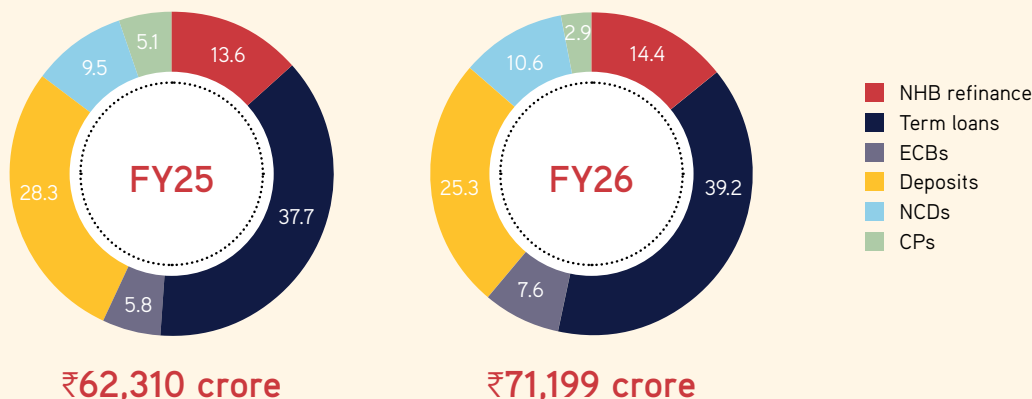
Driven by improved resolution efficiency and disciplined recovery efforts, credit cost for FY26 stood at -45 bps, a significant improvement compared to -21 bps in FY25. As on 31st March 2026, total provisions were ₹913 crore, accounting for 1.05% of total assets, as against ₹1,119 crore (1.48% of total assets) as on 31st March 2025. The Stage 3 provision coverage ratio remained robust at 38.33% as on year-end, reflecting prudent risk management practices and a continued focus on strengthening portfolio resilience.

Liquidity management and borrowing profile

At PNB Housing Finance, we continue to maintain a diversified and cost-efficient funding strategy that supports long-term financial strength and flexibility. Our borrowing profile remains well-balanced, comprising bank loans, retail deposits, debt market instruments such as NCDs and CPs as well as NHB refinance and external commercial borrowings, with a well-distributed maturity profile that ensures prudent Asset Liability Management (ALM) management. Our robust ALM framework ensures that every funding decision aligns with our broader stability objectives.

As of 31st March 2026, bank borrowings accounted for 39.2% of total borrowings, followed by deposits at 25.3%, NHB refinance at 14.4%, NCDs at 10.6%, ECBs at 7.6%, and CPs at 2.9%. With 70% of borrowings in the floating rate segment, the Company retains the flexibility of efficiently repricing funds in line with market movements.

Borrowing mix (%)



Credit rating

Our continued focus on strong credit performance reinforces our credit ratings, enabling access to lower-cost capital, reducing refinancing risk, and supporting sustainable growth. During the year, India Ratings upgraded our rating to AAA with Stable outlook.

Particulars	As at 31 st March, 2026	Migration during the year
Deposits	CRISIL AA+ (Outlook-Stable)	No Change
	CARE AA+ (Outlook-Stable)	No Change*
Long-term bonds and debentures (Secured and Tier 2 Bonds)	CRISIL AA+ (Outlook-Stable)	No Change
	CARE AA+ (Outlook-Stable)	No Change*
	IND AAA (Outlook-Stable)	Upgraded
	ICRA AA+ (Outlook-Stable)	No Change
Commercial paper	CRISIL A1+	No Change
	CARE A1+	No Change
	CRISIL AA+ (Outlook-Stable)/ CRISIL A1+	No Change
		No Change
Long-term bank loans/short-term bank loans	CARE AA+ (Outlook-Stable)/	No Change*
	loans	No Change
	IND AAA (Outlook-Stable)	Upgraded
	ICRA AA+ (Outlook-Stable)	No Change

*CARE Ratings Limited has upgraded the Company's long-term rating from AA+ 'Stable' to AAA 'Stable' on 7th May 2026 with respect to deposits, bonds (including Tier 2 bonds), debentures and bank facilities.

Expanding access through a diversified distribution model

We have a well-diversified, multi-channel sourcing strategy to broaden our reach and cater to a wide and varied customer base across key markets. Our in-house teams collaborate closely with a strong network of direct selling agents (DSAs) to drive customer acquisition across both loan and deposit businesses.

This is complemented by an extensive ecosystem of over 14,000 channel partners nationwide. We continue to strengthen our engagement with DSAs through regular interactions and structured training programmes, enhancing effectiveness and alignment. Our robust digital infrastructure enables an end-to-end paperless process, improving

speed, transparency, and convenience for both partners and customers, while ensuring a seamless sourcing and onboarding experience. During the year, we added 36 branches across Prime, Emerging Markets and Affordable Housing segments to bolster our existing footprint.

In the Affordable Housing segment, the Company has made notable progress in expanding and deepening its distribution network. Under the Roshni Saarthi programme, 2,300+ grassroots connectors have been empanelled, significantly improving last-mile connectivity in underserved regions. In addition, around 680+ channel partners were onboarded the DSA model to widen customer outreach.



To support this expanding network, we have built a strong vendor ecosystem across legal, technical, field investigation, and field credit unit functions. Technology continues to play a central role in this journey, enabling process automation, faster turnaround times, and greater accuracy in credit evaluation and decision-making.

Driving customer acquisition through strategic distribution

PHFL Home Loans and Services Limited, a wholly owned subsidiary of PNB Housing Finance Limited, plays a strategic role in reducing the Company's reliance on external sourcing channels for customer acquisition. Operating as a dedicated distribution arm, PHFL provides doorstep services to prospective customers and offers a comprehensive suite of financial solutions, including home loans, property-related services, and fixed deposits. During the year, over 70% of customer sourcing was driven by PHFL.

PHFL has been instrumental in scaling the Affordable Housing segment by seamlessly managing both front-end customer engagement and back-end operational support. Its ability to scale operations efficiently, supported by a seasoned ecosystem and a skilled workforce, has reinforced its position as a key strategic enabler for the parent Company.

PHFL has also made significant investments in strengthening its Property Services Group (PSG), which plays a critical role in the recovery of stressed assets. PSG focuses on identifying and connecting with potential buyers for NPAs and written-off assets, thereby contributing directly to improving the parent company's financial performance. This process is supported by a dedicated team across key locations and a well-established broker network that manages auction properties.

Centralised operations

The Company's operating model has been a key driver of efficiency, enabling process standardisation, elimination of redundancies, and cost optimisation across functions. Our operations are organised under two core verticals: Central Processing Centres (CPCs) and Centralised Operations (COPS).

The CPCs, strategically located in Mumbai, Bengaluru, and Noida, serve as dedicated hubs for processing and securely maintaining customer documentation, including loan files, deposit applications, and repayment records. Each centre is equipped to handle over 26,000 service requests every month. As part of our ongoing digital transformation efforts, we have digitised customer records, with documents for more than 3.82 lakh customers securely stored on cloud. This has improved accessibility and reduced risks associated with physical document handling.

The COPS function supports seamless back-end operations by overseeing activities such as deposit insurance reconciliation, pay-outs, vendor bill processing, and channel partner empanelment. The team uses image-based processing and electronic payment systems to enhance efficiency and accuracy in a paperless process. In FY26, we successfully mobilised fixed deposits from 80,000 customers.

Reinventing customer experience through technology

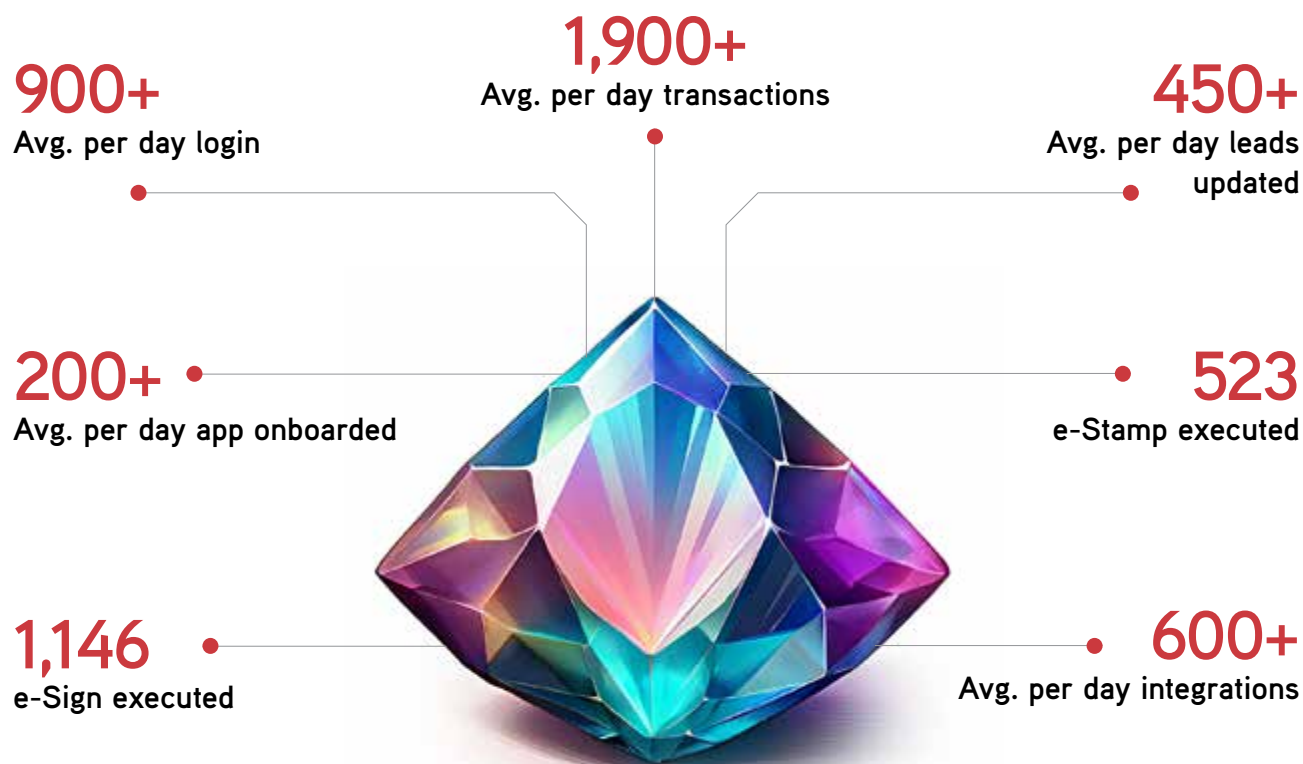
We continued to strengthen our digital capabilities through multiple technology-led initiatives focused on enhancing customer experience, operational efficiency, and scalable growth. To make the process seamless for DSAs and direct sales team, our sales app Infinity was developed for Prime, Emerging Markets, and Affordable Housing segments with integrated features such as end-to-end application processing, Salesforce LOS integration, API-based validations, document uploads, and query management. Following a successful pilot across 30+ branches, the launch was initiated for wider deployment.

The Company also strengthened its partner and compliance ecosystem through the launch of VConnect 2.0 for vendors and the relaunch of the broker portal integrated with Kiya for deposit sourcing. All the payments to vendors are now processed through VConnect 2.0. To enhance risk monitoring and regulatory compliance, the Intelliwings AML solution was implemented for transaction monitoring and risk assessment across loans and deposits.

Digitalisation initiatives further expanded across the loan journey with the implementation of e-Sign and e-Stamp solutions through Leegality, enabling Aadhaar-based digital execution of agreements. Additional technology integrations included DigiLocker, payment gateways, real-time credit query updates, CRM workflow integration, Salesforce Loan Origination System, and operational data store frameworks, enabling seamless and paperless processes with complete digital audit trails.

Accelerated adoption of AI-led solutions across sales, servicing, collections, and support functions has been one of our key focus areas. Our first voice-based AI pilot for Sanction Undisbursed (SUD) calling achieved a success rate of nearly 30%, while additional AI projects for re-KYC calling and fresh sales lead calling will be taken live in the coming year. AI-driven initiatives such as customer interaction automation, product policy chatbots, intelligent retention management, automated profiling, and collections-focused AI agents are also being leveraged to enhance efficiency and customer engagement.

Digitising onboarding journey: In-house developed sales enablement platform “Infinity”



AI use cases across business functions



Sales, customer acquisition and operations

AI-enabled lead calling, login automation, product policy chatbot, and integrated digital sales platforms to improve onboarding, customer engagement, and sales productivity.



Customer servicing and retention

Service request automation, retention chatbots, Re-KYC and inbound calling solutions to enhance customer experience and improve servicing efficiency.



Enterprise automation and business intelligence

Expanding AI adoption across finance, HR, and business intelligence functions through analytics automation, Text-to-SQL, and agentic applications to support data-driven decision-making.



Loan processing and underwriting

Automated FCU sampling, legal document generation, PD automation, customer profiling, and SUD calling to reduce turnaround time and strengthen underwriting efficiency.



Collections and portfolio monitoring

Leveraging AI-driven collections tools including Customer 360° AI Agent, pre delinquency calling and Bucket-X calling to improve recovery efficiency and portfolio monitoring.



IT security and compliance

Strengthening cybersecurity and governance through Security Operations Centre (SOC) automation, anomaly detection, phishing detection, and AI-assisted compliance monitoring systems.



Elevating customer journeys

At PNB Housing Finance, we place customer experience at the core of our thinking, letting it define how we operate, engage and deliver value. In line with evolving customer expectations and regulatory guidelines, the Company has re-engineered its processes and digital interfaces to simplify, standardise, and ease the overall customer journey.

Our Affordable Housing business has been seamlessly integrated with a Salesforce-enabled Loan Origination System (LOS) and regulatory APIs, significantly improving transparency and processing efficiency. Customers now benefit from system-generated interest rates based on real-time profile assessments. With eNACH penetration reaching 88.55%, repayment processes have become more seamless through debit card or Aadhaar-based mandates. Additionally, the introduction of RPD functionality enables instant bank verification, reducing processing timelines.

On the deposits side, the D2C platform has transformed the fixed deposit journey into a quick and efficient process, supported by digital onboarding, CKYC integration, and enhanced compliance on a robust technology platform.

To further strengthen the service delivery, we have introduced dedicated centres at select branches, enabling faster and more efficient resolution of customer queries. In metro cities such as Mumbai and Delhi, multiple sub-centres have been set up to further enhance service turnaround and customer convenience.

The rollout of PMAY-U 2.0 has enabled fully digital application processing for over 5,000 customers as on 31st March 2026, supported by vernacular communication through WhatsApp, email, and SMS channels.

The Company aims to further democratise access, particularly in the non-prime segment, through innovations such as paperless onboarding enabled by e-Sign and e-Stamp via the Leegality platform. Its active presence across social media platforms also facilitates real-time grievance redressal and customer engagement, reinforcing its commitment to delivering excellence at every touchpoint.



Ghar Ki Baat

Customer-First Marketing That Delivers Growth



Building customer trust through integrated marketing

PNB Housing Finance's marketing strategy is designed to drive business growth, enhance brand relevance across key customer segments, and deliver measurable outcomes through targeted, data-driven engagement. Our focus remains centred on business expansion through both direct and indirect channels, strengthening corporate brand equity, fostering internal motivation and employer branding, and reinforcing our role in advancing customer engagement and community connect.

Our brand proposition, Ghar Ki Baat Pakki, Jab Support Ho Pakka, serves as the foundation for all marketing initiatives. This positioning underscores the Company's commitment to being a trusted housing finance partner, particularly for customers seeking clarity, transparency, and reliable support.

By understanding the unique needs of diverse customer segments across geographies, we enabled more personalised engagement through differentiated campaigns and targeted communication strategies, enabling sharper outreach and deeper audience connect.

Our Roshni mascot, launched in December 2024 to strengthen customer engagement, received a strong response from audiences. In FY26, we launched the second version of the campaign across digital platforms. Built around the theme of 'Pakka', symbolising trust and commitment, the campaign was released in multiple regional languages to foster stronger personal connections with local audiences. It highlighted our brand presence and customer engagement through innovative, customer-centric marketing initiatives.

We launched 'Ghar Ki Baat: Home Stories', a customer-focused campaign showcasing the real-life homeownership journeys of 11 families supported by our tailored home loan solutions. Narrated by renowned actors Manoj Pahwa and Nizhalgal Ravi, the multilingual series highlighted stories from the Company's Affordable Housing and Emerging Markets segments. Through authentic, hyper-local storytelling, the initiative reinforced our commitment to empowering customers across diverse socio-economic backgrounds while strengthening audience engagement and brand connect.

We enhanced our outreach through a strategic association for the Asia Cup on DD Sports, leveraging the platform's extensive reach across India to increase visibility for our Roshni campaign and connect with a wider audience through a high-impact sporting event.

In FY26, we leveraged regional media engagement to push our Affordable Housing & PMAY-U 2.0 agenda through various initiatives. We forayed into Northeast India with our first branch in Guwahati — working closely with the regulator National Housing Bank to promote the 'Housing for All' agenda in the underserved markets. We also conducted multi-city press meets to enhance PMAY-U 2.0 awareness among audience, elevated with the support of beneficiaries of the government subsidy scheme.

The Company's digital marketing strategy is designed to support scalability and enable personalised customer engagement, while driving seamless operations. In FY26, ~12% of the overall Company's business was generated through digital marketing channels, including our performance marketing efforts and a strong network of 30+ online business partnerships. We strengthened our digital capabilities through the introduction of our in-house sales platform, along with multiple technology-led transformations.

Our digital ecosystem comprises a responsive website, RO mobile application, chatbot interface, marketing automation tools, instant soft sanction journeys, and a predictive dialler supported by a 100-member tele-calling team. In addition, the Company continues to engage customers through educational content and targeted campaigns across email, SMS, and WhatsApp channels.

We strengthened our social media presence during the year through enhanced audience engagement and Online Reputation Management (ORM) initiatives, by building a strong community of actively engaged followers, along with ensuring prompt resolution of customer grievances, in line with our customer-first approach. We also deepened our channel partner relationships through interactive engagement events across 13 cities, fostering stronger business alliances and expanding opportunities in these markets.

With increasing internet penetration and evolving, non-linear customer journeys, digital channels play a critical role in expanding reach and enabling cost-efficient customer acquisition. This marketing approach enables PNB Housing Finance to scale efficiently, strengthen customer relevance, and build upon the strong foundation established in recent years.

The risk management blueprint

Risk management at PNB Housing Finance is integral to its strategic and operational decision-making mechanism. Its comprehensive risk management framework is designed to protect stakeholder interests, ensure business continuity, and support long-term value creation. Oversight is anchored in a robust three-tier governance structure, comprising the Board of Directors, the Risk Management Committee of the Board (RMC), and the Executive Risk Management Committee (Executive RMC), ensuring strong accountability and alignment with strategic priorities.

The Company's approach integrates scale-based regulatory requirements, rigorous compliance standards, and technology-led practices to effectively identify, assess, monitor, and mitigate risks across business functions. Risk ownership is decentralised, with each business unit responsible for managing its risks, while Internal Audit and Compliance functions provide independent assurance through structured reviews and monitoring mechanisms.

GRC (Governance, Risk and Compliance) is a structured approach that unites our risk management, corporate governance, and regulatory compliance into a single, unified strategy. It aligns business objectives with risk management while ensuring adherence to legal regulations and internal policies.

Three pillars of GRC:

Governance

- » Intended to strengthen risk evaluation and management whilst enabling the Company to effectively manage the dynamics of ever-changing business environment
- » Ensures accountability, defines corporate culture, and aligns executive strategies with the overall business mission

Risk management

- » The identification, assessment, and mitigation of threats that could impact the Company's goals
- » Involves prioritising larger threats and establishing continuous risk monitoring

Compliance

- » Ensuring adherence to regulations, industry standards and internal policies
- » Implementing procedures to ensure that business activities comply with the respective regulations
- » Assessment and audits, issue tracking and remediation

Governance



Key features of governance

- » The Board of Directors (Board) has the overall responsibility for management of all kinds of risks faced by the Company
- » The RMC, constituted by the Board, shall oversee the risk management practices
- » Executive RMC is an executive level risk committee comprising of senior members, and it reviews the risk management framework
- » Business units are responsible for effective management of risks pertaining to their respective unit
- » Internal audit unit assesses the Internal controls and Risk Management Framework as an independent function
- » The Compliance function independently monitors the regulatory compliances

Technology is a key enabler in strengthening the Company's risk management architecture. Advanced analytics and scorecards provide actionable insights, with retention scorecards helping identify potential customer attrition and risk scorecards tracking portfolio exposure.

An independent compliance function operates outside the management oversight to ensure objective governance. Regulatory developments from authorities such as RBI, NHB and SEBI are closely monitored to enable timely and accurate implementation. Any instances of non-compliance are promptly escalated and addressed.

Internal control systems are continuously evaluated through concurrent and statutory audits, reinforcing operational

discipline and accountability. Independent regulatory testing further ensures that practices remain compliant and future-ready.

The Company also conducts regular employee training programmes on compliance and technology, while cybersecurity continues to be a key focus area at the Board level, supported by ongoing investments in infrastructure, awareness, and resilience.

Through strong oversight, empowered business units, and effective internal controls, PNB Housing Finance remains well-positioned to navigate uncertainties and deliver sustainable value to all stakeholders.

Three lines of defence model

PNB Housing Finance uses the 'Three Lines of Defence' model to manage risk and internal controls.

First line

Business units are directly responsible for risk management, with the first line of defence comprising managers and staff who identify, assess, and manage risks.

Second line

Risk management and compliance functions provide oversight and guidance, forming the second line of defence through policies, frameworks, tools, and methodologies that support effective risk and compliance management.

Third line

Internal audit serves as the third line of defence, independently evaluating the effectiveness of risk management and ensuring the first two lines operate efficiently, while providing recommendations for improvement.

Data Analytics in Risk Management

Data analytics enables informed decision-making by uncovering actionable insights from data. At PNB Housing Finance, it enhances operational efficiency, improves profitability, and supports data-driven growth.



Continuous oversight. Stronger resilience. Smarter decisions.
Driving sustainable growth through proactive risk management

Safeguarding information in the digital age

The Company embraces progressive security controls, modern technologies and industry leading practices to safeguard its networks, systems and sensitive information from a wide spectrum of internal and external cyber threats.



Core principle

- » The organisation follows a defence-in-depth approach, combining preventive, detective and corrective security measures to ensure resilience across its digital ecosystem.
- » Adherence to regulatory and statutory requirements.



Focus areas

- » Recognising the risks posed by new age and emerging technologies, the Company has undertaken focused risk assessments and expert-led awareness sessions covering safe and responsible use of AI, data protection implications and regulatory considerations. Due diligence on AI-related risks has resulted in the formulation of an organisation-wide AI usage policy, ensuring that innovation is pursued in a controlled, ethical and secure manner.



Governance

- » Oversight by the Board's Risk Management and IT Strategy Committees ensures sustained leadership focus on cyber security and enterprise risk management.



Vulnerability management

- » Comprehensive vulnerability management (VAPT, Responsible Vulnerability Disclosure programme and phishing campaigns) to ensure regulatory compliance and strengthen organisation's security posture.



Data protection

- » The Company upholds the highest standards of data security in compliance with regulatory requirements. Data movement is strictly controlled and continuously monitored to prevent unauthorised access or leakage.



Security and monitoring

- » To strengthen its security posture against an evolving threat landscape, the Company has implemented and continually enhanced a comprehensive set of security solutions, including Firewalls, Web Application Firewalls (WAF), Endpoint Detection & Response (EDR), Data Loss Prevention (DLP), Zero Trust Network Access (ZTNA) and advanced email security controls. These technology controls are supplemented by specialised security services such as Brand Monitoring, Dark Web Monitoring, External Attack Surface Monitoring and periodic Vulnerability Assessment and Penetration Testing (VA/PT).
- » 24x7 Security Operations Centre



Disaster recovery and business continuity

- » Established disaster recovery and business continuity plan.

Risks and mitigation measures

Key risk	Mitigation measures
Credit risk Credit risk is the significant financial loss that arises when customers or counterparties fail to fully honour their obligations to the Company, including making full and timely payments of principal, interest, and other receivables.	» We have a robust framework to identify, assess, measure, monitor, control and report credit risks in an effective manner. » We have made business units accountable for effective credit risk governance and customising risk measurement approaches for various portfolio segments/sub-segments to ensure the risk is appropriately assessed. » We have deployed tools to observe early warning signs of delinquency and taking proactive measures to maintain asset quality. » We conduct stress testing of assets periodically, as per ICAAP requirements. » We are consistently reviewing Key Risk Indicators (KRIs) of concentration and delinquency to stay ahead of potential risks and reviewing and aligning underwriting policies and processes with the dynamics of the business environment at micro levels to ensure risk mitigation strategies are up to date.
Liquidity risk Failing to meet financial obligations due to insufficient financing requires proactive risk management. Effective risk management can prevent financial disruptions and ensure ongoing operational support.	» We maintain optimal liquidity levels to manage our business requirements and maturing debt obligations. » The Company has Board approved stock ratios and early warning signals to continuously monitor the liquidity in the system. » Further, we have deployed digital tools to report ALM and LCR.
Interest rate risk Interest rate risk refers to the impact of rate change on the asset and liability of the Company. This risk emanates from the external economic scenario, RBI policies, etc.	» The Company has a mix of floating and fixed rate in its borrowing that will help in reducing the impact. » Continuous monitoring of Board-approved ratios and stress testing keeps a track of any impact.
Technology risk Failure to keep pace with evolving technology may lead to operational inefficiencies, system vulnerabilities, and increased exposure to cyber threats.	» The Company continues to invest in upgrading its technology infrastructure. » It is ensured that systems are continuously monitored for uptime, performance and availability with regular patching and updates applied to remediate vulnerabilities. Backup status is actively tracked, supported by disaster recovery sites to maintain seamless operations in case of failures.
Reputation risk Reputation risk refers to the potential impact of actions, decisions, or events on stakeholder trust and brand perception, arising from factors such as inadequate customer service, ethical lapses, adverse media coverage, or association with controversial activities.	» Proactive PR and social media monitoring mechanisms enable early identification of adverse publicity or misinformation across traditional and social media platforms, allowing timely and appropriate response. » A clearly defined crisis communication and escalation framework ensures consistent, transparent, and timely communication with stakeholders in the event of reputational incidents. » A dedicated customer relations team ensures timely resolution of customer complaints on social media. » A structured mechanism for recording and reporting risks enables effective monitoring and management of operational risk exposure.
Cybersecurity risk Potential adversities resulting from vulnerabilities, threats, or attacks targeting digital systems, networks, or data.	» We have taken measured approach to ensure information security and prevention against evolving threats. » We are running cyber security training and awareness programmes for our employees. » We also send periodic communication to our customers and employees to safeguard them from phishing.

Internal control system and their adequacy

The Company has set up a comprehensive system of internal controls and processes that are aligned with the size, scale, and complexity of its operations, aimed at mitigating operational and related risks. These controls include well-defined segregation of duties to ensure accountability and reduce the likelihood of errors or fraud.

A structured governance framework supports these controls through various committees and dedicated functions that oversee critical areas such as capital management, asset-liability management, business practices, customer service, operational risk, information security, business continuity planning, and risk-based internal supervision. The Company has adopted the widely recognised three lines of defence model to strengthen its risk management approach.

The initial line of defence comprises operational teams engaged in day-to-day business activities, including loan

origination, customer servicing, and collections. The second line of defence is responsible for establishing risk management frameworks, policies, and procedures, while ensuring compliance with applicable laws, regulatory requirements, and internal standards of conduct. Key officials such as the Chief Compliance Officer (CCO) and Chief Risk Officer (CRO) are entrusted with identifying, assessing, and monitoring risks, as well as guiding the organisation on compliance and risk-related matters.

The third line of defence is the Internal Audit function, led by a senior executive, which provides independent and objective assurance to the Board and senior management on the effectiveness of internal controls, governance processes, and risk management practices.

The Company has implemented a balanced mix of preventive and detective controls embedded within its systems and processes. Regular testing of these controls is carried out to evaluate their design and operating effectiveness, ensuring reliability and integrity of financial information.

Investor engagement

At PNB Housing Finance, the Company has established a robust investor outreach programme aimed at engaging a diverse and geographically dispersed investor base. This initiative not only keeps investors informed about the Company's performance and strategic developments but also provides a platform to address their queries and gather valuable feedback.

The investor relations team maintains active engagement with investors and research analysts across the year through meetings, conference calls and participation in investor conferences. The Company also ensures consistent and transparent communication with market participants through regular disclosures such as press releases, financial results, investor presentations, fact sheets, earnings calls, and branch visits.

For more information on the Company's Investor Relations programme, please visit the Investors Relation section on its website.

Empowering people to drive progress

At PNB Housing Finance, our people strategy is focused on fostering employee engagement, motivation, and a culture of excellence among 2,355 employees. The Company places strong emphasis on internal career progression, enabling our employees to take on higher responsibilities and supporting leadership continuity and organisational growth.

The Company began offering targeted training programmes since it adopted artificial intelligence (AI). Our Learning and Development (L&D) framework remained centred on leadership development, succession planning and targeted AI training programmes. This included the launch of a Top 100

leadership programme in collaboration with ISB, aimed at building a strong pipeline of future leaders. We also enhanced behavioural and customer-centric training, alongside introducing new modules on service and sales excellence.

Employee well-being remained a key priority, supported through initiatives such as regular health check-ups, comprehensive medical insurance, and wellness camps.

The Company saw a meaningful improvement in diversity during the year. Managers who have been key to drive diversity initiatives were duly recognised for their efforts. Programmes such as 'SheReturns' were further strengthened with the inclusion of new members, facilitating the hiring and reintegration of women into the workforce. Five female employees were selected for leadership development programmes to promote and strengthen women leadership within the organisation. We hired ~60 female management trainees to enhance the focus on gender diversity. In effect, the Company achieved approximately 20% gender representation.

In addition, we accelerated our HR digital transformation with the implementation of a new HRMS, improved hiring turnaround times, and the launch of a dedicated travel portal.

Through these initiatives, we continue to build a resilient, inclusive, and future-ready workforce, empowered to drive sustainable growth.

During FY26 there were resignations by three senior management persons to pursue opportunities outside the organisation and the positions were filled-in from internal talent pool and the Company could successfully achieve the desired goals.



Outlook for FY26

The Indian housing sector is poised for sustained growth, supported by government incentives, rising urbanisation, and increasing private expenditure. Household incomes are expected to grow 8-10% in 2026, further strengthening affordability and demand. This growth is complemented by favourable policy measures, including GST rationalisation on construction materials and the Reserve Bank of India's accommodative monetary stance.

AHFCs may see some moderation in AUM growth to around 20% by FY27, as underlying demand is expected to remain robust, driven by demographic advantages and deeper penetration into underserved segments. In this environment, PNB Housing Finance is well-positioned to capitalise on growth opportunities. As one of the leading housing finance companies in India, the Company is expected to strengthen its market presence, scale up disbursements, and continue delivering long-term value while contributing meaningfully to the housing sector and broader economic development.

Cautionary statement

This Annual Report contains forward-looking statements that relate to the implementation of strategic initiatives and provide information on our business development and commercial performance. While we believe these statements reflect our judgement and future expectations, it is important to note that a range of factors beyond our control could cause actual results to differ materially from what we anticipate. These factors include economic conditions, government regulations, natural disasters, and other important considerations. As a result, PNB Housing Finance cannot guarantee the accuracy of these forward-looking statements, and we undertake no obligation to revise them to reflect future events or circumstances.